2019 YKB Guidance: Low teens RoTE with flat core-spread, controlled cost discipline and prudent provisioning, supported by TL loan growth

			Guideline	
Volumes	Volume growth focusing on value generating segments	▪ **Loan growth slightly higher than private banking sector** mainly driven by TL loans ▪ **Further increase in the share of small ticket retail deposits and retail demand deposits in total**	**TL Loans** **Deposits**	~15% Mid-teens
Revenues	Pressure on loan-deposit spread due to low entry point, double digit fee increase with diversification efforts	▪ **Flat NIM excluding the negative base impact from CPI-linked securities,** with ongoing repricing efforts ▪ **Fee growth supported by efforts towards diversification** ▪ **Ongoing strong focus on digital sales**	**NIM** **Fees**	Flat swap adj. exc. CPI impact Mid-teens
Costs	Cost discipline to be sustained despite challenging macro conditions	▪ **Below average inflation cost growth** ▪ **Ongoing support from digitalization**	**Costs**	Below average CPI
Asset Quality	Proactive approach will continue	▪ **Maintaining the prudent risk appetite** ▪ **Slight deterioration vs. 2018**	**NPL Ratio** **CoR**	< 7% excl. potential NPL sales < 300bps
Fundamentals	Ample liquidity levels with solid capital ratios	▪ **LDR at ~105% driven by stronger deposit growth** ▪ **Capital ratios to improve** with ongoing efforts towards capital strengthening and internal capital generation and the AT1 issuance	**LDR** **CAR[1]**	~105% > 15%

RoTE at low teens

Notes:
All figures based on BRSA bank-only except for CAR

YapıKredi