

# Investor Presentation

31 MARCH 2016



# Leasing Sector in Turkey





## LEASING

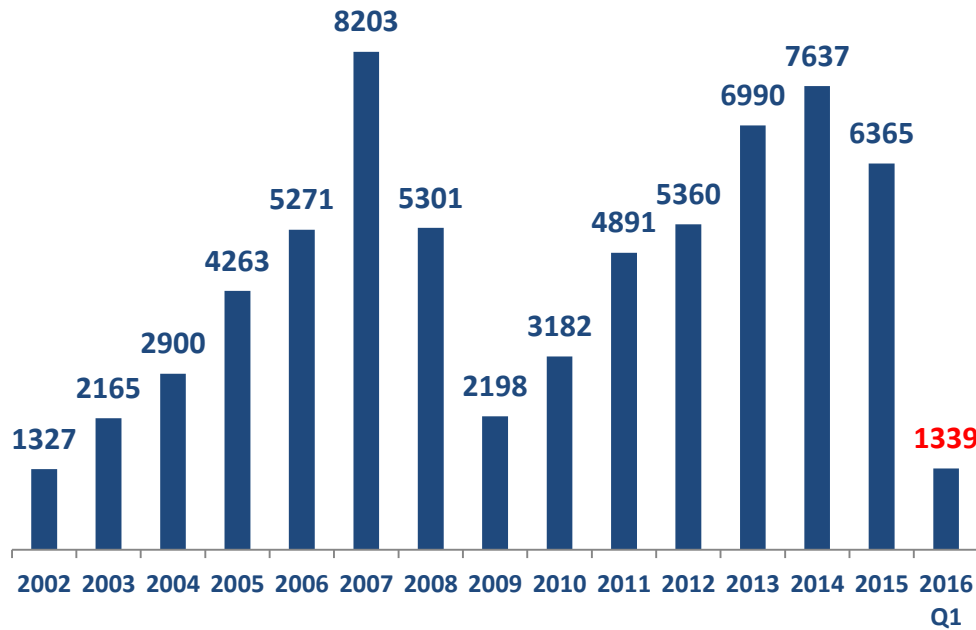
- ✓ VAT is %1 for various types of machinery.
- ✓ Operating Leases and Sale-and-lease back has been added to core product Finance Leases since 2013. Sale-and-lease back demand is strong and supporting business volumes.
- ✓ Expertise on SMEs, consultancy and know-how support in addition to funding.
- ✓ FX borrowing option (Bank FX loans have some restrictions)
- ✓ Fast credit approvals (leased-asset ownership), flexible payment plans.



# TURNOVER

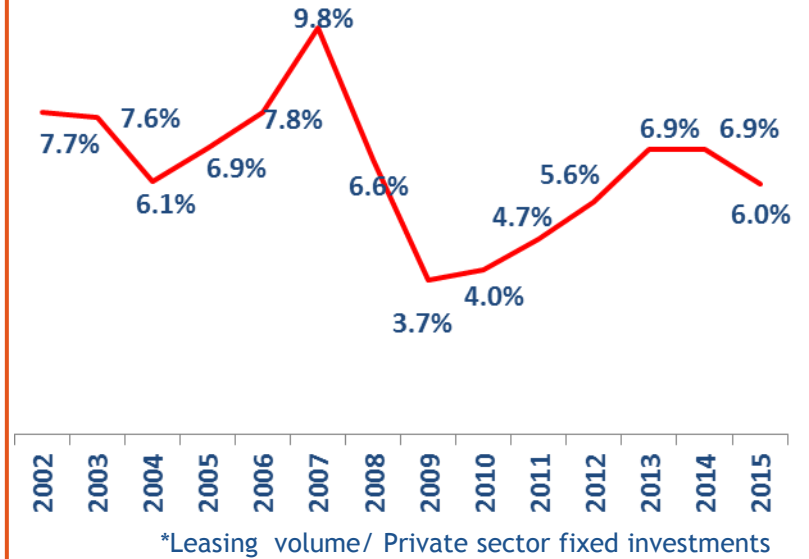
## New Leasing volume of the sector

Million USD



Leasing penetration is still at low levels compared to EU average of 15% and North America average of 18%.

Penetration \*



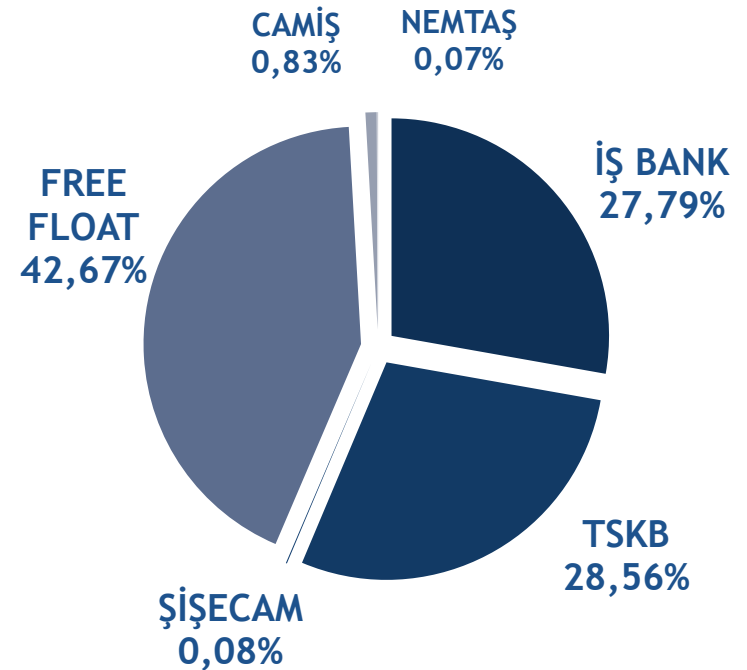
# Company Overview





## MILESTONES & OWNERSHIP

- Financial leasing law enacted in 1985.
- İş Leasing established in 1988 by İş Bank, IFC and Societe Generale.
- IFC and SocGen transferred leasing know-how and expertise, İş Bank branches provided access to the market.
- İş Group took over in 1995.
- 29,4% public offering in 2000.



İş Bank group controls 57,3% of the shares.

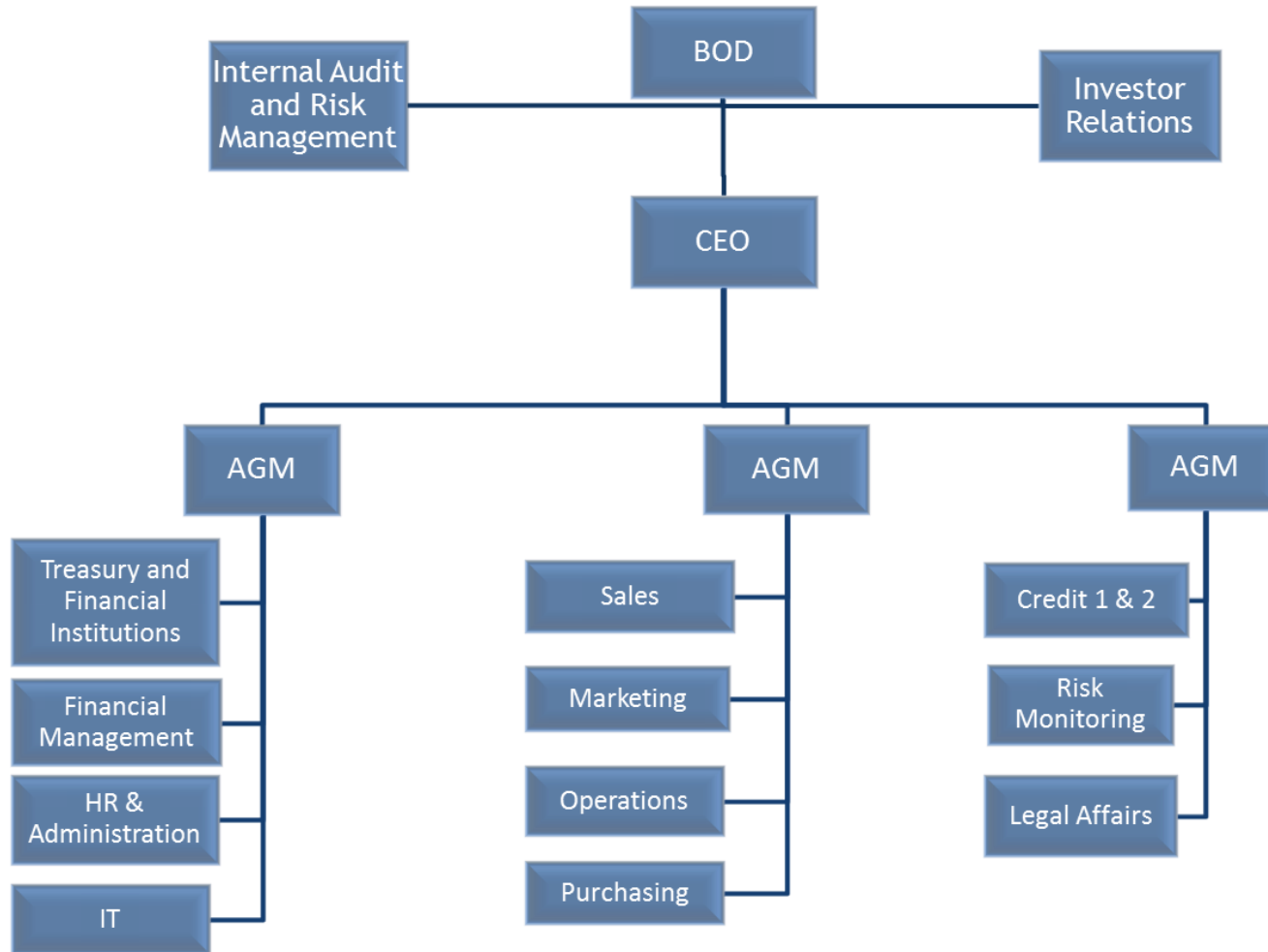


## PARTICIPATIONS

| Equity Participations                       | Ownership Rate (%) |
|---|--------------------|
| Efes Varlık Yönetimi A.Ş.                   | 10.00              |
| İş Yatırım Menkul Değerler A.Ş. (IS Invest) | 4.86               |
| İş Net                                      | 1.00               |
| İş Girişim Sermayesi Y.O A.Ş.               | 0.89               |
| Yatırım Finansman A.Ş.                      | 0.06               |
| Subsidiaries                                | Ownership Rate (%) |
| İş Factoring Finansman Hiz. A.Ş.            | 78.23              |



# ORGANIZATION CHART



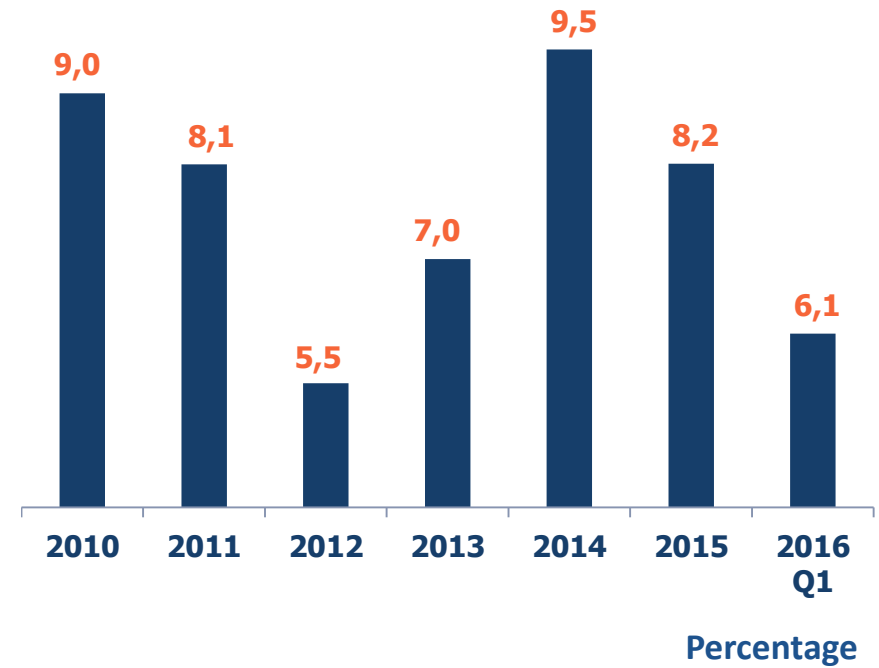
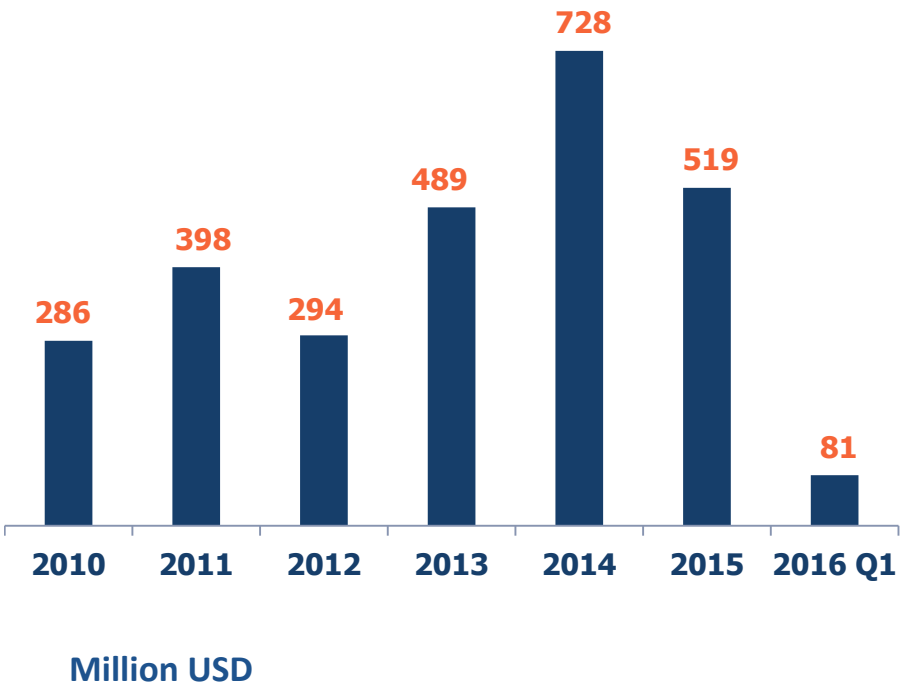


# Lease Portfolio



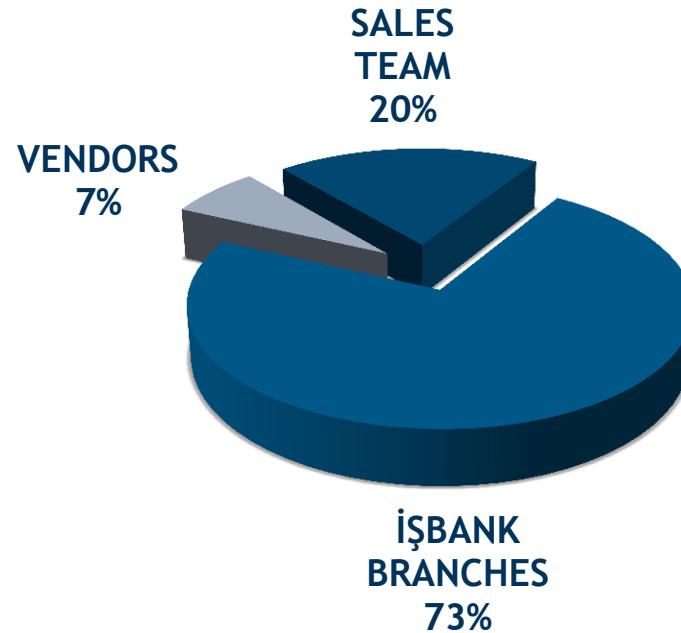


## TURNOVER & MARKET SHARE





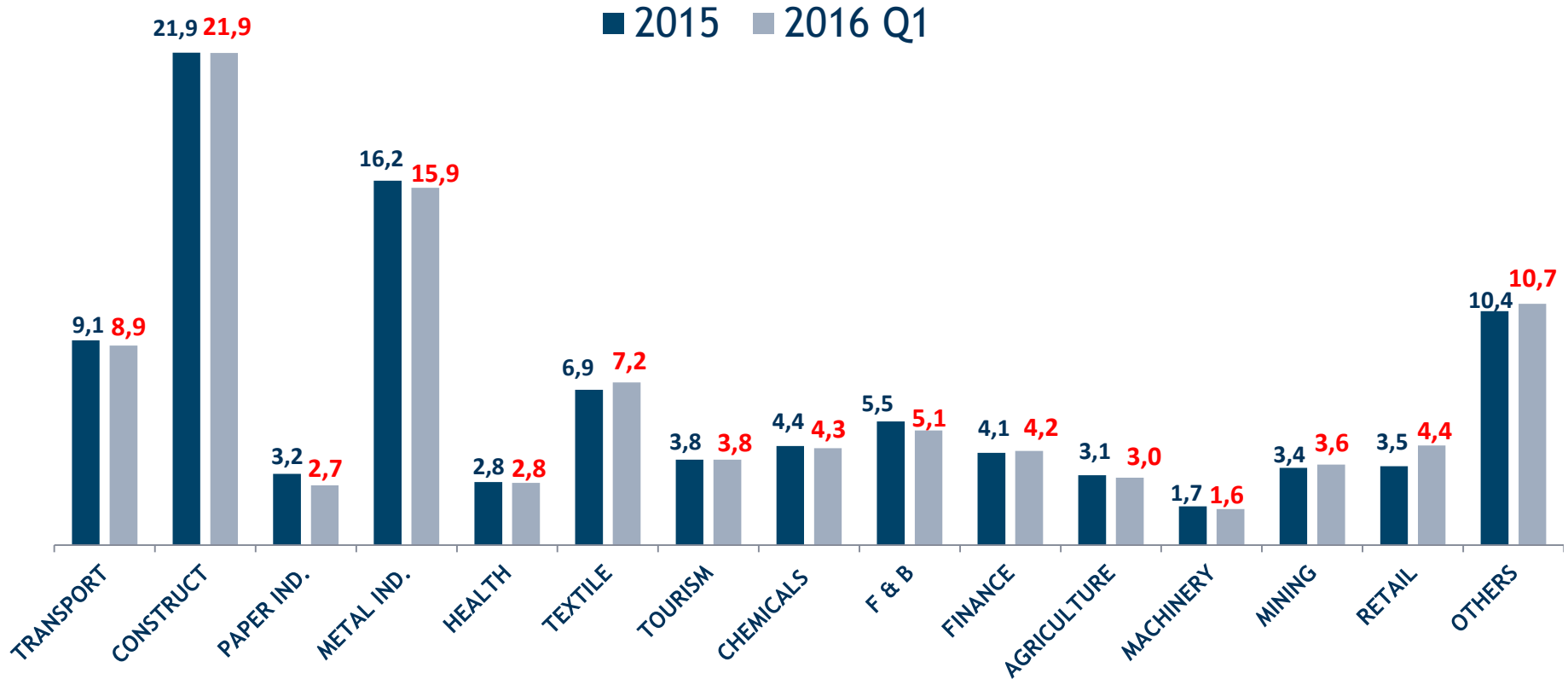
## SALES CHANNELS



*1,355 local and 23 foreign branches, largest network among private banks*

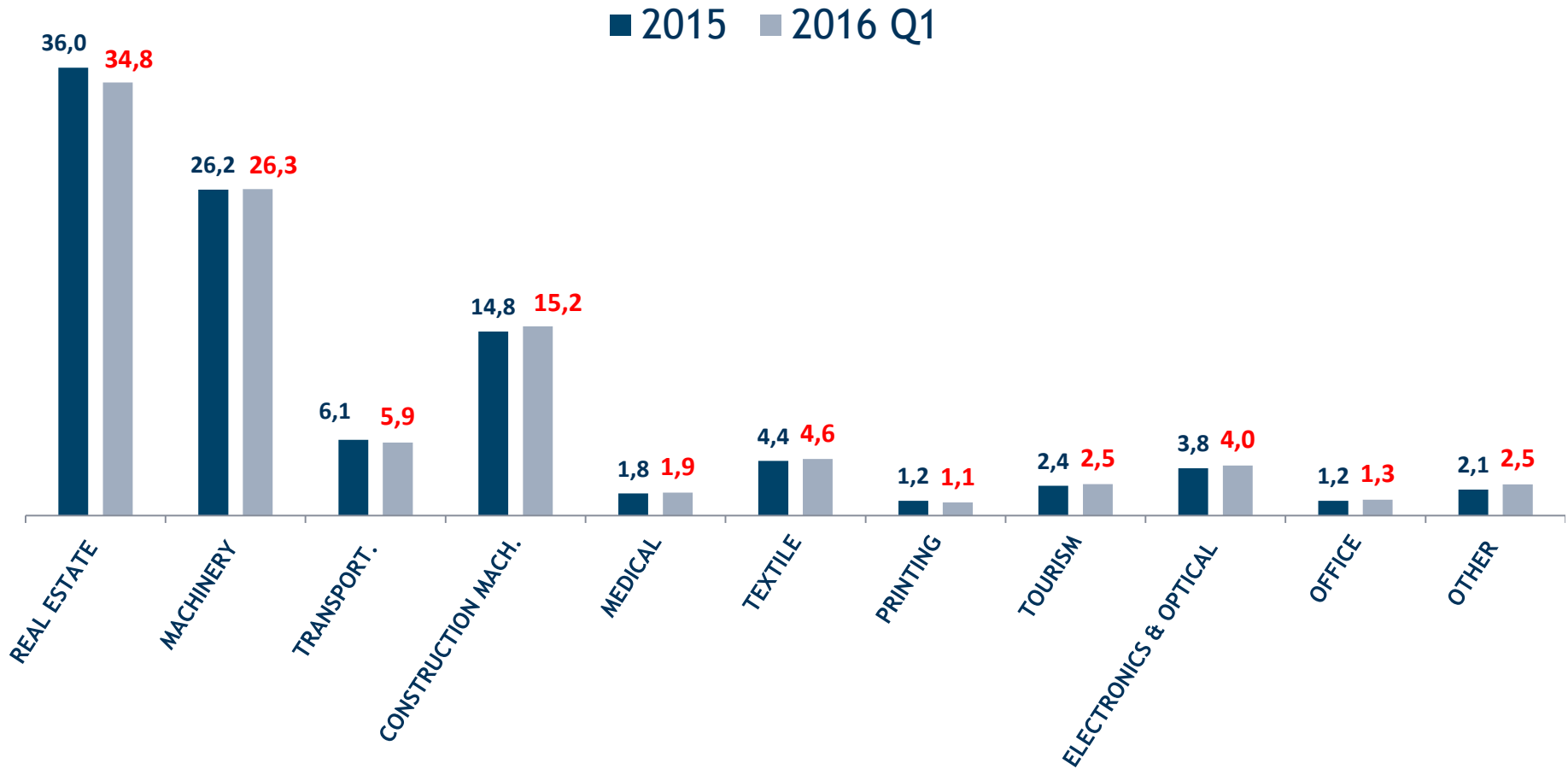


## SECTORAL DISTRIBUTION , %



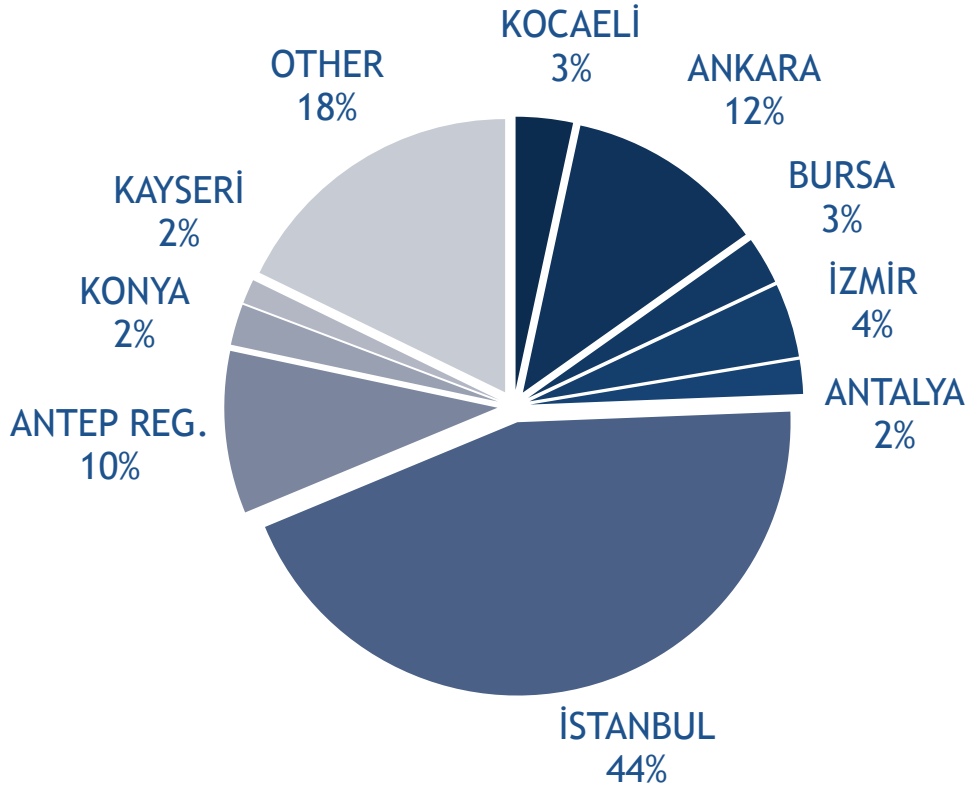


## ASSET DISTRIBUTION , %





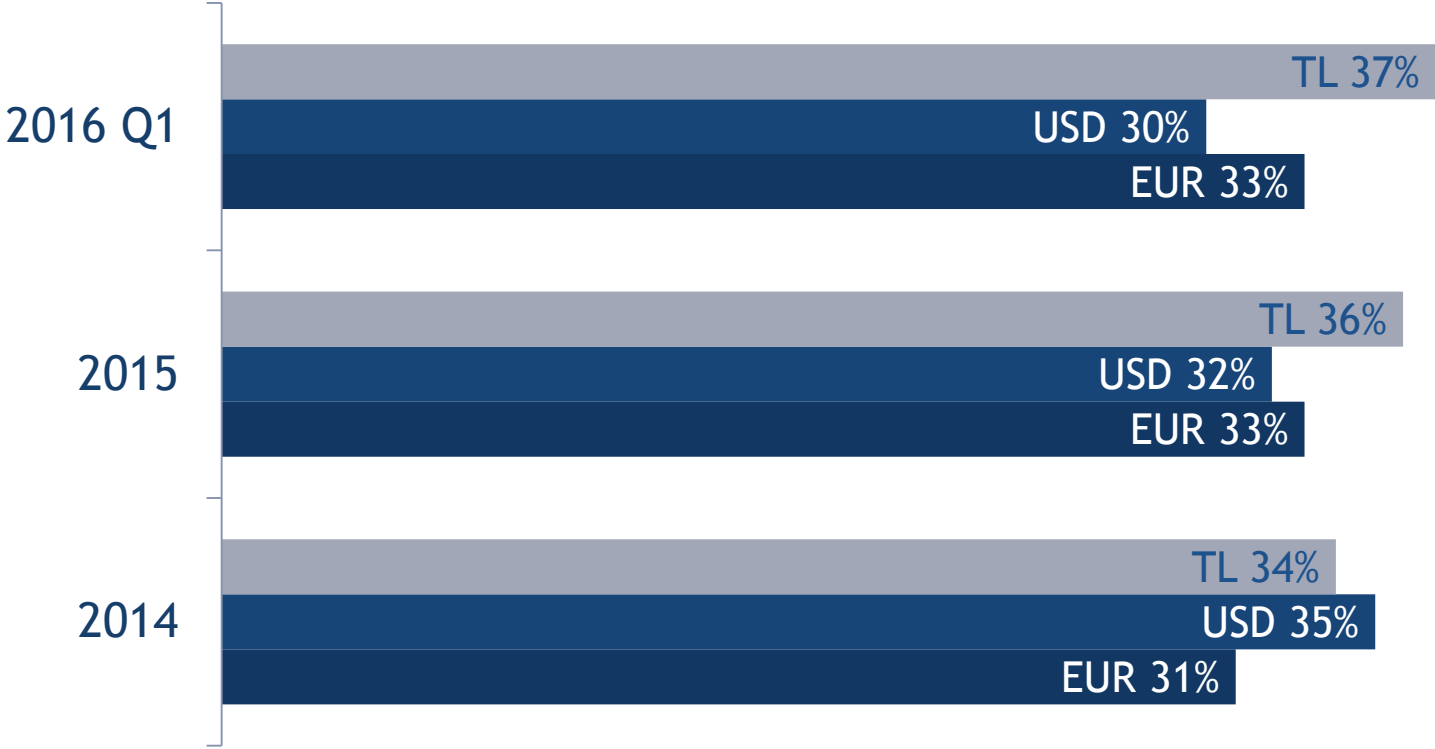
## GEOGRAPHICAL DISTRIBUTION



| BRANCHES                         | MARKETING & SALES STAFF |
|----------------------------------|-------------------------|
| Head Office                      | 3                       |
| Istanbul (A) - Kozyatağı & Gebze | 8                       |
| Istanbul (E) - Şişli & Avcılar   | 8                       |
| Ankara & Central Anatolia        | 6                       |
| Çukurova                         | 3                       |
| South Anatolia                   | 4                       |
| Marmara                          | 3                       |
| Aegean                           | 4                       |
| Mediterranean                    | 3                       |
| Trabzon                          | 2                       |
| Konya                            | 2                       |
| Kayseri                          | 1                       |
| Diyarbakır                       | 1                       |
| <b>TOTAL M &amp; S STAFF</b>     | <b>48</b>               |
| <b>TOTAL HEADCOUNT</b>           | <b>143</b>              |



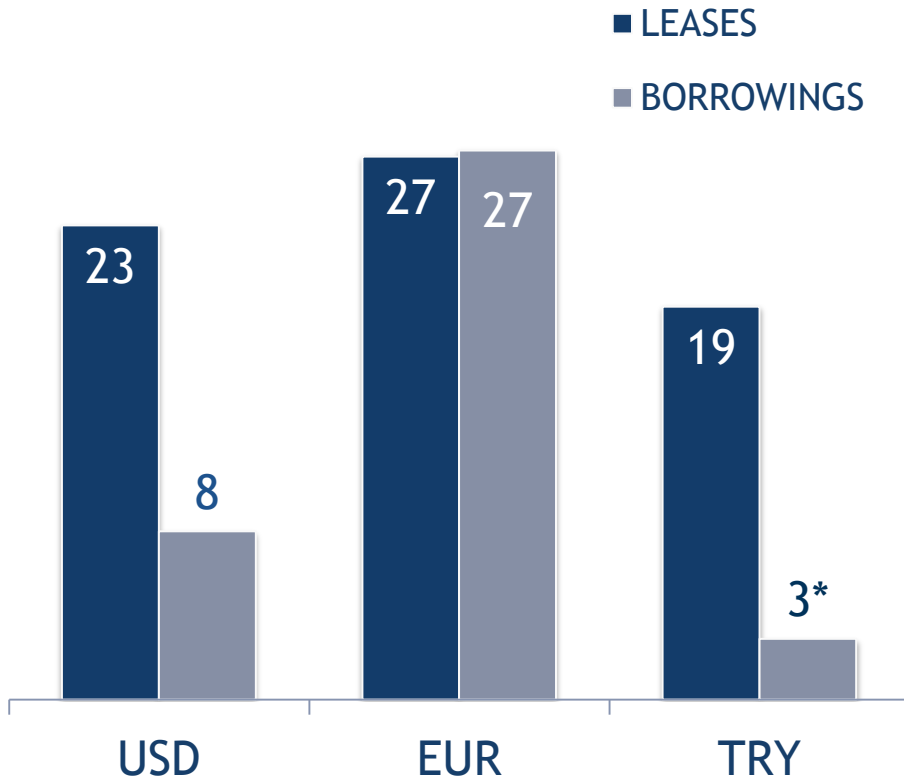
# CURRENCY DISTRIBUTION



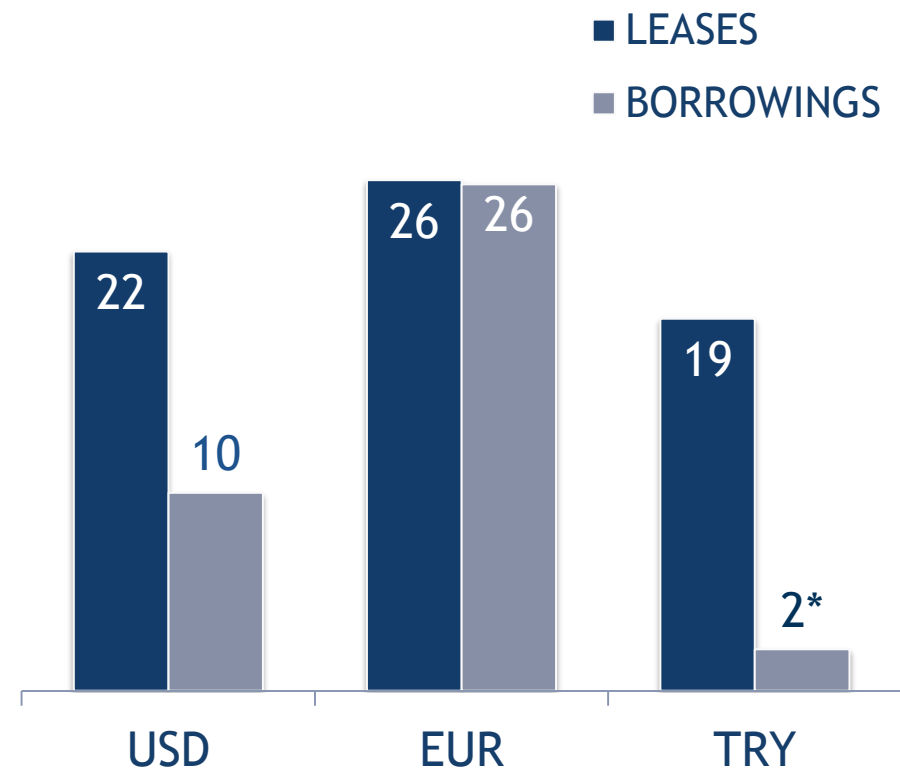


## MATURITY DISTRIBUTION

**2015**



**2016 Q1**



average, months

\*TRY, funded by Shareholders' equity is not included in the calculation.





## FUNDING POLICY

- ✓ 11% of debt portfolio is funded via İşbank. İşbank has available lines to fund İş Leasing whenever necessary.
- ✓ Outstanding local bond issuances are 675 million TRY (nominal value). Maturities are from 6 months to 24 months.
- ✓ Bilateral lines from local and multinational banks,
- ✓ IFI funds such as; IFC renewable energy and energy efficiency facility, World Bank EFIL- SME loans, CEB SME loans, BSTDB SME loan,
- ✓ Tapped Islamic Debt markets and closed two Murabaha facilities,
- ✓ ECA loans,
- ✓ Syndicated loans and Eurobond issuance are being considered. Cost of funding is key to our evaluation,
- ✓ Strategy aims diversification of creditors and debt products,
- ✓ Strategy is not to generate a currency mismatch and to keep maturity mismatch within manageable limits.



# Financial Performance





## FINANCIAL HIGHLIGHTS

| <i>TRY Million, consolidated</i>         | 31 December<br>2014 | 31 December<br>2015 | 31 March<br>2016 |
|--|---------------------|---------------------|------------------|
| Leasing Receivables, Net                 | 2,841               | 3,287               | 3,189            |
| Factoring Receivables, Net               | 1,433               | 1,951               | 1,551            |
| Non Performing Receivables               | 160                 | 183                 | 188              |
| Provisions                               | 104                 | 140                 | 142              |
| Total Assets                             | 4,580               | 5,581               | 4,978            |
| Financial Liabilities                    | 3,791               | 4,661               | 4,118            |
| Equity                                   | 667                 | 738                 | 745              |
| <b>Net Interest Income</b>               | 81                  | 121                 | 39               |
| <b>Provisions Expenses</b>               | -40                 | -48                 | -4               |
| <b>Operating Expenses</b>                | -40                 | -47                 | -14              |
| <b>iŞ Leasing solo Profit</b>            | 72                  | 81                  | 24               |
| <b>Consolidated net Profit</b>           | 79                  | 82                  | 28               |
| <b>RATIOS</b>                            |                     |                     |                  |
| <b>Non Performing Loans/ Receivables</b> | 3,65%               | 3,40%               | 3,84%            |
| <b>Provision Ratio</b>                   | 65,40%              | 76,32%              | 75,78%           |
| <b>Return On Equity</b>                  | 12,40%              | 11,67%              | 7,60%            |

## BALANCE SHEET (consolidated) mio TL

| Million TRY                   | 31.12.2014    | 31.12.2015    | 31.03.2016    |                                    | 31.12.2014    | 31.12.2015    | 31.03.2016     |
|-------------------------------|---------------|---------------|---------------|------------------------------------|---------------|---------------|----------------|
| <b>Current Assets</b>         |               |               |               | <b>Current Liabilities</b>         |               |               |                |
| Cash and Cash Equivalents     | 180.2         | 225.7         | 130.2         | Short Term Liabilities             | 2292.0        | 3795.9        | 3222.6         |
| Trading Securities(net)       | -             | -             |               | Trade Payables                     | 38.5          | 49.8          | 34.5           |
| Leasing Receivables(net)      | 889.6         | 1141.6        | 497.9         | Advances Received                  | 35.9          | 36.8          | 43.2           |
| Factoring Receivables (net)   | 1433.2        | 1951.2        | 1551.4        | Corporate Tax Payable              | 3.2           | 17.4          | 19.8           |
| Other Current Assets(net)     | 27.1          | 15.9          | 16.9          | Other Current Liabilities          | 39.6          | 71.9          | 13.1           |
| <b>Total Current Assets</b>   | <b>2530.1</b> | <b>3334.4</b> | <b>2196.5</b> | <b>Total Current Liabilities</b>   | <b>2409.2</b> | <b>3971.8</b> | <b>3333.14</b> |
| <b>Long Term Assets</b>       |               |               |               | <b>Long Term Liabilities</b>       |               |               |                |
| Leasing Receivables (net)     | 1951.4        | 2145.4        | 2691.2        | Long Term Borrowings               | 1498.9        | 864.7         | 895.5          |
| Assets for Sale(net)          | 22.4          | 22.9          | 19.9          | Reserves for emp. benefits         | 5.4           | 6.0           | 4.8            |
| Deferred Tax Assets(net)      | 36.0          | 33.4          | 27.4          | <b>Total Long Term Liabilities</b> | <b>1504.3</b> | <b>870.7</b>  | <b>900.3</b>   |
| Fixed Assets (net)            | 17.9          | 17.1          | 17.1          | Minority Interest                  | 16.6          | 21.7          | 22.4           |
| Other Long Term Assets        | 22.6          | 27.6          | 26.2          | <b>Equity</b>                      |               |               |                |
| <b>Total Long Term Assets</b> | <b>2050.3</b> | <b>2246.4</b> | <b>2781.8</b> | Capital                            | 461.5         | 530.3         | 530.3          |
|                               |               |               |               | Reserves                           | 110.3         | 104.3         | 163.7          |
|                               |               |               |               | Net Profit For The Year            | 78.5          | 82.0          | 28.2           |
|                               |               |               |               | <b>Total Shareholder's Equity</b>  | <b>650.3</b>  | <b>716.6</b>  | <b>722.3</b>   |
| <b>TOTAL ASSETS</b>           | <b>4580.4</b> | <b>5580.8</b> | <b>4978.3</b> | <b>TOTAL LIABILITIES</b>           | <b>4580.4</b> | <b>5580.8</b> | <b>4978.3</b>  |



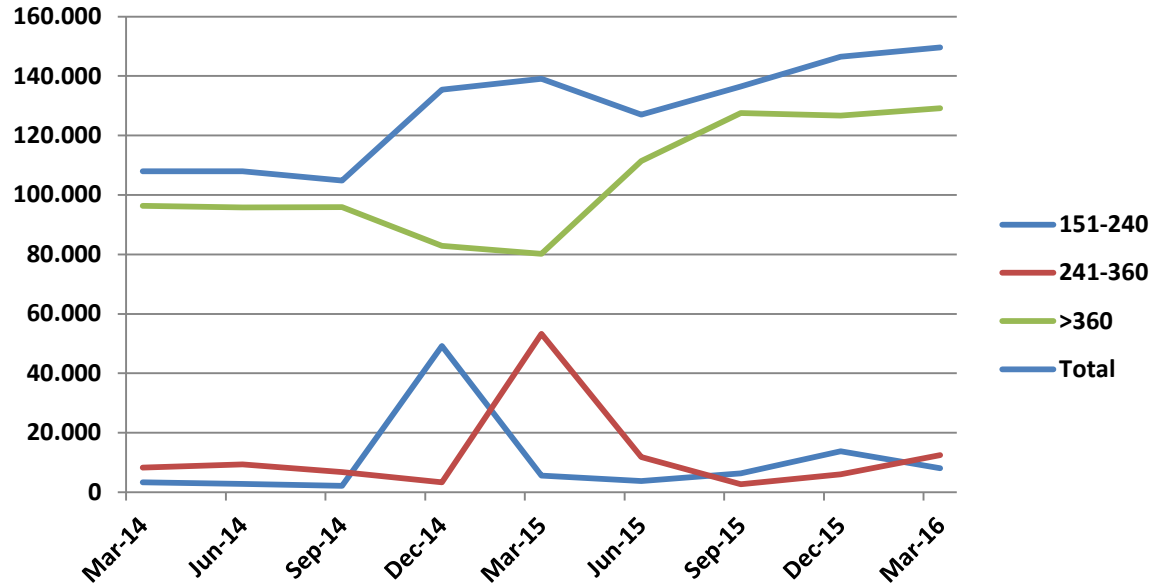
## INCOME STATEMENT (consolidated) 000 TL

| Million TRY                         | 31.12.2014    | 31.12.2015     | 31.03.2016    |
|-------------------------------------|---------------|----------------|---------------|
| Interest Income                     | 186,567       | 264,839        | 67,799        |
| Interest Expense                    | -200,485      | -284,800       | -72,117       |
| Foreign Currency Gains/(Losses)     | 74,273        | 68,533         | 12,874        |
| <b>Total</b>                        | <b>60,355</b> | <b>48,572</b>  | <b>8,556</b>  |
| Factoring Income                    | 89,248        | 134,492        | 41,741        |
| General and Administrative Expenses | -40,340       | -46,916        | -13,856       |
| Provision Expenses                  | -39,938       | -48,482        | -3,902        |
| Other income/(expenses) (net)       | 23,838        | 22,112         | 5,537         |
| <b>Profit before taxation</b>       | <b>93,163</b> | <b>109,778</b> | <b>38,076</b> |
| Tax                                 | -12,989       | -22,514        | -7,623        |
| <b>Profit after taxation</b>        | <b>80,174</b> | <b>87,264</b>  | <b>30,453</b> |
| Minority Interest                   | -1,688        | -5,261         | -2,165        |
| <b>Net Profit for the Year</b>      | <b>78,486</b> | <b>82,003</b>  | <b>28,288</b> |



## NPL

| Consolidated                 | 31.12.2013 | 31.12.2014 | 31.12.2015 | 31.03.2016 |
|------------------------------|------------|------------|------------|------------|
| Gross NPL /Total Receivables | 3,80%      | 3,70%      | 3,40%      | 3,84%      |
| Net NPL / Net Receivables    | 1,80%      | 1,30%      | 0,83%      | 0,96%      |



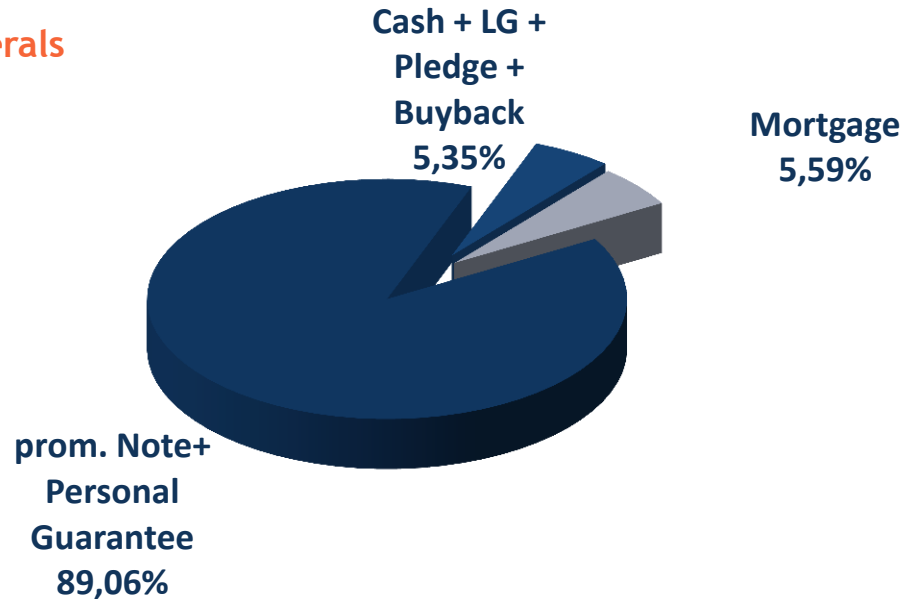
| 000 TL                    | LOSS RESERVE     |
|---------------------------|------------------|
| 2016 Opening              | (139.750)        |
| Reversals                 | 1.516            |
| New provisions            | (3.888)          |
| Write-off (*)             | -                |
| Transfer                  | -                |
| <b>31.03.2016 Closing</b> | <b>(142.122)</b> |



## COLLATERALS\*

Leased assets are legally possessed by the lessor so they are the collateral of the leasing loan. Depending on the lessee's credit ratings and second hand value of the leased asset, additional collaterals might be demanded.

### Collaterals



\*İş Bank group excluded



## RATINGS



### Foreign Currency

|                |        |
|----------------|--------|
| Long-Term IDR  | BBB -  |
| Short-Term IDR | F3     |
| Outlook        | Stable |

### Local Currency

|                |        |
|----------------|--------|
| Long-Term IDR  | BBB -  |
| Short-Term IDR | F3     |
| Outlook        | Stable |

### National

|                  |            |
|------------------|------------|
| Long-Term Rating | AA + (tur) |
| Outlook          | Stable     |
| Support Rating   | 2          |





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