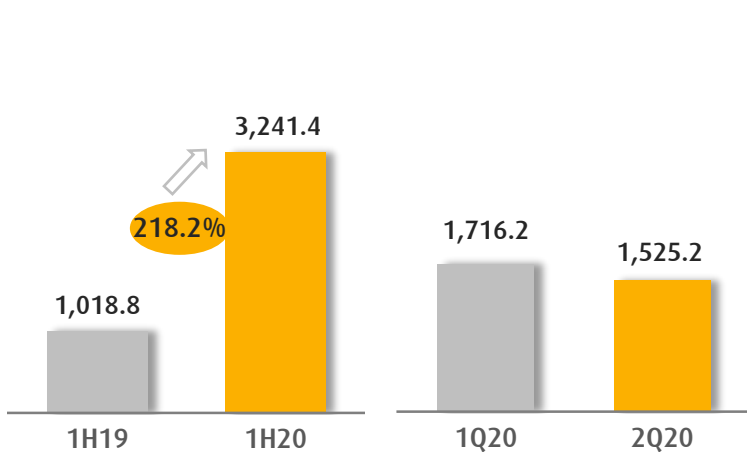




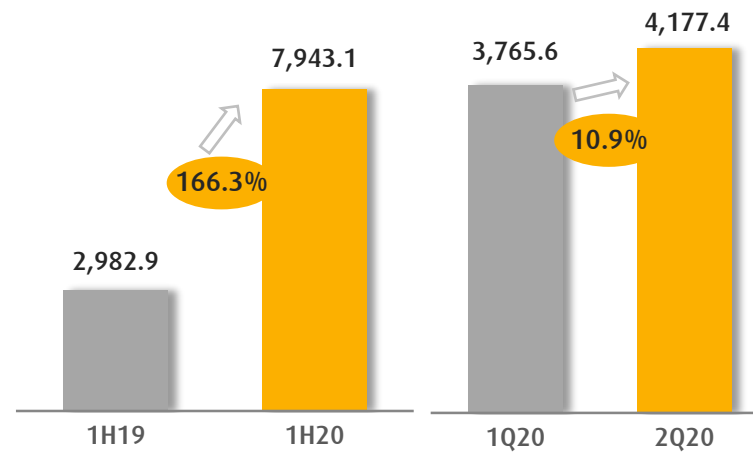
Earnings Presentation
BRSA Bank-Only 1H20
August 10, 2020

1H20 Earnings and Ratios

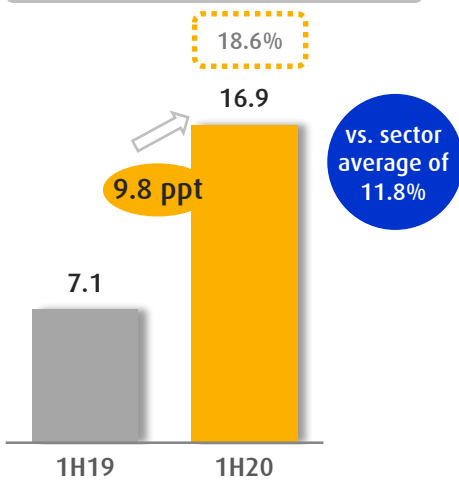
Net Income (TL million)



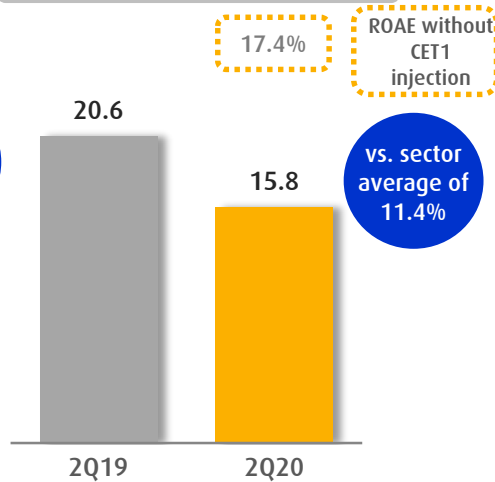
Pre-Provisioning Operating Income (TL million)



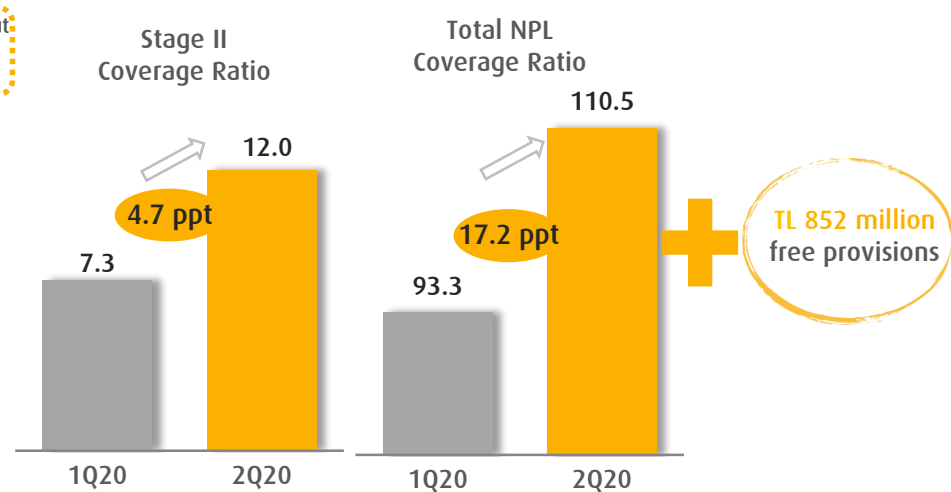
Annual ROAE (%)



Quarterly ROAE (%)



Proactively Coverage Increase (%)



Key Highlights of 2Q20

The best ROAE among peer banks

- Quarterly bank-only net income came at **TL 1,525 million** with an average ROE of 15.8%. Annual ROAE would be 18.6% without CET1 injection impact on equity.
- 1H20 bank-only net income came at **TL 3,241 million** despite of prudent provision increase;
 - 1H20 net income is up by **218%** YoY vs. sector average of 24.6%,
 - 1H20 average ROE came at **16.9%**; vs. sector average of 11.8%,
 - 1H20 average ROA materialized at **1.35%** vs. sector average of 1.25%.

Well managed NIM evolution

- Quarterly NIM came at **4.96%** with a limited contraction than expected; thanks to lower deposit costs.
- 1H20 NIM materialized at **5%** vs. 2019 annual NIM of 4.14%.
- 1H20 swap adjusted NIM came at **4.35%** vs. 2019 annual swap adjusted NIM of 3.07%

Proactive and prudent coverage increase maintained

- Stage-II coverage further increased to **12%** in 2Q20 from 7.3% in 1Q20.
- Stage-III coverage further increased to **73.1%** in 2Q20 from 70.1% in 1Q20.
- Total NPL coverage also further increased to **110.5%** in 2Q20 from 93.3% in 1Q20.
- **TL 852 million** free provision is still in the balance sheet.

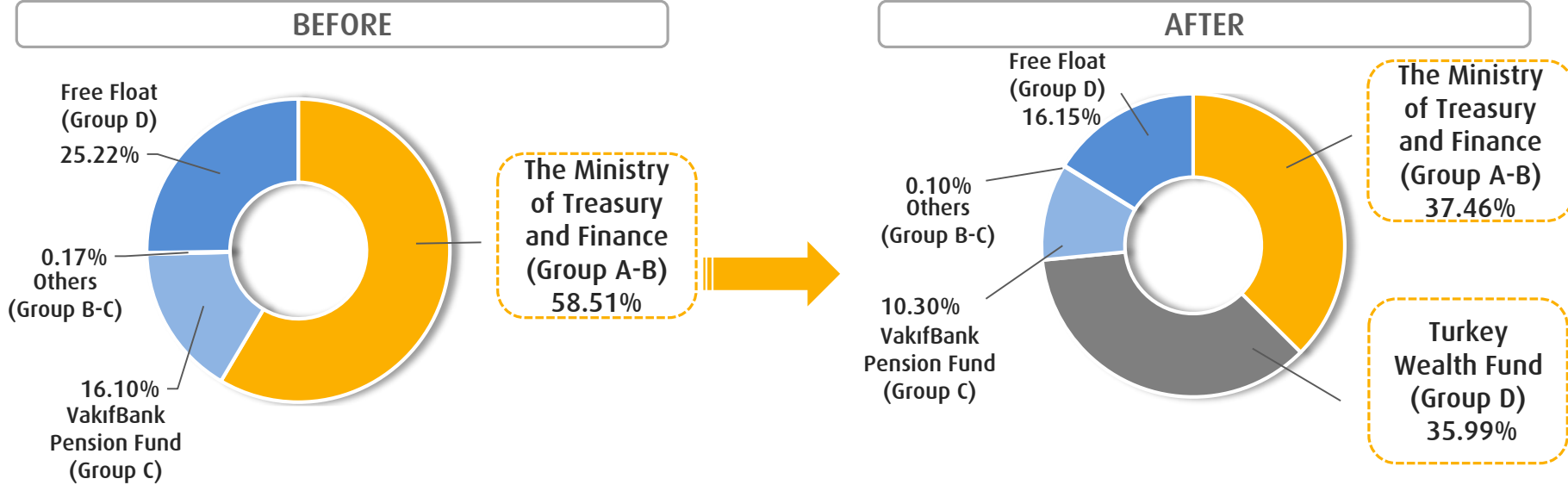
Market share gains in both TL and FC deposits

- Total deposits are up by **24.9%** QoQ and **56.7%** YoY;
 - TL deposits are up by **27%** QoQ and **64.3%** YoY,
 - FC deposits in dollar terms are up by **17.3%** QoQ and **24%** YoY.
- Total deposit market share increased to **11%** in 2Q20 which was 9.6% in 1Q20;
 - TL deposit market share increased to **12.5%** in 2Q20 which was 11.2% in 1Q20,
 - FC deposit market share increased to **9.4%** which was 8.2% in 1Q20.

Solid solvency ratios thanks to timely CET1 injection

- TL 7 billion CET1 injection was completed in 2Q20.
 - Paid-in capital increased to **TL 3.9 billion** from TL 2.5 billion,
 - Total positive impact on solvency ratios is **182 bps** as of 1H20.

Ownership structure change following CET1 injection



In years, VakifBank maintained its strong solvency ratios through various domestic and international Tier I and Tier II issuances, both in TL and foreign currency since 2012 and always aimed to provide long-term and cost-effective capital funding structure.

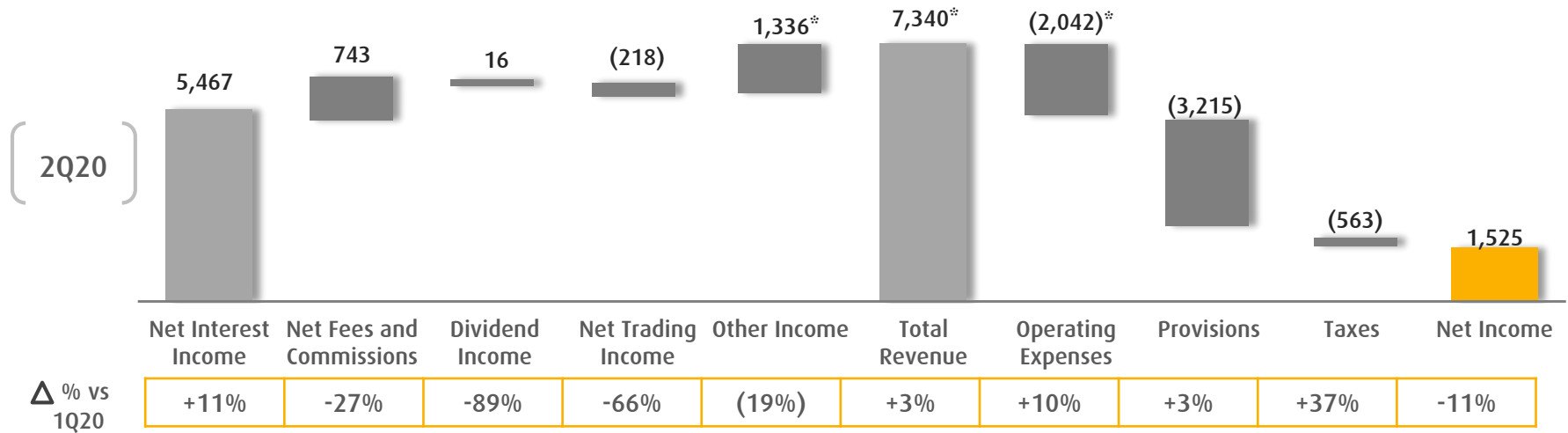
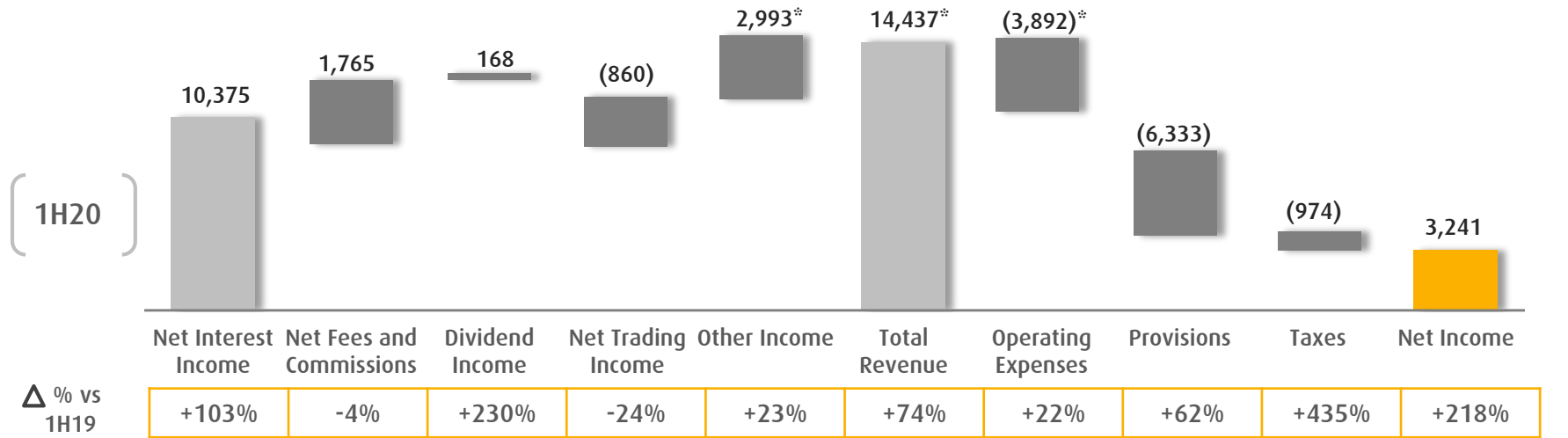
Total sales proceeds
(Total CET1 injection)
TL 7 billion

Paid-in capital
increased by
TL 1.4 billion to TL 3.9 billion



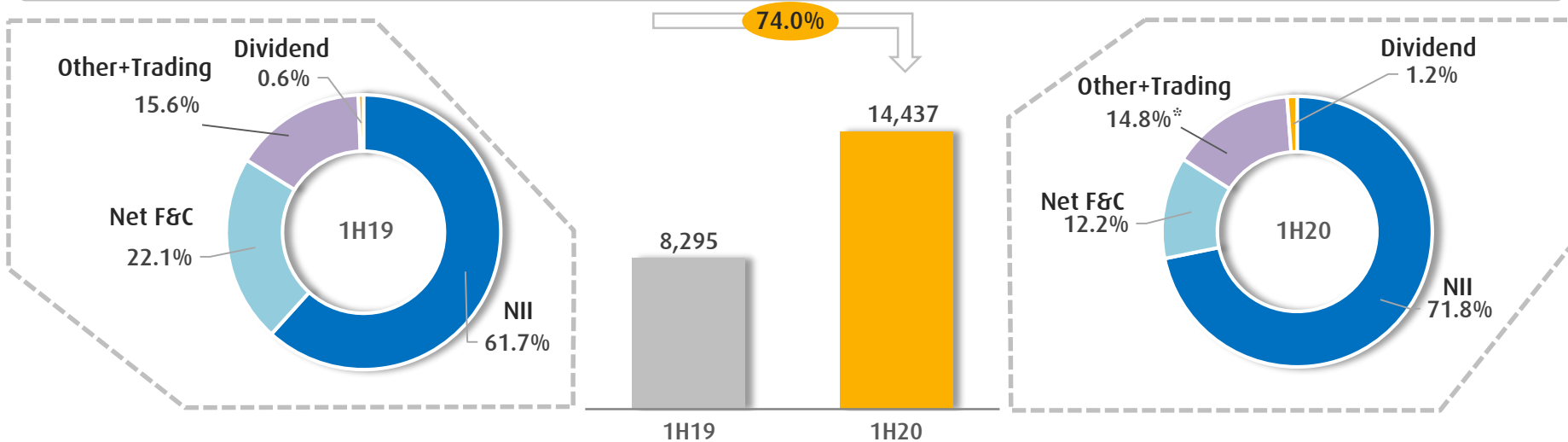
TL 5.6 billion has been
reflected as share
premium

1H20 P&L Details

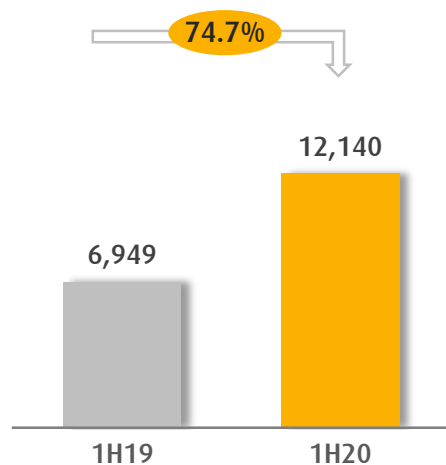


High quality revenue breakdown

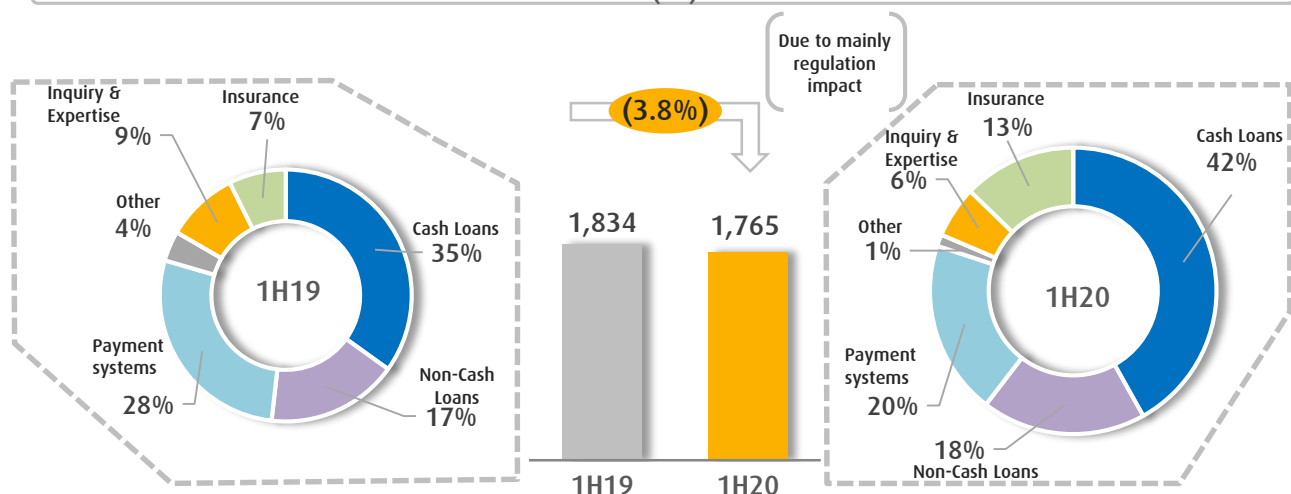
Total Revenues – Revenue Breakdown (TL million)



Core Banking Revenues (TL million)**

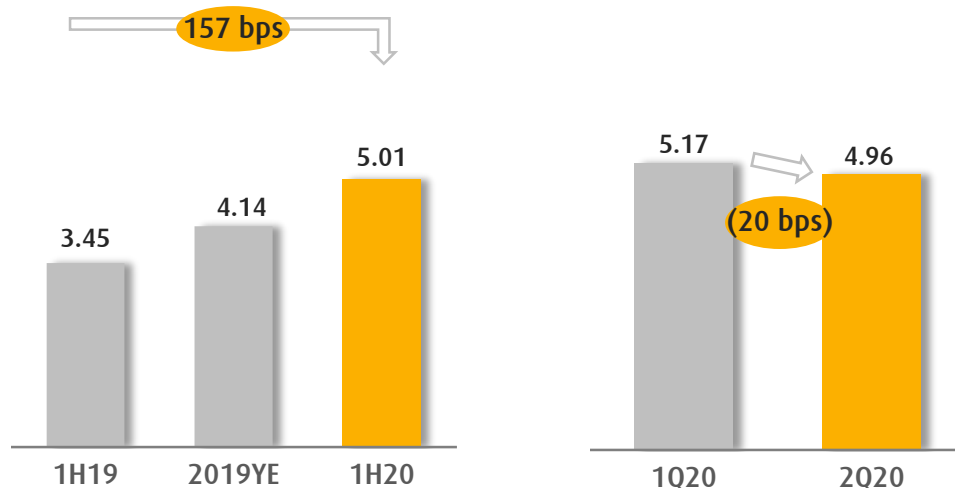


Net Fee & Commission Income Breakdown (%)

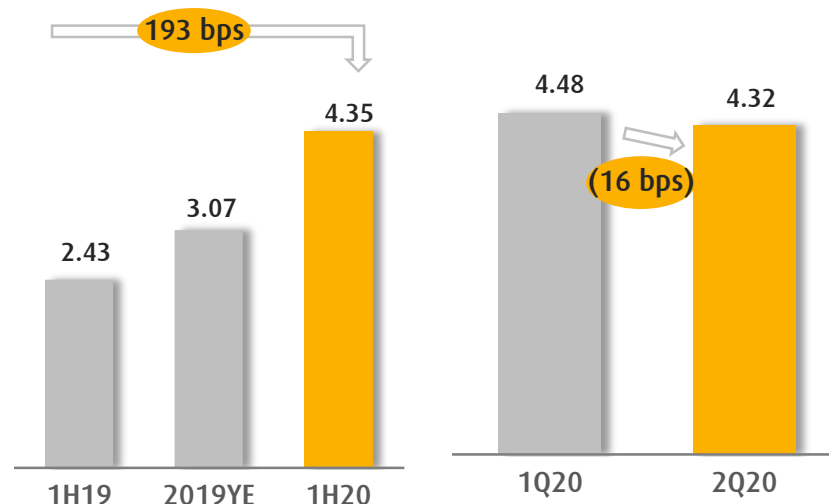


Well-managed NIM evolution

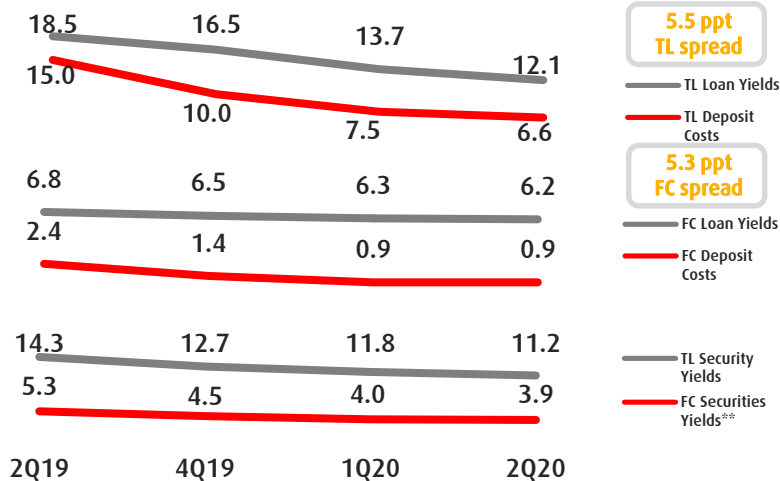
Net Interest Margin (NIM %)



Swap Adjusted Net Interest Margin (%)



Core Spreads (%)

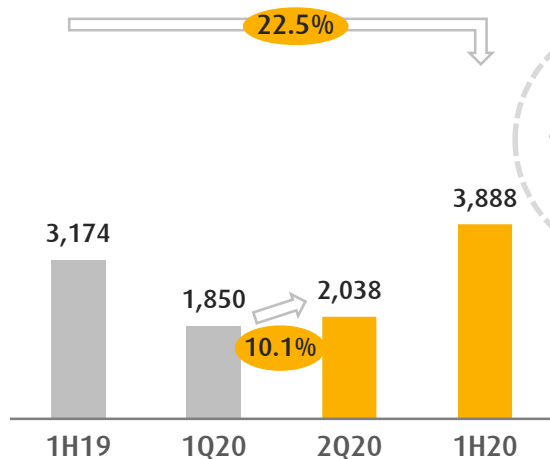


CBRT Funding

	2Q19	3Q19	4Q19	1Q20	2Q20
Total money market funding*	TL 45.3 billion	TL 42.3 billion	TL 42.6 billion	TL 68.6 billion	TL 68.0 billion
Cost of Funding	24.02%	16.38%	11.25%	9.14%	7.34%
Swap Cost	TL 1,079 million	TL 985 million	TL 840 million	TL 652 million	TL 707 million
Average Swap Usage	TL 21.2 billion	TL 23.6 billion	TL 26.6 billion	TL 27.2 billion	TL 34.9 billion

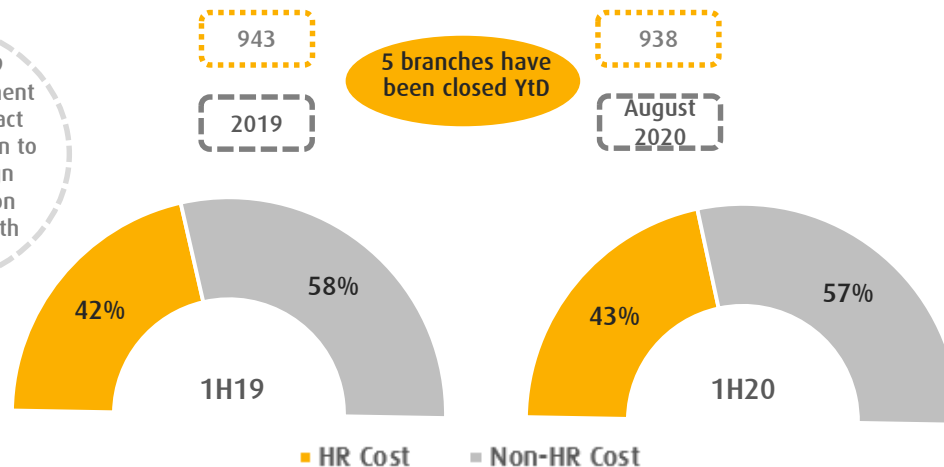
Maintained low level of cost/income ratio

Operating Expenses (TL million)*

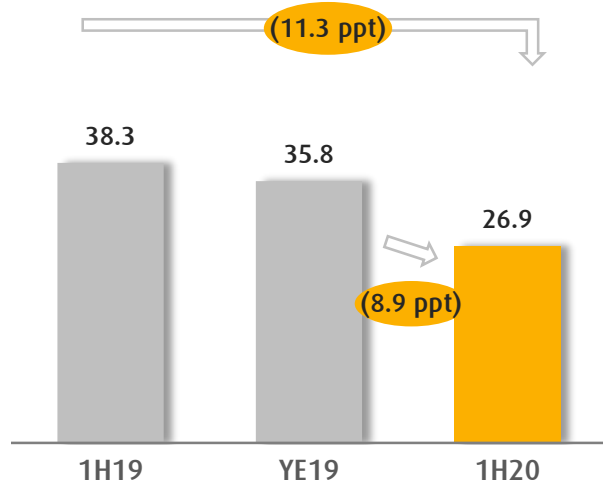


One-off Covid-19 related bonus payment to employees impact and one off donation to Covid-19 campaign impact: +4.9 ppt on annual opex growth

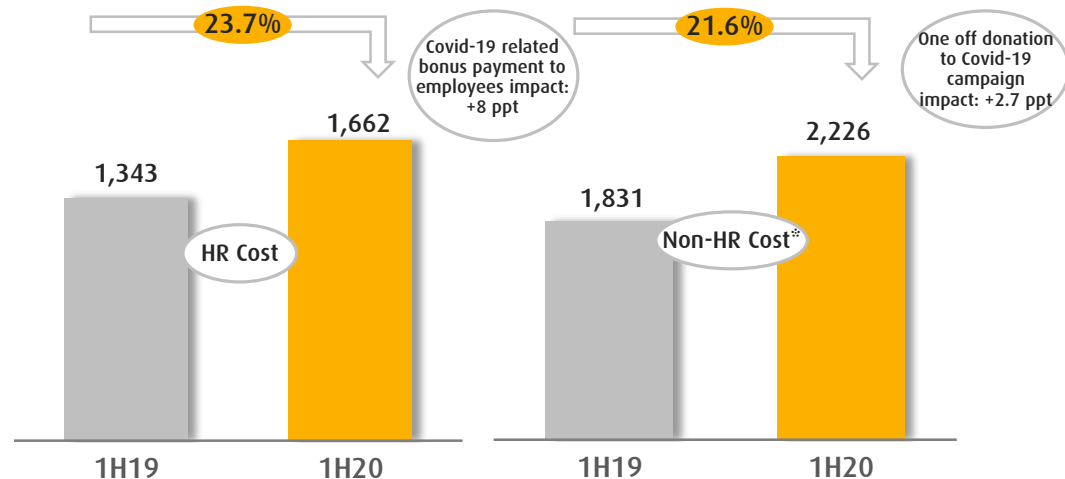
Breakdown of OPEX*



Cost*/Income (%)

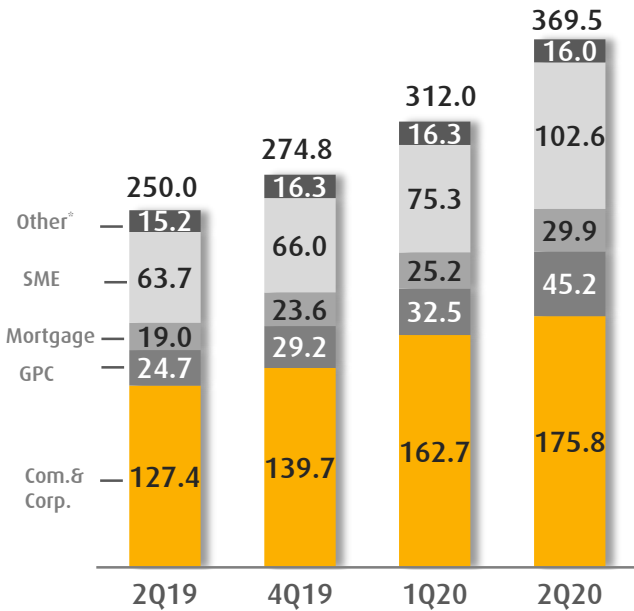


Quarterly OPEX Breakdown (TL million)

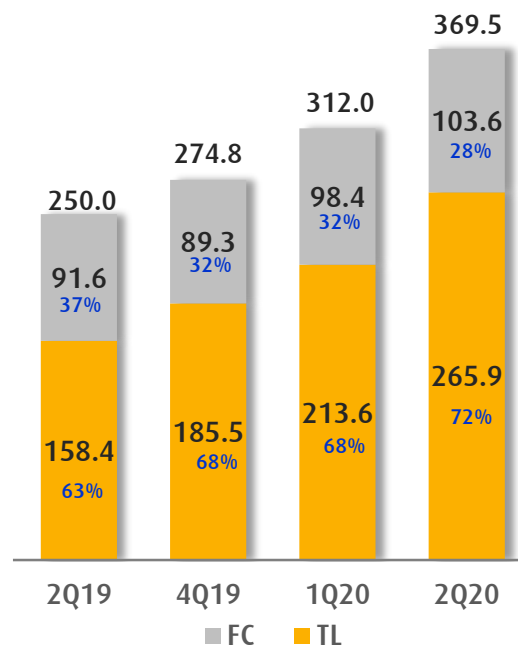


Quarterly TL loan growth mainly driven by secured CGF lending

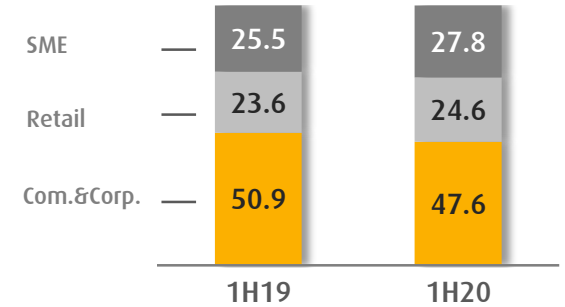
Segment Breakdown of Loans (TL billion)



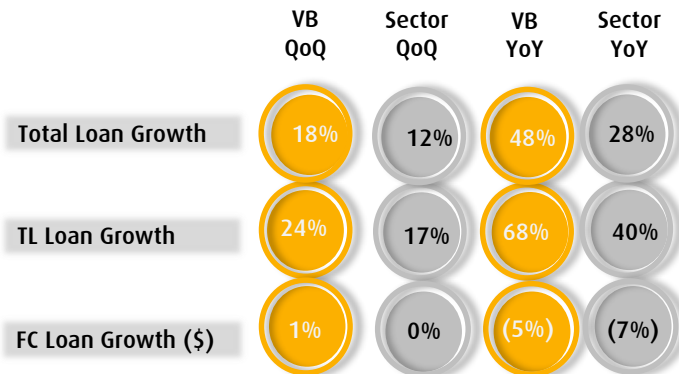
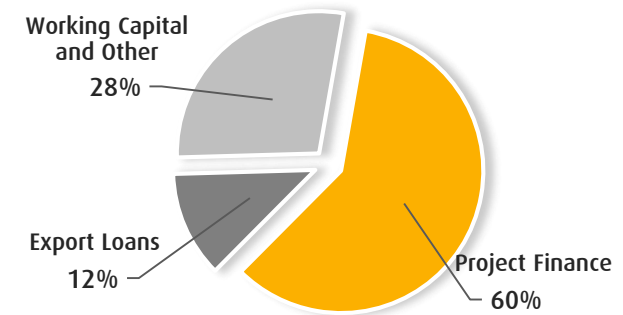
Currency Breakdown of Loans (TL billion)



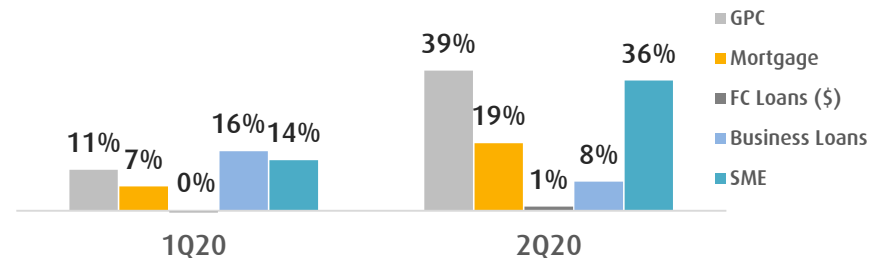
Portfolio Breakdown (%)



Breakdown of FC Loans

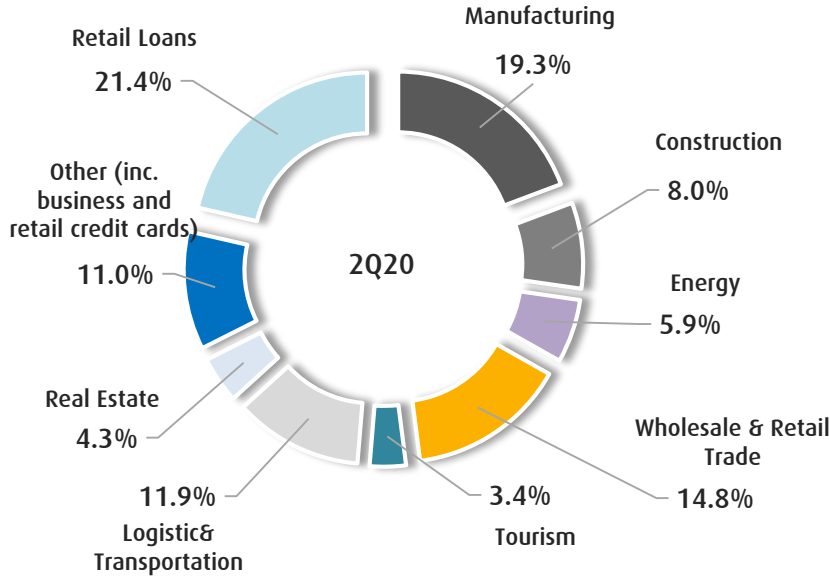


Quarterly Loan Growth

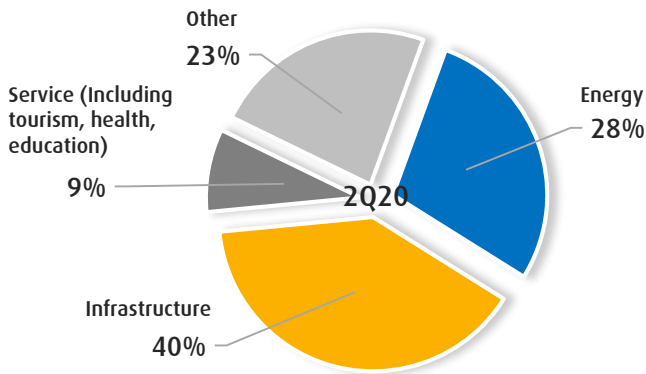


Breakdown of loan portfolio

Sector Breakdown of Cash Loans



Breakdown of Project Finance

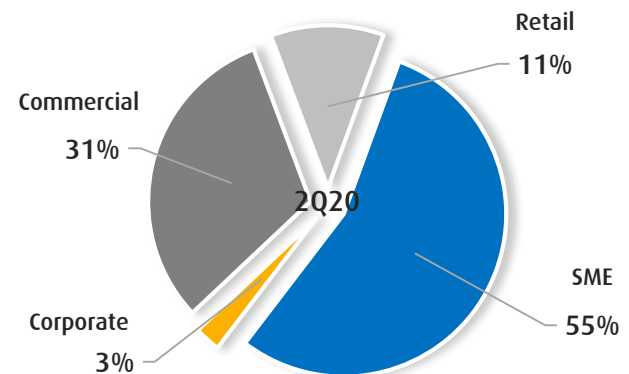


CGF Loans

(TL bn)	2Q19	4Q19	1Q20	2Q20
Originated Amount	35.4	36.6	36.9	90.0
Outstanding Amount	21.8	18.1	16.2	76.7

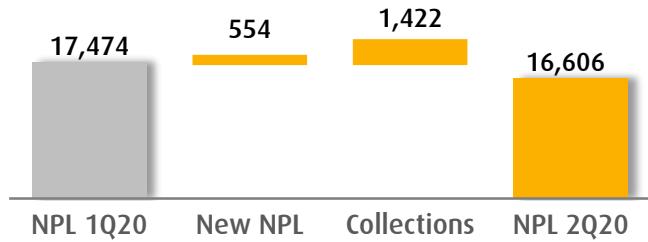
(TL bn)	2020 Covid Related CGF Package in total
Non-Retail CGF Loans	TL 42.2
Retail CGF Loans	TL 10.8

Segment Breakdown of CGF Loans

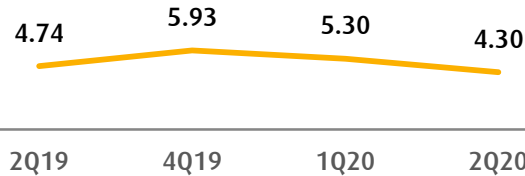


Proactive and prudent coverage increase maintained

NPL (TL million)*

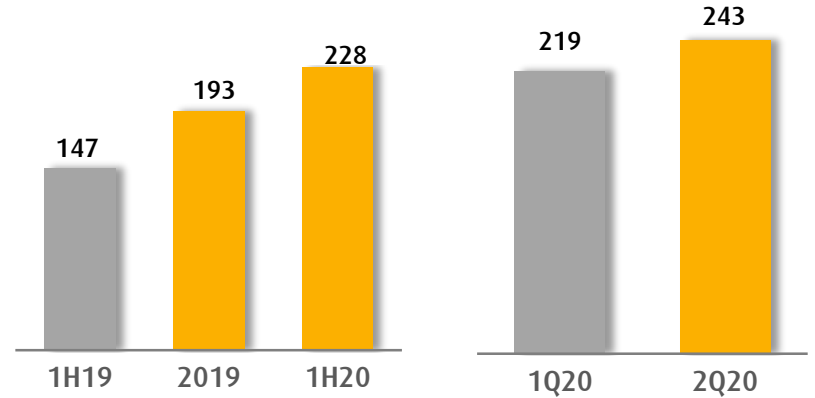


NPL Ratio (%)**

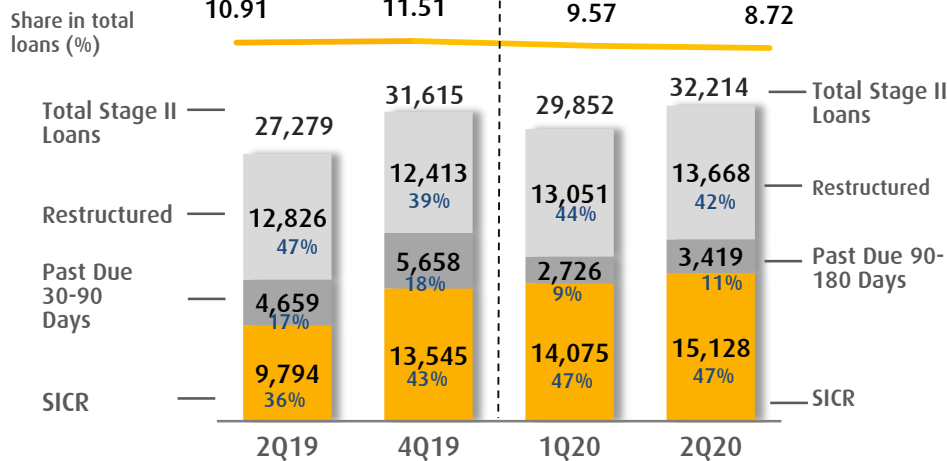


The positive impact of change on NPL recognition day is +38 bps in 1H20

Net Cost of Risk (bps)**



Stage II Loans Breakdown (TL million)



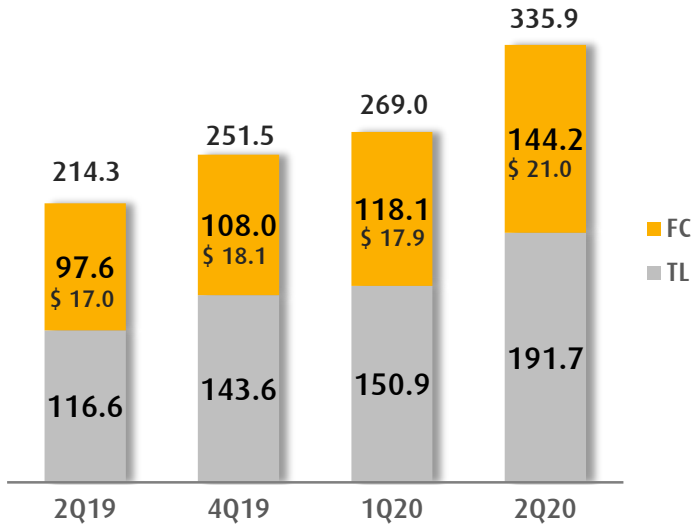
Coverage Ratios (%)

	4Q19	1Q20	2Q20
Stage I	0.7	0.7	0.7
Stage II	5.9	7.3	12.0
Stage III	70.4	70.1	73.1
Total	90.4	93.3	110.5

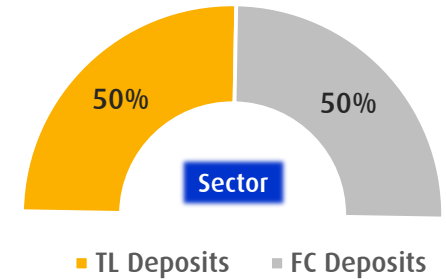
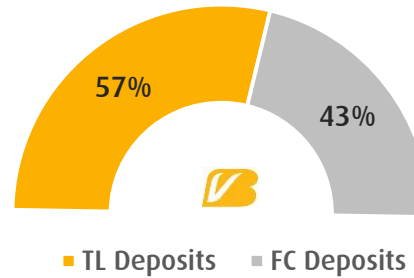
TL 852 million free provision

Further increased market share in all deposit products

Total Deposits (TL billion)

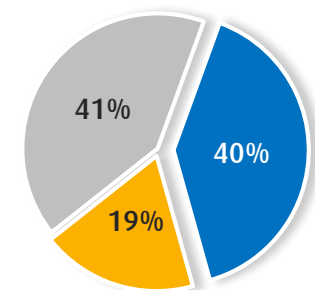
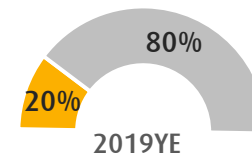
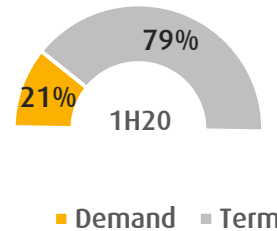


Breakdown of Deposits



The share of customer deposit is **62%** in total liabilities

Demand deposits growth
QoQ: 24%
YoY: 81%

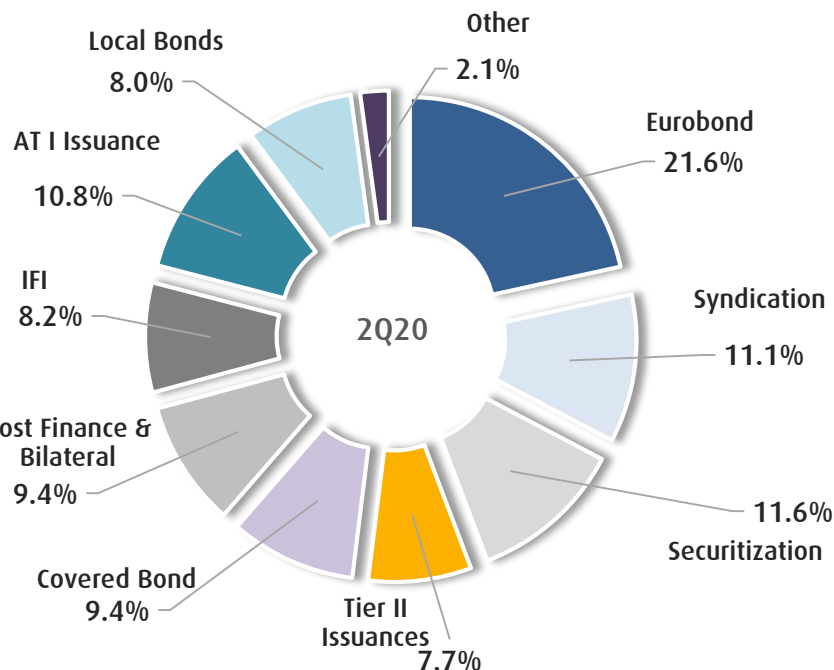


■ Retail Deposit ■ State Deposit ■ Other

	VB QoQ	Sector QoQ	VB YoY	Sector YoY
Total Deposits Growth	25%	9%	57%	35%
TL Deposits Growth	27%	13%	64%	47%
FC Deposits Growth (\$)	17%	2%	24%	5%

Well diversified wholesale borrowing

Breakdown of Wholesale Funding



In April 2020, VakifBank renewed the loan provided from ICBC in 2017 with 130% roll over ratio, amounting **USD 325 million**

In April 2020, VakifBank provided a syndication loan amounting **USD 950 million** equivalent in total with 90% roll-over ratio, which is the highest among peer banks

Bilateral and post-financing transactions with correspondent banks amounting **~USD 518 million Ytd**

FC LCR: **287.5%** in Q20 vs 80% minimum threshold

Share of total international funding in total liabilities **~19%** in Q20

~USD 13 billion Total international funding*

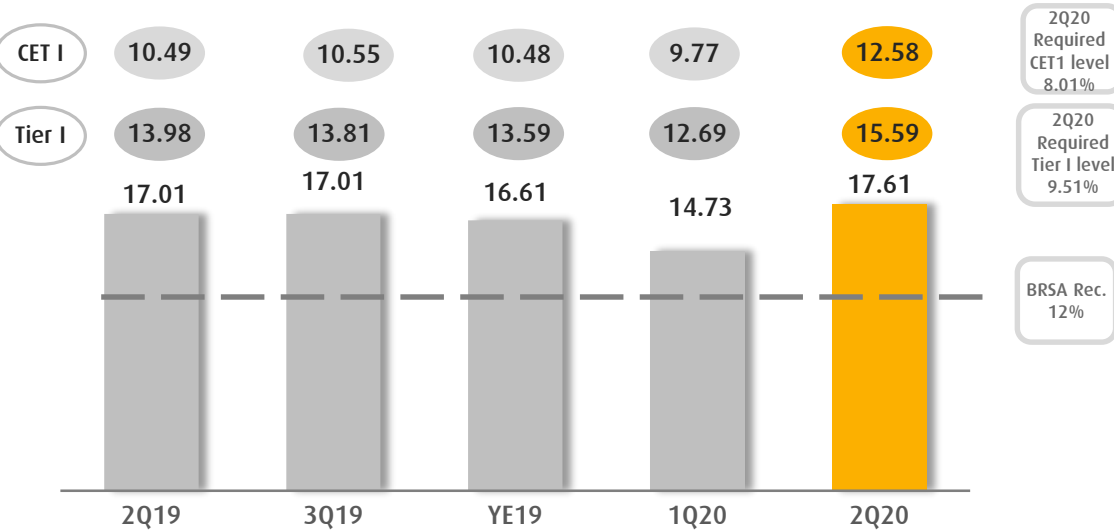
External Debt

Short-Term \$3.8 billion

Long-Term \$9.3 billion

Further strengthened solvency ratios thanks to timely CET1 injection

Capital Adequacy Ratio (%)



Solvency ratios without forbearances (% - 2Q20)	
CAR	15.91
Tier I	13.97
CET I	11.27



The impact of CET1 injection on solvency ratios: **+182 bps**

Appendix

Pg. 16	Milestones on the sustainable banking approach
Pg. 17	Improved efficiency with enhanced digital platforms
Pg. 18	Composition of Assets&Liabilities
Pg. 19	Increased share of floating securities creating natural hedge impact
Pg. 20	Accelerated loan growth driven by both CGF guaranteed GPC loans and mortgage loan campaigns
Pg. 21	Diversified funding sources via non-deposit funding
Pg. 22	Unconsolidated Key Financial Ratios
Pg. 23	Unconsolidated Balance Sheet
Pg. 24	Unconsolidated Income Statement

Milestones on the sustainable banking approach



Since 2014, in the BIST Sustainability Index

First Sustainability Report

First stakeholder engagement process to determine priority focus areas

The first bank in Turkey to receive OHSAS 18001 Occupational Health and Safety Management Certificate in 2018



In the Bloomberg Gender-Equality Index as one of two banks from Turkey

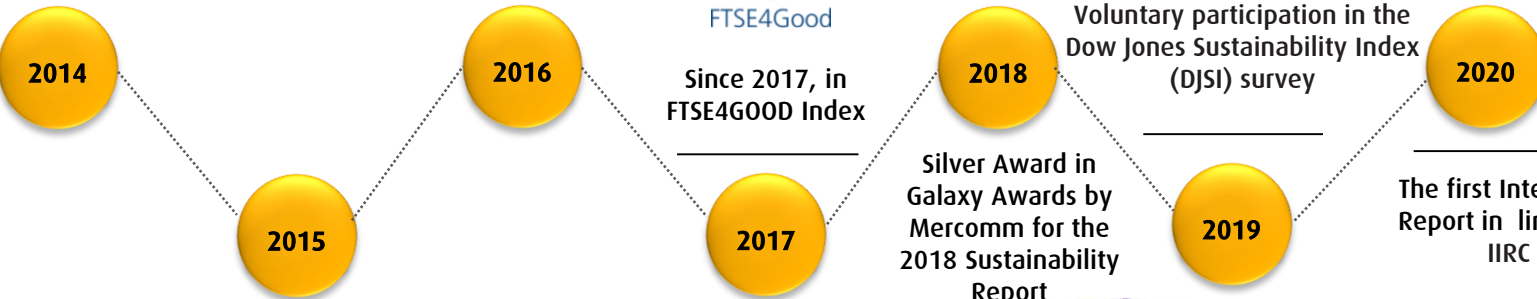
Established the Sustainable Finance Framework

Updated the current GMTN (Medium Term Bond Issuance) Program for possible sustainable bond issuances

Improved ESG risk rating score to 23.1 (medium risk) from 30.1 (high risk)



Initiated the works for World Bank Emergency Firm Support Project to provide funding for the sectors most affected by Covid 19



2014

2015

2016

2017

2018

2019

2020

FTSE4Good

Since 2017, in FTSE4GOOD Index

Voluntary participation in the Dow Jones Sustainability Index (DJSI) survey

Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

Silver Award in Galaxy Awards by Mercomm for the 2018 Sustainability Report



The first Integrated Report in line with IIRC



Since 2015, VakıfBank have been reporting to the Carbon Disclosure Project (CDP - Score B)

ISO 9001 Quality Management Certificate



Environmental management within the scope of ISO 14001 Environmental Management Certificate

Among the participants of the UN Global Compact

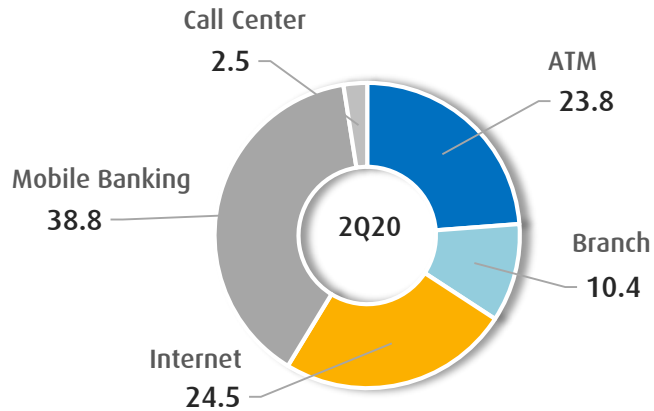


The first Turkish public institution to sign the Women's Empowerment Principles (WEPS)

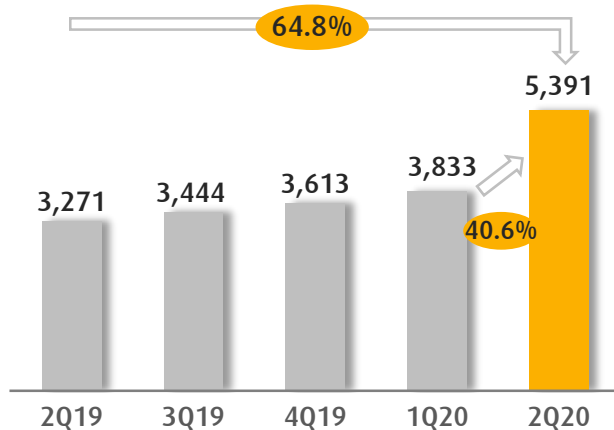
Improved efficiency with enhanced digital platforms

Non-branch transaction share

~90%



Digital Banking Customers (#thousand)



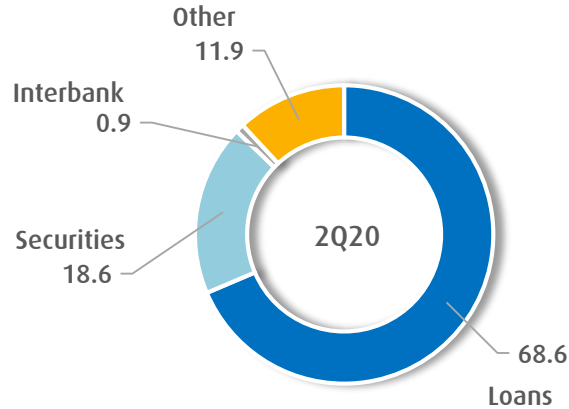
The volume of transaction made through digital platform increased **42% YoY**

of digital banking customers reached **5.4 million** with **40.6%** growth QoQ

All banking services were free of charge at digital platforms during Covid-19 period

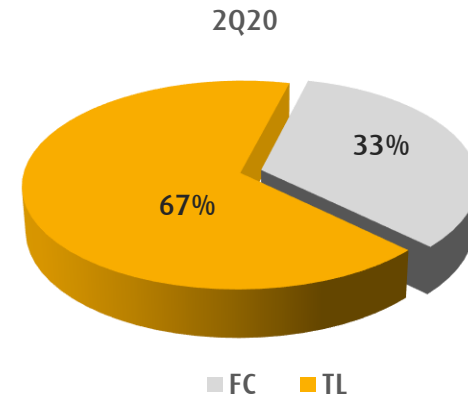
Composition of asset&liabilities

Breakdown of Assets (%)

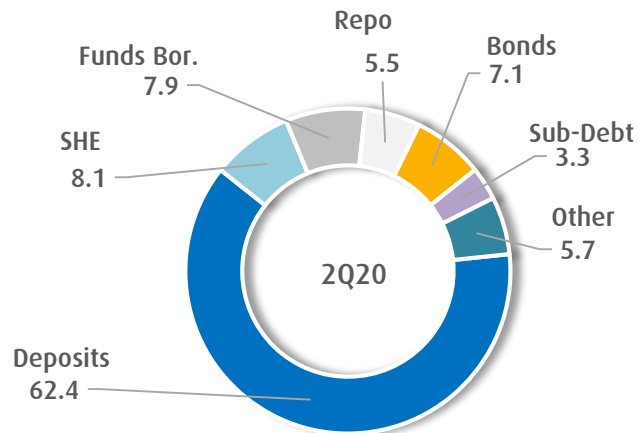


The share of IEA
88.1%
in total assets

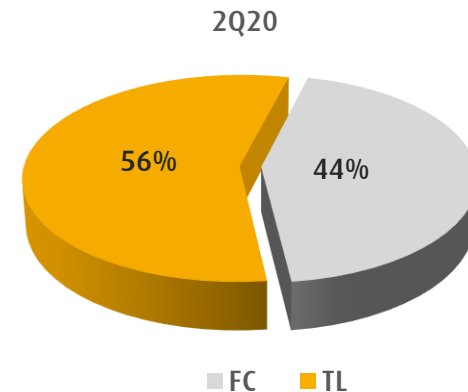
TL/FC Mix in Total Assets



Breakdown of Liabilities (%)

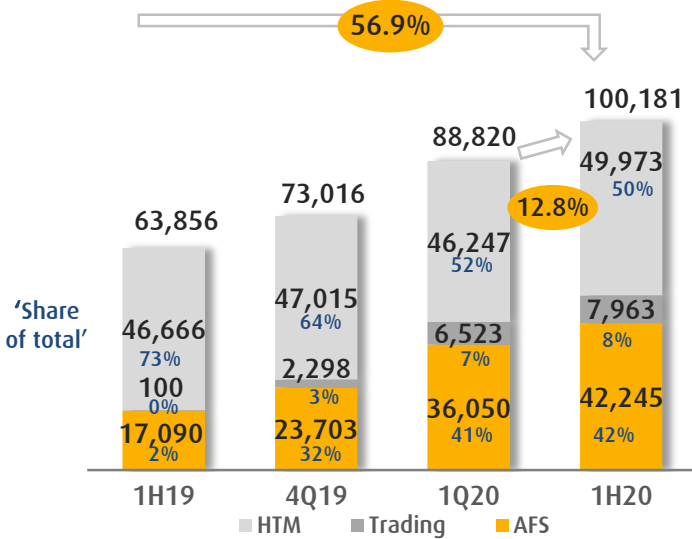


TL/FC Mix in Total Liabilities



Increased share of floating securities creating natural hedge impact

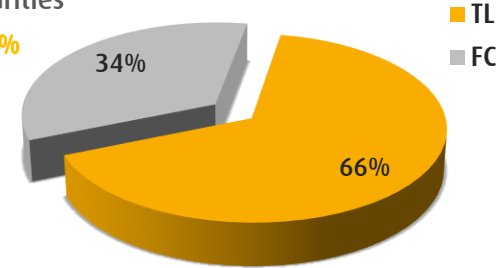
Total Securities (TL million)



Portfolio Structure

Breakdown of FC Securities

Share of Fixed: 100%

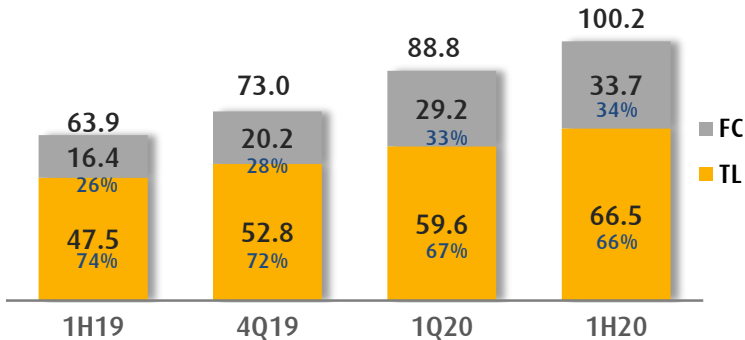


Timely accumulated Eurobond portfolio with attractive rates supporting MtM gains

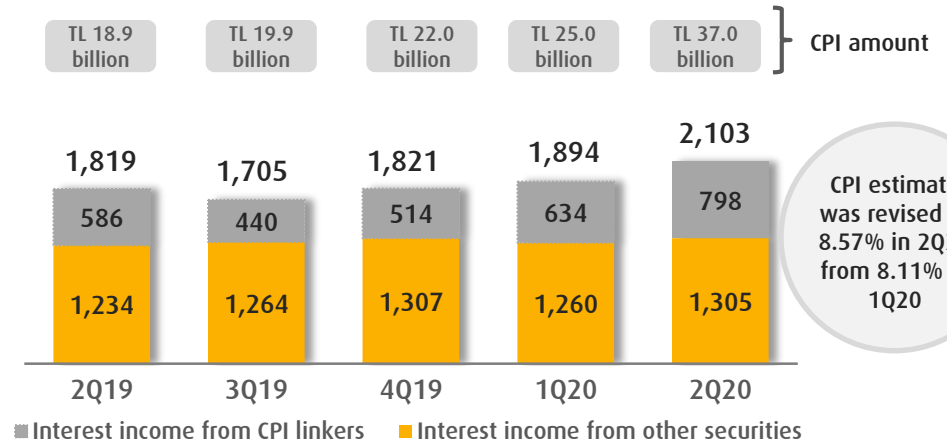
Breakdown of TL Securities

- Share of Fixed: 29% vs. 40% in 1Q20
- Share of Floating: 16% vs. 18% in 1Q20
- Share of CPI Linkers: 55% vs. 42% in 1Q20

Security Breakdown (TL billion)

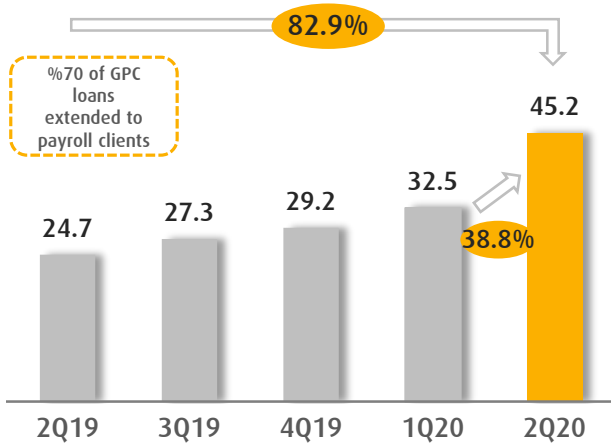


Breakdown of Interest Income from Securities (TL million)

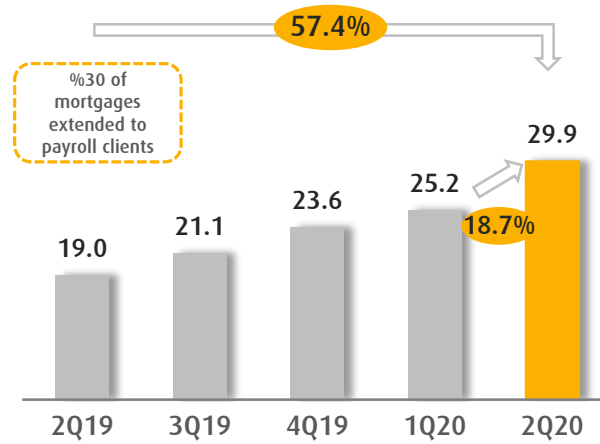


Accelerated loan growth driven by both CGF guaranteed GPC loans and mortgage loan campaigns

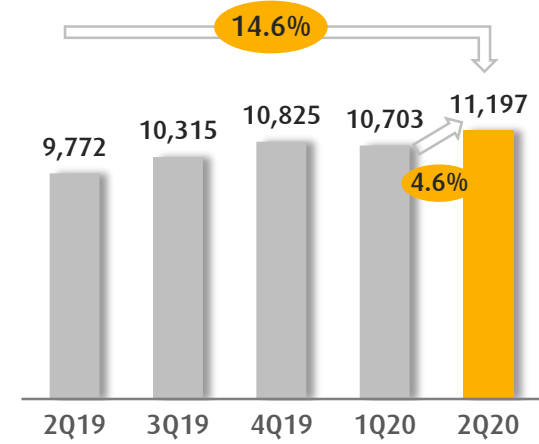
General Purpose Consumer (TL billion)



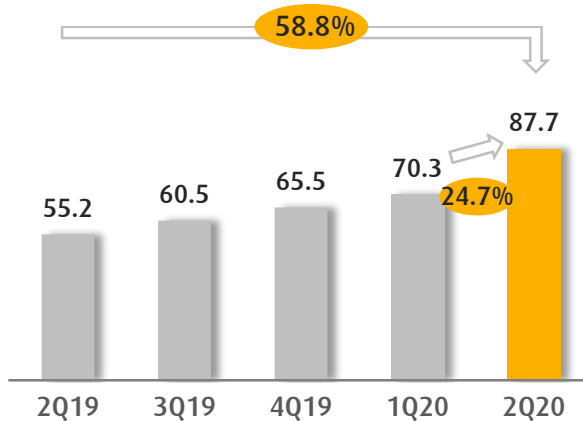
Residential Mortgages (TL billion)



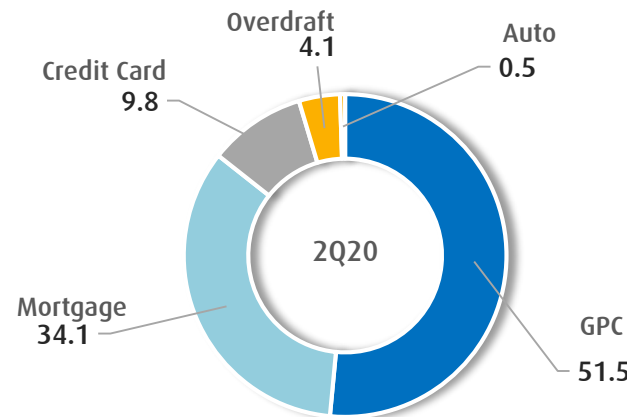
Credit Card Loans (TL million)*



Total Retail (TL billion)



Breakdown of Retail Loans (%)



Total Retail Customers 19.7 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
- **Apr'20:** USD 950 million equivalent syndicated loan, Libor +2.25%, Euribor +2,00% for 1 year, 33 banks from 16 countries
- **Nov'19:** USD 580 million equivalent syndicated loan, Libor +2.25%, Euribor +2.10% for 1 year, 28 banks from 17 countries
- **Sep'19:** USD 140 million bilateral loan from the Export Import Bank of China, 1 year maturity

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 1.3 billion outstanding

- **World Bank:** outstanding funding USD 228.9 million
- **EBRD:** outstanding funding USD 144.5 million (USD 81.4 million under DPR Program and EUR 50 million under Covered Bond Program included)
- **EIB:** outstanding funding USD 627.8 million
- **KfW:** outstanding funding USD 201.8 million
- **AFD:** outstanding funding USD 89.6 million

Post Finance&Bilateral

- EUR 155.8 million and USD 814.2 million outstanding

Eurobonds

USD 3 billion outstanding

- **Jan'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 1.62 billion outstanding

- **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 535.7 million has 7 years maturity, seven tranches

Covered Bond

EUR 500 million and 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
- **May'16:** EUR 500 million, 2.375% coupon rate, 5 years maturity

Local Bonds

- TL 7.7 billion outstanding

Unconsolidated Key Financial Ratios

	1H19	2019	1Q20	2Q20	1H20
Profitability					
ROAE	7.1%	9.1%	20.6%	15.8%	16.9%
ROAA	0.6%	0.7%	1.6%	1.2%	1.4%
Cost / Income**	38.3%	35.8%	26.1%	27.8%	27.0%
Cost / Assets**	1.7%	1.6%	1.6%	1.5%	1.4%
Fee / Cost**	57.8%	60.1%	55.2%	36.4%	45.3%
Liquidity					
Loans / Deposits	116.7%	109.2%	116.0%	110.0%	110.0%
<i>TL Loans / Deposits</i>	135.8%	129.2%	141.5%	138.7%	138.7%
Liquidity Coverage Ratio (Total)*	112.7%	130.2%	126.8%	94.2%	94.2%
FC Liquidity Coverage Ratio*	400.3%	510.4%	500.8%	287.5%	287.5%
Asset Quality					
NPL Ratio	4.7%	5.9%	5.3%	4.3%	4.3%
Stage III Coverage Ratio	74.5%	70.4%	70.1%	73.1%	73.1%
Net Cost of Risk**	1.5%	1.9%	2.2%	2.4%	2.3%
Solvency					
CAR	17.0%	16.6%	14.7%	17.6%	17.6%
Tier I Ratio	14.0%	13.6%	12.7%	15.6%	15.6%
Leverage	12.0X	11.7X	12.9X	11.3X	11.3X

Unconsolidated Balance Sheet

	1H19		1Q20		2Q20		TL		USD	
(thousand)	TL	USD	TL	USD	TL	USD	Δ YoY	Δ QoQ	Δ YoY	Δ QoQ
Assets										
Cash & Balances with Central Bank	35,884,469	6,229,943	22,680,000	3,441,578	32,797,776	4,781,017	(8.6%)	44.6%	(23.3%)	38.9%
Interbank	4,233,500	734,983	5,468,693	829,847	4,853,422	707,496	14.6%	(11.3%)	(3.7%)	(14.7%)
Securities	63,856,201	11,086,146	88,819,821	13,477,970	100,181,260	14,603,682	56.9%	12.8%	31.7%	8.4%
Loans	249,976,401	43,398,681	312,013,897	47,346,570	369,520,346	53,865,940	47.8%	18.4%	24.1%	13.8%
Subsidiaries & Investments	2,923,689	507,585	2,745,010	416,542	3,424,486	499,196	17.1%	24.8%	(1.7%)	19.8%
Property & Equipment	2,921,960	507,285	4,141,995	628,527	4,167,151	607,456	42.6%	0.6%	19.7%	(3.4%)
Other	20,729,140	3,598,809	27,834,749	4,223,786	23,732,498	3,459,548	14.5%	(14.7%)	(3.9%)	(18.1%)
Total Assets	380,525,360	66,063,431	463,704,165	70,364,820	538,676,939	78,524,335	41.6%	16.2%	18.9%	11.6%
Liabilities & SHE										
Deposits	214,295,203	37,204,028	268,969,178	40,814,746	335,868,699	48,960,452	56.7%	24.9%	31.6%	20.0%
Funds Borrowed	39,470,077	6,852,444	42,796,247	6,494,119	42,676,568	6,221,074	8.1%	(0.3%)	(9.2%)	(4.2%)
Repo	31,723,884	5,507,619	44,198,451	6,706,897	29,690,981	4,328,131	(6.4%)	(32.8%)	(21.4%)	(35.5%)
Securities Issued	27,263,773	4,733,294	36,874,698	5,595,554	38,103,016	5,554,376	39.8%	3.3%	17.3%	(0.7%)
Other	20,227,272	3,511,679	20,077,089	3,046,599	30,891,293	4,503,104	52.7%	53.9%	28.2%	47.8%
Subordinated Loans	18,270,366	3,171,939	17,322,775	2,628,646	17,756,242	2,588,373	(2.8%)	2.5%	(18.4%)	(1.5%)
Shareholders' Equity	29,274,785	5,082,428	33,465,727	5,078,259	43,690,140	6,368,825	49.2%	30.6%	25.3%	25.4%
Guarantees	70,719,539	12,277,698	82,117,761	12,460,965	84,990,789	12,389,328	20.2%	3.5%	0.9%	(0.6%)
Commitments	69,264,287	12,025,050	87,533,182	13,282,729	91,898,632	13,396,302	32.7%	5.0%	11.4%	0.9%
Derivatives	153,725,472	26,688,450	196,391,973	29,801,513	221,062,014	32,224,783	43.8%	12.6%	20.7%	8.1%
Off-B.S.										

Unconsolidated Income Statement

(TL-thousand, %)	1H19	1Q20	2Q20	1H20	Δ YoY	Δ QoQ
Net Interest Income	5,114,756	4,908,397	5,466,659	10,375,056	102.8%	11.4%
Net Fee & Com. Income	1,834,045	1,021,291	743,216	1,764,507	(3.8%)	(27.2%)
Dividend Income	50,691	151,402	16,094	167,496	230.4%	(89.4%)
Net Trading Income	-1,134,996	-641,828	-217,970	-859,798	(24.2%)	(66.0%)
Other Income [‡]	2,430,923	1,657,433	1,332,053	2,989,486	23.0%	(19.6%)
Total Revenues*	8,295,419	7,096,695	7,340,052	14,436,747	74.0%	3.4%
Operating Expenses [‡]	-3,174,143	-1,850,474	-2,037,663	-3,888,137	22.5%	10.1%
Provisions	-3,920,363	-3,118,400	-3,214,557	-6,332,957	61.5%	3.1%
Tax Provisions	-182,122	-411,651	-562,615	-974,266	435.0%	36.7%
Net Income	1,018,791	1,716,170	1,525,217	3,241,387	218.2%	(11.1%)

For Earnings
Presentations:



For VakıfBank IR
Application:



A member of BIST Sustainability Index



FTSE4Good

Investor Relations
Saray Mahallesi Dr. Adnan Buyukdeniz Cad. A1 Blok
No: 7a Umraniye/Istanbul
(Akyaka Park Mall)
E-mail: investorrelations@vakifbank.com.tr
Tel (90-216) 724 2685
Fax (90-216) 724 3941
www.vakifbank.com.tr



Disclaimer Notice: This report has been prepared by VakıfBank, Investor Relations Department and is provided for information purposes only. Although the information on which the report is based has been obtained from sources which we believe to be reliable, no representation or warranty is made by VakıfBank for the accuracy or completeness of the information contained herein. Information contained herein is subject to change without notice. VakıfBank accepts no liability whatsoever for any direct or consequential loss of any kind arising out of the use this document or any part of its content.