INVESTOR RELATIONS RELEASE

On 1 August 2017, Yapı Kredi announced its consolidated results for the first half of 2017 based on Turkish accounting standards and Banking Regulation and Supervision Agency's guidelines. The Bank's cash and non-cash loans reached TL 260.7 billion, while total deposits materialised at TL 164.2 billion. The Bank's net income (adjusted for the Visa sale gains in the second quarter of 2016) increased by 41% year-over-year and reached TL 1,893 million indication return on average tangible equity of 14.7%. Quarterly net income was recorded at TL 892 million.

Improving capital ratios with ongoing internal capital generation

The capitalization of the Bank continued to improve during the first half of 2017 through internal capital generation on the back of profitability acceleration. Consolidated Capital Adequacy Ratio increased by 50 basis points year-to-date to 13.7% and Common Equity Tier-1 ratio increased by 50 basis points to 10.2%.

Selective and balanced volume growth

Yapi Kredi achieved 5% year-to-date growth in performing loans to TL 185.8 billion. Loan growth was mainly driven by company lending with effective utilisation of the Credit Guarantee Fund facility. The Bank's deposit growth was at 5% year-to-date and reached TL 164.2 billion. Accordingly, loan-to-deposits plus TL bonds ratio reached to 110%. Yapı Kredi's market share among private banks in loans and deposits was recorded at 15.9% and 15.5%, respectively.

In line with the Bank's focus on effective diversification of funding sources, the Bank successfully issued a 7 year US$ 500 million Eurobond transaction with a yield of 5.85% and a 3 year TL 500 million Eurobond transaction with a yield of 13.125% in June 2017. On the other hand, Yapı Kredi secured US$ 1,350 million worth of syndication with participation of 48 banks from 19 countries within the quarter.

Resilient profitability driven by core business

In the first half of 2017, Yapı Kredi increased its total revenues (adjusted for Visa sale gain in 2Q16) by 14% year-over-year driven by double digit net interest income growth. On the other hand, continued discipline in cost management was evident with cost growth contained at 8% compared to inflation of 11%. Accordingly, cost/income ratio was recorded at 41% levels. Even with the strengthening in the coverage ratio, the Bank's total provisions were at comfortable levels with a 1% year-over-year decrease, leading to 26 basis points improvement in cost of risk to 1.10%. Accordingly, net income (adjusted for Visa sale gain) increased by 41% year-over-year (Reported: +22% year-over-year) and the Bank achieved 14.7% return on average tangible equity.

Asset quality dynamics continued to improve

Non-performing loan ratio decreased by 45 basis points year-to-date to 4.32% supported by sales of non-performing loan portfolios with a total amount of TL 1,320 million, TL 826 million of which was in second quarter of the year, as well as improving trend in net non-performing loan formation year-over-year. During this period, specific coverage ratio remained stable at 76%.