

Yapı Kredi 1Q17 Investor Presentation

A very strong start to the year, driven by successful execution of long term strategy

May 2017



Yapı Kredi: A leading financial services group

Yapı Kredi Overview

Ratings Moody's: Ba2 / Fitch: BBB- / S&P: BB

At highest level among Turkish banks, based on Fitch¹

Assets

281.4
bln TL

Loans

183.7
bln TL

Shareholders' Equity

27.7
bln TL

Deposits+
TL Bonds²

167.1
bln TL

Active Customers³

13.0
mln

Employees⁴

19,397

Branches

931

Share of
ADCs⁵

88%

Net Income

1,001
mln TL

RoATE⁶

15.8%

Bank
CAR

14.4%

Total NPL
Coverage⁷

111%

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

Among top 10 most valuable brands⁸ 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 22.7 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) Deposits: TL 163.5 bln, TL Bonds: TL 3.6 bln

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

(4) Group data. Bank-only: 18,371

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

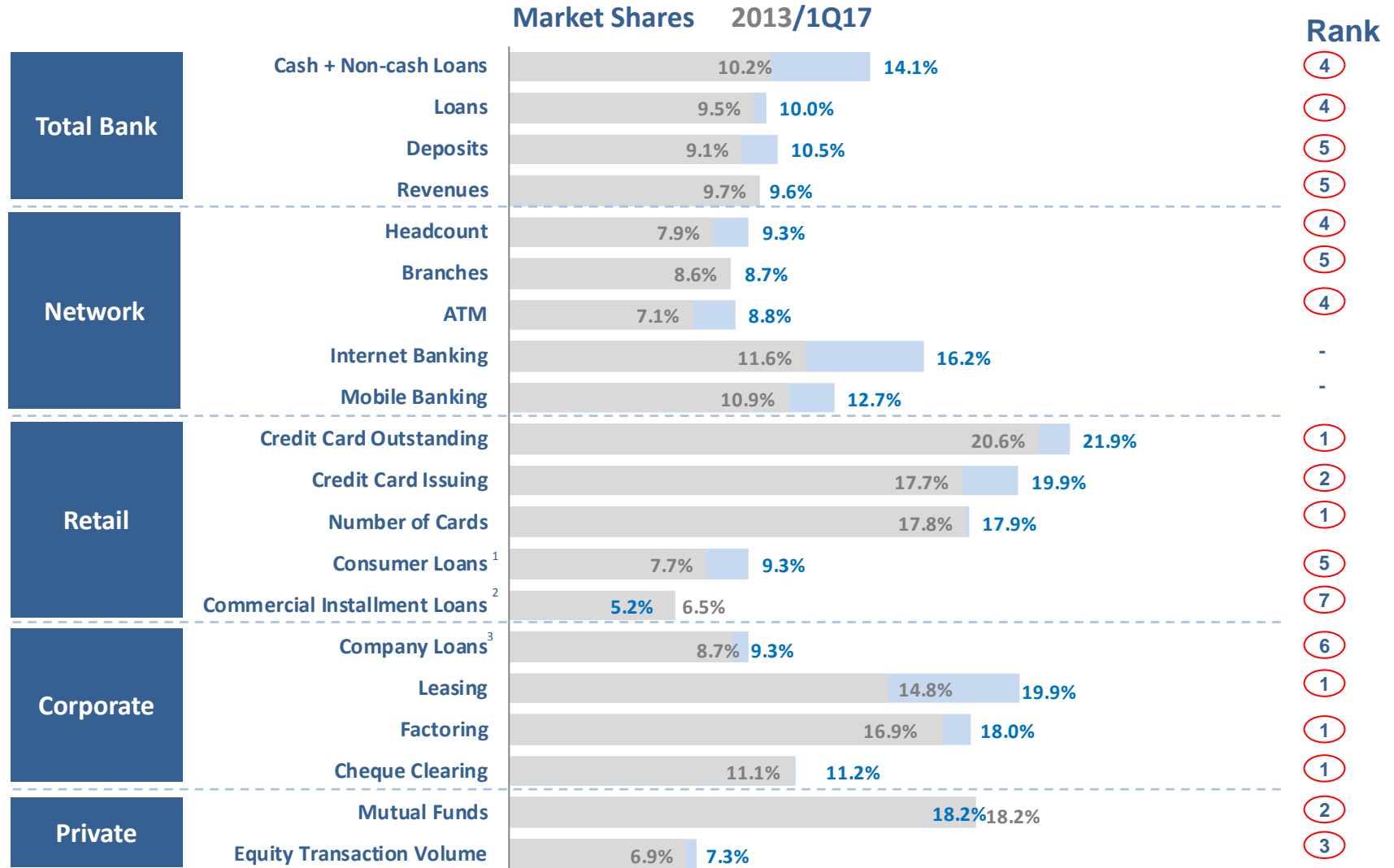
(6) RoATE indicates return on average tangible equity (excl goodwill)

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

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

Leading positions in value generating services and products

Market Position



Note: All market shares as of 1Q17 unless stated otherwise. Internet Banking, Mobile Banking, Leasing and Factoring market shares as of 2016. 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 31 Mar'17

(1) Including mortgages, general purpose and auto loans

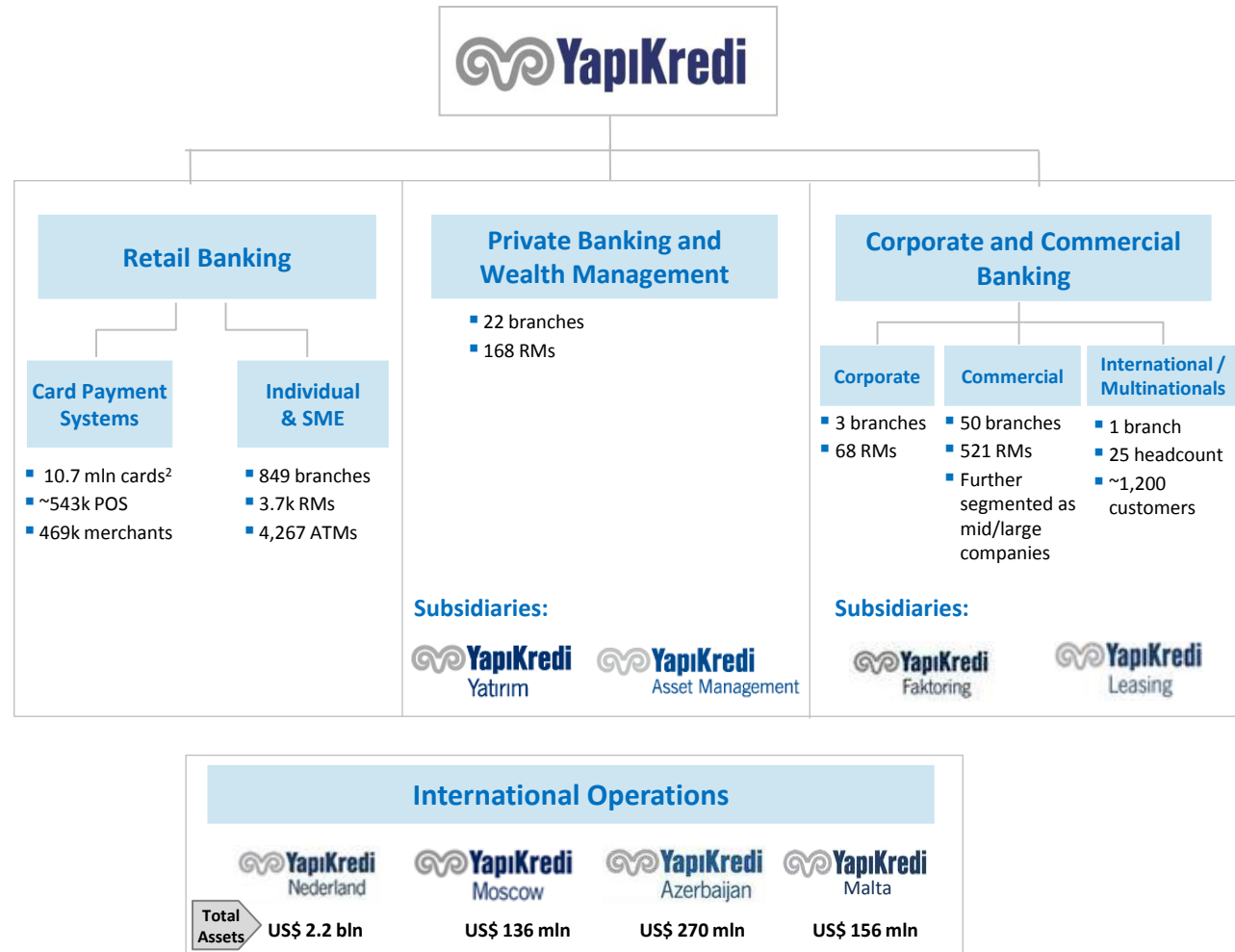
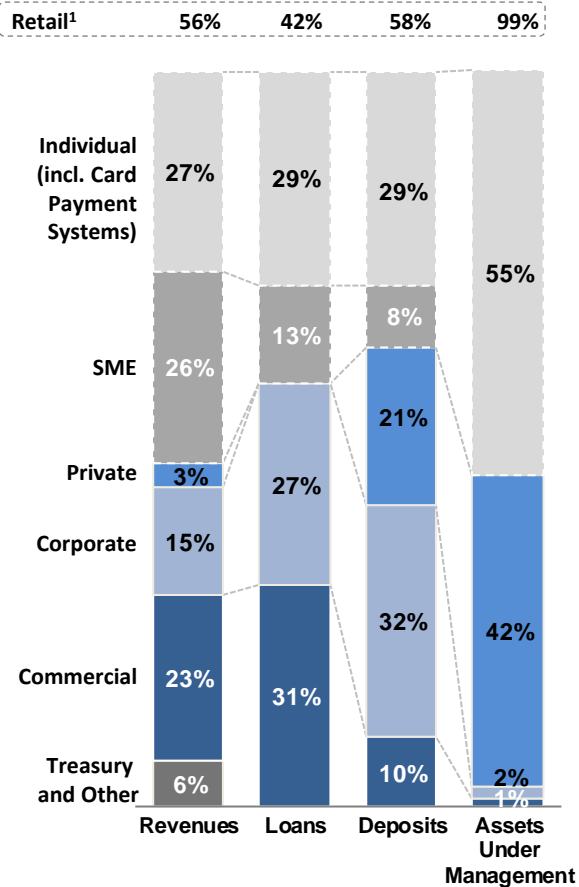
(2) Proxy for SME loans

(3) Cash loans excluding credit cards and consumer loans

Well-diversified business mix on the back of a customer-oriented and divisionalised service model

Organizational Structure

Revenues and Volumes
by Business Unit
(1Q17)



Source: Approximate numbers based on MIS reporting for company information. Asset size data of international operations based on 1Q17 BRSA financials

Branch numbers exclude 3 mobile, 1 free-zone, 1 abroad, 1 custody branches

(1) Includes individual, SME and private

(2) Including 2.3 mln virtual cards

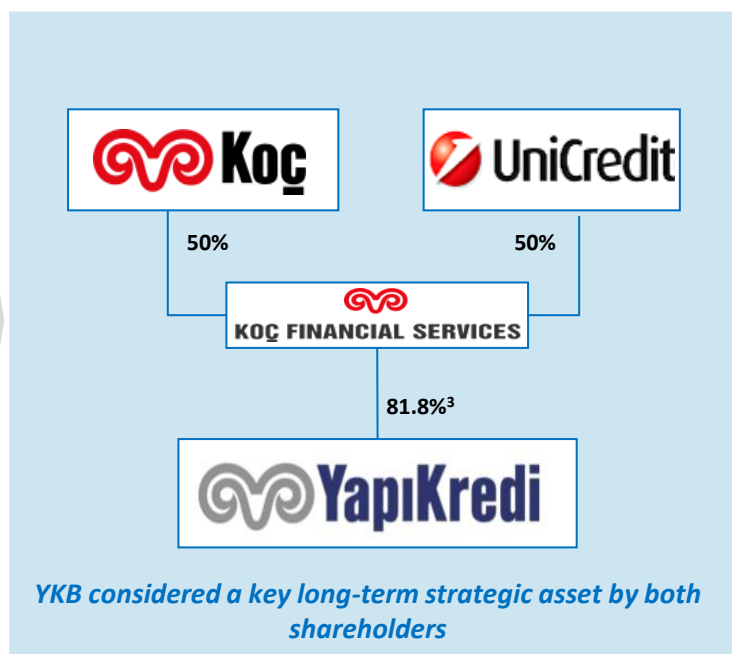
Strong and committed shareholders

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 companies¹
- 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 Group²
- 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 15.7% as of 2016 (max regulatory limit 20%)

Total Assets (EUR bln)	23.9
Revenues (EUR mln)	5,666
Net Income (EUR mln)	286
Number of Employees	96,396

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
- €2.2 bln funding to YKB as of 2016 (o/w 57% for YKB subsidiaries)

Total Assets (EUR bln)	881
Revenues (EUR mln)	4,833
Net Income (EUR mln)	907
Number of Employees	>137,000 ⁴

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

Note: Note: All information and figures regarding Koç and UniCredit based on publicly available 2016 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 2005-2015

(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 Depositary Receipts that represent the Bank's shares are quoted on the London Stock Exchange

(4) Data includes employees of Koç Financial Services calculated at 100% (As of YE16)

Strong performance in 1Q17...

1 bln TL *Net Income* **+42% y/y**

Very strong bottom-line

15.8% *ROATE* **+298 bps y/y**

Improving for the past 5 consecutive quarters

39% *Cost/Income Ratio* **-245 bps y/y**

Continued revenue growth;
cost elimination in full force

1.12% *CoR* **-29 bps y/y**

Active asset quality management

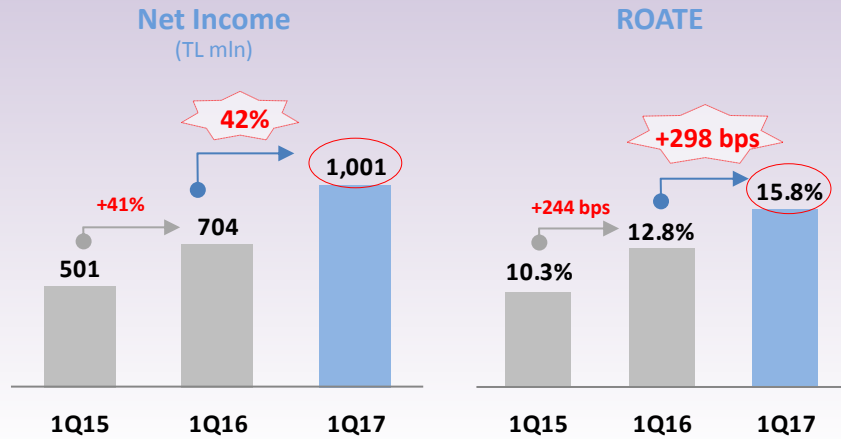
10.7% *CET1* **+15 bps ytd**

Internal capital generation on track

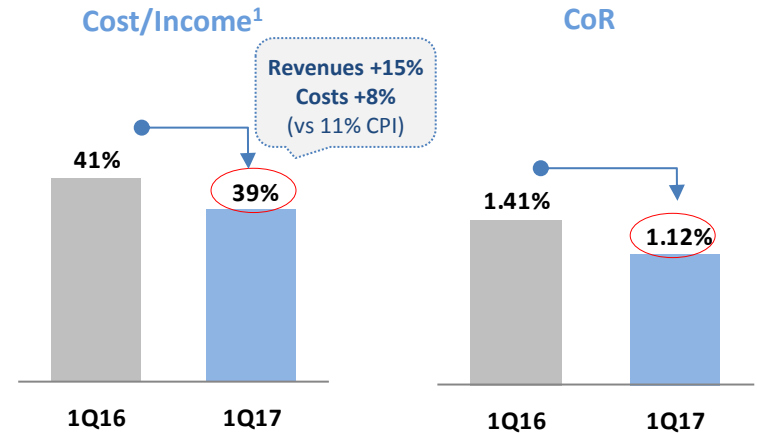
...with improvement on all fronts

1Q17 Summary

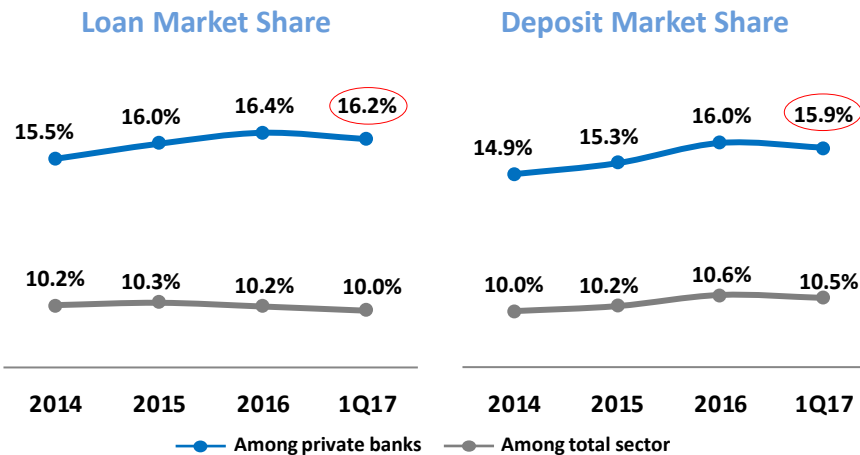
Profitability Acceleration



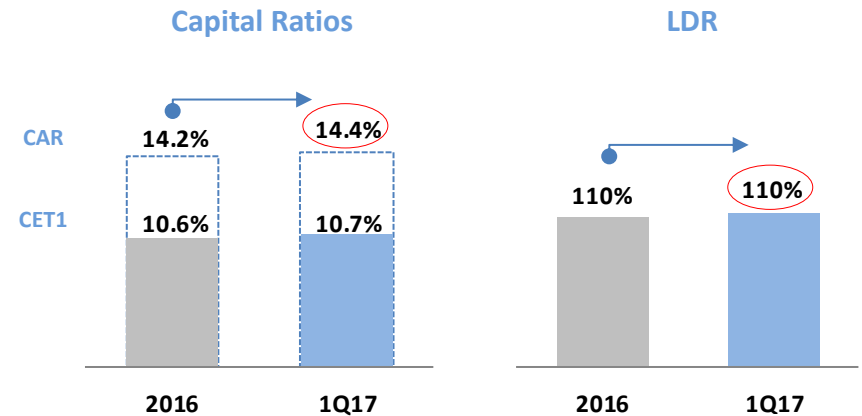
Strong Operational Performance



Efficient Scale



Solid Fundamentals



Notes:

Market shares based on BRSA bank-only weekly data. 1Q17 as of 31 Mar'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 other income and provision figures are restated due to the revision on accounting treatment of collections

Balanced volume growth

Volumes

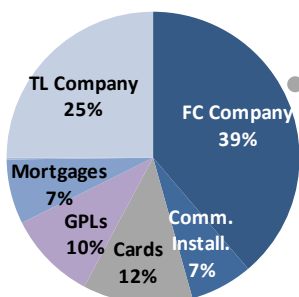
Lending (TL bln)

Loans +4% ytd

mainly driven by company lending with effective utilisation of **Credit Guarantee Fund¹** facility

	YKB		Private Banks	
	1Q17	y/y	ytd	ytd ²
Cash + Non-Cash Loans	256.1	20%	5%	6%
Total Loans ³	183.7	19%	4%	6%
TL	112.5	14%	6%	8%
FC (\$)	19.6	0%	-2%	-1%
Consumer Loans	31.6	7%	2%	2%
Credit Cards	22.3	13%	0%	1%
Companies ⁴	129.8	23%	5%	7%
Comm. Install.	12.7	0%	17%	23%

Total Loans Breakdown



FC Company Lending Breakdown

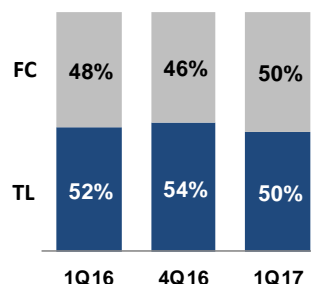
	Share	y/y
Project Finance	65%	5%
LT Investments	27%	-4%
ST Loans	8%	-4%

Funding (TL bln)

Deposits +4% ytd driven by **above sector growth in customer deposits;**
No significant change in overall mix

	YKB		Private Banks	
	1Q17	y/y	ytd	ytd ²
Total Deposits	163.5	20%	4%	5%
TL	81.3	15%	-3%	-2%
FC (\$)	22.6	-3%	9%	8%
Customer Deposits ⁵	157.3	20%	6%	5%
TL	79.5	18%	1%	-1%
FC (\$)	21.4	-5%	7%	8%
Demand Deposits ⁵	27.9	25%	5%	9%
TL Bonds	3.6	-19%	-10%	-5%
Repos	3.3	-54%	-47%	-11%
Borrowings	61.0	23%	6%	4%

Deposit Breakdown



Segment Breakdown of Deposit Growth

	ytd
Corp/Comm	7%
TL	-6%
FC (\$)	11%
Retail + SME	5%
TL	3%
FC (\$)	5%

Eurobond issuance of 600 mln USD

Notes:

- (1) Credit Guarantee Fund provides guarantees for eligible SME, Commercial & Export Loans with 7% NPL ratio coverage
- (2) Private banks based on BRSA weekly data as of 31 Mar'17. TL Bonds and Borrowings for private banks based on BRSA monthly data as of Mar'17
- (3) Loans indicate performing loans
- (4) Total loans excluding consumer loans and credit cards and including commercial instalment loans (proxy for SME lending)
- (5) Excluding bank deposits

All time high profitability driven by core business

Income Statement

P&L

Effective performance in all lines leading to
TL 1,001 mln quarterly net income (+42% y/y)

TL mln	1Q16 ¹	1Q17	y/y
Total Revenues	3,063	3,529	15%
Core Revenues ²	2,642	3,066	16%
Operating Costs	1,264	1,370	8%
Operating Income	1,799	2,160	20%
Provisions	888	895	1%
Net Income	704	1,001	42%
ROATE³	12.8%	15.8%	298bps
ROAA	1.2%	1.4%	26bps

Including TL 50 mln additional provisions
(total at TL 150 mln)

Improving for the past 5 consecutive
quarters

Notes:

(1) 2016 other income and provision figures are restated due to the revision on accounting treatment of collections

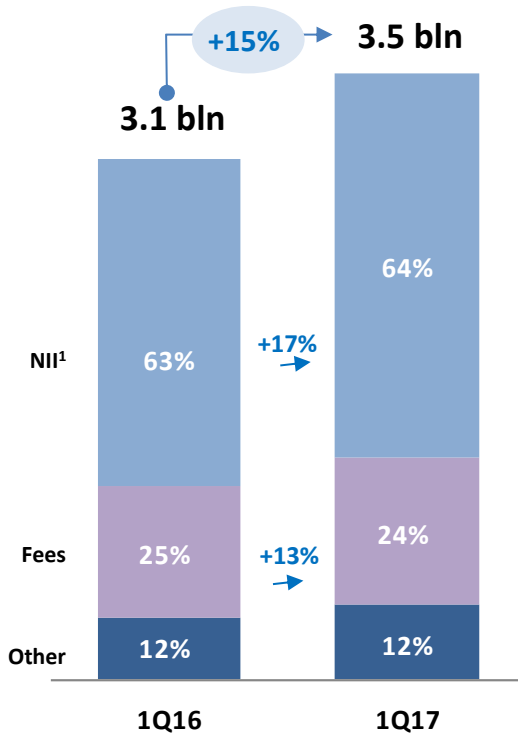
(2) Core revenues = Net Interest Income - Swap Costs + Fees

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

Double digit fee and NII growth driving strong performance

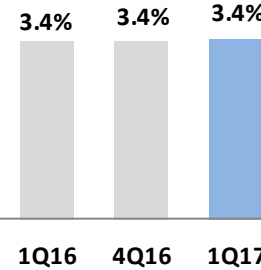
Revenues

Revenue Breakdown (TL)

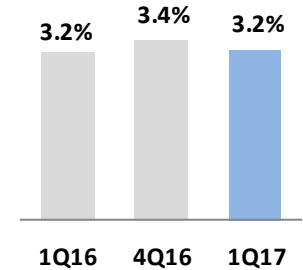


Stable NIM q/q;
swap adjusted NIM
-18 bps q/q due to
increasing swap costs

NIM (bank-only)

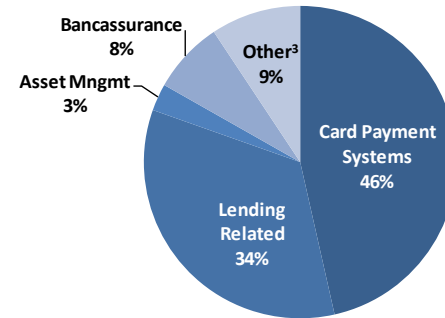


Swap Adjusted NIM (bank-only)²



13% y/y fee growth
mainly driven by
lending related fees
(+17% y/y) and cards
(+7% y/y)

Fees Received Composition



**Positive trend in
collections driving
other income; trading
line supported by FX
gains**

Other Income Breakdown

mIn TL	1Q16	4Q16	1Q17
Other Income	307	240	362
Collections ⁴	209	178	234
NPL Sale	-	-	28
Trading & FX (net)	48	37	66
Swap Costs	-62	39	-34

Notes:

As of 2017, expected inflation (8.8% for 2017) used for CPI-linker valuation calculation. CPI-linker gain 325 mln TL in 1Q17 (vs 212 mln TL in 4Q16, 313 mln TL in 1Q16 – both based on realised inflation methodology)

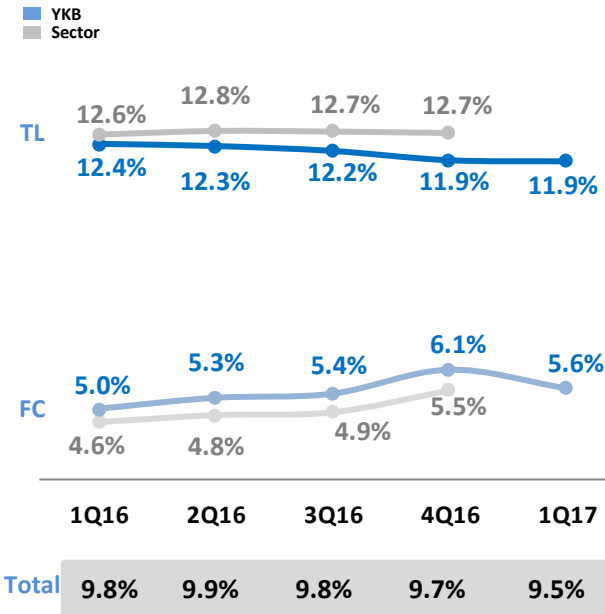
(1) NII adjusted for swap income/loss, (2) Swap Adjusted NIM calculation based on bank-only swap costs. Please refer to page 20 for bank-only swap costs, (3) Other includes account maintenance, money transfers, equity trading, campaigns and product bundles etc., (4) 2016 collections figures are restated due to the revision on accounting treatment of collections

Decline in loan-deposit spread mainly due to normalisation in FX loan yields

Loan-Deposit Spread

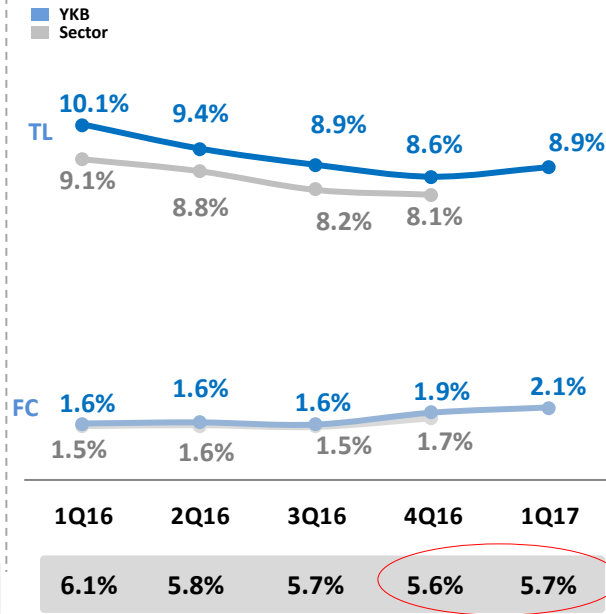
Loan Yields (Quarterly)

TL loan yields maintained with ongoing efforts on loan repricing; **FC yields normalising** following one-off high level due to accruals in 4Q



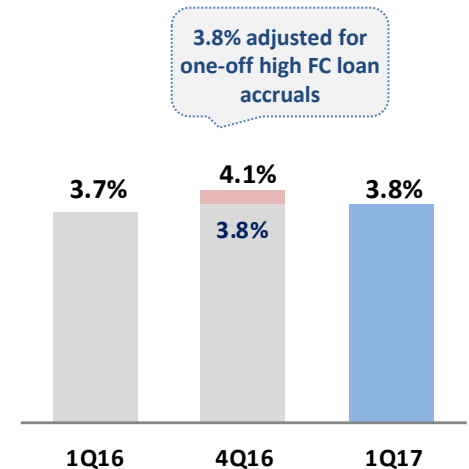
Deposit Costs (Quarterly)

Limited increase in blended deposit costs supported by active pricing management and mix impact



Loan-Deposit Spread (Quarterly)

Loan-Deposit spread at 3.8%, stable q/q adjusted for one-off high FC loan accruals in 4Q

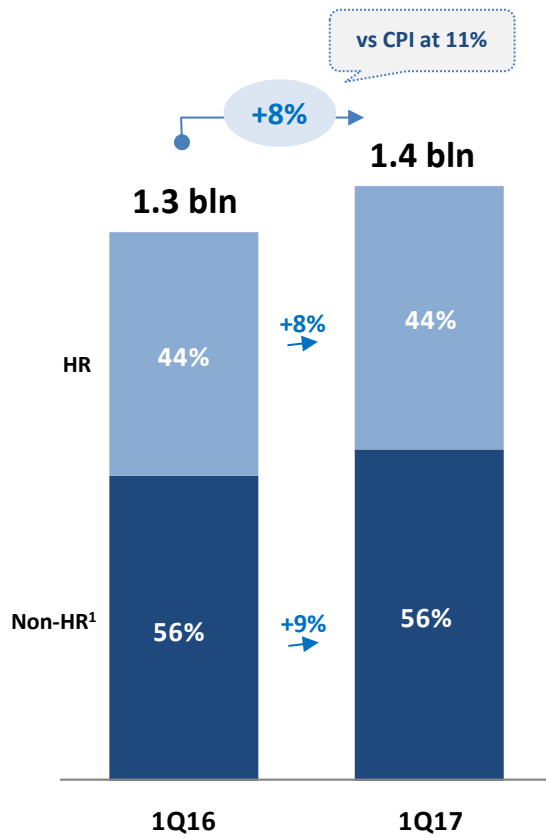


Disciplined cost performance: Trend well below inflation

Costs

Cost Breakdown (TL)

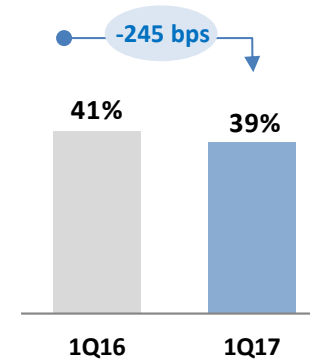
Below inflation cost performance showing results of effective optimisation efforts



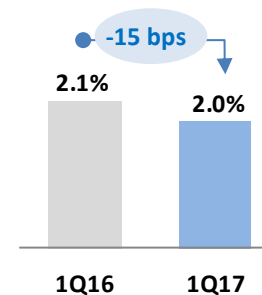
Cost KPIs

Cost / Income down to 39% together with improvement in all cost KPIs

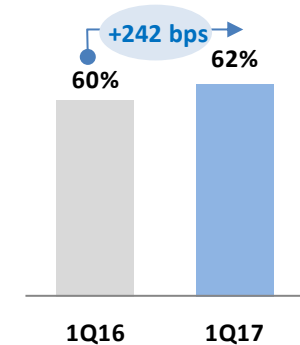
Cost / Income²



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) 1Q16 other income figure is restated due to the revision on accounting treatment of collections

Rapid pick up in digital contributing to boost sales and eliminate costs

Digital

Significantly higher market share in digital vs physical network

Digital
16.2%¹

digital customer market share
(+306 bps vs 2014)



Physical
9%

market share in branch network, headcount and ATMs

Contribution of digital transformation in sales and transactions ongoing with a lower cost to serve...

37%
contribution to total sales
(40 digital products)

88%
non-branch contribution to transactions
of which 39% via digital

...as well as cost elimination in branches to improve efficiency

Paperless processes
GPL sales finalised fully via touchscreens

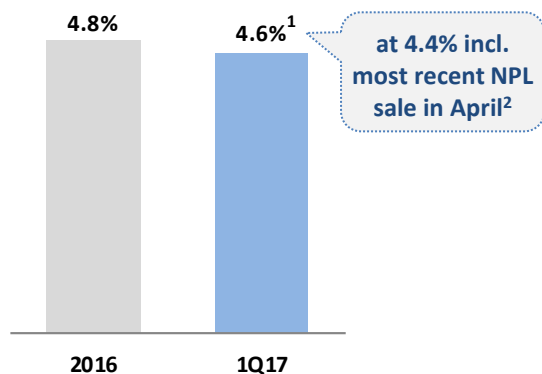
Lower transaction times
87% decrease in GPL sales processes

Asset quality dynamics improving supported by better collections; Conservative and proactive stance intact

Asset Quality

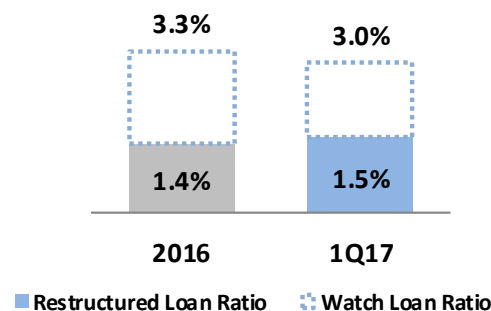
NPL Ratio

Improvement in NPL ratio through slowdown in NPL inflows as well as positive impact of NPL sale



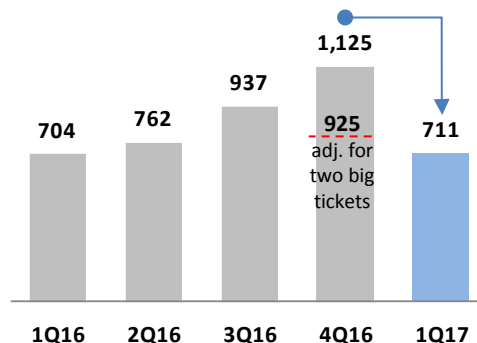
Watch + Restructured Loans

Decline in watch portfolio with conservative approach on restructuring maintained



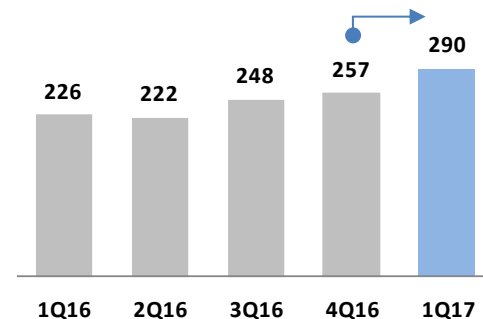
NPL Inflows (TL mln)

Decreasing trend in new NPL formation



Collections on the B/S (TL mln)

Continuation of improving trend in collection performance



Notes:

- (1) Includes NPL sale with a principal amount of TL 493 mln in Feb'17 (consumer and credit cards). 24bps positive impact on 1Q17 NPL ratio.
- (2) NPL sale of 316 mln TL executed in Apr'17

Comfortable coverage levels and declining cost of risk

NPL Coverage

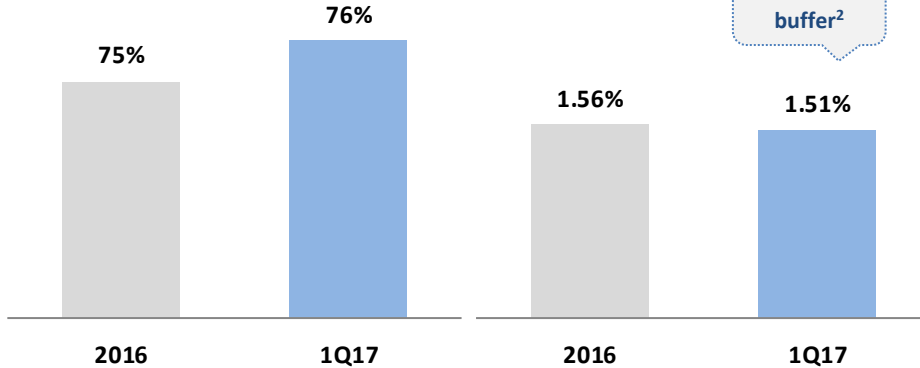
Relatively stable total NPL coverage;
Generic provisioning level indicating significant buffer
vs regulation

Specific provisions / NPL

Generic provisions / Performing Loans

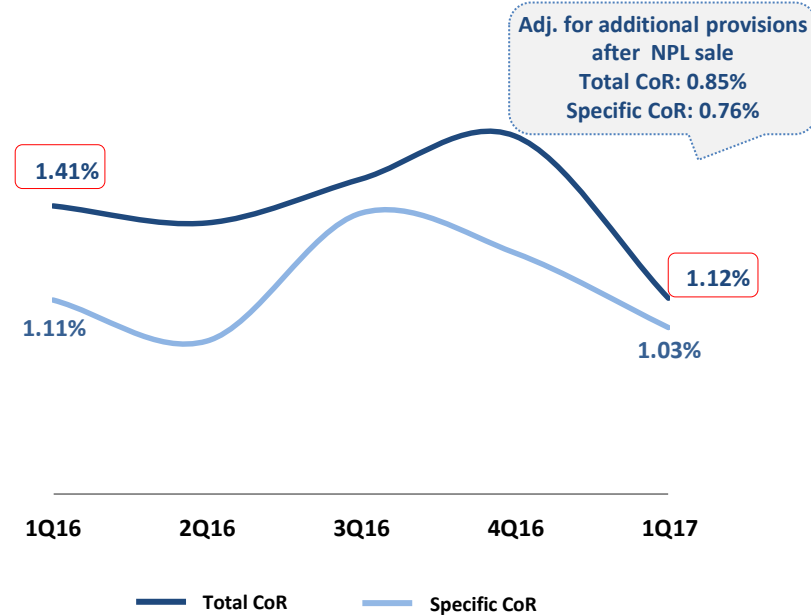
Total NPL Coverage¹
111%

1.8 bln TL
buffer²



Cost of Risk³ (Quarterly, net of collections)

Total cost of risk -29 bps y/y supported by improving collections; -55 bps y/y adjusted for NPL sale impact



Notes:

(1) Total NPL coverage = (Specific + Generic Provisions)/NPLs

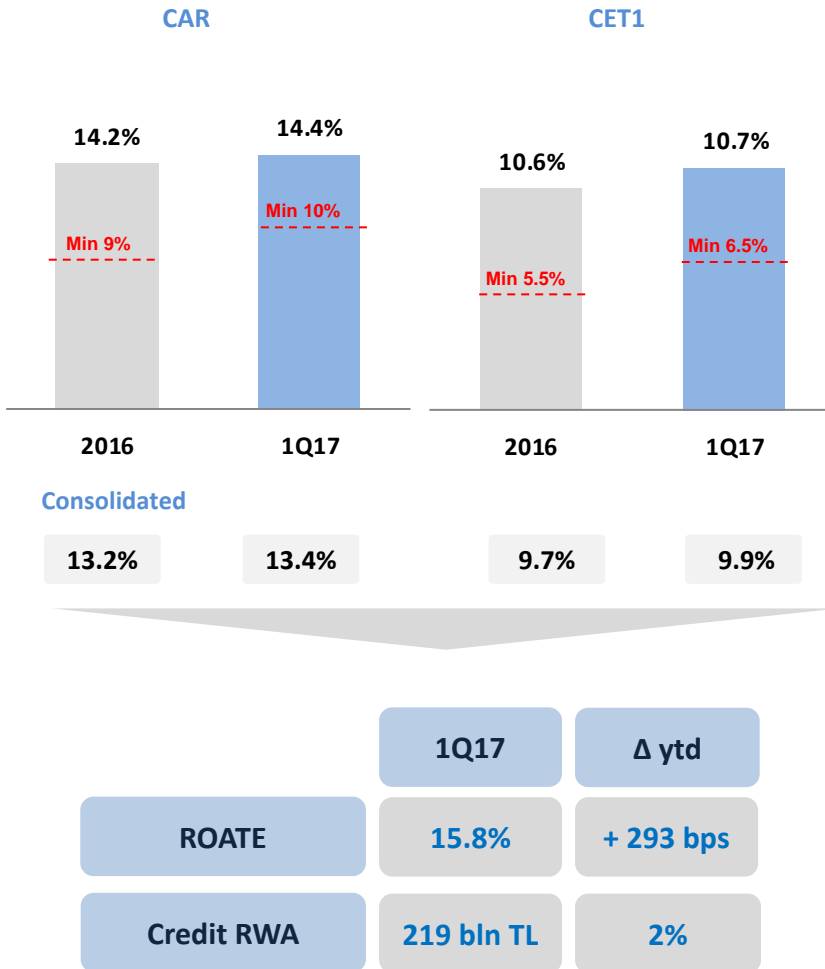
(2) Currently, YKB is continuing to provision for existing and new consumer loans and cards as before and maintaining its buffer on generic provisions, following the change in the general provisioning policy

(3) Cost of Risk = (Total Loan Loss Provisions- Collections)/Total Gross Loans

Improving capital ratios with ongoing internal capital generation

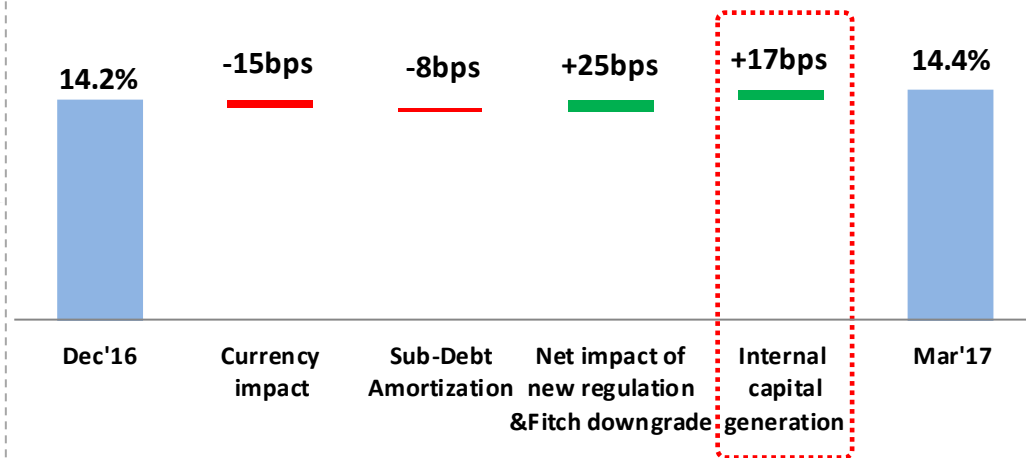
Capital

Capital Ratios (Bank)



Improvement in capitalisation supported by profitability acceleration, stable market share approach and regulation change

CAR Evolution









Notes:

2017 Basel 3 related capitalisation buffers include capital conservation buffer of 1.25%, countercyclical buffer (bank-specific) of 0.014%, SIFI buffer of 0.75% (Group 2), which is only applicable for BRSA consolidated

BRSA minimum requirement is 8% + buffers (first trigger is at 12%)
Bank T1 Ratio at 10.6% as of 1Q17. CET1 higher than T1 ratio in BRSA financials as all deduction items (including goodwill) are subject to deduction from Core Tier 1 in an amortized manner (2015:40%, 2016: 60%, 2017: 80%, 2018: 100%)

2017 YKB Guidance: Evident outperformance

Outlook

	2017B	1Q17	
Volumes			
Loans	10 - 12%	16%	
Deposits	10 - 12%	16%	
Revenues and Costs			
NIM	Flattish	Flattish	
Fees	10%	13%	
Costs	2-3pp below CPI	8%	
Cost/Income	42%	39%	
Asset Quality			
NPL ratio	Flattish	-21 bps	
Specific CoR	Stable	-9 bps	
Fundamentals			
LDR	Stable	Stable	
CAR	>13%	14.4%	
Net profit	Mid/High-teens	42%	

Notes:
 All figures based on BRSA consolidated financials unless otherwise stated. NIM and CAR based on Bank-only figures
 1Q17 loan and deposit growth figures are annualised

Closing remarks

A strong start to the year with ROATE up to 15.8%

All three phases of the strategy paying off:

- **Revenues:** consistently strong performance with >15% y/y growth in total revenues for the last 9 quarters
- **Costs** under control and below inflation since 1Q16
- **Asset quality:** first positive signs in 1Q17

2017 full year guidance maintained



Annex

Resilient fundamentals amidst challenging conditions & volatility

Operating Environment —

Macro Environment

Macro environment impacted by local events and seasonality but partially offset by CBRT and BRSA's supportive approach

	1Q16	4Q16	1Q17
GDP Growth (y/y)	4.5%	3.5%	-
CPI Inflation (y/y)	7.5%	8.5%	11.3%
Consumer Confidence Index	68.4	68.8	66.8
CAD/GDP	-3.5%	-3.8%	-4.0%
Budget Deficit/GDP	-0.7%	-1.1%	-1.7%
Unemployment Rate	10.1%	12.7%	12.6%
USD/TL (eop)	2.84	3.54	3.65
Benchmark Bond Rate (eop)	10.0%	10.7%	11.3%

Banking Sector

Banking sector remaining resilient. Ongoing growth, driven by both state and private banks

	1Q16	4Q16	1Q17
Loan Growth	1%	8%	6%
<i>Private</i>	1%	7%	6%
<i>State</i>	3%	9%	7%
Deposit Growth	3%	8%	5%
<i>Private</i>	3%	8%	5%
<i>State</i>	3%	8%	5%
NPL Ratio	3.1%	3.2%	3.1%

Notes:

CAD indicates Current Account Deficit

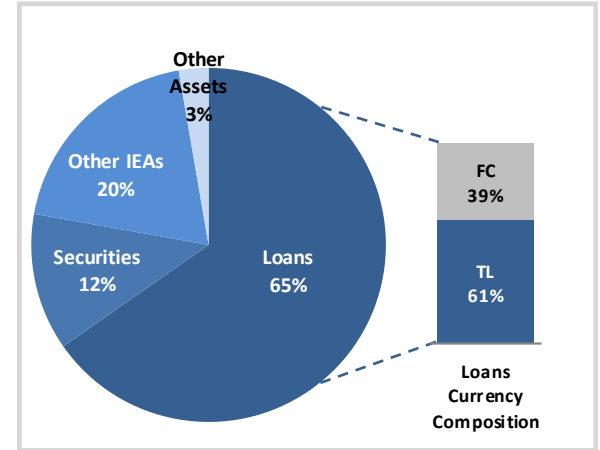
All macro data as of Mar'17 unless otherwise stated. Unemployment data as of Feb'17

Banking sector volumes based on BRSA weekly data

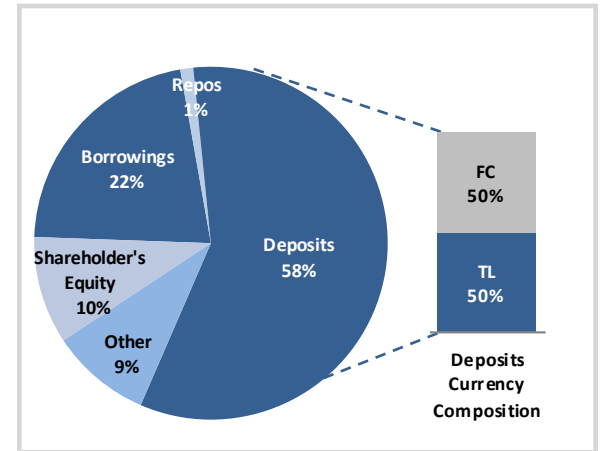
Consolidated Balance Sheet

TL bln	1Q15	1H15	9M15	YE15	1Q16	1H16	9M16	2016	1Q17	q/q	y/y
Total Assets	215.5	223.8	247.8	235.3	237.9	245.8	248.1	271.1	281.4	4%	18%
Loans	135.5	142.8	153.7	152.5	154.6	161.3	161.6	176.5	183.7	4%	19%
TL Loans	89.3	93.8	97.1	97.7	99.0	102.5	101.3	105.9	112.5	6%	14%
FC Loans (\$)	17.7	18.2	18.6	18.8	19.6	20.3	20.1	20.1	19.6	-2%	0%
Securities	29.9	30.5	33.4	31.7	30.1	30.4	27.9	33.0	35.2	7%	17%
TL Securities	22.5	22.9	23.8	22.1	20.5	20.9	19.1	22.7	24.6	9%	20%
FC Securities (\$)	2.8	2.8	3.1	3.3	3.4	3.3	2.9	2.9	2.9	-1%	-14%
Deposits	119.7	126.1	136.3	130.0	136.6	137.7	138.6	157.1	163.5	4%	20%
TL Deposits	64.5	62.7	65.4	67.2	70.4	71.3	75.3	84.2	81.3	-3%	15%
FC Deposits (\$)	21.2	23.5	23.3	21.6	23.3	22.9	21.1	20.7	22.6	9%	-3%
Borrowings	46.7	45.8	52.8	48.7	49.7	49.9	51.1	57.7	61.0	6%	23%
TL Borrowings	5.6	5.5	4.9	5.5	5.3	4.8	5.0	5.4	5.1	-5%	-4%
FC Borrowings (\$)	15.7	15.0	15.7	14.9	15.7	15.6	15.4	14.9	15.4	3%	-2%
Shareholders' Equity	21.0	22.1	22.0	23.1	23.7	24.3	25.0	26.1	27.7	6%	17%
Assets Under Management	13.0	13.4	13.6	13.8	14.4	14.8	15.4	16.1	17.4	8%	21%
Loans/Assets	63%	64%	62%	65%	65%	66%	65%	65%	65%		
Securities/Assets	13%	13%	12%	13%	12%	12%	11%	11%	12%		
Borrowings/Liabilities	22%	20%	21%	21%	21%	20%	21%	21%	22%		
Loans/(Deposits+TL Bonds)	110%	110%	110%	114%	110%	114%	113%	110%	110%		
CAR - cons	14.3%	13.0%	12.1%	12.9%	13.5%	13.6%	13.9%	13.2%	13.4%		
Common Equity Tier-I - cons	10.6%	10.1%	9.2%	10.0%	10.2%	10.3%	10.6%	9.7%	9.9%		
Leverage Ratio	9.2x	9.1x	10.3x	9.2x	9.0x	9.1x	8.9x	9.4x	9.2x		

Assets



Liabilities



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

Volume growth evolution

TL bln	1Q17	Private			Private			Private			Private			Private			Market Share
		YKB	Banks	Sector	YKB	Banks	Sector	YKB	Banks	Sector	YKB	Banks	Sector	YKB	Banks	Sector	
		1Q16 Δ	1Q16 Δ	1Q16 Δ	2Q16 Δ	2Q16 Δ	2Q16 Δ	3Q16 Δ	3Q16 Δ	3Q16 Δ	4Q16 Δ	4Q16 Δ	4Q16 Δ	1Q17 Δ	1Q17 Δ	1Q17 Δ	
Cash + Non-cash loans	256.1	1%	1%	1%	5%	4%	4%	1%	2%	3%	9%	8%	9%	5%	6%	5%	10.8%
Total Loans¹	183.7	1%	1%	1%	4%	3%	4%	0%	2%	3%	9%	7%	8%	4%	6%	6%	10.0%
TL	112.5	1%	1%	2%	4%	4%	4%	-1%	1%	2%	5%	3%	4%	6%	8%	8%	9.6%
FC (\$)	19.6	4%	3%	3%	3%	0%	1%	-1%	-1%	2%	0%	-5%	-2%	-2%	-1%	-1%	10.8%
Consumer Loans	31.6	1%	0%	1%	3%	2%	2%	0%	1%	2%	3%	3%	5%	2%	2%	4%	9.3%
Mortgages	13.2	-2%	1%	2%	2%	3%	3%	-2%	0%	3%	4%	3%	6%	5%	2%	5%	8.2%
General Purpose	18.1	3%	0%	0%	3%	1%	1%	1%	1%	1%	1%	3%	4%	0%	2%	3%	10.5%
Credit Cards	22.3	-1%	-1%	-1%	6%	4%	4%	5%	3%	3%	2%	1%	1%	0%	1%	1%	21.9%
Companies²	129.8	2%	1%	2%	4%	4%	4%	-1%	2%	4%	12%	8%	9%	5%	7%	6%	9.3%
TL	58.6	3%	2%	2%	3%	5%	5%	-4%	1%	2%	7%	4%	4%	12%	13%	10%	8.0%
FC (\$)	19.6	4%	3%	3%	3%	0%	1%	-1%	-1%	2%	0%	-5%	-2%	-2%	-1%	-1%	10.8%
Comm. Install.	12.7	0%	3%	0%	-3%	1%	2%	-8%	-1%	0%	-4%	7%	7%	17%	23%	19%	5.2%
Total Deposits	163.5	5%	3%	3%	1%	3%	3%	1%	1%	2%	13%	9%	8%	4%	5%	5%	10.5%
TL	81.3	5%	2%	3%	1%	6%	5%	6%	7%	7%	12%	3%	3%	-3%	-2%	0%	9.9%
FC (\$)	22.6	8%	6%	6%	-2%	-2%	-2%	-8%	-9%	-7%	-2%	-2%	-1%	9%	8%	7%	11.2%
Customer Demand	157.3	5%	3%	3%	2%	3%	3%	1%	2%	2%	11%	8%	8%	6%	5%	5%	10.8%
Demand	27.9	12%	2%	3%	1%	4%	5%	0%	2%	2%	19%	14%	16%	5%	9%	7%	8.5%
TL Bonds	3.6	6%	5%	2%	-14%	-1%	0%	12%	-5%	-2%	-7%	-2%	-2%	-10%	-5%	0%	13.0%
Repos	3.3	-31%	-4%	-1%	20%	-7%	-1%	11%	6%	0%	-34%	-16%	-11%	-47%	-11%	-29%	3.5%
Borrowings	61.0	2%	-3%	-1%	0%	2%	2%	2%	0%	2%	13%	13%	14%	6%	4%	4%	

Note: Balance sheet 1Q17 volumes for sector and private banks based on BRSA weekly data as of 31 Mar'17. Volumes for TL Bonds and Borrowings for sector and private banks based on BRSA monthly data as of Mar'17. FC-indexed loans included in TL loans
Market share information as of 1Q17

(1) Total performing loans

(2) Total loans excluding consumer loans and credit cards

Consolidated Income Statement

TL million	1Q16	2Q16 ¹	3Q16	4Q16	1Q17	q/q	y/y
Total Revenues	3,063	3,235	3,189	3,156	3,529	12%	15%
Net Interest Income	1,952	1,911	2,217	2,141	2,251	5%	15%
o/w CPI-linkers	313	137	287	212	325	53%	4%
Fees & Commissions	752	778	706	737	849	15%	13%
Other Revenues	359	546	266	277	430	55%	20%
Other income ²	307	492	216	240	362	50%	18%
o/w collections ²	209	208	159	178	234	32%	12%
o/w pension fund reversal	0	0	0	6	0	-	-
o/w NPL sale	0	0	0	0	28	-	-
o/w others	98	284	58	57	101	76%	2%
Trading	48	52	51	37	66	81%	38%
o/w swap costs	-62	-34	-27	39	-34	-	-
Dividend	3	3	0	0	2	-	-
Operating Costs	1,264	1,324	1,352	1,375	1,370	0%	8%
o/w fee rebates	35	22	9	15	10	-32%	-70%
Operating Income	1,799	1,911	1,836	1,780	2,160	21%	20%
Provisions	888	844	808	1,034	895	-13%	1%
Specific Provisions ²	672	623	748	764	756	-1%	13%
Generic Provisions	120	158	46	171	45	-74%	-63%
Other Provisions	96	63	14	99	94	-5%	-3%
Pre-tax Income	911	1,067	1,028	746	1,265	70%	39%
Tax	207	219	218	176	263	50%	27%
Net Income	704	848	811	570	1,001	76%	42%
ROE	12.8%	15.0%	13.9%	9.4%	15.8%		
Cost/Income	41%	41%	42%	44%	39%		
Tax Rate	23%	21%	21%	24%	21%		

Notes:

CPI linker impact same in both consolidated and bank-only financials

(1) Net impact of visa sale gain: 210 mln TL in 2Q16

(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	3Q16	4Q16	1Q17	q/q	y/y
Total Revenues	2,950	3,128	3,083	3,023	3,401	13%	15%
Net Interest Income	1,821	1,772	2,065	1,976	2,141	8%	18%
o/w CPI-linkers	313	137	287	212	325	53%	4%
Fees & Commissions	716	744	671	695	807	16%	13%
Other Revenues	413	612	347	352	453	29%	10%
Other income ¹	398	584	317	348	473	36%	19%
o/w collections ¹	209	208	159	178	234	32%	12%
o/w pension fund reversal	0	0	0	6	0	-	-
o/w NPL sale	0	0	0	0	28	-	-
o/w profit/(loss) of associates & jv.s accounted for using equity method	108	113	128	128	146	14%	36%
o/w others	81	263	31	36	65	83%	-20%
Trading	15	28	30	4	-22	-	-
o/w swap costs	-94	-52	-33	35	-114	-	-
Dividend	0	0	0	0	2	-	-
Operating Costs	1,199	1,258	1,310	1,309	1,295	-1%	8%
o/w fee rebates	35	22	9	15	10	-32%	-70%
Operating Income	1,751	1,870	1,773	1,714	2,106	23%	20%
Provisions	863	828	776	995	876	-12%	1%
Specific Provisions ¹	654	610	723	725	745	3%	14%
Generic Provisions	115	155	40	174	43	-75%	-62%
Other Provisions	94	63	13	97	88	-9%	-7%
Pre-tax Income	887	1,042	997	719	1,230	71%	39%
Tax	183	194	186	149	229	54%	25%
Net Income	704	848	811	570	1,001	76%	42%
ROE	12.8%	15.0%	13.9%	9.4%	15.8%		
Cost/Income	41%	40%	42%	43%	38%		
Tax Rate	21%	19%	19%	21%	19%		

Notes:

(1) 2016 other income and provisions figures are restated due to the revision on accounting treatment of collections

2017 Macro & Banking Sector Outlook: Resilient fundamentals to be maintained despite ongoing volatility

Outlook

Macro

	2016	2017
GDP Growth	~3% ¹	~3-3.5%
CPI Inflation	8.5%	8.0%

Comments

- **Overall resilient fundamentals to be maintained** with manageable volatility expected
- **Sustained GDP growth trend** with potentially lower 1H evolution due to high base effect and acceleration in 2H
- **Similar inflation dynamics to continue in 2017** with peak likely to occur in 1H

Banking Sector

	2016	2017
Loan Growth <i>FX adjusted</i>	17% 9%	13% 9%
Deposit Growth <i>FX adjusted</i>	17% 8%	14% 9%
NIM	~+30bps	Slightly Down
NPL Ratio ²	~+30bps	+50bps

- **Loan and deposit growth** similar to 2016 in FX adjusted terms leading to stable LDR. Private banks volume growth expected to be slightly lower at 10%/12%
- **NIM** expected to be slightly down in 2017 after an increase in 2016
- **NPL ratio** expected to maintain current trend but remain at low levels (<4%)

(1) 2016 budget assumption

(2) Excludes NPL sales

2017 YKB Outlook: Improving profitability driven by core banking focus and strict cost discipline, heavily leveraging digitalisation

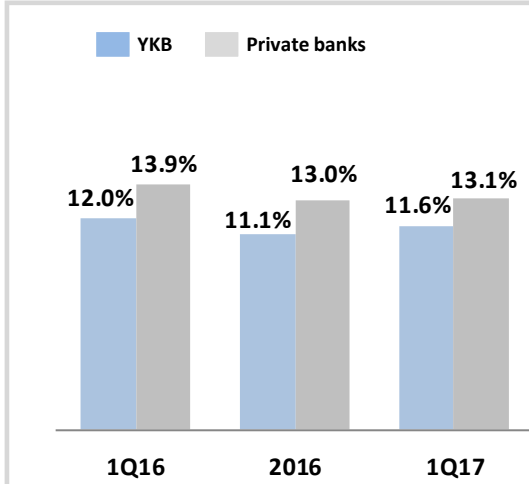
Outlook

Volumes	Stable market positioning vs private banks with focus on value generating mix	Loans 10-12%	Deposits 10-12%	<ul style="list-style-type: none"> Lending mainly driven by TL company and retail; mild FC lending Strong focus on small-ticket retail deposit generation with increasing share of demand in total
Revenues	Ongoing outperformance supported by sustainable core banking activity	NIM Flattish	Fees ~10%	<ul style="list-style-type: none"> Flattish NIM with effective loan pricing and proactive swap utilization to partially mitigate funding cost pressure Fee growth supported by lending and customer acquisition Strong focus on digital sales
Costs	Strict cost discipline leveraging heavily on digitalisation & efficiency	Costs 2-3pp below CPI	Cost/Income ~42%	<ul style="list-style-type: none"> Significantly below inflation cost growth Key projects to continue offset by discipline on ordinary costs Digitalisation focus to decrease cost to serve and support 'cost elimination'
Asset Quality	Conservative & proactive approach to ensure resilient performance	NPL Ratio Flattish	Specific CoR Stable	<ul style="list-style-type: none"> Flattish NPL ratio with mild increase in NPL inflows almost fully offset by improving collections and proactive approach to NPL sales Stable specific CoR
Fundamentals	Focus on maintaining solid capital and liquidity position	LDR Stable	CAR >13%	<ul style="list-style-type: none"> Stable LDR driven by balanced volume growth No significant redemptions on wholesale borrowings Capital ratios to be maintained at comfortable levels with ongoing focus on RWA optimisation, internal capital generation and potential Tier 2 issuances depending on market conditions

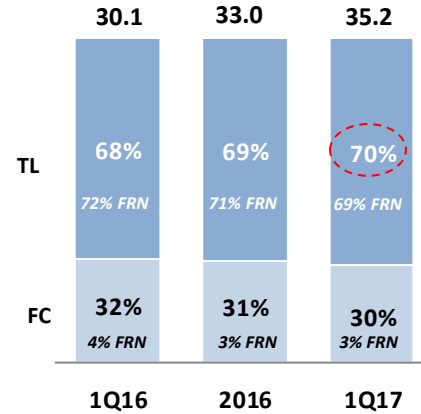
Mid/High-teens earnings growth momentum

Securities

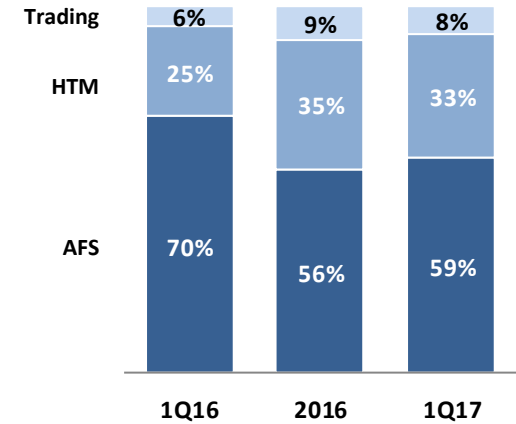
Securities¹/Assets



Composition by Currency (TL bln)

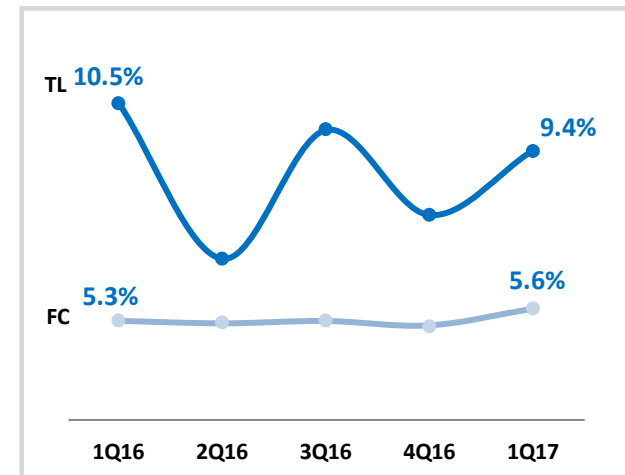


Composition by Type



- **Securities / assets at 11.6%** with dynamically managed mix to benefit from rate environment
- **Increase in CPI linkers to benefit from higher inflation levels.** CPI-linker volume at 10 bln TL (+5% ytd) with gain of TL 325 mln in 1Q16 (vs TL 212 mln in 4Q16)
 Inflation estimate for the revaluation CPI linkers: 8.8%
- **M-t-m unrealised loss at TL 80 mln as of 1Q16** down from TL -463 mln in 4Q

Security Yields



Notes: Private banks data based on BRSA monthly data dated Mar'17; YKB data is based on 31 Mar'17 consolidated BRSA financials

(1) Excluding derivatives classified under trading securities

AFS: Available for Sale; HTM: Held to Maturity; FRN: Floating Rate Notes; CPI: Consumer price index inflation

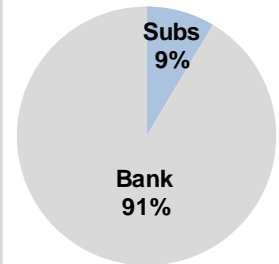
Securities yields based on bank-only financials and exclude effect of reclassification between interest income and other provisions related to amortisation of issuer premium on securities (as per BRSA)

Subsidiaries

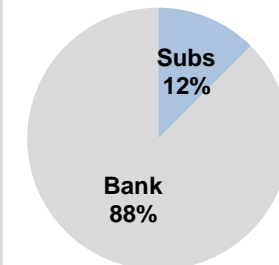
		Revenues (mln TL)	Revenues (y/y growth)	RoE	Sector Positioning
Domestic Subs	YK Leasing	93	11%	13%	#1 in total transaction volume (19.9% market share)
	YK Factoring	25	9%	26%	#1 in total factoring volume (18.0% market share)
	YK Invest	35	3%	33%	#3 in equity transaction volume (7.3% market share)
	YK Asset Management	15	8%	96%	#2 in mutual funds (18.2% market share)
International Subs	YK Azerbaijan	8 mln US\$	-2%	28%	US\$ 270 mln total assets
	YK Moscow	3 mln US\$	4%	6%	US\$ 136 mln total assets
	YK Nederland	12 mln US\$	15%	8%	US\$ 2.2 bln total assets
	YK Malta	1 mln US\$	n.m.	2%	US\$ 156 mln total assets

Contribution of Subsidiaries¹

to Assets








to Net Income



Note: Revenues in TL unless otherwise stated. Market shares of YK Leasing and YK Factoring as of 2016

(1) Including consolidation eliminations

Borrowings: 21% of total liabilities

International	Syndications	<p>~ US\$ 2.5 bln outstanding</p> <ul style="list-style-type: none"> ■ May'17: US\$ 306 mln & € 965.5 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  ■ Oct'16: US\$ 233.5 mln and € 817.3 mln, Libor+1.10% /Euribor+ 1.00% p.a. all-in cost, 367 days. Participation of 33 banks from 14 countries
	Securitisations	<p>~ US\$ 1.85 bln outstanding (all unwrapped)</p> <ul style="list-style-type: none"> ■ Sep'11: € 75 mln, 12 years (outstanding: ~€ 48.75 mn) ■ Jul'13: US\$ 355 mln and €115 mln, 5-13 years (outstanding: ~US\$ 214 mn and € 48 mn) ■ Oct'14: US\$ 550 mln, 20 years (outstanding: ~US\$ 550 mln) ■ Mar'15: US\$ 100 mln, 5 years and US\$ 316 mln, 10 years (outstanding: US\$ 416 mln) ■ Jul'15: US\$ 575 mln, 5-12 years (outstanding: US\$ 575 mln)
	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\$ 470 mln, 10NC5, 6.55% – Basel III Compliant (midswap+4.88% after the first 5 years) ■ Mar'16: US\$ 500 mln market transaction, 10NC5, 8.5% (coupon rate)
	Foreign Currency Bonds / Bills	<p>US\$ 2.2 bln Eurobonds</p> <ul style="list-style-type: none"> ■ Jan'13: US\$ 500 mln, 4.00% (coupon rate), 7 years ■ Dec'13: US\$ 500 mln, 5.25% (coupon rate), 5 years ■ Oct'14: US\$ 550 mln, 5.125% (coupon rate), 5 years ■ Feb'17: US\$ 600 mln, 5.75% (coupon rate), 5 years 
	Covered Bond	<p>TL 458 mln first tranche (outstanding ~ TL 285,9 mn)</p> <ul style="list-style-type: none"> ■ Nov'12: SME-backed with maturity between 3-5 years; highest Moody's rating (A3) for Turkish bonds
	Multilateral Loans	<p>~US\$ 375.8 mln outstanding</p> <ul style="list-style-type: none"> ■ EFIL Loan - 2008/2011: US\$ 34 mln and € 13 mln (outstanding: ~US\$ 4.2 mln and € 1.6 mln) ■ EIB Loan - 2008/2012: US\$ 102.4 mln and € 265 mln and TL 187 mln, 5-15 years (outstanding: ~US\$ 99.1 mln, € 153.9 mln and TL 37.6 mln) ■ EBRD Loan - 2011/2013: US\$ 55 mln 5 years (outstanding: ~US\$ 21.2 mn) ■ CEB Loan - 2011/2014: US\$ 39 mln and € 77.5 mln (outstanding: ~US\$ 33.9 mln and € 65.2 mln)
Domestic	Local Currency Bonds / Bills	<p>TL 1.1 bln total</p> <ul style="list-style-type: none"> ■ Jan'17: TL 460.3 mln, 5 months maturity  ■ Feb'17: TL 401.5 mln, 5 months maturity  ■ Mar'17: TL 213.6 mln, 5 months maturity 

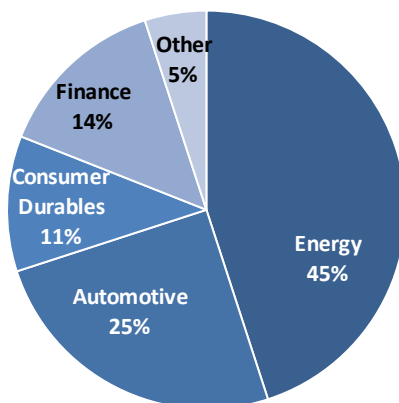
Financial Highlights

(in EUR, 1Q17)

Total Assets (bln)	23.9
Revenues (mln)	5,666
Net Income (mln)	286

Number of Employees	96,396
Market Capitalisation (bln)	10.9

Revenue Composition (1Q17)



- Established in 1926, Turkey's largest industrial and services group in terms of turnover and exports
- 419th largest company in the world¹
- Leading positions with strong competitive advantages in energy, automotive, consumer durables, finance, food, retailing and tourism sectors



Market Positions²

- 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 YE16. Market capitalisation as of 11 May'17, calculated as share price * paid-in capital. Free float: 22.35%. EUR/TL:3.902

(1) According to Fortune Global 500 as of 2016

(2) As of full year 2016

Financial Highlights

(in EUR, 1Q17)

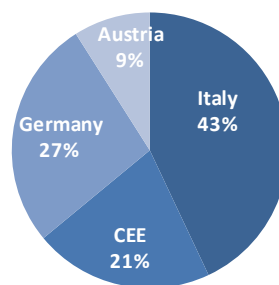
Total Assets (bln)	881
Loans (bln)	453
Deposits and Debt Securities Issued (bln)	438
Revenues (mln)	4,833
Net Income (mln)	907

No. of Branches	6,194 ¹
No. of Employees	>137,000 ²
CET1 - Fully Loaded	11.71%
Capital Adequacy Ratio	15.20%
Market Capitalisation (bln)	37.1 ³

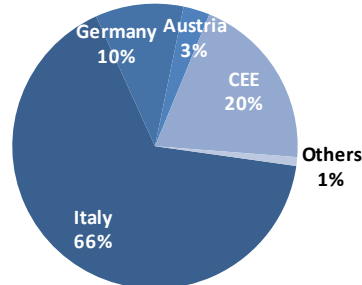
- Roots dating back to 1473. Created through the merger of 9 of Italy's largest banks and the subsequent combination with the German HVB Group and the Italian Capitalia Group
- A major international financial institution based in Italy with banking operations in 14 countries
 - international network spanning **18 countries**
 - Market leader** in Central and Eastern Europe leveraging on the region's structural strengths



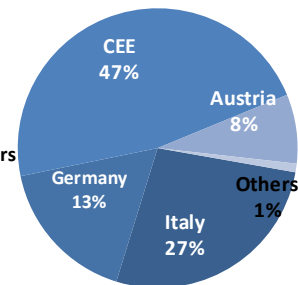
Revenue Composition



Branch Composition



Employee Composition



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

(1) Includes branches of Koç Financial Services calculated at 100% (968 branches)

(2) As of YE16. Includes employees of Koç Financial Services calculated at 100% (19,611 employee)

(3) Market capitalisation as of 11 May'17, calculated as share price * paid-in capital. Free float : ~%80

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

Turkey

Turkey

- Europe's 8th 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 2015	EU 2015
Population (mln)	79	508
Median Age	30	43
Population Growth (CAGR 2000-2015)	1.4%	0.4%
GDP (€ bln)	646	14,625
World Ranking	18	-
Per Capita GDP (€)	8,199	28,767
World Ranking	65 ¹	-

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

	2012	2013	2014	2015	2016
GDP Growth	4.9%	8.5%	5.2%	6.1%	2.2% ¹
Inflation (eop)	6.2%	7.4%	8.2%	8.8%	8.5%
Benchmark Rate (eop)	5.9%	9.4%	8.1%	10.9%	10.7% ²
Unemployment	8.4%	9.0%	9.9%	10.3%	12.1%
Policy Rate	5.5%	4.5%	8.3%	7.5%	8.0%
CAD/GDP	5.6%	6.7%	4.7%	3.7%	3.8%
o/w energy	6.0%	5.2%	5.3%	3.9%	2.8%
Public Debt/GDP	34%	32%	30%	29%	29%
Private Debt/GDP	74%	86%	90%	96%	104%
Budget deficit/GDP	-2.0%	-1.0%	-1.1%	-1.0%	-1.1%

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)

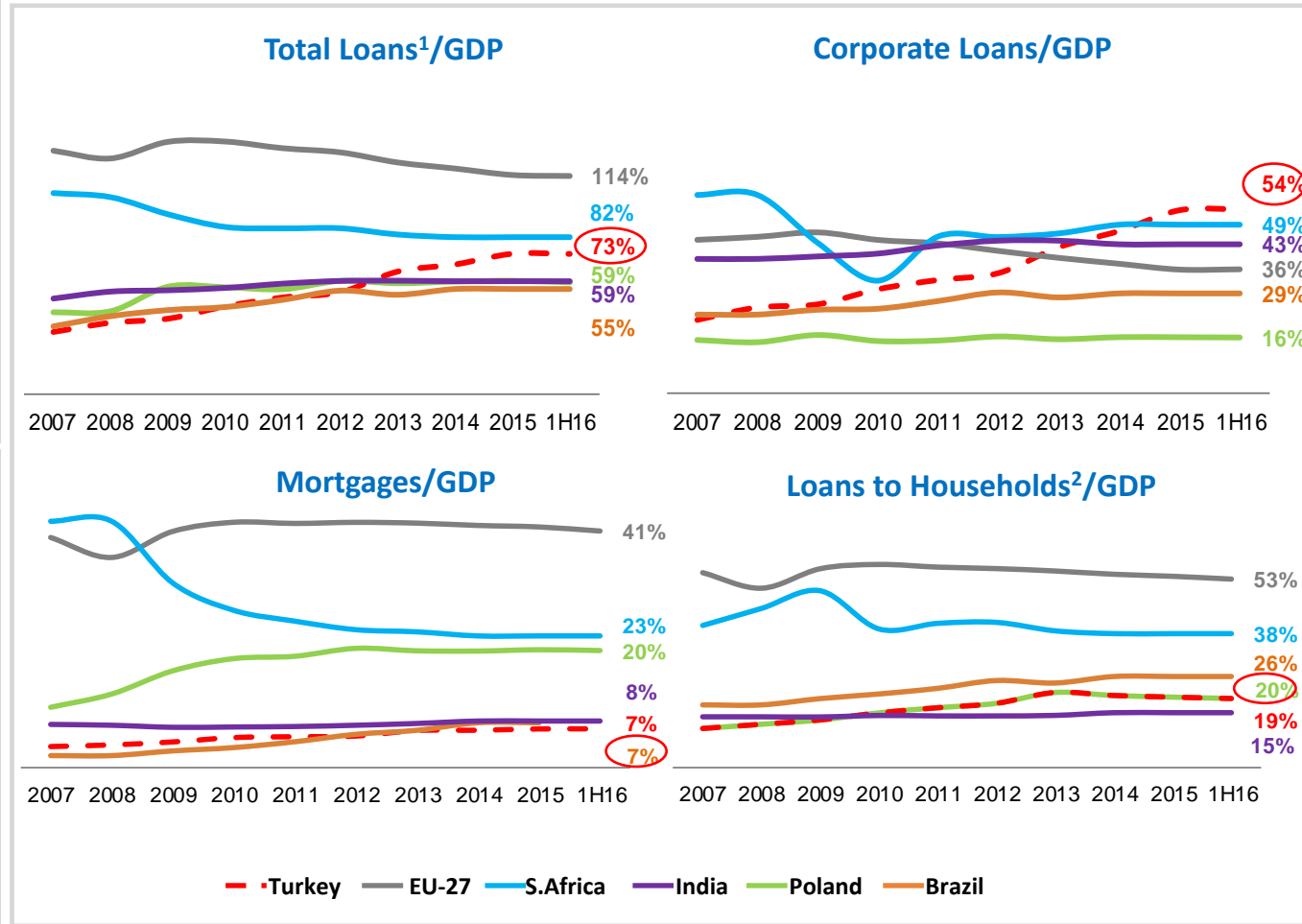
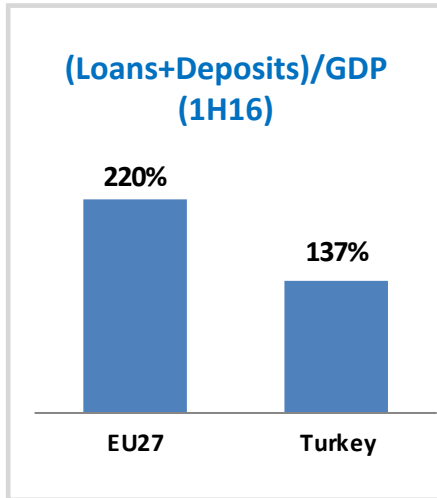
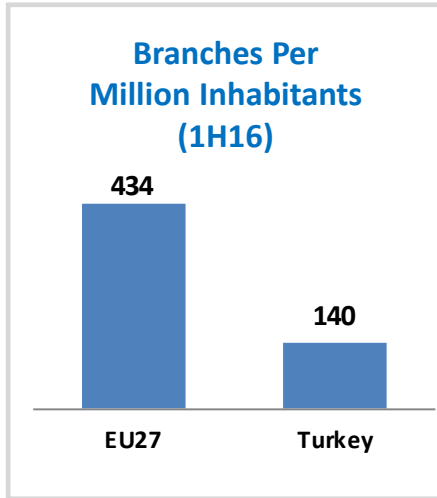
Based on Turkish Statistical Institute and IMF World Economic Outlook

(1) 2016 GDP growth based on latest cumulative figure as of Sept'16

(2) As of Nov'16

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

Banking Sector Penetration



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

Note: Loan data on graphs for all countries based on 2015 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

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 pressure** related to:
 - **fees** (account maintenance fees)
 - **costs** (fee rebates)
 - **capital** (potential alignment to IRB)
 - **provisioning** (IFRS9 as of 2018)

Challenges

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

	Banking Sector					
	2012	2013	2014	2015	2016	1Q17
Banks #	46	48	48	48	47	47
Branches #	10,234	11,023	11,223	11,193	10,985	10,754
Loan Growth	15%	33%	18%	21%	17%	18%
Deposit Growth	11%	24%	10%	19%	17%	5%
Loans/GDP¹	53%	64%	67%	73%	78%	82%
Deposits/GDP¹	54%	61%	60%	64%	67%	71%
Loans/Assets	58%	61%	62%	64%	64%	65%
Deposits/Assets	59%	58%	56%	56%	56%	56%
NIM	4.2%	3.8%	3.6%	3.6%	3.8%	4.0%
NPL Ratio	2.8%	2.6%	2.8%	2.9%	3.2%	3.1%
Specific Coverage	75%	77%	75%	76%	78%	79%
CAR²	17.3%	14.6%	15.7%	15.0%	15.1%	15.5%
Tier 1 Ratio	14.2%	12.2%	13.1%	12.5%	12.6%	13.0%
ROAE	15.8%	13.3%	12.8%	11.5%	14.3%	18.0%
ROAA	1.7%	1.4%	1.3%	1.1%	1.4%	1.9%

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

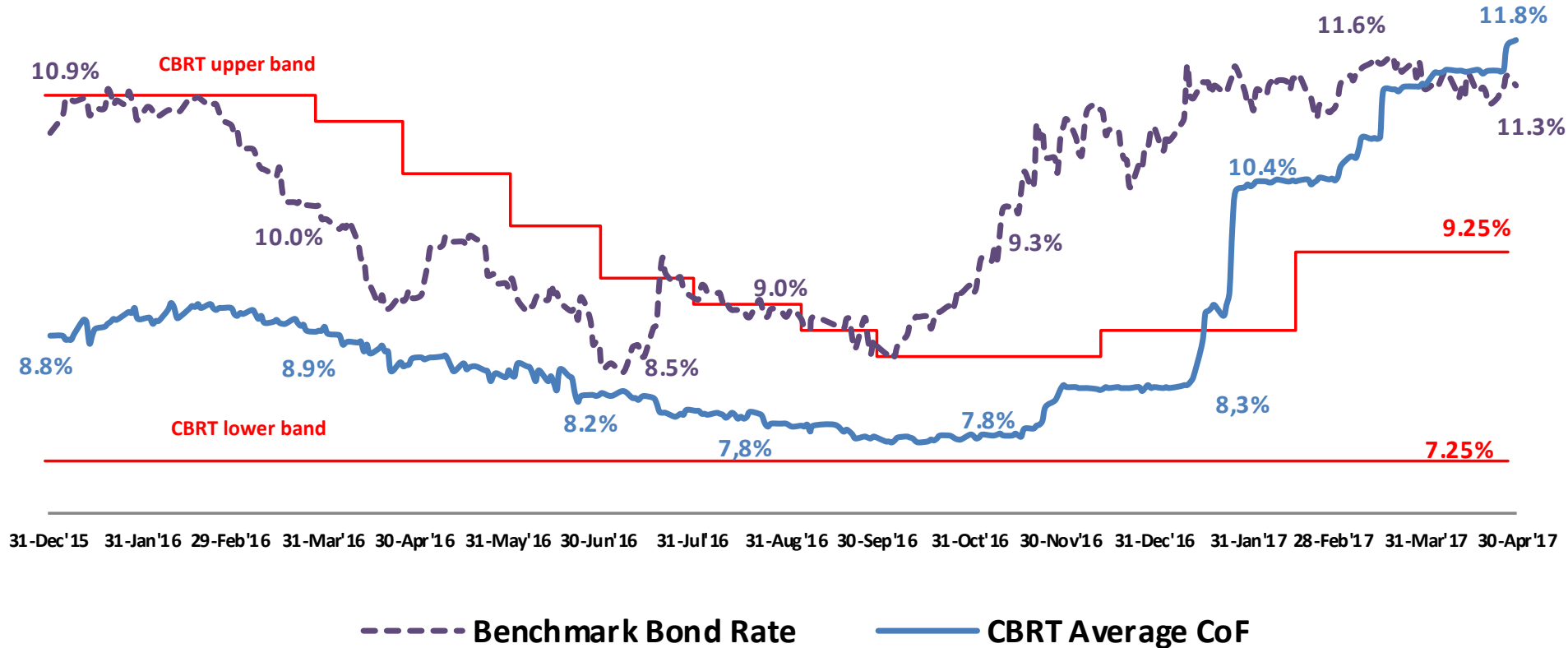
Notes:

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 used

(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
Moody's	Yapı Kredi	Ba2	Negative	Ba1	Negative
	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
S&P	Yapı Kredi	BB	Negative	BB	Negative
	Garanti	BB	Negative	BB	Negative
	Akbank	Not rated	-	Not rated	-
	İşbank	BB	Negative	BB	Negative
Fitch	Yapı Kredi	BBB-	Stable	BBB-	Stable
	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

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