

Yapı Kredi 2017 Earnings Presentation

6 February 2018



Strong results leading to above guidance performance...

3.6 bln TL *Net Income* +33% y/y¹

Ongoing strategy supporting net profit

13.6% *ROATE*² +170 bps y/y

Further improvement in ROATE

41% *Cost/Income Ratio* -150 bps y/y^{1;3}

Cost elimination efforts on track;
well below inflation cost growth

1.07% *CoR* -30 bps y/y

Significant improvement despite higher
coverage after NPL sales

10.9% *CET 1 Ratio*⁴ +32 bps y/y

Ongoing internal capital generation
supporting CAR during macro volatility

Notes:

(1) 2016 figures exclude the Visa sale gain [Impact of Visa sale gain: TL 235 mln (net impact: TL 210 mln)]

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

(3) 2017 costs exclude 123 mln TL pension fund provisions

(4) Based on BRSA bank-only financials

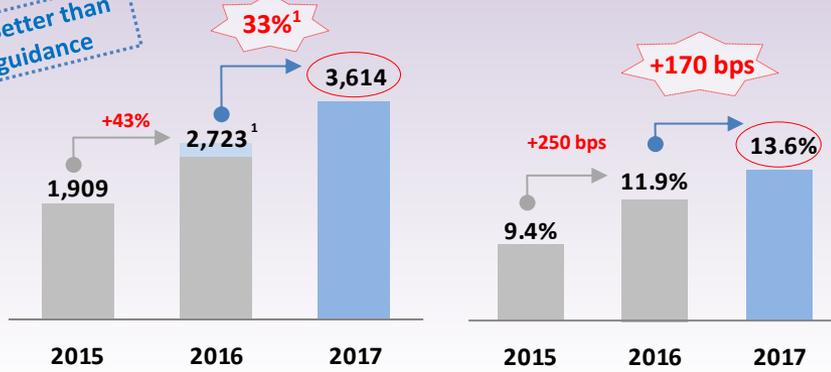
...on the back of sustainable improvement on all fundamentals

Profitability Acceleration

Net Income
(TL mln)

ROATE

Better than guidance



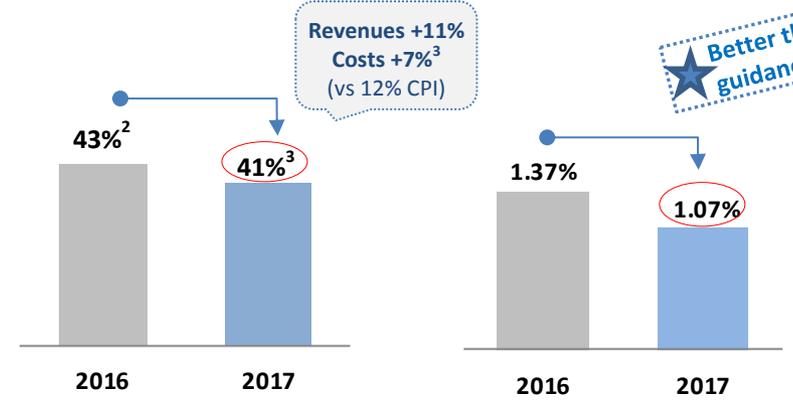
Strong Operational Performance

Cost/Income¹

CoR⁴

Revenues +11%
Costs +7%³
(vs 12% CPI)

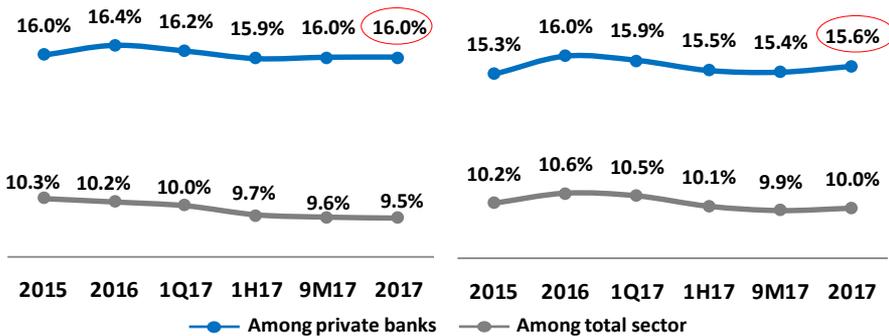
Better than guidance



Balanced Scale Management

Loan Market Share

Deposit Market Share



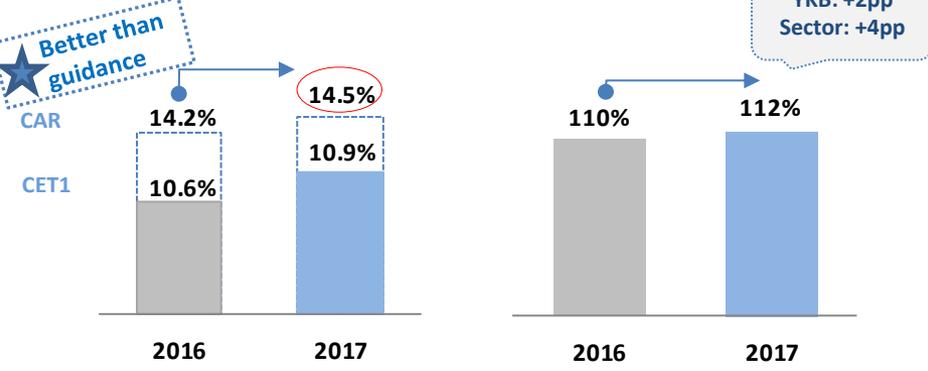
Solid Fundamentals

Capital Ratios⁴

LDR⁴

Better than guidance

YKB: +2pp
Sector: +4pp



Notes:

Market shares based on BRSA bank-only weekly data. 2017 as of 29 Dec'17

ROATE indicates Return on Average Tangible Equity (excl. goodwill of TL 979 mln)

(1) 2016 figures exclude the Visa sale gain [Impact of Visa sale gain: TL 235 mln (net impact: TL 210 mln)]

(2) 2016 other income and provision figures are restated due to the revision on accounting treatment of collections

(3) 2017 costs exclude pension fund provisions (TL 123 mln)

(4) CoR= Total Specific + Generic Cost of Risk net of collections; CAR= Capital Adequacy Ratio; CET1= Common Equity Tier-1; LDR= Loans / (Deposits + TL Bonds); CAR and CET1 based on BRSA bank-only financials

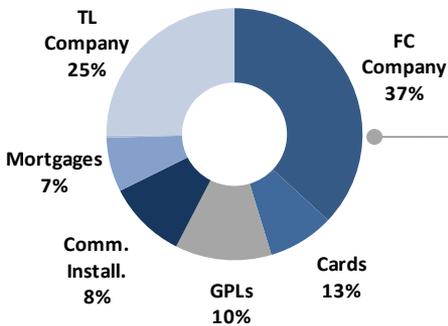
Optimized growth with a balanced mix

Lending (TL bln)

Loan growth at 13% y/y
Mainly driven by TL loan growth (+19% y/y)

	YKB			Private Banks ¹	
	2017	y/y	q/q	y/y	q/q
Cash + Non-Cash Loans	278.7	14%	4%	15%	4%
Total Loans ²	199.9	13%	5%	16%	5%
TL	126.0	19%	5%	22%	4%
FC (\$)	19.6	-2%	-1%	0%	0%
Consumer Loans	34.5	11%	2%	11%	3%
Credit Cards	24.4	9%	2%	11%	3%
Companies ³	141.0	14%	6%	18%	5%

Total Loans Breakdown



FC Company Lending Breakdown

	Share	y/y	q/q
Project Finance	69%	6%	4%
LT Investments	26%	-11%	-16%
ST Loans	5%	-19%	-15%

Funding (TL bln)

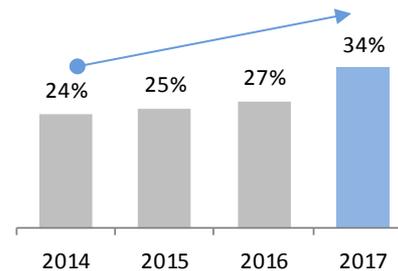
Deposit growth +10% y/y
Decline in more costly TL corporate deposits
Diversification in funding mix towards longer-term borrowings

	YKB			Private Banks ¹	
	2017	y/y	q/q	y/y	q/q
Total Deposits	173.4	10%	5%	13%	4%
TL	75.9	-10%	7%	8%	3%
FC (\$)	25.8	25%	-2%	9%	-1%
Customer Deposits ⁴	164.0	10%	3%	14%	4%
TL	72.8	-7%	-7%	8%	3%
FC (\$)	24.2	21%	-4%	11%	-1%
Demand Deposits ⁴	31.3	18%	5%	21%	4%
TL Bonds	4.8	20%	5%	45%	21%
Repos	9.4	50%	63%	-2%	10%
Borrowings	75.3	31%	18%	18%	10%

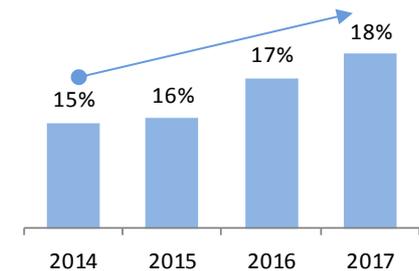
20 bps y/y market share gain in individual deposits

22 bps y/y market share gain in individual demand deposits

Individual Deposits⁵ / Total Deposits



Demand deposits / Total Deposits



Notes:

- (1) Private banks based on BRSA weekly data as of 29 Dec'17. TL Bonds and Borrowings for private banks based on BRSA monthly data as of Dec'17
- (2) Loans indicate performing loans
- (3) Total loans excluding consumer loans and credit cards and including commercial installment loans
- (4) Excluding bank deposits
- (5) Based on MIS data, excluding private customers

Another strong bottom-line driven by cost elimination and ongoing improvement in asset quality

Income Statement

Net income at **TL 3.6 bln**
increasing a significant **33%¹ y/y**

TL mln	Quarterly					Cumulative		
	4Q16	3Q17	4Q17	q/q	y/y	2016 ¹	2017	y/y
Total Revenues	3,156	3,261	3,627	11%	15%	12,407	13,779	11%
Core Revenues ²	2,878	3,152	3,651	16%	27%	11,194	13,050	17%
Other Revenues	277	108	-24	-	-	1,214	729	-40%
Other income	240	269	287	7%	19%	1,020	1,231	21%
<i>o/w Collections</i>	<i>178</i>	<i>198</i>	<i>178</i>	<i>-10%</i>	<i>0%</i>	<i>754</i>	<i>813</i>	<i>8%</i>
Trading	37	-160	-311	94%	-	187	-513	-
<i>o/w Swap costs</i>	<i>39</i>	<i>-204</i>	<i>-288</i>	<i>41%</i>	<i>-</i>	<i>-85</i>	<i>-752</i>	<i>-</i>
Operating Costs³	1,375	1,363	1,543	13%	12%	5,315	5,697	7%
Operating Income	1,780	1,898	1,962	3%	10%	7,092	7,959	12%
Provisions	1,034	840	804	-4%	-22%	3,574	3,358	-6%
Net Income	570	841	880	5%	54%	2,723	3,614	33%
ROATE⁴	9.4%	12.3%	12.5%	20bps	313bps	11.9%	13.6%	170bps
ROAA	0.9%	1.2%	1.1%	-1bps	27bps	1.1%	1.2%	14bps

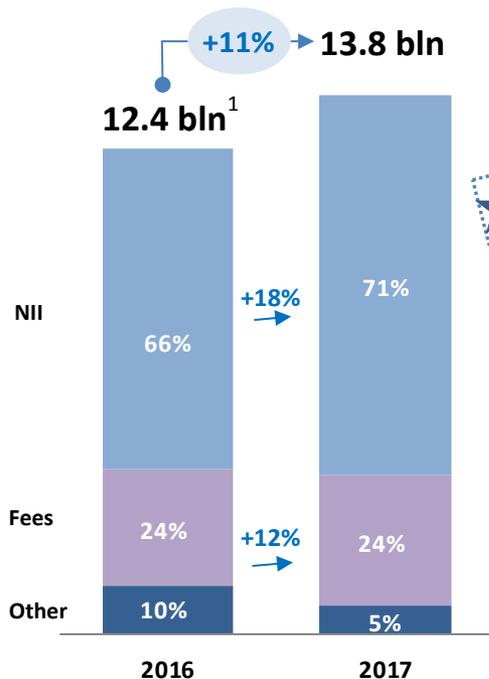
Notes:

- (1) 2016 figures exclude the Visa sale gain [Impact of Visa sale gain: TL 235 mln (net impact: TL 210 mln)]. 2016 other income and provision figures are restated due to the revision on accounting treatment of collections
- (2) Core revenues = Net Interest Income + Fees
- (3) 2017 costs exclude pension fund provisions (TL 123 mln)
- (4) ROATE indicates return on average tangible equity (excl. goodwill of TL 979 mln)

Revenue increase supported by wider NIM and strong fee growth

Revenues

Revenue Breakdown (TL)

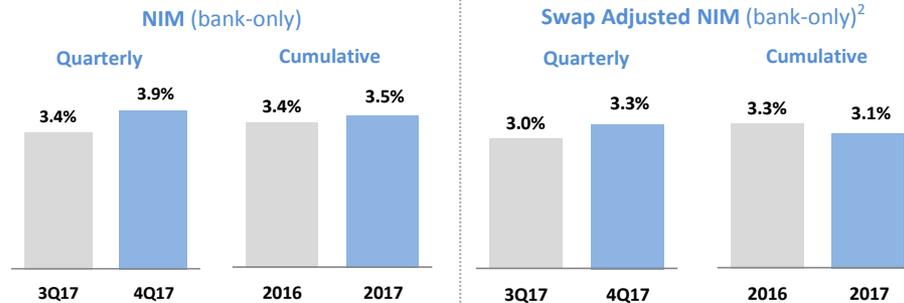


34 bps wider swap adjusted NIM
on higher loan-deposit spreads and linker yields
Stated NIM +50 bps q/q

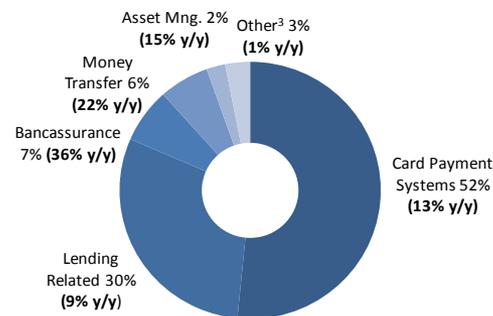
Better than guidance

12% y/y fee growth
mainly driven by payment systems & bancassurance; with ongoing diversification

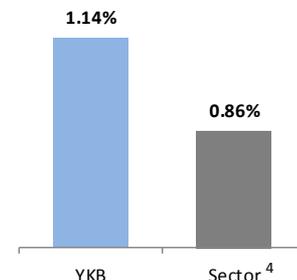
Strong collections driving other income in 2017; trading line negative due to increasing swap costs



Fees Received Composition



Fee to Average Assets



Other Income Breakdown

mln TL	4Q16	3Q17	4Q17	2016	2017
Other Income	240	269	287	1,255	1,231
Collections ⁵	178	198	178	754	813
NPL Sale	0	18	0	0	90
Visa Sale Gain ⁶	0	0	0	235	0
Dividend Income	0	0	0	6	11
Trading & FX (net)	37	-160	-311	187	-513
Swap Costs	39	-204	-288	-85	-752

+8% y/y

- Notes:
- (1) 2016 figures exclude the Visa sale gain
 - (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, equity trading, campaigns and product bundles etc.,
 - (4) Based on annualised figures as of 9M17 from Banking Association of Turkey
 - (5) 2016 collections figures are restated due to the revision on accounting treatment of collections
 - (6) 2016 Visa sale gain: net impact: TL 210 mln

Hefty improvement in quarterly Loan-Deposit spread

Loan Yields (Quarterly)

Improvement in loan yields with ongoing repricing efforts

■ Blended
■ TL

Blended Loan Yields
+25 bps q/q
Sector¹: +27 bps q/q

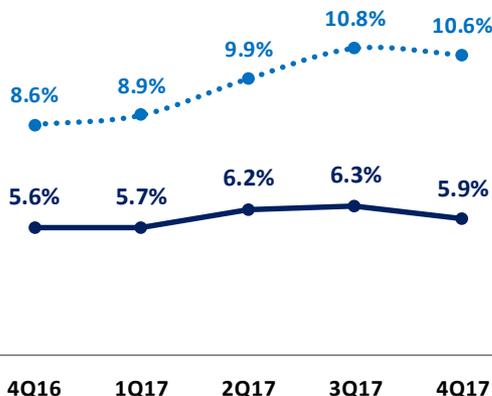


Deposit Costs (Quarterly)

Ease in cost of deposits thanks to effective funding policies

■ Blended
■ TL

Blended Deposit Costs
-40 bps q/q
Sector¹: +12 bps q/q

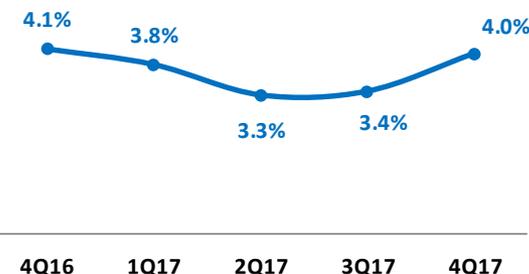


Loan-Deposit Spread

Loan-Deposit spread improved through both loan and deposits

■ Quarterly

Loan-Deposit Spread
+63 bps q/q
Sector¹: +15 bps q/q



Change q/q based on daily averages²

	1Q17	2Q17	3Q17	4Q17
TL	-7bps	-4bps	19bps	25bps
FC	8bps	-3bps	27bps	30bps

	1Q17	2Q17	3Q17	4Q17
TL	9bps	108bps	43bps	-32bps
FC	45bps	18bps	2bps	3bps

Notes:

All information based on BRSA bank-only financials; Sector based on BRSA monthly data

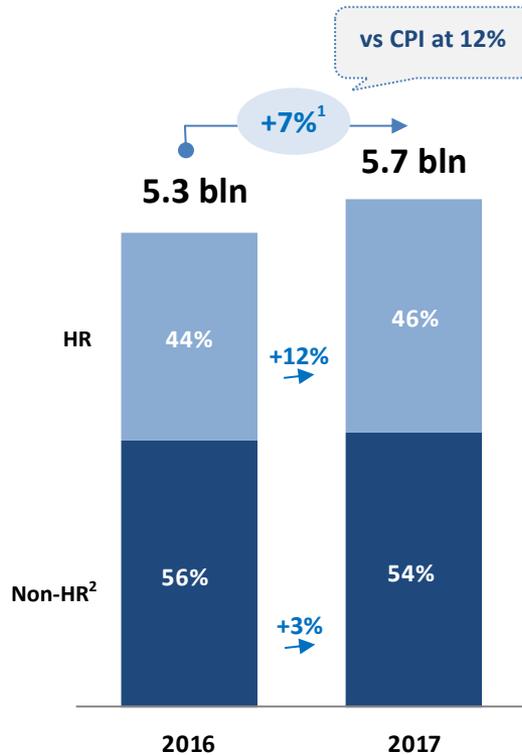
(1) 4Q17 sector data are as of December 2017

(2) Based on MIS data

2017 cost growth well below inflation

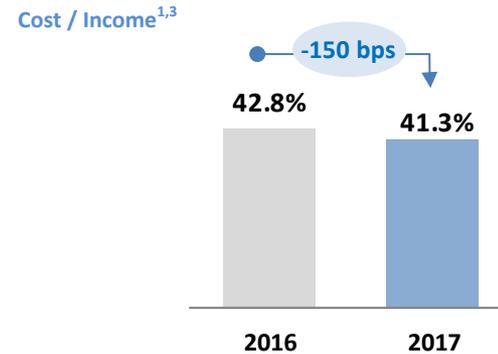
Cost Breakdown (TL)

Cost increase 5pp below inflation
driven by ongoing cost elimination efforts

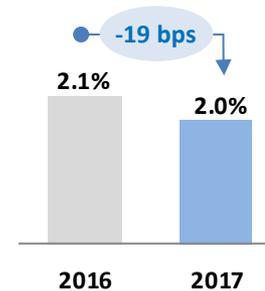


Cost KPIs

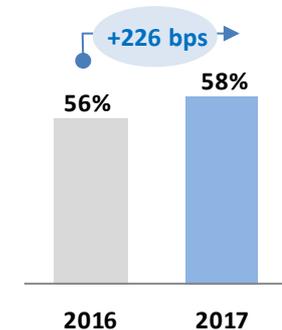
Cost / Income at 41.3%
sustainable recovery in cost ratios



Costs / Average Assets^{1,3}



Fees / Opex^{1,3}



Notes:

- (1) Excluding TL 123 mln pension fund provision. Including the pension fund provision cost growth is at 9% y/y in 2017
- (2) Non-HR costs include advertising, rent, SDIF premium, taxes, depreciation, branch tax, pension fund provisions and loyalty points on Worldcard
- (3) 2016 figures exclude the Visa sale gain [Impact of Visa sale gain: TL 235 mln (net impact: TL 210 mln)]. 2016 other income and provision figures are restated due to the revision on accounting treatment of collections

The World's Most Innovative Digital Bank

Continuing increase in digital market share each quarter

- **12.5%**¹ digital customer market share vs 8.6% market share in physical network

Significant increase in digital and mobile banking customers

- **4.4 mln** digital customers (+1.1 mln y/y) with **51%** digital customer penetration
- **3.7 mln** mobile customers with **51%** annual growth

Moving banking transactions towards digital allowing us to further eliminate costs

- **38%** increase in transactions through digital vs **10%** decline in physical transactions per branch
- **59%**² share in total products sold

Ongoing external recognition of digital performance
31 awards in 2017

- **The World's Most Innovative** Digital Bank (Oct'17)
- **Best Digital Consumer Bank** in Turkey (Sep'17)
- **Gold Stevie Winner** - "Apps - Financial Services / Banking " (Oct'17)
- **Gold Stevie Winner** - "Apps - Experimental & Innovation" (Oct'17)
- **Effective Mobile Awards** - Most Effective Mobile-First Service (Nov'17)



Notes:

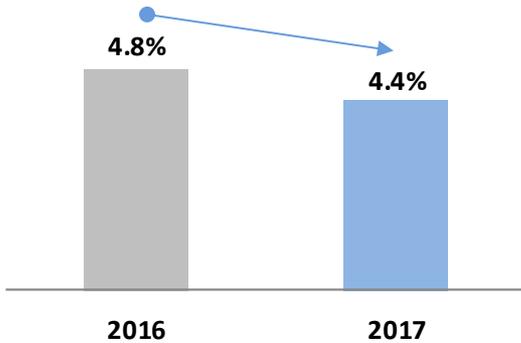
- (1) Digital market share is as of 3Q17. Due to the change in the calculation methodology, 2017 data is not comparable with the previous years
 (2) Ratio includes; GPL, CC, Debit Card, Time Deposit, Demand Deposit, Flexible Account, Stock Exchange, Fund, Bond, Repo, VIOP

Asset quality improved y/y, despite NPL classification of a couple of commercial files in 4Q

Better than guidance

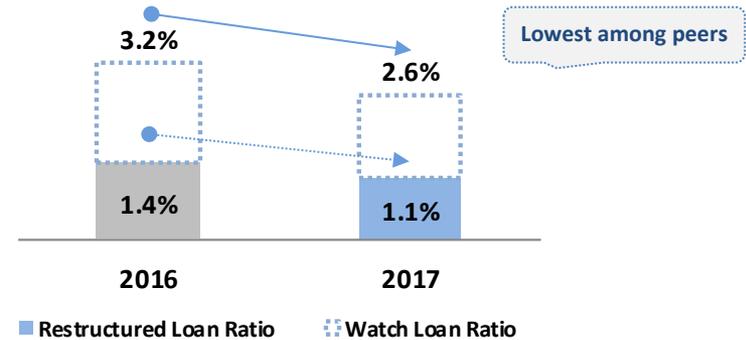
NPL ratio improved 39bps yoy
NPL classification of a couple big tickets in 4Q

NPL Ratio



Watch Loan portfolio improvement sustains
-60bps y/y at 2.6%

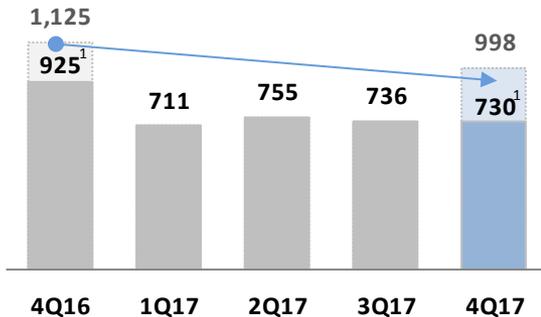
Watch + Restructured Loans



NPL inflows increased with two big ticket NPL classification
Downward trend sustains in normalised terms with strength in collections

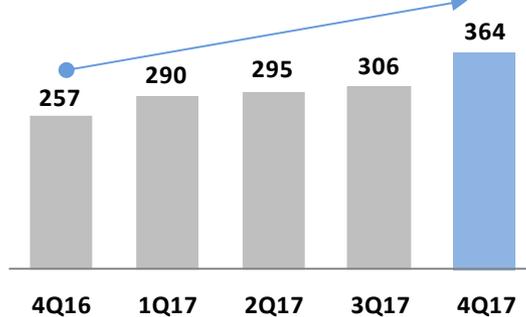
NPL Inflows (TL mln)

2017:-12% y/y



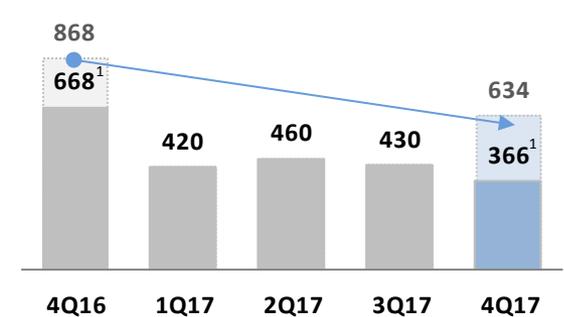
Collections (TL mln)

2017:+32% y/y



Net NPL inflows (TL mln)

2017:-29% y/y



Notes:
TL 1.6 bln NPL sales in 2017 (principal amounts – 1Q17: TL 493 mln ; 2Q17: TL 826 mln; 3Q17: TL 307 mln)
(1) Adjusted for big ticket NPLs

Significant CoR improvement, despite the higher coverage after TL 1.6 bln NPL sales

NPL Coverage

Coverage ratio at 113%;
NPL sale impact on specific coverage -540 bps in 2017

Cost of Risk³ (Cumulative, net of collections)

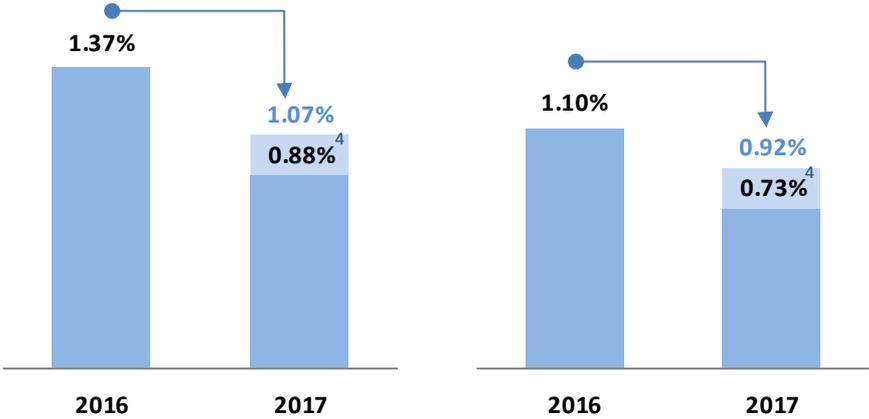
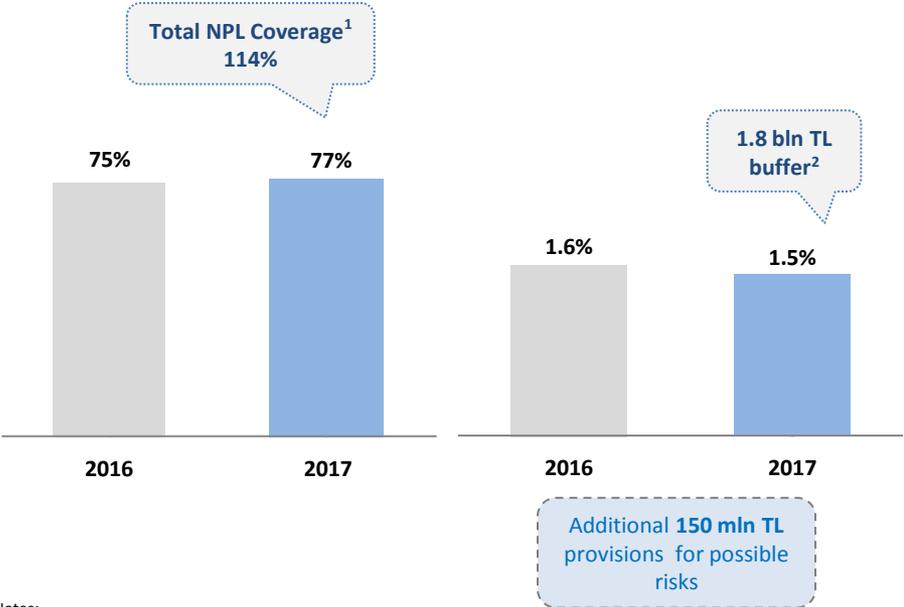
Better than guidance
Total cost of risk -30 bps y/y
on slowdown in net new NPL formation

Specific provisions / NPL

Generic provisions /
Performing Loans

Total Cost of Risk

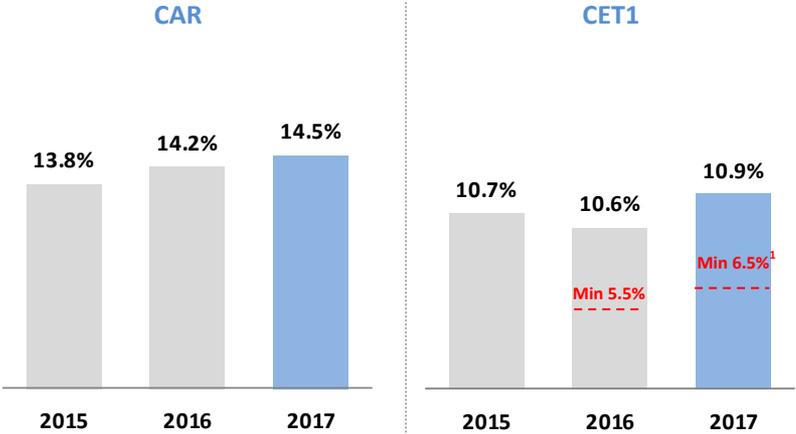
Specific Cost of Risk



Notes:
 (1) Total NPL coverage = (Specific + Generic Provisions)/NPLs
 (2) In 2017 YKB kept higher rates for generic provision following the change in the general provisioning policy
 (3) Cost of Risk = (Total Loan Loss Provisions- Collections)/Total Gross Loans
 (4) Taking into account the additional provisioning to maintain the specific coverage stable at 75%; excluding the additional increase in the specific coverage ratio

Internal capital generation continued to support CAR in 2017

Capital Ratios (Bank)

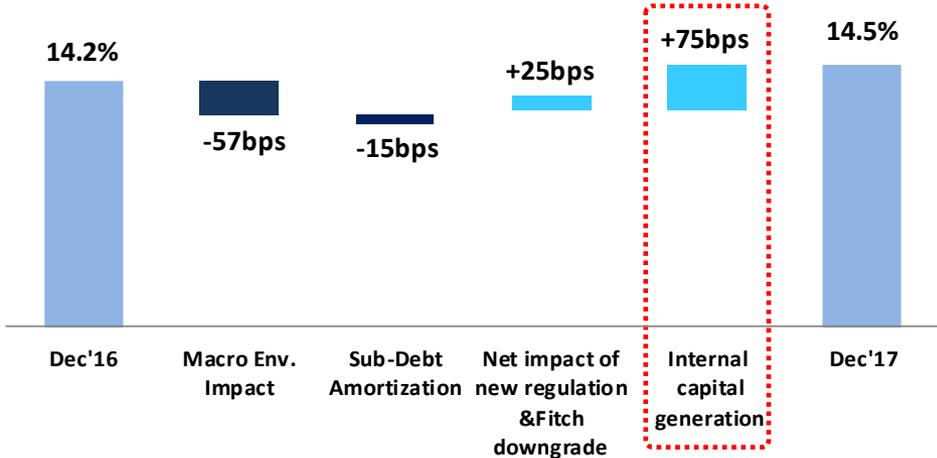


Macro environment was not supportive in 4Q
 Yet CAR improved 28bps y/y
 with 75bps internal capital generation

Consolidated



CAR Evolution



	2017	Δ y/y
Regulatory Capital	TL 36 bln	+11%
Consolidated Credit RWA	TL 250 bln	+8%

Notes:
 (1) CET 1 minimum level of 6.5% is based on consolidated requirements
 2017 Basel 3 related capitalisation buffers include capital conservation buffer of 1.25%, countercyclical buffer (bank-specific) of 0.009%, SIFI buffer of 0.75% (Group 2)
 Bank T1 Ratio at 10.8% as of 2017. CET1 higher than T1 ratio in BRSA financials as all deduction items (including goodwill) are subject to deduction from Core Tier 1 through phase-in (2015:40%, 2016: 60%, 2017: 80%, 2018: 100%)

A better than guided performance in 2017, confirming our dedicated approach

Outlook

	2017B	2017A	
Volume Growth			
Loans	10 - 12%	13%	✓
Deposits	10 - 12%	10%	✓
Revenues and Costs			
NIM ¹	Flattish	Swap adj. -20 bps +12 bps	✓
Fees	10%	12%	+
Costs ²	2-3pp below CPI	5 pp below CPI	+
Cost/Income	42%	41%	+
Asset Quality			
NPL ratio	Flattish	-39 bps	+
Specific CoR	Stable	-18 bps	+
Fundamentals			
LDR	Stable	Slightly up	✓
CAR ¹	>13%	14.5%	✓
Net profit³	Mid/High-teens	23%	+

Notes:

- (1) All figures based on BRSA consolidated financials except NIM and CAR
- (2) Adjusted for pension fund provision – unadjusted CIR still implies better than guided performance
- (3) Based on reported net profit

2018 YKB Outlook: Ongoing improvement in profitability driven by strict cost discipline & sustained improvement in asset quality

Outlook

Volumes	Loan growth at private bank levels focusing on value generating segments	Loans 12-14%	Deposits 12-14%	<ul style="list-style-type: none"> Lending mainly driven by TL commercial and individual loans; mild increase in FC lending Further increase in the share of retail deposit and retail demand deposits in total
Revenues	Improvement in loan-deposit spread, double digit fee increase with diversification efforts	NIM ¹ Flattish Exc. CPI impact	Fees Low-teens	<ul style="list-style-type: none"> Flattish NIM excluding the negative impact from CPI-linked securities, with ongoing repricing efforts Fee growth supported by diversification efforts and customer acquisition Strong focus on digital sales
Costs	Strict cost discipline leveraging heavily on digitalization & efficiency	Costs Below CPI	Cost/Income ~40%	<ul style="list-style-type: none"> Below inflation cost growth; ongoing «cost elimination» through digitalization Digitalization focus to decrease «cost to serve»
Asset Quality	Proactive approach to ensure ongoing improvement	NPL Ratio ~-10 bps	CoR Slightly down	<ul style="list-style-type: none"> Improvement in NPL ratio with slowdown in net new NPL inflows, Stock management through NPL sales might continue depending on the market conditions Slightly better CoR
Fundamentals	Ample liquidity levels with solid capital ratios	LDR 110%-115%	CAR ¹ > 13%	<ul style="list-style-type: none"> LDR at 110% - 115% driven by balanced volume growth Capital ratios to be maintained at comfortable levels with ongoing internal capital generation

Earnings growth at mid-teens with improvement in ROATE

Closing remarks

Above guidance performance, thanks to continuing improvement in fundamentals inline with strategies, positive trend to continue in 2018

All three phases of the strategy paying off:

- **Revenue growth:** consistently strong performance with double digit revenue growth in the 12 consecutive quarters
- **Cost elimination:** under control and below inflation since 2015 end
- **Asset quality improvement:** positive trend in 2017 to continue in 2018

ROATE increase to continue with strategic achievements

 **Annex**

Macro Environment and Banking Sector

Macro Environment

A strong growth; through support by the government
Ongoing tight stance by CBRT with the intention to keep the inflation under control

	2016	2017
GDP Growth (y/y)¹	3.2%	7.4%
CPI Inflation (y/y)	8.5%	11.9%
Consumer Confidence Index²	69.5	67.3
CAD/GDP³	-3.8%	-5.1%
Budget Deficit/GDP¹	-1.1%	-1.7%
Unemployment Rate²	12.7%	10.3%
USD/TL (eop)	3.52	3.82
Benchmark Bond Rate (eop)	10.7%	13.4%

Banking Sector

Banking sector weathering the storm despite increasing TL funding costs...
With a strong volume growth thanks to government incentives

	2016	2017
Loan Growth	17%	21%
<i>Private</i>	13%	16%
<i>State</i>	23%	27%
Deposit Growth	17%	16%
<i>Private</i>	16%	13%
<i>State</i>	19%	24%
NPL Ratio	3.1%	2.9%
CAR	14.9%	16.5%
ROATE	14.2%	15.1%

Notes:

All macro data as of Dec'17 unless otherwise stated

Banking sector volumes based on BRSA weekly data as of 29 Dec'17

(1) GDP Growth, Budget Deficit/GDP are as of Sept'17

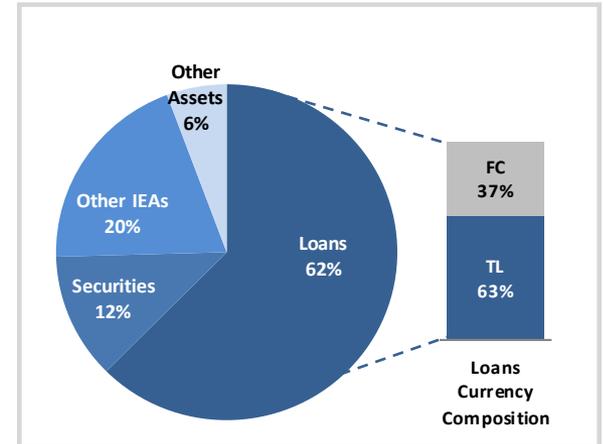
(2) Consumer Confidence index, Unemployment rate are as of Oct'17

(3) CAD indicates Current Account Deficit as of Nov'17

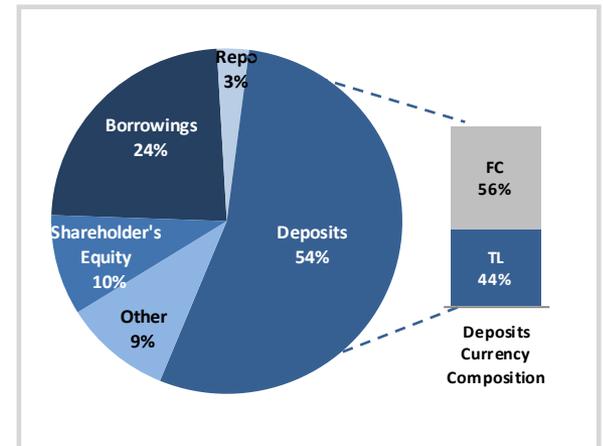
Consolidated Balance Sheet

TL bln	1Q15	1H15	9M15	YE15	1Q16	1H16	9M16	YE16	1Q17	1H17	9M17	YE17	q/q	y/y
Total Assets	215.5	223.8	247.8	235.3	237.9	245.8	248.1	271.1	281.4	286.5	293.9	320.1	9%	18%
Loans	135.5	142.8	153.7	152.5	154.6	161.3	161.6	176.5	183.7	185.8	190.6	199.9	5%	13%
TL Loans	89.3	93.8	97.1	97.7	99.0	102.5	101.3	105.9	112.5	116.3	120.4	126.0	5%	19%
FC Loans (\$)	17.7	18.2	18.6	18.8	19.6	20.3	20.1	20.1	19.6	19.8	19.8	19.6	-1%	-2%
Securities¹	27.5	28.6	29.4	30.0	28.5	28.7	26.5	30.0	32.6	32.4	35.5	38.8	9%	29%
TL Securities	20.1	20.9	19.9	20.4	18.9	19.2	17.8	19.7	22.0	22.3	25.0	27.6	11%	40%
FC Securities (\$)	2.8	2.8	3.1	3.3	3.4	3.3	2.9	2.9	2.9	2.9	3.0	3.0	0%	1%
Deposits	119.7	126.1	136.3	130.0	136.6	137.7	138.6	157.1	163.5	164.2	165.0	173.4	5%	10%
TL Deposits	64.5	62.7	65.4	67.2	70.4	71.3	75.3	84.2	81.3	81.1	71.1	75.9	7%	-10%
FC Deposits (\$)	21.2	23.5	23.3	21.6	23.3	22.9	21.1	20.7	22.6	23.7	26.4	25.8	-2%	25%
Borrowings	46.7	45.8	52.8	48.7	49.7	49.9	51.1	57.7	61.0	62.3	63.9	75.3	18%	31%
TL Borrowings	5.6	5.5	4.9	5.5	5.3	4.8	5.0	5.4	5.1	6.1	6.5	7.1	8%	32%
FC Borrowings (\$)	15.7	15.0	15.7	14.9	15.7	15.6	15.4	14.9	15.4	16.0	16.1	18.1	12%	22%
Shareholders' Equity	21.0	22.1	22.0	23.1	23.7	24.3	25.0	26.1	27.7	28.5	29.0	30.1	4%	15%
Assets Under Management	13.0	13.4	13.6	13.8	14.4	14.8	15.4	16.1	17.4	18.5	19.1	19.5	2%	21%
Loans/Assets	63%	64%	62%	65%	65%	66%	65%	65%	65%	65%	65%	62%		
Securities/Assets	13%	13%	12%	13%	12%	12%	11%	11%	12%	11%	12%	12%		
Borrowings/Liabilities	22%	20%	21%	21%	21%	20%	21%	21%	22%	22%	22%	24%		
Loans/(Deposits+TL Bonds)	110%	110%	110%	114%	110%	114%	113%	110%	110%	110%	112%	112%		
CAR - cons	14.3%	13.0%	12.1%	12.9%	13.5%	13.6%	13.9%	13.2%	13.4%	13.7%	13.8%	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%	10.3%	10.3%	10.0%		
Leverage Ratio	9.2x	9.1x	10.3x	9.2x	9.0x	9.1x	8.9x	9.4x	9.2x	9.1x	9.1x	9.6x		

Assets



Liabilities



(1) Securities excluding derivatives

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

Consolidated Income Statement

TL million	1Q16	2Q16 ¹	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	q/q	y/y	2016	2017	y/y
Total Revenues	3,063	3,000	3,189	3,156	3,529	3,363	3,261	3,627	11%	15%	12,407	13,779	11%
Core Revenues	2,704	2,689	2,922	2,878	3,100	3,147	3,152	3,651	16%	27%	11,194	13,050	17%
Net Interest Income	1,952	1,911	2,217	2,141	2,251	2,321	2,353	2,810	19%	31%	8,221	9,735	18%
o/w CPI-linkers	313	137	287	212	325	338	409	663	62%	213%	949	1,735	83%
Fees & Commissions	752	778	706	737	849	826	799	841	5%	14%	2,973	3,315	12%
Other Revenues	359	311	266	277	430	215	108	-24	-	-	1,214	729	-40%
Other income ²	307	257	216	240	362	314	269	287	7%	19%	1,020	1,231	21%
o/w collections ²	209	208	159	178	234	202	198	178	-10%	0%	754	813	8%
o/w pension fund reversal	0	0	0	6	0	0	0	0	-	-	6	0	-
o/w NPL sale	0	0	0	0	28	45	18	0	-	-	0	90	-
o/w others	98	49	58	57	101	68	53	109	105%	91%	263	332	26%
Trading	48	52	51	37	66	-107	-160	-311	94%	-	187	-513	-
o/w swap costs	-62	-34	-27	39	-34	-226	-204	-288	41%	-	-85	-752	784%
Dividend	3	3	0	0	2	8	0	0	-	-	6	11	74%
Operating Costs	1,264	1,324	1,352	1,375	1,370	1,422	1,363	1,665	22%	21%	5,315	5,820	9%
o/w operating costs	1,264	1,324	1,352	1,375	1,370	1,422	1,363	1,543	13%	12%	5,315	5,697	7%
o/w pension fund provisions	0	0	0	0	0	0	0	123	-	-	0	123	-
Operating Income	1,799	1,676	1,836	1,780	2,160	1,941	1,898	1,962	3%	10%	7,092	7,959	12%
Provisions	888	844	808	1,034	895	820	840	804	-4%	-22%	3,574	3,358	-6%
Specific Provisions ²	672	623	748	764	756	717	761	596	-22%	-22%	2,807	2,829	1%
Generic Provisions	120	158	46	171	45	62	46	151	225%	-12%	495	304	-39%
Other Provisions	96	63	14	99	94	40	33	58	75%	-42%	272	225	-18%
Pre-tax Income	911	832	1,028	746	1,265	1,121	1,058	1,158	9%	55%	3,518	4,601	31%
Tax	207	194	218	176	263	229	216	278	29%	58%	795	987	24%
Net Income	704	638	811	570	1,001	892	841	880	5%	54%	2,723	3,614	33%
Reported Net Income	704	848	811	570	1,001	892	841	880	5%	54%	2,933	3,614	23%
ROATE¹	12.8%	11.3%	13.9%	9.4%	15.8%	13.4%	12.3%	12.5%	20bps	313bps	11.9%	13.6%	170bps

- Notes:
- (1) 2016 figures excludes the Visa sale gain [Impact of Visa sale gain: 235 mln TL (net impact: 210 mln TL)].
 - (2) 2016 other income and provisions figures are restated due to the revision on accounting treatment of collections

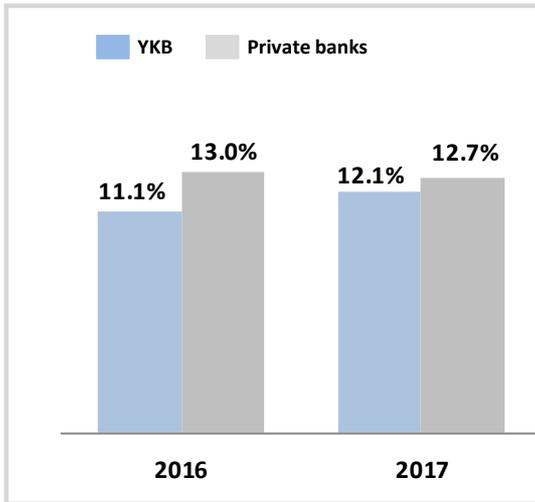
Bank-Only Income Statement

TL million	1Q16	2Q16 ¹	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	q/q	y/y	2016	2017	y/y
Total Revenues	2,950	2,893	3,083	3,023	3,401	3,231	3,139	3,476	11%	15%	11,949	13,248	11%
Net Interest Income	1,821	1,772	2,065	1,976	2,141	2,174	2,212	2,684	21%	36%	7,635	9,211	21%
o/w CPI-linkers	313	137	287	212	325	338	409	663	62%	213%	949	1,735	83%
Fees & Commissions	716	744	671	695	807	784	757	788	4%	13%	2,826	3,136	11%
Other Revenues	413	377	347	352	453	273	170	4	-97%	-99%	1,489	900	-40%
Other income ¹	398	349	317	348	473	432	394	411	4%	18%	1,412	1,711	21%
o/w collections ¹	209	208	159	178	234	202	198	178	-10%	0%	754	813	8%
o/w pension fund reversal	0	0	0	6	0	0	0	0	-	-	6	0	-
o/w NPL sale	0	0	0	0	28	45	18	0	-	-	0	90	-
o/w profit/(loss) of associates& jv.s accounted for using equity method	108	113	128	128	146	140	144	145	1%	13%	476	575	21%
o/w others	81	28	31	36	66	46	34	88	160%	146%	176	233	33%
Trading	15	28	30	4	-22	-159	-224	-407	81%	-	76	-813	-
o/w swap costs	-94	-52	-33	35	-114	-276	-252	-373	48%	-	-143	-1,015	-
Dividend	0	0	0	0	2	0	0	0	-	37%	0	2	-
Operating Costs	1,199	1,258	1,310	1,309	1,295	1,346	1,293	1,585	23%	21%	5,077	5,520	9%
o/w operating costs	1,199	1,258	1,310	1,309	1,295	1,346	1,293	1,462	13%	12%	5,077	5,398	6%
o/w pension fund provisions	0	0	0	0	0	0	0	123	-	-	0	123	-
Operating Income	1,751	1,635	1,773	1,714	2,106	1,884	1,846	1,891	2%	10%	6,872	7,727	12%
Provisions	863	828	776	995	876	792	821	764	-7%	-23%	3,463	3,254	-6%
Specific Provisions ²	654	610	723	725	745	687	749	572	-24%	-21%	2,713	2,753	1%
Generic Provisions	115	155	40	174	43	61	40	146	265%	-16%	484	290	-40%
Other Provisions	94	63	13	97	88	45	32	46	46%	-52%	266	211	-21%
Pre-tax Income	887	807	997	719	1,230	1,092	1,024	1,127	10%	57%	3,410	4,473	31%
Tax	183	169	186	149	229	200	183	247	35%	66%	687	859	25%
Net Income	704	638	811	570	1,001	892	841	880	5%	54%	2,723	3,614	33%
Visa Income	0	210	0	0	0	0	0	0	-	-	210	0	-
Reported Net Income	704	848	811	570	1,001	892	841	880	5%	54%	2,933	3,614	23%
ROATE¹	12.8%	11.3%	13.9%	9.4%	15.8%	13.4%	12.3%	12.5%	20bps	313bps	11.9%	13.6%	170bps

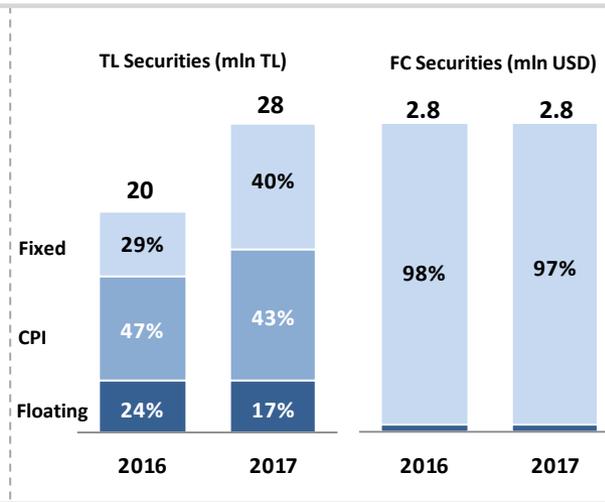
- Notes:
- (1) 2016 figures excludes the Visa sale gain [Impact of Visa sale gain: 235 mln TL (net impact: 210 mln TL)].
- (2) 2016 other income and provisions figures are restated due to the revision on accounting treatment of collections

Securities

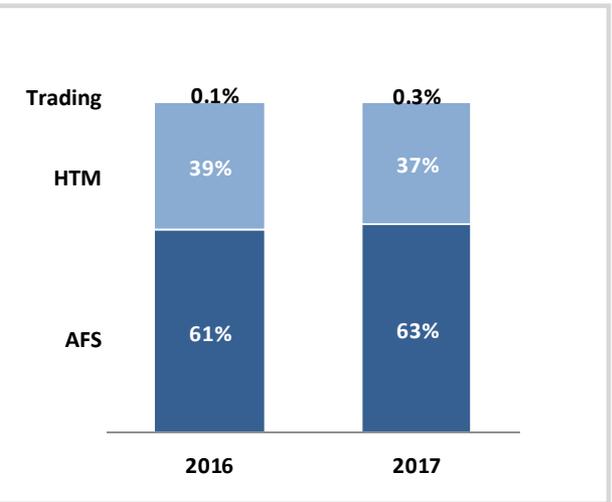
Securities¹/Assets



Composition by Type (TL bln)



Composition by Classification¹



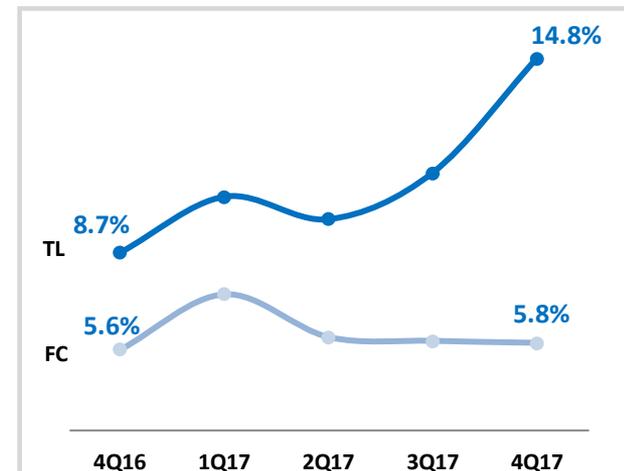
- **Securities / assets at 12.1%** with dynamically managed mix to benefit from rate environment

- **Increase in CPI linkers to benefit from higher inflation levels.** CPI-linker volume increased 26% y/y with gain of TL 1,735 mln in 2017

Oct-Oct Inflation for the revaluation CPI linker materialised at 11.9% vs our estimate of 9.5%
NII impact on 4Q17 financials: +TL 260 mln

- **M-t-m unrealised loss at TL 385 mln as of 2017** (TL -464 mln in 2016)

Security Yields²



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

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

(1) Excluding derivatives classified under trading securities

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

Borrowings: 24% of total liabilities

International	Syndications	<p>~ US\$ 2.8 bln outstanding</p> <ul style="list-style-type: none"> ■ May'17: US\$ 306 mln & € 956.5 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'17: US\$ 411 mln and € 800 mln, all-in cost at Libor+1.35% /Euribor+ 1.25% p.a. for the 367 days and Libor+ 2.20 % and Euribor+ 2.10 % for the 2 year and 1 day tranche, respectively . Participation of 37 banks from 17 countries 4Q17
	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\$ 2.7 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 ■ Jun'17: US\$ 500 mln, 5.85% (coupon rate), 7 years
	Covered Bond	<p>TL 528.8 mln out standing</p> <ul style="list-style-type: none"> ■ Oct'17: Mortgage-backed, maturity 5 years 4Q17
Domestic	Local Currency Bonds / Bills	<p>TL 500 mln TL Eurobond</p> <ul style="list-style-type: none"> ■ Jun'17: TL 500 mln, 13.13% (coupon rate), 3 years <p>TL 1.3 bln total</p> <ul style="list-style-type: none"> ■ Aug'17: TL 222 mln , 5 months maturity ■ Sept'17: TL 150 mln , 5 months maturity ■ Oct'17: TL 200 mln , 3 months maturity 4Q17 ■ Oct'17: TL 370 mln , 5 months maturity 4Q17 ■ Nov'17: TL 300 mln , 5 months maturity 4Q17

■ Q&A