INVESTOR RELATIONS RELEASE

On 3 May 2018, YapıKredi announced its consolidated results for the first three months of 2018 based on Turkish accounting standards (Banking Regulation and Supervision Agency). The Bank's cash and non-cash loans reached TL 289.0 billion while total deposits rose to TL 180.0 billion. The Bank's net income increased by 24% year-over-year and reached TL 1,244 million indication return on average tangible equity of 17.1%.

Volume growth with a balanced mix

YapıKredi's market share among private banks in loans and deposits was recorded at 15.8% and 15.5%, respectively.

The Bank achieved 3% year-to-date growth in loans reaching to TL 205.3 billion. Loan growth was well distributed among segments. The Bank's deposit growth was higher than the loan growth at 4% year-to-date and reached TL 180.0 billion. Deposit growth was mainly driven by customer deposits, especially in TL currency. Accordingly, loan-to-deposits plus TL bonds ratio improved 1 percentage-point on a year-to-date basis to 113%.

In line with the Bank's focus on effective diversification of funding sources, the Bank successfully issued a 5 year US$ 500 million Eurobond benchmark transaction in March 2018 with a strong demand resulting in oversubscription.

Maintaining capital ratios with ongoing internal capital generation

Despite the fluctuations in Lira, volatility in the interest rates, and negative impact from the regulations, the Bank continued to support its capital ratios through internal capital generation. As a result, consolidated Capital Adequacy Ratio and Common Equity Tier-1 ratio materialized at 12.9% and at 9.9%, respectively.

Solid profitability driven by core business

In the first three months of 2018, YapıKredi increased its total revenues by 15% year-over-year driven by double digit growth in both fees and net interest income. On the other hand, continued discipline in cost management was evident with cost growth contained at 6% compared to inflation of 10.2%. Accordingly, cost-to-income ratio improved 302 basis points year-over-year to 35.8%. The Bank's provisions increased 11% year-over-year, including a TL 100 million free provisions for potential losses, in the quarter. With the ongoing slowdown in NPL formation and strength in recoveries, cost-of-risk improved to 91 basis points. All in all, net income increased 24% year-over-year and the Bank achieved 17.1% return on average tangible equity.

Improving asset quality dynamics supported by better collections and slowdown in NPL inflows

Non-performing loan ratio came down by 50 basis points year-over-year to 4.0% supported by sale of non-performing loan portfolio amounting TL 628 million as well as improving trend in both new non-performing loan formation and recoveries. During this period, specific coverage ratio increased to 86%, with a proactive approach towards the IFRS 9 adoption.