

# Investor Presentation

September 30, 2012





# Leasing Sector in Turkey



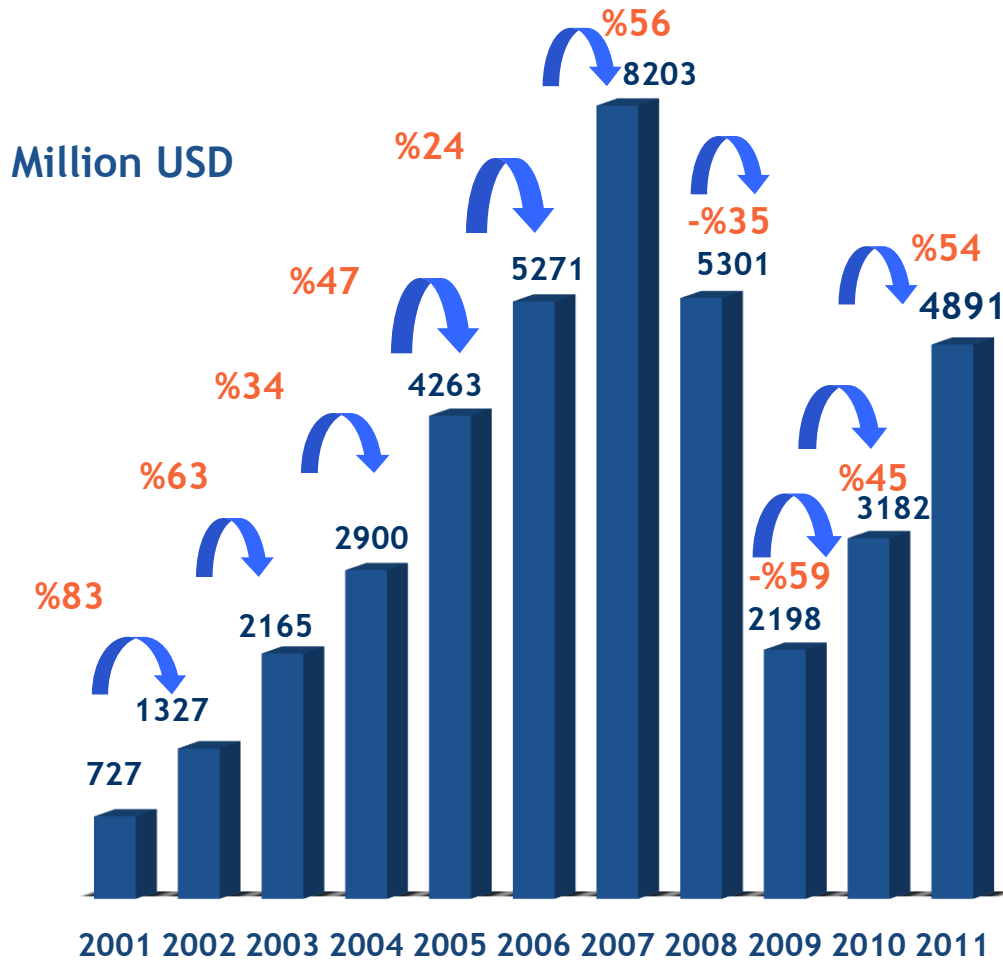


## ADVANTAGES OF LEASING

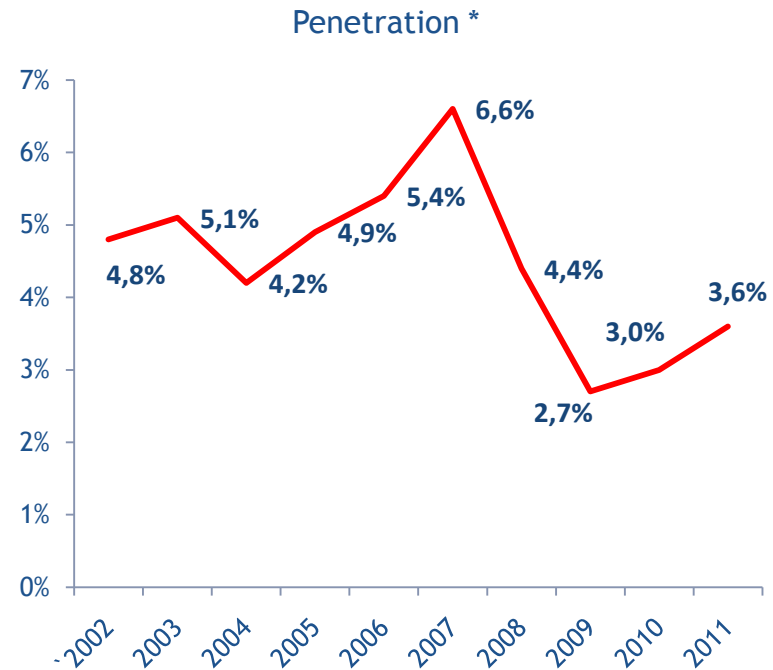
- ✓ 1 % VAT on selected machinery. (Finance Ministry decree dated 27/12/2011)
- ✓ Expertise on SMEs, consultancy and know-how support in addition to funding.
- ✓ FX borrowing option (Bank FX loans have some restrictions)
- ✓ Fast credit approvals (leased asset ownership), flexible payment plans.
- ✓ Banks can fund up to %50 of commercial real estate but there is no limit for leasing companies. (BRSA regulation dated 16/12/2010)



# TURNOVER



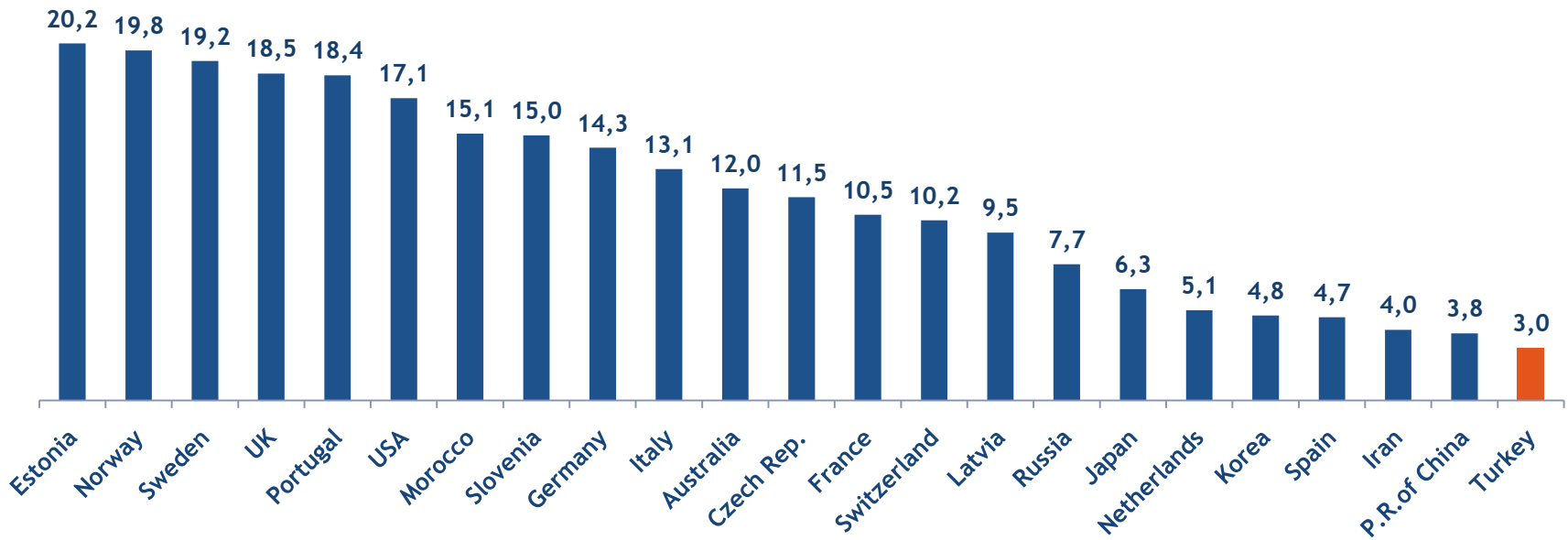
Leasing penetration is still at low levels compared to EU average of 15% and North America average of 18%.



\*Leasing volume/ Private sector fixed investments (Buildings excluded)

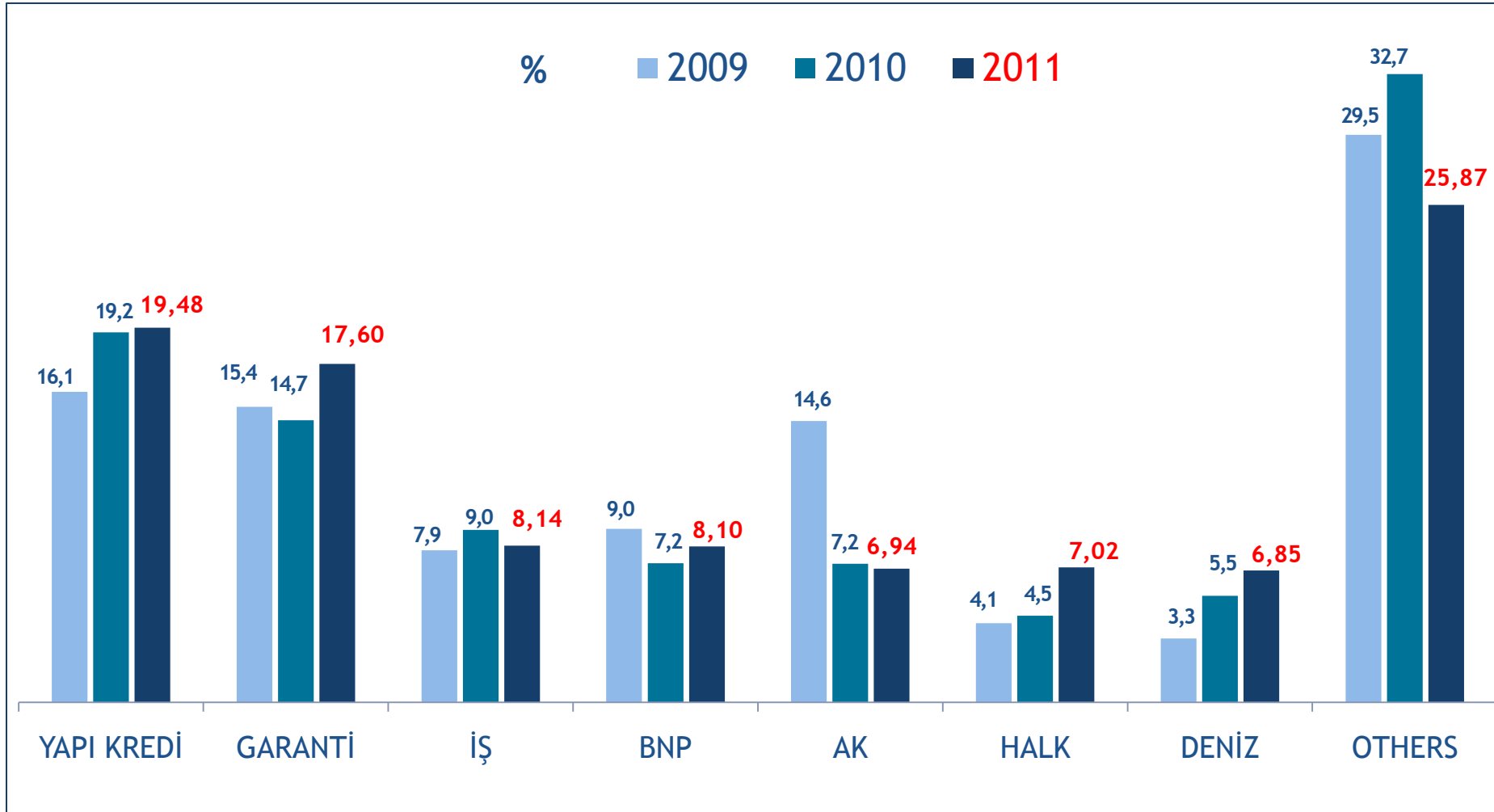


## LEASING PENETRATION RATES COMPARED 2010





## MARKET SHARES, New Leasing Transactions





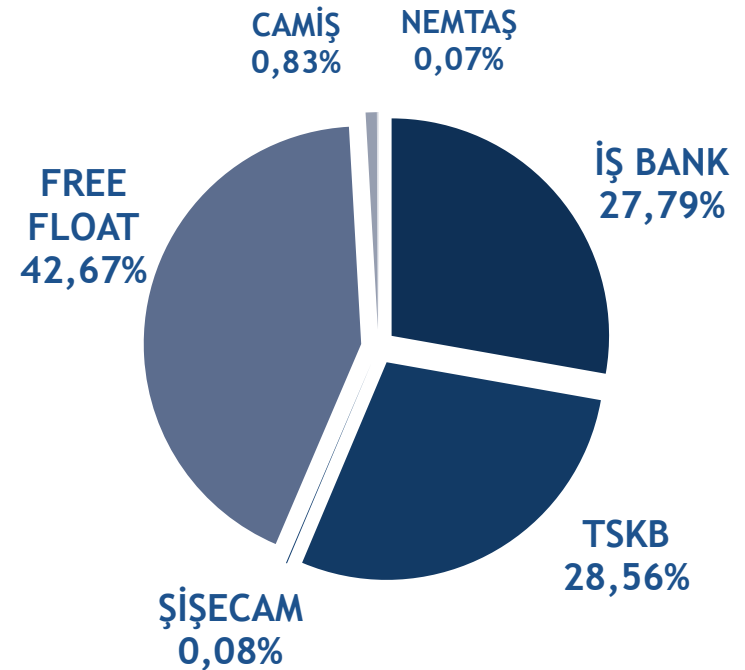
# Company Overview





## 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.



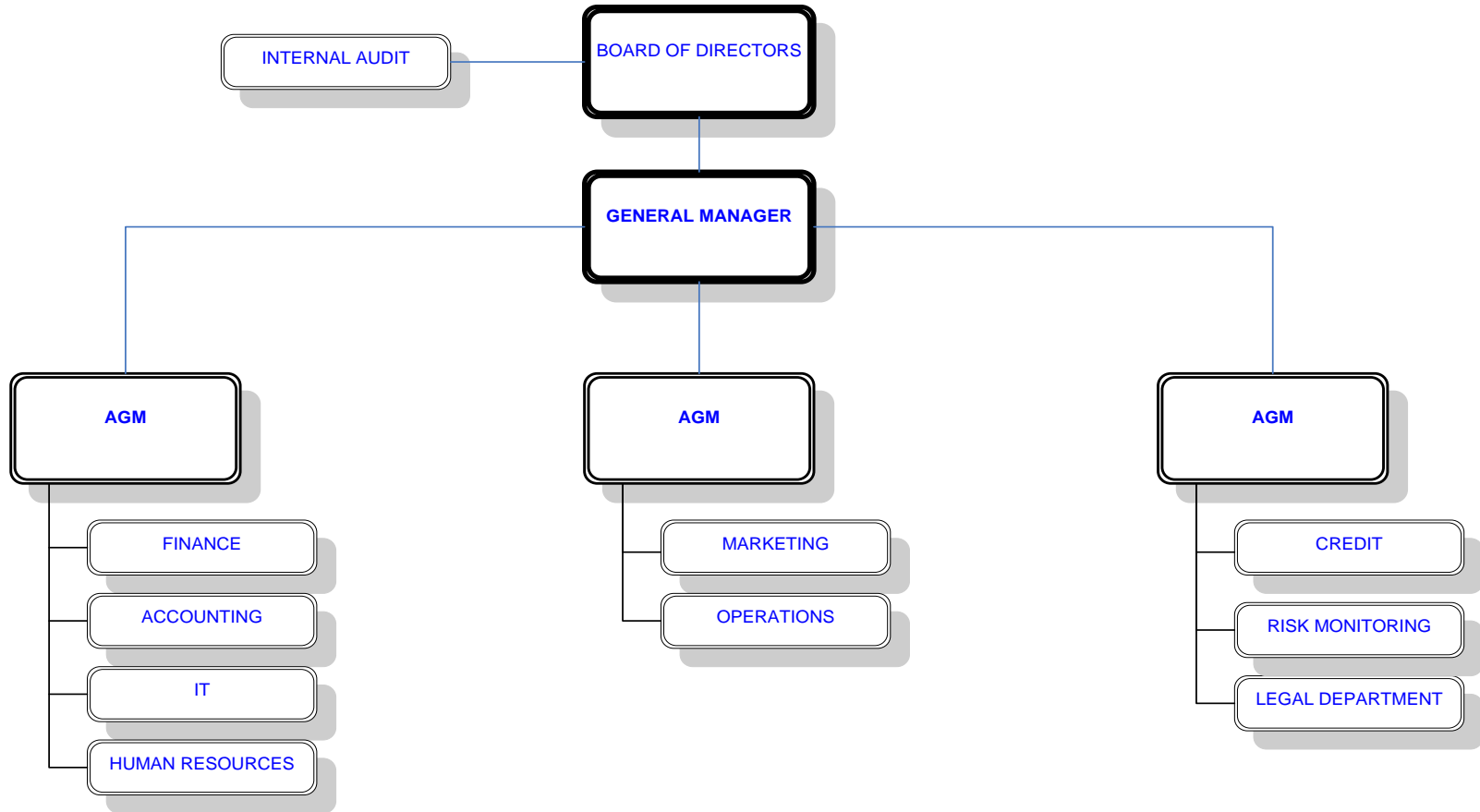


## PARTICIPATIONS

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
Camiş Menkul Değerler A.Ş.	0.05
Subsidiaries	Ownership Rate (%)
İş Factoring Finansman Hiz. A.Ş.	78.23



# ORGANIZATION CHART



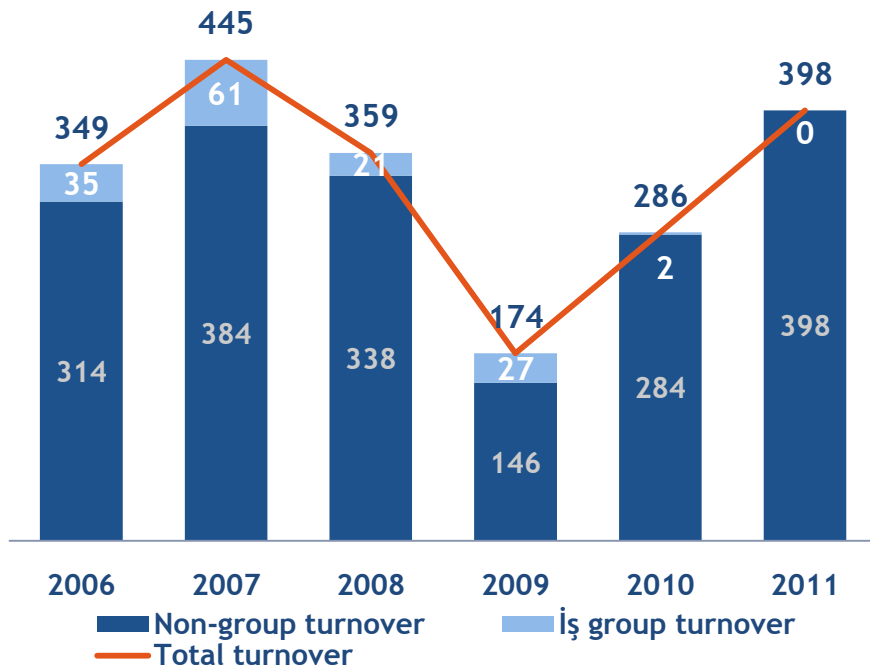


# Lease Portfolio

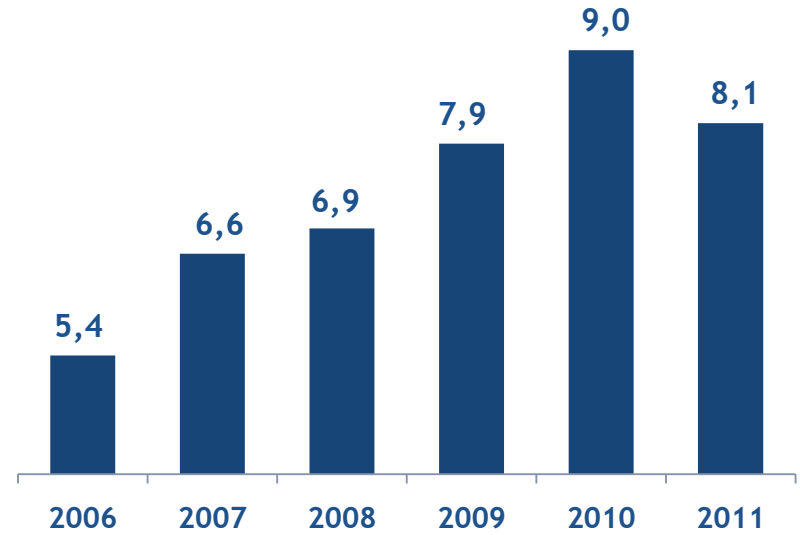




# TURNOVER & MARKET SHARE



Million USD



Percentage



## 2012 Q3 Leasing Volumes

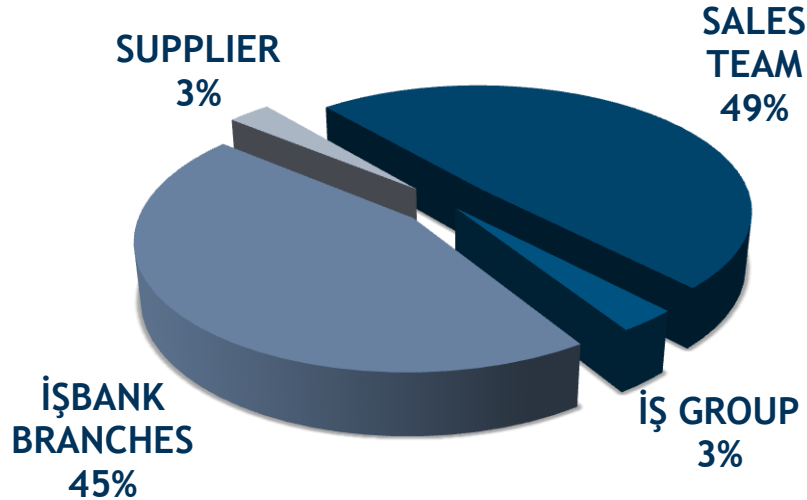
2012 Q3 total volume was \$ 3,917,319

	Share %	Leasing volume \$
YAPI KREDİ LEASING	17,2 %	684.101
GARANTİ LEASING	14,3 %	569.198
AKLEASE	12,5 %	497.980
BNP PARIBAS	8,9 %	356.371
DENİZ LEASING	7,4 %	295.753
FİNANS LEASING	6,2 %	245.802
<b>İŞ LEASING</b>	<b>5,3 %</b>	<b>209.127</b>
HALK LEASING	5.2 %	208.487
VAKIF LEASING	4,6 %	184.157
ZIRAAT LEASING	3,6 %	144.538

A time lag of 2-3 months on average exists between leasing agreement and start of rental payments (delivery). The decrease in İş Leasing's transaction volume in Q1 mainly resulted from the increased risk awareness in the last 2 months of 2011 when the European debt crisis was moving to an unpredictable outcome.



## SALES CHANNELS

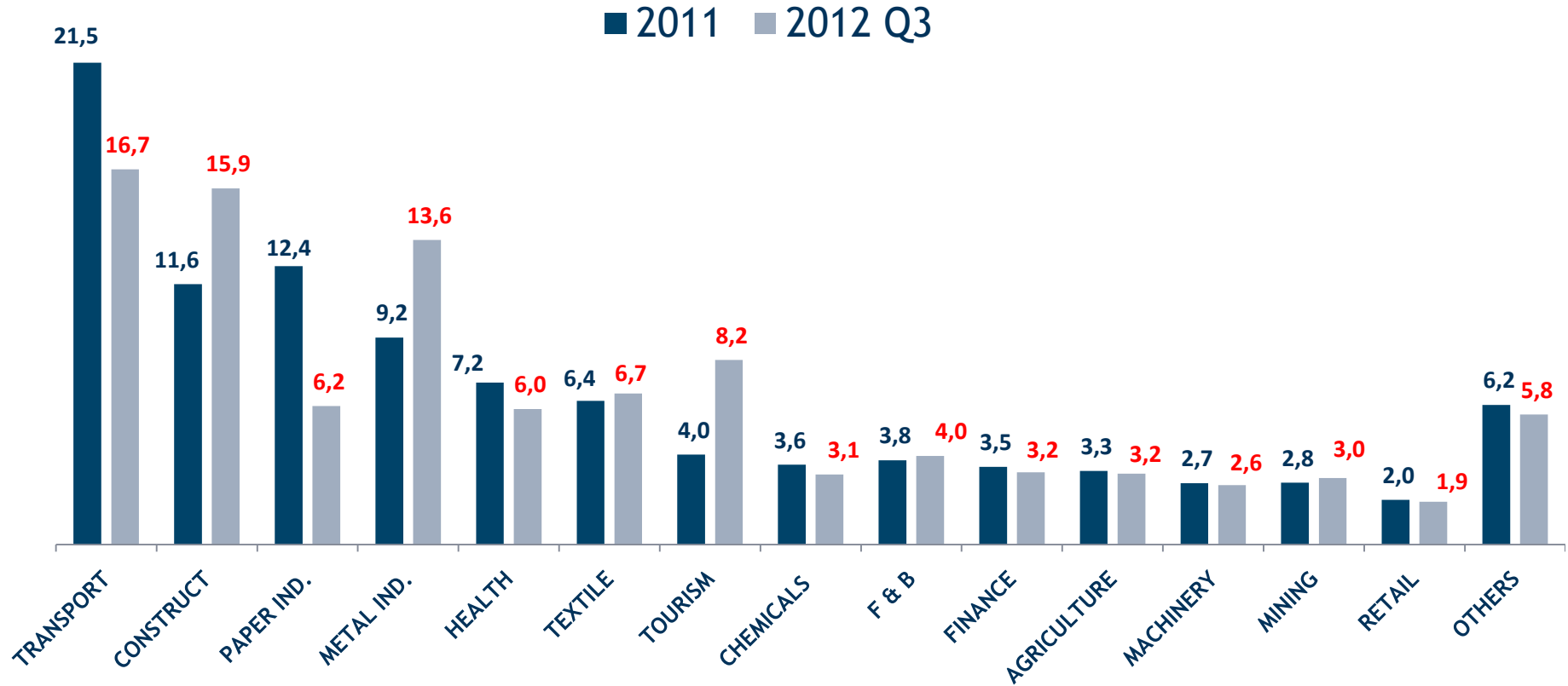


*İşbank has 1,231 branches*

No of customers in CRM database	58.280
Customers with outstanding leasing transaction	4.107

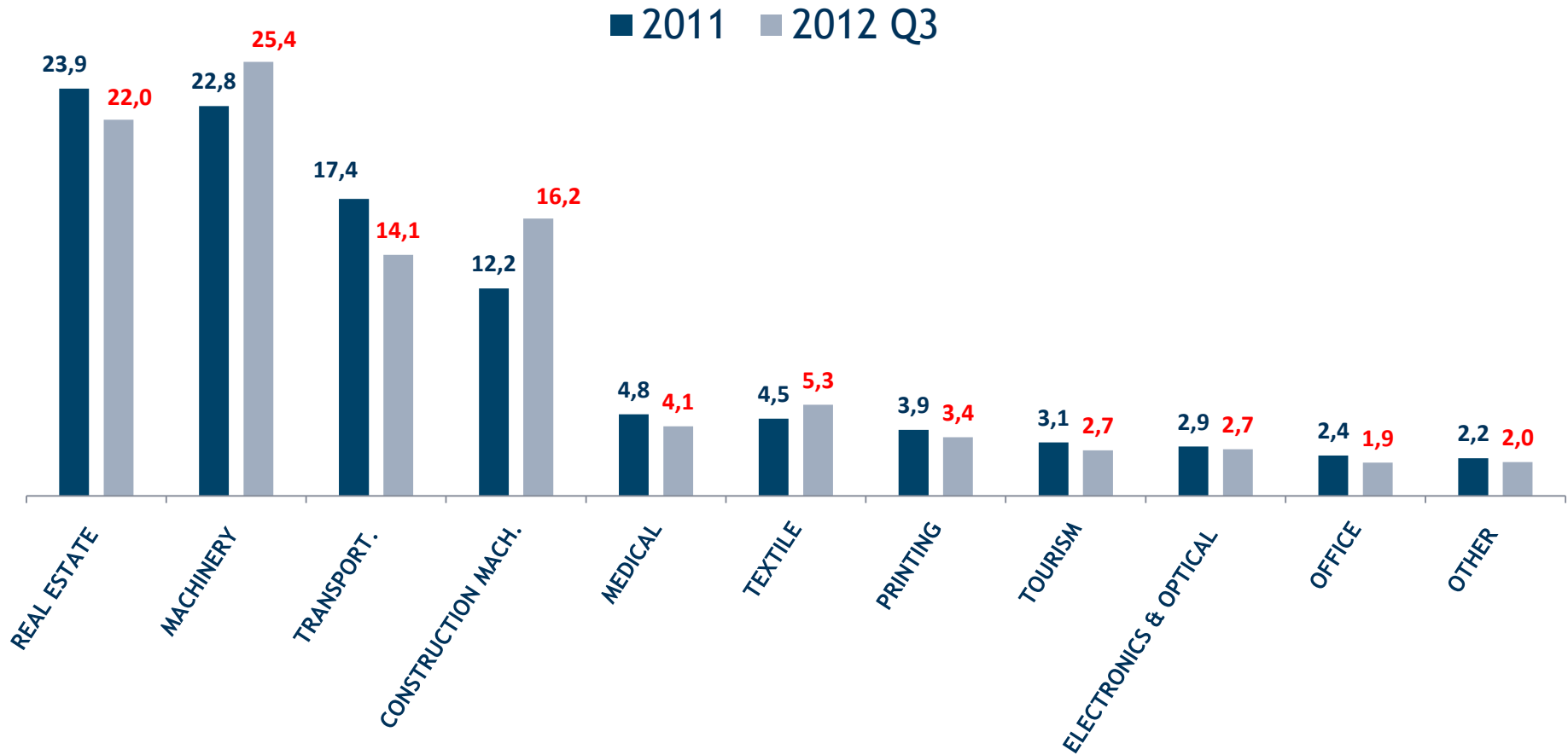


## SECTORAL DISTRIBUTION , %





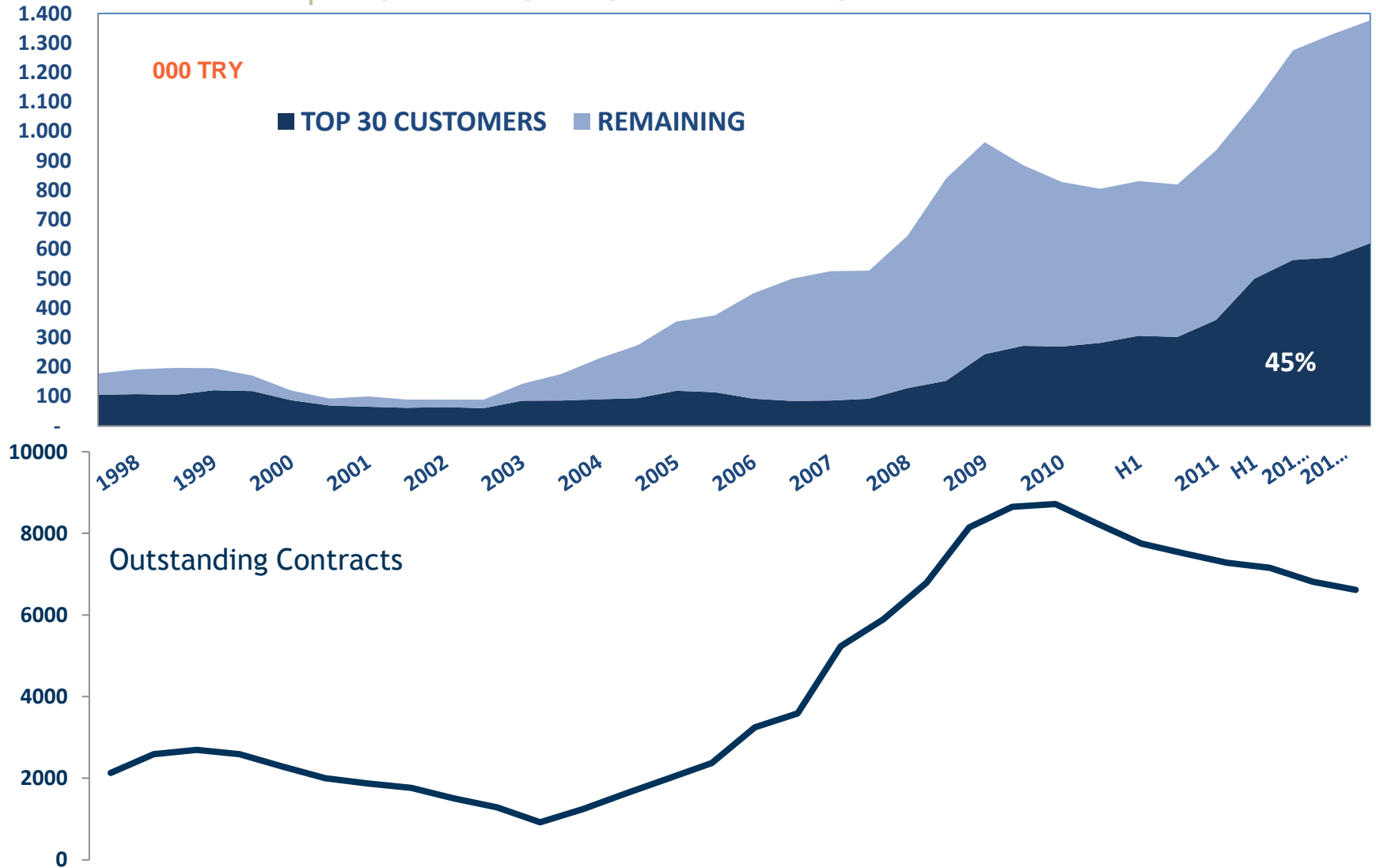
## ASSET DISTRIBUTION , %





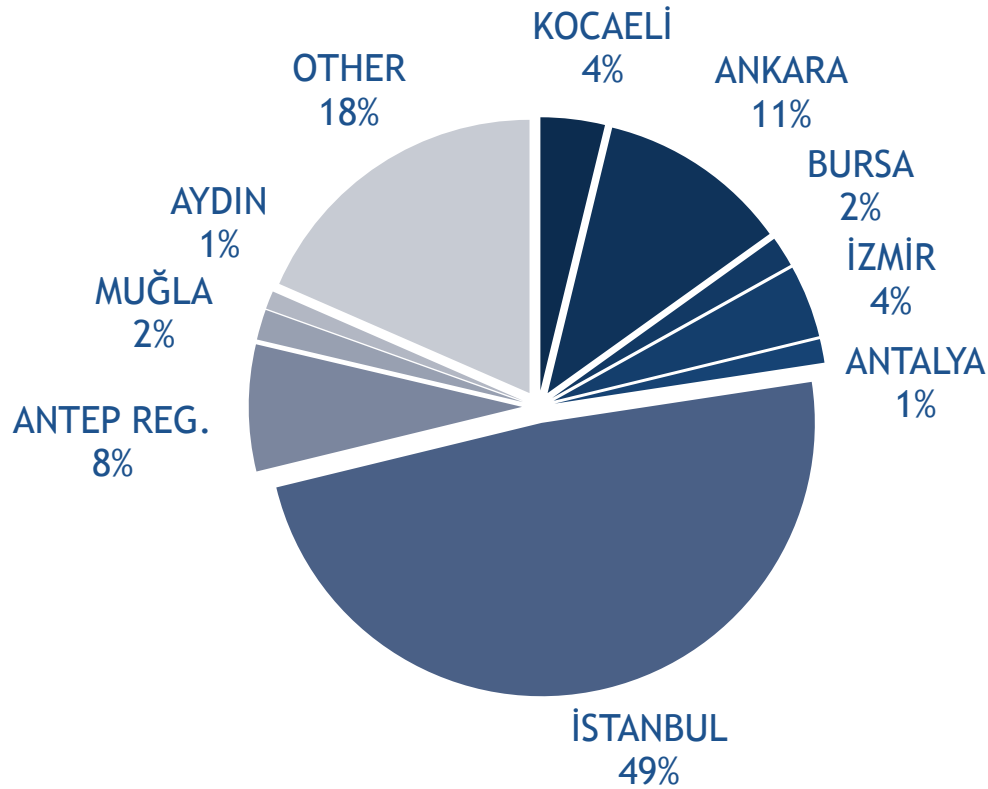


## PORTFOLIO DEVELOPMENT





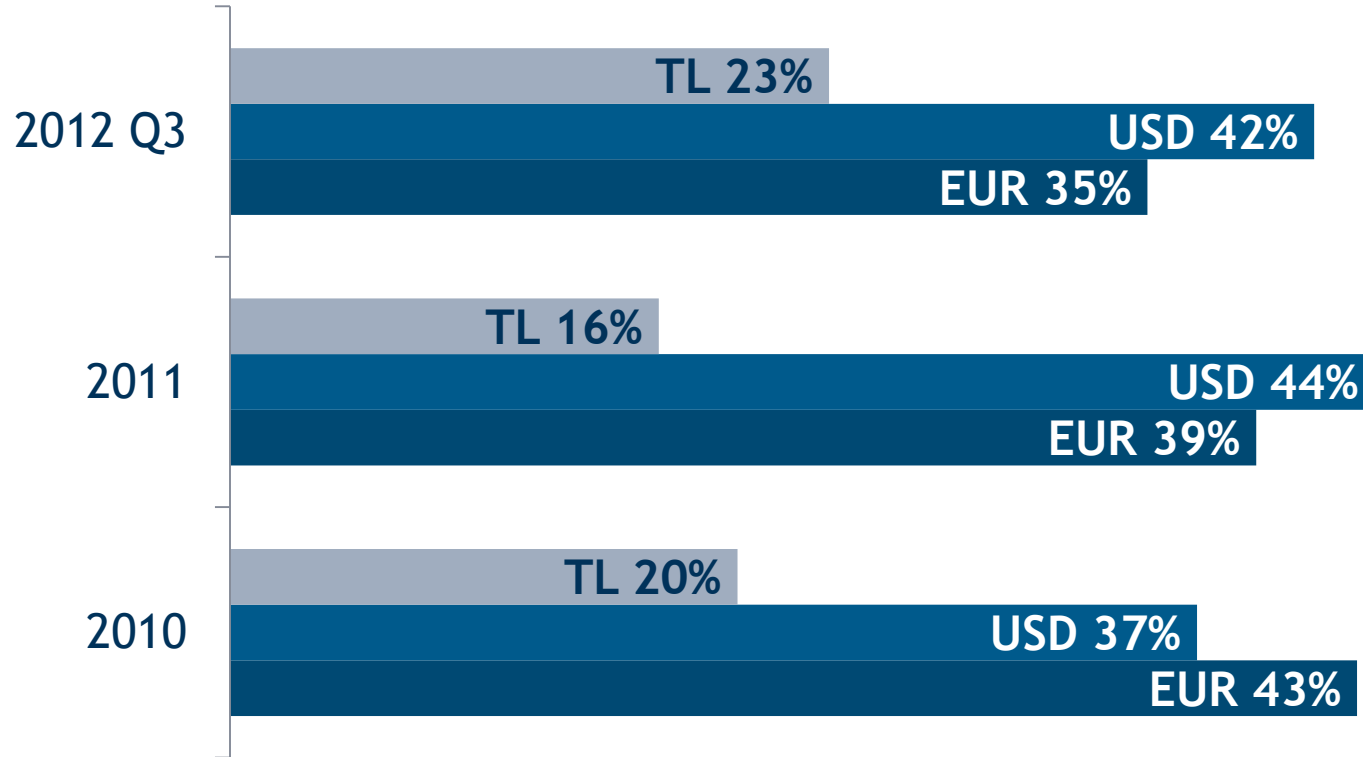
## GEOGRAPHICAL DISTRIBUTION



OFFICES	SALES STAFF
Head Office	2
Istanbul Europe	6
Istanbul Asia	4
Ankara Rep. Office	6
Antep	5
Bursa	2
İzmir	4
Antalya	2
<b>TOTAL SALES STAFF</b>	<b>31</b>
<b>TOTAL HEADCOUNT</b>	<b>105</b>



## CURRENCY DISTRIBUTION

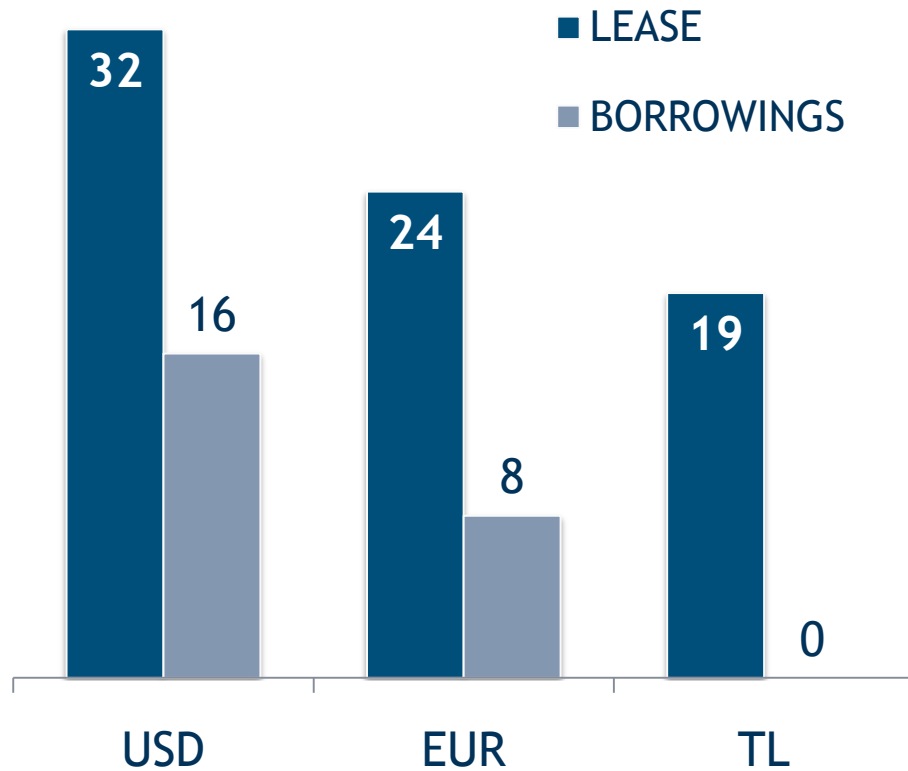


('000 TRY)	2011	2012 Q3
Net FX Position (Long)	2.232	2.147
Net FX Position/Equity	0,4 %	0.4 %

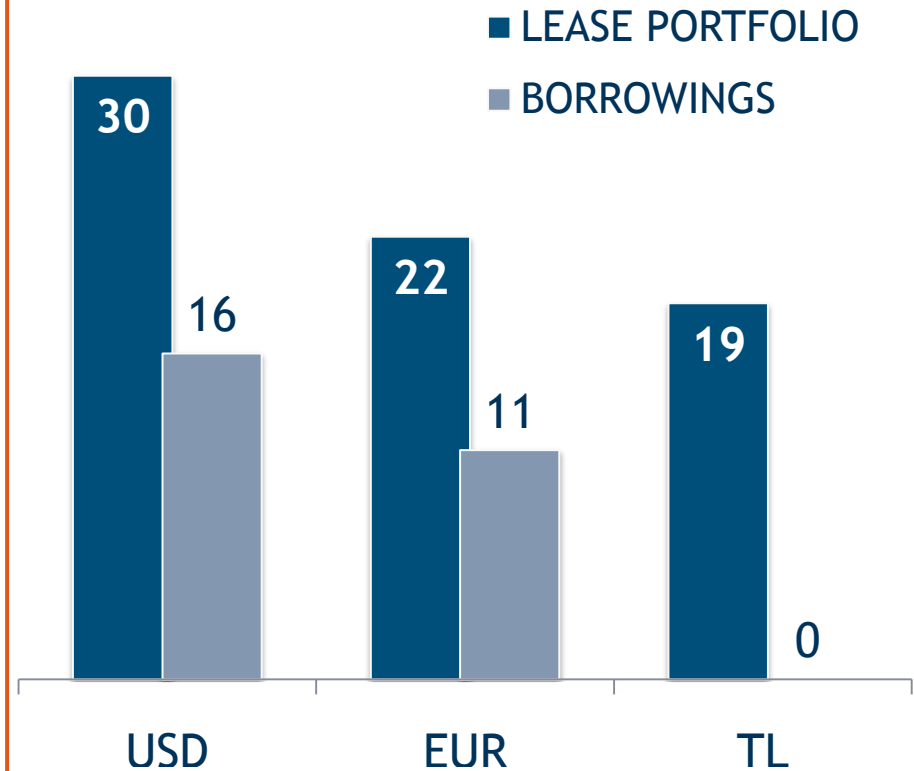


## MATURITY DISTRIBUTION

2011



2012 Q3



average, months



## FUNDING POLICY

- ✓ 24 % of debt portfolio is funded via İşbank. İşbank has available lines to fund İş Leasing when necessary.
- ✓ İş Leasing completed 3 corporate bond issuances amounting 250 million TRY. Terms were 12 and 24 months.
- ✓ 40 million USD murabaha syndicated loan was closed in June 2012.
- ✓ Bilateral lines from local and foreign banks, SME funds of development banks and World Bank, ECA loans are other major other sources of funding. IFI facilities are being negotiated.
- ✓ Syndicated loans and other structured loans will be considered again at competitive pricing levels. 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

TRY Million	31 December 2011	30 September 2012	Change(%)
Leasing Receivables, Net	1,398	1,407	1%
Factoring Receivables, Net	405	450	11%
Non Performing Receivables	110	110	0%
Provisions	-58	-63	9%
Total Assets	2,242	2,075	-7%
Financial Liabilities	1,673	1,472	-12%
Equity	520	555	7%
<b>INCOME STATEMENT</b>			
Net Interest Income	119	37	-59%
Provisions	-15	-16	42%
Operating Expenses	-22	-18	9%
İş Leasing solo Profit	46	29,8	-14%
Consolidated net Profit	52	30	-23%
<b>RATIOS</b>			
Non Performing Loans/ Receivables (solo)	7,6 %	7,5%	
Provision Ratio	52,7 %	57,3%	
Return On Equity	10,5 %	7,5%	



## BALANCE SHEET (consolidated) mio TL

Million TRY	2010	2011	2012 q3		2010	2011	2012 q3
<b>Current Assets</b>				<b>Current Liabilities</b>			
Cash and Cash Equivalents	691.3	309.6	116.5	Short Term Liabilities	1,416.4	1,353.4	1,179.5
Trading Securities(net)	4.4	12	11.6	Trade Payables	14.5	15.1	18.9
Leasing Receivables(net)	323.5	418.9	475.9	Advances Received	8.6	7.8	15.3
Factoring Receivables (net)	331.3	404.7	450.3	Corporate Tax Payable	3.2	3.4	5.3
Other Current Assets(net)	24.4	22.6	10.0	Other Current Liabilities	2,1	20.3	6.7
<b>Total Current Assets</b>	<b>1374.9</b>	<b>1167.6</b>	<b>1064.3</b>	<b>Total Current Liabilities</b>	<b>1444.7</b>	<b>1400</b>	<b>1225.7</b>
<b>Long Term Assets</b>				<b>Long Term Liabilities</b>			
Leasing Receivables (net)	612.1	979.6	930.9	Long Term Borrowings	170.5	319.3	292.6
Assets for Sale(net)	26.5	20.2	26.2	Reserves for emp. benefits	2,2	2,7	2.4
Deferred Tax Assets(net)	78.6	72.5	52.2	Total Long Term Liabilities	<b>172.7</b>	<b>322</b>	<b>295</b>
Fixed Assets (net)	0.4	1.1	0.9	Minority Interest	10.9	11.5	12.1
Other Long Term Assets	0.9	1.0	0.8	<b>Equity</b>			
<b>Total Long Term Assets</b>	<b>718.5</b>	<b>1074.4</b>	<b>1011</b>	Capital	295.0	339.0	389.0
				Reserves	106.4	117	123.5
				Net Profit For The Year	63.7	52.5	29.9
				Total Shareholder's Equity	<b>465.1</b>	<b>508.5</b>	<b>542.5</b>
<b>TOTAL ASSETS</b>	<b>2,093.4</b>	<b>2,242</b>	<b>2,075.3</b>	<b>TOTAL LIABILITIES</b>	<b>2,093.4</b>	<b>2,242</b>	<b>2,075.3</b>





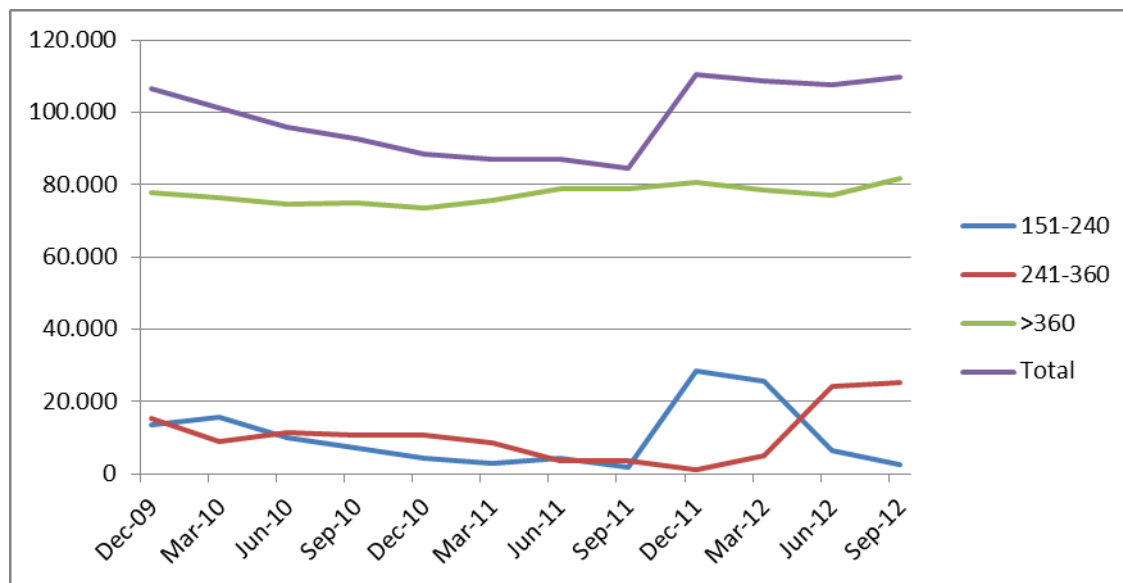
## INCOME STATEMENT (consolidated) 000 TL

Million TRY	2010	2011	2012 Q3
Interest Income	81,488	100,636	77,327
Interest Expense	(60,230)	(79,613)	(73,247)
Foreign Currency Gains/(Losses)	912	9,927	20,890
<b>Total</b>	<b>22,170</b>	<b>30,950</b>	<b>24,970</b>
Factoring Income	18,671	34,801	36,924
General and Administrative Expenses	(18,352)	(21,978)	(17,774)
Provision Expenses	(12,372)	(15,273)	(15,506)
Other income/(expenses) (net)	52,330	32,275	12,141
<b>Profit before taxation</b>	<b>62,447</b>	<b>60,774</b>	<b>40,754</b>
Tax	2,422	(6,508)	(10,747)
<b>Profit after taxation</b>	<b>64,869</b>	<b>54,266</b>	<b>30,007</b>
Minority Interest	(1,167)	(1,793)	(51)
<b>Net Profit for the Year</b>	<b>63,702</b>	<b>52,473</b>	<b>29,955</b>



## NPL

Consolidated	2009	2010	2011	2012 Q3
Gross NPL / Total Receivables	% 10,8	% 6,9	% 6,1	% 6,3
Net NPL / Net Receivables	% 6,9	% 3,5	% 2,9	% 2,5



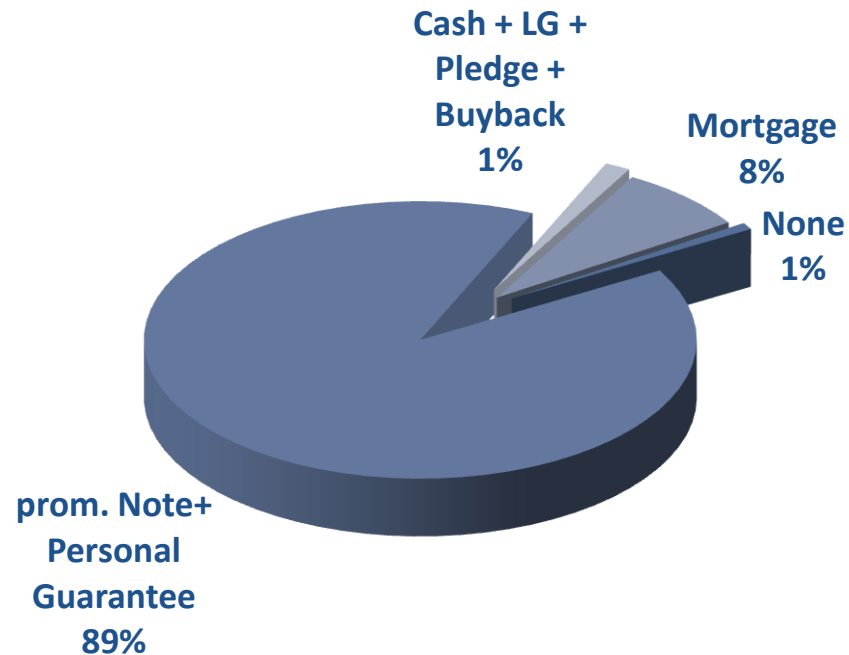
000 TL	LOSS RESERVE
2011 Opening	(57.527)
Reversals	892
New provisions	(6.454)
Write-off	-
2012 Closing	(63.089)



## COLLATERALS\*

- Leased asset, since legally possessed by the lessor, is a collateral. 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



## Other Issues





# 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	AAA (tur)
Outlook	Stable
Support Rating	2



## AGENDA

- ✓ Increasing synergy with İşbank branches. By more efficiently using the wide branch network of İşbank, reaching uncovered SME's therefore **smaller ticket sizes and higher spreads are targeted.**
- ✓ New Leasing Law was approved by the parliament in November 2012. New products like **Sale and Lease back, Operating Lease, Lease of complementary parts and software leasing** will be available.



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