

Yapı Kredi

1Q21 Investor Presentation

May 2021



Key Figures – 1Q21

Ratings

Moody's: B2 / Fitch: B+

Total Assets

534.7
bIn TL

Loans¹

305.4
bIn TL

Net Income

1,453
mIn TL

RoATE²

12.3%

Number of Branches³

835

Employees⁴

16,953

Market Share – 1Q21

Market Share⁵
Sector

Market Share⁵
Private Banks

Total Bank

Cash & Non-cash Loans

8.6%

16.8%

Customer Deposits

8.5%

15.2%

Business Units

Corporate Loans⁶

7.7%

16.0%

Consumer Loans⁷

8.4%

16.6%

Credit Card Outstanding

16.4%

21.8%

Subsidiaries

Leasing

18.3%

-

Factoring

8.8%

-

Wealth Management⁸

13.7%

-

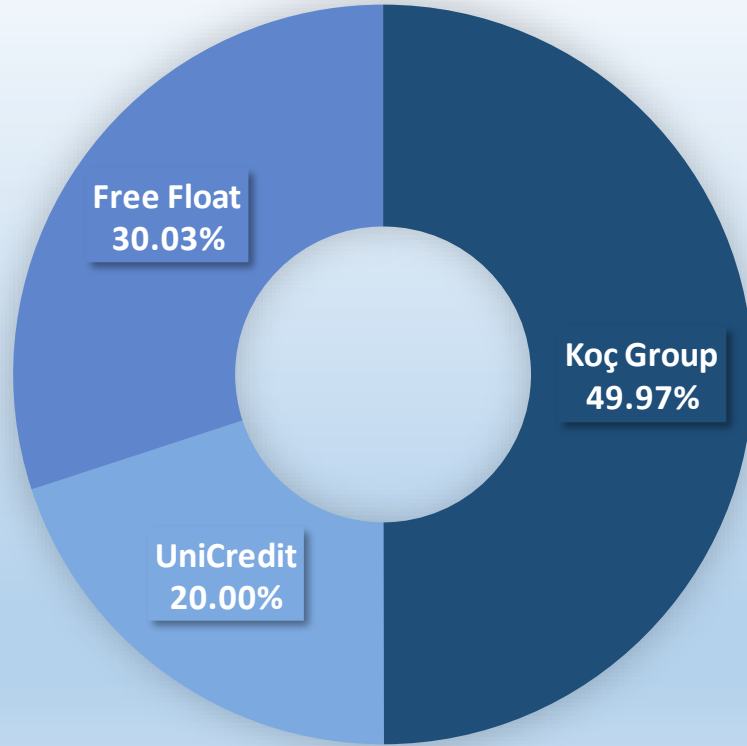
Notes:

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 Mar'21, 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 | 1Q21 |
| Total Assets (TL bln) | 692.8 |
| Revenues (TL mln) | 57,305 |
| Net Income (TL mln) | 2,113 |

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

Notes:

Koç Group indicates Koç Holding and its affiliates

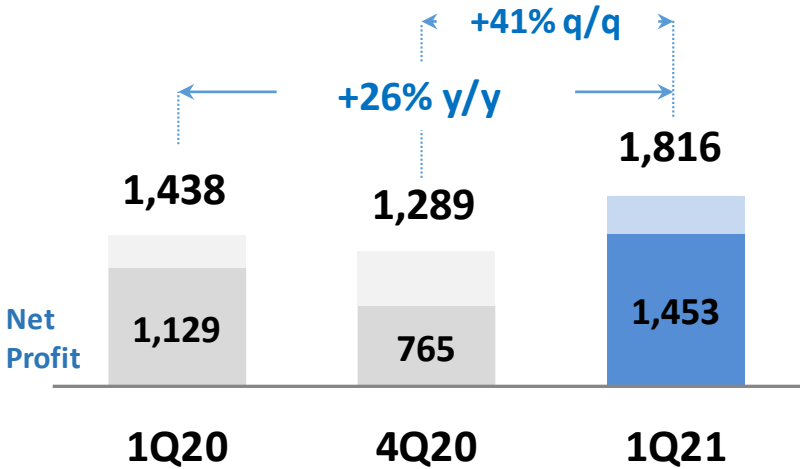
* As of 2020 year-end

All information and figures regarding Koç Holding are based on publicly available 1Q21 data, unless otherwise stated

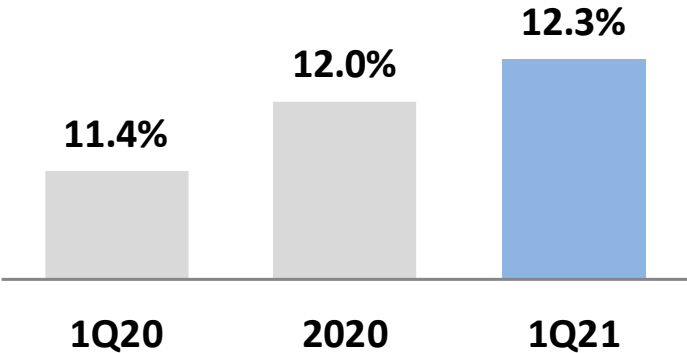
26% y/y increase in pre-tax income with 12.3% RoTE

Intact fundamentals with improvement in liquidity indicators, and sound capital buffers

Pre-tax income (TL mIn)

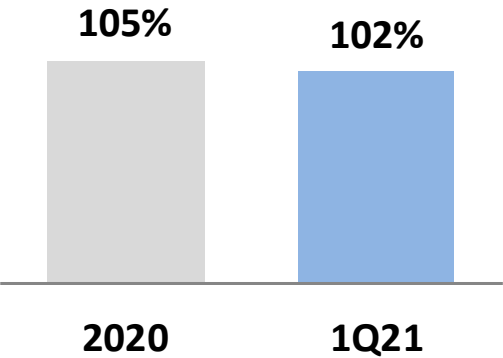


RoTE

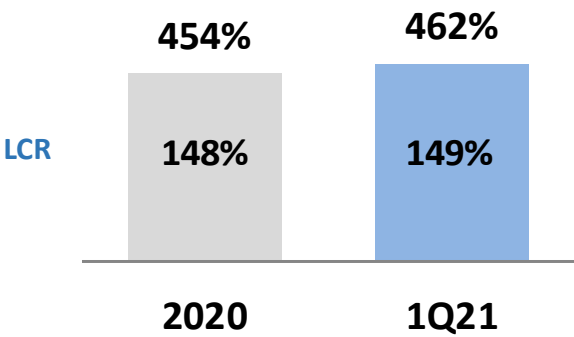


Fundamentals

LDR¹

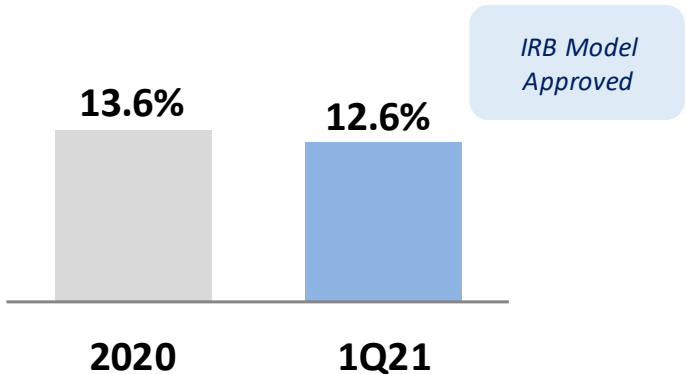


FC LCR²



LCR

Tier 1 Ratio (w/o forbearance)³



Notes:
1. LDR= Loans / (Deposits + TL Bonds)
2. Based on past three months averages
3. Excluding regulatory forbearance (Exchange Rate: 252 working days moving average); Reported Tier 1 Ratio - 1Q21; 13.4%; 2020: 14.1%

TL driven volume growth

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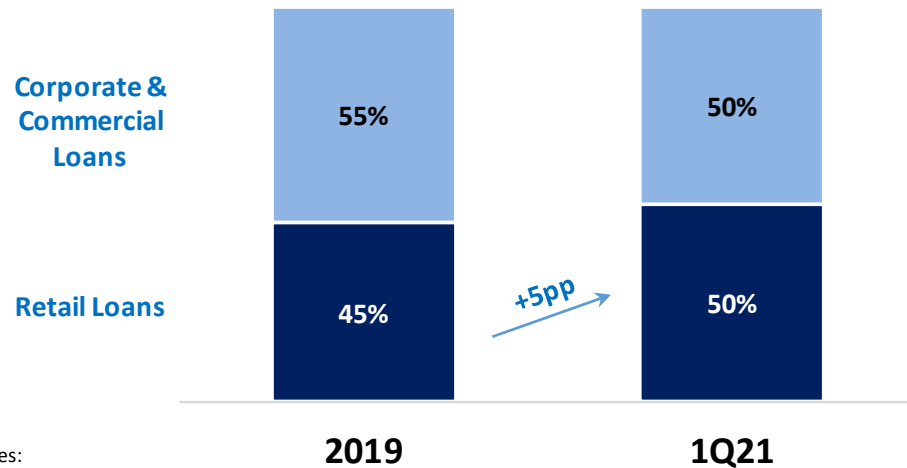
TL loan growth at 9% q/q with continued FC deleveraging, ongoing market share gain in demand deposits

Volumes

Loan Volumes (TL bln)

| | Yapi Kredi | | | Private Banks ¹ | |
|--|--------------|------------|------------|----------------------------|-----------|
| | 1Q21 | y/y | q/q | y/y | q/q |
| Cash+Non-cash Loans² | 421.5 | 25% | 10% | 24% | 5% |
| TL ³ | 216.0 | 31% | 8% | 27% | 3% |
| FC (\$) ³ | 24.7 | -7% | -1% | -4% | 0% |
| Cash Loans² | 305.4 | 26% | 8% | 23% | 4% |
| TL ³ | 181.1 | 33% | 9% | 28% | 3% |
| FC (\$) ³ | 14.9 | -8% | -5% | -7% | -4% |

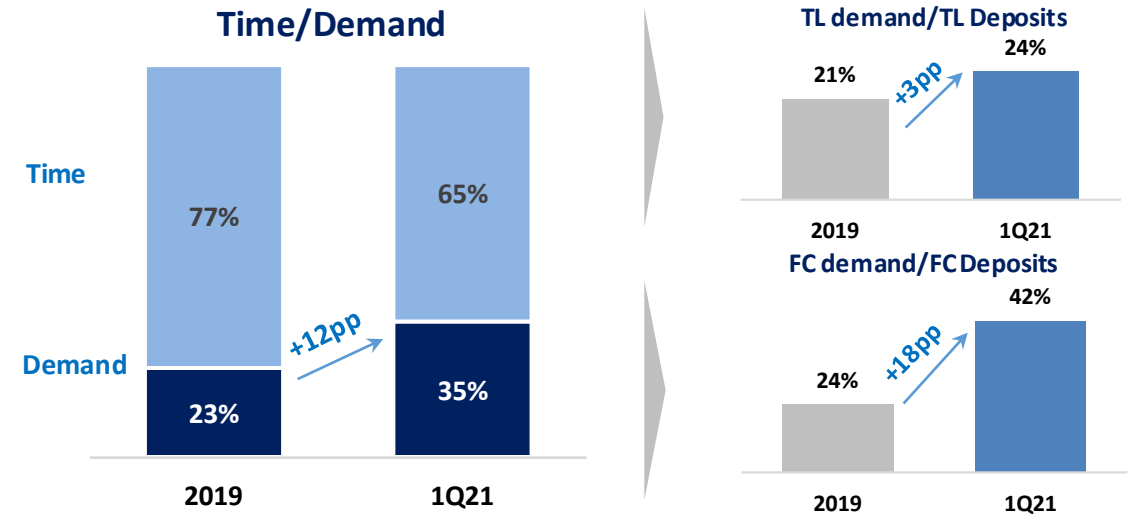
Cash Loan Breakdown (FX adjusted)⁴



Deposit Volumes (TL bln)

| | Yapi Kredi | | | Private Banks ¹ | |
|---------------------------------|--------------|------------|------------|----------------------------|-----------|
| | 1Q21 | y/y | q/q | y/y | q/q |
| Customer Deposits | 291.1 | 18% | 12% | 18% | 5% |
| TL | 115.8 | 4% | 12% | 12% | 7% |
| FC (\$) ³ | 21.1 | 1% | -1% | -1% | -5% |
| Customer Demand Deposits | 100.9 | 67% | 7% | 58% | 1% |
| TL | 27.4 | 25% | 3% | 20% | 3% |
| FC (\$) ³ | 8.8 | 50% | -4% | 43% | -7% |

Customer Deposit Breakdown⁴



- Notes:
- Private banks based on BRSA weekly data as of 27 March 2021
 - 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

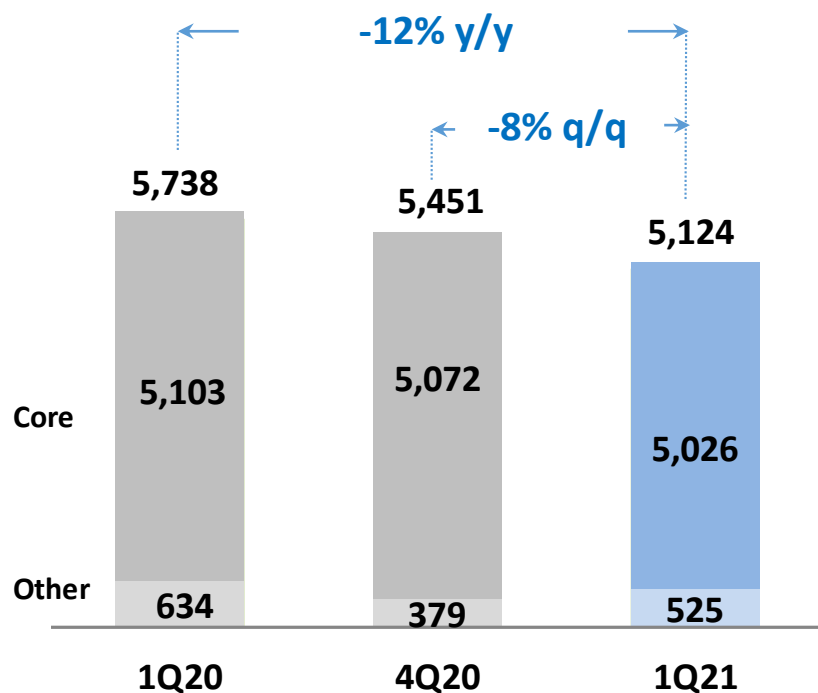
Strong market share gain in individual TL demand deposits: +129bps ytd

Strength in fees compensates limited decline in Core NIM

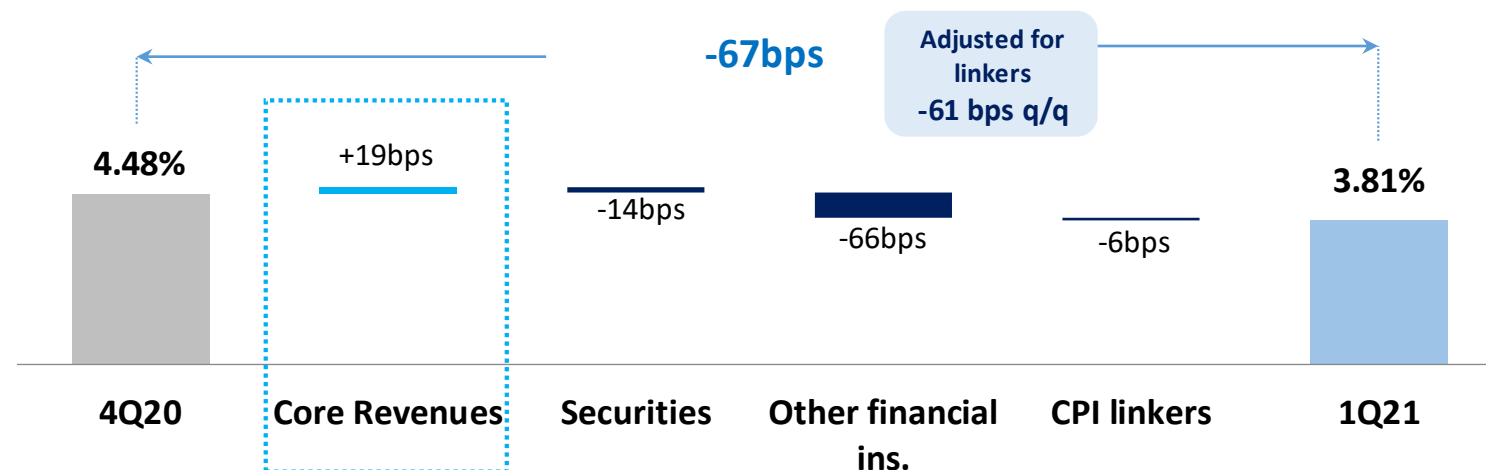
Core Revenue support at +19bps on margin, Revenues came down a limited 8% q/q in 1Q

Revenues

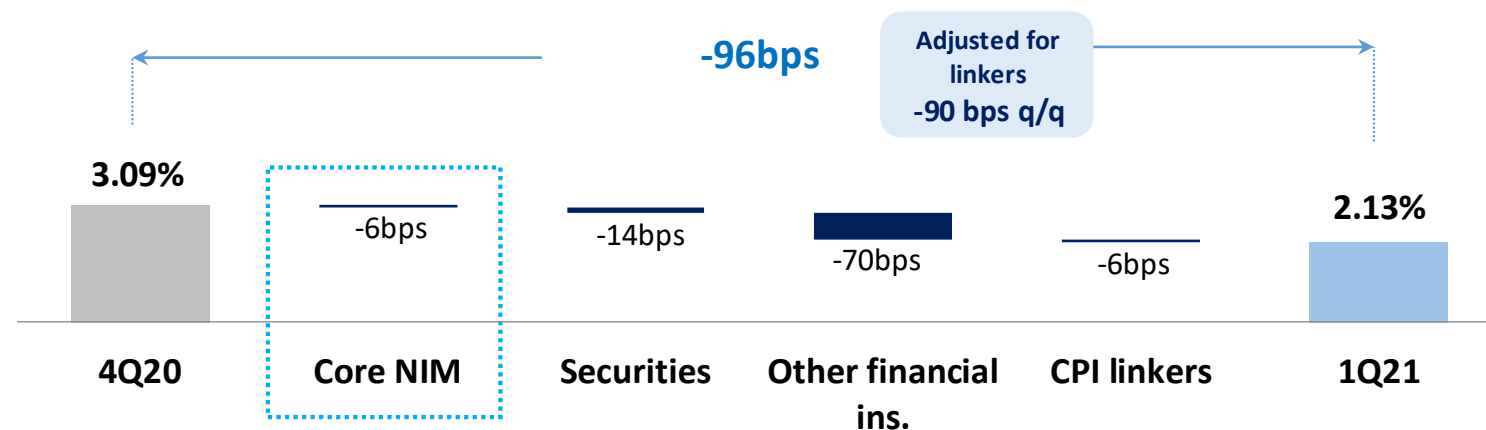
Revenues^{1;2;3} (TL mln)



Revenue Margin Evolution⁴ (quarterly)



NIM Evolution^{4;5} (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
3. 4Q20 normalised with linker income. Reported 4Q20: 6,216 mln TL
4. Normalised with linker income; Reported 4Q20 Revenue Margin: 5.15%; NIM: 3.82%
5. Based on Bank-only BRSA financials

Increasing interest rate environment further pressuring TL spread evolution -7-

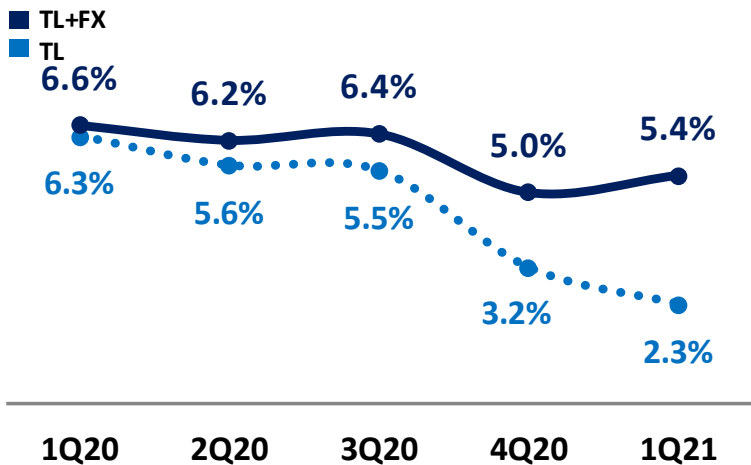
Elevated TL deposit costs tightens TL loan-deposit spread in 1Q21

Loan-Deposit Spread

Loan – Deposit Spread Evolution

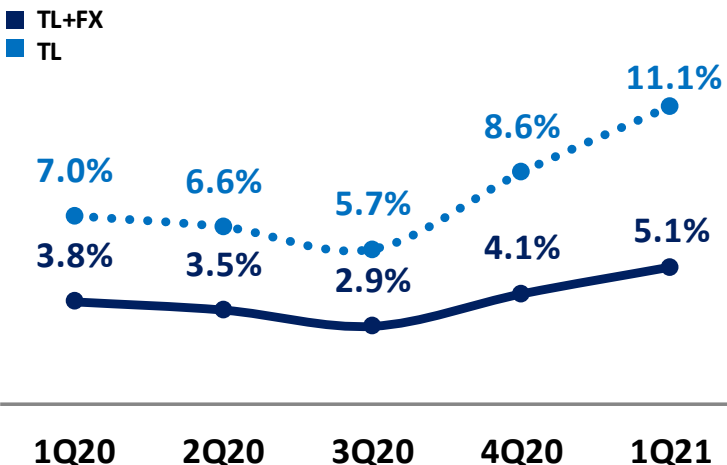
Loan-Deposit Spread
(Quarterly)

40 bps wider Loan-Deposit Spread q/q despite 87 bps tighter TL Loan-Deposit Spread



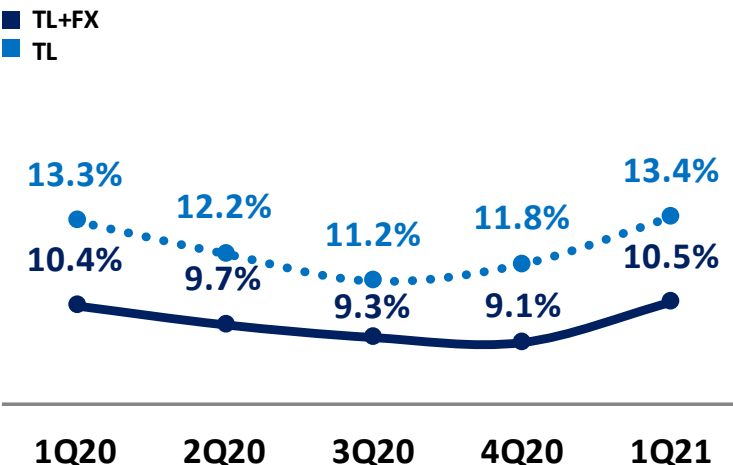
Deposit Costs
(Quarterly)

100 bps q/q increase in cost of deposits driven by 248 bps increase in TL deposit costs



Loan Yields
(Quarterly)

140 bps jump in loan yields q/q thanks to ongoing loan repricing
161bps increase in TL loan yields

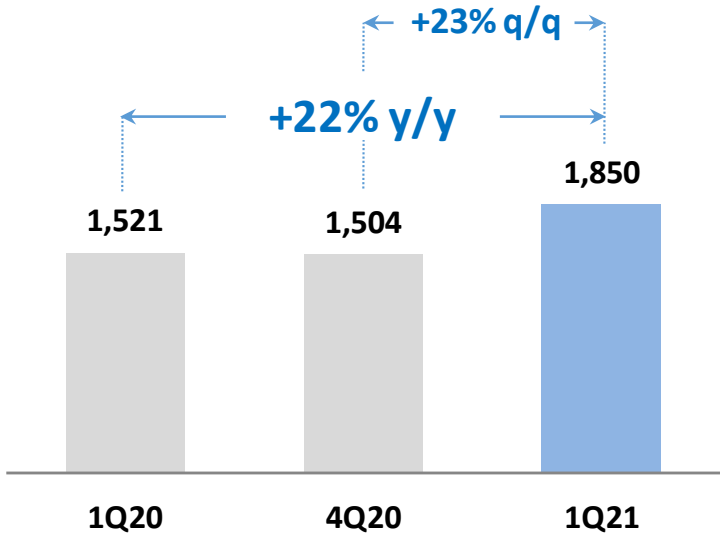


Notes:
Based on Bank-Only financials

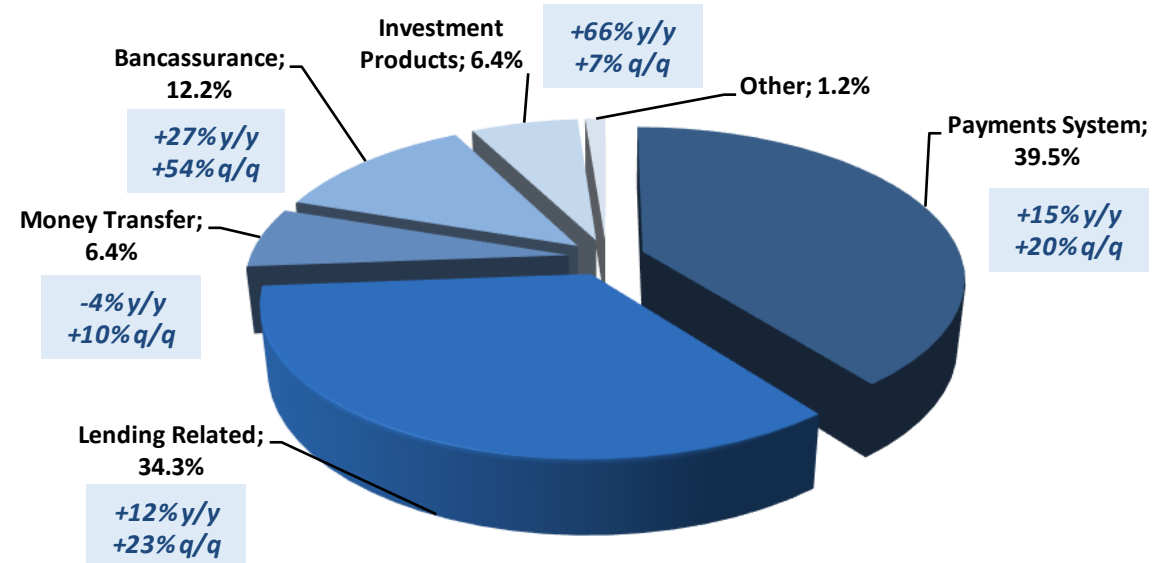
Substantial improvement in y/y fee growth

Ongoing diversification efforts paying off with improvement in fees across the board

Net Fee Income (TL mIn)

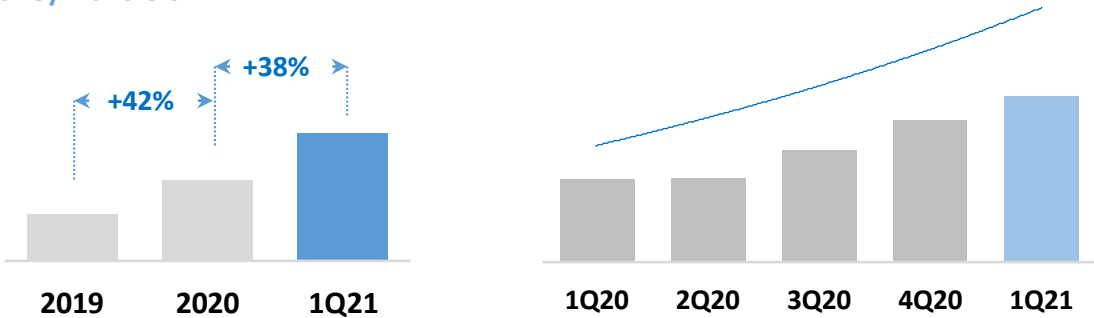


Net Fees Composition¹

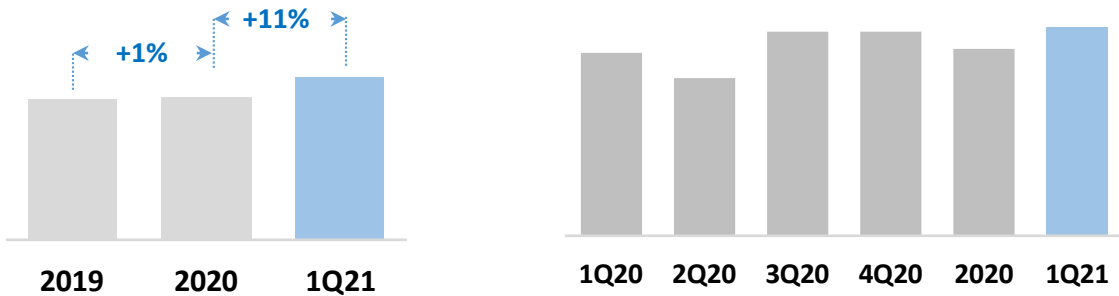


Transaction Numbers² (monthly average)

Money Transfers



Payments Systems

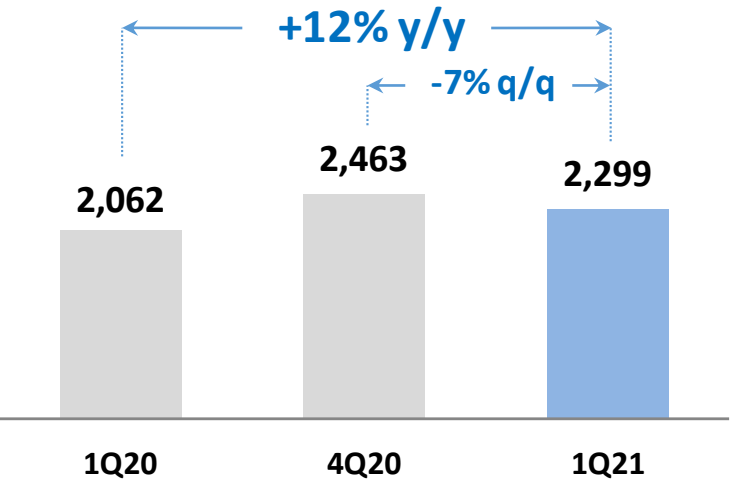


Notes:
1. Based on Bank-Only financials
2. MIS data

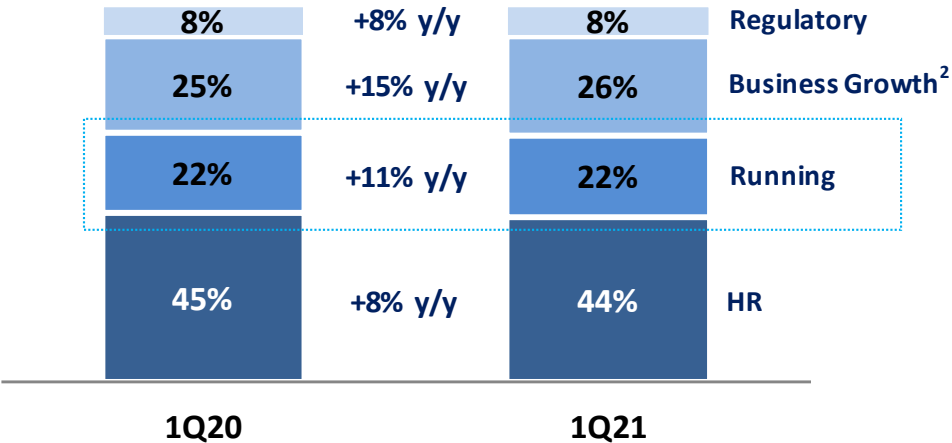
Cost growth at 12% y/y below average inflation

Fees to opex as high as 80% improving 13pp ytd; Running cost increase limited at 11%

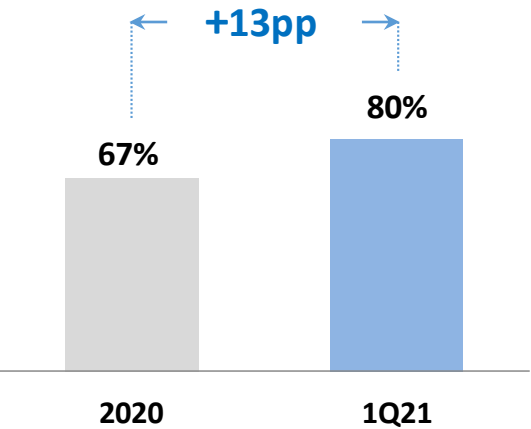
Operating Costs (TL mln)



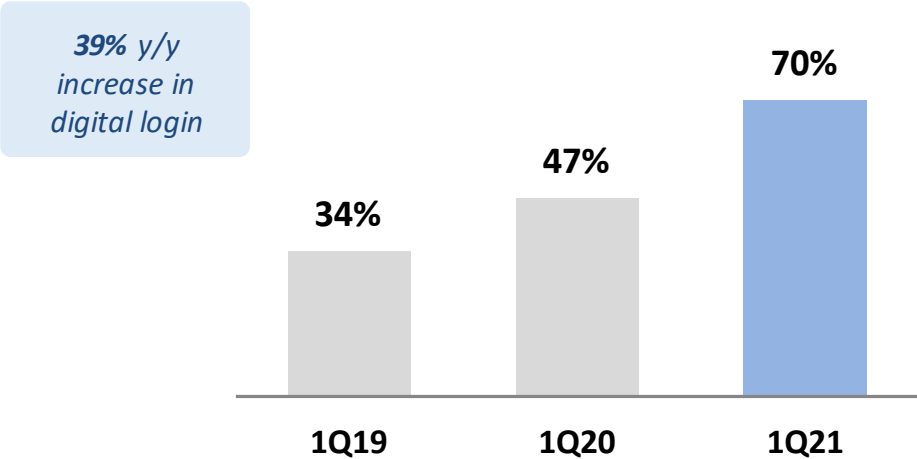
Cost Breakdown¹



Fees to Opex



Share of Digital in Main Products Sold³



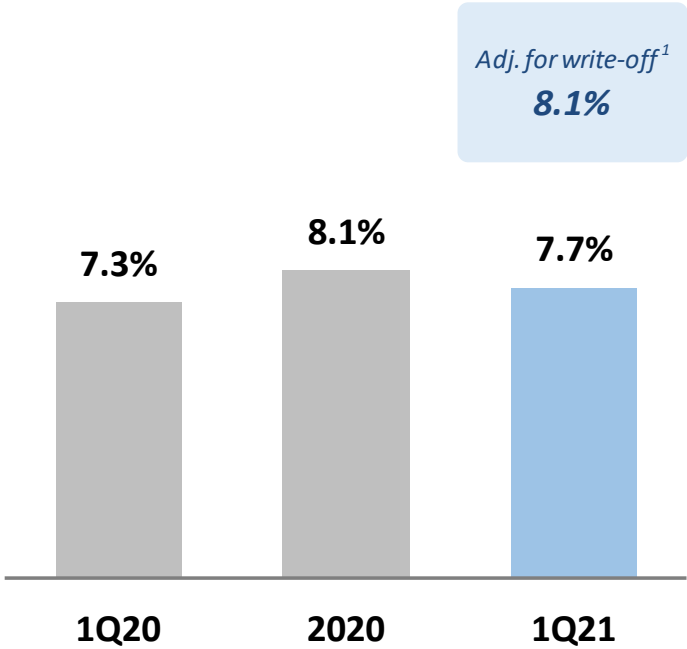
Notes:

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

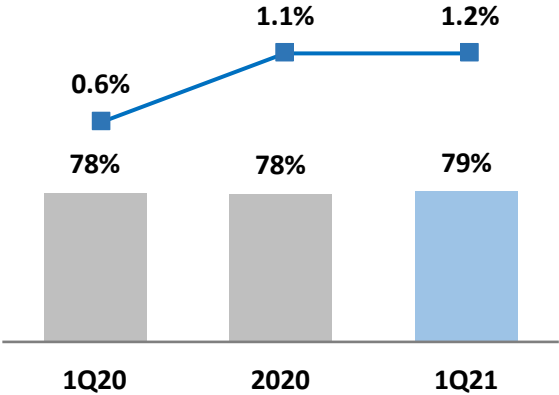
Uncompromised prudence in asset quality

Improvement in NPL ratio, with further increase in coverage ratios

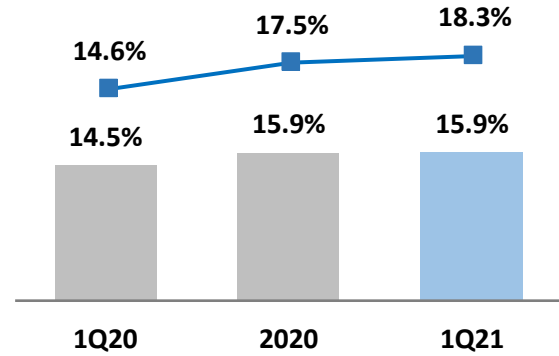
Provisions / Gross Loans



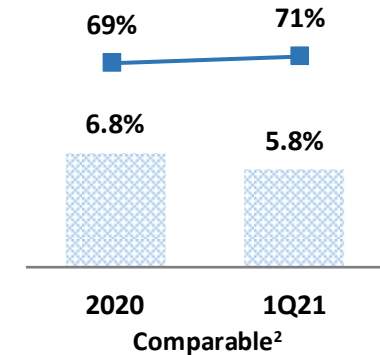
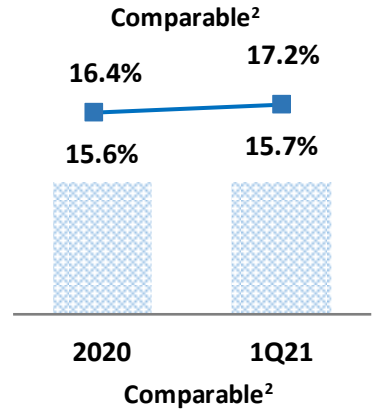
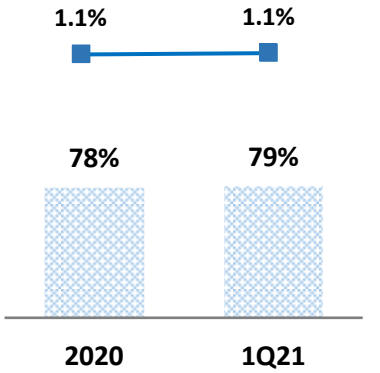
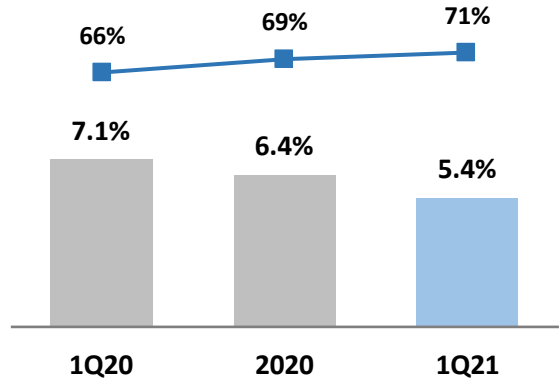
Stage I



Stage II



Stage III

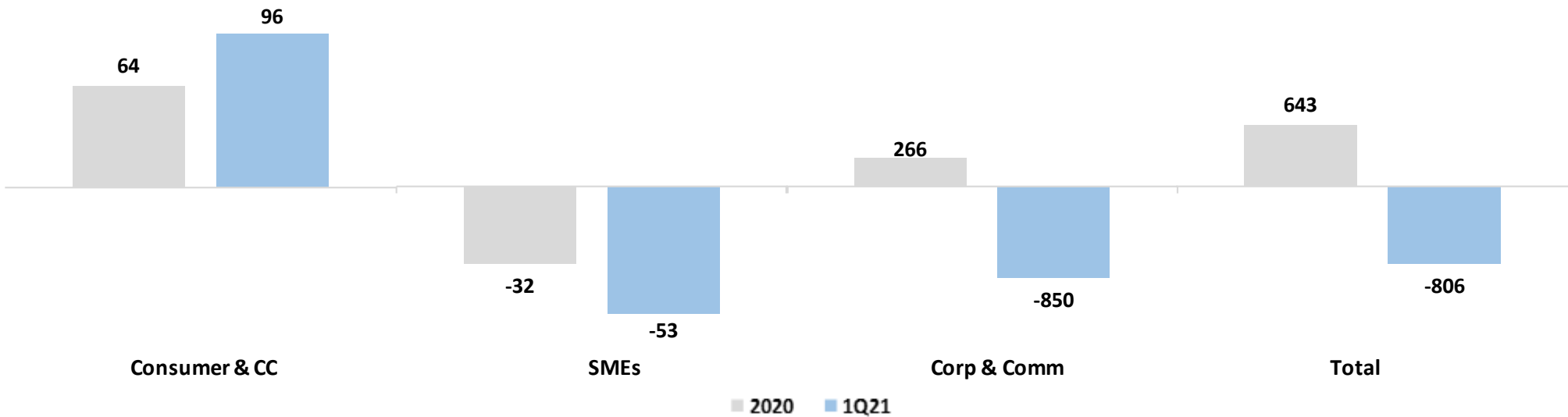


Notes:
Based on Bank-only BRSA financials
Excluding additional provisions for risks and charges
NPL write-offs: 1,000 mln TL in 1Q21; 600 mln TL in 1Q20
1. Including other provisions for risks and charges
2. On a comparable basis inline with previous periods; 90-180 days past due loans as NPL and 30-90 days past due loans as Stage 2

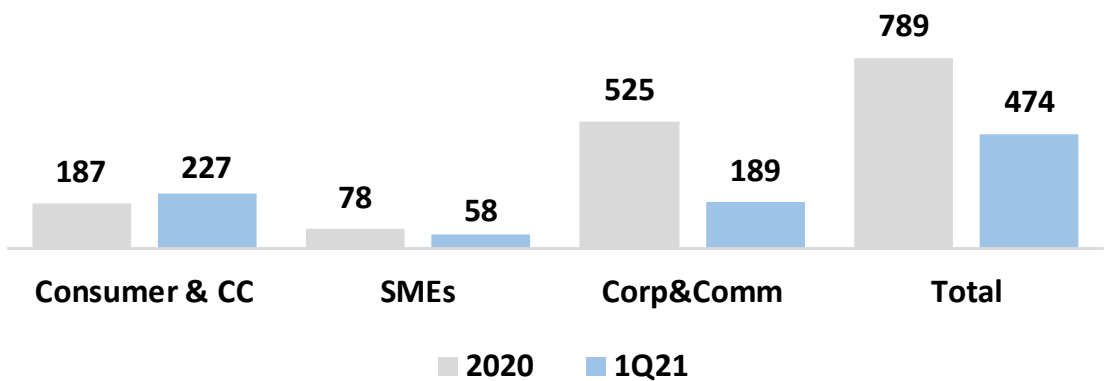
Negative NPL inflows in 1Q21

Significant improvement in quarterly recoveries

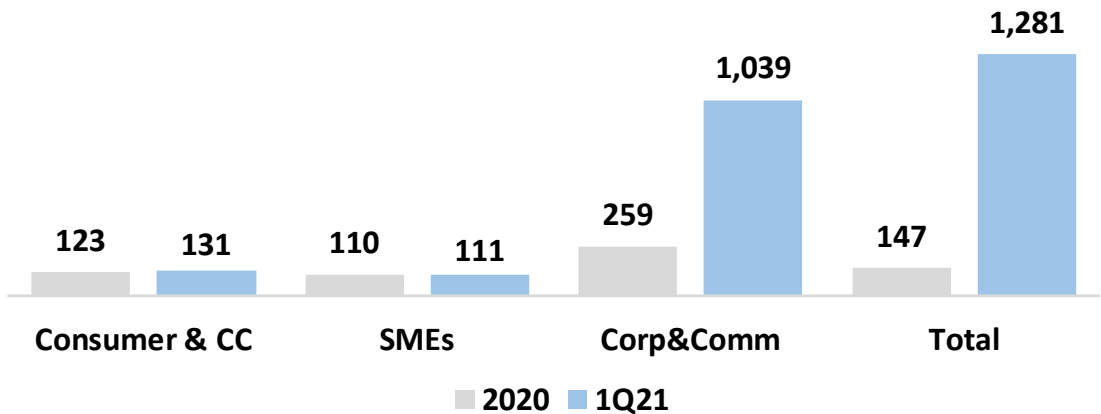
Net NPL inflows¹ (quarterly average)



NPL inflows (quarterly average)



Recoveries (quarterly average)



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

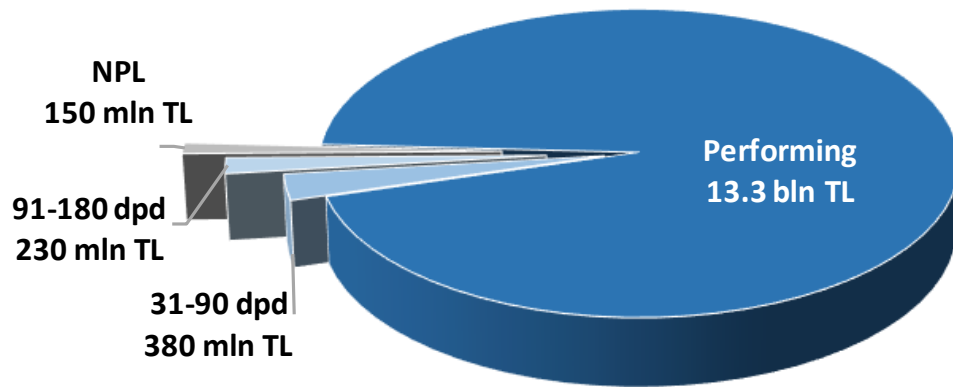
Loan Postponements & Loans with 90-180 dpd

-12-

Further increase in coverage of postponed loans at 15%; 90-180 dpd at 1.1 bln TL with 64% coverage

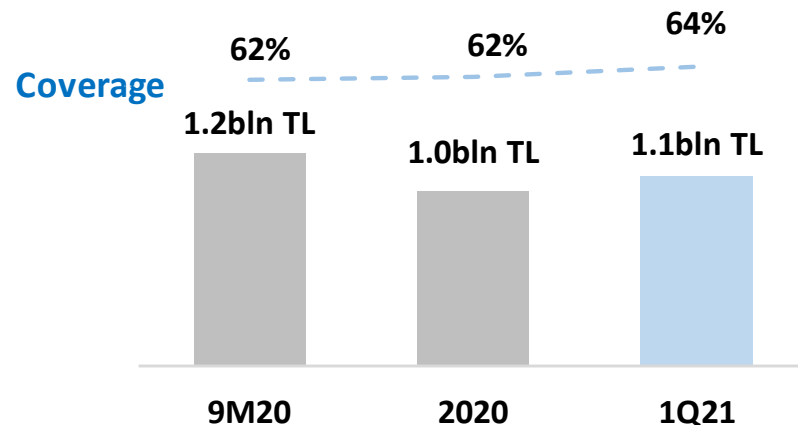
Asset Quality

Loan Postponements - 1Q21 performance



- **95% of the loans are performing**
- **Loan postponement stock at 14 bln TL; ~3% of total loans with further coverage increase at ~15%**
 - 21% at Stage 2; Coverage at 28%
 - 78% at Stage 1; Coverage at 10%
 - 1% at Stage 3; Coverage at 66%
 - Total provisions: 2.1 bln TL

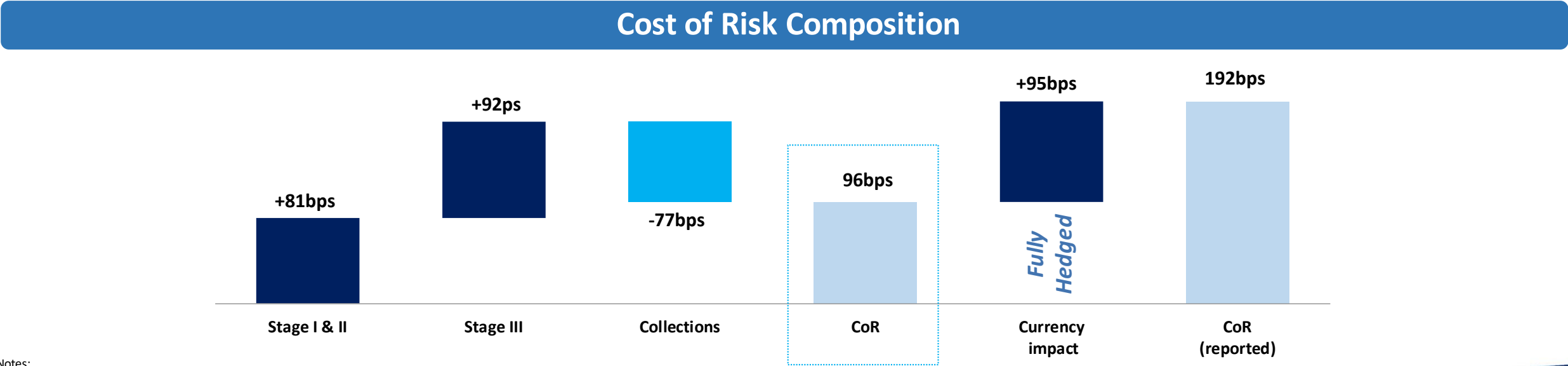
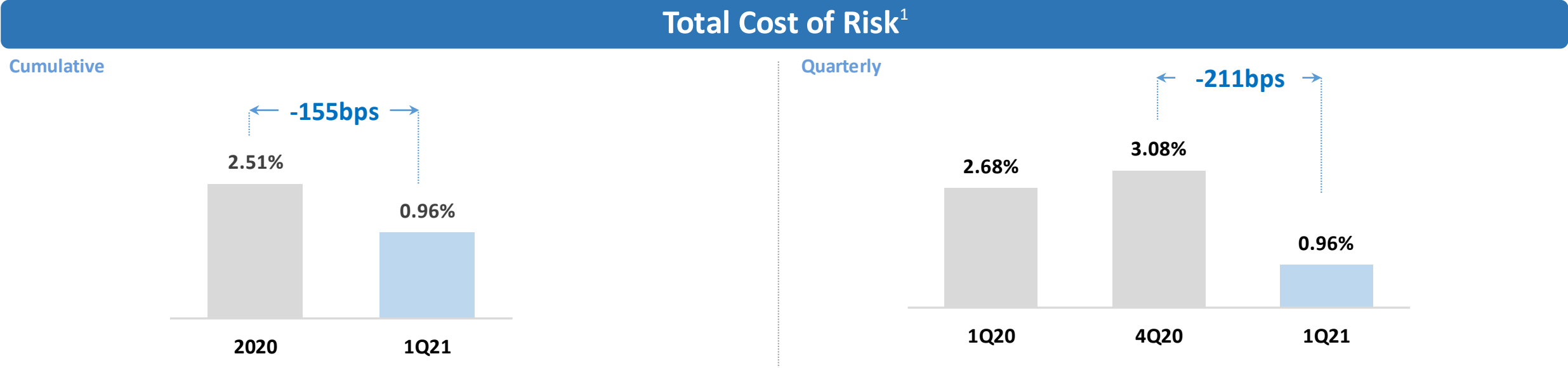
Loans with 90-180 days past due



- **1.1 bln TL with 64% coverage**
 - Total provisions: 700 mln TL

CoR down to 96 bps with ongoing prudence

Limited inflows, strength in collections and front loaded provisions in 2020 supported CoR in 1Q



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

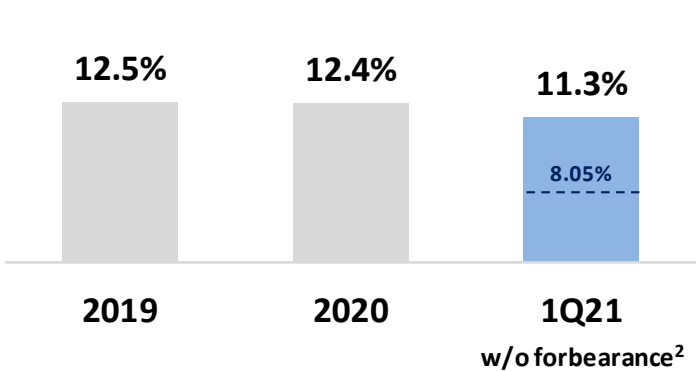
Strong capital buffers will be further supported by IRB adoption

IRB adoption will support the capital ratios with ongoing internal capital generation

Capital Ratios

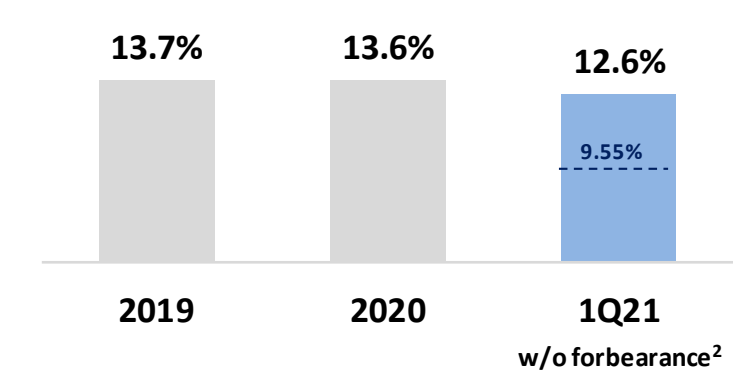
CET1

IRB impact¹:
~+80bps



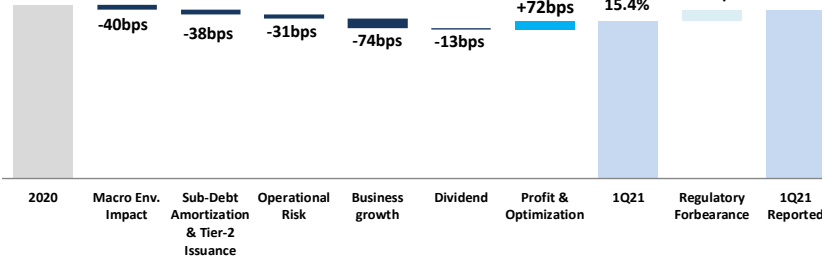
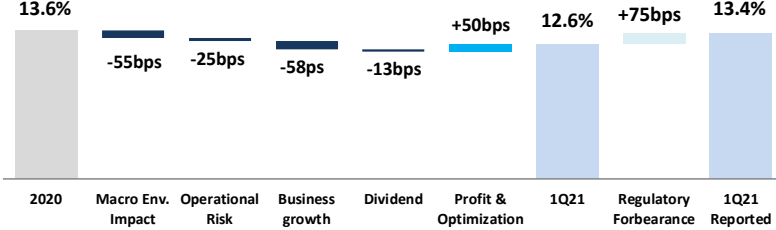
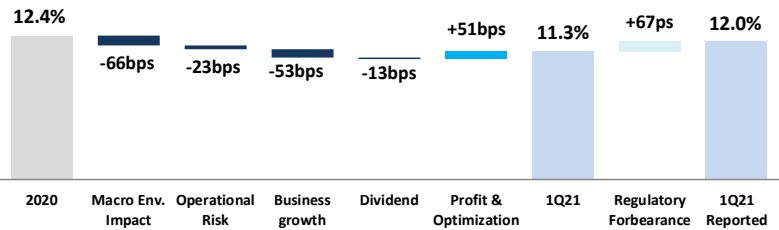
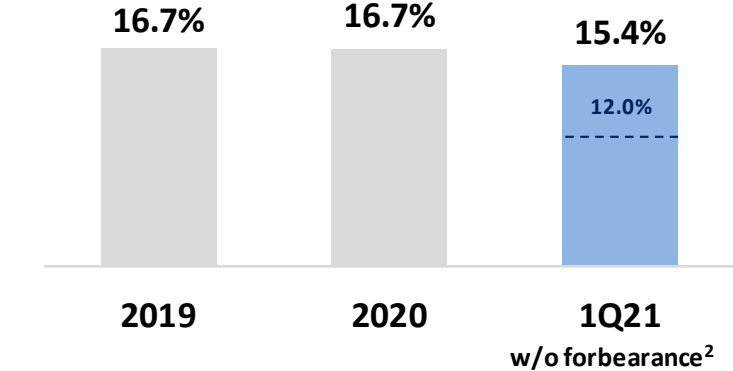
Tier1

IRB impact¹:
~90bps



CAR

IRB impact¹:
~+60bps



Notes:
1. BRSA approved the IRB adoption. Starting from June 2021, we will report our capital ratios via Foundation IRB for Corporate portfolio and Advanced IRB for Retail portfolio. The impact on capital ratios will be in the range of 60bps to 90bps. This impact may change upon potential changes in the standardized approach calculation parameters and/or any regulatory changes
2. 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)

Climate Crisis and Environmental Protection



- Targeting to increase Electricity consumption from renewables to **61% by 2030 and 100% by 2035** (current: 16%)
- CDP Turkey Water Leader for two years in a row
- **Targeting to be climate neutral by 2050**
- Already have zero waste management system in head offices

Risk Management and Governance



- Board composition inline with CMB regulations
- Second Turkish bank to officially support TCFD
- Targeting Minimum 30% female representation on BoD

Sustainable Finance



- Renewable energy finance volume at 2.3bln USD
- Turkey's first sustainability linked loan worth ~260m USD
- **Committed not to finance future coal mining projects and coal fired power plants***

People and Communities



- Females at management level: 40% (total: 62%)
- Targeting to build financial literacy trainings and programs designed for clients and society
- Increasing outreach via Code.YapiKredi program for digital skills required by the future of work

ESG Initiatives and Recognitions

Founding Signatory of:



FTSE4Good



In support of

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office

* Excluding existing contractual obligations

Annex

2021 Guidance

Guidance

| | | 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 ratio to be supported by internal capital generation & IRB Adoption² (impact: ~+60bps) |
| 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 costs 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

2. BRSA approved the IRB adoption. Starting from June 2021, we will report our capital ratios via Foundation IRB for Corporate portfolio and Advanced IRB for Retail portfolio. The impact on capital ratios will be in the range of 60bps to 90bps. This impact may change upon potential changes in the standardized approach calculation parameters and/or any regulatory changes

Macro Environment

| | 2019 | 2020 | 1Q21 |
|--------------------------------------|-------|-------|--------------|
| GDP Growth (y/y) | 0.9% | 1.8% | 7.0% |
| CPI Inflation (y/y) | 11.8% | 14.6% | 16.2% |
| CAD¹/GDP | 0.9% | -5.2% | -5.0% |
| Budget Deficit/GDP | -2.9% | -3.4% | -2.2% |
| Unemployment Rate² | 13.1% | 12.6% | 13.0% |
| USD/TL (eop) | 5.94 | 7.34 | 8.33 |
| 2Y Benchmark Bond Rate (eop) | 11.8% | 15.0% | 19.2% |

Banking Sector

| | 2019 | 1Q20 | 2020 | 1Q21 |
|-----------------------------------|--------------|--------------|--------------|--------------|
| Loan Growth (y/y) | 10% | 13% | 33% | 30% |
| <i>Private</i> | 5% | 9% | 27% | 24% |
| <i>State</i> | 19% | 20% | 44% | 36% |
| Cust. Deposit Growth (y/y) | 23% | 23% | 33% | 29% |
| <i>Private</i> | 18% | 19% | 21% | 19% |
| <i>State</i> | 34% | 30% | 51% | 45% |
| NPL Ratio | 5.2% | 5.0% | 4.0% | 3.8% |
| CAR³ | 18.0% | 17.4% | 18.3% | 17.6% |
| ROTE | 10.6% | 12.4% | 10.5% | 10.8% |

Notes:

All macro data as of March 2021 unless otherwise stated

Banking sector volumes based on BRSA weekly data as of 02 April 2021

1. CAD indicates Current Account Deficit as of Feb'21

2. Unemployment rate is as of Feb'21, seasonally adjusted

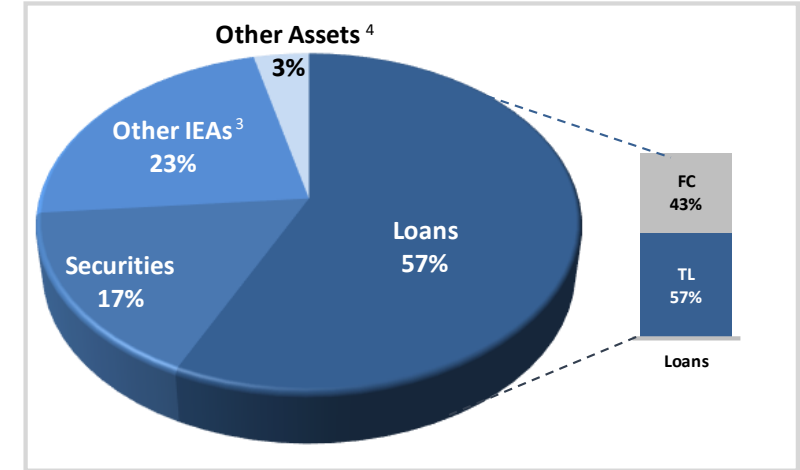
3. CAR includes regulatory forbearances

Consolidated Balance Sheet

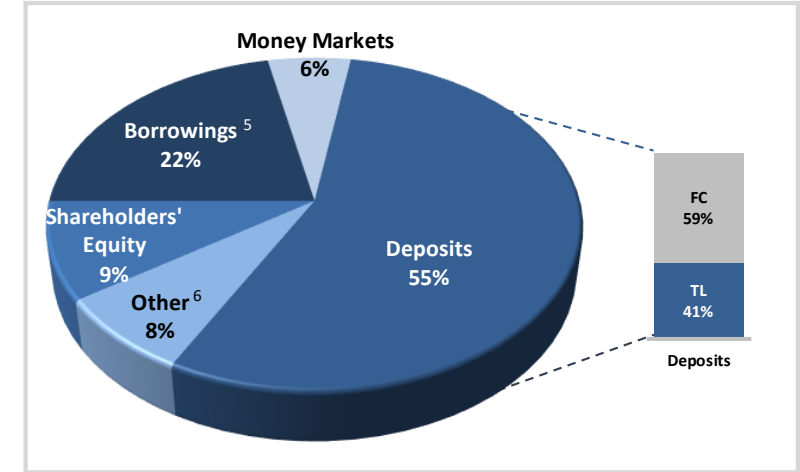
-19-

| TL bln | 1Q20 | 1H20 | 9M20 | 2020 | 1Q21 | q/q | y/y |
|---|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Total Assets | 434.9 | 444.4 | 492.5 | 486.5 | 534.7 | 10% | 23% |
| Loans¹ | 242.4 | 254.7 | 283.0 | 281.8 | 305.4 | 8% | 26% |
| TL Loans | 136.1 | 145.2 | 161.1 | 166.9 | 181.1 | 9% | 33% |
| FC Loans (\$) | 16.3 | 16.0 | 15.6 | 15.7 | 14.9 | -5% | -8% |
| Securities | 62.6 | 74.4 | 77.1 | 78.8 | 88.4 | 12% | 41% |
| TL Securities | 44.6 | 51.7 | 49.7 | 51.1 | 58.8 | 15% | 32% |
| FC Securities (\$) | 2.8 | 3.3 | 3.5 | 3.8 | 3.6 | -6% | 29% |
| Customer Deposits | 247.2 | 244.4 | 263.5 | 259.3 | 291.1 | 12% | 18% |
| TL Customer Deposits | 111.7 | 115.1 | 104.1 | 103.5 | 115.8 | 12% | 4% |
| FC Customer Deposits (\$) | 20.8 | 18.9 | 20.4 | 21.2 | 21.1 | -1% | 1% |
| Borrowings | 102.6 | 103.4 | 112.7 | 106.3 | 116.4 | 10% | 13% |
| TL Borrowings | 11.3 | 12.4 | 11.5 | 11.6 | 11.1 | -4% | -1% |
| FC Borrowings (\$) | 14.0 | 13.3 | 13.0 | 12.9 | 12.6 | -2% | -10% |
| Shareholders' Equity | 41.9 | 44.1 | 46.7 | 47.6 | 50.8 | 7% | 21% |
| Assets Under Management | 32.0 | 38.9 | 41.8 | 44.3 | 46.1 | 4% | 44% |
| Loans/(Deposits+TL Bills) | 94% | 100% | 102% | 105% | 102% | | |
| CAR² | 15.8% | 17.1% | 16.7% | 16.7% | 15.4% | | |
| Tier-I² | 13.0% | 14.2% | 13.5% | 13.6% | 12.6% | | |
| Common Equity Tier-I² | 11.8% | 12.9% | 12.2% | 12.4% | 11.3% | | |

Assets



Liabilities



Notes:

- Loans indicate performing loans. TL and FC Loans are adjusted for the FX indexed loans
- 9M20, 2020 and 1Q21 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

-20-

| TL million | 1Q20 | 4Q20 | 1Q21 | y/y | q/q |
|---|--------------|--------------|--------------|--------------|---------------|
| Net Interest Income including swap costs | 3,582 | 4,333 | 2,650 | -26% | -39% |
| o/w Nil | 4,210 | 5,319 | 3,947 | -6% | -26% |
| o/w CPI-linkers ¹ | 560 | 1,817 | 1,061 | 90% | -42% |
| CPI-linkers (normalised) | 815 | 1,052 | 1,061 | 30% | 1% |
| o/w Swap costs | -627 | -986 | -1,296 | 107% | 31% |
| Fees & Commissions | 1,521 | 1,504 | 1,850 | 22% | 23% |
| Core Revenues | 5,103 | 5,837 | 4,501 | -12% | -23% |
| Operating Costs | 2,062 | 2,463 | 2,299 | 12% | -7% |
| Core Operating Income | 3,041 | 3,374 | 2,201 | -28% | -35% |
| Trading and FX gains/losses | 473 | 350 | 415 | -12% | 19% |
| o/w FX gains/losses | 157 | 214 | 305 | 95% | 43% |
| o/w MtM gains/losses | 152 | 73 | 96 | -37% | 32% |
| o/w Trading gains/losses | 164 | 63 | 14 | -92% | -79% |
| Other income | 162 | 29 | 110 | -32% | 277% |
| o/w income from subs | 20 | 27 | 30 | 51% | 9% |
| o/w Dividends | 1 | 1 | 4 | 336% | n.m. |
| o/w Others | 141 | 1 | 76 | -46% | n.m. |
| Pre-provision Profit | 3,676 | 3,753 | 2,726 | -26% | -27% |
| ECL net of collections | 1,805 | 2,441 | 789 | -56% | -68% |
| o/w Stage 3 Provisions | 1,737 | 1,267 | 752 | -57% | -41% |
| o/w Stage 1 + Stage 2 Provisions | 864 | 1,211 | 1,445 | 67% | 19% |
| o/w Collections (-) | 381 | 390 | 627 | 65% | 61% |
| o/w ECL hedging (-) | 415 | -352 | 782 | 89% | n.m. |
| Provisions for Risks and Charges | 413 | 19 | 110 | -73% | n.m. |
| o/w Other provisions for risks and charges | 263 | 0 | 22 | -92% | n.m. |
| o/w Pension fund provisions | 150 | 19 | 88 | -42% | 351% |
| Other Provisions | 20 | 4 | 12 | -40% | 176% |
| Pre-tax Income | 1,438 | 1,289 | 1,816 | 26% | 41% |
| Tax | 308 | 524 | 363 | 18% | -31% |
| Net Income | 1,129 | 765 | 1,453 | 29% | 90% |
| ROTE | 11.4% | 6.8% | 12.3% | 93bps | 555bps |
| ROAA | 1.1% | 0.6% | 1.1% | 7bps | 51bps |

Notes:

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

Bank-Only Income Statement

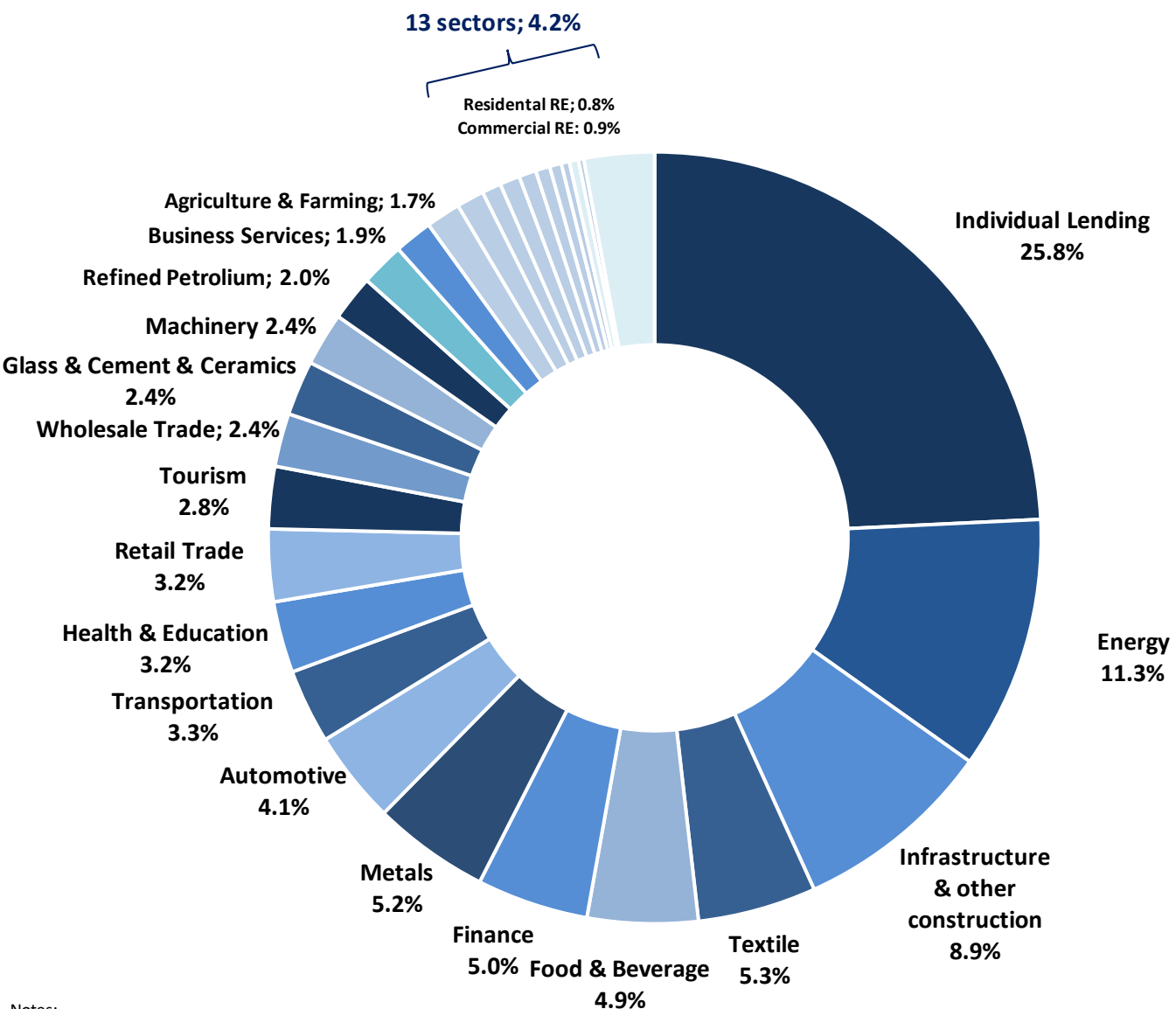
-21-

| TL million | 1Q20 | 4Q20 | 1Q21 | y/y | q/q |
|---|--------------|--------------|--------------|--------------|---------------|
| Net Interest Income including swap costs | 3,326 | 4,011 | 2,327 | -30% | -42% |
| o/w NII | 3,973 | 5,040 | 3,710 | -7% | -26% |
| o/w CPI-linkers ¹ | 560 | 1,817 | 1,061 | 90% | -42% |
| CPI-linkers (normalised) | 815 | 1,052 | 1,061 | 30% | 1% |
| o/w Swap costs | -646 | -1,029 | -1,384 | 114% | 34% |
| Fees & Commissions | 1,423 | 1,338 | 1,654 | 16% | 24% |
| Core Revenues | 4,750 | 5,349 | 3,981 | -16% | -26% |
| Operating Costs | 1,954 | 2,306 | 2,165 | 11% | -6% |
| Core Operating Income | 2,796 | 3,043 | 1,816 | -35% | -40% |
| Trading and FX gains/losses | 442 | 354 | 368 | -17% | 4% |
| o/w FX gains/losses | 107 | 225 | 265 | 149% | 18% |
| o/w MtM gains/losses | 176 | 69 | 92 | -48% | 34% |
| o/w Trading gains/losses | 159 | 61 | 11 | -93% | -81% |
| Other income | 302 | 309 | 423 | 40% | 37% |
| o/w income from subs | 207 | 202 | 351 | 70% | 73% |
| o/w Dividends | 0 | 1 | 2 | 371% | 84% |
| o/w Others | 95 | 106 | 71 | -25% | -33% |
| Pre-provision Profit | 3,540 | 3,705 | 2,607 | -26% | -30% |
| ECL net of collections | 1,726 | 2,460 | 761 | -56% | -69% |
| o/w Stage 3 Provisions | 1,703 | 1,307 | 633 | -63% | -52% |
| o/w Stage 1 + Stage 2 Provisions | 818 | 1,191 | 1,396 | 71% | 17% |
| o/w Collections (-) | 381 | 390 | 486 | 28% | 25% |
| o/w ECL Hedging | 415 | -352 | 782 | 89% | n.m. |
| Provisions for Risks and Charges | 413 | 19 | 110 | -73% | 465% |
| o/w Other provisions for risks and charges | 263 | 0 | 22 | -92% | n.m. |
| o/w Pension fund provisions | 150 | 19 | 88 | -42% | 351% |
| Other Provisions | 16 | 4 | 6 | -61% | 49% |
| Pre-tax Income | 1,384 | 1,221 | 1,731 | 25% | 42% |
| Tax | 255 | 456 | 278 | 9% | -39% |
| Net Income | 1,129 | 765 | 1,453 | 29% | 90% |
| ROTE | 11.4% | 6.8% | 12.3% | 93bps | 553bps |
| ROAA | 1.1% | 0.7% | 1.2% | 8bps | 55bps |

Notes:

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

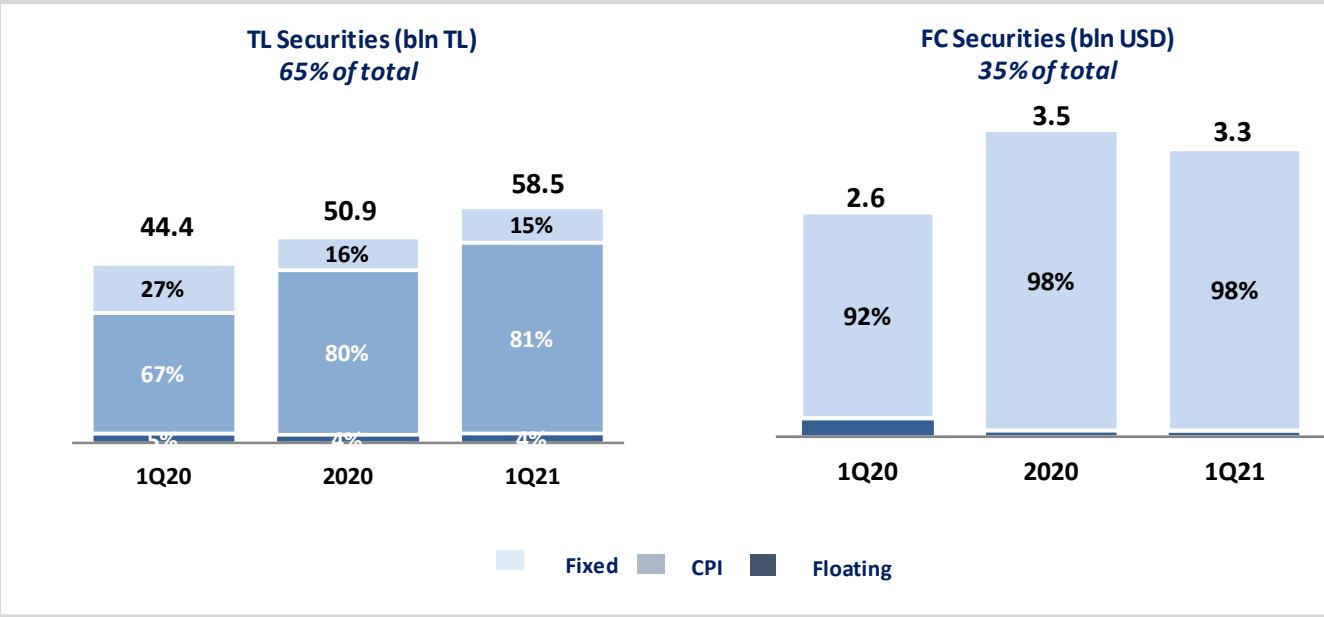
Sectoral Breakdown of Loans



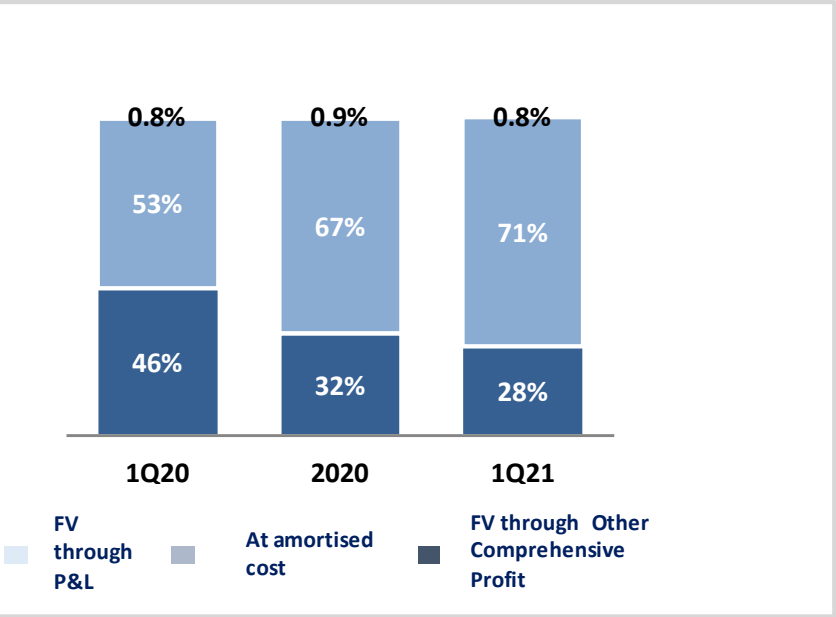
- **Energy Sector** total coverage at 15%, 48% of the loans are under Stage 2
- **Energy Sector Risky Stage 2 files'** coverage at 29%
- **Infrastructure and other construction** total coverage at 22%
- **Total Real Estate loans** Stage 2 coverage at 19%
- **Tourism Sector** share in total at 2.8%
- 9% share of **SMEs** in cash loans, ~40% 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: 47.2 bln TL**





CPI linker valuation: 11% average inflation (2020: 11.9%)

■ **M-t-m unrealised gain² at -130 mln TL as of 1Q21 (+213 mln TL in 2020)**

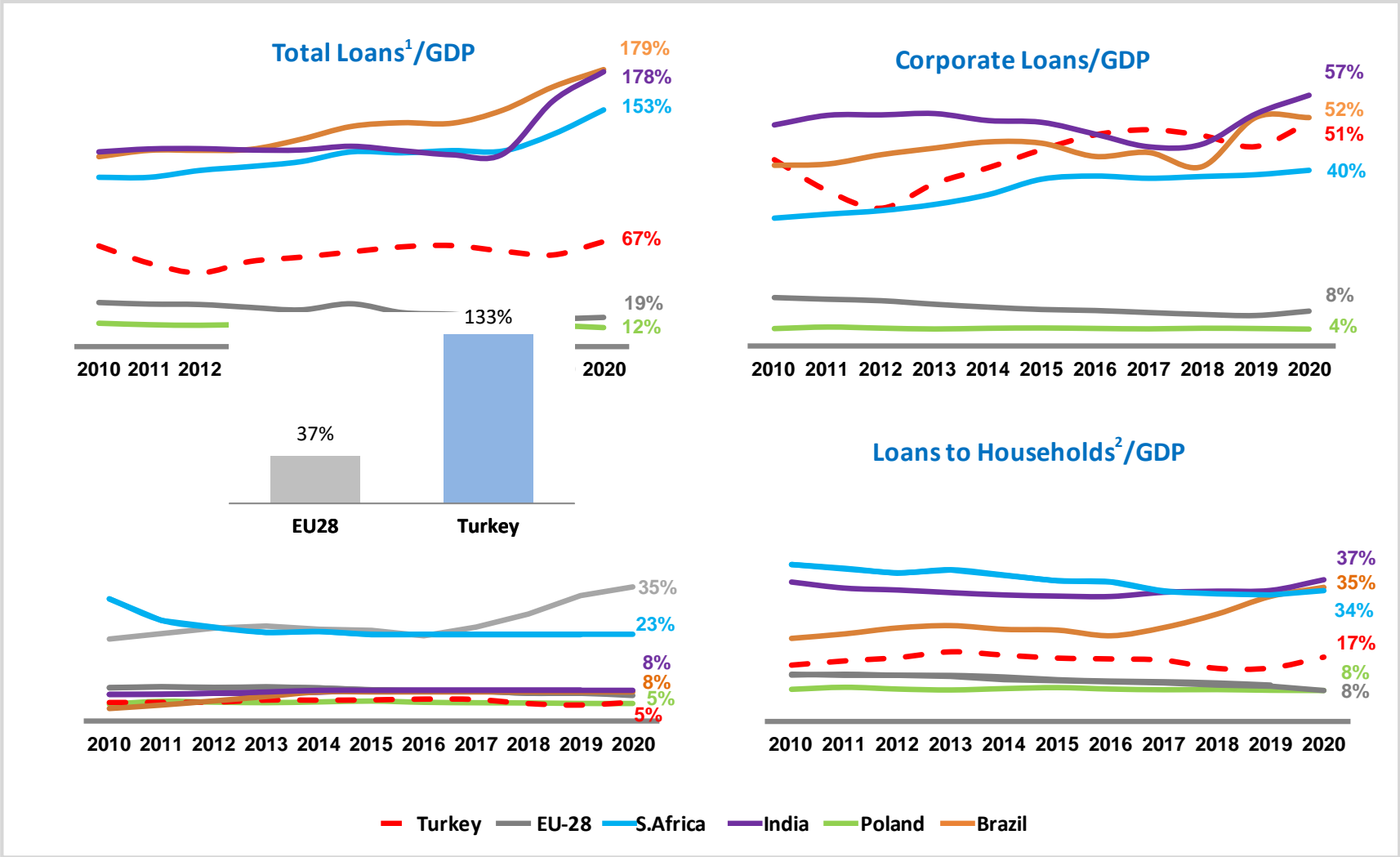
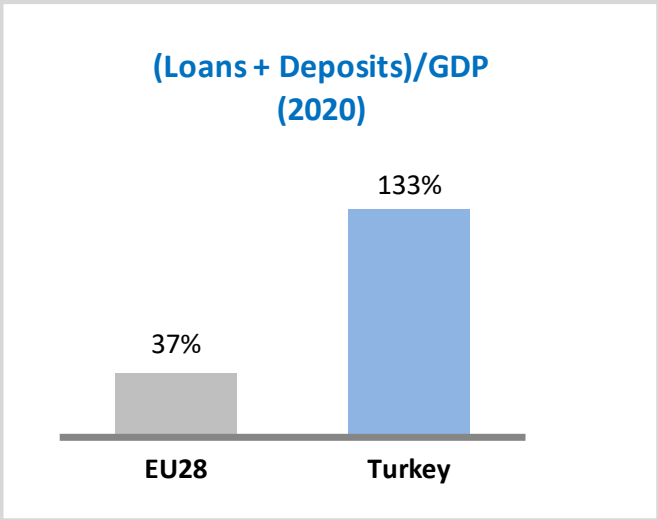
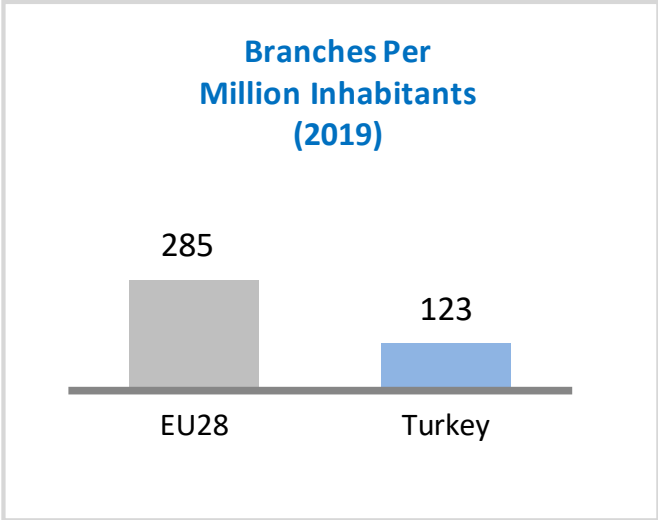
Notes:
1. Based on Bank-Only financials
2. Net of tax

Details of Main Borrowings

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| | | |
|---------------|--|--|
| International | Syndications | <p>~ US\$ 1.76 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% fixed 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 ■ Jan'21: US\$ 500 mln market transaction, 10NC5, 7.875% (coupon rate)- Basel III Compliant |
| | 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 4.44 bln total</p> <ul style="list-style-type: none"> ■ Jun'20 : TL 81 mln, 1-year maturity ■ Dec'20 : TL 633 mln, 4-month maturity, TLREF indexed ■ Jan'21 : TL 2.01 bln, 3-month maturity, TLREF indexed ■ Feb'21 : TL 1.11 bln, 6-month maturity, TLREF indexed ■ Mar'21 : TL 170 mln, 4-month maturity ■ Mar'21 : TL 436 mln, 3-month maturity, TLREF indexed <div>     </div> |
| | 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 2020 actual figures
(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 | 1Q21 |
| Banks # | 51 | 47 | 47 | 53 | 53 | 53 | 53 | 54 | 54 | 54 | 54 |
| Branches # | 10,550 | 10,454 | 10,398 | 10,359 | 10,289 | 10,199 | 10,161 | 10,132 | 10,079 | 9,939 | 9,924 |
| Loan Growth (yoy) | 21% | 14% | 15% | 8% | -2% | 10% | 13% | 26% | 37% | 33% | 30% |
| Deposit Growth (yoy) | 16% | 19% | 23% | 17% | 8% | 22% | 22% | 32% | 41% | 33% | 29% |
| Loans/GDP ¹ | 65% | 62% | 63% | 61% | 59% | 59% | 61% | 69% | 71% | 67% | 66% |
| Deposits/GDP ¹ | 55% | 55% | 56% | 55% | 56% | 57% | 59% | 65% | 69% | 65% | 64% |
| Loans/Assets | 65% | 63% | 62% | 61% | 61% | 61% | 60% | 62% | 60% | 60% | 59% |
| Deposits/Assets | 55% | 55% | 56% | 55% | 57% | 59% | 58% | 58% | 58% | 58% | 57% |
| NIM | 3.9% | 4.1% | 3.7% | 3.8% | 3.9% | 4.1% | 4.9% | 4.6% | 4.5% | 4.2% | 2.9% |
| NPL Ratio | 2.9% | 3.7% | 4.0% | 4.3% | 4.7% | 5.2% | 5.0% | 4.4% | 4.1% | 4.0% | 3.8% |
| Specific Coverage | 0% | 69% | 69% | 68% | 66% | 65% | 69% | 71% | 74% | 74% | 76% |
| CAR ² | 16.5% | 16.9% | 16.0% | 17.3% | 18.0% | 18.0% | 17.4% | 19.1% | 19.0% | 18.3% | 17.6% |
| Tier 1 Ratio | 13.6% | 13.6% | 12.9% | 14.2% | 14.9% | 14.9% | 14.4% | 16.0% | 15.7% | 15.3% | 14.6% |
| ROAE | 14.9% | 13.9% | 11.7% | 11.3% | 10.7% | 10.6% | 12.4% | 11.6% | 11.4% | 10.5% | 10.5% |
| ROAA | 1.5% | 1.4% | 1.2% | 1.2% | 1.1% | 1.1% | 1.3% | 1.2% | 1.0% | 1.0% | 1.0% |

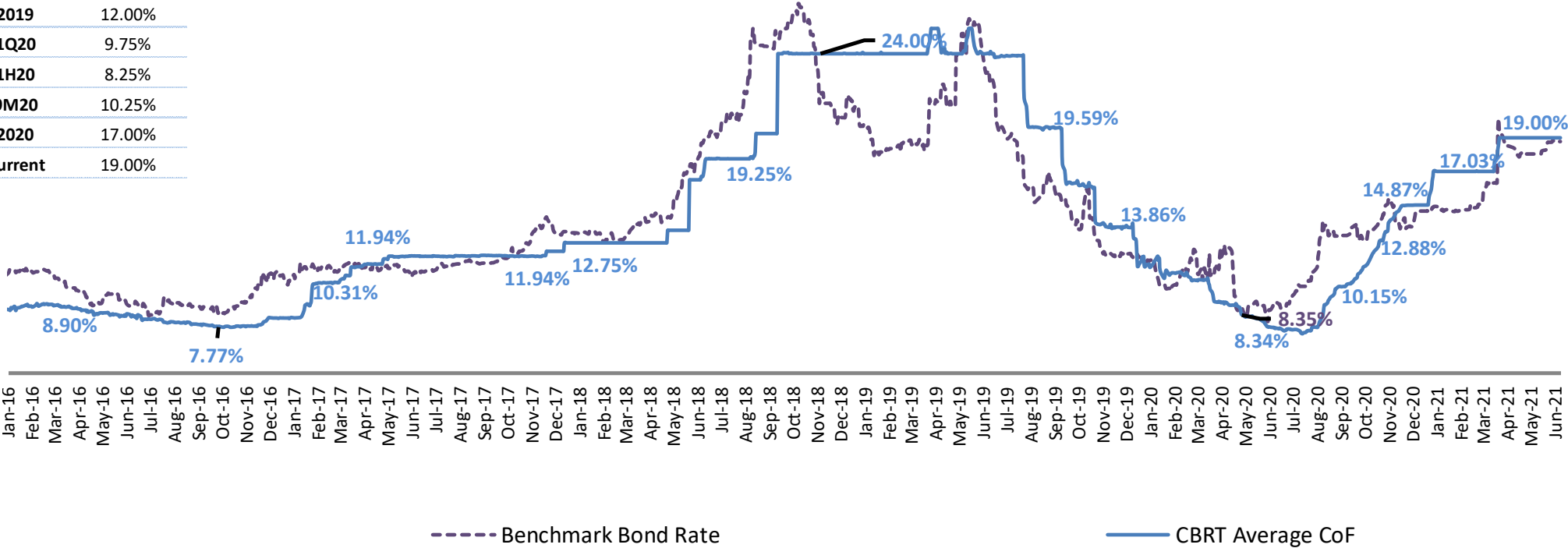
Source: Turkish Banks Association for bank and branch numbers, BRSA for banking sector data (including BS, P&L, KPIs), Turkstat for GDP data

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 | 19.00% |



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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