



Odeabank  
Earnings Presentation  
3Q 2018

# 3Q 2018 Highlights

---

387 mln TL quarterly operating income  
3Q2018 vs 390 mln TL in 2Q2018

*Sustained earnings generation*

51.9% coverage of Stage III loans in  
3Q2018 vs 41.4% in 4Q2017

*Allocation of operating income to specific  
provisions and improved coverage ratios*

42.4% cost to income<sup>1</sup> in 9M2018 vs  
47.7% in 9M2017

*Continued efficiency gains*

23.4% CAR and 15.5% CET 1

*Preserved capital structure*

97.3% Loan/Deposit ratio  
30.8% Primary liquidity<sup>2</sup>/Deposit

*Liquid and self-funded profile*

**odeabank**

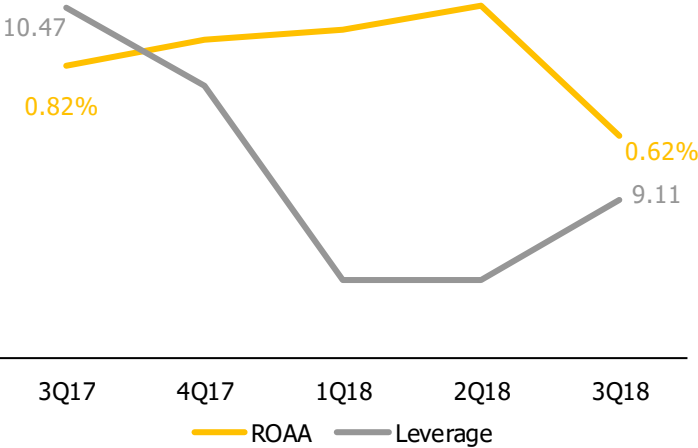
Note: All figures stated above are based on BRSA financials

<sup>1</sup> Cost to income ratios normalized with one-off expenses are 39.3% and 46.8% for 9M2018 and 9M2017 respectively

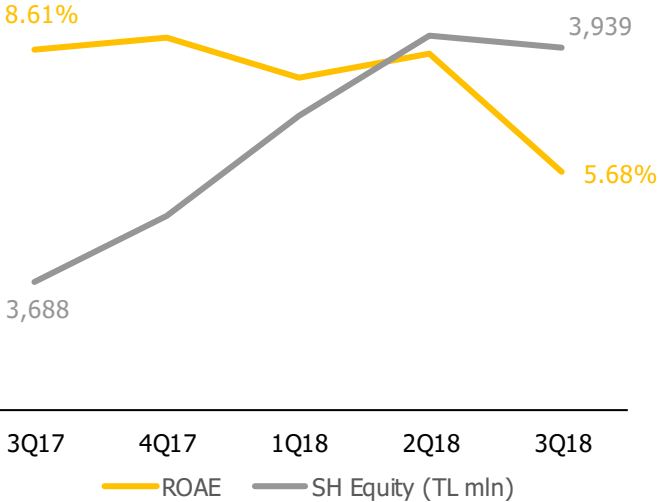
<sup>2</sup> Primary liquidity= Cash and balances with Central Bank + money market receivables + banks

# Profitability metrics evolution

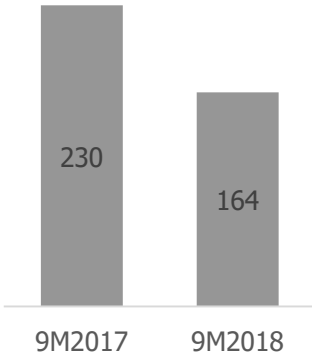
RoAA Evolution



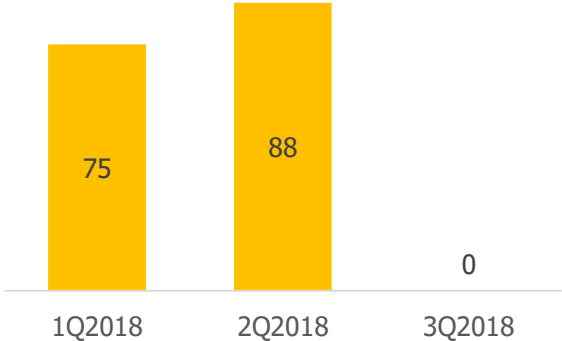
RoAE Evolution



Net Income (TL mln)

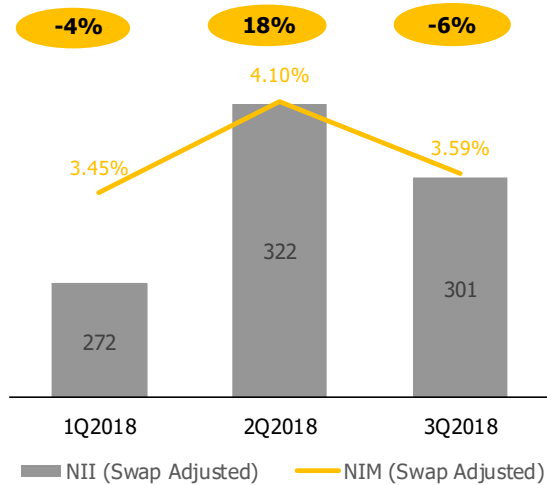


Net Income (Quarterly, TL mln)

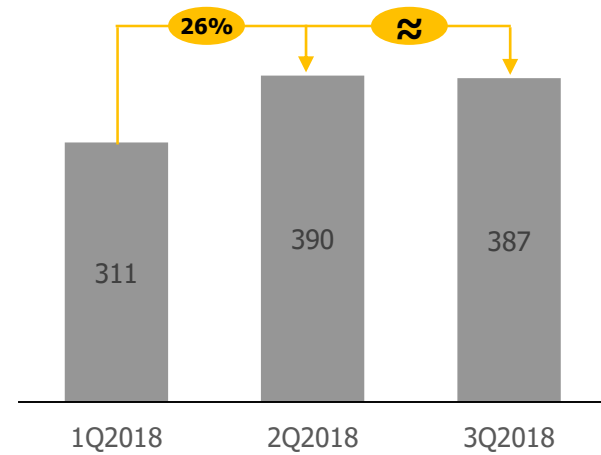


# Realizations in core banking revenues

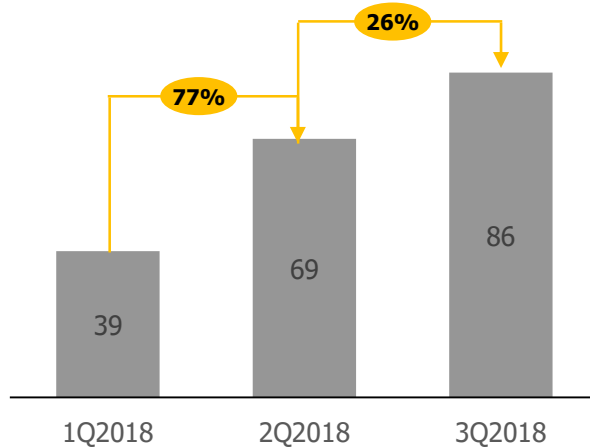
Net Interest Income (TL mln)



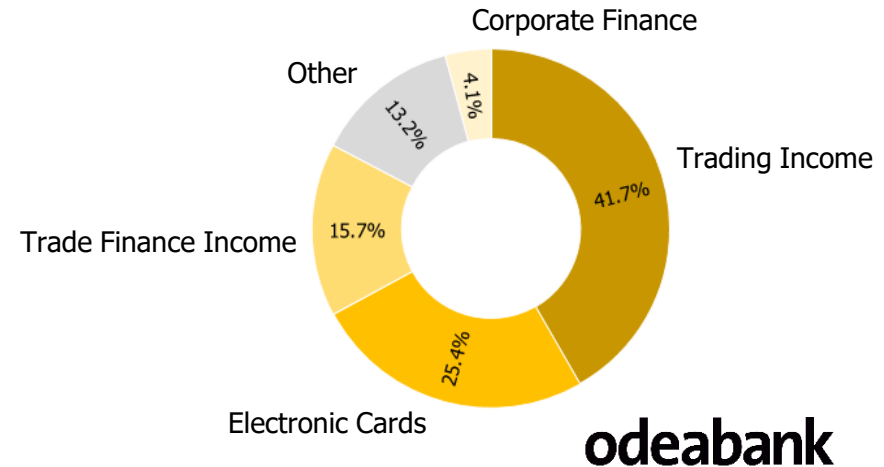
Operating Income (TL mln)



Swap Adj. Non Interest Income (TL mln)

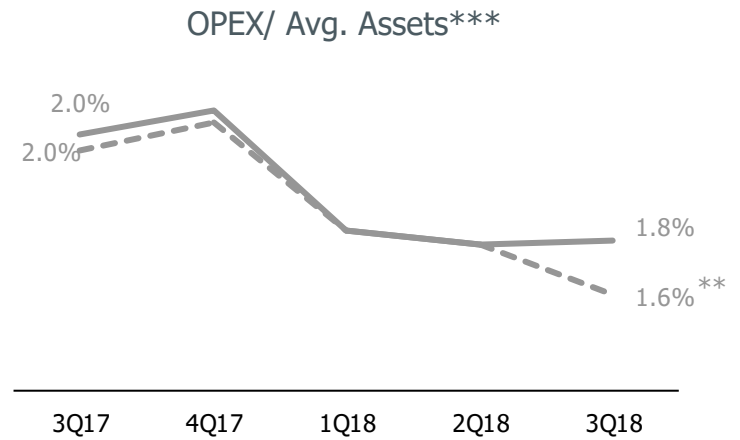
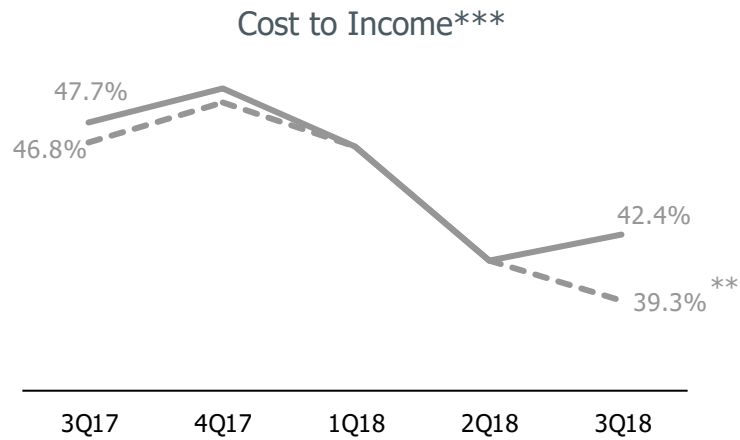
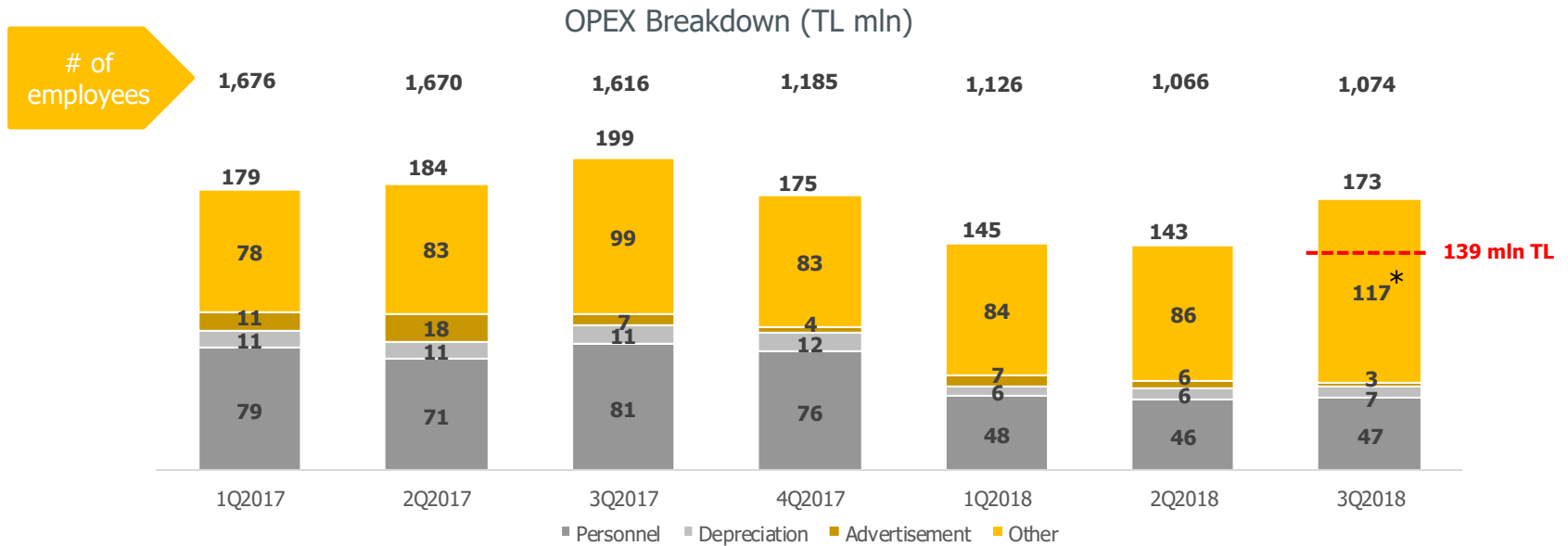


Non Interest Income Breakdown\* (9M2018)



\* Based on MIS data

# Operational efficiency



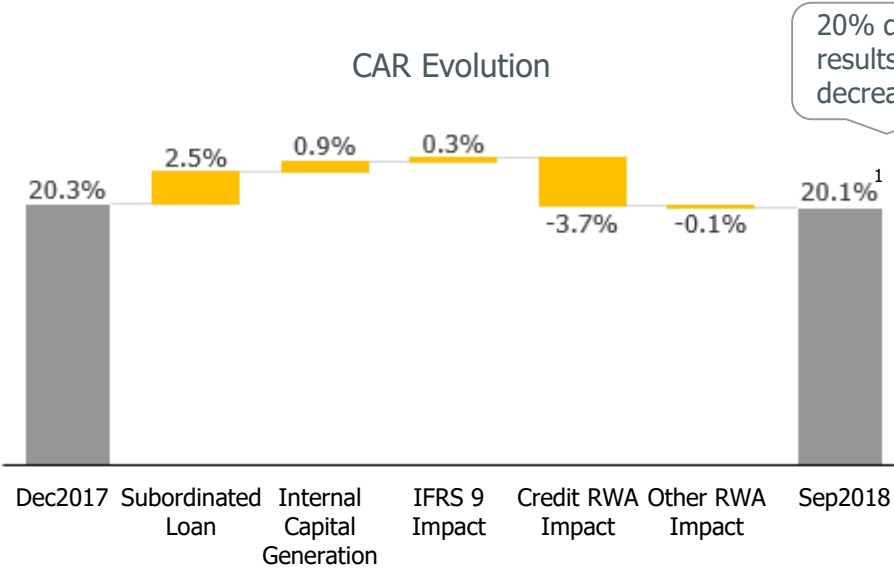
\* Other OPEX costs in 3Q2018 include c. 34 mln TL BITT payment realized due to sales of Lebanese assets.

\*\* Excludes one time BITT payments.

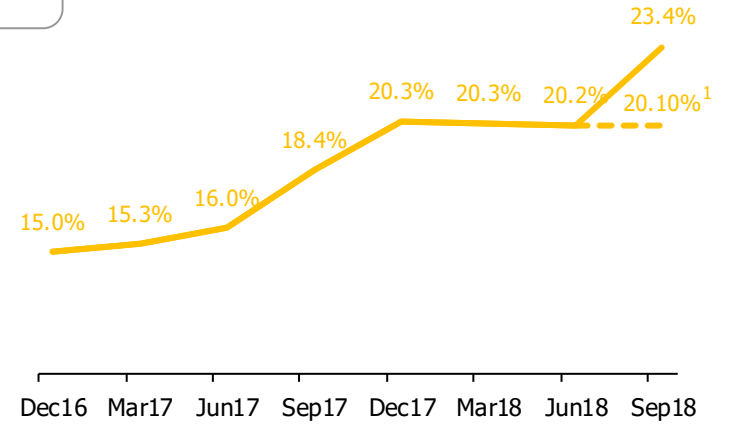
\*\*\* Cost to income and OPEX/Avg. Assets ratios are computed using Ytd figures.

# Capital position overview

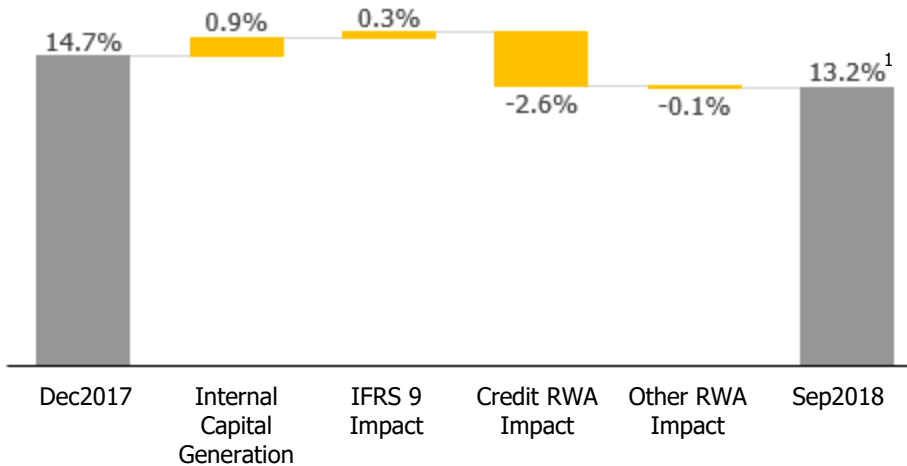
### CAR Evolution



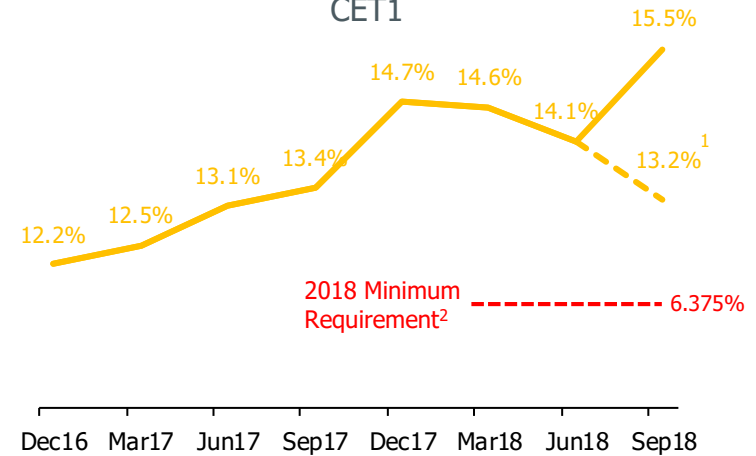
### CAR



### CET1 Evolution



### CET1

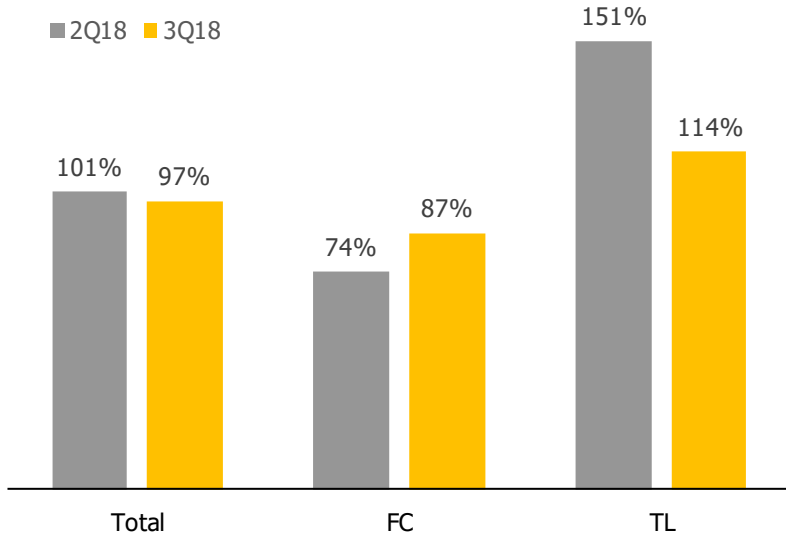


<sup>1</sup> Ratios are not adjusted with BRSA's temporary rules

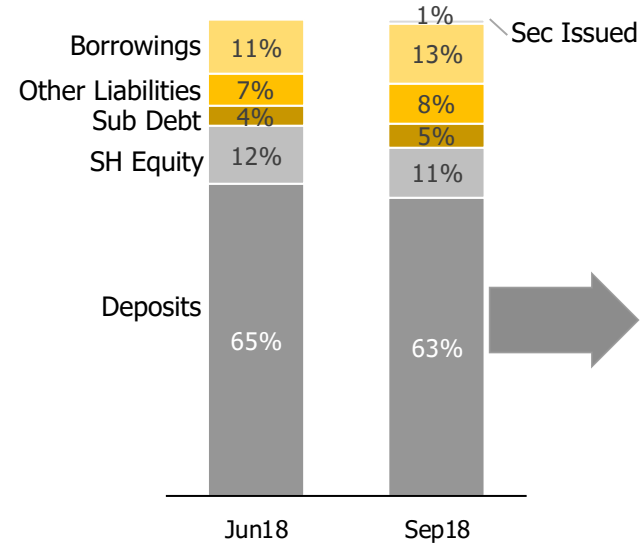
<sup>2</sup> 2019 minimum requirement is 7%

# Liquidity and funding structure

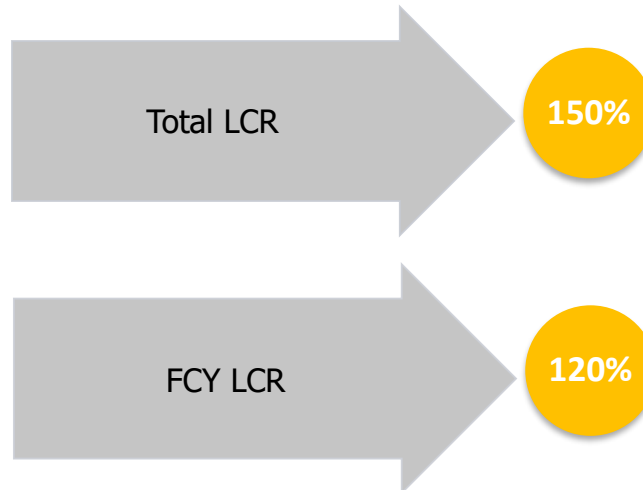
Loan/Deposit



Low reliance on wholesale funding



**30.8% of deposits kept as primary liquidity\***



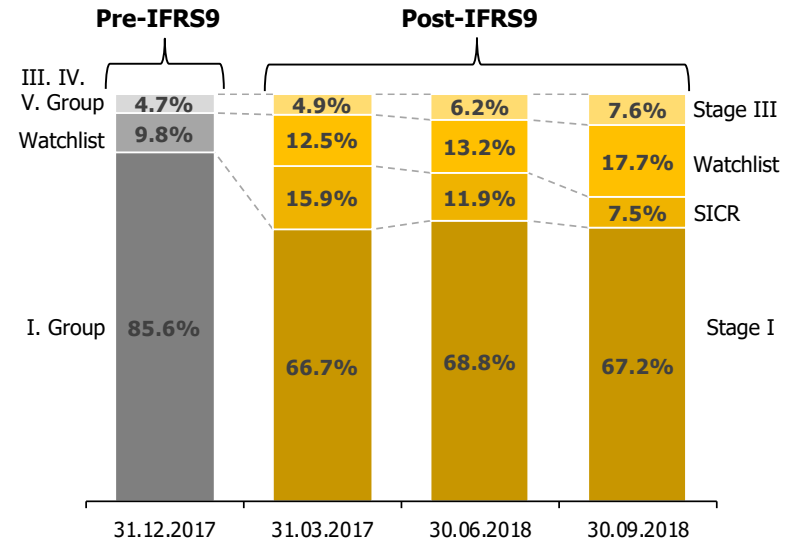
Notes: Loan/deposit ratio= Net loans/Deposits

\* Primary liquidity= Cash and balances with Central Bank + money market receivables + banks

# IFRS 9 Transition Effects

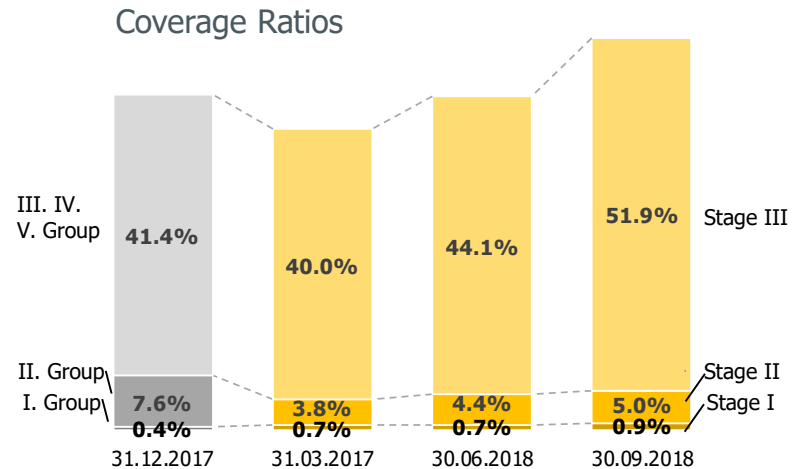
## Loan Portfolio Breakdown (TL mn)

	Pre-IFRS9		Post-IFRS9		
	31.12.2017	30.09.2018			
I. Group	19,749	16,117			Stage I
		1,802			Significant increase in credit risk (SICR) } Stage II
II. Group	2,253	4,251			
III. IV. V. Group	1,075	1,816			Stage III
<b>Total</b>	<b>23,077</b>	<b>23,987</b>	<b>Total</b>		



## Provisions (TL mn)

	Pre-IFRS9		Post-IFRS9		
	31.12.2017	30.09.2018			
I. Group	81	141			Stage I
II. Group	172	303			Stage II
III. IV. V. Group	446	944			Stage III
<b>Total</b>	<b>698</b>	<b>1,388</b>	<b>Total</b>		



**odeabank**



Balance Sheet Evolution

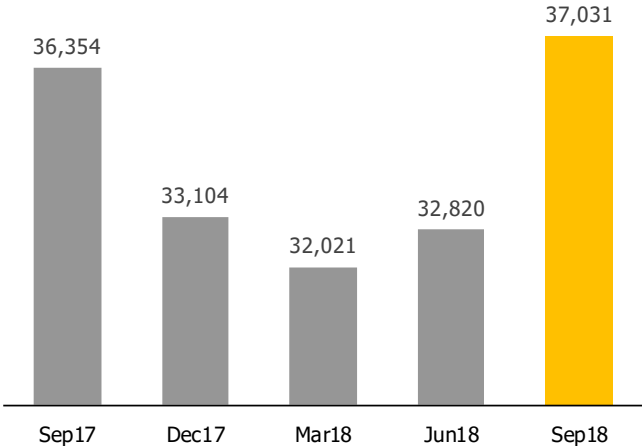
Composition of Loans and Deposits

Summary Balance Sheet

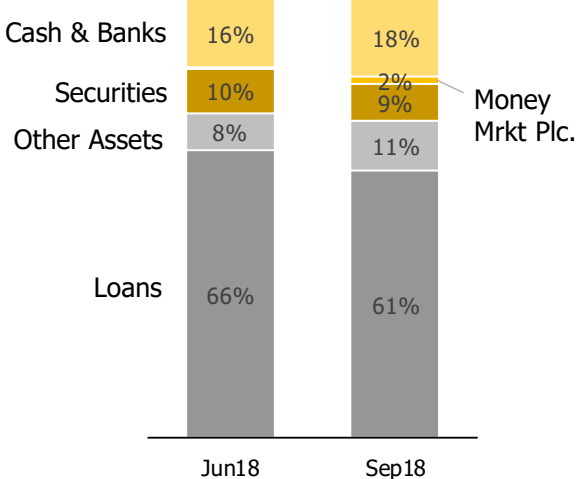
P&L Evolution and Key Ratios

# Evolution of Assets and Liabilities

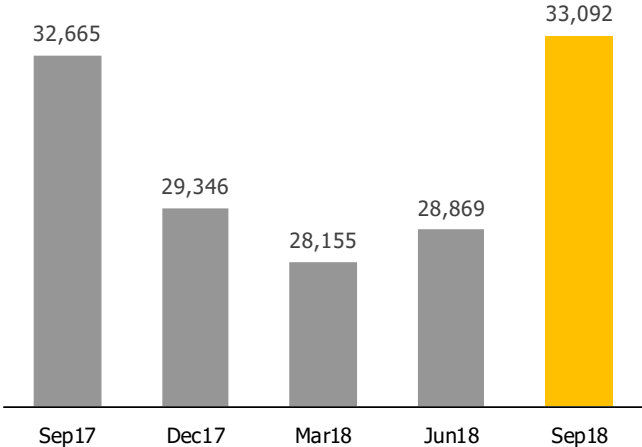
Assets



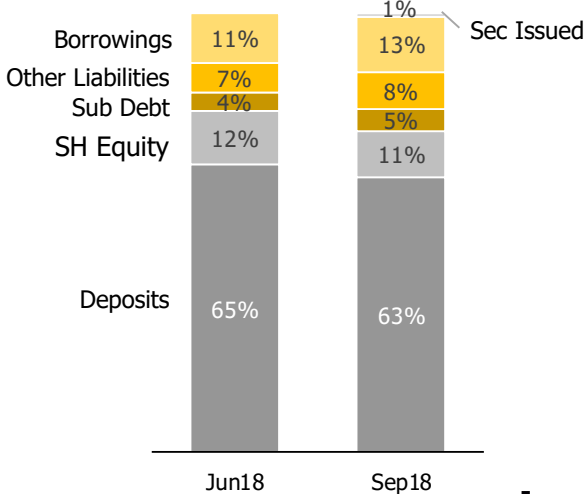
Assets segmentation



Liabilities

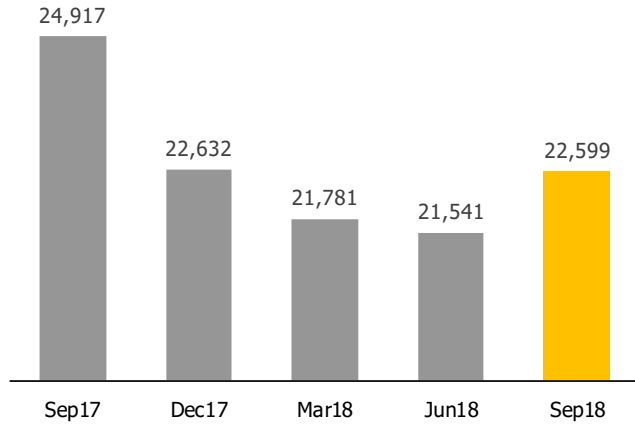


Liabilities & SHE segmentation

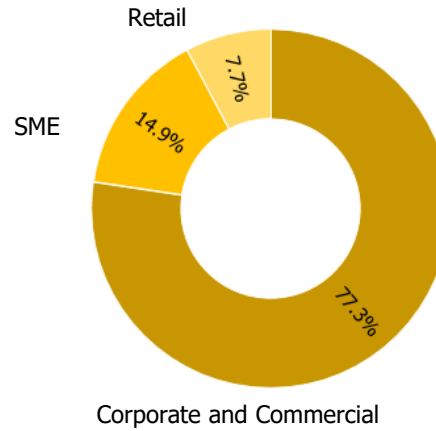


# Composition of Loans and Deposits

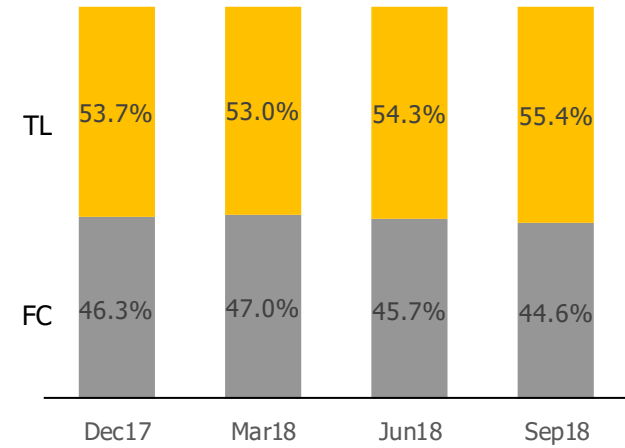
### Net Loans



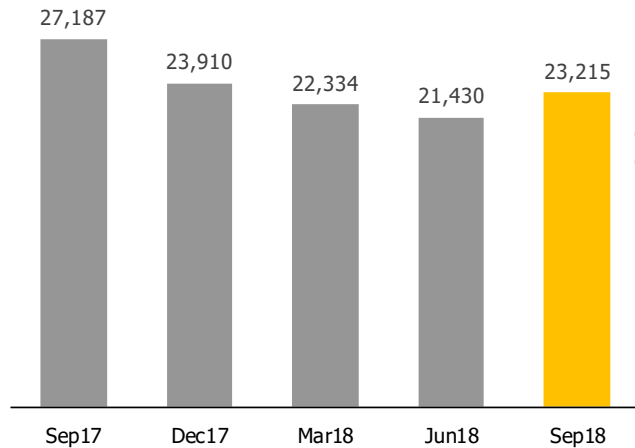
### Performing Loan Breakdown\*



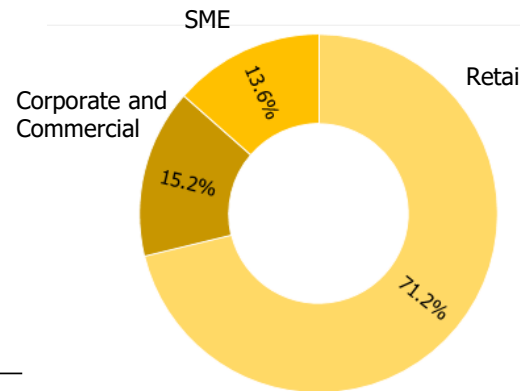
### Loans Currency Breakdown\*\*



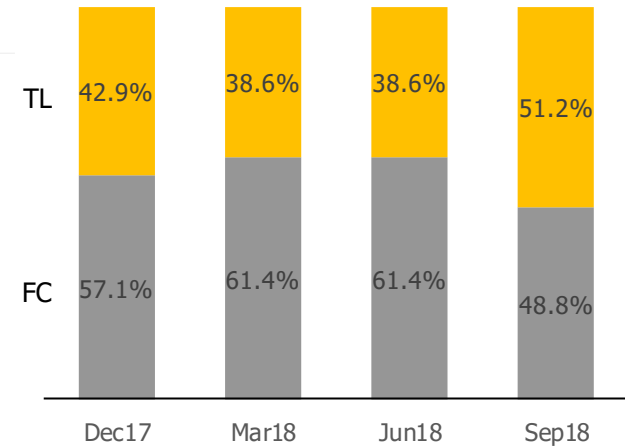
### Total Deposits



### Customer Deposit Breakdown\*



### Deposits Currency Breakdown\*\*\*



\* Based on MIS data

\*\* Gross loans excluding accrued interest based on MIS data and at constant exchange rates

\*\*\* Based on MIS data and at constant exchange rates

# Summary balance sheet

Balance sheet evolution (TL mn)				
	FY2017	Mar2018	Jun2018	Sep2018
<b>Assets</b>				
Cash and balances with Central Banks	3,732	3,802	3,456	4,595
Banks and reverse repo	3,030	2,165	1,709	2,549
Securities	2,485	2,801	3,349	3,164
Net loans & advances to customers	22,632	21,781	21,541	22,599
Property & equipment	104	99	94	89
Intangible fixed assets	90	82	76	68
Tax assets	65	115	146	80
Other assets	968	1,174	2,449	3,888
<b>Total assets</b>	<b>33,104</b>	<b>32,021</b>	<b>32,820</b>	<b>37,031</b>
<b>Liabilities</b>				
Funds borrowed	2,943	3,414	3,690	4,687
Interbank money market	-	1	148	0
Deposits	23,910	22,334	21,430	23,215
Debt issued	-	-	-	257
Subordinated loans & similar debts	1,175	1,205	1,418	1,826
Other liabilities	1,318	1,201	2,182	3,106
<b>Total liabilities</b>	<b>29,346</b>	<b>28,155</b>	<b>28,868</b>	<b>33,092</b>
Shareholders' equity	3,758	3,866	3,952	3,939
<b>Total liabilities and Shareholders' equity</b>	<b>33,104</b>	<b>32,021</b>	<b>32,820</b>	<b>37,031</b>
<b>Structural ratios</b>				
Loans to assets	68.4%	68.0%	65.6%	61.0%
Loans to deposits	94.7%	97.5%	100.5%	97.3%
Deposits to assets	72.2%	69.7%	65.3%	62.7%
NPL ratio	4.7%	4.9%	6.2%	7.6%
<b>CAR</b>	<b>20.3%</b>	<b>20.3%</b>	<b>20.2%</b>	<b>23.4%</b>

# Summary P&L

## P&L evolution (TL mn)

	2017	1Q 2018	2Q 2018	3Q 2018	9M 2018
<b>Key P&amp;L items</b>					
<b>Net interest income</b>	<b>1,359</b>	<b>288</b>	<b>334</b>	<b>283</b>	<b>905</b>
Net fee & commission income	156	33	26	30	89
Net gain or loss on financial operations	-36	-19	26	64	70
<i>Interest on swaps</i>	-225	-16	-12	18	-11
Other Operating Income	14	9	4	10	24
<b>Operating income</b>	<b>1,492</b>	<b>311</b>	<b>390</b>	<b>387</b>	<b>1,088</b>
Operating expenses	-738	-145	-143	-173	-462
<b>Pre-provisioning income</b>	<b>755</b>	<b>166</b>	<b>247</b>	<b>214</b>	<b>627</b>
Loan loss provisions	-353	-68	-134	-214	-417
Profit before tax	401	97	113	0	210
Tax expenses	-81	-22	-25	0	-46
<b>Net income</b>	<b>321</b>	<b>75</b>	<b>88</b>	<b>0</b>	<b>164</b>
<b>Key ratios</b>					
<b>Spread</b>	3.8%	3.5%	4.1%	3.2%	3.4%
+ Non Interest income / average assets	0.4%	0.3%	0.7%	1.2%	0.7%
<b>= Asset Utilization Ratio</b>	4.2%	3.8%	4.8%	4.4%	4.1%
- Cost to average assets	2.1%	1.8%	1.8%	2.0%	1.8%
<b>= Return on operations</b>	2.1%	2.0%	3.0%	2.5%	2.4%
- Provisions to average assets	1.0%	0.8%	1.7%	2.5%	1.6%
= Cost of risk	1.4%	1.2%	2.5%	3.9%	2.5%
x Loans to average assets	68.8%	68.2%	66.8%	63.2%	64.5%
<b>= ROAA before tax</b>	1.1%	1.2%	1.4%	0.0%	0.8%
- Tax cost	0.2%	0.3%	0.3%	0.0%	0.2%
<b>= ROAA</b>	0.9%	0.9%	1.1%	0.0%	0.6%
x Leverage	9.9	8.5	8.3	8.9	9.1
<b>= ROAE</b>	8.9%	7.9%	9.0%	0.0%	5.7%
Cost to income	49.4%	46.7%	36.7%	44.8%	42.4%

---

All rights reserved. This presentation has been prepared by Odea Bank A.Ş. ("**Odea**") and is disclosed to you on a confidential basis and for information purposes only and should not be relied upon as an investment advice. It is intended only for the initial recipient and may not be copied, modified, reproduced, redistributed or disclosed to any third party. It does not constitute and should not be considered as an offer or a recommendation to sell or an invitation to purchase securities or other investment product related to such securities, nor is it intended to serve as a basis for any kind of obligation, contractual or otherwise.

The price, value of and income from any of the securities mentioned in this presentation can fall as well as rise. The value of securities is subject to market conditions, volatility, exchange rate fluctuation and credit quality of any issuer that may have a positive or adverse effect on the price or income of such securities. Any forecasts on the economy, stock market, bond market or the economic trends of the markets are not necessarily a guide to future returns. The recipient should understand that statements regarding future prospects might not be realized and are not a guarantee of future performance and involve risks. Actual results, performance or achievements of Odea may differ materially from those expressed or implied in such forward-looking statements as a result of various factors. Odea does not undertake to update any forward-looking statements made herein. Past results and performance are not indicative and do not constitute a guarantee of future performance. As a result of the preceding, you might lose, as the case may be, the amount originally invested.

Odea and any other group company and/or their officers (including but not limited to their strategists, analysts and sales staff) may have a financial interest in securities of the issuer(s) or related investments, may engage in securities transactions, on a proprietary basis or otherwise, in a manner inconsistent with the view taken in this presentation which may give rise to potential conflicts of interest that may impact the performance of such securities.

Although this presentation and the information and opinions contained herein have been prepared with all reasonable care, based on sources believed in good faith to be reliable, no representation or warranty, expressed or implied, is made by Odea or any of its group companies or any of their directors, shareholders, officers, employees or agents as to their accuracy, completeness or correctness and neither Odea nor any of its group companies accepts any liability for any loss or damage which may arise from the use of this presentation and/or the information and/or opinions contained herein, nor for any decision or investment made on the basis of the foregoing.

All opinions and estimates contained in this document constitute Odea's judgement as of the date of this presentation and are subject to change without any notice. This presentation provides general information only, and is not intended to provide personal investment advice or recommendation and does not take into account the specific investment objectives, financial situation and the particular needs of any specific person who may receive it. Thus, the information contained in this presentation cannot be relied upon as legal, tax or investment advice and shall not be used in substitution for the exercise of independent judgment and each recipient hereof shall be responsible for conducting its own investigation and analysis of the information contained herein and of the risks (including any financial, legal, regulatory, tax or other) and benefits associated in investing in any security and should seek independent professional advice regarding the appropriateness and suitability of such investment. Odea and its group companies do not accept any liability for any direct or consequential loss arising from any use of this presentation or its content.

This presentation is not intended for dissemination, distribution to, or use by, any person or entity in any country or jurisdiction which would subject Odea or any of its group companies to any registration or licensing requirements within these jurisdictions or where it might be considered as unlawful to make such distribution under applicable laws and regulations. Persons who attend any meeting at which this presentation is used or distributed or who otherwise receive this presentation are required to make themselves aware of and adhere to any and all restrictions applicable to them and should not access this presentation if the laws and regulations of their country of citizenship and/or residency or any applicable regulations prohibit it.