

Yapı Kredi

9M23 EARNINGS PRESENTATION

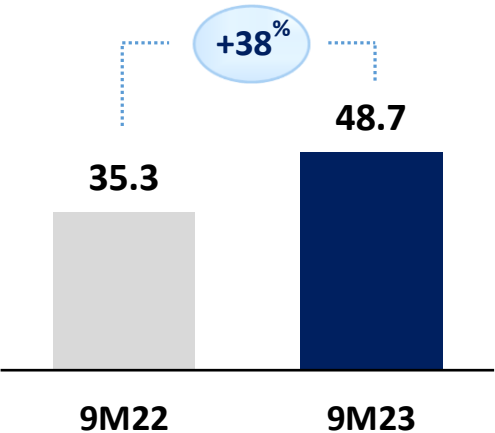


24 October 2023

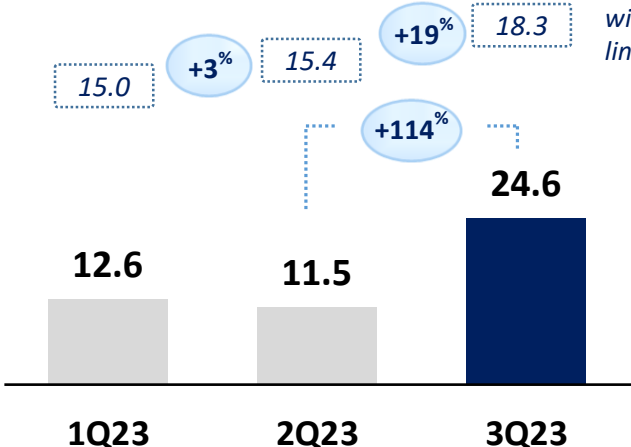
Timely and pioneer ALM strategies resulted in top notch bottom line

Net Profit (TL bln)

Cumulative



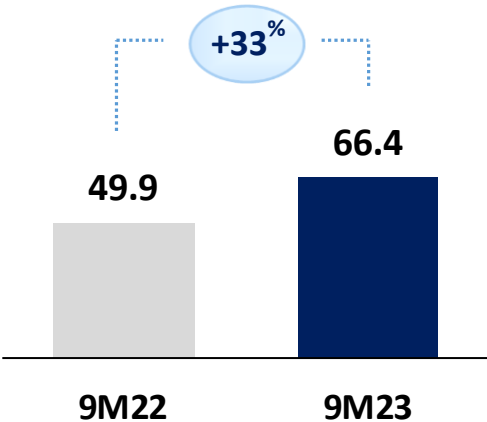
Quarterly



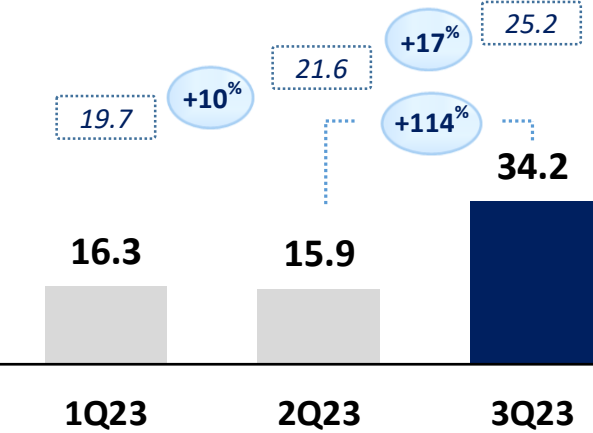
Normalized with linkers¹

Pre-provision Profit² (TL bln)

Cumulative



Quarterly



Normalized with linkers¹

RoTE
46%

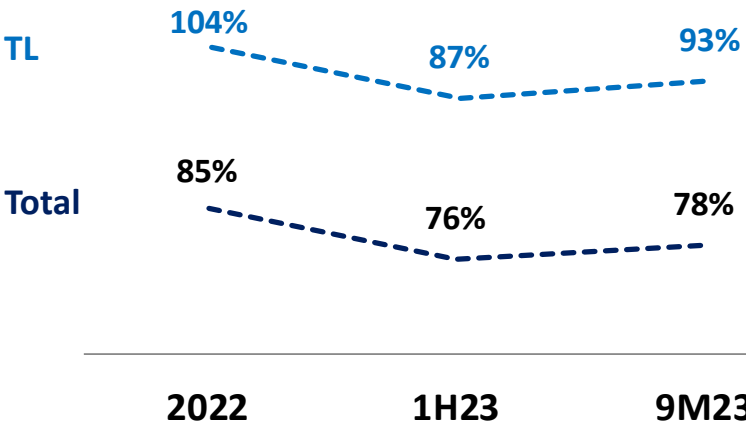
RoA
4.5%

Notes:
1. CPI reading: 9M23: 60%, 1H23: 40%; 1Q23: 45%; 2. PPP (Pre-Provision Profit): NII+ Fees + Opex + Net Trading + Subsidiary & Dividend income – ECL hedge – collections

Robust fundamentals preserved and utilized for exceptional profitability

Enhanced liquidity

LDR¹



LCR²

~200%
recent

197%

Total LCR

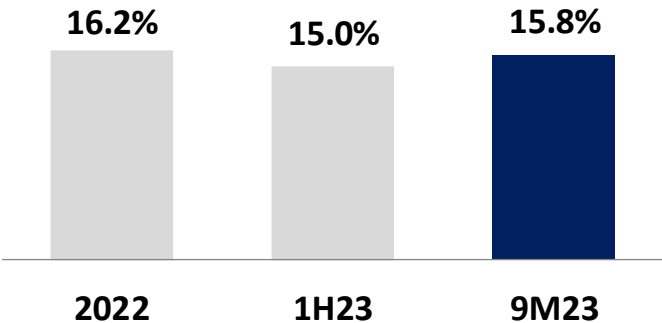
~430%
recent

408%

FC LCR

Resilient capital

Tier-1^{w/o forbearance}



Tier-1
Capital Buffer

628bps

Conservative Loan Loss Provisioning³

5.2%

Total Coverage

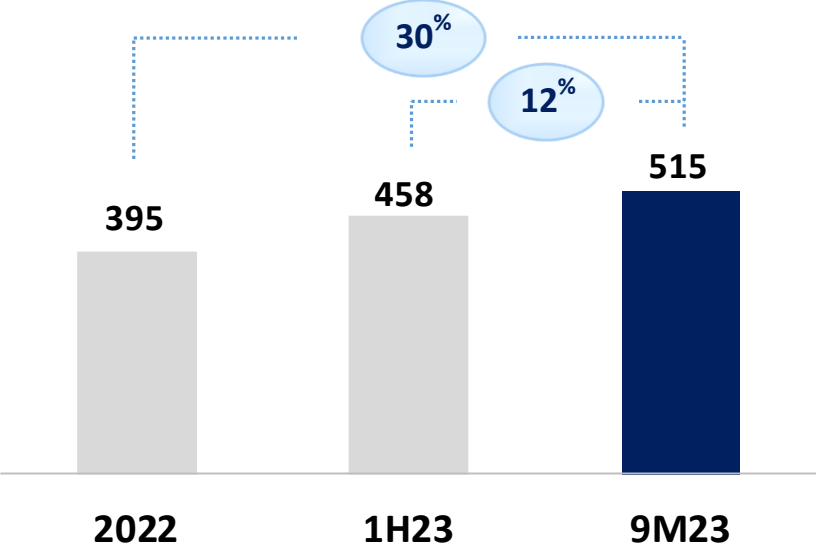
152%

NPL coverage

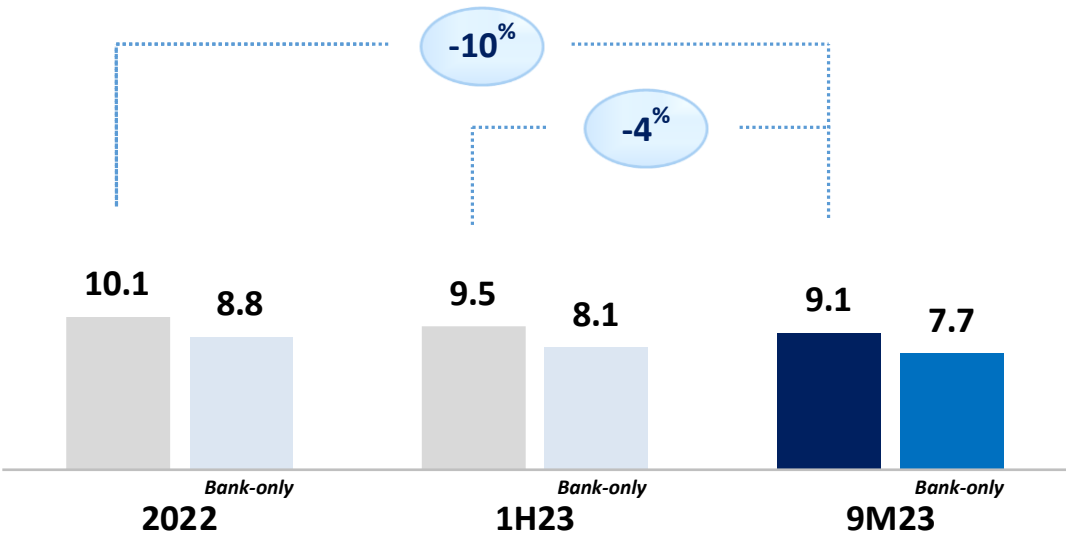
Notes:
1. LDR= Loans / (Deposits + TL Bonds)
2. 3 months average
3. Based on Bank-only BRSA financials

Lucrative lending strategy pays off with ongoing loan yield improvement

TL Performing Loans¹ (TL bln)



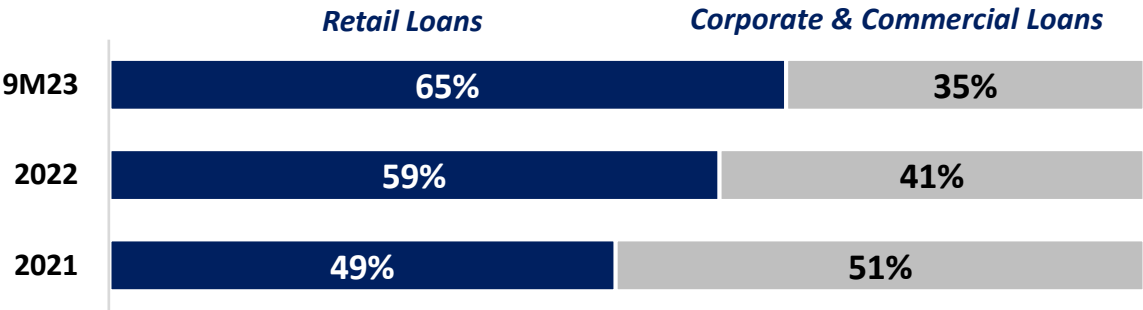
FC Performing Loans¹ (US\$ bln)



Best in class TL Loan Yield² among Peers



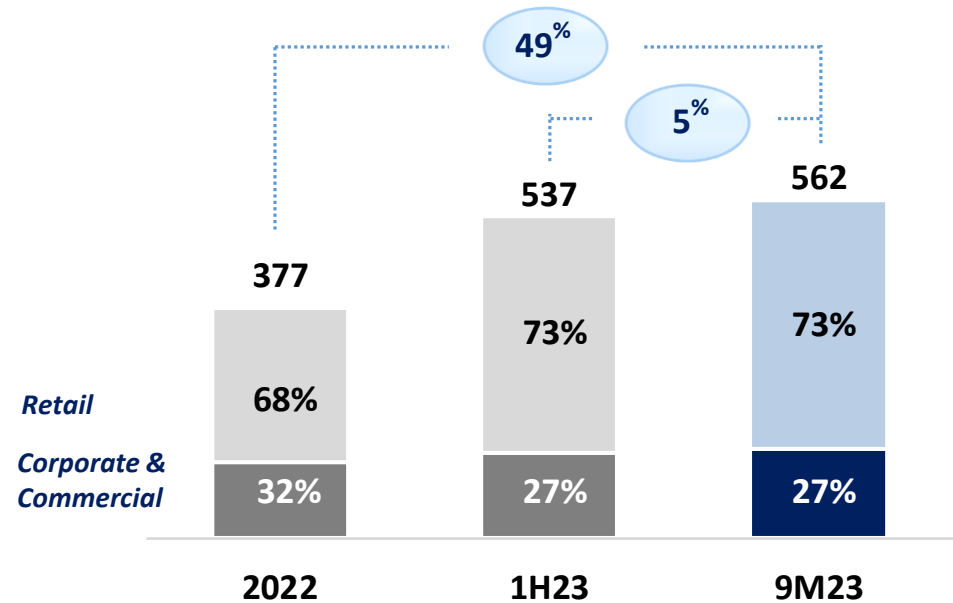
Loan Breakdown (FX adjusted³)



Notes:
1. Loans exclude loans provided to financial institutions
2. Credit card related differences adjusted
3. Based on 2020 FX rate and MIS data, Retail loans include individuals, SME and credit cards.

Strong demand deposit growth in a higher rate era thanks to intact customer base

TL Customer Deposits (TL bln)



Market share¹ gains via small ticket focus

Demand Deposit

+15 bps
q/q

+37 bps
ytd

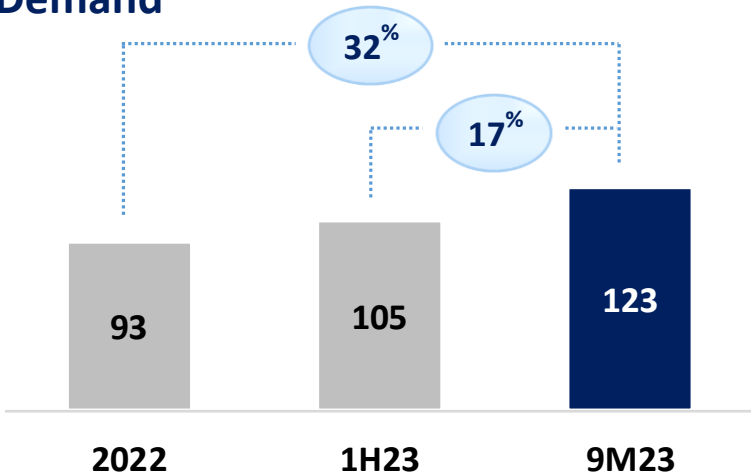
Individual TL Demand Deposit

+134 bps
q/q

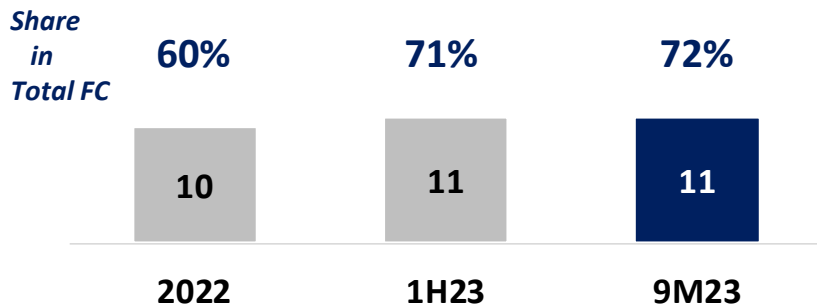
+58 bps
ytd

Customer Demand Deposits

TL Demand



FC Demand (USD bln)



Share of Demand

TL: 22%
+238 bps q/q

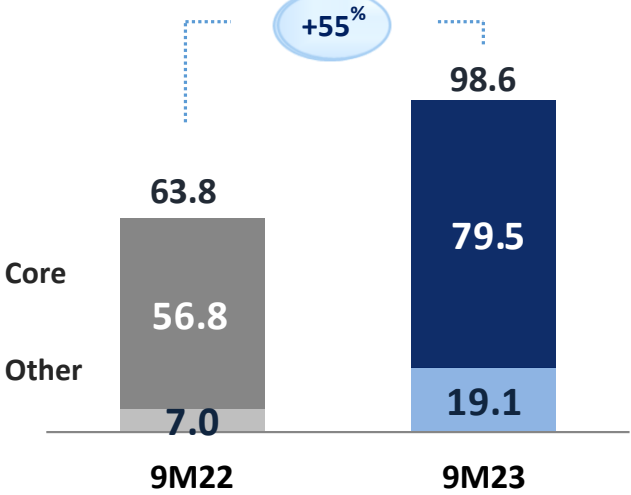
Total: 43%
+164 bps q/q

1. Market share among private banks as based on 29 September 2023 BRSA weekly sector data

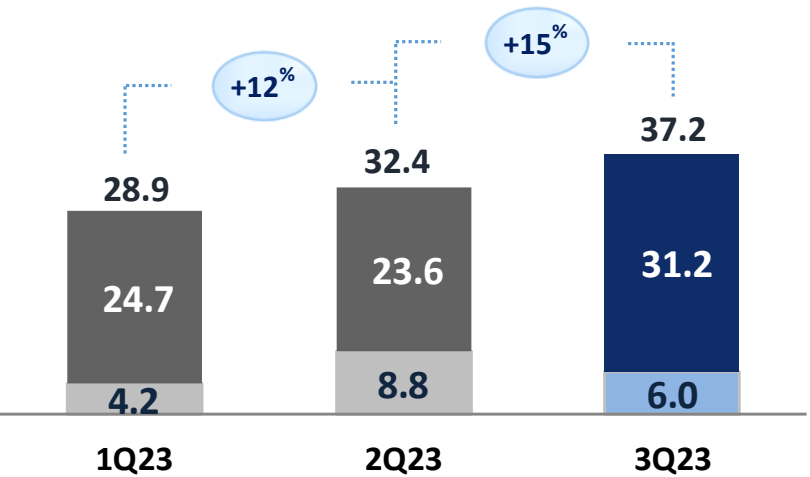
Sustainable core revenue generation supporting the top-line

Revenues^{1;2} (TL bln)

Cumulative

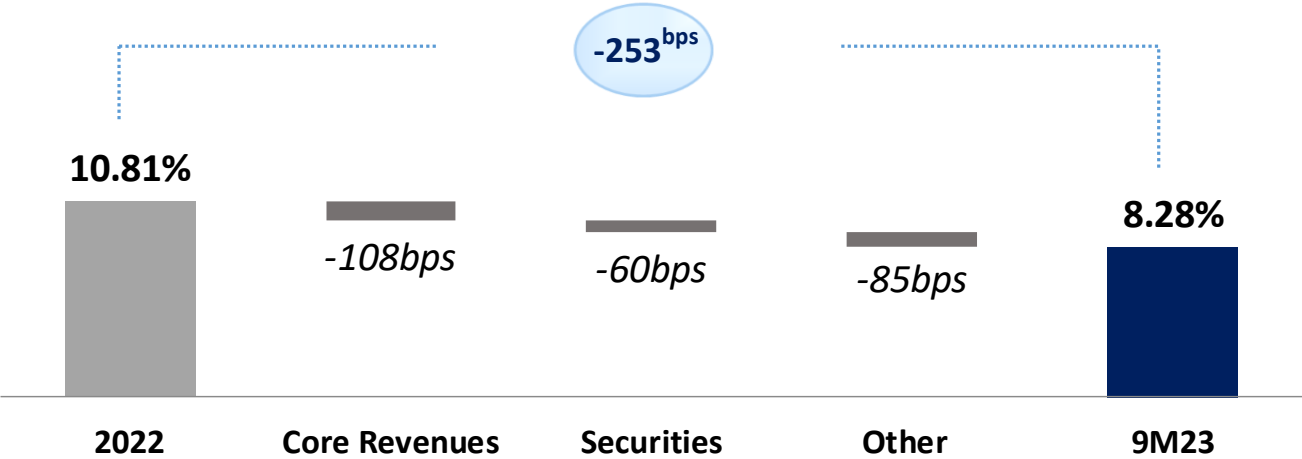


Quarterly (normalized with linkers)³

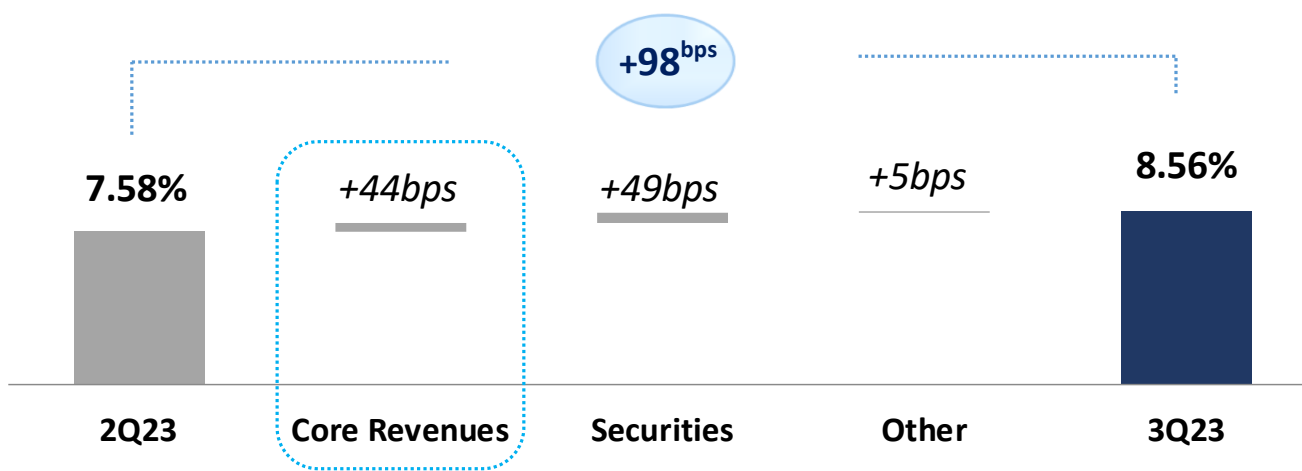


Core Revenue Margin Evolution⁴

Cumulative



Quarterly (normalized with linkers)



Notes:

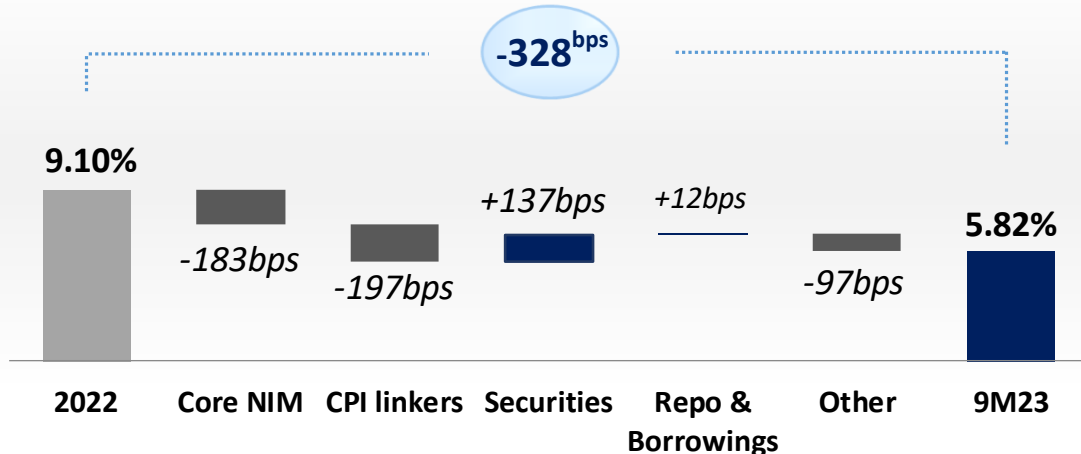
1.Revenues and other revenues exclude ECL collection income and trading income to hedge FC ECL 2. Core Revenues = NII + swap costs + net fee income 3. Reported 1Q23: 25.6 billion TL 2Q23: 26.8 billion TL 3Q23: 46.2 billion TL 4. Based on Bank-Only financials

Remarkable spread expansion

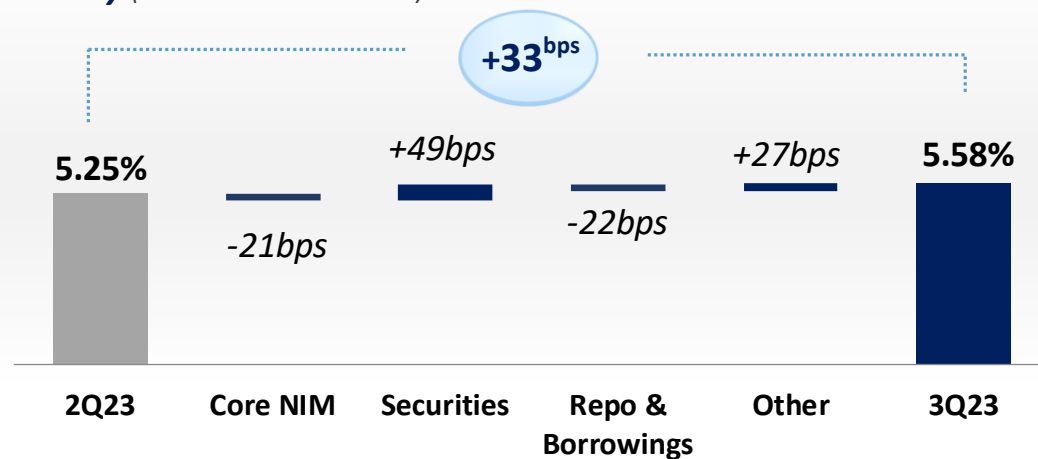
Pioneer ALM strategy: ~200bps below sector average pricing for TL deposits during quarter

NIM Evolution

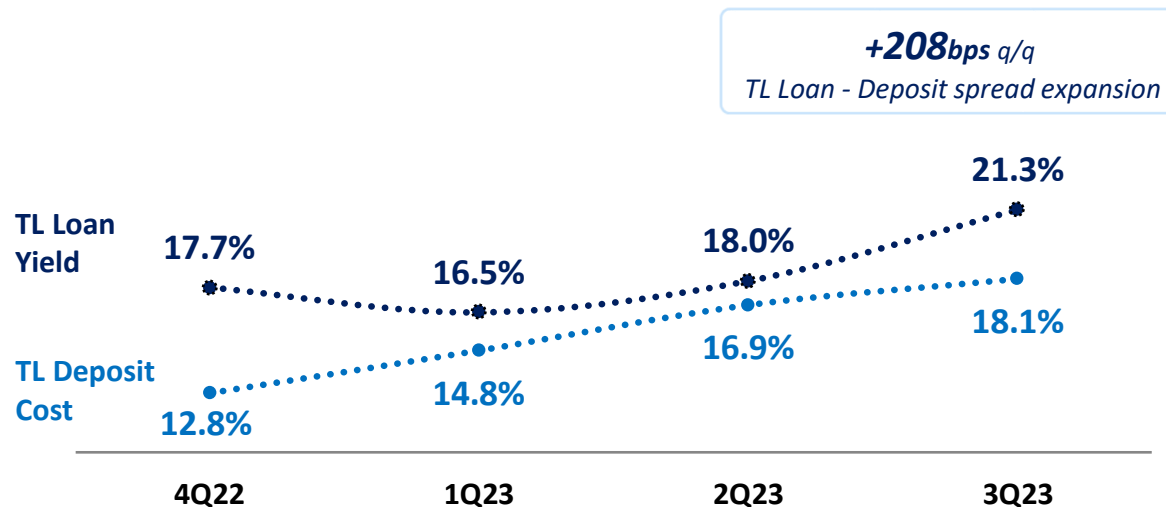
Cumulative



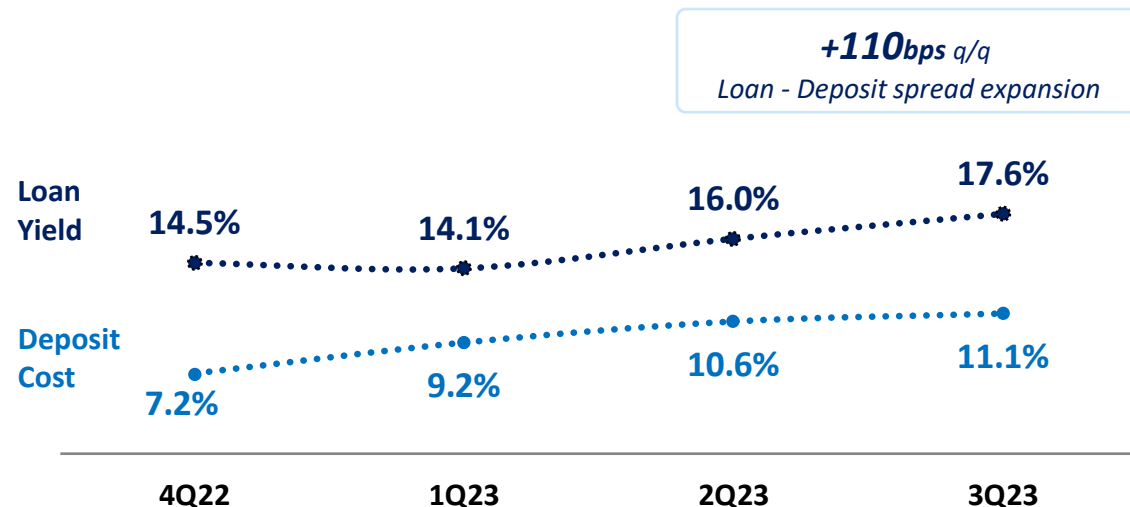
Quarterly (normalized with linkers)



TL Loan - Deposit Spread (quarterly)



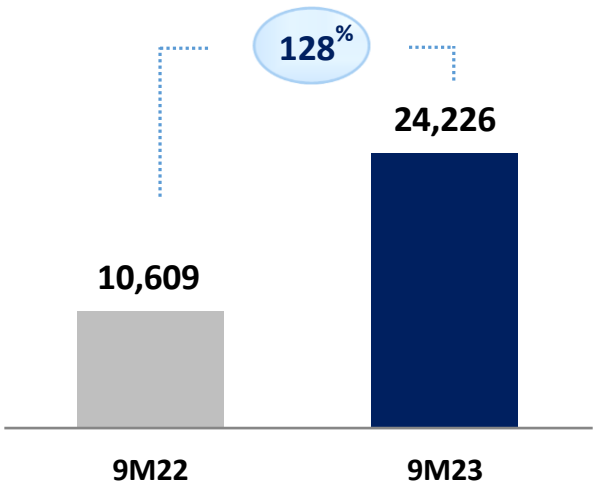
Blended Loan - Deposit Spread (quarterly)



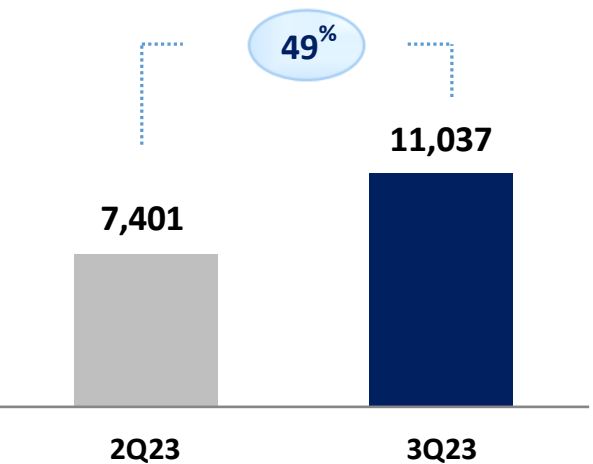
Stellar fee performance continues with an eye-catching 49% q/q increase

Net Fee & Commision Income *(TL mln)*

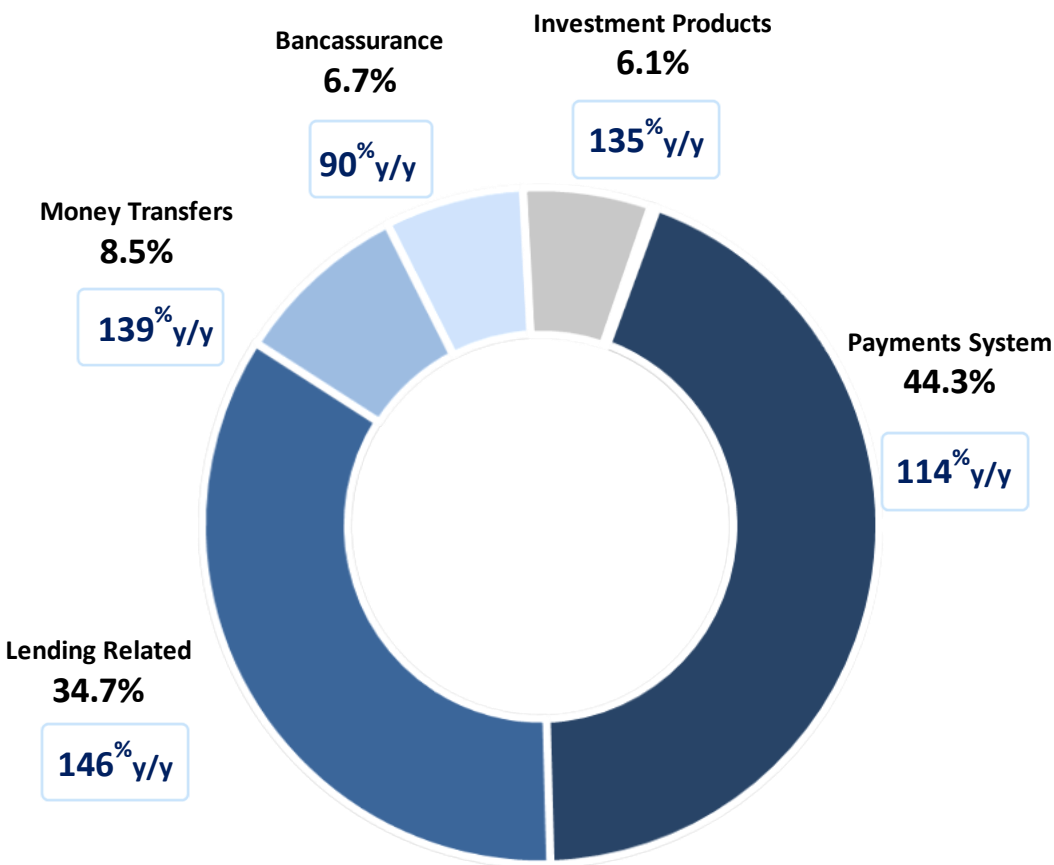
Cumulative



Quarterly



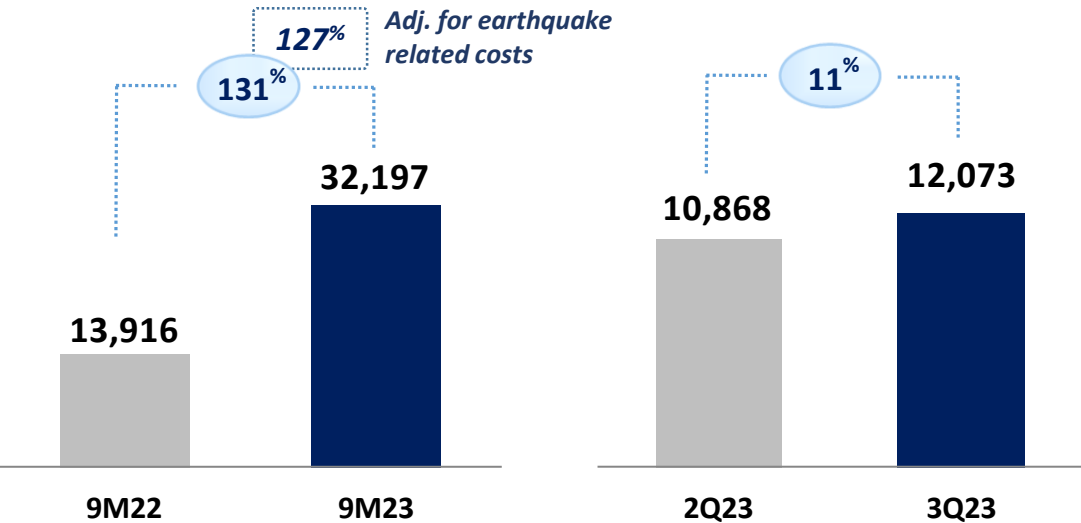
Net Fee & Commisions Composition¹



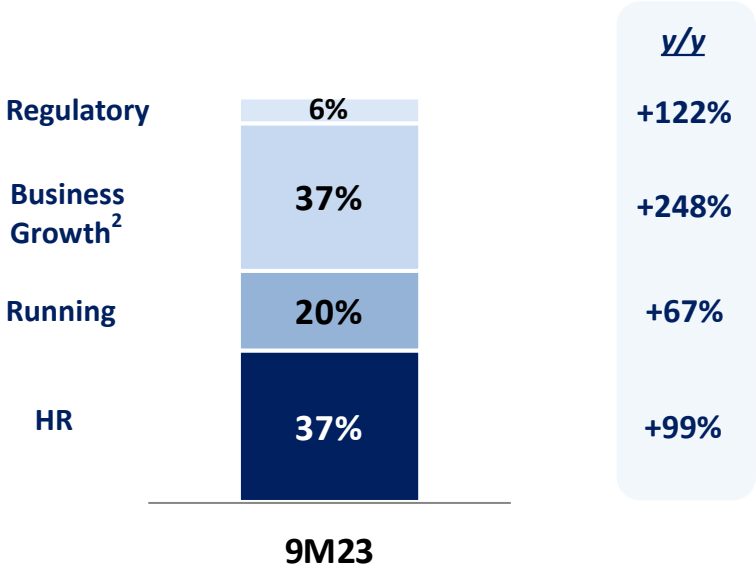
Notes:
1. Based on Bank-Only financials

Inflation driven cost growth, best-in-class efficiency

Operating Costs (TL mln)



Cost Breakdown^{1,3}



Strong efficiency KPIs



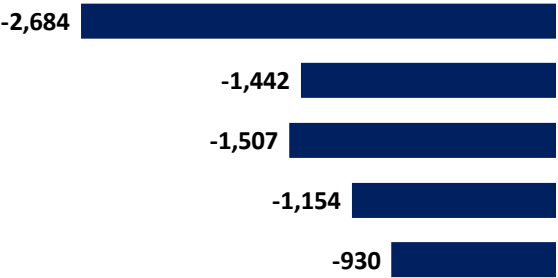
Notes:

- 1. Based on Bank-only financials, MIS data
- 2. Including customer acquisition costs, World points and advertisement
- 3. Earthquake related costs are excluded

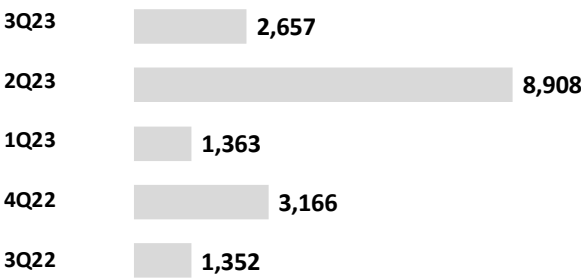
Sound collections resulting in negative net NPL inflows supporting CoR

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

Collections

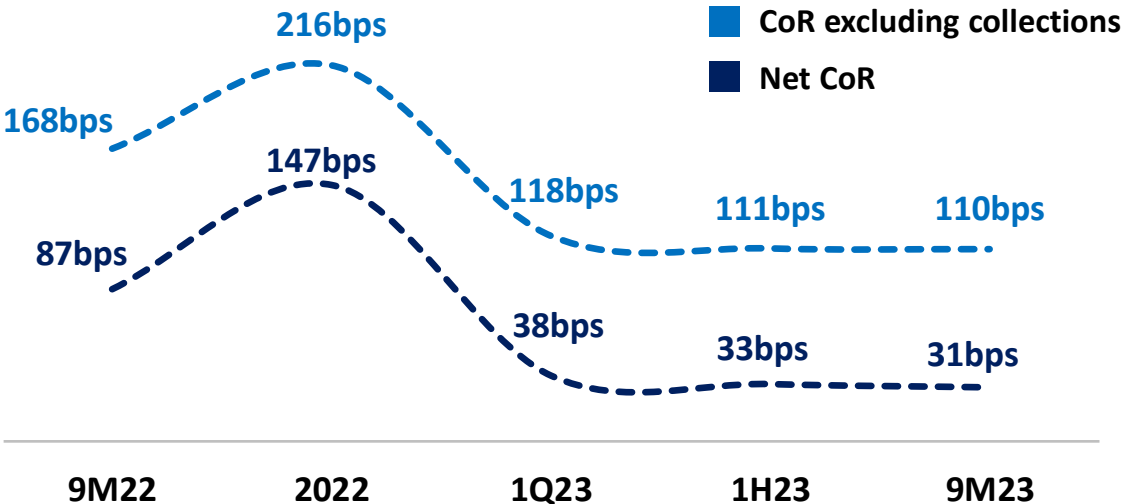


Inflows

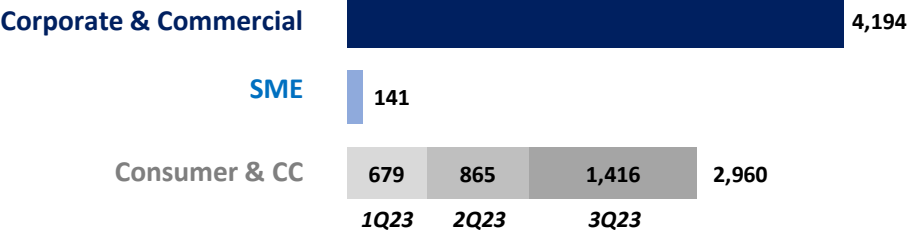


| | 3Q22 | 4Q22 | 1Q23 | 2Q23 | 3Q23 |
|----------------|------|-------|------|-------|------|
| Net NPL Inflow | 422 | 2,012 | -144 | 7,466 | -27 |
| NPL Ratio | 3.4% | 3.4% | 3.2% | 3.7% | 3.4% |

Cost of Risk (cumulative)



9M23 Net NPL Inflow Breakdown

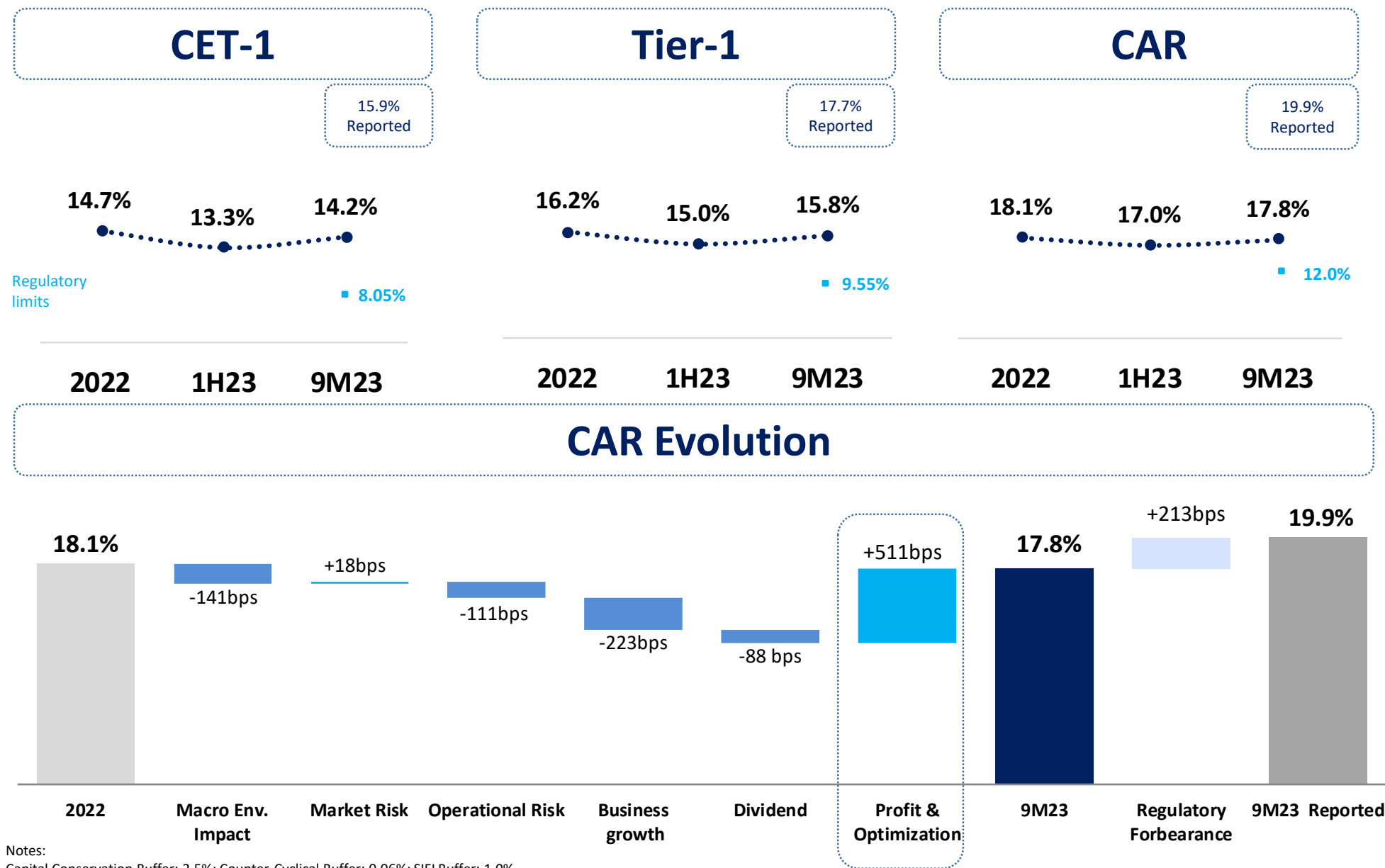


9M23 Net CoR Composition



Notes:
1. Based on Bank-only BRSA financials
2. Excluding the positive impact of NPL sales & write-offs ; 2Q23 NPL Sale amount: 1,756 million TL which was fully covered

Ongoing internal capital generation further supports capital ratios

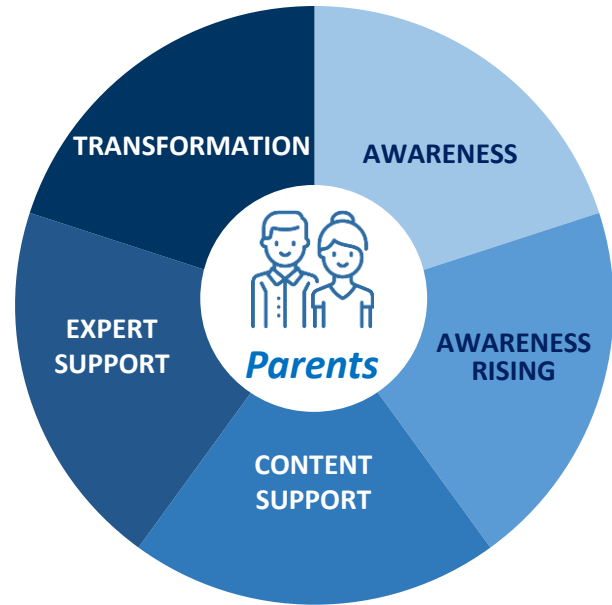


+100bps TL interest rate
impact on capital ratios
~-20 bps

~580 bps and above
buffers
vs. regulatory thresholds
supported by
Strong Internal Capital
Generation

Snowball for the Future: In honor of the «100th anniversary» of our Republic

Pre-school Educational Development Programme



Please Click here to watch the launch movie

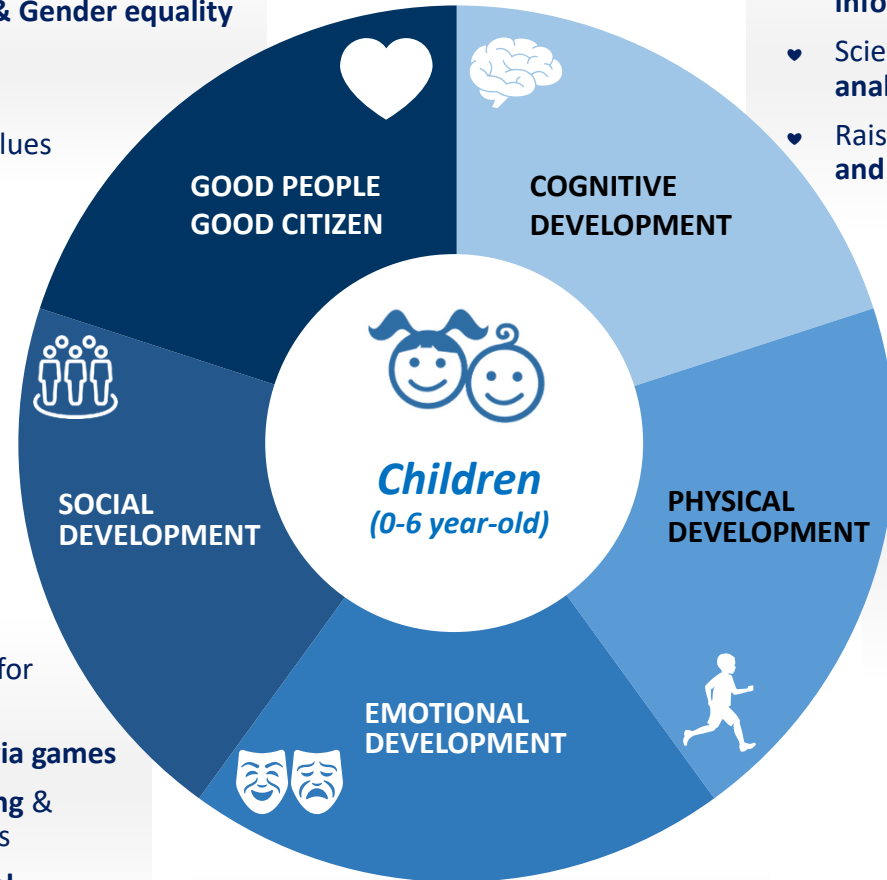
Web:

<https://yapikrediyarinarakartopu.com.tr>



- ♥ Support self-awareness for **better self expression**
- ♥ Interaction with peers via games
- ♥ Focus on **problem-solving & decision-making** abilities
- ♥ Strengthen **interpersonal communication skills**

- ♥ **Sustainability & Gender equality** awareness
- ♥ Non-violence
- ♥ Basic ethical values



- ♥ Focus on comprehending their own and others' emotions
- ♥ Increase **ability to cope with family problems**

- ♥ Increase ability to **use and produce information**
- ♥ Scientific support to **improve analytical intelligence**
- ♥ Raising awareness on **mathematics and digitalization**

- ♥ Strengthen **physical coordination**
- ♥ **Healthy and balanced nutrition** awareness
- ♥ Participation in **physical activities**
- ♥ **Language skills** and participation in oral activities

2023 Guidance

| | | 2023 | 9M23 | Potential/Risk |
|---------------|----------------|-----------|-------|-----------------------|
| Volumes | TL Loan Growth | < 40% | 30% | ✓ |
| | FC Loan Growth | Reduction | -10% | ✓ |
| Revenues | NIM | ≥ 5% | 5.8% | ⬆️ Upside potential |
| | Fee Growth | > 90% | 128% | ⬆️ Upside potential |
| Costs | Cost growth | < 120% | 131% | ✓ |
| Asset Quality | Total CoR | ~ 100bps | 31bps | ⬇️ Downside potential |

2023 RoTE: >30%

⬆️ *Upside potential*

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



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

Q&A

ANNEX

Net-Zero Banking & Sustainable Finance

- Committed to **Net-Zero Banking Alliance (NBZA)** in July 2023
- Committed to SBTi since July 2021
- Measuring **Scope-3 Category 15: Investments emissions** according to PCAF since 2021
- Thermal Coal-related Power & Mining **phase out**
- The goal of **10% increase in the percentage of women entrepreneur customers** with 2 or more active financial products from different categories by 2026 to support their financial resilience within the scope of UN PRB financial inclusion commitment
- Nature Friendly Mortgage & Auto loans
- Sustainability-Linked Loans
- ESG-Linked Investment Funds

Indices & Initiatives

Founding Signatory of:



First Turkish Bank to become a signatory



Ratings

Leader in Turkey, Best-in-Class Globally



Upgraded by 3 levels to **AA Leader**

The only bank in leader category in Türkiye since 2021

CDP Climate Change A⁺ Leadership Score



Above global sector average

Scope-3 Category 15: Investments emission data disclosure since 2021

Low Risk Category



Risk Rating Score: **15.9**
Low Risk

Best Among the Top Tier-1 Turkish Banks



Score: **59**
ESG Rating: **3**

1 of 5 Companies in Turkey

Sustainability Yearbook
Member 2022
S&P Global

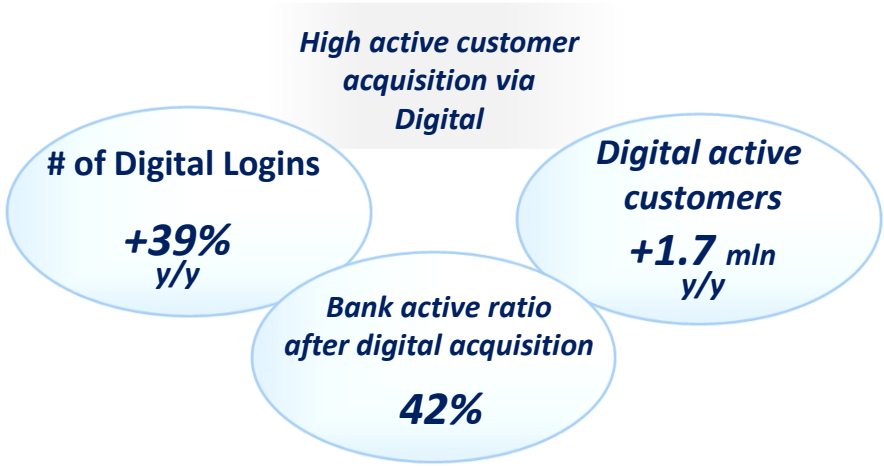
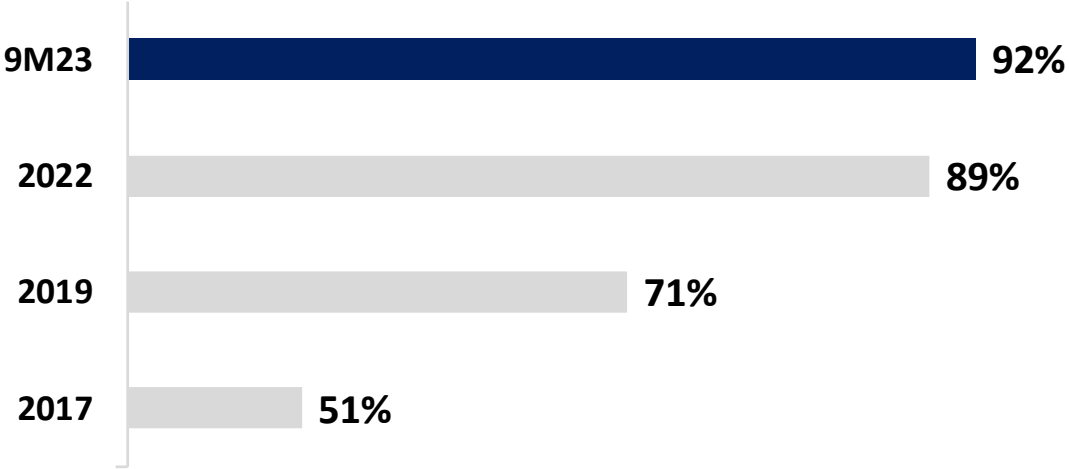
Total ESG Score: **67**

Snowball for the Future

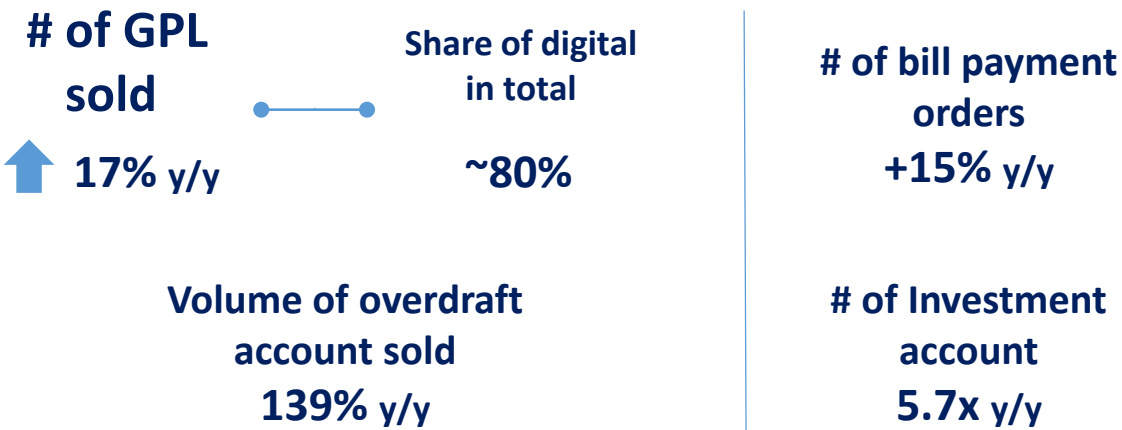
Pre-school Educational Development Programme - Launch Movie



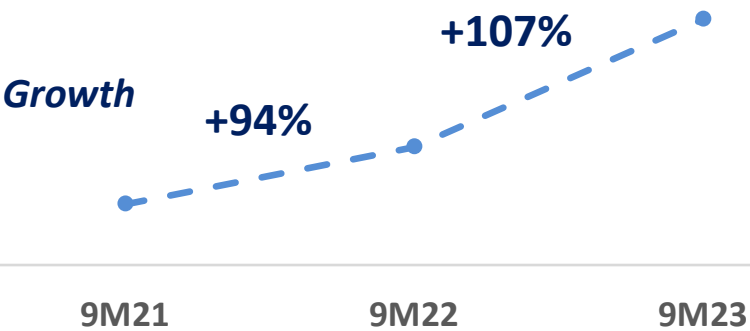
Digital Customer Penetration



Sales via Digital Channels



Digital Transaction Volumes



Macro environment and banking sector

Macro Environment

| | 2021 | 2022 | 9M23 |
|--|-------|-------|--------------|
| GDP Growth (y/y)¹ | 11.4% | 5.5% | 3.9% |
| CPI Inflation (y/y) | 36.1% | 64.3% | 61.5% |
| CAD²/GDP³ | -0.9% | -5.4% | -5.5% |
| Budget Deficit/GDP³ | -2.6% | -0.9% | -2.8% |
| USD/TL (eop) | 12.98 | 18.70 | 27.38 |
| 2Y Benchmark Bond Rate (eop) | 22.7% | 8.8% | 24.0% |

Banking Sector - Private Banks

| | 2021 | 2022 | 9M23 |
|-----------------------------------|--------------|--------------|--------------|
| Loan Growth (ytd) | 40% | 52% | 35% |
| <i>TL</i> | 27% | 76% | 35% |
| <i>FC (USD)</i> | -9% | -15% | -8% |
| Cust. Deposit Growth (ytd) | 58% | 59% | 47% |
| <i>TL</i> | 28% | 152% | 64% |
| <i>FC (USD)</i> | 1% | -20% | -12% |
| NPL Ratio | 4.0% | 2.7% | 2.1% |
| CAR⁴ | 19.6% | 21.6% | 20.2% |
| RoTE⁴ | 17.4% | 48.2% | 38.0% |

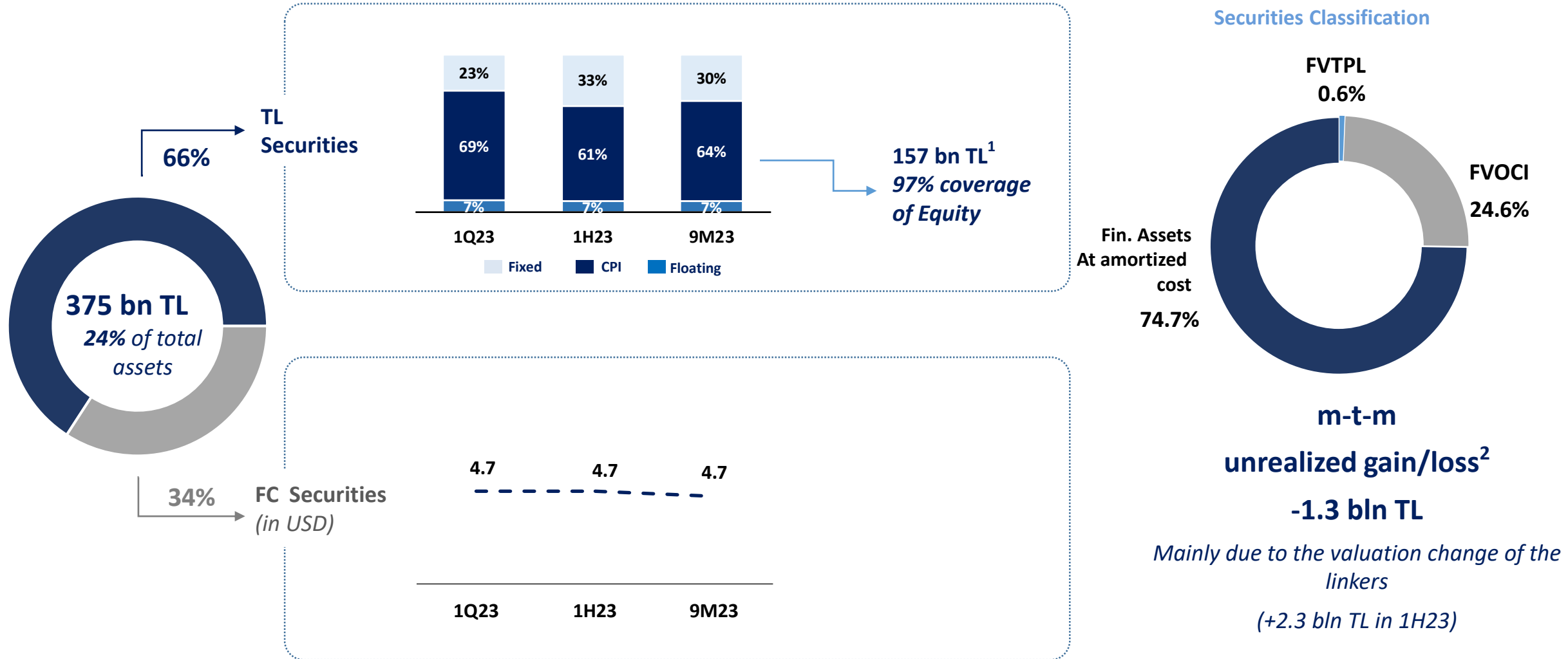
Notes:

All macro data as of September 2023 unless otherwise stated

Banking sector volumes based on BRSA weekly data as of 29 September 2023

1. As of 1H23
2. CAD indicates Current Account Deficit as of August'23
3. 9M23 GDP Forecast
4. As of August 2023; CAR includes regulatory forbearances

Securities portfolio



Notes:
Based on Bank-Only financials

1. Including Accruals

2. Net of tax

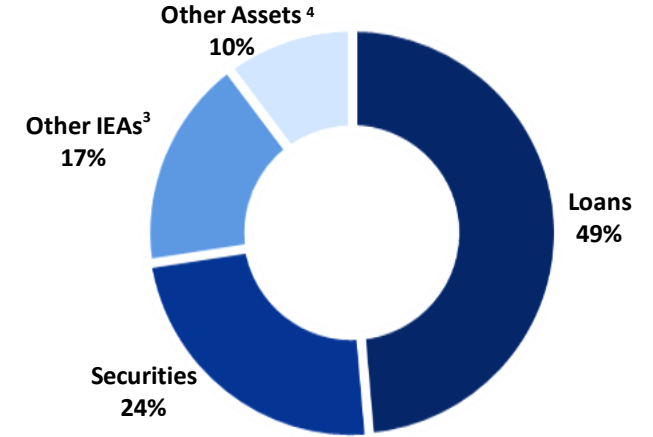
Consolidated balance sheet

| TL bln | 9M22 | 2022 | 1H23 | 9M23 | q/q | ytd |
|---|--------------|--------------|--------------|--------------|------------|------------|
| Total Assets | 1,093 | 1,184 | 1,482 | 1,678 | 13% | 42% |
| Loans¹ | 544 | 584 | 702 | 763 | 9% | 31% |
| TL Loans | 342 | 395 | 458 | 515 | 12% | 30% |
| FC Loans (\$) | 11 | 10 | 9 | 9 | -4% | -10% |
| Securities | 214 | 250 | 332 | 386 | 16% | 54% |
| TL Securities | 127 | 158 | 201 | 248 | 23% | 56% |
| FC Securities (\$) | 5 | 5 | 5 | 5 | -1% | 3% |
| Customer Deposits | 617 | 695 | 941 | 984 | 5% | 42% |
| TL Customer Deposits | 293 | 377 | 537 | 562 | 5% | 49% |
| FC Customer Deposits (\$) | 18 | 17 | 16 | 15 | -1% | -9% |
| Borrowings | 226 | 219 | 252 | 317 | 26% | 44% |
| TL Borrowings | 20 | 24 | 20 | 23 | 11% | -7% |
| FC Borrowings (\$) | 11 | 10 | 9 | 11 | 20% | 3% |
| Shareholders' Equity | 113 | 126 | 139 | 162 | 16% | 28% |
| Assets Under Management | 104 | 135 | 173 | 206 | 19% | 52% |
| Loans/(Deposits+TL Bills) | 87% | 85% | 76% | 78% | | |
| CAR² | 17.6% | 18.1% | 17.0% | 17.8% | | |
| Tier-I² | 15.5% | 16.2% | 15.0% | 15.8% | | |
| Common Equity Tier-I² | 13.9% | 14.7% | 13.3% | 14.2% | | |

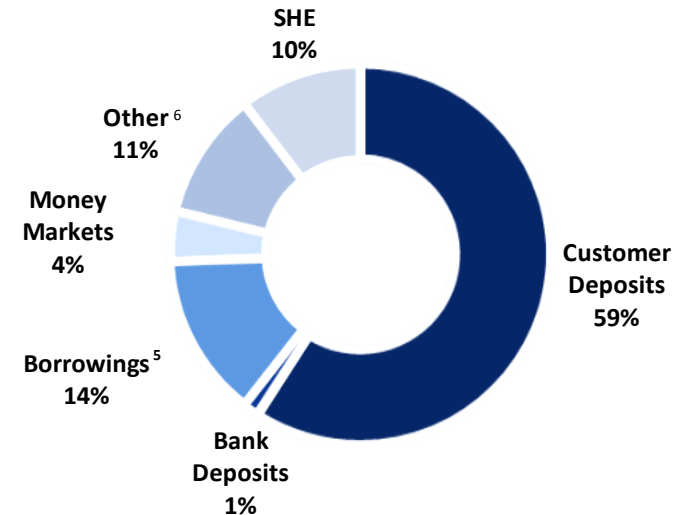
Notes:

- 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 | 3Q22 | 2Q23 | 3Q23 | y/y | q/q | 9M22 | 9M23 | y/y |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Net Interest Income including swap costs | 21,377 | 10,588 | 29,189 | 37% | 176% | 46,199 | 55,304 | 20% |
| o/w NII | 21,299 | 8,906 | 29,554 | 39% | 232% | 47,857 | 53,457 | 12% |
| o/w CPI-linkers ¹ | 13,029 | 8,282 | 24,237 | 86% | 193% | 26,179 | 42,184 | 61% |
| o/w Swap costs | 78 | 1,682 | -365 | n.m. | n.m. | -1,658 | 1,847 | n.m. |
| Fees & Commissions | 4,225 | 7,401 | 11,037 | 161% | 49% | 10,609 | 24,226 | 128% |
| Core Revenues | 25,603 | 17,989 | 40,226 | 57% | 124% | 56,808 | 79,530 | 40% |
| Operating Costs | 5,852 | 10,868 | 12,073 | 106% | 11% | 13,916 | 32,197 | 131% |
| Core Operating Income | 19,750 | 7,121 | 28,153 | 43% | 295% | 42,892 | 47,333 | 10% |
| Trading and FX gains/losses | 3,970 | 12,904 | 6,288 | 58% | -51% | 10,358 | 22,738 | 120% |
| Trading excl. ECL hedge | 2,894 | 8,506 | 5,403 | 87% | -36% | 6,189 | 16,997 | 175% |
| ECL hedging | 1,076 | 4,397 | 884 | -18% | -80% | 4,169 | 5,741 | 38% |
| Other income | 137 | 321 | 600 | 338% | 87% | 801 | 2,083 | 160% |
| o/w income from subs | 72 | 113 | 370 | 413% | 227% | 170 | 880 | 418% |
| Pre-provision Profit | 23,858 | 20,345 | 35,041 | 47% | 72% | 54,052 | 72,154 | 33% |
| ECL net of collections | 2,348 | 4,955 | 1,458 | -38% | -71% | 7,745 | 7,517 | -3% |
| ECL (excl. currency impact) | 1,271 | 558 | 573 | -55% | 3% | 3,576 | 1,776 | -50% |
| o/w Collections/Provision Reversals (-) | -1,200 | -3,498 | -2,480 | 107% | -29% | -7,300 | -11,737 | 61% |
| Provisions for Risks and Charges & Other | 28 | 57 | 33 | 18% | -43% | 305 | 113 | -63% |
| Pre-tax Income | 21,482 | 15,332 | 33,550 | 56% | 119% | 46,002 | 64,523 | 40% |
| Tax | 5,347 | 3,856 | 8,964 | 68% | 132% | 10,686 | 15,820 | 48% |
| Net Income | 16,135 | 11,477 | 24,586 | 52% | 114% | 35,316 | 48,703 | 38% |
| RoTE | 64% | 34% | 66% | 2pp | 32pp | 55% | 46% | -9pp |
| RoA | 6.2% | 3.4% | 6.2% | 3bps | 286bps | 5.0% | 4.5% | -49bps |
| CoR (excl. currency impact) | 0.87% | 0.30% | 0.27% | -60bps | -2bps | 0.91% | 0.31% | -60bps |

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

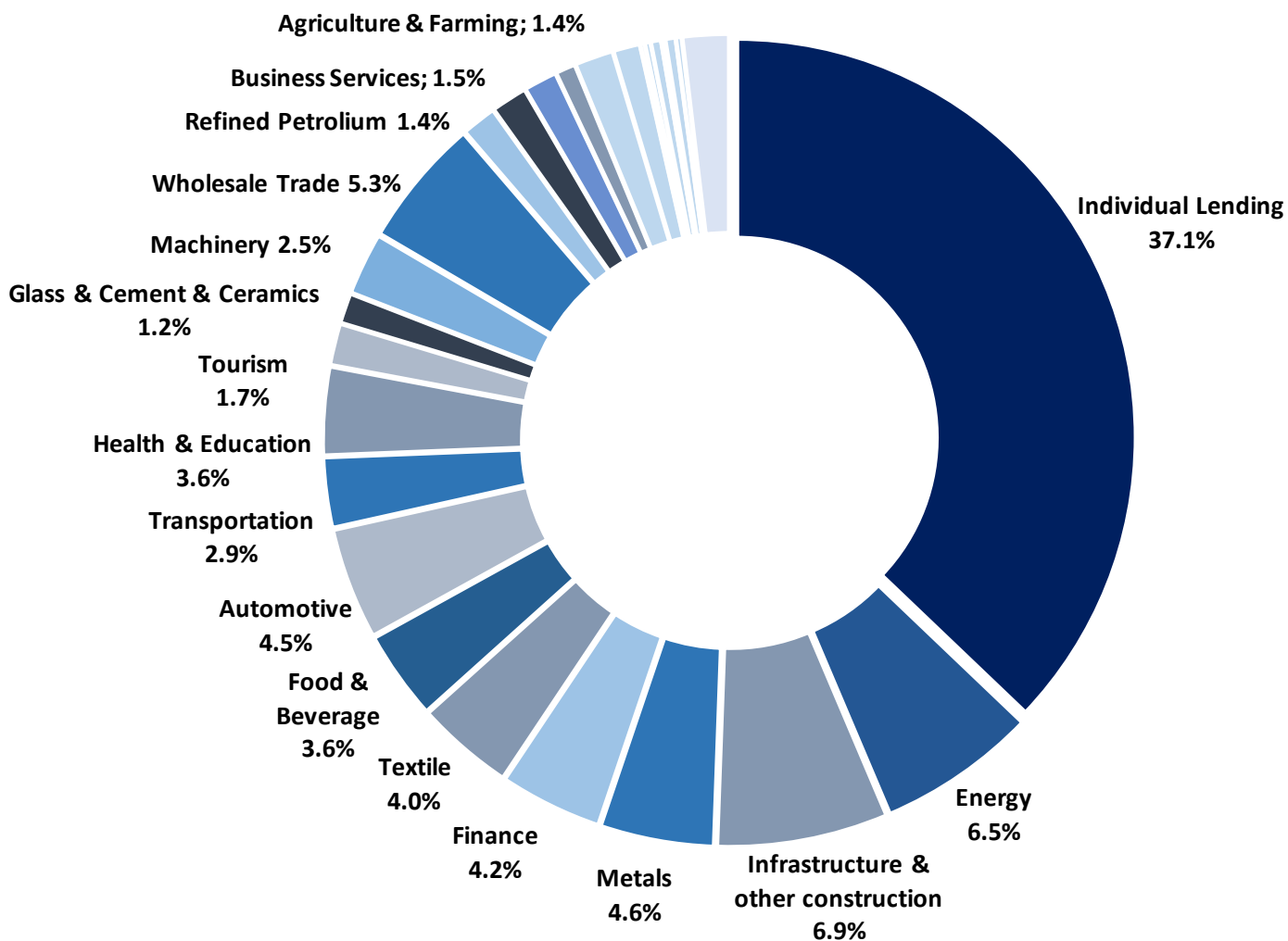
| TL million | 3Q22 | 2Q23 | 3Q23 | y/y | q/q | 9M22 | 9M23 | y/y |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Net Interest Income including swap costs | 20,569 | 9,184 | 27,288 | 33% | 197% | 44,200 | 50,780 | 15% |
| o/w NII | 20,705 | 7,601 | 27,703 | 34% | 264% | 46,412 | 49,132 | 6% |
| o/w CPI-linkers ¹ | 13,029 | 8,282 | 24,237 | 86% | 193% | 26,179 | 42,184 | 61% |
| o/w Swap costs | -136 | 1,584 | -415 | 206% | n.m. | -2,212 | 1,648 | n.m. |
| Fees & Commissions | 3,840 | 6,583 | 9,765 | 154% | 48% | 9,623 | 21,493 | 123% |
| Core Revenues | 24,410 | 15,768 | 37,053 | 52% | 135% | 53,823 | 72,272 | 34% |
| Operating Costs | 5,562 | 10,394 | 11,454 | 106% | 10% | 13,124 | 30,702 | 134% |
| Core Operating Income | 18,848 | 5,374 | 25,599 | 36% | 376% | 40,698 | 41,570 | 2% |
| Trading and FX gains/losses | 3,792 | 12,311 | 6,083 | 60% | -51% | 9,924 | 21,862 | 120% |
| Trading excl. ECL hedge | 2,716 | 7,914 | 5,199 | 91% | -34% | 5,755 | 16,121 | 180% |
| ECL hedging | 1,076 | 4,397 | 884 | -18% | -80% | 4,169 | 5,741 | 38% |
| Other income | 973 | 2,035 | 2,566 | 164% | 26% | 2,798 | 6,996 | 150% |
| o/w income from subs | 902 | 1,824 | 2,357 | 161% | 29% | 2,200 | 5,786 | 163% |
| Pre-provision Profit | 23,613 | 19,720 | 34,248 | 45% | 74% | 53,420 | 70,428 | 32% |
| ECL net of collections | 2,387 | 4,942 | 1,585 | -34% | -68% | 7,777 | 7,699 | -1% |
| ECL (excl. currency impact) | 1,311 | 545 | 701 | -46% | 29% | 3,608 | 1,958 | -46% |
| o/w Collections/Provision Reversals (-) | -1,112 | -3,358 | -2,338 | 110% | -30% | -7,060 | -11,305 | 60% |
| Provisions for Risks and Charges & Other | 18 | 23 | 25 | 40% | 11% | 276 | 71 | -74% |
| Pre-tax Income | 21,208 | 14,755 | 32,638 | 54% | 121% | 45,367 | 62,659 | 38% |
| Tax | 5,073 | 3,279 | 8,052 | 59% | 146% | 10,052 | 13,956 | 39% |
| Net Income | 16,135 | 11,476 | 24,586 | 52% | 114% | 35,315 | 48,702 | 38% |
| RoTE | 64% | 34% | 66% | 2pp | 32pp | 55% | 46% | -9pp |
| RoA | 6.6% | 3.6% | 6.7% | 10bps | 308bps | 5.0% | 4.5% | -49bps |
| CoR (excl. currency impact) | 0.98% | 0.32% | 0.37% | -61bps | 5bps | 1.00% | 0.38% | -62bps |

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

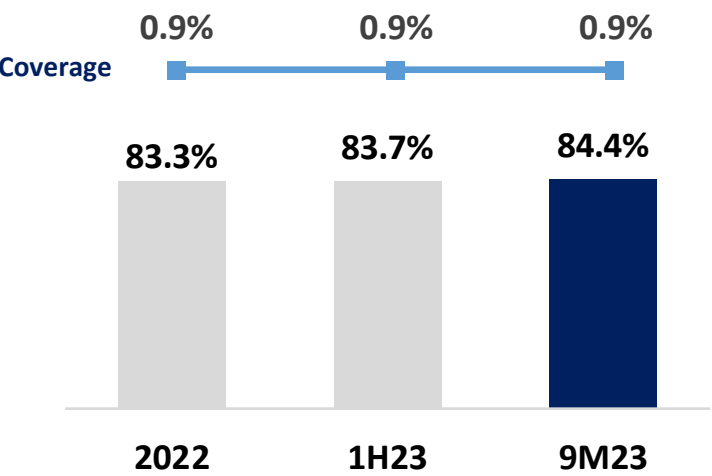
Sectoral breakdown of loans



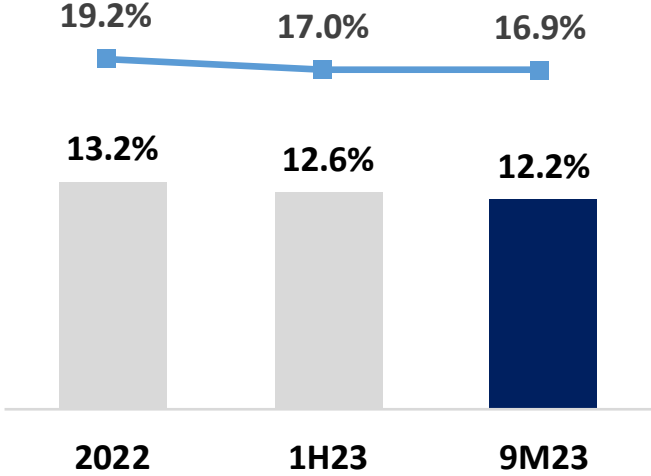
- *The Share of Energy Loans in total down by 7 pp since 2018*
- *The Share of Infrastructure and Other Construction in total down by 3 pp since 2018*
- *Energy Sector total coverage at 18%, 50% of the loans are under Stage 2*
- *Energy Sector Risky Stage 2 files' coverage at 24%*
- *8% share of SMEs in cash loans*

Staging and coverages

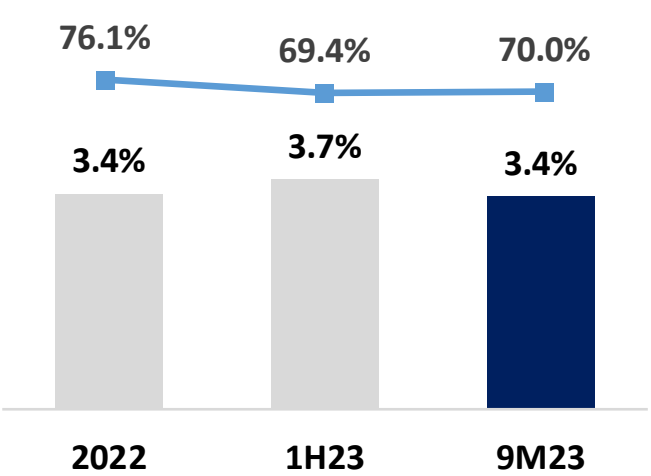
Stage I



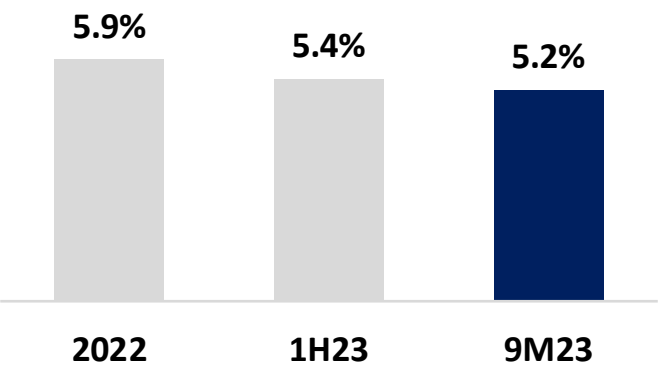
Stage II



Stage III



Total Coverage









Note:
Based on Bank-only BRSA financial

ECL details

| TL million | 3Q22 | 2Q23 | 3Q23 | 9M22 | 9M23 |
|---------------------|--------------|--------------|--------------|---------------|---------------|
| Provisions | 3,547 | 8,453 | 3,937 | 15,045 | 19,255 |
| <i>Stage-1</i> | <i>1,363</i> | <i>1,745</i> | <i>954</i> | <i>3,486</i> | <i>4,867</i> |
| <i>Stage-2</i> | <i>1,086</i> | <i>991</i> | <i>1,035</i> | <i>4,683</i> | <i>5,270</i> |
| <i>Stage-3</i> | <i>1,098</i> | <i>5,716</i> | <i>1,949</i> | <i>6,876</i> | <i>9,118</i> |
| Currency Impact | -1,076 | -4,397 | -884 | -4,169 | -5,741 |
| Provision Reversals | -655 | -2,015 | -780 | -4,229 | -7,184 |
| Collections | -545 | -1,483 | -1,700 | -3,070 | -4,554 |
| ECL | 1,271 | 558 | 573 | 3,576 | 1,776 |

Notes:
Based on consolidated financials.

Details of main borrowings

| | | |
|---------------|--|--|
| International | Syndications | <p>~ US\$ 1.05 bln</p> <ul style="list-style-type: none"> ■ 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 <i>Sustainability linked</i> ■ Jun'23: US\$ 201,5 mln and € 353,4 mln, all-in cost at SOFR+ 4.25% and Euribor+ 4.00% for 367 days. 35 banks from 21 countries <i>Social Loan</i> |
| | 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"> ■ 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'19: US\$ 500 mln, 8.25% (coupon rate), 5.5 years ■ Sep'23: US\$ 500 mln, 9.25% (coupon rate), 5 years- <i>Sustainable</i>  |
| | Covered Bond | <p>TL 800 mln outstanding</p> <ul style="list-style-type: none"> ■ Mar'19: Mortgage-backed with 5 years maturity ■ Dec'19: Mortgage-backed with 5 years maturity |
| | DPRs | <p>US\$ 3.09 bln total outstanding:</p> <ul style="list-style-type: none"> ■ Sep'23: US\$ 714.4 mln and € 100 mln with maturities varying between 5 and 8 years and with 6 different investors  ■ Oct'23: US\$ 175 mln with 5 years maturity and with 2 different investors  |
| Domestic | Local Currency Bonds / Bills | <p>TL 6.84 bln total</p> <ul style="list-style-type: none"> ■ Jul'23: TL 1,76 bln, 4-month maturity  ■ Aug'23: TL 1,68 bln, 5-month maturity  ■ Sep'23: TL 3,40 bln, 3-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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