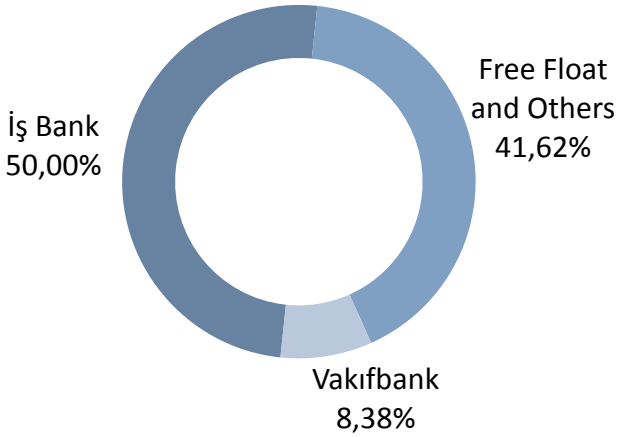
Investor Presentation

3Q2014 –BRSA
Bank only Results

Türkiye Sınai Kalkınma Bankası
www.tskb.com.tr

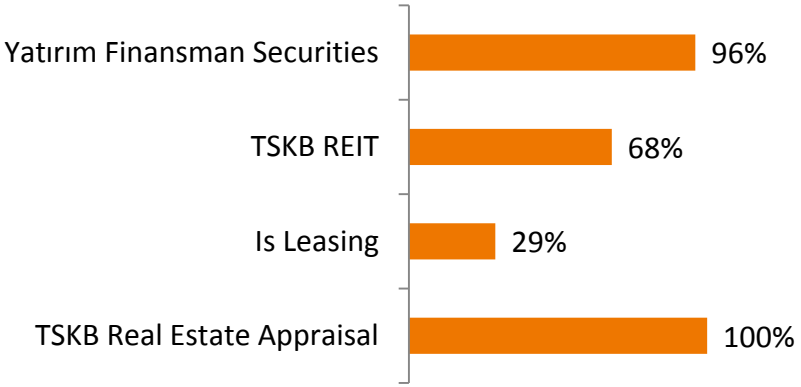
TSKB @ a Glance

Ownership Structure



- First and only Private Development Bank in Turkey
- **TRY 14.7 bn** asset size
- **327** employees, **2** branches
- **21st** bank in terms of Asset size
- **3.8%** market share in LTFC corporate loans
- **TRY 2.9 bn** MCAP
- **59%** of free float belongs to **foreign funds**

Main Subsidiaries



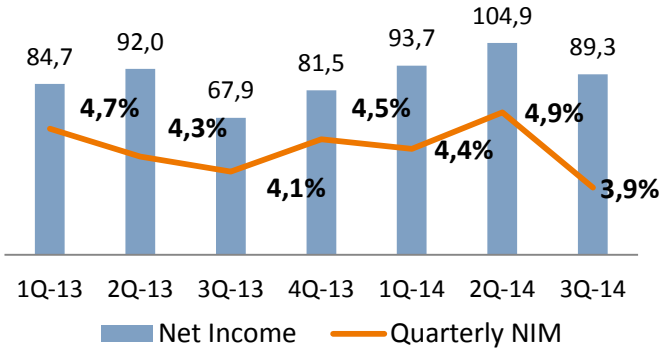
Ratings

	TSKB	Turkey
Fitch LTFC	BBB-	BBB-
Moody's LTIR	Baa3	Baa3
Corporate Governance Rating		
SAHA	9.44/10	

Highlights

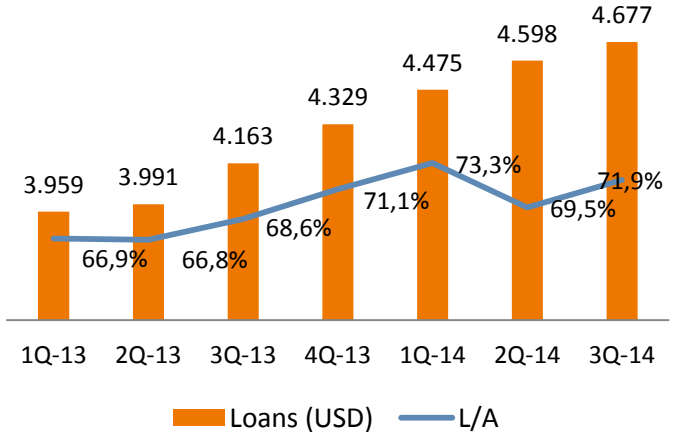
Sustainable Profitability - Stable Net Interest Margin

- 3Q-2014 profit **TRY 89 mn**, 32% higher than 3Q-2013
- Sept 2014 profit **TRY 288mn** , 18% higher than Sept 2013
- RoE @ **19.0%**, 5-years average @ 19%
- NIM@ **4.3%**
- C/I ratio @ **18.3% (13.8% excluding one-off)**



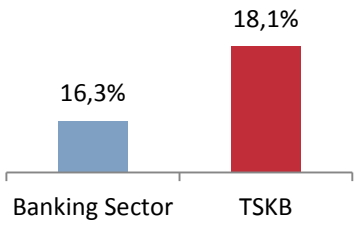
Robust Asset Quality - High Efficiency

- Loan volume totaling **USD 4.7 bn**; up by **12%** ytd
- NPL ratio @ **0.1%**
- Cost of risk : **48 bps (Net CoR 37 bps)**
- CAR @**18.1%** free capital @ **12.3%**
- Leverage ratio : **6.8X**

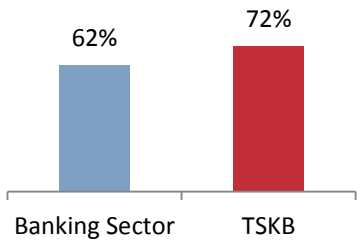


Banking Sector vs TSKB

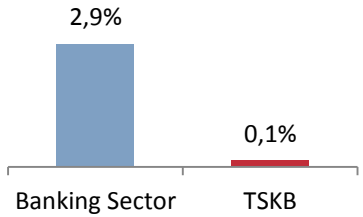
CAR



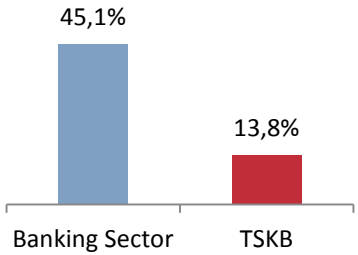
Loans/Assets



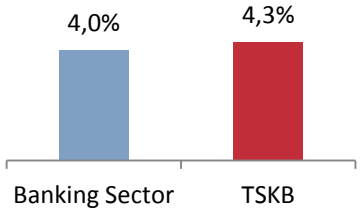
NPL



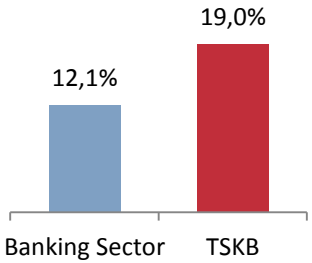
Cost to Income



NIM



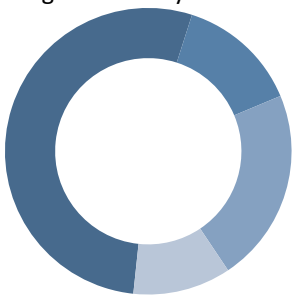
ROE



* Banking Sector results are based on BRSA August Monthly Results

Banking Sector

Deposits; 53,3%



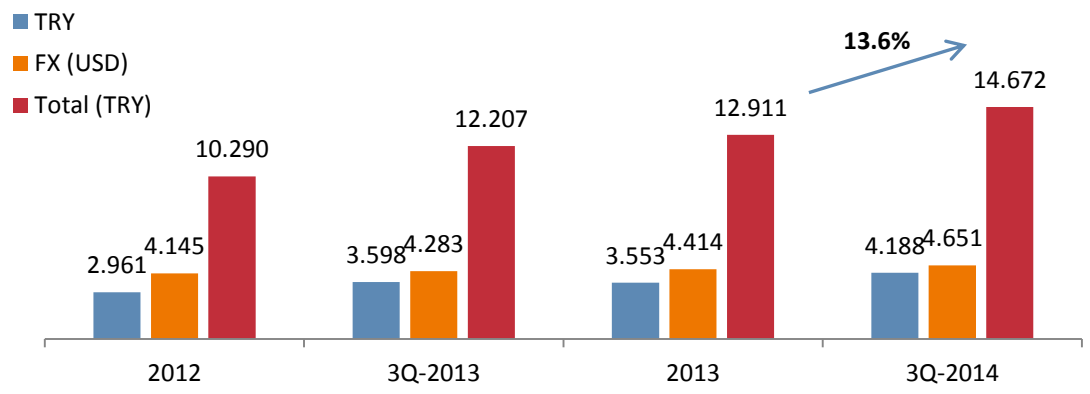
Deposits
(Average maturity less than 3 months)

TSKB

Long Term Funds 62%

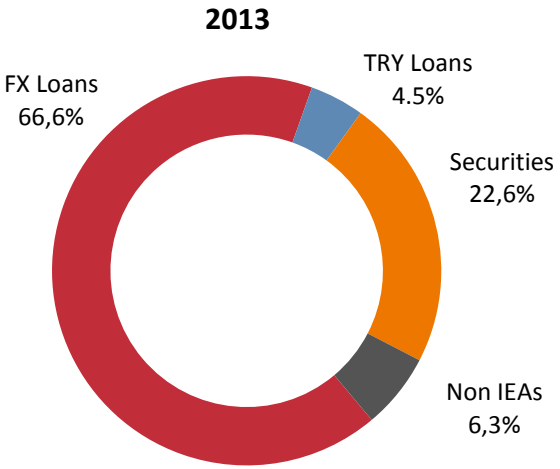
Long Term Funding
(12 years of average maturity)

Asset Composition

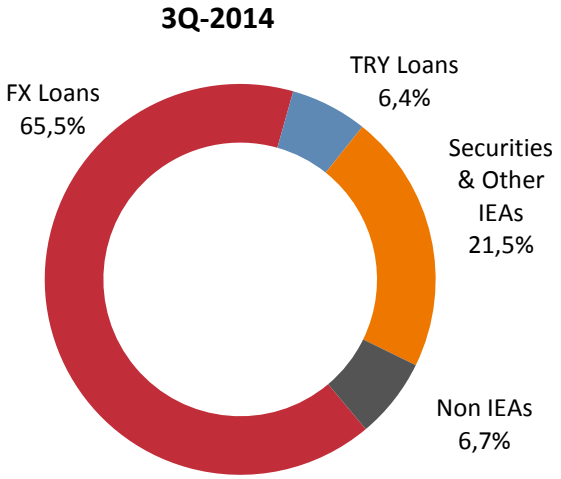


Growth (FX adjusted)

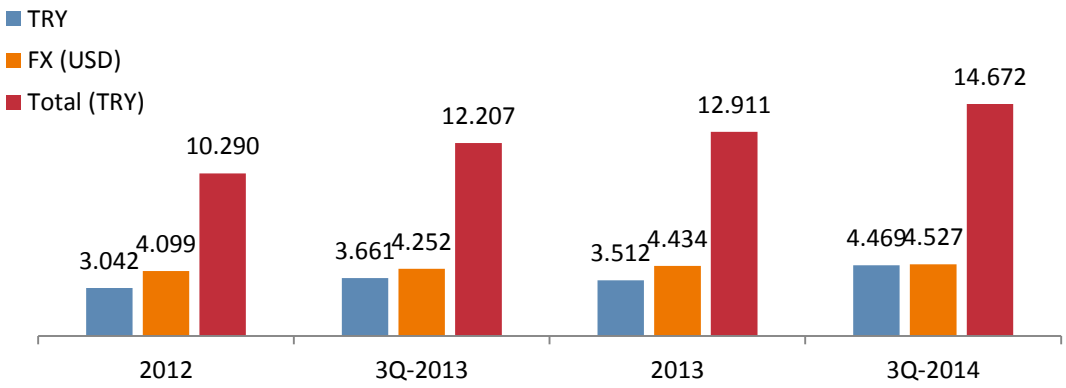
	YtD	YoY	QoQ
Loans	11.7%	15.8%	4.8%
Liquid Assets	11.6%	7.9%	-3.5%
Assets	11.0%	12.6%	2.2%



Leverage Ratio	6.8X from 6.7X
Loan to Asset Ratio	72% from 69%

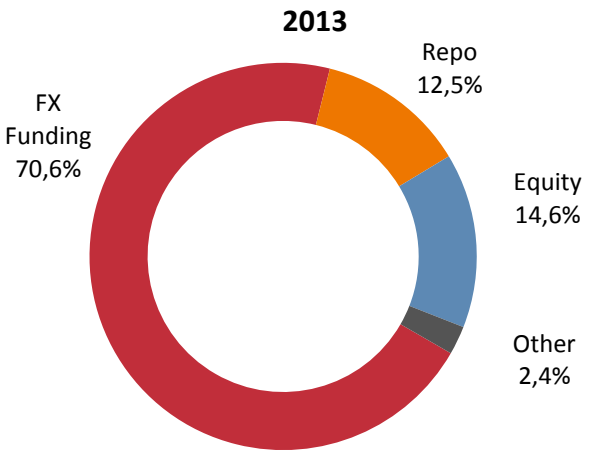


Liabilities Composition



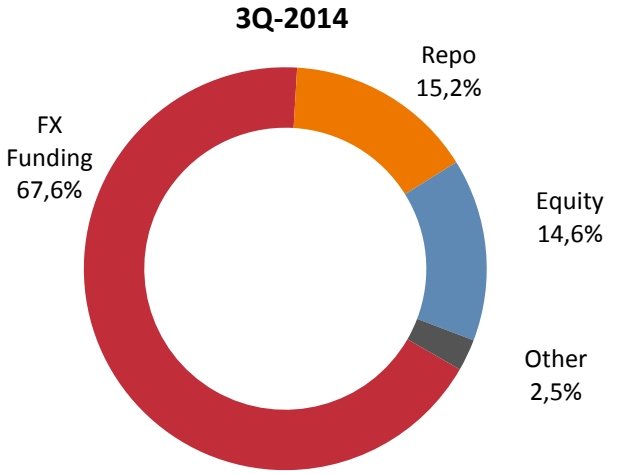
Growth (FX Adjusted)

	YtD	YoY	QoQ
Funding	6.1%	8.7%	0.9%
Equity	14.0%	17.7%	3.0%



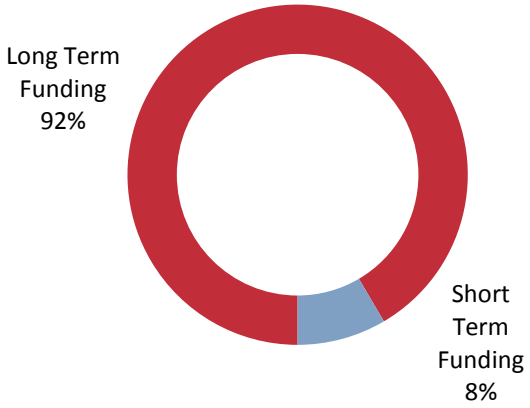
Duration:

Loans	2.5Y
Funding	6.0Y

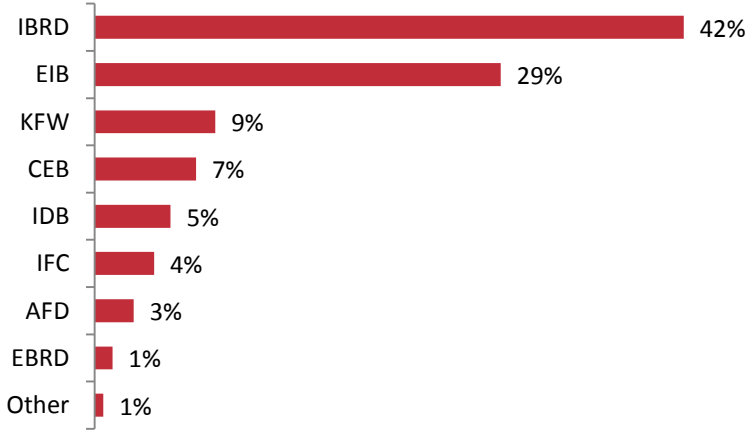


Liability Structure and Funding Base

Funding Structure



Outstanding Long Term Funding



Total LT Funding:
USD 4,028 mn

In the last five years, signed agreements totaling:
USD 2,4 bn

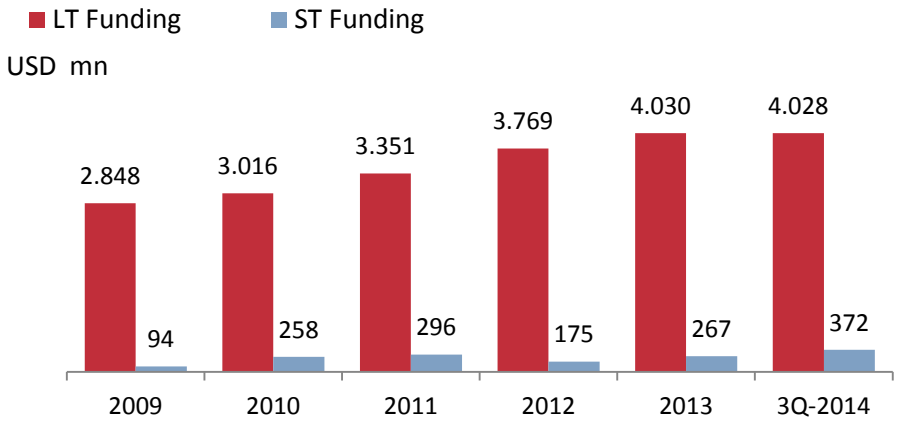
LT funding average maturity:
12 years

90% of long term funds guaranteed by Turkish Treasury

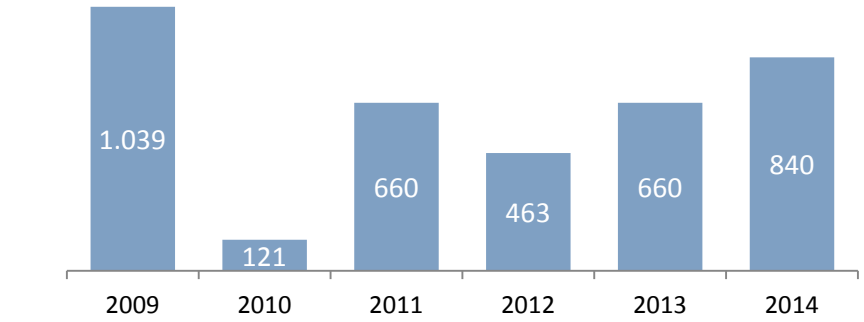
Short term funding: **8%**
(including syndication, P/N, Money Market)

Funding Base

Outstanding Funding Base



Multilateral Funding Agreements (Annually)

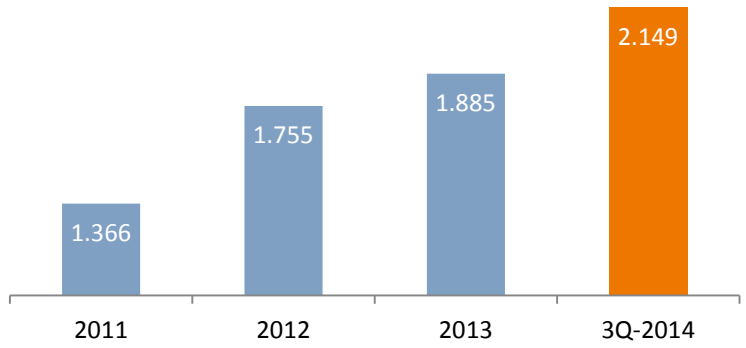


- World Bank (IBRD)
- European Investment Bank (EIB)
- Council of Europe Development Bank (CEB)
- Kreditanstalt für Wiederaufbau (KfW)
- Agence Française de Developpement (AFD)
- International Finance Corporation (IFC)
- European Bank for Reconstruction and Development (EBRD)
- Islamic Development Bank (IDB)

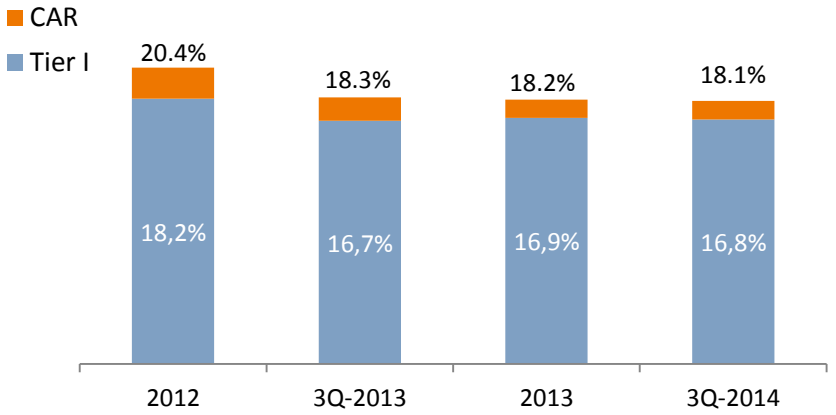
Shareholders' Equity

Equity

TRY mn

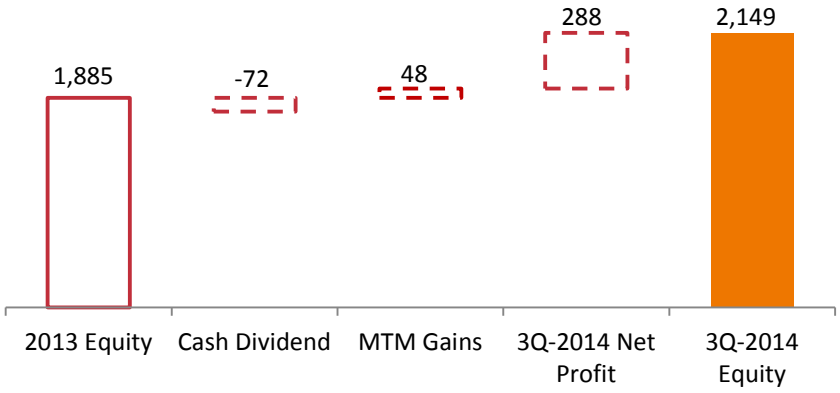


Capital Adequacy Ratio



Equity Movement

TRY mn

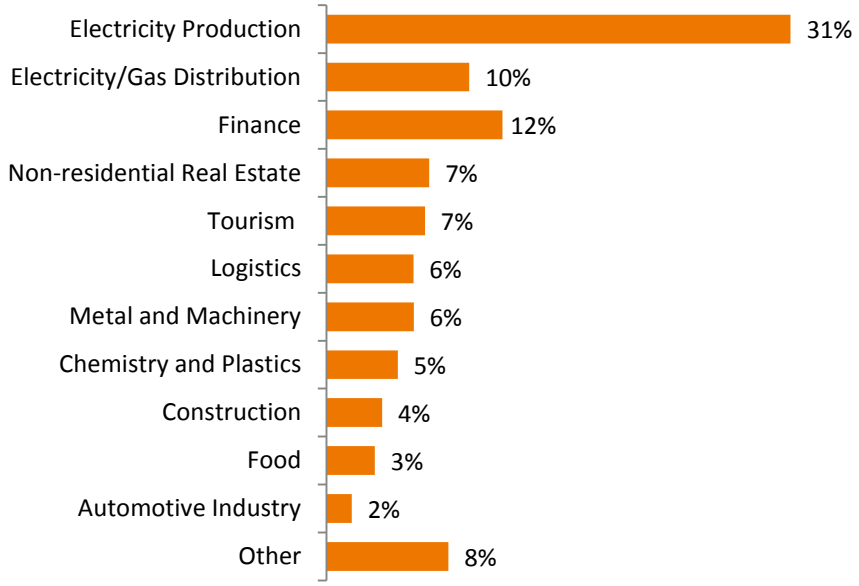


Risk Weighted Assets

TRY mn

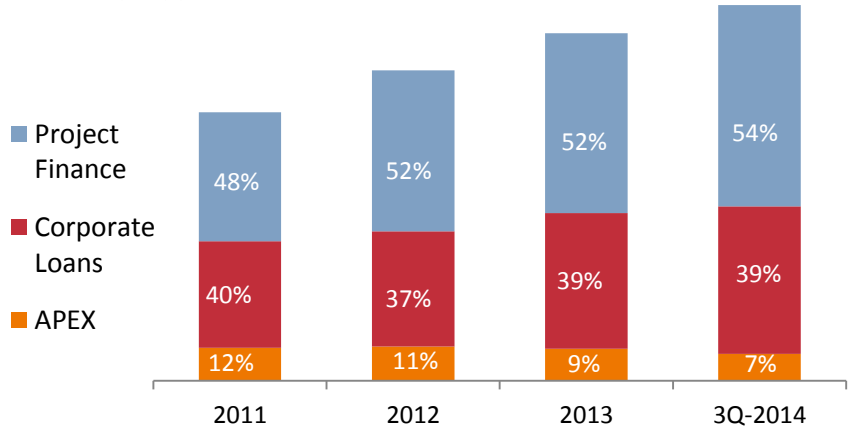
Healthy Loan Growth

Loans by Sector

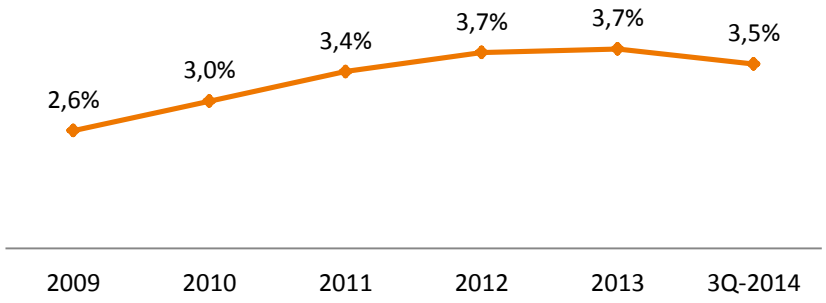


- **60** Projects in Energy Effieciency, **7.5%** of the total portfolio
- **91%** foreign currency denominated
- **32%** in Euros, **59%** in USD
- **5 years** of average maturity

Loans by Type

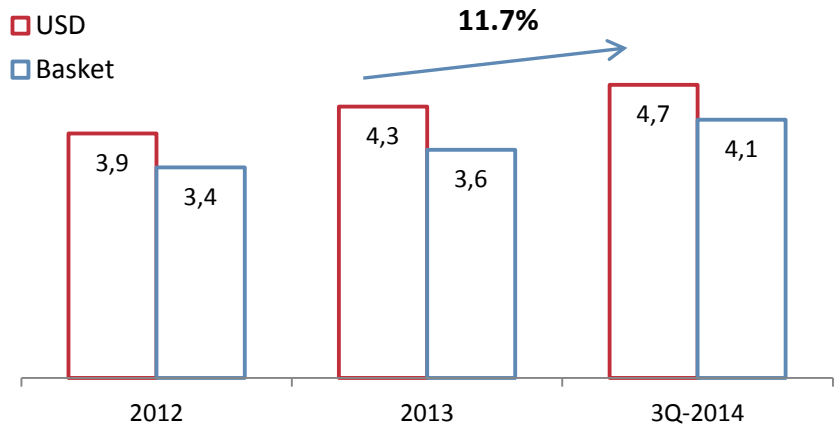


Net Loan Spread



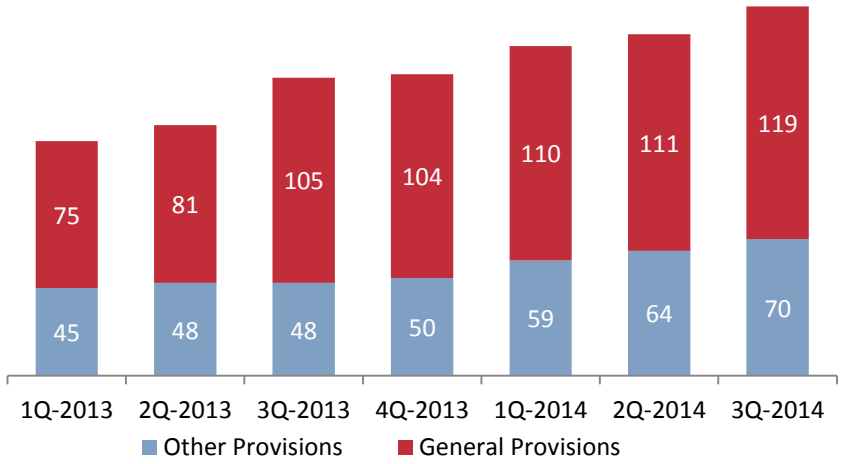
Robust Asset Quality

Loans (bn)

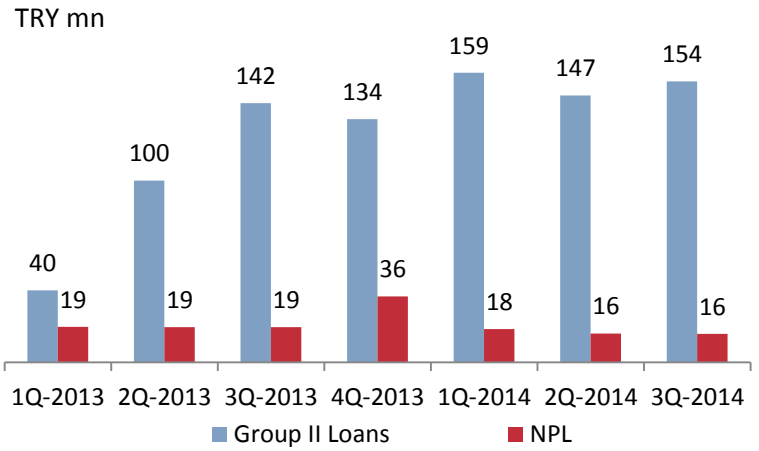


- NPL Ratio: **0.1%**
- **100% provisioning policy**
- Collection Ratio: **100%**
- Coverage Ratio: **120%** (including 2nd group)
- No correlation between NPL and Group II Loans

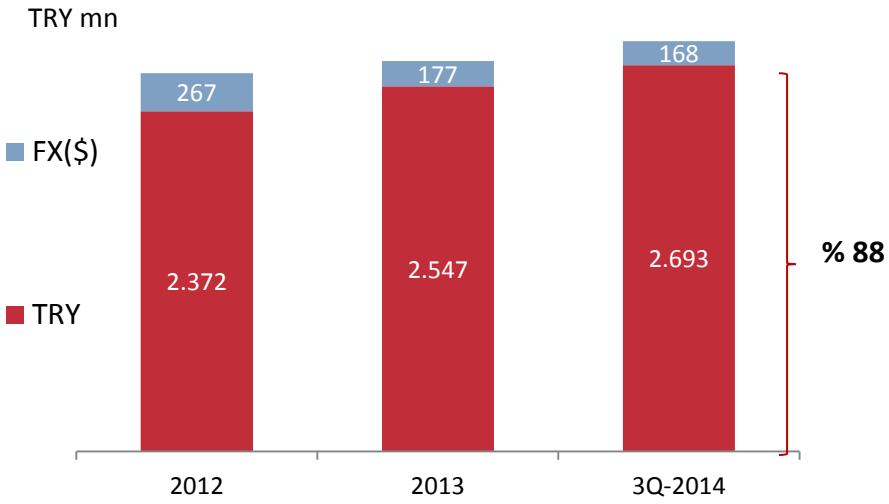
TRY mn



TRY mn

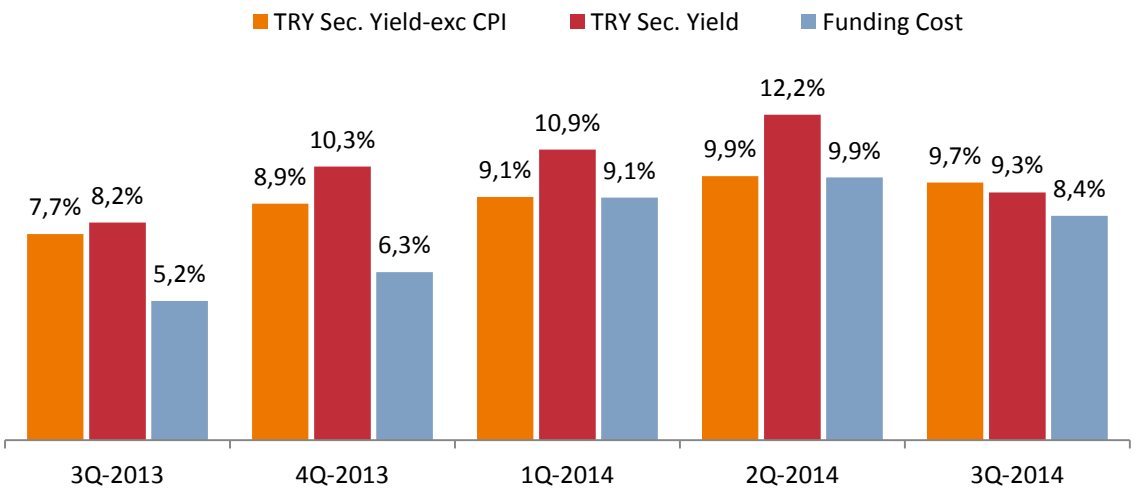


Securities Portfolio

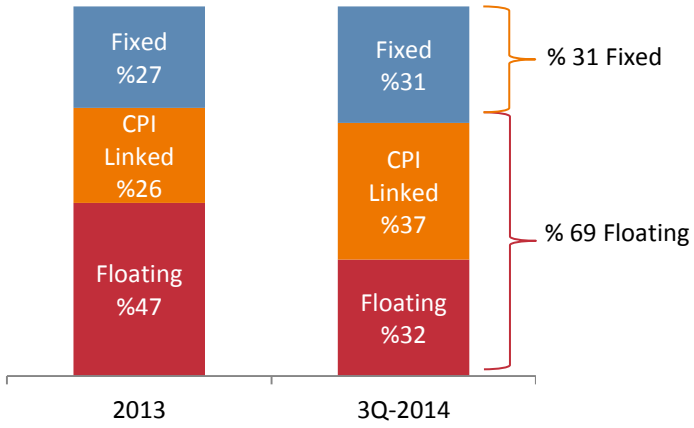


- Duration is **2.4 yrs** in Fixed & Floating bonds, **6.8 yrs** in CPIs.
- **99%** is in AFS portfolio.
- **25%** of TRY portfolio funded by repo
- Private sector bonds: **15%** of total portfolio

TRY Securities / Assets : 18%



TRY Securities Portfolio Breakdown



Income Breakdown

(TRY mn)	3Q-2013	3Q-2014	YoY Change
Adj. Net Interest Income	339,4	421,9	24%
Net Commisions	8,0	7,2	-10%
Dividend Income	28,1	23,5	-16%
Other Operating Income	5,5	29,2	430%
Net Banking Income	**381,1**	**481,8**	**26%**
Personnel Expenses	35,9	41,7	16%
Adm. Expenses	12,1	13,9	15%
Other Op. Expenses	7,2	33,4	361%
Operating Profit	**325,8**	**392,8**	**21%**
Provisions(+/-)	-24,0	-33,5	40%
Profit Before Tax	301,8	359,3	19%
Tax Provisions	-57,2	-71,3	25%
Net Profit	**244,6**	**288,0**	**18%**

Net Interest Income

24%

Net Banking Income
(exc. one-off)

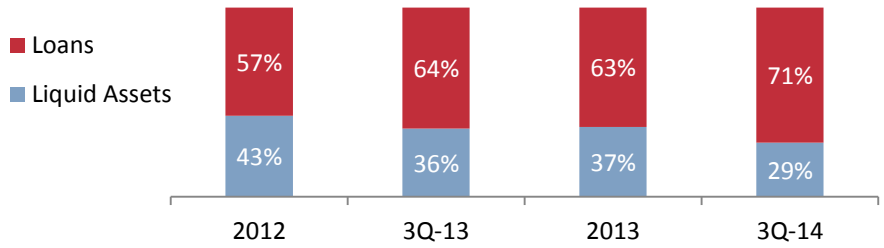
21%

Pers. & Adm. Expenses

16%

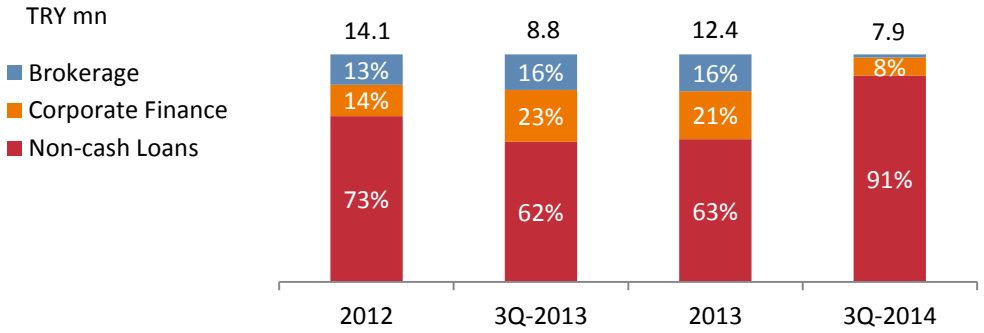
Income Breakdown

Net Interest Income Breakdown



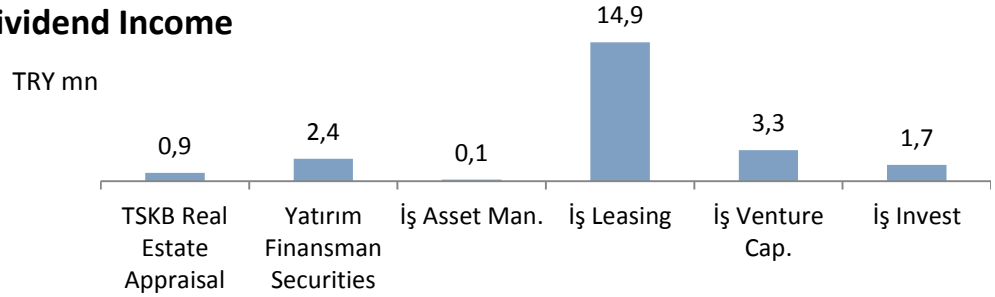
Net Interest Income	
2012	88.2%
2013	90.5%
3Q-2014	**87.6%**

Commission Income Breakdown-Gross



Net Commissions	
2012	2.7%
2013	2.2%
3Q-2014	**1.5%**

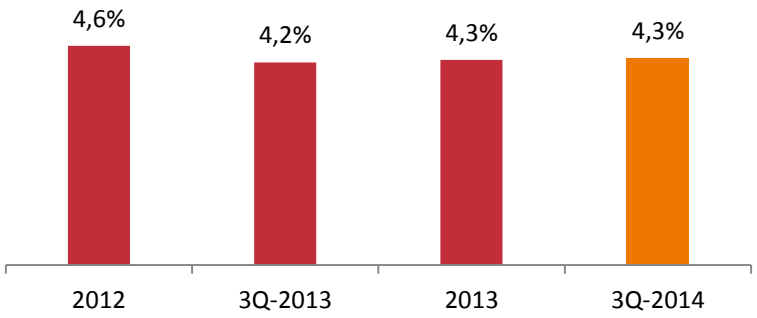
Dividend Income



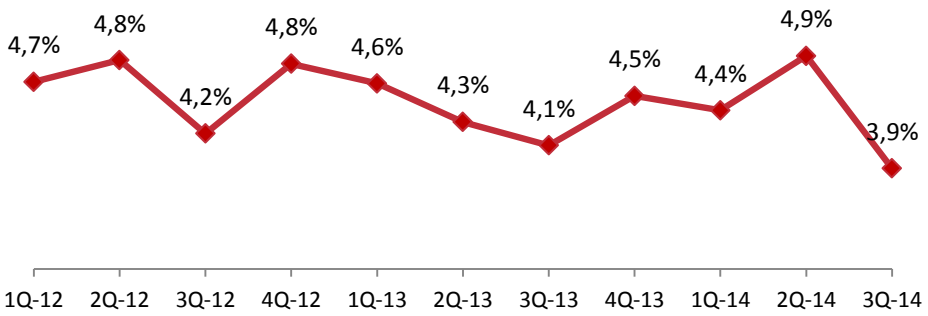
Dividend Income	
2012	5.7%
2013	5.8%
3Q-2014	**4.9%**

Net Interest Margin

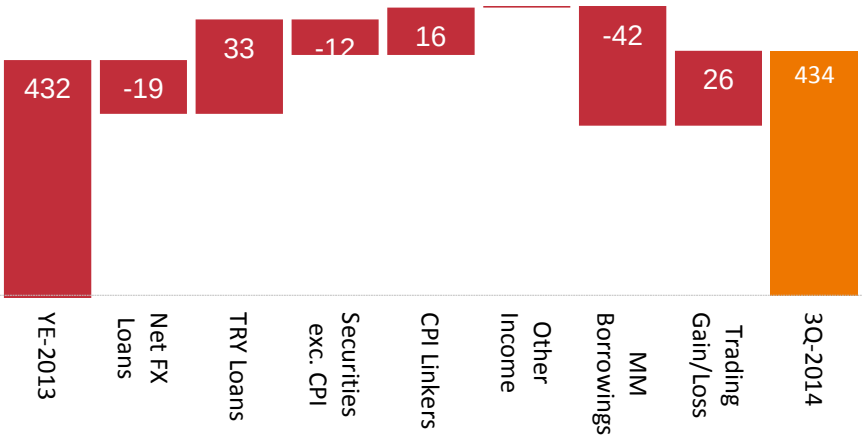
Annual NIM



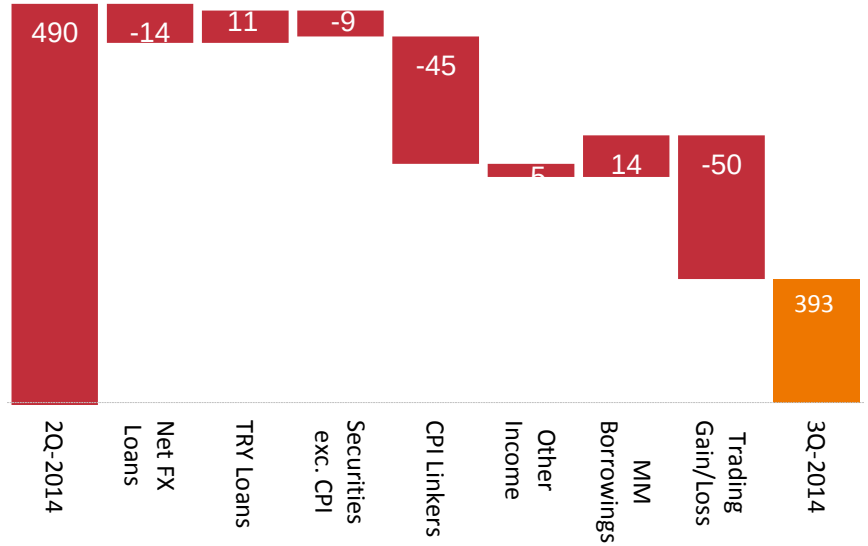
Quarterly NIM



NIM Evolution Cumulative

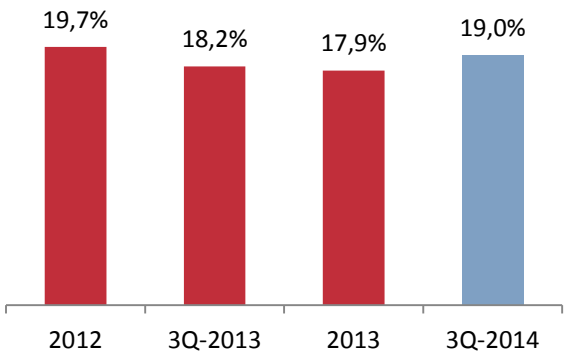


NIM Evolution Quarterly

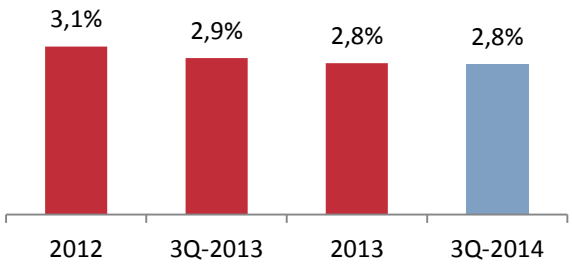


Key Performance Indicators

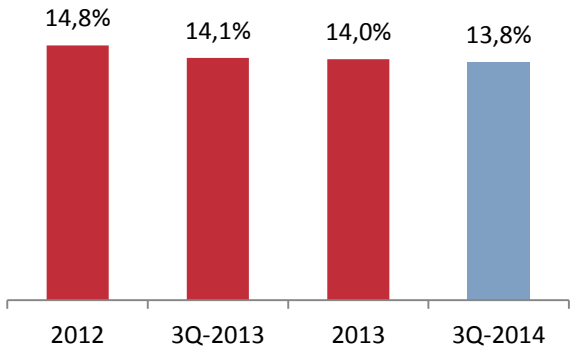
ROAE



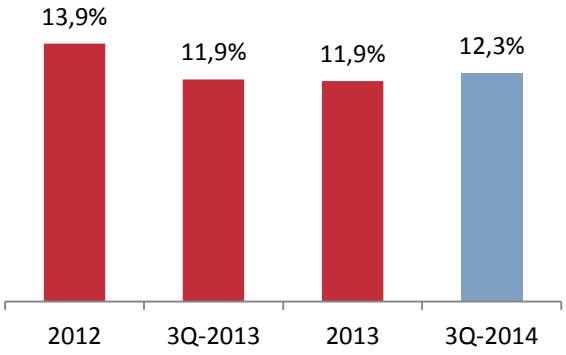
ROAA



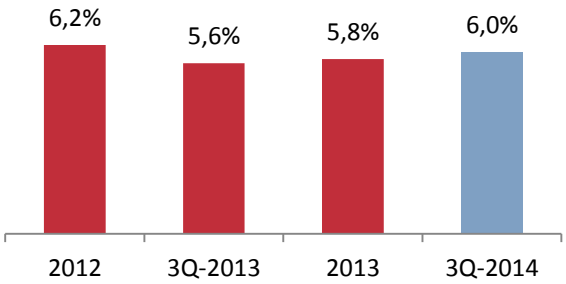
Cost to Income



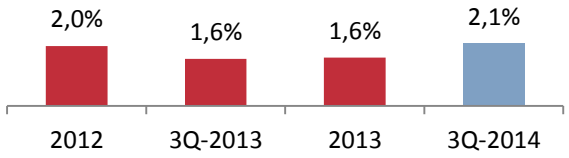
Free Capital



Interest Income/AIEA



Interest Expense/AIBL



Quarterly Income Breakdown

(TRY mn)	1Q-2013	2Q-2013	3Q-2013	4Q-2013	1Q-2014	2Q-2014	3Q-2014	Change QoQ	Change YoY
Adj. Net Interest Income	115	111	114	132	135	156	131	-16%	15%
Net Commisions	2	2	4	3	2	3	2	-7%	-30%
Dividend Income	5	24	0	2	9	4	11	180%	N/A
Other Operating Income	4	1	0	2	22	7	1	-85%	130%
Net Banking Income	**126**	**138**	**117**	**139**	**168**	**169**	**145**	**-14%**	**23%**
Personnel Expenses	12	12	12	12	14	14	14	1%	19%
Adm. Expenses	4	4	4	4	5	5	5	-6%	5%
Other Op. Expenses	3	3	1	2	5	4	24	457%	1590%
Operating Profit	**107**	**119**	**100**	**122**	**145**	**146**	**103**	**-30%**	**3%**
Provisions(+/-)	-2	-10	-12	-22	-27	-14	8	-156%	-166%
Profit Before Tax	105	109	88	99	117	131	111	-16%	26%
Tax Provisions	-20	-17	-20	-18	-24	-26	-21	-19%	8%
Net Profit	**85**	**92**	**68**	**82**	**94**	**105**	**89**	**-15%**	**32%**

Balance Sheet

(TRY mn)	30/09/2013			31/12/2013			30/09/2014		
	TRY	FX	TOTAL	TRY	FX	TOTAL	TRY	FX	TOTAL
Cash and Banks	282	255	537	43	310	352	152	436	588
Securities	2.484	375	2.858	2.547	375	2.922	2.693	380	3.072
Loans	443	7.924	8.368	578	8,599	9.177	934	9.608	10.542
Subsidiaries	343	3	346	329	3	331	315	6	322
Other	42	56	98	49	80	129	58	90	148
Total	**3.594**	**8.613**	**12.207**	**3.545**	**9.366**	**12.911**	**4.152**	**10.520**	**14.671**
ST Funds	696	538	1.234	598	565	1.163	1.398	840	2.814
LT Funds	-	7.789	7.789	-	8.548	8.548	-	9.079	9.079
Repo*	829	38	1.067	761	246	1.007	576	259	259
Other	247	43	290	263	45	308	304	67	371
Equity	1.800	26	1.826	1.869	16	1.885	2.112	38	2.149
Total	**3.573**	**8.634**	**12.207**	**3.491**	**9.420**	**12.911**	**4.390**	**10.281**	**14.671**

* TRY security funding only

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