

The background of the slide features a large, stylized Borsa İstanbul logo in white and blue, set against a dark blue background with glowing circuitry and data lines. The logo is a stylized flame or bird shape within a circle. Below the logo, the text "BORSA İSTANBUL" is visible in white. The overall aesthetic is high-tech and digital.

An Overview of Borsa İstanbul and İstanbul's Value Proposition for Potential Issuers/Investors from the SEE Region

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Borsa İstanbul Overview and the Transformation Process

**BORSA
İSTANBUL**

BORSA İSTANBUL OVERVIEW AND THE TRANSFORMATION PROCESS

İstanbul as a Financial Center



Sources: (*) World Bank, (**) IMF

BORSA İSTANBUL OVERVIEW AND THE TRANSFORMATION PROCESS

İstanbul as a Financial Center

İstanbul Economy

**is larger than 25
European Countries
in terms of GDP**

Qualified Labor Force

Business Infrastructure Facilities

Regulatory Environment

A Fair Business Environment

Access to Professional Service Providers

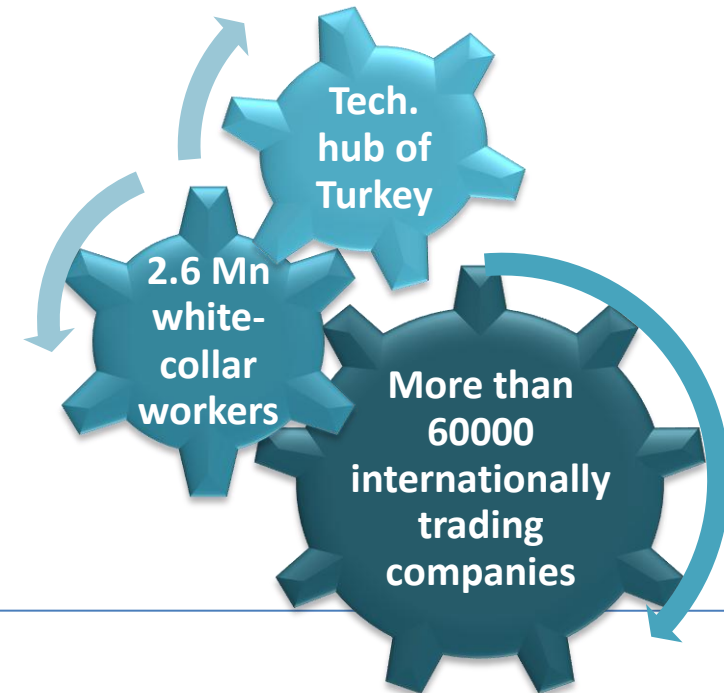
Quality of Life

28% of Turkish GDP

\$200 Bn Foreign Trade Volume

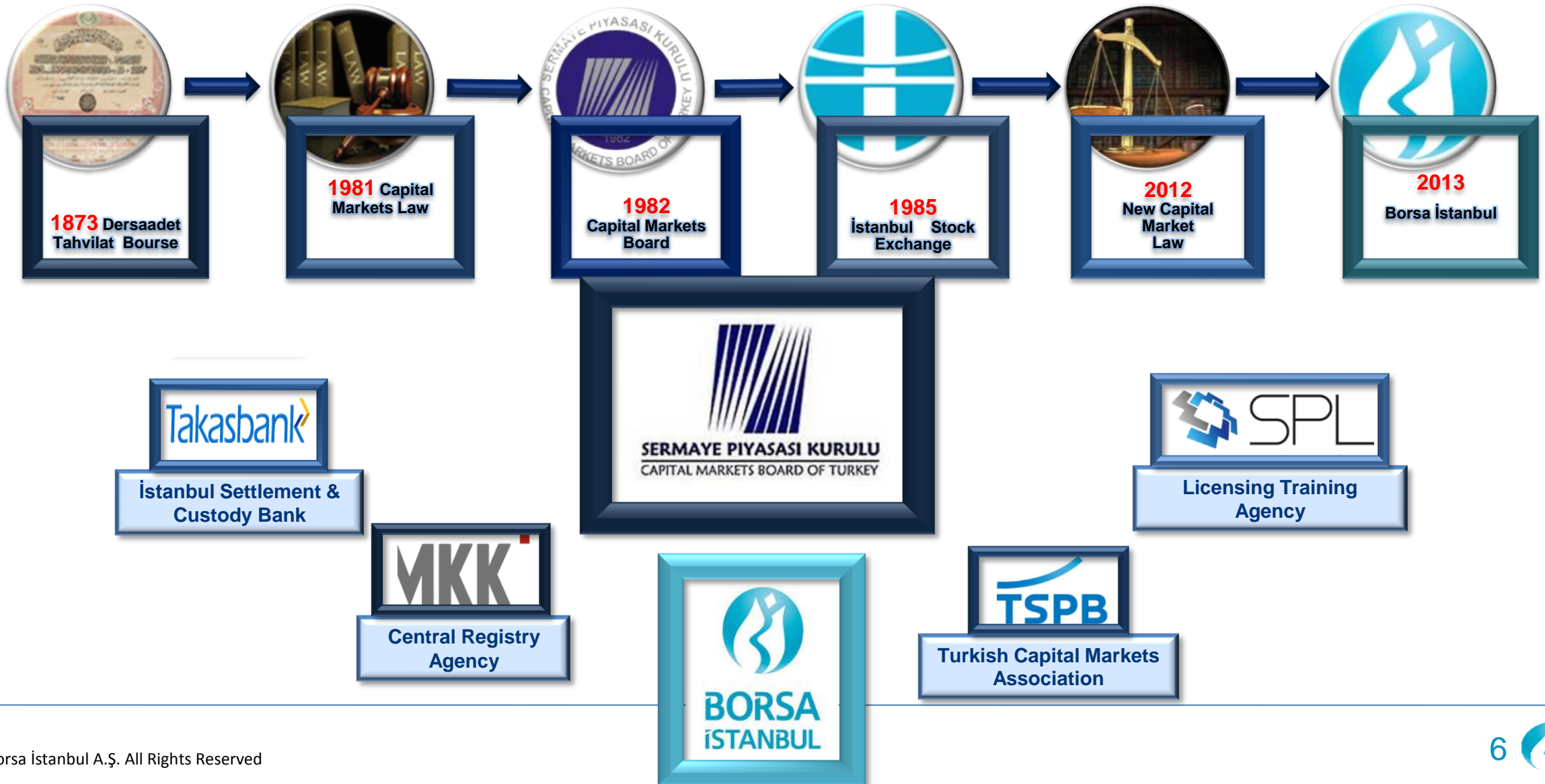
55% of FDI in Turkey

45% of foreign capital invested in banking & insurance



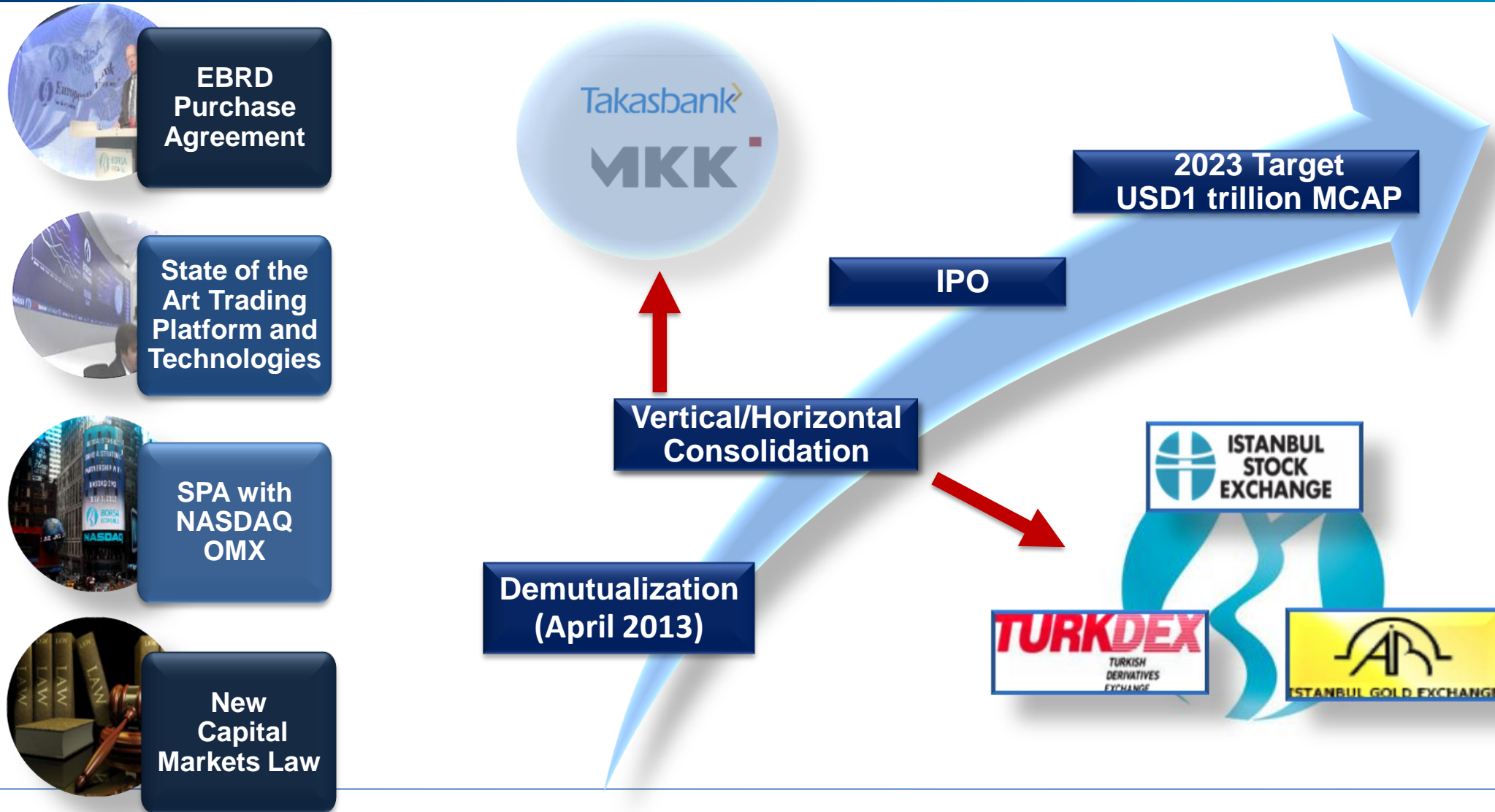
BORSA İSTANBUL OVERVIEW AND THE TRANSFORMATION PROCESS

History & Institutions



BORSA İSTANBUL OVERVIEW AND THE TRANSFORMATION PROCESS

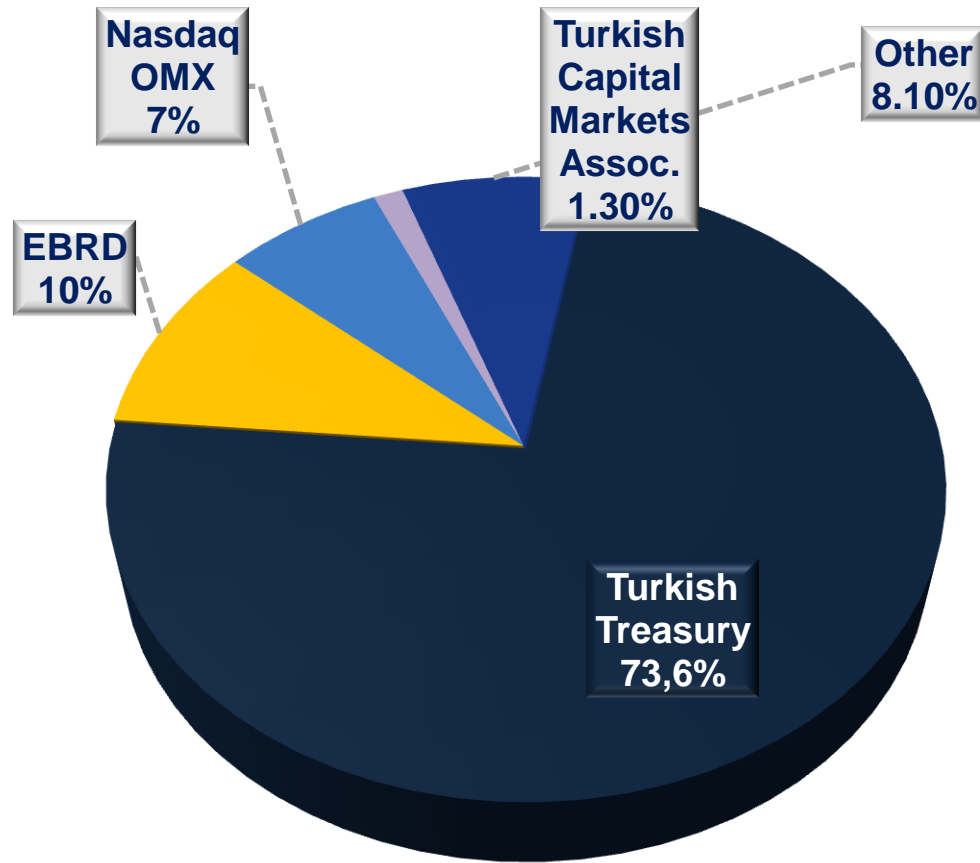
The Roadmap



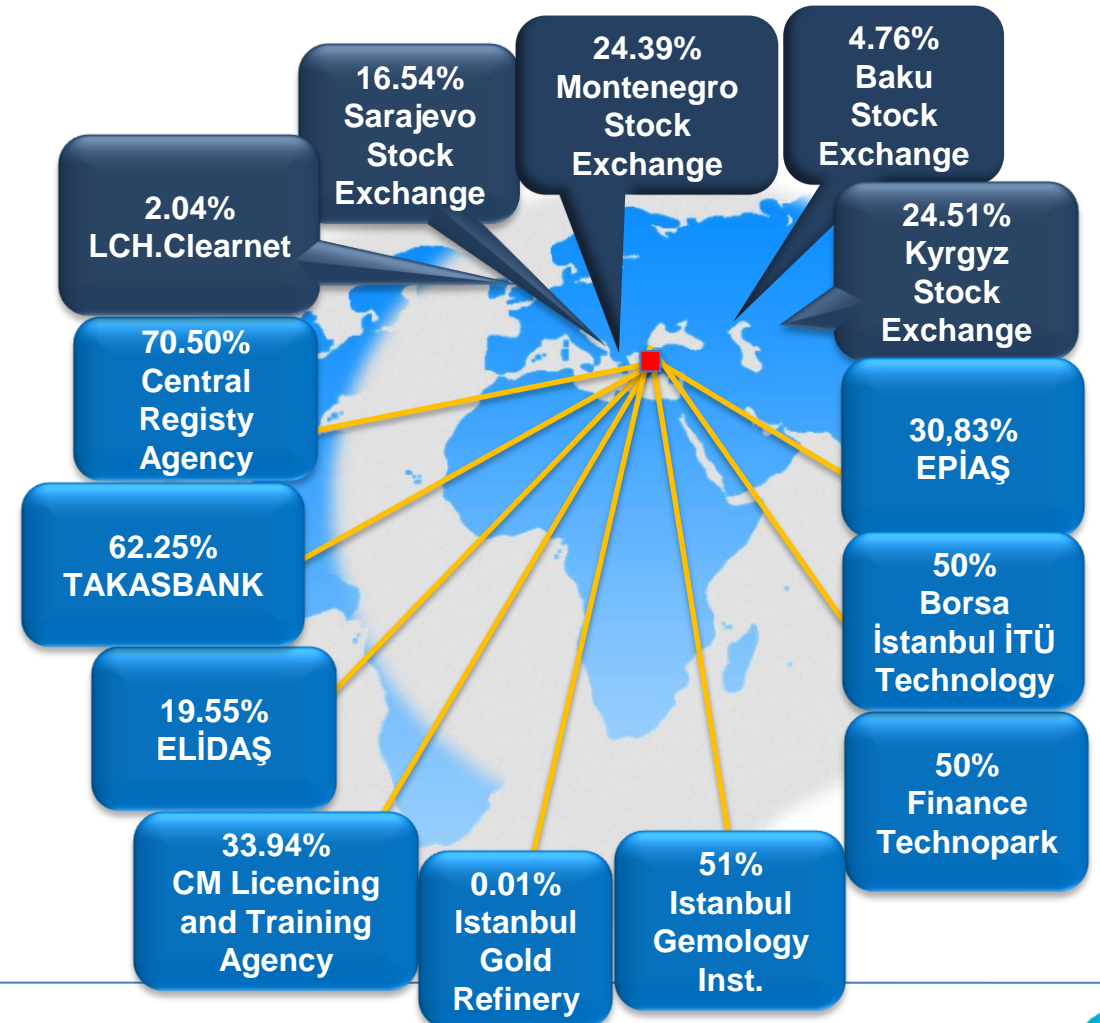
BORSA İSTANBUL OVERVIEW AND THE TRANSFORMATION PROCESS

Shareholders and Subsidiaries

SHAREHOLDERS



SUBSIDIARIES



BORSA İSTANBUL OVERVIEW AND THE TRANSFORMATION PROCESS

BIST's Regional Strategy



Strategy 1

Becoming the "financial supermarket" of the region

- Achieving fast, easy and cost-effective communication via establishing interconnectivity among the settlement and clearing institutions of the region
- Development of commodity markets
- Facilitating joint business and product development



Strategy 2

Becoming the financial gateway of the region

- Marketing of trading data
- Integration of market platforms
- Order routing
- Joint Index formation
- Settlement and clearing center
- Cross/dual listings



Strategy 3

Becoming the financial technologies center of the region

- Regional technopark formation
- Sales of market technologies
- Development and rehabilitation of trade, settlement, clearing, risk management and monitoring systems



Strategy 4

Becoming the financial know-how center of the region

- Pioneering in the education efforts to increase financial knowledge, and awareness
- Facilitate and support financial research efforts



Borsa İstanbul Markets Overview



BORSA İSTANBUL MARKETS OVERVIEW

Our Markets

EQUITY MARKET

- BIST Stars
- BIST Main
- BIST Emerging Companies
- Collective and Structured Products
- Watchlist
- Pre-Market Trading Platform
- Equity Market for Qualified Investors

DEBT SECURITIES MARKET

- Outright Purchases and Sales Market
- Repo-Reverse Repo Market
- Offering Market for Qualified Investors
- Repo Market for Specified Securities
- Interbank Repo -Reverse Repo Market
- Equity Repo Market
- Eurobonds Market
- Money Market

PRECIOUS METALS AND DIAMOND MARKET

- Precious Metals Market
- Precious Metals Lending Market
- Diamond and Precious Stone Market

DERIVATIVES MARKET

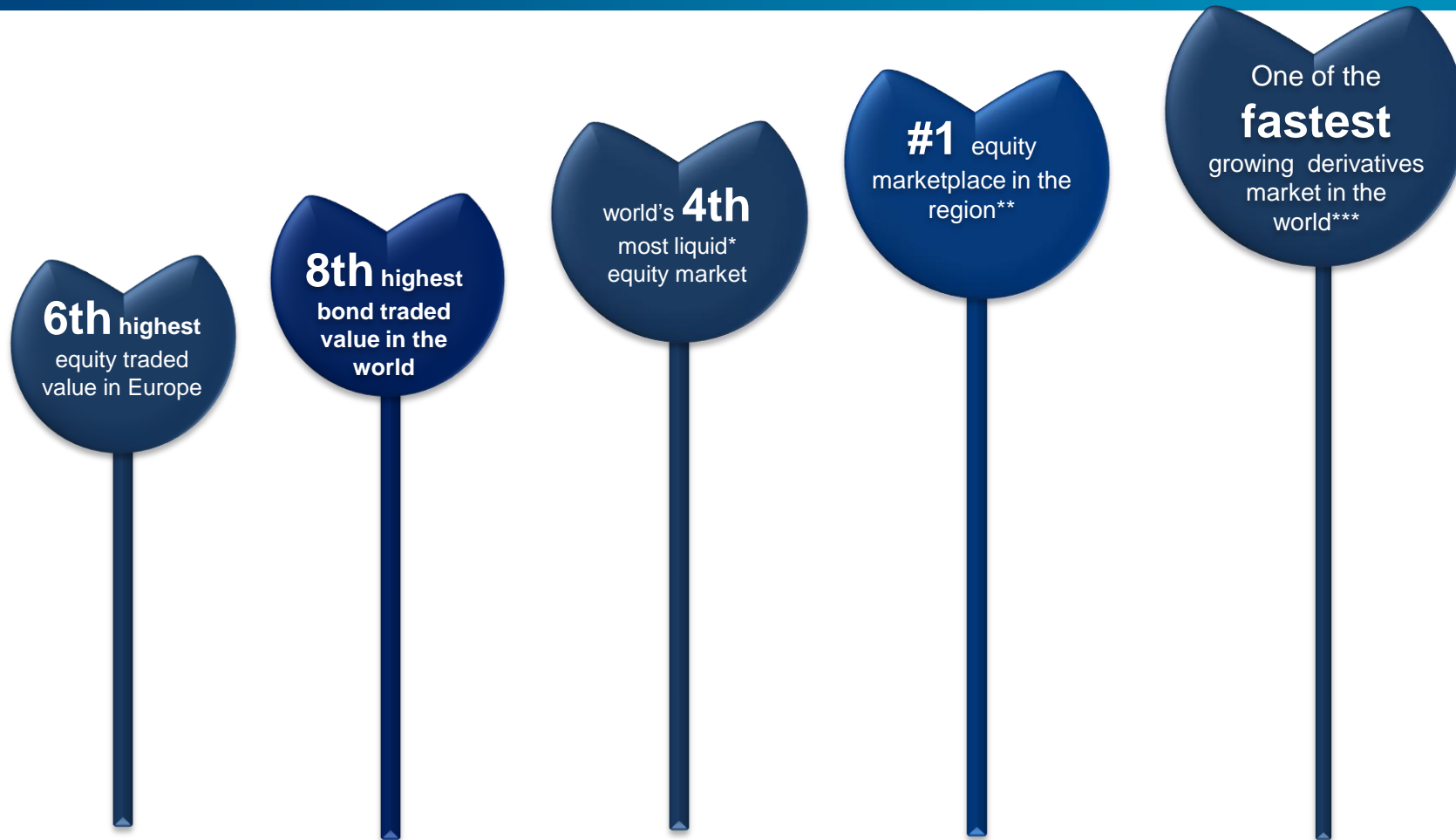
- Equity Options & Futures
- Equity Index Options & Futures
- Currency Options & Futures
- Precious Metals Futures
- Commodity Futures
- Power Futures

PRIVATE MARKET

- Connects companies and investor for equity transactions without capital market obligations

BORSA İSTANBUL MARKETS OVERVIEW

International Rankings



in terms of turnover velocity *
in terms of trading volume; Eastern Europe, the Middle East, North Africa, and Central Asia **
in terms of trading volume, 2015, World***

BORSA İSTANBUL MARKETS OVERVIEW

Equity Market Overview

BIST STARS	BIST MAIN	BIST EMERGING COMPANIES	COLLECTIVE AND STRUCTURED PRODUCTS	WATCHLIST MARKET	PRE MARKET TRADING PLATFORM
117 companies Trading venue for the large cap bluechip companies Higher quantitative criteria requirements	180 companies Promotes the trading of midcap companies and SME equities. Eased listing requirements compared to BIST Stars	18 Companies Promotes trading of growth stage small scale companies' equities. Eased listing requirements compared to BIST Main	48 instruments Market for Investment trusts, REITs, venture capital trusts, warrants, certificates, participation certificates of ETFs	34 companies Dismissals from the related market Protects investors' rights and public interest	15 Companies Companies in public status whose shares not traded in the Exchange but required to list by law

BORSA İSTANBUL MARKETS OVERVIEW

Equity Market Figures

P/E RATIOS (Q3/2016)

BIST Average • 11.12

BIST 100 • 10.60

BIST 30 • 9.50

Banking • 7.30

Agriculture • 7.51

IT • 13.04

Manufacturing • 13.42

Mining • 7.68

Construction • 11.31

Retail • 12.93

Logistics & Telecom • 14.73

412*

Companies traded

0.6 Bn USD*

Avg. MCAP (BIST Stars+BIST Main)

195 Bn USD*

Total MCAP (BIST ALL)

Source: Borsa İstanbul (Q3/2016)

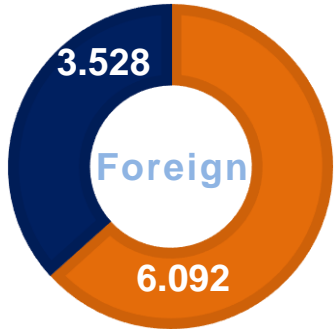
BORSA İSTANBUL MARKETS OVERVIEW

Equity Market Investor Profile

5.551



Number of Investors by Nationality
(Q3/2016)

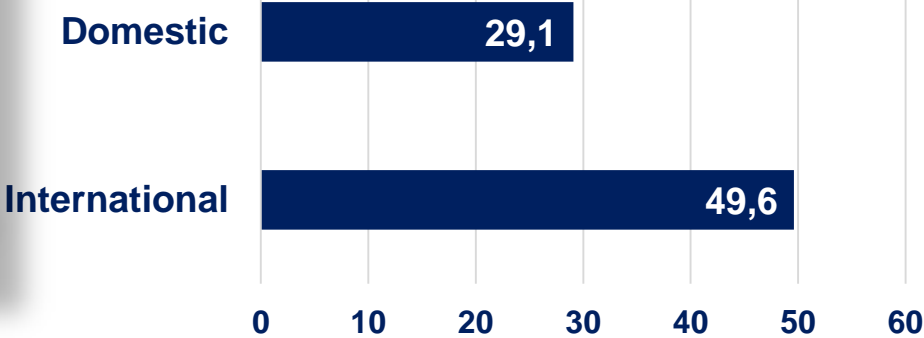


■ Retail ■ Institutional

■ Retail ■ Institutional

As of September 2016, foreign investors represent only **1%** of the total Borsa İstanbul investor base. Their share in trade volume is **25%** and they hold **63%** of the total market cap.

MCAP by Nationality (bn USD, Q3/2016)

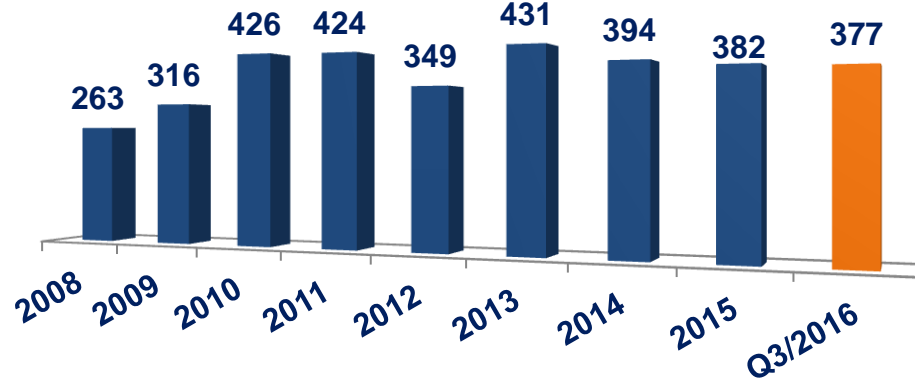


Turkish equity markets offer an opportunity to reach a global investor base with a high foreign Participation share.

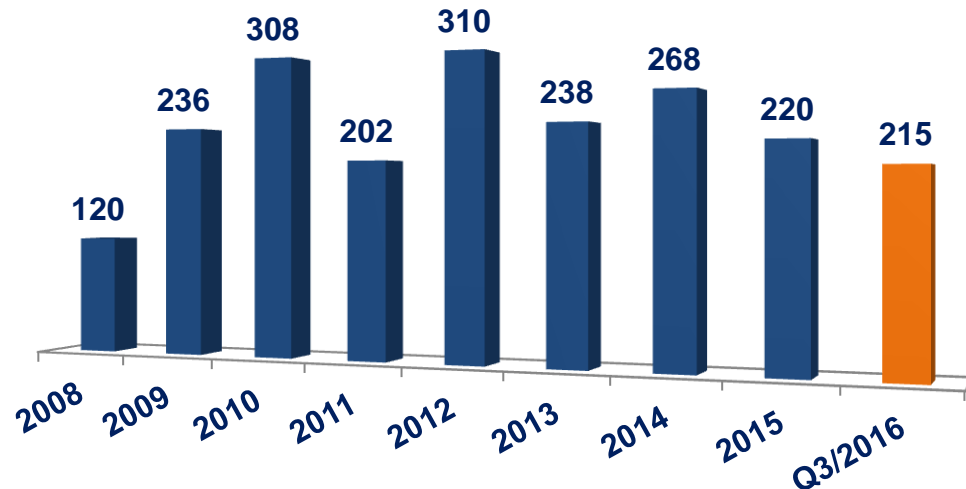
BORSA İSTANBUL MARKETS OVERVIEW

Equity Market Figures

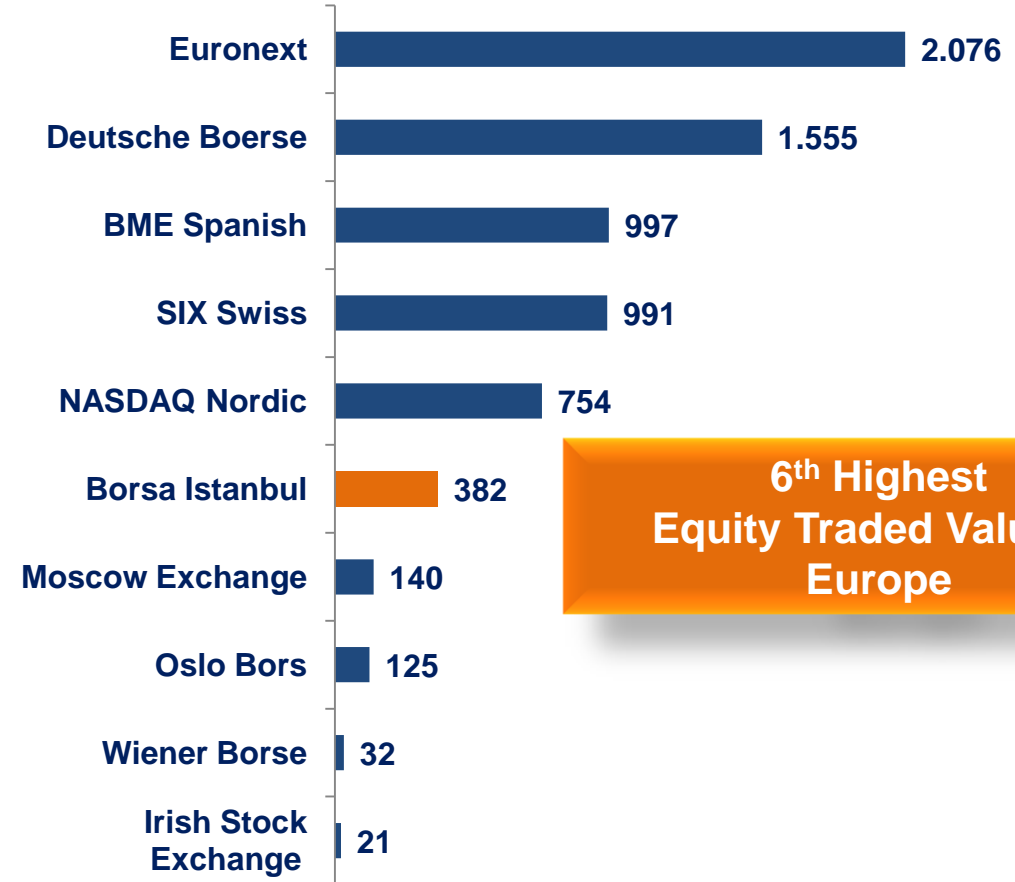
Equity Traded Value (Bn USD, Q3/2016)



Market Cap (Bn USD, Q3/2016)



Equity Market Traded Value in Europe (Bn USD, 2015)



**6th Highest
Equity Traded Value in
Europe**

Source: WFE, incl. only listed equities

BORSA İSTANBUL MARKETS OVERVIEW

Debt Securities Market Overview



Repo/Reverse Repo Market

- Government bonds, treasury bills and liquidity certificates are eligible securities for repo/reverse repo transactions
- USD1,280.4 Bn traded value (2015)



Interbank Repo-Reverse Repo Market

- Established for banks to facilitate the repo-reverse repo transactions in organized market conditions
- USD2,056.9 Bn traded value (2015)



Outright Purchases and Sales Market

- Debt securities, securitized asset and income backed debt securities, lease certificates, liquidity bills and other securities which are approved by Borsa İstanbul Board are traded.
- USD146.6 Bn traded value (2015)

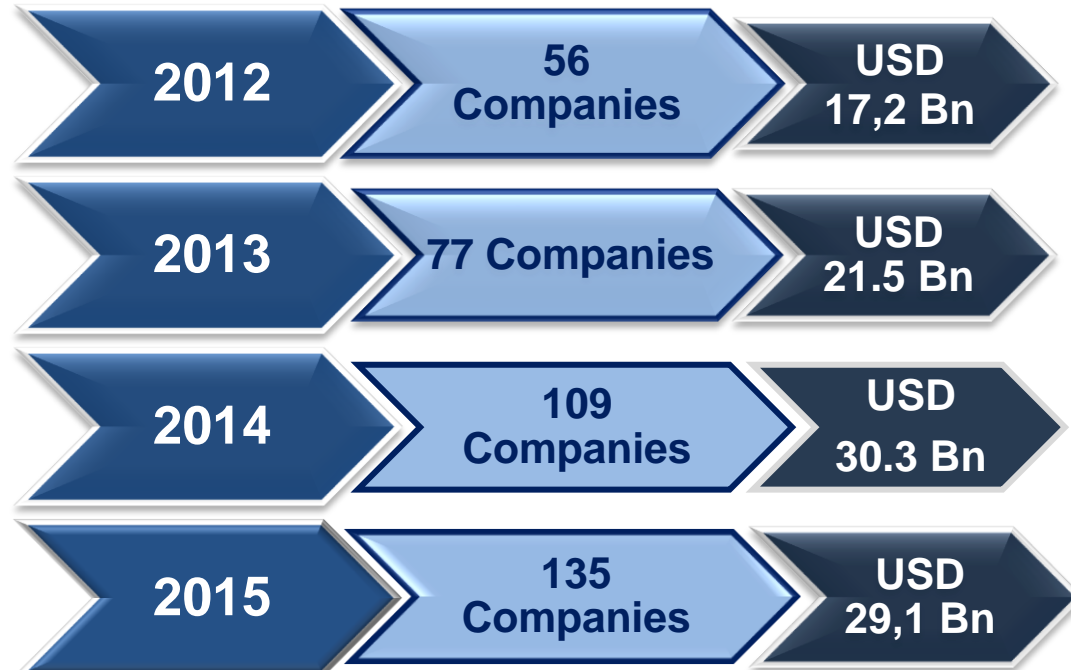


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BORSA İSTANBUL MARKETS OVERVIEW

Private Sector Debt Issuance Figures

DEBT SECURITIES (2012 - 2015)



DEBT SECURITIES (Q3/2016)

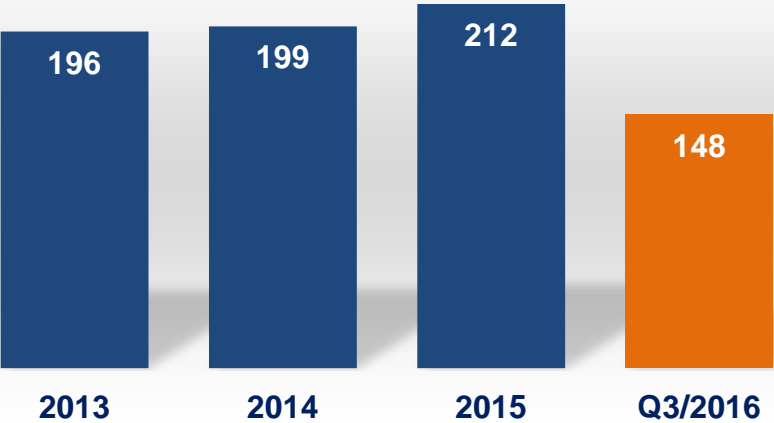


Source: Borsa İstanbul

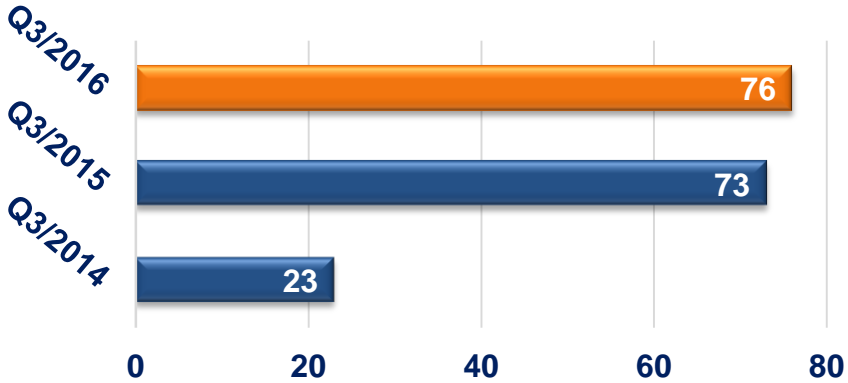
BORSA İSTANBUL MARKETS OVERVIEW

Derivatives Market Figures

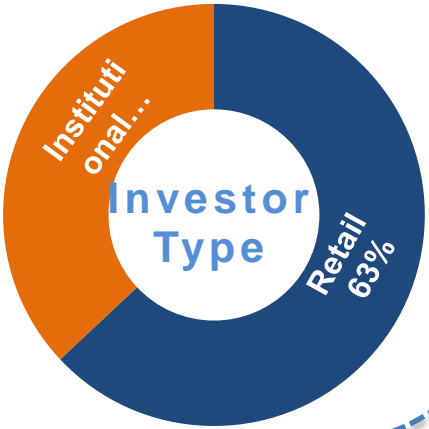
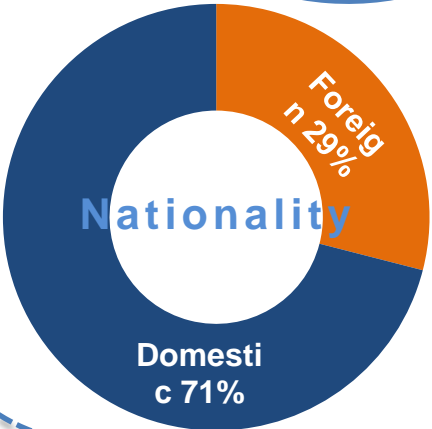
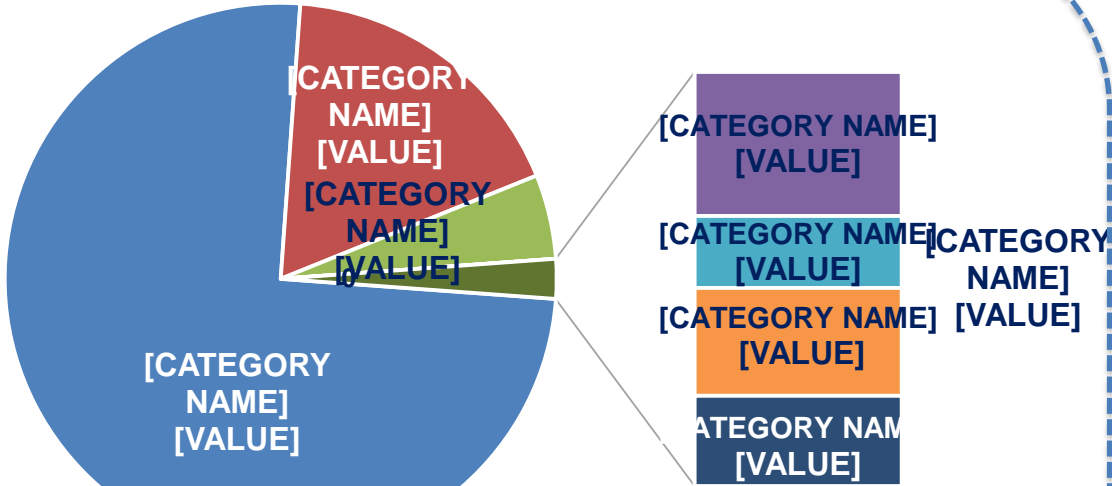
Value of Trading (bn USD)



Traded Value (mn)



Breakdown of Traded Value of Derivatives



Source: Borsa İstanbul, 2015

BORSA İSTANBUL MARKETS OVERVIEW

Precious Stones and Diamonds Market Figures

Members of the Precious Metals Market

Banks	24
Currency Offices	43
Precious Metals Brokerage Houses	19
Precious Metals Producing and Marketing Companies	13
Total	99

Members of the Precious Metals Lending Market

Banks	11
Currency Offices	2
Total	13

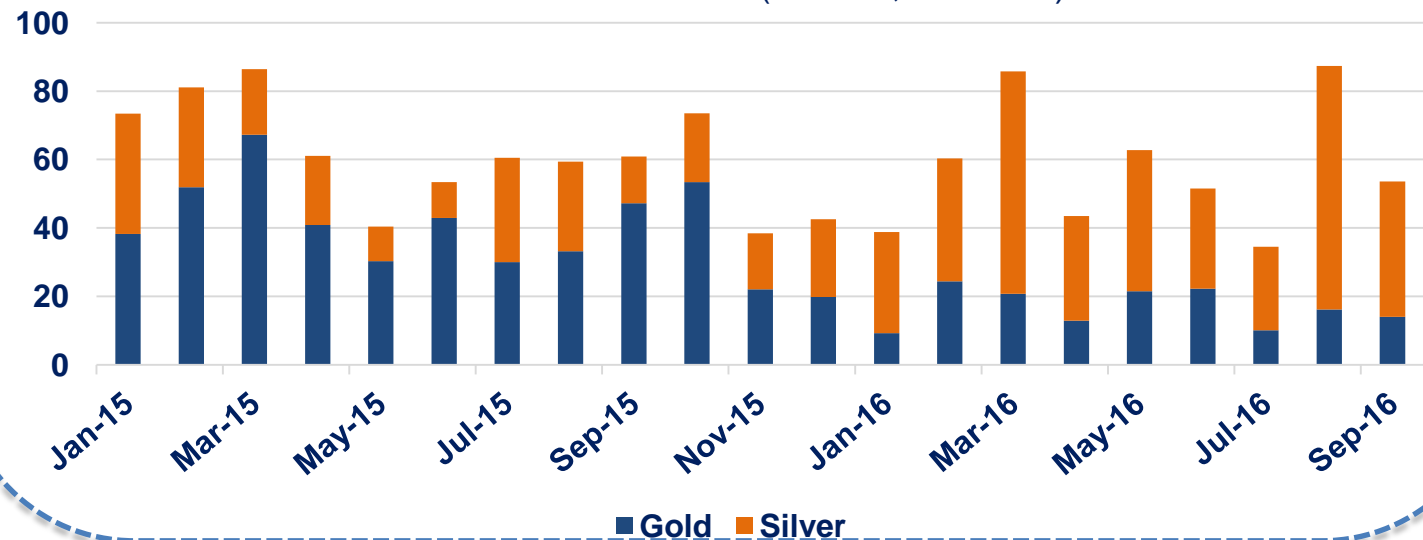
Members of the Diamond and Precious Stone Market

Jewelry companies	460
Precious Metals Market members	55
Total	515

Gold and Silver Total Trade Volume (Mn USD Q3/2016)



Gold and Silver Total Trade Volume (Tonnes, Q3/2016)



■ Gold ■ Silver

Source: Borsa İstanbul

BORSA İSTANBUL MARKETS OVERVIEW

Private Market Figures



- Started operations in November 2014 to bring together entrepreneurs and investors in long-term partnerships
- Shares can be traded without an initial public offering by qualified investors—not subject to the public firm regulations
- Membership and Web based platform
- Easy, fast and low-cost financing and liquidity solutions
- Awarded the “Most Innovative Initiative of the Year”

Member Profile	Start-up	Pre-IPO Company	Pre-IPO Company Shareholder	Investor	Service Provider	Intermediary	Total
	144	78	3	108	16	14	363

Source: Borsa İstanbul, February 2016

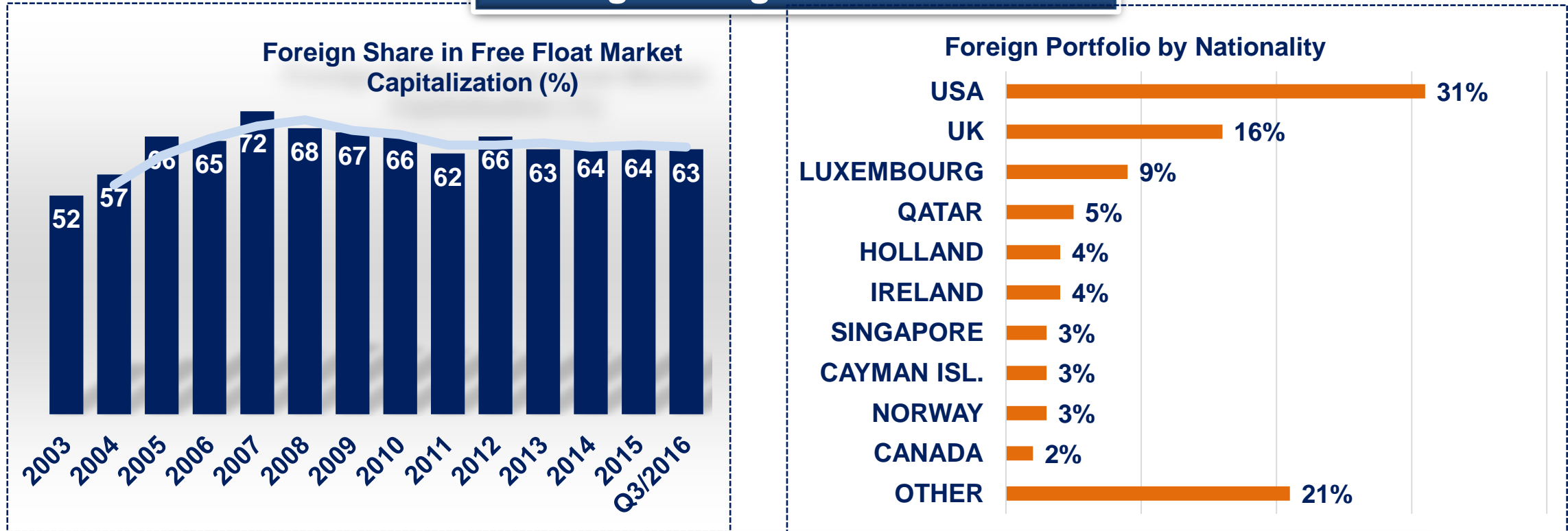


What Borsa İstanbul may Offer to Foreign Companies?



WHAT BORSA İSTANBUL MAY OFFER TO FOREIGN COMPANIES?

Large Foreign Investor Base



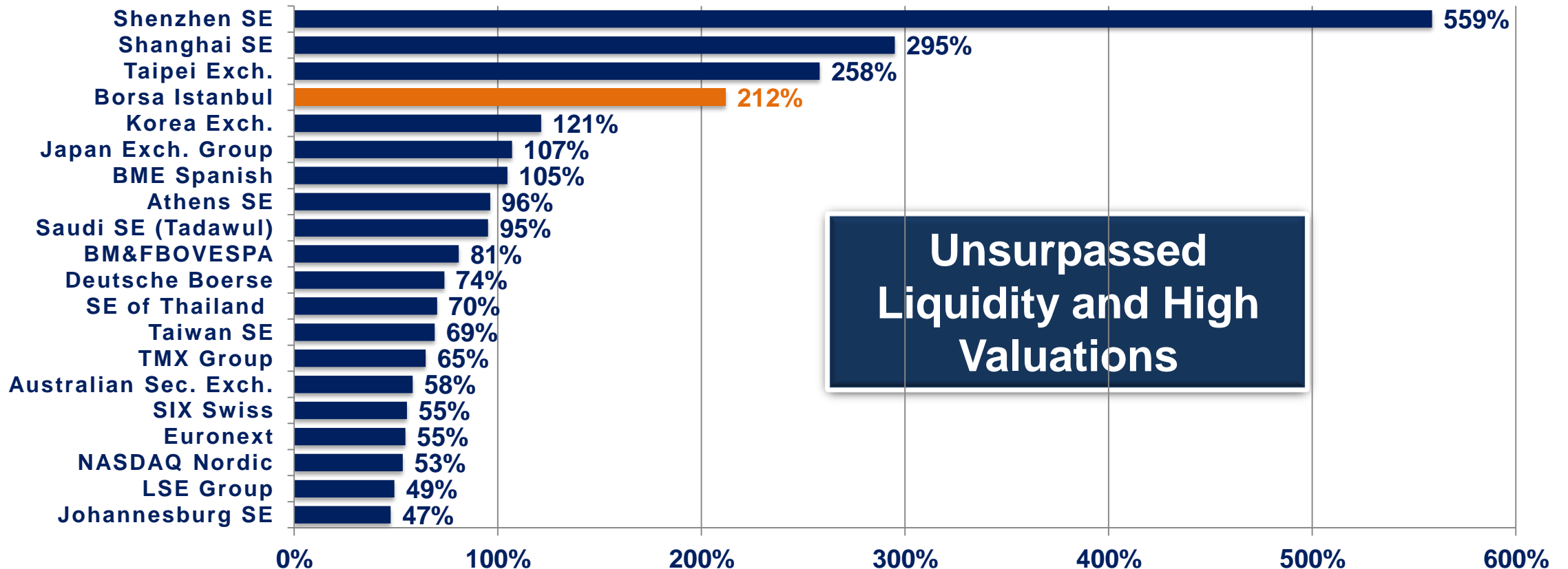
Historically, foreign investors have had a significant interest in the Turkish equity market as the average foreign share in market capitalization was 64% between 2003-2015.

Sources: MKK, TUYID (Q3/2016)

WHAT BORSA İSTANBUL MAY OFFER TO FOREIGN COMPANIES?

Liquidity

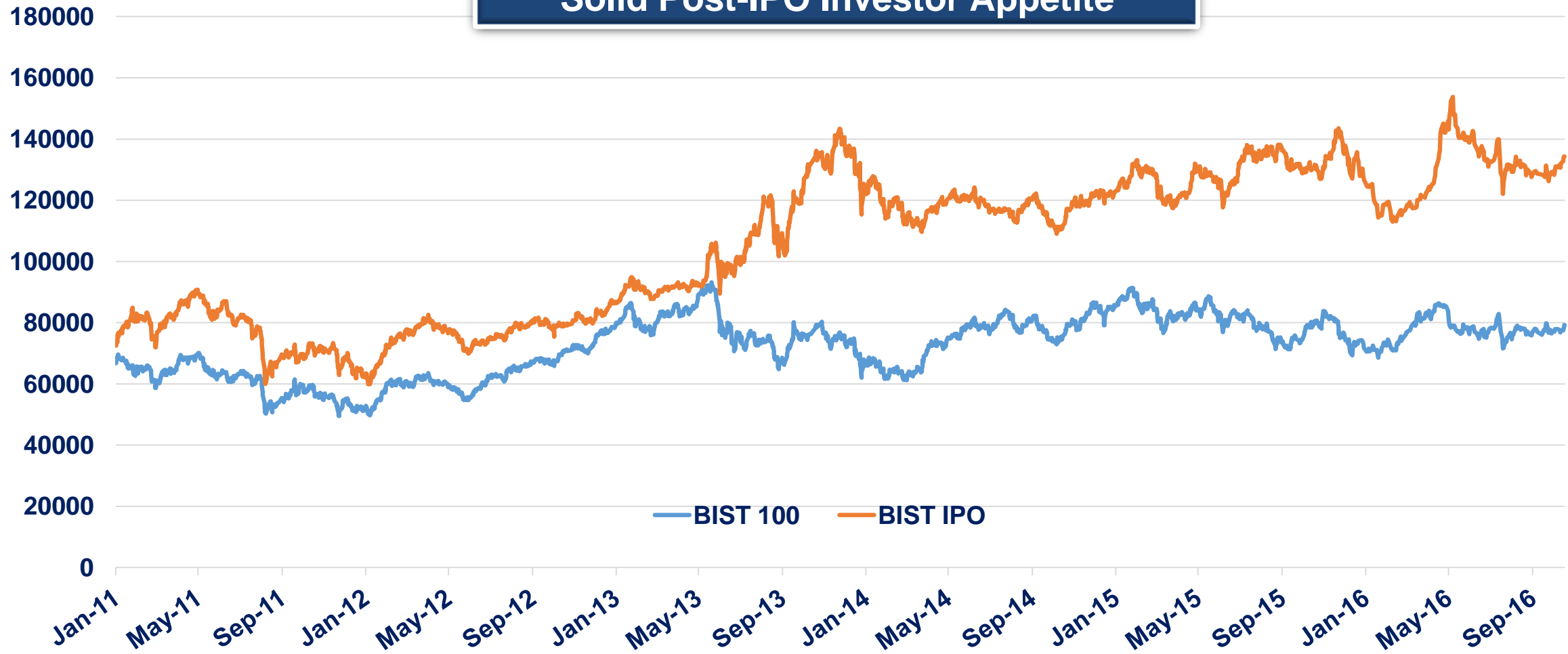
Share Turnover Velocity Top 20 in the World (2015)



Source: WFE

WHAT BORSA İSTANBUL MAY OFFER TO FOREIGN COMPANIES?

Solid Post-IPO Investor Appetite



WHAT BORSA İSTANBUL MAY OFFER TO FOREIGN COMPANIES?

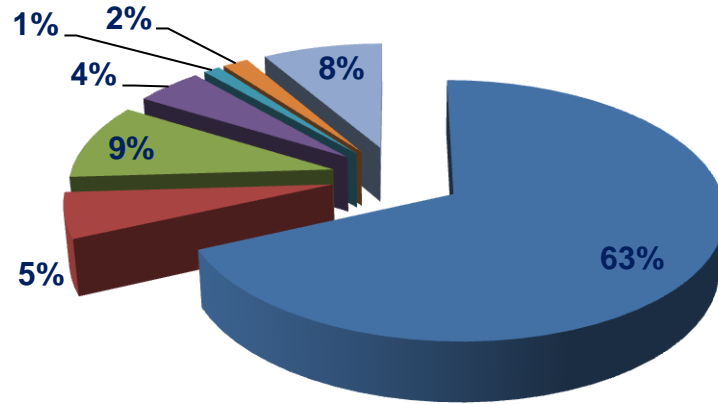
Fast Application Process

	Week 1					Week 2					Week 3					Week 4					Week 5					Week 6				
	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Application to Borsa İstanbul and the CMB																														
CMB and Borsa İstanbul audits																														
Borsa İstanbul Board decision (regarding market determination)																														
CMB prospectus approval																														
Declaration of the prospectus and circulars																														
Completion of the public offering process																														
Reporting of sales results to the Exchange																														
Beginning of trade for shares offered																														

WHAT BORSA İSTANBUL MAY OFFER TO FOREIGN COMPANIES?

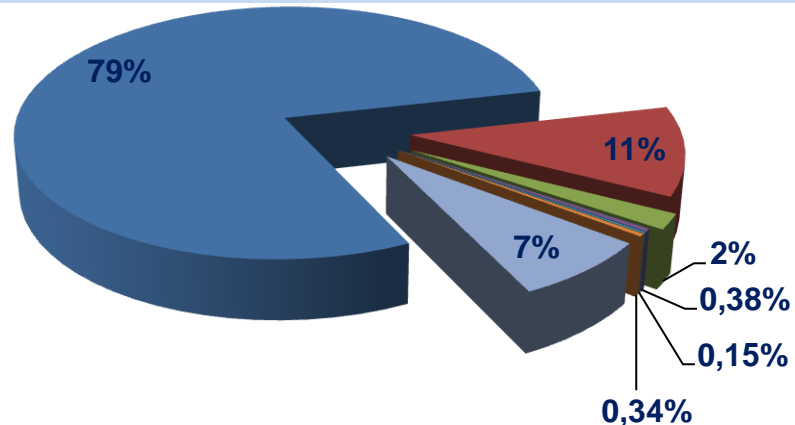
Competitive Equity Financing Costs

MAIN EQUITY MARKET (BIST STARS & BIST MAIN)



- Brokerage and IPO Consultancy Fees
- Independent Audit Fees
- Legal Consultancy Fees
- CMB Fees
- CSD (MKK) Fees
- Borsa İstanbul Listing Fees
- Other Fees (Advertisement, Promotion, Other Consultancy Services etc.)

EMERGING COMPANIES MARKET



4% Average cost of an IPO in the Main Equity Market

7% Average cost of an IPO in the Emerging Companies Market

Source: BIST Analysis based on costs disclosed in IPO prospectuses

WHAT BORSA İSTANBUL MAY OFFER TO FOREIGN COMPANIES?

Global Visibility and Prestige

**39 asset management
companies**

**Wide financial media
coverage**

88 brokerage houses

WHAT BORSA İSTANBUL MAY OFFER TO FOREIGN COMPANIES?

Easy Access to Markets

- ✓ Prospectus requirements are fully compatible with the EU standards.
- ✓ International IFRS is accepted

New Capital
Market Law
facilitating foreign
listings

No additional
requirements for
foreign companies

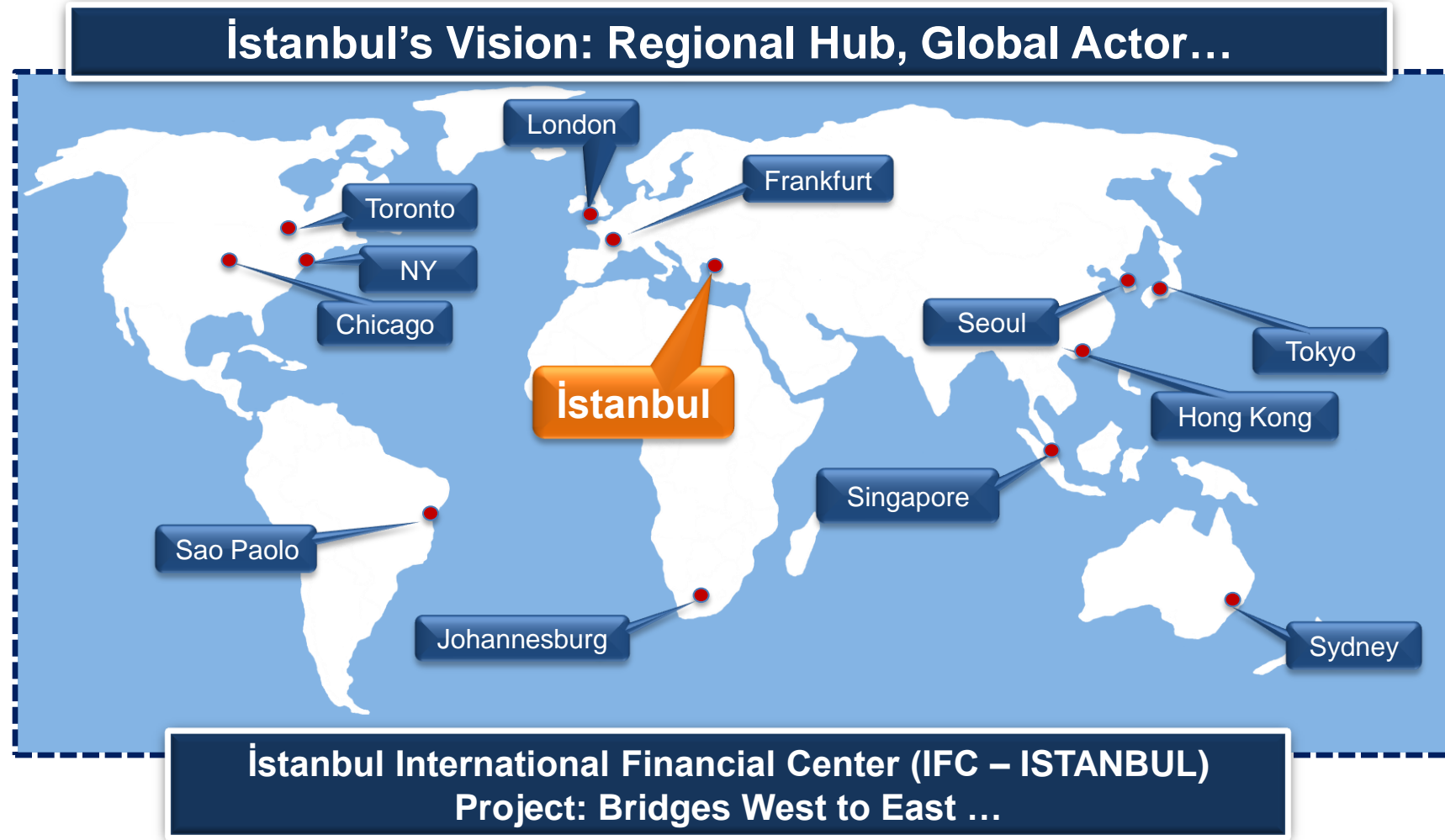
No tax on capital
gains

No restrictions on
foreign
investment
in/outflows

Fast
&
cost efficient
listing

- ✓ No initial listing fee
- ✓ 50% discount to foreign issuers on the recurring listing fees

WHAT BORSA İSTANBUL MAY OFFER TO FOREIGN COMPANIES?



WHAT BORSA İSTANBUL MAY OFFER TO FOREIGN COMPANIES?

A Dual Listing Case: DO & CO



DO & CO makes much of its revenues and profits from emerging markets, boosted by a deal with fast-growing **Turkish Airlines**, while it also provides services to **Middle East-based carriers**.

Listed Company

- Better Valuation
- Diversified shareholder structure
- International Prestige

Investors

- Attract specialist investors focused on emerging markets
- Access to bigger domestic investor base

Markets

- Benefit from larger market size
- Better market liquidity
- Increased free float through new shareholder structure

Business

- Platform to capture growth opportunities in Turkey, Middle East and Asia

Exchanges

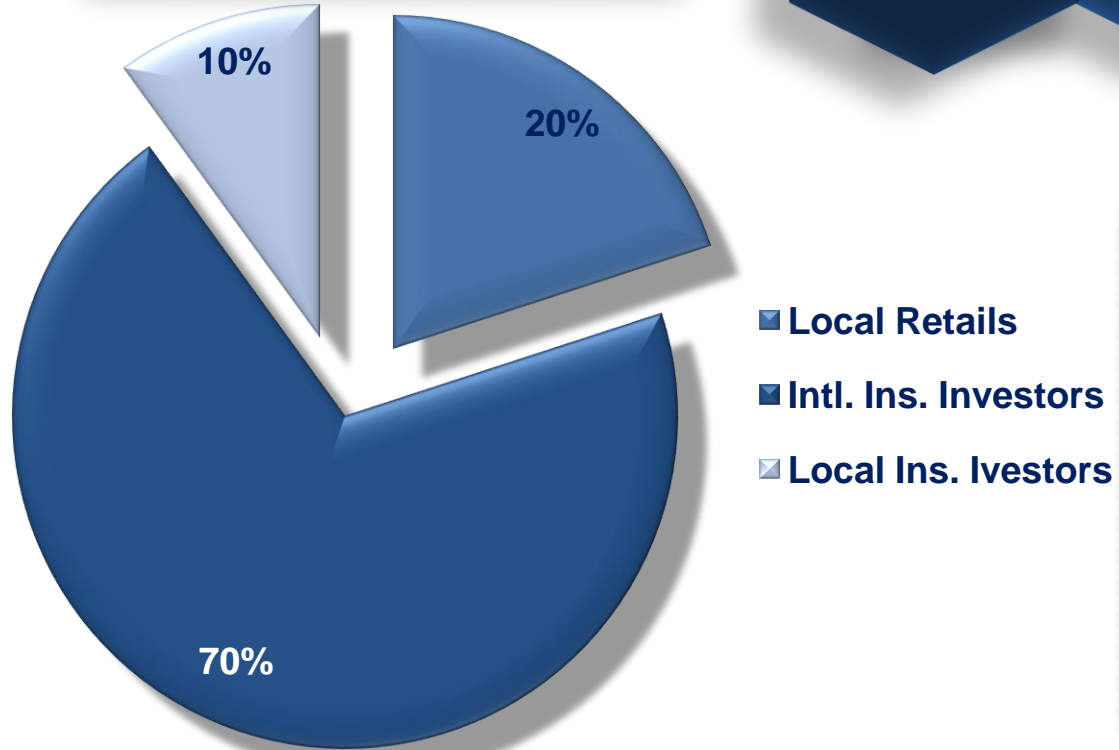
- Connectivity opportunities after post trade justifications
- Diversified capital market instruments



WHAT BORSA İSTANBUL MAY OFFER TO FOREIGN COMPANIES?

A Dual Listing Case: DO & CO

Allocation of Shares



Listing in
BIST in
November
2010

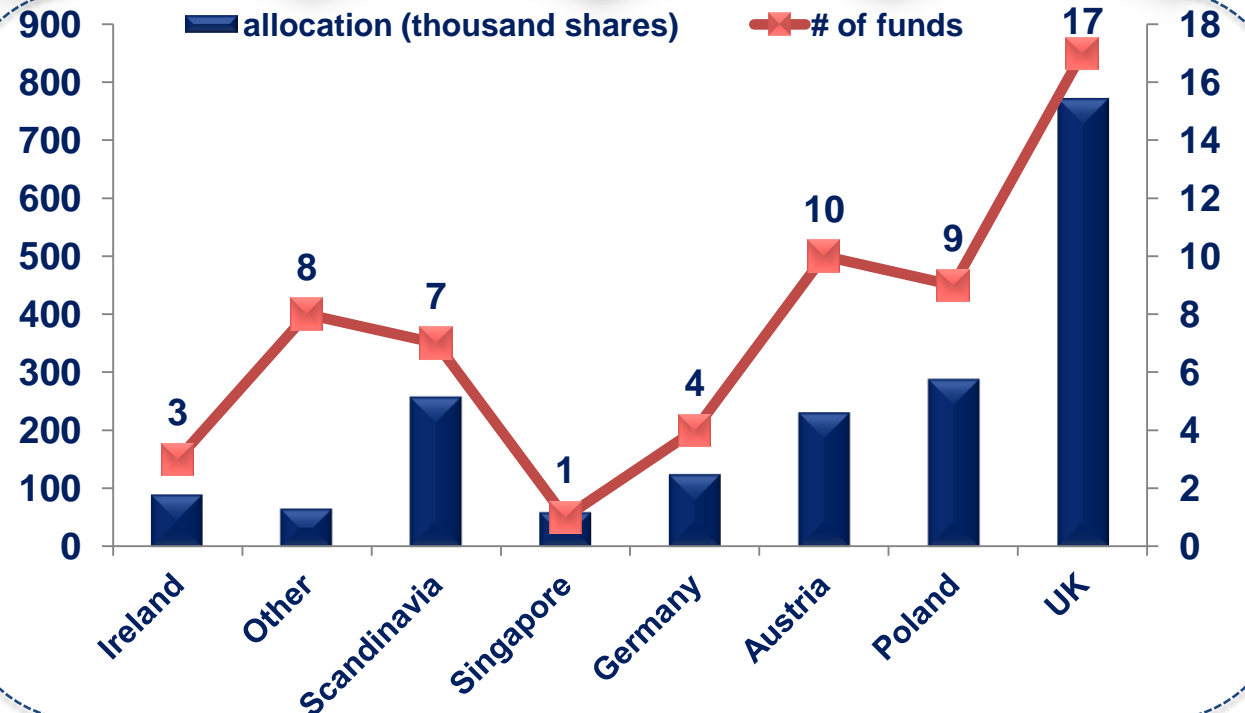
Also listed
in Vienna
Stock
Exchange

Size of the
offering:
68 mn €

Offering
Price:
21.90 €

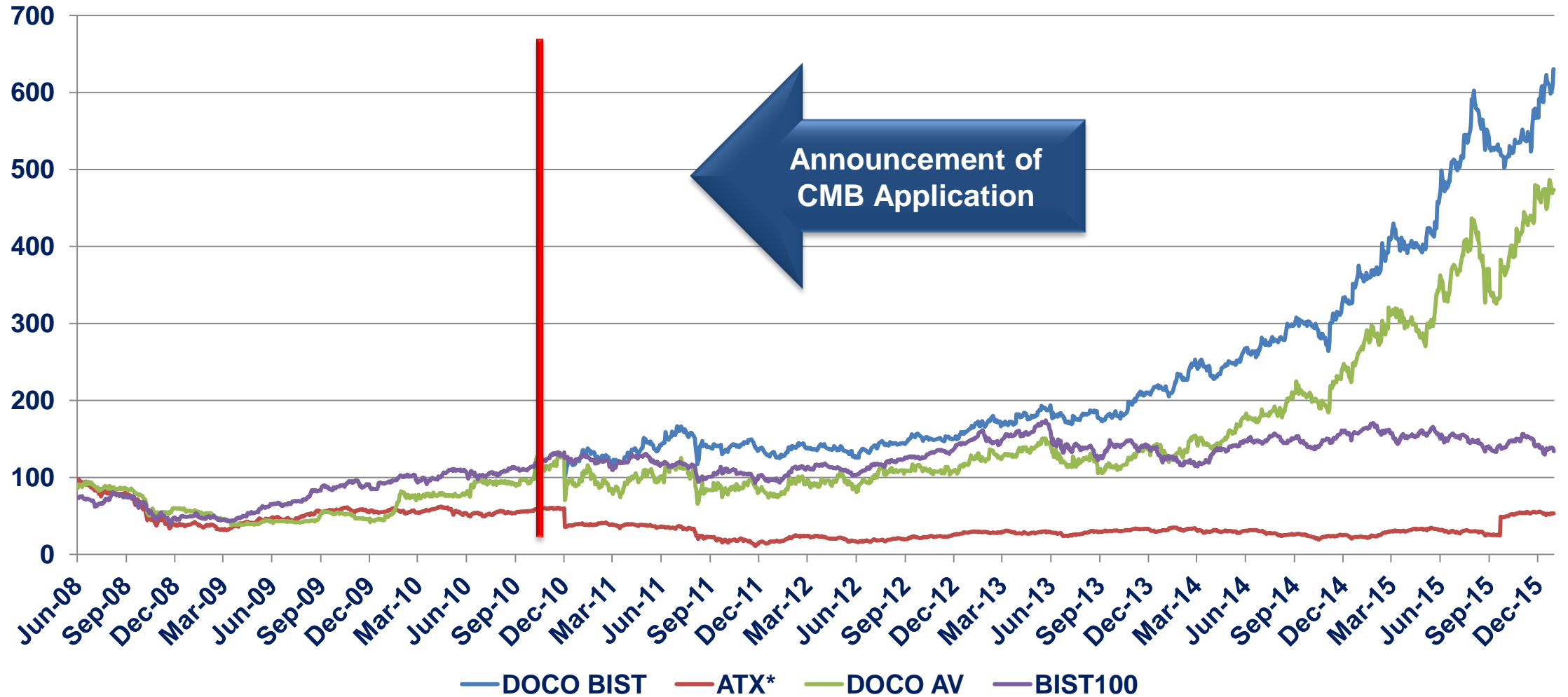
Over-
subscription
of 9.7x

Floating
Rate Ratio:
47.05 %



WHAT BORSA İSTANBUL MAY OFFER TO FOREIGN COMPANIES?

A Dual Listing Case: DO & CO



* Austrian Traded Index





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