

## Yapı Kredi Investor Presentation

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*Disciplined execution: Resilient performance and step-up in ranking*

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# Resilient performance in 1Q15 despite volatile operating environment

## Strategic Guidelines

### Growth

- Above sector growth with loan book remix
- Ongoing investments
- Focus on Digital



- Ranking increase in both loans and customer deposits from 4<sup>th</sup> to 3<sup>rd</sup>
- Effective loan book remix ongoing (cards share down 1pp ytd to 13%)
- Visible development in digital with internet/mobile banking market share increasing rapidly and growth investments at a milder pace

### Fundamentals

- CAR above 14%
- LDR in comfortable band
- Better than sector asset quality evolution



YKB	Peers
14.3%	14.1%
108%	109%
-10bps	+4bps

- CAR stable at ~15% excluding currency impact
- LDR within comfortable band, aligned with peers
- NPL+restructured loan ratio evolution better than peers

### Profitability

- Accelerating revenue generation
- Disciplined ordinary cost management
- Improving profitability



- Accelerating top-line growth supported by productivity gains. 24% y/y revenue growth vs 18% sector
- Ongoing discipline in ordinary cost management. Cost growth incorporating significant investments; to moderate in upcoming quarters
- Net income +17% y/y, above sector

Note: Asset quality indicates NPL+restructured loan ratio evolution between 1Q15 and YE14

# Step-up in rankings supported by growth investments

TL bln	1Q15	YTD Growth			Market Share	Ranking vs Private	
		YKB	Sector	Private Banks		YE14	1Q15
<b>Total Assets</b>	<b>215.5</b>	<b>11%</b>	7%	7%	<b>10.0%</b>	<b>4</b>	<b>4</b>
<b>Cash+Non-Cash Loans</b>	<b>181.2</b>	<b>7%</b>	7%	6%	<b>11.1%</b>	<b>3</b>	<b>3</b>
<b>Loans</b>	<b>135.5</b>	<b>8%</b>	7%	6%	<b>10.4%</b>	<b>4</b>	<b>3</b>
TL	89.3	<b>7%</b>	5%	4%	<b>10.3%</b>	<b>4</b>	<b>3</b>
FC (\$)	17.7	<b>-2%</b>	-1%	-2%	<b>10.6%</b>	<b>4</b>	<b>4</b>
<b>Deposits</b>	<b>119.7</b>	<b>11%</b>	7%	8%	<b>10.5%</b>	<b>4</b>	<b>4</b>
TL	64.5	<b>2%</b>	2%	1%	<b>9.9%</b>	<b>3</b>	<b>2</b>
FC (\$)	21.2	<b>10%</b>	4%	5%	<b>11.3%</b>	<b>4</b>	<b>4</b>
<b>Customer Deposits</b>	<b>115.0</b>	<b>9%</b>	7%	8%	<b>10.8%</b>	<b>4</b>	<b>3</b>

- Above sector growth in both loans and deposits
- YKB outperformance even more visible vs private banks
- Increase in ranking to #3 in loans and customer deposits among private banks
- TL deposit ranking up to #2 among private banks

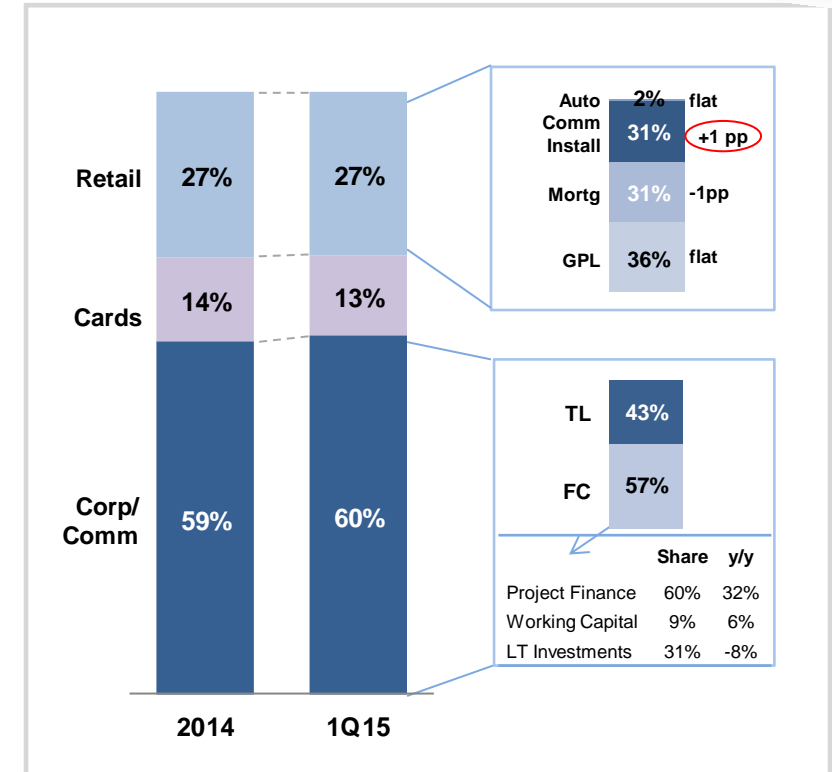
Note: Ranking information vs private banks; loans indicate performing loans

# Faster growth in value generating areas leading to effective loan book remix

**LEADERSHIP IN CARDS CONFIRMED**

TL bln	1Q15	y/y Δ		ytd Δ		Market Share	ytd Δ bps
		YKB	Sector	YKB	Sector		
<b>Total Loans<sup>1</sup></b>	<b>135.5</b>	<b>31%</b>	<b>22%</b>	<b>8%</b>	<b>7%</b>	<b>10.4%</b>	<b>+15</b>
TL	89.3	32%	19%	7%	5%	10.3%	+19
FC (\$)	17.7	9%	9%	-2%	-1%	10.6%	+5
<b>Consumer Loans</b>	<b>25.3</b>	<b>32%</b>	<b>15%</b>	<b>6%</b>	<b>4%</b>	<b>9.0%</b>	<b>+21</b>
Mortgages	11.5	24%	16%	5%	5%	9.6%	-5
General Purpose	13.2	49%	16%	9%	3%	8.5%	+46
Auto	0.6	-43%	-22%	-16%	-6%	9.9%	-100
<b>Credit Cards</b>	<b>18.1</b>	<b>3%</b>	<b>-4%</b>	<b>2%</b>	<b>-2%</b>	<b>21.7%</b>	<b>+87</b>
<b>Companies<sup>2</sup></b>	<b>92.1</b>	<b>38%</b>	<b>28%</b>	<b>10%</b>	<b>9%</b>	<b>9.8%</b>	<b>+15</b>
TL	45.8	48%	26%	9%	7%	9.1%	+21
FC (\$)	17.7	9%	9%	-2%	-1%	10.6%	+5
<b>SME<sup>3</sup></b>	<b>39.6</b>	<b>49%</b>	<b>23%</b>	<b>10%</b>	<b>4%</b>	<b>12.5%</b>	<b>+65</b>
Comm. Install.	11.4	35%	31%	9%	7%	6.8%	+9

## Loan Composition



- **Increasing market share while effectively remixing loan book** to higher value generating areas. Share of retail up 1pp to 28% excluding currency impact
- **Relatively balanced currency composition** in company loans to mitigate risk. Composition impacted by currency depreciation

Note: Balance sheet volumes for sector based on BRSA weekly data as of 27 Mar'15. FC-indexed loans included in TL loans

(1) Total performing loans

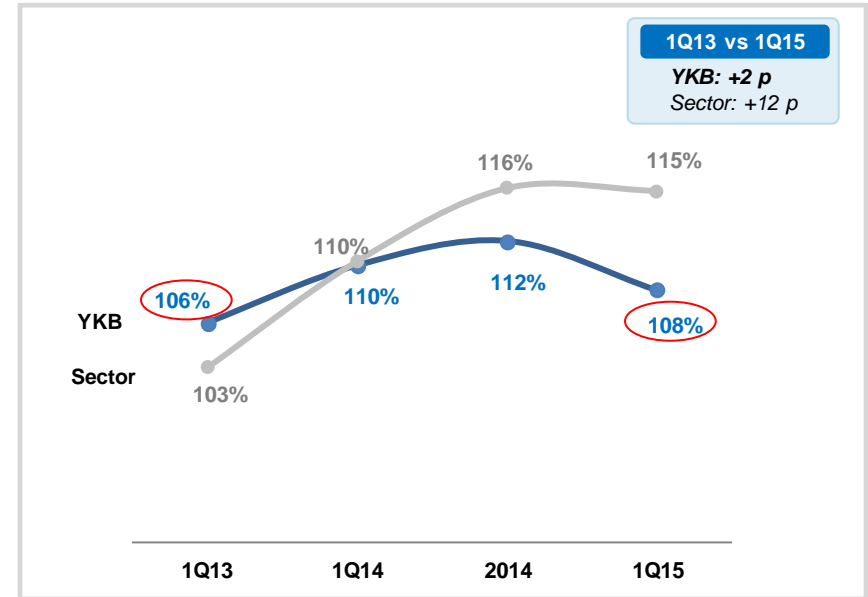
(2) Total loans excluding consumer loans and credit cards

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

# Effectively managed funding base with rapid deposit growth leading to improvement in LDR

	1Q15	y/y Δ		ytd Δ		Market Share	ytd Δ bps
		YKB	Sector	YKB	Sector		
<b>Total Deposits</b>	<b>119.7</b>	<b>32%</b>	<b>17%</b>	<b>11%</b>	<b>7%</b>	<b>10.5%</b>	<b>+45</b>
TL	64.5	44%	18%	2%	2%	9.9%	-12
FC (\$)	21.2	2%	-3%	10%	3%	11.3%	124
<b>Customer<sup>1</sup></b>	<b>115.0</b>	<b>30%</b>	<b>16%</b>	<b>9%</b>	<b>7%</b>	<b>10.8%</b>	<b>+31</b>
<b>Demand</b>	<b>19.0</b>	<b>28%</b>	<b>17%</b>	<b>14%</b>	<b>6%</b>	<b>9.3%</b>	<b>+76</b>
<b>TL Bonds<sup>2</sup></b>	<b>3.6</b>	<b>42%</b>	<b>31%</b>	<b>9%</b>	<b>-9%</b>	<b>8.7%</b>	<b>+138</b>
<b>Repos</b>	<b>6.7</b>	<b>10%</b>	<b>9%</b>	<b>9%</b>	<b>15%</b>	<b>4.5%</b>	<b>-24</b>
<b>Borrowings</b>	<b>46.7</b>	<b>30%</b>	<b>32%</b>	<b>12%</b>	<b>10%</b>		

Loans/(Deposits+TL Bonds) Ratio (Bank)



- **Above sector deposit growth** mainly driven by FC deposits due to customer preferences
- **Demand deposit growth more than 2x sector level** with ongoing strong focus to improve further
- **LDR relatively stable for the last 2 years** compared to increase in sector
- **Share of borrowings in liabilities relatively stable at 22%** (vs 21% at YE14) with increasing maturity
  - **New DPR issuance in Mar'15:** US\$ 100mln @ 5 years and US\$ 316mln @ 10 years
  - **Syndication rollover in Apr'15:** US\$ 513 million and € 835 million with 364-day and 367-day duration

Note: Balance sheet volumes for sector based on BRSA weekly data as of 27 Mar'15

- (1) Excluding bank deposits
- (2) Including covered bonds

# Physical network investments continuing; while positioning in terms of digital channels, aimed to increase customer satisfaction and decrease cost to serve, has been rapidly improving



### Headcount

19,260

2014: +1,850 ↑  
1Q15: +725

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Market Share +60 bps y/y to **9.0%**

### Branches

1,007

2014: +60 new ↑  
1Q15: +5 new

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Market Share +40 bps y/y to **9.0%**

### ATMs

3,731

2014: +600 ↑  
1Q15: +125

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Market Share +100 bps y/y to **8.1%**

## Digital

### Internet

4.6 mln

customers

1Q15: +37% y/y ↑

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Market Share +155 bps y/y to **13.1%**

### Mobile

1.0 mln

customers

1Q15: +121% y/y ↑

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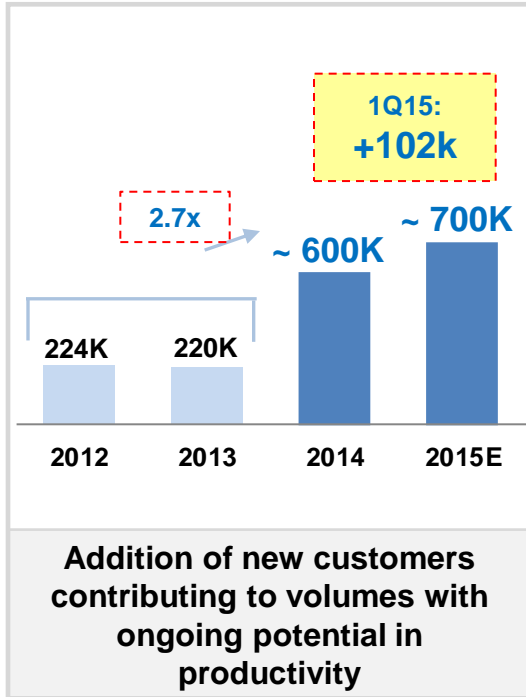
Market Share +70 bps y/y to **11.6%**

Note: Internet and mobile banking market shares are as of YE14 and y/y comparison is over YE13 results.

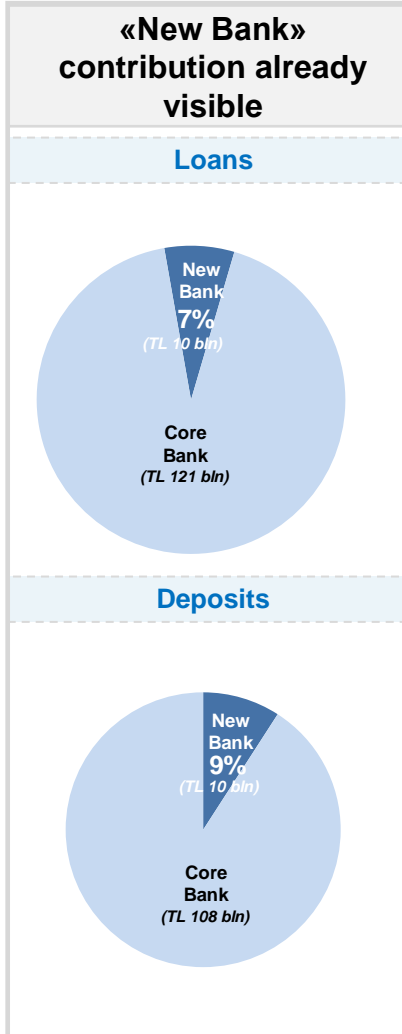
# «Core Bank»: increasing commercial effectiveness

## «New Bank»: contribution accelerating with further improvement expected

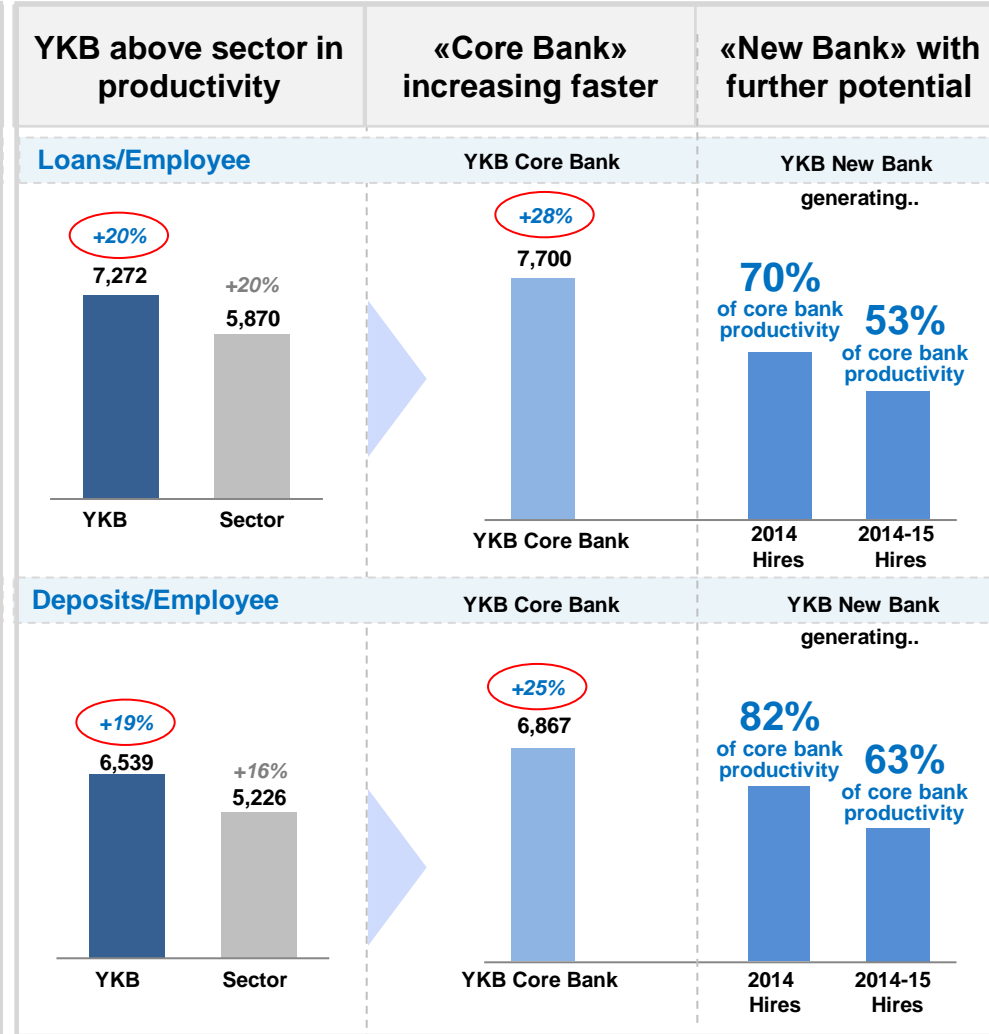
### Customer Acquisition



### Volumes

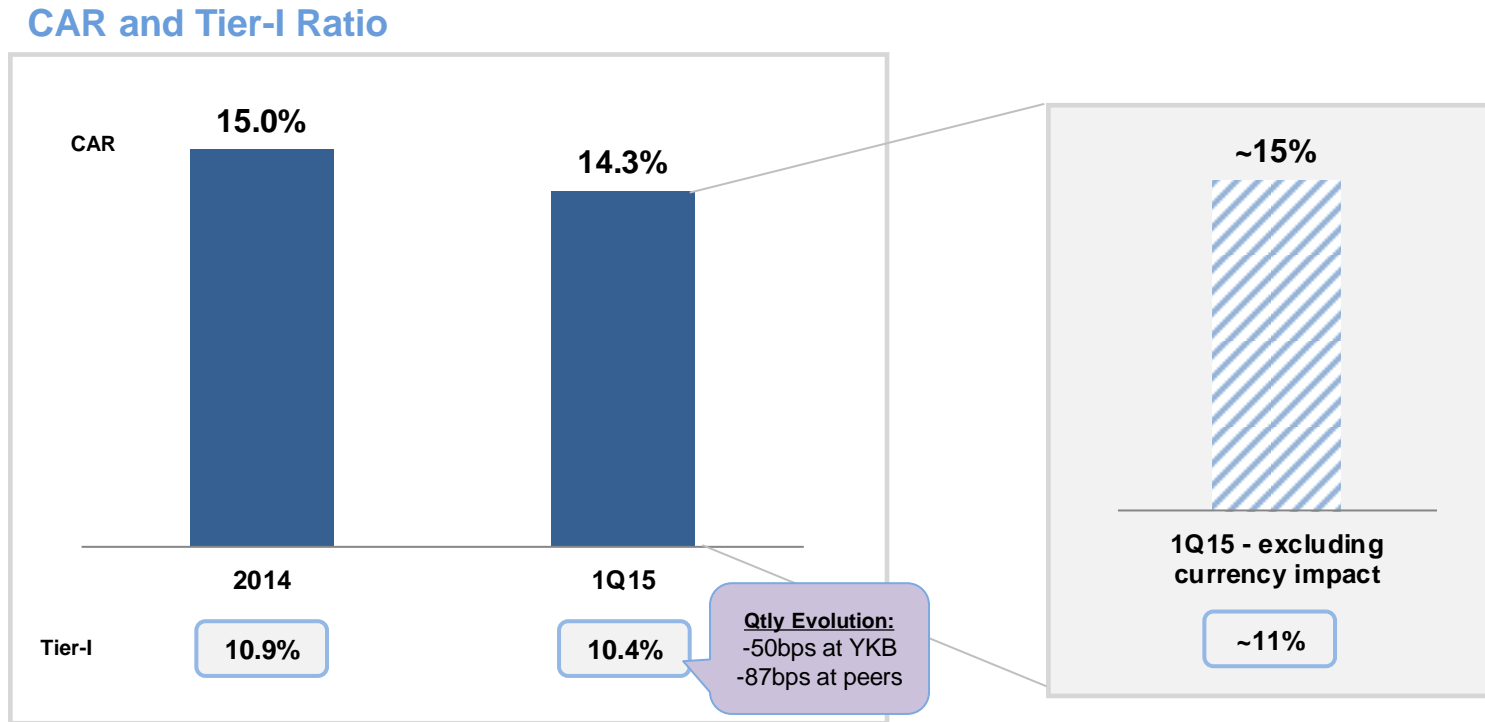


### Productivity (1Q15 vs 2013)



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

# Resilient capital with no need for short-term strenghtening



- CAR impacted by currency depreciation. **Excluding the FX impact, 1Q indicating flattish CAR performance ytd despite above sector volume growth**
- **Capital levels still comfortably above regulatory requirements (CAR >12%; Tier-1 >6%)**
- **Tier-I evolution differentiating positively compared to peers (-50bps ytd vs -87bps private peers)**

Note:  
 Dividend payment (400 mln TL indicating payout ratio of 22.82%) leading to 24bps negative impact on CAR in 1Q15



# Net income at TL 501 mln, +17% y/y supported by strong top-line performance

TL bln	1Q14	2Q14	3Q14	4Q14	1Q15	y/y	
						YKB	Sector
<b>Total Revenues</b>	1,938	2,149	2,201	2,466	2,409	24%	18%
<b>Operating Costs</b>	935	1,029	1,009	1,173	1,184	27%	16%
<b>Operating Income</b>	1,003	1,120	1,192	1,293	1,225	22%	20%
<b>Provisions</b>	463	443	515	518	571	23%	24%
<b>Pre-tax Income</b>	540	677	677	775	655	21%	18%
<b>Net Income</b>	429	501	513	614	501	17%	16%
<b>ROATE</b>	10.0%	11.6%	11.6%	13.7%	10.3%	<b>Bank-only ROATE</b> YKB: 11.4% Sector: 11.6%	
<b>ROA</b>	1.0%	1.2%	1.2%	1.3%	1.0%		
<b>Cost/Income</b>	48%	48%	46%	48%	49%		

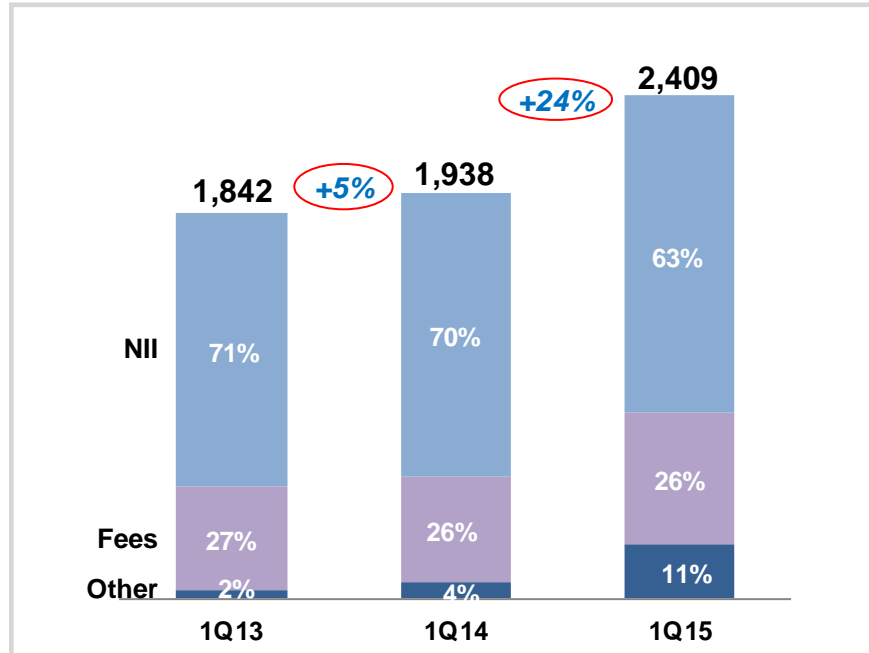
- **Revenues +24% y/y** with better than sector evolution despite volatile environment
- **Costs +27% y/y** impacted by base effect of growth investments
- **Provision evolution** relatively aligned with sector **driven by loan growth**
- **TL 501 mln net income, +17% y/y** (vs sector 16% y/y)
- **ROATE at 10.3%** (Bank-only at 11.4% vs 11.6% sector)

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

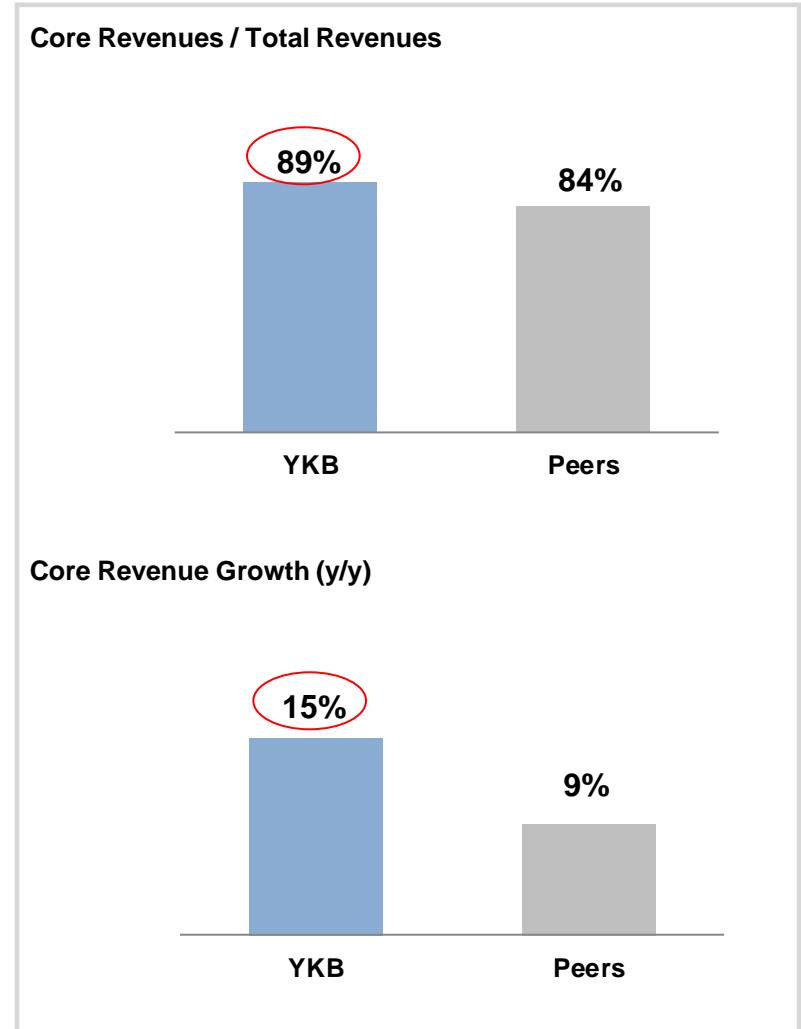
# Accelerating revenue growth with solid contribution of core revenues

Revenues

Revenues (TL mln)



Core Revenues (NII + Fees)



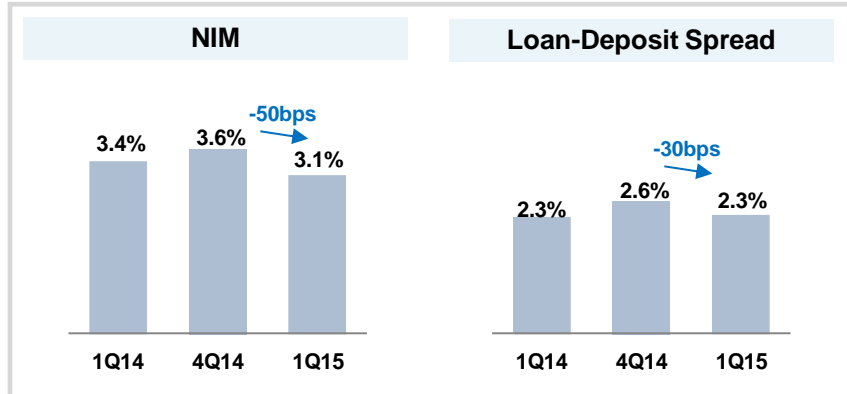
- **Acceleration in revenue growth** supported by increased contribution of investments
  - Strong focus on fee collection to offset competitive pressure on NII – **leading to better than peers evolution in core revenues**
- **Core revenues contributing higher portion** of total revenues at YKB **with faster growth** vs peers

Notes:  
Core revenues indicate Net Interest Income + Fees & Commissions

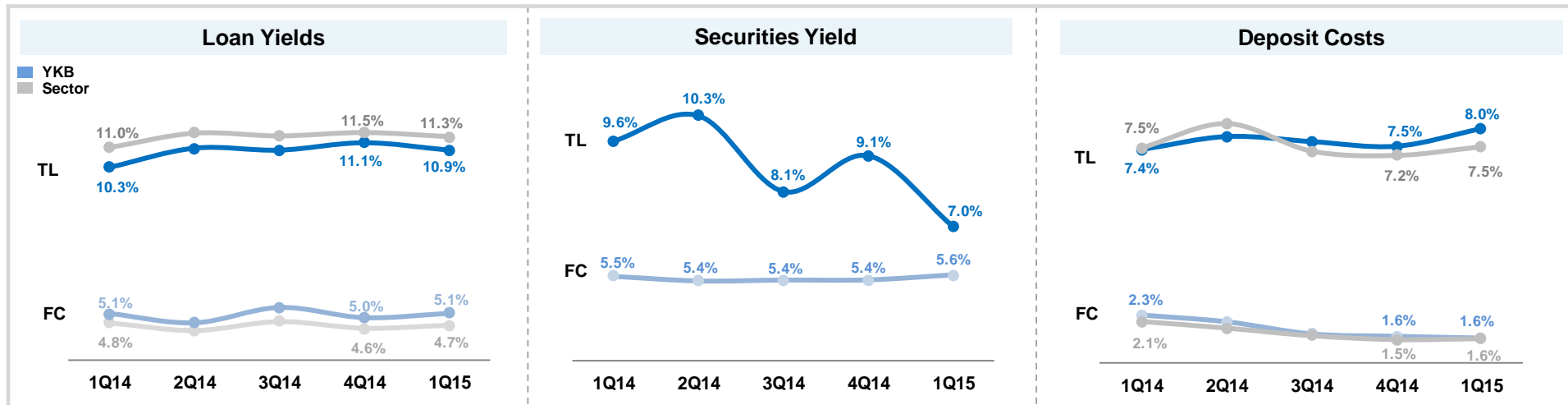
# NIM pressured by decreasing securities yield and deposit competition while loan yields remain controlled

Net Interest Margin

## Margin (Bank-only)



- **NIM -50 bps** mainly impacted by declining securities yield
- **Loan-deposit spread more resilient (-30bps)** supported by loan yields despite increasing deposit costs
- **LDR being effectively managed to alleviate pressure on deposit costs in 2Q** with ongoing focus on loan repricing



Notes: Sector based on BRSA monthly data

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

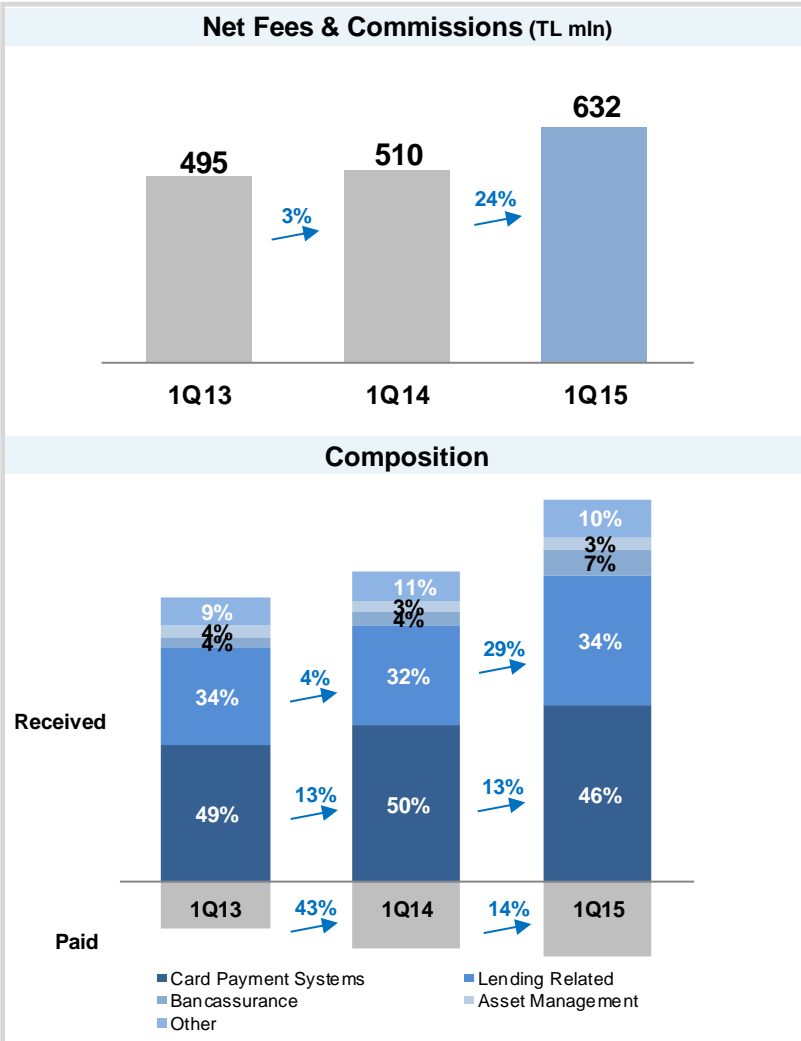
Loan-Deposit Spread: (Interest Income on Loans-Interest Expense on Deposits)/Average(Loans+Deposits)

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%, 2Q14: 3.7%, 3Q14: 3.5%, 4Q14: 3.7%, 1Q15: 3.1%

# Solid contribution from fees and other income

## Fees & Commissions



## Other Revenues

	1Q14	2Q14	3Q14	4Q14	2014	1Q15	y/y Δ
<b>Total Other Revenues</b>	76	59	134	169	437	260	241%
<b>Other Income</b>	209	209	95	152	665	276	32%
Collections & Prov. Reversals	135	94	38	11	278	59	-56%
Subs and Other	74	116	56	141	387	217	192%
<b>Dividend Income</b>	2	7	0	0	9	3	2%
<b>Trading &amp; FX (net)</b>	-135	-158	39	17	-237	-18	nm

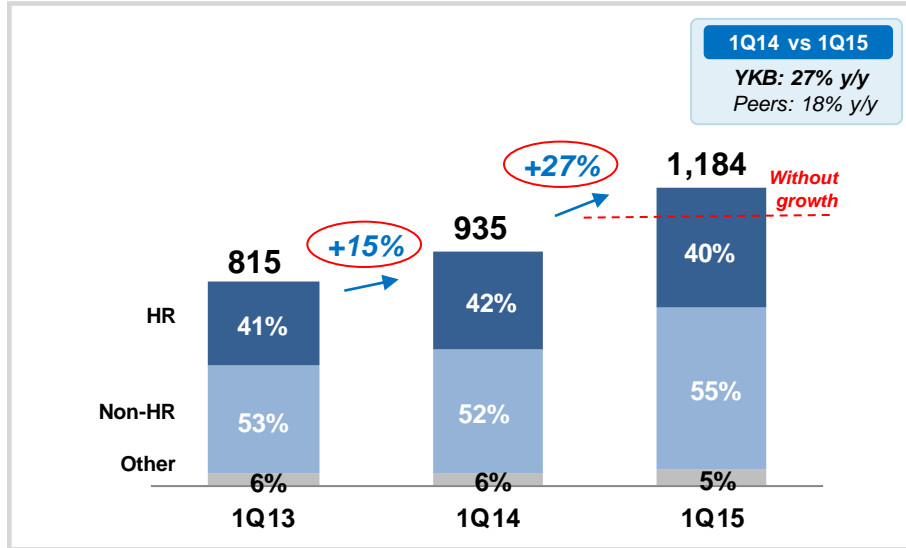
- **Strong fee growth** driven by above sector volume growth and bancassurance
  - **Focus on lending related fees to offset NIM pressure paying off**; lending related fees +29% y/y
- **Other income supported by**
  - Trading activity almost fully offsetting swap costs (-160m TL vs -220m TL in 1Q14 and -160m TL in 4Q14)
  - Collections and provision reversals
  - Revaluation of fixed assets

(1) Other includes account maintenance, money transfers, equity trading, campaigns and product bundles, etc.  
 (2) Interchange fee rate at 1.15% in 1Q15 (same currently) vs 1.06% in 1Q14

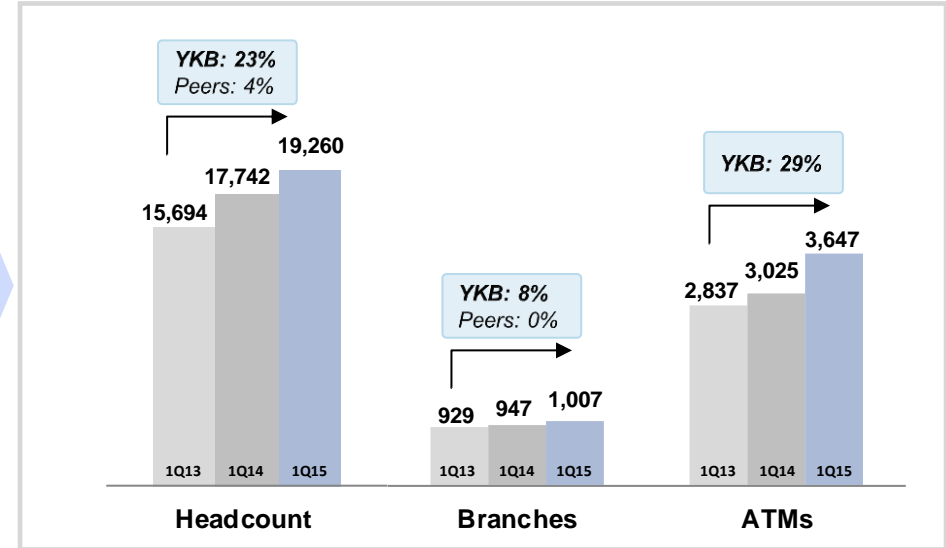
# Cost growth incorporating base effect of investments and operating environment while disciplined approach in ordinary costs continuing

Costs

## Costs (TL mln)

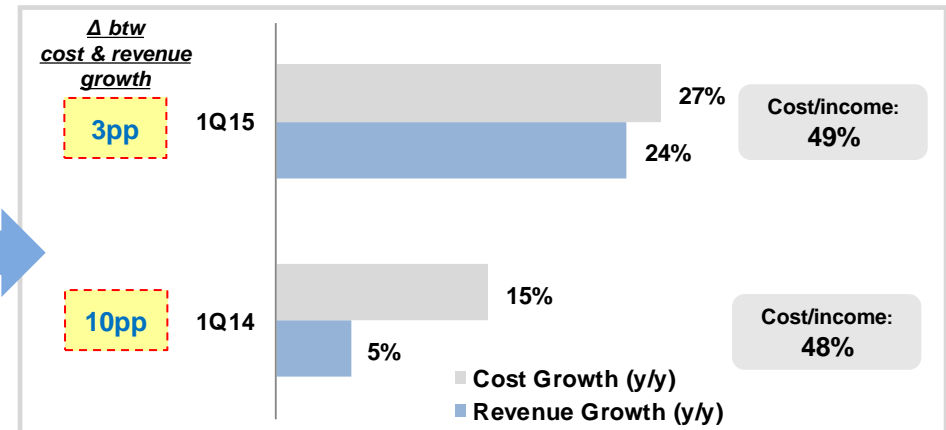


## Investments



- Costs impacted by base effect, currency depreciation and fee rebates (50 mln TL in 1Q15)
- Majority of investments finalized as of 2014-- cost impact decelerating while revenue generation impact accelerating
- Expected deceleration of cost growth in the upcoming period due to base effect

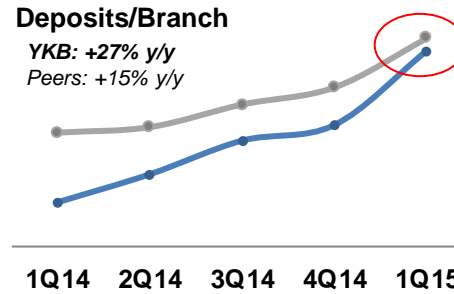
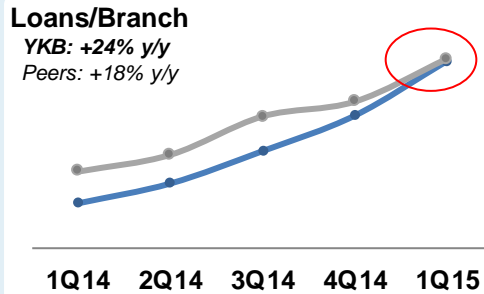
## Cost & Revenue Evolution



Notes:  
 Non-HR costs include HR related non-HR, advertising, rent, SDIF premium, taxes, depreciation and branch tax  
 Other costs include pension fund provisions and loyalty points on Worldcard

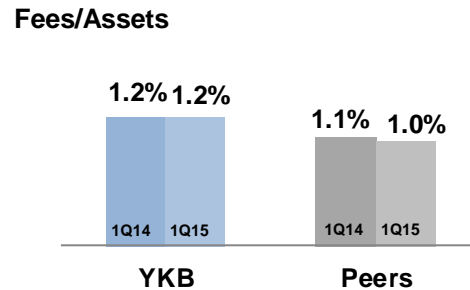
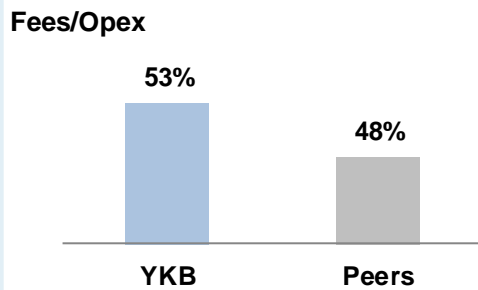
# Solid performance in productivity and efficiency

## Volumes



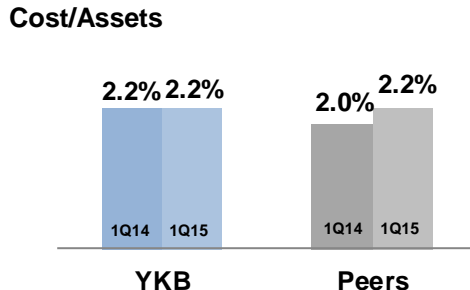
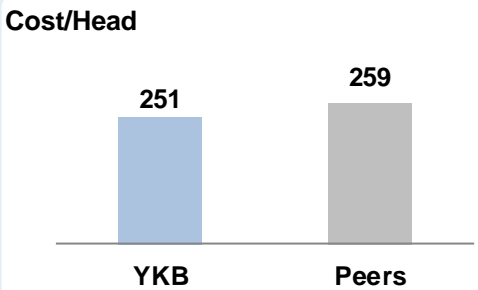
- **Volume productivity indicators improving faster at YKB** and catching up with peers despite ongoing network expansion

## Fees



- **YKB above peers in fee generation** despite impact of regulations

## Costs

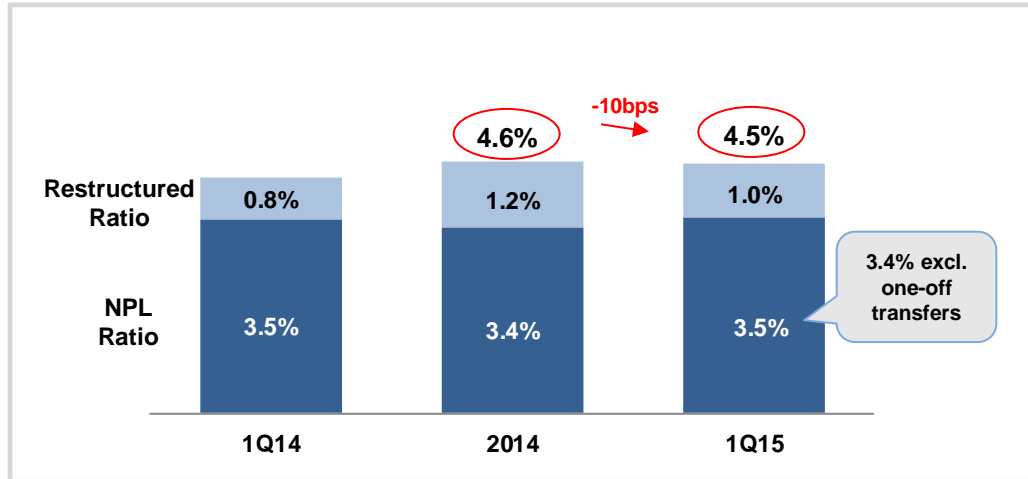


- **Contained cost evolution** with stable cost/asset ratio vs increase at peers despite significant investments

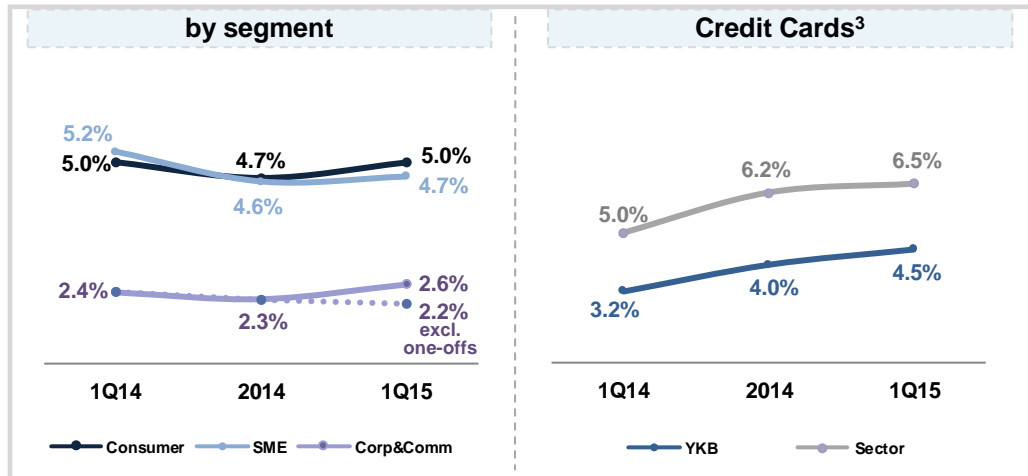
Note:  
 Throughout the presentation, peer average refers to top 3 private banks

# Resilient asset quality with some impact of one-off transfers and volatile operating environment

## NPL + Restructured Loan Ratio



## NPL Ratio by Segment and Product

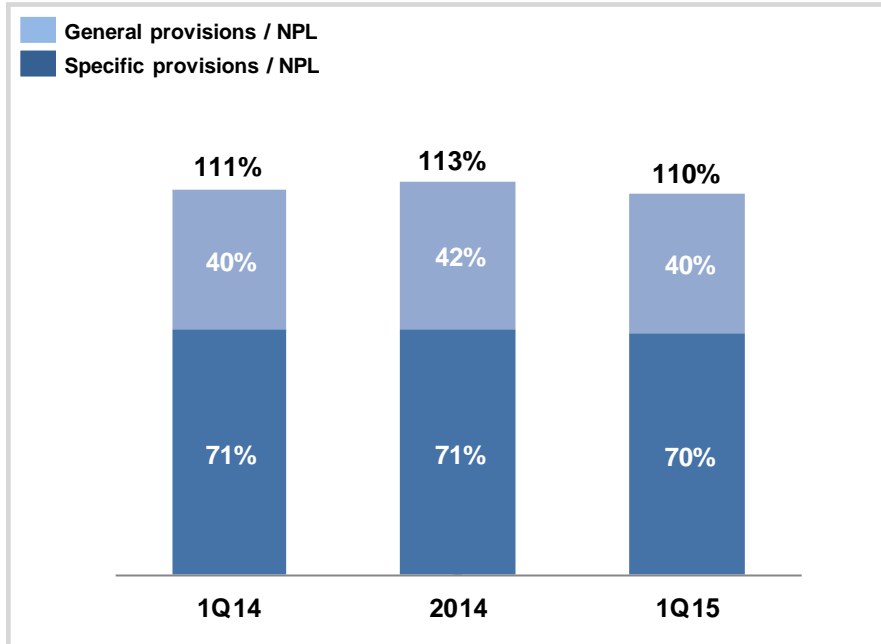


- **NPL ratio +10bps vs YE14 impacted by transfer of some one-off mid-sized files from restructured loans**
  - NPL ratio+restructured loan ratio -10bps vs YE14 (+4bps peers)
  - NPL ratio stable at 3.4% excluding one-off transfers
- **Segment evolution resilient with some impact of volatile operating environment**

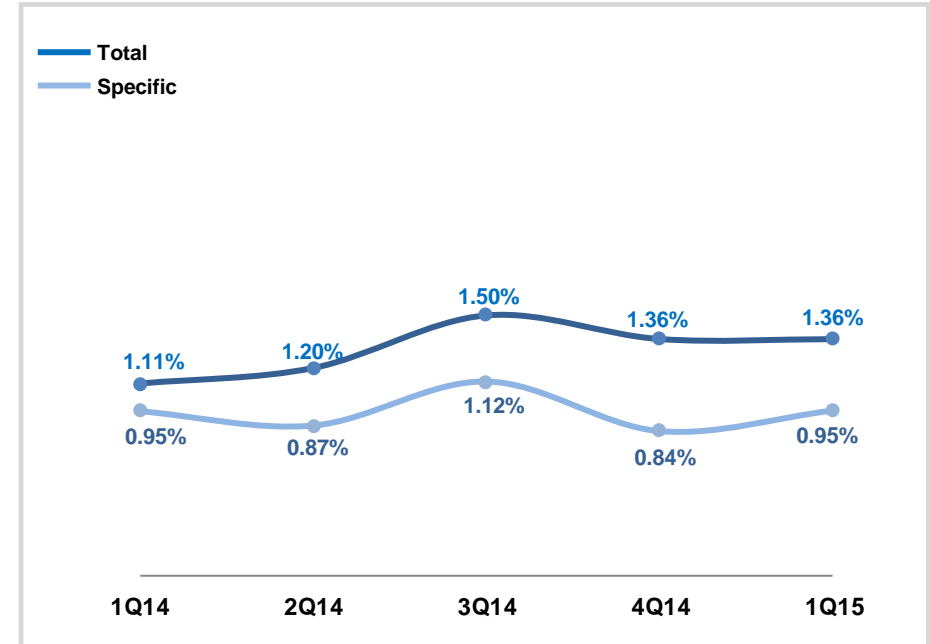
Notes: NPL ratio for credit cards includes retail + business cards. NPL ratio for sector based on BRSA weekly data as of 27 Mar'15  
SME NPL ratio based on YKB's internal SME definition of companies with <10 mln \$ annual turnover and <3 mln \$ loan volume

# Comfortable coverage level; CoR stable

## NPL Coverage



## Cost of Risk<sup>1</sup> (Quarterly, net of collections)



- **Total NPL coverage<sup>2</sup> at 110%** (-3 pp vs 2014) due to decrease in general provisioning coverage
- **Total CoR (net off collections) at 1.36%** (stable vs 4Q14) incorporating impact of one-off transfers from restructured loans

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

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



# No change to YKB expectations despite slight revision in macro and banking sector scenario given current environment

		2014	2015 Scenario	Vs Budget
<b>MACRO</b>	GDP	2.9%	2.5%	↓
	Inflation (eop)	8.2%	6.5 / 7.0%	→
	Unemployment	10.4%	10.9%	↑
	CAD/GDP	5.8%	5.5%	↑
<b>SECTOR</b>	Loan Growth	18%	17%	→
	Deposit Growth	10%	15%	→
	NIM	-20 bps	Flat	→
	CoR	Flat	+30 bps	↑
	NPL Ratio	+20 bps	+40 bps	↑

## YKB in 2015

- 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 to continue at a milder pace
- Asset Quality** → Better than sector evolution

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

# Agenda

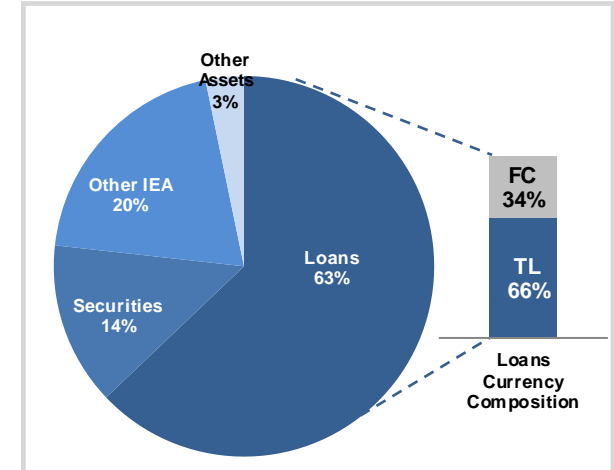
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 **Annex**

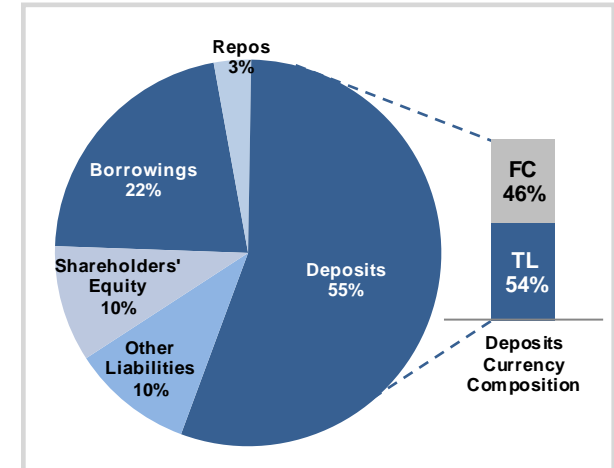
# Consolidated Balance Sheet

TL bln	1Q14	2014	1Q15	ytd	y/y	
<b>Total Assets</b>	<b>168.8</b>	<b>195.0</b>	<b>215.5</b>	<b>11%</b>	<b>28%</b>	<b>Sector ytd</b>
<b>Loans</b>	103.3	125.5	135.5	<b>8%</b>	<b>31%</b>	7%
<b>Securities</b>	21.8	25.4	29.9	<b>17%</b>	<b>37%</b>	3%
<b>Deposits</b>	90.4	107.6	119.7	<b>11%</b>	<b>32%</b>	7%
<b>Borrowings</b>	36.0	41.5	46.7	<b>12%</b>	<b>30%</b>	
<b>Shareholders' Equity</b>	18.4	20.2	21.0	<b>4%</b>	<b>14%</b>	
<b>Assets Under Management</b>	10.2	12.5	13.2	<b>6%</b>	<b>29%</b>	
<b>Loans/Assets</b>	<b>61%</b>	<b>64%</b>	<b>63%</b>			
<b>Securities/Assets</b>	<b>13%</b>	<b>13%</b>	<b>14%</b>			
<b>Borrowings/Liabilities</b>	<b>21%</b>	<b>21%</b>	<b>22%</b>			
<b>Loans/Deposits (Bank)</b>	<b>113%</b>	<b>115%</b>	<b>111%</b>			
<b>Loans/Deposits (Group)</b>	<b>114%</b>	<b>117%</b>	<b>113%</b>			
<b>Loans/(Deposits+TL Bonds) (Bank)</b>	<b>110%</b>	<b>112%</b>	<b>108%</b>			
<b>Loans/(Deposits+TL Bonds) (Group)</b>	<b>111%</b>	<b>113%</b>	<b>110%</b>			

## 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

	1Q15	1Q14 Δ		2Q14 Δ		3Q14 Δ		4Q14 Δ		1Q15 Δ		y/y		Market Share	ytd Δ bps	Rank
		YKB	Sector	YKB	Sector	YKB	Sector	YKB	Sector	YKB	Sector	YKB	Sector			
<b>Total Loans<sup>1</sup></b>	<b>135.5</b>	<b>4%</b>	<b>4%</b>	<b>5%</b>	<b>3%</b>	<b>7%</b>	<b>6%</b>	<b>8%</b>	<b>5%</b>	<b>8%</b>	<b>7%</b>	<b>31%</b>	<b>22%</b>	<b>10.4%</b>	<b>+15</b>	<b>5</b>
TL	89.3	4%	4%	6%	5%	7%	4%	9%	4%	7%	5%	32%	19%	10.3%	+19	5
FC (\$)	17.7	2%	1%	6%	3%	-1%	2%	6%	4%	-2%	-1%	9%	9%	10.6%	+5	4
<b>Consumer Loans</b>	<b>25.3</b>	<b>4%</b>	<b>2%</b>	<b>5%</b>	<b>3%</b>	<b>9%</b>	<b>4%</b>	<b>9%</b>	<b>3%</b>	<b>6%</b>	<b>4%</b>	<b>32%</b>	<b>15%</b>	<b>9.0%</b>	<b>+19</b>	<b>6</b>
Mortgages	11.5	3%	2%	2%	2%	5%	5%	10%	3%	5%	5%	24%	16%	9.6%	+5	6
General Purpose	13.2	6%	2%	11%	5%	14%	4%	9%	3%	8%	3%	49%	16%	8.5%	+41	7
Auto	0.6	-11%	-7%	-11%	-7%	-12%	-8%	-14%	-3%	-16%	-6%	-43%	-22%	9.9%	-100	4
<b>Credit Cards</b>	<b>18.1</b>	<b>-6%</b>	<b>-4%</b>	<b>-3%</b>	<b>-3%</b>	<b>2%</b>	<b>0%</b>	<b>2%</b>	<b>0%</b>	<b>2%</b>	<b>-2%</b>	<b>3%</b>	<b>-4%</b>	<b>21.7%</b>	<b>+87</b>	<b>1</b>
<b>Companies<sup>2</sup></b>	<b>92.2</b>	<b>7%</b>	<b>5%</b>	<b>7%</b>	<b>4%</b>	<b>7%</b>	<b>7%</b>	<b>10%</b>	<b>6%</b>	<b>10%</b>	<b>9%</b>	<b>39%</b>	<b>28%</b>	<b>9.8%</b>	<b>+16</b>	<b>5</b>
TL	45.9	10%	6%	12%	7%	8%	5%	12%	6%	9%	7%	48%	26%	9.1%	+23	6
FC (\$)	17.7	2%	1%	6%	3%	-1%	2%	6%	4%	-2%	-1%	9%	9%	10.6%	+5	4
<b>SME<sup>3</sup></b>	<b>39.6</b>	<b>10%</b>	<b>6%</b>	<b>8%</b>	<b>7%</b>	<b>11%</b>	<b>5%</b>	<b>13%</b>	<b>6%</b>	<b>10%</b>	<b>4%</b>	<b>49%</b>	<b>23%</b>	<b>12.5%</b>	<b>+65</b>	<b>n/a</b>
Comm. Install.	11.4	8%	6%	3%	4%	5%	8%	14%	9%	9%	7%	35%	31%	6.8%	+9	6

Note: Balance sheet volumes for sector based on BRSA weekly data as of 27 Mar'15. FC-indexed loans included in TL loans

Market share and ranking information as of 1Q15, 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

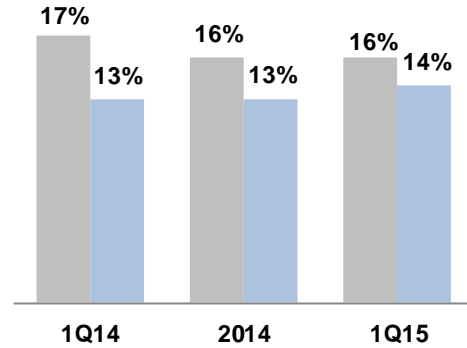
	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	q/q	y/y
<b>Total Revenues</b>	1,842	2,183	1,905	2,128	1,938	2,149	2,201	2,466	2,409	-2%	24%
<b>Core Revenues</b>	1,801	1,891	1,687	1,824	1,862	2,090	2,067	2,297	2,121	-8%	14%
Net Interest Income	1,306	1,347	1,165	1,248	1,352	1,485	1,480	1,656	1,518	-8%	12%
Fees & Commissions	495	544	522	576	510	605	587	641	632	-1%	24%
<b>Other Revenues</b>	41	292	218	304	76	59	134	169	289	71%	279%
Other income	121	82	73	176	209	209	95	152	276	82%	32%
Trading	-86	200	145	128	-135	-157	39	17	-18	-208%	nm
Dividend	6	10	0	0	2	7	0	0	3	nm	nm
<b>Operating Costs</b>	815	897	835	996	935	1,029	1,009	1,173	1,184	1%	27%
<b>Operating Income</b>	1,027	1,286	1,070	1,132	1,003	1,120	1,192	1,293	1,225	-5%	22%
<b>Provisions</b>	366	351	396	439	463	443	515	518	571	10%	23%
Specific Provisions	242	280	373	263	343	322	374	282	394	39%	15%
General Provisions	58	42	23	110	88	94	114	172	144	-16%	63%
Other Provisions	67	29	1	67	32	27	27	64	33	-48%	4%
<b>Pre-tax Income</b>	661	935	674	693	540	677	677	775	655	-16%	21%
<b>Net Income</b>	544	752	1,822	541	429	501	513	614	501	-18%	17%
<b>Net Income</b> (excluding insurance business sale)			538								
<b>RoATE</b>	14.7%	20.6%	14.1%	14.1%	10.0%	11.6%	11.6%	13.7%	10.3%		
<b>Cost/Income</b>	44%	41%	44%	47%	48%	48%	46%	48%	49%		
<b>ROA</b>	1.6%	2.1%	1.4%	1.4%	1.0%	1.2%	1.1%	1.3%	0.9%		

# Bank-Only Income Statement

	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	q/q	y/y
<b>Total Revenues</b>	<b>1,773</b>	<b>1,980</b>	<b>1,732</b>	<b>1,886</b>	<b>1,884</b>	<b>1,988</b>	<b>2,013</b>	<b>2,276</b>	<b>2,321</b>	<b>2%</b>	<b>23%</b>
<b>Core Revenues</b>	<b>1,669</b>	<b>1,760</b>	<b>1,567</b>	<b>1,674</b>	<b>1,738</b>	<b>1,968</b>	<b>1,947</b>	<b>2,153</b>	<b>2,016</b>	<b>-6%</b>	<b>16%</b>
Net Interest Income	1,203	1,249	1,076	1,136	1,258	1,393	1,397	1,557	1,423	-9%	13%
Fees & Commissions	466	511	491	538	480	575	550	596	593	0%	23%
<b>Other Revenues</b>	<b>104</b>	<b>220</b>	<b>165</b>	<b>212</b>	<b>146</b>	<b>20</b>	<b>66</b>	<b>123</b>	<b>305</b>	<b>149%</b>	<b>109%</b>
Other income	117	82	89	165	185	200	85	127	261	105%	41%
Trading	-108	137	38	48	-213	-180	-19	-4	-69	nm	nm
Dividend	95	1	37	0	174	0	0	0	114	nm	-35%
<b>Operating Costs</b>	<b>767</b>	<b>846</b>	<b>787</b>	<b>939</b>	<b>875</b>	<b>968</b>	<b>982</b>	<b>1,105</b>	<b>1,117</b>	<b>1%</b>	<b>28%</b>
<b>Operating Income</b>	<b>1,006</b>	<b>1,134</b>	<b>945</b>	<b>947</b>	<b>1,009</b>	<b>1,021</b>	<b>1,031</b>	<b>1,172</b>	<b>1,204</b>	<b>3%</b>	<b>19%</b>
<b>Provisions</b>	<b>353</b>	<b>333</b>	<b>374</b>	<b>415</b>	<b>434</b>	<b>435</b>	<b>490</b>	<b>503</b>	<b>550</b>	<b>9%</b>	<b>27%</b>
Specific Provisions	230	267	352	248	318	314	352	274	381	39%	20%
General Provisions	57	40	22	106	86	93	112	169	138	-18%	61%
Other Provisions	67	26	1	63	30	28	26	60	32	-47%	7%
<b>Pre-tax Income</b>	<b>653</b>	<b>801</b>	<b>570</b>	<b>532</b>	<b>575</b>	<b>585</b>	<b>541</b>	<b>669</b>	<b>654</b>	<b>-2%</b>	<b>14%</b>
<b>Net Income</b>	<b>541</b>	<b>621</b>	<b>1,627</b>	<b>414</b>	<b>487</b>	<b>428</b>	<b>405</b>	<b>525</b>	<b>522</b>	<b>-1%</b>	<b>7%</b>
<b>Net Income</b> (excluding insurance business sale)			<b>455</b>								
<b>RoATE</b>	<b>13.7%</b>	<b>15.9%</b>		<b>11.3%</b>	<b>12.0%</b>	<b>10.5%</b>	<b>9.8%</b>	<b>12.5%</b>	<b>11.4%</b>		
<b>Cost/Income</b>	<b>43%</b>	<b>43%</b>	<b>45%</b>	<b>50%</b>	<b>46%</b>	<b>49%</b>	<b>49%</b>	<b>49%</b>	<b>48%</b>		
<b>ROA</b>	<b>1.7%</b>	<b>1.9%</b>		<b>1.1%</b>	<b>1.2%</b>	<b>1.1%</b>	<b>1.0%</b>	<b>1.2%</b>	<b>1.0%</b>		

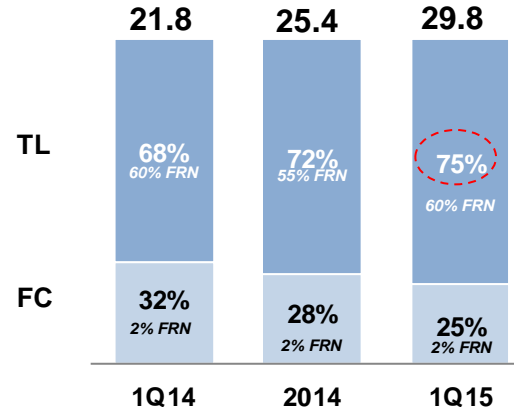
# Securities

## Securities/Assets



■ YKB ■ Sector

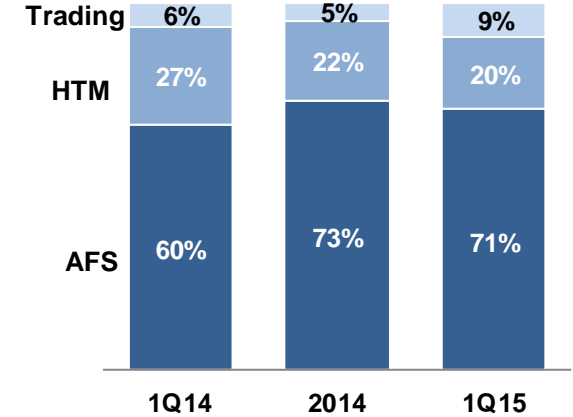
## Composition by Currency (TL bln)



### Turkey Sovereign Bond Rates<sup>1</sup>

TL	10.7%	8.2%	8.8%
FC	6.2%	5.1%	5.1%

## Composition by Type



- Share of securities in total assets at 14% (vs 16% sector)
- Increase in share of TL securities in total to 75% (vs 68% in 1Q14)
- CPI-linkers at TL 6.1 bln (20% of total securities)
- M-t-m unrealised gains under equity at TL 190 mln  
(YE14: TL 391 mln, 1Q14: TL -150 mln, YE13: TL -118 mln)

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

AFS: Available for Sale

HTM: Held to Maturity

FRN: Floating Rate Notes

CPI: Consumer price index inflation

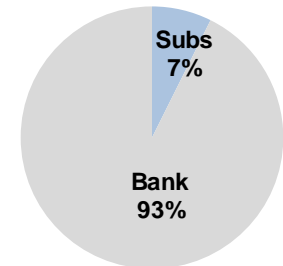
(1) TL Bond rate indicates 2 year benchmark bond rate. FC bond rate indicates 30 year USD Eurobond Rate

# Subsidiaries

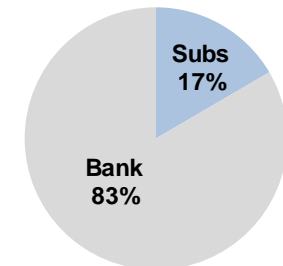
	Revenues (mln TL)	Revenues (y/y growth)	RoE	Sector Positioning	
Domestic Subs	YK Leasing	70	11%	13%	#1 in total transaction volume (18.3% market share)
	YK Factoring	20	-23%	16%	#1 in total factoring volume (16.9% market share)
	YK Invest	49	-6%	29%	#2 in equity transaction volume (7.4% market share)
	YK Asset Management	13	22%	102%	#2 in mutual funds (18.0% market share) Highest credit rating in its sector <sup>1</sup>
International Subs	YK Azerbaijan <sup>3</sup>	11 mln US\$	-14% <sup>2</sup>	5% <sup>3</sup>	US\$ 365 mln total assets
	YK Moscow <sup>3</sup>	3 mln US\$	-22% <sup>2</sup>	9% <sup>3</sup>	US\$ 176 mln total assets
	YK Nederland <sup>3</sup>	10 mln US\$	-9% <sup>2</sup>	7% <sup>3</sup>	US\$ 2.0 bln total assets

## Contribution of Subsidiaries<sup>3</sup>

### to Assets



### to Net Income



Note: Revenues in TL unless otherwise stated. All market shares as of YE14

(1) YK Asset Management: 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

(2) Currency adjusted y/y revenue growth

(3) Including consolidation eliminations



# Borrowings: 21% of total liabilities

Borrowings –

International	<b>Syndications</b>	<p>~ US\$ 2.6 bln outstanding</p> <ul style="list-style-type: none"> <li>■ <b>Apr'15:</b> US\$ 513 mln &amp; € 835 mln, Libor/Euribor+0.70%&amp;0.80p.a. all-in cost for 364 days &amp; 367 days, respectively. 48 banks from 15 countries <span>2Q15</span></li> <li>■ <b>Sep'14:</b> 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</li> </ul>
	<b>Securitisations</b>	<p>~ US\$ 1.3 bln outstanding</p> <ul style="list-style-type: none"> <li>■ <b>Aug'11:</b> US\$ 225 mln and € 130 mln, 4 unwrapped notes, 5 years (outstanding:~US\$ 191 mln)</li> <li>■ <b>Sep'11:</b> € 75 mln, 1 unwrapped note, 12 years (outstanding: ~US\$ 76 mln)</li> <li>■ <b>Jul'13:</b> US\$ 355 mln and €115 mln, 5 unwrapped notes, 5-13 years (outstanding: ~US\$ 493 mln)</li> <li>■ <b>Oct'14:</b> US\$ 550 mln, 20 years (outstanding: ~US\$ 550 mln)</li> <li>■ <b>Mar'15:</b> US\$ 100 mln, 5 years &amp; US\$ 316 mln, 10 years (outstanding: US\$ 416 mln) <span>1Q15</span></li> </ul>
	<b>Subordinated Loans</b>	<p>~US\$ 3.0 bln outstanding</p> <ul style="list-style-type: none"> <li>■ <b>Mar'06:</b> € 500 mln, 10NC5, Euribor+3.00% p.a.</li> <li>■ <b>Jun'07:</b> € 200 mln, 10NC5, Euribor+2.78% p.a</li> <li>■ <b>Dec'12:</b> US\$ 1.0 bln market transaction, 10 years, 5.5% (coupon rate)</li> <li>■ <b>Jan'13:</b> US\$ 585 mln, 10NC5, 5.7% fixed rate – Basel III Compliant</li> <li>■ <b>Dec'13:</b> US\$ 470 mln, 10NC5, 6.55% – Basel III Compliant (midswap+4.88% after the first 5 years)</li> </ul>
	<b>Foreign Currency Bonds / Bills</b>	<p><b>US\$ 750 mln Loan Participation Note (LPN)</b></p> <ul style="list-style-type: none"> <li>■ <b>Oct'10:</b> 5.1875% (coupon rate), 5 years</li> </ul> <p><b>US\$ 2.0 bln Eurobonds Issuance</b></p> <ul style="list-style-type: none"> <li>■ <b>Feb'12:</b> US\$ 500 mln, 6.75% (coupon rate), 5 years</li> <li>■ <b>Jan'13:</b> US\$ 500 mln, 4.00% (coupon rate), 7 years</li> <li>■ <b>Dec'13:</b> US\$ 500 mln, 5.25% (coupon rate), 5 years</li> <li>■ <b>Oct'14:</b> US\$ 550 mln, 5.125% (coupon rate), 5 years</li> </ul>
	<b>Covered Bond</b>	<p><b>TL 458 mln first tranche</b></p> <ul style="list-style-type: none"> <li>■ <b>Nov'12:</b> SME-backed with maturity between 3-5 years; highest Moody's rating (A3) for Turkish bonds</li> </ul>
	<b>Multilateral Loans</b>	<p>~US\$ 700 mln outstanding</p> <ul style="list-style-type: none"> <li>■ <b>EIB Loan - 2008/2012:</b> US\$ 102 mln and € 300 mln and TL 187 mln, 5-15 years (outstanding: ~US\$ 366 mln)</li> <li>■ <b>EBRD Loan - 2011/2013:</b> US\$ 55 mln and € 30 mln, 5 years (outstanding: ~US\$ 76 mln)</li> <li>■ <b>CEB Loan - 2011/2014:</b> US\$ 39 mln and € 100 mln (outstanding: ~US\$ 158 mln)</li> <li>■ <b>EFIL Loan – 2008/2011:</b> US\$ 59 mln and € 13 mln (outstanding: ~US\$ 37 mln)</li> </ul>
Domestic	<b>Local Currency Bonds / Bills</b>	<p><b>TL 3.2 bln total (original public offering amount)</b></p> <ul style="list-style-type: none"> <li>■ <b>Jun'14:</b> TL 89 mln, 9.21% compounded rate, 368 days maturity</li> <li>■ <b>Sep'14:</b> TL 150 mln, 9.86% compounded rate, 367 days maturity</li> <li>■ <b>Oct'14:</b> TL 600 mln, 9.74% compounded rate, 176 days maturity</li> <li>■ <b>Oct'14:</b> TL 300 mln, 10.13% compounded rate, 392 days maturity</li> <li>■ <b>Nov'14:</b> TL 539 mln, 9.00% compound rate, 175 days maturity</li> <li>■ <b>Nov'14:</b> TL 114 mln, 9.30% compound rate, 392 days maturity</li> <li>■ <b>Dec'14:</b> TL 336 mln, 8.19% compound rate, 178 days maturity</li> <li>■ <b>Dec'14:</b> TL 68 mln, 8.19% compound rate, 420 days maturity</li> <li>■ <b>Feb'15:</b> TL 515 mln, 9.33% compound rate, 119 days maturity <span>1Q15</span></li> <li>■ <b>Mar'15:</b> TL 500 mln, 9.74% compound rate, 179 days maturity <span>1Q15</span></li> </ul>