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## Yapı Kredi Investor Presentation

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# Agenda

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- **Turkish Economy and Banking Sector**
  - Yapı Kredi Overview
  - Outlook
  - Annex

Note: Throughout the presentation, US\$/TL translation at 1.7286 has been made for convenience and illustrative purposes

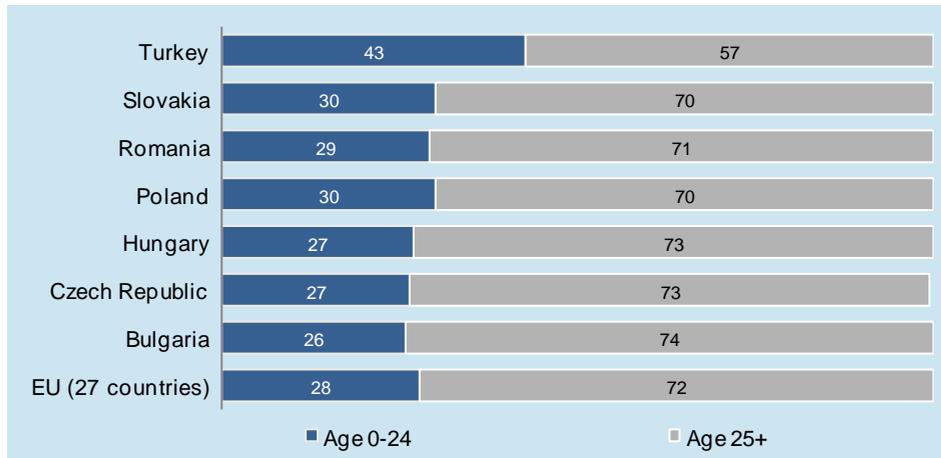
# Turkish Economy

Young and dynamic with significant growth potential

	Turkey	EU
Population (mIn)	75	502
Avg. Age of Population	29	43
Population Growth <sup>1</sup>	16%	5%
% of Population <25 years	43%	28%
GDP (US\$ bln)	773	17,582
Per Capita GDP (US\$)	10,341	34,990

Source: Data as of 2011 for Turkey (source: Turkish Statistical Institute), 2011 for EU-17 (source: Eurostat)

## Demographic Composition by Age (%)



Source: Eurostat as of 2010

- 8th<sup>2</sup> largest in Europe, 18th<sup>2</sup> largest in the World; member of G20
- Favourable demographics (43% under 25 years vs 28% in EU) with a rapidly growing population (16% over the last 10 years vs 5% in EU)<sup>1</sup>
- Sound relations with neighbouring countries, EU and NATO
- Solid political and economic prospects
  - Stable political environment with single party government since 2002 enabling fast and effective decision making
  - Government focused on sustainable growth with increased support for domestic investments in competitive areas
- Sovereign ratings of Ba2/BB/BB+ by Moody's/S&P/Fitch. Local currency sovereign rating upgraded to investment grade (BBB-) by S&P in Sep'11

Note: EU indicates EU27 countries

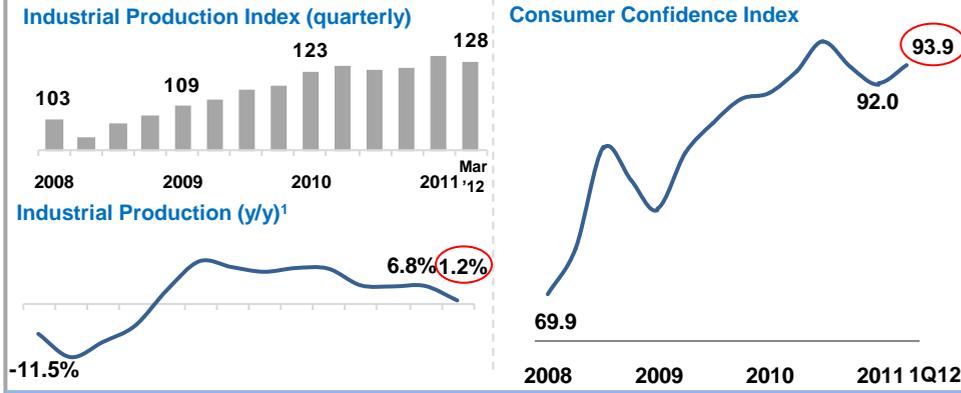
(1) Nominal growth between 2000 and 2011 for Turkey and 2000-2010 for Eurozone

(2) According to 2011 data published by Statistical Institute, IMF and Eurostat

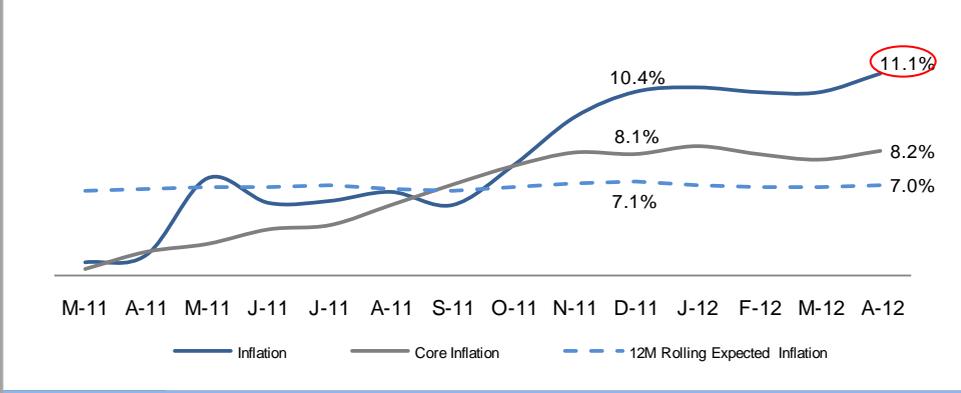
# Macroeconomic Environment

Ongoing soft-landing supported by flexible monetary policy

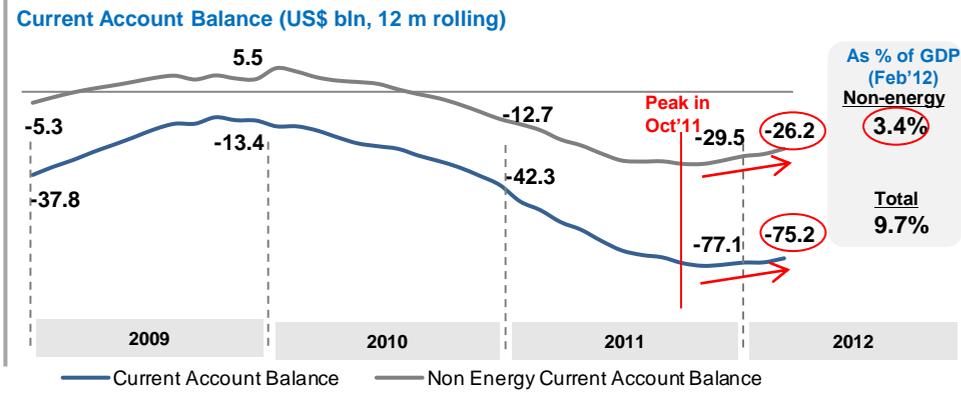
<b>GDP</b>	<b>Slowdown in growth confirming soft-landing</b> with moderation in industrial production coupled with still high consumer confidence		
	<b>Annual growth, real</b>	<b>4Q11A: 5.2%</b>	<b>1Q12E: 2.6%</b>



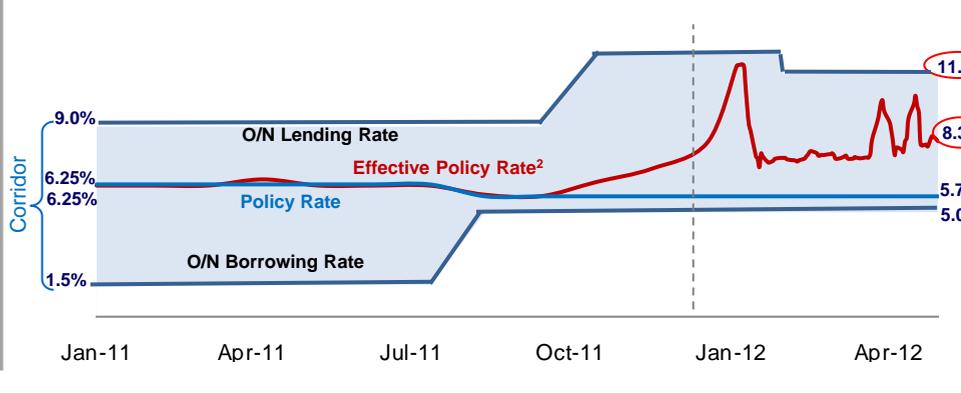
<b>Inflation</b>	<b>Stabilising trend in inflation;</b> temporary pick-up in Apr'12 related to higher energy prices		
	<b>Annual increase</b>	<b>4Q11A: 10.45%</b>	<b>1Q12A: 10.43%</b>



<b>Current Account Deficit</b>	<b>Moderating trend</b> with higher sustainability as 88% of imports driven by private investments vs only 12% to consumption		
	<b>As % of GDP</b>	<b>4Q11A: 10.0%</b>	<b>Feb'12A: 9.7%</b>



<b>Monetary Policy</b>	<b>Continuation of flexible / tight CBRT monetary policy</b> to maintain financial stability		
	<b>O/N lending rate</b>	<b>4Q11A: 12.5%</b>	<b>1Q12A: 11.5%</b>



Notes: 1Q12 GDP growth expectation refers to YK Economic research estimates.

(1) Industrial production growth is cumulative, seasonally and calendar adjusted. Stated growth 2.7% y/y for 3-month cumulative 1Q12 data; 2.4% y/y for monthly Mar'12 data

(2) Blended CBRT one-week repo, one-month repo and O/N repo funding rate

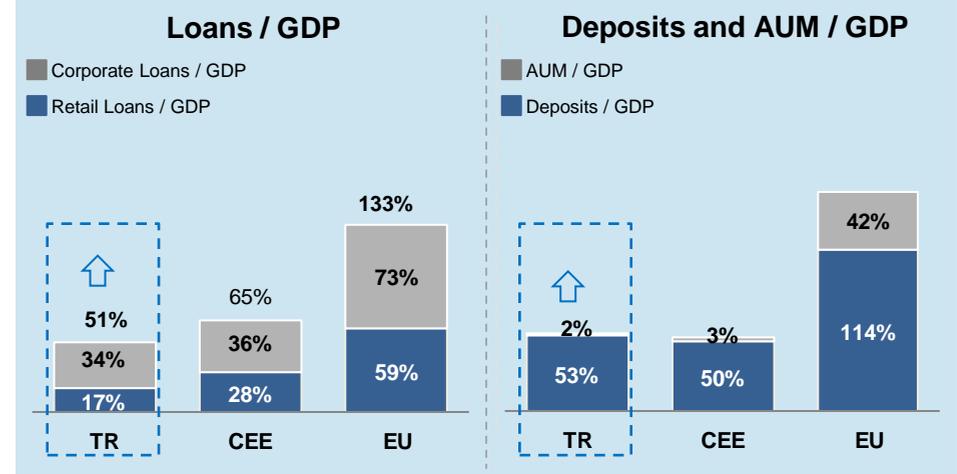
CBRT actions in 1Q12 include: narrowing of interest rate corridor in Feb'12; increasing TL reserve requirements held in gold from 10% to 20%

# Banking Sector

Underpenetrated with stability, profitability and high growth potential

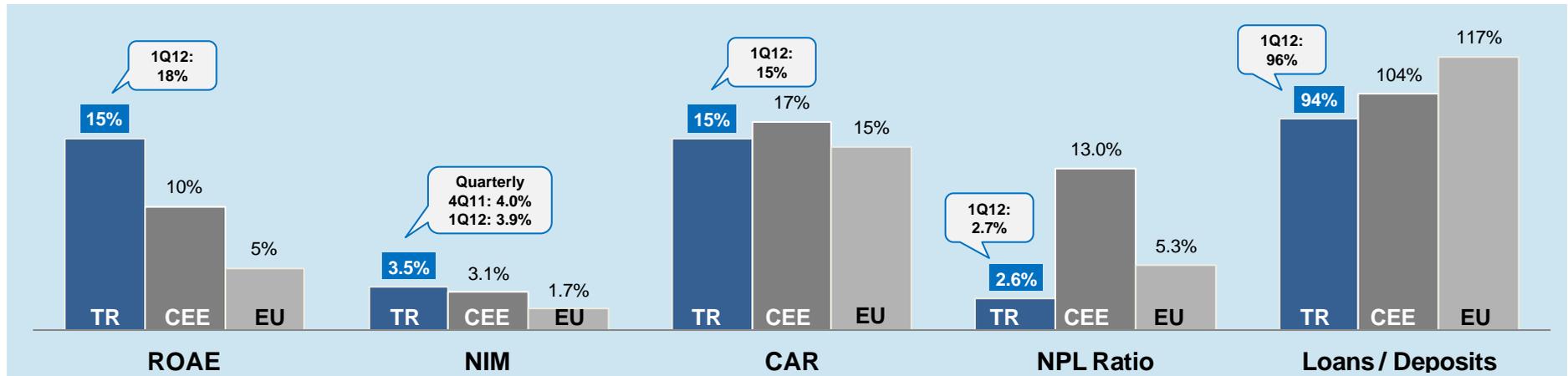
- Significant long-term growth potential on the back of positive demographics and underpenetrated market
- Highly resilient thanks to solid banking sector fundamentals
  - Low consumer indebtedness
  - Strong regulatory and supervisory framework
  - Robust profitability
  - Well capitalised system
  - Solid credit infrastructure with conservative coverage
  - Limited reliance on wholesale funding
  - Low short FX position risk

## Penetration data



Source: ECB data as of 2011 for Turkey, 2010 for CEE and EU  
 Note: Total loan figures includes retail, corporate and other. Retail loans include total household lending which covers housing loans, consumer lending and other household lending (including credit cards, excluding SMEs).  
 AUM: Asset Under Management

## Comparison of Key Performance Indicators



Note: EU indicates EU27 countries. Data as of 2011 for Turkey (source: balance sheet data based on BRSA weekly, profitability data based on BRSA monthly financials), 2011 for CEE and EU except for NIM which is 2010 (source: ECB, IMF and UniCredit). ROE used for CEE and EU instead of ROAE. CEE countries include Bulgaria, Czech Republic, Estonia, Latvia, Lithuania, Hungary, Poland, Romania, Slovenia and Slovakia

# Banking Sector

Slow start in volume growth, mild asset quality deterioration

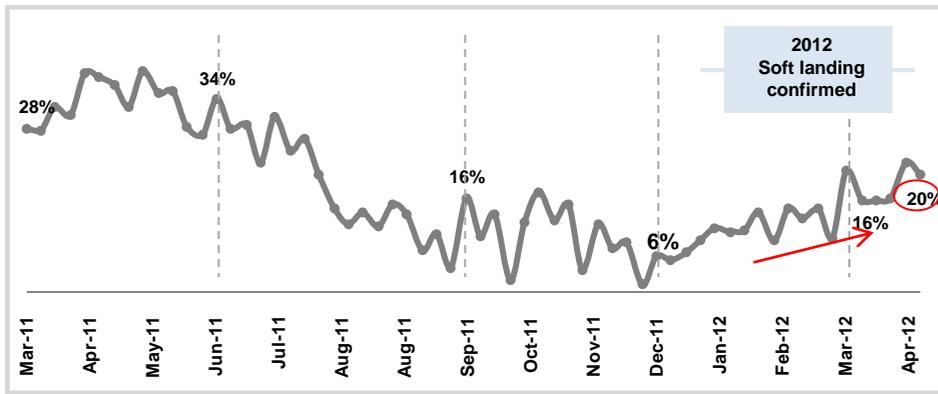
## Banking Sector Volumes and KPIs

	Nominal (US\$ bln)	Growth Rates (q/q)		
	1Q12	1Q11	4Q11	1Q12
<b>Total Loans</b>	<b>384</b>	<b>7%</b>	<b>3%</b>	<b>2%</b>
TL	273	6%	3%	4%
FC (\$)	112	9%	2%	-3%
<b>Total Deposits</b>	<b>402</b>	<b>1%</b>	<b>2%</b>	<b>0%</b>
TL	260	0%	1%	0%
FC (\$)	142	3%	5%	2%
<b>Securities</b>	<b>165</b>	<b>-4%</b>	<b>-1%</b>	<b>0%</b>
<b>Loans / Deposits</b>		<b>86%</b>	<b>94%</b>	<b>96%</b>
<b>Loans / (Deposits+TL Bonds)</b>		<b>86%</b>	<b>92%</b>	<b>93%</b>
<b>NIM (quarterly)<sup>1</sup></b>		<b>3.5%</b>	<b>4.0%</b>	<b>3.9%</b>
<b>CAR<sup>1</sup></b>		<b>16.8%</b>	<b>15.4%</b>	<b>15.7%</b>

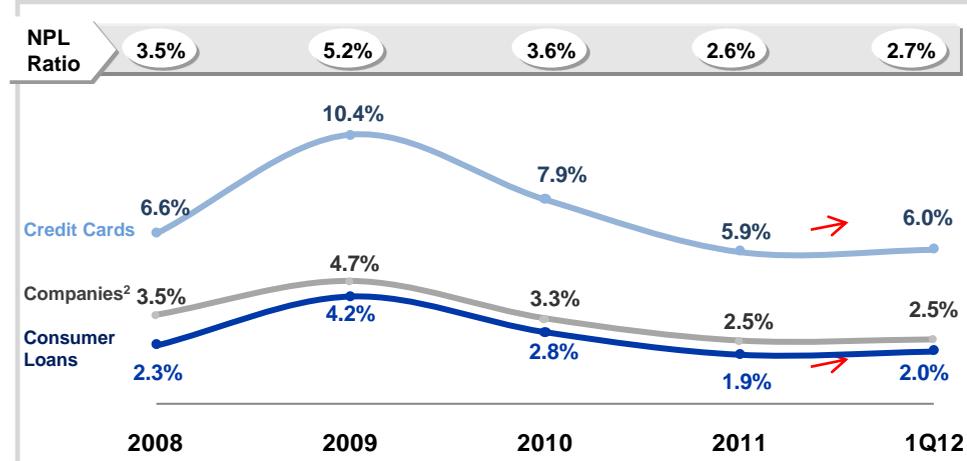
+1 %  
incl. TL  
bonds

- Loans +2% due to start of economic slowdown and seasonality
- Deposits flat. Increasing focus on TL bond issuances (US\$ 3.62 bln in 1Q12)
- Loans / deposits ratio at 96%, +2pp ytd (93% including TL bonds)
- Mild asset quality deterioration. NPL ratio at 2.7% (+10 bps ytd) driven by consumer loans and credit cards

## Currency Adjusted Rolling Annualised Loan Growth<sup>1</sup>



## NPL by Segment



Note: TL indicates local currency Turkish Lira, FC indicates foreign currency

(1) Calculated by taking the actual loan growth of previous 8 weeks

(2) Companies includes SME, commercial and corporate

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# Executive Summary

- Yapı Kredi is the 4th largest private bank in Turkey; operating in retail (individual and SME), private and corporate / commercial banking with leading positions in key segments and products supported by its product factories
- The Bank's unique competitive advantages include:
  - Large network and leading brand
  - Strong and committed shareholders
  - Healthy, robust and customer business focused balance sheet
  - Strong liquidity and funding position with limited reliance on wholesale borrowing and proven access to international funding
  - Solid risk profile with strong credit infrastructure and conservative credit policy
  - Focus on value generating segments with leadership in key products
  - Diversified, high quality revenue mix
  - Proven capability of cost control and efficiency improvements
  - Commitment to sustainable growth and commercial effectiveness

(1) According to 2011 data published by the Turkish Statistical Institute and IMF

# Yapı Kredi Highlights

<b>1944</b> founding year	Deep-rooted private bank with a nationwide presence	<b>60%</b> loans/assets	Highest among peers due to customer-business focus. Lowest securities / assets (18%)
<b>2006</b> merger year	Largest merger in the Turkish banking sector	<b>56%</b> deposits/assets	Solid deposit base with high contribution of retail, strong demand deposit share (16%) and lengthening maturity
<b>67</b> US\$ bln assets	Fourth largest private bank with leading positions in key segments / products	<b>~10%</b> market share	Natural market share level (number of branches, assets, loans, deposits)
<b>40</b> US\$ bln loans	Strong loan book with focus on value generating segments	<b>&gt;15%</b> market share	Leading market position in key segments / products (credit cards, asset management, leasing, factoring, private pension and health insurance)
<b>6.3</b> mln customers	Loyal customer base	<b>240</b> US\$ mln net income	Strong net income evolution since 2007 (+12% CAGR)
<b>908</b> branches <sup>1</sup>	Fifth largest branch network created via successfully executed branch expansion (+49% since 2007)	<b>111%</b> Total coverage <sup>3</sup>	Solid provisioning level and asset quality confirming conservative risk profile (NPL ratio at 3.2%)
<b>17,587</b> headcount	Young, dynamic and highly qualified workforce managed effectively (+11% since 2007)	<b>14.6%</b> CAR	Sound capitalisation level
<b>78%</b> share of ADC <sup>2</sup>	Focus on technology to improve customer satisfaction and decrease cost to serve	<b>7.5</b> US\$ bln mcap <sup>4</sup>	Among the top 30 stocks trading on the Istanbul Stock Exchange; listed since 1987

(1) Bank-only including 1 off-shore branch

(2) Share of alternative delivery channels (including ATMs, internet, call center and mobile banking) in total transactions

(3) (Specific + general provisions) / NPL

(4) Market capitalisation as of 15 May 2012

# Yapı Kredi and its Major Shareholders

A very successful partnership model in the Turkish banking sector

## Excellent Combination of Shareholders

- Koç Holding is one of the most deep-rooted companies in Turkey with solid positions in energy, automotive, consumer durables, finance and 81 thousand employees. The Group brings local expertise and access to a wide industrial base
- UniCredit operates in 22 countries with over 160 thousand employees via 9 thousand branches and has the largest network in CEE. The Group provides international banking expertise and access to a large commercial banking network
- Shareholding structure providing stability, ensuring sustainable / profitable growth

## Local Approach

- Local management / strong local relationships
- Independent decision making process / Bank run at arm's length

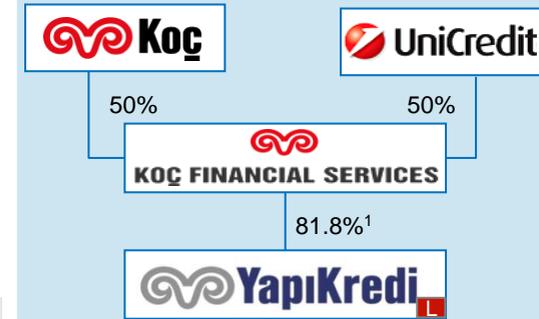
## Product and Management Best Practices

- Strong inherent culture of core banking focus and value generation
- Short "time to market" for flagship products / "in-house" investment banking support
- Leverage on UniCredit know-how and expertise in credit, market, liquidity risk management and cost control / efficiency
- Joint HR / training initiatives with Koç Holding and UniCredit including international career opportunities

## Capital Support

- Shareholders capable and committed to supporting the capital base if and when needed
- No history of capital extraction (no dividend payments)
- Limited reliance on UniCredit funding
- Local regulators monitoring / avoiding any capital leakage between jurisdictions

## Shareholding Structure



- Strong partnership with committed shareholders is one of Yapı Kredi's key competitive advantages:
  - Via Koç Holding, the Bank has access to an established industrial group offering synergy and cross-sell opportunities across sectors
  - Via UniCredit, the Bank receives know-how and best practice transfer from a leading global banking group

(1) Remaining 18.2% held by minority shareholders

 = Listed

# Strategy

Clear and unique strategic guidelines aimed at profitable / sustainable growth and customer satisfaction

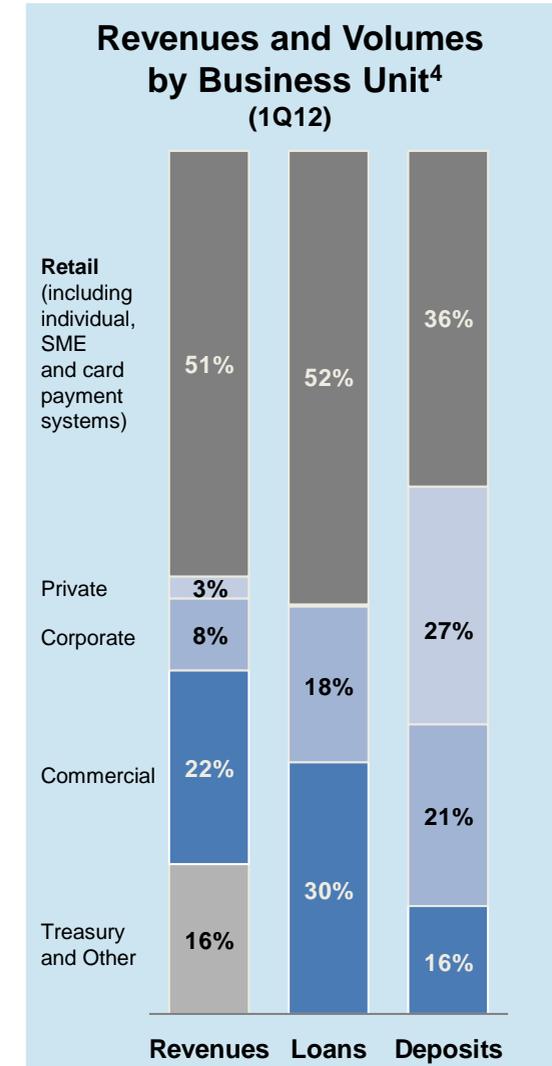
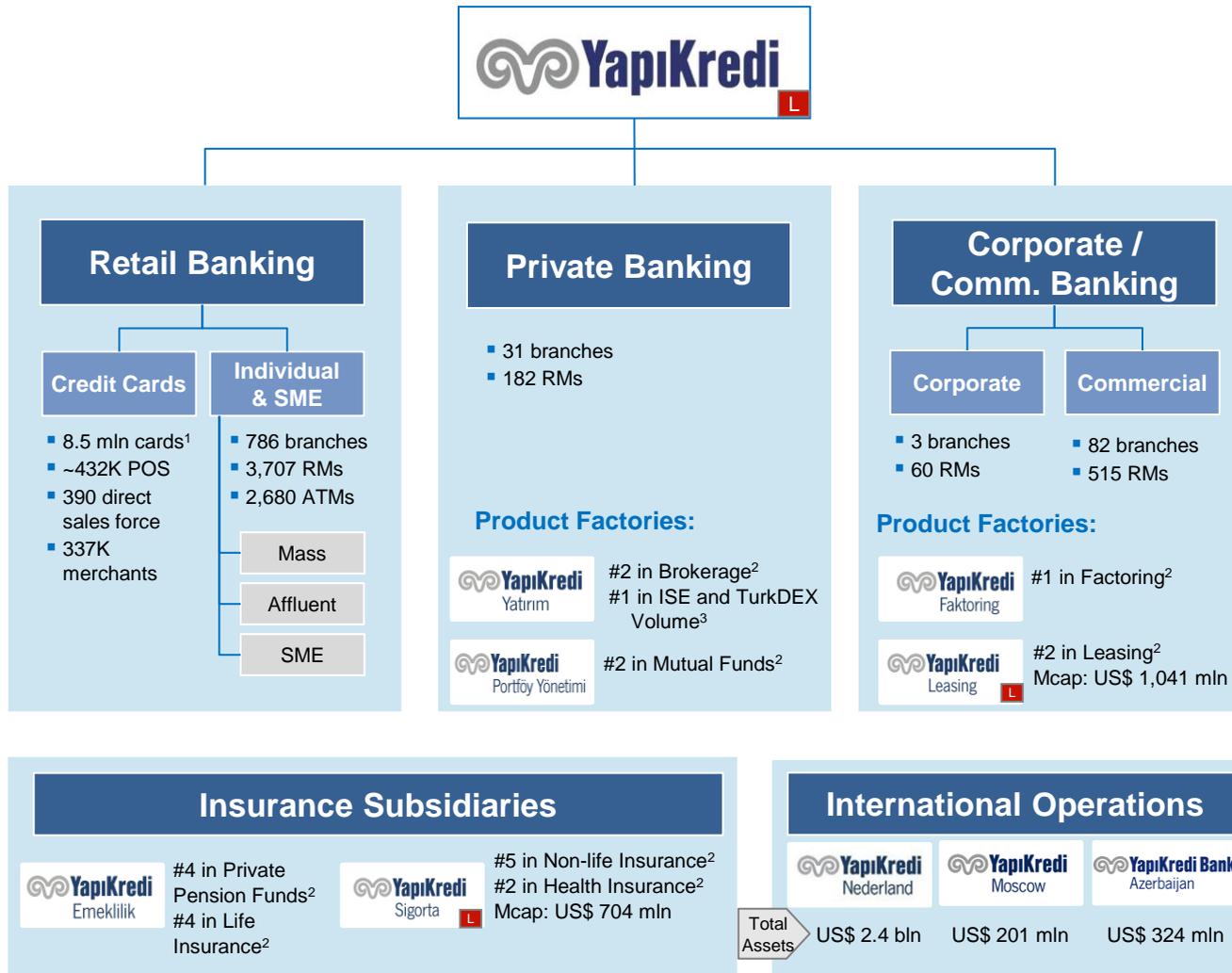
Yapı Kredi's medium-term objective is to **achieve above sector profitability performance** on the back of **improvement in commercial effectiveness** and **continuation of investments for growth**

## Yapı Kredi's strategy is based on:

- **Healthy and consistent growth** via focus on core banking activities
  - Loan growth focused on value generating segments / products: high margin SME, consumer in TL and project finance in FC lending
  - Deposit growth to ensure adequate levels of liquidity coupled with diversification of long-term funding through recurring access to international markets
  - Continued branch expansion
- **Strong and sustainable profitability** via customer business focus, strict cost control and efficiency gains
  - Revenues to be driven by emphasis on product penetration / innovation and fee generation in view of low margin environment
  - Cost growth to remain in line with inflation also incorporating growth initiatives
- **Superior and long lasting customer satisfaction**
  - Simplification of processes together with product and delivery channel improvements
  - Strengthening of customer centric business model

# Divisionalised Organisational Structure

Coherent and customer focused service model supported by product factories



Note: Branch numbers by segment exclude 2 free zone, 1 off-shore and 3 mobile branches. Segment figures as of Mar '12, market capitalisations as of 15 May 2012

- (1) Including 1.4 mln virtual cards
- (2) Rankings are based on: Capital Markets Board (for brokerage), Rasyonet (for asset management), Turkish Factoring Association (for factoring), Turkish Leasing Association (for leasing), Pension Monitoring Center (for private pension funds) and Turkish Insurance and Reinsurers Association (for life, non-life and health insurance).
- (3) Includes repo, reverse repo, treasury bill, government bond, equity and derivative transaction volumes. ISE indicates İstanbul Stock Exchange. TurkDEX indicates Turkish Derivatives Exchange
- (4) Based on MIS data. Credit card payment system revenues excluding POS revenues

# Recent History and Key Performance Indicators

Successful execution of strategy resulting in consistent delivery of strong results

2006

## Merger and Integration

- Legal merger of Yapı Kredi and Koçbank
- Merger of the two banks' core subsidiaries operating in the same sectors (factoring, leasing, asset management and brokerage)
- Restructuring of the capital base
- Integration of information technology systems

2007

## Restructuring

- Launch of branch expansion
- Completion of segment based service model
- Streamlining governance through bringing subsidiaries under the Bank
- Efficiency initiatives in systems and processes

2008

## Relaunch of Growth

- Acceleration of branch expansion
- Innovation in product, service and delivery channels
- Tight cost management and emphasis on decreasing cost to serve
- Strengthening of capital base via capital increase

2009

## Global Crisis

- Temporary suspension of branch expansion
- Continuous support for customers
- Tight cost management and efficiency efforts
- Proactive credit risk management

2010

## Back to Growth

- Re-launch of branch expansion
- Innovation, new product development and customer acquisition
- Above sector growth and cost discipline
- Simplification of processes and improvement in efficiency

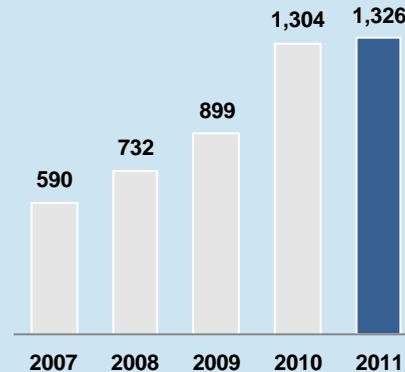
2011

## Flexible Approach

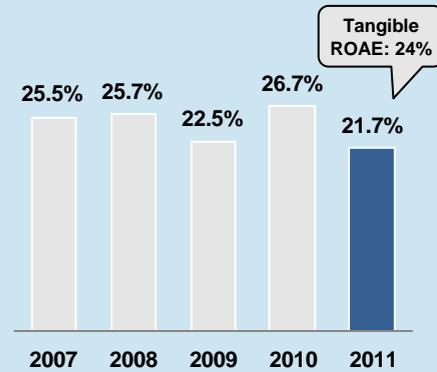
- Continuation of branch expansion
- Selective and continual growth in value generating segments and products
- Sustainable revenue generation and tight cost control
- Constant focus on asset quality
- Diversification of funding and emphasis on liquidity

## Key Performance Indicators

Net Income (US\$ mln)



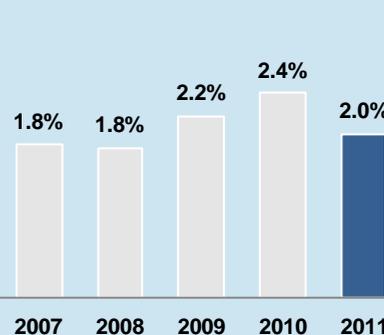
Return on Average Equity<sup>1</sup>



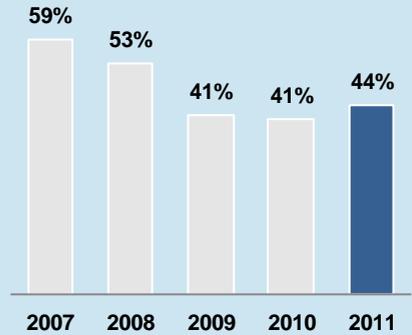
Between 2007 and 2011:

- Revenues +14% CAGR
- Costs +6% CAGR vs average annual inflation of 8%
- Number of branches +49%, ATMs +60% vs headcount +3%

Return on Assets<sup>2</sup>



Cost / Income



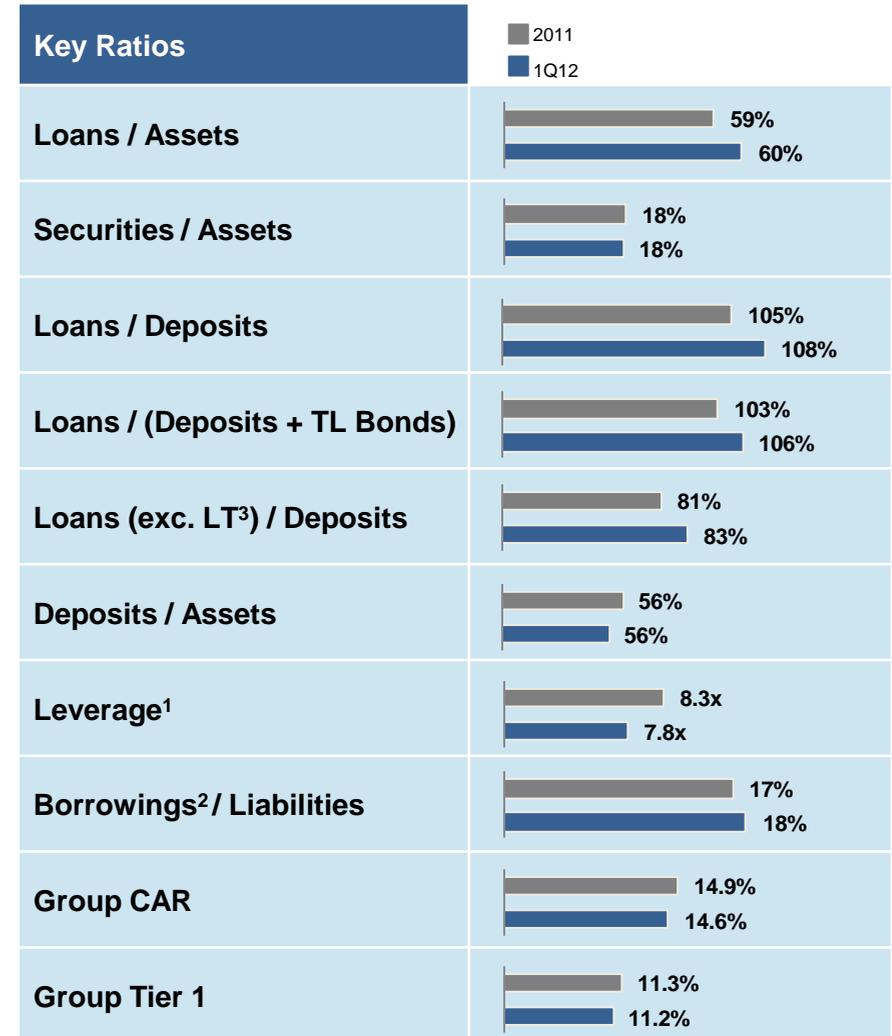
(1) Calculations based on the average of current period equity (excluding current period profit) and prior year equity. Annualised

(2) Calculations based on net income / end of period total assets. Annualised

# Balance Sheet

Customer-oriented balance sheet supported by growth in TL business and continued funding diversification

Summary Balance Sheet, US\$ bln	2011	1Q12	Growth
<b>Total Assets</b>	<b>67.9</b>	<b>66.8</b>	<b>-2%</b>
<b>Loans</b>	<b>40.1</b>	<b>40.2</b>	<b>0%</b>
TL	25.8	26.9	4%
FC (in US\$)	13.4	13.3	-1%
<b>Securities</b>	<b>12.3</b>	<b>12.0</b>	<b>-3%</b>
<b>Deposits</b>	<b>38.3</b>	<b>37.1</b>	<b>-3%</b>
TL	20.3	21.2	4%
FC (in US\$)	16.9	15.9	-6%
<b>Repo</b>	<b>3.4</b>	<b>3.1</b>	<b>-11%</b>
<b>Borrowings</b>	<b>11.8</b>	<b>11.9</b>	<b>1%</b>
TL	1.4	1.7	18%
FC (in US\$)	9.8	10.2	5%
<b>Shareholders' Equity</b>	<b>7.3</b>	<b>7.6</b>	<b>4%</b>
<b>Assets Under Management</b>	<b>4.7</b>	<b>4.8</b>	<b>3%</b>



Note: Loan figures indicate performing loans. US\$/TL translation at 1.7286 for convenience and illustrative purposes for 2011 and 1Q12. For foreign currency (FC) based volumes, 1.8417 for 2011 and 1.7286 for 1Q12 have been used. TL indicates local currency Turkish Lira, FC indicates foreign currency.

(1) Leverage ratio: (Total assets – equity) / equity

(2) Includes funds borrowed, sub-loan and marketable securities issued

(3) Long-term loans indicate project finance and mortgages

# Income Statement

Net income of US\$ 240 mln driven by disciplined NIM management and controlled costs

US\$ mln	1Q11	4Q11	1Q12	y/y	y/y excl. reg. impacts <sup>5</sup>
<b>Total Revenues<sup>1</sup></b>	<b>988</b>	<b>1,067</b>	<b>925</b>	<b>-6%</b>	<b>-3%</b>
Core Revenues	773	916	873	13%	<b>17%</b>
o/w Net Interest Income	512	606	631	24%	
o/w Fees & Comms.	261	309	241	-8%	<b>6%</b>
Other Revenues	215	151	53	-76%	
<b>Operating Costs<sup>2</sup></b>	<b>411</b>	<b>461</b>	<b>457</b>	<b>11%</b>	
<b>Operating Income<sup>3</sup></b>	<b>577</b>	<b>606</b>	<b>468</b>	<b>-19%</b>	
Provisions	181	127	162	-11%	
o/w Loan Loss	148	133	131	-11%	
<b>Pre-tax Income</b>	<b>396</b>	<b>479</b>	<b>307</b>	<b>-22%</b>	
<b>Net Income<sup>4</sup></b>	<b>307</b>	<b>369</b>	<b>240</b>	<b>-22%</b>	<b>3%</b>

- Revenues -6% y/y (-3% excl. regulatory impacts) mainly impacted by other revenues. Core revenues +13% y/y (+17% excl. regulatory impacts) driven by disciplined NIM management and value generating growth
- Costs +11% y/y, slightly above inflation
- Provisions -11% y/y
- Net income at US\$ 240 mln (-22% y/y, +3% excl. regulatory impacts)

- Quarterly net income trend (-35% q/q) impacted by seasonality of fee income, decline in other income and slight asset quality deterioration

(1) Total revenues include net interest income, net fees and commissions, dividend income, trading income, other operating income and income from investments accounted based on equity method as per BRSA footnotes

(2) Operating costs indicate the other operating expenses line as per BRSA footnotes

(3) Operating income indicates difference between total revenues and operating costs

(4) Indicates net income before minority

(4) Excluding regulatory impacts: On fees, impact of change on loan-related fee deferrals and decrease in regulatory cap of liquid fund management fees. On provisions, impact of change on general purpose and rescheduled loans on general provisions.

# Risk Management

Strong inherent risk management culture allowing sustainable and profitable growth

## Market Risk

- Effective hedging of interest rate risk via swap funding (US\$2.3 bln cross currency IRS as of 1Q12)
- No structural FX position<sup>1</sup> (net -US\$17 mln as of 1Q12)
- Low risk securities portfolio to mitigate P&L and capital volatility (58% of total in HTM securities)
- Strong adherence to strict regulatory liquidity limits
- Capitalisation level able to absorb potential Basel II impact (150 / 170bps on CAR). Official implementation of Basel II by BRSA expected in 2H12

## Credit Risk

- Diversified lending book toward less risky sectors and avoidance of concentration (top 20 loans account for 15.5% of book)
- Limited intra-group exposure (15% of capital vs 20% regulatory limit)
- Continuous focus on infrastructure enhancements and improvement of lending response times
- Strong collections capability (both in-house and outsourced)
- Dynamic portfolio management with NPL portfolio sales

## Operational Risk

- Effective management of operational risk at Basel II standards in addition to ensuring of business continuity and Basel II compliance
- Project for compliance to Basel II advanced measurement approach (AMA) in progress
- Implementation of AMA will ensure optimum capital allocation on operational risk

(1) Including off-balance sheet items

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- **Outlook**
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# Outlook for the remainder of 2012

## YKB confirming soft-landing scenario

### Macro

- **Moderate GDP growth with upward revision of consensus** (2012E GDP growth: 4.4% vs 8.5% in 2011)
- **Controlled inflation with downward trend expected from May'12 onwards** (2012E avg 9.5%; end of period 6.9%)
- **Continuation of TL-supportive, flexible and tight monetary policy** via interest rate corridor
- **Improvement trend in CAD expected to continue** (2012E: 7.3% of GDP)

### Banking Sector

- **Positive volume growth expectations confirmed** (2012E loan growth 15%; deposit growth 13%)
- **Stable NIM with upside potential**
- **Slight asset quality deterioration** (+30/40bps NPL ratio, <100bps CoR)

### Yapı Kredi

- **No revision to budget expectations**
- **Business volume growth slightly above sector**
- **Upside revenue potential via better NIM evolution to absorb possible asset quality pressure**

Note: Please refer to slide 40 for details on 2012 budget expectations

# Areas of Focus

Continued emphasis on key long-term strategic pillars

## NIM / Liquidity Management

- Faster repricing and optimisation of segment / loan / product mix
- Optimisation of deposit pricing (*one-to-one deposit pricing project*)
- Diversification of funding with increasing focus on wholesale borrowing

## Growth / Commercial Effectiveness

- Growth focused on value generating segments
- Enhanced customer penetration, acquisition and cross-sell
- Continuation of organic growth

## Cost Efficiency / Optimisation of Cost to Serve

- Sustained focus on efficiency improvements (*new SME model, multichannel approach*)
- Headcount optimisation
- Continuous search for lower cost-to-serve models

## Risk Management

- Ongoing focus on asset quality to minimise pressure on cost of risk
- Further improvements in credit infrastructure and NPL / delinquent management (*including collections, collateralisation*)
- Investments in market risk to better manage interest rate / liquidity risk

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- **Annex**
  - **Detailed 1Q12 Financials**
  - Other Information

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# Yapı Kredi

Fourth largest private bank in Turkey with a large network, leading brand and leadership in key segments / products

## Financial Highlights

(BRSA in US\$, 31 March 2012)

Total Assets (bln)	66.8
Loans (bln)	40.2
Deposits (bln)	37.1
AUM (bln) <sup>1</sup>	4.8
No. of Credit Cards (mln) <sup>2</sup>	8.5
No. of Active Customers (mln) <sup>3</sup>	6.3
No. of Branches <sup>4</sup>	908
No. of ATMs	2,680
No. of Employees <sup>5</sup>	17,587
Market Capitalisation (bln) <sup>6</sup>	7.5

## Market Positioning<sup>7</sup>

(31 March 2012)

		Rank
Total	Assets	5
	Branches	5
	Deposits	7
	Loans	5
Retail	Consumer Loans <sup>8</sup>	7
	Credit Cards <sup>9</sup>	2
AuM + Brokerage	Asset Management	2
	Brokerage <sup>10</sup>	2
Corporate	Cash Loans <sup>11</sup>	4
	Non-Cash Loans	2
	Leasing	2
	Factoring	1
Insurance	Life	4
	Private Pension	4
	Non-Life	5
	Health	2

4th largest among private banks

- Yapı Kredi is rated as: i) Ba3 with a positive outlook by Moody's, ii) BB with a stable outlook by S&P and iii) BBB- with a stable outlook by Fitch

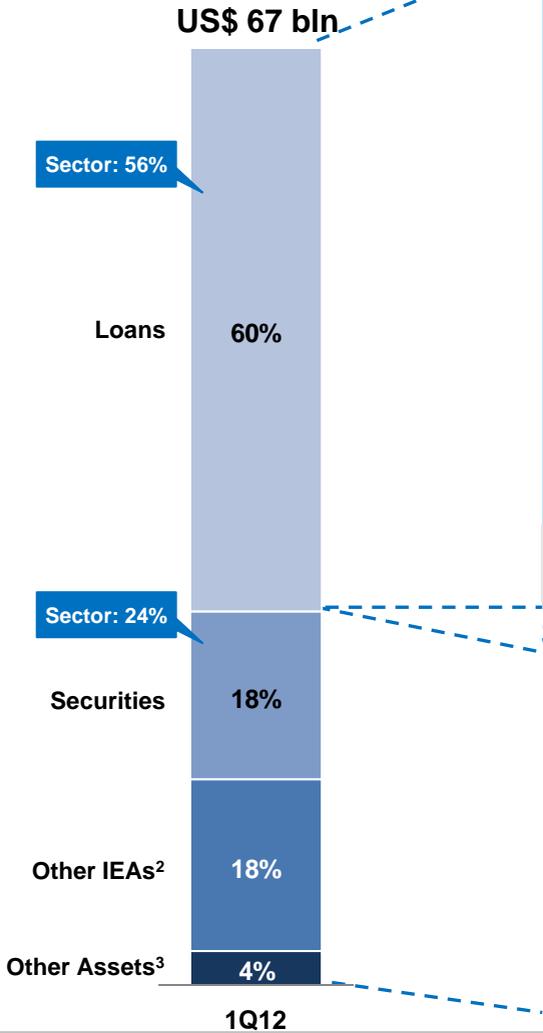
(1) Management Information Systems (MIS) data  
 (2) Including 1.4 mln virtual cards  
 (3) Bank-only, MIS data  
 (4) Bank-only including 1 off-shore branch  
 (5) Bank: 14,966  
 (6) Market capitalisation as of 15 May 2012

(7) All market shares and rankings are based on 1Q12  
 (8) Including mortgages, general purpose and auto loans  
 (9) Credit card outstanding volume  
 (10) Equity trading volume  
 (11) Cash loans excluding credit card outstanding volume and consumer loans

# Asset Composition

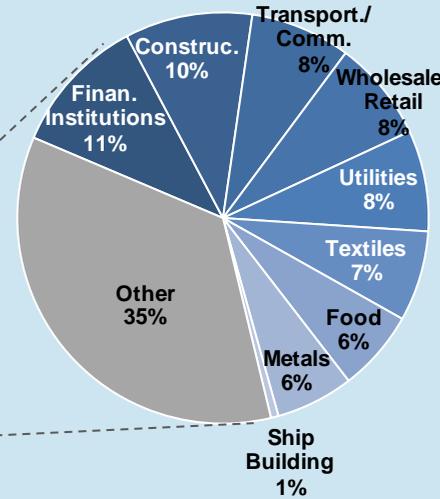
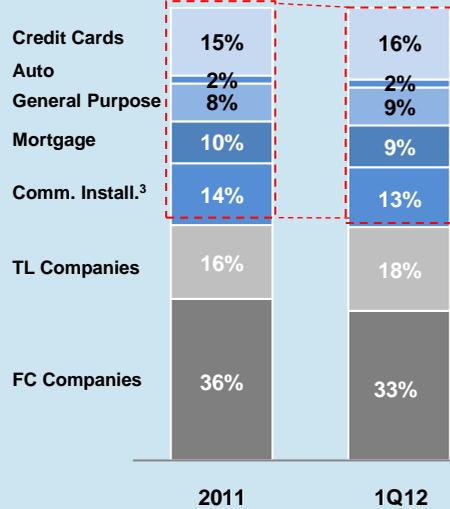
High share of lending in balance sheet reflecting customer business focus

## Total Assets

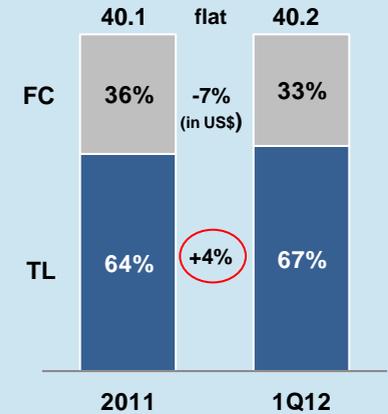


## Loans

### By Product



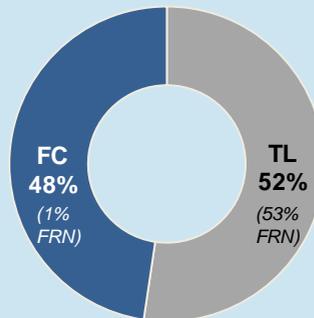
### By Currency (US\$ bln)



- Healthy loan composition with significant share of higher yielding local currency loans
- Significant presence in value generating loan segments (SME, individual in local currency and project finance in foreign currency)

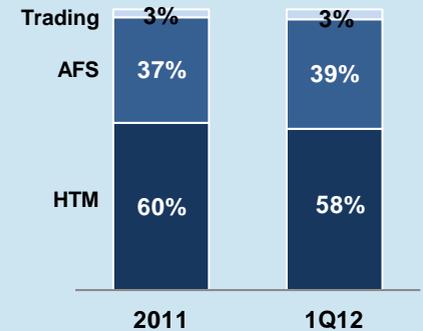
## Securities

### By Currency (1Q12)



Turkey sovereign exposure in total securities portfolio: >99%

### By Type



Note: Loan figures indicate performing loans. TL indicates local currency Turkish Lira, FC indicates foreign currency

(1) Proxy for SME loans as per BRSA reporting

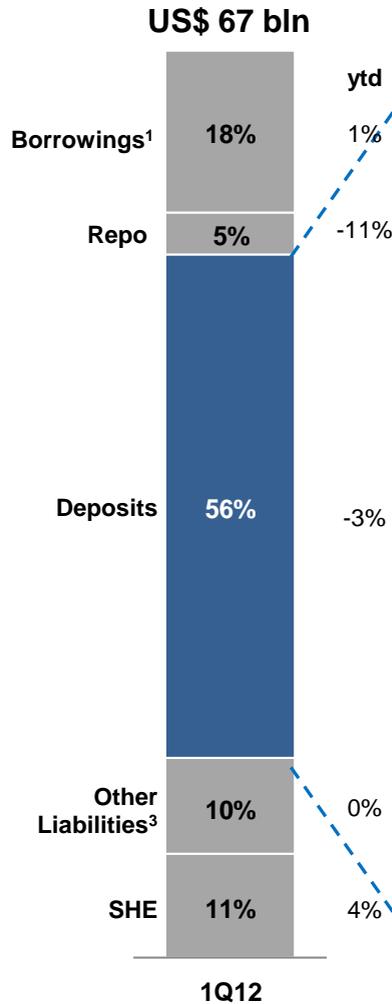
(2) Other interest earning assets (IEAs) include cash and balances with the Central Bank of Turkey, trading financial assets, banks and other financial institutions, money markets, available for sale financial assets, held to maturity securities, factoring receivables, financial lease receivables

(3) Other assets include other marketable securities, 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

# Liability Composition / Deposits

Healthy deposit base

## Total Liabilities and Shareholders' Equity

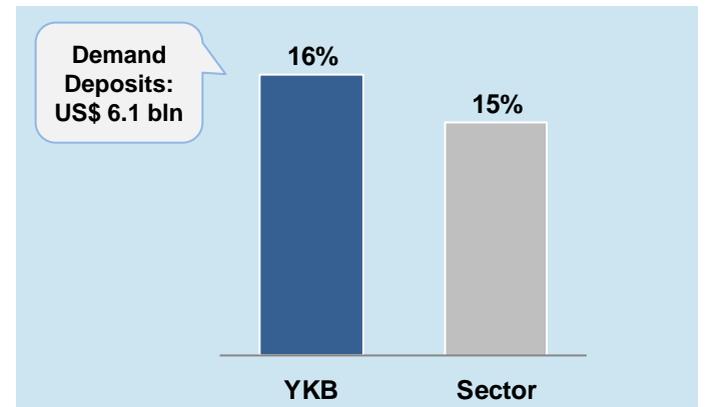


## Deposit Composition

### By Currency



### Demand / Total Deposits



### By Maturity (months)



- Deposits contributing 56% of total liabilities with 57% in local currency
- Significant share of retail deposits (75% of TL deposits, 51% of FC deposits)
- Strong emphasis on demand deposits and lengthening maturity
  - Demand deposit / total deposits ratio of 16%
  - Share of deposits longer than 3 months at 13% (14% incl. TL bonds) vs 5% in 2010

Note: TL indicates local currency Turkish Lira, FC indicates foreign currency.

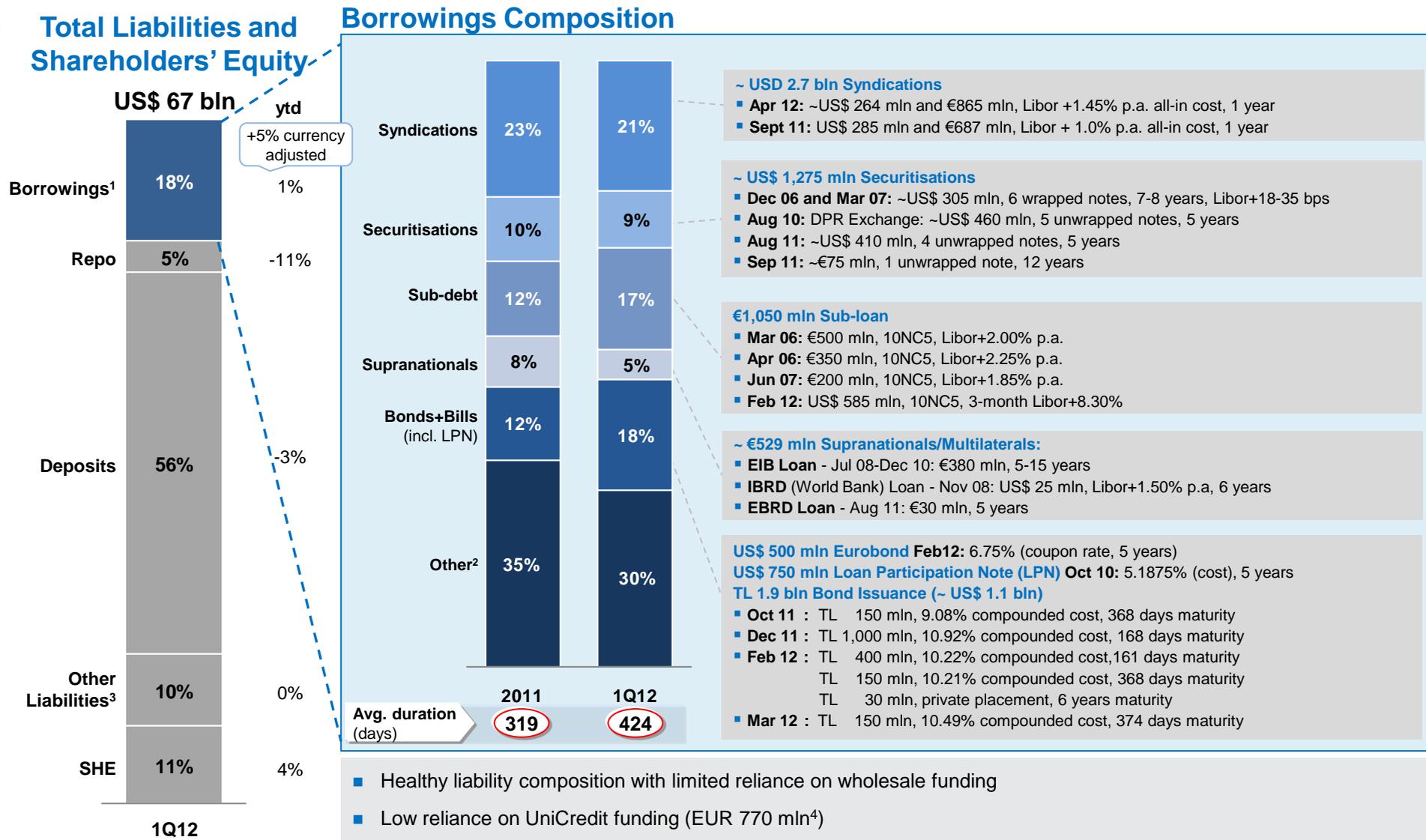
(1) Includes funds borrowed, sub-loan and marketable securities issued

(2) Retail includes SME, mass, affluent and private. Based on MIS data

(3) Other liabilities include trading derivative financial liabilities, miscellaneous payables, hedging derivative financial liabilities, provisions, tax liabilities and other liabilities

# Liability Composition / Borrowings

Continued funding diversification accompanied by progressive increase in duration



Note: TL indicates local currency Turkish Lira, FC indicates foreign currency.

(1) Includes funds borrowed, sub-loan and marketable securities issued

(2) Other liabilities include trading derivative financial liabilities, miscellaneous payables, hedging derivative financial liabilities, provisions, tax liabilities and other liabilities

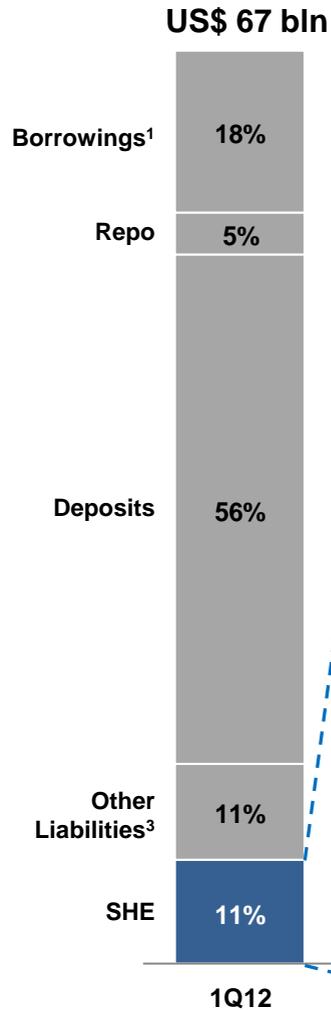
(3) Other includes foreign trade related borrowings and borrowings of subsidiaries

(4) As of Mar'12. Excluding sub-loan of US\$ 585 mln received in Feb'12

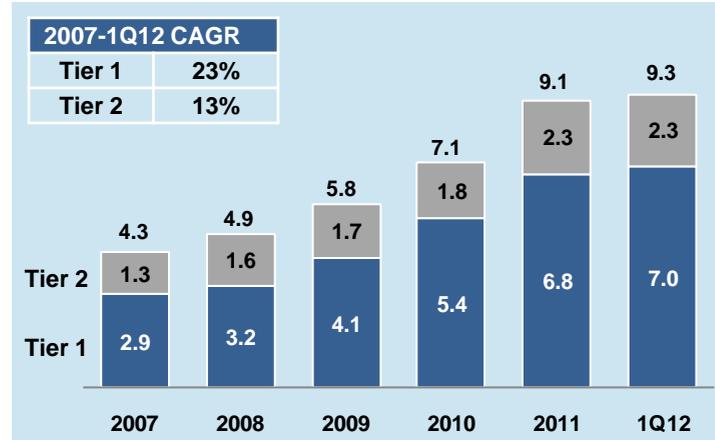
# Liability Composition / Capital

## Capital base supporting business growth

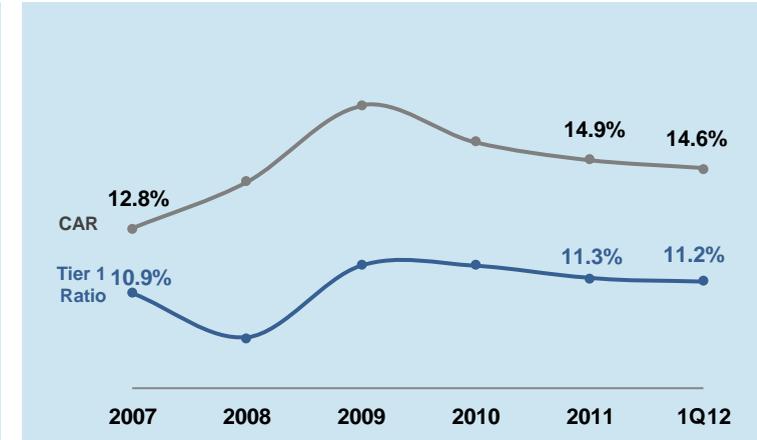
### Total Liabilities



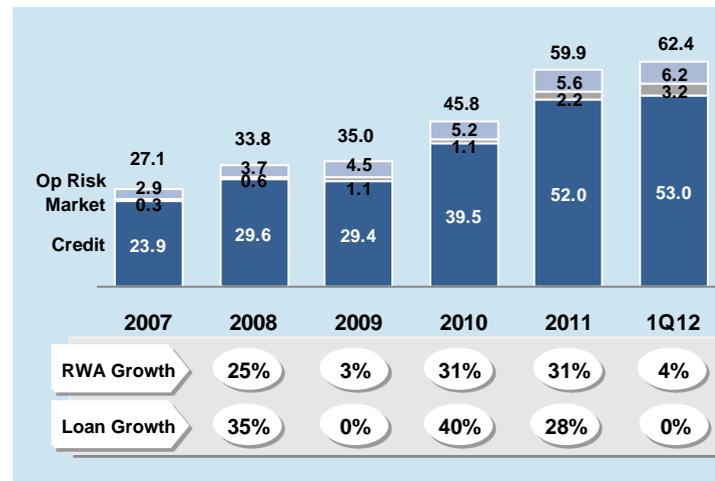
### Capital Evolution (US\$ bln)



### Capital Adequacy Ratio and Tier 1 Ratio



### Risk Weighted Asset (RWA) Evolution (US\$ bln)



- Capital adequacy ratio at 14.6% incorporating positive impact of ~US\$ 585 mln sub-loan in Feb'12. Capital evolution supported by:
  - Retaining profits to finance future growth
  - Growth in value generating loan segments
- Capitalisation level able to absorb potential Basel II requirements
  - Basel II to be effective in Turkey from 2012. Impact to halve when Turkey becomes investment grade
- High share of foreign currency in Tier 2, providing buffer in case of TL devaluation

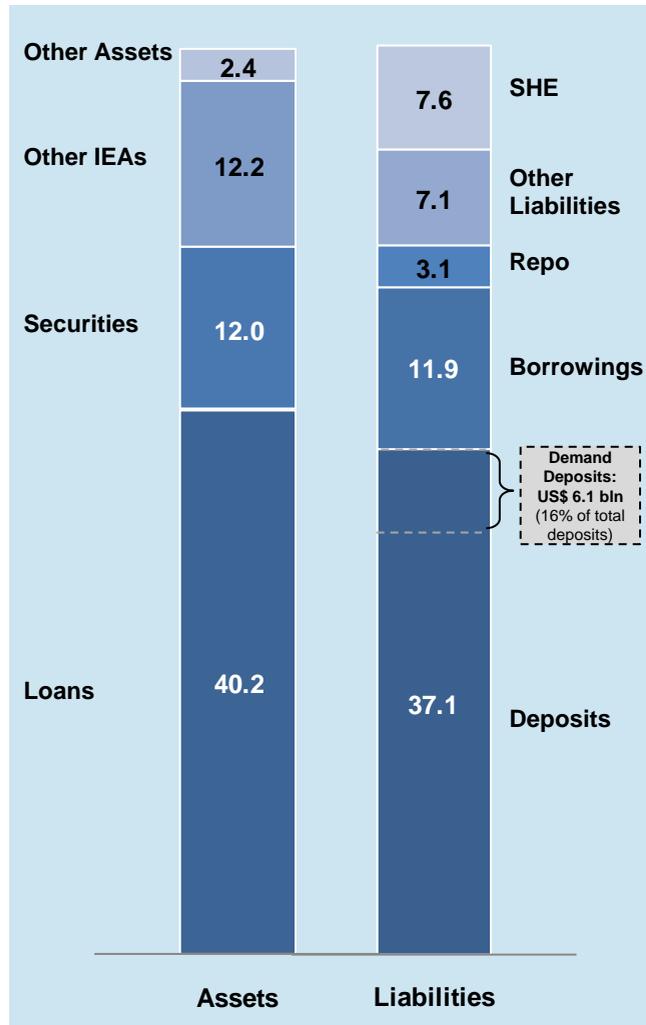
(1) Includes funds borrowed, sub-loan and marketable securities issued

(2) Other liabilities include trading derivative financial liabilities, miscellaneous payables, hedging derivative financial liabilities, provisions, tax liabilities and other liabilities

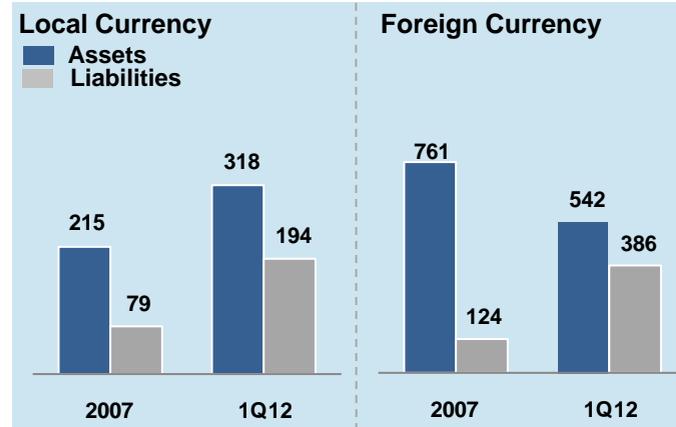
# Asset and Liability Structure

Effective ALM management with well balanced currency structure and healthy liquidity

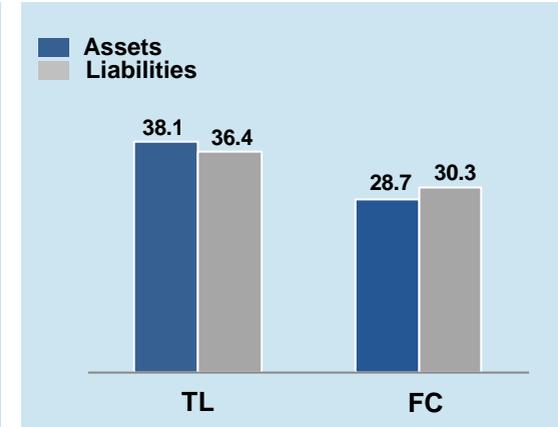
**Assets and Liabilities** (US\$ bln)



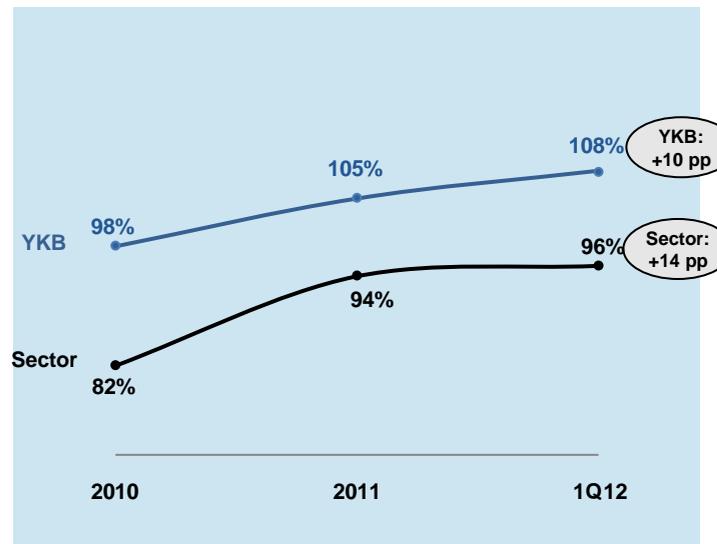
**Duration Analysis<sup>1</sup>** (days)



**Currency Matching** (1Q12, US\$ bln)



**Loans / Deposits Ratio**



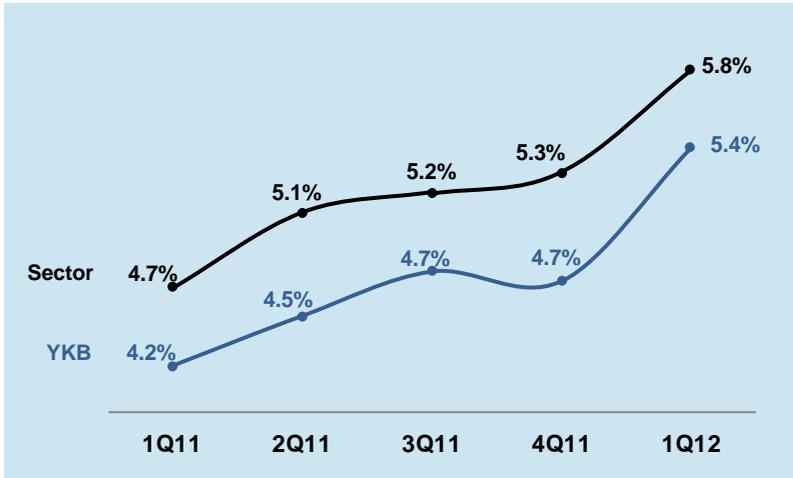
- Solid balance sheet structure focused on customer business together with increasing diversification of the funding base
- Effective management of duration gap via utilisation of swap funding
- Balanced currency composition
- Sector converging to YKB levels in terms of loans / deposits ratio resulting from increasing focus on core customer business vs securities in the sector

Note: TL indicates local currency Turkish Lira, FC indicates foreign currency.  
(1) Including off-balance sheet items

# Total Cost of Funding

Continuous focus on optimising cost of funding, also via diversification of funding sources

### Total cost of funding (quarterly)

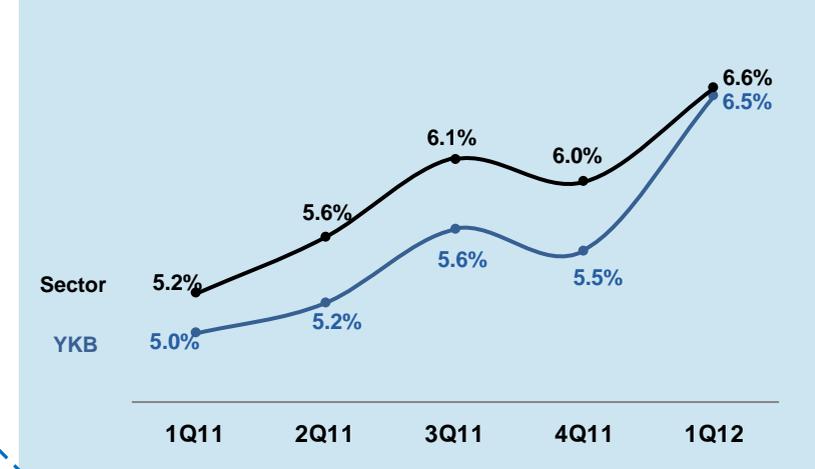


■ Total cost of funding at 5.4% as of 1Q12 vs 5.8% sector

### Cost of Wholesale Borrowings (quarterly)



### Cost of deposits (quarterly)

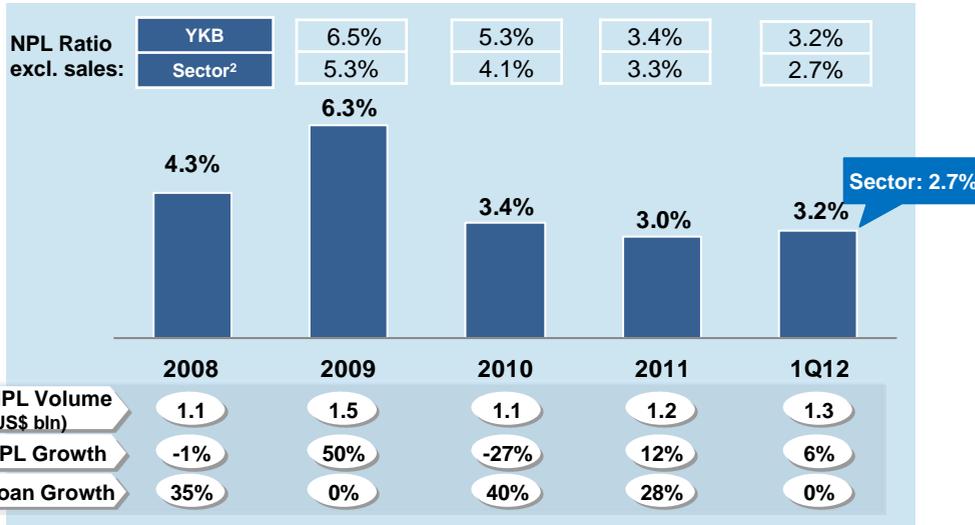


Note: YKB data based on BRSA bank-only financials. Sector data based on BRSA monthly data

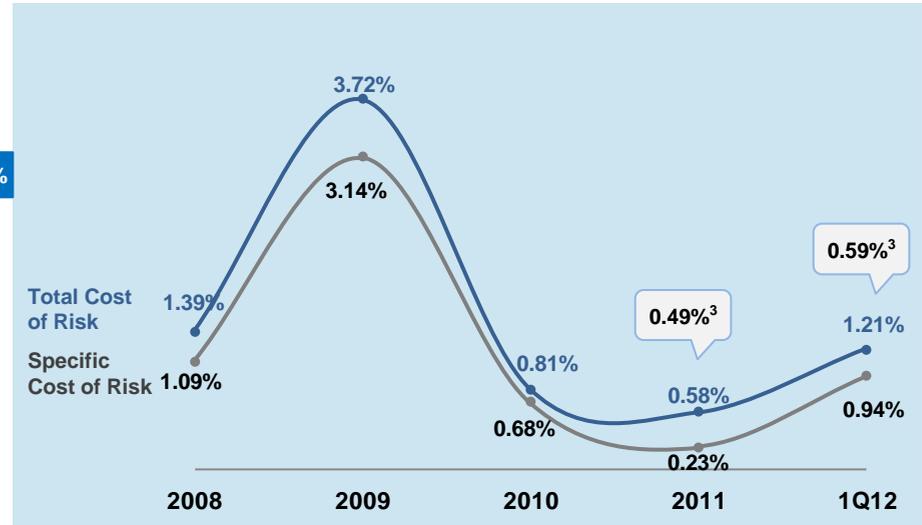
# Asset Quality

Capability to effectively manage asset quality in changing market conditions

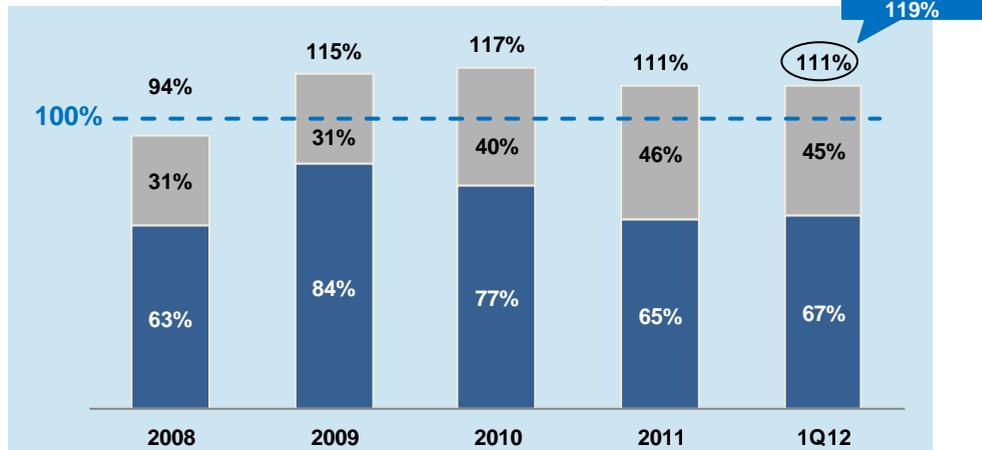
## NPL Ratio



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



## Specific and Generic NPL Coverage



- NPL ratio at 3.2% (vs 3.0% at YE11) impacted by mild increase in net inflows and stable loan volume
- Total coverage of NPL volume at 111% . Specific coverage at 67% (+2pp vs YE11)
- Total cost of risk (net of collections) at 1.21% impacted by regulatory changes. Cost of risk excluding regulatory impact at 0.59%<sup>3</sup> (vs 0.49% at YE11) driven by mild asset quality deterioration

Note: Specific coverage= specific provisions / NPL, Generic coverage= (Standard+watch provisions) / NPL

(1) Cost of risk = (total loan loss provisions-collections) / total gross loans

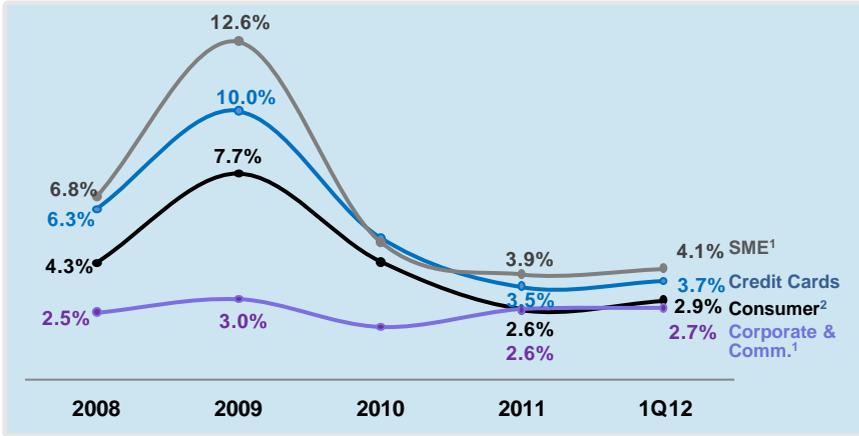
(2) Sector data based on BRSA weekly data

(3) Excluding regulatory impacts: On provisions, impact of change on general purpose and rescheduled loans on general provisions. Impact in 2011 only related to rescheduled loans

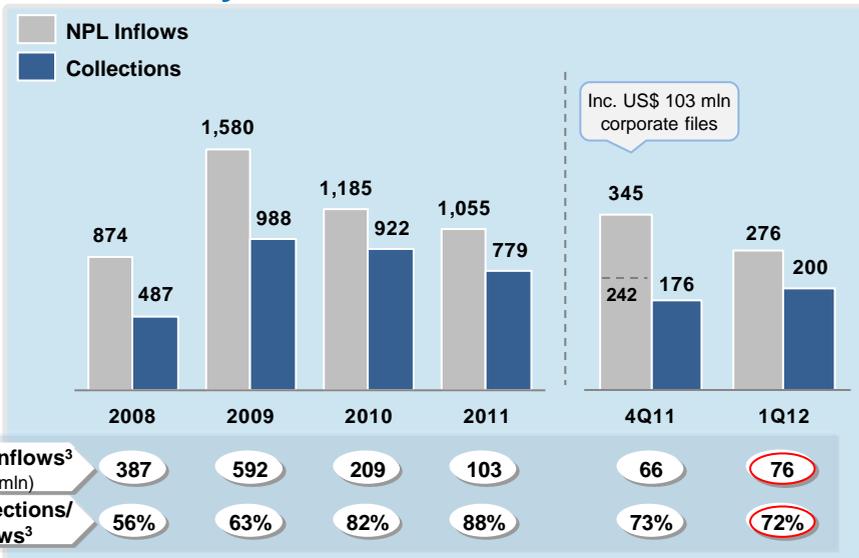
# Asset Quality

Maintained asset quality; mild rise in NPL stock in 1Q12 with similar evolution across all segments

## NPL Ratio by Segment

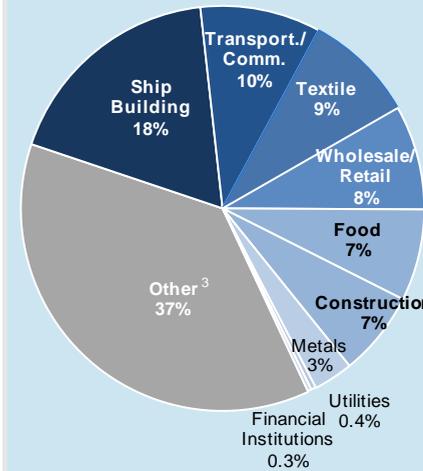


## Asset Quality Flows (US\$ mln)



## NPL by Sector (1Q12)

### NPL Composition of Company Loans



Sector	NPL Ratio	Share in Performing Loans
Ship Building	48.6%	1%
Transport/Comm.	3.7%	8%
Textile	3.7%	7%
Wholesale/Retail	3.2%	8%
Food	3.4%	6%
Construction	2.1%	10%
Metals	1.6%	6%
Utilities	0.1%	8%
Fin. Institutions	0.1%	11%
Other <sup>3</sup>	3.2%	35%

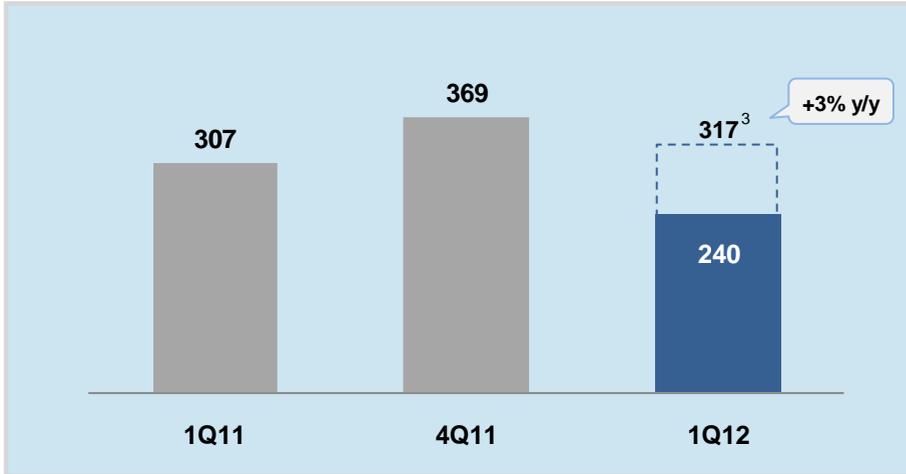
- NPL evolution similar across all segments
  - Credit card NPL ratio at 3.7% vs 6% at sector
- Diversified loan book supporting asset quality evolution
- Collections / inflows at 72% (vs 73% in 4Q11) on the back of continuation of solid collection performance

(1) As per YKB's internal segment definition, SMEs: companies with annual turnover <5 mln US\$. Corporate & Commercial: companies with annual turnover >5 mln US\$  
 (2) Including cross default. If excluding, 1Q12: 2.2%  
 (3) Other includes various industries, all with less than 4% share (agriculture, tourism, chemical products, machinery, health and education, furniture, glass, rubber, etc.)

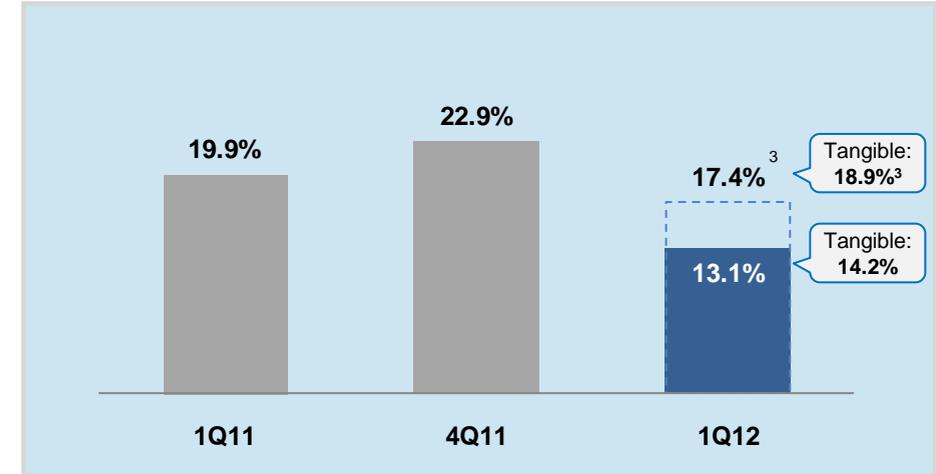
# Key Performance Indicators

Healthy profitability incorporating impact of regulatory changes

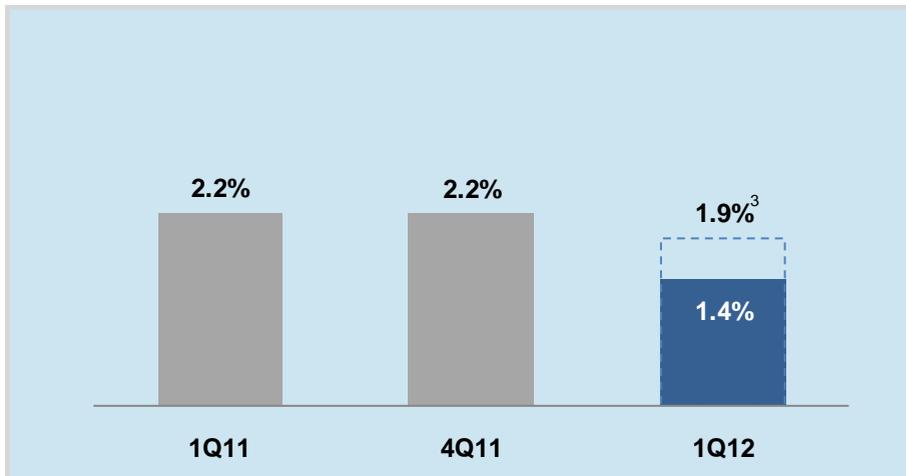
**Net Income** (US\$ mln)



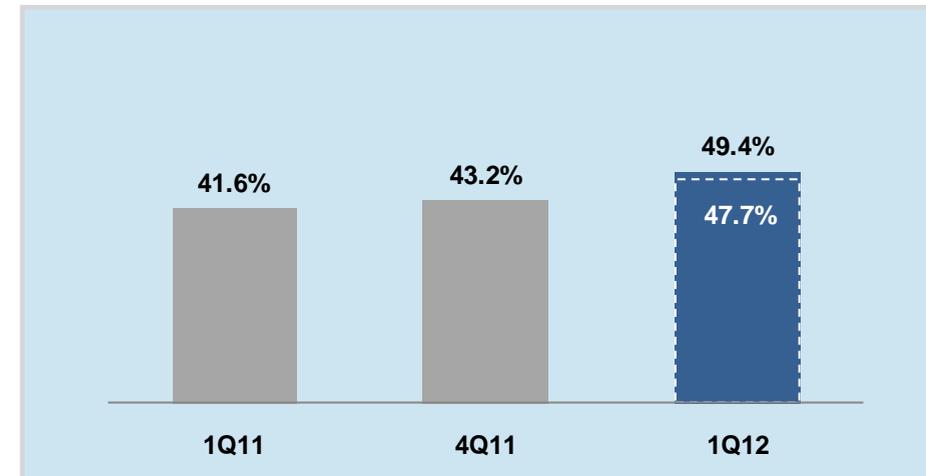
**Return on Average Equity<sup>1</sup>**



**Return on Assets<sup>2</sup>**



**Cost / Income**



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

(2) Calculations based on net income / end of period total assets. Annualised

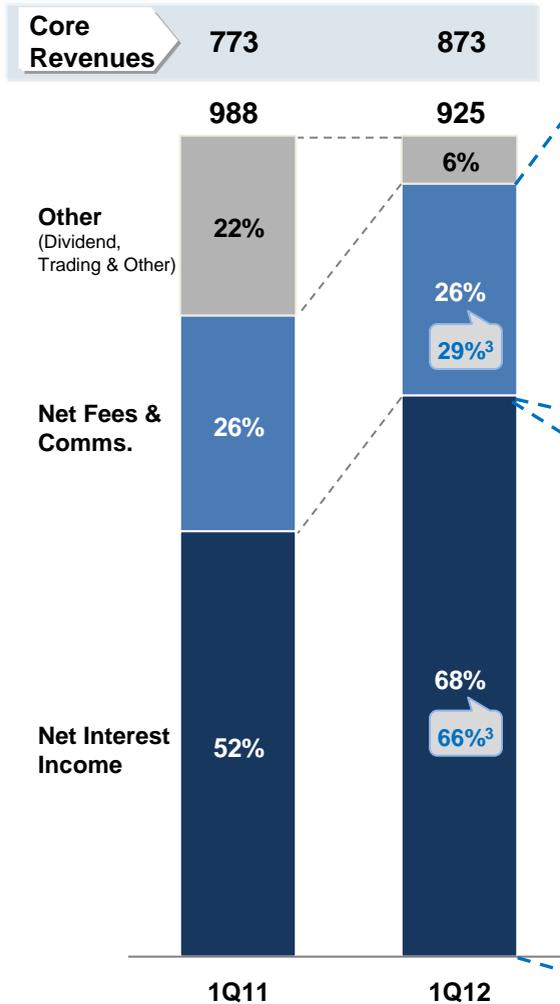
(3) Excluding regulatory impacts: On fees, impact of change on loan-related fee deferrals and decrease in regulatory cap of liquid fund management fees. On provisions, impact of change on general purpose and rescheduled loans on general provisions.

# Revenues

Sustained performance with increasing contribution of core revenues

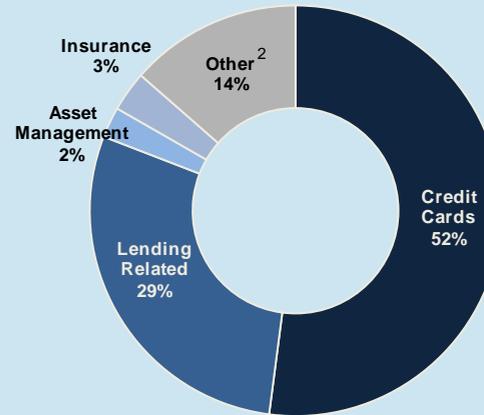
## Revenue Composition

(US\$ mln)

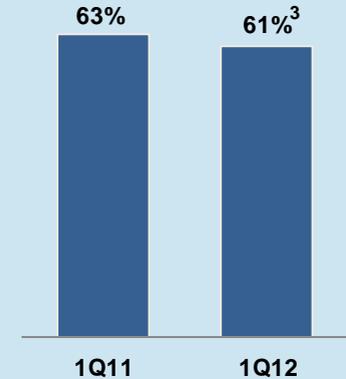


## Fees and Commissions<sup>1</sup>

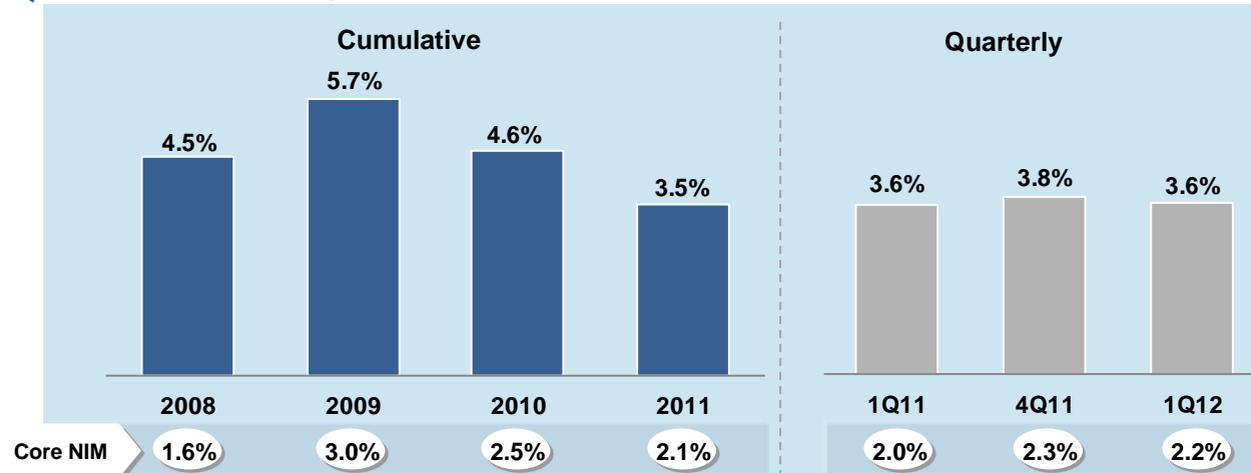
### Composition



### Fees / Operating Costs



## Net Interest Margin (NIM) Evolution<sup>1</sup>



(1) Based on BRSA unconsolidated financials as of 1Q12.

(2) Other includes account maintenance, money transfers, equity trading, campaign fees, product bundle fees etc.

(3) Excluding regulatory impacts: On fees, impact of change on loan-related fee deferrals and decrease in regulatory cap of liquid fund management fees

NIM: Net Interest Income / Average Interest Earning Assets

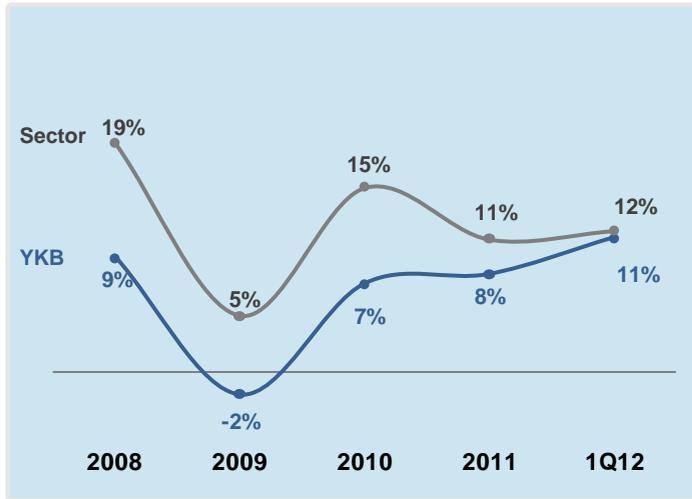
Core NIM: (Interest income on loans – interest expense on deposits) / Average (loans + deposits)

NIM and yield on securities adjusted to exclude the effect of reclassification as per BRSA between interest income and other provisions related to impairment of securities

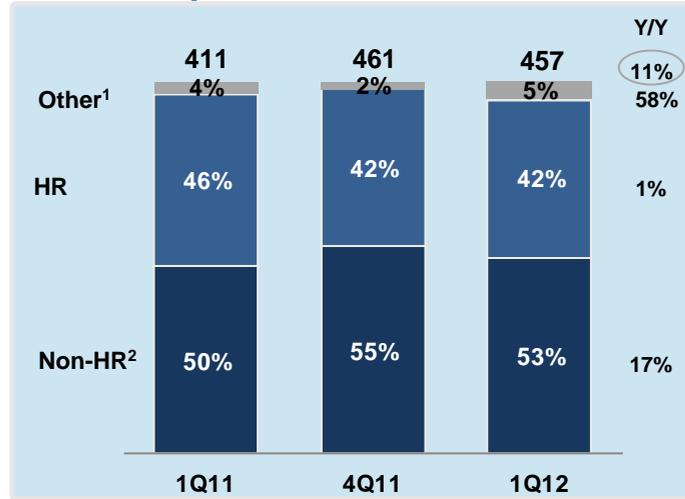
# Costs

Controlled cost management with unique track record in cost discipline

## Annual Cost Growth

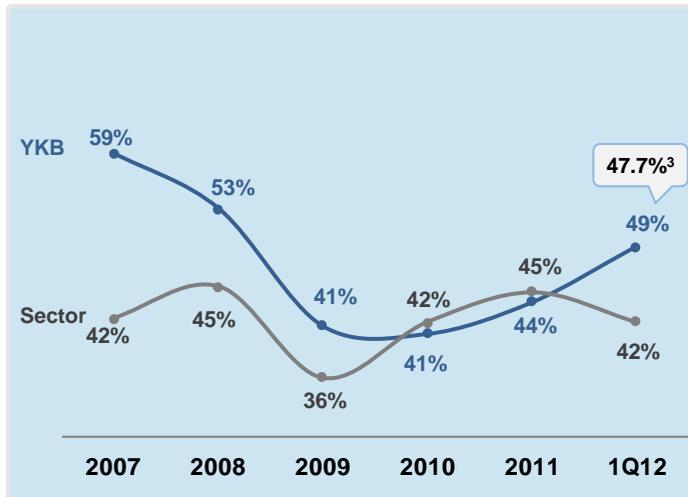


## Cost Composition (US\$ TL)

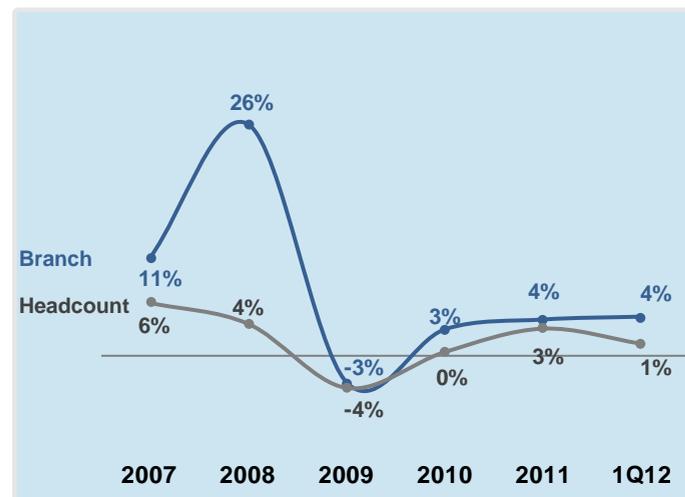


- Successful execution of growth strategy driven by branch expansion accompanied by effective headcount management
- Strong improvement in cost/income, from 59% in 2007 down to 49% in 1Q12, incorporating 47% increase in branch network
- In 1Q12, total costs +11% y/y, slightly above inflation
  - HR costs +1% y/y despite early recruitment for upcoming branch openings
  - Non-HR costs +17% y/y influenced by increased level of branch tax<sup>4</sup> (like for like +14% y/y)
  - Other costs +58% y/y impacted by increase in world loyalty point expenses due to rise in credit card volumes

## Cost / Income Ratio Evolution



## Annual Branch and Headcount Growth



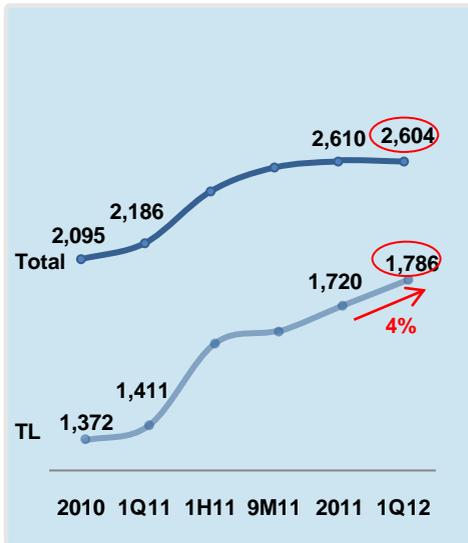
(1) Other includes pension fund provisions and loyalty points on Worldcard  
 (2) Non-HR costs include HR related non-HR, advertising, rent, SDIF premium, taxes, depreciation and branch tax  
 (3) Excluding regulatory impacts: On fees, impact of change on loan-related fee deferrals and decrease in regulatory cap of liquid fund management fees  
 (4) Branch tax imposed by regulator (BRSA) based on branch location (1Q11: US\$ 26 mln, 1Q12: US\$ 31 mln)

# Commercial Effectiveness

Steady progress on the back of consistent focus

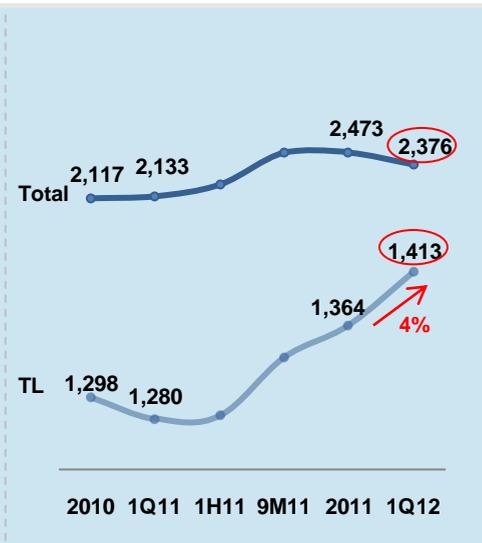
## Loans / Employee

(US\$ ths)



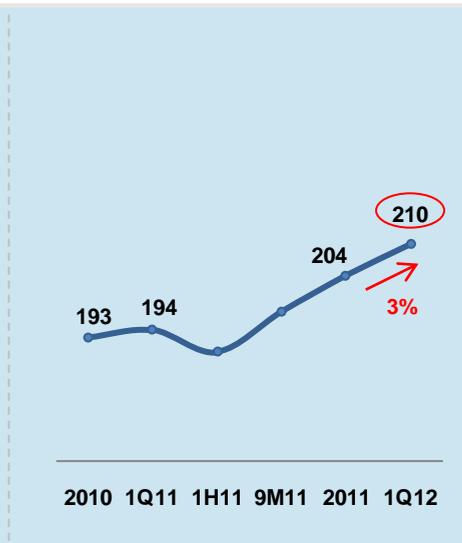
## Deposits / Employee

(US\$ ths)



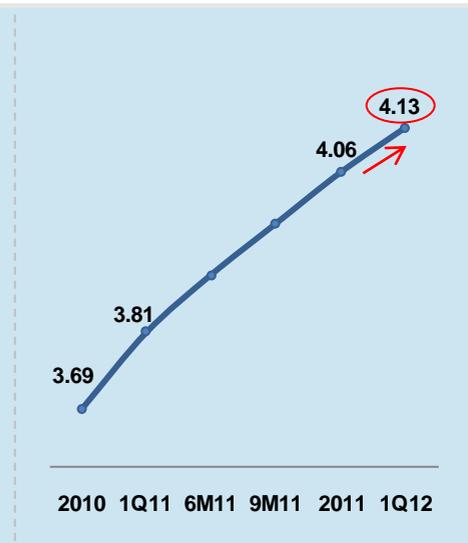
## Core Revenue / Employee

(US\$ ths)

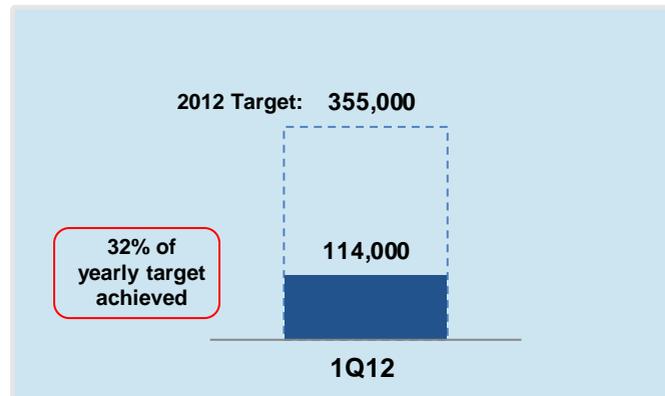


## Retail Cross Sell Ratio

(# of products)



## Conversion of Credit Card-only Customers



- Further improvement in key productivity indicators driven by strong focus on TL business growth (TL loans / employee +4%; TL deposits / employee +4%)
- Continuing positive trend in retail cross-sell on the back of focused efforts (new product offerings, customer acquisitions, product bundles)
- Sustained efforts to convert credit card-only customers into bank customers (32% of yearly target achieved as of 1Q12)

Note: TL indicates local currency Turkish Lira,

# Risk Management

## Prudent risk management policies

Market Risk			
<b>Interest Rate</b>	<ul style="list-style-type: none"> <li>Effective hedging of interest rate risk between medium and long term fixed rate TL loans (ie. mortgages) and TL deposits (structurally short term) via swap funding (US\$2.3 bln cross currency IRS as of 1Q12). TL duration gap at 124 days and FC at 156 days<sup>1</sup></li> <li>Sensitivity analysis for a scenario of yield curve shift of 4% in TL / 2% in FX: profit/loss effect capped at &lt;20% of capital (9% as of 1Q12)</li> <li>Basis Point Value (BPV) analysis: (sensitivity to 1bps shift in interest rates). As of 1Q12, BPV at €2.3 mln (vs max limit of €4.3 mln)</li> </ul>	<b>Securities Portfolio</b>	<ul style="list-style-type: none"> <li>Income statement and capital volatility mitigated through high portion of HTM (58% in 1Q12)</li> <li>Increasing share of AFS portfolio (39% at 1Q12) to manage liquidity risk arising from regulatory changes</li> <li>High proportion of FC securities due to conservative FC lending approach</li> </ul>
<b>FX Position</b>	<ul style="list-style-type: none"> <li>No structural FX position with FX position squared at the end of each day by the treasury. FX position daily VaR €790K (35% limit usage)</li> <li>Limited intra-day trading within limits set by the Board of Directors and monitored on a daily basis</li> <li>Total net FX position<sup>2</sup> at -US\$ 17 mln in 1Q12</li> </ul>	<b>Liquidity / Capital</b>	<ul style="list-style-type: none"> <li>Yapı Kredi maintains liquidity ratios above the strict limits put in place by the Turkish regulator</li> <li>Basel II parallel run initiated as of Jun'11; reporting expected to start in 2H12</li> </ul>
Credit Risk			
<b>Lending Activities</b>	<ul style="list-style-type: none"> <li><b>Lending:</b> <ul style="list-style-type: none"> <li>Limited intra-group exposure, significantly below BRSA limits (15% of capital in 1Q12 vs BRSA limit of 20%)</li> <li>Diversified lending book toward less risky sectors and avoidance of concentration (top 20 loans account for 15.5% of book)</li> <li>Continuous focus on infrastructure improvements to enhance processes and lending response times</li> </ul> </li> <li><b>Monitoring:</b> Conservative loan classification approach, including booking of cross-defaults as NPL</li> <li><b>Collections:</b> Strong in-house capability with call center responsible for 90-120 days overdue; outsourced responsible for 120-150 days overdue; legal follow-up after 150 days overdue</li> <li><b>NPL Sales:</b> Dynamic portfolio management with NPL portfolio sales (2010: US\$ 760 mln, 2011: US\$ 157 mln)</li> </ul>		
Operational Risk			
<b>Operational Risk Project</b>	<ul style="list-style-type: none"> <li>Ongoing Basel II advanced measurement approach (AMA) compliance project</li> <li>Implementation of AMA will ensure optimum capital allocation on operational risk</li> <li>Ongoing OpRisk cost saving project in cooperation with Cost Management</li> </ul>		

(1) Duration gap includes both on and off-balance sheet items

(2) Including off-balance sheet items

# Agenda

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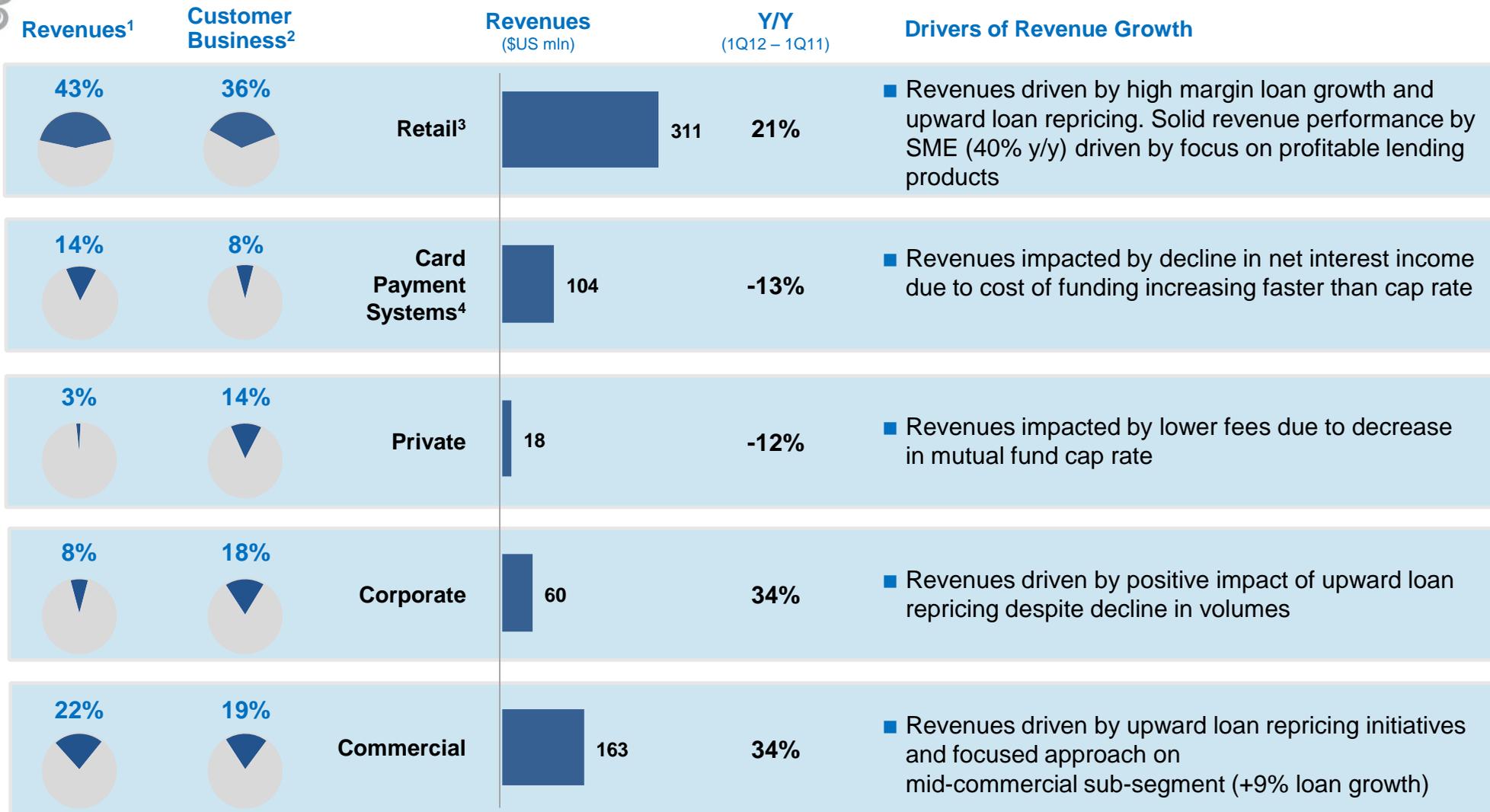
- Turkish Economy and Banking Sector
- Yapı Kredi Overview
- Outlook
- **Annex**
  - Detailed 1Q12 Financials
  - **Other Information**

Note: Throughout the presentation, US\$/TL translation at 1.7286 has been made for convenience and illustrative purposes

# Business Units

Solid performance by Retail, Corporate and Commercial; Card Payment Systems impacted by higher cost of funding; Private affected by regulatory pressure

## Weight in Bank



(1) Total share of business units at 84% in 1Q (excluding impact of POS revenues recognition in card payment systems). The remaining 16% is attributable to treasury and other operations

(2) Customer business= Loans + Deposits + AUM. Excluding other (5%)

(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

Note: All figures based on MIS data

# Subsidiaries

Steady performance by subsidiaries. Factoring impacted by asset quality pressure and YK Portföy impacted by decrease in mutual fund fee cap

	Revenues (US\$ mln)	Revenue (y/y growth)	ROE	Sector Positioning	Key Highlights	
<b>Core Product Factories</b>	<b>YK Leasing</b>	30	11%	14%	<b>#2 in total transaction volume</b> (16.6% mkt share)	■ Revenue performance driven by increase in business volume despite lower spreads
	<b>YK Factoring</b>	16 <sup>1</sup>	80% <sup>1</sup>	-33%	<b>#1 in total factoring volume</b> (15.1% mkt share)	■ Strong revenues on the back of widening margins. ROE impacted by a one-off NPL entry leading to higher LLP
	<b>YK Portföy</b>	6	-43%	49%	<b>#2 in mutual fund volume</b> (17.3% mkt share)	■ Revenues impacted by decrease in commission income due to decrease of liquid fund management fee cap
	<b>YK Yatırım</b>	32 <sup>2</sup>	-7% <sup>2</sup>	88%	<b>#2 in equity transaction volume</b> (6.6% mkt share)	■ Revenues impacted by decrease in commission income
<b>Insurance Subs</b>	<b>YK Sigorta</b>	35 <sup>3</sup>	4% <sup>3</sup>	46%	<b>#2 in health insurance</b> (15.3% mkt share)	■ Revenue base supported by solid performance in the health sector
	<b>YK Emeklilik</b>	23	54%	53%	<b>#4 in life insurance</b> <b>#4 in private pensions<sup>4</sup></b>	■ Strong revenue growth driven by above sector increase in pension fund volume and improving performance in the life insurance segment
<b>International Subs</b>	<b>YK Azerbaijan</b>	6	37%	13%	<b>US\$ 324 mln</b> total assets	■ Revenue growth driven by increased in loan volume and branch openings (+4 new branches in 1Q12)
	<b>YK Moscow</b>	4	-12%	11%	<b>US\$ 201 mln</b> total assets	■ Revenues impacted by ongoing margin pressure
	<b>YK NV</b>	12	2%	9%	<b>US\$ 2.4 bln</b> total assets	■ Revenues positively impacted by upward loan repricing despite increasing funding costs

(1) Revenues including dividend income from YK Sigorta. Revenue growth adjusted with dividend income  
(2) Revenues including dividend income from YK Portföy and YK Sigorta. Revenue growth adjusted with dividend income  
(3) Revenues including dividend income from YK Emeklilik. Revenue growth adjusted with dividend income  
(4) 16.0% as of 1Q12

Largest conglomerate in Turkey with leading positions in energy, automotive, consumer durables and finance

## Financial Highlights

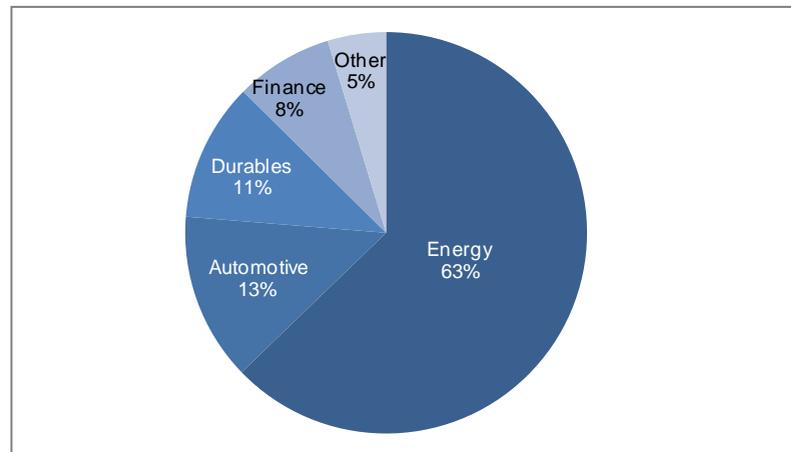
(in US\$, 31 Dec 2011)

Total Assets (bln)	52.2
Revenues (bln)	45.4
Net Income (bln)	1.3
Number of Employees	80,987
Market Capitalisation (bln)	9.8

- Established in 1926, Turkey's largest industrial and services group in terms of turnover and exports with 81 thousand employees
- 248th largest company in the world<sup>1</sup> and 71st largest publicly traded company in Europe
- Leading positions with strong competitive advantages in energy, automotive, consumer durables and finance sectors
- Largest distribution and after-sales network



## Revenue Composition (2011)



## Market Positions

- Only petroleum refiner** in Turkey
- #1 in LPG distribution** (29% market share)
- #3 in petroleum products distribution** (19% market share)
- #1 in total automotive** (30% market share)
- #1 in passenger cars** (20% market share)
- #1 in commercial vehicles** (49% market share)
- #1 in consumer durables** (50% market share) (refrigerators, washing machines, ovens, TVs, conditioners)
- #4 in total banking assets** among private banks (9.3% market share)
- #1 in factoring; #2 in asset management and leasing**

(1) According to Fortune Global 500  
 Note: Market shares as of 2011; Market capitalisation as of 5 April 2012

Systematically important financial institution in Europe with a widespread network and broad customer base

## Financial Highlights

(in US\$, 31 Dec 2011)

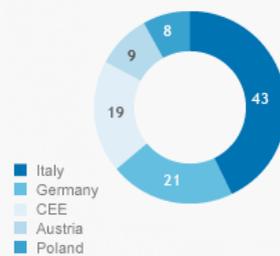
Total Assets (bln)	1,199
Loans (bln)	724
Deposits and Debt Securities Issued (bln)	726
Revenues (bln)	32.6
Net Income (bln) <sup>1</sup>	1.4
No. of Branches	9,496
No. of Employees	160,360
Tier 1 Ratio	9.32%
Capital Adequacy Ratio	12.37%
Market Capitalisation (bln)	24.9

- UniCredit is the result of the merger of nine of Italy's largest banks and the subsequent combination with the German HVB Group and the Italian Capitalia Group. UniCredit is:
  - A major international financial institution based in Italy with operations in 22 countries and 50 financial markets
    - Leader** in Austria with 16% market share
    - #2** in Italy with 13% market share
    - #3** in Germany with 3% market share
    - #1** in CEE region with 7% market share
- Largest international banking network in the CEE region with more than 4 thousand branches and outlets
  - Leader** in Poland, Croatia, Bosnia-H. and Bulgaria
  - In the Top 5** in Ukraine, Turkey, Czech Rep. and Kazakhstan
  - In the Top 10** in Romania, Baltics, Russia, Slovenia, Hungary and Serbia

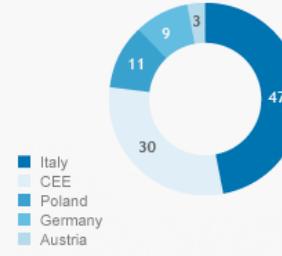


- Azerbaijan
- Bosnia-H.
- Bulgaria
- Croatia
- Czech Republic
- Estonia
- Hungary
- Kazakhstan
- Kyrgyzstan
- Latvia
- Lithuania
- Poland
- Romania
- Russia
- Serbia
- Slovakia
- Slovenia
- Turkey
- Ukraine

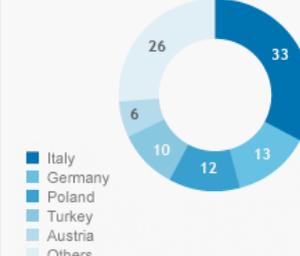
Revenue Composition (%)



Branch Composition (%)



Employee Composition (%)



Note: Market capitalisation as of 6 April 2012

(1) Net of one-offs in US\$ (-401 mln Greek bonds impairment, -238 mln Severance, +114 mln Moscow Stock Exchange, -621 mln for Goodwill implicit in Strategic Investments, -11,216 Goodwill impairment, -856 mln for Trademarks impairment and -129 mln for write-off in HVB-BA). Including one-offs, net income/loss at US\$ -11,910 mln

# 2012 Outlook

YKB macro / sector scenario based on soft-landing and positive volume evolution

## 2012 Macro Expectations

**4.4%** GDP Growth

**Positive / moderated growth** driven by domestic demand

**6.9%** End of Year inflation

**Controlled inflation** with decline from 2H12 onwards

**9.5%** Average inflation

**5.75%** Policy Rate

**Low / stable policy rate accompanied by flexible monetary policy** via interest rate corridor

## 2012 Banking Sector Expectations

**15%** Loans

**12%** Deposits

**Positive volume evolution**

**Flat** Net Interest Margin

**Stable evolution** with continuation of upward loan repricing actions offsetting pressure on cost of funding

**<100 bps** Net Cost of Risk

**Slight asset quality deterioration**

### Sustained revenue performance...

- Flat **NIM** via positive loan yields but low visibility on funding costs
- Stable **fees** impacted by accounting change / regulation

### ...with continued focus on customer business

- **Loans** slightly above sector driven by high margin TL individual, SME and FC project finance
- **Deposits** in line with loan growth with balanced composition

### Lean cost management...

- **Cost** growth in line with inflation
- Increasing **efficiency**, also by better leveraging on multi-channel focus

### ...with continuation of investments for growth

- Ordinary costs growing at low single digit
- Investments for growth including 50 / 60 branch openings, credit card business strengthening

### Asset quality intact...

- Slight / manageable deterioration in **NPL ratio**
- **Net cost of risk** in line with / below sector

### ...with disciplined approach

- Dynamic and proactive NPL portfolio management
- Continuous enhancements in credit granting, collection and monitoring processes

Note: Macroeconomic expectations based on Yapı Kredi Economic Research estimates as of 5 April 2012

# Analyst Coverage

	Equity	Fixed Income
Autonomous Research	Geoffrey Elliott	Corinne Cunningham
Bank of America Merrill Lynch	Ecem Nalbantgil	Tolu Alamutu
Barclays Capital	Cristina Marzea	Antoine Yacoub
Citigroup	Emre Izgi	Rodney Thomas
Credit Suisse	Ateş Buldur	Bernhard Obenhuber
Deutsche Securities	Kazım Andaç	Tala Boulos
Goldman Sachs	Dmitry Trembovolsky	Pavel Mamai
HSBC	Tamer Şengün	Olga Fedotova
JP Morgan	Paul Formanko	Anne-Marie Hendriks
UBS	Serhan Gök	Kathleen Middlemiss
Ak Investment	Hakan Aygün	
Ata Investment	Nergis Kasabalı	
BGC Partners	Müge Dağistan	
Bank of Singapore		Natalia Smirnova
Commerzbank		Marina Vlasenko
Eczacıbaşı Menkul Değerler	Sercan Soylu	
EFG Securities	Duygun Kutucu	
Equita	Giovanni Razzoli	
Erste Securities	Sevda Sarp	
Finans Invest	Aykut Sarıbiyik	
Fuh Hw a		Ryan Chang
Garanti Securities	Can Yurtcan	
Global Securities	Sevgi Onur	
ING	Başak Yeltekin	
Investment Bank of Greece	Konstantinos Manolopoulos	
İş Invest	Bülent Şengönül	
KBW	Ronny Rehn	
Morgan Stanley	Magdalena Stoklosa	Lenka Polackova
Nomura	Anna Marshall	
Oyak Securities	Alpay Dinçkoç	
Renaissance Capital	Yavuz Uzay	
Societe Generale	Alan Webborn	
Standart Ünlü	Ercan Uysal	
Şeker Yatırım	Derya Güzel	
TEB Investment	Mete Yüksel	
Tera Brokers	Hasan Demir	
Yatırım Finansman	Sadrettin Bağcı	