

# Yapı Kredi 1Q17 Earnings Presentation

*A very strong start to the year, driven by successful execution of long term strategy*

27 April 2017



## Strong performance in 1Q17...

**1 bln TL** *Net Income* **+42% y/y**

Very strong bottom-line

**15.8%** *ROATE* **+298 bps y/y**

Improving for the past 5 consecutive quarters

**39%** *Cost/Income Ratio* **-245 bps y/y**

Continued revenue growth;  
cost elimination in full force

**1.12%** *CoR* **-29 bps y/y**

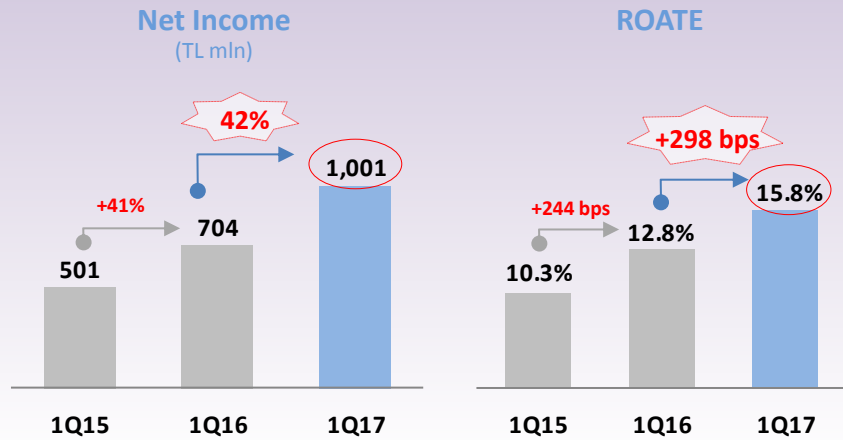
Active asset quality management

**10.7%** *CET1* **+15 bps ytd**

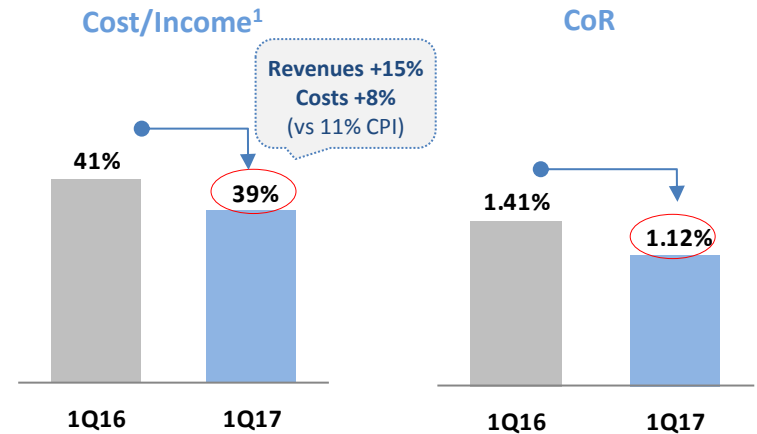
Internal capital generation on track

# ...with improvement on all fronts

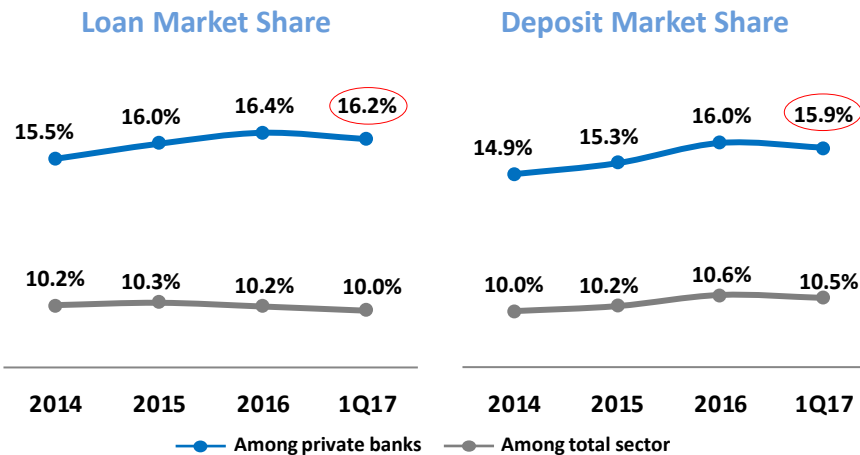
## Profitability Acceleration



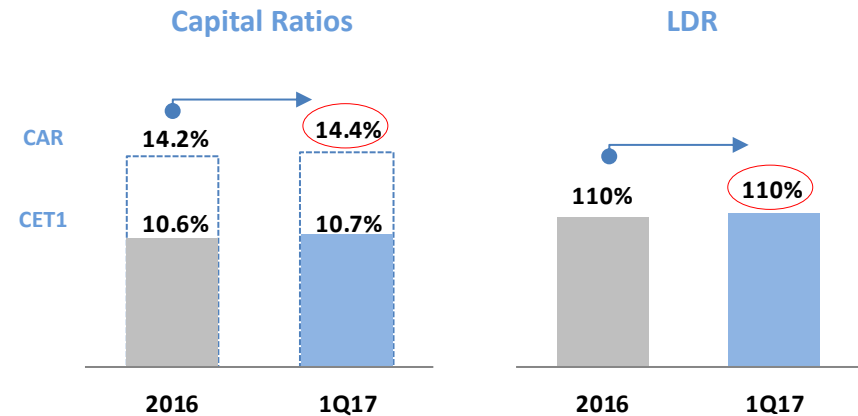
## Strong Operational Performance



## Efficient Scale



## Solid Fundamentals



Notes:  
 Market shares based on BRSA bank-only weekly data. 1Q17 as of 31 Mar'17  
 CAR= Capital Adequacy Ratio; CET1= Common Equity Tier-1; LDR= Loans / (Deposits + TL Bonds); CoR= Total Specific + Generic Cost of Risk net of collections. CAR and CET1 based on BRSA bank-only financials  
 ROATE indicates Return on Average Tangible Equity (excl. goodwill of TL 979 mln)  
 (1) 2016 other income and provision figures are restated due to the revision on accounting treatment of collections

# Balanced volume growth

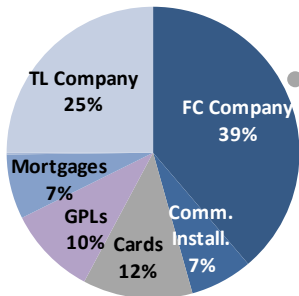
## Lending (TL bln)

### Loans +4% ytd

mainly driven by company lending with effective utilisation of **Credit Guarantee Fund<sup>1</sup>** facility

	YKB		Private Banks	
	1Q17	y/y	ytd	ytd <sup>2</sup>
Cash + Non-Cash Loans	256.1	20%	5%	6%
<b>Total Loans<sup>3</sup></b>	<b>183.7</b>	<b>19%</b>	<b>4%</b>	<b>6%</b>
TL	112.5	14%	6%	8%
FC (\$)	19.6	0%	-2%	-1%
Consumer Loans	31.6	7%	2%	2%
Credit Cards	22.3	13%	0%	1%
<b>Companies<sup>4</sup></b>	<b>129.8</b>	<b>23%</b>	<b>5%</b>	<b>7%</b>
Comm. Install.	12.7	0%	17%	23%

### Total Loans Breakdown



### FC Company Lending Breakdown

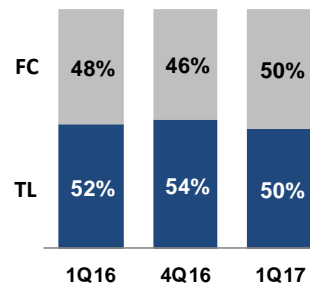
	Share	y/y
Project Finance	65%	5%
LT Investments	27%	-4%
ST Loans	8%	-4%

## Funding (TL bln)

Deposits +4% ytd driven by above sector growth in customer deposits;  
No significant change in overall mix

	YKB		Private Banks	
	1Q17	y/y	ytd	ytd <sup>2</sup>
<b>Total Deposits</b>	<b>163.5</b>	<b>20%</b>	<b>4%</b>	<b>5%</b>
TL	81.3	15%	-3%	-2%
FC (\$)	22.6	-3%	9%	8%
<b>Customer Deposits<sup>5</sup></b>	<b>157.3</b>	<b>20%</b>	<b>6%</b>	<b>5%</b>
TL	79.5	18%	1%	-1%
FC (\$)	21.4	-5%	7%	8%
<b>Demand Deposits</b>	<b>28.2</b>	<b>24%</b>	<b>4%</b>	<b>9%</b>
<b>TL Bonds</b>	<b>3.6</b>	<b>-19%</b>	<b>-10%</b>	<b>-5%</b>
<b>Repos</b>	<b>3.3</b>	<b>-54%</b>	<b>-47%</b>	<b>-11%</b>
<b>Borrowings</b>	<b>61.0</b>	<b>23%</b>	<b>6%</b>	<b>4%</b>

### Deposit Breakdown



### Segment Breakdown of Deposit Growth

	ytd
<b>Corp/Comm</b>	<b>7%</b>
TL	-6%
FC (\$)	11%
<b>Retail + SME</b>	<b>5%</b>
TL	3%
FC (\$)	5%

Eurobond issuance of 600 mln USD

#### Notes:

- (1) Credit Guarantee Fund provides guarantees for eligible SME, Commercial & Export Loans with 7% NPL ratio coverage
- (2) Private banks based on BRSA weekly data as of 31 Mar'17. TL Bonds and Borrowings for private banks based on BRSA monthly data as of Feb'17
- (3) Loans indicate performing loans
- (4) Total loans excluding consumer loans and credit cards and including commercial instalment loans (proxy for SME lending)
- (5) Excluding bank deposits

# All time high profitability driven by core business

## P&L

Effective performance in all lines leading to  
**TL 1,001 mln** quarterly net income (+42% y/y)

<i>TL mln</i>	1Q16 <sup>1</sup>	1Q17	y/y
Total Revenues	3,063	3,529	15%
Core Revenues <sup>2</sup>	2,642	3,066	16%
Operating Costs	1,264	1,370	8%
<b>Operating Income</b>	<b>1,799</b>	<b>2,160</b>	<b>20%</b>
Provisions	888	895	1%
<b>Net Income</b>	<b>704</b>	<b>1,001</b>	<b>42%</b>
<b>ROATE<sup>3</sup></b>	<b>12.8%</b>	<b>15.8%</b>	298bps
<b>ROAA</b>	<b>1.2%</b>	<b>1.4%</b>	26bps

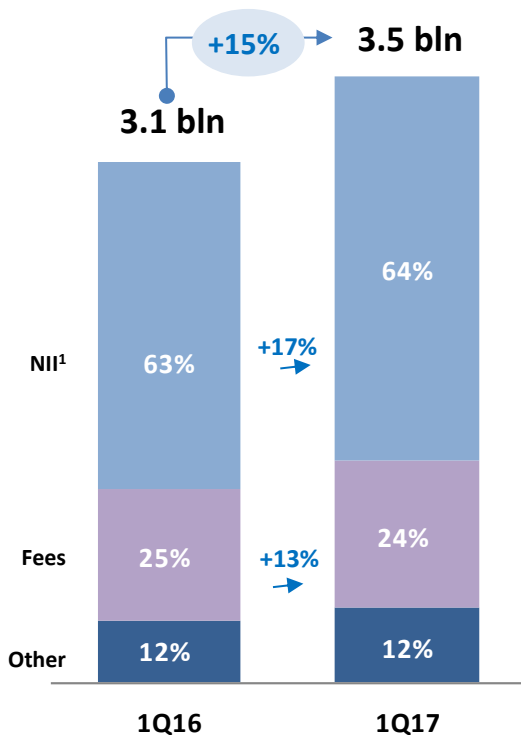
Including TL 50 mln additional provisions  
(total at TL 150 mln)

Improving for the past 5 consecutive  
quarters

Notes:  
(1) 2016 other income and provision figures are restated due to the revision on accounting treatment of collections  
(2) Core revenues = Net Interest Income - Swap Costs + Fees  
(3) ROATE indicates return on average tangible equity (excl. goodwill of TL 979 mln)

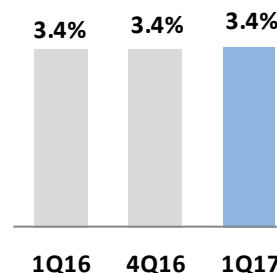
# Double digit fee and NII growth driving strong performance

## Revenue Breakdown (TL)

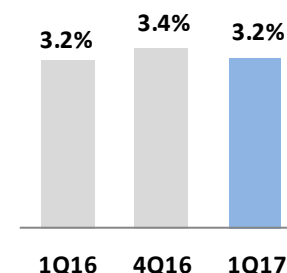


**Stable NIM q/q;**  
swap adjusted NIM  
-18 bps q/q due to  
increasing swap costs

## NIM (bank-only)

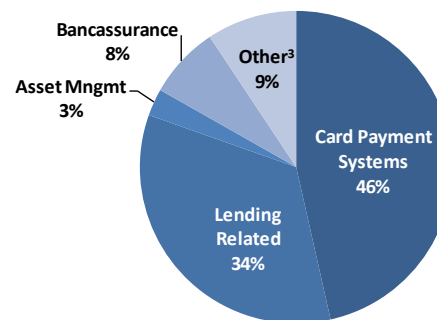


## Swap Adjusted NIM (bank-only)<sup>2</sup>



**13% y/y fee growth**  
mainly driven by  
lending related fees  
(+17% y/y) and cards  
(+7% y/y)

## Fees Received Composition



**Positive trend in  
collections driving  
other income; trading  
line supported by FX  
gains**

## Other Income Breakdown

<i>mIn TL</i>	1Q16	4Q16	1Q17
<b>Other Income</b>	<b>307</b>	<b>240</b>	<b>362</b>
Collections <sup>4</sup>	209	178	234
NPL Sale	-	-	28
<b>Trading &amp; FX (net)</b>	<b>48</b>	<b>37</b>	<b>66</b>
Swap Costs	-62	39	-34

Notes:

As of 2017, expected inflation (8.8% for 2017) used for CPI-linker valuation calculation. CPI-linker gain 325 mln TL in 1Q17 (vs 212 mln TL in 4Q16, 313 mln TL in 1Q16 – both based on realised inflation methodology)

(1) NII adjusted for swap income/loss, (2) Swap Adjusted NIM calculation based on bank-only swap costs. Please refer to page 20 for bank-only swap costs, (3) Other includes account maintenance, money transfers, equity trading, campaigns and product bundles etc., (4) 2016 collections figures are restated due to the revision on accounting treatment of collections

# Decline in loan-deposit spread mainly due to normalisation in FX loan yields

## Loan Yields (Quarterly)

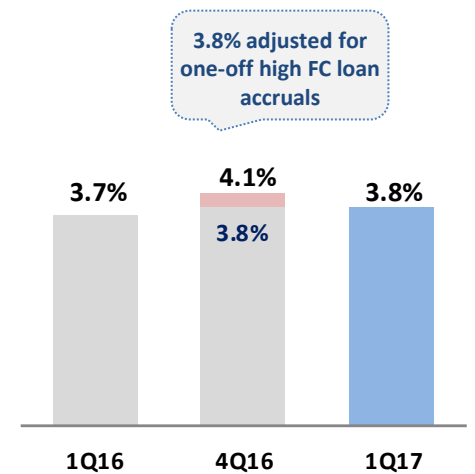
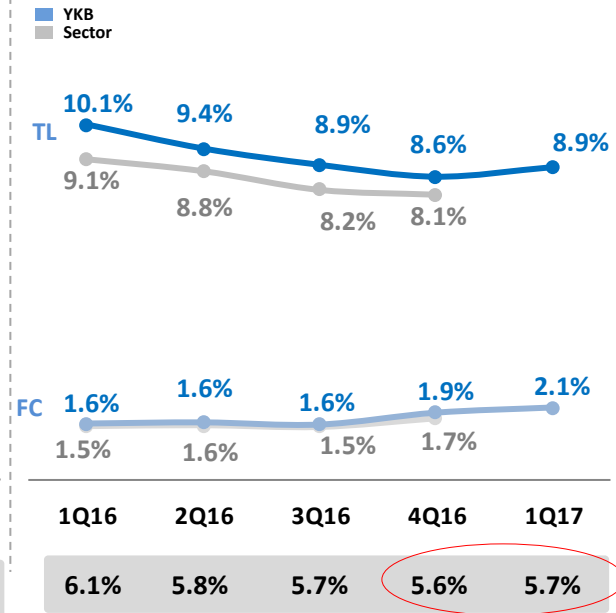
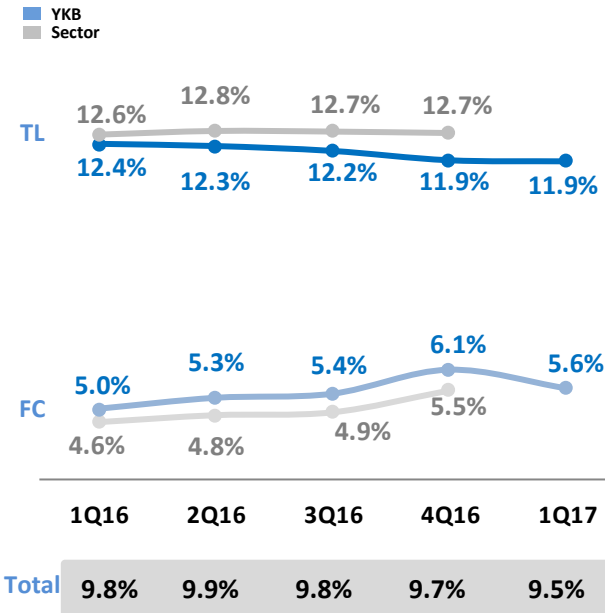
TL loan yields maintained with ongoing efforts on loan repricing; FC yields normalising following one-off high level due to accruals in 4Q

## Deposit Costs (Quarterly)

Limited increase in blended deposit costs supported by active pricing management and mix impact

## Loan-Deposit Spread (Quarterly)

Loan-Deposit spread at 3.8%, stable q/q adjusted for one-off high FC loan accruals

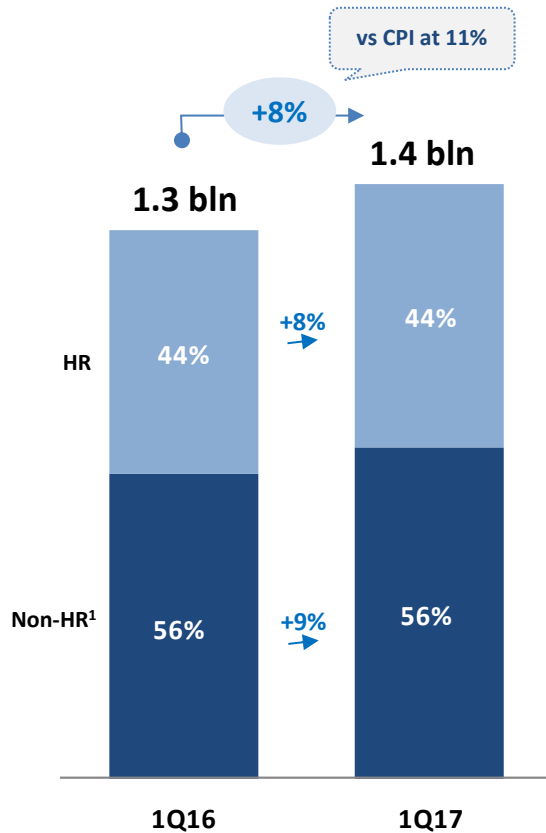


Notes:  
All information based on BRSA bank-only financials; Sector based on BRSA monthly data  
Loan-Deposit Spread: (Interest Income on Loans - Interest Expense on Deposits)/Average (Loans+Deposits)

# Disciplined cost performance: Trend well below inflation

## Cost Breakdown (TL)

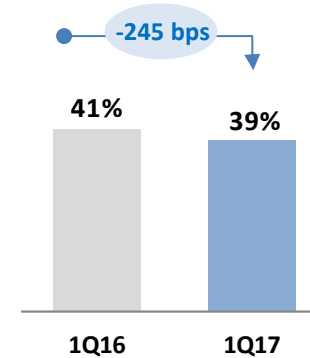
Below inflation cost performance showing results of effective optimisation efforts



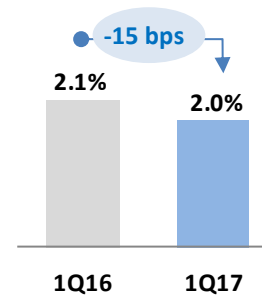
## Cost KPIs

Cost / Income down to 39% together with improvement in all cost KPIs

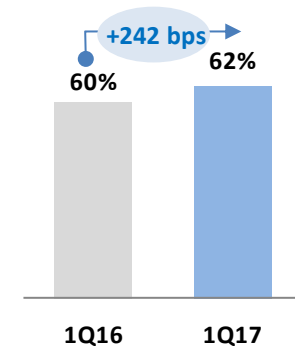
### Cost / Income<sup>2</sup>



### Costs / Average Assets



### Fees / Opex



Notes:

(1) Non-HR costs include advertising, rent, SDIF premium, taxes, depreciation, branch tax, pension fund provisions and loyalty points on Worldcard

(2) 1Q16 other income figure is restated due to the revision on accounting treatment of collections



# Rapid pick up in digital contributing to boost sales and eliminate costs

Digital

Significantly higher market share in digital vs physical network

Digital  
**16.2%**<sup>1</sup>



digital customer market share  
(+306 bps vs 2014)

Physical  
**9%**

market share in branch network,  
headcount and ATMs

Contribution of digital transformation in sales and transactions ongoing with a lower cost to serve...

**37%**

contribution to total sales  
(40 digital products)

**88%**

non-branch contribution to transactions  
of which 39% via digital

...as well as cost elimination in branches to improve efficiency

**Paperless processes**

GPL sales finalised fully via touchscreens

**Lower transaction times**

87% decrease in GPL sales processes

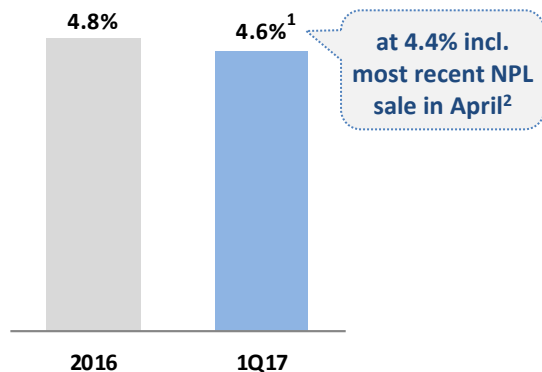
Notes:

(1) Digital market share is as of 2016

# Asset quality dynamics improving supported by better collections; Conservative and proactive stance intact

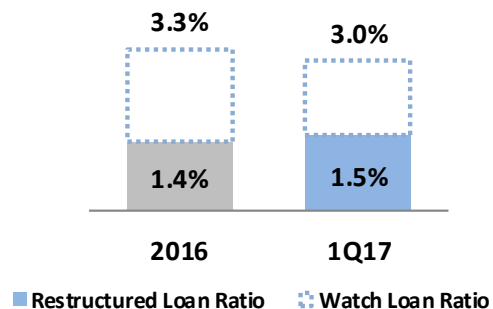
## NPL Ratio

Improvement in NPL ratio through slowdown in NPL inflows as well as positive impact of NPL sale



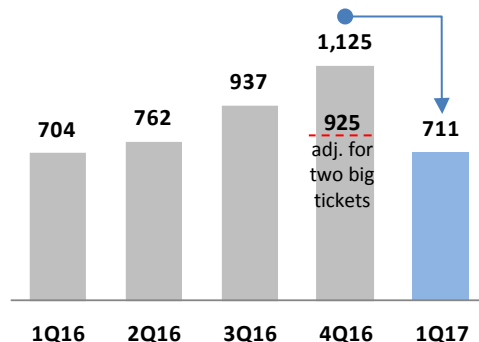
## Watch + Restructured Loans

Decline in watch portfolio with conservative approach on restructuring maintained



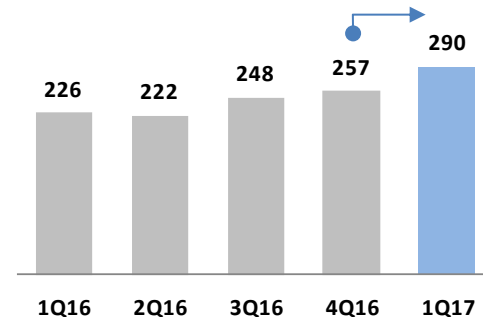
## NPL Inflows (TL mln)

Decreasing trend in new NPL formation



## Collections on the B/S (TL mln)

Continuation of improving trend in collection performance



Notes:  
 (1) Includes NPL sale with a principal amount of TL 493 mln in Feb'17 (consumer and credit cards). 24bps positive impact on 1Q17 NPL ratio.  
 (2) NPL sale of 316 mln TL executed in Apr'17

# Comfortable coverage levels and declining cost of risk

## NPL Coverage

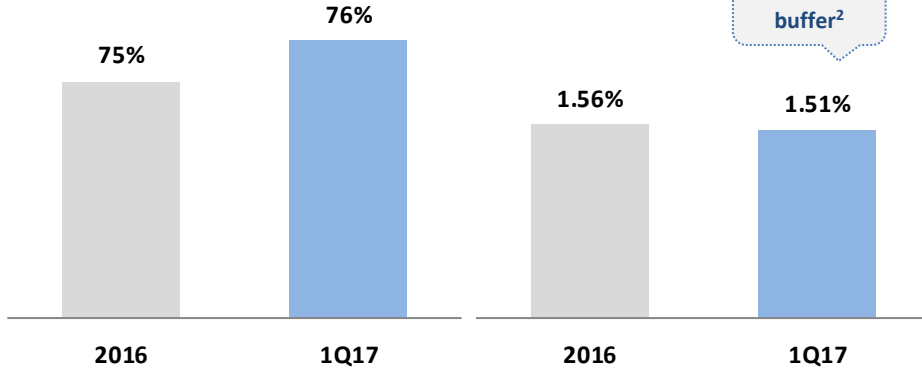
**Relatively stable total NPL coverage;**  
Generic provisioning level indicating significant buffer vs regulation

Specific provisions / NPL

Generic provisions /  
Performing Loans

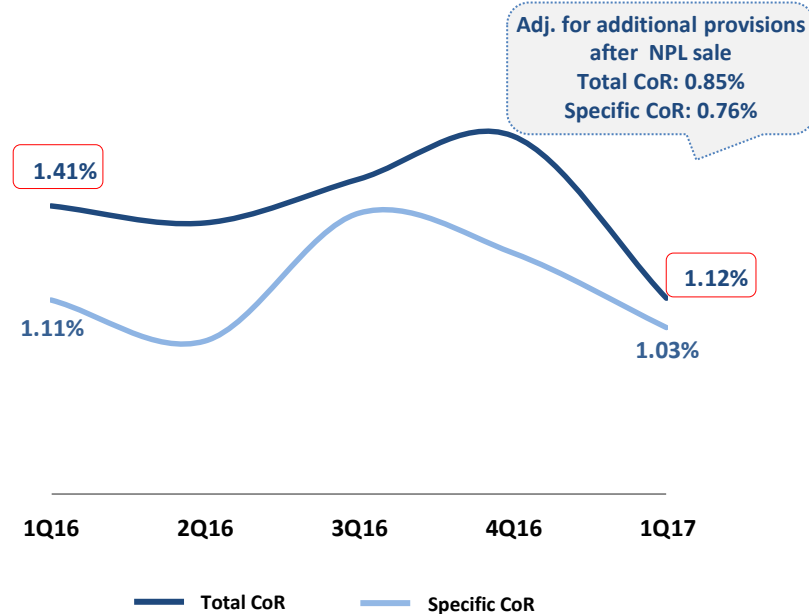
Total NPL Coverage<sup>1</sup>  
111%

1.8 bln TL  
buffer<sup>2</sup>



## Cost of Risk<sup>3</sup> (Quarterly, net of collections)

**Total cost of risk -29 bps y/y** supported by improving collections; -55 bps y/y adjusted for NPL sale impact



Notes:

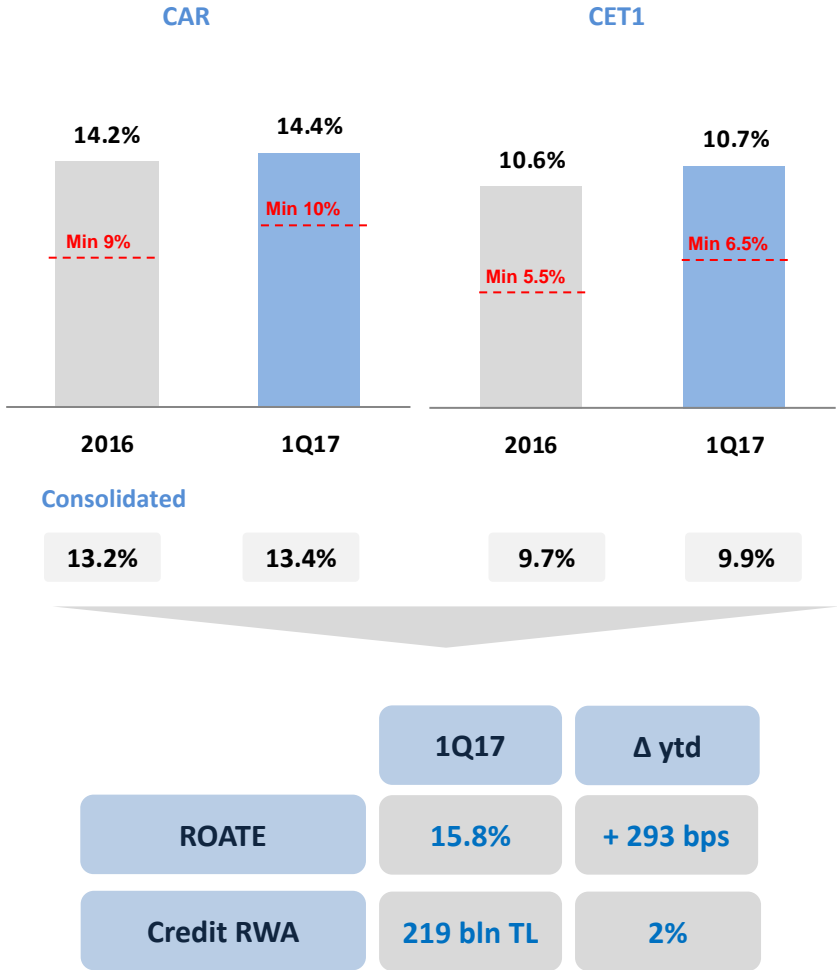
(1) Total NPL coverage = (Specific + Generic Provisions)/NPLs

(2) Currently, YKB is continuing to provision for existing and new consumer loans and cards as before and maintaining its buffer on generic provisions, following the change in the general provisioning policy

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

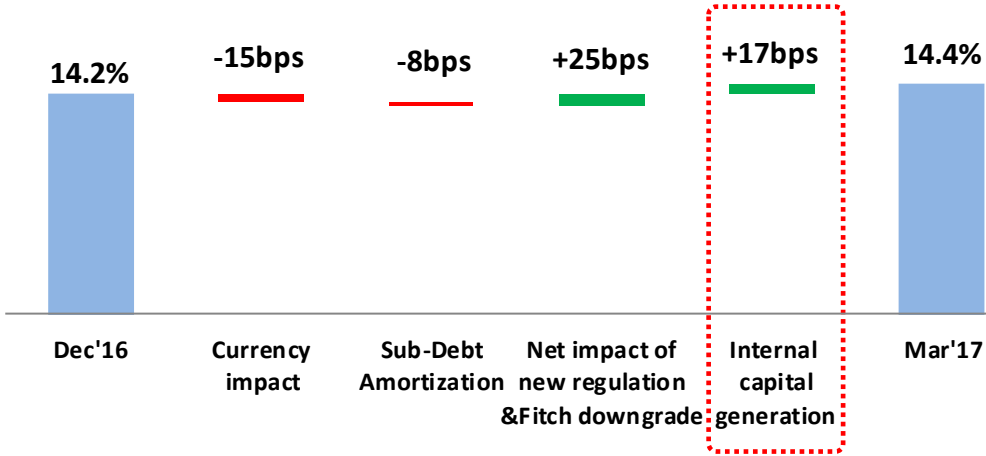
# Improving capital ratios with ongoing internal capital generation

## Capital Ratios (Bank)














Improvement in capitalisation supported by profitability acceleration, stable market share approach and regulation change

## CAR Evolution



Notes:  
 2017 Basel 3 related capitalisation buffers include capital conservation buffer of 1.25%, countercyclical buffer (bank-specific) of 0.014%, SIFI buffer of 0.75% (Group 2), which is only applicable for BRSA consolidated  
 BRSA minimum requirement is 8% + buffers (first trigger is at 12%)  
 Bank T1 Ratio at 10.6% as of 1Q17. 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 (2015:40%, 2016: 60%, 2017: 80%, 2018: 100%)

# 2017 YKB Guidance: Evident outperformance

	2017B	1Q17	
<b>Volumes</b>			
Loans	10 - 12%	16%	
Deposits	10 - 12%	16%	
<b>Revenues and Costs</b>			
NIM	Flattish	Flattish	
Fees	10%	13%	
Costs	2-3pp below CPI	8%	
Cost/Income	42%	39%	
<b>Asset Quality</b>			
NPL ratio	Flattish	-21 bps	
Specific CoR	Stable	-9 bps	
<b>Fundamentals</b>			
LDR	Stable	Stable	
CAR	>13%	14.4%	
<b>Net profit</b>	<b>Mid/High-teens</b>	<b>42%</b>	

## Closing remarks

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**A strong start to the year** with ROATE up to 15.8%

**All three phases of the strategy paying off:**

- **Revenues:** consistently strong performance with >15% y/y growth in total revenues for the last 9 quarters
- **Costs** under control and below inflation since 1Q16
- **Asset quality:** first positive signs in 1Q17

**2017 full year guidance maintained**

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 **Annex**

# Resilient fundamentals amidst challenging conditions & volatility

## Macro Environment

Macro environment impacted by local events and seasonality but partially offset by CBRT and BRSA's supportive approach

	2016	1Q17
GDP Growth (y/y)	3.5%	-
CPI Inflation (y/y)	8.5%	11.3%
Consumer Confidence Index	68.8	66.8
CAD/GDP	-3.8%	-4.0%
Budget Deficit/GDP	-1.1%	-1.7%
Unemployment Rate	12.7%	13.0%
USD/TL (eop)	3.54	3.65
Benchmark Bond Rate (eop)	10.7%	11.3%

## Banking Sector

Banking sector remaining resilient. Ongoing growth, driven by both state and private banks

	1Q16	4Q16	1Q17
<b>Loan Growth</b>	<b>1%</b>	<b>8%</b>	<b>6%</b>
<i>Private</i>	1%	7%	6%
<i>State</i>	3%	9%	7%
<b>Deposit Growth</b>	<b>3%</b>	<b>8%</b>	<b>5%</b>
<i>Private</i>	3%	8%	5%
<i>State</i>	3%	8%	5%
<b>NPL Ratio</b>	<b>3.1%</b>	<b>3.2%</b>	<b>3.1%</b>

Notes:

CAD indicates Current Account Deficit

All macro data as of Mar'17 unless otherwise stated. Unemployment data as of Jan'17, CAD/GDP as of Feb'17

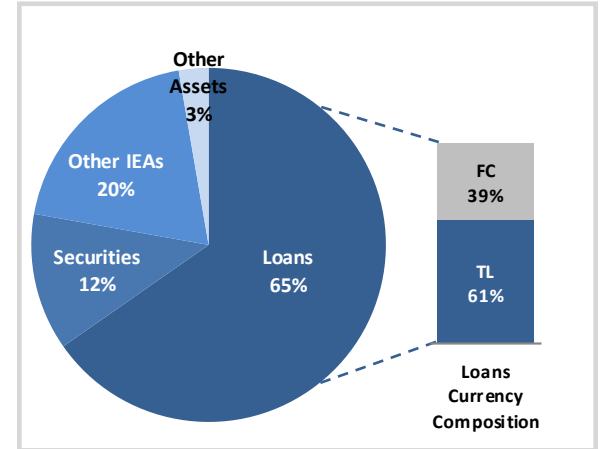
Banking sector volumes based on BRSA weekly data



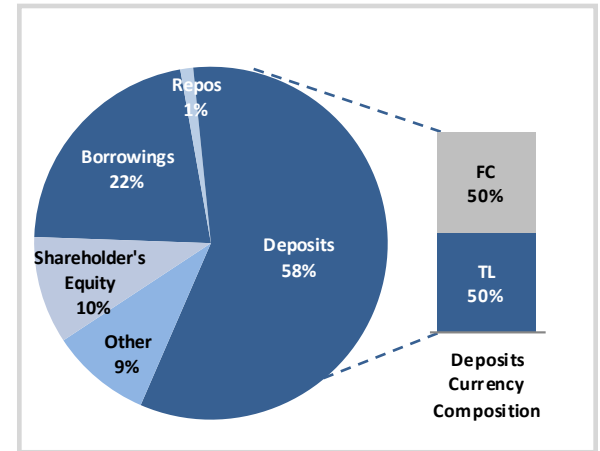
# Consolidated Balance Sheet

TL bln	1Q15	1H15	9M15	YE15	1Q16	1H16	9M16	2016	1Q17	q/q	y/y
<b>Total Assets</b>	<b>215.5</b>	<b>223.8</b>	<b>247.8</b>	<b>235.3</b>	<b>237.9</b>	<b>245.8</b>	<b>248.1</b>	<b>271.1</b>	<b>281.4</b>	<b>4%</b>	<b>18%</b>
<b>Loans</b>	<b>135.5</b>	<b>142.8</b>	<b>153.7</b>	<b>152.5</b>	<b>154.6</b>	<b>161.3</b>	<b>161.6</b>	<b>176.5</b>	<b>183.7</b>	<b>4%</b>	<b>19%</b>
TL Loans	89.3	93.8	97.1	97.7	99.0	102.5	101.3	105.9	112.5	6%	14%
FC Loans (\$)	17.7	18.2	18.6	18.8	19.6	20.3	20.1	20.1	19.6	-2%	0%
<b>Securities</b>	<b>29.9</b>	<b>30.5</b>	<b>33.4</b>	<b>31.7</b>	<b>30.1</b>	<b>30.4</b>	<b>27.9</b>	<b>33.0</b>	<b>35.2</b>	<b>7%</b>	<b>17%</b>
TL Securities	22.5	22.9	23.8	22.1	20.5	20.9	19.1	22.7	24.6	9%	20%
FC Securities (\$)	2.8	2.8	3.1	3.3	3.4	3.3	2.9	2.9	2.9	-1%	-14%
<b>Deposits</b>	<b>119.7</b>	<b>126.1</b>	<b>136.3</b>	<b>130.0</b>	<b>136.6</b>	<b>137.7</b>	<b>138.6</b>	<b>157.1</b>	<b>163.5</b>	<b>4%</b>	<b>20%</b>
TL Deposits	64.5	62.7	65.4	67.2	70.4	71.3	75.3	84.2	81.3	-3%	15%
FC Deposits (\$)	21.2	23.5	23.3	21.6	23.3	22.9	21.1	20.7	22.6	9%	-3%
<b>Borrowings</b>	<b>46.7</b>	<b>45.8</b>	<b>52.8</b>	<b>48.7</b>	<b>49.7</b>	<b>49.9</b>	<b>51.1</b>	<b>57.7</b>	<b>61.0</b>	<b>6%</b>	<b>23%</b>
TL Borrowings	5.6	5.5	4.9	5.5	5.3	4.8	5.0	5.4	5.1	-5%	-4%
FC Borrowings (\$)	15.7	15.0	15.7	14.9	15.7	15.6	15.4	14.9	15.4	3%	-2%
<b>Shareholders' Equity</b>	<b>21.0</b>	<b>22.1</b>	<b>22.0</b>	<b>23.1</b>	<b>23.7</b>	<b>24.3</b>	<b>25.0</b>	<b>26.1</b>	<b>27.7</b>	<b>6%</b>	<b>17%</b>
<b>Assets Under Management</b>	<b>13.0</b>	<b>13.4</b>	<b>13.6</b>	<b>13.8</b>	<b>14.4</b>	<b>14.8</b>	<b>15.4</b>	<b>16.1</b>	<b>17.4</b>	<b>8%</b>	<b>21%</b>
<b>Loans/Assets</b>	63%	64%	62%	65%	65%	66%	65%	65%	65%		
<b>Securities/Assets</b>	13%	13%	12%	13%	12%	12%	11%	11%	12%		
<b>Borrowings/Liabilities</b>	22%	20%	21%	21%	21%	20%	21%	21%	22%		
<b>Loans/(Deposits+TL Bonds)</b>	110%	110%	110%	114%	110%	114%	113%	110%	110%		
<b>CAR - cons</b>	14.3%	13.0%	12.1%	12.9%	13.5%	13.6%	13.9%	13.2%	13.4%		
<b>Common Equity Tier-I - cons</b>	10.6%	10.1%	9.2%	10.0%	10.2%	10.3%	10.6%	9.7%	9.9%		
<b>Leverage Ratio</b>	9.2x	9.1x	10.3x	9.2x	9.0x	9.1x	8.9x	9.4x	9.2x		

## 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	1Q17	Private			Private			Private			Private			Private			Market Share
		YKB	Banks	Sector	YKB	Banks	Sector	YKB	Banks	Sector	YKB	Banks	Sector	YKB	Banks	Sector	
		1Q16 Δ	1Q16 Δ	1Q16 Δ	2Q16 Δ	2Q16 Δ	2Q16 Δ	3Q16 Δ	3Q16 Δ	3Q16 Δ	4Q16 Δ	4Q16 Δ	4Q16 Δ	1Q17 Δ	1Q17 Δ	1Q17 Δ	
<b>Cash + Non-cash loans</b>	<b>256.1</b>	<b>1%</b>	1%	1%	<b>5%</b>	4%	4%	<b>1%</b>	2%	3%	<b>9%</b>	8%	9%	<b>5%</b>	6%	5%	<b>10.9%</b>
<b>Total Loans<sup>1</sup></b>	<b>183.7</b>	<b>1%</b>	1%	1%	<b>4%</b>	3%	4%	<b>0%</b>	2%	3%	<b>9%</b>	7%	8%	<b>4%</b>	6%	6%	<b>10.0%</b>
TL	112.5	1%	1%	2%	4%	4%	4%	-1%	1%	2%	5%	3%	4%	6%	8%	8%	9.6%
FC (\$)	19.6	4%	3%	3%	3%	0%	1%	-1%	-1%	2%	0%	-5%	-2%	-2%	-1%	-1%	10.8%
<b>Consumer Loans</b>	<b>31.6</b>	<b>1%</b>	0%	1%	<b>3%</b>	2%	2%	<b>0%</b>	1%	2%	<b>3%</b>	3%	5%	<b>2%</b>	2%	4%	<b>9.3%</b>
Mortgages	13.2	-2%	1%	2%	2%	3%	3%	-2%	0%	3%	4%	3%	6%	5%	2%	5%	8.2%
General Purpose	18.1	3%	0%	0%	3%	1%	1%	1%	1%	1%	1%	3%	4%	0%	2%	3%	10.5%
<b>Credit Cards</b>	<b>22.3</b>	<b>-1%</b>	-1%	-1%	<b>6%</b>	4%	4%	<b>5%</b>	3%	3%	<b>2%</b>	1%	1%	<b>0%</b>	1%	1%	<b>21.9%</b>
<b>Companies<sup>2</sup></b>	<b>129.8</b>	<b>2%</b>	1%	2%	<b>4%</b>	4%	4%	<b>-1%</b>	2%	4%	<b>12%</b>	8%	9%	<b>5%</b>	7%	6%	<b>9.3%</b>
TL	58.6	3%	2%	2%	3%	5%	5%	-4%	1%	2%	7%	4%	4%	12%	13%	10%	8.0%
FC (\$)	19.6	4%	3%	3%	3%	0%	1%	-1%	-1%	2%	0%	-5%	-2%	-2%	-1%	-1%	10.8%
<b>Comm. Install.</b>	<b>12.7</b>	<b>0%</b>	3%	0%	<b>-3%</b>	1%	2%	<b>-8%</b>	-1%	0%	<b>-4%</b>	7%	7%	<b>17%</b>	23%	19%	<b>5.2%</b>
<b>Total Deposits</b>	<b>163.5</b>	<b>5%</b>	3%	3%	<b>1%</b>	3%	3%	<b>1%</b>	1%	2%	<b>13%</b>	9%	8%	<b>4%</b>	5%	5%	<b>10.5%</b>
TL	81.3	5%	2%	3%	1%	6%	5%	6%	7%	7%	12%	3%	3%	-3%	-2%	0%	9.9%
FC (\$)	22.6	8%	6%	6%	-2%	-2%	-2%	-8%	-9%	-7%	-2%	-2%	-1%	9%	8%	7%	11.2%
<b>Customer Demand</b>	<b>157.3</b>	<b>5%</b>	3%	3%	<b>2%</b>	3%	3%	<b>1%</b>	2%	2%	<b>11%</b>	8%	8%	<b>6%</b>	5%	5%	<b>10.8%</b>
<b>Demand</b>	<b>27.9</b>	<b>12%</b>	2%	3%	<b>1%</b>	4%	5%	<b>0%</b>	2%	2%	<b>19%</b>	14%	16%	<b>5%</b>	9%	7%	<b>8.5%</b>
<b>TL Bonds</b>	<b>3.6</b>	<b>6%</b>	5%	2%	<b>-14%</b>	-1%	0%	<b>12%</b>	-5%	-2%	<b>-7%</b>	-2%	-2%	<b>-10%</b>	-5%	0%	<b>13.0%</b>
<b>Repos</b>	<b>3.3</b>	<b>-31%</b>	-4%	-1%	<b>20%</b>	-7%	-1%	<b>11%</b>	6%	0%	<b>-34%</b>	-16%	-11%	<b>-47%</b>	-11%	-29%	<b>3.5%</b>
<b>Borrowings</b>	<b>61.0</b>	<b>2%</b>	-3%	-1%	<b>0%</b>	2%	2%	<b>2%</b>	0%	2%	<b>13%</b>	13%	14%	<b>6%</b>	4%	4%	

Note: Balance sheet 1Q17 volumes for sector and private banks based on BRSA weekly data as of 31 Mar'17. Volumes for TL Bonds and Borrowings for sector and private banks based on BRSA monthly data as of Feb'17. FC-indexed loans included in TL loans  
Market share information as of 1Q17

(1) Total performing loans

(2) Total loans excluding consumer loans and credit cards

# Consolidated Income Statement

TL million	1Q16	2Q16 <sup>1</sup>	3Q16	4Q16	1Q17	q/q	y/y
<b>Total Revenues</b>	<b>3,063</b>	<b>3,235</b>	<b>3,189</b>	<b>3,156</b>	<b>3,529</b>	<b>12%</b>	<b>15%</b>
<b>Net Interest Income</b>	<b>1,952</b>	<b>1,911</b>	<b>2,217</b>	<b>2,141</b>	<b>2,251</b>	<b>5%</b>	<b>15%</b>
o/w CPI-linkers	313	137	287	212	325	53%	4%
<b>Fees &amp; Commissions</b>	<b>752</b>	<b>778</b>	<b>706</b>	<b>737</b>	<b>849</b>	<b>15%</b>	<b>13%</b>
<b>Other Revenues</b>	<b>359</b>	<b>546</b>	<b>266</b>	<b>277</b>	<b>430</b>	<b>55%</b>	<b>20%</b>
Other income <sup>2</sup>	307	492	216	240	362	50%	18%
o/w collections <sup>2</sup>	209	208	159	178	234	32%	12%
o/w pension fund reversal	0	0	0	6	0	-	-
o/w NPL sale	0	0	0	0	28	-	-
o/w others	98	284	58	57	101	76%	2%
Trading	48	52	51	37	66	81%	38%
o/w swap costs	-62	-34	-27	39	-34	-	-
Dividend	3	3	0	0	2	-	-
<b>Operating Costs</b>	<b>1,264</b>	<b>1,324</b>	<b>1,352</b>	<b>1,375</b>	<b>1,370</b>	<b>0%</b>	<b>8%</b>
o/w fee rebates	35	22	9	15	10	-32%	-70%
<b>Operating Income</b>	<b>1,799</b>	<b>1,911</b>	<b>1,836</b>	<b>1,780</b>	<b>2,160</b>	<b>21%</b>	<b>20%</b>
<b>Provisions</b>	<b>888</b>	<b>844</b>	<b>808</b>	<b>1,034</b>	<b>895</b>	<b>-13%</b>	<b>1%</b>
Specific Provisions <sup>2</sup>	672	623	748	764	756	-1%	13%
Generic Provisions	120	158	46	171	45	-74%	-63%
Other Provisions	96	63	14	99	94	-5%	-3%
<b>Pre-tax Income</b>	<b>911</b>	<b>1,067</b>	<b>1,028</b>	<b>746</b>	<b>1,265</b>	<b>70%</b>	<b>39%</b>
Tax	207	219	218	176	263	50%	27%
<b>Net Income</b>	<b>704</b>	<b>848</b>	<b>811</b>	<b>570</b>	<b>1,001</b>	<b>76%</b>	<b>42%</b>
<b>ROE</b>	<b>12.8%</b>	<b>15.0%</b>	<b>13.9%</b>	<b>9.4%</b>	<b>15.8%</b>		
<b>Cost/Income</b>	<b>41%</b>	<b>41%</b>	<b>42%</b>	<b>44%</b>	<b>39%</b>		
<b>Tax Rate</b>	<b>23%</b>	<b>21%</b>	<b>21%</b>	<b>24%</b>	<b>21%</b>		

Notes:

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

(1) Net impact of visa sale gain: 210 mln TL in 2Q16

(2) 2016 other income and provisions figures are restated due to the revision on accounting treatment of collections

# Bank-Only Income Statement

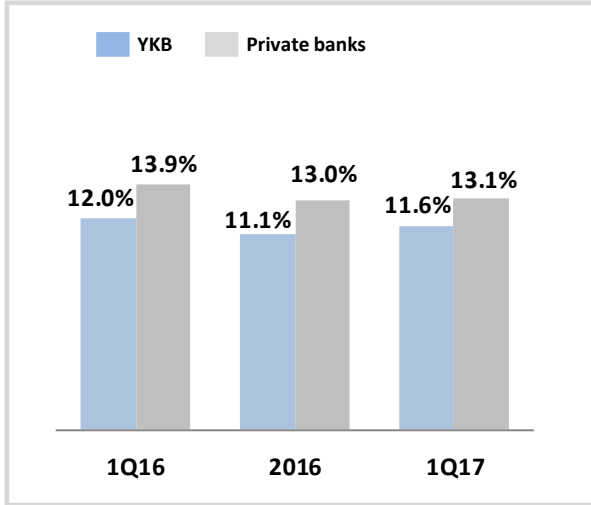
TL million	1Q16	2Q16	3Q16	4Q16	1Q17	q/q	y/y
<b>Total Revenues</b>	<b>2,950</b>	<b>3,128</b>	<b>3,083</b>	<b>3,023</b>	<b>3,401</b>	<b>13%</b>	<b>15%</b>
<b>Net Interest Income</b>	<b>1,821</b>	<b>1,772</b>	<b>2,065</b>	<b>1,976</b>	<b>2,141</b>	<b>8%</b>	<b>18%</b>
o/w CPI-linkers	313	137	287	212	325	53%	4%
<b>Fees &amp; Commissions</b>	<b>716</b>	<b>744</b>	<b>671</b>	<b>695</b>	<b>807</b>	<b>16%</b>	<b>13%</b>
<b>Other Revenues</b>	<b>413</b>	<b>612</b>	<b>347</b>	<b>352</b>	<b>453</b>	<b>29%</b>	<b>10%</b>
Other income <sup>1</sup>	398	584	317	348	473	36%	19%
o/w collections <sup>1</sup>	209	208	159	178	234	32%	12%
o/w pension fund reversal	0	0	0	6	0	-	-
o/w NPL sale	0	0	0	0	28	-	-
o/w profit/(loss) of associates & jv.s accounted for using equity method	108	113	128	128	146	14%	36%
o/w others	81	263	31	36	65	83%	-20%
Trading	15	28	30	4	-22	-	-
o/w swap costs	-94	-52	-33	35	-114	-	-
Dividend	0	0	0	0	2	-	-
<b>Operating Costs</b>	<b>1,199</b>	<b>1,258</b>	<b>1,310</b>	<b>1,309</b>	<b>1,295</b>	<b>-1%</b>	<b>8%</b>
o/w fee rebates	35	22	9	15	10	-32%	-70%
<b>Operating Income</b>	<b>1,751</b>	<b>1,870</b>	<b>1,773</b>	<b>1,714</b>	<b>2,106</b>	<b>23%</b>	<b>20%</b>
<b>Provisions</b>	<b>863</b>	<b>828</b>	<b>776</b>	<b>995</b>	<b>876</b>	<b>-12%</b>	<b>1%</b>
Specific Provisions <sup>1</sup>	654	610	723	725	745	3%	14%
Generic Provisions	115	155	40	174	43	-75%	-62%
Other Provisions	94	63	13	97	88	-9%	-7%
<b>Pre-tax Income</b>	<b>887</b>	<b>1,042</b>	<b>997</b>	<b>719</b>	<b>1,230</b>	<b>71%</b>	<b>39%</b>
Tax	183	194	186	149	229	54%	25%
<b>Net Income</b>	<b>704</b>	<b>848</b>	<b>811</b>	<b>570</b>	<b>1,001</b>	<b>76%</b>	<b>42%</b>
<b>ROE</b>	<b>12.8%</b>	<b>15.0%</b>	<b>13.9%</b>	<b>9.4%</b>	<b>15.8%</b>		
<b>Cost/Income</b>	<b>41%</b>	<b>40%</b>	<b>42%</b>	<b>43%</b>	<b>38%</b>		
<b>Tax Rate</b>	<b>21%</b>	<b>19%</b>	<b>19%</b>	<b>21%</b>	<b>19%</b>		

Notes:

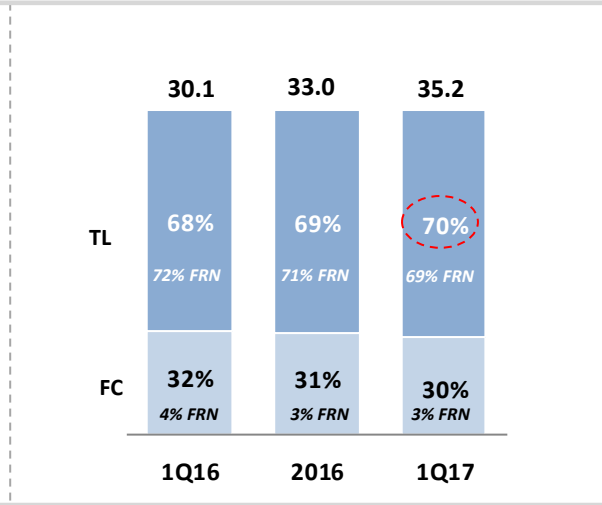
(1) 2016 other income and provisions figures are restated due to the revision on accounting treatment of collections

# Securities

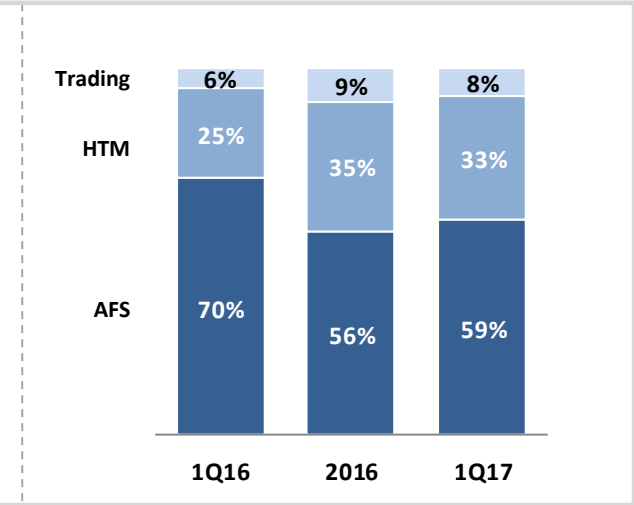
## Securities<sup>1</sup>/Assets



## Composition by Currency (TL bln)

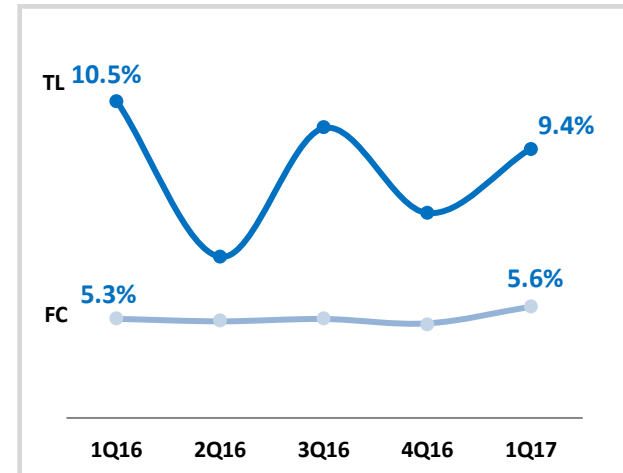


## Composition by Type



- **Securities / assets at 11.6%** with dynamically managed mix to benefit from rate environment
- **Increase in CPI linkers to benefit from higher inflation levels.** CPI-linker volume at 10 bln TL (+5% ytd) with gain of TL 325 mln in 1Q16 (vs TL 212 mln in 4Q16)  
Inflation estimate for the revaluation CPI linkers: 8.8%
- **M-t-m unrealised loss at TL 80 mln as of 1Q16** down from TL -463 mln in 4Q

## Security Yields



Notes: Private banks data based on BRSA monthly data dated Feb'17; YKB data is based on Mar'17 consolidated BRSA financials

(1) Excluding derivatives classified under trading securities

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

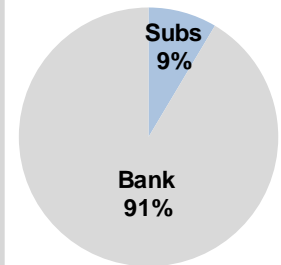
Securities yields based on bank-only financials and exclude effect of reclassification between interest income and other provisions related to amortisation of issuer premium on securities (as per BRSA)

# Subsidiaries

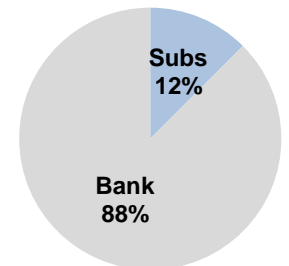
	Revenues (mln TL)	Revenues (y/y growth)	RoE	Sector Positioning	
Domestic Subs	YK Leasing	93	11%	13%	#1 in total transaction volume (19.9% market share)
	YK Factoring	25	9%	26%	#1 in total factoring volume (18.0% market share)
	YK Invest	35	3%	33%	#3 in equity transaction volume (7.3% market share)
	YK Asset Management	15	8%	96%	#2 in mutual funds (18.2% market share)
International Subs	YK Azerbaijan	8 mln US\$	-2%	28%	US\$ 270 mln total assets
	YK Moscow	3 mln US\$	4%	6%	US\$ 136 mln total assets
	YK Nederland	12 mln US\$	15%	8%	US\$ 2.2 bln total assets
	YK Malta	1 mln US\$	n.m.	2%	US\$ 156 mln total assets

## Contribution of Subsidiaries<sup>1</sup>

to Assets




to Net Income



Note: Revenues in TL unless otherwise stated. Market shares of YK Leasing and YK Factoring as of 2016

(1) Including consolidation eliminations

# Borrowings: 21% of total liabilities

International	<b>Syndications</b>	<p>~ US\$ 2.5 bln outstanding</p> <ul style="list-style-type: none"> <li>■ <b>May'16:</b> US\$ 381 mln &amp; € 959.1 mln, Libor/Euribor+0.85% and 0.75% p.a. all-in cost for 367 days, respectively. 48 banks from 15 countries</li> <li>■ <b>Oct'16:</b> 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</li> </ul>
	<b>Securitisations</b>	<p>~ US\$ 1.85 bln outstanding (all unwrapped)</p> <ul style="list-style-type: none"> <li>■ <b>Sep'11:</b> € 75 mln, 12 years (outstanding: ~€ 48.75 mn)</li> <li>■ <b>Jul'13:</b> US\$ 355 mln and €115 mln, 5-13 years (outstanding: ~US\$ 214 mn and € 48 mn)</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 and US\$ 316 mln, 10 years (outstanding: US\$ 416 mln)</li> <li>■ <b>Jul'15:</b> US\$ 575 mln, 5-12 years (outstanding: US\$ 575 mln)</li> </ul>
	<b>Subordinated Loans</b>	<p>~US\$ 2.6 bln outstanding</p> <ul style="list-style-type: none"> <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> <li>■ <b>Mar'16:</b> US\$ 500 mln market transaction, 10NC5, 8.5% (coupon rate)</li> </ul>
	<b>Foreign Currency Bonds / Bills</b>	<p>US\$ 2.2 bln Eurobonds</p> <ul style="list-style-type: none"> <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> <li>■ <b>Feb'17:</b> US\$ 600 mln, 5.75% (coupon rate), 5 years </li> </ul>
	<b>Covered Bond</b>	<p>TL 458 mln first tranche (outstanding ~ TL 285,9 mn)</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\$ 375.8 mln outstanding</p> <ul style="list-style-type: none"> <li>■ <b>EFIL Loan - 2008/2011:</b> US\$ 34 mln and € 13 mln (outstanding: ~US\$ 4.2 mln and € 1.6 mln)</li> <li>■ <b>EIB Loan - 2008/2012:</b> US\$ 102.4 mln and € 265 mln and TL 187 mln, 5-15 years (outstanding: ~US\$ 99.1 mln, € 153.9 mln and TL 37.6 mln)</li> <li>■ <b>EBRD Loan - 2011/2013:</b> US\$ 55 mln 5 years (outstanding: ~US\$ 21.2 mn)</li> <li>■ <b>CEB Loan - 2011/2014:</b> US\$ 39 mln and € 77.5 mln (outstanding: ~US\$ 33.9 mln and € 65.2 mln)</li> </ul>
	Domestic	<b>Local Currency Bonds / Bills</b>