Yapı Kredi 2012 Earnings Presentation

BRSA Consolidated

Istanbul, 14 February 2013

Agenda

- **Operating Environment**
- 2012 Results (BRSA Consolidated)
- Performance of Strategic Business Units & Subsidiaries
- 2013 Outlook and Strategy

Sound macroeconomic fundamentals supported by proactive monetary policy in a soft-landing environment

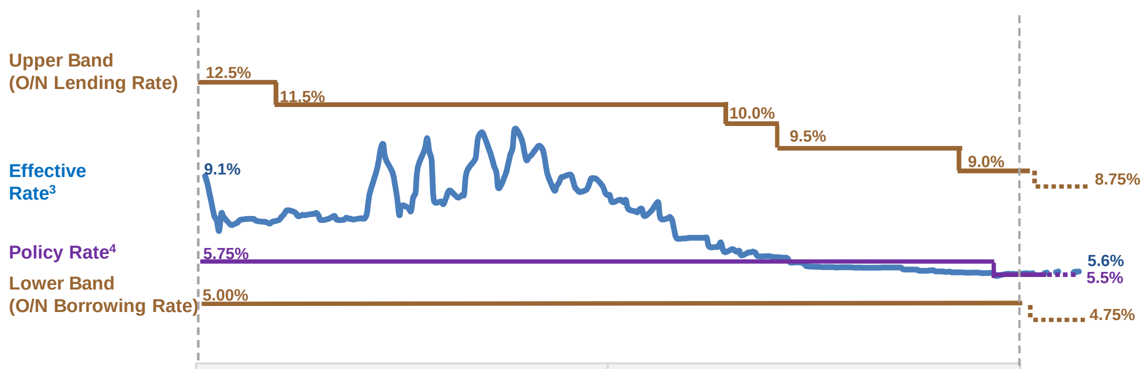
Key Macro Indicators

	2011	1Q12	2Q12	3Q12	4Q12	2012
GDP Growth	8.5%	3.4%	3.0%	1.6%	4.1%[1]	3.0%[1]
Inflation	10.4%	10.4%	8.9%	9.2%	6.2%	6.2%
CAD/GDP	10.0%	9.2%	8.0%	7.0%	6.0%	6.0%
Budget Deficit/GDP	1.3%	1.5%	2.0%	2.3%	2.0%	2.0%
Unemployment Rate	9.8%	9.9%	8.0%	9.1%	9.1%[2]	9.1%[2]

2012 Highlights

- **Moderating growth** vs 2011 mainly driven by external demand
- **Continuous downward trend** supported by core inflation[5] dynamics
- **Significant improvement** in CAD/GDP driven by positive trend in non-energy component
- **Slight increase in budget deficit** due to lower tax revenues
- **Unemployment** remaining at **single-digits** for the last 7 quarters

Monetary Policy



1H12	2H12
Tight policy to control inflation and CAD	**Easing policy to stimulate economic growth**

2012

Proactive / flexible monetary policy with multiple objectives of managing growth, current account deficit and inflation via use of corridor[6], effective rate and macro-prudential measures

2013 so far

Flexible / supportive monetary policy balanced by macro-prudential measures

- 25bps reduction in upper and lower band to prevent TL appreciation
- RRR and ROM hikes to control loan growth
- 15% loan growth target by CBRT

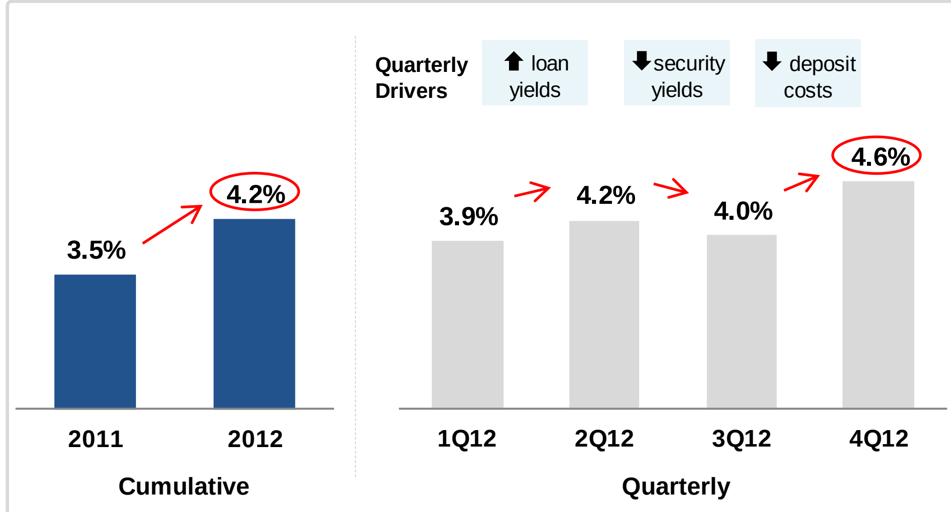
(1) Based on YK Economic Research 2012 GDP estimates
(2) Unemployment rate as of October 2012
(3) Effective rate is the weighted average cost of outstanding funding of the CBRT via open market operations including O/N repo, one-week repo and one-month repo
(4) One-week repo rate
(5) Core inflation includes clothing, housing, furnishing, health, transport, communication, recreation, education, hotels, cafe, restaurant and other (excludes food, energy, alcohol, tobacco and gold)
(6) Interest rate corridor refers to difference between O/N lending rate (upper band) and O/N borrowing rate (lower band)
ROM: reserve option mechanism

Healthy volume evolution together with NIM expansion via higher loan yields. Asset quality trend aligned with soft-landing

Banking Sector Volumes and KPIs

bln TL	Nominal 2012	Growth 2010	Growth 2011	Growth 2012
Total Loans[1]	**751**	**34%**	**30%**	**15%**
TL	545	33%	27%	21%
FC ($)	118	33%	13%	10%
Total Deposits	**768**	**21%**	**13%**	**11%**
TL	505	28%	6%	13%
FC ($)	151	4%	7%	15%
Total Securities	**270**	**9%**	**-1%**	**-5%**
NPL Ratio		**3.6%**	**2.6%**	**2.8%**
CAR		**17.7%**	**15.4%**	**17.3%**
Loans/Deposits Ratio		**82%**	**94%**	**98%**
ROAE		**20%**	**15%**	**16%**

Banking Sector Net Interest Margin



- **Loans +15%** driven by TL (+21%). Pick-up in 4Q (+5%) via downward loan repricing
- **Deposits +11%** driven by **balanced growth in TL** (+13%) **and FC** (+15%). Pick-up in 4Q (+4%) driven by corporate deposits
- **NPL ratio up to 2.8%** (vs 2.6% in 2011). Excluding NPL sales 3.2%
- **Basel II CAR at 17.3%** supported by sale / reclassification of HTM securities to AFS, sub-loan issuances and sovereign investment grade
- **LDR up to 98%** (+4pp vs YE11), private banks at 104% accompanied by **ongoing funding diversification**
- **Cumulative NIM up to 4.2%** (+63bps vs 3.5% in 2011) driven by **upward loan repricing and increase in security yields**

Note: NPL ratio indicates non-performing loan ratio, CAR indicates capital adequacy ratio, LDR indicates loans/deposits ratio, ROAE indicates return on average equity
Sector balance sheet data based on weekly BRSA figures, income statement data based on BRSA monthly figures
(1) Total performing loans

Agenda

- Operating Environment
- **2012 Results (BRSA Consolidated)**
- Performance of Strategic Business Units & Subsidiaries
- 2013 Outlook and Strategy

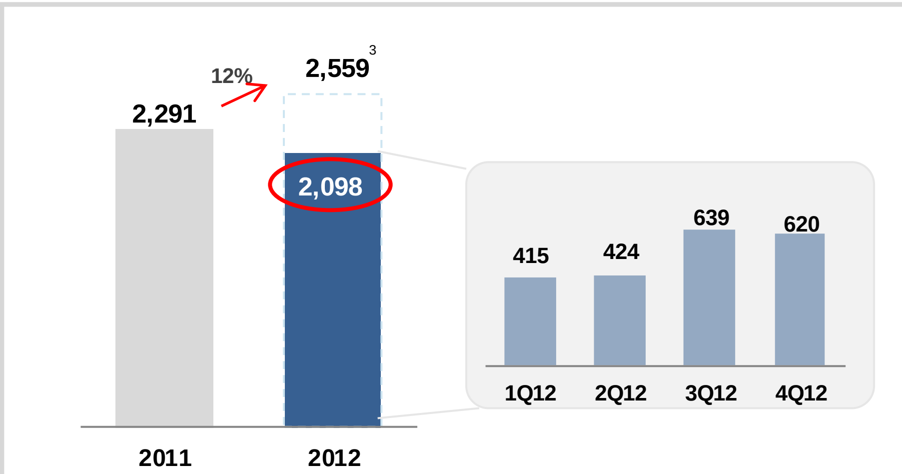
2012 Highlights

Unyielding focus on value generating growth	▪ **Ongoing emphasis on customer business** with above sector growth in high yielding credit cards and GPL ▪ **Further progress in commercial effectiveness** (faster improvement in loans, deposits and core revenues per employee vs best benchmark)
Continuous strengthening of funding base	▪ **Above sector TL deposit growth** supported by 1-to-1 deposit pricing tool with limited pressure on cost of deposits ▪ **Ongoing funding diversification** via US$ 500 mln Eurobond, US$ 1.6 bln[1] subordinated debt, TL 458 mln covered bond and TL 1.2 bln local currency bond issuances
Reinforced capital / well-managed liquidity	▪ **Capital strengthening** via realisation of actions announced in early 2012. **Bank CAR at 16.3%** ▪ **Effectively managed LDR** within comfortable band (100-110%)
Robust revenue growth	▪ **Strong core revenues driving revenue performance** - Solid NIM expansion via upward loan repricing during the year and declining deposit costs in 2H - Fee growth impacted by regulation. Like for like growth driven by robust performance in card and bancassurance fees
Focus on cost control and efficiency gains	▪ **Core cost growth in line with average inflation** incorporating 21 net new branch openings ▪ **Further efficiency gains** via continuous enhancements to alternative delivery channels and systems
Asset quality in line with soft-landing	▪ **Resilient corporate/commercial** and **start of stabilisation in retail NPL inflows** towards quarter-end ▪ **626 mln TL NPL portfolio sale in 4Q[2]** ▪ **Cost of risk below the through-the-cycle level** with **stable total NPL coverage**

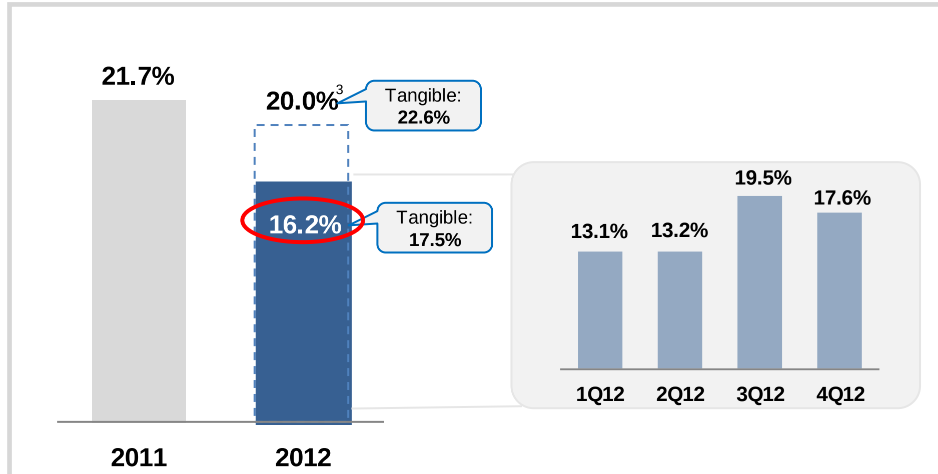
(1) US$585 mln in Feb'12 received from UniCredit and US$ 1 bln in Dec'12 obtained from international debt capital markets
(2) 560 mln TL on balance sheet impact

KPIs at a Glance

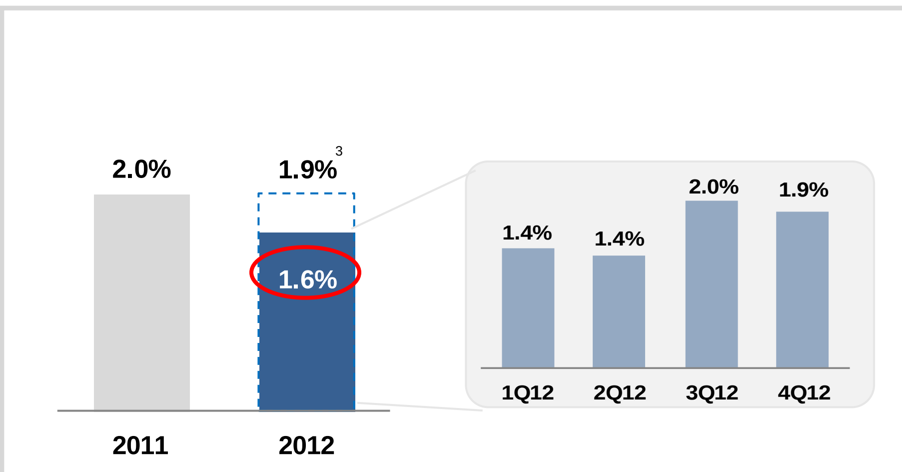
Net Income (mln TL)



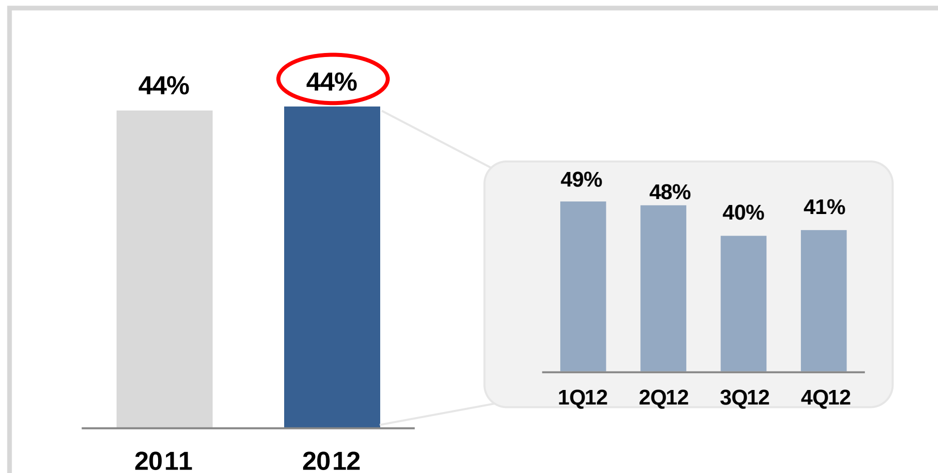
Return on Average Equity[1]



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. 2012 ROAE at 16.6% excluding impact of reclassification from HTM to AFS of Turkish government eurobonds

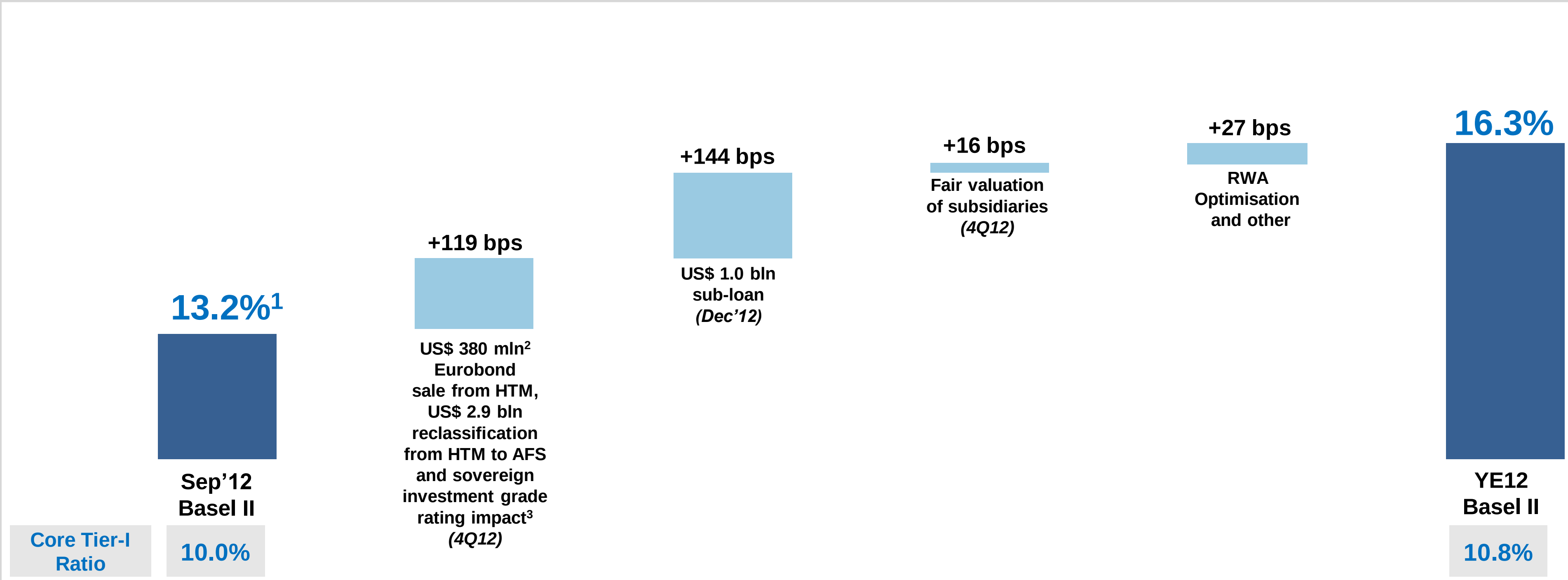
(2) Calculations based on net income / end of period total assets. Annualised

(3) Like-for-like: On fees, impact of change on loan-related fee deferrals, transfer to net interest income and decrease in regulatory cap of money market fund management fees. On provisions, impact of change on general purpose and rescheduled loan general provision levels. On costs, pension fund charge mainly driven by regulatory changes (2Q12: 22 mln TL, 4Q12: 30 mln TL).

Indicates reported figures

Bank CAR at 16.3% at YE12 thanks to capital strengthening on the back of clear roadmap announced early in 2012

Capital Adequacy Ratio (Bank)



- **Basel II impact of -150 bps in Jul'12 more than offset by strengthening actions**
- **Bank CAR at 16.3%** (Group 15.2%)
- **Bank Core Tier-I ratio according to new BRSA regulation at 10.8%** (Group 10.9%)

(1) Incorporating +80 bps impact of US$ 585 mln sub-loan finalised in Feb'12
(2) Nominal amount
(3) Following Turkey's achievement of investment grade, BRSA decreased risk weighting of foreign currency Turkish sovereign risk from 100% to 50%

2.1 bln TL net income driven by strong revenue performance and cost management

mln TL	2011	2012	y/y	y/y like-for-like[2]
Total Revenues	**6,648**	**7,401**	**11%**	**14%**
Core Revenues	5,714	6,739	18%	**21%**
Other Revenues	934	662	-29%	
Operating Costs	**2,911**	**3,278**	**13%**	**10%[3]**
Operating Income	**3,737**	**4,123**	**10%**	
Provisions	**861**	**1,400**	63%	**33%**
o/w Loan Loss	741	1,225	65%	
Pre-tax income	**2,876**	**2,723**	**-5%**	
Net Income[1]	**2,291**	**2,098**	**-8%**	**12%**

- **Revenues +11% y/y** (+14% like-for-like[2]). **Core revenues +18% y/y** (+21% like-for-like[2]) driven by robust net interest income performance
- **Costs +13% y/y** (core cost growth +10%[3]) incorporating ongoing branch expansion with 21 net new openings
- **Provisions +63% y/y** impacted by asset quality and regulation (+33% like-for-like[2])
- **Net income at 2.1 bln TL** (-8% y/y, +12% like-for-like[2])

(1) Indicates net income before minority. 2012 net income after minority: 2,088 mln TL (-9% y/y)
(2) Like-for-like: On fees, impact of change on loan-related fee deferrals, transfer to net interest income and decrease in regulatory cap of money market fund management fees. On provisions, impact of change on general purpose and rescheduled loans on general provisions. On costs, pension fund charge (2Q12: 22 mln TL, 4Q12: 30 mln TL)
(3) On costs, pension fund charge (2Q12: 22 mln TL, 4Q12: 30 mln TL) and impact of growth initiatives in Azerbaijan (11 mln TL)

Sustainable focus on customer business leading to solid balance sheet evolution

bln TL	2011	2012	4QΔ	2012-2011Δ
Total Assets	117.5	131.5	4%	12%
Loans	69.3	77.8	5%	12%
Securities	21.3	22.5	7%	6%
Deposits	66.2	71.1	3%	7%
Borrowings	20.5	23.4	10%	15%
SHE	12.6	16.0	13%	27%
AUM	8.1	9.6	5%	18%

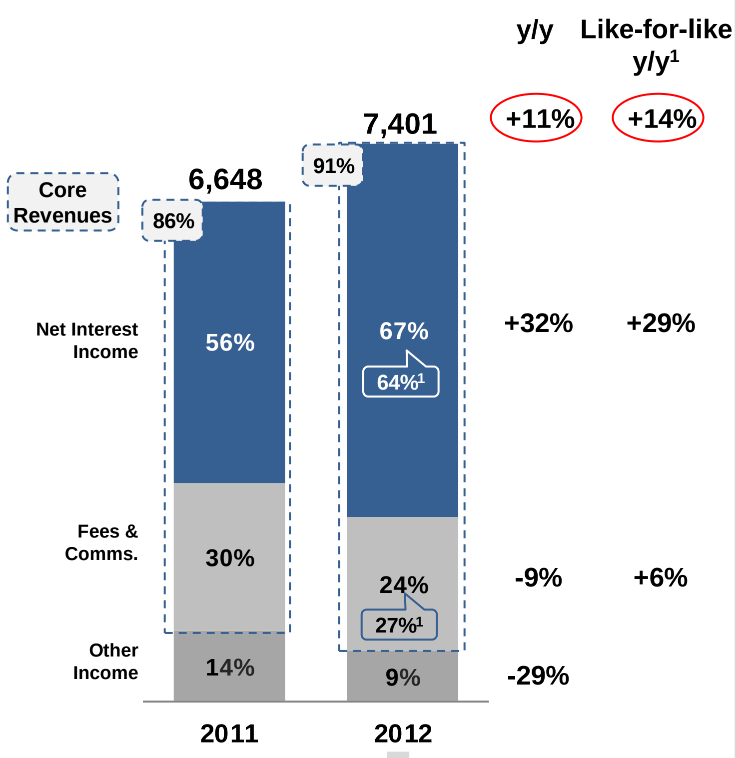
		2011	2012	
Loans/Assets		59%	59%	
Securities/Assets		18%	17%	
Loans/Deposits		105%	109%	
Loans/(Deposits+TL Bonds)		103%	107%	
Loans (excl. LT loans[1])/Deposits		81%	85%	
Leverage[2]		8.3x	7.2x	
Group CAR	Basel I	14.9%	15.2%	Basel II
Bank CAR	Basel I	14.7%	16.3%	Basel II

- **Loans +12% y/y** with acceleration in 4Q (5% vs 2% in 3Q) due to pick-up in consumer demand and downward loan repricing
- **Loans/assets at 59%** (stable vs YE11), **securities/assets at 17%** (-1pp vs YE11) driven by customer oriented approach
- **Deposits +7% y/y** with acceleration in 4Q (3% vs 1% in 3Q) driven by TL
- **Loans/deposits ratio at 109%,** 107% including TL bonds, 85% excluding long-term lending[1]
- **Borrowings +15%** on the back of ongoing funding diversification
- **Shareholders' equity +27%,** also positively impacted by m-t-m of securities reclassified from HTM to AFS

Note: Loan figures indicate performing loans
(1) Long-term loans indicate project finance and mortgages
(2) Leverage ratio: (Total assets–equity)/equity

Revenue performance driven by solid core revenue growth

Revenue Composition (mln TL)



quarterly, 2012	1Q	2Q	3Q	4Q
Total Revenues	**1,599**	**1,644**	**1,872**	**2,286**
Share of Fees (%)	26%	25%	26%	21%
Share of NII (%)	68%	69%	70%	61%

- **Core revenues/revenues at 91%** (vs 86% at YE11) with solid annual growth (+18% y/y)
  - **NII/revenues at 64%** like-for-like[1] (vs 56% at YE11)
  - **Fees/revenues at 27%** like-for-like[1] (vs 30% at YE11)
- **Other income/revenues at 9%** (vs 14% at YE11) mainly driven by normalising collections. **4Q other income driven by:**
  - US$ 380 mln eurobond[2] sale offsetting m-t-m impact of derivative instruments
  - 626 mln TL NPL sale

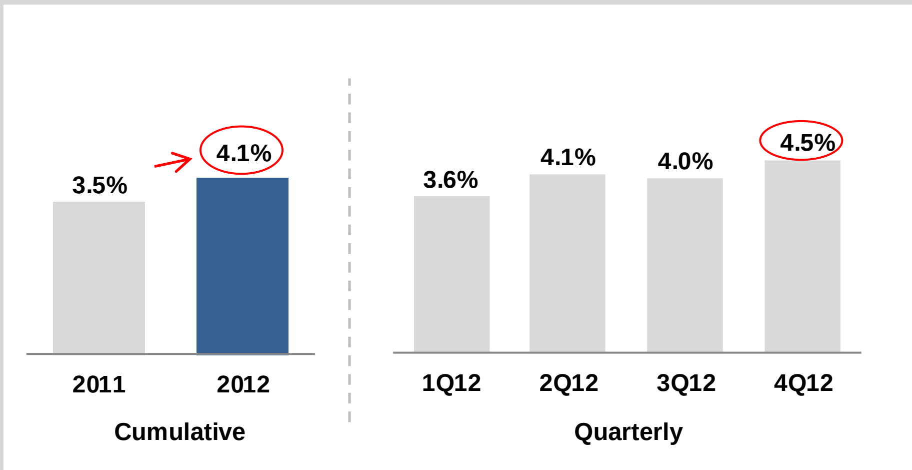
Other Income (mln TL)

	1Q12	2Q12	3Q12	4Q12	2011	2012	y/y
Other Income	**91**	**96**	**74**	**401**	**934**	**662**	**-29%**
Trading&FX (net)	**-45**	**-31**	**-39**	**148**	**-137**	**33**	**nm**
o/w Eurobond Sale Gain	*0*	*0*	*0*	*206*	*0*	*206*	
Collections & Provision Reversals	**10**	**1**	**6**	**60**	**328**	**77**	**-77%**
NPL Sale	**-**	**-**	**-**	**65**	**46**	**65**	**41%**
Subs & other	**126**	**126**	**107**	**128**	**697**	**487**	**-30%**

Note: Core revenues indicate net interest income and net fees & commissions
(1) Like-for-like: On fees, impact of change on loan-related fee deferrals, transfer to net interest income and decrease in regulatory cap of money market fund management fees
(2) Nominal amount

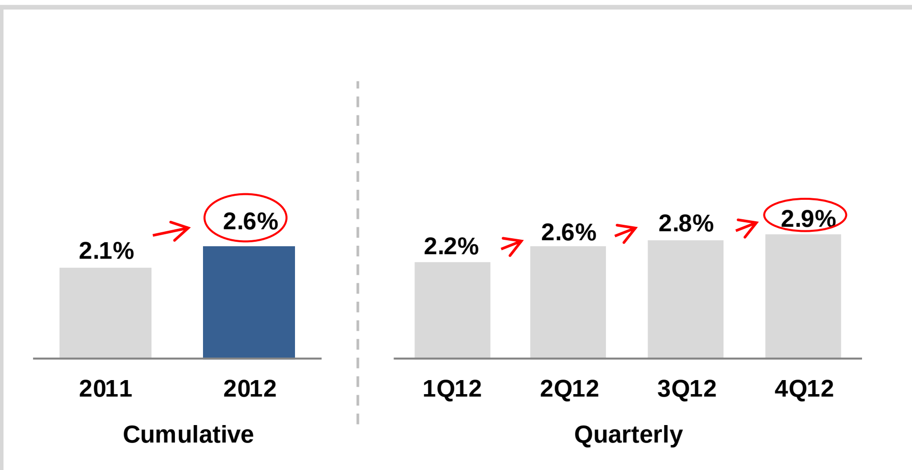
+55 bps NIM expansion driven by upward loan repricing in 1H12 and declining deposit costs in 2H12

Net Interest Margin (NIM)[1] (bank-only)

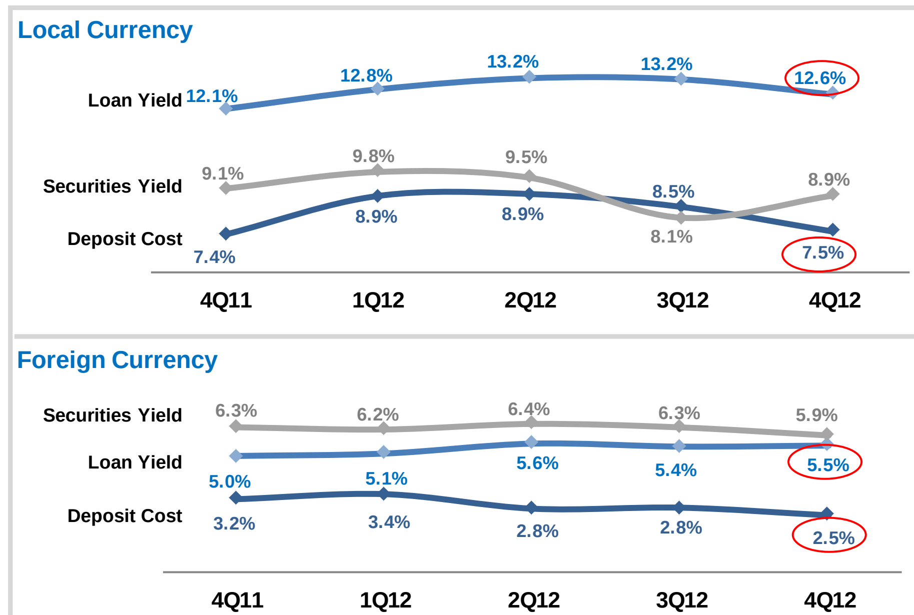


- **Cumulative NIM at 4.1%** (+55 bps y/y) via increasing loan yields driven by impact of upward loan repricing and declining deposit costs in 2H12
  - **Quarterly NIM at 4.5%** (+42 bps q/q) driven by strong decline in deposit costs and higher security yields
- **Cumulative core banking spread at 2.6%** (+49 bps) with consistent positive quarterly evolution

Core Banking Spread[2] (bank-only)



Yields and Spreads (bank-only, quarterly)



Notes: NIM and yield on securities adjusted to exclude the effect of reclassification as per BRSA between interest income and other provisions related to amortisation of issuer premium on HTM securities. Reported NIM figures as follows: 4Q11: 3.6%, 1Q12: 3.8%, 2Q12: 4.0%, 3Q12: 4.3%, 4Q12: 4.4%

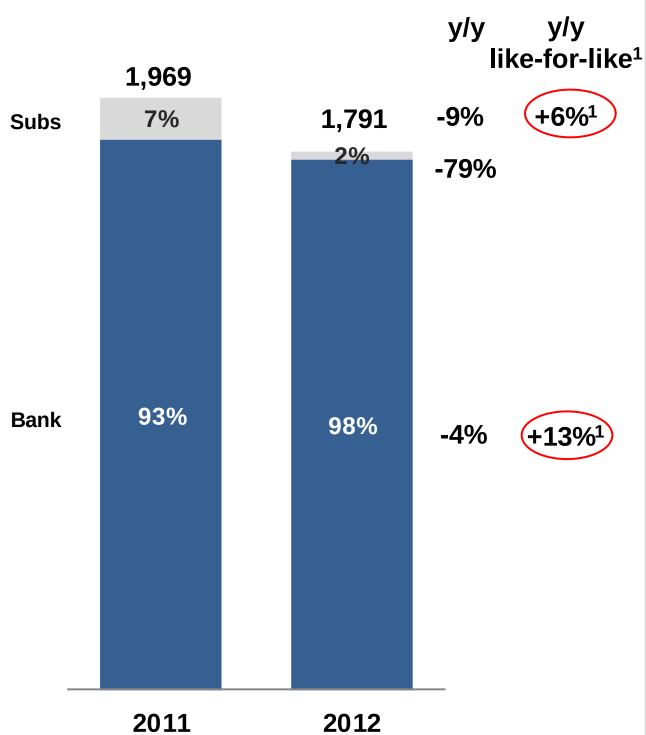
Yield on loans and securities and cost of deposits based on average volumes. Loan yields indicate performing loan volume and net interest income

(1) NIM = Net Interest Income/Average Interest Earning Assets Volume

(2) Core Banking Spread=(Interest income on Loans-Interest Expense on Deposits)/Average(Loans+Deposits)

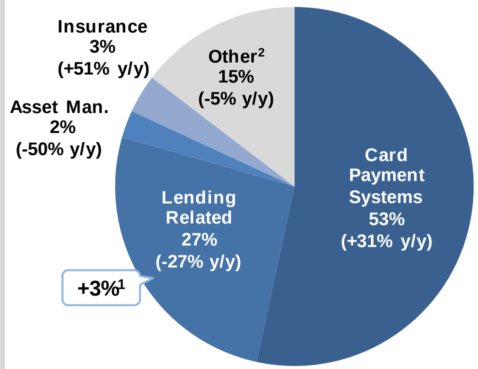
Bank fees +13% y/y[1] driven by solid contribution of credit cards and bancassurance

Net Fees and Commissions (mln TL)

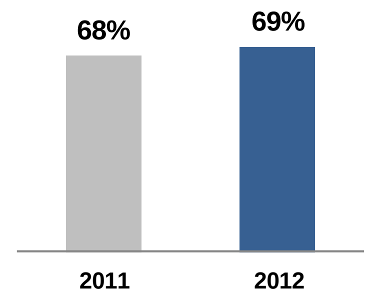


quarterly, 2012	1Q	2Q	3Q	4Q
Total	415	410	483	483

Fees Received Composition
(bank-only)



Fees/Opex[1]
(bank-only)



- **Group fees +6% y/y like-for-like**[1] (-9% y/y stated) driven by **healthy growth at Bank level** (+13% y/y like-for-like[1],-4% y/y stated)
  - **Card fees +31% y/y** driven by above sector volume growth and merchant business
  - **Lending-related fees +3% y/y like-for-like**[1] (-27% y/y stated)
  - **Asset management fees -50% y/y** due to regulatory decrease in money market fund management fee cap rate
  - **Insurance fees +51% y/y** via continuous focus on bancassurance

(1) Like-for-like: On lending related fees, impact of change on loan-related fee deferrals, transfer to NII. On asset management fees, decrease in regulatory cap of money market fund management fees
(2) Other includes account maintenance, money transfers, equity trading, campaigns and product bundles, etc.

Continued focus on value generating loan growth

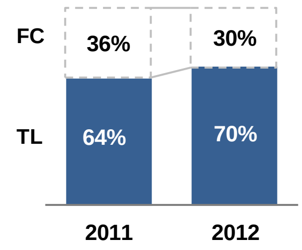
Loans

	YKB 2012	YKB 4QΔ	YKB 2012Δ	Sector 2012Δ	Market Share
Total Loans[1]	**77.8**	**5%**	**12%**	**15%**	***10.0%***
TL	54.4	7%	22%	21%	*9.9%*
FC ($)	13.5	0%	0%	10%	*10.1%*
Consumer Loans	**15.3**	**4%**	**14%**	**15%**	***8.1%***
Mortgages	7.2	6%	10%	14%	*9.1%*
General Purpose	6.9	3%	24%	16%	*6.8%*
Auto	1.2	1%	-8%	8%	*15.2%*
Credit Cards	**14.4**	**10%**	**39%**	**31%**	***19.4%***
Companies	**48.1**	**4%**	**6%**	**14%**	***9.1%***
TL	24.7	7%	19%	23%	*8.4%*
o/w Com. Install.	7.3	0%	5%	17%	*8.2%*
FC ($)	13.5	0%	0%	10%	*10.1%*

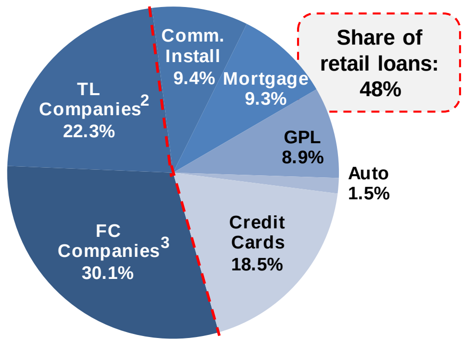
- **Total loans +12% y/y** driven by **above sector TL lending** (+22% y/y) leading to further improvement in currency mix (share of TL +6pp to 70%). **FC loans stable** due to selective strategy
- **Above sector TL loan growth** driven by GPL (24% vs 16% sector) and credit cards (39% vs 31% sector)

Loan Composition

by Currency



by Product

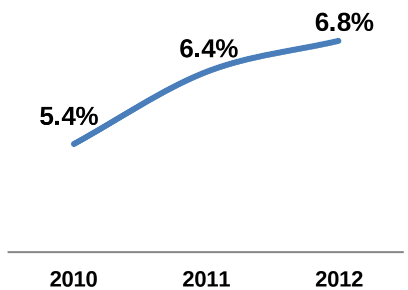


Key Growth Areas

GPL Market Share

Continuous market share gains

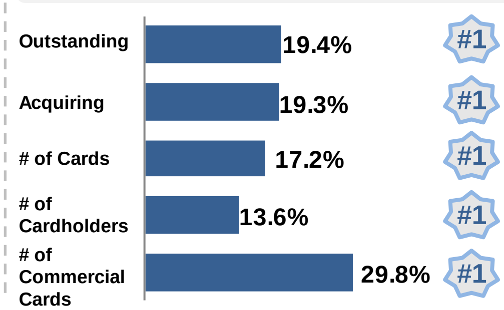
- Innovative applications and campaigns
- Simplification of processes
- Automatic credit granting channel



Credit Cards Market Share

Reinforced position as leader in all areas

- Targeted customer propositions
- Effective limit management
- +7.5pp in commercial card market share



Note: Sector data based on weekly BRSA figures. Market shares based on unconsolidated figures for YKB and sector according to BRSA classification with FC-indexed loans included in TL loans. Breakdown of TL and FC company loans based on MIS data. Credit card market shares based on cumulative figures
(1) Total performing loans
(2) Share in TL company loans: corporate (9%), commercial (38%), SME (53%)
(3) Share in FC company loans: project finance (45%), working capital (19%) and LT investments (36%)

Significantly above sector TL deposit growth via effective implementation of unique 1-to-1 deposit pricing tool

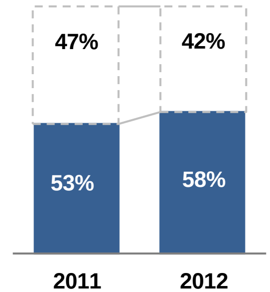
Deposits

	YKB 2012	YKB 4QΔ	YKB 2012Δ	Sector 2012Δ	Market Share
Total Deposits	71.1	3%	7%	11%	*8.9%*
TL	41.0	4%	17%	13%	*8.2%*
FC ($)	17.3	1%	3%	15%	*10.1%*
Customer Deposits[1]	69.7	3%	8%	11%	*9.3%*
Demand Deposits	11.8	6%	7%	16%	*8.6%*
AUM[2]	9.6	5%	18%	14%	*17.4%*

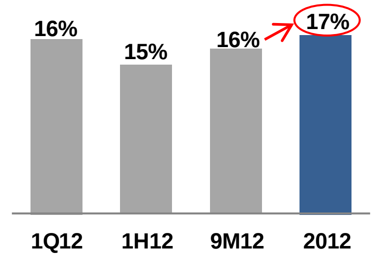
- **Deposits +7% y/y** driven by **strong above sector growth in TL deposits** (+17% vs +13% sector) **better than sector evolution of TL deposit costs**
- **Demand/total deposits at 17%** (vs 16% in 3Q)
- **Solid growth in AUM** (+18% vs +14% sector) mainly driven by private pension funds

Deposit Composition

by Currency

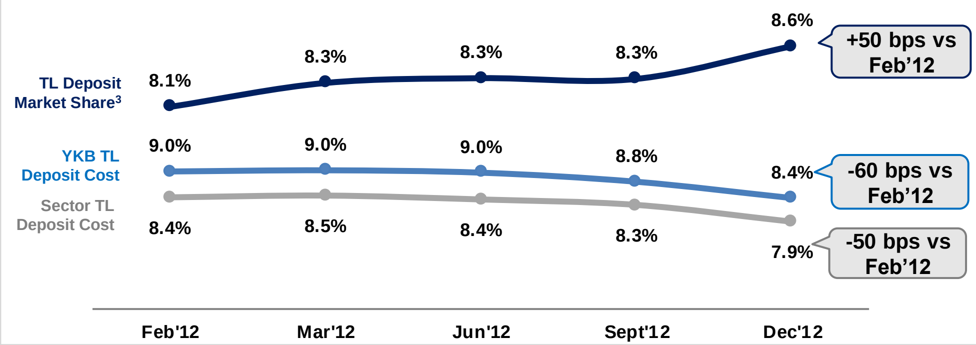


Demand Deposits/Total



1-to-1 Deposit Pricing Tool

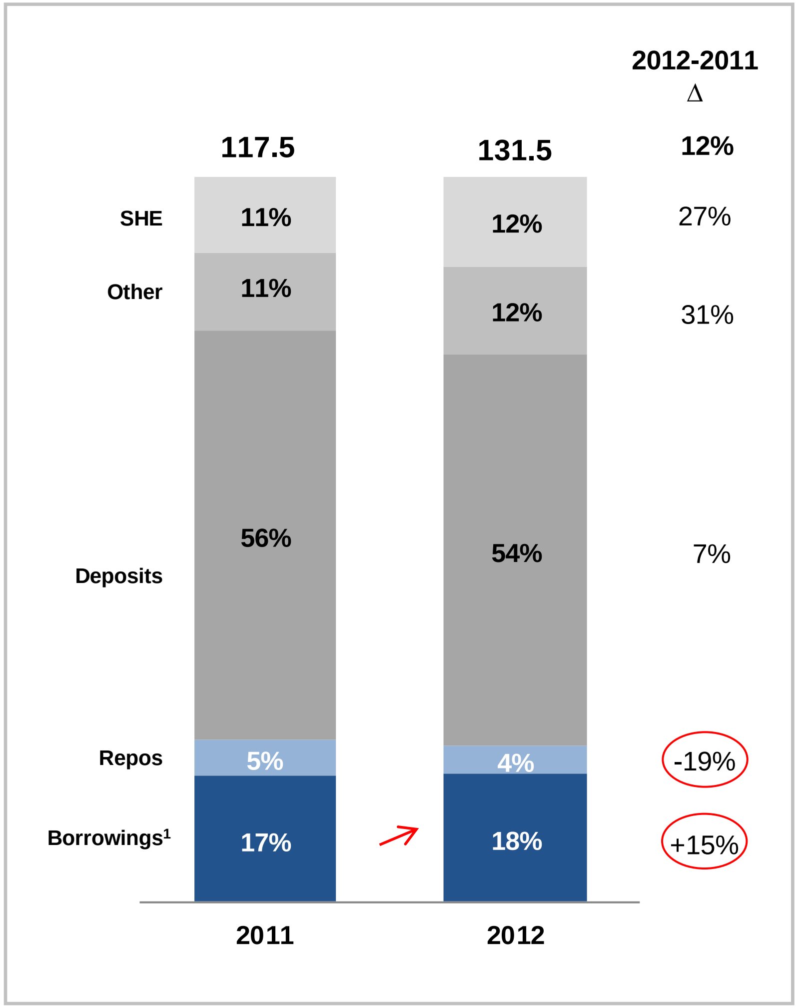
- **Rolled-out in Feb'12 and unique in Turkey.** Aims to ensure cost-effective deposit growth via determining rates based on customer price elasticity and behaviour
- **Focused on small-ticket TL individual deposits**; TL private deposits integrated in 1Q13, FC deposits planned to be included in 2013



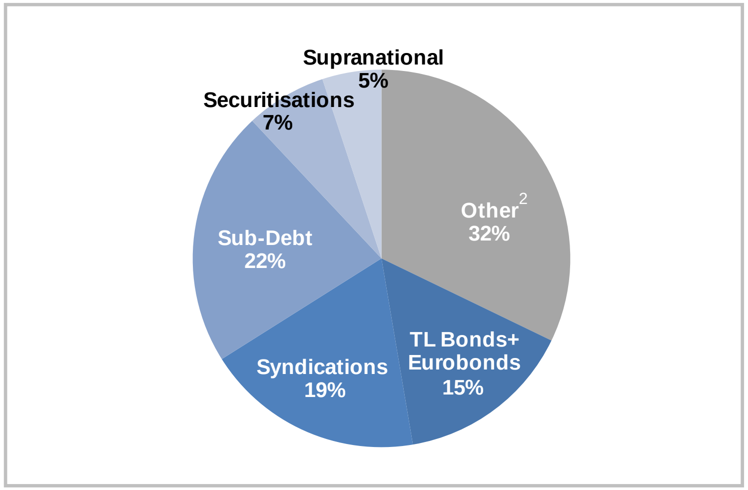
Note: Market shares based on unconsolidated figures for YKB and sector
(1) Customer deposits exclude bank deposits
(2) YKB AUM volume includes mutual funds, pension funds and discretionary portfolio management (DPM). Market share excludes DPM
(3) Based on BRSA weekly data, indicates customer deposits

Continuous diversification of funding base through issuances in both international and domestic markets

Liability Composition (bln TL)



Borrowings Composition

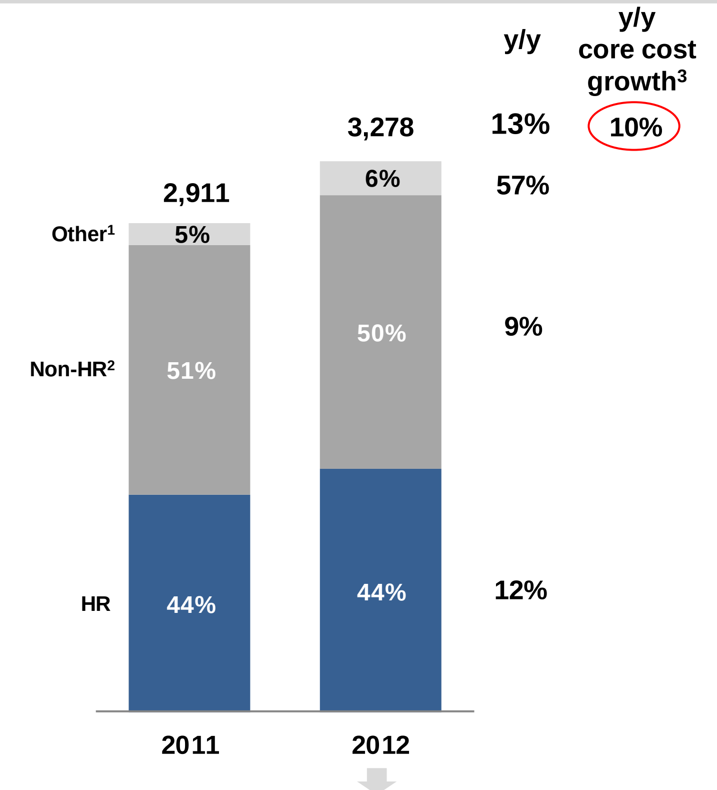


- **Borrowings / liabilities at 18%** (vs 17% at YE11) driven by continuous funding diversification
  - Feb'12: US$ 500 mln Eurobond, 6.75% coupon rate; US$ 585 mln sub-debt from UniCredit at Libor+8.3%[3]
  - Nov'12: TL 458 mln SME-backed covered bond; highest rating for Turkish bonds (A3 by Moody's)
  - Dec'12: US$ 1 bln sub-debt at 5.5% coupon rate; 7x oversubscribed
  - TL 1.2 bln outstanding local currency bonds
- **Repo funding utilised as a short-term liquidity management tool** (4% of total liabilities)

(1) Includes funds borrowed, sub-loan and marketable securities issued. Please refer to annex for details on international borrowings
(2) Other includes eximbank, postfinancing loans and subsidiaries
(3) In Jan'13, sub-debt was repaid in full and replaced with a new sub-debt of US$ 585 mln at 5.5% coupon rate

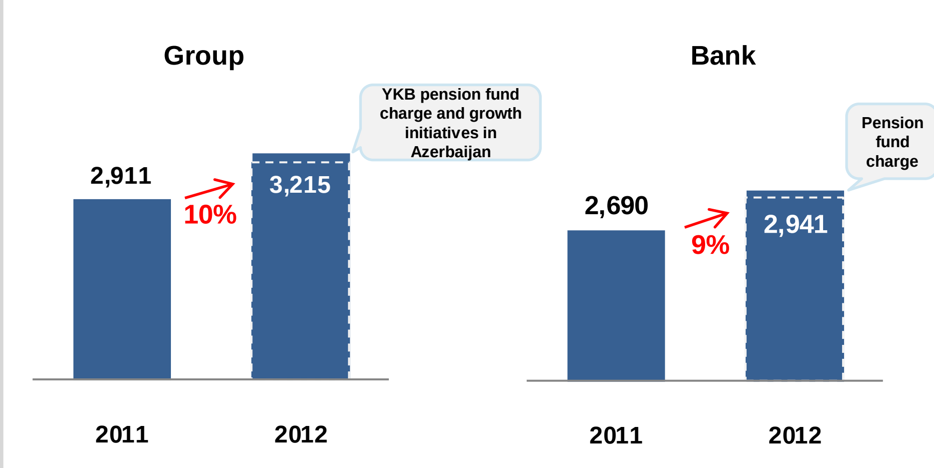
Core cost growth in line with average inflation

Total Operating Costs (mln TL)



quarterly, 2012	1Q	2Q	3Q	4Q
Total Costs	**790**	**797**	**745**	**946**
Share of HR	42%	46%	47%	42%
Share of Non-HR	53%	47%	48%	51%
Share of Other	5%	7%	5%	7%

Core Cost Evolution[3] (Group / Bank)

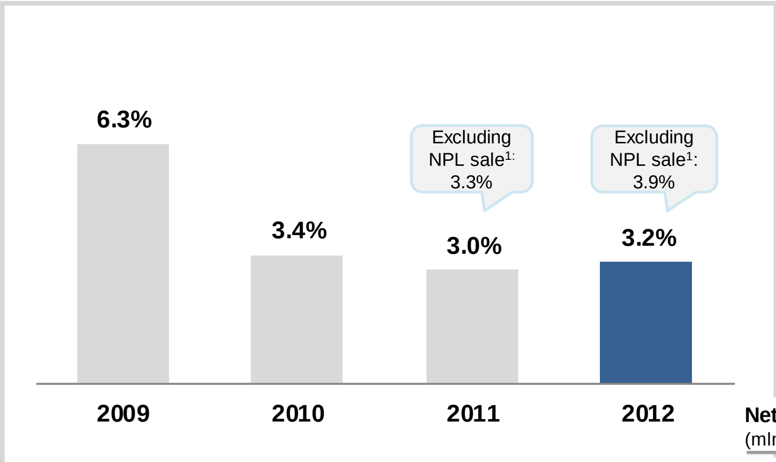


- **Total costs +13% y/y. Core cost growth[3] +10% y/y**, in line with average inflation
  - **HR costs +12% y/y**
  - **Non-HR costs +9% y/y** incorporating ongoing branch expansion (928 branches, 21 net new openings)
  - **Other costs +57% y/y** due to pension fund charge[3] (+17% y/y excluding)

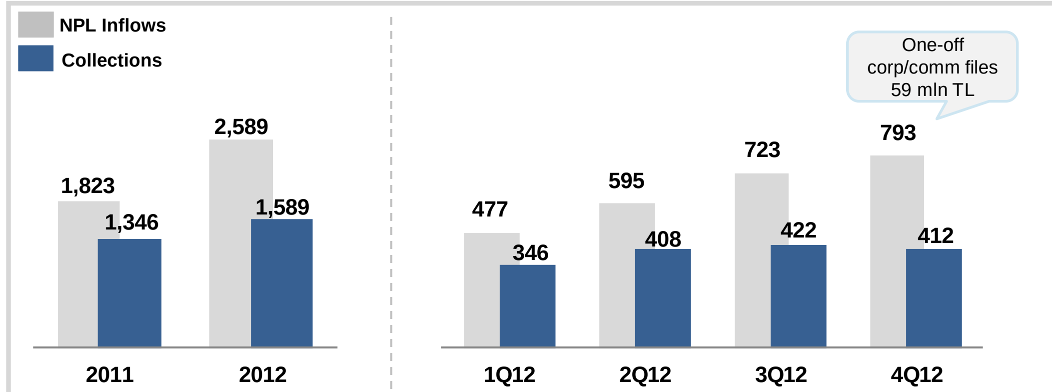
(1) Other includes pension fund provisions and loyalty points on Worldcard
(2) Non-HR costs include HR related non-HR, advertising, rent, SDIF premium, taxes, depreciation and branch tax (2011: 44 mln TL, 2012: 53 mln TL)
(3) Pension fund charge mainly driven by regulatory changes (2Q12: 22 mln TL, 4Q12: 30 mln TL). Group cost base also excluding impact of growth initiatives in Azerbaijan (TL 11 mln)

Asset quality trend in line with soft-landing, also positively impacted by NPL portfolio sale in 4Q

NPL Ratio

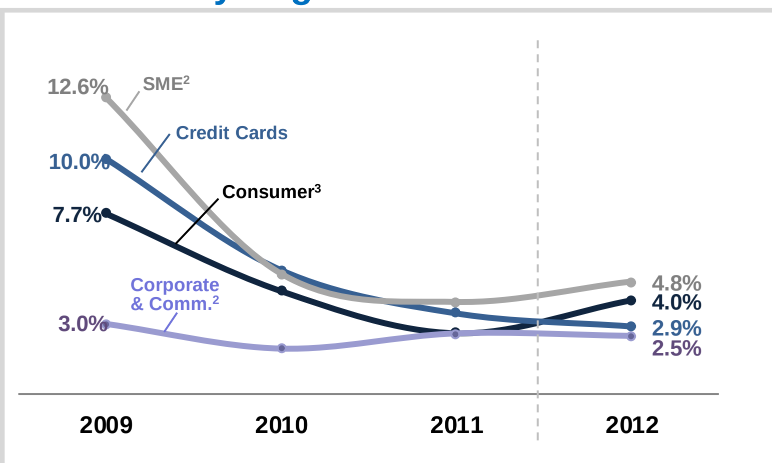


NPL Inflows and Collections (mln TL)



	2011	2012	1Q12	2Q12	3Q12	4Q12
Net Inflows[4] (mln TL)	178	941	132	187	301	322
Collections/ Inflows[4]	88%	63%	72%	69%	58%	56%

NPL Ratio by Segment

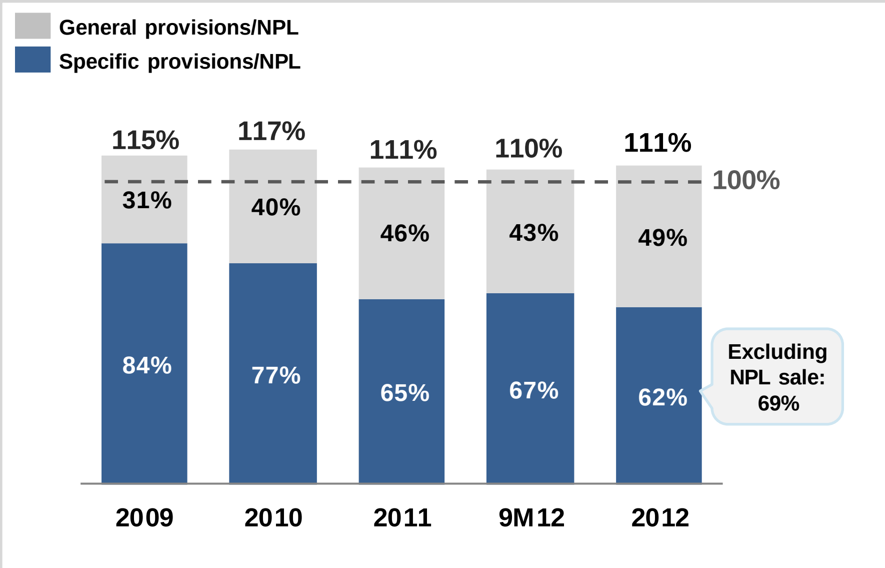


- **NPL ratio at 3.2%** driven by:
  - **Resilience in corporate / commercial** (in line with sector, both in trend and absolute terms)
  - **Outstanding performance in credit cards** (NPL ratio 2.9% vs 4.8% sector) despite strong growth. Solid performance in mortgages (NPL ratio at 0.7%, in line with sector)
  - **Continuing retail inflows** (mainly in SME and GPL) **accompanied by start of stabilisation towards end of 4Q**, especially in consumer thanks to focused actions
  - **626 mln TL NPL sale** of SME, individual, credit card and corporate /commercial loans (560 mln TL on-BS impact)
- **Collections/NPL inflows at 63%** in 2012 due to rising NPL inflows despite sound collection level
- **Ongoing focus on early collection, restructuring for individual** and **SME, enhanced monitoring** and **behavioural retail scoring system**

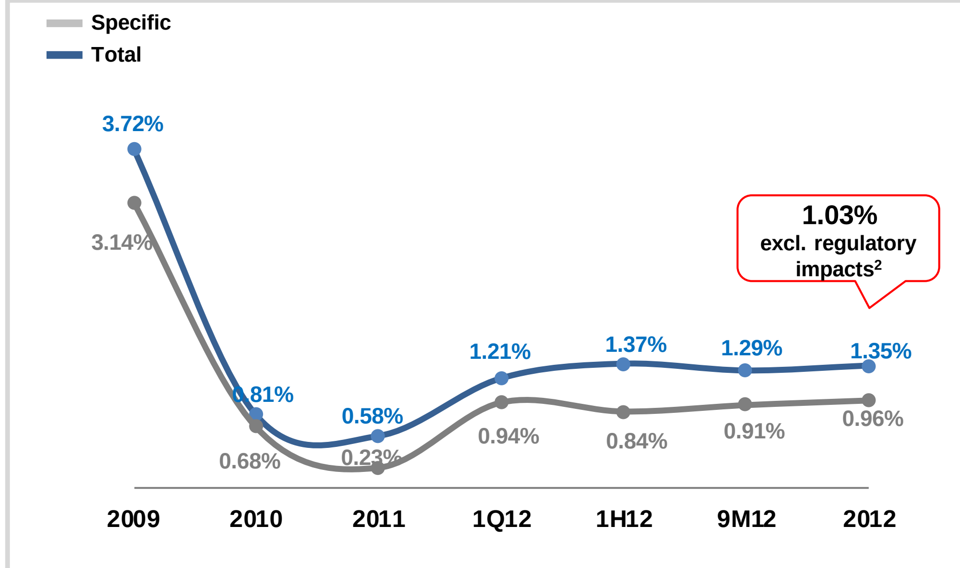
(1) 290 mln TL credit cards and individual loan NPL portfolio sale in 4Q11. 626 mln TL SME, individual, credit card and corporate /commercial loans NPL sale (560 mln TL on-BS impact)
(2) As per YKB's internal segment definition, SMEs: companies with annual turnover <5 mln US$. Corporate & Commercial: companies with annual turnover >5 mln US$
(1) Including cross default. If excluding, 2012 consumer NPL ratio: 3.4%
(2) Excluding impact of a few commercial positions being transferred from watch loans category to NPL impacting 3Q11 (121 mln TL), 4Q11 (178 mln TL), and 4Q12 (59 mln TL)

Cost of risk below the through-the-cycle level with stable total NPL coverage

Specific and General Provisioning



Cost of Risk[1] (Cumulative, net of collections)



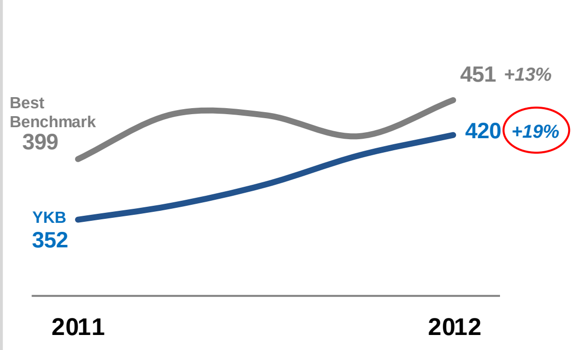
- **Total NPL coverage[3] at 111%. Specific coverage ratio impacted by 100% provisioned NPL sale** (560 mln TL on-balance sheet impact). Excluding NPL sale impact coverage at 69%
- **Total cost of risk** (net of collections) **at 1.35%** (vs 1.29% in 9M12) driven by (i) three corp / comm file entries in 4Q (ii) retail NPL inflows (iii) additional provisioning to strengthen coverage level following NPL sale in 4Q
- **Total cost of risk** (net of collections) **excluding regulatory impacts at 1.03%,** below through-the-cycle level of 1.10%

(1) Cost of risk = (total loan loss provisions – collections)/total gross loans
(2) Excluding regulatory impacts on provisions: change in general purpose and rescheduled loans general provisioning requirements
(3) Total NPL coverage indicates (specific + general provisions)/NPLs

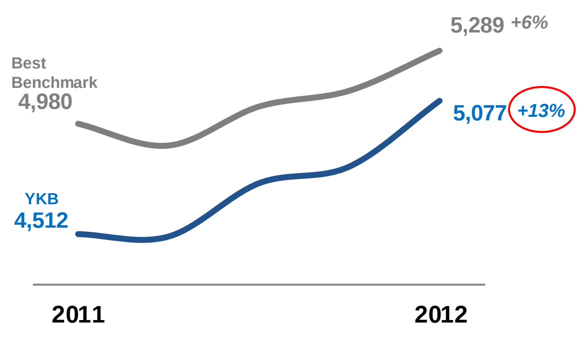
Continuous improvement in commercial effectiveness indicators with ongoing increase in network efficiency

Productivity

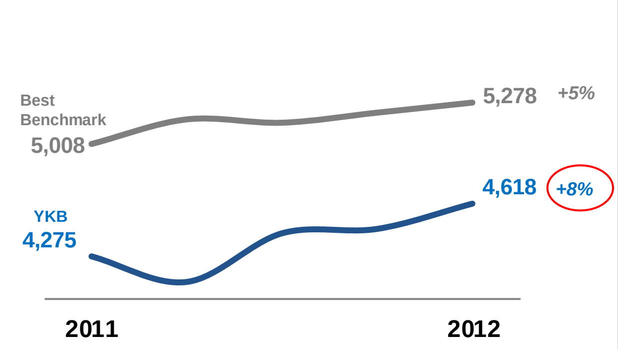
Core Revenues/Employee (ths TL)



Loans/Employee (ths TL)

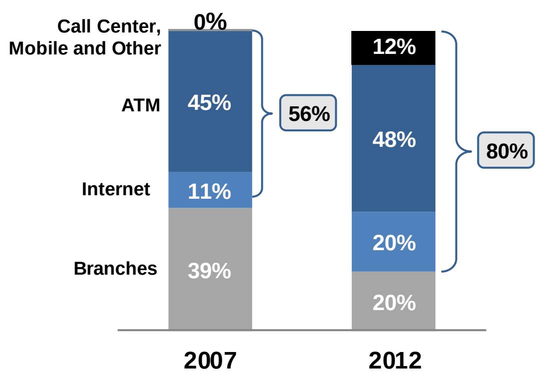


Deposits/Employee (ths TL)

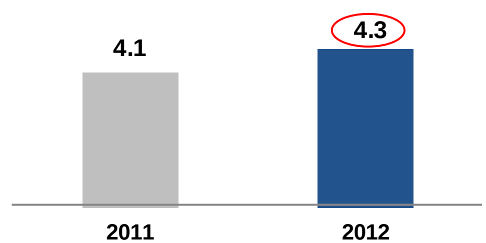


Systems / Efficiency

Non-branch Channels in Total Transactions

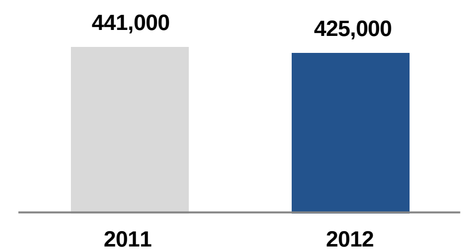


Retail Cross-Sell



Conversion of Card-only Customers

- 2.5 mln total card-only customers at YE12
- 113% achievement of 2012 conversion target



- **Significant improvement in productivity indicators** leading to further decrease in gap vs best benchmark
- **Share of non-branch channels in total banking transactions up to 80%** (vs 56% in 2007). Full upgrade of mobile banking application leading to 15.5% market share and ongoing ATM deployment (+122 up to 2,819) in 2012
- **Strong focus on increasing cross-sell** and **converting card-only customers**

Agenda

- Operating Environment
- 2012 Results (BRSA Consolidated)
- **Performance of Strategic Business Units & Subsidiaries**
- 2013 Outlook and Strategy

Solid performance across all segments. Private impacted by decrease in money market fund management fee cap

Business Units (bank only)

Weight in Bank

Revenues[1]	Customer Business[2]		Revenues (mln TL)	Y/Y (2012 – 2011)	Drivers of Revenue Growth
42%	37%	Retail[3]	2,461	15%	**Value generating growth** leading to **margin expansion.** Solid revenue performance by SME (+24%)
15%	9%	Card Payment Systems[4]	868	6%	**Increasing contribution of merchant business, volume growth** and **fee income** despite higher cost of funding
2%	14%	Private	124	-6%	**Impact of decrease in money market fund management fee cap**
7%	18%	Corporate	433	16%	**Positive impact of margin expansion** and fee generation
19%	20%	Commercial	1,132	20%	**Positive impact of margin expansion** and **sub-segmentation** into mid-commercial and large-commercial

(1) Total share of business units at 85% in 4Q12 (excluding impact of POS revenues recognition in card payment systems). The remaining 15% is attributable to treasury and other operations
(2) Customer business= Loans + Deposits + AUM. Excluding other (2%)
(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

Continuing solid contribution from subsidiaries. YK Portföy impacted by regulation

		Revenues (mln TL)	Revenue (y/y growth)	ROE	Sector Positioning	Drivers of Revenue Growth
Core Product Factories	YK Leasing	215	3%	15%	**#1 in total transaction volume** (17.2% mkt share)	Solid volume growth despite lower spreads
	YK Factoring	89[1]	19%[1]	28%	**#1 in total factoring volume** (15.0% mkt share)	New customer acquisition, further customer penetration and margin expansion due to lower cost of funding
	YK Portföy	46	-30%	58%	**#2 in mutual funds** (18.0% mkt share)	Lower fee income due to regulatory decrease in money market fund management fee cap
	YK Yatırım	122[2]	9%[2]	36%	**#2 in equity transaction volume** (7.0% market share)	Increase in customer acqusition and further customer penetration offsetting impact of decrease in fee income
Insurance Subs	YK Sigorta	195[3]	11%[3]	25%	**#1 in health insurance** (22.7% market share)	Above sector volume growth and increase in technical margin driven by health
	YK Emeklilik	167	32%	53%	**#3 in private pension[5]** **#4 in life insurance[4]** **#5 in non-life insurance[6]**	Increase in private pension fund volume (sector rank up by one notch to #3) and life insurance
International Subs	YK Azerbaijan	30 mln US$	44%[7]	6%	**US$ 295 mln** total assets	Increase in retail loan volume and positive contribution of 3 new branch openings
	YK Moscow	14 mln US$	flat[7]	10%	**US$ 212 mln** total assets	Positive impact of upward loan repricing
	YK NV	47 mln US$	-21%[7]	9%	**US$ 2.3 bln** total assets	Decrease in fee income and ongoing margin pressure

Note: Revenues in TL, unless otherwise stated.
(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) Market share 7.7%
(5) Market share 17.1%
(6) Market share 7.2%
(7) Currency adjusted y/y revenue growth

Agenda

Positive macro outlook for 2013 supporting healthy volume growth, stabilised asset quality and positive evolution of revenues

2013 Guidance

Macro

GDP Growth	4.8%	Rebalancing with acceleration via higher domestic demand and strong net exports
CPI Inflation	6.4%	Stable trend due to still moderate domestic demand
Policy Rate	5.5%	Stable policy rate. Other tools to be used actively to manage price and financial stability
Current Account Deficit /GDP	6.5%	Marginal pressure despite accelerated GDP growth

Sector

Loan Growth	17%	Local currency driven growth (TL: 20% FC ($): 13%)
Deposit Growth	13%	Balanced growth in terms of currency (TL: 13% FC ($): 11%)
Net Interest Margin	Stable / Slightly Down	Gradual decline in loan and security yields accompanied by stable deposit costs
Cost of Risk	Stable / Slightly Down	Continuation of normalisation trend

Yapı Kredi

Focus on value generating loan growth

18% Loan Growth

- Total loan growth aligned with sector
- ~20% TL loan growth via market share gains in value generating segments / products
- ~13% FC loan driven by project finance
- Ongoing gains in commercial effectiveness via customer penetration, activation and cross-sell

Dynamic NIM management

Stable/ Slightly Down Net Interest Margin

- Loan yields to be impacted by downward loan repricing in 1H followed by stable trend in 2H
- Deposit costs to remain in line with sector despite more rapid volume growth

Further strengthening of funding base

17% Deposit Growth

- Total deposit growth above sector driven by ~20% TL deposit growth
- Further enhancements to 1-to-1 deposit pricing tool
- Continued focus on funding diversification via eurobonds, TL bonds etc.

Disciplined cost control

9% Cost Growth

- Emphasis on cost efficiency and strict management of ordinary costs
- Ongoing investments for growth (30/40 branch openings)
- Focus on decreasing cost to serve

Continued focus on fee generation

17% Fee Growth

- Solid growth driven by acceleration in business volumes

Proactive asset quality management

Stable/ Slightly Down Cost of Risk

- Specific CoR stable with some NPL inflows in 1H followed by stabilisation / improvement in 2H
- General CoR subject to regulation impact and incorporating volume growth/mix effect
- Enhancement of underwriting, monitoring and collections

Continued focus on long-term strategic pillars

Growth & Commercial Effectiveness

- **Selective and quality loan growth**
- Focus on customer **penetration, acquisition, activation** and **cross-sell**
- **Continuation of organic growth**
- **Process redesign /enhancement of sales effectiveness**

Funding & Capital

- **Above sector deposit growth** & optimisation of pricing/mix
- **Proactive LDR management**
- **Funding diversification** with focus on pricing/maturity
- **Effective use of capital** with strengthening actions in place

Efficiency & Cost Optimisation

- **Disciplined cost efficiency approach**
- Development of **lower cost to serve** models with enhancement of time to serve
- **Ongoing investments for growth,** also leveraging on **multi-channel approach**

Asset Quality

- **Dynamic and proactive portfolio management**
- Continuous investments to **maintain below through-the-cycle cost of risk**
- **Focus on decreasing NPL entries while improving collections /collateralisation**

Note: LDR indicates loans/deposits ratio

Agenda

- Operating Environment
- 2012 Results (BRSA Consolidated)
- Performance of Strategic Business Units & Subsidiaries
- 2013 Outlook and Strategy
- **Annex**

Agenda

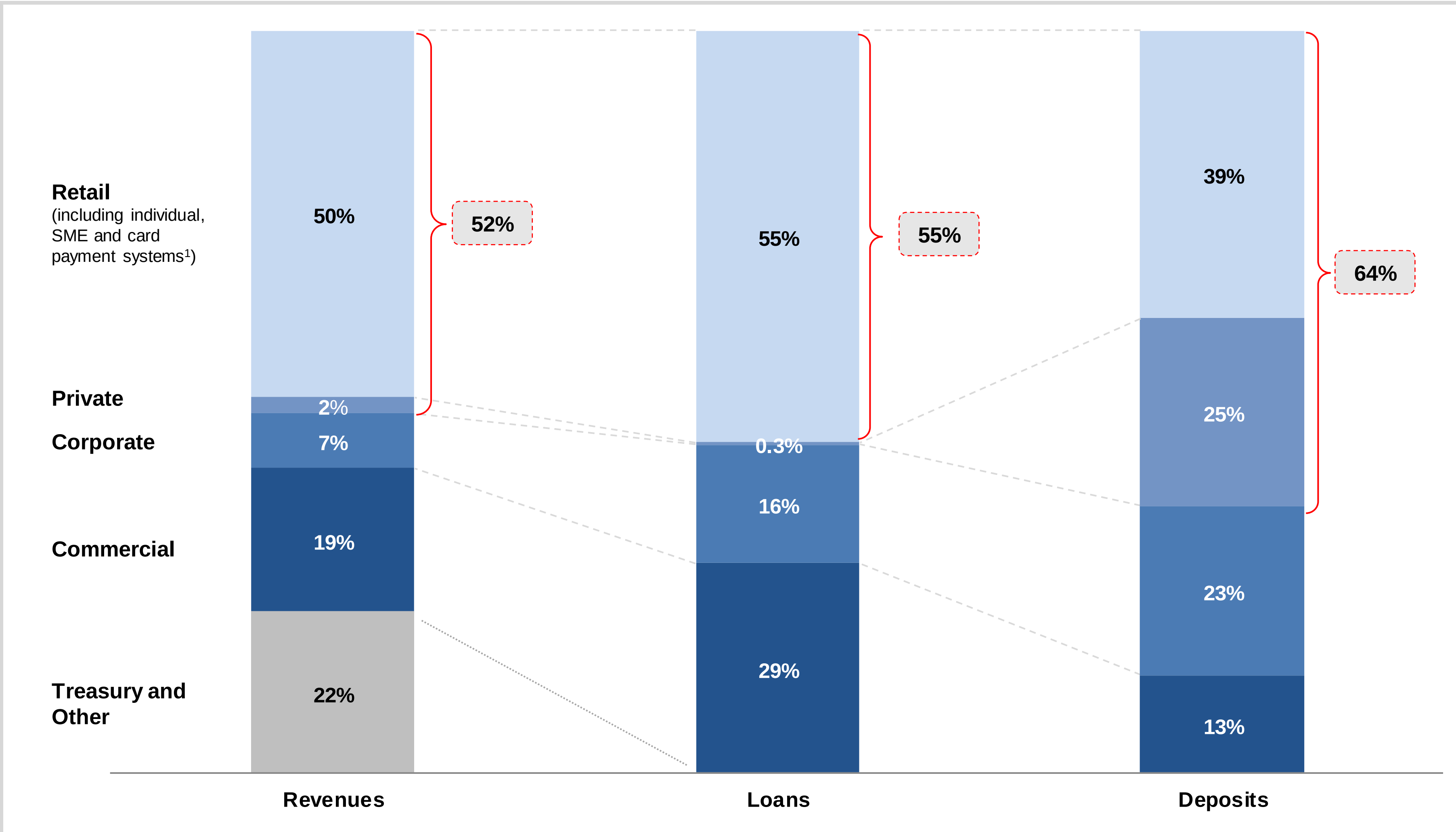
- **Detailed Performance by Strategic Business Unit**
- Other Details

Definitions of Strategic Business Units (SBU)

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

Diversified revenue mix with retail focused loan and deposit portfolio

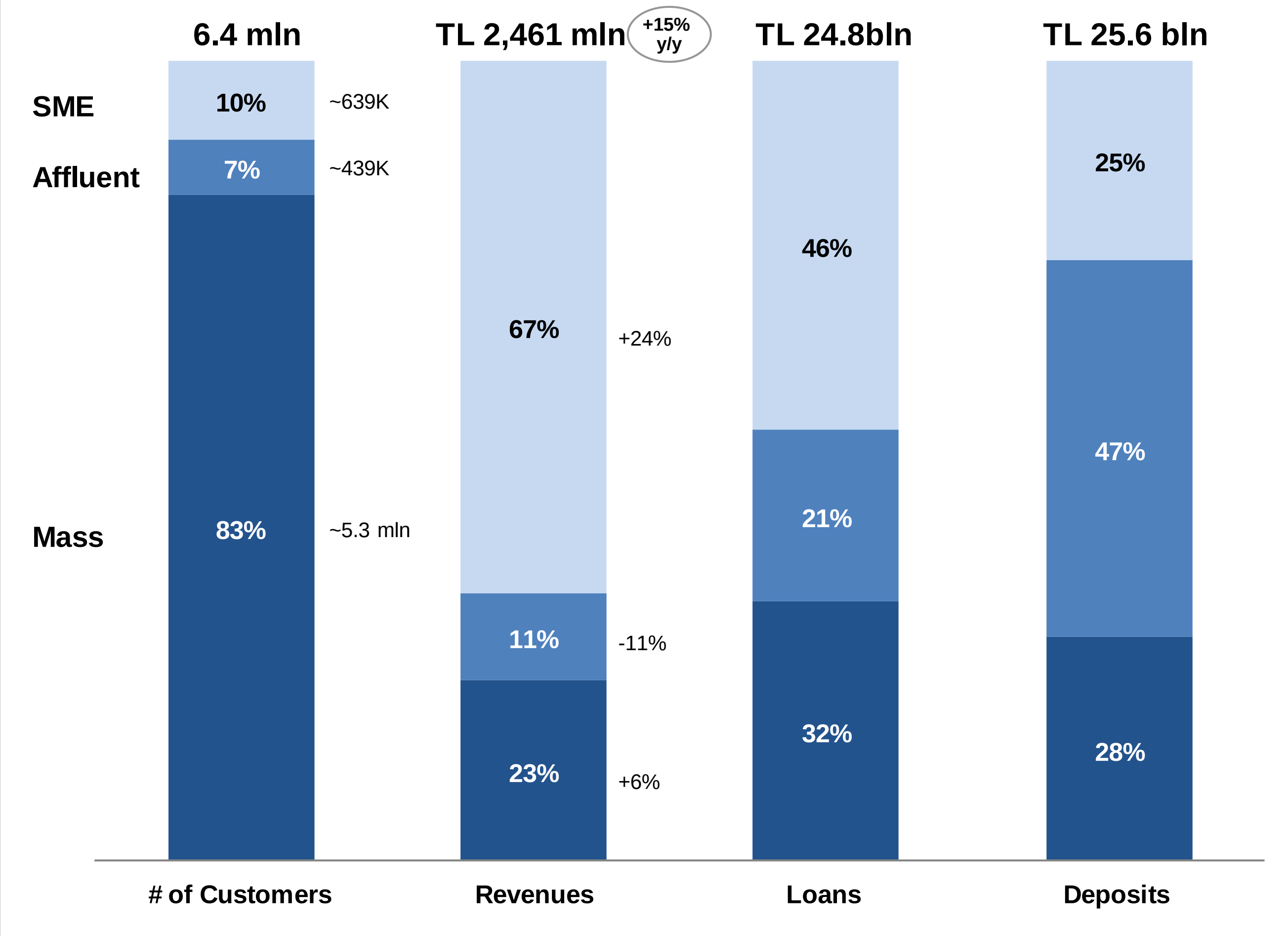
Revenues and Volumes by Business Unit (2012, Bank only)



Note: Loan and deposit allocations based on end of period volumes (source: MIS data).
(1) Card payment system revenues excluding POS revenues

+15% y/y revenue growth mainly driven by SME segment

Retail Banking Composition (2012)

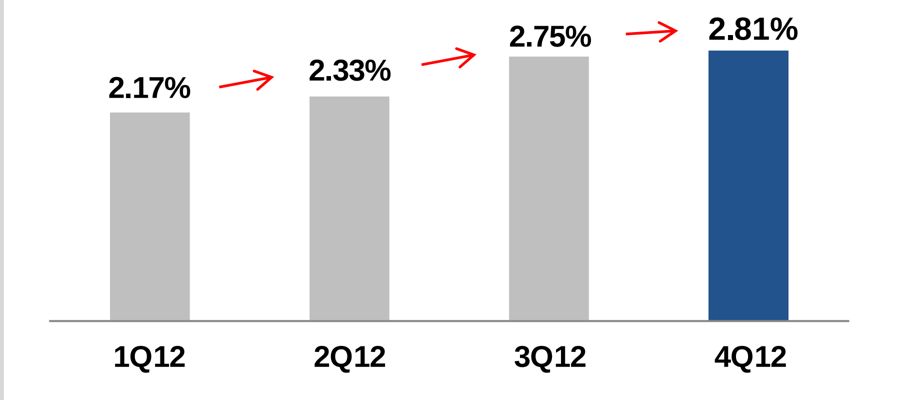


- **Mass Segment: ~5.3 mln customers** generating:
  - 23% of retail revenues
  - 32% of retail loans
  - 28% of retail deposits
- **Affluent Segment: ~439K customers** generating:
  - 11% of retail revenues
  - 21% of retail loans
  - 47% of retail deposits
- **SME Segment: ~639K customers** generating
  - 67% of retail revenues
  - 46% of retail loans
  - 25% of retail deposits

Retail (Mass & Affluent)
Value generating growth and consistent margin expansion

TL mln	2012	2012-2011
Revenues	824	0%
Loans	13,320	17%
Deposits	19,241	17%
AUM	2,265	-17%
% of Demand in Retail Deposits	15%	-2.7 pp
% of TL in Retail Deposits	74%	1.5 pp
% of TL in Retail Loans	100%	0.3 pp

Revenues/Customer Business[1]



- **Revenues stable y/y** driven by strong net interest income growth (+45%) partially offsetting the impact of regulation change on fees
- **Loans +17%** mainly driven by above sector growth in general purpose loans (+24%)
- **Deposits +17%** on the back of strong TL deposit growth (+20%) reinforced by one-to-one deposit pricing tool

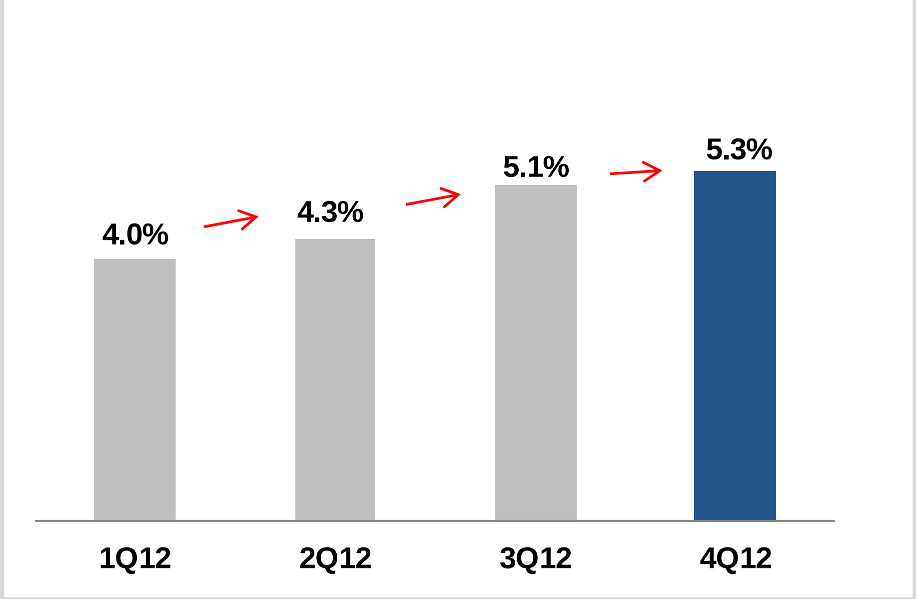
Note: Volumes (loans, deposits and AUM) based on end of period data except for revenues/customer business ratio which is based on 3 month average on an annualised basis. MIS data.
(1) Customer business: Loans + Deposits + AUM

Retail (SME)

Solid revenue performance driven by margin expansion

TL mln	2012	2012-2011
Revenues	1,637	24% ↑
Loans	11,466	12% ↑
Deposits	6,373	3% ↑
AUM	622	-21% ↓
% of Demand in SME Deposits	42%	-3.7 pp
% of TL in SME Deposits	70%	-3.0 pp
% of TL in SME Loans	96%	1.1 pp

Revenues/Customer Business[1]



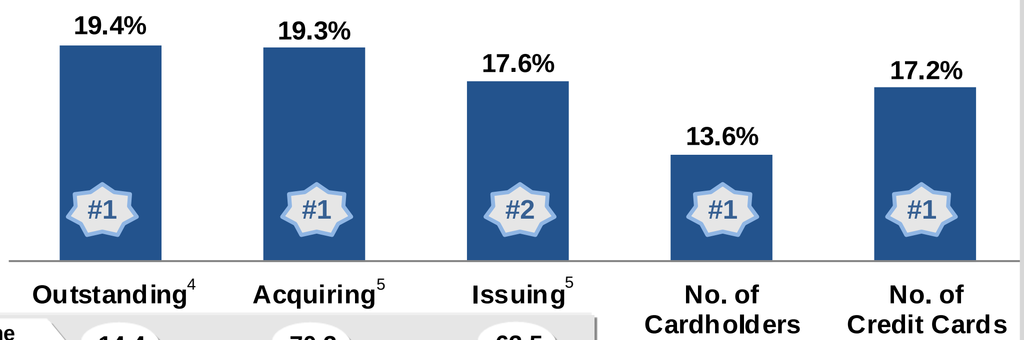
- **Revenues +24% y/y** driven by focus on profitable products (ie commercial overdraft accounts, revolving loans)
- **Loans +12%** driven by TL lending (+13%)
- **Deposits +3%** driven by FC deposits (+15%)

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

Card Payment Systems
Reinforced leadership position in almost all areas

	2012	2012-2011
Net Revenues[1] (mln TL)	868	6%
# of Credit Cards[2] (mln)	9.3	13%
# of Cardholders (mln)	5.3	6%
# of Merchants (ths)	340	4%
# of POS (ths)	446	3%
Activation	83%	-

Market Shares[3]



	Outstanding	Acquiring	Issuing
Volume (bln TL)	14.4	70.3	63.5
y/y growth	39%	18%	19%

- **Above sector outstanding volume growth** (+39% vs 31% sector)
- **Leadership position** in outstanding, acquiring, number of cards and number of cardholders
- **Highest amount of payment system fees and commissions** in the sector (2012: TL 1,156 mln)
- **Below sector credit card NPL ratio** (2.9% vs 4.8% at sector)

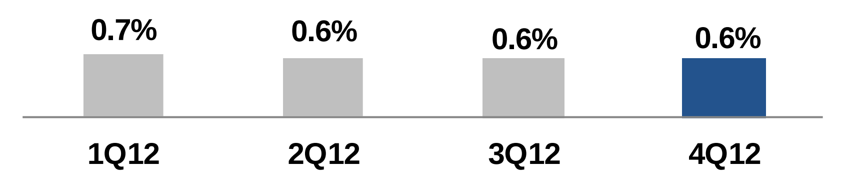
(1) Card payment systems revenues (net off Worldcard loyalty point expenses) include POS revenues. POS portion is also recognised in other related segment revenues
(2) Including virtual cards (2011: 1.4 mln, 2012: 1.8 mln)
(3) Market shares based on bank-only figures as of December 2012
(4) Outstanding volume is the sum of individual and commercial credit card volume
(5) Acquiring and issuing volumes are based on 12 month cumulative figures

Private

Revenues impacted by decrease in money market fund management fee cap

TL mln	2012	2012-2011
Revenues	124	-6%
Loans	208	-20%
Deposits	16,733	1%
AUM	2,846	35%
% of Demand in Private Deposits	4%	0.1 pp
% of TL in Private Deposits	61%	2.1 pp
% of TL in Private Loans	84%	3.0 pp

Revenues/Customer Business[1]



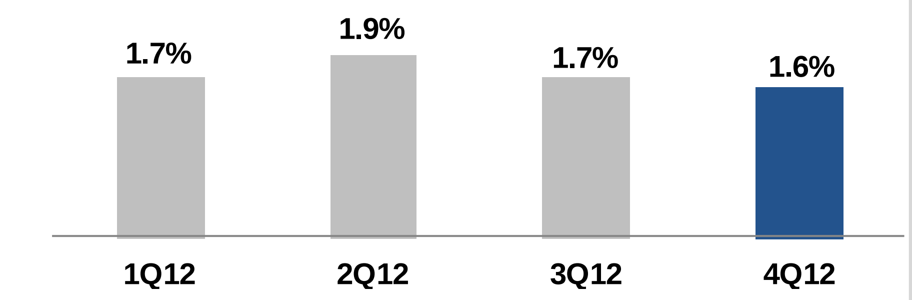
- **Revenues -6% y/y** impacted by decrease in money market fund management fee cap
- **Deposits +1%** driven by TL deposits (+4%)
- **AUM +35%** driven by positive performance of mutual and pension funds
- **Customer portfolio further diversified** through strong synergies with asset management and brokerage product factories

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 lending strategy

TL mln	2012	2012-2011
Revenues	433	16%
Loans	11,276	-6%
Deposits	15,091	7%
AUM	1	-93%
% of Demand in Corporate Deposits	7%	1.1 pp
% of TL in Corporate Deposits	40%	11.1 pp
% of TL in Corporate Loans	17%	4.7 pp

Revenues/Customer Business[1]



- **Revenues +16% y/y** driven by **both net interest income** (+19% y/y) **and fees** (+12% y/y)
- **Loans -6%** due to deliberate strategy to refrain from pricing competition in FC loans (-11%)
- **Deposits +7%** mainly driven by TL deposits
- **Resilient asset quality** (corporate / commercial NPL ratio at 2.5%, in line with sector, both in trend and absolute terms)

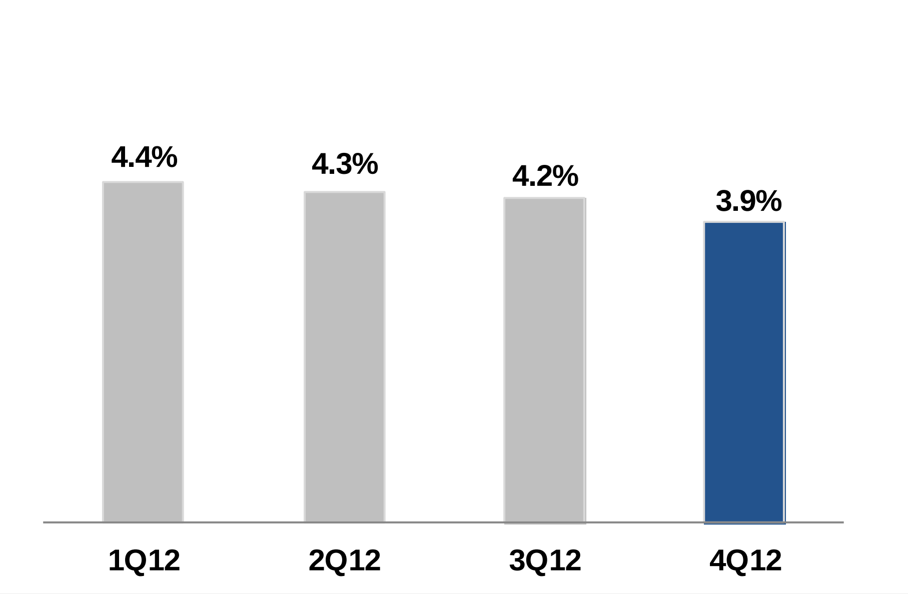
Note: Volumes (loans, deposits and AUM) based on end of period data except for revenues/customer business ratio which is based on 3 month average. MIS data.
(1) Customer business: Loans + Deposits + AUM

Commercial

Revenues supported by focus on value generating mid-commercial lending

TL mln	2012	2012-2011
Revenues	1,132	20%
Loans	19,952	8%
Deposits	8,719	10%
AUM	181	-10%
% of Demand in Commercial Deposits	32%	-4.0 pp
% of TL in Commercial Deposits	57%	10.5 pp
% of TL in Commercial Loans	39%	7.9 pp

Revenues/Customer Business[1]



- **Revenues +20% y/y** driven by **net interest income** (+39% y/y)
- **Loans +8%** driven by mid-commercial loans (+13%)
- **Deposits +10%** driven by solid TL deposit growth
- **Resilient asset quality** (corporate / commercial NPL ratio at 2.5%, in line with sector, both in trend and absolute terms)

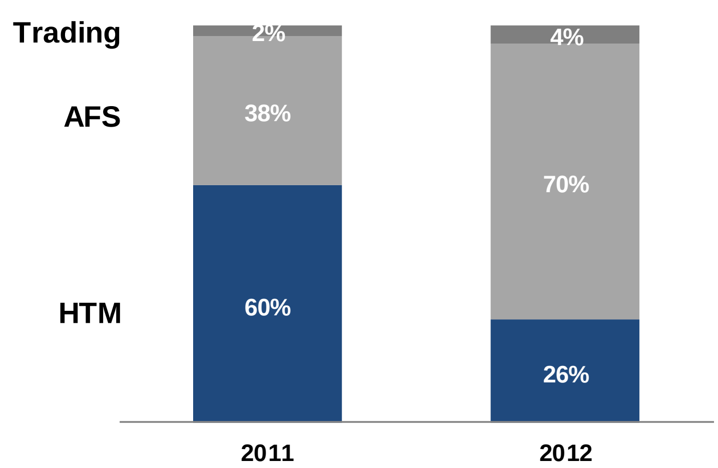
Note: Volumes (loans, deposits and AUM) based on end of period data except for revenues/customer business ratio which is based on 3 month average. MIS data.
(1) Customer business: Loans + Deposits + AUM

Agenda

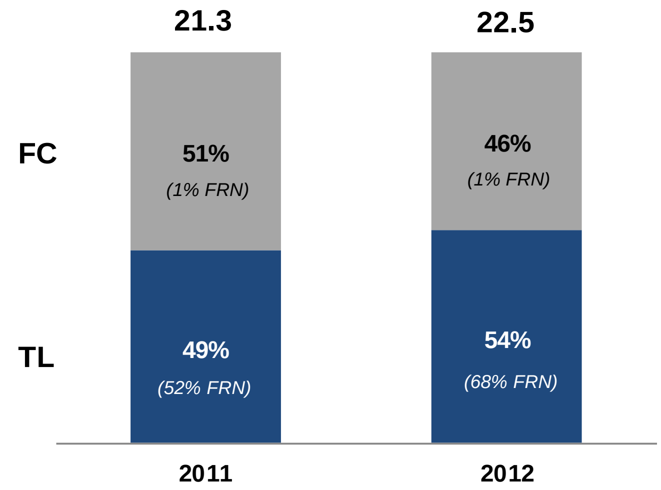
- Detailed Performance by Strategic Business Unit
- **Other Details**

Securities

Securities Composition by Type



Securities Composition by Currency (TL bln)



- **Share of securities in total assets at 17%** (-1.0 pp vs YE11)
- **Share of HTM at 26%** (vs 60% at YE11) driven by reclassification of US$ 2.9 bln to AFS as part of capital strengthening measures. **Share of AFS up to 70%** (vs 38% at YE11)
- **Share of TL securities in total securities at 54%** (vs 49% at YE11)
- **CPI-linkers at 2.1 bln TL** (9.5% of total securities)

Note:
HTM indicates Held to Maturity portfolio
AFS indicates Available for Sale portfolio
CPI indicates Consumer Price Index

Borrowings *(as of Feb’13)*

International	Syndications	**~ US$ 2.7 bln outstanding** ■ **Apr’12:** US$ 264 mln and €865 mln, Libor +1.45% p.a. all-in cost, 1 year, participation of 44 banks from 21 countries ■ **Sep’12:** US$ 322 mln and €618 mln, Libor + 1.35% p.a. all-in cost, 1 year, participation of 37 banks from 16 countries
International	Securitisations	**~ US$ 1.3 bln outstanding** ■ **Dec’06 and Mar’07:** ~US$ 305 mln, 6 wrapped notes, 7-8 years, Libor+18-35 bps ■ **Aug’10 - DPR Exchange:** ~US$ 460 mln, 5 unwrapped notes, 5 years ■ **Aug’11:** ~US$ 410 mln, 4 unwrapped notes, 5 years ■ **Sep’11:** ~€75 mln, 1 unwrapped note, 12 years
International	Subordinated Loans	**~€ 2.3 bln outstanding** ■ **Mar’06:** €500 mln, 10NC5, Libor+2.00% p.a. ■ **Apr’06:** €350 mln, 10NC5, Libor+2.25% p.a. ■ **Jun’07:** €200 mln, 10NC5, Libor+1.85% p.a ■ **Dec’12**: US$ 1.0 bln, 10 years, 5.5% (coupon rate) ■ **Jan’13:** US$ 585 mln, 10NC5, 5.5% fixed rate
International	Foreign Currency Bonds / Bills	**US$ 1 bln Eurobond outstanding** ■ **Feb’12:** US$500 mln, 6.75% (coupon rate), 5 years ■ **Jan’13[1]:** US$ 500 mln, 4.00% (coupon rate), 7 years **US$ 750 mln Loan Participation Note (LPN)** ■ **Oct’10:** 5.1875% (coupon rate), 5 years
International	Covered Bond	**TL 458 mln first tranche** ■ **Nov’12:** SME-backed with maturity between 3-5 years; highest Moody’s rating (A3) for Turkish bonds
International	Multinational Loans	■ **EIB Loan - Jul’08 / Dec’10:** €525 mln, 5-15 years ■ **EBRD Loan - Aug’11:** €30 mln, 5 years
Domestic	Local Currency Bonds / Bills	**TL 1.2 bln outstanding** ■ **Feb’12:** TL 11 mln, 10.21% compounded rate, 368 days maturity ■ **Mar’12:** TL 150 mln, 10.49% compounded rate, 374 days maturity ■ **Apr’12:** TL 200 mln, 10.33% compounded rate, 406 days maturity ■ **Jul’12:** TL 200 mln, 9.01% compounded rate, 179 days maturity ■ **Oct’12:** TL 150 mln, 7.38% compounded rate, 172 days maturity ■ **Nov’12:** TL 507 mln, 6.45% compounded rate, 178 days maturity

Contact Investor Relations

Yapı Kredi

Head Office
Yapı Kredi Plaza D Blok
Levent 34330 Istanbul - TURKEY

Tel: +90(212) 339 73 23
Email: yapikredi_investorrelations@yapikredi.com.tr
Web: www.yapikredi.com.tr/investorRelations

Follow @YapiKredi_IR

IR magazine AWARDS 2012 EUROPE WINNER

Available on the App Store

YapıKredi 2011 Annual Report
Now available also on iPad