

Yapı Kredi 2011
Corporate Governance Principles Compliance Report

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1. Declaration of Compliance with Corporate Governance Principles

Yapı Kredi strives to adhere to the Capital Market Board's Corporate Governance Principles to a significant degree and focuses on continuous development while carrying out its operations. In this regard, the Bank established a Corporate Governance Committee in 2010 and a Remuneration Committee in 2011.

Yapı Kredi is the only bank among its peer group that is included in the Istanbul Stock Exchange (ISE) Corporate Governance Index composed of 38 companies. Yapı Kredi's corporate governance rating has increased from 8.02 to 8.80 (out of 10) over the last three years.

The Bank's corporate governance ratings, which are determined by SAHA Corporate Governance and Credit Rating Services Inc. are presented in the table below:

Main Sections	Weight	2008	2009	2010	2011
Shareholders	0.25	8.29	8.56	8.72	8.71
Public Disclosure and Transparency	0.35	8.11	8.83	9.17	9.25
Stakeholders	0.15	9.50	9.50	9.67	9.54
Board of Directors	0.25	6.74	7.13	7.74	7.82
Total	1.00	8.02	8.44	8.78	8.80

2. Shareholder Relations

Yapı Kredi carries out its relations with shareholders via the Subsidiaries and Shareholder Relations Unit and the Investor Relations and Strategic Planning Unit.

Primary duties and responsibilities of the Subsidiaries and Shareholders Unit include:

- Acting to facilitate the exercise of shareholders' rights, ensuring that records are updated, maintaining communication between the Board of Directors and shareholders,
- Carrying out capital increase operations,
- Exchanging previously issued shares and replacing them with new ones,
- Ensuring that the Annual Shareholders' Meeting conforms with the legislation in force and the Articles of Association,
- Conforming to and monitoring all issues related to public disclosure, including legislation and Yapı Kredi's disclosure policy.

Primary duties and responsibilities of the Investor Relations and Strategic Planning Unit include:

- Managing the strategic financial communication to the investment community and providing the market with transparent, timely and consistent information in order to support the fair evaluation of the Bank,
- Interacting with the investment community to achieve an effective two-way flow of information through conferences, roadshows and investor meetings,
- Contributing to reducing the Bank's cost of funding through improving understanding of Yapı Kredi's risk/return profile by debt investors.

Subsidiaries and Shareholder Relations Unit

Name, Surname	E-mail address	Phone Number
Erdinç TETİK	erdinc.tetik@yapikredi.com.tr	(212) 339 64 31
Hasan SADİ	hasan.sadi@yapikredi.com.tr	(212) 339 73 80
Damla ACAR	damla.acar@yapikredi.com.tr	(212) 339 63 40
Ercan YILMAZ	ercan.yilmaz@yapikredi.com.tr	(212) 339 73 17

Investor Relations and Strategic Planning Unit

Name, Surname	E-mail address	Phone Number
Hale TUNABOYLU	hale.tunaboylu@yapikredi.com.tr	(212) 339 76 47
Gülsevin TUNCAY YILMAZ	gulsevin.yilmaz2@yapikredi.com.tr	(212) 339 73 23
Pınar CERİTOĞLU	pınar.ceritoglu@yapikredi.com.tr	(212) 339 76 66
Feride TELCİ	feride.telci@yapikredi.com.tr	(212) 339 76 88

3. Exercise of Shareholders' Right to Obtain Information

Yapı Kredi informs shareholders regularly through phone calls, e-mails, the internet, press releases as well as one-on-one and group meetings.

Yapı Kredi has two regularly updated websites, one in Turkish (www.yapikredi.com.tr) and the other in English (www.yapikredi.com.tr/en-us). These websites contain general information about Yapı Kredi as well as detailed information on the banking services provided.

Both the Turkish and English websites have a dedicated investor relations section which includes information on Yapı Kredi's corporate profile, shareholding structure, financials and share price.

Yapı Kredi's English investor relations website also includes periodic investor presentations and announcements to inform investors regarding the latest developments at Yapı Kredi.

The appointment of a special auditor has not been stipulated as an individual right in the Bank's Articles of Association. However, shareholders can exercise this right pursuant to Article 348 of the Turkish Commercial Code and Article 11 of the Capital Markets Law. In 2011, no requests were made for the appointment of a special auditor.

4. Information on Annual Shareholders' Meetings

The most recent Annual Shareholders' Meeting was held on 31 March 2011. Shareholders attended this meeting with an 87.77% majority, while no stakeholder or media representative attended. In accordance with the applicable law and the Bank's Articles of Association, invitation to the meeting was made via the Turkish Trade Registry Gazette, national newspapers and the Istanbul Stock Exchange.

At the Annual Shareholders' Meeting, regular articles were discussed and approved. Additionally, the dividend distribution policies for 2011 and beyond as well as the Bank's Disclosure Policy were presented. Shareholders were also informed that possible changes could be made to the Bank's Disclosure Policy by the Board of Directors in order to comply with Capital Market regulations.

The annual report, containing the date and the agenda of the meeting, balance sheet, income statement and auditor reports was made available for the examination of shareholders at the Bank's Head Office, İzmir and Ankara Kızılay branches as well as on its website 15 days prior to the Annual Shareholders' Meeting.

5. Voting and Minority Rights

Yapı Kredi has no privileged shares. Minority shares are not represented in management. There is no cross-shareholding between the Bank and its subsidiaries and thus no such votes were cast at the most recent Annual Shareholders' Meeting. The Bank's Articles of Association does not provide for cumulative voting.

6. Dividend Policy and Dividend Distribution Date

Principles regarding the Bank's dividend distribution are set out in Article 78 of the Bank's Articles of Association. In this respect, shareholders are, taking into consideration the growth of the Bank towards its targets as well as its financing requirements, authorised to pass resolutions on whether the dividend distribution shall be in cash or in the form of capital increase, whereupon bonus shares will be issued to shareholders or if part of the distribution shall be in cash and part in the form of capital increase. Shareholders can decide to transfer a portion or all of the distributable profit to retained earnings or extraordinary reserves in accordance with Article 80 of the Articles of Association. Information regarding 2011 dividend distribution can be found in Yapı Kredi's annual report.

The dividend policy of the Bank is set out in such a way to ensure the realisation of long-term growth plans. This policy is subject to revision by the Board of Directors considering economic conditions and the projects and funds on the agenda.

7. Transfer of Shares

There are no provisions in Yapı Kredi's Articles of Association that restrict transfer of shares.

8. Company Disclosure Policy

Yapı Kredi's Disclosure Policy is prepared with the objective of pursuing an effective communication policy in accordance with relevant regulations and is available on the Bank's website.

Yapı Kredi undertakes all public disclosure and provision of information to shareholders under the supervision of its Compliance Office. By the authorisation of the Board of Directors, the Compliance Officer and the Head of the Subsidiaries and Shareholder Relations Unit are identified as authorised signatories and responsible for public disclosures. In addition, the Investor Relations and Strategic Planning Unit strives to disclose detailed information regarding the Bank and the sector in a transparent, complete and timely manner.

9. Disclosures

In 2011, 54 official disclosures were made about various topics and no additional disclosures were requested. Share price sensitive disclosures were translated into English, posted on the Bank's English investor relations website (10 posts) and e-mailed to foreign institutional investors and bank analysts.

10. Company Website and Its Contents

Information relevant to this section is presented in Section 3. Exercise of Shareholders' Right to Obtain Information of this report.

11. Disclosure of Real Persons Holding Ultimate Controlling Shares

Koç Financial Services is the majority shareholder of Yapı Kredi with 81.8% share of total capital (TL 4,347,051,284). Koç Financial Services is a 50%-50% joint venture between Koç Group and UniCredit Group.

12. Disclosure of Persons with Access to Insider Information

Members of Yapı Kredi's management and audit function as well as people with regular direct or indirect access to insider information, managerial responsibility and capability of affecting Yapı Kredi's future development and commercial objectives are included in the list of persons with managerial responsibility.

Please refer to page 5 for the related table.

13. Informing Stakeholders

Yapı Kredi employees are informed about the Bank's activities via intra-bank communication by the CEO and relevant senior management. In addition, Head Office and branch managers are regularly informed about various developments at meetings.

14. Participation of Stakeholders in Management

Yapı Kredi is a joint stock company and is managed by various executive functions. The decision-making responsibilities of these functions are initially evaluated by the relevant management and then submitted for the approval of the related decision making body.

15. Human Resources Policy

Aware that human resources is the most important element for Yapı Kredi to perform and improve its operations, the Bank's human resources policies and practices are based on the following principles:

- Selecting employees with suitable qualifications,
- Creating a work environment where employees can utilise and improve their skills and capabilities,
- Providing training opportunities for career management and preparation for higher positions,
- Laying the foundation for creation and expression of new ideas and problem solving in an environment of mutual respect, trust, understanding and effective communication,
- Implementing systems that encourage and reward success,
- Ensuring that the Bank's values are embraced by employees and taking necessary measures to improve processes,
- Ensuring that equal opportunities are offered in all situations.

16. Customer and Supplier Relations

For Yapı Kredi, customer satisfaction is a continuous area of improvement and an indispensable prerequisite of sustainable performance. Customer satisfaction, expectations and service quality are measured and analysed in detail at Bank, customer and branch level. In addition, training programmes and mystery customer analysis are performed at branches and the call center to ensure a high standard of customer service.

Customer complaints are examined, resolved and necessary measures are taken to prevent reoccurrence. Furthermore, through periodic surveys, the Bank's reputation among Yapı Kredi customers and suppliers is monitored.

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17. Social Responsibility

Yapı Kredi, through its corporate social responsibility approach, focuses on giving back to the society, providing sustainable benefits and becoming an exemplary corporate citizen.

The Bank provides financial support and gathers volunteers for social responsibility projects in the areas of education, environment, culture and arts and strives to fulfill its obligations to furthering the sustainable development target of its community. Yapı Kredi's corporate social responsibility activities are outlined in the Bank's annual report.

18. Board of Directors and its Structure

The Bank is governed and represented by the Board of Directors. Pursuant to the Bank's Articles of Association, the Board of Directors is composed of a minimum of seven and a maximum of ten individuals. Members are elected at the Annual Shareholders' Meeting for a term of maximum three years and serve until the election of their successor. A member whose term of office has expired may be re-elected. Members of the Board of Directors are elected from amongst shareholders. However, if non-shareholders are elected as members, such individuals can start serving upon becoming a shareholder. A legal entity shareholder may not be a Member of the Board of Directors. However, real persons who are representatives of a shareholding legal entity may be elected. Members of the Board of Directors are the Bank's authorised signatories in the first degree.

19. Qualifications of the Members of the Board of Directors

Members of the Board of Directors are elected in accordance with the qualifications required by the Banking Law and in line with legal practices. Pursuant to legislation, each Board Member is obliged to take an oath of duty after being appointed or elected to the post. In addition, they are also subject to the provisions of the Law no. 3628 on Declaration of Assets and Fight Against Corruption.

20. Mission, Vision and Strategic Objectives of the Company

Yapı Kredi's mission is to ensure long-term sustainable growth and value creation for all stakeholders, and become the first choice of customers and employees.

Yapı Kredi's vision is to be the undisputed leader in the finance sector. Yapı Kredi's strategy is based on healthy and consistent growth, strong and sustainable profitability and superior and long-lasting customer satisfaction. Please refer to Yapı Kredi's annual report for detailed information on the Bank's strategy.

21. Risk Management Mechanism

Yapı Kredi's Credit Policy Directive reflects the Bank's views on credit underwriting procedures, common principles, and complies with effective risk management and legal practice.

The main strategies to be followed in 2012 are:

- Effective implementation of the Credit Policy Directive to reinforce the common risk management approach,
- Diversification of the loan portfolio toward less risky sectors,
- Avoidance of excessive concentration in Group exposures while strictly obeying statutory limits,
- Focus on customers with better credit ratings,
- Avoidance of transactions bearing high credit and reputational risk,
- Preventative actions against new defaults in individual and SME loans,
- Timely updates to senior management to ensure effective credit risk management,
- Redesign of limit management strategies in retail loans,
- Development of underwriting and risk management policies and processes for agricultural loans,
- Ensuring sustainability in collections.

22. Authorities and Responsibilities of Members of the Board of Directors and Managers

The authorities and responsibilities of Members of the Board of Directors and managers are stipulated in the relevant articles of the Bank's Articles of Association and determined in line with the relevant laws and regulations. These individuals are responsible to fulfill their duties, within the scope of their authority, in line with the Bank's Articles of Association, laws and regulations.

23. Operating Principles of the Board of Directors

The Board of Directors convenes upon the invitation of the Chairman as the operations of the Bank necessitate and at least 10 times a year. The Board of Directors convenes subject to the meeting quorum of at least one more than half the total number of members.

Meeting invitations are sent to all Members and Statutory Auditors before the meeting date on behalf of the Chairman. Matters to be discussed are collected with the related documents. Upon the Chairman's approval, the meeting agenda is sent to all Members and Statutory Auditors prior to the meeting. During the signing of the minutes by the attendees, Members who vote against an adopted resolution, should state and undersign the reasons for their opposition thereof.

24. Non-compete and Non-transaction Rules

At the Annual Shareholders' Meeting held on 31 March 2011, the right to conduct transactions was granted to the Members of the Board of Directors according to article 334 and 335 of the Turkish Commercial Code.

25. Code of Ethics

Ethics are moral principles governing behaviour and they constitute the basis for individual and social relationships. Yapı Kredi's code of ethics are a part of the Bank's personnel policies, principles and regulations and have been accepted by all employees. Information on the Bank's code of ethics is available on the Bank's website.

26. Number, Structure and Independence of Committees Formed by the Board of Directors

The aim of the committees established by the Board of Directors is to provide support during the decision-making process, evaluate proposals to be submitted for approval to the Bank's related functions and make decisions in their own areas of responsibility in accordance with the authorities delegated by the Board of Directors. The committees are responsible for acting in compliance with the Banking Law and related regulations while carrying out their functions within the framework of the Corporate Governance Principles. Detailed information about the committees can be found in the Board of Directors and Committees section of the Bank's annual report.

27. Remuneration of the Board of Directors

Members of the Board of Directors have the right to receive dividends reserved in accordance with Article 78 of the Bank's Articles of Association. In addition, they receive attendance fees determined at the Annual Shareholders' Meeting.

LIST OF PERSONS WITH MANAGERIAL RESPONSIBILITY

Mustafa V. Koç ⁽¹⁾	Chairman of the Board of Directors
Gianni F. G. Papa	Vice Chairman of the Board of Directors
H. Faik Açıkalın	Chief Executive Officer (CEO)
Carlo Vivaldi	Executive Director and Deputy CEO
F. Füsün Akkal Bozok	Member of the Board of Directors
Ahmet Fadıl Ashaboğlu	Member of the Board of Directors
O. Turgay Durak	Member of the Board of Directors
Massimiliano Fossati	Member of the Board of Directors
Francesco Giordano	Member of the Board of Directors
Vittorio G. M. Ogliengo	Member of the Board of Directors
Mehmet Güray Alpkaya	Assistant General Manager - Corporate Sales
Marco Cravario	Assistant General Manager - Financial Planning and Administration (CFO)
Yakup Doğan	Assistant General Manager - Alternative Delivery Channels
Mehmet Murat Ermet	Assistant General Manager - Corporate Communications
Mert Güvenen	Assistant General Manager - Corporate and Commercial Banking
Süleyman Cihangir Kavuncu	Assistant General Manager - Human Resources and Organisation
Mert Öncü ⁽²⁾	Assistant General Manager - Treasury
Mehmet Erkan Özdemir	Assistant General Manager - Compliance Officer
Stefano Perazzini	Assistant General Manager - Internal Audit
Yüksel Rizeli	Assistant General Manager - Information Technologies and Operations
Cemal Aybars Sanal	Assistant General Manager - Legal
Wolfgang Schilk	Assistant General Manager - Risk Management (CRO)
Zeynep Nazan Somer	Assistant General Manager - Retail Banking
Feza Tan	Assistant General Manager - Corporate and Commercial Credits
Selim Hakkı Tezel	Assistant General Manager - Retail Credits
Mert Yazıcıoğlu ⁽²⁾	Assistant General Manager - Private Banking and Wealth Management
Cahit Erdoğan	Head of Information Technologies (CIO)
Adil G. Öztoprak	Statutory Auditor
Abdullah Geçer	Statutory Auditor

(1) Based on the decision of the Board of Directors dated 29 July 2011, Mustafa V. Koç has been appointed as Chairman of the Board of the Directors and Tayfun Bayazit, previously appointed as Chairman and a Member of the Board of Directors, was relieved of this duty based on his resignation dated 1 August 2011.

(2) Based on the decision of the Board of Directors dated 27 April 2011, Mert Yazıcıoğlu, formerly Assistant General Manager in charge of Treasury, has been appointed as Assistant General Manager in charge of Private Banking and Wealth Management following resignation of Erhan Özçelik on 30 April 2011. In addition, based on the same Board of Directors decision, Mert Öncü, formerly the Head of Money and FX Markets has been appointed as Assistant General Manager in charge of Treasury.
