

## **Turkey: Banks**

**Equity Research** 

## ROE's to increase long term, but not yet; maintain exposure to Akbank and Garanti

#### Turkish bank rally faded quickly

Turkish banks rallied post November elections, but the recovery was short-lived. Banks now trade at 0.8x 2016E book value, suggesting that the market doesn't expect any improvement from the current ROE of c.12%-13%. We disagree on that point, but also acknowledge short-term uncertainties for the sector.

#### We see ROE recovery in the medium term...

We continue to believe that banks will see a longer-term increase in share prices linked to recovery in returns on equity. The key delta in ROE should come from better net interest margins, as banks keep increasing their loan-to-deposit spreads, and lower cost growth, driven by lower fee rebates. Lower general provisions on consumer loans should provide an extra tailwind. We raise our 2016-18E EPS by 2%-6% on average on better net interest income and accounting changes for some banks. Overall, we forecast Turkish banks' ROE to reach c.15% by 2018, with the main improvements coming beyond 2016.

#### ...but 2016 may prove challenging

The key risk we see for 2016 is monetary policy. In light of a potential December rate hike by the US Fed, the CBRT may have to act: Our economists believe the CBRT funding rate will increase to 12% next year, which would put temporary pressure on bank funding costs. Although we expect this pressure to be lower than historically, as banks have been increasing deposit costs in advance, we still foresee NIM contraction of 20 bp in 2016, and banks' 2016 aggregate ROE of just 11% (ex-oneoffs). Longer term, however, higher rates should contribute to better NIMs driven by improving spreads for zero-cost liabilities. If the CBRT does not tighten, we believe risks could be even bigger, causing substantial under-performance in Turkish lira and local equity markets.

#### Prefer Akbank and Garanti

We raise our 12-month price targets by 3%-9%, linked to increases in our estimates and roll-forward of valuations. We continue to prefer banks with strong capital positions and high returns on equity such as Akbank and Garanti.

#### **RATINGS AND 12-MONTH PRICE TARGET CHANGES**

Bank	(TL)	Upside	Rating	Rating new	(old)	(new)	Change	
Akbank	7.08	37%	Buy	Buy	8.90	9.70	9%	
Garanti	7.45	34%	Buy	Buy	9.20	10.00	9%	
Halk	11.30	21%	Neutral	Neutral	12.60	13.70	9%	
Isbank	4.81	21%	Neutral	Neutral	5.30	5.80	9%	
Vakif	4.07	20%	Neutral	Neutral	4.50	4.90	9%	
Yapi	3.46	4%	Sell	Sell	3.50	3.60	3%	

Source: FactSet, Goldman Sachs Global Investment Research.

COVERAGE VIEW: NEUTRAL

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# **Table of Contents**

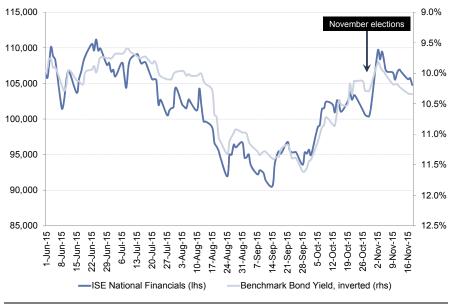
Turkish banks rallied post elections, but this proved short-lived	3
Recovery of returns is needed for further upside, we expect it from 2017	4
2016 may prove challenging, key risk is monetary policy	5
Changes to our numbers	6
We maintain our preference for Akbank and Garanti	7
We raise our 12m price targets by 8% on average. Garanti and Akbank remain top picks	8
Garanti: Summary financials	13
Akbank: Summary financials	14
Halk: Summary financials	15
Vakif: Summary financials	16
Isbank: Summary financials	17
Yapi Kredi: Summary financials	18
Disclosure Appendix	19

Prices in this report are as of the close on November 24, 2015, unless otherwise noted.



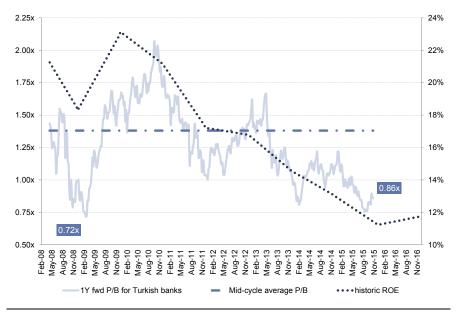
# Turkish banks rallied post elections, but this proved short-lived

Exhibit 1: Both equity and fixed income rallied post November elections ISE National financials vs. benchmark bond yield



Source: Datastream, Goldman Sachs Global Investment Research.

Exhibit 2: Turkish banks now trade largely in line with their 11%-12% ROE 1-year forward PBV and historical ROE on a weekly basis

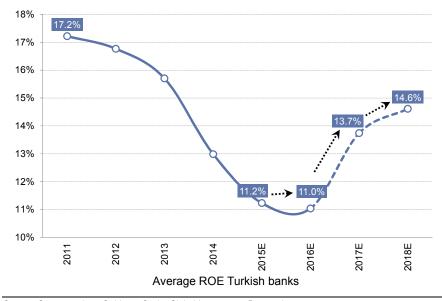


Source: FactSet, Goldman Sachs Global Investment Research.



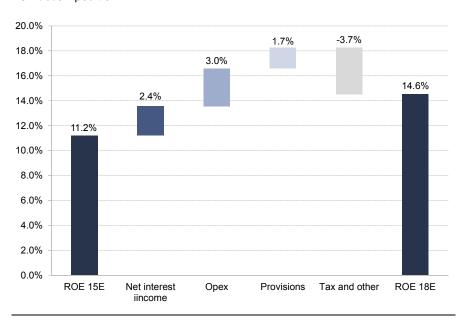
# Recovery of returns is needed for further upside, we expect it from 2017

Exhibit 3: Further upside to be driven by ROE recovery...
ROE dynamics (ex one-offs)



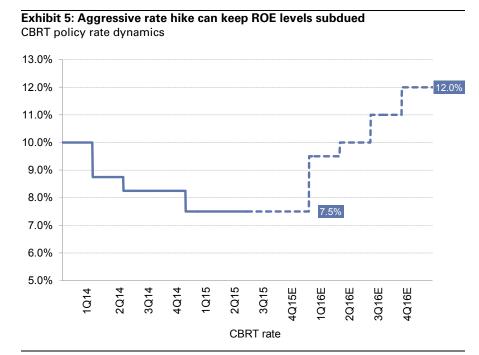
Source: Company data, Goldman Sachs Global Investment Research.

Exhibit 4: ...which we expect from 2017 ROE decomposition



Source: Company data, Goldman Sachs Global Investment Research.

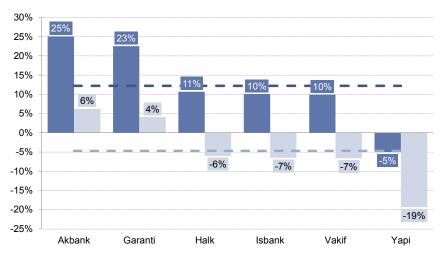
# 2016 may prove challenging, key risk is monetary policy



Source: CBRT, Goldman Sachs Global Investment Research.

### Exhibit 6: 12m PT's adjusted for the TL devaluation

Upsides to our 12m PTs for Turkish banks adjusted for forecasted TL depreciation



Turkish banks' upsides, adjusted for TL devaluation on 1Y horizon

BBG consensus (USDTRY = 3.1)

GS forecast (USDTRY = 3.65)

Source: Bloomberg, Goldman Sachs Global Investment Research



November 25, 2015 Turkey: Banks

# **Changes to our numbers**

Exhibit 7: We increase NII to account for more aggressive repricing from banks. We cut provisions on lower general component (no impact of credit cards/consumer loan regulation from 2016) and decrease our opex forecast on lower fee rebate estimates

Summary of aggregate changes to our numbers

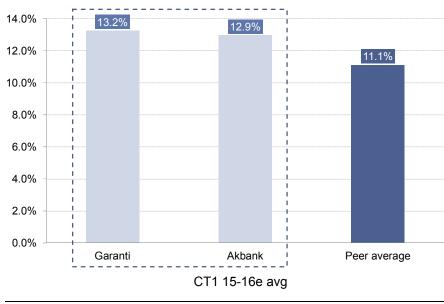
		Old est	imates			New es	timates			Change (	absolute	e)		Chang	ge (%)	
Aggregate (TL mn)	2015E	2016E	2017E	2018E	2015E	2016E	2017E	2018E	2015E	2016E	2017E	2018E	2015E	2016E	2017E	2018E
NII	42,927	48,428	58,083	67,991	43,824	48,974	59,535	69,628	897	546	1,452	1,638	2%	1%	3%	2%
Fees	12,356	14,347	16,036	17,413	12,316	14,097	15,815	17,176	-39	-250	-221	-236	0%	-2%	-1%	-1%
Trading / other	4,600	3,688	1,700	954	3,755	3,927	1,447	108	-845	239	-253	-846	-18%	6%	-15%	-89%
Revenues	59,883	66,463	75,819	86,358	59,896	66,998	76,798	86,913	13	535	979	555	0%	1%	1%	1%
Expenses	-28,396	-30,398	-32,592	-35,538	-28,184	-30,183	-32,628	-35,725	212	214	-36	-187	-1%	-1%	0%	1%
GOP	31,487	36,065	43,227	50,820	31,711	36,815	44,169	51,188	224	749	942	368	1%	2%	2%	1%
Provisions	-13,013	-14,330	-14,204	-15,179	-12,399	-13,862	-13,937	-14,936	613	468	268	243	-5%	-3%	-2%	-2%
Profit before tax	18,475	21,735	29,023	35,641	19,312	22,952	30,233	36,252	837	1,218	1,210	611	5%	6%	4%	2%
Tax	-3,917	-4,583	-6,128	-7,532	-4,117	-4,838	-6,383	-7,661	-201	-255	-255	-130	5%	6%	4%	2%
Net profit	14,558	17,152	22,895	28,109	15,195	18,114	23,850	28,590	637	963	955	481	4%	6%	4%	2%
Returns																
ROAE	10.8%	11.5%	13.7%	14.9%	11.2%	11.7%	13.7%	14.6%	0.4pp	0.2pp	0.0pp	-0.3pp				
ROAA	1.14%	1.17%	1.39%	1.55%	1.17%	1.17%	1.36%	1.47%	0.0pp	0.0pp	0.0pp	-0.1pp				

Source: Goldman Sachs Global Investment Research.

# We maintain our preference for Akbank and Garanti

# Exhibit 8: Akbank and Garanti are our top picks in Turkey, as they have the highest expected capital buffers...

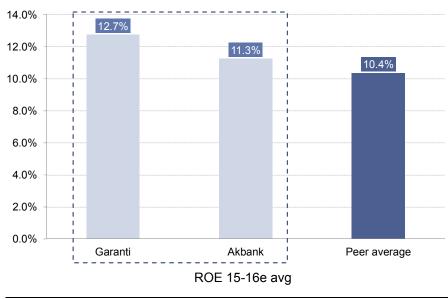
Turkish banks average 2015-16E CT1 ratio



Source: Goldman Sachs Global Investment Research.

### Exhibit 9: ...and ROEs

Turkish banks average 2015-16E ROE (ex one-offs)



Source: Goldman Sachs Global Investment Research.

# We raise our 12m price targets by 8% on average. Garanti and Akbank remain top picks

Exhibit 10: We raise PTs on higher EPS and roll-forward of our valuations Summary of 12-month price target changes and changes to our EPS

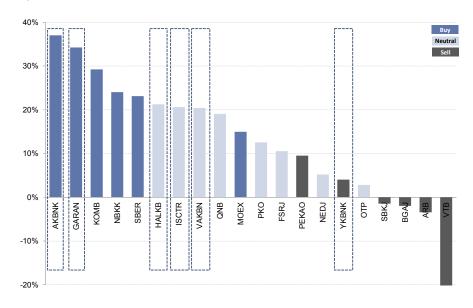
Bank	Price (TL)	Upside	Rating old	Rating new	PT (old)	PT (new)	Change
A11 1		270/					00/
Akbank	7.08	37%	Buy	Buy	8.90	9.70	9%
Garanti	7.45	34%	Buy	Buy	9.20	10.00	9%
Halk	11.30	21%	Neutral	Neutral	12.60	13.70	9%
Isbank	4.81	21%	Neutral	Neutral	5.30	5.80	9%
Vakif	4.07	20%	Neutral	Neutral	4.50	4.90	9%
Yapi	3.46	4%	Sell	Sell	3.50	3.60	3%

	Halk	Vakif	Garanti	Akbank	Yapi	Isbank	Avg
2015E EPS (Old)	1.77	0.71	0.78	0.66	0.40	0.64	
2015E EPS (New)	1.88	0.73	0.84	0.71	0.42	0.63	
Change	6%	3%	8%	7%	4%	-2%	4%
2016E EPS (Old)	2.21	0.66	0.93	0.77	0.54	0.75	
2016E EPS (New)	2.35	0.69	0.97	0.80	0.59	0.80	
Change	6%	4%	5%	3%	9%	7%	6%
2017E EPS (Old)	2.30	0.97	1.21	1.12	0.83	0.99	
2017E EPS (New)	2.38	1.02	1.29	1.16	0.84	1.03	
Change	3%	5%	7%	3%	1%	5%	4%
2018E EPS (Old)	2.82	1.28	1.45	1.41	1.01	1.17	
2018E EPS (New)	2.94	1.29	1.48	1.43	1.02	1.18	
Change	4%	1%	2%	2%	1%	1%	2%
Average for banks	5%	4%	5%	4%	4%	3%	

Source: FactSet, Goldman Sachs Global Investment Research.

Ex one-offs.

**Exhibit 11: We maintain our ratings. Garanti and Akbank remain top picks** Upside distribution



Source: FactSet, Goldman Sachs Global Investment Research.

## Exhibit 12: Valuation methodologies and risks to our views and price targets

Bank	Methodology	Risks
Halk	Capital-adj ROE/COE	Upside: (1) stronger than expected NIM (2) better asset quality (3) higher than expected gains from sale of pension / insurance arms.  Downside: (1) weaker margins driven by competitive pressures (2) weaker than expected fee income (3) loan quality deterioration (4) low / no gains from sale of subsidiaries, (3) adverse effect of regulation
Garanti  Capital-adj ROE/COE  Downside: (1) intensifying competition for TL deposits / NIM pressures and more prolonged loan-than expected loan growth, (3) additional overheads on regulatory changes		Downside: (1) intensifying competition for TL deposits / NIM pressures and more prolonged loan-deposit pricing mismatch (2) slower than expected loan growth, (3) additional overheads on regulatory changes
Vakif	Capital-adj ROE/COE	Upside: (1) stronger than expected fee income generation (2) better execution on opex (3) better NIM, (4) positive regulatory changes. Downside: (1) worse than expected NIM affected by competitive pressure (2) weaker credit quality (3) higher than expected opex (4) overhang pressure from potential privatization, (5) adverse effect of regulation
Yapi	Capital-adj ROE/COE	Upside: (1) faster than expected loan growth (2) more stable cost of funds on the back of funding mix enhancement (3) better than expected opex execution (4) better loan quality, (4) positive regulatory changes
Isbank	Capital-adj ROE/COE	Upside: (1) better than expected NIM preservation (2) troubled loans recoveries ahead of our forecast, (3) positive regulatory changes. Downside: (1) slower then expected loan growth (2) greater external pressures on the funding side, (3) adverse effect of regulation.
Akbank	Capital-adj ROE/COE	Downside: (1) weaker than expected loan growth (2) worse than expected execution on NIM / fee generation (3) deterioration of the asset quality, (4) adverse effect of regulation

Source: Goldman Sachs Global Investment Research.

Turkey: Banks November 25, 2015

Exhibit 13: Our 12-month price target for Garanti is TL10.0

Valuation methodology and price target summary

GARANTI:	Capital adju	usted ROE/COE	valuation
2018 Core Tier 1 ratio	%	14.0%	
Core Tier 1 target	%	12.0%	
2018 excess capital per share	TL	1.47	
2018 ROE	%	17.8%	adjusted for excess capital
2018 BVPS	TL	8.91	excluding excess capital
COE	%	14.5%	
Assumed growth rate	%	4.6%	
Target P/B multiple	x	1.3x	
Implied value BVPS (2018)	TL	11.86	
Implied value + excess capital	TL	13.33	2018 per share
Time adjustment factor	x	2.1x	
Price target	TL	10.00	12-month horizon
Stock price, November 24, 2015	TL	7.45	
Upside to PT	%	34%	

Source: Company data, FactSet, Goldman Sachs Global Investment Research.

# Exhibit 14: Our 12-month price target for Akbank is TL9.7 Valuation methodology and price target summary

AKBANK: C	apital adj	usted ROE/COE	valuation
2018 Core Tier 1 ratio	%	13.8%	
Core Tier 1 target	%	12.0%	
2018 excess capital per share	TL	1.31	
2018 ROE	%	18.4%	adjusted for excess capital
2018 BVPS	TL	8.38	excluding excess capital
COE	%	14.5%	
Assumed growth rate	%	4.6%	
Target P/B multiple	x	1.4x	
Implied value BVPS (2018)	TL	11.68	
Implied value + excess capital	TL	12.98	2018 per share
Time adjustment factor	x	2.1x	
Price target	TL	9.70	12-month horizon
Stock price, November 24, 2015	TL	7.08	
Upside to PT	%	37%	

Source: Company data, FactSet, Goldman Sachs Global Investment Research.

Turkey: Banks November 25, 2015

## Exhibit 15: Our 12-month price target for Halk is TL13.7

Valuation methodology and price target summary

HALK: Ca <sub>l</sub>	oital adju	sted ROE/COE v	aluation
2018 Core Tier 1 ratio	%	12.0%	
Core Tier 1 target	%	12.0%	
2018 excess capital per share	TL	0.08	
2018 ROE	%	14.6%	adjusted for excess capital
2018 BVPS	TL	21.32	excluding excess capital
COE	%	16.0%	
Assumed growth rate	%	4.6%	
Target P/B multiple	X	0.9x	
Implied value BVPS (2018)	TL	18.72	
Implied value + excess capital	TL	18.80	2018 per share
Time adjustment factor	X	2.1x	
Price target	TL	13.70	12-month horizon
Stock price, November 24, 2015	TL	11.30	
Upside to PT	%	21%	

Source: Company data, FactSet, Goldman Sachs Global Investment Research.

# Exhibit 16: Our 12-month price target for Vakifbank is TL4.9 Valuation methodology and price target summary

VAKIF: Ca	pital adju	sted ROE/COE v	valuation valuation
2018 Core Tier 1 ratio	%	10.9%	
Core Tier 1 target	%	12.0%	
2018 excess capital per share	TL	-1.02	
2018 ROE	%	12.7%	adjusted for excess capital
2018 BVPS	TL	10.80	excluding excess capital
COE	%	16.0%	
Assumed growth rate	%	4.6%	
Target P/B multiple	x	0.7x	
Implied value BVPS (2018)	TL	7.69	
Implied value + excess capital	TL	6.67	2018 per share
Time adjustment factor	х	2.1x	
Price target	TL	4.90	12-month horizon
Stock price, November 24, 2015	TL	4.07	
Upside to PT	%	20%	

Source: Company data, FactSet, Goldman Sachs Global Investment Research.

Turkey: Banks November 25, 2015

Exhibit 17: Our 12-month price target for Isbank is TL5.8

Valuation methodology and price target summary

ISBANK: Ca	pital adjusted	I ROE/COE val	uation
2018 Core tier 1 ratio	%	11.8%	
Core tier 1 target	%	12.0%	
2018 excess capital per share	TL	-0.12	
2018 ROE	%	13.5%	adjusted for excess capital
2018 BVPS	TL	9.24	excluding excess capital
COE	%	15.0%	
Assumed growth rate	%	4.6%	
Target P/B multiple	x	0.9x	
Fair value BVPS (2018)	TL	7.89	
Fair value + excess capital	TL	7.77	2018 per share
Time adjustment factor	x	2.1x	
Price target	TL	5.80	12-month horizon
Stock price, November 24, 2015	TL	4.81	
Upside to PT	%	21%	

Source: Company data, FactSet, Goldman Sachs Global Investment Research.

# Exhibit 18: Our 12-month price target for Yapi is TL3.6 Valuation methodology and price target summary

Upside to PT	%	4%	
Stock price, November 24, 2015	TL	3.46	
Price target	TL	3.60	12-month horizon
Time adjustment factor	x	2.1x	
Fair value + excess capital	TL	4.84	2018 per share
Fair value BVPS (2018)	TL	6.22	
Target P/B multiple	x	0.7x	
Assumed growth rate	%	4.6%	
COE	%	15.5%	
2018 BVPS	TL	8.76	excluding excess capital
2018 ROE	%	12.3%	adjusted for excess capital
2018 excess capital per share	TL	-1.39	
Core tier 1 target	%	12.0%	
2018 Core tier 1 ratio	%	10.0%	
YAPI KREDI:	Capital adjust	ed ROE/COE	valuation

Source: Company data, FactSet, Goldman Sachs Global Investment Research.



# **Garanti: Summary financials**

### **Exhibit 19: Garanti financial forecasts**

Profit and Loss Statement, TL mn					2017E		2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*	Assets	2013	2014			2017E	2018E	2019E	12/11	13/12	14/13	15/14E	16/15E	17/16E		19/18E	CAGF
NII			. ,	9,979	11,944			11%	17%	23%	9%	20%	14%	11%	13%	Cash & cash equivalents			32,735				43,100	95%	40%	11%	31%	6%	7%	7%	8%	7%
Fees				3,309	3,673		4,205	30%	13%	0%	12%	11%	7%	7%	9%	Interbank and other lending	9,941	8,520	12,544		12,544	12,544	12,544	-46%	28%	-14%	47%	0%	0%	0%	0%	0%
Trading income, dividends			-871	-685	-1,093	, .		-40%	-152%	353%	-21%	60%	30%	6%	15%	Net customer loans and advances		134,058		193,942		,	, .	10%	29%	13%	23%	17%	8%	7%	9%	10%
Other operating income			1,186	957	1,049		1,304	53%	6%	146%	-19%	10%	12%	11%	2%	Securities	37,416			48,197				9%	-3%	15%	-7%	21%	30%	25%	18%	23%
Revenues						17,291		13%	9%	16%	9%	15%	11%	10%	11%	Interest earning assets	,	,	217,787		. ,	,	,	3%	20%	12%	17%	17%	12%	11%	10%	12%
Staff expenses				-2,415	-2,648	,		11%	16%	13%	11%	10%	10%	10%	10%	Other assets	8,339	8,317			13,190	13,726	14,283	22%	37%	0%	46%	4%	4%	4%	4%	4%
Other operating expenses	-2,540 -2				-3,814			25%	10%	28%	1%	6%	8%	9%	6%	Total assets	196,896	218,919	262,702	302,108	335,339	368,873	405,761	9%	23%	11%	20%	15%	11%	10%	10%	11%
Total operating expenses	-4,206 -4			-6,023			,	19%	12%	22%	5%	7%	9%	9%	8%																	
Gross operating profit	.,	,		7,536	9,110		11,352	10%	7%	11%	13%	21%	13%	11%	14%	Liabilities & Shareholders' equity	2013	2014			2017E	2018E	2019E	12/11	13/12	14/13	15/14E	16/15E	17/16E		19/18E	CAGF
Credit costs				-2,370	-2,262			38%	11%	16%	13%	-5%	6%	10%	6%	Interbank deposits	14,584	11,386	9,445	11,049	19,163	26,880	31,952	23%	8%	-22%	-17%	17%	73%	40%	19%	36%
Net operating profit		,162		5,166	6,848		8,718	1%	5%	10%	13%	33%	15%	11%	18%	Customer deposits		120,308	153,863				228,866	3%	22%	13%	28%	17%	8%	7%	9%	10%
Other income/losses	0	0	0	0	0	0	0		-	-	-	-	-	-	-	Debt securities in issue	10,380	13,352	15,192	15,809	16,451	17,119	17,814	58%	77%	29%	14%	4%	4%	4%	4%	4%
PBT	3,966 4	,162	4,565	5,166	6,848	7,849	8,718	1%	5%	10%	13%	33%	15%	11%	18%	Other borrowed funds	29,478	32,323	34,218	39,589	44,106	48,661	53,675	6%	36%	10%	6%	16%	11%	10%	10%	12%
Tax		-962 -	1,025	-1,085	-1,438		-1,831	11%	2%	7%	6%	33%	15%	11%	16%	Subordinated debt	147	141	168	168	168	168	168	-89%	26%	-5%	19%	0%	0%	0%	0%	0%
Net profit	3,020 3	3,200	3,540	4,081	5,410	6,201	6,887	-2%	6%	11%	15%	33%	15%	11%	18%	Interest bearing liabilities	161,064	177,510	212,886	246,890	274,661	302,174	332,475	6%	25%	10%	20%	16%	11%	10%	10%	12%
Dividends to preferred shares	0	0	0	0	0	0	0	-	-	-	-	-	-	-	-	Other liabilities	13,247	15,407			22,229	23,131	24,070	24%	29%	16%	33%	4%	4%	4%	4%	4%
Minorities	0	0	0	0	0	0	0	-	-	-	-	-	-	-	-	Total shareholders' equity	22,585	26,001	29,288	33,856	38,449	43,568	49,215	21%	6%	15%	13%	16%	14%	13%	13%	14%
Net profit to common shareholders	3,020 3	3,200	3,540	4,081	5,410	6,201	6,887	-2%	6%	11%	15%	33%	15%	11%	18%	Total liabilities and equity	196,896	218,919	262,702	302,108	335,339	368,873	405,761	9%	23%	11%	20%	15%	11%	10%	10%	11%
Per share data	2013	2014 2	2015E	2016E	2017E	2018E	2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*	Asset quality	2013	2014	2015E	2016E	2017E	2018E	2019E	12/11	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGF
Number of shares (mn), eop	4,200 4	,200	4,200	4,200	4,200	4,200	4,200	-	-	-	-	-	-	-	0%	Gross NPLs	2,538	3,301	3,938	4,748	5,645	6,609	7,649	38%	20%	30%	19%	21%	19%	17%	16%	18%
ordinary shares	4,200 4	,200	4,200	4,200	4,200	4,200	4,200	0%	0%	0%	0%	0%	0%	0%	0%	Total loan loss provisions	2,056	2,674	3,190	4,013	4,884	5,751	6,622	37%	20%	30%	19%	26%	22%	18%	15%	20%
Stated EPS	0.72	0.76	0.84	0.97	1.29	1.48	1.64	-2%	6%	11%	15%	33%	15%	11%	18%	Gross NPLs / Ioans	2.10%	2.41%	2.34%	2.40%	2.63%	2.86%	3.05%	46bps	-16bps	31bps	-8bps	6bps	23bps	24bps	19bps	-
GS EPS	0.72	0.76	0.84	0.97	1.29	1.48	1.64	-2%	6%	11%	15%	33%	15%	11%	18%	Coverage ratio	81%	81%	81%	85%	87%	87%	87%	-1 pp	0 pp	0 pp	0 pp	4 pp	2 pp	0 pp	0 pp	_
DPS	0.10	0.14	0.17	0.19	0.26	0.30	0.33	-29%	33%	25%	15%	33%	15%	11%	18%	-																
BVPS	5.4	6.2	7.0	8.1	9.2	10.4	11.7	6%	15%	13%	16%	14%	13%	13%	14%	Capital and key ratios	2013	2014	2015E	2016E	2017E	2018E	2019E	12/11	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGE
TBVPS	5.4	6.1	6.9	8.0	9.1	10.3	11.7	6%	15%	13%	16%	14%	13%	13%	14%	RWA	165.639	184.673	223,395	256,904	285.164	313.680	345.048	4%	38%	11%	21%	15%	11%	10%	10%	11%
																Tier 1 Capital	21.813	26.168	29,429		38.590	43 709	49.356	14%	11%	20%	12%	16%	14%	13%	13%	14%
Valuation	2013	2014 2	015F	2016F	2017E	2018F	2019F	13/12	14/13	15/14F	16/15F	17/16E	18/17F	19/18E	CAGR*	Total capital	23.883	28.117	32.319		42.458	47.932	54.015	12%	9%	18%	15%	16%	13%	13%	13%	14%
P/E			9.5x	8.2x	6.2x	5.4x	4 9x	2%	-6%	-10%	-13%	-25%	-13%	-10%	-15%	Shareholders' funds	22 585	26.001	29 288		38 449	43 568	49 215	21%	6%	15%	13%	16%	14%	13%	13%	14%
GS P/E		10.5x	9.5x	8.2x	6.2x	5.4x	4.9x	2%	-6%	-10%	-13%	-25%	-13%	-10%	-15%	Tier 1 Ratio	13.2%	14.2%	13.2%	13.2%	13.5%	13.9%	14.3%	145bps	-328bps	100bps	-100bps	6bps	30bps	40bps	37bps	
P/BV			1.1x	1.0x	0.2x	0.8x	0.7x	-6%	-13%	-11%	-13%	-12%	-12%	-11%	-12%	Total capital ratio	14.4%	15.2%	14.5%	14.6%	14.9%	15.3%	15.7%	131bps		81bps	-76bps	14bps	29bps		37bps	
P/TBV			1.2x	1.0x	0.9x	0.8x	0.7x	-6%	-13%	-11%	-14%	-12%	-12%	-12%	-12%	TE / TA	11.4%	11.8%	11.1%	11.2%	11.4%	11.8%	12.1%	0 bps	0 bps	0 bps	0 bps	0 bps	0 bps	0 bps	0 bps	
Dividend yield				2.4%	3.2%	3.7%	4.1%	-29%	33%	25%	15%	33%	15%	11%	18%	Leverage (TA / TE)	9x	8x	9x	9x	9x	8x	8x	-0.8x	1.2x	-0.3x	0.5x	-0.1x	-0.2x	-0.3x	-0.2x	
Dividend yield	1.570	1.7 70	2.170	2.470	3.2 /0	3.770	4.170	-2070	3370	2570	1370	3370	1370	1170	1070	Levelage (IA7 IL)	JA.	0.0	JA.	34	JA.	UA	UX.	-0.0X	1.24	-U.JA	0.04	-U. IX	-0.2X	-U.JX	-U.ZX	
Key operational ratios	2013	2014 2	015F	2016F	2017E	2019E	2019F	13/12	14/13	15/14F	16/15E	17/16E	18/17F	19/18F	CAGR*	Product penetration	2013	2014	201EE	2016E	2017F	2019E	2010E	12/11	13/12	14/13	15/14F	16/15F	17/16F	18/17F	10/19E	CAGE
				3.69%	3.95%	4 08%	4.08%	-18bp	4bp	21bp	-30bp	26hp	13bp	1bp		Customer loans / deposits	1.11x	1.11x	1.07x	1.07x	1.07x	1.07x	1.06x	6%	6%	0%	-4%	0%	0%	0%	-1%	0%
NII / avg interest earning assets Fee / gross loans				1.84%	1.84%		1.82%	-180p 17bp	-13bp	-40bp	-300p -13bp				_	Customer loans / deposits Customer loans / total assets	0.60x	0.61x	0.63x	0.64x	0.62x	0.61x	0.60x	0%	5%	2%	-4% 3%	2%	-3%	-3%	-1%	-1%
			46%	44%	1.84%	41%						0bp	-1bp	-1bp																		
Cost / Income					41%	-1170	40%	2 pp	1 pp	2 pp	-2 pp	-3 pp	-1 pp	0 pp	-	Loans per employee	6.4	7.0	8.4	9.7	10.4	11.1	12.0	7%	21%	9%	20%	15%	8%	7%	8%	9%
Credit costs / avg gross loans				125bp	107bp		109bp	26bp	-19bp	3bp	-6bp	-18bp	-1bp	2bp	-	Deposits per employee	5.8	6.3	7.8	9.0	9.7	10.4	11.3	1%	14%	9%	24%	15%	7%	7%	9%	9%
Effective tax rate	23.8% 2	3.1% 2	22.5%	21.0%	21.0%	21.0%	21.0%	2 pp	-1 pp	-1 pp	-1 pp	0 pp	0 pp	0 pp	-		0010		00155	00105	00.185	00105	00105	10111	10/10	11110	484445	10115	484405	101195	101105	010
	2010			00100	00155	0010	00100	10110			10115	4844.08	101197	10110=	0100	Gross loans	2013	2014			2017E	2018E	2019E	12/11	13/12	14/13	15/14E		17/16E		19/18E	CAGF
Key profitability ratios			2015E		2017E		2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E		Corporate and government	63,215	72,747			120,645			3%	34%	15%	31%	17%	8%	7%	8%	10%
GS RoAE				12.8%	15.0%		14.9%	-2 pp	-1 pp	0 pp	0 pp	2 pp	0 pp	0 pp	-	Retail	54,974	60,684			88,387		102,787	17%	25%	10%	15%	17%	8%	7%	8%	10%
GS ROA				1.43%	1.70%			-32bp	-15bp	-9bp	-3bp	27bp	7bp	2bp	-	Total		,	. ,	,	209,032	224,105		9%	29%	13%	23%	17%	8%	7%	8%	10%
GS RoRWA	2.16% 1	.83%	1.71%	1.68%	2.00%	2.08%	2.10%	-46bp	-33bp	-13bp	-3bp	32bp	8bp	2bp	-	Corporate and government, % of total	53%	55%	58%	58%	58%	58%	58%	-331bps	173bps	103bps	320bps	0bps	0bps	0bps	0bps	-
																Retail and SME, % of total	47%	45%	42%	42%	42%	42%	42%	-	-	-	-	-	-	-	-	-
Distribution network		-01.4		2016E	2017E		2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E		inc. mortgages, % of total	12%	12%	12%	13%	13%	14%	14%	63bps	-3bps	0bps	-9bps	51bps	51bps	51bps	51bps	-
Number of employees	18,341 1	9,023 1	9,602	19,972	20,092	20,212	20,332	7%	4%	3%	2%	1%	1%	1%	1%																	
Number of branches	998 1	,002	1,012	1,032	1,052	1,072	1,092	7%	0%	1%	2%	2%	2%	2%	2%	Funding structure	2013	2014	2015E	2016E	2017E	2018E	2019E	12/11	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAG
Employee / branch	18	19	19	19	19	19	19	0%	3%	2%	0%	-1%	-1%	-1%	-1%	Interbank deposits	9%	6%	4%	4%	7%	9%	10%	1 pp	-1 pp	-3 pp	-2 pp	0 pp	3 рр	2 pp	1 pp	_
Avg. staff cost, thousand TL	91	101	111	121	132	144	157	4%	12%	9%	9%	9%	9%	9%	9%	Customer deposits	66%	68%	72%	73%	71%	69%	69%	-2 pp	-2 pp	2 pp	4 pp	1 pp	-2 pp	-2 pp	0 pp	_
*) Compounded annual growth rate for the 201	5-2019E															Debt securities in issue	6%	8%	7%	6%	6%	6%	5%	1 pp	2 pp	1 pp	0 pp	-1 pp	0 pp	0 pp	0 pp	-
																Other borrowed funds	18%	18%	16%	16%	16%	16%	16%	0 pp	1 pp	0 pp	-2 pp	0 pp	0 pp	0 pp	0 pp	_
																Subordinated debt	0%	0%	0%	0%	0%	0%	0%	-1 pp	0 pp	0 pp	0 pp	Q pp	0 pp	0 pp	0 pp	_

Source: Company data, FactSet, Goldman Sachs Global Investment Research.



# **Akbank: Summary financials**

### **Exhibit 20: Akbank financial forecasts**

Profit and Loss Statement, TL mn	2013	2014	2015E	2016E	2017E	2018E	2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*	Assets	2013	2014	2015E	2016E	2017E	2018E	2019E	12/11	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*
NII	6,174	6,921	7,316	8,221	10,569	12,696	14,051	19%	12%	6%	12%	29%	20%	11%	18%	Cash & cash equivalents	18,223	20,440	28,614	30,498	32,754	34,999	38,044	20%	9%	12%	40%	7%	7%	7%	9%	7%
Fees	2,164	2,359	2,352	2,681	3,003	3,303	3,534	25%	9%	0%	14%	12%	10%	7%	11%	Interbank and other lending	4,945	5,456	7,748	7,748	7,748	7,748	7,748	-4%	83%	10%	42%	0%	0%	0%	0%	0%
Trading income, dividends	497	-83	-18	-447	-899	-1,312	-1,671	9%	-117%	-79%	2446%	101%	46%	27%	212%	Net customer loans and advances	110,676	125,978	145,743	171,447	187,647	203,538	221,972	25%	26%	14%	16%	18%	9%	8%	9%	11%
Other operating income	371	607	704	795	884	950	1,128	-11%	64%	16%	13%	11%	8%	19%	13%	Securities	46,367	50,278	54,517	60,633	72,332	84,617	96,618	6%	1%	8%	8%	11%	19%	17%	14%	15%
Revenues	9,206	9,804	10,355	11,250	13,556	15,638	17,042	18%	6%	6%	9%	21%	15%	9%	13%	Interest earning assets	161,988	181,713	208,008	239,828	267,727	295,904	326,338	17%	19%	12%	14%	15%	12%	11%	10%	12%
Staff expenses	-1,379	-1,437	-1,584	-1,749	-1,958	-2,152	-2,343	19%	4%	10%	10%	12%	10%	9%	10%	Other assets	3,526	3,298	5,811	6,047	6,292	6,548	6,813	-6%	29%	-6%	76%	4%	4%	4%	4%	4%
Other operating expenses	-2,069	-2,276	-2,646	-2,802	-2,998	-3,276	-3,594	19%	10%	16%	6%	7%	9%	10%	8%	Total assets	183,737	205,451	242,432	276,372	306,773	337,450	371,195	17%	18%	12%	18%	14%	11%	10%	10%	11%
Total operating expenses	-3,448	-3,713	-4,230	-4,551	-4,957	-5,428	-5,938	19%	8%	14%	8%	9%	10%	9%	9%																	
Gross operating profit	5,758	6,091	6,125	6,699	8,600	10,209	11,105	17%	6%	1%	9%	28%	19%	9%	16%	Liabilities & Shareholders' equity	2013	2014	2015E	2016E	2017E	2018E	2019E	12/11	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*
Credit costs	-1,904	-2,053	-2,517	-2,619	-2,673	-2,867	-3,132	72%	8%	23%	4%	2%	7%	9%	6%	Interbank deposits	22,399	27,441	20,030	17,386	24,682	31,112	35,145	54%	14%	23%	-27%	-13%	42%	26%	13%	15%
Net operating profit	3,854	4,038	3,608	4,080	5,927	7,342	7,973	1%	5%	-11%	13%	45%	24%	9%	22%	Customer deposits	105,277	113,373	144,901	171,216	185,199	199,319	218,120	12%	22%	8%	28%	18%	8%	8%	9%	11%
Other income/losses	0	0	0	0	0	0	0	-	-	-	-	-	-	-	-	Debt securities in issue	8,053	9,516	13,322	15,321	16,853	18,538	20,392	44%	25%	18%	40%	15%	10%	10%	10%	11%
PBT	3,854	4,038	3,608	4,080	5,927	7,342	7,973	1%	5%	-11%	13%	45%	24%	9%	22%	Other borrowed funds	18,117	20,989	26,112	29,856	33,206	36,586	40,305	-16%	29%	16%	24%	14%	11%	10%	10%	11%
Tax	-912	-878	-785	-898	-1,304	-1,615	-1,754	7%	-4%	-11%	14%	45%	24%	9%	22%	Subordinated debt	0	0	0	0	0	0	0	-	-	-	-	-	-	-	-	-
Net profit	2,942	3,160	2,823	3,182	4,623	5,727	6,219	0%	7%	-11%	13%	45%	24%	9%	22%	Interest bearing liabilities	153,846	171,319	204,365	233,779	259,939	285,555	313,962	14%	22%	11%	19%	14%	11%	10%	10%	11%
Dividends to preferred shares	0	0	0	0	0	0	0	-	-	-	-	-	-	-	-	Other liabilities	8,553	9,020	12,616	12,616	12,871	13,130	13,395	49%	12%	5%	40%	0%	2%	2%	2%	2%
Minorities	0	0	0	0	0	0	0	_	-	-	-	-	-	-	-	Total shareholders' equity	21,339	25,112	25,451	29,977	33,963	38,765	43,839	25%	-3%	18%	1%	18%	13%	14%	13%	15%
Net profit to common shareholders	2,942	3,160	2,823	3,182	4,623	5,727	6,219	0%	7%	-11%	13%	45%	24%	9%	22%	Total liabilities and equity	183,737	205,451	242,432	276,372	306,773	337,450	371,195	17%	18%	12%	18%	14%	11%	10%	10%	11%
Per share data	2013					2018E		13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*	Asset quality	2013	2014					2019E	12/11	13/12	14/13	15/14E	16/15E	17/16E		19/18E	
Number of shares (mn), eop	4,000	4,000	4,000	4,000	4,000	4,000	4,000	-	-	-	-	-	-	-	-	Gross NPLs	1,677	2,330	3,323	4,295	5,382	6,563	7,845	-12%	50%	39%	43%	29%	25%	22%	20%	24%
ordinary shares	4,000	4,000	4,000	4,000	4,000	4,000	4,000	0%	0%	0%	0%	0%	0%	0%	0%	Total loan loss provisions	1,584	2,179	3,116	4,011	4,994	6,056	7,100	-13%	55%	38%	43%	29%	24%	21%	17%	23%
Stated EPS	0.74	0.79	0.71	0.80	1.16	1.43	1.55	0%	7%	-11%	13%	45%	24%	9%	22%	Gross NPLs / loans	1.49%	1.82%	2.23%	2.45%	2.79%		3.42%	-51bps	24bps	32bps	41bps	22bps	35bps	34bps	29bps	-
GS EPS	0.74	0.79	0.71	0.80	1.16	1.43	1.55	0%	7%	-11%	13%	45%	24%	9%	22%	Coverage ratio	94%	94%	94%	93%	93%	92%	91%	-1 pp	3 pp	-1 pp	0 pp	0 pp	-1 pp	-1 pp	-2 pp	-
DPS	0.12	0.14	0.14	0.16	0.23	0.29	0.31	-18%	22%	-1%	13%	45%	24%	9%	22%																	
BVPS	5.3	6.3	6.4	7.5	8.5	9.7	11.0	-3%	18%	1%	18%	13%	14%	13%	15%	Capital and key ratios	2013	2014	2015E	2016E	2017E		2019E	12/11	13/12	14/13	15/14E	16/15E	17/16E	18/17E		CAGR*
TBVPS	5.3	6.2	6.3	7.4	8.4	9.6	10.9	-3%	18%	2%	18%	13%	14%	13%	15%	RWA	154,964		205,057		259,480	285,428	313,970	10%	30%	16%	15%	14%	11%	10%	10%	11%
																Tier 1 Capital	22,845	25,137	26,051	,	34,563	,	44,439	14%	13%	10%	4%	17%	13%	14%	13%	14%
Valuation	2013	2014	2015E	2016E	2017E	2018E	2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*	Total capital	23,193	27,327			38,094		48,642	21%	5%	18%	5%	17%	13%	13%	13%	14%
P/E	9.6x	9.0x	10.0x	8.9x	6.1x	4.9x	4.6x	0%	-7%	12%	-11%	-31%	-19%	-8%	-18%	Shareholders' funds	21,339				33,963		43,839	25%	-3%	18%	1%	18%	13%	14%	13%	15%
GS P/E	9.6x	9.0x	10.0x	8.9x	6.1x	4.9x	4.6x	0%	-7%	12%	-11%	-31%	-19%	-8%	-18%	Tier 1 Ratio	14.7%	14.0%	12.7%	13.1%	13.3%	13.8%	14.2%	59bps	-227bps	-70bps	-134bps	38bps	24bps	47bps	36bps	-
P/BV	1.3x	1.1x	1.1x	0.9x	0.8x	0.7x	0.6x	3%	-15%	-1%	-15%	-12%	-12%	-12%	-13%	Total capital ratio	15.0%	15.3%	14.0%	14.5%	14.7%	15.1%	15.5%	165bps	-367bps	30bps	-123bps	42bps	22bps	46bps	36bps	-
P/TBV	1.3x	1.1x	1.1x	1.0x	0.8x	0.7x	0.6x	3%	-15%	-2%	-15%	-12%	-12%	-12%	-13%	TE / TA	11.5%	12.1%	10.4%	10.8%	11.0%	11.4%	11.7%	0 bps	0 bps	0 bps	0 bps	0 bps	0 bps	0 bps	0 bps	-
Dividend yield	1.7%	2.0%	2.0%	2.2%	3.3%	4.0%	4.4%	-18%	22%	-1%	13%	45%	24%	9%	22%	Leverage (TA / TE)	9x	8x	10x	9x	9x	9x	9x	-0.5x	1.5x	-0.4x	1.3x	-0.3x	-0.2x	-0.3x	-0.2x	-
Key operational ratios	2013	2014	2015E	2016E	2017E	2018E	2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*	Product penetration	2013	2014	2015E	2016E	2017E	2018E	2019E	12/11	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*
NII / avg interest earning assets	3.76%		3.35%			4.04%	4.06%	3bp	-12bp	-30bp	-11bp	47bp	33bp	2bp	-	Customer loans / deposits	1.05x	1.11x	1.00x	1.00x	1.01x	1.02x	1.01x	11%	3%	6%	-10%	0%	1%	1%	0%	0%
Fee / gross loans	2.19%			1.68%	1.69%		1.68%	1bp	-18bp	-26bp	-6bp	0bp	2bp	-2bp	-	Customer loans / total assets	0.60x	0.61x	0.60x	0.62x	0.61x	0.60x	0.60x	7%	7%	2%	-2%	3%	-1%	-1%	-1%	0%
Cost / Income	37%	38%	41%	40%	37%	35%	35%	0 pp	0 pp	3 рр	0 pp	-4 pp	-2 pp	0 pp	-	Loans per employee	6.8	7.7	9.8	11.9	13.0	13.9	15.1	21%	23%	14%	28%	21%	8%	8%	8%	11%
Credit costs / avg gross loans	161bp		173bp	156bp	142bp	141bp	142bp	29bp	4bp	7bp	-17bp	-13bp	-1bp	2bp	-	Deposits per employee	6.4	6.9	9.8	11.9	12.8	13.7	14.8	9%	19%	8%	41%	22%	7%	7%	9%	11%
Effective tax rate	23.7%	21.8%	21.8%	22.0%	22.0%	22.0%	22.0%	1 pp	-2 pp	0 pp	0 pp	0 pp	0 pp	0 pp	-		0010	0011	00155	00105	00.185	00105	00105	10/11	10/10	1.110		101185	17/105	101175	101105	01000
Maria de la	2010	0044	00455	00405	20475	00405	20405	40/40	4.4/40	4514.45	40/45	47/405	40/475	40/405	CAOP	Gross Ioans	2013	2014	2015E	2016E	2017E	2018E	2019E	12/11	13/12	14/13	15/14E	16/15E	17/16E	10/1/2		CAGR*
Key profitability ratios	2013		2015E	2016E	2017E	2018E	2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*	Corporate and government	61,785	74,789	95,380		122,723		144,985	20%	33%	21%	28%	18%	9%	8%	9%	11%
GS RoAE	13.8%		11.2%				15.1%	-1 pp	0 pp	-2 pp	0 pp	3 pp	1 pp	-1 pp	-	Retail	48,798	51,037			64,535		76,242	30%	18%	5%	-2%	18%	9%	8%	9%	11%
GS ROA	1.75%		1.25%	1.22%			1.75%	-32bp	-13bp	-37bp	-4bp	36bp	20bp	-2bp	-	Total	110,583		-,,	171,163	. ,		221,227	25%	26%	14%	16%	18%	9%	8%	9%	11%
GS RoRWA	2.14%	1.78%	1.46%	1.44%	1.86%	2.10%	2.07%	-37bp	-36bp	-31bp	-3bp	43bp	23bp	-3bp	-	Corporate and government, % of total		59%	66%	66%	66%	66%	66%	-196bps	295bps	357bps	610bps	0bps	0bps	0bps	0bps	-
minutes and	0010	0011	00155	00105	00185	00105	00105	10110	11110	4.0014.400	101155	181105	10/195	10/105	01000	Retail and SME, % of total	44%	41%	34%	34%	34%	34%	34%	-	-	-	-	-	-	-	-	-
Distribution network	2013	2014	2015E	2016E	2017E	2018E	2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E		inc. mortgages, % of total	12%	10%	10%	10%	10%	10%	10%	29bps	3bps	-109bps	-92bps	0bps	0bps	0bps	0bps	-
Number of employees	16,377	16,354	14,798	14,332		14,572	14,692	3%	0%	-10%	-3%	1%	1%	1%	0%	For disc stockers	2042	2014	00455	00405	00475	2018F	2019F	40/44	10/10	4.4/4.0	45/445	16/15E	17/16F	18/17F	19/18F	04.00*
Number of branches	986 17	991 17	913 16	933 15	953	0,0	993	2%	1%	-8%	2%	2%	2%	2%	2%	Funding structure	2013	2014 16%	2015E 10%	2016E	2017E	LUTUL	LOTOL	12/11	13/12	14/13	15/14E	10/102	117102	10/1/2		CAGR*
Employee / branch	17 84	17 88			15	15	15	0%	-1%	-2%	-5%	-1%	-1%	-1%	-2%	Interbank deposits	15%					11%	11%	4 pp	-1 pp	1 pp	-6 pp	-2 pp	2 pp	1 pp	0 pp	-
Avg. staff cost, thousand TL	0.	88	107	122	135	148	160	15%	4%	22%	14%	11%	9%	8%	10%	Customer deposits	68%	66%	71%	73%	71%	70%	69%	-1 pp	0 pp	-2 pp	5 pp	2 pp	-2 pp	-1 pp	0 pp	-
*) Compounded annual growth rate for the 20	115-2019E															Debt securities in issue	5%	6%	7%	7%	6%	6%	6%	1 pp	0 pp	0 pp	1 pp	0 pp	0 pp	0 pp	0 pp	-
																Other borrowed funds	12%	12%	13%	13%	13%	13%	13%	-4 pp	1 pp	0 pp	1 pp	0 pp	0 pp	0 pp	0 pp	-
																Subordinated debt	0%	0%	0%	0%	0%	0%	0%	0 pp	0 pp	0 pp	0 pp	0 pp	0 pp	0 pp	0 pp	-

Source: Company data, FactSet, Goldman Sachs Global Investment Research.



# Halk: Summary financials

### **Exhibit 21: Halk financial forecasts**

Profit and Loss Statement. TL mn	2013	2014	2015F	2016F	2017E	2018E	2019F	13/12	14/13	15/14E	16/15E	17/16E	18/17F	10/18E	CAGR*	Assets	2013	2014	2015F	2016E	2017E	2018E	2019E	13/12	14/13	14/13F	16/15F	17/16F	18/17F	19/18F	CAGR*
NII	4.829	5.112	5.790	6.487	7.764	9.027	9.955	8%	6%	13%	12%	20%	16%	10%	15%	Cash & cash equivalents	19.976			26,445			34.976	60%	2%	15%	13%	10%	9%	10%	11%
Fees	930	1,023	1 219	1.426	1.626	1.805	1 967	8%	10%	19%	17%	14%	11%	9%	13%	Interbank and other lending	1.849	1.284	4.591	4.591	4.591	4.591	4.591	-30%	-31%	258%	0%	0%	0%	0%	0%
Trading income, dividends	342	210	47	-137	-333	-495	-451	-45%	-39%	-78%	-394%	143%	49%	-9%	1370	Net customer loans and advances	84 848			152 004		185.069		29%	20%	27%	17%	11%	10%	10%	12%
Other operating income	768	531	891	1.449	618	726	848	113%	-31%	68%	63%	-57%	18%	17%	-1%	Securities	28.559	,	,	,	,		61.655	24%	-6%	12%	30%	21%	18%	11%	20%
Revenues	6.869	6,875	7.946					9%	0%	16%	16%	5%	14%	11%	12%	Interest earning assets		129,895						26%	13%	26%	19%	13%	11%	10%	13%
Staff expenses	-1,084	-1,248	-1,487	-1.614		-1,926	-2.104	29%	15%	19%	9%	9%	9%	9%	9%	Other assets	4,712	5,252	6,980	7,263	7,558	7,865	8,185	9%	11%	33%	4%	4%	4%	4%	4%
•				, .			, .				970				8%									29%	11%	25%	18%	12%	11%	10%	13%
Other operating expenses	-1,571	-1,740	-2,038 -3.525			-2,523	-2,789	25%	11%	17%	0%	6% 7%	8%	11%	9%	Total assets	139,944	155,423	194,279	229,249	200,709	200,002	313,503	29%	1176	25%	18%	12%	11%	10%	13%
Total operating expenses	-2,655	-2,987	.,	.,	,		-4,893	27%	13%	18%	8%	7 70	9%				0010	0044	00455	00105	00485	00105	00405	40/40	4440	14/13E	16/15E	17/16F	101175	19/18F	01.004
Gross operating profit	4,214	3,888	4,421	5,413	5,586	6,615	7,426	0%	-8%	14%	22%	3%	18%	12%	14%	Liabilities & Shareholders' equity	2013	2014		2016E	2017E	2018E	2019E	13/12	14/13	111102	TOTTOL	111102	18/17E	TOFTOL	CAGR*
Credit costs	-849		-1,502				-2,160	-4%	37%	29%	13%	7%	8%	10%	10%	Interbank deposits	771	8,413	11,202	16,283	22,547	28,150	31,025	102%	991%	33%	45%	38%	25%	10%	29%
Net operating profit	3,365	2,727	2,920	3,714		4,644	5,266	1%	-19%	7%	27%	1%	23%	13%	16%	Customer deposits	100,756	103,708		147,051		, .	196,173	26%	3%	20%	18%	10%	10%	10%	12%
Other income/losses	0	0	0	0	0	0	0	_	-	-	-	-	-	-	-	Debt securities in issue	4,165	6,172	9,198	10,352	11,205	11,660	12,134	104%	48%	49%	13%	8%	4%	4%	7%
PBT	3,365	2,727	2,920	3,714	3,769	4,644	5,266	1%	-19%	7%	27%	1%	23%	13%	16%	Other borrowed funds	15,104	14,400	21,601	25,624			35,289	73%	-5%	50%	19%	12%	11%	10%	13%
Tax	-614	-521	-571	-780	-792	-975	-1,106	-16%	-15%	9%	37%	1%	23%	13%	18%	Subordinated debt	0	0	0	0	0	0	0	_						-	_
Net profit	2,751	2,206	2,349		2,978	3,669	4,160	6%	-20%	6%	25%	1%	23%	13%	15%	Interest bearing liabilities	120,796		166,815					33%	10%	26%	19%	13%	11%	10%	13%
Dividends to preferred shares	0	0	0	0	0	0	0	-	-	-	-	-	-	-	-	Other liabilities	5,002	6,194	8,644	8,657	8,675	8,692	8,709	3%	24%	40%	0%	0%	0%	0%	0%
Minorities	0	0	0	0	0	0	0		-	-	-	-	-	-	-	Total shareholders' equity	14,146	16,536	18,819	21,281	23,672	26,746	30,172	15%	17%	14%	13%	11%	13%	13%	13%
Net profit to common shareholders	2,751	2,206	2,349	2,934	2,978	3,669	4,160	6%	-20%	6%	25%	1%	23%	13%	15%	Total liabilities and equity	139,944	155,423	194,279	229,249	256,759	285,002	313,503	29%	11%	25%	18%	12%	11%	10%	13%
Per share data	2013	2014	2015E	2016E	2017E	2018E	2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*	Asset quality	2013	2014	2015E	2016E	2017E	2018E	2019E	13/12	14/13	14/13E	16/15E	17/16E	18/17E	19/18E	CAGR*
Number of shares (mn), eop	1,250	1,250	1,250	1,250	1,250	1,250	1,250	-	-	-	-	-	-	-	-	Gross NPLs	2,245	3,700	4,109	5,165	6,357	7,669	9,110	15%	65%	11%	26%	23%	21%	19%	22%
ordinary shares	1,250	1,250	1.250	1.250	1.250	1.250	1.250	0%	0%	0%	0%	0%	0%	0%	0%	Total loan loss provisions	1.810	2.414	3.091	4.058	5.131	6.247	7.404	12%	33%	28%	31%	26%	22%	19%	24%
Stated EPS	2.20	1.76	1.88	2.35	2.38	2.94	3.33	6%	-20%	6%	25%	1%	23%	13%	15%	Gross NPLs / loans	2.59%	3.55%	3.10%	3.31%	3.66%	4.01%	4.31%	-31bps	96bps	-45bps	21bps	35bps	35bps	30bps	-
GS EPS	2.20	1.76	1.49	1.66	2.38	2.94	3.33	6%	-20%	-16%	12%	43%	23%	13%	22%	Coverage ratio	81%	65%	75%	79%	81%	81%	81%	-2 pp	-15 pp	10 pp	3 pp	2 pp	1 pp	0 pp	_
DPS	0.22	0.18	0.38	0.47	0.48	0.59	0.67	-50%	-20%	113%	25%	1%	23%	13%	15%								0.70		10 pp	терр					
BVPS	11.3	13.2	15.1	17.0	18.9	21.4	24.1	15%	17%	14%	13%	11%	13%	13%	13%	Capital and key ratios	2013	2014	2015E	2016E	2017E	2018E	2019E	13/12	14/13	14/13F	16/15F	17/16F	18/17F	19/18F	CAGR*
TBVPS	11.3	13.2	15.0	17.0	18.9	21.3	24.1	15%	17%	14%	13%	11%	13%	13%	13%	RWA	105.431					222.675		33%	20%	19%	18%	12%	11%	10%	13%
IBVF3	11.3	13.2	13.0	17.0	10.9	21.3	24.1	1376	17 70	14-70	1370	1170	1370	1370	1370	Tier 1 Capital	13.343	16.412		21.308	,	,	,	18%	23%	15%	13%	11%	13%	13%	13%
Valuation	0010	0011	2015E	2016E	00475	2018E	2019F	10/10	14/13	15/14E	16/15E	17/16E	101135	40/405	01001			. ,		,		. ,	30,199			15%					
	2013	2014	20.02	20.02	2017E	20 TOL	20102	13/12	1-11-10	13/14	10/132	TITIOL	18/17E	19/18E		Total capital	14,664	17,302		22,563	25,101		31,924	14%	18%		13%	11%	13%	13%	13%
P/E	5.5x	6.9x	6.5x	5.2x	5.1x	4.1x	3.7x	-6%	25%	-6%	-20%	-1%	-19%	-12%	-13%	Shareholders' funds	14,146	16,536		21,281	23,672	26,746	30,172	15%	17%	14%	13%	11%	13%	13%	13%
GS P/E	5.5x	6.9x	8.2x	7.3x	5.1x	4.1x	3.7x	-6%	25%	19%	-11%	-30%	-19%	-12%	-18%	Tier 1 Ratio	12.7%	12.9%	12.4%	11.9%	11.8%	12.0%	12.3%	-165bps	26bps	-50bps	-52bps	-8bps	21bps	31bps	-
P/BV	1.1x	0.9x	0.8x	0.7x	0.6x	0.6x	0.5x	-13%	-14%	-12%	-12%	-10%	-11%	-11%	-11%	Total capital ratio	13.9%	13.6%	13.1%	12.6%	12.5%	12.7%	13.0%	-227bps	-29bps	-51bps	-51bps	-8bps	21bps	31bps	-
P/TBV	1.1x	0.9x	0.8x	0.7x	0.6x	0.6x	0.5x	-13%	-14%	-12%	-12%	-10%	-12%	-11%	-11%	TE / TA	10.1%	10.6%	9.7%	9.3%	9.2%	9.4%	9.6%	0 bps	0 bps	0 bps	0 bps	0 bps	0 bps	0 bps	
Dividend yield	1.8%	1.5%	3.1%	3.9%	3.9%	4.8%	5.5%	-50%	-20%	113%	25%	1%	23%	13%	15%	Leverage (TA / TE)	10x	9x	10x	11x	11x	11x	10x	1.1x	-0.5x	0.9x	0.4x	0.1x	-0.2x	-0.3x	-
V	2042	2044	20455	20405	20475	20405	20405	13/12	14/13	45/445	40455	47/405	40/475	40/405	CAGP*	Design of the second of the se	2013	2014	20455	20405	20475	20405	20405	13/12	14/13	14/13E	16/15E	17/16E	40/475	40/405	CAGR*
Key operational ratios	2013 4.68%	2014 3.65%	2015E	2016E 3.15%	2017E 3.31%	3 45%	2019E 3.45%	10112	111110	-19bp	32h-	17/16E	16/1/E	19/10E	CAGR*	Product penetration	0.84x	2014 0.97x	2015E 1.03x	2016E	2017E	2018E 1.03x	2019E 1.03x		14/13	14/13E 6%	16/15E 0%	1111102	18/17E 0%	19/18E 0%	
NII / avg interest earning assets								-4bp	-102bp		-32bp		15bp	0bp	-	Customer loans / deposits				1.03x	1.03x			2%				1%			0%
Fee / gross loans	1.48%	1.11%	1.05%	1.01%	1.02%	1.03%	1.02%	6bp	-37bp	-6bp	-4bp	1bp	1bp	-1bp	-	Customer loans / total assets	0.60x	0.65x	0.66x	0.66x	0.65x	0.64x	0.65x	0%	7%	2%	0%	-1%	-1%	0%	-1%
Cost / Income	39%	43%	44%	41%	42%	40%	40%	5 pp	5 pp	1 pp	-3 pp	1 pp	-2 pp	0 pp	-	Loans per employee	5.7	6.7	7.4	8.7	9.5	10.3	11.3	22%	17%	11%	17%	10%	9%	9%	11%
Credit costs / avg gross loans	121bp	110bp	108bp	109bp	104bp	103bp	104bp	5bp	-10bp	-2bp	1bp	-5bp	-1bp	1bp	-	Deposits per employee	6.8	6.9	7.2	8.5	9.2	10.0	10.9	20%	1%	5%	17%	9%	9%	9%	11%
Effective tax rate	18.2%	19.1%	19.5%	21.0%	21.0%	21.0%	21.0%	-4 pp	1 pp	0 pp	1 pp	0 pp	0 pp	0 pp	-																
																Gross loans	2013	2014	2015E	2016E	2017E	2018E	2019E	13/12	14/13	14/13E	16/15E	17/16E	18/17E	19/18E	CAGR*
Key profitability ratios	2013	2014	2015E	2016E	2017E	2018E	2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E		CAGR*	Corporate and government	59,800	73,384	98,486	115,749	128,259	140,869	155,247	27%	23%	34%	18%	11%	10%	10%	12%
GS RoAE	21.2%	14.5%	10.5%	10.5%	13.3%	14.6%	14.7%	-4 pp	-7 pp	-4 pp	0 pp	3 рр	1 pp	0 pp	-	Retail	24,613	27,098	29,907	35,149	38,948	42,778	47,144	33%	10%	10%	18%	11%	10%	10%	12%
GS ROA	2.29%	1.50%	1.06%	0.97%	1.22%	1.35%	1.39%	-32bp	-79bp	-44bp	-9bp	25bp	13bp	4bp	-	Total	84,413	100,481	128,393	150,898	167,207	183,647	202,390	29%	19%	28%	18%	11%	10%	10%	12%
GS RoRWA	2.98%	1.90%	1.33%	1.24%	1.56%	1.73%	1.78%	-51bp	-107bp	-57bp	-10bp	32bp	17bp	5bp	-	Corporate and government, % of total	I 71%	73%	77%	77%	77%	77%	77%	-84bps	219bps	367bps	0bps	0bps	0bps	0bps	0.0
																Retail and SME, % of total	29%	27%	23%	23%	23%	23%	23%	_	_	_	-	-	_	-	0.0
Distribution network	2013	2014	2015E	2016E	2017E	2018E	2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*	inc. mortgages, % of total	11%	11%	10%	10%	11%	11%	11%	68bps	-56bps	-67bps	28bps	28bps	28bps	28bps	-
Number of employees	14,722	15,019	17,254	17,345	17,545	17,745	17,945	5%	2%	15%	1%	1%	1%	1%	1%	/															
Number of branches	877	900	942	966	990	1.014	1.038	7%	3%	5%	3%	2%	2%	2%	2%	Funding structure	2013	2014	2015E	2016E	2017E.	2018E	2019E _	13/12	14/13	14/13E	16/15E	17/16E	18/17E	19/18E	CAGR*
Employee / branch	17	17	18	18	18	18	17	-1%	-1%	10%	-2%	-1%	-1%	-1%	-1%	Interbank deposits	1%	6%	7%	8%	10%	11%	11%	0 pp	6 pp	0 pp	1 pp	2 pp	1 pp	0 pp	-
Avg. staff cost, thousand TL	74	83	86	93	101	109	117	22%	13%	4%	8%	8%	8%	8%	8%	Customer deposits	83%	78%	75%	74%	72%	71%	71%					-2 pp		0 рр	_
rivy, start COSt, thousand IL		00	00	93	101	109	117	2270	1370	4 70	0 70	0 70	0.70	0.70	0.70	Debt securities in issue	3%	78% 5%	6%	5%	5%	5%	4%	-4 pp	-5 pp	-3 pp	-1 pp		-1 pp		-
*) (																Debt securities in issue	376	376	076	576	5%	576	476	1 pp	1 pp	1 pp	0 pp	0 pp	0 pp	0 pp	-
*) Compounded annual growth rate for the 201	5-2019E															00 1 16 1	400/	4 4 6 7	400/	400/			4007								
*) Compounded annual growth rate for the 201	3-2019E															Other borrowed funds Subordinated debt	13% 0%	11% 0%	13% 0%	13% 0%	13% 0%	13% 0%	13% 0%	3 pp 0 pp	-2 pp 0 pp	2 pp 0 pp	0 pp 0 pp	0 pp 0 pp	0 pp 0 pp	0 pp 0 pp	-

Source: Company data, FactSet, Goldman Sachs Global Investment Research.



# Vakif: Summary financials

### **Exhibit 22: Vakif financial forecasts**

Profit and Loss Statement, TL mn	2013	2014	2015E	2016E	2017E	2018E	2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*	Assets	2013	2014	2015E	2016E	2017E	2018E	2019E	12/11	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*
NII	4,790	4,651	5,546	6,123	7,430	8,922	10,206	17%	-3%	19%	10%	21%	20%	14%	16%	Cash & cash equivalents	18,968	21,885	25,095	26,335	28,111	30,762	34,047	73%	54%	15%	15%	5%	7%	9%	11%	8%
Fees	687	709	886	1,036	1,192	1,311	1,442	53%	3%	25%	17%	15%	10%	10%	13%	Interbank and other lending	2,639	2,571	6,843	6,843	6,843	6,843	6,843	-16%	35%	-3%	166%	0%	0%	0%	0%	0%
Trading income, dividends	286	289	198	194	22	-281	-396	-27%	1%	-32%	-2%	-89%	-1397%	41%	-	Net customer loans and advances	86,752	104,584	130,633	155,241	172,171	189,280	208,820	19%	27%	21%	25%	19%	11%	10%	10%	12%
Other operating income	708	1,346	995	1,044		1,406	1,596	13%	90%	-26%	5%	17%	15%	14%	13%	Securities	22,128				34,166	46,432		-4%	20%	6%	0%	4%	39%	36%	23%	25%
Revenues	6,470	6,996	7,624	8,397	9,869	11,359	12,848	17%	8%	9%	10%	18%	15%	13%	14%	Interest earning assets	111,519	130,712	161,129	186,637	213,180	242,555	272,676	12%	26%	17%	23%	16%	14%	14%	12%	14%
Staff expenses	-1,112	-1,233	-1,404				-2,164	21%	11%	14%	12%	11%	11%	11%	11%	Other assets	5,009	5,621	6,802	7,078	7,365	7,664	7,975	18%	35%	12%	21%	4%	4%	4%	4%	4%
Other operating expenses		-1,877						13%	24%	19%	7%	8%	9%	11%	9%	Total assets	135,496	158,218	193,026	220,049	248,656	280,981	314,699	17%	30%	17%	22%	14%	13%	13%	12%	13%
Total operating expenses	-2,630	-3,110	-,	-,				16%	18%	17%	9%	9%	10%	11%	10%																	
Gross operating profit	3,840	3,886	3,996			6,604	7,560	17%	1%	3%	11%	25%	19%	14%	17%	Liabilities & Shareholders' equity	2013	2014	2015E			2018E	2019E	12/11	13/12	14/13	15/14E	16/15E	17/16E			
Credit costs			-1,627			-2,458	-2,696	32%	-10%	-3%	37%	2%	8%	10%	13%	Interbank deposits	14,477	16,385	13,304	11,441	17,407	25,306	29,924	43%	71%	13%	-19%	-14%	52%	45%	18%	22%
Net operating profit	1,983	2,214	2,369				4,864	5%	12%	7%	-6%	47%	27%	17%	20%	Customer deposits	81,533		115,545		151,923		186,661	10%	21%	13%	26%	19%	11%	10%	11%	13%
Other income/losses	0	0	0	0	0	0	0	_	-	-	-	-	-	-	-	Debt securities in issue	6,885	10,458	12,679	14,270	16,061	18,077	20,346	391%	183%	52%	21%	13%	13%	13%	13%	13%
PBT	1,983	2,214	2,369				4,864	5%	12%	7%	-6%	47%	27%	17%	20%	Other borrowed funds	11,629	14,947	19,716	22,572	25,595	29,014	32,580	-11%	51%	29%	32%	14%	13%	13%	12%	13%
Tax	-397	-460	-537	-489	-720	-912	-1,070	-7%	16%	17%	-9%	47%	27%	17%	19%	Subordinated debt	1,974	2,138	4,530	5,249	5,177	5,033	5,033	-	20%	8%	112%	16%	-1%	-3%	0%	3%
Net profit	1,586	1,753	1,831				3,794	9%	11%	4%	-5%	47%	27%	17%	20%	Interest bearing liabilities		135,685						15%	33%	16%	22%	15%	13%	13%	12%	13%
Dividends to preferred shares	0	0	0	0	0	0	0	-	-	-	-	-	-	-	-	Other liabilities	6,382	7,761	10,296	10,714	11,149	11,602	12,073	32%	24%	22%	33%	4%	4%	4%	4%	4%
Minorities	0	0	0	0	0	0	0	-	-	-	-	-	_		-	Total shareholders' equity	12,616	14,772	16,955		21,343	24,449	28,081	28%	6%	17%	15%	11%	13%	15%	15%	13%
Net profit to common shareholders	1,586	1,753	1,831	1,734	2,553	3,234	3,794	9%	11%	4%	-5%	47%	27%	17%	20%	Total liabilities and equity	135,496	158,218	193,026	220,049	248,656	280,981	314,699	17%	30%	17%	22%	14%	13%	13%	12%	13%
	0015	001	00155	0010	00155	0010	00105	10110			10110	48440	40/48	10110	01000		0010	001	00155	00100	00188	00105	00105	10111	10/10	11/10	451445	101150	18/105	404480	10/105	01.004
Per share data	2013	2014	2015E						14/13	15/14E	16/15E	17/16E			CAGR*	Asset quality	2013	2014	2015E	2016E	2017E	2018E	2019E	12/11	13/12	14/13	15/14E	16/15E	17/16E	18/17E		
Number of shares (mn), eop	2,500	2,500	2,500	2,500	2,500	2,500	2,500	-	-	-	-	-	-	-	-	Gross NPLs	3,531	3,974	4,932	5,790	6,740	7,720	8,796	26%	30%	13%	24%	17%	16%	15%	14%	16%
ordinary shares	2,500	2,500	2,500	2,500	2,500	2,500	2,500	0%	0%	0%	0%	0%	0%	0%	0%	Total loan loss provisions	3,275	3,734	4,021	4,749	5,503	6,257	7,013	20%	33%	14%	8%	18%	16%	14%	12%	15%
Stated EPS	0.63	0.70	0.73	0.69	1.02	1.29	1.52	9%	11%	4%	-5%	47%	27%	17%	20%	Gross NPLs / loans	3.92%	3.67%	3.66%	3.62%	3.79%	3.95%	4.08%	23bps	6bps	-25bps	-1bps	-4bps	17bps	15bps	13bps	-
GS EPS	0.66	0.59	0.52	0.69	1.02	1.29	1.52	14%	-12%	-11%	32%	47%	27%	17%	30%	Coverage ratio	93%	94%	82%	82%	82%	81%	80%	-5 pp	2 pp	1 pp	-12 pp	1 pp	0 pp	-1 pp	-1 pp	_
DPS	0.04	0.04	0.04	0.03	0.05	0.06	0.08	0%	0%	-8%	-5%	47%	27%	17%	20%	0 11 11 11	0010	0011	00155	00105	00185	00105	00105	10111	10/10	11110	15/14F	101155	ARLANE.	101195	10/105	CAGR*
BVPS TBVPS	5.0 5.0	5.9 5.9	6.8 6.7	7.6 7.5	8.5 8.5	9.8 9.7	11.2 11.2	6% 6%	17% 17%	15% 15%	11% 11%	13% 13%	15% 15%	15% 15%	13% 14%	Capital and key ratios	2013 110.834	2014 129.052	2015E	2016E 175.037	2017E	2018E 223.505	2019E 250.326	12/11	13/12 32%	14/13 16%	15/14E 19%	16/15E 14%	17/16E 13%	18/17E 13%	19/18E 12%	13%
IBVPS	5.0	5.9	6.7	7.5	8.5	9.7	11.2	6%	1776	15%	1176	13%	15%	15%	14%						197,792											
14.1	0010	0011	00155	00105	00185	00105	00105	10110	44440		10115	17/16F	404495	101105	CAGR*	Tier 1 Capital	11,742	14,534	16,686	18,608	21,074	24,180	27,813	16%	14%	24%	15%	12%	13%	15%	15%	14%
Valuation P/E	2013 7.0x	2014 6.3x	2015E 6.0x	2016E 6.4x	2017E 4.3x	3.4x	2019E	13/12 -8%	14/13 -10%	15/14E	16/15E	-32%	18/17E -21%	19/18E -15%	-17%	Total capital Shareholders' funds	15,181 12.616	18,013 14,772	22,199 16.955	25,329 18.876	28,058 21,343	31,358 24,449	35,374 28,081	41% 28%	12% 6%	19% 17%	23% 15%	14% 11%	11% 13%	12% 15%	13% 15%	12% 13%
GS P/E	6.6x	7.5x	8.4x				2.9x 2.9x	-8% -12%	13%	-4% 12%	-24%	-32%	-21% -21%	-15%	-17%	Tier 1 Ratio			10,955	10.6%	10.7%				-175bps	67bps				16bps		13%
P/BV	0.0x 0.9x	7.5X 0.7X	0.7x	6.4x 0.6x	4.3x 0.5x	3.4x 0.5x	0.4x	-12%	-15%	-13%	-24%	-32%	-21%	-13%	-23%	Total capital ratio	10.6% 13.7%	11.3% 14.0%	14.5%	14.5%	14.2%	10.8% 14.0%	11.1% 14.1%	-4bps 276bps	-1750ps -244bps	26bps	-39bps 50bps	-24bps 1bps	2bps -29bps	-16bps	29bps 10bps	_
P/TBV	0.9x	0.7x	0.7x	0.6x	0.5x	0.5x	0.4x	-5%	-15%	-13%	-10%	-12%	-13%	-13%	-12%	TE / TA	9.2%	9.3%	8.7%	8.5%	8.5%	8.6%	8.9%	0 bps	0 bps	0 bps	0 bps	0 bps	0 bps	0 bps	0 bps	
Dividend yield	0.9%	0.9%	0.8%	0.8%	1.2%	1.5%	1.7%	0%	0%	-8%	-5%	47%	27%	17%	20%	Leverage (TA / TE)	11x	11x	11x	12x	12x	12x	11x	-0.8x	2.0x	0.0x	0.7x	0.3x	0.0x	-0.2x	-0.3x	
Dividend yield	0.070	0.070	0.070	0.070	1.270	1.570	1.7 70	0 70	0.70	-070	-570	47 70	2170	17 /0	2070	Levelage (TA7 TL)	111	111	111	124	12.4	12.4	111	-0.0x	2.00	U.UX	0.7 X	U.JA	U.UX	-U.ZA	-0.JX	
Key operational ratios	2013	2014	2015F	2016E	2017E	2018F	2019F	13/12	14/13	15/14F	16/15F	17/16F	18/17F	10/18E	CAGR*	Product penetration	2013	2014	2015F	2016F	2017E	2018F	2019E	12/11	13/12	14/13	15/14F	16/15F	17/16F	18/17F	19/18F	CAGR*
NII / avg interest earning assets	4.26%	3 40%	3 29%		3.31%	3.50%	3.56%	-16bp	-86bp	-12bp	-19bp	21bp	20bp	6bp	- CAGIT	Customer loans / deposits	1.06x	1.14x	1.12x	1.13x	1 13x	1.12x	1 11x	8%	5%	7%	-1%	0%	0%	0%	-1%	0%
Fee / gross loans	0.90%	0.76%	0.75%				0.74%	18bp	-14bp	-1bp	-3bp	1bp	0bp	0bp	_	Customer loans / total assets	0.64x	0.66x	0.67x	0.70x	0.69x	0.67x	0.66x	1%	-2%	3%	2%	4%	-2%	-3%	-2%	-1%
Cost / Income	41%	44%	48%	47%	44%	42%	41%	0 pp	4 pp	3 pp	-1 pp	-3 pp	-2 pp	-1 pp	_	Loans per employee	6.2	7.0	8.5	9.8	10.5	11.2	12.0	9%	18%	13%	21%	15%	7%	7%	7%	9%
Credit costs / avg gross loans	196bp	167bp	125bp				130bp	32bp	-29bp	-42bp	20bp	-14bp	-2bp	1bp	_	Deposits per employee	5.8	6.2	7.6	8.7	9.3	10.0	10.8	1%	12%	6%	23%	15%	8%	7%	8%	9%
Effective tax rate		20.8%		22.0%				-3 pp	1 pp	2 pp	-1 pp	0 pp	0 pp	0 pp	_	Deposito per employee	0.0	0.2	7.0	0.1	0.0	10.0	10.0	1,0	1270	0,0	2070	1070	0,0	. , ,	0,0	0.70
	_3.070			070	070	070	570	2 pp	. PP	- PP	· PP	- PP	- PP	- PP		Gross loans	2013	2014	2015E	2016E	2017E	2018E	2019E	12/11	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*
Key profitability ratios	2013	2014	2015E	2016E	2017E	2018E	2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*	Corporate and government	34.352	43,103	57.433	68.271	75,680	83,155	91.664	10%	23%	25%	33%	19%	11%	10%	10%	12%
GS RoAE	13.7%	10.9%	8.5%	9.6%	12.7%		14.4%	0 pp	-3 pp	-2 pp	1 pp	3 pp	1 pp	0 pp	-	Retail	52.144	61.240	72.289	85.929	95.255	104.663		26%	31%	17%	18%	19%	11%	10%	10%	12%
GS ROA		1.02%					1.28%	-10bp	-38bp	-28bp	10bp	25bp	13bp	6bp	_	Total	86,496		129.722					19%	27%	21%	24%	19%	11%	10%	10%	12%
GS RoRWA					1.37%		1.60%	-14bp	-47bp	-33bp	13bp	32bp	17bp	7bp	_	Corporate and government, % of tota	,	41%	44%	44%	44%	44%	44%	-327bps	-151bps		297bps	0bps	0bps	0bps	0bps	-
																Retail and SME, % of total	60%	59%	56%	56%	56%	56%	56%	_	_	-		_		-	-	_
Distribution network	2013	2014	2015E	2016E	2017E	2018E	2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*	inc. mortgages, % of total	16%	14%	13%	13%	14%	15%	15%	-22bps	31bps	-144bps	-153bps	67bps	67bps	67bps	67bps	_
Number of employees	13,959	14,853	15,243	15,763	16,263	16,763	17,263	8%	6%	3%	3%	3%	3%	3%	3%											.,-						
Number of branches	859	893	920	964	994	1,024	1,054	15%	4%	3%	5%	3%	3%	3%	3%	Funding structure	2013	2014	2015E	2016E	2017E	2018E	2019E	12/11	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*
Employee / branch	16	17	17	16	16	16	16	-6%	2%	0%	-1%	0%	0%	0%	0%	Interbank deposits	12%	12%	8%	6%	8%	10%	11%	2 pp	3 рр	0 pp	-4 pp	-2 pp	2 pp	2 pp	1 pp	_
Avg. staff cost, thousand TL	80	83	92	99	107	116	125	12%	4%	11%	8%	8%	8%	8%	8%	Customer deposits	70%	68%	70%	72%	70%	68%	68%	-3 pp	-7 pp	-2 pp	2 pp	2 pp	-2 pp	-2 pp	0 pp	-
*) Compounded annual growth rate for the 201	5-2019E															Debt securities in issue	6%	8%	8%	7%	7%	7%	7%	2 pp	3 pp	2 pp	0 pp	0 pp	0 pp	0 pp	0 pp	-
																Other borrowed funds	10%	11%	12%	12%	12%	12%	12%	-3 pp	1 pp	1 pp	1 pp	0 pp	0 pp	0 pp	0 pp	-
																Subordinated debt	2%	2%	3%	3%	2%	2%	2%	2 pp	0 pp	0 pp	1 pp	0 pp	0 pp	0 pp	0 pp	_

Source: Company data, FactSet, Goldman Sachs Global Investment Research.



# **Isbank: Summary financials**

### **Exhibit 23: Isbank financial forecasts**

Profit and Loss Statement, TL mn	2013	3 20	14 20	15E	2016E	2017E	2018E	2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR'	Assets	2013	2014	2015E	2016E	2017E	2018E	2019E	12/11	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*
NII	6,65	5 7,4	54 9,	136	10,078	12,010	13,925	15,446	12%	12%	23%	10%	19%	16%	11%	14%	Cash & cash equivalents	23,028	24,607	33,919	34,864	37,192	39,507	42,685	16%	44%	7%	38%	3%	7%	6%	8%	6%
Fees	1,91	9 2,0	04 2,	297	2,619	2,933	3,168	3,422	12%	4%	15%	14%	12%	8%	8%	10%	Interbank and other lending	1,528	1,393	2,295	2,295	2,295	2,295	2,295	-38%	6%	-9%	65%	0%	0%	0%	0%	0%
Trading income, dividends	674	78	30 -4	464	-488	-1,052	-1,488	-1,709	-33%	16%	-159%	5%	116%	41%	15%	39%	Net customer loans and advances	135,281	155,874	190,750	227,403	245,945	263,418	285,492	17%	26%	15%	22%	19%	8%	7%	8%	11%
Other operating income	1,03	3 1,0	12 9	980	1,301	1,356	1,259	1,308	-11%	-3%	-3%	33%	4%	-7%	4%	7%	Securities	38,179	41,829	43,050	50,766	69,197	86,009	101,065	-11%	-1%	10%	3%	18%	36%	24%	18%	24%
Revenues	10,28	6 11,2	250 11	,950	13,509	15,247	16,864	18,467	5%	9%	6%	13%	13%	11%	10%	11%	Interest earning assets	174,987	199,097	236,095	280,464	317,437	351,723	388,851	7%	19%	14%	19%	19%	13%	11%	11%	13%
Staff expenses	-2,27	6 -2,4	156 -2	,582	-2,789	-3,017	-3,264	-3,531	25%	8%	5%	8%	8%	8%	8%	8%	Other assets	12,485	14,068	17,690	18,409	19,156	19,934	20,743	19%	2%	13%	26%	4%	4%	4%	4%	4%
Other operating expenses	-2,68	7 -3,2	239 -3	,703	-3,861	-4,110	-4,500	-4,933	1%	21%	14%	4%	6%	9%	10%	7%	Total assets	210,500	237,772	287,704	333,737	373,785	411,164	452,280	9%	20%	13%	21%	16%	12%	10%	10%	12%
Total operating expenses	-4,96	3 -5,6	695 -6	,285	-6,651	-7,128	-7,764	-8,464	11%	15%	10%	6%	7%	9%	9%	8%																	
Gross operating profit	5,32	4 5,5	54 5,	665	6,859	8,119	9,099	10,003	0%	4%	2%	21%	18%	12%	10%	15%	Liabilities & Shareholders' equity	2013	2014	2015E	2016E	2017E	2018E	2019E	12/11	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*
Credit costs	-1,46	7 -1,3	323 -2	,158	-2,340	-2,307	-2,456	-2,667	21%	-10%	63%	8%	-1%	6%	9%	5%	Interbank deposits	20,916	17,696	18,721	19,867	30,307	36,606	38,972	-31%	55%	-15%	6%	6%	53%	21%	6%	20%
Net operating profit	3,85	7 4,2	31 3,	507	4,518	5,813	6,643	7,335	-6%	10%	-17%	29%	29%	14%	10%	20%	Customer deposits	120,975	133,551	162,797	191,386	205,916	220,551	240,294	7%	15%	10%	22%	18%	8%	7%	9%	10%
Other income/losses	0	(	)	0	0	0	0	0	-	-	-	-	-	-	-	-	Debt securities in issue	10,095	17,154	22,366	27,186	33,045	40,166	48,822	68%	59%	70%	30%	22%	22%	22%	22%	22%
PBT	3,85	7 4,2	31 3,	507	4,518	5,813	6,643	7,335	-6%	10%	-17%	29%	29%	14%	10%	20%	Other borrowed funds	15,922	20,669	31,137	36,416	40,995	45,260	49,956	-4%	48%	30%	51%	17%	13%	10%	10%	13%
Tax	-693	-8-	49 -6	374	-904	-1,163	-1,329	-1,467	-14%	22%	-21%	34%	29%	14%	10%	21%	Subordinated debt	2,984	3,269	4,453	5,160	5,089	4,948	4,948	-	65%	10%	36%	16%	-1%	-3%	0%	3%
Net profit	3,16	3 3,3	82 2,	833	3,615	4,650	5,315	5,868	-4%	7%	-16%	28%	29%	14%	10%	20%	Interest bearing liabilities	170,893	192,339	239,473	280,015	315,352	347,530	382,992	4%	24%	13%	25%	17%	13%	10%	10%	12%
Dividends to preferred shares	0	(	)	0	0	0	0	0	-	-	-	-	-	-	-	-	Other liabilities	16,028	16,122	18,552	19,305	20,089	20,905	21,754	35%	8%	1%	15%	4%	4%	4%	4%	4%
Minorities	0	(	)	0	0	0	0	0	-	-	-	-	-	-	-	-	Total shareholders' equity	23,579	29,311	29,679	34,417	38,344	42,728	47,534	27%	4%	24%	1%	16%	11%	11%	11%	12%
Net profit to common shareholders	3,16	3 3,3	82 2,	833	3,615	4,650	5,315	5,868	-4%	7%	-16%	28%	29%	14%	10%	20%	Total liabilities and equity	210,500	237,772	287,704	333,737	373,785	411,164	452,280	9%	20%	13%	21%	16%	12%	10%	10%	12%
Per share data	2013	3 20	14 20	15E	2016E	2017E	2018E	2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR'	Asset quality	2013	2014	2015E	2016E	2017E	2018E	2019E	12/11	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*
Number of shares (mn), eop	4,50	4,5	00 4,	500	4,500	4,500	4,500	4,500	-	-	-	-	-	-	-	-	Gross NPLs	2,238	2,421	3,108	3,355	3,518	3,693	3,881	2%	10%	8%	28%	8%	5%	5%	5%	6%
ordinary shares	4,50	4,5	00 4,	500	4,500	4,500	4,500	4,500	0%	0%	0%	0%	0%	0%	0%	0%	Total loan loss provisions	1,800	1,862	2,445	2,425	2,501	2,756	3,024	-19%	13%	3%	31%	-1%	3%	10%	10%	5%
Stated EPS	0.70	0.3	75 0	.63	0.80	1.03	1.18	1.30	-4%	7%	-16%	28%	29%	14%	10%	20%	Gross NPLs / Ioans	1.63%	1.53%	1.61%	1.46%	1.42%	1.39%	1.35%	-26bps	-23bps	-10bps	7bps	-15bps	-4bps	-3bps	-4bps	-
GS EPS	0.70	0.3	75 0	.59	0.80	1.03	1.18	1.30	-4%	7%	-21%	36%	29%	14%	10%	22%	Coverage ratio	80%	77%	79%	72%	71%	75%	78%	-21 pp	1 pp	-4 pp	2 pp	-6 pp	-1 pp	4 pp	3 рр	-
DPS	0.17	0.	16 0	.10	0.13	0.21	0.24	0.26	14%	-8%	-33%	28%	55%	14%	10%	26%																	
BVPS	5.2	6.	5 6	3.6	7.4	8.2	9.1	10.1	4%	24%	1%	12%	10%	12%	11%	11%	Capital and key ratios							2019E	12/11	13/12	14/13	15/14E	16/15E	17/16E	18/17E	10/102	CAGR*
TBVPS	5.2	6.	5 6	3.5	7.6	8.4	9.4	10.5	3%	24%	1%	16%	11%	12%	11%	13%	RWA	192,568	220,047	256,816	297,907	333,656	367,021	403,724	14%	27%	14%	17%	16%	12%	10%	10%	12%
																	Tier 1 Capital	22,265	29,930	30,217	34,955	38,882	43,267	48,072	15%	13%	34%	1%	16%	11%	11%	11%	12%
Valuation								2019E	13/12						19/18		Total capital	27,690	35,255	36,035	42,025	46,210	50,792	55,991	33%	12%	27%	2%	17%	10%	10%	10%	12%
P/E	7.3>	6.	9x 8	1.2x	6.4x	5.0x	4.4x	4.0x	5%	-6%	19%	-22%	-22%	-13%	-9%	-17%	Shareholders' funds	23,579	29,311	29,679	34,417	38,344	42,728	47,534	27%	4%	24%	1%	16%	11%	11%	11%	12%
GS P/E	7.3>	6.	9x 8	1.7x	6.4x	5.0x	4.4x	4.0x	5%	-6%	27%	-26%	-22%	-13%	-9%	-18%	Tier 1 Ratio	11.6%	13.6%	11.8%	11.7%	11.7%	11.8%	11.9%	8bps	-148bps	204bps	-184bps	-3bps	-8bps	14bps	12bps	-
P/BV	1.0>	0.0	Bx 0	1.8x	0.7x	0.6x	0.6x	0.5x	-4%	-20%	-1%	-11%	-9%	-10%	-10%	-10%	Total capital ratio	14.4%	16.0%	14.0%	14.1%	13.8%	13.8%	13.9%	226bps	-195bps	164bps	-199bps	8bps	-26bps	-1bps	3bps	-
P/TBV	1.0>	0.0	Bx 0	1.8x	0.7x	0.6x	0.5x	0.5x	-3%	-19%	-1%	-14%	-10%	-10%	-10%	-11%	TE / TA	11.1%	12.2%	10.2%	10.2%	10.2%	10.3%	10.4%	0 bps	0 bps	0 bps	0 bps	0 bps	0 bps	0 bps	0 bps	-
Dividend yield	3.39	3.0	1% 2.	.0%	2.6%	4.0%	4.6%	5.1%	14%	-8%	-33%	28%	55%	14%	10%	26%	Leverage (TA / TE)	9x	8x	10x	10x	10x	10x	10x	-1.3x	1.2x	-0.8x	1.6x	0.0x	0.0x	-0.1x	-0.1x	-
Key operational ratios								2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR'	Product penetration						2018E	2019E	12/11			15/14E					CAGR*
NII / avg interest earning assets	3.73	% 3.6	2% 3.	70%	3.44%	3.58%	3.74%	3.75%	-14bp	-11bp	8bp	-26bp	14bp	16bp	2bp	-	Customer loans / deposits	1.11x	1.16x	1.17x	1.18x	1.19x	1.19x	1.18x	9%	10%	4%	0%	1%	1%	0%	0%	0%
Fee / gross loans	1.579	6 1.4	1% 1.3	33%	1.25%	1.26%	1.27%	1.27%	-18bp	-17bp	-8bp	-8bp	1bp	1bp	0bp	-	Customer loans / total assets	0.64x	0.65x	0.66x	0.68x	0.66x	0.64x	0.63x	7%	5%	2%	1%	3%	-3%	-3%	-1%	-1%
Cost / Income	48%			3%	49%	47%	46%	46%	3 pp	2 pp	2 pp	-3 pp	-2 pp	-1 pp	0 pp	-	Loans per employee	5.6	6.4	7.7	9.1	9.8	10.5	11.4	16%	29%	16%	19%	18%	8%	7%	8%	10%
Credit costs / avg gross loans	100b	p 89	bp 11	18bp	106bp	94bp	94bp	95bp	0bp	-11bp	28bp	-11bp	-12bp	-1bp	1bp	-	Deposits per employee	5.0	5.5	6.6	7.7	8.3	8.8	9.6	7%	17%	11%	19%	16%	7%	7%	9%	10%
Effective tax rate	18.09	6 20.	1% 19	9.2%	20.0%	20.0%	20.0%	20.0%	-2 pp	2 pp	-1 pp	1 pp	0 pp	0 pp	0 pp	-																	
																	Gross loans	2013	2014	2015E	2016E	2017E	2018E	2019E	12/11	13/12	14/13	15/14E	16/15E	17/16E	18/17E	10/102	CAGR*
Key profitability ratios	2013						2018E		13/12	14/13	15/14E		17/16E	18/17E		CAGR*	Corporate and government	72,936	83,619		125,637			157,902	15%	25%	15%	26%	19%	8%	7%	8%	11%
GS RoAE	13.79				11.0%	12.8%			-3 pp	0 pp	-4 pp	2 pp	2 pp	0 pp	0 pp	-	Retail	61,907	71,697					126,733	19%	28%	16%	18%	19%	8%	7%	8%	11%
GS ROA	1.649				1.15%	1.30%			-36bp	-11bp	-52bp	15bp	15bp	4bp	1bp	-	Total			190,087				. ,	16%	26%	15%	22%	19%	8%	7%	8%	11%
GS RoRWA	1.849	6 1.5	6% 1.	11%	1.29%	1.45%	1.50%	1.51%	-45bp	-28bp	-45bp	18bp	17bp	5bp	1bp	-	Corporate and government, % of total		54%	55%	55%	55%	55%	55%	-89bps	-73bps	-25bps	164bps	0bps	0bps	0bps	0bps	
																	Retail and SME, % of total	46%	46%	45%	45%	45%	45%	45%	-	-	-	-	-	-	-	-	-
Distribution network	2013				2016E	2017E	2018E	2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E		CAGR'	inc. mortgages, % of total	9%	9%	9%	10%	11%	11%	12%	19bps	-11bps	11bps	-6bps	53bps	53bps	53bps	53bps	-
Number of employees	24,18				,	24,955	,		-2%	0%	2%	1%	0%	0%	0%	0%																	
Number of branches	1,30		,		1,395	1,403	1,411	1,419	5%	4%	2%	1%	1%	1%	1%	1%	Funding structure	2013	2014	2015E	2016E	2017E	2018E	2019E	12/11	13/12	14/13	15/14E	16/15E	17/16E	18/17E		CAGR*
Employee / branch	18	1	-	18	18	18	18	18	-6%	-4%	1%	0%	0%	0%	0%	0%	Interbank deposits	12%	9%	8%	7%	10%	11%	10%	-5 pp	2 pp	-3 pp	-1 pp	-1 pp	3 pp	1 pp	0 pp	-
Avg. staff cost, thousand TL	94	10	)2 1	105	112	121	131	141	27%	8%	3%	7%	8%	8%	8%	8%	Customer deposits	71%	69%	68%	68%	65%	63%	63%	2 pp	-6 pp	-1 pp	-1 pp	0 pp	-3 pp	-2 pp	-1 pp	-
*) Compounded annual growth rate for the 20	015-2019E																Debt securities in issue	6%	9%	9%	10%	10%	12%	13%	2 pp	1 pp	3 рр	0 pp	0 pp	1 pp	1 pp	1 pp	-
																	Other borrowed funds	9%	11%	13%	13%	13%	13%	13%	-1 pp	2 pp	1 pp	2 pp	0 pp	0 pp	0 pp	0 pp	-
																	Subordinated debt	2%	2%	2%	2%	2%	1%	1%	1 pp	0 pp	0 pp	0 pp	0 pp	0 pp	0 pp	0 pp	-

Source: Company data, FactSet, Goldman Sachs Global Investment Research.



# Yapi Kredi: Summary financials

## **Exhibit 24: Yapi Kredi financial forecasts**

Profit and Loss Statement, TL mn	2013	2014	2015E	2016E	2017E	2018E	2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*	Assets	2013	2014	2015E	2016E	2017E	2018E	2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*
NII	4,664	5,606	6,906	8,087	9,818	11,441	12,657	4%	20%	23%	17%	21%	17%	11%	16%	Cash & cash equivalents	18,777	22,969	33,452	35,135	34,558	36,947	40,146	70%	22%	46%	5%	-2%	7%	9%	5%
Fees	2,006	2,201	2,608	3,026	3,389	3,660	3,953	14%	10%	19%	16%	12%	8%	8%	11%	Interbank and other lending	5,901	3,964	3,613	3,613	3,613	3,613	3,613	8%	-33%	-9%	0%	0%	0%	0%	0%
Trading income, dividends	248	-242	-897	-923	-1,299	-1,466	-1,379	72%	-198%	271%	3%	41%	13%	-6%	11%	Net customer loans and advances	96,039	121,993	156,737	184,604	202,230	219,605	241,054	27%	27%	28%	18%	10%	9%	10%	11%
Other operating income	1,680	597	1,003	867	969	1,063	1,165	397%	-64%	68%	-14%	12%	10%	10%	4%	Securities	21,231	24,802	32,098	33,103	47,926	60,876	72,582	-1%	17%	29%	3%	45%	27%	19%	23%
Revenues	8,598	8,161	9,620		12,878			28%	-5%	18%	15%	16%	14%	12%	14%	Interest earning assets			192,448					20%	22%	28%	15%	15%	12%	12%	13%
Staff expenses	-1,330	-1,563	-1,807	-1,990	-2,170	-2,365	-2,554	8%	17%	16%	10%	9%	9%	8%	9%	Other assets	6,933	7,473	13,285	13,825	14,386	14,970	15,578	-18%	8%	78%	4%	4%	4%	4%	4%
Other operating expenses	-2,009	-2,367	-2,961	-3,204	-3,501	-3,925	-4,367	14%	18%	25%	8%	9%	12%	11%	10%	Total assets	148,881	181,201	239,186	270,280	302,713	336,012	372,973	22%	22%	32%	13%	12%	11%	11%	12%
Total operating expenses	-3,339	-3,930	-4,769	-5,194	-5,671	-6,290	-6,921	12%	18%	21%	9%	9%	11%	10%	10%																
Gross operating profit	5,259	4,232	4,851	5,863	7,207	8,408	9,475	41%	-20%	15%	21%	23%	17%	13%	18%	Liabilities & Shareholders' equity							2019E	13/12							
Credit costs	-1,475	-1,862	-2,507	-2,612	-2,603	-2,781	-3,078	14%	26%	35%	4%	0%	7%	11%	5%	Interbank deposits	3,393	6,201	13,236	11,523	21,898	32,149	40,420	-28%	83%	113%	-13%	90%	47%	26%	32%
Net operating profit	3,784	2,370	2,344	3,251	4,603	5,627	6,397	54%	-37%	-1%	39%	42%	22%	14%	29%	Customer deposits	86,308	105,120	136,732	161,338	174,874	188,655	206,816	27%	22%	30%	18%	8%	8%	10%	11%
Other income/losses	0	0	0	0	0	0	0	_	-	-	-	-	-	-	-	Debt securities in issue	5,847	9,720	10,776	11,214	11,669	12,143	12,636	151%	66%	11%	4%	4%	4%	4%	4%
PBT	3,784	2,370	2,344	3,251	4,603	5,627	6,397	54%	-37%	-1%	39%	42%	22%	14%	29%	Other borrowed funds	16,428	18,122	27,383	31,131	35,041	39,054	43,513	32%	10%	51%	14%	13%	11%	11%	12%
Tax	-581	-525	-525	-683	-967	-1,182	-1,343	8%	-10%	0%	30%	42%	22%	14%	26%	Subordinated debt	6,481	6,771	7,312	8,473	8,357	8,125	8,125	25%	4%	8%	16%	-1%	-3%	0%	3%
Net profit	3,203	1,845	1,819	2,568	3,637	4,445	5,053	67%	-42%	-1%	41%	42%	22%	14%	29%	Interest bearing liabilities	118,456	145,933	195,439	223,679	251,839	280,125	311,509	28%	23%	34%	14%	13%	11%	11%	12%
Dividends to preferred shares	0	0	0	0	0	0	0	-	-	-	-	-	-	-	-	Other liabilities	13,116	16,141	21,166	22,026	22,920	23,851	24,819	4%	23%	31%	4%	4%	4%	4%	4%
Minorities	0	0	0	0	0	0	0	_	-	-	-	-	-	-	-	Total shareholders' equity	17,309	19,126	22,580	24,575	27,955	32,036	36,645	3%	10%	18%	9%	14%	15%	14%	13%
Net profit to common shareholders	3,203	1,845	1,819	2,568	3,637	4,445	5,053	67%	-42%	-1%	41%	42%	22%	14%	29%	Total liabilities and equity	148,881	181,201	239,186	270,280	302,713	336,012	372,973	22%	22%	32%	13%	12%	11%	11%	12%
Per share data	2013	2014	2015E	2016E	2017E	2018E	2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*	Asset quality	2013	2014	2015E	2016E	2017E	2018E	2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*
Number of shares (mn), eop	4,347	4,347	4,347	4,347	4,347	4,347	4,347	-	-	-	-	-	-	-	-	Gross NPLs	3,558	4,334	5,962	7,144	8,471	9,915	11,490	41%	22%	38%	20%	19%	17%	16%	18%
ordinary shares	4,347	4,347	4,347	4,347	4,347	4,347	4,347	0%	0%	0%	0%	0%	0%	0%	0%	Total loan loss provisions	2,410	3,078	4,364	5,307	6,312	7,365	8,477	55%	28%	42%	22%	19%	17%	15%	18%
Stated EPS	0.74	0.42	0.42	0.59	0.84	1.02	1.16	67%	-42%	-1%	41%	42%	22%	14%	29%	Gross NPLs / loans	3.61%	3.47%	3.70%	3.76%	4.06%	4.37%	4.60%	35bps	-15bps	24bps	6bps	30bps	31bps	24bps	-
GS EPS	0.46	0.42	0.42	0.59	0.84	1.02	1.16	5%	-9%	-1%	41%	42%	22%	14%	29%	Coverage ratio	68%	71%	73%	74%	75%	74%	74%	6 pp	3 pp	2 pp	1 pp	0 pp	0 pp	-1 pp	-
DPS	0.09	0.09	0.02	0.06	0.08	0.10	0.12	29%	3%	-77%	182%	42%	22%	14%	54%																
BVPS	4.0	4.4	5.2	5.7	6.4	7.4	8.4	3%	10%	18%	9%	14%	15%	14%	13%	Capital and key ratios							2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*
TBVPS	3.7	4.1	4.9	5.3	6.1	7.0	8.0	3%	11%	19%	9%	14%	15%	15%	13%	RWA	138,034	164,415	218,156	246,516	276,098	306,468	340,180	16%	19%	33%	13%	12%	11%	11%	12%
																Tier 1 Capital	15,655	17,981	20,446	22,440	25,820	29,901	34,510	22%	15%	14%	10%	15%	16%	15%	14%
Valuation							2019E	13/12							CAGR*	Total capital	22,084	24,705	28,240	32,030	35,692	39,934	45,025	14%	12%	14%	13%	11%	12%	13%	12%
P/E	5.0x	8.7x	8.8x	6.2x	4.4x	3.6x	3.2x	-40%	74%	1%	-29%	-29%	-18%	-12%	-23%	Shareholders' funds	17,309	19,126	22,580	24,575	27,955	32,036	36,645	3%	10%	18%	9%	14%	15%	14%	13%
GS P/E	7.9x	8.7x	8.8x	6.2x	4.4x	3.6x	3.2x	-5%	9%	1%	-29%	-29%	-18%	-12%	-23%	Tier 1 Ratio	11.3%	10.9%	9.4%	9.1%	9.4%	9.8%	10.1%	56bps	-40bps	-156bps	-27bps	25bps	41bps	39bps	-
P/BV	0.9x	0.8x	0.7x	0.7x	0.6x	0.5x	0.4x	-3%	-10%	-15%	-8%	-12%	-13%	-13%	-11%	Total capital ratio	16.0%	15.0%	12.9%	13.0%	12.9%	13.0%	13.2%	-30bps	-97bps	-208bps	5bps	-7bps	10bps	21bps	-
P/TBV	1.0x	0.9x	0.8x	0.7x	0.6x	0.5x	0.5x	-3%	-10%	-16%	-8%	-13%	-13%	-13%	-12%	TE / TA	10.8%	9.8%	8.9%	8.6%	8.8%	9.1%	9.4%	0 bps	0 bps	0 bps	0 bps	0 bps	0 bps	0 bps	-
Dividend yield	2.4%	2.5%	0.6%	1.6%	2.3%	2.8%	3.2%	29%	3%	-77%	182%	42%	22%	14%	54%	Leverage (TA / TE)	9x	10x	11x	12x	11x	11x	11x	1.5x	0.9x	1.1x	0.4x	-0.2x	-0.4x	-0.4x	-
Key operational ratios							2019E	13/12							CAGR*	Product penetration							2019E	13/12							CAGR*
NII / avg interest earning assets	3.78%	3.70%	3.49%	3.38%	3.64%	3.80%	3.78%	-51bp	-8bp	-21bp	-11bp	26bp	16bp	-3bp	-	Customer loans / deposits	1.10x	1.15x	1.13x	1.13x	1.14x	1.15x	1.15x	0%	4%	-1%	0%	1%	1%	0%	0%
Fee / gross loans	2.39%	2.08%	1.88%	1.79%	1.79%	1.77%	1.76%	-11bp	-31bp	-20bp	-9bp	-1bp	-1bp	-2bp	-	Customer loans / total assets	0.64x	0.67x	0.65x	0.68x	0.66x	0.65x	0.64x	4%	5%	-3%	4%	-2%	-2%	-1%	0%
Cost / Income	39%	48%	50%	47%	44%	43%	42%	-6 pp	9 pp	1 pp	-3 pp	-3 pp	-1 pp	-1 pp	-	Loans per employee	6.3	7.0	8.5	9.9	10.9	11.8	12.9	25%	12%	21%	17%	9%	8%	10%	11%
Credit costs / avg gross loans	158bp	162bp	170bp	148bp	131bp	129bp	131bp	-2bp	5bp	8bp	-23bp	-17bp	-2bp	2bp	-	Deposits per employee	5.7	6.1	7.5	8.8	9.5	10.2	11.2	25%	7%	23%	17%	8%	8%	10%	11%
Effective tax rate	15.3%	22.1%	22.4%	21.0%	21.0%	21.0%	21.0%	-7 pp	7 pp	0 pp	-1 pp	0 pp	0 pp	0 pp	-																
																Gross loans							2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*
Key profitability ratios							2019E	13/12								Corporate and government	50,022	69,002	92,327	108,770	119,068	129,176	141,665	31%	38%	34%	18%	9%	8%	10%	11%
GS RoAE	11.8%	10.2%	8.6%	11.0%	13.9%	14.9%	14.8%	-2 pp	-2 pp	-2 pp	2 pp	3 pp	1 pp	0 pp	-	Retail	44,870	51,735	62,811	73,997	81,003	87,880	96,376	23%	15%	21%	18%	9%	8%	10%	11%
GS ROA	1.50%	1.14%	0.85%	1.00%	1.26%	1.39%	1.42%	-18bp	-36bp	-28bp	14bp	26bp	13bp	3bp	-	Total	94,891	120,738	155,139	182,767	200,071	217,056	238,041	27%	27%	28%	18%	9%	8%	10%	11%
GS RoRWA	1.60%	1.23%	0.94%	1.09%	1.38%	1.52%	1.56%	-15bp	-37bp	-29bp	15bp	29bp	14bp	4bp	-	Corporate and government, % of total	al 53%	57%	60%	60%	60%	60%	60%	155bps	444bps	236bps	0bps	0bps	0bps	0bps	-
																Retail and SME, % of total	47%	43%	40%	40%	40%	40%	40%	_	-	_	_	_	_	_	-
Distribution network	2013	2014	2015E	2016E	2017E	2018E	2019E	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*	inc. mortgages, % of total	10%	10%	10%	10%	11%	11%	12%	-8bps	-43bps	8bps	49bps	49bps	49bps	49bps	-
Number of employees	15,096	17,178	18,236	18,430	18,430	18,430	18,430	1%	14%	6%	1%	0%	0%	0%	0%																
Number of branches	949	1,003	1,025	1,037	1,049	1,061	1,073	2%	6%	2%	1%	1%	1%	1%	1%	Funding structure	2013	2014	2015E	2016E	2017E	2018E	2019E_	13/12	14/13	15/14E	16/15E	17/16E	18/17E	19/18E	CAGR*
Employee / branch	16	17	18	18	18	17	17	-1%	8%	4%	0%	-1%	-1%	-1%	-1%	Interbank deposits	3%	4%	7%	5%	9%	11%	13%	-2 pp	1 pp	3 рр	-2 pp	4 pp	3 pp	1 pp	_
Avg. staff cost, thousand TL	88	91	99	108	118	128	139	6%	3%	9%	9%	9%	9%	8%	9%	Customer deposits	73%	72%	70%	72%	69%	67%	66%	-1 pp	-1 pp	-2 pp	2 pp	-3 pp	-2 pp	-1 pp	_
*) Compounded annual growth rate for the 20	15-2019E															Debt securities in issue	5%	7%	6%	5%	5%	4%	4%	2 pp	2 pp	-1 pp	-1 pp	0 pp	0 pp	0 pp	_
,																Other borrowed funds	14%	12%	14%	14%	14%	14%	14%	0 pp	-1 pp	2 pp	0 pp	0 pp	0 pp	0 pp	_
																Subordinated debt	5%	5%	4%	4%	3%	3%	3%	0 pp	-1 pp	-1 pp	0 pp	0 pp	0 pp	0 pp	_

Source: Company data, FactSet, Goldman Sachs Global Investment Research.



November 25, 2015

Turkey: Banks

## **Disclosure Appendix**

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We, Dmitry Trembovolsky and Igor Gerasimov, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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November 25, 2015

Turkey: Banks

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November 25, 2015 Turkey: Banks

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