

# Yapı Kredi 9M17 Investor Presentation

November 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

293.9  
bln TL

Loans<sup>2</sup>

190.6  
bln TL

Shareholders' Equity

29.0  
bln TL

Deposits+ TL Bonds<sup>3</sup>

169.6  
bln TL

Active Customers<sup>4</sup>

13.2  
mln

Employees<sup>5</sup>

19,152

Branches

888

Share of ADCs<sup>6</sup>

90%

Net Income

2,735  
mln TL

RoATE<sup>7</sup>

14.0%

Bank CAR

14.9%

Total NPL Coverage<sup>8</sup>

115%

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

Among top 10 most valuable brands<sup>9</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

Total 23.2 mln

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) Loans indicate performing loans

(3) Deposits: TL 165.0 bln, TL Bonds: TL 4.6 bln

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

(5) Group data. Bank-only: 18,195

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

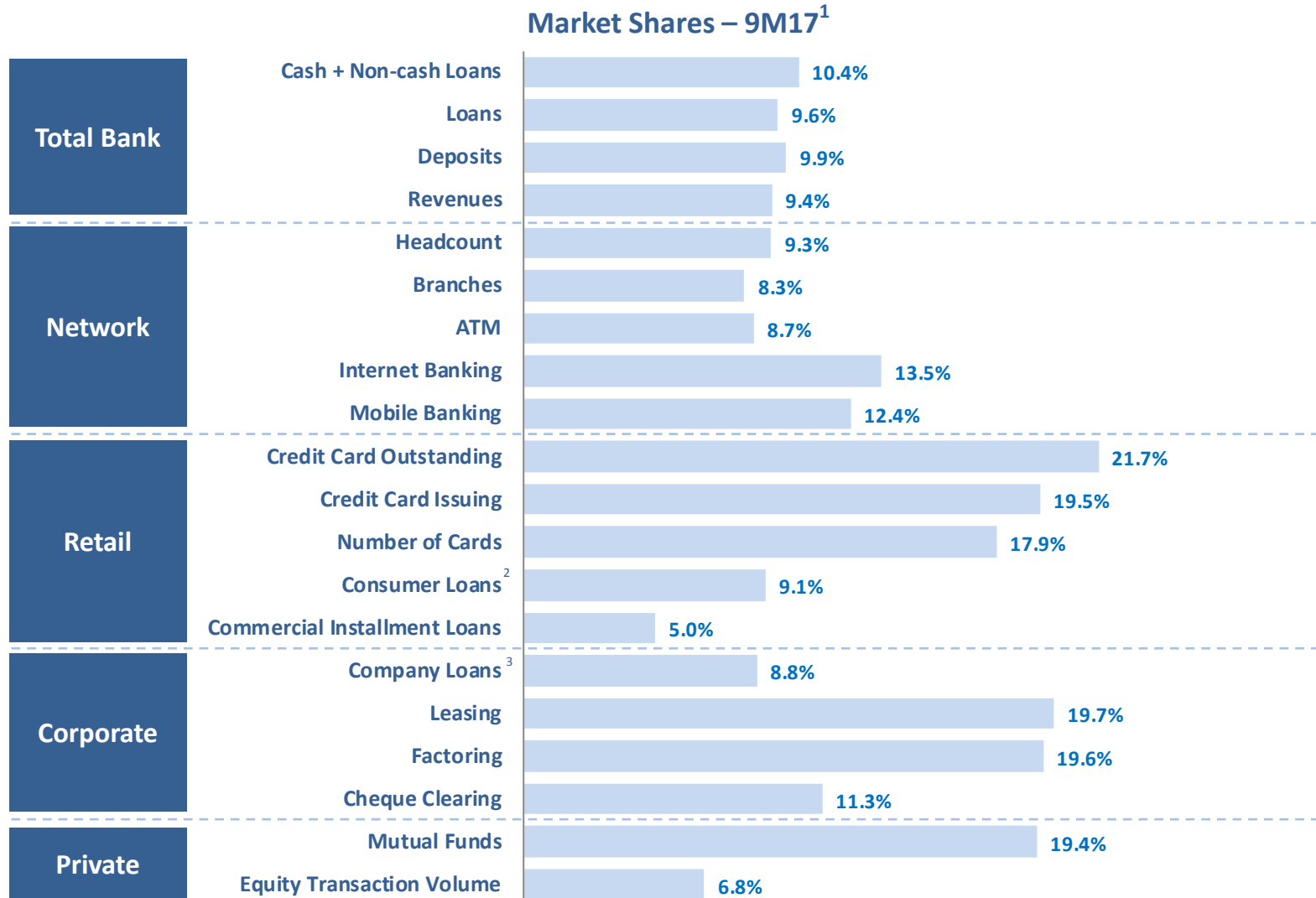
(7) RoATE indicates return on average tangible equity (excl goodwill)

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

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

# Leading positions in value generating services and products

Market Position



(1) All market shares as of 9M17 unless stated otherwise. Internet Banking, Mobile Banking, Leasing, Factoring and equity transaction volume market shares as of 1H17. 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 Sep'17

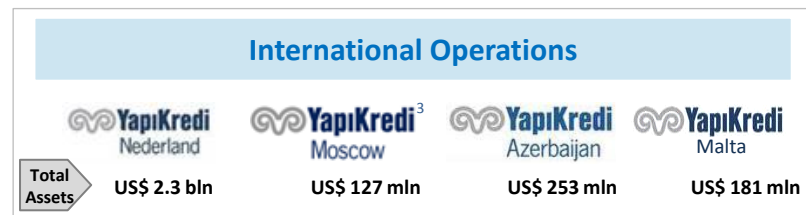
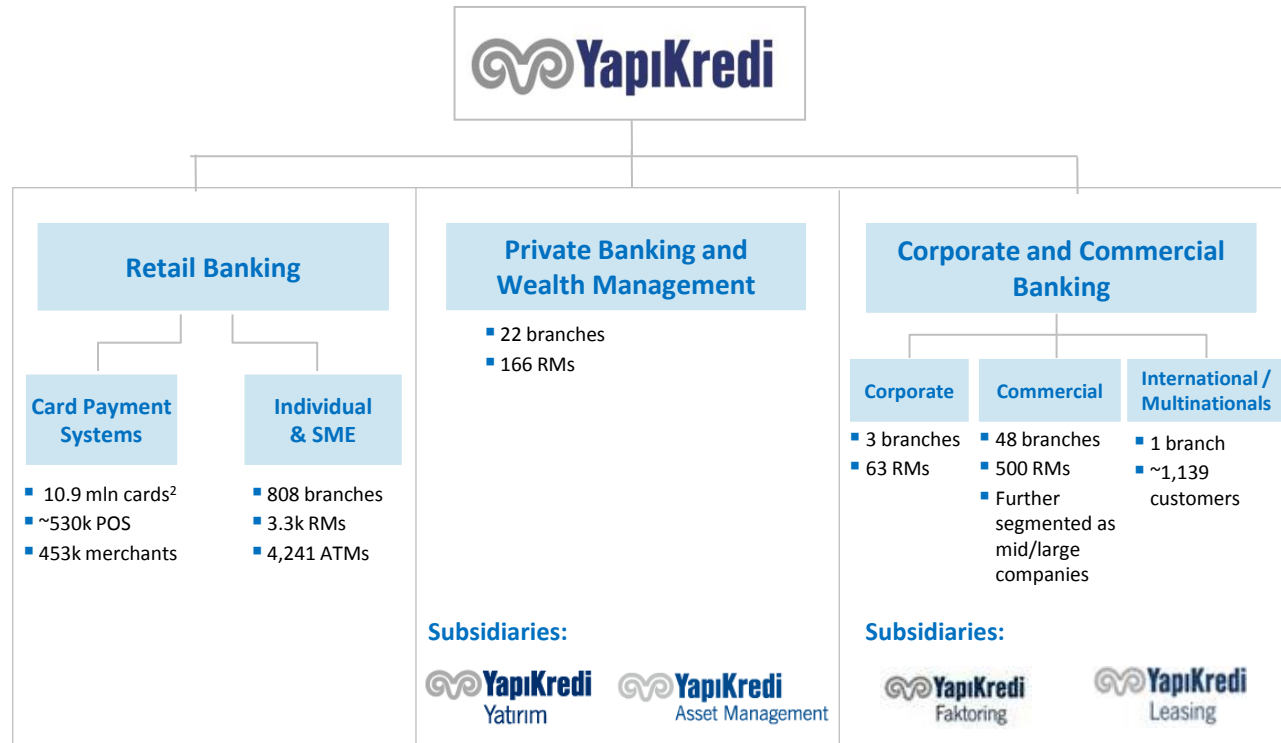
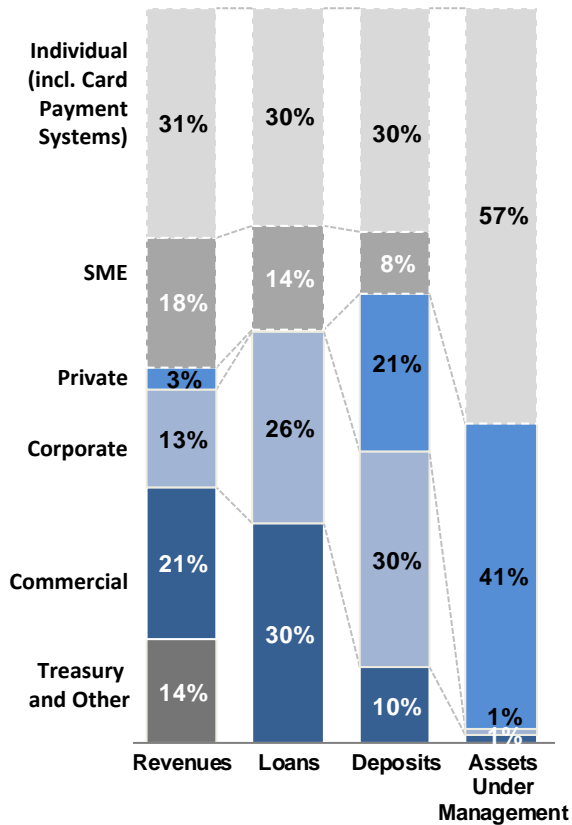
(2) Including mortgages, general purpose and auto loans

(3) 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 (9M17)

Retail<sup>1</sup> 52% 44% 59% 99%



Source: Approximate numbers based on MIS reporting for company information. Asset size data of international operations based on 9M17 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

(3) On 25 October 2017, Yapı Kredi's BoD took the decision to sell "Yapı Kredi Moscow" to Expobank LLC. Following the regulatory approval, the share transfer will be finalised.

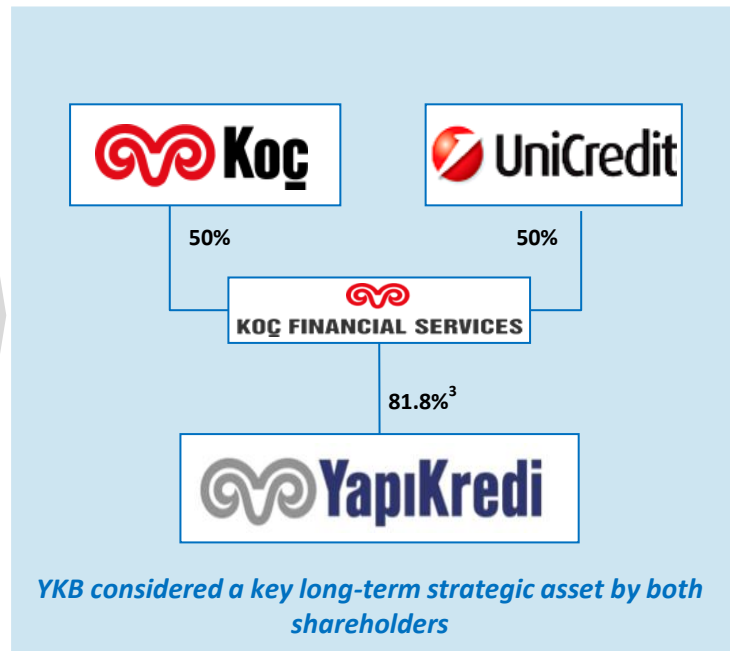
# Strong and committed shareholders

## 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

## Another set of strong results

**2.7 bln TL *Net Income*** **+27% y/y<sup>1</sup>**

Already above 2016 net income<sup>1</sup>

**14.0% *ROATE*<sup>2</sup>** **+124 bps y/y**

Ongoing strong performance in ROATE

**41% *Cost/Income Ratio*** **-166 bps y/y<sup>1</sup>**

Cost increase significantly below inflation

**1.11% *CoR*** **-29 bps y/y**

Improvement despite higher coverage

**11.3% *CET 1 Ratio*<sup>3</sup>** **+69 bps ytd**

Further internal capital generation

### Notes:

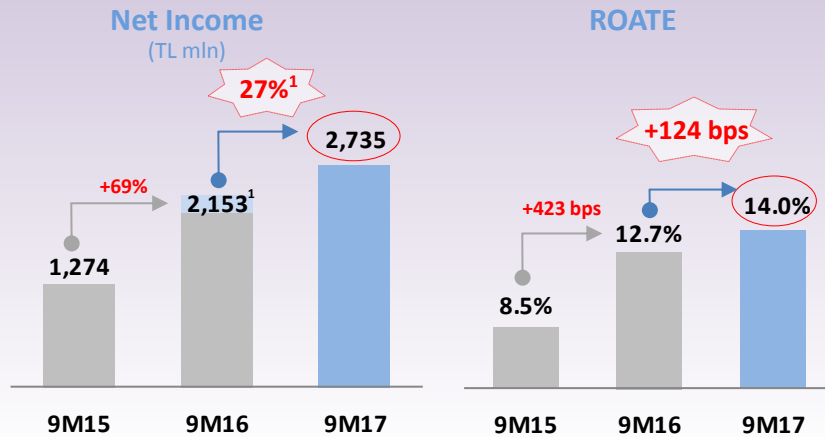
(1) 2016 figures exclude the Visa sale gain [Impact of Visa sale gain: TL 235 mln (net impact: TL 210 mln)]

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

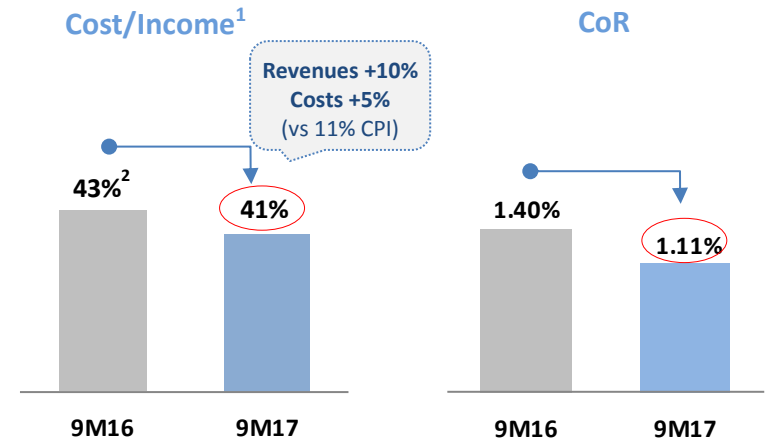
(3) Based on BRSA bank-only financials

# ...on ample improvement in all fundamentals

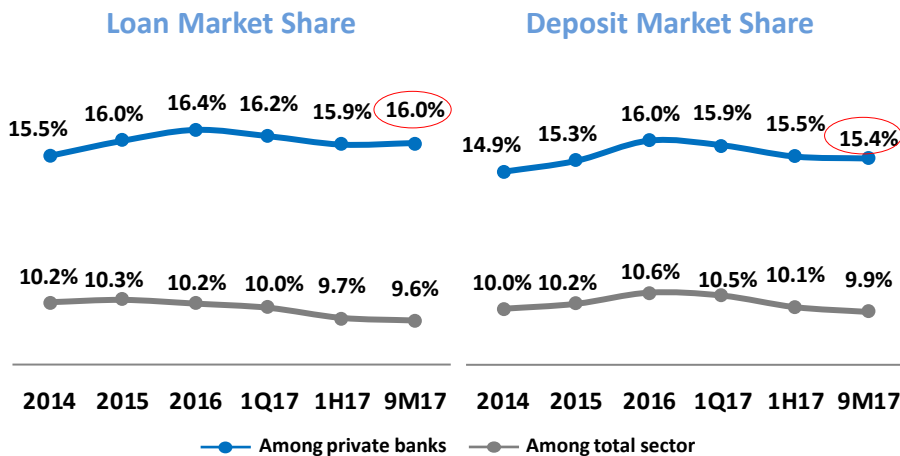
## Profitability Acceleration



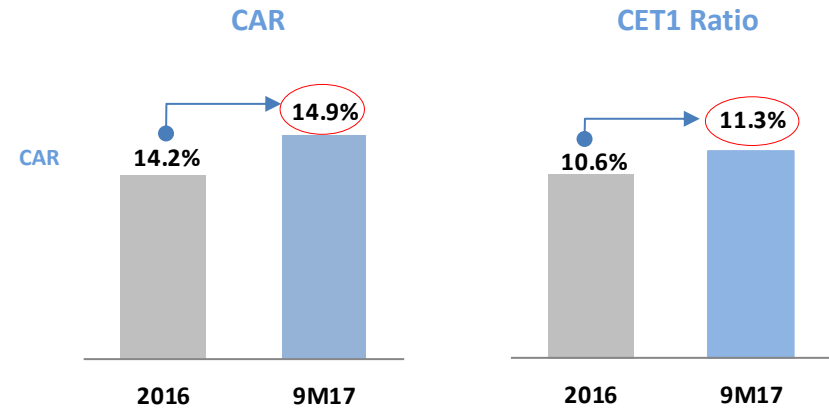
## Strong Operational Performance



## Balanced Scale Management



## Solid Capitalization



Notes:  
Market shares based on BRSA bank-only weekly data. 9M17 as of 29 Sep'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 top-line performance

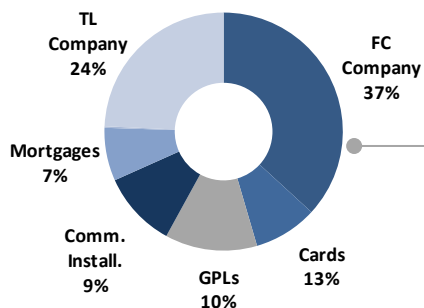
Volumes

## Lending (TL bln)

Loan growth at 8% ytd  
with a balanced mix

	YKB			Private Banks <sup>1</sup>	
	9M17	y/y	ytd	y/y	ytd
Cash + Non-Cash Loans	267.2	19%	9%	19%	10%
<b>Total Loans<sup>2</sup></b>	<b>190.6</b>	<b>18%</b>	<b>8%</b>	<b>18%</b>	<b>11%</b>
TL	120.4	19%	14%	21%	17%
FC (\$)	19.8	-2%	-2%	-5%	0%
Consumer Loans	33.8	12%	9%	11%	8%
Credit Cards	23.8	9%	7%	9%	8%
Companies <sup>3</sup>	132.9	21%	8%	22%	12%

## Total Loans Breakdown



## FC Company Lending Breakdown

	Share	y/y	ytd
Project Finance	70%	3%	4%
LT Investments	25%	-15%	-16%
ST Loans	5%	-9%	-15%

## Funding (TL bln)

Deposit growth +5% ytd

Decline in more costly TL corporate deposits  
at the end of 3Q; thanks to strong liquidity management

	YKB			Private Banks <sup>1</sup>	
	9M17	y/y	ytd	y/y	ytd
<b>Total Deposits</b>	<b>165.0</b>	<b>19%</b>	<b>5%</b>	<b>18%</b>	<b>8%</b>
TL	71.1	-6%	-16%	8%	5%
FC (\$)	26.4	25%	28%	9%	11%
<b>Customer Deposits<sup>4</sup></b>	<b>158.4</b>	<b>18%</b>	<b>6%</b>	<b>18%</b>	<b>9%</b>
TL	69.2	-7%	-12%	8%	5%
FC (\$)	25.1	24%	26%	11%	12%
<b>Demand Deposits<sup>4</sup></b>	<b>29.7</b>	<b>32%</b>	<b>12%</b>	<b>32%</b>	<b>16%</b>
TL Bonds	4.6	6%	15%	15%	17%
Repos	5.8	-39%	-8%	-25%	-10%
Borrowings	63.9	25%	11%	19%	4%

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

	y/y	ytd
	32%	20%

**Strong Liquidity Management**  
Allowing the shift in funding mix to  
control cost of funding

### Notes:

- (1) Private banks based on BRSA weekly data as of 29 Sep'17. TL Bonds and Borrowings for private banks based on BRSA monthly data as of Aug'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



# Improvement in cost and asset quality coupled with sustainable revenues

Income Statement

P&L

Effective performance in all lines leading to  
**TL 2,735 mln** net income (+27% y/y excl. Visa income in 9M16)

TL mln	Quarterly					Cumulative		
	3Q16	2Q17	3Q17	q/q	y/y	9M16 <sup>1</sup>	9M17	y/y
Total Revenues (excl. Visa)	3,189	3,363	3,261	-3%	2%	9,252	10,152	10%
Core Revenues <sup>2</sup>	2,922	3,147	3,152	0%	8%	8,315	9,399	13%
Other Revenues (excl. Visa)	266	215	108	-50%	-59%	937	753	-20%
Other income (excl. Visa)	216	314	269	-15%	24%	780	945	21%
o/w Collections	159	202	198	-2%	25%	576	635	10%
Trading	51	-107	-160	49%	-	151	-201	-
o/w Swap costs	27	-226	-204	-10%	-	-96	-260	-
Dividend	0	8	0	-	-	6	10	70%
Operating Costs	1,352	1,422	1,363	-4%	1%	3,940	4,154	5%
<b>Operating Income (excl. Visa)</b>	<b>1,836</b>	<b>1,941</b>	<b>1,898</b>	<b>-2%</b>	<b>3%</b>	<b>5,312</b>	<b>5,998</b>	<b>13%</b>
Provisions	808	820	840	2%	4%	2,540	2,554	1%
<b>Net Income (excl. Visa)</b>	<b>811</b>	<b>892</b>	<b>841</b>	<b>-6%</b>	<b>4%</b>	<b>2,153</b>	<b>2,735</b>	<b>27%</b>
<b>ROATE<sup>3</sup></b>	<b>13.9%</b>	<b>13.4%</b>	<b>12.3%</b>	-106bps	-162bps	<b>12.7%</b>	<b>14.0%</b>	124bps
<b>ROAA</b>	<b>1.3%</b>	<b>1.3%</b>	<b>1.2%</b>	-10bps	-15bps	<b>1.2%</b>	<b>1.3%</b>	11bps

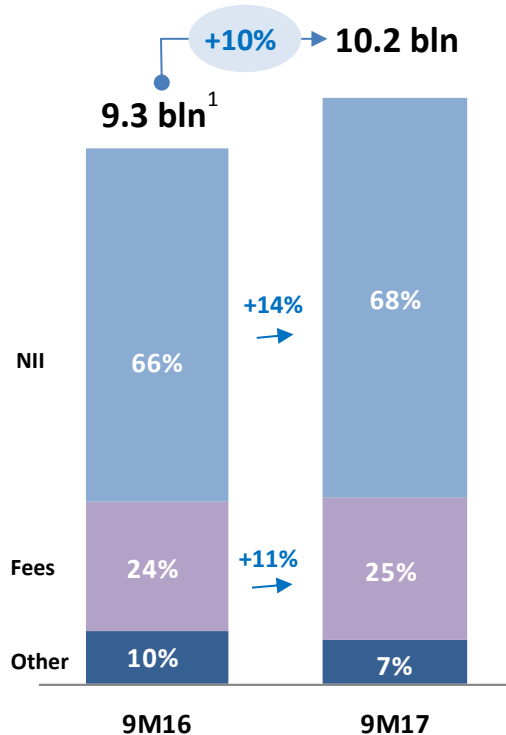
Notes:

- (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)

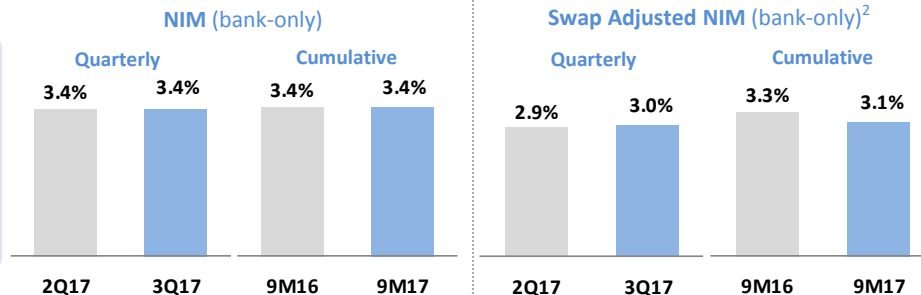
# Quarterly NIM improvement on the back of wider core spreads

Revenues

## Revenue Breakdown (TL)

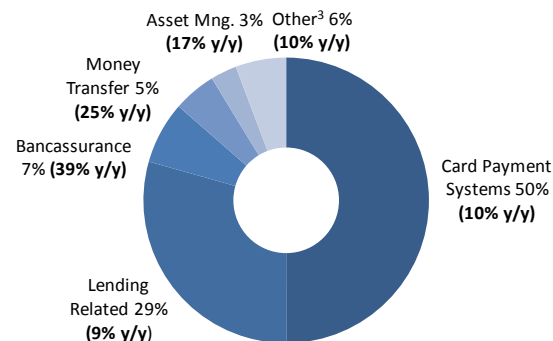


**6 bps wider swap adjusted NIM**  
on higher core spreads  
and lower swap costs  
Stated NIM stable q/q



**11% y/y fee growth**  
mainly driven by card  
payment systems (+10%  
y/y) and bancassurance  
(+39% y/y)

## Fees Received Composition



**Strong collections driving other income in 2017; trading line negative due to increasing swap costs**

## Other Income Breakdown

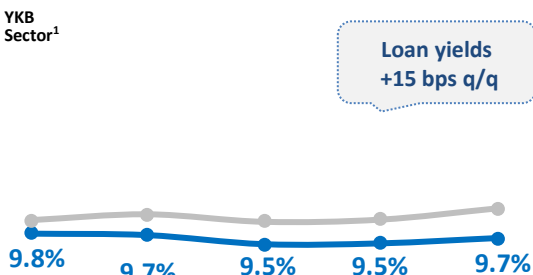
mIn TL	3Q16	2Q17	3Q17	9M16	9M17
<b>Other Income</b>	<b>216</b>	<b>314</b>	<b>269</b>	<b>1,015</b>	<b>945</b>
Collections <sup>4</sup>	159	202	198	576	635
NPL Sale	0	45	18	0	90
Visa Sale Gain <sup>5</sup>	0	0	0	235	0
<b>Trading &amp; FX (net)</b>	<b>51</b>	<b>-107</b>	<b>-160</b>	<b>151</b>	<b>-201</b>
Swap Costs	-27	-226	-204	-124	-465

- Notes:
- Conservatively Oct/Oct inflation estimate revised to 9.5% +TL53mIn NII impact (cumulative NIM impact +3bps)
  - 2016 figures exclude the Visa sale gain
  - Swap Adjusted NIM calculation based on bank-only swap costs. Please refer to page 19 for bank-only swap costs
  - Other includes account maintenance, equity trading, campaigns and product bundles etc.,
  - 2016 collections figures are restated due to the revision on accounting treatment of collections
  - 2016 figures exclude the Visa sale gain [Impact of Visa sale gain: TL 235 mln (net impact: TL 210 mln)]

# Improvement in loan-deposit spreads thanks to loan repricing efforts

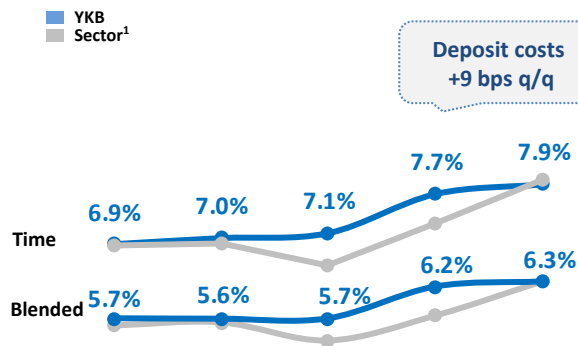
## Loan Yields (Quarterly)

Loan yields improved thanks to loan repricing efforts



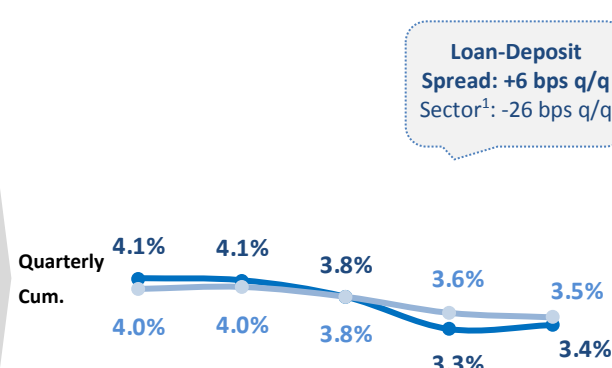
## Deposit Costs (Quarterly)

Slight increase in cost of deposits due to ongoing upward trend in TL funding costs



## Loan-Deposit Spread

Loan-Deposit spread improved given higher loan yields



3Q16 4Q16 1Q17 2Q17 3Q17

3Q16 4Q16 1Q17 2Q17 3Q17

3Q16 4Q16 1Q17 2Q17 3Q17

### Change q/q based on daily averages<sup>2</sup>

	3Q16	4Q16	1Q17	2Q17	3Q17
TL	-20bps	-7bps	-4bps	+19bps	
FC	+12bps	+8bps	-3bps	+27bps	

	3Q16	4Q16	1Q17	2Q17	3Q17
TL	-77bps	+9bps	+108bps	+43bps	
FC	-4bps	+45bps	+18bps	+2bps	

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

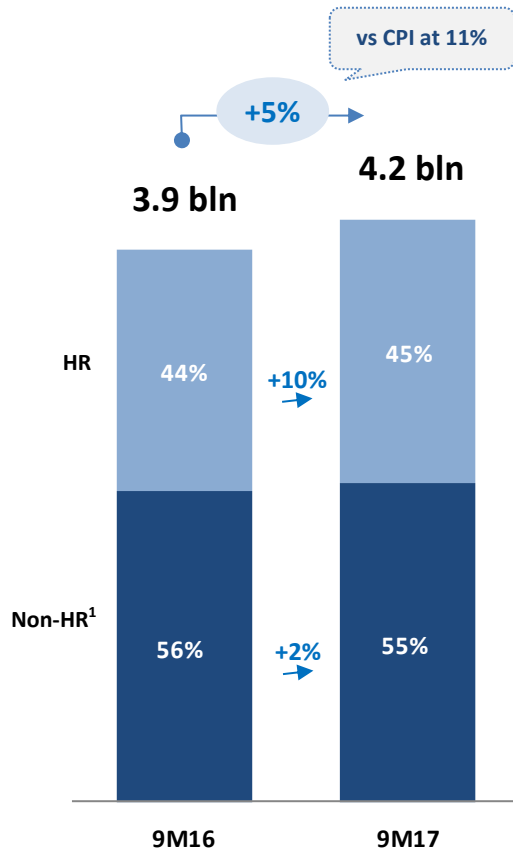
(1) 3Q17 sector data are as of August 2017

(2) Based on MIS data

# Ongoing improvement in cost ratios

## Cost Breakdown (TL)

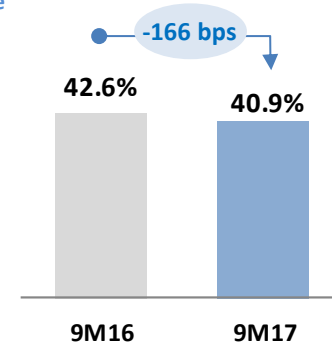
Cost increase 6 ppt below inflation  
On the back of efficient optimization efforts



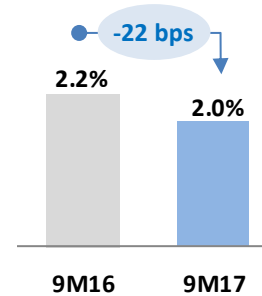
## Cost KPIs

Cost / Income down to 40.9%  
continuing improvement in all cost KPIs

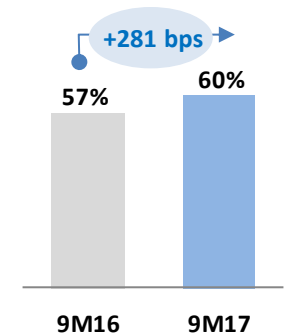
### Cost / Income<sup>2</sup>



### 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) 9M16 figures exclude the Visa sale gain [Impact of Visa sale gain: TL 235 mln (net impact: TL 210 mln)]. 9M16 other income and provision figures are restated due to the revision on accounting treatment of collections

# Digitalisation at full speed with increase in customer penetration

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

- **4.0 mln** customers (+200 k q/q) with **48%** digital customer penetration

Increase in number of products sold via digital channels allows us to further eliminate costs

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

Ongoing external recognition of digital performance  
25 awards so far in 2017

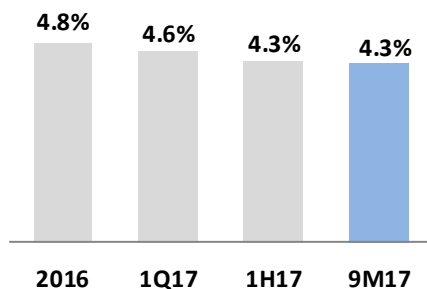
- Most Innovative Digital Consumer Bank in Europe
- Best Digital Consumer Bank in Turkey
- Gold Stevie Winner - "Apps - Financial Services / Banking"
- Gold Stevie Winner - "Apps - Experimental & Innovation"
- Best Bill Paying Web Site



# Improvement in net NPL inflows decoupled with a decline in watch portfolio

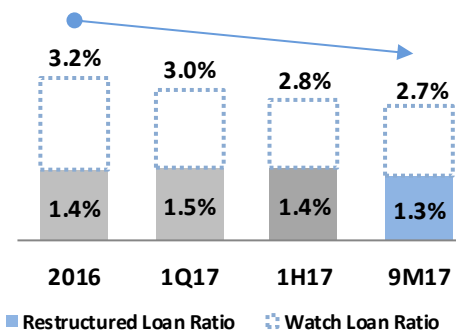
**NPL ratio maintained q/q**  
48bps improvement ytd

NPL Ratio



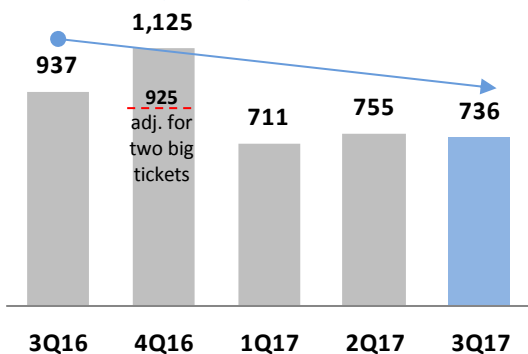
**Consistent improvement in Watch Loan portfolio**  
for 4 consecutive quarters

Watch + Restructured Loans

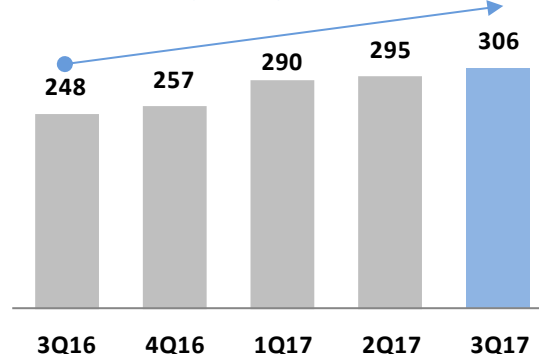


**Decreasing trend in net new NPL formation vs 2016 continued**  
thanks to the strength in collections

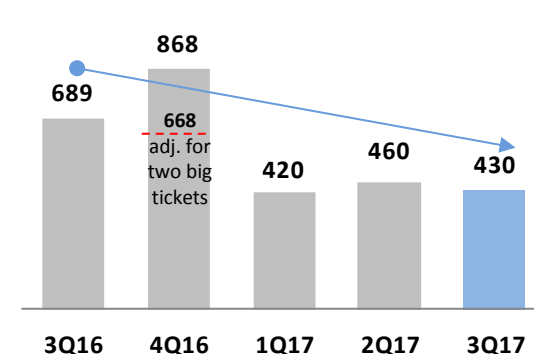
NPL Inflows (TL mln)



Collections (TL mln)



Net NPL inflows (TL mln)



Notes:  
TL 1.6b In NPL sales in 9M17 (principal amounts – 1Q17: TL 493 mln ; 2Q17: TL 826 mln ; 3Q17: TL 307 mln)

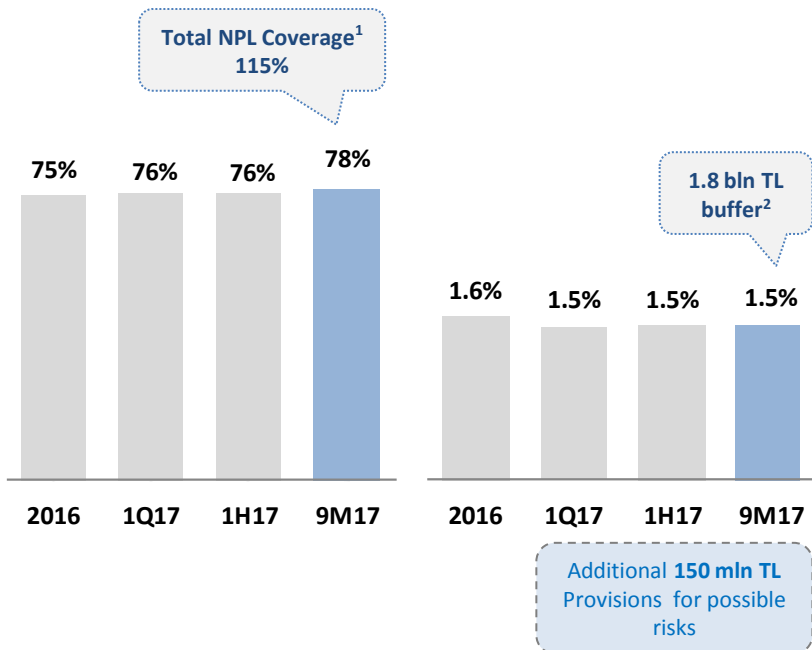
# Stable CoR despite higher coverage levels and TL 1.6 bln of NPL sale

## NPL Coverage

**Increase in total coverage ratio to 115%;**  
NPL sale impact on specific coverage -90 bps q/q in 3Q17 (-550 bps ytd in 9M17)

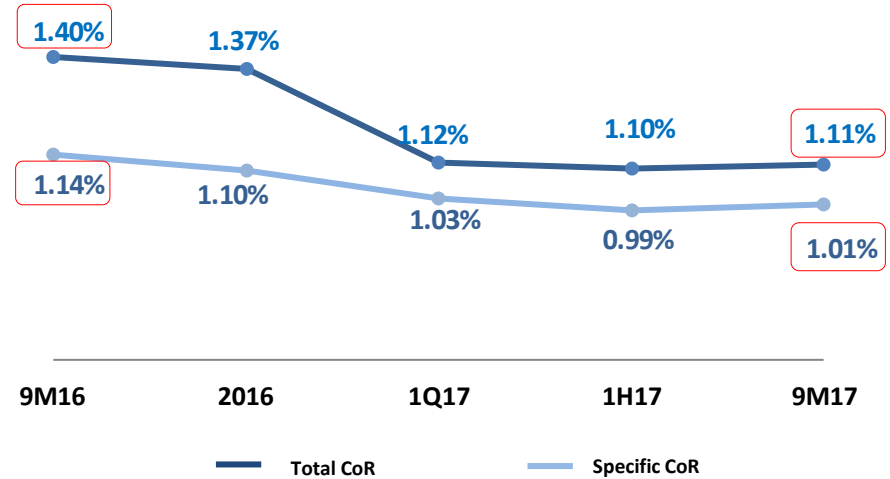
### Specific provisions / NPL

### Generic provisions / Performing Loans



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

**Total cost of risk -29 bps y/y supported by improving collections (despite increase in coverage ratio)**



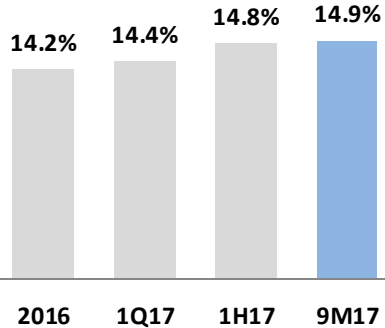
Notes:

- (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

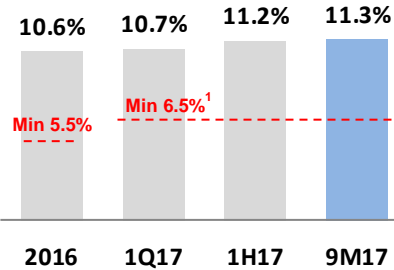
# Internal capital generation supports the CAR for the last 6 quarters

## Capital Ratios (Bank)

### CAR



### CET1

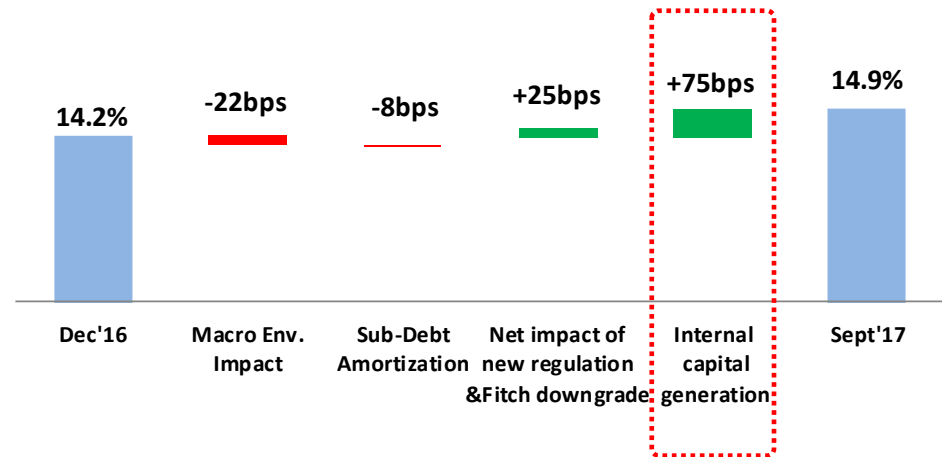


### Consolidated



Internal Capital Generation reached to 75bps in 9M17  
CAR up by 70bps ytd

### CAR Evolution











	9M17	Δ ytd
ROATE <sup>2</sup>	14.0%	+ 113 bps
RWA	TL 256 bln	4%

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 9M17. 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%)  
 (2) ROATE change is based on reported financials



# Confirming 2017 Guidance

	9M17 (y/y)		2017B	
<b>Volume Growth</b>				
		ytd		
Loans	18%	8%	10 - 12%	
Deposits	19%	5%	10 - 12%	
<b>Revenues and Costs</b>				
NIM <sup>1</sup>	Flattish		Flattish	
Fees	11%		10%	
Costs	6 pp below CPI		2-3pp below CPI	
Cost/Income	41%		42%	
<b>Asset Quality</b>				
NPL ratio (ytd)	-48 bps		Flattish	
Specific CoR (ytd)	-9 bps		Stable	
<b>Fundamentals</b>				
LDR	Stable		Stable	
CAR <sup>1</sup>	14.9%		>13%	
<b>Net profit<sup>2</sup></b>	<b>16%</b>		<b>Mid/High-teens</b>	

Notes:

(1) All figures based on BRSA consolidated financials except NIM and CAR

(2) Based on reported net profit

## Closing remarks

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**Ongoing strong performance**, thanks to continuing improvement in fundamentals inline with strategies

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

- **Revenue growth:** consistently strong performance with double digit revenue growth in the 11 consecutive quarters
- **Cost elimination:** under control and below inflation since end-2015
- **Asset quality improvement:** positive trend maintained in 3Q17

**2017 full year guidance confirmed**

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 **Annex**

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

Operating Environment

## Macro Environment

**Continuation of strong growth** -through support by the government- **and tight stance** - by CBRT- **with the intention to keep the inflation under control**

## Banking Sector

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

	4Q16	1Q17	2Q17	3Q17
<b>GDP Growth (y/y)</b>	4.2%	5.2%	5.1%	-
<b>CPI Inflation (y/y)</b>	8.5%	11.3%	10.9%	<b>11.2%</b>
<b>Consumer Confidence Index</b>	68.8	66.8	71.4	<b>70.4</b>
<b>CAD/GDP<sup>1</sup></b>	-3.8%	-3.9%	-4.1%	<b>-4.4%</b>
<b>Budget Deficit/GDP</b>	-1.1%	-1.6%	-2.0%	<b>-1.7%</b>
<b>Unemployment Rate<sup>2</sup></b>	12.7%	11.7%	10.2%	<b>10.7%</b>
<b>USD/TL (eop)</b>	3.54	3.65	3.51	<b>3.58</b>
<b>Benchmark Bond Rate (eop)</b>	10.7%	11.3%	11.1%	<b>11.9%</b>

	2016	1Q17	2Q17	3Q17
<b>Loan Growth (ytd)</b>	<b>17%</b>	<b>6%</b>	<b>11%</b>	<b>15%</b>
<i>Private</i>	13%	6%	9%	11%
<i>State</i>	23%	7%	15%	20%
<b>Deposit Growth (ytd)</b>	<b>17%</b>	<b>5%</b>	<b>9%</b>	<b>11%</b>
<i>Private</i>	16%	5%	7%	8%
<i>State</i>	19%	4%	12%	17%
<b>NPL Ratio</b>	<b>3.1%</b>	<b>3.1%</b>	<b>3.0%</b>	<b>3.0%</b>
<b>CAR<sup>3</sup></b>	<b>14.9%</b>	<b>15.5%</b>	<b>16.4%</b>	<b>16.7%</b>
<b>ROATE<sup>3</sup></b>	<b>14.6%</b>	<b>17.7%</b>	<b>16.8%</b>	<b>16.5%</b>

Notes:

All macro data as of Sep'17 unless otherwise stated

Banking sector volumes based on BRSA weekly data

(1) CAD indicates Current Account Deficit as of Aug'17

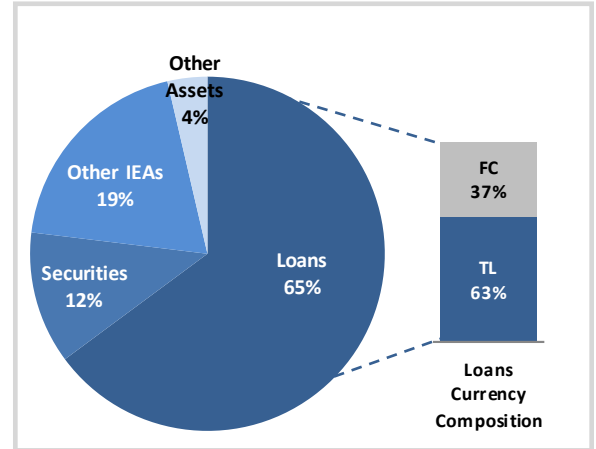
(2) Unemployment rate are as of Jul'17

(3) CAR and ROATE figures are as of Aug'17

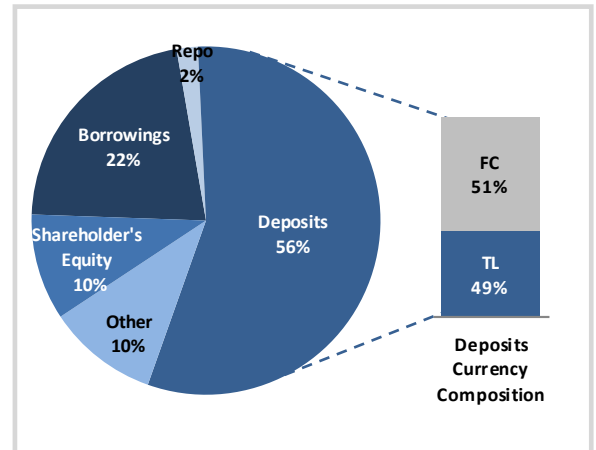
# Consolidated Balance Sheet

TL bln	1Q15	1H15	9M15	YE15	1Q16	1H16	9M16	2016	1Q17	1H17	9M17	q/q	y/y	ytd
<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>293.9</b>	<b>3%</b>	<b>18%</b>	<b>8%</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>190.6</b>	<b>3%</b>	<b>18%</b>	<b>8%</b>
TL Loans	89.3	93.8	97.1	97.7	99.0	102.5	101.3	105.9	112.5	116.3	120.4	4%	19%	14%
FC Loans (\$)	17.7	18.2	18.6	18.8	19.6	20.3	20.1	20.1	19.6	19.8	19.8	0%	-2%	-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>35.5</b>	<b>9%</b>	<b>34%</b>	<b>18%</b>
TL Securities	20.1	20.9	19.9	20.4	18.9	19.2	17.8	19.7	22.0	22.3	25.0	12%	41%	27%
FC Securities (\$)	2.8	2.8	3.1	3.3	3.4	3.3	2.9	2.9	2.9	2.9	3.0	2%	1%	1%
<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>165.0</b>	<b>0%</b>	<b>19%</b>	<b>5%</b>
TL Deposits	64.5	62.7	65.4	67.2	70.4	71.3	75.3	84.2	81.3	81.1	71.1	-12%	-6%	-16%
FC Deposits (\$)	21.2	23.5	23.3	21.6	23.3	22.9	21.1	20.7	22.6	23.7	26.4	12%	25%	28%
<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>63.9</b>	<b>3%</b>	<b>25%</b>	<b>11%</b>
TL Borrowings	5.6	5.5	4.9	5.5	5.3	4.8	5.0	5.4	5.1	6.1	6.5	7%	30%	22%
FC Borrowings (\$)	15.7	15.0	15.7	14.9	15.7	15.6	15.4	14.9	15.4	16.0	16.1	1%	5%	9%
<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>29.0</b>	<b>2%</b>	<b>16%</b>	<b>11%</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>19.1</b>	<b>3%</b>	<b>24%</b>	<b>19%</b>
<b>Loans/Assets</b>	63%	64%	62%	65%	65%	66%	65%	65%	65%	65%	65%			
<b>Securities/Assets</b>	13%	13%	12%	13%	12%	12%	11%	11%	12%	11%	12%			
<b>Borrowings/Liabilities</b>	22%	20%	21%	21%	21%	20%	21%	21%	22%	22%	22%			
<b>Loans/(Deposits+TL Bonds)</b>	110%	110%	110%	114%	110%	114%	113%	110%	110%	110%	112%			
<b>CAR - cons</b>	14.3%	13.0%	12.1%	12.9%	13.5%	13.6%	13.9%	13.2%	13.4%	13.7%	13.8%			
<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%	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	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	3Q17	q/q	y/y	9M16 <sup>1</sup>	9M17	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>	<b>3,261</b>	-3%	2%	<b>9,252</b>	<b>10,152</b>	<b>10%</b>
<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>	<b>3,152</b>	0%	8%	<b>8,315</b>	<b>9,399</b>	<b>13%</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>2,321</b>	<b>2,353</b>	1%	6%	<b>6,079</b>	<b>6,925</b>	<b>14%</b>
o/w CPI-linkers	313	137	287	212	325	338	409	21%	43%	737	1,072	46%
<b>Fees &amp; Commissions</b>	<b>752</b>	<b>778</b>	<b>706</b>	<b>737</b>	<b>849</b>	<b>826</b>	<b>799</b>	-3%	13%	<b>2,236</b>	<b>2,474</b>	<b>11%</b>
<b>Other Revenues</b>	<b>359</b>	<b>311</b>	<b>266</b>	<b>277</b>	<b>430</b>	<b>215</b>	<b>108</b>	-50%	-59%	<b>937</b>	<b>753</b>	<b>-20%</b>
Other income <sup>2</sup>	307	257	216	240	362	314	269	-15%	24%	780	945	21%
o/w collections <sup>2</sup>	209	208	159	178	234	202	198	-2%	25%	576	635	10%
o/w pension fund reversal	0	0	0	6	0	0	0	-	-	0	0	-
o/w NPL sale	0	0	0	0	28	45	18	-61%	-	0	90	-
o/w others	98	49	58	57	101	68	53	-22%	-8%	206	223	9%
Trading	48	52	51	37	66	-107	-160	49%	-	151	-201	-
o/w swap costs	-62	-34	-27	39	-34	-226	-204	-10%	-	-124	-465	276%
Dividend	3	3	0	0	2	8	0	-	-	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>	<b>1,363</b>	-4%	1%	<b>3,940</b>	<b>4,154</b>	<b>5%</b>
o/w fee rebates	35	22	9	15	10	9	5	-40%	-40%	66	25	-63%
<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>	<b>1,898</b>	-2%	3%	<b>5,312</b>	<b>5,998</b>	<b>13%</b>
<b>Provisions</b>	<b>888</b>	<b>844</b>	<b>808</b>	<b>1,034</b>	<b>895</b>	<b>820</b>	<b>840</b>	2%	4%	<b>2,540</b>	<b>2,554</b>	<b>1%</b>
Specific Provisions <sup>2</sup>	672	623	748	764	756	717	761	6%	2%	2,043	2,234	9%
Generic Provisions	120	158	46	171	45	62	46	-26%	1%	323	153	-53%
Other Provisions	96	63	14	99	94	40	33	-19%	134%	173	167	-4%
<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>	<b>1,058</b>	-6%	3%	<b>2,772</b>	<b>3,444</b>	<b>24%</b>
Tax	207	194	218	176	263	229	216	-6%	-1%	619	709	15%
<b>Net Income</b>	<b>704</b>	<b>638</b>	<b>811</b>	<b>570</b>	<b>1,001</b>	<b>892</b>	<b>841</b>	-6%	4%	<b>2,153</b>	<b>2,735</b>	<b>27%</b>
<b>Reported Net Income</b>	<b>704</b>	<b>848</b>	<b>811</b>	<b>570</b>	<b>1,001</b>	<b>892</b>	<b>841</b>	-6%	4%	<b>2,363</b>	<b>2,735</b>	<b>16%</b>
<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>12.3%</b>			<b>12.7%</b>	<b>14.0%</b>	

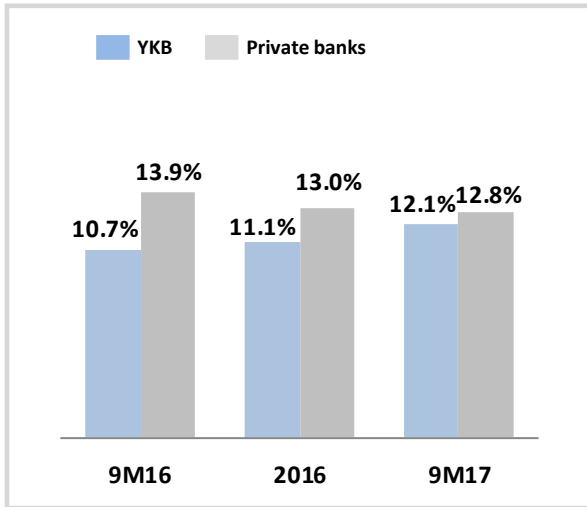
- Notes:
- (1) 2016 figures excludes the Visa sale gain [Impact of Visa sale gain: 235 mln TL (net impact: 210 mln TL)].
  - (2) 2016 other income and provisions figures are restated due to the revision on accounting treatment of collections

# Bank-Only Income Statement

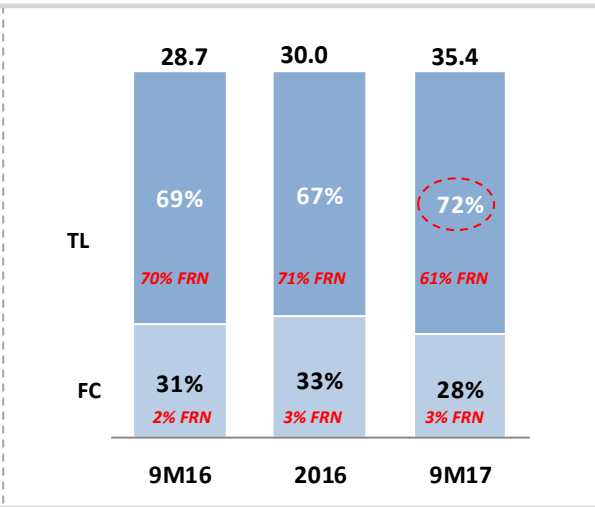
TL million	1Q16	2Q16 <sup>1</sup>	3Q16	4Q16	1Q17	2Q17	3Q17	q/q	y/y	9M16 <sup>1</sup>	9M17	y/y
<b>Total Revenues</b>	<b>2,950</b>	<b>2,893</b>	<b>3,083</b>	<b>3,023</b>	<b>3,401</b>	<b>3,231</b>	<b>3,139</b>	-3%	2%	<b>8,926</b>	<b>9,771</b>	9%
<b>Net Interest Income</b>	<b>1,821</b>	<b>1,772</b>	<b>2,065</b>	<b>1,976</b>	<b>2,141</b>	<b>2,174</b>	<b>2,212</b>	2%	7%	<b>5,659</b>	<b>6,527</b>	15%
o/w CPI-linkers	313	137	287	212	325	338	409	21%	43%	737	1,072	46%
<b>Fees &amp; Commissions</b>	<b>716</b>	<b>744</b>	<b>671</b>	<b>695</b>	<b>807</b>	<b>784</b>	<b>757</b>	-3%	13%	<b>2,130</b>	<b>2,348</b>	10%
<b>Other Revenues</b>	<b>413</b>	<b>377</b>	<b>347</b>	<b>352</b>	<b>453</b>	<b>273</b>	<b>170</b>	-38%	-51%	<b>1,137</b>	<b>896</b>	-21%
Other income <sup>1</sup>	398	349	317	348	473	432	394	-9%	24%	1,064	1,300	22%
o/w collections <sup>1</sup>	209	208	159	178	234	202	198	-2%	25%	576	635	10%
o/w pension fund reversal	0	0	0	6	0	0	0	-	-	0	0	-
o/w NPL sale	0	0	0	0	28	45	18	-61%	-	0	90	-
o/w profit/(loss) of associates& jv.s accounted for using equity method	108	113	128	128	146	140	144	3%	13%	348	430	24%
o/w others	81	28	31	36	66	46	34	-26%	11%	140	145	4%
Trading	15	28	30	4	-22	-159	-224	41%	-	73	-406	-
o/w swap costs	-94	-52	-33	35	-114	-276	-252	-9%	-	-179	-642	-
Dividend	0	0	0	0	2	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>1,346</b>	<b>1,293</b>	-4%	-1%	<b>3,768</b>	<b>3,935</b>	4%
o/w fee rebates	35	22	9	15	10	9	9	0%	-1%	66	28	-57%
<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>	<b>1,846</b>	-2%	4%	<b>5,158</b>	<b>5,836</b>	13%
<b>Provisions</b>	<b>863</b>	<b>828</b>	<b>776</b>	<b>995</b>	<b>876</b>	<b>792</b>	<b>821</b>	4%	6%	<b>2,467</b>	<b>2,490</b>	1%
Specific Provisions <sup>1</sup>	654	610	723	725	745	687	749	9%	4%	1,987	2,181	10%
Generic Provisions	115	155	40	174	43	61	40	-34%	1%	310	144	-53%
Other Provisions	94	63	13	97	88	45	32	-28%	151%	170	164	-3%
<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>	<b>1,024</b>	-6%	3%	<b>2,691</b>	<b>3,346</b>	24%
Tax	183	169	186	149	229	200	183	-9%	-2%	538	612	14%
<b>Net Income</b>	<b>704</b>	<b>638</b>	<b>811</b>	<b>570</b>	<b>1,001</b>	<b>892</b>	<b>841</b>	-6%	4%	<b>2,153</b>	<b>2,735</b>	27%
Visa Income	0	210	0	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>	<b>841</b>	-6%	4%	<b>2,363</b>	<b>2,735</b>	16%
<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>12.3%</b>			<b>12.8%</b>	<b>14.0%</b>	

# Securities

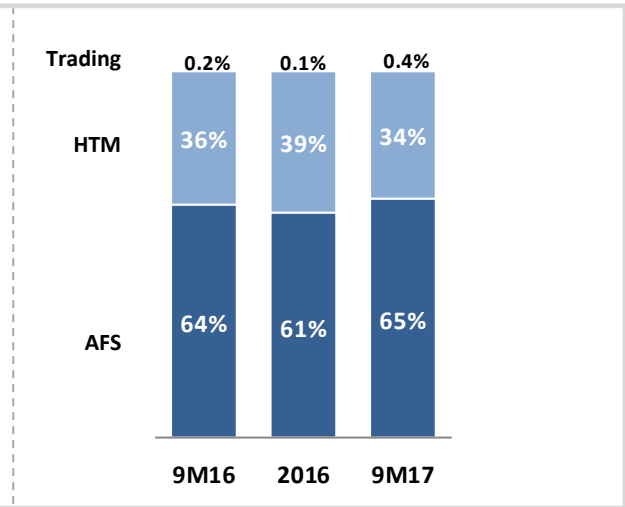
## Securities<sup>1</sup>/Assets



## Composition by Currency (TL bln)



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



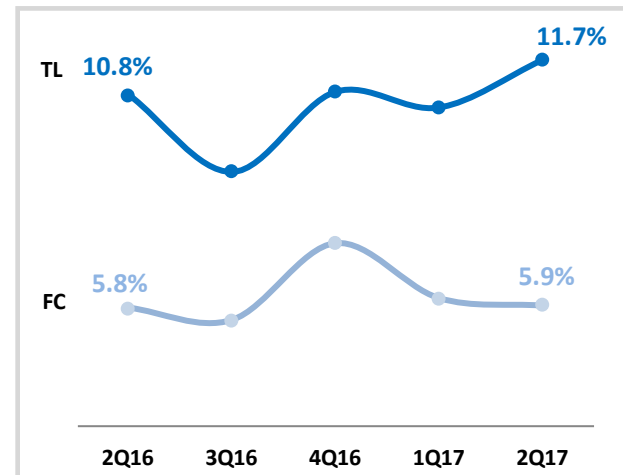
- **Securities / assets at 12.1%** with dynamically managed mix to benefit from rate environment

- **Increase in CPI linkers to benefit from higher inflation levels.** CPI-linker volume at 10.9 bln TL (+14% ytd) with gain of TL 1,072 mln in 9M17 (3Q17: TL409 mln; 2Q17: TL 338 mln; 1Q17: TL 325 mln)

Inflation estimate for the revaluation CPI linker revised to 9.5% from 8.8%  
NII impact on 3Q17 financials +TL 53 mln

- **M-t-m unrealised loss at TL 241 mln as of 9M17** (TL -463 mln in 2016)

## Security Yields<sup>2</sup>







Notes: Private banks data based on BRSA monthly data dated Aug'17; YKB data is based on Sept'17 consolidated BRSA financials  
AFS: Available for Sale; HTM: Held to Maturity; FRN: Floating Rate Notes; CPI: Consumer price index inflation

(1) Excluding derivatives classified under trading securities

(2) 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)



# Borrowings: 22% of total liabilities

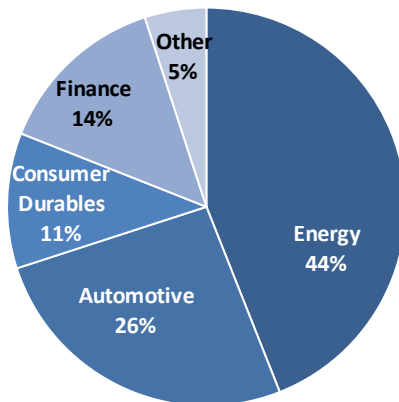
International	Syndications	<p>~ US\$ 2.7 bln outstanding</p> <ul style="list-style-type: none"> <li>■ <b>May'17:</b> US\$ 306 mln &amp; € 956.5 mln, all-in cost at Libor+ 1.45% and Euribor+ 1.35% for the 367 day tranche and Libor+ 2.20 % and Euribor+ 2.10 % for the 2 year and 1 day tranche, respectively. 48 banks from 19 countries</li> <li>■ <b>Oct'17:</b> US\$ 411.2 mln and € 799.6 mln, all-in cost at Libor+1.35% /Euribor+ 1.25% p.a. for the 367 days and Libor+ 2.20 % and Euribor+ 2.10 % for the 2 year and 1 day tranche, respectively . Participation of 37 banks from 17 countries</li> </ul>
	Subordinated Loans	<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, 10NCS, 5.7% fixed rate – Basel III Compliant</li> <li>■ <b>Dec'13:</b> US\$ 470 mln, 10NCS, 6.55% – Basel III Compliant (midswap+4.88% after the first 5 years)</li> <li>■ <b>Mar'16:</b> US\$ 500 mln market transaction, 10NCS, 8.5% (coupon rate)</li> </ul>
	Foreign Currency Bonds / Bills	<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>
	Covered Bond	<p>TL 986.7 mln first tranche (outstanding ~ TL 814,6 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> <li>■ <b>Oct'17:</b> Mortgage-backed, maturity 5 years</li> </ul>
Domestic	Local Currency Bonds / Bills	<p>TL 1.3 bln total</p> <ul style="list-style-type: none"> <li>■ <b>June'17 :</b> TL 385 mln, 4 months maturity</li> <li>■ <b>July'17 :</b> TL 343,2 mln , 5 months maturity </li> <li>■ <b>July'17 :</b> TL 213,5 mln , 3 months maturity </li> <li>■ <b>Aug'17 :</b> TL 222,0 mln , 5 months maturity </li> <li>■ <b>Sept'17:</b> TL 150 mln , 5 months maturity </li> </ul>

## 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

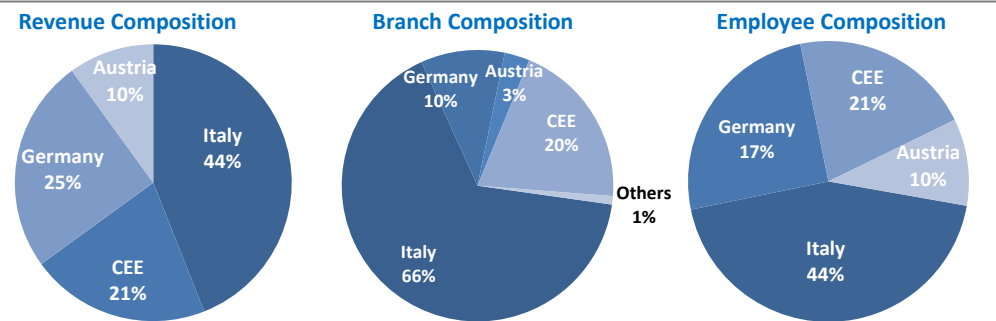
(2) As of full year 2016

## 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)	36.6 <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



Source: Unicredit Group investor relations website, presentations and publicly available financials

(1) Market capitalisation as of 31 October 2017, calculated as share price \* paid-in capital. Free float : ~%80

(2) Revenue, Branch, Employee composition figures as of 1H17

# 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 2016	EU 2016
Population (mln)	80	511
Median Age	30	43
Population Growth (CAGR 2000-2017)	1.1%	0.3%
GDP (€ bln)	646	14,904
World Ranking	18	-
Per Capita GDP (€)	9,755	29,100
World Ranking	58	-

## 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	3Q17
GDP Growth	5.2%	6.1%	3.2%	5.2%	5.1%	-
Inflation (eop)	8.2%	8.8%	8.5%	9.2%	10.9%	11.2%
Benchmark Rate (eop)	8.0%	10.9%	10.7%	11.3%	11.1%	11.9%
Unemployment	9.9%	10.3%	12.1%	11.7%	10.2%	10.7% <sup>1</sup>
Policy Rate	8.3%	7.5%	8.0%	8.0%	8.0%	8.0%
CAD/GDP	4.7%	3.7%	3.8%	3.9%	4.1%	4.4% <sup>2</sup>
o/w energy	5.3%	3.9%	2.8%	3.1%	3.3%	3.5% <sup>2</sup>
Public Debt/GDP	30%	29%	29%	29%	29%	32% <sup>2</sup>
Private Debt/GDP	90%	96%	103%	103%	102%	-
Budget deficit/GDP	-1.1%	-1.0%	-1.1%	-1.6%	-2.0%	-1.7% <sup>2</sup>

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)

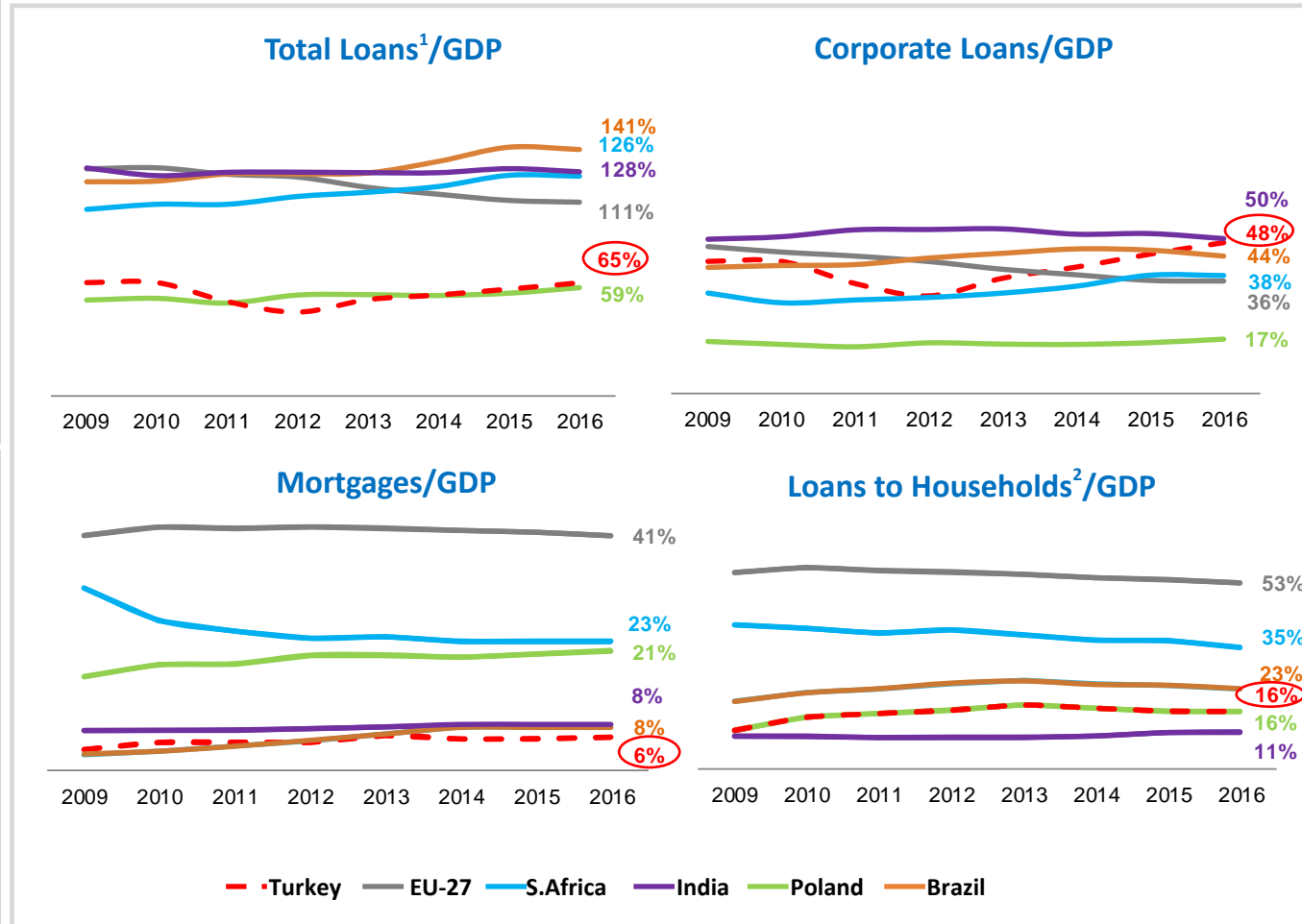
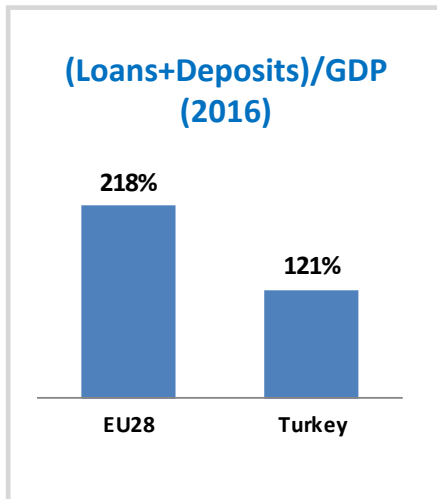
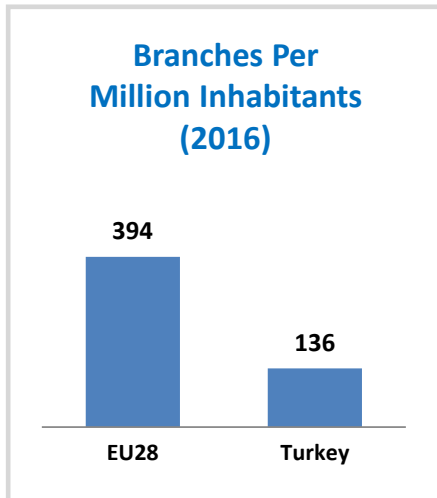
Notes: EU indicates EU27 countries (source: population and macro data based on Turkish Statistical Institute)

Based on Turkish Statistical Institute and IMF World Economic Outlook

(1) Unemployment figure as of Jul'17

(2) As of August 2017, 3Q17 expected 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

- **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 developments:**
  - **CGF** (supporting the loan growth )
  - **fees** (cut on account maintenance fees)
  - **capital** (potential alignment to IRB)
  - **provisioning** (IFRS9 as of 2018)
  - **corporate tax rate increase** (2018-20 to 22%)

## Challenges

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

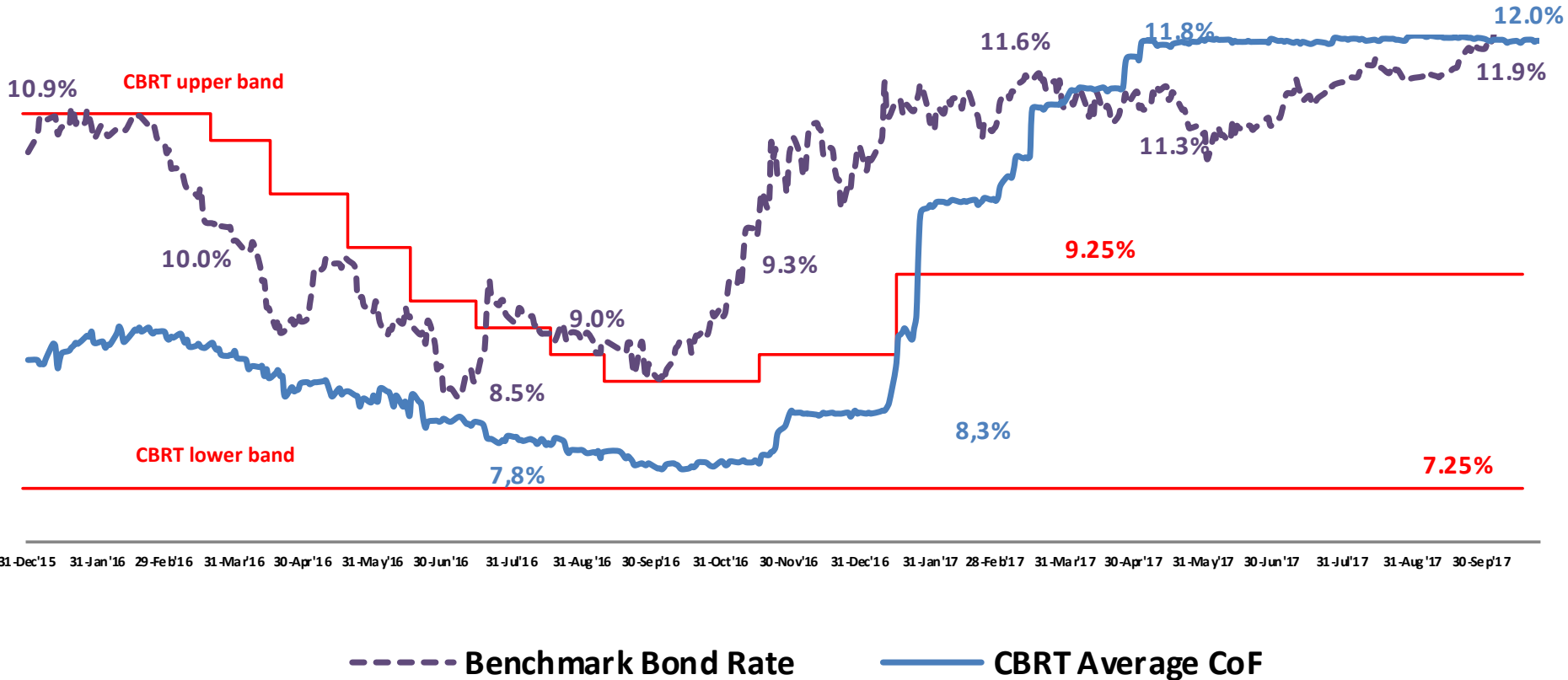
	Banking Sector							
	2012	2013	2014	2015	2016	1Q17	1H17	9M17
Banks #	46	48	48	48	47	47	46	46
Branches #	10,234	11,023	11,223	11,193	10,781	10,754	10,724	10,658
Loan Growth (ytd)	15%	33%	18%	21%	17%	6%	11%	15%
Deposit Growth (ytd)	11%	24%	10%	19%	17%	5%	9%	11%
Loans/GDP <sup>1</sup>	48%	55%	58%	61%	64%	66%	66%	66%
Deposits/GDP <sup>1</sup>	49%	53%	51%	53%	56%	57%	57%	55%
Loans/Assets	58%	61%	62%	64%	64%	65%	65%	66%
Deposits/Assets	59%	58%	56%	56%	56%	56%	56%	56%
NIM	4.2%	3.8%	3.6%	3.6%	3.8%	4.0%	4.0%	3.9%
NPL Ratio	2.8%	2.6%	2.8%	2.9%	3.2%	3.1%	3.0%	3.0%
Specific Coverage	75%	77%	75%	76%	78%	79%	79%	80%
CAR <sup>2</sup>	17.3%	14.6%	15.7%	15.0%	15.1%	15.5%	16.4%	16.8%
Tier 1 Ratio	14.2%	12.2%	13.1%	12.5%	12.6%	13.0%	13.6%	13.9%
ROAE	15.8%	13.3%	12.8%	11.5%	14.3%	17.7%	16.8%	16.2%
ROAA	1.7%	1.4%	1.3%	1.1%	1.4%	1.9%	1.7%	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 (3Q17 GDP based on estimates)
- (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