

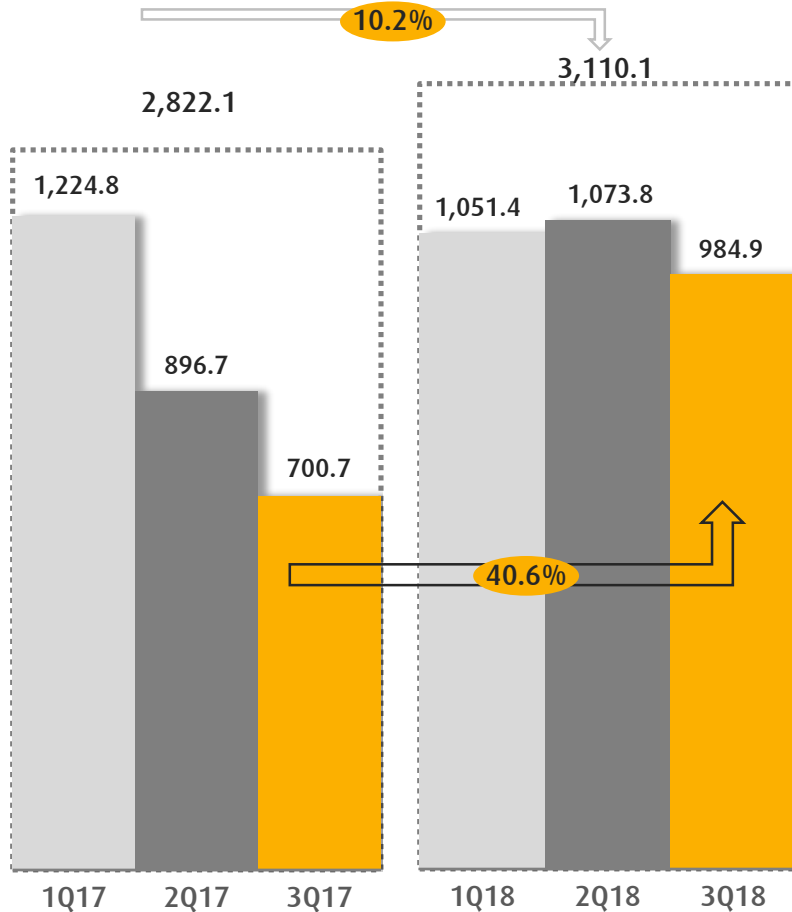
VakıfBank IR App.
Available at



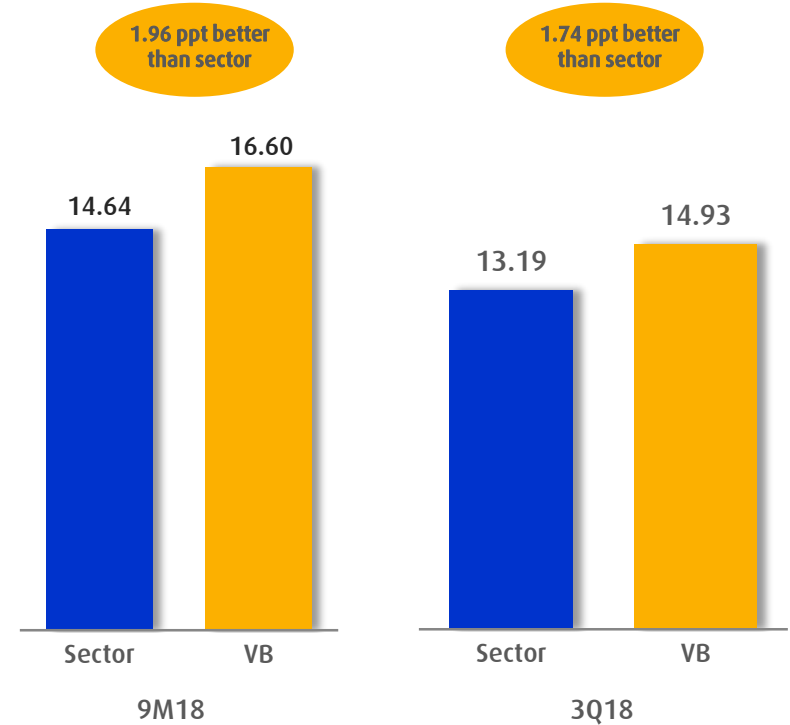
Earnings Presentation BRSA Bank-Only 3Q18 November 9, 2018

3Q18 Earnings and Ratios

Net Income (TL million)



ROAE (%)



Additional provisioning of **TL 700 million** set aside for Stage I and Stage II loans

NPL Coverage Ratio came flattish QoQ at ~77% conservatively higher than peers average

Stage II Coverage Ratio prudently improved to **9.8%** in 3Q18 from **5.3%** in 2Q18

Drivers of Strong Performance & Key Highlights of 9M18

Effective NIM management

- NIM expanded 75 bps QoQ to **4.95%** from 4.20% in 2Q18.
- 9M18 cumulative NIM came flattish at **4.22%** vs 2017 average NIM of 4.24%.
- CPI support increased in 3Q18, recent CPI readings promise further increase in 4Q18

Stellar fee performance supported by diversified fee sources

- 9M18 fee growth came strong at **62.2%** YoY.
- Quarterly fee growth materialized at **17.3%**, thanks to increased focus on fee generation.
- Fee/Opex ratio further increased to **39.4%** in 9M18 vs 30.1% in 2017.

Further enhanced solvency ratios amid challenging macro conditions

- Turkey's first ever Additional Tier-1 issuance with an amount of **TL 5 billion** was accomplished in 3Q18.
- The transaction had **191 bps** positive impact on Tier-1 and total CAR.
- Total CAR came at **17.23%** vs 15.02% in 1H18. (CAR would be 15.26% without BRSA forbearances, which is up by 24 bps compared to 1H18)
- Tier I came at **13.69%** vs 11.81 in 1H18. (Tier-I would be 11.98% without BRSA forbearances, which is up by 17 bps compared to 1H18)

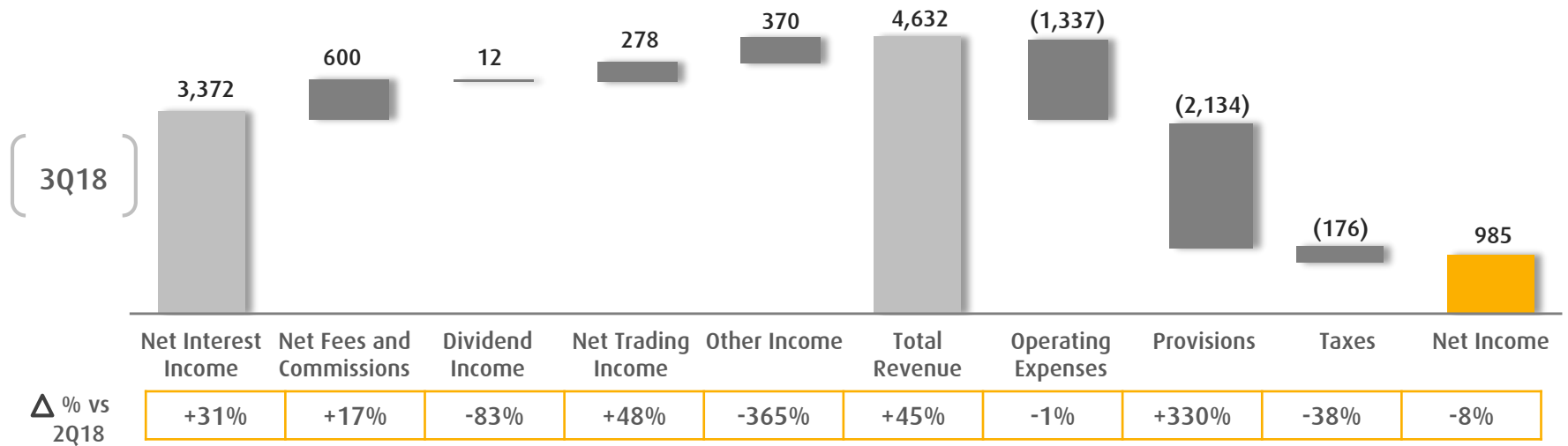
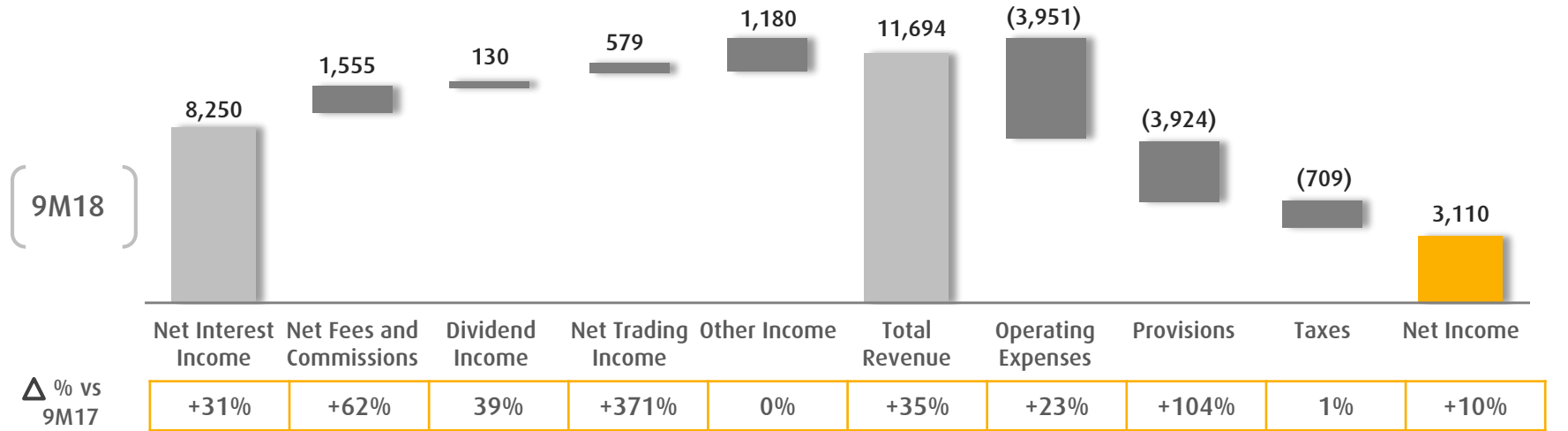
Disciplined and sound liquidity levels maintained

- Fresh DPR securitization funding with an amount of **USD 300 million** and 10 years maturity.
- Quarterly FX deposit growth in USD terms came at **3%** vs sector's decline of 6%.
- FC LCR came at **272.36%** vs required level of 70%.
- Total LCR came at **115.90%** vs required level of 90%.
- October end FC LCR remained strong at **275%** despite Eurobond redemption USD 500 million and syndication repayment of USD 856 million equivalent

Solid asset quality and conservatively further increased provisioning levels

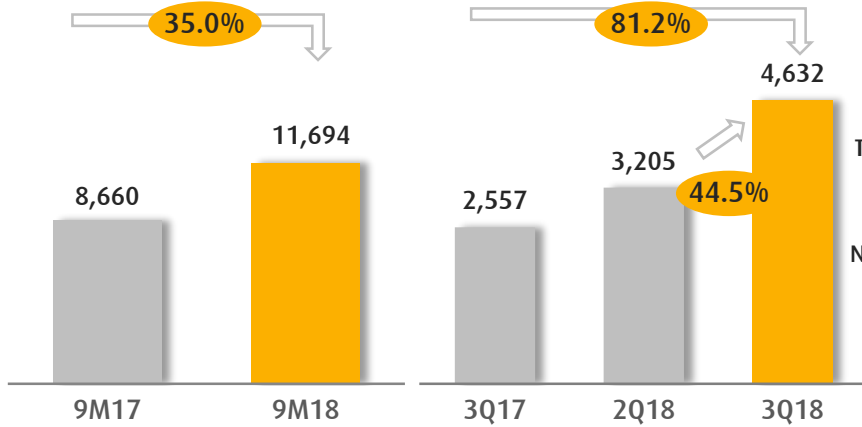
- NPL ratio came flattish QoQ at **3.90%** without any asset sale and write-off.
- NPL ratio came flattish QoQ at **77%** vs sector's decline of 270 bps to 70%.
- Stage-2 provisioning further increased to **9.8%** in 3Q18 from 5.3% in 2Q18.
- Total NPL coverage increased to **111.8%** in 3Q18 from 104% in 2Q18.

9M18 P&L Details

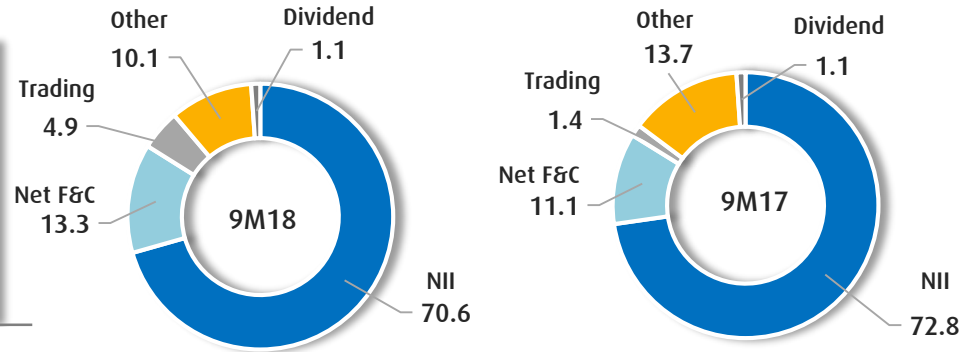


Revenue breakdown

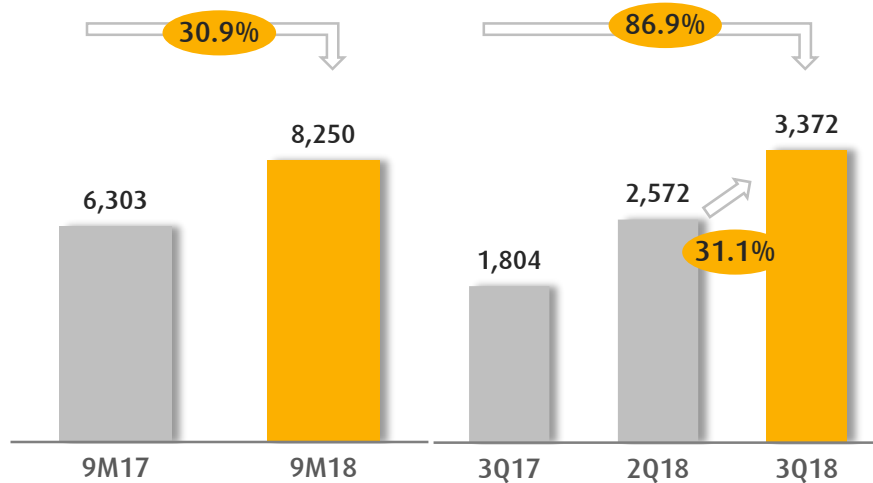
Total Revenues (TL million)



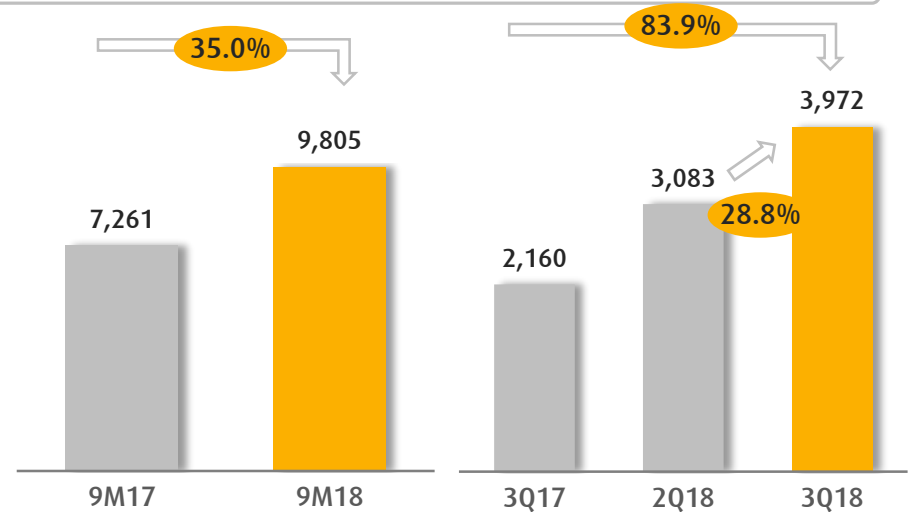
Revenue Breakdown (%)



Net Interest Income (TL million)

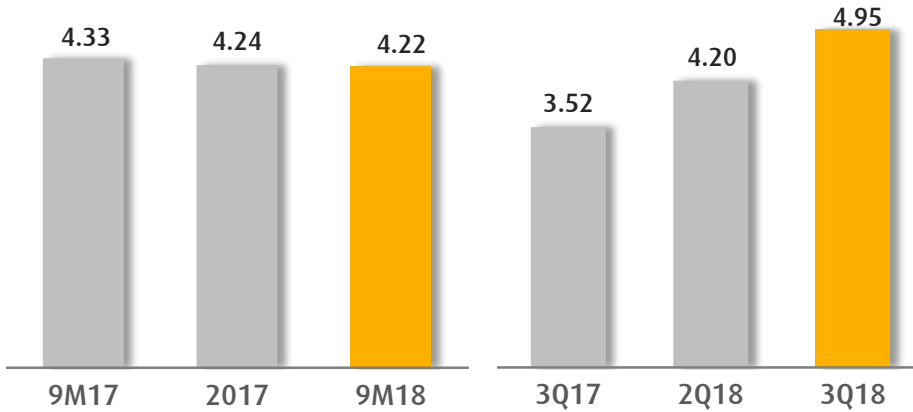


Core Banking Revenues (TL million)*

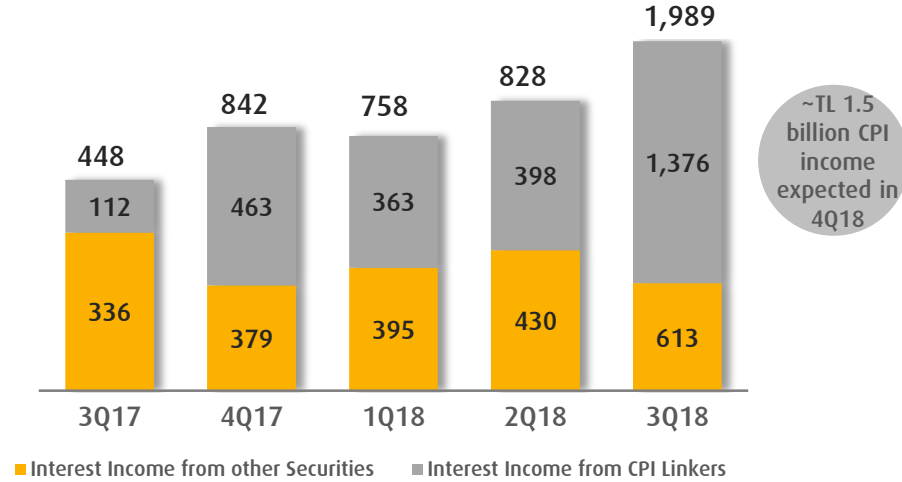


NIM, Spreads and Costs

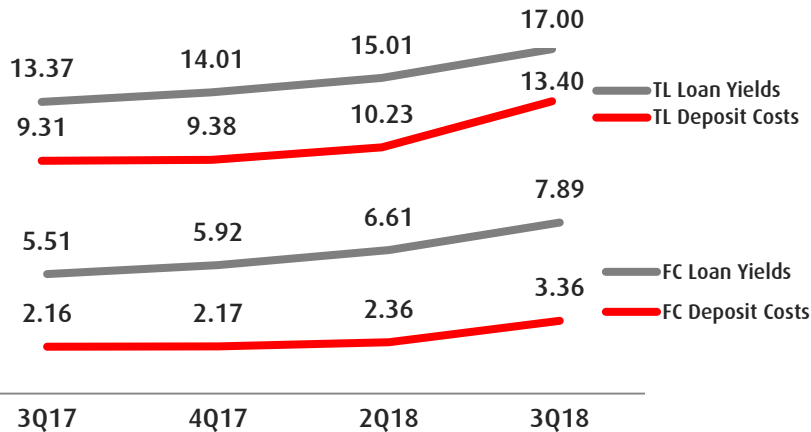
Net Interest Margin (NIM %)



Breakdown of Interest Income from Securities (TL million)**



Core Spreads (%)



The effect of 1 ppt decrease/increase in CPI on pre-tax income is
 ~TL 151 million
 ~ 22 bps impact on quarterly NIM

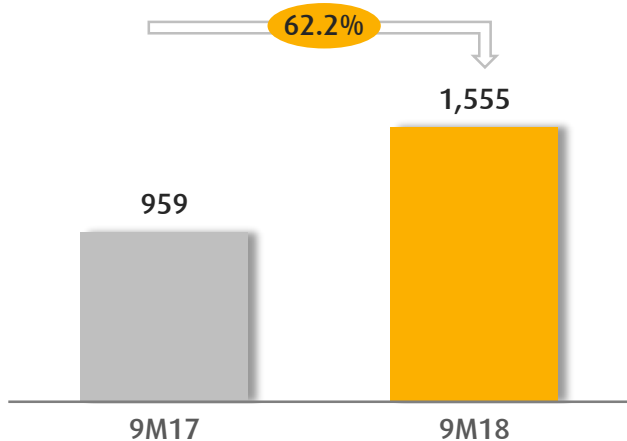
3Q18 CPI amount:
 TL 15.8 billion
 3Q18 CPI real yield:
 2.48%

34% CPI Linkers share in total securities

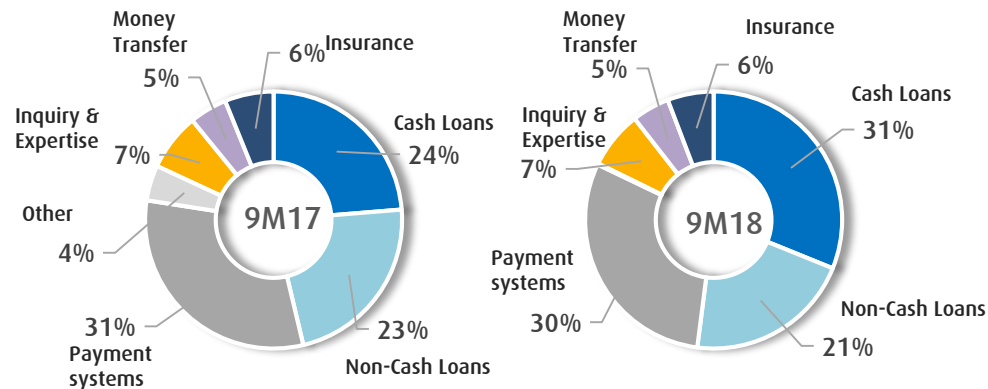
CPI estimate revised to
 20.0% in 9M18

Stellar fee growth supported by diversified fee sources

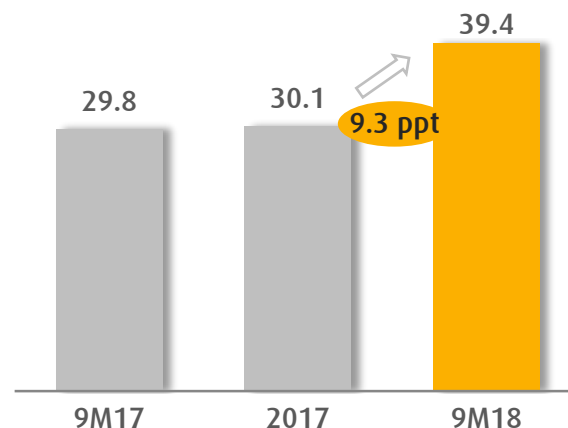
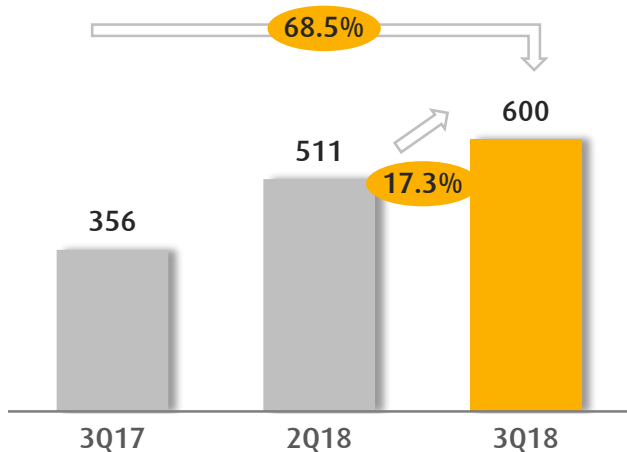
Net Fee & Commission Income (TL million)



Breakdown of Net Fee & Commission Income

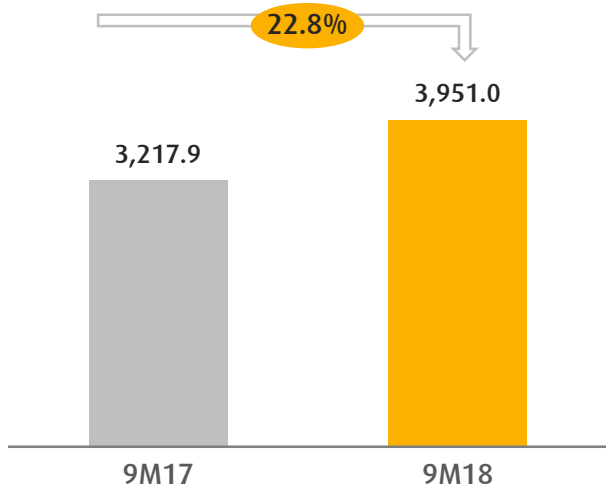


Fee/Opex (%)

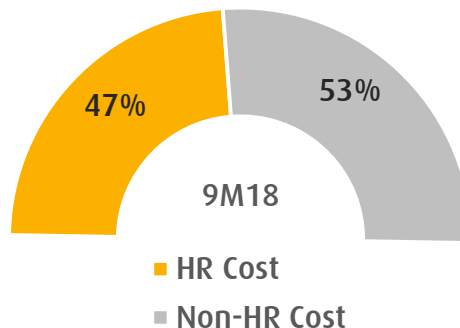


Strong efficiency maintained despite high inflation driven cost growth

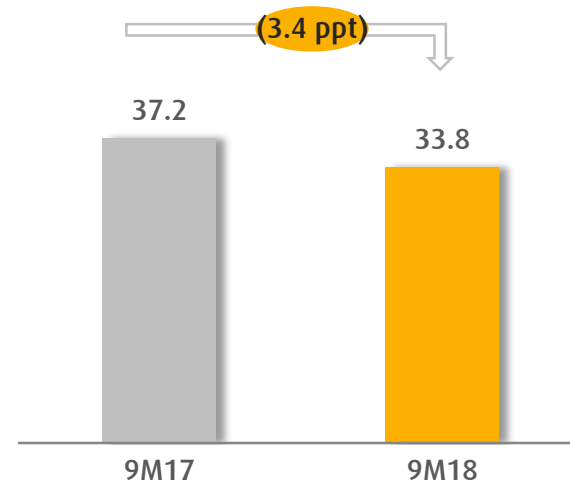
Operating Expenses (TL million)



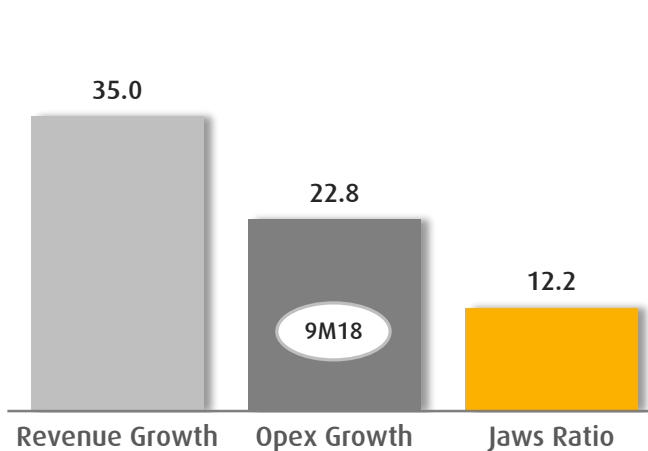
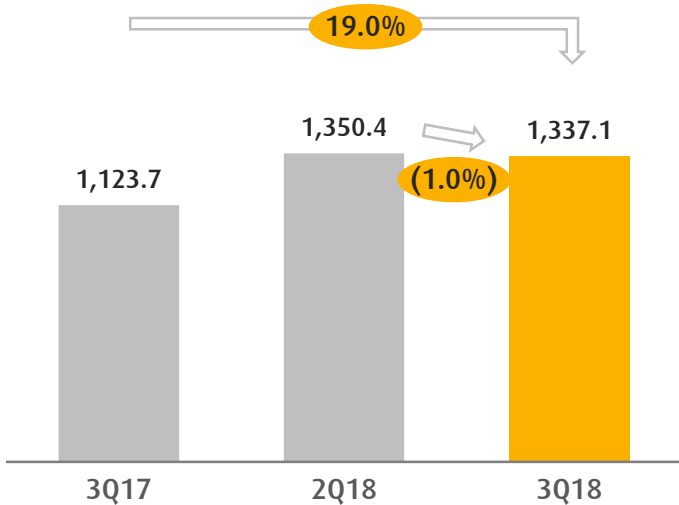
Breakdown of OPEX



Cost/Income (%)

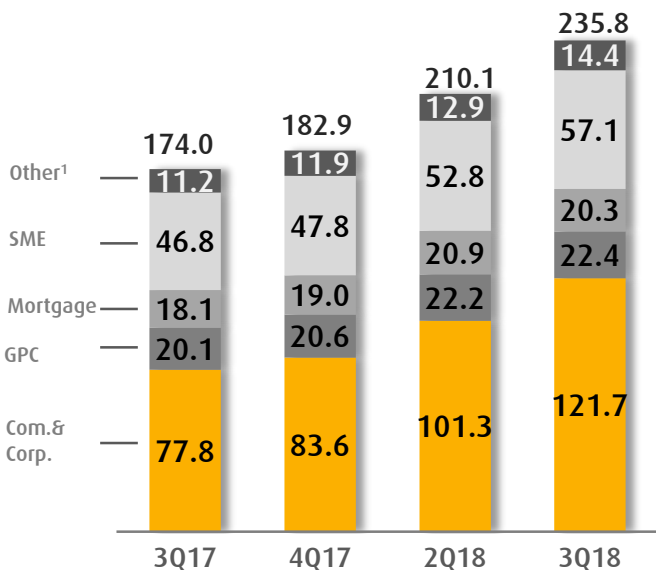


Jaws Ratio (% YoY)

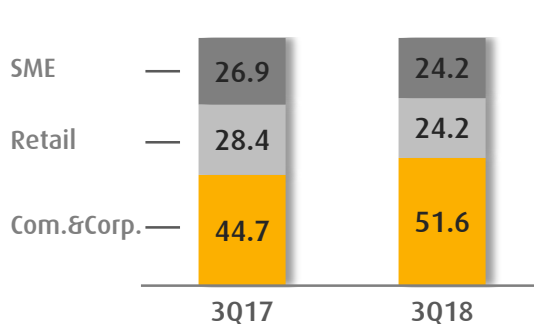


Well diversified & stable loan breakdown

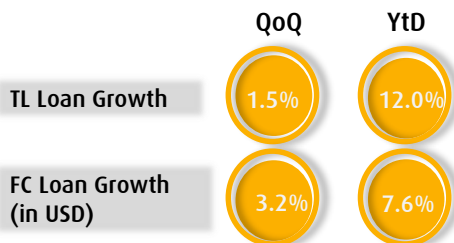
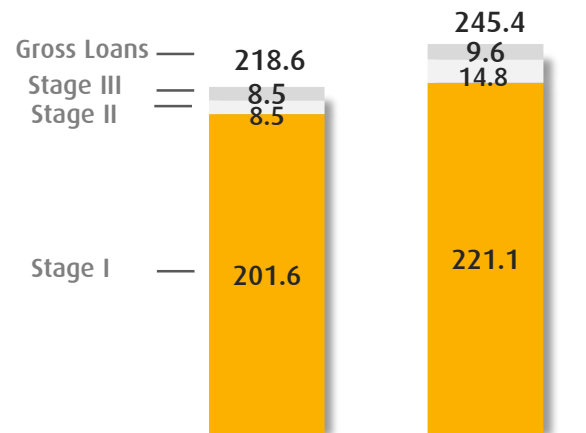
Breakdown of Loans (TL billion)



Portfolio Breakdown (%)

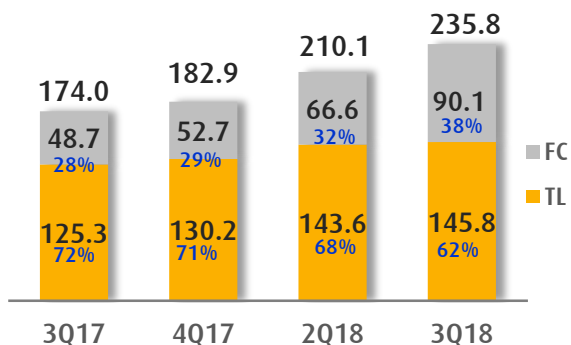


Loan Portfolio Breakdown (TL billion)



Coverage Ratios	2Q18	3Q18
Stage I	0.9%	0.9%
Stage II	5.3%	9.8%
Stage III	77.8%	77.0%

Breakdown of Loans (TL billion)



Breakdown of FC Loans

	Share	QoQ (US\$)	YoY (US\$)
Project Finance	64%	2%	9%
Export Loans	9%	(3%)	6%
Working Capital and Other	27%	8%	12%

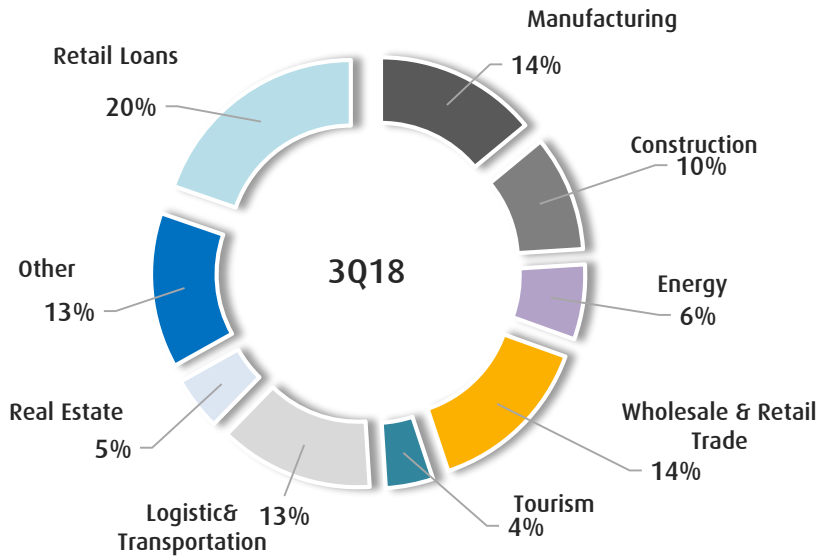
CGF Loans

(TL bn)	2017	1Q18	1H18	3Q18
Total CGF Guarantee Limit	21.3	24.8	25.3	26.0
Originated Amount	20.9	22.7	26.6	28.0
Outstanding Amount after redemptions	18.6	19.7	21.4	21.6

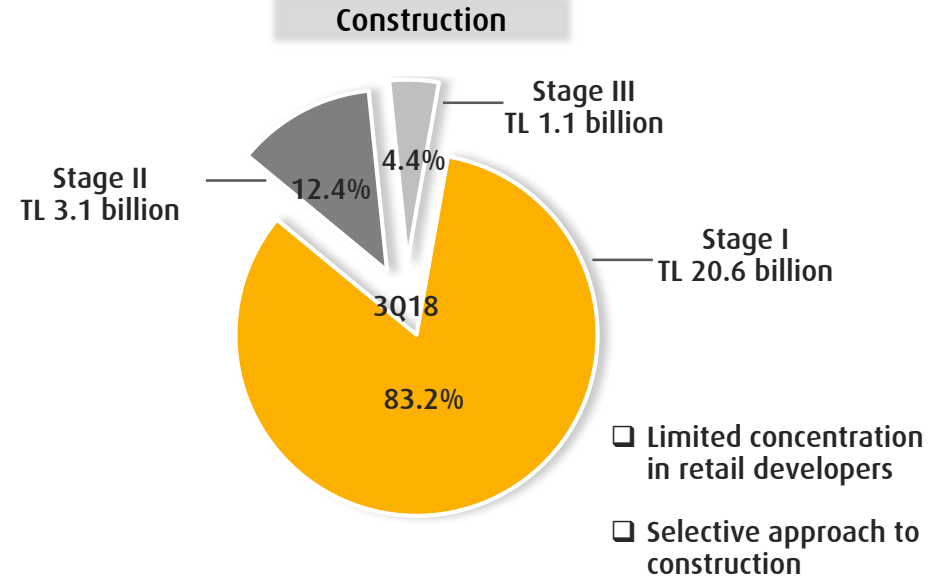
TL 6.4 billion amortisation

Breakdown of Loan Portfolio

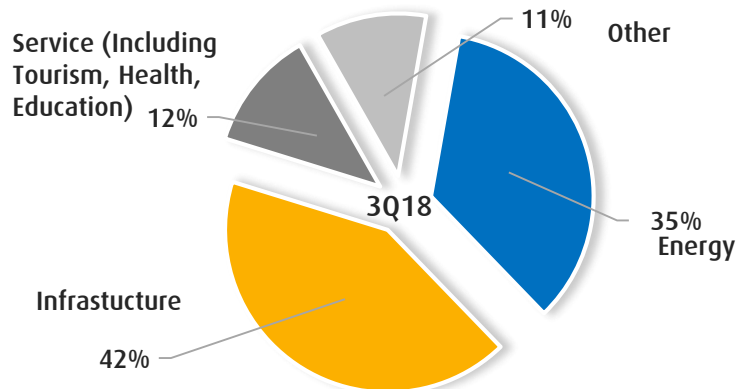
Sector Breakdown of Cash Loans



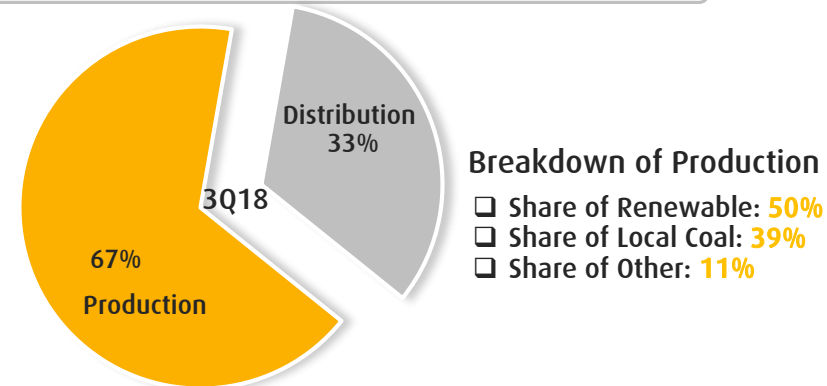
Breakdown of Construction Loans



Breakdown of Project Finance

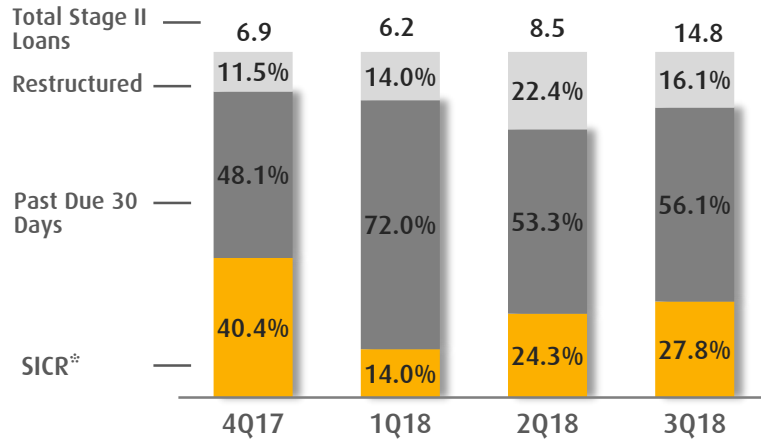


Breakdown of Energy Loans

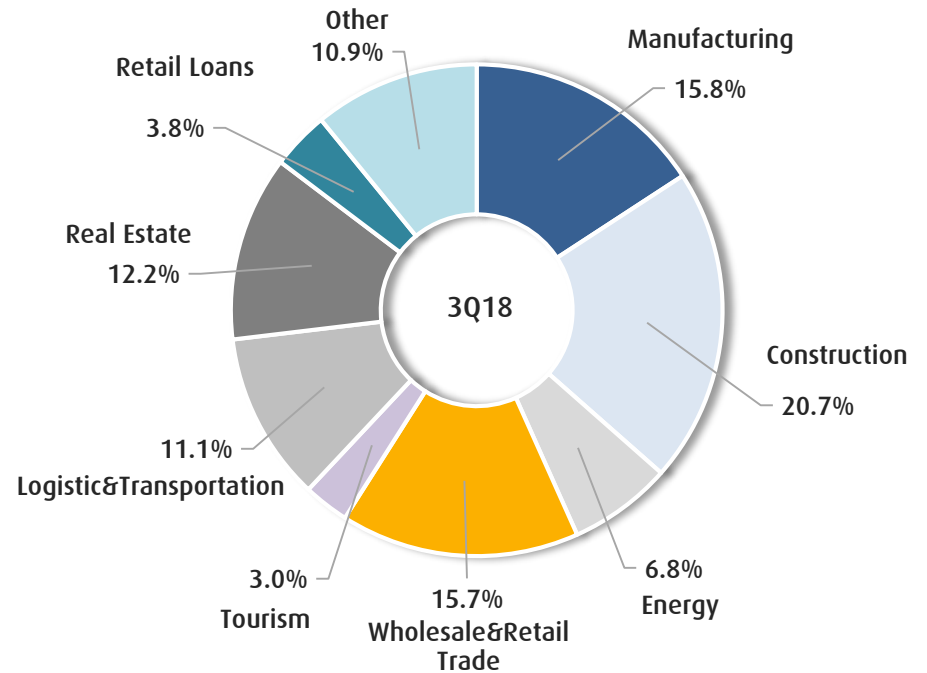


Stage II Loans are rising due to macroeconomic developments

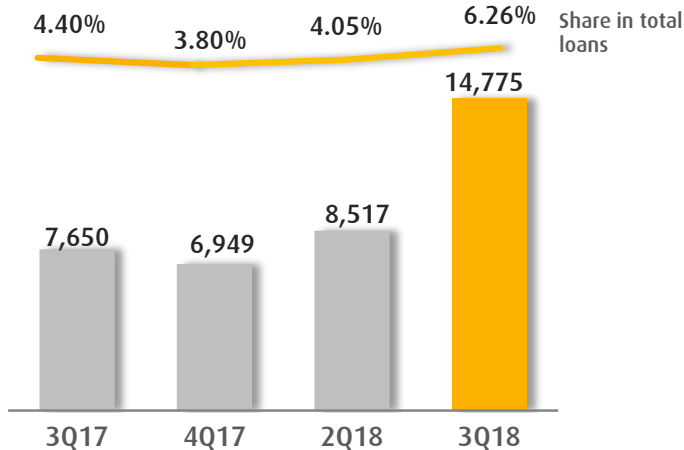
Stage II Loans Breakdown (TL billion)



Sector Breakdown of Stage II Loans

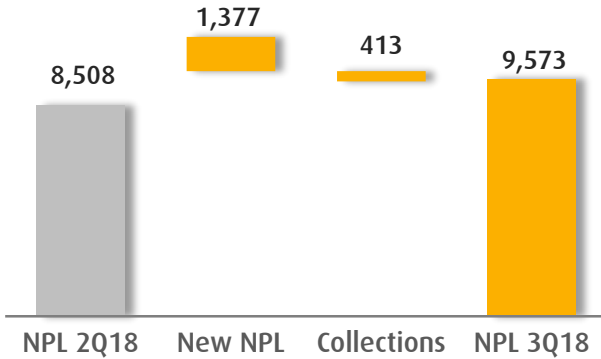


Stage II Loans (TL million)

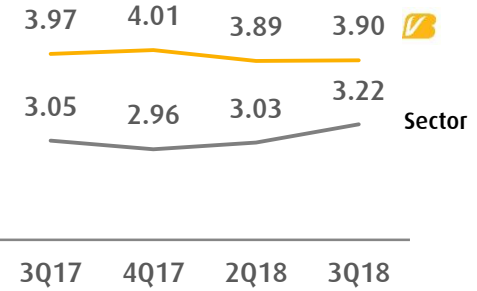


Yet NPL ratio remained flattish on a quarterly basis

NPL (TL million)*

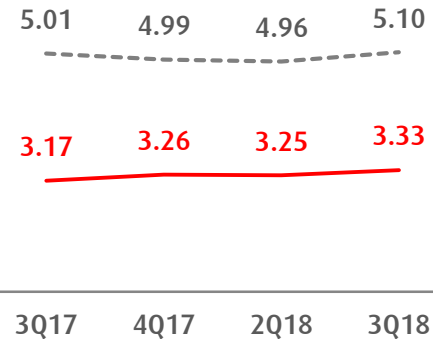
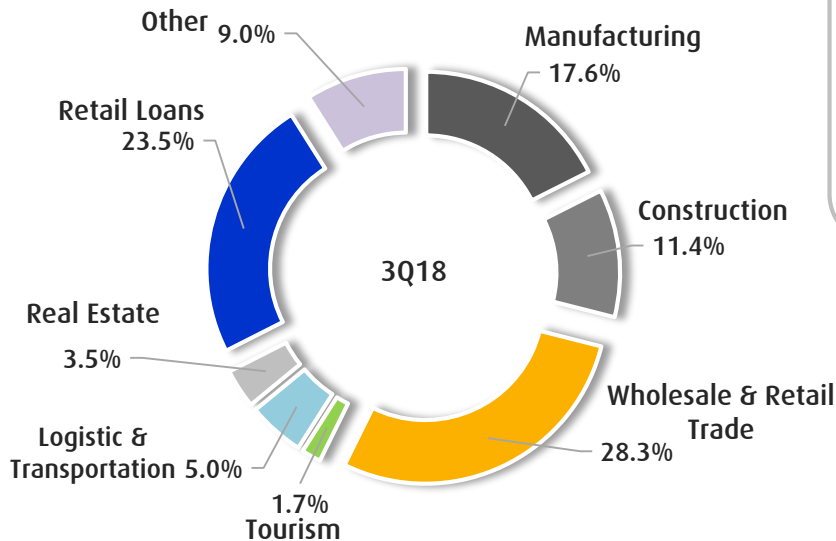


Reported and Comparable NPL Ratios (%)



NPL growth still under control despite challenging conditions thanks to prudent origination

Sector Breakdown of Stage III Loans



Sector; W/O NPL sales&write-offs

W/o Legacy NPL**

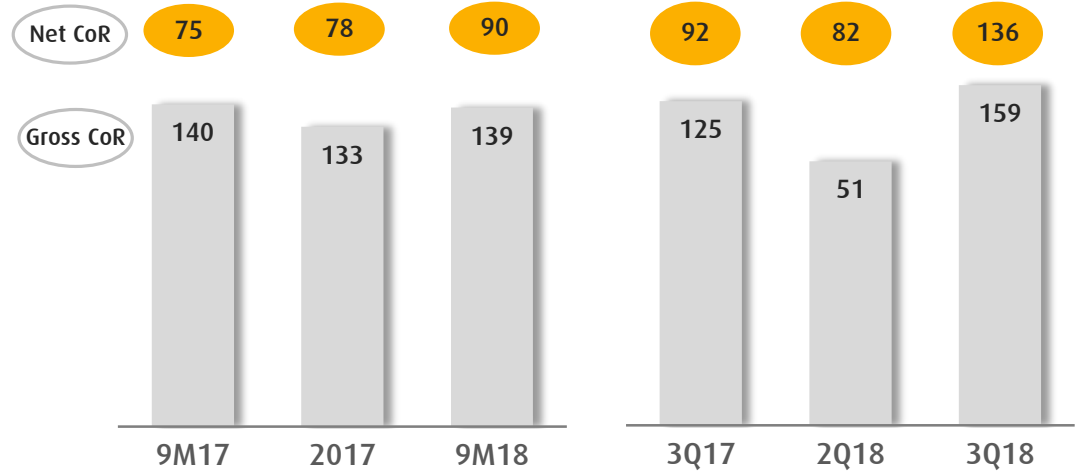
Further increased provisioning levels

Net Expected Credit Losses

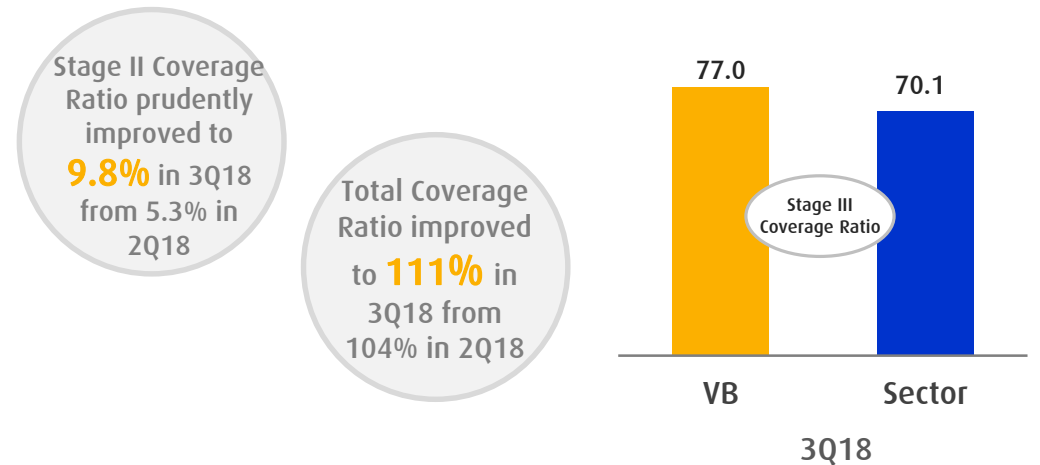
(Thousand TL)	9M18
Expected Credit Losses	3,921,887
Stage III	2,181,567
Provision Reversals under other income	966,074
Stage III	770,089
Net Expected Credit Losses	1,411,478
Net CoR (Stage III)	90 bps

Additional provisioning of **TL 700 million** set aside for Stage I and Stage II loans

Cost of Risk Ratios (bps)

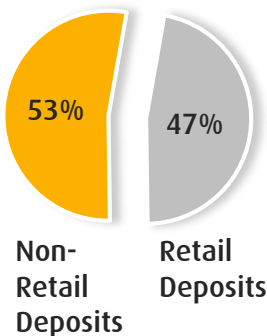
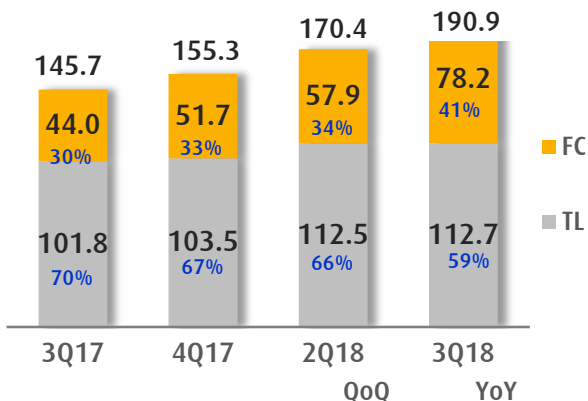


Coverage Ratios (%)

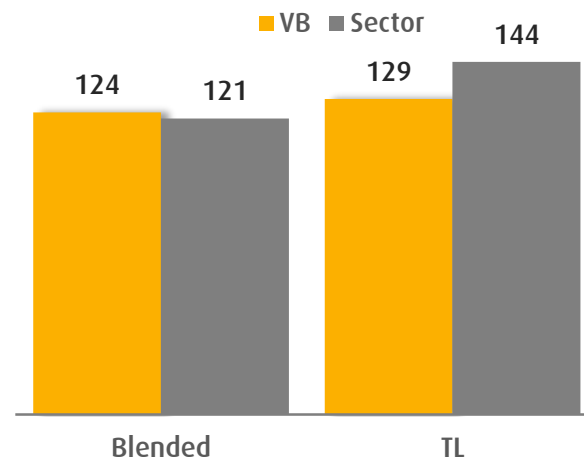


Customer deposits driven well diversified funding structure

Total Deposits (TL billion)



3Q18 Loan/Deposit Ratios (%)



15 ppt
lower TL Ltd Ratio compared to sector

TL Deposits Growth

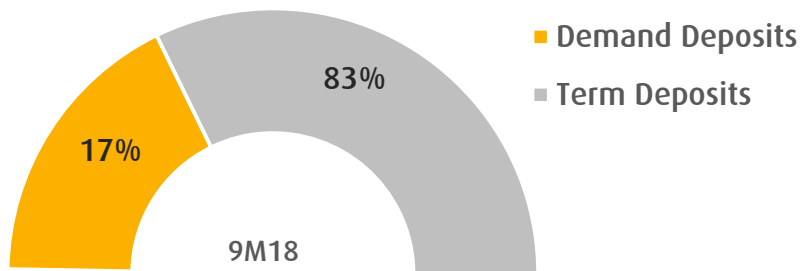


FC Deposits Growth (in USD)



vs Sector FC deposit decline of 6% QoQ

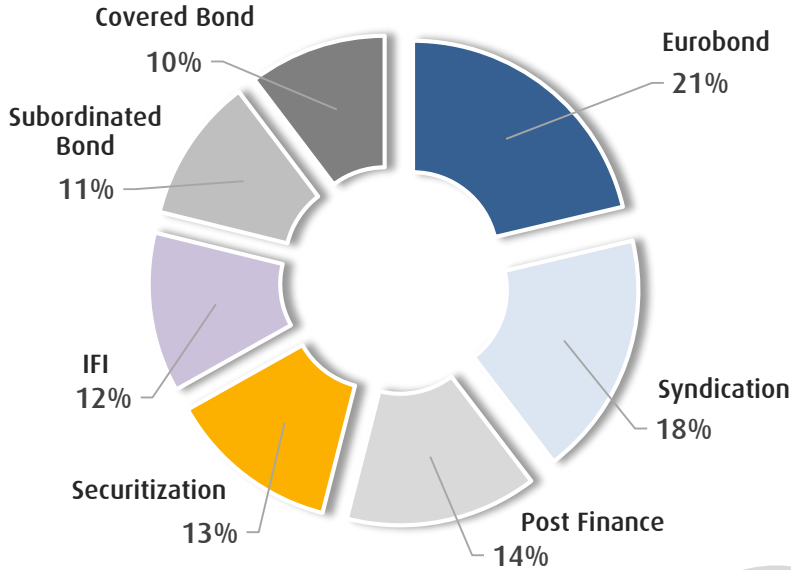
Currency Breakdown of Deposits



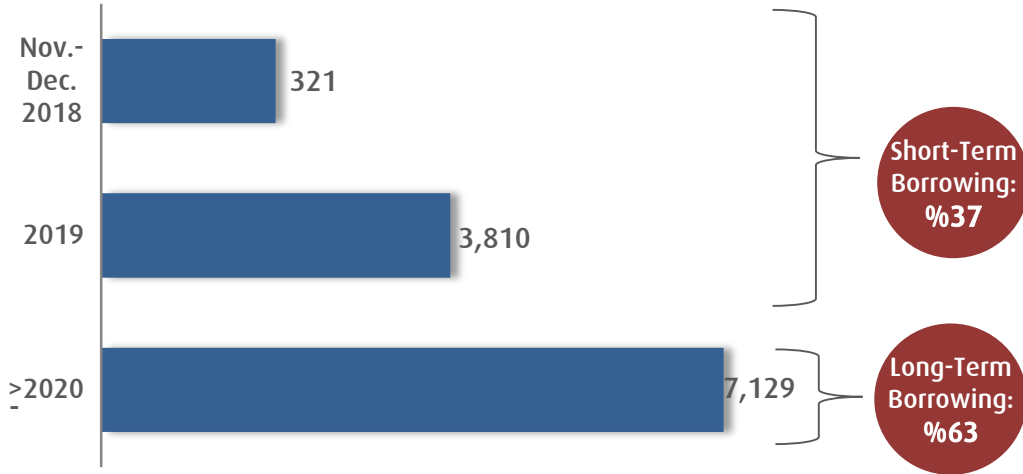
billion TL	VB			Sector	
	2Q18	QoQ	YoY	QoQ	YoY
Total Deposits	191	12%	31%	10%	30%
TL	113	0%	11%	3%	13%
FC (\$)	13	3%	6%	-6%	-9%
Customer ***	161	14%	32%	N.A.	N.A.
Demand	34	5%	22%	11%	35%
Repo ***	27	7%	120%	-31%	49%
TL	23	7%	157%	-39%	127%
FC	4	-16%	15%	-12%	-8%
Borrowings (Funds Borrowed + Securities Issued + Sub-debt)	90	30%	82%	20%	61%

Solid FC liquidity and diversified international funding

Breakdown of International Funding



Maturity Profile of External Debt (USD million)



~USD 13 billion
Total International Borrowing

Current Total FC Liquid assets:
~USD 3.1 billion

Share of international borrowing in total liabilities:
~22%

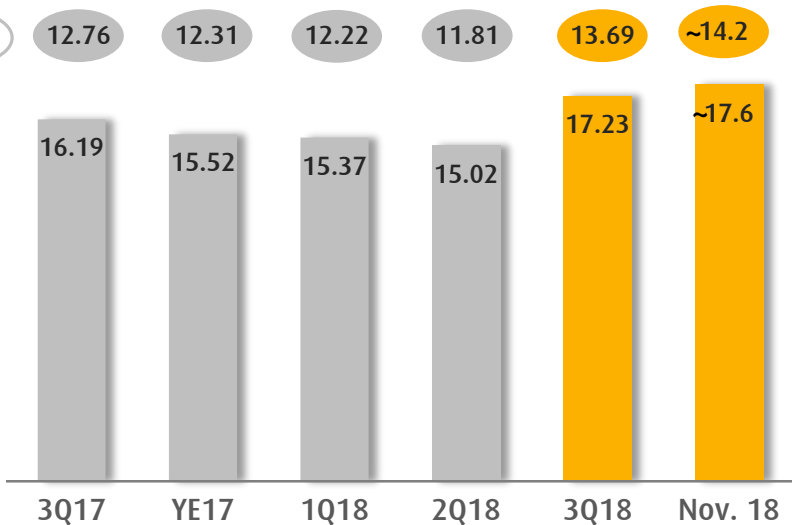
End-October FC LCR remained strong at **275%** despite Eurobond redemption USD 500 million and syndication repayment of USD 856 million

October 2018, fresh DPR Transaction **USD 300 million**, 10 years maturity

Stellar solvency ratios amid challenging macro conditions

Capital Adequacy Ratio (%)

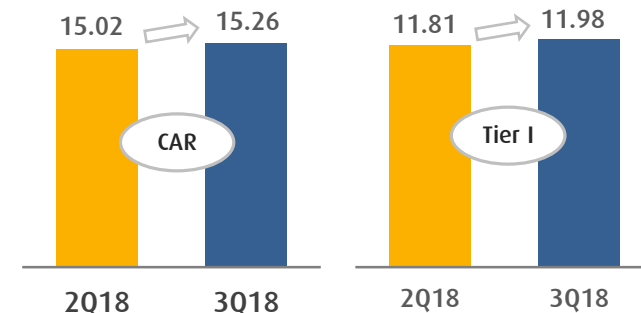
Tier I



3Q18 Required Tier 1 Level %8.64

3Q18 Required CAR Level %10.64

Solvency Ratios without BRSA Forbearances (%)

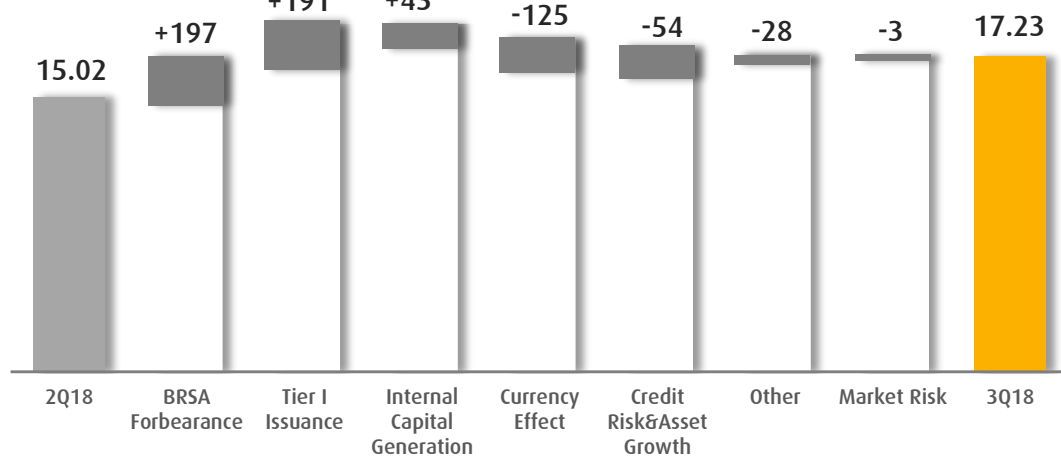


Only Turkish Bank among peers whose solvency ratios further improved QoQ even without BRSA forbearances

Basel III compatible Additional Tier I issuance **TL 5 billion** Perp NC5 in 3Q18

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 **~2 bps**



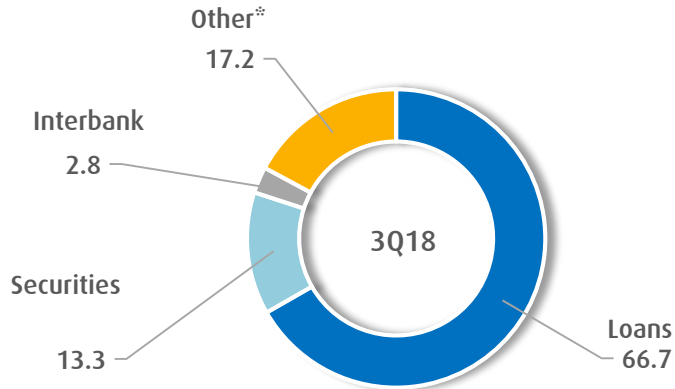
Buffers (%)	3Q18	2018	2019
Capital Conservation Buffer	1.875	1.875	2.500
Counter Cyclical Buffer**	0.018	N.A	N.A
SIFI Buffer* (Group I)	0.750	0.750	1.000
Minimum CET I	7.143	7.125	8.000
Minimum Tier I	8.643	8.625	9.500

Appendix

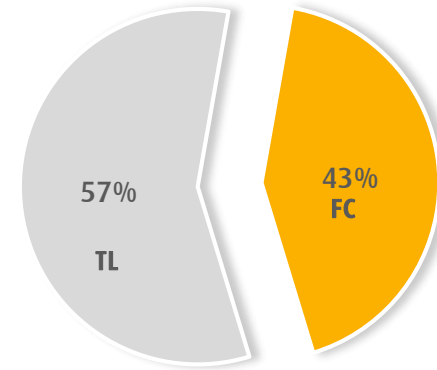
Pg. 19	Composition of Assets&Liabilities
Pg. 20	Well balanced Securities Portfolio
Pg. 21	Retail Lending Portfolio
Pg. 22	Strong growth in mobile platforms continues
Pg. 23	VakifBank with Numbers
Pg. 24	Diversified Funding Sources via Non-Deposit Funding
Pg. 25	Unconsolidated Key Financial Ratios
Pg. 26	Unconsolidated Balance Sheet
Pg. 27	Unconsolidated Income Statement

Composition of Asset&Liabilities

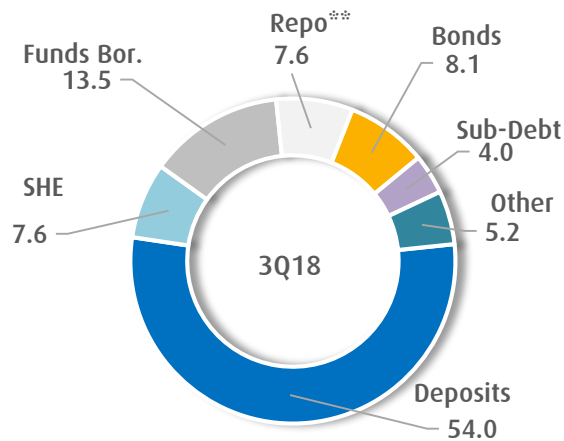
Breakdown of Assets (%)



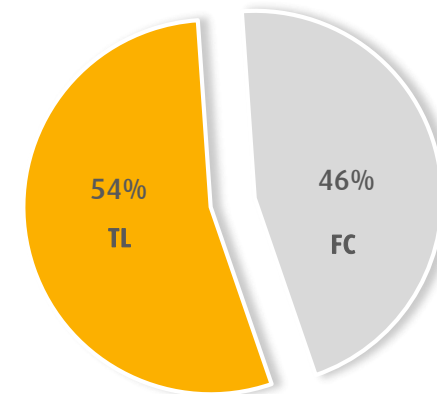
TL/FC Mix in Total Assets



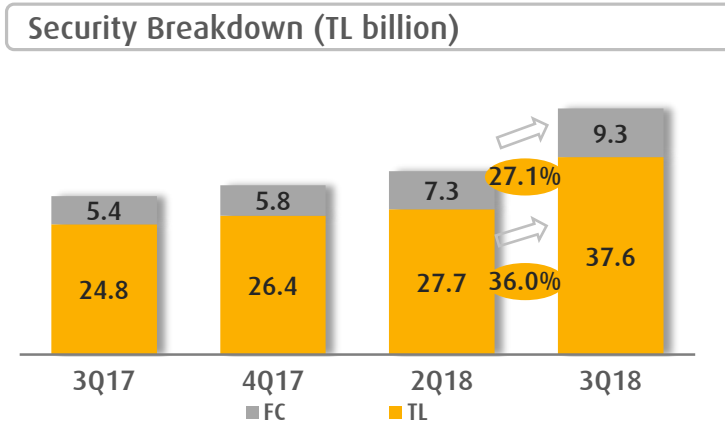
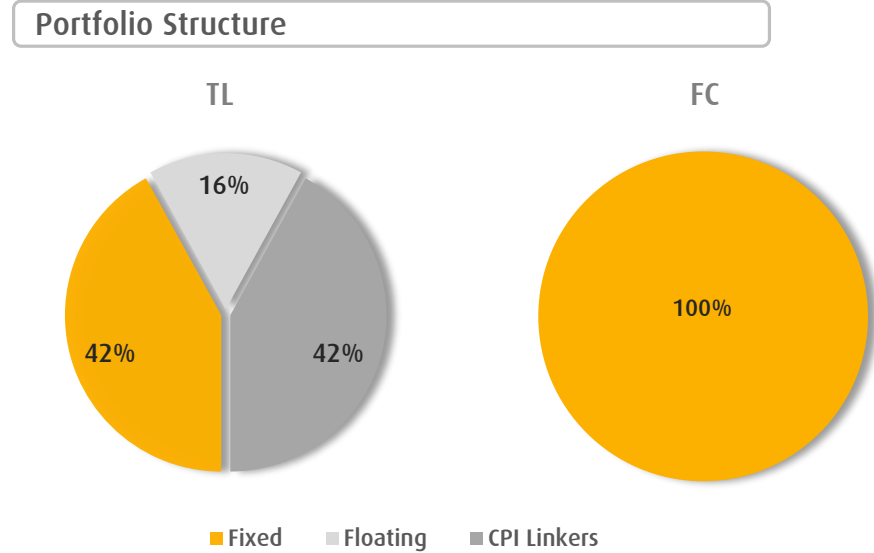
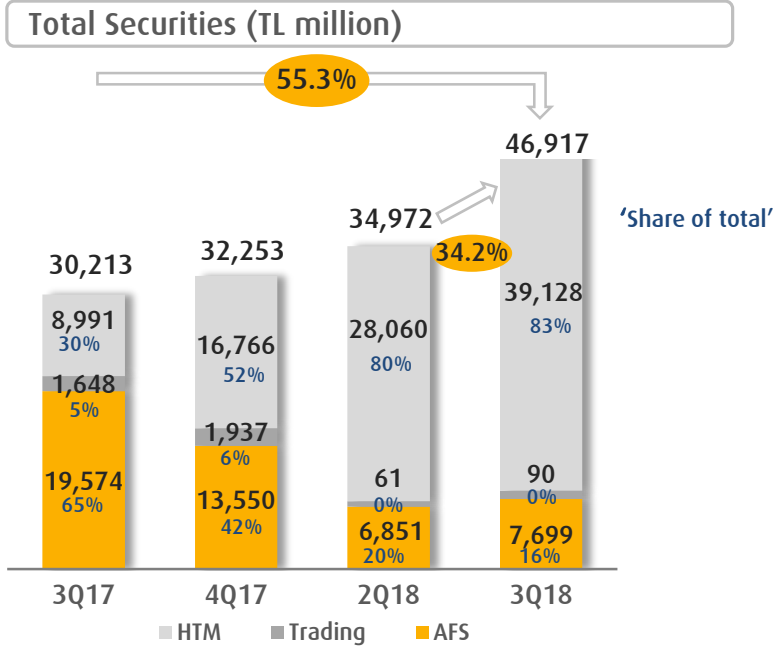
Breakdown of Liabilities (%)



TL/FC Mix in Total Liabilities



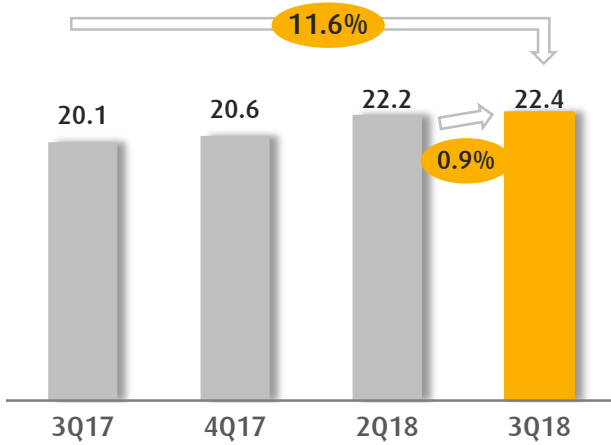
Well balanced security portfolio



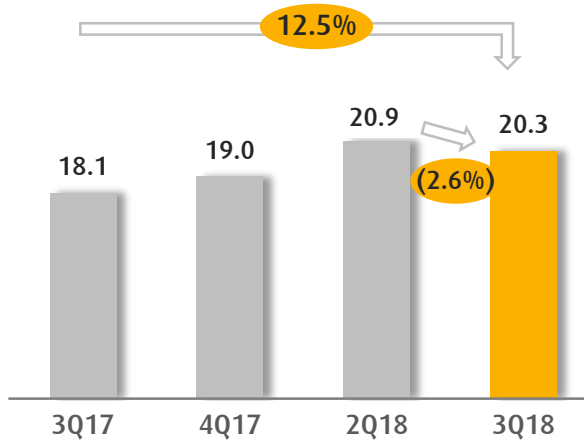
Timely shift within securities in favor of HTM from 29.8% in 3Q17 to **83.4%** in 3Q18

Retail Lending Portfolio

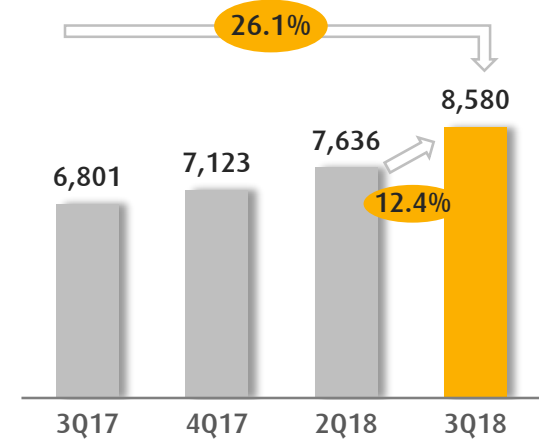
General Purpose Consumer (TL billion)



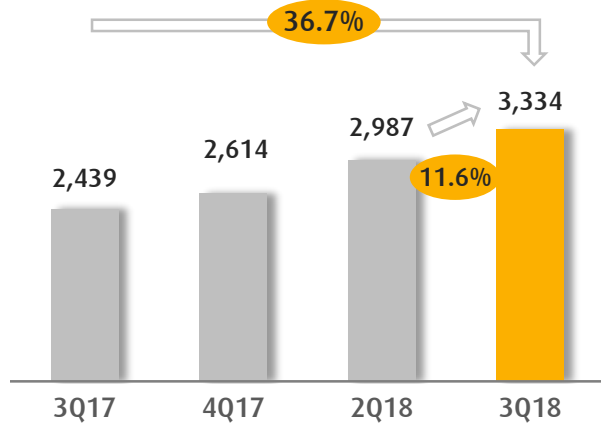
Residential Mortgages (TL billion)



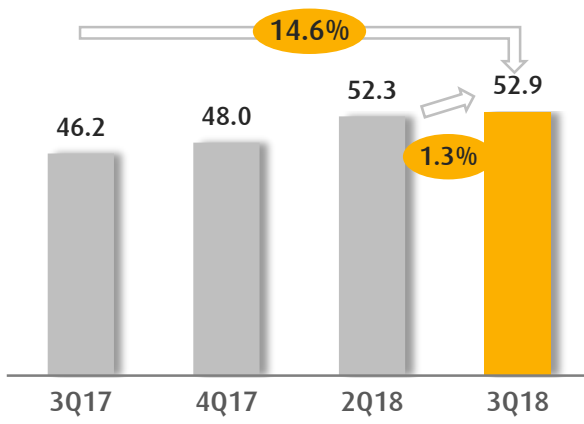
Credit Card Loans (TL million)*



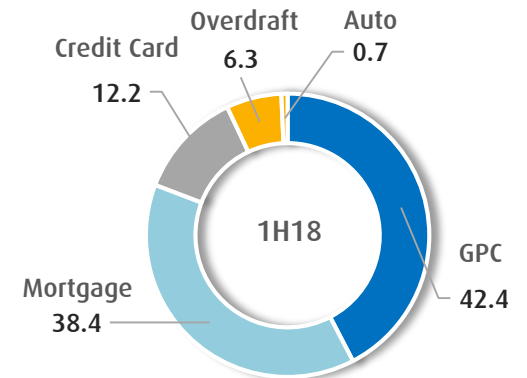
Retail Overdraft (TL million)



Total Retail (TL billion)

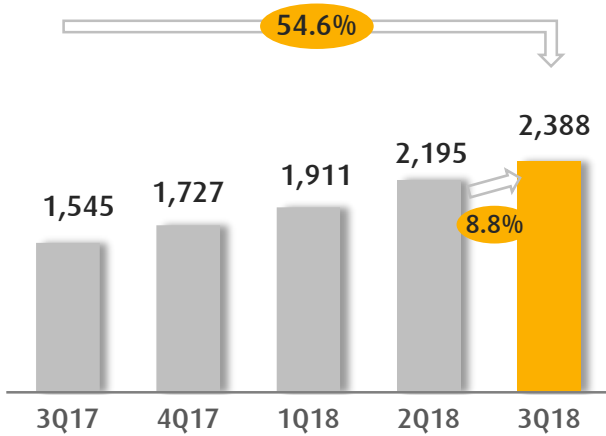


Breakdown of Retail Loans (%)

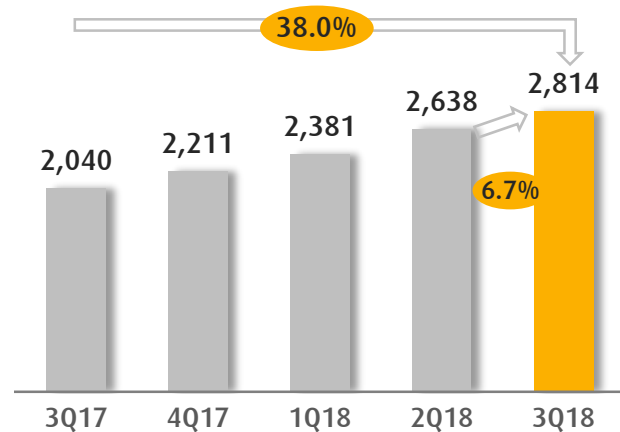


Strong growth in mobile platforms continues

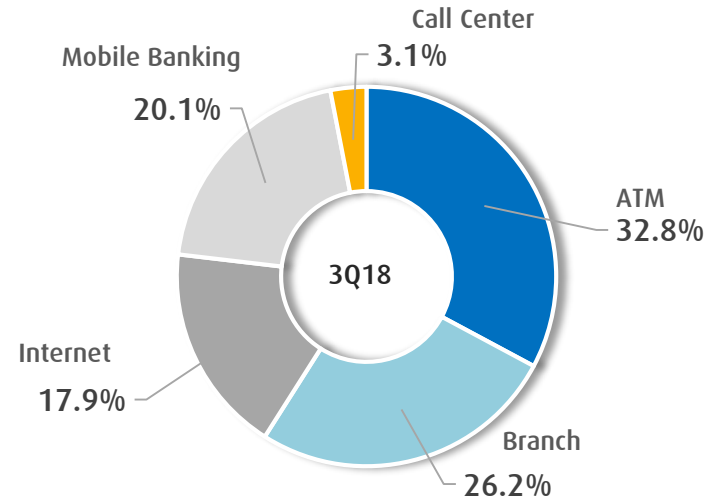
Active Mobile Banking Customers (#thousand)*



Active Internet Banking Customers (#thousand)*



Breakdown of Transactions



~82%
of all banking transactions executed via non-branch channels

VakifBank with numbers

Distribution Channels&Customer (#)	3Q18	Efficiency ('000 TRY)	3Q18
Personnel	16,747	Assets per Employee	21,103
POS Terminals	229,704	Assets per Branch	372,011
Outstanding Credit Cards	4.5 mn	Loans per Employee	14,083
Total Customers	21.5 mn	Loans per Branch	248,256
Total Payroll Customers	2.4 mn	Deposits per Employee	11,398
Active Mutual Fund Customers	1.6 mn	Deposits per Branch	200,935

Distribution
Platforms



950*
Branches



4,113
ATMs



2,814K
Active Online
Banking
Customers



24/7
Telephone
Banking



2,390K
Active Mobile
Customers

Diversified funding sources via Non-Deposit Funding

<p>Syndicated Loan</p>	<p>US\$ 1.5 billion outstanding <u>April 2018</u> US\$ 1.291 billion equivalent syndicated loan with 1 year and 2 year tranches, all in cost as Libor + 1.30% and Euribor +1.20% for 1 year and Libor + 2.10% for two years with participation of 35 banks from 17 countries. <u>March 2017</u> US\$ 250 million 3 year bilateral loan with ICBC Dubai.</p>
<p>Sub-debt</p>	<p>US\$ 1.4 billion and TL525 million outstanding Tier II and 5 billion TL Tier I <u>September 2018</u> TL 5 billion perpetual Tier I notes were issued with a fixed coupon rate. <u>September 2017</u> 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. <u>February 2017</u> 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. <u>January 2015</u> 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. <u>October 2012</u> 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\$ 3.3 billion outstanding <u>January 2018</u> 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. <u>May 2017</u> 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. <u>October 2016</u> 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. <u>June 2014</u> EUR 500 million equivalent senior unsecured notes were issued with a yield of 3,650%. Coupon rate has been set at 3.5%, maturity of the notes is 5 years. <u>October 2013</u> US\$ 500 million equivalent senior unsecured notes were issued with a yield of 5,149%. Coupon rate has been set at 5%, maturity of the notes is 5 years.</p>
<p>DPR Securitizations</p>	<p>US\$ 1.9 billion outstanding <u>October 2018</u> 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. <u>May 2018</u> 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. <u>October 2016</u> 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 3.7 billion outstanding <u>February 2018</u> TL 1 billion Covered Bond notes were issued with the maturity of 5 years. <u>December 2017</u> TL 1.3 billion Covered Bond notes were issued with the maturity of 5 years. <u>October 2017</u> TL 1.3 billion Covered Bond notes were issued with the maturity of 5.5 years. <u>May 2016</u> 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\$ 1.8 billion outstanding World Bank outstanding funding US\$ 245.03 million. EBRD outstanding funding US\$ 250.3 million (US\$ 182 million under DPR Program and EUR 50 million under Covered Bond Program included). EIB outstanding funding US\$ 898.1 million. KfW outstanding funding US\$ 301.7 million. AFD outstanding funding US\$ 92.8 million.</p>
<p>TL Bonds</p>	<p>Outstanding TL bonds amounting TL 10,2 billion as of September30, 2018.</p>

Unconsolidated Key Financial Ratios

	9M17*	2017*	2Q18	3Q18	9M18*
Profitability					
ROAE	18.1%	17.5%	16.8%	14.9%	16.6%
ROAA	1.6%	1.5%	1.5%	1.2%	1.3%
Cost / Income	37.2%	37.2%	42.1%	28.9%	33.8%
Cost / Assets	1.7%	1.6%	1.8%	1.5%	1.5%
Fee / Cost	29.8%	30.1%	37.9%	44.9%	39.4%
Liquidity					
Loans / Deposits	119.4%	117.8%	123.3%	123.6%	123.6%
<i>TL Loans / Deposits</i>	123.2%	125.8%	127.6%	129.4%	129.4%
Liquidity Coverage Ratio (Total)	97.7%	235.4%	106.7%	115.9%	115.9%
<i>FC Liquidity Coverage Ratio</i>	204.8%	102.2%	240.1%	272.4%	272.4%
Asset Quality					
NPL Ratio	4.0%	4.0%	3.9%	3.9%	3.9%
Coverage Ratio	86.6%	86.4%	77.8%	77.0%	77.0%
Cost of Risk	1.4%	1.3%	0.5%	1.6%	1.4%
Solvency					
CAR	16.2%	15.5%	15.0%	17.2%	17.2%
Tier I Ratio	12.8%	12.3%	11.8%	14.3%	14.3%
Leverage	10.1X	10.6x	10.7x	12.2X	12.2X

Unconsolidated Balance Sheet

Assets

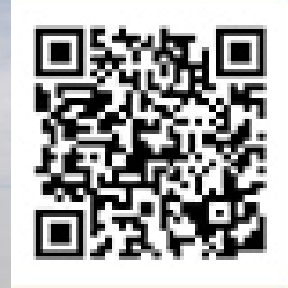
Off-B.S. Liabilities & SHE

(thousand)	3Q17		YE17		2Q18		3Q18		TL		USD	
	TL	USD	TL	USD	TL	USD	TL	USD	ΔYoY	Δ QoQ	ΔYoY	Δ QoQ
Cash & Balances with Central Bank	26,242,801	7,366,359	28,644,824	7,577,996	35,533,591	7,765,887	35,775,875	5,962,646	36.3%	0.7%	(19.1%)	(23.2%)
Interbank	5,743,011	1,612,064	13,539,930	3,581,992	7,431,301	1,624,115	10,065,427	1,677,571	75.3%	35.4%	4.1%	3.3%
Securities	30,213,110	8,480,825	32,252,573	8,532,427	34,972,449	7,643,249	46,916,525	7,819,421	55.3%	34.2%	(7.8%)	2.3%
Loans	174,017,657	48,846,787	182,932,228	48,394,769	210,101,417	45,917,785	235,842,821	39,307,137	35.5%	12.3%	(19.5%)	(14.4%)
Subsidiaries & Investments	2,335,075	655,456	2,563,016	678,047	2,841,047	620,912	2,916,376	486,063	24.9%	2.7%	(25.8%)	(21.7%)
Property & Equipment	1,380,771	387,583	1,417,263	374,937	1,472,897	321,902	1,552,613	258,769	12.4%	5.4%	(33.2%)	(19.6%)
Other	10,598,615	2,975,033	13,202,155	3,492,634	18,006,682	3,935,371	24,809,781	4,134,964	134.1%	37.8%	39.0%	5.1%
Total Assets	246,815,194	69,281,069	270,571,710	71,579,817	306,045,440	66,886,406	353,410,429	58,901,738	43.2%	15.5%	(15.0%)	(11.9%)
Deposits	145,718,983	40,903,345	155,277,122	41,078,604	170,416,614	37,244,649	190,888,301	31,814,717	31.0%	12.0%	(22.2%)	(14.6%)
Funds Borrowed	27,502,137	7,719,855	28,307,621	7,488,789	38,171,150	8,342,327	47,550,990	7,925,165	72.9%	24.6%	2.7%	(5.0%)
Other	50,421,072	14,153,204	62,202,160	16,455,598	69,237,066	15,131,800	86,216,497	14,369,416	71.0%	24.5%	1.5%	(5.0%)
Provisions	940,667	264,045	1,526,989	403,965	2,133,221	466,217	2,062,205	343,701	119.2%	(3.3%)	30.2%	(26.3%)
Shareholders' Equity	22,232,335	6,240,620	23,257,818	6,152,862	26,087,389	5,701,414	26,692,436	4,448,739	20.1%	2.3%	(28.7%)	(22.0%)
Guarantees	45,406,765	12,745,687	50,767,584	13,430,578	60,188,610	13,154,255	72,280,972	12,046,829	59.2%	20.1%	(5.5%)	(8.4%)
Commitments	45,998,582	12,911,810	48,326,032	12,784,665	60,621,008	13,248,756	67,032,791	11,172,132	45.7%	10.6%	(13.5%)	(15.7%)
Derivatives	58,981,719	16,556,179	60,733,519	16,067,069	91,135,081	19,917,624	124,300,026	20,716,671	110.7%	36.4%	25.1%	4.0%






Unconsolidated Income Statement

(TL-thousand, %)	9M17	2Q18	3Q18	9M18	Δ YoY	Δ QoQ
Net Interest Income	6,302,521	2,571,782	3,372,167	8,250,120	30.9%	31.1%
Net Fee & Com. Income	958,825	511,491	599,991	1,555,339	62.2%	17.3%
Dividend Income	93,501	73,034	12,137	129,584	38.6%	(83.4%)
Net Trading Income	122,949	188,142	277,876	578,835	370.8%	47.7%
Other Income	1,182,510	-139,345	369,865	1,180,083	(0.2%)	(365.4%)
Total Revenues	8,660,306	3,205,104	4,632,036	11,693,961	35.0%	44.5%
Operating Expenses	-3,217,881	-1,350,387	-1,337,061	-3,951,045	22.8%	(1.0%)
Provisions	-1,919,883	-496,458	-2,133,876	-3,923,648	104.4%	329.8%
Tax Provisions	-700,458	-284,419	-176,241	-709,149	1.2%	(38.0%)
Net Income	2,822,084	1,073,840	984,858	3,110,119	10.2%	(8.3%)

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