

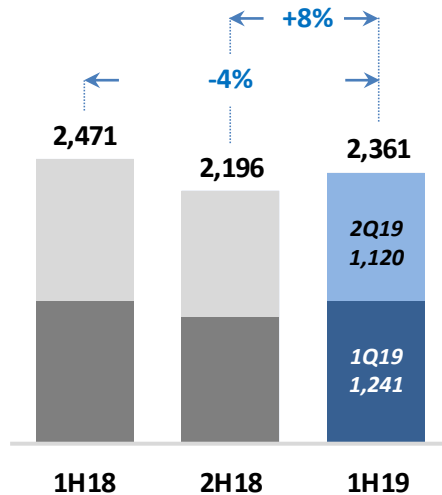
# Yapı Kredi 1H19 Earnings Presentation

1 August 2019



# Ongoing strength in core performance with a prudent asset quality approach, in a quarter shaded with macro volatility

## Net Profit (TL mIn)



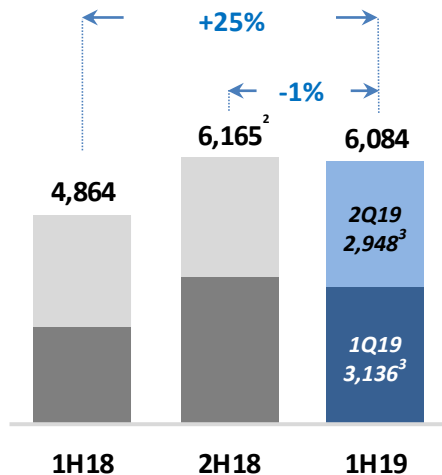
RoTE at 12.5%; better than the guidance

NIM quarterly up by 13 bps<sup>4</sup> thanks to TL loan deposit spread (+20bps q/q)

Fee income up 24% y/y through payment systems and transactional banking

Prudency in asset quality sustains : 2.33%<sup>5</sup> CoR

## PPP<sup>1</sup> (TL mIn)



Backed by a strong balance sheet position;

- ✓ LDR further improves: 101%
- ✓ LCR<sup>6</sup> as high as 155%, FC LCR at 375%
- ✓ Tier-1 ratio at 12.8%

322bps above the regulatory requirements

### Notes:

1. Pre-Provision Profit figures exclude ECL collection income, trading income to hedge FC ECL and pension fund provisions reserved in 4Q18
2. Assuming 25.2% inflation just for 2H18, stated at 7,544 mln TL due to CPI linker's higher income generation related with 1H18
3. Adjusted for the CPI linker income's 3 months impact of inflation revision to 11% from 12% (58 mln TL)
4. Adjusted for the CPI linker assumption change (1H19: 11%; 1Q19: 12%)

5. Adjusted for hedged FX impact
6. Based on past three months averages

# Loans: Strong TL loan growth vs ongoing decline in FC loans with further improvement in composition towards small tickets

Lending

## Loan volumes (TL bln)

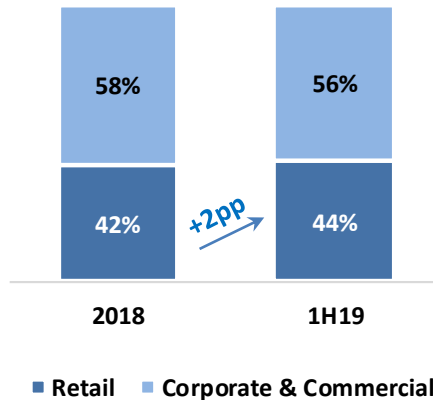
	1H19	Yapı Kredi			Private Banks <sup>1</sup>		
		q/q	y/y	ytd	q/q	y/y	ytd
<b>Cash+Non-cash Loans<sup>2</sup></b>	<b>323.1</b>	<b>0%</b>	<b>3%</b>	<b>5%</b>	<b>-1%</b>	<b>-1%</b>	<b>2%</b>
TL <sup>3</sup>	158.5	4%	5%	8%	-1%	-5%	1%
FC (\$) <sup>3</sup>	28.6	-5%	-20%	-5%	-3%	-18%	-6%
<b>Cash Loans<sup>2</sup></b>	<b>232.3</b>	<b>1%</b>	<b>5%</b>	<b>5%</b>	<b>-1%</b>	<b>-1%</b>	<b>3%</b>
TL <sup>3</sup>	131.6	5%	7%	9%	-1%	-6%	2%
FC (\$) <sup>3</sup>	17.5	-6%	-20%	-8%	-2%	-15%	-5%

5% total loan growth on a ytd basis

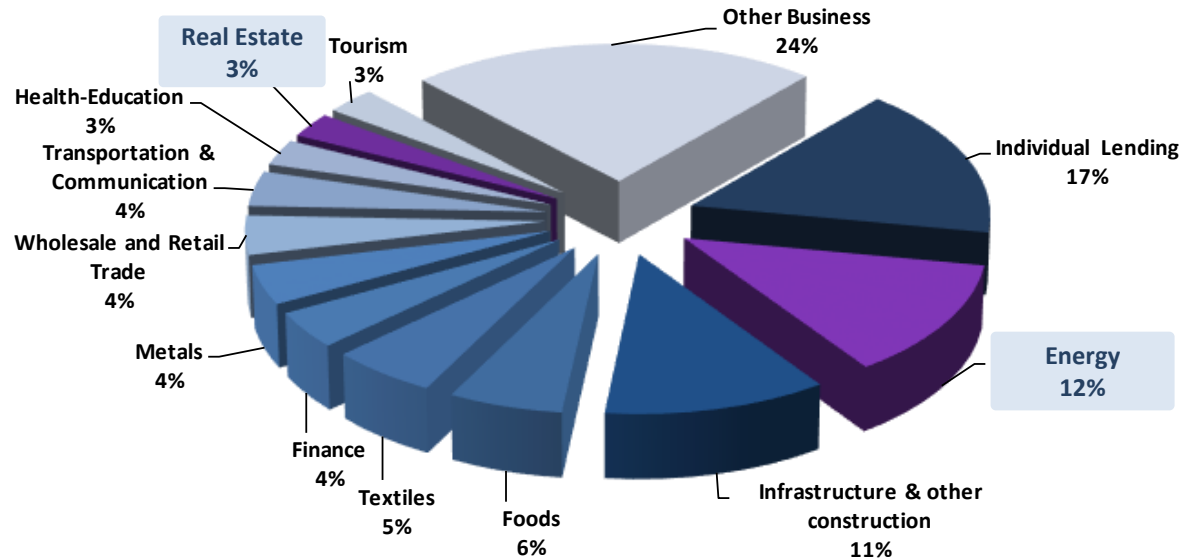
9% ytd increase in TL cash loans  
supported by 8.4 bln TL CGF utilization in 1H19

8% ytd contraction in FC cash loans

## Segment Breakdown of Cash Loans<sup>4</sup>



## Sectoral Breakdown of Cash and Non-Cash Loans - bank only



### Notes:

1. Private banks based on BRSA weekly data as of 28 June 2019
2. Cash Loans indicate performing loans excluding factoring and leasing receivables
3. TL and FC loans are adjusted for the FX indexed loans
4. Based on MIS data adjusted for FX, Retail includes individual, credit cards and SMEs

# Deposits: Strong TL deposit growth with ongoing market share gain in individual deposits

Funding

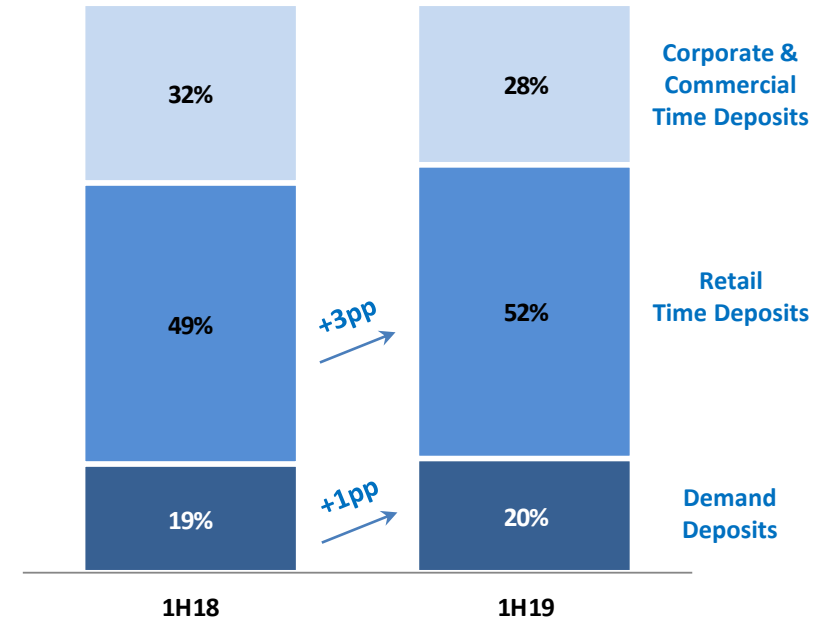
## Deposit volumes (TL bln)

	1H19	YKB			Private Banks <sup>1</sup>		
		q/q	y/y	ytd	q/q	y/y	ytd
<b>Customer Deposits</b>	<b>219.5</b>	<b>2%</b>	<b>22%</b>	<b>10%</b>	<b>2%</b>	<b>14%</b>	<b>8%</b>
TL	90.9	5%	19%	5%	2%	4%	-3%
FC (\$)	22.4	-2%	-1%	4%	-1%	-3%	7%

## Deposit market share<sup>1</sup>

	2018	1H19	chg ytd
<b>Customer Deposits</b>	<b>15.9%</b>	<b>16.1%</b>	<b>15bps</b>
<i>o/w Individual TL Time</i>	<i>13.8%</i>	<i>14.2%</i>	<i>45bps</i>
<i>o/w Individual TL demand</i>	<i>14.1%</i>	<i>15.0%</i>	<i>93bps</i>

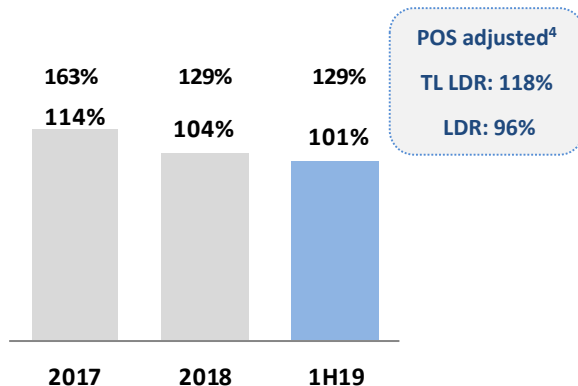
## Deposit Breakdown (FX adjusted)<sup>2</sup>



## Liquidity

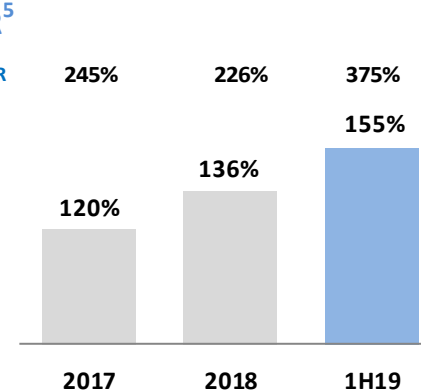
### LDR<sup>3</sup>

TL LDR



### LCR<sup>5</sup>

FC LCR



Short term FX  
Liquidity<sup>6</sup>: ~11 bln USD

Run-off's in 1 year:  
5.0 bln USD

Notes:

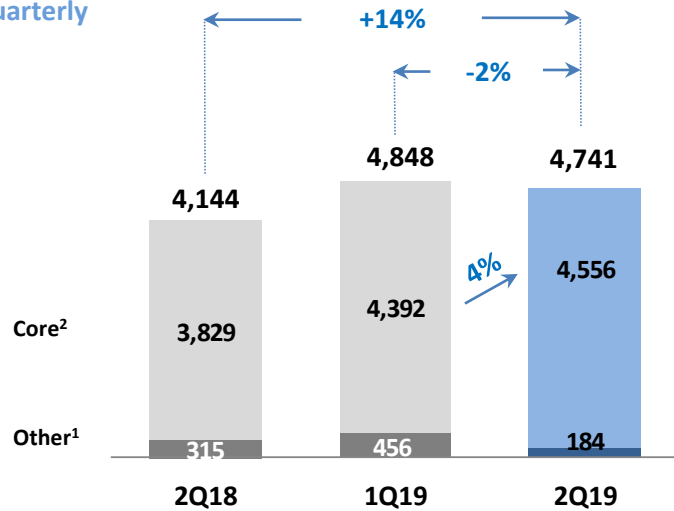
1. Private banks based on BRSA weekly data as of 28 June 2019
2. Based on MIS data (weekly average)
3. LDR= Loans / (Deposits + TL Bonds)
4. Adjusted for POS merchants blocked deposits
5. Based on past three months averages
6. MIS data 1 month liquidity; 3 months at 12 bln USD

# Core revenues continue to improve; contraction in trading income due to macro volatility

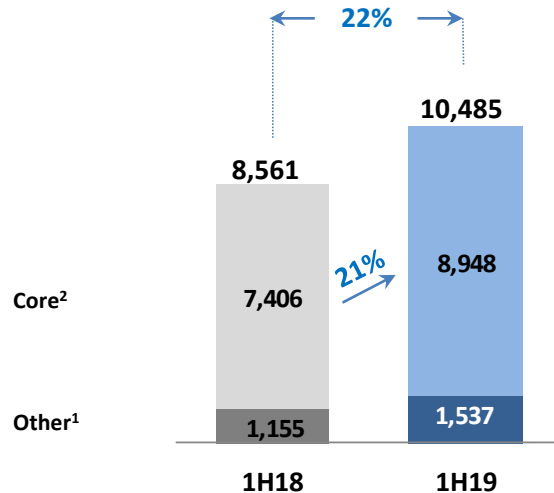
Revenues

## Revenues<sup>1,2</sup> (TL mIn)

Quarterly

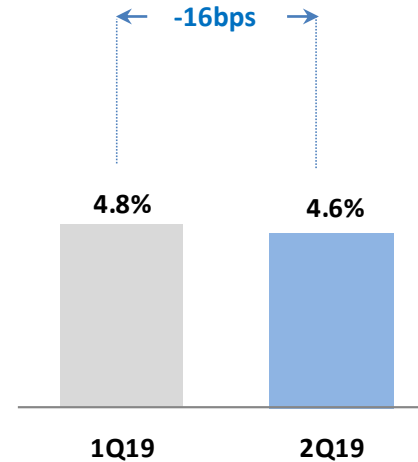


Yearly



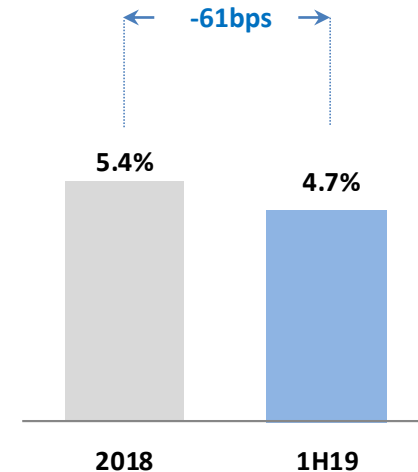
## Core Revenue Margin

Quarterly<sup>2,3</sup>



*Stable quarterly  
Core Revenue Margin  
when adjusted for CPI linkers  
(2Q19: 11% - 1Q19: 12%)*

Cumulative



*35 bps ytd improvement<sup>3</sup>  
excluding CPI linkers*

Notes:

1. Revenues and other revenues exclude ECL collection income and trading income to hedge FC ECL

2. Core Revenues = NII + swap costs + Net fee income; 1Q19 core revenues are adjusted for the change in CPI assumption to 11% from 12% in 2Q19 for the calculation of CPI linker income (58 mln TL)

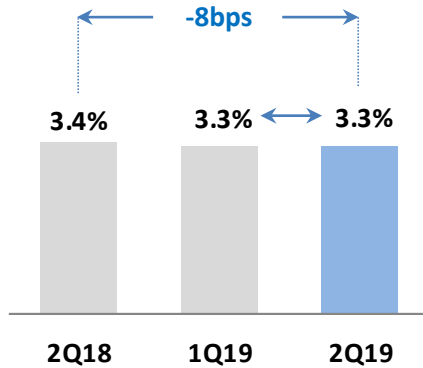
3. MIS, based on daily averages

# CPI adjusted NIM improves 13bps q/q and 16bps ytd with positive evolution in TL core spreads

Revenues - NIM -

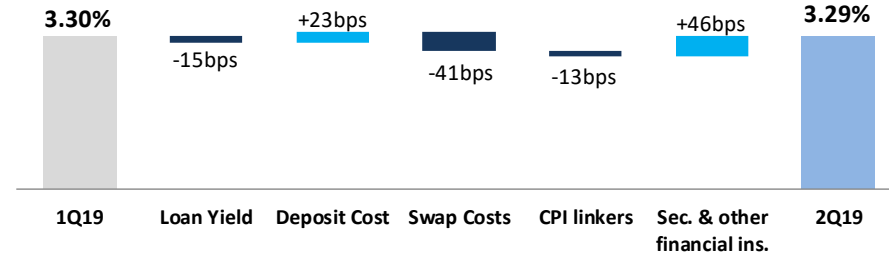
## Swap Adjusted NIM

### Quarterly

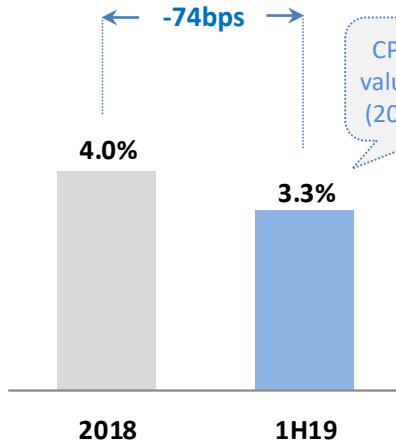


**Quarterly NIM up +13bps, on a homogeneous basis when adjusted for CPI (2Q19: 11% - 1Q19: 12%)**

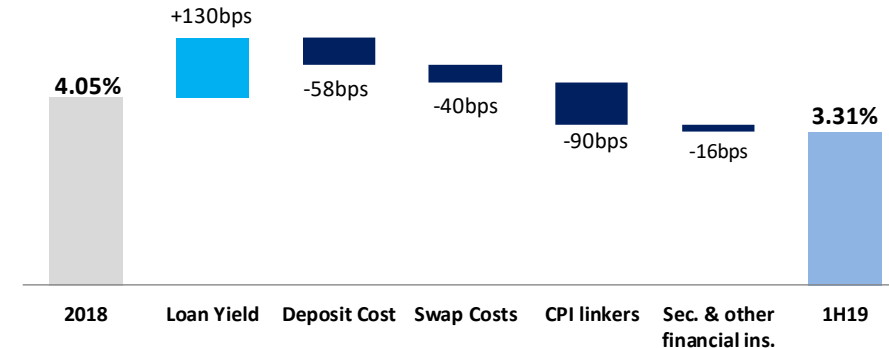
## NIM Evolution



### Cumulative



**+16 bps higher NIM<sup>1</sup> excluding CPI linkers**



Notes:  
Based on Bank-Only financials  
1. MIS, based on daily averages

# Positive TL loan-deposit spread on back of the ease in TL deposit costs resulting in q/q core spread improvement

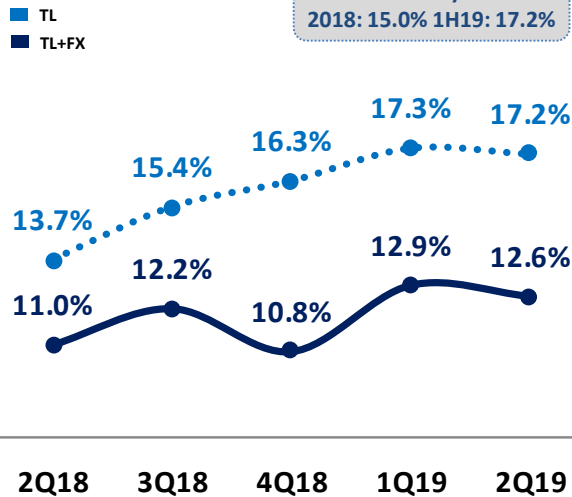
Loan-Deposit Spread –

## Loan – Deposit Spread Evolution

### Loan Yields<sup>1</sup> (Quarterly)

**19bps decline in TL loan yields** vs. 1Q19 due to increase in lending activity at quarter-end

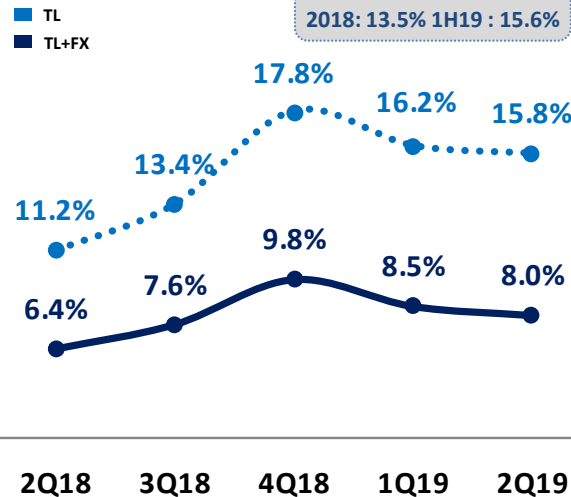
Cum. TL yield  
2018: 15.0% 1H19: 17.2%



### Deposit Costs (Quarterly)

**44bps decline in total cost of deposits q/q** driven by the ease in quarterly TL cost of deposits, despite an increase in June

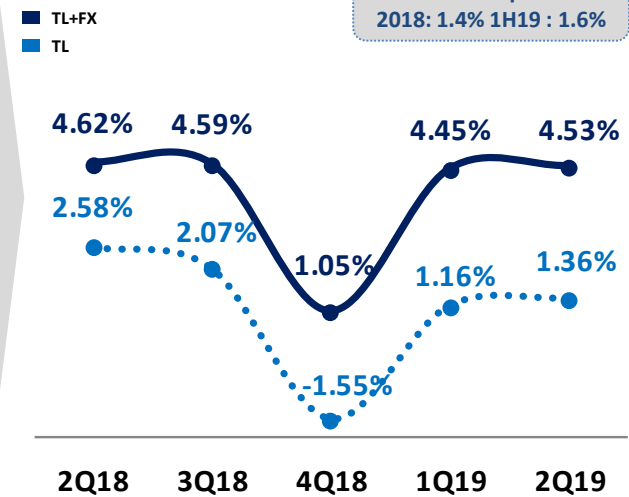
Cum. TL cost  
2018: 13.5% 1H19: 15.6%



### Loan-Deposit Spread (Quarterly)

**8 bps wider Loan-Deposit spread** vs. 1Q19 thanks to active TL spread management (20 bps q/q)

Cum. TL spread  
2018: 1.4% 1H19: 1.6%



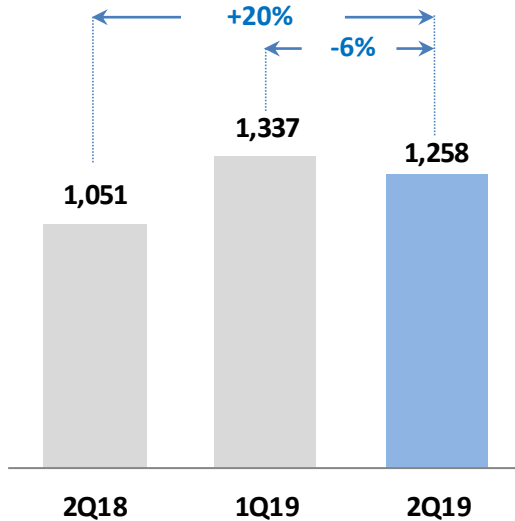
Notes:  
Based on Bank-Only financials  
1. Performing loan yields

# Strong yearly fee growth sustained through payment systems and transactional banking; q/q decline due to slowdown in lending

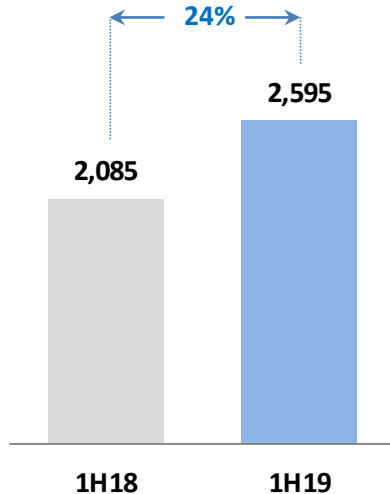
Revenues - Fees —

## Net Fee Income (TL mIn)

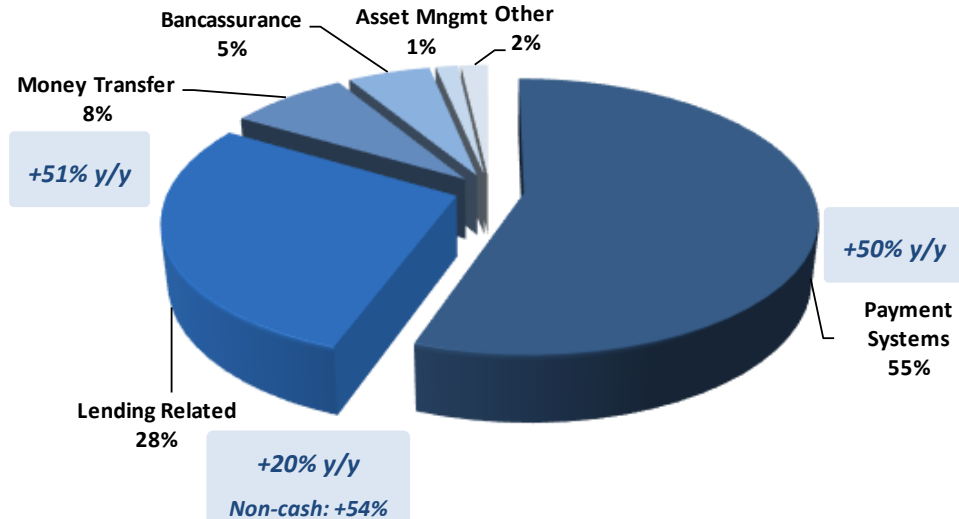
Quarterly



Yearly



## Fees Received Composition



### Re-design of service model to support risk free revenue generation:

- Portfolio management approach for Business Banking customers
- Refined Affluent segment with additional advisory services
- Specialized services for Mass Affluent within Unified RM system

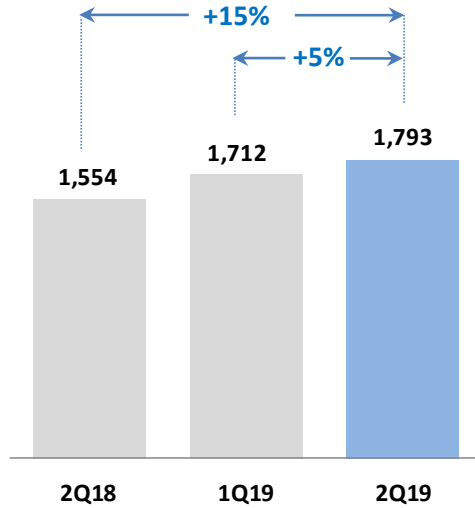


# Controlled cost growth below average inflation with further efficiency focus

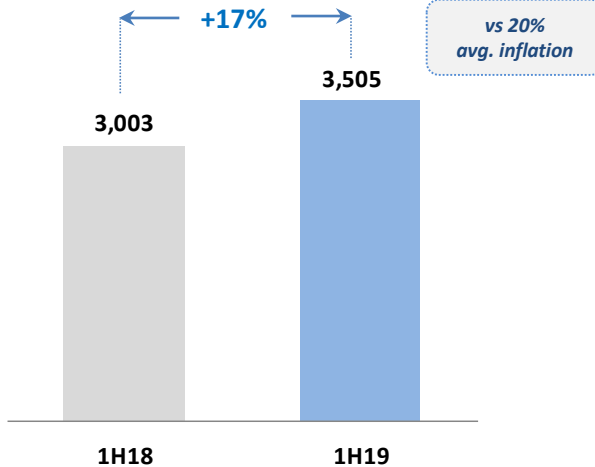
Costs

## Costs (TL mIn)

Quarterly

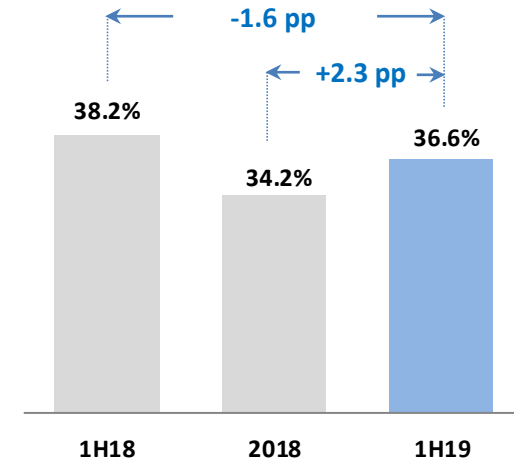


Yearly



## Cost<sup>1</sup> / Income<sup>2</sup> (TL mIn)

Cumulative



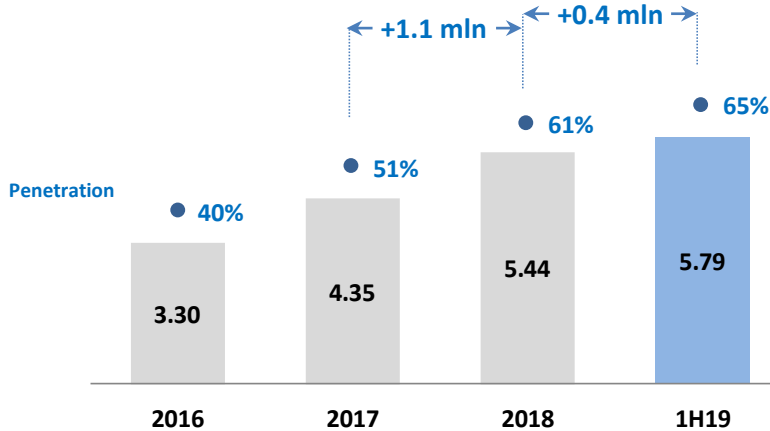
Notes:

1. Excluding pension fund provision (4Q18: TL 230 mIn)
2. Income adjusted for trading income to hedge FC ECL and collections

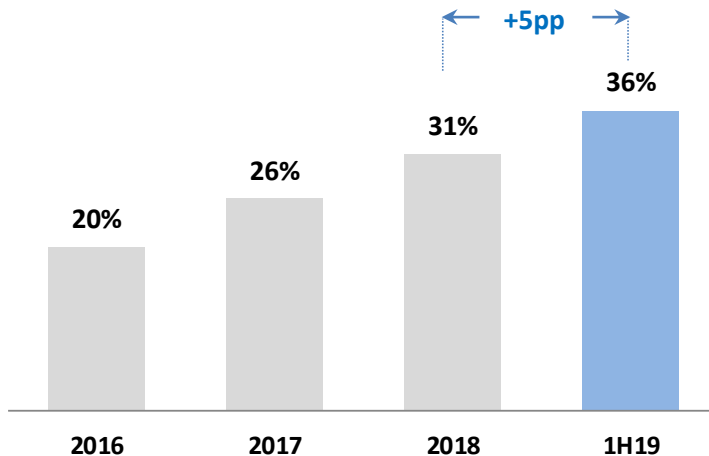
# Sustainable growth in digital customers with increasing trend in digital transactions



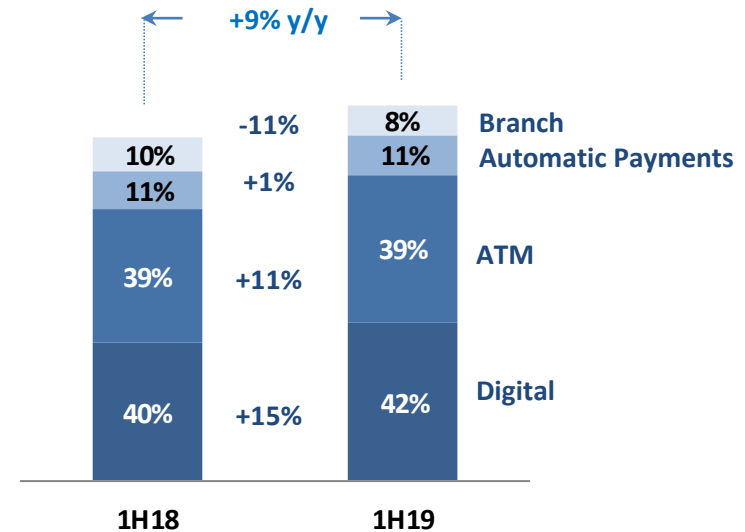
## Number of Digital Customers (mln)



## Share of digital in main products<sup>2</sup> sold



## Transaction<sup>3</sup> per channel



### Notes:

Based on MIS data

1. Total Cost to Serve and Cost to Serve per channel are calculated based on direct costs of each sales channels

2. Main Products; GPL, CC, Time Deposit, and Flexible Account

3. Transactions include, Money Transfers, Payments, Deposit, Cash Loans, Non-cash Loans, Insurance, Money withdrawal, Investment products, Credit Cards

# Slight pick up in q/q CoR driven by NPL inflows through a couple of big tickets... CoR improves over 2018

Asset Quality

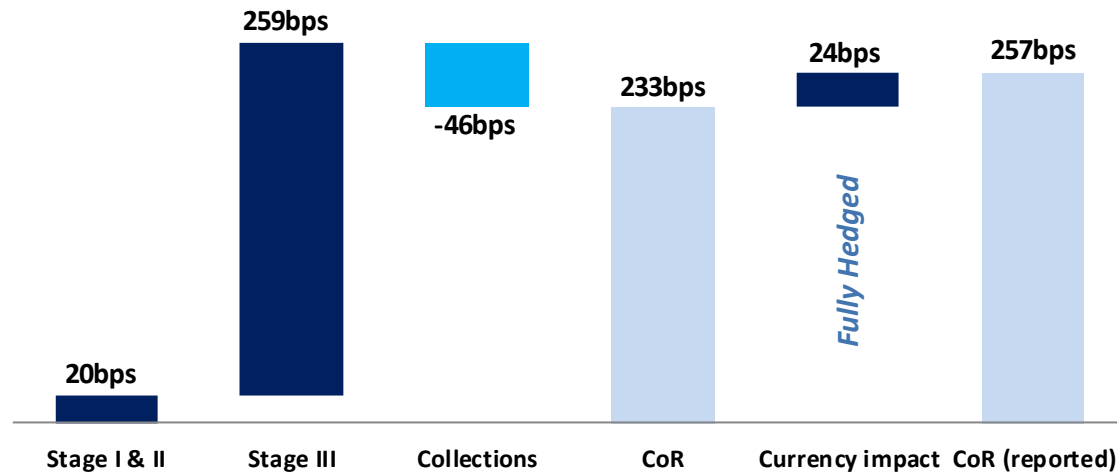
## Total Cost of Risk<sup>1</sup>

Quarterly

Cumulative



## Cost of Risk composition (1H19)



Notes:

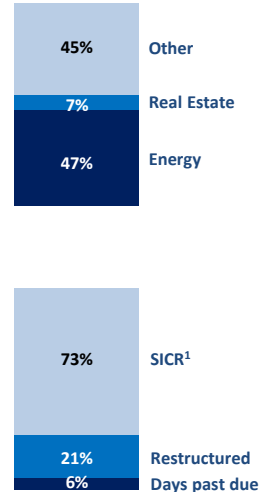
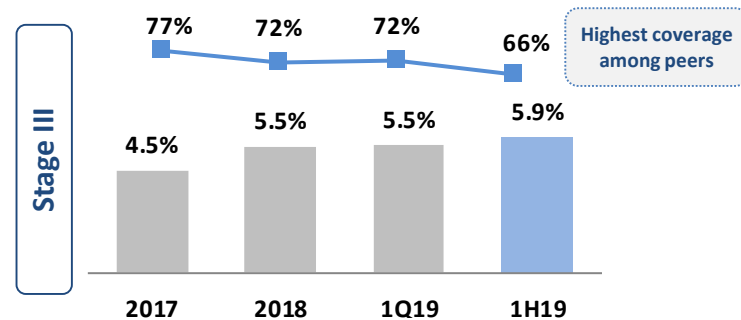
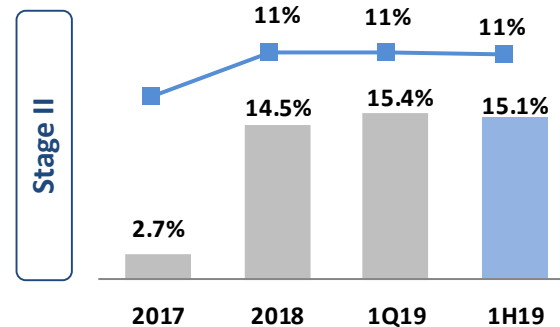
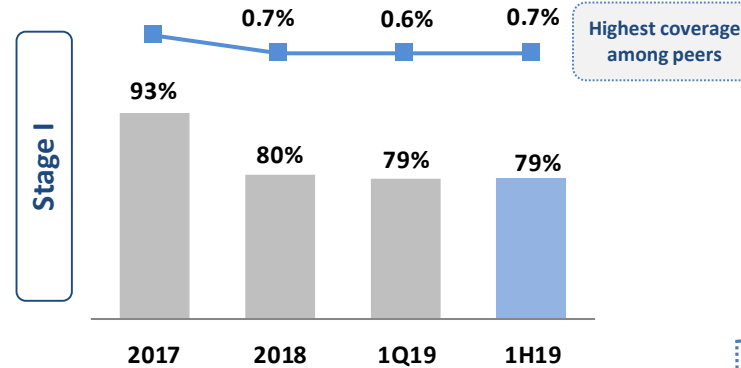
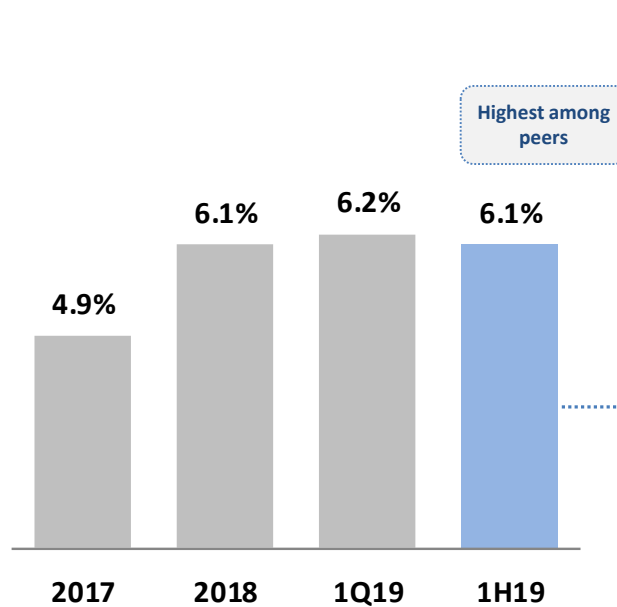
1. Cost of Risk = (Total Expected Credit Loss- Collections-FC ECL hedge)/Total Gross Loans

2. Stated CoR - 1Q19: 2.52%; 2Q19: 2.58% - 2018: 2.74%; 1H19: 2.57%

# High total coverage level maintained, Stage 3 coverage came down q/q due to fully covered NPL sales of 1.7 bln TL in the quarter

Asset Quality

## Provisions / Gross Loans



Notes:

Based on Bank-Only BRSA financials

1. SICR: Significant Increase in Credit Risk

TL 2.14 bln NPL sales in 1H19 (396 mln in 1Q19, 1.7 bln in 2Q19)

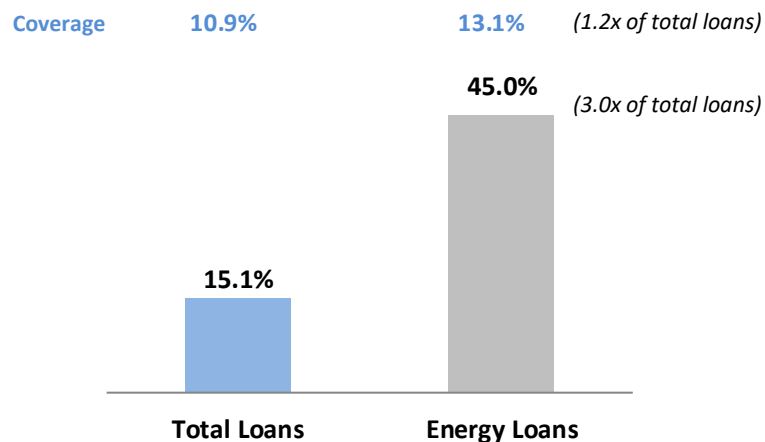
— Coverage

# Focus on energy and real estate portfolios sustain

Asset Quality

## Energy Loans<sup>1</sup> details

### Stage II Loans



### Breakdown by sub-segments

#### Risk Scale



Renewable  
Distribution  
Coal Fired  
Natural Gas



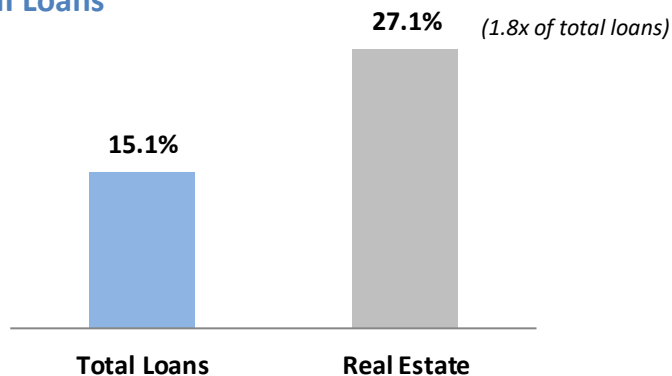
#### Stage II ratio

#### Stage II Coverage

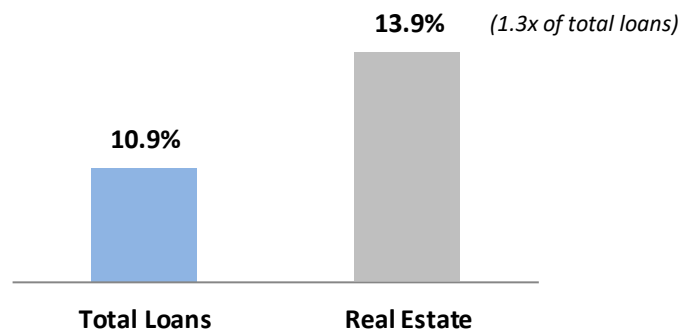
38%	11.3%
(2.5x of total loans)	(1.0x of total loans)
63%	18.1%
(4.1x of total loans)	(1.7x of total loans)

## Real Estate Loans<sup>1</sup> details

### Stage II Loans



### Stage II Coverage



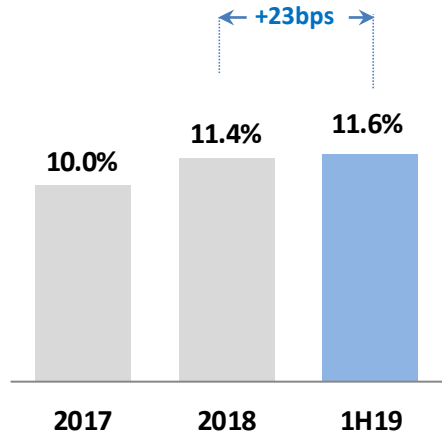
Notes:

1. Based on Bank-Only MIS data

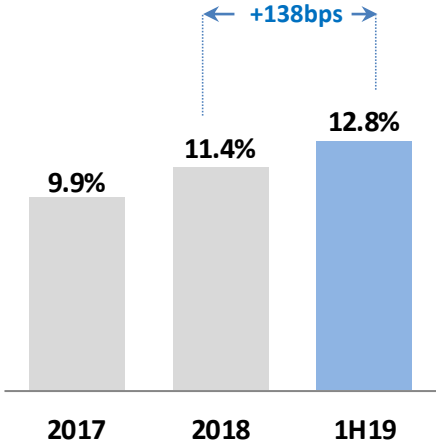
# Improvement in capital ratios thanks to succesful efforts towards internal capital generation and RWA optimisation

## Capital Ratios

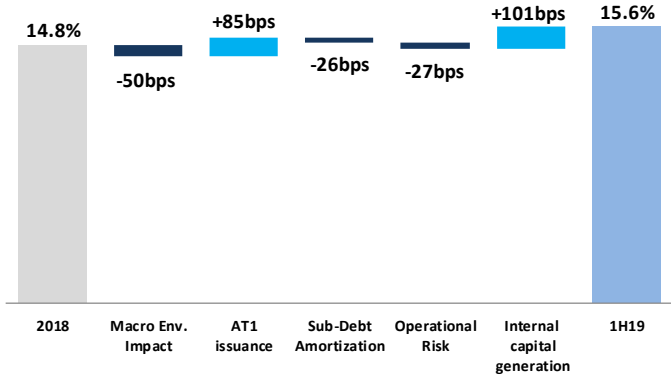
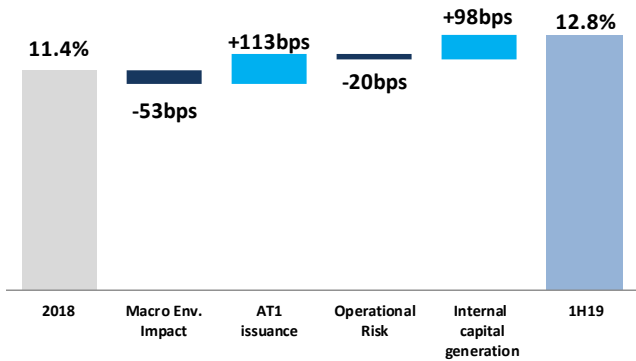
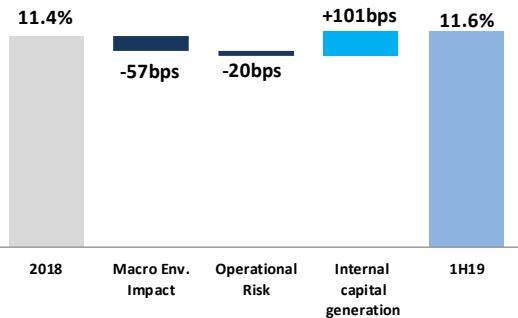
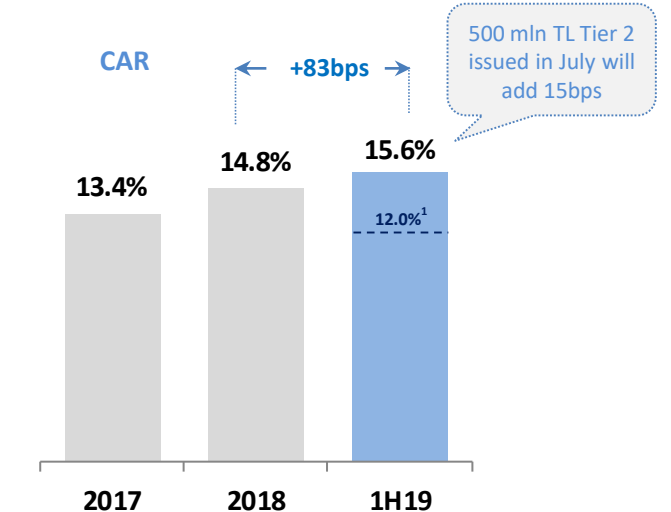
CET1



Tier1



CAR



# Maintaining 2019 guidance

Guidance

		2019 Guidance	1H19 Realization <sup>1</sup>	
Fundamentals	LDR	~105%	101%	✓
	CAR	> 15%	16%	✓
Volumes <sup>2</sup>	TL Loans	~15%	15%	✓
	Deposits	Mid-teens	19%	✓
Revenues	NIM (w/o CPI impact)	Flat	+16 bps	✓
	Fees	Mid-teens	26%	✓
Costs	Costs	Below average CPI	16%	✓
Asset Quality	NPL ratio	< 7%	5.9%	✓
	Total CoR	< 300 bps	276 bps	✓
Profitability	RoTE	low teens	12.5%	✓

Notes:

1. All figures based on BRSA bank-only except for CAR

2. TL Loans and deposit growth annualized for 1H19

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# Q&A



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## Annex

# Macro Environment and Banking Sector

## Macro Environment

Normalisation trend on all macro lines, with ongoing tight stance of the CBT and improvement in inflation

	2017	2018	1Q19	1H19
<b>GDP Growth (y/y)</b>	7.4%	2.6%	-2.6%	-
<b>CPI Inflation (y/y)</b>	11.9%	20.3%	19.7%	15.7%
<b>Consumer Confidence Index (avg)</b>	68.6	67.0	58.6	59.2
<b>CAD/GDP<sup>1</sup></b>	-5.5%	-3.5%	-1.7%	-0.3%
<b>Budget Deficit/GDP</b>	-1.5%	-2.0%	-2.3%	-2.6%
<b>Unemployment Rate<sup>2</sup></b>	10.3%	13.5%	14.1%	13.0%
<b>USD/TL (eop)</b>	3.77	5.26	5.63	5.76
<b>2Y Benchmark Bond Rate (eop)</b>	13.4%	19.7%	21.2%	19.7%

## Banking Sector

Slowdown in lending growth due to market volatility, support from CGF sustains

	2017	2018	1H19
<b>Loan Growth (y/y)</b>	21%	14%	8%
<i>Private</i>	16%	6%	-1%
<i>State</i>	27%	23%	17%
<b>Deposit Growth (y/y)</b>	16%	19%	17%
<i>Private</i>	13%	16%	13%
<i>State</i>	24%	25%	23%
<b>NPL Ratio</b>	2.9%	3.8%	4.2%
<b>CAR</b>	16.5%	16.9%	17.3%
<b>ROATE</b>	15.0%	13.8%	11.3%

### Notes:

All macro data as of June 2019 unless otherwise stated

Banking sector volumes based on BRSA weekly data as of 28 Jun'19

1. CAD indicates Current Account Deficit as of May'19

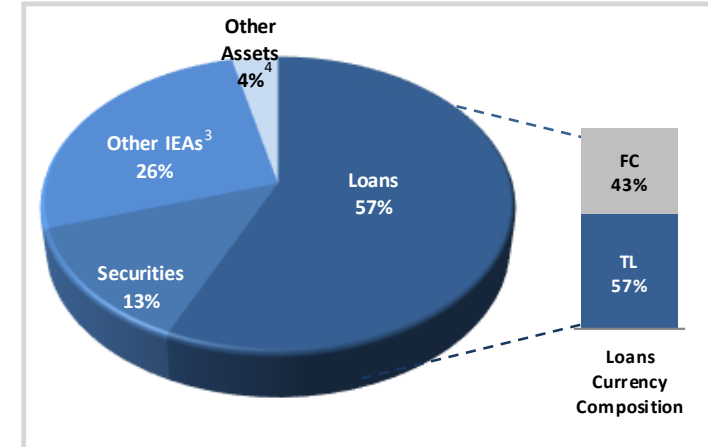
2. Unemployment rate is as of Apr'19

3. NPL Ratio, CAR and ROATE based on BRSA monthly data as of Jun'19

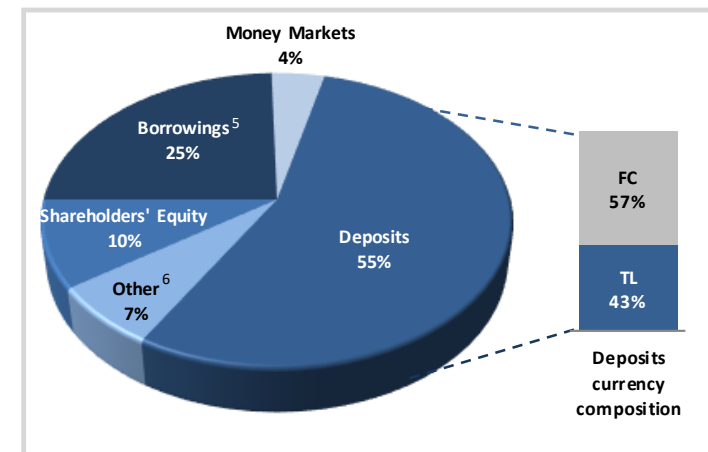
# Consolidated Balance Sheet

TL bln	1Q17 <sup>1</sup>	1H17 <sup>1</sup>	9M17 <sup>1</sup>	2017 <sup>1</sup>	1Q18	1H18	9M18	2018	1Q19	1H19	q/q	y/y	ytd
<b>Total Assets</b>	<b>278.3</b>	<b>283.3</b>	<b>290.6</b>	<b>316.9</b>	<b>328.7</b>	<b>365.1</b>	<b>422.0</b>	<b>373.4</b>	<b>393.4</b>	<b>409.0</b>	<b>4%</b>	<b>12%</b>	<b>10%</b>
<b>Loans<sup>2</sup></b>	<b>183.7</b>	<b>185.8</b>	<b>190.6</b>	<b>199.9</b>	<b>205.3</b>	<b>222.2</b>	<b>249.4</b>	<b>220.5</b>	<b>230.5</b>	<b>232.3</b>	<b>1%</b>	<b>5%</b>	<b>5%</b>
TL Loans	107.0	111.1	115.1	120.1	118.8	123.0	124.8	120.9	125.5	132.5	6%	8%	10%
FC Loans (\$)	21.1	21.3	21.2	21.2	21.9	21.7	20.8	18.9	18.6	17.5	-6%	-20%	-8%
<b>Securities</b>	<b>32.6</b>	<b>32.4</b>	<b>35.5</b>	<b>38.8</b>	<b>41.7</b>	<b>45.2</b>	<b>49.7</b>	<b>49.9</b>	<b>52.1</b>	<b>54.5</b>	<b>5%</b>	<b>21%</b>	<b>9%</b>
TL Securities	22.4	22.7	25.5	28.1	30.7	32.7	33.7	35.9	37.4	39.0	4%	19%	9%
FC Securities (\$)	2.8	2.8	2.8	2.8	2.8	2.7	2.7	2.7	2.6	2.7	3%	-1%	1%
<b>Deposits</b>	<b>163.5</b>	<b>164.2</b>	<b>165.0</b>	<b>173.4</b>	<b>180.0</b>	<b>192.8</b>	<b>221.0</b>	<b>210.3</b>	<b>219.7</b>	<b>225.9</b>	<b>3%</b>	<b>17%</b>	<b>7%</b>
TL Deposits	81.3	81.1	71.1	75.9	85.4	80.1	88.6	92.7	89.8	96.3	7%	20%	4%
FC Deposits (\$)	22.6	23.7	26.4	25.8	24.0	24.7	22.1	22.3	23.1	22.5	-2%	-9%	1%
<b>Borrowings</b>	<b>61.0</b>	<b>62.3</b>	<b>63.9</b>	<b>75.3</b>	<b>80.8</b>	<b>90.0</b>	<b>114.5</b>	<b>90.0</b>	<b>98.6</b>	<b>101.9</b>	<b>3%</b>	<b>13%</b>	<b>13%</b>
TL Borrowings	5.1	6.1	6.5	7.1	6.8	7.8	7.0	5.6	7.6	8.2	8%	4%	47%
FC Borrowings (\$)	15.4	16.0	16.1	18.1	18.7	18.0	17.9	16.1	16.2	16.3	1%	-10%	1%
<b>Shareholders' Equity</b>	<b>27.7</b>	<b>28.5</b>	<b>29.0</b>	<b>30.1</b>	<b>31.6</b>	<b>37.8</b>	<b>40.3</b>	<b>39.0</b>	<b>39.1</b>	<b>40.5</b>	<b>4%</b>	<b>7%</b>	<b>4%</b>
<b>Assets Under Management</b>	<b>17.4</b>	<b>18.5</b>	<b>19.1</b>	<b>19.5</b>	<b>20.1</b>	<b>19.6</b>	<b>19.9</b>	<b>21.1</b>	<b>17.4</b>	<b>22.6</b>	<b>29%</b>	<b>15%</b>	<b>7%</b>
<b>Loans/Assets</b>	66%	66%	66%	63%	62%	61%	59%	59%	59%	57%			
<b>Securities/Assets</b>	12%	11%	12%	12%	13%	12%	12%	13%	13%	13%			
<b>Borrowings/Liabilities</b>	22%	22%	22%	24%	25%	25%	27%	24%	25%	25%			
<b>Loans/(Deposits+TL Bills)</b>	112%	112%	115%	114%	113%	114%	112%	104%	103%	101%			
<b>CAR - cons</b>	13.4%	13.7%	13.8%	13.4%	12.9%	13.9%	13.3%	14.8%	15.0%	15.7%			
<b>Tier-I - cons</b>	9.7%	10.1%	10.2%	9.9%	9.9%	10.7%	9.8%	11.4%	12.1%	12.8%			
<b>Common Equity Tier-I - cons</b>	9.9%	10.3%	10.3%	10.0%	9.9%	10.7%	9.8%	11.4%	11.0%	11.7%			

## Assets



## Liabilities



Note: Loans indicate performing loans

1. 2017 figures recasted for IFRS 9 reclassification of general provisions

2. TL and FC Loans are adjusted for the FX indexed loans

3. 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

4. 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

5. Borrowings: include funds borrowed, marketable securities issued (net), subordinated loans. Intragroup funding from UniCredit €2.00bn (Mar 19 was €2.12bn / Total exposures is limited to cash excluding Business Related (i.e. Trade Finance), Repos and loro/nostro accounts)

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

# Consolidated Income Statement

TL million	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	q/q	y/y	1H18	1H19	y/y
<b>Net Interest Income including swap costs</b>	<b>2,217</b>	<b>2,089</b>	<b>2,154</b>	<b>2,522</b>	<b>2,543</b>	<b>2,778</b>	<b>4,004</b>	<b>4,239</b>	<b>3,112</b>	<b>3,241</b>	<b>4%</b>	<b>17%</b>	<b>5,321</b>	<b>6,353</b>	<b>19%</b>
o/w NII	2,251	2,321	2,353	2,810	2,845	3,209	4,311	4,131	3,485	4,041	16%	26%	6,054	7,526	24%
o/w CPI-linkers	325	338	409	663	436	460	1,360	2,478	787	770	-2%	67%	896	1,557	74%
o/w Swap costs	-34	-232	-198	-288	-302	-431	-308	107	-372	-801	115%	86%	-733	-1,173	60%
<b>Fees &amp; Commissions</b>	<b>849</b>	<b>826</b>	<b>799</b>	<b>841</b>	<b>1,034</b>	<b>1,051</b>	<b>1,036</b>	<b>1,116</b>	<b>1,337</b>	<b>1,258</b>	<b>-6%</b>	<b>20%</b>	<b>2,085</b>	<b>2,595</b>	<b>24%</b>
<b>Core Revenues</b>	<b>3,066</b>	<b>2,915</b>	<b>2,954</b>	<b>3,364</b>	<b>3,577</b>	<b>3,829</b>	<b>5,040</b>	<b>5,354</b>	<b>4,449</b>	<b>4,499</b>	<b>1%</b>	<b>17%</b>	<b>7,406</b>	<b>8,948</b>	<b>21%</b>
<b>Operating Costs</b>	<b>1,370</b>	<b>1,422</b>	<b>1,363</b>	<b>1,543</b>	<b>1,450</b>	<b>1,554</b>	<b>1,683</b>	<b>1,768</b>	<b>1,712</b>	<b>1,793</b>	<b>5%</b>	<b>15%</b>	<b>3,003</b>	<b>3,505</b>	<b>17%</b>
<b>Core Operating Income</b>	<b>1,696</b>	<b>1,494</b>	<b>1,591</b>	<b>1,821</b>	<b>2,127</b>	<b>2,275</b>	<b>3,357</b>	<b>3,586</b>	<b>2,737</b>	<b>2,706</b>	<b>-1%</b>	<b>19%</b>	<b>4,402</b>	<b>5,443</b>	<b>24%</b>
<b>Trading and FX gains/losses</b>	<b>100</b>	<b>125</b>	<b>38</b>	<b>-24</b>	<b>11</b>	<b>275</b>	<b>152</b>	<b>266</b>	<b>336</b>	<b>79</b>	<b>-76%</b>	<b>-71%</b>	<b>286</b>	<b>415</b>	<b>45%</b>
o/w FX gains/losses	38	99	28	9	27	65	-193	225	77	128	66%	97%	92	205	124%
o/w MtM gains/losses	34	16	-7	-32	-7	118	300	35	195	-115	-	-	111	80	-28%
o/w Trading gains/losses	28	10	17	-1	-9	92	45	6	64	67	4%	-28%	83	131	58%
<b>Other income</b>	<b>102</b>	<b>75</b>	<b>53</b>	<b>109</b>	<b>136</b>	<b>40</b>	<b>76</b>	<b>107</b>	<b>120</b>	<b>105</b>	<b>-13%</b>	<b>162%</b>	<b>176</b>	<b>225</b>	<b>28%</b>
o/w income from subs	28	19	19	22	28	25	31	32	28	18	-35%	-27%	53	46	-13%
o/w Dividends	2	8	0	0	4	8	1	2	10	6	-42%	-29%	12	16	29%
o/w Others	72	48	35	86	104	7	45	73	82	81	-1%	-	111	163	47%
<b>Pre-provision Profit</b>	<b>1,898</b>	<b>1,694</b>	<b>1,682</b>	<b>1,906</b>	<b>2,274</b>	<b>2,590</b>	<b>3,585</b>	<b>3,959</b>	<b>3,193</b>	<b>2,890</b>	<b>-9%</b>	<b>12%</b>	<b>4,864</b>	<b>6,084</b>	<b>25%</b>
<b>ECL net of collections</b>	<b>539</b>	<b>532</b>	<b>592</b>	<b>568</b>	<b>514</b>	<b>835</b>	<b>1,640</b>	<b>2,950</b>	<b>1,395</b>	<b>1,577</b>	<b>13%</b>	<b>89%</b>	<b>1,348</b>	<b>2,972</b>	<b>120%</b>
o/w Stage 3 Provisions	756	717	761	596	607	738	1,433	1,844	1,406	1,900	35%	158%	1,345	3,307	146%
o/w Stage 1 + Stage 2 Provisions	45	62	46	151	237	460	996	798	533	29	-	-	696	561	-19%
o/w Collections (-)	262	247	215	179	330	363	244	90	337	251	-25%	-31%	693	588	-15%
o/w ECL hedging	0	0	0	0	0	0	545	-397	207	101	-51%	-	0	308	-
<b>Other Provisions &amp; Costs</b>	<b>94</b>	<b>40</b>	<b>33</b>	<b>180</b>	<b>147</b>	<b>196</b>	<b>527</b>	<b>-448</b>	<b>216</b>	<b>5</b>	<b>-98%</b>	<b>-98%</b>	<b>343</b>	<b>220</b>	<b>-36%</b>
o/w Pension fund provisions	0	0	0	123	0	85	145	0	211	0	-	-	85	211	-
o/w Pension fund provisions (under cost)	0	0	0	123	0	0	0	230	0	0	-	-	0	0	-
o/w Pension fund provisions (under provisions)	0	0	0	0	0	85	145	-230	211	0	-	-	85	211	-
o/w Other provisions	94	40	33	58	147	111	382	-449	5	5	6%	-	258	9	-
<b>Pre-tax Income</b>	<b>1,265</b>	<b>1,121</b>	<b>1,058</b>	<b>1,158</b>	<b>1,613</b>	<b>1,559</b>	<b>1,418</b>	<b>1,457</b>	<b>1,583</b>	<b>1,309</b>	<b>-17%</b>	<b>-16%</b>	<b>3,173</b>	<b>2,892</b>	<b>-9%</b>
<b>Tax</b>	<b>263</b>	<b>229</b>	<b>216</b>	<b>278</b>	<b>369</b>	<b>332</b>	<b>303</b>	<b>376</b>	<b>341</b>	<b>189</b>	<b>-45%</b>	<b>-43%</b>	<b>701</b>	<b>531</b>	<b>-24%</b>
<b>Net Income</b>	<b>1,001</b>	<b>892</b>	<b>841</b>	<b>880</b>	<b>1,244</b>	<b>1,227</b>	<b>1,115</b>	<b>1,081</b>	<b>1,241</b>	<b>1,120</b>	<b>-10%</b>	<b>-9%</b>	<b>2,471</b>	<b>2,361</b>	<b>-4%</b>
<b>ROTE</b>	<b>15.8%</b>	<b>13.3%</b>	<b>12.4%</b>	<b>12.6%</b>	<b>17.1%</b>	<b>15.9%</b> <sup>1</sup>	<b>11.9%</b>	<b>11.4%</b>	<b>13.3%</b>	<b>11.8%</b>	<b>-154bps</b>	<b>-406bps</b>	<b>16.4%</b> <sup>1</sup>	<b>12.5%</b>	<b>-391bps</b>

Note:

1. 2Q18 & 1H18 ROTAE is adjusted for the 4.1 bln TL rights issue on 30th of June

# Bank-Only Income Statement

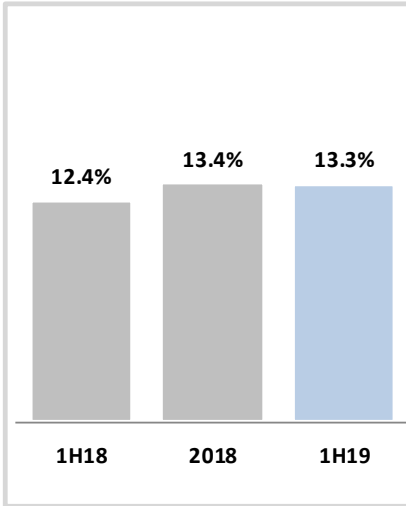
TL million	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	q/q	y/y	1H18	1H19	y/y
<b>Net Interest Income including swap costs</b>	<b>2,030</b>	<b>1,895</b>	<b>1,965</b>	<b>2,306</b>	<b>2,270</b>	<b>2,585</b>	<b>3,677</b>	<b>3,925</b>	<b>2,806</b>	<b>2,936</b>	<b>5%</b>	<b>14%</b>	<b>4,856</b>	<b>5,742</b>	<b>18%</b>
o/w NII	2,141	2,174	2,212	2,684	2,768	3,108	4,143	3,923	3,356	3,869	15%	24%	5,876	7,226	23%
o/w CPI-linkers	325	338	409	663	436	460	1,360	2,478	787	770	-2%	67%	896	1,557	74%
o/w Swap costs	-111	-278	-247	-378	-497	-523	-466	2	-551	-933	70%	79%	-1,020	-1,484	45%
<b>Fees &amp; Commissions</b>	<b>807</b>	<b>784</b>	<b>757</b>	<b>788</b>	<b>986</b>	<b>993</b>	<b>977</b>	<b>1,059</b>	<b>1,283</b>	<b>1,206</b>	<b>-6%</b>	<b>21%</b>	<b>1,979</b>	<b>2,489</b>	<b>26%</b>
<b>Core Revenues</b>	<b>2,837</b>	<b>2,679</b>	<b>2,722</b>	<b>3,094</b>	<b>3,257</b>	<b>3,578</b>	<b>4,655</b>	<b>4,984</b>	<b>4,089</b>	<b>4,142</b>	<b>1%</b>	<b>16%</b>	<b>6,835</b>	<b>8,231</b>	<b>20%</b>
<b>Operating Costs</b>	<b>1,295</b>	<b>1,346</b>	<b>1,293</b>	<b>1,462</b>	<b>1,375</b>	<b>1,470</b>	<b>1,591</b>	<b>1,659</b>	<b>1,615</b>	<b>1,688</b>	<b>5%</b>	<b>15%</b>	<b>2,846</b>	<b>3,303</b>	<b>16%</b>
<b>Core Operating Income</b>	<b>1,542</b>	<b>1,333</b>	<b>1,429</b>	<b>1,632</b>	<b>1,881</b>	<b>2,108</b>	<b>3,064</b>	<b>3,325</b>	<b>2,474</b>	<b>2,453</b>	<b>-1%</b>	<b>16%</b>	<b>3,989</b>	<b>4,928</b>	<b>24%</b>
<b>Trading and FX gains/losses</b>	<b>89</b>	<b>119</b>	<b>23</b>	<b>-29</b>	<b>57</b>	<b>212</b>	<b>119</b>	<b>301</b>	<b>322</b>	<b>72</b>	<b>-78%</b>	<b>-66%</b>	<b>269</b>	<b>393</b>	<b>46%</b>
o/w FX gains/losses	76	86	-28	0	23	58	-50	265	64	164	157%	182%	81	228	181%
o/w MtM gains/losses	0	0	48	-33	-8	114	125	35	194	446	130%	291%	107	640	-
o/w Trading gains/losses	13	33	3	4	41	40	43	2	64	-539	-	-	81	-475	-
<b>Other income</b>	<b>213</b>	<b>186</b>	<b>179</b>	<b>233</b>	<b>252</b>	<b>227</b>	<b>276</b>	<b>212</b>	<b>298</b>	<b>267</b>	<b>-11%</b>	<b>17%</b>	<b>480</b>	<b>565</b>	<b>18%</b>
o/w income from subs	146	140	144	145	211	171	233	160	224	198	-12%	16%	382	422	10%
o/w Dividends	2	0	0	0	3	2	1	1	8	1	-93%	-65%	4	8	98%
o/w Others	65	45	35	88	39	54	42	50	66	68	2%	25%	93	134	44%
<b>Pre-provision Profit</b>	<b>1,844</b>	<b>1,637</b>	<b>1,631</b>	<b>1,835</b>	<b>2,190</b>	<b>2,547</b>	<b>3,458</b>	<b>3,838</b>	<b>3,094</b>	<b>2,791</b>	<b>-10%</b>	<b>10%</b>	<b>4,738</b>	<b>5,886</b>	<b>24%</b>
<b>ECL net of collections</b>	<b>526</b>	<b>501</b>	<b>574</b>	<b>539</b>	<b>483</b>	<b>832</b>	<b>1,586</b>	<b>2,908</b>	<b>1,354</b>	<b>1,530</b>	<b>13%</b>	<b>84%</b>	<b>1,316</b>	<b>2,885</b>	<b>119%</b>
o/w Stage 3 Provisions	745	687	749	572	590	716	1,389	1,779	1,377	1,856	35%	159%	1,305	3,233	148%
o/w Stage 1 + Stage 2 Provisions	43	61	40	146	224	480	985	822	522	27	-	-	703	548	-22%
o/w Collections (-)	262	247	215	179	330	363	244	90	337	251	-25%	-31%	693	588	-15%
o/w ECL Hedging	0	0	0	0	0	0	545	-397	207	101	-51%	-	0	308	-
<b>Other Provisions &amp; Costs</b>	<b>88</b>	<b>45</b>	<b>32</b>	<b>169</b>	<b>145</b>	<b>194</b>	<b>516</b>	<b>-487</b>	<b>213</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>340</b>	<b>217</b>	<b>-36%</b>
o/w Pension fund provisions	0	0	0	123	0	85	145	0	211	0	-	-	85	211	-
o/w Pension fund provisions (under cost)	0	0	0	123	0	0	0	230	0	0	-	-	0	0	-
o/w Pension fund provisions (under provisions)	0	0	0	0	0	85	145	-230	211	0	-	-	85	211	-
o/w Other provisions	88	45	32	46	145	109	371	-488	2	4	56%	-97%	255	6	-
<b>Pre-tax Income</b>	<b>1,230</b>	<b>1,092</b>	<b>1,024</b>	<b>1,127</b>	<b>1,562</b>	<b>1,521</b>	<b>1,357</b>	<b>1,416</b>	<b>1,527</b>	<b>1,257</b>	<b>-18%</b>	<b>-17%</b>	<b>3,083</b>	<b>2,784</b>	<b>-10%</b>
<b>Tax</b>	<b>229</b>	<b>200</b>	<b>183</b>	<b>247</b>	<b>318</b>	<b>294</b>	<b>242</b>	<b>335</b>	<b>285</b>	<b>138</b>	<b>-52%</b>	<b>-53%</b>	<b>611</b>	<b>423</b>	<b>-31%</b>
<b>Net Income</b>	<b>1,001</b>	<b>892</b>	<b>841</b>	<b>880</b>	<b>1,244</b>	<b>1,227</b>	<b>1,115</b>	<b>1,081</b>	<b>1,241</b>	<b>1,120</b>	<b>-10%</b>	<b>-9%</b>	<b>2,471</b>	<b>2,361</b>	<b>-4%</b>
<b>ROTE</b>	<b>15.8%</b>	<b>13.4%</b>	<b>12.4%</b>	<b>12.6%</b>	<b>17.0%</b>	<b>15.8%</b> <sup>1</sup>	<b>11.9%</b>	<b>11.4%</b>	<b>13.3%</b>	<b>11.8%</b>	<b>192bps</b>	<b>-371bps</b>	<b>16.3%</b> <sup>1</sup>	<b>12.4%</b>	<b>-390bps</b>

Note:

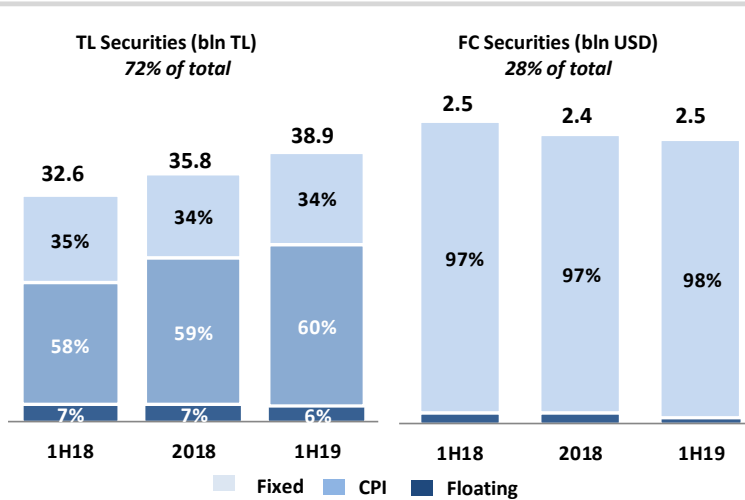
1. 2Q18 & 1H18 ROTAE is adjusted for the 4.1 bln TL rights issue on 30th of June

# Securities

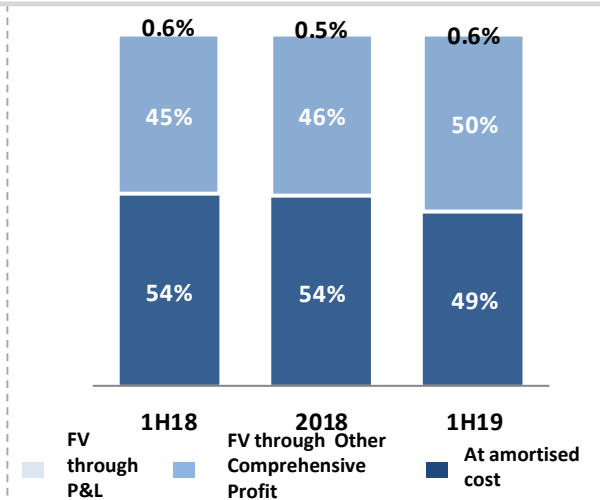
## Securities/Assets



## Composition by Type<sup>1</sup>



## Composition by Classification<sup>1</sup>

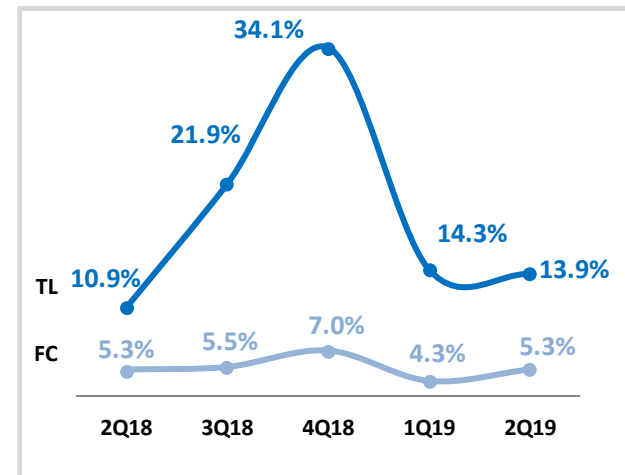


- **Securities / assets at 13.3%** with dynamically managed mix to benefit from rate environment
- **Increase in CPI linkers to benefit from higher inflation levels.** CPI-linker volume increased to TL 16.7bln in book value<sup>2</sup> (nominal: 13.9 bln TL); with a gain of TL 770 mln in 2Q19 (1H19: TL 1,557 mln)

**CPI linker valuation at 11% (previously 12%)**

- **M-t-m unrealised loss at TL 1,856<sup>3</sup> mln as of 1H19** (TL -1.172<sup>3</sup> mln in 1H18)





## Security Yields<sup>1</sup>



Notes:

1. Based on Bank-Only financials
2. Excluding accruals
3. Net of tax

# Details of main Borrowings

International	Syndications	<p>~ US\$ 2.1 bln</p> <ul style="list-style-type: none"> <li>Oct'18: US\$ 275mln &amp; € 690.7mln, all-in cost at Libor+ 3.00% and Euribor+ 2.90% for 367 days. 27 banks from 13 countries</li> <li>May'19: US\$ 350 mln and € 607 mln, all-in cost at Libor+ 2.50% and Euribor+ 2.40% for 367 days. 49 banks from 21 countries</li> </ul>
	AT1	<p>~US\$ 650 mln outstanding</p> <ul style="list-style-type: none"> <li>Jan'19: US\$ 650 mln market transaction, callable every 5 years, perpetual, 13.875% (coupon rate)</li> </ul>
	Subordinated Loans	<p>~US\$ 2.32 bln outstanding</p> <ul style="list-style-type: none"> <li>Dec'12: US\$ 965 mln market transaction, 10 years, 5.5% (coupon rate)</li> <li>Jan'13: US\$ 585 mln, 10NC5, 5.7% fixed rate – Basel III Compliant</li> <li>Dec'13: US\$ 270 mln, 10NC5, 7.72% – Basel III Compliant</li> <li>Mar'16: US\$ 500 mln market transaction, 10NC5, 8.5% (coupon rate)</li> </ul>
	Foreign and Local Currency Bonds / Bills	<p>US\$ 3.65 bln Eurobonds</p> <ul style="list-style-type: none"> <li>Jan'13: US\$ 500 mln, 4.00% (coupon rate), 7 years</li> <li>Oct'14: US\$ 550 mln, 5.125% (coupon rate), 5 years</li> <li>Feb'17: US\$ 600 mln, 5.75% (coupon rate), 5 years</li> <li>Jun'17: US\$ 500 mln, 5.85% (coupon rate), 7 years</li> <li>Jun'17: TL 500 mln, 13.13% (coupon rate), 3 years</li> <li>Mar'18: US\$ 500 mln, 6.10% (coupon rate), 5 years</li> <li>Mar'19: US\$ 500 mln, 8.25% (coupon rate), 5.5 years</li> </ul>
	Covered Bond	<p>TL 1.57 bln out standing</p> <ul style="list-style-type: none"> <li>Oct'17: Mortgage-backed, maturity 5 years</li> <li>Feb'18: Mortgage-backed with 5 years maturity</li> <li>May'18: Mortgage-backed with 5 years maturity</li> <li>Mar'19: Mortgage-backed with 5 years maturity</li> </ul>
Domestic	Local Currency Bonds / Bills	<p>TL 3.98 bln total</p> <ul style="list-style-type: none"> <li>Apr'19 : TL 191 mln, 2 months maturity </li> <li>May'19 : TL 2,75 bln, 2 months maturity </li> <li>Jun'19 : TL 1,04 bln , 2 months maturity </li> </ul>
	Subordinated Loans	<ul style="list-style-type: none"> <li>Jul'19: TL 500 mln market transaction, 10NC5, Trlibor+ 100 bps (coupon rate) </li> </ul>

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