

**SME FINANCE
IN
BORSA ISTANBUL**

19th November 2015



**BORSA
İSTANBUL**

Benchmark for Investment

Investment Behaviour vs Funding Behaviour

| (billion \$) | 2010 | 2014 | Change (%) |
|------------------------------------|------|------|------------|
| Total Financial Investments | 579 | 671 | 16 |
| Equity Investments in BIST | 107 | 107 | - |
| GDP | 731 | 800 | 9 |

«WEAK EQUITY INVESTMENT»



Investment Behaviour vs Funding Behaviour

Balance Sheet Structure of the Largest Industrial Companies in Turkey

| | Share % | 2010 | 2014 | Change |
|------------|-----------|------|------|--------|
| 1st 500 | Liability | 51 | 57 | +6 |
| | Equity | 49 | 43 | -6 |
| 2nd 500 | Liability | 55 | 60 | +5 |
| | Equity | 45 | 40 | -5 |

Last 289 companies of the largest 1.000 industrial companies in Turkey are SMEs according to EU criterion.

«DETERIORATING FINANCIAL STRUCTURE»



Investment Behaviour vs Funding Behaviour

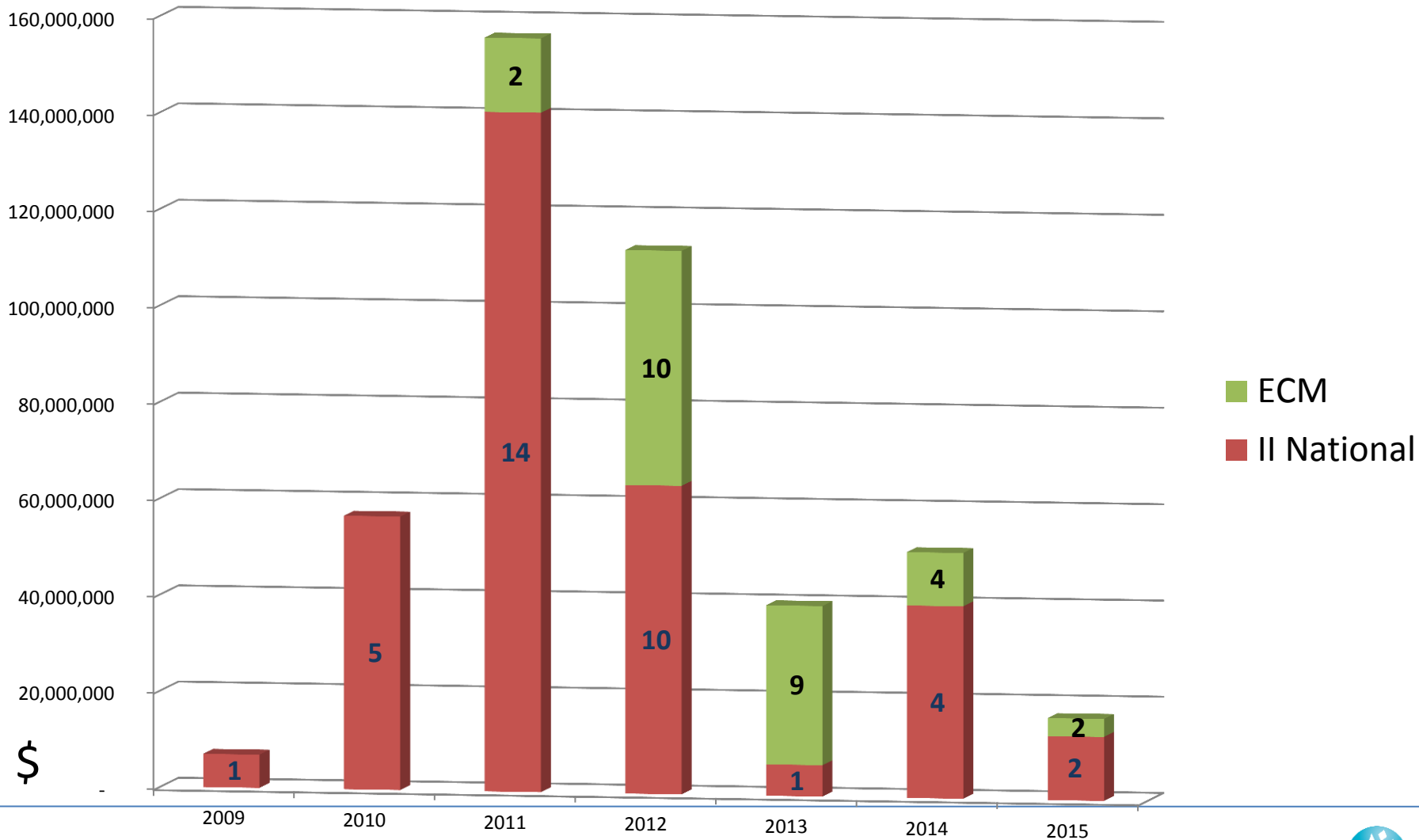
Funding Preferences of SMEs

| Banking Sector (billion \$) | 2010 | 2014 | Change (%) |
|--|-------------|-------------|-------------------|
| All Credits | 343 | 536 | 56 |
| Sme Credits | 86 | 149 | 73 |
| Deposits and Funds | 402 | 454 | 13 |

«INCREASING FUNDING NEED»



SME IPOs in BIST



Emerging Companies Market for Easy Access

- Flexible regulation for Application and Admission
- Market Advisor System
- Reduced Listing Fees (only for free floating shares)
- KOSGEB Support Program (Covering ECM IPO costs up to \$33.000)
- Less strict regulation for Financial Tables Disclosure (no audit in semiannual financials)
- Alternative Trading Methods - Continuous Auction with Market Maker or Call Market
- Open to all investors



SMEs in BIST

| Year | Number of SMEs | Total Market Value of SMEs (Million USD) | Market Value per SME (Million USD) | Funds Raised from SME IPOs (Million USD) |
|-------------|-----------------------|---|---|---|
| 2010 | 6 | 233 | 39 | 57 |
| 2011 | 22 | 838 | 38 | 156 |
| 2012 | 42 | 1.177 | 28 | 113 |
| 2013 | 52 | 998 | 19 | 40 |
| 2014 | 55 | 1.270 | 23 | 51 |

BIST Private Market

A web-based private marketplace for venture capitals, private equities, qualified investors and certified angel investors with equity investment opportunities in growing companies and start-ups,

Offering:

Primary Capital Raising for SMEs

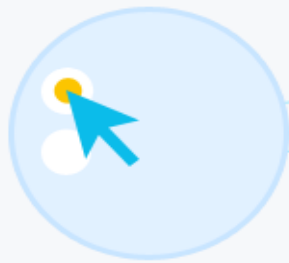
Liquidity programs and exit opportunity for existing shareholders

Seeking new investment opportunities for qualified investors (both corporate or private)

Services provided by brokers, law firms, audit and consultancy companies



BIST Private Market Step by Step



Search

Find the counter party you are interested in from the suggestion list or search engine. In order to contact the counter party directly, send an “Indication of Interest (IoI)”



Match

Upon acceptance of your Indication of Interest by the counter party, you will be accredited to get access to more detailed information. You can start using the secure “Data and Deal Room” for due diligence, document management and negotiations



Agree

Upon agreement of both parties on the terms and conditions submit an electronic “notification of agreement”.

In this process, intermediaries and service providers provide professional brokerage, independent audit, legal and financial consultancy services. Members also benefit from low-cost services offered by our solution partner service providers.

BIST PRIVATE MARKET: Benefits

- ✓ Open to international investors and companies
- ✓ Easy membership procedure.
- ✓ Exit opportunity from existing investments through Liquidity Programs
- ✓ Exemption from the Capital Market Law
- ✓ Finding new profitable investment opportunities
- ✓ Access to strategic partnerships
- ✓ Access to know how, mentorship
- ✓ Confidentiality: Tiered information sharing and control of information flow
- ✓ Flexible infrastructure suitable for international cooperations
- ✓ A secure virtual data room: No fussy paper work, encryption of communications
- ✓ Networking
- ✓ Co-investment



BIST PRIVATE MARKET: Statistics

- 260 members
- 100 investors (Total funds to be invested: + 185m Euros)
- 90 Start-Ups
- 60 Pre-IPOs (Total funds sought: + 260 M Euros)
- 10 brokers and service providers
- 20 Due diligences
- The first deal between STC Ventures of Saudi Telecom and Modanisa of 5,5 M USD