# Yapı Kredi 1Q11 Earnings Presentation

Istanbul, 10 May 2011

# Agenda

- **Operating Environment**
- 1Q11 Results *(BRSA Consolidated)*
- Performance of Strategic Business Units & Subsidiaries
- Outlook

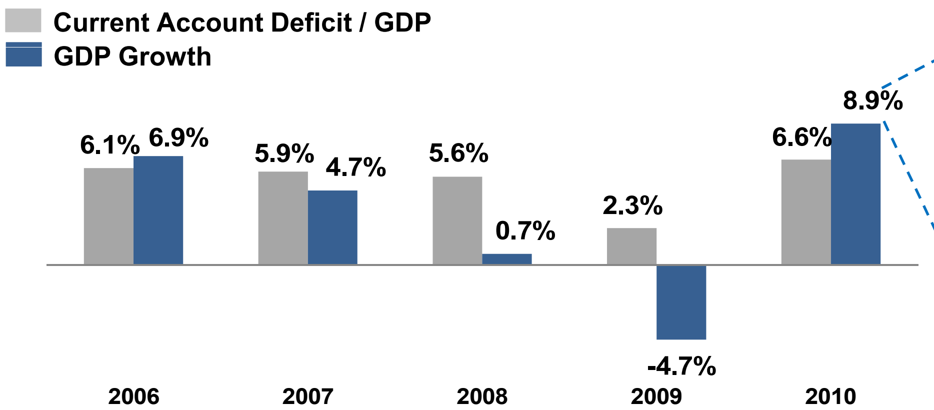
# Macroeconomic Environment

## Continuation of strong economic growth and stabilised low interest rates supported by inflation

| | 2010 | 1Q11 |
|---|---|---|
| GDP Growth (y/y) | 8.9% | 2.7%[1] |
| Inflation (eop, y/y) | 6.4% | 4.0% |
| CBRT Policy Rate (eop)[2] | 6.50% | 6.25% |
| Industrial Production (y/y) | 13.1% | 14.2% |
| Consumer Confidence Index (eop) | 91.0 | 93.4 |
| Unemployment Rate | 11.9% | 11.9%[3] |
| Current Account Deficit / GDP | 6.6% | 7.4%[4] |

- **Sustained positive growth environment** following 8.9% GDP growth in 2010
- **Low annual inflation in 1Q11** (4.0%) mainly due to 3.5% annual food inflation, lowest since 2004
- **Strong industrial production** and **improving consumer confidence**
- **Continuation of CBT's policy mix to contain current account deficit** with (i) **policy rate cuts** to limit excessive short term capital inflows and (ii) **hike in reserve requirement ratio** to contain loan growth

### GDP Growth vs Current Account Deficit / GDP




### 2010 GDP Growth Comparison

- **Sixth highest** posted by Turkey **over last 40 years**
- **Third highest among G20 countries** after China (10.3%) and Argentina (9.2%)
- **Highest in the EU**

(1) Yapı Kredi Economic Research estimates
(2) As of May 2010, the policy rate changed to one-week lending repo rate (7.0%) from the Central Bank of Turkey (CBRT) O/N borrowing rate (6.5%)
(3) Average of Dec'10, Jan'11 and Feb'11
(4) Current account deficit as of Feb'11. 2010 GDP used for calculation

# New Environment in 2011

## Unconventional monetary policy coupled with ongoing regulatory actions putting pressure on profitability and volumes at sector level

| | New environment in 2011…. |
|---|---|
| **Unconventional Monetary Policy** | ■ **Low policy rates stable at 6.25%** following **two rate cuts**<br>■ **Cancellation of interest payments on RRR** (~1.5 / 2 bln TL lower interest income for the sector[1])<br>■ **Continuing hikes in RRR** according to maturity / currency (~40 bln TL total liquidity withdrawn from the sector, ~5.5 bln TL impact on interest income[1])<br>■ **Indicative CBT loan growth cap at 25%** |
| **Ongoing Regulatory Actions** | ■ **Continuing regulations in credit cards**<br>- **Decrease in cap rate** (2.12%[2] vs 2.44% at YE10)<br>- **Limitation on credit card cash withdrawal**<br>- **Increase in minimum payment requirement** (acc. to credit card spending limit vs 20% previously)<br>■ **Continuing decrease in liquid mutual fund cap rate** (2.74%[3] vs 4.98% at YE10)<br>■ **Annual branch tax** |

**…resulting in a shift to a new banking paradigm**

| OLD PARADIGM | NEW PARADIGM |
|---|---|
| Profitability under **competitive pressure** with **possibility of mitigating NIM compression** through **volume growth** | Profitability under **both regulatory and competitive pressure** with possibility of **mitigating NIM compression** through **repricing actions** and **optimal allocation of capped volumes** |

(1) Yapı Kredi Estimate
(2) As of 2Q11. 1Q11: 2.26%
(3) Latest cap to be implemented as of 1 July 2011. 1Q11: 3.65%

# Banking Sector
## Sustained loan growth, profitability under pressure due to NIM compression

### Banking Sector Volumes and KPIs

| *bln TL* | 1Q11 | 1Q10 | 4Q10 | 1Q11 |
|---|---|---|---|---|
| **Assets** | **1,001** | **3%** | **9%** | **4%** |
| **Loans** | **534** | **6%** | **11%** | **7%** |
| TL | 359 | 5% | 9% | 6% |
| FC ($) | 175 | 6% | 16% | 9% |
| **Deposits** | **619** | **3%** | **9%** | **1%** |
| TL | 427 | 5% | 12% | 0% |
| FC ($) | 191 | -1% | 3% | 3% |
| **Securities** | **276** | **4%** | **5%** | **-4%** |
| **Repo** | **65** | **-11%** | **13%** | **12%** |
| **AUM** | **33** | **1%** | **8%** | **0%** |
| **Loans/Deposits** | | **76%** | **82%** | **86%** |
| **Deposits/Assets** | | **61%** | **61%** | **59%** |
| **NPL Ratio** | | **4.9%** | **3.7%** | **3.2%** |
| **NIM** | | **5.1%** | **4.3%** | **3.6%** |
| **Cost / Income** | | **36%** | **42%** | **42%** |
| **ROA** | | **2.9%** | **2.0%** | **2.1%** |
| **ROAE** | | **22.8%** | **18.4%** | **19.4%** |
| **CAR** | | **18.6%** | **17.7%** | **16.8%** |

- **Strong/sustained loan growth** (7%) **in 1Q11** despite CBT guidance. FC loans +9% in USD terms, TL loans +6%
- **Deposit growth** (1%) impacted by CBRT actions. FC deposits +3% in USD terms. TL deposits stable on the back of **increase in repo funding** (+12%) and **funding through securities liquidation** (-4%)
- **Loans / deposits ratio** increasing to **86%** (vs 82% at YE10)
- **Stable AUM volumes** impacted by market volatility
- **Continuation of strong improvement in asset quality** (NPL ratio at 3.2% vs 3.7% at YE10)
- **NIM declining to 3.6%** (-151bps y/y, -78bps q/q) mainly due to **regulatory and competitive pressure, effect of CPI-linkers** and **stabilised low interest rate environment**
- **ROAE at 19.4%** (vs 22.8% in 1Q10)**, CAR at 16.8%** (vs 18.6% in 1Q10)

Note: Banking sector data based on BRSA weekly data excluding participation banks

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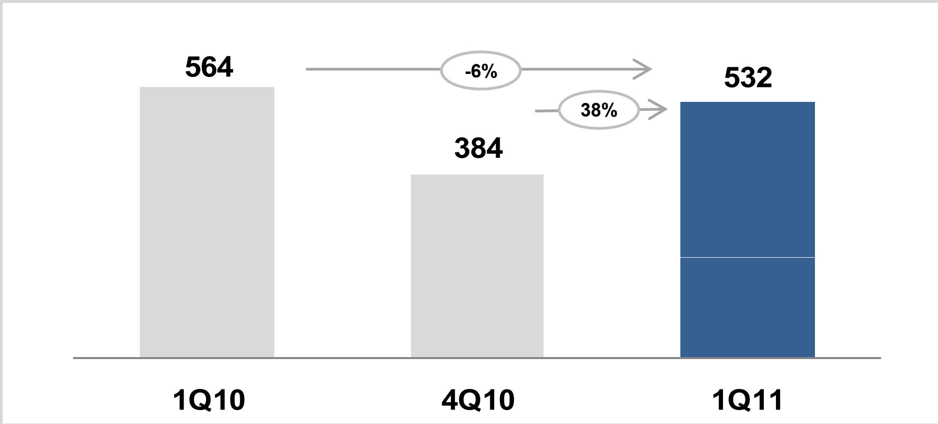
# Executive Summary
## Positive performance in customer business and profitability in new environment

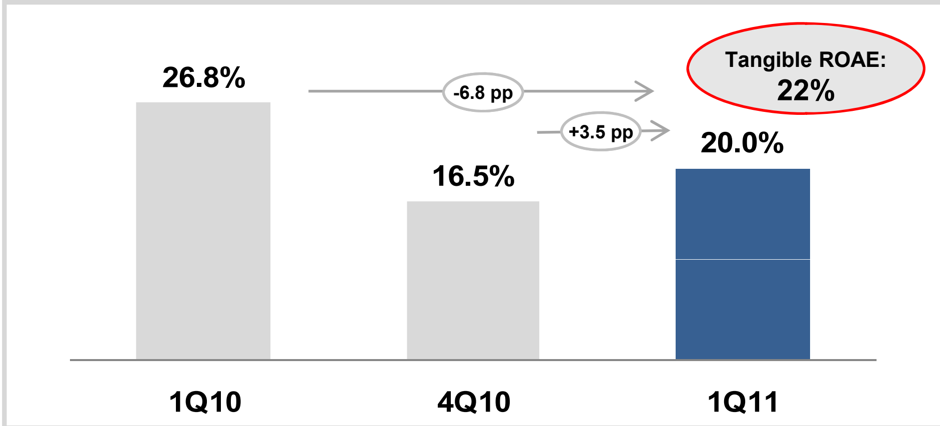
| | |
|---|---|
| **Customer Business** | ■ **Continuation of customer business focus** with volume growth / mix impacted by new monetary policy / ongoing regulatory actions and **growth in line with CBRT guidance of 25%**<br>- **Selective loan growth** focusing on **higher margin loan segments in TL retail lending** (especially general purpose, mortgages and SME) and **in FC corporate / commercial lending** (project finance loans)<br>- **Rebalancing of deposit growth** towards FC deposits to manage impact of RRR hikes<br>■ **Continuing improvement in commercial effectiveness** |
| **Profitability** | ■ **Solid revenue growth despite NIM compression**<br>- **NII decline** partially compensated by **upward repricing efforts** and **rebalancing of asset portfolio**<br>- **Strong fee growth**, **positive trading results** and **solid collections** compensating NIM compression<br>■ **Continuation of tight cost management and efficiency initiatives**<br>- Limited cost growth in line with inflation |
| **Asset Quality** | ■ **Better than expected improvement trend in asset quality**<br>- Performance driven by better macroeconomic conditions, decelerating /stabilising NPL inflows, strong collections and credit infrastructure improvements<br>■ **Positive trend in cost of risk, strong NPL coverage** |

# Key Performance Indicators
## Sound performance confirmed by financial results

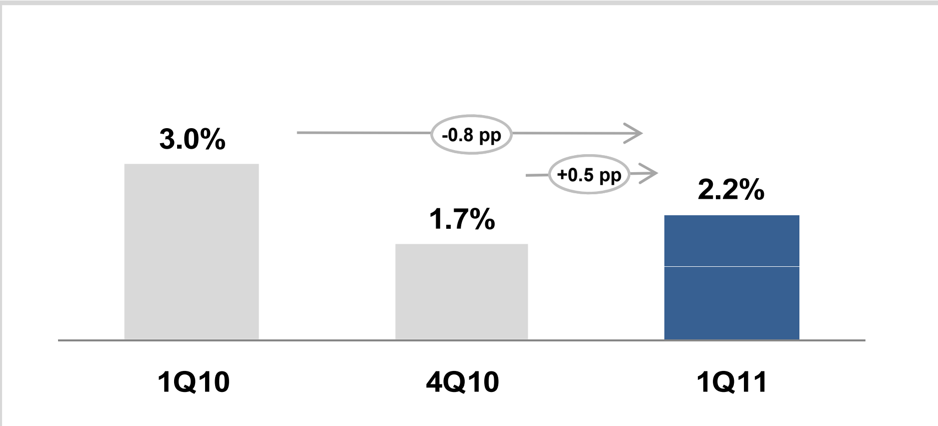
### Net Income (mln TL)



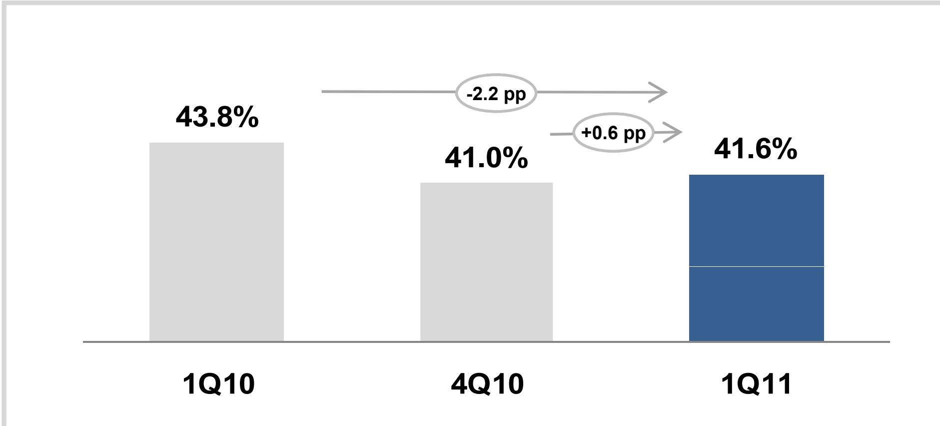

### Return on Average Equity[1]




### Return on Assets[2]




### 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

# Income Statement

## 532 mln TL net income on the back of positive revenue evolution despite NIM compression accompanied by disciplined cost management

| *mln TL* | 1Q10 | 4Q10 | 1Q11 | y/y |
|---|---|---|---|---|
| **Total Revenues** | **1,573** | **1,803** | **1,708** | **9%** |
| Net Interest Income | 994 | 878 | 885 | -11% |
| Non-Interest Income | 579 | 925 | 823 | 42% |
| o/w Fees & comms. | 401 | 467 | 451 | 13% |
| **Operating Costs** | **690** | **739** | **711** | **3%** |
| **Operating Income** | **883** | **1,064** | **997** | **13%** |
| Provisions | 168 | 573 | 313 | 87% |
| o/w Loan Loss Provisions | 90 | 614 | 256 | 186% |
| **Pre-tax income** | **715** | **491** | **684** | **-4%** |
| **Net Income[1]** | **564** | **384** | **532** | **-6%** |

- **Revenues +9% y/y** driven by **strong fee growth, trading gains** and **high collections** despite narrowing NIM
- **Costs +3% y/y**, in line with inflation
- **Operating income +13% y/y**
- **Provisions +87% y/y** mainly due to low base in 1Q10
- **Net income at 532 mln TL, -6% y/y** and **+38% q/q**

(1) Indicates net income before minority. 1Q11 net income after minority: 531 mln TL (-5% y/y)

# Balance Sheet
## Evolution confirming continuation of strong customer business focus

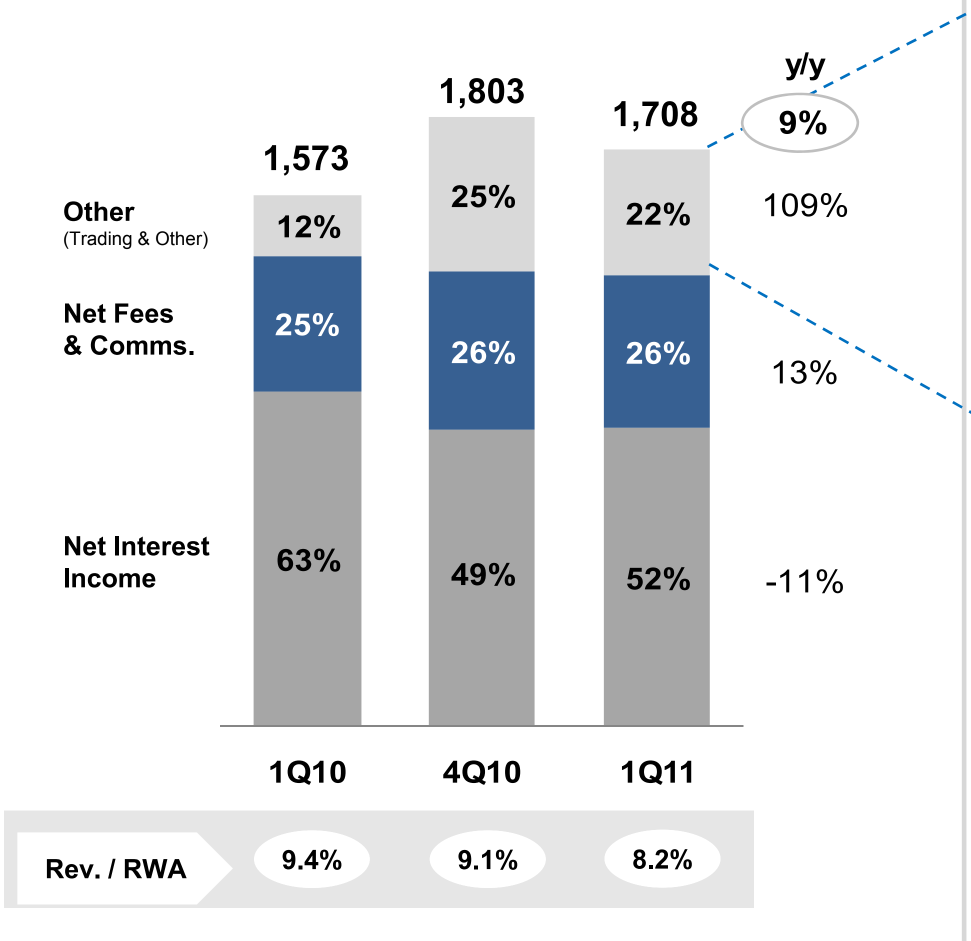
| *bln TL* | 1Q10 | 2010 | 1Q11 | ytd |
|---|---|---|---|---|
| **Total Assets** | **74.0** | **92.8** | **97.6** | **5%** |
| **Loans** | **42.5** | **54.2** | **56.6** | **4%** |
| TL | 27.2 | 34.6 | 35.6 | 3% |
| FC (in US$) | 10.3 | 13.1 | 13.9 | 6% |
| **Securities** | **16.2** | **19.9** | **20.6** | **3%** |
| **Deposits** | **44.9** | **55.2** | **56.1** | **2%** |
| TL | 24.8 | 32.3 | 32.0 | -1% |
| FC (in US$) | 13.6 | 15.2 | 15.9 | 5% |
| **Repo** | **1.5** | **3.2** | **6.1** | **89%** |
| **SHE** | **9.0** | **10.7** | **11.2** | **4%** |
| **AUM** | **7.9** | **9.0** | **9.1** | **1%** |
| **Loans/Assets** | **57%** | **58%** | **58%** | 0 pp |
| **Securities /Assets** | **22%** | **21%** | **21%** | 0 pp |
| **Loans/Deposits** | **95%** | **98%** | **101%** | 3 pp |
| **Deposits/Assets** | **61%** | **59%** | **57%** | -2 pp |
| **Leverage**[1] | **7.2x** | **7.6x** | **7.7x** | - |
| **Borrowings/Liabilities**[2] | **13.3%** | **17.1%** | **19.5%** | 2 pp |
| **Group CAR** | **15.7%** | **15.4%** | **14.4%** | -1 pp |
| **Bank CAR** | **16.9%** | **16.1%** | **14.9%** | -1 pp |

- **Loans +4%** on the back of **FC loans** (+6% in US$ terms) and **TL loans** (+3%) driven by **rebalancing efforts:**
  - **significant growth** in retail loans, especially **general purpose, mortgages** and **SME**
  - **avoidance** of short term / low spread **corporate/commercial loans**
- **Deposits +2%** driven by FC deposits (+5% in US$ terms). **Continuation of RRR increases impacting TL funding** (TL deposits -1%), partially offset by **repo funding** (+89%)
- **AUM +1%** impacted by market volatility
- **Loans/assets at 58%** and **securities/assets at 21%** with loans/deposits ratio at 101% **confirming customer business focus**
- **Group CAR at 14.4%** and **Bank CAR at 14.9%**

Note: Loan figures indicate performing loans
(1) Leverage ratio: (Total assets – equity) / equity
(2) Borrowings include funds borrowed, sub-debt and repo funding

# Total Revenues
Continuation of sound performance and sustainable revenue mix

## Revenue Composition (mln TL)



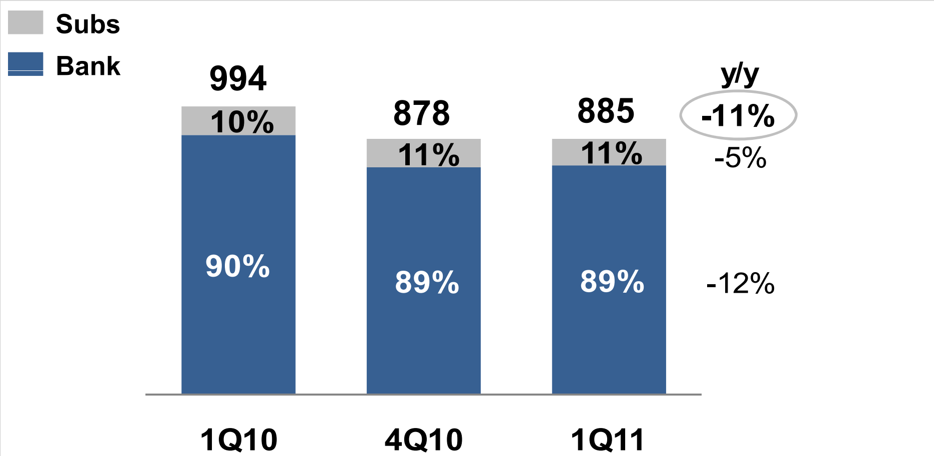

## Other Income Breakdown

| *mln TL* | 1Q10 | 1Q11 | y/y |
|---|---|---|---|
| **Total Other Income** | **178** | **372** | **109%** |
| Trading & FX (net) | -21 | 50 | - |
| Collections | 130 | 186 | 43% |
| Income from subs and other | 69 | 136 | 99% |

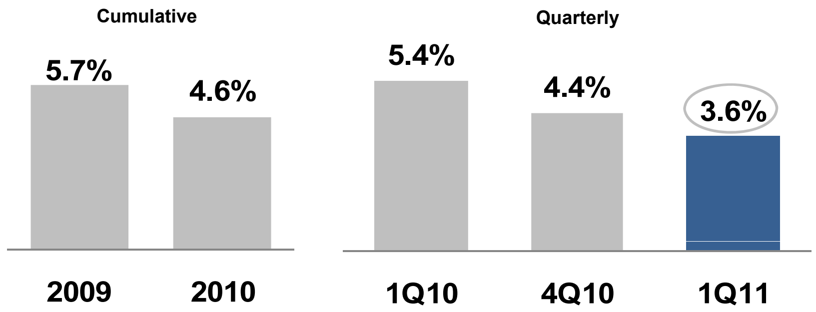
- **NII / revenues at 52%** (vs 63% in 1Q10) due to NIM pressure, **also impacting revenues / RWA**
- **Fees / revenues at 26%** (vs 25% in 1Q10)
- **Other income / revenues at 22%** mainly driven by:
  - **Positive trading / FX results** driven by upward trend of cross-currency IRS yield curve
  - **Solid collections performance** (186 mln TL, +43% y/y)

# Net Interest Income
NIM under pressure from increasing regulation and competition

## Net Interest Income (mln TL)

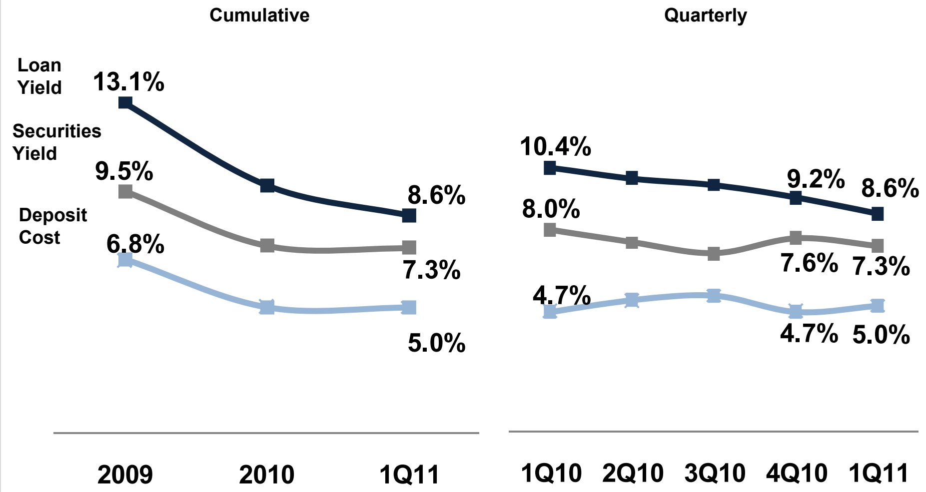



## Net Interest Margin (NIM)[1]




| | 2009 | 2010 | 1Q10 | 4Q10 | 1Q11 |
|---|---|---|---|---|---|
| Benchmark Bond Rate | 11.7% | 8.5% | 8.9% | 7.6% | 8.2% |

## Spread Analysis




- **Net interest income declining y/y** mainly driven by Bank (-12% y/y)
- **NIM at 3.6%** (-179 bps y/y; -77 bps q/q) due to **declining security yields** and **pressure on loan-deposit spreads** (partially compensated by early moves on upward loan repricing) due to **RRR hikes and sustained competition**

(1) NIM = Net interest income / Avg. IEAs
Note: 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 held to maturity securities.
Reported NIM figures as follows: 1Q10: 5.8%, 4Q10: 4.2%, 1Q11: 3.8%

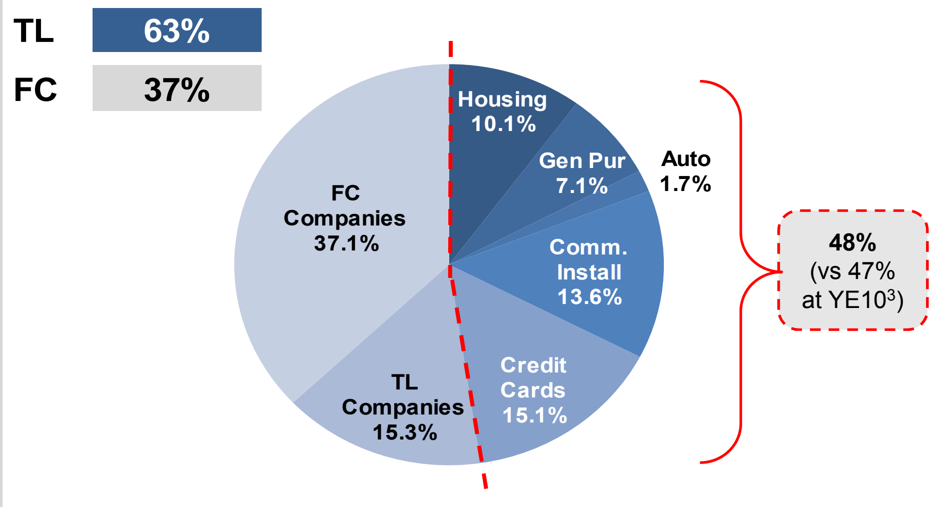
# Loans

## Growth in line with CBRT guidance, mix driven by profitability focus (higher margin general purpose and SME in TL retail lending; project finance in FC)

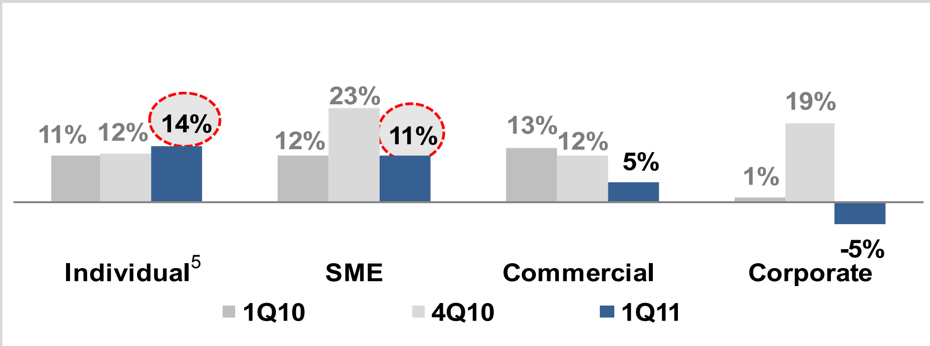
### Loans

| *bln TL* | 1Q11 | ytd growth | Sector | Mk Shr |
|---|---|---|---|---|
| **Total Loans[1]** | **56.6** | **4%** | **7%** | ***10.2%*** |
| TL | 35.6 | 3% | 6% | *9.3%* |
| FC ($) | 13.9 | 6% | 8% | *12.4%* |
| **Consumer Loans** | **10.8** | **12%** | **9%** | ***7.8%*** |
| Mortgages | 5.8 | 10% | 8% | *9.3%* |
| General Purpose | 4.0 | 18% | 11% | *5.8%* |
| Auto | 1.0 | 3% | 6% | *17.4%* |
| **Credit Cards** | **8.5** | **0%** | **3%** | ***18.7%*** |
| **Companies** | **37.3** | **3%** | **6%** | ***10.0%*** |
| TL | 16.3 | 0% | 4% | *8.1%* |
| FC ($) | 13.9 | 6% | 8% | *12.4%* |
| Com. Installment[2] | 7.7 | 12%[3] | 13% | *9.4%* |

### Composition of Loans[1]




### Loan Growth by Business Unit[4]




Note: Sector data based on weekly BRSA unconsolidated figures. Market shares based on unconsolidated figures for YKB and sector according to BRSA classification with FC-indexed loans included in TL loans
(1) Total performing loans
(2) Proxy for SME loans as per BRSA reporting
(3) Adjusted for YK Nederland loan reclassification in 1Q11 (1.9 mln TL both at YE10 and 1Q11)
(4) Based on MIS data. Please refer to annex for Yapı Kredi's internal segment definitions
(5) Including mass and affluent, excluding credit cards

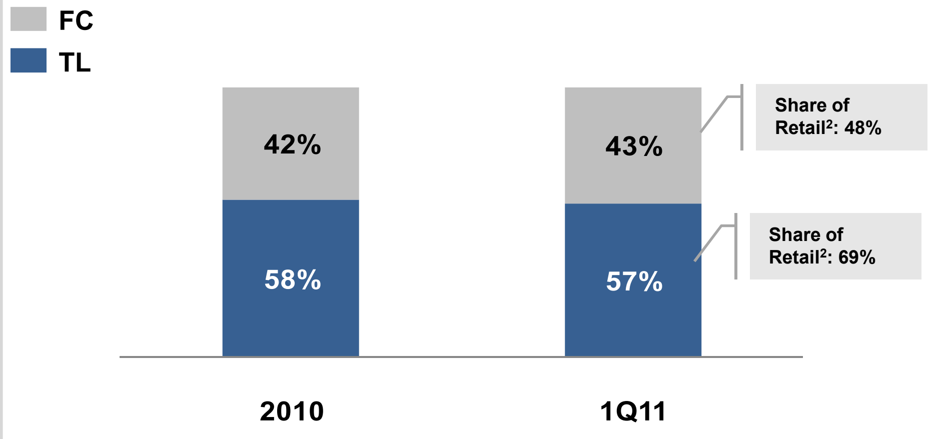
# Deposits
Sustained deposit base with some rebalancing towards FC deposits to manage at best impact of RRR increases

## Deposits

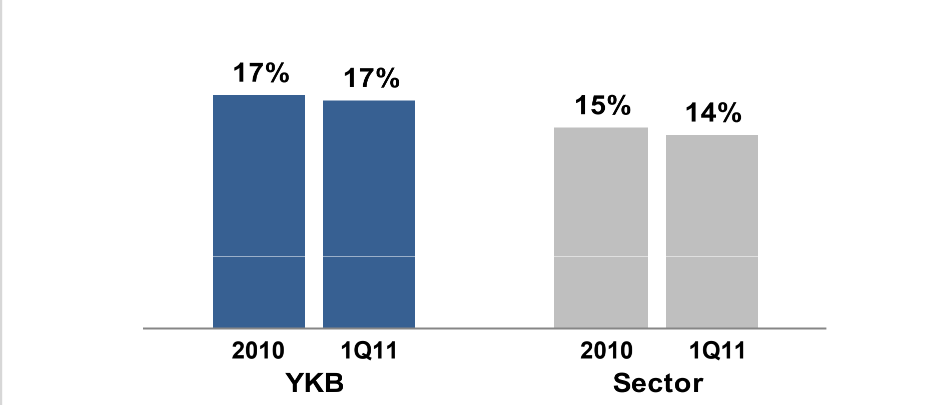
| bln TL | 1Q11 | ytd growth | Sector | Mk Shr |
|---|---|---|---|---|
| Total Deposits | 56.1 | 2% | 1% | *8.6%* |
| TL | 32.0 | -1% | 0% | *7.5%* |
| FC ($) | 15.9 | 5% | 3% | *11.1%* |
| Customer Deposits[1] | 54.7 | 2% | 1% | *8.9%* |
| Demand Deposits | 9.5 | -1% | -3% | *10.0%* |
| AUM | 9.1 | 1% | 0% | *18.1%* |

- **Total deposits +2%** (vs 1% sector) driven by **FC deposits** (5% in US$ terms). **TL deposit** -1% impacted by **RRR increases**, growth to be accelerated through focus on small ticket / longer duration starting from 2Q11
- **Demand deposits / total deposits stable at 17%** despite regulation
- **AUM +1%** impacted by market volatility

## Composition of Total Deposits



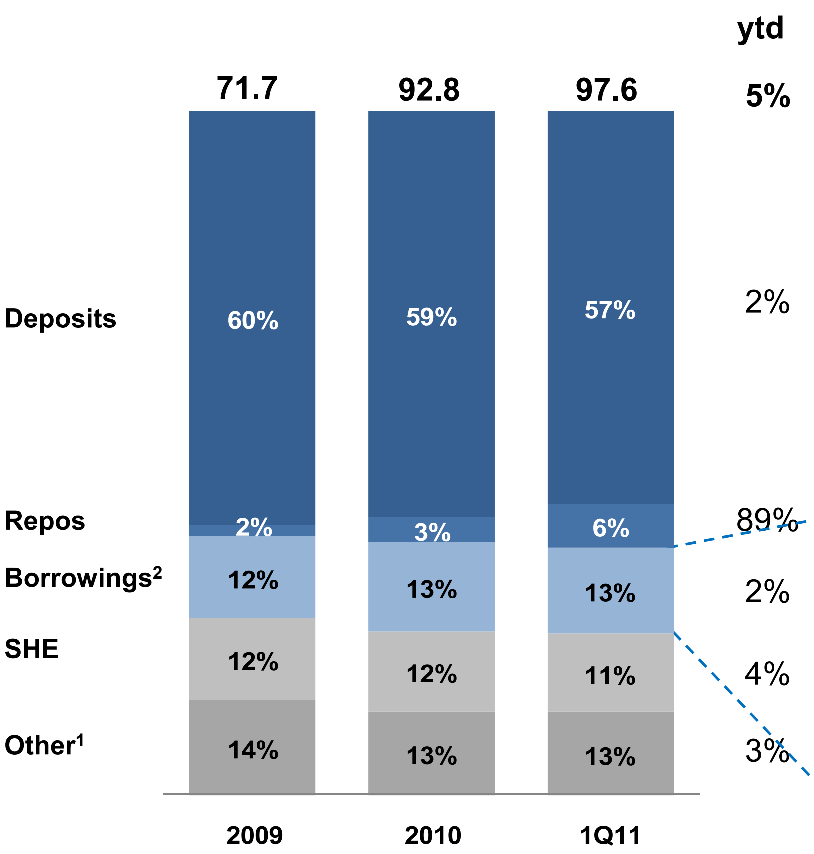

## Demand Deposits / Total Deposits




Note: Sector data based on weekly BRSA unconsolidated figures. Market shares based on unconsolidated figures for YKB and sector
(1) Customer deposits exclude bank deposits
(2) Retail includes SME, mass, affluent and private. Based on MIS data

# Composition of Funding
## Healthy liability structure with ongoing diversification

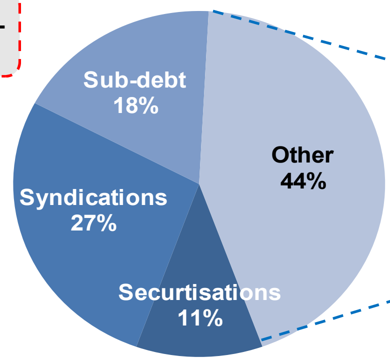
### Liability Composition (bln TL)




- **Continuous diversification of the funding base since 2010 through:**
  - **syndications** (145% rollover of April 2010 syndication to 1,450 mln USD at Libor+1.10% vs Libor+1.50% in 2010)
  - **repo funding** (6% of liabilities vs 3% in 2010)
  - **long term debt issuance in international capital markets** (750 mln USD LPN issued in October 2010)
- **Further diversification in upcoming quarters** including **TL bond issuance in domestic capital markets**

### Composition of Borrowings[2]

12.4 bln TL in 1Q11

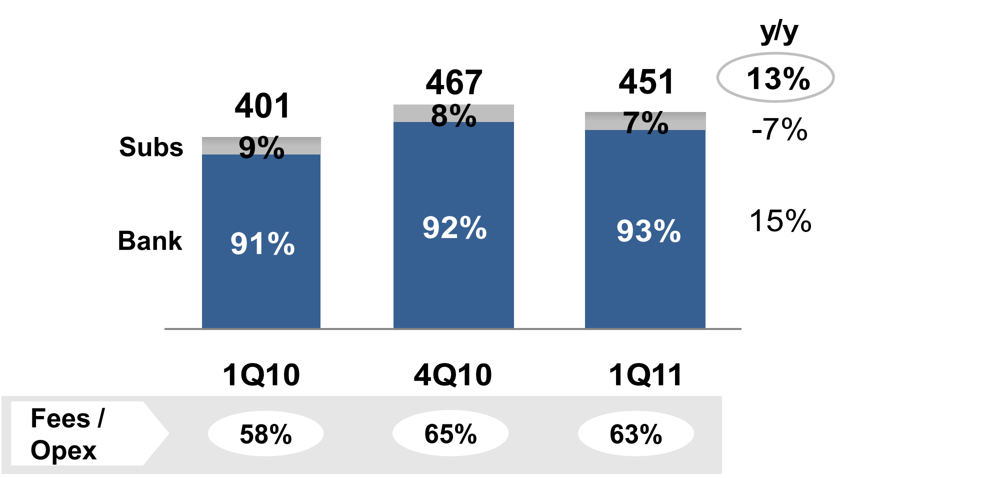



- **EIB loan: 31%** (1.3 bln TL)
- **LPN: 29%** (1.1 bln TL)
- **Sace Loan: 5%** (213 mln TL)
- **IBRD Loan: 1%** (38 mln TL)
- **Subsidiaries: 27%** (1.4 bln TL)
- **Other: 24%**

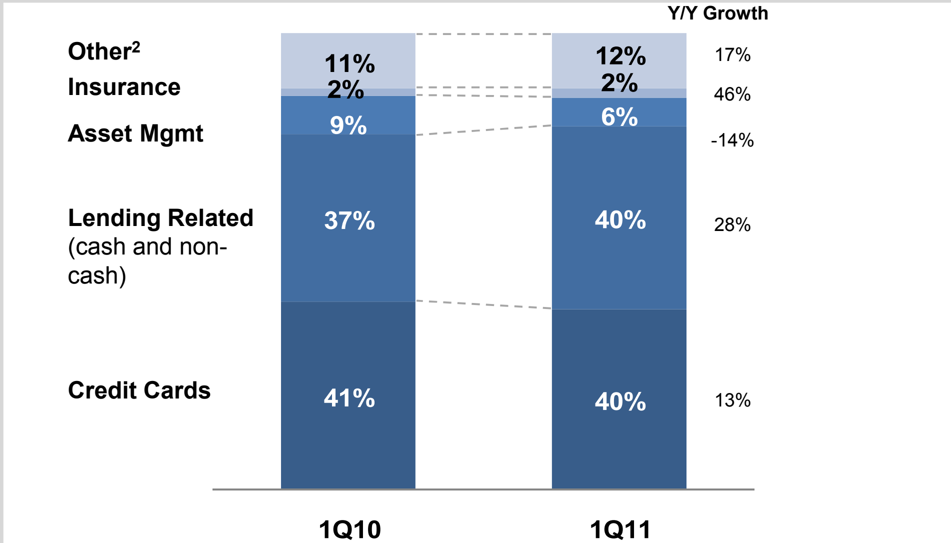
(1) 1Q11: miscellaneous payables 34% (4.0 bln TL); provisions 28% (3.3 bln TL); marketable securities issued 11% (1.3 bln TL); hedging derivative financial liabilities 3% (0.4 bln TL); trading derivative financial liabilities 3% (0.4 bln TL); tax liability 2% (0.3 bln TL); other liabilities 19% (2.1 bln TL)
(2) Includes funds borrowed and sub-debt. Please refer to annex for details on international borrowings

# Fees & Commissions
Strong performance and continuous diversification of the fee base

## Net Fees & Commissions (mln TL)




## Composition of Bank Fees Received[1]




## Key Drivers of Fee Growth

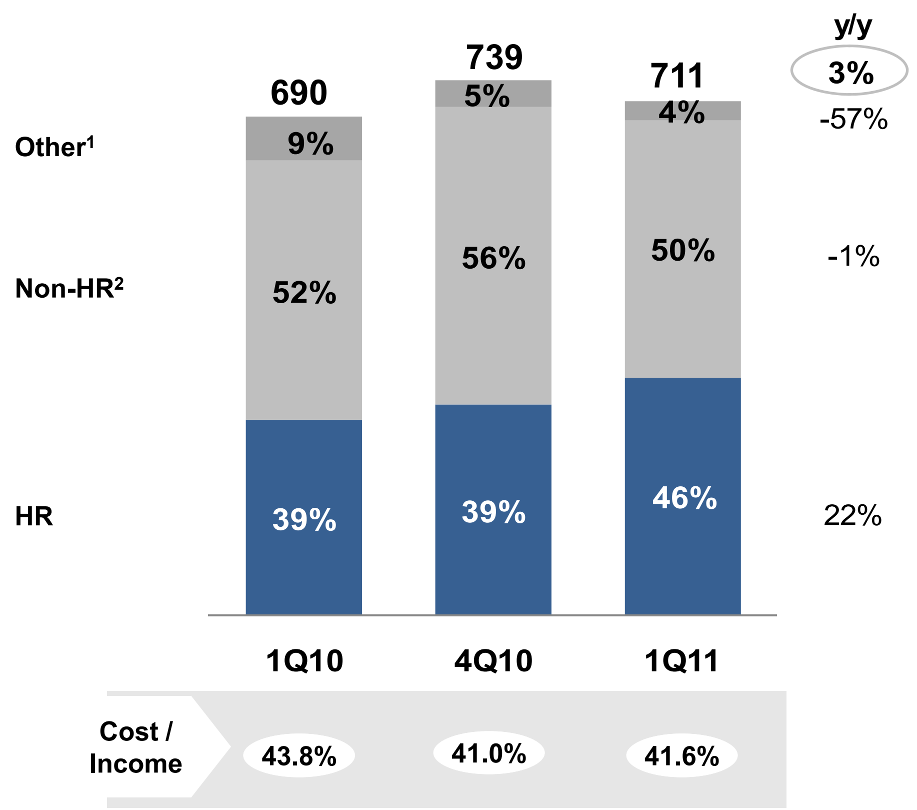
| | |
|---|---|
| New Products | **Continued strong product bundle sales**<br>*85K sales in 1Q11 (30% of 2011 target achieved)* |
| New Fee Areas | **Solid performance of leasing & factoring fees**<br>*+75% y/y* |
| Focus on Collection | **Strong collection ratio due to continuous focused efforts**<br>*~70% at Bank level* |
| Fee Generating Products | **Continued robust performance in bancassurance** (+46% y/y), **equity trading** (+40% ytd), **trade finance** (+31% ytd avg volumes) **and cash management** (+5% ytd avg volumes) |

- **Fees +13% y/y driven by Bank** (+15% y/y)
  - **Credit card fees +13% y/y** also contributed by **upward repricing** in 1Q11 and **increase in interchange/acquiring fees. Share in total at 40%** confirming increasing diversification of fee base
  - **Lending related fees +28% y/y** driven by volume growth. **Share in total at 40%** (vs 37% in 1Q10)
  - **Asset management fees -14% y/y** due to decrease in fund management fee cap and limited volume growth. **Total fee growth excluding asset management fees +18% y/y at Bank level**
  - **Insurance fees +46%** y/y due to bancassurance focus
  - **Other fees +17% y/y** mainly driven by increasing contribution of product bundle fees (+37% y/y)

(1) Total fees received as of 1Q11: 489 mln TL (417 mln TL in 1Q10). Total fees paid as of 1Q11: 72 mln TL (53 mln TL in 1Q10)
(2) Other includes account maintenance, money transfers, equity trading, campaign fees, product bundle fees etc.

# Operating Costs
## Disciplined growth in line with inflation

### Total Operating Costs (mln TL)

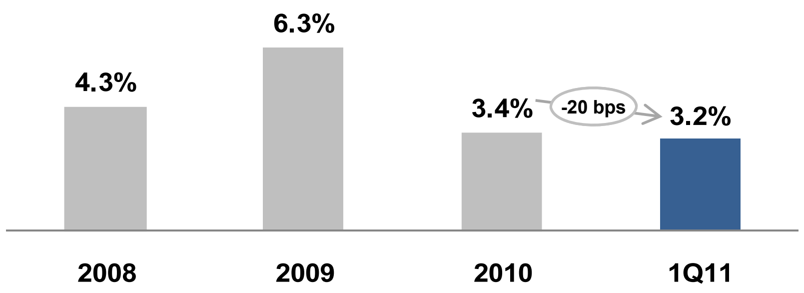



- **Total costs +3% y/y,** excluding one-offs +7% y/y[3], **in line with inflation**
- **HR costs +22% y/y** impacted by variable compensation (excluding +11% y/y)
  - **Number of employees at 14,437**, stable vs YE10
- **Non-HR costs -1% y/y** due to one-off items in 1Q10 (NPL sale legal fees and non-cash loan general provisions), +5% y/y excluding one-offs
  - **Number of branches at 868**, stable vs YE10. Market share at 9.1%
- **Other costs -57% y/y** driven by stabilised pension fund deficit[4] and effective management of Worldcard loyalty points (-18% y/y)

(1) Other includes pension fund provisions and loyalty points on Worldcard
(2) Non-HR costs include HR related non-HR, advertising, rent, SDIF, taxes (including branch tax: 1Q10: 40 mln TL, 1Q11: 44 mln TL) and depreciation
(3) One offs in 1Q10: NPL sale legal fees (8 mln TL), non-cash loan general provisions (13 mln TL) in non-HR costs and pension fund provisions (29.4 mln TL) in other costs; 1Q11: variable compensation (30 mln TL) in HR costs
(4) Obligation to provide all qualified employees with pension and post-retirement benefits, calculated annually by an independent actuary registered with the Undersecretariat of the Treasury

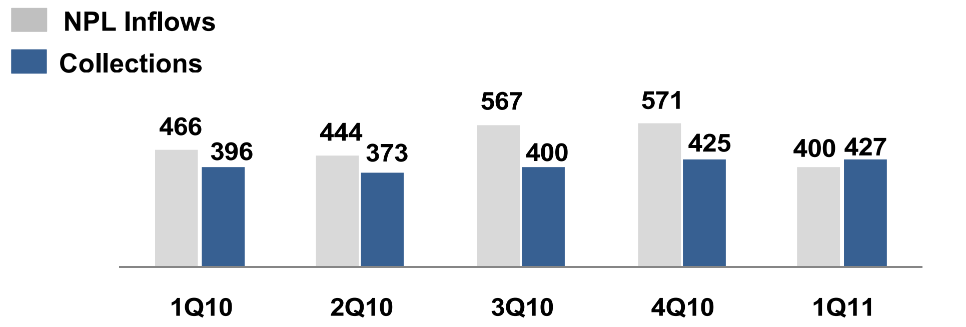
# Asset Quality
## Evolution confirming continuation of positive trend

### NPL Ratio



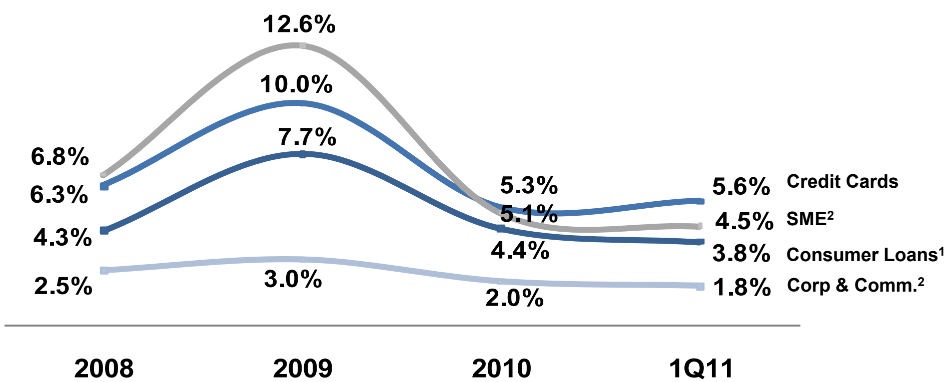

| | 2008 | 2009 | 2010 | 1Q11 |
|---|---|---|---|---|
| NPL Volume *(bln TL)* | 1.7 | 2.6 | 1.9 | 1.9 |

### Asset Quality Flows (mln TL)




| | 1Q10 | 2Q10 | 3Q10 | 4Q10 | 1Q11 |
|---|---|---|---|---|---|
| Net Inflows | 70 | 71 | 167 | 146 | -27 |
| Collections / Inflows | 85% | 84% | 84%[3] | 75% | 107% |

### NPL Ratio by Segment

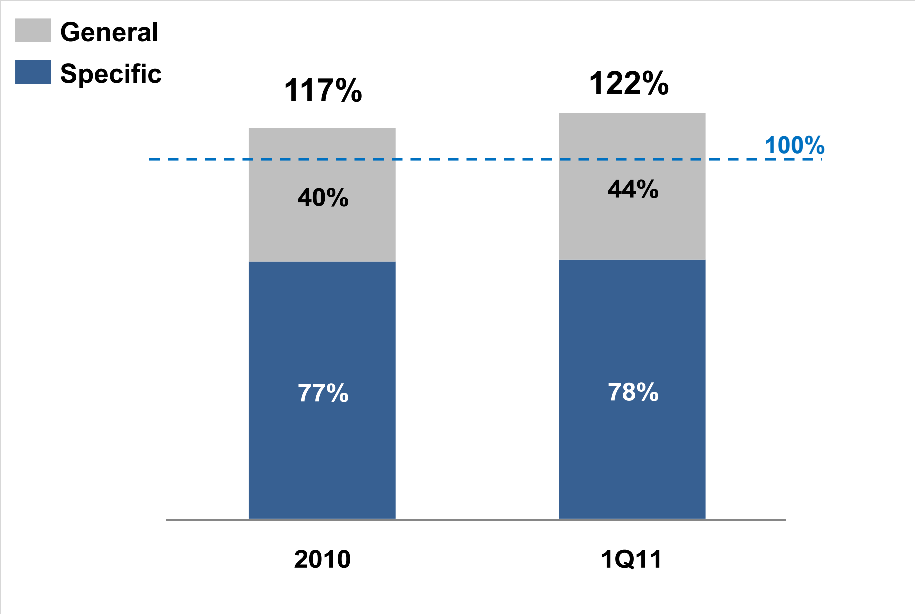



- **NPL ratio down to 3.2%** (vs 3.4% at YE10) driven by **decelerating/stabilising NPL inflows, strong collections** and **loan growth**
  - **NPL ratio improving in almost all segments** driven by **decelerating NPL inflows**. Consumer and SME NPL ratio also positively impacted by strong volume growth. Credit card NPL ratio increasing due to stable volumes despite decelerating inflows
- **Collection/inflows at 107%** on the back of decelerating NPL inflows and strong collections performance

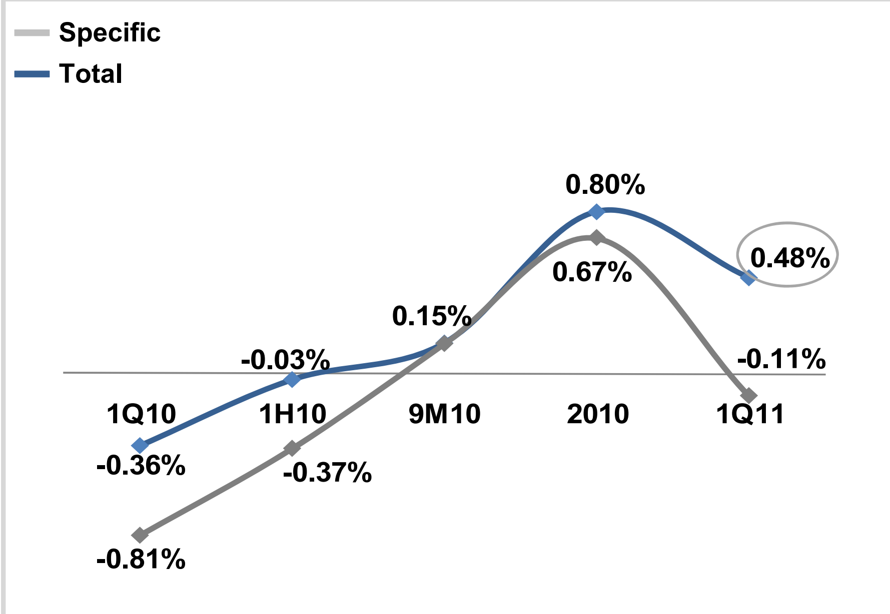
(1) Including cross default. If excluding, 1Q11: 3.2%
(2) As per YKB's internal segment definition, SMEs: companies with annual turnover <5 mln USD. Corporate & Commercial: companies with annual turnover >5 mln USD
(3) Excluding one large commercial position (fully provisioned including collaterals) booked as NPL in 3Q10

# Provisioning and CoR
## Strong NPL coverage, positive trend in cost of risk

### Specific and General Provisions / NPL




### Cost of Risk[1] Cumulative, net of collections




- **Total coverage of NPL volume at 122%** (including specific and general provisions)
  - **Specific coverage at 78%** (+1pp vs YE10)
  - **Generic coverage at 44%** (+4pp vs YE10) on the back of **loan growth**
- **Total cost of risk** (net of collections) **at 0.48%** (vs -0.36% in 1Q10) due to **better than expected asset quality evolution**

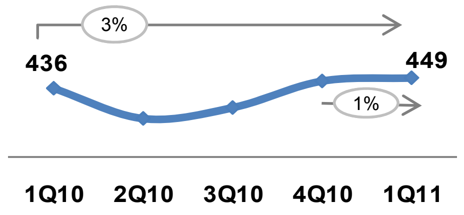
Note: General provisions / NPL= (standard + watch provisions) / NPL
(1) Cost of risk = (total loan loss provisions – collections) / total gross loans

# Commercial Effectiveness

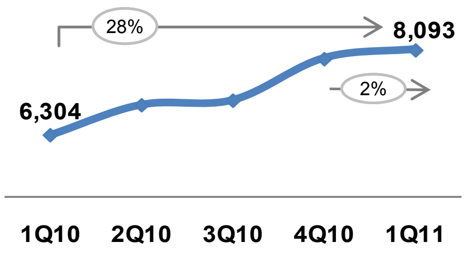
## Initiatives to increase commercial effectiveness resulting in continuous improvement

## Productivity

### Revenues / Employee, ths TL quarterly




### Customer Business / Employee, ths TL




## Processes / Systems

### Lending Response Times

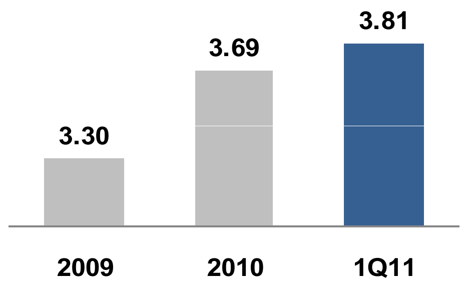
| *# of days* | 2009 | 2010 | 1Q11 |
|---|---|---|---|
| Mortgages | 2 | 1 | 1 |
| SME | 10 | 4 | 3 |
| GPL | ~1-2 | 1 | 1 |
| Commercial | ~40 | 5-15 | 6-15 |

### Monthly Loan Production

| *# of loans* | 2010 | 1Q11 | Δ |
|---|---|---|---|
| Mortgages | 3,170 | 4,400 | **39%** |
| SME | 30,590 | 46,000 | **50%** |
| GPL | 40,500 | 57,600 | **42%** |

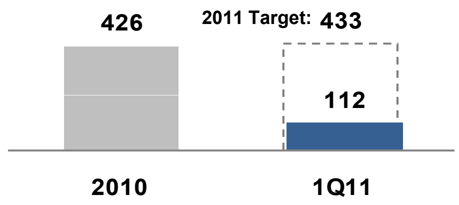
## Customer-Related

### Retail Cross-Sell




### Conversion of Credit Card only Clients, ths

- 2.1 mln total card only clients
- 26% of 2011 target achieved in 1Q11

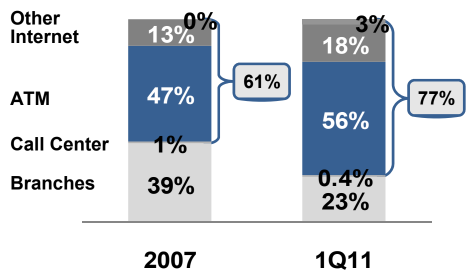



## Products / Services

### Product Bundles

| *# of bundles sold* | 2010 | 1Q11 |
|---|---|---|
| **Total** | **370K** | **85K** |
| Retail | 295K | 67K |
| SME | 75K | 18K |

### Non-branch Channels in Total Transactions




Note: BRSA Bank-only figures used for commercial effectiveness indicators

# Agenda

- Operating Environment
- 1Q11 Results *(BRSA Consolidated)*
- **Performance of Strategic Business Units & Subsidiaries**
- Outlook

# Performance of Business Units

Strong performance of retail driven by solid loan growth and fee performance. Cards impacted by decreasing cap rate and lower revolving ratio. Corporate/Commercial performance driven by focus on selective high margin lending

| Weight in Bank: Revenues[1] | Weight in Bank: Customer Business[2] | | Revenues (mln TL) | Y/Y (1Q10 – 1Q11) | Drivers of revenue growth |
|---|---|---|---|---|---|
| 38% | 34% | Retail[3] | 447 | 22% | **Revenues** driven by **solid performance in SME and mass segments** accompanied by **strong fee performance** (23 %y/y) despite **margin compression** |
| 10% | 7% | Credit Cards[4] | 121 | -32% | **Revenues** impacted by **continued decline in cap rates** in a stable interest rate environment, **lower revolving ratio** and **higher cost of funding partially compensated by strong fees** |
| 3% | 13% | Private | 36 | -14% | **Revenues** impacted by **contraction in AUM volumes** and **derivative products** together with **decrease in mutual fund cap rates impacting fee performance** (-16% y/y) |
| 6% | 19% | Corporate | 66 | 16% | **Revenues** driven by **selective volume growth with increasing focus on high margin project finance** |
| 19% | 22% | Commercial | 223 | 6% | **Revenues** driven by **resilient FC margins despite pressure on TL margins** on the back of **strong competition** |

(1) Revenues excluding treasury and other
(2) Customer business = Loans + Deposits + AUM
(3) Retail includes individual (mass and affluent) and SME banking
(4) Net of loyalty point expenses on World cards
Note: all figures based on MIS data

# Performance of Subsidiaries

Strong profitability at core product factories. Performance of YKS impacted by lower technical margins. International subsidiaries impacted by margin pressure and competition

| | | Revenues (mln TL) | Revenue (y/y growth) | ROE | Sector Positioning | Key Highlights |
|---|---|---|---|---|---|---|
| Core Product Factories | YK Leasing | 49 | 10% | 15% | #2 in total transaction volume (14.9% mkt share) | ▪ Healthy revenue growth due to increased business volume also driven by enhanced synergies with SME segment |
| | YK Factoring | 15[1] | 18%[1] | 44% | #1 in total factoring volume (19.1% mkt share) | ▪ Solid revenue growth driven by higher net interest income on the back of strong fees and business volume compensating margin pressure |
| | YK Yatırım | 70[2] | 1%[2] | 47% | #3 in equity transaction volume (5.6% mkt share) | ▪ Performance impacted by increased competition in equity trading |
| | YK Portföy | 18 | -9% | 127% | #2 in mutual fund volume (18.1% mkt share) | ▪ Revenue contraction due to decrease in mutual fund cap rates |
| Insurance Subs | YK Sigorta | 44[3] | -7%[3] | 10% | #1 in health insurance (19.8% mkt share)[4] | ▪ Revenues impacted by lower technical margins |
| | YK Emeklilik | 25 | 13% | 25% | #6 in life insurance[5] #4 in private pensions[6] | ▪ Revenue growth driven by above sector pension fund volume growth |
| International Subs | YK Azerbaijan | 7 | 6% | 10% | 318 mln TL total assets | ▪ Positive revenue performance, with growth impacted by high base in 1Q10 due to one-off commission income |
| | YK Moscow | 6 | -5% | 13% | 293 mln TL total assets | ▪ Revenues impacted by ongoing margin pressure |
| | YK NV | 18 | -11% | 10% | 3.6 bln TL total assets | ▪ Revenues impacted by decrease in securities income due to the sale of TL bond portfolio at YE10 |

**All subsidiaries integrated with YKB distribution network to maximise cross sell to YKB customers as well as to generate revenue opportunities and cost synergies**

(1) Including dividend income from YK Sigorta. Revenue growth adjusted with dividend income
(2) Including dividend income from YK Portföy. Revenue growth adjusted with dividend income
(3) Including dividend income from YK Emeklilik. Revenue growth adjusted with dividend income
(4) As of Dec'10
(5) 5.0% life insurance market share as of Dec'10
(6)15.4% private pension market share as of Mar'11

## Agenda

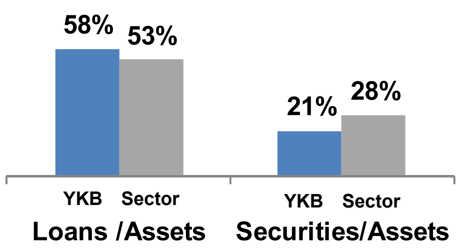
- Operating Environment
- 1Q11 Results *(BRSA Consolidated)*
- Performance of Strategic Business Units & Subsidiaries
- **Outlook**

# 1Q11 Results

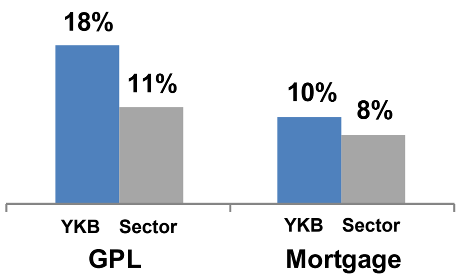
## YKB performance confirming validity of customer focused strategy, strong cost control capability and sustained profitability

### Customer Orientation

#### Favorable asset mix

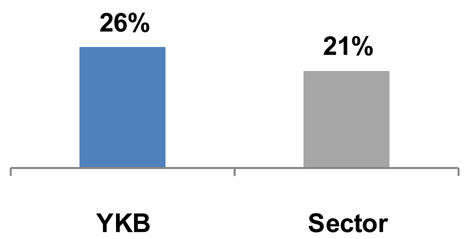



#### Selective lending growth



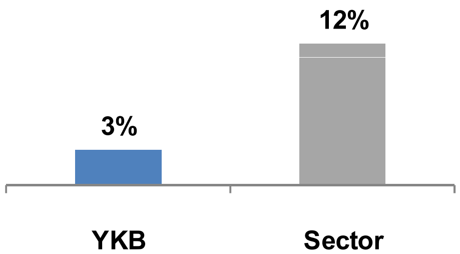

#### Sustainable revenue generation

Fees / Revenues

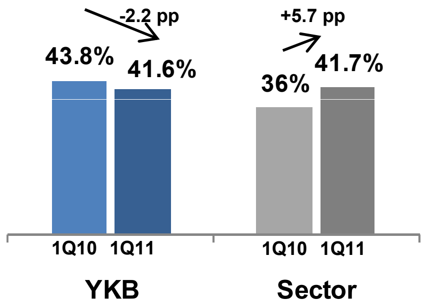



### Cost Control / Efficiency

#### Controlled cost growth

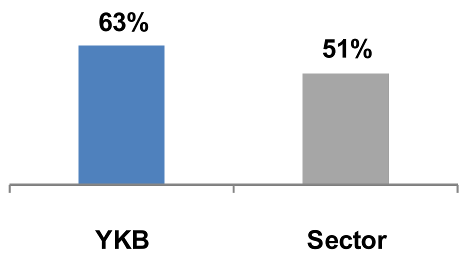



#### Strong C/I improvement



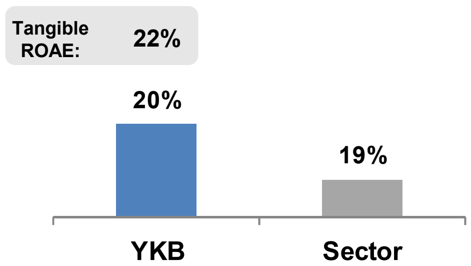

#### High coverage of opex with fees

Fees / Opex



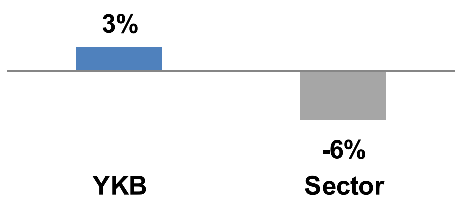

### Sustainability / Profitability

#### Sustained profitability

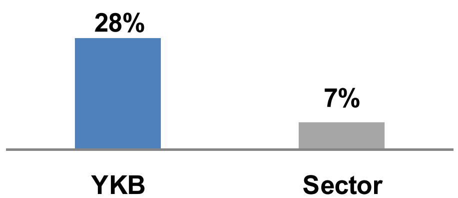



#### Continued improvement in commercial effectiveness

Revenues/Employee




Customer Business[1] /Employee




Note: 1Q11 financials based on BRSA consolidated data for YKB, bank-only monthly BRSA data for sector
(1) Customer business = Loans + Deposits + AUM

# 2011 Outlook
## Positive expectations maintained

| | | Original Forecast | | Latest Forecast |
|---|---|---|---|---|
| MACRO | Continuation of GDP growth | 4.1% | Strong realisation of 2010 GDP growth (8.9% vs 7.4% expectation) | 4.3% |
| | Low inflation | 6.7% | Commitment of CBT in controlling inflation | 6.3% |
| | Stable / low interest rates | +75 bps in policy rate in 4Q11 | | +75 bps in policy rate in 4Q11 |
| SECTOR | Continuation of volume growth | Loans 23% | In line with CBRT guidance | Loans 25% |
| | NIM compression | 40 bps | Continued RRR hikes / other regulations | 80/100 bps |
| | Positive asset quality | Stable CoR | Better than expected asset quality improvement | CoR lower vs 2010 |

Note: 2011 figures shown for macro and banking sector indicate estimates / expectations by Yapı Kredi as of the date of this presentation. Previous estimates as of 4Q10

# Strategy
## Continuous realignment to effectively manage new environment

| | |
|---|---|
| **Growth & Commercial Effectiveness** | ▪ **Continued strong focus on commercial effectiveness**<br>▪ **Continuation of investments in growth via branch expansion** |
| **NIM Management** | ▪ **Continued focus on customer business**<br>▪ **Increasing emphasis on optimal allocation/reallocation of loans among segments /products**<br>▪ **Upward repricing actions** |
| **Funding / Liquidity** | ▪ **Acceleration in diversification of funding sources** (rollover of syndications, TL bond issuance, repo funding)<br>▪ **Increasing focus on total cost of funding** with emphasis on **optimisation of deposit pricing** |
| **Cost & Efficiency** | ▪ **Disciplined approach towards cost containment**<br>▪ **Increased emphasis on optimisation of cost to serve through focused projects** (IT Transformation Plan, SME project, multi-channel project) |
| **Asset Quality** | ▪ **Ongoing efforts to improve credit infrastructure**<br>▪ **Dynamic and proactive NPL portfolio management** |
| **Sustainability** | ▪ **Sustained focus on customer and employee satisfaction**<br>▪ **Continued attention on increasing sustainable revenue sources / fee generation** |

# Agenda

- Operating Environment
- 1Q11 Results *(BRSA Consolidated)*
- Performance of Strategic Business Units & Subsidiaries
- Outlook
- **Annex**

## Agenda

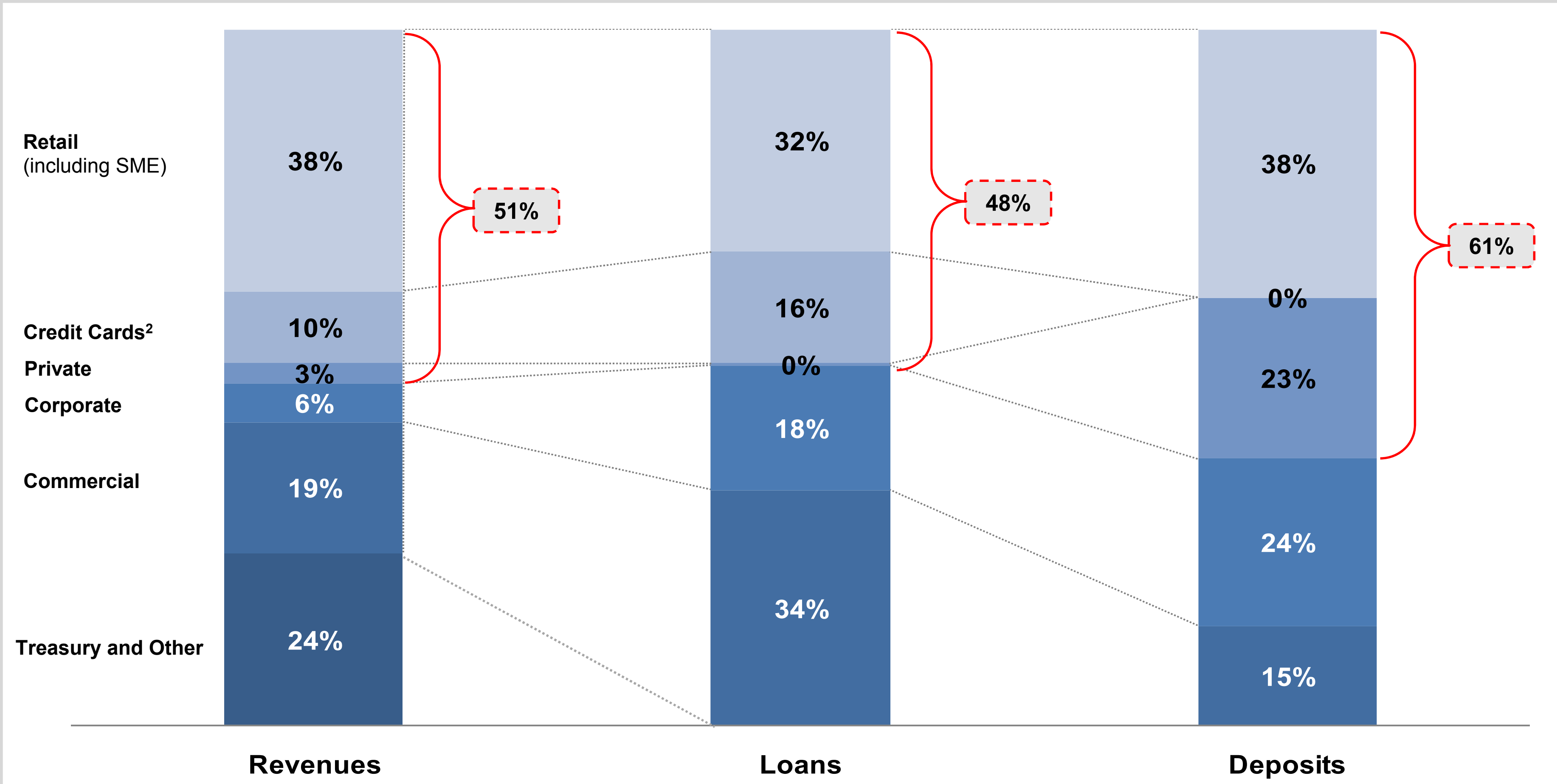
- **Detailed Performance by Strategic Business Unit**
- Other Details

# Definitions of Strategic Business Units

- **Retail:**
  - **SME:** Companies with turnover less than 5 mln USD
  - **Affluent:** Individuals with assets less than 500K TL
  - **Mass:** Individuals with assets less than 50K TL
- **Commercial:** Companies with annual turnover between 5-100 mln USD
- **Corporate:** Companies with annual turnover above 100 mln USD
- **Private:** Individuals with assets above 500K TL

# Performance by Strategic Business Units
## Diversified revenue mix with retail focused loan and deposit portfolio

### Revenues and Volumes by Business Unit[1] 1Q11 (Bank only)

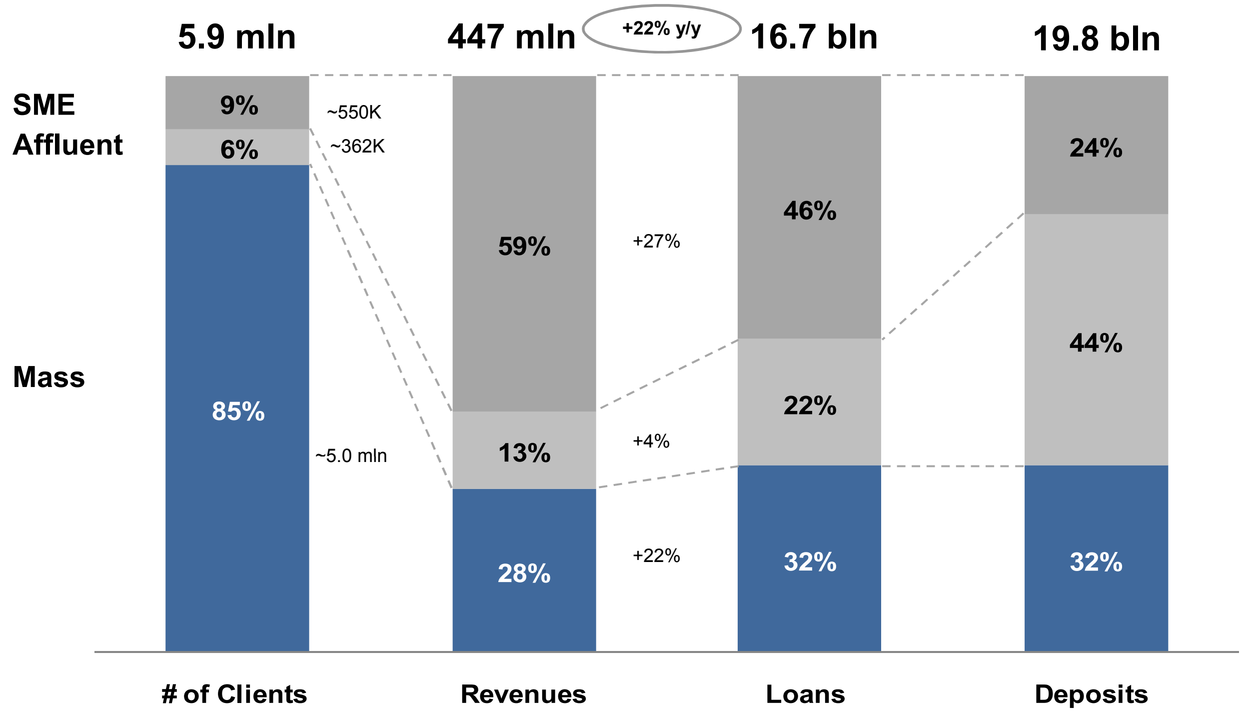



Note: Loan and deposit allocations based on end of period volumes (source: MIS data). All SBU figures based on 1Q11 segmentation criteria
(1) Please refer to definitions of Business Units
(2) Net of loyalty point expenses on World card

# Retail Banking

59% of retail banking revenues generated by SME business

## Composition of Active Clients and Total Revenues (TL, 1Q11)



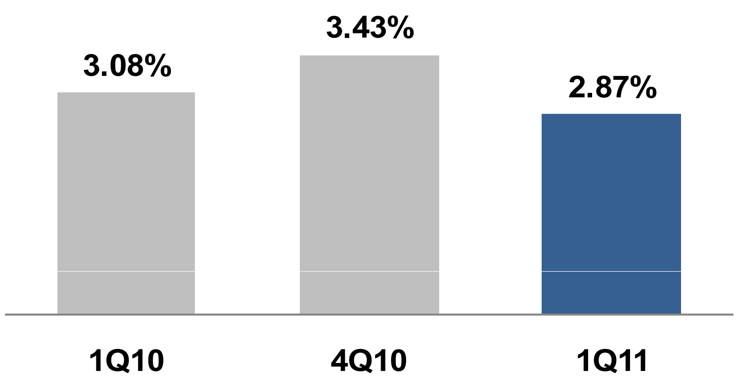

- **~550K active SME clients** generating **59% of total retail revenues** (+27% y/y growth), **46% of retail loans and 24% of retail deposits**
- **~5 mln active banking clients** generating **28% of total retail revenues** (+22% y/y growth) and **32% of both retail loans and deposits**
- **~362K affluent clients** generating **13% of total retail revenues** (+4% y/y growth), **22% of retail loans and 44% of retail deposits**

# Retail (Mass & Affluent)

## Revenues driven by above sector growth in high margin products and strong fee performance

| *TL mln* | 1Q11 | ytd | y/y |
|---|---|---|---|
| **Revenues** | 187 | - | 15% ↑ |
| **Loans** | 9,066 | 14% ↑ | 48% ↑ |
| **Deposits** | 15,076 | 3% ↑ | 9% ↑ |
| **AUM** | 2,845 | 8% ↑ | 15% ↑ |
| **% of Demand in Retail Deposits** | 16.3% | 0.6 pp | 1.9 pp |
| **% of TL in Retail Deposits** | 76.6% | 0.5 pp | 2.4 pp |
| **% of TL in Retail Loans** | 100% | 0.1 pp | 0.1 pp |

### Revenues /Customer Business[1]



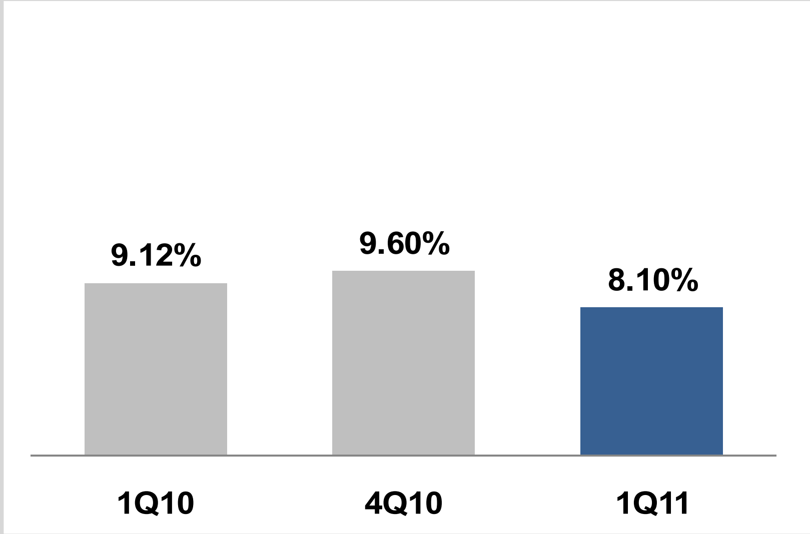

- **Revenues +15% y/y** driven by solid volume growth in high margin loans, especially general purpose and strong fee performance (16% y/y) despite margin compression
- **Loans +14% ytd** mainly driven by **general purpose loans** (+18%) and **mortgages** (+10%). Innovative product bundling approach with ~67K mass and affluent product bundles sold in 1Q11
- **Deposits +3% ytd** mainly driven by TL deposits (+4%)
- **Consumer loan NPL ratio down to 3.8%**[2] (vs 4.4% at YE10) driven by deceleration in NPL inflows and positively impacted by strong volume growth

Note: Volumes (loans, deposits and AUM) based on end of period data except for revenues/customer business ratio which is based on 3 month average. MIS data.
(1) Customer business: Loans + Deposits + AUM
(2) Excluding cross default

# SME
## Revenues driven by strong volume growth and robust fee performance

| *TL mln* | 1Q11 | ytd | | y/y | |
|---|---|---|---|---|---|
| **Revenues** | 260 | - | | 27% | ↑ |
| **Loans** | 7,652 | 11% | ↑ | 61% | ↑ |
| **Deposits** | 4,768 | -2% | ↓ | 18% | ↑ |
| **AUM** | 778 | 2% | ↑ | 17% | ↑ |
| **% of Demand in SME Deposits** | 41.4% | -0.6 pp | | 4.5 pp | |
| **% of TL in SME Deposits** | 73.7% | -0.8 pp | | 5.1 pp | |
| **% of TL in SME Loans** | 97% | -0.2 pp | | 0.2 pp | |

**Revenues /Customer Business[1]**



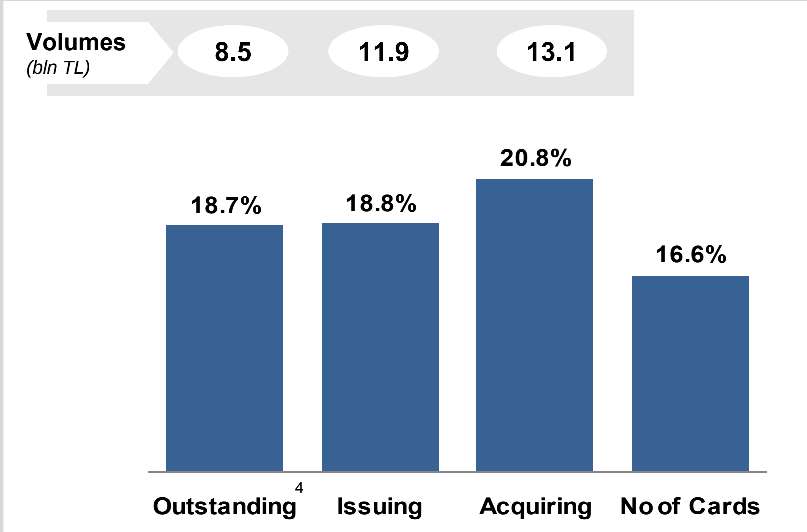

- **Revenues +27% y/y** driven by **strong volume growth** and **robust fee performance** (28% y/y)
- **Loans +11% ytd** driven by **increased commercial effectiveness** and **product bundling approach** (~18K SME product bundles sold in 1Q11)
- **Deposits -2% ytd** due to decline in TL deposits (-4%). FC deposits +1%
- **SME NPL ratio down to 4.5%** (vs 5.1% at YE10) driven by deceleration in NPL inflows and positively impacted by strong volume growth

Note: Volumes (loans, deposits and AUM) based on end of period data except for revenues/customer business ratio which is based on 3 month average. MIS data.
(1) Customer business: Loans + Deposits + AUM

# Credit Cards
## Revenues impacted by stable volumes with continued decline in cap rates and lower revolving ratio

| *TL mln* | 1Q10 | 1Q11 | ytd | y/y |
|---|---|---|---|---|
| **Revenues** | 206 | 142 | - | -31% |
| **Net Revenues[1]** | 180 | 121 | - | -32% |
| **# of Credit Cards (mln)[2]** | 7.6 | 7.9 | 1% | 4% |
| **# of Merchants (ths)** | 295 | 322 | 6% | 9% |
| **# of POS (ths)** | 365 | 406 | 3% | 11% |
| **Activation** | 84.3% | 84.4% | 0.0 pp | 10.0 pp |

### Volumes and Market Shares[3]




- **~304K new World cards issued in 1Q11**
- **Net revenues[1]** impacted by **continued decline in cap rates** (-18 bps in 1Q11) in a stable interest rate environment, **lower revolving ratio** and **higher cost of funding partially compensated by strong fees**
- **Credit Card NPL ratio up to 5.6%** (vs 5.3% in 2010) due to **stable volumes** despite **decelerating inflows**

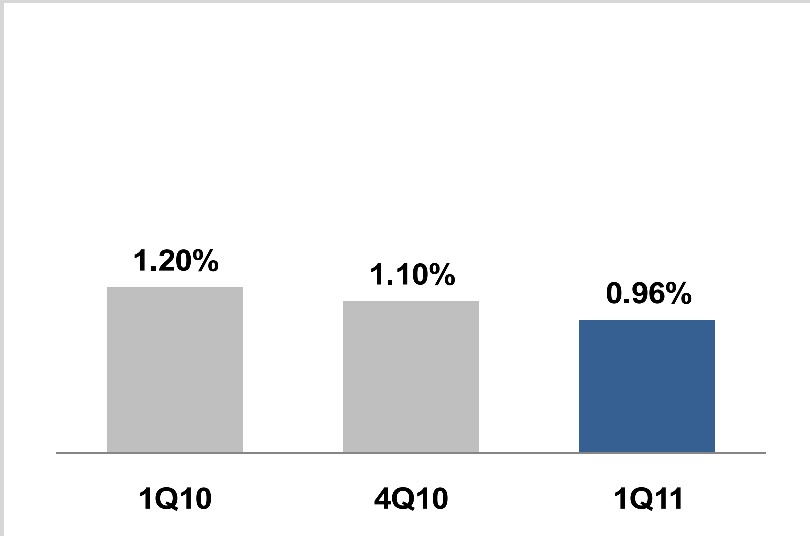
(1) Net of loyalty point expenses on World card
(2) Including virtual cards (2009: 1.5 mln, 2010: 1.5 mln, March 2011: 1.5 mln)
(3) Market shares and volumes based on bank-only 3-month cumulative figures
(4) Based on personal and corporate credit card outstanding volume. Retail credit card outstanding volume (excluding corporate) market share: 18.7%

## Private

Revenues impacted by contraction in AUM volume and derivative products as well as decrease in mutual fund cap rates

| *TL mln* | 1Q11 | ytd | y/y |
|---|---|---|---|
| **Revenues** | 36 | - | -14% |
| **Loans** | 233 | -4% | 19% |
| **Deposits** | 11,937 | 6% | 15% |
| **AUM** | 2,637 | -17% | -8% |
| **% of Demand in Priv. Deposits** | 5.1% | -0.5 pp | -2.0 pp |
| **% of TL in Private Deposits** | 56.8% | -3.3 pp | 1.0 pp |
| **% of TL in Private Loans** | 101% | 1.1 pp | -1.4 pp |

### Revenues /Customer Business[1]



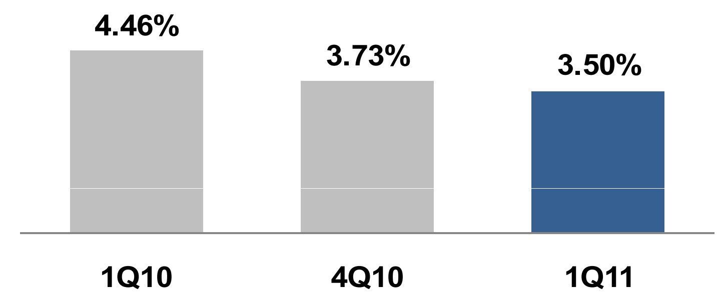

- **Revenues -14% y/y** driven by **contraction in AUM volume and derivate products** due to **volatility in financial markets** as well as **decrease in mutual fund cap rates**
- **Deposits +6% ytd** mainly driven by FC deposits (+14% in USD terms). TL deposits stable
- **Loans -4% ytd** driven by balanced trend in both TL and FC (-4%)
- **Continued focus on leveraging on product factories** in distribution of asset management and brokerage products with further development of existing customer base and customer acquisition

Note: Volumes (loans, deposits and AUM) based on end of period data except for revenues/customer business ratio which is based on 3 month average. MIS data.
(1) Customer business: Loans + Deposits + AUM

# Commercial
## Revenues driven by resilient FC margins despite pressure on TL margins on the back of strong competition

| *TL mln* | 1Q11 | ytd | | y/y | |
|---|---|---|---|---|---|
| **Revenues** | 223 | - | | 6% | ↑ |
| **Loans** | 17,776 | 5% | ↑ | 37% | ↑ |
| **Deposits** | 7,471 | -4% | ↓ | 14% | ↑ |
| **AUM** | 193 | -13% | ↓ | -27% | ↓ |
| **% of Demand in Com.Deposits** | 32.6% | -2.8 pp | | -0.7 pp | |
| **% of TL in Com. Deposits** | 44.2% | -0.8 pp | | 4.1 pp | |
| **% of TL in Com. Loans** | 42% | 1.3 pp | | 0.2 pp | |

### Revenues /Customer Business[1]




- **Revenues +6%** driven by **resilient FC margins**
- **Loans +5% ytd** mainly driven by FC loan growth (7% ytd in USD terms). TL loans stable
- **Deposits -4% ytd** with -6% TL deposits and -3% FC deposits in USD terms
- **Sound asset quality maintained** (Corporate/Commercial NPL ratio at 1.8%)

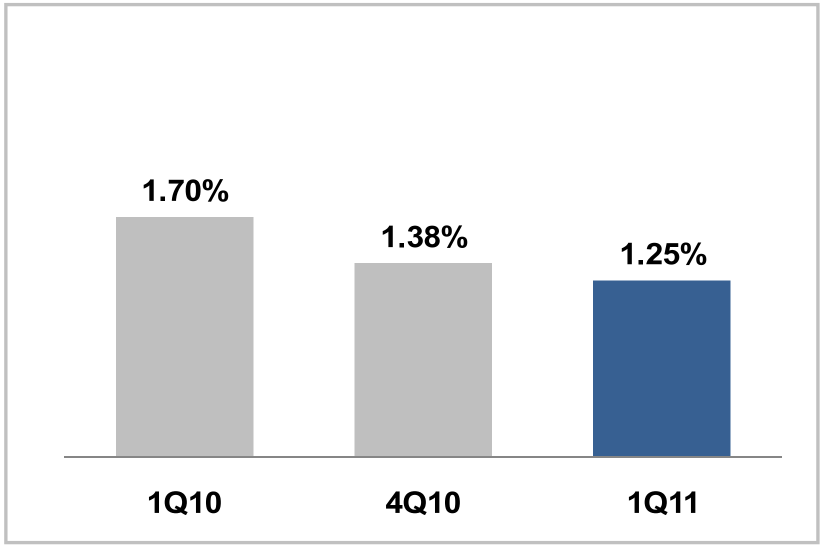
Note: Volumes (loans, deposits and AUM) based on end of period data except for revenues/customer business ratio which is based on 3 month average. MIS data.
(1) Customer business: Loans + Deposits + AUM

# Corporate

## Revenues driven by selective growth with increasing focus on high margin project finance lending

| *TL mln* | 1Q11 | ytd | y/y |
|---|---|---|---|
| **Revenues** | 66 | - | 16% |
| **Loans** | 9,319 | -5% | 28% |
| **Deposits** | 12,369 | 4% | 114% |
| **AUM** | 36 | -39% | -61% |
| **% of Demand in Corp. Deposits** | 4.2% | -1.4 pp | -6.1 pp |
| **% of TL in Corp. Deposits** | 45.3% | -7.5 pp | 8.9 pp |
| **% of TL in Corp. Loans** | 10.0% | -13.5 pp | -10.3 pp |

### Revenues /Customer Business[1]




- **Revenues +16% y/y** driven by **selective growth** with **increasing focus on high margin project finance lending**
- **Loans -5% ytd** mainly driven by **decline in TL loans albeit with 11% increase in FC loans in USD terms** due to **focus on high margin project finance lending**
- **Deposits +4% ytd** driven by **FC deposits** (+21% ytd in USD terms). TL deposits -11%
- **Sound asset quality maintained** (Corporate/Commercial NPL ratio at 1.8%)

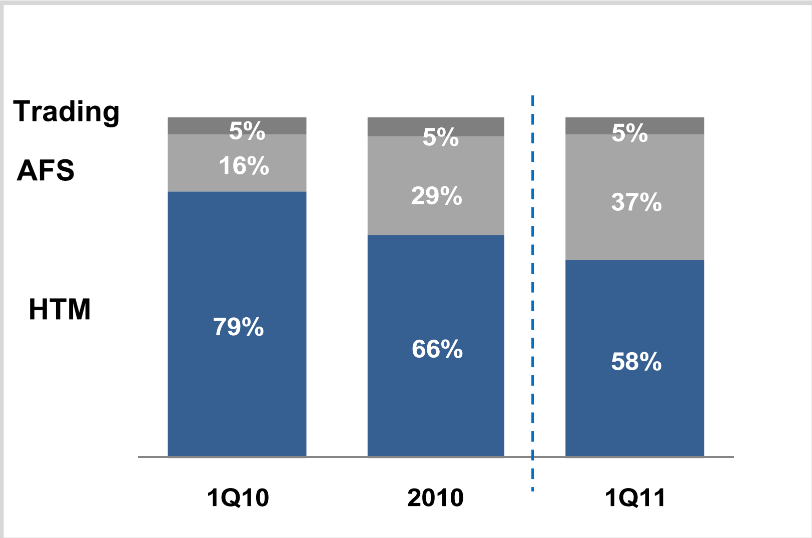
Note: Volumes (loans, deposits and AUM) based on end of period data except for revenues/customer business ratio which is based on 3 month average. MIS data.
(1) Customer business: Loans + Deposits + AUM

# Agenda

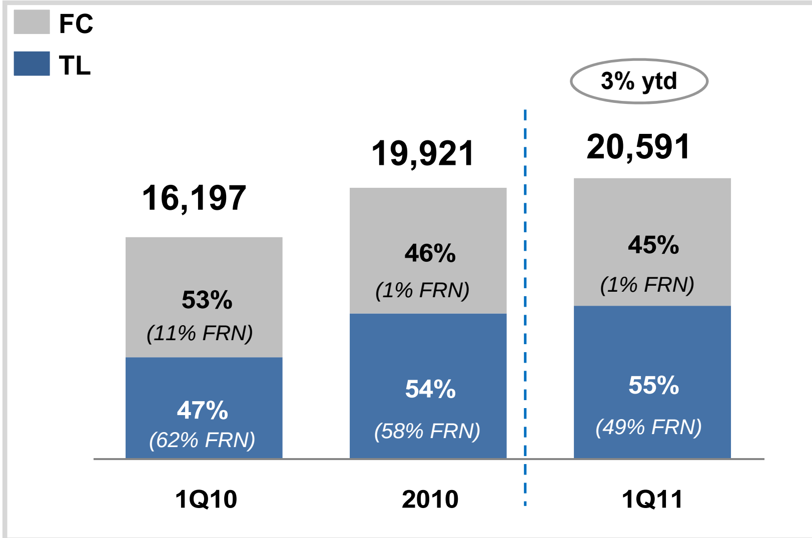
- Detailed Performance by Strategic Business Unit
- **Other Details**

# Securities
58% of securities portfolio invested in HTM

## Securities Composition by Type




## Securities Composition by Currency (TL mln)



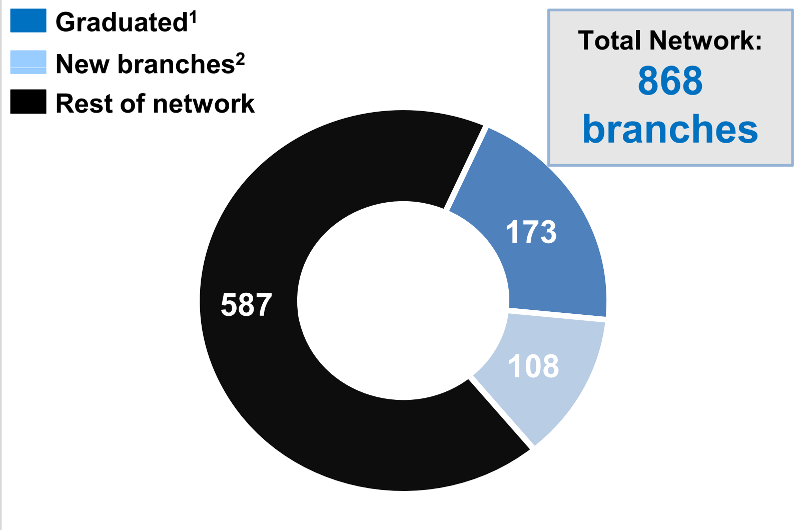

- **Share of Held to Maturity (HTM) at 58%** (vs 66% in 2010). HTM mix in total securities higher at bank level at 60%
- **Share of securities in total assets stable at 21%**
- **Share of TL securities in total securities at 55%** (vs 47% in 1Q10)

# International Borrowings

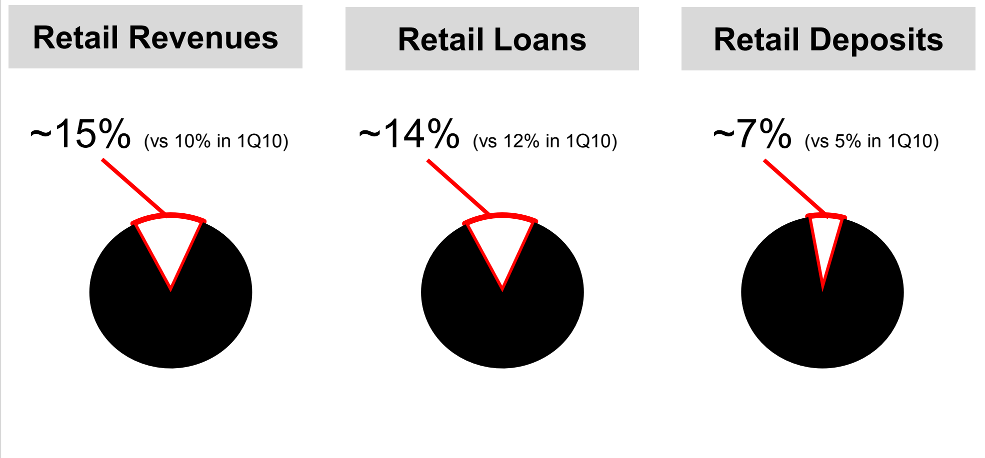
| | |
|---|---|
| **Syndications** | **~ USD 2.7 bln outstanding**<br>▪ Apr 11: ~USD 1.45 bln, Libor +1.1% bps all-in cost, 1 year<br>▪ Sept 10: ~USD 1.25 bln, Libor + 1.30% bps all-in cost, 1 year |
| **Securitisations** | **~ USD 878 mln outstanding**<br>▪ Dec 06 and Mar 07: ~USD 391 mln, 6 wrapped notes, 7-8 years, Libor+18-35 bps<br>▪ Aug 10 - DPR Exchange :~USD 487 mln, 5 unwrapped notes, 5 years |
| **Subordinated Loans** | **€1,050 mln outstanding**<br>▪ Mar 06: €500 mln, 10NC5, Libor+2.00% p.a.<br>▪ Apr 06: €350 mln, 10NC5, Libor+2.25% p.a.<br>▪ Jun 07: €200 mln, 10NC5, Libor+1.85% p.a |
| **LPN** | **USD 750 mln Loan Participation Note (LPN)**<br>▪ Oct 10: 5.1875% (cost), 5 years |
| **Multinational Loans** | ▪ **Sace Loan** - Jan 07: €100 mln outstanding, all-in Euribor+1.20% p.a, 5 years<br>▪ **EIB Loan** - Jul 08-Dec 10: €580 mln outstanding, 5-15 years<br>▪ **IBRD (World Bank) Loan** - Nov 08: USD 25 mln, Libor+1.50% p.a, 6 years |

# Branch Expansion
## Increasing positive contribution of new branches

### Branch Network




### Contribution of New Branches




- **Fourth largest branch network in Turkey with 868 branches** (9.2% market share)
  - 281 new branch openings since July 2007 (32% of total branch network)
- **Branch network in 71 cities indicating 88% coverage of Turkey** (vs 80% in July 2007 at start of branch expansion plan)
  - 55% of branches in top 4 cities, 45% mid/small cities
- **Average relationship manager / retail branch: 5**
- **Target of 50/60 branch openings in 2011**

(1) New branches which have already graduated / transferred to existing network in 2010
(2) Monitored under "new branch" category