Earnings Presentation

3Q19–BRSA
Bank-only Results

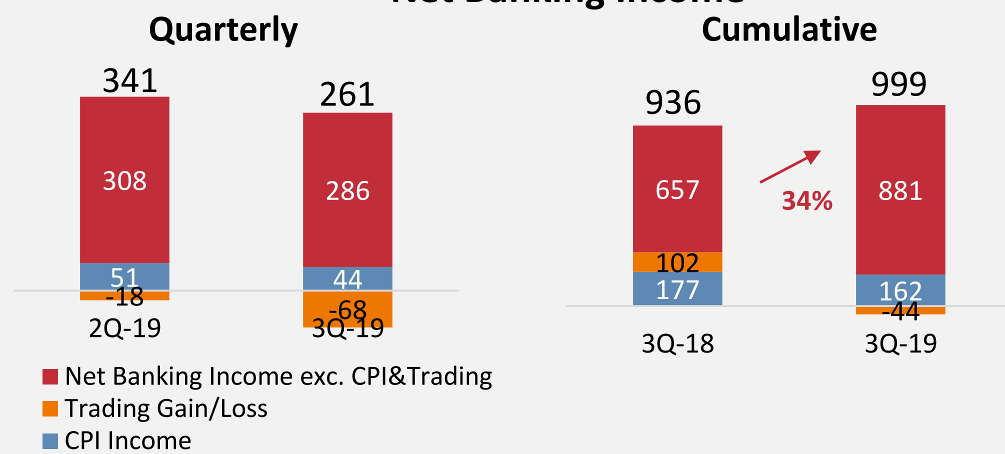
Türkiye Sınai Kalkınma Bankası
www.tskb.com.tr

Sustained Core Banking Income

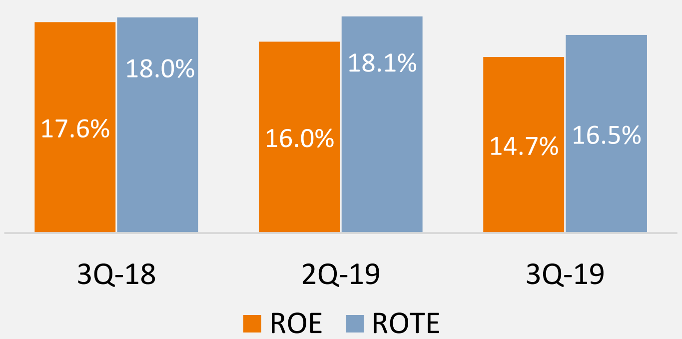
ROE 14.7%	ROA 1.8%
Stable loan book	NPL 3.2%
NIM 4.3%	CAR @ 17.8%

TL mn

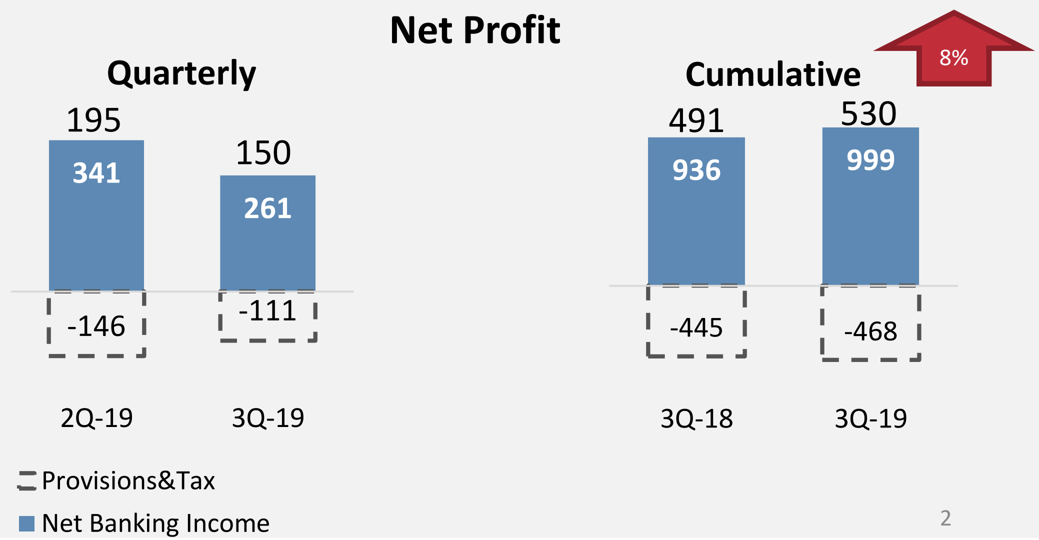
Net Banking Income



Annualized ROE & ROTE



Net Profit



Quarterly and Yearly Net Income

TL mn	Cumulative 9Q-18	9Q-19	YoY	Quarterly 2Q-19	3Q-19	QoQ
Net Interest Income	**922.2**	**1,142.5**	**24%**	**398.8**	**371.7**	**-7%**
Trading Income	101.8	-44.4	-144%	-18.3	-68.4	n.m
(Derivative MtM Valuation	*41.1*	*-40.2*	*n.m*	*-13.8*	*-45.7)*	*n.m*
Net Commissions	13.2	19.8	50%	5.2	6.8	30%
Dividend & Other	19.0	31.6	66%	5.4	1.6	-70%
Banking Income	**1,056.3**	**1,149.5**	**9%**	**391.1**	**311.7**	**-20%**
OPEX (-)	120.1	150.8	**26%**	50.5	50.6	0%
Net Banking Income	**936.2**	**998.7**	**7%**	**340.7**	**261.1**	**-23%**
Provisions (-)	333.8	318.4	-5%	91.2	68.4	-25%
Tax Provisions (-)	111.3	150.0	**35%**	54.6	42.4	-22%
Net Profit	**491.0**	**530.3**	**8%**	**194.8**	**150.3**	**-23%**

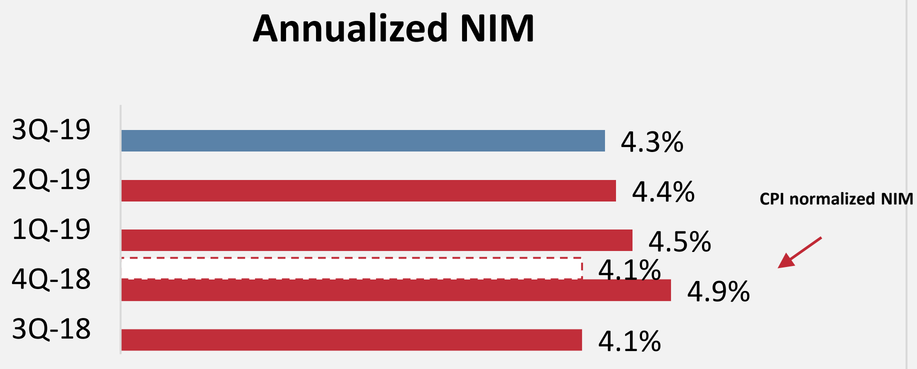
Consistently stable NIM

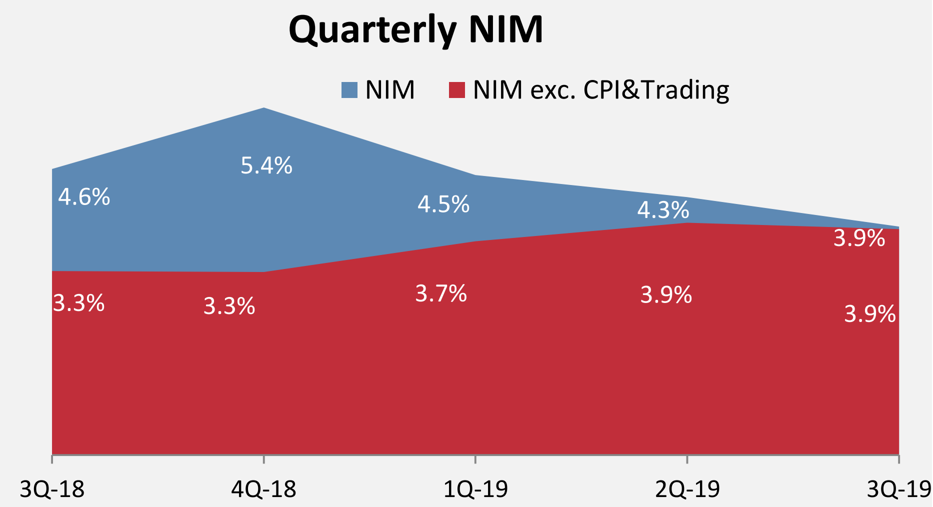
Derivative valuations due to decreasing rates

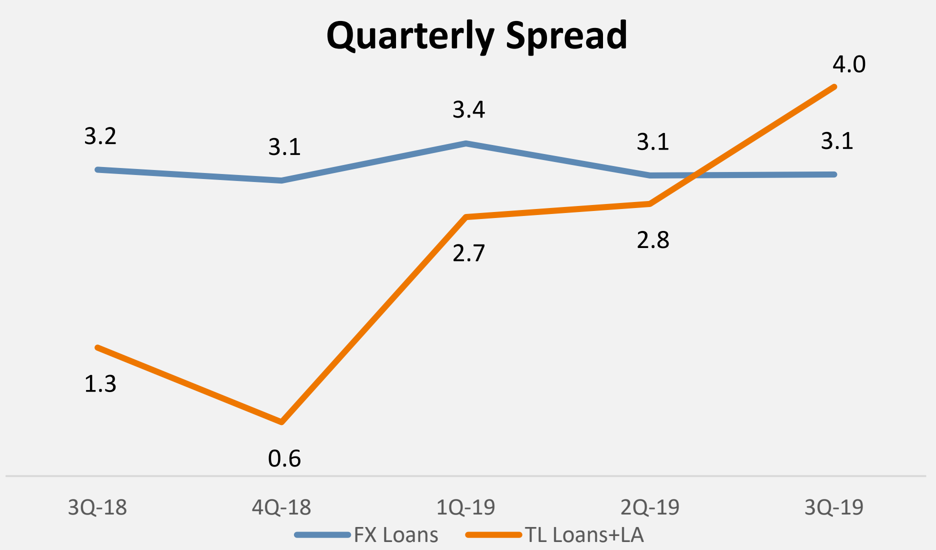
Visible pick up in the advisory fees

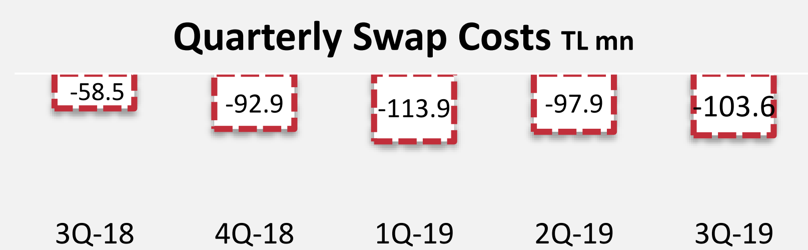
→ *Based on MIS data*
→ *Swap costs are adjusted to net interest income.*
→ *Interest Income from securities includes impairment expenses of marketable securities with provisions.*
→ 3Q19 Provisions include Other Income, Deferred Tax and Expected Credit Losses in the audited P&L excluding impairment expenses of marketable securities

Strong NIM Generation









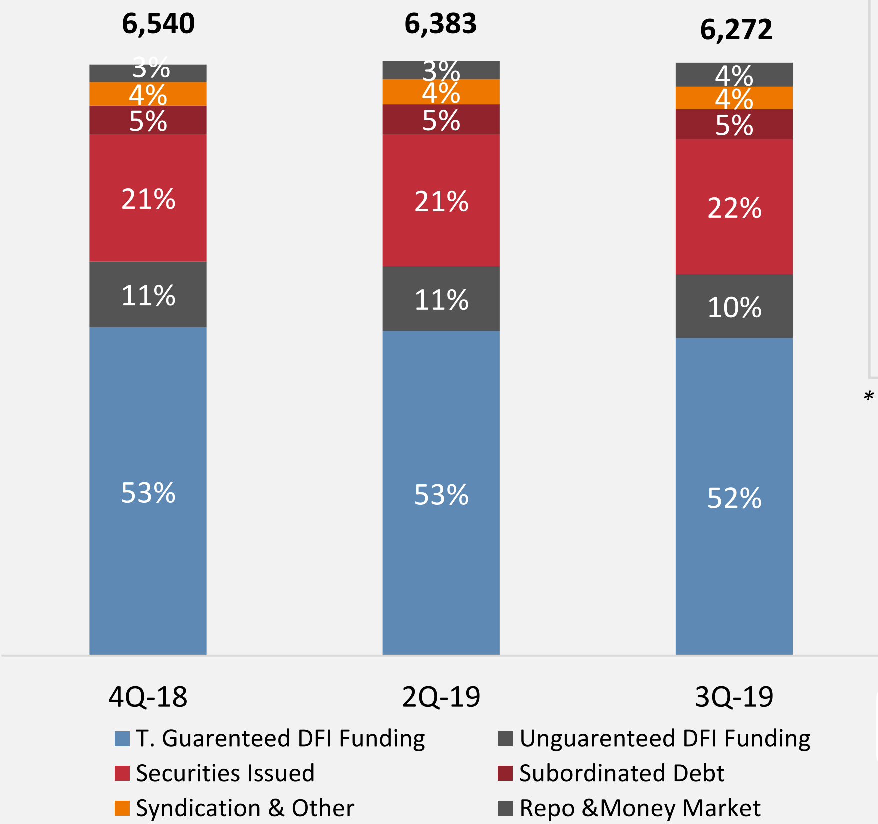
2019YE Guidance Revisions

Financial Guidance *(%)*	3Q19 Figures	2019 Guidance	Revised Guidance
FX Adjusted Loan Growth	-1.3	~5	Flat
Loans/Assets Ratio	74	~75	No Δ
Loans/Long Term Funding Ratio*	126	~115	No Δ
Fees & Commissions Growth	50	>35	No Δ
OPEX Growth	26	<25	No Δ
Net Interest Margin (adj.)**	4.3	3.5-3.8	~4
Return On Equity	14.7	14-15	No Δ
Return On Assets	1.8	1.5-1.7	No Δ
Cost/Income Ratio	13.1	13-14	No Δ
Capital Adequacy Ratio	17.8	>15	No Δ
NPL Ratio	3.2	~4	<5
Net Cost of Risk	101 bps***	~100 bps	~130 bps

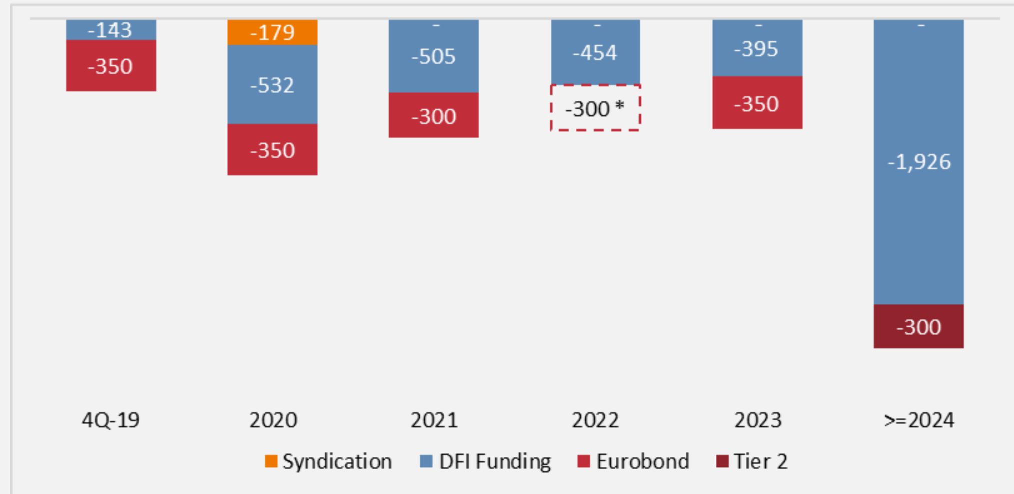
**Long term (LT) funding does not include securities issued (Eurobonds).*
***Swap adjusted.*
****Net Cost of Risk as of 3Q19*

Solid FX Liquidity and Maturity Profile

Funding / Total Liabilities (exc. equity) USD mn



Maturity Profile of External Debt USD mn



** Tier 2 bond has issuer call in 2022*

国家开发银行 CHINA DEVELOPMENT BANK

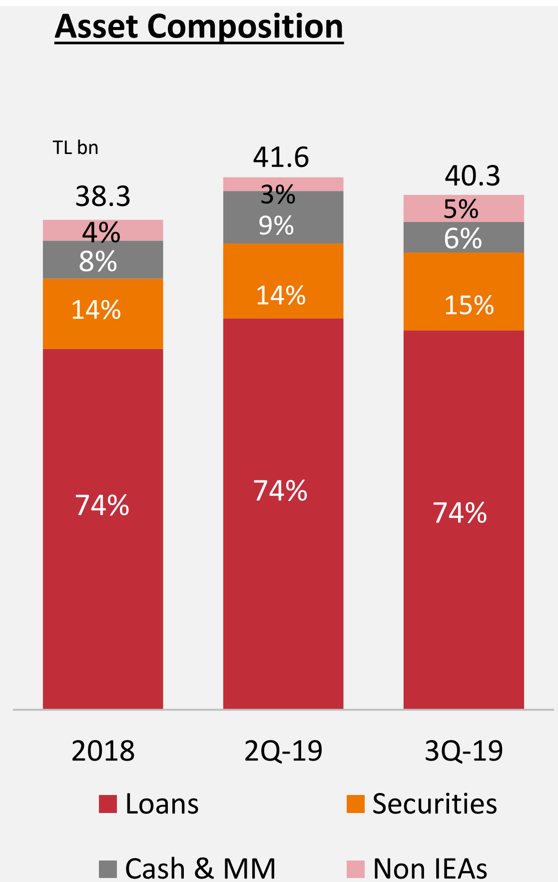
- Includes recent loan agreement signed with CDB.
- It is the first Treasury** Guaranteed CDB loan with long maturity in Turkey

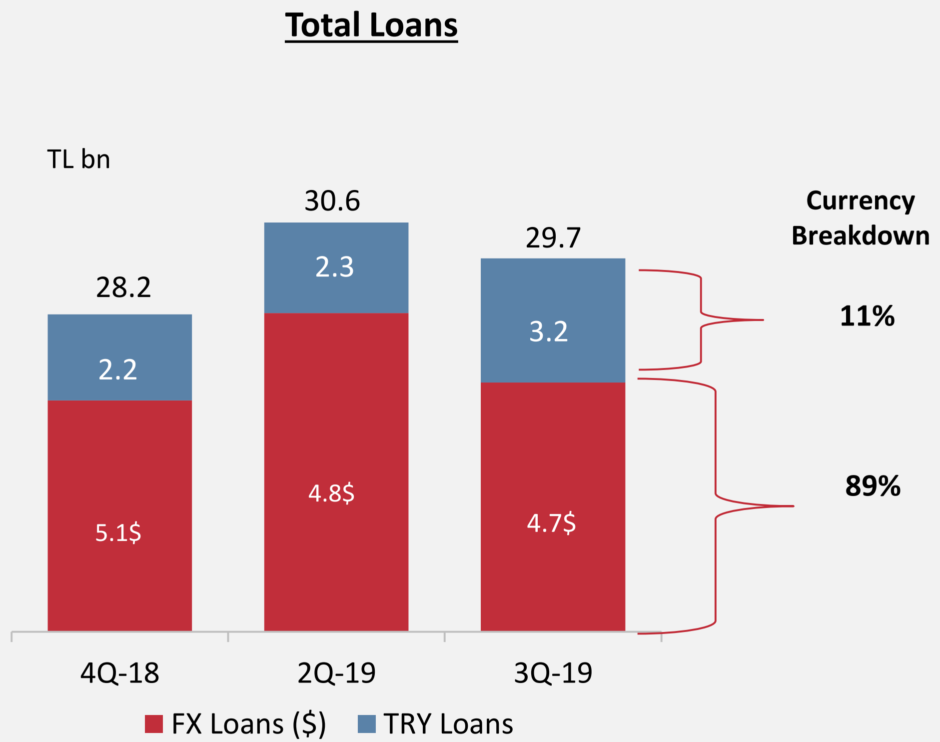
*** Turkish Ministry of Treasury and Finance*

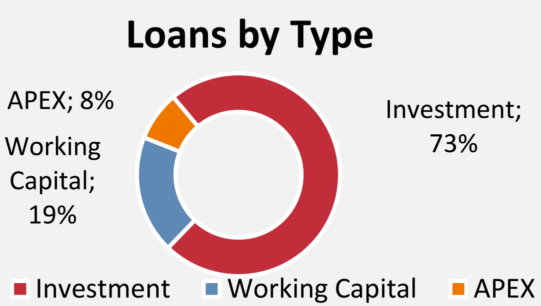
$865 mn Non-Withdrawn DFI Funding

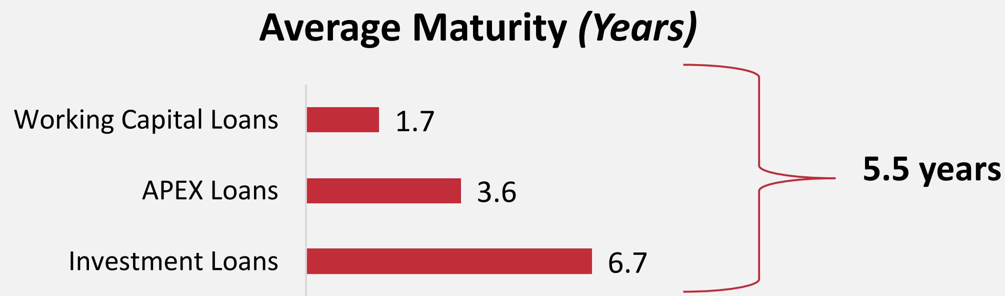
• Inclusiveness	37%
• Climate + Environment	36%
• Sustainable Infrastructure	15%
• Manufacturing Industry	12%

Resilient Balance Sheet

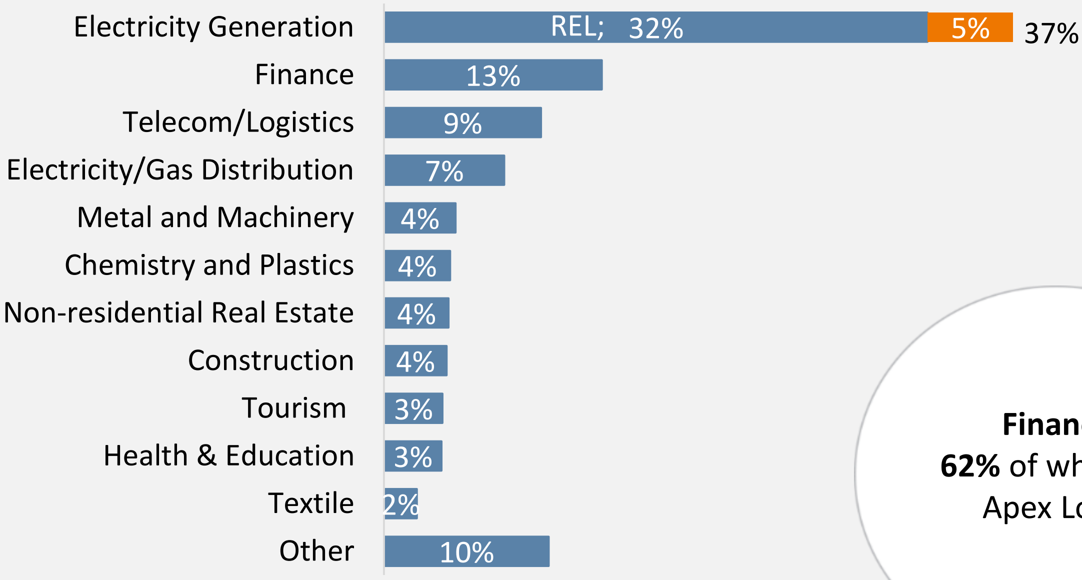








Loan Portfolio Details



Other: %4 Food&Beverage, %2 Automative,*%1 Packaging, %3 Other*

Electricity Generation;
86% of which is Renewable Energy, where **91%** benefits from Feed in Tariff

Finance;
62% of which are Apex Loans

Non-residential Real Estate;
50% accounts for Energy & Resource Efficiency projects

147 Projects in Efficiency Investments; **6%** of the portfolio

Resource Efficiency

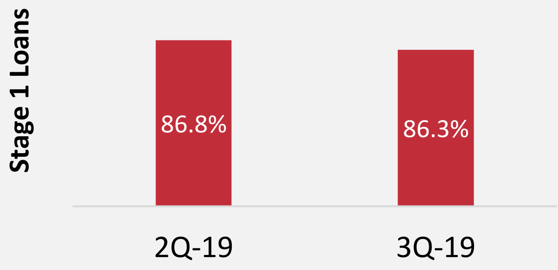
- 62 Projects
- Sectors; Tourism, Chemistry, Automative, Steel, Cement, Textile

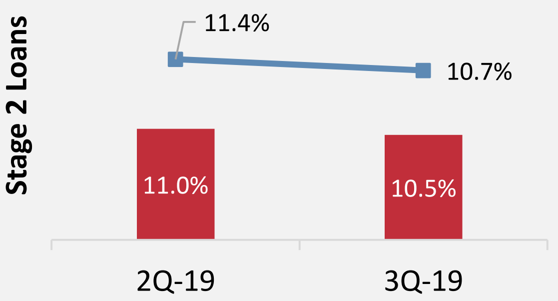
Energy Efficiency

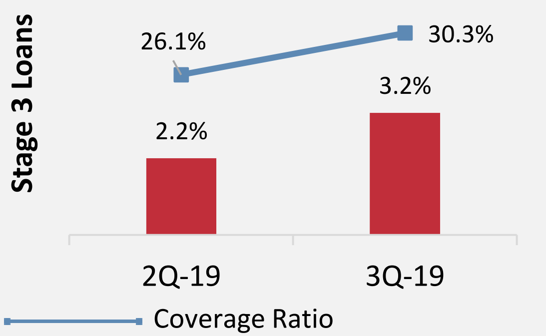
- 85 Projects
- Sectors; Chemistry, Automative, Cement, Minery, Energy, Steel, Textile

** «The loan under Financial Assets at Fair Value Through P/L» (former OTAŞ Loan) is included in Gross Loans.*

Loan Classifications







TL Mn.	30.06.2019 Gross Amount	Share in Total	Coverage Ratio	Provisions (-)
Stage 1	26,578	86.8%	0.63%	167
Stage 2*	3,375	11.0%	11.4%	384
Stage 3	682	2.2%	26.1%	178
Gross Loans	**30,635**	**100.0%**	**2.4%**	**729**
Free Provisions				**240**

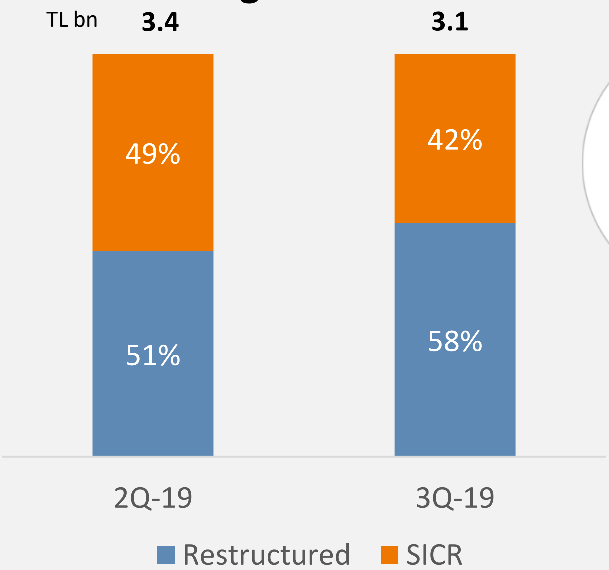
TL Mn.	30.09.2019 Gross Amount	Share in Total	Coverage Ratio	Provisions (-)
Stage 1	25,645	86.3%	0.67%	171
Stage 2*	3,108	10.5%	10.7%	332
Stage 3	952	3.2%	30.3%	289
Gross Loans	**29,705**	**100.0%**	**2.7%**	**791**
Free Provisions				**240**

Sep'19 Net CoR ** 101 bps

** The loan under Financial Assets at Fair Value Through P/L (former OTAŞ loan) is included in Stage 2 Loans*
*** Net Cost of Risk is calculated for the first 9M of the year.*

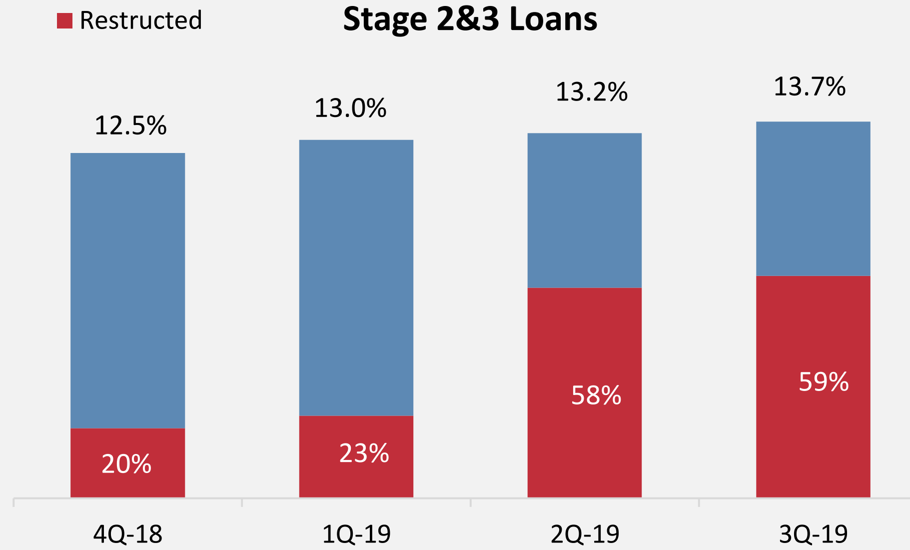
Stage 2 & NPL Portfolio

Stage 2 Loans

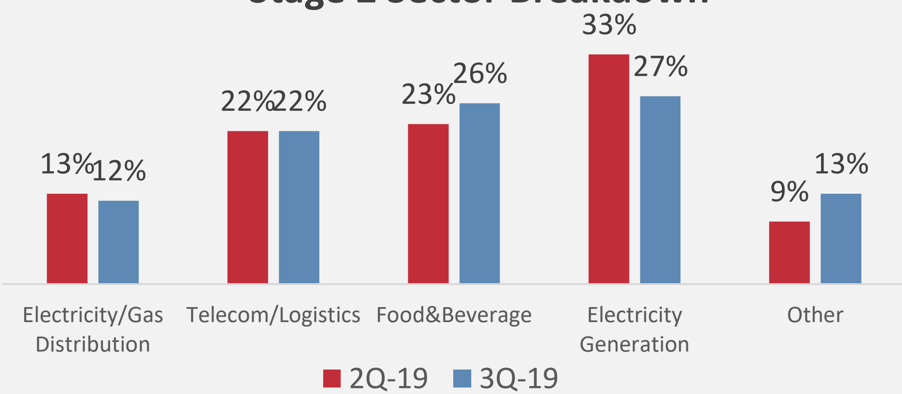


SICR Loans are in the restructuring process

Stage 2&3 Loans

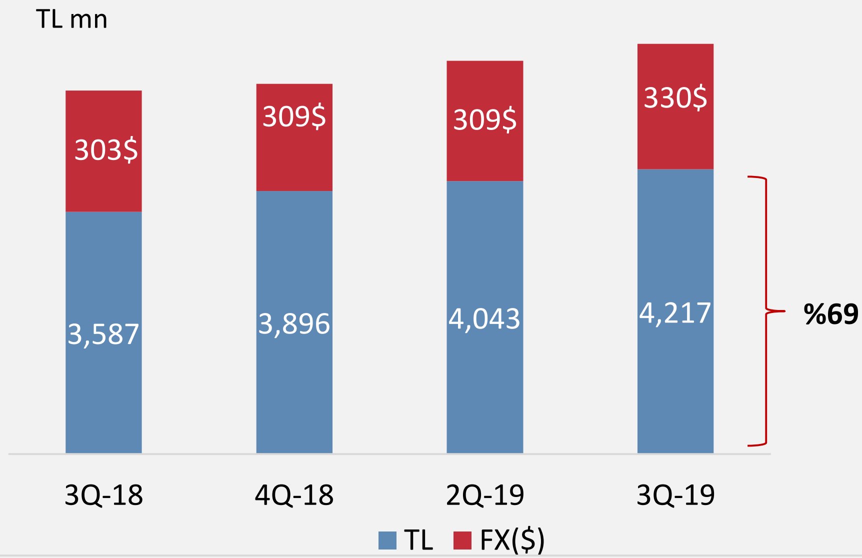


Stage 2 Sector Breakdown

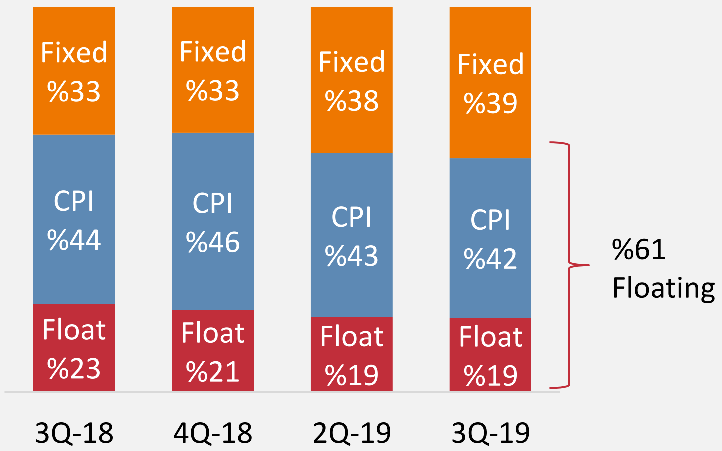


- **Diversified sectoral breakdown in Stage 2 Loans**
  - **82% of Electricity Generation Loans are RE, all of which are under feed-in tariff**
  - **OTAŞ (LYY) loan is illustrated under telecom/logistics risk.**

Securities



TL Securities Portfolio Breakdown

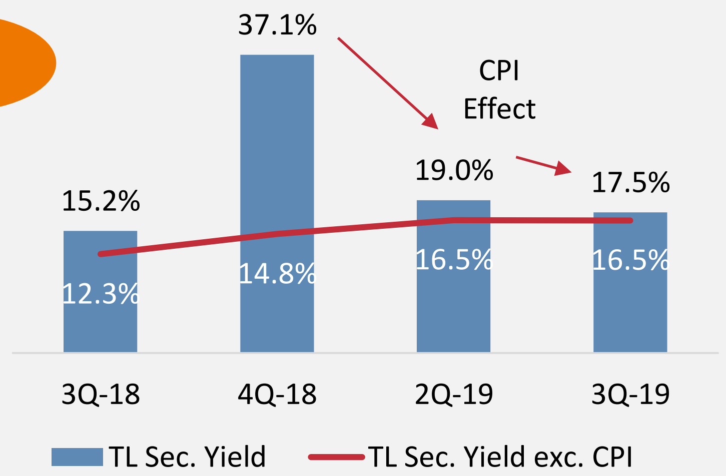


Securities / Assets : 14%

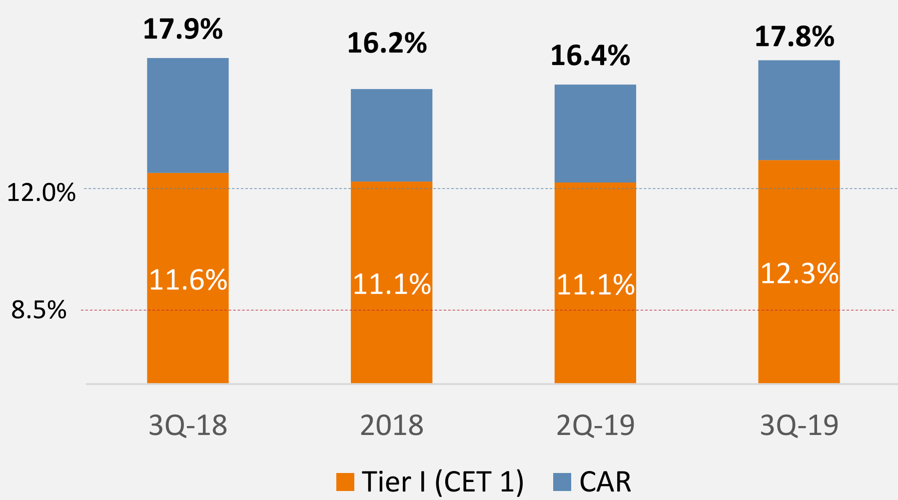
- Duration: **1.0 yrs** in Fixed bonds, **1.5 yrs** in Floating bonds, **3.1 yrs** in CPIs in TL Sec. Portfolio.
- **70%** is in AFS portfolio.
- Private sector bonds: **2.8%** of total portfolio

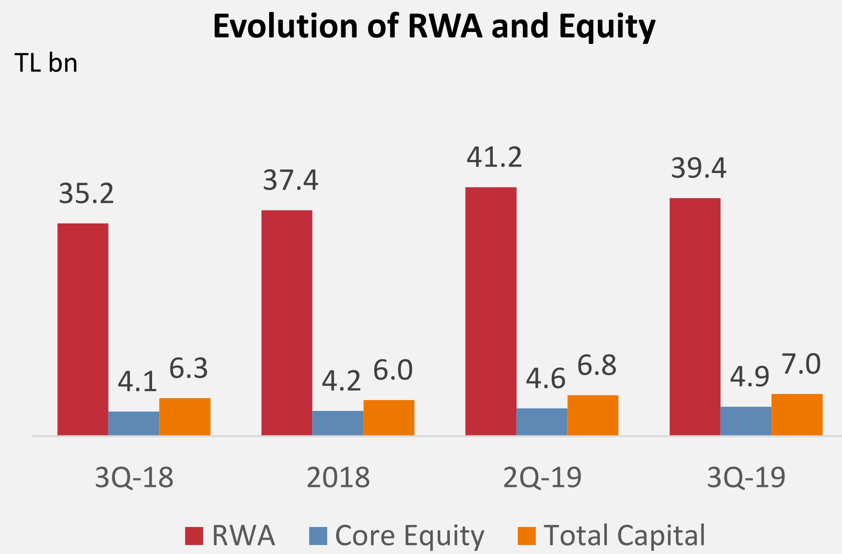
Free Capital /IEA

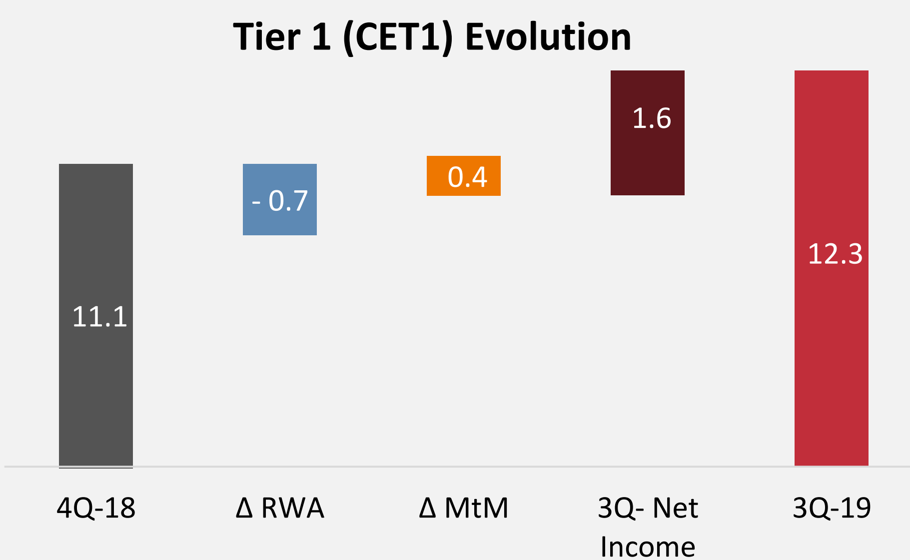
TL Security Yields



Solid Capitalization with Internal Capital Generation

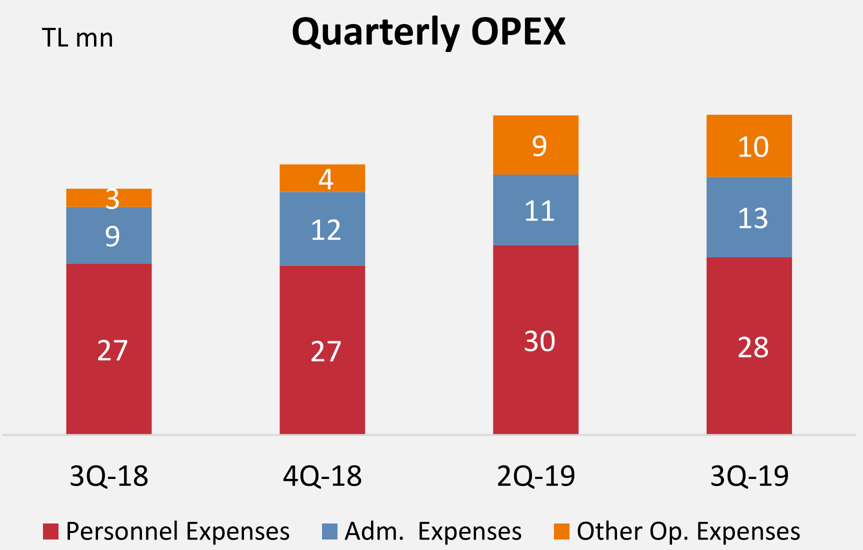


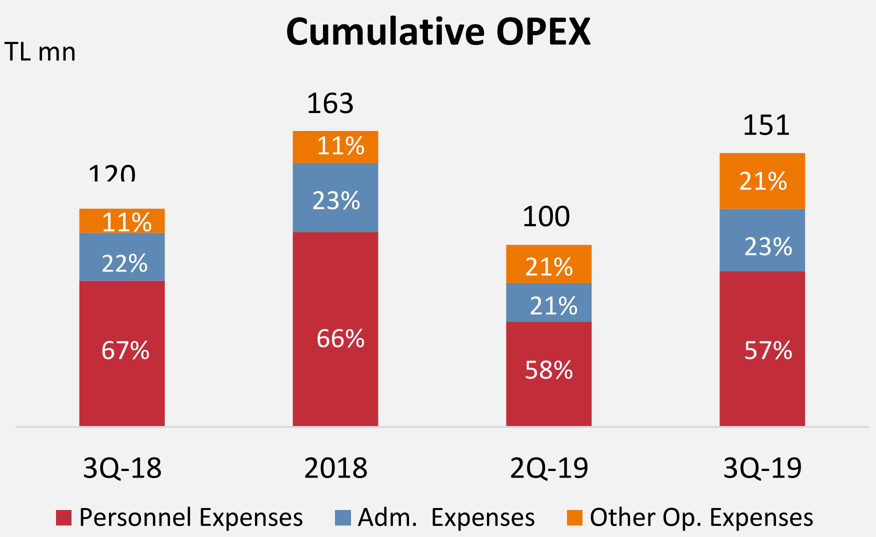


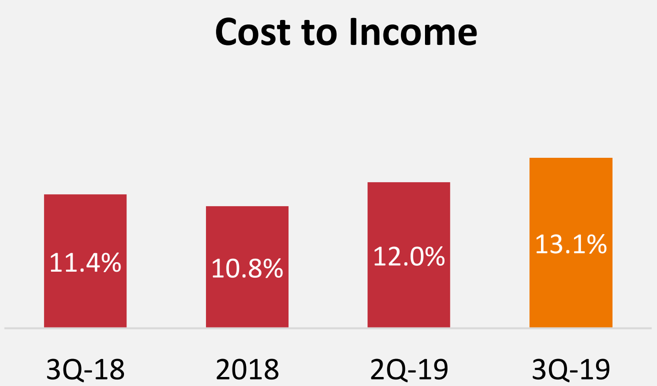


Solvency Limits (%)	2019
Capital Conservation Buffer	2.500
Counter Cyclical Buffer	0.011
CET 1	**7.011**
Tier 1 Ratio	**8.511**
CAR	**10.511**

Stable and Predictable Operating Expenses







Appendix

Appendix: Balance Sheet

(TRY mn)	30/09/2018			31/12/2018			30/09/2019		
	TRY	FX	TOTAL	TRY	FX	TOTAL	TRY	FX	TOTAL
Cash and Banks	14	1,547	1,561	600	1,340	1,940	1,491	919	2,410
Securities	3,591	1,795	5,387	3,896	1,585	5,481	4,203	1,862	6,065
Loans (Gross)	2,493	31,105	33,598	2,232	25,994	28,226	3,460	26,212	29,673
Provisions	- 94	- 504	-599	- 96	-416	- 512	-210	-551	-761
Subsidiaries	676	50	726	1,343	42	1,385	888	47	935
Other	1,401	1,480	2,881	904	873	1,777	925	1,026	1,951
Total	**8,080**	**35,473**	**43,553**	**8,880**	**29,418**	**38,298**	**10,758**	**29,515**	**40,273**
ST Funds	-	2,322	2,488	-	1,292	1,292	-	1,271	1,271
LT Funds	-	25,362	25,362	-	21,521	21,521	-	21,901	21,901
Securities Issued	-	8,004	8,004	-	6,949	6,949	-	7,781	7,781
Repo&MM	166	210	376	169	773	942	199	1,195	1,394
Other	1,061	747	1,808	905	420	1,325	832	457	1,290
Tier 2	-	1,778	1,778	-	1,550	1,550	-	1,717	1,717
Equity	4,018	-113	3,905	4,788	- 69	4,719	4,960	-41	4,919
Total	**5,244**	**38,309**	**43,553**	**5,862**	**32,436**	**38,298**	**5,991**	**34,282**	**40,273**

Appendix: Cumulative Income Breakdown

(TRY mn)	3Q-18	3Q-19	YoY
Net Interest Income	**922.2**	**1,142.5**	**24%**
Trading Income - Adj.	101.8	- 44.4	-144%
Net Commissions	13.2	19.8	50%
Dividend & Other	19.0	31.6	66%
Banking Income	**1,056.3**	**1,149.5**	**9%**
OPEX (-)	120.1	150.8	26%
Net Banking Income	**936.2**	**998.7**	**7%**
Provisions (-)	333.8	318.4	-5%
Tax (-)	111.3	150.0	35%
Net Profit	**491.0**	**530.3**	**8%**

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