

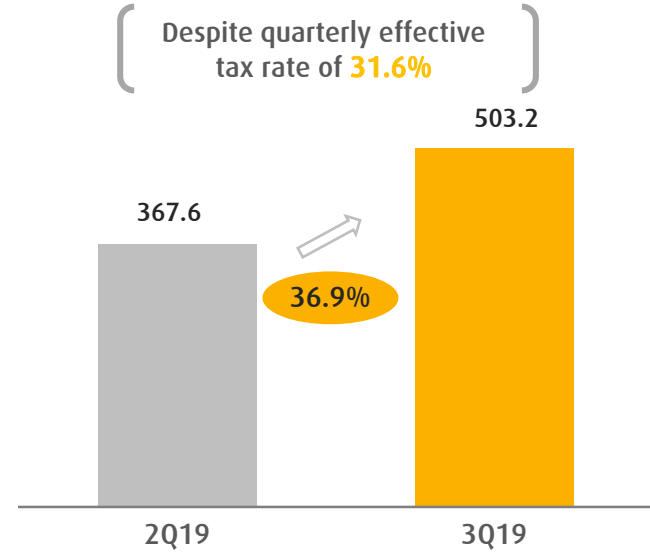
VakifBank IR App.
Available at



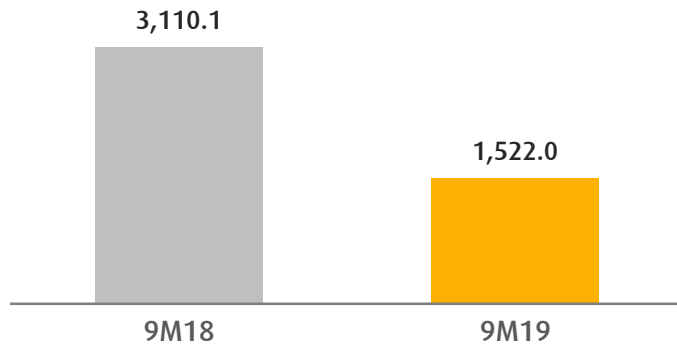
Earnings Presentation BRSA Bank-Only 3Q 2019 November 8, 2019

3Q19 Earnings and Ratios

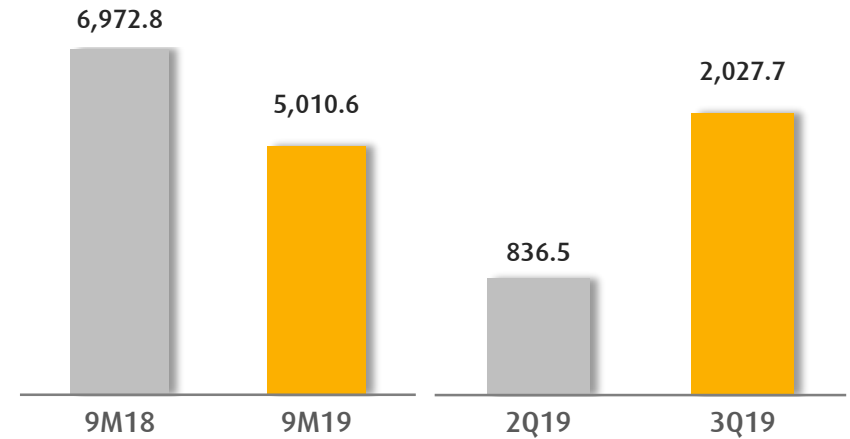
Net Income (TL million)



TL 852 million free provisions in the balance sheet



Pre-Provisioning Operating Profit (TL million)**



Strong coverage ratios maintained

Total NPL Coverage Ratio

96.8%

Stage III Coverage Ratio

70.7%

Sector Stage III Coverage Ratio

65.6%

5.1% higher than sector

Key Highlights of 3Q19

Sound NIM expansion

- Reported 3Q19 NIM materialized at **4.08%** vs. 3.55% in 2Q19
- Reported 3Q19 NIM would be **4.25%** without any CPI adjustment^{*}.
- Swap adjusted NIM reached **2.87%** in 3Q19 vs. 2.19% in previous quarter.

Robust performance on fee and commission income is still on track

- Cumulative and quarterly fee growth came strong at **88%** YoY and **28%** QoQ, respectively, with a well-diversified base.
- All time high Fee/Total Revenues realized above **25%** level in 3Q19.
- Fee/Opex ratio reached all time high level **65.6%**.

Strong core revenue generation capacity remained intact

- Core banking revenue growth realized at **15.7%** YoY.
- All time high Core Banking Revenues/Total Revenues realized **89.9%** on a cumulative basis, reflecting the high quality revenue generation.

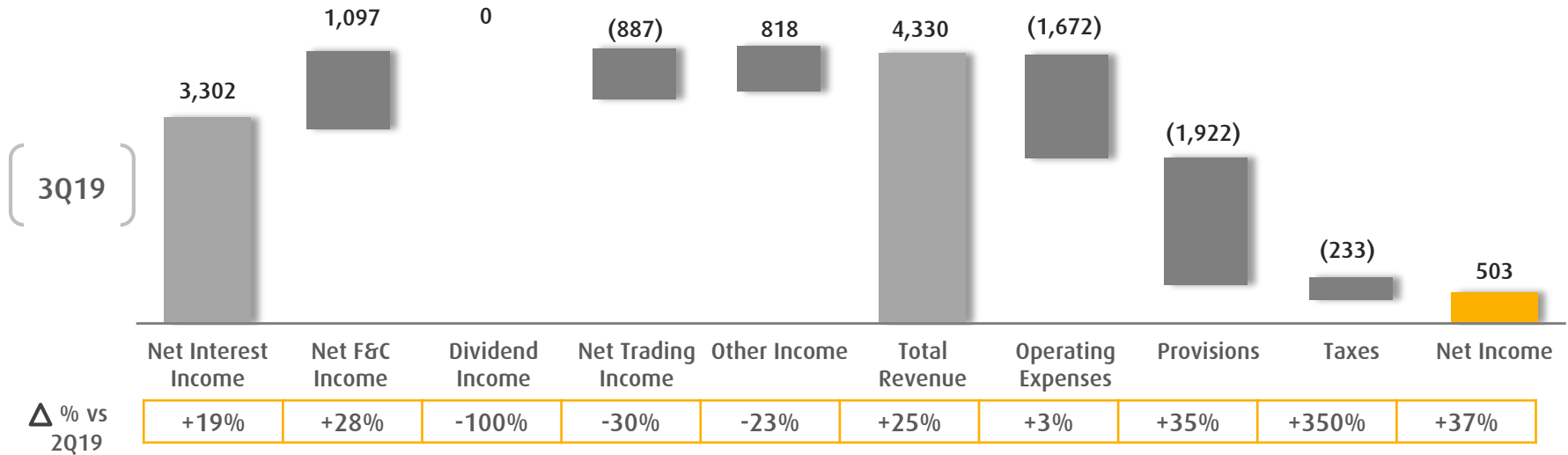
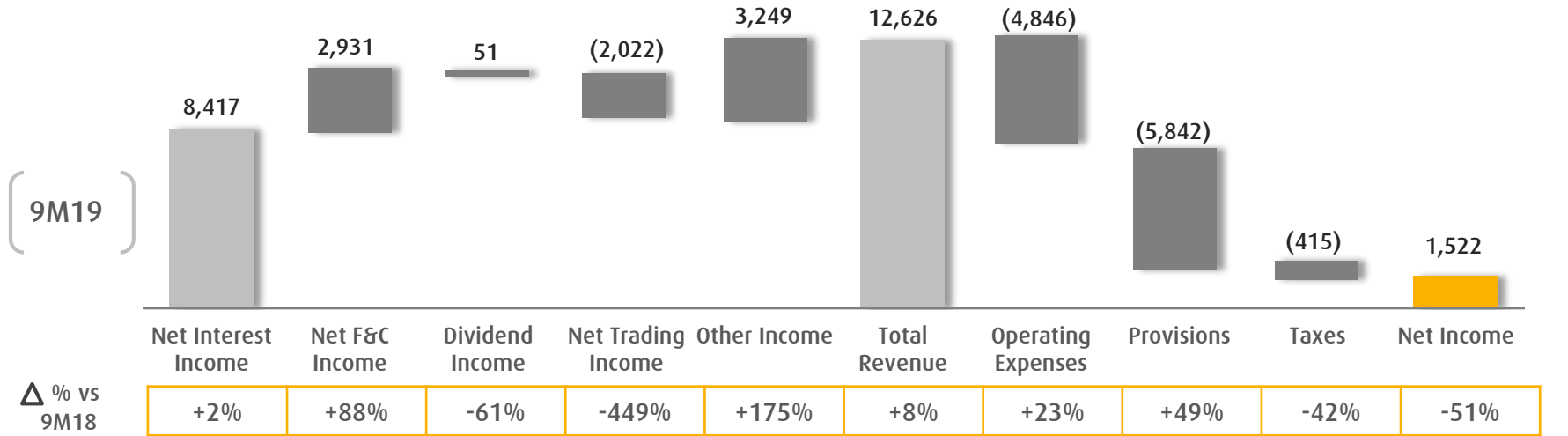
Maintained strong liquidity levels and further improved LtD ratios

- Total LCR came at **134%**.
- FC LCR reached **508%**.
- Total LtD ratio decreased to **113%** in 3Q19 vs 117% in 2Q19.
- TL LtD ratio improved to **130%** from 136% QoQ.

Comfortable solvency ratios maintained

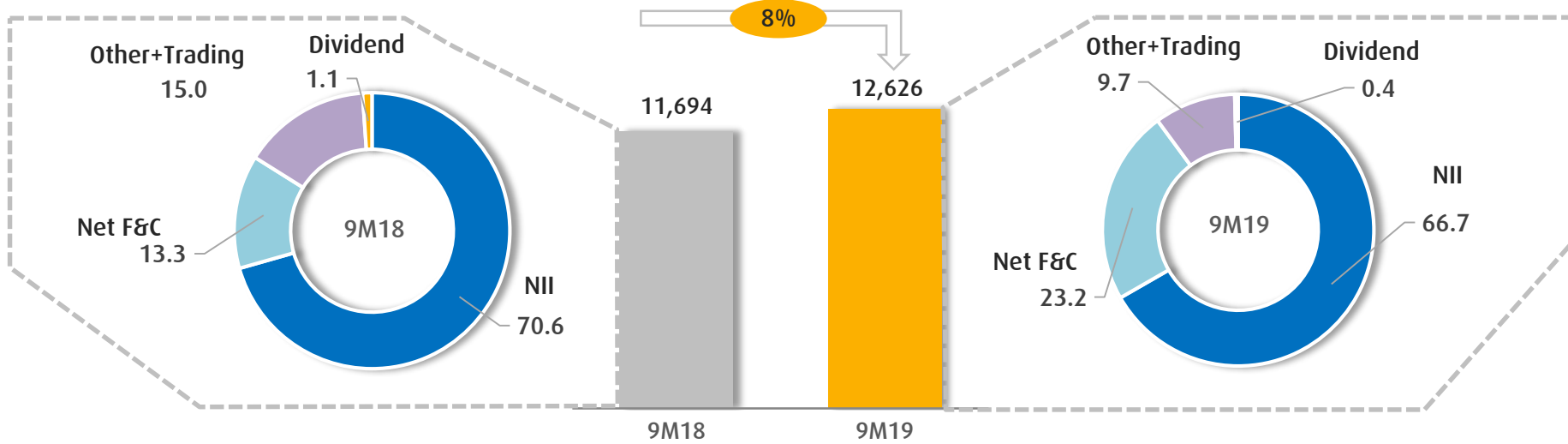
- First ever TLREF indexed Tier II issuance out of Turkey with an amount of **TL 725 million**.
- Total CAR was flattish QoQ, came at **17.0%**.
- Tier I realized at **13.8%**, well above the required levels.

9M19 P&L Details



High quality revenue breakdown

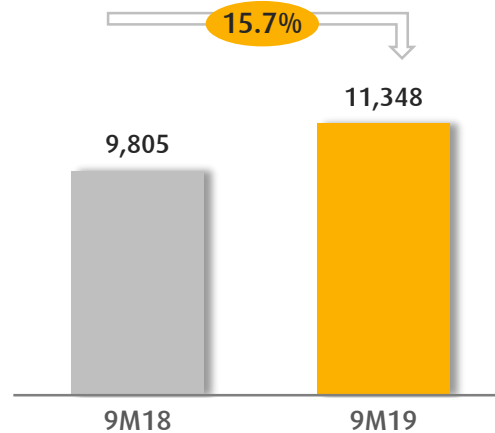
Total Revenues – Revenue Breakdown (TL million)



Core Banking Revenues (TL million)*

89.9%

Share of high quality core banking revenues in total

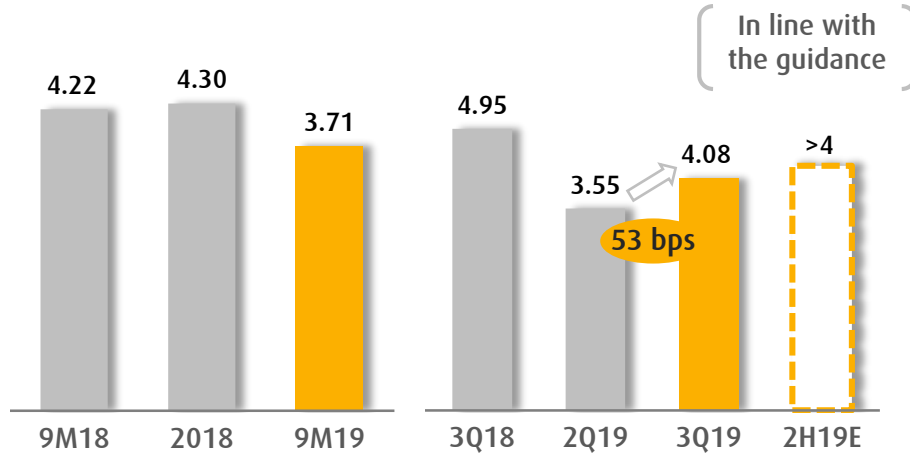


Free provisions

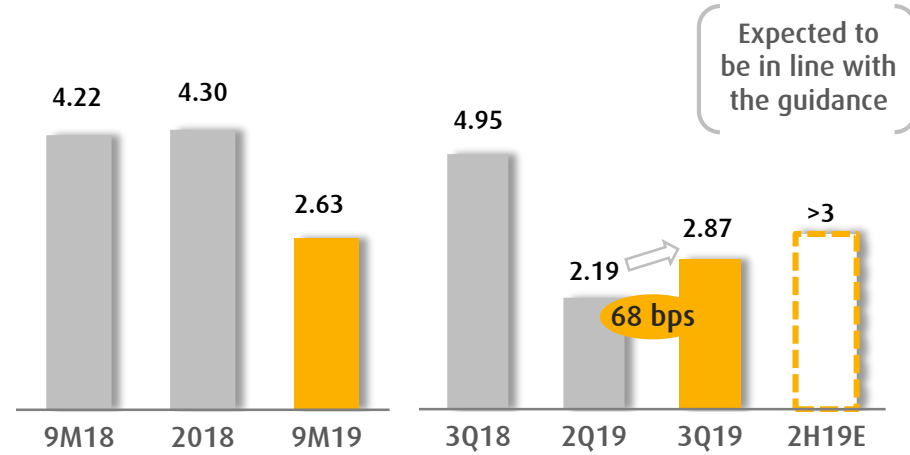
	1Q19	2Q19	3Q19
Outstanding amount	TL 1,030 million	TL 917 million	TL 852 million
Free Provision Releases	TL 113 million	-	TL 65 million

NIM, Spreads & Swap

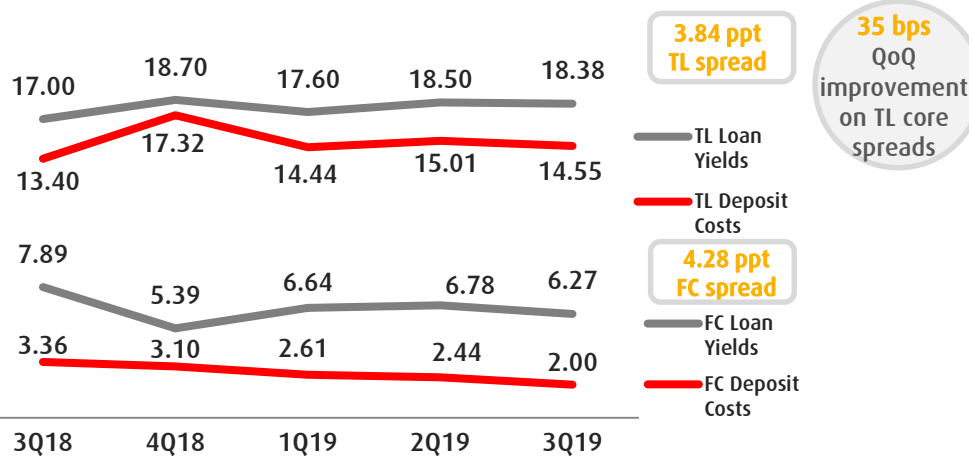
Net Interest Margin (NIM %)



Swap Adjusted Net Interest Margin (%)



Core Spreads (%)

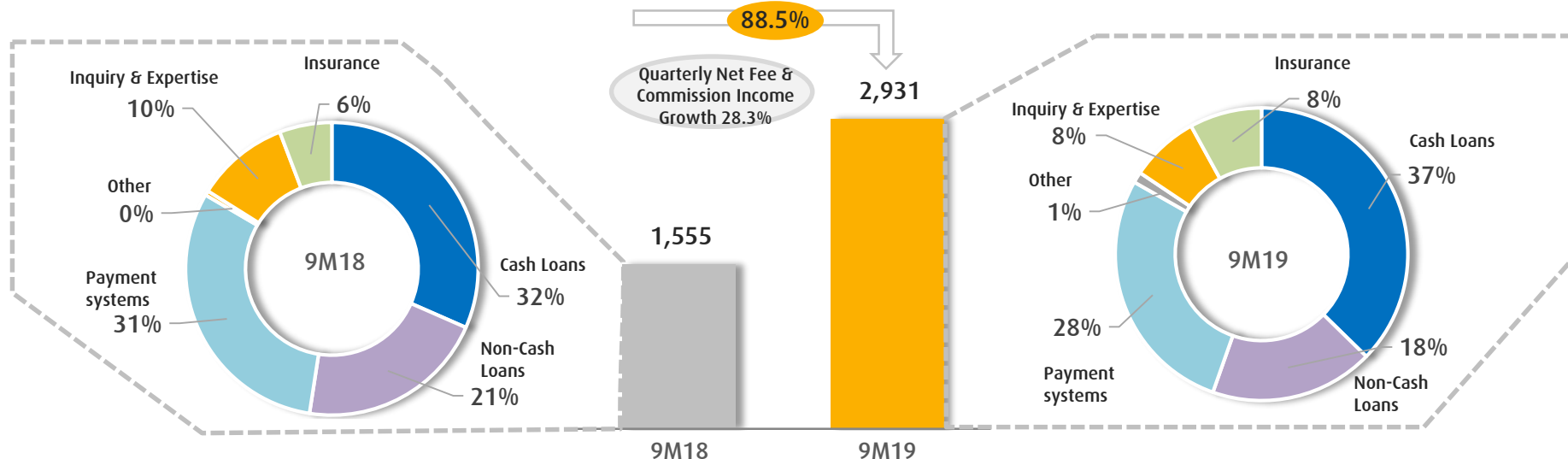


Cost of Funding

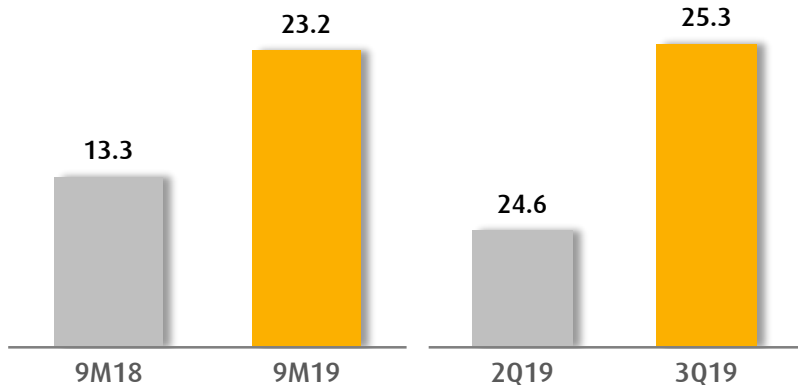
	1Q19	2Q19	3Q19
Total money market funding *	TL 46.2 billion	TL 45.3 billion	TL 42.3 billion
Cost of Funding	25.08%	24.02%	16.38%
Swap Cost	TL 402 million	TL 1,061 million	TL 976 million
Average Swap Usage	TL 9.7 billion	TL 20.9 billion	TL 23.3 billion

Eye catching fee income growth further accelerated via retail lending

Net Fee & Commission Income (TL million) – Fee Breakdown

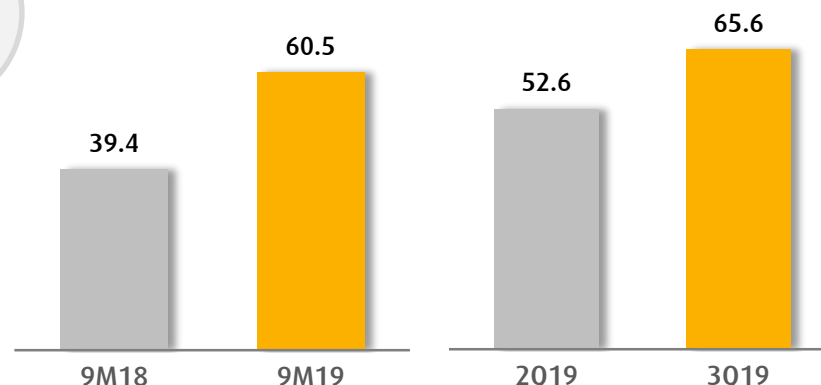


Fee/Total Revenue (%)



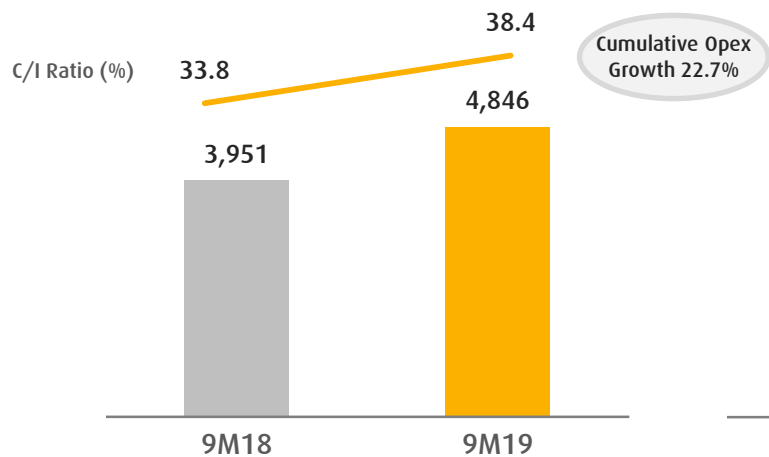
All time best fee ratios

Fee/Operating Expense (%)

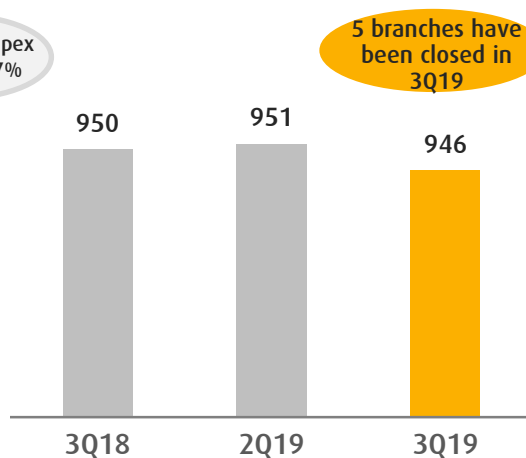


Opex breakdown and Cost/Income Ratios

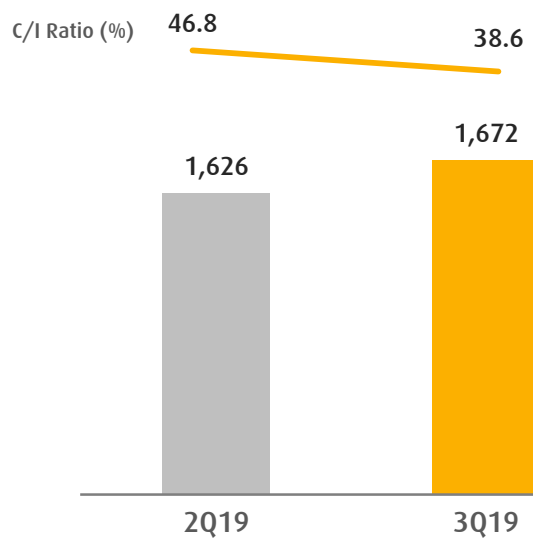
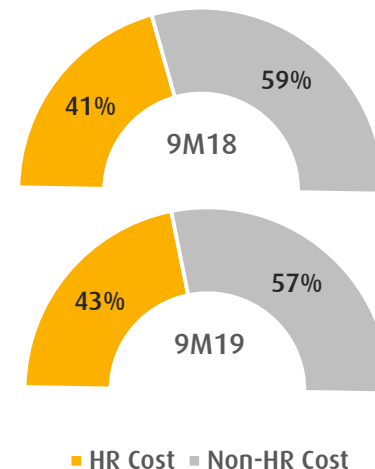
Operating Expenses (TL million)



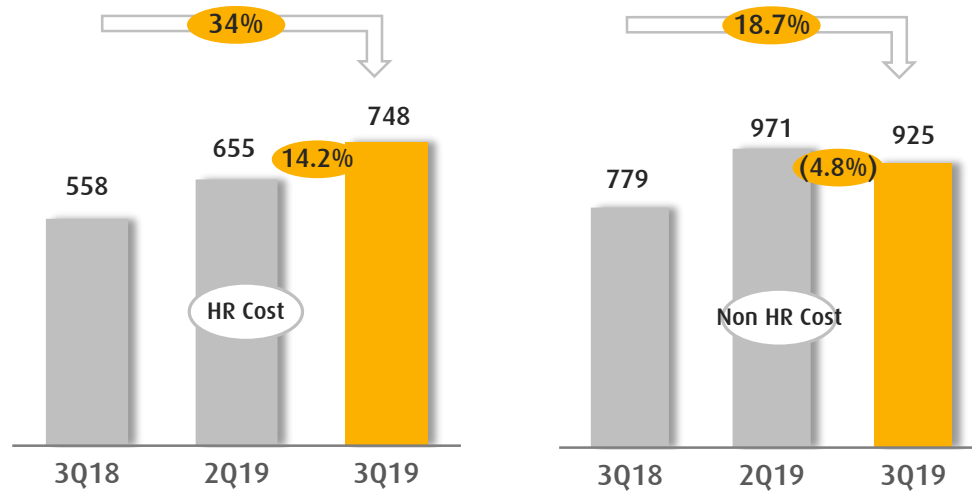
Branch number



Breakdown of OPEX

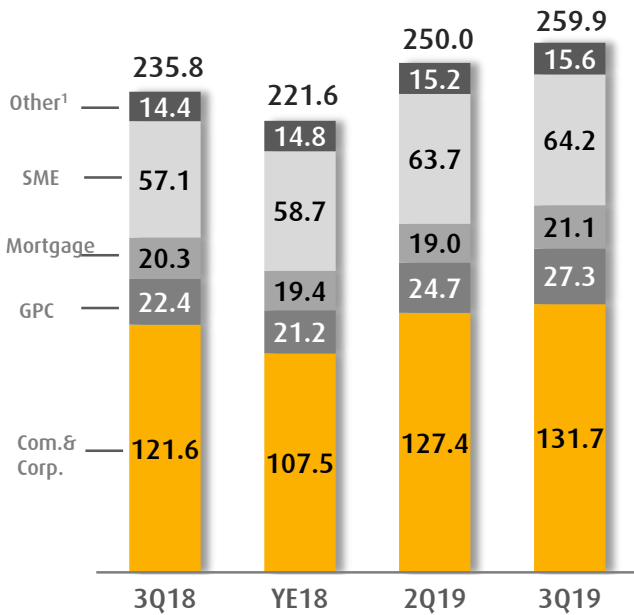


Quarterly OPEX Breakdown (TL million)

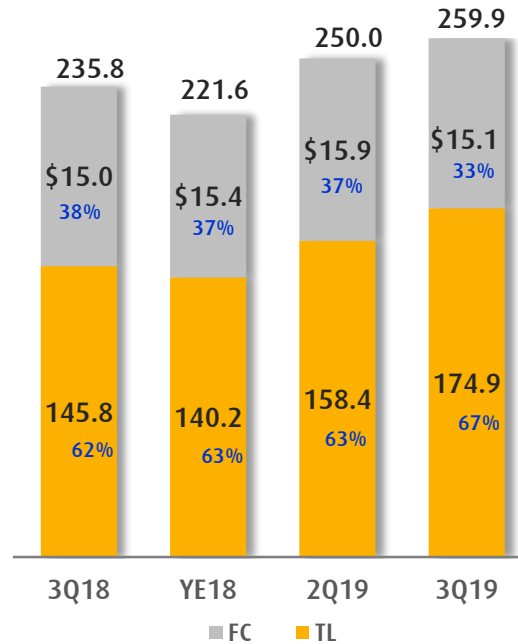


Well diversified & stable loan breakdown

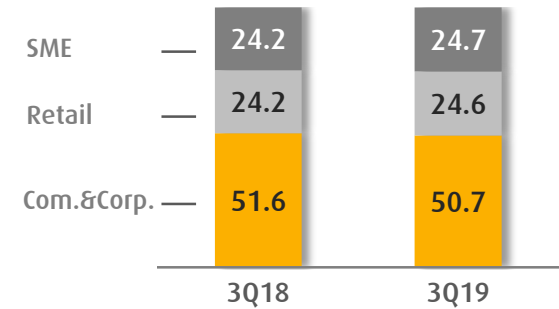
Segment Breakdown of Loans (TL billion)



Currency Breakdown of Loans (TL billion)

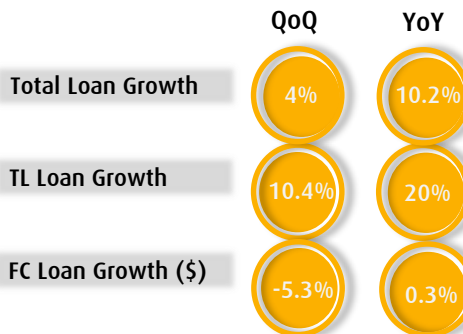
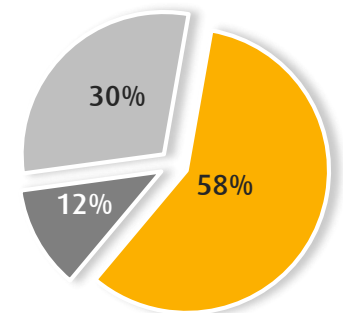


Portfolio Breakdown (%)

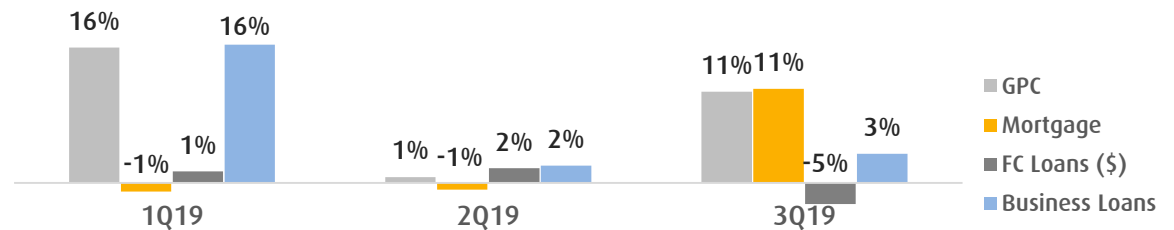


Breakdown of FC Loans

- Project Finance
- Export Loans
- Working Capital and Other

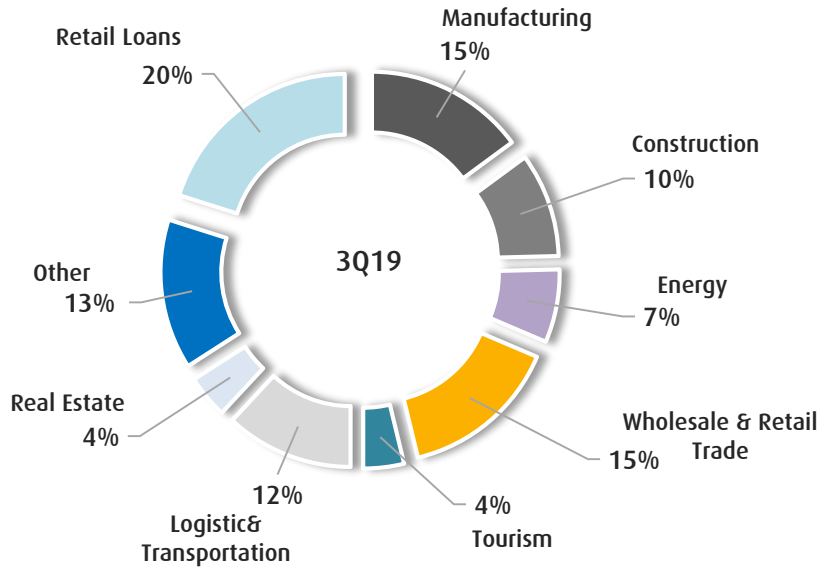


Quarterly Loan Growth



Breakdown of Loan Portfolio

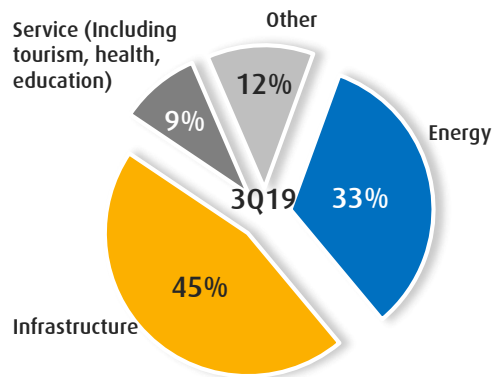
Sector Breakdown of Cash Loans



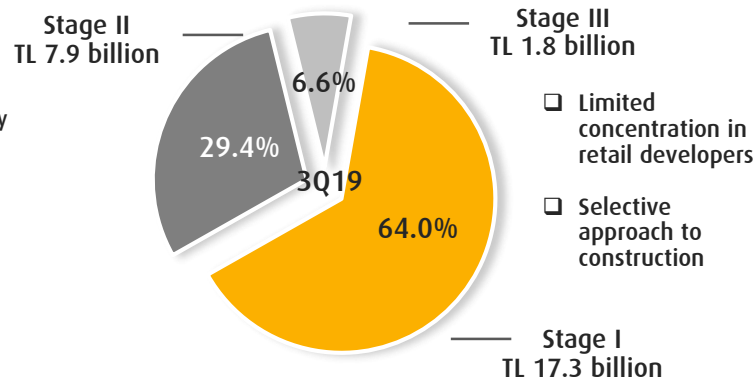
CGF Loans

(TL bn)	2018	2Q19	3Q19
Total CGF Guarantee Limit	26.6	31.9	32.4
Originated Amount	28.9	35.4	36.1
Outstanding Amount After Redemptions	19.6	21.8	21.0

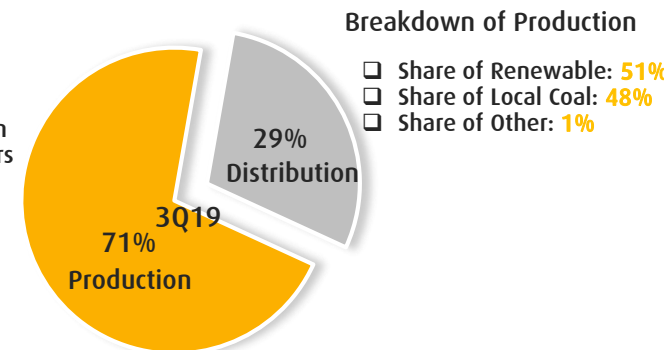
Breakdown of Project Finance



Breakdown of Construction Loans



Breakdown of Energy Loans

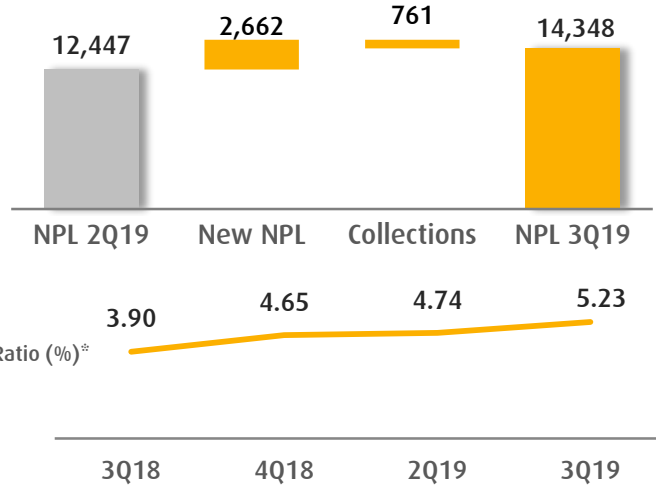


Breakdown of Production

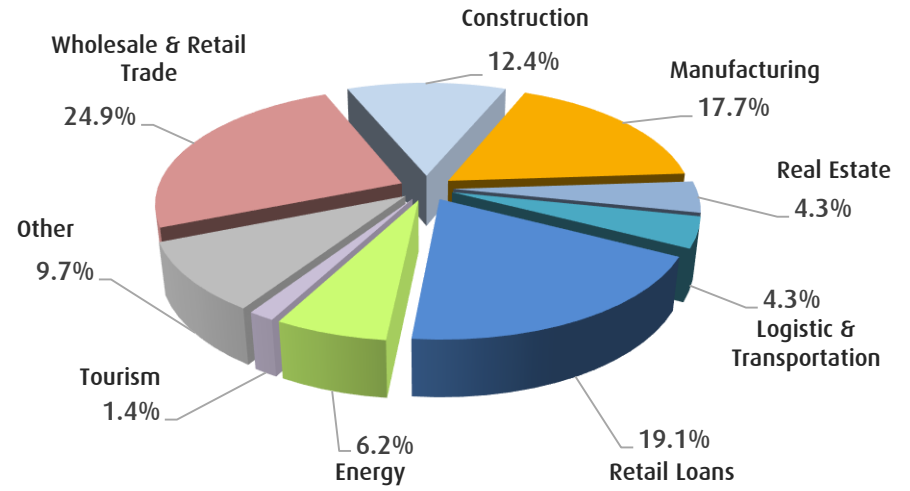
- ☐ Share of Renewable: 51%
- ☐ Share of Local Coal: 48%
- ☐ Share of Other: 1%

NPL recognition move strengthens balance sheet position

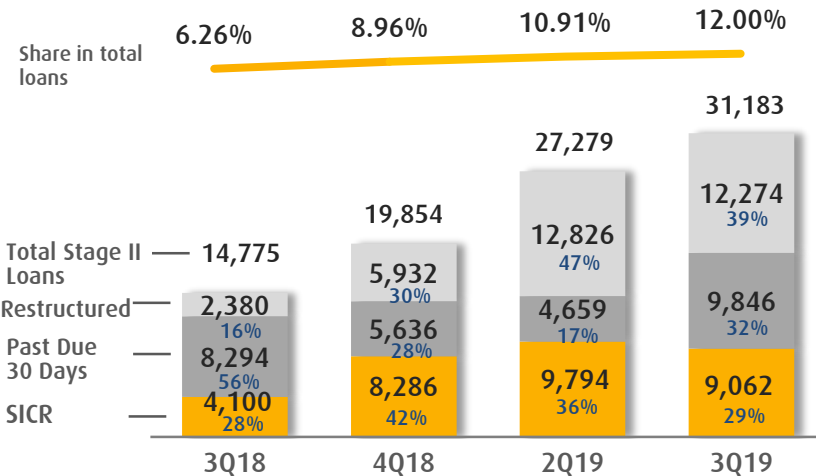
NPL (TL million)*



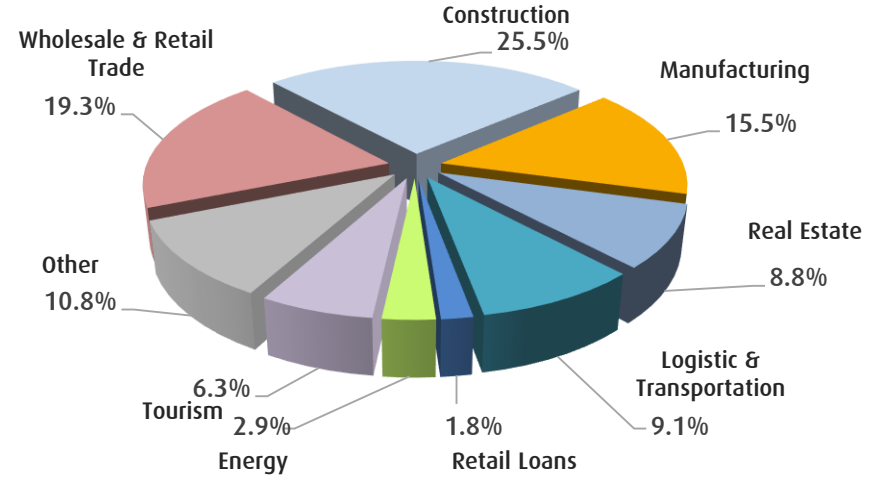
Sector Breakdown of Stage III Loans



Stage II Loans Breakdown (TL million)



Sector Breakdown of Stage II Loans

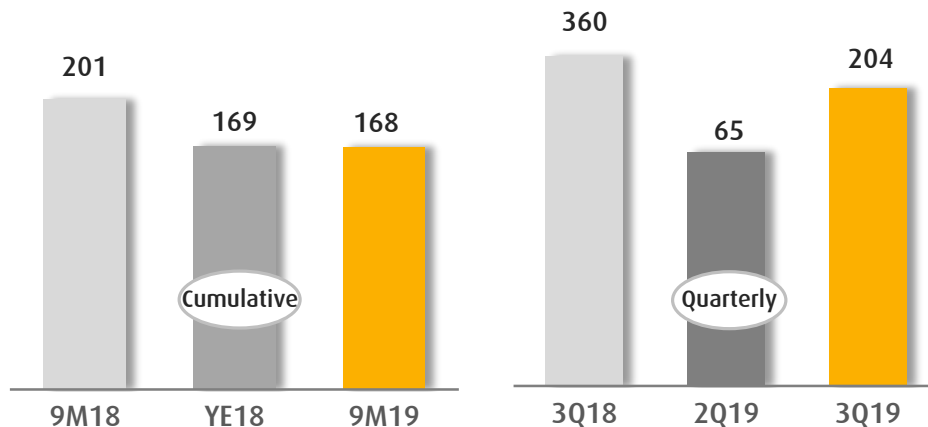


Conservative coverage ratios maintained despite increase in NPL inflows

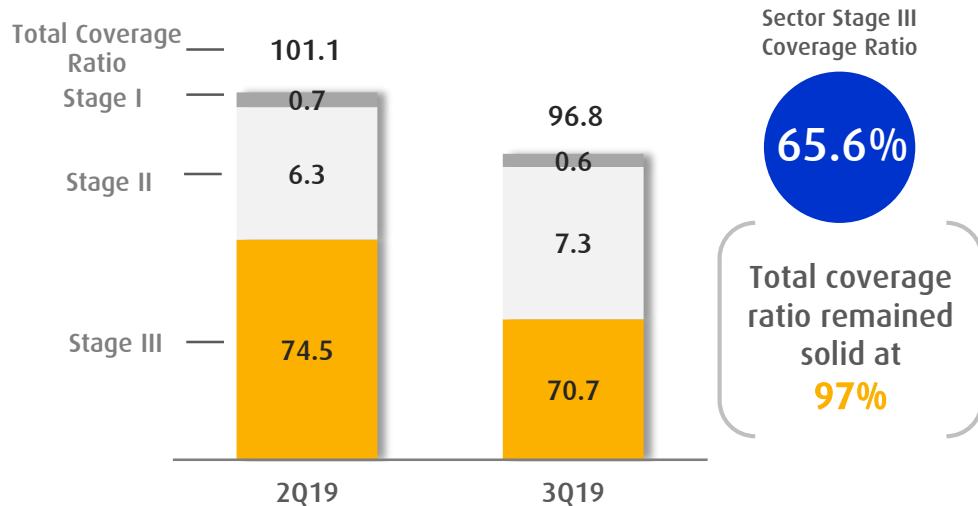
Net Expected Credit Losses

(Thousand TL)	9M19
Expected Credit Losses	5,807,804
Stage I	1,013,913
Stage II	1,870,015
Stage III	2,923,876
Provision Reversals under other income	2,768,670
Stage I	963,453
Stage II	1,029,910
Stage III	775,307
Net Expected Credit Losses	3,039,134
Net CoR	168 bps

Net Cost of Risk (bps)

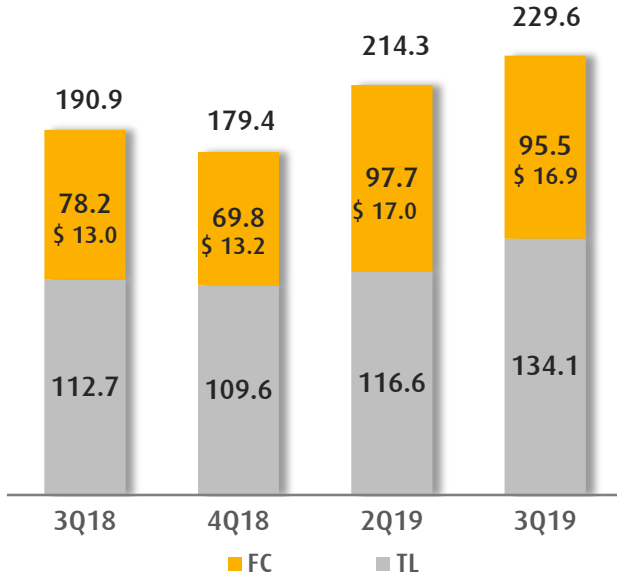


Coverage Ratios (%)

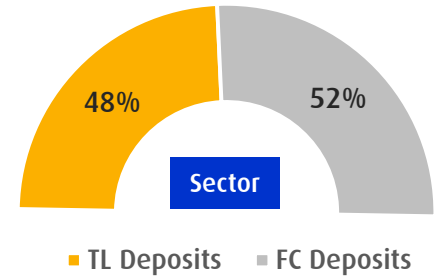
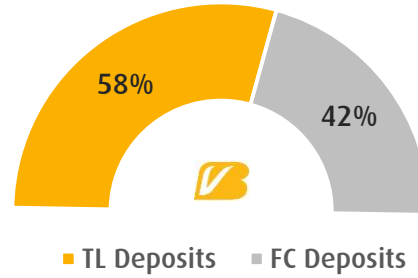


Customer deposits driven well diversified funding structure

Total Deposits (TL billion)

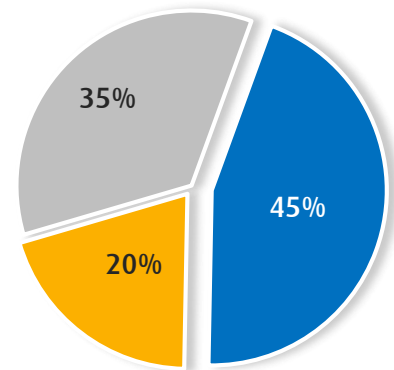
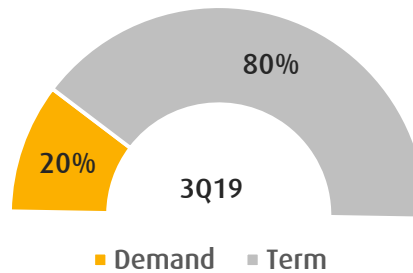


Breakdown of Deposits



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

Demand deposits increased **37%** YoY

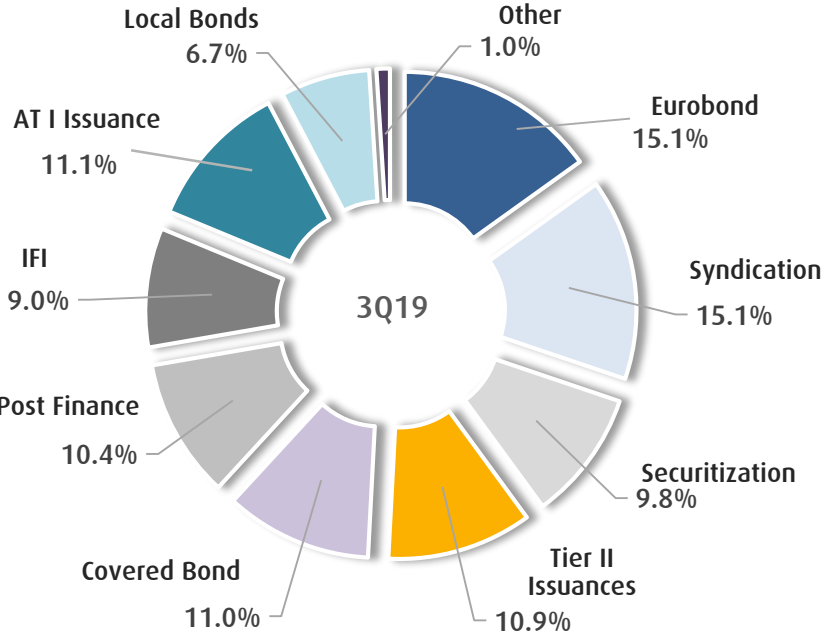


	QoQ	YoY
Total Deposits Growth	7.2%	20.3%
TL Deposits Growth	14.9%	19%
FC Deposits Growth (\$)	-0.2%	29.8%

■ Retail Deposit ■ State Deposit ■ Other

Further diversified long term wholesale funding transactions

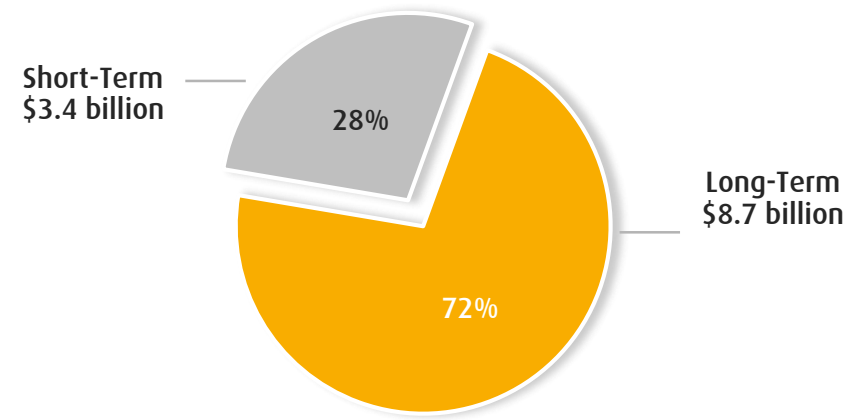
Breakdown of Wholesale Funding



First ever TLREF indexed Tier II Notes issuance with an amount of **TL 725 million** out of Turkey with 10NC5 structure

Fresh **USD 417 million** DPR securitization in October 2019

Maturity Breakdown of External Debt

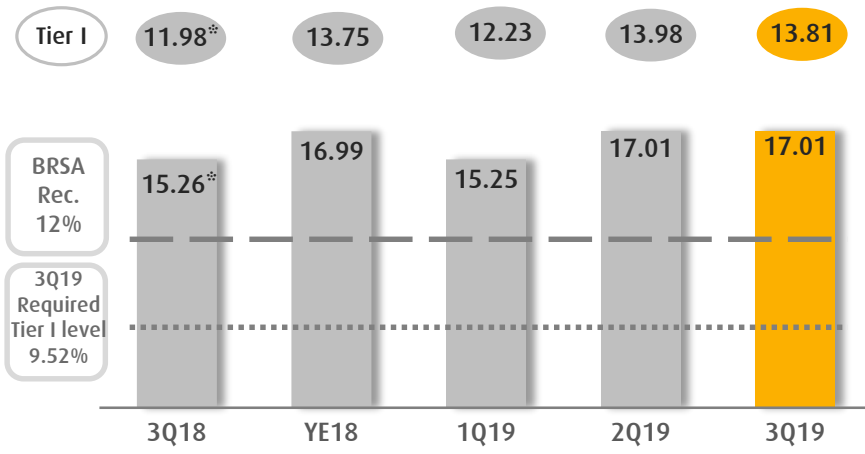


~USD 15 billion
Total wholesale borrowing

Share of total wholesale borrowing in total liabilities: **~22%**

Strong solvency ratios amid challenging macro conditions

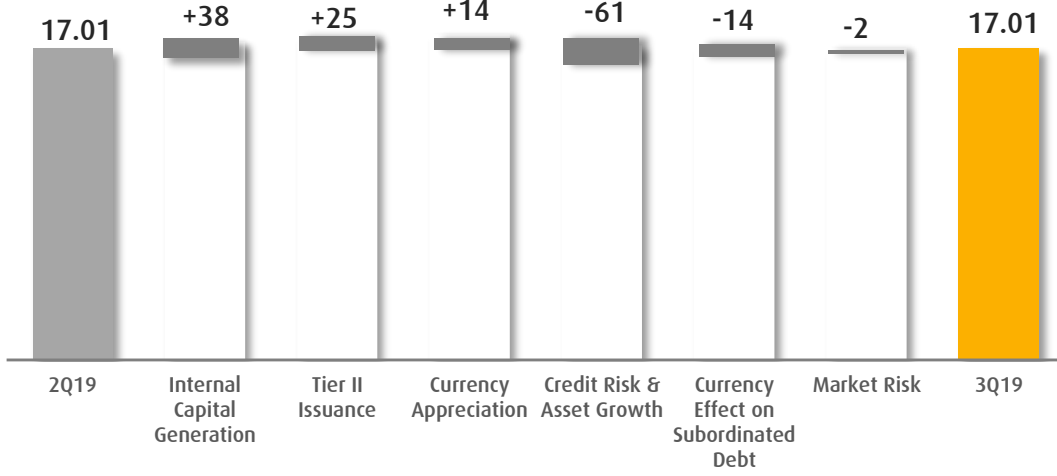
Capital Adequacy Ratio (%)



The effect of 0.1 TL decrease /increase in USD/TL parity on CAR is **~7 bps**

The effect of 1 ppt interest rate increase/ decrease on CAR is **~6 bps**

The effect of TL 725 million TLREF indexed Tier II issuance is **~25 bps**



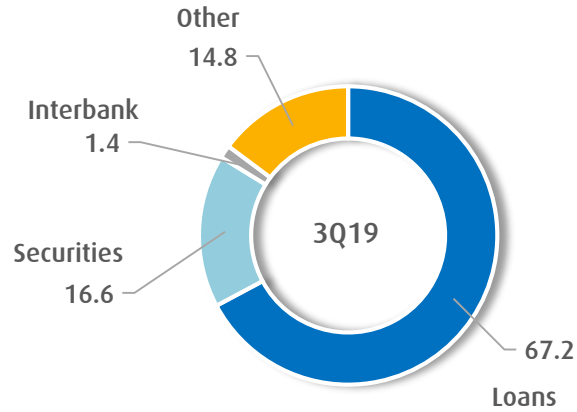
Buffers (%)	2019
Capital Conservation Buffer	2.500
Counter Cyclical Buffer	0.018
SIFI Buffer* (Group I)	1.000
Minimum CET I	8.018
Minimum Tier I	9.518

Appendix

Pg. 17	Composition of Assets&Liabilities
Pg. 18	Well balanced Securities Portfolio
Pg. 19	Retail Lending Portfolio
Pg. 20	Strong growth in mobile platforms continues
Pg. 21	VakifBank with Numbers
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

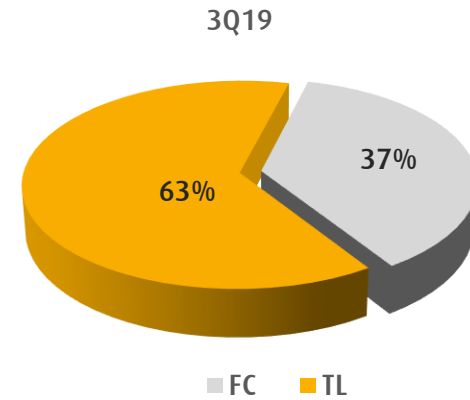
Composition of Asset & Liabilities

Breakdown of Assets (%)

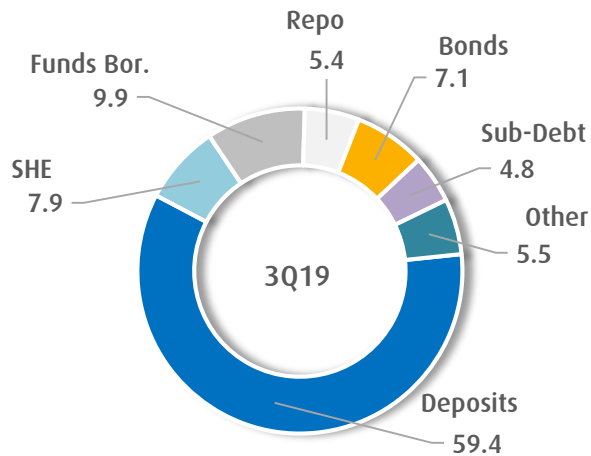


The share of IEA
85.2%
in total assets

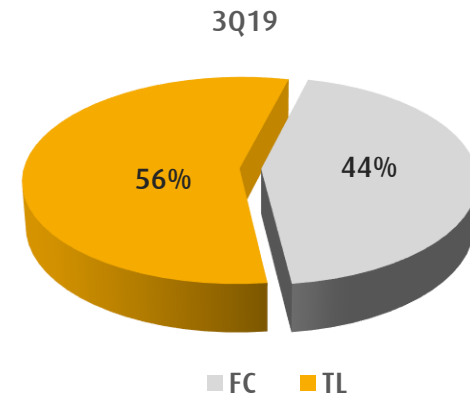
TL/FC Mix in Total Assets



Breakdown of Liabilities (%)

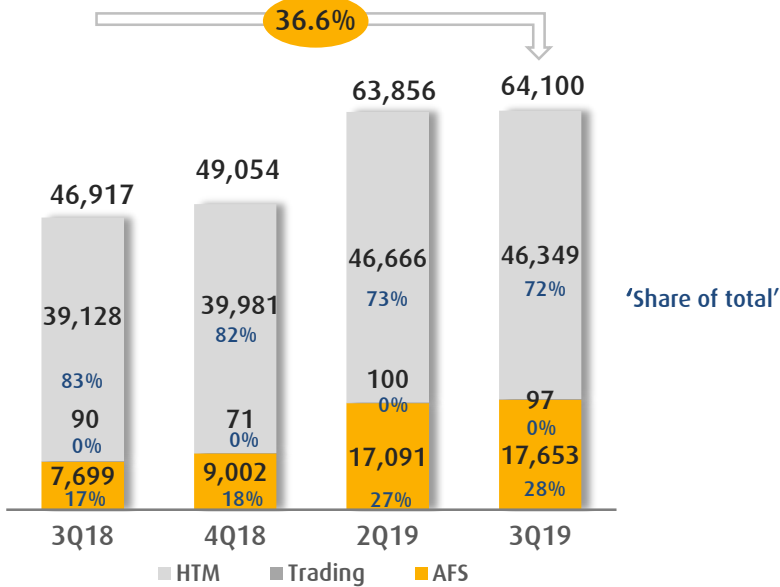


TL/FC Mix in Total Liabilities

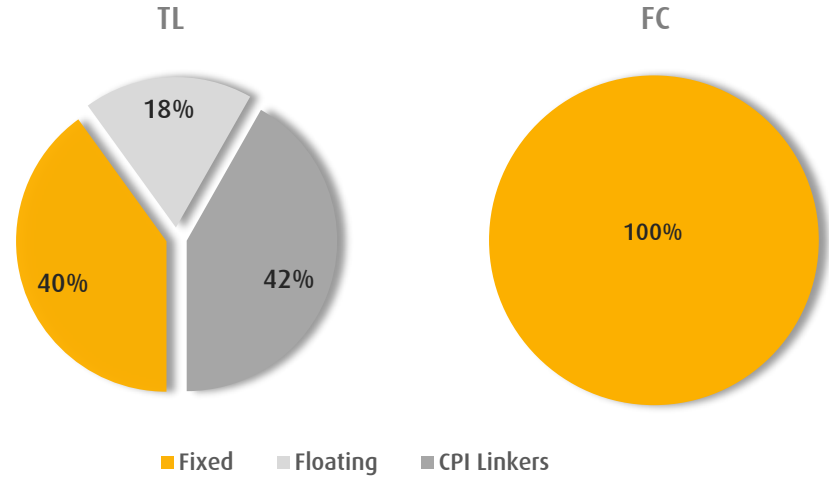


Well balanced security portfolio

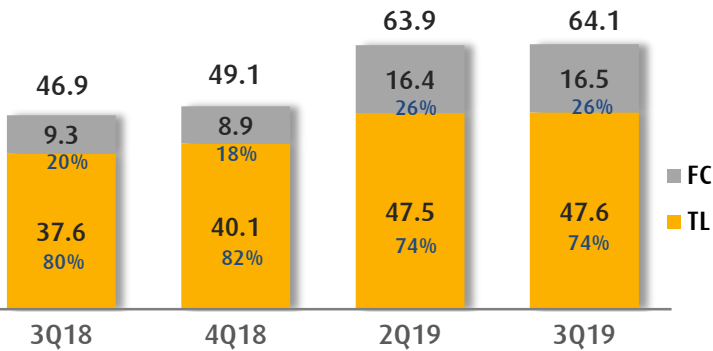
Total Securities (TL million)



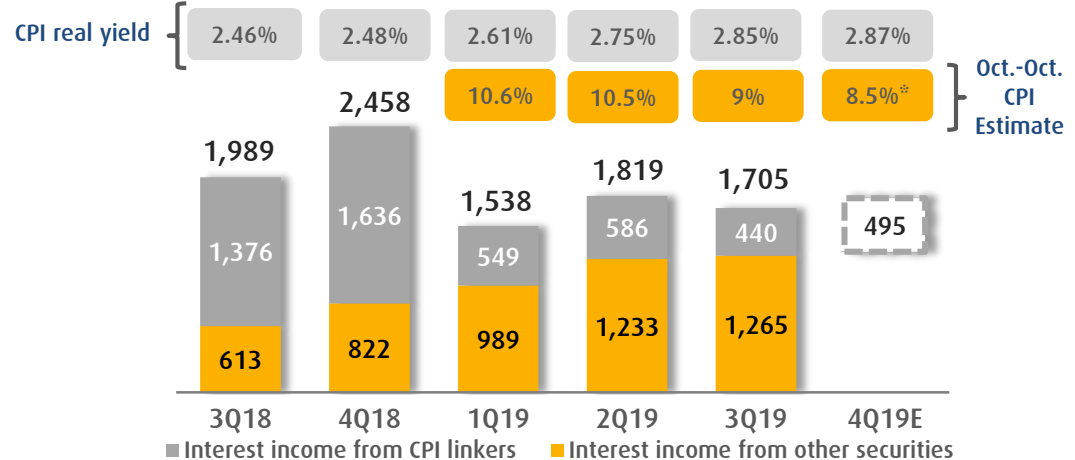
Portfolio Structure



Security Breakdown (TL billion)

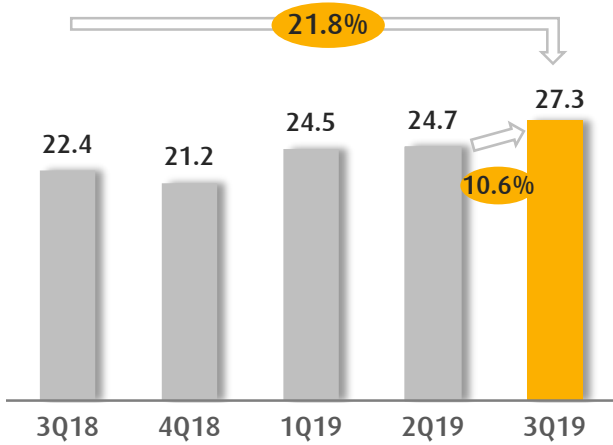


Breakdown of Interest Income from Securities (TL million)

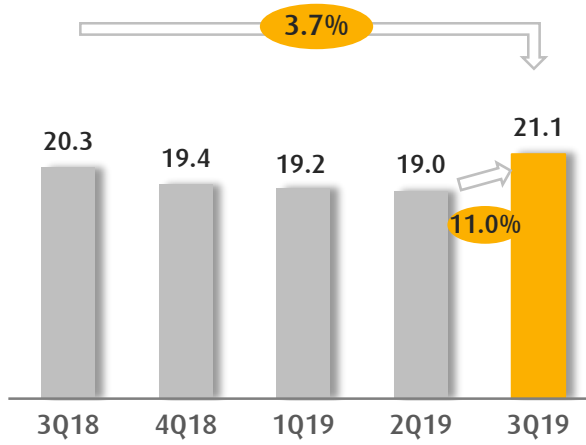


Retail Lending Portfolio

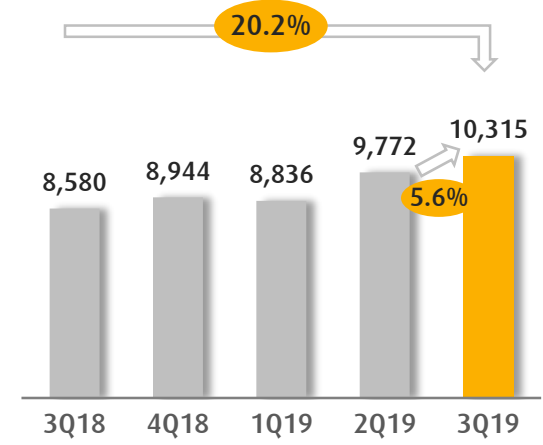
General Purpose Consumer (TL billion)



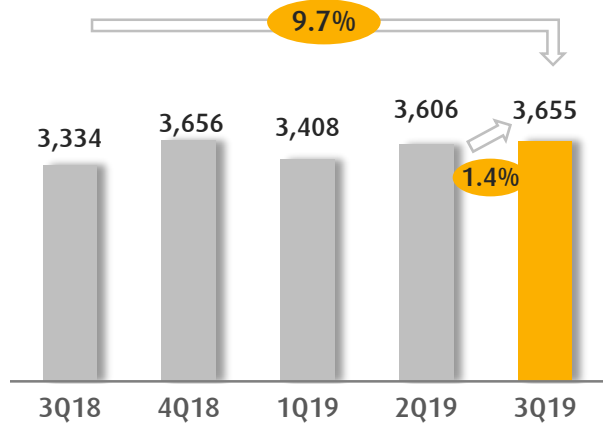
Residential Mortgages (TL billion)



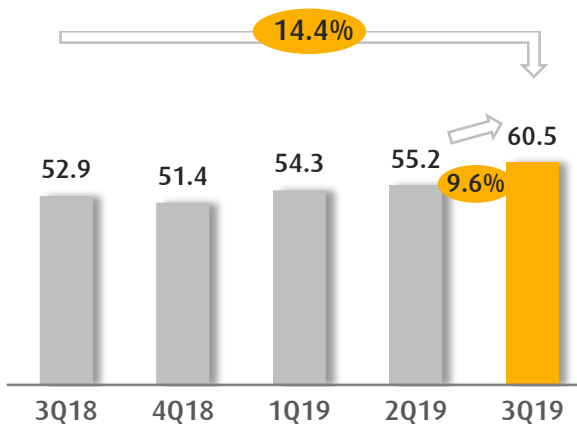
Credit Card Loans (TL million)*



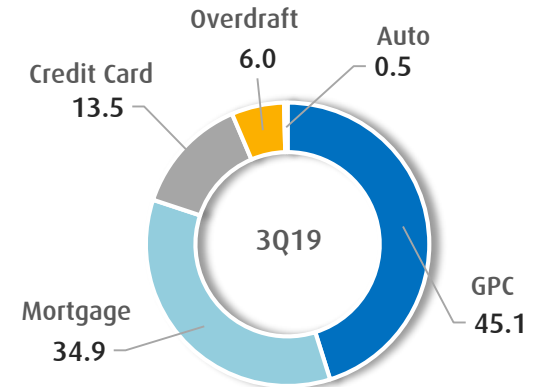
Retail Overdraft (TL million)



Total Retail (TL billion)

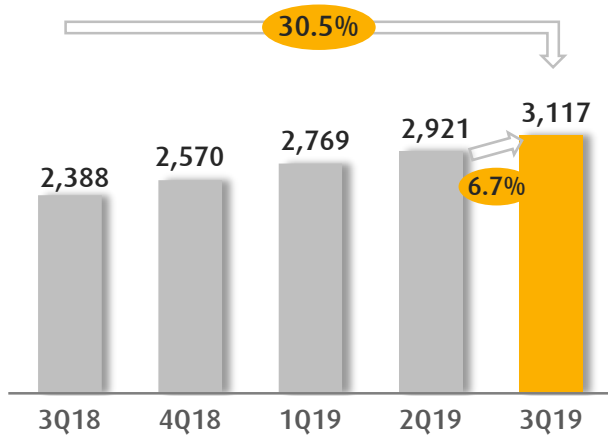


Breakdown of Retail Loans (%)

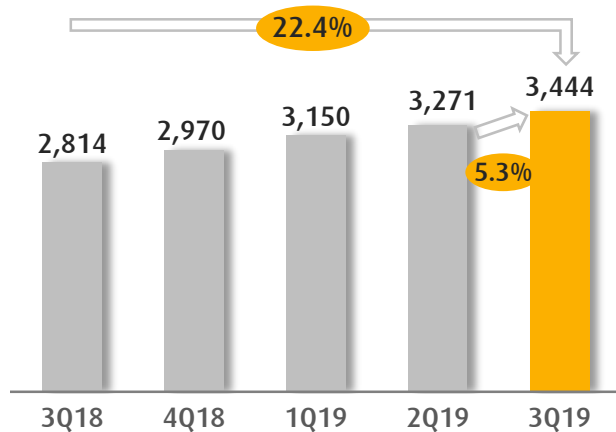


Strong growth in mobile platforms continues

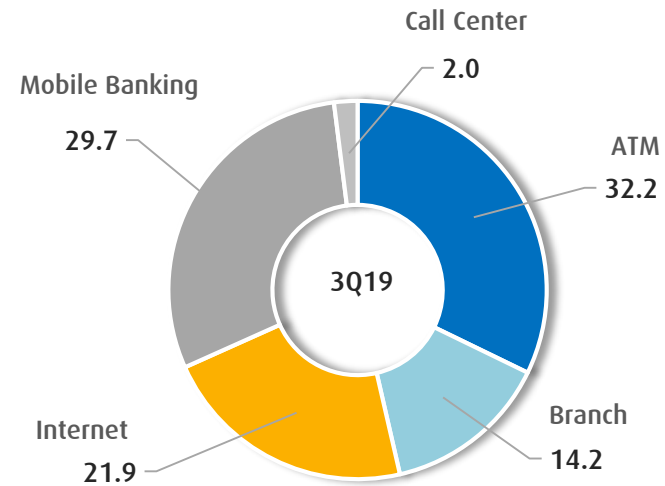
Active Mobile Banking Customers (#thousand)*



Active Internet Banking Customers (#thousand)*



Breakdown of Transactions (%)



~86%
of all banking transactions executed via non-branch channels

VakıfBank with numbers

Distribution Channels&Customer (#)	3Q19	Efficiency ('000 TRY)	3Q19
Personnel	16,865	Assets per Employee	22,938
POS Terminals	325,543	Assets per Branch	408,927
Outstanding Credit Cards	5.0 mn	Loans per Employee	15,413
Total Customers	22.8 mn	Loans per Branch	274,782
Total Payroll Customers	2.4 mn	Deposits per Employee	13,617
Active Mutual Fund Customers	1.6 mn	Deposits per Branch	242,756

Distribution
Platforms



946
Branches



4,223
ATMs



3,444K
Active Online
Banking
Customers



24/7
Telephone
Banking



3,117K
Active Mobile
Customers

(Number of credit cards exceeded **5 million**)

Diversified funding sources via Non-Deposit Funding

<p>Syndicated Loan</p>	<p>US\$ 2.30 billion outstanding April 2019 US\$ 1.100 million equivalent syndicated loan, all in cost as Libor + 2.50% and Euribor +2.40% with participation of 38 banks from 17 countries. November 2018 US\$ 854 million equivalent syndicated loan with 1 year and 2 year tranches, all in cost as Libor + 2.75% and Euribor +2.65% for 1 year and Libor + 3.50% for two years with participation of 20 banks from 11 countries. March 2017 US\$ 250 million 3 year bilateral loan with ICBC Dubai. September 2019 US\$ 140 million 1 year bilateral loan with The Export Import Bank of China.</p>
<p>Sub-debt</p>	<p>US\$ 1.4 billion & TL1.250 million outstanding Tier II and 5 billion TL & EUR 700 million Tier I September 2019 TL 725 million TLREF indexed Tier II notes with 10-year maturity and early repayment option at the end of 5th year April 2019 EUR 700 million Tier I notes were issued with a fixed coupon rate. September 2018 TL 5 billion perpetual Tier I notes were issued with a fixed coupon rate. September 2017 TL 525 million subordinated notes (Tier II) were issued with a floating coupon rate set at 5 year sovereign + 3,5. Maturity of the notes are 10 years. February 2017 US\$ 228 million equivalent of 2012 subordinated notes (Tier II) were exchanged. Coupon rate has been set at 8%, maturity of the notes is 10 years. January 2015 US\$ 500 million equivalent subordinated notes (Tier II) were issued with a yield of 6.95%.Coupon rate has been set at 6.875%, maturity of the notes is 10 years. October 2012 US\$ 900 million equivalent subordinated notes (Tier II) were issued with a yield of 6.08%. Coupon rate has been set at 6%, maturity of the notes is 10 years. After Exchange nominal amount is US \$672 million.</p>
<p>Eurobonds</p>	<p>US\$ 2.25 billion outstanding March 2019 US\$ 600 million equivalent senior unsecured notes were issued with a yield of 8.20%. Coupon rate has been set at 8.125%, maturity of the notes is 5 years January 2018 US\$ 650 million equivalent senior unsecured notes were issued with a yield of 5.85%. Coupon rate has been set at 5.75%, maturity of the notes is 5 years. May 2017 US\$ 500 million equivalent senior unsecured notes were issued with a yield of 5.650%. Coupon rate has been set at 5.625%, maturity of the notes is 5 years. October 2016 US\$ 500 million equivalent senior unsecured notes were issued with a yield of 5.614%. Coupon rate has been set at 5.5%, maturity of the notes is 5 years.</p>
<p>DPR Securitizations</p>	<p>US\$ 1.87 million outstanding October 2019 DPR borrowing amounting USD 417 million through treasury financing transaction within DPR securitization program. Total amount of transaction is procured tranche with a maturity of 7 years. October 2018 DPR borrowing amounting USD 300 million through treasury financing transaction within DPR securitization program. Total amount of transaction is procured tranche with a maturity of 10 years. May 2018 DPR borrowing in Euro and USD currencies, amounting USD 380 million equivalent in total, through future flow transaction within DPR securitization program. Total amount of transaction is procured in six separate tranches of which has a maturity of 5 years. October 2016 DPR borrowing in Euro and USD currencies, amounting USD 890 million equivalent in total, through future flow transaction and treasury financing transaction as well as other required transactions within DPR securitization program. Total amount of transaction is procured in seven separate tranches, USD 354.4 million of which has a maturity of 5 years and USD 535.7 million of which has a maturity of 7 years.</p>
<p>Covered Bond</p>	<p>EUR 500 million and TL 6.2 billion outstanding February 2019 TL 1.118,2 million Covered Bond notes were issued with the maturity of 8 years. January 2019 TL 396.3 million Covered Bond notes were issued with the maturity of 8 years. December 2018 TL 1 billion Covered Bond notes were issued with the maturity of 5 years. February 2018 TL 1 billion Covered Bond notes were issued with the maturity of 5 years. December 2017 TL 1.3 billion Covered Bond notes were issued with the maturity of 5 years. October 2017 TL 1.3 billion Covered Bond notes were issued with the maturity of 5.5 years. May 2016 Euro 500 million equivalent Covered Bond notes were issued with a yield of 2.578%. Coupon rate has been set at 2.375%, maturity of the notes is 5 years.</p>
<p>IFI Borrowing</p>	<p>US\$ 1.5 billion outstanding World Bank outstanding funding US\$ 238.8 million. EBRD outstanding funding US\$ 184.4 million (US\$ 120 million under DPR Program and EUR 50 million under Covered Bond Program included). EIB outstanding funding US\$ 760.3 million. KFW outstanding funding US\$ 240.4 million. AFD outstanding funding US\$ 87.4 million.</p>
<p>TL Bonds</p>	<p>Outstanding TL bonds amounting TL 5.6 billion</p>

Unconsolidated Key Financial Ratios

	9M18	2018	1Q19	1H19	9M19
Profitability					
ROAE	16.6%	16.1%	9.1%	7.1%	6.9%
ROAA	1.3%	1.4%	0.8%	0.6%	0.6%
Cost / Income	33.8%	36.9%	32.1%	38.3%	38.4%
Cost / Assets	1.5%	1.8%	1.7%	1.7%	1.7%
Fee / Cost	39.4%	39.0%	63.2%	57.8%	60.5%
Liquidity					
Loans / Deposits	123.6%	123.5%	124.3%	116.7%	113.2%
<i>TL Loans / Deposits</i>	129.4%	127.9%	145.5%	135.8%	130.4%
Liquidity Coverage Ratio (Total)	115.9%	111.6%	118.9%	112.7%	133.6%
<i>FC Liquidity Coverage Ratio</i>	272.4%	264.0%	353.5%	400.3%	507.9%
Asset Quality					
NPL Ratio	3.9%	4.6%	4.6%	4.7%	5.2%
Coverage Ratio	77.0%	74.3%	73.8%	74.5%	70.7%
Net Cost of Risk	2.01%	1.69%	2.28%	1.47%	1.68%
Solvency					
CAR	17.23%	16.99%	15.25%	17.01%	17.01%
Tier I Ratio	13.69%	13.75%	12.23%	13.98%	13.81%
Leverage	12.2x	10.7x	11.7x	12.0x	11.7x

Unconsolidated Balance Sheet

	3Q18		2Q19		3Q19		TL		USD		
	(thousand)	TL	USD	TL	USD	TL	USD	ΔYoY	ΔQoQ	ΔYoY	ΔQoQ
Assets											
Cash & Balances with Central Bank		35,775,875	5,962,646	35,884,469	6,229,943	30,946,802	5,479,143	(13.5%)	(13.8%)	(8.1%)	(12.1%)
Interbank		10,065,427	1,677,571	4,233,500	734,983	5,512,458	975,983	(45.2%)	30.2%	(41.8%)	32.8%
Securities		46,916,525	7,819,421	63,856,201	11,086,146	64,099,732	11,348,882	36.6%	0.4%	45.1%	2.4%
Loans		235,842,821	39,307,137	249,976,401	43,398,681	259,943,528	46,023,099	10.2%	4.0%	17.1%	6.0%
Subsidiaries & Investments		2,916,376	486,063	2,923,689	507,585	3,370,288	596,711	15.6%	15.3%	22.8%	17.6%
Property & Equipment		1,552,613	258,769	2,921,960	507,285	2,852,223	504,987	83.7%	(2.4%)	95.1%	(0.5%)
Other		20,340,792	3,390,132	20,729,140	3,598,809	20,120,026	3,562,258	(1.1%)	(2.9%)	5.1%	(1.0%)
Total Assets		353,410,429	58,901,738	380,525,360	66,063,431	386,845,057	68,491,063	9.5%	1.7%	16.3%	3.7%
Liabilities & SHE											
Deposits		190,888,301	31,814,717	214,295,203	37,204,028	229,647,310	40,659,143	20.3%	7.2%	27.8%	9.3%
Funds Borrowed		47,550,990	7,925,165	39,470,077	6,852,444	38,247,805	6,771,788	(19.6%)	(3.1%)	(14.6%)	(1.2%)
Other		86,216,497	14,369,416	95,384,252	16,559,766	86,349,979	15,288,296	0.2%	(9.5%)	6.4%	(7.7%)
Provisions		2,062,205	343,701	2,101,043	364,764	2,084,478	369,058	1.1%	(0.8%)	7.4%	1.2%
Shareholders' Equity		26,692,436	4,448,739	29,274,785	5,082,428	30,515,485	5,402,778	14.3%	4.2%	21.4%	6.3%
Guarantees		72,280,972	12,046,829	70,719,539	12,277,698	70,209,942	12,430,697	(2.9%)	(0.7%)	3.2%	1.2%
Commitments		67,032,791	11,172,132	69,264,287	12,025,050	78,249,584	13,854,118	16.7%	13.0%	24.0%	15.2%
Derivatives		124,300,026	20,716,671	153,725,472	26,688,450	175,492,068	31,070,937	41.2%	14.2%	50.0%	16.4%

Unconsolidated Income Statement

(TL-thousand, %)	9M18	2Q19	3Q19	9M19	Δ YoY	Δ QoQ
Net Interest Income	8,250,120	2,769,984	3,301,982	8,416,738	2.0%	19.2%
Net Fee & Com. Income	1,555,339	855,486	1,097,237	2,931,282	88.5%	(28.3%)
Dividend Income	129,584	49,354	113	50,804	(60.8%)	(99.8%)
Net Trading Income	578,835	-1,263,930	-886,812	-2,021,808	(449.3%)	(29.8%)
Other Income	1,180,083	1,061,216	817,720	3,248,643	175.3%	(22.9%)
Total Revenues	11,693,961	3,472,110	4,330,240	12,625,659	8.0%	(24.7%)
Operating Expenses	-3,951,045	-1,626,076	-1,672,252	-4,846,395	22.7%	2.8%
Provisions	-3,923,648	-1,426,738	-1,922,074	-5,842,437	48.9%	(34.7%)
Tax Provisions	-709,149	-51,727	-232,712	-414,834	(41.5%)	(349.9%)
Net Income	3,110,119	367,569	503,202	1,521,993	(51.1%)	36.9%



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