

Yapı Kredi

2022 EARNINGS & 2023 GUIDANCE PRESENTATION



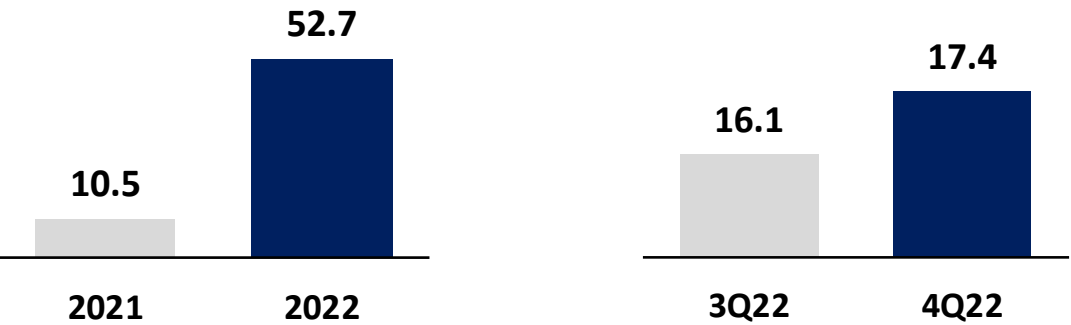
02 February 2023

Best-in-class profitability despite over cautious provisioning

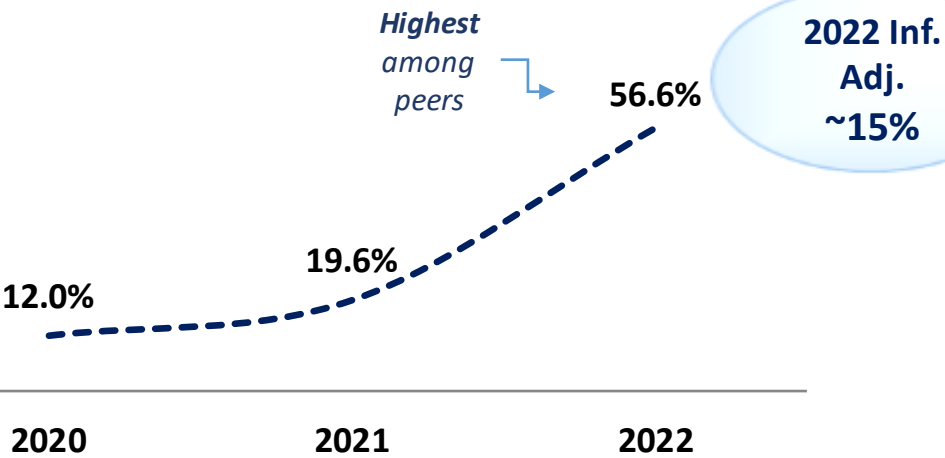
Net Profit (TL bln)

Cumulative

Quarterly

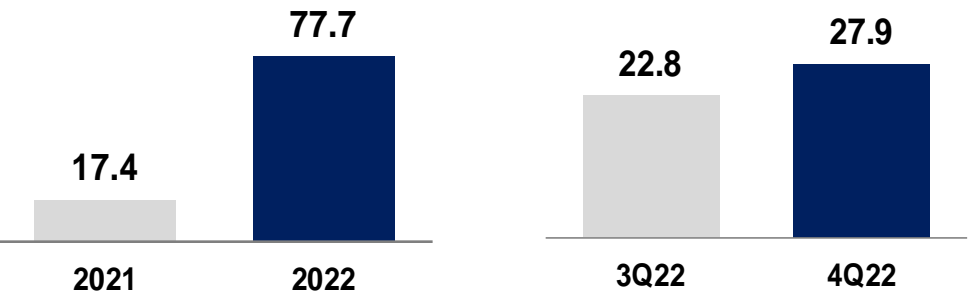


RoTE

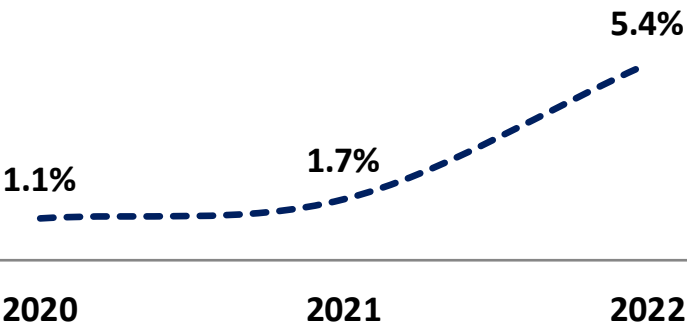


Pre-provision Profit¹ (TL bln)

PPP/Avg. Gross Loans 4.6% 14.1%



RoA

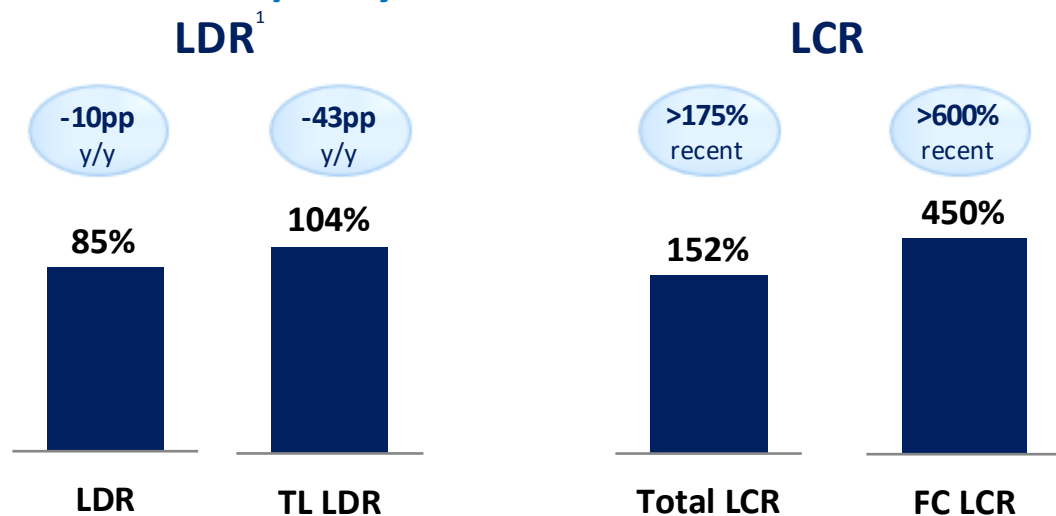


Notes:

1. Normalised for linker income, PPP (Pre-Provision Profit): NII + Fees + Opex + Net Trading + Subsidiary & Dividend income – ECL hedge – collections

Yapi Kredi, well-equipped with further strengthened fundamentals

Enhanced liquidity



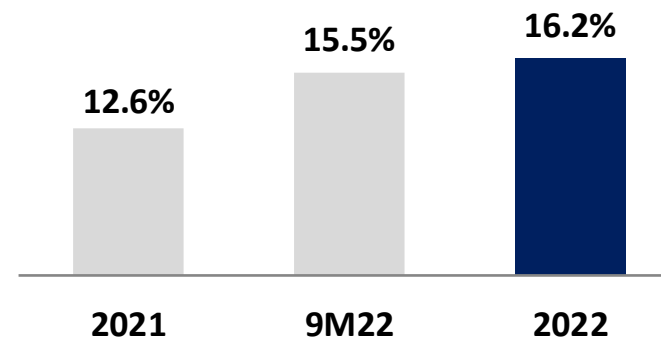
■ FX Liquidity Buffer

■ 1Y FX Debt

Coverage
~3x

Further strengthened capital

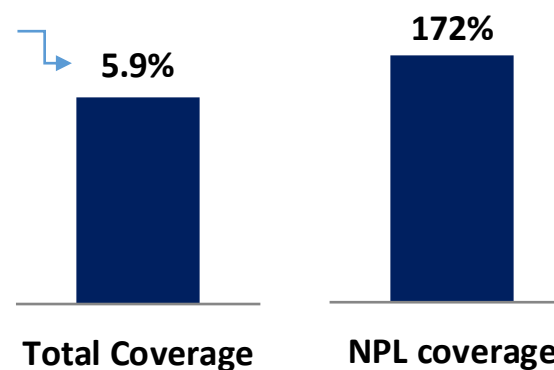
Tier-1^{w/o forbearance}



Capital Buffer
+668bps

Conservative loan provisions²

Highest
among
peers



Notes:

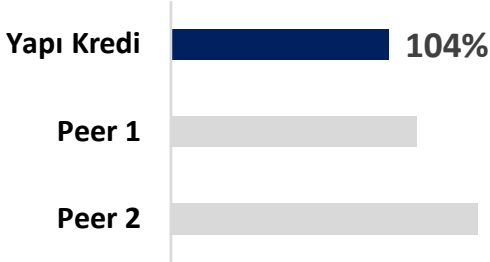
1. LDR= Loans / (Deposits + TL Bonds)

2. Based on Bank-only BRSA financials

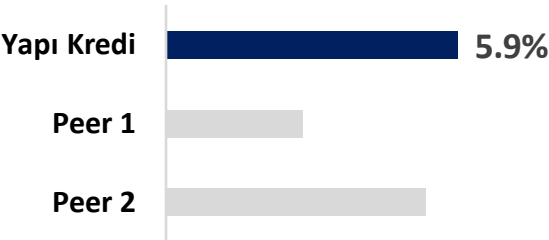
Strength in profitability sustained with solidified balance sheet

Strength

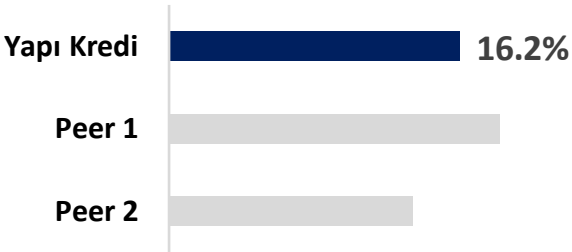
Lowest TL LDR



Highest Total Loan Coverage¹

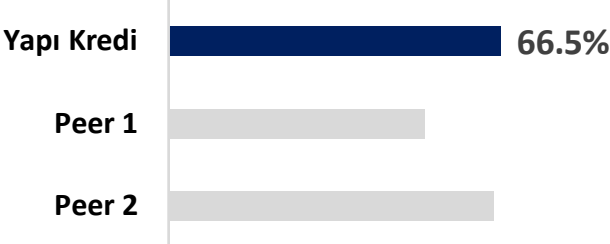


Second Highest Tier 1 Ratio²

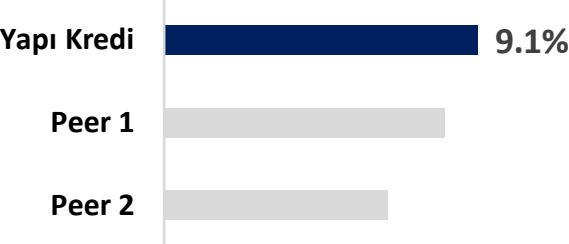


Profitability

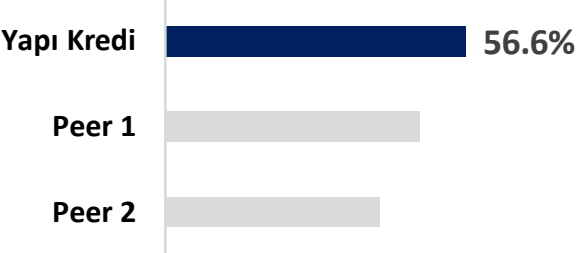
Highest Fee Coverage of Opex



Highest NIM



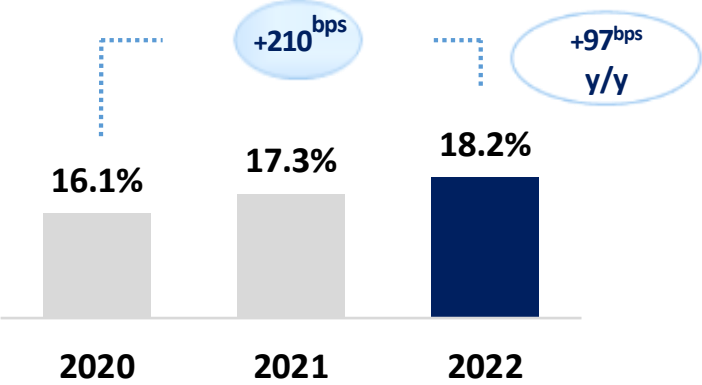
Highest RoTE



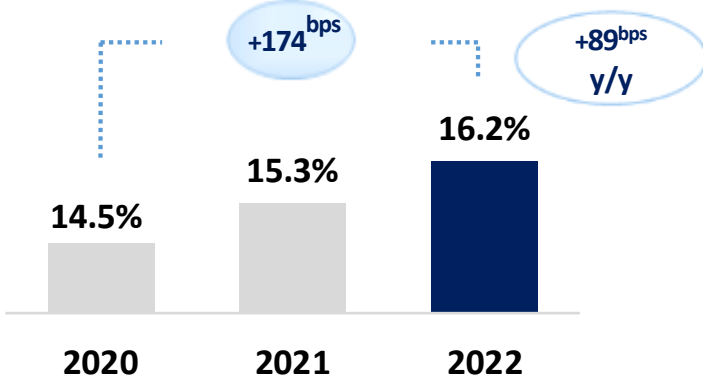
1. Based on Bank-only BRSA financials,
2. Excluding BRSA forbearances

Market share gains in lucrative products, empowering profitability

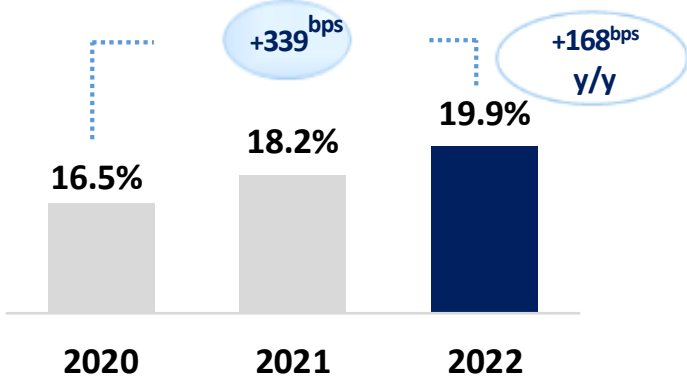
Consumer Loans



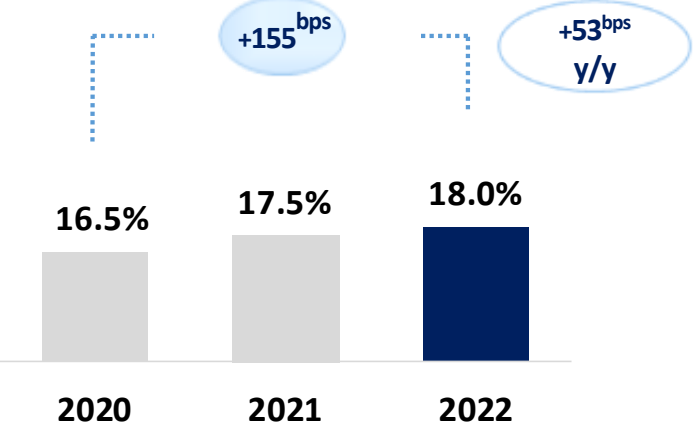
TL Customer Deposits



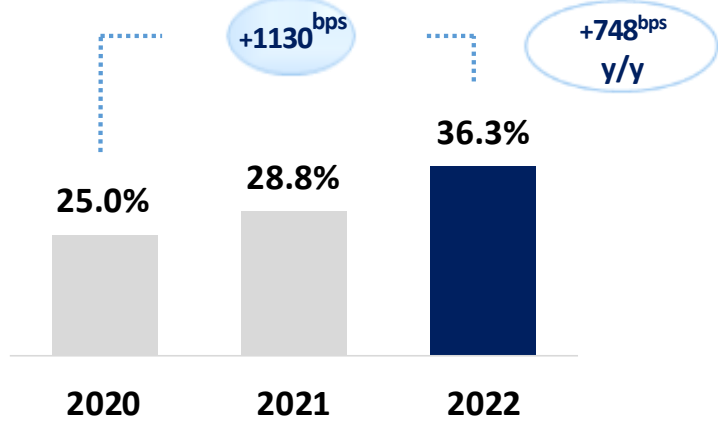
Individual TL Demand Deposits



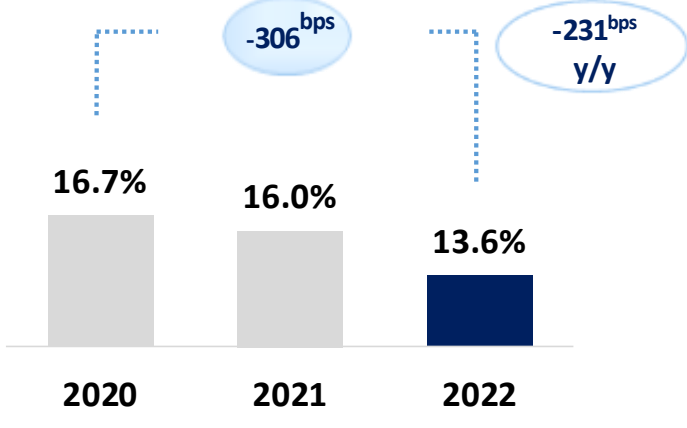
General Purpose Loans



Auto Loans



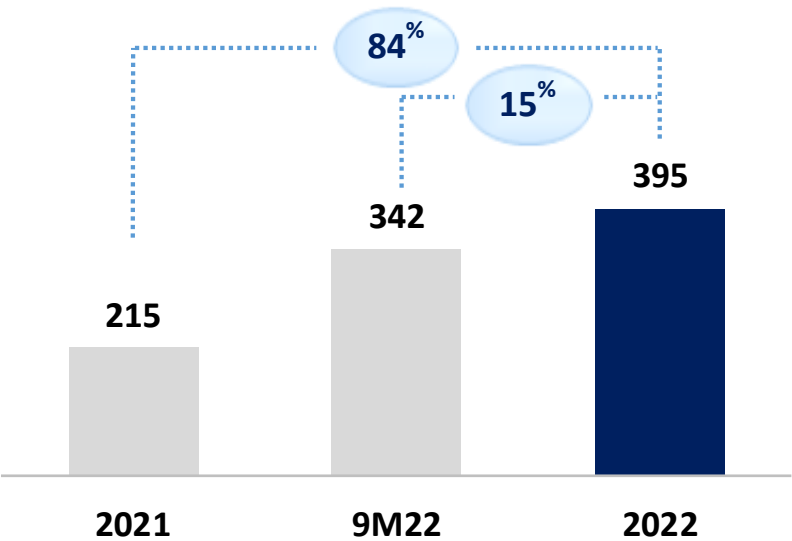
FC Loans



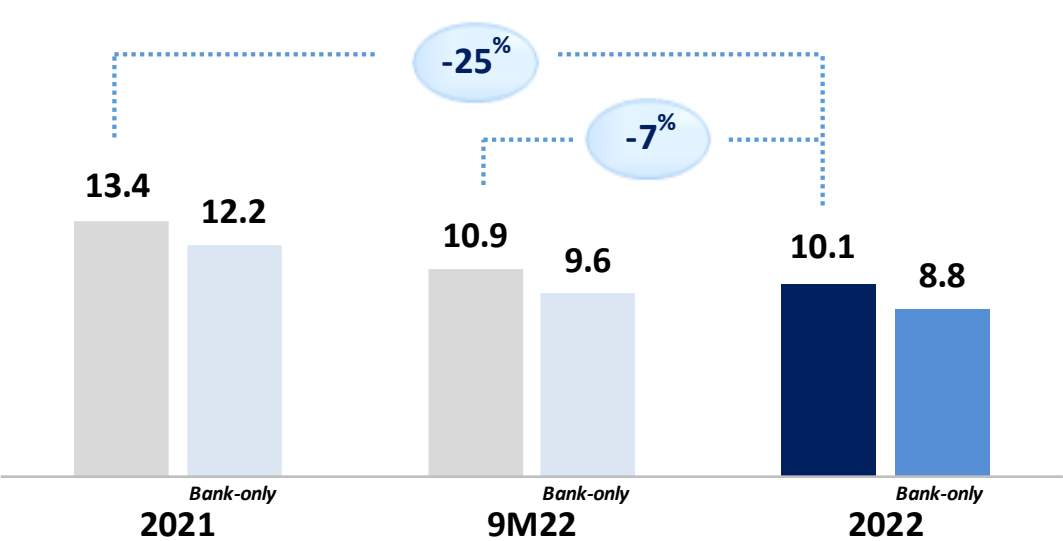
Notes:
Market Shares among Private Banks
Based on BRSA weekly data, FC Loans exclude loans provided to financial institutions.

Solid and strategic loan growth in challenging operating environment

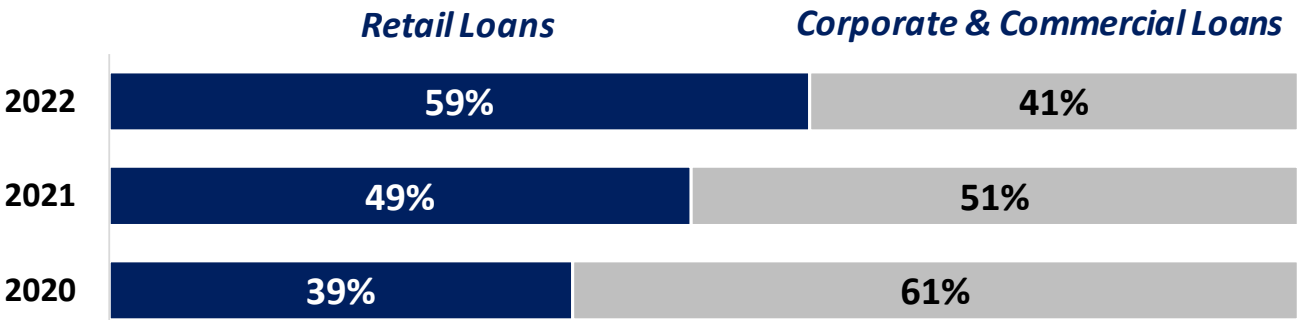
TL Performing Loans¹ (TL bln)



FC Performing Loans¹ (US\$ bln)



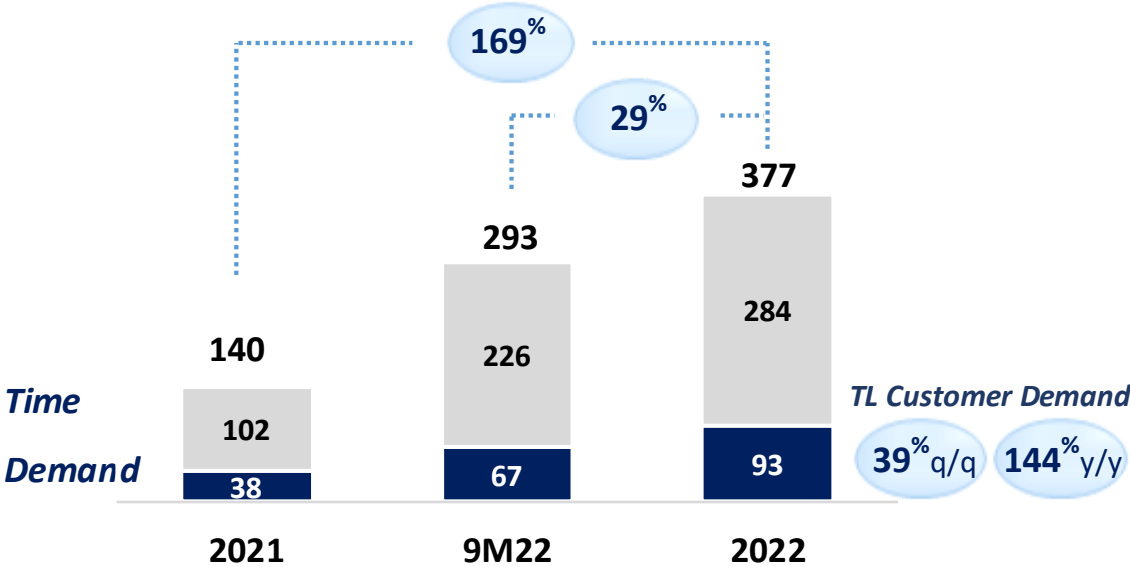
Loan Breakdown (FX adjusted²)



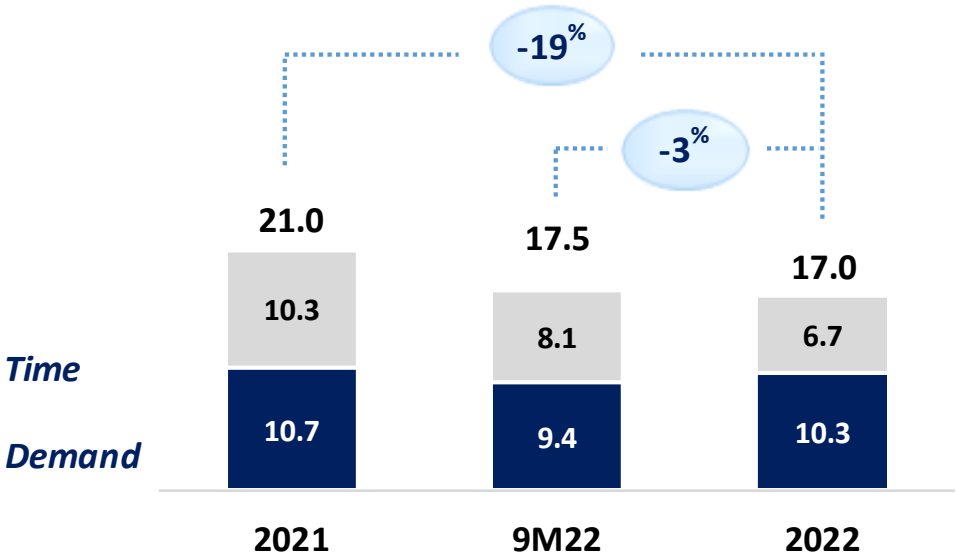
Notes:
1. Loans exclude loans provided to financial institutions.
2. Based on MIS data, Retail loans include individuals and SME.

Strong franchise build-up supporting core funding source

TL Customer Deposits (TL bln)



FC Customer Deposits (US\$ bln)



Share of Demand Deposits

41%
+2pp q/q

Demand Deposit Market Share¹

15.6%
+124bps y/y

Investments in business growth supports **improvement** in **demand** deposit base

New Customer Acquisition

TL Corporate Deposits

114%
y/y

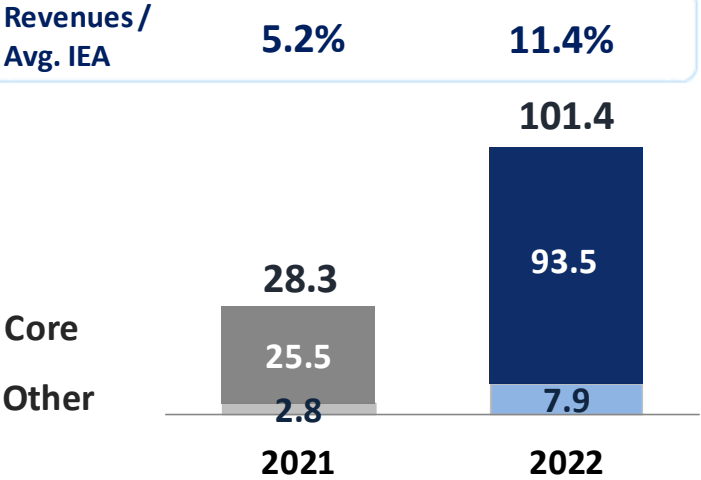
Share of Sticky Retail Deposits

68%
+2pp y/y

1. Market share among private banks.

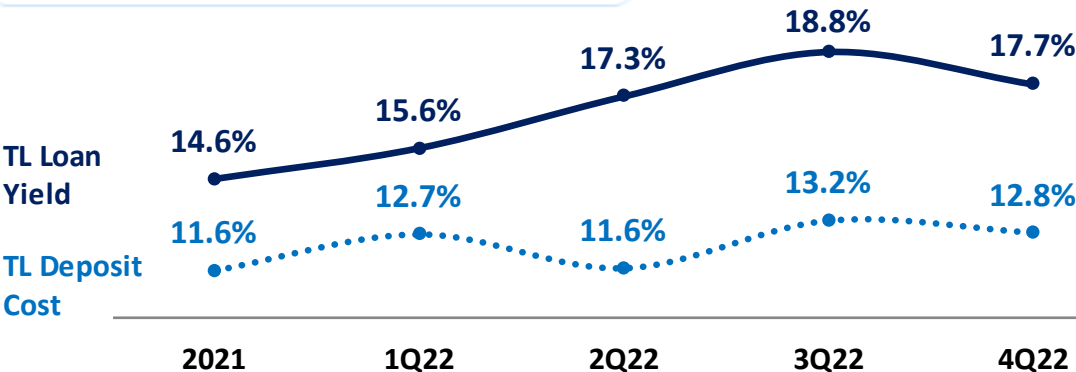
Quarterly margin expansion via proactive TL deposit strategy

Revenues^{1,2} (TL bln)



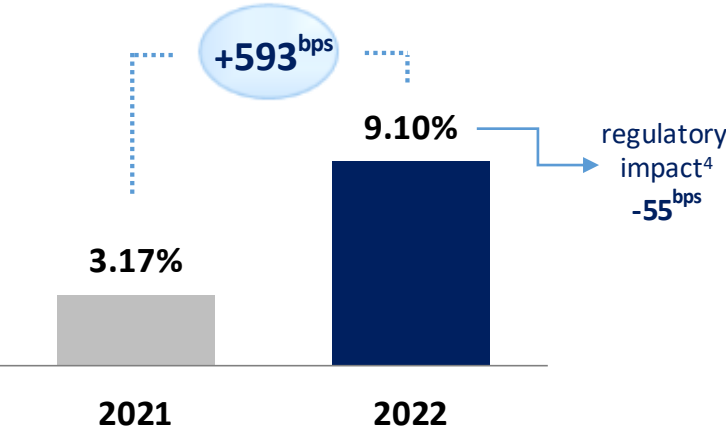
Loan - Deposit Spread³

q/q improvement in deposit cost via proactive asset liability management

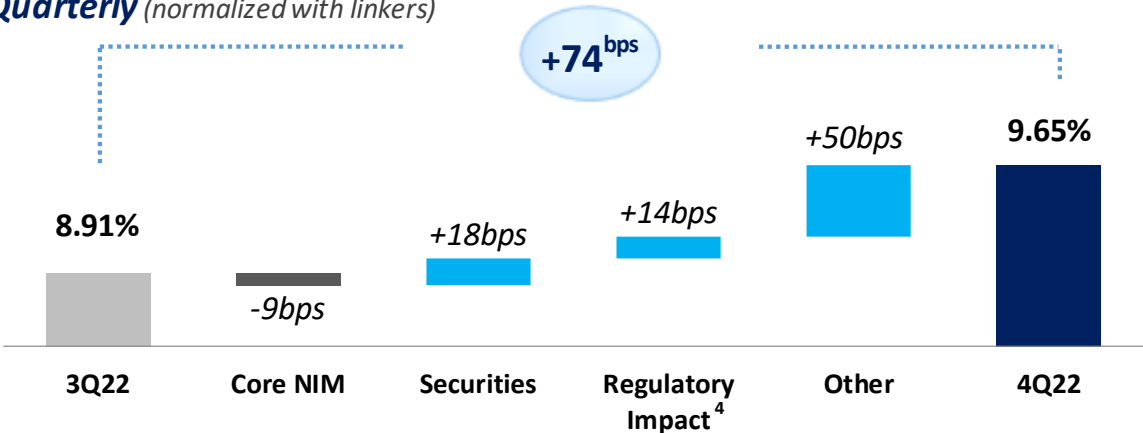


NIM Evolution³

Cumulative



Quarterly (normalized with linkers)



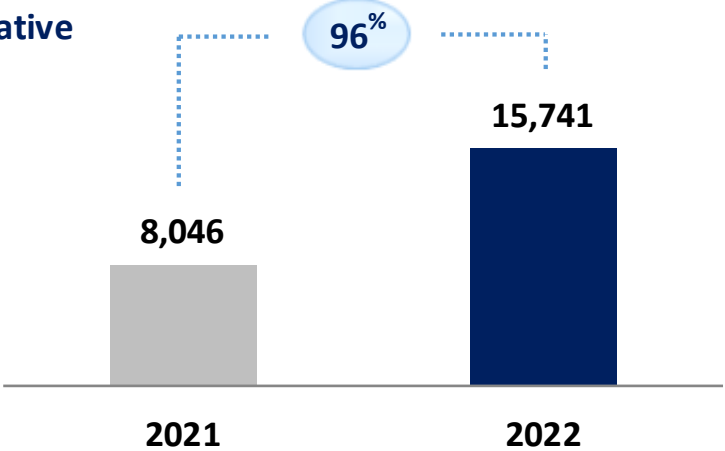
Notes:

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. Based on Bank-Only financials 4. Includes fees paid related to Reserve Requirement, RRR increase and the impact of recently purchased TL fixed securities as RR.

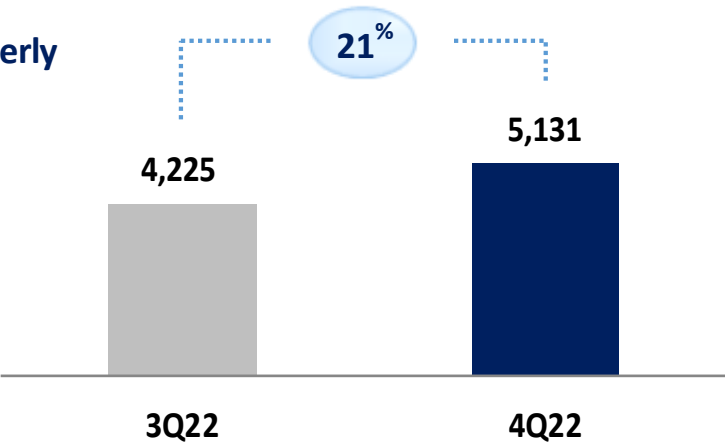
Above guidance fee performance boosted via higher transaction volumes

Net Fees Income (TL mln)

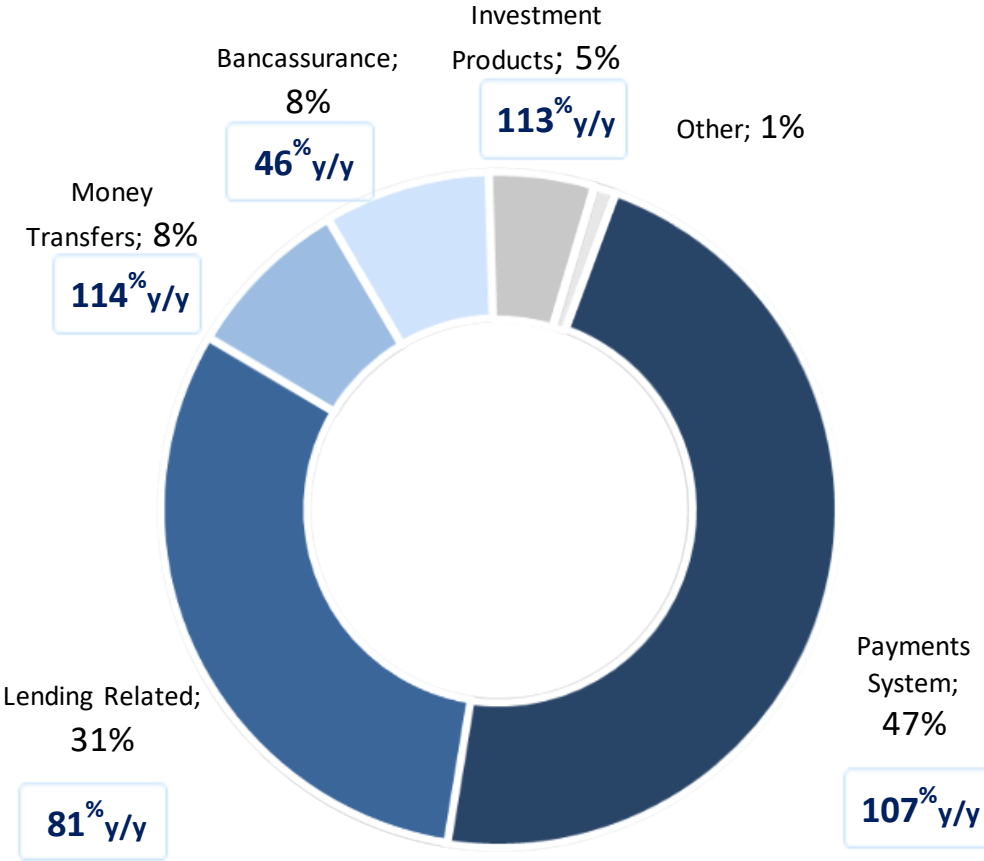
Cumulative



Quarterly



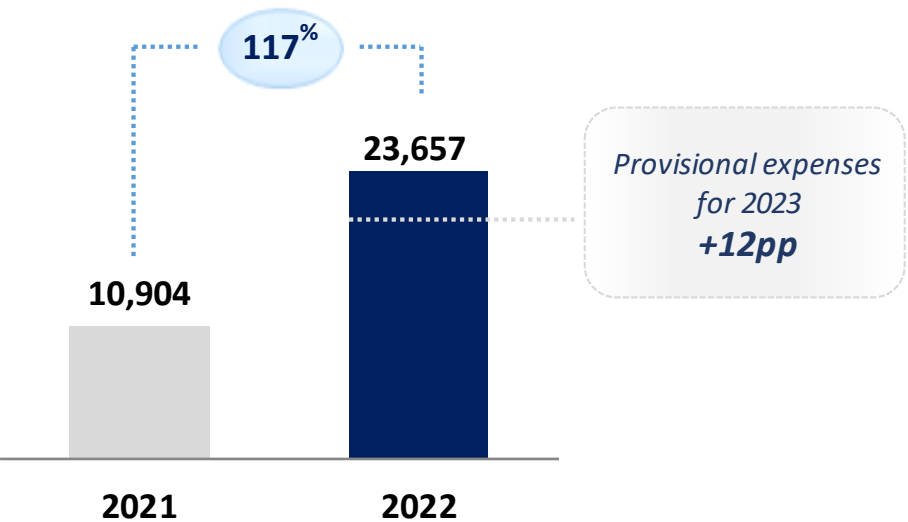
Net Fees Composition¹



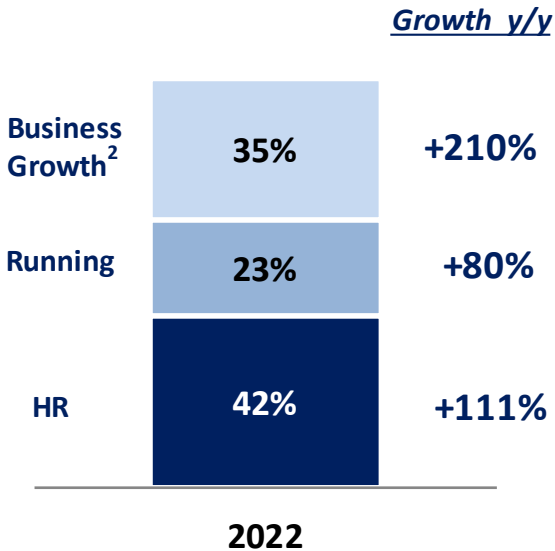
Notes:
1. Based on Bank-Only financials

Continuous investments in business growth and HR, running costs under control

Operating Costs (TL mln)



Cost Breakdown¹

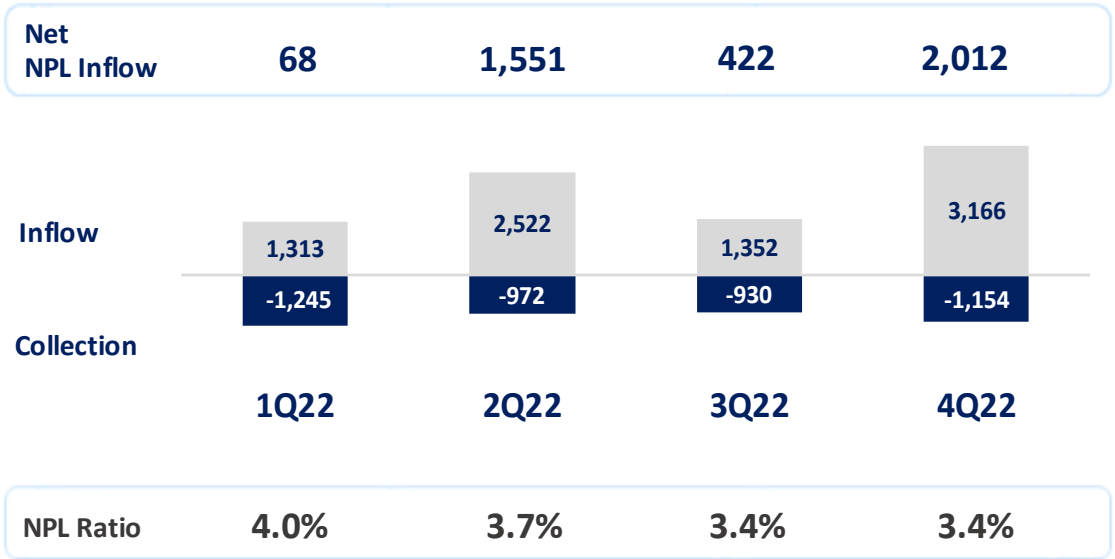


Investment in future growth
in-line with
strategic priorities
Business Growth & Human Capital

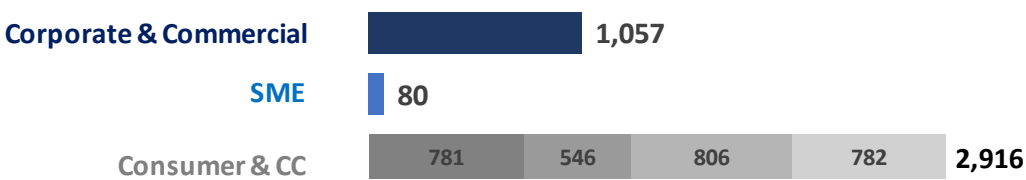
Notes:
1. Based on Bank-only financials, MIS data
2. Including customer acquisition costs

Conservative provisioning sustained despite limited net NPL inflows

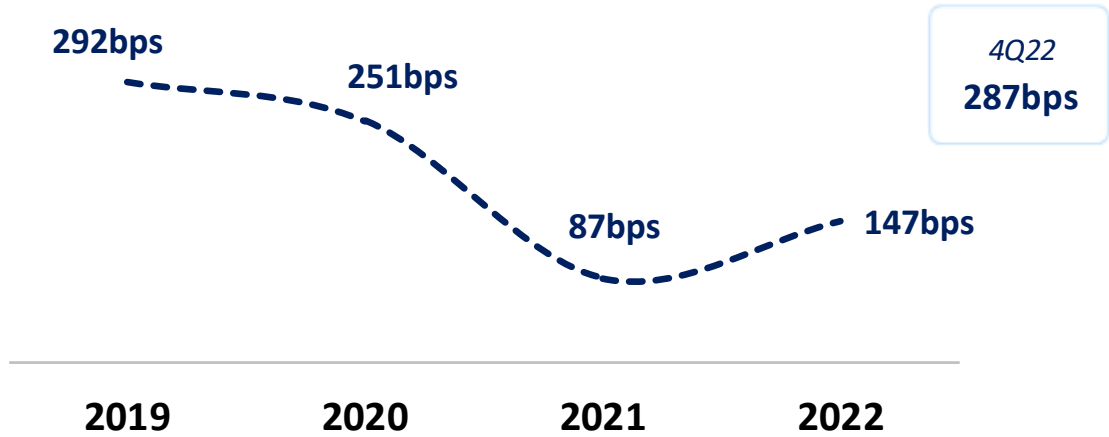
Quarterly Net NPL Formation^{1;2} (TL mln)



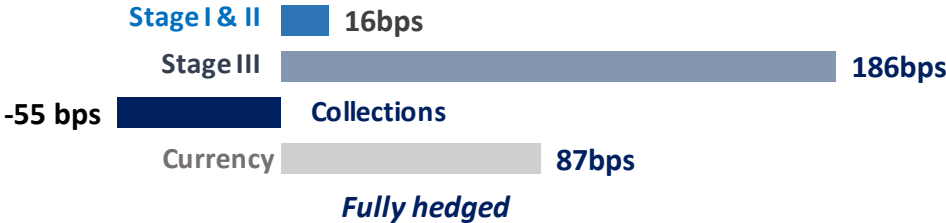
2022 Net NPL Inflow Breakdown



Net Cost of Risk (cumulative)

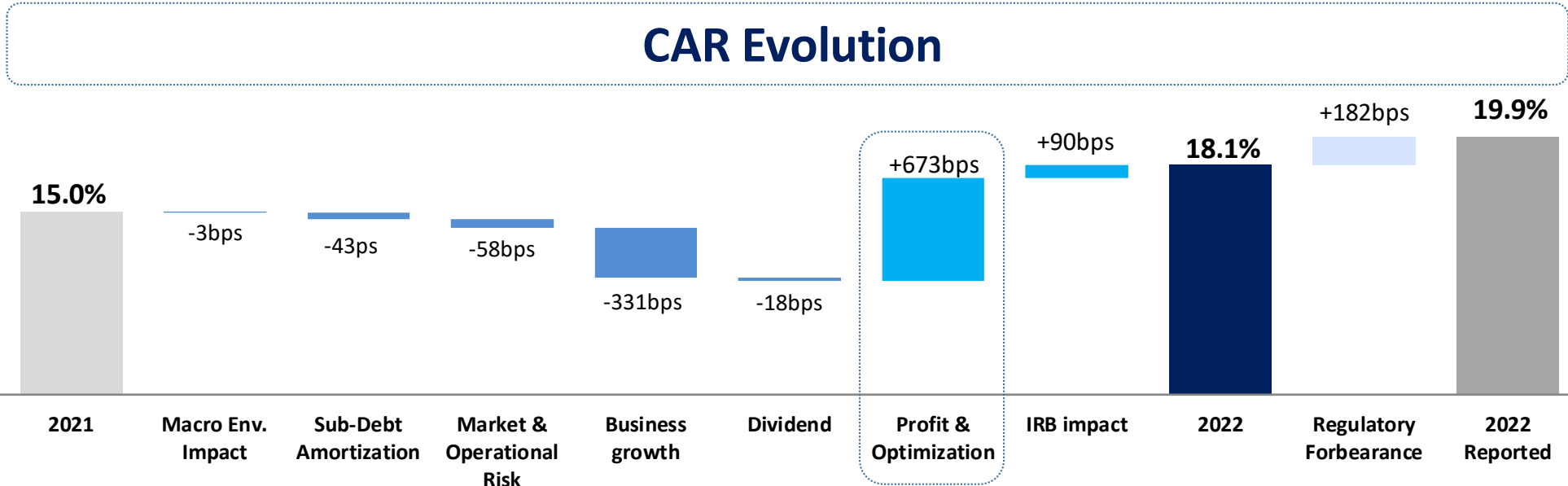
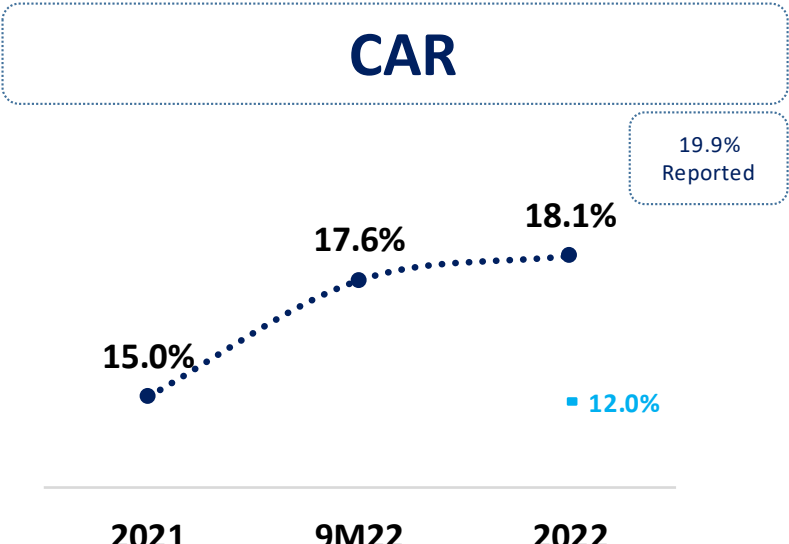
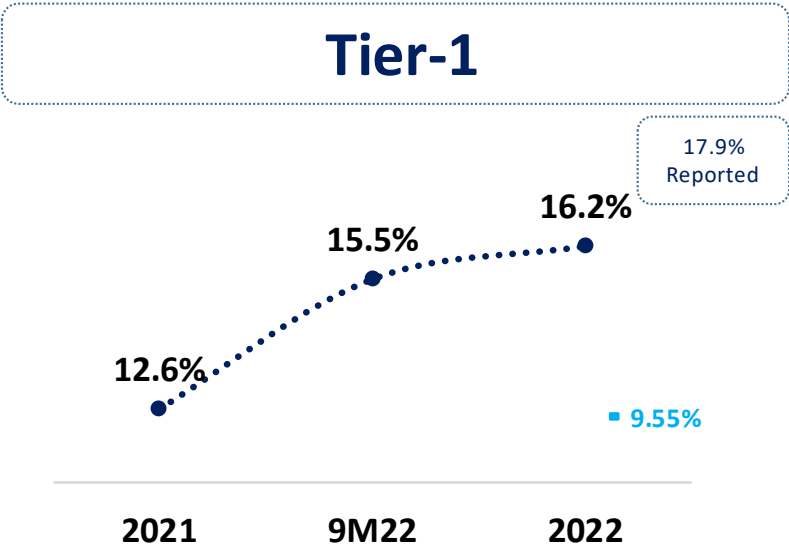
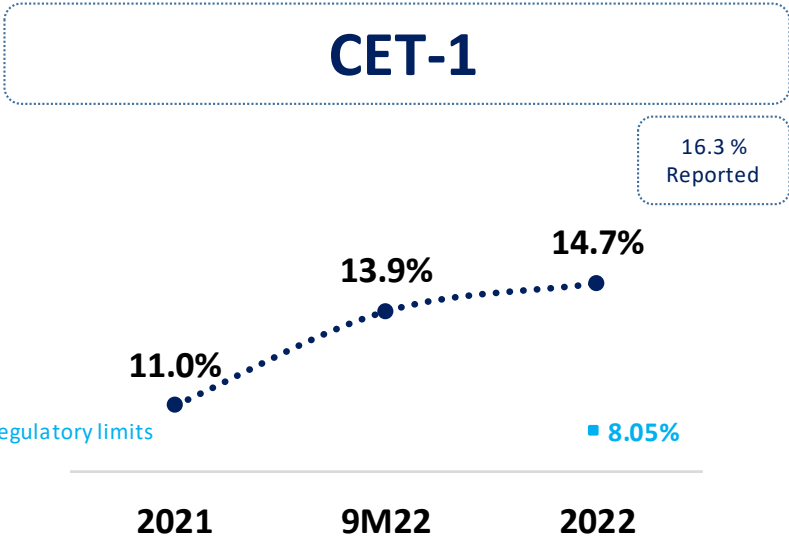


2022 Net CoR Composition



Notes:
NPL sales: 2022: 1,672 mln TL
1. Based on Bank-only BRSA financials
2. Excluding the positive impact of NPL sales & write-offs ; 2Q22 excluding LYY related inflow and write-off

Comfortable capital position reinforced further



~615 bps & above buffers
vs. regulatory thresholds
supported by
Strong Internal Capital Generation

Notes:
Capital Conservation Buffer: 2.5%; Counter-Cyclical Buffer: 0.04%; SIFI Buffer: 1.0%
Minimum Regulatory Requirements- CET1: 8.05%; Tier-1: 9.55%; CAR: 12.0%

STEP: A new Program to trigger our customers' behaviors towards sustainability

Reducing Paper Consumption

Digital on-boarding
E-statement & E-receipt
Digital contracts / documents

Sustainable Products

Nature Friendly Mortgage
Electric Vehicle Loan
ESG Mutual Funds

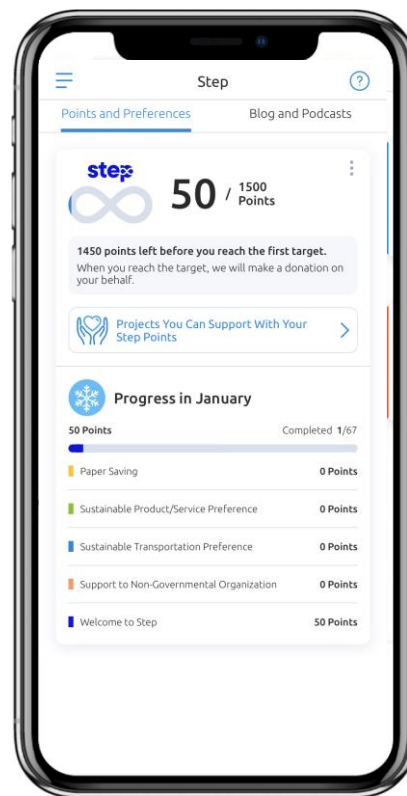
Conscious Consumption

Sustainable Brand Preferences
(Shopping from STEP Member Businesses)

Sustainable Life Style

Transportation preferences
Daily step tracking
NGO donations

+ STEP Points



Donation to NGOs





Leading Sustainability Transformation

- Creating awareness
- Driving the demand for sustainable products

Contributing to environment, climate & education

2022 Realization: Better than guided RoTE

		2022 Guidance	2022 Actual
Volumes	TL Loan Growth	~65%	84% 
	FC Loan Growth	High-Twenties Reduction	-25% 
Revenues	NIM	> 7.5%	9.1% 
	Fee Growth	> Inflation	96% 
Costs	Cost increase ¹	~90%	~100% 
Asset Quality	Total CoR	< 150bps	147bps 
Profitability	RoTE	> 50%	57% 
	Inf. Accounting RoTE	Double Digit	Mid-Teens 

Notes:

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

1. Adjusted for front loaded costs (reported: 117%)

2023 Guidance

		2023 Guidance	Guidance Drivers
Volumes	TL Loan Growth	< 40%	▪ Controlled lending with ongoing small ticket focus
	FC Loan Growth	Reduction	▪ Further deleveraing in FC loans
Revenues	NIM	> 5%	▪ Due to imbalance in TL rates & lower contribution from CPI linkers
	Fee Growth	> 60%	▪ Support from strength in customer acquisition with ongoing diversification
Costs	Cost growth	< 100%	▪ Investments in HR and business growth in-line with strategic priorities
Asset Quality	Total CoR	~ 100bps	▪ Prudency in provisioning maintained

2023 RoTE: High Twenties

Inf. Acc. 2023 RoTE: mid-to-low teens

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



Q&A

ANNEX

Macro environment and banking sector

Macro Environment

	2020	2021	2022
GDP Growth (y/y)¹	1.9%	11.4%	~5%
CPI Inflation (y/y)	14.6%	36.1%	64.3%
CAD²/GDP³	-4.4%	-0.9%	-5.2%
Budget Deficit/GDP³	-3.4%	-2.7%	-1.0%
USD/TL (eop)	7.34	12.98	18.70
2Y Benchmark Bond Rate (eop)	15.0%	22.7%	8.8%

Banking Sector

	2020	2021	2022
Loan Growth (ytd)	33%	36%	53%
<i>TL</i>	42%	21%	78%
<i>FC (USD)</i>	-4%	-7%	-16%
Cust. Deposit Growth (ytd)	33%	51%	68%
<i>TL</i>	23%	20%	150%
<i>FC (USD)</i>	15%	0%	-14%
NPL Ratio	4.0%	3.1%	2.1%
CAR⁴	18.3%	18.1%	19.2%
RoTE	10.5%	14.0%	40.4%

Notes:

All macro data as of December 2022 unless otherwise stated

Banking sector volumes based on BRSA weekly data as of 31 December 2022, CAR and RoTE based on monthly BRSA data as of December 2022

1. 2022 GDP Forecast
2. CAD indicates Current Account Deficit as of Nov'22
3. GDP Forecast
4. Including Regulatory Forbearance

Climate Change Mitigation



- Completion of first climate risk analysis of the loan portfolio
- Committed since July 2021
- Thermal Coal-related Power & Mining phase out
- Yapı Kredi Leasing & Arçelik Cooperation Solar Panel Installations
- Launch of the WWF Green Office Programme



Sustainable Finance



ESG Products & Services

- Nature Friendly Mortgage & Auto loans
- Sustainability-Linked Loans
- ESG-Linked Investment Funds
- ESG Advisory Services
- Sustainable Credit Cards

Sustainability-Linked Funding ~30% of Total Wholesale

Renewable Energy Loans ~43% of Total Energy Portfolio

Ratings

Leader in Turkey, Best-in-Class Globally



Upgraded by 3 levels to **AA Leader**

CDP Climate Change A⁺ Leadership Score



Above global sector average

Scope-3 Category 15: Investments emission data disclosure for the first time

Best Among the Top Tier-1 Turkish Banks



Risk Rating Score: **15.9**
Low Risk

1 of 4 Companies in Turkey

Sustainability Yearbook
Member 2022



1st year of reporting
Total ESG score: **67**

Indices



Included in 2023
Bloomberg Gender Equality Index

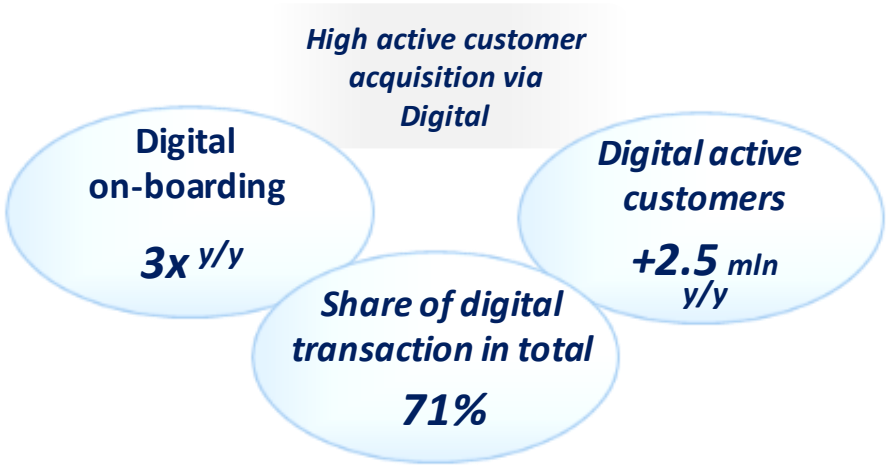
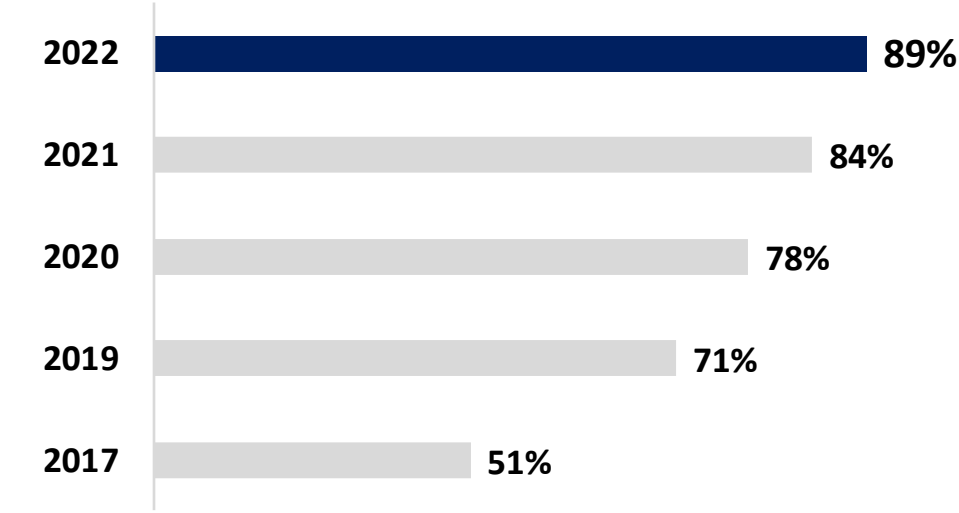


FTSE4Good

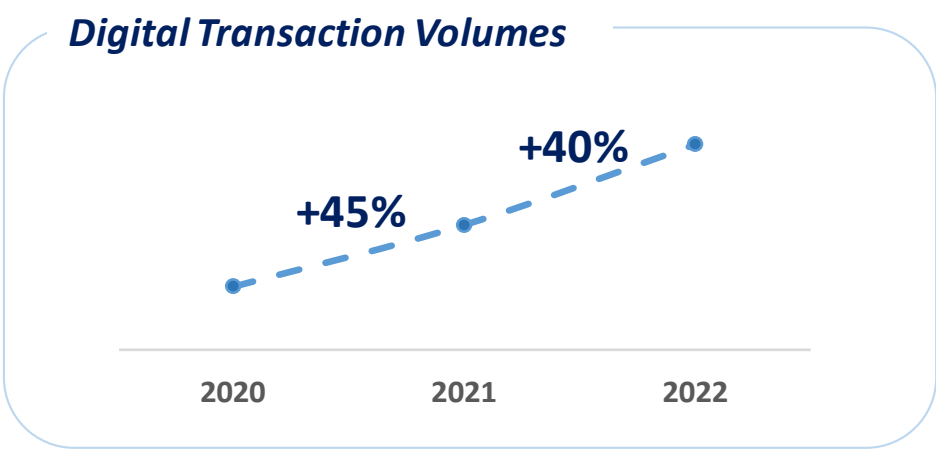
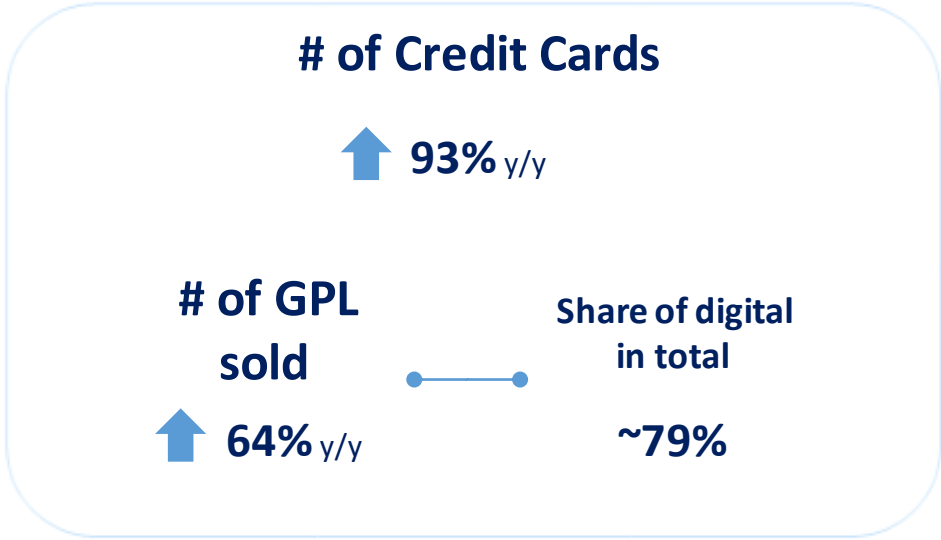


BIST
SUSTAINABILITY INDEX
CONSTITUENT COMPANY

Digital Customer Penetration



Sales via Digital Channels



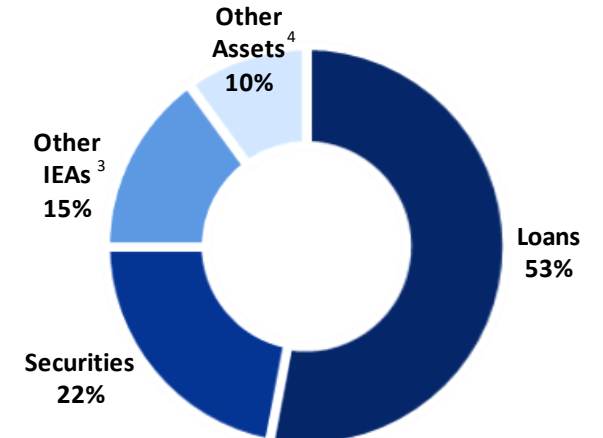
Consolidated balance sheet

TL bln	2021	2022	9M22	2022	q/q	y/y
Total Assets	781	1,184	1,093	1,184	8%	52%
Loans¹	389	584	544	584	7%	50%
TL Loans	215	395	342	395	15%	84%
FC Loans (\$)	13	10	11	10	-7%	-25%
Securities	132	250	214	250	17%	89%
TL Securities	76	158	127	158	24%	108%
FC Securities (\$)	4	5	5	5	5%	14%
Customer Deposits	413	695	617	695	13%	68%
TL Customer Deposits	140	377	293	377	29%	169%
FC Customer Deposits (\$)	21	17	18	17	-3%	-19%
Borrowings	179	219	226	219	-3%	22%
TL Borrowings	16	24	20	24	20%	56%
FC Borrowings (\$)	13	10	11	10	-6%	-17%
Shareholders' Equity	63	126	113	126	12%	99%
Assets Under Management	80	135	104	135	30%	69%
Loans/(Deposits+TL Bills)	94%	85%	87%	85%		
CAR²	15.0%	18.1%	17.6%	18.1%		
Tier-I²	12.6%	16.2%	15.5%	16.2%		
Common Equity Tier-I²	11.0%	14.7%	13.9%	14.7%		

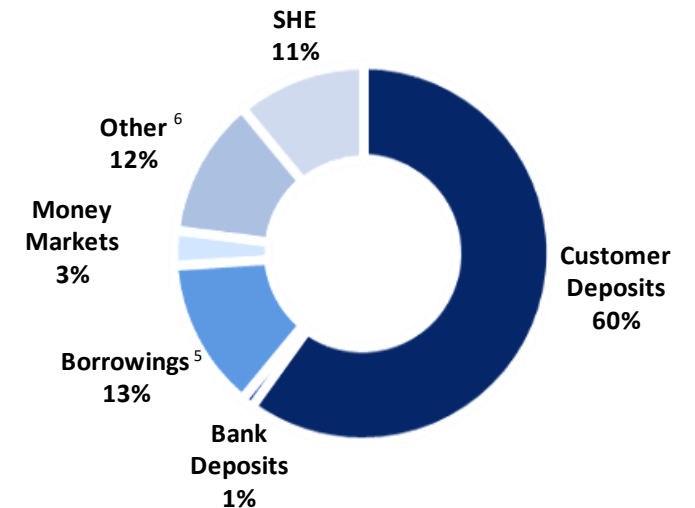
Notes:

- Loans indicate performing loans excluding loans provided to financial institutions . TL and FC Loans are adjusted for the FX indexed loans
- 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

Assets – Bank Only



Liabilities – Bank Only



- 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	4Q21	3Q22	4Q22	y/y	q/q	2021	2022	y/y
Net Interest Income including swap costs	6,484	21,377	31,603	387%	48%	17,475	77,802	345%
o/w NII	8,207	21,299	31,401	283%	47%	23,736	79,258	234%
o/w CPI-linkers ¹	3,164	13,029	21,097	567%	62%	8,553	47,276	453%
o/w Swap costs	-1,723	78	201	-112%	156%	-6,260	-1,457	-77%
Fees & Commissions	2,343	4,225	5,131	119%	21%	8,046	15,741	96%
Core Revenues	8,827	25,603	36,734	316%	43%	25,521	93,542	267%
Operating Costs	3,682	5,852	9,741	165%	66%	10,904	23,657	117%
Core Operating Income	5,145	19,750	26,993	425%	37%	14,617	69,885	378%
Trading and FX gains/losses	5,201	3,970	1,300	-75%	-67%	7,156	11,658	63%
Trading excl. ECL hedge	1,599	2,894	654	-59%	-77%	2,336	6,844	193%
ECL hedging	3,602	1,076	646	-82%	-40%	4,820	4,815	0%
Other income	126	137	213	68%	56%	420	1,014	142%
o/w income from subs	42	72	66	56%	-9%	139	236	70%
o/w Dividends	2	2	2	20%	-10%	17	89	414%
o/w Others	83	63	146	75%	132%	264	690	162%
Pre-provision Profit	10,473	23,858	28,506	172%	19%	22,192	82,558	272%
ECL net of collections	5,607	2,348	5,207	-7%	122%	8,145	12,952	59%
ECL (excl. currency impact)	2,005	1,271	4,561	127%	259%	3,326	8,137	145%
o/w Collections (-)	-542	-648	-660	22%	2%	-2,053	-3,051	49%
Provisions for Risks and Charges & Other	-40	28	107	-368%	286%	175	412	135%
Pre-tax Income	4,905	21,482	23,192	373%	8%	13,894	69,194	398%
Tax	1,347	5,347	5,762	328%	8%	3,404	16,448	383%
Net Income	3,558	16,135	17,429	390%	8%	10,490	52,745	403%
RoTE	24.7%	63.7%	59.3%	35pp	-4pp	19.6%	56.6%	37pp
RoA	2.1%	6.2%	6.1%	405bps	-7bps	1.7%	5.4%	371bps

Notes:

n.m.: not meaningful

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

Bank-only income statement

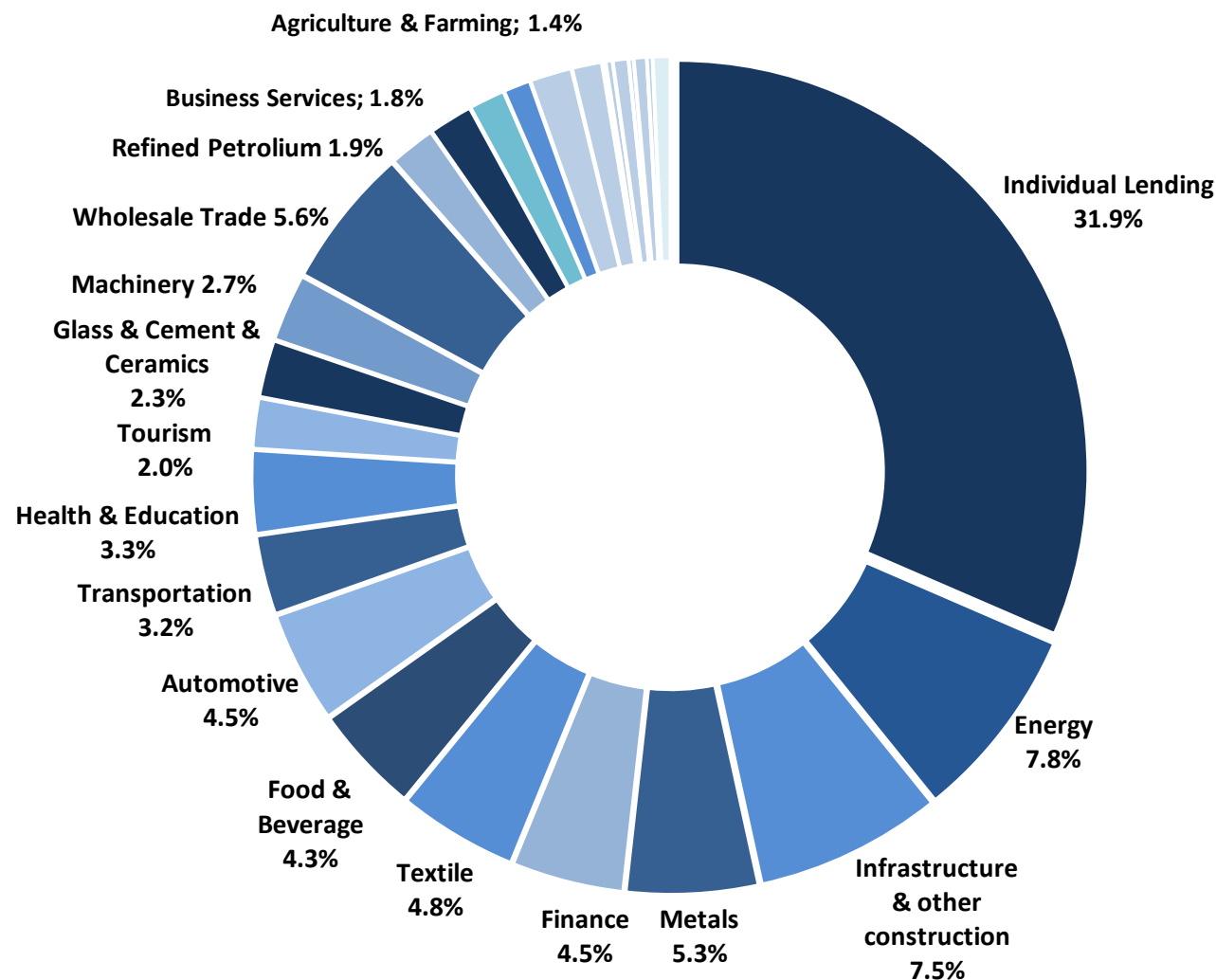
TL million	4Q21	3Q22	4Q22	y/y	q/q	2021	2022	y/y
Net Interest Income including swap costs	6,013	20,569	30,649	410%	49%	15,921	74,849	370%
o/w NII	7,873	20,705	30,536	288%	47%	22,697	76,948	239%
o/w CPI-linkers ¹	3,164	13,029	21,097	567%	62%	8,553	47,276	453%
o/w Swap costs	-1,860	-136	113	-106%	-183%	-6,777	-2,099	-69%
Fees & Commissions	2,100	3,840	4,511	115%	17%	7,315	14,134	93%
Core Revenues	8,113	24,410	35,161	333%	44%	23,235	88,983	283%
Operating Costs	3,461	5,562	9,245	167%	66%	10,246	22,369	118%
Core Operating Income	4,652	18,848	25,916	457%	37%	12,990	66,614	413%
Trading and FX gains/losses	5,086	3,792	1,164	-77%	-69%	6,952	11,087	59%
Trading excl. ECL hedge	1,484	2,716	518	n.m.	-81%	2,132	6,272	194%
ECL hedging	3,602	1,076	646	-82%	-40%	4,820	4,815	0%
Other income	428	973	1,072	151%	10%	1,542	3,871	151%
o/w income from subs	352	902	903	156%	0%	1,293	3,103	140%
o/w Dividends	1	2	1	n.m.	n.m.	3	50	1423%
o/w Others	75	69	169	125%	144%	246	718	192%
Pre-provision Profit	10,166	23,613	28,152	177%	19%	21,484	81,572	280%
ECL net of collections	5,452	2,387	5,107	-6%	114%	7,879	12,884	64%
ECL (excl. currency impact)	1,849	1,311	4,461	141%	240%	3,059	8,069	164%
o/w Collections (-)	-489	-560	-628	28%	12%	-1,814	-2,779	53%
Provisions for Risks and Charges & Other	-65	18	99	-251%	449%	0	374	n.m.
Pre-tax Income	4,780	21,208	22,946	380%	8%	13,486	68,314	407%
Tax	1,222	5,073	5,517	351%	9%	2,996	15,569	420%
Net Income	3,558	16,135	17,429	390%	8%	10,490	52,745	403%
RoTE	24.7%	63.6%	59.2%	35pp	-4pp	19.6%	56.6%	37pp
RoA	2.2%	6.6%	6.5%	433bps	-6bps	1.8%	5.7%	396bps

Notes:

n.m.: not meaningful

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

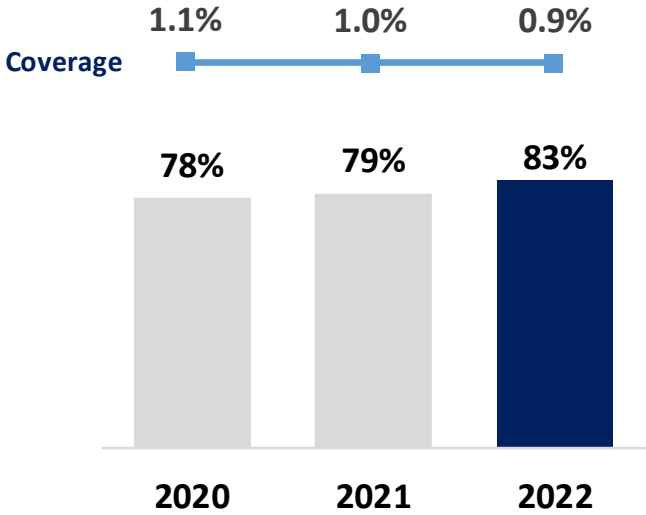


- *The Share of Energy Loans in total down by 4 pp since 2018*
- *The Share of Infrastructure and Other Construction in total down by 4 pp since 2018*
- *Energy Sector total coverage at 19%, 48% of the loans are under Stage 2*
- *Energy Sector Risky Stage 2 files' coverage at 25%*
- *Total Real Estate loans Stage 2 coverage at 27%*
- *9% share of SMEs in cash loans, 11% of which is under CGF scheme*

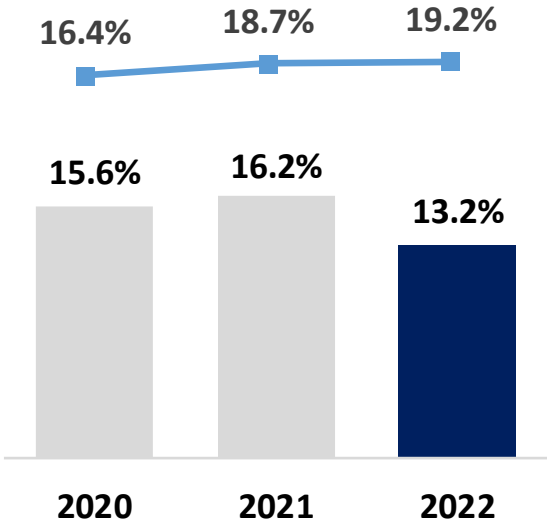
Notes:
Based on MIS Data, Loans include gross cash and non-cash loans

Staging and coverages

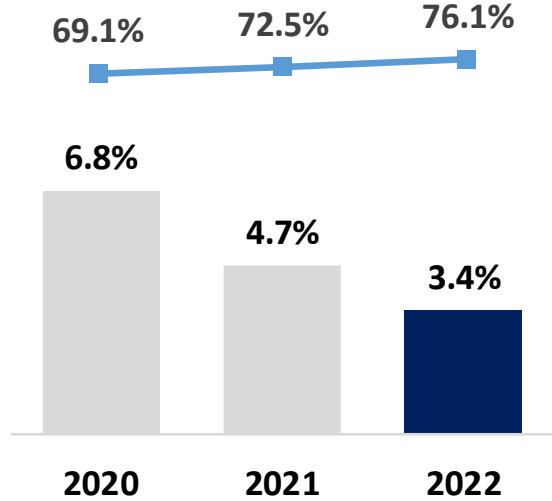
Stage I



Stage II

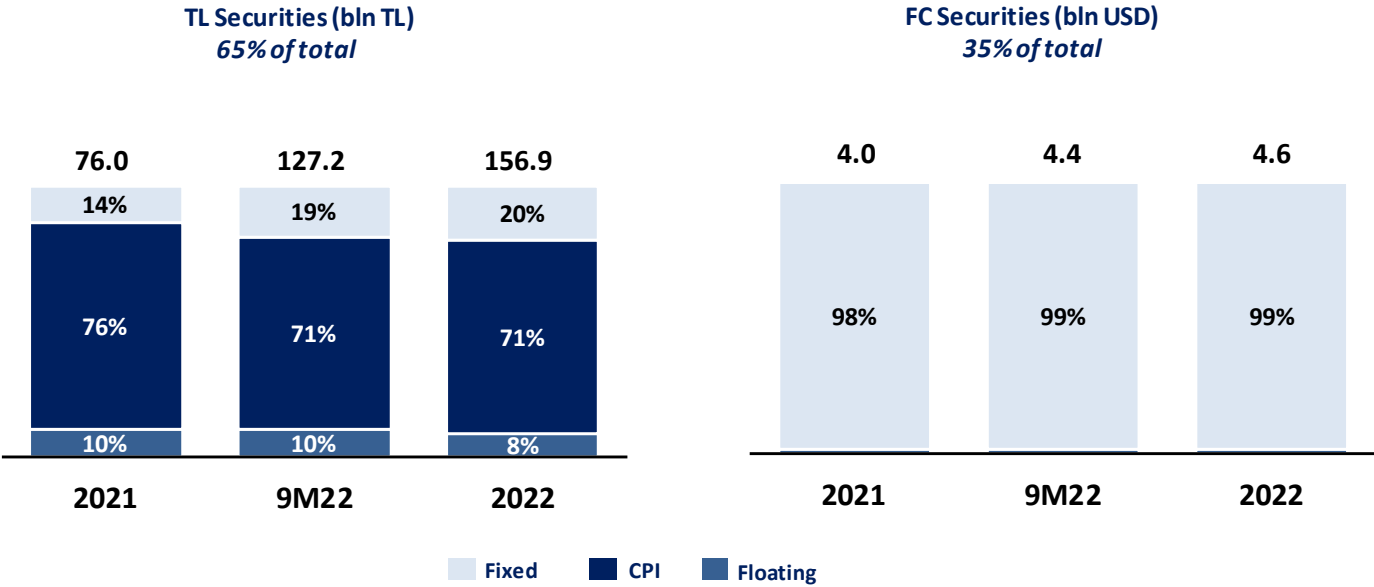


Stage III

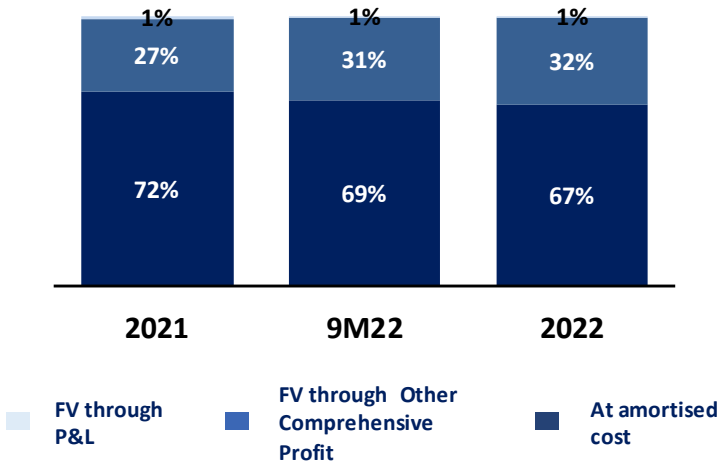


Notes:
Based on Bank-only BRSA financials

Composition by Type¹



Composition by Classification¹





■ **CPI linker volume: ~111 bln TL**

CPI linker valuation: 85% Oct-Oct inflation (9M22:65%; 2021: 19.9%)

■ **M-t-m unrealized gain/loss² at +7.8 bln TL as of 2022 (+8.1 bln TL as of 9M22; +1.5 bn TL in 2021)**

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

Details of main borrowings

International	Syndications	<p>~ US\$ 1.3 bln</p> <ul style="list-style-type: none"> Jun'22: US\$ 349.5 mln and € 431.5 mln, all-in cost at SOFR+ 2.75% and Euribor+ 2.10% for 367 days. 37 banks from 19 countries Nov'22: US\$ 210 mln and € 249 mln, all-in cost at SOFR+ 4.25% and Euribor+ 4.00% for 367 days. 23 banks from 14 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\$ 1.36 bln outstanding</p> <ul style="list-style-type: none"> 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\$ 1.50 bln Eurobonds</p> <ul style="list-style-type: none"> 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 1.44 bln outstanding</p> <ul style="list-style-type: none"> 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 4.59 bln total</p> <ul style="list-style-type: none"> Aug'22: TL 468 mln, 5-month maturity Sep'22: TL 1.86 bln, 5-month maturity Oct'22: TL 2.11 bln, 4-month maturity Nov'22: TL 1.55 bln, 4-month maturity Dec'22: TL 1.65 bln, 3-month maturity 
	Subordinated Loans	<p>TL 800 mln total</p> <ul style="list-style-type: none"> Jul'19: TL 500 mln, 10-year maturity, TLREF index + 193 bps Oct'19: TL 300 mln, 10-year maturity, TLREF index + 130 bps

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