INVESTOR RELATIONS RELEASE

Strong profitability and solid fundamentals

On 2 February 2017, Yapı Kredi announced its consolidated 2016 results based on Turkish accounting standards (BRSA), reporting TL 2,933 million net income, representing 54% year-over-year growth and 12.8% return on average tangible equity.

Maintained scale with profitability focus

Yapı Kredi's market share in both loans and deposits remained relatively stable compared to the end of 2015 and realised at 10.2% and 10.6%, respectively.

In terms of lending, Yapı Kredi recorded a 16% year-over-year growth in loans, relatively aligned with sector, up to TL 176.5 billion. The Bank's deposit growth was higher than loan growth at 21% year-over-year, also 4 percentage points higher than sector deposit growth, up to TL 157.1 billion. Demand deposits, a strong focus area for the bank, increased by 34% year-over-year compared to 23% growth among private banks. The Bank was able to lower its loan-to-deposits plus TL bonds ratio by 4 percentage points year-over-year to 110%.

In 2016, Yapı Kredi increased its total revenues by 17% year-over-year supported by 22% core revenue growth thanks to significant net interest income growth and contained swap costs. Continued discipline in cost management was evident with cost growth of 5% year-over-year (3% excluding the one-off Customs and Trade Ministry fine of TL 87 million recorded in 3Q16). Accordingly, cost/income ratio improved by 5 percentage points year-over-year to 44%.

Digitalisation at the forefront

Yapı Kredi's digitalisation drive continued at full speed in 2016 as the Bank overhauled its mobile platform and introduced new features such as eye-scan identification and ATM cash withdrawals with QR code. Active mobile banking users increased 62% year-over-year to reach 2.4 million while active internet banking users rose 27% to 3.3 million.

Asset quality resilient in the context of the macroeconomic environment

In 2016, the Bank's asset quality was impacted by the challenging operating environment, similar to the overall banking sector. At year-end 2016, non-performing loans ratio was realized at 4.8%. Specific coverage was unchanged compared to year-end 2015, at 75%, while cost of risk (net of collections) decreased by 10 bps to 1.37% compared to 1.47% at year-end 2015.

Comfortable capital ratios

The capitalisation of the Bank improved compared to the end of 2015 thanks to strong profitability, focus on effective capital usage and issuance of US$500 mln sub-loan in March 2016. On the other hand, market volatility at the end of 2016 clawed back some of the gains. On a bank-only basis, Capital Adequacy Ratio increased by 40 basis points year-over-year to 14.2% while Common Equity Tier-1 ratio was realised at 10.6%.

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