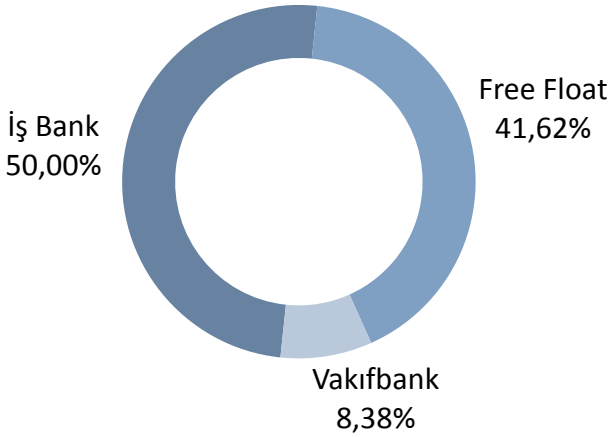
Investor Presentation

1H2014 –BRSA
Bank only Results

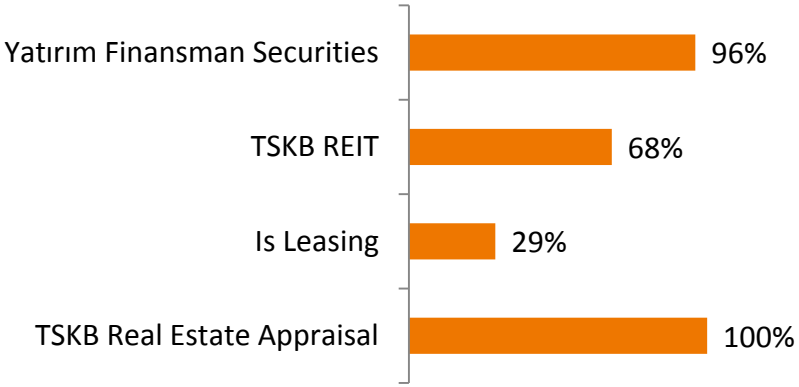
TSKB @ a Glance

Ownership Structure



- First and only Private Development Bank in Turkey
- **TL 13.9 bn** asset size
- **316** employees, **2** branches
- **21st** bank in terms of Asset size
- **3.8%** market share in LTFC corporate loans
- **TL 2.9 bn** MCAP
- **56%** of free float belongs to **foreign funds**

Main Subsidiaries



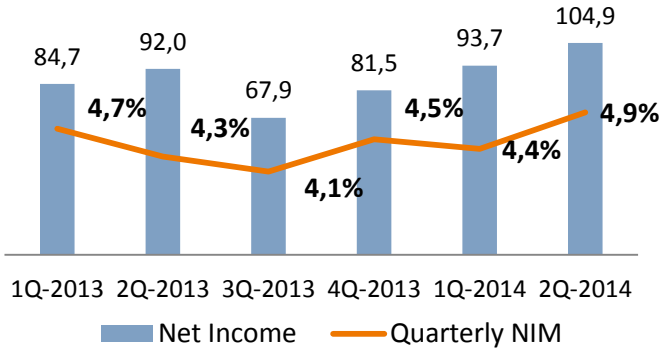
Ratings

	TSKB	Turkey
Fitch LTFC	BBB-	BBB-
Moody's LTIR	Baa3	Baa3
Corporate Governance Rating		
SAHA	9.06/10	

Highlights

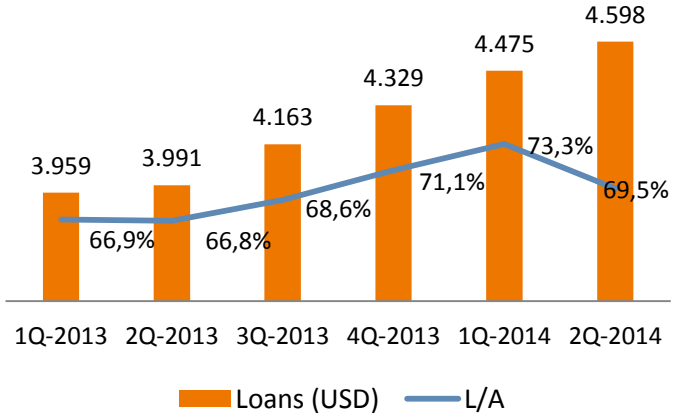
Sustainable Profitability - Stable Net Interest Margin

- 2Q-2014 profit **TL 105 mn**, 12% higher than 1Q-2014
- 1H-2014 profit **TL 199 mn** , 12% higher than 1H-2013
- RoE @ **20.0%**, 5-years average @ 19%
- NIM@ **4.6%**
- C/I ratio @ **13.8%**



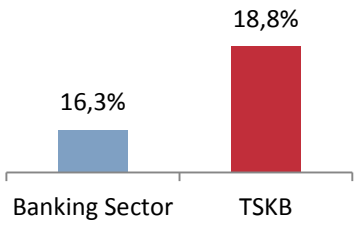
Robust Asset Quality - High Efficiency

- Loan volume totaling **USD 4.6 bn**; up by **15%** yoy
- NPL ratio @ **0.2%**
- Cost of risk : **50 bps (Net CoR 31 bps)**
- CAR @ **18.8%** free capital @ **12.7%**
- Leverage ratio : **6.7X**

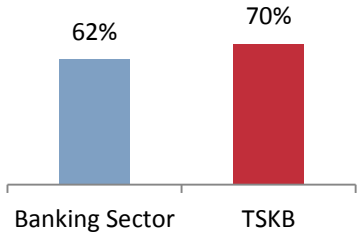


Banking Sector vs TSKB

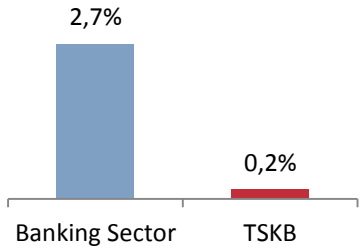
CAR



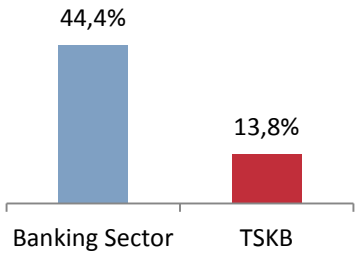
Loans/Assets



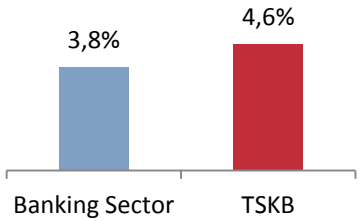
NPL



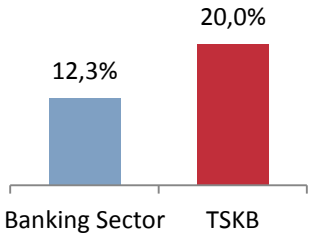
Cost to Income



NIM

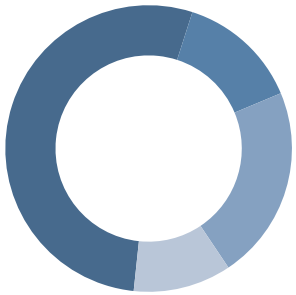


ROE



Banking Sector

Deposits; 53,3%



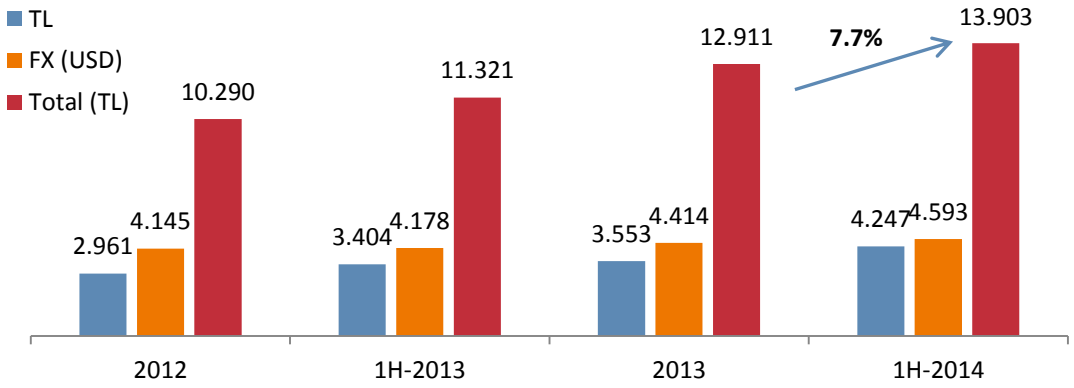
Deposits
(Average maturity less than 3 months)

TSKB

Long Term Funds 64%

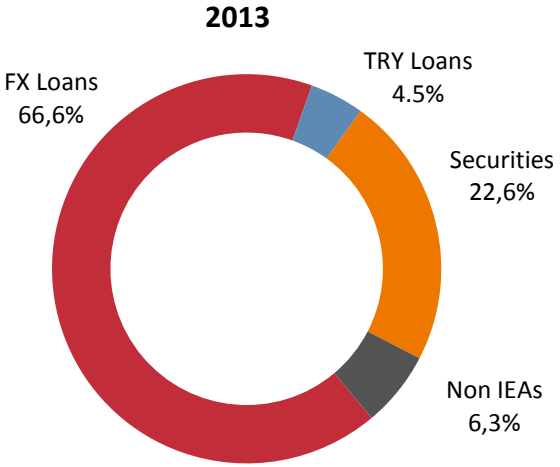
Long Term Funding
(12 years of average maturity)

Asset Composition

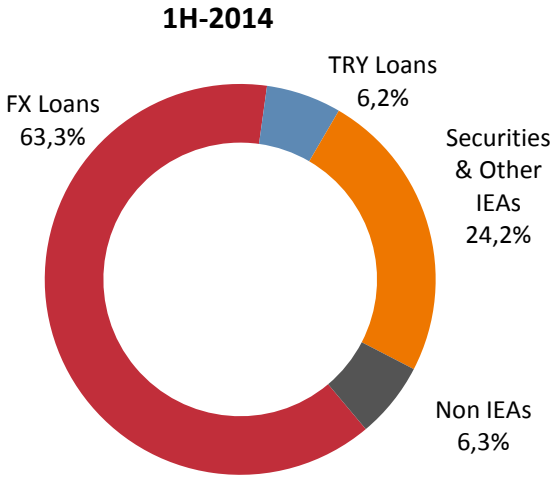


Growth

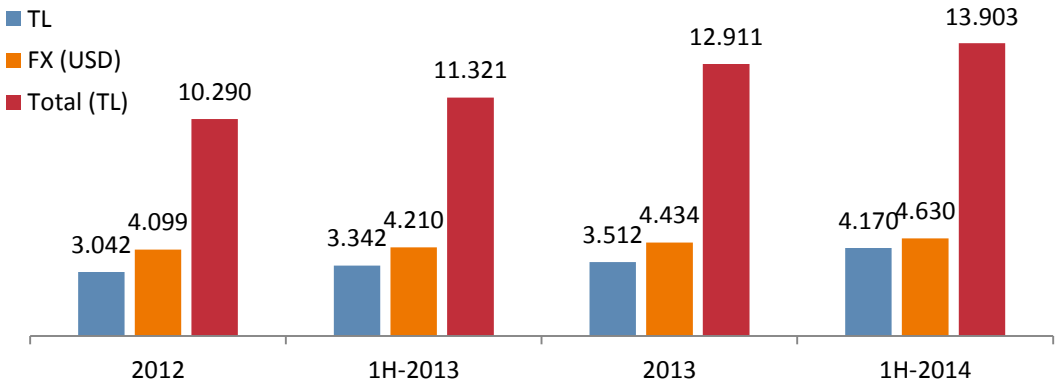
	YtD	YoY	QoQ
Loans (USD)	6.2%	15.2%	2.8%
Liquid Assets	15.7%	14.3%	23.7%



Leverage Ratio	6.7X from 6.4X
Loan to Asset Ratio	70% from 67%

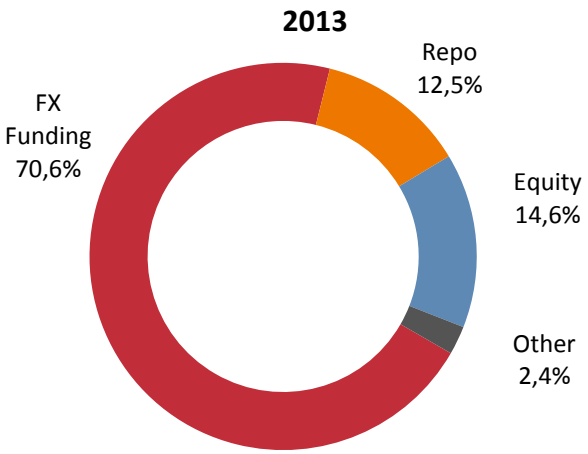


Liabilities Composition



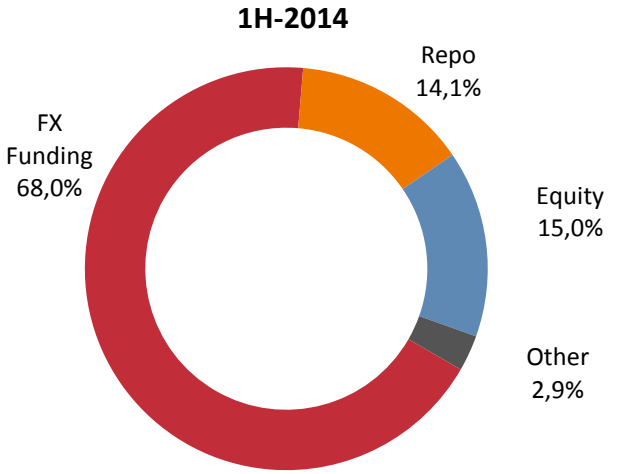
Growth

	YtD	YoY	QoQ
Funding (USD)	4.7%	10.8%	4.4%
Equity	11.6%	17.6%	11.2%



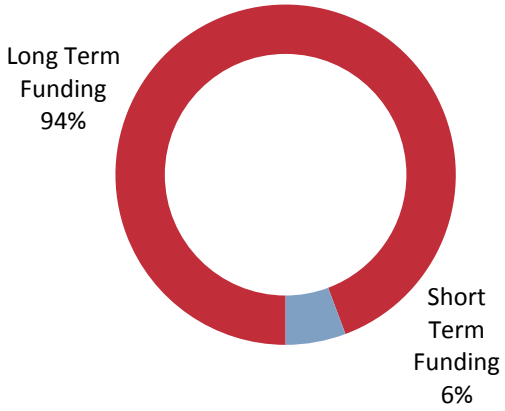
Duration:

Loans	2.6Y
Funding	6.1Y

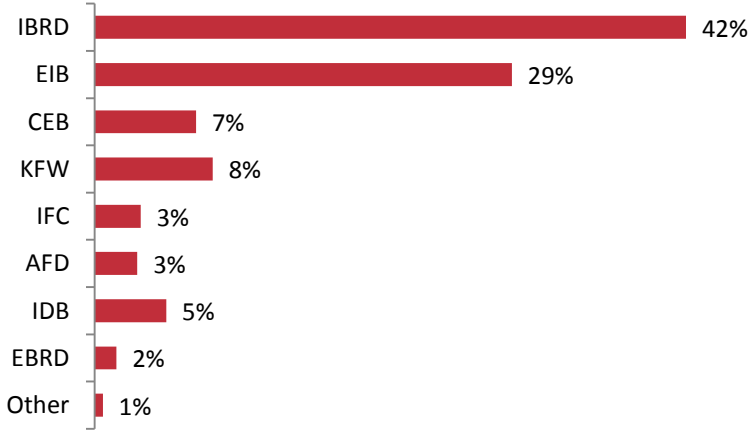


Liability Structure and Funding Base

Funding Structure



Outstanding Long Term Funding



Total LT Funding:
USD 4,240 mn

In the last five years, signed agreements totaling:
USD 2,9 bn

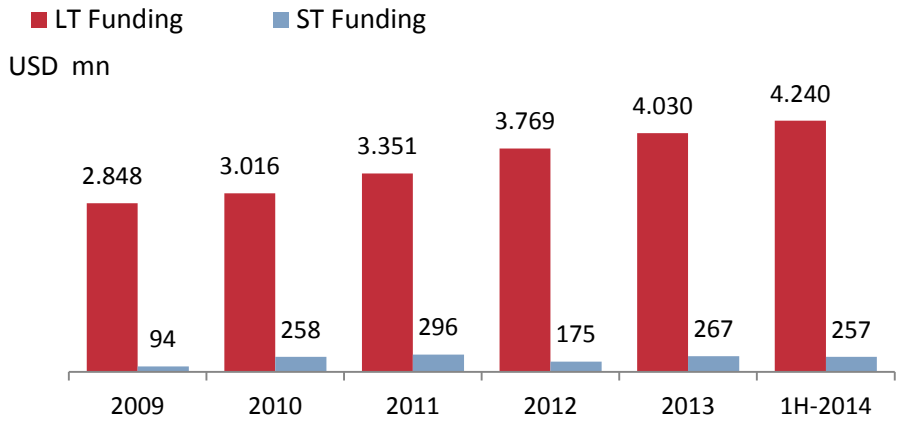
LT funding average maturity:
12 years

91% of long term funds guaranteed by Turkish Treasury

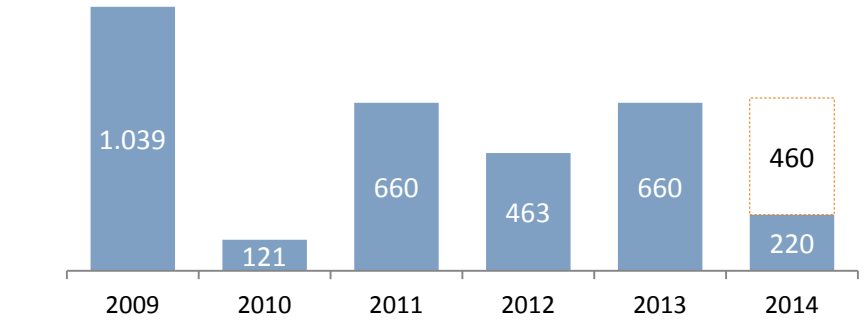
Short term funding: **6%**
(including syndication, P/N, Monet Market)

Funding Base

Outstanding Funding Base



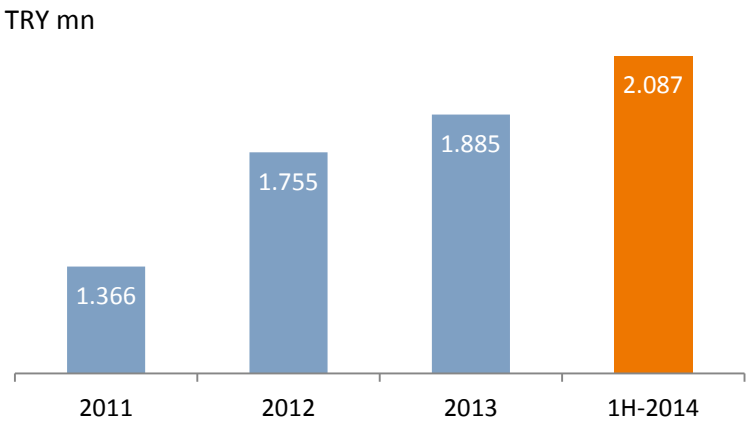
Multilateral Funding Agreements (Annually)



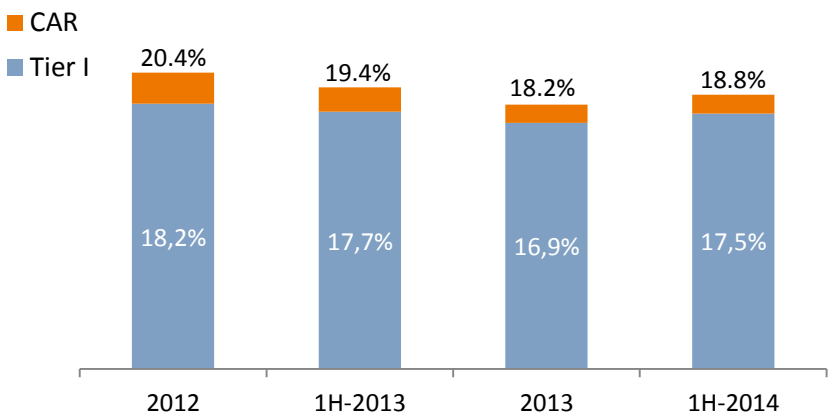
- World Bank (IBRD)
- European Investment Bank (EIB)
- Council of Europe Development Bank (CEB)
- Kreditanstalt für Wiederaufbau (KfW)
- Agence Française de Developpement (AFD)
- International Finance Corporation (IFC)
- European Bank for Reconstruction and Development (EBRD)
- Islamic Development Bank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

Shareholders' Equity

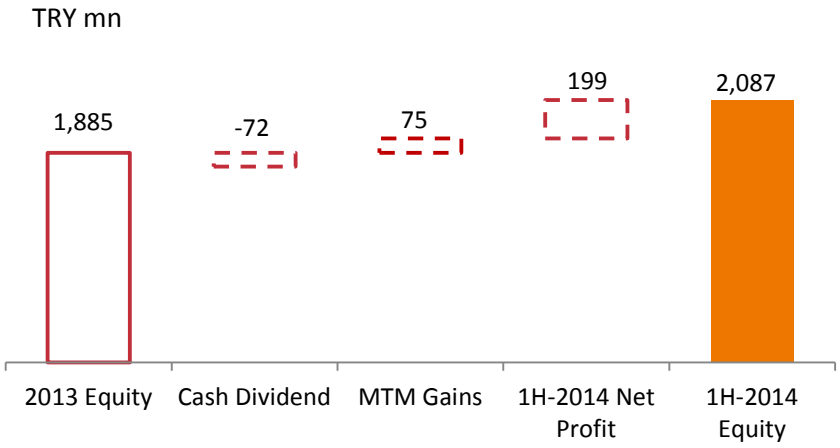
Equity



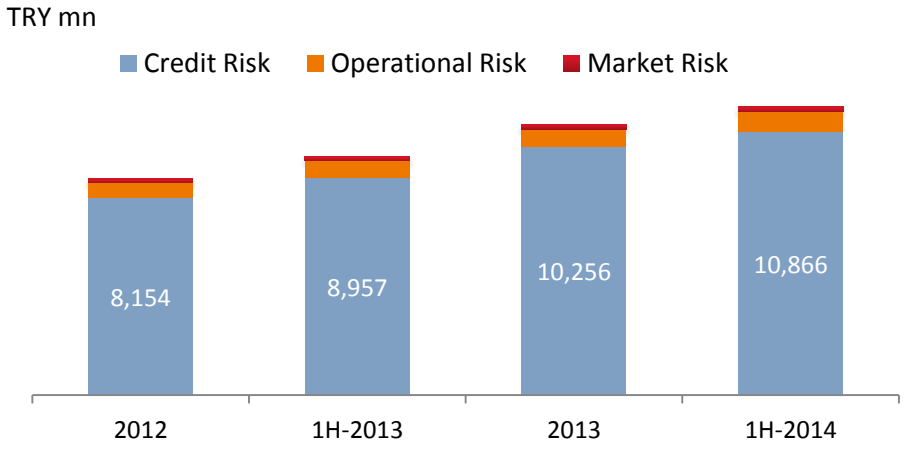
Capital Adequacy Ratio



Equity Movement

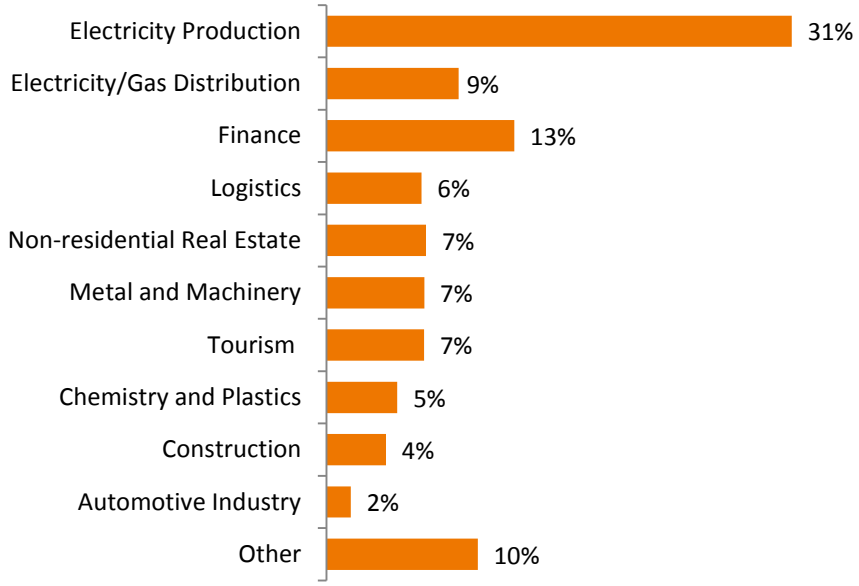


Risk Weighted Assets



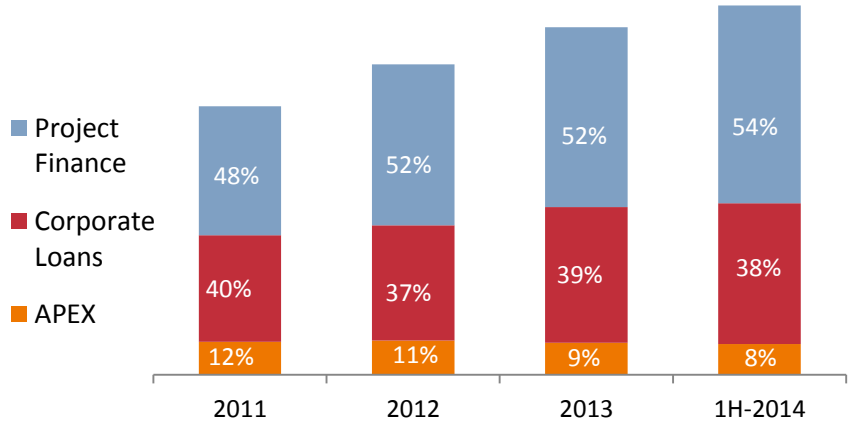
Healthy Loan Growth

Loans by Sector

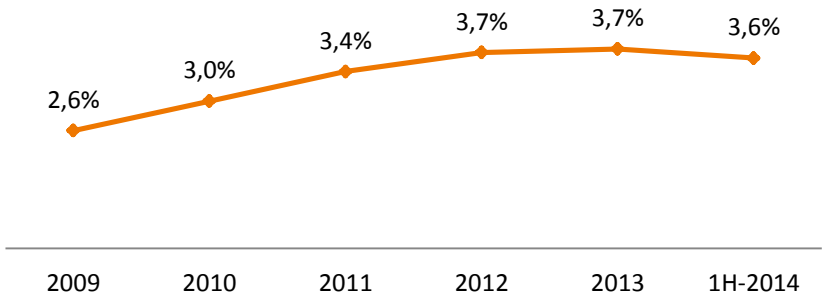


- **60** Projects in Energy Effieciency, **7.5%** of the total portfolio
- **91%** foreign currency denominated
- **36%** in Euros, **55%** in USD
- **5.1 years** of average maturity

Loans by Type

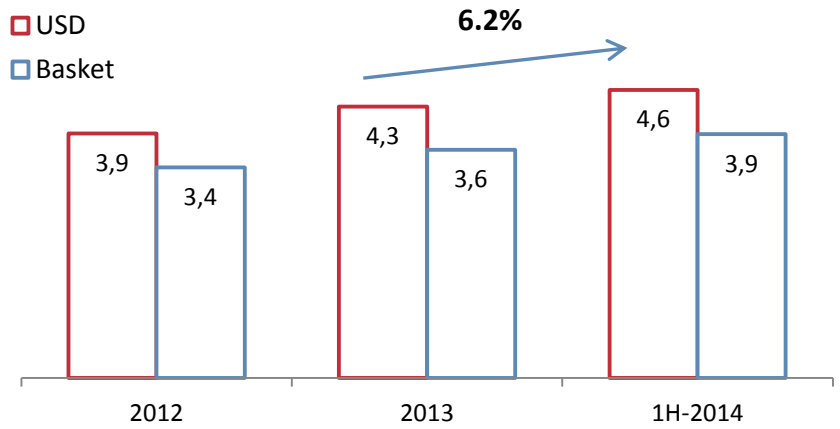


Net Loan Spread

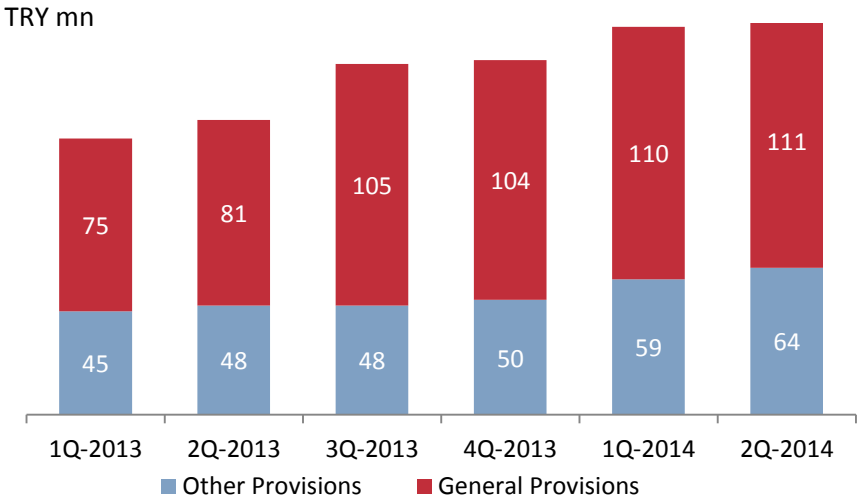


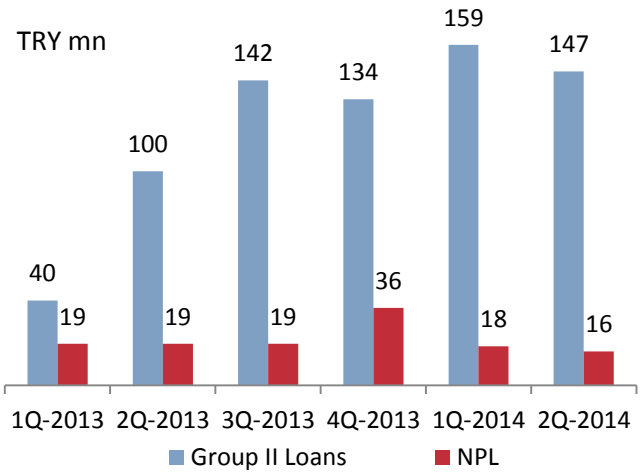
Robust Asset Quality

Loans (bn)

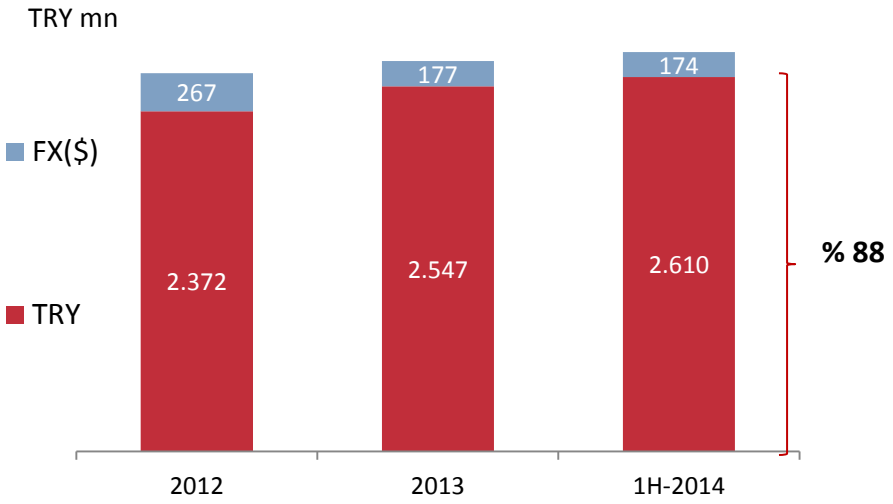


- NPL Ratio: **0.2%**
- **100% provisioning policy**
- Collection Ratio: **100%**
- Coverage Ratio: **117%** (including 2nd group)
- No correlation between NPL and Group II Loans



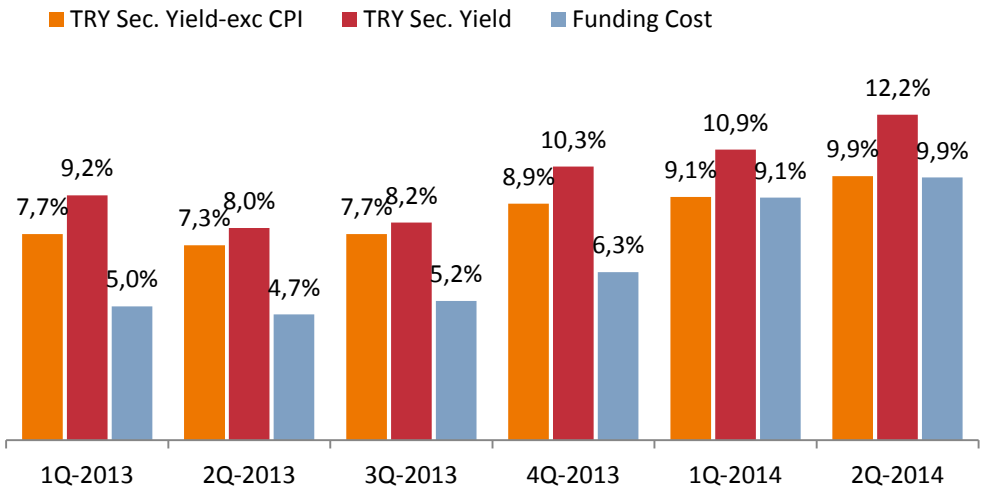


Securities Portfolio

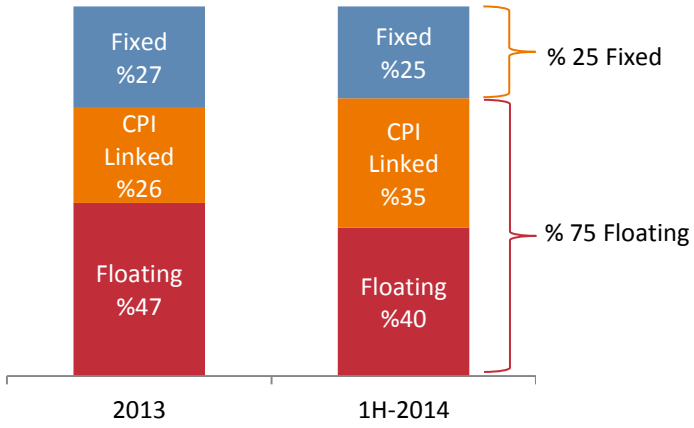


- Duration is **2.1 yrs** in Fixed & Floating bonds, **6.9 yrs** in CPIs.
- **99%** is in AFS portfolio.
- **24%** of TRY portfolio funded by repo
- Private sector bonds: **16%** of total portfolio

TRY Securities / Assets : 19%



TRY Securities Portfolio Breakdown



Income Breakdown

(TRY mn)	1H-2013	1H-2014	YoY Change
Adj. Net Interest Income	225,9	291,0	29%
Net Commisions	4,5	4,8	5%
Dividend Income	28,1	12,9	-54%
Other Operating Income	5,1	28,2	455%
Net Banking Income	**263,6**	**336,8**	**28%**
Personnel Expenses	24,1	27,7	15%
Adm. Expenses	7,8	9,3	20%
Other Op. Expenses	5,8	9,6	65%
Operating Profit	**225,9**	**290,3**	**29%**
Provisions(+/-)	-11,7	-41,6	257%
Profit Before Tax	214,2	248,7	16%
Tax Provisions	-37,5	-50,0	33%
Net Profit	**176,7**	**198,6**	**12%**

Net Interest Income

29%

Net Banking Income
(exc. one-off)

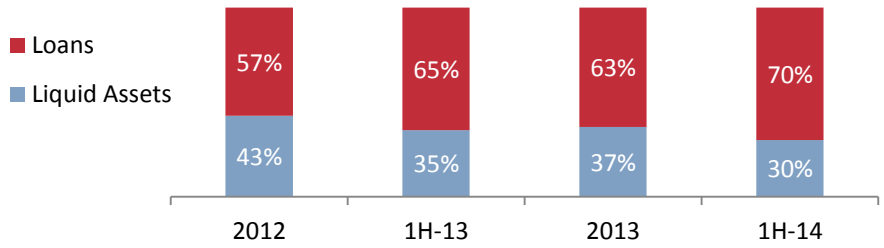
19%

Pers. & Adm. Expenses

15%

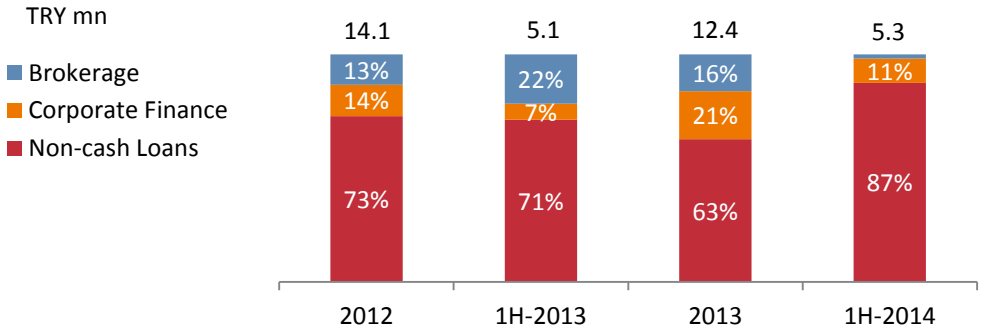
Income Breakdown

Net Interest Income Breakdown



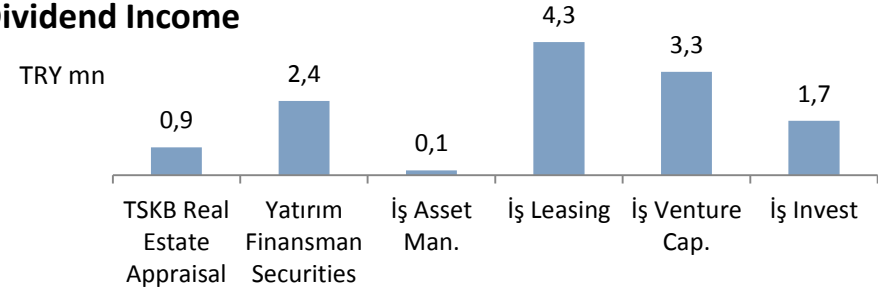
Net Interest Income	
2012	88.2%
2013	90.5%
1H-2014	**86.4%**

Commission Income Breakdown-Gross



Net Commissions	
2012	2.7%
2013	2.2%
1H-2014	**1.4%**

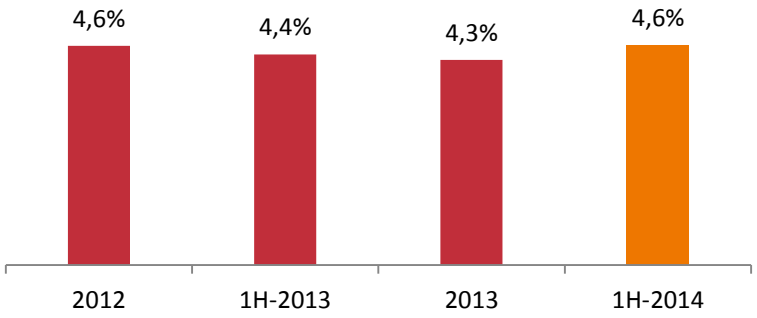
Dividend Income



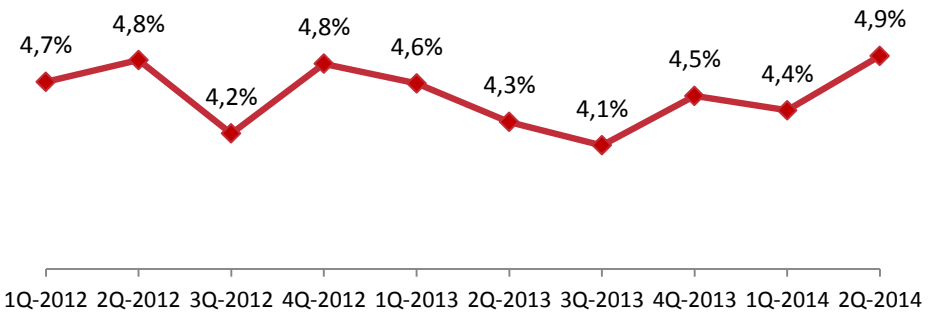
Dividend Income	
2012	5.7%
2013	5.8%
1H-2014	**3.8%**

Net Interest Margin

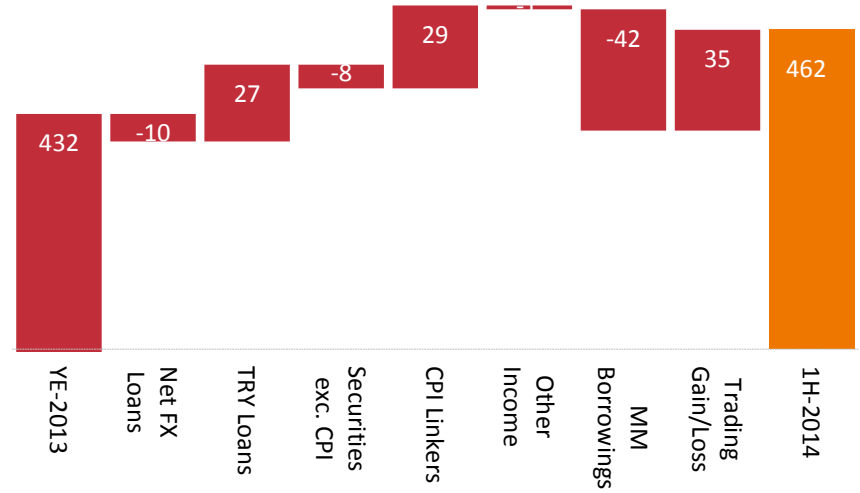
Annual NIM



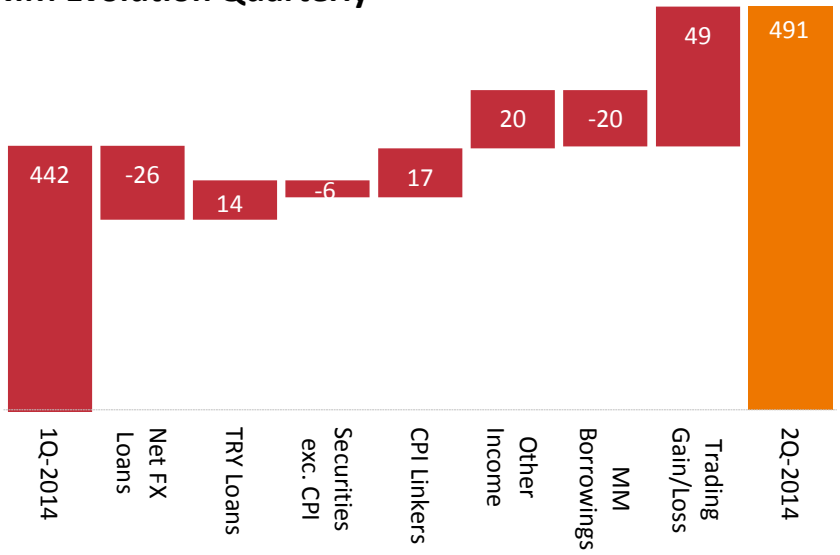
Quarterly NIM



NIM Evolution Cumulative

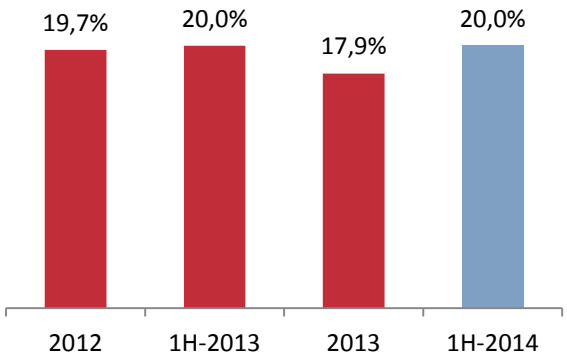


NIM Evolution Quarterly

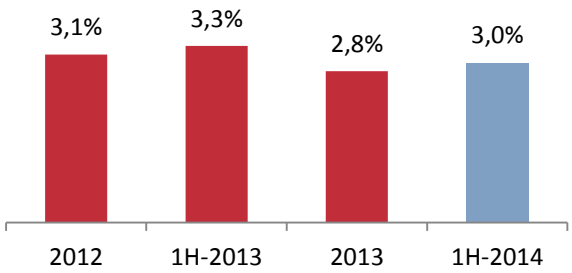


Key Performance Indicators

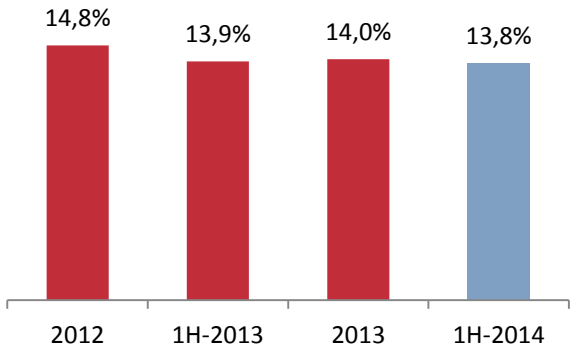
ROAE



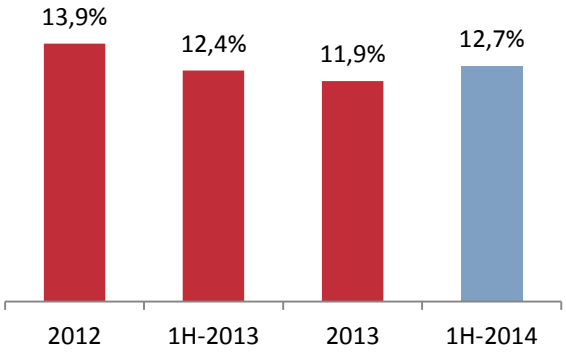
ROAA



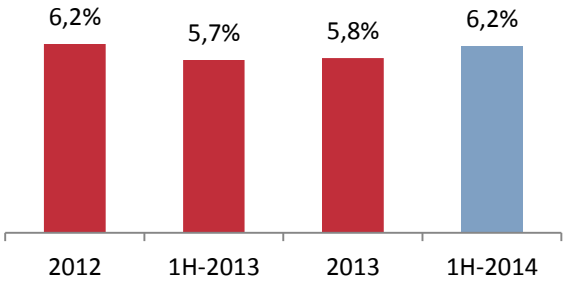
Cost to Income



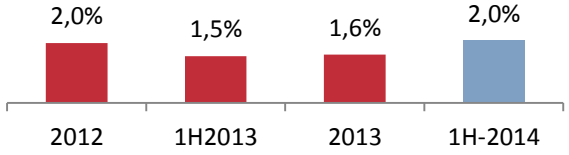
Free Capital



Interest Income/AIEA



Interest Expense/AIBL



Quarterly Income Breakdown

(TRY mn)	1Q-2013	2Q-2013	3Q-2013	4Q-2013	1Q-2014	2Q-2014	Change QoQ	Change YoY
Adj. Net Interest Income	115	111	114	132	135	156	15%	40%
Net Commisions	2	2	4	3	2	3	19%	7%
Dividend Income	5	24	0	2	9	4	-58%	-84%
Other Operating Income	4	1	0	2	22	7	-69%	856%
Net Banking Income	**126**	**138**	**117**	**139**	**168**	**169**	**0%**	**23%**
Personnel Expenses	12	12	12	12	14	14	2%	14%
Adm. Expenses	4	4	4	4	5	5	8%	423%
Other Op. Expenses	3	3	1	2	5	4	-20%	58%
Operating Profit	**107**	**119**	**100**	**122**	**145**	**146**	**1%**	**23%**
Provisions(+/-)	-2	-10	-12	-22	-27	-14	-47%	49%
Profit Before Tax	105	109	88	99	117	131	12%	20%
Tax Provisions	-20	-17	-20	-18	-24	-26	11%	54%
Net Profit	**85**	**92**	**68**	**82**	**94**	**105**	**12%**	**14%**

Balance Sheet

(TRY mn)	30/06/2013			31/12/2013			30/06/2014		
	TRY	FX	TOTAL	TRY	FX	TOTAL	TRY	FX	TOTAL
Cash and Banks	398	232	630	43	310	352	398	443	841
Securities	2.319	381	2.700	2.547	375	2.922	2.610	367	2.977
Loans	292	7.270	7.562	578	8,599	9.177	860	8.807	9.667
Subsidiaries	345	3	348	329	3	331	308	3	311
Other	39	41	80	49	80	129	46	62	108
Total	**3.394**	**7.927**	**11.321**	**3.545**	**9.366**	**12.911**	**4.222**	**9.681**	**13.903**
ST Funds	580	384	964	598	565	1.163	1.182	541	1.723
LT Funds	-	7.304	7.304	-	8.548	8.548	-	8.914	8.914
Repo*	764	259	1.024	761	246	1.007	561	218	779
Other	222	32	254	263	45	308	320	81	401
Equity	1.741	34	1.775	1.869	16	1.885	2.045	42	2.087
Total	**3.308**	**8.013**	**11.321**	**3.491**	**9.420**	**12.911**	**4.107**	**9.796**	**13.903**

* TRY security funding only

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