INVESTOR RELATIONS RELEASE

On 31 July 2018, Yapı Kredi announced its consolidated results for the first half of 2018 based on Turkish accounting standards (Banking Regulation and Supervision Agency). The Bank's cash and non-cash loans reached TL 314.4 billion while total deposits rose to TL 192.8 billion. The Bank's net income increased by 31% year-over-year and reached TL 2,471 million indication return on average tangible equity of 16.4%.

Volume growth with a balanced mix

Yapı Kredi's market share among private banks in loans and deposits was recorded at 16.2% and 15.5%, respectively.

The Bank achieved 11% year-to-date growth in loans reaching to TL 222.2 billion. Loan growth was mainly driven by commercial segment supported by the higher level of CGF utilisation compared to 2017. In the first half of 2018, Yapı Kredi increased its market share by 130 bps reaching 7.1% in Credit Guarantee Fund. The Bank's deposit growth was in line with the loan growth at 11% year-to-date and reached TL 192.8 billion. Deposit growth was mainly driven by customer deposits, especially in FX currency, as a result of the volatility in exchange rate. Accordingly, loan-to-deposits plus TL bonds ratio loan-to-deposits plus TL bonds ratio realised at 114%.

In line with the Bank's focus on effective diversification of funding sources, in May 2018, the Bank renewed its syndication at USD 1.5 billion corresponding to 111% roll-over ratio with the participation of 48 banks from 19 countries.

Improvement in capital ratios through capital injection and ongoing internal capital generation

Despite the fluctuations in Lira and volatility in the interest rates, the Bank continued to support its capital ratios with internal capital generation and TL 4.1 billion worth of capital increase that has been completed in June 2018. As a result, consolidated Capital Adequacy Ratio and Common Equity Tier-1 ratio increased by 104 bps on a year to date basis to 13.9% and 82 bps points to 10.7%, respectively.

Solid profitability driven by core business

In the first half of 2018, Yapı Kredi increased its total revenues by 24% 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 8% compared to inflation of 15.4%. Accordingly, cost-to-income ratio improved 539 basis points year-over-year to 35.1%. In the first period, Yapı Kredi classified a couple of corporate loans as non-performing with a cautious approach, together with the depreciation in TL and worsening operating environment, provisions increased by 39% year-on-year, cost-of-risk increased to 115 basis points. In the first half of 2018, Yapı Kredi sold a non-performing loan portfolio of TL 1.6 billion principal amount within the scope of continued active stock management. Hence, the npl ratio improved by 53 bps year-to-date reaching %3,8. All in all, net income increased 31% year-over-year and the Bank achieved 16.4% return on average tangible equity.