

Yapı Kredi

1Q21 Earnings Presentation

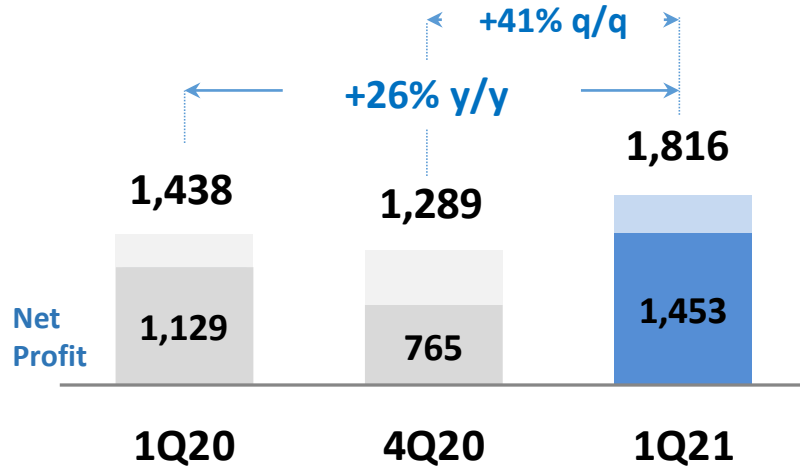
30 April 2021



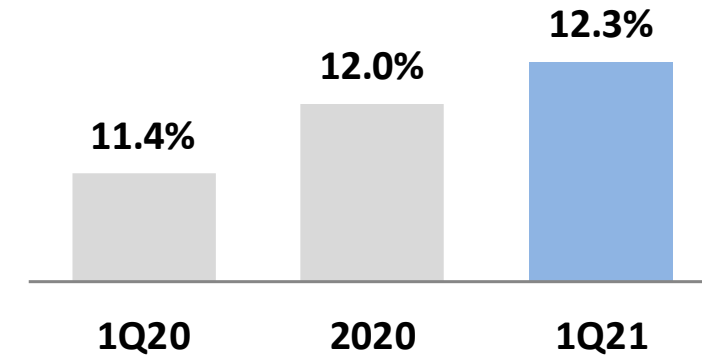
26% y/y increase in pre-tax income with 12.3% RoTE

Intact fundamentals with improvement in liquidity indicators, and sound capital buffers

Pre-tax income (TL mln)

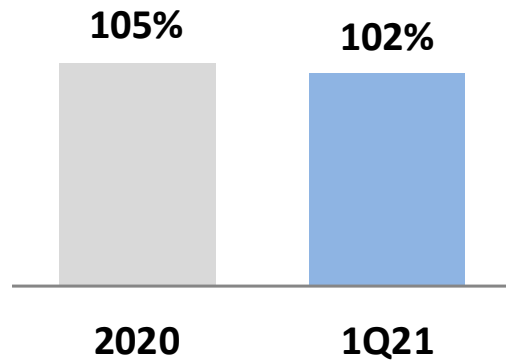


RoTE

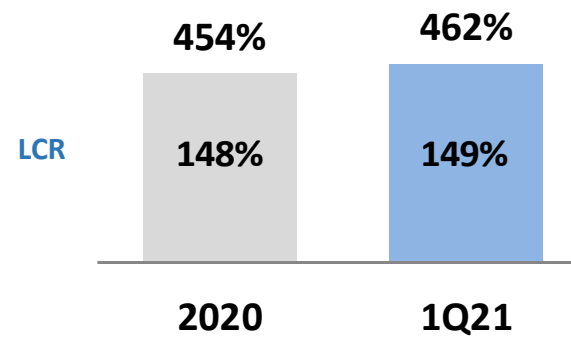


Fundamentals

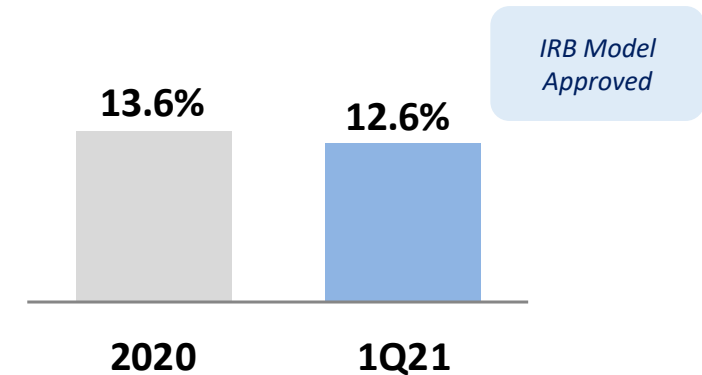
LDR¹



FC LCR²



Tier 1 Ratio (w/o forbearance)³



Notes:
 1. LDR= Loans / (Deposits + TL Bonds)
 2. Based on past three months averages
 3. Excluding regulatory forbearance (Exchange Rate: 252 working days moving average); Reported Tier 1 Ratio - 1Q21; 13.4%; 2020: 14.1%

TL driven volume growth

TL loan growth at 9% q/q with continued FC deleveraging, ongoing market share gain in demand deposits

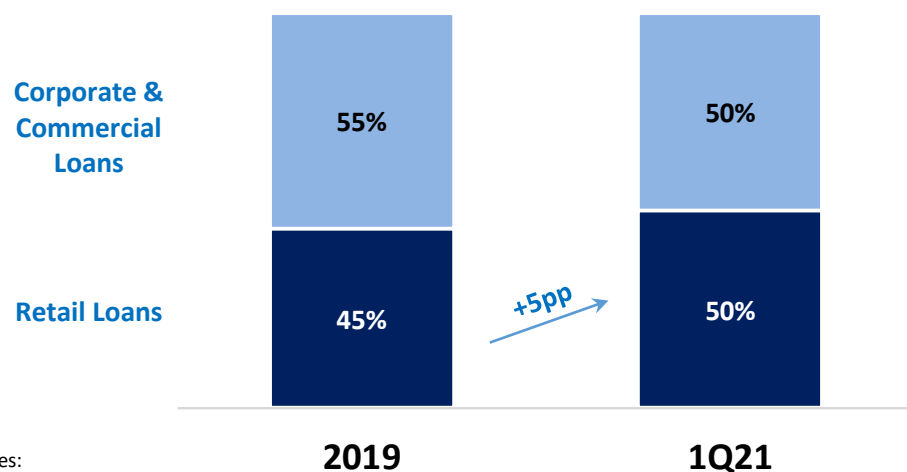
Loan Volumes (TL bln)

	Yapı Kredi			Private Banks ¹	
	1Q21	y/y	q/q	y/y	q/q
Cash+Non-cash Loans²	421.5	25%	10%	24%	5%
TL ³	216.0	31%	8%	27%	3%
FC (\$) ³	24.7	-7%	-1%	-4%	0%
Cash Loans²	305.4	26%	8%	23%	4%
TL ³	181.1	33%	9%	28%	3%
FC (\$) ³	14.9	-8%	-5%	-7%	-4%

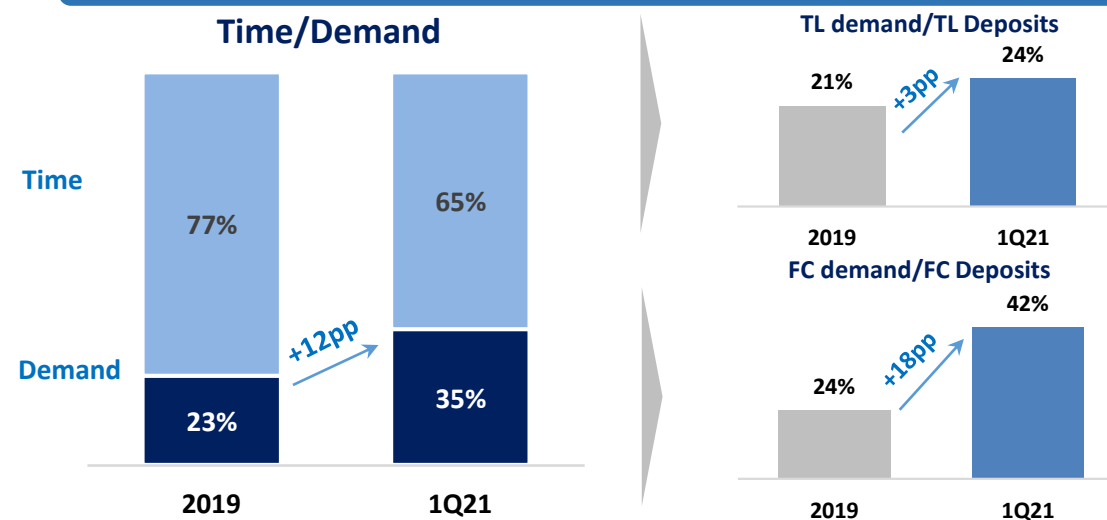
Deposit Volumes (TL bln)

	Yapı Kredi			Private Banks ¹	
	1Q21	y/y	q/q	y/y	q/q
Customer Deposits	291.1	18%	12%	18%	5%
TL	115.8	4%	12%	12%	7%
FC (\$) ³	21.1	1%	-1%	-1%	-5%
Customer Demand Deposits	100.9	67%	7%	58%	1%
TL	27.4	25%	3%	20%	3%
FC (\$) ³	8.8	50%	-4%	43%	-7%

Cash Loan Breakdown (FX adjusted)⁴



Customer Deposit Breakdown⁴



- Notes:
- Private banks based on BRSA weekly data as of 27 March 2021
 - Cash Loans indicate performing loans excluding factoring and leasing receivables
 - FX indexed loans included in FC loans
 - Based on MIS data, Loans: Retail includes individual, credit cards and SMEs, Deposit: Retail deposits include individual and SMEs

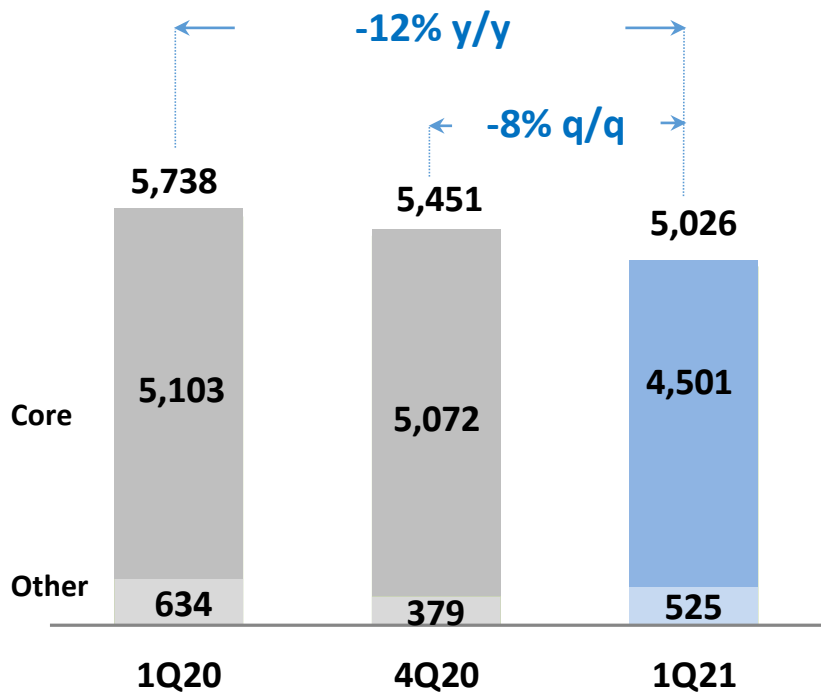
Strong market share gain in individual TL demand deposits: +129bps ytd

Strength in fees compensates limited decline in Core NIM

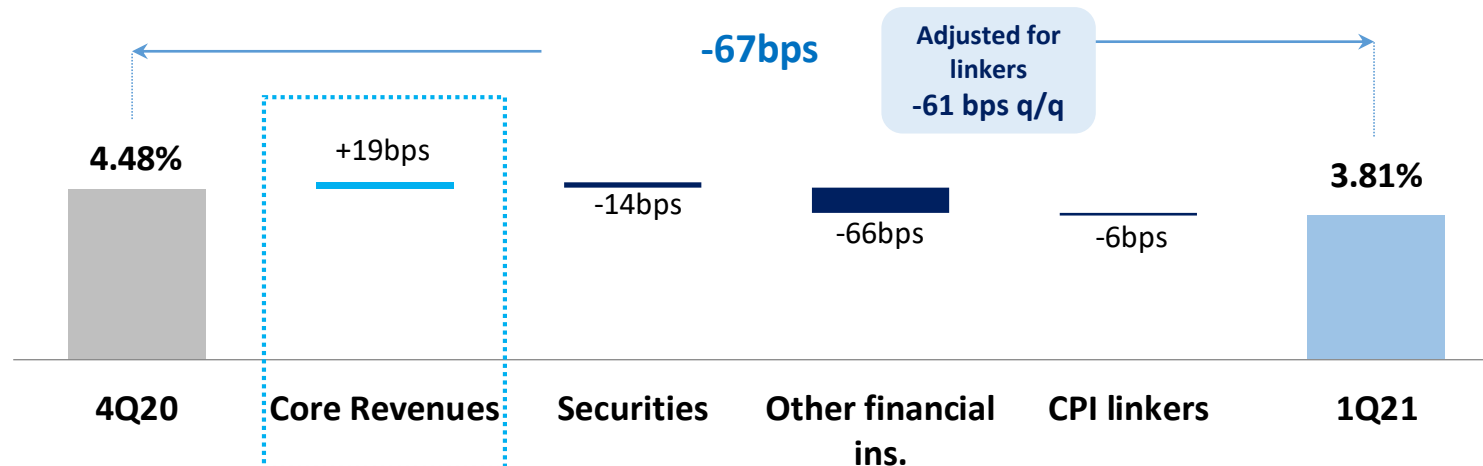
Core Revenue support at +19bps on margin, Revenues came down a limited 8% q/q in 1Q

Revenues

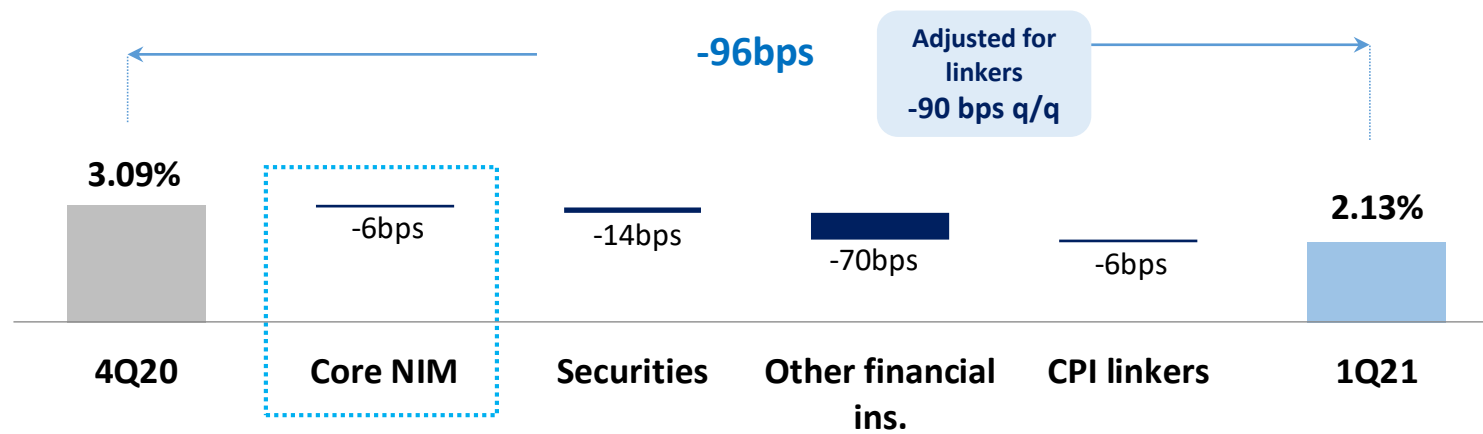
Revenues^{1;2;3} (TL mln)



Revenue Margin Evolution⁴ (quarterly)



NIM Evolution^{4;5} (quarterly)



Notes:
 1. Revenues and other revenues exclude ECL collection income and trading income to hedge FC ECL
 2. Core Revenues = NII + swap costs + net fee income
 3. 4Q20 normalised with linker income. Reported 4Q20: 6,216 mIn TL
 4. Normalised with linker income; Reported 4Q20 Revenue Margin: 5.15%; NIM: 3.82%
 5. Based on Bank-only BRSA financials

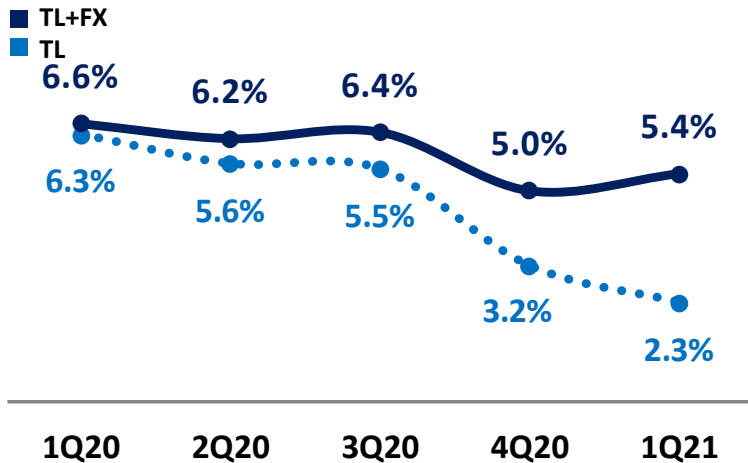
Increasing interest rate environment further pressuring TL spread evolution -5-

Elevated TL deposit costs tightens TL loan-deposit spread in 1Q21

Loan – Deposit Spread Evolution

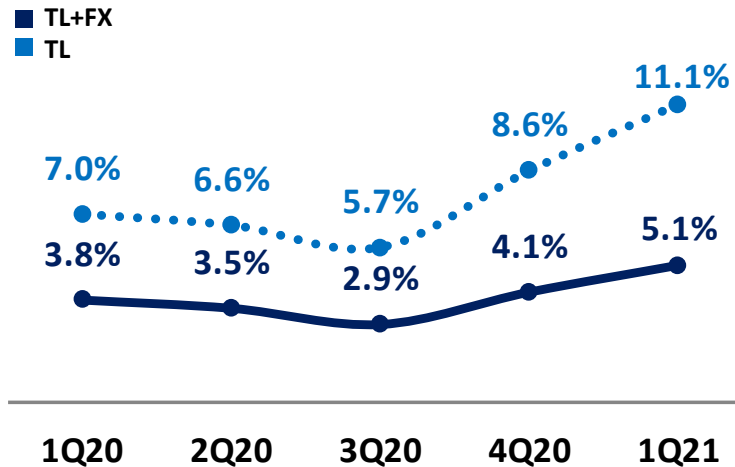
Loan-Deposit Spread
(Quarterly)

40 bps wider Loan-Deposit Spread q/q despite 87 bps tighter TL Loan-Deposit Spread



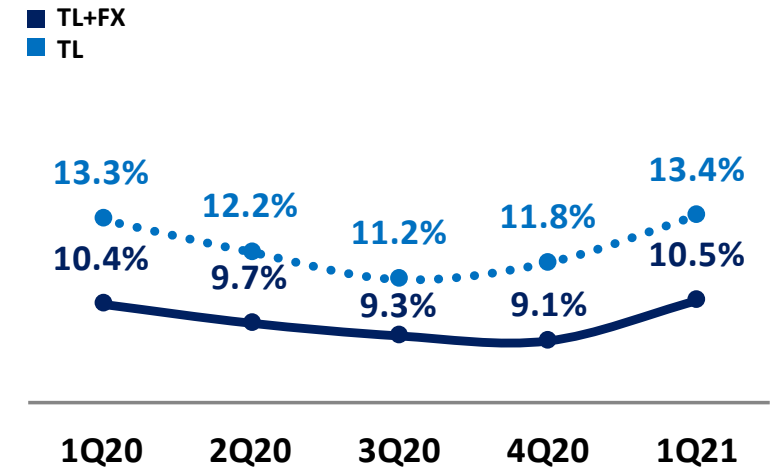
Deposit Costs
(Quarterly)

100 bps q/q increase in cost of deposits driven by **248 bps increase** in TL deposit costs



Loan Yields
(Quarterly)

140 bps jump in loan yields q/q thanks to ongoing loan repricing
161bps increase in TL loan yields

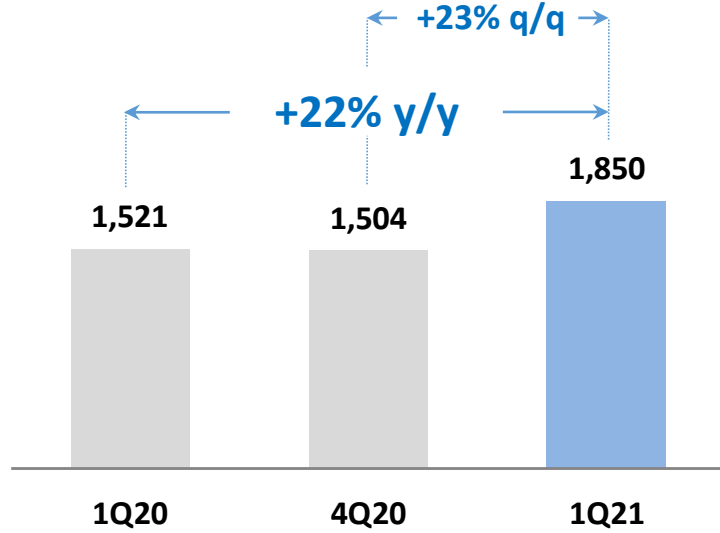


Notes:
Based on Bank-Only financials

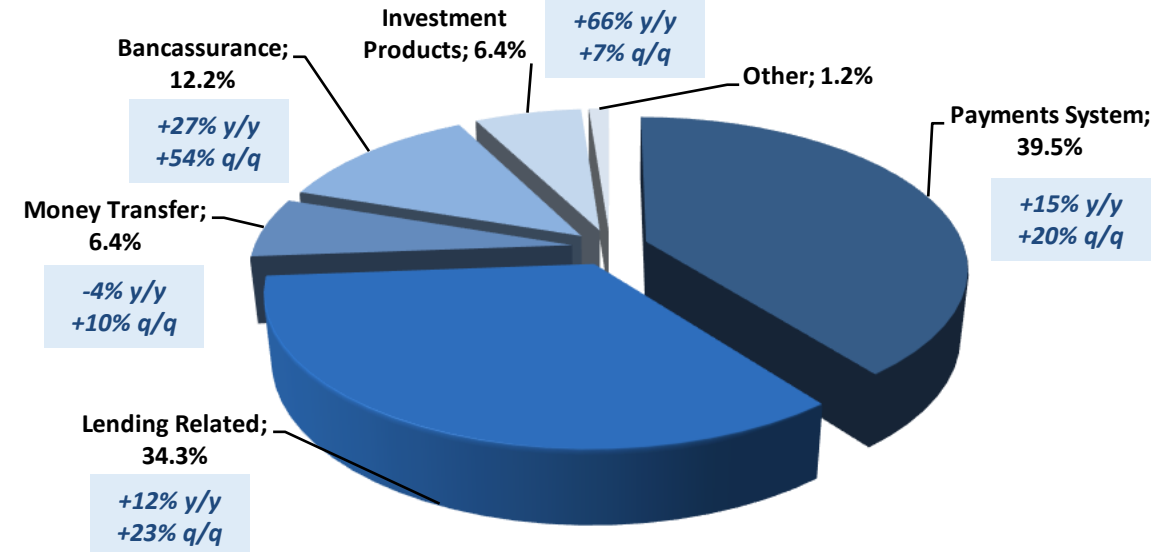
Substantial improvement in y/y fee growth

Ongoing diversification efforts paying off with improvement in fees across the board

Net Fee Income (TL mln)

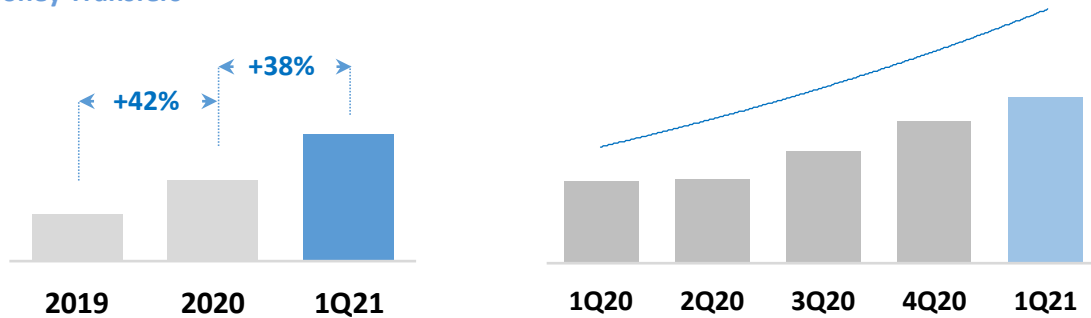


Net Fees Composition¹

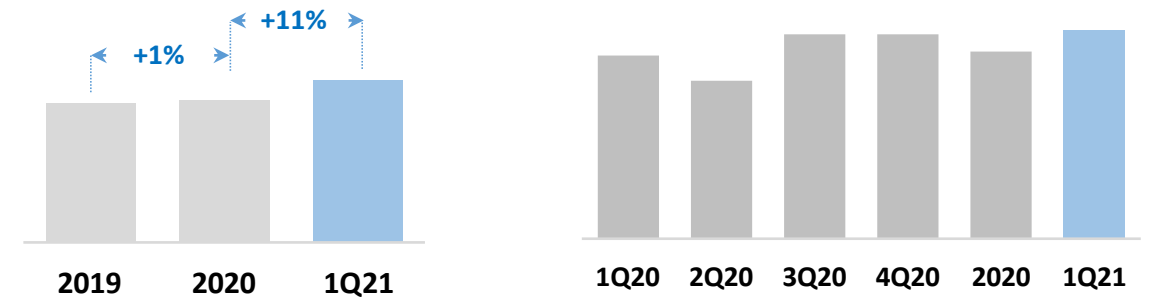


Transaction Numbers² (monthly average)

Money Transfers



Payments Systems

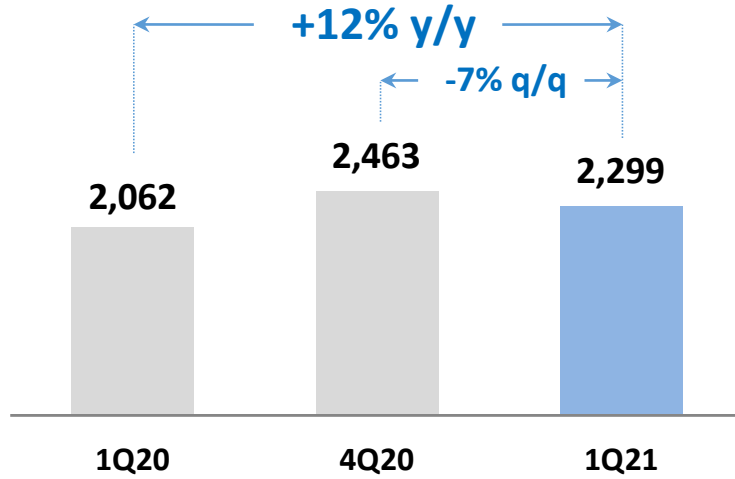


Notes:
1. Based on Bank-Only financials
2. MIS data

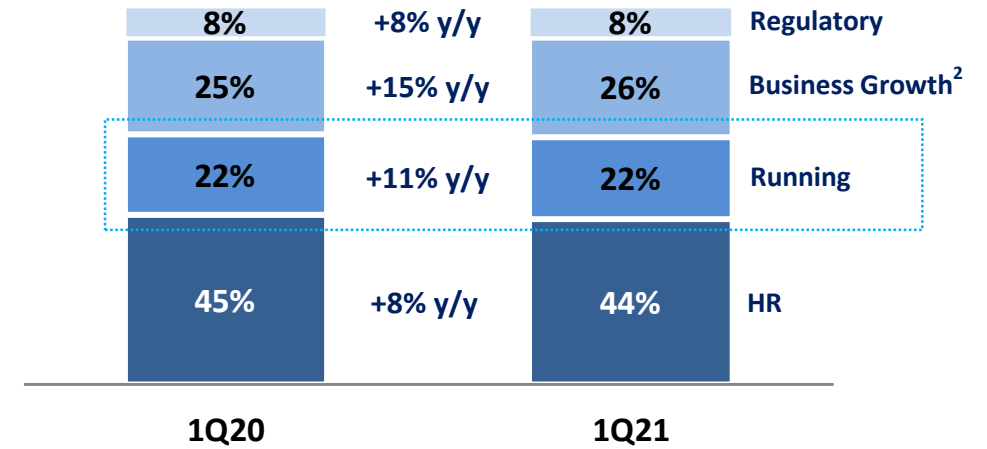
Cost growth at 12% y/y below average inflation

Fees to opex as high as 80% improving 13pp ytd; Running cost increase limited at 11%

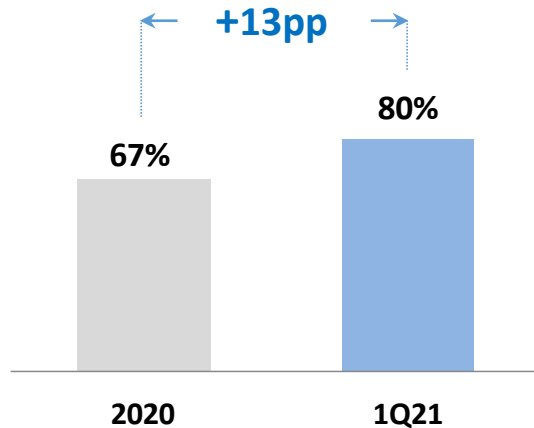
Operating Costs (TL mln)



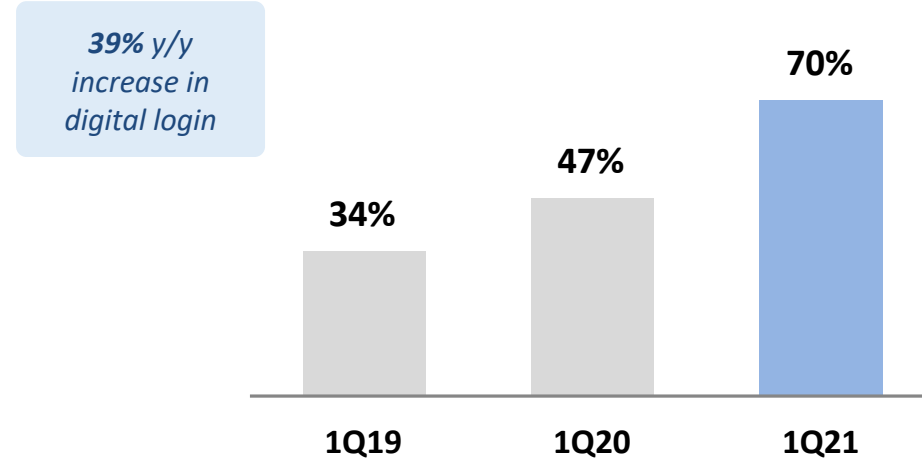
Cost Breakdown¹



Fees to Opex



Share of Digital in Main Products Sold³



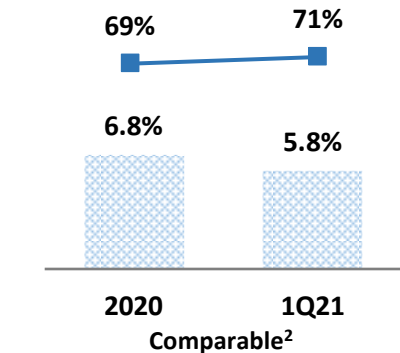
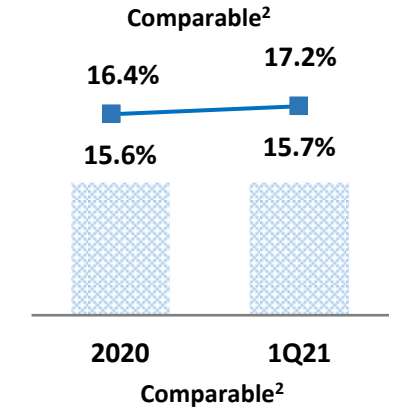
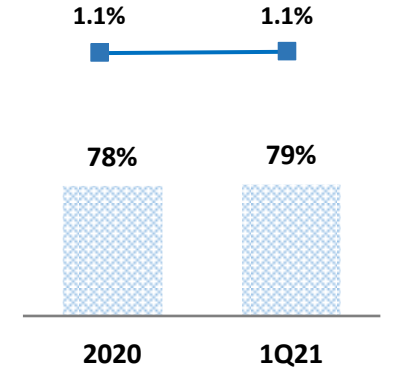
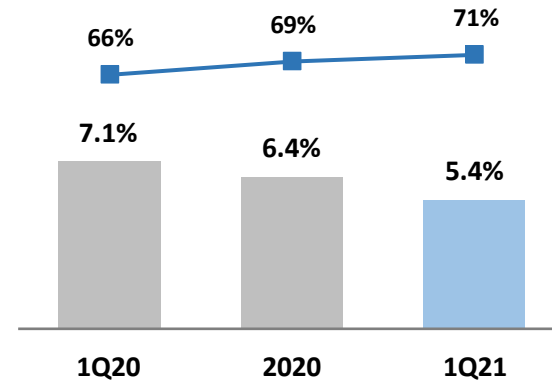
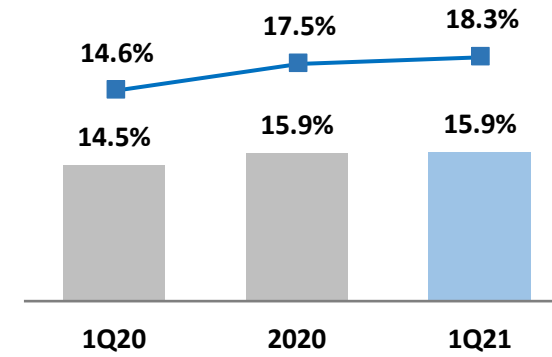
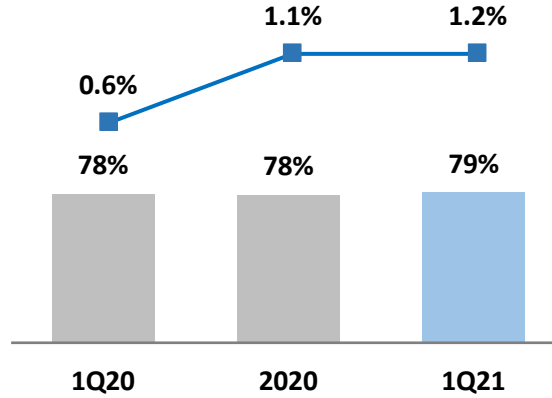
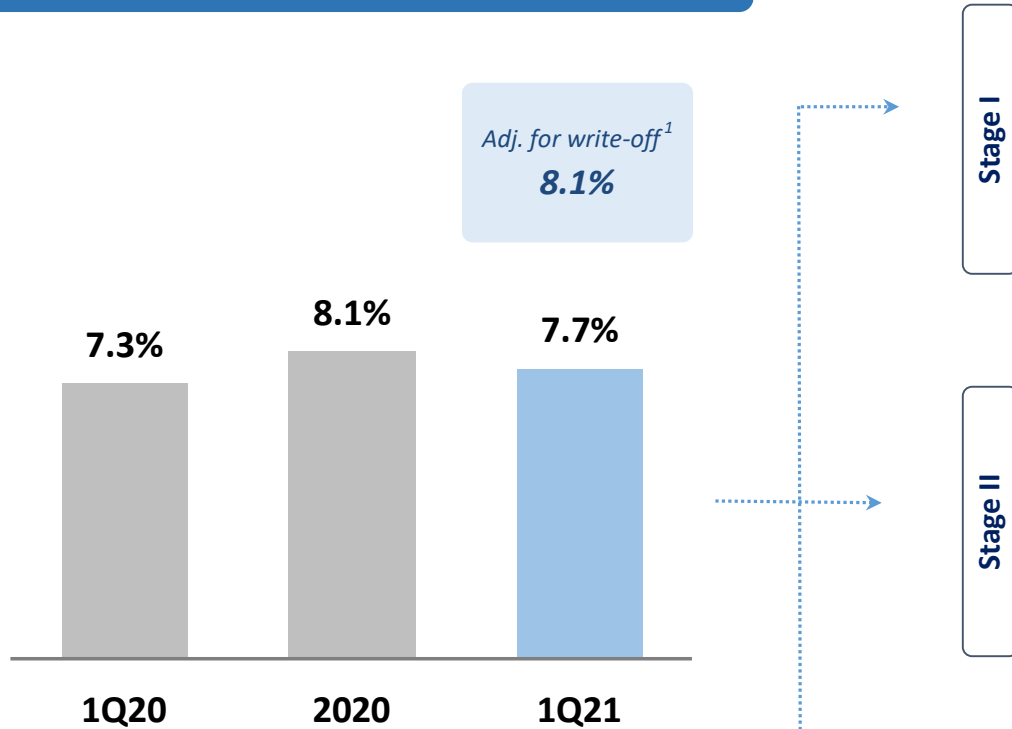
Notes:

1. Based on bank-only financials, MIS data
2. Includes customer acquisition costs and depreciation
3. Based on MIS data; Main Products; GPL, CC, Time Deposit, and Flexible Account

Uncompromised prudence in asset quality

Improvement in NPL ratio, with further increase in coverage ratios

Provisions / Gross Loans



— Coverage

Notes:

Based on Bank-only BRSA financials

Excluding additional provisions for risks and charges

NPL write-offs: 1,000 mln TL in 1Q21; 600 mln TL in 1Q20

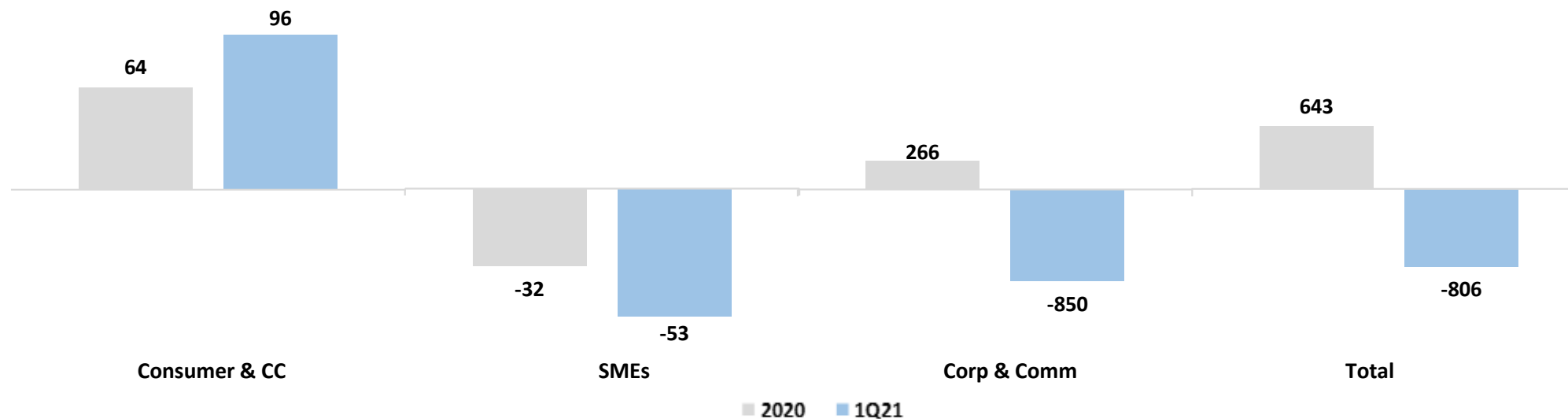
1. Including other provisions for risks and charges

2. On a comparable basis inline with previous periods; 90-180 days past due loans as NPL and 30-90 days past due loans as Stage 2

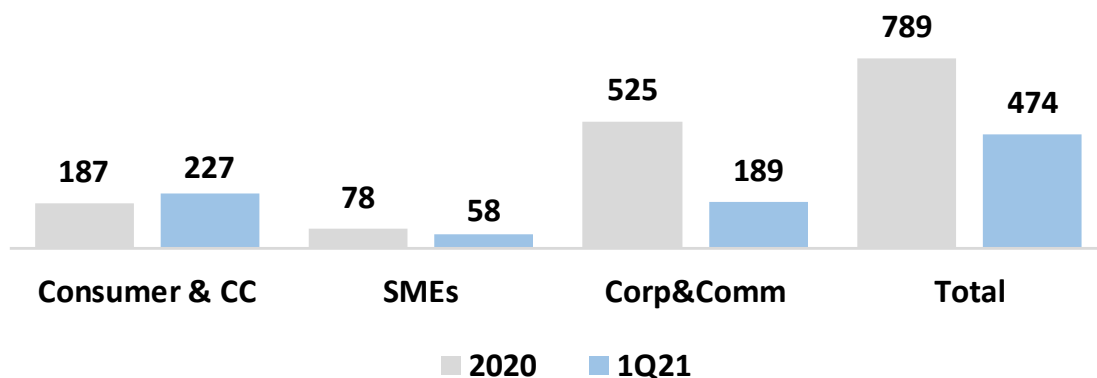
Negative NPL inflows in 1Q21

Significant improvement in quarterly recoveries

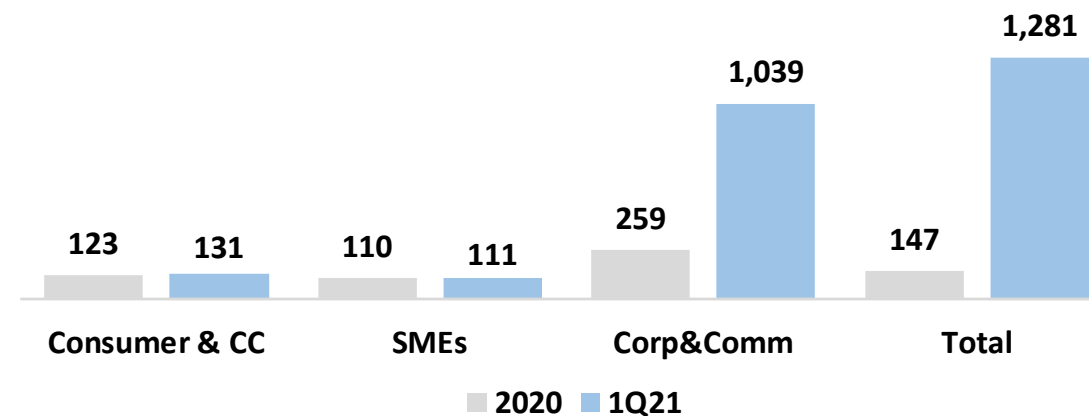
Net NPL inflows¹ (quarterly average)



NPL inflows (quarterly average)



Recoveries (quarterly average)

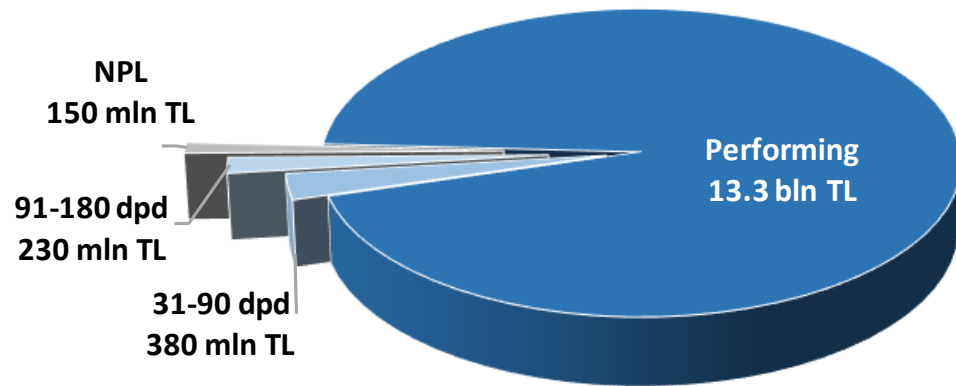


Notes:
Based on Bank-only BRSA financials
1. Excluding the positive impact of NPL write-offs

Loan Postponements & Loans with 90-180 dpd

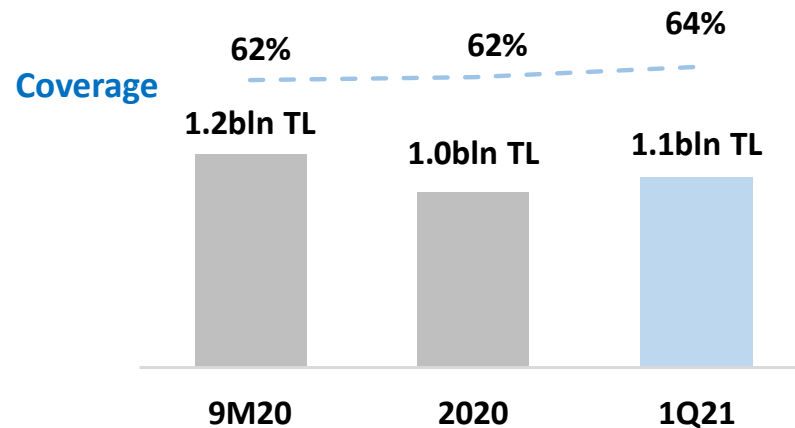
Further increase in coverage of postponed loans at 15%; 90-180 dpd at 1.1 bln TL with 64% coverage

Loan Postponements - 1Q21 performance



- 95% of the loans are performing
- Loan postponement stock at 14 bln TL; ~3% of total loans with further coverage increase at ~15%
 - 21% at Stage 2; Coverage at 28%
 - 78% at Stage 1; Coverage at 10%
 - 1% at Stage 3; Coverage at 66%
 - Total provisions: 2.1 bln TL

Loans with 90-180 days past due



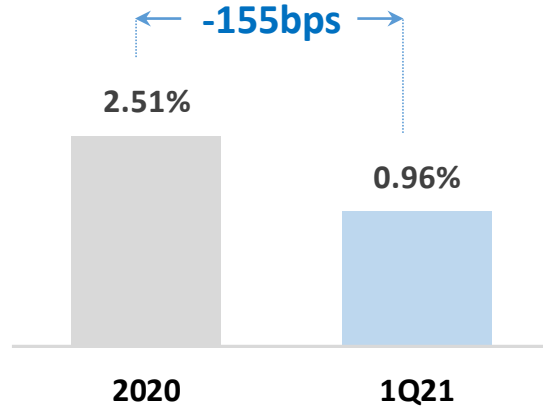
- 1.1 bln TL with 64% coverage
 - Total provisions: 700 mln TL

CoR down to 96 bps with ongoing prudence

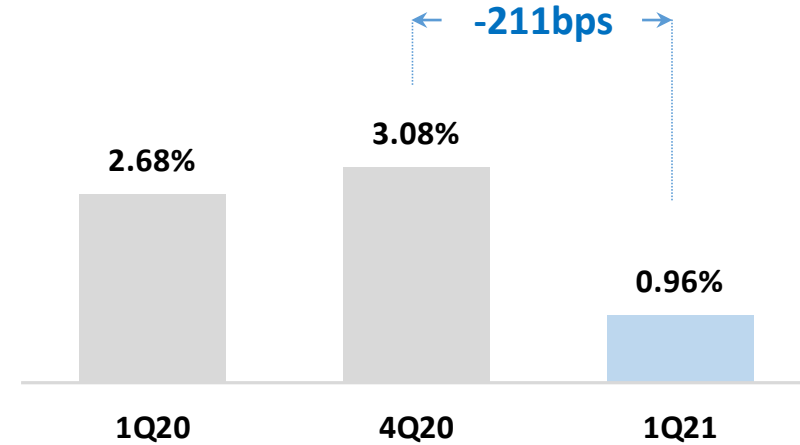
Limited inflows, strength in collections and front loaded provisions in 2020 supported CoR in 1Q

Total Cost of Risk¹

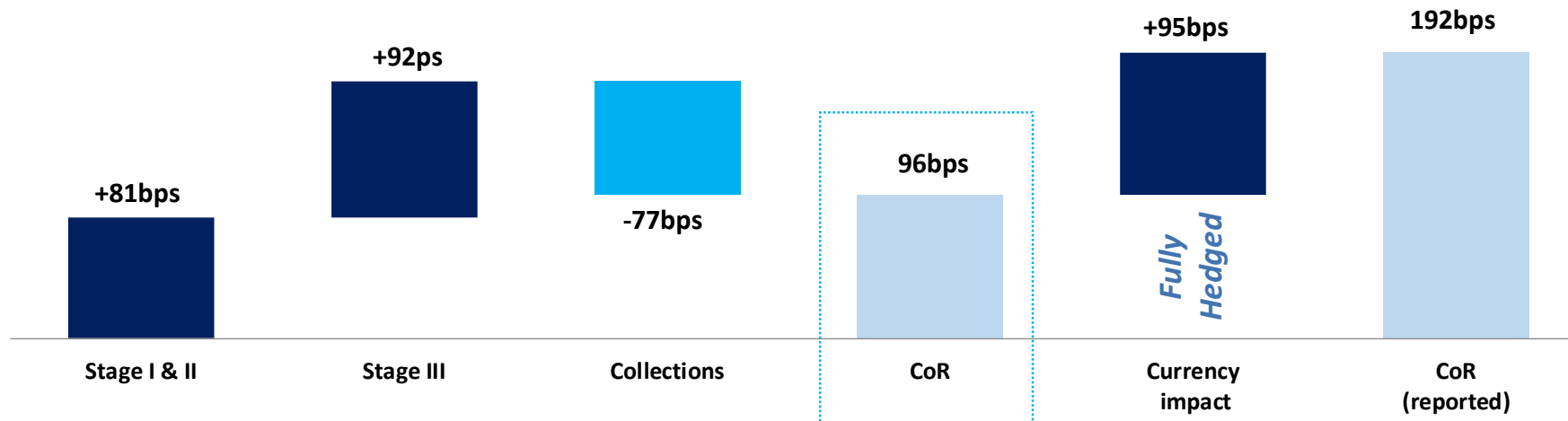
Cumulative



Quarterly



Cost of Risk Composition



Notes:

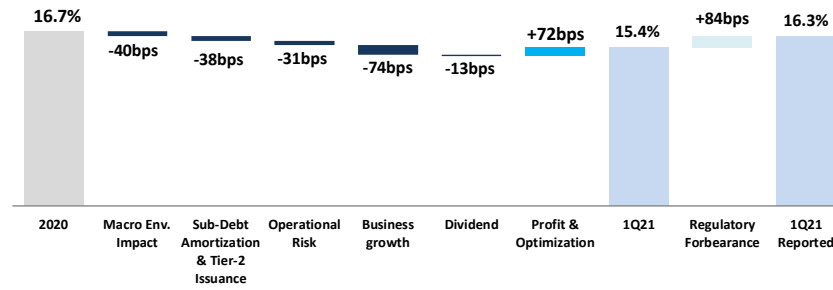
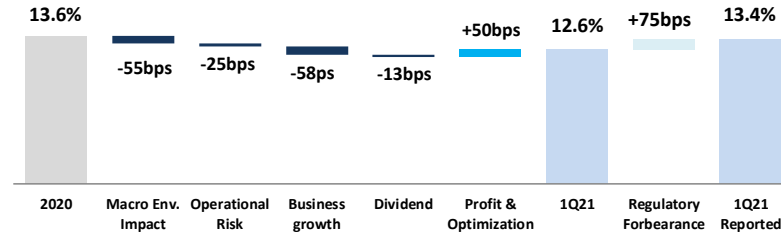
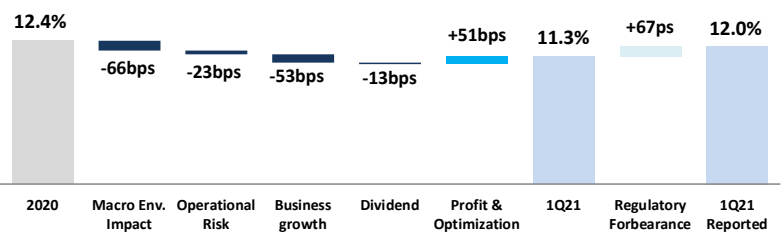
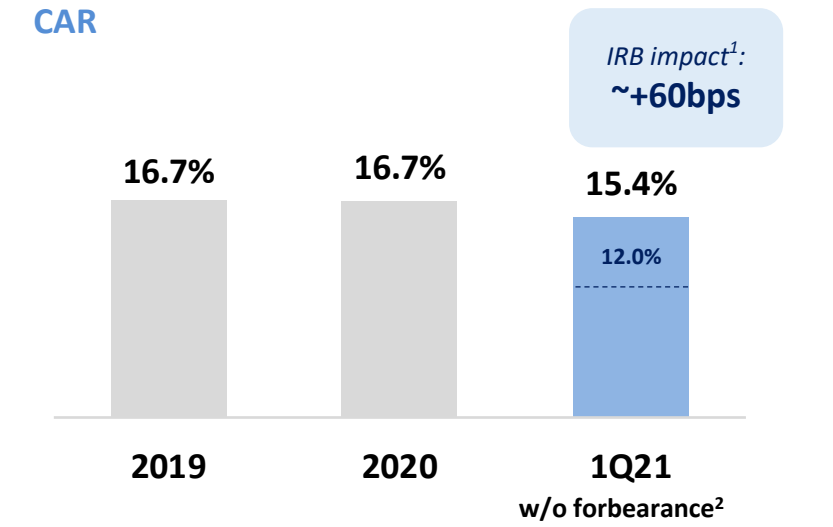
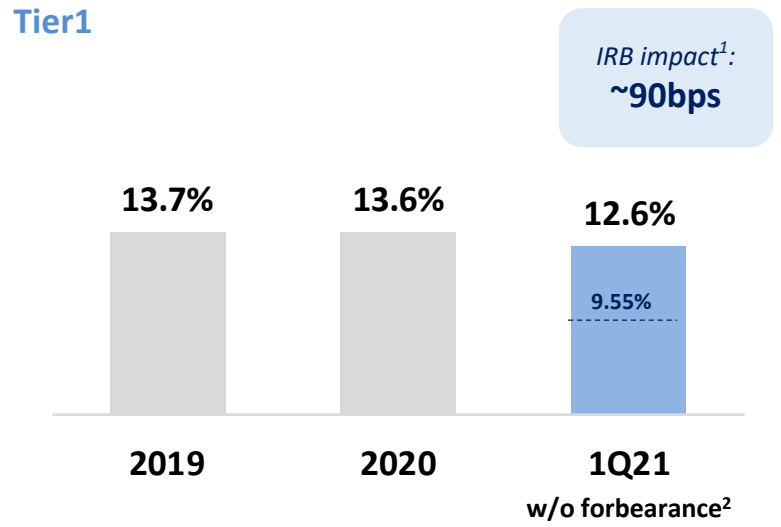
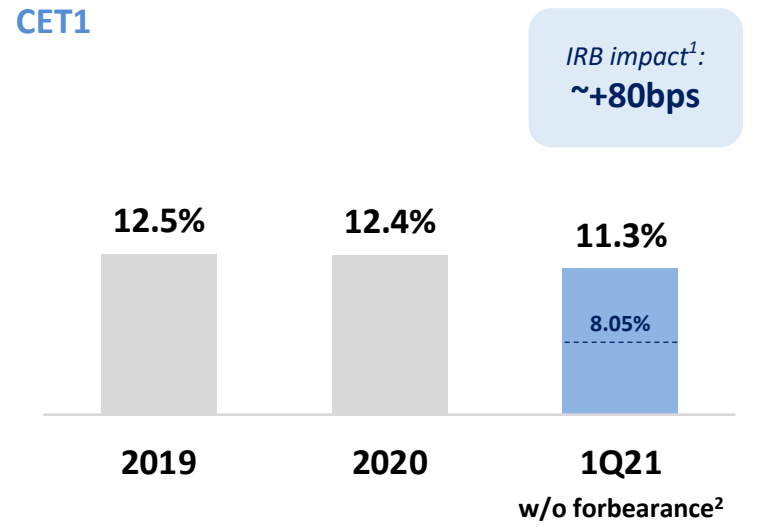
Based on Consolidated BRSA financials

1. Cost of Risk = (Total Expected Credit Loss- Collections-FC ECL hedge)/Total Gross Loans

Strong capital buffers will be further supported by IRB adoption

IRB adoption will support the capital ratios with ongoing internal capital generation

Capital Ratios



Notes:
 1. BRSA approved the IRB adoption. Starting from June 2021, we will report our capital ratios via Foundation IRB for Corporate portfolio and Advanced IRB for Retail portfolio. The impact on capital ratios will be in the range of 60bps to 90bps. This impact may change upon potential changes in the standardized approach calculation parameters and/or any regulatory changes
 2. Excluding regulatory forbearance (Exchange Rate: 252 working days moving average)
 Capital Conservation Buffer: 2.5%; Counter-Cyclical Buffer: 0.05%; SIFI Buffer: 1.0%
 Minimum Regulatory Requirements- CET1: 8.05%; Tier-1: 9.55%; CAR: 12.0% (BRSA suggestion)



Recent Developments

Climate Crisis and Environmental Protection



- Targeting to increase Electricity consumption from renewables to **61% by 2030 and 100% by 2035** (current: 16%)
- CDP Turkey Water Leader for two years in a row
- **Targeting to be climate neutral by 2050**
- Already have zero waste management system in head offices

Risk Management and Governance



- Board composition inline with CMB regulations
- Second Turkish bank to officially support TCFD
- Targeting Minimum 30% female representation on BoD

Sustainable Finance



- Renewable energy finance volume at 2.3bln USD
- Turkey's first sustainability linked loan worth ~260m USD
- **Committed not to finance future coal mining projects and coal fired power plants***

People and Communities



- Females at management level: 40% (total: 62%)
- Targeting to build financial literacy trainings and programs designed for clients and society
- Increasing outreach via Code.YapıKredi program for digital skills required by the future of work

ESG Initiatives and Recognitions

Founding Signatory of:

In support of:

WOMEN'S EMPOWERMENT PRINCIPLES
Established by UN Women and the UN Global Compact Office

* Excluding existing contractual obligations

Q&A

Annex

2021 Guidance

Guidance

		2021 Guidance	Guidance Drivers
Fundamentals	LDR ¹	< 110%	<ul style="list-style-type: none"> Ongoing Strong Liquidity Levels, LDR improving in 2H with de-dollarisation
	CAR (w/o forbearance)	> 16%	<ul style="list-style-type: none"> Capital ratio to be supported by internal capital generation & IRB Adoption² (impact: ~+60bps)
Volumes	TL Loan Growth	High-teens	<ul style="list-style-type: none"> TL denominated volume growth with ongoing small ticket focus
Revenues	NIM (excl. linker impact)	~-30bps	<ul style="list-style-type: none"> Higher TL funding costs to pressure NIM
	Fees	Mid-teens	<ul style="list-style-type: none"> Ongoing diversification efforts and support from higher number of transactions
Costs	Cost increase	Mid-teens	<ul style="list-style-type: none"> Increase in costs mainly due to regulatory costs and business growth Limited increase on running costs thanks to digitalisation and cost controls
Asset Quality	NPL Ratio	< 7%	<ul style="list-style-type: none"> Excluding potential NPL sales and write-offs in 2021
	Total CoR	< 200bps	<ul style="list-style-type: none"> Improvement in CoR thanks to front-loaded provisioning in 2020

2021 RoTE: Mid-Teens

Notes:

All figures are based on BRSA consolidated financials, except for NIM

- Does not represent end-of-period. Representing any point through the year
- BRSA approved the IRB adoption. Starting from June 2021, we will report our capital ratios via Foundation IRB for Corporate portfolio and Advanced IRB for Retail portfolio. The impact on capital ratios will be in the range of 60bps to 90bps. This impact may change upon potential changes in the standardized approach calculation parameters and/or any regulatory changes

Macro Environment

	2019	2020	1Q21
GDP Growth (y/y)	0.9%	1.8%	-
CPI Inflation (y/y)	11.8%	14.6%	16.2%
CAD¹/GDP²	0.9%	-5.1%	-5.3%
Budget Deficit/GDP²	-2.9%	-3.4%	-2.3%
Unemployment Rate³	13.1%	12.7%	13.4%
USD/TL (eop)	5.94	7.34	8.33
2Y Benchmark Bond Rate (eop)	11.8%	15.0%	19.2%

Banking Sector

	2019	1Q20	2020	1Q21
Loan Growth (y/y)	10%	13%	33%	30%
<i>Private</i>	5%	9%	27%	24%
<i>State</i>	19%	20%	44%	36%
Cust. Deposit Growth (y/y)	23%	23%	33%	29%
<i>Private</i>	18%	19%	21%	19%
<i>State</i>	34%	30%	51%	45%
NPL Ratio	5.2%	5.0%	4.0%	3.8%
CAR⁴	18.0%	17.4%	18.3%	17.6%
ROTE	10.6%	12.4%	10.5%	10.5%

Notes:

All macro data as of March 2021 unless otherwise stated

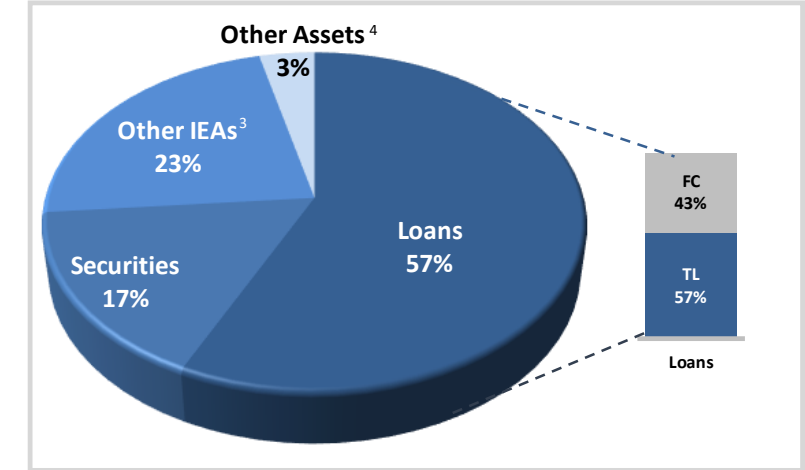
Banking sector volumes based on BRSA weekly data as of 02 April 2021

1. CAD indicates Current Account Deficit as of Feb'21
2. 1Q21 GDP Forecast
3. Unemployment rate is as of Feb'21, seasonally adjusted
4. CAR includes regulatory forbearances

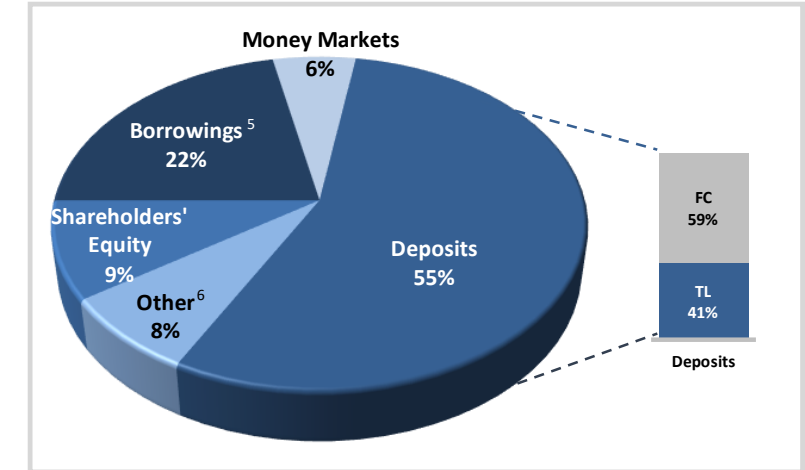
Consolidated Balance Sheet

TL bln	1Q20	1H20	9M20	2020	1Q21	q/q	y/y
Total Assets	434.9	444.4	492.5	486.5	534.7	10%	23%
Loans¹	242.4	254.7	283.0	281.8	305.4	8%	26%
TL Loans	136.1	145.2	161.1	166.9	181.1	9%	33%
FC Loans (\$)	16.3	16.0	15.6	15.7	14.9	-5%	-8%
Securities	62.6	74.4	77.1	78.8	88.4	12%	41%
TL Securities	44.6	51.7	49.7	51.1	58.8	15%	32%
FC Securities (\$)	2.8	3.3	3.5	3.8	3.6	-6%	29%
Customer Deposits	247.2	244.4	263.5	259.3	291.1	12%	18%
TL Customer Deposits	111.7	115.1	104.1	103.5	115.8	12%	4%
FC Customer Deposits (\$)	20.8	18.9	20.4	21.2	21.1	-1%	1%
Borrowings	102.6	103.4	112.7	106.3	116.4	10%	13%
TL Borrowings	11.3	12.4	11.5	11.6	11.1	-4%	-1%
FC Borrowings (\$)	14.0	13.3	13.0	12.9	12.6	-2%	-10%
Shareholders' Equity	41.9	44.1	46.7	47.6	50.8	7%	21%
Assets Under Management	32.0	38.9	41.8	44.3	46.1	4%	44%
Loans/(Deposits+TL Bills)	94%	100%	102%	105%	102%		
CAR²	15.8%	17.1%	16.7%	16.7%	15.4%		
Tier-I²	13.0%	14.2%	13.5%	13.6%	12.6%		
Common Equity Tier-I²	11.8%	12.9%	12.2%	12.4%	11.3%		

Assets



Liabilities



Notes:

- Loans indicate performing loans. TL and FC Loans are adjusted for the FX indexed loans
- 9M20, 2020 and 1Q21 excluding regulatory forbearances
- Other interest earning assets (IEAs) include Balances with the Central Bank Turkey, banks and other financial institutions, money markets, factoring receivables, financial lease receivables
- Other assets include investments in associates, subsidiaries, joint ventures, hedging derivative financial assets, property and equipment, intangible assets, tax assets, assets held for resale and related to discontinued operations (net) and other

- Borrowings: include funds borrowed, marketable securities issued (net), subordinated loans. Intragroup funding / Total exposures is limited to cash excluding Business Related (i.e. Trade Finance), Repos and loro/nostro accounts
- Other liabilities: other provisions, hedging derivatives, deferred and current tax liability and other

Consolidated Income Statement

TL million	1Q20	4Q20	1Q21	y/y	q/q
Net Interest Income including swap costs	3,582	4,333	2,650	-26%	-39%
<i>o/w Nil</i>	4,210	5,319	3,947	-6%	-26%
<i>o/w CPI-linkers¹</i>	560	1,817	1,061	90%	-42%
<i>CPI-linkers (normalised)</i>	815	1,052	1,061	30%	1%
<i>o/w Swap costs</i>	-627	-986	-1,296	107%	31%
Fees & Commissions	1,521	1,504	1,850	22%	23%
Core Revenues	5,103	5,837	4,501	-12%	-23%
Operating Costs	2,062	2,463	2,299	12%	-7%
Core Operating Income	3,041	3,374	2,201	-28%	-35%
Trading and FX gains/losses	473	350	415	-12%	19%
<i>o/w FX gains/losses</i>	157	214	305	95%	43%
<i>o/w MtM gains/losses</i>	152	73	96	-37%	32%
<i>o/w Trading gains/losses</i>	164	63	14	-92%	-79%
Other income	162	29	110	-32%	277%
<i>o/w income from subs</i>	20	27	30	51%	9%
<i>o/w Dividends</i>	1	1	4	336%	n.m.
<i>o/w Others</i>	141	1	76	-46%	n.m.
Pre-provision Profit	3,676	3,753	2,726	-26%	-27%
ECL net of collections	1,805	2,441	789	-56%	-68%
<i>o/w Stage 3 Provisions</i>	1,737	1,267	752	-57%	-41%
<i>o/w Stage 1 + Stage 2 Provisions</i>	864	1,211	1,445	67%	19%
<i>o/w Collections (-)</i>	381	390	627	65%	61%
<i>o/w ECL hedging (-)</i>	415	-352	782	89%	n.m.
Provisions for Risks and Charges	413	19	110	-73%	n.m.
<i>o/w Other provisions for risks and charges</i>	263	0	22	-92%	n.m.
<i>o/w Pension fund provisions</i>	150	19	88	-42%	351%
Other Provisions	20	4	12	-40%	176%
Pre-tax Income	1,438	1,289	1,816	26%	41%
Tax	308	524	363	18%	-31%
Net Income	1,129	765	1,453	29%	90%
ROTE	11.4%	6.8%	12.3%	93bps	555bps
ROAA	1.1%	0.6%	1.1%	7bps	51bps

Notes:

1. Interest income from CPI linkers includes inflation impact on principal amount and does not include the interest income arising from fixed coupon rate.

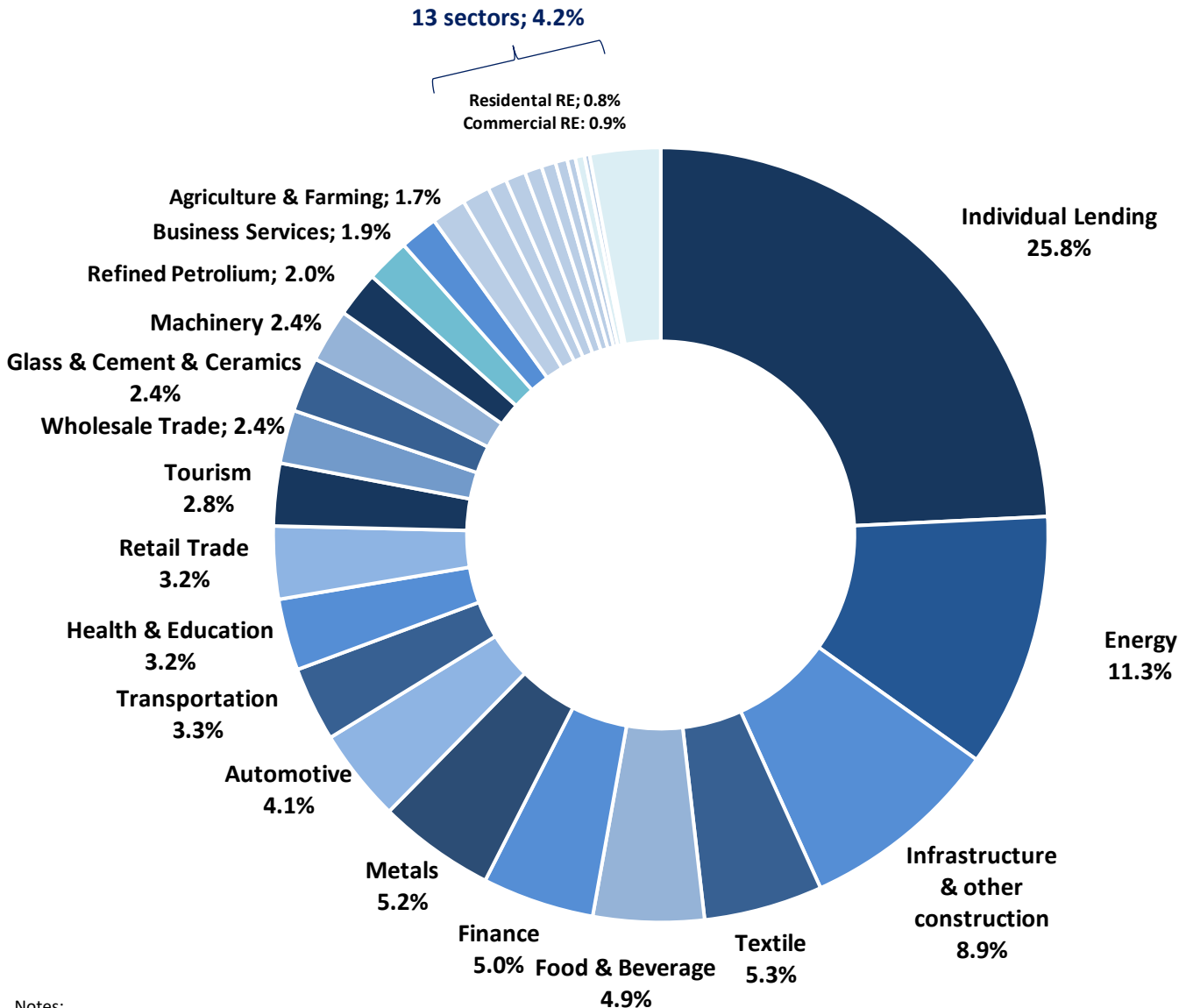
Bank-Only Income Statement

TL million	1Q20	4Q20	1Q21	y/y	q/q
Net Interest Income including swap costs	3,326	4,011	2,327	-30%	-42%
o/w NII	3,973	5,040	3,710	-7%	-26%
o/w CPI-linkers ¹	560	1,817	1,061	90%	-42%
CPI-linkers (normalised)	815	1,052	1,061	30%	1%
o/w Swap costs	-646	-1,029	-1,384	114%	34%
Fees & Commissions	1,423	1,338	1,654	16%	24%
Core Revenues	4,750	5,349	3,981	-16%	-26%
Operating Costs	1,954	2,306	2,165	11%	-6%
Core Operating Income	2,796	3,043	1,816	-35%	-40%
Trading and FX gains/losses	442	354	368	-17%	4%
o/w FX gains/losses	107	225	265	149%	18%
o/w MtM gains/losses	176	69	92	-48%	34%
o/w Trading gains/losses	159	61	11	-93%	-81%
Other income	302	309	423	40%	37%
o/w income from subs	207	202	351	70%	73%
o/w Dividends	0	1	2	371%	84%
o/w Others	95	106	71	-25%	-33%
Pre-provision Profit	3,540	3,705	2,607	-26%	-30%
ECL net of collections	1,726	2,460	761	-56%	-69%
o/w Stage 3 Provisions	1,703	1,307	633	-63%	-52%
o/w Stage 1 + Stage 2 Provisions	818	1,191	1,396	71%	17%
o/w Collections (-)	381	390	486	28%	25%
o/w ECL Hedging	415	-352	782	89%	n.m.
Provisions for Risks and Charges	413	19	110	-73%	465%
o/w Other provisions for risks and charges	263	0	22	-92%	n.m.
o/w Pension fund provisions	150	19	88	-42%	351%
Other Provisions	16	4	6	-61%	49%
Pre-tax Income	1,384	1,221	1,731	25%	42%
Tax	255	456	278	9%	-39%
Net Income	1,129	765	1,453	29%	90%
ROTE	11.4%	6.8%	12.3%	93bps	553bps
ROAA	1.1%	0.7%	1.2%	8bps	55bps

Notes:

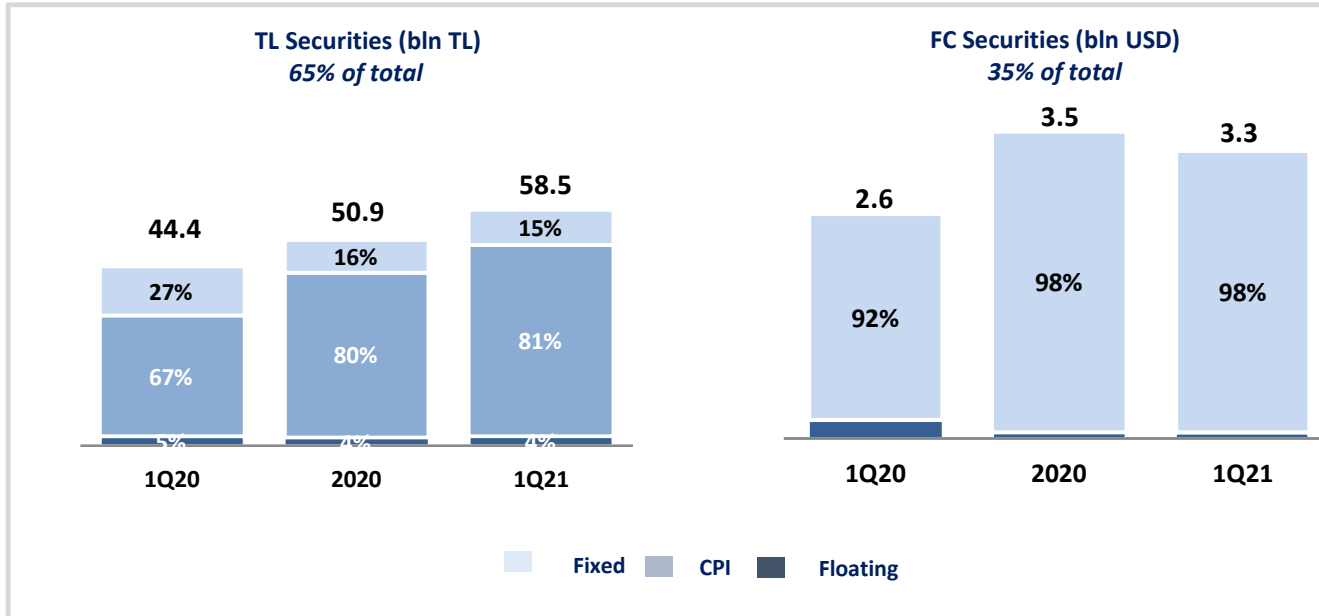
1. Interest income from CPI linkers includes inflation impact on principal amount and does not include the interest income arising from fixed coupon rate.

Sectoral Breakdown of Loans

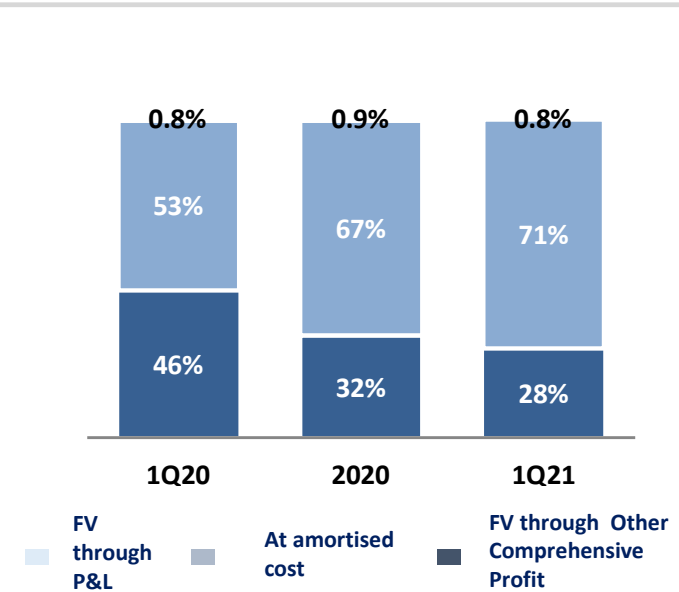


- **Energy Sector** total coverage at 15%, 48% of the loans are under Stage 2
- **Energy Sector Risky Stage 2 files'** coverage at 29%
- **Infrastructure and other construction** total coverage at 22%
- **Total Real Estate loans Stage 2** coverage at 19%
- **Tourism Sector** share in total at 2.8%
- 9% share of **SMEs** in cash loans, ~40% of which is under CGF scheme

Composition by Type¹



Composition by Classification¹




■ **CPI linker volume: 47.2 bln TL**

CPI linker valuation: 11% average inflation (2020: 11.9%)

■ **M-t-m unrealised gain² at -130 mln TL as of 1Q21 (+213 mln TL in 2020)**

Notes:

1. Based on Bank-Only financials
2. Net of tax

International	Syndications	<p>~ US\$ 1.76 bln</p> <ul style="list-style-type: none"> ■ May'20: US\$ 284 mln and € 535 mln, all-in cost at Libor+ 2.25% and Euribor+ 2.00% for 367 days. 38 banks from 18 countries ■ Nov'20: US\$ 334 mln and € 441 mln, all-in cost at Libor+ 2.50% and Euribor+ 2.25% for 367 days. 39 banks from 21 countries
	AT1	<p>~US\$ 650 mln outstanding</p> <ul style="list-style-type: none"> ■ Jan'19: US\$ 650 mln market transaction, callable every 5 years, perpetual, 13.875% (coupon rate)
	Subordinated Loans	<p>~US\$ 2.36 bln outstanding</p> <ul style="list-style-type: none"> ■ Dec'12: US\$ 1,000 mln market transaction, 10 years, 5.5% fixed rate ■ Jan'13: US\$ 585 mln, 10NC5, 5.7% fixed rate – Basel III Compliant ■ Dec'13: US\$ 270 mln, 10NC5, 7.72% – Basel III Compliant ■ Jan'21: US\$ 500 mln market transaction, 10NC5, 7.875% (coupon rate)- Basel III Compliant
	Foreign and Local Currency Bonds / Bills	<p>US\$ 2.10 bln Eurobonds</p> <ul style="list-style-type: none"> ■ Feb'17: US\$ 600 mln, 5.75% (coupon rate), 5 years ■ Jun'17: US\$ 500 mln, 5.85% (coupon rate), 7 years ■ Mar'18: US\$ 500 mln, 6.10% (coupon rate), 5 years ■ Mar'19: US\$ 500 mln, 8.25% (coupon rate), 5.5 years
	Covered Bond	<p>TL 1.97 bln out standing</p> <ul style="list-style-type: none"> ■ Oct'17: Mortgage-backed with maturity 5 years ■ Feb'18: Mortgage-backed with 5 years maturity ■ May'18: Mortgage-backed with 5 years maturity ■ Mar'19: Mortgage-backed with 5 years maturity ■ Dec'19: Mortgage-backed with 5 years maturity
Domestic	Local Currency Bonds / Bills	<p>TL 4.44 bln total</p> <ul style="list-style-type: none"> ■ Jun'20 : TL 81 mln, 1-year maturity ■ Dec'20 : TL 633 mln, 4-month maturity, TLREF indexed ■ Jan'21 : TL 2.01 bln, 3-month maturity, TLREF indexed ■ Feb'21 : TL 1.11 bln, 6-month maturity, TLREF indexed ■ Mar'21 : TL 170 mln, 4-month maturity ■ Mar'21 : TL 436 mln, 3-month maturity, TLREF indexed 
	Subordinated Loans	<p>TL 800 mln total</p> <ul style="list-style-type: none"> ■ Jul'19: TL 500 mln, 10-year maturity, TRLIBOR + 100 bps ■ Oct'19: TL 300 mln, 10-year maturity, TLREF index + 130 bps

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