

Yapı Kredi

Investor Presentation

March 2021



Key Figures – 2020

Ratings

Moody's: B2 / Fitch: B+

Total Assets

486.5
bln TL

Loans¹

281.8
bln TL

Net Income

5,080
mln TL

RoATE²

12.0%

Number of Branches³

835

Employees⁴

16,938

Market Share – 2020

Total Bank

Cash & Non-cash Loans

8.6%

16.8%

Customer Deposits

7.9%

14.5%

Business Units

Corporate Loans⁶

7.4%

14.9%

Consumer Loans⁷

7.8%

16.1%

Credit Card Outstanding

16.8%

22.0%

Subsidiaries

Leasing

18.4%

18.4%

Factoring

13.3%

13.3%

Wealth Management⁸

13.8%

15.3%

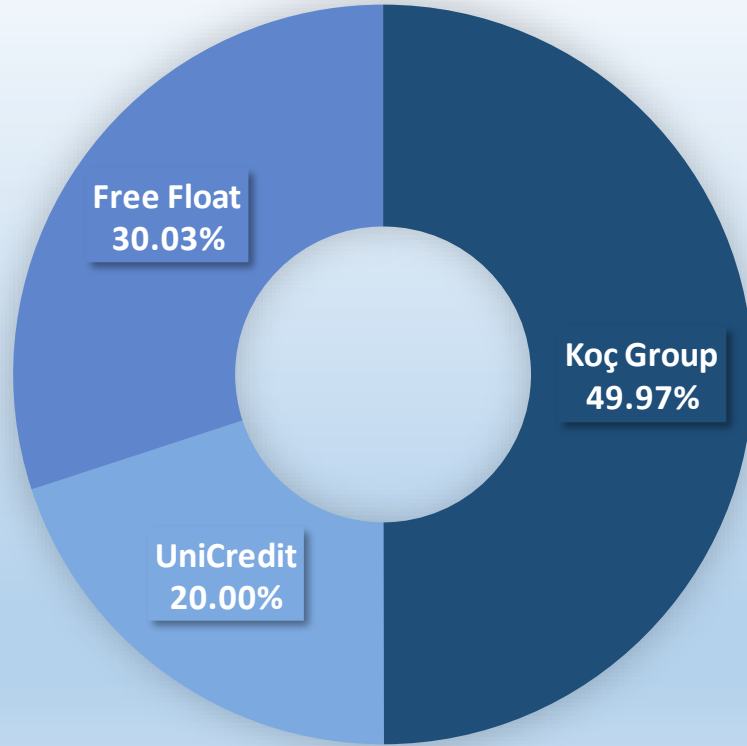
Notes:

1. Loans indicate performing loans, 2. RoATE indicates return on average, tangible equity (excl. intangible assets), 3. Bank-only,

4. Group data. Bank-only: 16,037 5. Market shares are based on: Interbank Card Center (for credit card acquiring and number of cardholders), Turkish Leasing Association (for leasing), Turkish Factoring Association (for factoring), Central Bank Cheque Clearing System (for cheque clearing) Rasyonet (for mutual funds), Borsa Istanbul (for equity transaction volume). If not specified, data based on BRSA bank-only data for YKB and BRSA weekly sector data excluding participation banks for banking sector as of 31 Dec'20, 6. Cash loans excluding corporate and individual credit cards and consumer loans, 7. Including mortgages, GPL and auto loans, 8. Refers to Mutual Funds

Stable, long-term focused majority shareholder supporting Yapı Kredi's strategy

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**Largest business group in Turkey with combined
revenue equal to 6.4% of Turkey's GDP***

Koç Holding	2020
Total Assets (TL bln)	630.1
Revenues (TL mln)	183,777
Net Income (TL mln)	9,273

Koç Holding Ratings: Moody's: B2 / S&P: BB-

Notes:

Koç Group indicates Koç Holding and its affiliates

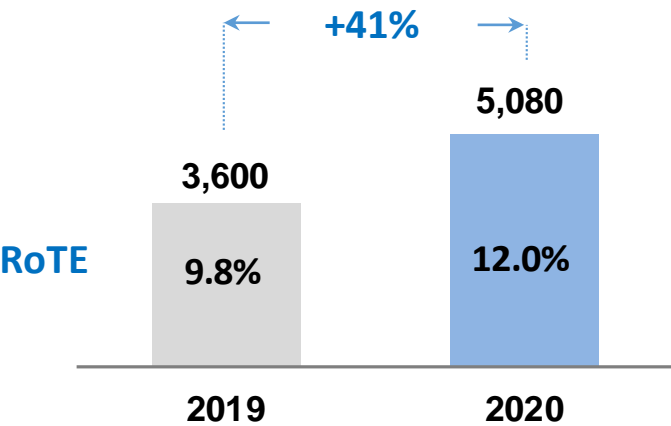
* As of 2020 year-end

All information and figures regarding Koç Holding are based on publicly available 2020 data, unless otherwise stated

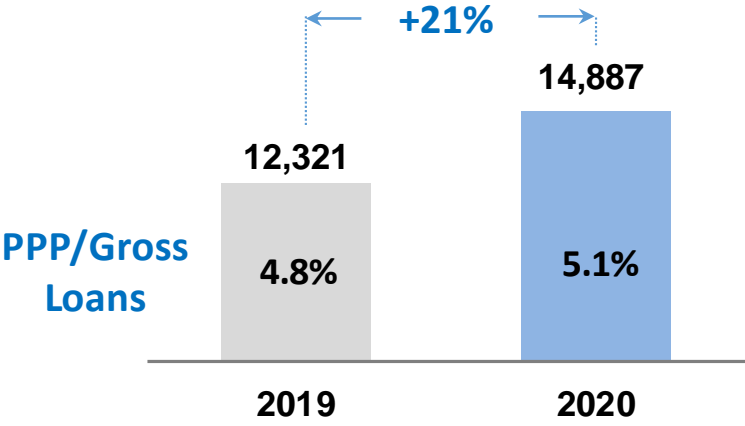
41% earnings increase with 12% RoTE and 5.1 bln TL net profit

Ongoing strength in PPP generation and prudence in provisions with 4.3 bln TL precautionary provisions

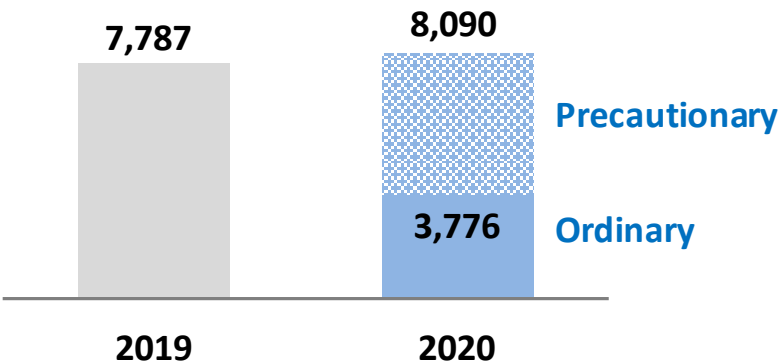
Net Profit



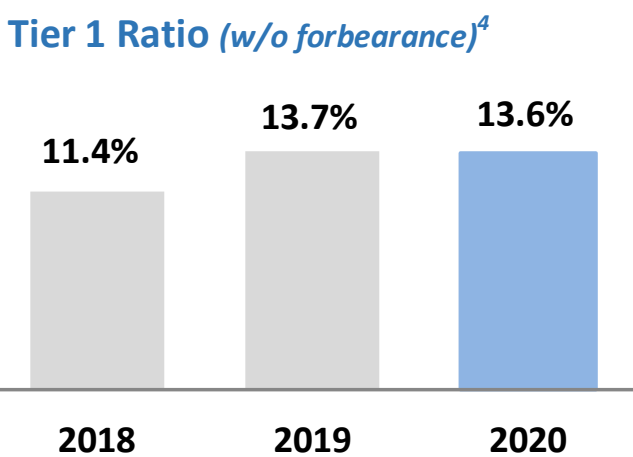
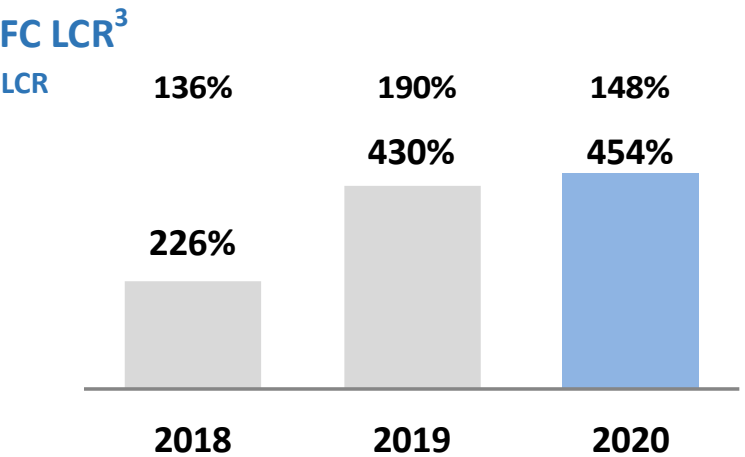
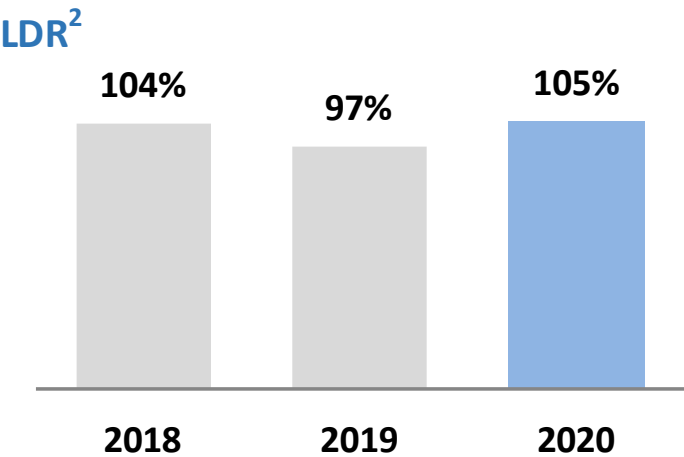
Pre-Provision Profit



Total Provisions¹



Fundamentals



Notes:

- 1. ECL + other provisions
- 2. LDR= Loans / (Deposits + TL Bonds)
- 3. Based on past three months averages
- 4. Excluding regulatory forbearance (Exchange Rate: 252 working days moving average); 2020 Reported Tier 1 Ratio at 14.1%

TL and small ticket driven volume growth

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TL loan growth at 26% with ongoing FC deleveraging, hands on and agile management on deposits

Volumes

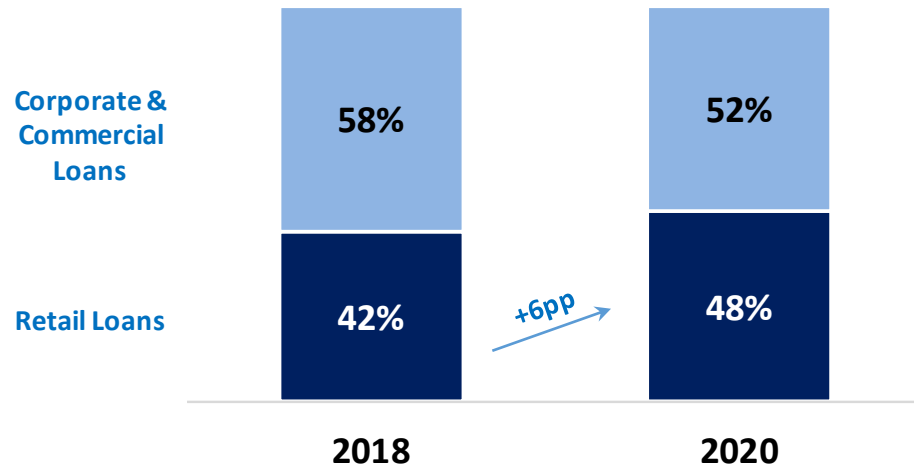
Loan Volumes (TL bln)

	Yapı Kredi			Private Banks ¹	
	2020	y/y	q/q	y/y	q/q
Cash+Non-cash Loans²	382.7	20%	0%	25%	2%
TL ³	199.4	25%	4%	31%	6%
FC (\$) ³	25.0	-7%	1%	-4%	1%
Cash Loans²	281.8	23%	0%	27%	2%
TL ³	166.9	26%	4%	33%	6%
FC (\$) ³	15.7	-4%	0%	-4%	-1%

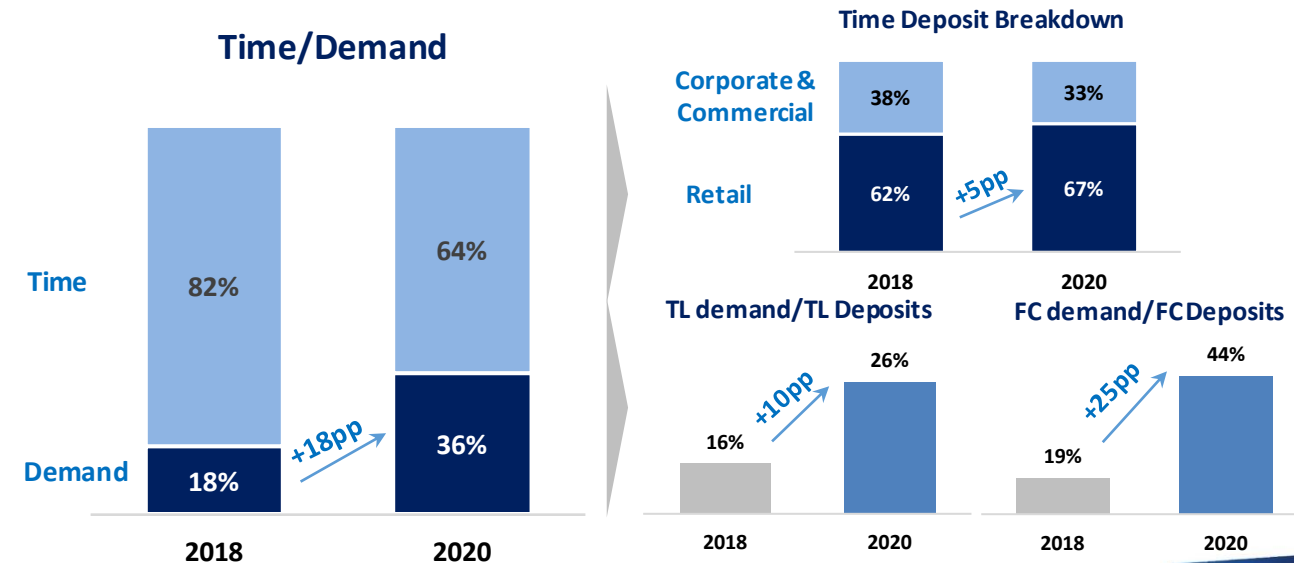
Deposit Volumes (TL bln)

	Yapı Kredi			Private Banks ¹	
	2020	y/y	q/q	y/y	q/q
Customer Deposits	259.3	15%	-2%	21%	1%
TL	103.5	4%	-1%	9%	2%
FC (\$)	21.2	0%	4%	5%	3%
Customer Demand Deposits	94.4	82%	-3%	86%	1%
TL	26.6	29%	-10%	22%	-9%
FC (\$)	9.2	77%	7%	82%	8%

Cash Loan Breakdown (FX adjusted)⁴



Customer Deposit Breakdown⁴



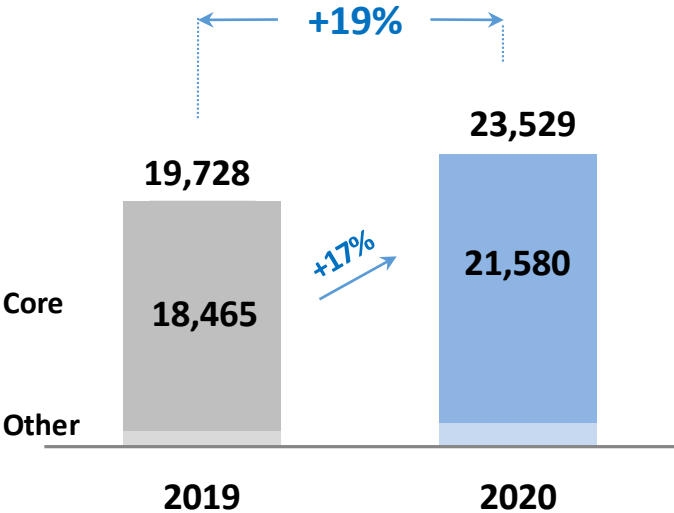
- Notes:
- Private banks based on BRSA weekly data as of 31 December 2020
 - Cash Loans indicate performing loans excluding factoring and leasing receivables
 - FX indexed loans included in FC loans
 - Based on MIS data, Loans: Retail includes individual, credit cards and SMEs, Deposit: Retail deposits include individual and SMEs

Revenues surged 19% y/y in 2020

13bps widening in the Core Revenue Margin resulting in 17% improvement in core revenues

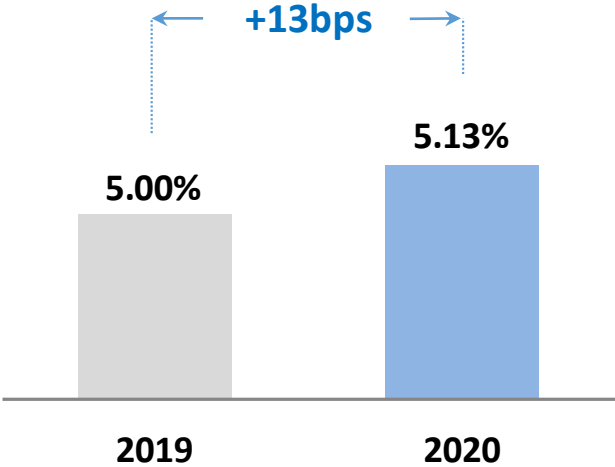
Revenues^{1;2} (TL mln)

Cumulative

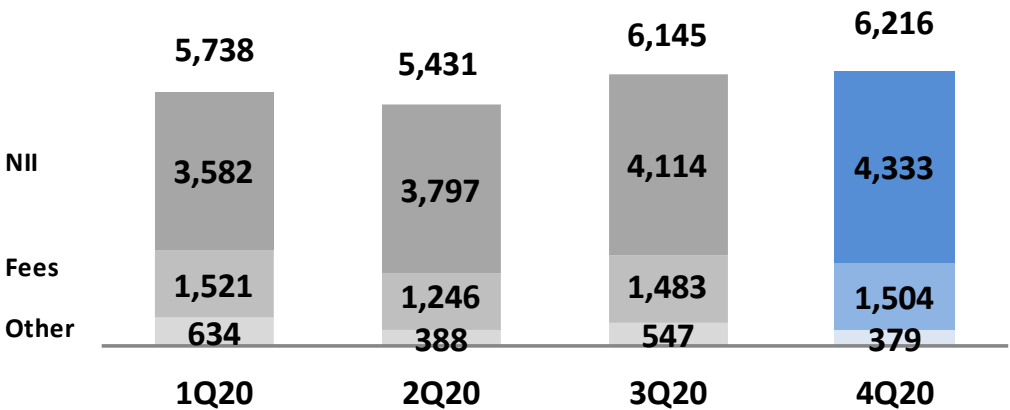


Core Revenue Margin

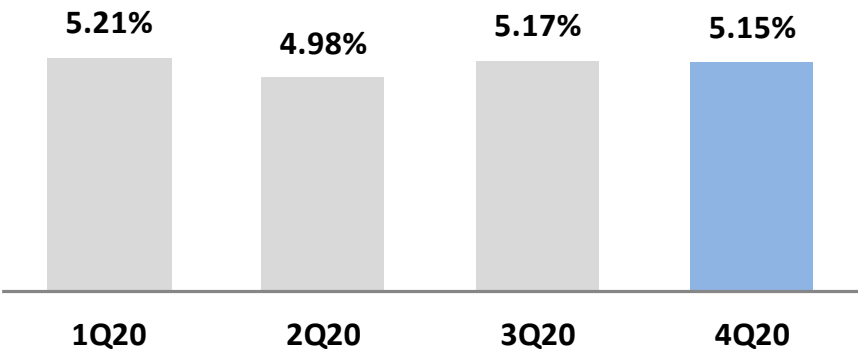
Cumulative



Quarterly



Quarterly



Notes:
1. Revenues and other revenues exclude ECL collection income and trading income to hedge FCECL
2. Core Revenues = NII + swap costs + net fee income

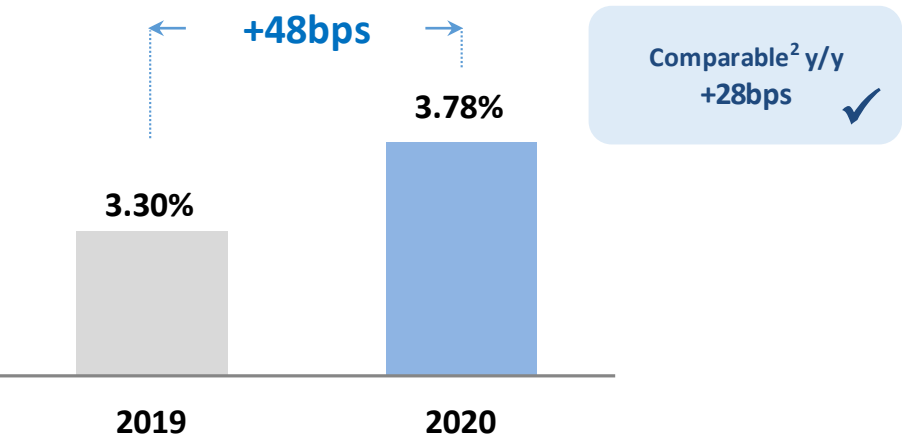
NIM widened 48bps in 2020 thanks to 100bps wider core NIM

Adjusted for the linker impact +28bps inline with the guidance

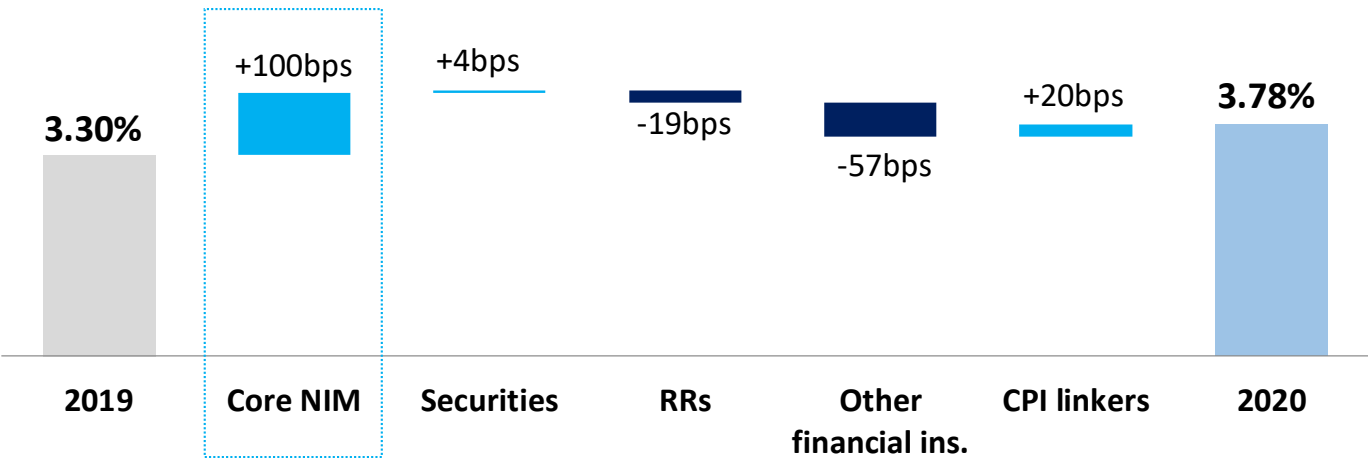
Revenues - NIM

Swap Adjusted NIM¹

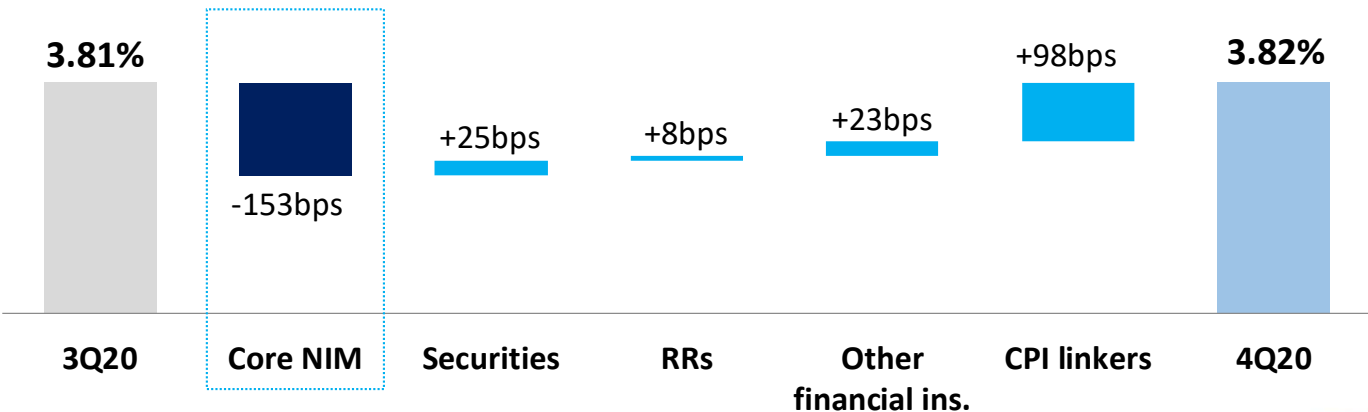
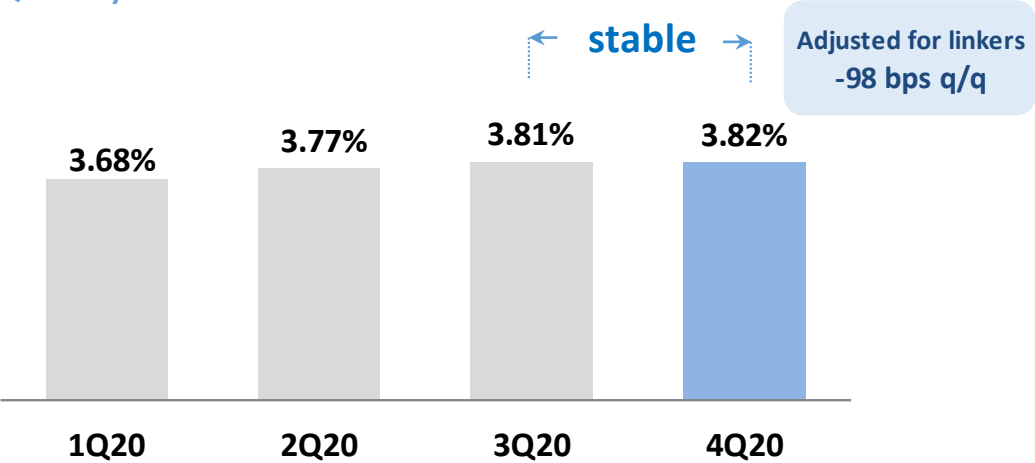
Cumulative



NIM Evolution¹



Quarterly



Notes:
Based on Bank-Only financials
1. Adjusted for fee accounting change. Reported - 2019: 3.47%
2. Adjusted for fee accounting change and inflation impact of CPI linkers

Strong y/y widening with lucrative and agile balance sheet management

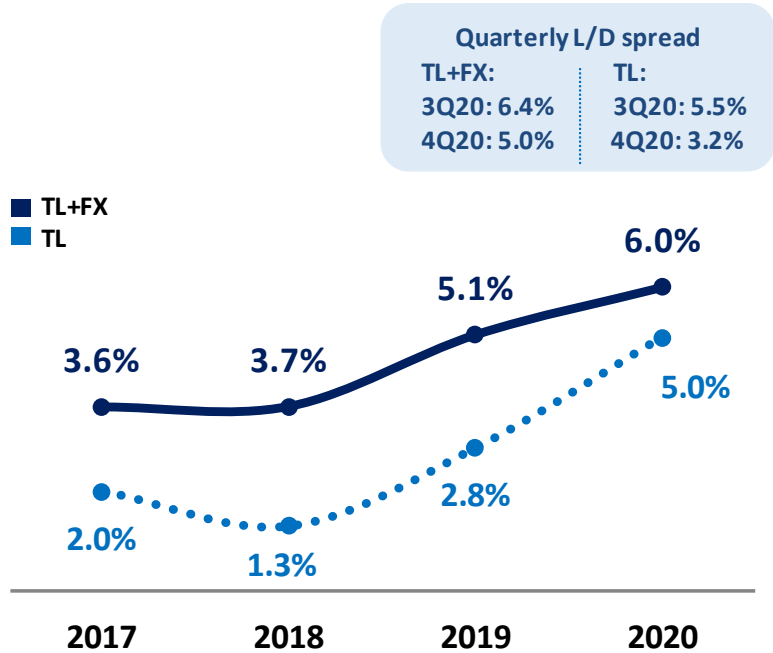
Higher TL rates put pressure on loan-deposit spread in 4Q20

Loan – Deposit Spread Evolution

Loan-Deposit Spread (Cumulative)

94 bps wider Loan-Deposit Spread versus 2019

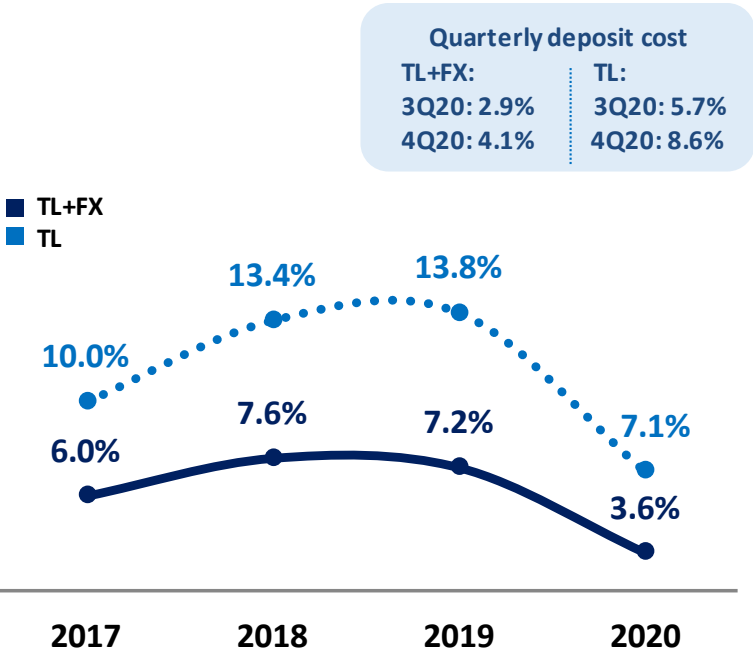
138 bps tighter Loan-Deposit Spread in 4Q20



Deposit Costs (Cumulative)

362 bps y/y improvement in cost of deposits thanks to demand deposit contribution

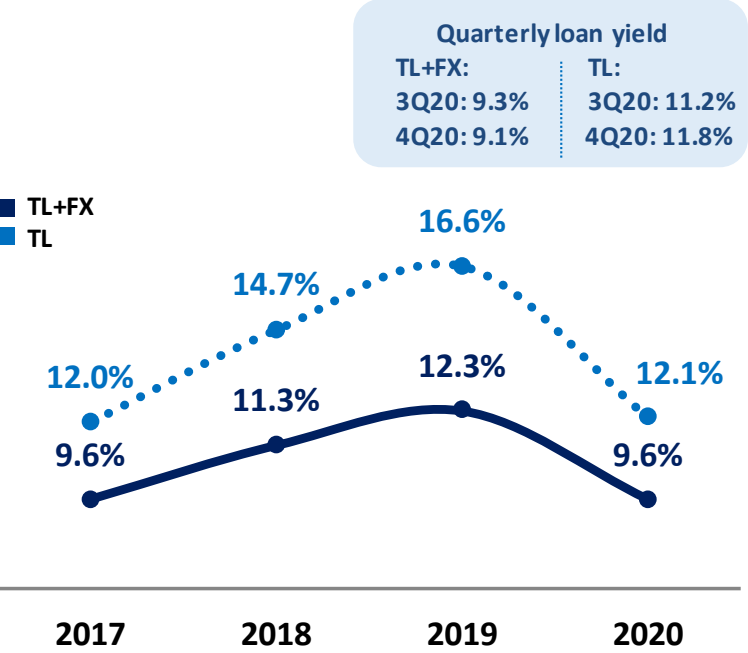
120 bps increase q/q mainly due to hike in TL deposit costs



Loan Yields (Cumulative)

Efficient pricing allowed a comparatively 267bps y/y decline in Loan yields

57bps increase in TL loan yields



Notes:
Based on Bank-Only financials

Annual fee growth at 4% in 2020

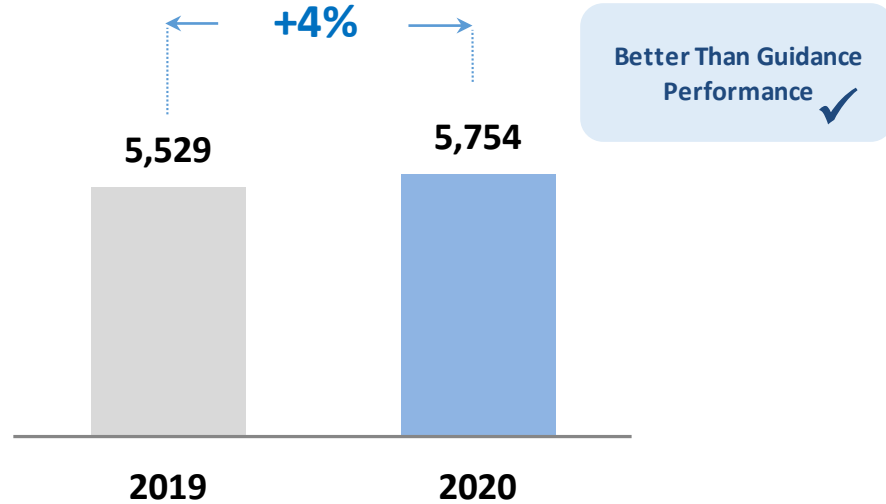
Regulatory and Covid-19 impact more than offset by ongoing diversification efforts

-9-

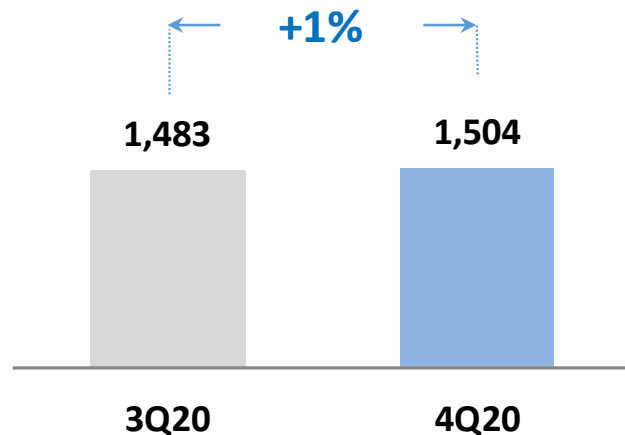
Revenues - Fees

Net Fee Income (TL mIn)

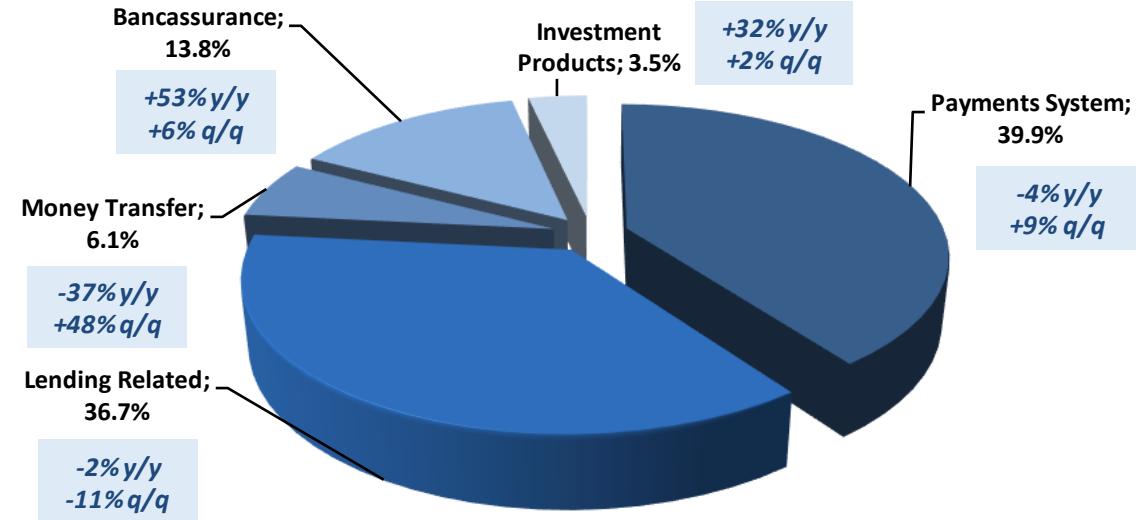
Cumulative



Quarterly

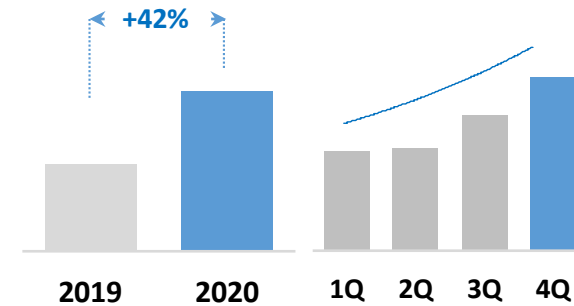


Net Fees Composition¹

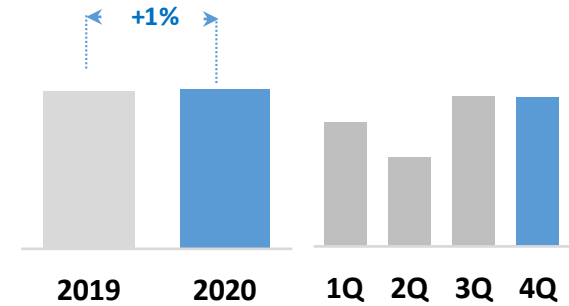


Transaction Numbers² (monthly average)

Money Transfers



Payments Systems



Strong transaction volumes supporting the fee growth

Notes:

1. Based on Bank-Only financials

2. MIS data

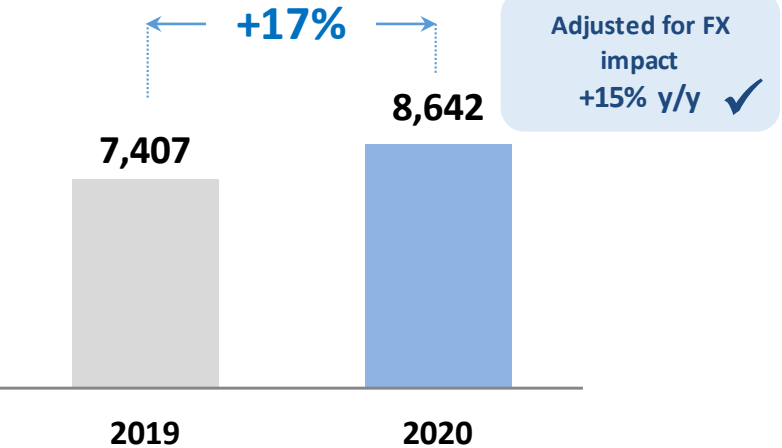
Covid-19, macro and regulatory impacts are weighing in cost growth

-10-

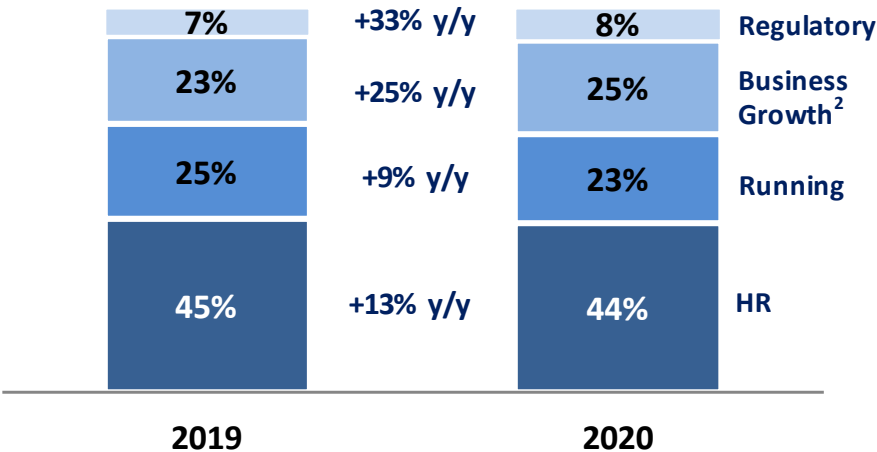
Adjusted for higher FX impact cost growth at 15%; Running cost growth at single digit

Costs

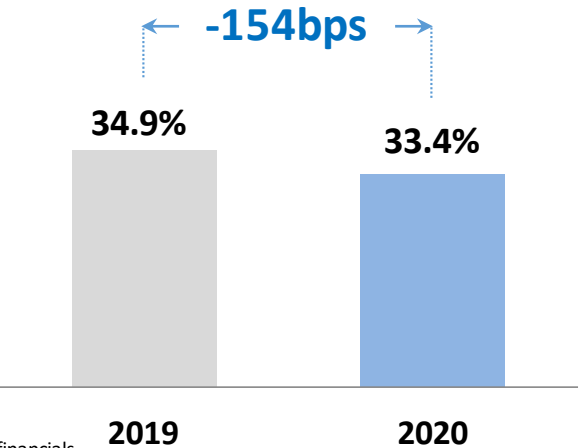
Operating Costs (TL mIn)



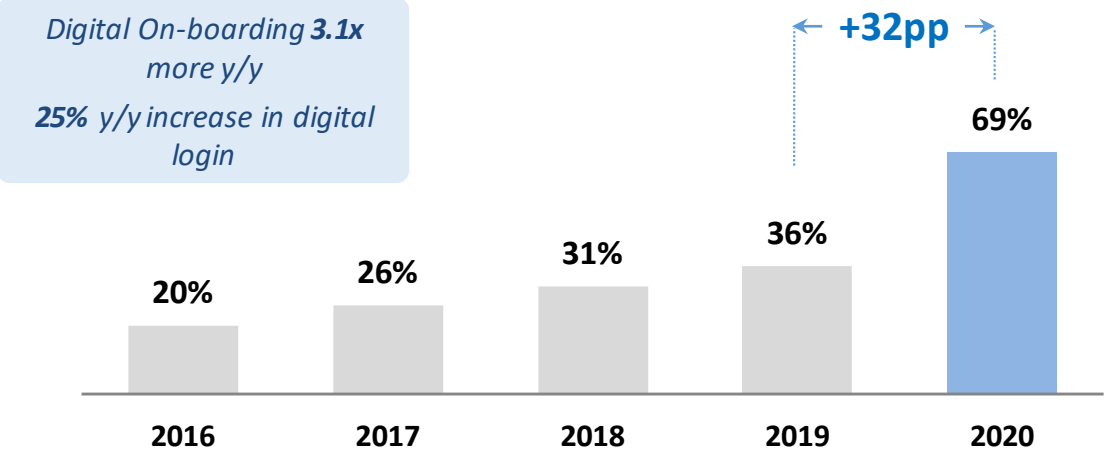
Cost Breakdown¹



Cost to Income



Share of Digital in Main Products³ Sold

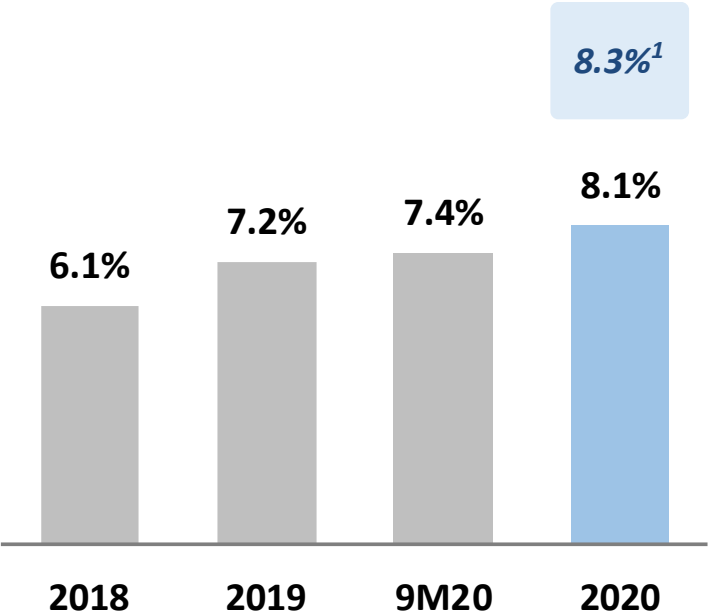


Notes:
1. Based on BRSA bank-only financials
2. Includes customer acquisition costs and depreciation
3. Based on MIS data; Main Products; GPL, CC, Time Deposit, and Flexible Account

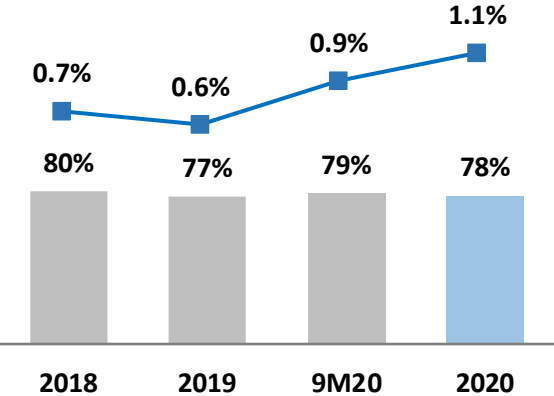
8.1% total coverage ratio with a significant increase; NPL ratio at 6.4%

Conservative provisioning approach ahead of 2021

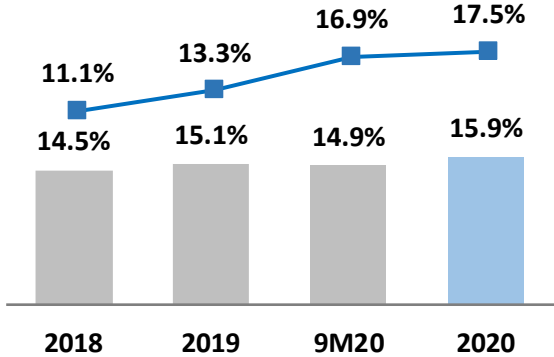
Provisions / Gross Loans



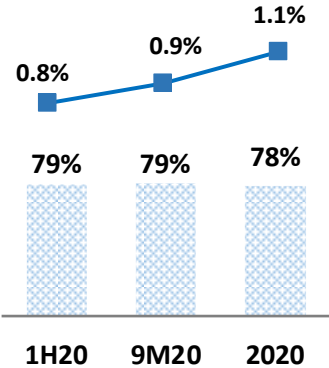
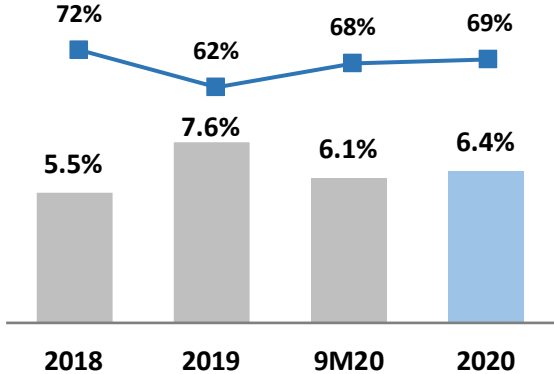
Stage I



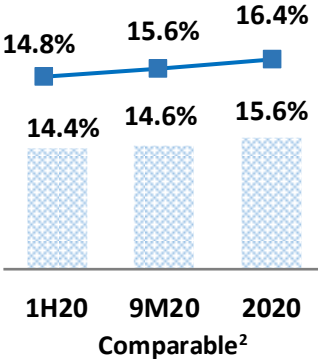
Stage II



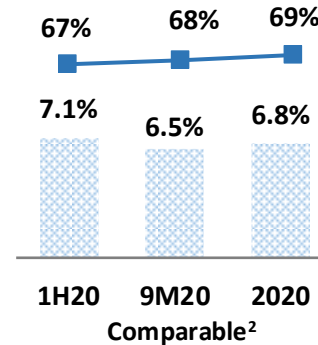
Stage III



Comparable²



Comparable²



Comparable²

Notes:
Based on Bank-only BRSA financials
Excluding additional provisions for risks and charges
596 TL mln NPL write-off in 1Q20
1. Including other provisions for risks and charges
2. On a comparable basis inline with previous periods; 90-180 days past due loans as NPL and 30-90 days past due loans as Stage 2

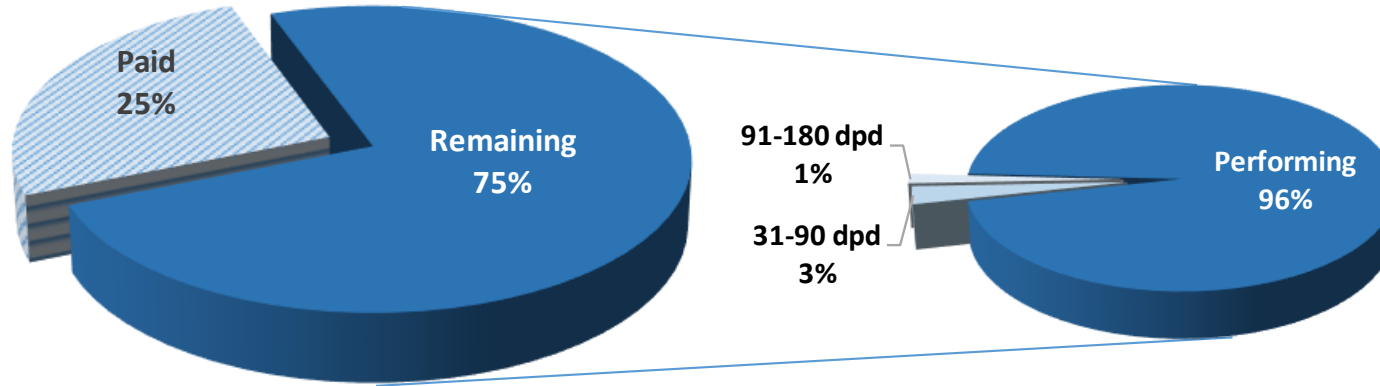
Loan Postponements & Loans with 90-180 dpd

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Strong coverage for postponements despite healthier performance, 90-180 dpd at 1 bln TL with 62% coverage

Asset Quality

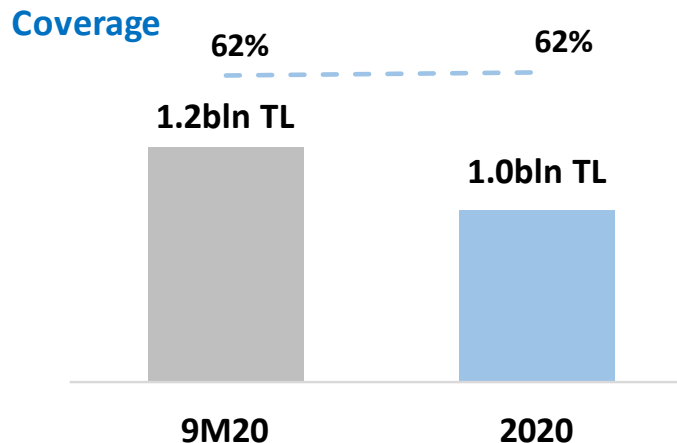
Loan Postponements



Postponements

- **25% of the ~19 bln TL of total postponed loans were paid**
- **Loan postponement stock at 14 bln TL; ~3% of total loans with further coverage increase at ~12%**
 - 19% at Stage 2; Coverage at 21%
 - 81% at Stage 1; Coverage at 10%
 - Total provisions: 1.7 bln TL
- **Just 200 mln TL of the loans are past due more than 90 days**

Loans with 90-180 days past due



90-180 days past due loans under Stage 2

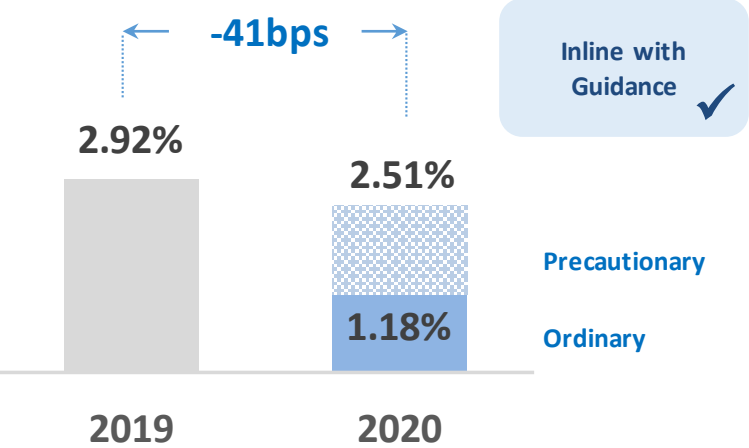
- **Down to 1 bln TL with 62% coverage**
 - Total provisions: 620 mln TL

CoR at 251bps in line with guidance

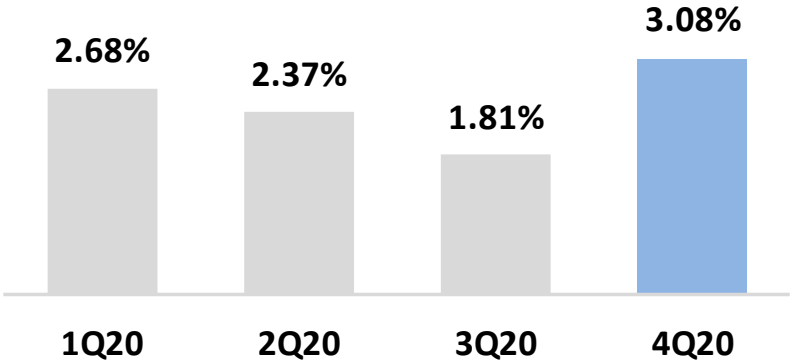
133bps front loaded precautionary provisions in 2020

Total Cost of Risk¹

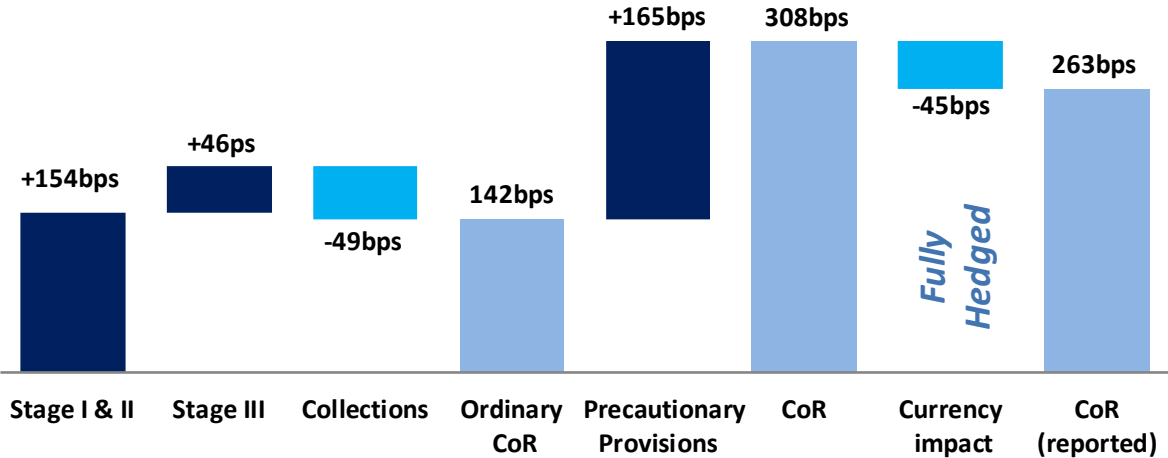
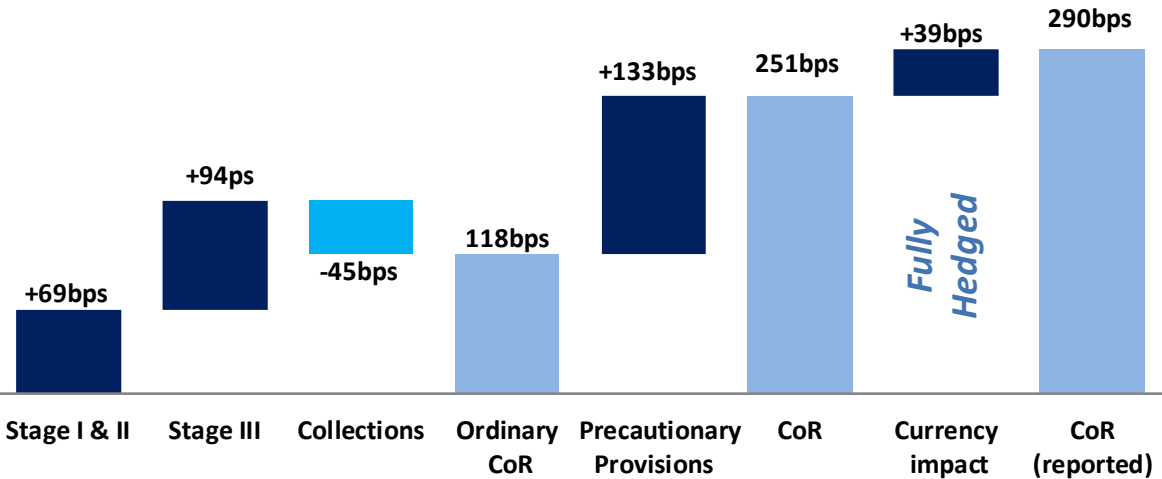
Cumulative



Quarterly



Cost of Risk Composition



Notes:
Based on Consolidated BRSA financials
1. Cost of Risk = (Total Expected Credit Loss- Collections-FC ECL hedge)/Total Gross Loans

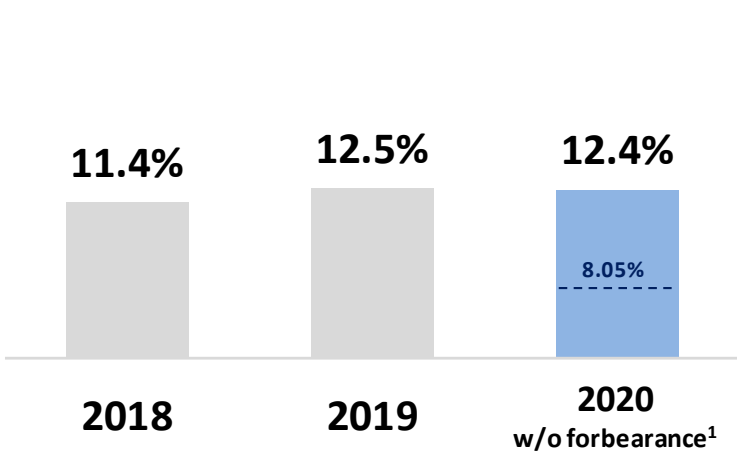
Strength in capital ratios with ongoing internal capital generation

Regulatory buffers >400bps and above for each Capital Ratio

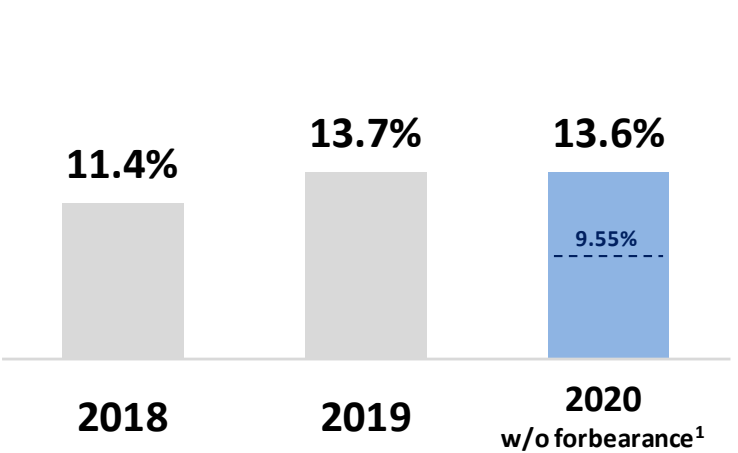
Capital

Capital Ratios

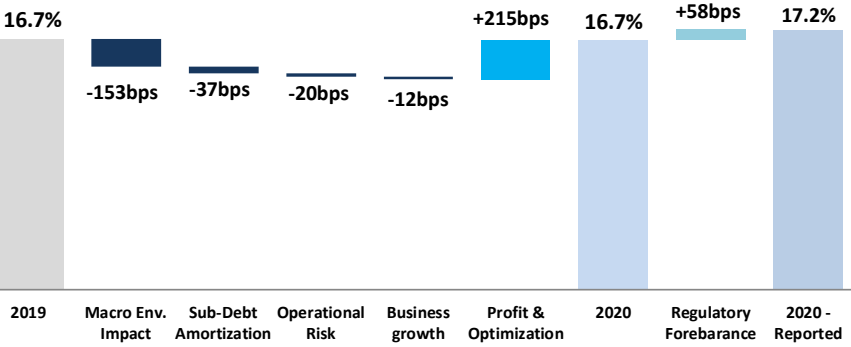
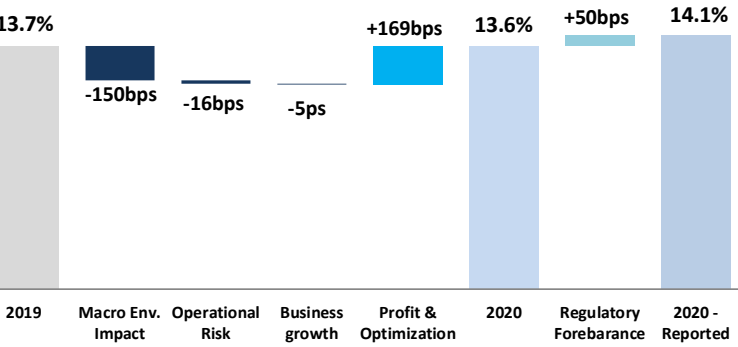
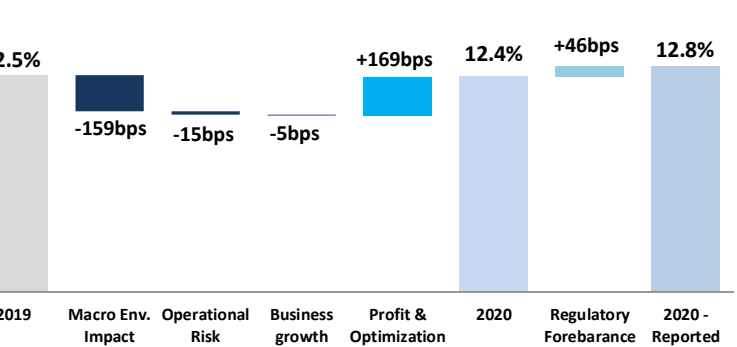
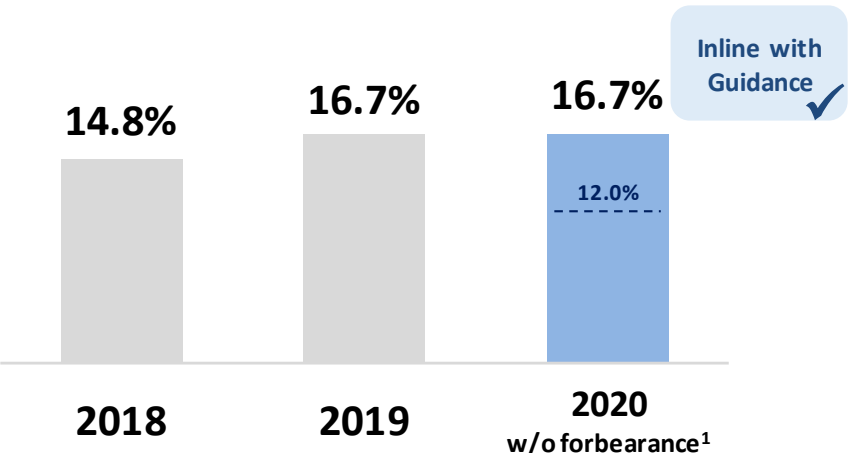
CET1



Tier1



CAR



Notes:
1. Excluding regulatory forbearance (Exchange Rate: 252 working days moving average)
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% (BRSA suggestion)

Sustainability Approach

Environmental



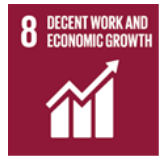
- Environmental and social risk assessment system for commercial and corporate lending
- Turkey's first green project finance loan
- Zero waste management system implemented in head offices
- Renewable energy loans at 2.3 bln \$
- CDP Climate Change score at «B» & Water Security at «A-»



Social



- Highest sectoral female employment rate in Turkey, **62.5%** in 2020
- Inclusion in the 2021 Bloomberg Gender Equality Index, scoring higher than global and sectoral average
- Employee engagement and satisfaction scores at **75%** and **77%**
- First Enabled Banking Program in Turkey, ensuring financial access to people with disabilities
- Increased financial inclusion via diverse digital banking solutions
- Community investments worth **~50 mln TL**



Governance



- Yapı Kredi culture built upon freedom, respect, fairness, transparency and trust
- Board composition in line with CMB regulation
- Sound policy and procedures on **data privacy and cyber security**
- Whistleblower Programme ensuring transparency, integrity and Responsiveness
- Data privacy and cybersecurity investments worth **~30 mln TL**



Sustainability Goals

Climate Change & Sustainable Finance

- Diversifying sustainable product portfolio and expanding climate finance
- Reducing Scope 1 and Scope 2 emissions in head and service offices
- Supporting and engaging with clients to facilitate their energy transition and alignment with the «European Green Deal»
- Decreasing Bank's risk in carbon intensive sectors

Responsible Banking

- Environmental and social risk assessment system for even smaller ticket company lending
- Full compliance with Equator Principles (EP4, 2020)
- Effective non-financial risk management in line with the TCFD recommendations
- Further increasing financial inclusion for small and medium sized enterprises (SMEs)
- Developing sector specific policies to implement a sector based approach

Employee Engagement & Diversity

- Attracting new talents for future skills
- Diverse, engaged and trained workforce
- Flexible and adaptive work environment

Recognitions & ESG Initiatives



Founding Signatory of:



PRINCIPLES FOR RESPONSIBLE BANKING

In support of

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office



BIST
SUSTAINABILITY INDEX
CONSTITUENT COMPANY

2020 Realization vs Guidance

Better than guidance RoTE in a volatile environment

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Guidance

		2020 Guidance	2020 Actual	
Fundamentals	LDR	≤ 105%	105%	✓
	CAR (w/o forbearance)	~ 16%	16.7%	✓
Volumes	TL Loan Growth	High-teens	26%	↑
Revenues	NIM (comparable)	~+30 bps	+28 bps	✓
	Fees	Single-digit contraction	+4%	↑
Costs	Cost increase	Mid-teens	17% (15% excl. FX impact)	✓
Asset Quality	NPL Ratio (comparable)	~7%	6.5%	✓
	Total CoR	< 300bps	251bps	✓
Profitability	RoTE	10% - 11%	12.0%	↑

Notes:

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

1. CAR excluding regulatory forbearances

		2021 Guidance	Guidance Drivers
Fundamentals	LDR ¹	< 110%	<ul style="list-style-type: none"> Ongoing Strong Liquidity Levels, LDR improving in 2H with de-dollarisation
	CAR (w/o forbearance)	> 16%	<ul style="list-style-type: none"> Capital ratios to be supported by internal capital generation
Volumes	TL Loan Growth	High-teens	<ul style="list-style-type: none"> TL denominated volume growth with ongoing small ticket focus
Revenues	NIM (excl. linker impact)	~-30bps	<ul style="list-style-type: none"> Higher TL funding costs to pressure NIM
	Fees	Mid-teens	<ul style="list-style-type: none"> Ongoing diversification efforts and support from higher number of transactions
Costs	Cost increase	Mid-teens	<ul style="list-style-type: none"> Increase in cost mainly due to regulatory costs and business growth Limited increase on running costs thanks to digitalisation and cost controls
Asset Quality	NPL Ratio	< 7%	<ul style="list-style-type: none"> Excluding potential NPL sales and write-offs in 2021
	Total CoR	< 200bps	<ul style="list-style-type: none"> Improvement in CoR thanks to front-loaded provisioning in 2020

2021 RoTE: Mid-Teens

Notes:

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

1. Does not represent end-of-period. Representing any point through the year

Annex

Macro Environment

Visible improvement in macro indicators normalisation actions

	2017	2018	2019	2020
GDP Growth (y/y)	7.5%	2.9%	0.9%	0.5% (9M20)
CPI Inflation (y/y)	11.9%	20.3%	11.8%	14.6%
Consumer Confidence Index (avg)	90.7	87.8	79.7	81.0
CAD¹/GDP²	-4.8%	-2.6%	1.1%	-5.4%
Budget Deficit/GDP	-1.5%	-1.9%	-2.9%	-3.5%
Unemployment Rate³	10.9%	11.0%	13.7%	12.9%
USD/TL (eop)	3.77	5.26	5.94	7.34
2Y Benchmark Bond Rate (eop)	13.4%	19.7%	11.8%	15.0%

Notes:

All macro data as of December 2020 unless otherwise stated

Banking sector volumes based on BRSA weekly data as of 31 December 2020

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

2. GDP as of Sep'20

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

4. CAR and ROATE are as of December 2020; CAR includes regulatory forbearances

Banking Sector

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

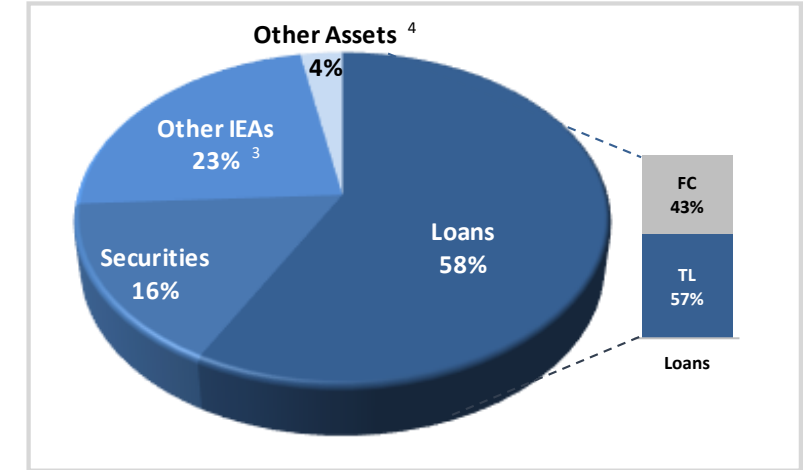
	2017	2018	2019	2020
Loan Growth (y/y)	21%	14%	10%	33%
<i>Private</i>	16%	6%	5%	27%
<i>State</i>	27%	23%	19%	44%
Cust. Deposit Growth (y/y)	17%	18%	23%	33%
<i>Private</i>	14%	16%	18%	21%
<i>State</i>	25%	22%	34%	51%
NPL Ratio	2.9%	3.8%	5.2%	4.0%
CAR⁴	16.5%	16.9%	18.0%	18.3%
ROTE⁴	14.9%	13.9%	10.6%	10.8%

Consolidated Balance Sheet

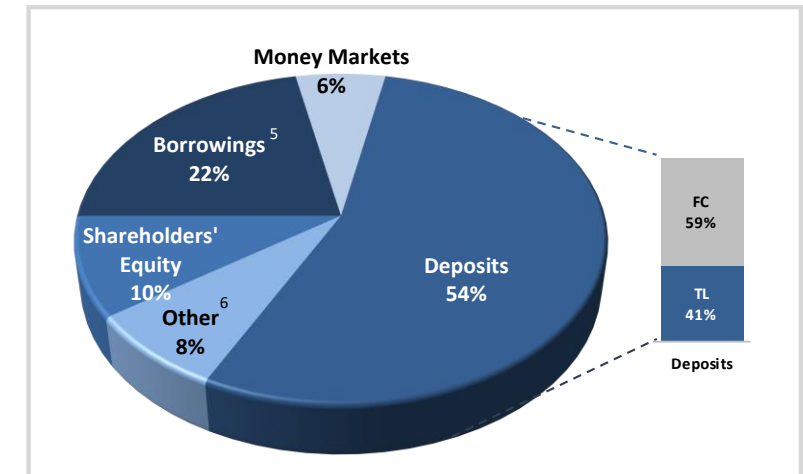
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TL bln	9M19	2019	9M20	2020	q/q	y/y
Total Assets	396.9	411.2	492.5	486.5	-1%	18%
Loans¹	222.4	229.4	283.0	281.8	0%	23%
TL Loans	126.2	132.6	161.1	166.9	4%	26%
FC Loans (\$)	17.0	16.3	15.6	15.7	0%	-4%
Securities	54.4	57.1	77.1	78.8	2%	38%
TL Securities	39.3	41.1	49.7	51.1	3%	24%
FC Securities (\$)	2.7	2.7	3.5	3.8	8%	40%
Customer Deposits	214.4	226.0	263.5	259.3	-2%	15%
TL Customer Deposits	90.5	99.5	104.1	103.5	-1%	4%
FC Customer Deposits (\$)	21.9	21.3	20.4	21.2	4%	0%
Borrowings	100.1	102.4	112.7	106.3	-6%	4%
TL Borrowings	8.3	10.8	11.5	11.6	1%	7%
FC Borrowings (\$)	16.2	15.4	13.0	12.9	-1%	-16%
Shareholders' Equity	40.2	41.2	46.7	47.6	2%	15%
Assets Under Management	26.5	27.3	41.8	44.3	6%	62%
Loans/(Deposits+TL Bills)	100%	97%	102%	105%		
CAR²	16.7%	16.7%	16.7%	16.7%		
Tier-I²	13.6%	13.7%	13.5%	13.6%		
Common Equity Tier-I²	12.5%	12.5%	12.2%	12.4%		

Assets



Liabilities



Notes:

- Loans indicate performing loans. TL and FC Loans are adjusted for the FX indexed loans
- 9M20 & 2020 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

- 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

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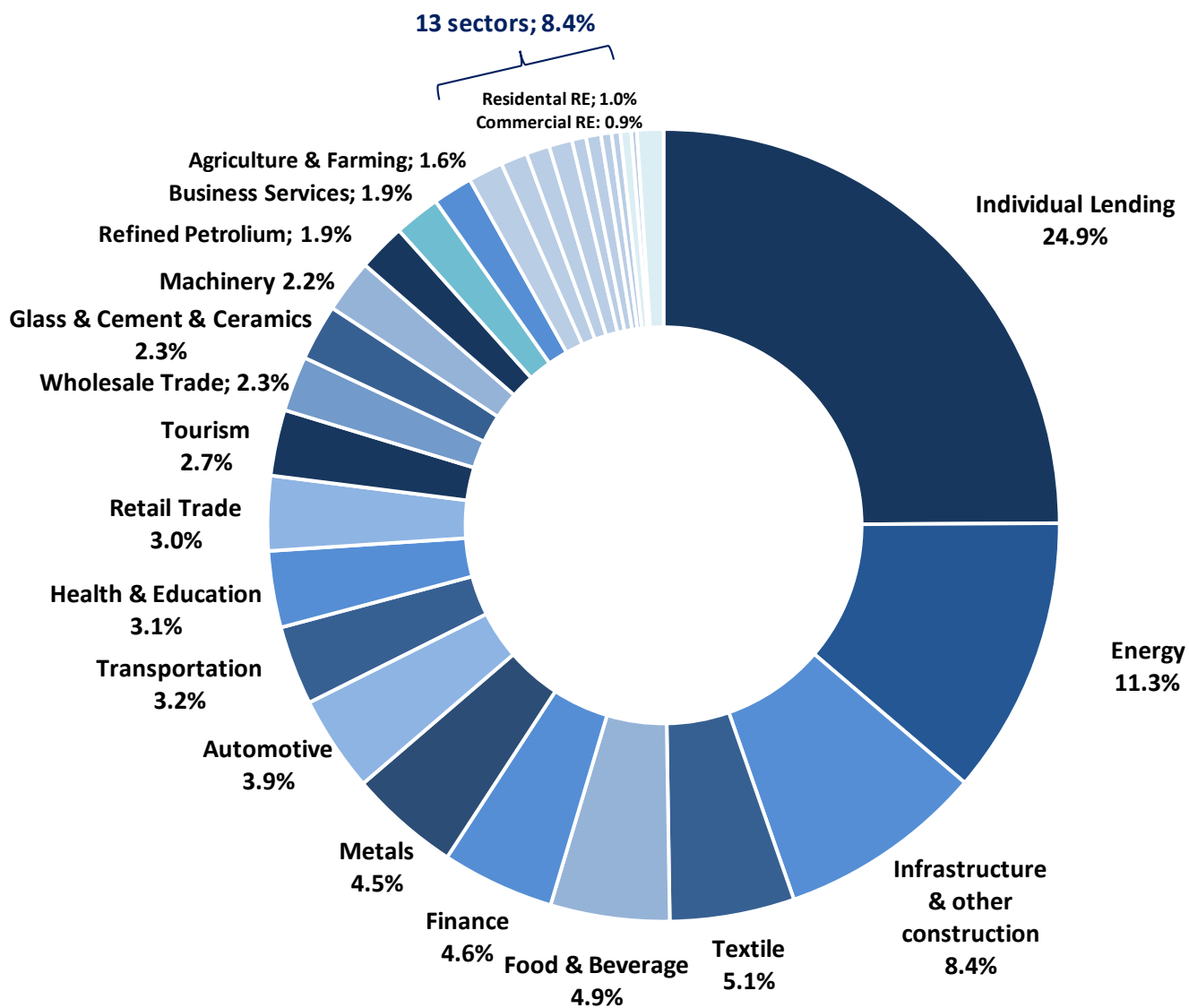
TL million	4Q19	3Q20	4Q20	q/q	y/y	2019	2020	y/y
Net Interest Income including swap costs	3,329	4,114	4,333	5%	30%	12,936	15,826	22%
o/w NII	3,926	4,350	5,319	22%	35%	15,531	18,031	16%
o/w CPI-linkers	304	940	2,068	120%	579%	2,692	4,589	70%
CPI-linkers (normalised)	727	1,195	1,303	9%	79%	2,692	4,589	70%
o/w Swap costs	-597	-236	-986	318%	65%	-2,595	-2,205	-15%
Fees & Commissions	1,587	1,483	1,504	1%	-5%	5,529	5,754	4%
Core Revenues	4,916	5,597	5,837	4%	19%	18,465	21,580	17%
Operating Costs	2,122	2,082	2,463	18%	16%	7,407	8,642	17%
Core Operating Income	2,794	3,515	3,374	-4%	21%	11,058	12,938	17%
Trading and FX gains/losses	148	423	350	-17%	137%	774	1,497	93%
o/w FX gains/losses	98	192	214	11%	117%	441	622	41%
o/w MtM gains/losses	-7	177	73	-59%	n.m.	48	452	834%
o/w Trading gains/losses	56	54	63	18%	12%	285	423	49%
Other income	186	124	29	-76%	-84%	489	452	-8%
o/w income from subs	26	20	27	38%	6%	94	89	-5%
o/w Dividends	1	0	1	184%	2%	17	17	1%
o/w Others	160	104	1	n.m.	-100%	378	346	-8%
Pre-provision Profit	3,128	4,063	3,753	-8%	20%	12,321	14,887	21%
ECL net of collections	2,726	1,372	2,441	78%	-10%	7,483	7,285	-3%
o/w Stage 3 Provisions	2,812	871	1,267	45%	-55%	7,694	4,338	-44%
o/w Stage 1 + Stage 2 Provisions	450	1,647	1,211	-26%	169%	1,290	5,376	317%
o/w Collections (-)	329	343	390	14%	18%	1,115	1,301	17%
o/w ECL hedging (-)	207	803	-352	-144%	-270%	386	1,128	192%
Provisions for Risks and Charges	-12	303	19	-94%	-258%	257	735	186%
Other Provisions	18	19	4	-77%	-76%	48	69	44%
Pre-tax Income	396	2,369	1,289	-46%	225%	4,534	6,797	50%
Tax	133	515	524	2%	294%	934	1,717	84%
Net Income	263	1,854	765	-59%	191%	3,600	5,080	41%
ROTE	2.7%	17.1%	6.8%	n.m.	406bps	9.4%	12.0%	256bps
ROAA	0.3%	1.6%	0.6%	-96bps	36bps	0.9%	1.1%	21bps

Bank-Only Income Statement

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TL million	4Q19	3Q20	4Q20	q/q	y/y	2019	2020	y/y
Net Interest Income including swap costs	3,046	3,831	4,011	5%	32%	11,761	14,702	25%
o/w NII	3,723	4,089	5,040	23%	35%	14,776	16,977	15%
o/w CPI-linkers	304	940	2,068	120%	579%	2,692	4,589	70%
CPI-linkers (normalised)	727	1,195	1,303	9%	79%	2,692	4,589	70%
o/w Swap costs	-677	-258	-1,029	299%	52%	-3,015	-2,275	-25%
Fees & Commissions	1,513	1,350	1,338	-1%	-12%	5,287	5,247	-1%
Core Revenues	4,559	5,181	5,349	3%	17%	17,048	19,949	17%
Operating Costs	2,016	1,958	2,306	18%	14%	6,988	8,141	17%
Core Operating Income	2,543	3,223	3,043	-6%	20%	10,060	11,808	17%
Trading and FX gains/losses	129	376	354	-6%	173%	744	1,403	89%
o/w FX gains/losses	42	160	225	41%	429%	408	543	33%
o/w MtM gains/losses	38	169	69	-59%	80%	108	452	321%
o/w Trading gains/losses	49	47	61	28%	24%	229	409	79%
Other income	312	332	309	-7%	-1%	1,104	1,195	8%
o/w income from subs	178	246	202	-18%	13%	781	884	13%
o/w Dividends	1	0	1	n.m.	50%	9	3	-68%
o/w Others	133	86	106	23%	-21%	313	308	-2%
Pre-provision Profit	2,984	3,931	3,705	-6%	24%	11,908	14,406	21%
ECL net of collections	2,630	1,312	2,460	88%	-6%	7,271	7,061	-3%
o/w Stage 3 Provisions	2,764	866	1,307	51%	-53%	7,566	4,306	-43%
o/w Stage 1 + Stage 2 Provisions	402	1,592	1,191	-25%	196%	1,206	5,184	330%
o/w Collections (-)	329	343	390	14%	18%	1,115	1,301	17%
o/w ECL Hedging	207	803	-352	-144%	-270%	386	1,128	192%
Provisions for Risks and Charges	-12	303	19	-94%	-258%	257	735	186%
Other Provisions	189	13	4	-67%	-98%	216	57	-73%
Pre-tax Income	353	2,303	1,221	-47%	246%	4,339	6,552	51%
Tax	89	449	456	2%	410%	739	1,472	99%
Net Income	263	1,854	765	-59%	191%	3,600	5,080	41%
ROTE	2.7%	17.0%	6.8%	n.m.	405bps	9.4%	12.0%	255bps
ROAA	0.3%	1.7%	0.7%	-101bps	38bps	1.0%	1.2%	22bps

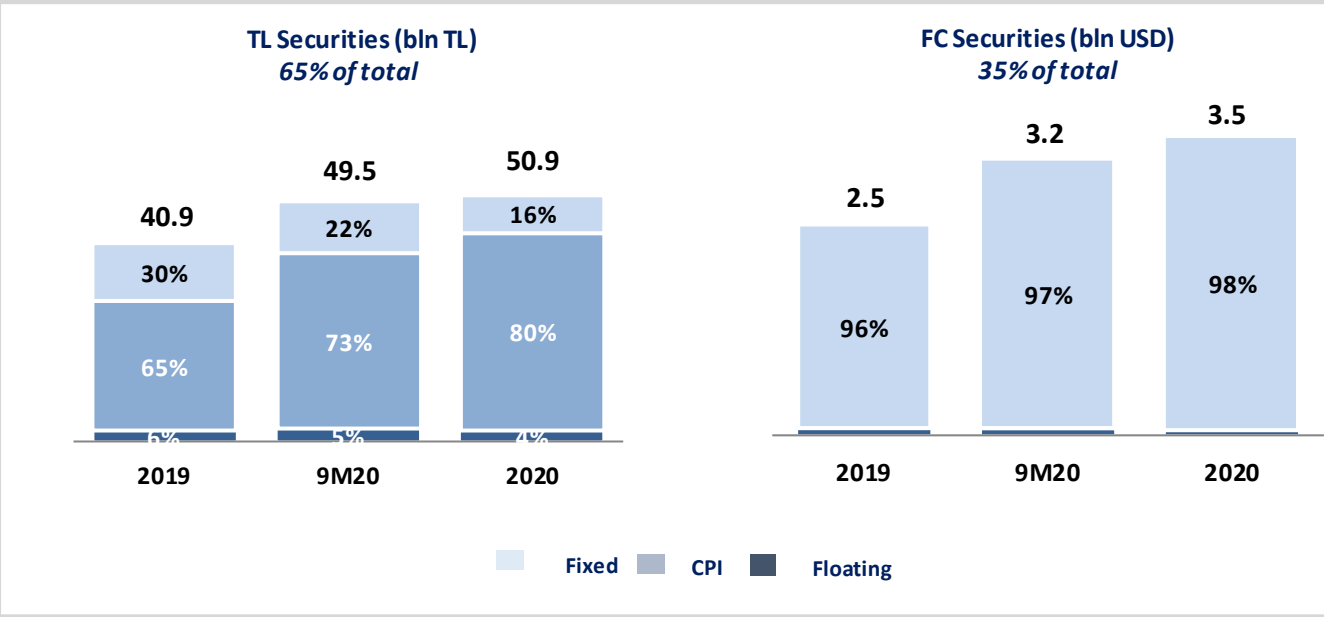
Sectoral Breakdown of Loans



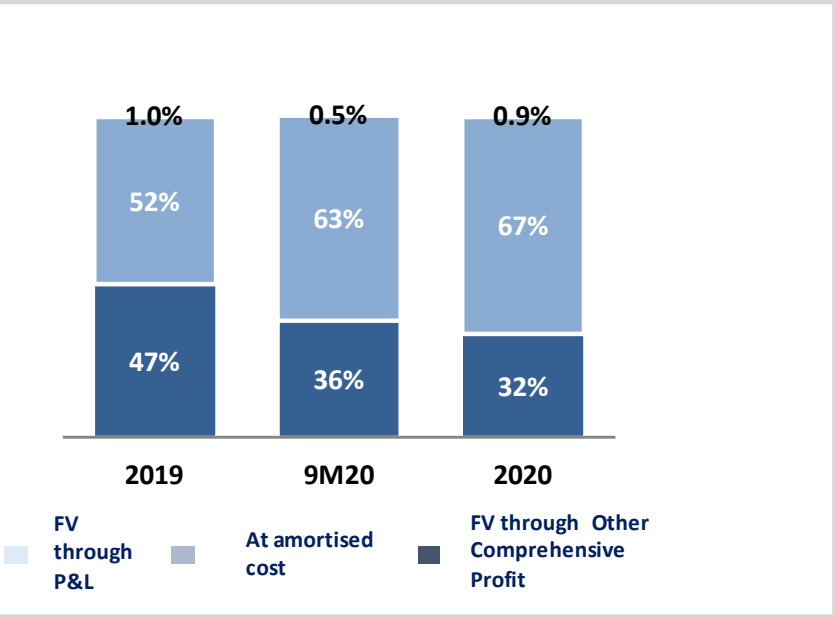
- **Energy Sector** total coverage at 17%, 45% of the loans are under Stage 2
- **Energy Sector Risky Stage 2 files'** coverage at 35%
- **Infrastructure and other construction** total coverage at 12%
- **Total Real Estate loans** Stage 2 coverage at 17%
- **Tourism Sector** share in total at 2.7%
- 6.6% share of **SMEs** in total loans, ~60% of which is under CGF scheme

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

Composition by Type¹

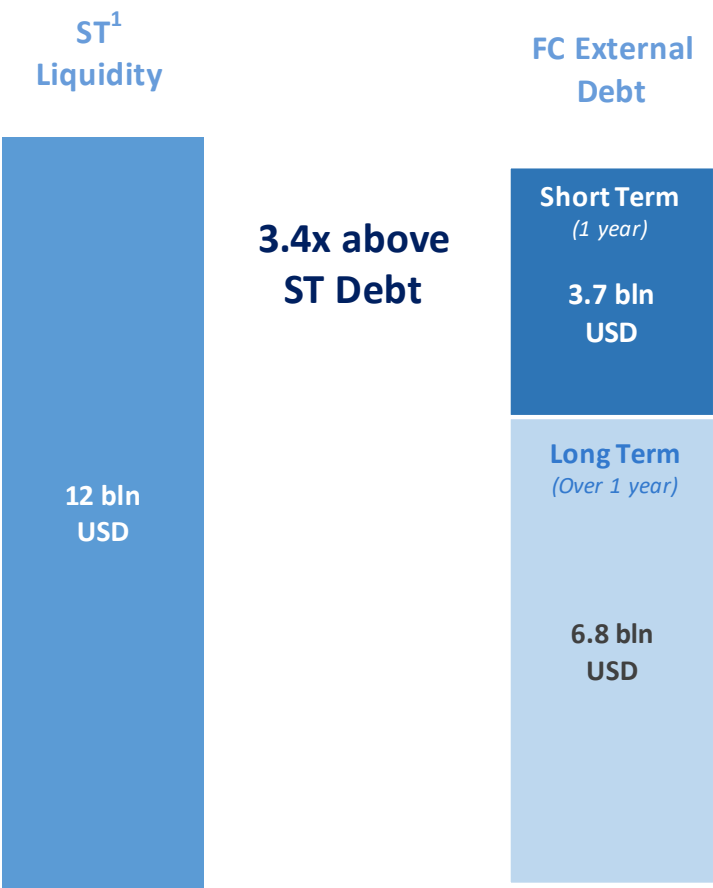


Composition by Classification¹



- **CPI linker volume: 40.8 bln TL with 4,587 mln TL income (CPI inflation (Oct-Oct): 2020: 11.9%; 2019: 8.55%)**
- **M-t-m unrealised gain² at +213 mln TL as of 2020 (-147 mln TL in 2019)**

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







Short Term Funding (bln USD)	Total	1Q21	2Q21	3Q21	4Q21
Tier I & II	0.5	0.5	0.0	0.0	0.0
Senior Bonds	0.0	0.0	0.0	0.0	0.0
Securitizations & Supranational Funding	0.4	0.1	0.2	0.1	0.1
Syndications	1.8	0.0	0.9	0.0	0.8
Other	1.0	0.2	0.5	0.3	0.1
Total	3.7	0.7	1.5	0.3	1.1

Long Term Funding (bln USD)	Total	2022	2023	2024	2024+
Tier I & II	2.4	0.9	0.9	0.7	0.0
Senior Bonds	2.1	0.6	0.5	1.0	0.0
Securitizations & Supranational Funding	2.1	0.3	0.4	0.4	1.0
Syndications	0.0	0.0	0.0	0.0	0.0
Other	0.3	0.1	0.0	0.0	0.2
Total	6.8	1.9	1.7	2.0	1.2

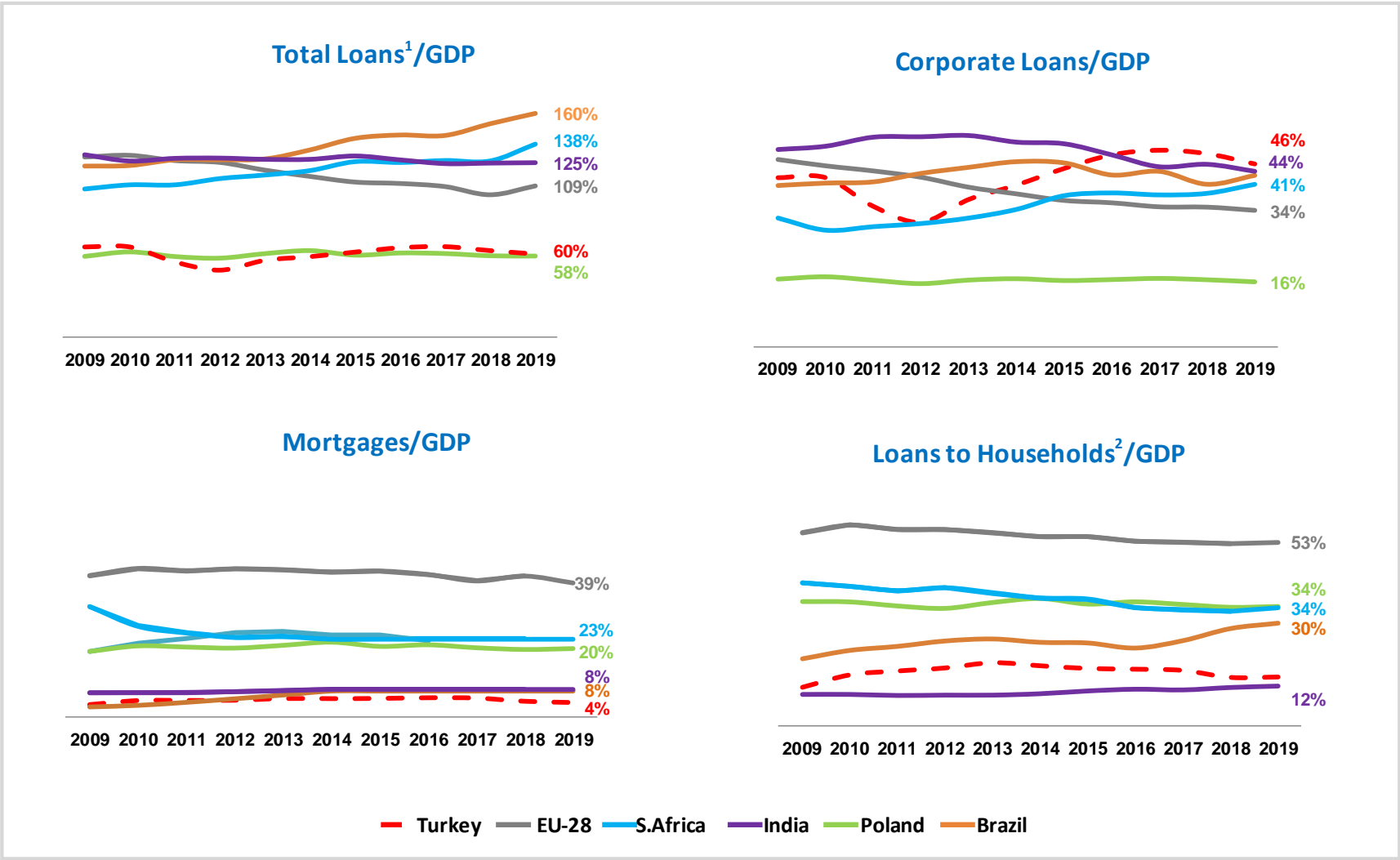
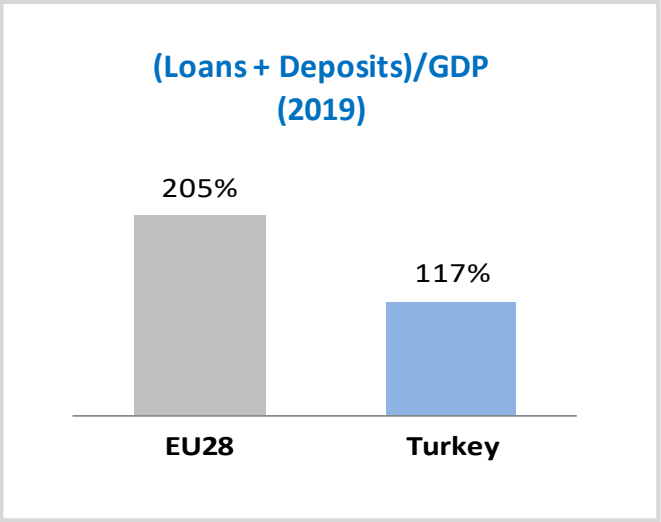
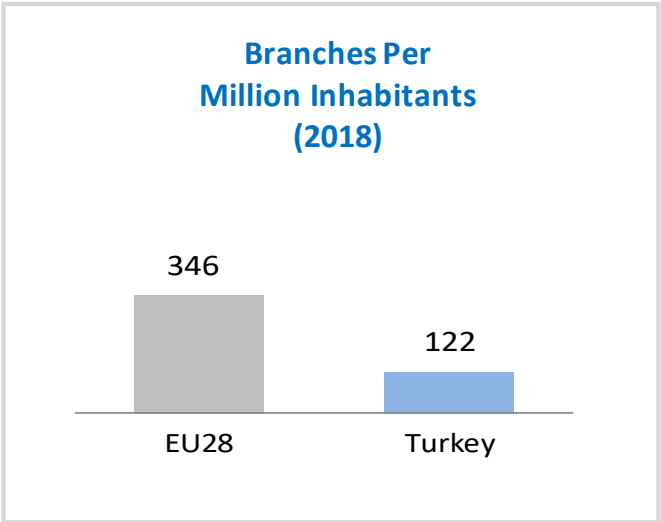
Notes:
Based on Bank-only MIS data
1. 1 month liquidity

Details of main Borrowings

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International	Syndications	<p>~ US\$ 1.61 bln</p> <ul style="list-style-type: none"> ■ May'20: US\$ 284 mln and € 535 mln, all-in cost at Libor+ 2.25% and Euribor+ 2.00% for 367 days. 38 banks from 18 countries ■ Nov'20: US\$ 334 mln and € 441 mln, all-in cost at Libor+ 2.50% and Euribor+ 2.25% for 367 days. 39 banks from 21 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\$ 2.36 bln outstanding</p> <ul style="list-style-type: none"> ■ Dec'12: US\$ 1,000 mln market transaction, 10 years, 5.5% (coupon rate) ■ Jan'13: US\$ 585 mln, 10NC5, 5.7% fixed rate – Basel III Compliant ■ Dec'13: US\$ 270 mln, 10NC5, 7.72% – Basel III Compliant ■ Mar'16: US\$ 500 mln market transaction, 10NC5, 8.5% (coupon rate) - <i>Will be called and replaced by Jan'21:</i> US\$ 500 mln market transaction, 10NC5, 7.875% (coupon rate)
	Foreign and Local Currency Bonds / Bills	<p>US\$ 2.10 bln Eurobonds</p> <ul style="list-style-type: none"> ■ Feb'17: US\$ 600 mln, 5.75% (coupon rate), 5 years ■ 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 1.97 bln out standing</p> <ul style="list-style-type: none"> ■ Oct'17: Mortgage-backed with maturity 5 years ■ 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 5.21 bln total</p> <ul style="list-style-type: none"> ■ Feb'20 : TL 286 mln, 1-year maturity, TLREF indexed ■ Jun'20 : TL 736 mln, 8-month maturity ■ Jul'20 : TL 977 bln, 6-month maturity ■ Aug'20 : TL 72 mln, 4-month maturity, TLREF indexed ■ Oct'20 : TL 550 mln, 3-month maturity, TLREF indexed  ■ Nov'20 : TL 370 mln, 3-month maturity, TLREF indexed  ■ Dec'20 : TL 226 mln, 3-month maturity  ■ Dec'20 : TL 794 mln, 4-month maturity, TLREF indexed 
	Subordinated Loans	<p>TL 800 mln total</p> <ul style="list-style-type: none"> ■ Jul'19: TL 500 mln, 10-year maturity, TRLIBOR + 100 bps ■ Oct'19: TL 300 mln, 10-year maturity, TLREF index + 130 bps

Despite solid growth in recent years, Turkish banking sector still underpenetrated in household lending



Source: European Central Bank, BRSA, CBRT, Turkstat, FRED database for India, Brazil, S.Africa
Note: Loan data on graphs for all countries based on 2019 actual figures while GDP figures are as of 2018
(1) Excluding lending to credit institutions
(2) Including housing loans, consumer lending and other household lending (including CC, excluding SMEs)
2019 GDP numbers are forecasted figures

Healthy banking sector, resilient against external shocks and supporting economic growth

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Banking Sector

Banking Sector

- **Well regulated** (BRSA est. in 2001)
- **Best practices in technology:** payment systems and well-qualified workforce
- **Healthy profitability**
- **Sound asset quality, liquidity and capitalisation**

Developments

- **Regulatory developments:**
 - **CGF** (supporting the loan growth)
 - **capital** (potential alignment to IRB)
 - **provisioning** (IFRS9 as of 2018)
 - **corporate tax rate increase** (2018-20 to 22%)

Challenges

- **Interest rate and currency volatility**
- **Pricing competition and maturity of funding sources**
- **Asset quality**

	Banking Sector									
	2017	2018	1Q19	1H19	9M19	2019	1Q20	1H20	9M20	2020
Banks #	51	47	47	53	53	53	53	54	54	54
Branches #	10,550	10,454	10,398	10,359	10,289	10,199	10,161	10,132	10,079	9,939
Loan Growth (yoy)	21%	14%	15%	8%	-2%	10%	13%	26%	37%	33%
Deposit Growth (yoy)	16%	19%	23%	17%	8%	22%	22%	32%	41%	33%
Loans/GDP ¹	65%	62%	63%	61%	59%	59%	61%	69%	71%	70%
Deposits/GDP ¹	55%	55%	56%	55%	56%	57%	59%	65%	69%	67%
Loans/Assets	65%	63%	62%	61%	61%	61%	60%	62%	60%	60%
Deposits/Assets	55%	55%	56%	55%	57%	59%	58%	58%	58%	58%
NIM	3.9%	4.1%	3.7%	3.8%	3.9%	4.1%	4.9%	4.6%	4.5%	4.2%
NPL Ratio	2.9%	3.7%	4.0%	4.3%	4.7%	5.2%	5.0%	4.4%	4.1%	4.0%
Specific Coverage	0%	69%	69%	68%	66%	65%	69%	71%	74%	74%
CAR ²	16.5%	16.9%	16.0%	17.3%	18.0%	18.0%	17.4%	19.1%	19.0%	18.3%
Tier 1 Ratio	13.6%	13.6%	12.9%	14.2%	14.9%	14.9%	14.4%	16.0%	15.7%	15.3%
ROAE	14.9%	13.9%	11.7%	11.3%	10.7%	10.6%	12.4%	11.6%	11.4%	10.8%
ROAA	1.5%	1.4%	1.2%	1.2%	1.1%	1.1%	1.3%	1.2%	1.0%	1.0%

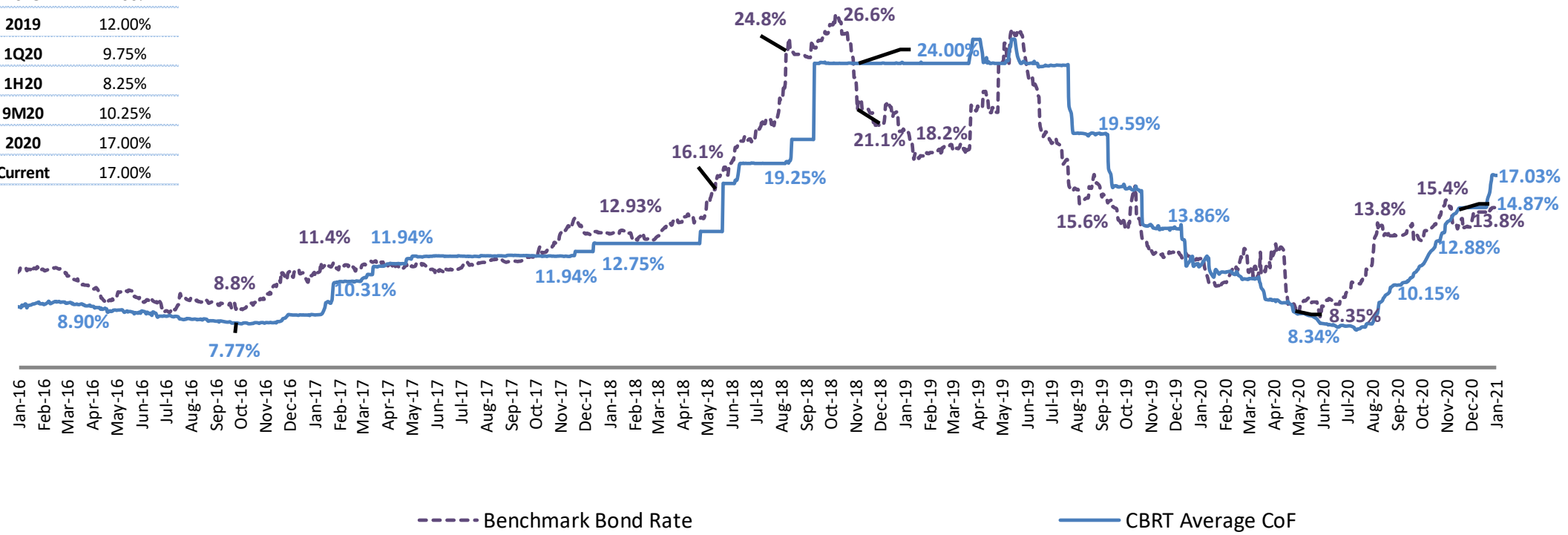
Source: Turkish Banks Association for bank and branch numbers, BRSA for banking sector data (including BS, P&L, KPIs), Turkstat for GDP data

Notes:

(1) GDP calculation on a trailing basis

(2) Based on BRSA monthly financials; indicating deposit banks

Policy Rate	
2015	7.50%
2016	8.00%
2017	8.00%
2018	24.00%
2019	12.00%
1Q20	9.75%
1H20	8.25%
9M20	10.25%
2020	17.00%
Current	17.00%



Notes:
Benchmark Bond Rate: Yield of the most traded 2-year government bond
CBRT Average CoF (cost of funding): Weighted average cost of outstanding funding of the CBRT via open market operations including O/N repo, one-week repo and one-month repo

Moody's

	Long-Term Foreign Currency		Long-Term Local Currency	
	Rating	Outlook	Rating	Outlook
Turkey	B2	Negative	B2	Negative
Yapı Kredi	B2	Negative	B2	Negative
Garanti	B2	Negative	B2	Negative
Akbank	B2	Negative	B2	Negative
İşbank	B3	Negative	B3	Negative
Halkbank	B3	Negative	B3	Negative
Vakıfbank	B2	Negative	B2	Negative

Fitch

Turkey	BB-	Stable	BB-	Stable
Yapı Kredi	B+	Negative	B+	Stable
Garanti	B+	Stable	BB-	Stable
Akbank	B+	Negative	B+	Stable
İşbank	B+	Negative	B+	Stable
Halkbank	B	Negative	BB-	Negative
Vakıfbank	B+	Negative	BB-	Stable

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