

Yapı Kredi 1H15 Earnings Presentation

Accelerating performance, disciplined approach

Macro and banking sector trends: Resilient fundamentals intact despite volatile environment

Operating Environment

Macro Environment

	2014	1Q15	2Q15
GDP Growth, y/y	2.9%	2.3%	-
Inflation (CPI) , y/y	8.2%	7.6%	7.2%
USD/TL (eop)	2.32	2.61	2.69
Public Debt/GDP	35.0%	35.6%	35.6% ¹
Unemployment Rate	10.4%	10.0%	9.9% ²

1H15 Developments

- **Weakening growth dynamics** impacted by domestic political developments
- **Controlled inflation** due to food price normalization
- **Ongoing decrease in unemployment rate** driven by industrial job creation
- **Solid fiscal discipline and budget performance**
- **Well-positioned vs other EMs**

2H Trends

- **Political and geopolitical uncertainty**
- **Continued pressure on currency and rates**
- **CBRT rates expected to remain steady**

Banking Sector

	2014	1Q15	2Q15
Loan Growth	18.5%	6.8%	5.8%
<i>Private</i>	17.1%	5.7%	5.3%
<i>State</i>	21.3%	9.6%	6.2%
NIM	3.6%	3.4%	3.7% ³
NPL Ratio	2.8%	2.7%	2.7%
LDR Ratio	116%	117%	117%

1H15 Developments

- **Volume growth decelerating slightly vs 1Q;** faster growth at state banks vs private banks
- **Improving NIM** mainly due to CPI-linkers; ongoing pressure on funding costs
- **Resilient asset quality** despite volatile environment

2H Trends

- **Growth and fundamentals to remain relatively resilient** albeit with some pressure on asset quality

Notes: GDP, inflation and unemployment rate based on Turkish Statistical Institute data. Banking sector information based on BRSA weekly data as of 26 Jun'15 unless otherwise stated

(1) Public Debt/GDP for 2Q15 based on Yapı Kredi's 2Q15 GDP forecast

(2) Unemployment rate as of Apr'15

(3) NIM based on BRSA monthly data as of Jun'15

Growth strategy intact coupled with strong commercial performance and resilient fundamentals

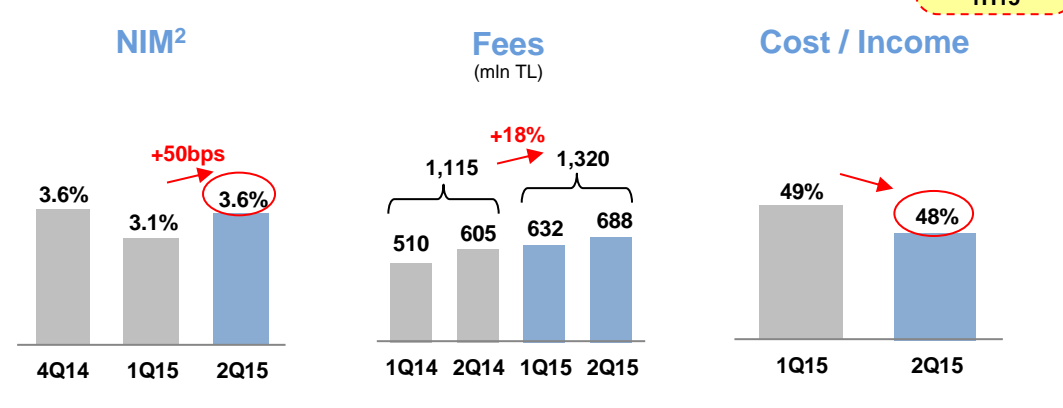
+358k
customers
acquired in
1H15

Ongoing volume growth and remix

	ytd Δ				Market Share	ytd Δ (bps)
	YKB	Private Banks	State Banks	Sector		
Loans	14%	11%	16%	13%	10.4%	+12
Consumer Loans	14%	6%	8%	7%	9.4%	+66
Companies ¹	15%	14%	14%	16%	9.6%	+0
Deposits	17%	13%	13%	13%	10.4%	+37
Demand	31%	18%	17%	17%	9.7%	+112

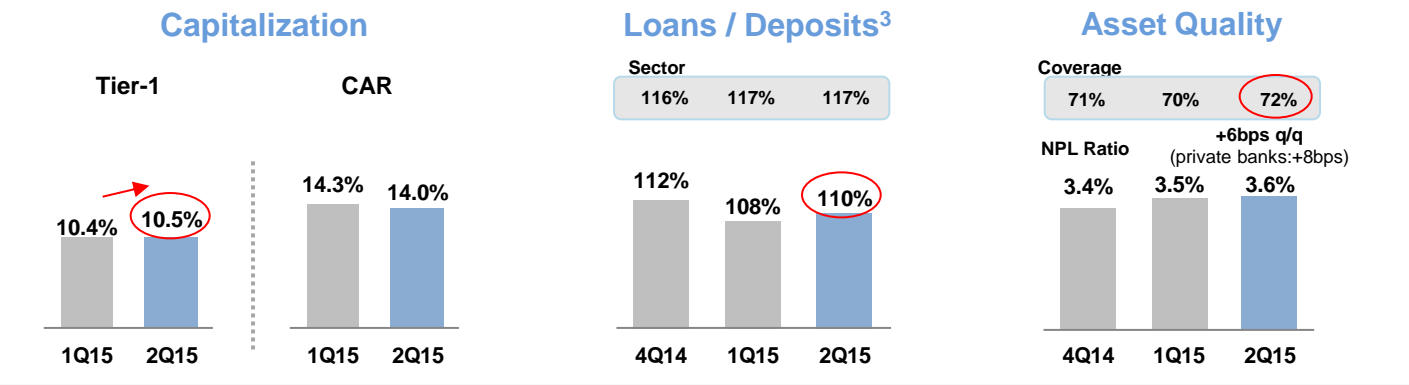
- Above sector growth, even more evident vs private banks (loan market share +40bps vs private banks)

Solid commercial performance



- NIM back to 4Q level with loan-deposit spread +20bps q/q
- Fee generation accelerating
- Improving C/I, as guided

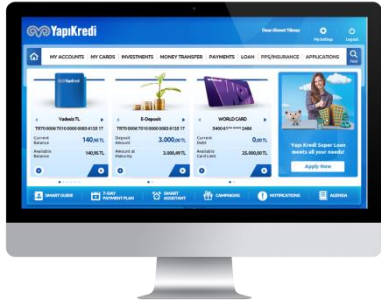
Resilient fundamentals



- Tier-1 ratio improving despite ongoing volume growth thanks to optimisation actions
- LDR within comfortable range
- Asset quality evolution in line with private banks; coverage increasing

(1) Total loans excluding consumer loans and credit cards
 (2) Bank-only
 (3) Loan-Deposit ratio: Loan/(deposits+TLbonds), bank only

Strong focus on digitalization in order to increase customer satisfaction and decrease cost to serve



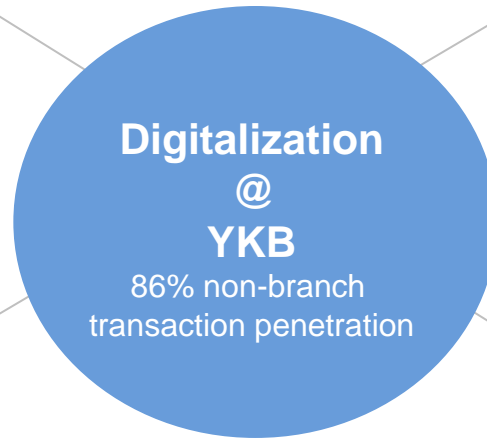
Internet Banking

- **5.0 mln** customers (+39% y/y)
- **13.6%** market share (+187bps y/y)
- **11%** of GPLs sold via internet bank



Call Center

- **3.2 mln** annual sales (+8% y/y)
- **10%** of GPLs sold via call center
- **882K** annual credit card retention



Mobile Banking

- **1.5 mln** customers (+104% y/y)
- **11.6%** market share (+97bps y/y)
- **5%** of GPLs sold via mobile app



Best Mobile Banking in Europe Award



and beyond...

- First Apple Watch banking app in Turkey
- Direct banking – NUVO

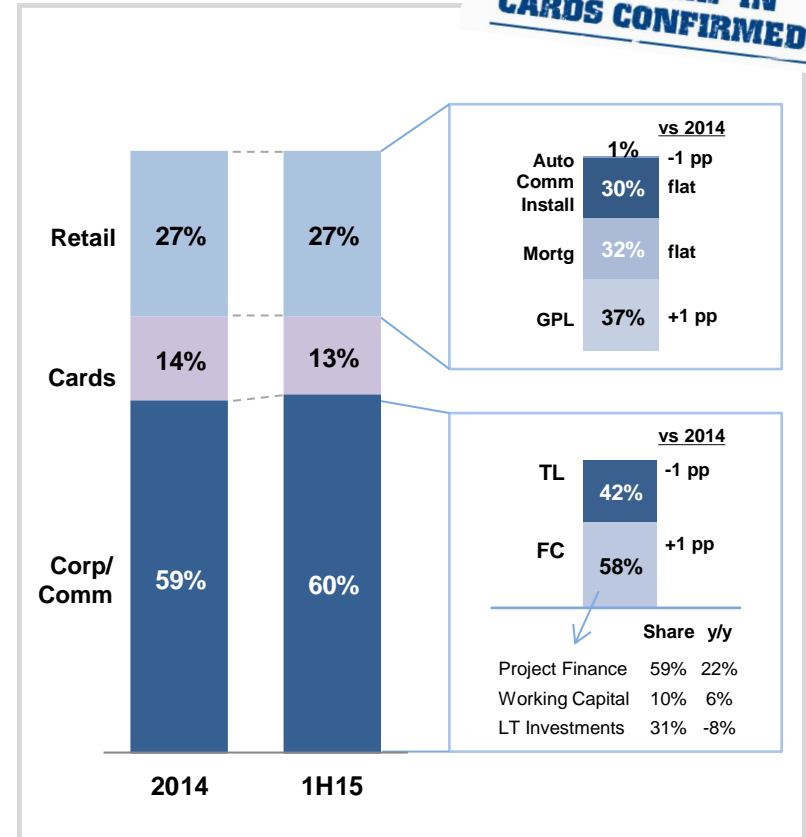


Market shares as of 1Q15

Branches remain an important touch point for customers, Branch model optimisation on the agenda

Effective loan book remix continuing towards higher value generating products and segments

TL bln	1H15	2Q vs 1Q Δ			ytd Δ			Market Share	ytd Δ bps
		YKB	Private	Sector	YKB	Private	Sector		
Total Loans¹	142.8	5%	5%	6%	14%	11%	13%	10.4%	+12
TL	93.8	5%	6%	6%	12%	10%	11%	10.2%	+15
FC (\$)	18.2	3%	2%	3%	1%	0%	1%	10.6%	+4
Consumer Loans	27.2	8%	3%	3%	14%	6%	7%	9.4%	+66
Mortgages	12.3	7%	5%	5%	12%	9%	11%	9.7%	+11
General Purpose	14.4	9%	1%	1%	19%	5%	4%	9.2%	+118
Credit Cards	18.7	3%	4%	4%	5%	2%	2%	21.5%	+72
Companies²	96.9	5%	6%	7%	15%	14%	16%	9.6%	+0
TL	47.8	4%	8%	8%	14%	14%	15%	8.9%	-4
FC (\$)	18.2	3%	2%	3%	1%	0%	1%	10.6%	+4
SME³	42.7	8%	6%	4%	18%	14%	9%	12.9%	+102
Comm. Install.	11.9	4%	6%	6%	13%	14%	14%	6.6%	-4



- **Above sector loan growth (+14% ytd) with ongoing remix** towards value generating areas
- **Focus on balancing growth and profitability in 2Q** with rapid increase in consumer and SME loans while total loan growth tactically remaining slightly below sector to safeguard NIM

Note: Balance sheet volumes for sector based on BRSA weekly data as of 26 Jun'15. FC-indexed loans included in TL loans

(1) Total performing loans

(2) Total loans excluding consumer loans and credit cards

(3) SME definition: <TL 40 mln annual turnover as per BRSA. YKB internal SME definition: <US\$ 10 mln annual turnover (share of TL: 95%)

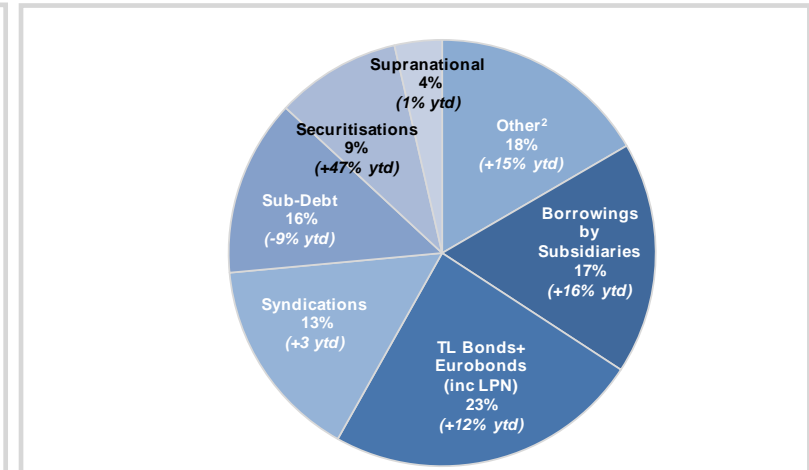
Diversified funding base maintained while market share gains continue in deposits

Funding

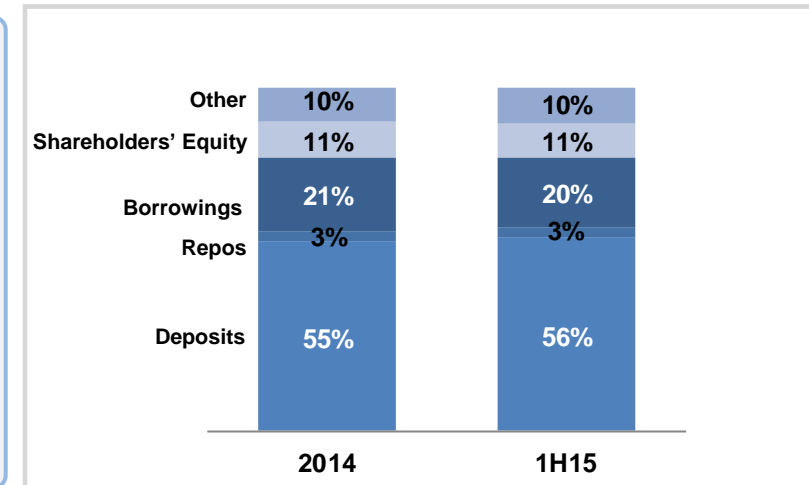
Deposits

	1H15	2Q vs 1Q Δ			ytd Δ			Market Share	ytd Δ bps
		YKB	Private	Sector	YKB	Private	Sector		
Total Deposits	126.1	5%	4%	5%	17%	13%	13%	10.4%	+37
TL	62.7	-3%	-2%	0%	0%	-1%	2%	9.5%	-46
FC (\$)	23.5	11%	9%	9%	22%	14%	12%	11.4%	+138
Customer¹	122.2	6%	5%	6%	16%	13%	13%	11%	+26
Demand	21.8	15%	11%	10%	31%	18%	17%	9.7%	+112
TL Bonds	3.7	2%	-1%	0%	11%	-4%	-4%	12.8%	+175
Repos	6.7	0%	0%	-7%	8%	4%	6%	4.8%	+10
Borrowings	45.8	-2%	1%	3%	10%	11%	13%		

Borrowings



Liability Breakdown



- **Total deposit growth above sector ytd** driven by FC deposits on the back of customer preferences and competition
- **Strong focus on demand deposits** leading to +112 bps ytd market share gain
- **Share of borrowings in liabilities at 20%** (-1pp vs YE14)
 - 110% rollover of ~US\$ 1.4 bln syndication in Apr'15 @ ~Libor+0.80% (vs Libor+0.90% in 2014)
 - US\$ 575 mln DPR issuance in Jul'15 @ btw 5&12 years
- **50% of funding already realised**

Note: Balance sheet volumes for sector based on BRSA weekly data as of 26 Jun'15 except for TL bonds and borrowings which are based on BRSA monthly data as of May'15

(1) Excluding bank deposits

(2) Other borrowings include foreign trade related borrowings

Solid revenue performance and decelerating cost growth leading to quarterly improvement in cost / income ratio

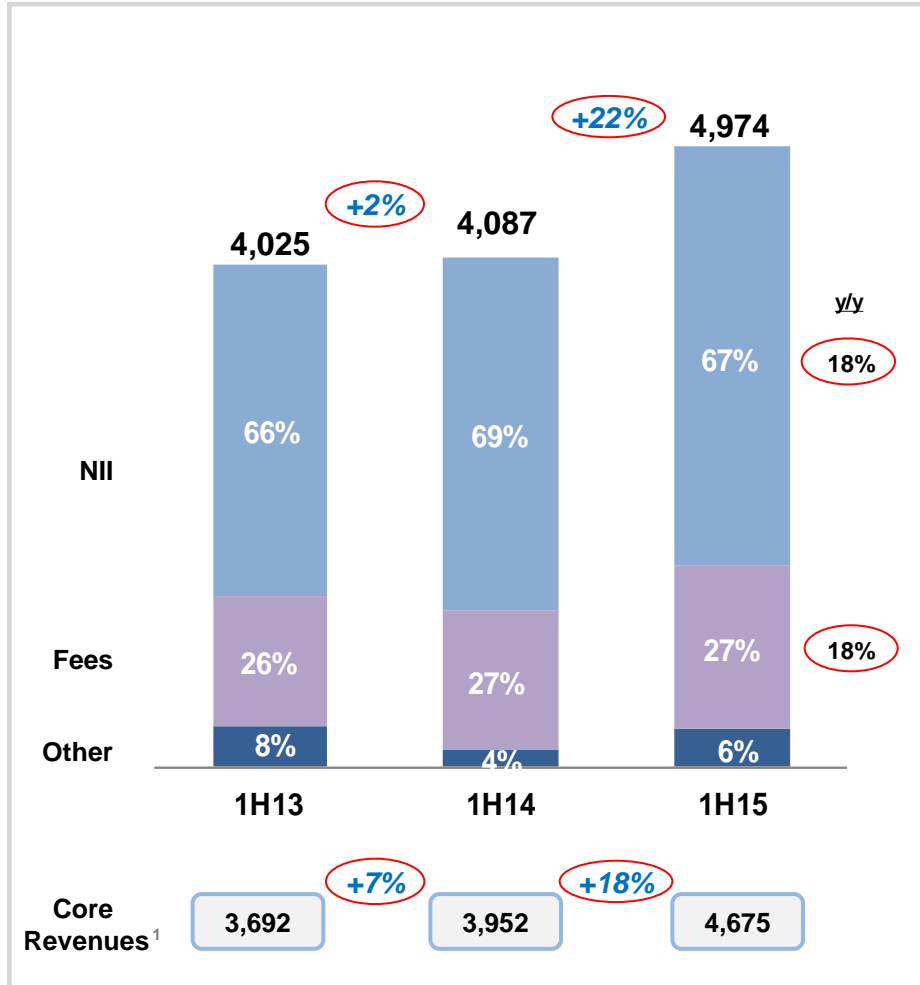
	1Q14	2Q14	1Q15	2Q15	q/q	1H14	1H15	y/y
Total Revenues	1,938	2,149	2,409	2,565	6%	4,087	4,974	22%
Core Revenues	1,862	2,090	2,150	2,526	18%	3,952	4,675	18%
Operating Costs	935	1,029	1,185	1,228	4%	1,964	2,412	23%
Operating Income	1,003	1,120	1,224	1,337	9%	2,122	2,562	21%
Provisions	463	443	571	731	28%	906	1,302	44%
Pre-tax Income	540	677	654	606	-7%	1,216	1,260	4%
Net Income	429	501	501	455	-9%	929	956	3%
RoATE	10.0%	11.6%	10.3%	9.1%		10.8%	9.7%	
ROA	1.0%	1.2%	0.9%	0.8%		1.1%	0.9%	
Cost/Income	48%	48%	49%	48%		48%	48%	

- **Revenues +22% y/y** supported by focused investments and improving productivity
- **Costs +23% y/y** due to base effect of growth investments; pace decelerating vs 1Q15
- **Provisions** impacted by (i) ageing of one-off file from 1Q (ii) bulk booking of general provision for credit card regulation
- **TL 956 mln net income (+3% y/y), ROATE at 9.7%**

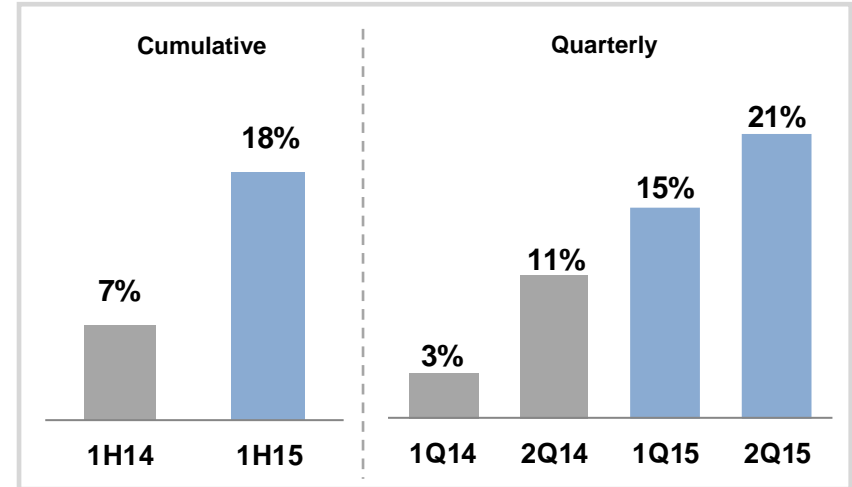
Note: Return on Average Tangible Equity (RoATE) excludes TL 979 mln goodwill
 RoATE calculation based on the average of current period equity (excluding current period profit) and prior year equity. Annualised
 Return on Assets (RoA) calculation based on the average of current period total assets and prior year assets. Annualised

Accelerating revenue growth supported by core revenues

Revenues (TL mln)



Core Revenue Growth Evolution (y/y)



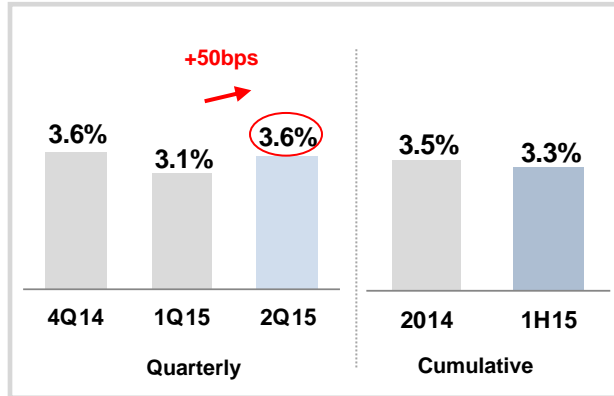
- **Revenues +22% y/y** with solid growth in both net interest income and fees
- **Acceleration in core revenue growth** driven by focused investment plan

(1) Core revenues indicate Net Interest Income + Fees & Commissions

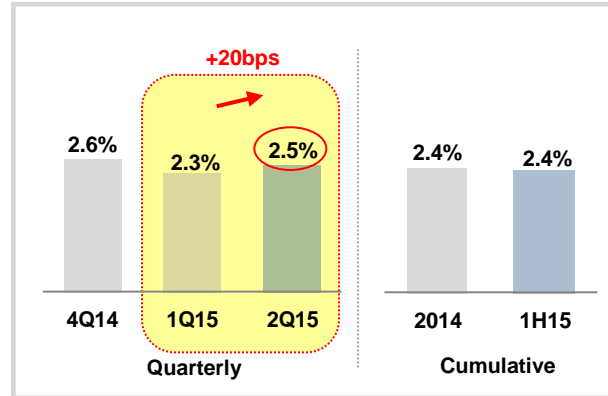
Quarterly NIM back to 4Q level while loan-deposit spread expanding due to effective pricing

Net Interest Margin

Net Interest Margin

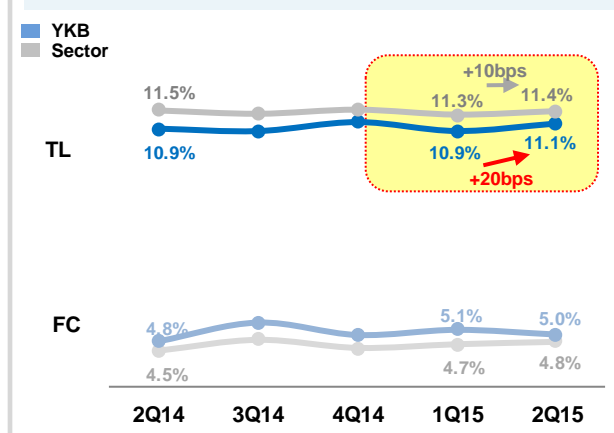


Loan - Deposit Spread

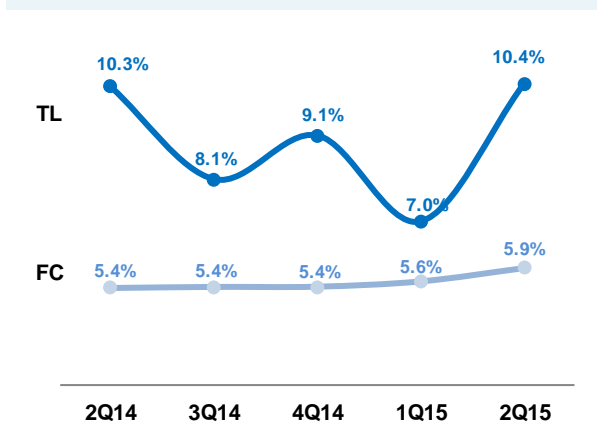


- **NIM +50 bps q/q** supported by expanding loan-deposit spread and CPI-linker contribution
- **Loan-deposit spread +20bps q/q** thanks to upward loan repricing and contained deposit costs

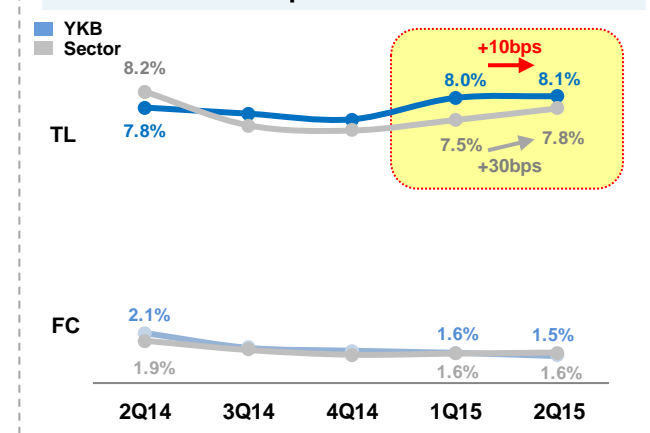
Loan Yields



Securities Yield



Deposit Costs



Notes: All information on YKB based on BRSA bank-only financials; Sector based on BRSA monthly data as of Jun'15

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

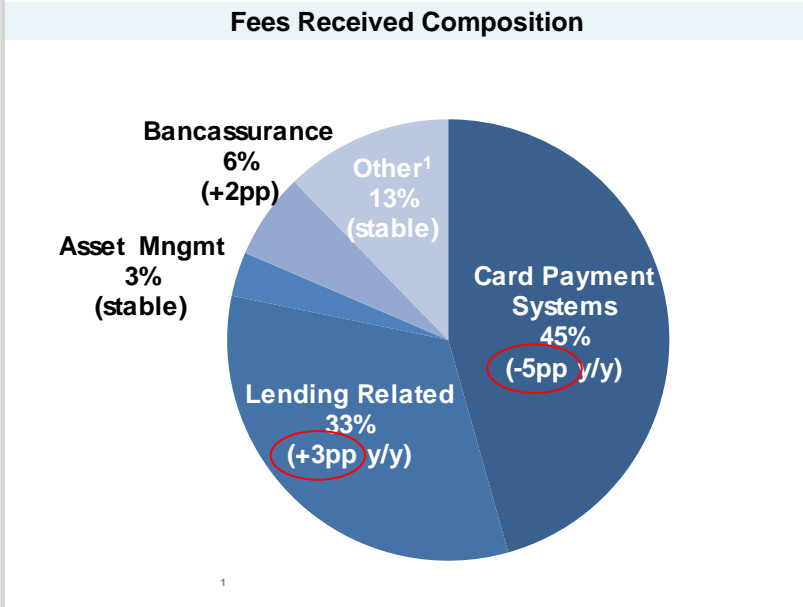
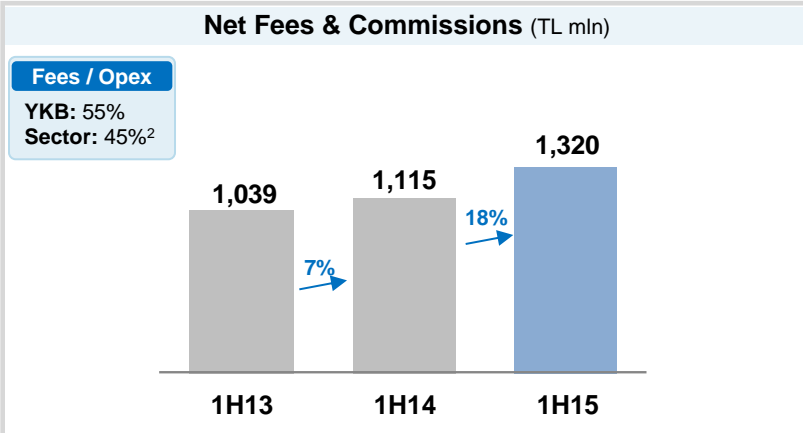
Loan-Deposit Spread: (Interest Income on Loans-Interest Expense on Deposits)/Average(Loans+Deposits)

NIM and securities yield 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: 4Q14: 3.7%, 1Q15: 3.1% 2Q15: 3.6%

Solid fee growth continuing while other income at normalised levels

Fees & Commissions



Other Revenues

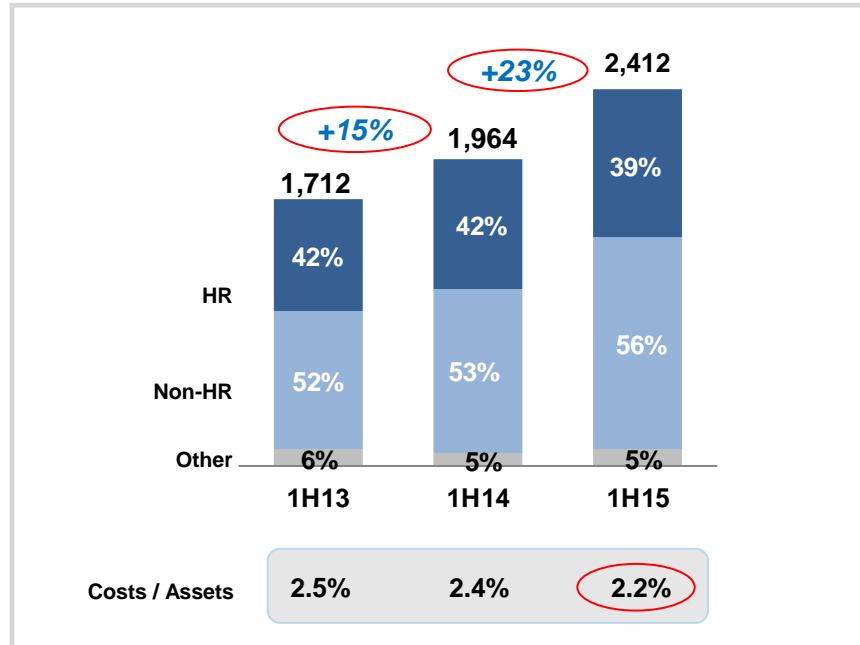
	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	1H14	1H15
Total Other Revenues	76	59	134	169	261	39	135	300
Other Income	209	209	95	152	276	169	418	445
Collections & Prov. Reversals	135	94	38	11	59	41	228	100
Subs and Other	74	116	56	141	217	128	190	345
Dividend Income	2	7	0	0	3	3	9	6
Trading & FX (net)	-135	-157	39	17	-18	-133	-292	-151

- **Solid fee growth (+18% y/y) mainly supported by value generating loan growth**
- **Other income incorporating**
 - Lower collections impacted by operating environment
 - Pension fund provision reversal of +44mln TL in 2Q15
 - Fixed asset impairment reversal of +103 mln TL in 1Q15
- **Trading line impacted by increasing swap costs vs 1Q15 on the back of rapid FC deposit growth (-245mln TL in 2Q15 vs -160 mln TL in 1Q15); trend still better vs 1H14**

(1) Other includes account maintenance, money transfers, equity trading, campaigns and product bundles, etc.
 (2) Sector data based on BRSA monthly financials as of May'15

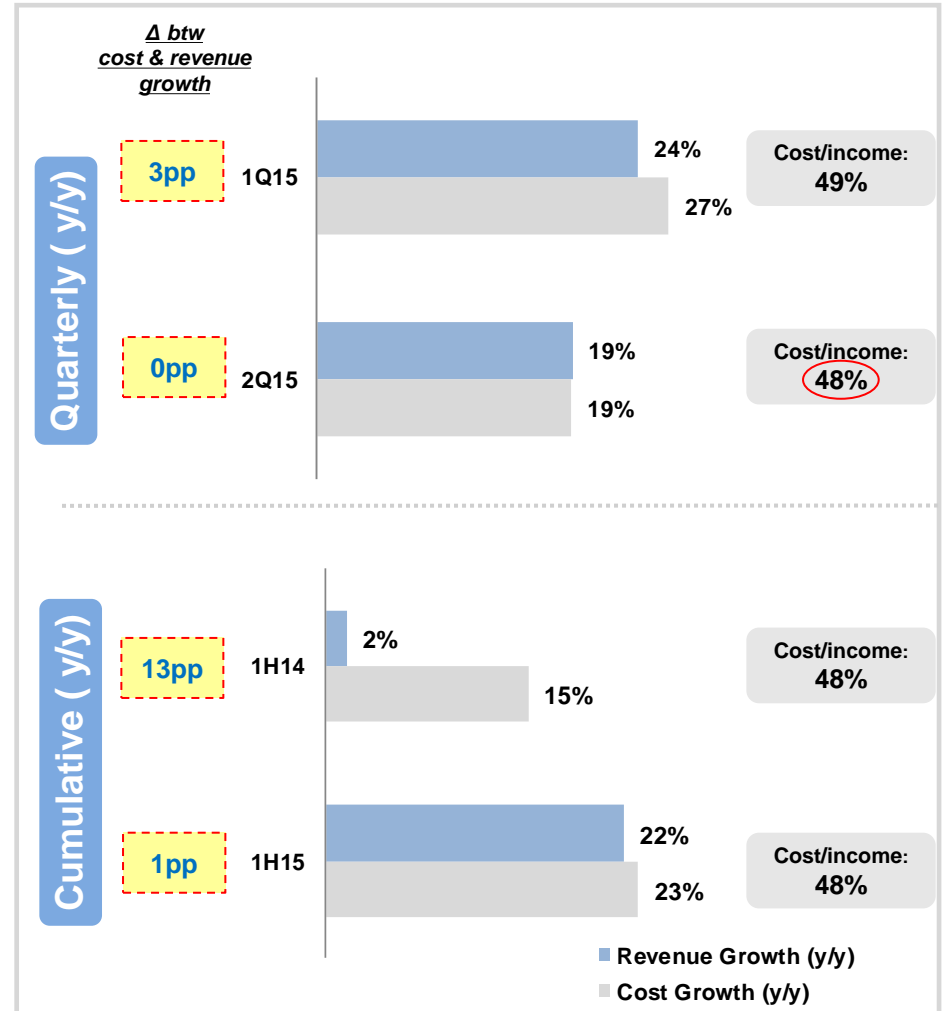
Improving cost/income with further normalization expected in 2H15

Cost Breakdown



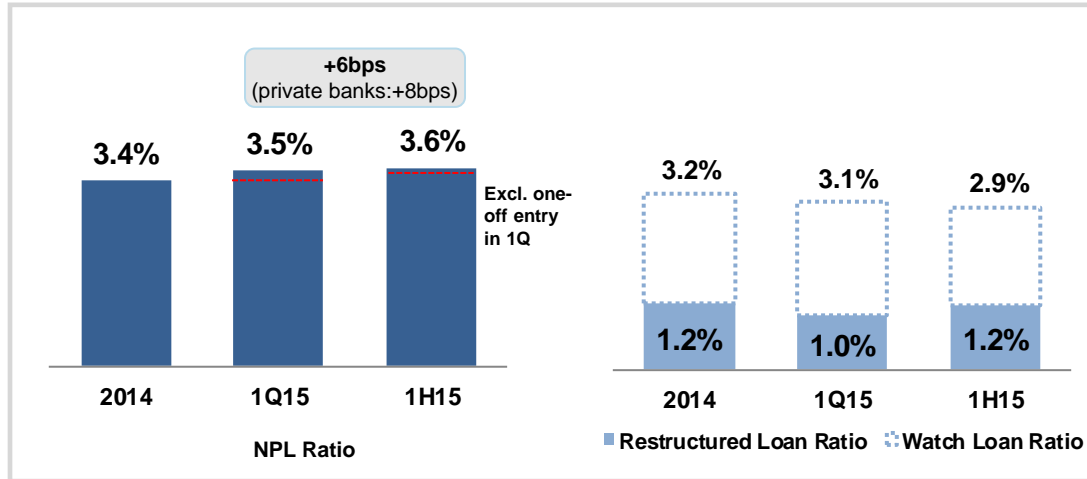
- **Cost growth decelerating** as anticipated due to base effect and start of 2nd phase of growth plan
- **Improvement in quarterly Cost/Income** with further normalization expected in 2H15
 - **45% C/I guidance for 2015 still intact**
- **Steady pace in fee rebates** (50 mln TL in 1Q&2Q)

Cost / Income Ratio Analysis

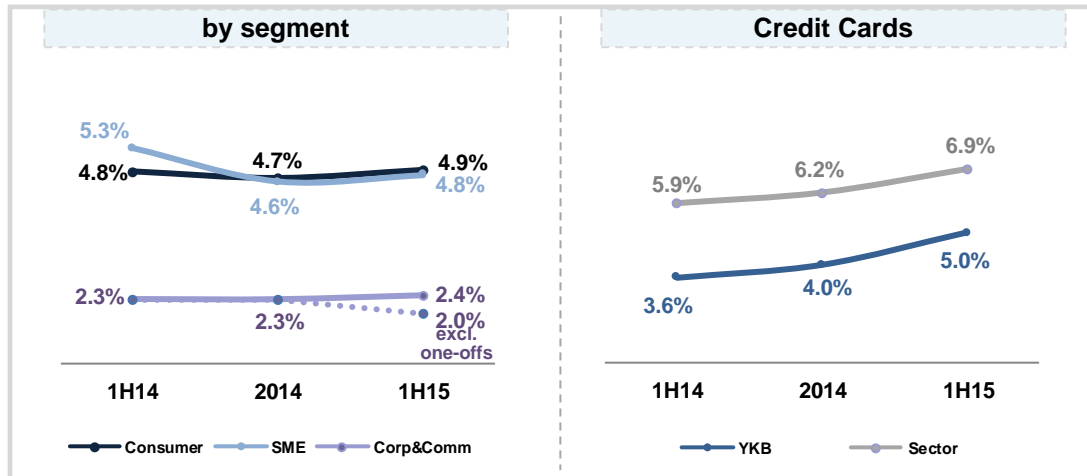


Asset quality evolution in line with guidance

NPL + Restructured Loan Ratio



NPL Ratio by Segment and Product



■ **NPL ratio +6bps q/q** mainly impacted retail inflows and lower collections. **Quarterly evolution aligned with private banks** (+8bps vs +6bps YKB)

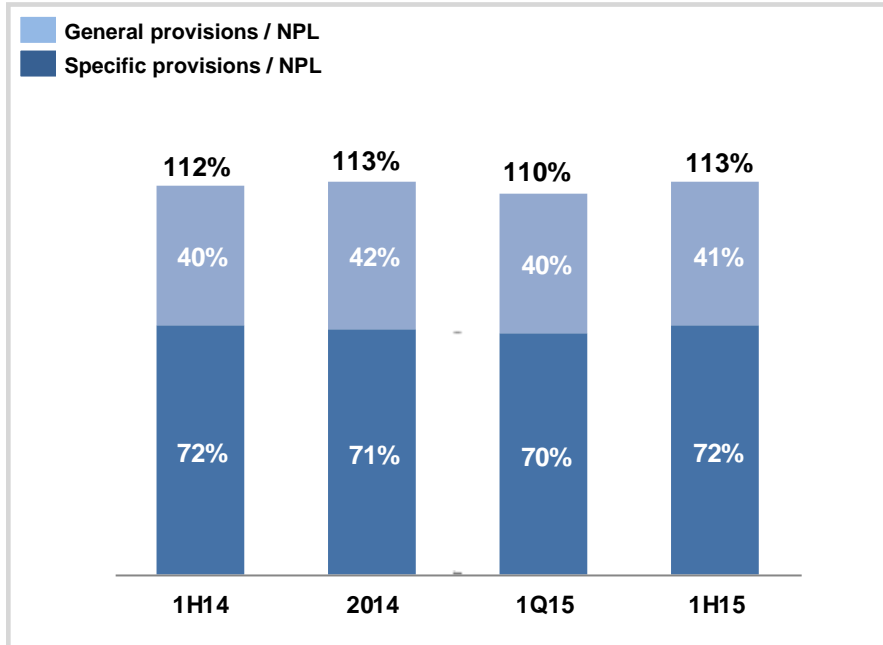
- Resilient trend in consumer and SME despite rapid growth
- Credit cards impacted by tail impact of regulation change and market conditions; level still significantly below sector

■ **Watch loan ratio declining** while restructured loan ratio up slightly due to proactive approach

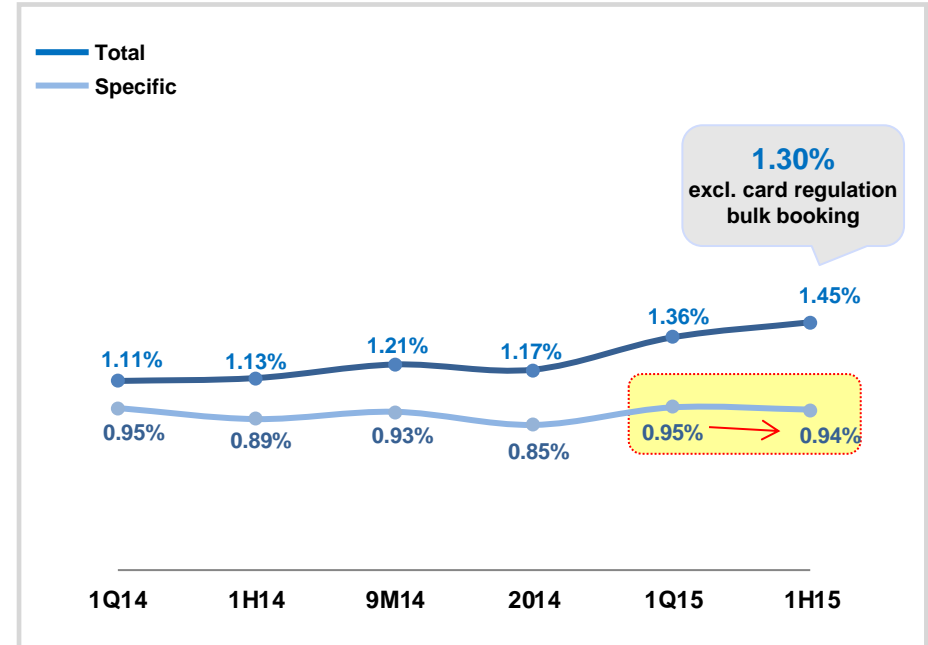
Notes: NPL ratio for credit cards includes retail + business cards. NPL ratio for sector based on BRSA weekly data as of 26 Jun'15
SME NPL ratio based on YKB's internal SME definition of companies with <10 mln \$ annual turnover and <3 mln \$ loan volume

Comfortable coverage level; total CoR impacted by bulk booking for credit card regulation

NPL Coverage



Cost of Risk¹ (Cumulative, net of collections)



- **Total NPL coverage² at 113%, specific coverage up to 72%** impacted by ageing of one-off corporate file booked in 1Q15
- **Total CoR (net off collections) at 1.45%** incorporating bulk booking in 2Q for card regulation of 110 mln TL. **Excl. regulatory impact, CoR decreasing vs 1Q15 to 1.30%**
 - **Specific CoR slightly down vs 1Q15** despite ageing impact of one-off corporate NPL file booked in 1Q15

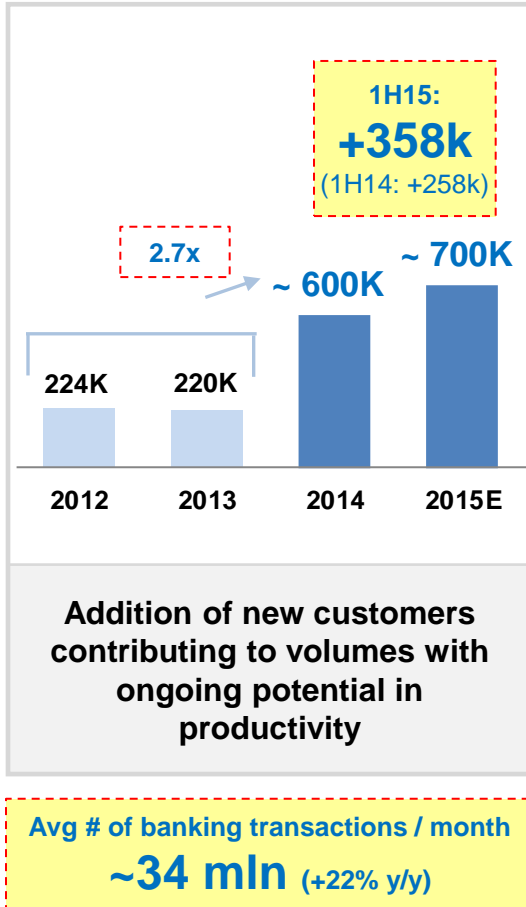
(1) Cost of Risk = (Total Loan Loss Provisions-Collections)/Total Gross Loans

(2) Total NPL coverage = (Specific +General Provisions)/NPLs

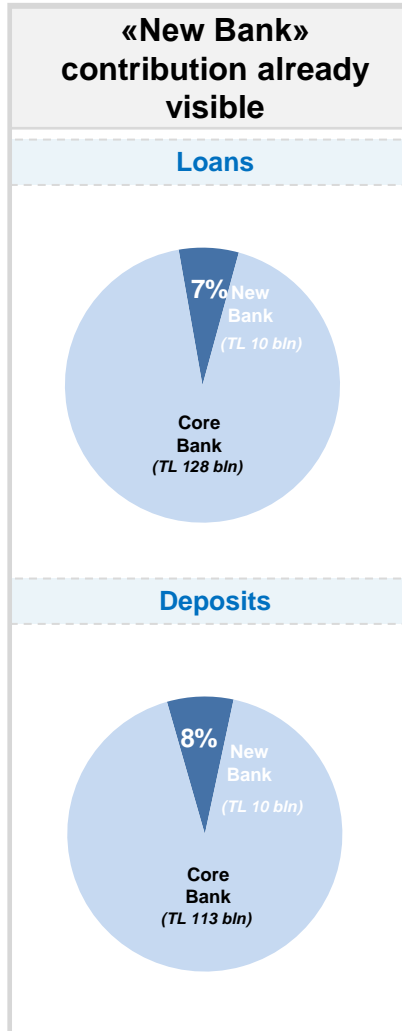
«Core Bank»: increasing commercial effectiveness

«New Bank»: contribution accelerating with further improvement potential

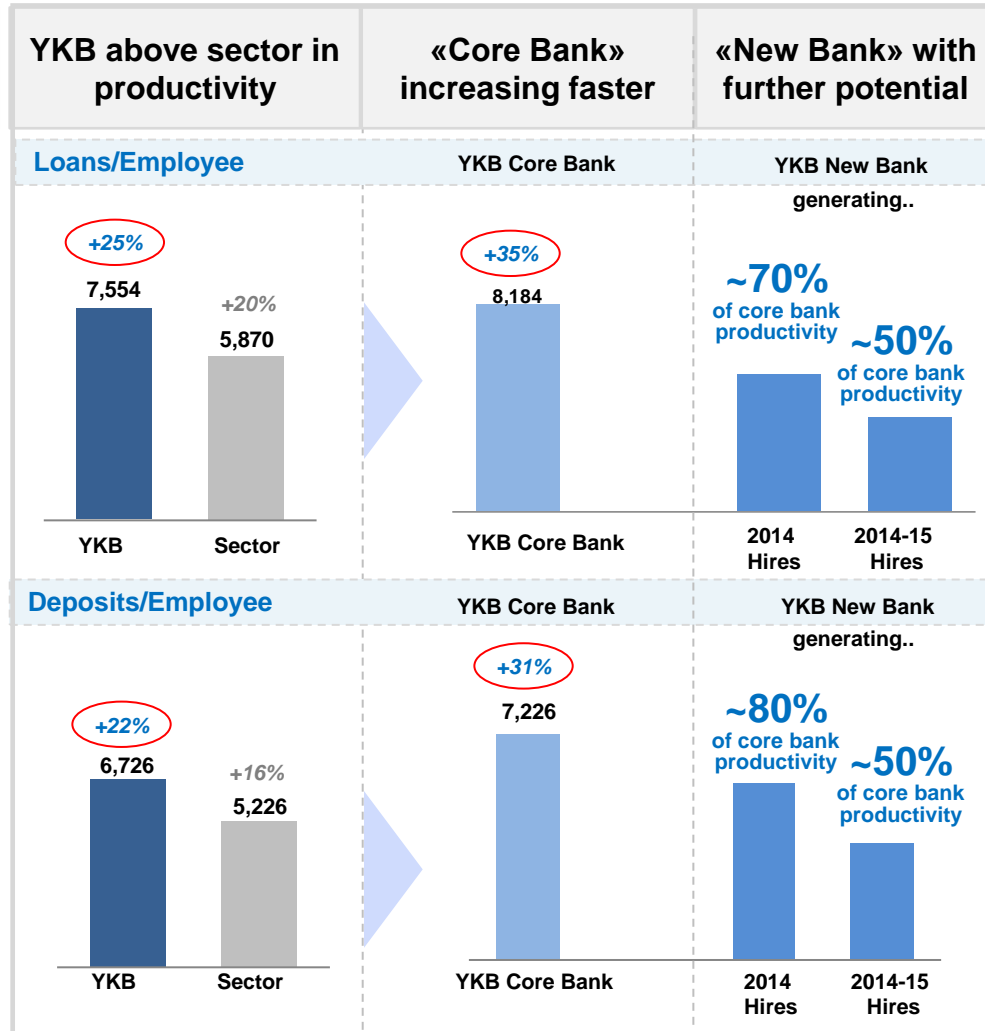
Customer Acquisition



Volumes



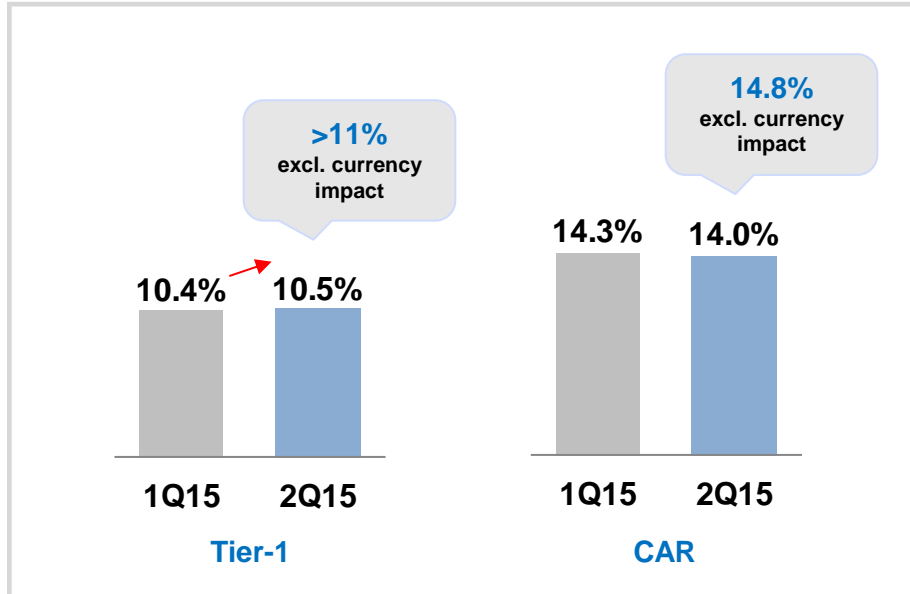
Productivity (1H15 vs 2013)



Note: Based on YKB's internal calculations, bank-only
Sector based on BRSA monthly data as of May'15

Effectively managed capital base with improvement in Tier-1 ratio

Capital Adequacy (Bank)



Evolution vs Private Banks (2012-1H15)

(1H15 vs 2012)	YKB	Private Banks
Loans CAGR	28%	26%
RWAs CAGR	20%	23%
CAR	14.0%	14.4%
<i>change vs 2012</i>	-230bps	-276bps
Tier-1	10.5%	11.8%
<i>change vs 2012</i>	-28bps	-223bps

Also impacted by regulatory changes

- Tier-1 ratio improving to 10.5% (+10bps qtd) supported by optimisation actions
- Capital levels still comfortably above regulatory requirements (CAR>12%; Tier-1>6%)
- Market volatility leading to significant negative impact, expected to reverse when conditions normalise
 - M-t-m impact: -40bps ytd (1H15: -TL249 mln, 1Q15: TL 190 mln, YE14: TL 391 mln)
 - Currency impact: -57bps on Tier-1 and -78bps on CAR ytd
- Effective balance sheet management despite more rapid growth vs private banks with ongoing focus on further optimisation

Note: Private Banks figures based on BRSA monthly data as of May'15

No revisions to 2015 expectations

Macro

	2014	2015 Scenario
GDP	2.9%	2.5%
Inflation (eop)	8.2%	6.5 / 7.0%
Unemployment	10.4%	10.9%
CAD/GDP	5.8%	5.5%

Current trends indicate slight potential downside

Banking sector

Loan Growth	18%	17%
Deposit Growth	10%	15%
NIM	-20 bps	Flat
CoR	Flat	+30 bps
NPL Ratio	+20 bps	+40 bps

Volumes potentially ~20% due to currency depreciation impact

YKB

Lending	Above sector loan growth
Funding	Deposit growth aligned with loan growth
Revenues	NIM: Better/In line with sector Fees: Low double digit growth
Costs	Improving cost/income, Investments continuing at a milder pace
Asset Quality	Better than sector evolution

Notes:
Scenario based on YK Economic Research estimates as of Apr'15
2014 figures based on realisations

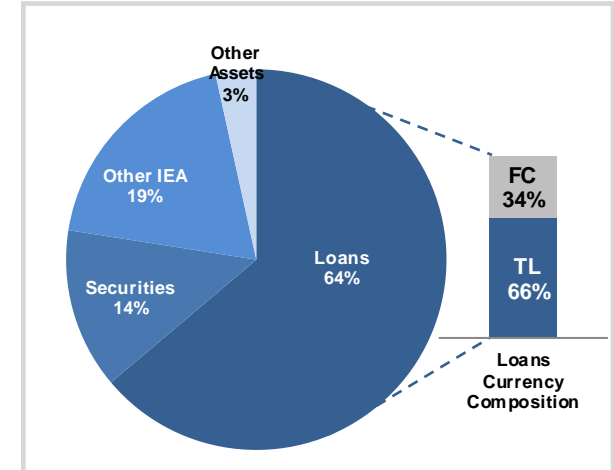
Agenda

 **Annex**

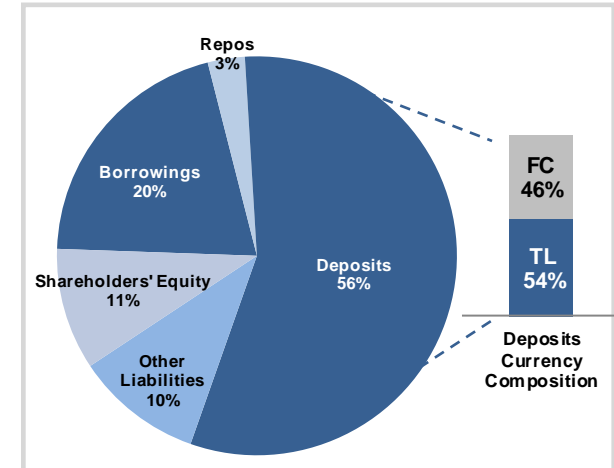
Consolidated Balance Sheet

TL bln	1Q14	1H14	9M14	YE14	1Q15	1H15	1QA	2QA	ytd	y/y
Total Assets	168.8	170.6	182.0	195.0	215.5	223.8	11%	4%	15%	31%
Loans	103.3	108.7	115.8	125.5	135.5	142.8	8%	5%	14%	31%
Securities	21.8	21.8	24.2	25.4	29.9	30.5	17%	2%	20%	40%
Deposits	90.4	96.1	102.5	107.6	119.7	126.1	11%	5%	17%	31%
Borrowings	36.0	36.0	37.3	41.5	46.7	45.8	12%	-2%	10%	27%
Shareholders' Equity	18.4	19.2	19.6	20.2	21.0	22.1	4%	5%	9%	15%
Assets Under Management	10.2	11.1	11.6	12.5	13.0	13.0	4%	0%	4%	17%
Loans/Assets	61%	64%	64%	64%	63%	64%				
Securities/Assets	13%	13%	13%	13%	14%	14%				
Borrowings/Liabilities	21%	21%	20%	21%	22%	20%				
Loans/(Deposits+TL Bonds) (Bank)	110%	108%	108%	112%	108%	110%				
CAR - solo	15.9%	15.4%	15.0%	15.0%	14.3%	14.0%				
Tier-I - solo	11.3%	11.4%	10.9%	10.9%	10.4%	10.5%				
Leverage Ratio	8.2x	7.9x	8.3x	8.6x	9.2x	9.1x				

Assets



Liabilities



Note: Loans indicate performing loans

Other interest earning assets (IEAs): include cash and balances with the Central Bank of Turkey, banks and other financial institutions, money markets, factoring receivables, financial lease receivables

Other assets: include investments in associates, subsidiaries, joint ventures, hedging derivative financial assets, property and equipment, intangible assets, tax assets, assets held for resale and related to discontinued operations (net) and other

Borrowings: include funds borrowed, marketable securities issued (net), subordinated loans

Other liabilities: include retirement benefit obligations, insurance technical reserves, other provisions, hedging derivatives, deferred and current tax liability and other

Quarterly Loan Evolution

	1H15	1Q14 Δ		2Q14 Δ		3Q14 Δ		4Q14 Δ		1Q15 Δ		2Q15 Δ		y/y		Market Share	ytd Δ bps
		YKB	Sector	YKB	Sector	YKB	Sector	YKB	Sector	YKB	Sector	YKB	Sector	YKB	Sector		
Total Loans¹	142.8	4%	4%	5%	3%	7%	6%	8%	5%	8%	7%	5%	6%	31%	25%	10.4%	12
TL	93.8	4%	4%	6%	5%	7%	4%	9%	4%	7%	5%	5%	6%	30%	20%	10.2%	15
FC (\$)	18.2	2%	1%	6%	3%	-1%	2%	6%	4%	-2%	-1%	3%	3%	6%	8%	10.6%	4
Consumer Loans	27.2	4%	2%	5%	3%	9%	4%	9%	3%	6%	4%	8%	3%	35%	14%	9.4%	66
Mortgages	12.3	3%	2%	2%	2%	5%	5%	10%	3%	5%	5%	7%	5%	30%	20%	9.7%	11
General Purpose	14.4	6%	2%	11%	5%	14%	4%	9%	3%	9%	3%	9%	1%	47%	12%	9.2%	118
Auto	0.5	-11%	-7%	-11%	-7%	-12%	-8%	-14%	-3%	-16%	-6%	-12%	-2%	-44%	-17%	8.9%	-194
Credit Cards	18.7	-6%	-4%	-3%	-3%	2%	0%	2%	0%	2%	-2%	3%	4%	9%	2%	21.5%	72
Companies²	96.9	7%	5%	7%	4%	7%	7%	10%	6%	10%	9%	5%	7%	36%	31%	9.6%	0
TL	47.8	10%	6%	12%	7%	8%	5%	12%	6%	9%	7%	4%	8%	38%	27%	8.9%	-4
FC (\$)	18.2	2%	1%	6%	3%	-1%	2%	6%	4%	-2%	-1%	3%	3%	6%	8%	10.6%	4
SME³	42.7	10%	6%	8%	7%	11%	5%	13%	6%	10%	4%	8%	5%	49%	21%	12.9%	102
Comm. Install.	11.9	8%	6%	3%	4%	5%	8%	14%	9%	9%	7%	4%	6%	35%	34%	6.6%	-4

Note: Balance sheet volumes for sector based on BRSA weekly data as of 26 Jun'15. FC-indexed loans included in TL loans
Market share information as of 1H15, market share evolution compared to YE14

(1) Total performing loans

(2) Total loans excluding consumer loans and credit cards

(3) SME definition: <TL 40 mIn annual turnover as per BRSA. YKB internal SME definition: <US\$ 10 mIn annual turnover (share of TL: 95%)

Consolidated Income Statement

	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	q/q	1H14	1H15	y/y
Total Revenues	1,938	2,149	2,201	2,466	2,409	2,565	6%	4,087	4,975	22%
Core Revenues	1,862	2,090	2,067	2,297	2,150	2,526	18%	3,952	4,675	18%
Net Interest Income	1,351	1,485	1,480	1,656	1,518	1,838	21%	2,837	3,356	18%
Fees & Commissions	510	605	587	641	632	688	9%	1,115	1,320	18%
Other Revenues	76	59	134	169	260	39	-85%	135	300	122%
Other income	209	209	95	152	276	169	-39%	418	445	6%
<i>o/w collections</i>	135	94	38	11	59	41	-30%	228	100	-56%
<i>o/w general provision reversals</i>	46	1	0	0	0	0	n.m	47	0	n.m
<i>o/w pension fund reversal</i>	0	51	0	61	0	44	n.m	51	44	-14%
<i>o/w NPL sale</i>	0	16	28	8	0	0	n.m	16	0	n.m
<i>o/w others</i>	28	48	28	72	217	84	-61%	76	301	297%
Trading	-135	-158	39	17	-18	-134	n.m	-292	-151	n.m
Dividend	2	7	0	0	3	3	32%	9	6	-37%
Operating Costs	935	1,030	1,009	1,173	1,184	1,228	4%	1,964	2,412	23%
Operating Income	1,003	1,119	1,192	1,293	1,225	1,336	9%	2,122	2,563	21%
Provisions	463	443	515	518	571	731	28%	906	1,302	44%
Specific Provisions	343	322	374	282	394	403	2%	665	797	20%
General Provisions	88	94	114	172	144	235	63%	182	379	108%
Other Provisions	32	27	27	64	33	93	180%	59	126	113%
Pre-tax Income	540	676	677	775	655	605	-8%	1,216	1,261	4%
Net Income	429	501	513	614	501	455	-9%	929	956	3%
RoATE	10.0%	11.6%	11.6%	13.7%	10.3%	9.1%		10.8%	9.7%	
Cost/Income	48%	48%	46%	48%	49%	48%		48%	48%	
ROA	1.0%	1.2%	1.1%	1.3%	0.9%	0.8%		1.1%	0.9%	

Bank-Only Income Statement

Restated financials
due to updated IAS 27
application

	1Q14	2Q14	1Q15	2Q15	q/q	1H14	1H15	y/y
Total Revenues	1,809	2,085	2,300	2,394	4%	3,894	4,694	21%
Core Revenues	1,738	1,968	2,016	2,429	20%	3,706	4,445	20%
Net Interest Income	1,258	1,393	1,423	1,778	25%	2,651	3,201	21%
Fees & Commissions	480	575	593	651	10%	1,055	1,244	18%
Other Revenues	71	117	284	-35	n.m	188	250	33%
Other income	281	297	351	231	-34%	578	582	1%
<i>o/w collections</i>	135	94	59	41	-30%	228	100	-56%
<i>o/w general provision reversals</i>	46	1	0	0	n.m	47	0	n.m
<i>o/w pension fund reversal</i>	0	51	0	44	n.m	51	44	-14%
<i>o/w NPL sale</i>	0	16	0	0	n.m	16	0	n.m
<i>o/w profit/(loss) of associates & jv.s accounted for using equity method</i>	97	97	90	87	-3%	193	178	-8%
<i>o/w others</i>	4	38	202	59	-71%	42	261	515%
Trading	-213	-180	-69	-267	n.m	-393	-336	n.m
Dividend	2	0	2	1	-79%	2	3	20%
Operating Costs	875	968	1,116	1,166	4%	1,843	2,282	24%
Operating Income	837	1,021	1,184	1,228	4%	2,051	2,412	18%
Provisions	434	435	550	695	26%	869	1,246	43%
Specific Provisions	318	314	381	378	-1%	632	759	20%
General Provisions	86	93	138	225	63%	179	363	103%
Other Provisions	31	27	32	92	192%	58	124	114%
Pre-tax Income	500	683	634	532	-16%	1,182	1,166	-1%
Net Income	412	525	501	407	-19%	937	908	-3%
RoATE	9.6%	12.1%	10.3%	8.1%		10.9%	9.2%	
Cost/Income	51%	49%	51%	51%		50%	51%	
ROA	1.0%	1.3%	1.0%	0.8%		1.2%	0.9%	

As of 1H15, Yapı Kredi has revised its accounting methodology to use updated IAS 27. Accordingly, equity method is applied for reporting of investments in subsidiaries, associates and joint ventures

Therefore, in order to ensure comparability, backward restatement has been carried out

This revision only impacts bank-only financials

For YKB, further acceleration of growth in 2015 with leadership ambitions in the medium-term...

Strategic Direction

Key Drivers

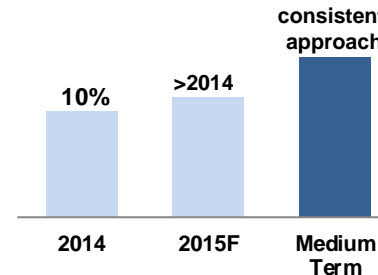
Goals

Growth

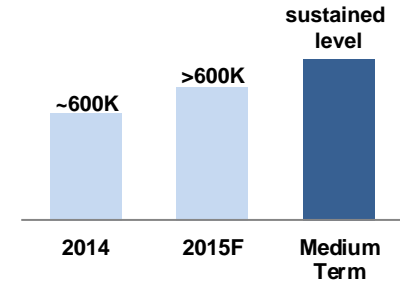
Continuation of market share gains via customer acquisition and loan remix

- Customer acquisition
- Increased productivity
- Loan book remix towards more profitable segments
- Enhanced effectiveness in branches via further optimisation of systems and processes (ie. freeing up more time for sales)

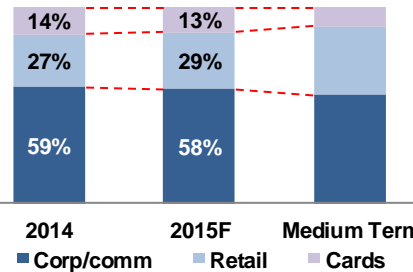
Natural Market Share



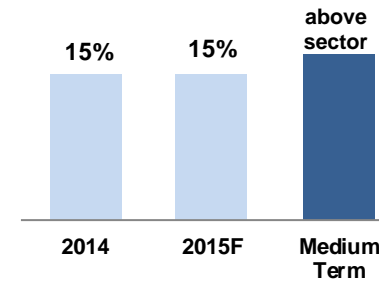
Customer Acquisition



Loan Book Remix



Demand Deposits/Deposits



Asset Quality

Resilient performance to continue

- Further enhancement of risk systems
- Strong underlying trends supported by improving quality of new loan generation
- Base effect

NPL Ratio

Better than sector trend

Cost of Risk

Better than sector trend

...leading to consistent improvement in profitability while maintaining strong base

Strategic Direction

Key Drivers

Goals

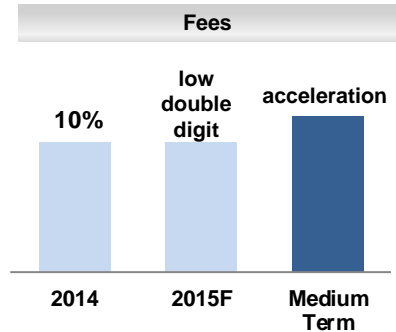
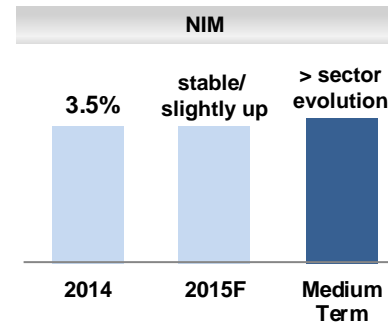
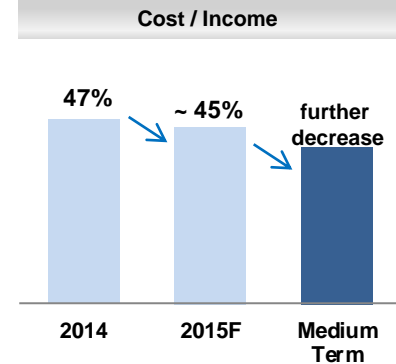
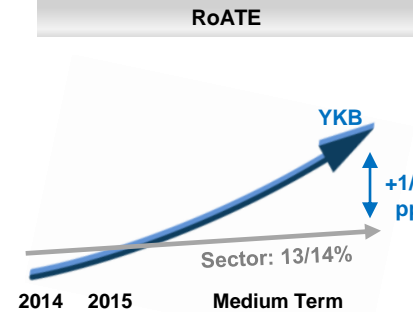
Profitability

Expanding «jaws»

Increasing commercial effectiveness

Focus on value generating segments

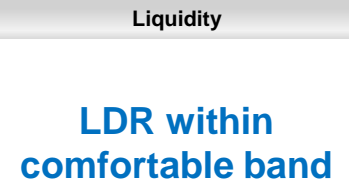
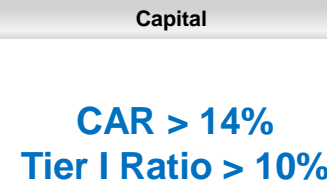
- **Profitability supported by** (i) increased productivity («New Bank») and cross sell (ii) loan book remix (iii) disciplined ordinary cost management
- **NIM supported by effective pricing via** (i) 1-to-1 deposit pricing approach (ii) introduction of loan pricing tool (iii) focus on demand deposits
- **Fee dynamic supported by** (i) consumer and SME lending (ii) increased contribution from bancassurance, cash management and ADCs
- **Fine-tuning of credit card business model** to improve profitability while maintaining leadership position



Base

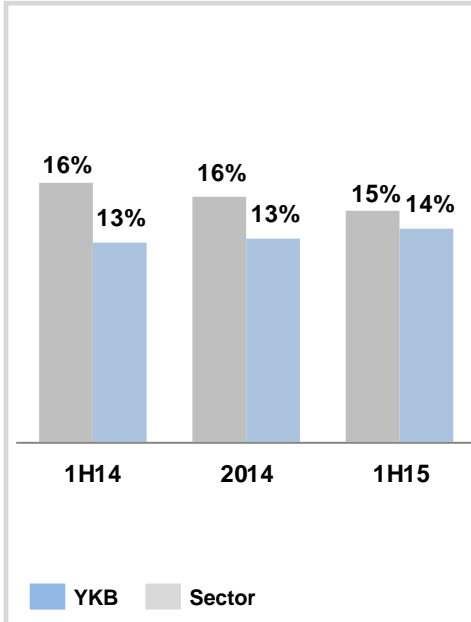
Strong fundamentals to be maintained

- **Comfortable capital position to support growth in 2015** with various options to be evaluated to further support longer-term growth (T2, AT1, capital increase)
- **Proven discipline in maintaining LDR in comfortable band**

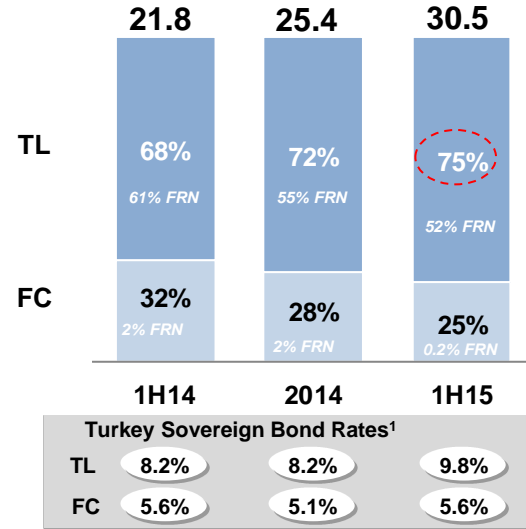


Securities

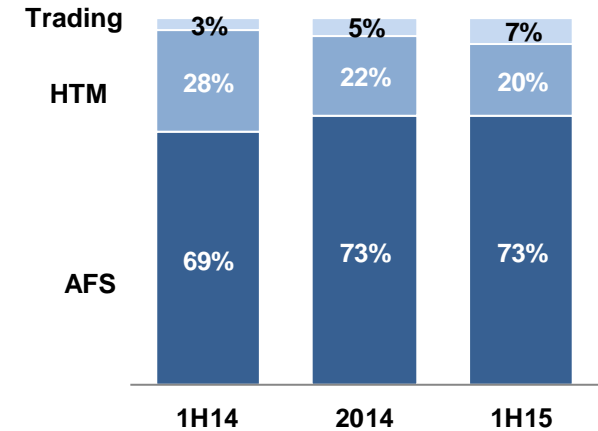
Securities/Assets



Composition by Currency (TL bln)



Composition by Type



- Share of securities in total assets at 14% (vs 15% sector)
- Increase in share of TL securities in total to 75% (vs 68% in 1H14)
- CPI-linkers at TL 6.6 bln (25% of total securities)
- M-t-m unrealised loss under equity at TL -249 mln for 1H15
(1Q15: TL 190 mln, YE14: TL 391 mln, 1H14: TL 387mln, YE13: TL -118 mln)

Notes: Sector based on BRSA monthly data as of May'15

AFS: Available for Sale

HTM: Held to Maturity

FRN: Floating Rate Notes

CPI: Consumer price index inflation

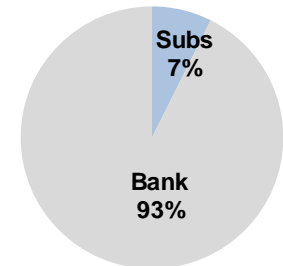
(1) TL Bond rate indicates 2 year benchmark bond rate. FC bond rate indicates 30 year USD Eurobond Rate

Subsidiaries

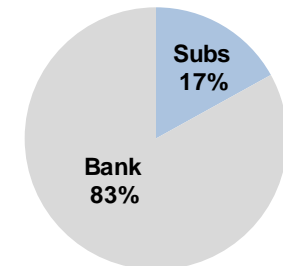
	Revenues (mln TL)	Revenues (y/y growth)	RoE	Sector Positioning
Domestic Subs	YK Leasing	126	6%	13% #1 in total transaction volume (18.1% market share)
	YK Factoring	40	-22%	12% #1 in total factoring volume (19.4% market share)
	YK Invest	85	-3%	21% #2 in equity transaction volume (7.3% market share)
	YK Asset Management	26	23%	107% #2 in mutual funds (17.8% market share) <i>Highest credit rating in its sector¹</i>
International Subs	YK Azerbaijan	22 mln US\$	-19%	0% US\$ 356 mln total assets
	YK Moscow	6 mln US\$	-21%	10% US\$ 161 mln total assets
	YK Nederland	18 mln US\$	-25%	7% US\$ 2.0 bln total assets

Contribution of Subsidiaries²

to Assets



to Net Income



Note: Revenues in TL unless otherwise stated. All market shares as of 1Q15

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

(2) Including consolidation eliminations

Borrowings: 20% of total liabilities

International	Syndications	<p>~ US\$ 2.6 bln outstanding</p> <ul style="list-style-type: none"> ■ Apr'15: US\$ 513 mln & € 835 mln, Libor/Euribor+0.70%&0.80p.a. all-in cost for 364 days & 367 days, respectively. 48 banks from 15 countries 2Q15 ■ Sep'14: US\$ 340 mln and € 760.7 mln, Libor /Euribor+ 0.90% p.a. all-in cost, 1 year. Participation of 38 banks from 17 countries
	Securitisations	<p>~ US\$ 1.3 bln outstanding</p> <ul style="list-style-type: none"> ■ Aug'11: US\$ 225 mln and € 130 mln, 4 unwrapped notes, 5 years (outstanding: ~US\$ 191 mln) ■ Sep'11: € 75 mln, 1 unwrapped note, 12 years (outstanding: ~US\$ 76 mln) ■ Jul'13: US\$ 355 mln and €115 mln, 5 unwrapped notes, 5-13 years (outstanding: ~US\$ 493 mln) ■ Oct'14: US\$ 550 mln, 20 years (outstanding: ~US\$ 550 mln) ■ Mar'15: US\$ 100 mln, 5 years & US\$ 316 mln, 10 years (outstanding: US\$ 416 mln) ■ Jul'15: US\$ 575 mln, 5-12 years (outstanding: US\$ 575 mln) 3Q15
	Subordinated Loans	<p>~US\$ 3.0 bln outstanding</p> <ul style="list-style-type: none"> ■ 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, 5.7% fixed rate – Basel III Compliant ■ Dec'13: US\$ 470 mln, 10NC5, 6.55% – Basel III Compliant (midswap+4.88% 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\$ 2.0 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 ■ Oct'14: US\$ 550 mln, 5.125% (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	<p>~US\$ 700 mln outstanding</p> <ul style="list-style-type: none"> ■ EIB Loan - 2008/2012: US\$ 102 mln and € 300 mln and TL 187 mln, 5-15 years (outstanding: ~US\$ 366 mln) ■ EBRD Loan - 2011/2013: US\$ 55 mln and € 30 mln, 5 years (outstanding: ~US\$ 76 mln) ■ CEB Loan - 2011/2014: US\$ 39 mln and € 100 mln (outstanding: ~US\$ 158 mln) ■ EFIL Loan – 2008/2011: US\$ 59 mln and € 13 mln (outstanding: ~US\$ 37 mln)
	Domestic	Local Currency Bonds / Bills

Physical network investments continued in 1H15

Headcount

19,545 2014: +1,850 ↑
1H15: +1,011 ↑

Market Share +60 bps y/y to **9.0%**⁽²⁾



Branches

1,013 2014: +60 new⁽¹⁾ ↑
1H15: +10 new⁽¹⁾ ↑

Market Share +40bps y/y to **9.0%**⁽²⁾



ATMs

4,051 2014: +600 ↑
1H15: +419 ↑

Market Share +140 bps y/y to **8.6%**



(1) Net increase
(2) Market shares as of 1Q15