

We endeavor to
maximize returns.



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Private Banking Portfolio Manager



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Yapı Kredi Emeklilik
Sales Manager

**4th largest private
bank (asset size)**

**Leader in credit cards
with 19% market share
in outstanding volume**

**Leader in leasing
with 19% market share**

**Leader in factoring
with 23% market share**

**2nd in asset
management
with 18% market share**



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Yapı Kredi Yatırım
Research Manager



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Yapı Kredi Sigorta
Insurance Agency

Strong growth in volumes driven by economic recovery

FINANCE

Macroeconomic recovery and increasing loan demand resulted in a strong growth of 34% in banking sector loans in 2010.

The banking sector in 2010*

As the effects of the 2009 global crisis began to subside in 2010 and macroeconomic indicators improved, the Turkish banking sector, which had stagnated during the crisis, regained its growth focus. Strong volume growth and improving asset quality continued to fuel the sector profitability, despite the sustained low interest rate environment and fierce competition. Turkish banking sector maintained its sound capital, liquidity and funding structure.

Strong volume growth

The banking sector recorded a strong loan growth of 34% in 2010, with total loans reaching TL501 billion. Total deposits increased by 21%, reaching TL611 billion and the strong funding structure was maintained. Banking Regulation and Supervision Agency completed the regulatory framework on TL bond issues during the year, paving the way for diversification of funding in the upcoming period. Capital adequacy ratio in the sector was 18%.

Sector's average return on equity at 20%

Sustainable low interest rates and increasing competition led to a decline in net interest income and a compression of net interest margins in 2010. On the other hand, total revenues remained stable, driven by a 6% increase in net fee and commission income and strong collections. Total costs in the sector increased by 15%, as the banks sustained their branch expansion plans. The increase in asset quality led to a 39% decline in loan provisions. All-in-all, profitability of the banking sector increased by 9% and average return on equity was 20%.

*Banking sector data excludes participation banks.

Koç Group Finance Segment

Koç Financial Services, a 50-50 joint venture between Koç Holding and UniCredit Group Italia and Turkey's first consumer finance company Koçfinans operate in this segment. Koç Financial Services is the parent company of Yapı Kredi, established in 1944 as Turkey's first private nationwide bank, its subsidiaries and UniCredit Menkul Değerler A.Ş., which joined the Group on August 15, 2008.

Yapı Kredi provides credit cards, consumer banking, SME banking, corporate and commercial banking, private banking and asset management services to six million active customers with its customer-focused service model, strong competitive advantages and extensive distribution network. With total consolidated assets of TL92.8 billion as of 2010-end, Yapı Kredi is the 4th largest private bank in Turkey. Yapı Kredi is the leader in the credit card market and holds leading positions in asset management, leasing, factoring, private pension funds and non-life insurance through its subsidiaries. Yapı Kredi also has banking operations abroad in the Netherlands, Russia and Azerbaijan.

With 927 branches at the Group level (including subsidiaries) and 868 branches at the bank level spread across more than 70 provinces, Yapı Kredi has the 4th largest branch network in the Turkish banking sector. Yapı Kredi provides seamless banking services to its customers through its alternative distribution channels, consisting of 2,530 ATMs, the 5th largest network in Turkey, two call centers, internet banking that has 1.8 million customers, and mobile banking.

We have recorded above sector growth and profitability.

YAPI KREDİ

Domestic Market Position

4th among private sector banks in asset size

Leader in credit cards with **19.3%** market share in outstanding and **21.4%** market share in acquiring volume

Leader in leasing with **19.2%** market share and factoring with **23.1%** market share

2nd in asset management with **18.4%** market share

3rd in brokerage services with **5.9%** market share and in private pension funds with **15.5%** market share

Network

4th largest branch network with **927** branches at Group level and **868** branches at Bank level

5th largest ATM network with **2,530** ATMs

6 million active customers

7.8 million credit cards*

Total Loans**

\$36 million

Capital Adequacy Ratio

16.1% (Bank), **15.4%** (Group)

Total Revenues

\$4,411 million

Total Assets

\$62 million

Shareholder Structure

Koç Financial Services **81.8%**
Free Float **18.2%**



www.yapikredi.com.tr

(*) Including virtual cards

(**) Total loans indicates performing loans

2010 highlights

Yapı Kredi was one of the best performing banks in the sector in 2010 in terms of both volume and profitability. By concentrating on customer satisfaction, commercial effectiveness and profitability, the Bank achieved the highest growth in net profit among the top four private banks, lowest cost growth among peers despite the new branch openings, highest improvement in asset quality and the highest growth rates in assets, loans and deposits.

Customer-focused business approach and commercial effectiveness fuel above-sector growth

Yapı Kredi recorded above sector loan growth of 40%, driven by consumer, SME and medium-term commercial lending on the local currency side and project finance loans on the foreign currency side. Throughout 2010, Yapı Kredi focused especially on the energy sector, providing financing to over 100 projects and contributing \$2 billion to the economy.

Yapı Kredi increased its commercial effectiveness by focusing on simplification of its processes, significantly improving the response times, focusing on customer acquisition and product penetration. The Bank continued to expand its network by opening net 30 branches (39 new branches). As part of its efforts to increase customer satisfaction, Yapı Kredi also continued to invest in alternative delivery channels and the share of alternative delivery channels in total banking transactions reached 78% in 2010.

A positive trend in asset quality

Asset quality in the banking sector showed a positive performance in 2010 at the backdrop of improving macroeconomic conditions. As a result of the slowdown in new NPL inflows, strong collections, NPL portfolio sales and credit infrastructure enhancements, Yapı Kredi recorded a strong improvement in its asset quality and the NPL ratio declined to 3.4% in 2010 from 6.3% at the end of 2009. Specific coverage to NPL ratio was 77% while general provision to NPL ratio was 40%.



Strong capital, liquidity and funding position

Yapı Kredi maintained its strong capital position in 2010, while further strengthening and diversifying its liquidity and funding position. The Bank successfully secured two new syndicated loans totaling \$2.25 billion, at much favorable terms compared to the previous year. Yapı Kredi also secured a loan participation note of \$750 million with a maturity of five years through international debt capital markets. As of 2010-end capital adequacy ratio was 15.4% at the Group level and 16.1% at the Bank level.

Strong focus on customer satisfaction, continued cost discipline and increased efficiencies lead to successful financial performance

Yapı Kredi recorded TL2,255 million net income in 2010, which represents a 45% increase and indicates the highest net profit growth among the four largest private banks. Yapı Kredi also has the highest return on average equity among private banks with 26.9%.

Yapı Kredi increased its revenues by 10%, driven by strong fee and commission performance, disciplined approach in net interest margin and retail focused business model. Total operating costs increased in line with inflation at 7% despite the ongoing investments on the back of continuous cost discipline and successful efficiency initiatives. Cost/income ratio was 40.5%.

Sustainability in every area

With system enhancements, increased training and development activities and innovative approach, Yapı Kredi has taken important steps in its endeavor to create sustainable value for its customers and employees.

Yapı Kredi Banking Academy training catalog has been enhanced with new courses, and the Bank has developed a training plan for every employee. Yapı Kredi Banking Academy received the Best Organization Award in 2010 from the American Society of Training and Development.

Focus on innovation

Yapı Kredi has strengthened its position as one of the leading innovative banks in the sector and was the first bank in 2010 to launch product bundles. Within this context, Yapı Kredi launched five different product bundles to serve different needs of SMEs, retail and mortgage customers. The Bank also launched two new credit cards (Adios Premium and Taksitçi), two credit card protection insurance programs through its insurance subsidiaries, nine capital guaranteed funds and three B-type funds. Yapı Kredi combined innovation with social responsibility and launched keyboard ATMs and specially-designed ATMs for the hearing impaired customers. The Bank also opened a call center in the province of Samsun in addition to its existing call center in Istanbul.

Commitment to corporate governance

Yapı Kredi is the only bank among its peers that is included in the Istanbul Stock Exchange Corporate Governance Index. The Bank's corporate governance rating was upgraded to 8.78 in 2010 largely due to solid developments it made in various segments as well as a strengthening of its overall adherence to corporate governance.

2011 targets

Yapı Kredi aims at sustaining healthy above-sector growth in 2011. Going forward, the Bank will remain committed to its approach to prioritize the retail and SME segments, commercial effectiveness increases, branch expansion strategy, cost and efficiency improvements, innovation, customer and employee satisfaction.

Yapı Kredi aims especially at further customer acquisition and penetration by launching new products and services and simplification of systems.

Yapı Kredi's subsidiaries

Yapı Kredi revised its organizational structure in 2009 in order to improve the performance of its subsidiaries and businesses segments, develop a customer-centric service model, and use the synergies more effectively. Accordingly, the Bank placed leasing and factoring as well as its foreign banking operations in Russia, Azerbaijan and the Netherlands under corporate and commercial banking, while portfolio management and investment companies started to be managed by the private banking and asset management segment.

By increasing commercial effectiveness and customer focus, Yapı Kredi recorded above sector growth of 40% in loans and 30% in deposits, representing the highest growth rate among the four private banks.

Effective use of synergies and potential business opportunities created between leasing, factoring, foreign banking operations and Yapı Kredi resulted in channeling more of the Bank's customers to its subsidiaries. This led to an apparent increase in new customer acquisitions in 2010 to more than 2,500, an average increase of 65%.

Yapı Kredi launched 15 new investment funds in 2010, a development made possible by the transfer of its portfolio management and investment subsidiaries' products management to Yapı Kredi. The new structure contributed an additional TL450 million to the Bank's fund size and the total number of customers of the subsidiaries increased by 23,000 to 125,000.

Yapı Kredi's financial services subsidiaries

Yapı Kredi Portföy Yönetimi (Asset Management)

Yapı Kredi Portföy Yönetimi offers a wide-range of products tailored to its customers' risk preferences. It has an M2+(Tur) asset rating, which is the highest portfolio management score of any company in Turkey. It is also the only portfolio management company in the sector to manage the funds of two pension fund companies. At the end of 2010, the Company ranked second in the investment fund market with a market share of 18.4%, and it reported a return on equity of 141%.

Yapı Kredi Yatırım (Investment)

Established in 1989 and owned 99.98% by Yapı Kredi, Yapı Kredi Yatırım offers capital market products, brokerage, corporate financing, derivatives and investment advisory services to Yapı Kredi customers. Under a revamp of its service model in 2010, the Company now provides a service closer to its customers through the establishment of investment centers at Yapı Kredi branches in ten provinces. At the end of 2010, Yapı Kredi Yatırım was the sector leader in total transaction volume with 18% market share. It accounted for 5.9% of equity transaction volumes, which put it in third place. Yapı Kredi Yatırım's return on equity was 43%.

Yapı Kredi B-tipi Yatırım Ortaklığı (B-type Investment Trust)

Yapı Kredi B-tipi Yatırım Ortaklığı is Turkey's 2nd largest investment trust. Founded in 1995, the Company is traded at the Istanbul Stock Exchange and had a market capitalization of TL45 million.

Yapı Kredi Leasing

Established in 1987 and owned 98.85% by Yapı Kredi, Yapı Kredi Leasing provides rapid and effective service to its customers. In 2010, the Company created an SME model to offer better services to that segment. The Company is the sector leader with a 19.2% share in total leasing receivables. Yapı Kredi Leasing had a market capitalization of TL1,934 million at 2010-end, and a return on equity of 14%.

Yapı Kredi Faktoring (Factoring)

Established in 1999 and owned 99.96% by Yapı Kredi, Yapı Kredi Faktoring has led the sector since 2001. For the past three years, it has been one of the leading companies in the "Best Factoring Companies" list by Factors Chain International's ranking of companies from around the world. Yapı Kredi Faktoring reported a return on equity of 34% at the end of 2010 and is the market leader with 23.1% share in factoring receivables.

International subsidiaries

Yapı Kredi Nederland

A wholly owned subsidiary of Yapı Kredi, Yapı Kredi Nederland provides correspondent, corporate and private banking services to Turkish and Dutch customers resident in the Netherlands. The Bank capitalizes on the synergies created by Yapı Kredi on structured commodity financing and foreign trade financing areas. As of 2010-end, the Bank's total assets were TL3.5 billion while its return on equity reached 20%.

Yapı Kredi Bank Moscow

Established in 1988 and owned 99.90% by Yapı Kredi, Yapı Kredi Bank Moscow is the first Turkish bank to operate in Russia. The Bank's objective is to support Turkish corporate and commercial customers operating in Russia and contribute to Turkish-Russian commercial ties. The Bank has made system infrastructure improvements in 2010 and ended the year with total assets of TL289 million and a return on equity of 1%.

Yapı Kredi Bank Azerbaijan

Owned 99.90% by Yapı Kredi, Yapı Kredi Bank Azerbaijan makes an important contribution to Yapı Kredi in this developing and dynamic country by supporting domestic and international customers who operate in Azerbaijan. The Bank opened a new branch in 2010, giving it a total of eight branches. As of 2010-end, its total assets were TL391 million while its return on equity was 17%.

Insurance subsidiaries

Yapı Kredi Sigorta (Insurance)

Established in 1943 and owned 93.94%, directly and indirectly by Yapı Kredi, Yapı Kredi Sigorta benefits from Yapı Kredi's branch network in addition to its 905 employees and 993 agents. In 2010, Yapı Kredi Sigorta increased its emphasis on bancassurance products and developed joint products with Yapı Kredi based on the synergies created by the Bank. Yapı Kredi Sigorta's return on equity was 20% and its market capitalization was TL1,128 million.

Yapı Kredi Emeklilik (Pension)

Founded in 1991 and wholly owned by Yapı Kredi, Yapı Kredi Emeklilik focuses strongly on bancassurance and offers an extensive range of individual pension and life insurance products and services, supporting its operations through Yapı Kredi's branch network. In 2010, the Pension Monitoring Center selected the Company as one of the most successful in informing its customers. The Company's return on equity was 21% for the year.

Other subsidiaries

Banque de Commerce et de Placements (BCP)

Established in 1963 and owned 30.67% by Yapı Kredi, BCP offers premium services to customers in the areas of foreign trade finance, private banking, treasury transactions and correspondent banking.

Note: Data pertaining to shareholder structures is based on both direct and indirect holdings of Yapı Kredi.

KOÇFINANS

Koçfinans is the first consumer finance company in Turkey. With 19.3% market share, TL877.5 million loan volume and 49,500 loans, it is the market leader. Of the total loans, TL831.5 million was for cars and TL46 million for consumer durables and mortgages.

Koçfinans is the only financing company providing loans in such diverse segments as mortgage, heating-cooling, furniture, consumer durables, motorcycles and education. The Company successfully completed TL505 million corporate bond issue, including TL200 million IPO, in 2010, directly meeting 51% of its liquidity requirement.

Koçfinans, also provided insurance brokerage services in connection to the loans extended to its customers.