

# Yapı Kredi 1H17 Investor Presentation

October 2017



# Yapı Kredi: A leading financial services group

**Ratings** Moody's: Ba2 / Fitch: BBB- / S&P: BB

At highest level among Turkish banks, based on Fitch<sup>1</sup> - At IG

Assets

286.5  
bln TL

Loans

185.8  
bln TL

Shareholders' Equity

28.5  
bln TL

Deposits+ TL Bonds<sup>2</sup>

168.6  
bln TL

Active Customers<sup>3</sup>

13.1  
mln

Employees<sup>4</sup>

19,391

Branches

908

Share of ADCs<sup>5</sup>

90%

Net Income

1,893  
mln TL

RoATE<sup>6</sup>

14.7%

Bank CAR

14.8%

Total NPL Coverage<sup>7</sup>

113%

Total 23.0 mln

4th largest private bank and deep rooted franchise (established in 1944)

Among top 10 most valuable brands<sup>8</sup> in Turkey

Integrated network with widespread branch coverage and strong presence in digital

Young and qualified workforce serving a wide customer base

Core-banking focused balance sheet (highest loans/assets; lowest securities/assets among peers)

Conservative risk profile and prudent provisioning policy

Resilient capital base and funding capability

Note: Loans indicate performing loans.

(1) On 2 Feb'17, Fitch changed YKB's Long-Term Foreign Currency and Long-Term Local Currency ratings at "BBB-"

(2) Deposits: TL 164.2 bln, TL Bonds: TL 4.4 bln

(3) Indicates customers with at least one product usage in the last 1.5 years

(4) Group data. Bank-only: 18,406

(5) Share of alternative delivery channels (ADCs) in total comparable transactions, includes other non-branch, COPS and auto-pay transactions

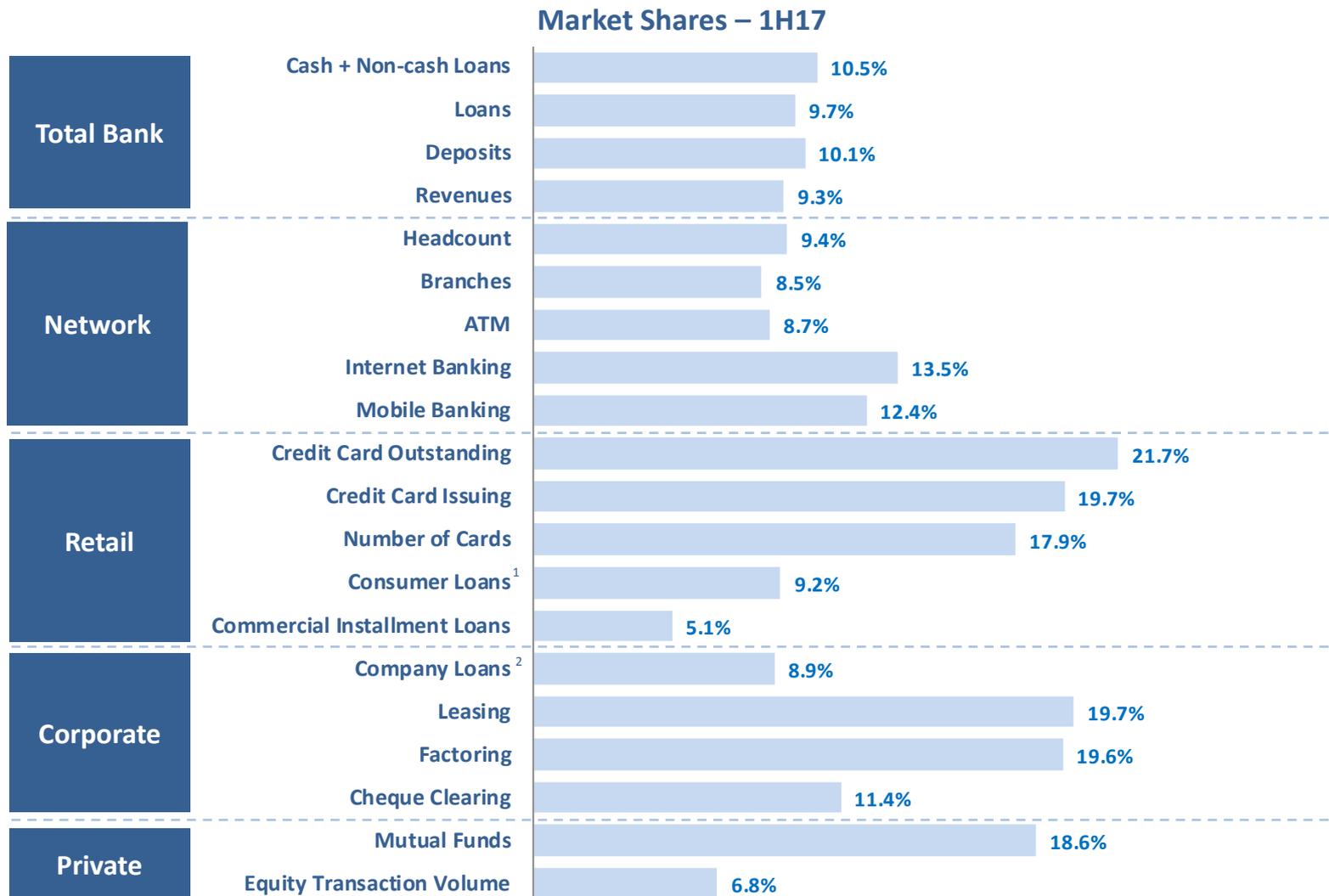
(6) RoATE indicates return on average tangible equity (excl goodwill)

(7) Total NPL Coverage indicates (Specific+ Generic Provisions)/NPLs

(8) Brand Finance Turkey 100 report 2016 ranks Yapı Kredi as number 9

# Leading positions in value generating services and products

Market Position



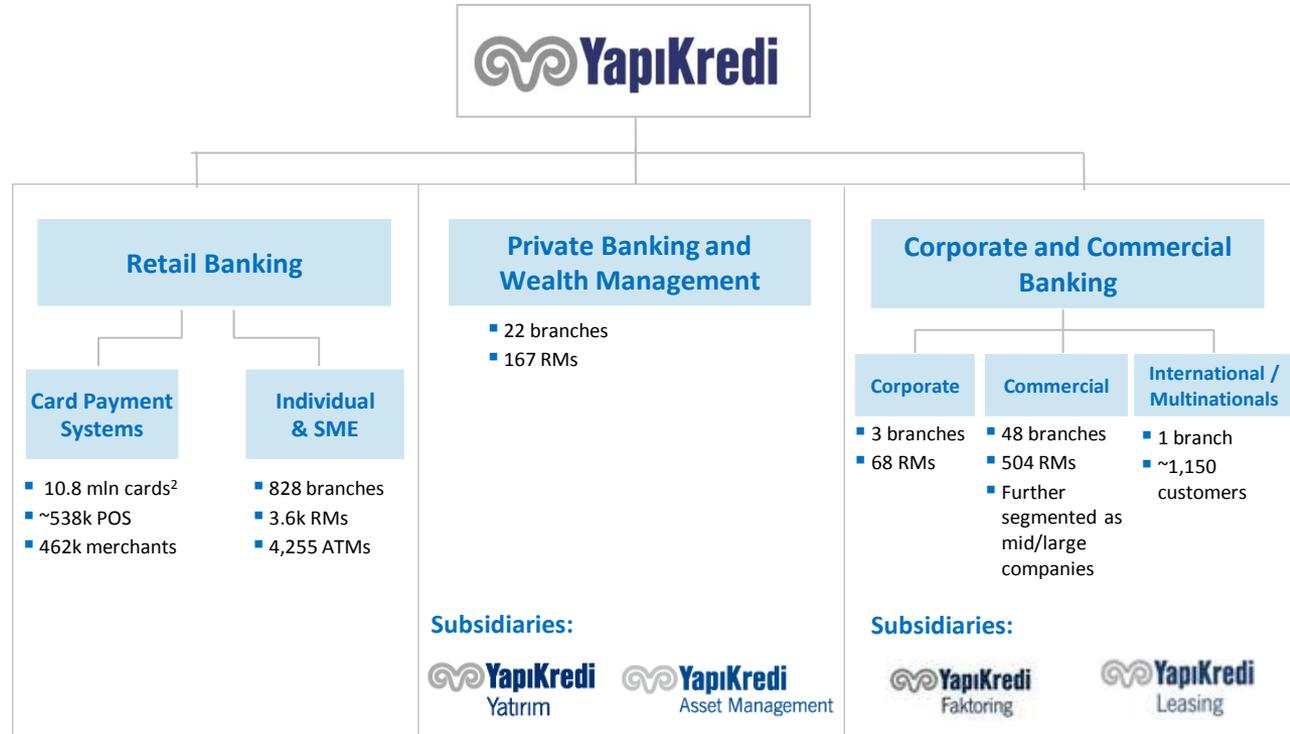
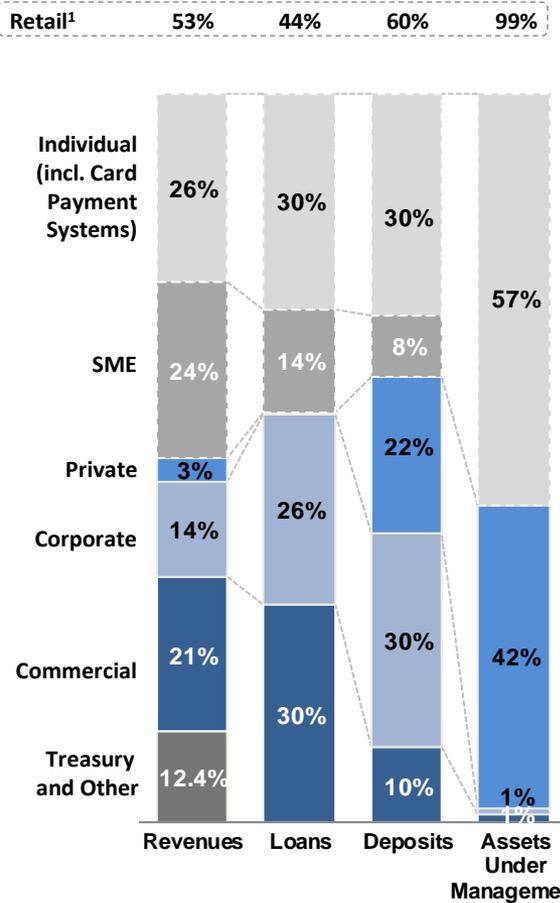
Note: All market shares as of 1H17 unless stated otherwise. Market share and rankings based on: Interbank Card Center (for credit card acquiring and number of cardholders), Turkish Leasing Association (for leasing), Turkish Factoring Association (for factoring), Central Bank Cheque Clearing System (for cheque clearing) Rasyonet (for mutual funds), Borsa Istanbul (for equity transaction volume). If not specified, data based on BRSA bank-only data for YKB and BRSA weekly sector data excluding participation banks for banking sector as of 30 Jun'17

(1) Including mortgages, general purpose and auto loans

(2) Cash loans excluding credit cards and consumer loans

# Well-diversified business mix on the back of a customer-oriented and divisionalised service model

Revenues and Volumes by Business Unit (1H17)



Source: Approximate numbers based on MIS reporting for company information. Asset size data of international operations based on 1H17 BRSA financials

Branch numbers exclude 3 mobile, 1 free-zone, 1 abroad, 1 custody branches

(1) Includes individual, SME and private

(2) Including 2.4 mln virtual cards

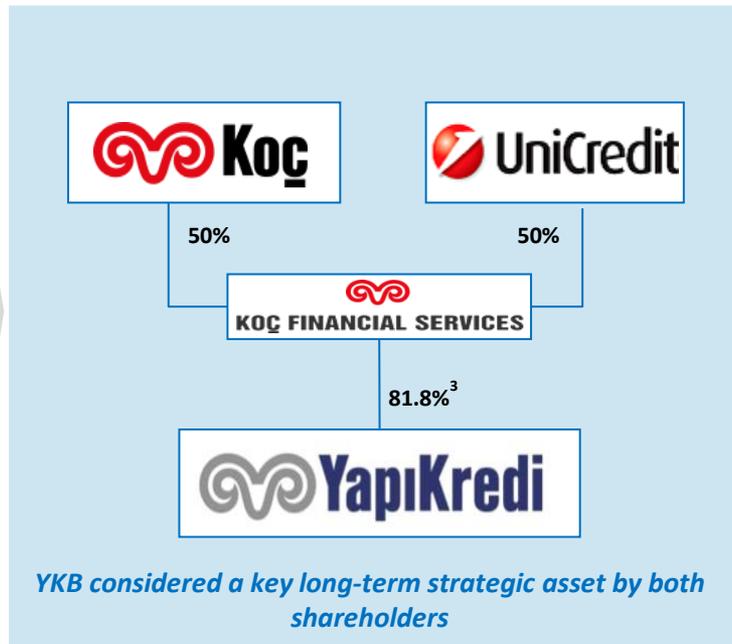
# Strong and committed shareholders

*Stable, long-term focused shareholding structure supporting YKB's balanced growth and sustainable performance*

- Established in 1926, largest conglomerate in Turkey and ranks among the world's top 500 companies<sup>1</sup>
- Long-standing leadership in core sectors (automotive, finance, energy, consumer durables, food, retailing, tourism)
- 4 out of top 5 industrial enterprises in Turkey are part of the Koç Group<sup>2</sup>
- Best proxy to the Turkish market (total sales/GDP: 6.3%, total exports/Turkey's exports: 9.5%)
- Share of intragroup lending in total capital at 13.7% as of 1H17 (max regulatory limit 20%)

Total Assets (EUR bln)	23.3
Revenues (EUR mln)	11,568
Net Income (EUR mln)	647

Ratings Moody's: Baa3 / S&P: BBB-



- Systemically important Italian financial institution in Europe with roots dating back to 1473
- Full service group engaged in a wide range of banking and related activities
- Extensive international presence with strong roots in 14 countries, international network spanning 18 countries
- Market leader in Central and Eastern Europe leveraging on the region's structural strengths
- €2.5 bln funding to YKB as of 1H17 (o/w 63% for YKB subsidiaries)

Total Assets (EUR bln)	827
Revenues (EUR mln)	9,937
Net Income (EUR mln)	1,321

Ratings Moody's: Baa1 / Fitch: BBB / S&P: BBB-

Note: All information and figures regarding UniCredit based on publicly available 1H17 data unless otherwise stated. All information and figures regarding Koç based on publicly available 1H17 data unless otherwise stated.

(1) Fortune Global 500 – 2016 report, ranking based on an average annual growth rate of 11% in consolidated profit in US\$ terms between 2006-2016

(2) Istanbul Chamber of Commerce ranking (2015 report), ranking based on production-based sales

(3) Remaining 18.2% listed on the Istanbul Stock Exchange and Global Depository Receipts that represent the Bank's shares are quoted on the London Stock Exchange

# Continuation of profitability improvement...

**1.9 bln TL *Net Income*** **+41% y/y<sup>1</sup>**

**Above private banks' growth**

**14.7% *ROATE*<sup>2</sup>** **+257 bps y/y**

**Ongoing strong performance in ROATE**

**41% *Cost/Income Ratio*** **-217 bps y/y<sup>1</sup>**

**Cost increase 3ppt below inflation**

**1.10% *CoR*** **-26 bps y/y**

**Active asset quality management**

**11.2% *CET 1 Ratio*<sup>3</sup>** **+61 bps ytd**

**Internal capital generation on track**

Notes:

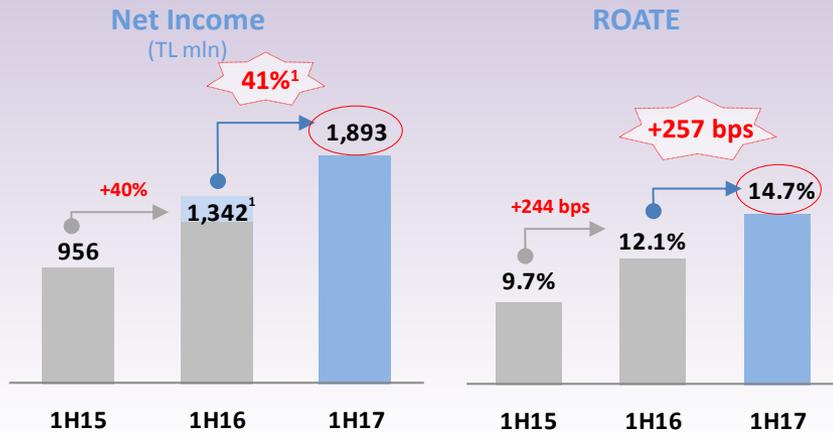
(1) 2016 figures exclude the Visa sale gain [Impact of Visa sale gain: TL 235 mln (net impact: TL 210 mln)]

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

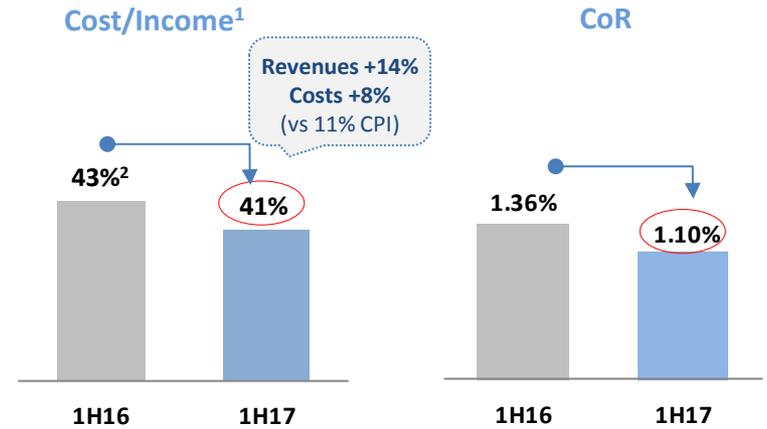
(3) Based on BRSA bank-only financials

# ...on the back of sustainable performance

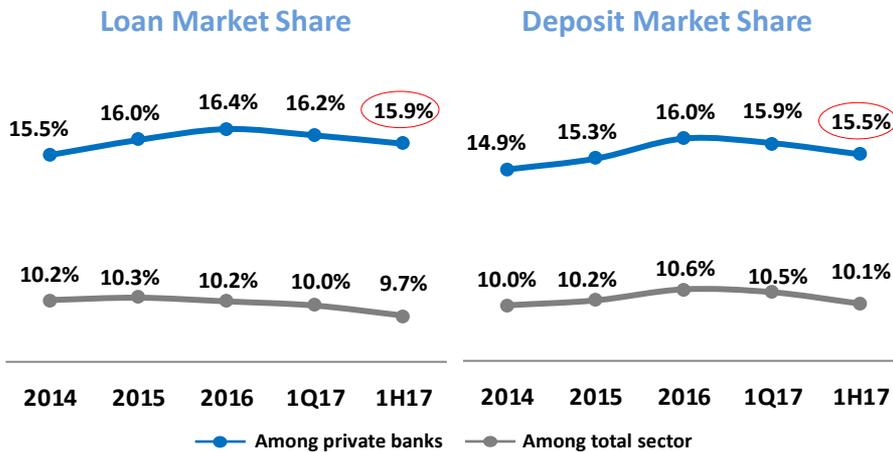
## Profitability Acceleration



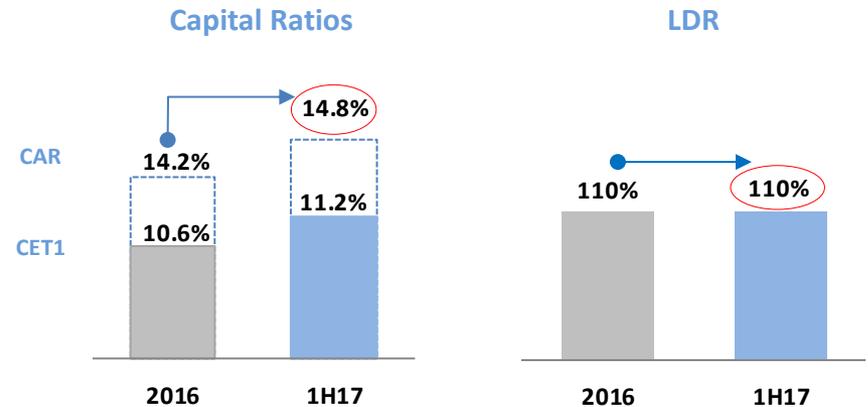
## Strong Operational Performance



## Balanced Scale Management



## Solid Fundamentals



Notes:  
 Market shares based on BRSA bank-only weekly data. 1H17 as of 30 Jun'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 figures exclude the Visa sale gain [Impact of Visa sale gain: TL 235 mln (net impact: TL 210 mln)]  
 (2) 2016 other income and provision figures are restated due to the revision on accounting treatment of collections

# Optimized volume growth supporting the profitability

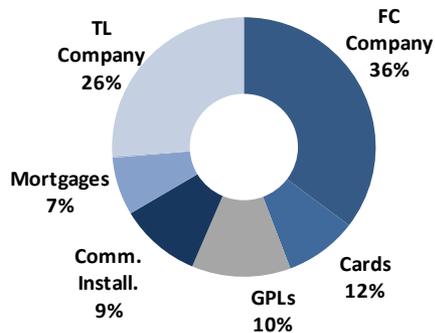
Volumes

## Lending (TL bln)

Loans +5% ytd driven by TL company lending

	YKB			Private Banks <sup>1</sup>	
	1H17	y/y	ytd	y/y	ytd
Cash + Non-Cash Loans	260.7	17%	6%	19%	8%
Total Loans <sup>2</sup>	185.8	15%	5%	18%	9%
TL	116.3	13%	10%	20%	14%
FC (\$)	19.8	-2%	-1%	-5%	1%
Consumer Loans	32.4	7%	4%	8%	4%
Credit Cards	22.6	9%	1%	7%	3%
Companies <sup>3</sup>	130.8	19%	6%	22%	10%

## Total Loans Breakdown



Conservative approach sustained  
Credit Guarantee Fund lending increased to ~ TL 10 bln by June 2017

Market share in CGF lending in line with market share in SME loans

## Funding (TL bln)

Deposits +5% ytd driven by FX deposits changing the overall mix

	YKB			Private Banks <sup>1</sup>	
	1H17	y/y	ytd	y/y	ytd
Total Deposits	164.2	19%	5%	18%	7%
TL	81.1	14%	-4%	12%	1%
FC (\$)	23.7	3%	15%	2%	14%
Customer Deposits <sup>4</sup>	157.4	18%	6%	18%	7%
TL	78.8	15%	0%	11%	1%
FC (\$)	22.4	1%	12%	4%	15%
Demand Deposits <sup>4</sup>	29.7	32%	12%	31%	13%
TL Bonds	4.4	14%	10%	-3%	4%
Repos	4.9	-44%	-23%	-29%	-20%
Borrowings	62.3	25%	8%	20%	6%

o/w individual<sup>5</sup>

	y/y	ytd
	27%	19%

Diversified funding mix towards longer term funding sources

Eurobond issuances in 2Q  
USD 500 mln  
TL 500 mln

### Notes:

- (1) Private banks based on BRSA weekly data as of 30 Jun'17. TL Bonds and Borrowings for private banks based on BRSA monthly data as of Jun'17
- (2) Loans indicate performing loans
- (3) Total loans excluding consumer loans and credit cards and including commercial instalment loans
- (4) Excluding bank deposits
- (5) Based on MIS data

# Core revenues and asset quality drive the profit improvement

## P&L

Effective performance in all lines leading to  
**TL 892 mln** quarterly net income (+40% y/y excl. Visa income in 2Q16)

TL mln	Quarterly					Cumulative		
	2Q16 <sup>1</sup>	1Q17	2Q17	q/q	y/y	1H16 <sup>1</sup>	1H17	y/y
Total Revenues (excl. Visa)	3,000	3,529	3,363	-5%	12%	6,063	6,892	14%
Core Revenues <sup>2</sup>	2,689	3,100	3,147	2%	17%	5,393	6,247	16%
Other Revenues (excl. Visa)	311	430	215	-50%	-31%	670	645	-4%
Other income (excl. Visa)	257	362	314	-13%	22%	564	676	20%
Trading	52	66	-107	-	-	100	-41	-
o/w Swap costs	-34	-34	-226	-	-	-96	-261	-
Operating Costs	1,324	1,370	1,422	4%	7%	2,587	2,791	8%
<b>Operating Income (excl. Visa)</b>	<b>1,676</b>	<b>2,160</b>	<b>1,941</b>	<b>-10%</b>	<b>16%</b>	<b>3,476</b>	<b>4,100</b>	<b>18%</b>
Provisions	844	895	820	-8%	-3%	1,732	1,714	-1%
<b>Net Income (excl. Visa)</b>	<b>638</b>	<b>1,001</b>	<b>892</b>	<b>-11%</b>	<b>40%</b>	<b>1,342</b>	<b>1,893</b>	<b>41%</b>
<b>ROATE<sup>3</sup></b>	<b>11.3%</b>	<b>15.8%</b>	<b>13.4%</b>	-237bps	204bps	<b>12.1%</b>	<b>14.7%</b>	257bps
<b>ROAA</b>	<b>1.1%</b>	<b>1.4%</b>	<b>1.3%</b>	-19bps	20bps	<b>1.1%</b>	<b>1.4%</b>	23bps

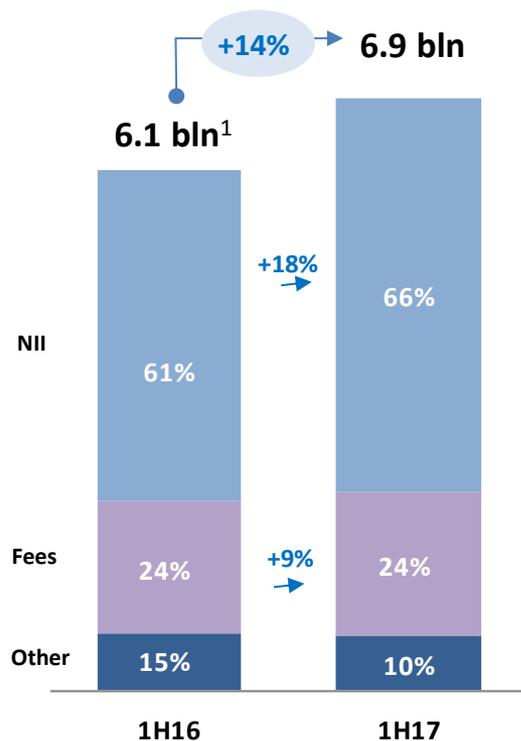
### Notes:

- (1) 2016 figures exclude the Visa sale gain [Impact of Visa sale gain: TL 235 mln (net impact: TL 210 mln)]. 2016 other income and provision figures are restated due to the revision on accounting treatment of collections
- (2) Core revenues = Net Interest Income + Fees
- (3) ROATE indicates return on average tangible equity (excl. goodwill of TL 979 mln)

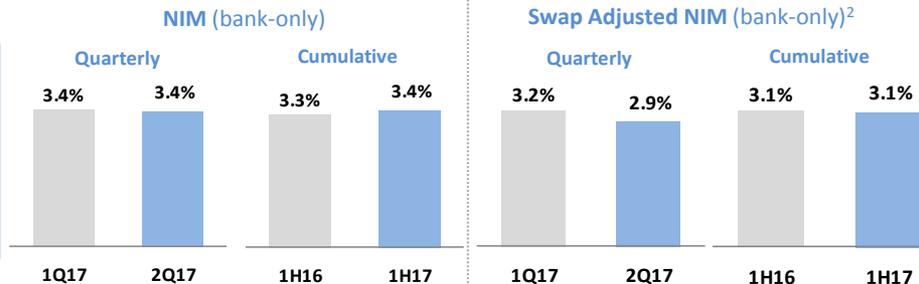
# Sustainable revenue growth through double digit NII increase

Revenues

## Revenue Breakdown (TL)

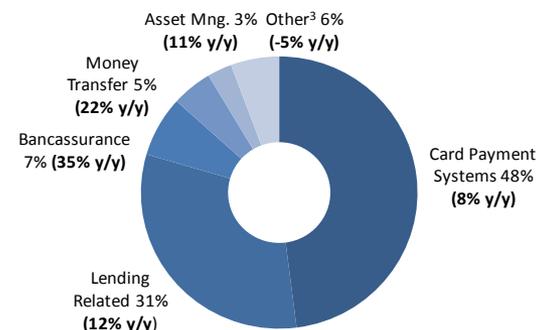


**Stable NIM q/q;**  
swap adjusted NIM  
-29 bps q/q due to  
increasing swap costs



**9% y/y fee growth**  
mainly driven by lending  
related fees (+12% y/y)  
and bankassurance  
(+35% y/y)

## Fees Received Composition



**Positive trend in  
collections driving other  
income; trading line  
negative due to  
increasing swap costs**

## Other Income Breakdown

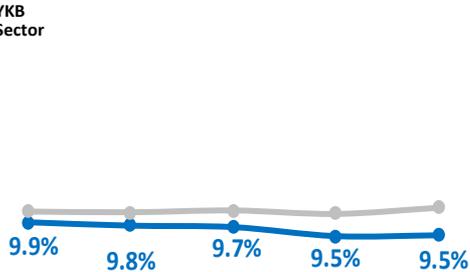
<i>mIn TL</i>	2Q16	1Q17	2Q17	1H16	1H17
<b>Other Income</b>	<b>492</b>	<b>362</b>	<b>314</b>	<b>799</b>	<b>676</b>
Collections <sup>4</sup>	208	234	202	417	437
NPL Sale	0	28	45	0	72
Visa Sale Gain <sup>5</sup>	235	0	0	235	0
<b>Trading &amp; FX (net)</b>	<b>52</b>	<b>66</b>	<b>-107</b>	<b>100</b>	<b>-41</b>
Swap Costs	-34	-34	-226	-96	-261

- Notes:
- (1) 2016 figures exclude the Visa sale gain,
  - (2) Swap Adjusted NIM calculation based on bank-only swap costs. Please refer to page 19 for bank-only swap costs
  - (3) Other includes account maintenance, equity trading, campaigns and product bundles etc.,
  - (4) 2016 collections figures are restated due to the revision on accounting treatment of collections,
  - (5) Net income from Visa in 2Q16: TL 210 mln

# Decline in loan-deposit spread due to increase in TL funding costs

## Loan Yields (Quarterly)

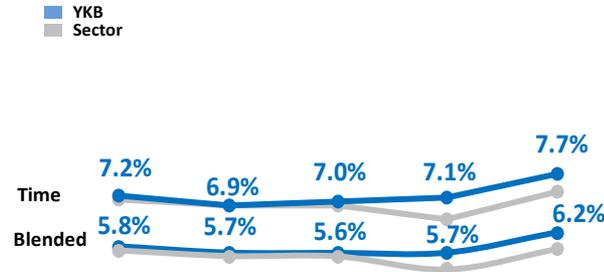
Loan yields maintained with ongoing efforts on loan repricing despite remix in composition



	2Q16	3Q16	4Q16	1Q17	2Q17
TL	12.3%	12.2%	11.9%	11.9%	11.9%
FC	5.3%	5.4%	6.1%	5.6%	5.3%

## Deposit Costs (Quarterly)

Increase in deposit costs driven mainly by hike in TL deposit costs



	2Q16	3Q16	4Q16	1Q17	2Q17
TL	9.4%	8.9%	8.6%	8.9%	9.9%
FC	1.6%	1.6%	1.9%	2.1%	2.3%

## Loan-Deposit Spread (Quarterly)

Loan-Deposit spread came down 50bps q/q due to surge in TL funding costs



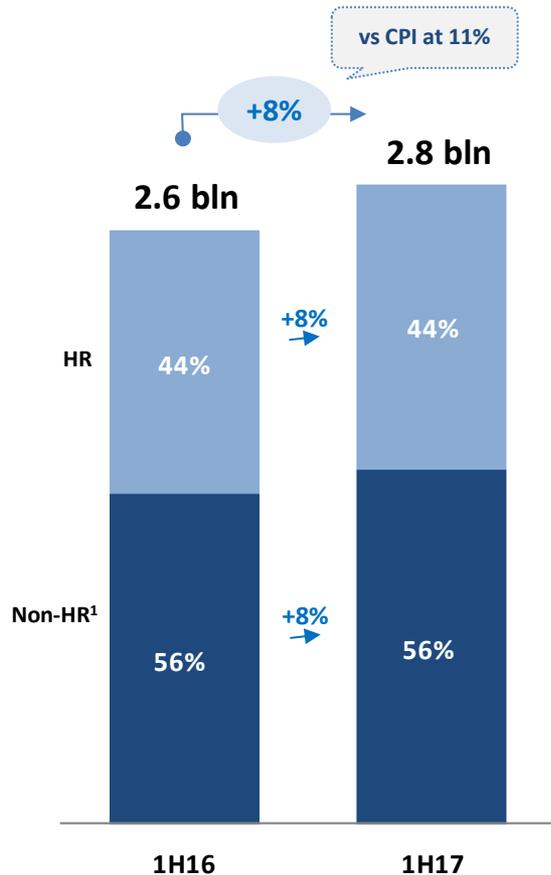
	2Q16	3Q16	4Q16	1Q17	2Q17
Quarterly	4.1%	4.1%	4.1%	3.8%	3.6%
Cum.	3.8%	4.0%	4.0%	3.8%	3.3%

Notes:  
All information based on BRSA bank-only financials; Sector based on BRSA monthly data

# Disciplined cost performance sustained

## Cost Breakdown (TL)

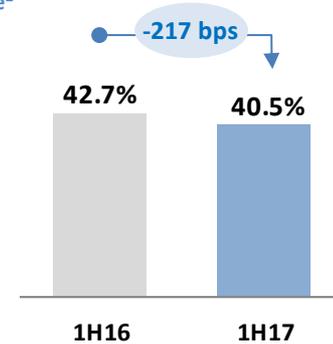
Below inflation cost performance showing results of effective optimisation efforts



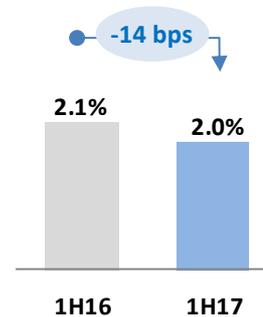
## Cost KPIs

Cost / Income down to 40.5% together with improvement in all cost KPIs

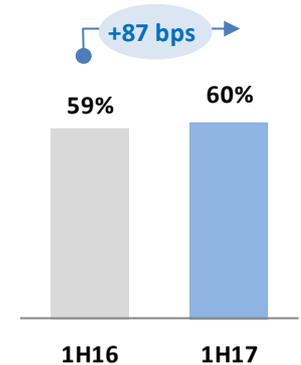
### Cost / Income<sup>2</sup>



### 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) 1H16 figures exclude the Visa sale gain [Impact of Visa sale gain: TL 235 mln (net impact: TL 210 mln)]. 1H16 other income and provision figures are restated due to the revision on accounting treatment of collections

# Digital transformation on track on the back of increasing digital customers



Higher market share in digital vs physical network

- **12.3%<sup>1</sup>** digital customer market share vs 9% market share in physical network

Digital and mobile banking customers increased significantly

- **3.8mln** customers (2x vs 2014) with **45%** digital customer penetration

Contribution of digital transformation in sales and processes

- **34%** y/y increase in products sold via digital channels
- **40%** share in total transactions (+25% y/y)

External recognition of digital performance

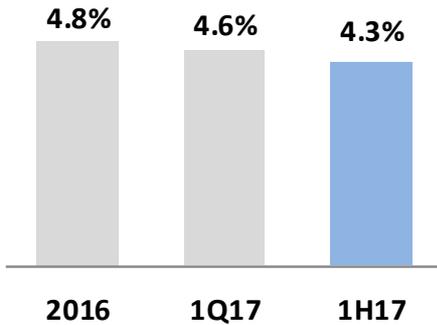
- **Most Innovative Digital Consumer Bank** in Europe
- **Best Digital Consumer Bank** in Turkey
- **Best Corporate Web Site** in Europe
- **Best Bill Paying Web Site**



# Focus on asset quality paying off – Conservative and proactive approach intact

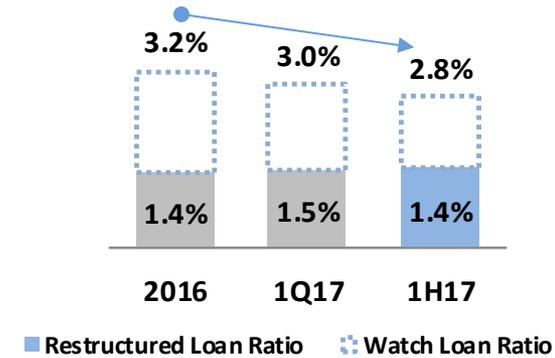
## NPL Ratio

Improvement in NPL ratio through slowdown in NPL inflows as well as positive impact of NPL sales<sup>1</sup>



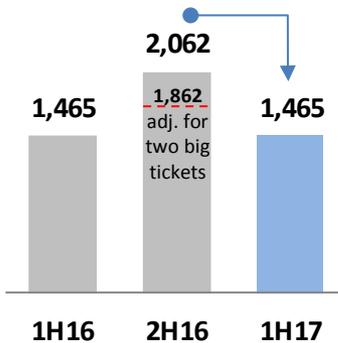
## Watch + Restructured Loans

Decline in watch portfolio with conservative approach on restructuring maintained

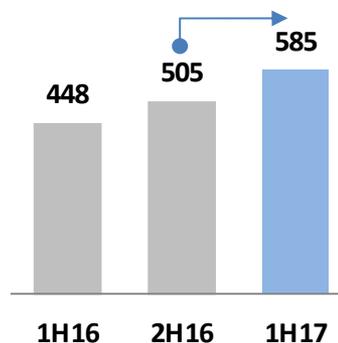


Decreasing trend in net new NPL formation vs 2016 continued, with slight increase q/q due to seasonality in the first quarter

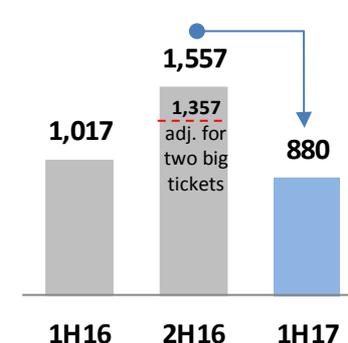
### NPL Inflows (TL mln)



### Collections (TL mln)



### Net NPL inflows (TL mln)



Notes:  
 (1) Three NPL sales with principal amounts of TL 493 mln in 1Q17 and TL 308 mln and TL 518 mln in 2Q17

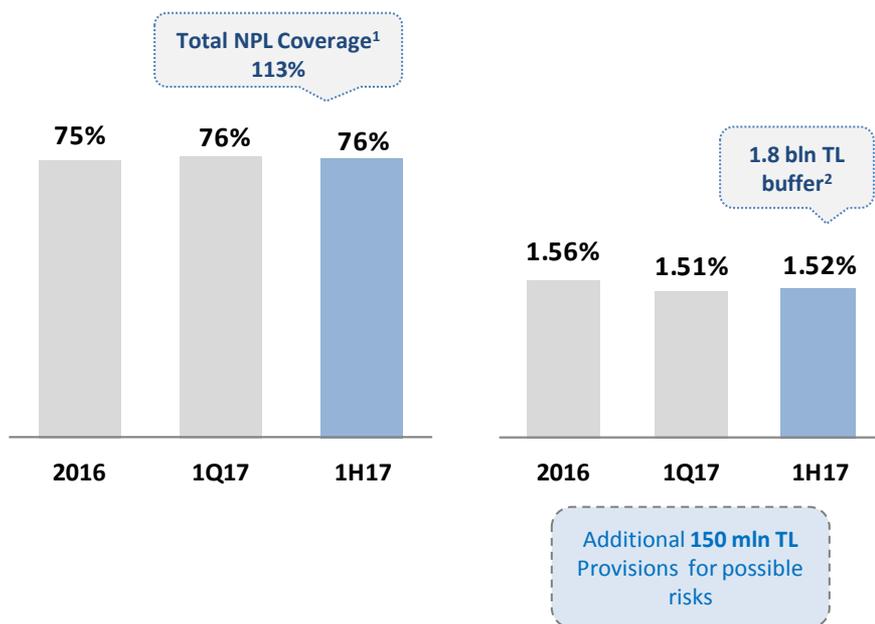
# Stable coverage levels despite TL 1.3bln of NPL sale

## NPL Coverage

**Total coverage ratio at 113%;**  
NPL sale impact on specific coverage -250 bps q/q in 2Q17 (-410 bps ytd in 1H17)

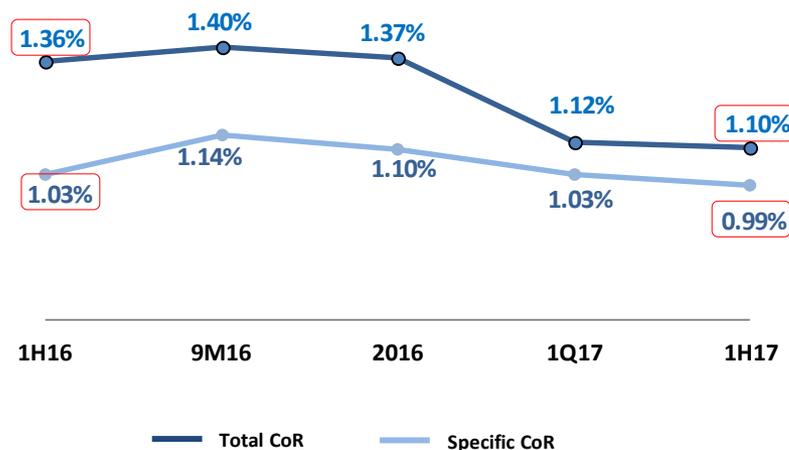
### Specific provisions / NPL

### Generic provisions / Performing Loans



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

**Total cost of risk -26 bps y/y supported by improving collections**

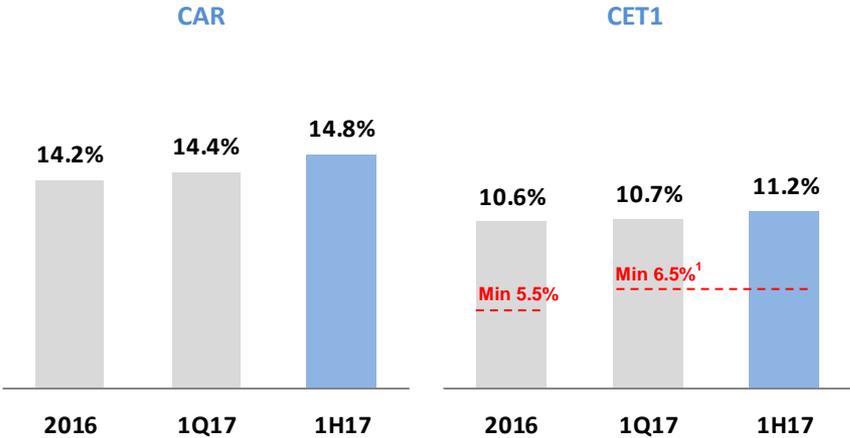


Notes:

- (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)

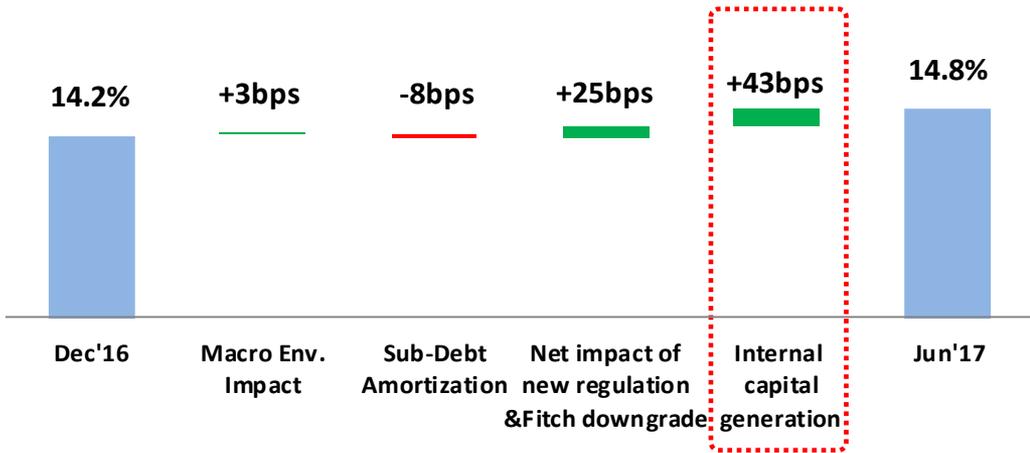


**Internal Capital Generation** continues to support Capital Ratios

## Consolidated



## CAR Evolution



	1H17	Δ ytd
ROATE	14.7%	+ 184 bps
RWA	TL 254 bln	3%

Notes:

(1) CET 1 minimum level of 6.5% is based on consolidated requirements (Bank Only: 5.76%)  
 2017 Basel 3 related capitalisation buffers include capital conservation buffer of 1.25%, countercyclical buffer (bank-specific) of 0.009%, SIFI buffer of 0.75% (Group 2)  
 Bank T1 Ratio at 11.1% as of 1H17. CET1 higher than T1 ratio in BRSA financials as all deduction items (including goodwill) are subject to deduction from Core Tier 1 through phase-in (2015:40%, 2016: 60%, 2017: 80%, 2018: 100%)  
 ROATE based on reported financials

# Confirming 2017 Guidance

	1H17 (y/y)	2017B	
<b>Volume Growth</b>			
Loans	15%	10 - 12%	
Deposits	19%	10 - 12%	
<b>Revenues and Costs</b>			
NIM	Flattish	Flattish	
Fees	9%	10%	
Costs	3pp below CPI	2-3pp below CPI	
Cost/Income	41%	42%	
<b>Asset Quality</b>			
NPL ratio (ytd)	-46 bps	Flattish	
Specific CoR (ytd)	-11 bps	Stable	
<b>Fundamentals</b>			
LDR	Stable	Stable	
CAR	14.8%	>13%	
<b>Net profit<sup>1</sup></b>	<b>22%</b>	<b>Mid/High-teens</b>	

Notes:

All figures based on BRSA consolidated financials except NIM and CAR

(1) Based on reported net profit

## Closing remarks

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**Continuation of strong performance with ROATE at 14.7%,**  
despite the uptick in funding costs

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

- **Revenue growth:** consistently strong performance with around 15% y/y growth in total revenues for the last 10 quarters
- **Cost elimination:** under control and below inflation since end-2015
- **Asset quality improvement:** positive trend maintained in 2Q17 ensuring the first signs

**2017 full year guidance confirmed**

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 **Annex**

# A more supportive macro environment shed by hike in funding costs

## Macro Environment

**Stabilization of volatile macro environment in the second quarter** with improvement in inflation, consumer confidence and exchange rate

	4Q16	1Q17	2Q17
<b>GDP Growth (y/y)</b>	4.2%	5.2%	<b>5.1%</b>
<b>CPI Inflation (y/y)</b>	8.5%	11.3%	<b>10.9%</b>
<b>Consumer Confidence Index</b>	68.8	66.8	<b>71.4</b>
<b>CAD/GDP<sup>1</sup></b>	-3.8%	-3.9%	<b>-4.1%</b>
<b>Budget Deficit/GDP</b>	-1.1%	-1.6%	<b>-2.0%</b>
<b>Unemployment Rate</b>	12.7%	11.7%	<b>10.2%</b>
<b>USD/TL (eop)</b>	3.54	3.65	<b>3.51</b>
<b>Benchmark Bond Rate (eop)</b>	10.7%	11.3%	<b>11.1%</b>

## Banking Sector

**Banking sector remaining resilient** despite increasing TL funding costs.  
**Ongoing growth**, with state banks overweighing private banks

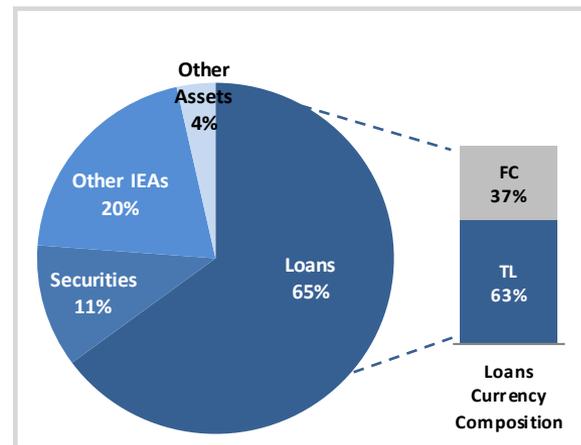
	2Q16	4Q16	1Q17	2Q17
<b>Loan Growth (ytd)</b>	<b>4%</b>	<b>8%</b>	<b>6%</b>	<b>11%</b>
<i>Private</i>	3%	7%	6%	9%
<i>State</i>	5%	9%	7%	15%
<b>Deposit Growth (ytd)</b>	<b>3%</b>	<b>8%</b>	<b>5%</b>	<b>9%</b>
<i>Private</i>	3%	8%	5%	7%
<i>State</i>	3%	8%	5%	13%
<b>NPL Ratio</b>	<b>3.1%</b>	<b>3.2%</b>	<b>3.1%</b>	<b>3.0%</b>
<b>CAR</b>	<b>15.3%</b>	<b>15.1%</b>	<b>15.5%</b>	<b>16.4%</b>
<b>ROATE</b>	<b>14.9%</b>	<b>14.3%</b>	<b>17.7%</b>	<b>16.8%</b>

Notes:  
All macro data as of June'17 unless otherwise stated  
Banking sector volumes based on BRSA weekly data

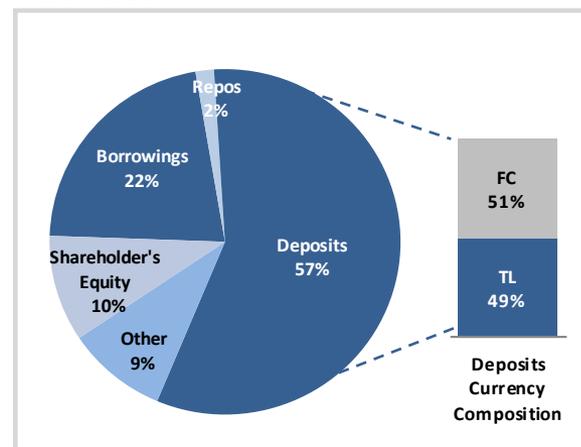
# Consolidated Balance Sheet

TL bln	1Q15	1H15	9M15	YE15	1Q16	1H16	9M16	2016	1Q17	1H17	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>286.5</b>	<b>2%</b>	<b>17%</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>185.8</b>	<b>1%</b>	<b>15%</b>
TL Loans	89.3	93.8	97.1	97.7	99.0	102.5	101.3	105.9	112.5	116.3	3%	13%
FC Loans (\$)	17.7	18.2	18.6	18.8	19.6	20.3	20.1	20.1	19.6	19.8	1%	-2%
<b>Securities<sup>1</sup></b>	<b>27.5</b>	<b>28.6</b>	<b>29.4</b>	<b>30.0</b>	<b>28.5</b>	<b>28.7</b>	<b>26.5</b>	<b>30.0</b>	<b>32.6</b>	<b>32.4</b>	<b>-1%</b>	<b>13%</b>
TL Securities	20.1	20.9	19.9	20.4	18.9	19.2	17.8	19.7	22.0	22.3	1%	16%
FC Securities (\$)	2.8	2.8	3.1	3.3	3.4	3.3	2.9	2.9	2.9	2.9	-1%	-12%
<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>164.2</b>	<b>0%</b>	<b>19%</b>
TL Deposits	64.5	62.7	65.4	67.2	70.4	71.3	75.3	84.2	81.3	81.1	0%	14%
FC Deposits (\$)	21.2	23.5	23.3	21.6	23.3	22.9	21.1	20.7	22.6	23.7	5%	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>62.3</b>	<b>2%</b>	<b>25%</b>
TL Borrowings	5.6	5.5	4.9	5.5	5.3	4.8	5.0	5.4	5.1	6.1	20%	26%
FC Borrowings (\$)	15.7	15.0	15.7	14.9	15.7	15.6	15.4	14.9	15.4	16.0	4%	3%
<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>28.5</b>	<b>3%</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>18.5</b>	<b>7%</b>	<b>25%</b>
<b>Loans/Assets</b>	63%	64%	62%	65%	65%	66%	65%	65%	65%	65%		
<b>Securities/Assets</b>	13%	13%	12%	13%	12%	12%	11%	11%	11%	11%		
<b>Borrowings/Liabilities</b>	22%	20%	21%	21%	21%	20%	21%	21%	22%	22%		
<b>Loans/(Deposits+TL Bonds)</b>	110%	110%	110%	114%	110%	114%	113%	110%	110%	110%		
<b>CAR - cons</b>	14.3%	13.0%	12.1%	12.9%	13.5%	13.6%	13.9%	13.2%	13.4%	13.7%		
<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%	10.3%		
<b>Leverage Ratio</b>	9.2x	9.1x	10.3x	9.2x	9.0x	9.1x	8.9x	9.4x	9.2x	9.1x		

## Assets



## Liabilities



(1) Securities excluding derivatives

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

# Consolidated Income Statement

TL million	1Q16	2Q16 <sup>1</sup>	3Q16	4Q16	1Q17	2Q17	q/q	y/y	1H16 <sup>1</sup>	1H17	y/y
<b>Total Revenues</b>	<b>3,063</b>	<b>3,000</b>	<b>3,189</b>	<b>3,156</b>	<b>3,529</b>	<b>3,363</b>	-5%	12%	<b>6,063</b>	<b>6,892</b>	14%
<b>Core Revenues</b>	<b>2,704</b>	<b>2,689</b>	<b>2,922</b>	<b>2,878</b>	<b>3,100</b>	<b>3,147</b>	2%	17%	<b>5,393</b>	<b>6,247</b>	16%
<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>2,321</b>	3%	21%	<b>3,863</b>	<b>4,572</b>	18%
o/w CPI-linkers	313	137	287	212	325	338	4%	146%	450	663	47%
<b>Fees &amp; Commissions</b>	<b>752</b>	<b>778</b>	<b>706</b>	<b>737</b>	<b>849</b>	<b>826</b>	-3%	6%	<b>1,530</b>	<b>1,675</b>	9%
<b>Other Revenues</b>	<b>359</b>	<b>311</b>	<b>266</b>	<b>277</b>	<b>430</b>	<b>215</b>	-50%	-31%	<b>670</b>	<b>645</b>	-4%
Other income <sup>2</sup>	307	257	216	240	362	314	-13%	22%	564	676	20%
o/w collections <sup>2</sup>	209	208	159	178	234	202	-14%	-3%	417	437	5%
o/w pension fund reversal	0	0	0	6	0	0	-	-	0	0	-
o/w NPL sale	0	0	0	0	28	45	-	-	0	72	-
o/w others	98	49	58	57	101	68	-32%	39%	148	169	14%
Trading	48	52	51	37	66	-107	-	-	100	-41	-
o/w swap costs	-62	-34	-27	39	-34	-226	-	-	-96	-261	170%
Dividend	3	3	0	0	2	8	-	-	6	10	70%
<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>1,422</b>	4%	7%	<b>2,587</b>	<b>2,791</b>	8%
o/w fee rebates	35	22	9	15	10	9	-14%	-59%	57	19	-66%
<b>Operating Income</b>	<b>1,799</b>	<b>1,676</b>	<b>1,836</b>	<b>1,780</b>	<b>2,160</b>	<b>1,941</b>	-10%	16%	<b>3,476</b>	<b>4,100</b>	18%
<b>Provisions</b>	<b>888</b>	<b>844</b>	<b>808</b>	<b>1,034</b>	<b>895</b>	<b>820</b>	-8%	-3%	<b>1,732</b>	<b>1,714</b>	-1%
Specific Provisions <sup>2</sup>	672	623	748	764	756	717	-5%	15%	1,295	1,473	14%
Generic Provisions	120	158	46	171	45	62	40%	-60%	278	107	-61%
Other Provisions	96	63	14	99	94	40	-57%	-36%	159	134	-16%
<b>Pre-tax Income</b>	<b>911</b>	<b>832</b>	<b>1,028</b>	<b>746</b>	<b>1,265</b>	<b>1,121</b>	-11%	35%	<b>1,743</b>	<b>2,386</b>	37%
Tax	207	194	218	176	263	229	-13%	18%	401	493	23%
<b>Net Income</b>	<b>704</b>	<b>638</b>	<b>811</b>	<b>570</b>	<b>1,001</b>	<b>892</b>	-11%	40%	<b>1,342</b>	<b>1,893</b>	41%
<b>Reported Net Income</b>	<b>704</b>	<b>848</b>	<b>811</b>	<b>570</b>	<b>1,001</b>	<b>892</b>	-11%	5%	<b>1,552</b>	<b>1,893</b>	22%
<b>ROTE<sup>1</sup></b>	<b>12.8%</b>	<b>11.3%</b>	<b>13.9%</b>	<b>9.4%</b>	<b>15.8%</b>	<b>13.4%</b>			<b>12.1%</b>	<b>14.7%</b>	

Notes:  
(1) 2016 figures excludes the Visa sale gain [Impact of Visa sale gain: 235 mIn TL (net impact: 210 mIn TL)].  
(2) 2016 other income and provisions figures are restated due to the revision on accounting treatment of collections

# Bank-Only Income Statement

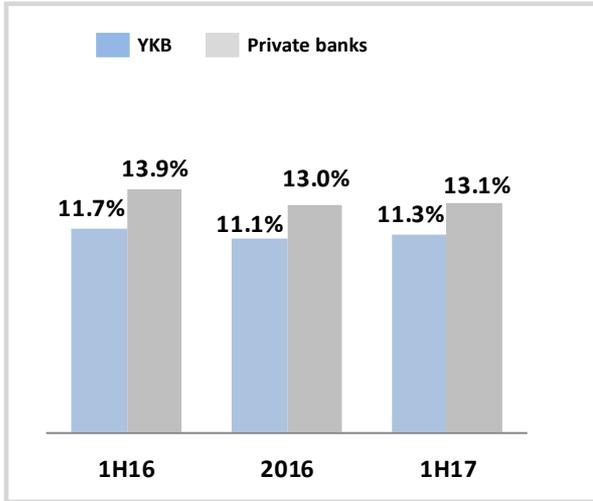
TL million	1Q16	2Q16 <sup>1</sup>	3Q16	4Q16	1Q17	2Q17	q/q	y/y	1H16 <sup>1</sup>	1H17	y/y
<b>Total Revenues</b>	<b>2,950</b>	<b>2,893</b>	<b>3,083</b>	<b>3,023</b>	<b>3,401</b>	<b>3,231</b>	-5%	12%	<b>5,843</b>	<b>6,632</b>	14%
<b>Net Interest Income</b>	<b>1,821</b>	<b>1,772</b>	<b>2,065</b>	<b>1,976</b>	<b>2,141</b>	<b>2,174</b>	2%	23%	<b>3,594</b>	<b>4,315</b>	20%
o/w CPI-linkers	313	137	287	212	325	338	4%	146%	450	663	47%
<b>Fees &amp; Commissions</b>	<b>716</b>	<b>744</b>	<b>671</b>	<b>695</b>	<b>807</b>	<b>784</b>	-3%	5%	<b>1,460</b>	<b>1,591</b>	9%
<b>Other Revenues</b>	<b>413</b>	<b>377</b>	<b>347</b>	<b>352</b>	<b>453</b>	<b>273</b>	-40%	-27%	<b>790</b>	<b>726</b>	-8%
Other income <sup>1</sup>	398	349	317	348	473	432	-9%	24%	747	906	21%
o/w collections <sup>1</sup>	209	208	159	178	234	202	-14%	-3%	417	437	5%
o/w pension fund reversal	0	0	0	6	0	0	-	-	0	0	-
o/w NPL sale	0	0	0	0	28	45	63%	-	0	72	-
o/w profit/(loss) of associates & jv.s accounted for using equity method	108	113	128	128	146	140	-4%	24%	221	286	30%
o/w others	81	28	31	36	65	45	-31%	62%	109	111	1%
Trading	15	28	30	4	-22	-159	-	-	42	-182	-
o/w swap costs	-94	-52	-33	35	-114	-276	-	-	-146	-390	-
Dividend	0	0	0	0	2	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>1,346</b>	4%	7%	<b>2,457</b>	<b>2,642</b>	8%
o/w fee rebates	35	22	9	15	10	9	-14%	-59%	57	19	-66%
<b>Operating Income</b>	<b>1,751</b>	<b>1,635</b>	<b>1,773</b>	<b>1,714</b>	<b>2,106</b>	<b>1,884</b>	-11%	15%	<b>3,386</b>	<b>3,990</b>	18%
<b>Provisions</b>	<b>863</b>	<b>828</b>	<b>776</b>	<b>995</b>	<b>876</b>	<b>792</b>	-10%	-4%	<b>1,691</b>	<b>1,668</b>	-1%
Specific Provisions <sup>1</sup>	654	610	723	725	745	687	-8%	13%	1,264	1,432	13%
Generic Provisions	115	155	40	174	43	61	40%	-61%	270	104	-61%
Other Provisions	94	63	13	97	88	45	-49%	-29%	157	132	-16%
<b>Pre-tax Income</b>	<b>887</b>	<b>807</b>	<b>997</b>	<b>719</b>	<b>1,230</b>	<b>1,092</b>	-11%	35%	<b>1,694</b>	<b>2,322</b>	37%
Tax	183	169	186	149	229	200	-13%	18%	352	429	22%
<b>Net Income</b>	<b>704</b>	<b>638</b>	<b>811</b>	<b>570</b>	<b>1,001</b>	<b>892</b>	-11%	40%	<b>1,342</b>	<b>1,893</b>	41%
Visa Income	0	210	0	0	0	0	-	-	210	0	-
<b>Reported Net Income</b>	<b>704</b>	<b>848</b>	<b>811</b>	<b>570</b>	<b>1,001</b>	<b>892</b>	-11%	5%	<b>1,552</b>	<b>1,893</b>	22%
<b>ROTE<sup>1</sup></b>	<b>12.8%</b>	<b>11.3%</b>	<b>13.9%</b>	<b>9.4%</b>	<b>15.8%</b>	<b>13.4%</b>			<b>12.1%</b>	<b>14.7%</b>	

Notes:

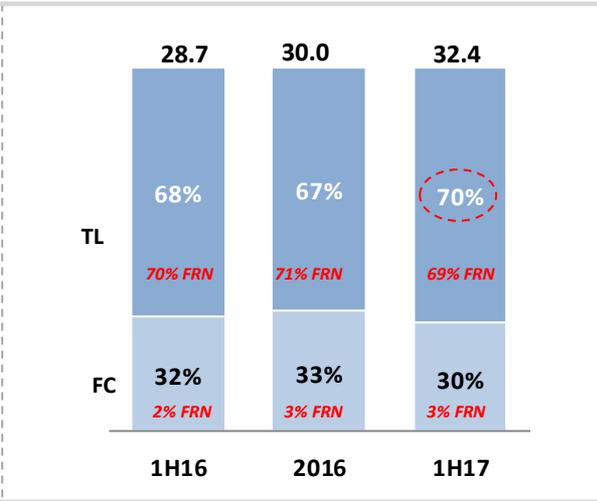
(1) 2016 figures excludes the Visa sale gain [Impact of Visa sale gain: TL 235 mln (net impact: TL 210 mln)]. 2016 other income and provision figures are restated due to the revision on accounting treatment of collections

# Securities

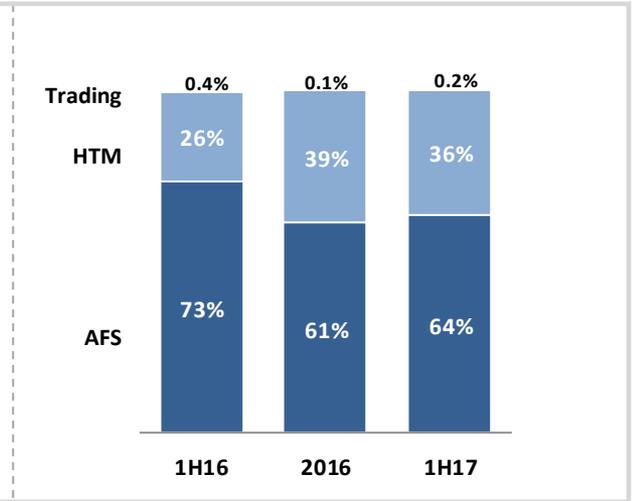
## Securities<sup>1</sup>/Assets



## Composition by Currency (TL bln)



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

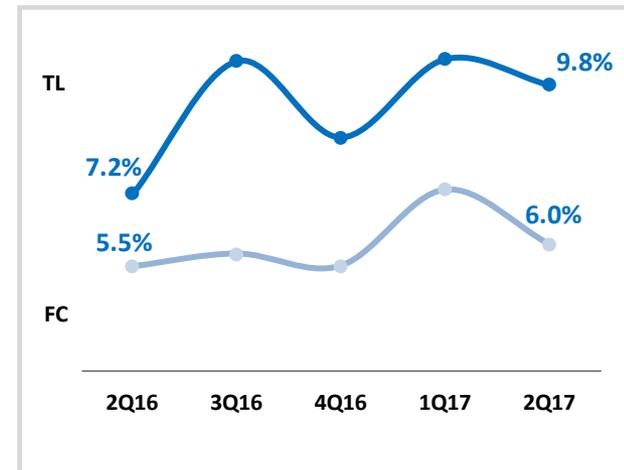


- **Securities / assets at 11.3%** with dynamically managed mix to benefit from rate environment
- **Increase in CPI linkers to benefit from higher inflation levels.** CPI-linker volume at 10.5 bln TL (+10% ytd) with gain of TL 663 mln in 1H17 (2Q17: TL 338 mln; 1Q17: TL 325 mln)

Inflation estimate for the revaluation CPI linkers: 8.8%

- **M-t-m unrealised gain at TL 5 mln as of 1H17** (TL -463 mln in 2016)

## Security Yields



Notes: Private banks data based on BRSA monthly data dated Mar'17; YKB data is based on Mar'17 consolidated BRSA financials  
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 amortization of issuer premium on securities (as per BRSA)

(1) Excluding derivatives classified under trading securities

# Borrowings: 21% of total liabilities

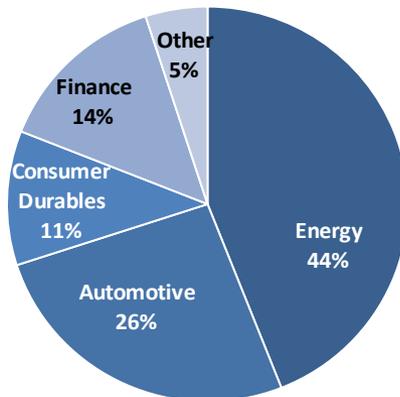
International	<b>Syndications</b>	<p>~ US\$ 2.5 bln outstanding</p> <ul style="list-style-type: none"> <li>■ <b>May'17:</b> US\$ 306 mln &amp; € 956.5 mln, all-in cost at Libor+ 1.45% and Euribor+ 1.35% for the 367 day tranche and Libor+ 2.20 % and Euribor+ 2.10 % for the 2 year and 1 day tranche, respectively. 48 banks from 19 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: ~€ 47 mn)</li> <li>■ <b>Jul'13:</b> US\$ 355 mln and €115 mln, 5-13 years (outstanding: ~US\$ 192 mn and € 38 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\$ 2.7 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> <li>■ <b>Jun'17:</b> US\$ 500 mln, 5.85% (coupon rate), 7 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\$ 383 mln outstanding</p> <ul style="list-style-type: none"> <li>■ <b>EIB Loan - 2008/2012:</b> US\$ 102.4 mln and € 250 mln and TL 187 mln, 5-15 years (outstanding: ~US\$ 95.8 mln, € 128.9 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 € 70 mln (outstanding: ~US\$ 33.9 mln and € 64 mln)</li> </ul>
	Domestic	<b>Local Currency Bonds / Bills</b>

## Financial Highlights

(in EUR, 1H17)

Total Assets (bln)	23.3
Revenues (mln)	11,568
Net Income (mln)	647
Market Capitalisation (bln)	11.7

## Revenue Composition (1H17)



- Established in 1926, Turkey's largest industrial and services group in terms of turnover and exports
- 419<sup>th</sup> largest company in the world<sup>1</sup>
- Leading positions with strong competitive advantages in energy, automotive, consumer durables, finance, food, retailing and tourism sectors



## Market Positions<sup>2</sup>

- Sole petroleum refiner** in Turkey
- #1 in LPG distribution** (29% market share)
- #2 in petroleum products distribution** (18% market share)
- #1 in total automotive** (22% market share)
- #3 in passenger cars** (13% market share)
- #1 in commercial vehicles** (52% market share)
- #1 in white goods** (50% market share) (refrigerators, washing machines, ovens, air conditioners)
- #4 in total banking assets** among private banks
- #1 in leasing; #1 in factoring and #2 mutual funds**

Source: Koç Group investor relations website, presentations and publicly available financials  
Market shares as of 1H17. Market capitalisation as of 30 Jun'17, calculated as share price \* paid-in capital. Free float: 26.46%. EUR/TL:3.516

(1) According to Fortune Global 500 as of 2016

(2) As of full year 2016

## Financial Highlights

(in EUR, 1H17)

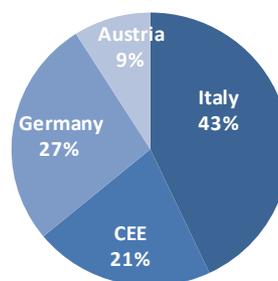
Total Assets (bln)	827
Loans (bln)	450
Deposits and Debt Securities Issued (bln)	674
Revenues (mln)	9,937
Net Income (mln)	1,321

CET1 - Fully Loaded	12.93%
Capital Adequacy Ratio	17.25%
Market Capitalisation (bln)	37.0 <sup>1</sup>

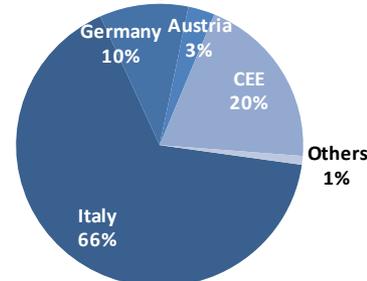
- Roots dating back to 1473. Created through the merger of 9 of Italy's largest banks and the subsequent combination with the German HVB Group and the Italian Capitalia Group
- A major international financial institution based in Italy with banking operations in 14 countries
  - international network spanning **18 countries**
  - Market leader** in Central and Eastern Europe leveraging on the region's structural strengths



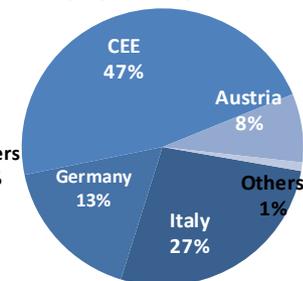
Revenue Composition



Branch Composition



Employee Composition



# Turkey: A large and dynamic country with solid growth potential and resilient fundamentals

Turkey

## Turkey

- Europe's 8<sup>th</sup> largest economy and a member of G20
- Young, dynamic, large and growing population
- Sovereign ratings of Ba1/BB/BB+ by Moody's/S&P/Fitch

	TR 2015	EU 2015
Population (mln)	79	508
Median Age	30	43
Population Growth (CAGR 2000-2015)	1.4%	0.4%
GDP (€ bln)	646	14,625
World Ranking	18	-
Per Capita GDP (€)	8,199	28,767
World Ranking	65	-

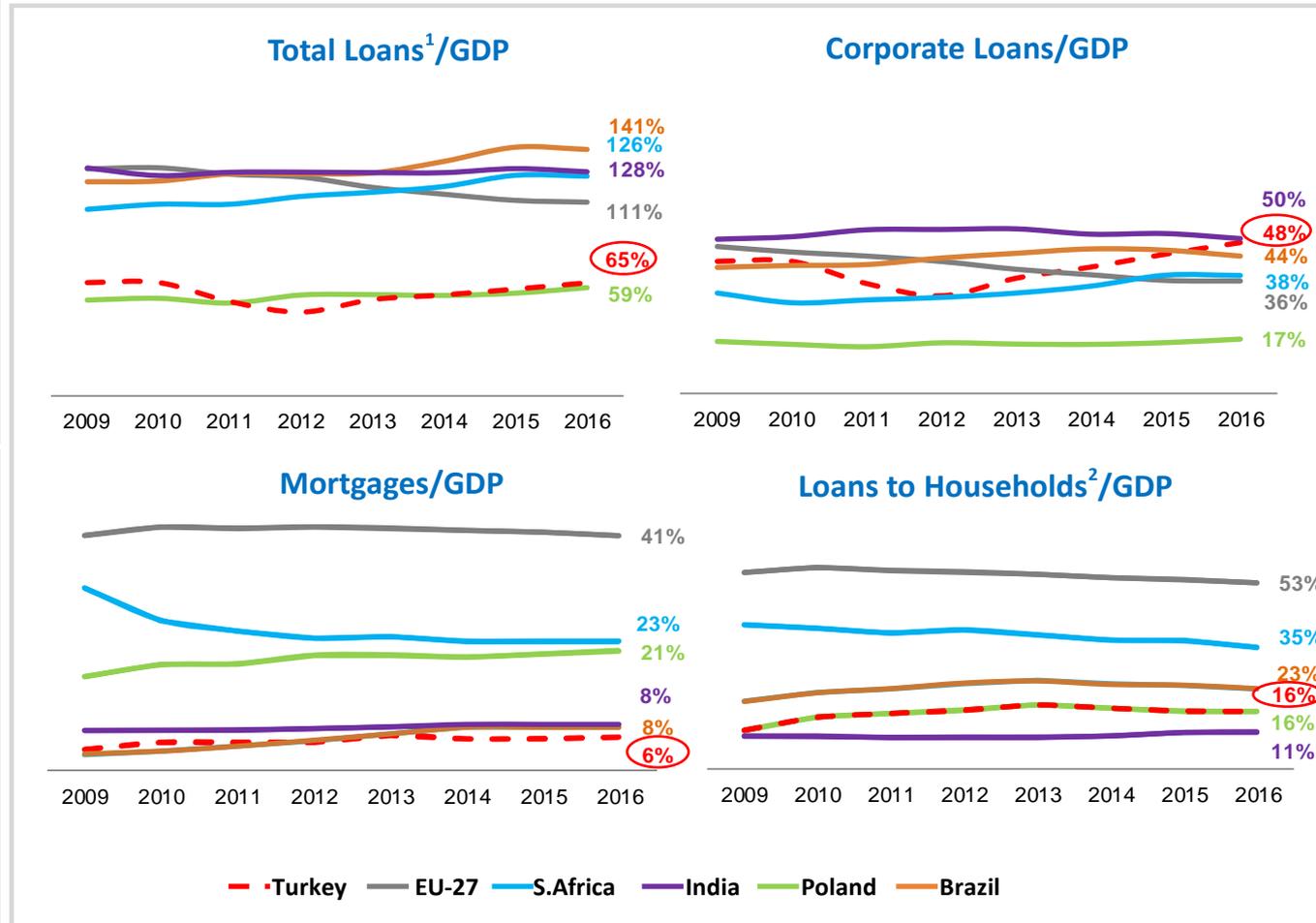
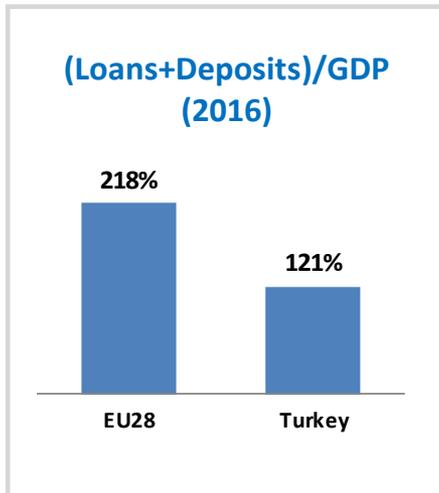
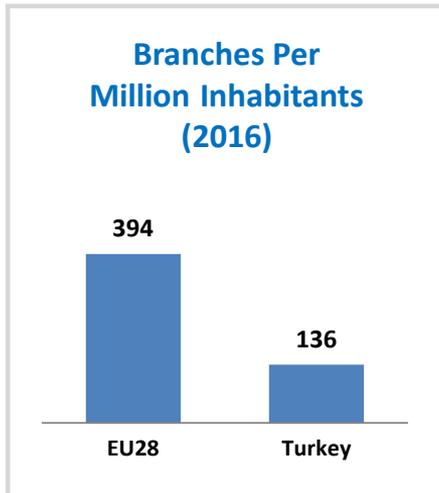
## Macro

- Converging economy with growth potential
- Focus on achieving balanced growth driven by both consumption and net exports
- Strong fiscal discipline with low public debt/GDP
- Stable CAD/GDP

	2014	2015	2016	1Q17	2Q17
GDP Growth	5.2%	6.1%	3.2%	5.2%	5.1%
Inflation (eop)	8.2%	8.8%	8.5%	10.1%	10.9%
Benchmark Rate (eop)	8.0%	10.9%	10.7%	11.3%	11.1%
Unemployment	9.9%	10.3%	12.1%	11.7%	10.2%
Policy Rate	8.3%	7.5%	8.0%	8.0%	8.0%
CAD/GDP	4.7%	3.7%	3.8%	3.9%	4.1%
<i>o/w energy</i>	5.3%	3.9%	2.8%	3.1%	3.3%
Public Debt/GDP	30%	29%	29%	29%	29%
Private Debt/GDP	90%	96%	103%	103%	102%
Budget deficit/GDP	-1.1%	-1.0%	-1.1%	-1.6%	-2.0%

Source: Turkstat, Eurostat (for population, median age, population growth, GDP, per capita GDP, unemployment), IMF (for world ranking), CBRT (inflation), Bloomberg (benchmark), Turkstat and CBRT (for CAD/GDP), Treasury and Turkstat (public debt/GDP), CBRT, BRSA, Treasury and Turkstat (private debt/GDP)  
 Notes: EU indicates EU27 countries (source: population and macro data based on Turkish Statistical Institute)  
 Based on Turkish Statistical Institute and IMF World Economic Outlook  
 2Q17 GDP figure is used to calculate CAD/GDP, Public Debt/GDP and Budget Deficit/GDP

# Despite solid growth in recent years, Turkish banking sector still underpenetrated in household lending



Source: European Central Bank, BRSA, CBRT, Turkstat, ML database for India, Brazil, S.Africa

Note: Loan data on graphs for all countries based on 2016 actual figures

(1) Excluding lending to credit institutions

(2) Including housing loans, consumer lending and other household lending (including CC, excluding SMEs)

# Healthy banking sector, resilient against external shocks and supporting economic growth

Banking Sector

## Banking Sector

- **Well regulated** (BRSA est. in 2001)
- **Best practices in technology:** payment systems and well-qualified workforce
- **Healthy profitability**
- **Sound asset quality, liquidity and capitalisation**

## Developments

- **Regulatory pressure** related to:
  - **fees** (account maintenance fees)
  - **costs** (fee rebates)
  - **capital** (potential alignment to IRB)
  - **provisioning** (IFRS9 as of 2018)

## Challenges

- **Interest rate and currency volatility**
- **Pricing competition and maturity of funding sources**
- **Asset quality**

	Banking Sector						
	2012	2013	2014	2015	2016	1Q17	1H17
Banks #	46	48	48	48	47	47	46
Branches #	10,234	11,023	11,223	11,193	10,781	10,754	10,724
Loan Growth (ytd)	15%	33%	18%	21%	17%	6%	11%
Deposit Growth (ytd)	11%	24%	10%	19%	17%	5%	9%
Loans/GDP <sup>1</sup>	48%	55%	58%	61%	65%	66%	67%
Deposits/GDP <sup>1</sup>	49%	53%	51%	53%	56%	57%	58%
Loans/Assets	58%	61%	62%	64%	64%	65%	65%
Deposits/Assets	59%	58%	56%	56%	56%	56%	56%
NIM	4.2%	3.8%	3.6%	3.6%	3.8%	4.0%	4.0%
NPL Ratio	2.8%	2.6%	2.8%	2.9%	3.2%	3.1%	3.0%
Specific Coverage	75%	77%	75%	76%	78%	79%	79%
CAR <sup>2</sup>	17.3%	14.6%	15.7%	15.0%	15.1%	15.5%	16.4%
Tier 1 Ratio	14.2%	12.2%	13.1%	12.5%	12.6%	13.0%	13.6%
ROAE	15.8%	13.3%	12.8%	11.5%	14.3%	17.7%	16.8%
ROAA	1.7%	1.4%	1.3%	1.1%	1.4%	1.9%	1.7%

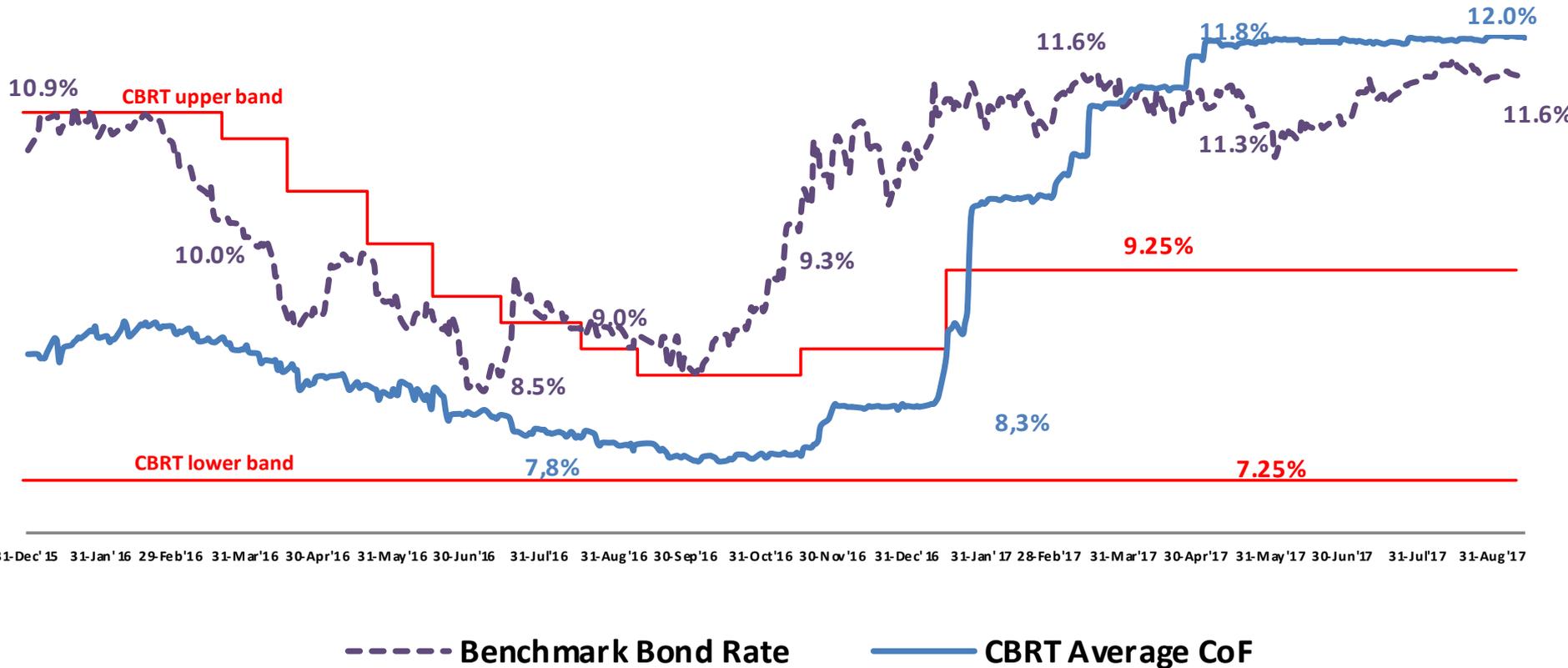
Source: Turkish Banks Association for bank and branch numbers, BRSA for banking sector data (including BS, P&L, KPIs), Turkstat for GDP data

Notes:  
Minimum total CAR at 8% (threshold for opening branches minimum 12% CAR), T1 at 6%, core T1 at 4.5%

(1) 12 month rolling GDP used

(2) Based on BRSA monthly financials; indicating deposit banks

# CBRT rates



Notes:

Benchmark Bond Rate: Yield of the most traded 2-year government bond

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

# Credit Ratings

	Long-Term Foreign Currency			Long-Term Local Currency	
	Rating	Outlook	Rating	Outlook	
<b>Moody's</b>	<b>Yapı Kredi</b>	<b>Ba2</b>	<b>Negative</b>	<b>Ba1</b>	<b>Negative</b>
	Garanti	Ba2	Negative	Ba1	Negative
	Akbank	Ba2	Negative	Ba1	Negative
	İşbank	Ba2	Negative	Ba1	Negative
	Halkbank	Ba2	Negative	Ba1	Negative
	Vakıfbank	Ba2	Negative	Ba1	Negative
<b>S&amp;P</b>	<b>Yapı Kredi</b>	<b>BB</b>	<b>Negative</b>	<b>BB</b>	<b>Negative</b>
	Garanti	BB	Negative	BB	Negative
	Akbank	Not rated	-	Not rated	-
	İşbank	BB	Negative	BB	Negative
<b>Fitch</b>	<b>Yapı Kredi</b>	<b>BBB-</b>	<b>Stable</b>	<b>BBB-</b>	<b>Stable</b>
	Garanti	BBB-	Stable	BBB-	Stable
	Akbank	BB+	Stable	BB+	Stable
	İşbank	BB+	Stable	BB+	Stable

**YKB is still rated at investment grade by Fitch, despite Fitch's downgrade of the sovereign to non-investment grade**

\* Ratings valid since Sep'16 (Moody's), Feb'17 (Fitch), Jul'16 (S&P)

Note: Ratings and outlook changes presented in the table are based on actions made in 2016

○ YKB's investment grade ratings