INVESTOR RELATIONS RELEASE

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

On 27 April 2017, Yapı Kredi announced its consolidated results for the first three months of 2017 based on Turkish accounting standards (Banking Regulation and Supervision Agency). The Bank's cash and non-cash loans reached TL 256.1 billion while total deposits rose to TL 163.5 billion. The Bank's net income increased by 42% y/y and reached TL 1,001 million indication return on average tangible equity of 15.8%.

Highlights:

- **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
- **9.9% CET1 (+13 bps ytd):** Internal capital generation on track

Balanced volume growth

Yapı Kredi's market share among private banks in loans and deposits was recorded at 16.2% and 15.9%, respectively.

The Bank achieved 4% year-to-date growth in loans to TL 183.7 billion. Loan growth was mainly driven by company lending with effective utilisation of the government's Credit Guarantee Fund facility which provides guarantees for eligible SME, Commercial & Export Loans with 7% NPL ratio coverage. The Bank's deposit growth was in line with loan growth at 4% year-to-date and reached TL 163.5 billion. Deposit growth was mainly driven by customer deposits, especially in foreign currency. Accordingly, loan-to-deposits plus TL bonds ratio remained stable at 110%.

In line with the Bank's focus on effective diversification of funding sources, the Bank successfully issued a 5 year US$ 600 million Eurobond benchmark transaction in February 2017 with a yield of 5.75%. The issuance was Yapı Kredi's first international senior issue since 2014 and was successfully oversubscribed.

Improving capital ratios with ongoing internal capital generation

The capitalization of the Bank improved during the first three months of 2017 supported by internal capital generation on the back of profitability acceleration and stable market share approach as well as regulation change. Consolidated Capital Adequacy Ratio increased by 17 basis points year-to-date to 13.4% and Common Equity Tier-1 ratio increased by 13 basis points year-to-date to 9.9%.

All time high profitability driven by core business

In the first three months of 2017, Yapı Kredi 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 8% compared to inflation of 11.3%. Accordingly, cost/income ratio decreased by 245bps year-over-year to 39%. The Bank's provisions were also controlled with only 1% y/y increase despite coverage strengthening leading to decline in cost of risk to 1.12%. Accordingly, net income increased by 42% y/y and the Bank achieved 15.8% return on average tangible equity.

Improving asset quality dynamics supported by better collections

Non-performing ratio decreased by 21bps year-to-date to 4.6% supported by sale of a fully provisioned non-performing loan portfolio of credit cards and individual loans amounting TL 493 million as well as improving trend in both new NPL formation and collections. During this period, specific coverage ratio remained stable at 76%.

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