

# Yapı Kredi

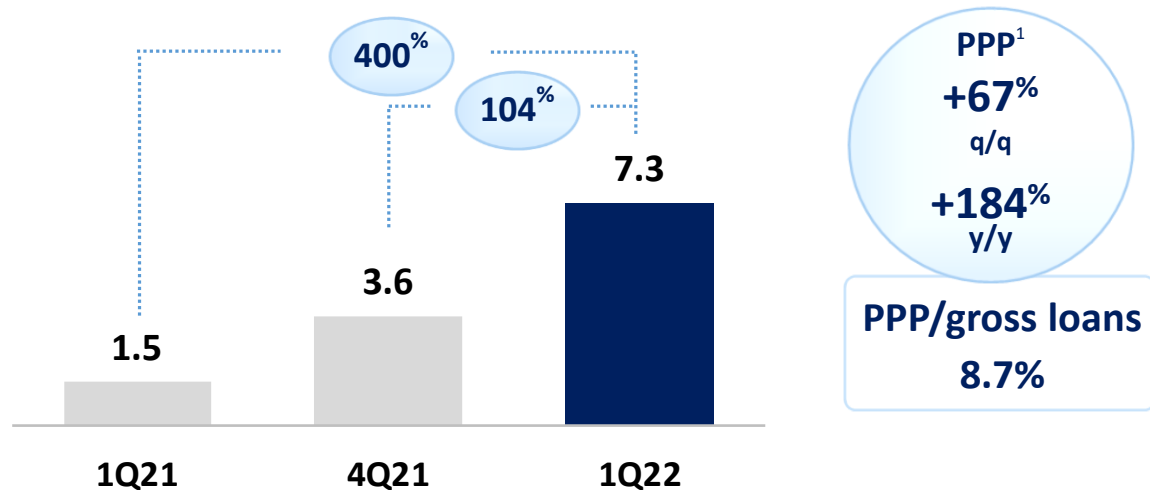
## 1Q22 EARNINGS PRESENTATION



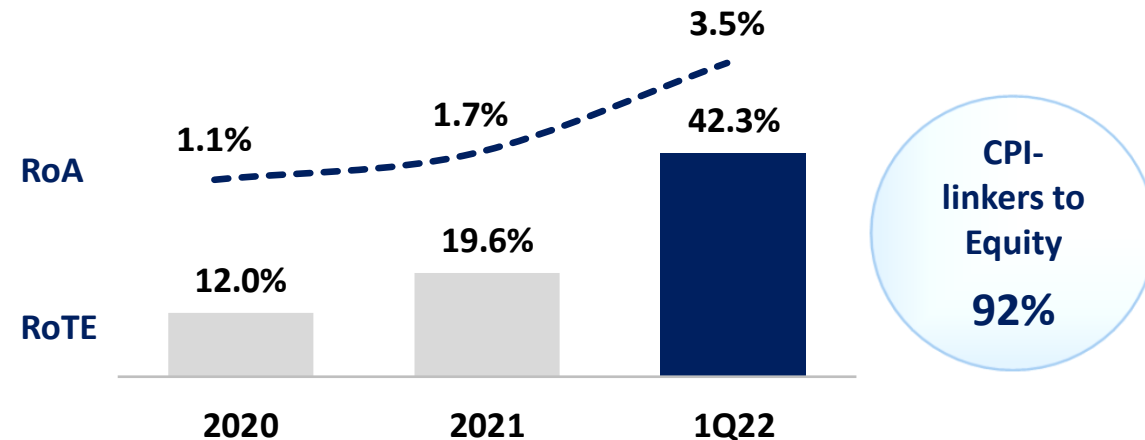
29 April 2022

# Robust net profit growth with solidified fundamentals

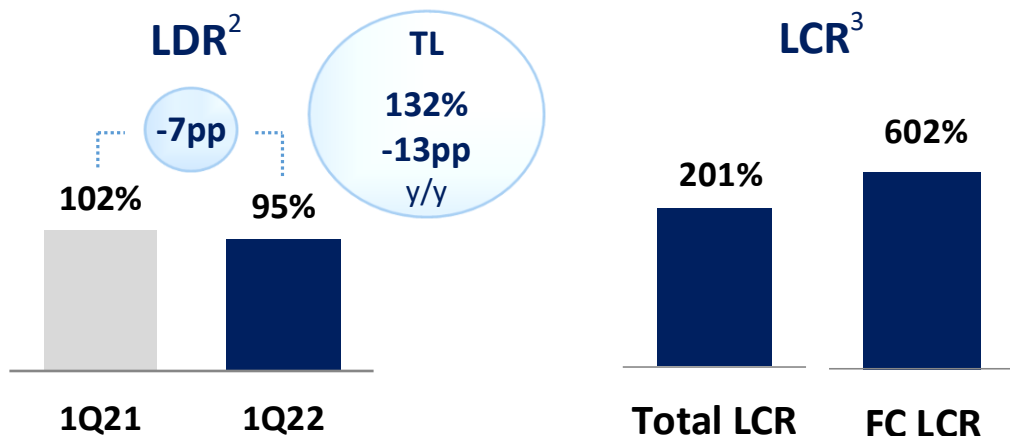
## Net Profit (TL bln)



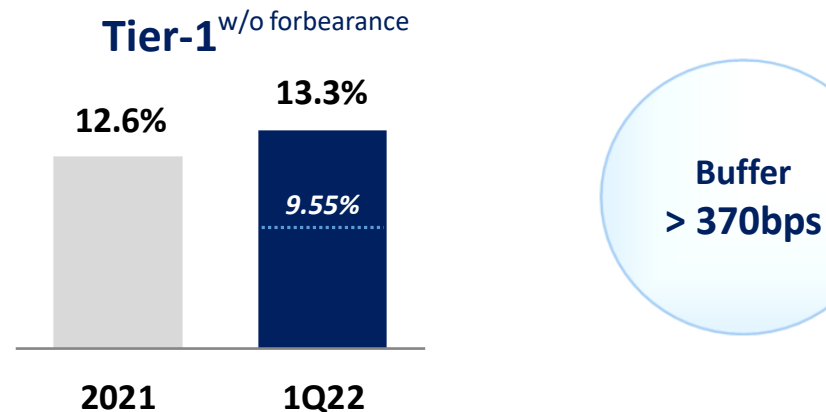
## RoTE & RoA



## Enhanced liquidity



## Further strengthened capital



Notes:

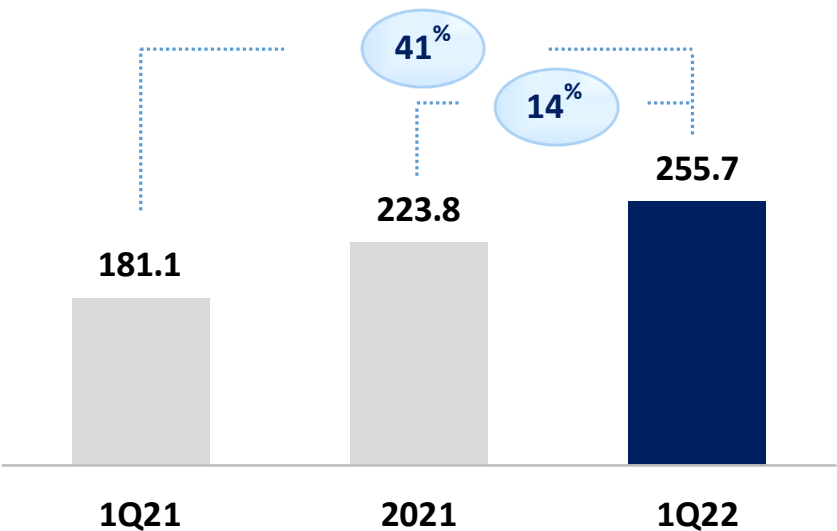
1. Normalised for linker income, PPP (Pre-Provision Profit): NII+ Fees + Opex + Net Trading + Subsidiary & Dividend income – ECL hedge - collections

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

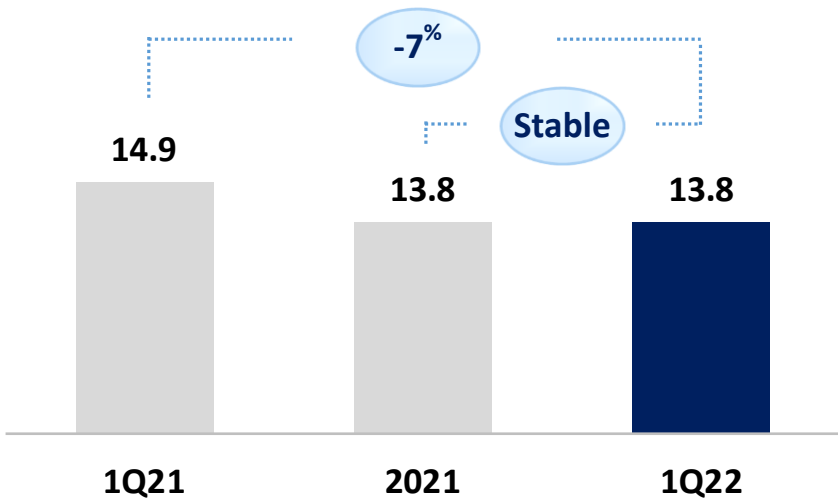
3. As of 31 March 2022

# TL loans up 14% q/q; further market share gains on small tickets

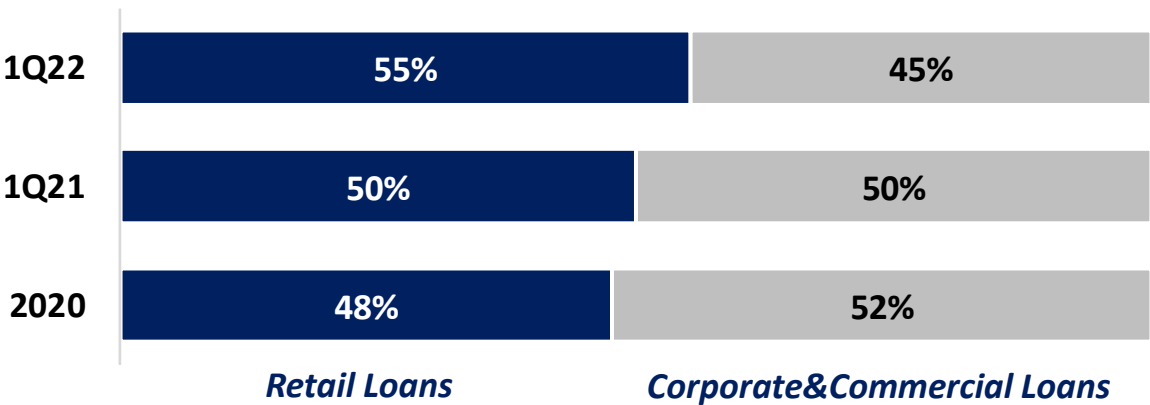
## TL Performing Loans (TL bln)



## FC Performing Loans (US\$ bln)



## Loan Breakdown (FX adjusted<sup>1</sup>)



## Ongoing market share gains on small ticket lending (among private banks<sup>2</sup>)



Notes:

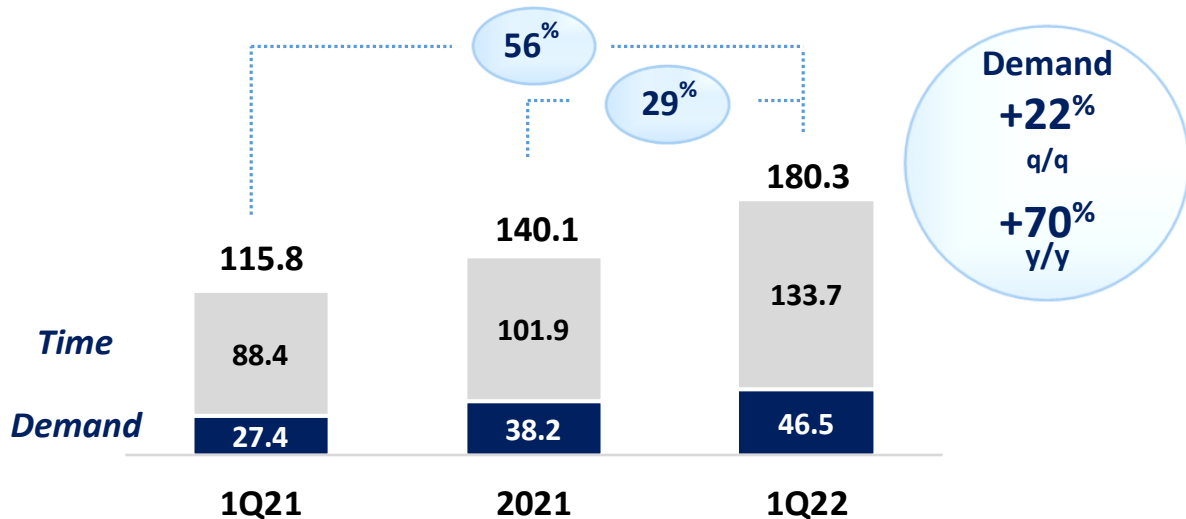
1. Based on MIS data, Retail loans include individuals and SME;

2. Based on BRSA weekly data as of 25 March 2022;

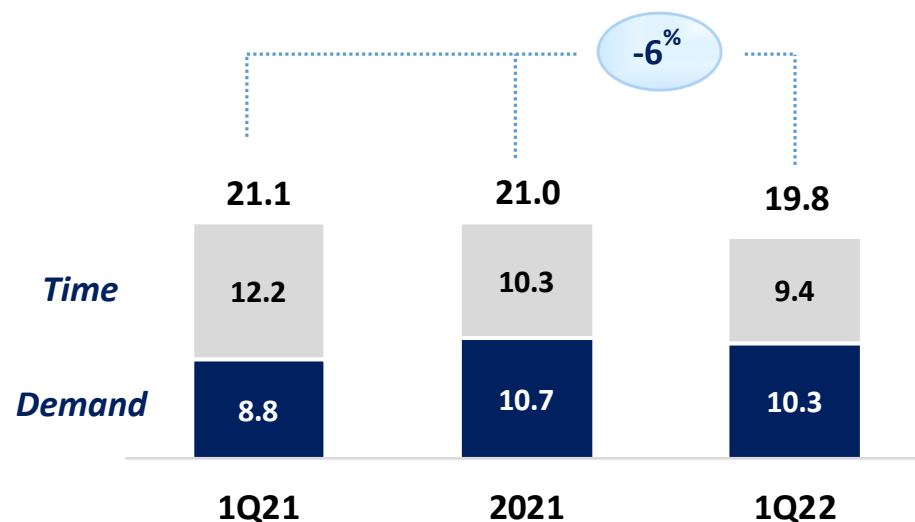
3. Excluding credit cards

# TL denominated deposit growth through small ticket market share gains

## TL Customer Deposits (TL bln)



## FC Customer Deposits (US\$ bln)



## Market share gains on sticky small tickets

(among private banks<sup>1</sup>)

**TL Individual**  
+45bps  
q/q

**Individual Demand**  
+42bps  
q/q

## Share of Demand Deposits

**Total**  
42%  
+7pp y/y

**TL**  
26%  
+2pp y/y

**FC**  
52%  
+10pp y/y

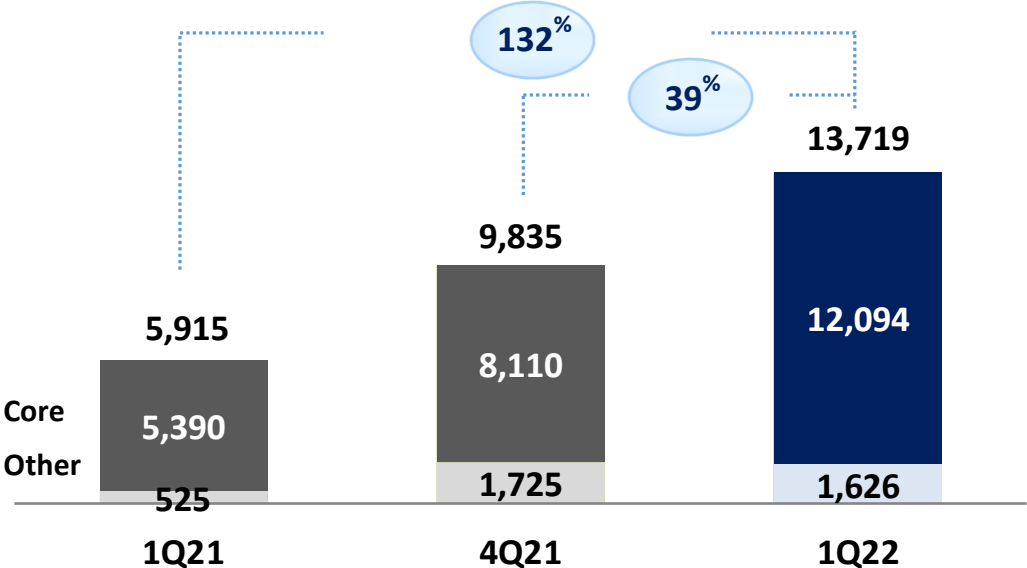
Notes:

1. Based on BRSA weekly data as of 25 March 2022

# Solid raise in revenues sustained via 49% q/q surge in core revenues

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

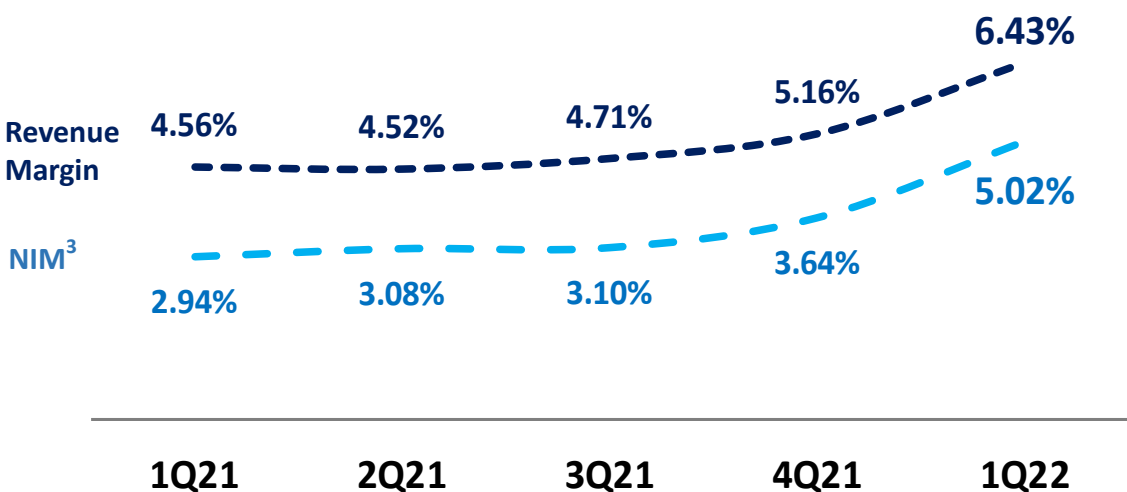
2021 quarters normalized with linkers



Core  
**+49%**  
q/q  
**+124%**  
y/y

## Margins

2021 quarters normalized with linkers



RM  
**+128bps**  
NIM  
**+138bps**  
q/q

Notes:

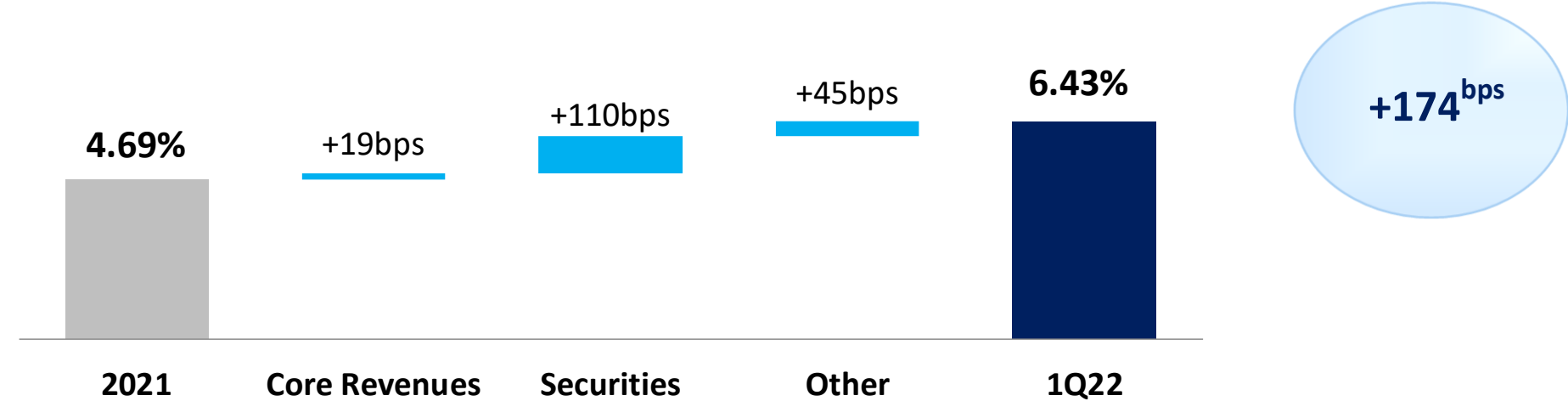
1. Revenues and other revenues exclude ECL collection income and trading income to hedge FC ECL;

2. Core Revenues = NII + swap costs + net fee income

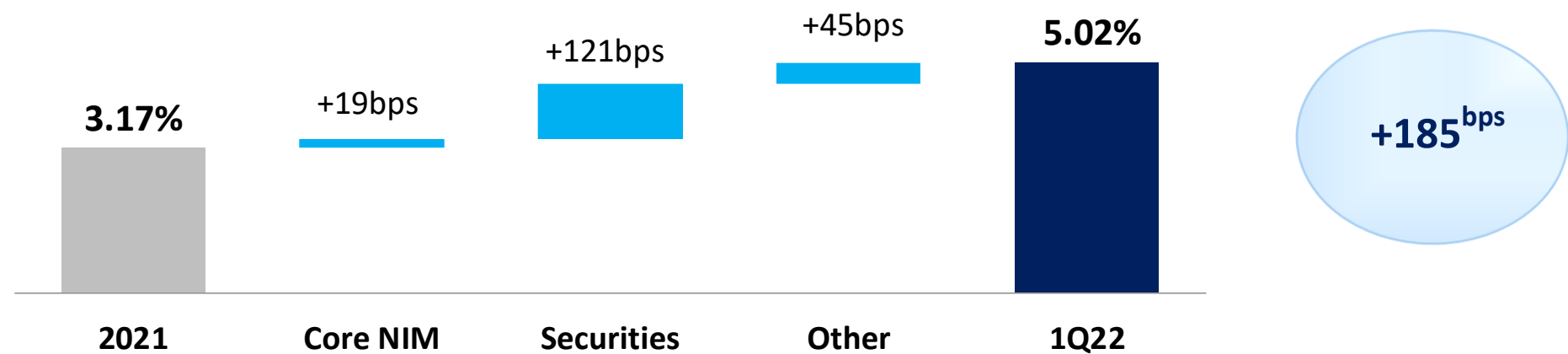
3. Based on Bank-Only financials

# Strong margin evolution on a ytd basis

## Core Revenue Margin evolution



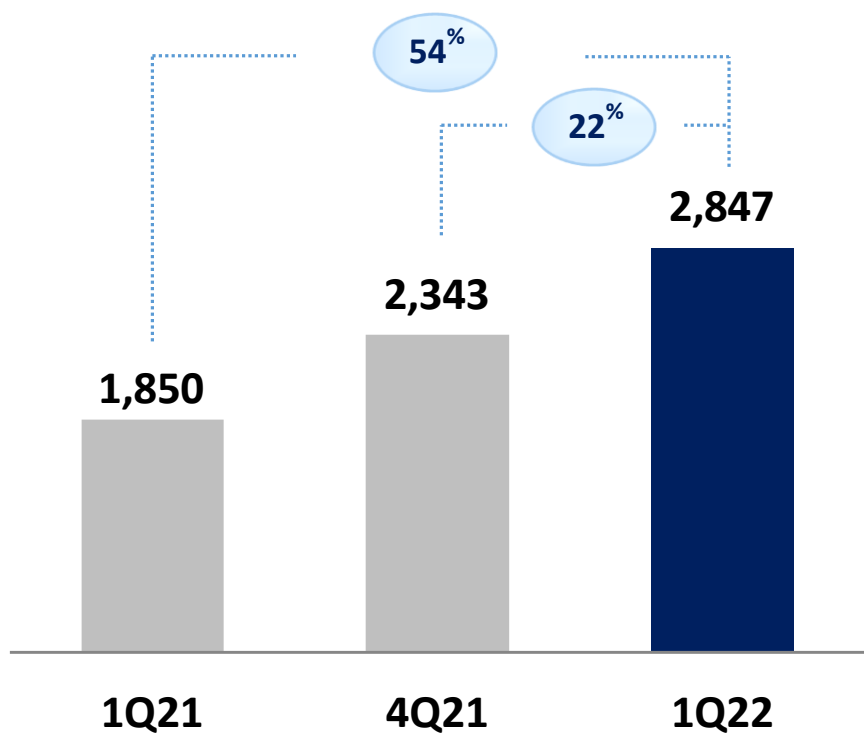
## NIM<sup>1</sup> evolution



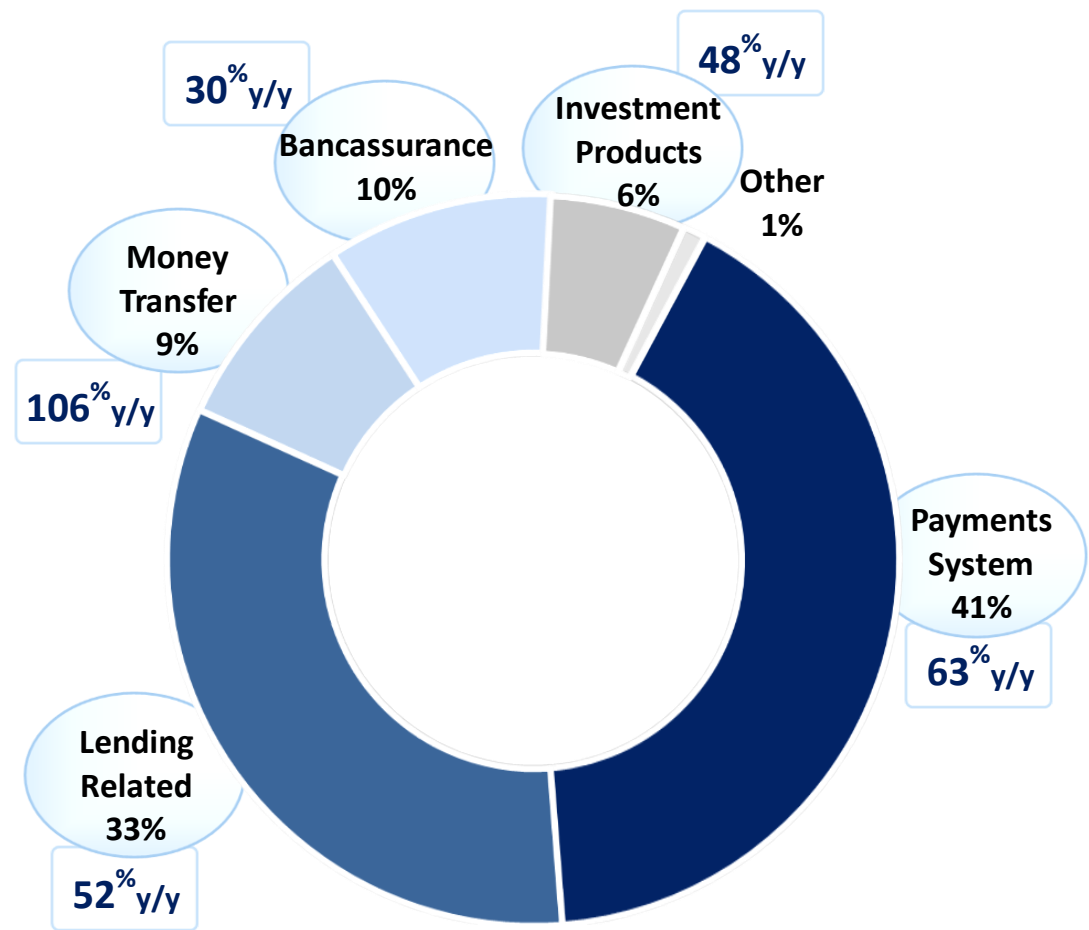
Notes:  
1. Based on Bank-Only financials

# Stellar fee performance; 54% y/y increase

Net Fees Income (TL mln)



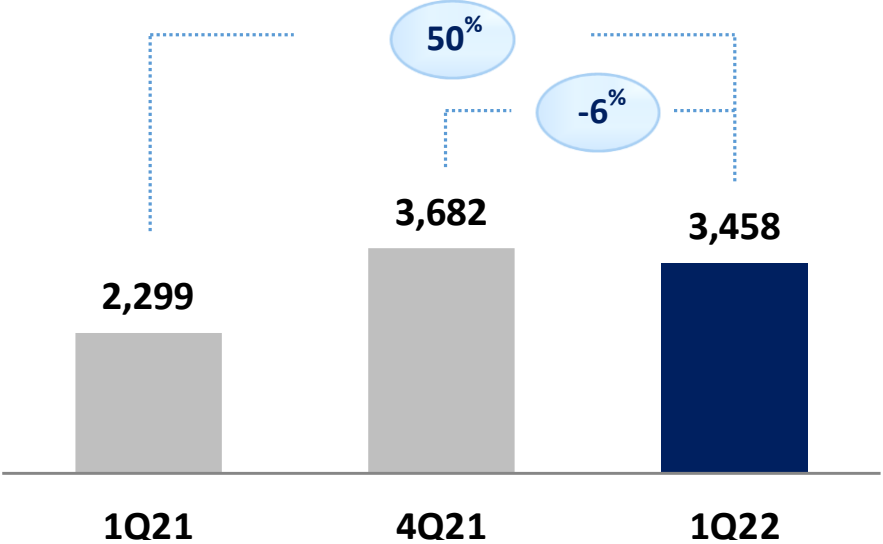
Net Fees Composition<sup>1</sup>



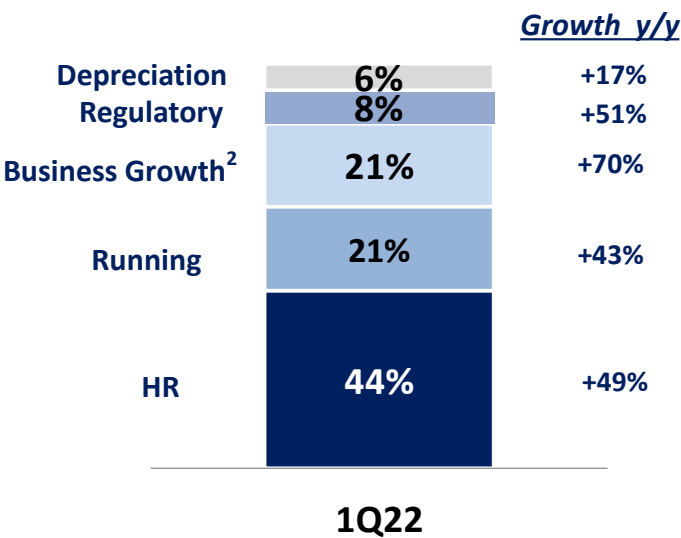
Notes:  
1. Based on Bank-Only financials

# Cost increase at 50% y/y, below inflation

## Operating Costs (TL mln)

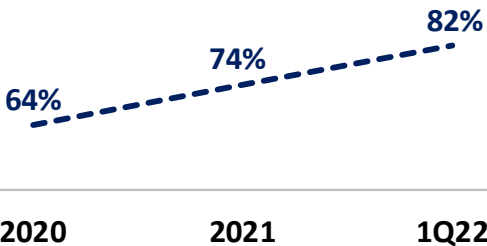


## Cost Breakdown<sup>1</sup>

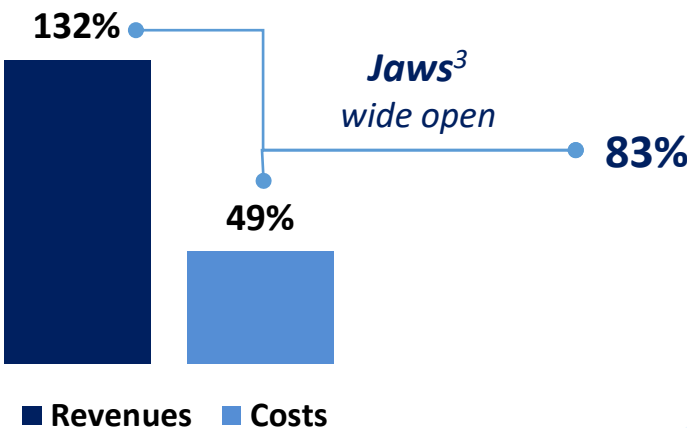
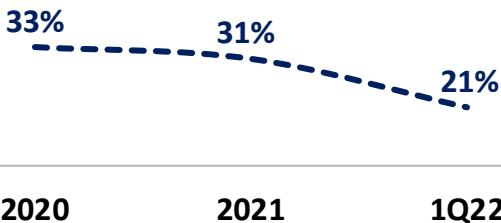


## Solid & steady improvement in Efficiency KPIs

*Fee coverage of Opex  
highest among peers*



*Cost/Income*

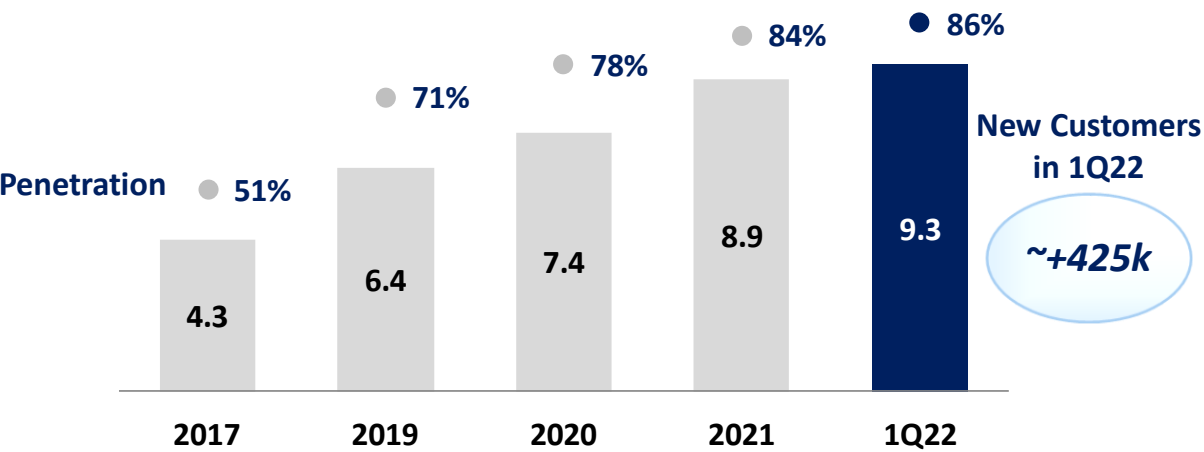


Notes:  
1. Based on Bank-only financials, MIS data  
2. Including customer acquisition costs , 3. Based on Bank-only financials, Revenues normalised with linkers

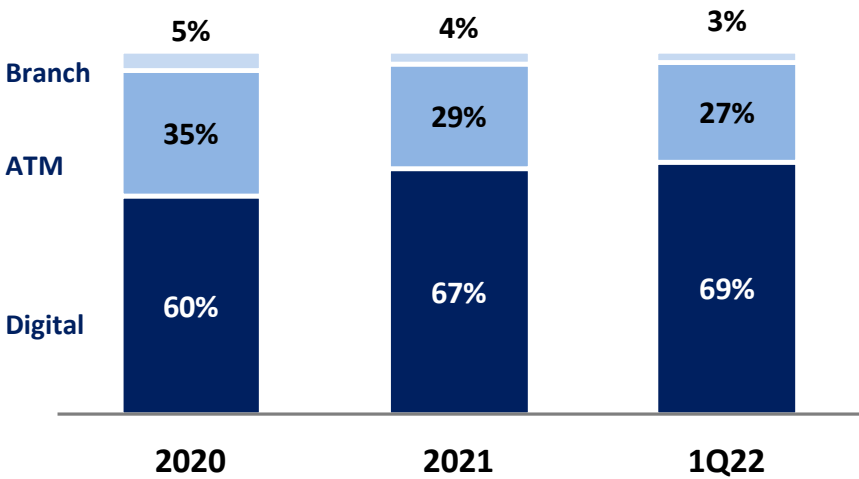


# Ongoing improvement in digital

## # of Digital Customers



## Transactions per Channel<sup>1</sup>



Active Digital Customers (y/y)

**+1.6 million**

New GPL origination via Digital (y/y)

**+80%**

Monthly digital customer acquisition (y/y)

**5x ↑**

# of Credit Cards sold via digital (y/y)

**+61%**

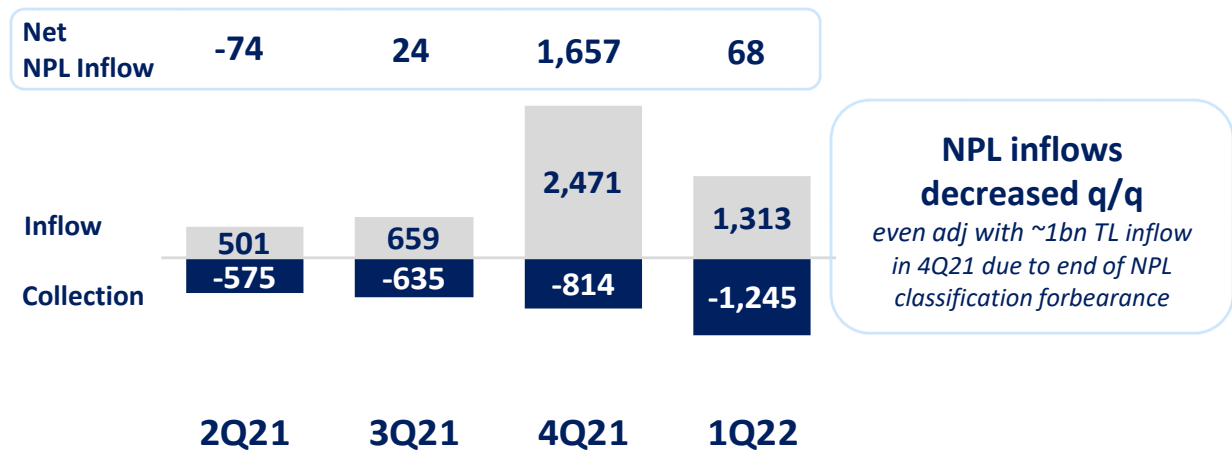
Notes:

Based on MIS data

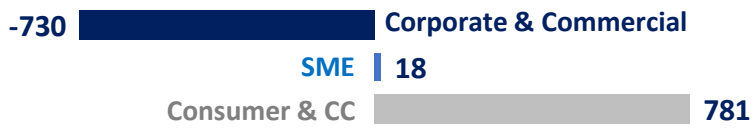
1. Based on monthly average, transactions include: Money Transfers, Payments, Deposit, Cash Loans, Non-cash Loans, Insurance, Money withdrawal, Investment products, Credit Cards

# Limited NPL inflows and further strengthened recoveries

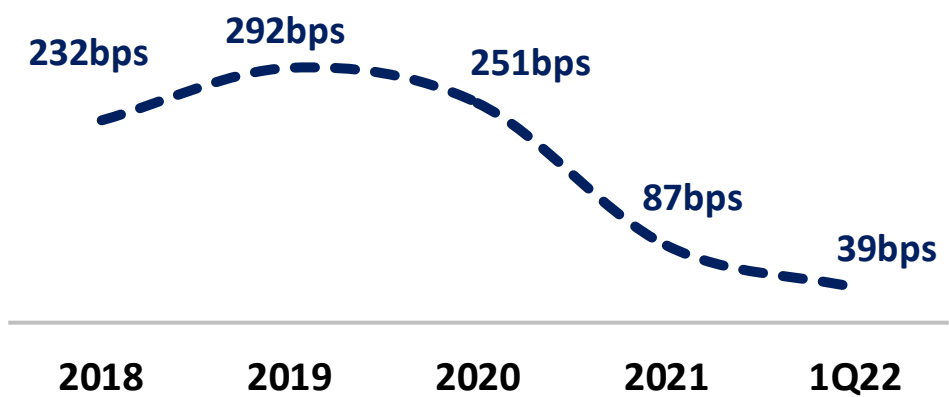
## Quarterly Net NPL Formation<sup>1;2</sup> (TL mln)



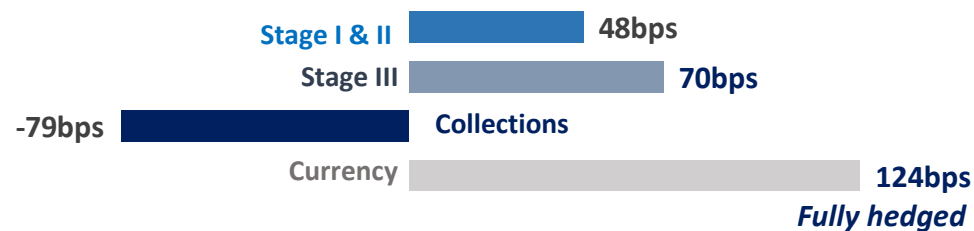
## 1Q22 Net NPL Inflow Breakdown



## Net Cost of Risk



## 1Q22 Net CoR Composition

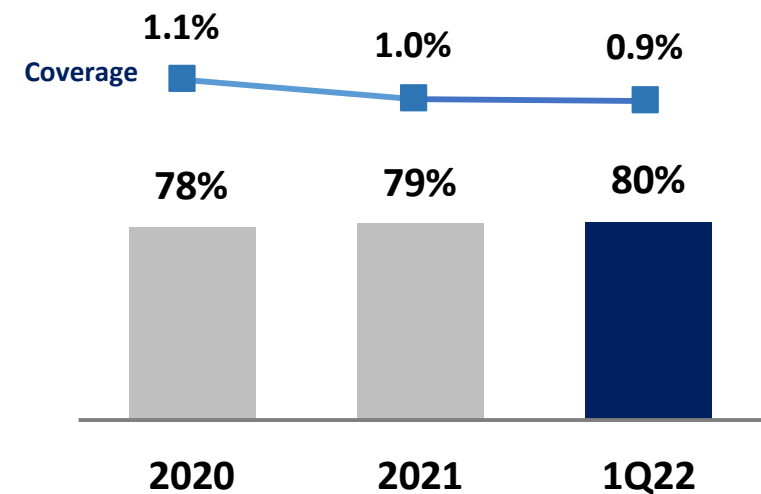


Notes:  
1. Based on Bank-only BRSA financials  
2. Excluding the positive impact of NPL write-offs

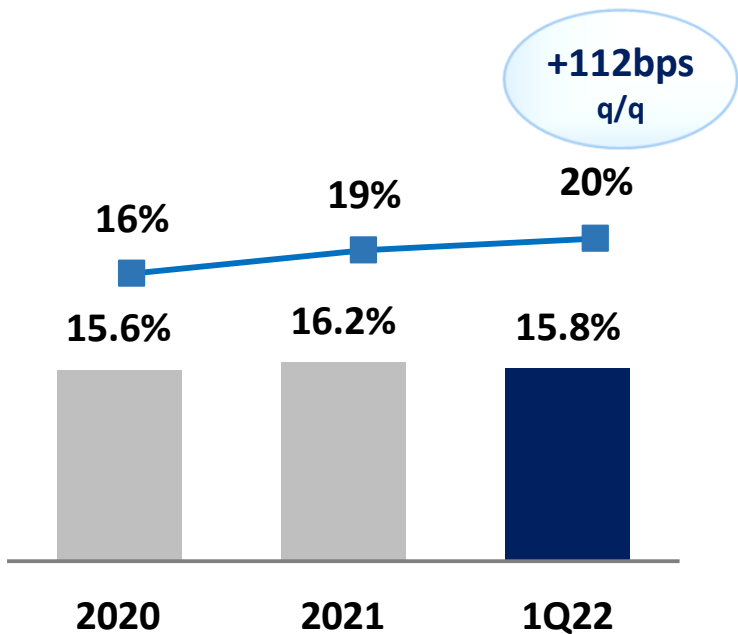


# Strong coverage levels sustained

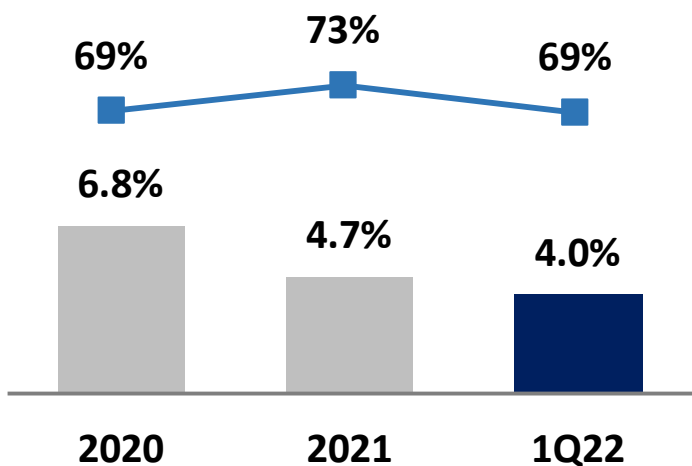
## Stage I



## Stage II



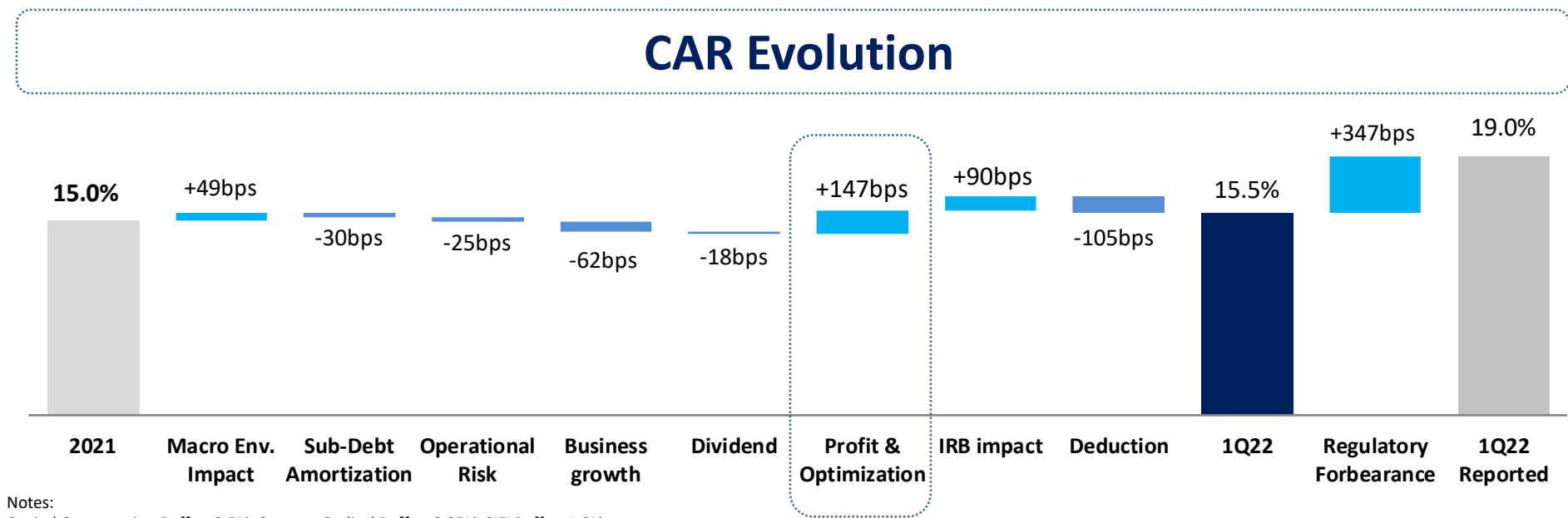
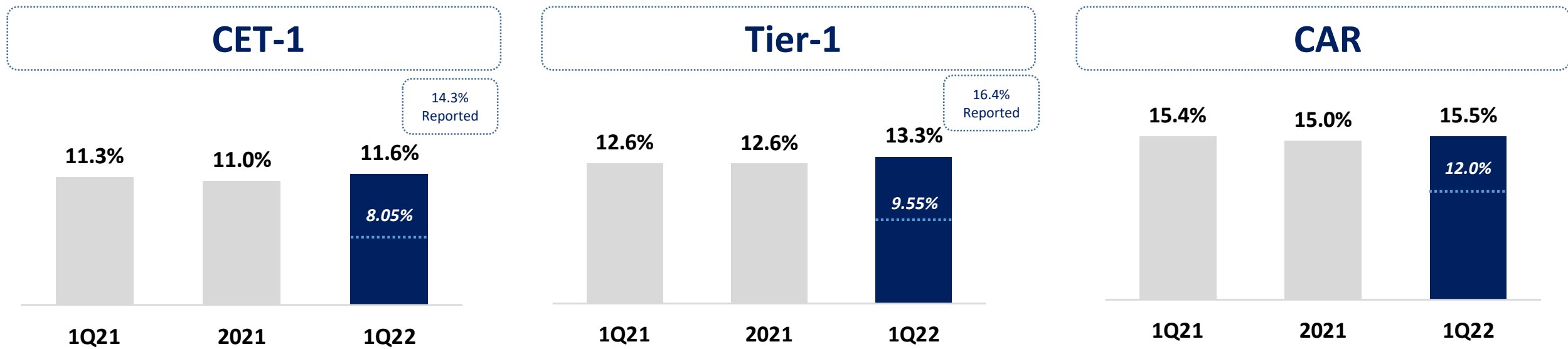
## Stage III



**Total Coverage**  
**6.7%**

Notes:  
Based on Bank-only BRSA financials  
All Ratios are comparable excluding regulatory forbearances  
1Q22 NPL write-offs: 915 mln TL

# Resilient solvency supported by consistent internal capital generation



More than 350bps buffers vs. regulatory thresholds

Strong Internal Capital Generation

Notes:  
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%

## Climate Change Mitigation



13



Sustainability-Linked Funding  
~30% of Total Wholesale

Commitment to  
Science Based Targets Initiative  
(July 2021)

## Sustainable Finance



### Increase Financial Inclusion

...through further diversified ESG linked products

Sustainability Linked Loans  
ESG advisory services  
ESG Linked Investment Funds  
Sustainable Credit Cards

**Existing ESG Products & Services**  
Nature Friendly Mortgage & Auto loans  
ESG Linked Investment Funds  
Yapı Kredi Leasing & Arçelik Cooperation  
Solar panel installations

## Ratings & Indices



CDP Turkey Water Leader  
3 consecutive years  
Bank's score  
Above global sector average

The only company at the leadership level  
in the finance sector on the global scale



Among the  
<Best-in-Class> Companies

Improvement  
in 2021

ESG Risk Rating +6<sup>pp</sup>

ESG Risk Management +12<sup>pp</sup>

1 of 4 companies  
in Turkey

**Sustainability Yearbook**  
Member 2022  
**S&P Global**

Leader in Turkey  
Best-in-class globally

**MSCI**  
ESG RATINGS



CCC B BB BBB A AA AAA

Upgraded  
by 3 levels to AA

NEW



Included in 2022  
Bloomberg Gender  
Equality Index



FTSE4Good



**BIST**  
SUSTAINABILITY INDEX  
CONSTITUENT COMPANY

**Q&A**

**ANNEX**

# Macro environment and banking sector

## Macro Environment

	2020	2021	1Q22
<b>GDP Growth (y/y)</b>	1.8%	11.0%	-
<b>CPI Inflation (y/y)</b>	14.6%	36.1%	61.1%
<b>CAD<sup>1</sup>/GDP<sup>2</sup></b>	-5.0%	-1.7%	-2.9%
<b>Budget Deficit/GDP<sup>2</sup></b>	-3.4%	-2.7%	-2.4%
<b>USD/TL (eop)</b>	7.34	12.98	14.65
<b>2Y Benchmark Bond Rate (eop)</b>	15.0%	22.7%	25.0%

## Banking Sector

	2020	2021	1Q22
<b>Loan Growth (y/y)</b>	33%	36%	46%
TL	42%	21%	32%
FC (USD)	-4%	-7%	-7%
<b>Cust. Deposit Growth (y/y)</b>	33%	51%	63%
TL	23%	20%	50%
FC (USD)	15%	0%	-3%
<b>NPL Ratio</b>	4.0%	3.1%	2.8%
<b>CAR<sup>3</sup></b>	18.3%	18.1%	20.1%
<b>RoTE<sup>3</sup></b>	10.5%	14.0%	30.2%

### Notes:

All macro data as of March 2022 unless otherwise stated

Banking sector volumes based on BRSA weekly data as of 1 April 2022

1. CAD indicates Current Account Deficit as of Feb'22

2. 1Q22 GDP Forecast

3. BRSA monthly data, CAR includes regulatory forbearances.



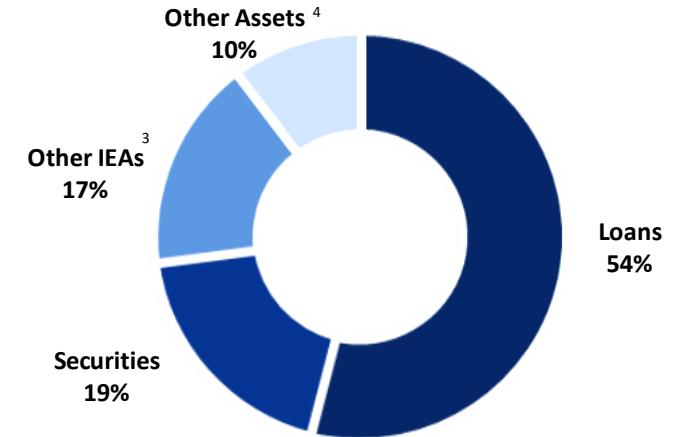
# Consolidated balance sheet

TL bln	1Q21	2021	1Q22	q/q	y/y
<b>Total Assets</b>	<b>534.7</b>	<b>780.8</b>	<b>872.1</b>	<b>12%</b>	<b>63%</b>
<b>Loans<sup>1</sup></b>	<b>305.4</b>	<b>403.1</b>	<b>458.0</b>	<b>14%</b>	<b>50%</b>
TL Loans	181.1	223.8	255.7	14%	41%
FC Loans (\$)	14.9	13.8	13.8	0%	-7%
<b>Securities</b>	<b>88.4</b>	<b>131.9</b>	<b>159.0</b>	<b>21%</b>	<b>80%</b>
TL Securities	58.8	76.2	92.3	21%	57%
FC Securities (\$)	3.6	4.3	4.6	6%	28%
<b>Customer Deposits</b>	<b>291.1</b>	<b>412.8</b>	<b>469.6</b>	<b>14%</b>	<b>61%</b>
TL Customer Deposits	115.8	140.1	180.3	29%	56%
FC Customer Deposits (\$)	21.1	21.0	19.8	-6%	-6%
<b>Borrowings</b>	<b>116.4</b>	<b>179.2</b>	<b>191.1</b>	<b>7%</b>	<b>64%</b>
TL Borrowings	11.1	15.6	18.0	15%	61%
FC Borrowings (\$)	12.6	12.6	11.8	-6%	-7%
<b>Shareholders' Equity</b>	<b>50.8</b>	<b>63.5</b>	<b>78.1</b>	<b>23%</b>	<b>54%</b>
<b>Assets Under Management</b>	<b>46.1</b>	<b>80.3</b>	<b>89.8</b>	<b>12%</b>	<b>95%</b>
<b>Loans/(Deposits+TL Bills)</b>	102%	94%	95%		
<b>CAR<sup>2</sup></b>	15.4%	15.0%	15.5%		
<b>Tier-I<sup>2</sup></b>	12.6%	12.6%	13.3%		
<b>Common Equity Tier-I<sup>2</sup></b>	11.3%	11.0%	11.6%		

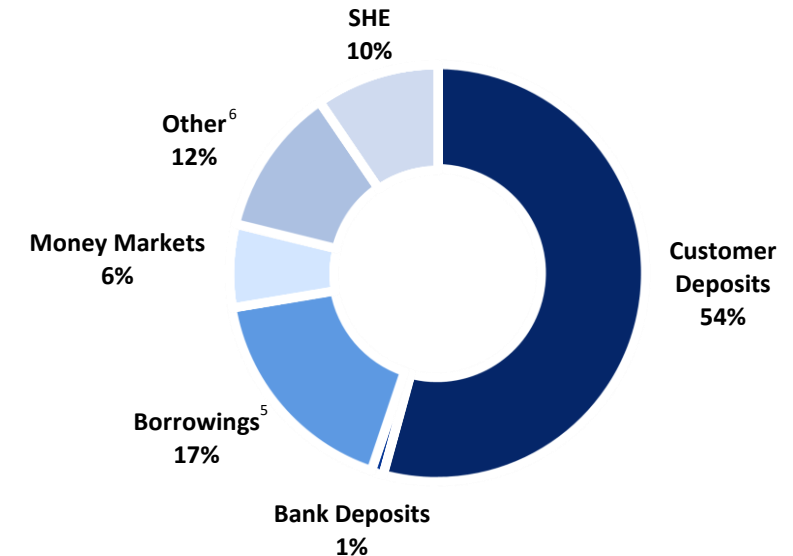
## Notes:

- Loans indicate performing loans. 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	1Q21	4Q21	1Q22	y/y	q/q
<b>Net Interest Income including swap costs</b>	<b>2,650</b>	<b>6,484</b>	<b>9,247</b>	<b>249%</b>	<b>43%</b>
o/w NII	3,947	8,207	10,633	169%	30%
o/w CPI-linkers <sup>1</sup>	1,061	3,164	4,798	352%	52%
o/w Swap costs	-1,296	-1,723	-1,386	7%	-20%
<b>Fees &amp; Commissions</b>	<b>1,850</b>	<b>2,343</b>	<b>2,847</b>	<b>54%</b>	<b>22%</b>
<b>Core Revenues</b>	<b>4,501</b>	<b>8,827</b>	<b>12,094</b>	<b>169%</b>	<b>37%</b>
<b>Operating Costs</b>	<b>2,299</b>	<b>3,682</b>	<b>3,458</b>	<b>50%</b>	<b>-6%</b>
<b>Core Operating Income</b>	<b>2,201</b>	<b>5,145</b>	<b>8,636</b>	<b>292%</b>	<b>68%</b>
<b>Trading and FX gains/losses</b>	<b>1,197</b>	<b>5,201</b>	<b>2,923</b>	<b>144%</b>	<b>-44%</b>
Trading excl. ECL hedge	415	1,599	1,453	250%	-9%
o/w FX gains/losses	305	1,384	673	120%	-51%
o/w MtM gains/losses	96	181	428	345%	137%
o/w Securities trading gains/losses	14	34	352	n.m.	n.m.
ECL hedging	782	3,602	1,470	88%	-59%
<b>Other income</b>	<b>110</b>	<b>126</b>	<b>173</b>	<b>57%</b>	<b>37%</b>
o/w income from subs	30	42	37	23%	-13%
o/w Dividends	4	2	61	n.m.	n.m.
o/w Others	76	83	76	-1%	-9%
<b>Pre-provision Profit</b>	<b>3,509</b>	<b>10,473</b>	<b>11,732</b>	<b>234%</b>	<b>12%</b>
<b>ECL net of collections</b>	<b>1,571</b>	<b>5,607</b>	<b>1,931</b>	<b>23%</b>	<b>-66%</b>
ECL (excl. currency impact)	789	2,005	461	-42%	-77%
o/w Stage 3 Provisions	752	2,324	826	10%	-64%
o/w Stage 1 + Stage 2 Provisions	1,445	3,825	2,040	41%	-47%
o/w Currency Impact	782	3,602	1,470	88%	-59%
o/w Collections (-)	-627	-542	-935	49%	72%
<b>Provisions for Risks and Charges</b>	<b>110</b>	<b>-105</b>	<b>0</b>	<b>n.m.</b>	<b>n.m.</b>
<b>Other Provisions</b>	<b>12</b>	<b>65</b>	<b>237</b>	<b>n.m.</b>	<b>266%</b>
<b>Pre-tax Income</b>	<b>1,816</b>	<b>4,905</b>	<b>9,563</b>	<b>427%</b>	<b>95%</b>
Tax	363	1,347	2,305	535%	71%
<b>Net Income</b>	<b>1,453</b>	<b>3,558</b>	<b>7,259</b>	<b>400%</b>	<b>104%</b>
<b>ROTE</b>	<b>12.3%</b>	<b>24.7%</b>	<b>42.3%</b>	<b>30pp</b>	<b>18pp</b>
<b>ROAA</b>	<b>1.1%</b>	<b>2.1%</b>	<b>3.5%</b>	<b>237bps</b>	<b>144bps</b>

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

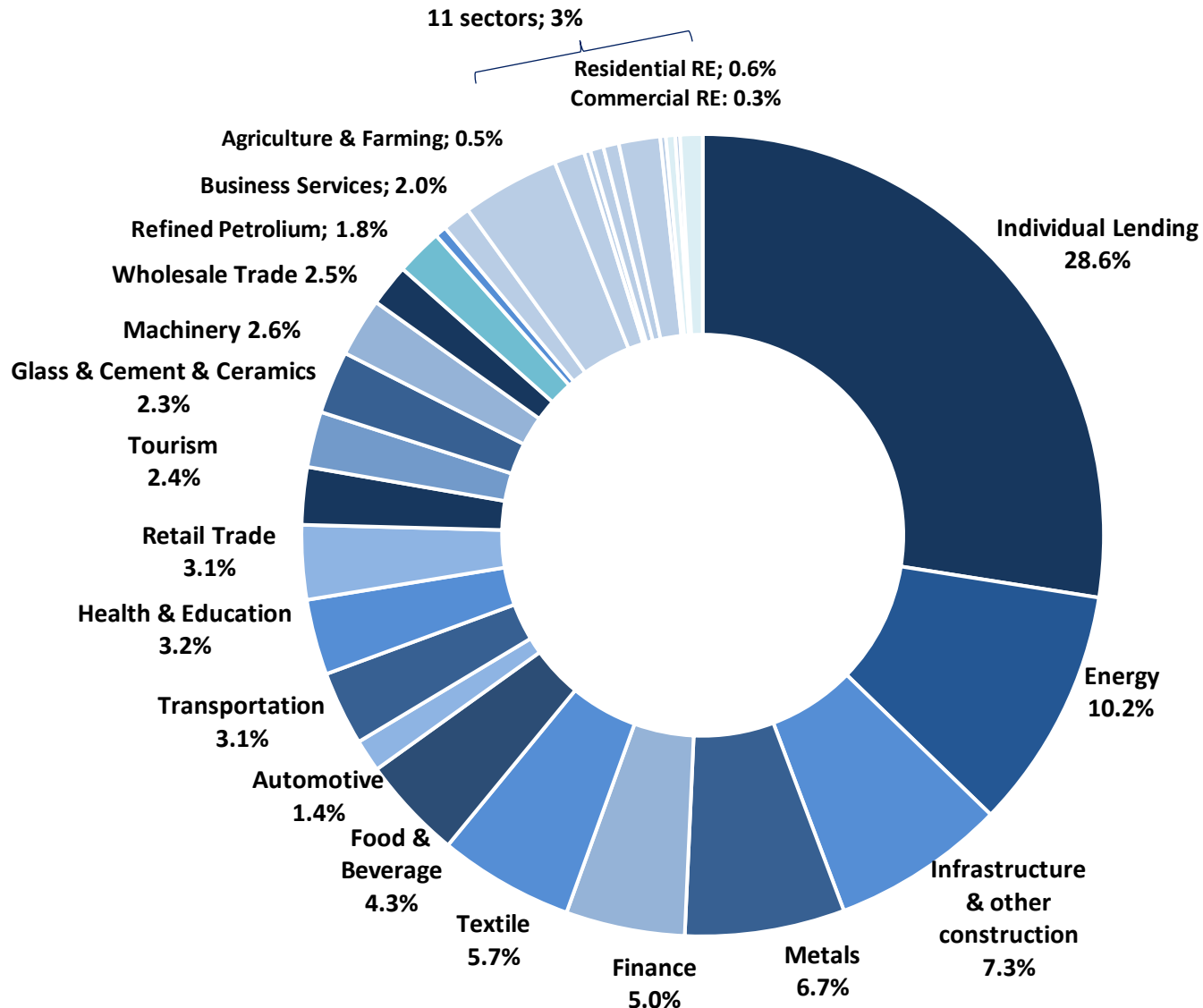
TL million	1Q21	4Q21	1Q22	y/y	q/q
<b>Net Interest Income including swap costs</b>	<b>2,327</b>	<b>6,013</b>	<b>8,678</b>	<b>273%</b>	<b>44%</b>
o/w NII	3,710	7,873	10,174	174%	29%
o/w CPI-linkers <sup>1</sup>	1,061	3,164	4,798	352%	52%
o/w Swap costs	-1,384	-1,860	-1,496	8%	-20%
<b>Fees &amp; Commissions</b>	<b>1,654</b>	<b>2,100</b>	<b>2,584</b>	<b>56%</b>	<b>23%</b>
<b>Core Revenues</b>	<b>3,981</b>	<b>8,113</b>	<b>11,262</b>	<b>183%</b>	<b>39%</b>
<b>Operating Costs</b>	<b>2,165</b>	<b>3,461</b>	<b>3,229</b>	<b>49%</b>	<b>-7%</b>
<b>Core Operating Income</b>	<b>1,816</b>	<b>4,652</b>	<b>8,033</b>	<b>342%</b>	<b>73%</b>
<b>Trading and FX gains/losses</b>	<b>1,150</b>	<b>5,086</b>	<b>2,813</b>	<b>145%</b>	<b>-45%</b>
Trading excl. ECL hedge	368	1,484	1,343	265%	-10%
o/w FX gains/losses	265	1,238	616	132%	-50%
o/w MtM gains/losses	92	237	401	338%	70%
o/w Securities trading gains/losses	11	9	326	n.m.	n.m.
ECL hedging	782	3,602	1,470	88%	-59%
<b>Other income</b>	<b>423</b>	<b>428</b>	<b>665</b>	<b>57%</b>	<b>55%</b>
o/w income from subs	351	352	529	51%	50%
o/w Dividends	2	1	47	n.m.	n.m.
o/w Others	71	75	89	25%	18%
<b>Pre-provision Profit</b>	<b>3,389</b>	<b>10,166</b>	<b>11,511</b>	<b>240%</b>	<b>13%</b>
<b>ECL net of collections</b>	<b>1,543</b>	<b>5,452</b>	<b>1,873</b>	<b>21%</b>	<b>-66%</b>
ECL (excl. currency impact)	761	1,849	402	-47%	-78%
o/w Stage 3 Provisions	633	2,277	792	25%	-65%
o/w Stage 1 + Stage 2 Provisions	1,396	3,664	1,944	39%	-47%
o/w Currency Impact	782	3,602	1,470	88%	-59%
o/w Collections (-)	-486	-489	-863	77%	76%
<b>Provisions for Risks and Charges</b>	<b>110</b>	<b>-105</b>	<b>0</b>	<b>n.m.</b>	<b>n.m.</b>
<b>Other Provisions</b>	<b>6</b>	<b>39</b>	<b>229</b>	<b>n.m.</b>	<b>481%</b>
<b>Pre-tax Income</b>	<b>1,731</b>	<b>4,780</b>	<b>9,409</b>	<b>444%</b>	<b>97%</b>
Tax	278	1,222	2,151	674%	76%
<b>Net Income</b>	<b>1,453</b>	<b>3,558</b>	<b>7,258</b>	<b>400%</b>	<b>104%</b>
<b>ROTE</b>	<b>12.3%</b>	<b>24.7%</b>	<b>42.2%</b>	<b>30pp</b>	<b>18pp</b>
<b>ROAA</b>	<b>1.2%</b>	<b>2.2%</b>	<b>3.7%</b>	<b>254bps</b>	<b>154bps</b>

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.

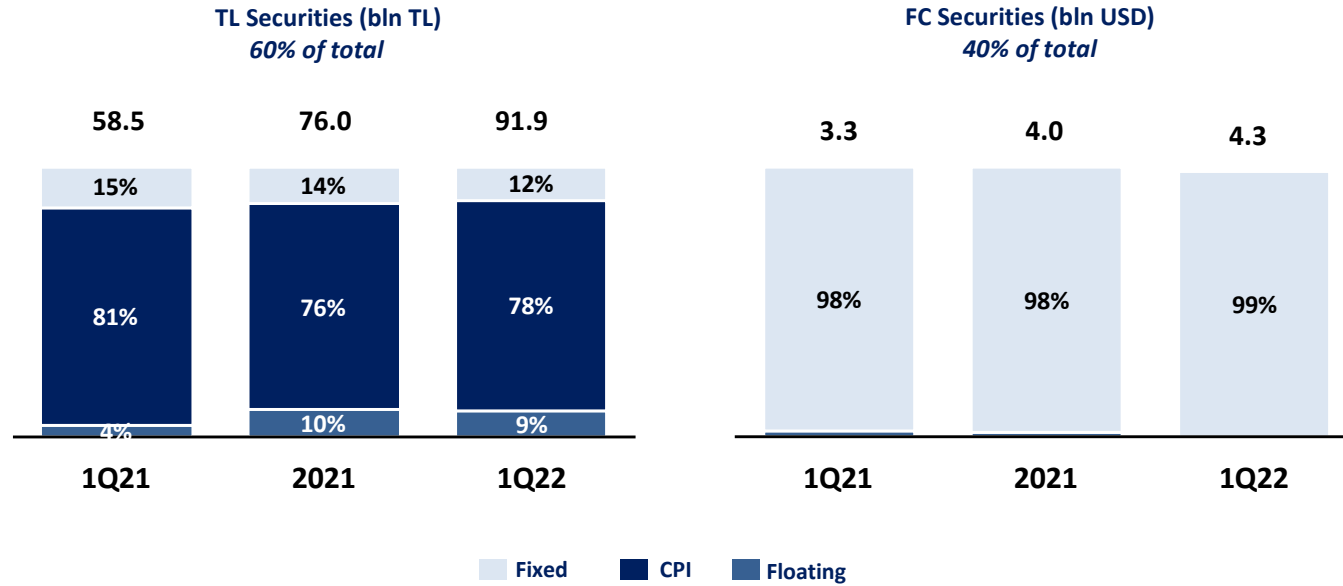
# Sectoral breakdown of loans



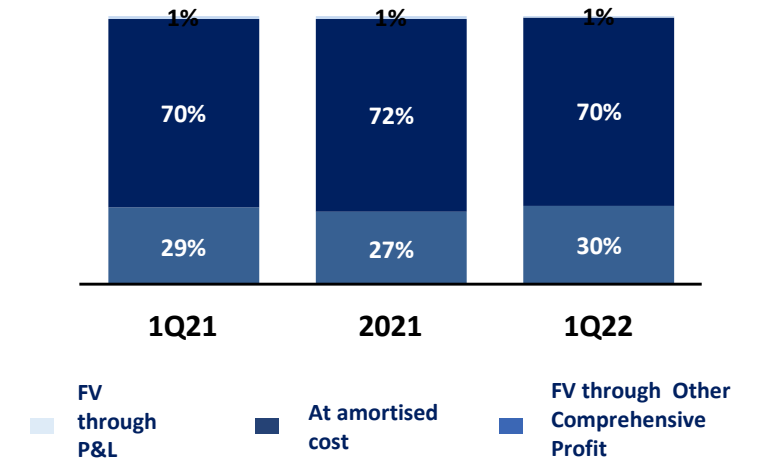
- **The Share of Energy Loans in total down by 3 pp since 2018**
- **The Share of Infrastructure and Other Construction in total down by 4 pp since 2018**
- **Energy Sector total coverage at 15%, 52% of the loans are under Stage 2**
- **Energy Sector Risky Stage 2 files' coverage at 31%**
- **Infrastructure and other construction Stage 2 coverage at 18%**
- **Total Real Estate loans Stage 2 coverage at 29%**
- **8% share of SMEs in cash loans, 23% of which is under CGF scheme**

# Securities

Composition by Type<sup>1</sup>



Composition by Classification<sup>1</sup>



## ■ CPI linker volume: ~72 bn TL

CPI linker valuation: 35% oct-oct inflation (2021: 19.9%; 1Q21: 11%)




## ■ M-t-m unrealized gain/loss<sup>2</sup> at 7.6 bn TL as of 1Q22 (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\$ 1.78 bln</p> <ul style="list-style-type: none"> <li>Jun'21: US\$ 351 mln and € 501 mln, all-in cost at Libor+ 2.50% and Euribor+ 2.25% for 367 days. 42 banks from 20 countries</li> <li>Nov'21: US\$ 360.5 mln and € 396.5 mln, all-in cost at Libor+ 2.15% and Euribor+ 1.75 % for 367 days. 38 banks from 19 countries</li> </ul>
	AT1	<p>~US\$ 650 mln outstanding</p> <ul style="list-style-type: none"> <li>Jan'19: 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>Dec'12: US\$ 1,000 mln market transaction, 10 years, 5.5% fixed rate</li> <li>Jan'13: US\$ 585 mln, 10NC5, 5.7% fixed rate – Basel III Compliant</li> <li>Dec'13: US\$ 270 mln, 10NC5, 7.72% – Basel III Compliant</li> <li>Jan'21: US\$ 500 mln market transaction, 10NC5, 7.875% (coupon rate)- Basel III Compliant</li> </ul>
	Foreign and Local Currency Bonds / Bills	<p>US\$ 1.50 bln Eurobonds</p> <ul style="list-style-type: none"> <li>Jun'17: US\$ 500 mln, 5.85% (coupon rate), 7 years</li> <li>Mar'18: US\$ 500 mln, 6.10% (coupon rate), 5 years</li> <li>Mar'19: 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>Oct'17: Mortgage-backed with maturity 5 years</li> <li>Feb'18: Mortgage-backed with 5 years maturity</li> <li>May'18: Mortgage-backed with 5 years maturity</li> <li>Mar'19: Mortgage-backed with 5 years maturity</li> <li>Dec'19: Mortgage-backed with 5 years maturity</li> </ul>
Domestic	Local Currency Bonds / Bills	<p>TL 5.90 bln total</p> <ul style="list-style-type: none"> <li>Jul'21: TL 915 mln, 9-month maturity, TLREF indexed</li> <li>Aug'21: TL 886 mln, 10-month maturity, TLREF indexed</li> <li>Sep'21: TL 300 mln, 7-month maturity, TLREF indexed</li> <li>Oct'21: TL 33 mln, 6-month maturity, TLREF indexed</li> <li>Nov'21: TL 1.39 bln, 6-month maturity</li> <li>Jan'22: TL 500 mln, 3-month maturity </li> <li>Feb'22: TL 279 mln, 3-month maturity </li> <li>Mar'22: TL 1.59 mln, 3-month maturity </li> </ul>
	Subordinated Loans	<p>TL 800 mln total</p> <ul style="list-style-type: none"> <li>Jul'19: TL 500 mln, 10-year maturity, TRLIBOR + 100 bps</li> <li>Oct'19: TL 300 mln, 10-year maturity, TLREF index + 130 bps</li> </ul>

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