

## Yapi Kredi Investor Presentation

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*Profitable growth delivered, strategy confirmed*

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# Agenda

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## **Yapi Kredi at a Glance**

### Phase I: 2014

- Overview
- Details of 2014 Performance

### Phase II: 2015 and Beyond

# Yapi Kredi: A leading financial services group

Highest rated bank among peers, based on Fitch<sup>1</sup>

**Ratings** Moody's: Baa3 / Fitch: BBB / S&P: BB+

**Assets**

**195.0**  
bln TL

**Loans**

**125.5**  
bln TL

**Shareholders' Equity**

**20.2**  
bln TL

**Deposits+ TL Bonds<sup>2</sup>**

**110.9**  
bln TL

**Customers**

**10.6**  
mln

**Employees<sup>3</sup>**

**18,535**

**Branches**

**1,003**

**Share of ADCs<sup>4</sup>**

**83%**

**Net Income**

**2,056**  
mln TL

**RoATE<sup>5</sup>**

**12.0%**

**Bank CAR**

**15.0%**

**Total NPL Coverage<sup>6</sup>**

**113%**

- 4th largest private bank and a deep rooted franchise (established in 1944)
- Among top 10 most valuable brands<sup>7</sup> in Turkey
- Integrated network with widespread branch coverage and innovative alternative delivery channels
- Young and qualified workforce serving a wide customer base
- Core-banking focused balance sheet (highest loans/assets; lowest securities/assets among peers)
- Conservative risk profile and prudent provisioning policy
- Resilient capital base and funding capability

Note: Loans indicate performing loans. ROAE indicates Return on Average Equity

(1) On 24 Jun'14, Fitch affirmed YKB's Long-Term Foreign Currency and Long-Term Local Currency ratings at "BBB" while downgrading private peers ratings to "BBB-" from "BBB".

(2) Deposits: TL 107.6 bln, TL Bonds: TL 3.3 bln

(3) Group data. Bank-only: 17,457

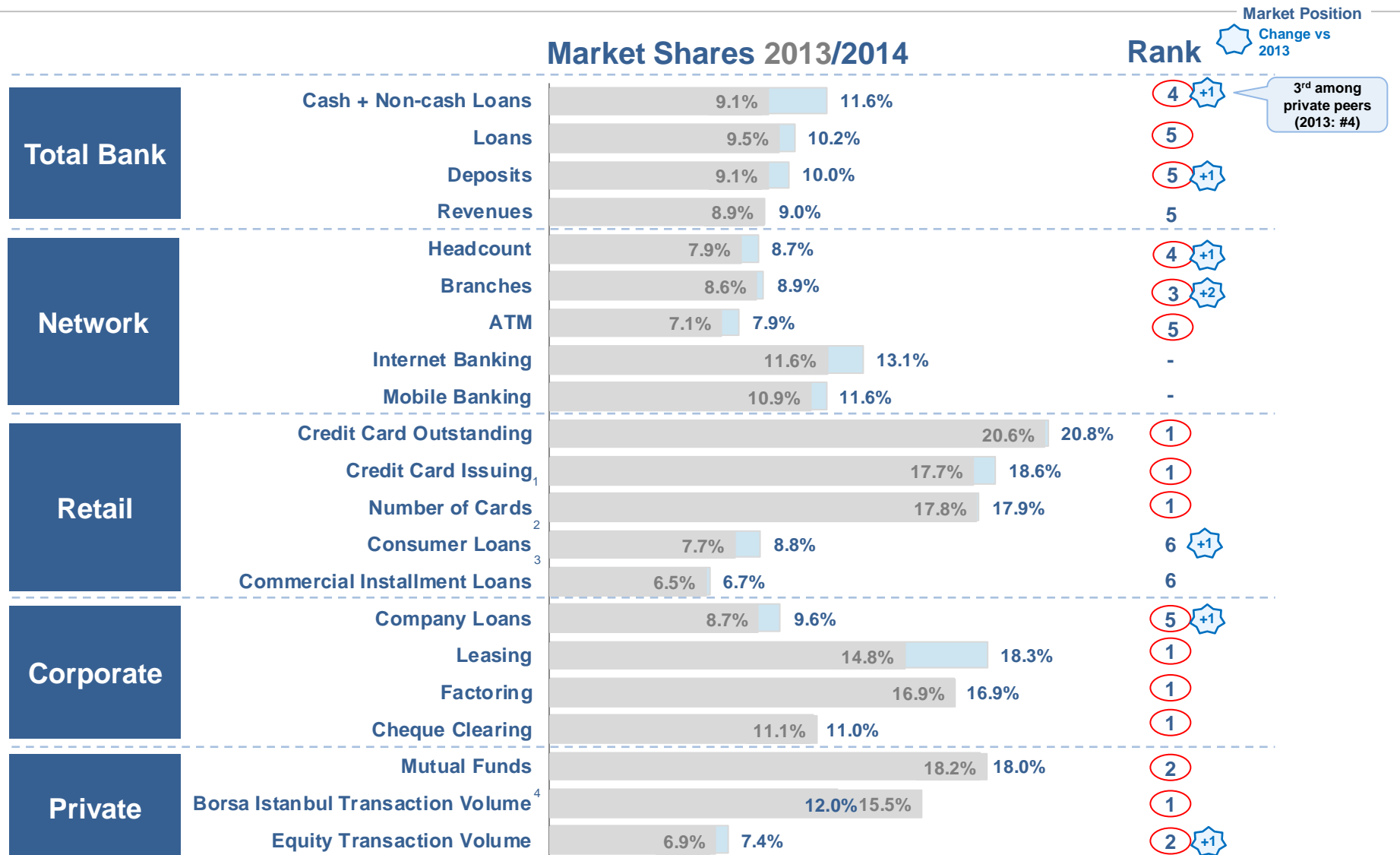
(4) Share of alternative delivery channels (ADCs) in total comparable transactions

(5) RoATE indicates return on average tangible equity (excl TL 979 mln goodwill)

(6) Total NPL Coverage indicates (Specific + Generic Provisions)/NPLs

(7) Brand Finance Turkey 100 report 2015 (Yapi Kredi ranked number 10 as of Feb'15)

# Leading positions in value generating services and products



Note: Market shares and rankings as of YE14. Market share and ranking 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 Borsa Istanbul and 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

(1) Including mortgages, general purpose and auto loans

(2) Proxy for SME loans

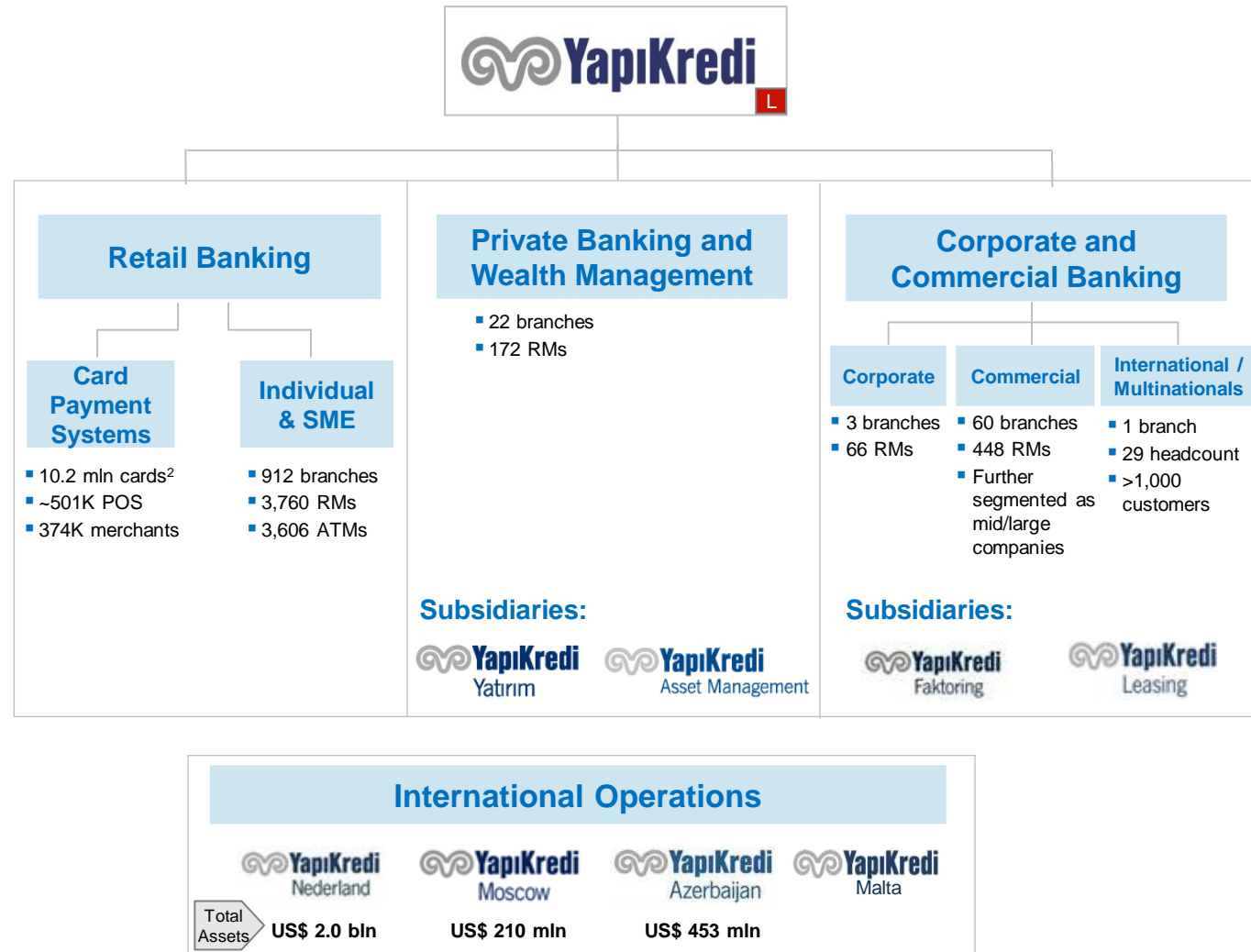
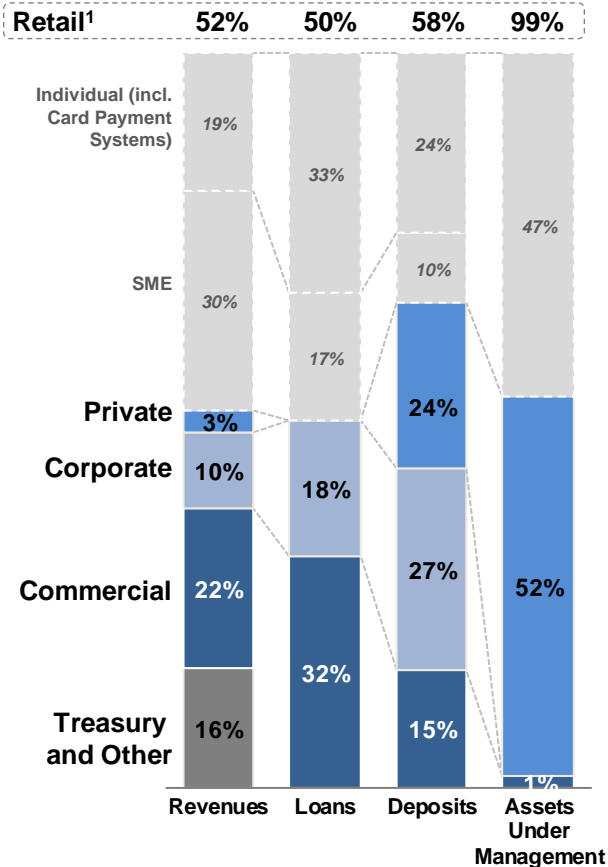
(3) Cash loans excluding credit cards and consumer loans

(4) Includes repo, reverse repo, treasury bill, government bond, equity and derivative transaction volumes

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

Organisational Structure

Revenues and Volumes by Business Unit (YE14)



Source: Approximate numbers based on MIS reporting for company information. Asset size data of international operations based on YE14 BRSA financials  
Branch numbers exclude 2 satellite, 2 free-zone, 1 off-shore branch

(1) Includes individual, SME and private

(2) Including 2.0 mln virtual cards

# Strong and committed shareholders

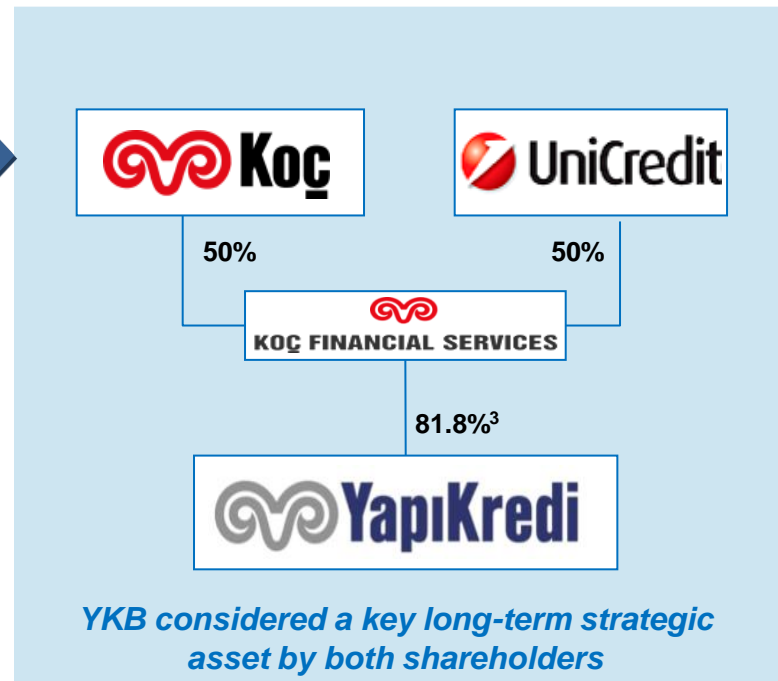
Shareholding Structure

**Stable, long-term focused shareholding structure supporting YKB's balanced growth and sustainable performance**

- Established in 1926, largest conglomerate in Turkey and 341<sup>th</sup> in Fortune Global 500<sup>1</sup>
- Long-standing leadership in core sectors (automotive, finance, energy, consumer durables, food, retailing, tourism)
- 5 out of top 10 companies in Turkey part of the Koç Group<sup>2</sup>
- Best proxy to the Turkish market (total sales/GDP: 8%, total exports/Turkey's exports: 9%)
- Largest distribution and after-sales network in Turkey
- Share of intragroup lending in total capital at 15.8% as of 2014 (max regulatory limit 20%)

Total Assets (US\$ bln)	27.6
Revenues (US\$ mln)	31,365
Net Income (US\$ mln)	1,239
Number of Employees	85,517 <sup>4</sup>

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



- Systemically important Italian financial institution in Europe with roots dating back to 1473
- Full service group engaged in a wide range of banking, financial and related activities
- Extensive international presence with strong roots in 17 European countries and presence in 50 other markets
- Leader in Austria, #2 in Italy, #3 in Germany. Turkey among top 4 long-term growth markets in CEE
- €2.3 bln funding to YKB as of 2014 (o/w 52% for subsidiaries)

Total Assets (US\$ bln)	1,027
Revenues (US\$ mln)	27,385
Net Income (US\$ mln)	2,443
Number of Employees	147,000 <sup>5</sup>

Ratings Moody's: Baa2 / Fitch: BBB+ / S&P: BBB-

Note: All information and figures regarding Koç and UniCredit based on publicly available data as of YE14

(1) Fortune Global 500 as of Jul'14

(2) Istanbul Chamber of Industry's Turkey's Top 500 Industrial Enterprises ranking as of Jun'14

(3) Remaining 18.2% listed on the Istanbul Stock Exchange and Global Depository Receipts that represent the Bank's shares are quoted on the London Stock Exchange

(4) Group number of employees as of YE14

(5) Data includes employees of Koç Financial Services calculated at 100%

# Successful execution of strategy resulting in delivery of strong results

2006	Merger and Integration
2007	Restructuring
2008	Relaunch of Growth
2009	Global Crisis
2010	Back to Growth
2011	Smart Growth
2012	
2013	
2014	Growth Oriented Investment Strategy

Between 2007 and 2014

Revenues **+12%**

Costs **+9%**  
(vs average inflation of 8%)

Number of branches **+65%**  
Number of ATMs **+111%**  
Number of employees **+31%**

Average RoATE **24%**

Note: Compounded annual growth rates used for revenues and costs. Increase in number of branches, employees and ATMs calculated from beginning of 2007  
RoATE indicates Return on Average Tangible Equity. Calculation based on average of current period equity (excluding current year profit) and prior year equity

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■ Yapi Kredi at a Glance

■ **Phase I: 2014**

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■ Phase II: 2015 and Beyond



# 2014: Ambitious targets of accelerated growth strategy successfully achieved with some areas performing even better than guidance

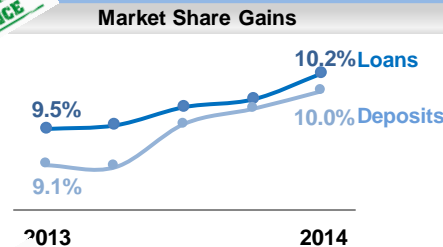
## Strategic Guidelines

## Results

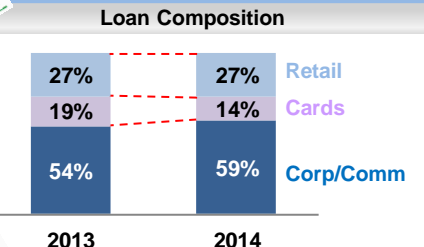
### Accelerated Growth

- Increasing «natural market share» to 10%
- Remixing loan book towards more profitable segments

BETTER THAN GUIDANCE



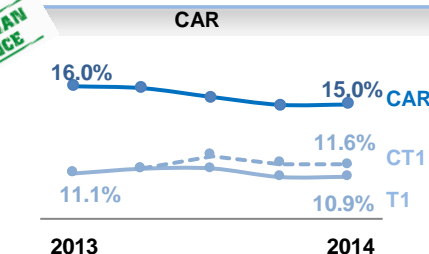
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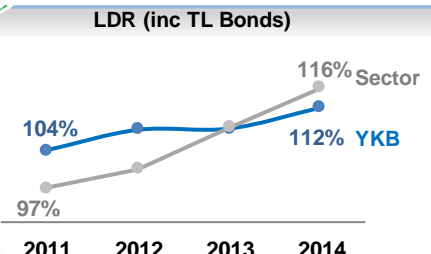
### Strong Fundamentals

- CAR >14% and Tier-1 >10%
- LDR within comfortable band

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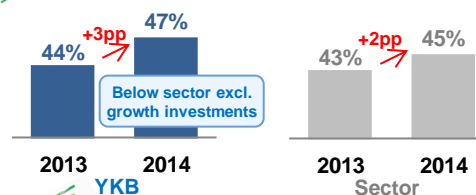
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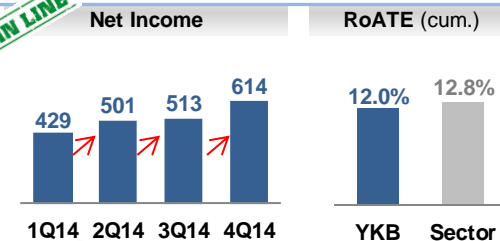
### Solid Profitability

- Investing in growth while maintaining discipline in ordinary costs
- Increasing trend in quarterly net income

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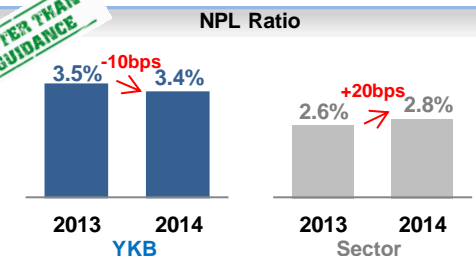
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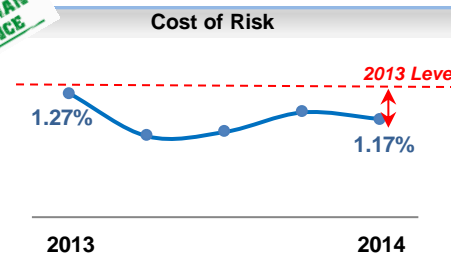
### Resilient Asset Quality

- In line with sector NPL ratio evolution
- Stable CoR vs YE13

BETTER THAN GUIDANCE



BETTER THAN GUIDANCE



Note:  
LDR (inc TL bonds), Cost/Income and RoATE ratios for sector based on BRSA monthly data as of Dec'14  
NPL ratio for sector based on BRSA weekly data as of 2 Jan'15  
RoATE indicates return on average tangible equity (excl TL 979 mIn goodwill)  
Cost of Risk, cumulative = (Total Loan Loss Provisions-Collections)/Total Gross Loans

# How did we do it? Through significant investment in our network and commercial effectiveness capabilities



(1) Indicates Group headcount. Bank only: ~17,500

(2) Includes branches and call center

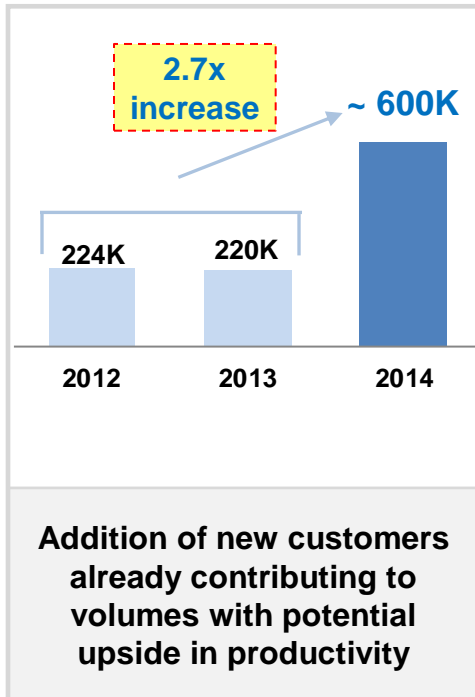
(3) Net new: 54 branches

(4) Direct Banking, launched in May'14 under the new brand name of "NUVO", is a branchless service via internet and mobile channels which offers advantageous pricing and other non-banking advantages

# «Core Bank»: increasing commercial effectiveness

## «New Bank»: already contributing with acceleration expected in the future

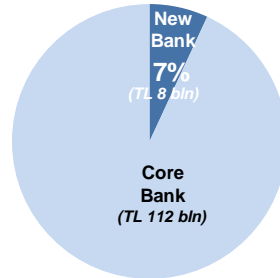
### Customer Acquisition



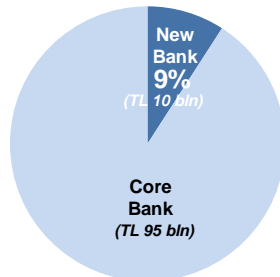
### Volumes

«New Bank» contribution already visible

#### Loans



#### Deposits



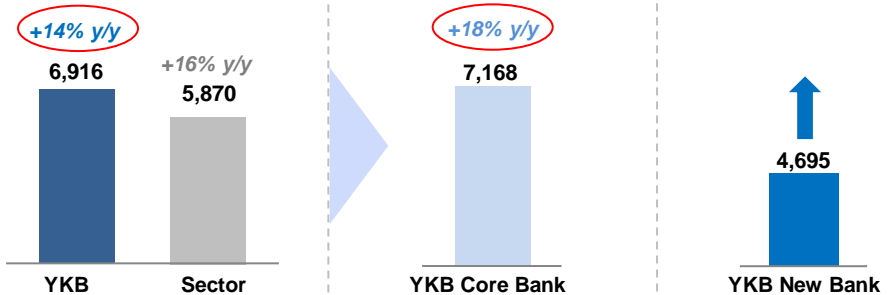
### Productivity

YKB above sector in productivity

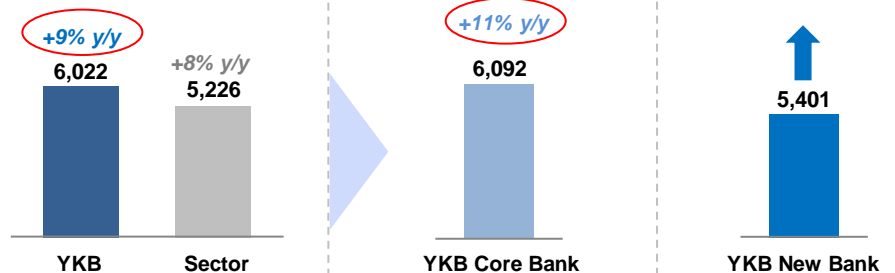
«Core Bank» increasing faster

«New Bank» with further potential

#### Loans/Employee



#### Deposits/Employee



Note: Based on YKB's internal calculations

Balance sheet volumes for sector based on BRSA weekly data as of 2 Jan'15; Sector employee number based on Turkish Banking Association data as of Dec'14

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■ Yapi Kredi at a Glance






■ **Phase I: 2014**

- Overview
- **Details of 2014 Performance**

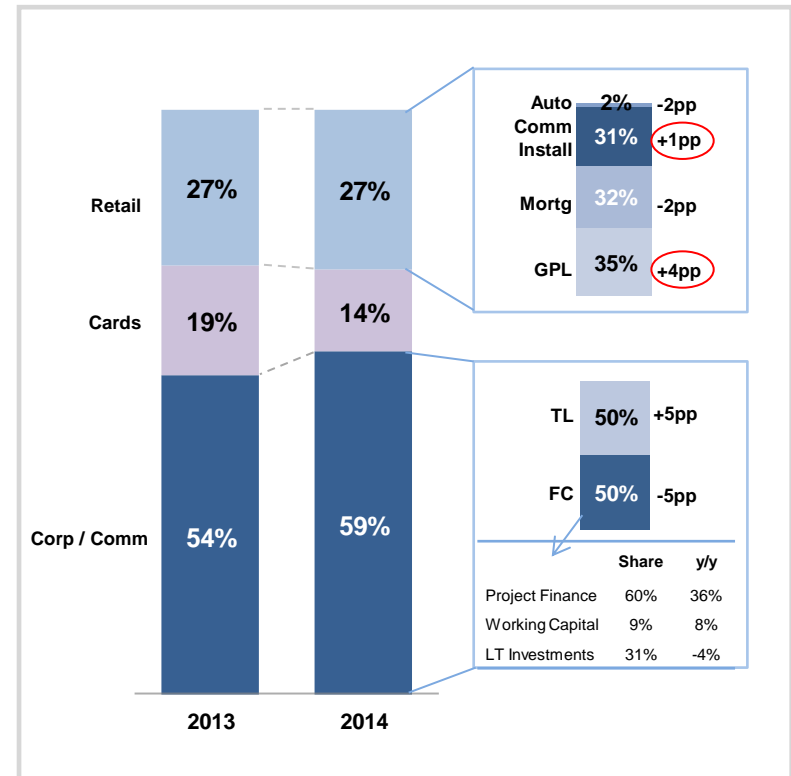
■ Phase II: 2015 and Beyond

# Significantly above sector loan growth together with effective remixing towards higher value generating areas

**LEADERSHIP IN CARDS CONFIRMED**

(TL bln)	2014	y/y		Market Share	ytd Δ bps	Rank
		YKB	Sector			
<b>Total Loans<sup>1</sup></b>	<b>125.5</b>	<b>26%</b>	<b>18%</b>	<b>10.2%</b>	<b>+71</b>	<b>5</b>
TL	83.7	28%	17%	10.1%	+84	5 
FC (\$)	18.1	13%	12%	10.6%	+38	4
<b>Consumer Loans</b>	<b>23.8</b>	<b>29%</b>	<b>13%</b>	<b>8.8%</b>	<b>+111</b>	<b>6</b> 
Mortgages	11.0	22%	13%	9.6%	+72	6 
General Purpose	12.2	46%	15%	8.1%	+173	7
Auto	0.7	-39%	-22%	10.8%	-316	4
<b>Credit Cards</b>	<b>17.8</b>	<b>-5%</b>	<b>-6%</b>	<b>20.8%</b>	<b>+16</b>	<b>1</b>
<b>Companies<sup>2</sup></b>	<b>84.0</b>	<b>35%</b>	<b>24%</b>	<b>9.6%</b>	<b>+94</b>	<b>5</b> 
TL	42.1	50%	26%	8.9%	+142	6 
FC (\$)	18.1	13%	12%	10.6%	+38	4
<b>SME<sup>3</sup></b>	<b>36.1</b>	<b>49%</b>	<b>25%</b>	<b>11.9%</b>	<b>+187</b>	<b>n/a</b>
Comm. Install.	10.5	34%	30%	6.7%	+18	6

## Loan Composition



- **Total loans +26% ytd** (vs 18% sector) with highest quarterly growth recorded in 4Q (+8% q/q vs +5% sector)
- **Effective remixing of loan book** to higher value generating areas **while increasing market share**
- **Currency balance maintained** in company loans to mitigate risk

Note: Balance sheet volumes for sector based on BRSA weekly data as of 2 Jan'15. FC-indexed loans included in TL loans

(1) Total performing loans

(2) Total loans excluding consumer loans and credit cards

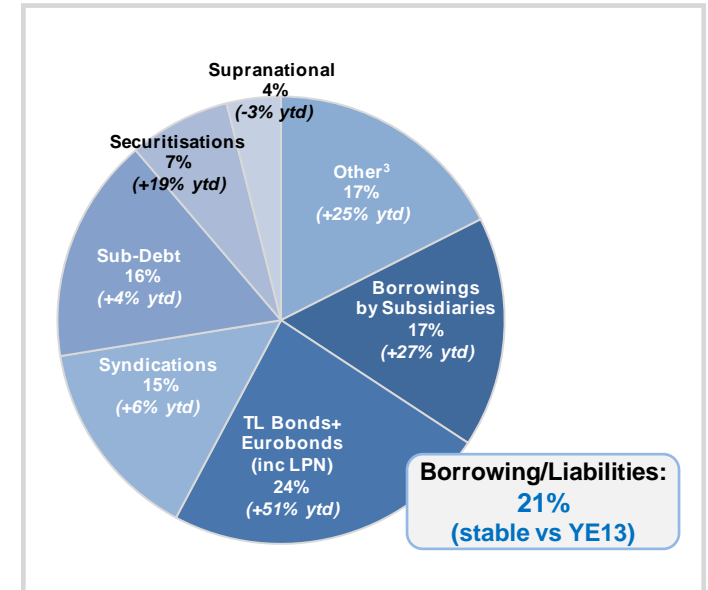
(3) SME definition: <TL 40 mln annual turnover as per BRSA. YKB internal SME definition: <US\$ 10 mln annual turnover (share of TL: 95%)

# Strong focus on deposit gathering to sustain growth initiatives and wholesale funding to manage duration mismatch while preserving margins

Funding

(TL bln)	2014	y/y		Market Share	ytd Δ bps	Rank
		YKB	Sector			
<b>Total Deposits</b>	<b>107.6</b>	<b>22%</b>	<b>10%</b>	<b>10.0%</b>	<b>+94</b>	<b>5</b>
TL	62.9	41%	11%	10.0%	+236	6
FC (\$)	19.3	-6%	1%	10.0%	-127	5
<b>Customer Deposits<sup>1</sup></b>	<b>105.1</b>	<b>22%</b>	<b>10%</b>	<b>10.5%</b>	<b>+104</b>	<b>4</b>
<b>Demand Deposits</b>	<b>16.6</b>	<b>16%</b>	<b>9%</b>	<b>8.5%</b>	<b>+59</b>	<b>7</b>
<b>TL Bonds<sup>2</sup></b>	<b>3.3</b>	<b>98%</b>	<b>43%</b>	<b>7.3%</b>	<b>+205</b>	
<b>Repos</b>	<b>6.2</b>	<b>83%</b>	<b>18%</b>	<b>4.7%</b>	<b>+168</b>	

## Borrowing Composition



- **Significantly above sector deposit growth** (+22% ytd vs 10% sector) mainly driven by TL deposits
- **Repo volume increasing ytd due to attractive pricing** - still among lowest levels in peer group (3% share in liabilities vs 10% avg private peers)
- **Sustained focus on funding diversification** with >100% of funding plan for 2014 achieved

Notes: Balance sheet volumes for sector based on BRSA weekly data as of 2 Jan'15

(1) Excluding bank deposits

(2) Including TL and covered bonds

(3) Other borrowings include foreign trade related borrowings

# ~TL 2.1 bln net income with progressive improvement on a quarterly basis via increased contribution of growth investments

Income Statement

(TL mln)	1Q14	2Q14	3Q14	4Q14	q/q	2013	2014	y/y
<b>Total Revenues</b>	1,938	2,149	2,201	2,466	12%	8,058	8,754	9%
<b>Operating Costs</b>	935	1,029	1,009	1,173	16%	3,543	4,146	17%
<b>Operating Income</b>	1,003	1,120	1,192	1,293	9%	4,515	4,607	2%
<b>Provisions</b>	463	443	515	518	1%	1,552	1,939	25%
<b>Pre-tax Income</b>	540	677	677	775	15%	2,963	2,669	-10%
Discontinued Operations	0	0	0	0	nm	1,326	0	nm
<b>Net Income</b>	429	501	513	614	20%	3,659	2,056	-44%
<b>Net Income</b> (excluding insurance business sale)						2,375	2,056	-13%
<b>Return on Average Tangible Equity</b>	10.0%	11.6%	11.6%	13.7%		16.7%	12.0%	
<b>Return on Assets</b>	1.0%	1.2%	1.1%	1.3%		1.5%	1.1%	
<b>Cost/Income</b>	48%	48%	46%	48%		44%	47%	

- **Revenues +9% y/y** despite volatile operating environment
- **Costs +17% y/y** incorporating significant investments for growth
- **Provisions impacted by strong loan growth and regulation**
- **Cumulative net income at TL 2,056 mln with RoATE at 12.0%**
- **Strong contribution of subsidiaries** with 17% of net income and 8% of assets

Note: Return on Average Tangible Equity, Return on Assets and Cost/Income Ratios for 2013 are adjusted for Yapı Kredi insurance business sale (consolidated capital gain of TL 1,284 mln post 5% capital gain tax)

Return on Average Tangible Equity (RoATE) excludes TL 979 mln goodwill

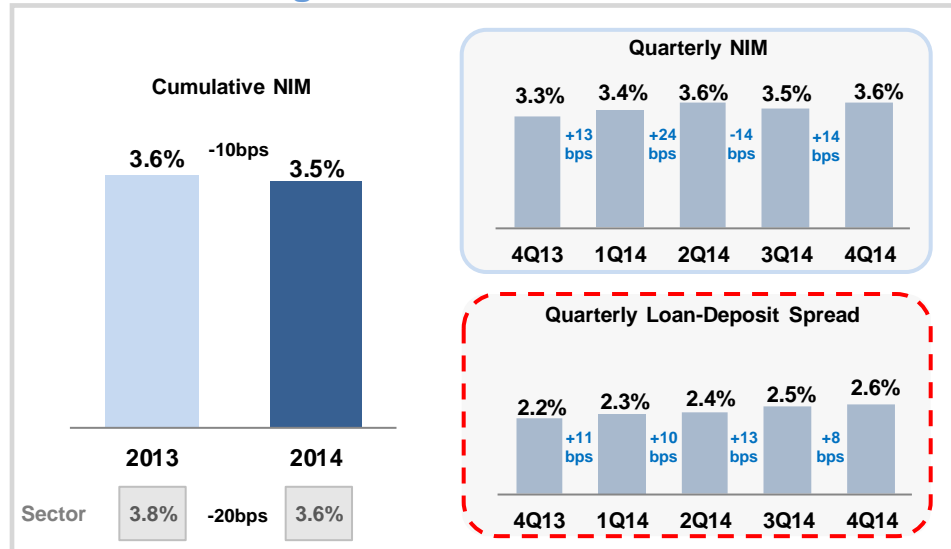
RoATE calculation based on the average of current period equity (excluding current period profit) and prior year equity. Annualised

Return on Assets (RoA) calculation based on net income / end of period total assets. Annualised

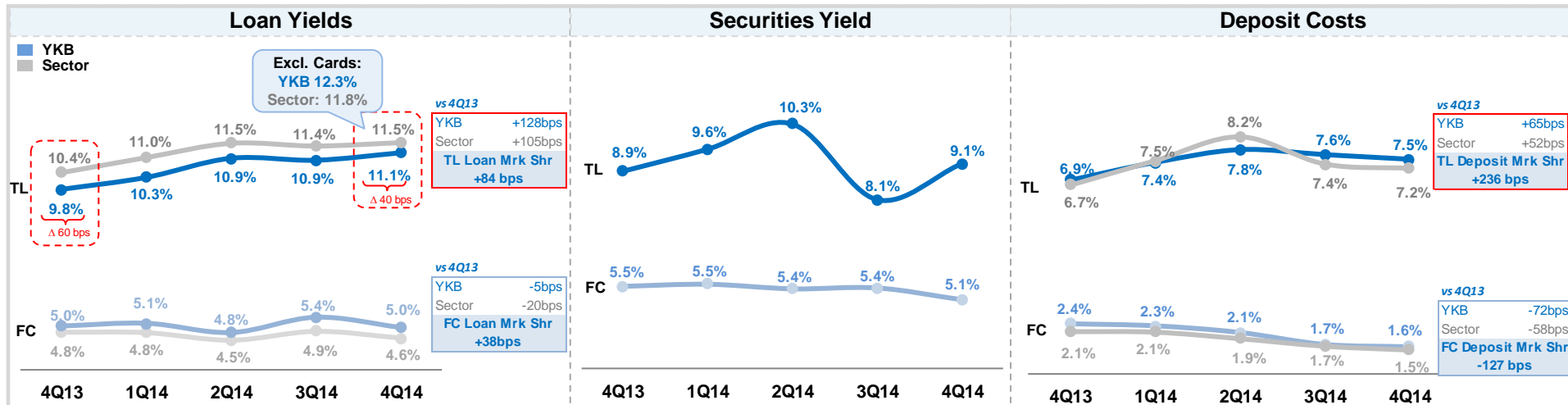
# Cumulative NIM -10 bps with steady improvement in loan-deposit spread throughout the year via effective pricing

Net Interest Margin

## Net Interest Margin (Bank-only)



- **Cumulative NIM evolution better than sector** confirming ability to manage challenging rate environment
- **Quarterly NIM expanding** supported by expanding loan-deposit spread and positive contribution of CPI linkers
- **Loan-deposit spread improving throughout the year** driven by effective pricing despite continuous market share gains in both loans and deposits



Notes: Sector based on BRSA monthly data as of Dec'14

NIM = Net interest income/Average Interest Earning Assets. Loan yields, securities yields and cost of deposits based on average volumes. Loan yields calculated using performing loan volume and interest income

Loan-Deposit Spread: (Interest Income on Loans-Interest Expense on Deposits)/Average(Loans+Deposits)

NIM and securities yields exclude effect of reclassification between interest income and other provisions related to amortisation of issuer premium on securities (as per BRSA)

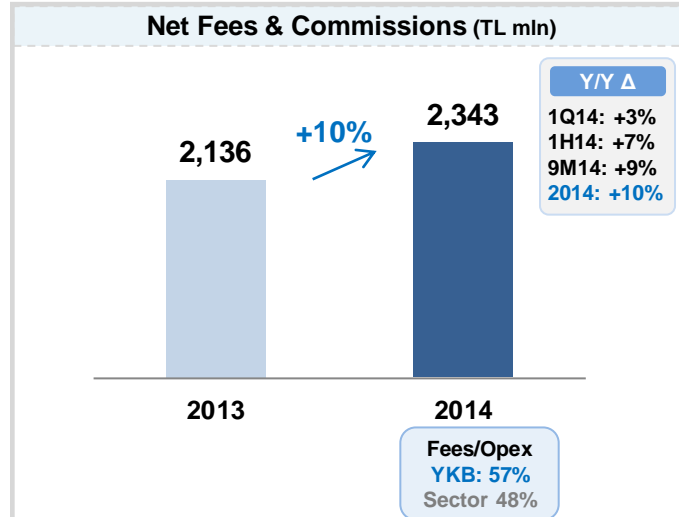
Reported NIM figures as follows: 4Q13: 3.3%, 1Q14: 3.4%, 2Q14: 3.7%, 3Q14: 3.5%, 4Q14: 3.7%



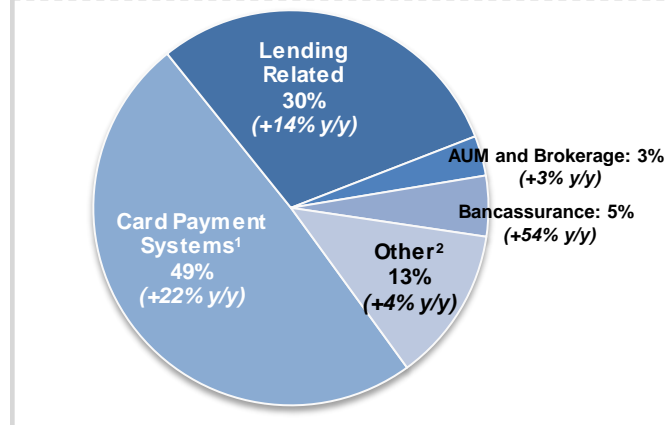
# «Double digit growth» in fees; consistently improving contribution of other income

Fees &amp; Other Income

## Fees & Commissions



## Fees Received Composition (Bank-only)



## Other Revenues

	1Q14	2Q14	3Q14	4Q14	4Q Δ	2013	2014	y/y Δ
<b>Total Other Revenues</b>	76	59	134	169	26%	856	438	-49%
<b>Other Income</b>	209	209	95	152	60%	453	665	47%
Collections & Prov. Reversals <sup>3</sup>	134	94	39	11	-71%	208	279	34%
Subs and Other	74	115	56	141	151%	245	386	58%
<b>Dividend Income</b>	2	7	0	0	nm	15	9	-39%
<b>Trading&amp;FX (net)</b>	-135	-157	39	17	-56%	388	-236	nm

- **Fees +10% y/y, in line with guidance despite regulatory impact in 4Q** mainly driven lending related fees and bancassurance
- **Other income supported by collections and provision reversals**
- **Quarterly trading gain positively impacted by securities portfolio sale** offsetting swap costs

Sector based on BRSA monthly data as of Dec'14

(1) Interchange fee rate at 1.18% in 2014 vs 0.77% in 2013. Currently at 1.15% since 5 Sep'14

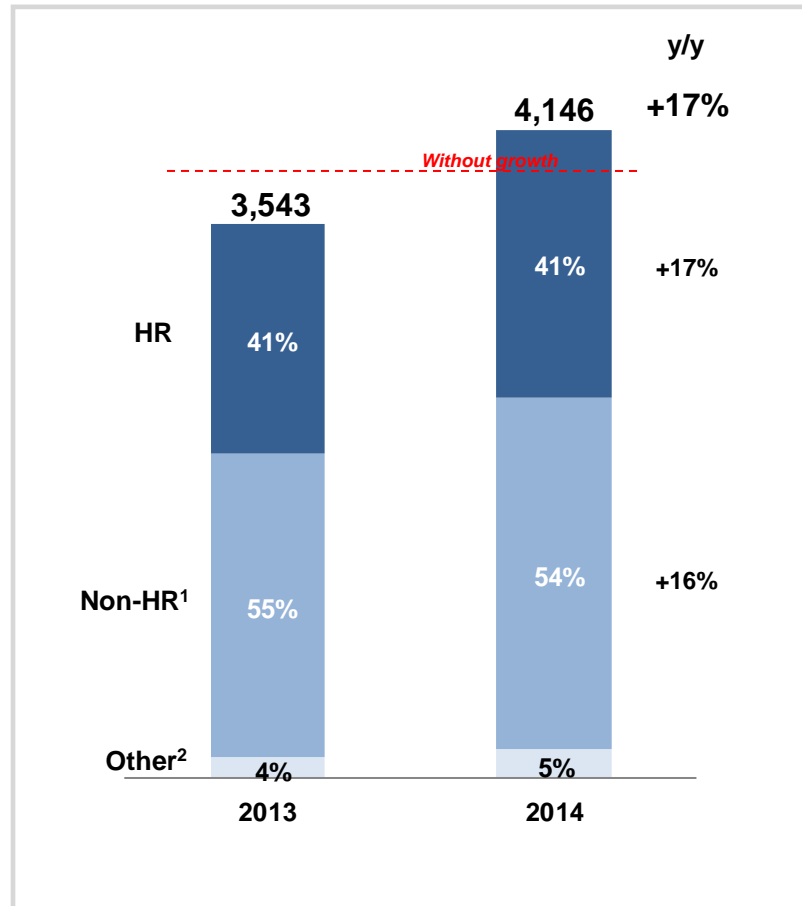
(2) Other includes account maintenance, money transfers, equity trading, campaigns and product bundles

(3) Total of 447 mln TL NPL sale in 2014. (Jun'14: TL 104 mln fully provisioned credit card and consumer loan portfolio for TL 15.5 mln. Sept'14: TL 282 mln fully provisioned credit card, consumer and SME loan portfolio for TL 28.4 mln. Dec'14: TL 61.1 mln fully provisioned credit card portfolio for TL 8.3 mln)

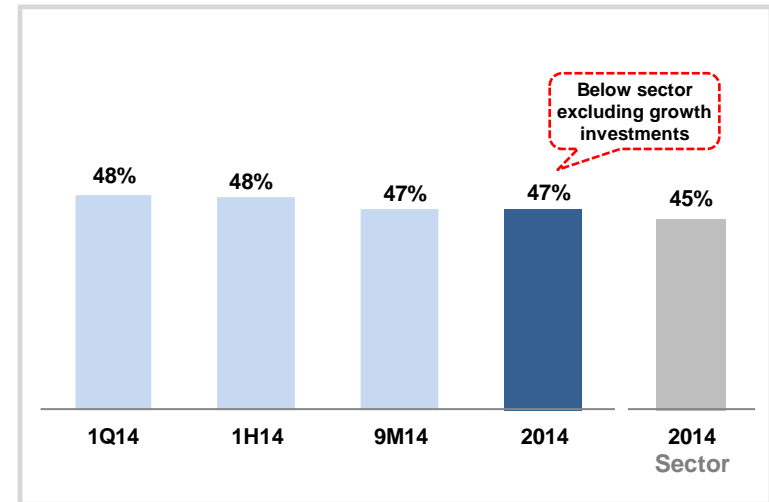
# 2014 investments successfully deployed with continued discipline in ordinary costs

Costs

## Total Costs (TL mIn)



## Cost/Income (cumulative)



- **Costs +17% y/y despite extensive investments for growth**
- **Improving cumulative cost/income trend; YE14 level below sector excluding growth investments**
- **Cost/average employee<sup>3</sup> +4% vs YE13 (sector: +11%)**

Note: Cost/Income ratio for sector based on BRSA monthly data as of Dec'14

(1) Non-HR costs include HR related non-HR, advertising, rent, SDIF premium, taxes, depreciation and branch tax

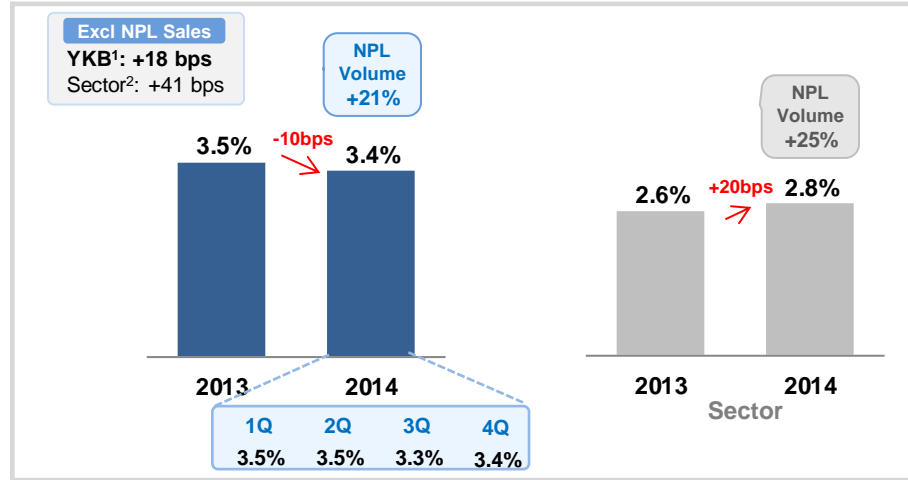
(2) Other includes pension fund provisions and loyalty points on Worldcard

(3) Bank-only

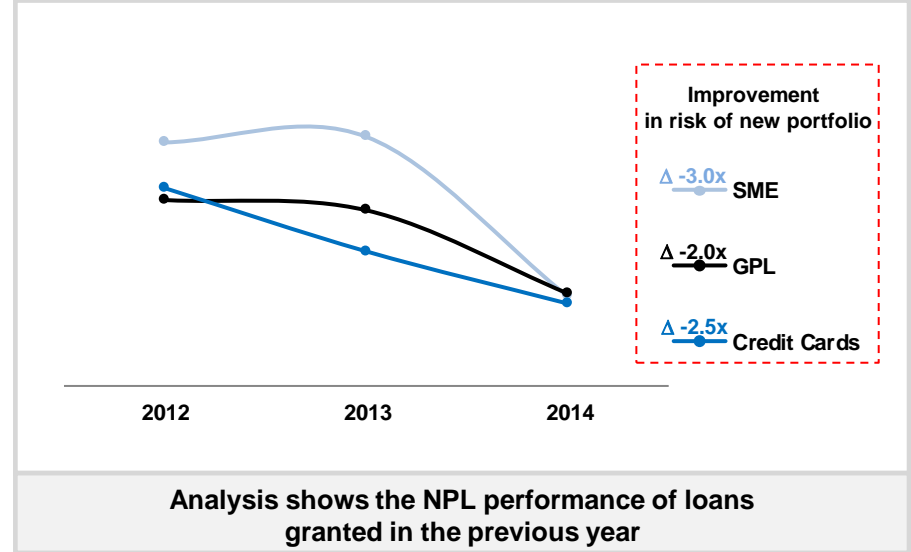
# Better than sector evolution in asset quality supported by strong underlying trends

Asset Quality

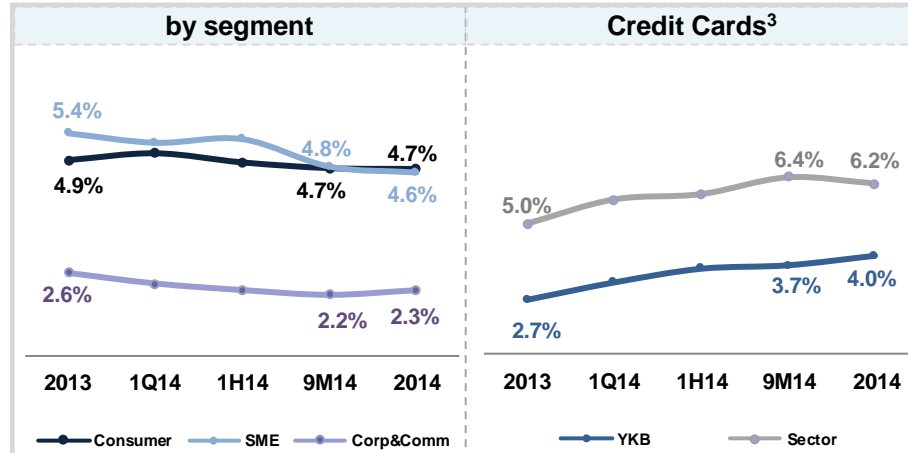
## NPL Ratio



## Quality of New Loan Generation (Vintage Analysis)



## NPL Ratio by Segment and Product



- NPL ratio -10 bps to 3.4% (sector: +20 bps)
- Quality of new loan generation improving significantly due to better scoring, system improvements and other risk related actions
- Solid evolution in all segments; Credit cards impacted by regulation

Notes: NPL ratio for credit cards includes retail + business cards. NPL ratio for sector based on BRSA weekly data as of 2 Jan'15

SME NPL ratio based on YKB's internal SME definition of companies with <10 mln \$ annual turnover and <3 mln \$ loan volume

(1) Total of 447 mln TL NPL sale in 2014. (Jun'14: TL 104 mln fully provisioned credit card and consumer loan portfolio for TL 15.5 mln with -9bps NPL ratio impact. Sept'14: TL 282 mln fully provisioned credit card, consumer and SME loan portfolio for TL 28.4 mln with -24bps NPL ratio impact. Dec'14: TL 61.1 mln fully provisioned credit card portfolio for TL 8.3 mln with -5bps NPL ratio impact)

(2) Total NPL sales in the sector amounting to TL 3.5 bln as of Dec'14 (o/w TL 1.2 bln credit cards)

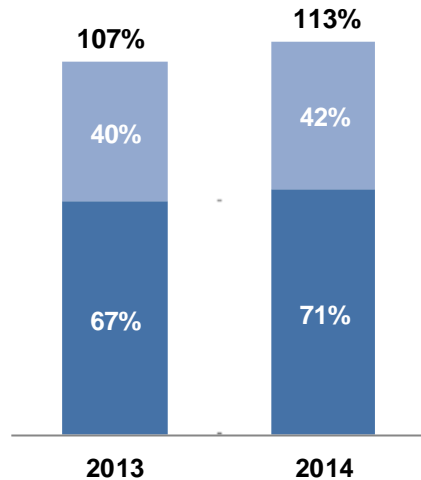
(3) Excluding NPL sales, YKB credit cards NPL ratio at 5.2% (+249 bps vs 2013), sector NPL ratio at 7.4% (+242 bps vs 2013)

# Solid coverage level maintained; CoR improving

Asset Quality

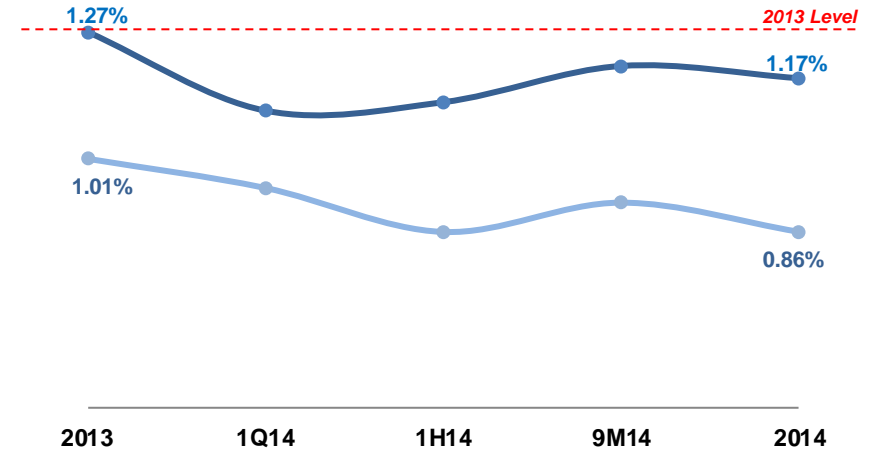
## NPL Coverage

General provisions / NPL  
Specific provisions / NPL



## Cost of Risk<sup>1</sup> (Cumulative, net of collections)

Total  
Specific



- **Total NPL coverage<sup>2</sup> at 113%** (+5 pp vs 2013). Increase in general provisioning coverage (+2 pp vs 2013) due to strong lending growth and regulation
- **Total CoR (net off collections) at 1.17%** (-10 bps vs 2013), **better than guidance of stable vs YE13**

(1) Cost of Risk = (Total Loan Loss Provisions-Collections)/Total Gross Loans

(2) Total NPL coverage = (Specific +General Provisions)/NPLs

## 2014: Key Take-Aways

### Volumes

- **Strong loan growth** leading to 10.2% market share (+70bps y/y)
- **Significantly above sector deposit growth** leading to 10% market share (+90bps y/y)
- **Comfortable LDR** level maintained

### Revenues & Costs

- **Cumulative NIM performance in line with guidance** of better than sector evolution (-10 bps vs -20 sector)
- **Fees in line with guidance** of low double digit growth
- **Costs under control** incorporating all planned investments

### Capital

- **Comfortable CAR maintained** incorporating strong loan growth

### Asset Quality

- **Better than guidance & better than sector** (NPL ratio -10 bps vs +20 bps sector)

**YKB performance appreciated both internationally and domestically with >30 awards in 2014**

# Agenda

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- Yapi Kredi at a Glance
- Phase I: 2014
- Phase II: 2015 and Beyond**

# Supportive macro and banking sector scenario

		2014	2015	BUDGET SCENARIO
MACRO	GDP	2.9%	~4%	
	Inflation (eop)	8.2%	6 / 6.5%	→ Further improvement potential dependant on oil prices
	USD/TL (eop)	2.32	2.33	
	Policy rate (eop)	8.25%	8.25%	→ Declining trend started as of Jan'15 (-75bps to 7.50%) with further changes subject to inflation dynamics and global developments
	Unemployment	10.4%	9.3%	
	CAD/GDP	5.8%	<5%	
SECTOR	Loan Growth	18%	17%	
	Deposit Growth	10%	15%	
	NIM	-20 bps	Flat	→ Dependant on possible changes in CBRT monetary policy
	CoR	Flat	Flat	
	NPL Ratio	+20 bps	+20 bps	

Notes:  
 Scenario based on YK Economic Research estimates as of Oct'14  
 Banking sector data based on BRSA weekly financials as of 2 Jan'15

# For YKB, further acceleration of growth in 2015 with leadership ambitions in the medium-term...

## Strategic Direction

## Key Drivers

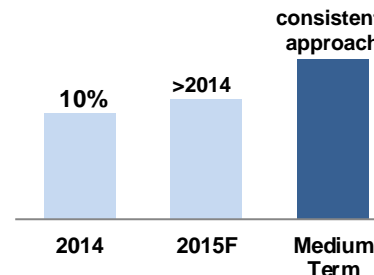
## Goals

### Growth

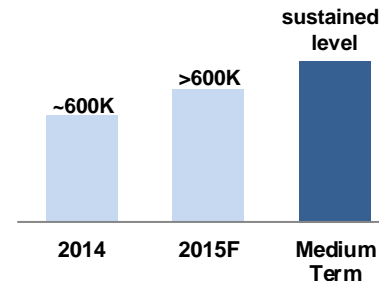
Continuation of market share gains via customer acquisition and loan remix

- **Headcount increase, network expansion and IT / infrastructure investments** (2015: ~700 HC, ~700 ATMs, +20/25 branches)
- **Customer acquisition / activation / penetration**
- **Increased productivity**, both for core bank and new bank
- **Loan book remix towards** more profitable segments
- **Enhanced effectiveness in branches** via further optimisation of systems and processes (ie. freeing up more time for sales)
- **Further improvement in customer satisfaction**

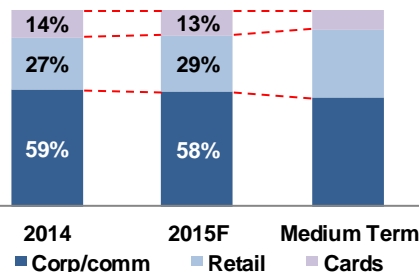
#### Natural Market Share



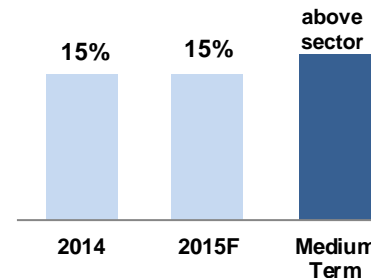
#### Customer Acquisition



#### Loan Book Remix



#### Demand Deposits/Deposits



### Asset Quality

Resilient performance to continue

- **Further enhancement of risk systems**
- **Strong underlying trends** supported by improving quality of new loan generation
- **Base effect**

#### NPL Ratio

Better than sector trend

#### Cost of Risk

Better than sector trend



# ...leading to consistent improvement in profitability while maintaining strong base

## Strategic Direction

## Key Drivers

## Goals

### Profitability

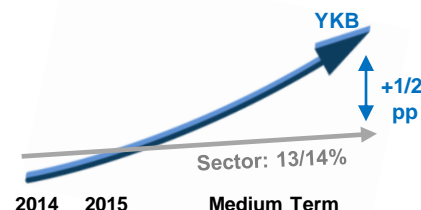
Expanding «jaws»

Increasing commercial effectiveness

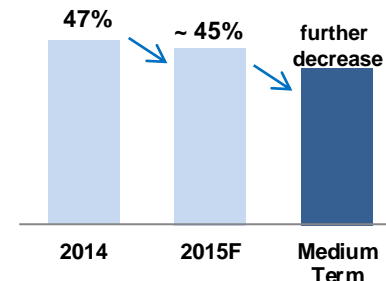
Focus on value generating segments

- **Profitability supported by** (i) increased productivity («New Bank») and cross sell (ii) loan book remix (iii) disciplined ordinary cost management
- **NIM supported by effective pricing via** (i) 1-to-1 deposit pricing approach (ii) introduction of loan pricing tool (iii) focus on demand deposits
- **Fee dynamic supported by** (i) consumer and SME lending (ii) increased contribution from bancassurance, cash management and ADCs
- **Fine-tuning of credit card business model** to improve profitability while maintaining leadership position

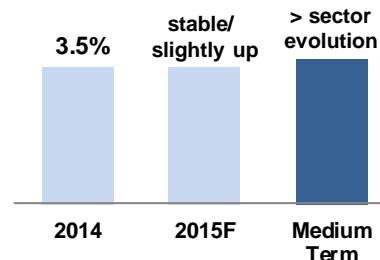
### RoATE



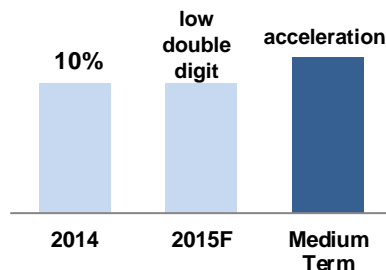
### Cost / Income



### NIM



### Fees



### Base

Strong fundamentals to be maintained

- **Comfortable capital position to support growth in 2015** with various options to be evaluated to further support longer-term growth (T2, AT1, capital increase)
- **Proven discipline in maintaining LDR in comfortable band**


### Capital

**CAR > 14%**  
**Tier I Ratio > 10%**

### Liquidity

**LDR within comfortable band**

# In summary, 2015 to be marked by sustainable profit generation coupled with ongoing scale change

	<b>PHASE 1 ACHIEVED</b> <b>2014</b> 	<b>STRATEGY CONFIRMED</b> <b>2015</b>
<b>Lending</b>	Above sector loan growth	Above sector loan growth
<b>Funding</b>	Deposit growth aligned with loan growth	Deposit growth aligned with loan growth
<b>Revenues</b>	NIM: Better than sector Fees: Low double digit growth	NIM: Better/In line with sector Fees: Low double digit growth
<b>Costs</b>	Slightly above sector growth	Improving cost/income Investments to continue at a milder pace
<b>Asset Quality</b>	Better than sector evolution	Better than sector evolution

# Agenda

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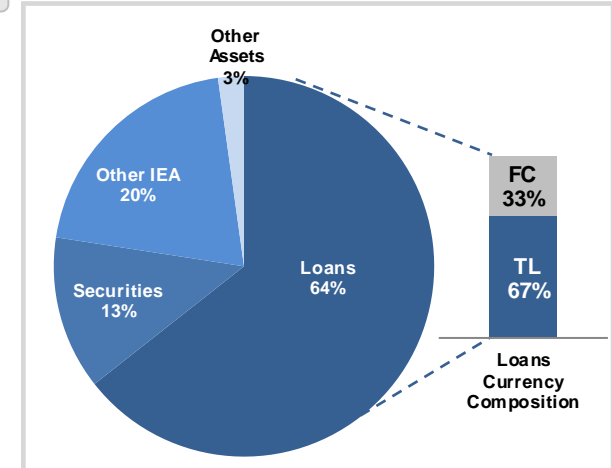
## Annex

# Consolidated Balance Sheet

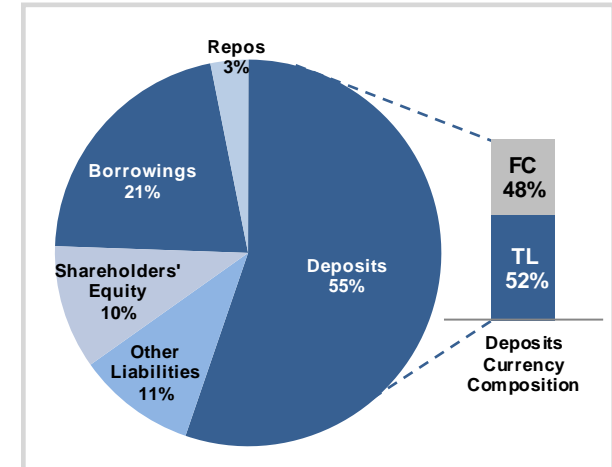
Balance Sheet

TL bln	2013	2014	1QA	2QA	3QA	4QA	YKB YTD	Sector
<b>Total Assets</b>	<b>160.3</b>	<b>195.0</b>	<b>5%</b>	<b>1%</b>	<b>7%</b>	<b>7%</b>	<b>22%</b>	
<b>Loans</b>	99.4	125.5	4%	5%	7%	8%	26%	18%
<b>Securities</b>	21.8	25.4	0%	0%	11%	5%	17%	4%
<b>Deposits</b>	88.5	107.6	2%	6%	7%	5%	22%	10%
<b>Borrowings</b>	34.2	41.5	5%	0%	3%	11%	21%	
<b>Shareholders' Equity</b>	18.3	20.2	1%	4%	3%	3%	11%	
<b>Assets Under Management</b>	10.7	12.5	-4%	9%	4%	8%	17%	
<b>Loans/Assets</b>	<b>62%</b>	<b>64%</b>						
<b>Securities/Assets</b>	<b>14%</b>	<b>13%</b>						
<b>Borrowings/Liabilities</b>	<b>21%</b>	<b>21%</b>						
<b>Loans/Deposits (Bank)</b>	<b>110%</b>	<b>115%</b>						
<b>Loans/Deposits (Group)</b>	<b>112%</b>	<b>117%</b>						
<b>Loans/(Deposits+TL Bonds) (Bank)</b>	<b>108%</b>	<b>112%</b>						
<b>Loans/(Deposits+TL Bonds) (Group)</b>	<b>110%</b>	<b>113%</b>						

## Assets



## Liabilities



Note: Loans indicate performing loans

Other interest earning assets (IEAs): include cash and balances with the Central Bank of Turkey, banks and other financial institutions, money markets, factoring receivables, financial lease receivables

Other assets: include investments in associates, subsidiaries, joint ventures, hedging derivative financial assets, property and equipment, intangible assets, tax assets, assets held for resale and related to discontinued operations (net) and other

Borrowings: include funds borrowed, marketable securities issued (net), subordinated loans

Other liabilities: include retirement benefit obligations, insurance technical reserves, other provisions, hedging derivatives, deferred and current tax liability and other

# Quarterly Loan Evolution

		1Q Δ		2Q Δ		3Q Δ		4Q Δ		y/y		Market Share	ytd Δ bps	Rank
	2014	YKB	Sector	YKB	Sector	YKB	Sector	YKB	Sector	YKB	Sector			
<b>Total Loans<sup>1</sup></b>	<b>125.5</b>	<b>4%</b>	<b>4%</b>	<b>5%</b>	<b>3%</b>	<b>7%</b>	<b>6%</b>	<b>8%</b>	<b>5%</b>	<b>26%</b>	<b>18%</b>	<b>10.2%</b>	<b>+71</b>	<b>5</b>
TL	83.7	4%	4%	6%	5%	7%	4%	9%	4%	28%	17%	10.1%	+84	5
FC (\$)	18.1	2%	1%	6%	3%	-1%	2%	6%	4%	13%	12%	10.6%	+38	4
<b>Consumer Loans</b>	<b>23.8</b>	<b>4%</b>	<b>2%</b>	<b>5%</b>	<b>3%</b>	<b>9%</b>	<b>4%</b>	<b>9%</b>	<b>3%</b>	<b>29%</b>	<b>13%</b>	<b>8.8%</b>	<b>+111</b>	<b>6</b>
Mortgages	11.0	3%	2%	2%	2%	5%	5%	10%	3%	22%	13%	9.6%	+72	6
General Purpose	12.2	6%	2%	11%	5%	14%	4%	9%	3%	46%	15%	8.1%	+173	7
Auto	0.7	-11%	-7%	-11%	-7%	-12%	-8%	-14%	-3%	-39%	-22%	10.8%	-316	4
<b>Credit Cards</b>	<b>17.8</b>	<b>-6%</b>	<b>-4%</b>	<b>-3%</b>	<b>-3%</b>	<b>2%</b>	<b>0%</b>	<b>2%</b>	<b>0%</b>	<b>-5%</b>	<b>-6%</b>	<b>20.8%</b>	<b>+16</b>	<b>1</b>
<b>Companies<sup>2</sup></b>	<b>84.0</b>	<b>7%</b>	<b>5%</b>	<b>7%</b>	<b>4%</b>	<b>7%</b>	<b>7%</b>	<b>10%</b>	<b>6%</b>	<b>35%</b>	<b>24%</b>	<b>9.6%</b>	<b>+94</b>	<b>5</b>
TL	42.1	10%	6%	12%	7%	8%	5%	12%	6%	50%	26%	8.9%	+142	6
FC (\$)	18.1	2%	1%	6%	3%	-1%	2%	6%	4%	13%	12%	10.6%	+38	4
<b>SME<sup>3</sup></b>	<b>36.1</b>	<b>10%</b>	<b>6%</b>	<b>8%</b>	<b>7%</b>	<b>11%</b>	<b>5%</b>	<b>13%</b>	<b>6%</b>	<b>49%</b>	<b>25%</b>	<b>11.9%</b>	<b>+187</b>	<b>n/a</b>
Comm. Install.	10.5	8%	6%	3%	4%	5%	8%	14%	9%	34%	30%	6.7%	+18	6

Note: Balance sheet volumes for sector based on BRSA weekly data as of 2 Jan'15. FC-indexed loans included in TL loans

Market share and ranking information as of YE14, market share evolution compared to YE13

(1) Total performing loans

(2) Total loans excluding consumer loans and credit cards

(3) SME definition: <TL 40 mIn annual turnover as per BRSA. YKB internal SME definition: <US\$ 10 mIn annual turnover (share of TL: 95%)

# Consolidated Income Statement

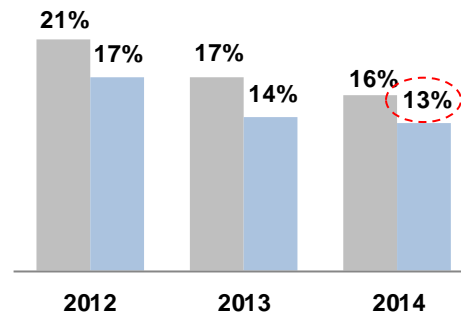
	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	q/q	2013	2014	y/y
<b>Total Revenues</b>	<b>1,842</b>	<b>2,183</b>	<b>1,905</b>	<b>2,128</b>	<b>1,938</b>	<b>2,149</b>	<b>2,201</b>	<b>2,466</b>	<b>12%</b>	<b>8,058</b>	<b>8,754</b>	<b>9%</b>
<b>Core Revenues</b>	<b>1,801</b>	<b>1,891</b>	<b>1,687</b>	<b>1,824</b>	<b>1,862</b>	<b>2,090</b>	<b>2,067</b>	<b>2,297</b>	<b>11%</b>	<b>7,203</b>	<b>8,316</b>	<b>15%</b>
Net Interest Income	1,306	1,347	1,165	1,248	1,352	1,485	1,480	1,656	12%	5,066	5,973	18%
Fees & Commissions	495	544	522	576	510	605	587	641	9%	2,136	2,343	10%
<b>Other Revenues</b>	<b>41</b>	<b>292</b>	<b>218</b>	<b>304</b>	<b>76</b>	<b>59</b>	<b>134</b>	<b>169</b>	<b>26%</b>	<b>856</b>	<b>438</b>	<b>-49%</b>
Other income	121	82	73	176	209	209	95	152	60%	453	665	47%
Trading	-86	200	145	128	-135	-157	39	17	-56%	388	-236	nm
Dividend	6	10	0	0	2	7	0	0	nm	15	9	-39%
<b>Operating Costs</b>	<b>815</b>	<b>897</b>	<b>835</b>	<b>996</b>	<b>935</b>	<b>1,029</b>	<b>1,009</b>	<b>1,173</b>	<b>16%</b>	<b>3,543</b>	<b>4,146</b>	<b>17%</b>
<b>Operating Income</b>	<b>1,027</b>	<b>1,286</b>	<b>1,070</b>	<b>1,132</b>	<b>1,003</b>	<b>1,120</b>	<b>1,192</b>	<b>1,293</b>	<b>9%</b>	<b>4,515</b>	<b>4,608</b>	<b>2%</b>
<b>Provisions</b>	<b>366</b>	<b>351</b>	<b>396</b>	<b>439</b>	<b>463</b>	<b>443</b>	<b>515</b>	<b>518</b>	<b>1%</b>	<b>1,552</b>	<b>1,939</b>	<b>25%</b>
Specific Provisions	242	280	373	263	343	322	374	282	-24%	1,159	1,321	14%
General Provisions	58	42	23	110	88	94	114	172	51%	233	468	101%
Other Provisions	67	29	1	67	32	27	27	64	137%	160	150	-6%
<b>Pre-tax Income</b>	<b>661</b>	<b>935</b>	<b>674</b>	<b>693</b>	<b>540</b>	<b>677</b>	<b>677</b>	<b>775</b>	<b>15%</b>	<b>2,963</b>	<b>2,669</b>	<b>-10%</b>
Discontinued Operations	15	25	1,296	-10	0	0	0	0	nm	1,326	0	nm
<b>Net Income</b>	<b>544</b>	<b>752</b>	<b>1,822</b>	<b>541</b>	<b>429</b>	<b>501</b>	<b>513</b>	<b>614</b>	<b>20%</b>	<b>3,659</b>	<b>2,056</b>	<b>-44%</b>
<b>Net Income</b> (excluding insurance business sale)			<b>538</b>							<b>2,375</b>	<b>2,056</b>	<b>-13%</b>

# Bank-Only Income Statement

	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	q/q		2013	2014	y/y
<b>Total Revenues</b>	<b>1,773</b>	<b>1,980</b>	<b>1,732</b>	<b>1,886</b>	<b>1,884</b>	<b>1,988</b>	<b>2,013</b>	<b>2,276</b>	<b>13%</b>		<b>7,371</b>	<b>8,161</b>	<b>11%</b>
<b>Core Revenues</b>	<b>1,669</b>	<b>1,760</b>	<b>1,567</b>	<b>1,674</b>	<b>1,738</b>	<b>1,968</b>	<b>1,947</b>	<b>2,153</b>	<b>11%</b>		<b>6,671</b>	<b>7,806</b>	<b>17%</b>
Net Interest Income	1,203	1,249	1,076	1,136	1,258	1,393	1,397	1,558	11%		4,664	5,606	20%
Fees & Commissions	466	511	491	538	480	575	550	596	8%		2,006	2,201	10%
<b>Other Revenues</b>	<b>104</b>	<b>220</b>	<b>165</b>	<b>212</b>	<b>146</b>	<b>20</b>	<b>66</b>	<b>123</b>	<b>84%</b>		<b>700</b>	<b>355</b>	<b>-49%</b>
Other income	117	82	89	165	185	200	85	127	49%		452	597	32%
Trading	-108	137	38	48	-213	-180	-19	-4	-76%		115	-416	nm
Dividend	95	1	37	0	174	0	0	0	nm		133	174	31%
<b>Operating Costs</b>	<b>767</b>	<b>846</b>	<b>787</b>	<b>939</b>	<b>875</b>	<b>968</b>	<b>982</b>	<b>1,104</b>	<b>12%</b>		<b>3,339</b>	<b>3,930</b>	<b>18%</b>
<b>Operating Income</b>	<b>1,006</b>	<b>1,134</b>	<b>945</b>	<b>947</b>	<b>1,009</b>	<b>1,021</b>	<b>1,031</b>	<b>1,172</b>	<b>14%</b>		<b>4,032</b>	<b>4,232</b>	<b>5%</b>
<b>Provisions</b>	<b>353</b>	<b>333</b>	<b>374</b>	<b>415</b>	<b>434</b>	<b>435</b>	<b>490</b>	<b>503</b>	<b>3%</b>		<b>1,475</b>	<b>1,862</b>	<b>26%</b>
Specific Provisions	230	267	352	248	318	314	352	274	-22%		1,097	1,258	15%
General Provisions	57	40	22	106	86	93	112	169	52%		225	459	104%
Other Provisions	67	26	1	63	31	28	27	60	125%		153	145	-6%
<b>Pre-tax Income</b>	<b>653</b>	<b>801</b>	<b>570</b>	<b>532</b>	<b>575</b>	<b>585</b>	<b>541</b>	<b>669</b>	<b>24%</b>		<b>2,557</b>	<b>2,370</b>	<b>-7%</b>
Discontinued Operations	0	0	1,182	-10	0	0	0	0	nm		1,172	0	nm
<b>Net Income</b>	<b>541</b>	<b>621</b>	<b>1,627</b>	<b>414</b>	<b>487</b>	<b>428</b>	<b>405</b>	<b>525</b>	<b>30%</b>		<b>3,203</b>	<b>1,845</b>	<b>-42%</b>
<b>Net Income</b> (excluding insurance business sale)			<b>455</b>								<b>2,031</b>	<b>1,845</b>	<b>-9%</b>

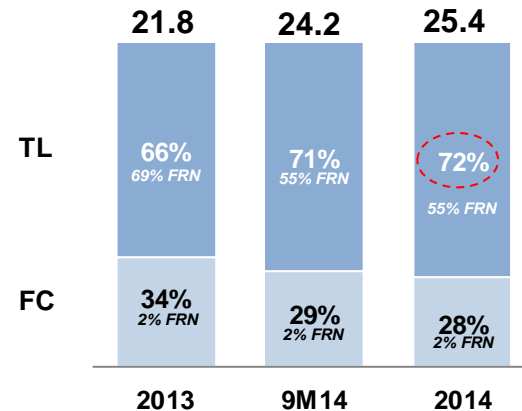
# Securities

## Securities/Assets



■ YKB ■ Sector

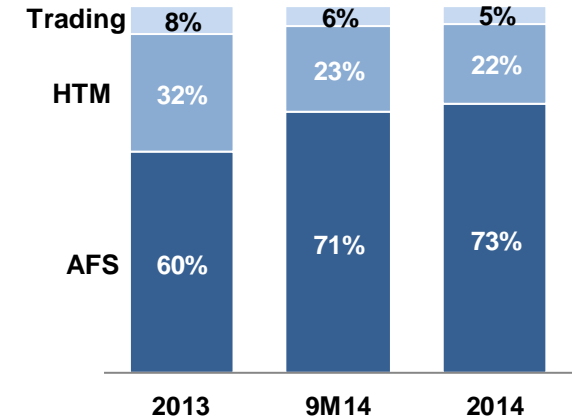
## Composition by Currency (TL bln)



### Turkey Sovereign Bond Rates<sup>1</sup>

TL	10.3%	10.0%	8.0%
FC	6.7%	5.8%	5.1%

## Composition by Type



- Share of securities in total assets at 13% (vs 16% sector)
- Increase in share of TL securities in total to 72% (vs 66% in 2013)
- CPI-linkers at TL 5.4 bln (21% of total securities)
- M-t-m unrealised gains under equity at TL 391 mln  
(9M14: TL 140 mln, 1H14: TL 387 mln, 1Q: TL -150 mln, YE13: TL -118 mln)

Notes: Sector based on BRSA monthly data as of Dec'14

AFS: Available for Sale

HTM: Held to Maturity

FRN: Floating Rate Notes

CPI: Consumer price index inflation

(1) TL Bond rate indicates 2 year benchmark bond rate. FC bond rate indicates 30 year USD Eurobond Rate

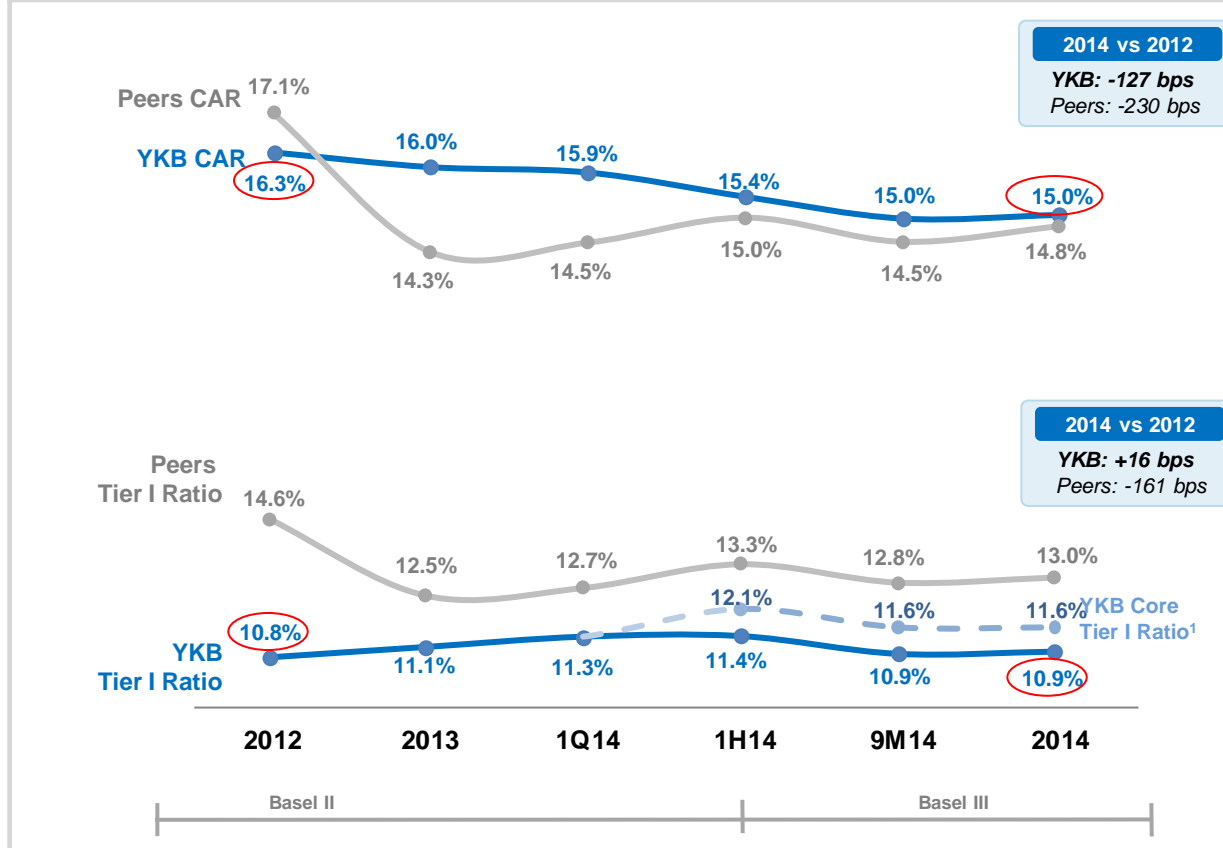


# Capital

## Capital Adequacy (Bank)

### Sustainable evolution in CAR supported by

- **Conservative balance sheet** (low share of securities → low m-t-m volatility)
- **High share of FC Tier II**, serving as a buffer against currency volatility
- **RWA optimisation efforts and continuous capital discipline**



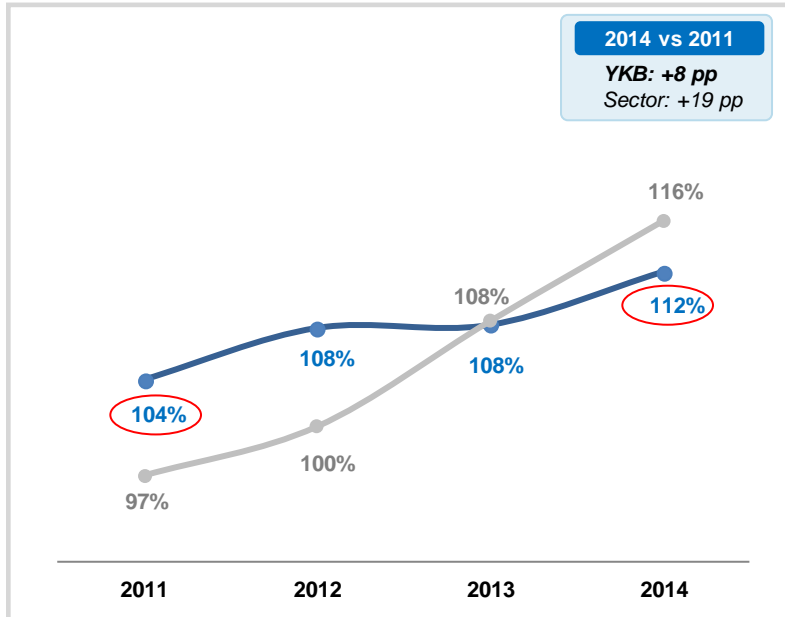
Note: Dividend payment of 388 mIn TL from 2013 net income (payout ratio 12.75%). Negative impact on CAR and Tier 1 Ratio: 28 bps

(1) All deduction items (including goodwill) are subject to deduction from Core Tier 1 in an amortized manner starting from 2014 (2014: 20%, 2015: 40%, 2016: 60%, 2017: 80%, 2018: 100%)

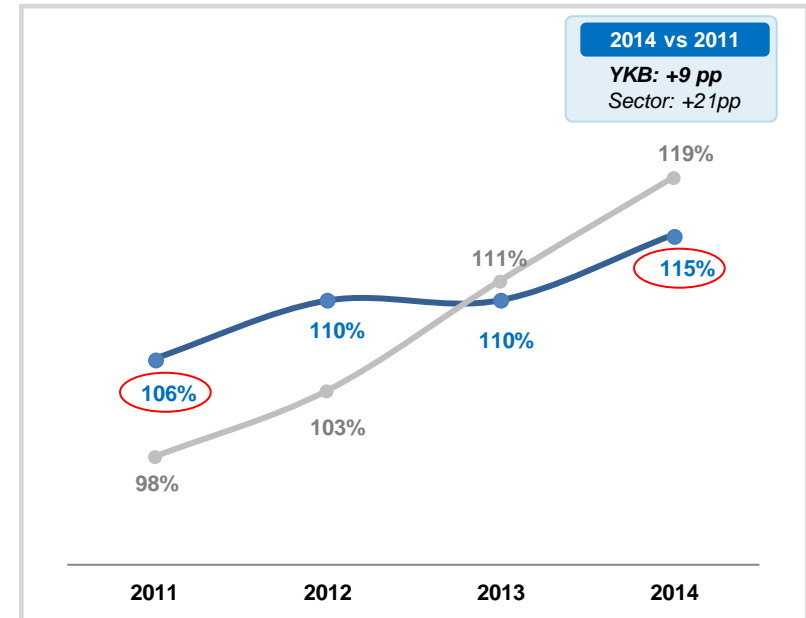
# Loans/Deposits Ratio (LDR)

■ YKB  
■ Sector

## Loans/(Deposits+TL Bonds) Ratio (Bank)



## Loans/Deposits Ratio (Bank)



- **LDR level in line with previously communicated «comfortable band» vs significant increase at sector level**
  - Strong deposit culture in network and effective one-to-one deposit pricing approach
- **Ongoing TL bond issuances (~ TL 3.3 bln in 2014)**

Note: Sector based on BRSA monthly data as of Dec'14

# YKB only bank with affirmed ratings during latest Fitch and Moody's review

	Long-Term Foreign Currency		Long-Term Local Currency	
	Rating	Outlook	Rating	Outlook
<b>Moody's</b>				
Yapı Kredi	Baa3 (affirmed)	Negative (downgraded)	Baa3 (affirmed)	Negative (downgraded)
Peers	Baa3 (affirmed)	Negative (downgraded)	Baa3 (downgraded)	Negative (downgraded)
<b>Fitch</b>				
Yapı Kredi	BBB (affirmed)	Negative (downgraded)	BBB (affirmed)	Negative (downgraded)
Private Peers <sup>1</sup>	BBB- (downgraded)	Stable	BBB- (downgraded)	Stable
<b>Standard&amp;Poors</b>				
Yapı Kredi	BB+	Negative	BB+	Negative
Private Peers	BB+	Negative	BB+	Negative

## Moody's Rating Decision on 3 Jun'14

- Moody's reviewed the ratings and outlook of 11 Turkish banks on 3 Jun'14
- YKB was the only bank with affirmed ratings, others downgraded

## Fitch Rating Decision on 24 Jun'14

- Fitch reviewed the ratings of 4 largest Turkish private banks
- YKB was the only bank with affirmed ratings, others downgraded
- According to Fitch: «*Asset quality problem recognition is somewhat more robust at YKB and the Bank benefits from management and potential support from UniCredit..... The largest 20 exposures are slightly lower at YKB... Foreign currency risk at YKB are lower due to limited FX repo funding and the potential for liquidity support from UniCredit*»

Note: Private peers are Garanti, Akbank and İşbank

(1) Based on Fitch, Garanti's outlook is on positive watch as of 1 Dec'14

# Strong network leading to high customer satisfaction and lower cost to serve

## Branches



- 1,003 branches, 3<sup>rd</sup> largest network
- Strong focus on retail and SME
- Network covering all regions of Turkey
- Emphasis on increased efficiency to further support sales activities
- Market Share: 8.9% (+30 bps vs YE13)**

17%  
of transactions

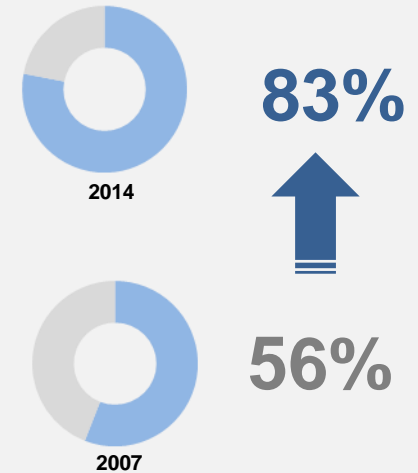
## ATMs



- 3,606 ATMs, 5<sup>th</sup> largest network
- 88% of ATMs with cash deposit features; 88% coin dispensing
- 35% of ATM network designed for disabled customers (a first in the sector)
- ~222K product sales annually
- Market Share: 7.9% (+80 bps vs YE13)**

46%  
of transactions

## Share of Non-Branch Channels in Total Banking Transactions



## Internet / Mobile Banking



- Award-winning internet banking tailored for retail and corporate customers
  - 4.2 mln customers
  - Market Share: 13.1% (+160 bps vs YE13)**
- Leading mobile banking applications operating on 9 different platforms
  - 1.2 mln customers
  - Market Share: 11.6% (+70 bps vs YE13)**

26%  
of transactions

## Call Center



- 882K credit card retention
- > 50 mln customer contacts annually
- 3.2 mln product sales

1%  
of transactions

YapıKredi  
**NUVO**

NEW

- Branchless service model on Internet and mobile
- Launched in May'14
- 34K downloads since launch

Yapı Kredi Facebook account was selected as **'the most interactive brand in Turkey'** by Socialbaker<sup>1</sup>



Notes: Market shares and rankings as of YE14. Branch and ATM rankings based on publicly available BRSA data

Branch and internet banking market shares based on: The Banks Association of Turkey, ATM market share based on: The Interbank Card Center

(1) Socialbaker tracks, analyses and benchmarks over 8 million social profiles across major social platforms including Facebook, Twitter, YouTube, LinkedIn, Instagram, Google+ and VK

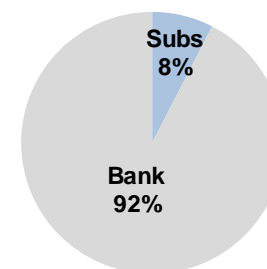
# Subsidiaries

Subsidiaries

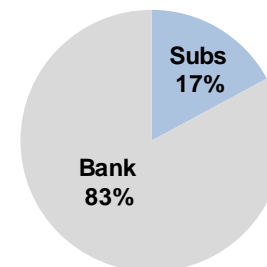
		Revenues (mln TL)	Revenues (y/y growth)	RoE	Sector Positioning
Domestic Subs	YK Leasing	247	4%	13%	#1 in total transaction volume (18.3% market share)
	YK Factoring <sup>1</sup>	93	28%	25%	#1 in total factoring volume (16.9% market share)
	YK Invest <sup>1</sup>	144	15%	17%	#2 in equity transaction volume (7.4% market share)
	YK Asset Management	48	<1%	87%	#2 in mutual funds (18.0% market share) Highest credit rating in its sector <sup>2</sup>
International Subs	YK Azerbaijan <sup>3</sup>	49 mln US\$	40% <sup>3</sup>	11% <sup>3</sup>	US\$ 453 mln total assets
	YK Moscow <sup>3</sup>	17 mln US\$	-7% <sup>3</sup>	22% <sup>3</sup>	US\$ 210 mln total assets
	YK Nederland <sup>3</sup>	41 mln US\$	7% <sup>3</sup>	7% <sup>3</sup>	US\$ 2.0 bln total assets

## Contribution of Subsidiaries<sup>4</sup>

### to Assets



### to Net Income



Note: Revenues in TL unless otherwise stated. All market shares as of YE14

2013 revenues for YK Factoring and YK Yatırım adjusted for YK Sigorta sale gain

(1) YK Faktoring and YK Invest: Revenues including dividend. Revenue growth adjusted with dividend income

(2) YK Asset Management: Fitch Ratings upgraded YK Portföy (YKP) in Mar'13 from M2+ to M1+. YK Portföy is the only institution in Turkey to reach this level

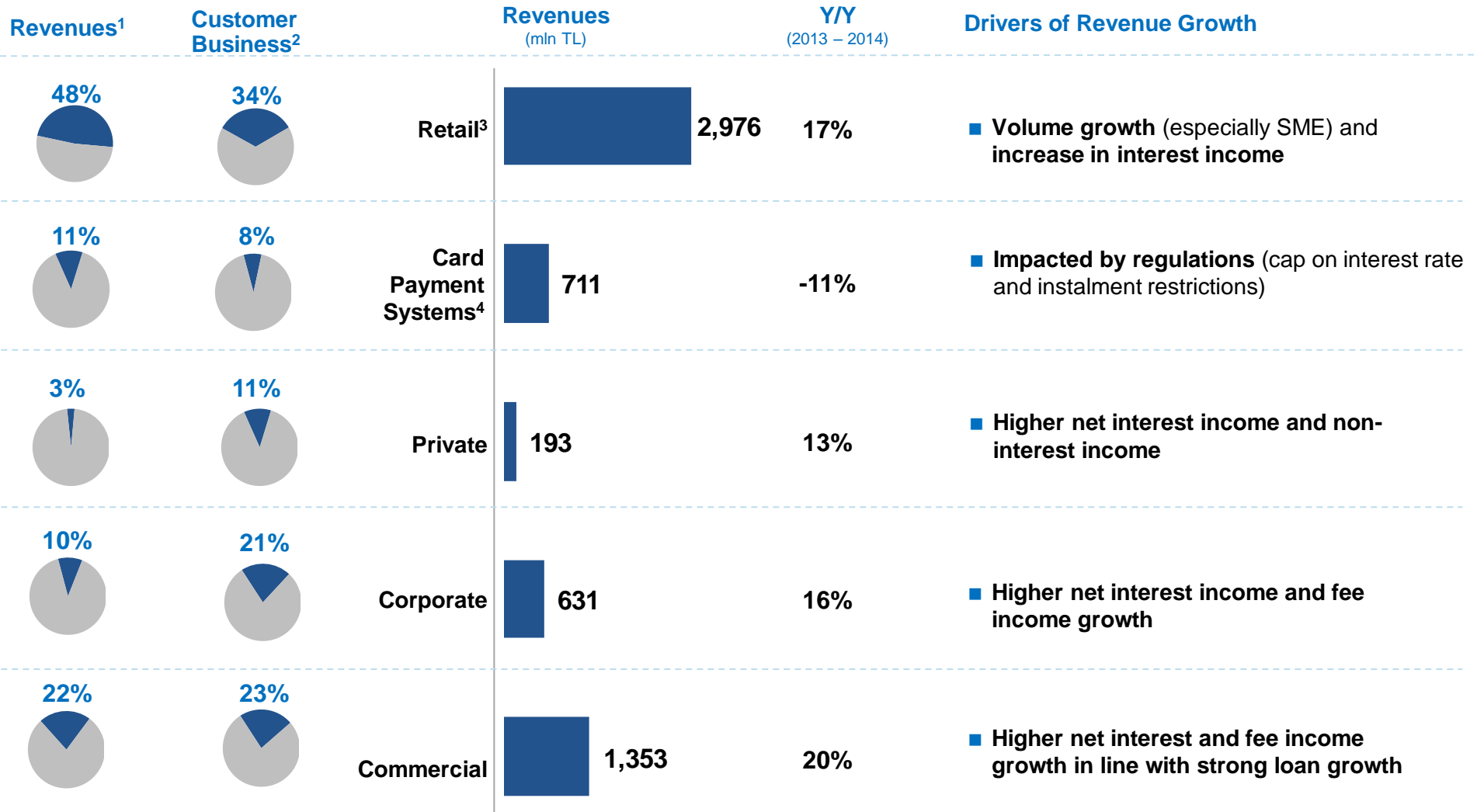
(3) Currency adjusted y/y revenue growth

(4) Including consolidation eliminations

# Business Units

- **Retail:**
  - **SME:** Companies with turnover less than 10 mln US\$
  - **Affluent:** Individuals with assets less than 500K TL
  - **Mass:** Individuals with assets less than 50K TL
- **Private:** Individuals with assets above 500K TL
- **Commercial:** Companies with annual turnover between 10-100 mln US\$
- **Corporate:** Companies with annual turnover above 100 mln US\$

## Weight in Bank



Note: All figures based on MIS data

(1) Total share of business units at 84% in 2014. Card payment systems revenues (net of Worldcard loyalty point expenses) include POS revenues. POS portion is also recognised in other related segment revenues. The remaining 16% is attributable to treasury and other operations

(2) Customer business=Loans + Deposits + AUM. Total share of business units at 97% in 2014. The remaining 3% is attributable to treasury and other operations

(3) Retail includes individual (mass and affluent) and SME banking

(4) Card payment systems revenues (net of Worldcard loyalty point expenses) include POS revenues. POS portion is also recognised in other related segment revenues

# Borrowings: 21% of total liabilities

Borrowings

International	<b>Syndications</b>	~ US\$ 2.7 bln outstanding <ul style="list-style-type: none"> <li><b>Apr'14:</b> US\$ 319.1 mln and € 852.6 mln, Libor/Euribor +0.90% p.a. all-in cost, 1 year, participation of 51 banks from 17 countries</li> <li><b>Sep'14:</b> US\$ 340 mln and € 760.7 mln, Libor /Euribor+ 0.90% p.a. all-in cost, 1 year, participation of 38 banks from 17 countries</li> </ul>
	<b>Securitisations</b>	~ US\$ 1.3 bln outstanding <ul style="list-style-type: none"> <li><b>Aug'11:</b> US\$ 225 mln and € 130 mln, 4 unwrapped notes, 5 years (outstanding: ~US\$ 191 mln)</li> <li><b>Sep'11:</b> € 75 mln, 1 unwrapped note, 12 years (outstanding: ~US\$ 76 mln)</li> <li><b>Jul'13:</b> US\$ 355 mln and €115 mln, 5 unwrapped notes, 5-13 years (outstanding: ~US\$ 493 mln)</li> <li><b>Oct'14:</b> US\$ 550 mln, 20 years (outstanding: ~US\$ 550 mln)</li> <li><b>Mar'15:</b> US\$ 100 mln, 5 years and US\$ 316 mln, 10 years (outstanding: US\$ 416 mln) <span>1Q15</span></li> </ul>
	<b>Subordinated Loans</b>	~US\$ 3.0 bln outstanding <ul style="list-style-type: none"> <li><b>Mar'06:</b> € 500 mln, 10NC5, Euribor+3.00% p.a.</li> <li><b>Jun'07:</b> € 200 mln, 10NC5, Euribor+2.78% p.a</li> <li><b>Dec'12:</b> US\$ 1.0 bln market transaction, 10 years, 5.5% (coupon rate)</li> <li><b>Jan'13:</b> US\$ 585 mln, 10NC5, 5.7% fixed rate</li> <li><b>Dec'13:</b> US\$ 470 mln, 10NC5, 6.55% (midswap+4.88% after the first 5 years)</li> </ul>
	<b>Foreign Currency Bonds / Bills</b>	<b>US\$ 750 mln Loan Participation Note (LPN)</b> <ul style="list-style-type: none"> <li><b>Oct'10:</b> 5.1875% (coupon rate), 5 years</li> </ul> <b>US\$ 2.0 bln Eurobonds Issuance</b> <ul style="list-style-type: none"> <li><b>Feb'12:</b> US\$ 500 mln, 6.75% (coupon rate), 5 years</li> <li><b>Jan'13:</b> US\$ 500 mln, 4.00% (coupon rate), 7 years</li> <li><b>Dec'13:</b> US\$ 500 mln, 5.25% (coupon rate), 5 years</li> <li><b>Oct'14:</b> US\$ 550 mln, 5.125% (coupon rate), 5 years</li> </ul>
	<b>Covered Bond</b>	<b>TL 458 mln first tranche</b> <ul style="list-style-type: none"> <li><b>Nov'12:</b> SME-backed with maturity between 3-5 years; highest Moody's rating (A3) for Turkish bonds</li> </ul>
	<b>Multilateral Loans</b>	~US\$ 700 mln outstanding <ul style="list-style-type: none"> <li><b>EIB Loan - 2008/2012:</b> US\$ 102 mln and € 300 mln and TL 187 mln, 5-15 years (outstanding: ~US\$ 366 mln)</li> <li><b>EBRD Loan - 2011/2013:</b> US\$ 55 mln and € 30 mln, 5 years (outstanding: ~US\$ 76 mln)</li> <li><b>CEB Loan - 2011/2014:</b> US\$ 39 mln and € 100 mln (outstanding: ~US\$ 158 mln)</li> <li><b>EFIL Loan – 2008/2011:</b> US\$ 59 mln and € 13 mln (outstanding: ~US\$ 37 mln)</li> </ul>
Domestic	<b>Local Currency Bonds / Bills</b>	<b>TL 3.2 bln total (original public offering amount)</b> <ul style="list-style-type: none"> <li><b>Jun'14:</b> TL 89 mln, 9.21% compounded rate, 368 days maturity</li> <li><b>Sep'14:</b> TL 150 mln, 9.86% compounded rate, 367 days maturity</li> <li><b>Oct'14:</b> TL 600 mln, 9.74% compounded rate, 176 days maturity</li> <li><b>Oct'14:</b> TL 300 mln, 10.13% compounded rate, 392 days maturity</li> <li><b>Nov'14:</b> TL 539 mln, 9.00% compound rate, 175 days maturity</li> <li><b>Nov'14:</b> TL 114 mln, 9.30% compound rate, 392 days maturity</li> <li><b>Dec'14:</b> TL 336 mln, 8.19% compound rate, 178 days maturity</li> <li><b>Dec'14:</b> TL 68 mln, 8.19% compound rate, 420 days maturity</li> <li><b>Feb'15:</b> TL 515 mln, 9.33% compound rate, 119 days maturity <span>1Q15</span></li> <li><b>Feb'15:</b> TL 6 mln, 9.00% compound rate, 392 days maturity <span>1Q15</span></li> <li><b>Mar'15:</b> TL 500 mln, 9.74% compound rate, 179 days maturity <span>1Q15</span></li> <li><b>Mar'15:</b> TL 9 mln, 9.54% compound rate, 420 days maturity <span>1Q15</span></li> </ul>

Note: Information on borrowings current as of the date of this presentation

## Financial Highlights

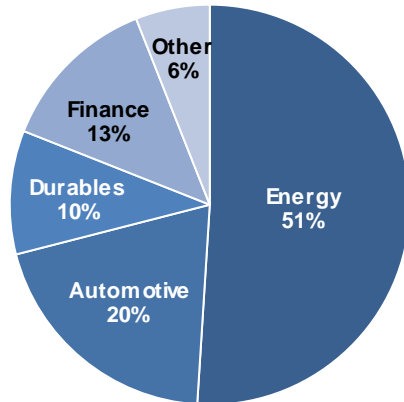
(in US\$, YE14)

Total Assets (bln)	27.6
Revenues (mln)	31,365
Net Income (mln)	1,239
Number of Employees	85,517
Market Capitalisation (bln)	13.6

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



## Revenue Composition (YE14)



## Market Positions

- Sole petroleum refiner** in Turkey
- #1** in **LPG distribution** (29% market share)
- #2** in **petroleum products distribution** (19% market share)
- #1** in **total automotive** (23% market share)
- #3** in **passenger cars** (14% market share)
- #1** in **commercial vehicles** (49% market share)
- #1** in **white goods** (50% market share)  
(refrigerators, washing machines, ovens, air conditioners)
- #5** in **total banking assets** among private banks (9.6% market share)
- #1** in **leasing**; **#1** in **factoring** and **#2** **mutual funds**

Source: Koç Group investor relations website, presentations and publicly available financials  
Market shares as of YE14. Market capitalisation as of 04 Mar'15, calculated as share price \* paid-in capital. Free float: 22.35%  
(1) According to Fortune Global 500 as of Jul'14



## Financial Highlights

(in US\$, YE14)

Total Assets (bln)	1,027
Loans (bln)	572
Deposits and Debt Securities Issued (bln)	682
Revenues (mIn)	27,385
Net Income (mIn)	2,443
Number of Branches	8,558 <sup>1</sup>
Number of Employees	147,000 <sup>2</sup>
Common Equity Tier I Ratio	10.4%
Total Capital Ratio	13.6%
Market Capitalisation (bln)	39.4

- Roots dating back to 1473. Created through the merger of 9 of Italy's largest banks and the subsequent combination with the German HVB Group and the Italian Capitalia Group

- A major international financial institution based in Italy with operations in 17 countries and 50 financial markets

- **Leader** in Austria with 14% market share
- **#2** in Italy with 12.6% market share
- **#3** in Germany with 2.5% market share



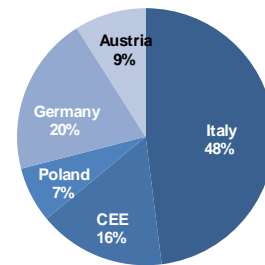
- Largest international banking network in the CEE region with more than 4 thousand branches and outlets

- **Leader** in Bosnia, Bulgaria and Croatia
- **In the Top 5** in Serbia, Slovakia, Turkey, Czech Rep., Poland and Kazakhstan
- **In the Top 10** in Romania, Baltics, Russia, Slovenia, Hungary and Ukraine

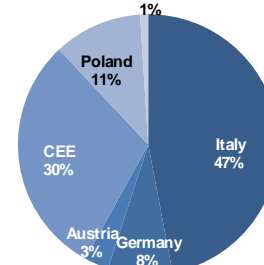
- Azerbaijan
- Bosnia-H.
- Bulgaria
- Croatia
- Czech Republic
- Hungary
- Poland
- Romania
- Russia
- Slovakia
- Slovenia
- Serbia
- Turkey
- Ukraine



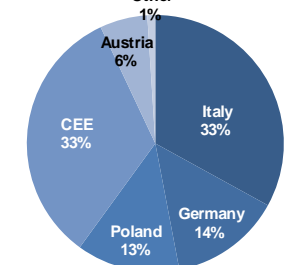
Revenue Composition



Branch Composition



Employee Composition



Source: Unicredit Group investor relations website, presentations and publicly available financials. Market shares as of YE13  
EUR/US\$: 1.22. Market capitalisation as of 27 Feb'15, calculated as share price \* paid-in capital. Free float : ~%70

(1) Figures include branches of Koç Financial Services calculated at 100%

(2) Figures include employees of Koç Financial Services calculated at 100%

# Turkey: Overview

## Turkey

- Europe's 8<sup>th</sup> largest economy<sup>1</sup> and a member of G20
- Young, dynamic, large and growing population
- Single party government since 2002
- **Sovereign ratings** of Baa3<sup>2</sup>/BB+<sup>2</sup>/BBB- by Moody's/ S&P/Fitch. First investment grade achieved in Nov'12 (Fitch). Second investment grade achieved in May'13 (Moody's)

	TR 2014	EU 2014
Population (mln)	78	507
Median Age	31	43
Population Growth (CAGR 2000-2014)	1.4%	0.4%
GDP (€ bln)	602	13,516
World Ranking	18	-
Per Capita GDP (€)	7,784	26,638
World Ranking	63 <sup>1</sup>	-

## Macro

- **Converging economy** (from BRSA establishment in 2001) with positive growth environment except for crisis periods
- **Slowdown in economic growth in order to control CAD. Growth supported from net exports while internal demand decelerating**
- **Transition from double digit to single digit inflation**
- **Decreasing CAD/GDP** due to declining gold trade and moderation in domestic demand. Further improvement expected in 2015 supported by oil price evolution

	99-01 Avg	02-07 Avg	2011	2012	2013	2014
GDP Growth	-0.8%	6.8%	8.8%	2.2%	4.2%	2.9%
Inflation (eop)	58.8%	13.3%	10.4%	6.2%	7.4%	8.2%
Benchmark Rate	69.1%	25.6%	11.0%	6.2%	8.7%	9.3%
Unemployment	8.1%	10.6%	9.1%	8.4%	9.0%	10.4% <sup>3</sup>
CAD/GDP	0.7%	3.8%	10.0%	6.1%	7.9%	5.8%
o/w energy	3.2%	3.9%	6.1%	6.6%	6.0%	6.1%
Public Debt/GDP	51%	54%	40%	38%	37%	35%
Private Debt/GDP	35%	40%	80%	82%	100%	105% <sup>4</sup>

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)

(1) Based on Turkish Statistical Institute and IMF World Economic Outlook

(2) Upgraded by one notch to Baa3 (investment grade) by Moody's in May'13. Upgraded by one notch to BB+ (one notch below investment grade) by S&P in Mar'13

(3) Seasonally adjusted

(4) Total private debt/GDP of 103% includes domestic debt of 65% (o/w Households 20%, Companies 45%) and external debt of companies/financial institutions of 38%

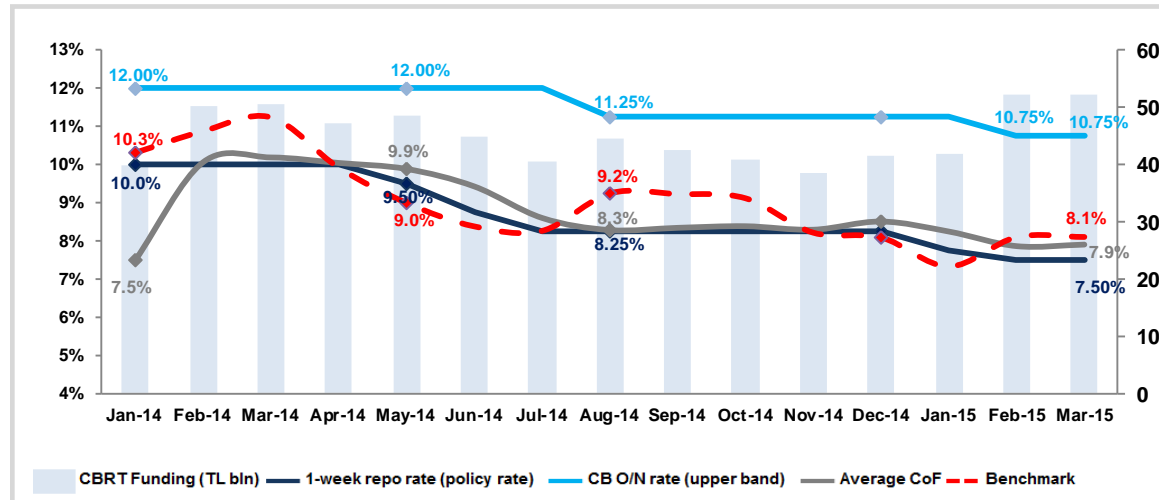
# Macro environment

Macro

	2013	1Q14	2Q14	3Q14	4Q14	2014	Latest
GDP Growth, y/y	4.2%	4.9%	2.3%	1.9%	2.6%	2.9%	
Inflation (CPI) , y/y	7.4%	8.4%	9.2%	8.9%	8.2%	8.2%	7.6% <sup>1</sup>
Industrial Production (IP), y/y Seasonal Adjusted	3.4%	5.4%	2.5%	3.8%	2.4%	3.4%	2.7% <sup>2</sup>
Capacity Utilisation Rate (CUR) Seasonal Adjusted	74.6%	74.7%	74.5%	74.1%	74.2%	74.4%	73.1% <sup>3</sup>
Purchasing Managers Index (PMI)	52.5	52.6	50.0	49.7	51.7	51.0	49.6 <sup>1</sup>
Consumer Confidence Index	76.0	71.4	76.1	73.7	68.9	72.5	64.4 <sup>3</sup>
Current Account Deficit (CAD)/GDP	7.9%	7.3%	6.4%	5.8%	5.8%	5.8%	5.4% <sup>4</sup>
Unemployment Rate	9.0%	9.2%	10.0%	10.6%	10.4%	10.4%	

## 2014 Trend

- GDP growth supported by external demand, partially offsetting slowdown in domestic demand
- Higher inflation driven by hike in food prices and FX pass-through from TL depreciation
- Relatively stable industrial production, capacity utilisation and PMI
- Decreasing CAD/GDP due to declining gold trade
- Slightly increasing unemployment rate



## Monetary Policy

- **Significant tightening in Jan'14** to control currency depreciation and inflationary pressure (hike in 1-week repo rate to 10% and O/N lending rate to 12%)
- **Easing starting from 2Q14** due to positive macro backdrop with **continued focus on inflation dynamics** (decrease in 1-week repo rate to 8.25% and O/N lending rate to 11.25%)
- **Continuation of easing in 1Q15** with declining inflation (decrease in 1-week repo rate to 7.5%, O/N lending rate to 10.75%, O/N borrowing rate to 7.25%)

Note: GDP, Industrial Production and Unemployment Rate based on Turkish Statistics Institute, Inflation, Consumer Confidence Index, Current Account Balance, Capacity Utilisation and Interest rates based on Central Bank of Turkey. PMI based on HSBC

(1) Inflation and Purchasing Managers Index as of Mar'15

(2) Industrial Production as of Jan'15

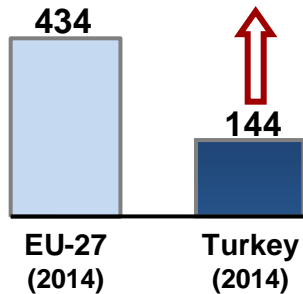
(3) Capacity Utilisation Rate and Consumer Confidence Index as of Mar'15

(4) CAD as of Jan'15 and GDP as of YE14

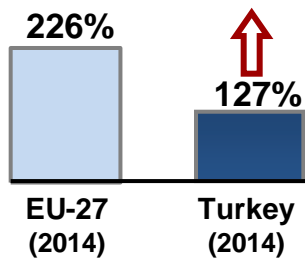
# Underpenetrated banking sector; an opportunity for rapid growth

Banking Sector Penetration

Branches Per  
Million Inhabitants

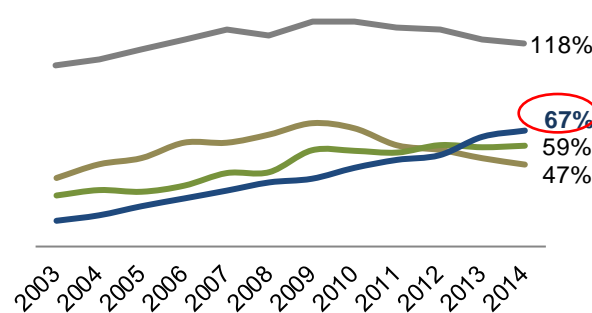


(Loans+Deposits)/GDP

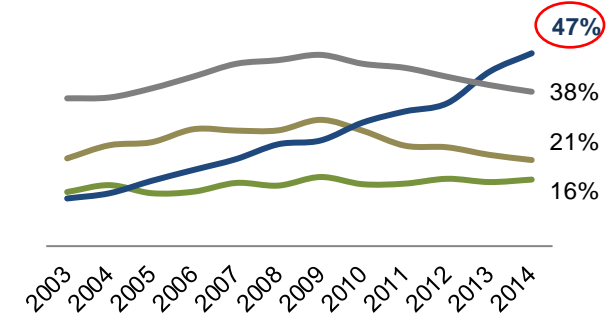


## Underpenetrated in individual banking products

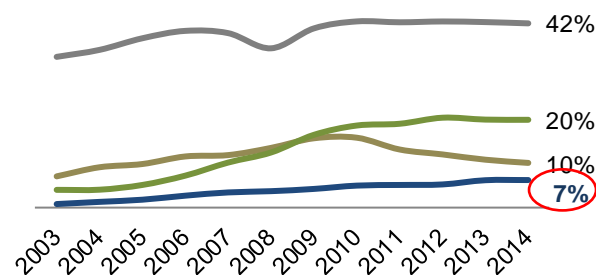
Total Loans<sup>1</sup>/GDP



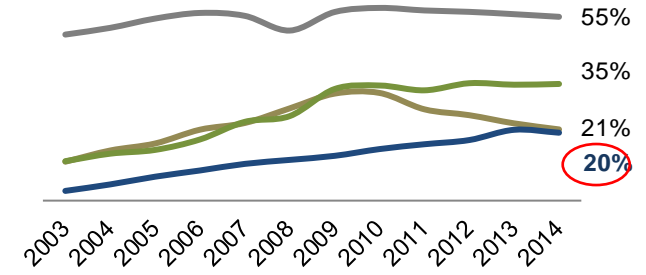
Corporate Loans/GDP



Mortgages/GDP



Loans to Households<sup>2</sup>/GDP



— Hungary — Poland — Turkey — EU27

Source: European Central Bank, BRSA, CBRT, Turkstat

Note: Expected 2014 GDP used for Hungary, Poland and EU27 penetration data. Realised 2014 GDP used for Turkey. Loan data for all countries based on 2014 actual figures

(1) Excluding lending to credit institutions

(2) Including housing loans, consumer lending and other household lending (including CC, excluding SMEs)

# Healthy banking sector, resilient against external shocks and supporting economic growth

Banking Sector

## Banking Sector

- **Well regulated** (BRSA est. in 2001) with solid capital / liquidity
- **Best practices in technology:** payment systems and qualified workforce
- **High technology usage**
- **Healthy profitability** albeit **impacted by regulation** and **tighter monetary policy**
- **Sound asset quality, liquidity** and **capitalisation**

## Recent Developments

- **Regulatory pressure** (higher provisioning and capital absorption risk on credit cards and consumer loans, introduction of cap on overdraft loan rates)
- **Basel III effective as of 2Q14** with min. Tier-I (6%), Core Tier 1 (4.5%)<sup>1</sup> and leverage ratio<sup>2</sup>
- **Consumer Protection Law;** effective as of 4Q with relatively limited impact on fees

## Challenges

- **Volatility in interest rates and global monetary policy**
- **Pricing competition on funding** (and short maturities)
- **Geopolitical uncertainties** (conflict in neighbouring countries)

	Turkey				
	2007	2011	2012	2013	2014
Banks #	46	44	46	48	48
Branches #	7,618	9,834	10,234	11,023	11,223
Loan Growth	30%	30%	15%	33%	18%
Deposit Growth	27%	13%	11%	24%	10%
Loans/GDP	32%	50%	53%	64%	67%
Deposits/GDP	42%	53%	54%	61%	60%
Loans/Assets	49%	56%	59%	62%	63%
Deposits/Assets	64%	60%	60%	59%	56%
NIM	5.0%	3.5%	4.2%	3.8%	3.6%
NPL Ratio	3.5%	2.6%	2.8%	2.6%	2.8%
CAR	17.4%	15.4%	17.3%	14.6%	15.7%
ROAE	24.6%	15.3%	15.8%	13.3%	12.8%
ROAA	2.6%	1.6%	1.7%	1.4%	1.3%

Source: Turkish Banks Association (for bank and branch numbers), CBRT, BRSA and Turkstat (for loans/GDP, deposits/GDP), BRSA (for loans/assets), CBRT and BRSA (for loans/deposits, NPL ratio, loan growth, deposit growth), BRSA (for loans/assets, capital adequacy ratio, ROAE, ROA, NIM)

(1) Minimum total CAR at 8%, 12% minimum threshold for opening branches

(2) Leverage regulation effective as of Jan'14; yet the minimum of 3% will be applicable as of Jan'15

# Banking Sector

Banking Sector

## Banking Sector Volumes and KPIs

bln TL	Nominal		Quarterly Growth				2014
	2013	2014	1Q14	2Q14	3Q14	4Q14	
<b>Total Loans<sup>1</sup></b>	<b>995</b>	<b>1,179</b>	<b>4%</b>	<b>3%</b>	<b>6%</b>	<b>5%</b>	<b>18%</b>
TL	701	821	4%	5%	4%	4%	17%
FC(\$)	138	154	1%	3%	2%	4%	12%
<b>Total Deposits</b>	<b>951</b>	<b>1,050</b>	<b>1%</b>	<b>1%</b>	<b>5%</b>	<b>3%</b>	<b>10%</b>
TL	580	642	-4%	7%	2%	6%	11%
FC(\$)	174	176	7%	-4%	2%	-4%	1%
<b>Total Securities</b>	<b>282</b>	<b>295</b>	<b>3%</b>	<b>-2%</b>	<b>2%</b>	<b>1%</b>	<b>4%</b>
<b>NPL Ratio</b>	<b>2.6%</b>	<b>2.8%</b>	<b>2.7%</b>	<b>2.7%</b>	<b>2.8%</b>	<b>2.8%</b>	
<b>CAR</b>	<b>14.6%</b>	<b>15.7%</b>	<b>15.1%</b>	<b>15.7%</b>	<b>15.3%</b>	<b>15.7%</b>	
<b>NIM (quarterly)</b>	<b>-</b>	<b>-</b>	<b>3.4%</b>	<b>3.6%</b>	<b>3.7%</b>	<b>3.8%</b>	
<b>NIM (cumulative)</b>	<b>3.8%</b>	<b>3.6%</b>	<b>3.4%</b>	<b>3.5%</b>	<b>3.6%</b>	<b>3.6%</b>	

Note: NIM based on BRSA monthly financials as of Dec'14. Balance sheet volumes BRSA weekly data as of 2 Jan'15  
 (1) Indicates performing loans

# Awards 2014



Banking Services	
Best Philanthropy Service	Private Asset Management Magazine
Private Banking Innovation	Private Asset Management Magazine
The Most Ethic Company in Turkey	Ethical Values Center Association
Best Retail Bank Turkey	Global Banking and Finance Review
Internal Audit Awareness Award	Turkish Institute of Internal Auditors
Best Branch Service	Innovative Owl Award
Most Innovative Bank	International Finance Magazine
Best Bank in Cash Management	Euro Money
Best Private Banking Turkey	World Finance
Best Retail Bank Turkey	Global Banking and Finance Review
Banking Products	
Leading Bank in Visa Credit Card Transaction Volume	Visa Europe
Leading Bank in Visa Commercial Credit Card Transaction Volume	Visa Europe
Play Card Hürriyet Newspaper Project - Certificate of Achievement	Mediacat 9. Felis Awards
Alternative Delivery Channels	
Outstanding Achievement Award in Website Design- yapikredi.com.tr	Interactive Media Awards
Best Mobile Banking in Europe	Global Finance
Google Case Study	Google
Excellence in Financial Services Category	The Communicator Awards
Distinction in Banking/Bill Payment Category	The Communicator Awards
Distinction in Corporate Identity Category	The Communicator Awards
Human Resources and Yapı Kredi Banking Academy	
Most Admired Job Listing of the Year	Kariyer.net
The Company with the Most Job Applications	Kariyer.net
Respect for People Award	Kariyer.net
Best-in-Class Corporate University	International Quality & Productivity Center
Excellence in Talent Development	International Quality & Productivity Center
Yapı Kredi Subsidiaries	
Yapı Kredi Invest: Best Derivatives House	Global Banking and Finance Review
Yapı Kredi Invest: Best Equity House	Global Banking and Finance Review
Yapı Kredi Invest: Most Innovative Brokerage House	Global Banking and Finance Review
Yapı Kredi Invest: Most Innovative Equity House	Global Banking and Finance Review
Yapı Kredi Asset Management: Best Asset Management Company	World Finance
Yapı Kredi Asset Management: Best Asset Management Company	International Finance Magazine
Yapı Kredi Asset Management: Best Asset Manager	EMEA Finance Magazine
Yapı Kredi Faktoring: Second Best Export Factoring Company in the World	Factors Chain International
Yapı Kredi Azerbaijan: Best New Retail Bank in Azerbaijan	Global Banking and Finance Review
Yapı Kredi Azerbaijan: Most Innovative Corporate Bank in Azerbaijan	Global Banking and Finance Review

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## Strong Analyst Coverage

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and participation in **>100 conferences / roadshows** in **US, UK, Europe, Middle-East and Asia** over the past ~4 years

