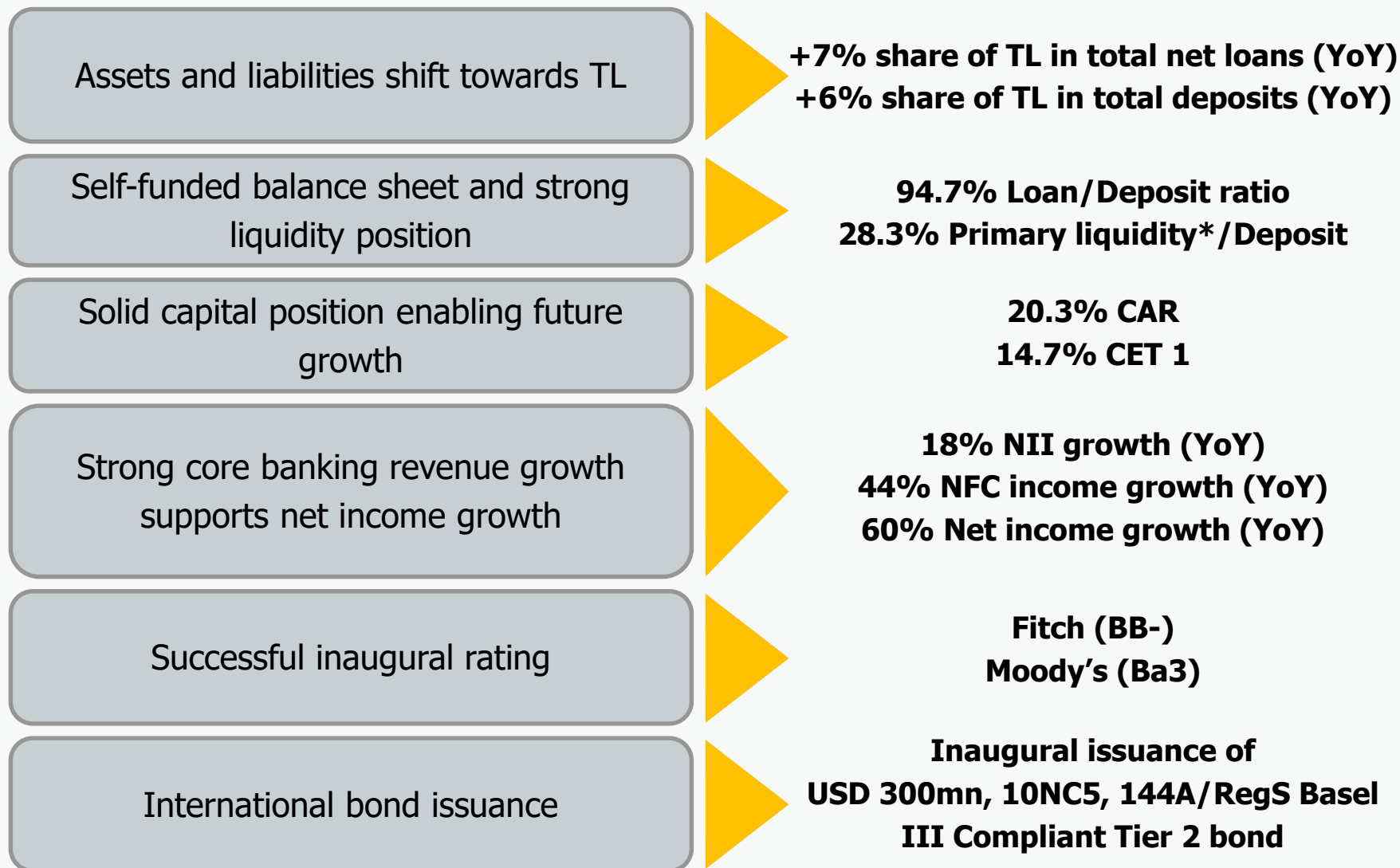




Odeabank
Earnings Presentation
FY 2017

2017 Highlights



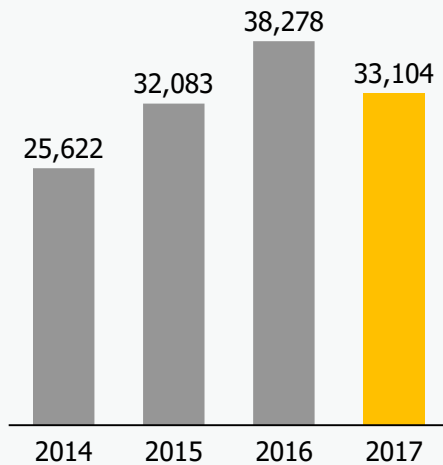
Note: All figures in the presentation are based on BRSA financials

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

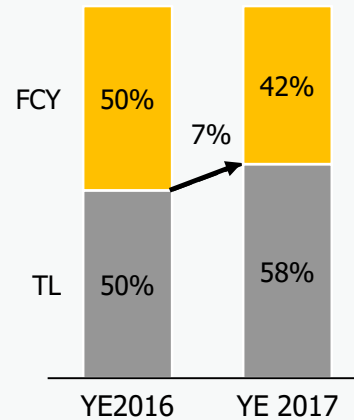
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Odeabank continued rebalancing and consolidation in 2017, shifting asset and liabilities towards TL

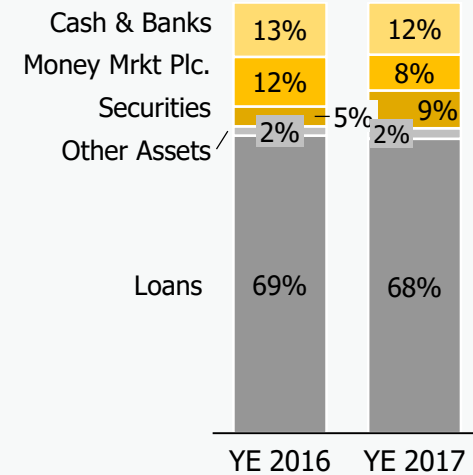
Assets



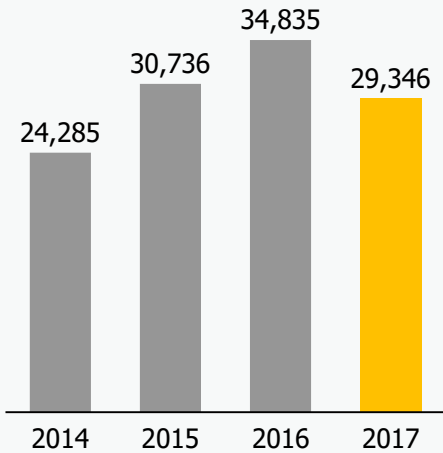
Net loans by currency (%)



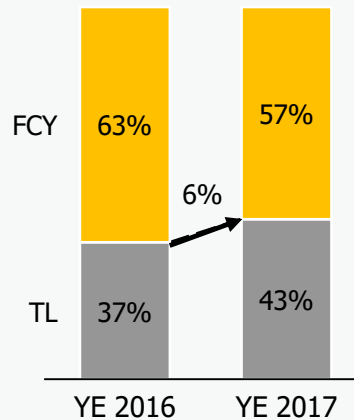
Assets segmentation



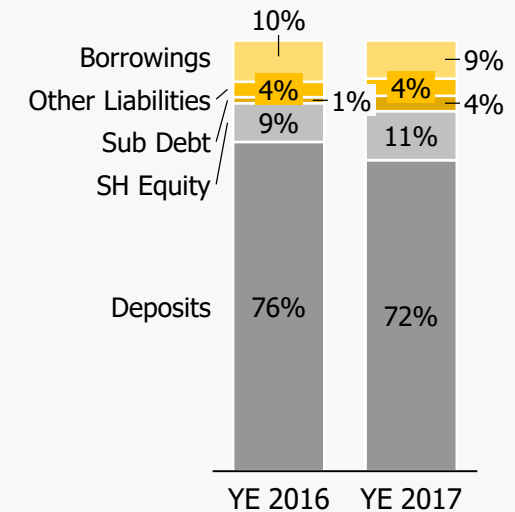
Liabilities



Deposits by currency (%)

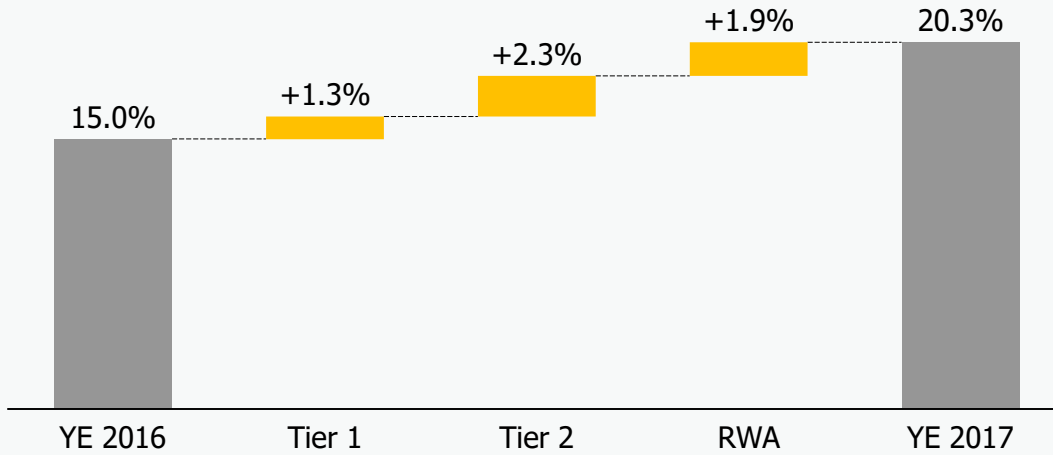


Liabilities & SHE segmentation

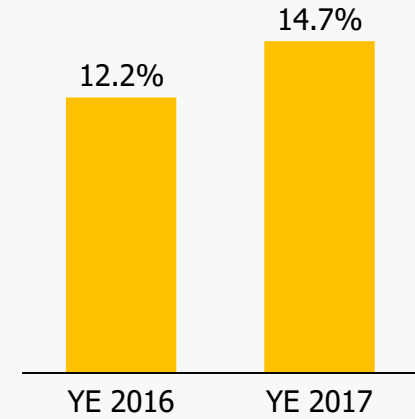


Solid capital position with a liquid and self-funded balance sheet demonstrating one of the lowest L/D ratios in the banking sector

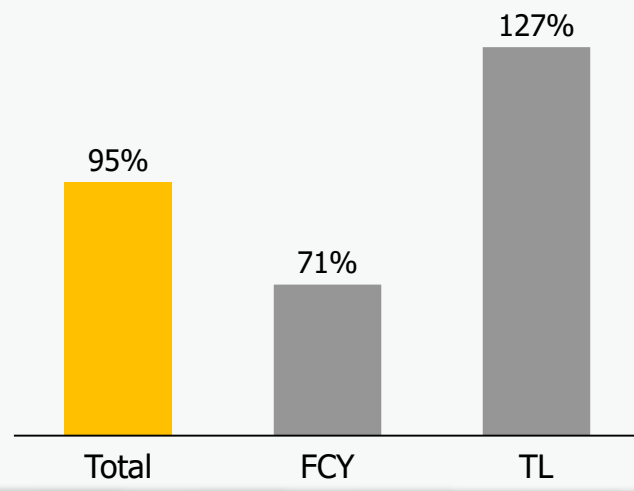
CAR Evolution



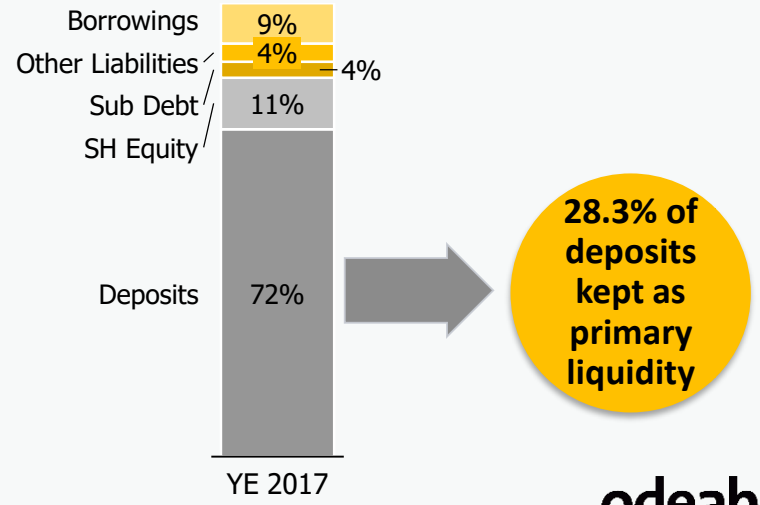
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Loan/Deposit YE 2017



Primary Liquidity*



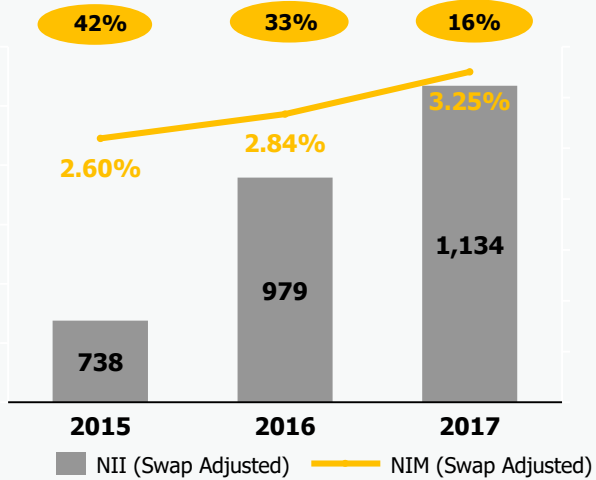
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Notes: Loan/deposit ratio= Net loans/Deposits

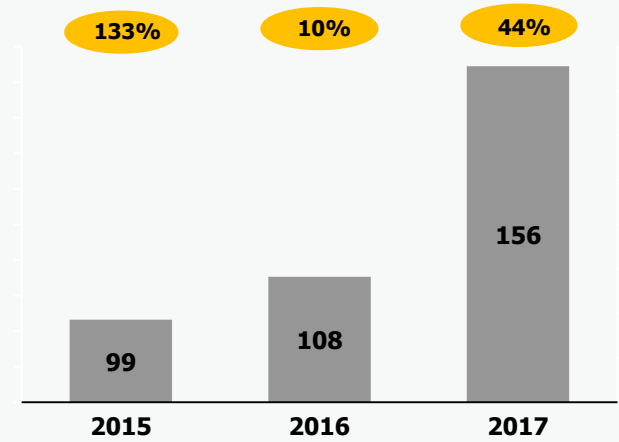
* Primary liquidity= Cash and balances with Central Bank + reverse repo + banks

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

Net Interest Income (TL mn)

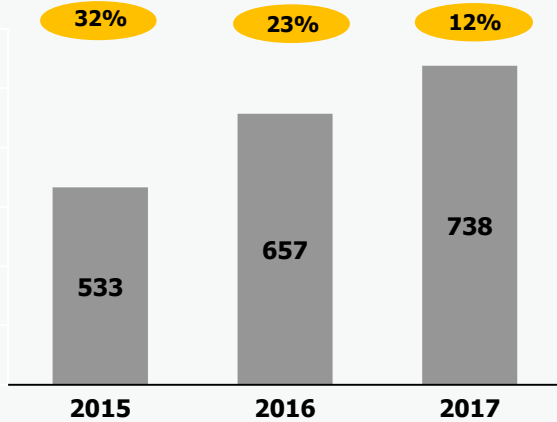


Net Fees and Commissions Income (TL mn)



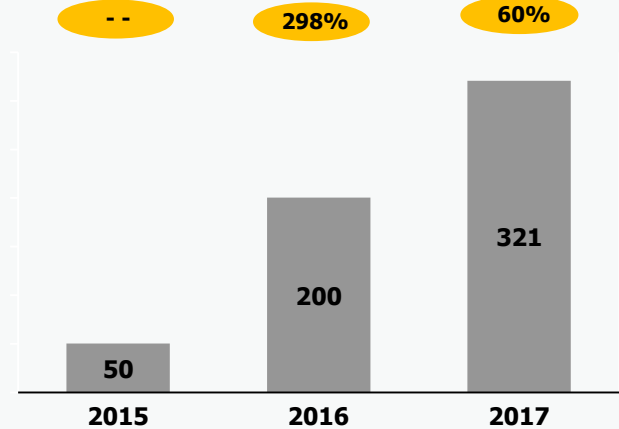
← Change YoY →

OPEX (TL mn)

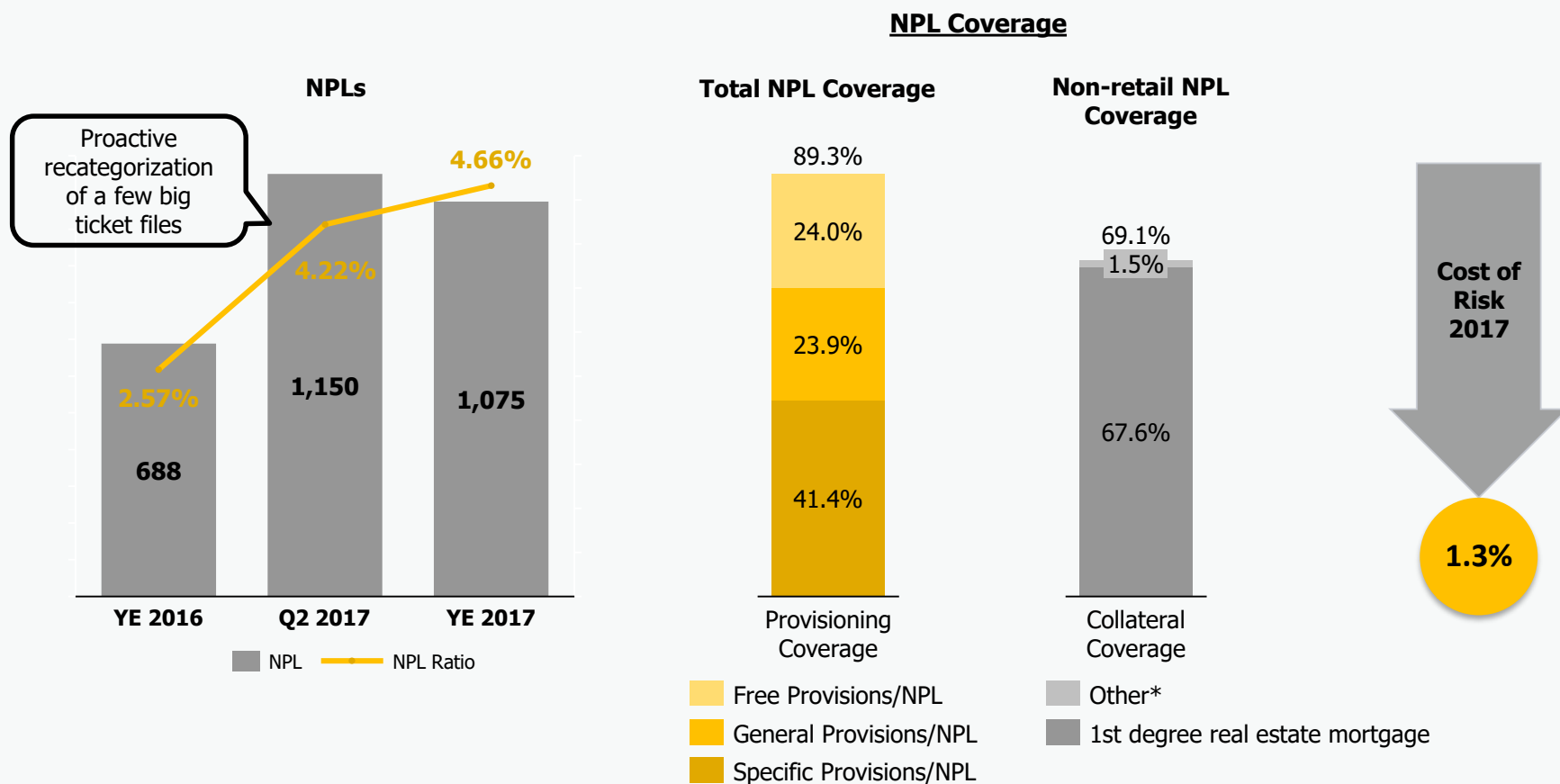


← Change YoY →

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)
Assets					
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%
Total assets	25,622	32,083	38,278	33,104	-14%
Liabilities					
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%
Total liabilities	24,285	30,736	34,835	29,346	-16%
Shareholders' equity	1,337	1,347	3,443	3,758	9%
Total liabilities and Shareholders' equity	25,622	32,083	38,278	33,104	-14%
Structural ratios					
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%	
CAR	13.7%	12.2%	15.0%	20.3%	

Summary P&L

P&L evolution (TLmm)

	2014	2015	2016	2017	Growth ('16-'17)
Key P&L items					
Net interest income	580	976	1,148	1,359	18%
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%
Operating income	590	865	1,452	1,492	3%
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%
Net income	0.3	50	200	321	60%
Key ratios					
Spread	2.8%	3.4%	3.3%	3.8%	
+ Non Interest income / average assets	0.0%	-0.4%	0.9%	0.4%	
= Asset Utilization Ratio	2.8%	3.0%	4.1%	4.2%	
- Cost to average assets	1.9%	1.8%	1.9%	2.1%	
= Return on operations	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%	
= ROAA before tax	0.1%	0.3%	0.8%	1.1%	
- Tax cost	0.1%	0.1%	0.2%	0.2%	
= ROAA	0.00%	0.17%	0.57%	0.90%	
x Leverage	15.64	21.50	14.69	9.91	
= ROAE	0.03%	3.75%	8.36%	8.90%	
Cost to income	68.6%	61.6%	45.2%	49.4%	

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