Yapı Kredi 2016 Investor Presentation

Strong profitability and solid fundamentals

February 2017

YapıKredi

Resilient fundamentals amidst challenging conditions & volatility

Macro Environment

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

	2015	2016
GDP Growth (y/y)	6.1%	**2.2%**
CPI Inflation (y/y)	8.8%	**8.5%**
Consumer Confidence Index	66.3	**69.5**
CAD/GDP	-3.7%	**-3.8%**
Budget Deficit/GDP	-1.0%	**-1.1%**
Unemployment Rate	10.3%	**12.1%**[1]
USD/TL (eop)	2.91	**3.52**
Benchmark Bond Rate (eop)	10.9%	**10.7%**

Banking Sector

Banking sector remaining resilient with solid CAR and improving ROATE. **Growth ongoing**, mainly driven by state banks

	2015	4Q16	2016
Loan Growth	**21%**	**8%**	**17%**
Private	*18%*	*7%*	*13%*
State	*27%*	*9%*	*23%*
Loan Growth (FX adjusted)	12%	-	9%
Deposit Growth	**19%**	**8%**	**17%**
NPL Ratio	**2.9%**		**3.2%**
Private excl. NPL sales	3.4%		4.0%
CAR	**15.0%**		**15.1%**
ROATE	**11.6%**		**14.3%**

Notes:
CAD indicates Current Account Deficit
2016 GDP growth based on latest cumulative figure as of Sept'16
Banking sector volumes based on BRSA weekly data. CAR and ROATE (Return on Average Tangible Equity) based on Dec'16 BRSA monthly data
(1) Unemployment rate as of Nov'16

YapıKredi

Yapı Kredi: A leading financial services group

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

At highest level among Turkish banks, based on Fitch[1]

Assets	271.1 bln TL	Loans	176.5 bln TL
Shareholders' Equity	26.1 bln TL	Deposits+ TL Bonds[2]	161.1 bln TL
Active Customers[3]	12.9 mln	Employees[4]	19,419
Branches	936	Share of ADCs[5]	88%
Net Income	2,932 mln TL	RoATE[6]	12.8%
Bank CAR	14.2%	Total NPL Coverage[7]	109%

Total 22.5 mln

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

Among top 10 most valuable brands[8] 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**

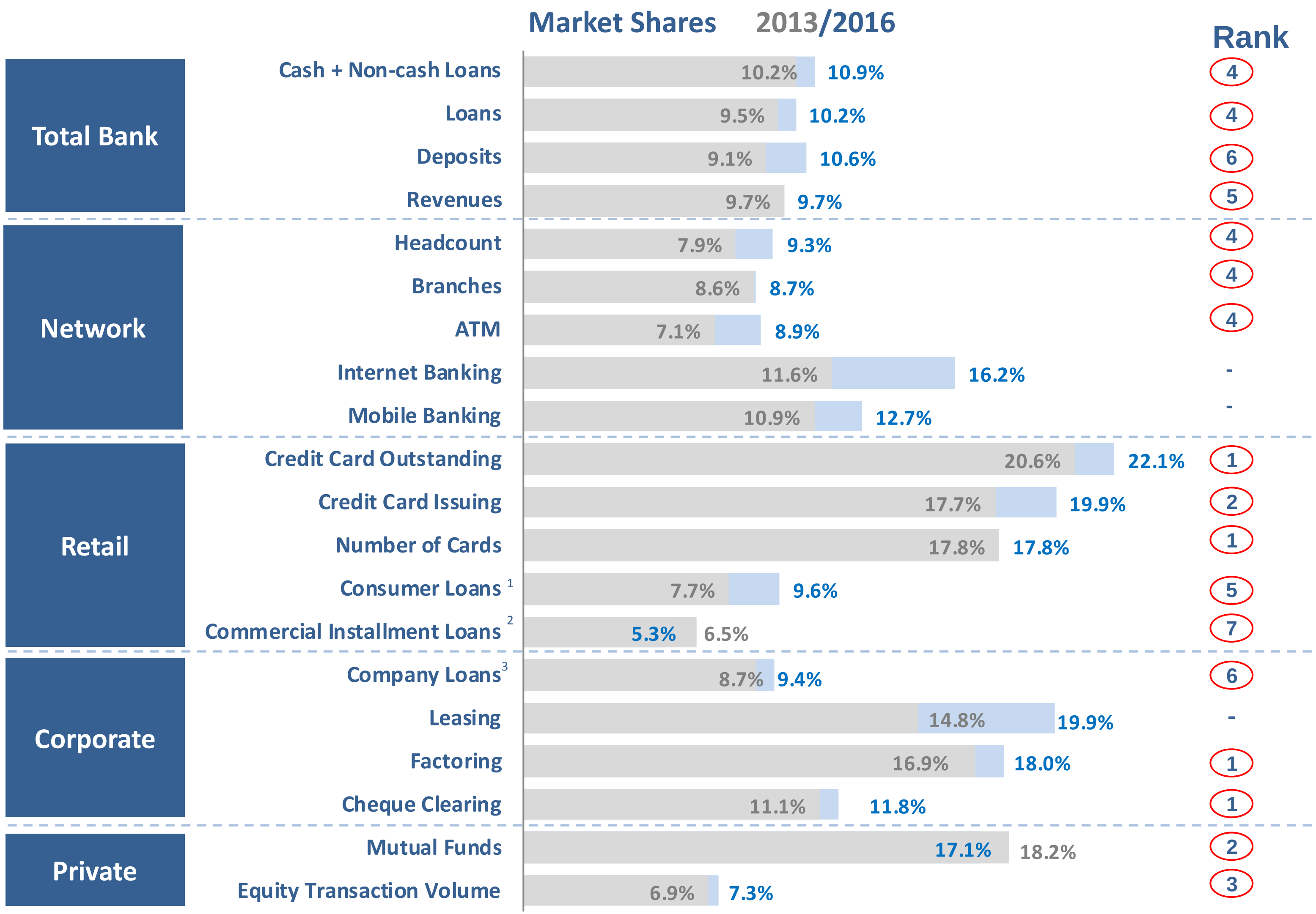
Resilient capital base and **funding capability**

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 157.1 bln, TL Bonds: TL 4.0 bln
(3) Indicates customers with at least one product usage in the last 1.5 years
(4) Group data. Bank-only: 18,366
(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

YapıKredi

Leading positions in value generating services and products

Market Position



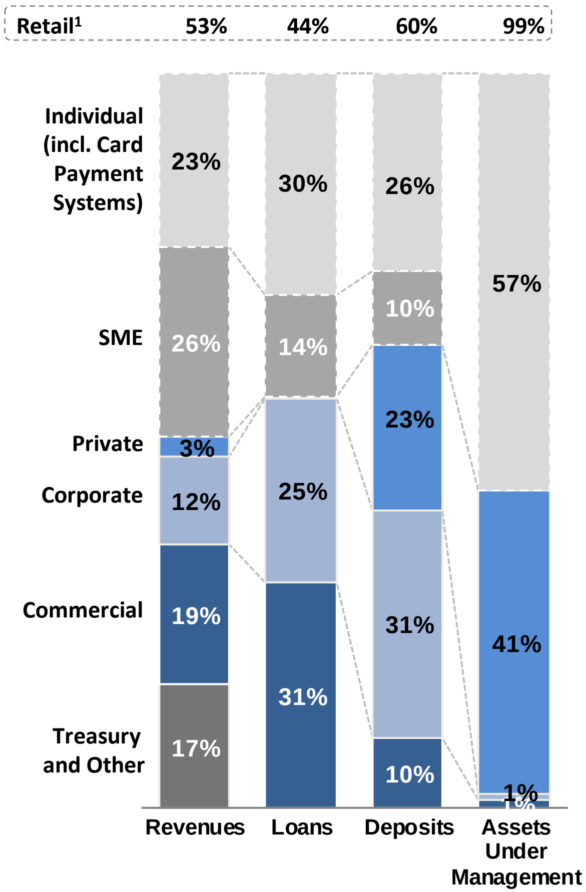
Note: Market shares as of 2016. Rankings as of 9M16. Market share and rankings based on: Interbank Card Center (for credit card acquiring and number of cardholders), Turkish Leasing Association (for leasing), Turkish Factoring Association (for factoring), Central Bank Cheque Clearing System (for cheque 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 Dec'16

(1) Including mortgages, general purpose and auto loans
(2) Proxy for SME loans
(3) Cash loans excluding credit cards and consumer loans

YapıKredi

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

Revenues and Volumes by Business Unit
(2016)



YapıKredi

Retail Banking

Card Payment Systems
- 10.5 mln cards[2]
- ~554k POS
- 475k merchants

Individual & SME
- 854 branches
- 3.9k RMs
- 4,300 ATMs

Private Banking and Wealth Management
- 22 branches
- 174 RMs

Subsidiaries: YapıKredi Yatırım, YapıKredi Asset Management

Corporate and Commercial Banking

Corporate
- 3 branches
- 65 RMs

Commercial
- 50 branches
- 526 RMs
- Further segmented as mid/large companies

International / Multinationals
- 1 branch
- 25 headcount
- ~1,200 customers

Subsidiaries: YapıKredi Faktoring, YapıKredi Leasing

International Operations

	YapıKredi Nederland	YapıKredi Moscow	YapıKredi Azerbaijan	YapıKredi Malta
Total Assets	US$ 2.1 bln	US$ 127 mln	US$ 262 mln	US$ 158 mln

Source: Approximate numbers based on MIS reporting for company information. Asset size data of international operations based on 2016 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

YapıKredi

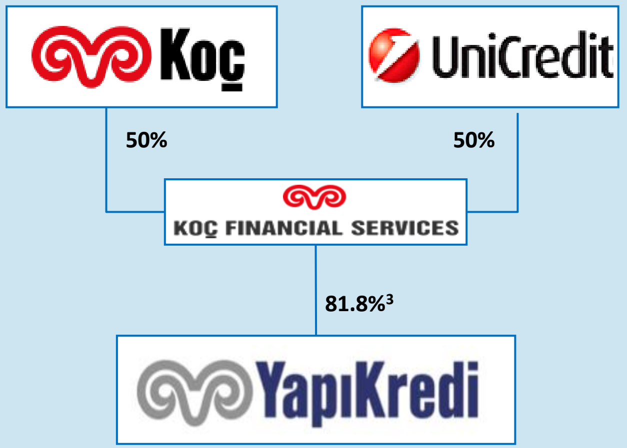
Strong and committed shareholders

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 companies**[1]
- **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 Group**[2]
- **Best proxy to the Turkish market** (total sales/GDP: 7%, total exports/Turkey's exports: 9%)
- **Share of intragroup lending in total capital at 15.7% as of 2016** (max regulatory limit 20%)

Total Assets (EUR bln)	**23.7**
Revenues (EUR mln)	**21,238**
Net Income (EUR mln)	**1,036**
Number of Employees	**95,456**

Ratings **Moody's: Baa3 / S&P: BBB-**



YKB considered a key long-term strategic asset by both shareholders

- **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 17 countries**
- **Leader in Austria, #2 in Italy, #3 in Germany. Turkey among top 4 long-term growth markets in CEE**
- **€2.2 bln funding to YKB as of 2016** (o/w 57% for YKB subsidiaries)

Total Assets (EUR bln)	**860**
Revenues (EUR mln)	**18,801**
Net Income (EUR mln)	**-11,790**
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 9M16 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 Depository 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%

Focused strategy delivering strong results

Profitability acceleration driven by core business

Maintained scale
with continuing remix

Strong revenue generation
via ongoing customer acquisition

Disciplined cost control
heavily leveraging digitalisation

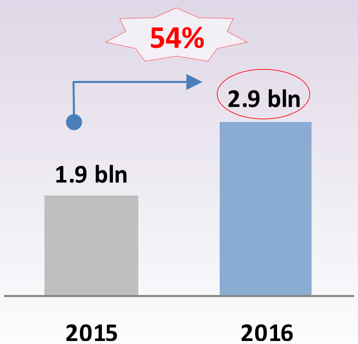
Controlled asset quality

2016: Acceleration in profitability with solid fundamentals

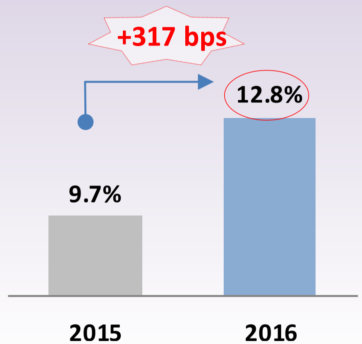
BETTER THAN GUIDANCE

Significant Profitability Acceleration

Net Income
(TL)



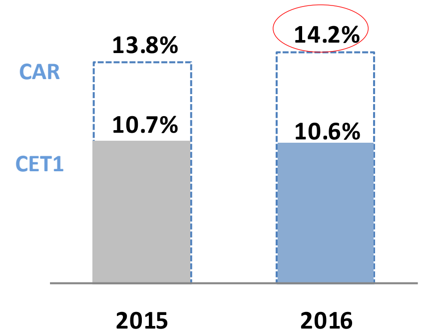
ROATE



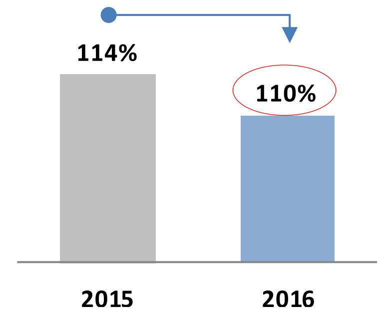
IN LINE

Solid Fundamentals

Capital Ratios



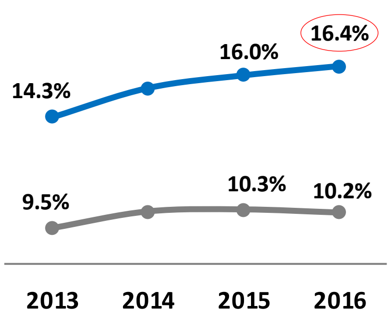
LDR



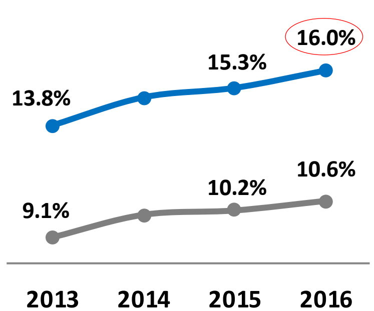
IN LINE

Efficient Scale

Loan Market Share



Deposit Market Share

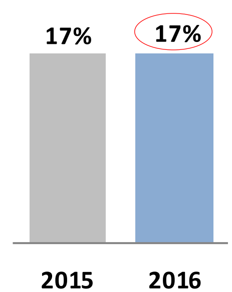


Among private banks — Among total sector

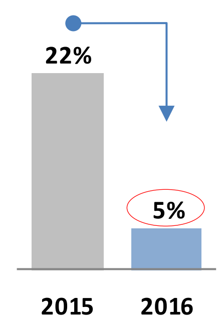
BETTER THAN GUIDANCE

Strong Operational Performance

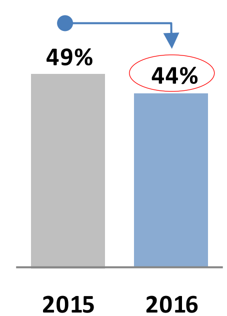
Revenue Growth



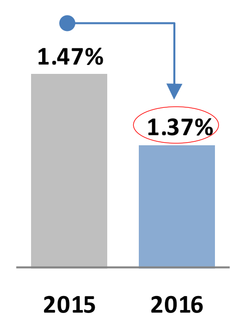
Cost Growth



Cost/ Income



CoR



Notes:
Market shares based on BRSA bank-only weekly data
CAR= Capital Adequacy Ratio; CET1= Common Equity Tier-1; LDR= Loans / (Deposits + TL Bonds); CoR= Total Specific + Generic Cost of Risk. CAR and CET1 based on BRSA bank-only financials
ROATE indicates Return on Average Tangible Equity (excl. goodwill of TL 979 mln)

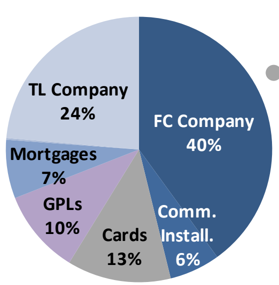
Solid evolution in loans and deposits with profitability focus

Loans (TL bln)

Ongoing loan growth
with remix towards value generating products
+8% ytd on FX adjusted terms

	YKB 4Q16	YKB 4QΔ	YKB ytd	Private Banks ytd	Sector ytd
Cash + Non-Cash Loans	**244.9**	**9%**	**17%**	**14%**	**18%**
Total Loans[1]	**176.5**	**9%**	**16%**	**13%**	**17%**
TL	105.9	5%	8%	10%	12%
FC ($)	20.1	0%	7%	-2%	5%
Total Loans (FX adjusted)	-	-	8%	5%	9%
Consumer Loans	**31.1**	**0%**	**6%**	**6%**	**11%**
Credit Cards	**22.2**	**2%**	**12%**	**6%**	**7%**
Companies[2]	**123.2**	**12%**	**19%**	**16%**	**20%**
Comm. Install.	10.9	-4%	-13%	9%	10%

Loan Breakdown



FC Company Lending Breakdown

	Share	ytd
Project Finance	64%	13%
LT Investments	29%	5%
ST Loans	7%	-14%

Deposits (TL bln)

Strong deposit growth driven by local currency and significant improvement in demand deposits
+11% ytd on FX adjusted terms

	YKB 4Q16	YKB 4QΔ	YKB ytd	Private Banks ytd	Sector ytd
Total Deposits	**157.1**	**13%**	**21%**	**16%**	**17%**
TL	84.2	12%	25%	19%	18%
FC ($)	20.7	-2%	-4%	-7%	-5%
Total Deposits (FX adjusted)	-	-	11%	6%	8%
Customer[3]	**148.9**	**11%**	**19%**	**17%**	**17%**
Demand	**27.2**	**19%**	**34%**	**23%**	**28%**
TL Bonds	**4.0**	**-7%**	**-5%**	**-3%**	**-1%**
Repos	**6.3**	**-34%**	**-40%**	**-21%**	**-12%**
Borrowings	**57.7**	**13%**	**18%**	**11%**	**17%**

Mainly led by small ticket individuals

Notes:
Sector and private banks based on BRSA weekly data as of 30 Dec'16. FC-indexed loans included in TL loans
(1) Loans indicate performing loans
(2) Total loans excluding consumer loans and credit cards and including commercial instalment loans (proxy for SME lending)
(3) Excluding bank deposits

YapıKredi

Profitability acceleration driven by core business

Strong core revenue growth coupled with disciplined cost approach leading to **significant profitability increase**
Net income +54% y/y to TL 2.9 bln

TL mln	2015	2016	y/y
Total Revenues	10,263	12,023	17%
Core Revenues	9,107	11,108	22%
Operating Costs	5,077	5,315	5%
Operating Income	**5,186**	**6,708**	**29%**
Provisions	2,649	2,955	12%
Net Income	**1,909**	**2,933**	**54%**

3%
excluding Customs and Trade Fine

ROATE	**9.7%**	**12.8%**	317bps
ROA	**0.8%**	**1.1%**	27bps

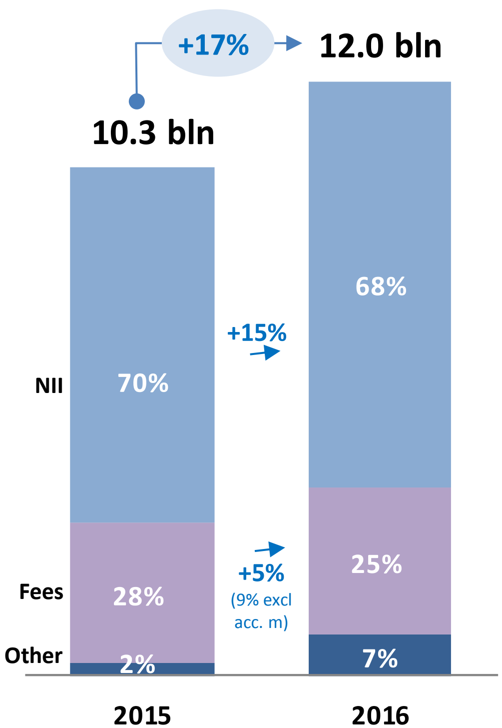
Notes:
Core revenues= Net Interest Income - Swap Costs + Fees
ROATE indicates return on average tangible equity (excl. goodwill of TL 979 mln)
ROA indicates return on assets. Calculation based on net income/end of period total assets

Strong revenue growth driven by +22% in core revenues

Revenue Breakdown (TL)

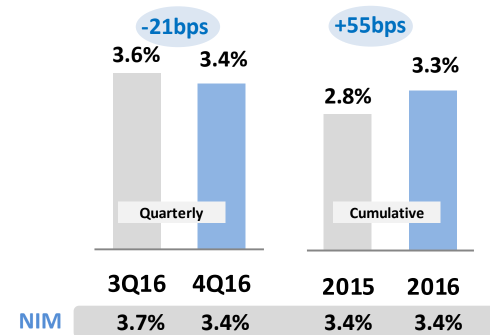
Core revenues driving strong performance despite lack of account maintanance fees

Core revenues	9.1 bln	+22%	11.1 bln



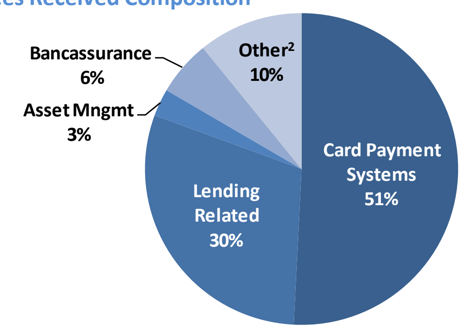
Swap adjusted NIM +55bps y/y; quarterly NIM impacted by lower contribution of CPI-linkers[1]

Swap Adjusted NIM (bank-only)



Fee growth mainly driven by cards; +9% y/y fee growth excluding account maintenance fee impact

Fees Received Composition



Relatively stable other income y/y; trading line supported by **positive trend in swap costs**

Other Breakdown

mln TL	3Q16	4Q16	2015	2016
Other Income[3]	66	94	678	636
Trading & FX (net)	51	37	-439	187
Swap Costs	-27	39	-912	-85

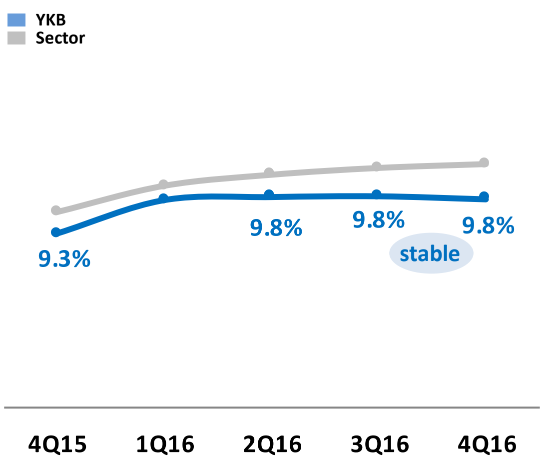
Notes:
NIM= Net Interest Income/Average Interest Earning Assets (bank-only). NIM excludes effect of reclassification between interest income and other provisions related to amortisation of issue premium on securities (as per BRSA). Reported NIM figures: 3Q16: 3.7%; 4Q16: 3.4%, 2015: 3.4%; 2016: 3.4%
(1) CPI-linker gain 212 mln TL in 4Q16 vs 287 mln TL in 3Q16
(2) Other includes account maintenance, money transfers, equity trading, campaigns and product bundles etc.
(3) One-offs in other income include Fixed Asset Revaluation of 104 mln TL in 1Q15 and Visa sale gain (gross) of 235 mln TL in 3Q16

YapıKredi

Continued improvement in loan-deposit spread driven by effective pricing

Loan Yields
(Quarterly)

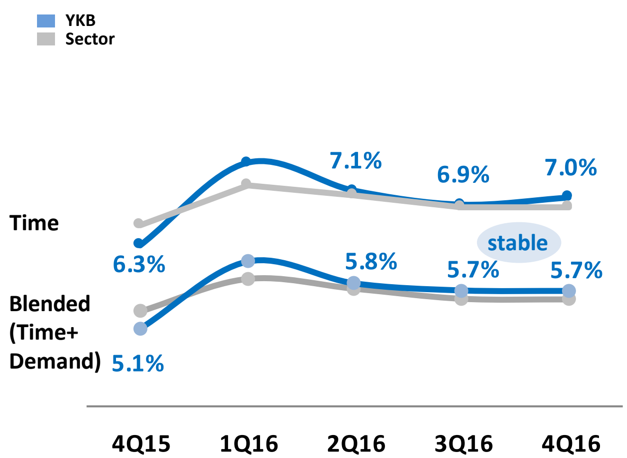
Loan yields stable for the past 3 quarters thanks to effective pricing capability



	4Q15	1Q16	2Q16	3Q16	4Q16
TL	11.9%	12.3%	12.3%	12.3%	12.0%
FC	4.6%	5.0%	5.3%	5.4%	6.1%

Deposit Costs
(Quarterly)

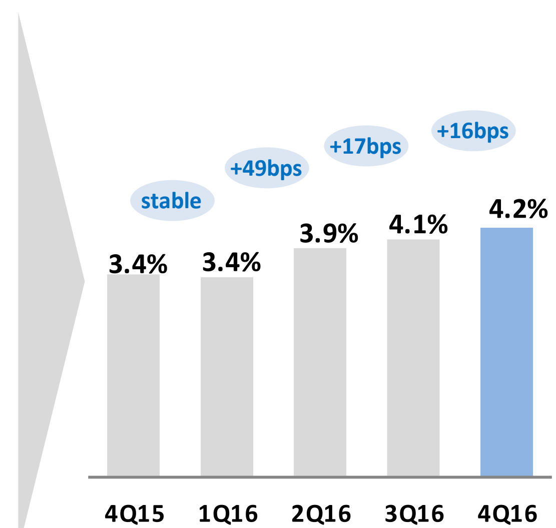
Relatively stable deposit costs supported by ongoing positive trend in TL deposit costs



	4Q15	1Q16	2Q16	3Q16	4Q16
TL	8.7%	10.0%	9.4%	9.0%	-34 bps 8.7%
FC	1.4%	1.6%	1.6%	1.6%	1.9%

Swap Adjusted Loan-Deposit Spread
(Quarterly)

Sequential improvement in loan-deposit spread



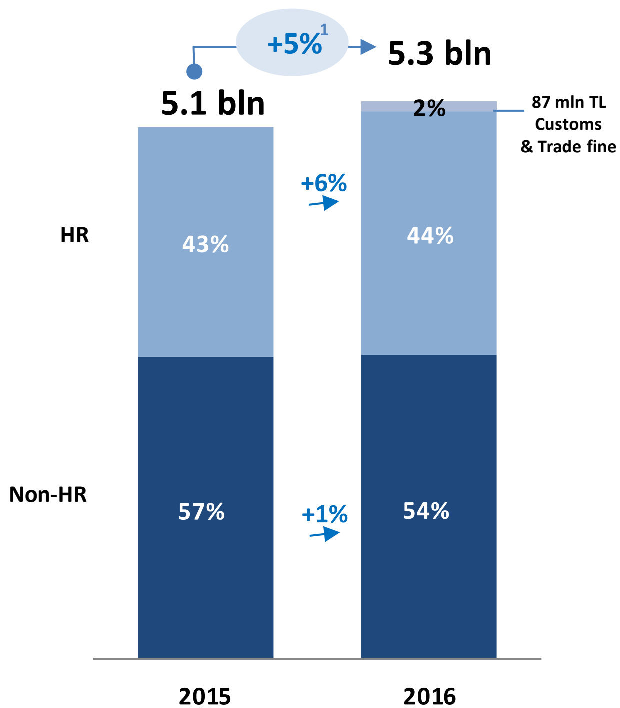
	4Q15	1Q16	2Q16	3Q16	4Q16
TL	3.1%	2.3%	2.9%	3.3%	3.3%
FC	3.2%	3.4%	3.6%	3.9%	4.2%

Notes:
All information based on BRSA bank-only financials; Sector based on BRSA monthly data
Swap Adjusted Loan-Deposit Spread: (Interest Income on Loans - Interest Expense on Deposits - Swap Costs)/Average (Loans+Deposits). Please note TL and FC loan-deposit spread is not adjusted by swap costs

Disciplined cost growth, significantly better than guidance

Cost Breakdown (TL)

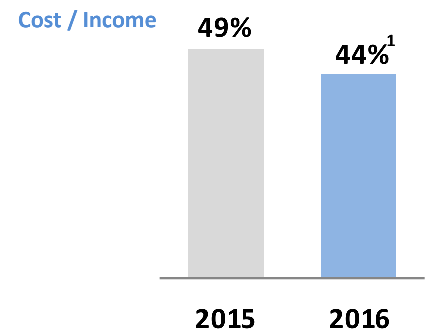
Cost growth significantly below inflation, supported by disciplined approach



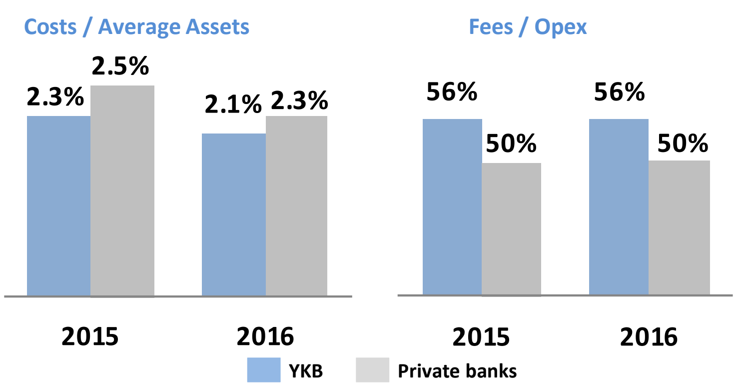
Fee rebates (mln)	2015	2016
	206	81

Cost KPIs

Rapid improvement in all cost KPIs



	2015	2016
Costs y/y	22%	5%[1]
Revenue y/y	17%	17%



Notes:
Non-HR costs include HR related non-HR, advertising, rent, SDIF premium, taxes, depreciation, branch tax, pension fund provisions and loyalty points on Worldcard
Private banks data based on BRSA monthly financials as of Dec’16
(1) If adjusted with Customs Fine: 87 m TL booked in 3Q16, cost growth is 3% y/y; Cost/Income is 43%

Rapid pickup of digital allowing effective network optimisation

Holistic network approach with increasing focus on digital

Digital: ~56x lower cost to serve

Significantly higher market share in digital vs physical network

Transactions

88% of transactions via non-branch channels

New Sales

37% of GPLs sold digitally

16.2% digital customer market share

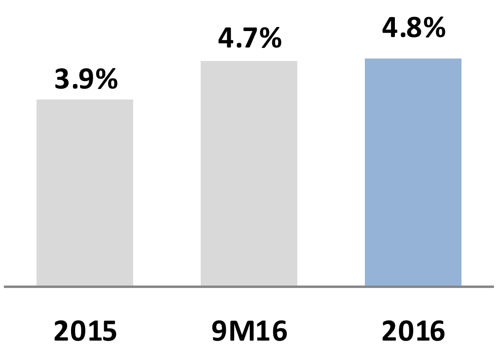
~9% market share in branches, HC and ATMs

Notes:
% of GPLs sold digitally includes sales initiated through call center
Non-branch transaction penetration indicates share of ADCs in total comparable financial and non-financial transactions

Asset quality dynamics intact despite conservative and proactive stance

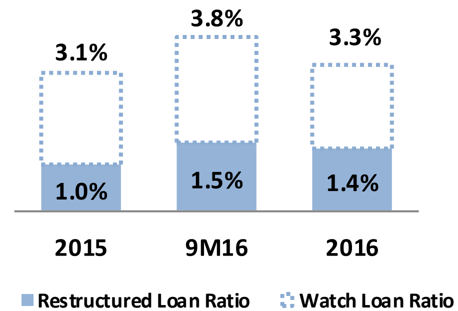
NPL Ratio

Stabilising trend in NPL ratio
despite conservative stance in classification



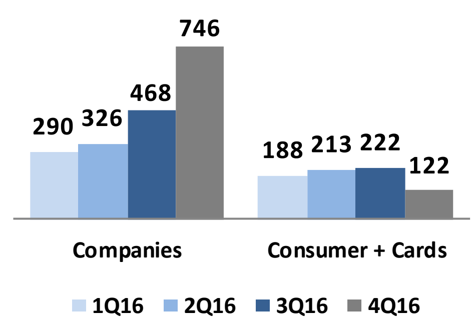
Watch + Restructured Loans

Decline in watch portfolio reflecting conservative classification policy



Net NPL Inflows (TL mln)

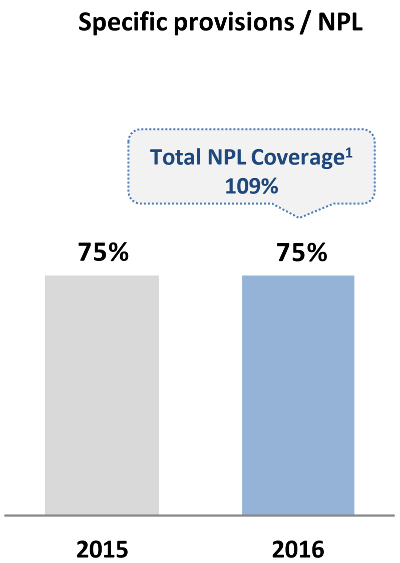
Improving performance in **consumer + cards;**
Companies including two big tickets

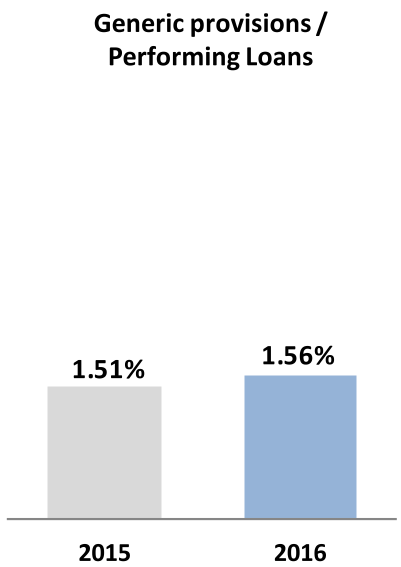


Comfortable coverage levels and controlled cost of risk

NPL Coverage

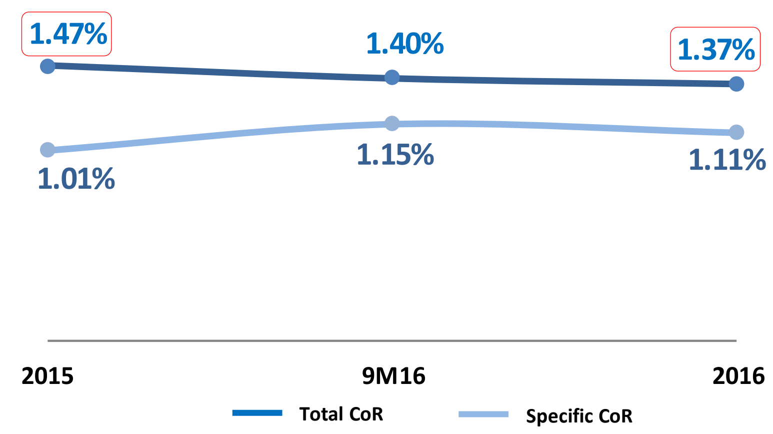
Relatively stable specific and generic coverage
Generic provisioning level indicating significant buffer vs regulation





Cost of Risk[2] (Cumulative, net of collections)

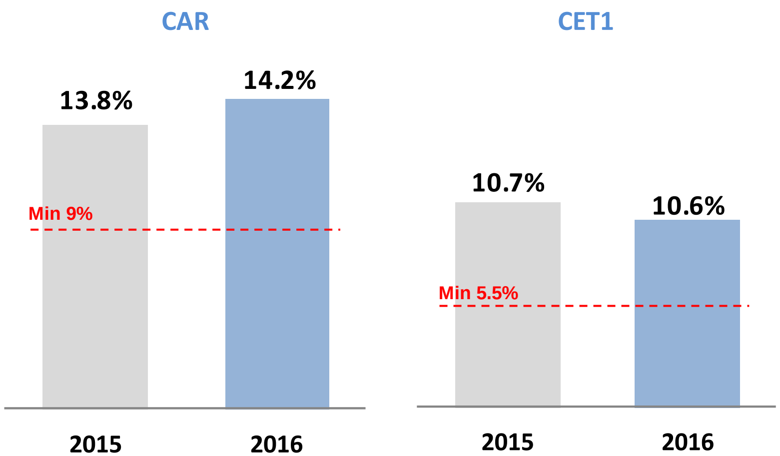
Total cost of risk -10 bps y/y
despite volatile operating environment



Notes:
(1) Total NPL coverage = (Specific + Generic Provisions)/NPLs
(2) Cost of Risk = (Total Loan Loss Provisions- Collections)/Total Gross Loans

Comfortable capital ratios

Capital Ratios (Bank)



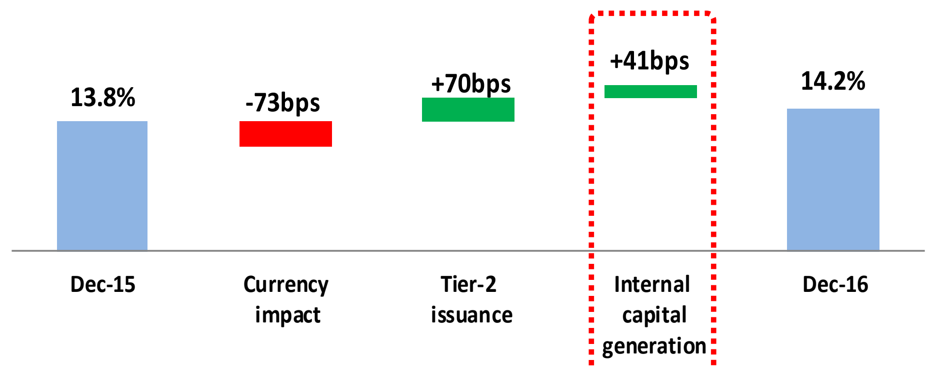
Consolidated

CAR 2015	CAR 2016	CET1 2015	CET1 2016
12.9%	13.2%	10.0%	9.7%

	2015	2016
ROATE	9.7%	12.8%
RWA Growth (ytd)	21%	14%

Improvement in capitalisation supported by **profitability acceleration, stable market share approach and optimization efforts** despite challenging operating environment

CAR Evolution



Notes:
2016 Basel 3 related capitalisation buffers include capital conservation buffer of 0.625%, countercyclical buffer(bank-specific) of 0.007%, SIFI buffer of 0.375% (Group 2)
BRSA minimum requirement is 8% + buffers (first trigger is at 12%)
Bank T1 Ratio at 10.3% as of 2016. 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%) Y/Y decline mainly due to amortisation of goodwill

YapıKredi

2016 Wrap-up: Strong execution on strategic path

Net Income from 1.9bln to 2.9bln *(54%)*

Consistently strong revenue growth supported by effective customer acquisition machine	**>15% revenue growth for 8 quarters** *+730k new active customers*
Rapid cost elimination via digitalisation	**3%(1) cost growth** *(vs 8% inflation)* *Cost/Income from 49% to 43% (-12%)*
Capital accretive business model with strong profitability acceleration	**ROATE from 9.7% to 12.8%** *(+32%)* Internal capital generation *(+41 bps)*

(1) Adjusted with Customs Fine: 87 m TL booked in 3Q16. Stated cost growth: 5%, Cost/Income 44%

YapıKredi

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

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	17%	13%
FX adjusted	*9%*	*9%*
Deposit Growth	17%	14%
FX adjusted	*8%*	*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 slighlty 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

Volumes	Stable market positioning vs private banks with focus on value generating mix	Loans **10-12%**	Deposits **10-12%**	▪ **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%**	▪ **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%**	▪ **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**	▪ **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%**	▪ **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

Notes:
All figures based on BRSA consolidated financials unless otherwise stated. NIM and CAR based on Bank-only figures

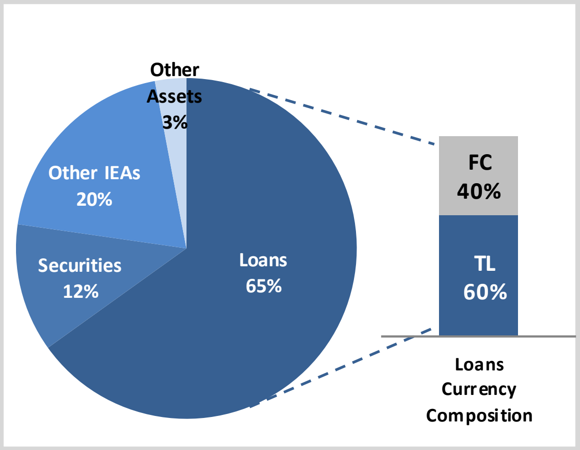
YapıKredi

Annex

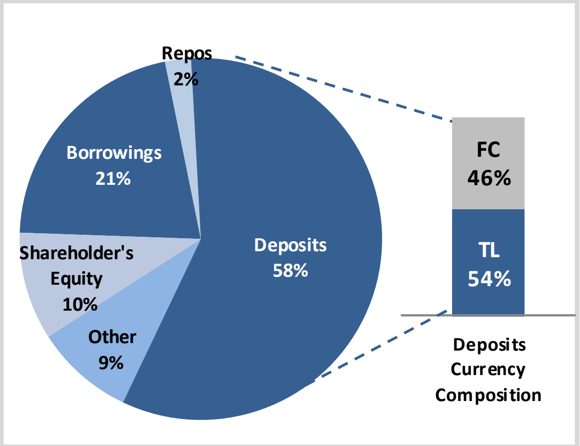
Consolidated Balance Sheet

TL bln	YE14	1Q15	1H15	9M15	YE15	1Q16	1H16	9M16	2016	ytd	y/y
Total Assets	**195.0**	**215.5**	**223.8**	**247.8**	**235.3**	**237.9**	**245.8**	**248.1**	**271.1**	**15%**	**15%**
Loans	**125.5**	**135.5**	**142.8**	**153.7**	**152.5**	**154.6**	**161.3**	**161.6**	**176.5**	**16%**	**16%**
TL Loans	83.7	89.3	93.8	97.1	97.7	99.0	102.5	101.3	105.9	8%	8%
FC Loans ($)	18.1	17.7	18.2	18.6	18.8	19.6	20.3	20.1	20.1	7%	7%
Securities	**25.4**	**29.9**	**30.5**	**33.4**	**31.7**	**30.1**	**30.4**	**27.9**	**33.0**	**4%**	**4%**
TL Securities	18.3	22.5	22.9	23.8	22.1	20.5	20.9	19.1	22.7	3%	3%
FC Securities ($)	3.1	2.8	2.8	3.1	3.3	3.4	3.3	2.9	2.9	-11%	-11%
Deposits	**107.6**	**119.7**	**126.1**	**136.3**	**130.0**	**136.6**	**137.7**	**138.6**	**157.1**	**21%**	**21%**
TL Deposits	62.9	64.5	62.7	65.4	67.2	70.4	71.3	75.3	84.2	25%	25%
FC Deposits ($)	19.3	21.2	23.5	23.3	21.6	23.3	22.9	21.1	20.7	-4%	-4%
Borrowings	**41.5**	**46.7**	**45.8**	**52.8**	**48.7**	**49.7**	**49.9**	**51.1**	**57.7**	**18%**	**18%**
TL Borrowings	5.4	5.6	5.5	4.9	5.5	5.3	4.8	5.0	5.4	-2%	-2%
FC Borrowings ($)	15.6	15.7	15.0	15.7	14.9	15.7	15.6	15.4	14.9	0%	0%
Shareholders' Equity	**20.2**	**21.0**	**22.1**	**22.0**	**23.1**	**23.7**	**24.3**	**25.0**	**26.1**	**13%**	**13%**
Assets Under Management	**12.5**	**13.0**	**13.4**	**13.6**	**13.8**	**14.4**	**14.8**	**15.4**	**15.9**	**16%**	**16%**
Loans/Assets	64%	63%	64%	62%	65%	65%	66%	65%	65%		
Securities/Assets	13%	14%	14%	13%	13%	13%	12%	11%	12%		
Borrowings/Liabilities	21%	22%	20%	21%	21%	21%	20%	21%	21%		
Loans/(Deposits+TL Bonds)	113%	110%	110%	110%	114%	110%	114%	113%	110%		
CAR - solo	15.0%	14.3%	14.0%	12.9%	13.8%	14.5%	14.6%	15.0%	14.2%		
Common Equity Tier-I - solo	11.6%	10.8%	10.9%	9.8%	10.7%	11.1%	11.2%	11.5%	10.6%		
Leverage Ratio	8.6x	9.2x	9.1x	10.3x	9.2x	9.0x	9.1x	8.9x	9.4x		

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

YapıKredi

Volume growth evolution

TL bln	2016	YKB 4Q15 Δ	Private Banks 4Q15 Δ	Sector 4Q15 Δ	YKB 1Q16 Δ	Private Banks 1Q16 Δ	Sector 1Q16 Δ	YKB 2Q16 Δ	Private Banks 2Q16 Δ	Sector 2Q16 Δ	YKB 3Q16 Δ	Private Banks 3Q16 Δ	Sector 3Q16 Δ	YKB 4Q16 Δ	Private Banks 4Q16 Δ	Sector 4Q16 Δ	Market Share
Cash + Non-cash loans	**244.9**	**-3%**	-1%	0%	**1%**	1%	1%	**5%**	4%	4%	**1%**	2%	3%	**9%**	8%	9%	**10.9%**
Total Loans[1]	**176.5**	**-1%**	1%	1%	**1%**	1%	1%	**4%**	3%	4%	**0%**	2%	3%	**9%**	7%	8%	**10.2%**
TL	105.9	1%	2%	3%	1%	1%	2%	4%	4%	4%	-1%	1%	2%	5%	3%	4%	9.8%
FC ($)	20.1	1%	2%	2%	4%	3%	3%	3%	0%	1%	-1%	-1%	2%	0%	-5%	-2%	11.0%
Consumer Loans	**31.1**	**2%**	0%	1%	**1%**	0%	1%	**3%**	2%	2%	**0%**	1%	2%	**3%**	3%	5%	**9.6%**
Mortgages	12.6	-2%	1%	2%	-2%	1%	2%	2%	3%	3%	-2%	0%	3%	4%	3%	6%	8.2%
General Purpose	18.1	5%	0%	0%	3%	0%	0%	3%	1%	1%	1%	1%	1%	1%	3%	4%	10.9%
Credit Cards	**22.2**	**3%**	3%	4%	**-1%**	-1%	-1%	**6%**	4%	4%	**5%**	3%	3%	**2%**	1%	1%	**22.1%**
Companies[2]	**123.2**	**-2%**	1%	1%	**2%**	1%	2%	**4%**	4%	4%	**-1%**	2%	4%	**12%**	8%	9%	**9.4%**
TL	52.6	-1%	4%	4%	3%	2%	2%	3%	5%	5%	-4%	1%	2%	7%	4%	4%	7.9%
FC ($)	20.1	1%	2%	2%	4%	3%	3%	3%	0%	1%	-1%	-1%	2%	0%	-5%	-2%	11.0%
Comm. Install.	**10.9**	**4%**	2%	0%	**0%**	3%	0%	**-3%**	1%	2%	**-8%**	-1%	0%	**-4%**	7%	7%	**5.3%**
Total Deposits	**157.1**	**-5%**	-2%	-1%	**5%**	3%	3%	**1%**	3%	3%	**1%**	1%	2%	**13%**	9%	8%	**10.6%**
TL	84.2	3%	5%	4%	5%	2%	3%	1%	6%	5%	6%	7%	7%	12%	3%	3%	10.3%
FC ($)	20.7	-7%	-4%	-2%	8%	6%	6%	-2%	-2%	-2%	-8%	-9%	-7%	-2%	-2%	-1%	11.0%
Customer	**148.9**	**-6%**	-1%	-1%	**5%**	3%	3%	**2%**	3%	3%	**1%**	2%	2%	**11%**	8%	8%	**10.7%**
Demand	**27.2**	**-17%**	5%	4%	**12%**	2%	3%	**1%**	4%	5%	**0%**	2%	2%	**19%**	14%	16%	**8.8%**
TL Bonds	**4.0**	**9%**	-6%	-2%	**6%**	5%	2%	**-14%**	-1%	0%	**12%**	-5%	-2%	**-7%**	-2%	-2%	**14.2%**
Repos	**6.3**	**-2%**	1%	2%	**-31%**	-4%	-1%	**20%**	-7%	-1%	**11%**	6%	0%	**-34%**	-16%	-11%	**4.1%**
Borrowings	**57.7**	**-8%**	-4%	-4%	**2%**	-3%	-1%	**0%**	2%	2%	**2%**	0%	2%	**13%**	13%	14%	

Note: Balance sheet 4Q volumes for sector and private banks based on BRSA weekly data as of 30 Dec'16. FC-indexed loans included in TL loans
Market share information as of 2016
(1) Total performing loans
(2) Total loans excluding consumer loans and credit cards

Consolidated Income Statement

	Quarterly									Cumulative		
	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	q/q	2015	2016	y/y
Total Revenues	**2,409**	**2,565**	**2,352**	**2,938**	**2,898**	**3,077**	**3,039**	**3,010**	**-1%**	**10,263**	**12,023**	**17%**
Net Interest Income	**1,518**	**1,838**	**1,763**	**2,059**	**1,952**	**1,911**	**2,217**	**2,141**	**-3%**	**7,178**	**8,221**	**15%**
o/w CPI-linkers	*97*	*266*	*70*	*295*	*313*	*137*	*287*	*212*	*-26%*	*727*	*949*	*30%*
Fees & Commissions	**632**	**688**	**703**	**819**	**752**	**778**	**706**	**737**	**4%**	**2,841**	**2,973**	**5%**
Other Revenues	**260**	**39**	**-114**	**60**	**194**	**388**	**116**	**131**	***13%***	**244**	**830**	***240%***
Other income	276	169	120	113	142	334	66	94	43%	678	636	-6%
o/w collections	*59*	*41*	*22*	*26*	*44*	*50*	*9*	*32*	*253%*	*148*	*135*	*-9%*
o/w pension fund reversal	*0*	*44*	*0*	*37*	*0*	*0*	*0*	*6*	-	*81*	*6*	-
o/w NPL sale	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	-	*0*	*0*	-
o/w others	*217*	*84*	*98*	*50*	*98*	*284*[1]	*58*	*57*	*-1%*	*449*	*498*	*11%*
Trading	-18	-134	-234	-53	48	52	51	37	-28%	-439	187	143%
o/w swap costs	*-160*	*-245*	*-318*	*-189*	*-62*	*-34*	*-27*	*39*	*-242%*	*-912*	*-85*	*-91%*
Dividend	3	3	0	0	3	3	0	0	-	6	6	4%
Operating Costs	**1,184**	**1,228**	**1,249**	**1,416**	**1,264**	**1,324**	**1,352**	**1,375**	**2%**	**5,077**	**5,315**	**5%**
o/w fee rebates	*50*	*50*	*63*	*43*	*35*	*22*	*9*	*15*	*71%*	*206*	*81*	*-61%*
Operating Income	**1,225**	**1,336**	**1,103**	**1,521**	**1,634**	**1,753**	**1,686**	**1,634**	**-3%**	**5,186**	**6,708**	**29%**
Provisions	**571**	**731**	**650**	**697**	**723**	**686**	**658**	**888**	**35%**	**2,649**	**2,955**	**12%**
Specific Provisions	394	403	416	543	507	465	598	618	3%	1,756	2,188	25%
Generic Provisions	144	235	243	97	120	158	46	171	275%	719	495	-31%
Other Provisions	33	93	-9	57	96	63	14	99	607%	174	272	56%
Pre-tax Income	**655**	**605**	**453**	**825**	**911**	**1,067**	**1,028**	**746**	**-27%**	**2,537**	**3,753**	**48%**
Tax	154	150	135	190	207	219	218	176	-19%	628	820	31%
Net Income	**501**	**455**	**318**	**635**	**704**	**848**	**811**	**570**	**-30%**	**1,909**	**2,933**	**54%**
ROE	**10.3%**	**8.9%**	**6.1%**	**12.0%**	**12.8%**	**15.0%**	**13.9%**	**9.4%**		**9.4%**	**12.8%**	
Cost/Income	**49%**	**48%**	**53%**	**48%**	**44%**	**43%**	**45%**	**46%**		**49%**	**44%**	
Tax Rate	**24%**	**25%**	**30%**	**23%**	**23%**	**21%**	**21%**	**24%**		**25%**	**22%**	

YapıKredi

Notes:
CPI linker impact same in both consolidated and bank-only financials
(1) Net impact of visa sale gain: 210 mln TL in 2Q16

Bank-Only Income Statement

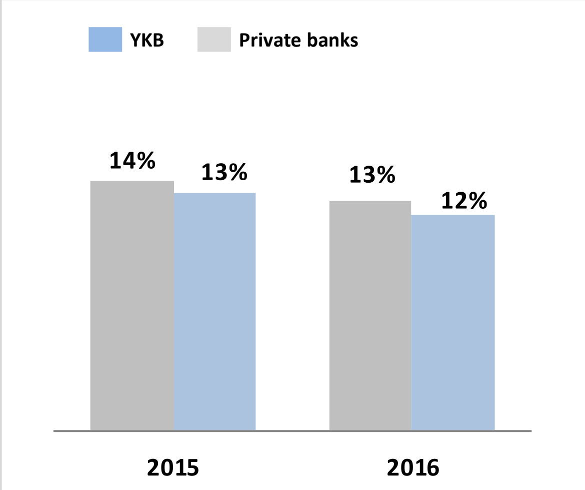
	Quarterly									Cumulative		
	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	q/q	2015	2016	y/y
Total Revenues	**2,300**	**2,394**	**2,231**	**2,796**	**2,785**	**2,970**	**2,933**	**2,877**	**-2%**	**9,720**	**11,565**	**19%**
Net Interest Income	**1,423**	**1,778**	**1,677**	**1,965**	**1,821**	**1,772**	**2,065**	**1,976**	**-4%**	**6,842**	**7,635**	**12%**
o/w CPI-linkers	*97*	*266*	*70*	*295*	*313*	*137*	*287*	*212*	*-26%*	*727*	*949*	*30%*
Fees & Commissions	**593**	**651**	**667**	**777**	**716**	**744**	**671**	**695**	**4%**	**2,688**	**2,826**	**5%**
Other Revenues	**284**	**-35**	**-112**	**54**	**248**	**454**	**197**	**206**	**4%**	**191**	**1,105**	**478%**
Other income	351	231	201	192	233	426	167	202	*21%*	976	1,028	5%
o/w collections	*59*	*41*	*22*	*26*	*44*	*50*	*9*	*32*	*253%*	*148*	*135*	*-9%*
o/w pension fund reversal	*0*	*44*	*0*	*37*	*0*	*0*	*0*	*6*	-	*81*	*6*	-
o/w NPL sale	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	-	*0*	*0*	-
o/w profit/(loss) of associates& jv.s accounted for using equity method	*90*	*87*	*101*	*90*	*108*	*113*	*128*	*128*	*1%*	*368*	*476*	*29%*
o/w others	*202*	*59*	*79*	*40*	*81*	*263*[1]	*31*	*36*	*17%*	*379*	*411*	*8%*
Trading	-69	-267	-314	-139	15	28	30	4	-88%	-788	76	*110%*
o/w swap costs	*-198*	*-320*	*-380*	*-256*	*-94*	*-52*	*-33*	*35*	-	*-1,155*	*-143*	*-88%*
Dividend	2	1	0	0	0	0	0	0	-	3	0	-
Operating Costs	**1,116**	**1,166**	**1,183**	**1,345**	**1,199**	**1,258**	**1,310**	**1,309**	**0%**	**4,810**	**5,077**	**6%**
o/w fee rebates	*50*	*50*	*63*	*43*	*35*	*22*	*9*	*15*	*71%*	*206*	*81*	*-61%*
Operating Income	**1,184**	**1,228**	**1,048**	**1,451**	**1,586**	**1,712**	**1,623**	**1,568**	**-3%**	**4,910**	**6,488**	**32%**
Provisions	**550**	**695**	**621**	**655**	**698**	**670**	**626**	**849**	**36%**	**2,521**	**2,844**	**13%**
Specific Provisions	381	378	398	506	489	452	573	579	1%	1,663	2,094	26%
Generic Provisions	138	225	232	93	115	155	40	174	336%	689	484	-30%
Other Provisions	32	92	-10	56	94	63	13	97	659%	170	266	57%
Pre-tax Income	**634**	**532**	**427**	**797**	**887**	**1,042**	**997**	**719**	**-28%**	**2,389**	**3,645**	**53%**
Tax	133	125	109	162	183	194	186	149	-20%	529	712	35%
Net Income	**501**	**407**	**318**	**635**	**704**	**848**	**811**	**570**	**-30%**	**1,861**	**2,933**	**58%**
ROE	**10.3%**	**8.0%**	**6.1%**	**12.0%**	**12.8%**	**15.0%**	**13.9%**	**9.4%**		**9.2%**	**12.8%**	
Cost/Income	**49%**	**49%**	**53%**	**48%**	**43%**	**42%**	**45%**	**45%**		**49%**	**44%**	
Tax Rate	**21%**	**23%**	**26%**	**20%**	**21%**	**19%**	**19%**	**21%**		**22%**	**20%**	

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

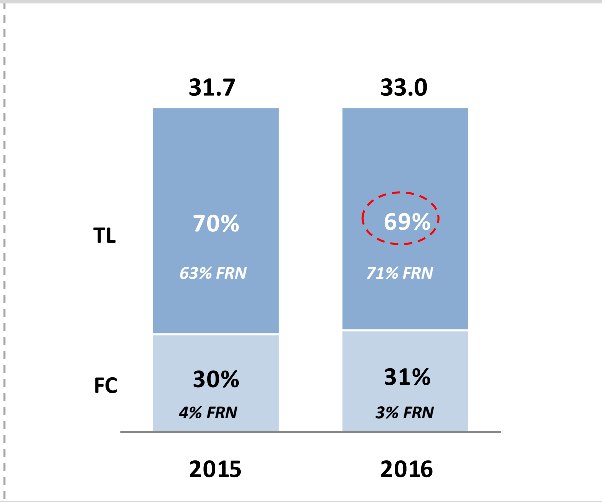
YapıKredi

Securities

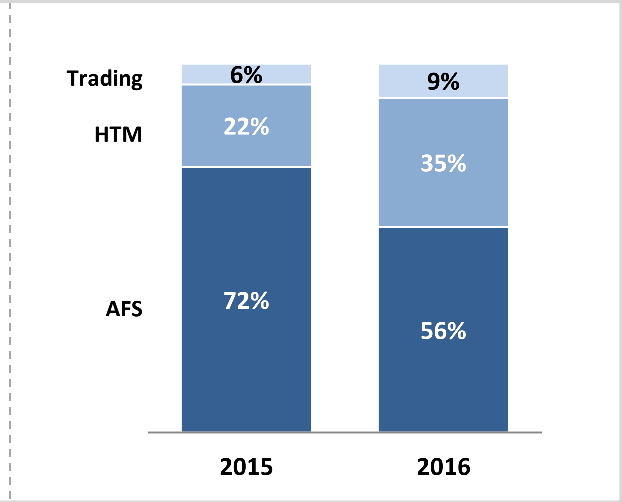
Securities/Assets



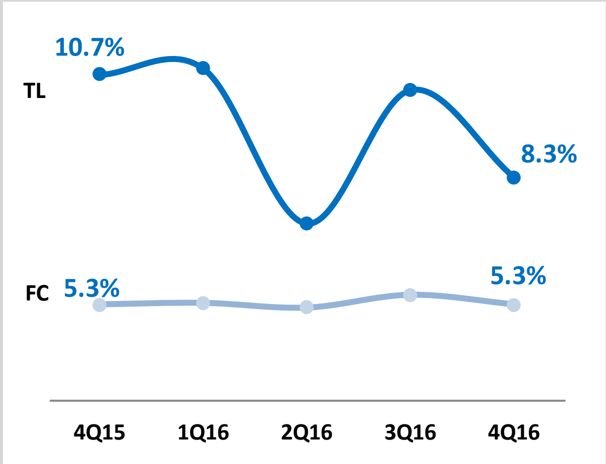
Composition by Currency (TL bln)



Composition by Type



Security Yields



- **Securities / assets at 12% impacted by redemptions.** CPI-linker volume at 9.5 bln TL (+13% ytd) with gain of TL 212 mln in 4Q16 (vs TL 287 mln in 3Q16)
- **M-t-m unrealised loss at TL 464 mln as of YE16** (vs loss of TL 476 mln as of YE15[1])

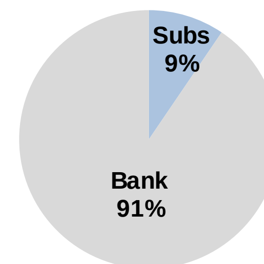
Notes: Private banks data based on BRSA monthly data dated Dec'16
AFS: Available for Sale; HTM: Held to Maturity; FRN: Floating Rate Notes; CPI: Consumer price index inflation
Securities yields based on bank-only financials and exclude effect of reclassification between interest income and other provisions related to amortisation of issuer premium on securities (as per BRSA)
(1) Excluding 191 mln TL Visa sale gain impact

Subsidiaries

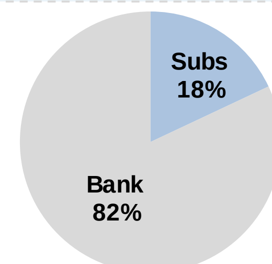
		Revenues (mln TL)	Revenues (y/y growth)	RoE	Sector Positioning
Domestic Subs	YK Leasing	354	**13%**	**15%**	**#1 in total transaction volume** (19.8% market share)
	YK Factoring	96	**18%**	**21%**	**#1 in total factoring volume** (18.1% market share)
	YK Invest	119	**2%**	**15%**	**#3 in equity transaction volume** (7.3% market share)
	YK Asset Management	63	**8%**	**126%**	**#2 in mutual funds** (17.1% market share)
International Subs	YK Azerbaijan	23 mln US$	**-45%**	**-5%**	**US$ 262 mln** total assets
	YK Moscow	9 mln US$	**-23%**	**7%**	**US$ 127 mln** total assets
	YK Nederland	39 mln US$	**3%**	**8%**	**US$ 2.1 bln** total assets
	YK Malta	2 mln US$	**112%**	**0%**	**US$ 158 mln** total assets

Contribution of Subsidiaries[1]

to Assets



to Net Income



Note: Revenues in TL unless otherwise stated. Market shares of YK Leasing and YK Factoring as of 9M16
(1) Including consolidation eliminations

YapıKredi

Borrowings: 21% of total liabilities

International	Syndications	**~ US$ 2.6 bln outstanding** ▪ **May'16:** US$ 381 mln & € 959.1 mln, Libor/Euribor+0.85% and 0.75% p.a. all-in cost for 367 days, respectively. 48 banks from 15 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 4Q16
	Securitisations	**~ US$ 1.9 bln outstanding (all unwrapped)** ▪ **Sep'11:** € 75 mln, 12 years (outstanding: ~€ 50.625 mn) ▪ **Jul'13:** US$ 355 mln and €115 mln, 5-13 years (outstanding: ~US$ 236 mn and € 57.5 mn) ▪ **Oct'14:** US$ 550 mln, 20 years (outstanding: ~US$ 550 mln) ▪ **Mar'15:** US$ 100 mln, 5 years & US$ 316 mln, 10 years (outstanding: US$ 416 mln) ▪ **Jul'15:** US$ 575 mln, 5-12 years (outstanding: US$ 575 mln)
	Subordinated Loans	**~US$ 2.6 bln outstanding** ▪ **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	**US$ 2.2 bln Eurobonds** ▪ **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'22:** US$ 600 mln, 5.75% (coupon rate), 5 years 1Q17
	Covered Bond	**TL 458 mln first tranche (outstanding ~ TL 285,9 mn)** ▪ **Nov'12:** SME-backed with maturity between 3-5 years; highest Moody's rating (A3) for Turkish bonds
	Multilateral Loans	**~US$ 409.5 mln outstanding** ▪ **EFIL Loan - 2008/2011:** US$ 34 mln and € 13 mln (outstanding: ~US$ 8.5 mln and € 3.3 mln) ▪ **EIB Loan - 2008/2012:** US$ 102.4 mln and € 300 mln and TL 187 mln, 5-15 years (outstanding: ~US$ 99.1 mln, € 141.6 mln and TL 54.3 mln) ▪ **EBRD Loan - 2011/2013:** US$ 55 mln 5 years (outstanding: ~US$ 29.6 mn) ▪ **CEB Loan - 2011/2014:** US$ 39 mln and € 100 mln (outstanding: ~US$ 33.9 mln and € 65.3 mln)
Domestic	Local Currency Bonds / Bills	**TL 278 mln total (original public offering amount)** ▪ **Aug'16:** TL 278 mln, 9.02% compound rate, 179 days maturity

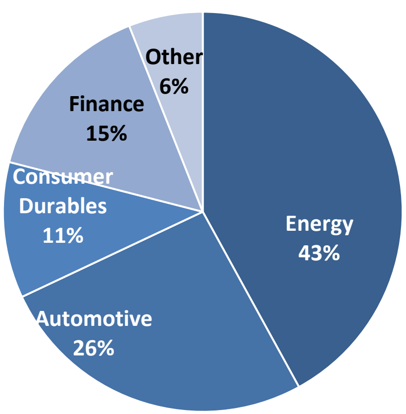
Financial Highlights
(in EUR, 2016)

(EUR)

Total Assets (bln)	**23.7**
Revenues (mln)	**21,238**
Net Income (mln)	**1,036**
Number of Employees	**95,456**
Market Capitalisation (bln)	**10.0**

- Established in 1926, Turkey's largest industrial and services group in terms of turnover and exports
- 419th largest company in the world[1]
- Leading positions with strong competitive advantages in energy, automotive, consumer durables, finance, food, retailing and tourism sectors

Revenue Composition (2016)



Market Positions[2]

- **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 17Feb'17, calculated as share price * paid-in capital. Free float: 22.35%. EUR/TL assumed as 3.89
(1) According to Fortune Global 500 as of 2016
(2) As of full year 2016

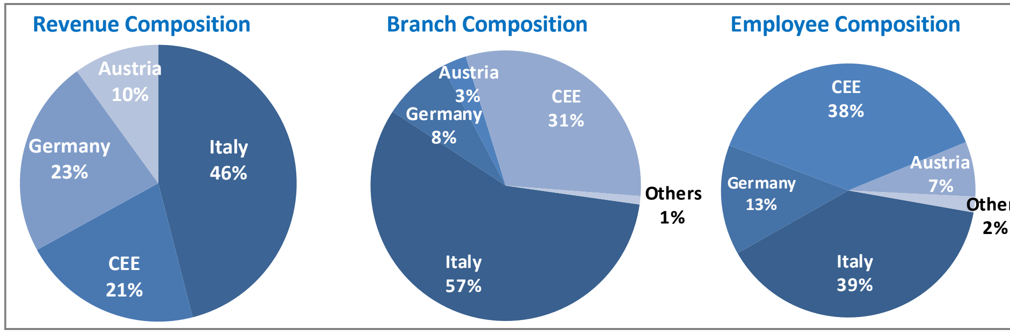
Financial Highlights

(in EUR, 2016)

(EUR)

Total Assets (bln)	860
Loans (bln)	445
Deposits and Debt Securities Issued (bln)	568
Revenues (mln)	18,801
Net Income (mln)	-11,790
No. of Branches	7,157[1]
No. of Employees	>137,000[2]
CET1 - Fully Loaded	8.15%
Capital Adequacy Ratio	11.66%
Market Capitalisation (bln)	14.8[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



Source: Unicredit Group investor relations website, presentations and publicly available financials
(1) Includes branches of Koç Financial Services calculated at 100% (1,004 branches)
(2) Includes employees of Koç Financial Services calculated at 100% (19,611 employee)
(3) Market capitalisation as of 16 Feb’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

- **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**

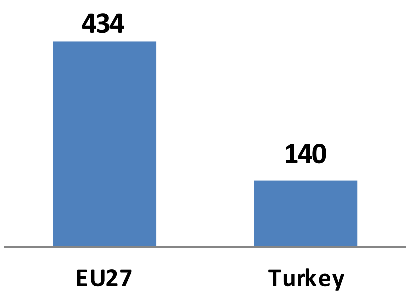
	2012	2013	2014	2015	2016
GDP Growth	4.9%	8.5%	5.2%	6.1%	2.2%[1]
Inflation (eop)	6.2%	7.4%	8.2%	8.8%	8.5%
Benchmark Rate (eop)	5.9%	9.4%	8.1%	10.9%	10.7%[2]
Unemployment	8.4%	9.0%	9.9%	10.3%	12.1%
Policy Rate	5.5%	4.5%	8.3%	7.5%	8.0%
CAD/GDP	5.6%	6.7%	4.7%	3.7%	3.8%
o/w energy	6.0%	5.2%	5.3%	3.9%	2.8%
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

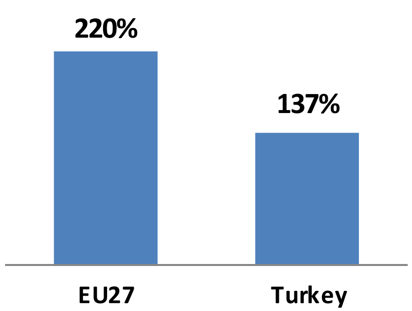
YapıKredi

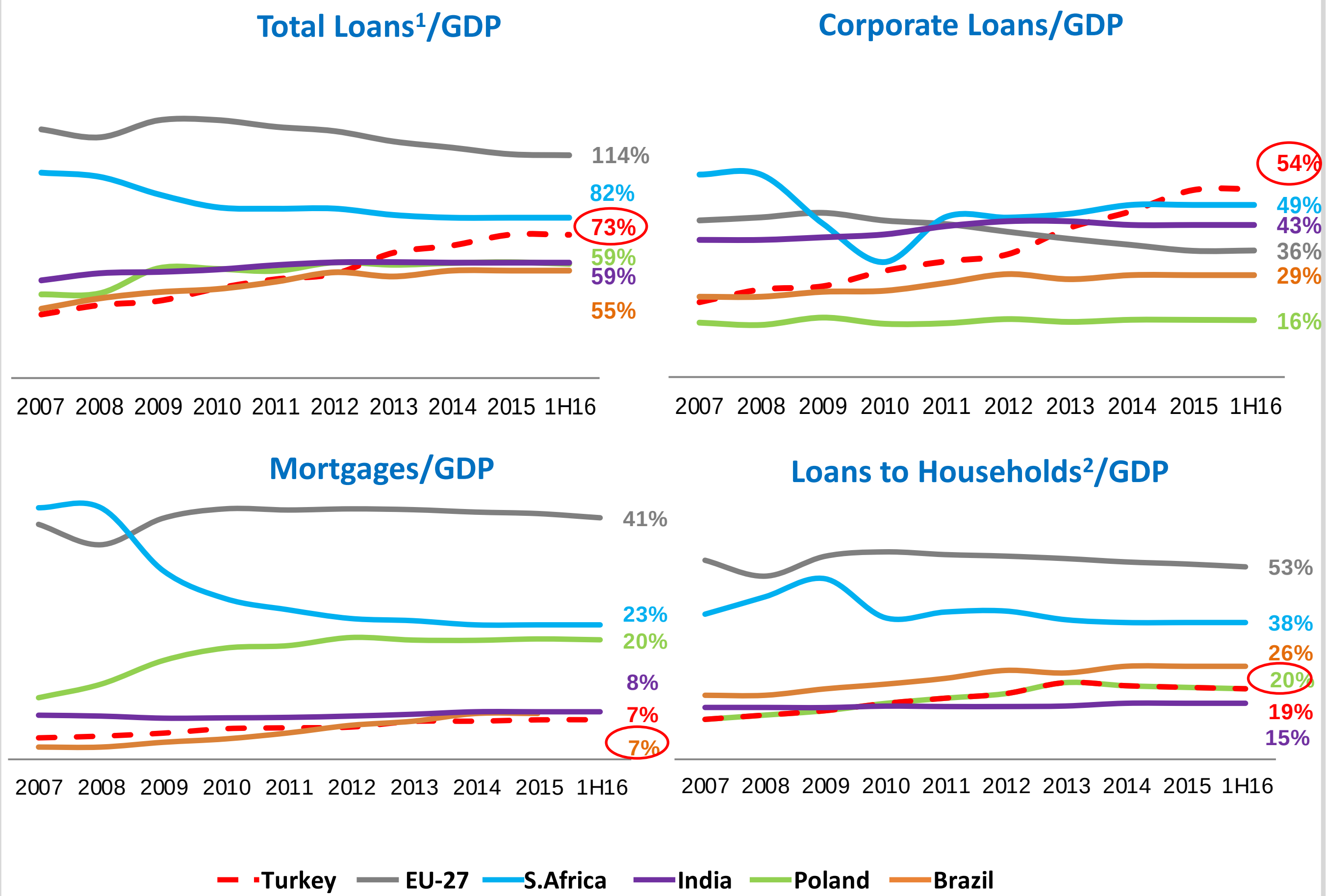
Despite solid growth in recent years, Turkish banking sector still underpenetrated in household lending

Branches Per Million Inhabitants (1H16)



(Loans+Deposits)/GDP (1H16)





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

- **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

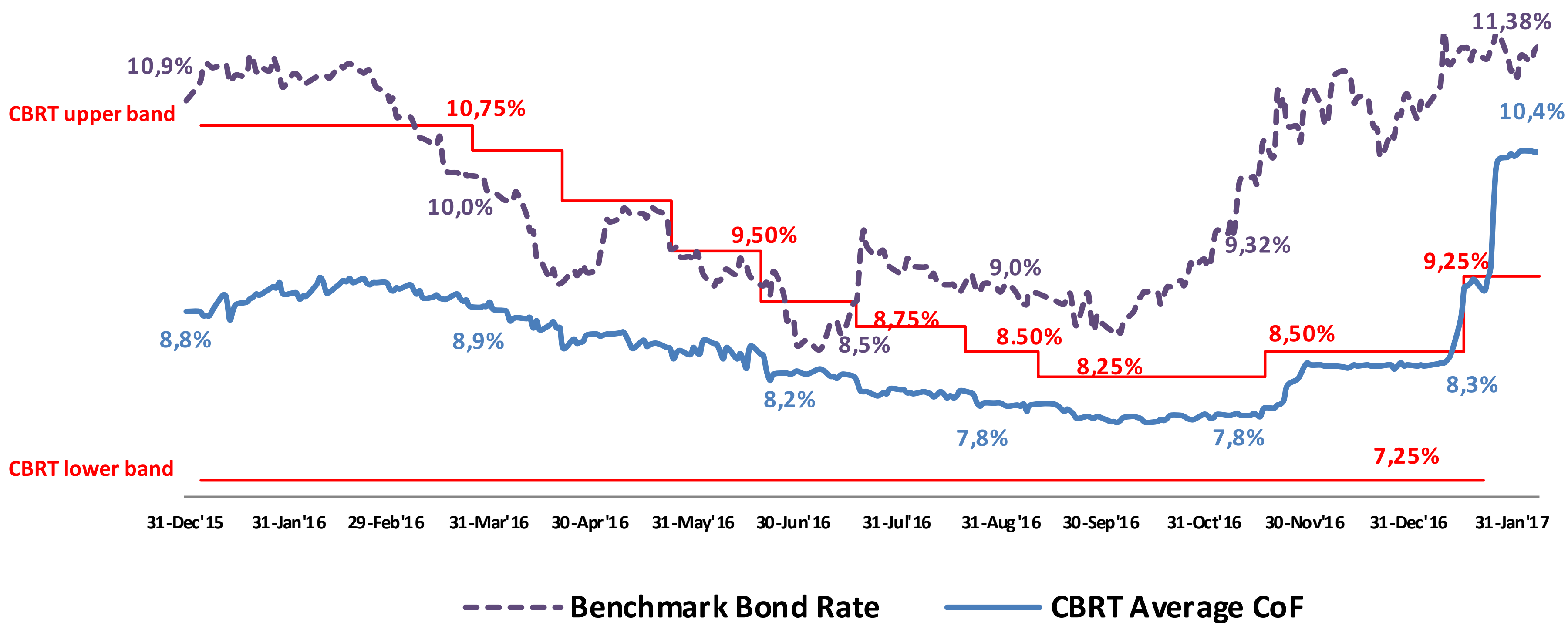
- **Interest rate and currency volatility**
- **Pricing competition and maturity of funding sources**
- **Asset quality**

	Banking Sector					
	2007	2012	2013	2014	2015	2016
Banks #	46	46	48	48	48	48
Branches #	7,618	10,234	11,023	11,223	11,193	10,985
Loan Growth	30%	15%	33%	18%	21%	17%
Deposit Growth	27%	11%	24%	10%	19%	39%
Loans/GDP [1]	32%	53%	64%	67%	73%	77%
Deposits/GDP [1]	42%	54%	61%	60%	64%	67%
Loans/Assets	48%	58%	61%	62%	64%	64%
Deposits/Assets	62%	59%	58%	56%	56%	56%
NIM	5.0%	4.2%	3.8%	3.6%	3.6%	3.8%
NPL Ratio	3.5%	2.8%	2.6%	2.8%	2.9%	3.2%
Specific Coverage	88%	75%	77%	75%	76%	78%
CAR [2]	17.4%	17.3%	14.6%	15.7%	15.0%	15.1%
Tier 1 Ratio	15.5%	14.2%	12.2%	13.1%	12.5%	12.6%
ROAE	24.6%	15.8%	13.3%	12.8%	11.5%	14.3%
ROAA	2.6%	1.7%	1.4%	1.3%	1.1%	1.4%

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

YapıKredi

CBRT policy rates and cost of funding



YapıKredi

Credit Ratings

Credit Ratings

Agency	Bank	Long-Term Foreign Currency Rating	Long-Term Foreign Currency Outlook	Long-Term Local Currency Rating	Long-Term Local Currency Outlook
Moody's	**Yapı Kredi***	**Ba2 (downgraded)**	**Stable**	**Ba1 (downgraded)**	**Stable**
	Garanti	Ba2 (downgraded)	Stable	Ba1 (downgraded)	Stable
	Akbank	Ba2 (downgraded)	Stable	Ba1 (downgraded)	Stable
	Işbank	Ba2 (downgraded)	Stable	Ba1 (downgraded)	Stable
	Halkbank	Ba2 (downgraded)	Stable	Ba1 (downgraded)	Stable
	Vakıfbank	Ba2 (downgraded)	Stable	Ba1 (downgraded)	Stable
S&P	**Yapı Kredi***	**BB (affirmed)**	**Negative (downgraded)**	**BB (affirmed)**	**Negative (downgraded)**
	Garanti	BB (affirmed)	Negative (downgraded)	BB (affirmed)	Negative (downgraded)
	Akbank	Not rated	-	Not rated	-
	Işbank	BB (affirmed)	Negative (downgraded)	BB (affirmed)	Negative (downgraded)
Fitch	**Yapı Kredi***	**BBB- (downgraded)**	**Stable (upgraded)**	**BBB- (downgraded)**	**Stable (upgraded)**
	Garanti	BBB- (downgraded)	Stable (upgraded)	BBB- (downgraded)	Stable (upgraded)
	Akbank	BB+ (downgraded)	Stable (upgraded)	BB+ (downgraded)	Stable (upgraded)
	Işbank	BB+ (downgraded)	Stable (upgraded)	BB+ (downgraded)	Stable (upgraded)

Moody's' Rating Change on 27 September'16

- **Moody's downgraded foreign currency long-term debt and local currency deposit ratings of Yapı Kredi to Ba1 from Baa3, with a stable outlook. The Bank's foreign currency deposit rating was downgraded to Ba2 from Baa3**
- **According to Moody's :** *Reasons behind the downgrade are* ***weakened operating environment, increased downside risks to funding and liquidity, reduced capacity of the government to provide support***

S&P's Rating Change on 22 July'16 and Outlook Change on 31 Jan'17

- **S&P downgraded Yapı Kredi's rating to "BB" from "BB+" and outlook to "negative" from "stable " folowing to failed coup attempt on July 15.**
- **According to S&P :** *«**Turkish bank's financial profiles and performance will remain highly correlated with the sovereign's creditworthiness**, owing to their significant holdings of government securities and exposure to domestic environment.»*
- *On 31 January 2017, Standard & Poor's announced that, following downgrade of the sovereign rating outlook to "Negative" on 27 January 2017, it has* ***downgraded YKB's outlook to «Negative" from «Stable"***

Fitch Outlook change on 2 Feb'17

- **Following the downgrade of the sovereign on 27 January 2017, Fitch downgraded the credit ratings of 18 Turkish banks. Outlooks on all of the affected banks have been upgraded to "Stable" from "Negative".**

* 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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Strong Analyst Coverage
30 Analysts

> 900 fixed income meetings
> 2,600 equity meetings

and participation in **>130** conferences / roadshows in **US, UK, Europe, Middle-East and Asia** over the past ~**4 years**