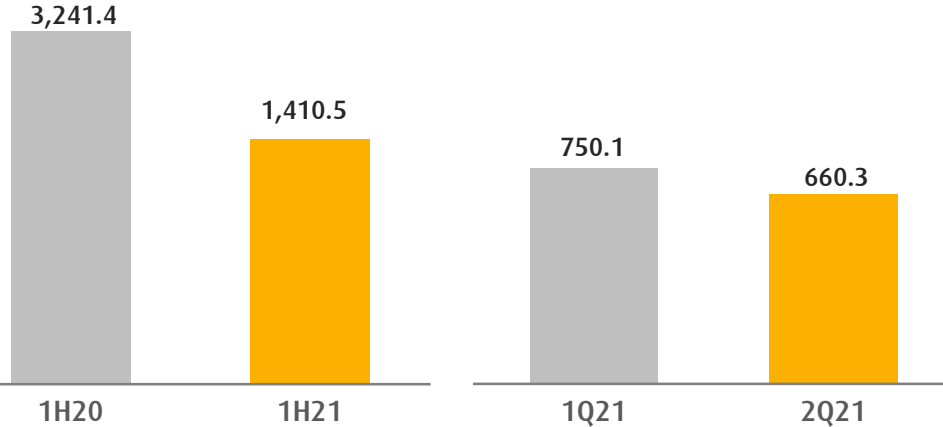




Earnings Presentation  
BRSA Bank-Only 1H 2021  
August 9, 2021

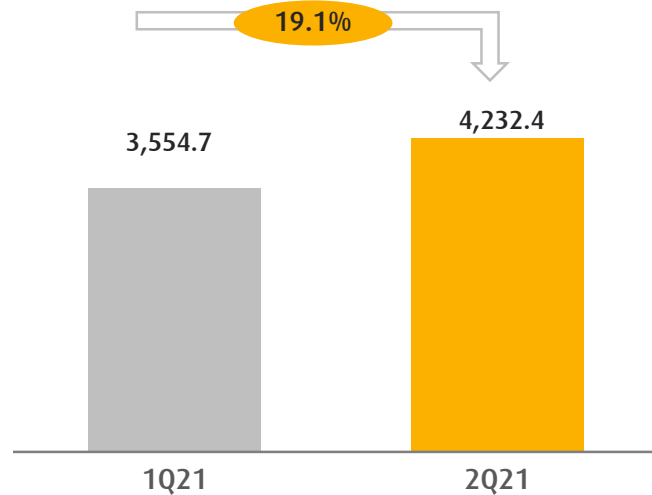
# 2Q21 Earnings and Ratios

Net Income (TL million)

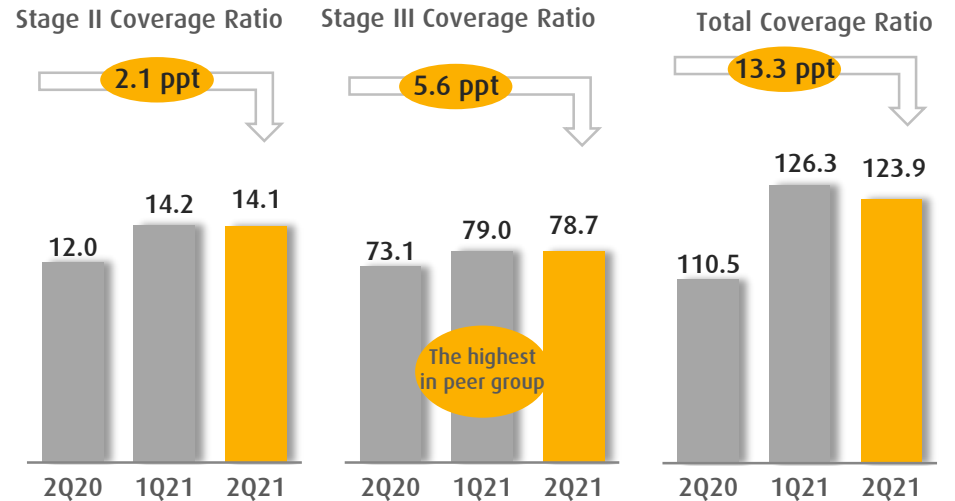


**TL 1,472 million**  
free provisions  
in the balance  
sheet

Core Banking Revenue (TL million)\*



Coverage Ratios (%)



## Key Highlights of 2Q21

### Quarterly decelerated lending growth

- Total loans are up by **2.4%** QoQ and **24.2%** YoY.
  - TL loans are up by **0.9%** QoQ and **18.2%** YoY.
  - FC loans are up by **0.4%** QoQ and **10.3%** in USD terms.

### Core banking revenue gets the lion share of total revenue

- High quality core banking revenue is **73%** of total revenue.
- Core banking revenue is up by **19.1%** QoQ.

### Above than guidance fee growth

- Net F&C income is up by **20.6%** QoQ and **9.3%** YoY.
- Fee/Total revenue ratio increased by **8.3%** in 2Q21 from 12.3% in 1Q21.
- Fee/Opex ratio is increased to **48.2** in 2Q21 from 40.7% in 1Q21.

### Disciplined cost management

- Disciplined cost management on track; annual Opex growth came at **11.5%**, below annual CPI.
  - HR cost is down by **7.3%** QoQ and up by **8.6%** YoY.
  - Non-HR cost is up by **8.8%** QoQ and **13.7%** YoY.

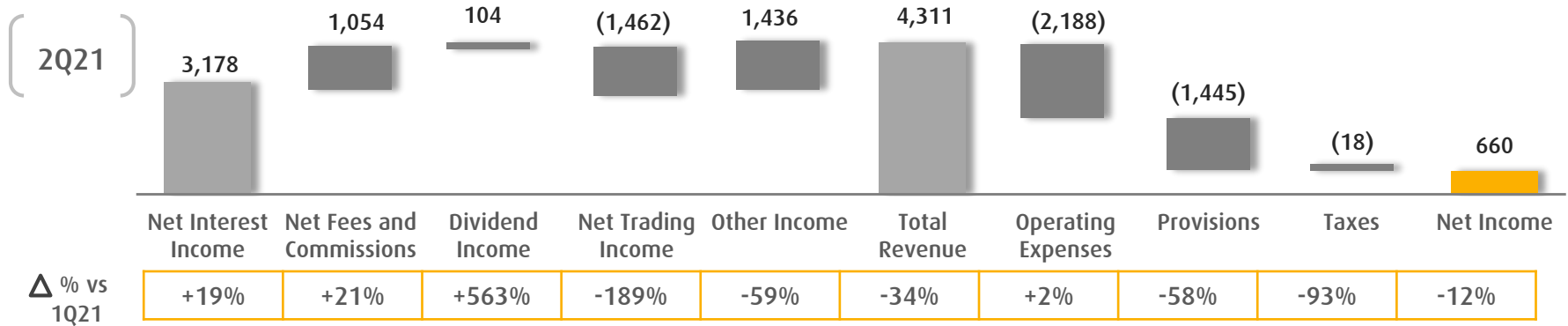
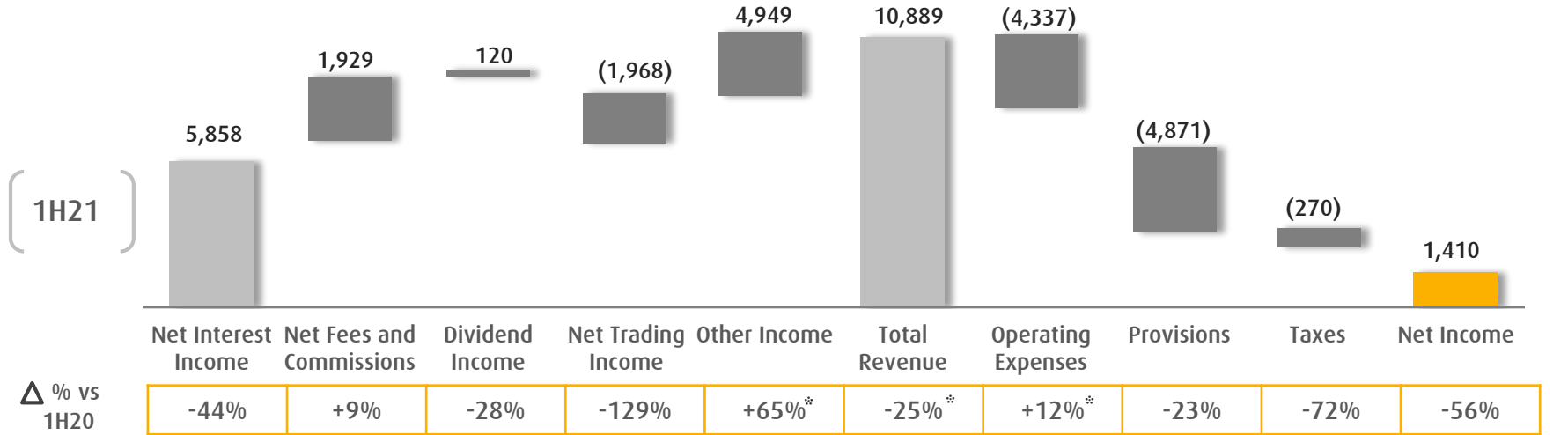
### Prudent coverage ratios

- Stage-II coverage ratio increased to **14%** in 2Q21 from 12% in 2Q20.
- Stage-III coverage ratio further increased to **79%** in 2Q21 from 73% in 2Q20.
- Total NPL coverage ratio also increased to **124%** in 2Q21 from 111% in 2Q20.
- **TL 1.5 billion** free provision is still in the balance sheet.

### Comfortable liquidity levels

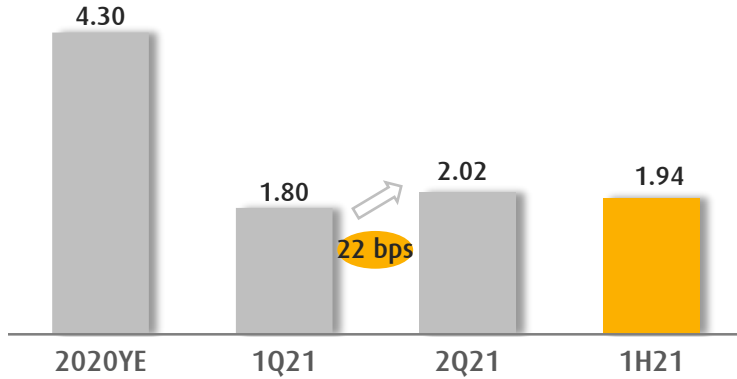
- Liquidity ratios are well above regulatory thresholds;
  - FC LCR is at **270%** vs min threshold of 80%.
  - Total LCR is at **125%** vs min threshold of 100%.

# 1H21 P&L Details

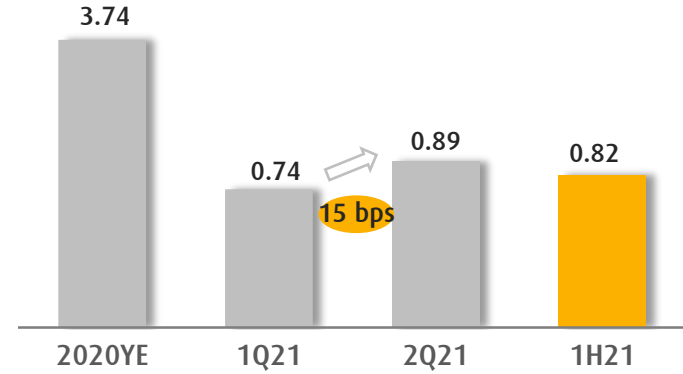


# NIM, Spreads & Costs

Net Interest Margin (NIM %)



Swap Adjusted Net Interest Margin (%)



CPI Expectations

	2Q21
2021 YE CPI Exp.	12.2%
Oct-Oct CPI Exp.	14%

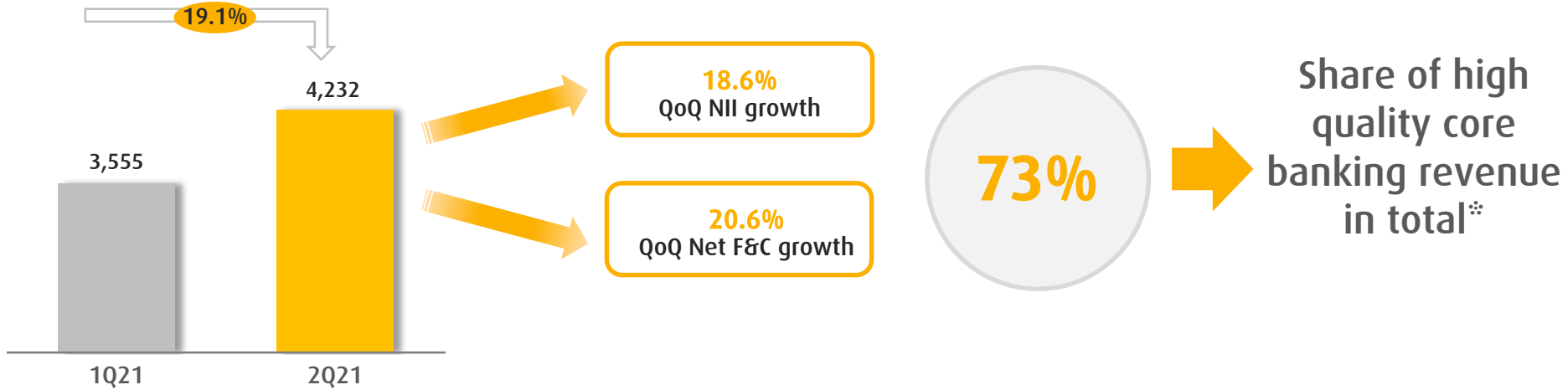
**14%**  
Oct-Oct CPI estimate is one of the lowest in peer group, having potential income for 2H21

Total Money Market Funding

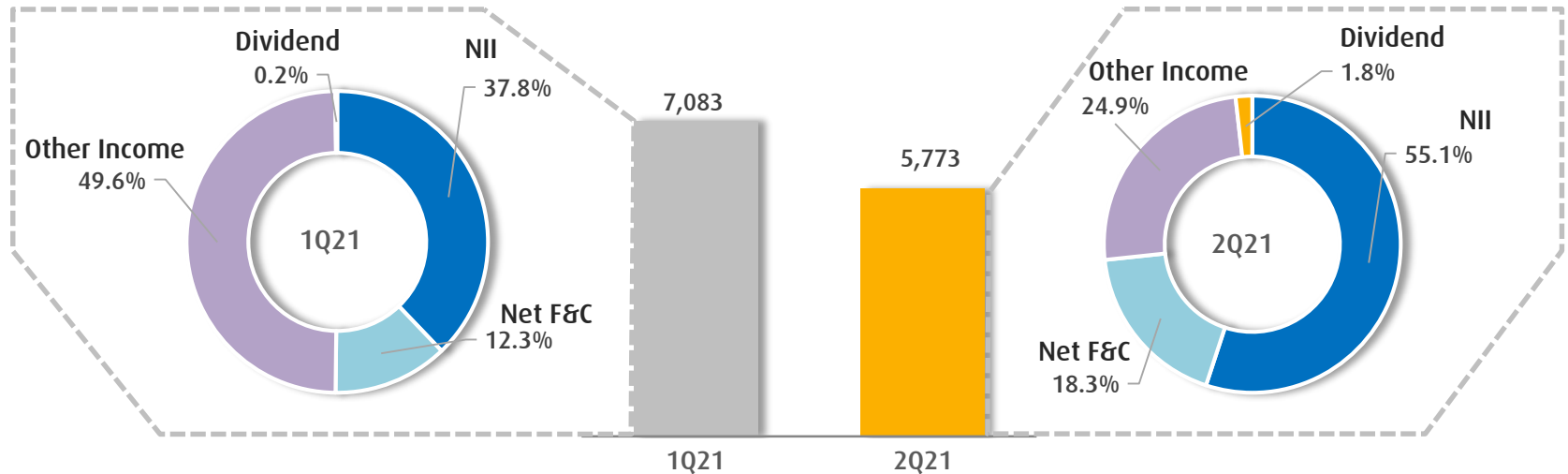
	2Q20	3Q20	4Q20	1Q21	2Q21
Quarterly average total money market funding	TL 72.0 billion	TL 68.2 billion	TL 80.9 billion	TL 103.4 billion	TL 112.6 billion
Quarterly average cost of money market funding	8.19%	8.56%	13.12%	16.38%	18.55%
Average Swap Usage	TL 34.9 billion	TL 27.3 billion	TL 27.3 billion	TL 44.2 billion	TL 42.4 billion
Swap Cost	TL 707 million	TL 511 million	TL 724 million	TL 1,582 million	TL 1,782 million

# Revenue breakdown

## Core Banking Revenue

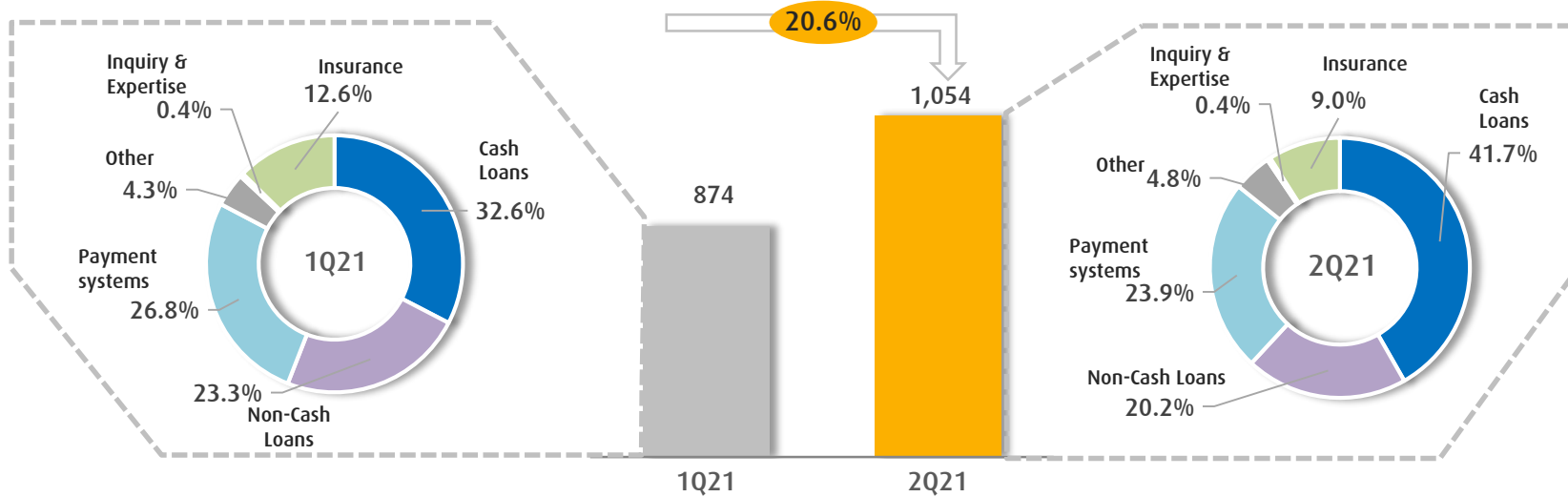


## Total Revenue\* – Revenue Breakdown (TL million)

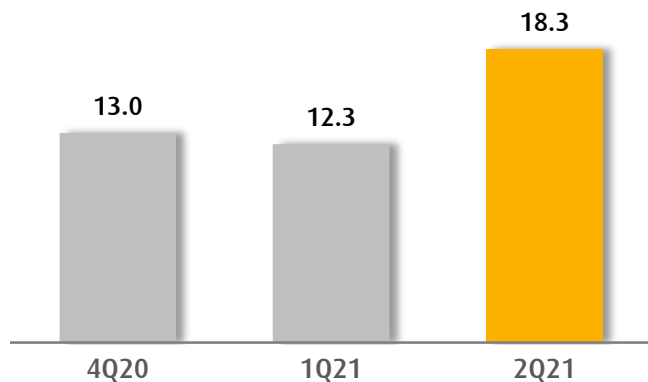


# Above than guidance fee growth

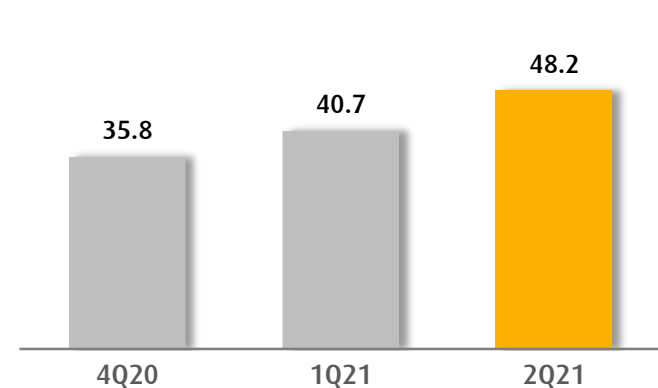
Net Fee & Commission Income Breakdown (TL million)



Fee/Total Revenue (%)



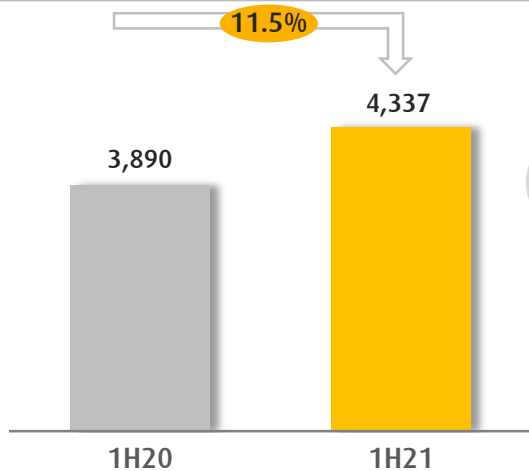
Fee/Operating Expense (%)



**9.3%**  
Annual net fee & commission income growth

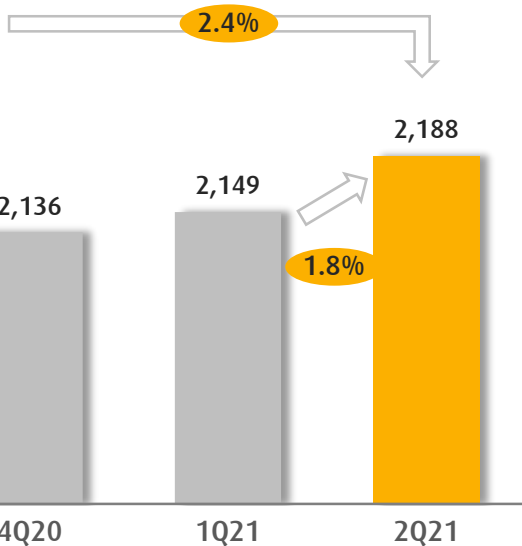
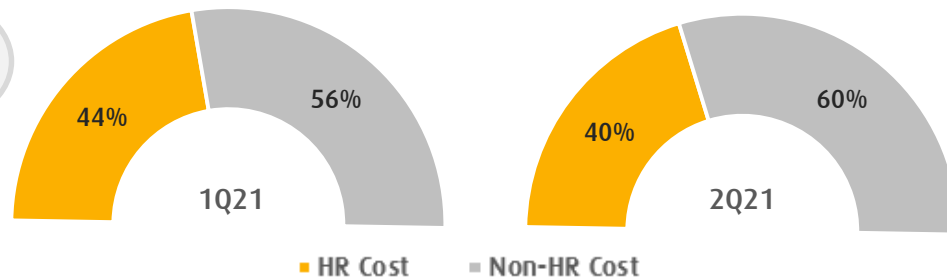
# Disciplined cost management

Operating Expenses\* (TL million)

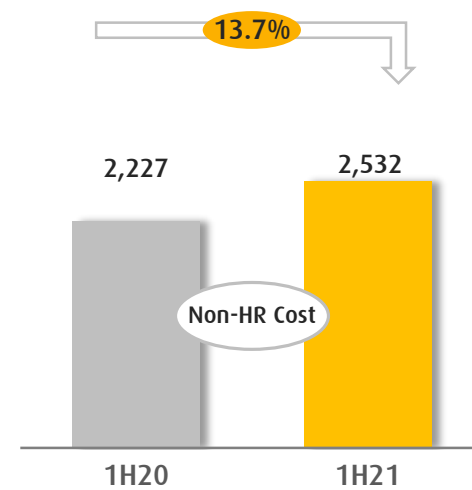
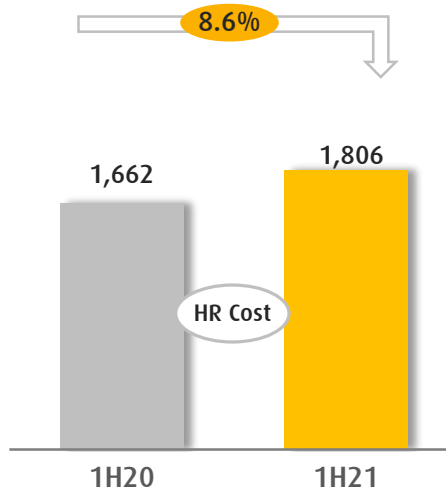


Breakdown of OPEX

YoY Opex growth below annual inflation



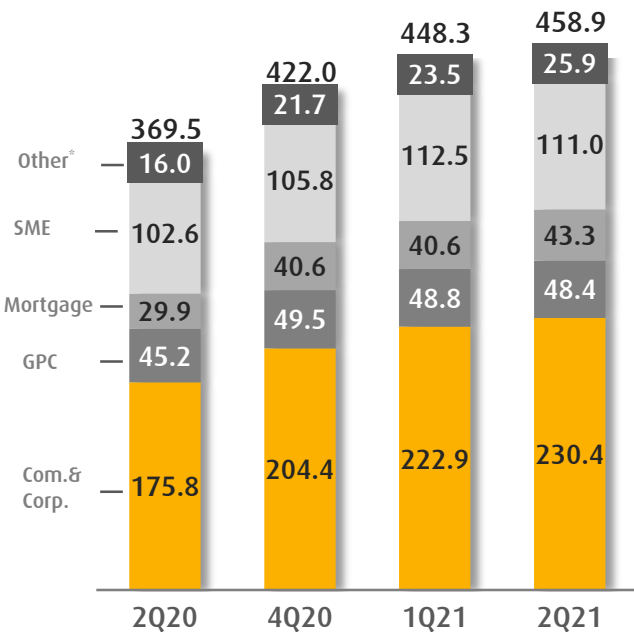
OPEX Breakdown (TL million)



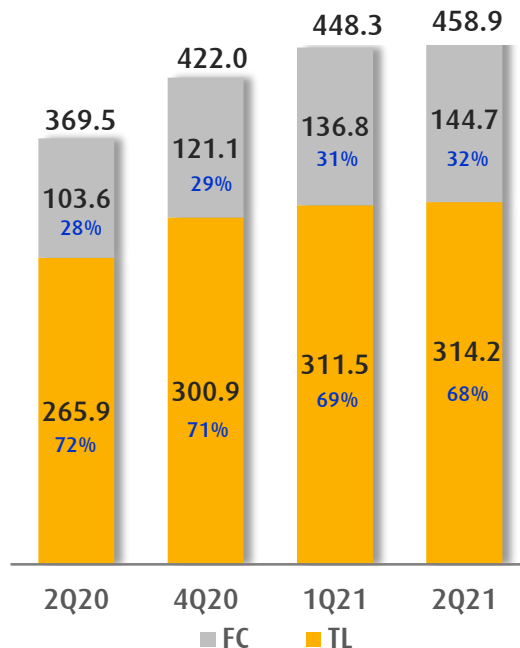


# Well-diversified & stable loan breakdown

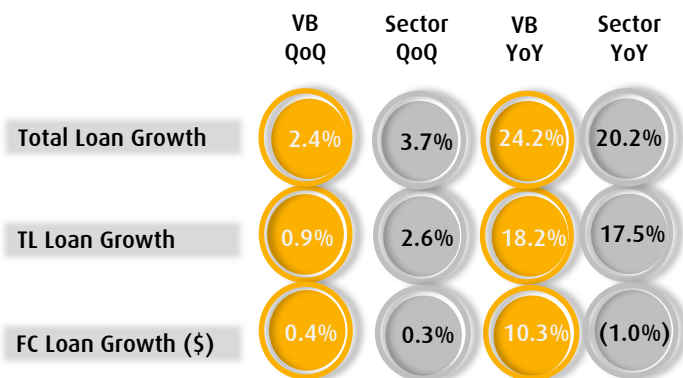
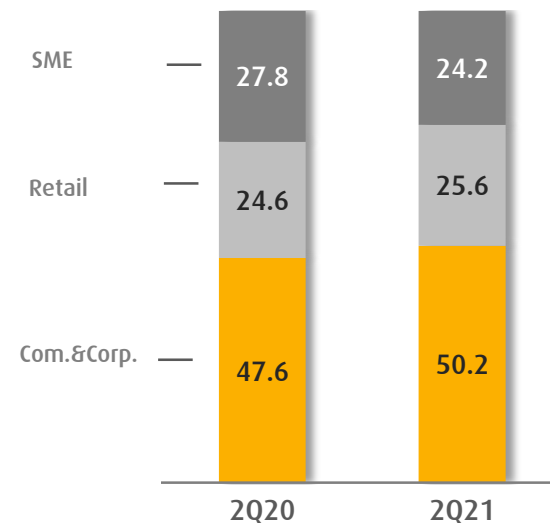
Segment Breakdown of Loans (TL billion)



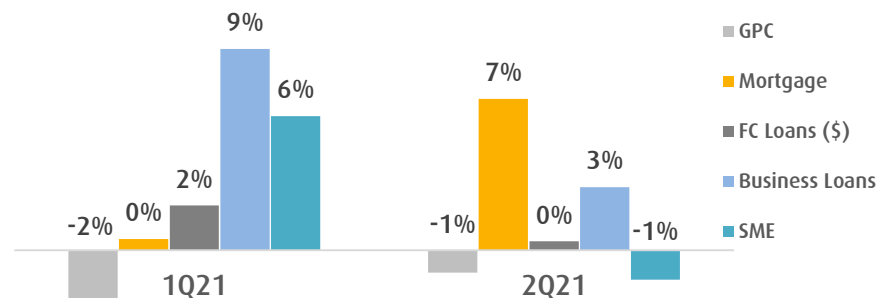
Currency Breakdown of Loans (TL billion)



Portfolio Breakdown (%)

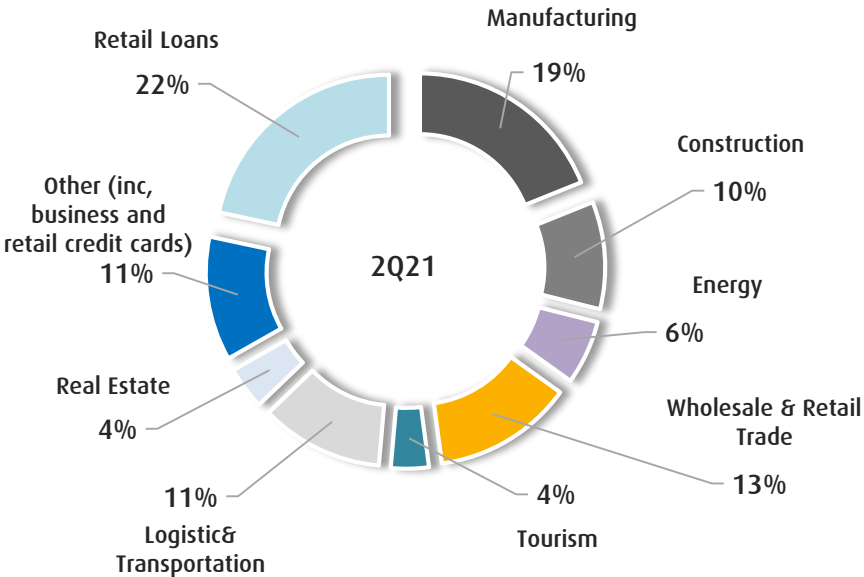


Quarterly Loan Growth

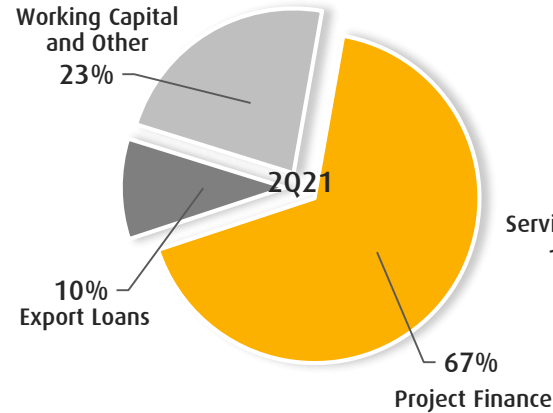


# Breakdown of loan portfolio

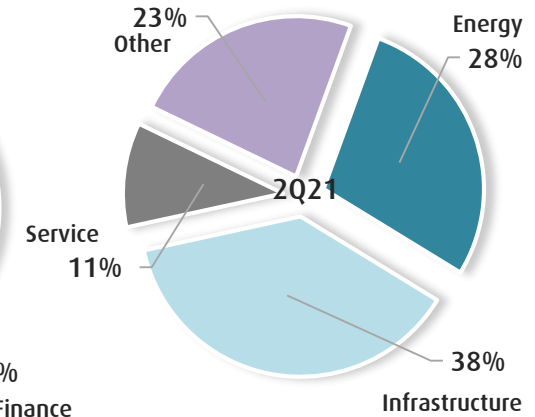
Sector Breakdown of Cash Loans



Breakdown of FC Loans



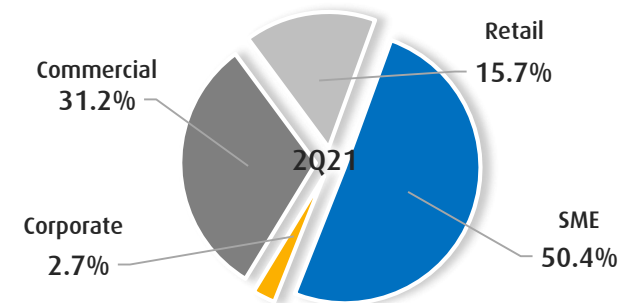
Breakdown of Project Finance



CGF Loans (Billion TL)

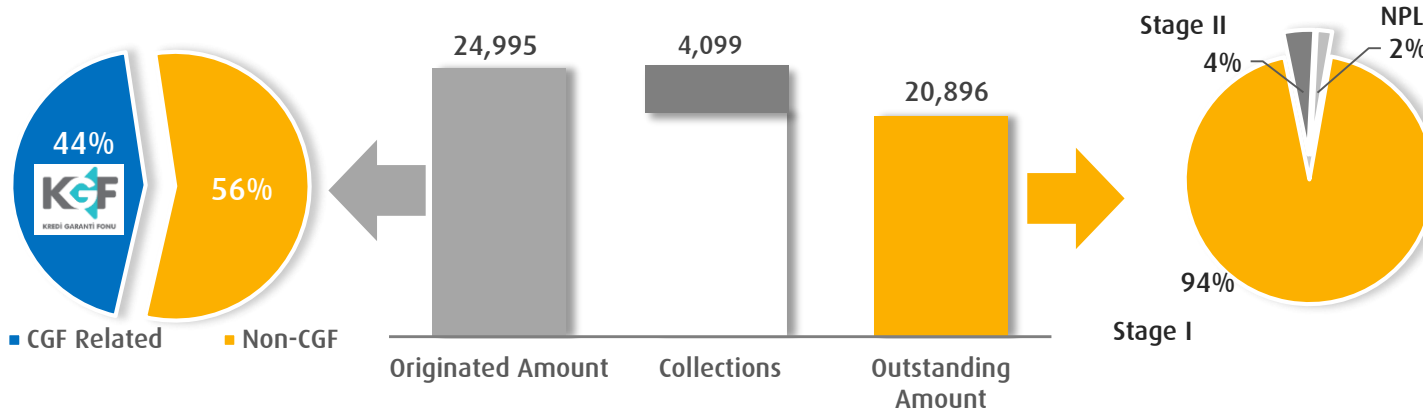
	4Q20	1Q21	2Q21
Covid Related Non-Retail CGF Loans	TL 42.7	TL 38.7	TL 35.0
Covid Related Retail CGF Loans	TL 10.3	TL 9.0	TL 7.3
Pre-Covid CGF Loans	TL 10.7	TL 9.5	TL 8.1
<b>Total CGF Loans</b>	<b>TL 63.7</b>	<b>TL 57.2</b>	<b>TL 50.5</b>

Segment Breakdown of Total Outstanding CGF Loans

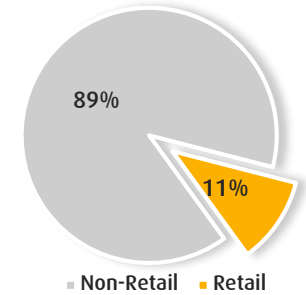


# Covid related support loans

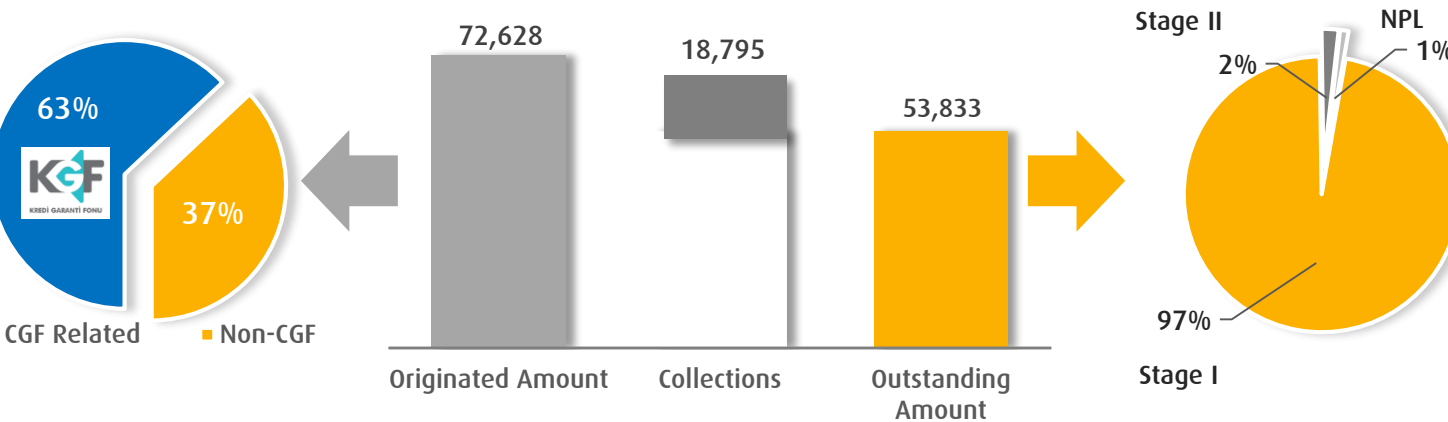
## Retail Support Loans (million TL)



### Covid-19 Related Deferral Loans' Payment Performance



## Commercial Support Loans (million TL)

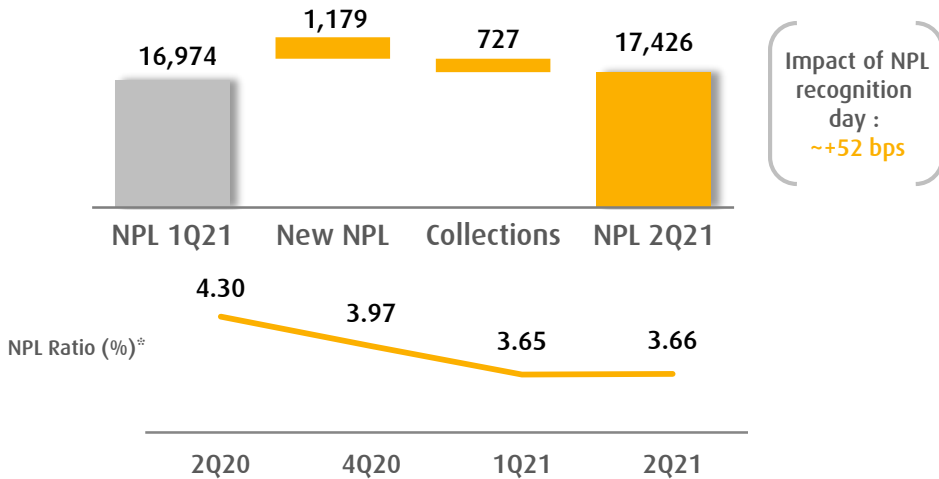


### Loan payments deferred due to covid

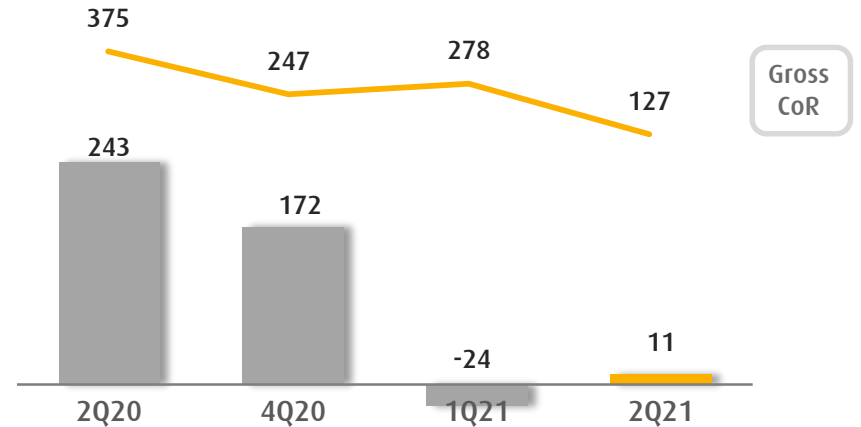
Stage I	88%
Stage II	10%
Stage III	2%

# Prudent coverage ratios

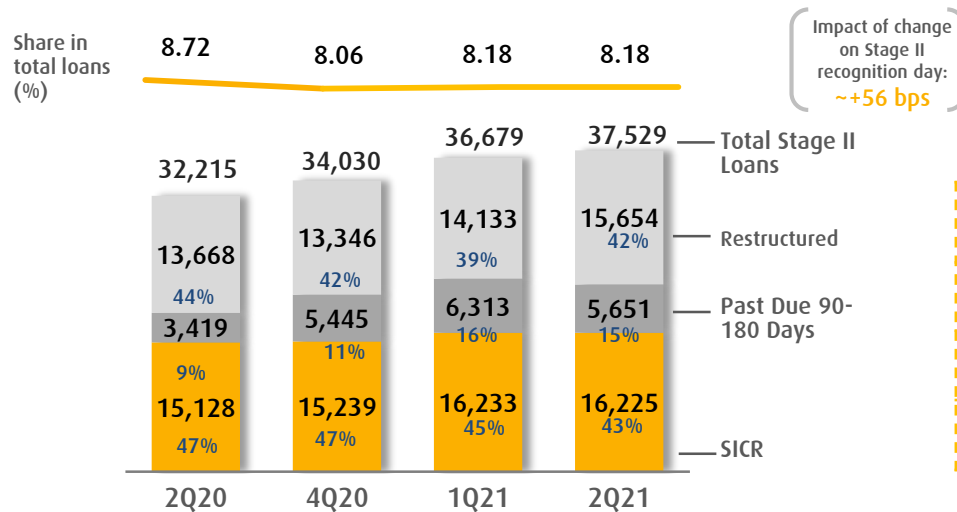
NPL (TL million)\*\*



Net Cost of Risk (bps)



Stage II Loans Breakdown (TL million)



Coverage Ratios (%)

	2Q20	4Q20	1Q21	2Q21
Stage I	0.7	0.8	0.7	0.6
Stage II	12.0	15.0	14.2	14.1
Stage III	73.1	76.3	79.0	78.7
<b>Total</b>	<b>110.5</b>	<b>123.8</b>	<b>126.3</b>	<b>123.9</b>

**TL 1.5 billion free provision**

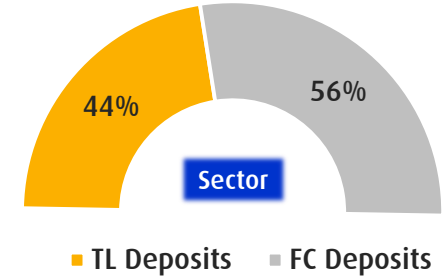
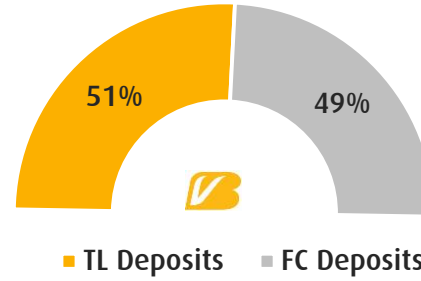
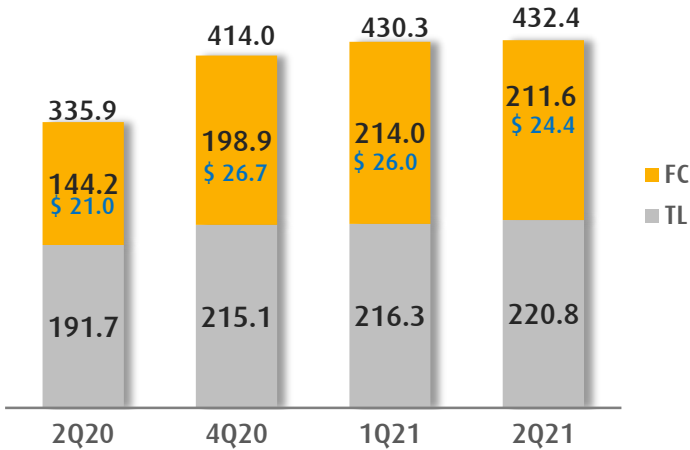
**The highest in peer group**

# Well-balanced deposit portfolio

Total Deposits (TL billion)

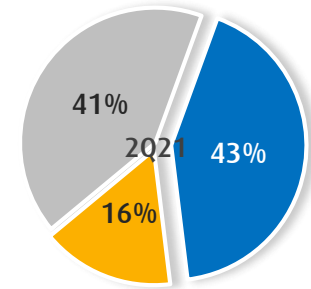
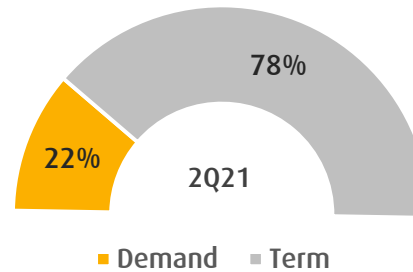
Breakdown of Deposits

Market Share



The share of customer deposit:  
**59%** in total liabilities

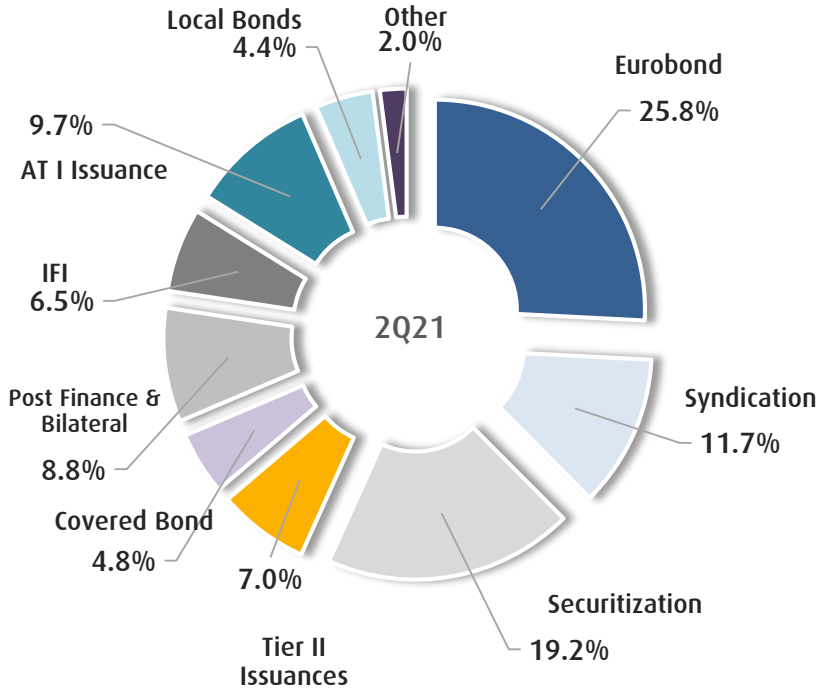
	VB QoQ	Sector QoQ	VB YoY	Sector YoY
Total Deposits Growth	0.5%	6.2%	28.7%	26.5%
TL Deposits Growth	2.1%	5.2%	15.2%	12.7%
FC Deposits Growth (\$)	6.1%	1.6%	16.0%	10.8%



■ Retail Deposit ■ State Deposit ■ Other

# Well diversified external funding

## Breakdown of Wholesale Funding



Share of total international funding in total liabilities **17%** in 2Q21

**~USD 14 billion** total international funding

A fresh DPR securitization with an amount of **USD 1 billion 750 million** which is the largest DPR securitization issuance in Turkish banking sector

April 2021 syndication loan amounting **USD 1.1 billion** with a roll-over ratio of **105%**

**FC LCR: 270%** vs 80% minimum threshold

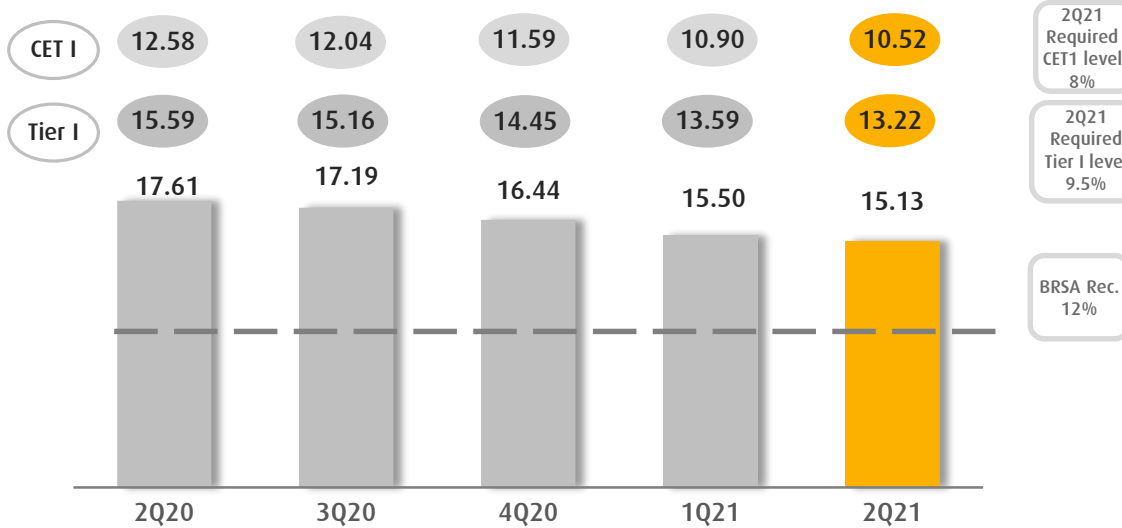
International Funding

Short-Term \$4.3 billion

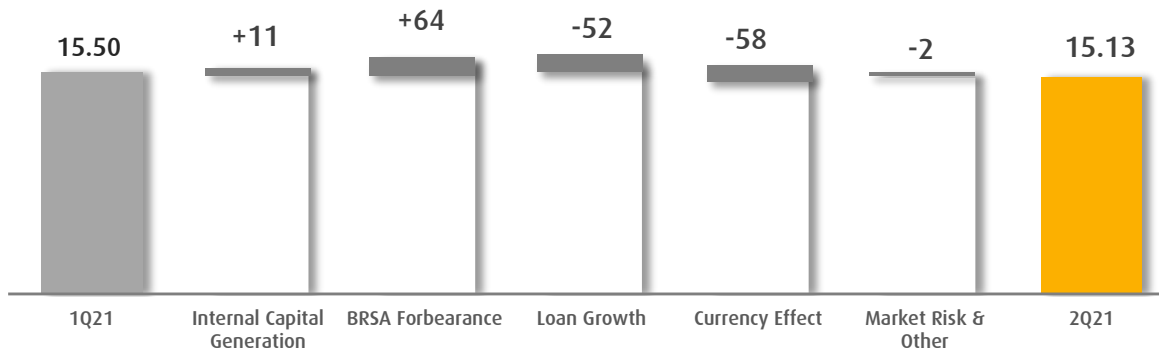
Long-Term \$9.7 billion

# Solvency ratios

Capital Adequacy Ratio (%)



Solvency ratios without forbearances (% - 2Q21)	
CAR	14.49
Tier I	12.61
CET I	10.03



The effect of 1 ppt interest rate increase/ decrease on CAR is **~10 bps**

The effect of TL 0.1 decrease /increase in USD/TL parity on CAR is **~5 bps**

## Appendix

Pg. 17	Sustainable banking approach
Pg. 18	Improved efficiency with enhanced digital platforms
Pg. 19	Composition of assets & liabilities
Pg. 20	Well-positioned security portfolio
Pg. 21	Retail Lending Portfolio
Pg. 22	Diversified funding sources via non-deposit funding
Pg. 23	Unconsolidated Key Financial Ratios
Pg. 24	Unconsolidated Balance Sheet
Pg. 25	Unconsolidated Income Statement



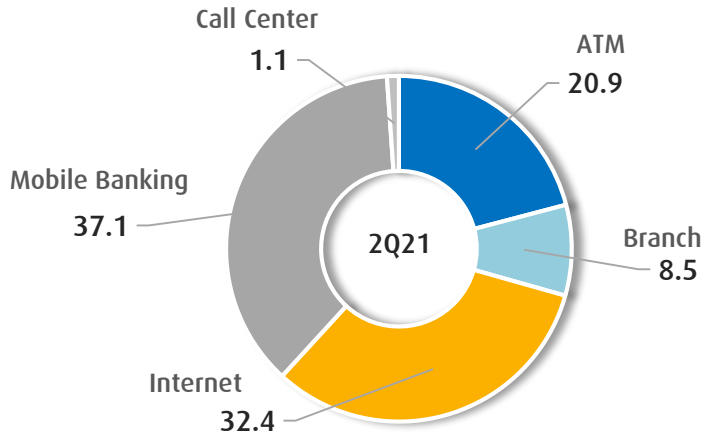
# Sustainable banking approach

Indices	Initiatives	Reporting & Certificates	Funding
 <p>Since 2014, in the BIST Sustainability Index</p>  <p>Since 2017, in FTSE4GOOD Index</p>  <p>Since 2019, Voluntary participation in the Dow Jones Sustainability Index (DJSI) survey</p>  <p>Added to Bloomberg Gender-Equality Index twice in a row</p>	 <p>United Nations Global Compact</p> <p>Among the participants of the UN Global Compact</p>  <p>EMPOWERMENT PRINCIPLES EQUALITY MEANS BUSINESS</p> <p>The first Turkish public institution to sign the Women's Empowerment Principles (WEPs)</p>  <p>VakıfBank supports UNDP Sustainable Development Goals</p>	 <p>2014- 2019 Sustainability Reports, since 2019 Integrated Report in line with IIRC</p>  <p>Since 2015, VakıfBank have been reporting to the Carbon Disclosure Project (CDP – Score B)</p>  <p>Since 2017 Environmental, Quality, Occupational Health and Safety Management Certificates and in 2020 put together them under the umbrella of Integrated Management System Certificate</p>  <p>Improved ESG risk rating score to 19.8 (low risk) from 23.1 (medium risk)</p>  <p>Since 2019, VakıfBank became a Carbon Negative company by offsetting more than all of its greenhouse gas emissions</p> 	 <p>Multi-tranche facility agreement with AFD amounting <b>EUR 200 million</b> which is the largest amount obtained as “Green Mortgage Project” in Turkish banking sector in 4Q20</p> <p>The first sustainable Eurobond issued by deposit bank amounting <b>USD 750 million</b> in 4Q20 The Transaction is the winner of FI bond deal of the year in Bonds &amp; Loans</p>  <p>The first sustainable syndicated loan transaction amounting <b>USD 1.1 billion</b> equivalent in 1Q21</p>

# Improved efficiency with enhanced digital platforms

Non-branch transaction share\*\*

**~92%**



# of active\* digital banking customers reached  
**5.6 million**

# of transaction made through digital platform increased **50%** YoY

# of active\* digital banking customers growth with **3%** QoQ

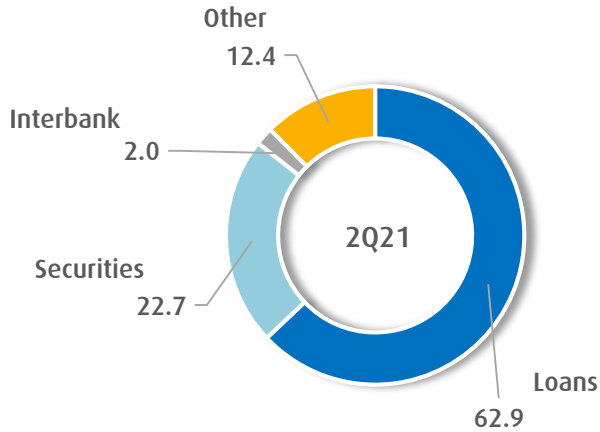
**939**  
Branches

**4,230**  
ATMs

**5,581 K**  
Digital Banking Customers

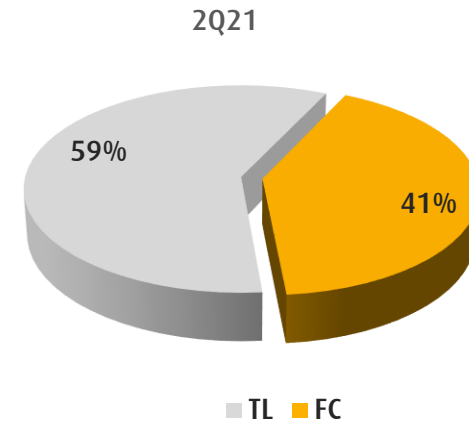
# Composition of asset&liabilities

Breakdown of Assets (%)

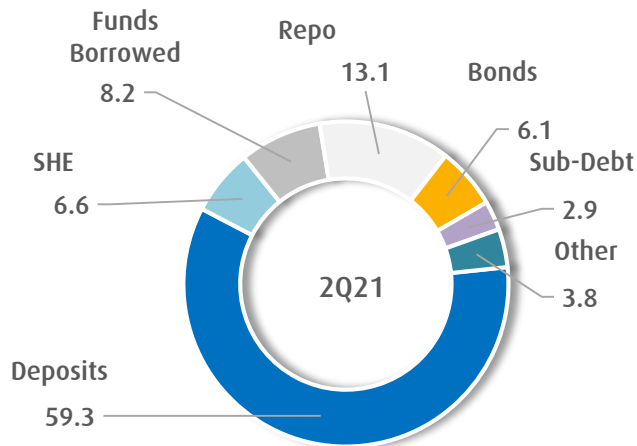


The share of IEA  
**88%**  
in total assets

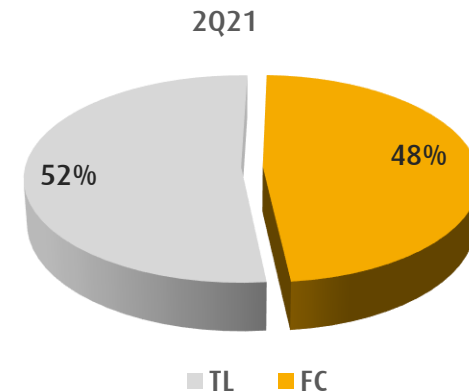
TL/FC Mix in Total Assets



Breakdown of Liabilities (%)

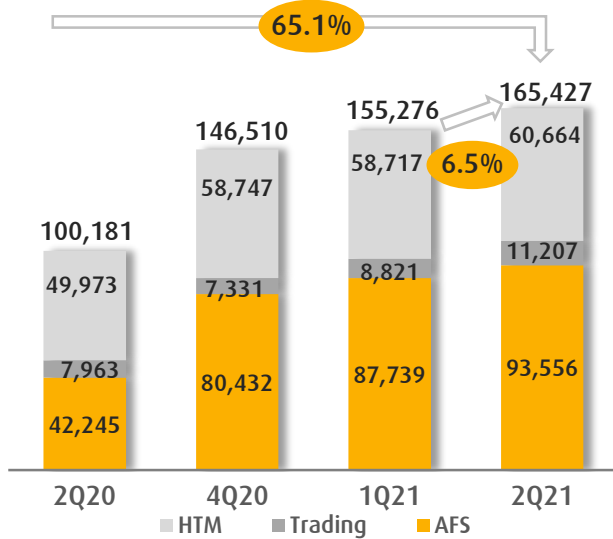


TL/FC Mix in Total Liabilities

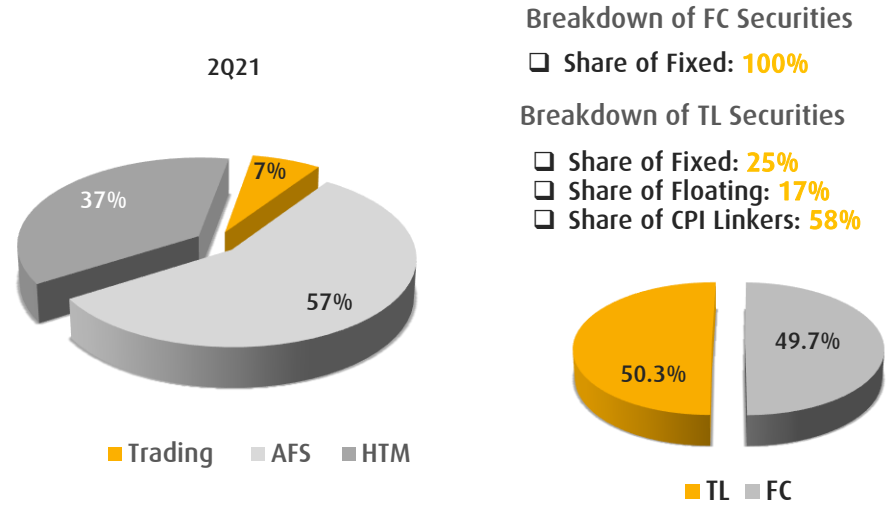


# Well-positioned security portfolio

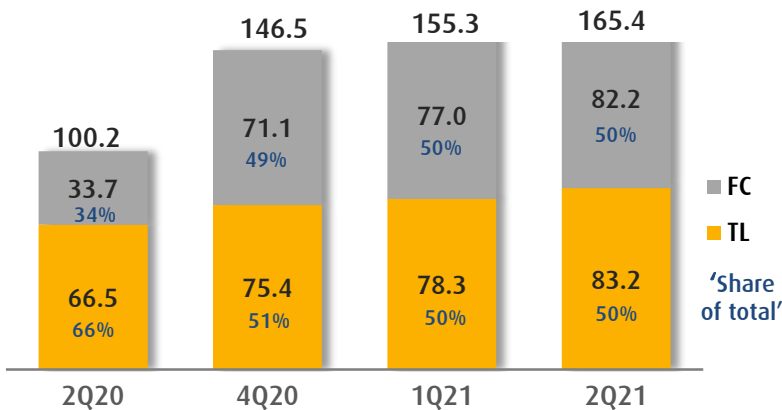
Total Securities (TL million)



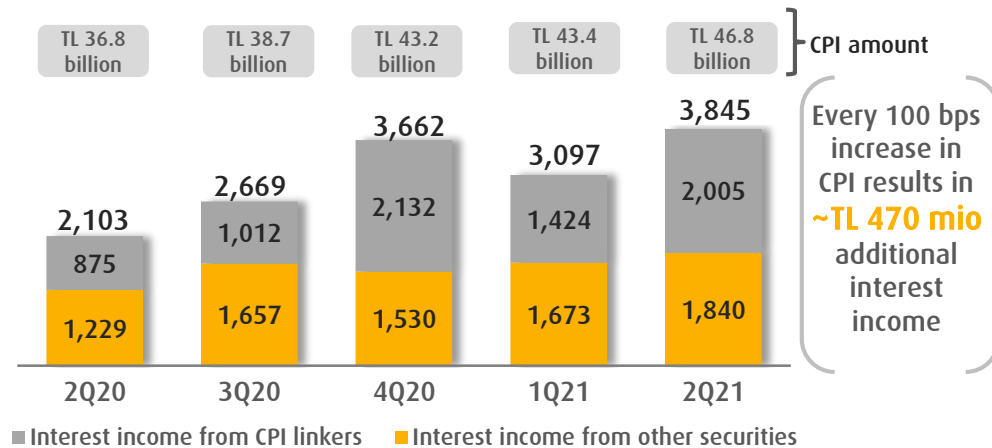
Portfolio Structure



Security Breakdown (TL billion)

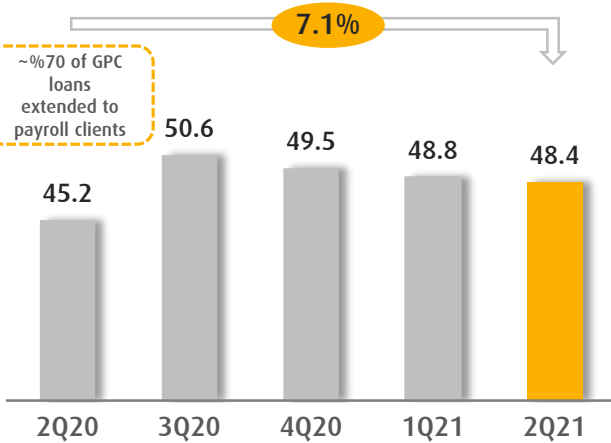


Breakdown of Interest Income from Securities (TL million)

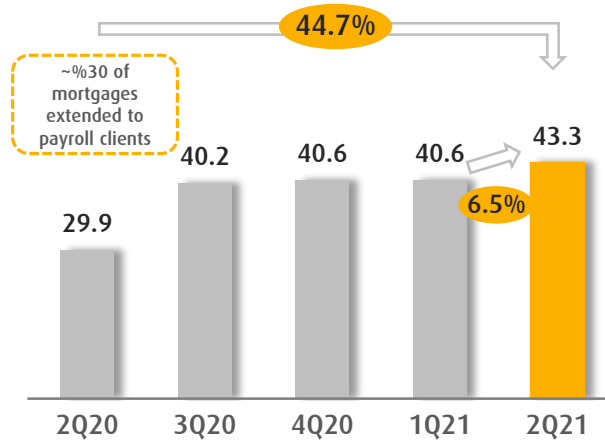


# Retail Lending Portfolio

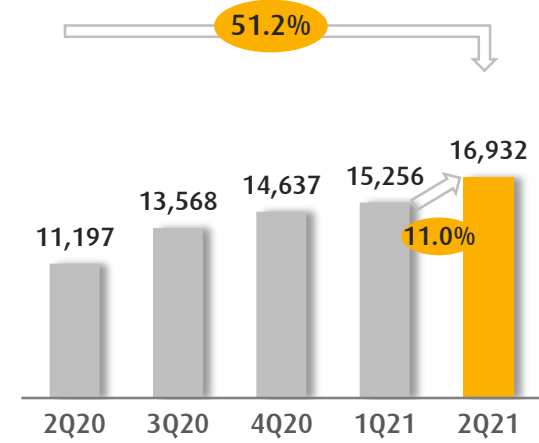
General Purpose Consumer (TL billion)



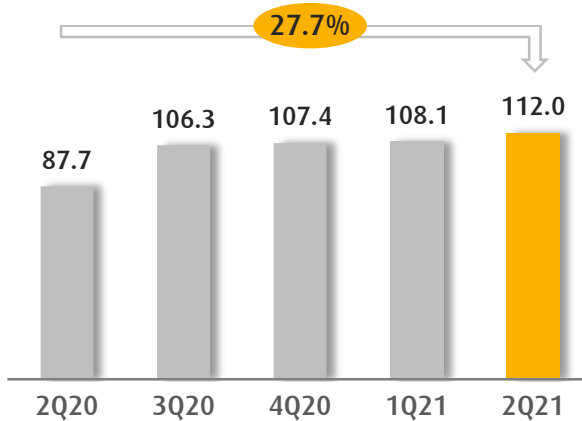
Residential Mortgages (TL billion)



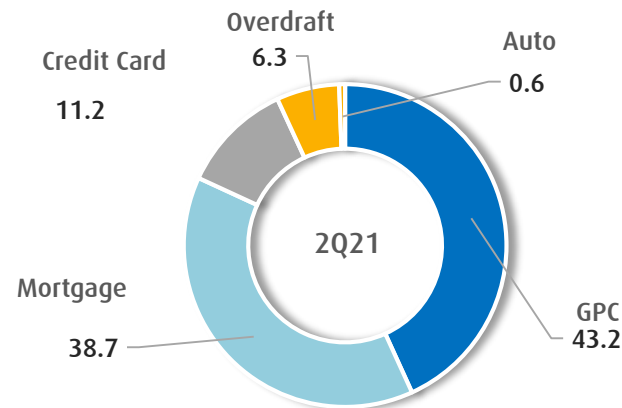
Credit Card Loans (TL million)\*



Total Retail (TL billion)



Breakdown of Retail Loans (%)



Total Retail Customers 21.3 million

Total Payroll Customers 2.3 million

# Diversified funding sources via non-deposit funding

## Syndication

### USD 2 billion outstanding

- **Mar'20:** USD 325 million bilateral loan with ICBC, 3 years maturity
- **Nov'20:** USD 660 million equivalent syndicated loan, Libor +2.50%, Euribor +2.25% for 1 year, 27 banks from 17 countries
- **Apr'21:** USD 1.1 billion equivalent syndicated loan, Libor +2.50%, Euribor +2.25% for 1 year, 38 banks from 18 countries

## Subordinated Bonds

### USD 900 million & TL 1.250 million outstanding Tier II and TL 5 billion & EUR 700 million Tier I

- **Sep'19:** TL 725 million TLREF indexed Tier II notes, 10 years maturity, call option at the end of 5th year
- **Apr'19:** Euro 700 million Tier I notes, fixed coupon rate
- **Sep'18:** TL 5 billion, PNC5 Tier I notes, fixed coupon rate
- **Sep'17:** TL 525 million Tier II notes, floating coupon rate set at 5 year sovereign +3.5%, 10 years maturity
- **Feb'17:** USD 228 million equivalent of 2012 Tier II notes was exchanged, 8% coupon rate, 10 years maturity
- **Oct'12:** USD 672 million equivalent Tier II notes (after exchange), 6% coupon rate, 10 years maturity

## IFI Borrowing

### USD 982.3 billion outstanding

- **World Bank:** outstanding funding USD 238.7 million
- **EBRD:** outstanding funding USD 37,5 million (USD 31.8 million under DPR Program included)
- **EIB:** outstanding funding USD 390.3 million
- **KFW:** outstanding funding USD 166.5 million
- **AFD:** outstanding funding USD 149.3 million

## Post Finance&Bilateral

- EUR 409 million and USD 476 million outstanding

## Eurobonds and Private Placements

### USD 3.75 billion outstanding Eurobonds and USD 41.2 million outstanding Private Placements

- **Jan'21 – June'21:** USD 131.6 million equivalent private placements
- **Dec'20:** USD 750 million, 6.50% coupon rate, 5 years maturity
- **Feb'20:** USD 750 million, 5.25% coupon rate, 5 years maturity
- **Mar'19:** USD 600 million, 8.125% coupon rate, 5 years maturity
- **Jan'18:** USD 650 million, 5.75% coupon rate, 5 years maturity
- **May'17:** USD 500 million, 5.625% coupon rate, 5 years maturity
- **Oct'16:** USD 500 million, 5.5% coupon rate, 5 years maturity

## DPR Securitizations

### USD 2.82 billion outstanding

- **Mar'21** USD 1.74 billion equivalent (USD and Euro), 7 tranches, 5-7 years maturity
- **Oct'19:** USD 417 million, 7 years maturity
- **Oct'18:** USD 300 million, 10 years maturity
- **May'18:** USD 380 million equivalent (USD and Euro), 5 years maturity, six tranches
- **Oct'16:** USD 890 million equivalent (USD and Euro), USD 354.4 million has 5 years maturity, USD 537.5 million has 7 years maturity, seven tranches

## Covered Bond

### TL 6.2 billion outstanding

- **Feb'19:** TL 1.118,2 million, 8 years maturity
- **Jan'19:** TL 396.3 million, 8 years maturity
- **Dec'18:** TL 1 billion, 5 years maturity
- **Feb'18:** TL 1 billion, 5 years maturity
- **Dec'17:** TL 1.3 billion, 5 years maturity
- **Oct'17:** TL 1.3 billion, 5.5 years maturity

## Local Bonds

- TL 5.7 billion outstanding

## Unconsolidated Key Financial Ratios

	1H20	2020	1Q21	2Q21	1H21
<b>Profitability</b>					
ROAE	16.9%	12.6%	6.4%	5.5%	6.0%
ROAA	1.4%	0.9%	0.4%	0.4%	0.4%
Cost / Income	26.9%*	30.7%*	32.7%	50.7%	39.8%
Cost / Assets	1.4%*	1.2%*	1.2%	1.2%	1.2%
Fee / Cost	45.4%*	42.1%*	40.7%	48.2%	44.5%
<b>Liquidity</b>					
Loans / Deposits	110.0%	101.9%	104.2%	106.1%	106.1%
<i>TL Loans / Deposits</i>	138.7%	139.9%	144.0%	142.3%	142.3%
Liquidity Coverage Ratio (Total)**	94.2%	125.2%	121.6%	124.5%	124.5%
FC Liquidity Coverage Ratio**	287.5%	280.6%	301.5%	269.6%	269.6%
<b>Asset Quality</b>					
NPL Ratio	4.3%	4.0%	3.6%	3.7%	3.7%
Stage III Coverage Ratio	73.1%	76.3%	79.0%	78.7%	78.7%
Net Cost of Risk	2.3%	2.0%	-0.2%	0.1%	-0.1%
<b>Solvency</b>					
CAR	17.7%	16.4%	15.5%	15.1%	15.1%
Tier I Ratio	15.6%	14.5%	13.6%	13.2%	13.2%
Cet 1 Ratio	12.6%	11.6%	10.9%	10.5%	10.5%
Leverage	11.3X	14.0X	14.0X	14.2X	14.2X

# Unconsolidated Balance Sheet

	2Q20		1Q21		2Q21		TL		USD	
(thousand)	TL	USD	TL	USD	TL	USD	Δ YoY	Δ QoQ	Δ YoY	Δ QoQ
<b>Assets</b>										
Cash & Balances with Central Bank	32,797,776	4,781,017	68,600,305	8,325,280	66,165,072	7,622,704	101.7%	(3.5%)	59.4%	(8.4%)
Interbank	4,853,422	707,496	16,732,623	2,030,658	14,243,069	1,640,907	193.5%	(14.9%)	131.9%	(19.2%)
Securities	100,181,260	14,603,682	155,276,496	18,844,235	165,427,192	19,058,432	65.1%	6.5%	30.5%	1.1%
<b>Loans</b>	<b>369,520,346</b>	<b>53,865,940</b>	<b>448,295,616</b>	<b>54,404,808</b>	<b>458,871,694</b>	<b>52,865,403</b>	24.2%	2.4%	(1.9%)	(2.8%)
Subsidiaries & Investments	3,424,486	499,196	6,973,978	846,357	5,616,191	647,027	64.0%	(19.5%)	29.6%	(23.6%)
Property & Equipment	4,167,151	607,456	5,169,599	627,379	5,011,962	577,415	20.3%	(3.0%)	(4.9%)	(8.0%)
Other	23,732,498	3,459,548	19,680,518	2,388,412	13,705,298	1,578,951	(42.3%)	(30.4%)	(54.4%)	(33.9%)
<b>Total Assets</b>	<b>538,676,939</b>	<b>78,524,335</b>	<b>720,729,135</b>	<b>87,467,128</b>	<b>729,040,478</b>	<b>83,990,838</b>	35.3%	1.2%	7.0%	(4.0%)
<b>Liabilities &amp; SHE</b>										
<b>Deposits</b>	<b>335,868,699</b>	<b>48,960,452</b>	<b>430,319,802</b>	<b>52,223,277</b>	<b>432,412,210</b>	<b>49,817,075</b>	28.7%	0.5%	1.7%	(4.6%)
Funds Borrowed	42,676,568	6,221,074	57,091,768	6,928,613	59,731,112	6,881,465	40.0%	4.6%	10.6%	(0.7%)
Repo	29,690,981	4,328,131	66,710,785	8,095,969	95,577,406	11,011,222	221.9%	43.3%	154.4%	36.0%
Securities Issued	38,103,016	5,554,376	47,939,345	5,817,882	44,520,838	5,129,129	16.8%	(7.1%)	(7.7%)	(11.8%)
Other	30,891,293	4,503,104	50,109,549	6,081,256	27,786,934	3,201,260	(10.0%)	(44.5%)	(28.9%)	(47.4%)
Subordinated Loans	<b>17,756,242</b>	2,588,373	<b>20,570,247</b>	2,496,389	<b>21,159,145</b>	2,437,690	19.2%	2.9%	(5.8%)	(2.4%)
<b>Shareholders' Equity</b>	43,690,140	6,368,825	47,987,639	5,823,743	47,852,833	5,512,999	9.5%	(0.3%)	(13.4%)	(5.3%)
Guarantees	84,990,789	12,389,328	115,831,776	14,057,254	124,792,389	14,377,003	46.8%	7.7%	16.0%	2.3%
Commitments	91,898,632	13,396,302	110,912,719	13,460,281	118,977,049	13,707,033	29.5%	7.3%	2.3%	1.8%
Derivatives	221,062,014	32,224,783	291,282,403	35,349,806	247,788,588	28,547,072	12.1%	(14.9%)	(11.4%)	(19.2%)



## Unconsolidated Income Statement

(TL-thousand, %)	1H20	1Q21	2Q21	1H21	Δ YoY	Δ QoQ
<b>Net Interest Income</b>	<b>10,375,056</b>	<b>2,680,324</b>	<b>3,178,154</b>	<b>5,858,478</b>	<b>(43.5%)</b>	<b>18.6%</b>
<b>Net Fee &amp; Com. Income</b>	<b>1,764,507</b>	<b>874,355</b>	<b>1,054,223</b>	<b>1,928,578</b>	<b>9.3%</b>	<b>20.6%</b>
Dividend Income	167,496	15,764	104,481	120,245	(28.2%)	562.8%
Net Trading Income	-859,798	-505,334	-1,462,297	-1,967,631	128.8%	189.4%
Other Income	2,990,997*	3,512,861	1,436,346	4,949,207	65.5%	(59.1%)
<b>Total Revenue</b>	<b>14,438,258*</b>	<b>6,577,970</b>	<b>4,310,907</b>	<b>10,888,877</b>	<b>(24.6%)</b>	<b>(34.5%)</b>
Operating Expenses	-3,889,648*	-2,149,495	-2,187,770	-4,337,265	11.5%	1.8%
Provisions	-6,332,957	-3,426,062	-1,445,171	-4,871,233	(23.1%)	(57.8%)
Tax Provisions	-974,266	-252,289	-17,627	-269,916	(72.3%)	(93.0%)
<b>Net Income</b>	<b>3,241,387</b>	<b>750,124</b>	<b>660,339</b>	<b>1,410,463</b>	<b>(56.5%)</b>	<b>(12.0%)</b>



For Earnings  
Presentations:



For VakıfBank IR  
Application:



A member of BIST Sustainability Index



FTSE4Good



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