

Yapı Kredi 1Q14 Earnings Presentation

Rapid response to changes ensures continuing resilience

BRSA Consolidated Financials

Operating Environment: A challenging but overall positive start to the year

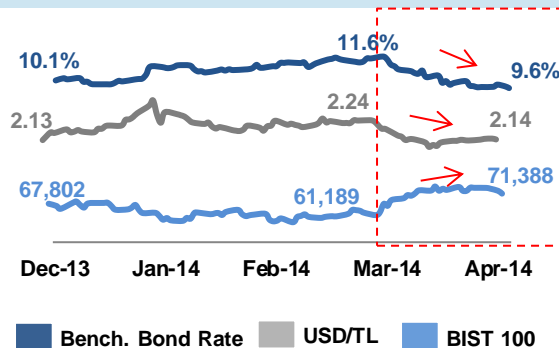
- Changing expectation on FED rates ⇒ **continuing support to emerging markets**
- Volatility and low visibility due to political developments ⇒ **positive market reaction to election outcome**
- Significant rate hike by CBRT at the end of Jan'14 ⇒ **rationally managed by banks**
- Economic activity slowing ⇒ **but with still solid IP, banking sector volume growth and low unemployment**

Trajectory in line with full year sector scenario; with some potential upside

Macro

	YE13	1Q14
Growth	4.0%	~ 3.0% ¹
Inflation	7.4%	8.4% ²
Unemployment	9.7%	9.1% ³
Industrial Production (IP)	3.4%	6.0% ⁴

Market



Banking Sector

	4Q13	1Q14
Loan Growth	6.4%	3.7%
Deposit Growth	6.3%	1.4%
Net Interest Margin	3.5%	3.4%
NPL Ratio	2.6%	2.7%

Note: Volumes and NPL ratio based on BRSA weekly data. NIM based on BRSA monthly financials as of Feb'14

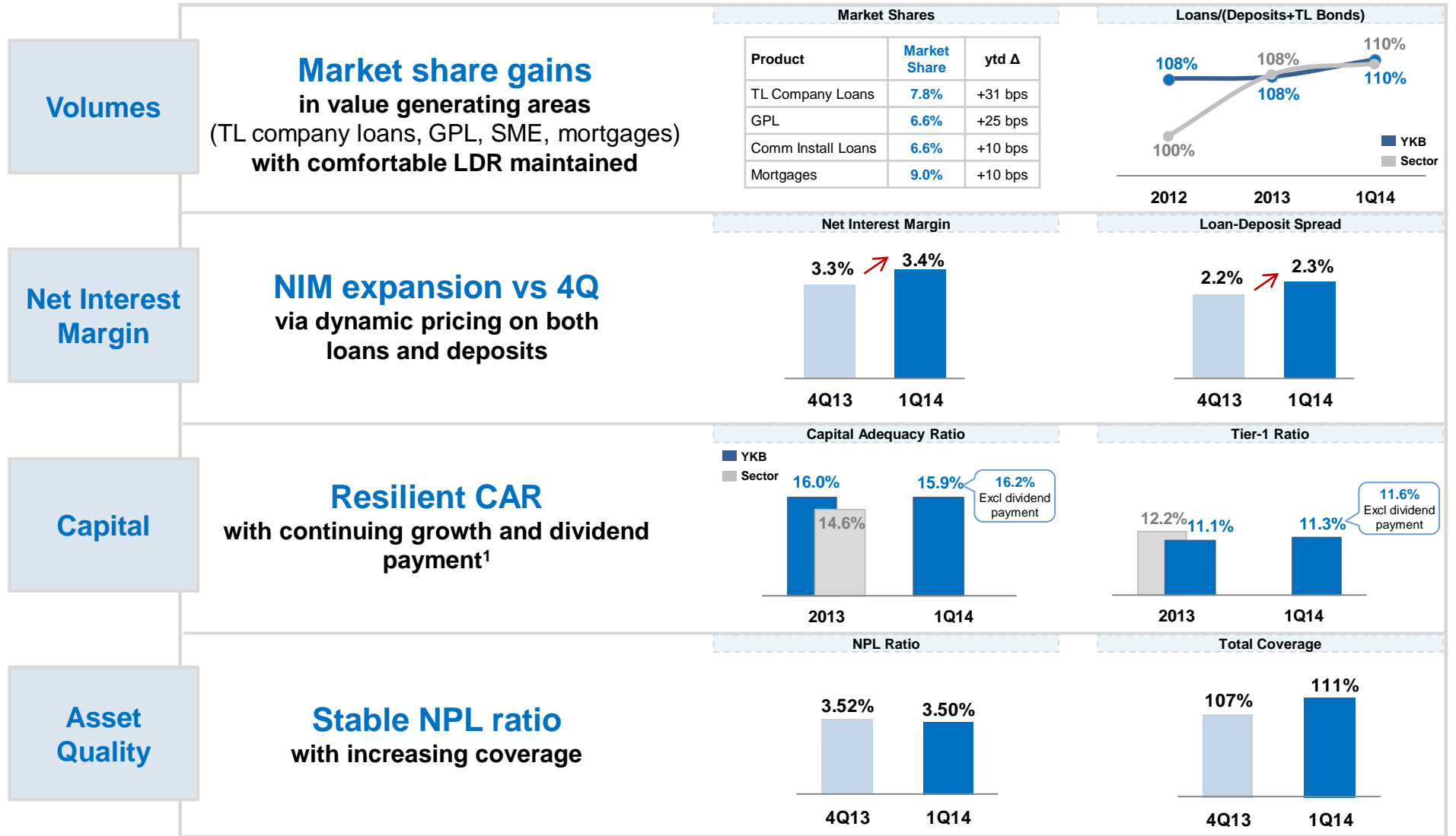
(1) Based on YK Economic Research 1Q14 GDP estimate, y/y

(2) As of Mar'14, y/y

(3) Seasonally adjusted as of Jan'14, y/y

(4) Calendar adjusted Jan/Feb'14 avg, y/y

YKB in 1Q14: Rapid response to changes ensures continuing resilience



Notes:
 Sector information based on BRSA financials as of Feb'14
 CAR = Capital Adequacy Ratio, LDR = Loans/(Deposits+TL Bonds)Ratio. LDR and CAR based on bank-only figures
 (1) Dividend payment of TL 388 mln from 2013 net income (payout ratio 12.75%). Negative impact on CAR and Tier 1 Ratio: 28 bps

Customer-oriented balance sheet

Balance Sheet (TL bln)

	1Q13	2013	1Q14	ytd	y/y
Total Assets	135.3	160.3	168.8	5%	25%
Loans	80.6	99.4	103.3	4%	28%
Securities	20.9	21.8	21.8	0%	4%
Deposits	73.8	88.5	90.4	2%	22%
Borrowings	25.1	34.2	36.0	5%	44%
Shareholders' Equity	16.1	18.3	18.4	1%	14%
Assets Under Management	10.2	10.7	10.2	-4%	1%
Loans/Assets	60%	62%	61%		
Securities/Assets	15%	14%	13%		
Loans/Deposits (Bank)	108%	110%	113%		
Loans/Deposits (Group)	109%	112%	114%		

- **Loans +4%** ytd mainly driven by TL loans
- **Securities book stable ytd**
- **Loans/assets at 61%** and **securities/assets down to 13%** confirming customer orientation
- **Deposits +2%** ytd with balanced growth in TL and FC

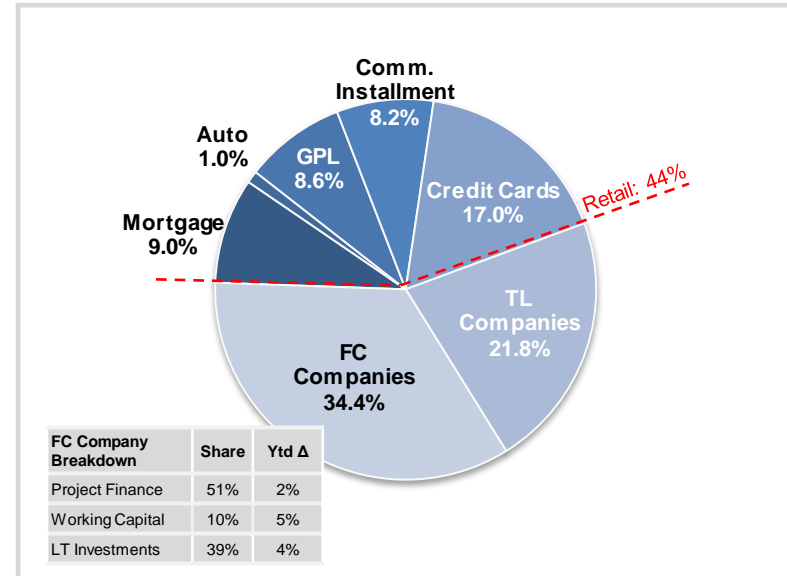
Note: Loans indicate performing loans

Market share gains in key value generating areas

Loans (TL bln)

	1Q14	1Q14Δ		Market Shares	
		YKB	Sector	4Q13	1Q14
Total Loans¹	103.3	3.9%	3.7%	9.5%	9.6% ↑
TL	67.7	3.7%	3.5%	9.3%	9.3%
FC (\$)	16.2	1.5%	1.4%	10.2%	10.3%
Consumer Loans	19.2	3.7%	1.8%	7.7%	7.8% ↑
Mortgages	9.3	3.0%	2.1%	8.9%	9.0%
General Purpose	8.8	6.4%	2.2%	6.3%	6.6%
Auto	1.1	-10.7%	-6.6%	14.0%	13.4%
Credit Cards	17.6	-6.5%	-4.0%	20.6%	20.1%
Companies²	66.5	7.0%	5.4%	8.7%	8.9% ↑
TL	31.0	10.4%	6.5%	7.5%	7.8%
FC (\$)	16.2	1.5%	1.5%	10.2%	10.3%
SME ³	26.6	9.4%	-	~10%	
Comm. Install. Loans	8.5	8.0%	6.3%	6.5%	6.6%

Loan Composition



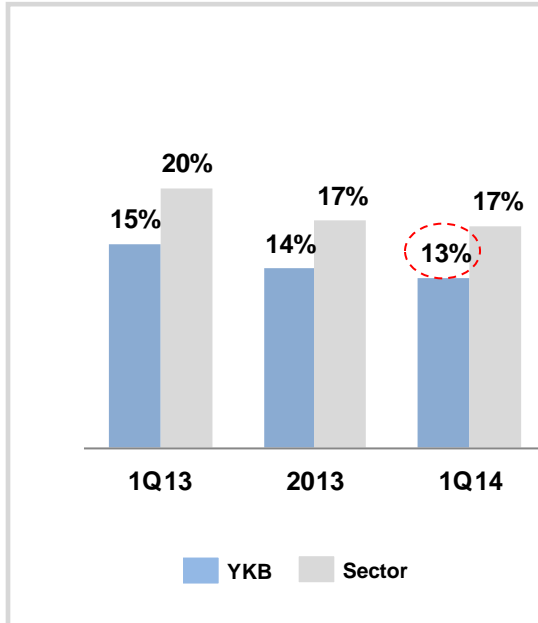
- **Total loans +3.9%** (6% excluding credit cards vs 4% sector)
- **Outperformance in key areas:** Mortgages, GPL, SME and TL company loans
- **Cards impacted by regulation⁴** introduced in Feb'14 at both YKB and sector. Leadership maintained in outstanding, issuing volume and number of credit cards

Notes:
Market shares based on BRSA bank-only financials. FC-indexed loans included in TL loans

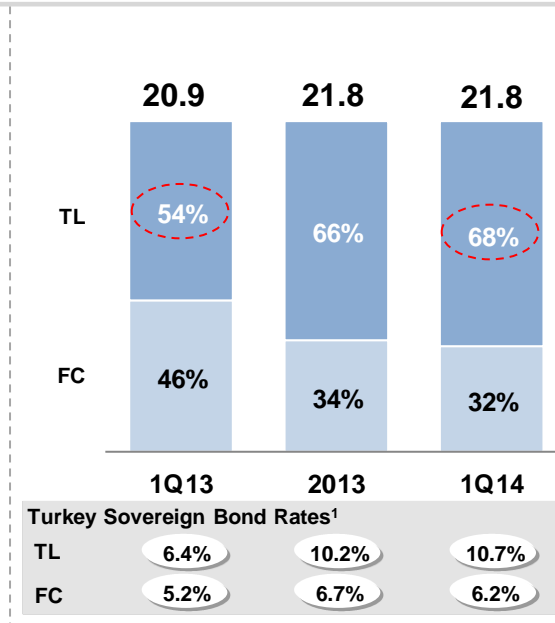
- (1) Total performing loans
- (2) Total loans excluding consumer loans and credit cards. Commercial installments loans included in company loans
- (3) SME definition: <40 mIn TL annual turnover. YKB internal SME definition: <US\$ 10 mln annual turnover (share of TL: 96%)
- (4) Introduction of restriction on the number of installments as of Feb'14 (general transactions / cash advance: max 9 months, telecommunication / jewellery / food / fuel: no instalments)

Proactive shift to higher yielding TL securities with no deviation from customer-business orientation

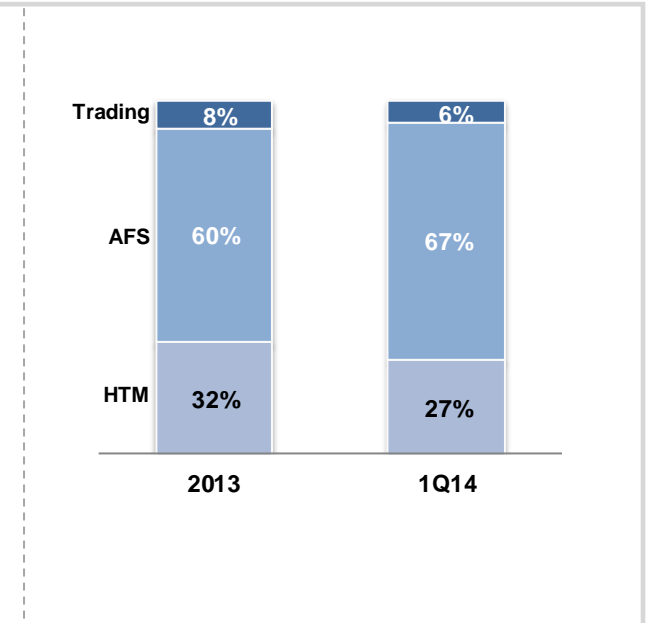
Securities/Assets



Composition by Currency (TL bln)



Composition by Type



Turkey Sovereign Bond Rates ¹			
TL	6.4%	10.2%	10.7%
FC	5.2%	6.7%	6.2%

- Sustainably low share of securities in assets (13% vs 17% sector)
- Share of TL securities in total up to 68% (vs 54% in 1Q13)
- CPI-linkers at TL 4.1 bln (19% of total securities) vs TL 3.5 bln at YE13
- M-t-m unrealised gains under equity at TL -150 mln (YE13: TL -118 mln). As of Apr'14, positive at TL 70 mln

Notes:

AFS: Available for Sale
 HTM: Held to Maturity
 FRN: Floating Rate Notes
 CPI: Consumer price index inflation

(1) TL Bond rate indicates 2 year benchmark bond rate. FC bond rate indicates 30 year USD Eurobond Rate

Effectively managed funding base

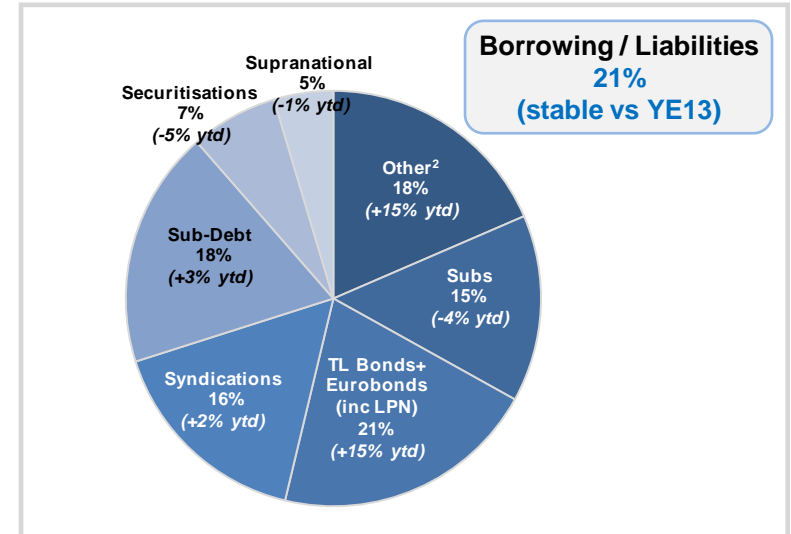
Deposits (TL bln)

	1Q14	1Q14Δ		Market Shares	
		YKB	Sector	4Q13	1Q14
Total Deposits	90.4	2.2%	1.4%	9.1%	9.0%
TL	44.8	0.8%	-4.2%	7.6%	8.0% ↑
FC (\$)	20.8	0.9%	7.4%	11.3%	10.4%
Customer Deposits¹	88.2	2.4%	1.5%	9.5%	9.5%
Demand Deposits	14.8	3.0%	-1.4%	8.0%	8.4%
TL Bonds	2.5	51.4%	-0.5%	5.3%	8.1% ↑
Repos	6.1	80.4%	-	-	-

Borrowings secured

- **TL 1.9 bln Local Currency Bonds issued**
 - Jan'14: TL 600 mln with 9.8% rate, 132 days maturity
 - Mar'14: TL 600 mln with 11.3% rate, 179 days maturity
 - Apr'14: TL 739 mln with 10.0% rate, 167 days maturity
- **GMTN program** already reached > US\$ 900 mln

Borrowing Composition



- **Above sector deposit growth (+2% ytd) and acceleration in TL bond issuances**
- **Repo volume increasing** due to attractive pricing; used as a short-term liquidity management tool
- **Continued focus on funding diversification.** 75% of 2014 additional funding plan already achieved

Notes:
Market shares based on BRSA bank-only financials

(1) Excluding bank deposits

(2) Other borrowings include foreign trade related borrowings

Positive revenue dynamic and ongoing discipline in cost management

Income Statement

Income Statement (TL mln)

TL mln	1Q13	4Q13	1Q14	y/y	Sector Feb'14
Total Revenues	1,842	2,128	1,938	5%	-3%
Operating Costs	815	996	935	15%	17%
Operating Income	1,027	1,132	1,003	-2%	-17%
Provisions	366	439	463	26%	4%
o/w General + Specific	300	373	431	44%	6%
Pre-tax Income	661	693	540	-18%	-27%
Discontinued Operations ¹	15	-10	0	-	
Net Income	544	541	429	-21%	-27%

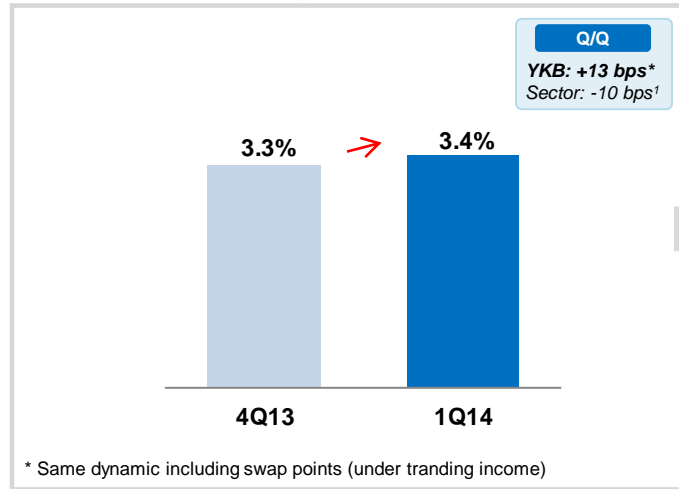
- **Revenues +5% y/y** supported by net interest income and collections
- **Costs +15% y/y** incorporating investment for growth
- **Provisions +26% y/y** mainly due to specific coverage increase

(1) On 12 July 2013, sale of insurance business to Allianz was finalised

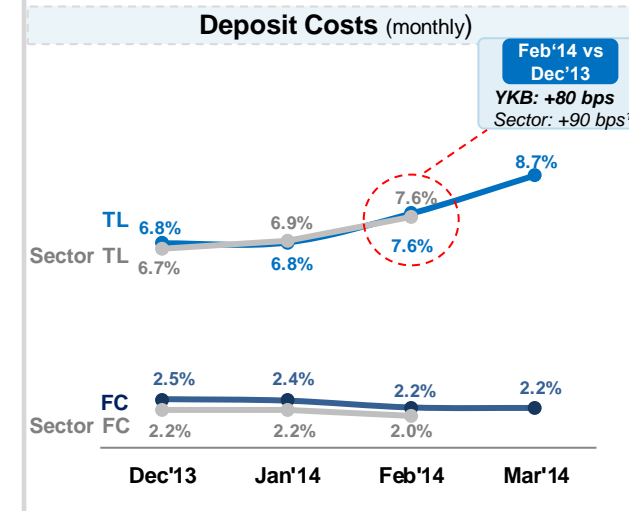
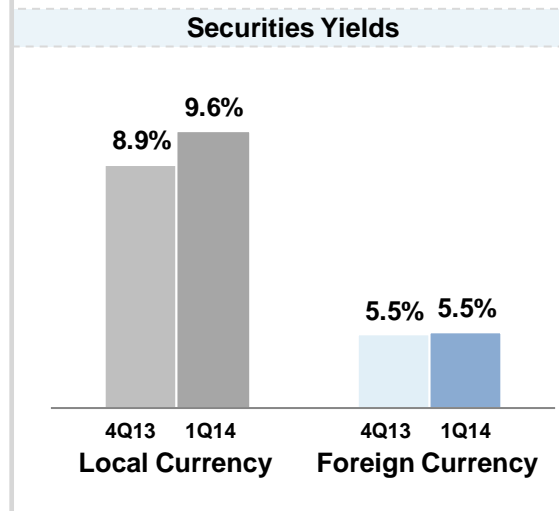
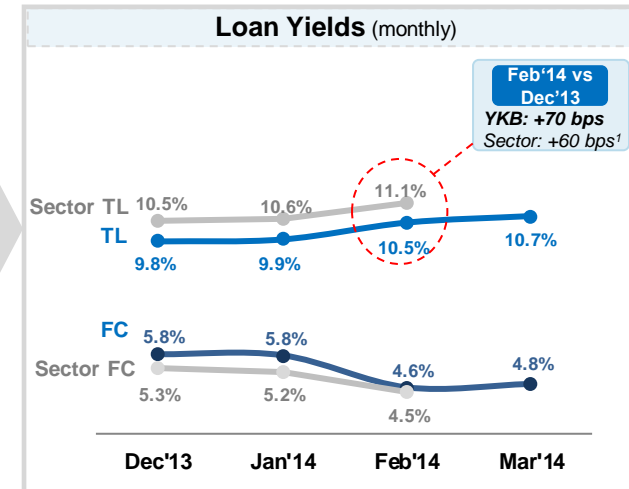
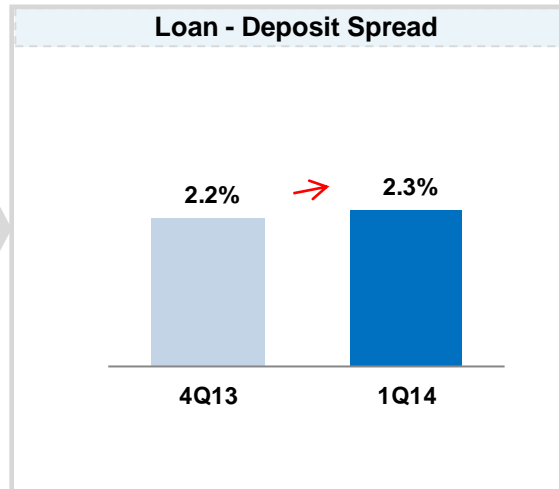
Expanding NIM via effective price management on both loans and deposits

Net Interest Margin

Net Interest Margin (bank-only)



* Same dynamic including swap points (under trading income)



- **NIM +13 bps to 3.4%** driven by expanding loan-deposit spread and supported by securities yields
- **Loan-deposit spread +10 bps to 2.3%** driven by proactive loan repricing and disciplined deposit pricing strategy
- **Start of decrease in TL deposit pricing as of Apr'14 (-50/75bps)**

NIM = Net interest income/Average Interest Earning Assets. Loan yields, securities yields and cost of deposits based on average volumes. Loan yields calculated using performing loan volume and interest income

Loan-Deposit Spread: (Interest Income on Loans–Interest Expense on Deposits) / Average (Loans+Deposits)

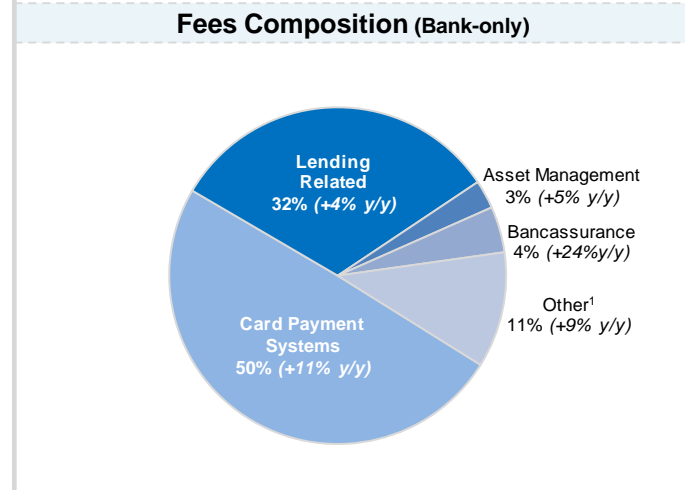
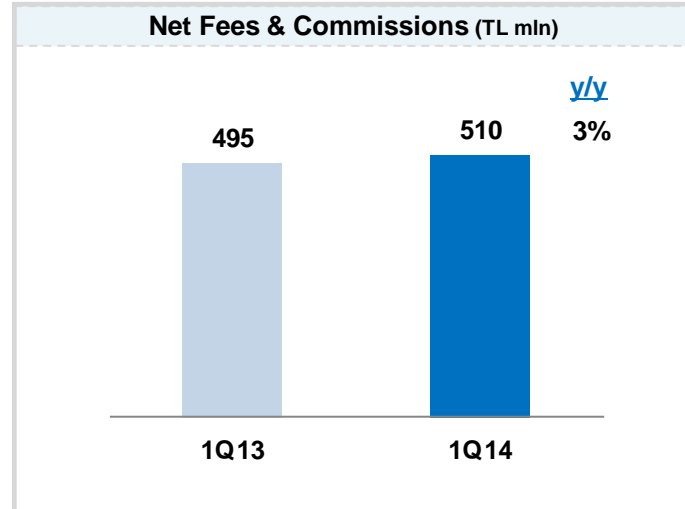
NIM and securities yields exclude effect of reclassification between interest income and other provisions related to amortisation of issuer premium on securities (as per BRSA)

Reported NIM figures as follows: 4Q13: 3.3%, 1Q14: 3.4%

(1) Sector NIM, loan yields and deposit cost as of Feb'14

Positive annual fee dynamic despite impact of regulations; other income contributing positively thanks to collections

Fees & Commissions



Other Income

	1Q13	1Q14
Other Income	121	209
<i>Collections & Prov. Reversals</i>	80	135
<i>NPL Sale</i>	0	0
<i>Subs and Other</i>	41	74
Dividend Income	6	2
Trading&FX (net)	-86	-135

■ Fees +3% y/y:

- Lending related fees +4% y/y driven by consumer loans
- Insurance fees +24% y/y driven by bancassurance
- Card payment system fees impacted by regulation² and increase in interchange fee rate³

■ Other income driven by strong collections performance

■ Trading losses due to swap costs

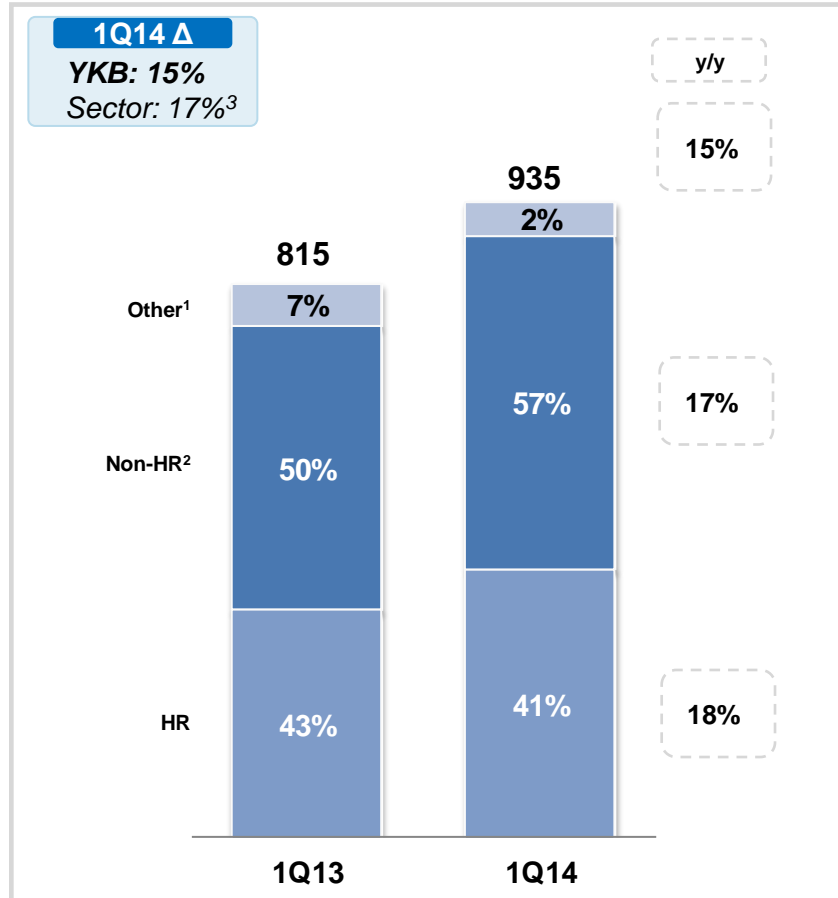
(1) Other includes account maintenance, money transfers, equity trading, campaigns and product bundles, etc.

(2) Restrictions in the number of installments as of Feb'14 (general transactions/ cash advance: max 9 months, telecommunication / jewellery / food / fuel: no instalments)

(3) Interchange fee rate at 0.73% in 1Q13 vs 1.06% in 1Q14. Currently at 1.24% since 7 Apr'14

Disciplined ordinary cost management with investments for growth

Total Costs (TL bln)



Successfully Scaling Up

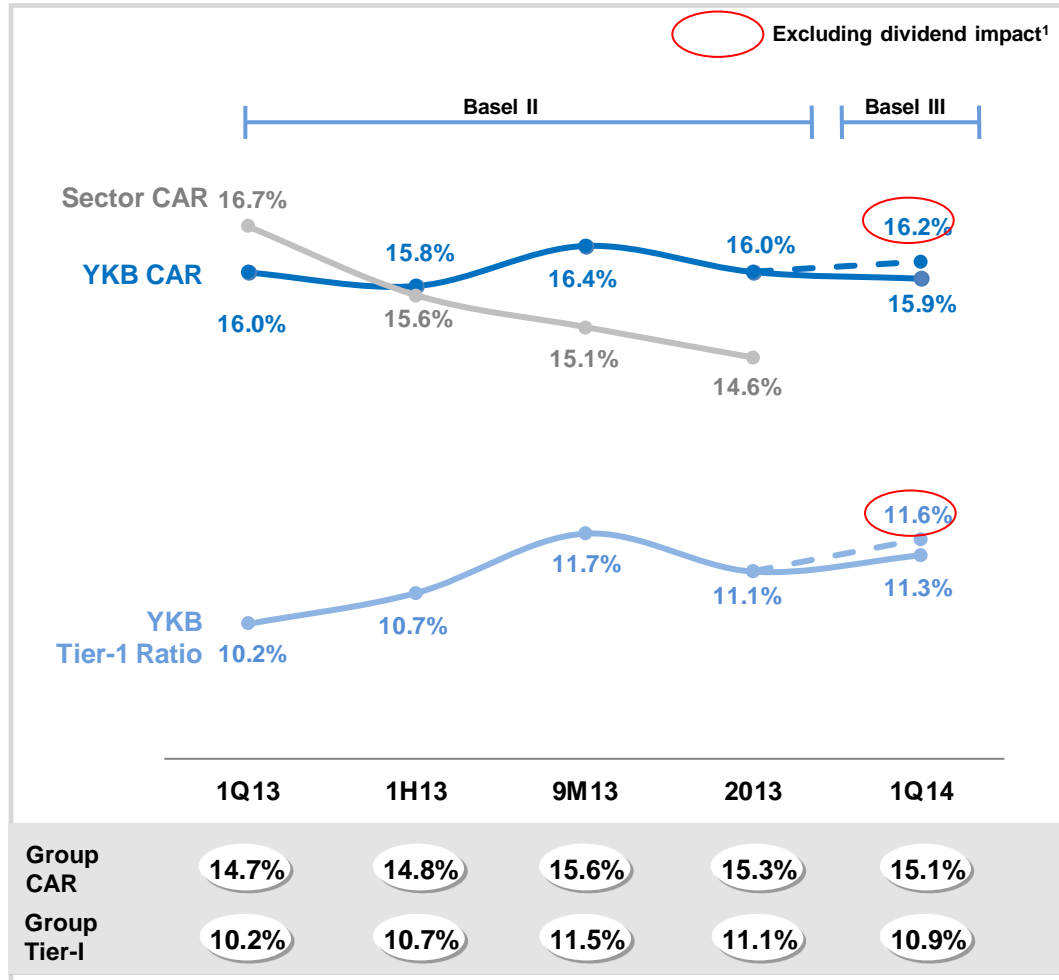
Headcount	+1,000	net increase in HC to support sales
Branches	~50	under construction
	~130	renovations underway
ATMs	~25	already deployed
	~170	under deployment

- **Costs +15% y/y**, also starting to reflect investments for growth
- **Better than sector cost evolution (15% vs 17% sector) despite investments**

(1) Other includes pension fund provisions and loyalty points on Worldcard
 (2) Non-HR costs include HR related non-HR, advertising, rent, SDIF premium, taxes, depreciation and branch tax
 (3) Sector information based on BRSA monthly financials as of Feb'14

Resilient CAR maintained supported by customer-oriented balance sheet

Capital Adequacy (Bank)

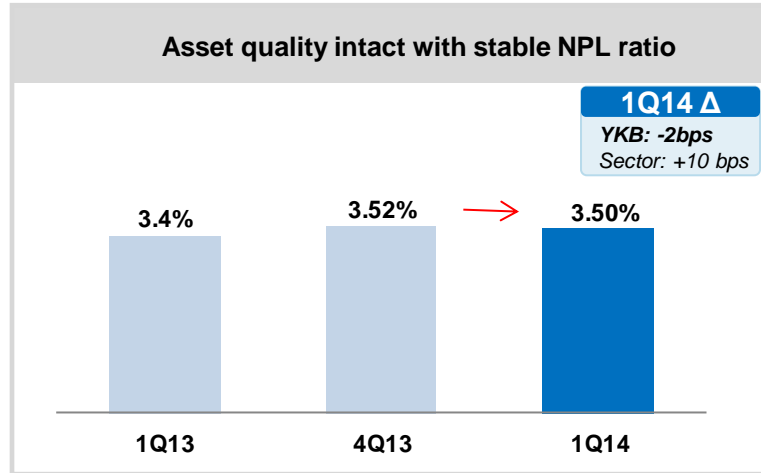


- **CAR at 15.9%**, excluding dividend payment at 16.2% (+20 bps vs YE13)
- **Tier-1 Ratio at 11.3%**, excluding dividend payment at 11.6% (+50 bps vs YE13)
- **Positive impact of Basel III regulation introduction as of 1Q14²**

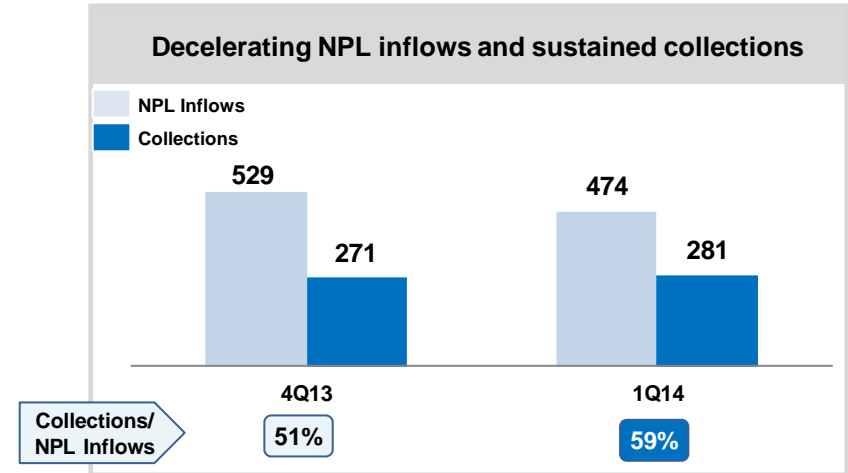
(1) Dividend payment of 388 mln TL from 2013 net income (payout ratio 12.75%). Negative impact on CAR and Tier 1 Ratio: 28 bps
 (2) Elimination of haircut (55%) on AFS m-t-m gains and fair value of subsidiaries and booking of these items as Tier 1 (vs Tier 2 previously)

Asset quality evolution intact

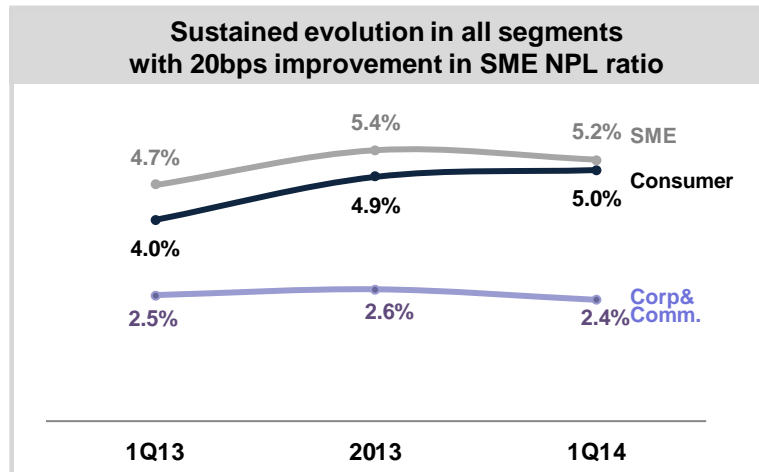
NPL Ratio



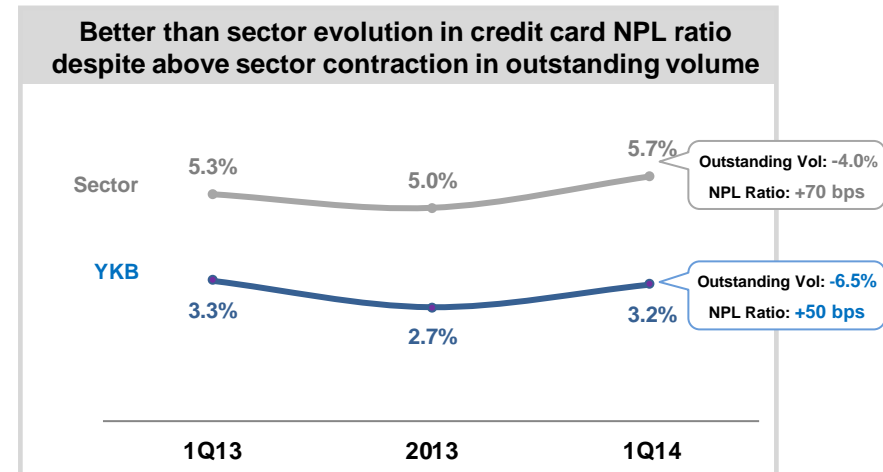
Collections/NPL Inflows



NPL Ratio by Segment²



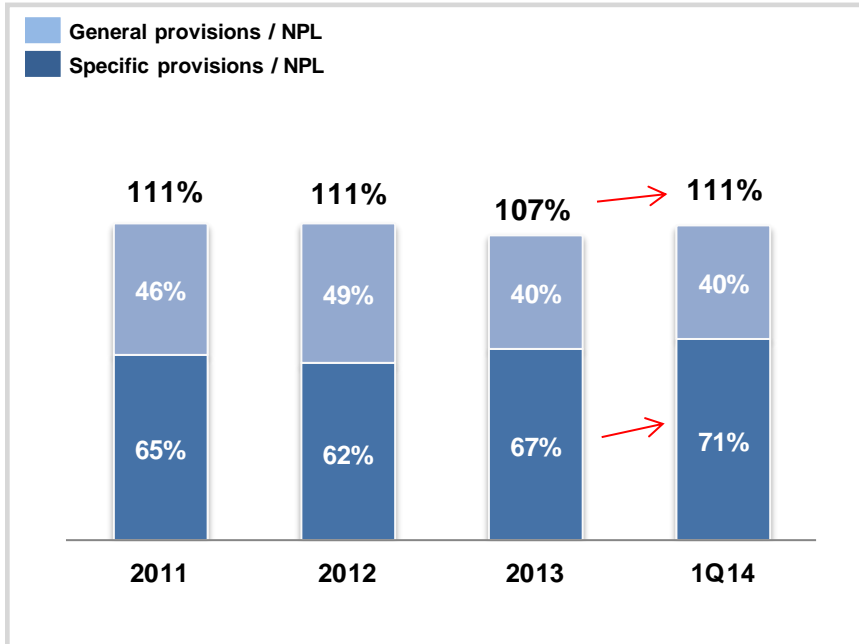
Credit Cards NPL Ratio



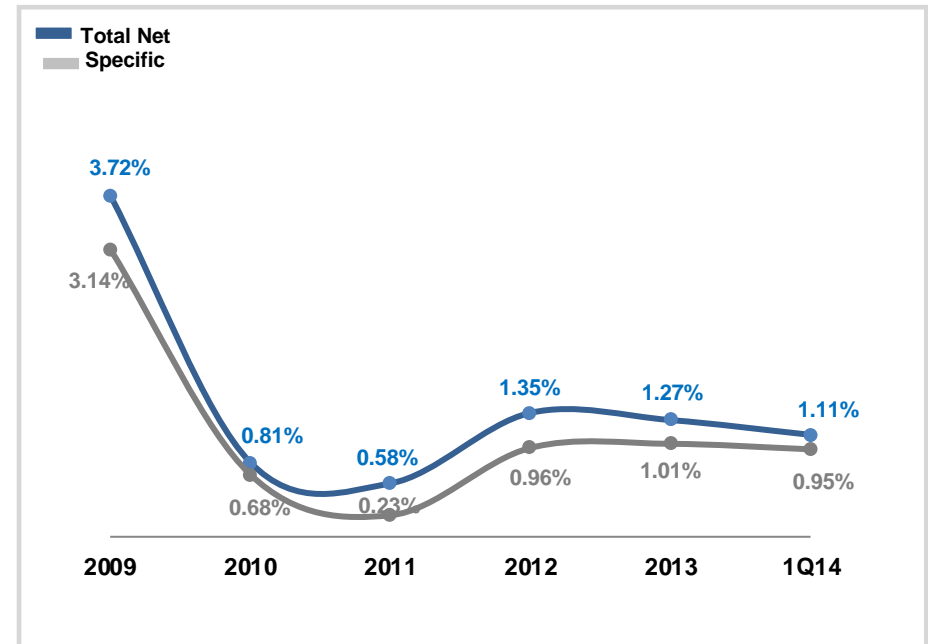
Notes: NPL ratio for credit cards includes retail + business cards
SME NPL ratio based on YKB's internal SME definition of companies with <10 mln \$ annual turnover and <3 mln \$ loan volume

Decreasing CoR and increasing coverage

NPL Coverage



Cost of Risk¹ (Cumulative, net of collections)



- Total NPL coverage² at 111% with specific coverage up to 71% (+4 pp vs 2013)
- Net cost of risk at 1.11% supported by strong collections performance

(1) Cost of Risk = (Total Loan Loss Provisions-Collections)/Total Gross Loans
 (2) Total NPL coverage = (Specific +General Provisions)/NPLs

2014 Scenario: No revision to expectations; signs of upside potential following 1Q

	Budget Scenario	Continuation of Current Environment	
Macro Outlook			
GDP	4.0%	2.5%	→ Upside potential following election results
Inflation (eop)	6.4%	7.8%	→ Inflation trend to be the key driver of CBRT rate decisions
USD/TL (eop)	2.06	2.25	
Policy rate (eop)	5.5%	10.0%	
B. Bond rate (eop)	8.2%	10.5%	
Unemployment	9.1%	10.5%	→ Could converge to ~9% based on GDP growth upside
CAD/GDP	7.4%	5.2%	
Sector Outlook			
Loan Growth	17%	14%	→ On track with signs of acceleration as of Apr'14
Deposit Growth	15%	13%	
NIM	Slightly Down	Around -50 bps	→ Solid 1Q trend with decreasing deposit rates as of April'14
CoR	Slightly Down	+25 bps	
NPL Ratio	+10 bps	+60 bps	→ Stable trend so far with conservative stance maintained



YKB in 2014: Prioritising sustainability and smart growth

2014 guidance still confirmed following 1Q results

Lending	<ul style="list-style-type: none"> ▪ Value generating and above sector loan growth ▪ SME, consumer and project finance key drivers ▪ Slowdown in credit card growth with focus on balancing profitability and leadership 	Above sector loan growth
Funding	<ul style="list-style-type: none"> ▪ Deposit growth relatively aligned with loan growth. Strong focus on price discipline ▪ Ongoing access to wholesale funding. 50% of additional funding plan already realised so far 	Above sector deposit growth
Revenues	<ul style="list-style-type: none"> ▪ NIM evolution supported by dynamic repricing actions ▪ Fee growth driven by lending activity and product innovation 	NIM: better/aligned with sector Fees: Low double digit growth
Costs	<ul style="list-style-type: none"> ▪ Disciplined ordinary cost management with adequate investments for smart growth 	Slightly above sector
Asset Quality	<ul style="list-style-type: none"> ▪ Remaining relatively intact supported by conservative lending structure and approach ▪ Key infrastructure enhancements over the last 2 years starting to pay-off 	In line with sector

 **Annex**

Consolidated Income Statement

Income Statement

BRSA Consolidated (TL mln)

	1Q13	2Q13	3Q13	4Q13	1Q14	q/q	y/y
Total Revenues	1,842	2,183	1,905	2,128	1,938	-9%	5%
Core Revenues	1,801	1,891	1,687	1,824	1,862	2%	3%
Net Interest Income	1,306	1,347	1,165	1,248	1,351	8%	3%
Fees & Commissions	495	544	522	576	510	-11%	3%
Other Revenues	41	292	218	304	76	-75%	88%
Other income	121	82	73	176	209	19%	73%
Trading	-86	200	145	128	-135	nm	58%
Dividend	6	10	0	0	2	nm	nm
Operating Costs	815	897	835	996	935	-6%	15%
Operating Income	1,027	1,286	1,070	1,132	1,003	-11%	-2%
Provisions	366	351	396	439	463	5%	26%
Specific Provisions	242	280	373	263	343	30%	42%
General Provisions	58	42	23	110	88	-20%	52%
Other Provisions	66	29	0	66	32	-52%	-52%
Pre-tax Income	661	935	674	693	540	-22%	-18%
Discontinued Operations ¹	15	25	1,296	-10	0	nm	
Net Income	544	752	1,822	541	429	-21%	-21%

(1) On 12 July 2013, sale of insurance business to Allianz was finalised. Accordingly, YKB sold its 94% stake in YK Sigorta which owns 100% of YK Emeklilik. 20% stake in YK Emeklilik is retained. Consolidated capital gain is TL 1,284 mln post 5% capital gain tax. (bank-only capital gain is TL 1,172 mln post-tax) booked in 3Q13. Previous period restated for comparability purposes

Bank-Only Income Statement

Income Statement

BRSA Bank-Only (TL mln)

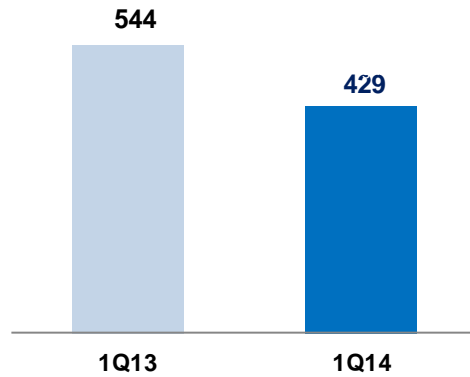
	1Q13	2Q13	3Q13	4Q13	1Q14	q/q	y/y
Total Revenues	1,773	1,980	1,732	1,886	1,884	0%	6%
Core Revenues	1,669	1,760	1,567	1,674	1,738	4%	4%
Net Interest Income	1,203	1,249	1,076	1,136	1,259	11%	5%
Fees & Commissions	466	511	491	538	480	-11%	3%
Other Revenues	104	220	165	212	146	-31%	41%
Other income	117	82	89	164	185	13%	58%
Trading	-108	137	38	48	-213	nm	nm
Dividend	95	1	38	0	174	nm	84%
Operating Costs	767	846	787	939	875	-7%	14%
Operating Income	1,006	1,134	945	947	1,009	7%	0%
Provisions	353	333	374	415	434	5%	23%
Specific Provisions	230	267	352	248	318	28%	38%
General Provisions	57	40	22	106	86	-19%	50%
Other Provisions	66	26	0	62	31	-51%	-54%
Pre-tax Income	653	801	571	532	575	8%	-12%
Discontinued Operations ¹	0	0	1,182	-10	0		
Net Income	541	621	1,627	414	487	18%	-10%

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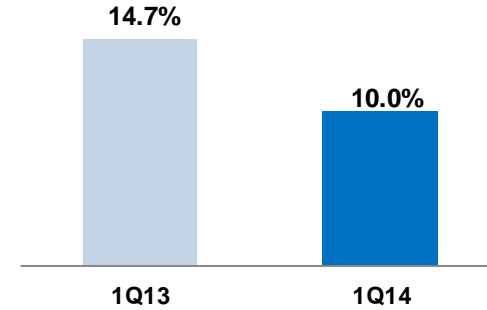
Key Performance Indicators

KPIs

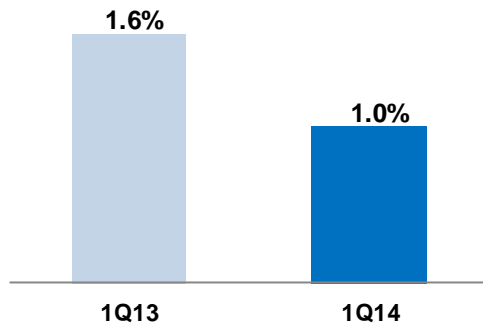
Net Income (TL mln)



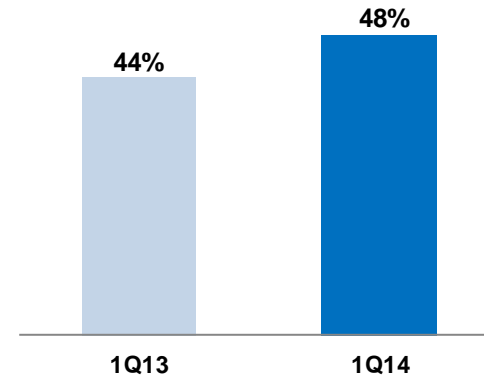
Return on Average Tangible Equity¹



Return on Assets²



Cost/Income



Notes:

ROATE indicates return on average tangible equity (excluding TL 979 mln goodwill)

(1) Calculations based on the average of current period equity (excluding current period profit) and prior year equity. Annualised

(2) Calculations based on net income / end of period total assets. Annualised

Subsidiaries

Subsidiaries

	Revenues (mln TL)	Revenue (y/y growth)	ROE	Sector Positioning	Drivers of Revenue Growth	
Domestic Subs	YK Leasing	59	7%	10%	#1 in total transaction volume (14.8% market share)	<ul style="list-style-type: none"> Healthy fee generation and volume growth
	YK Factoring	27 ¹	49%	34%	#1 in total factoring volume (16.9% market share)	<ul style="list-style-type: none"> Improving commercial activity leading to higher net interest income
	YK Yatırım¹	51	26%	34%	#2 in equity transaction volume (7.0% market share)	<ul style="list-style-type: none"> Higher interest income due to rising interest rate environment
	YK Portföy	11	-1%	68%	#2 in mutual funds (17.6% market share) <i>Highest credit rating in its sector²</i>	<ul style="list-style-type: none"> Decrease in fee income growth
International Subs	YK Azerbaijan	15.8 mln US\$	95% ³	22%	US\$ 420 mln total assets	<ul style="list-style-type: none"> Strong performance in retail loan volume and credit card business
	YK Moscow	3.9 mln US\$	-2% ³	8%	US\$ 218 mln total assets	<ul style="list-style-type: none"> Increase in interest income partially offsetting decrease in fee income
	YK NV	13.8 mln US\$	32% ³	9%	US\$ 2.3 bln total assets	<ul style="list-style-type: none"> Revenues supported by collections under other income

Note: Revenues in TL unless otherwise stated. YK Yatırım and YK Portföy market shares as of Mar'14. YK Leasing and YK Factoring market shares as of Dec'13

(1) Revenues including dividend. Revenue growth adjusted with dividend income

(2) Fitch Ratings upgraded YK Portföy (YKP) in Mar'13 from M2+ to M1+. YK Portföy is the only institution in Turkey to reach this level

(3) Currency adjusted y/y revenue growth

Borrowings: 21% of total liabilities

International	Syndications	<p>~ US\$ 2.7 bln outstanding</p> <ul style="list-style-type: none"> ■ Apr'13: US\$ 437 mln and €759.5 mln, Libor +1.00% p.a. all-in cost, 1 year, participation of 52 banks from 20 countries ■ Sep'13: US\$ 302.5 mln and €657 mln, Libor + 0.75% p.a. all-in cost, 1 year, participation of 37 banks from 15 countries
	Securitisations	<p>~ US\$ 1.0 bln outstanding</p> <ul style="list-style-type: none"> ■ Dec'06 and Mar'07: US\$ 740 mln and €415 mln, 6 wrapped notes, 7-8 years, Libor+18-35 bps (outstanding: ~US\$ 47 mln) ■ Aug'10 - DPR Exchange: US\$ 235 mln and €222, 5 unwrapped notes, 5 years (outstanding: ~US\$ 55 mln) ■ Aug'11: US\$ 225 mln and €130 mln, 4 unwrapped notes, 5 years (outstanding: ~US\$ 321 mln) ■ Sep'11: €75 mln, 1 unwrapped note, 12 years (outstanding: ~US\$ 95 mln) ■ Jul'13: US\$ 355 mln and €115 mln, 5 unwrapped notes, 5-13 years (outstanding: ~US\$ 513 mln)
	Subordinated Loans	<p>~US\$ 3.0 bln outstanding</p> <ul style="list-style-type: none"> ■ Mar'06: €500 mln, 10NC5, Euribor+3.00% p.a. ■ Jun'07: €200 mln, 10NC5, Euribor+2.78% p.a ■ Dec'12: US\$ 1.0 bln market transaction, 10 years, 5.5% (coupon rate) ■ Jan'13: US\$ 585 mln, 10NC5, 5.5% fixed rate ■ Dec'13: US\$ 470 mln, 10NC5, 6.35% (coupon rate, midswap +4.68% after the first 5 years)
	Foreign Currency Bonds / Bills	<p>US\$ 750 mln Loan Participation Note (LPN)</p> <ul style="list-style-type: none"> ■ Oct'10: 5.1875% (coupon rate), 5 years <p>US\$ 1.5 bln Eurobonds Issuance</p> <ul style="list-style-type: none"> ■ Feb'12: US\$ 500 mln, 6.75% (coupon rate), 5 years ■ Jan'13: US\$ 500 mln, 4.00% (coupon rate), 7 years ■ Dec'13: US\$ 500 mln, 5.25% (coupon rate), 5 years
	Covered Bond	<p>TL 458 mln first tranche</p> <ul style="list-style-type: none"> ■ Nov'12: SME-backed with maturity between 3-5 years; highest Moody's rating (A3) for Turkish bonds
	Multilateral Loans	<ul style="list-style-type: none"> ■ EIB Loan - Jul'08/Dec'13: €340 mln and TL 121 mln, 5-15 years ■ EBRD Loan - Aug'11/Jul'13: US\$ 55 mln and € 21.4 mln, 5 years ■ CEB Loan - Jul'11/May'13: €60 mln and US\$ 26 mln
Domestic	Local Currency Bonds / Bills	<p>TL 2.5 bln outstanding</p> <ul style="list-style-type: none"> ■ Jun'13: TL 50 mln, 7.41% compounded rate, 360 days maturity ■ Jul'13: TL 50 mln, 9.44% compounded rate, 322 days maturity ■ Nov'13: TL 500 mln, 8.48% compounded rate, 178 days maturity ■ Jan' 14: TL 600 mln, 9.77% compounded rate, 132 days maturity ■ Mar'14: TL 600 mln, 11.29% compounded rate, 179 days maturity ■ Apr'14: TL 739 mln, 10.00% compounded rate, 167 days maturity

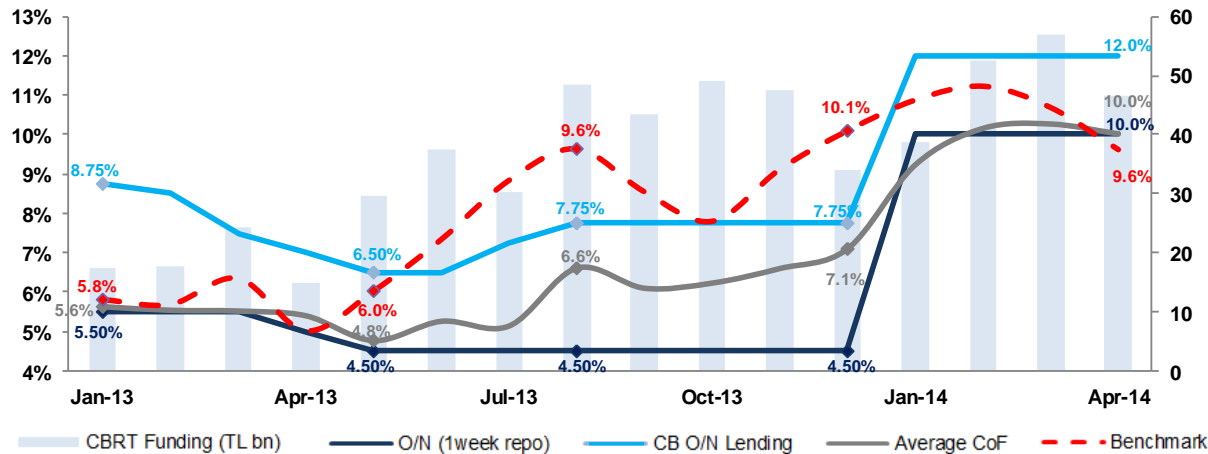
Note: Information on borrowings current as of the date of this presentation

Macro environment

	2013	1Q14
GDP Growth, y/y	4.0%	~ 3% ¹
Inflation (CPI) , y/y	7.4%	8.4%
Industrial Production (IP), y/y ²	3.4%	6.0% ³
Capacity Utilisation Rate (CUR) ⁴	74.6%	75.0%
Purchasing Managers Index (PMI)	52.5	52.6
Consumer Confidence Index	76.0	73.2 ⁵
Current Account Deficit (CAD)/GDP	7.9%	7.6% ⁶
Unemployment Rate ⁴	9.7%	9.1% ⁷

Macro

- **GDP growth in 1Q** to be supported by external rebalancing and government consumption
- **Inflation up slightly** due to **currency pass-through**. Expected to peak in Apr'14, then start normalising
- **IP improving**; **CUR** and **PMI** intact
- **CAD/GDP decreasing** due to declining gold trade and moderation in domestic demand
- **Unemployment rate on a declining trend** despite continuing increase in labour participation



Monetary Policy

- **Significant tightening in Jan'14** to control currency depreciation and inflationary pressure
 - Hike in 1-week repo rate to 10% and O/N lending rate to 12%
- **Signs of easing in Apr'14**
 - **Technical rate cut** in late liquidity O/N lending rate (from 15% to 13.5%) as a result of **reduced uncertainties** and **improving risk premium**

(1) Based on YK Economic Research 1Q14 GDP estimate
 (2) Calendar adjusted
 (3) Jan/Feb'14 average, y/y
 (4) Seasonally adjusted
 (5) 4 month avg.as of Apr'14
 (6) As of Feb'14
 (7) As of Jan'14

Banking Sector Volumes and KPIs

bln TL	Nominal	Quarterly Growth		
	1Q14	1Q13	4Q13	1Q14
Total Loans¹	1,032	5%	6%	3.7%
TL	725	6%	5%	3.5%
FC(\$)	140	0%	5%	1.4%
Total Deposits	965	3%	6%	1.4%
TL	555	3%	3%	-4.2%
FC(\$)	187	-2%	6%	7.4%
Total Securities	291	-1%	-1%	3.3%
NPL Ratio	2.7%	2.9%	2.6%	2.7%
CAR	-	16.7%	14.6%	-
NIM (quarterly)	3.4%	4.3%	3.5%	3.4%
ROAE (cumulative)	9.9%	15.5%	14.0%	9.9%

- **Loans +3.7% ytd** driven TL company loans (+6.7% ytd)
- **Deposits +1.4% ytd** driven by FC deposits (+7.4% ytd in US\$)
- **NPL ratio +10 bps ytd** to 2.7%
- **NIM -10 bps** to 3.4% vs 4Q13

Note: NIM and ROAE based on BRSA monthly financials as of Feb'14. Volumes based on BRSA weekly data
 (1) Indicates performing loans