Yapı Kredi
9M18 Investor Presentation

November 2018

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9M18 Results

Yapı Kredi: A leading financial services group

Key Figures – 9M18

Ratings	Moody's: B2 / Fitch: BB- / S&P: B+

Total Assets	422.0 bln TL
Loans[1]	249.4 bln TL
Net Income	3,586 mln TL
RoATE[2]	14.3%
Number of Branches	867
Employees[3]	18,957

Market Share – 9M18

		Market Share[4]
Total Bank	Cash & Non-cash Loans	10.3%
	Deposits	9.9%
Business Units	Corporate Loans[5]	9.3%
	Consumer Loans[6]	8.6%
	Credit Card Outstanding	21.4%
Subsidiaries	Leasing[7]	20.4%
	Factoring[8]	16.4%
	Wealth Management[9]	17.6%

Notes:
1. Loans indicate performing loans, 2. RoATE indicates return on average, tangible equity (excl. intangible assets) and adjusted for 4.1 bln capital raise, 3. Group data. Bank-only: 18,088, 4. Market shares are 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 28 Sep'18, 5. Cash loans excluding credit cards and consumer loans, 6. Including mortgages, GPL and auto loans, 7. Refers to leasing receivables, 8. Refers to factoring turnover, 9. Refers to Mutual Funds;

Well-diversified commercial business mix and customer-oriented service model

YapıKredi

Corporate and Commercial Banking

Corporate *Turnover* *>USD 100 mln*	Commercial *Turnover* *USD 10-100 mln*	International/ Multinational
3 Branches	**46 Branches**	**1 Branch**

Retail Banking

Individual Banking	SME Banking[1] *Turnover* *<USD 10 mln*	Private Banking *Total* *PFA > TL 500K*	Credit Cards
789 Branches		**22 Branches**	

Subsidiaries

- YapıKredi Factoring
- YapıKredi Leasing
- YapıKredi Invest
- YapıKredi Asset Management
- YapıKredi Nederland
- YapıKredi Azerbaijan
- YapıKredi Malta

Notes:
Financial figures are as of Sep'18. Branch numbers are as of Sep'18. Total # of branches is 867 of which 6 are free zone, abroad, custody and moblie branches
1. Including micro+ small + large size enterprises

Stable, long-term focused majority shareholders supporting Yapı Kredi's growth

Koç — 50% — KOÇ FINANCIAL SERVICES — 50% — UniCredit

KOÇ FINANCIAL SERVICES — 81.9%[1] — YapıKredi

Koç

Largest business group in Turkey with combined revenue equal to 7% of Turkey's GDP

	9M18
Total Assets (EUR bln)	20.0
Revenues (EUR mln)	19,010
Net Income (EUR mln)	703

Ratings

Moody's: Ba2 / S&P: BB-

UniCredit

Simple, successful, pan-European, commercial bank with a unique Western, Central and Eastern European network in 14 core markets

	9M18
Total Assets (EUR bln)	834.1
Revenues (EUR mln)	14,896
Net Income (EUR mln)	2,165

Ratings

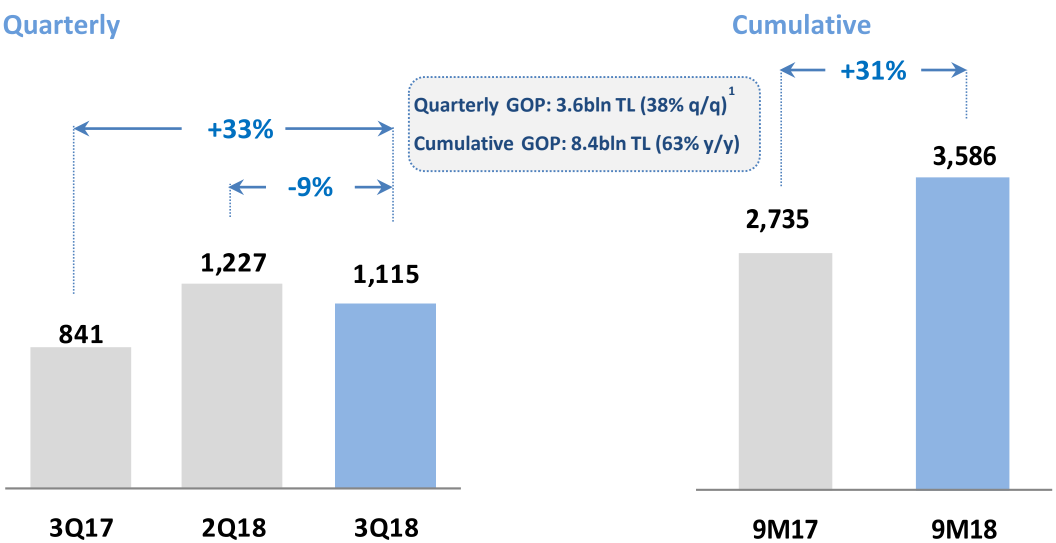
Moody's: Baa1 / Fitch: BBB / S&P: BBB

Strong and committed majority shareholders bringing stability, strength and depth to corporate governance

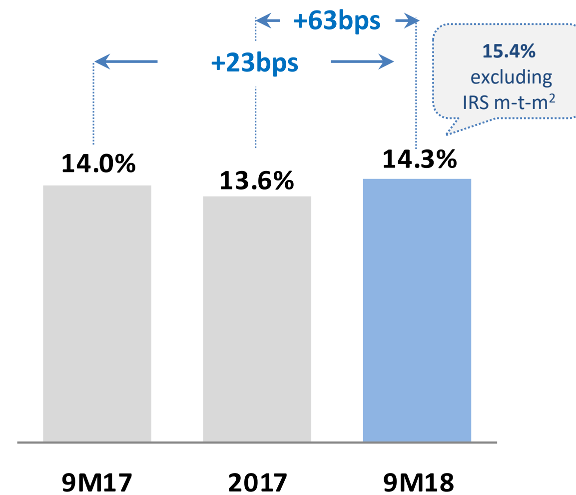
Notes:
All information and figures regarding UniCredit and Koç Holding are based on publicly available 9M18 data, unless otherwise stated
1. Remaining 18.1% listed on the Istanbul Stock Exchange and Global Depository Receipts that represent the Bank's shares are quoted on the London Stock Exchange

A solid top-line within conservative asset quality and liquidity approach

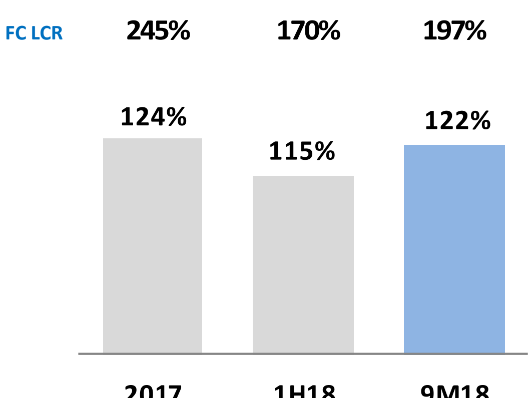
Net Profit (TL mln)



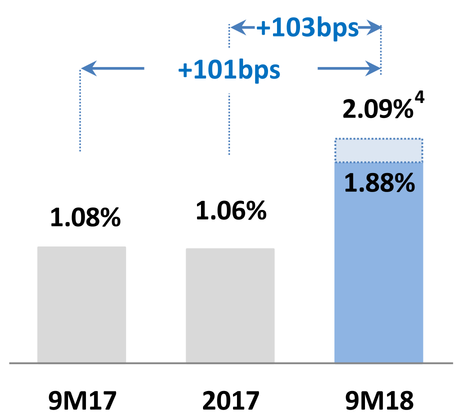
RoTE



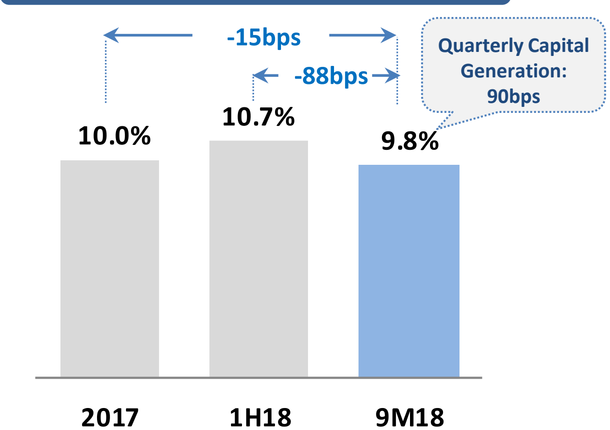
LCR (TL+FC)[3]



CoR



CET1 Ratio[5]



Notes:

1. Gross Operating Profit (GOP) figures excludes ECL collection income and trading income to hedge FC ECL
2. TL 4.1bln (2017: TL 838mln) IRS m-t-m valuation gain that is booked under equity but not considered in capital calculations
3. Based on past three months averages
4. Adjusted for provision reversals related with cheques following the change in regulation in 1H18
5. CET-1 ratio is presented without the forbearance actions (with forbearance: 12.1%)

A controlled loan growth during the volatile period

Loan volumes (TL bln)

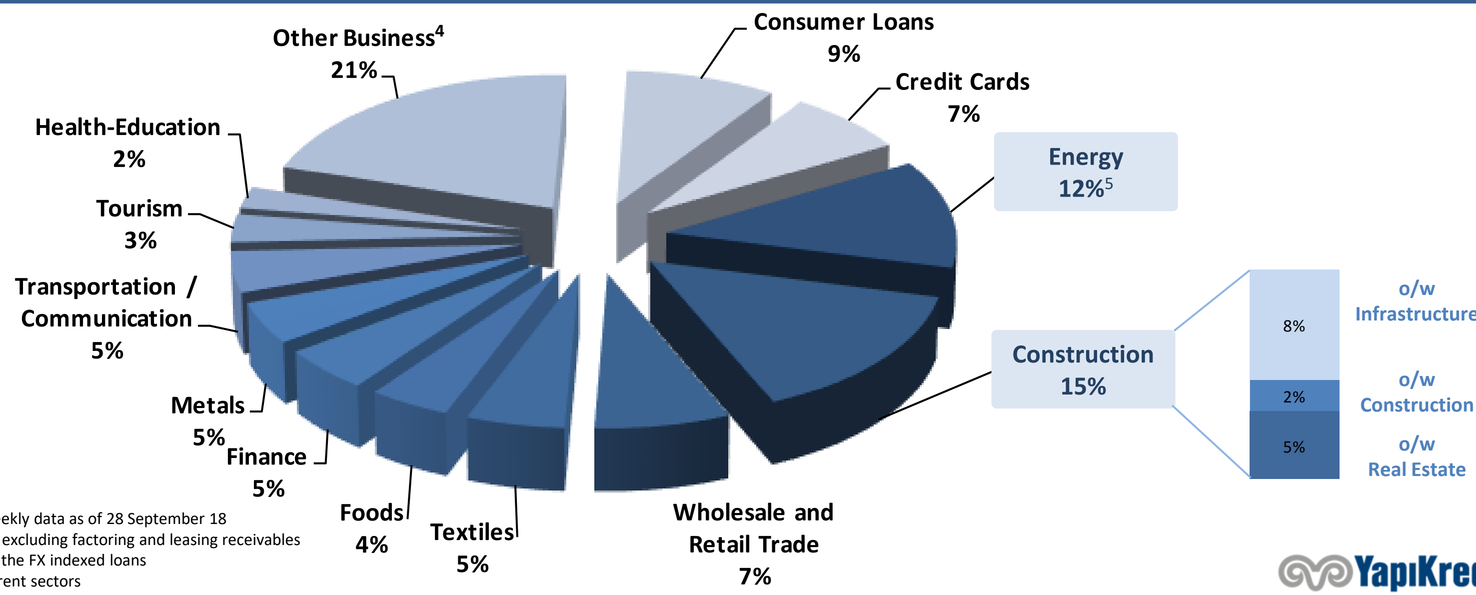
	Yapı Kredi				Private Banks[1]		
	9M18	y/y	ytd	q/q	y/y	ytd	q/q
Total Cash+Non-cash Loans[2]	**353.2**	**32%**	**27%**	**12%**	**27%**	**21%**	**9%**
TL[3]	152.0	9%	4%	1%	8%	3%	-2%
FC ($)[3]	33.6	-6%	-4%	-7%	-9%	-8%	-6%
Total Cash Loans[2]	**249.4**	**31%**	**25%**	**12%**	**23%**	**18%**	**7%**
TL[3]	124.8	8%	4%	1%	7%	3%	-2%
FC ($)[3]	20.8	-2%	-2%	-4%	-9%	-9%	-6%
Total Cash Loans (FX adjusted)	**249.4**	**3%**	**1%**	**-2%**	**-1%**	**-3%**	**-4%**

FC loans (in $) **down by 17%** based on 13 weeks average (vs sector: -7.5%)

FC loans comprised mainly of **project finance and long-term loans (93%)** (short-term loans: 7%)

7.24% market share in CGF loans as of September 2018

Sectoral Breakdown of Cash and Non-Cash Loans - bank only



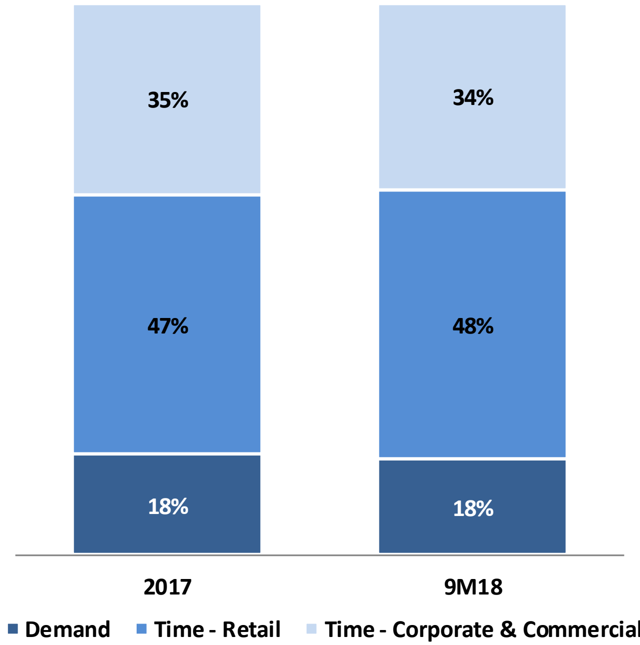
Notes:
1. Private banks based on BRSA weekly data as of 28 September 18
2. Loans indicate performing loans excluding factoring and leasing receivables
3. TL and FC loans are adjusted for the FX indexed loans
4. Other Business includes 17 different sectors
5. Please see page 14 for the detailed breakdown of Energy loans

Strong deposit base as a corner stone for liquidity

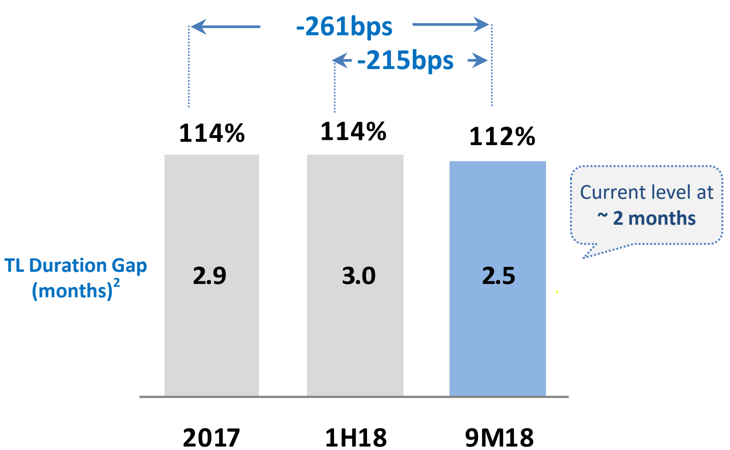
Deposit volumes (TL bln)

	YKB				Private Banks[1]		
	9M18	y/y	ytd	q/q	y/y	ytd	q/q
Total Deposits	**221.0**	**34%**	**27%**	**15%**	**30%**	**25%**	**13%**
TL	88.6	25%	17%	11%	13%	10%	5%
FC ($)	22.1	-16%	-14%	-11%	-12%	-11%	-8%
Customer Deposits	**210.8**	**33%**	**29%**	**17%**	**30%**	**25%**	**14%**
TL	84.7	22%	16%	10%	12%	9%	6%
FC ($)	21.1	-16%	-13%	-7%	-12%	-11%	-8%
Demand Deposits	**41.3**	**37%**	**29%**	**13%**	**34%**	**29%**	**10%**

Deposit Breakdown (FX adjusted)[2]



LDR[3]



Successful roll-over of the syndication on Oct'18 with 96%

Short-term FC Liquidity ~11bln USD as of 9M18
more than the upcoming run-off

Upcoming run-offs

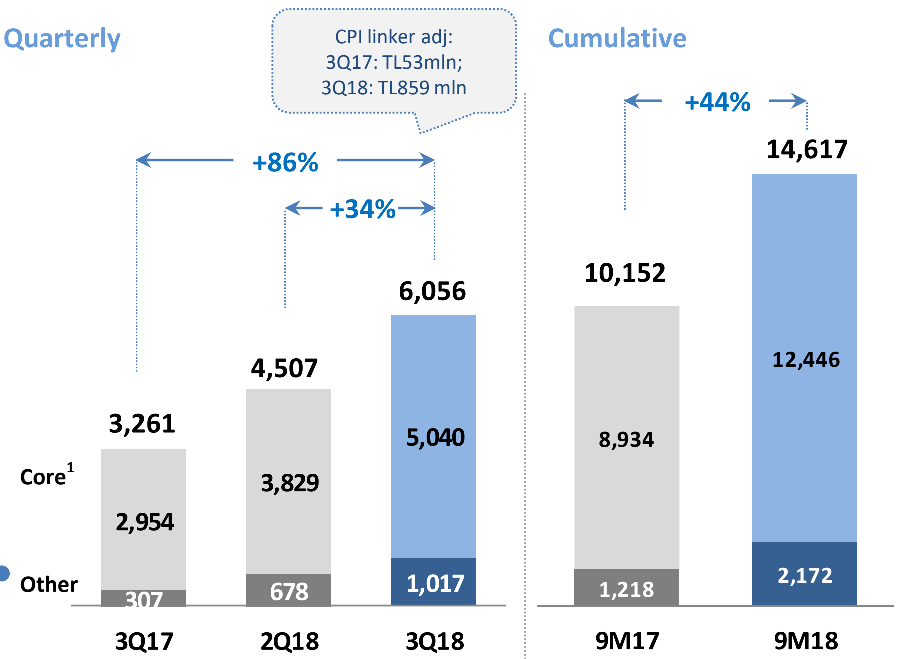
4Q18: 1 bln USD

2019: 3.6 bln USD (1.5 bln of which is syndications)

Notes:
1. Private banks based on BRSA weekly data as of 28 September 2018
2. Based on MIS data
3. LDR: LDR= Loans / (Deposits + TL Bonds)

Ongoing strength in the top-line performance

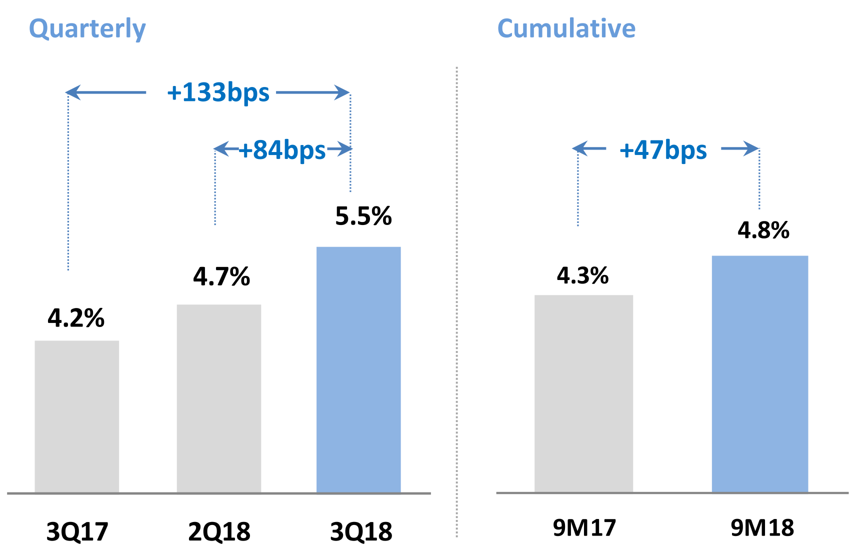
Revenues (TL mln)



mln TL	3Q17	2Q18	3Q18	9M17	9M18
Other Revenues	**307**	**678**	**1,017**	**1,218**	**2,172**
Other Income	**269**	**403**	**320**	**955**	**1,189**
Collections	215	363	244	724	937
Income From Subs	19	25	31	66	84
Dividend Income	0	8	1	10	13
Trading & FX (net)	**38**	**275**	**697**	**263**	**983**

Revenue Margin[2]

Revenue Margin improved +47bps y/y with support from the linker adjustment on top of a strong top-line performance



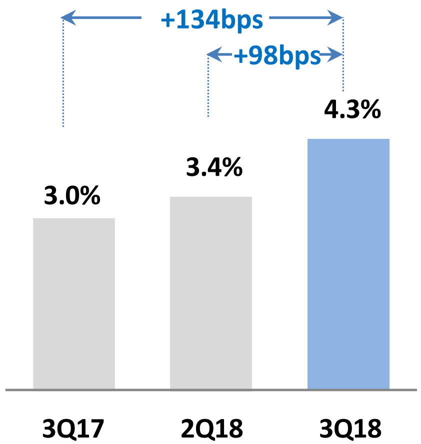
mln TL	3Q17	2Q18	3Q18	9M17	9M18
Trading & FX (net)	**38**	**275**	**697**	**263**	**983**
MtM gains	-7	118	26	43	137
Trading gains/losses	17	92	46	56	128
FX Gains	28	65	626	165	717

Notes:
1. Core Revenues = NII + swap costs + Net fee income
2. Revenue margin= Core Revenues / average IEAs; Based on bank-only financials

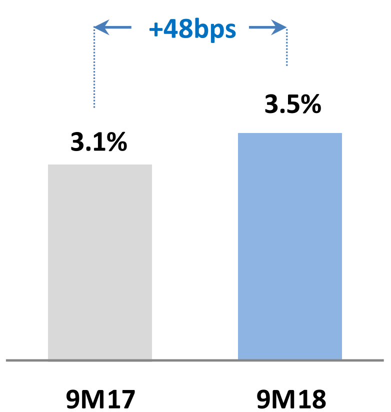
A limited tightening in the quarterly CPI adjusted NIM through protected loan spreads, thanks to shortest TL duration gap

Swap Adjusted NIM

Quarterly



Cumulative



CPI adjusted to 16%
(prev: 9.3%)

Lowest Duration Gap among Peers

TL Duration Gap
~2.5 months
(Recent ~2 months)

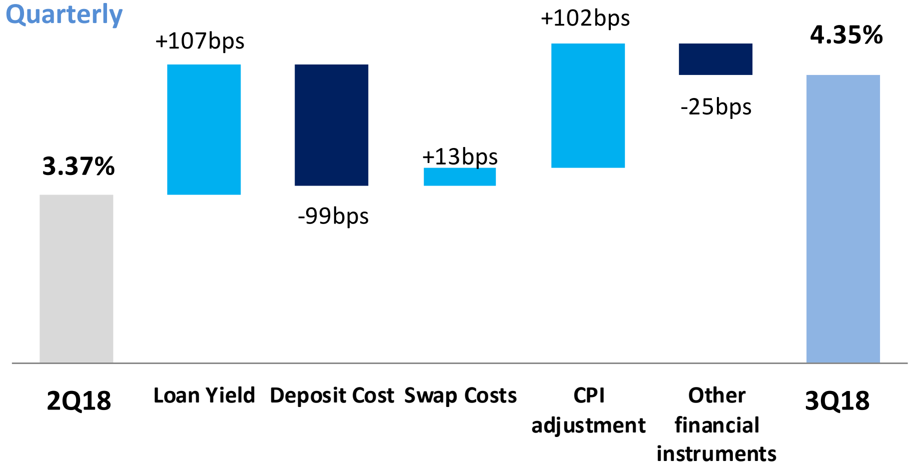
FC Duration Gap
~-20 days

thanks to Interest Rate Swaps

MtM of IRS under equity:
4.1 bln TL[1]

NIM waterfall

Quarterly



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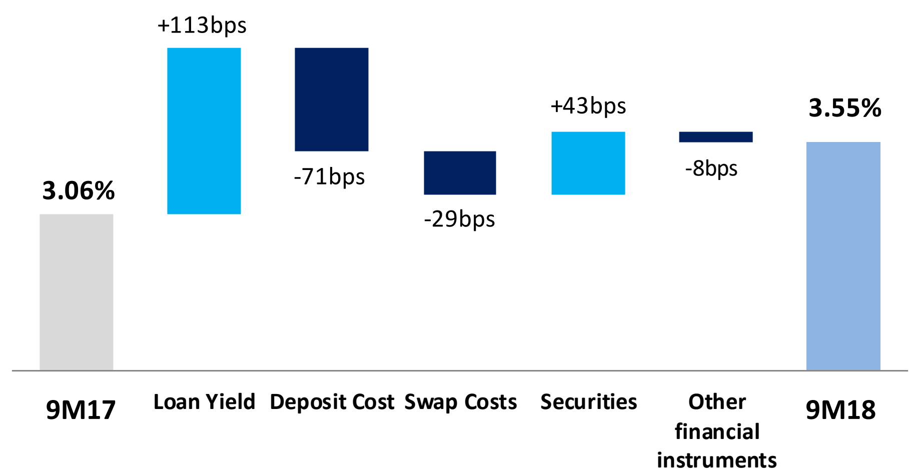
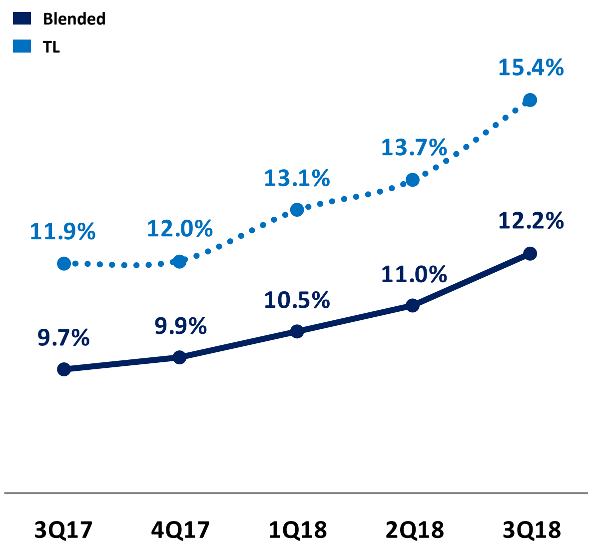


Notes:
Based on Bank-Only financials
1. Net of tax

Ongoing loan repricing protects the loan-deposit spread in 3Q

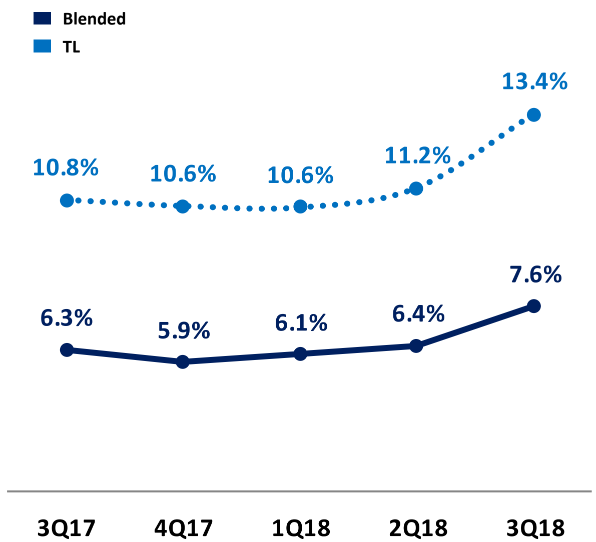
Loan Yields[1]
(Quarterly)

115 bps increase in blended loan yields in the quarter given ongoing repricing



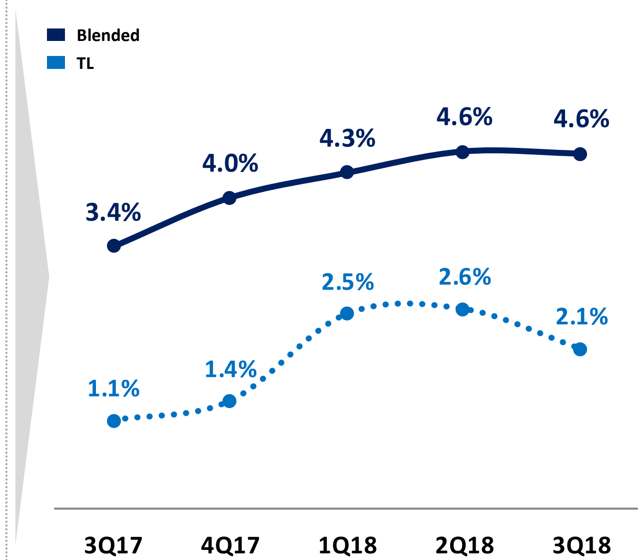
Deposit Costs
(Quarterly)

Increase in blended cost of deposits (+118 bps) given the rate hike decision of the CBT



Loan-Deposit Spread
(Quarterly)

Loan-Deposit spread almost stable through loan repricing

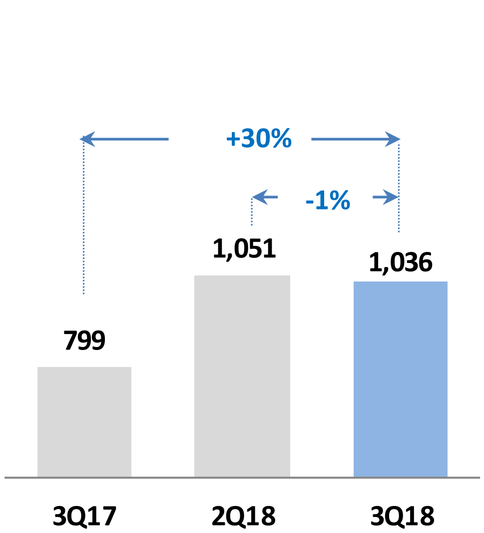


Notes:
Based on Bank-Only financials
1. Performing Loan yields

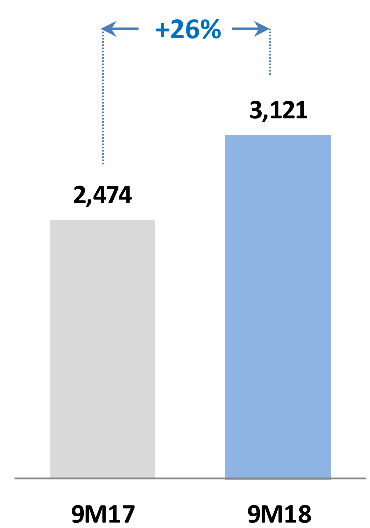
Fee increase at 26% y/y driven by the strength in card business

Net Fee income (TL mln)

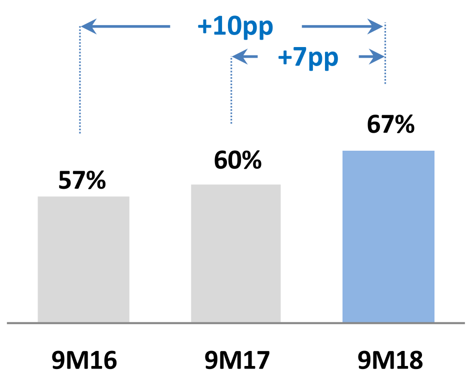
Quarterly



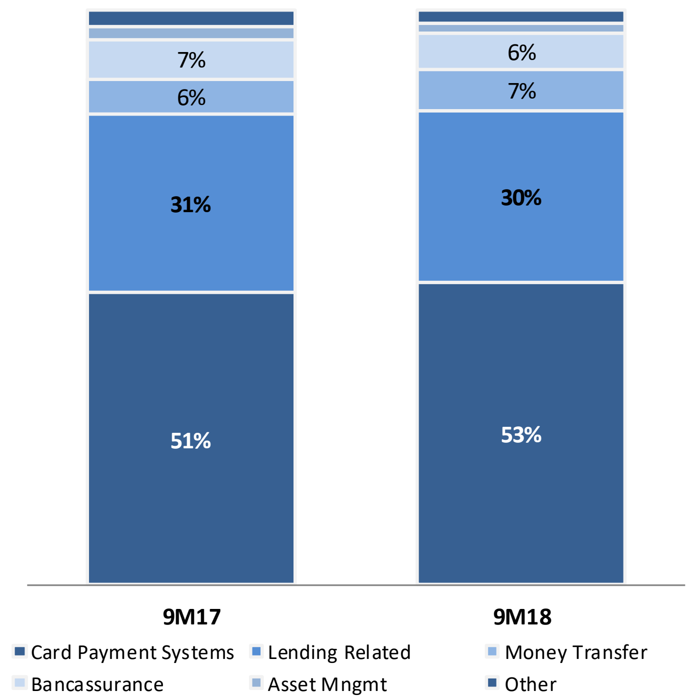
Cumulative



Fees / Opex



Fees Received Composition



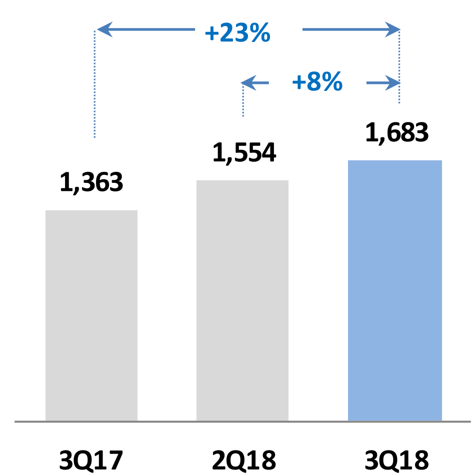
Strong performance with ongoing diversification efforts supported by the core business:

- *Money Transfer: +58% y/y*
- *Lending Related: +22% y/y (non-cash: 29%)*
- *Card Payment systems: +33% y/y*

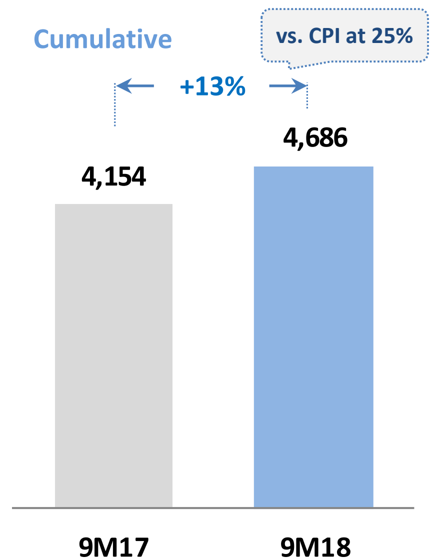
Cost discipline sustains with controlled ordinary costs

Costs (TL mln)

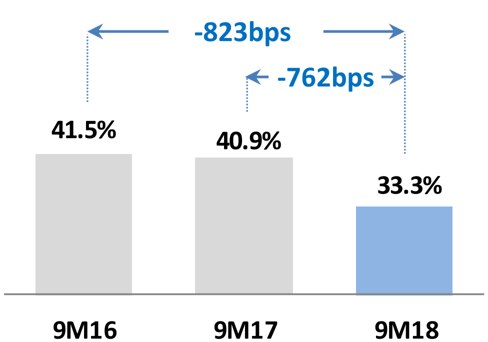
Quarterly



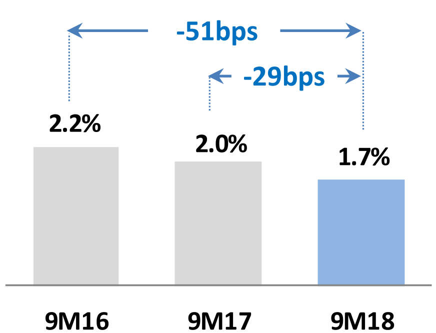
Cumulative



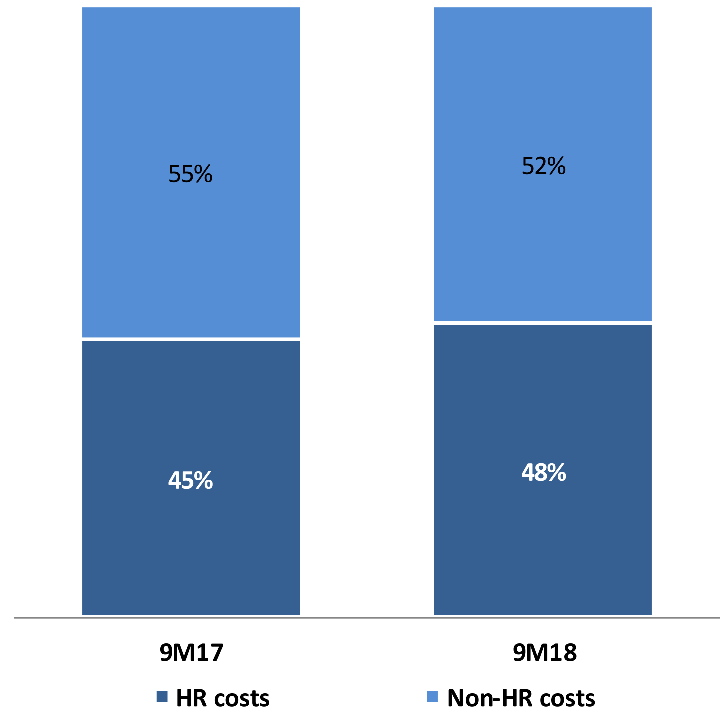
Cost / Income[1]



Costs / Average Assets[2]



Cost Breakdown[3]



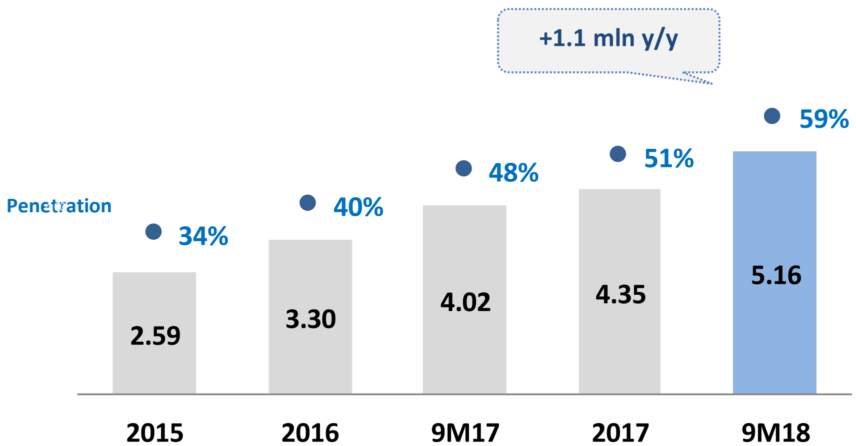
Non-HR cost share is coming down; HR cost increase due to variable compensation

- *HR costs: +19% y/y (# of FTE[4]: -2%)*
- *Non-HR costs: +7% y/y*

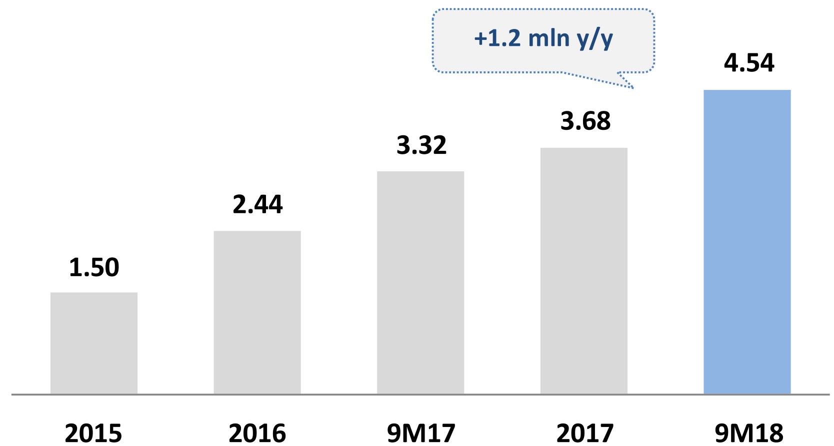
Notes:
1. 9M18 Income adjusted for trading income to hedge FC ECL
2. 9M17 and 9M16 assets are recasted for the IFRS 9 adoption (reclassification of general provisions)
3. Based on MIS data
4. FTE: Full Time Equivalent

Digital transformation fully on track

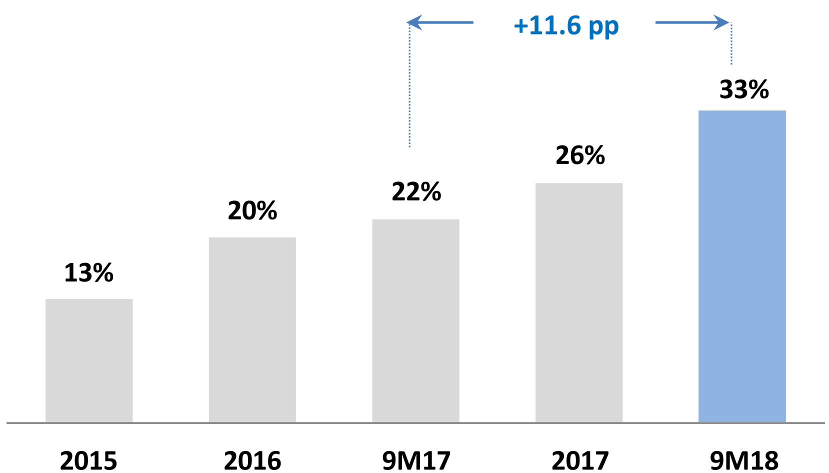
Number of Digital Customers (mln)



Number of Mobile Banking Customers (mln)



Share of digital in main products[1] sold



25 Awards in 3Q18

o/w 14 Stevie Awards

- *Best New Product or Service of the Year*
- *Integrated Mobile Experience*
- *Grand Stevie*
- *....*

o/w 5 Global Finance Awards

- *Best Online Portal Services*
- *Best Integrated Corporate Bank site*
- *Best Bill Payment & Presentment*
- *....*

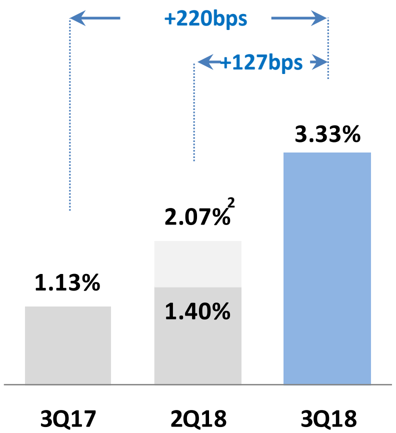
Notes:

1. Main Products; GPL, CC, Time Deposit, and Flexible Account

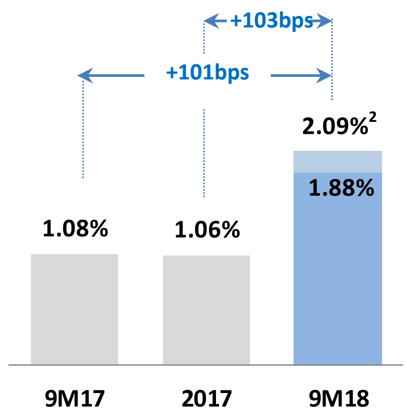
CoR increase with a prudent and conservative approach

Total Cost of Risk[1] (net of collections)

Quarterly

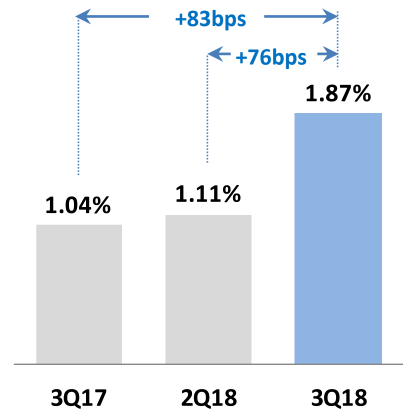


Cumulative

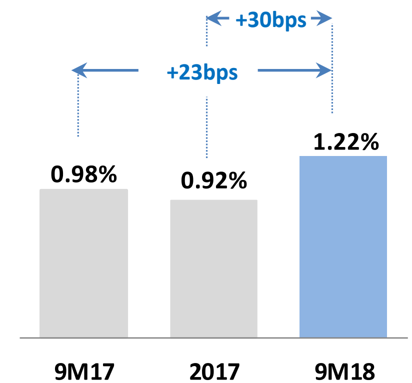


Specific Cost of Risk (net of collections)

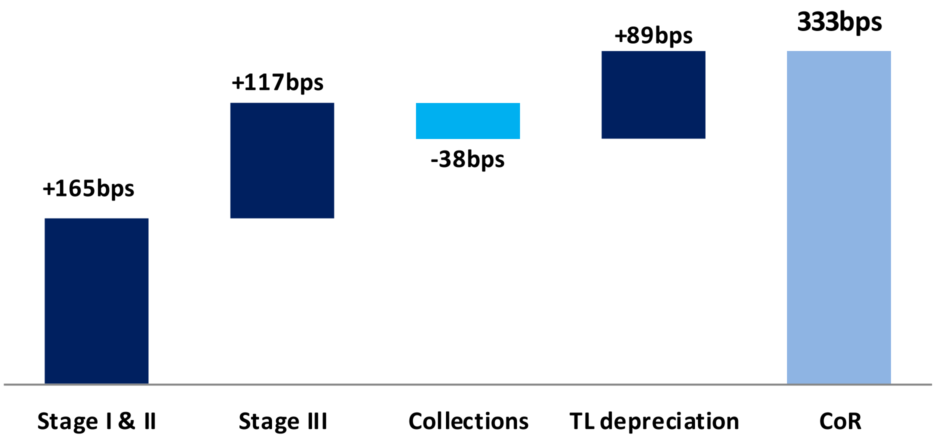
Quarterly



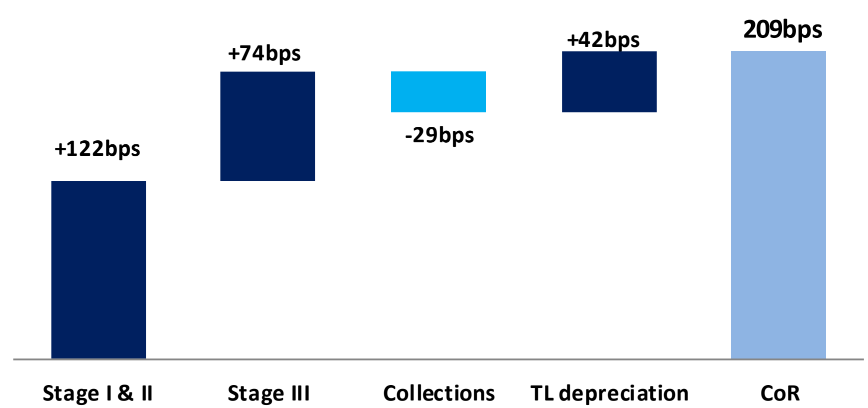
Cumulative



Cost of Risk evolution (quarterly)



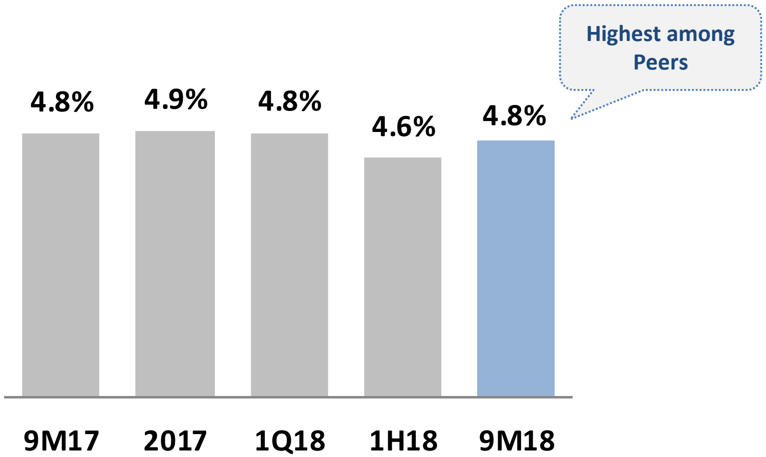
Cost of Risk evolution (cumulative)



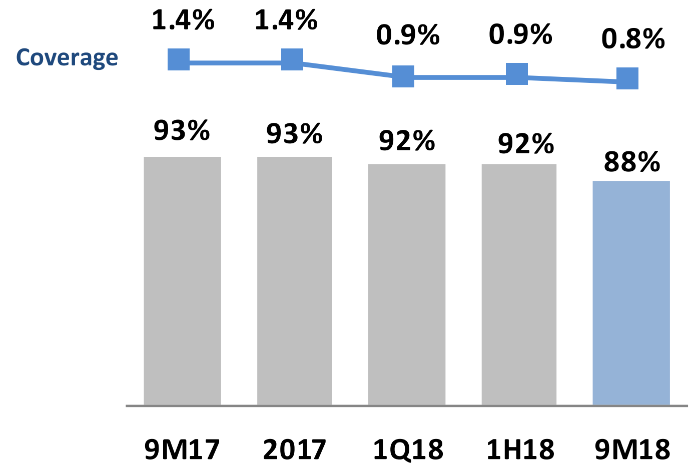
Notes:
1. Cost of Risk = (Total Expected Credit Loss- Collections)/Total Gross Loans
2. Adjusted for provision reversals related with cheques in 2Q18
3. TL depreciation impact represents the impact of increase in Stage 1 and Stage 2 expected credit loss due to increase in TL equivalent of FX denominated loans

A proactive asset quality approach with a strong coverage ratio

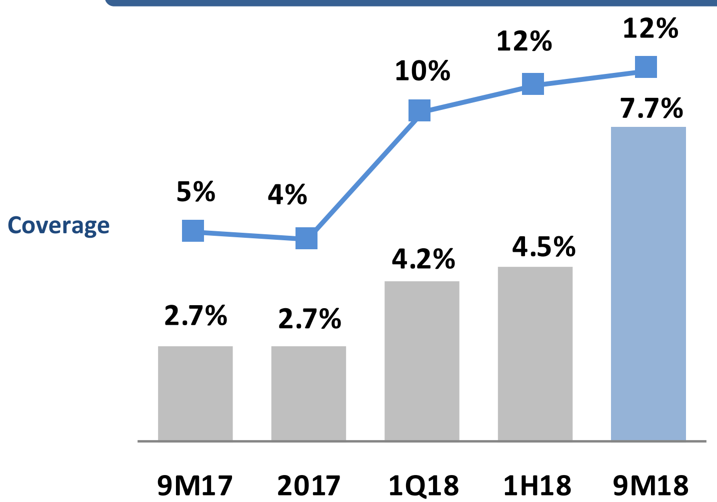
Provisions / Gross Loans



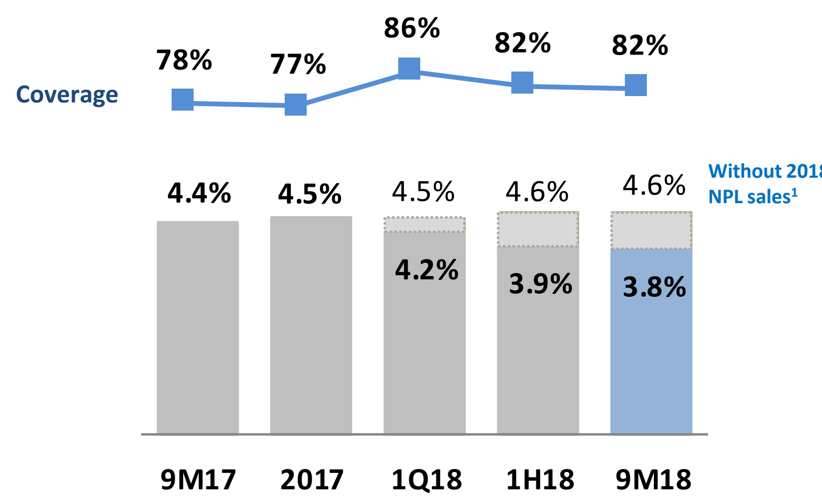
Stage I loans to Gross Loans



Stage II loans to Gross Loans



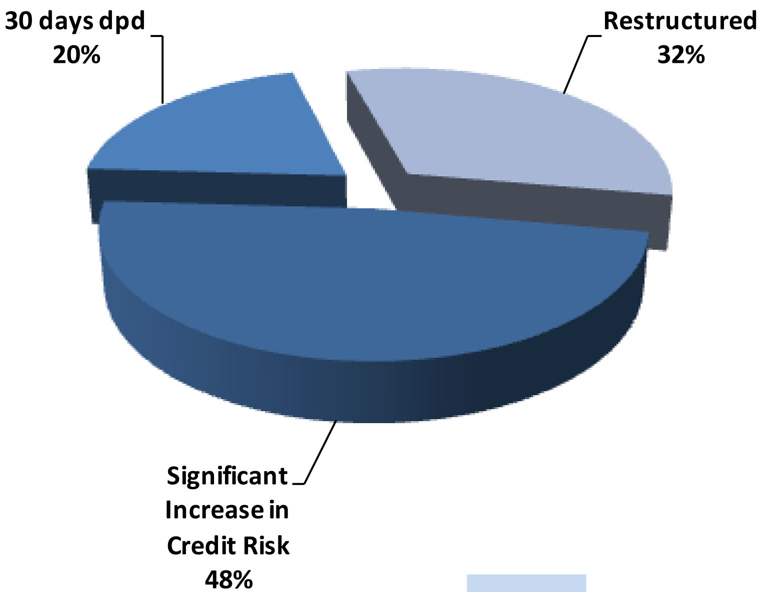
Stage III loans to Gross Loans

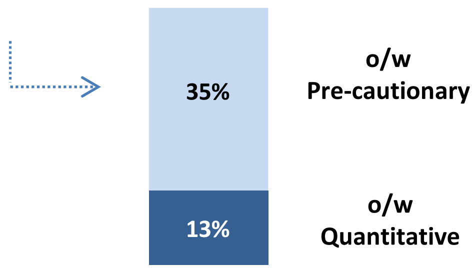


Notes:
Based on Bank-Only BRSA financials
1. TL 2.0 bln NPL sales in 9M18 (628 mln in 1Q18; 1 bln in 2Q18; 367 mln in 3Q18)

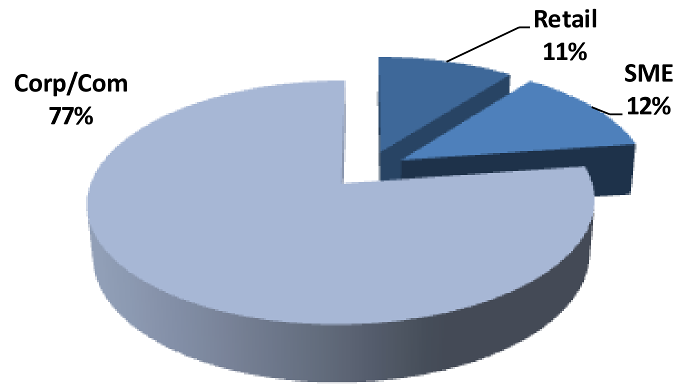
Stage 2 composition reflecting the worsening in the macro environment

Classification by rational

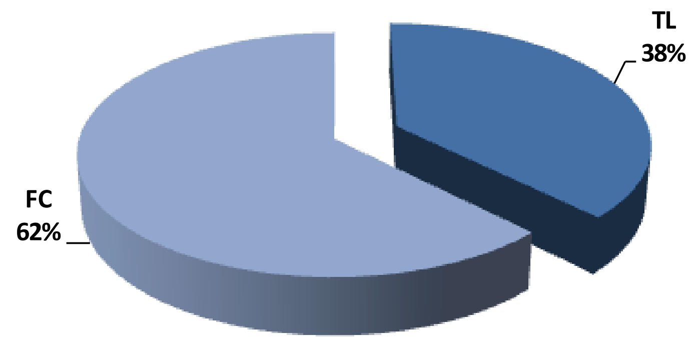




Classification by segment



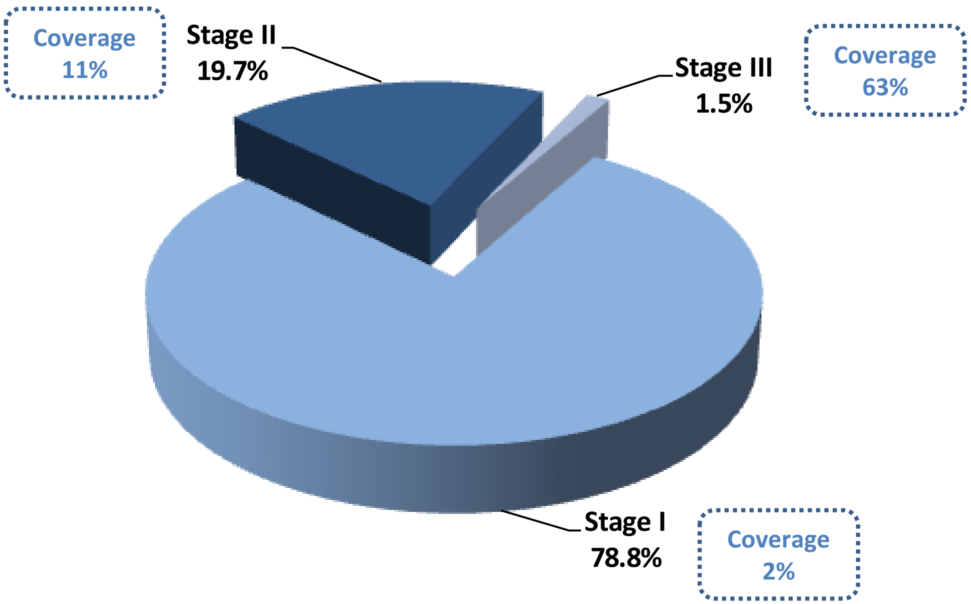
Classification by currency



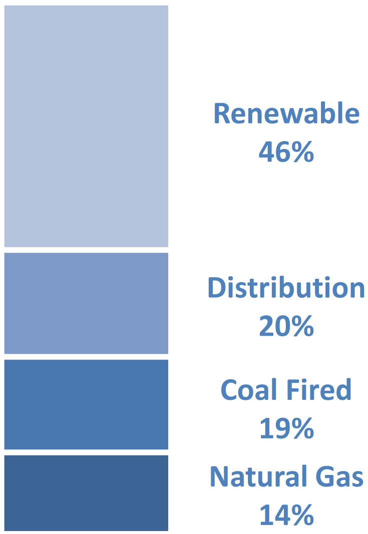
Notes:
Based on Bank-Only MIS data

Conservative approach towards energy sector

Energy Loans[1] - Breakdown by Stage



Energy Loans - Breakdown by sub-sector



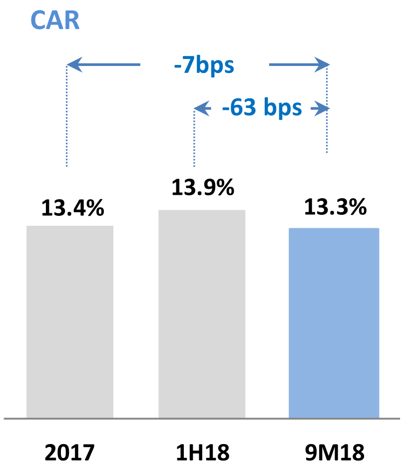
Renewable energy risks are backed by FX basis feed-in tariff

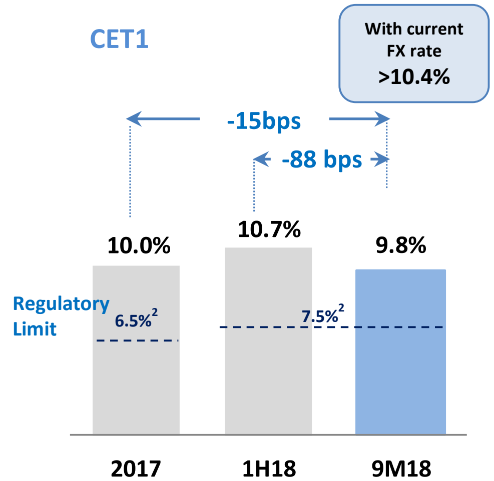
18%
Share of Wallet

Notes:
Based on Bank-Only MIS data
1. Cash and Non-cash loans

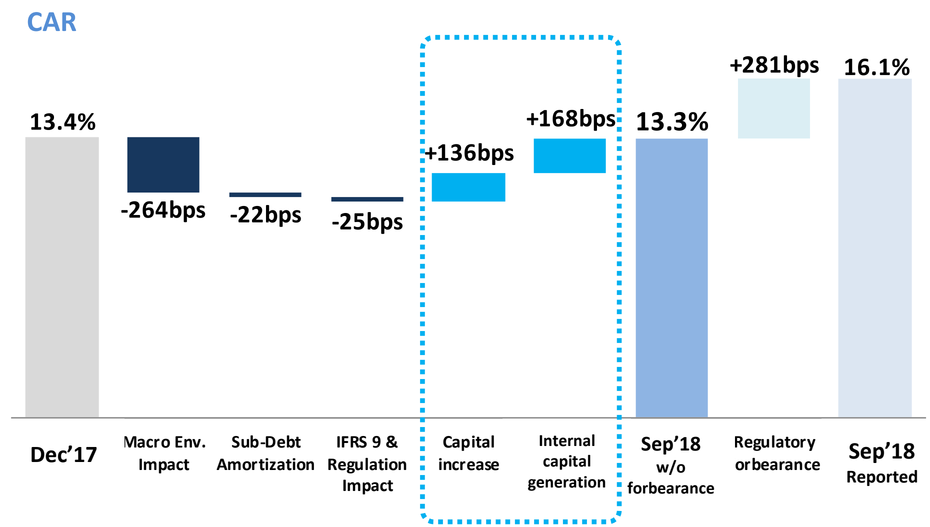
Capital ratios higher than the threshold despite the macro volatility, thanks to strong internal capital generation

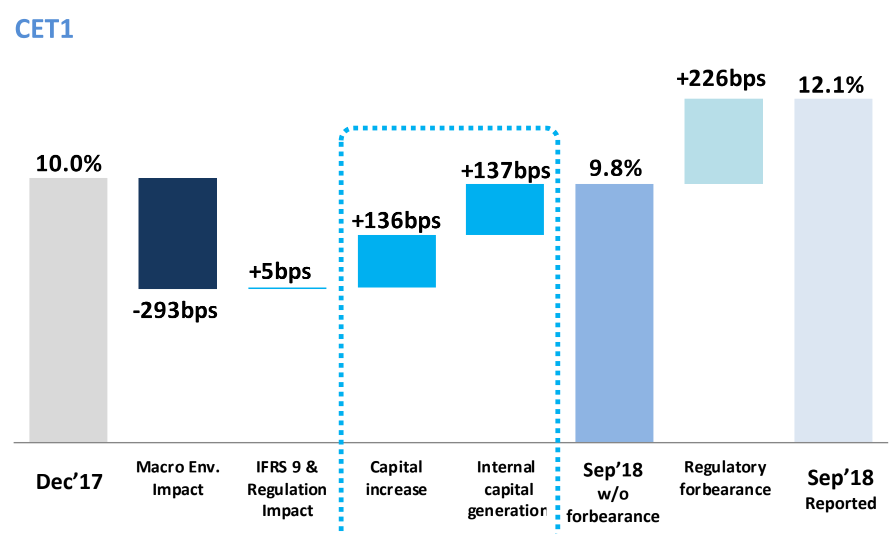
Capital Ratios[1]





Capital Evolution





In the context of our capital strengthening plan announced on 26th April 2018 and following the successful completion of our Rights Offering in June 2018, we will continue to explore opportunities for the issuance of [benchmark] Perp NC5 AT1 securities in US$ Reg S/144A format, which - as currently anticipated - could include participation from our controlling shareholders alongside third party investors

Notes:
1. Capital ratios are presented without the forbearance actions (with forbearance: CET-1: 12.1%, CAR: 16.1%)
2. CET 1 minimum level of 6.5% and 7.5% is based on consolidated requirements

2018 Basel 3 related capitalisation buffers include capital conservation buffer of 1.875%, countercyclical buffer (bank-specific) of 0.025%, SIFI buffer of 1.125% (Group 2)
T1 Ratio at 9.8% as of 9M18 (with forbearance: CET-1: 12.1%)

Revising 2018 full year guidance; bottom-line maintained

		2018 Revised	2018B OLD	
Fundamentals	LDR	110% - 115%	110% - 115%	CONFIRMED
	CAR (w/o forebearance)	>13%	>15%	REVISED DOWN
Volumes	Loans	20 - 22%	12 - 14%	REVISED UP
	Deposits	23 - 25%	12 - 14%	REVISED UP
Revenues	NIM (w/o CPI impact)	Flattish	Flattish	CONFIRMED
	Fees	High-teens	Low-teens	REVISED UP
Costs	Costs	Well below CPI	Below CPI	CONFIRMED
	Cost/Income	< 35%	< 40%	REVISED UP
Asset Quality	NPL ratio (with NPL sales)	~-30bps	~-10bps	REVISED UP
	Total CoR	~200 bps	Slightly Down	REVISED DOWN
Profitability	Net profit	High-teens	High-teens	CONFIRMED
	RoTE	Flattish to slightly down	Improvement	REVISED DOWN

Notes:
Based on bank-only financials

Yapı Kredi 2020

Yapı Kredi 2020

A **customer centric** commercial bank driven by **cutting edge technology** and **committed workforce,** delivering **responsible growth**

Best-in-class profitability, backed by a **strong balance sheet,** resulting in **enhanced** and **sustainable shareholder returns**

Strategic pillars supporting Yapı Kredi 2020

1 Strengthen and optimise capital position	▪ **Increase capital by approx. US$ 1.5 bln** - US$ 1 bln rights issue finalised in June 2018; planning approx. US$ 0.5 bln AT1 issuance[1] ▪ **Maintain a minimum CET1 buffer of 200 bps against regulatory requirements[2]** ▪ **Return to dividend payment in 2020[3]** (based on 2019 results)
2 Sustainable revenue generation by rebalancing business mix	▪ **Focus on smaller tickets** both in lending and asset gathering ▪ **Increase house-bank customer penetration** ▪ **Boost number of transactions** to improve fee generation ▪ Continue to acquire **new customers**
3 Well managed cost structure with efficiency gains	▪ **Accelerate digital banking to enhance customer experience** ▪ **Achieve both operational and service-channel excellence**
4 Asset quality optimisation	▪ **Maintain current prudent risk appetite** ▪ **Tailor-made underwriting** approach for **companies** and **automated, model driven underwriting** for **individuals** with **centralised risk monitoring** ▪ **Enhance collection** process and pro-actively **manage NPL stock**

Notes:
All expected results are relying on current regulations and macro assumptions as presented in the Annex. Additionally these expected results assume US$ 1.0 bln (with a conversion rate of USDTRY: 4.10) rights issue and approximately US$ 0.5 bln AT1 (depending on regulatory approval and market conditions). Impact of IFRS 16 is not included. All expected results are unconsolidated, except for capital ratios
1. Subject to regulatory approvals and market conditions, 2. Please refer to Annex for regulatory limits, 3. Subject to Shareholders and regulatory approvals and pay-out ratio is assumed as 20%

Yapı Kredi 2020 - Targets

		2020E	Delta vs. 2017
1 Strengthen and optimise capital position	CET 1 Ratio	min. 200 bps buffer against regulatory requirements	-
2 Sustainable revenues by rebalancing business mix	Revenue Margin[1]	≥ 4.7%	+30 bps
3 Well managed cost structure with efficiency gains	Cost / Income	≤ 36%	-600 bps
4 Asset quality optimisation	Total Cost of Risk	~1.0%	-30 bps[2]
BEST-IN-CLASS PROFITABILITY	*RoATE*	≥ 17%	+340 bps
	RoAA	≥ 1.7%	+40 bps

Notes:
All expected results are relying on current regulations and macro assumptions as presented in the Annex. Additionally these expected results assume US$ 1.0 bln (with a conversion rate of USDTRY: 4.10) rights issue and approximately US$ 0.5 bln AT1 (depending on regulatory approval and market conditions). Impact of IFRS 16 is not included. All expected results are unconsolidated, except for capital ratios
1. Calculated as (NII + Swap Costs + Fees) / Avg. Interest Earning Assets, 2. 2017 figure adjusted for time value assumption

Details on Strategic Pillars

1 Strengthen and optimise capital position

Key Objectives

- **Keeping a minimum 200bps buffer vs. CET 1 regulatory limit**[1]
- **Stronger capital position to be able to absorb potential risks** driven by changes to the operating environment
- **Lower cost of funding** from international markets
- **Return to dividend** payment in 2020[2]

Key Initiatives

- **Strengthened CET1 ratio via US$ 1 bln rights issue**
  - Expected to have more than 300bps buffer vs. regulatory limits by 2020
- **Optimise capital structure via AT1 issuance**
  - Hedging value against future FX volatility from US$ AT1 issuance
- Further capital strengthening from enhanced **organic capital generation** and RWA optimisation[3]

Expected Results

	2017 Actual	2020E	Buffer vs. Reg. Limit
CET 1 Ratio	**10.0%**	**≥ 11.5%**	**≥ 300 bps**
Requirement	*6.5%*	*8.5%*	*targeted buffer of 200bps*
Tier 1 Ratio	**9.9%**	**≥ 12.0%**	**≥ 200 bps**
Requirement	*8.0%*	*10.0%*	
Capital Adequacy Ratio	**13.4%**	**≥ 14.0%**	**≥ 200 bps**
Requirement	*12.0%*	*12.0%*	

Potential upside from implementation of **A-IRB methodology** (not included in 2020 expectations)

Notes:
All expected results are relying on current regulations and macro assumptions as presented in the Annex. Additionally these expected results assume US$ 1.0 bln (with a conversion rate of USDTRY: 4.10) rights issue and approximately US$ 0.5 bln AT1 (depending on regulatory approval and market conditions). Impact of IFRS 16 is not included. All expected results are unconsolidated, except for capital ratios
1. Please refer to Annex for regulatory limits, 2. Subject to Shareholders and regulatory approvals and pay-out ratio is assumed as 20%, 3. RWA optimisation from remix of loan book, collateralisation of the existing portfolio, etc.

1 Key features of Yapı Kredi capital strengthening plan

	Equity Offering	AT1 Offering
Size	✓ Finalised by end-June 2018 **US$ 1.0 bln**	**Approximately US$ 0.5 bln**
Structure	▪ Rights Issue at **nominal value** ▪ Domestic Offering	▪ Expected to be offered in **144a/Reg S US$ format** ▪ Structure will be available after the regulatory approval
Indicative Timing	▪ **Finalised on 29 June 2018**	▪ **27 April:** filing to BRSA / CMB done ▪ Completion depending on regulatory approvals and market conditions

Notes:
All expected results are relying on current regulations and macro assumptions as presented in the Annex. Additionally these expected results assume US$ 1.0 bln (with a conversion rate of USDTRY: 4.10) rights issue and approximately US$ 0.5 bln AT1 (depending on regulatory approval and market conditions). Impact of IFRS 16 is not included. All expected results are unconsolidated, except for capital ratios
1. Expected impact on CET 1, Tier 1 and CAR, 2. Expected impact on Tier 1 and CAR based on size of AT1 Offering of US$ 0.5 bln (depending on regulatory approval and market conditions)

2 Sustainable revenue generation through rebalancing of business mix and enhanced service model

Key Objectives

A

Rebalance business mix with a **risk adjusted return approach** towards **smaller tickets** and **higher value** generating segments and products for **both lending and deposit gathering**

B

Increase **Transactional Banking** activities to further strengthen fee generation capacity, increasing focus on:

- **existing house-bank customer** penetration
- **acquiring new customers**

- **New Servicing Model:**
  - **Fully Centralised** for mass individual and micro enterprises, leveraging on deployed digital efficiency **to increase profitability via lower cost to serve**
  - **Dedicated Relationship Management** for affluent and private individuals, medium and large enterprises, **to increase profitability via improved loyalty**

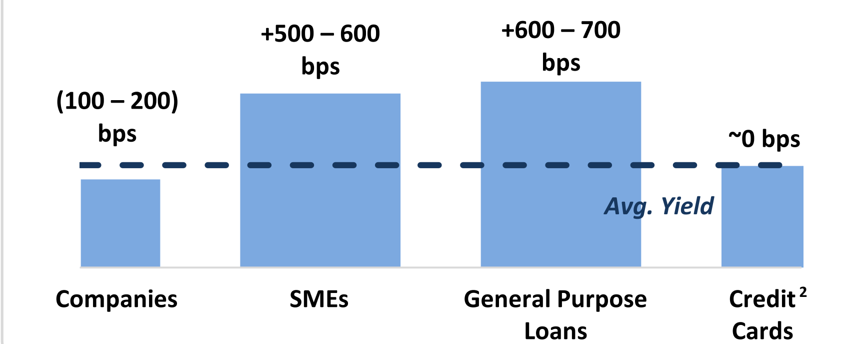
2 A

Rebalance loan mix towards smaller ticket and higher value generating loans

Key Objective

Rebalance loan mix using a risk adjusted return approach

Delta vs. Average Risk-Adjusted Yield by Segments (2017)[1]

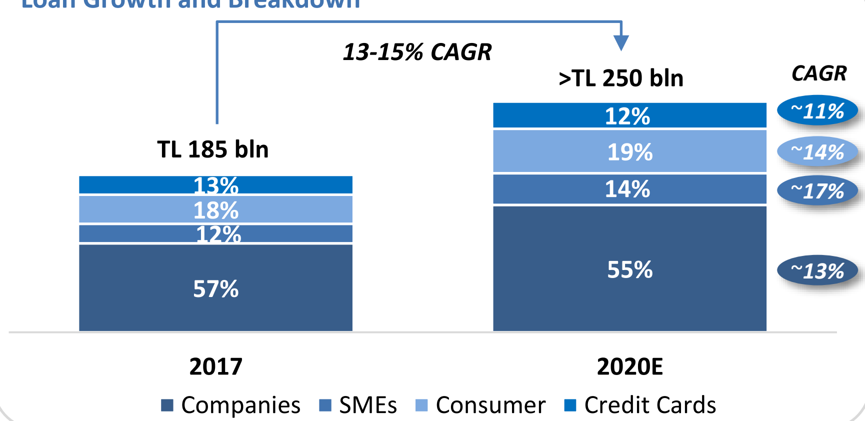


Key Initiatives

- **Loan mix will be rebalanced towards SME segment,** despite remaining below natural market share
- **General Purpose Loans to balance** Credit Card risk profile
- **Lower RWA density in** Corporate and Commercial loan portfolio by decreasing concentration on big tickets and leveraging governmental incentives

Expected Results

Loan Growth and Breakdown



Notes:
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1. Based on performing loans including TL and FX, risk figures are calculated as life-time risk, 2. Calculated over outstanding balances and excludes fee generation from card business

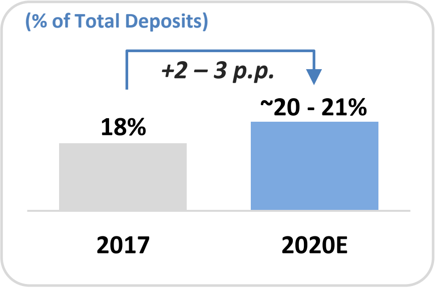
2 A Shift deposit mix towards lower cost, smaller ticket, individual and demand deposits

Key Objective

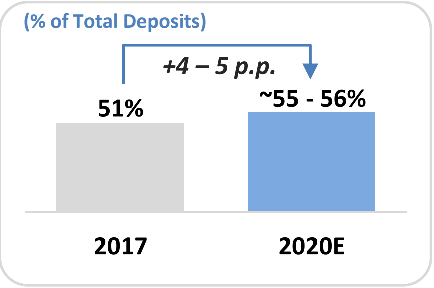
Increase the share of individual and demand deposits within total deposits

Expected Results

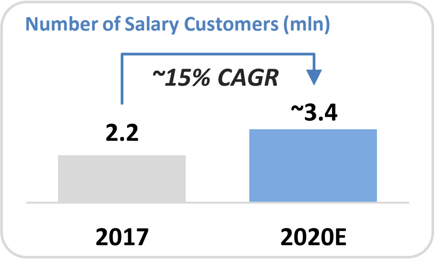
Demand Deposits



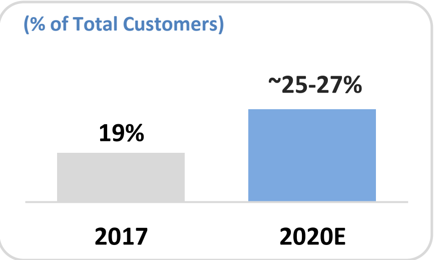
Individual Deposits



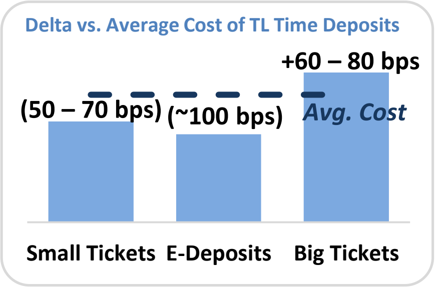
Salary Customers[1]



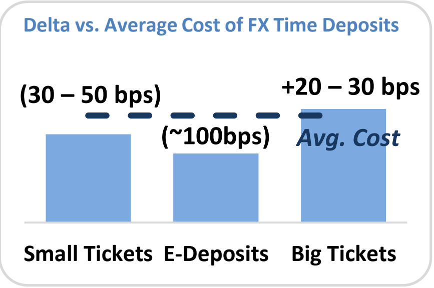
House-bank[2] Penetration



TL Time Deposit Costs (2017)



FX Time Deposit Costs (2017)



Key Initiatives

- **Increase salary and house-bank customers** (for both individual and SME) who bring 2 times and 4 times higher demand deposit volume than average non house-bank customers, respectively
- **Refocus on the Affluent Segment Model via creating a high touch** and improving service quality together with decreasing the number of customers per RM
- **Focus on investment product usage for individuals**
- **Reduce dependency from large tickets also via enhanced e-deposit strategy**

Notes:
All expected results are relying on current regulations and macro assumptions as presented in the Annex. Additionally these expected results assume US$ 1.0 bln (with a conversion rate of USDTRY: 4.10) rights issue and approximately US$ 0.5 bln AT1 (depending on regulatory approval and market conditions). Impact of IFRS 16 is not included. All expected results are unconsolidated, except for capital ratios
1. Indicates the number of customers whose salary is paid into bank account at Yapı Kredi, 2. Level of score for each customer based on number of transactions and product usage (for individuals, SME and private banking)

2 B

Focus on transactional banking to strengthen fee generation capacity

Key Objective

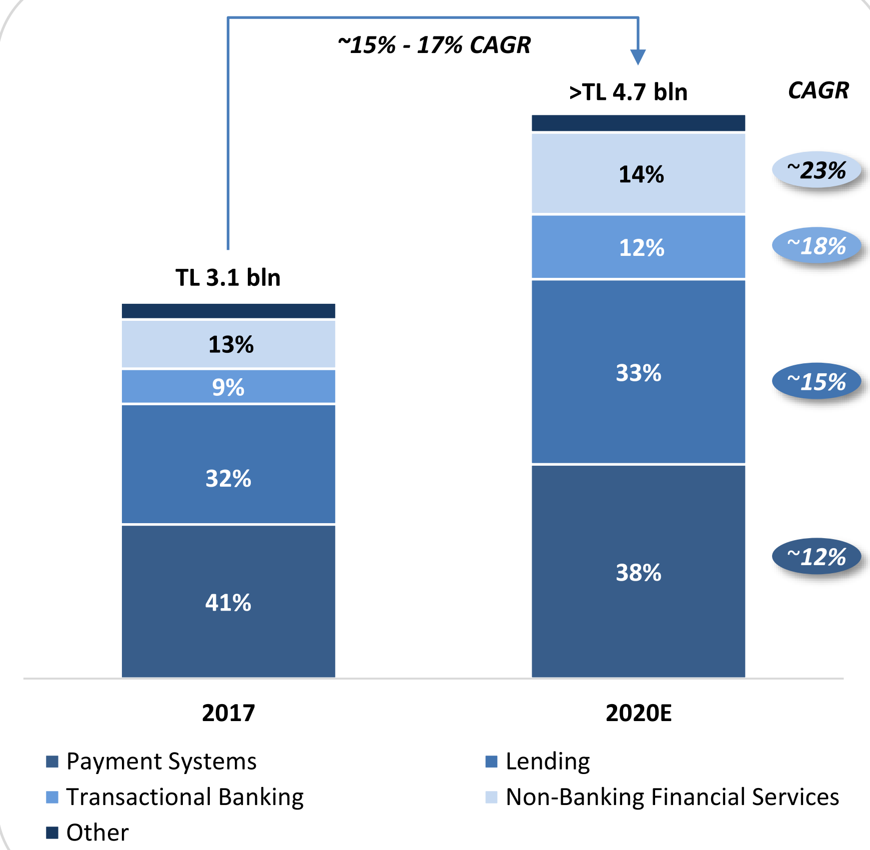
- Continue to maintain **best-in-class** fee generation by further leveraging on large customer base while **strengthening its diversification**
- Increase fees from **Transactional Banking by** ~+23% yearly growth
- Focus on **Non-banking Financial Services fee** via bancassurance and asset management

Key Initiatives

- Enhanced relationship with customers
  - **Less customers per RM** via increase the number of RMs and efficiency
  - **Adding commercial corners** within the branches
- Focus on **Cash Management and Trade Finance** services for Corporate & Commercial and SMEs
- Increase the number of **POS customers**
- Increase **corporate finance** activities

Expected Results

Fee Growth and Composition



Notes:
All expected results are relying on current regulations and macro assumptions as presented in the Annex. Additionally these expected results assume US$ 1.0 bln (with a conversion rate of USDTRY: 4.10) rights issue and approximately US$ 0.5 bln AT1 (depending on regulatory approval and market conditions). Impact of IFRS 16 is not included. All expected results are unconsolidated, except for capital ratios

3 Well managed cost structure with efficiency gains

Key Objective

A

Enhance the leading and differentiated customer experience by **investing in digital transformation**

B

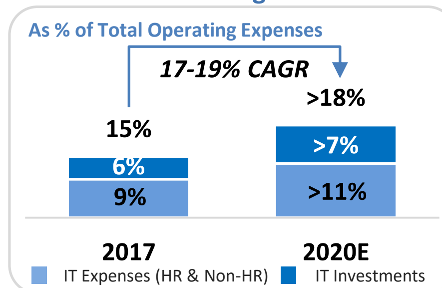
Migrate to a centralised and simplified service model for **operational efficiency**

C

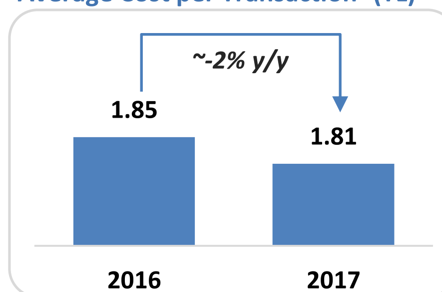
Improve operational processes through **service-channel optimisation** and **integration**

Expected Results

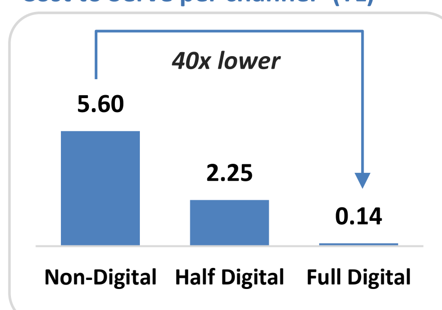
Stable and Recurring IT Investments



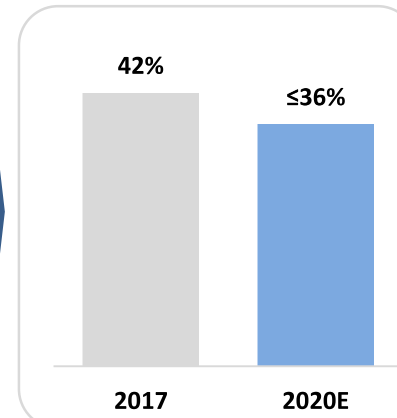
Average Cost per Transaction[1] (TL)



Cost to Serve per channel[1] (TL)



Improving Cost / Income



Notes:
All expected results are relying on current regulations and macro assumptions as presented in the Annex. Additionally these expected results assume US$ 1.0 bln (with a conversion rate of USDTRY: 4.10) rights issue and approximately US$ 0.5 bln AT1 (depending on regulatory approval and market conditions). Impact of IFRS 16 is not included. All expected results are unconsolidated, except for capital ratios

1. Total Cost to Serve and Cost to Serve per channel are calculated based on direct costs of each sales channels

Digital transformation

3 A

Key Objective

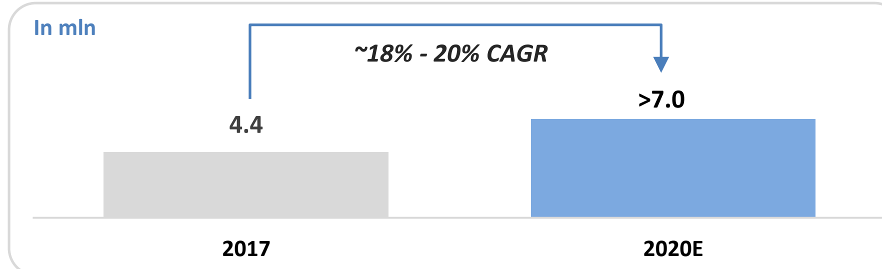
Increase digital customer base across all products to benefit from lower costs to serve

Key Initiatives

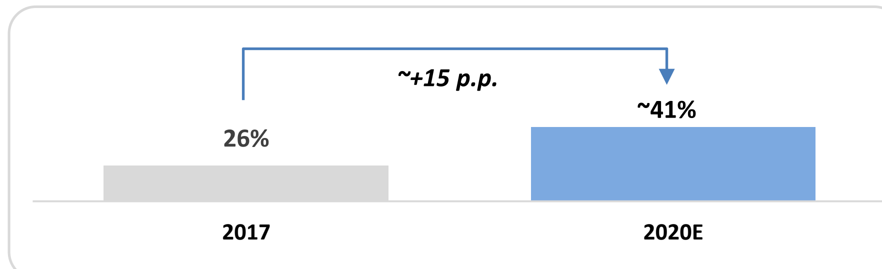
- **Retaining customers**
  - Expand digital banking offer via mobile first approach
  - Create a seamless, simple, unified and personal experience across all customer touch points
- **Acquiring new customers**
  - Expand the investment products and services on digital, enabling complete set of "investment for the individual"
  - Digitalise functionality, sales and marketing process for card customers (New Credit Card app will be in use in 2H18)

Expected Results

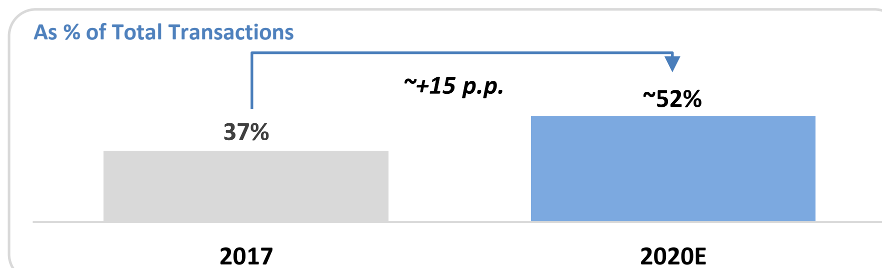
Increase in Number of Digital Customers



Product Sold in Digital[1]



Evolution of Transactions Performed Through Digital Channel[2]



Notes:
1. Included products are: Time Deposit, GPL, Credit Card and Flexible Account (If investment products included 2017 figure becomes 59%)
2. There are 222 different transactions included in this calculation such as: cheque transactions, Letter of guarantee and letter of credits, account related transactions, credit card transactions, loan opening transactions, cash withdrawal with instalments loan, overdraft, Money transfers, investment products

Operational and service-channel optimisation

3 B C

Key Objective

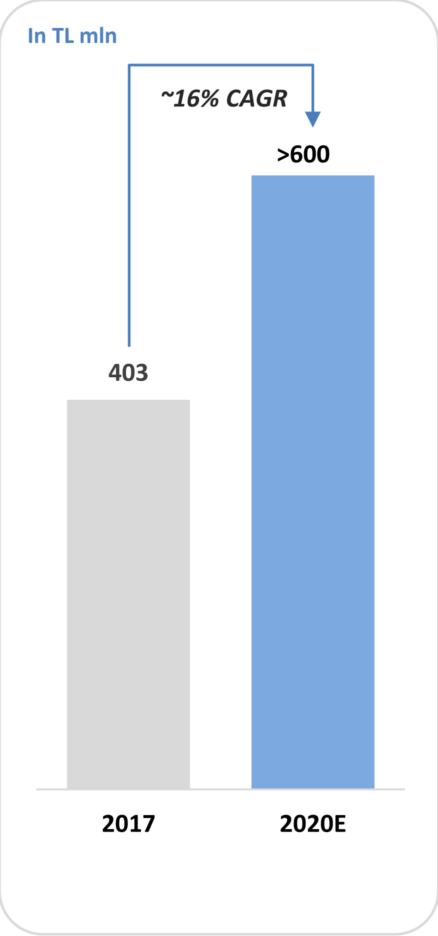
Transform the operating and service model to unlock Yapı Kredi's efficiency potential

Key Initiatives

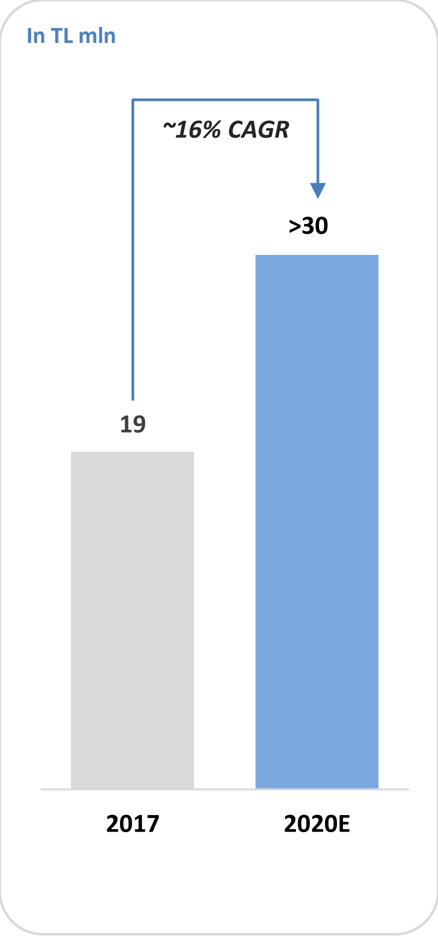
- Focus on **efficiency and digitalisation** through process automation, centralisation and elimination
- Digitalise the branch network, reaching a **paperless** branch experience for ~**95% of the services offered in Retail branches**
- **Tellers and RMs unification** to create single point of service in branches
- Improve **sales support infrastructure** through automation, leading to increased efficiency in RM performance

Expected Results

Commercial Volume[1] per Branch



Commercial Volume[1] per Employee



Notes:
All expected results are relying on current regulations and macro assumptions as presented in the Annex. Additionally these expected results assume US$ 1.0 bln (with a conversion rate of USDTRY: 4.10) rights issue and approximately US$ 0.5 bln AT1 (depending on regulatory approval and market conditions). Impact of IFRS 16 is not included. All expected results are unconsolidated, except for capital ratios
1. Represents total of loans and deposits

Asset quality optimisation

Key Objective

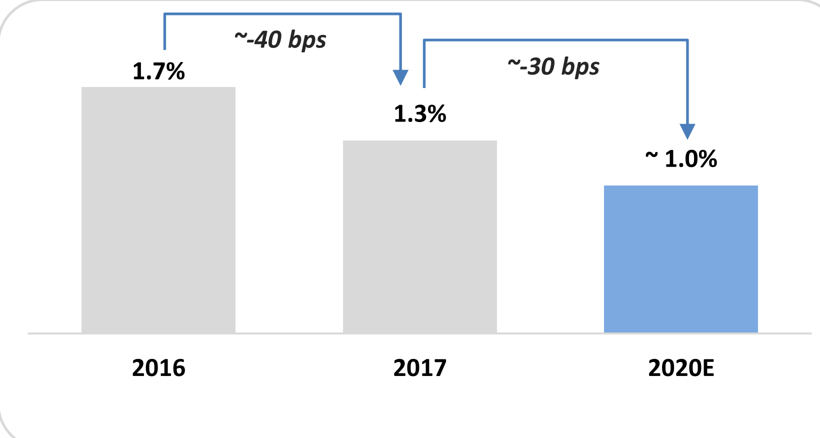
A Focus on underwriting and monitoring policies

B Continuous enhancement of collection processes

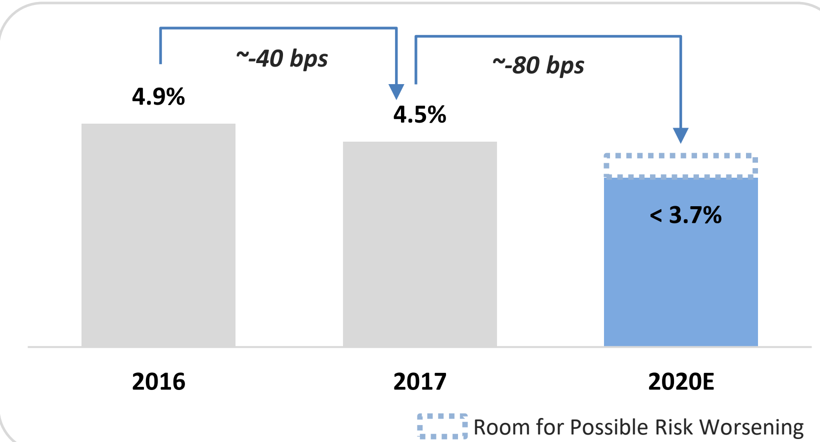
C Pro-active NPL management

Expected Results

Total Cost of Risk[1] (%)



Gross NPL Ratio (%)



Notes:
All expected results are relying on current regulations and macro assumptions as presented in the Annex. Additionally these expected results assume US$ 1.0 bln (with a conversion rate of USDTRY: 4.10) rights issue and approximately US$ 0.5 bln AT1 (depending on regulatory approval and market conditions). Impact of IFRS 16 is not included. All expected results are unconsolidated, except for capital ratios
1. Cost of Risk = (Total Loan Loss Provisions - Collections)/Total Gross Loans; 2016 and 2017 Cost of Risk adjusted with IFRS 9 impact for comparability purposes. Reported Cost of Risk in 2016 and 2017 was 1.4% and 1.1% in 2016 and 2017 respectively

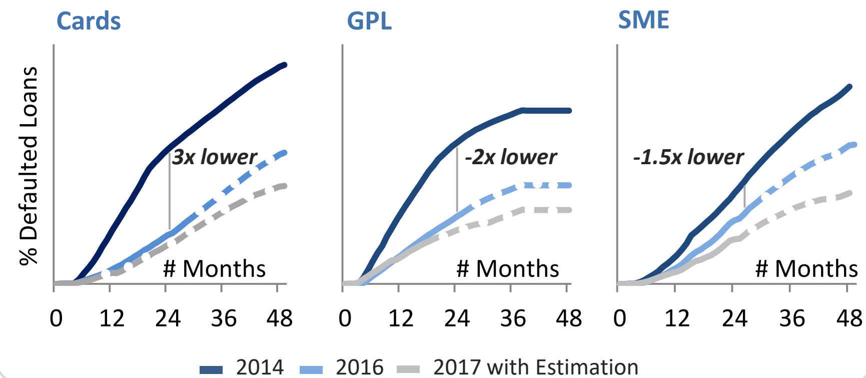
4 A Focus on underwriting and monitoring policies

Key Initiatives

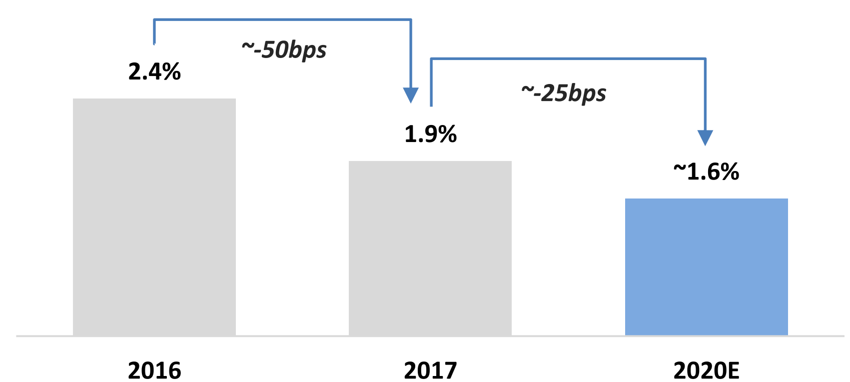
- **Customised underwriting approach** based on customers, products and channels
  - **Individuals and Micro Enterprises**: fully automated process leveraging machine-learning technologies
  - **Bigger Tickets**: Tailor-made approach with strict concentration limits and increased **sector expertise**
- **Early collection model and process enhancements**
  - **Segmentation of 0-90 days-past-due portfolio** via behavioural customers data
- **Centralised risk monitoring**

Expected Results

NPL Ratio by Vintage



Gross NPL Inflows / Total Performing Loans BoP



Notes:
All expected results are relying on current regulations and macro assumptions as presented in the Annex. Additionally these expected results assume US$ 1.0 bln (with a conversion rate of USDTRY: 4.10) rights issue and approximately US$ 0.5 bln AT1 (depending on regulatory approval and market conditions). Impact of IFRS 16 is not included. All expected results are unconsolidated, except for capital ratios

Continuous enhancement of collection processes and pro-active NPL management

Key Initiatives

Continuous enhancement of collection processes

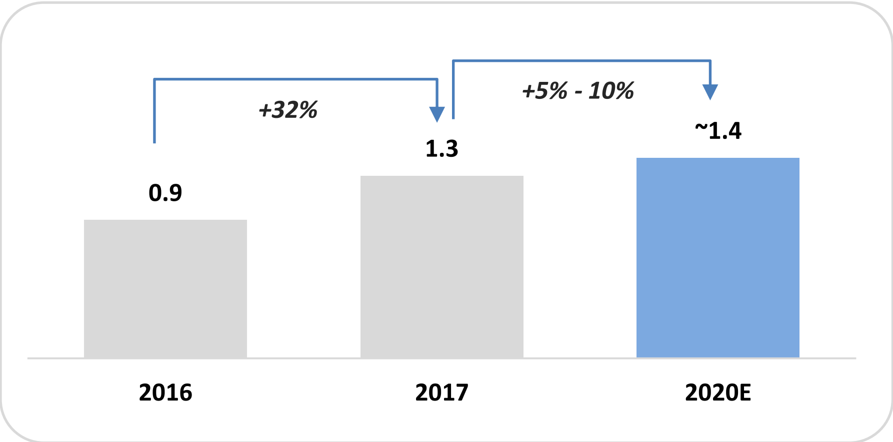
- **Strengthen collection process** through specific product / regional team support
- **Machine learning** for improved portfolio segmentation
- **Flexible restructuring options** (product type, maturity, interest rate)
- New KPIs to **monitor and improve performance**

Pro-active NPL management

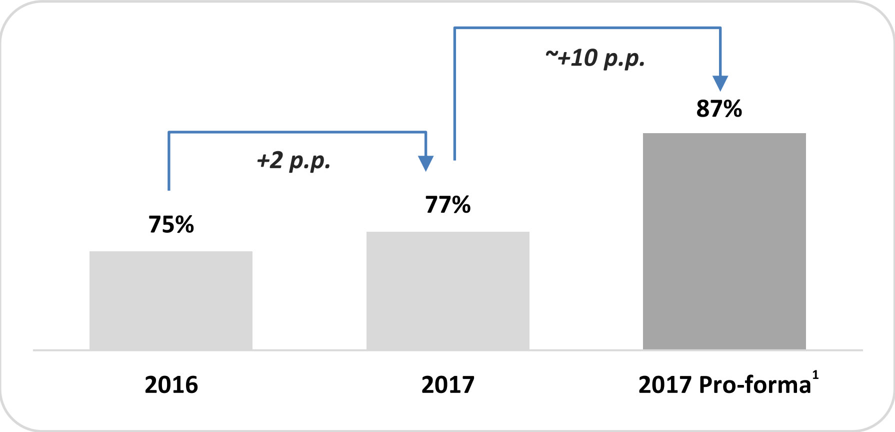
- **Front loaded coverage increase to support further NPL disposal**
- **Wide range of restructuring products to match customer's ability to repay**

Expected Results

Collections (TL bln)



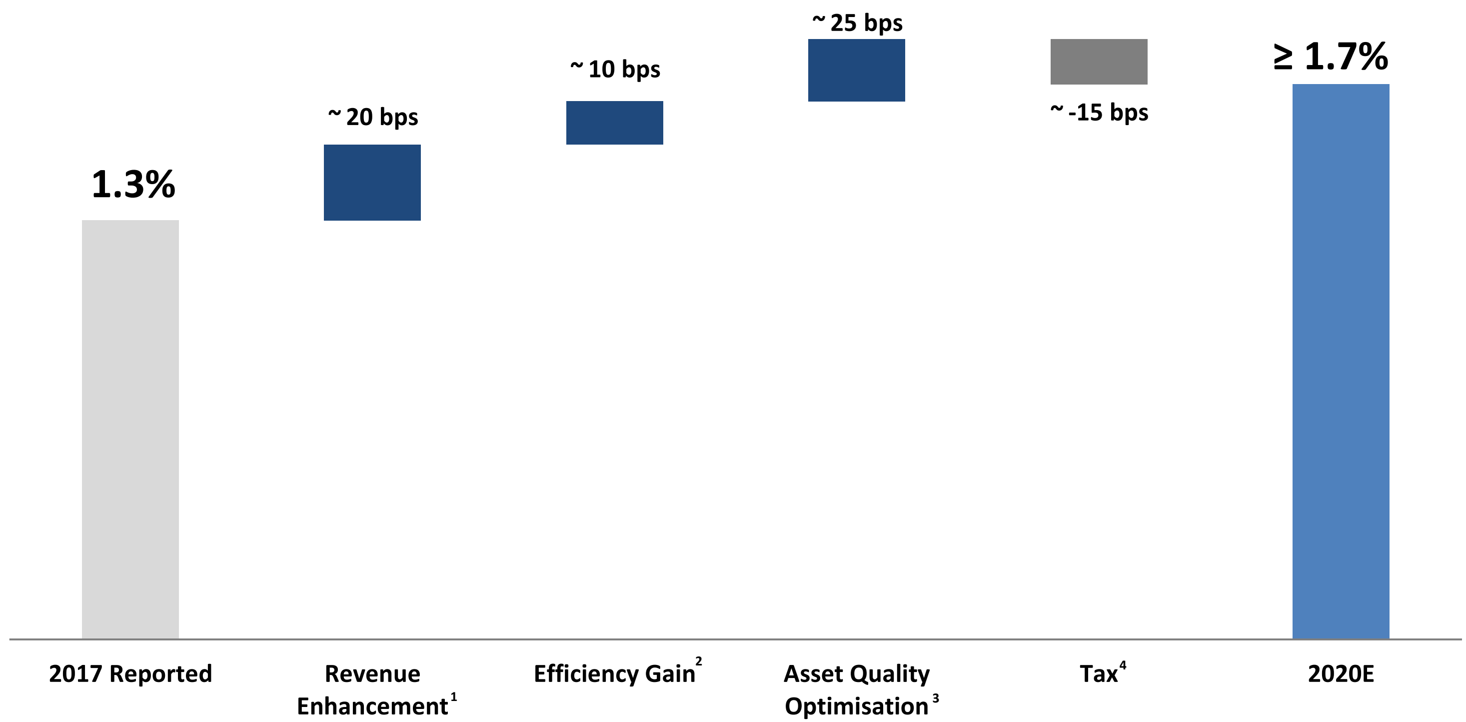
Specific NPL Coverage Ratio (%)



Notes:
All expected results are relying on current regulations and macro assumptions as presented in the Annex. Additionally these expected results assume US$ 1.0 bln (with a conversion rate of USDTRY: 4.10) rights issue and approximately US$ 0.5 bln AT1 (depending on regulatory approval and market conditions). Impact of IFRS 16 is not included. All expected results are unconsolidated, except for capital ratios
1. Represents 2017 year-end coverage ratio with IFRS 9 first time adoption impact

Key drivers for best-in-class profitability by 2020

RoAA Evolution



RoATE

13.6% ≥ 17%

BEST-IN-CLASS PROFITABILITY

Notes:
All expected results are relying on current regulations and macro assumptions as presented in the Annex. Additionally these expected results assume US$ 1.0 bln (with a conversion rate of USDTRY: 4.10) rights issue and approximately US$ 0.5 bln AT1 (depending on regulatory approval and market conditions). Impact of IFRS 16 is not included. All expected results are unconsolidated, except for capital ratios
1. Calculated as Revenues / Assets for 2020 *versus* 2017 pretax, 2. Calculated as Operating Expenses / Assets for 2020 *versus* 2017 pretax, 3. Calculated as Loan Loss Provisions / Assets for 2020 *versus* 2017 pretax, 4. Including the impact of tax rate change

Annex

Macro Environment and Banking Sector

Macro Environment

CBRT tightens with the intention to maintain the stability

	3Q17	4Q17	1Q18	2Q18	3Q18
GDP Growth (y/y)	11.5%	7.3%	7.3%	5.2%	-
CPI Inflation (y/y)	11.2%	11.9%	10.2%	15.4%	24.5%
Consumer Confidence Index	68.7	65.1	71.3	70.3	59.3
CAD/GDP[1]	-4.6%	-5.5%	-6.2%	-6.4%	-6.1%
Budget Deficit/GDP[2]	-1.6%	-1.5%	-1.6%	-2.0%	-2.0%
Unemployment Rate[3]	10.6%	10.4%	10.1%	9.6%	10.8%
USD/TL (eop)	3.57	3.81	3.99	4.61	6.08
2Y Benchmark Bond Rate (eop)	11.9%	13.4%	14.0%	19.3%	25.8%

Banking Sector

Slowdown in FX adjusted loan growth; **Slight deterioration in the asset quality** on the back of macro volatility

	3Q17	4Q17	1Q18	2Q18	3Q18
Loan Growth	**4%**	**5%**	**5%**	**7%**	**10%**
Private	*2%*	*5%*	*4%*	*6%*	*7%*
State	*5%*	*6%*	*6%*	*10%*	*11%*
Deposit Growth	**2%**	**5%**	**4%**	**7%**	**12%**
Private	*1%*	*4%*	*4%*	*6%*	*13%*
State	*5%*	*6%*	*5%*	*9%*	*10%*
NPL Ratio	**3.0%**	**2.9%**	**2.8%**	**2.9%**	**3.1%**
CAR[4]	**16.7%**	**16.5%**	**16.3%**	**15.9%**	**17.0%**
ROATE[4]	**15.5%**	**13.6%**	**15.2%**	**15.4%**	**15.0%**

Notes:
All macro data as of September 2018 unless otherwise stated
Banking sector volumes based on BRSA weekly data as of 29 Jun'18
1. CAD indicates Current Account Deficit as of Aug'18
2. Budget Deficit is as of Aug'18
3. Unemployment rate is as of Jul'18
4. CAR and ROATE as of Aug'18

Macro environment and banking sector scenario

Macro Environment

	2017	2020E
GDP Growth (y/y)	7.4%	4.3%
CPI Inflation (y/y)	11.9%	8.0%
EUR/TL (eop)	4.52	6.15
USD/TL (eop)	3.77	4.98
Benchmark Bond Rate (eop)	13.4%	9.5%

Banking Sector

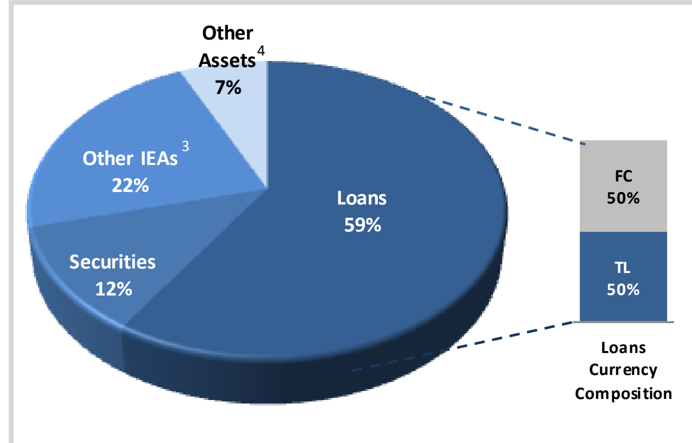
	2017	2020E
Loan Growth	21%	~13-15% *(CAGR)*
Deposit Growth	16%	~13-15% *(CAGR)*
NPL Ratio	2.9%	~3.5%
CAR	16.5%	~14-15%
RoATE	15.1%	~15.0%

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

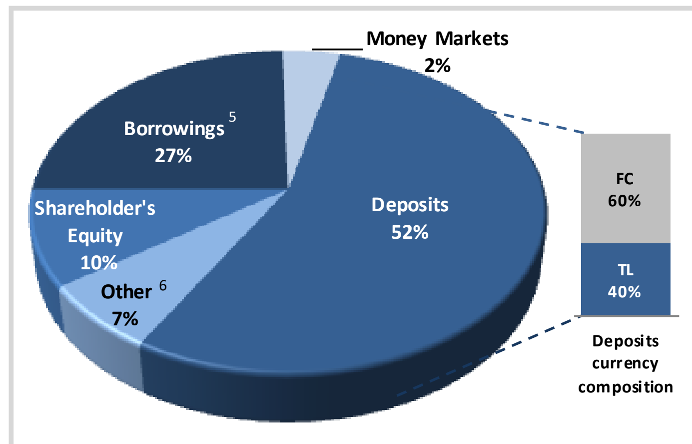
Consolidated Balance Sheet

TL bln	1Q17[1]	1H17[1]	9M17[1]	2017[1]	1Q18	1H18	9M18	q/q	y/y	ytd
Total Assets	**278.3**	**283.3**	**290.6**	**316.9**	**328.7**	**365.1**	**422.0**	**16%**	**45%**	**33%**
Loans[2]	**183.7**	**185.8**	**190.6**	**199.9**	**205.3**	**222.2**	**249.4**	**12%**	**31%**	**25%**
TL Loans	107.0	111.1	115.1	120.1	118.8	123.0	124.8	1%	8%	4%
FC Loans ($)	21.1	21.3	21.2	21.2	21.9	21.7	20.8	-4%	-2%	-2%
Securities	**32.6**	**32.4**	**35.5**	**38.8**	**41.7**	**45.2**	**49.7**	**10%**	**40%**	**28%**
TL Securities	22.4	22.7	25.5	28.1	30.7	32.7	33.7	3%	32%	20%
FC Securities ($)	2.8	2.8	2.8	2.8	2.8	2.7	2.7	-2%	-5%	-5%
Deposits	**163.5**	**164.2**	**165.0**	**173.4**	**180.0**	**192.8**	**221.0**	**15%**	**34%**	**27%**
TL Deposits	81.3	81.1	71.1	75.9	85.4	80.1	88.6	11%	25%	17%
FC Deposits ($)	22.6	23.7	26.4	25.8	24.0	24.7	22.1	-11%	-16%	-14%
Borrowings	**61.0**	**62.3**	**63.9**	**75.3**	**80.8**	**90.0**	**114.5**	**27%**	**79%**	**52%**
TL Borrowings	5.1	6.1	6.5	7.1	6.8	7.8	7.0	-11%	7%	-1%
FC Borrowings ($)	15.4	16.0	16.1	18.1	18.7	18.0	17.9	0%	11%	-1%
Shareholders' Equity	**27.7**	**28.5**	**29.0**	**30.1**	**31.6**	**37.8**	**40.3**	**7%**	**39%**	**34%**
Assets Under Management	**17.4**	**18.5**	**19.1**	**19.5**	**20.1**	**19.6**	**19.9**	**1%**	**4%**	**2%**
Loans/Assets	66%	66%	66%	63%	62%	61%	59%			
Securities/Assets	12%	11%	12%	12%	13%	12%	12%			
Borrowings/Liabilities	22%	22%	22%	24%	25%	25%	27%			
Loans/(Deposits+TL Bills)	112%	112%	115%	114%	113%	114%	112%			
CAR - cons	13.4%	13.7%	13.8%	13.4%	12.9%	13.9%	13.3%	**Including forbearance**		16.1%
Common Equity Tier-I - cons	9.9%	10.3%	10.3%	10.0%	9.9%	10.7%	9.8%			12.1%
Leverage Ratio	9.0x	8.9x	9.0x	9.5x	9.4x	8.7x	9.5x			

Assets



Liabilities



Note: Loans indicate performing loans

1. 2017 figures recasted for IFRS 9 reclassification of general provisions
2. TL and FC Loans are adjusted for the FX indexed loans
3. 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
4. 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
5. Borrowings: include funds borrowed, marketable securities issued (net), subordinated loans. Intragroup funding from UniCredit €2.56bn" (New definition of intragroup funding aligned with UniCredit Group methodology, i.e. all subordinated (Tier 2) and senior funding from UniCredit Group companies to Yapi Kredi Group excl. trade finance (which is client business). Comparable number for Dec 17 was €2.58bn)
6. 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	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	q/q	y/y	9M17	9M18	y/y
Net Interest Income including swap costs	**2,217**	**2,089**	**2,154**	**2,522**	**2,543**	**2,778**	**4,004**	**44%**	**86%**	**6,460**	**9,325**	**44%**
o/w NII (excl. CPI linkers' income)	*1,926*	*1,983*	*1,944*	*2,147*	*2,409*	*2,748*	*2,951*	**7%**	**52%**	*5,853*	*8,108*	**39%**
o/w CPI-linkers	*325*	*338*	*409*	*663*	*436*	*460*	*1,360*	**196%**	**232%**	*1,072*	*2,257*	**111%**
o/w Swap costs	*-34*	*-232*	*-198*	*-288*	*-302*	*-431*	*-308*	**-29%**	**55%**	*-465*	*-1,040*	**124%**
Fees & Commissions	**849**	**826**	**799**	**841**	**1,034**	**1,051**	**1,036**	**-1%**	**30%**	**2,474**	**3,121**	**26%**
Core Revenues	**3,066**	**2,915**	**2,954**	**3,364**	**3,577**	**3,829**	**5,040**	**32%**	**71%**	**8,934**	**12,446**	**39%**
ECL net of collections	**539**	**532**	**592**	**568**	**514**	**835**	**2,187**	***162%***	***270%***	**1,663**	**3,535**	***113%***
o/w Stage 3 Provisions	*756*	*717*	*761*	*596*	*607*	*738*	*1,447*	*96%*	*90%*	*2,234*	*2,792*	*25%*
o/w Stage 1 + Stage 2 Provisions	*45*	*62*	*46*	*151*	*237*	*460*	*984*	*114%*	-	*153*	*1,680*	*995%*
o/w Collections	*262*	*247*	*215*	*179*	*330*	*363*	*244*	*-33%*	*13%*	*724*	*937*	*29%*
Operating Costs	**1,370**	**1,422**	**1,363**	**1,543**	**1,450**	**1,554**	**1,683**	**8%**	**23%**	**4,154**	**4,686**	**13%**
Core Operating Income	**1,156**	**962**	**999**	**1,253**	**1,613**	**1,441**	**1,170**	**-19%**	**17%**	**3,117**	**4,224**	**36%**
Trading and FX gains/losses	**100**	**125**	**38**	**-24**	**11**	**275**	**697**	***154%***	***1718%***	**263**	**983**	***273%***
o/w FX gains/losses	*38*	*99*	*28*	*9*	*27*	*65*	*626*	-	-	*165*	*717*	*336%*
o/w MtM gains/losses	*34*	*16*	*-7*	*-32*	*-7*	*118*	*26*	-	-	*43*	*137*	*218%*
o/w Trading gains/losses	*28*	*10*	*17*	*-1*	*-9*	*92*	*46*	-	-	*56*	*128*	*131%*
Other income	**102**	**75**	**53**	**109**	**136**	**40**	**76**	**90%**	**43%**	**231**	**252**	**9%**
o/w income from subs	*28*	*19*	*19*	*22*	*28*	*25*	*31*	*24%*	*66%*	*66*	*84*	*28%*
o/w Dividends	*2*	*8*	*0*	*0*	*4*	*8*	*1*	*-91%*	-	*10*	*13*	*24%*
o/w Others	*72*	*48*	*35*	*86*	*104*	*7*	*45*	*516%*	*29%*	*155*	*156*	*1%*
Other Provisions & Costs	**94**	**40**	**33**	**180**	**147**	**196**	**525**	**168%**	-	**167**	**868**	**420%**
o/w Other provisions for risks and charges	*50*	*0*	*0*	*0*	*100*	*100*	*330*	-	-	*50*	*530*	-
o/w Pension fund provisions	*0*	*0*	*0*	*123*	*0*	*88*	*145*	-	-	*0*	*233*	-
o/w Other provisions	*44*	*40*	*33*	*58*	*47*	*8*	*50*	-	*52%*	*117*	*105*	*-10%*
Pre-tax Income	**1,265**	**1,121**	**1,058**	**1,158**	**1,613**	**1,559**	**1,418**	**-9%**	**34%**	**3,444**	**4,591**	**33%**
Tax	263	229	216	278	369	332	303	-9%	40%	709	1,005	42%
Net Income	**1,001**	**892**	**841**	**880**	**1,244**	**1,227**	**1,115**	**-9%**	**33%**	**2,735**	**3,586**	**31%**
ROTE[1]	**15.8%**	**13.3%**	**12.4%**	**12.6%**	**17.1%**	**15.9%**	**11.9%**	**-391bps**	**-46bps**	**14.0%**	**14.3%**	**23bps**

Note:
1. 2Q18 and 1H18 ROTE is adjusted for the 4.1 bln TL rights issue on 30th of June

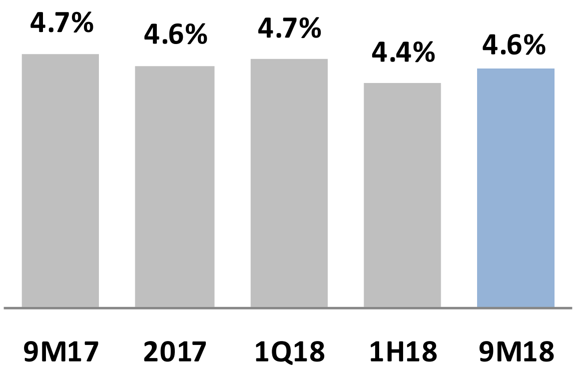
Bank-Only Income Statement

TL million	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	q/q	y/y	9M17	9M18	y/y
Net Interest Income including swap costs	**2,030**	**1,895**	**1,965**	**2,306**	**2,270**	**2,585**	**3,677**	**42%**	**87%**	**5,890**	**8,533**	**45%**
o/w NII (excl. CPI linkers' income)	*1,816*	*1,836*	*1,803*	*2,021*	*2,332*	*2,648*	*2,783*	**5%**	**54%**	*5,455*	*7,762*	**42%**
o/w CPI-linkers	*325*	*338*	*409*	*663*	*436*	*460*	*1,360*	**196%**	**232%**	*1,072*	*2,257*	**111%**
o/w Swap costs	*-111*	*-278*	*-247*	*-378*	*-497*	*-523*	*-466*	**-11%**	**88%**	*-637*	*-1,486*	**133%**
Fees & Commissions	**807**	**784**	**757**	**788**	**986**	**993**	**977**	**-2%**	**29%**	**2,348**	**2,957**	**26%**
Core Revenues	**2,837**	**2,679**	**2,722**	**3,094**	**3,257**	**3,578**	**4,655**	**30%**	**71%**	**8,238**	**11,490**	**39%**
ECL net of collections	**526**	**501**	**574**	**539**	**483**	**832**	**2,131**	***156%***	***271%***	**1,601**	**3,446**	***115%***
o/w Stage 3 Provisions	*745*	*687*	*749*	*572*	*590*	*716*	*1,389*	*94%*	*85%*	*2,181*	*2,694*	*24%*
o/w Stage 1 + Stage 2 Provisions	*43*	*61*	*40*	*146*	*224*	*480*	*985*	*105%*	-	*144*	*1,689*	-
o/w Collections	*262*	*247*	*215*	*179*	*330*	*363*	*244*	*-33%*	*13%*	*724*	*937*	*29%*
Operating Costs	**1,295**	**1,346**	**1,293**	**1,462**	**1,375**	**1,470**	**1,591**	**8%**	**23%**	**3,935**	**4,437**	**13%**
Core Operating Income	**1,016**	**832**	**855**	**1,093**	**1,398**	**1,276**	**933**	**-27%**	**9%**	**2,702**	**3,607**	**33%**
Trading and FX gains/losses	**89**	**119**	**23**	**-29**	**57**	**212**	**664**	***213%***	-	**231**	**933**	***304%***
o/w FX gains/losses	*37*	*71*	*26*	*0*	*23*	*58*	*589*	*912%*	-	*133*	*671*	*403%*
o/w MtM gains/losses	*39*	*11*	*-6*	*-33*	*-8*	*114*	*31*	*-73%*	-	*44*	*138*	*213%*
o/w Trading gains/losses	*13*	*37*	*3*	*4*	*41*	*40*	*43*	*9%*	-	*54*	*124*	*132%*
Other income	**213**	**186**	**179**	**233**	**252**	**227**	**276**	**21%**	**54%**	**578**	**755**	**31%**
o/w income from subs	*146*	*140*	*144*	*145*	*211*	*171*	*233*	*36%*	*62%*	*430*	*615*	*43%*
o/w Dividends	*2*	*0*	*0*	*0*	*3*	*2*	*1*	*-58%*	-	*2*	*5*	*125%*
o/w Others	*65*	*45*	*35*	*88*	*39*	*54*	*42*	*-23%*	*21%*	*145*	*135*	*-7%*
Other Provisions & Costs	**88**	**45**	**32**	**169**	**145**	**194**	**516**	**166%**	-	**164**	**856**	**422%**
o/w Other provisions for risks and charges	*50*	*0*	*0*	*0*	*100*	*100*	*330*	*230%*	-	*50*	*530*	-
o/w Pension fund provisions	*0*	*0*	*0*	*123*	*0*	*88*	*145*	*65%*	-	*0*	*233*	-
o/w Other provisions	*38*	*45*	*32*	*46*	*45*	*6*	*41*	-	-	*114*	*93*	*-19%*
Pre-tax Income	**1,230**	**1,092**	**1,024**	**1,127**	**1,562**	**1,521**	**1,357**	**-11%**	**32%**	**3,346**	**4,439**	**33%**
Tax	229	200	183	247	318	294	242	-18%	32%	612	853	39%
Net Income	**1,001**	**892**	**841**	**880**	**1,244**	**1,227**	**1,115**	**-9%**	**33%**	**2,735**	**3,586**	**31%**
ROTE[1]	**15.8%**	**13.4%**	**12.4%**	**12.6%**	**17.0%**	**15.8%**	**11.9%**	**-390bps**	**-46bps**	**14.0%**	**14.3%**	**23bps**

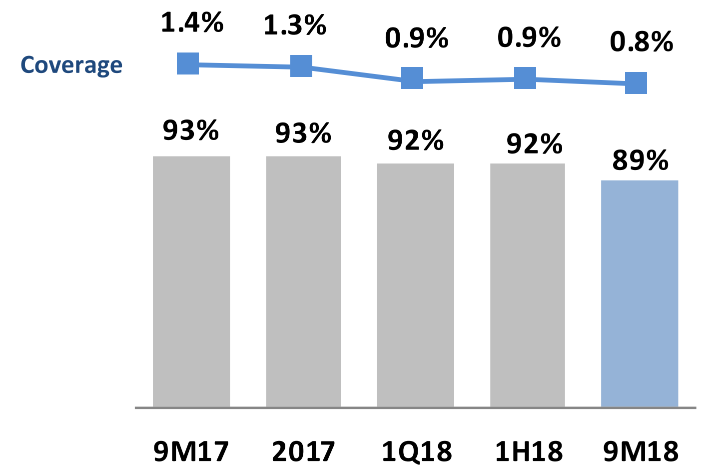
Note:
1. 2Q18 ROTAE is adjusted for the 4.1 bln TL rights issue on 30th of June

Consolidated asset quality indicators

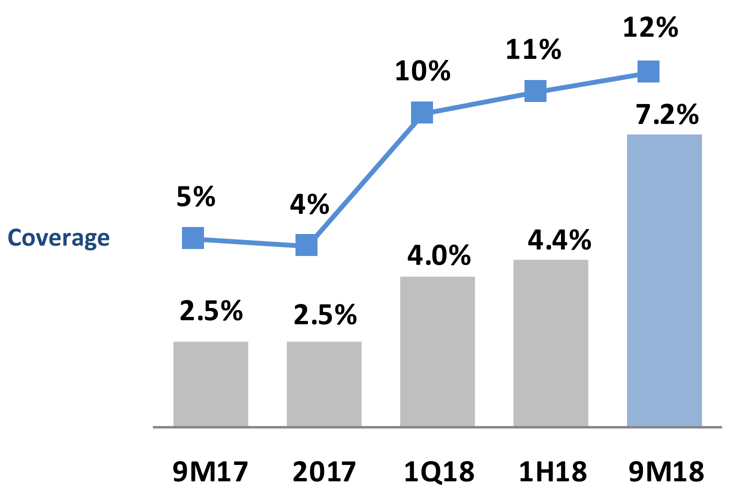
Provisions / Gross Loans



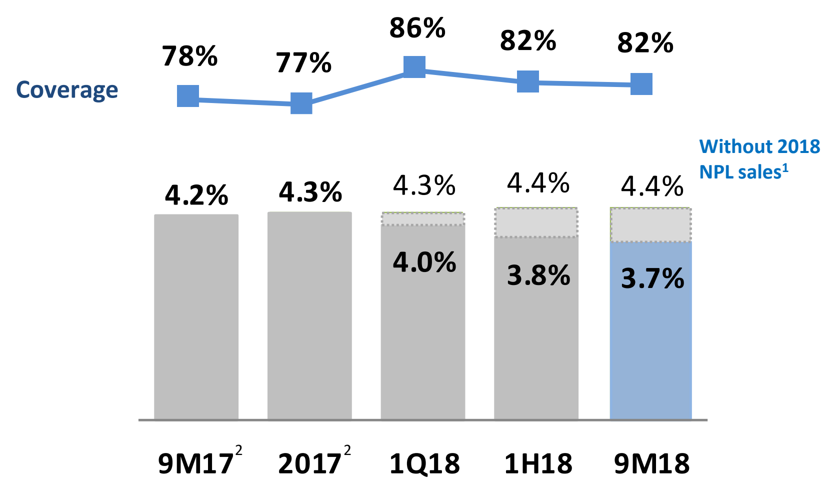
Stage I loans to Gross Loans



Stage II loans to Gross Loans



Stage III loans to Gross Loans

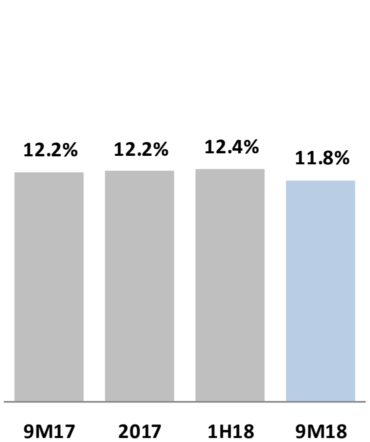


Notes:

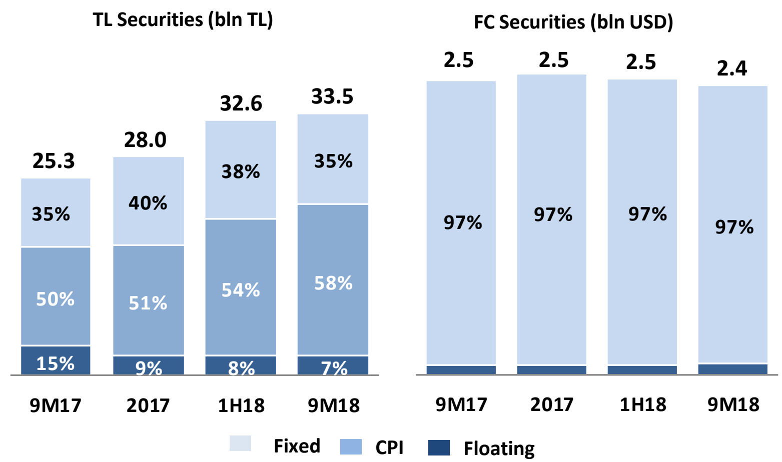
1. TL 2.0 bln NPL sales in 9M18 (628 mln in 1Q18; 1 bln in 2Q18; 367 mln in 3Q18)
2. For homogenous comparison Factoring and Leasing included

Securities

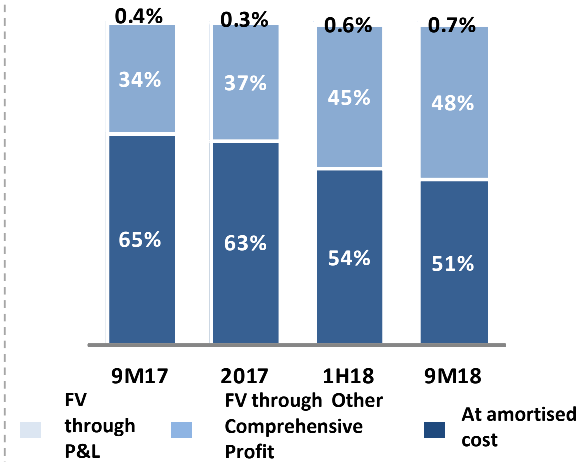
Securities/Assets



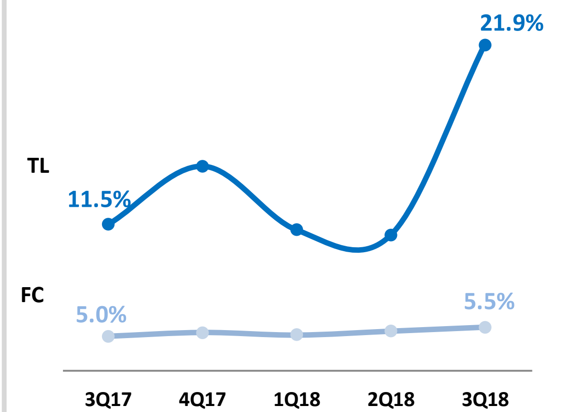
Composition by Type[1] (TL bln)



Composition by Classification[1]



Security Yields[1]



- **Securities / assets at 11.8%** with dynamically managed mix to benefit from rate environment
- **Increase in CPI linkers to benefit from higher inflation levels.** CPI-linker volume increased 42% y/y to TL 15.4 bln in book value[2]; with a gain of TL 2,257 mln in 9M18

  Inflation estimate for revaluation of CPI linkers: 16.0% (previous: 9.3%)

- **M-t-m unrealised loss at TL 2,006 mln as of 9M18** (TL -385 mln in 2017)

Notes:
1. Based on Bank-Only financials
2. Excluding accruals

Details of main Borrowings

International	Syndications	**~ US$ 2.6 bln in 2018** ▪ **May'18:** US$ 382mln & € 923mln, all-in cost at Libor+ 1.30% and Euribor+ 1.20% for the 367 day tranche and Libor+ 2.10 % and Euribor+ 1.50 % for the 2 year and 1 day tranche, respectively. 48 banks from 19 countries ▪ **Oct'18:** US$ 275mln & € 690.7mln, all-in cost at Libor+ 2.75% and Euribor+ 2.65% for 367 days. 27 banks from 13 countries
	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 and Local Currency Bonds / Bills	**US$ 3.2 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'17:** US$ 600 mln, 5.75% (coupon rate), 5 years ▪ **Jun'17:** US$ 500 mln, 5.85% (coupon rate), 7 years ▪ **Jun'17:** TL 500 mln, 13.13% (coupon rate), 3 years ▪ **Mar'18:** US$ 500 mln, 6.10% (coupon rate), 5 years
	Covered Bond	**TL 1.17 bln out standing** ▪ **Oct'17:** Mortgage-backed, maturity 5 years ▪ **Feb'18:** Mortgage-backed with 5 years maturity ▪ **May'18:** Mortgage-backed with 5 years maturity 2Q18
Domestic	Local Currency Bonds / Bills	**TL 1.95 bln total** ▪ **Jul'18 :** TL 962 mln, 3 months maturity 3Q18 ▪ **Aug'18** : TL 767 mln , 3 months maturity 3Q18 ▪ **Sep'18** :TL 219 mln, 2 months maturity 3Q18

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

Turkey

- **Europe's 7th largest economy and a member of G20**
- **Young, dynamic, large** and **growing population**
- **Sovereign ratings** of Ba3/B+/BB by Moody's/ S&P/Fitch

	TR 2017	EU 2017
Population (mln)	81	513
Median Age	32	43[1]
Population Growth (CAGR 2000-2017)	1.5%	0.3%
GDP (€ bln)	752	15,336
World Ranking	17	-
Per Capita GDP (€)	9,311	29,900
World Ranking	68	-

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**

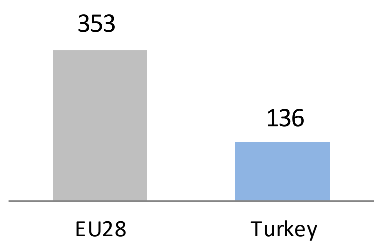
	2014	2015	2016	1H17	2017	9M18
GDP Growth	5.2%	6.1%	3.2%	5.3%	7.4%	5.2%
CPI (eop)	8.2%	8.8%	8.5%	8.5%	11.9%	24.5%
Benchmark Rate (eop)	7.9%	10.8%	10.7%	11.1%	13.4%	25.8%
Unemployment[2]	9.9%	10.3%	10.9%	10.2%	10.9%	10.8%
Policy Rate	8.3%	7.5%	8.0%	8.0%	8.0%	24.0%
CBT funding rate	8.5%	8.8%	8.3%	11.2%	12.8%	24.0%
CAD/GDP	4.7%	3.7%	3.8%	4.1%	5.5%	6.1%
o/w energy	5.2%	3.9%	2.8%	3.3%	3.8%	4.5%
Public Debt/GDP	29%	29%	29%	29%	28%	29%
Budget deficit/GDP	-1.1%	-1.0%	-1.1%	-2.0%	-1.5%	-2.0%

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

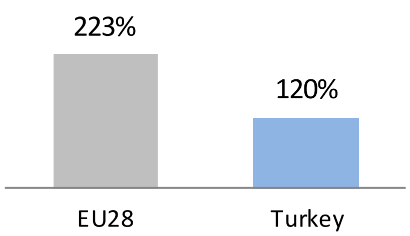
1. As of end-2016
2. As of July 2018

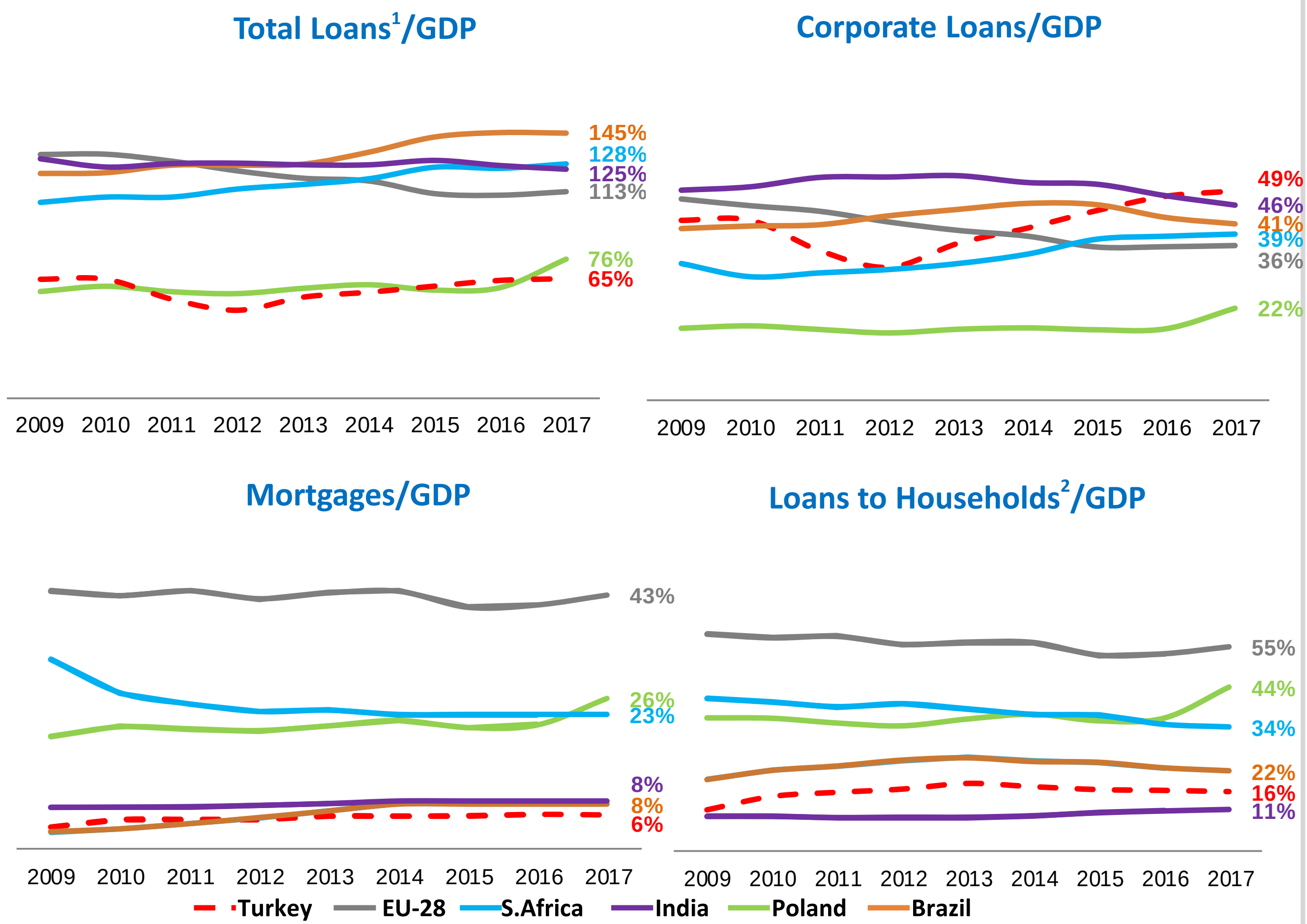
Despite solid growth in recent years, Turkish banking sector still underpenetrated in household lending

Branches Per Million Inhabitants (2016)



(Loans+Deposits)/GDP[3] (2017)





Source: European Central Bank, BRSA, CBRT, Turkstat, FRED database for India, Brazil, S.Africa
Note: Loan data on graphs for all countries based on 2017 actual figures
(1) Excluding lending to credit institutions
(2) Including housing loans, consumer lending and other household lending (including CC, excluding SMEs)
(3) Turkey,Ireland and Switzerland GDP numbers are forecasted figures

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 developments**:
  - **CGF** (supporting the loan growth)
  - **fees** (cut on account maintenance fees)
  - **capital** (potential alignment to IRB)
  - **provisioning** (IFRS9 as of 2018)
  - **corporate tax rate increase** (2018-20 to 22%)

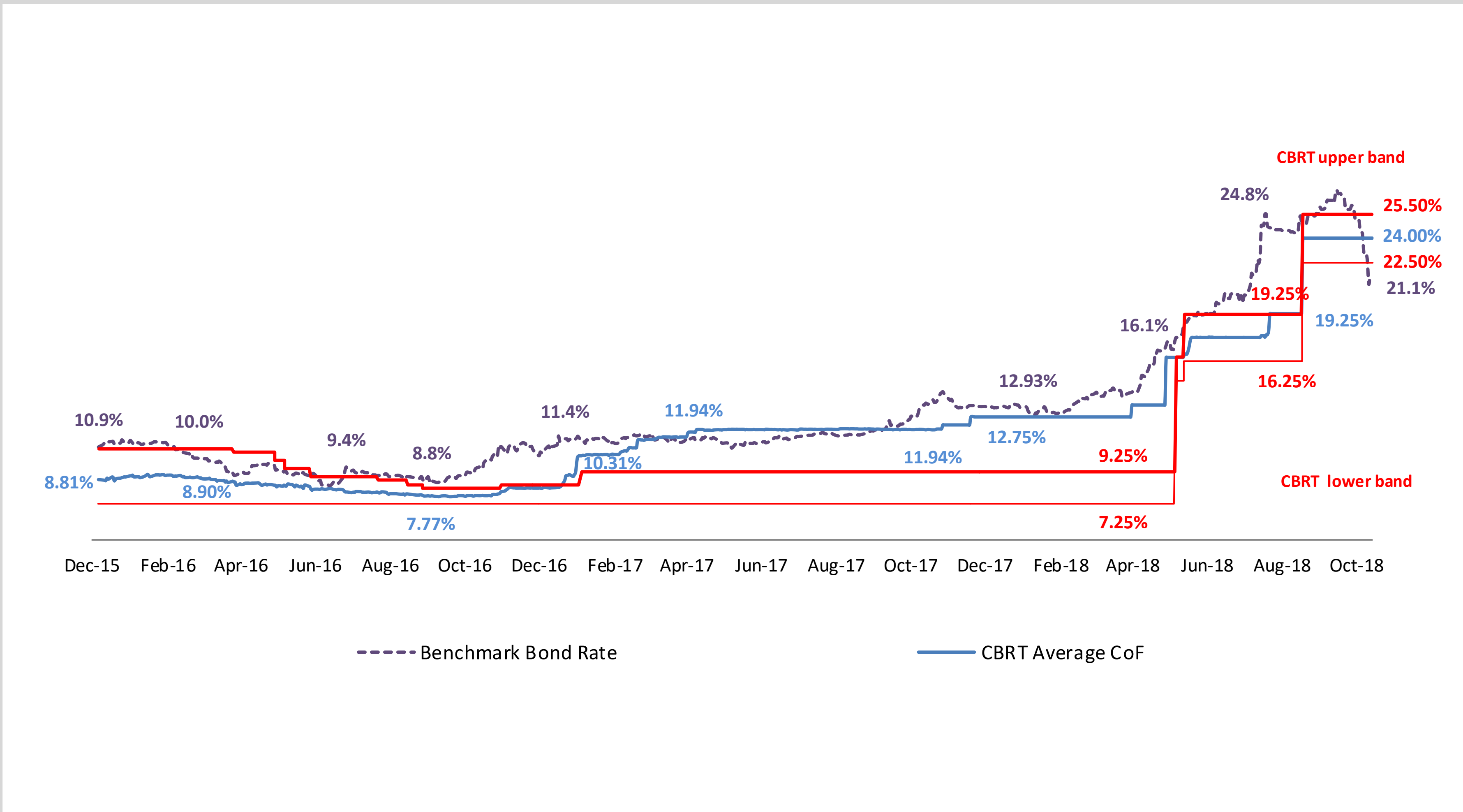
Challenges

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

	Banking Sector						
	2012	2013	2014	2015	2016	2017	9M18
Banks #	45	49	51	52	52	51	52
Branches #	10,234	11,023	11,223	11,193	10,781	10,550	10,505
Loan Growth (ytd)	15%	33%	18%	21%	17%	14%	24%
Deposit Growth (ytd)	11%	24%	10%	19%	17%	11%	25%
Loans/GDP[1]	48%	55%	58%	61%	64%	68%	74%
Deposits/GDP[1]	49%	53%	51%	53%	56%	57%	63%
Loans/Assets	58%	61%	62%	64%	64%	65%	63%
Deposits/Assets	59%	58%	56%	56%	56%	55%	53%
NIM	4.1%	3.8%	3.6%	3.6%	3.7%	3.9%	4.0%
NPL Ratio	2.8%	2.6%	2.8%	2.9%	3.2%	2.9%	3.1%
Specific Coverage	75%	77%	75%	76%	78%	80%	70%
CAR[2]	17.3%	14.6%	15.7%	15.0%	15.1%	16.5%	17.7%
Tier 1 Ratio	14.2%	12.2%	13.1%	12.5%	12.6%	13.6%	14.1%
ROAE	14.5%	12.5%	12.1%	10.8%	13.5%	15.0%	14.5%
ROAA	1.7%	1.4%	1.3%	1.1%	1.4%	1.5%	1.3%

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) 3Q18 GDP assumed stable at 1H17 level
(2) Based on BRSA monthly financials; indicating deposit banks

CBRT rates



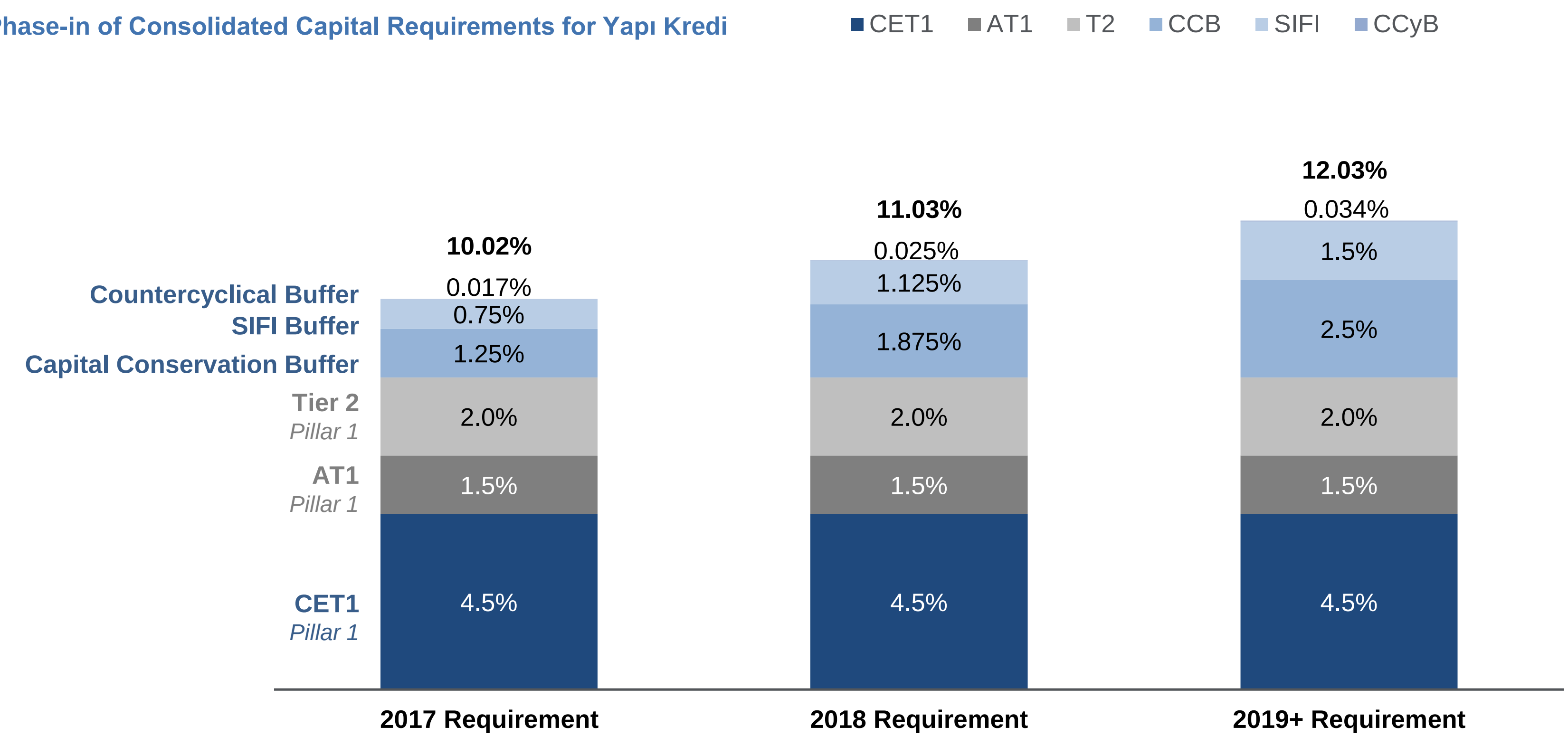
Notes:
Benchmark Bond Rate: Yield of the most traded 2-year government bond
CBRT Average CoF (cost of funding): Weighted average cost of outstanding funding of the CBRT via open market operations including O/N repo, one-week repo and one-month repo

Credit Ratings

		Long-Term Foreign Currency		Long-Term Local Currency	
		Rating	Outlook	Rating	Outlook
Moody's	Yapı Kredi	B2	Negative	B1	Negative
	Garanti	B2	Negative	B1	Negative
	Akbank	B2	Negative	B1	Negative
	Işbank	B2	Negative	B2	Negative
	Halkbank	B2	Negative	B2	Negative
	Vakıfbank	B2	Negative	B1	Negative
S&P	Yapı Kredi	B+	Stable	B+	Stable
	Garanti	B+	Stable	B+	Stable
	Akbank	Not rated	-	Not rated	-
	Işbank	B+	Negative	B+	Negative
	Vakıfbank	B+	Negative	B+	Negative
Fitch	Yapı Kredi	BB-	Negative	BB	Negative
	Garanti	BB-	Negative	BB	Negative
	Akbank	B+	Negative	BB-	Negative
	Işbank	B+	Negative	BB-	Negative
	Halkbank	B+	Negative	BB	Negative
	Vakıfbank	B+	Negative	BB	Negative

Consolidated regulatory capital requirements for Yapı Kredi

Phase-in of Consolidated Capital Requirements for Yapı Kredi



Consolidated Capital Requirements for Yapı Kredi

CET 1 Ratio	6.5%	7.5%	8.5%
Tier 1 Ratio	8.0%	9.0%	10.0%
Capital Adequacy Ratio	12.0%	12.0%	12.0%

Notes:
Reflects current status of regulatory capital requirements which may be subject to change. Pillar 2 framework for Turkey already exists, however BRSA capital requirements currently do not include any Pillar 2 add-on. Countercyclical buffer can be updated based on regulatory decision and bank's exposures