

Yapı Kredi

1Q19 Investor Presentation

Yapı Kredi: A leading financial services group

Yapı Kredi Overview

Key Figures – 1Q19

Ratings Moody's: B2 / Fitch: BB- / S&P: B+

Total Assets

**393.4
bln TL**

Loans¹

**230.5
bln TL**

Net Income

**1,241
mln TL**

RoATE²

13.3%

Number of Branches³

854

Employees⁴

18,237

Market Share – 1Q19

Market Share⁵

Total Bank

Cash & Non-cash Loans

9.8%

Customer Deposits

10.2%

Business Units

Corporate Loans⁶

8.8%

Consumer Loans⁷

8.4%

Credit Card Outstanding

20.9%

Subsidiaries

Leasing⁸

20.7%

Factoring⁹

16.7%

Wealth Management¹⁰

13.6%

Notes:

1. Loans indicate performing loans, 2. RoATE indicates return on average, tangible equity (excl. intangible assets), 3. Bank-only, 4. Group data. Bank-only: 17,379, 5. Market shares are 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 İstanbul (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 29 Mar'19, 6. Cash loans excluding credit cards and consumer loans, 7. Including mortgages, GPL and auto loans, 8. Refers to leasing receivables as of YE2018, 9. Refers to factoring turnover as of YE 2018, 10. Refers to Mutual Funds

Well-diversified commercial business mix and customer-oriented service model



Corporate and Commercial Banking

Corporate
Turnover
>USD 100 mln

3 Branches

Commercial
Turnover
USD 10-100 mln

46 Branches

**International/
Multinational**

1 Branch

Retail Banking

**Individual
Banking**

**SME
Banking¹**
Turnover
<USD 10 mln

776 Branches

**Private
Banking**
Total
PFA > TL 500K

22 Branches

Credit Cards

Subsidiaries

 **YapiKredi**
Factoring

 **YapiKredi**
Leasing

 **YapiKredi**
Invest

 **YapiKredi**
Asset Management

 **YapiKredi**
Nederland

 **YapiKredi**
Azerbaijan

 **YapiKredi**
Malta

Notes:
Branch numbers are as of Mar'19. Total # of branches is 854 of which 6 are free zone, abroad, custody and mobile branches
1. Including micro+ small + large size enterprises

Stable, long-term focused majority shareholders supporting Yapı Kredi's growth

Shareholding Structure



50%



KOÇ FINANCIAL SERVICES

50%



81.9%¹



Largest business group in Turkey with combined revenue equal to 8% of Turkey's GDP

	1Q19
Total Assets (EUR bln)	22.9
Revenues (EUR mln)	5,625
Net Income (EUR mln)	128

Ratings

Moody's: Ba2 / S&P: BB-

Simple, successful, pan-European, commercial bank with a unique Western, Central and Eastern European network in 14 core markets

	1Q19
Total Assets (EUR bln)	847.7
Revenues (EUR mln)	4,952
Net Income (EUR mln)	1,387

Ratings

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

Strong and committed majority shareholders bringing stability, strength and depth to corporate governance

Notes:

All information and figures regarding UniCredit and Koç Holding are based on publicly available 1Q19 data, unless otherwise stated

1. Remaining 18.1% listed on the Istanbul Stock Exchange

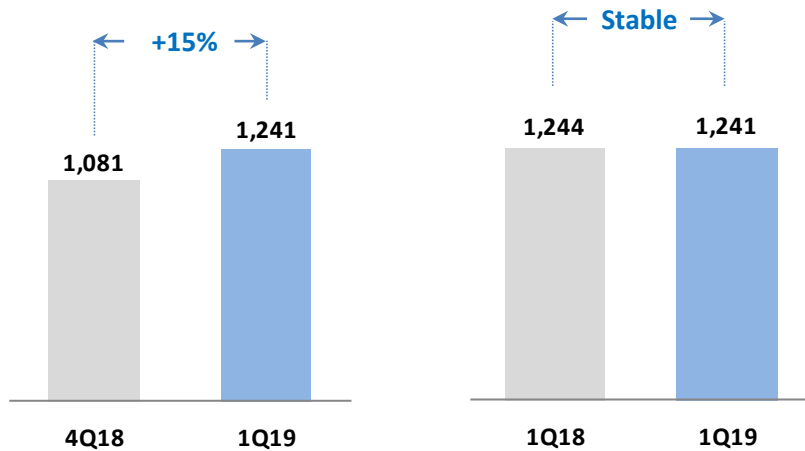
A strong start to the year, characterized by strong core performance along with prudent asset quality approach

Summary

Net Profit (TL mln)

Quarterly

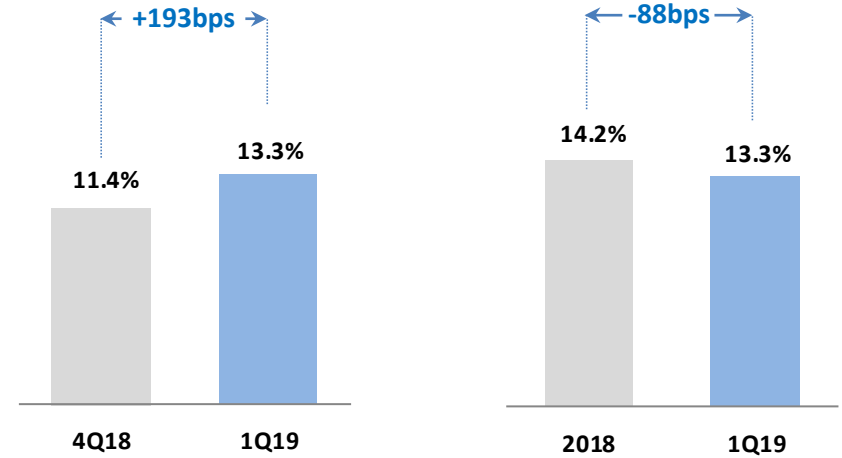
Yearly



RoTE

Quarterly

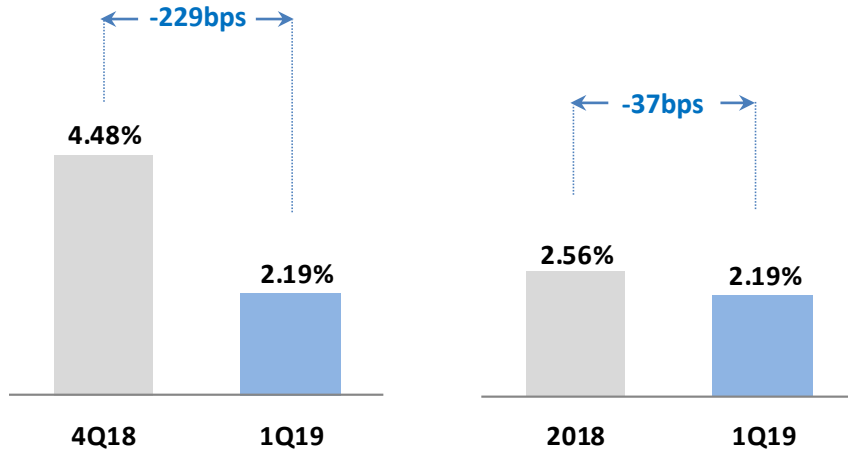
Cumulative



CoR¹

Quarterly

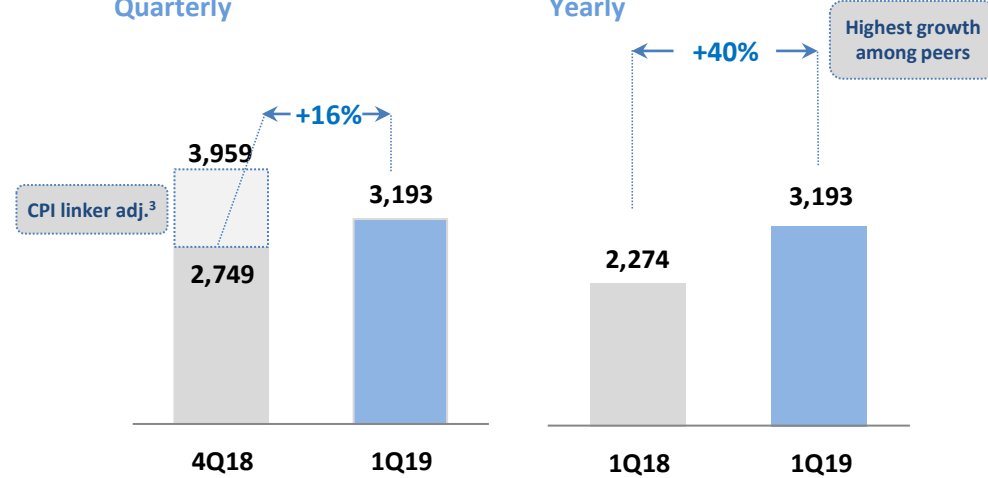
Cumulative



Pre-Provision Profit² (TL mln)

Quarterly

Yearly

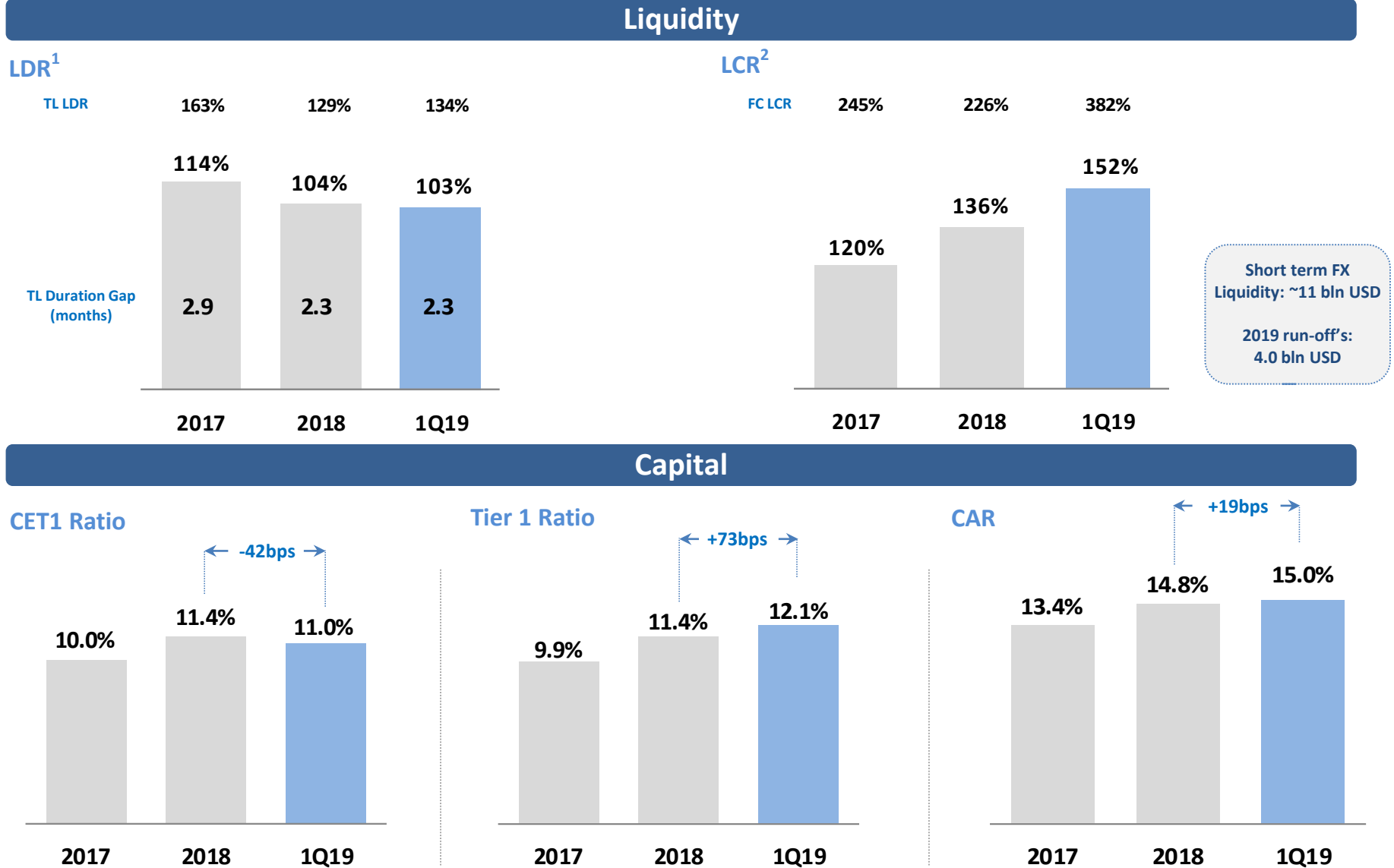


Notes:

- Adjusted for hedged FX impact. Stated CoR: 4Q18: 3.88%; 1Q19: 2.52%; 2018: 2.74%
 - Pre-Provision Profit figures exclude ECL collection income, trading income to hedge FC ECL and pension fund provisions reserved in 4Q18
 - Adjusted for the CPI linker income's 9 months impact of inflation revision from 16% to 25.2% (1,268 mln TL).
- Peers include private banks that have released their financials as of 2 May 2019

Further improvement in liquidity, higher than committed capital buffers despite the market volatility

Summary



Notes:

1. LDR= Loans / (Deposits + TL Bonds)
2. Based on past three months averages

Loans: growth driven by TL originations in 1Q19

Loan volumes (TL bln)

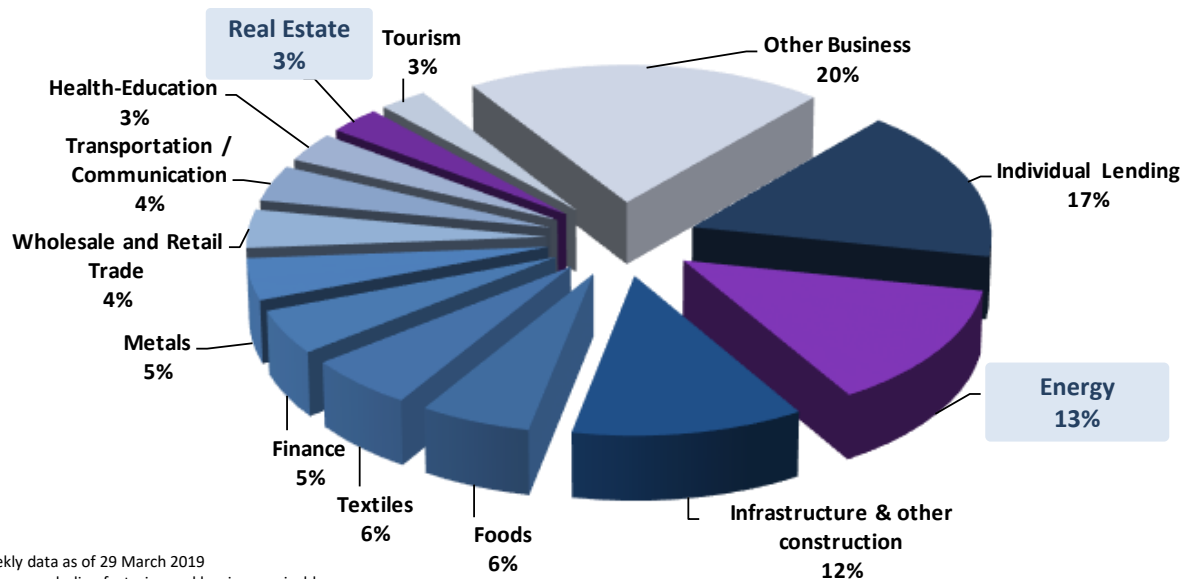
	Yapı Kredi			Private Banks ¹	
	1Q19	y/y	ytd	y/y	ytd
Cash+Non-cash Loans²	322.4	12%	5%	6%	3%
TL ³	152.3	4%	4%	-2%	2%
FC (\$) ³	30.2	-16%	0%	-18%	-3%
Cash Loans²	230.5	12%	4%	5%	3%
TL ³	125.5	6%	4%	-2%	3%
FC (\$) ³	18.6	-15%	-2%	-17%	-2%
Cash Loans (FX adjusted)	230.5	-5%	1%	-9%	0%

5% total loan growth on a ytd basis
supported by 6.9 bln TL CGF utilization in 1Q19

-2% contraction in FC cash loans

+1% FX adjusted cash loan growth

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



Notes:

1. Private banks based on BRSA weekly data as of 29 March 2019
2. Cash Loans indicate performing loans excluding factoring and leasing receivables
3. TL and FC loans are adjusted for the FX indexed loans

Deposits: quarter marked by dollarization, ongoing market share gain in local currency small ticket and demand deposits

Funding

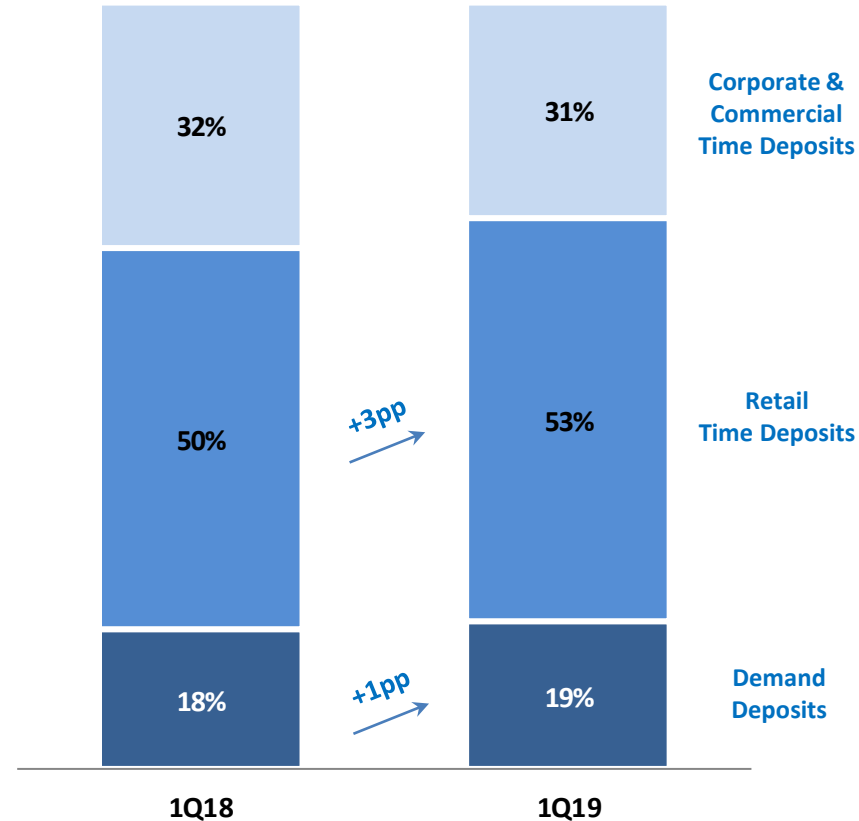
Deposit volumes (TL bln)

	YKB			Private Banks ¹	
	1Q19	y/y	ytd	y/y	ytd
Customer Deposits	215.4	29%	8%	19%	6%
TL	86.6	6%	0%	2%	-5%
FC (\$)	22.9	6%	7%	-4%	8%
Customer Deposits (FX adjusted)	215.4	6%	4%	-2%	2%

Deposit market share¹

	2018	1Q19	chg ytd
Customer Deposits	15.9%	16.0%	11bps
<i>o/w Individual TL Time</i>	<i>13.8%</i>	<i>14.2%</i>	<i>47bps</i>
<i>o/w Individual TL demand</i>	<i>14.1%</i>	<i>15.0%</i>	<i>89bps</i>

Deposit Breakdown (FX adjusted)²



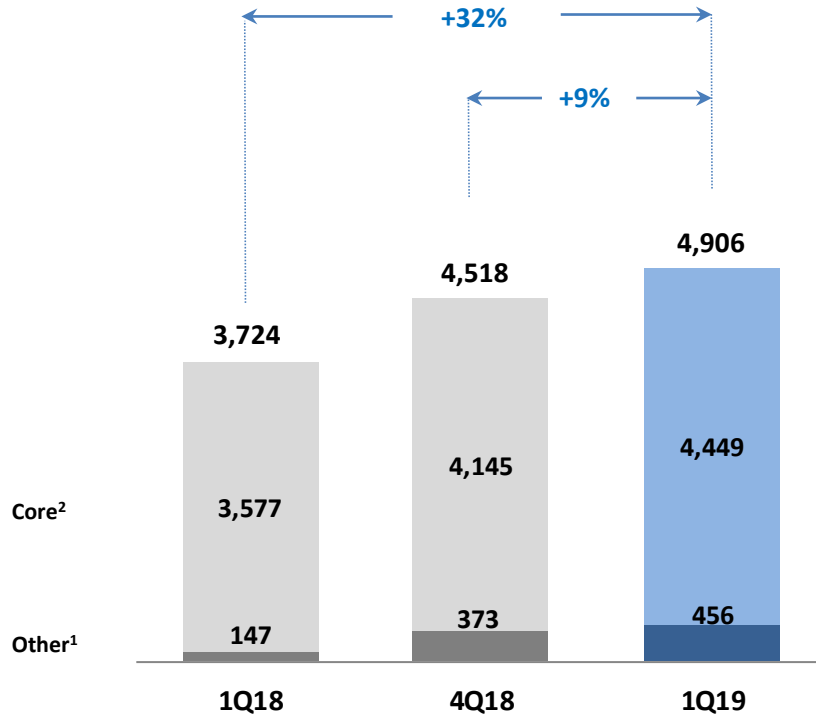
Notes:

- Private banks based on BRSA weekly data as of 29 March 2019
- Based on MIS data (weekly average)

Strong revenue generation thanks to wider core spread and fee growth

Revenues

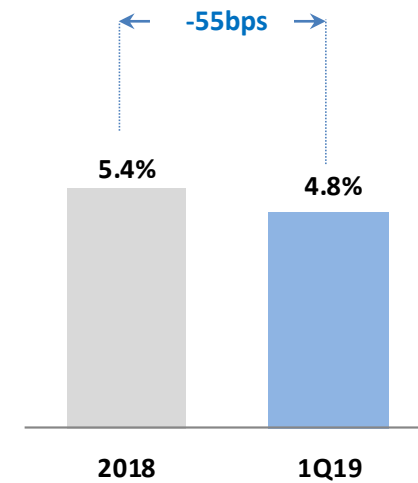
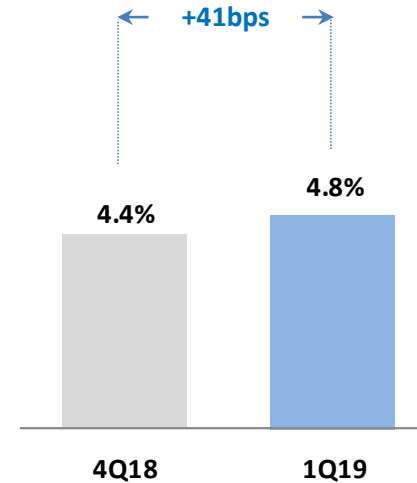
Revenues^{1;2} (TL mIn)



Core Revenue Margin³

Quarterly^{2;3}

Cumulative



21 bps ytd improvement
with the same CPI-inflation
assumption

Notes:

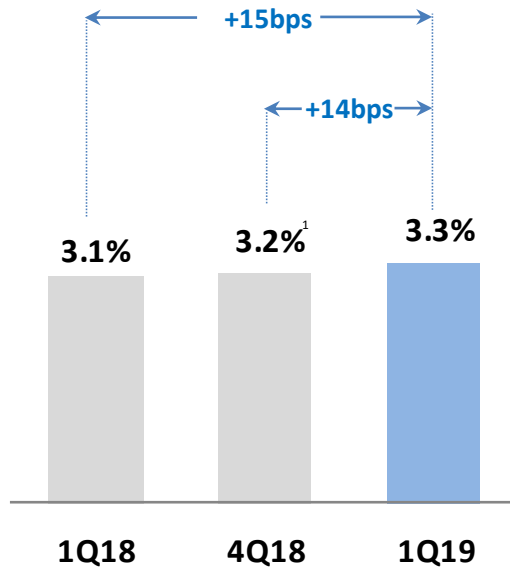
1. Revenues and other revenues exclude ECL collection income and trading income to hedge FC ECL
2. Core Revenues = NII + swap costs + Net fee income; 4Q18 core revenues are adjusted for the CPI linker income's 9 months impact of inflation revision from 16% to 25.2% (1,268 mln TL).
3. Core Revenue Margin= Core Revenues / average IEAs, Based on bank-only financials; Stated Core Revenue Margin in 4Q18: 5.8%

Widening NIM thanks to strong recovery in core spreads

Revenues - NIM -

Swap Adjusted NIM

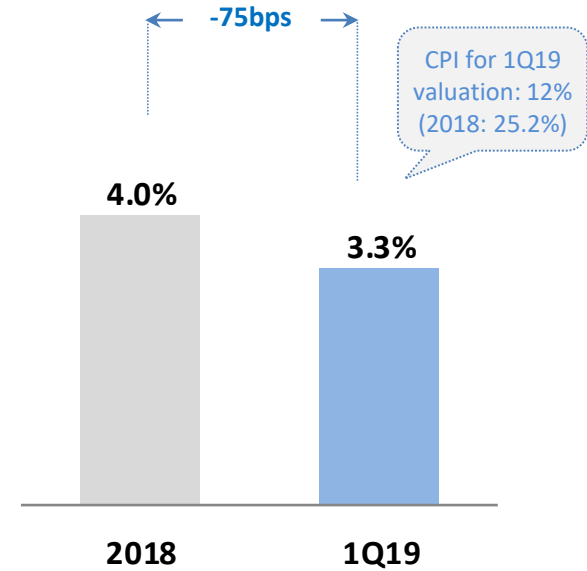
Quarterly



Quarterly NIM up

81bps, on a homogeneous basis when calculated with the same CPI-inflation assumption at 12%

Cumulative



+20 bps higher NIM adjusted for CPI linkers²

Notes:

Based on Bank-Only financials

1. 4Q18 NIM is adjusted for the CPI linker income's 9 months impact of inflation revision from 16% to 25.2% (1,268 mln TL). Stated 4Q18 NIM: 4.6%

2. Based on MIS Daily averages

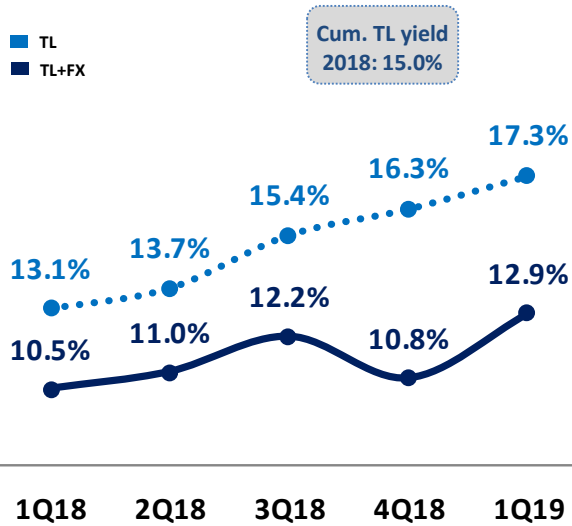
A normalisation in loan-deposit spreads in 1Q19 with ease in deposit costs and ongoing loan repricing

Loan-Deposit Spread –

Loan – Deposit Spread Evolution

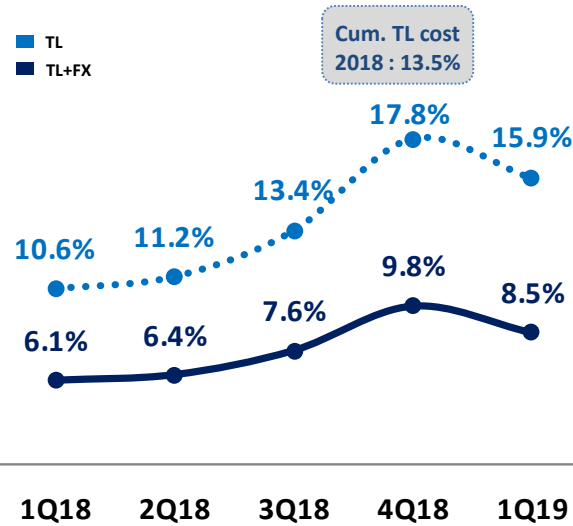
Loan Yields¹ (Quarterly)

210bps increase in total loan yields on a quarterly basis vs. 4Q18 thanks to ongoing loan repricing efforts



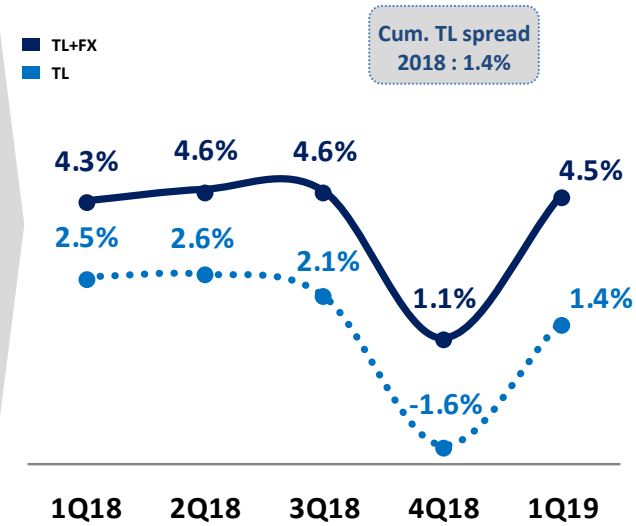
Deposit Costs (Quarterly)

Sharp decline in total cost of deposits (-130 bps, q/q) driven by the ease in TL cost of deposits (-191bps q/q)



Loan-Deposit Spread (Quarterly)

Normalisation in Loan-Deposit spread already evident in 1Q19

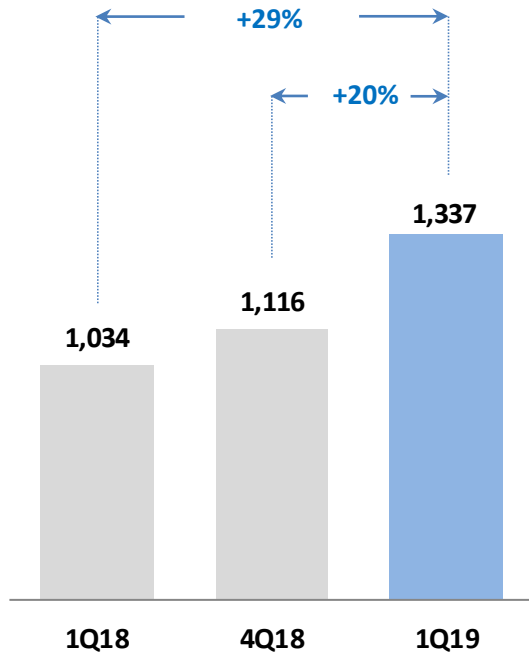


Notes:
Based on Bank-Only financials
1. Performing Loan yields

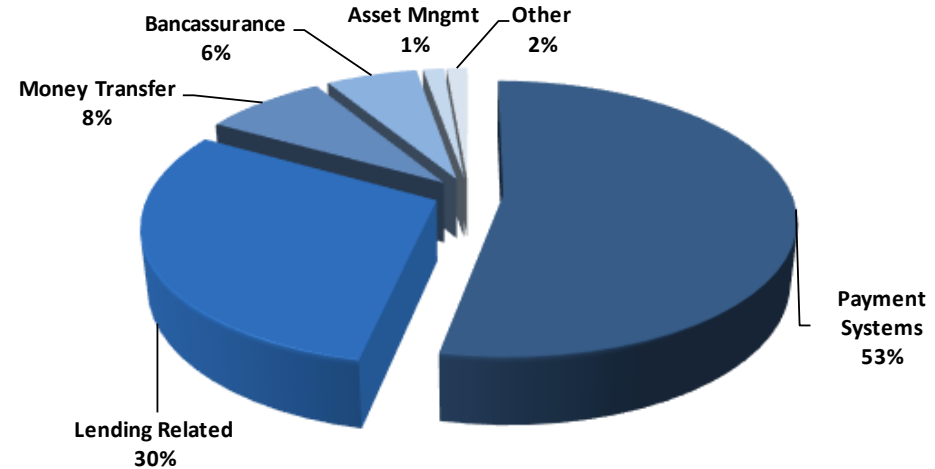
Strong fee growth driven by both transactional banking and payment systems

Revenues - Fees

Net Fee Income (TL mIn)



Fees Received Composition

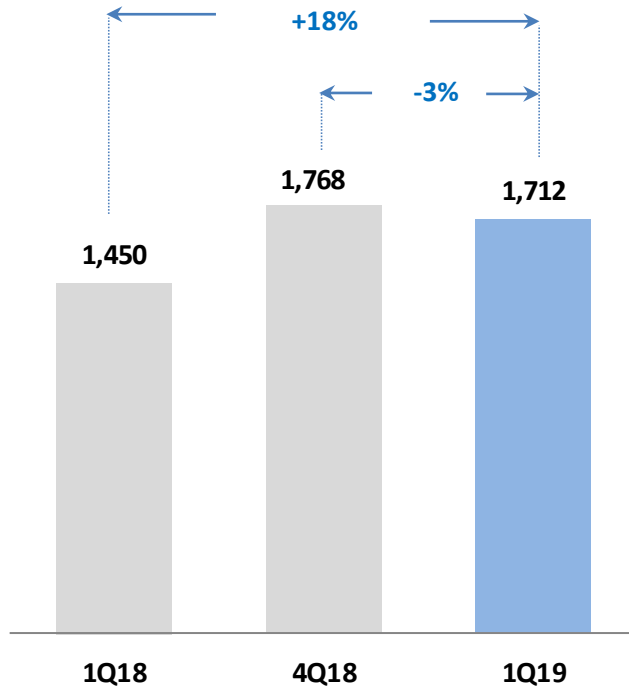


- *Payment systems: +51% y/y (-4% q/q)*
- *Lending Related: +29% y/y (+35% q/q)*
 - *Non-cash: 48% y/y (+6% q/q)*
- *Money Transfer: +69% y/y (+24% q/q)*
- *Bancassurance: +129% q/q*

Cost growth below inflation, thanks to continuous efficiency actions and cost discipline

Costs

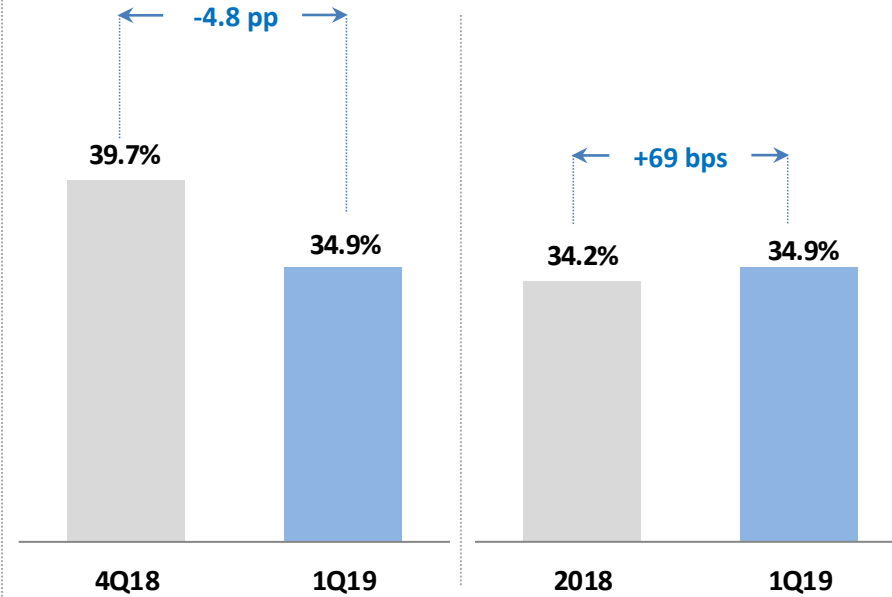
Costs¹ (TL mln)



Cost¹ / Income² (TL mln)

Quarterly³

Cumulative

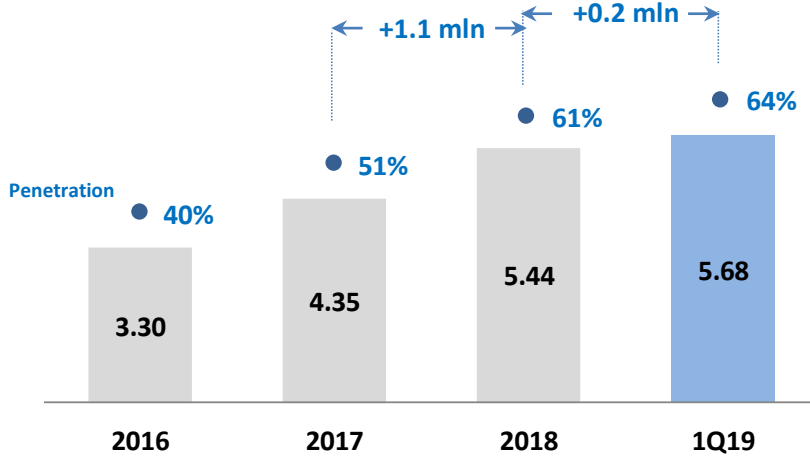


Notes:

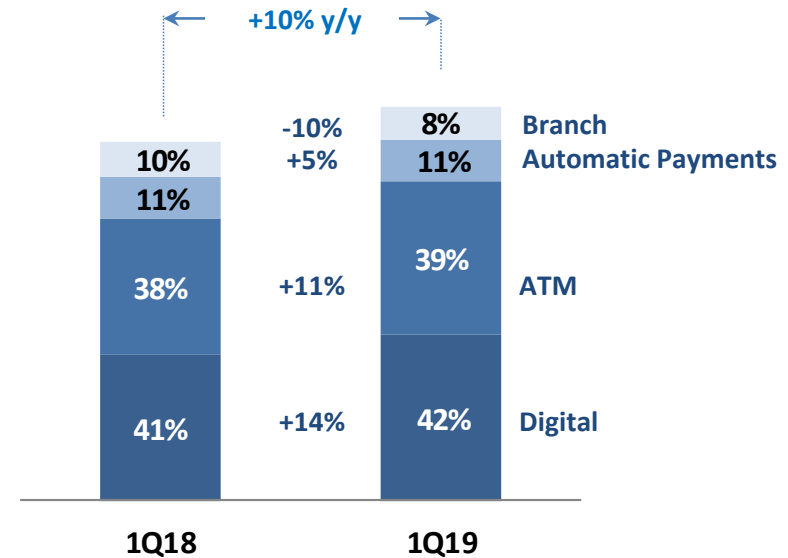
1. Excluding pension fund provision (4Q18: TL 230 mln). Reported cost growth (including pension fund provisions) at -14% q/q
2. 2018 Income adjusted for trading income to hedge FC ECL and collections
3. 4Q18 income adjusted for 9 months impact of inflation revision from 16% to 25.2% (1,268 mln TL).

Digital transformation: ongoing focus with increase in customer base

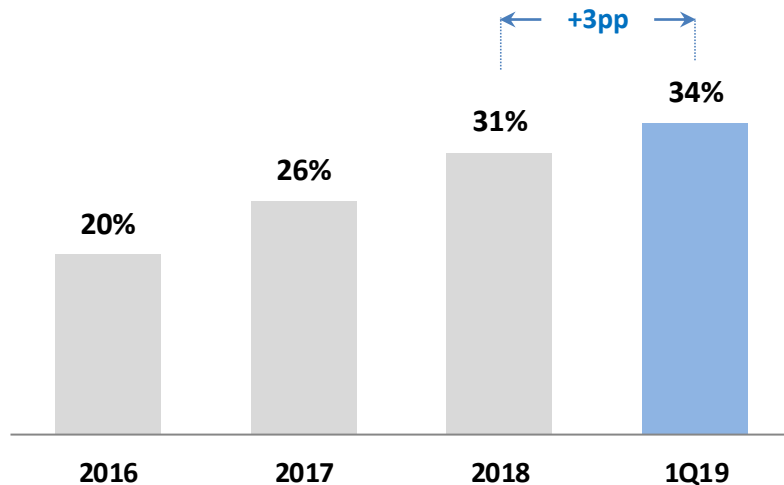
Number of Digital Customers (mln)



Transaction³ per channel



Share of digital in main products² sold



Notes:

Based on MIS data

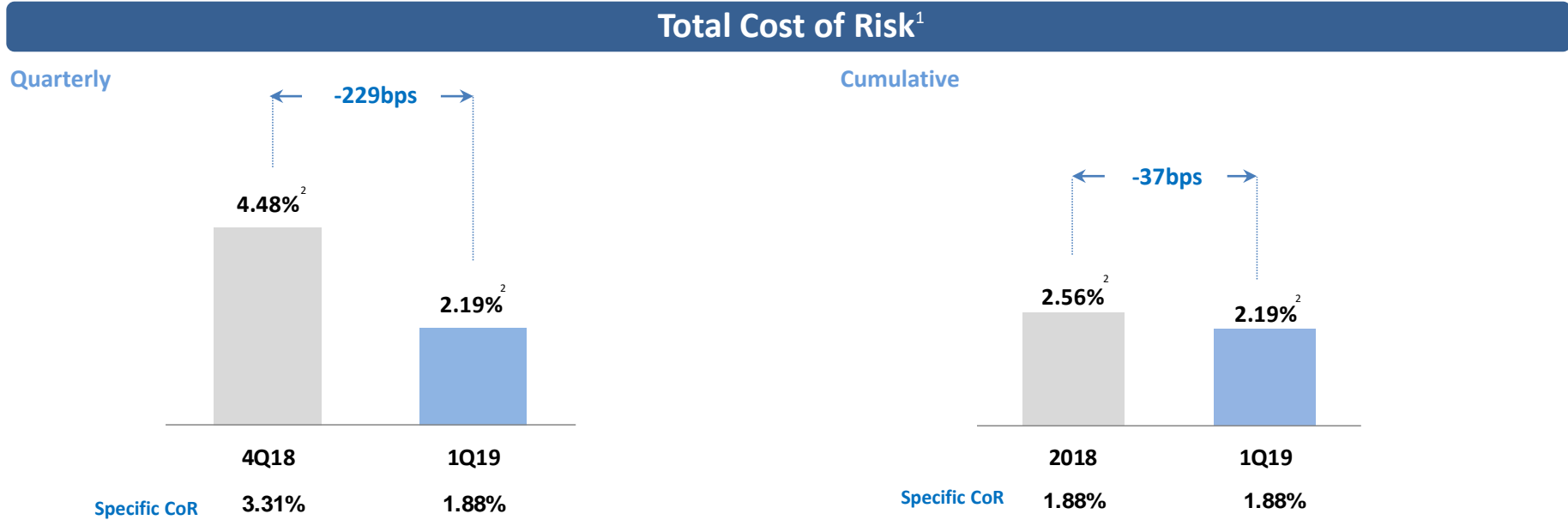
1. Total Cost to Serve and Cost to Serve per channel are calculated based on direct costs of each sales channels

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

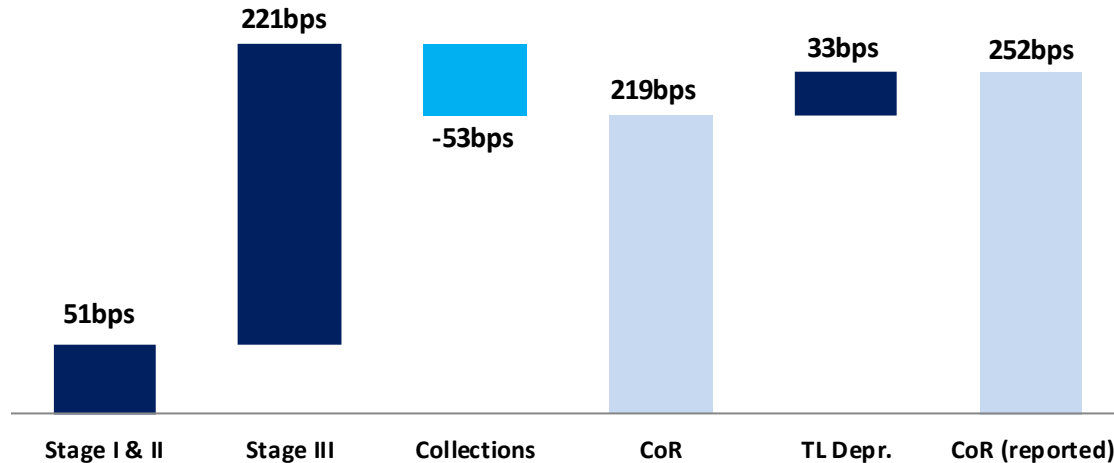
3. Transactions include, Money Transfers, Payments, Deposit, Cash Loans, Non-cash Loans, Insurance, Money withdrawal, Investment products, Credit Cards

Ongoing prudent approach on asset quality... CoR improves thanks to strong collections and up-fronted provisions in 2018

Asset Quality



Cost of Risk composition (1Q19)



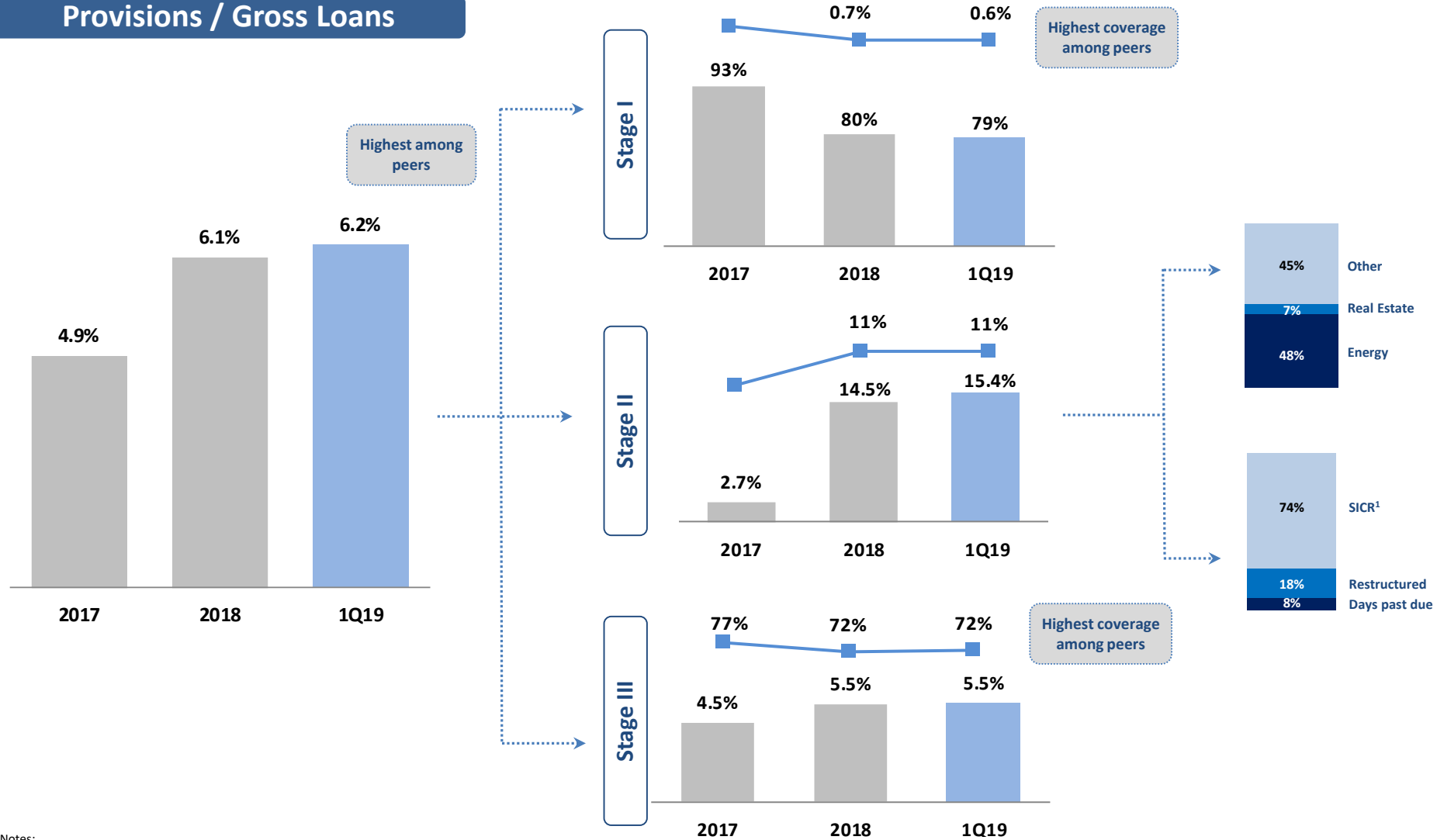
Notes:

1. Cost of Risk = (Total Expected Credit Loss - Collections)/Total Gross Loans
2. Adjusted for hedged FX impact. Stated CoR - 4Q18: 3.88%; 1Q19: 2.52% - 2018: 2.74%

Further increase in total coverage with continued efforts on Stage 2; Stage 3 coverage maintained

Asset Quality

Provisions / Gross Loans



Notes:

Based on Bank-Only BRSA financials

1. SICR: Significant Increase in Credit Risk

TL 2.0 bln NPL sales in 2018 (628 mln in 1Q18; 1 bln in 2Q18; 367 mln in 3Q18) and 396 mln in 1Q19

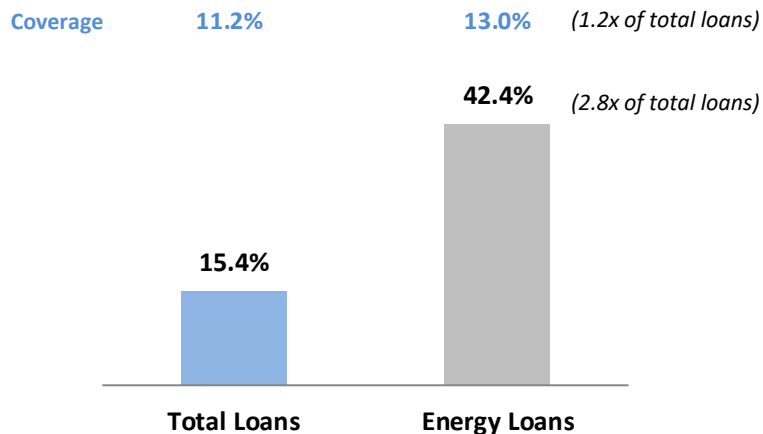
Peers include private banks that have released their financials as of 2 May 2019

Ongoing conservatism in energy and real estate portfolios

Asset Quality

Energy Loans¹ details

Stage II Loans



Breakdown by sub-segments

Risk Scale



Renewable
Distribution
Coal Fired
Natural Gas



Stage II ratio

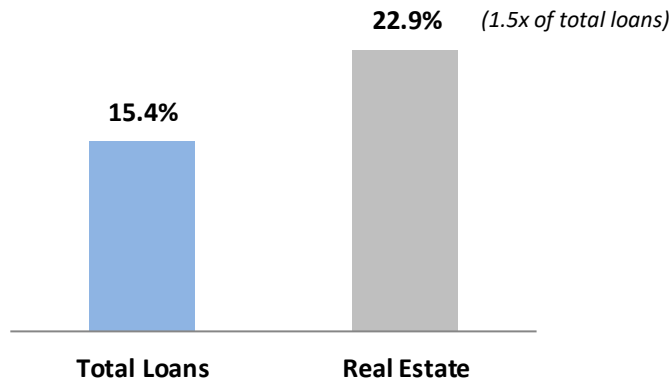
36%
(2.3x of total loans)
61%
(4.0x of total loans)

Stage II Coverage

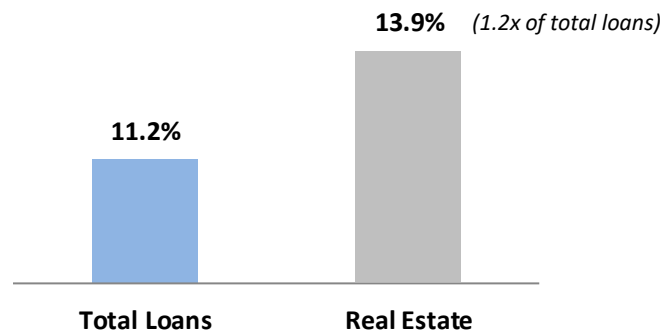
10.0%
(0.9x of total loans)
18.2%
(1.6x of total loans)

Real Estate Loans¹ details

Stage II Loans



Stage II Coverage



Notes:

1. Based on Bank-Only MIS data

Market volatility and operational risk adjustment resulted in slight contraction in CET1 while internal capital generation sustains

Capital

Capital Ratios



Notes:
1. Minimum capital levels are based on consolidated requirements (fully loaded BRSA)

Maintaining 2019 guidance

Guidance

		2019 Guidance ¹	1Q19 Realization ¹	
Fundamentals	LDR	~105%	103%	✓
	CAR	> 15%	15%	✓
Volumes ²	TL Loans	~15%	12%	✓
	Deposits	Mid-teens	20%	✓
Revenues	NIM (w/o CPI impact)	Flat	+20 bps	✓
	Fees	Mid-teens	30%	✓
Costs	Costs	Below average CPI	17%	✓
Asset Quality	NPL ratio	< 7%	5.5%	✓
	Total CoR	< 300 bps	271 bps	✓
Profitability	RoTE	low teens	13.3%	✓

Notes:

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

2. TL Loans and deposit growth annualized for 1Q19



Annex

Macro Environment and Banking Sector

Macro Environment

CBRT maintains the tight stance to sustain the ongoing inflation improvement

	2017	2018	1Q19
GDP Growth (y/y)	7.4%	2.6%	-
CPI Inflation (y/y)	11.9%	20.3%	19.7%
Consumer Confidence Index (avg)	68.6	67.0	58.6
CAD/GDP¹	-5.5%	-3.5%	-2.3%
Budget Deficit/GDP	-1.5%	-2.0%	-2.3%
Unemployment Rate²	10.3%	13.5%	14.7%
USD/TL (eop)	3.77	5.26	5.63
2Y Benchmark Bond Rate (eop)	13.4%	19.7%	21.2%

Banking Sector

Loan growth improves with the support of CGF utilisations in 1Q19

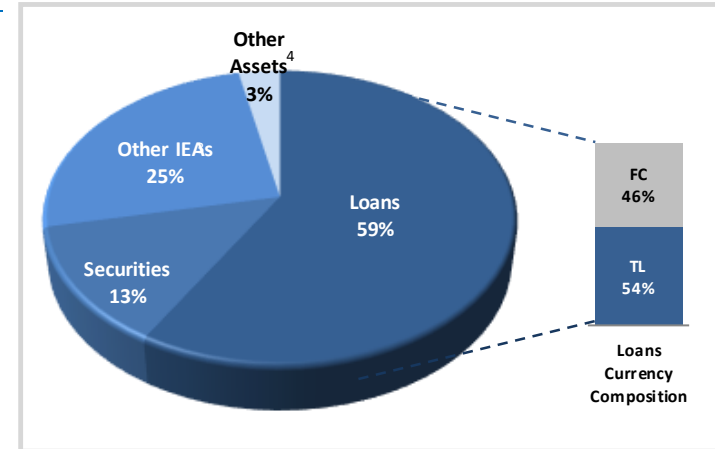
	2017	2018	1Q19
Loan Growth (y/y)	21%	14%	15%
<i>Private</i>	16%	6%	5%
<i>State</i>	27%	23%	27%
Deposit Growth (y/y)	16%	19%	23%
<i>Private</i>	13%	16%	19%
<i>State</i>	24%	25%	32%
NPL Ratio	2.9%	3.8%	3.9%
CAR	16.5%	16.9%	16.0%
ROATE	15.0%	13.8%	11.6%

Notes:
 All macro data as of December 2018 unless otherwise stated
 Banking sector volumes based on BRSA weekly data as of 28 Mar'19; NPL Ratio, CAR and ROATE based on BRSA monthly data
 1. CAD indicates Current Account Deficit as of Feb'19
 2. Unemployment rate is as of Jan'19

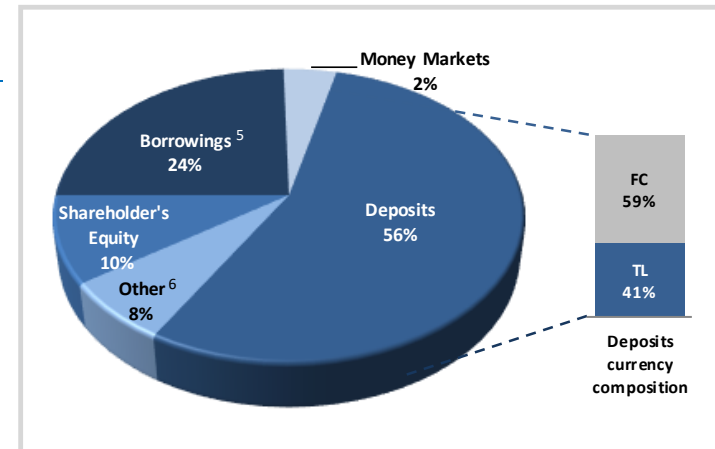
Consolidated Balance Sheet

TL bln	1Q17	1H17	9M17	2017	1Q18	1H18	9M18	2018	1Q19	q/q	y/y
Total Assets	278.3	283.3	290.6	316.9	328.7	365.1	422.0	373.4	393.4	5%	20%
Loans²	183.7	185.8	190.6	199.9	205.3	222.2	249.4	220.5	230.5	4%	12%
TL Loans	107.0	111.1	115.1	120.1	118.8	123.0	124.8	120.9	125.5	4%	6%
FC Loans (\$)	21.1	21.3	21.2	21.2	21.9	21.7	20.8	18.9	18.6	-2%	-15%
Securities	32.6	32.4	35.5	38.8	41.7	45.2	49.7	49.9	52.1	4%	25%
TL Securities	22.4	22.7	25.5	28.1	30.7	32.7	33.7	35.9	37.4	4%	22%
FC Securities (\$)	2.8	2.8	2.8	2.8	2.8	2.7	2.7	2.7	2.6	-2%	-6%
Deposits	163.5	164.2	165.0	173.4	180.0	192.8	221.0	210.3	219.7	4%	22%
TL Deposits	81.3	81.1	71.1	75.9	85.4	80.1	88.6	92.7	89.8	-3%	5%
FC Deposits (\$)	22.6	23.7	26.4	25.8	24.0	24.7	22.1	22.3	23.1	3%	-4%
Borrowings	61.0	62.3	63.9	75.3	80.8	90.0	114.5	90.0	98.6	9%	22%
TL Borrowings	5.1	6.1	6.5	7.1	6.8	7.8	7.0	5.6	7.6	36%	12%
FC Borrowings (\$)	15.4	16.0	16.1	18.1	18.7	18.0	17.9	16.1	16.2	1%	-14%
Shareholders' Equity	27.7	28.5	29.0	30.1	31.6	37.8	40.3	39.0	39.1	0%	24%
Assets Under Management	17.4	18.5	19.1	19.5	20.1	19.6	19.9	21.1	17.4	-17%	-13%
Loans/Assets	66%	66%	66%	63%	62%	61%	59%	59%	59%		
Securities/Assets	12%	11%	12%	12%	13%	12%	12%	13%	13%		
Borrowings/Liabilities	22%	22%	22%	24%	25%	25%	27%	24%	25%		
Loans/(Deposits+TL Bills)	112%	112%	115%	114%	113%	114%	112%	104%	103%		
CAR - cons	13.4%	13.7%	13.8%	13.4%	12.9%	13.9%	13.3%	14.8%	15.0%		
Tier-I - cons	9.7%	10.1%	10.2%	9.9%	9.9%	10.7%	9.8%	11.4%	12.1%		
Common Equity Tier-I - cons	9.9%	10.3%	10.3%	10.0%	9.9%	10.7%	9.8%	11.4%	11.0%		
Leverage Ratio	9.0x	8.9x	9.0x	9.5x	9.4x	8.7x	9.5x	8.6x	9.1x		

Assets



Liabilities



Note: Loans indicate performing loans

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

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

3. Other interest earning assets (IEAs) include cash and balances with the Central Bank of Turkey, banks and other financial institutions, money markets, factoring receivables, financial lease receivables

4. Other assets include investments in associates, subsidiaries, joint ventures, hedging derivative financial assets, property and equipment, intangible assets, tax assets, assets held for resale and related to discontinued operations (net) and other

5. Borrowings: include funds borrowed, marketable securities issued (net), subordinated loans. Intragroup funding from UniCredit €2.12bn (Dec 18 was €2.41bn / Total exposures is limited to cash excluding Business Related (i.e. Trade Finance), Repos and loro/nostro accounts)

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

Consolidated Income Statement

TL million	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	q/q	y/y
Net Interest Income including swap costs	2,217	2,089	2,154	2,522	2,543	2,778	4,004	4,239	3,112	-27%	22%
<i>o/w NII</i>	2,251	2,321	2,353	2,810	2,845	3,209	4,311	4,131	3,485	-16%	22%
<i>o/w CPI-linkers</i>	325	338	409	663	436	460	1,360	2,478	787	-68%	80%
<i>o/w Swap costs</i>	-34	-232	-198	-288	-302	-431	-308	107	-372	-	23%
Fees & Commissions	849	826	799	841	1,034	1,051	1,036	1,116	1,337	20%	29%
Core Revenues	3,066	2,915	2,954	3,364	3,577	3,829	5,040	5,354	4,449	-17%	24%
Operating Costs	1,370	1,422	1,363	1,543	1,450	1,554	1,683	1,768	1,712	-3%	18%
Core Operating Income	1,696	1,494	1,591	1,821	2,127	2,275	3,357	3,586	2,737	-24%	29%
Trading and FX gains/losses	100	125	38	-24	11	275	152	266	336	26%	-
<i>o/w FX gains/losses</i>	38	99	28	9	27	65	-193	225	77	-66%	189%
<i>o/w MtM gains/losses</i>	34	16	-7	-32	-7	118	300	35	195	451%	-
<i>o/w Trading gains/losses</i>	28	10	17	-1	-9	92	45	6	64	-	-
Other income	102	75	53	109	136	40	76	107	120	12%	-12%
<i>o/w income from subs</i>	28	19	19	22	28	25	31	32	28	-12%	-1%
<i>o/w Dividends</i>	2	8	0	0	4	8	1	2	10	443%	145%
<i>o/w Others</i>	72	48	35	86	104	7	45	73	82	12%	-21%
Pre-provision Profit	1,898	1,694	1,682	1,906	2,274	2,590	3,585	3,959	3,193	-19%	40%
ECL net of collections	539	532	592	568	514	835	1,640	2,950	1,395	-53%	171%
<i>o/w Stage 3 Provisions</i>	756	717	761	596	607	738	1,433	1,844	1,406	-24%	132%
<i>o/w Stage 1 + Stage 2 Provisions</i>	45	62	46	151	237	460	451	1,195	326	-73%	38%
<i>o/w Collections (-)</i>	262	247	215	179	330	363	244	90	337	277%	2%
Other Provisions & Costs	94	40	33	180	147	196	527	-448	216	-	46%
<i>o/w Pension fund provisions</i>	0	0	0	123	0	85	145	0	211	-	-
<i>o/w Pension fund provisions (under cost)</i>	0	0	0	123	0	0	0	230	0	-	-
<i>o/w Pension fund provisions (under provisions)</i>	0	0	0	0	0	85	145	-230	211	-	-
<i>o/w Other provisions</i>	94	40	33	58	147	111	382	-449	5	-	-
Pre-tax Income	1,265	1,121	1,058	1,158	1,613	1,559	1,418	1,457	1,583	9%	-2%
Tax	263	229	216	278	369	332	303	376	341	-9%	-7%
Net Income	1,001	892	841	880	1,244	1,227	1,115	1,081	1,241	15%	0%
ROTE¹	15.8%	13.3%	12.4%	12.6%	17.1%	15.9%	11.9%	11.4%	13.3%	193bps	-372bps
ROA	1.5%	1.3%	1.2%	1.2%	1.5%	1.4%	1.1%	1.1%	1.3%	21bps	-25bps

Note:

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

Bank-Only Income Statement

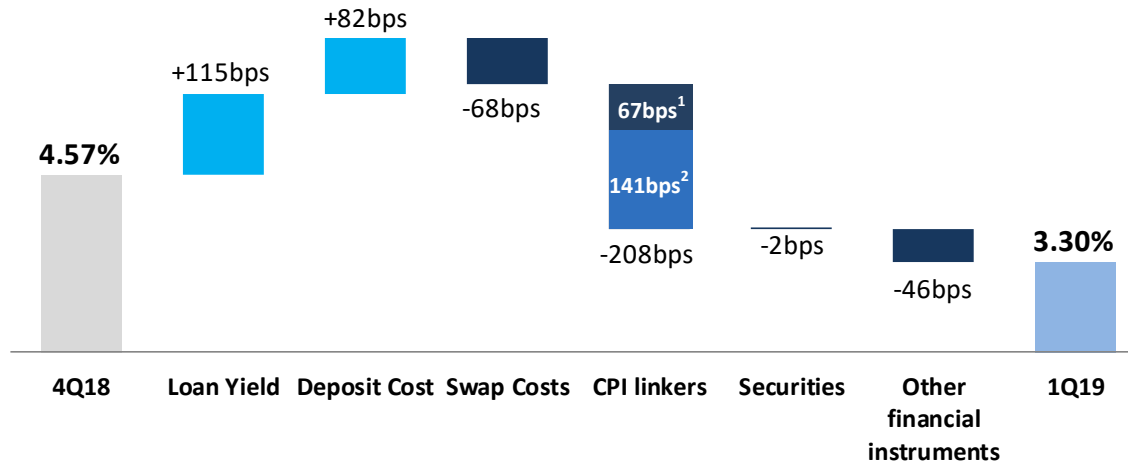
TL million	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	q/q	y/y
Net Interest Income including swap costs	2,030	1,895	1,965	2,306	2,270	2,585	3,677	3,925	2,806	-29%	24%
o/w NII	2,141	2,174	2,212	2,684	2,768	3,108	4,143	3,923	3,356	-14%	21%
o/w CPI-linkers	325	338	409	663	436	460	1,360	2,478	787	-68%	80%
Normalised linker income (constant inflation at each quarter of the year; keeping the full year inflation)											
o/w Swap costs	-111	-278	-247	-378	-497	-523	-466	2	-551	-	11%
Fees & Commissions	807	784	757	788	986	993	977	1,059	1,283	21%	30%
Core Revenues	2,837	2,679	2,722	3,094	3,257	3,578	4,655	4,984	4,089	-18%	26%
Operating Costs	1,295	1,346	1,293	1,462	1,375	1,470	1,591	1,659	1,615	-3%	17%
Core Operating Income	1,542	1,333	1,429	1,632	1,881	2,108	3,064	3,325	2,474	-26%	32%
Trading and FX gains/losses	89	119	23	-29	57	212	119	301	322	7%	467%
o/w FX gains/losses	76	86	-28	0	23	58	-50	265	64	-76%	177%
o/w MtM gains/losses	0	0	48	-33	-8	114	125	35	194	460%	-
o/w Trading gains/losses	13	33	3	4	41	40	43	2	64	-	54%
Other income	213	186	179	233	252	227	276	212	298	41%	18%
o/w income from subs	146	140	144	145	211	171	233	160	224	40%	6%
o/w Dividends	2	0	0	0	3	2	1	1	8	430%	198%
o/w Others	65	45	35	88	39	54	42	50	66	33%	71%
Pre-provision Profit	1,844	1,637	1,631	1,835	2,190	2,547	3,458	3,838	3,094	-19%	41%
ECL net of collections	526	501	574	539	483	832	1,586	2,908	1,354	-53%	180%
o/w Stage 3 Provisions	745	687	749	572	590	716	1,389	1,779	1,377	-23%	134%
o/w Stage 1 + Stage 2 Provisions	43	61	40	146	224	480	440	1,219	315	-74%	41%
o/w Collections (-)	262	247	215	179	330	363	244	90	337	277%	2%
Other Provisions & Costs	88	45	32	169	145	194	516	-487	213	-	47%
o/w Pension fund provisions	0	0	0	123	0	85	145	0	211	-	-
o/w Pension fund provisions (under cost)	0	0	0	123	0	0	0	230	0	-	-
o/w Pension fund provisions (under provisions)	0	0	0	0	0	85	145	-230	211	-	-
o/w Other provisions	88	45	32	46	145	109	371	-488	2	-	-
Pre-tax Income	1,230	1,092	1,024	1,127	1,562	1,521	1,357	1,416	1,527	8%	-2%
Tax	229	200	183	247	318	294	242	335	285	-15%	-10%
Net Income	1,001	892	841	880	1,244	1,227	1,115	1,081	1,241	15%	0%
ROTE¹	15.8%	13.4%	12.4%	12.6%	17.0%	15.8%	11.9%	11.4%	13.3%	192bps	-371bps
ROA	1.6%	1.4%	1.3%	1.2%	1.7%	1.5%	1.2%	1.2%	1.4%	21bps	-28bps

Note:

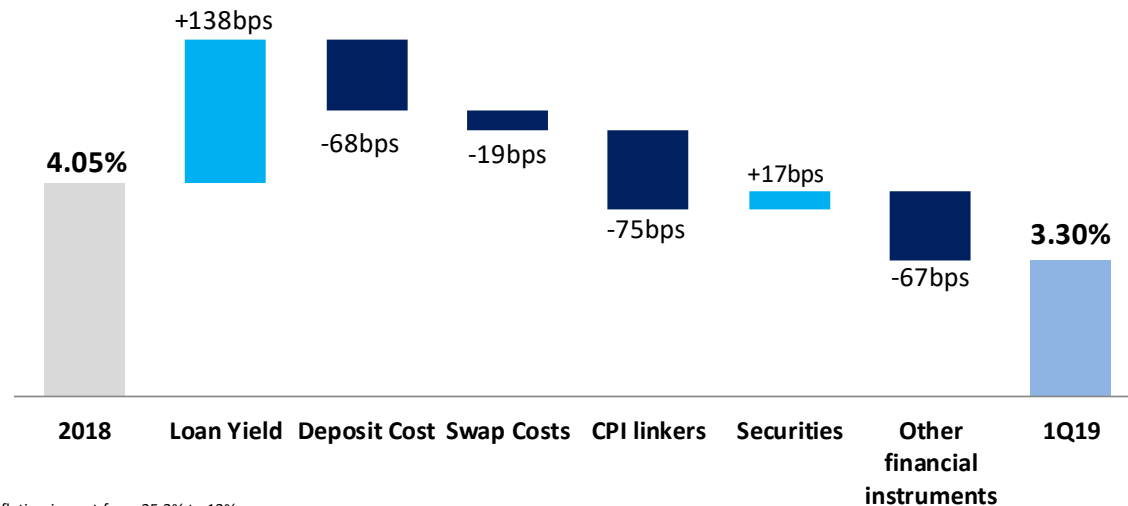
1. 2Q18 ROTAE is adjusted for the 4.1 bln TL rights issue on 30th of June

NIM Evolution

Quarterly



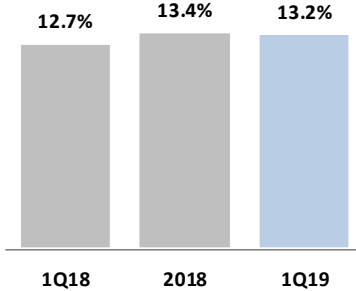
Cumulative



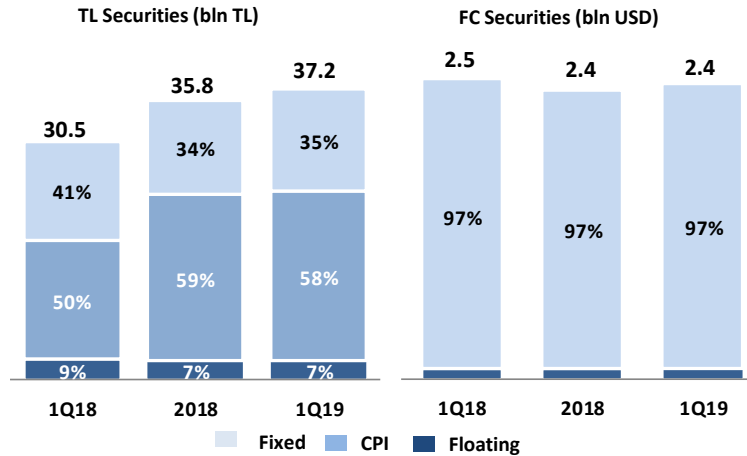
Note:
 1. CPI inflation impact from 25.2% to 12%
 2. Impact of 4Q18's CPI linker income's 9 months impact of inflation revision from 16% to 25.2% (1,268 mln TL).

Securities

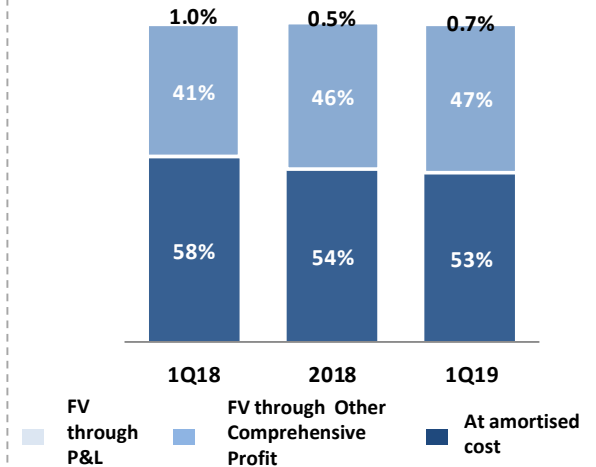
Securities/Assets



Composition by Type¹



Composition by Classification¹

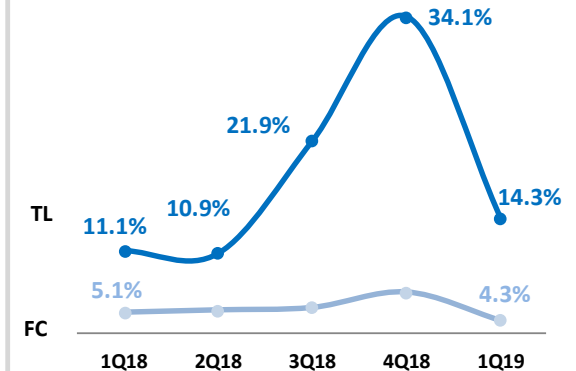


- **Securities / assets at 13.2%** with dynamically managed mix to benefit from rate environment
- **Increase in CPI linkers to benefit from higher inflation levels.** CPI-linker volume was almost stable at TL 15.6 bln in book value² (nominal: 13.0 bln TL); with a gain of TL 787 mln in 1Q19

CPI linker valuation at 12% (2018: 25.2%)

- **M-t-m unrealised loss at TL 2,507 mln as of 1Q19** (TL -437 mln in 1Q18)







Security Yields¹



Notes:

1. Based on Bank-Only financials
2. Excluding accruals

Details of main Borrowings

International	Syndications	<p>~ US\$ 2.1 bln</p> <ul style="list-style-type: none"> ■ Oct'18: US\$ 275mln & € 690.7mln, all-in cost at Libor+ 2.75% and Euribor+ 2.65% for 367 days. 27 banks from 13 countries ■ May'19: US\$ 350 mln and € 607 mln, all-in cost at Libor+ 2.50% and Euribor+ 2.40% for 367 days. 49 banks from 21 countries
	AT1	<p>~US\$ 650 mln outstanding</p> <ul style="list-style-type: none"> ■ Jan'19: US\$ 650 mln market transaction, callable every 5 years, perpetual, 13.875% (coupon rate) 
	Subordinated Loans	<p>~US\$ 2.6 bln outstanding</p> <ul style="list-style-type: none"> ■ Dec'12: US\$ 1.0 bln market transaction, 10 years, 5.5% (coupon rate) ■ Jan'13: US\$ 585 mln, 10NC5, 5.7% fixed rate – Basel III Compliant ■ Dec'13: US\$ 270 mln, 10NC5, 7.72% – Basel III Compliant ■ Mar'16: US\$ 500 mln market transaction, 10NC5, 8.5% (coupon rate)
	Foreign and Local Currency Bonds / Bills	<p>US\$ 3.65 bln Eurobonds</p> <ul style="list-style-type: none"> ■ Jan'13: US\$ 500 mln, 4.00% (coupon rate), 7 years ■ Oct'14: US\$ 550 mln, 5.125% (coupon rate), 5 years ■ Feb'17: US\$ 600 mln, 5.75% (coupon rate), 5 years ■ Jun'17: US\$ 500 mln, 5.85% (coupon rate), 7 years ■ Jun'17: TL 500 mln, 13.13% (coupon rate), 3 years ■ Mar'18: US\$ 500 mln, 6.10% (coupon rate), 5 years ■ Mar'19: US\$ 500 mln, 8.25% (coupon rate), 5 years 
	Covered Bond	<p>TL 1.57 bln out standing</p> <ul style="list-style-type: none"> ■ Oct'17: Mortgage-backed, maturity 5 years ■ Feb'18: Mortgage-backed with 5 years maturity ■ May'18: Mortgage-backed with 5 years maturity ■ Mar'19: Mortgage-backed with 5 years maturity 
Domestic	Local Currency Bonds / Bills	<p>TL 2.1 bln total</p> <ul style="list-style-type: none"> ■ Jan'19 : TL 142 mln, 3 months maturity  ■ Feb'19 : TL 710 mln, 2 months maturity  ■ Mar'19 : TL 1,27 bln , 2 months maturity 

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

Turkey

Turkey

- Europe's 7th largest economy and a member of G20
- Young, dynamic, large and growing population
- Sovereign ratings of Ba3/B+/BB by Moody's/S&P/Fitch

	TR 2017	EU 2017
Population (mln)	81	513
Median Age	32	43 ¹
Population Growth (CAGR 2000-2017)	1.5%	0.3%
GDP (€ bln)	752	15,336
World Ranking	17	-
Per Capita GDP (€)	9,311	29,900
World Ranking	68	-

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

	2015	2016	2017	2018	1Q19
GDP Growth	6.1%	3.2%	7.4%	2.6%	-
CPI (eop)	8.8%	8.5%	11.9%	20.3%	19.7%
Benchmark Rate (eop)	10.8%	10.7%	13.4%	19.7%	21.2%
Unemployment ²	10.3%	10.9%	10.9%	13.5%	14.7%
Policy Rate	7.5%	8.0%	8.0%	24.0%	24.0%
CBT funding rate	8.8%	8.3%	12.8%	24.0%	25.5%
CAD/GDP ³	3.7%	3.8%	5.5%	3.5%	2.3%
<i>o/w energy</i>	3.9%	2.8%	3.9%	4.9%	5.1%
Public Debt/GDP	29%	29%	28%	29%	-
Budget deficit/GDP	-1.0%	-1.1%	-1.5%	-2.0%	-2.3%

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. As of end-2016

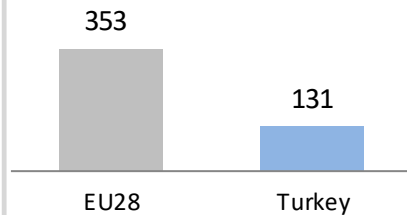
2. As of January 2019

3. As of February 2019

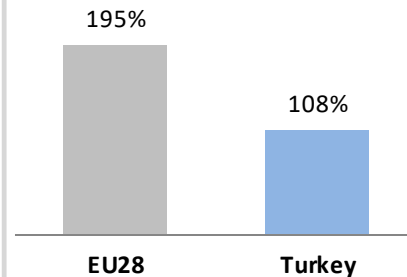
Despite solid growth in recent years, Turkish banking sector still underpenetrated in household lending

Banking Sector Penetration

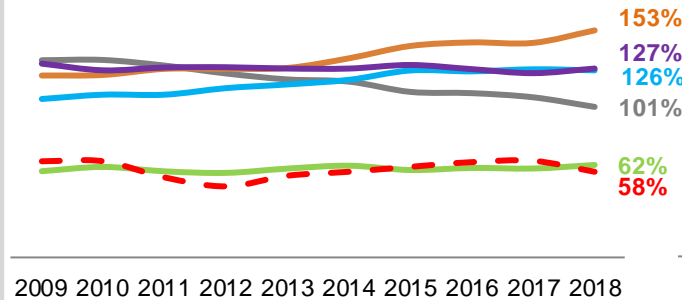
Branches Per
Million Inhabitants
(2017)



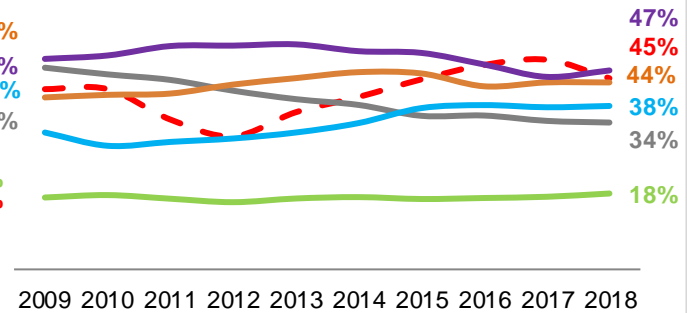
(Loans+Deposits)/GDP
(2018)



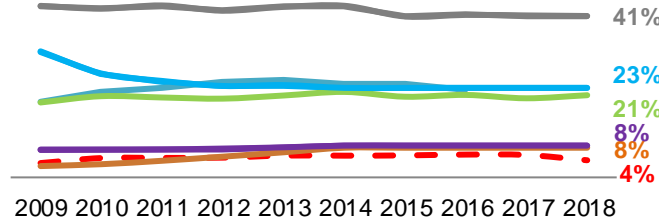
Total Loans¹/GDP



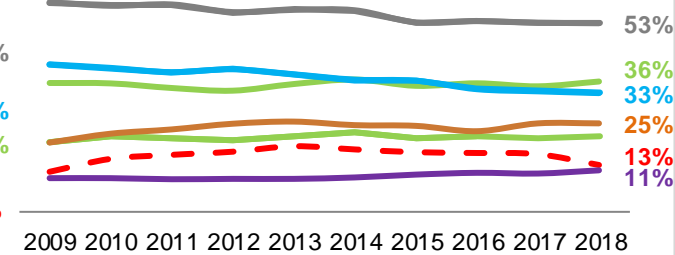
Corporate Loans/GDP



Mortgages/GDP



Loans to Households²/GDP



— Turkey — EU-28 — S.Africa — India — Poland — Brazil

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

Note: Loan data on graphs for all countries based on 2018 actual figures while GDP figures are as of 2017

(1) Excluding lending to credit institutions

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

2018 GDP numbers are forecasted figures

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 developments:**
 - **CGF** (supporting the loan growth)
 - **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							
	2013	2014	2015	2016	2017	9M18	2018	1Q19
Banks #	49	51	52	52	51	52	47	47
Branches #	11,023	11,223	11,193	10,781	10,550	10,505	10,454	10,398
Loan Growth (yoy)	33%	18%	21%	17%	21%	30%	14%	15%
Deposit Growth (yoy)	24%	10%	19%	17%	16%	31%	19%	23%
Loans/GDP ¹	55%	58%	61%	64%	65%	70%	62%	66%
Deposits/GDP ¹	53%	51%	53%	56%	55%	59%	55%	59%
Loans/Assets	61%	62%	64%	64%	65%	63%	63%	67%
Deposits/Assets	58%	56%	56%	56%	55%	53%	55%	60%
NIM	3.8%	3.6%	3.6%	3.7%	3.9%	4.0%	4.2%	3.6%
NPL Ratio	2.6%	2.8%	2.9%	3.2%	2.9%	3.1%	3.7%	4.0%
Specific Coverage	77%	75%	76%	78%	80%	70%	69%	69%
CAR ²	14.6%	15.7%	15.0%	15.1%	16.5%	17.7%	16.9%	16.0%
Tier 1 Ratio	12.2%	13.1%	12.5%	12.6%	13.6%	14.1%	13.6%	12.9%
ROAE	12.5%	12.1%	10.8%	13.5%	15.0%	14.3%	13.8%	11.6%
ROAA	1.4%	1.3%	1.1%	1.4%	1.5%	1.3%	1.4%	1.2%

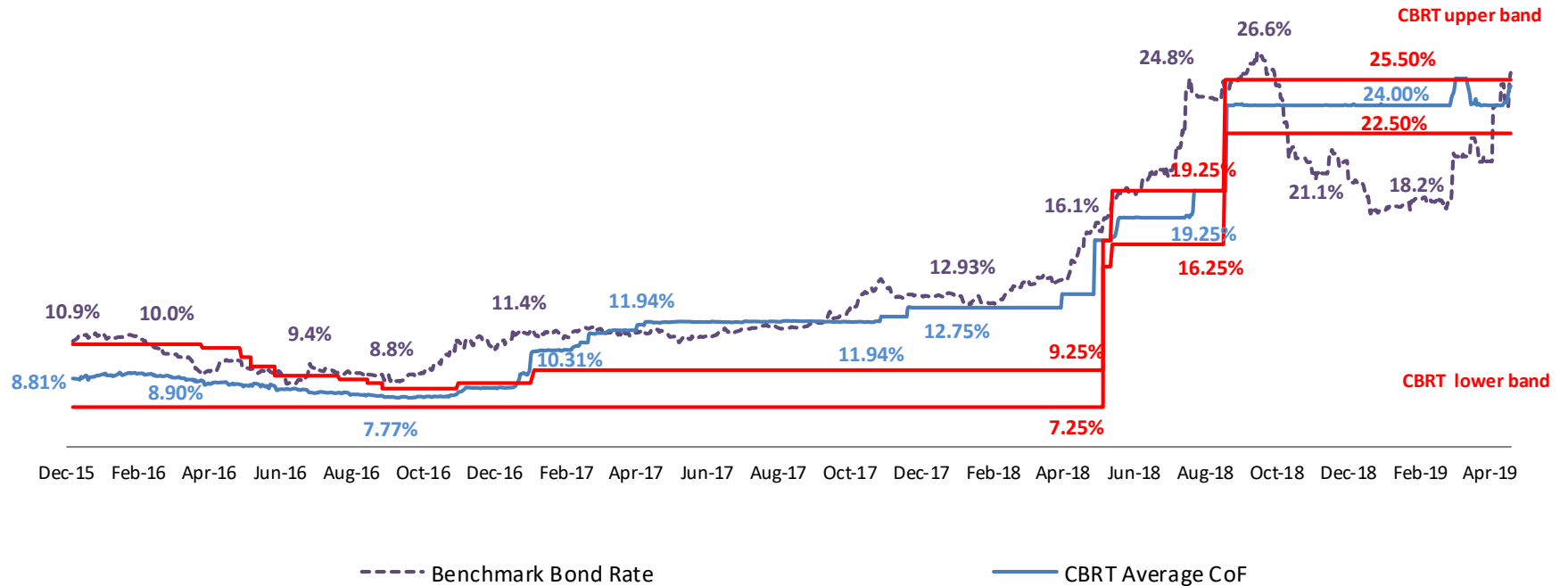
Source: Turkish Banks Association for bank and branch numbers, BRSA for banking sector data (including BS, P&L, KPIs), Turkstat for GDP data

Notes:

(1) 1Q19 GDP assumed stable at 2018 level

(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

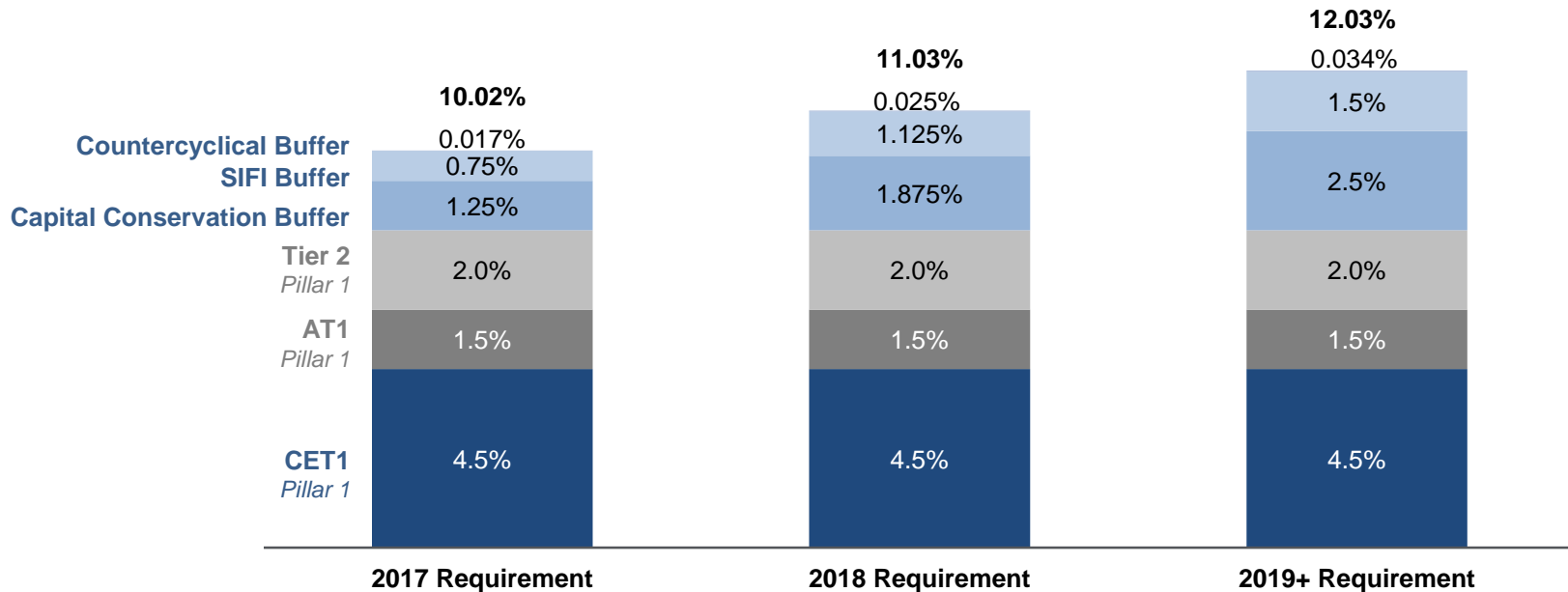
Credit Ratings

Moody's	Long-Term Foreign Currency		Long-Term Local Currency		
	Rating	Outlook	Rating	Outlook	
	Yapı Kredi	B2	Negative	B1	Negative
	Garanti	B2	Negative	B1	Negative
	Akbank	B2	Negative	B1	Negative
	İşbank	B2	Negative	B2	Negative
	Halkbank	B2	Negative	B2	Negative
S&P	Vakıfbank	B2	Negative	B1	Negative
	Yapı Kredi	B+	Stable	B+	Stable
	Garanti	B+	Stable	B+	Stable
	Akbank	Not rated	-	Not rated	-
	İşbank	B+	Negative	B+	Negative
	Vakıfbank	B+	Negative	B+	Negative
Fitch	Yapı Kredi	BB-	Negative	BB	Negative
	Garanti	BB-	Negative	BB	Negative
	Akbank	B+	Negative	BB-	Negative
	İşbank	B+	Negative	BB-	Negative
	Halkbank	B+	Negative	BB	Negative
	Vakıfbank	B+	Negative	BB	Negative

Consolidated regulatory capital requirements for Yapı Kredi

Phase-in of Consolidated Capital Requirements for Yapı Kredi

■ CET1 ■ AT1 ■ T2 ■ CCB ■ SIFI ■ CCyB



Consolidated Capital Requirements for Yapı Kredi

CET 1 Ratio	6.5%	7.5%	8.5%
Tier 1 Ratio	8.0%	9.0%	10.0%
Capital Adequacy Ratio	12.0%	12.0%	12.0%

Notes:

Reflects current status of regulatory capital requirements which may be subject to change. Pillar 2 framework for Turkey already exists, however BRSA capital requirements currently do not include any Pillar 2 add-on. Countercyclical buffer can be updated based on regulatory decision and bank's exposures

Contact investor relations

Yapı ve Kredi Bankası

Head Office

Yapı Kredi Plaza D Blok

Levent 34330 Istanbul - TURKEY

Tel: +90 (212) 339 67 70

Email: yapikredi_investorrelations@yapikredi.com.tr

Web: <http://www.yapikredi.com.tr/en/investor-relations>

Kürşad KETECİ - Strategic Planning and Investor Relations, EVP
kursad.keteci@yapikredi.com.tr

Hilal VAROL - Head of Investor Relations and Strategic Analysis
hilal.varol@yapikredi.com.tr

Ece OKTAR GÜRBÜZ - Investor Relations Manager
ece.gurbuz@yapikredi.com.tr

Can ASLANKAN - Investor Relations Supervisor
can.aslankan@yapikredi.com.tr

Cansu GÖRCÜK - Investor Relations Specialist
cansu.gorcuk@yapikredi.com.tr

Disclaimer

This presentation has been prepared by Yapı ve Kredi Bankası A.Ş. (the “Bank”). This presentation is not directed at, or intended for distribution to or use by, any person or entity that is a citizen or resident of, or located in, any locality, state, country or other jurisdiction where such distribution or use would be contrary to law or regulation or which would require any registration, licensing or other action to be taken within such jurisdiction.

This presentation does not constitute or form part of, and should not be construed as, an offer or invitation to sell securities of the Bank, or the solicitation of an offer to subscribe for or purchase securities of the Bank, and nothing contained herein shall form the basis of or be relied on in connection with any contract or commitment whatsoever. Any decision to purchase any securities of the Bank should be made solely on the basis of the conditions of the securities and the information contained in the offering circular, information statement or equivalent disclosure document prepared in connection with the offering of such securities. Prospective investors are required to make their own independent investigations and appraisals of the business and financial condition of the Bank and the nature of any securities before taking any investment decision with respect to securities of the Bank.

This presentation and the information contained herein are not an offer of securities for sale in the United States or any other jurisdiction. No action has been or will be taken by the Bank in any country or jurisdiction that would, or is intended to, permit a public offering of securities in any country or jurisdiction where action for that purpose is required. In particular, no securities have been or will be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or with any securities regulatory authority of any state or other jurisdiction of the United States and securities may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Bank does not intend to register or to conduct a public offering of any securities in the United States or any other jurisdiction.

This presentation is an advertisement and is not a prospectus for the purposes of EU Directive 2003/71/EC and any amendments thereto, including the amending directive, Directive 2010/73/EU to the extent implemented in the relevant member state and any relevant implementing measure in each relevant member state (the “Prospectus Directive”) and/or Part VI of the United Kingdom’s Financial Services and Markets Act 2000. This presentation is only directed at and being communicated to the limited number of invitees who: (A) if in the European Economic Area, are persons who are “qualified investors” within the meaning of Article 2(1)(e) of the Prospectus Directive (“Qualified Investors”); (B) if in the United Kingdom are persons (i) having professional experience in matters relating to investments so as to qualify them as “investment professionals” under Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”); and (ii) falling within Article 49(2)(a) to (d) of the Order; and/or (C) are other persons to whom it may otherwise lawfully be communicated (all such persons referred to in (A), (B) and (C) together being “Relevant Persons”). This presentation must not be acted or relied on by persons who are not Relevant Persons. Any investment activity to which this presentation relates is available only to Relevant Persons and may be engaged in only with Relevant Persons. Nothing in this presentation constitutes investment advice and any recommendations that may be contained herein have not been based upon a consideration of the investment objectives, financial situation or particular needs of any specific recipient. If you have received this presentation and you are not a Relevant Person you must return it immediately to the Bank.