

Yapı Kredi

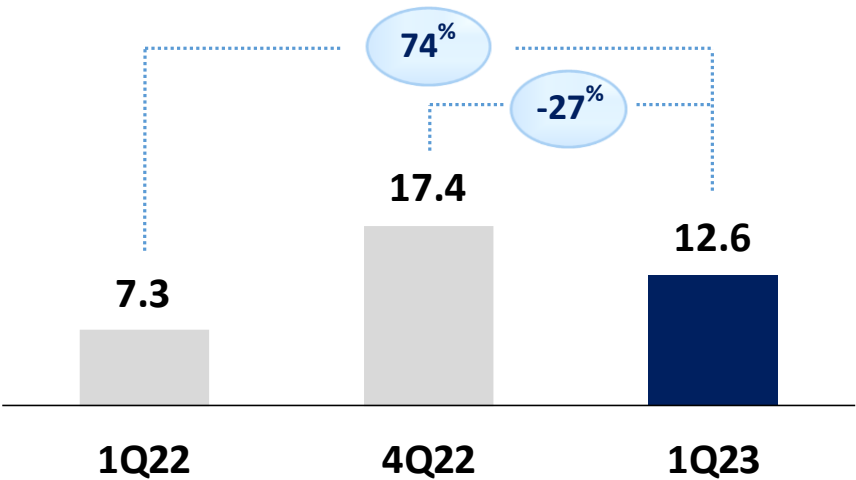
1Q23 EARNINGS PRESENTATION



28 April 2023

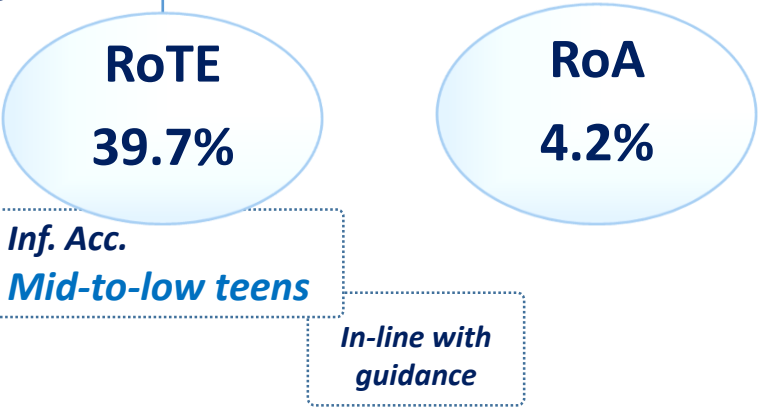
Top-of-the range RoTE, inflation accounting at mid-to-low teens

Net Profit (TL bln)



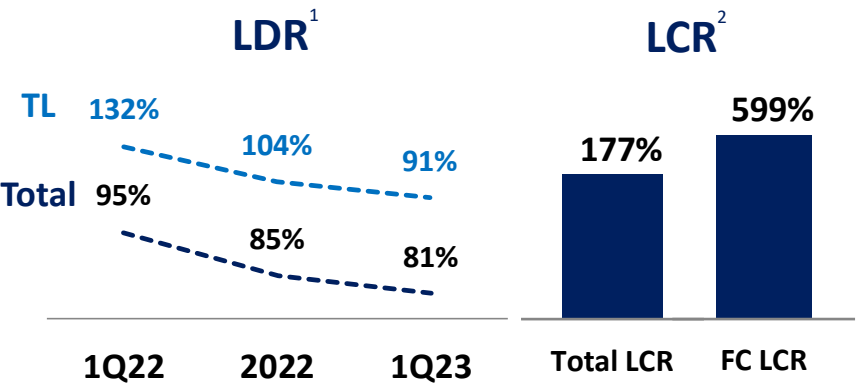
Profitability

Highest among peers

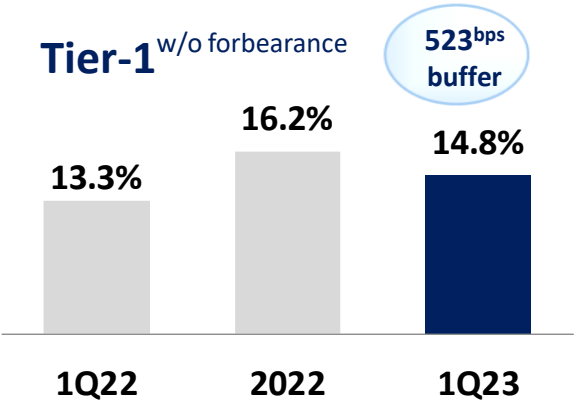


Fundamentals

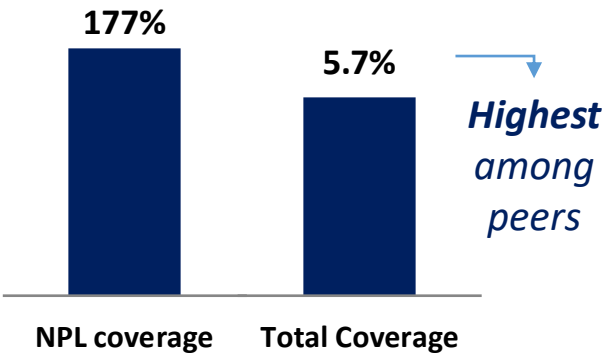
Enhanced Liquidity



Resilient Capital



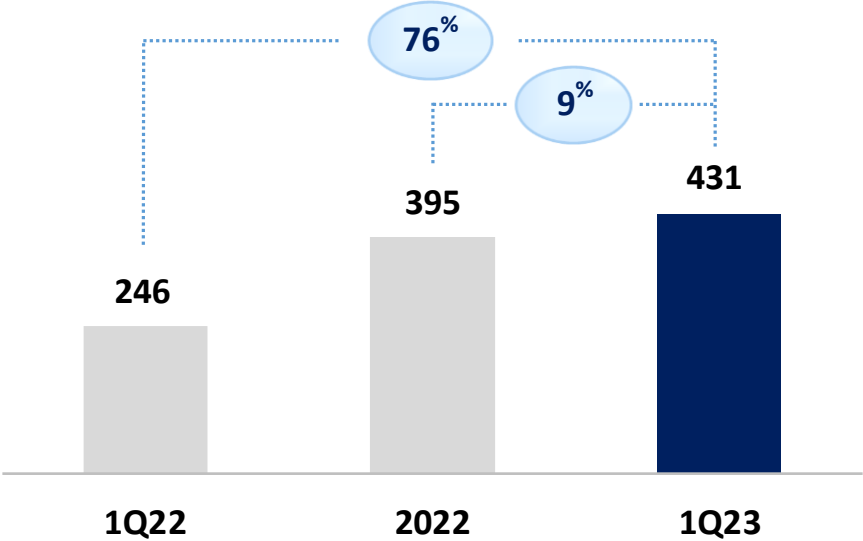
Conservative loan provisions³



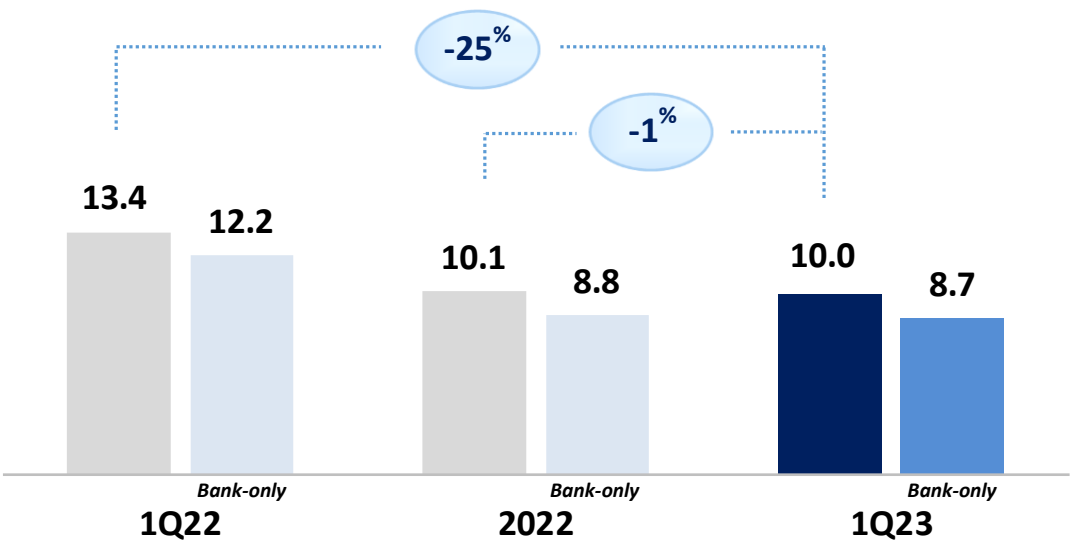
Notes:
1. LDR= Loans / (Deposits + TL Bonds), 2. 3 months average 3. Based on Bank-only BRSA financials

Small ticket concentrated lending in TL, supporting profitable growth

TL Performing Loans¹ (TL bln)



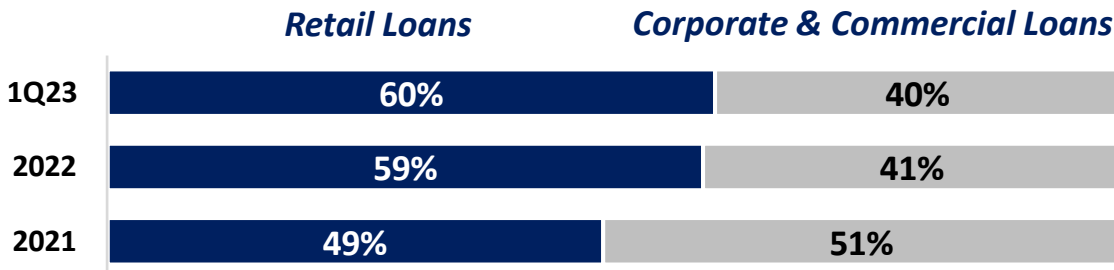
FC Performing Loans¹ (US\$ bln)



TL Consumer Loan Growth² (TL bln)

	4Q22	1Q23	q/q
Consumer Loans	112	127	14%
General Purpose Loans	90	102	14%
Auto Loans	8	10	23%
Mortgage	14	15	8%

Loan Breakdown (FX adjusted³)

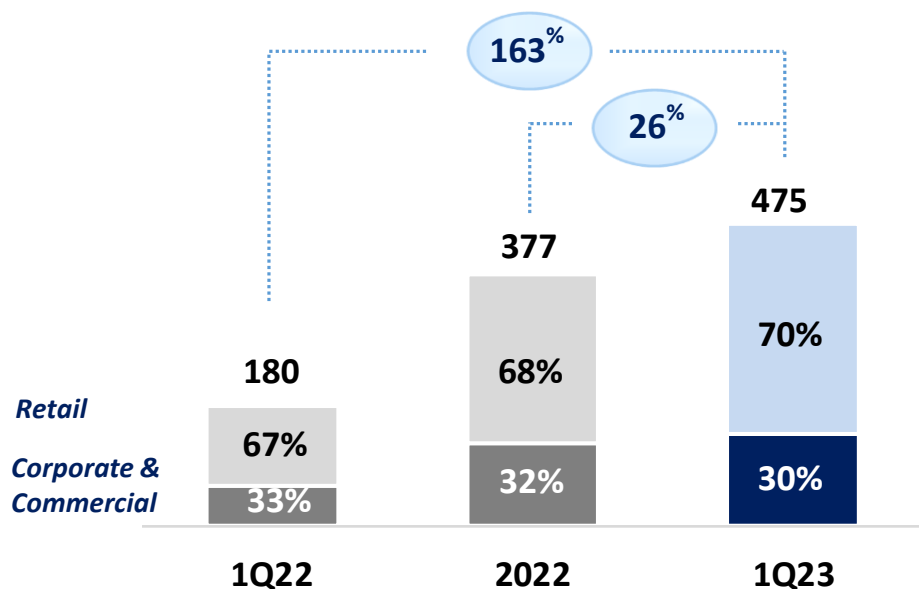


Notes:

- 1. Loans exclude loans provided to financial institutions
- 2. Excluding Credit Cards
- 3. Based on MIS data, Retail loans include individuals, SME and credit cards

Continued market share gain in small tickets solidified sticky deposit base

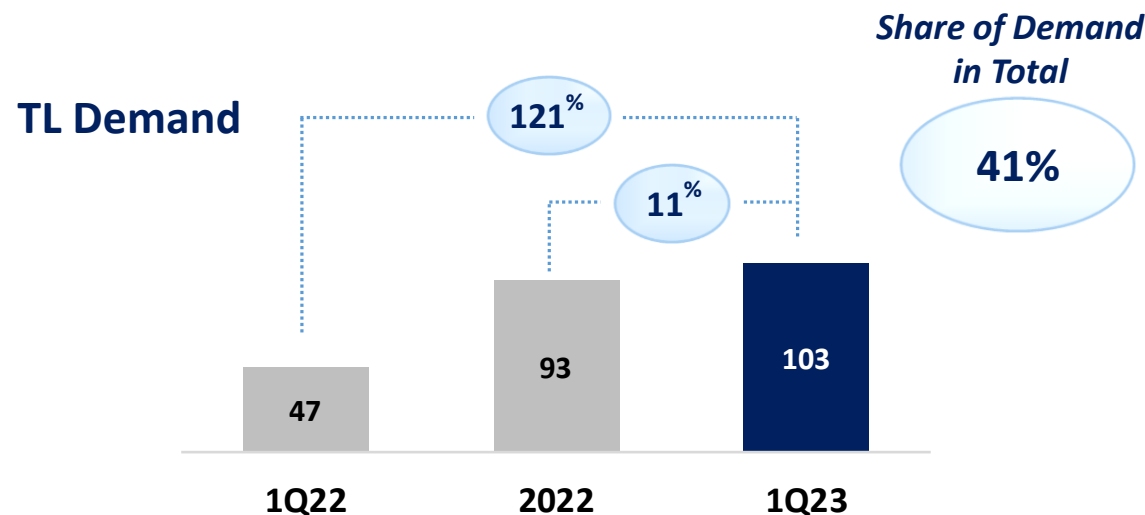
TL Customer Deposits (TL bln)



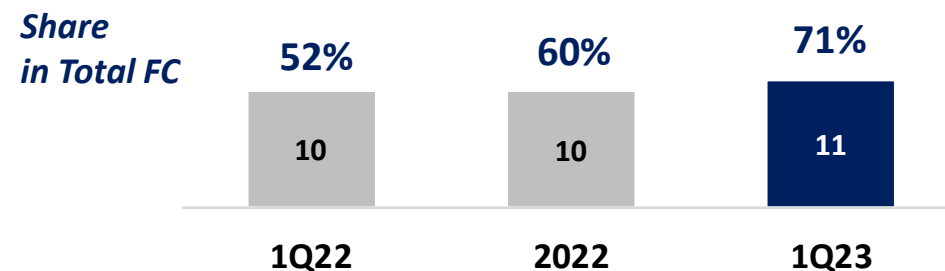
Market share¹ gains via small ticket focus



Customer Demand Deposits



FC Demand (USD bln)

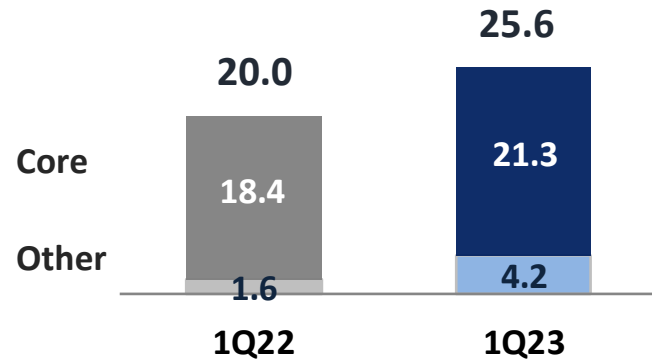


1. Market share among private banks as based on 31 March 2023 BRSA weekly sector data

Positive TL loan-deposit spread despite increasing funding costs

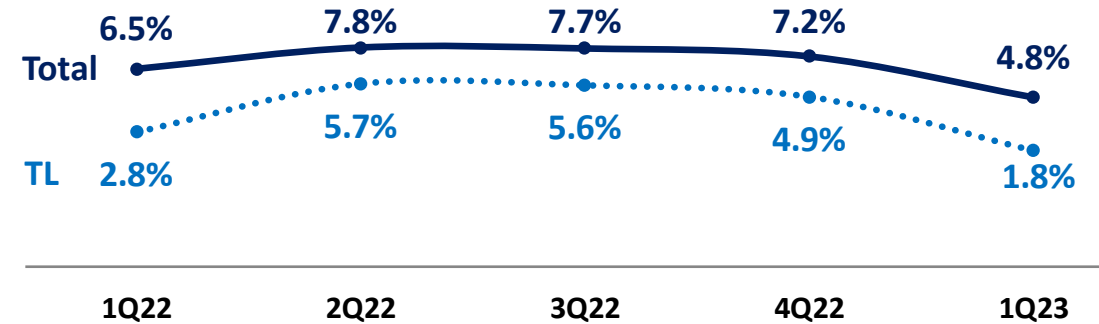
Revenues^{1;2} (TL bln, normalised with linkers)

Revenues / Avg. IEA **7.3%** **9.2%**



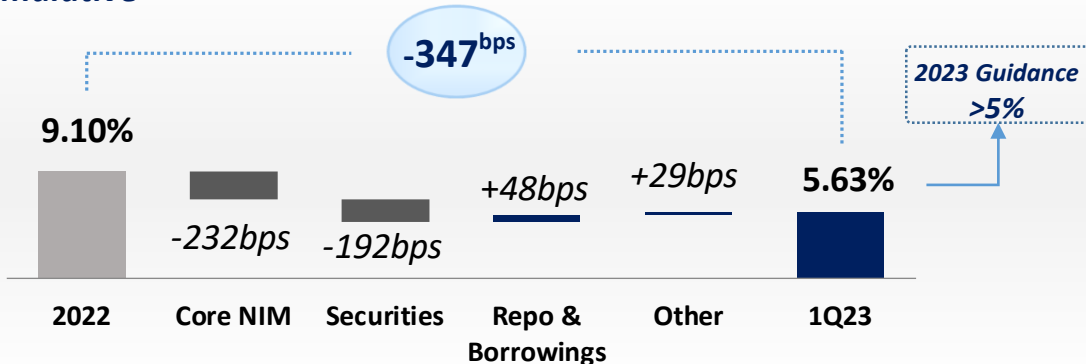
Loan - Deposit Spread³

TL Loan yield contraction limited at **115bps** q/q

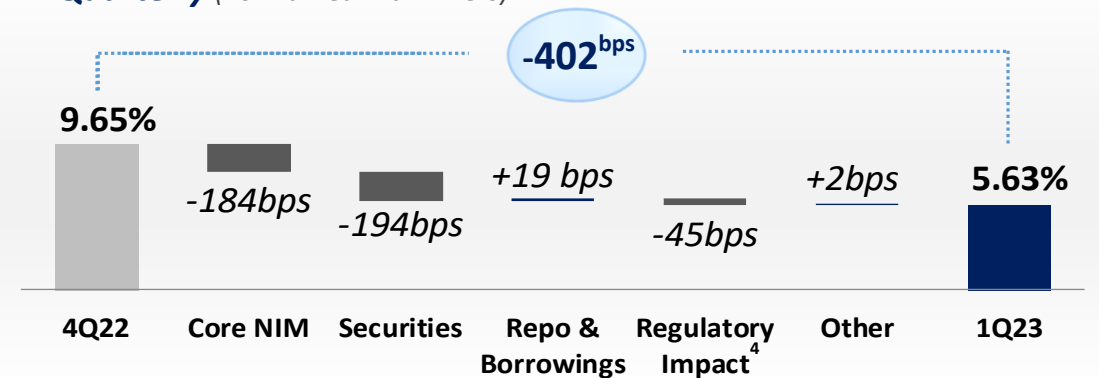


NIM Evolution³

Cumulative



Quarterly (normalized with linkers)



Notes:

1. Revenues and other revenues exclude ECL collection income and trading income to hedge FC ECL increase and the impact of recently purchased TL fixed securities as RR

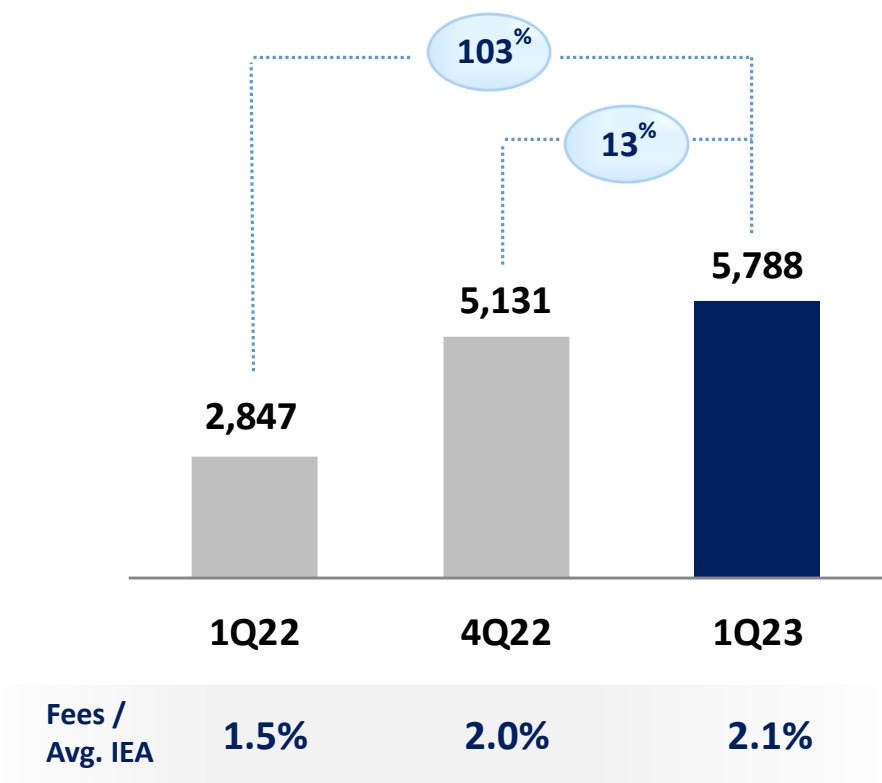
2. Core Revenues = NII + swap costs + net fee income

3. Based on Bank-Only financials

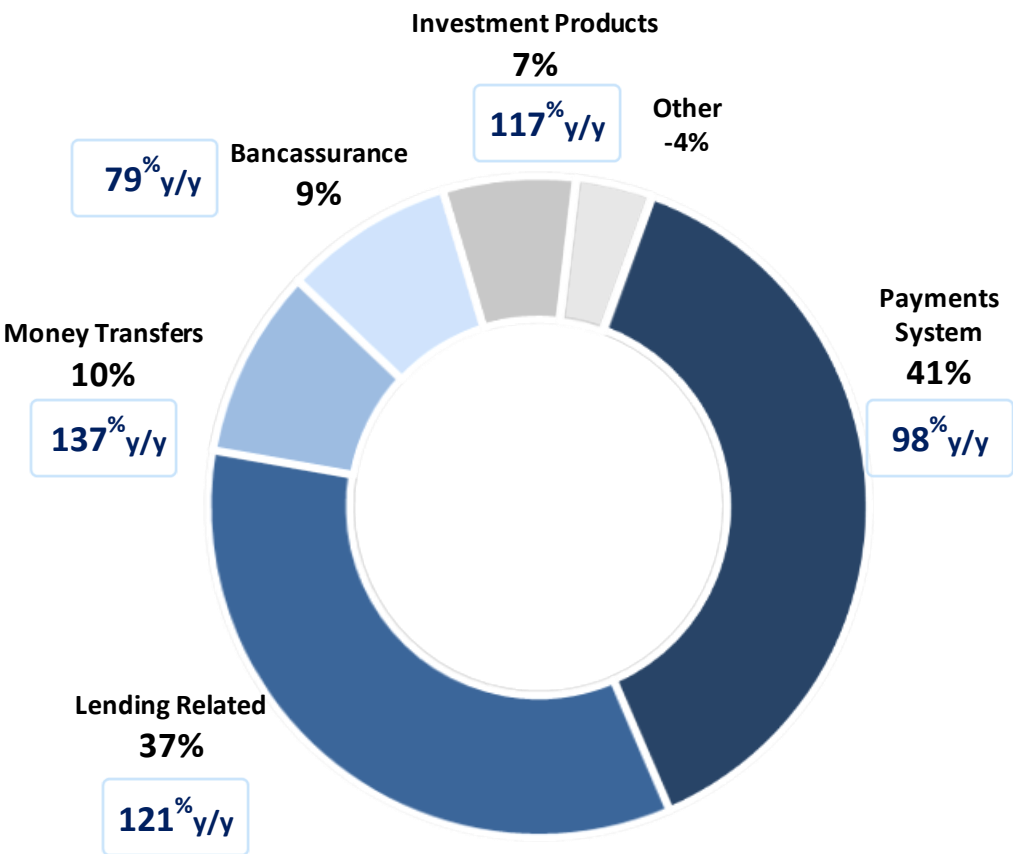
4. Includes fees paid related to Reserve Requirement, RRR

Net fees increased by 13% q/q via stellar performance across the board

Net Fees Income (TL mln)



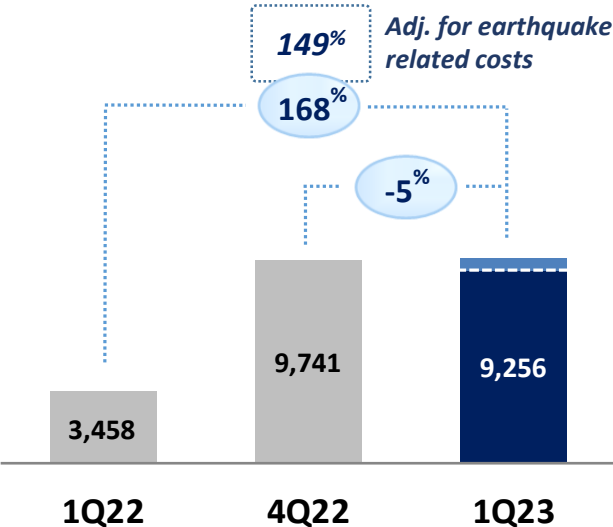
Net Fees Composition¹



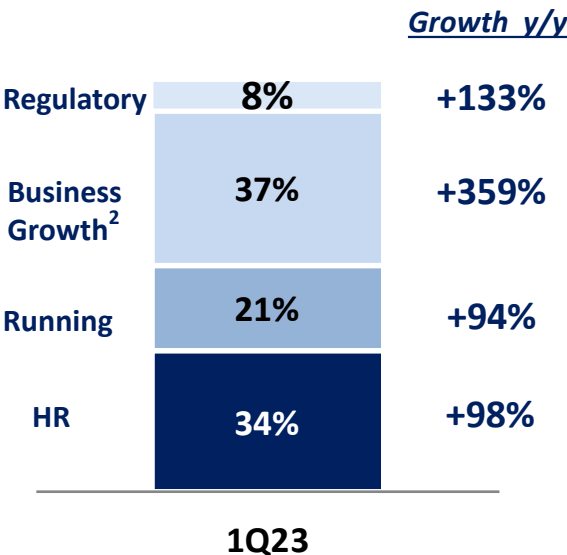
Notes:
1. Based on Bank-Only financials

Surge in OPEX growth due to inflation pass-through impact

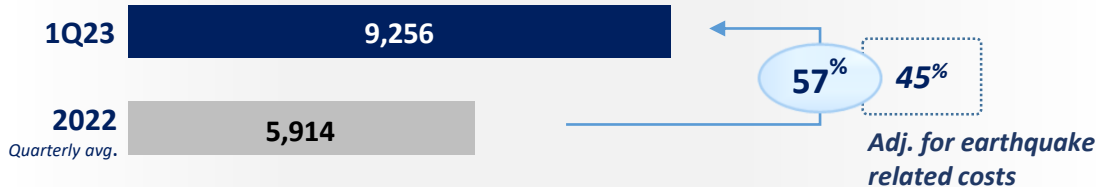
Operating Costs (TL mIn)



Cost Breakdown^{1,3}



1Q23 Opex vs. 2022 quarterly avg.



Best-in-class Efficiency KPIs

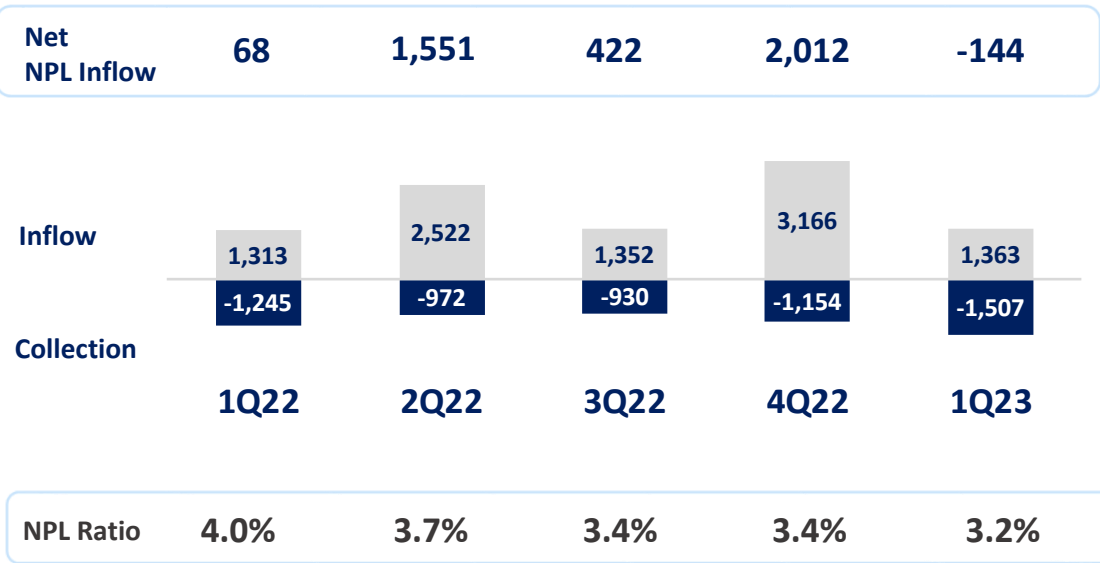


Notes:

- Based on Bank-only financials, MIS data
- Including customer acquisition costs
- Earthquake related costs are excluded

Negative net NPL: Record high collections coupled with limited NPL inflows

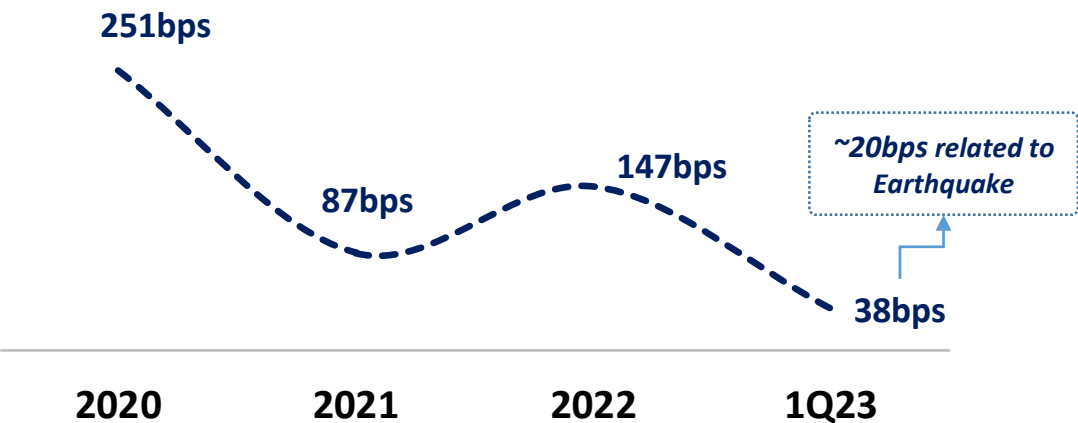
Quarterly Net NPL Formation^{1;2} (TL mln)



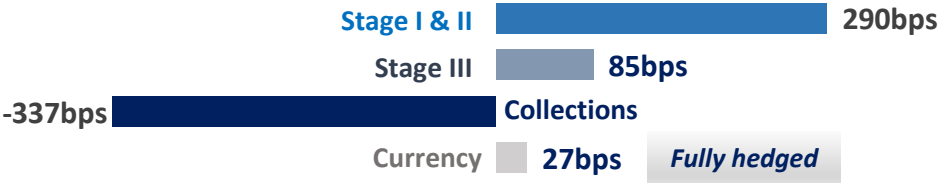
1Q23 Net NPL Inflow Breakdown



Net Cost of Risk (cumulative)



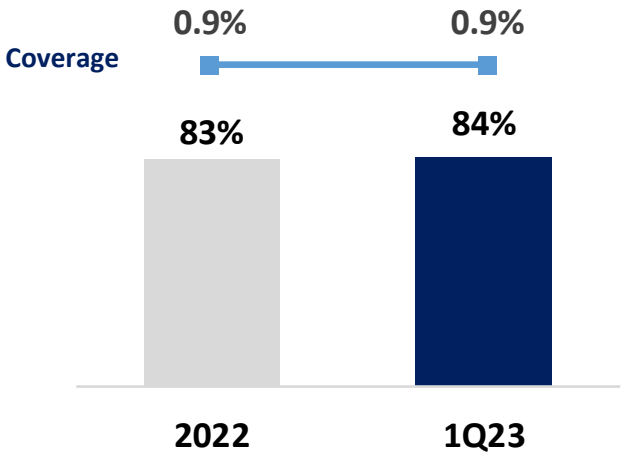
1Q23 Net CoR Composition



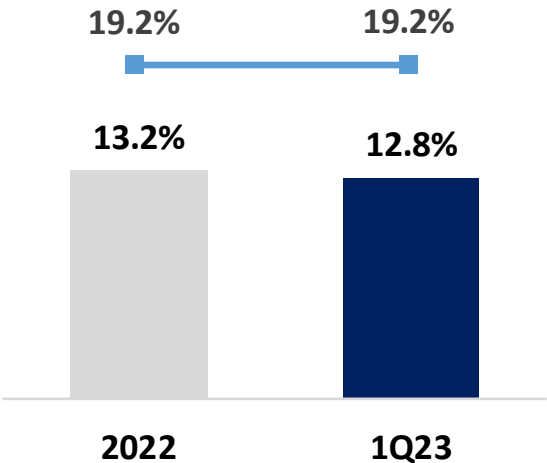
Notes:
1. Based on Bank-only BRSA financials
2. Excluding the positive impact of NPL sales & write-offs ; 2Q22 excluding LYY related inflow and write-off

Conservative coverages preserved; total coverage marginally down

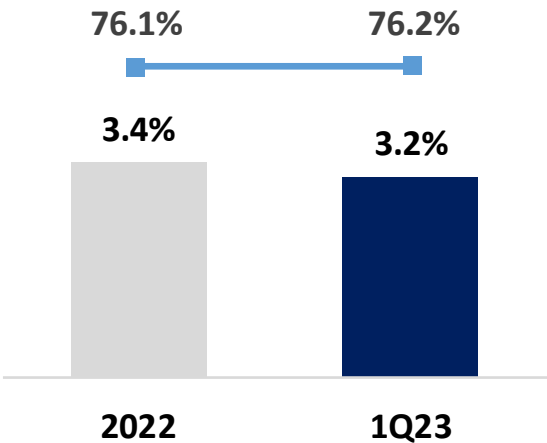
Stage I



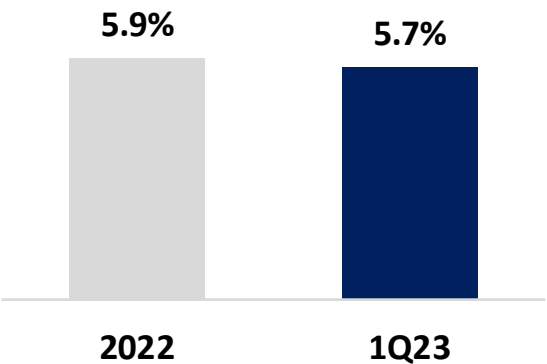
Stage II



Stage III



Total Coverage



Elevated level of coverage maintained at all Stages

Total coverage down marginally mainly due to **increase in Stage-1 balance** & share in total
Decline in share of **Stage-2 loans** while **coverage maintained**

Increase in **coverage levels** for all stages of **SME segment**

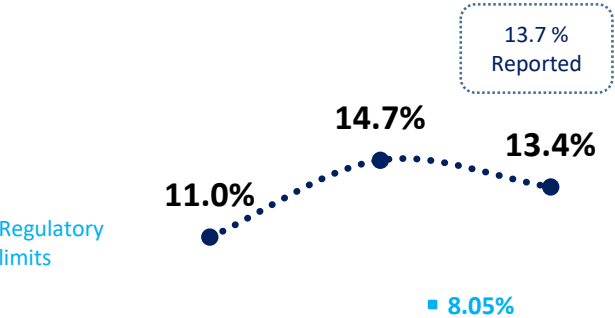
Conservative approach **affirmed by the recent NPL sale income**

Individual @31%

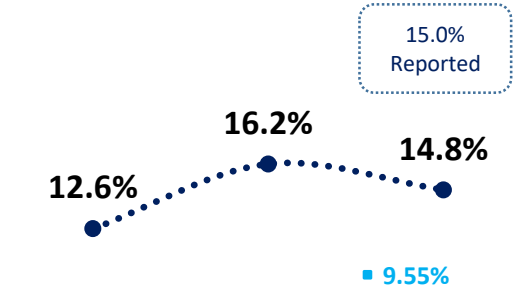
SME @21%

Ongoing internal capital generation: comfortable capital buffers

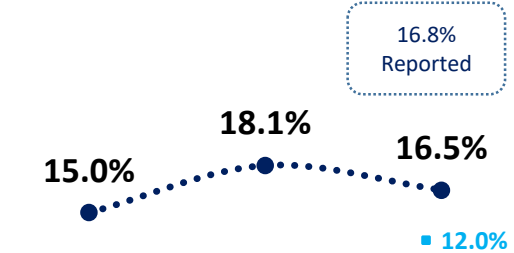
CET-1



Tier-1

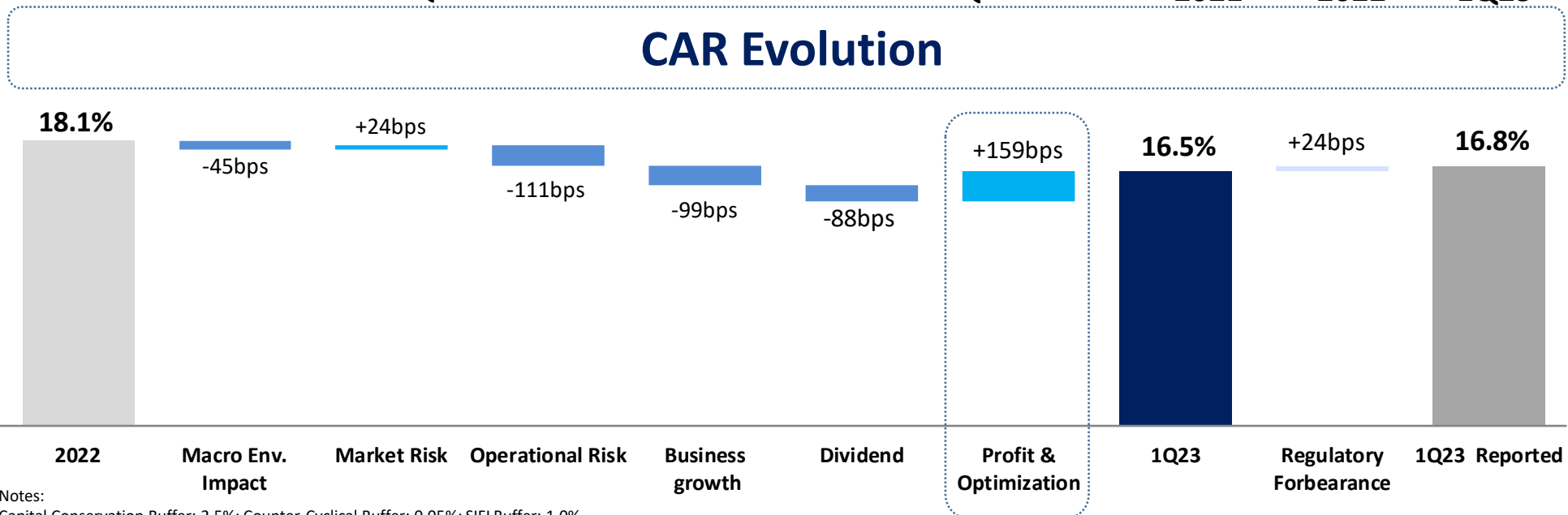


CAR



+100bps TL interest rate
impact on capital ratios
~-6 bps

CAR Evolution



> 450 bps & above
buffers
vs. regulatory thresholds
supported by
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%

2023 Guidance

		2023 Guidance
Volumes	TL Loan Growth	< 40%
	FC Loan Growth	Reduction
Revenues	NIM	> 5%
	Fee Growth	> 60%
Costs	Cost growth	< 100%
Asset Quality	Total CoR	~ 100bps

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

Sustainability

Climate Change Mitigation



- Completion of first climate risk analysis of the loan portfolio
- Measuring **Scope-3 Category 15: Investments emissions** according to PCAF since 2021
- Committed to SBTi 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-Linked Products & Services

- The goal of reaching a total of **20 thousand** women entrepreneurs in 5 years with advantageous products/services under UN Women Generation Equality Forum
- Nature Friendly Mortgage & Auto loans
- Sustainability-Linked Loans
- ESG-Linked Investment Funds
- ESG Advisory Services



Sustainability-Linked Funding
~30% of Total Wholesale
Renewable Energy Loans ~45%
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 since 2021

Best Among the Top Tier-1 Turkish Banks



Risk Rating
Score: **15.9**
Low Risk

1 of 5 Companies in Turkey



Total ESG
score: **67**

Indices



BIST
SUSTAINABILITY INDEX
CONSTITUENT COMPANY

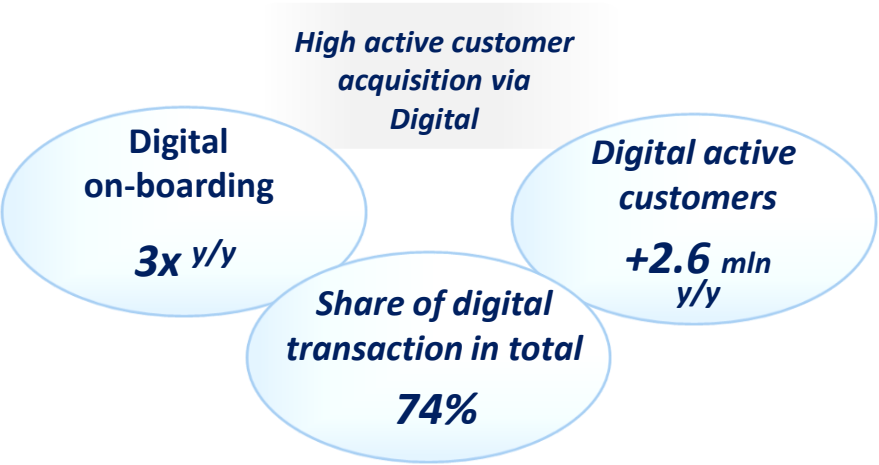
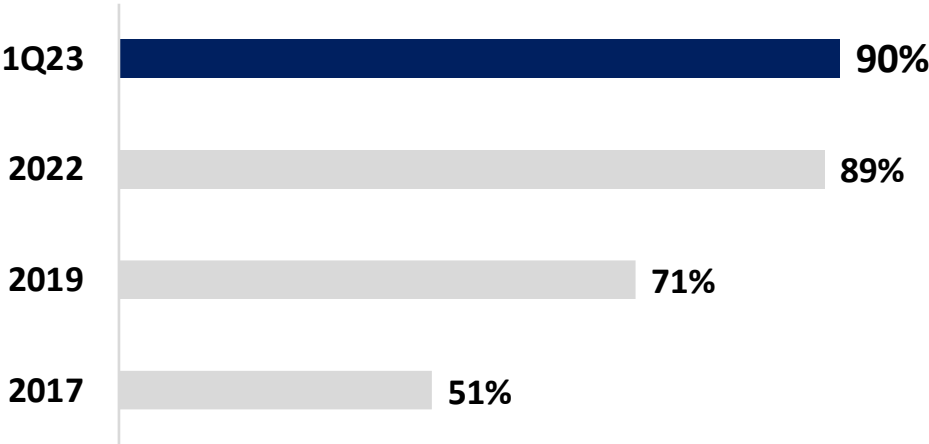


FTSE4Good



Included in 2023
**Bloomberg Gender
Equality Index**

Digital Customer Penetration



Sales via Digital Channels

of GPL sold

↑ 45% y/y

Share of digital in total

~80%

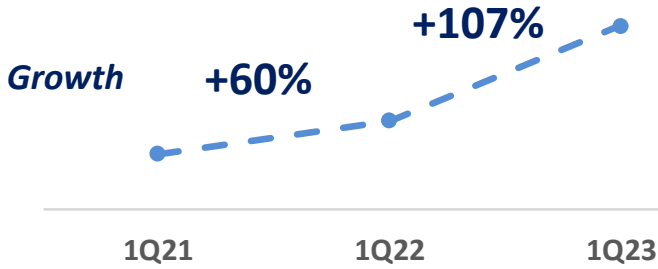
Insurance penetration at 25%

+13 pts (y/y)

of overdraft account sold 50% y/y

of Investment account 3x y/y

Digital Transaction Volumes



Macro environment and banking sector

Macro Environment

	2021	2022	1Q23
GDP Growth (y/y)	11.4%	5.6%	-
CPI Inflation (y/y)	36.1%	64.3%	50.5%
CAD¹/GDP²	-0.9%	-5.4%	-5.8%
Budget Deficit/GDP²	-2.7%	-0.9%	-2.5%
USD/TL (eop)	12.98	18.70	19.15
2Y Benchmark Bond Rate (eop)	22.7%	8.8%	13.1%

Banking Sector - Private Banks

	2021	2022	1Q23
Loan Growth (ytd)	40%	52%	8%
TL	27%	76%	12%
FC (USD)	-9%	-15%	-1%
Cust. Deposit Growth (ytd)	58%	59%	10%
TL	28%	152%	21%
FC (USD)	1%	-20%	-4%
NPL Ratio	4.0%	2.7%	2.4%
CAR³	19.6%	21.6%	19.2%
RoTE³	17.4%	48.2%	33.2%

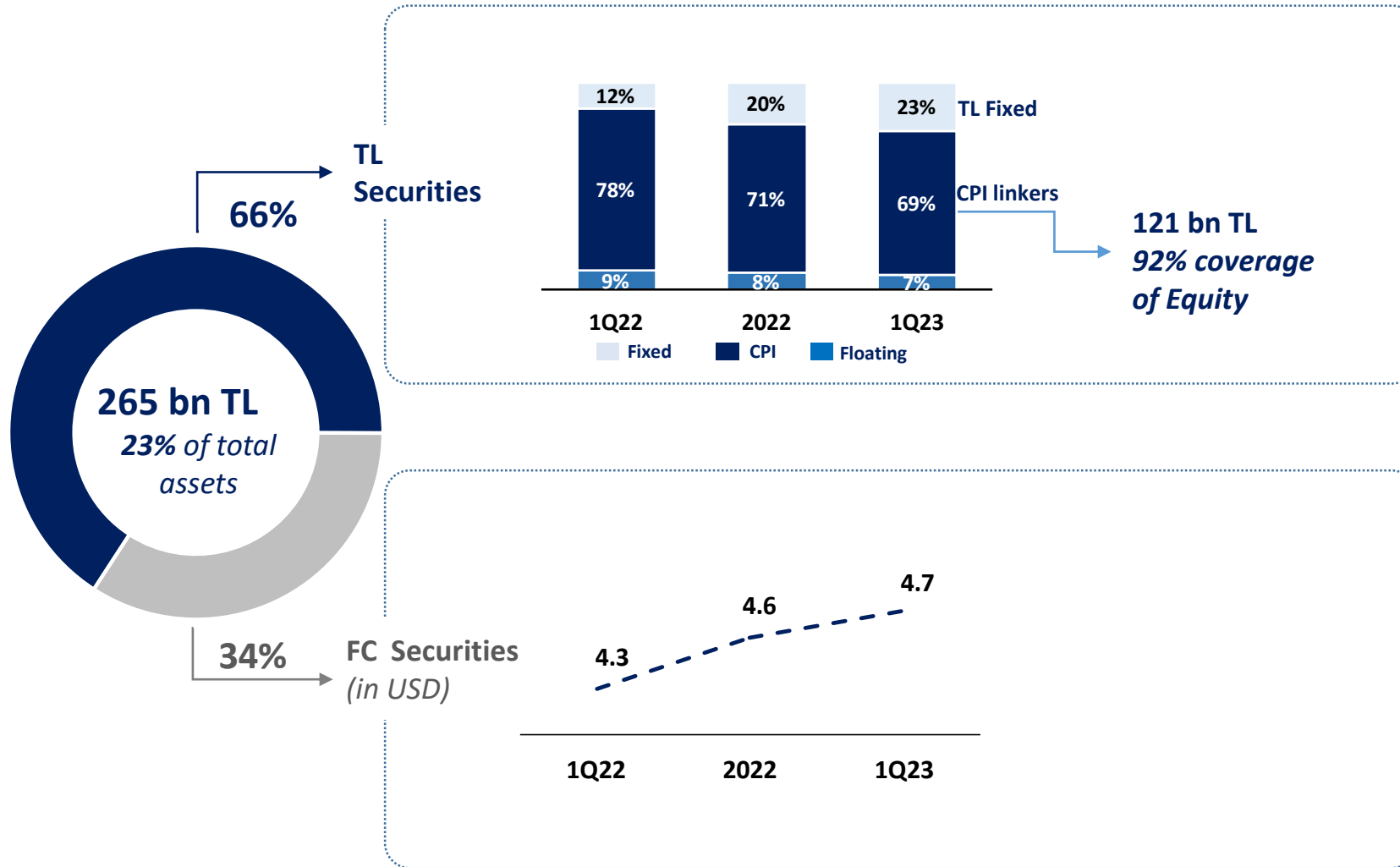
Notes:

All macro data as of March 2023 unless otherwise stated

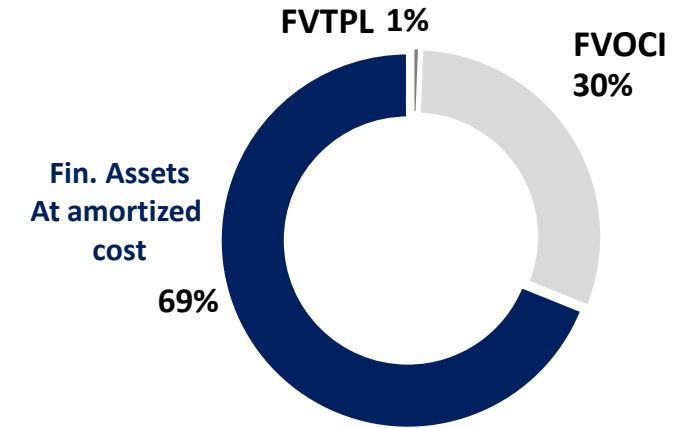
Banking sector volumes based on BRSA weekly data as of 31 March 2023

1. CAD indicates Current Account Deficit as of Feb'23
2. 1Q23 GDP Forecast
3. As of February 2023; CAR includes regulatory forbearances

Well managed securities portfolio via proactive ALM capabilities



Securities Classification



m-t-m
unrealized gain/loss¹
+7.8 bln TL
(+7.8 bln TL in 2022)

Notes:
Based on Bank-Only financials

1. Net of tax

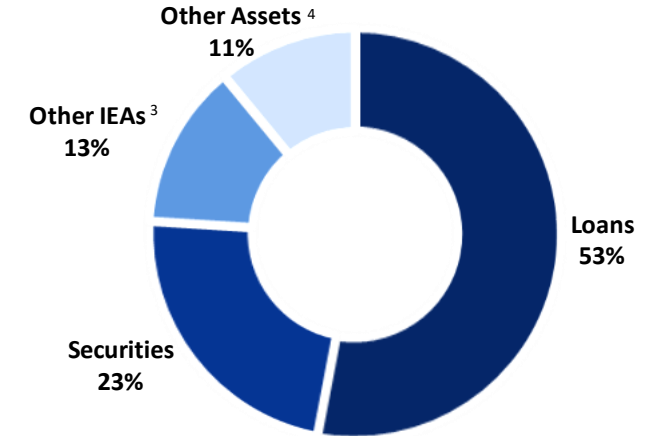
Consolidated balance sheet

TL bln	1Q22	2022	1Q23	q/q	y/y
Total Assets	872	1,184	1,251	6%	43%
Loans¹	442	584	623	7%	41%
TL Loans	246	395	431	9%	76%
FC Loans (\$)	13	10	10	-1%	-25%
Securities	159	250	271	9%	70%
TL Securities	92	158	175	10%	90%
FC Securities (\$)	5	5	5	3%	10%
Customer Deposits	470	695	779	12%	66%
TL Customer Deposits	180	377	475	26%	163%
FC Customer Deposits (\$)	20	17	16	-7%	-20%
Borrowings	191	219	201	-8%	5%
TL Borrowings	18	24	24	-3%	32%
FC Borrowings (\$)	12	10	9	-11%	-22%
Shareholders' Equity	78	126	131	4%	68%
Assets Under Management	90	135	133	-2%	48%
Loans/(Deposits+TL Bills)	95%	85%	81%		
CAR²	15.5%	18.1%	16.5%		
Tier-I²	13.3%	16.2%	14.8%		
Common Equity Tier-I²	11.6%	14.7%	13.4%		

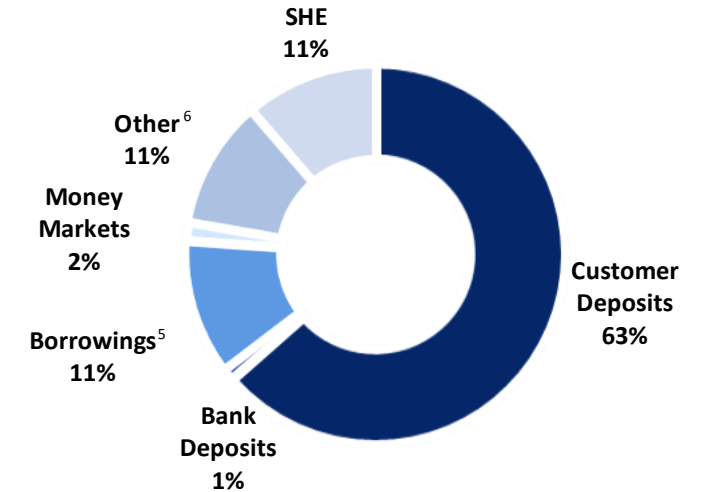
Notes:

- 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	1Q22	4Q22	1Q23	y/y	q/q
Net Interest Income including swap costs	9,247	31,603	15,527	68%	-51%
<i>o/w NII</i>	10,633	31,401	14,997	41%	-52%
<i>o/w CPI-linkers ¹</i>	4,798	21,097	9,666	101%	-54%
<i>o/w Swap costs</i>	-1,386	201	531	n.m.	164%
Fees & Commissions	2,847	5,131	5,788	103%	13%
Core Revenues	12,094	36,734	21,315	76%	-42%
Operating Costs	3,458	9,741	9,256	168%	-5%
Core Operating Income	8,636	26,993	12,060	40%	-55%
Trading and FX gains/losses	2,923	1,300	3,547	21%	173%
Trading excl. ECL hedge	1,453	654	3,087	112%	372%
<i>ECL hedging</i>	1,470	646	459	-69%	-29%
Other income	173	213	1,162	573%	445%
<i>o/w income from subs</i>	37	66	396	984%	505%
<i>o/w Dividends</i>	61	2	5	-92%	157%
<i>o/w Others</i>	76	146	760	906%	423%
Pre-provision Profit	11,732	28,506	16,768	43%	-41%
ECL net of collections	1,931	5,207	1,104	-43%	-79%
ECL (excl. currency impact)	461	4,561	645	40%	-86%
<i>o/w Collections (-)</i>	-4,996	-2,881	-5,760	15%	100%
<i>Stage 1&2</i>	-3,083	-1,581	-4,389	42%	178%
<i>Stage 3</i>	-1,913	-1,300	-1,371	-28%	5%
Provisions for Risks and Charges & Other	237	107	23	-90%	-79%
Pre-tax Income	9,563	23,192	15,640	64%	-33%
Tax	2,305	5,762	3,000	30%	-48%
Net Income	7,259	17,429	12,641	74%	-27%
RoTE	42.3%	59.3%	39.7%	-3pp	-20pp
RoA	3.5%	6.1%	4.2%	64bps	-197bps

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

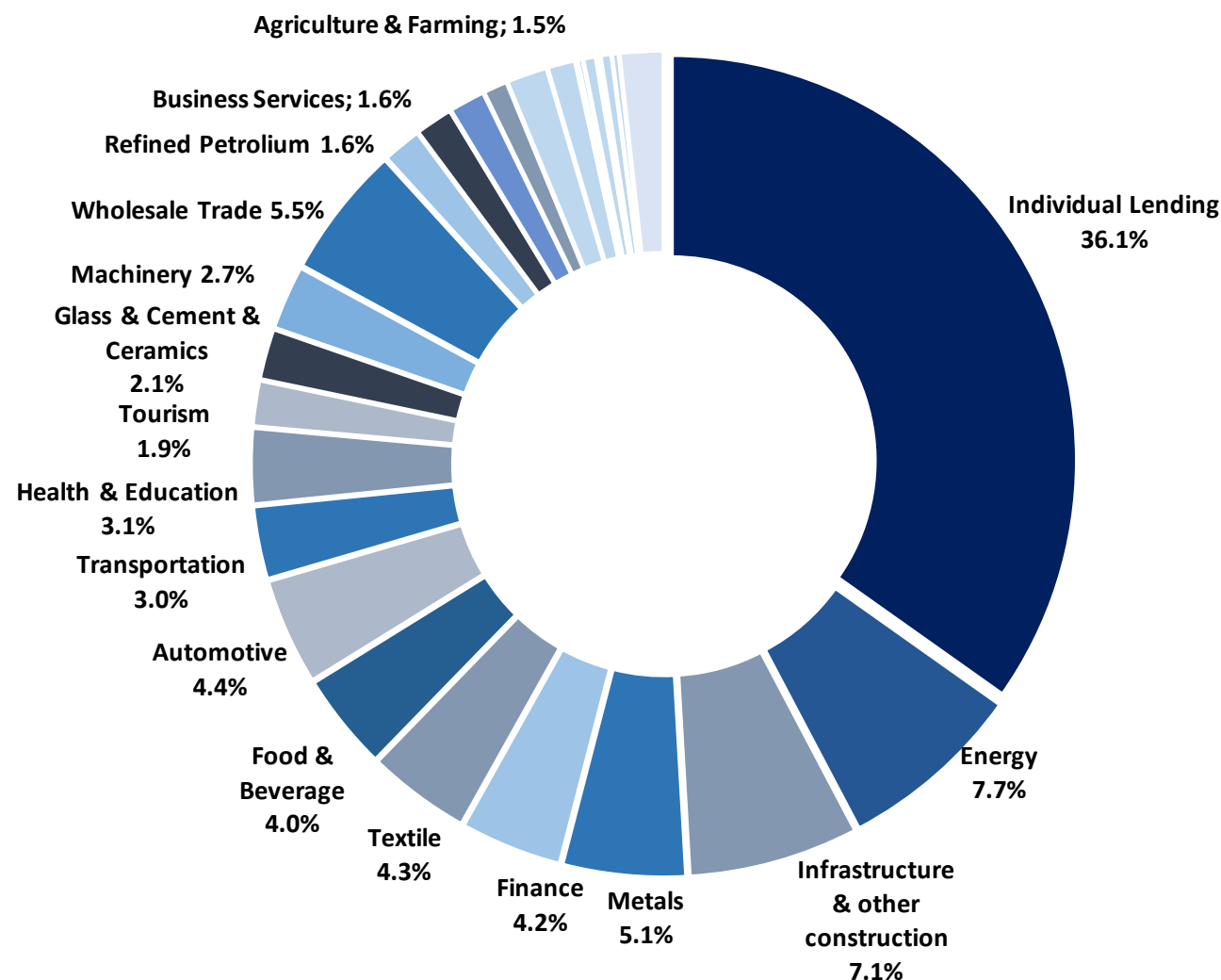
TL million	1Q22	4Q22	1Q23	y/y	q/q
Net Interest Income including swap costs	8,678	30,649	14,307	65%	-53%
o/w NII	10,174	30,536	13,827	36%	-55%
o/w CPI-linkers ¹	4,798	21,097	9,666	101%	-54%
o/w Swap costs	-1,496	113	480	n.m.	325%
Fees & Commissions	2,584	4,511	5,144	99%	14%
Core Revenues	11,262	35,161	19,451	73%	-45%
Operating Costs	3,229	9,245	8,854	174%	-4%
Core Operating Income	8,033	25,916	10,597	32%	-59%
Trading and FX gains/losses	2,813	1,164	3,468	23%	198%
Trading excl. ECL hedge	1,343	518	3,009	124%	481%
ECL hedging	1,470	646	459	-69%	-29%
Other income	665	1,072	2,395	260%	123%
o/w income from subs	529	903	1,605	203%	78%
o/w Dividends	47	1	1	-98%	1%
o/w Others	89	169	788	788%	367%
Pre-provision Profit	11,511	28,152	16,460	43%	-42%
ECL net of collections	1,873	5,107	1,171	-37%	-77%
ECL (excl. currency impact)	402	4,461	712	77%	-84%
o/w Collections (-)	-4,924	-2,849	-5,609	14%	97%
Stage 1&2	-3,029	-1,575	-4,325	43%	175%
Stage 3	-1,895	-1,274	-1,285	-32%	1%
Provisions for Risks and Charges & Other	229	99	23	-90%	-77%
Pre-tax Income	9,409	22,946	15,266	62%	-33%
Tax	2,151	5,517	2,626	22%	-52%
Net Income	7,258	17,429	12,640	74%	-27%
RoTE	42.2%	59.2%	39.6%	-3pp	-20pp
RoA	3.7%	6.5%	4.4%	70bps	-208bps

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 5 pp since 2018*
- *The Share of Infrastructure and Other Construction in total down by 3 pp since 2018*
- *Energy Sector total coverage at 17%, 52% of the loans are under Stage 2*
- *Energy Sector Risky Stage 2 files' coverage at 23%*
- *Total Real Estate loans Stage 2 coverage at 26%*
- *8% share of **SMEs** in cash loans, 10% of which is under CGF scheme*

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 Transactions	<p>~US\$ 770 mln 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\$ 1.00 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 1.21 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 6.50 bln total</p> <ul style="list-style-type: none"> ■ Nov'22: TL 556 mln, 4-month maturity ■ Dec'22: TL 467 mln, 4-month maturity ■ Jan'23: TL 1.61 bln, 4-month maturity  ■ Feb'23: TL 1.60 bln, 3-month maturity  ■ Mar'23: TL 2.26 bln, 4-month maturity 
	Subordinated Bonds	<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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