

Subject: Asset quality analysis of six TR banks we cover

From: Martin Zeman <[REDACTED]>

Date: Thu, 19 Jul 2018 09:34:01 -0400

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Heiko, Paul,

As discussed with both of you, we have a call on Turkey at 10.30am – I will send a separate dial-in invite.

See attached for analysis from Kazim who is the equity analyst for the names in the spreadsheet. I am also sending another email behind this one with more analysis so please take a look before the call.

Martin

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From: Kazim Andac
Sent: Thursday, July 19, 2018 9:27 AM
To: Martin Zeman [REDACTED]
Subject: Asset quality analysis of six TR banks we cover

Hi Martin,

In case it helps to the content of our call, please see the attached excel file for the asset quality analysis of six TR banks we cover.

Looking at the related sheets;

'(1) Main: You can find each banks' exposure to Stage 2 and Stage 3 loans, coverage ratios, ECLs, etc.

'(2) Sensit: This is a 'plug & play' sheet, in which we stress test our CoR, Earnings, ROE, Tier 1, CAR and valuation multiples via playing with cells (i) T27 (amount of Stage 2 transferred to Stage 3), and (ii) T46 (nominal loan growth rate).

Note that Stage 2 loans are adjusted for OTAS exposures.

'(3) Loan breakdown and Growth: You can see the evolution of segmental breakdown and growth since 2011 on a bank on bank basis. This is to show, the extent of banks' aggressiveness in riskier loan segments.

'(4) By business segments: Charts to compare banks' exposure to each segment.

'(5) By sector (breakdown): Loan breakdown for each on sector basis: construction, utilities, mining, etc... see the breakdown of energy sector exposures.

'(6) Detail sector breakdown (BRSA): Banking sector loan distribution and sectoral NPL ratios (May 2018).

'(7) FX loans: FX loan size of each bank as of 1Q18.

'(8) Sensitivity sheets: Sensitivities under various asset quality and growth assumptions. We stress test CoR, earnings, ROE, capital ratios of six banks we cover.

Best regards

Kazim

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