

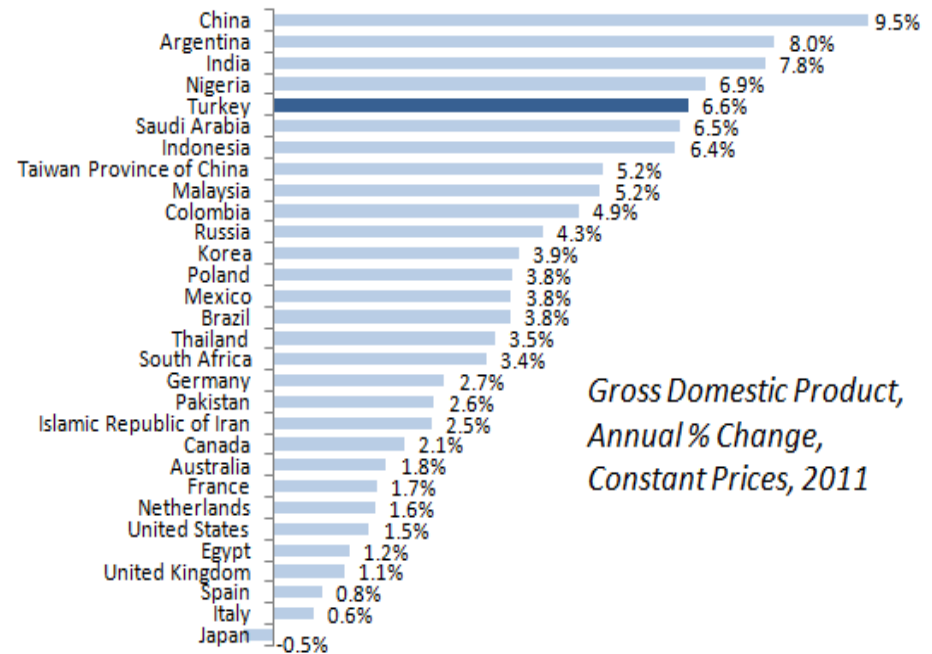
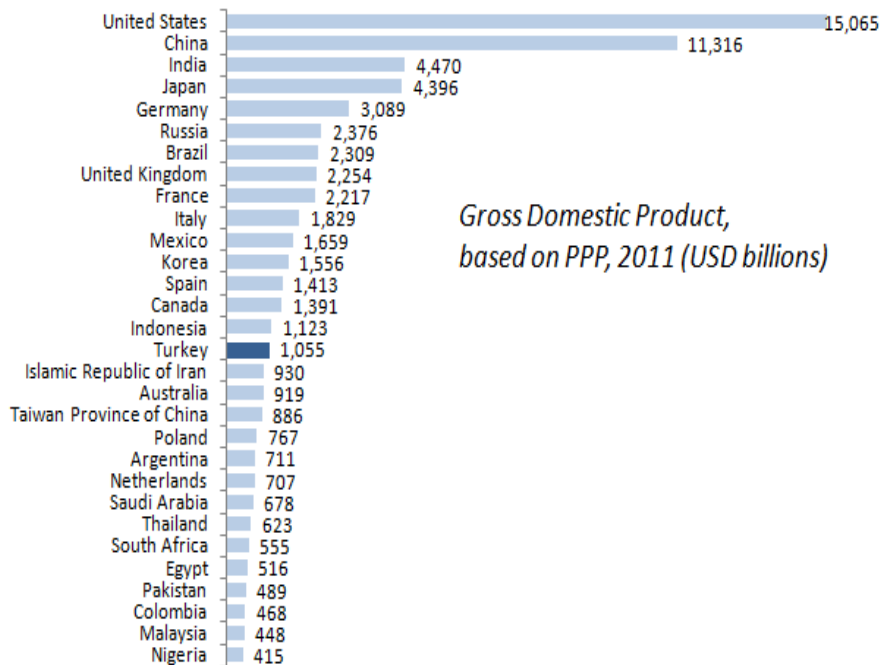
THE TURKISH ECONOMIC ROLE IN THE ARAB REGION

M. İbrahim Turhan
CEO and Chairman, IMKB

Arab-Turkish Banking and Financial Forum
Istanbul, March 1, 2012

Overview of the Turkish Economy

- **High growth economy**
 - 16th biggest economy in the world

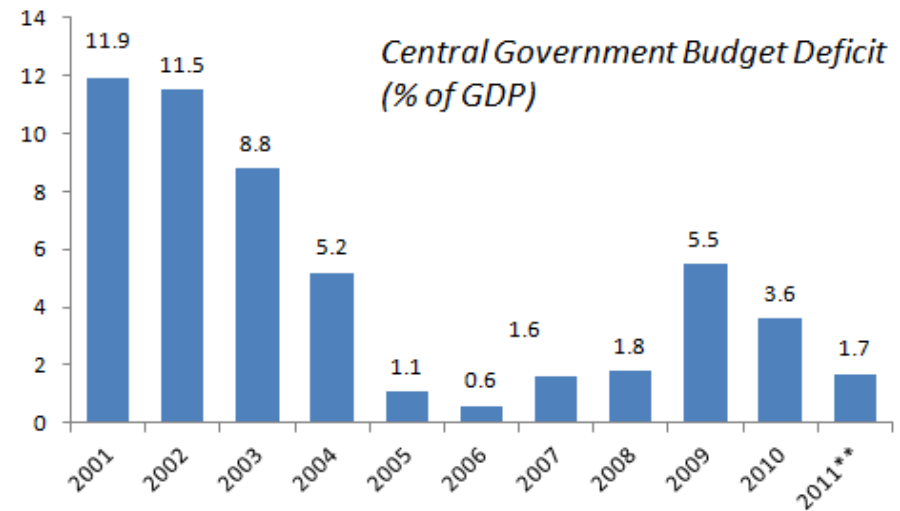
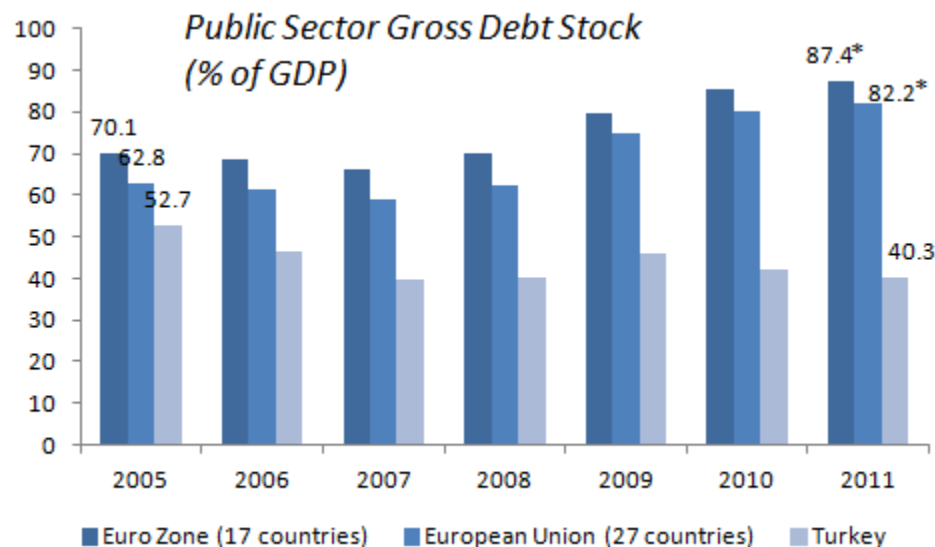


*2011 Q3

Source: IMF

Overview of the Turkish Economy

● Fiscal outlook



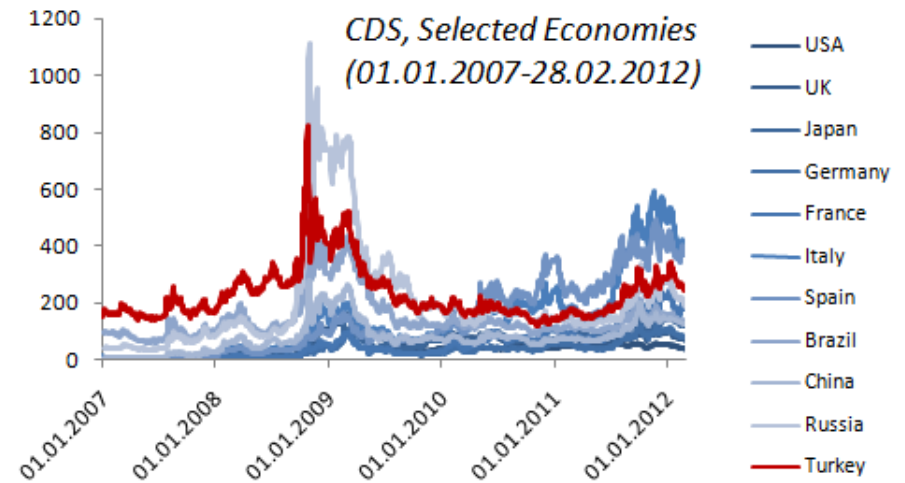
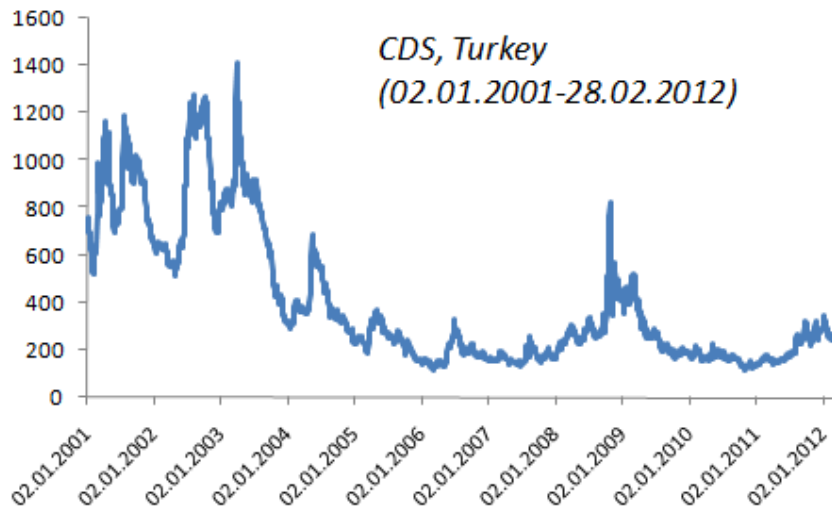
*2011 Q3 figures

**Medium Term Program Target

Source: Treasury, BRSA, Eurostat

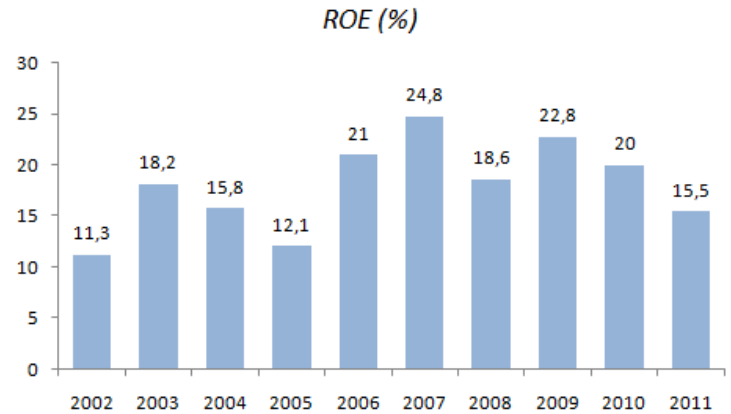
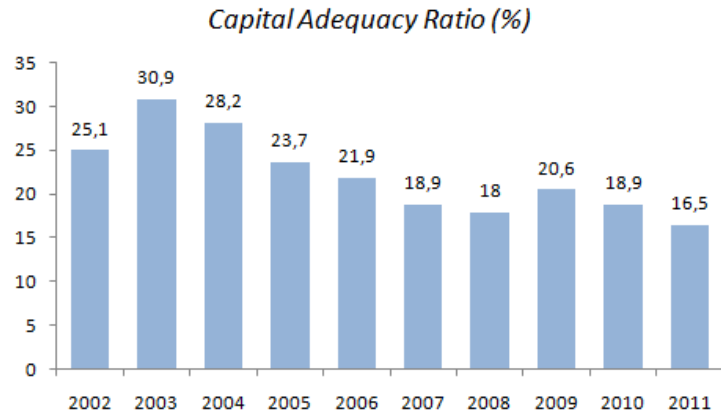
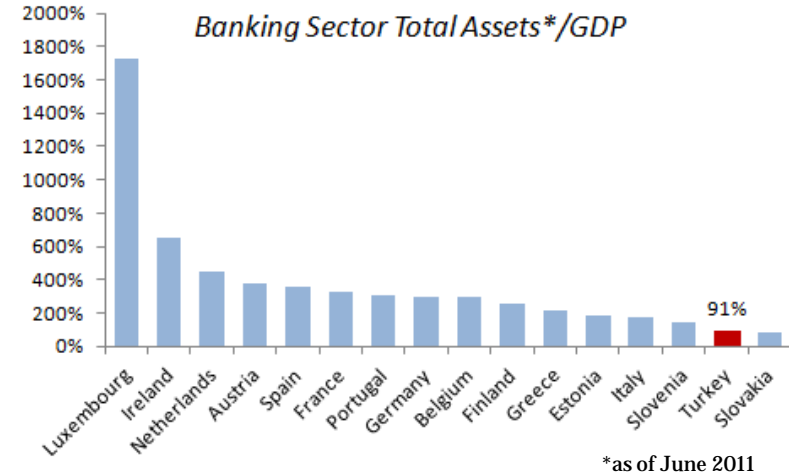
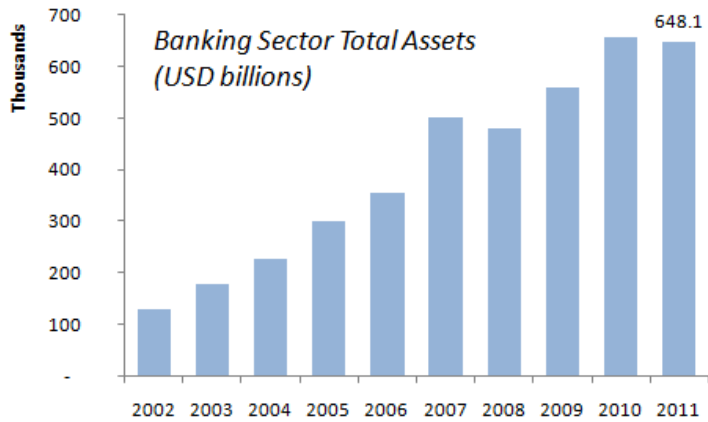
Overview of the Turkish Economy

- The perception of risk changes in favor of EMs



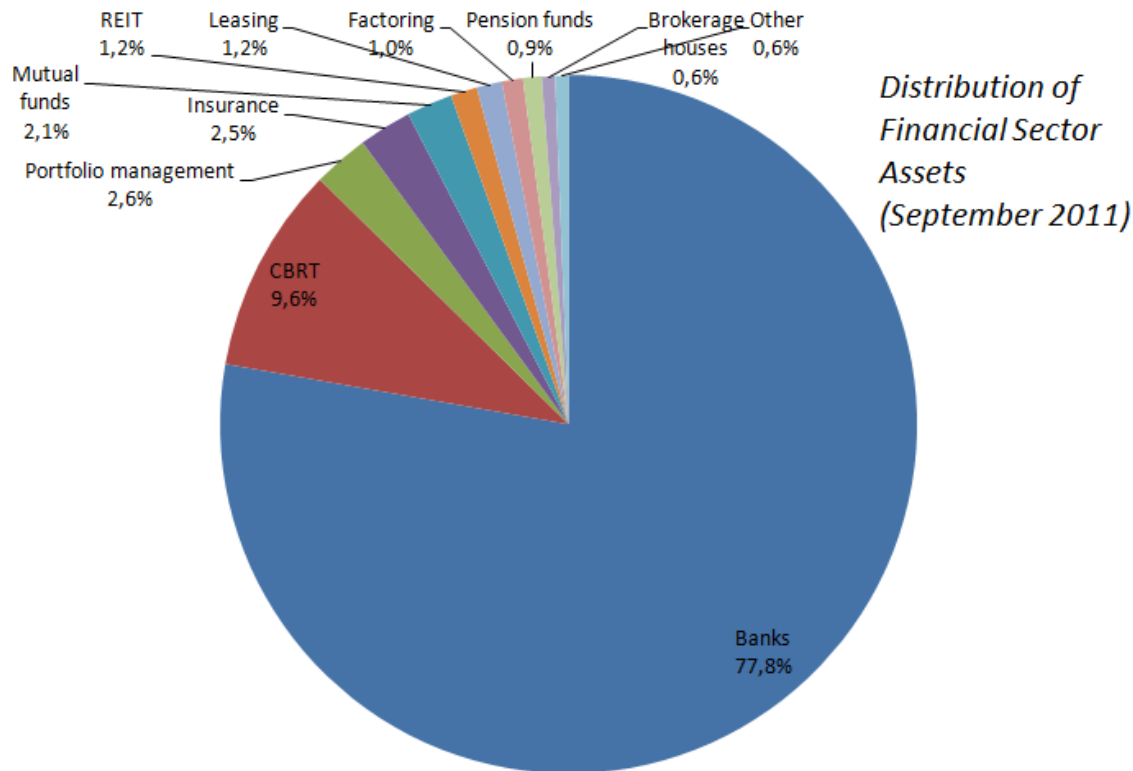
Overview of the Turkish Economy

● Banking



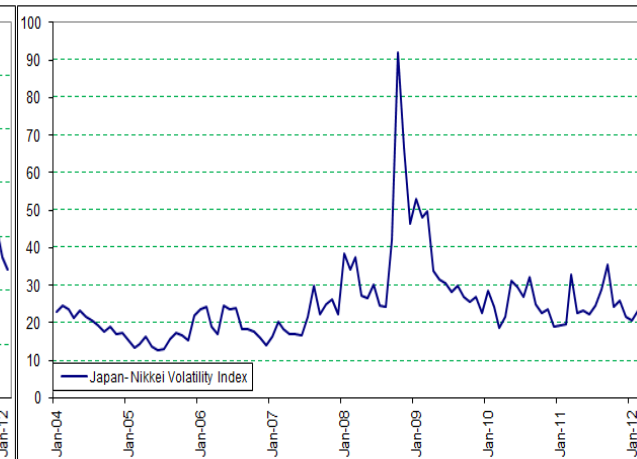
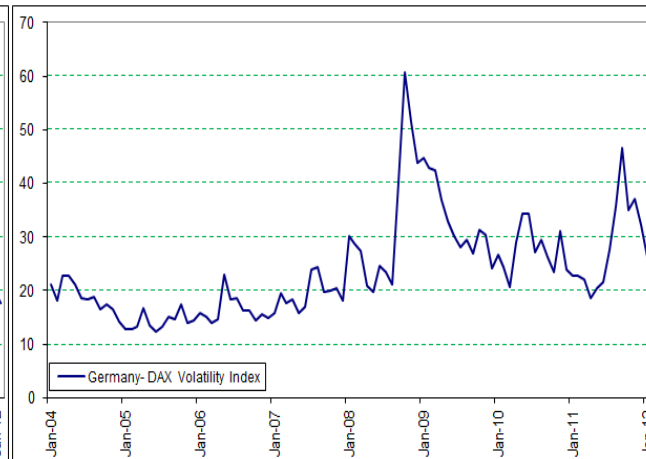
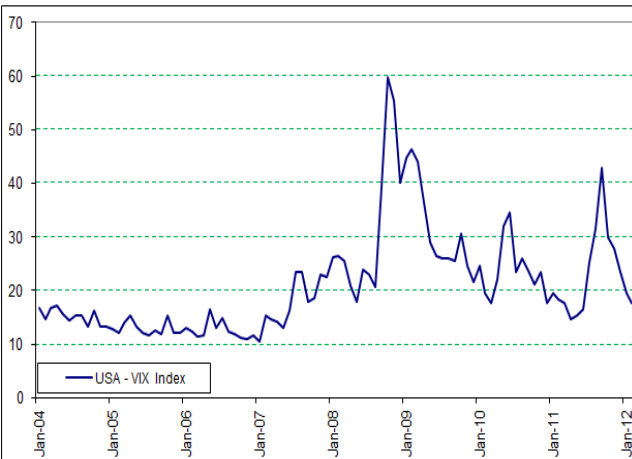
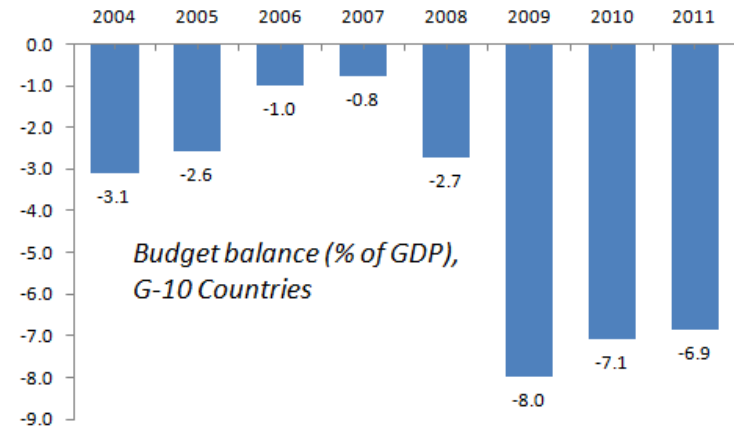
Overview of the Turkish Economy

- Financial Services Industry



Key Trends in Global Markets

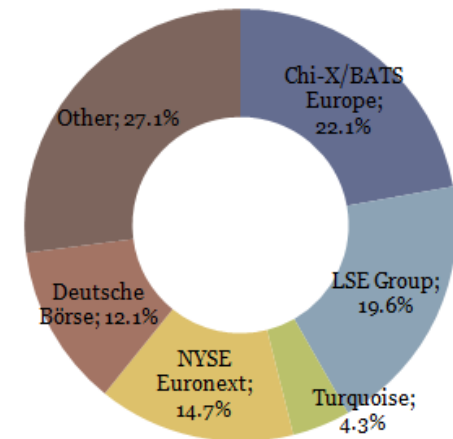
- High budget deficits and public debt of advanced economies
- Rating revolution, “risk free rate”?
- Demise of tax heavens and rise of new financial centers
- Threats created by the OTC transactions
 - G-20, FSB recommendations
- High volatility in financial markets



Key Trends in Global Markets

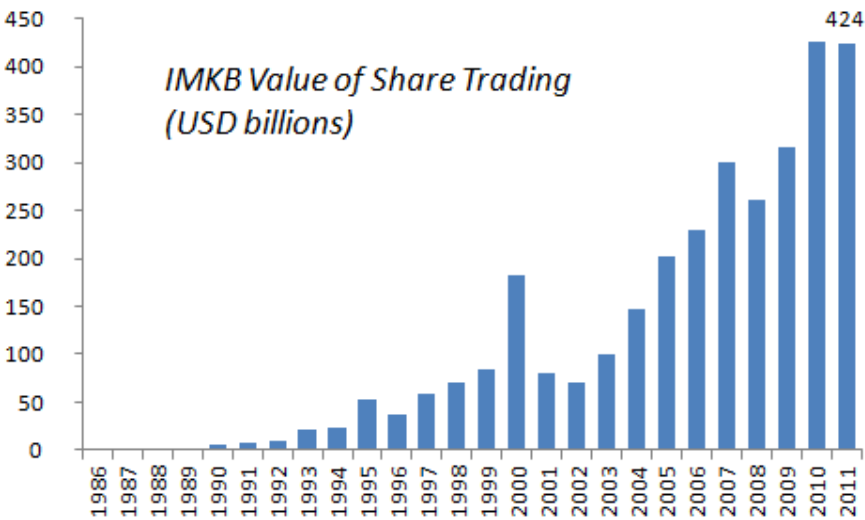
- Multi-asset platforms, co-location services, and data dissemination
- Competition and market fragmentation
 - Reshaped business models
 - Increased role of technology
 - Quality of price discovery and data
- More strict regulatory standards
 - Reg NMS, MiFID, Dodd-Frank Act
 - Closer coordination among international institutions
- Emerging Markets: Key Drivers
 - The increasing role of EMs in the new economic landscape
 - Faster Recovery
 - Lower debt levels and dynamic economies

Equity trading value in Europe, 2011

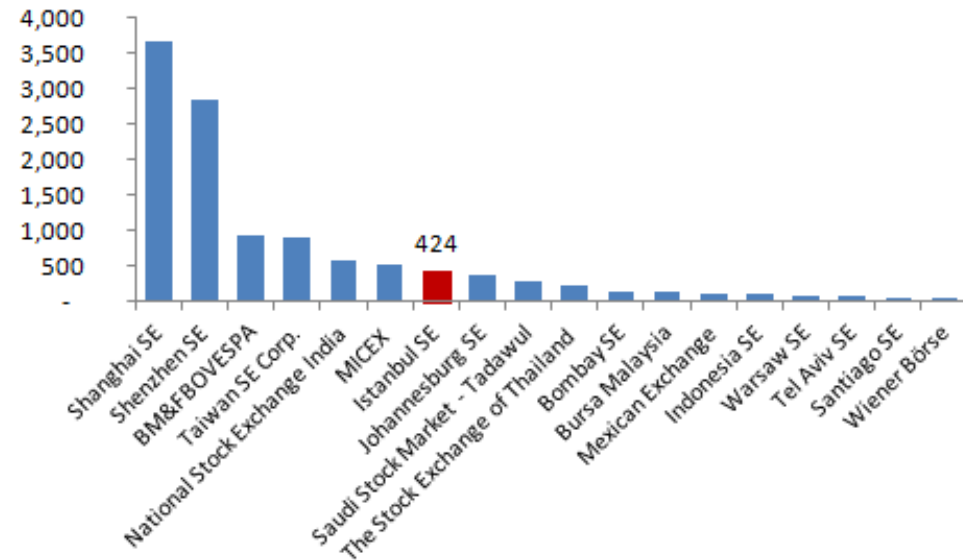


Source: FESE

Role of Capital Markets in Turkey

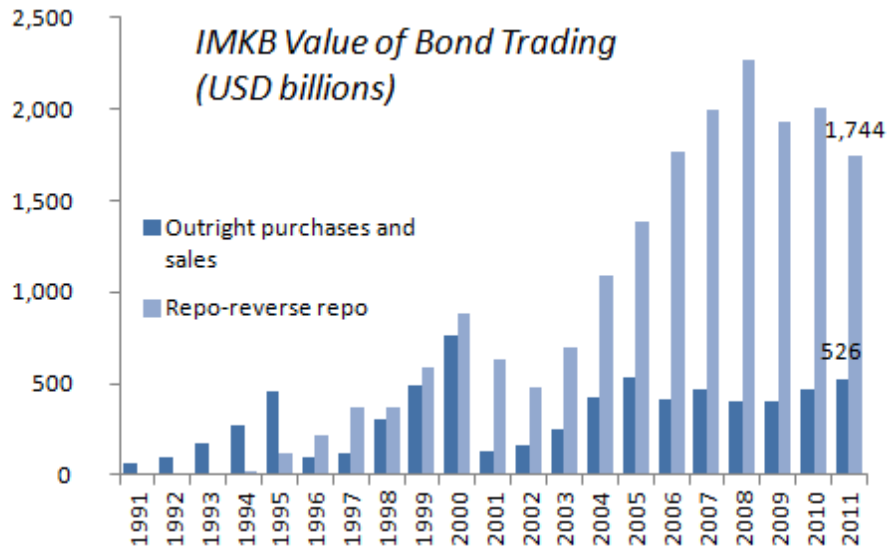


- 7th highest turnover among the emerging markets
- The most liquid market of the region

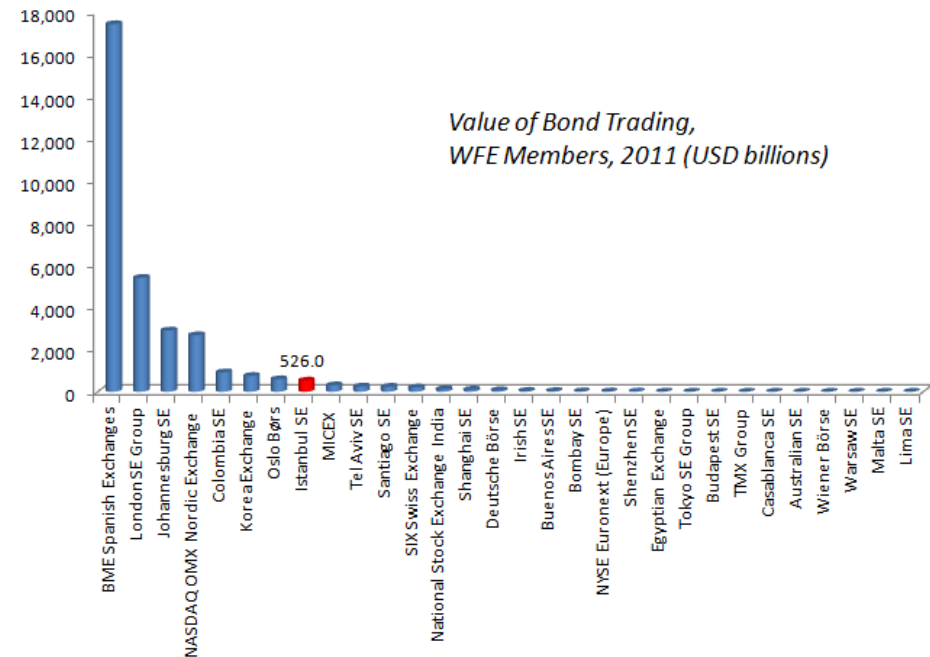


Source: IMKB, WFE

Role of Capital Markets in Turkey

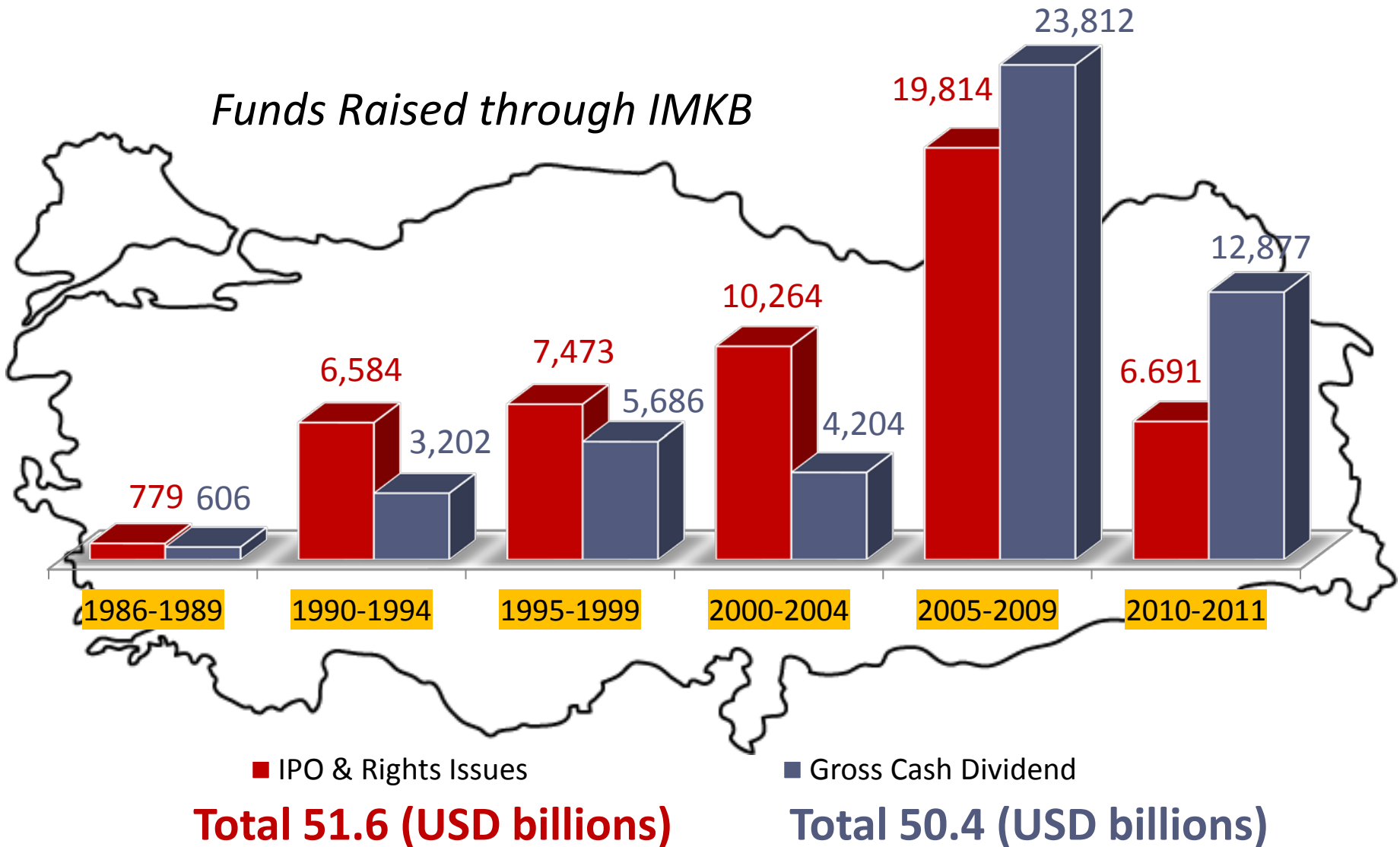


- 8th largest bond market of the world
 - 3rd among the emerging markets



Role of Capital Markets in Turkey

Funds Raised through IMKB



Governance & Sustainability

- Capital markets play a major role in fostering corporate governance and sustainable development

IMKB Sustainability Index

- The Index offers companies the opportunity to compare their sustainability performance on a local and global level.
- Turkish companies, which manage their corporate risks and opportunities effectively, will get competitive advantage.
- The index could be used to develop new investment instruments.
- The Index will allow companies to access global clients, capital, and lower-cost finance more easily.
- Index is expected to be a platform for the institutional investors to demonstrate their commitment to companies managing environmental, social and governance (ESG) issues with high performance.

IMKB Corporate Governance Index

- measures the price and return performances of IMKB-listed companies with a corporate governance rating of minimum 7 over 10
- started on 31.08.2007

Transparency: All notifications of listed companies announced to public via “Public Disclosure Platform” which is an electronic disclosure system using internet and electronic signature technologies

Rise of Islamic Finance in Turkey

- **Facilitating the Sukuk market/issuances**
 - The new sukuk regulation taken into force in April, 2011
 - Five-year sukuk issuance of USD 350 million Kuvveyt Turk Participation Bank
 - Oversubscribed
 - Strong foreign investor interest
 - Allocation: %69 to the Gulf Region, %19 to the Asian, %12 to the European investors
 - New sukuk issuances are on the way

International Standing

- **IMKB is an observer member at Islamic Financial Services Board**
 - **Other members from Turkey**
 - Banking Regulation and Supervision Agency (associate member)
 - Capital Markets Board of Turkey (associate member)
 - Central Bank of the Republic of Turkey (associate member)
- **IMKB is a member at International Islamic Financial Market (IIFM)**
- **International Islamic Liquidity Management Corporation (IILM)**
 - **Central Bank of the Republic of Turkey is a member of the IILM**
- **IMKB is the coordinator of the “OIC Member States’ Stock Exchanges Forum”**
- **IMKB is the president of the Federation of Euro-Asian Stock Exchanges (FEAS)**

Opportunities

- **New Indices**
 - **S&P OIC/COMCEC Index**
 - IMKB, Amman SE, Tunisia SE, Dubai Financial Market, Casablanca SE, Egyptian Exchange, Muscat SE, Kazakhstan SE, Qatar SE, Dhaka SE
 - Tradable and benchmark indices
 - **New index projects with UAE stock exchanges**
 - Abu Dhabi SE, Dubai Financial Market
- **Strategic Partnerships**
 - **Alternative business models**
 - Geographical integration
 - Technology partnerships
- **Order Routing**
 - **Capital market linkages project of the OIC Member States' Stock Exchanges Forum**
 - Bilateral/multilateral linkages
 - Voluntary exchanges: Egyptian Exchange, Dubai Financial Market, Qatar Exchange, IMKB, Tehran SE, Lahore SE
- **Technical Assistance**