

Yapı Kredi 1H16 Earnings Presentation

Profitability acceleration and intact fundamentals

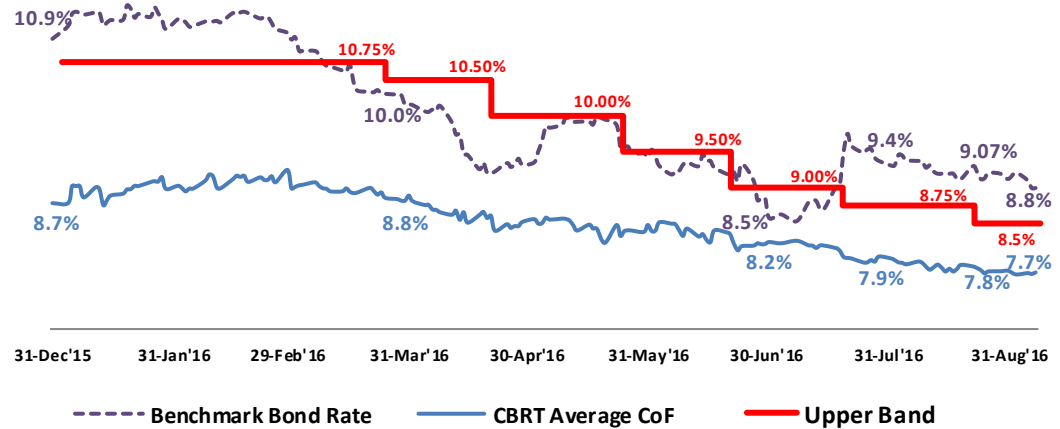
29 July 2016



Ensuing volatility in operating environment following a relatively stable 2Q

Macro Environment

	FY2015 4.0%	4Q15	1Q16	2Q16
GDP Growth, y/y		5.7%	4.8%	-
Inflation (CPI), y/y		8.8%	7.5%	7.6%
Consumer Confidence Index		71.2	68.4	68.9
Current Account Deficit/GDP		4.5%	4.1%	3.7%
Unemployment Rate		10.2%	9.7%	9.7%
USD/TL (eop)		2.91	2.84	2.90



Banking Sector

	2Q15	4Q15	1Q16	2Q16
Loan Growth	6%	1%	1%	4%
Private	5%	1%	1%	3%
State	6%	2%	3%	5%
Deposit Growth	6%	-1%	3%	3%
Private	5%	-1%	3%	3%
State	8%	0%	3%	3%
NPL Ratio	2.7%	2.9%	3.1%	3.1%
CAR	14.8%	15.0%	14.9%	14.9%

- **Relatively supportive operating environment in 2Q** supported by CBRT upper band rate cuts (-225bps ytd to 8.50%)
- **Underlying fundamentals remaining solid** with declining CAD/GDP (3.7%) and controlled unemployment (9.7%)
- **Benchmark bond rate higher vs end-2Q** but still below Mar'16 level
- **Banking sector remaining resilient** with accelerating loan growth in 2Q vs 1Q

Notes:

All 2Q macro data as of Jun'16 unless otherwise stated; Unemployment based on seasonally adjusted figures as of Apr'16; 2Q16 CAD/GDP based on May'16 figures

2Q16 sector based on BRSA weekly data as of 1 Jul'16. CAR based on monthly data as of May'16

CBRT Average CoF (cost of funding): Weighted average cost of outstanding funding of the CBRT via open market operations including O/N repo, one-week repo and one-month repo

Upper Band indicates CBRT overnight lending rate

2016 Outlook: Efficiency and core business driven profitability

2016 Outlook

Strong core revenue generation supported by customer acquisition

Disciplined cost management with strong digitalisation focus

Controlled asset quality & LLP

Strong profitability improvement

Current focus:

- **Continuing commercial business operations with increased focus on risk management**
- **Ensuring ongoing support for customers together with new customer acquisition**
- **Maintaining resilient capital and liquidity profile**

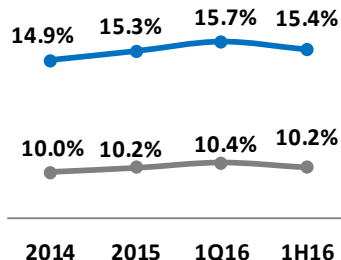
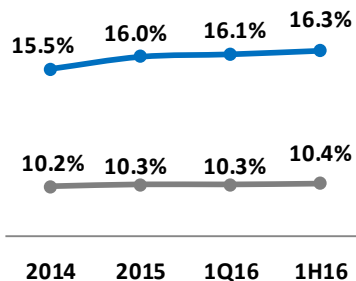
2016 guidance maintained based on strong 1H16 and solid July performance

1H16: Acceleration in profitability with solid fundamentals

Maintained Scale

Loan Market Share

Deposit Market Share

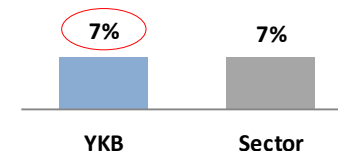
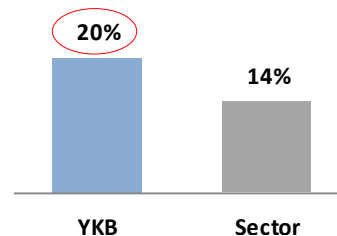


— Among private banks — Among total sector

Strong Operational Performance

Revenue Growth (y/y, 1H16)

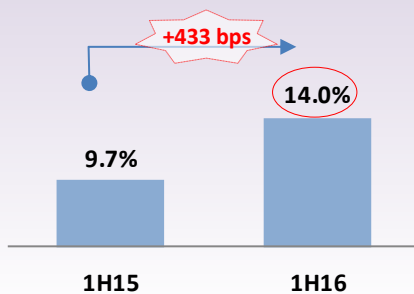
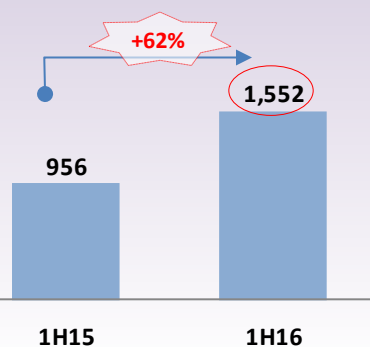
Cost Growth (y/y, 1H16)



Significant Profitability Acceleration

Net Income

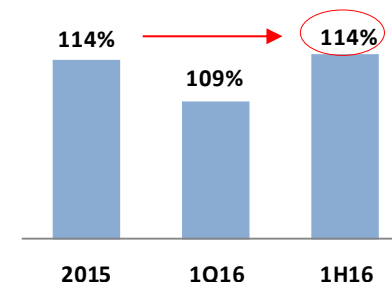
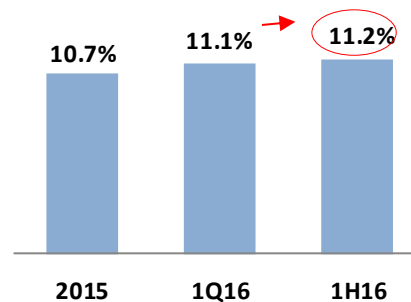
ROATE



Comfortable Fundamentals

CET1

LDR



Notes:

Market shares based on BRSA weekly data as of 1 Jul'16

Sector figures for P&L items based on BRSA monthly data as of May'16

CET1= Common Equity Tier-1

LDR= Loans / (Deposits + TL bonds)

ROATE indicates return on average tangible equity (excl. goodwill of TL 979 mln)

Balanced growth of 6% ytd in both loans and deposits, in line with sector

Volumes

Loans (TL bln)

	YKB	YKB	YKB	Private			YKB
	2Q16	1Q16	2Q16	YKB	Banks	Sector	YKB
				ytd	ytd	ytd	y/y
Cash + Non-Cash Loans	223.4	1%	5%	6%	4%	6%	13%
Total Loans ¹	161.3	1%	4%	6%	4%	5%	13%
TL	102.5	1%	4%	5%	5%	6%	9%
FC (\$)	20.3	4%	3%	8%	3%	5%	11%
Consumer Loans	30.4	1%	3%	4%	2%	4%	12%
Mortgages	12.3	-2%	2%	0%	4%	6%	0%
General Purpose	17.7	3%	3%	7%	1%	2%	23%
Credit Cards	20.8	-1%	6%	4%	2%	3%	11%
Companies ²	110.1	2%	4%	7%	5%	6%	14%
TL	51.3	3%	3%	6%	7%	7%	7%
FC (\$)	20.3	4%	3%	8%	3%	5%	11%
Comm. Install.	12.2	0%	-3%	-3%	4%	3%	3%

FC Company Lending Breakdown

	Share	ytd	y/y
Project Finance	61%	9%	21%
LT Investments	32%	13%	13%
ST Loans	7%	-7%	-20%

Leadership position in cards maintained based on outstanding volume and Nilson report⁴

Deposits (TL bln)

	YKB	YKB	YKB	Private			YKB
	2Q16	1Q16	2Q16	YKB	Banks	Sector	YKB
				ytd	ytd	ytd	y/y
Total Deposits	137.7	5%	1%	6%	5%	6%	9%
TL	71.3	5%	1%	6%	8%	8%	14%
FC (\$)	22.9	8%	-2%	6%	4%	4%	-3%
Customer ³	133.3	5%	2%	7%	6%	6%	9%
Demand	22.9	12%	1%	13%	6%	8%	5%
TL Bonds	3.8	6%	-14%	-8%	2%	1%	5%
Repos	8.6	-31%	20%	-17%	-11%	-2%	29%
Borrowings	49.9	2%	0%	2%	-1%	-2%	0%

- Loan growth at 6% ytd, aligned with sector. Yearly loan growth at 13%, in line with guidance
- Balanced growth mix among retail and corporate lending with conservative approach on SME
- Deposit growth in line with loan growth (+6% ytd)

Notes:

Balance sheet volumes for sector and private banks based on BRSA weekly data as of 1 Jul'16. FC-indexed loans included in TL loans

(1) Loans indicate performing loans

(2) Total loans excluding consumer loans and credit cards. Companies includes commercial instalment loans (proxy for SME lending)

(3) Excluding bank deposits

(4) Nilson Report as of YE15 (#1 in Turkey and Europe (excl. UK); #7 in Europe

Net income +62% y/y up to 1.6 bln TL with ROATE of 14%

	Quarterly				Cumulative		
	2Q15	1Q16	2Q16	y/y	1H15	1H16	y/y
Total Revenues	2,565	2,898	3,077	20%	4,974	5,975	20%
Core Revenues	2,526	2,704	2,689	6%	4,675	5,393	15%
Net Interest Income	1,838	1,952	1,911	4%	3,356	3,863	15%
Fees & Commissions	688	752	778	13%	1,320	1,530	16%
Other Revenues	39	194	388	-	299	582	95%
Other income	169	142	334	97%	445	476	7%
Trading	-134	48	52	-	-152	100	-166%
Dividend	3	3	3	-	6	6	-
Operating Costs	1,228	1,264	1,324	8%	2,412	2,587	7%
Operating Income	1,337	1,634	1,753	31%	2,562	3,388	32%
Provisions	731	723	686	-6%	1,302	1,409	8%
Specific Provisions	403	507	466	16%	797	973	22%
Generic Provisions	235	120	158	-33%	379	278	-27%
Other Provisions	93	96	63	-32%	126	159	26%
Pre-tax Income	606	911	1,067	76%	1,260	1,978	57%
Tax	-150	-207	-219	46%	-304	426	-240%
Net Income	455	704	848	86%	956	1,552	62%

22%
normalized¹

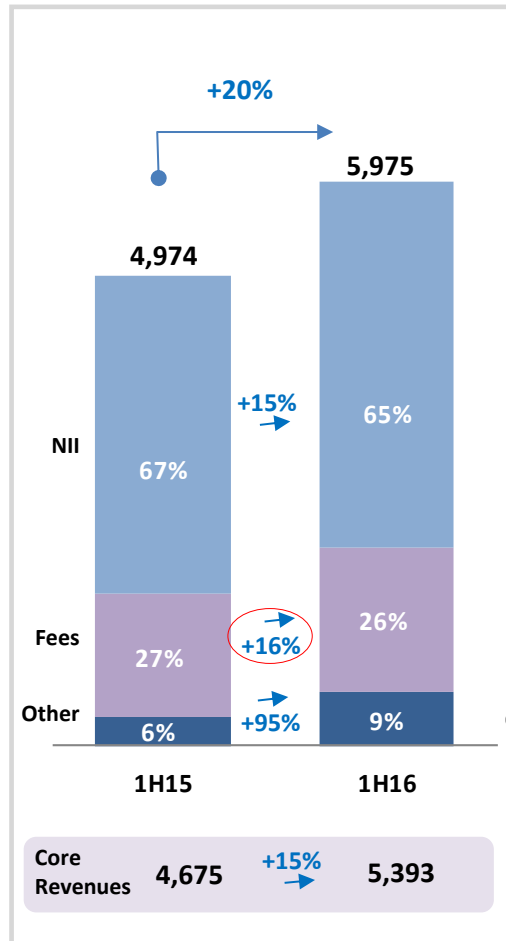
- 1.5 bln TL cumulative net income in 1H16 (+62% y/y) driven by strong operating performance
- Cumulative ROATE at 14.0% supported by ongoing quarterly improvement. Quarterly ROATE at 15%, highest level in the last 3 years

ROATE	8.9%	12.8%	15.0%	9.7%	14.0%
ROA	0.8%	1.2%	1.4%	0.9%	1.3%
Cost/Income	48%	44%	43%	48%	43%

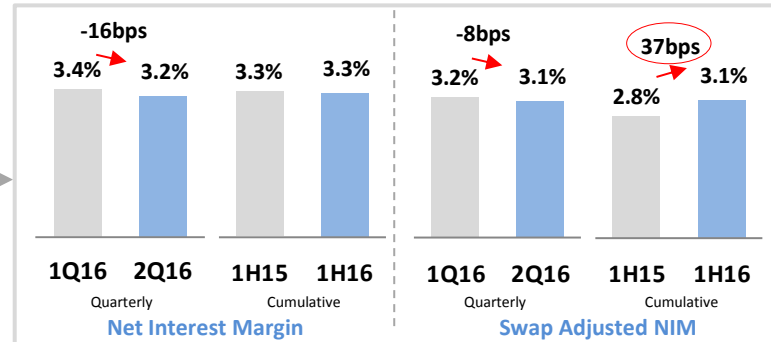
Notes:
 ROATE indicates return on average tangible equity (excl. goodwill of TL 979 mln)
 ROA indicates return on assets. Calculation based on net income/end of period total assets. Annualised
 (1) Adjusted for account maintenance fees of 62 mln TL in 1H15

Robust revenue growth thanks to strong performance in all lines

Revenue Breakdown (TL mln)



NIM



Fees Received Composition

	1H15	1H16	y/y Δ
Card Payment Systems	45%	49%	26%
Lending Related	33%	31%	8%
Asset Mngmt	3%	3%	2%
Bancassurance	7%	6%	8%
Other ⁽¹⁾	12%	11%	4%

Other Income

	2Q15	1Q16	2Q16	1H15	1H16
Other Revenues	39	194	388	299	582
Other Income	169	142	334	445	476
Collections	41	44	50	100	94
Subs and Other	128	98	48	241	147
Fixed Assets Revaluation	0	0	0	104	0
Visa Sale Gain ⁴	0	0	235	0	235
Trading & FX (net)	-134	48	52	-152	100
Swap Costs	-245	-62	-34	-406	-96

- Revenues +20% y/y with core revenue growth of 15%
- Relatively stable trend in swap adjusted NIM (-8bps q/q) indicating effective ALM capability despite seasonally lower CPI-linker contribution²
- Strong fee growth of +16% y/y driven mainly by cards and lending despite lack of account maintenance fees³
- Slightly higher contribution of trading income due to further declining swap cost burden q/q

Notes:

NIM= Net Interest Income/Average Interest Earning Assets (bank-only). NIM excludes effect of reclassification between interest income and other provisions related to amortisation of issue premium on securities (as per BRSA). Reported quarterly NIM figures: 1Q16: 3.4%, 2Q16: 3.3%; 1H15: 3.4%, 1H16: 3.3%

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

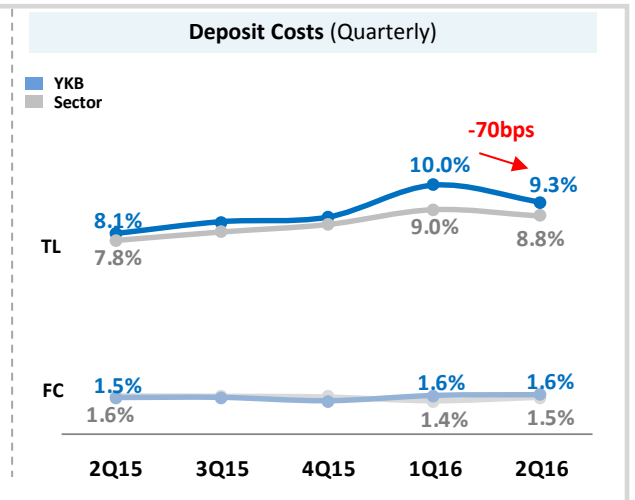
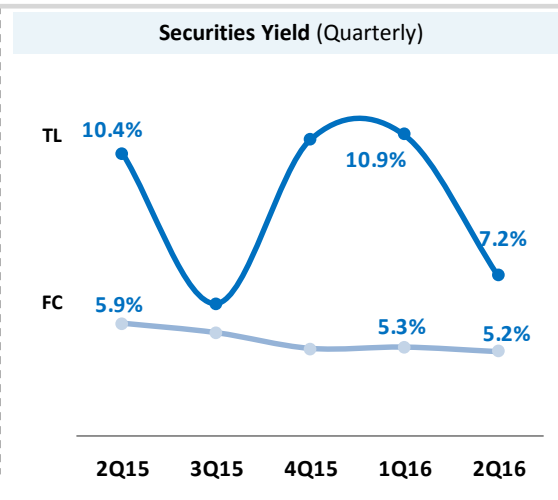
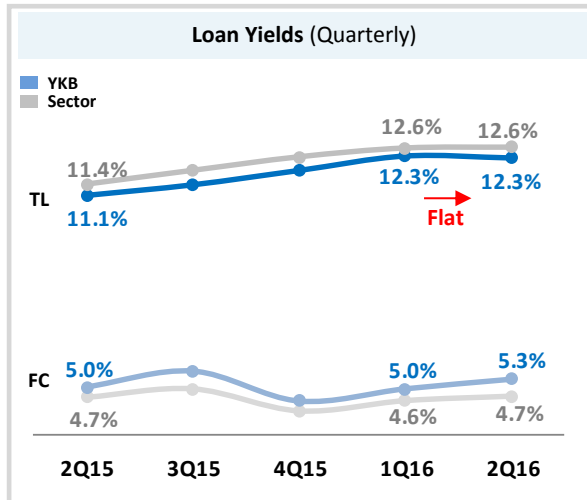
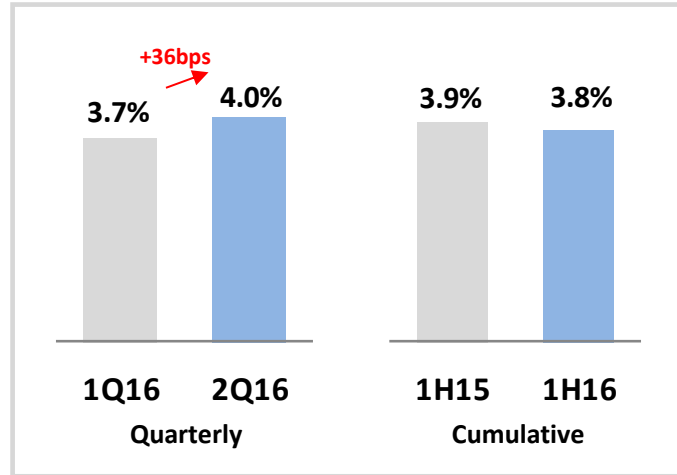
(2) CPI-linker gain 137 mln TL in 2Q16 vs 313 mln TL in 1Q16

(3) Account maintenance fees seasonality in 2Q and 4Q

(4) Net impact of visa sale gain: 210 mln TL

Effective pricing capability leading to 36bps q/q increase in loan-deposit spread

Loan-Deposit Spread



Notes:

All information on YKB based on BRSA bank-only financials

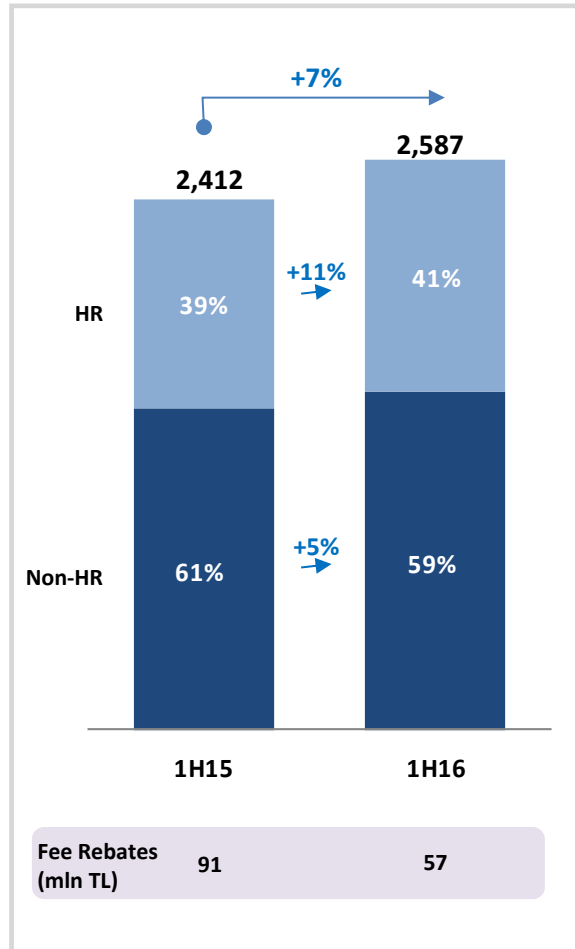
Sector based on BRSA monthly data as of May'16

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

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

Evident ability to manage costs effectively

Cost Breakdown (TL mln)

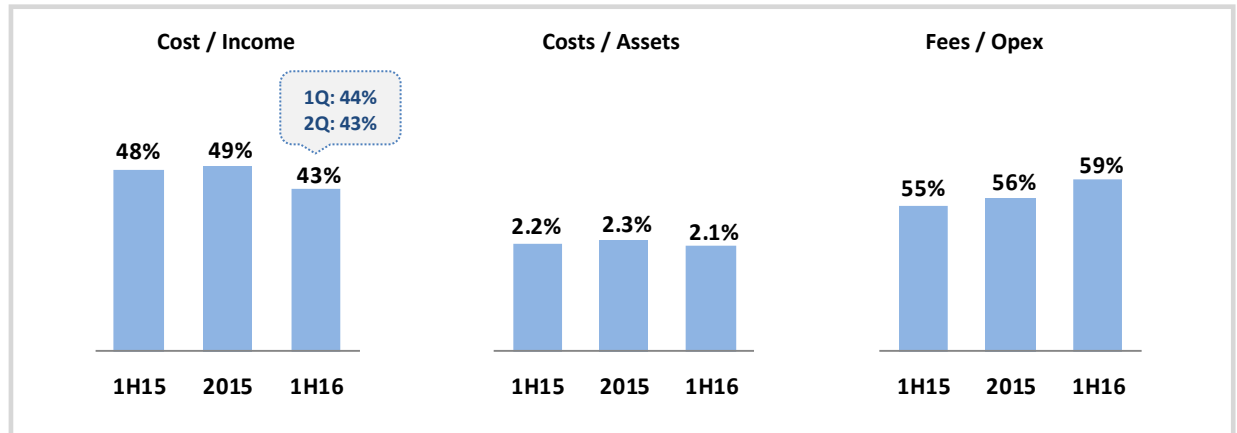


Network

	1H15	1H16	Δ
Branches	1,013	982	-3%
Employees	18,444	18,532	0%
ATMs	4,025	4,352	8%

- **Disciplined cost growth of +7% y/y**, in line with guidance
- **Efficiency improvement continuing** with positive trend in all KPIs
- **Cost/Income ratio down to 43%** with positively quarterly trend (1Q:44%, 2Q:43%)
- **Strong push on digital ongoing** to further reinforce leading positioning and decrease cost to serve

Efficiency KPIs

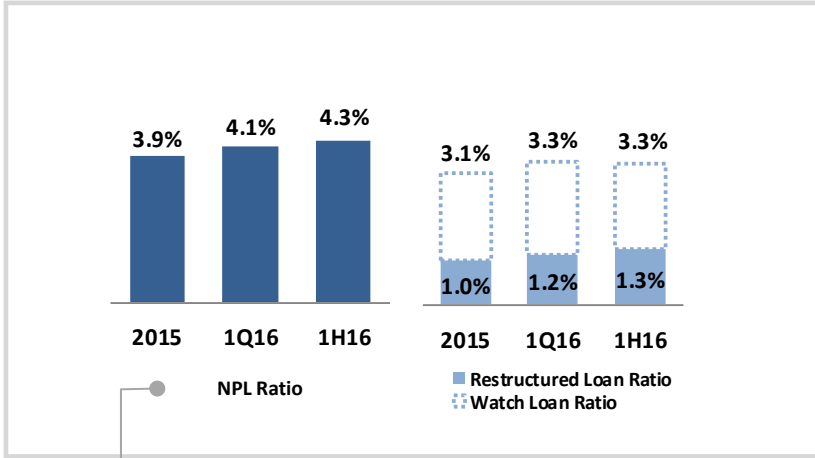


Notes:

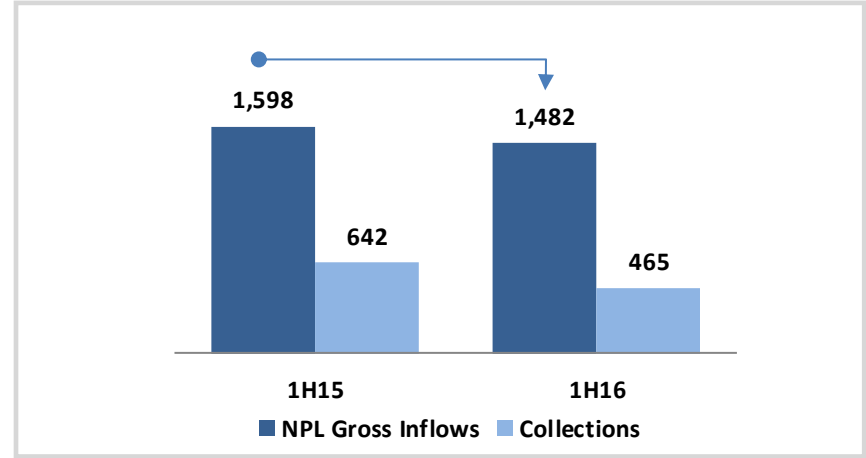
Non-HR costs include HR related non-HR, advertising, rent, SDIF premium, taxes, depreciation, branch tax, pension fund provisions and loyalty points on Worldcard
 Network data based on bank-only figures

Asset quality in line with guidance

NPL + Restructured Loan Ratio



NPL Inflows & Collections (mIn TL)



<i>NPL ratio by segment</i>	4Q15	1Q16	1H16
Corp&Comm	2.4%	2.3%	2.3%
SME	5.4%	6.0%	6.9%
Consumer	5.4%	5.8%	6.0%
YKB Credit Cards	5.9%	6.4%	6.5%
Sector Credit Cards	7.9%	8.4%	8.4%

- NPL Ratio at 4.3%:
 - Total NPL inflows in 1H16 lower vs 1H15 with some pressure driven by SME lending
 - Lower collections due to operating environment
 - No NPL sales since beg-2015
- Watch loan ratio stable at 3.3% while restructured loan ratio +10bps q/q to 1.3% driven by proactive restructuring approach on some corp/comm files with strong collateralisation

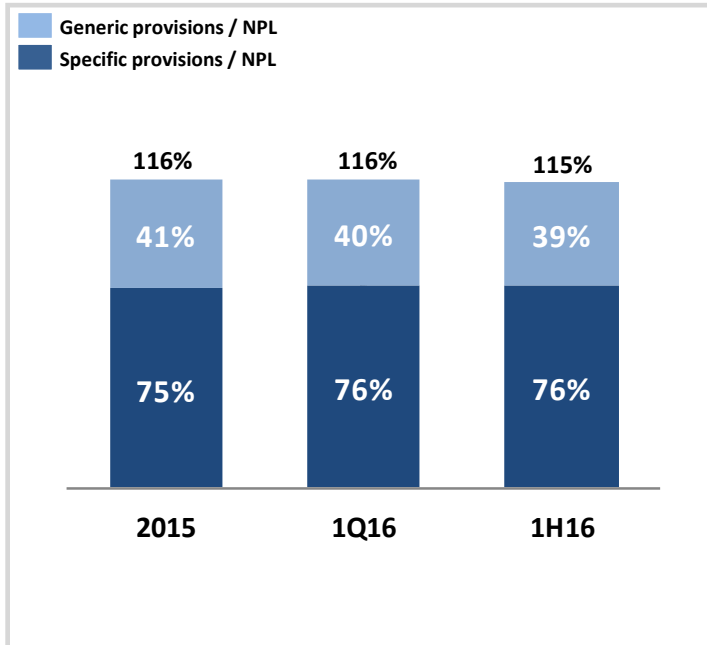
Notes:

NPL ratio for credit cards includes retail + business cards. NPL ratio for sector based on BRSA weekly data, excluding NPL sales over the last 2 years (~1.5 bln TL) for comparability purposes as YKB has not sold any NPLs in this period

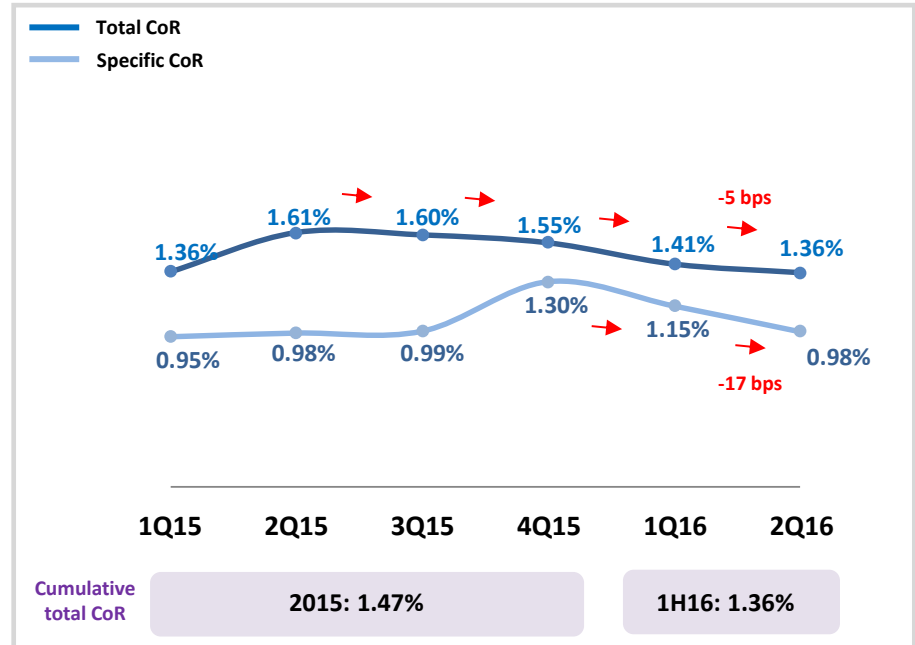
SME NPL ratio based on YKB's internal SME definition of companies with < US\$ 10 mln annual turnover

Comfortable coverage level; declining trend in cost of risk

NPL Coverage



Cost of Risk¹ (Quarterly, net of collections)



- Total NPL coverage² at 115% with specific coverage stable at 76%
- Total cost of risk (net of collections) -5 bps q/q to 1.36% supported by slight uptick in collections and -17bps decline in specific CoR

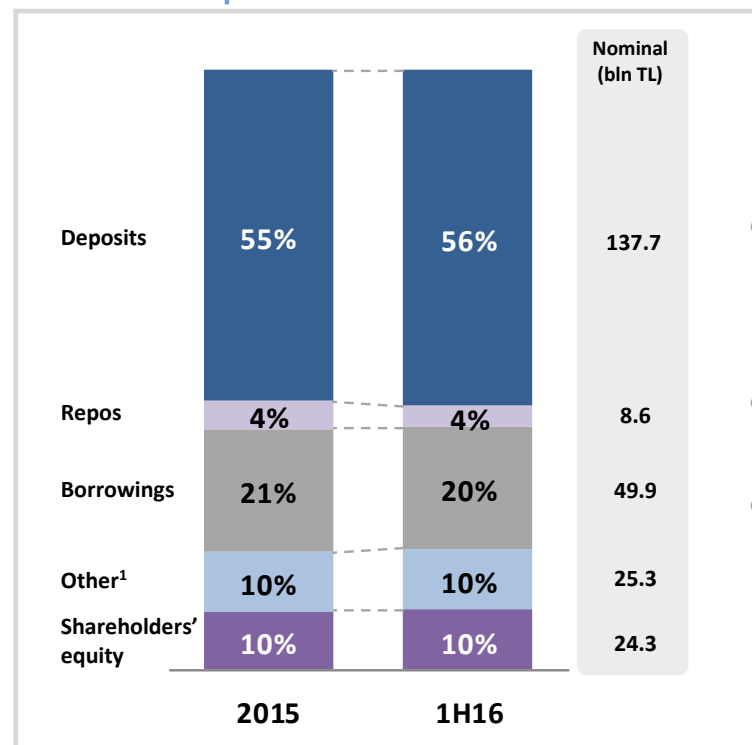
Notes:

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

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

Diversified funding profile supporting solid liquidity positioning

Liabilities Composition



- **Balanced currency composition** (52% TL, 48% FC)
- **Stronger growth in retail small ticket (+14% ytd) and retail demand deposits (+20% ytd)**

- **Low share of repo in total liabilities**; used as a liquidity management tool
- **FX share in total repo funding low at 7%** (vs 35%² for peers); **TL repo derived from CBRT**

- **No major funding rollovers in 2H** except 1.2 bln USD syndication in Oct

- **Diversified and balanced funding profile**
- **Solid liquidity position with abundant FC liquidity** (FC Liquidity Coverage Ratio ~180%)
- **Conservative hedging policy** leading to low interest rate sensitivity
- **Lower exposure to external funding³** (YKB 20% vs 26% peer average)

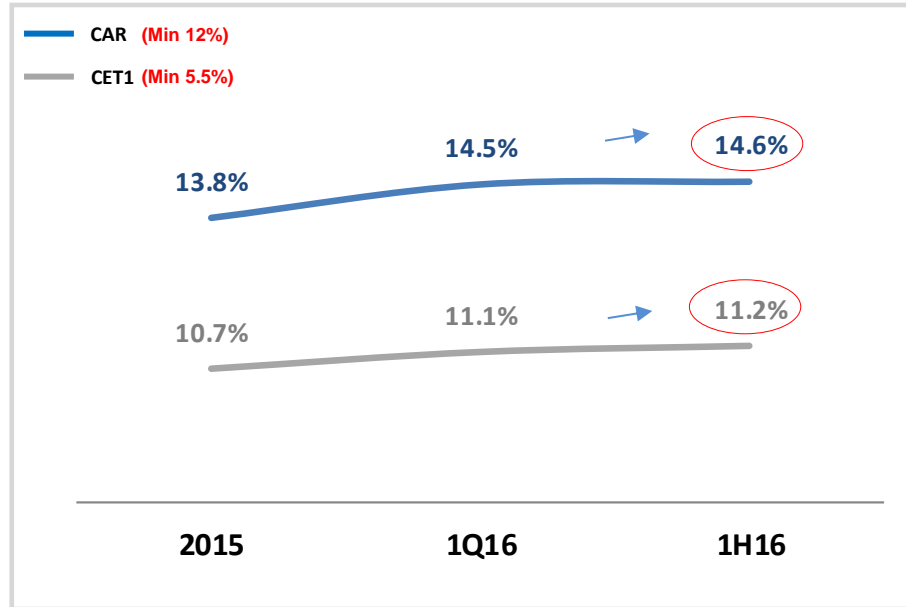
(1) Other liabilities: include retirement benefit obligations, insurance technical reserves, other provisions, hedging derivatives, deferred and current tax liability and other

(2) Data as of 1Q16 financials

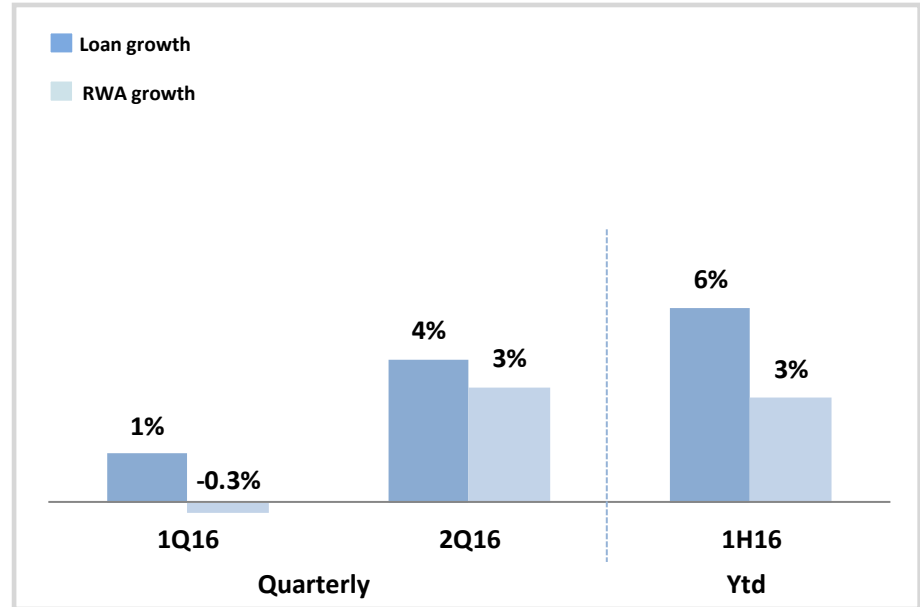
(3) External funding exposure: (FC Non-residents Deposits (2% of total deposits) + FC Repos + FC Borrowings) / Total Liabilities. Peer average exposure calculated based on 1Q16 consolidated financials, YKB exposure calculated based on 1H16 consolidated financials

Capital ratios +10bps q/q despite acceleration in loan growth supported by strong profitability

CAR (Bank)



RWA vs Loan Growth (Bank)








- Improving trend in capital ratios with CAR at 14.6% and CET-1 at 11.2% supported by strong profitability and focus on RWA optimisation
- Capitalisation comfortable given regulatory minimums, including phase in of Basel 3 related regulatory buffers as of 1Q16

Notes:

2016 Basel 3 related capitalisation buffers include capital conservation buffer of 0.625%, countercyclical buffer of 0.005%, SIFI buffer of 0.375% (Group 2)
 T1 Ratio at 10.9% as of 1H16. CET1 higher than T1 ratio in BRSA financials as all deduction items (including goodwill) are subject to deduction from Core Tier 1 in an amortized manner
 (2014: 20%, 2015: 40%, 2016: 60%, 2017: 80%, 2018: 100%)

2016 guidance confirmed

Macro	
GDP Growth, y/y	~3.5%
Inflation (CPI) , y/y	~7-8%
USD/TL (eop)	3.10
Banking Sector	
Loan Growth	13%
Deposit Growth	11%
NIM	Flat
NPL Ratio	+40bps

	YKB 2016 Guidance		Trend
 Volumes	<u>Loans</u> 13%	<u>Deposits</u> 13%	Confirmed
 Revenues	<u>NIM</u> Flattish	<u>Fees</u> Low-Teens	Pressure on fees due to regulation ¹ offset by better other income
 Costs	<u>Costs</u> In-line with inflation	<u>Investments</u> Flat HC and branches	Confirmed
 Asset Quality	<u>NPL</u> +30/40 bps	<u>CoR</u> -20 bps	Focus on mitigating potential slight deterioration
 Fundamentals	<u>LDR</u> Flattish	<u>CAR</u> ~ 14%	Confirmed

Notes:

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

Macro expectations are based on YK Economic Research estimates

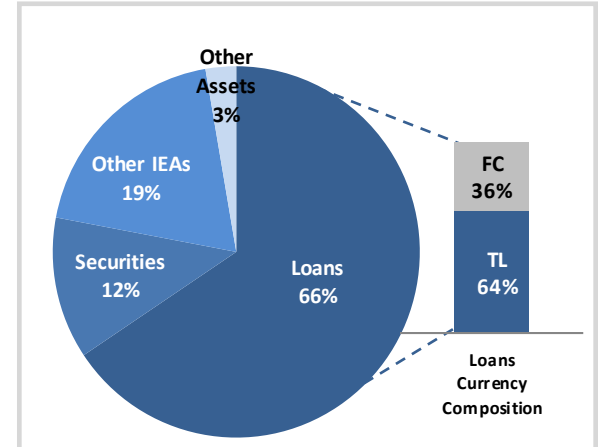
(1) Cancellation of account maintenance fees

 **Annex**

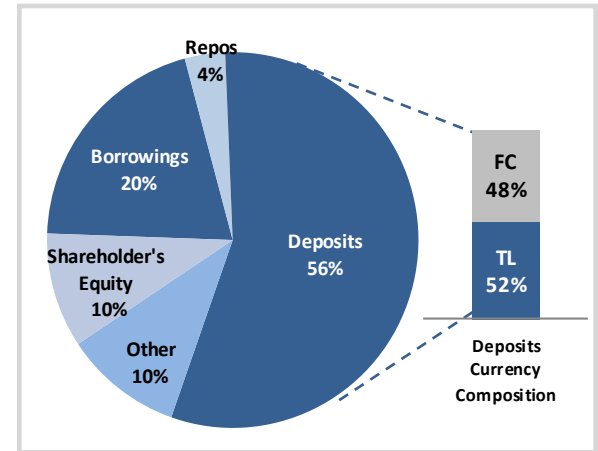
Consolidated Balance Sheet

TL bln	1Q14	1H14	9M14	YE14	1Q15	1H15	9M15	YE15	1Q16	1H16	ytd	y/y
Total Assets	168.8	170.6	182.0	195.0	215.5	223.8	247.8	235.3	237.9	245.8	4%	10%
Loans	103.3	108.7	115.8	125.5	135.5	142.8	153.7	152.5	154.6	161.3	6%	13%
TL Loans	68.6	73.0	77.8	84.7	90.4	95.0	98.4	99.2	100.4	104.1	5%	10%
FC Loans (\$)	15.8	16.8	16.7	17.6	17.3	17.8	18.2	18.3	19.1	19.8	8%	11%
Securities	21.8	21.8	24.2	25.4	29.9	30.5	33.4	31.7	30.1	30.4	-4%	0%
TL Securities	14.9	14.9	17.1	18.3	22.5	22.9	23.8	22.1	20.5	20.9	-6%	-9%
FC Securities (\$)	3.2	3.2	3.1	3.1	2.8	2.8	3.1	3.3	3.4	3.3	0%	16%
Deposits	90.4	96.1	102.5	107.6	119.7	126.1	136.3	130.0	136.6	137.7	6%	9%
TL Deposits	44.8	52.0	53.4	62.9	64.5	62.7	65.4	67.2	70.4	71.3	6%	14%
FC Deposits (\$)	20.8	20.7	21.5	19.3	21.2	23.5	23.3	21.6	23.3	22.9	6%	-3%
Borrowings	36.0	36.0	37.3	41.5	46.7	45.8	52.8	48.7	49.7	49.9	2%	9%
TL Borrowings	3.6	4.4	4.9	5.4	5.6	5.5	4.9	5.5	5.3	4.8	-12%	-12%
FC Borrowings (\$)	14.8	14.9	14.2	15.6	15.7	15.0	15.7	14.9	15.7	15.6	5%	4%
Shareholders' Equity	18.4	19.2	19.6	20.2	21.0	22.1	22.0	23.1	23.7	24.3	5%	10%
Assets Under Management	10.2	11.1	11.6	12.5	13.0	13.4	13.6	13.8	14.4	14.8	8%	11%
Loans/Assets	61%	64%	64%	64%	63%	64%	62%	65%	65%	66%		
Securities/Assets	13%	13%	13%	13%	14%	14%	13%	13%	13%	12%		
Borrowings/Liabilities	21%	21%	20%	21%	22%	20%	21%	21%	21%	20%		
Loans/(Deposits+TL Bonds) (solo)	110%	108%	108%	112%	108%	110%	109%	114%	109%	114%		
CAR - solo	14.4%	15.4%	15.0%	15.0%	14.3%	14.0%	12.9%	13.8%	14.5%	14.6%		
Comme Equity Tier-I - solo	0.0%	0.0%	0.0%	11.6%	10.8%	10.9%	9.8%	10.7%	11.1%	11.2%		
Leverage Ratio	8.2x	7.9x	8.3x	8.6x	9.2x	9.1x	10.3x	9.2x	9.0x	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

Volume growth evolution

TL bln	1H16	Private			Private			Private			Private			Private			Market Share	ytd Δ bps			
		YKB	Banks	Sector	YKB	Banks	Sector	YKB	Banks	Sector	YKB	Banks	Sector	YKB	Banks	Sector					
Cash + Non-cash loans	223.4	7%	6%	7%	6%	5%	6%	9%	6%	7%	-3%	-1%	0%	1%	1%	1%	5%	4%	4%	11.1%	+1
Total Loans¹	161.3	8%	6%	7%	5%	5%	6%	8%	5%	6%	-1%	1%	1%	1%	1%	1%	4%	3%	4%	10.4%	+3
TL	102.5	7%	4%	5%	5%	6%	6%	4%	1%	2%	1%	2%	3%	1%	1%	2%	4%	4%	4%	10.0%	-12
FC (\$)	20.3	-2%	-2%	-1%	3%	2%	3%	2%	-1%	1%	1%	2%	2%	4%	3%	3%	3%	0%	1%	11.1%	+35
Consumer Loans	30.4	6%	3%	4%	8%	3%	3%	6%	1%	1%	2%	0%	1%	1%	0%	1%	3%	2%	2%	10.0%	+3
Mortgages	12.3	5%	4%	5%	7%	5%	5%	3%	3%	3%	-2%	1%	2%	-2%	1%	2%	2%	3%	3%	8.8%	-50
General Purpose	17.7	9%	3%	3%	9%	1%	1%	9%	0%	0%	5%	0%	0%	3%	0%	0%	3%	1%	1%	11.2%	+55
Credit Cards	20.8	2%	-2%	-2%	3%	4%	4%	4%	4%	4%	3%	3%	4%	-1%	-1%	-1%	6%	4%	4%	21.5%	+29
Companies²	110.1	10%	8%	9%	5%	6%	7%	9%	6%	8%	-2%	1%	1%	2%	1%	2%	4%	4%	4%	9.5%	+4
TL	51.3	9%	5%	7%	4%	8%	8%	2%	1%	2%	-1%	4%	4%	3%	2%	2%	3%	5%	5%	8.2%	-18
FC (\$)	20.3	-2%	-2%	-1%	3%	2%	3%	2%	-1%	1%	1%	2%	2%	4%	3%	3%	3%	0%	1%	11.1%	+35
Comm. Install.	12.2	9%	7%	7%	4%	6%	6%	1%	3%	4%	4%	2%	0%	0%	3%	0%	-3%	1%	2%	6.3%	-34
Total Deposits	137.7	11%	8%	7%	5%	4%	5%	8%	6%	6%	-5%	-2%	-1%	5%	3%	3%	1%	3%	3%	10.2%	+2
TL	71.3	2%	1%	2%	-3%	-2%	0%	4%	2%	3%	3%	5%	4%	5%	2%	3%	1%	6%	5%	9.6%	0
FC (\$)	22.9	10%	5%	3%	11%	9%	9%	-1%	-3%	-2%	-7%	-4%	-2%	8%	6%	6%	-2%	-2%	-2%	11.0%	+8
Customer	133.3	9%	8%	7%	6%	5%	6%	8%	6%	6%	-6%	-1%	-1%	5%	3%	3%	2%	3%	3%	10.6%	+17
Demand	22.9	14%	6%	6%	15%	11%	10%	12%	1%	1%	-17%	5%	4%	12%	2%	3%	1%	4%	5%	8.9%	+31
TL Bonds	3.8	9%	-4%	-4%	2%	-3%	-1%	5%	1%	2%	9%	-6%	-2%	6%	5%	2%	-14%	-3%	-2%	13.7%	-137
Repos	8.6	9%	4%	15%	0%	0%	-7%	58%	12%	9%	-2%	1%	2%	-31%	-4%	-1%	20%	-7%	-1%	5.7%	-103
Borrowings	49.9	12%	10%	10%	-2%	3%	5%	15%	9%	10%	-8%	-4%	-4%	2%	-3%	-1%	0%	3%	-1%		

Note: Balance sheet 2Q volumes for sector and private banks based on BRSA weekly data as of 1 Jul'16. FC-indexed loans included in TL loans
Market share information as of 1H16

(1) Total performing loans

(2) Total loans excluding consumer loans and credit cards

Consolidated Income Statement

	Quarterly							Cumulative		
	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	q/q	1H15	1H16	y/y
Total Revenues	2,409	2,565	2,352	2,938	2,898	3,077	6%	4,975	5,975	20%
Core Revenues	2,150	2,526	2,466	2,878	2,704	2,689	-1%	4,676	5,393	15%
Net Interest Income	1,518	1,838	1,763	2,059	1,952	1,911	-2%	3,356	3,863	15%
<i>o/w CPI-linkers</i>	97	266	70	295	313	137	-56%	363	450	24%
Fees & Commissions	632	688	703	819	752	778	3%	1,320	1,530	16%
Other Revenues	260	39	-114	60	194	388	100%	299	582	95%
Other income	276	169	120	113	142	334	135%	445	476	7%
<i>o/w collections</i>	59	41	22	26	44	50	15%	100	94	-6%
<i>o/w pension fund reversal</i>	0	44	0	37	0	0	-	44	0	-
<i>o/w NPL sale</i>	0	0	0	0	0	0	-	0	0	-
<i>o/w others</i>	217	84	98	50	98	284	189%	301	383	27%
Trading	-18	-134	-234	-53	48	52	8%	-152	100	-166%
<i>o/w swap costs</i>	-160	-245	-318	-189	-62	-34	-45%	-405	-96	-76%
Dividend	3	3	0	0	3	3	-	6	6	-
Operating Costs	1,184	1,228	1,249	1,416	1,264	1,324	5%	2,412	2,587	7%
<i>o/w fee rebates</i>	50	50	63	43	35	22	-38%	100	57	-43%
Operating Income	1,225	1,336	1,103	1,521	1,634	1,753	7%	2,563	3,388	32%
Provisions	571	731	650	697	723	686	-5%	1,302	1,409	8%
Specific Provisions	394	403	416	543	507	465	-8%	797	972	22%
Generic Provisions	144	235	243	97	120	158	31%	379	278	-27%
Other Provisions	33	93	-9	57	96	63	-34%	126	159	27%
Pre-tax Income	655	605	453	825	911	1,067	17%	1,260	1,978	57%
Tax	154	150	135	190	207	219	6%	304	426	40%
Net Income	501	455	318	635	704	848	20%	956	1,552	62%
ROE	10.3%	8.9%	6.1%	12.0%	12.8%	15.0%		9.7%	14.0%	
Cost/Income	49%	48%	53%	48%	44%	43%		48%	43%	
CoR	1.36%	1.61%	1.60%	1.55%	1.41%	1.36%		1.45%	1.36%	
Tax Rate	24%	25%	30%	23%	23%	21%		24%	22%	

Notes:

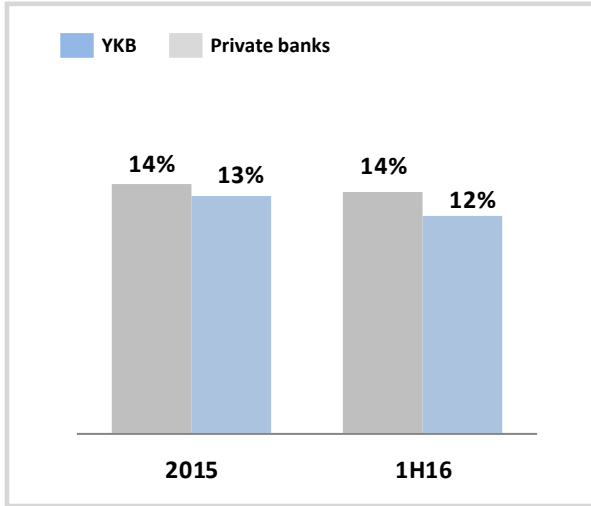
CPI linker impact same in both consolidated and bank-only financials

Bank-Only Income Statement

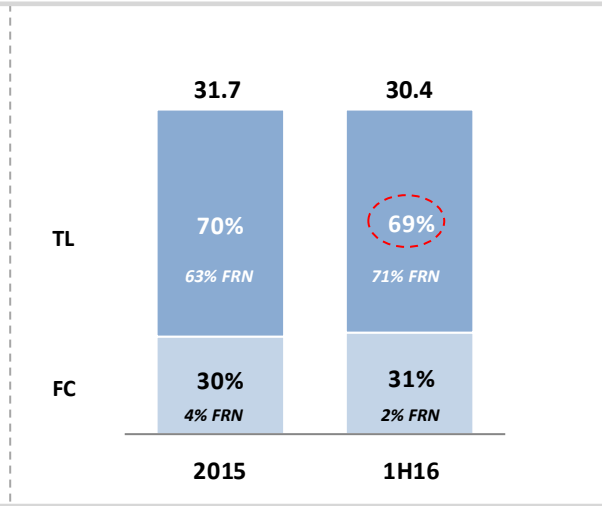
	Quarterly							Cumulative		
	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	q/q	1H15	1H16	y/y
Total Revenues	2,300	2,394	2,231	2,796	2,785	2,970	7%	4,692	5,756	23%
Core Revenues	2,016	2,429	2,344	2,742	2,537	2,516	-1%	4,444	5,054	14%
Net Interest Income	1,423	1,778	1,677	1,965	1,821	1,772	-3%	3,200	3,594	12%
o/w CPI-linkers	97	266	70	295	313	137	-56%	363	450	24%
Fees & Commissions	593	651	667	777	716	744	4%	1,244	1,460	17%
Other Revenues	284	-35	-112	54	248	454	83%	249	702	182%
Other income	351	231	201	192	233	426	83%	582	659	13%
o/w collections	59	41	22	26	44	50	15%	100	94	-6%
o/w pension fund reversal	0	44	0	37	0	0	-	44	0	-
o/w NPL sale	0	0	0	0	0	0	-	0	0	-
o/w profit/(loss) of associates& jv.s accounted for using equity method	90	87	101	90	108	113	5%	177	221	25%
o/w others	202	59	79	40	81	263	224%	261	344	32%
Trading	-69	-267	-314	-139	15	28	84%	-336	43	-
o/w swap costs	-198	-320	-380	-256	-94	-52	44%	-518	-146	-72%
Dividend	2	1	0	0	0	0	-	3	0	-
Operating Costs	1,116	1,166	1,183	1,345	1,199	1,258	5%	2,282	2,457	8%
o/w fee rebates	50	50	63	43	35	22	-38%	100	57	-43%
Operating Income	1,184	1,228	1,048	1,451	1,586	1,712	8%	2,410	3,299	37%
Provisions	550	695	621	655	698	670	-4%	1,245	1,368	10%
Specific Provisions	381	378	398	506	489	452	-8%	759	941	24%
Generic Provisions	138	225	232	93	115	155	34%	363	270	-26%
Other Provisions	32	92	-10	56	94	63	-33%	124	157	27%
Pre-tax Income	634	532	427	797	887	1,042	17%	1,166	1,929	65%
Tax	133	125	109	162	183	194	6%	258	377	46%
Net Income	501	407	318	635	704	848	20%	908	1,552	71%
ROE	10.3%	8.0%	6.1%	12.0%	12.8%	15.0%		9.2%	14.0%	
Cost/Income	49%	49%	53%	48%	43%	42%		49%	43%	
CoR	1.36%	1.57%	1.58%	1.49%	1.40%	1.37%		1.43%	1.36%	
Tax Rate	21%	23%	26%	20%	21%	19%		22%	20%	

Securities

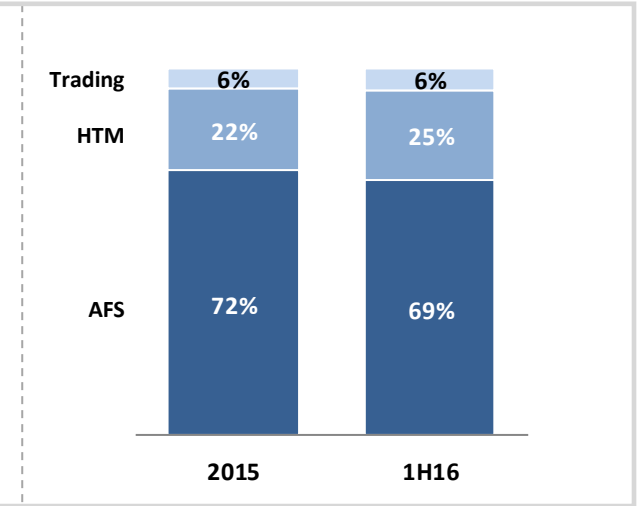
Securities/Assets



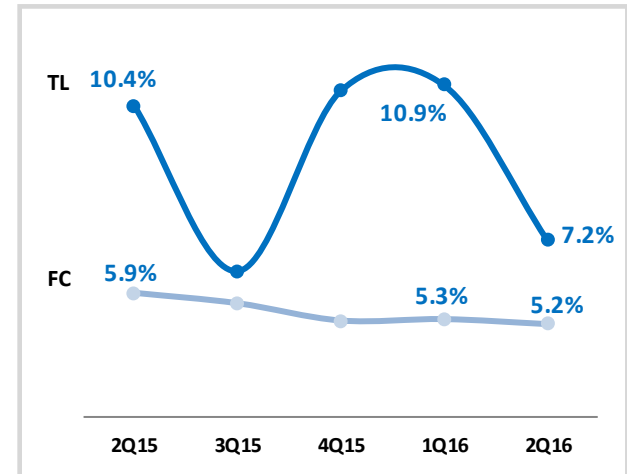
Composition by Currency (TL bln)



Composition by Type



Security Yields



- **Securities / assets at 12% with slight decrease in TL share due to redemptions.** CPI-linker volume at 8.2 bln TL (-2% qtd) with gain of TL 134 mln in 2Q16 (vs TL 313 mln in 1Q16)
- **M-t-m unrealised gain at TL 52 mln in 2Q** (vs TL -80 mln in 1Q)

Notes: Private banks data based on BRSA monthly data as of May'16

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

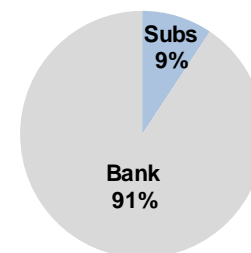
Securities yields based on bank-only financials and exclude effect of reclassification between interest income and other provisions related to amortisation of issuer premium on securities (as per BRSA)

Subsidiaries

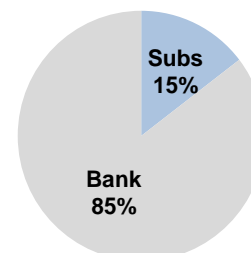
	Revenues (mln TL)	Revenues (y/y growth)	RoE	Sector Positioning	
Domestic Subs	YK Leasing	171	36%	16%	#1 in total transaction volume (14.9% market share)
	YK Factoring	45	15%	17%	#1 in total factoring volume (19.3% market share)
	YK Invest	53	-37%	20%	#3 in equity transaction volume (7.6% market share)
	YK Asset Management	28	6%	102%	#2 in mutual funds (18.1% market share) Highest credit rating in its sector ¹
International Subs	YK Azerbaijan	15 mln US\$	-29%	1%	US\$ 264 mln total assets
	YK Moscow	5 mln US\$	-14%	9%	US\$ 200 mln total assets
	YK Nederland	21 mln US\$	16%	7%	US\$ 2.3 bln total assets
	YK Malta	7 mln US\$	206%	22%	US\$ 156 mln total assets

Contribution of Subsidiaries²

to Assets



to Net Income



Note: Revenues in TL unless otherwise stated. Market shares as of 1Q16

(1) YK Asset Management: Fitch Ratings upgraded YK Portföy (YKP) in Mar'13 from M2+ to M1+ and affirmed in Jun'15. 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"> ■ Sep'16: US\$ 233.5 mln and € 817.3 mln, Libor+1.10% /Euribor+ 1.00% p.a. all-in cost, 367 days. Participation of 33 banks from 14 countries 3Q16 ■ May'16: US\$ 381 mln & € 959.1 mln, Libor/Euribor+0.85% and 0.75% p.a. all-in cost for 367 days, respectively. 48 banks from 15 countries 2Q16
	Securitisations	<p>~ US\$ 2.1 bln outstanding</p> <ul style="list-style-type: none"> ■ Aug'11: US\$ 225 mln and € 130 mln, 4 unwrapped notes, 5 years (outstanding: ~US\$ 18.75 mn and ~€ 10.8mn) ■ Sep'11: € 75 mln, 1 unwrapped note, 12 years (outstanding: ~€ 54,3mn) ■ Jul'13: US\$ 355 mln and €115 mln, 5 unwrapped notes, 5-13 years (outstanding: ~US\$ 280 mn and € 76.6mn) ■ 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)
	Subordinated Loans	<p>~US\$ 2.6 bln outstanding</p> <ul style="list-style-type: none"> ■ 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) ■ Mar'16: US\$ 500 mln market transaction, 10NC5, 8.5% (coupon rate)
	Foreign Currency Bonds / Bills	<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 (outstanding ~ TL 285,9 mn)</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\$ 586.6 mln outstanding</p> <ul style="list-style-type: none"> ■ EFIL Loan - 2008/2011: US\$ 34 mln and € 13 mln (outstanding: ~US\$ 8.5mln and € 3.3mln) ■ EIB Loan - 2008/2012: US\$ 102 mln and € 300 mln and TL 187 mln, 5-15 years (outstanding: ~ US\$ 102.4 mln, € 204.2 mln and TL 69.8 mln) ■ EBRD Loan - 2011/2013: US\$ 55 mln and € 30 mln, 5 years (outstanding: ~€ 4.3 mln and US\$ 38.1 mn) ■ CEB Loan - 2011/2014: US\$ 39 mln and € 100 mln (outstanding: ~€ 88.8 mln and US\$ 39.1 mln)
Domestic	Local Currency Bonds / Bills	<p>TL 2.5 bln total (original public offering amount)</p> <ul style="list-style-type: none"> ■ Sep'15: TL 170 mln, 12.12% compound rate, 392 days maturity ■ Nov'15: TL 116 mln, 10.97% compound rate, 392 days maturity ■ Mar'16: TL 471 mln, 10.68% compound rate, 167 days maturity ■ Apr'16: TL 290 mln, 10.45% compound rate, 179 days maturity ■ May'16: TL 262 mln, 10.08% compound rate, 179 days maturity 2Q16 ■ Jun'16: TL 332 mln, 9.66% compound rate, 177 days maturity