

#StayAtHome  
#WeWillGetBetter

# Yapı Kredi 1Q20 Earnings Presentation

30 April 2020



# Covid-19 time-line in Turkey and Yapı Kredi's actions

11 March



First Confirmed  
Case in Turkey

## PREVENTIVE ACTIONS

- Crisis management activated, action plan set for five phases of severity
- IT set-up tested for extensive remote working mode
- Travel ban put for all employees
- Physical meetings, events, trainings and customer visits cancelled
- Employees with chronic illnesses or expecting put in administrative leave
- Hygiene equipment restored and sent to branches

21 March



First  
Restrictions

- 10,000+ employees started to work from home
- All visits to head office or banking campus cancelled
- Branches in hospitals and malls closed
- ATM cash withdrawal limits raised
- Daily contactless payment limit raised
- No fee on money transfer via Digital/Mobile Banking or ATMs
- Online trainings increased
- Entire Call Center capacity enabled to be fully functional as home-agent
- Thermal scanners, no-touch thermometers and visors started to be used

3 April



Further  
Restrictions

- Branches started to work between 12:00 – 17:00 with 50% rotation
- Call center re-designed, all direct sales teams were re-routed to call center for outside working hours
- Loan repayments postponed for three months in case of request
- Remote customer services by branch RMs extended via increased utilisation of mobile approvals
- Supportive actions for the employees (i.e. insurance, pays)
- Transparent communication with vendors and suppliers
- Close monitoring of press and social media

10 April



First Curfew at  
Weekend

- Branch back-up process started (~25% of the network)
- Remote customer services capacity increased via shared sources created for call center and RMs
- Masks & glove pairs sent to homes of employees
- TL 10 mln of donation via emergency equipment support to the hospitals
- Social distance was encouraged at all locations with signals and barriers
- Technical staff stay at Operation Center during curfew

333 Actions Taken

- 178 on Remote Working
- 49 Enhance Digital Experience
- 3 Video Banking
- 103 Regulatory Changes

IMMEDIATE CUSTOMER COMMUNICATION VIA ALL CHANNELS

FULLY OPEN COMMUNICATION WITH PERSONNEL

# Covid-19 Actions and implications: Safety of franchise first and foremost, with sustained customer service alongside with solid fundamentals

## Employees Kept Healthy and Safe

- 75% of the work-force moved to home-office (all head-quarter, call center and rotated network)
- Rotated branch employees using remote customer services
- ~40 mln TL additional cost incurred where possible new business model hints more savings

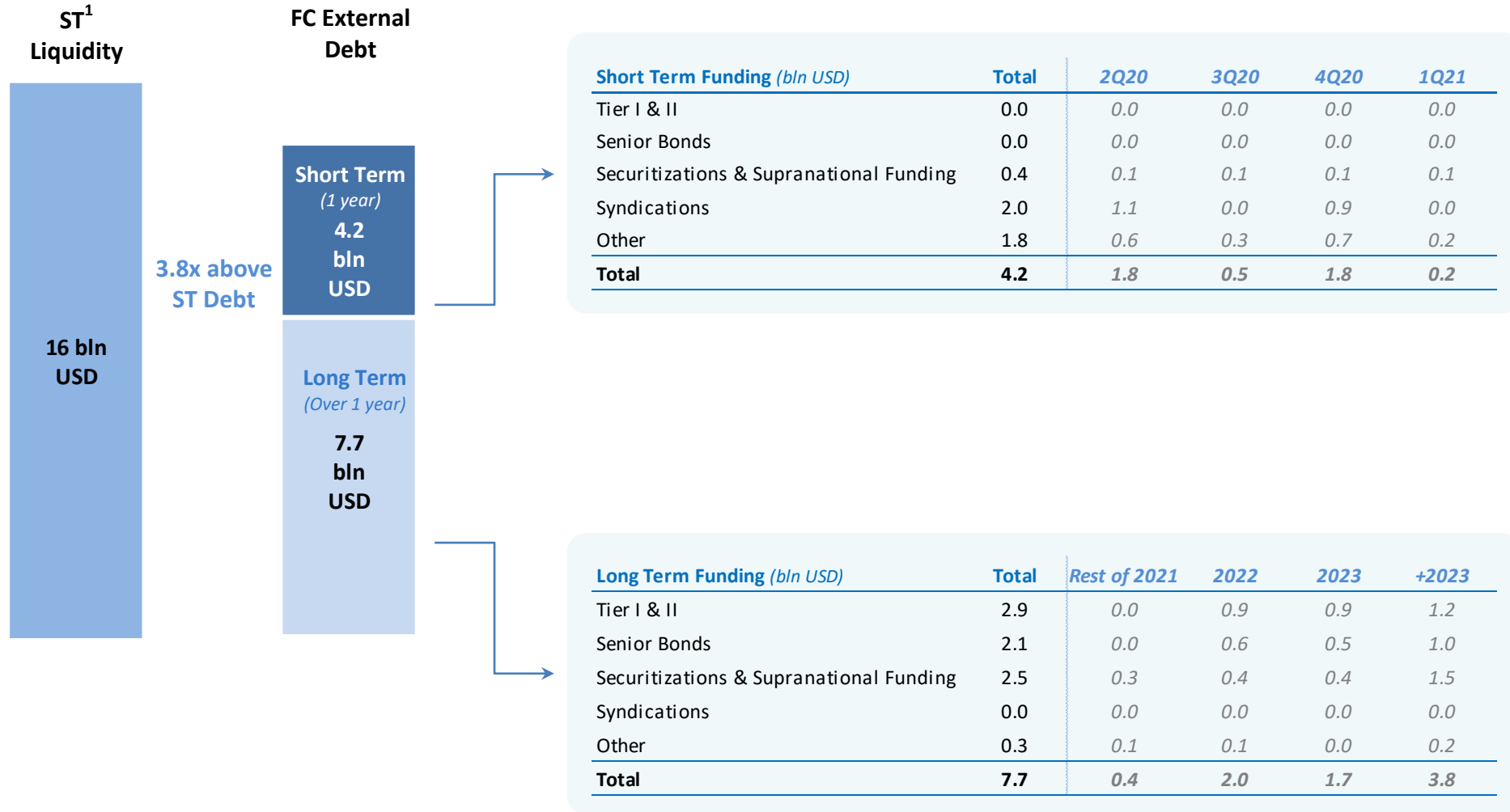
## Un-interrupted Customer Service

- No disruption on customer services, transactions moved to digital channels and call center w/out any loss in m.shares
- Loan postponements (~320k customers, ~1.0% of total loans)
- Active utilisation of CGF schemes
- Utilisation of existing limits, with additions, if needed
- Strong e-commerce presence; 100bps market share increase

## Solid Fundamentals

- **LIQUIDITY:** Ample liquidity levels (*c.200% vs 150% under severe stress*) maintained even in a severe stress test scenario
- **CAPITAL:** Capital buffers at a very comfortable level (*c.400bps vs 200bps under severe stress*)

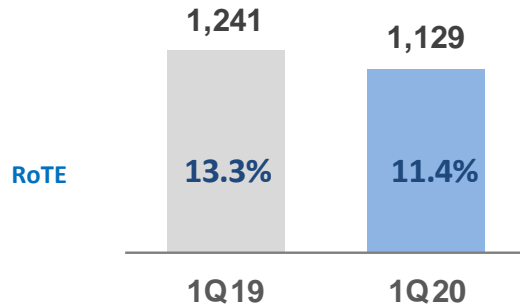
# Ample level of liquidity 3.8x of ST FC external debt



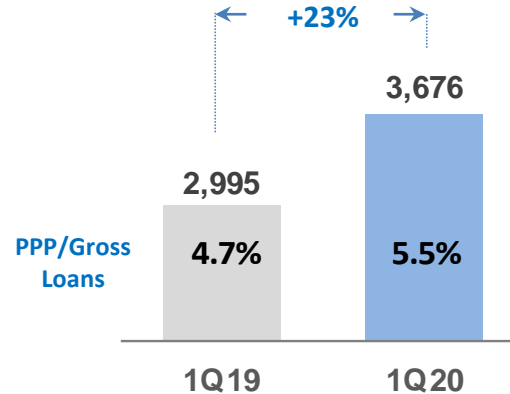
Notes:  
Based on Bank-only MIS data  
1. 1 month liquidity

# 1.1 bln TL net profit with strong PPP generation and cautious provisioning supported by solid fundamentals

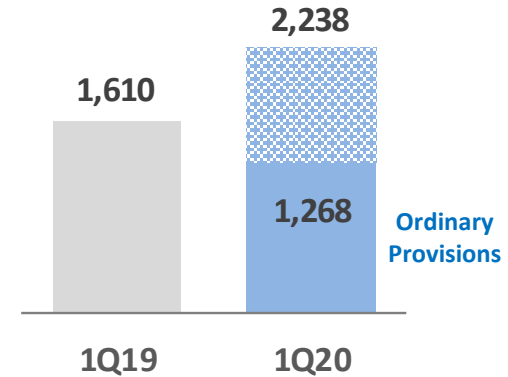
## Net Profit



## Pre-Provision Profit<sup>1</sup>

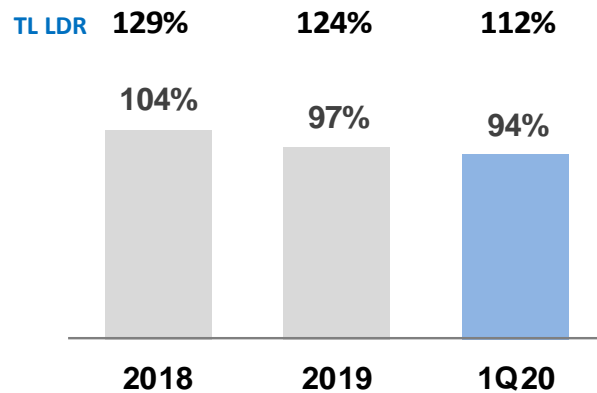


## Total Provisions<sup>2</sup>

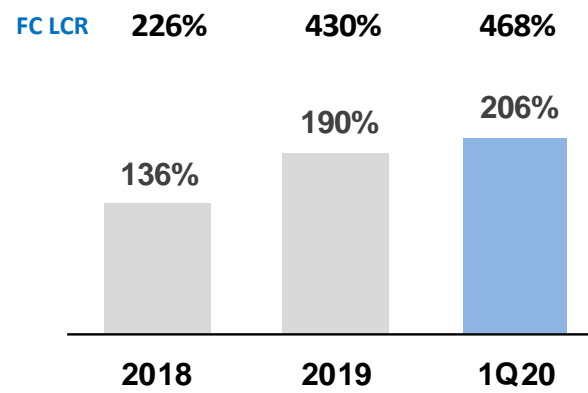


## Fundamentals

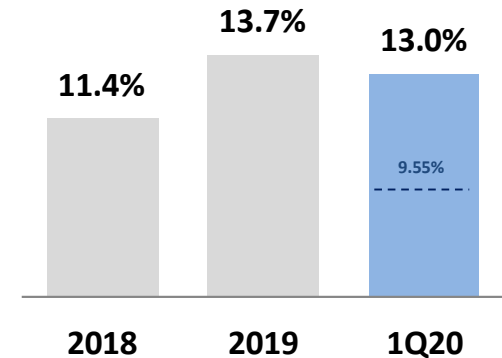
### LDR<sup>3</sup>



### LCR<sup>4</sup>



### Tier 1 Ratio (w/o forbearance)<sup>5</sup>



#### Notes:

- 1Q19 PPP with normalised CPI linker income for homogenous comparison (reported : 3,193 TL mln)
- ECL + other provisions
- LDR= Loans / (Deposits + TL Bonds)
- Based on past three months averages
- 1Q20 Reported Tier 1 Ratio at 13.7%

# TL driven loan and deposit growth, with enhanced focus on small tickets

Volumes

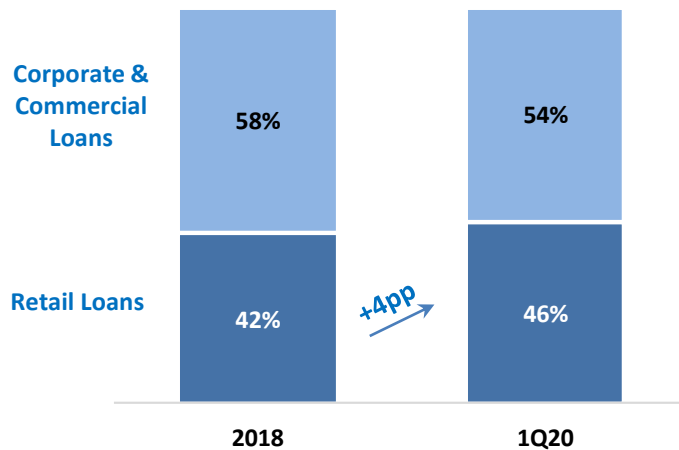
## Loan volumes (TL bln)

	Yapı Kredi			Private Banks <sup>1</sup>	
	1Q20	ytd	y/y	ytd	y/y
<b>Cash+Non-cash Loans<sup>2</sup></b>	<b>336.6</b>	<b>6%</b>	<b>4%</b>	<b>7%</b>	<b>8%</b>
TL <sup>3</sup>	164.4	3%	11%	6%	11%
FC (\$) <sup>3</sup>	26.4	-1%	-14%	-1%	-9%
<b>Cash Loans<sup>2</sup></b>	<b>242.4</b>	<b>6%</b>	<b>5%</b>	<b>7%</b>	<b>9%</b>
TL <sup>3</sup>	136.1	3%	12%	7%	13%
FC (\$) <sup>3</sup>	16.3	0%	-16%	-1%	-9%

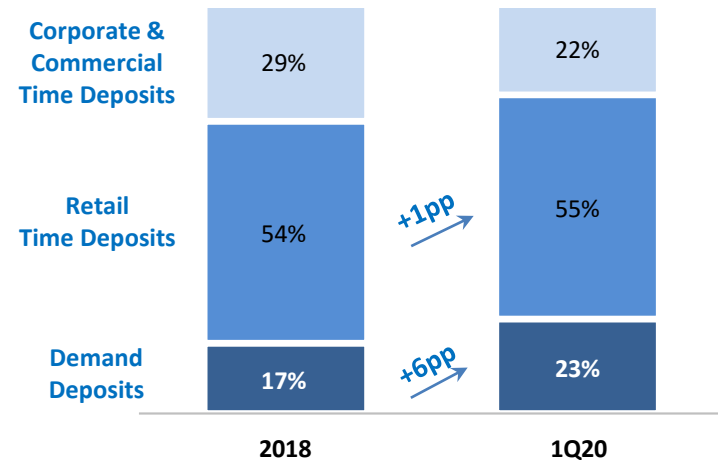
## Deposit volumes (TL bln)

	Yapı Kredi			Private Banks <sup>1</sup>	
	1Q20	ytd	y/y	ytd	y/y
<b>Customer Deposits</b>	<b>247.2</b>	<b>9%</b>	<b>15%</b>	<b>7%</b>	<b>19%</b>
TL	111.7	12%	29%	4%	22%
FC (\$) <sup>3</sup>	20.8	-2%	-9%	1%	2%
<b>Customer Demand Deposits</b>	<b>60.3</b>	<b>17%</b>	<b>46%</b>	<b>19%</b>	<b>43%</b>
TL	22.0	6%	42%	4%	36%
FC (\$) <sup>3</sup>	5.9	13%	29%	18%	28%

## Cash Loan Breakdown (FX adjusted)<sup>4</sup>



## Deposit Breakdown (FX adjusted)<sup>4</sup>

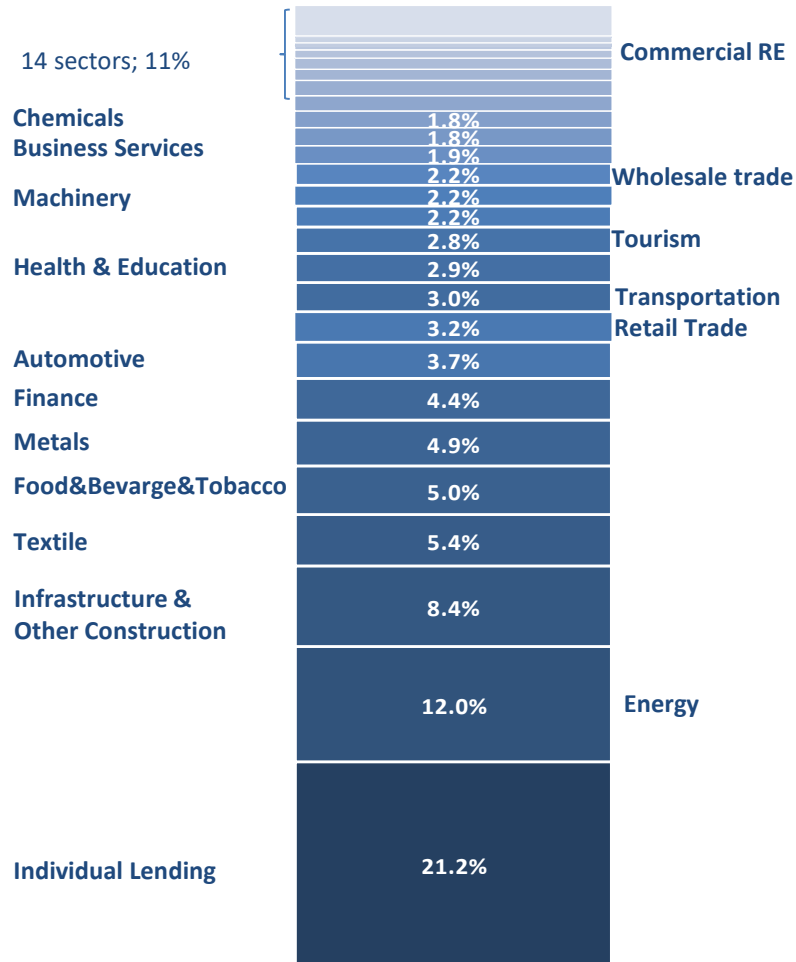


### Notes:

1. Private banks based on BRSA weekly data as of 27 March 2020
2. Cash Loans indicate performing loans excluding factoring and leasing receivables
3. TL and FC loans are adjusted for the FX indexed loans
4. Based on MIS data adjusted for FX, Retail includes individual, credit cards and SMEs

# Well diversified loan portfolio and sound coverage sectors with possibility of deterioration

## Sectoral breakdown of Loans

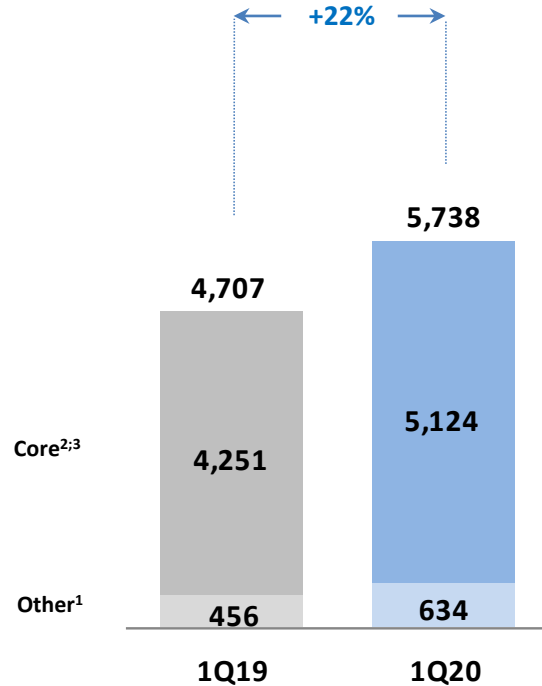


- **Energy Sector** total coverage at 14.6%, 46.6% of the loans are under Stage 2
- **Energy Sector** Risky Stage 2 files' coverage at 37%
- **Infrastructure and other construction** coverage at 11.5%
- **Total Real Estate** loans Stage 2 coverage at 17%
- **Commercial Real Estate** share in total at 1.3%. Possible stressed files are less than 0.5% of total loans
- **Tourism Sector** share in total at 2.8%. Possible stressed files are less than 0.1% of total loans
- **Transportation Sector** is 3% of total loans. Possible stressed files are less than 0.5% of total loans
- Limited 7% share of **SMEs** in total loans, 50% of which is under CGF scheme
- Deleveraging in FC loans in the past two years by as much as 23%
- **Possible stressed files are 1.4% of total loans**

# Strong y/y increase in core revenues, with 21 bps ytd improvement in revenue margin

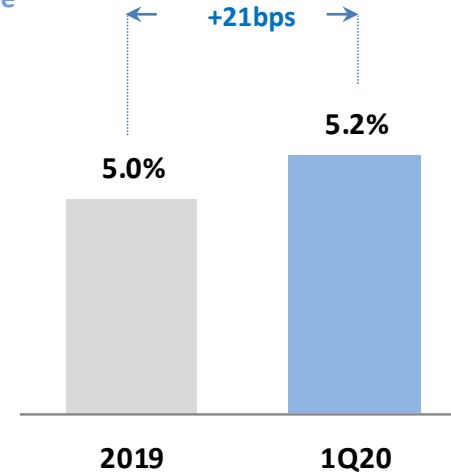
Revenues

## Revenues<sup>1,2,3</sup> (TL mln)

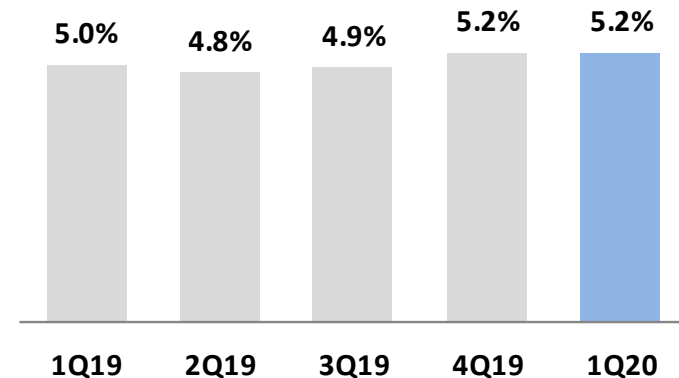


## Core Revenue Margin

Cumulative



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. 1Q19 Revenues and Core Revenues with normalised CPI linker income for homogenous comparison (reported : Revenues: 4,906; Core: 4,449 TL mln)

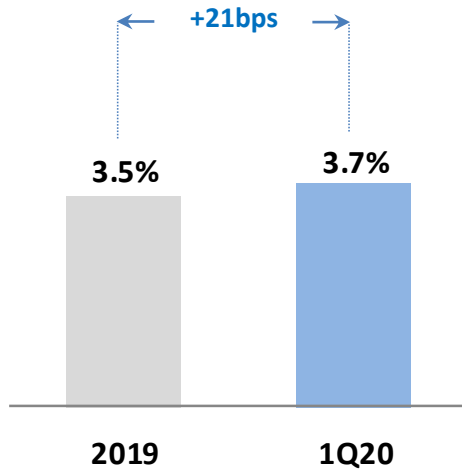


# Expansion in NIM on a ytd basis, thanks to better Core NIM evolution

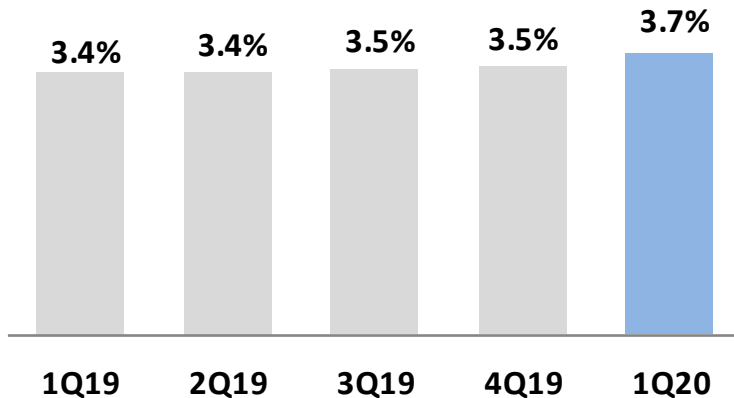
Revenues - NIM

## Swap Adjusted NIM

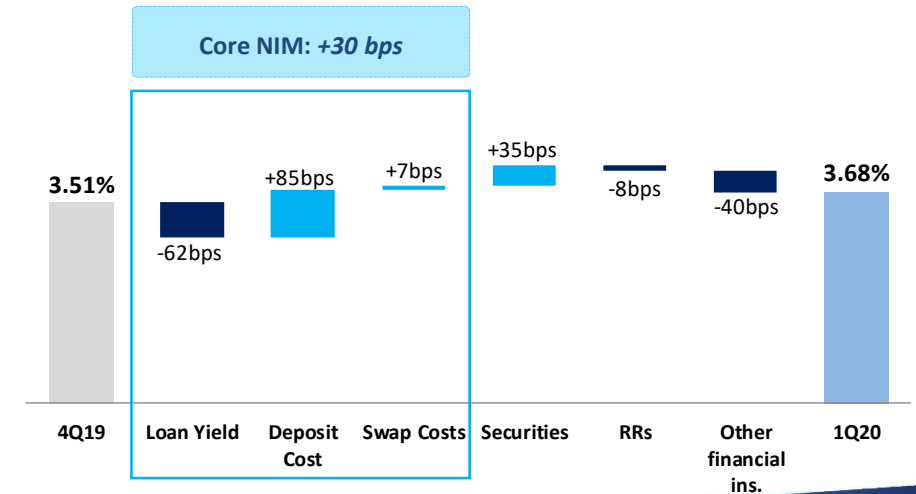
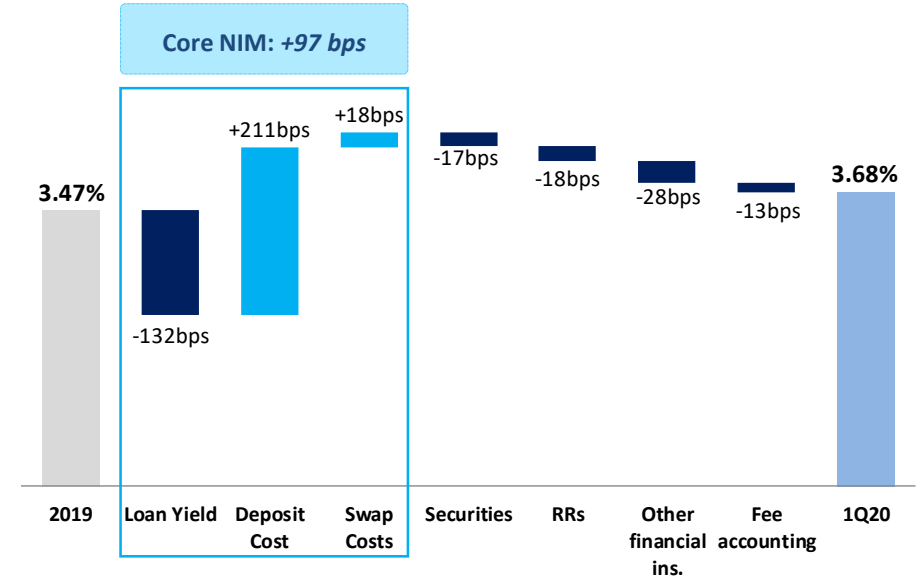
Cumulative



Quarterly



## NIM Evolution



Notes:  
Based on Bank-Only financials

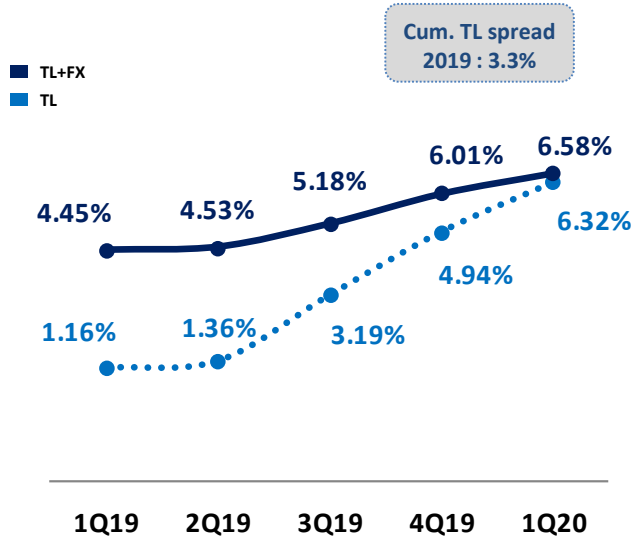
# Successful widening in loan-deposit spread thanks to execution of sound ALM strategy

Loan-Deposit Spread –

## Loan – Deposit Spread Evolution

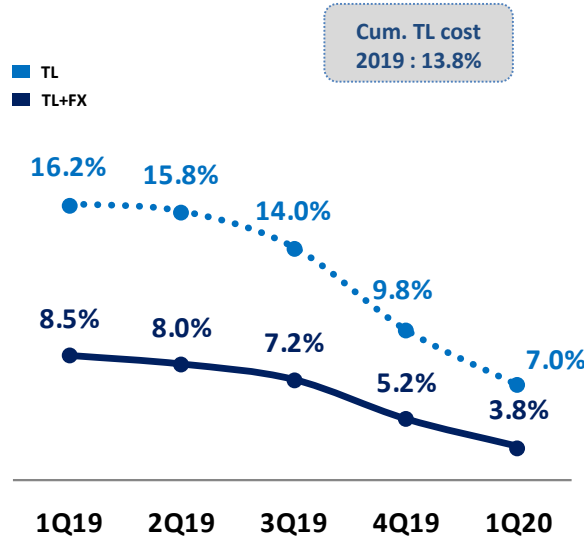
### Loan-Deposit Spread (Quarterly)

**57 bps wider Loan-Deposit spread** vs. 4Q19 on the back of a significant improvement of 138 bps in TL loan-deposit spread q/q



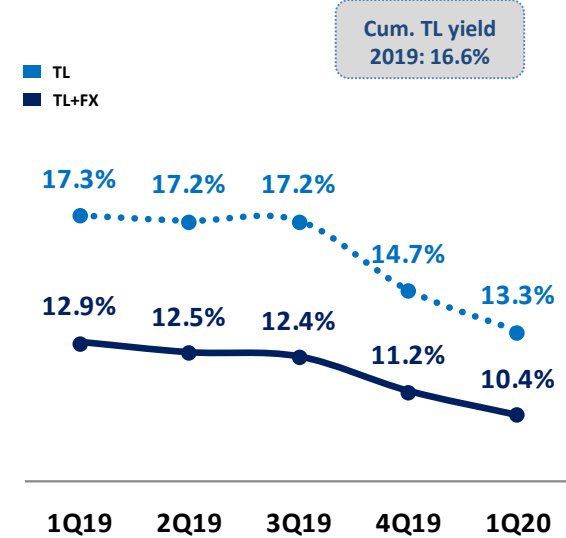
### Deposit Costs (Quarterly)

**143 bps improvement in total cost of deposits q/q** mainly due to 283 bps decline in TL deposit costs q/q also supported by the downward trend in FC deposits



### Loan Yields (Quarterly)

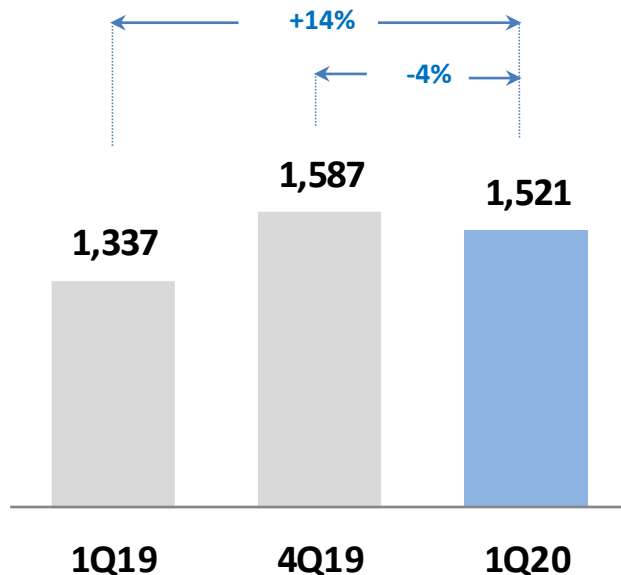
**Controlled decrease of 85 bps in loan yields (TL: -145 bps) vs. 4Q19** in a decreasing interest rate environment



# Fees still strong on a y/y basis... Under pressure due to regulation change and less commercial activity

Revenues - Fees

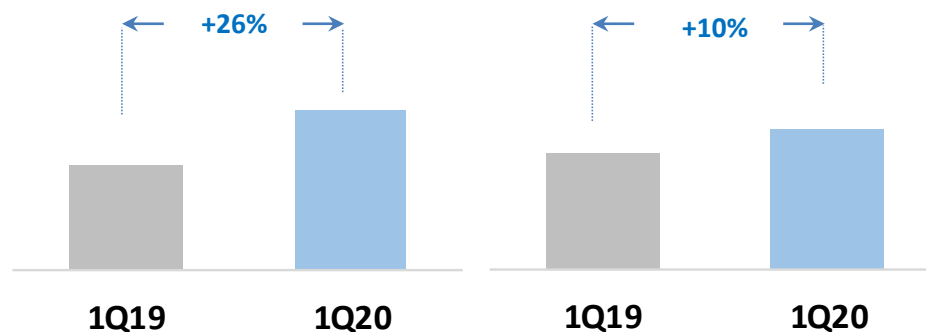
## Net Fee Income<sup>1</sup> (TL mIn)



## Transaction Numbers (monthly average)

### Money Transfers

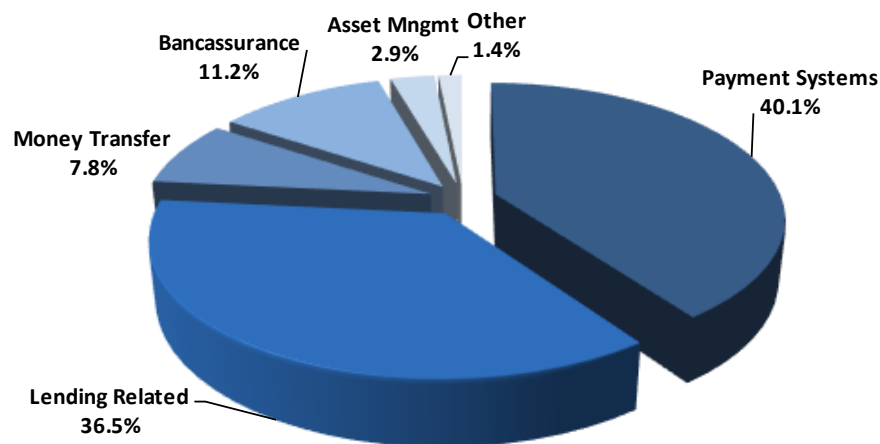
### Payment Systems



Strong transaction numbers...

Decline in revenue generation in March due to Covid-19 impact and Regulations

## Net Fees Composition<sup>1</sup>



- Payment systems: +9% y/y
- Lending Related: +4% y/y
- Bancassurance: +57% y/y
- Asset management: +106% y/y

Notes:

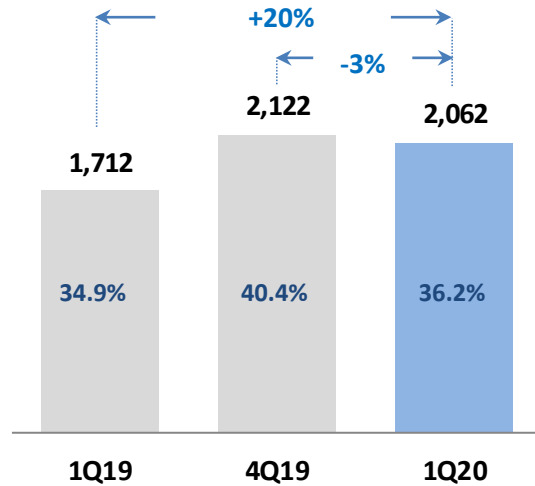
1. Based on Bank-Only financials

# Cost growth mainly impacted by elevated regulatory costs and actions taken against Covid-19

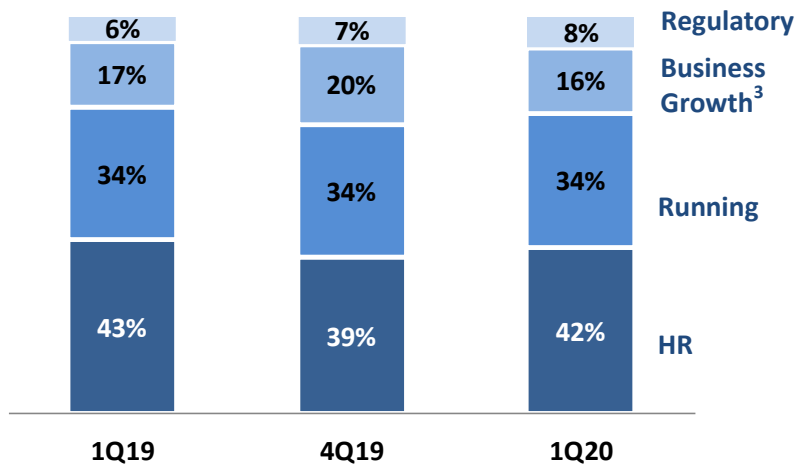
## Costs<sup>1</sup> (TL mIn)

Yearly

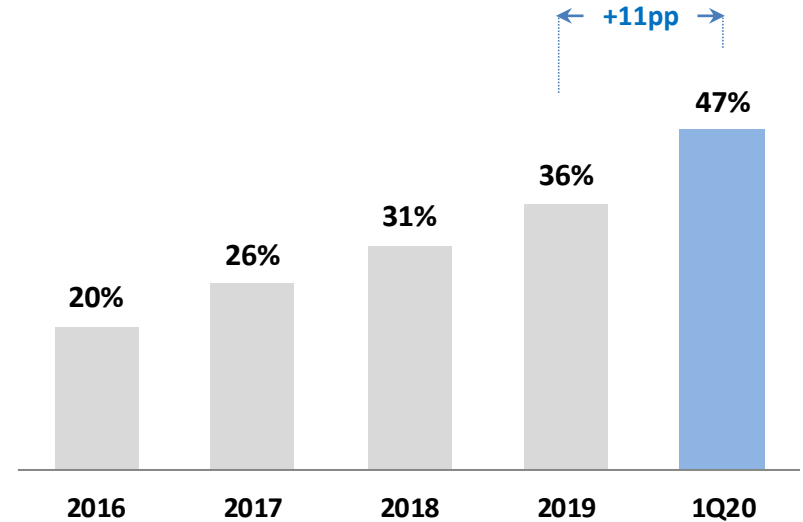
Cost/Income<sup>2</sup>



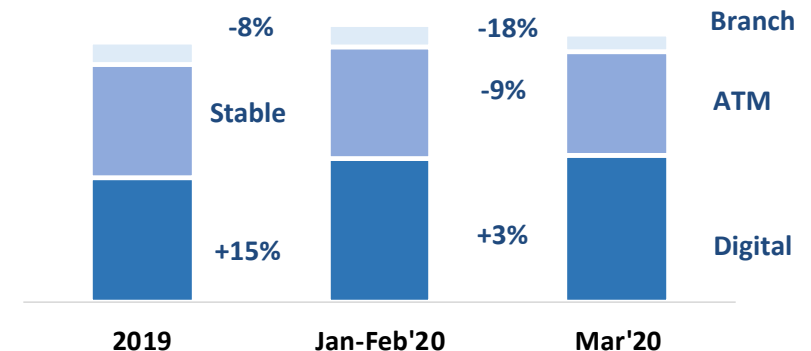
## Cost Breakdown



## Share of Digital in Main Products<sup>4</sup> Sold



## Transaction<sup>5</sup> per Channel (monthly average)



Notes:

1. Excluding pension fund provision (4Q19: TL 257 mln)
2. Income adjusted for trading income to hedge FC ECL and collections
3. Includes customer acquisition cost and investments

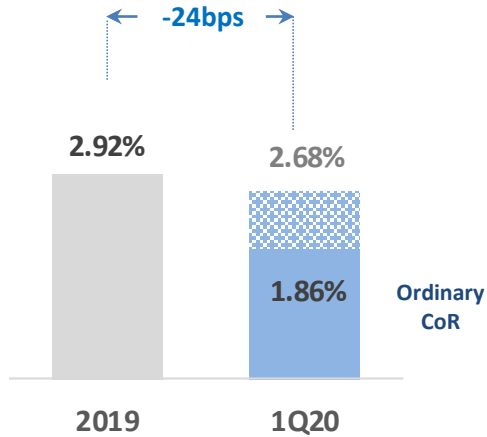
4. Based on MIS data; Main Products; GPL, CC, Time Deposit, and Flexible Account
5. Transactions include, Money Transfers, Payments, Deposit, Cash Loans, Non-cash Loans, Insurance, Money withdrawal, Investment products, Credit Cards

# Improvement in CoR due to limited NPL inflows with further cautious increase in coverages

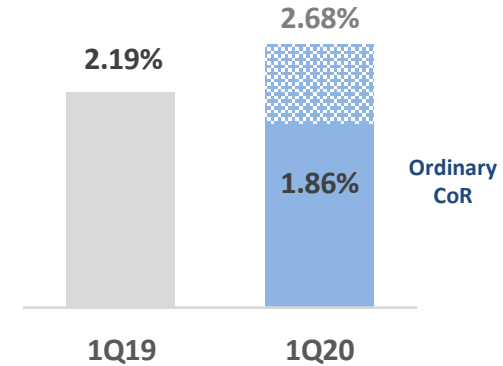
Asset Quality

## Total Cost of Risk<sup>1,2</sup>

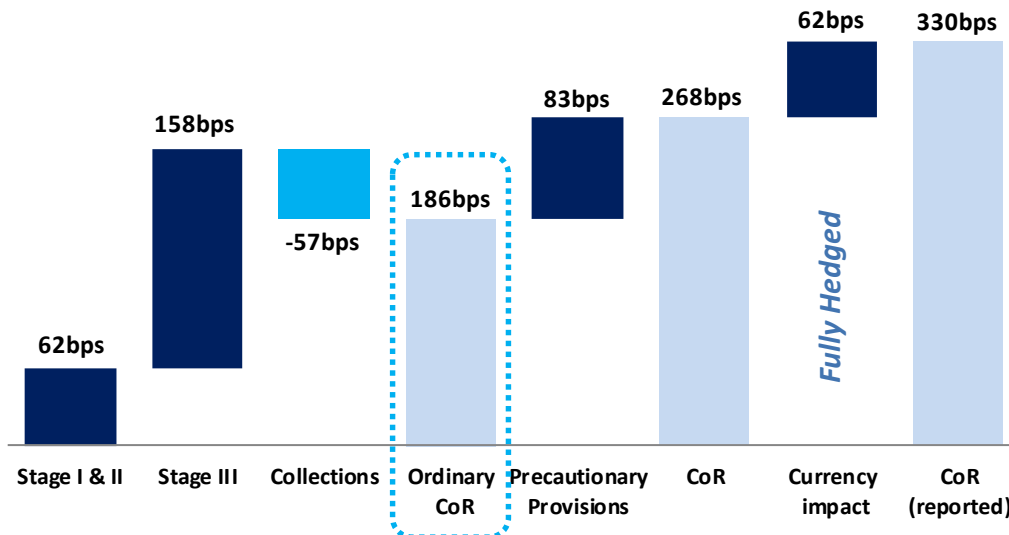
Cumulative



Quarterly



## Cost of Risk Composition



+ Ordinary CoR at 186 bps; c.85 bps additional CoR to be on the conservative side; elevating the coverage levels

+ 413 mln TL other provisions including pension fund

Notes:

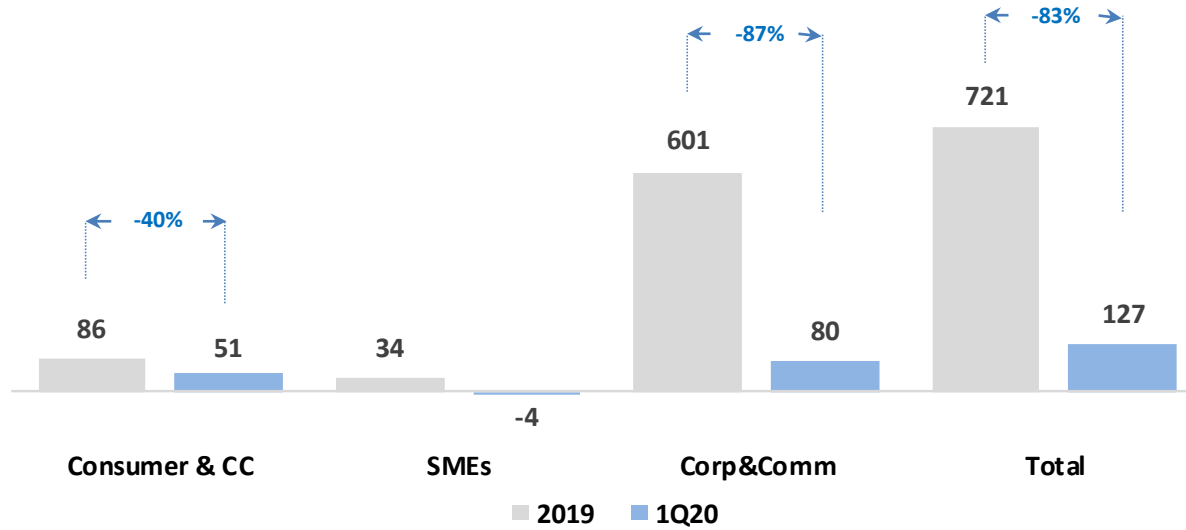
Based on Consolidated BRSA financials

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

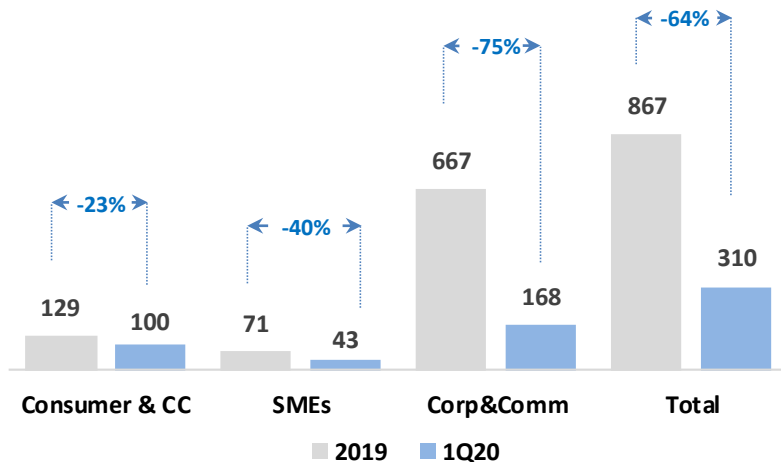
2. Stated CoR - 1Q19: 2.71%; 2Q19: 2.75%; 3Q19: 2.77%; 4Q19: 4.81%; 1Q20: 3.30% - 2019: 3.29%

# NPL formation was supportive in 1Q20, in all segments with strength in collections

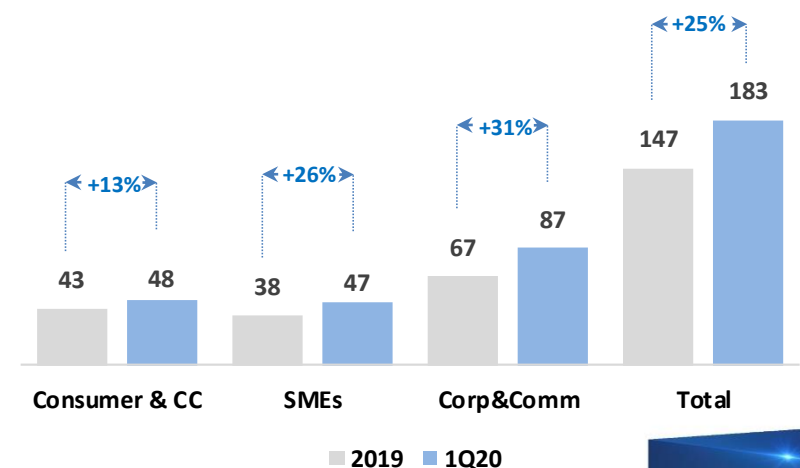
## Net NPL inflows (monthly average)



## NPL inflows (monthly average)

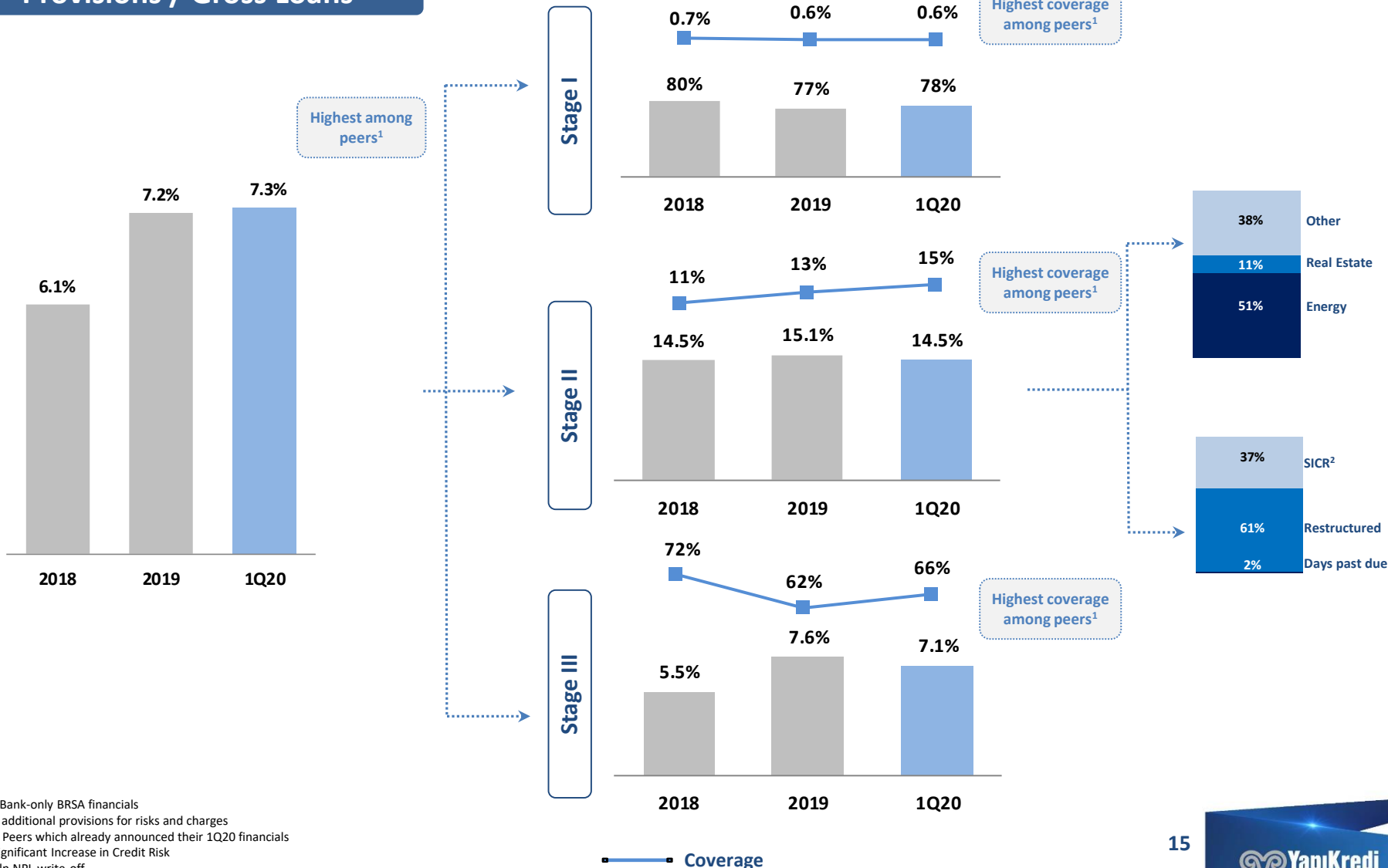


## Recoveries (monthly average)



# Improvement in asset quality with further increase in coverages despite write-off of fully covered files...

## Provisions / Gross Loans

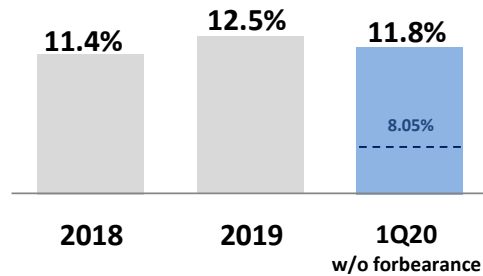


# Capital ratios 350-400 bps above regulatory requirements despite negative impact arising from macro environment

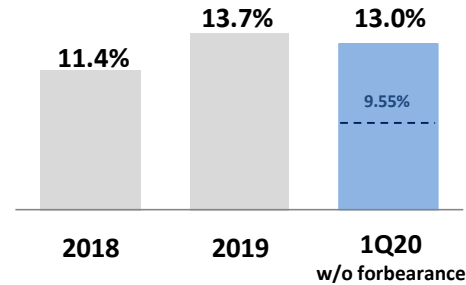
Capital

## Capital Ratios

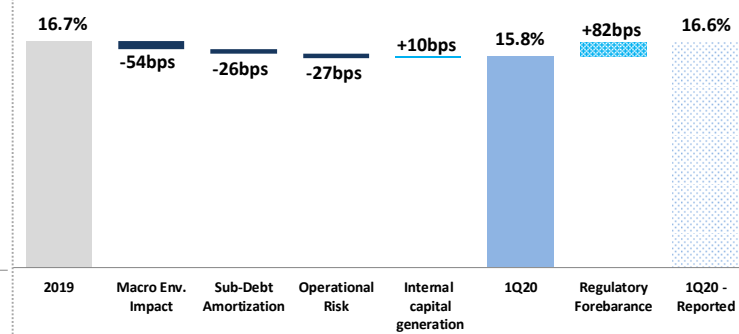
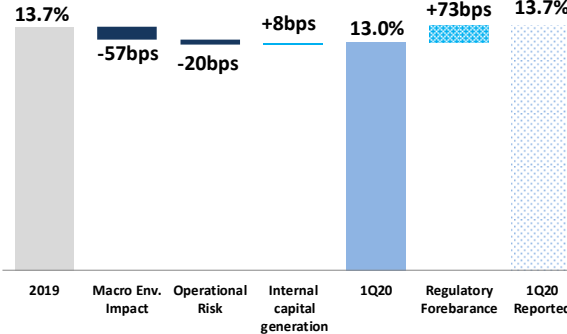
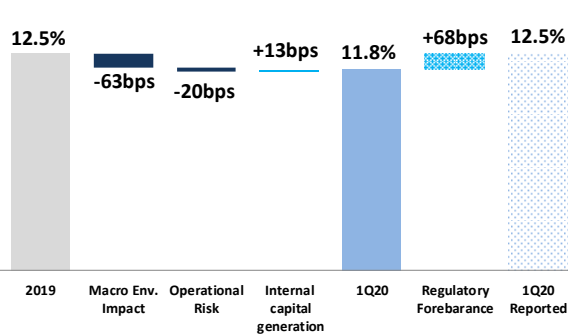
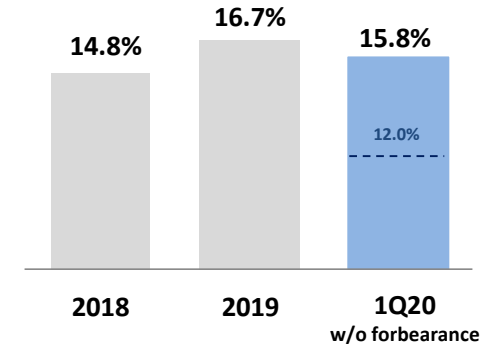
### CET1



### Tier1



### CAR





# 2020 Guidance

		2020 Guidance	Potential	Reasons
Fundamentals	LDR	$\leq 105\%$	✓ No Risk	-
	CAR	$\geq 16\%$	⬇️ Slight Downside Risk	Slight downside risk due to macro economic developments
Volumes	TL Loans	High-teens	⬇️ Downside Risk	Slight downside risk due to slowdown in demand
Revenues	NIM	$\geq 3.7\%$	⬇️ Slight Downside Risk	Lower commercial activity and higher liquidity
	Fees	High-single digit	⬇️ Downside Risk	Negative impact arising from regulation change and lower commercial activity
Costs	Costs	Mid-teens	✓ No Risk	-
Asset Quality	NPL ratio	$\sim 7\%$	⬆️ Upside Risk	Potential deterioration in asset quality due to elevated levels of coverage, lower than expected growth and difficulties arising from lock-down
	Total CoR	$\sim 225$ bps		
Profitability	RoTE	Mid/Low-teens	⬇️ Downside Risk	Potential downside risk due to above mentioned reasons

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# Q&A

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## **Annex**

# Macro Environment and Banking Sector

## Macro Environment

Normalization trend on all macro lines in the first two months of 2020, with potential negative impact arising from Covid-19

	2017	2018	1Q19	2019	1Q20
<b>GDP Growth (y/y)</b>	7.5%	2.8%	-2.3%	0.9%	-
<b>CPI Inflation (y/y)</b>	11.9%	20.3%	19.7%	11.8%	11.9%
<b>Consumer Confidence Index (avg)</b>	68.6	67.0	58.6	58.2	58.2
<b>CAD<sup>1</sup>/GDP<sup>2</sup></b>	-4.8%	-2.6%	-0.7%	1.2%	0.8%
<b>Budget Deficit/GDP</b>	-1.5%	-1.9%	-2.3%	-2.9%	-2.6%
<b>Unemployment Rate<sup>3</sup></b>	10.9%	11.0%	13.9%	13.7%	12.6%
<b>USD/TL (eop)</b>	3.77	5.26	5.63	5.94	6.52
<b>2Y Benchmark Bond Rate (eop)</b>	13.4%	19.7%	21.2%	11.8%	11.2%

## Banking Sector

Strong fundamentals of the sector with ongoing support to the economy during times with uncertainty

	2017	2018	1Q19	2019	1Q20
<b>Loan Growth (y/y)</b>	21%	14%	15%	10%	13%
<i>Private</i>	16%	6%	5%	5%	9%
<i>State</i>	27%	23%	27%	19%	20%
<b>Deposit Growth (y/y)</b>	16%	19%	23%	22%	22%
<i>Private</i>	13%	16%	19%	17%	18%
<i>State</i>	24%	25%	32%	31%	28%
<b>NPL Ratio</b>	2.9%	3.8%	3.9%	5.2%	4.9%
<b>CAR</b>	16.5%	16.9%	16.0%	18.0%	17.4%
<b>ROATE</b>	10.8%	13.9%	11.7%	10.6%	12.7%

### Notes:

All macro data as of March 2020 unless otherwise stated

Banking sector volumes based on BRSA weekly data as of 27 March 2020

1. CAD indicates Current Account Deficit as of Feb'20

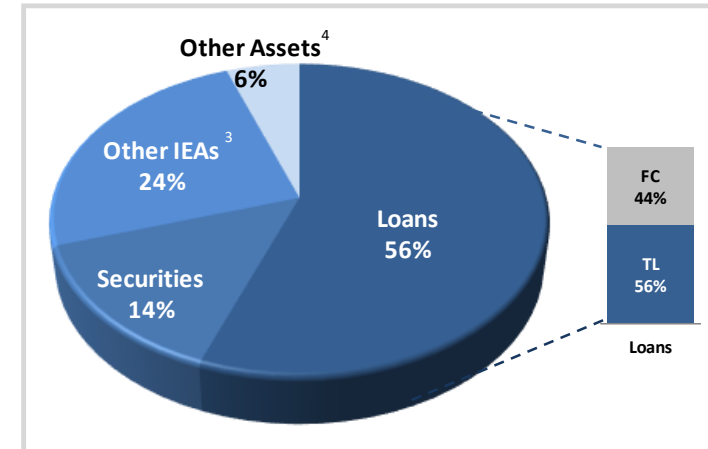
2. GDP as of 2019 year-end

3. Unemployment rate is as of Jan'20, seasonally adjusted

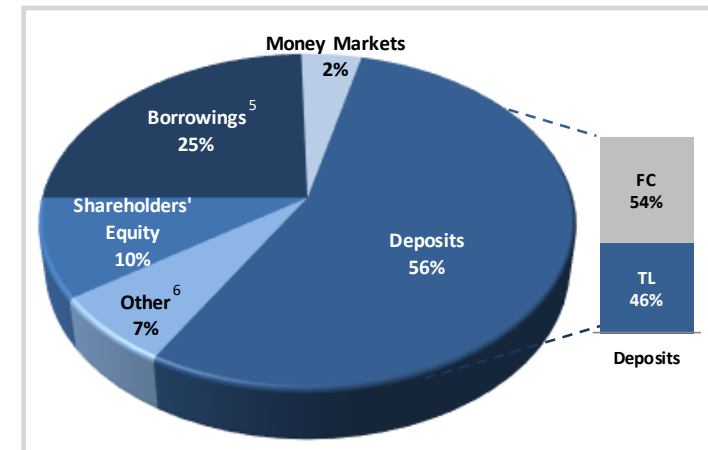
# Consolidated Balance Sheet

TL bln	1Q18	1H18	9M18	2018	1Q19	1H19	9M19	2019	1Q20	q/q	y/y
<b>Total Assets</b>	<b>328.7</b>	<b>365.1</b>	<b>422.0</b>	<b>373.4</b>	<b>393.4</b>	<b>409.0</b>	<b>396.9</b>	<b>411.2</b>	<b>434.9</b>	<b>6%</b>	<b>11%</b>
<b>Loans<sup>1</sup></b>	<b>205.3</b>	<b>222.2</b>	<b>249.4</b>	<b>220.5</b>	<b>230.5</b>	<b>232.3</b>	<b>222.4</b>	<b>229.4</b>	<b>242.4</b>	<b>6%</b>	<b>5%</b>
TL Loans	118.8	123.0	124.8	117.3	121.8	128.0	126.2	132.6	136.1	3%	12%
FC Loans (\$)	21.9	21.7	20.8	19.6	19.3	18.1	17.0	16.3	16.3	0%	-16%
<b>Securities</b>	<b>41.7</b>	<b>45.2</b>	<b>49.7</b>	<b>49.9</b>	<b>52.1</b>	<b>54.5</b>	<b>54.4</b>	<b>57.1</b>	<b>62.6</b>	<b>10%</b>	<b>20%</b>
TL Securities	30.7	32.7	33.7	35.9	37.4	39.0	39.3	41.1	44.6	9%	19%
FC Securities (\$)	2.8	2.7	2.7	2.7	2.6	2.7	2.7	2.7	2.8	2%	6%
<b>Customer Deposits</b>	<b>166.6</b>	<b>180.1</b>	<b>210.8</b>	<b>199.9</b>	<b>215.4</b>	<b>219.5</b>	<b>214.4</b>	<b>226.0</b>	<b>247.2</b>	<b>9%</b>	<b>15%</b>
TL Customer Deposits	81.4	76.7	84.7	86.9	86.6	90.9	90.5	99.5	111.7	12%	29%
FC Customer Deposits (\$)	21.6	22.7	21.1	21.5	22.9	22.4	21.9	21.3	20.8	-2%	-9%
<b>Borrowings</b>	<b>80.8</b>	<b>90.0</b>	<b>114.5</b>	<b>90.0</b>	<b>98.6</b>	<b>101.9</b>	<b>100.1</b>	<b>102.4</b>	<b>102.6</b>	<b>0%</b>	<b>4%</b>
TL Borrowings	6.8	7.8	7.0	5.6	7.6	8.2	8.3	10.8	11.3	4%	49%
FC Borrowings (\$)	18.7	18.0	17.9	16.1	16.2	16.3	16.2	15.4	14.0	-9%	-13%
<b>Shareholders' Equity</b>	<b>31.6</b>	<b>37.8</b>	<b>40.3</b>	<b>39.0</b>	<b>39.1</b>	<b>40.5</b>	<b>40.2</b>	<b>41.2</b>	<b>41.9</b>	<b>2%</b>	<b>7%</b>
<b>Assets Under Management</b>	<b>20.1</b>	<b>19.6</b>	<b>19.9</b>	<b>21.1</b>	<b>17.4</b>	<b>25.7</b>	<b>26.5</b>	<b>27.3</b>	<b>28.6</b>	<b>5%</b>	<b>64%</b>
<b>Loans/Assets</b>	<b>62%</b>	<b>61%</b>	<b>59%</b>	<b>59%</b>	<b>59%</b>	<b>57%</b>	<b>56%</b>	<b>56%</b>	<b>56%</b>		
<b>Securities/Assets</b>	<b>13%</b>	<b>12%</b>	<b>12%</b>	<b>13%</b>	<b>13%</b>	<b>13%</b>	<b>14%</b>	<b>14%</b>	<b>14%</b>		
<b>Borrowings/Liabilities</b>	<b>25%</b>	<b>25%</b>	<b>27%</b>	<b>24%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>24%</b>		
<b>Loans/(Deposits+TL Bills)</b>	<b>113%</b>	<b>114%</b>	<b>112%</b>	<b>104%</b>	<b>103%</b>	<b>101%</b>	<b>100%</b>	<b>97%</b>	<b>94%</b>		
<b>CAR<sup>2</sup></b>	<b>12.9%</b>	<b>13.9%</b>	<b>13.3%</b>	<b>14.8%</b>	<b>15.0%</b>	<b>15.6%</b>	<b>16.7%</b>	<b>16.7%</b>	<b>15.8%</b>		
<b>Tier-1<sup>2</sup></b>	<b>9.9%</b>	<b>10.7%</b>	<b>9.8%</b>	<b>11.4%</b>	<b>12.1%</b>	<b>12.8%</b>	<b>13.6%</b>	<b>13.7%</b>	<b>13.0%</b>		
<b>Common Equity Tier-1<sup>2</sup></b>	<b>9.9%</b>	<b>10.7%</b>	<b>9.8%</b>	<b>11.4%</b>	<b>11.0%</b>	<b>11.6%</b>	<b>12.5%</b>	<b>12.5%</b>	<b>11.8%</b>		

## Assets



## Liabilities



Note: Loans indicate performing loans

1. TL and FC Loans are adjusted for the FX indexed loans

2. 1Q20 excluding regulatory forbearance; Reported: CAR: 16.6%; Tier-1: 13.7% CET-1: 12.4%

3. Other interest earning assets (IEAs) include Balances with the Central Bank Turkey, banks and other financial institutions, money markets, factoring receivables, financial lease receivables

4. 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

5. 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

6. Other liabilities: other provisions, hedging derivatives, deferred and current tax liability and other

# Consolidated Income Statement

TL million	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	q/q	y/y
<b>Net Interest Income including swap costs</b>	<b>2,543</b>	<b>2,778</b>	<b>4,004</b>	<b>4,239</b>	<b>3,112</b>	<b>3,241</b>	<b>3,254</b>	<b>3,329</b>	<b>3,582</b>	<b>8%</b>	<b>15%</b>
o/w NII	2,845	3,209	4,311	4,131	3,485	4,041	4,079	3,926	4,210	7%	21%
o/w CPI-linkers	436	460	1,360	2,478	787	770	830	304	762	150%	-3%
CPI-linkers (normalised)	1,126	1,150	1,191	1,269	588	687	689	727	762	5%	30%
o/w Swap costs	-302	-431	-308	107	-372	-801	-825	-597	-627	5%	69%
<b>Fees &amp; Commissions</b>	<b>1,034</b>	<b>1,051</b>	<b>1,036</b>	<b>1,116</b>	<b>1,337</b>	<b>1,258</b>	<b>1,347</b>	<b>1,587</b>	<b>1,521</b>	<b>-4%</b>	<b>14%</b>
<b>Core Revenues</b>	<b>3,577</b>	<b>3,829</b>	<b>5,040</b>	<b>5,354</b>	<b>4,449</b>	<b>4,499</b>	<b>4,600</b>	<b>4,916</b>	<b>5,103</b>	<b>4%</b>	<b>15%</b>
<b>Operating Costs</b>	<b>1,450</b>	<b>1,557</b>	<b>1,683</b>	<b>1,768</b>	<b>1,712</b>	<b>1,793</b>	<b>1,779</b>	<b>2,122</b>	<b>2,062</b>	<b>-3%</b>	<b>20%</b>
<b>Core Operating Income</b>	<b>2,127</b>	<b>2,272</b>	<b>3,357</b>	<b>3,586</b>	<b>2,737</b>	<b>2,706</b>	<b>2,821</b>	<b>2,794</b>	<b>3,041</b>	<b>9%</b>	<b>11%</b>
<b>Trading and FX gains/losses</b>	<b>11</b>	<b>275</b>	<b>152</b>	<b>266</b>	<b>336</b>	<b>79</b>	<b>211</b>	<b>148</b>	<b>473</b>	<b>220%</b>	<b>41%</b>
o/w FX gains/losses	27	65	-193	225	77	128	138	98	157	60%	104%
o/w MtM gains/losses	-7	118	300	35	195	-115	-24	-7	152	-	-
o/w Trading gains/losses	-9	92	45	6	64	67	97	56	164	190%	154%
<b>Other income</b>	<b>136</b>	<b>40</b>	<b>76</b>	<b>107</b>	<b>120</b>	<b>105</b>	<b>78</b>	<b>186</b>	<b>162</b>	<b>-13%</b>	<b>35%</b>
o/w income from subs	28	25	31	32	28	18	22	26	20	-23%	-29%
o/w Dividends	4	8	1	2	10	6	0	1	1	-17%	-90%
o/w Others	104	7	45	73	82	81	55	160	141	-11%	72%
<b>Pre-provision Profit</b>	<b>2,274</b>	<b>2,587</b>	<b>3,585</b>	<b>3,959</b>	<b>3,193</b>	<b>2,890</b>	<b>3,110</b>	<b>3,128</b>	<b>3,676</b>	<b>18%</b>	<b>15%</b>
<b>ECL net of collections</b>	<b>514</b>	<b>835</b>	<b>1,640</b>	<b>2,950</b>	<b>1,395</b>	<b>1,577</b>	<b>1,785</b>	<b>2,726</b>	<b>1,805</b>	<b>-34%</b>	<b>29%</b>
o/w Stage 3 Provisions	607	738	1,433	1,844	1,406	1,900	1,575	2,812	1,737	-38%	23%
o/w Stage 1 + Stage 2 Provisions	237	460	996	798	533	29	279	450	864	92%	62%
o/w Collections (-)	330	363	244	90	337	251	198	329	381	16%	13%
o/w ECL hedging (-)	0	0	545	-397	207	101	-129	207	415	101%	100%
<b>Provisions for Risks and Charges</b>	<b>100</b>	<b>185</b>	<b>475</b>	<b>-530</b>	<b>211</b>	<b>0</b>	<b>59</b>	<b>-12</b>	<b>413</b>	<b>-</b>	<b>-</b>
<b>Other Provisions</b>	<b>47</b>	<b>8</b>	<b>52</b>	<b>82</b>	<b>5</b>	<b>5</b>	<b>20</b>	<b>18</b>	<b>20</b>	<b>12%</b>	<b>289%</b>
<b>Pre-tax Income</b>	<b>1,660</b>	<b>1,568</b>	<b>1,470</b>	<b>1,539</b>	<b>1,588</b>	<b>1,314</b>	<b>1,266</b>	<b>414</b>	<b>1,458</b>	<b>252%</b>	<b>-8%</b>
<b>Tax</b>	<b>369</b>	<b>332</b>	<b>303</b>	<b>376</b>	<b>341</b>	<b>189</b>	<b>270</b>	<b>133</b>	<b>308</b>	<b>132%</b>	<b>-10%</b>
<b>Net Income</b>	<b>1,244</b>	<b>1,227</b>	<b>1,115</b>	<b>1,081</b>	<b>1,241</b>	<b>1,120</b>	<b>976</b>	<b>263</b>	<b>1,129</b>	<b>329%</b>	<b>-9%</b>
<b>ROTE<sup>1</sup></b>	<b>17.1%</b>	<b>16.4%</b>	<b>14.3%</b>	<b>14.2%</b>	<b>13.3%</b>	<b>12.5%</b>	<b>11.8%</b>	<b>9.8%</b>	<b>11.4%</b>	<b>161bps</b>	<b>-195bps</b>
<b>ROAA</b>	<b>1.5%</b>	<b>1.4%</b>	<b>1.3%</b>	<b>1.4%</b>	<b>1.3%</b>	<b>1.2%</b>	<b>1.2%</b>	<b>0.9%</b>	<b>1.1%</b>	<b>15bps</b>	<b>-23bps</b>

Note:  
1. 4Q19 & 2019 RoTE is adjusted for 140 mln TL one off provisions; 2Q18 & 1H18 ROTAE is adjusted for the 4.1 bln TL rights issue on 30th of June

# Bank-Only Income Statement

TL million	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	q/q	y/y
<b>Net Interest Income including swap costs</b>	<b>2,270</b>	<b>2,585</b>	<b>3,677</b>	<b>3,925</b>	<b>2,806</b>	<b>2,936</b>	<b>2,973</b>	<b>3,046</b>	<b>3,326</b>	<b>9%</b>	<b>19%</b>
o/w NII	2,768	3,108	4,143	3,923	3,356	3,869	3,827	3,723	3,973	7%	18%
o/w CPI-linkers	436	460	1,360	2,478	787	770	830	304	762	150%	-3%
CPI-linkers (normalised)	1,126	1,150	1,191	1,269	588	687	689	727	762	5%	30%
o/w Swap costs	-497	-523	-466	2	-551	-933	-854	-677	-646	-5%	17%
<b>Fees &amp; Commissions</b>	<b>986</b>	<b>993</b>	<b>977</b>	<b>1,059</b>	<b>1,283</b>	<b>1,206</b>	<b>1,285</b>	<b>1,513</b>	<b>1,423</b>	<b>-6%</b>	<b>11%</b>
<b>Core Revenues</b>	<b>3,257</b>	<b>3,578</b>	<b>4,655</b>	<b>4,984</b>	<b>4,089</b>	<b>4,142</b>	<b>4,258</b>	<b>4,559</b>	<b>4,750</b>	<b>4%</b>	<b>16%</b>
<b>Operating Costs</b>	<b>1,375</b>	<b>1,473</b>	<b>1,591</b>	<b>1,656</b>	<b>1,615</b>	<b>1,688</b>	<b>1,668</b>	<b>2,016</b>	<b>1,954</b>	<b>-3%</b>	<b>21%</b>
<b>Core Operating Income</b>	<b>1,881</b>	<b>2,105</b>	<b>3,064</b>	<b>3,328</b>	<b>2,474</b>	<b>2,453</b>	<b>2,590</b>	<b>2,543</b>	<b>2,796</b>	<b>10%</b>	<b>13%</b>
<b>Trading and FX gains/losses</b>	<b>57</b>	<b>212</b>	<b>119</b>	<b>301</b>	<b>322</b>	<b>72</b>	<b>221</b>	<b>129</b>	<b>442</b>	<b>241%</b>	<b>37%</b>
o/w FX gains/losses	23	58	-50	265	64	164	137	42	107	151%	67%
o/w MtM gains/losses	-8	114	125	35	194	-113	-12	38	176	363%	-9%
o/w Trading gains/losses	41	40	43	2	64	20	96	49	159	-49%	149%
<b>Other income</b>	<b>252</b>	<b>227</b>	<b>276</b>	<b>212</b>	<b>298</b>	<b>267</b>	<b>226</b>	<b>312</b>	<b>302</b>	<b>-3%</b>	<b>1%</b>
o/w income from subs	211	171	233	160	224	198	180	178	207	16%	-8%
o/w Dividends	3	2	1	1	8	1	0	1	0	-	-
o/w Others	39	54	42	50	66	68	46	133	95	-29%	43%
<b>Pre-provision Profit</b>	<b>2,190</b>	<b>2,544</b>	<b>3,458</b>	<b>3,841</b>	<b>3,094</b>	<b>2,791</b>	<b>3,038</b>	<b>2,984</b>	<b>3,540</b>	<b>19%</b>	<b>14%</b>
<b>ECL net of collections</b>	<b>483</b>	<b>832</b>	<b>1,586</b>	<b>2,908</b>	<b>1,354</b>	<b>1,530</b>	<b>1,756</b>	<b>2,630</b>	<b>1,726</b>	<b>-34%</b>	<b>27%</b>
o/w Stage 3 Provisions	590	716	1,389	1,779	1,377	1,856	1,570	2,764	1,703	-38%	24%
o/w Stage 1 + Stage 2 Provisions	224	480	985	822	522	27	256	402	818	103%	57%
o/w Collections (-)	330	363	244	90	337	251	198	329	381	16%	13%
o/w ECL Hedging	0	0	545	-397	207	101	-129	207	415	101%	100%
<b>Provisions for Risks and Charges</b>	<b>100</b>	<b>185</b>	<b>475</b>	<b>-530</b>	<b>211</b>	<b>0</b>	<b>59</b>	<b>-12</b>	<b>413</b>	<b>-</b>	<b>96%</b>
<b>Other Provisions</b>	<b>45</b>	<b>6</b>	<b>41</b>	<b>45</b>	<b>3</b>	<b>4</b>	<b>21</b>	<b>14</b>	<b>16</b>	<b>18%</b>	<b>-</b>
<b>Pre-tax Income</b>	<b>1,562</b>	<b>1,521</b>	<b>1,357</b>	<b>1,416</b>	<b>1,527</b>	<b>1,257</b>	<b>1,202</b>	<b>353</b>	<b>1,384</b>	<b>292%</b>	<b>-9%</b>
<b>Tax</b>	<b>318</b>	<b>294</b>	<b>242</b>	<b>335</b>	<b>285</b>	<b>138</b>	<b>226</b>	<b>89</b>	<b>255</b>	<b>185%</b>	<b>-11%</b>
<b>Net Income</b>	<b>1,244</b>	<b>1,227</b>	<b>1,115</b>	<b>1,081</b>	<b>1,241</b>	<b>1,120</b>	<b>976</b>	<b>263</b>	<b>1,129</b>	<b>329%</b>	<b>-9%</b>
<b>ROTE<sup>1</sup></b>	<b>17.0%</b>	<b>15.8%</b>	<b>11.9%</b>	<b>11.4%</b>	<b>13.3%</b>	<b>11.8%</b>	<b>10.1%</b>	<b>4.2%</b>	<b>11.4%</b>	<b>722bps</b>	<b>-195bps</b>
<b>ROAA</b>	<b>1.7%</b>	<b>1.5%</b>	<b>1.2%</b>	<b>1.2%</b>	<b>1.4%</b>	<b>1.2%</b>	<b>1.0%</b>	<b>0.3%</b>	<b>1.1%</b>	<b>85bps</b>	<b>-26bps</b>

Note:

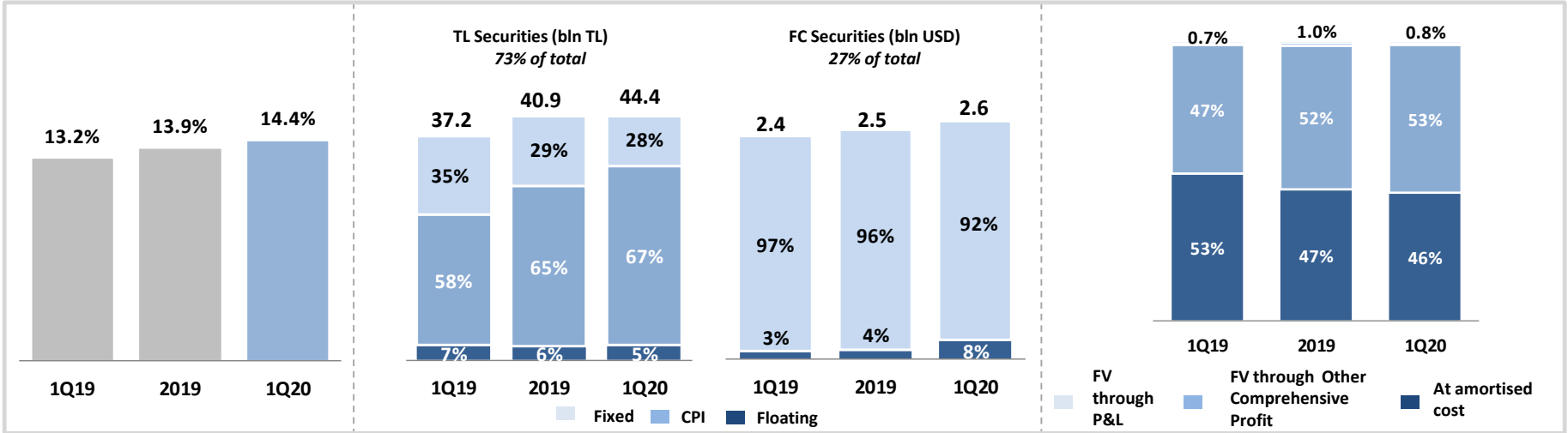
1. 4Q19 & 2019 RoTE is adjusted for 140 mln TL one off provisions; 2Q18 & 1H18 ROTAE is adjusted for the 4.1 bln TL rights issue on 30th of June

# Securities

## Securities/Assets

## Composition by Type<sup>1</sup>

## Composition by Classification<sup>1</sup>



- **Securities / Assets at 14.4%** with dynamically managed mix
- CPI-linker volume at TL 21.6bln in book value<sup>2</sup> (nominal: 18.4 bln TL); with a gain of TL 762 mln in 1Q20 (Normalised - 4Q19: TL 727 mln; 1Q19: TL 588 mln)
- **M-t-m unrealised loss at TL -441<sup>3</sup> mln as of 1Q20** (TL -2,507<sup>3</sup> mln in 1Q19)






**CPI linker valuation at 8.5% in 1Q20 (2019: 8.55%)**

### Notes:

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



# Details of main Borrowings

International	Syndications	<p>~ US\$ 2.0 bln</p> <ul style="list-style-type: none"> <li>■ <b>May'19:</b> US\$ 350 mln and € 607 mln, all-in cost at Libor+ 2.50% and Euribor+ 2.40% for 367 days. 49 banks from 21 countries</li> <li>■ <b>Oct'19:</b> US\$ 370 mln &amp; € 520 mln, all-in cost at Libor+ 2.25% and Euribor+ 2.10% for 367 days. 39 banks from 21 countries</li> </ul>
	AT1	<p>~US\$ 650 mln outstanding</p> <ul style="list-style-type: none"> <li>■ <b>Jan'19:</b> US\$ 650 mln market transaction, callable every 5 years, perpetual, 13.875% (coupon rate)</li> </ul>
	Subordinated Loans	<p>~US\$ 2.36 bln outstanding</p> <ul style="list-style-type: none"> <li>■ <b>Dec'12:</b> US\$ 1,000 mln market transaction, 10 years, 5.5% (coupon rate)</li> <li>■ <b>Jan'13:</b> US\$ 585 mln, 10NC5, 5.7% fixed rate – Basel III Compliant</li> <li>■ <b>Dec'13:</b> US\$ 270 mln, 10NC5, 7.72% – Basel III Compliant</li> <li>■ <b>Mar'16:</b> US\$ 500 mln market transaction, 10NC5, 8.5% (coupon rate)</li> </ul>
	Foreign and Local Currency Bonds / Bills	<p>US\$ 2.18 bln Eurobonds</p> <ul style="list-style-type: none"> <li>■ <b>Feb'17:</b> US\$ 600 mln, 5.75% (coupon rate), 5 years</li> <li>■ <b>Jun'17:</b> US\$ 500 mln, 5.85% (coupon rate), 7 years</li> <li>■ <b>Jun'17:</b> TL 500 mln, 13.13% (coupon rate), 3 years</li> <li>■ <b>Mar'18:</b> US\$ 500 mln, 6.10% (coupon rate), 5 years</li> <li>■ <b>Mar'19:</b> US\$ 500 mln, 8.25% (coupon rate), 5.5 years</li> </ul>
	Covered Bond	<p>TL 1.97 bln out standing</p> <ul style="list-style-type: none"> <li>■ <b>Oct'17:</b> Mortgage-backed with maturity 5 years</li> <li>■ <b>Feb'18:</b> Mortgage-backed with 5 years maturity</li> <li>■ <b>May'18:</b> Mortgage-backed with 5 years maturity</li> <li>■ <b>Mar'19:</b> Mortgage-backed with 5 years maturity</li> <li>■ <b>Dec'19:</b> Mortgage-backed with 5 years maturity</li> </ul>
Domestic	Local Currency Bonds / Bills	<p>TL 6.24 bln total</p> <ul style="list-style-type: none"> <li>■ <b>Dec'19 :</b> TL 228 mln , 6-month maturity</li> <li>■ <b>Dec'19 :</b> TL 1.00 bln, 6-month maturity, TLREF indexed</li> <li>■ <b>Jan'20 :</b> TL 395 mln , 2-month maturity </li> <li>■ <b>Feb'20 :</b> TL 1.20 bln, 2-month maturity </li> <li>■ <b>Feb'20 :</b> TL 1.00 bln, 8-month maturity, TLREF indexed </li> <li>■ <b>Mar'20 :</b> TL 631 mln , 2-month maturity </li> <li>■ <b>Mar'20 :</b> TL 985 mln, 6-month maturity, TLREF indexed </li> </ul>
	Subordinated Loans	<p>TL 800 mln total</p> <ul style="list-style-type: none"> <li>■ <b>Jul'19:</b> TL 500 mln, 10-year maturity, TRLIBOR + 100 bps</li> <li>■ <b>Oct'19:</b> TL 300 mln, 10-year maturity, TLREF index + 130 bps</li> </ul>

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