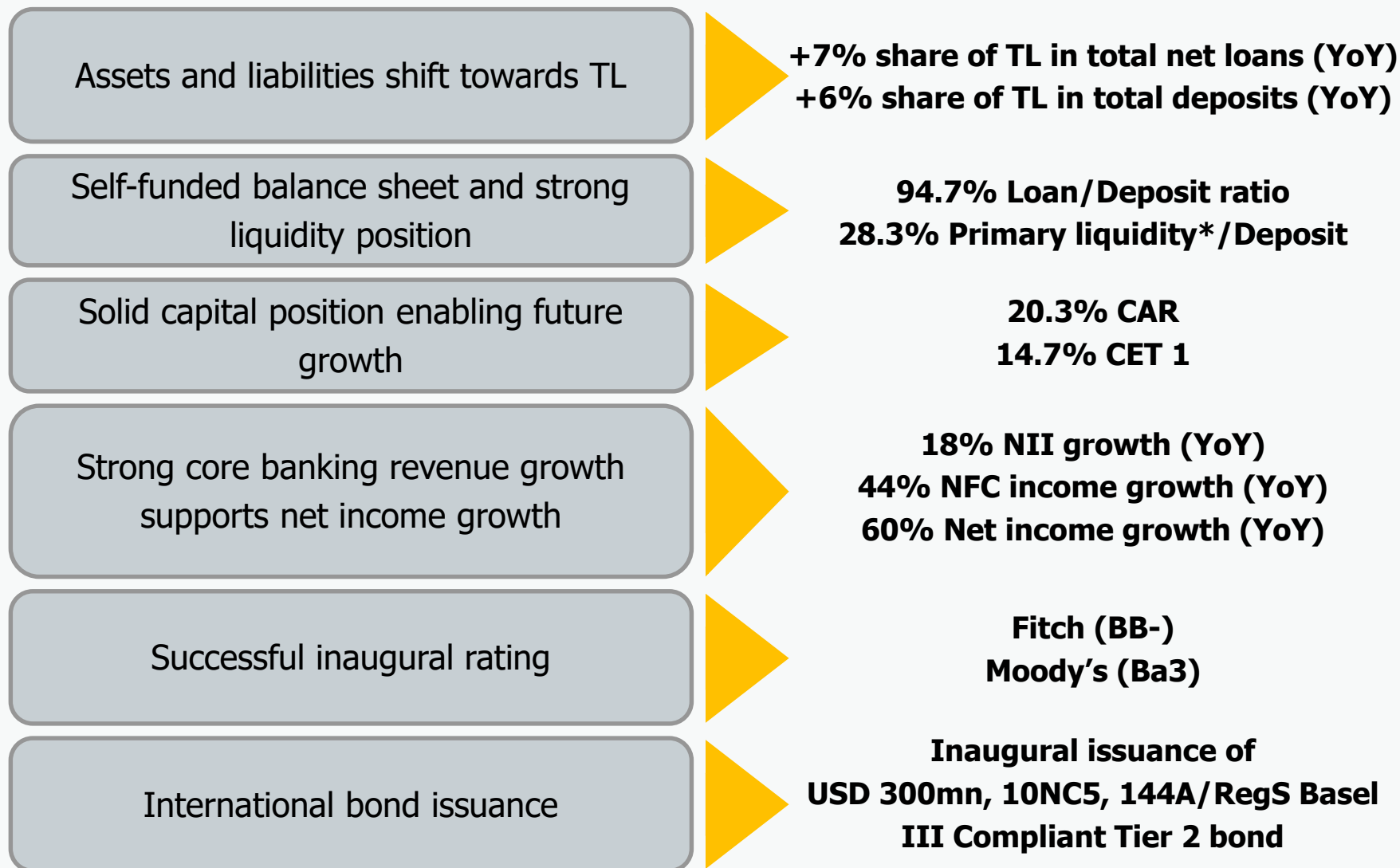




Odeabank  
Earnings Presentation  
FY 2017

# 2017 Highlights



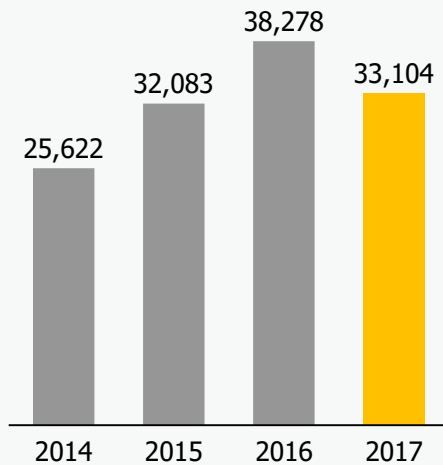
Note: All figures in the presentation are based on BRSA financials

\* Primary liquidity= Cash and balances with Central Bank + reverse repo + banks

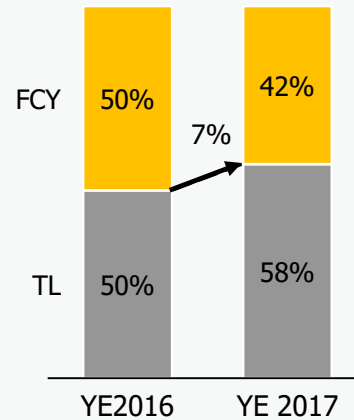
**odeabank**

# Odeabank continued rebalancing and consolidation in 2017, shifting asset and liabilities towards TL

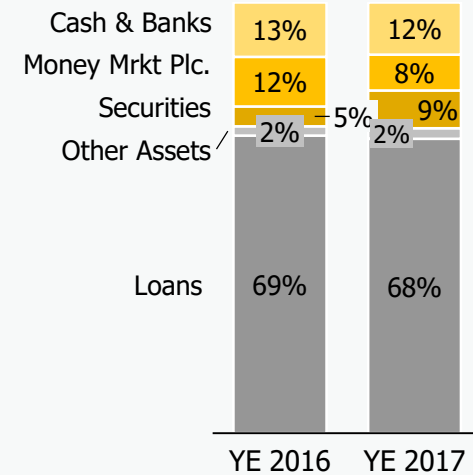
### Assets



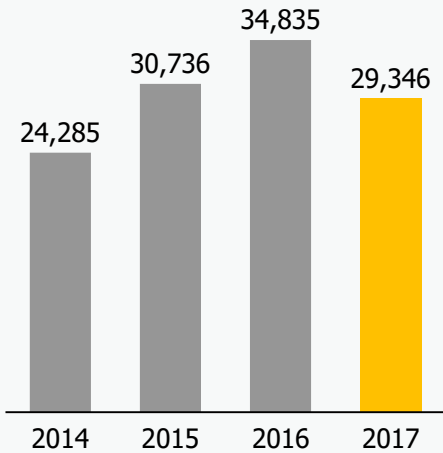
### Net loans by currency (%)



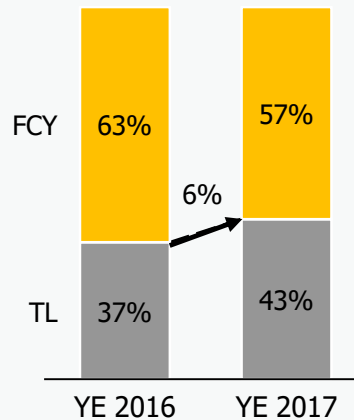
### Assets segmentation



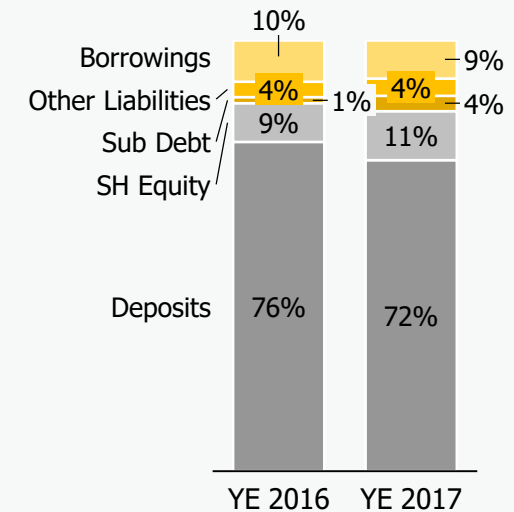
### Liabilities



### Deposits by currency (%)

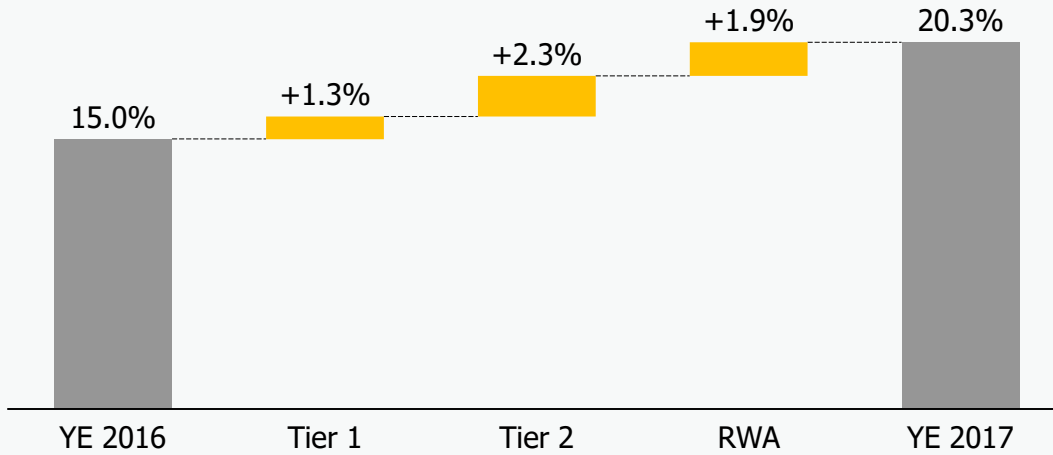


### Liabilities & SHE segmentation

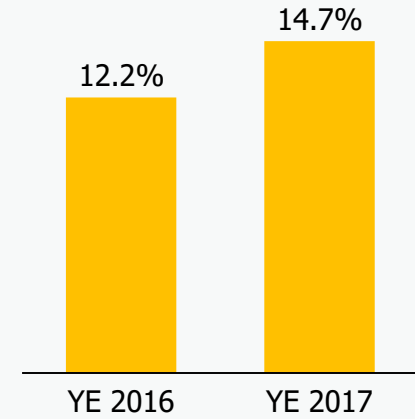


# Solid capital position with a liquid and self-funded balance sheet demonstrating one of the lowest L/D ratios in the banking sector

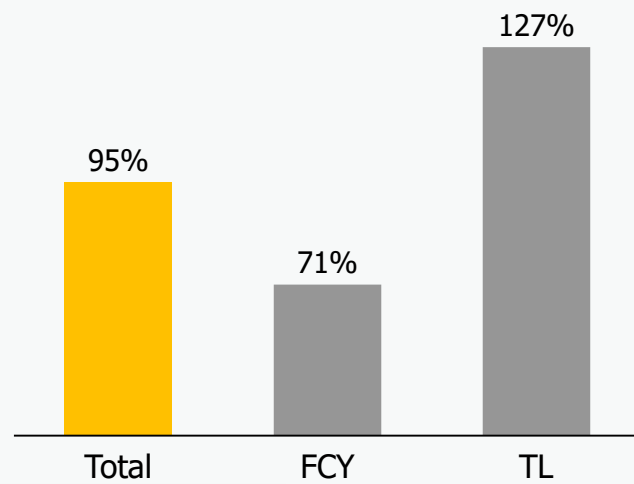
### CAR Evolution



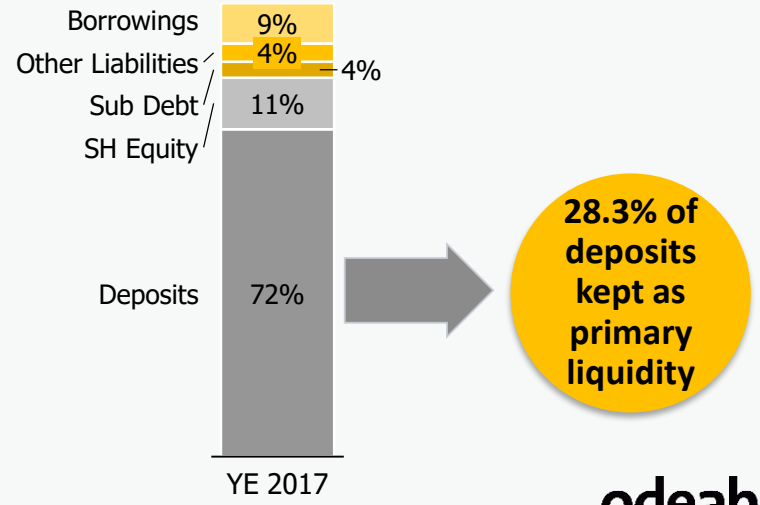
### CET1



### Loan/Deposit YE 2017



### Primary Liquidity\*



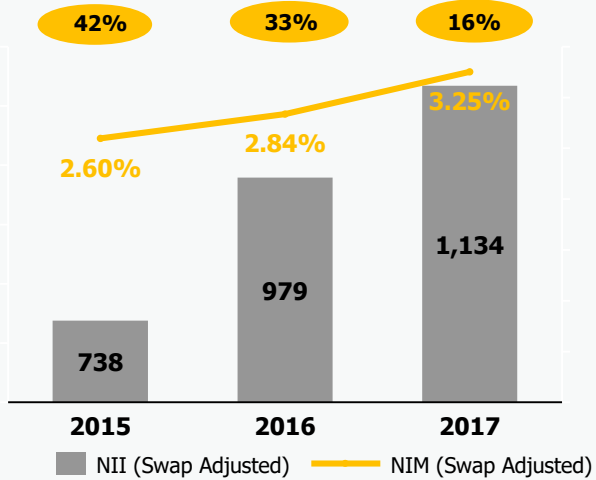
**odeabank**

Notes: Loan/deposit ratio= Net loans/Deposits

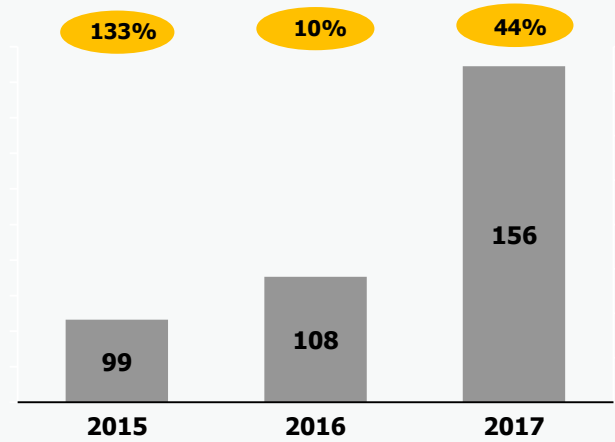
\* Primary liquidity= Cash and balances with Central Bank + reverse repo + banks

# Steady increase in core banking revenues and NIM supports net income growth

## Net Interest Income (TL mn)

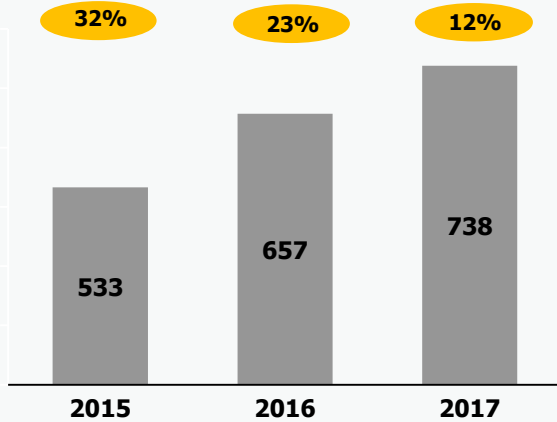


## Net Fees and Commissions Income (TL mn)



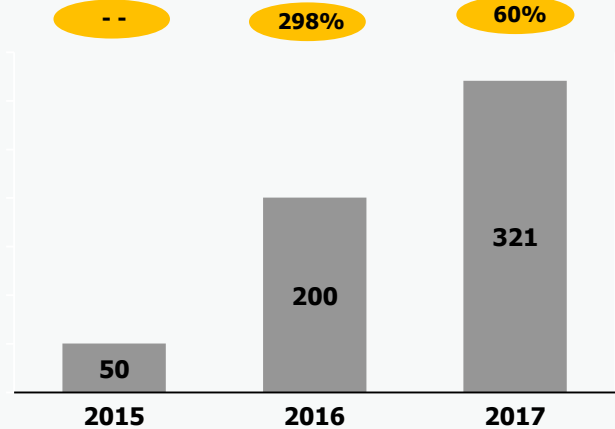
← Change YoY →

## OPEX (TL mn)

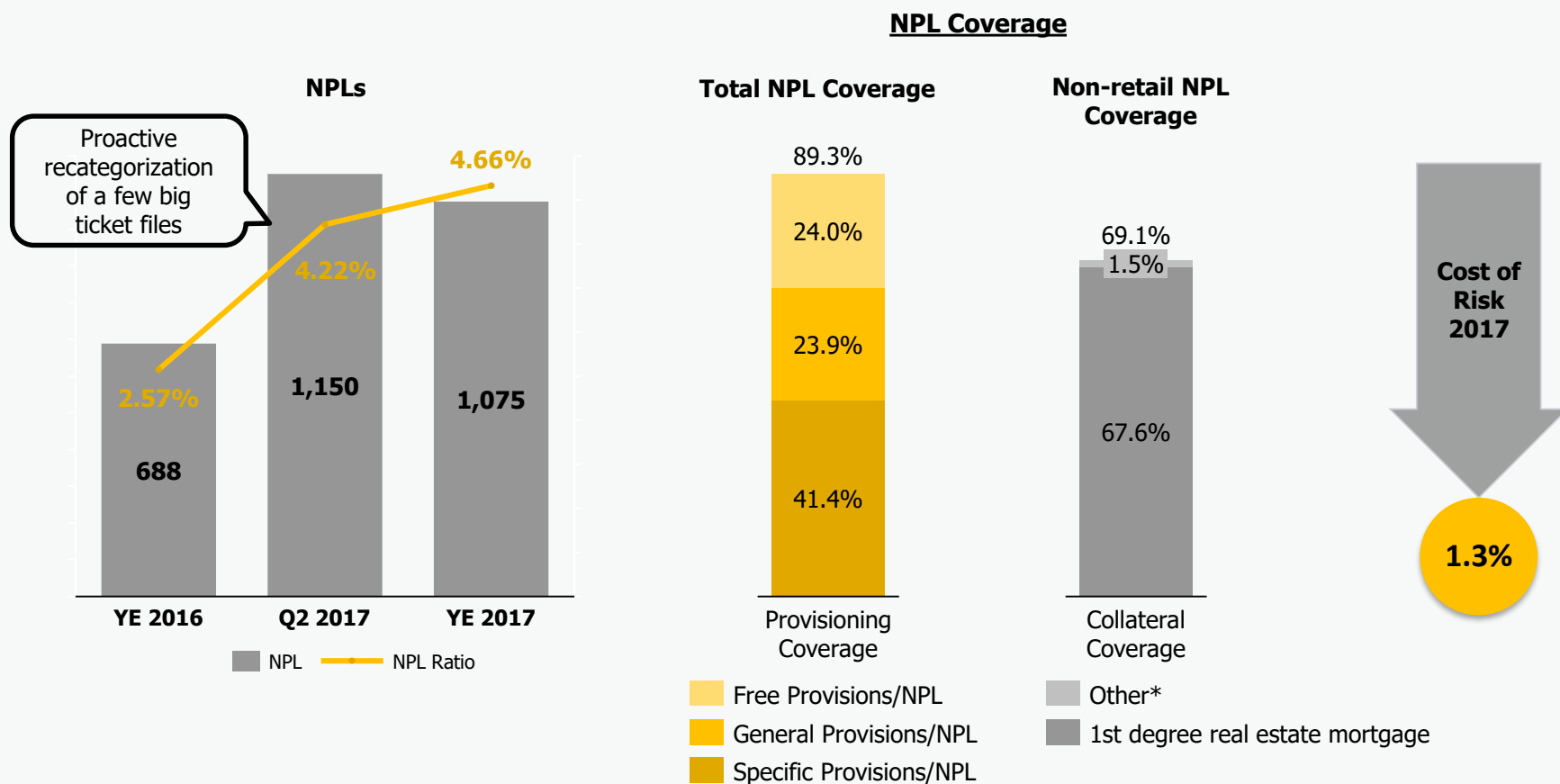


← Change YoY →

## Net Income (TL mn)



# Resilient cost of risk due to sound collateralization despite negative mechanical impact of the decline in loans on NPL ratio



- Increase in Odea's NPL ratio in 2017 has been mostly due to the decline in gross loans in 2017 and proactive recategorization of a few big ticket files to NPL in Q2 2017.
- Cost of risk remains close to sector average thanks to strong collateralization.

Notes: CoR = Specific and General Loan Loss Provisions / Average Net Loans

\* Other collateral coverage includes cash, mortgages other than 1st degree and car pledges

# Key Strategic Highlights for 2018

## Balanced and targeted growth strategy

- Value-added growth ensuring continued high asset quality
- Increasing share of TL-denominated assets and liabilities

## Maintain self-funded balance sheet and strong liquidity position

- Keeping deposits as the main source of funding
- Sustaining loan/deposit ratio at its current sector-low levels

## Preserve strong capital adequacy position

- Self-funded growth
- Prioritize capital accumulation over dividend distribution

## Focus on net interest margin enhancement

- Higher demand deposit share
- Increasing share of retail deposits

## Sustain efficiency and low cost business model

- Focus on cost containment programs

## Boost bottom line and profitability metrics

- Generation of higher core banking income
- Continue and augment existing prudent risk management
- Improving profitability and return ratios

# Summary balance sheet

## Balance sheet evolution (TLmm)

	2014	2015	2016	2017	Growth ('16-'17)
<b>Assets</b>					
Cash and balances with Central Banks	2,831	4,075	4,718	3,732	-21%
Banks and reverse repo	3,248	4,097	4,531	3,030	-33%
Securities	1,166	1,486	1,340	2,485	85%
Net loans & advances to customers	18,011	21,807	26,448	22,632	-14%
Property & equipment	117	143	129	104	-19%
Intangible fixed assets	57	99	99	90	-9%
Tax assets	18	41	93	65	-30%
Other assets	173	335	921	968	5%
<b>Total assets</b>	<b>25,622</b>	<b>32,083</b>	<b>38,278</b>	<b>33,104</b>	<b>-14%</b>
<b>Liabilities</b>					
Funds borrowed	1,411	3,133	3,665	2,943	-20%
Interbank money market	139	157	2	0	-100%
Deposits	21,061	25,333	29,254	23,910	-18%
Debt issued	137	155	0	0	N/A
Subordinated loans & similar debts	1,053	1,310	528	1,175	122%
Other liabilities	483	647	1384	1318	-5%
<b>Total liabilities</b>	<b>24,285</b>	<b>30,736</b>	<b>34,835</b>	<b>29,346</b>	<b>-16%</b>
Shareholders' equity	1,337	1,347	3,443	3,758	9%
<b>Total liabilities and Shareholders' equity</b>	<b>25,622</b>	<b>32,083</b>	<b>38,278</b>	<b>33,104</b>	<b>-14%</b>
<b>Structural ratios</b>					
Loans to assets	70.3%	68.0%	69.1%	68.4%	
Loans to deposits	85.5%	86.1%	90.4%	94.7%	
Deposits to assets	82.2%	79.0%	76.4%	72.2%	
NPL ratio	1.46%	2.22%	2.57%	4.66%	
<b>CAR</b>	<b>13.7%</b>	<b>12.2%</b>	<b>15.0%</b>	<b>20.3%</b>	



# Summary P&L

## P&L evolution (TLmm)

	2014	2015	2016	2017	Growth ('16-'17)
<b>Key P&amp;L items</b>					
<b>Net interest income</b>	<b>580</b>	<b>976</b>	<b>1,148</b>	<b>1,359</b>	<b>18%</b>
Net fee & commission income	42	99	108	156	44%
Net gain or loss on financial operations	-36	-216	182	-36	-120%
<i>Interest on swaps</i>	-61	-238	-169	-225	33%
Other Operating Income	4	6	14	14	4%
<b>Operating income</b>	<b>590</b>	<b>865</b>	<b>1,452</b>	<b>1,492</b>	<b>3%</b>
Operating expenses	-405	-533	-657	-738	12%
Loan loss provisions	-168	-259	-530	-353	-33%
<i>o/w free provisions</i>	0	0	214	44	-79%
Profit before tax	17	74	265	401	52%
Tax expenses	-17	-24	-64	-81	25%
<b>Net income</b>	<b>0.3</b>	<b>50</b>	<b>200</b>	<b>321</b>	<b>60%</b>
<b>Key ratios</b>					
<b>Spread</b>	2.8%	3.4%	3.3%	3.8%	
+ Non Interest income / average assets	0.0%	-0.4%	0.9%	0.4%	
<b>= Asset Utilization Ratio</b>	2.8%	3.0%	4.1%	4.2%	
- Cost to average assets	1.9%	1.8%	1.9%	2.1%	
<b>= Return on operations</b>	0.9%	1.2%	2.3%	2.1%	
- Provisions to average assets	0.8%	0.9%	1.5%	1.0%	
= Cost of risk	1.1%	1.3%	2.2%	1.4%	
x Loans to average assets	70.3%	69.0%	68.6%	68.8%	
<b>= ROAA before tax</b>	0.1%	0.3%	0.8%	1.1%	
- Tax cost	0.1%	0.1%	0.2%	0.2%	
<b>= ROAA</b>	0.00%	0.17%	0.57%	0.90%	
x Leverage	15.64	21.50	14.69	9.91	
<b>= ROAE</b>	0.03%	3.75%	8.36%	8.90%	
Cost to income	68.6%	61.6%	45.2%	49.4%	

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