

# Investor Presentation

February 2022

# AKL *please*

#Worthforfuture

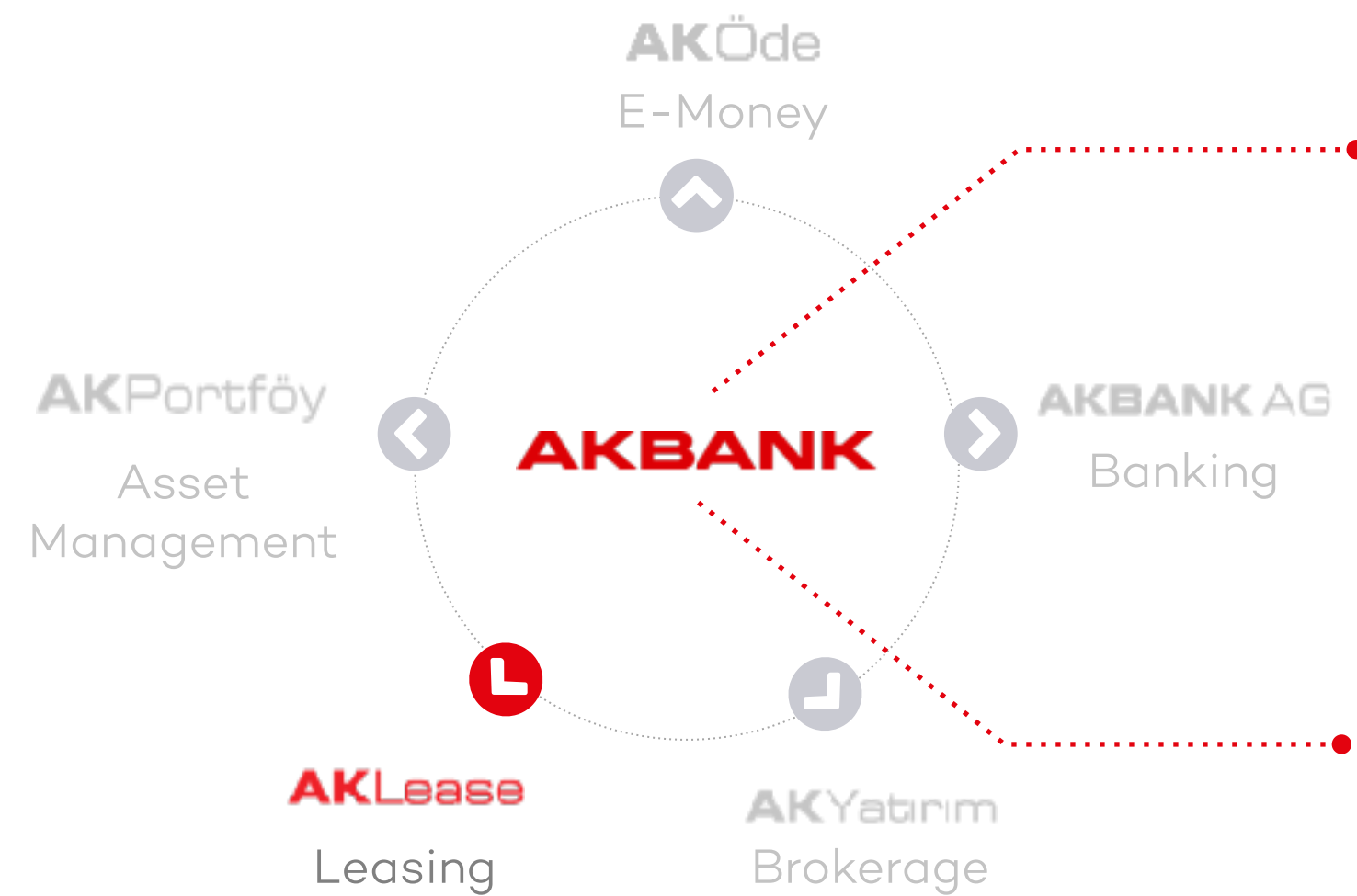


# Content

- 01 Akbank Overview**
- 02 AKLease Overview
- 03 People & Culture
- 04 Sustainability
- 05 AKLease Financials
- 06 Operating Environment

# Strong major local shareholder with long term vision

## History and Shareholding Structure



**~30% of all shares are held by foreign investors.**  
(1)

**49 % of all shares are held by Sabancı Holding affiliated institutions and individuals** (2)

### Established in 1988

AKLease was established as BNP-AK-Dresdner Leasing in November **1988**, a joint venture between Akbank, Dresdner and BNP

### Renamed in 2005

Akbank acquired the entirety of AKLease in **2005** and subsequently renamed it AKLease

### Owned by Akbank

AKLease is **100%** owned by Akbank, with the remainder (0,015%) owned by Sabancı Group affiliates

## Sabancı Holding <sup>(3)</sup>

- One of the two largest multi-business enterprises in Turkey with total assets of **TL 820 bn**
- **6% of BIST** capitalization with **11** public companies and the Holding itself
- Controlled by **Sabancı Family**, who is the majority shareholder
- Mainly operates in **banking, financial services, energy, industrials, building materials and retail.**
- **Market leaders** in most of the sectors they operate in.
- Joint-ventures with some of the **most well-established** companies in the world  
  
Including; Ageas, Bridgestone, Carrefour, E.ON, Heidelberg Cement, Marubeni and Skoda
- **Akbank** is the flagship of the Sabancı Group with the highest share in revenues and profitability in the Group

# Synergies from relationship with Akbank

### Akbank at a Glance

<b>1948</b> Establishment	<b>711</b> Branches	<b>19</b> Regional Directorates
<b>\$ 2,8 bn</b> Market Value <sup>(1)</sup>	<b>7.9%</b> MS of TL loans	<b>6.7%</b> MS of FX loans
<b>B</b> Fitch Credit Ratings	<b>B2</b> Moody's Credit Ratings	



**AKLease**

# Strong presence in financial industry



## **AKBANK AG / Banking** 100%

- Flagship of Akbank Group in Europe
- Total assets at EUR 3,885 mn and equity of EUR 876 mn
- Contribution to net income stands at 6% in 2021

## **AKLease / Leasing** 100%

- Net lease receivables market share of 10,8%

## **AKYatırım / Brokerage** 100%

- Top 5 in equity market transactions as of December 2021
- Leader in equity public offerings <sup>(1)</sup> with USD 1.6 bn transaction size since 2011
- Leader in corporate bond issuances <sup>(2)</sup> with 25.2% market share in 2021

## **AKPortföy / Asset Management** 100%

- Leader in Total AuM with TL 100.8 bn <sup>(3)</sup>
- Leader in pension fund management with TL 45.3 bn AuM, 18.6% market share <sup>(3)</sup>
- TL 39.5 bn AuM in mutual fund management with 12.9% market share
- TL 14.7 bn AUM in DPM

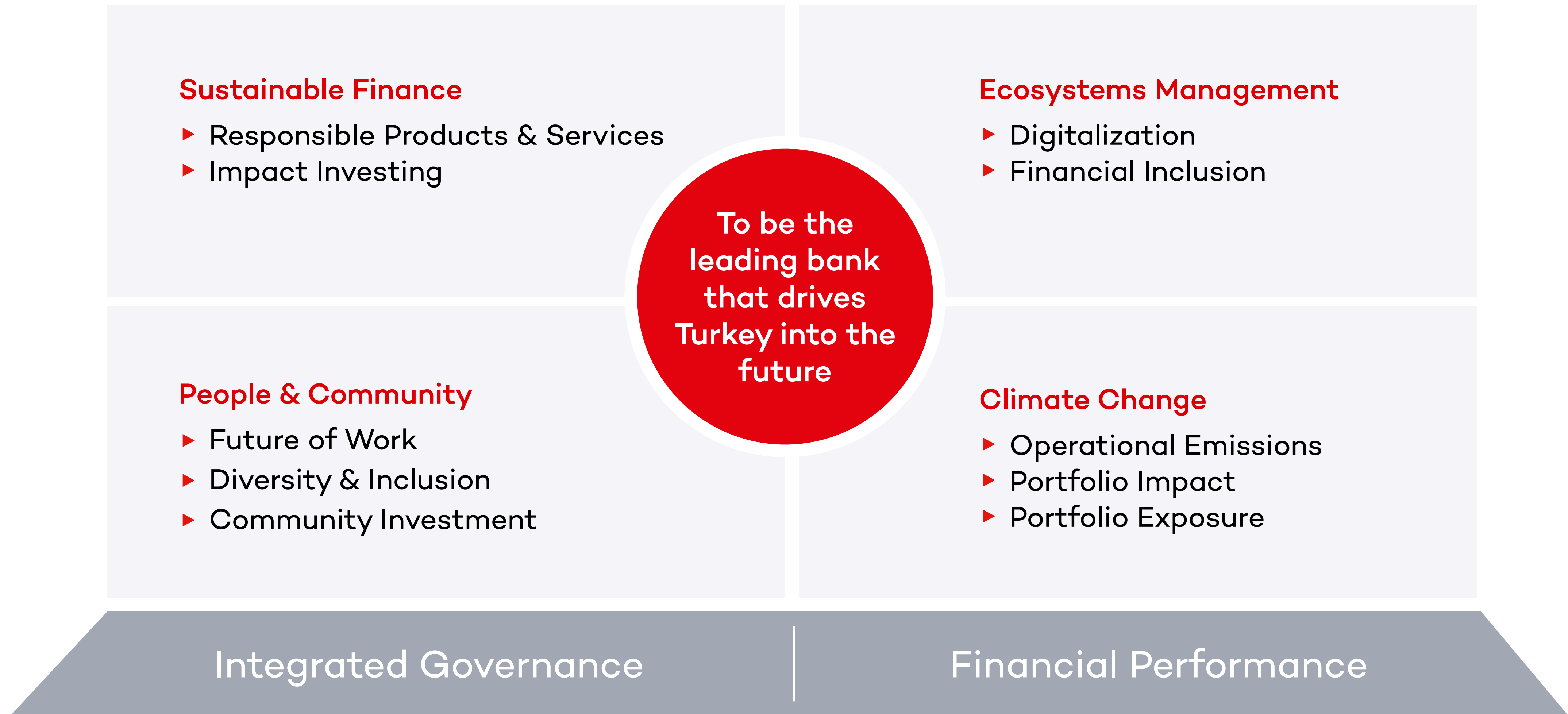
## **AKÖde / E-Money** 100%

- Tosla, first mobile application of AkÖde was launched at Sep'19
- Tosla targets young users, provides core financial services in a way that is fun, simple, fast & social

# Awards over the recent years



# ESG Strategy: Mitigate environmental footprint while increasing positive impact



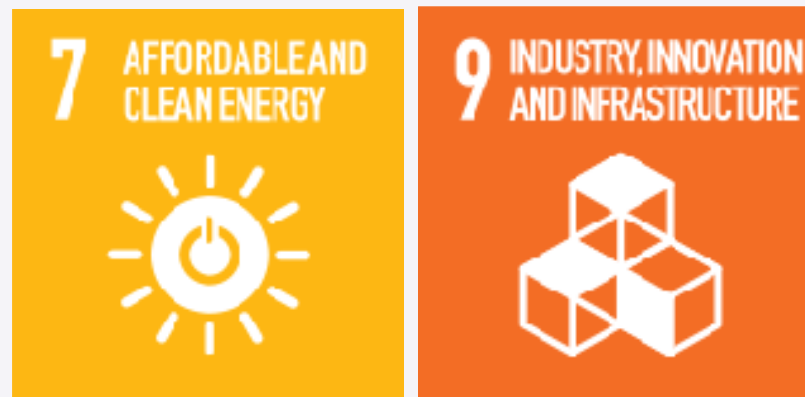
# Actionable targets for positive impact

## SUSTAINABLE FINANCE

Supporting a more sustainable economy

TL 200 bn  
Sustainable loan financing until 2030

TL 15 bn AuM  
Sustainable investment funds 2030



Increase **sustainable financing** secured by the bank until 2030

## ECOSYSTEMS MANAGEMENT

Enhancing businesses & financial health

Extend **digital & innovative products & services**



Increase number of **financially empowered people**

## PEOPLE & COMMUNITY

Empowering our people and communities

Improve the effectiveness of **investment on our people**

Increase **Social Return on Investments** for community investments



Enhance the effectiveness of **Akbank volunteerism** in community investments

## CLIMATE CHANGE

Mitigating operational emission & portfolio impact

Become a **carbon-neutral bank** through eliminating operational emissions until 2025

Decrease **impact of loan portfolio on climate change** until 2030



Mitigate **climate-related risks & impact** on portfolio



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# Our core values



01

To be trusted brand of financial services



02

Focus on customer satisfaction



03

Provide innovative financial solutions



04

Simple and smart digital processes



05

Supporting sustainable businesses and healthy environment

# BOD and Management Chart



**Chairman**  
**Mehmet Hakan Tugal**

EVP, Commercial  
Banking, Akbank



**Member**  
**Çetin Düz**

AKLease CEO



**Member**  
**Türker Tunalı**

CFO, Akbank



**Member**  
**Gamze Şebnem  
Muratoğlu**

EVP, Treasury, Akbank



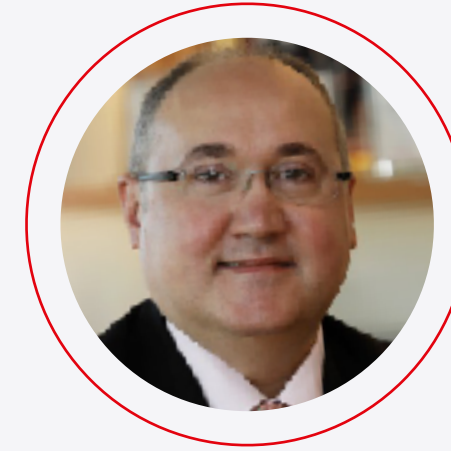
**Deputy Chairman**  
**Yunus Emre Özben**

EVP, Credit  
Underwriting, Akbank



**Member**  
**Emre Kahraman**

Chief Risk Officer,  
Akbank



**Member**  
**Savaş Külcü**

Head of Internal Audit,  
Akbank



**Member**  
**Ege Gültekin**

EVP, Credit Monitoring  
and Collections, Akbank

# Strong presence in leasing industry

## Aklease at a Glance

**34 Years**

Experience

**100%**

Owned by Akbank

**Top 1**

Ranks\* by ROE  
and ROA

**10**

Branches

**Top 3**

Ranks\* by Asset Size

Rating

**LTFC  
IDR B**

Rated by Fitch

**10,8%**

Market Share

## Key Strengths

Strong Shareholder with  
Longterm vision

Diversified  
Funding Base

Outstanding  
Talents

Strong  
Financials

Prudent Risk  
Management

Strong Position  
in Growing  
Market with Low  
Penetration

Resilient  
Business Model  
with Diversified  
Asset Portfolio

Flexibility

**AKLease**

**AKLease**

# Awards over the recent years



# 2022 Vision: Looking Forward



## 01 Running AKLease

- ✓ Risk & return focused sustainable growth and market share
- ✓ Maintain high asset quality
- ✓ Strong capital and robust liquidity
- ✓ Synergy with Akbank and Sabanci Group

## 02 Building Future

- ✓ Leverage digitalization + Robust infrastructure = Transforming business processes
- ✓ Diversify funding base
- ✓ Create high customer experience with tailor made solutions
- ✓ To be the leading leasing company investing in our future through commitment on sustainability

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## People & Culture: Investing in our people

39

Average  
Age

%43

Female  
employees

%22

PhD & Masters  
Degree:



Building Strong &  
Valuable Brand

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High employee  
engagement score

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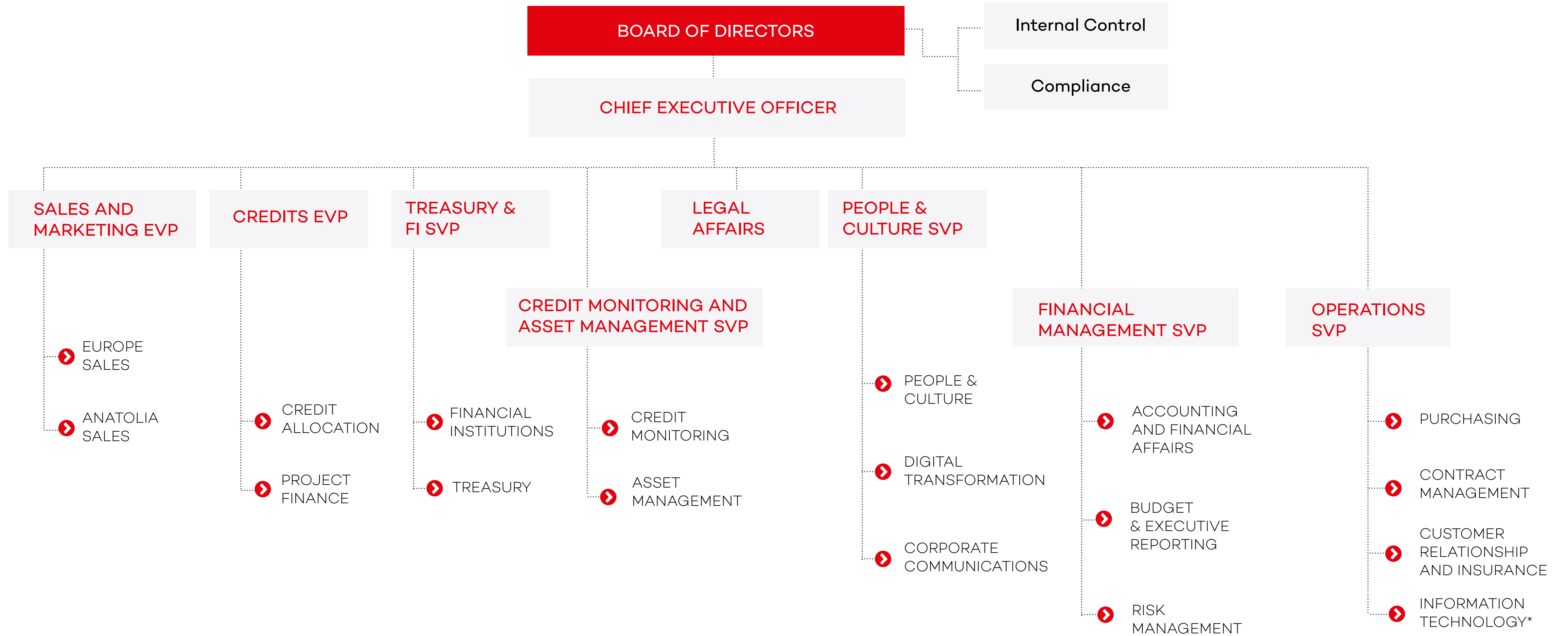
Experienced &  
Dynamic Team

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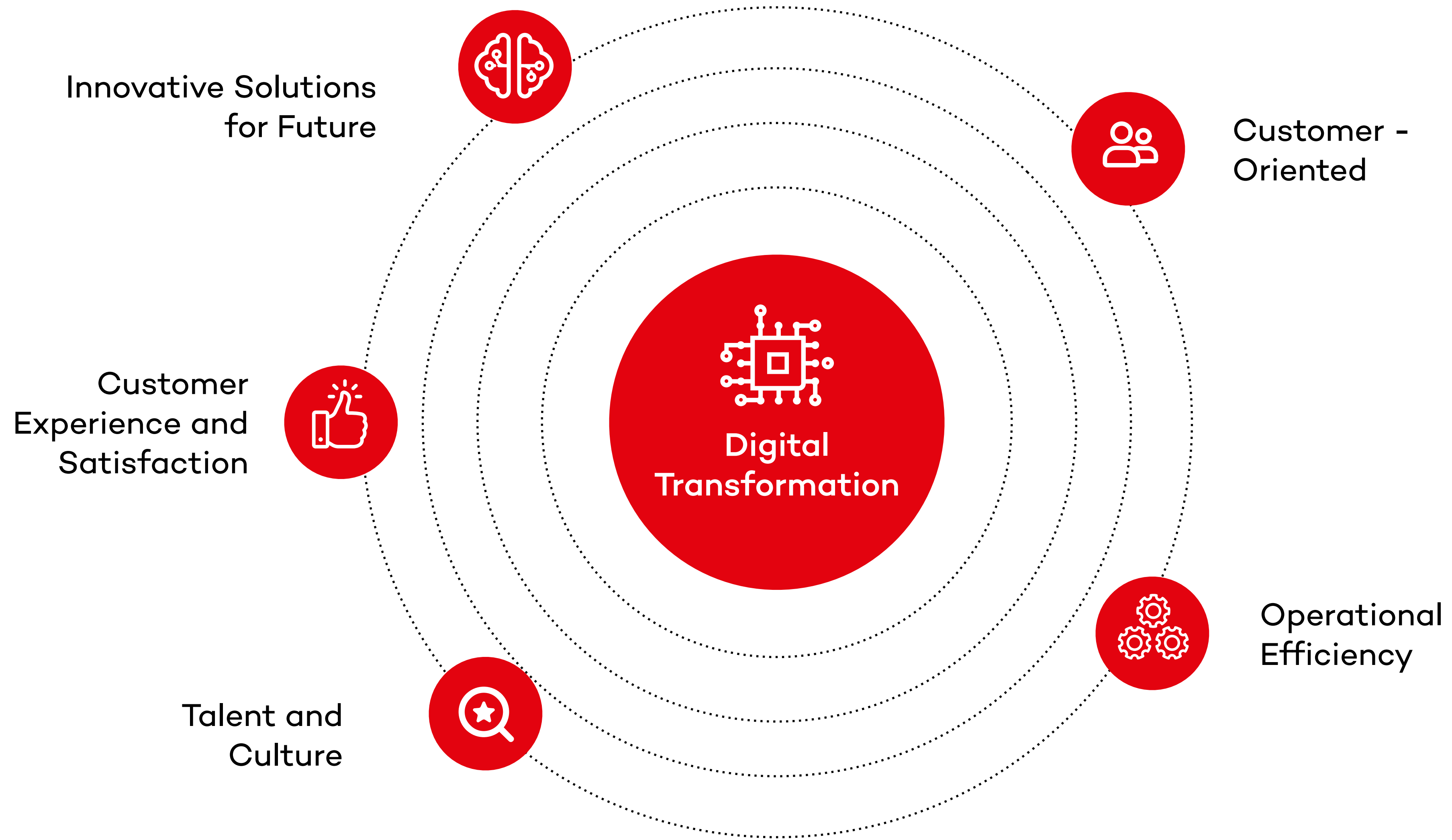
End to end talent  
management



# People & Culture: Organization chart



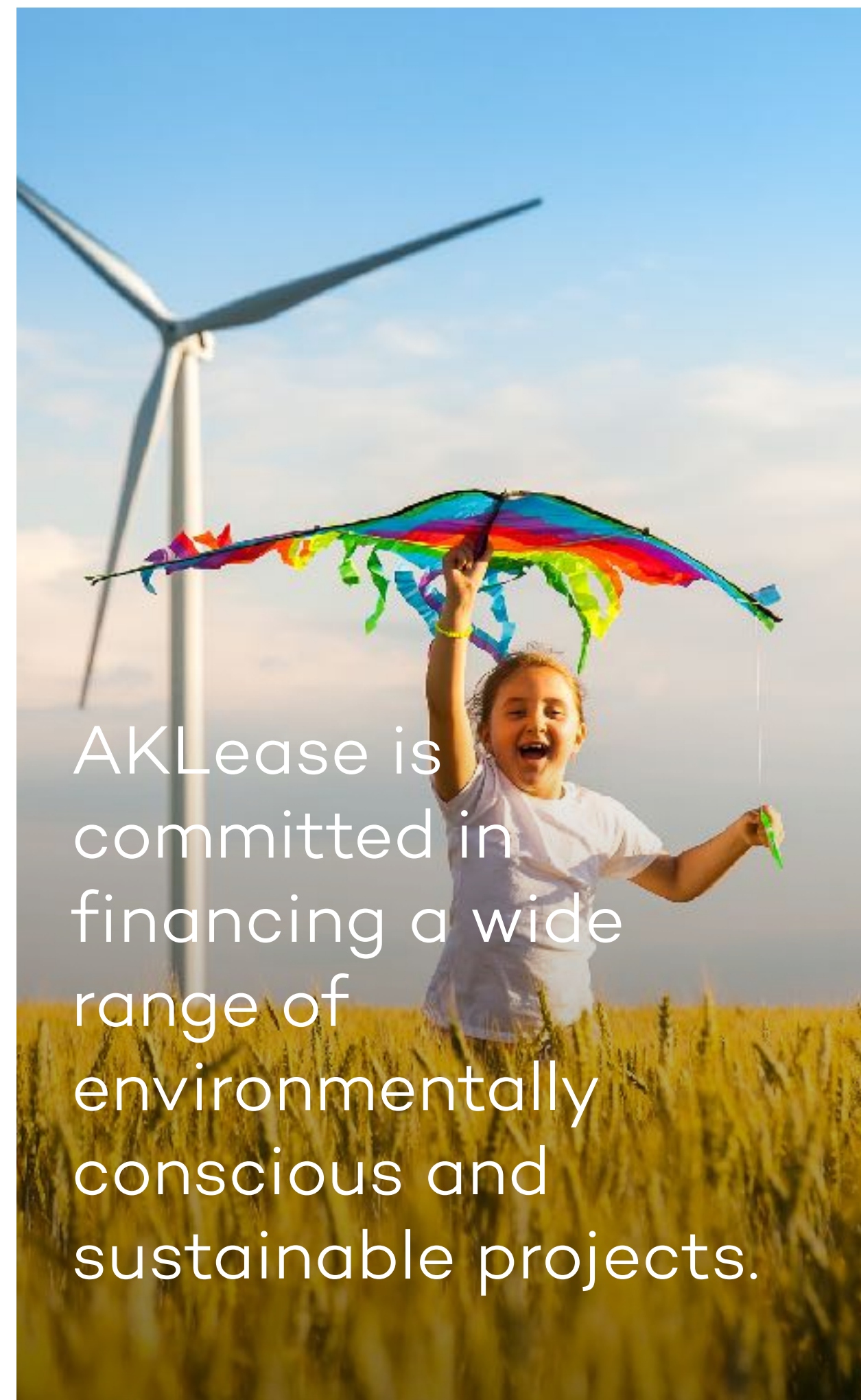
# Digital Transformation



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# Sustainable finance for a sustainable economy



AKLease is committed in financing a wide range of environmentally conscious and sustainable projects.

**Total Installed Renewable Energy Power: 340 MWe**

**Annual Primary Energy Savings: 1.000.000 MWh / Clean Energy Generation for 230.000 Household Units**

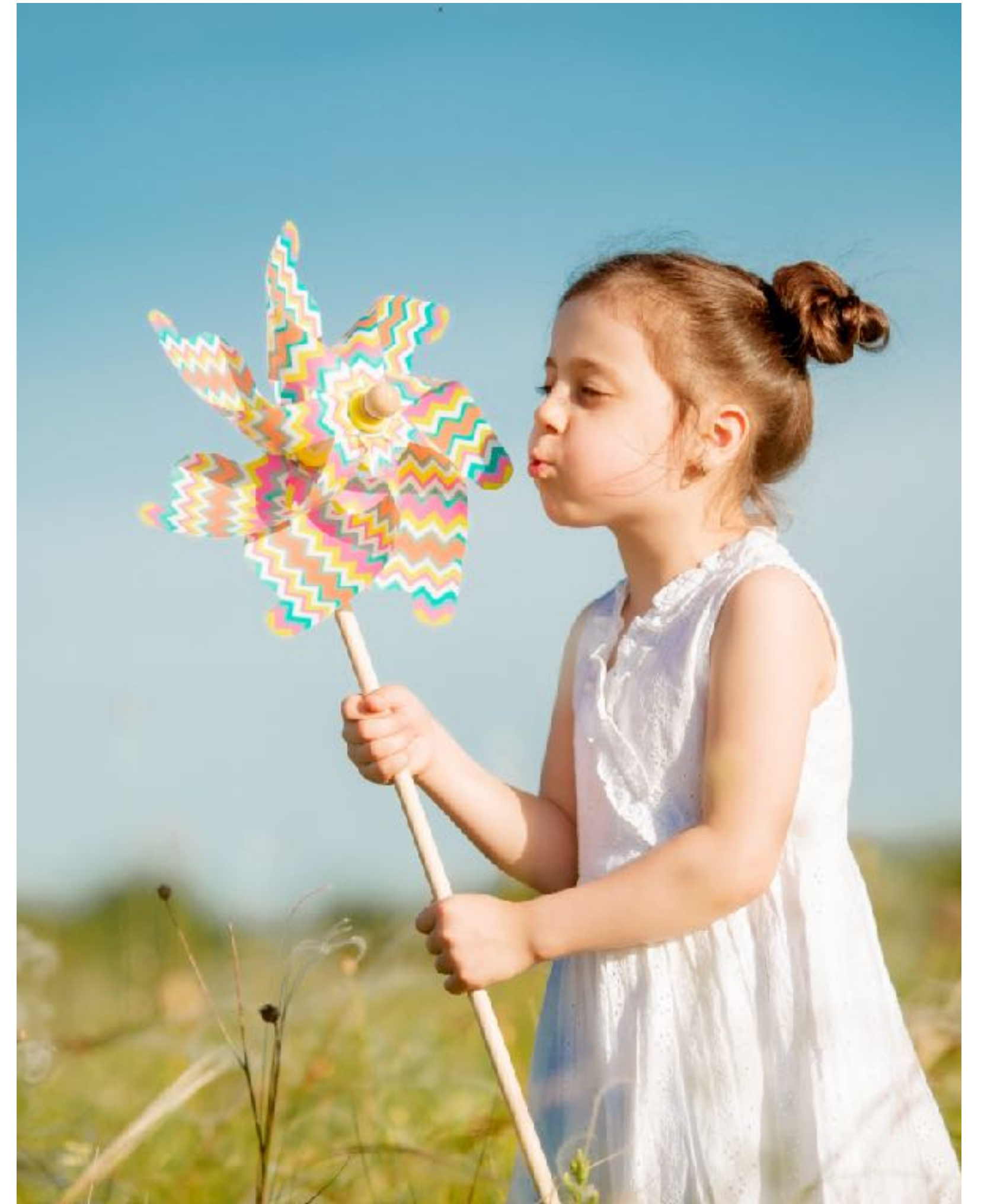
**Annual CO2 Emission Reduction: 300.000 Tonnes CO2 emissions prevented by renewable projects financed / Reflect of 14 mn trees CO2 absorption**

**AKLease's environmental policies set forth are a part of its corporate lending guidelines as of April 2011 and updated in May 2021 .**

- ✔ Contributing to sustainable development in Turkey and supporting projects that encourage positive environmental impact.
- ✔ Priority is given to loans regarding investments in renewable energy, eco-friendly technological projects, investments in waste recycling, carbon emission reduction projects, and productivity-enhancing investments
- ✔ Customers are required to follow all principles of the UN Global Compact
- ✔ AKLease ensures compliance with environmental and social issues, occupational safety and health regulations, and safety and security regulations within the scope of all national laws and regulations.
- ✔ We have the utmost respect and give unconditional support to protecting human rights. All national standards regarding child abuse of forced labor are in compliance unequivocally and to the highest degree.

# Sustainability Highlights

- ✓ **USD 35 mn**, 5 years loan from BSTDB for SME financing in September 2021. **The first and only loan** given by BSTDB to Turkish finance sector within the year of 2021
- ✓ **USD 35 mn**, 5 years loan from Proparco for green finance investment in December 2021. **The first and only loan** given by Proparco to Turkish finance sector within the year of 2021
- ✓ **18%** Energy Portfolio consist of only renewable energy projects
- ✓ Decreasing the credit evolution threshold to USD 5 Million from **USD 10 Million**.
- ✓ The Production or trade in **alcoholic** beverages (excluding beer and wine) is added in Exclusion List.
- ✓ Production or trade in **tobacco** is added in Exclusion List
- ✓ Financing Coal Mining and **Coal Thermal Power** Plants is added in Exclusion List.
- ✓ Launching **the first and only** sustainability linked product in **Turkish Leasing Market; ECOLease**
- ✓ **EUR 25 mn**, 3 years loan from The European Bank for Reconstruction and Development (EBRD) for green finance investments in June 2021
- ✓ **EUR 30 mn**, 7 years loan from Development Investment Bank of Turkey for World Bank formal employment creation project in August 2021



Tailor-made financial solutions for renewable energy, energy & resource efficiency projects

# ECOLease

New financing opportunity for companies that would like to invest not just in their business but also on their future. **AKLease supports upto 100 percent of your sustainability related investments.**

- ✓ USD 70 mn loan disbursement under ECOLease in the second half of 2021



Our aim is to have the percentage of ECOLease in the overall lending portfolio to be 60% by 2025 and to increase it to a 100% by 2030.

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# Snapshot of results

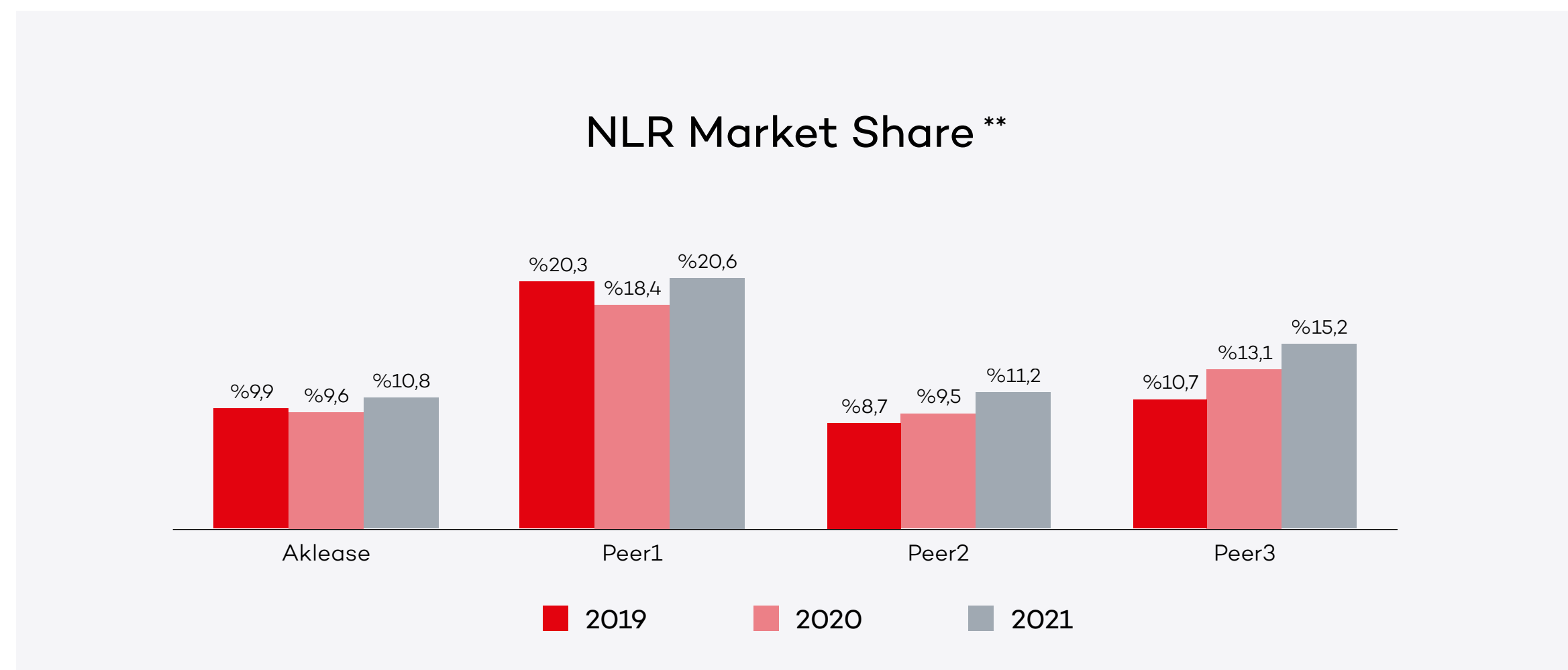
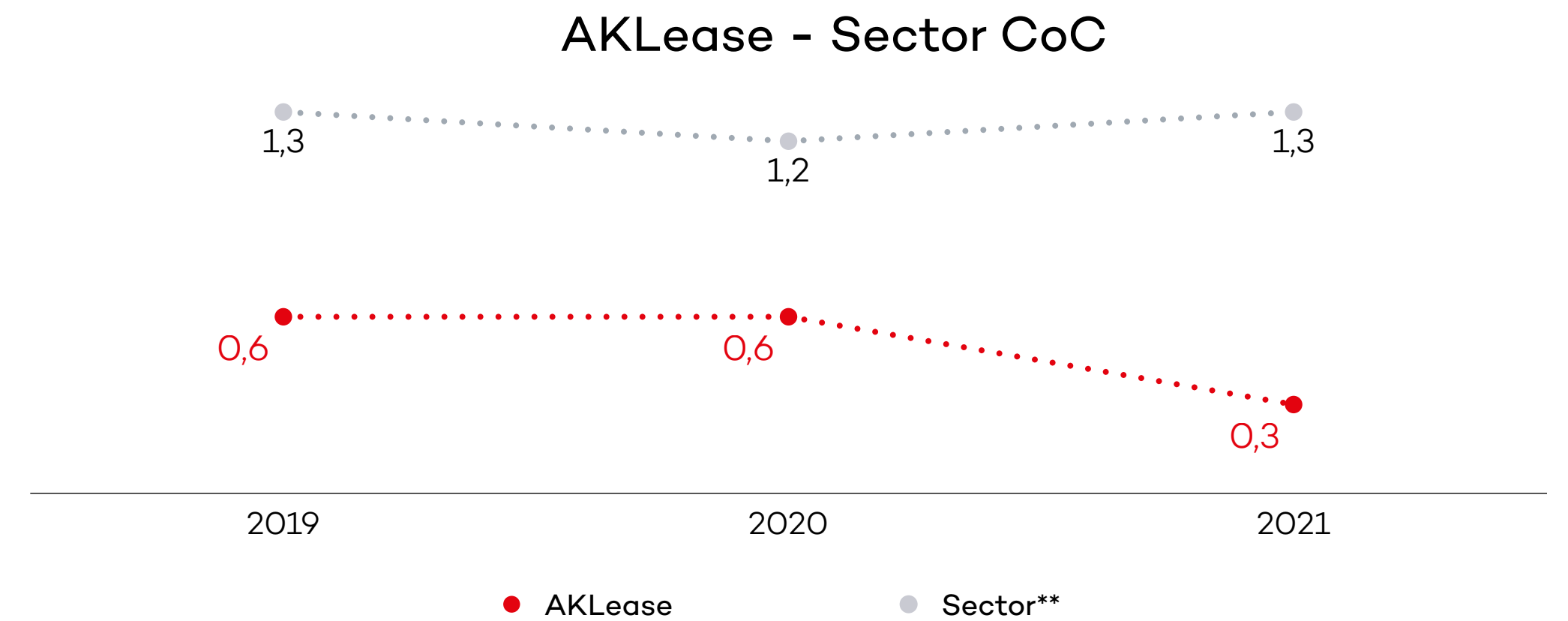
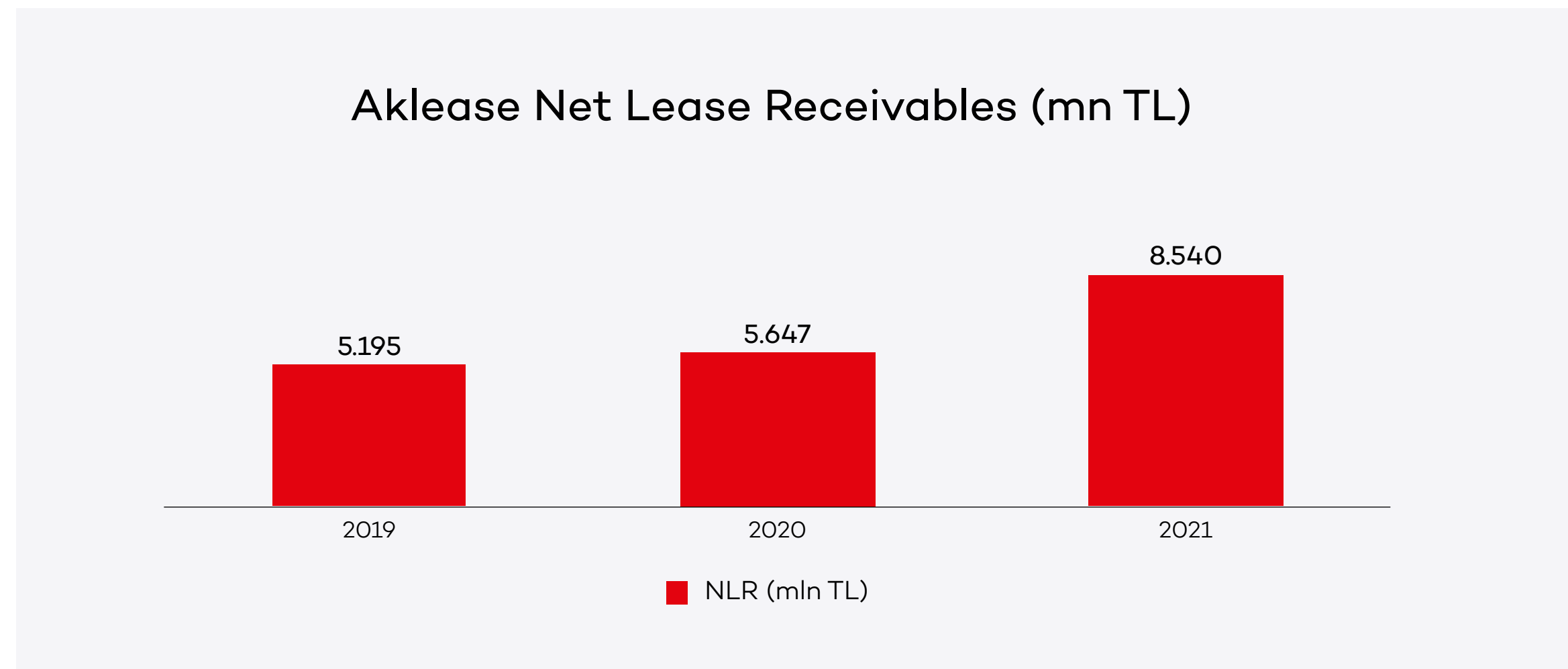
Income Statement mn TL	2019	2020	2021
Net interest income	147	229	269
<b>Net commission income</b>	<b>13</b>	<b>10</b>	<b>17</b>
Other operating income	48	45	86
Gross operating income	209	284	372
Provision expense	52	46	32
Other operating expense	40	39	43
<b>Profit before tax</b>	<b>117</b>	<b>199</b>	<b>297</b>
<b>Net profit</b>	<b>95</b>	<b>155</b>	<b>224</b>
Balance Sheet mn TL			
Lease receivable	5.195	5.647	8.540
NPL	573	568	459
Provision (-)	402	395	318
<b>Net Lease Receivable</b>	<b>5.367</b>	<b>5.820</b>	<b>8.681</b>
Assets held for sale	30	77	62
Other assets	572	779	1.414
<b>Total Assets</b>	<b>5.969</b>	<b>6.676</b>	<b>10.157</b>
Borrowings	4.615	4.992	8.106
Other Liabilities	405	581	723
Equity	948	1.103	1.327
<b>Total Liabilities</b>	<b>5.969</b>	<b>6.676</b>	<b>10.157</b>

## Key Performance Indicators(%)

	2019	2020	2021
<b>RoE</b>	<b>12,3</b>	<b>15,2</b>	<b>18,6</b>
<b>RoA</b>	<b>1,6</b>	<b>2,5</b>	<b>3,1</b>
<b>NIM</b>	<b>2,8</b>	<b>4,6</b>	<b>4,5</b>
<b>NPL</b>	<b>10,6</b>	<b>9,4</b>	<b>4,9</b>
<b>Cost of Credit</b>	<b>0,6</b>	<b>0,6</b>	<b>0,3</b>
<b>Cost to Income</b>	<b>20,4</b>	<b>13,9</b>	<b>12,0</b>
<b>Cost to Assets</b>	<b>0,6</b>	<b>0,6</b>	<b>0,6</b>
<b>Equity to Gross Debt</b>	<b>20,6</b>	<b>22,1</b>	<b>16,4</b>

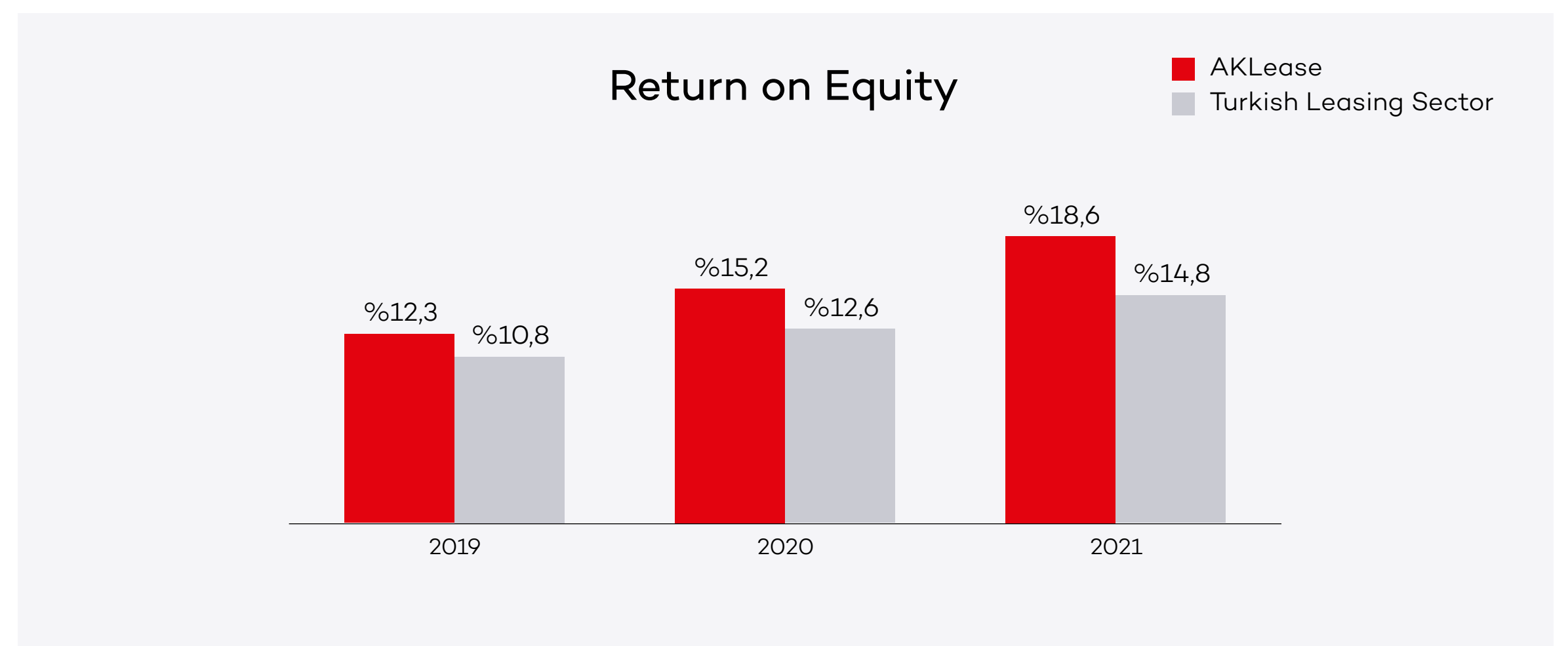
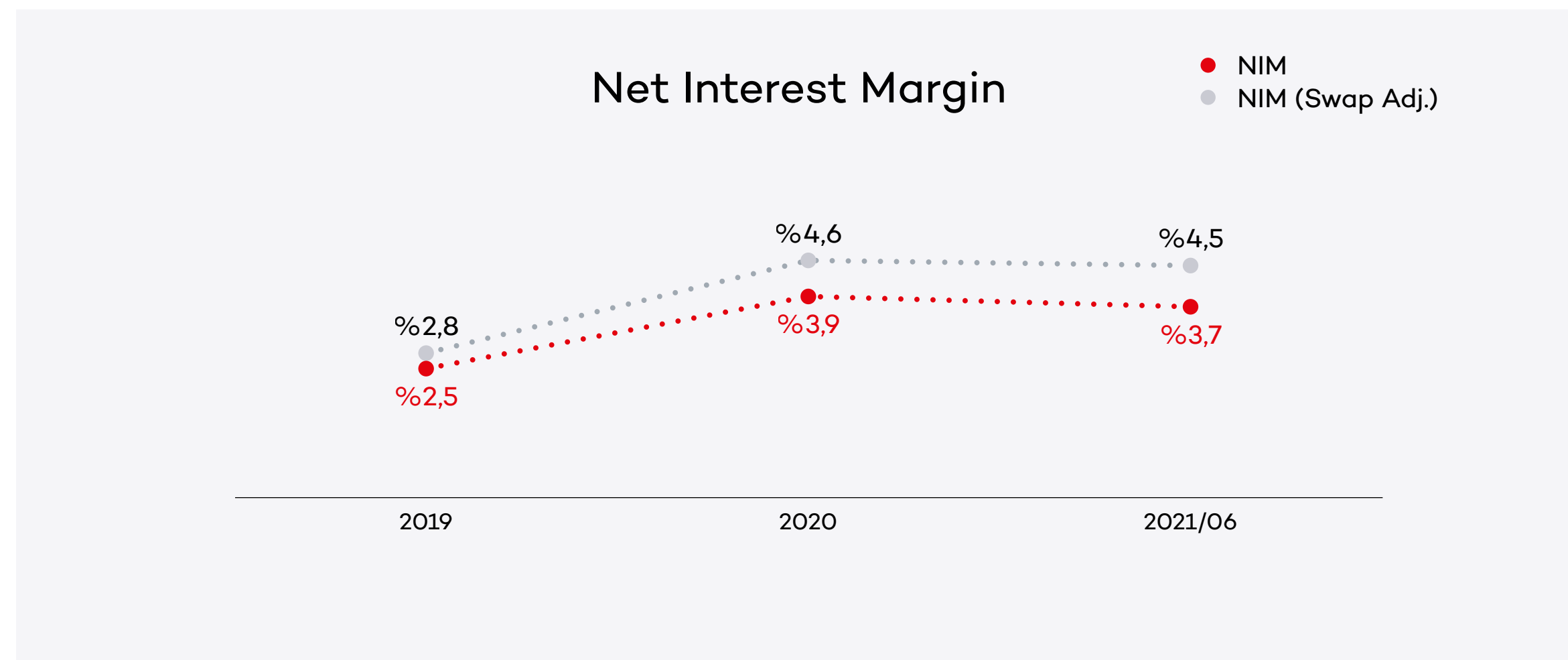
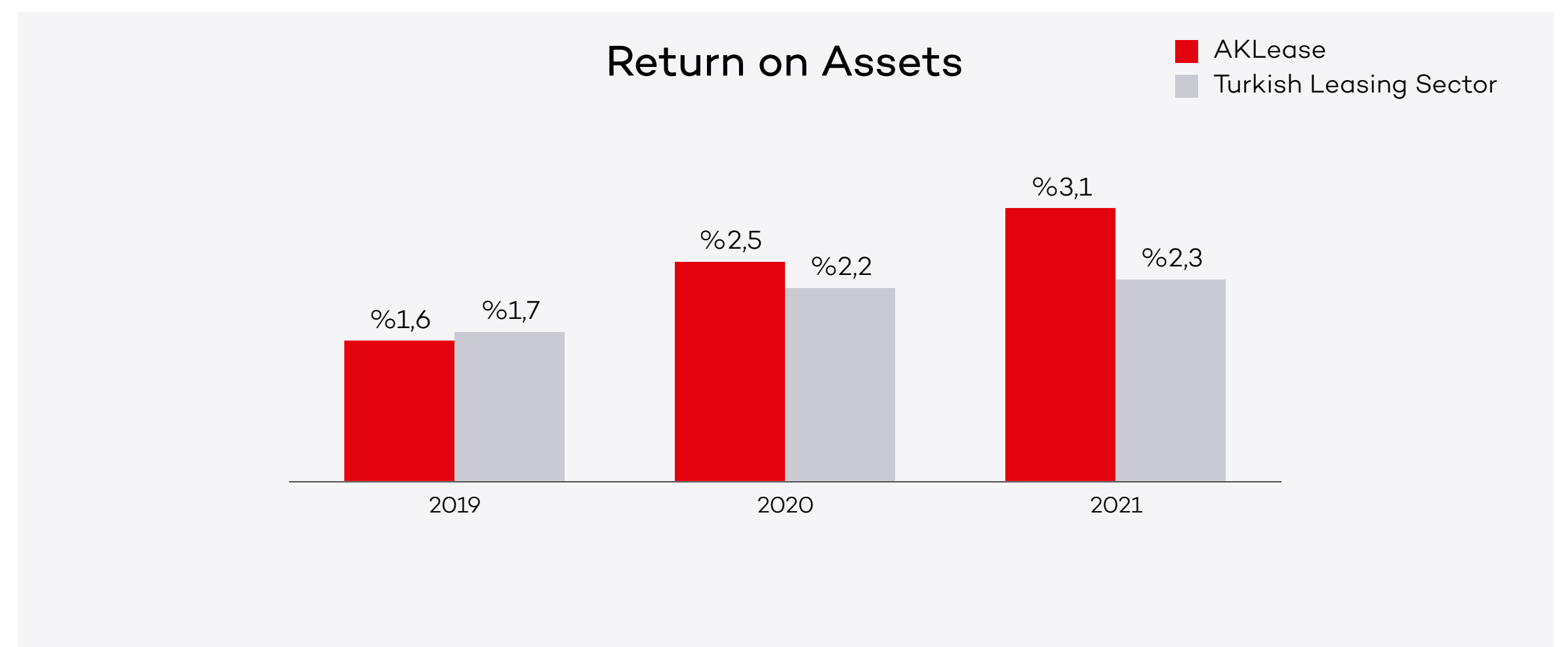
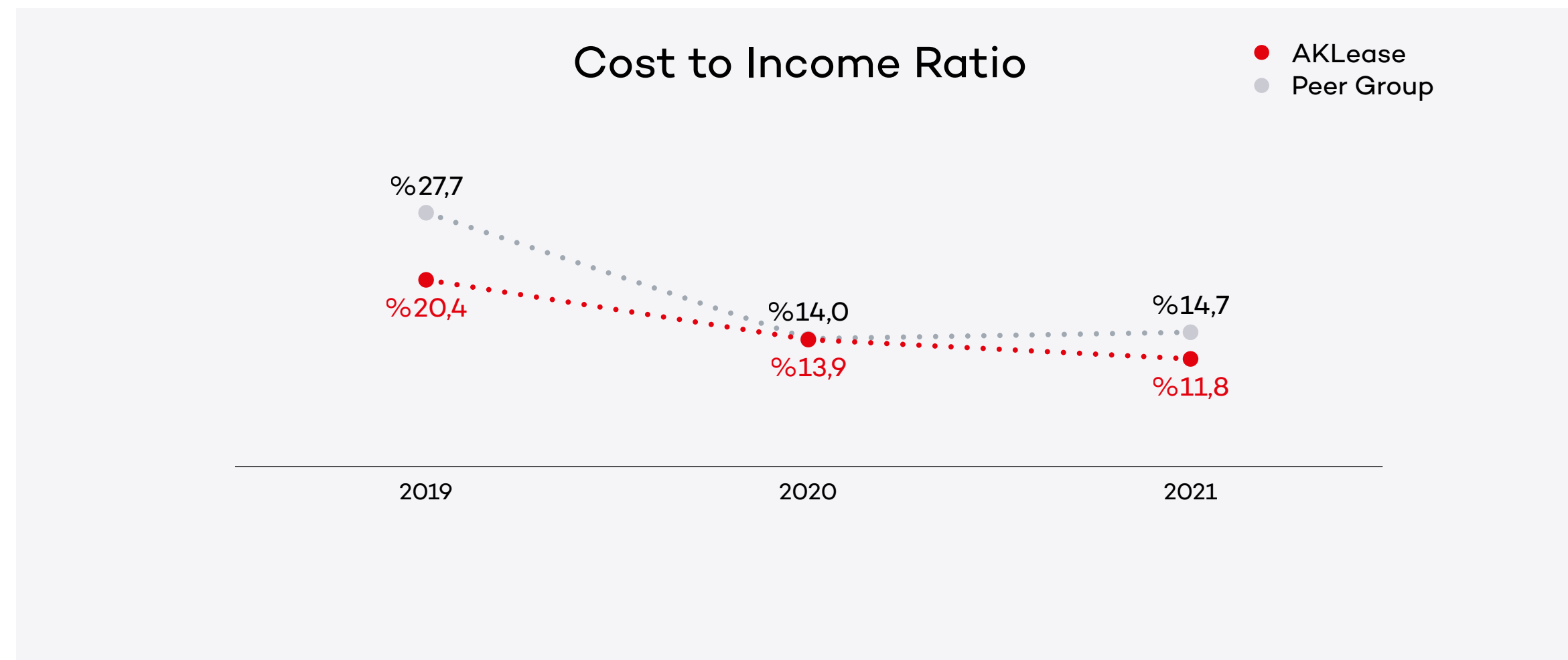


# Well positioned in the market

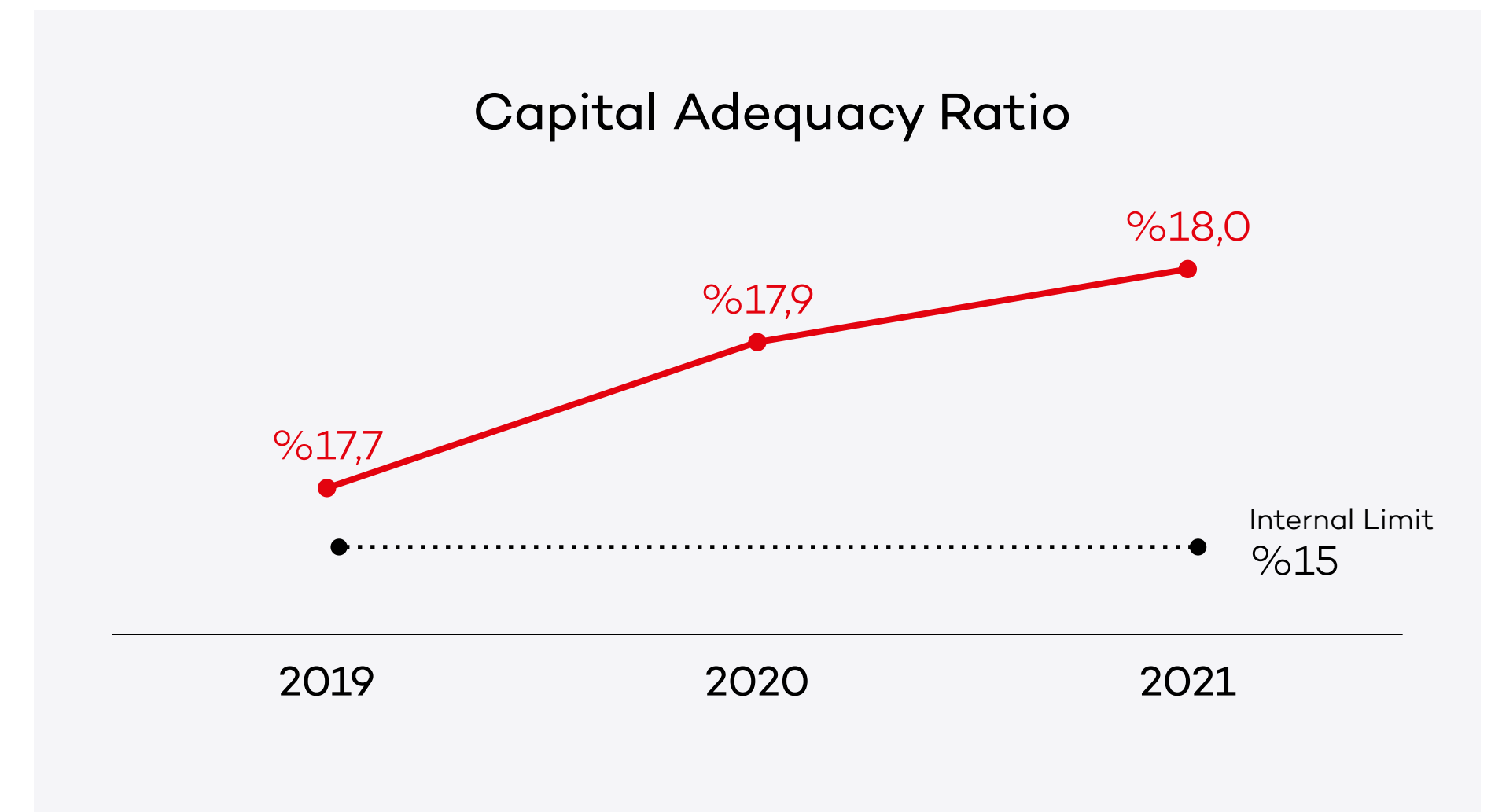
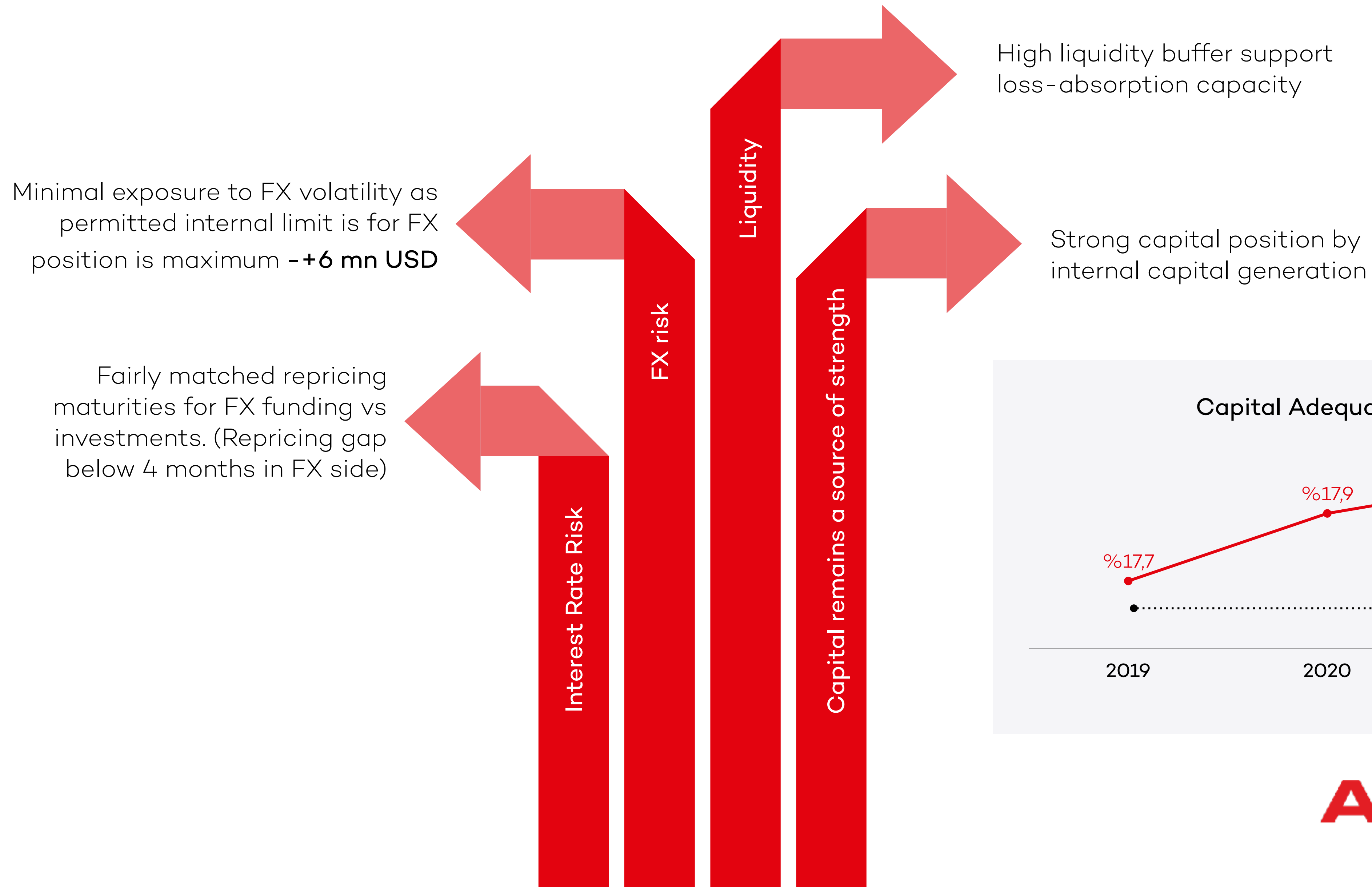


Ranking*	2019	2020	2021
Return on Equity	1	1	1
Return on Asset	4	2	1
NPL	3	3	2
Lease Receivables	3	3	3

# Strong operating performance



# Strong resilience to financial risks

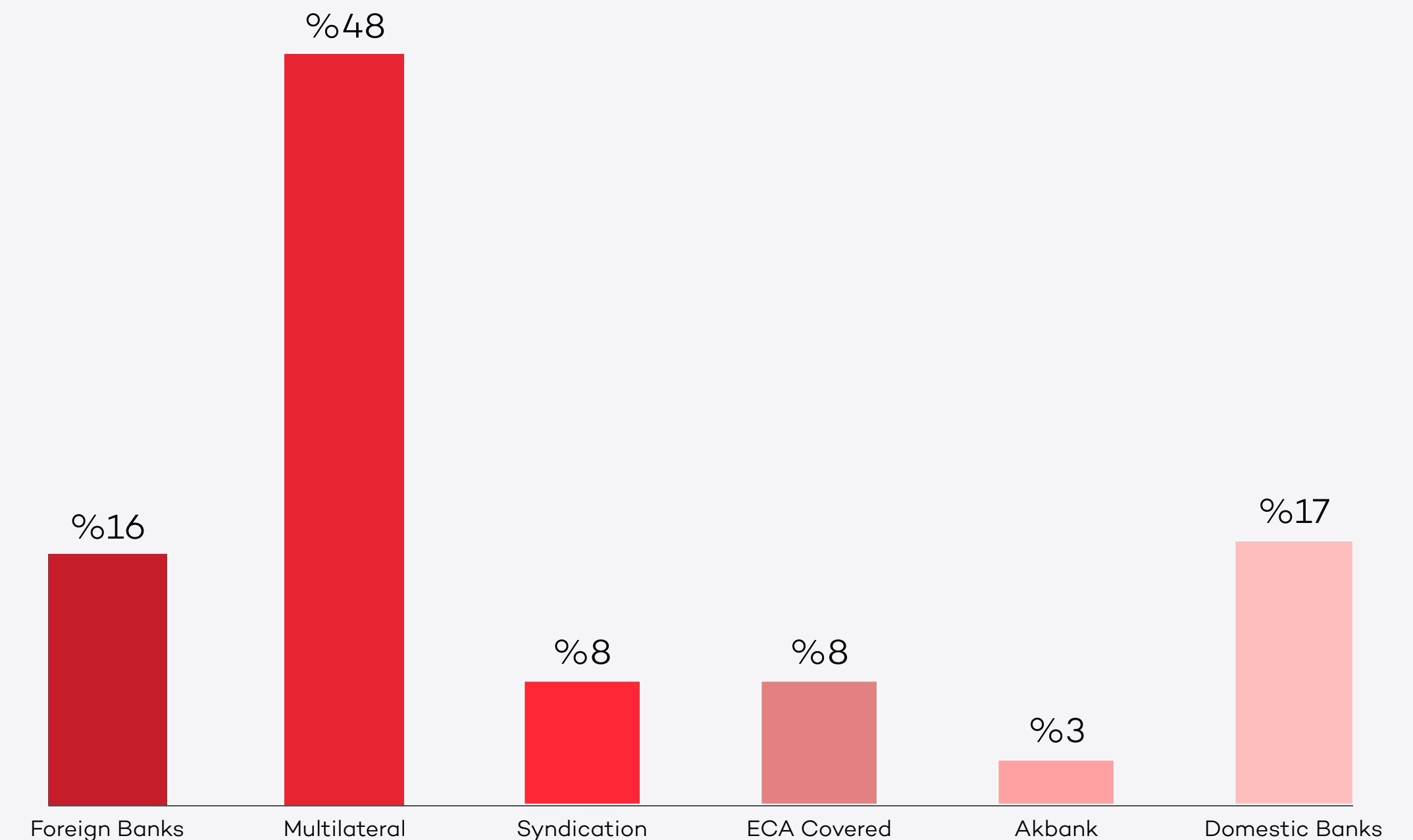


# Well established wholesale funding profile

## Successful Wholesale Borrowings

- ✓ **EUR 25 mn**, 3 years loan from The European Bank for Reconstruction and Development (EBRD) for green finance investments on June 2021
- ✓ **USD 35 mn**, 5 years loan from BSTDB for SME financing in September 2021. **The first and only loan** given by BSTDB to Turkish finance sector within the year of 2021
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## Profile of Wholesale Funding



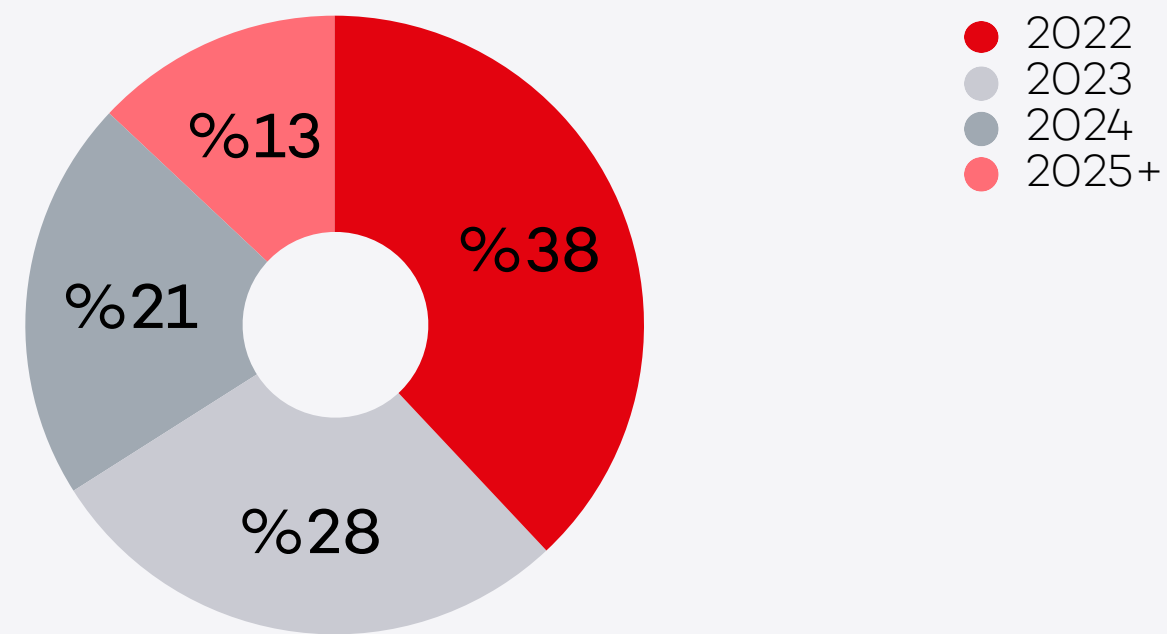
\* Funding by Source FC (%)

\* ECA Covered refers to loans obtained under coverage of export credit agencies.

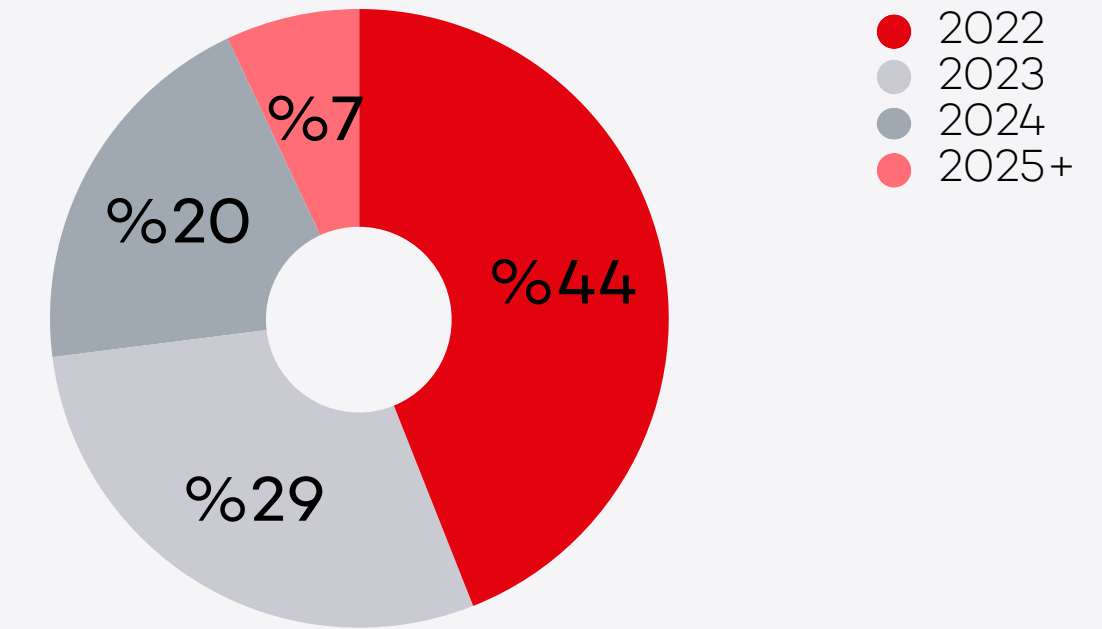
\* Multilateral refers to loans provided by the multilateral financial institutions.

# Maturity & currency breakdown

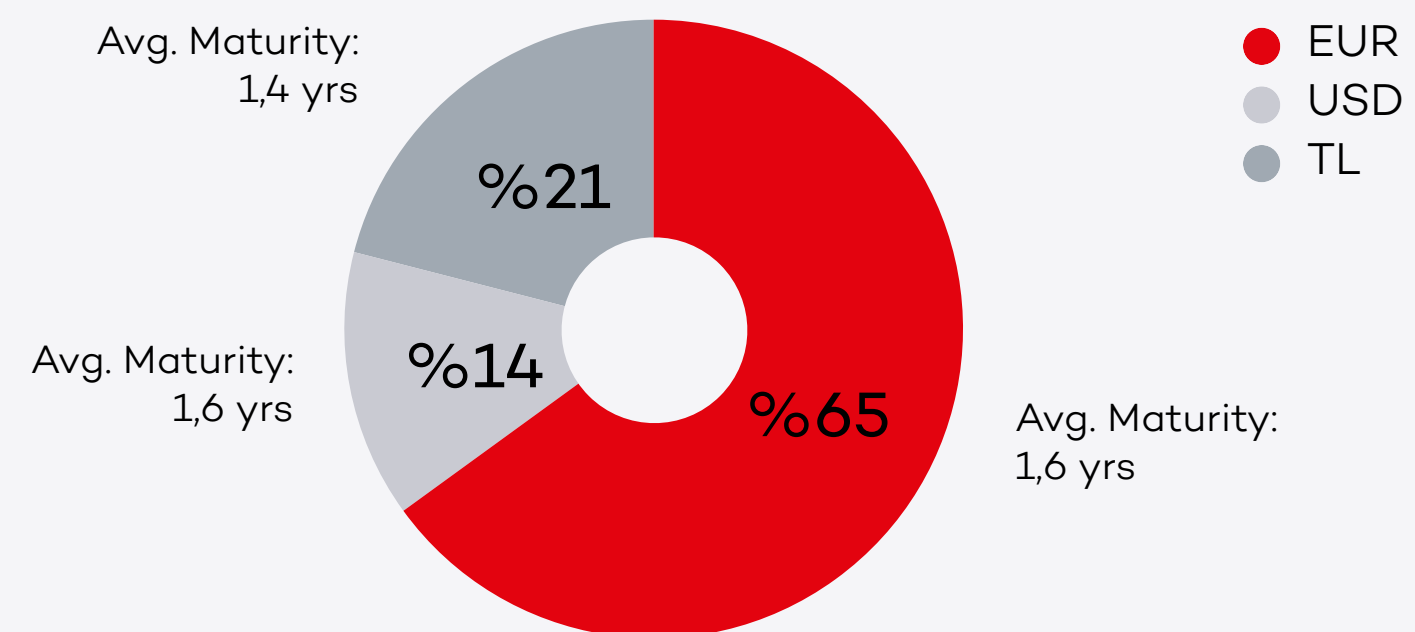
Portfolio Maturity (2021)



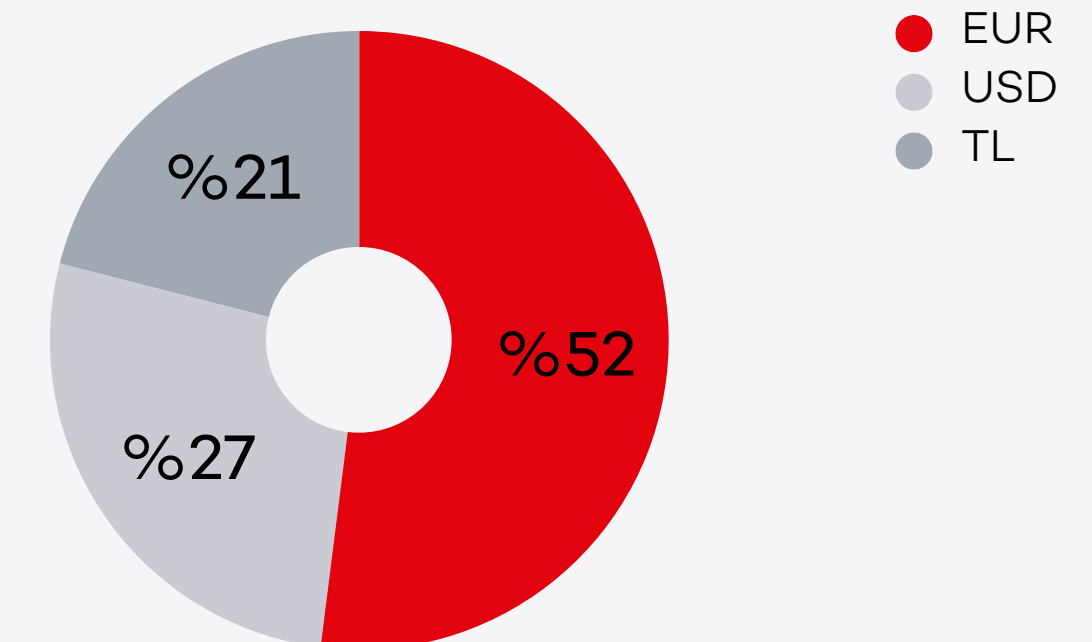
Funding Maturity Breakdown (2021)



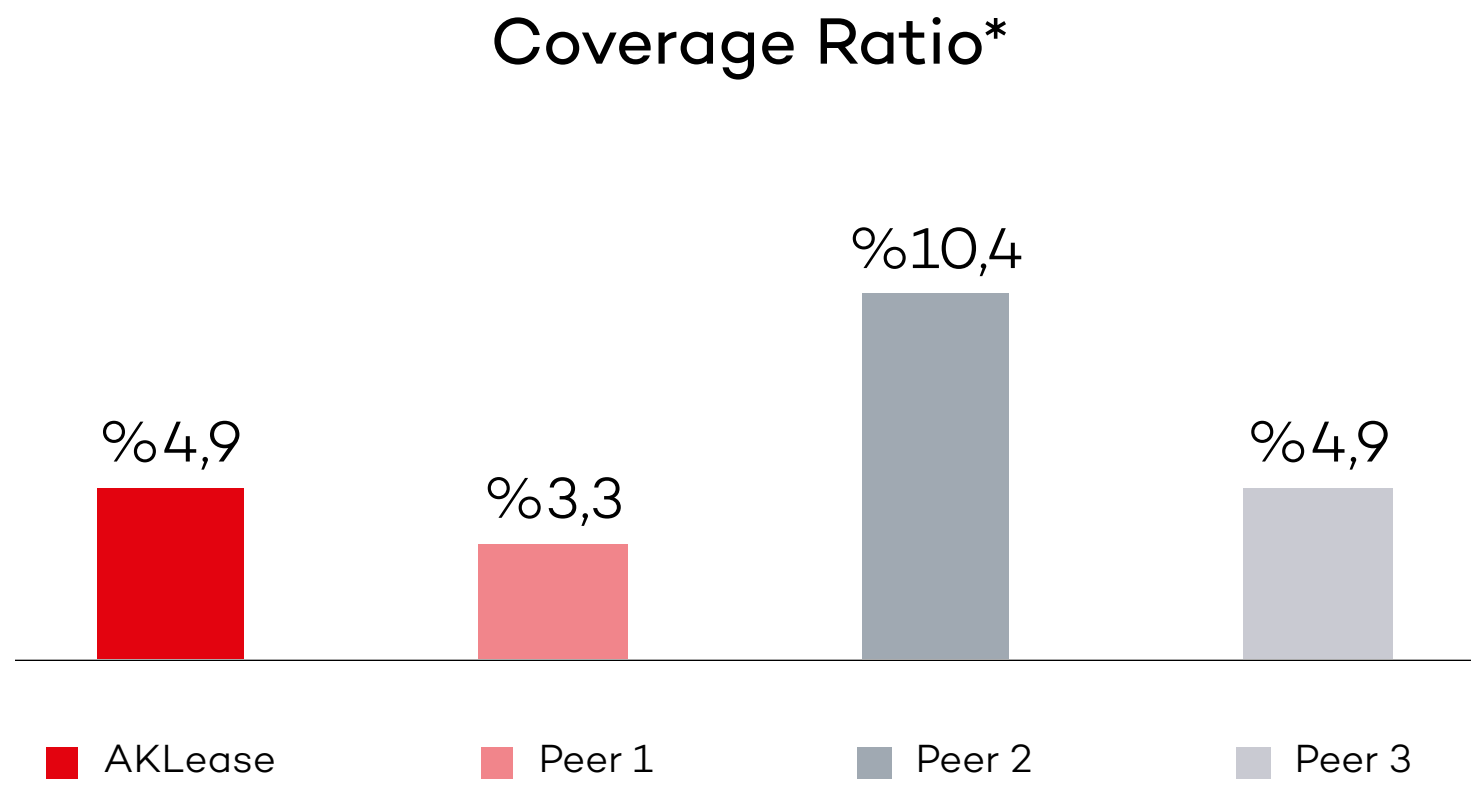
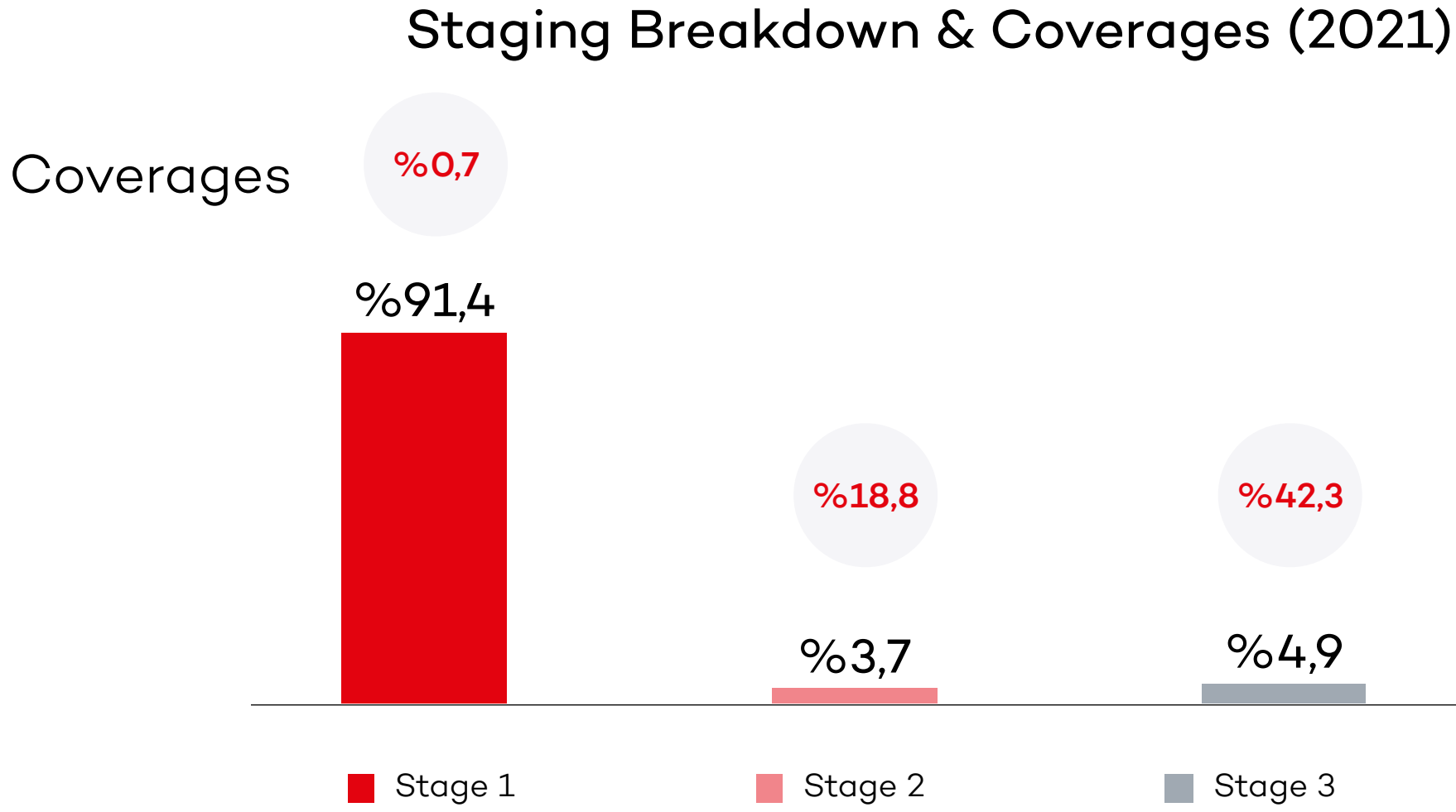
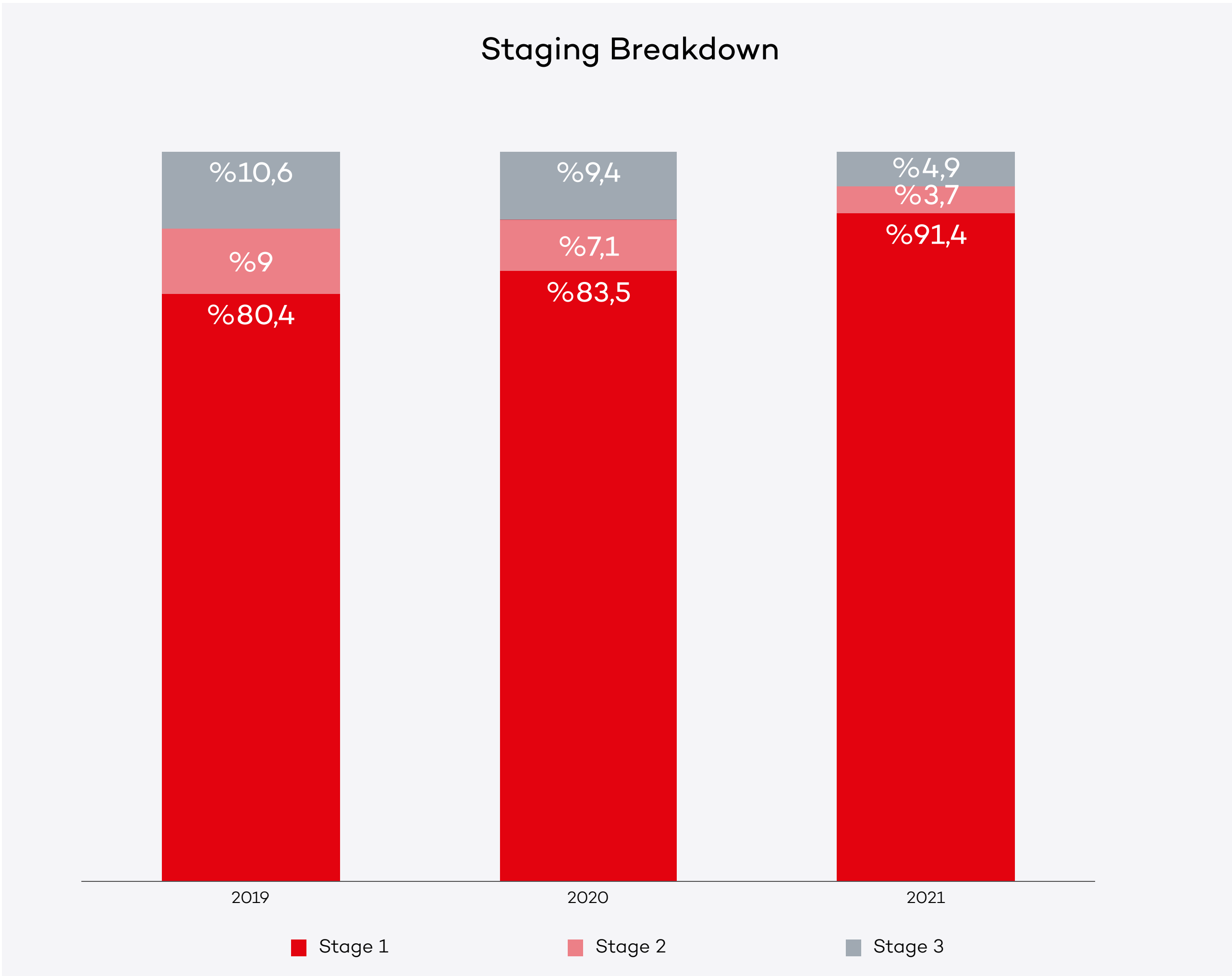
Portfolio Currency Composition (2021)



Funding Currency Breakdown (2021)

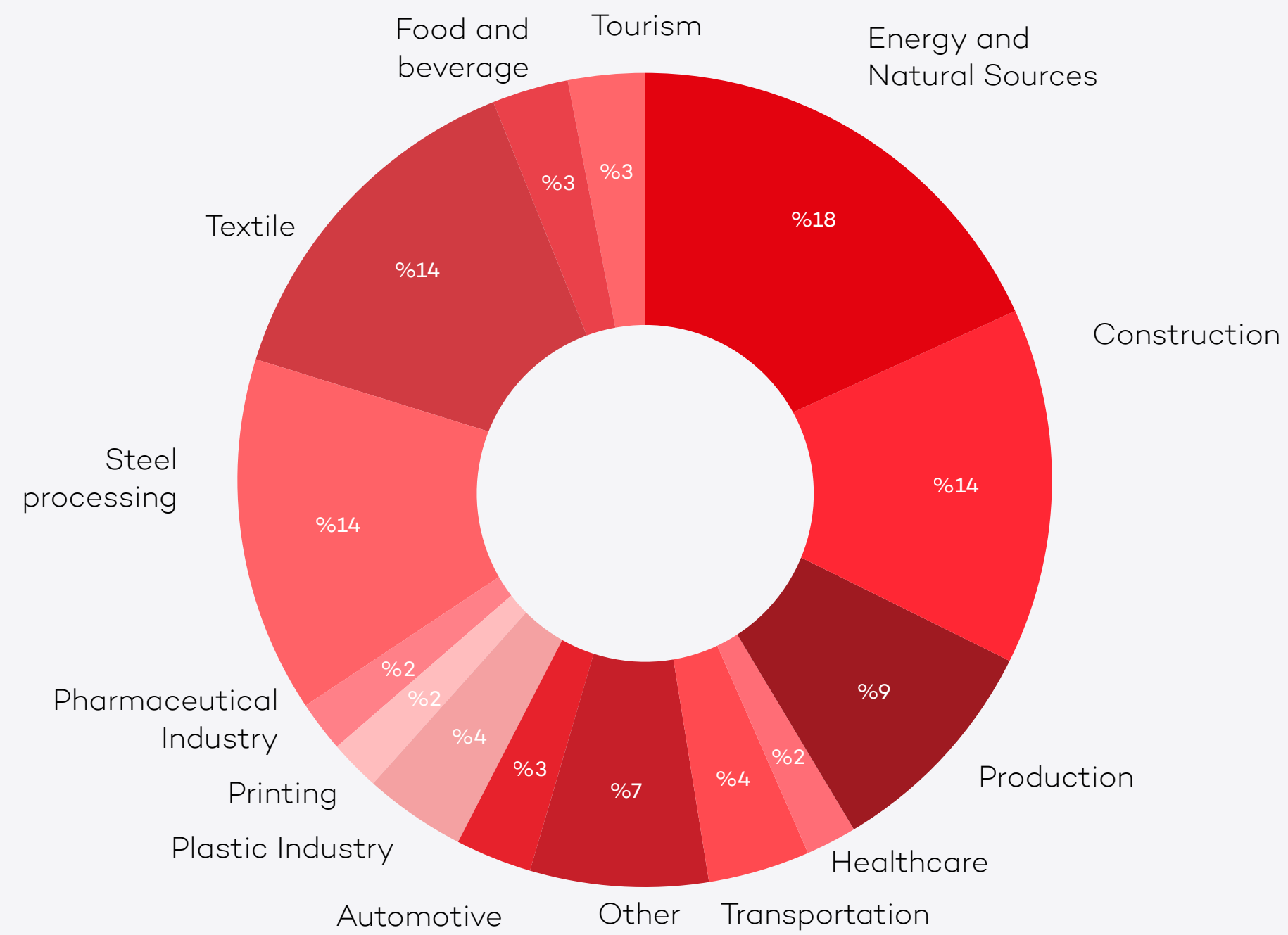


# Asset quality, strong coverages

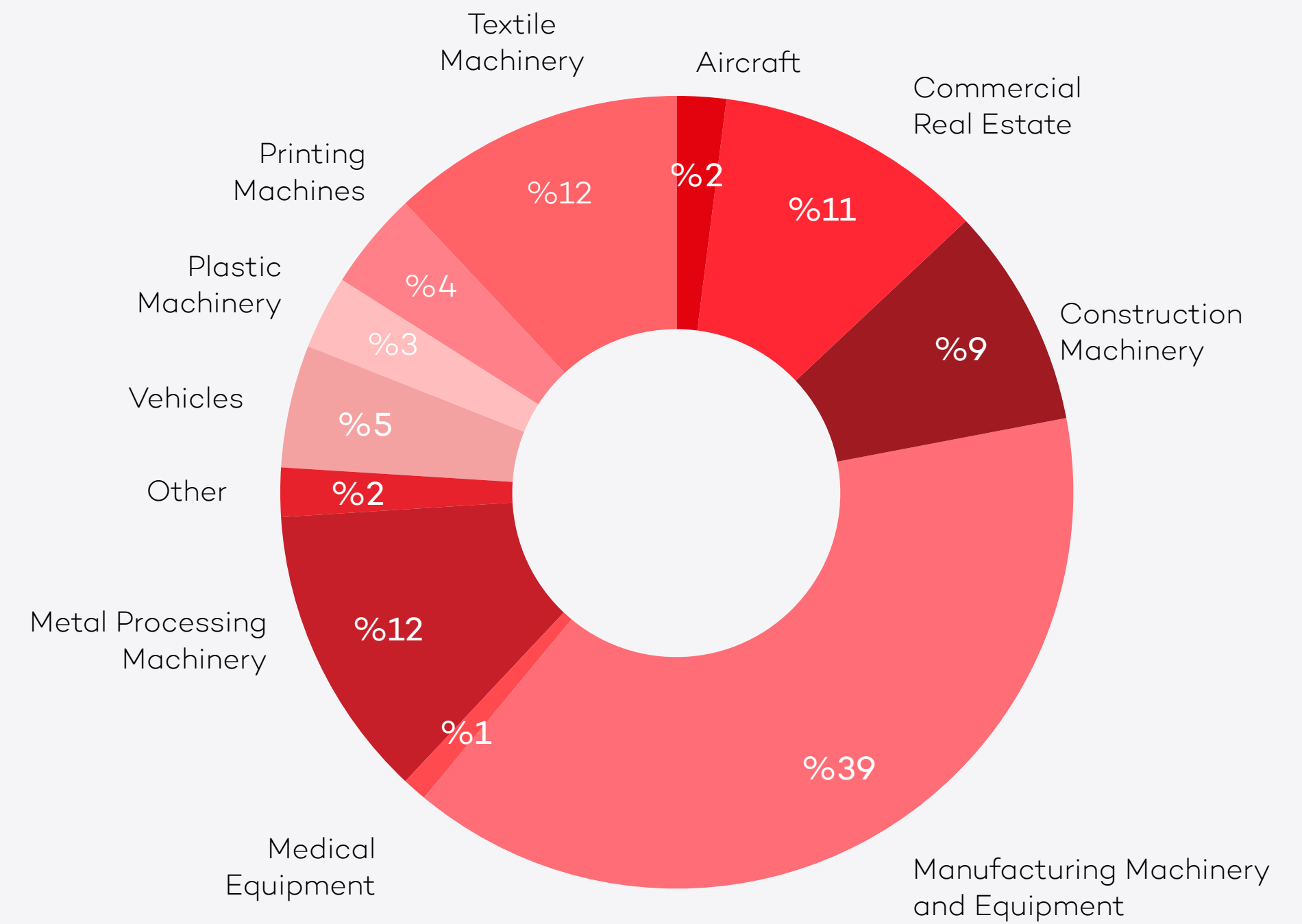


# Balanced loan portfolio

Sector Breakdown (2021)

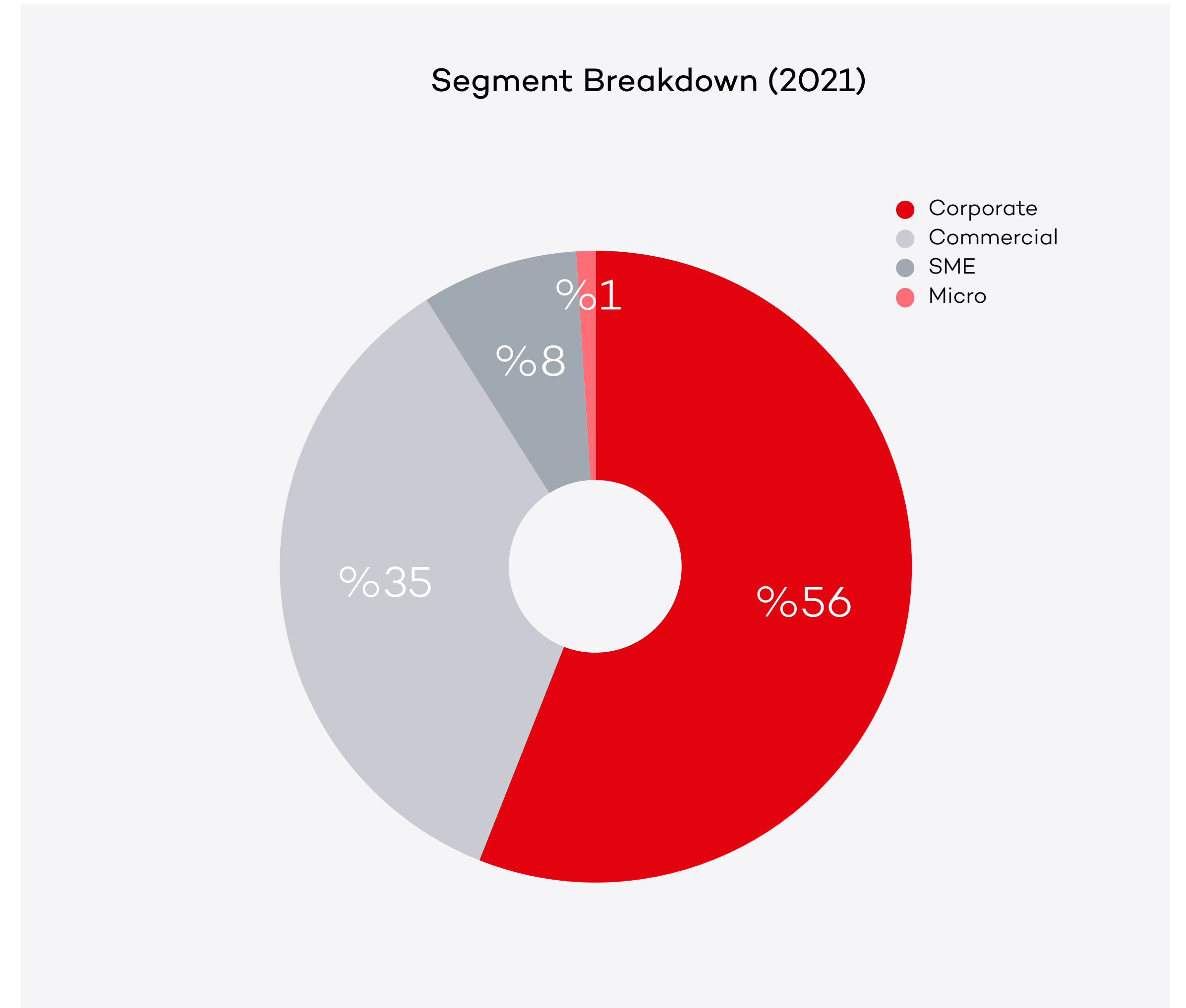


Asset Breakdown (2021)



# Lease portfolio structure by segments

Customer Segment	Turnover
Corporate	3.700 mn TL
Commercial	2.300 mn TL
SME	530 mn TL
Micro	60 mn TL





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# Turkish financial leasing sector: Regulatory framework and key features

**01** AKLease is a highly regulated entity; the Banking Regulation Supervision Agency (BRSA) is the main regulator of financial leasing sector in Turkey

**02** Establishment and operation of financial leasing companies subject to separate authorisation from BRSA

**03** Main legislation - Financial Leasing, Factoring and Financing Companies Law No. 6361 of 2012 (abolished the Financial Leasing Law No. 3226 of 1985)

**04** Secondary legislation – Regulations and Communiqués issued by BRSA mainly relate to:

- ✓ Establishment and working principles of financial leasing companies
- ✓ Financial leasing agreements
- ✓ Accounting principles and financial statements

**05** Key legal advantages of financial leasing: Ability to reclaim the asset on default (bankruptcy or otherwise), as legal and beneficial title is retained

**06** Law No. 6361 of 2012 introduced the following additional features to financial leasing in Turkey:

- ✓ sale-leaseback, software leasing and leasing of complementary parts (e.g. aircraft's engine), are now allowed in Turkey;
- ✓ financial leasing companies are allowed to provide operating leases;
- ✓ there is no requirement for a minimum lease term, after which the legal ownership could be transferred to the lessee; and
- ✓ financial leasing companies are allowed to lend cash loans to customers at an amount not exceeding 1% of the total paid-in capital.

# Investor Relations and Sustainability Team Contacts

**Derşan Babacan**

Senior Vice President

[dersan.babacan@aklease.com](mailto:dersan.babacan@aklease.com)

**Avni Bayazit**

Vice President

[avni.bayazit@aklease.com](mailto:avni.bayazit@aklease.com)



**AKLease**

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