

FINANCE



Yapı Kredi

OUR PRESENCE IN THE BANKING SYSTEM TOOK OFF WITH KOÇ-AMERICAN BANK IN THE 1980s. AFTER ACQUIRING YAPI KREDİ BANK IN 2005, WE BECAME ONE OF THE MOST IMPORTANT FINANCIAL INSTITUTIONS IN TURKEY. WE ATTRIBUTE THIS SUCCESS TO OUR ABILITY TO READ THE SIGNS OF CHANGE IN THE TURKISH ECONOMY AND IN THE FINANCIAL SECTOR.



Kredi

KOÇ GROUP

**WE PLAN TO REMAIN A LEADING PLAYER IN THE SECTOR,
PROVIDING THE BEST PRODUCTS AND SERVICES TO THE
CUSTOMER BY COMBINING OUR SMART GROWTH STRATEGY
WITH CUSTOMER-FOCUSED BANKING, STRONG AND
DIVERSIFIED FUNDING, SUSTAINABLE PERFORMANCE AND OUR
CONTINUALLY MODERNIZED SERVICE NETWORK.**

FINANCE

DESPITE GROWING VOLATILITY AND MACRO-PRUDENTIAL MEASURES, THE BANKING SECTOR CONTINUED TO GROW THROUGHOUT THE YEAR. LOANS ROSE BY 33%, REACHING TL 995 BILLION, WHILE DEPOSITS GREW BY 24% TO TL 951 BILLION.

Banking sector in 2013

In 2013, Turkey's banking sector operated in two different halves due to global and domestic conditions.

In the second half of the year, growing volatility and authorities' various macro-prudential measures led to a decline in credit growth, mostly stemming from consumer loan and credit card restrictions. Total loan volume grew by 33% to TL 995 billion. Total deposits increased 24% in the same period to TL 951 billion. Thus, loan to deposit ratio rose 8 percentage points to 111%.

On the other hand, diversification of funding continued through issuances of TL 28 billion in local currency bonds, US\$ 15 billion in foreign currency bonds and US\$ 10 billion in subordinated loans. In 2013, a year in which legal regulations had severe ramifications for the sector, the banking sector's net profits stood at TL 22.5 billion, excluding Yapı Kredi Sigorta sale.

Koç Holding Finance Group

Koç Financial Services, a Koç Holding and UniCredit Group 50%-50% joint venture, and KoçFinans, Turkey's first consumer finance company, operate in this segment under the Banking and Insurance Group.

Koç Financial Services is the parent company of Yapı Kredi, established in 1944 as Turkey's first private nationwide bank, and of various subsidiaries that are leaders in their own segments.

Yapı Kredi provides retail banking (which includes credit cards, individual banking and SME banking), corporate and commercial banking, as well as private banking and wealth management.



YAPI KREDİ

Market Shares

- **4th** among private banks in terms of asset size
- **5th** in credit volume with **9.5%** market share
- **6th** in total deposits with a **9.1%** market share
- **Leader** in credit cards' outstanding volume with **20.6%** market share
- **Leader** in financial leasing with **14.8%**, and in factoring with **16.9%** market shares
- **2nd** in mutual funds with 18.2% market share and **3rd** in equity transaction volume with **6.9%** market share
- **5th** in number of branches with **8.6%** market share
- Pioneer in mobile banking with **10.9%** market share

Total Assets

TL **160** billion

Return on Average Tangible Equity

16.7% (**25.7%** including Yapı Kredi Sigorta sale)

Shareholder Structure

Koç Financial Services **81.80%**
Free Float **18.20%**

www.yapikredi.com.tr

2013 performance

In 2013, Yapı Kredi recorded a healthy performance, despite difficult operating conditions and without compromising its customer-focused banking approach. Turkey's 4th largest private bank and one of the strongest institutions in the banking sector, Yapı Kredi's net profits increased by 13% to TL 2.4 billion and tangible return on average equity grew to 16.7%, excluding Yapı Kredi Sigorta sale. During the same period, the bank's capital adequacy ratio reached 16%, the highest among its peers, due to its focused approach.

One of 2013's most important developments for Yapı Kredi was the sale of its insurance subsidiaries to Allianz in July, from which it obtained TL 1.3 billion in capital gains. Within the scope of this well-timed and successful transaction, Yapı Kredi and Allianz signed an exclusive 15-year bank-assurance partnership agreement, under which Yapı Kredi will continue to provide its customers with insurance and personal retirement products through its extensive branch network and innovative alternative delivery channels.

Awards received for a successful year

Yapı Kredi is on the mark when it comes to identifying banking and social needs and it has received great praise for its performance. Throughout the year, the bank received nearly 20 awards for its products, educational activities, brand value and social responsibility projects. In a Financial Times 2013 ranking of Europe's largest companies, Yapı Kredi rose sharply 64 places to 194. Erste Group research placed Yapı Kredi among the top ten banks for growth potential in Central and Eastern Europe. Included for the first time in Brand Finance's listing of the most valuable 500 Banks in the world, Yapı Kredi entered at 135th place.

YAPI KREDİ CONSOLIDATED
ITS CUSTOMER BASE,
EFFECTIVELY MANAGED ITS
LIQUIDITY AND REINFORCED ITS
CAPITAL STRUCTURE IN 2013.

YAPI KREDİ EXPANDED ITS NETWORK THROUGHOUT THE YEAR TO GIVE ITS CUSTOMERS THE FASTEST AND MOST EASILY ACCESSIBLE SERVICE AND IT IMPROVED ITS ALTERNATIVE DISTRIBUTION CHANNELS THROUGH INNOVATION.

Yapı Kredi Private Banking received the Best Private Banking award from Global Finance Market Review. In addition, Yapı Kredi won many prestigious awards, local and foreign, for its work in management development, operational excellence, internal audit and accessible banking.

Customer-oriented Smart Growth strategy

Yapı Kredi, which puts customer satisfaction at the forefront, expanded its credit volume by 28% in 2013, reaching TL 99.4 billion by the end of the year, which provided finance for the economy. The top contributors to credit growth were consumer loans, credit cards and project financing. Its loans to assets ratio rose to 62%, one of the highest levels in the sector while the share of securities portfolio in total assets came down to 14%. Its deposit volume, on account of the foreign currency weighting, grew at a rate of 24% to TL 88.5 billion. This success is the result of its Smart Growth strategy of offering the right product to the right customer through the right channel at the right price.

Strong and diversified funding base

Diversification of funding sources remained a strategic priority in 2013. Accordingly, the bank obtained around of US\$ 5.2 billion in syndications, securitizations, eurobonds, and in other instruments.

Continually expanding innovative service network

Yapı Kredi continued to expand its branch network and innovative delivery channels throughout 2013 to provide its customers with the fastest and most accessible service. Yapı Kredi opened 21 new branches, boosting the number of branches to 949 by year's end. This represents 8.6% market share, making it Turkey's 5th largest branch network. In addition, Yapı Kredi provided services to 9.7 million customers through its wide service network consisting of 3,000 advanced ATMs, a double-award-winning call center with an annual call capacity of 42 million, internet banking which reaches 3.2 million customers, and its pioneering mobile banking. Yapı Kredi again showed itself as a pioneer in the Turkish banking sector in 2013 through its 83% share of banking transactions performed via alternative delivery channels.

2014 and beyond

Celebrating its 70th anniversary in 2014, Yapı Kredi will continue to provide service through its "Unlimited Service" approach. The Bank aims to reinforce its leadership of the sector through its customer-oriented approach and to hasten investments in efficiency, infrastructure, human resources and its service network.



YAPI KREDİ'S SUBSIDIARIES

Yapı Kredi has many financial subsidiaries, each a leader in its own right in its own sector, which support the Bank's performance. Yapı Kredi Leasing, the leader in financial leasing transaction volume for the last five years, held a 14.8% market share. Yapı Kredi Faktoring, having led in factoring receivables for 13 years, had a market share of 16.9% in 2013. Yapı Kredi Portföy Yönetimi (Asset Management) ranked 2nd in investment funds with a 18.2% market share. Yapı Kredi Yatırım Menkul Değerler was the 3rd largest securities house in Turkey with a 6.9% market share in equity transaction volume.

KOÇFİNANS

KoçFinans is Turkey's first consumer finance company. It provides loans for the purchase of all kinds of goods and services. It operates mainly in the automotive sector, but also in the service sector and the housing loan market and it provides insurance brokerage services. In 2013, KoçFinans extended loans totaling TL 1,427 million and its loan portfolio grew to TL 1,731 million.

KoçFinans's legal infrastructure was laid through Financial Leasing, Factoring and Financing Companies Law No. 6361 passed on 13 December 2012.

The Company's credit rating efforts resulted in a 2013 rating of (National) short-term (TR) A1 and long-term (TR) A.

Basing its strategies on the theme "Build the Future," KoçFinans is progressively expanding its range of products and business areas. It aims to diversify its lending areas and to improve its service quality in all areas in need of financing.