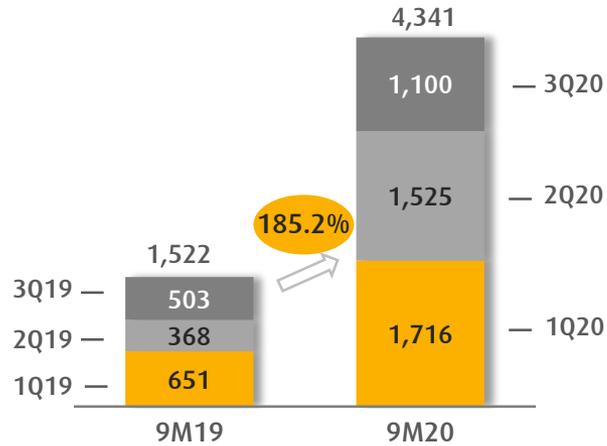




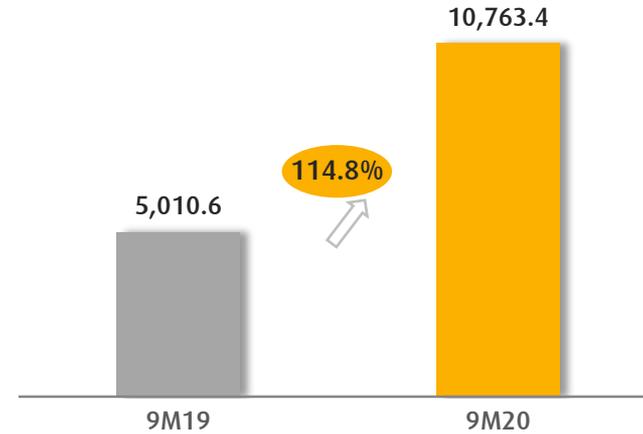
Earnings Presentation
BRSA Bank-Only 3Q20
November 9, 2020

3Q20 Earnings and Ratios

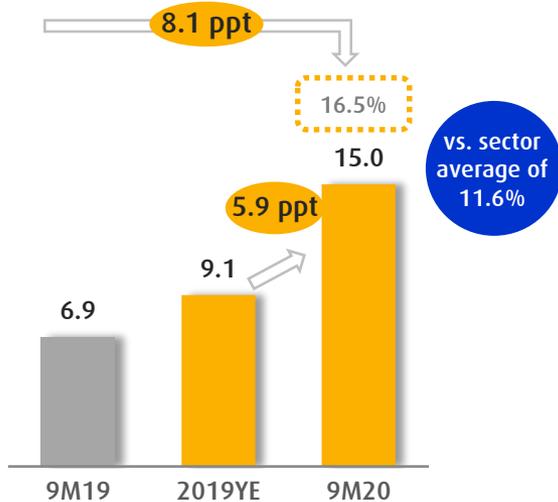
Net Income (TL million)



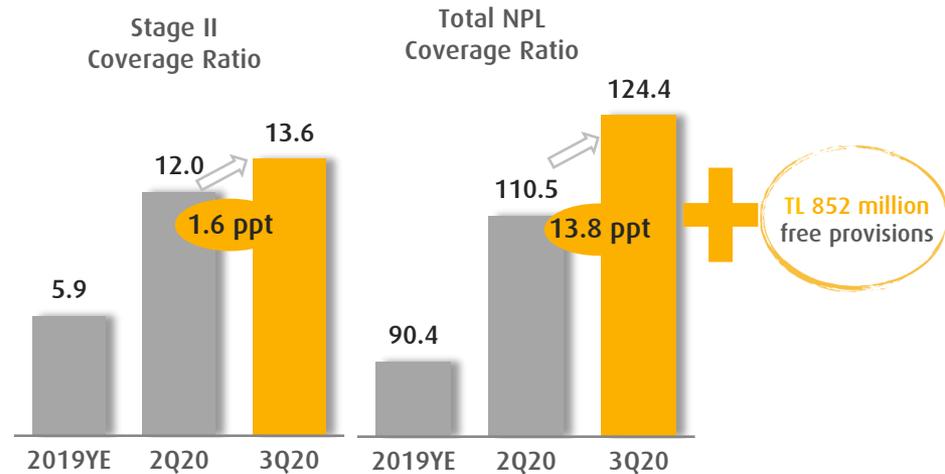
*Pre-Provisioning Operating Income (TL million)



Annual ROAE (%)



Proactively Coverage Increase (%)



Key Highlights of 3Q20

Proven track record of profitability amid challenging global macro conditions

- Quarterly bank-only net income came at **TL 1,100 million**.
- 9M20 bank-only net income came at **TL 4,341 million** despite further strengthened coverage ratios.
- Annual average ROE materialized at **15%** vs. sector average of 11.6%.
- Annual net income is up by **185%** YoY vs. sector average of 29%.

NIM evolution in line with guidance

- Annual NIM materialized at **4.61%** vs. 2019 annual NIM of 4.14%, in line with guidance.
- Annual swap adjusted NIM came at **4.07%** vs. 2019 annual swap adjusted NIM of 3.07%.
- CPI interest income; **TL 1 billion** in 3Q20 vs TL 2.1 billion in 4Q20.
 - TL 1.1 billion additional CPI linker income impact on 4Q20 NIM is **~90 bps**.

Strong coverage levels with proactive approach

- Stage-II coverage further increased to its peak level of **13.6%** in 3Q20 from 5.9% in 2019YE.
- Stage-III coverage further increased to **75%** in 3Q20 from 70.4% in 2019YE.
- Total NPL coverage also further increased to **124.4%** in 3Q20 from 90.4% in 2019YE.
- **TL 852 million** free provision is still in the balance sheet.

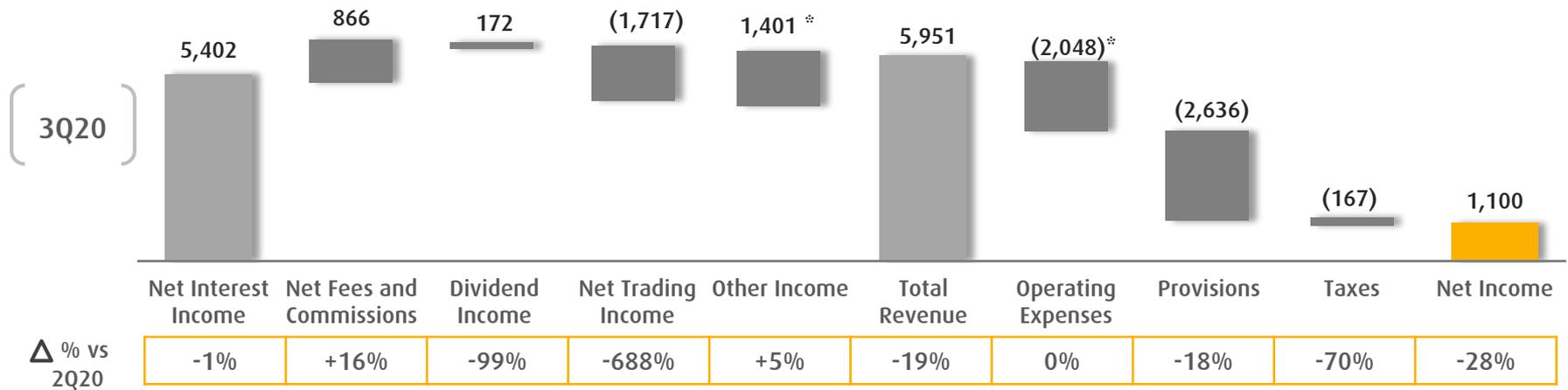
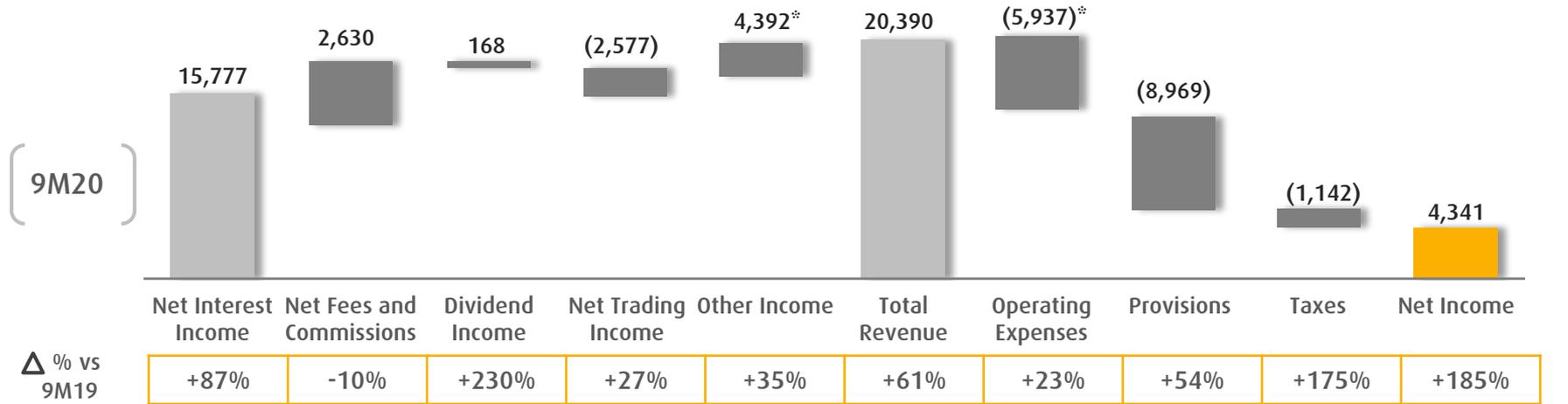
Further market share gaining on deposit market

- Total deposit market share increased to **11.4%** in 3Q20 vs 9.8% in 2019YE;
 - TL deposit market share increased to **13.7%** in 3Q20 vs 11.4% in 2019YE,
 - FC deposit market share increased to **9.5%** in 3Q20 vs 8.3% in 2019YE.

Improved LtD ratios and disciplined liquidity levels

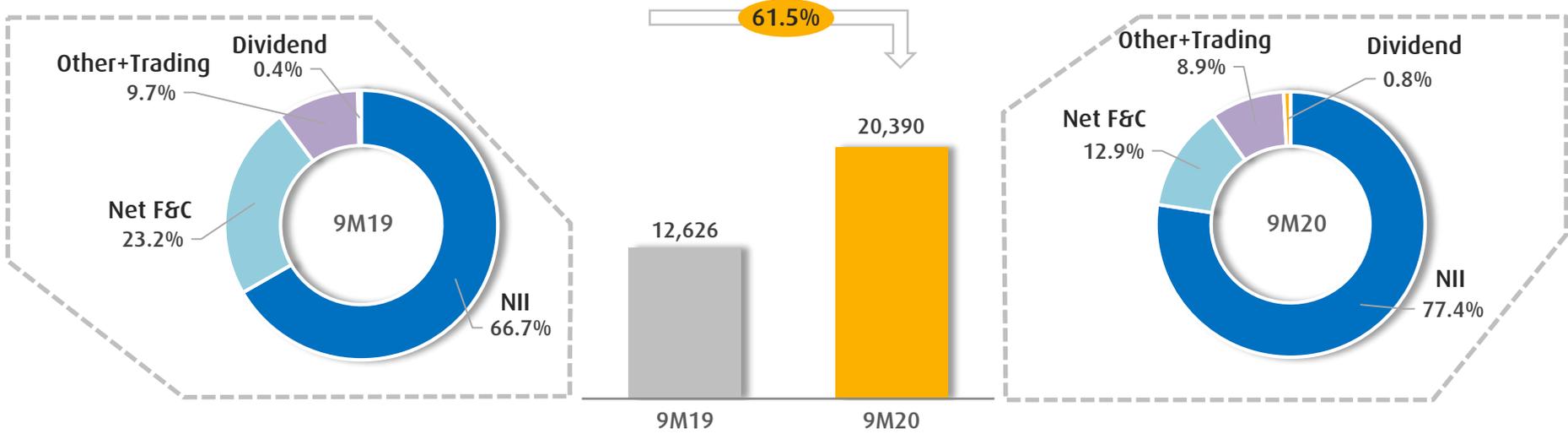
- Liquidity ratios* are above regulatory thresholds;
 - FC LCR is at **242%** vs min threshold of 80%,
 - Total LCR is at **132%** vs min threshold of 100%.
- Total LtD ratio decreased to **104%** in 3Q20 vs 110% in 2Q20;
 - TL LtD ratio materialized at **135%** in 3Q20 vs 139% in 2Q20,
 - FC LtD ratio decreased to **66%** in 3Q20 vs 72% in 2Q20.

9M20 P&L Details



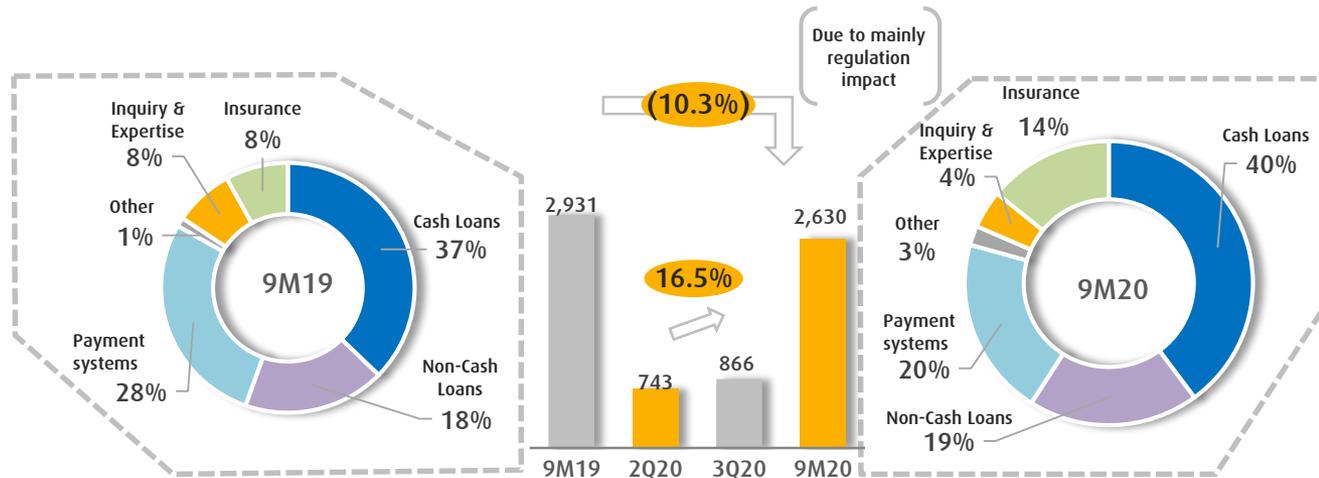
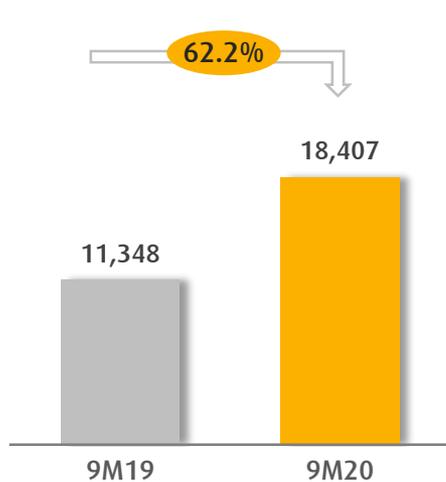
High quality revenue breakdown

Total Revenues** – Revenue Breakdown (TL million)



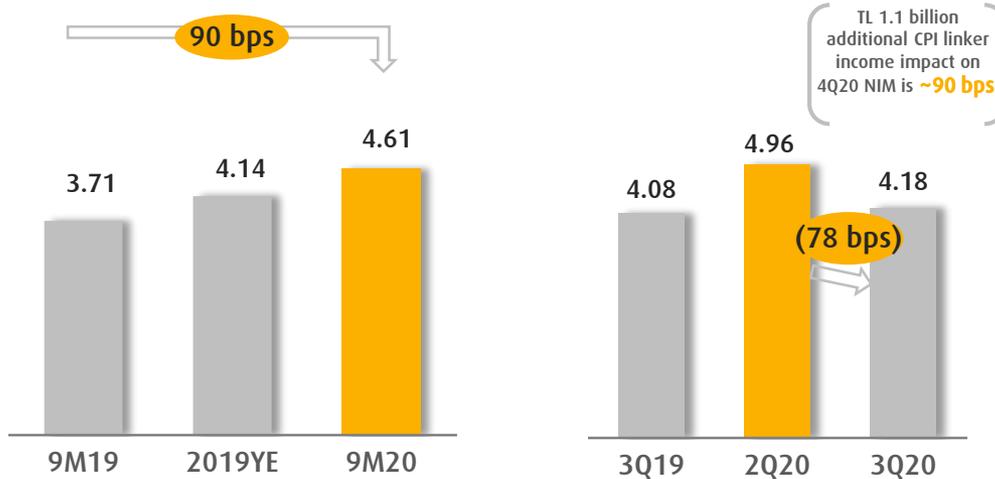
Core Banking Revenues (TL million)**

Net Fee & Commission Income Breakdown (% , TL million)

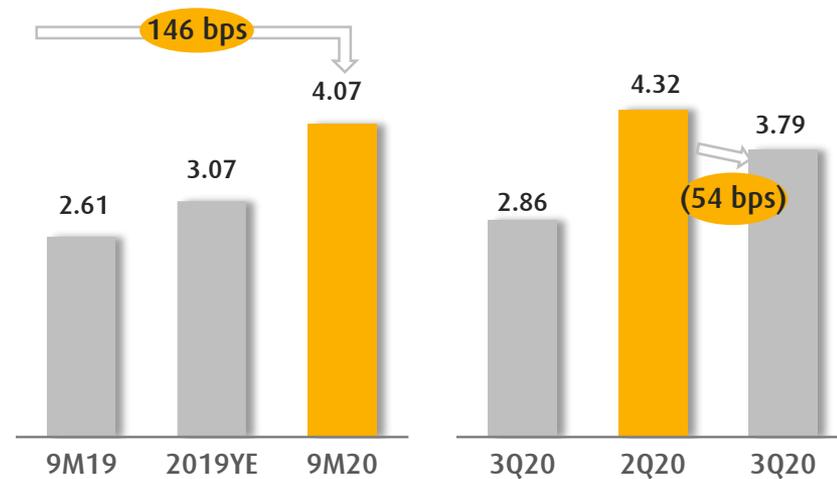


NIM evolution in line with guidance

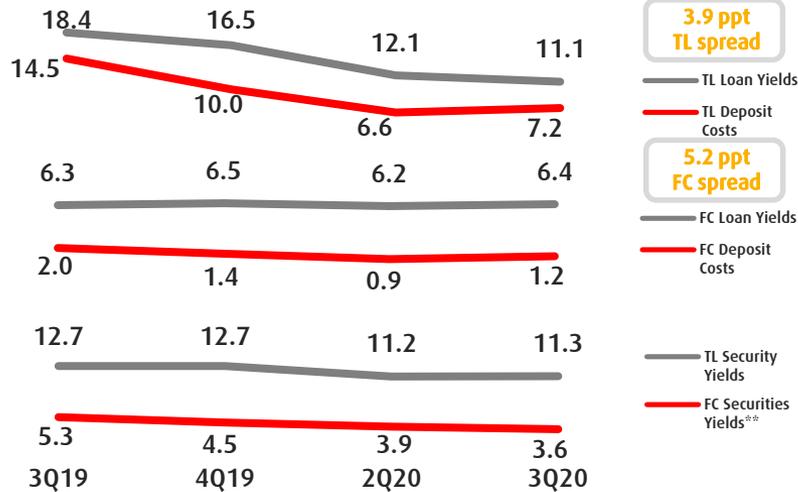
Net Interest Margin (NIM %)



Swap Adjusted Net Interest Margin (%)



Core Spreads (%)

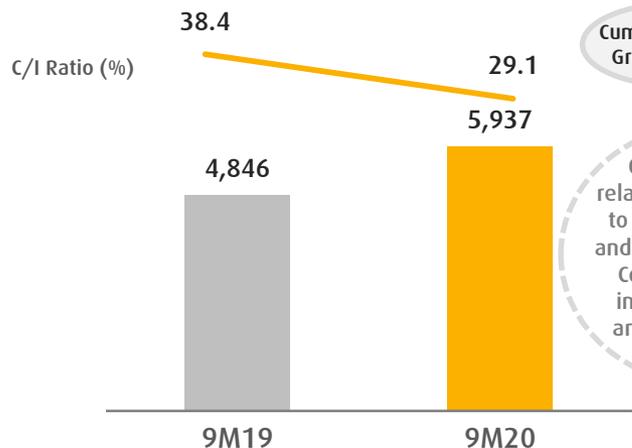


Total Money Market Funding

	3Q19	4Q19	1Q20	2Q20	3Q20
Total money market funding *	TL 42.3 billion	TL 42.6 billion	TL 68.6 billion	TL 68.0 billion	TL 70.4 billion
Cost of Money Market Funding	16.38%	11.25%	9.14%	7.34%	10.28%
Average Swap Usage	TL 23.6 billion	TL 26.6 billion	TL 27.2 billion	TL 34.9 billion	TL 27.3 billion
Swap Cost	TL 985 million	TL 840 million	TL 652 million	TL 707 million	TL 511 million

Costs are under control with maintained cost/income level

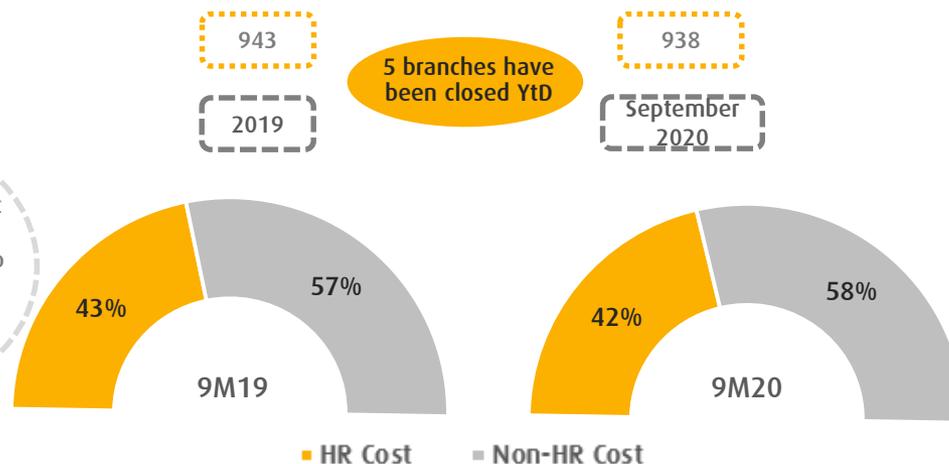
Operating Expenses (TL million)*



Cumulative Opex Growth 22.5%

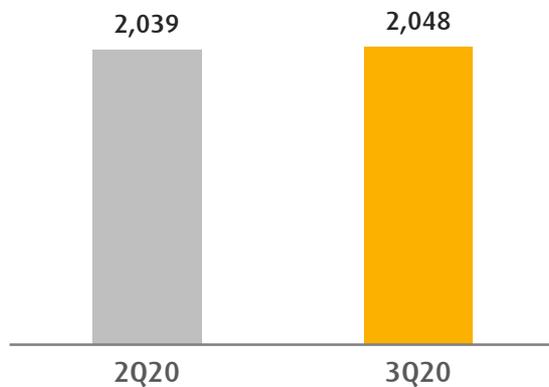
One-off Covid-19 related bonus payment to employees impact and one off donation to Covid-19 campaign impact: +3.2 ppt on annual opex growth

Breakdown of OPEX*

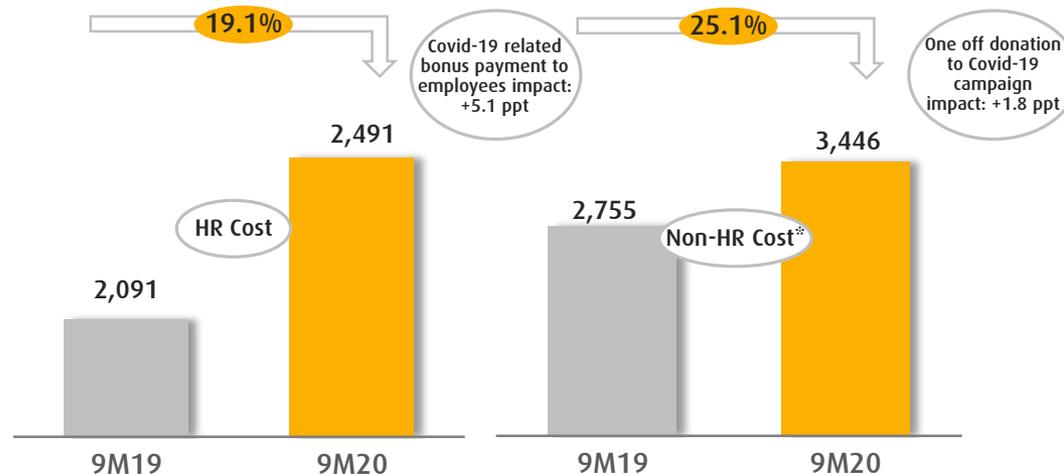


5 branches have been closed YTD

Quarterly Operating Expenses (TL million)*



OPEX Breakdown (TL million)



19.1%

Covid-19 related bonus payment to employees impact: +5.1 ppt

25.1%

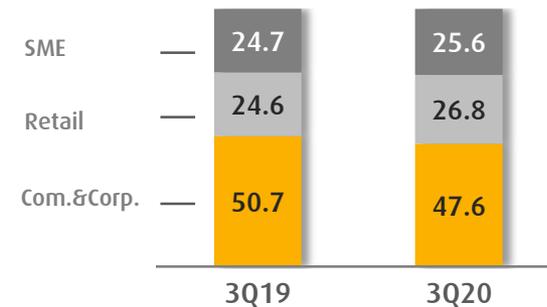
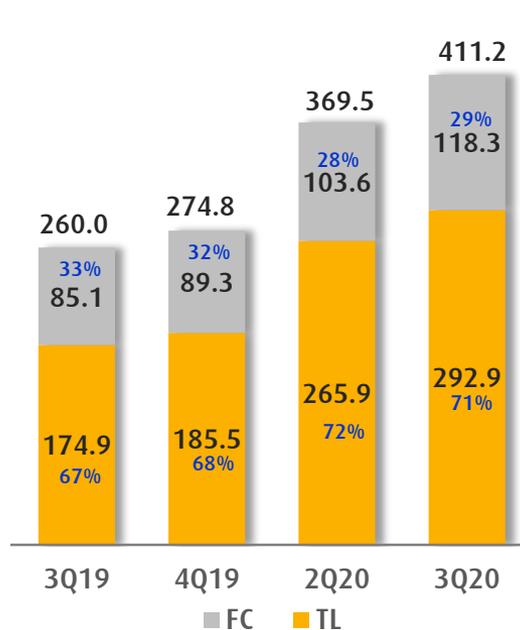
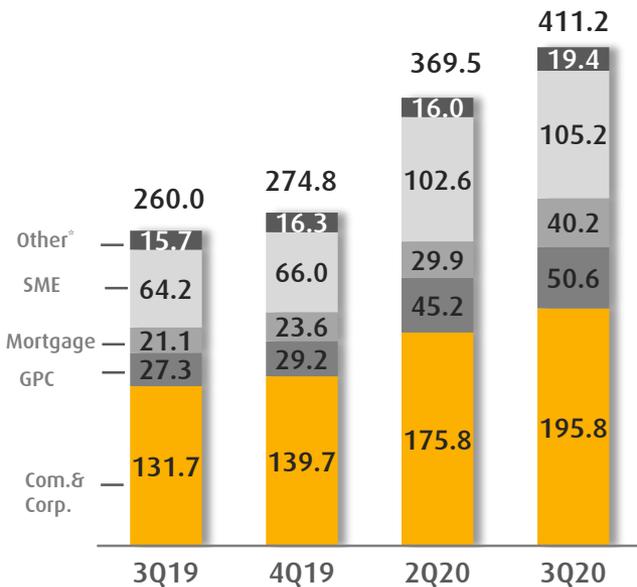
One off donation to Covid-19 campaign impact: +1.8 ppt

Well-diversified & stable loan breakdown

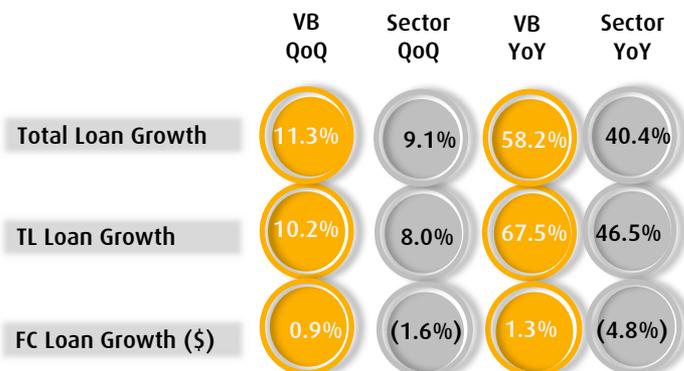
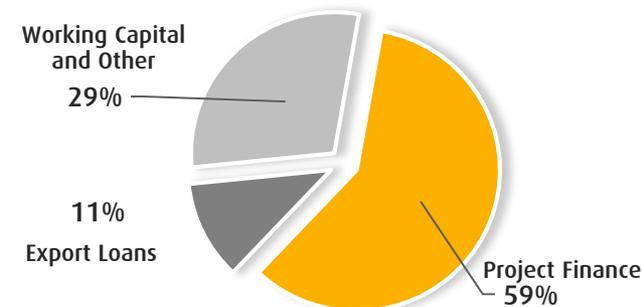
Segment Breakdown of Loans (TL billion)

Currency Breakdown of Loans (TL billion)

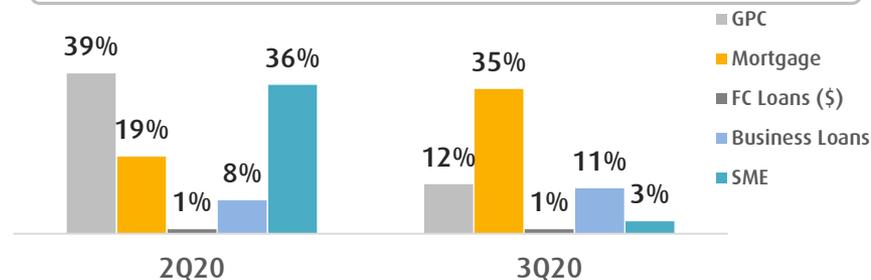
Portfolio Breakdown (%)



Breakdown of FC Loans

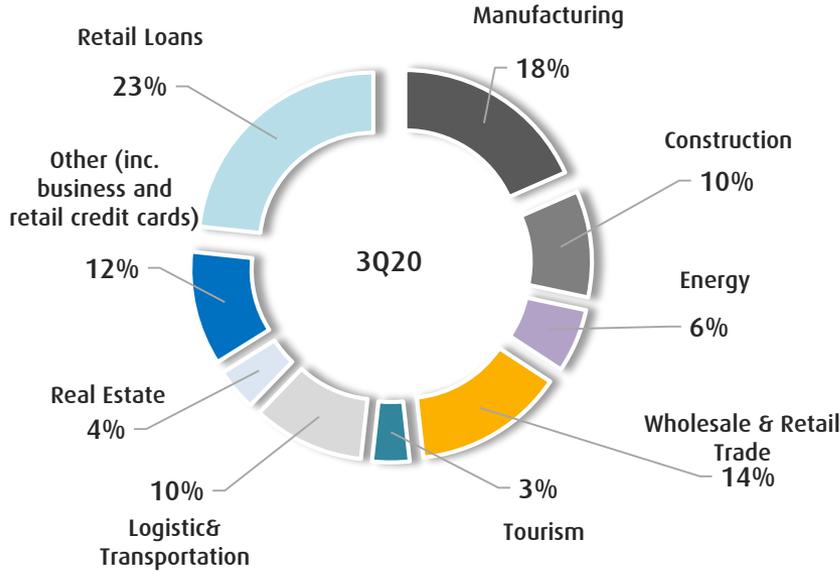


Quarterly Loan Growth

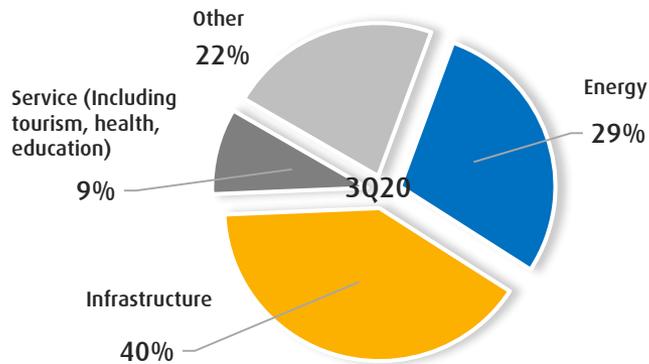


Breakdown of loan portfolio

Sector Breakdown of Cash Loans



Breakdown of Project Finance

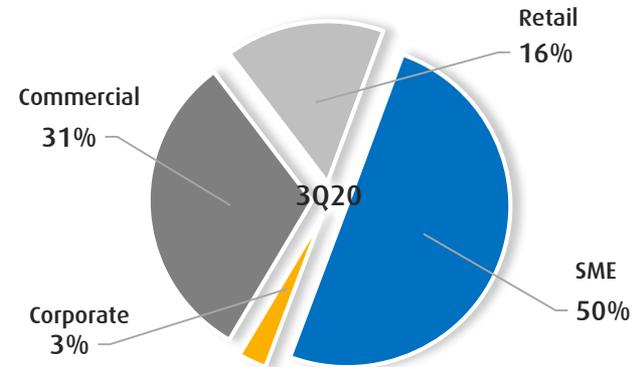


CGF Loans

(TL billion)	4Q19	1Q20	2Q20	3Q20
Originated Amount	36.6	36.9	90.0	92.4
Outstanding Amount	18.1	16.2	76.7	79.0

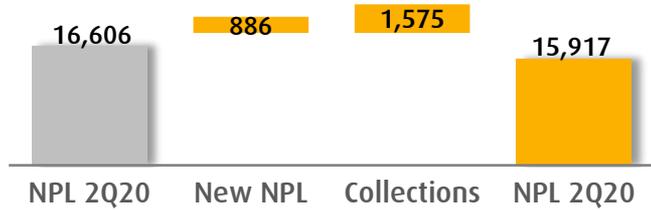
(TL billion)	2020 Covid Related CGF Package in total
Originated Amount	
Non-Retail CGF Loans	TL 44.6
Retail CGF Loans	TL 10.7

Segment Breakdown of CGF Loans

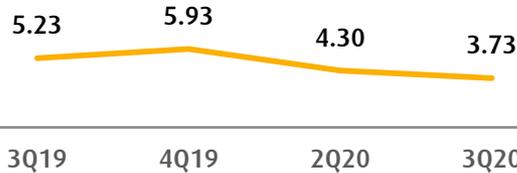


Strong coverage levels with proactive approach

NPL (TL million)*

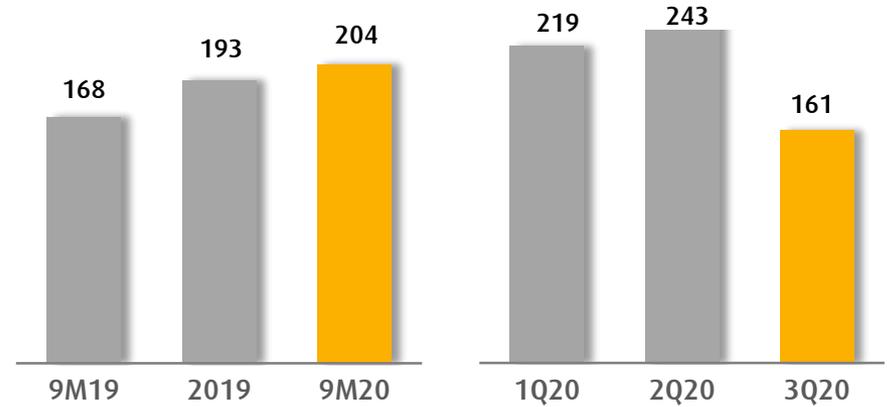


NPL Ratio (%)**

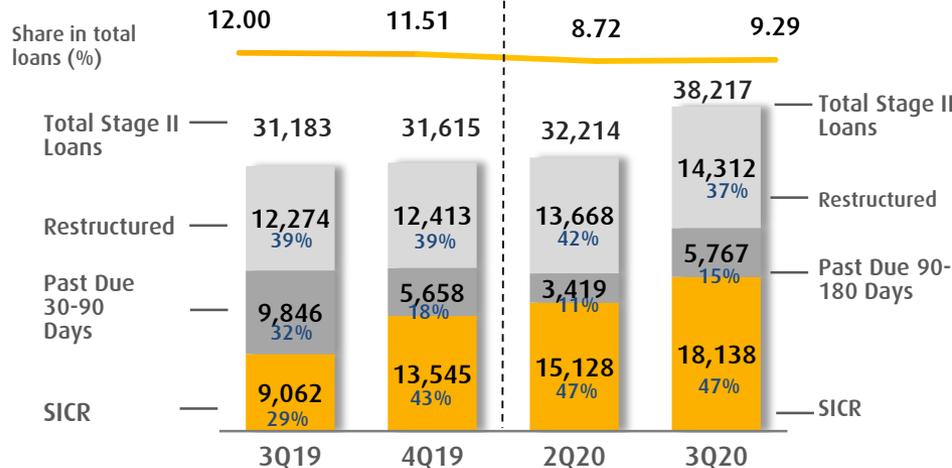


The positive impact of change on NPL recognition day is +41 bps in 3Q20

Net Cost of Risk (bps)**



Stage II Loans Breakdown (TL million)



Coverage Ratios (%)

	4Q19	1Q20	2Q20	3Q20
Stage I	0.7	0.7	0.7	0.7
Stage II	5.9	7.3	11.9	13.6
Stage III	70.4	70.1	73.1	75.0
Total	90.4	93.3	110.5	124.4

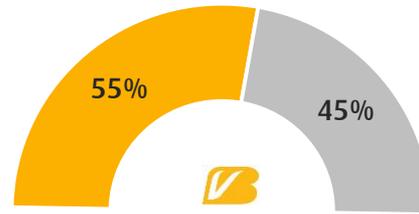
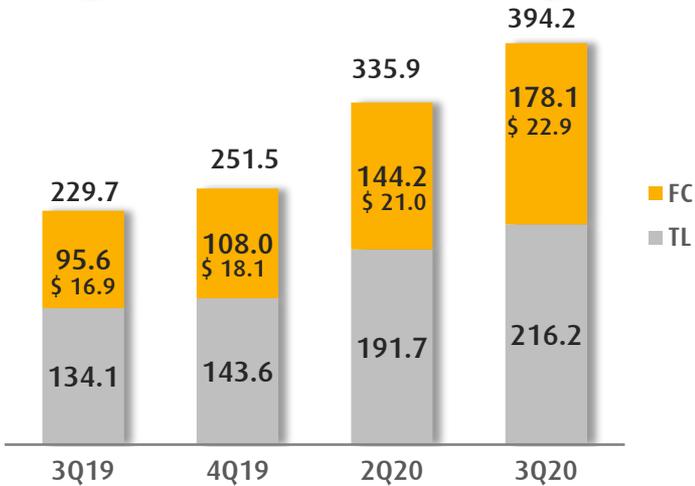
TL 852 million free provision

Further market share gaining on deposit market

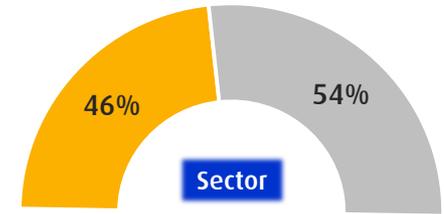
Total Deposits (TL billion)

Breakdown of Deposits

Market Share



TL Deposits FC Deposits

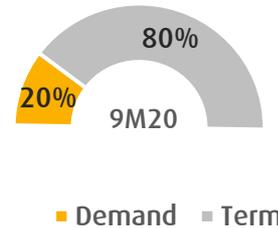


TL Deposits FC Deposits

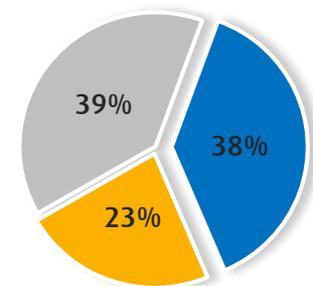
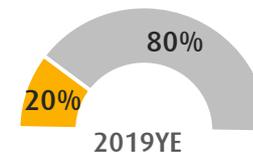
The share of customer deposit is **62%** in total liabilities

Demand deposits growth
QoQ: **7.5%**
YoY: **67.7%**

	VB QoQ	Sector QoQ	VB YoY	Sector YoY
Total Deposits Growth	17%	13%	72%	46%
TL Deposits Growth	13%	3%	61%	39%
FC Deposits Growth (\$)	9%	8%	36%	11%



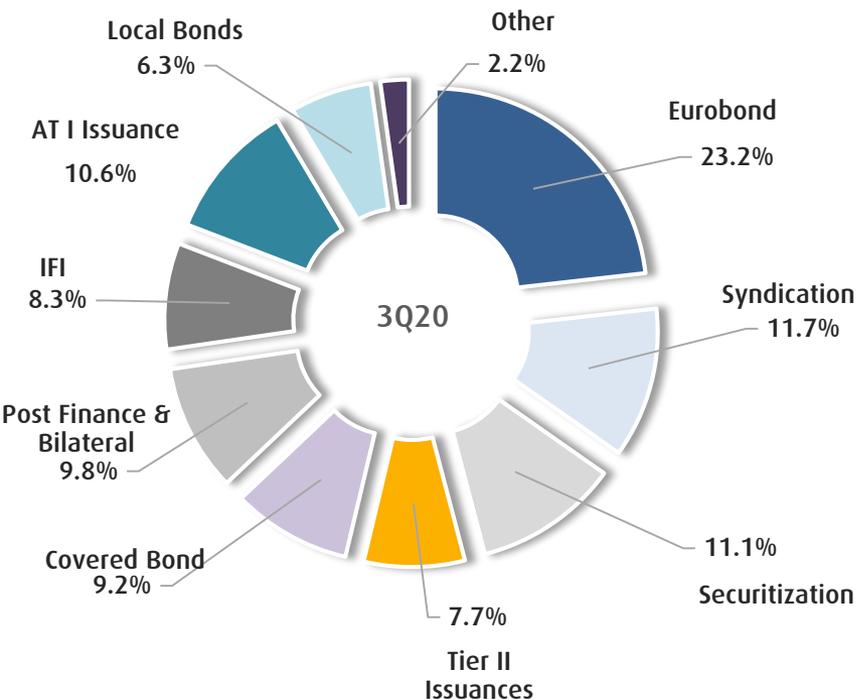
Demand Term



Retail Deposit State Deposit Other

Well diversified wholesale borrowing

Breakdown of Wholesale Funding



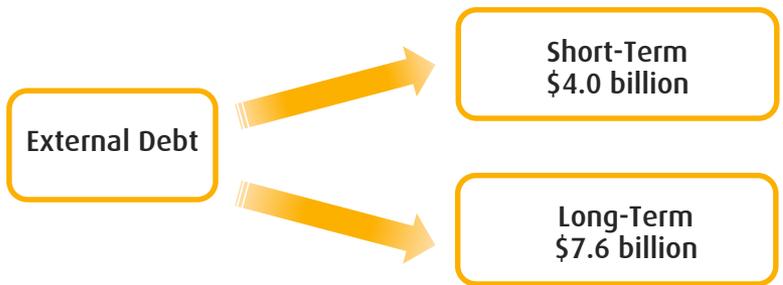
Fresh funding from World Bank amounting **USD 250 million** with a final maturity of 23 years including 7 years grace period

Bilateral and post-financing transactions with correspondent banks amounting **~USD 940 million YtD**

FC LCR: **242%** vs 80% minimum threshold

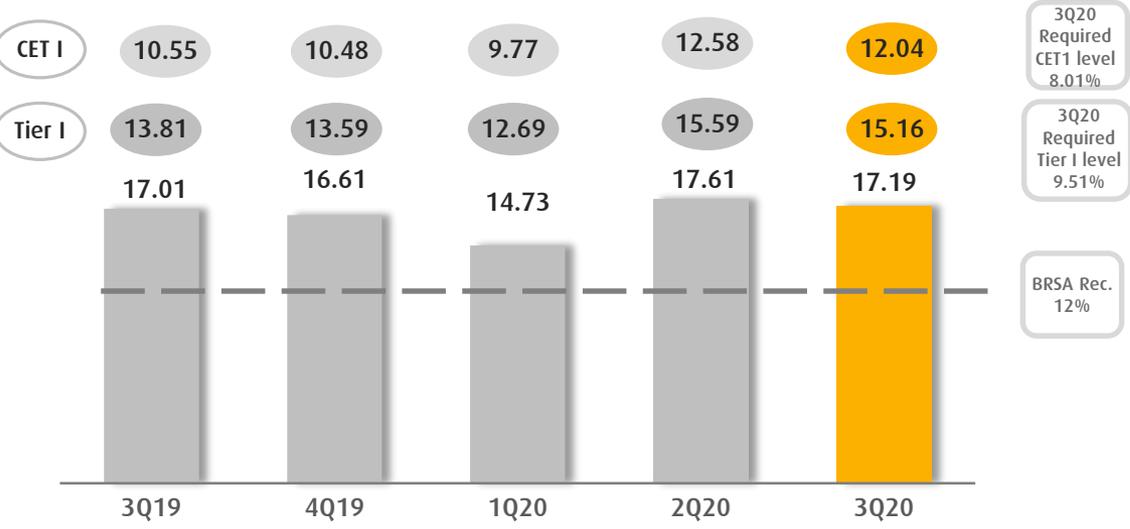
Share of total international funding in total liabilities **%17** in 3Q20

~USD 12 billion Total international funding

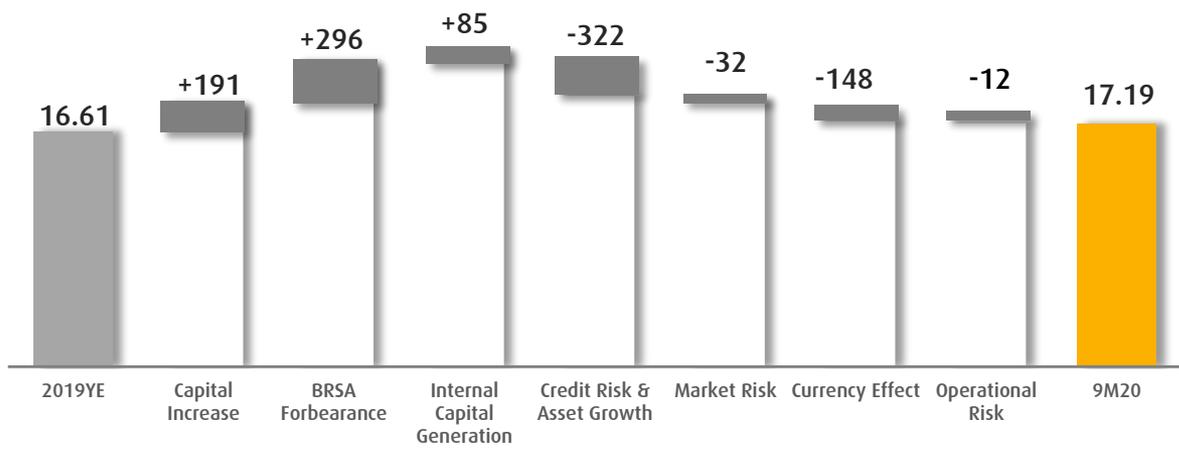


Solvency ratios

Capital Adequacy Ratio (%)



Solvency ratios without forbearances (% - 3Q20)	
CAR	14.23
Tier I	12.35
CET I	9.80



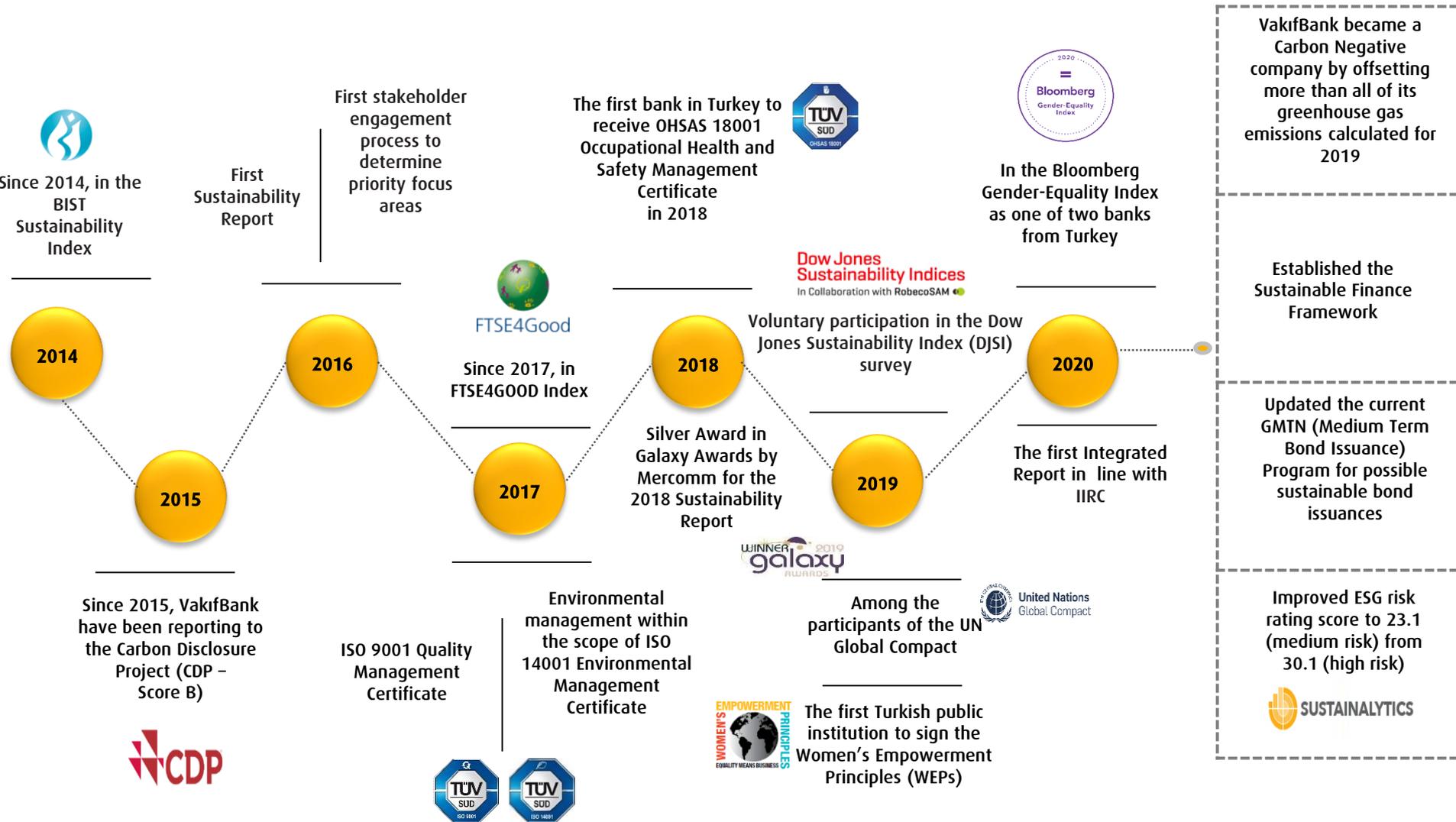
The effect of 1 ppt interest rate increase/ decrease on CAR is **~9 bps**

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

Appendix

Pg. 15	Milestones on the sustainable banking approach
Pg. 16	Improved efficiency with enhanced digital platforms
Pg. 17	Composition of Assets&Liabilities
Pg. 18	Well-positioned security portfolio with 73% share of floatings
Pg. 19	Retail Lending Portfolio
Pg. 20	Diversified funding sources via non-deposit funding
Pg. 21	Unconsolidated Key Financial Ratios
Pg. 22	Unconsolidated Balance Sheet
Pg. 23	Unconsolidated Income Statement

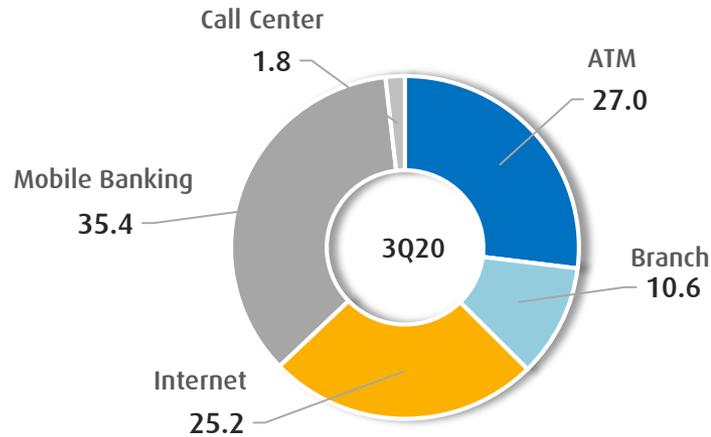
Milestones on the sustainable banking



Improved efficiency with enhanced digital platforms

Non-branch transaction share

~90%



of digital banking customers* reached **5 million** with **44%** growth YoY

The volume of transaction made through digital platform increased **39%** YoY

of digital banking customers log in at least once per the last year **%4** growth QoQ

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

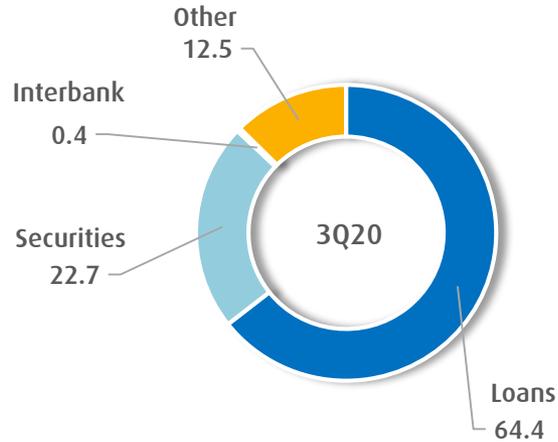
938**
Branches

4,268
ATMs

4,971K
Digital Banking Customers

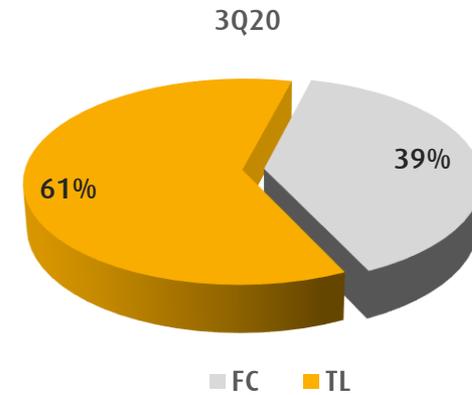
Composition of asset&liabilities

Breakdown of Assets (%)

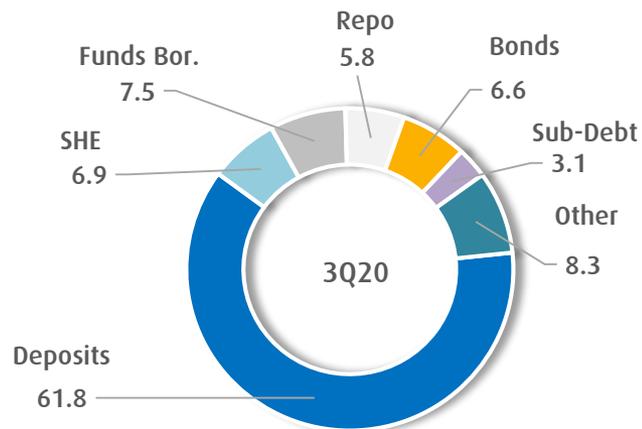


The share of IEA
87.6%
in total assets

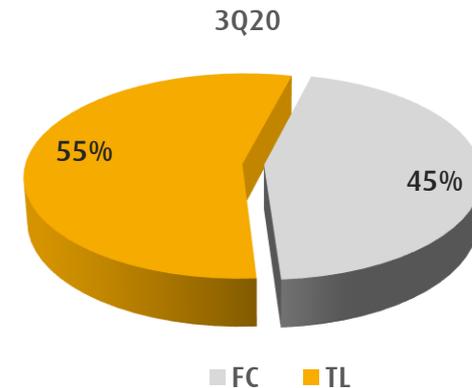
TL/FC Mix in Total Assets



Breakdown of Liabilities (%)

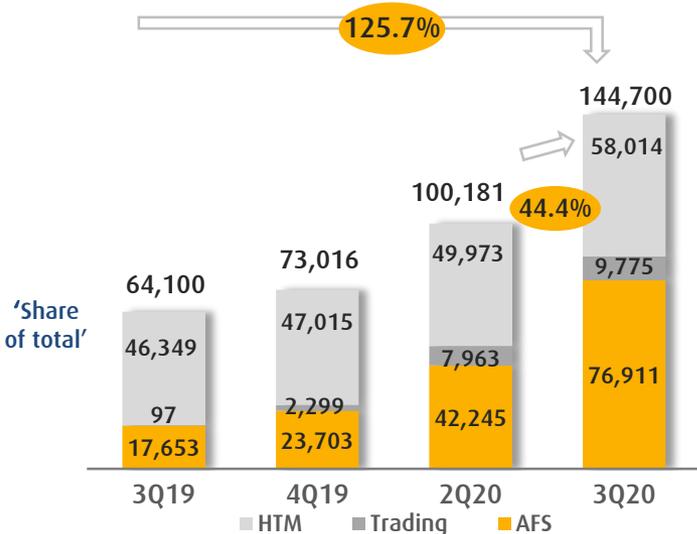


TL/FC Mix in Total Liabilities

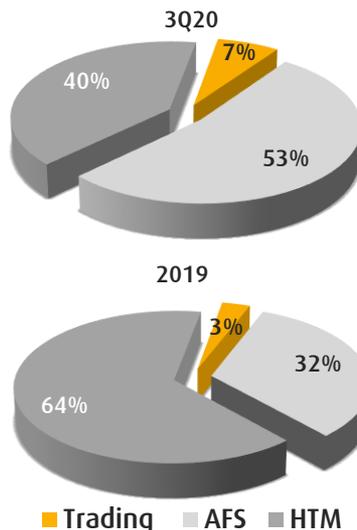


Well-positioned security portfolio with 73% share of floatings

Total Securities (TL million)



Portfolio Structure

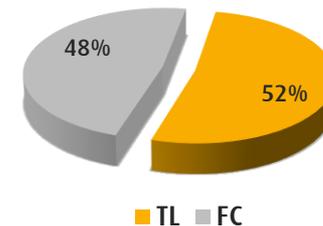


Breakdown of FC Securities

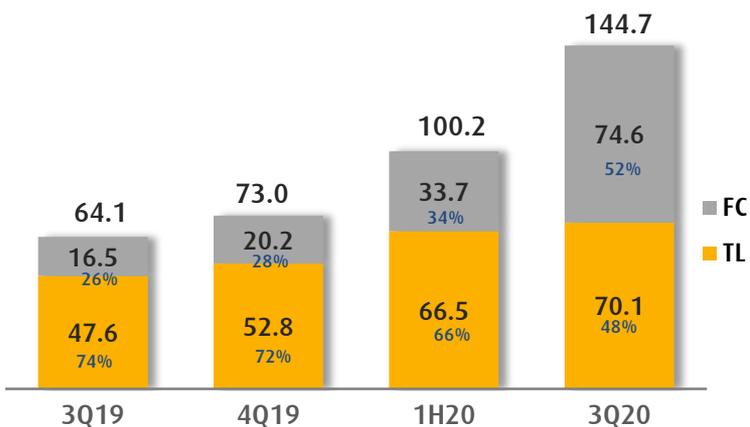
Share of Fixed: 100%

Breakdown of TL Securities

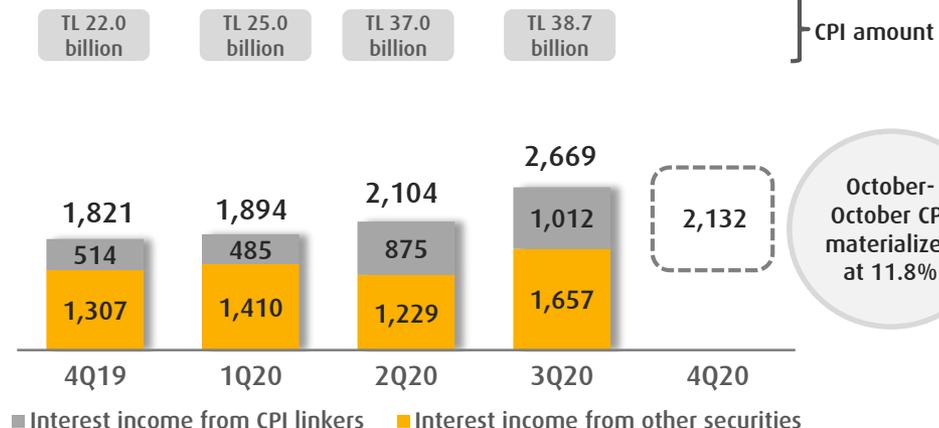
Share of Fixed: 27%
Share of Floating: 18%
Share of CPI Linkers: 55%



Security Breakdown (TL billion)

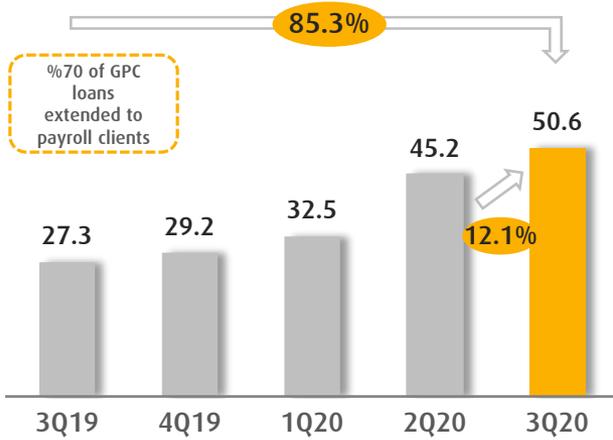


Breakdown of Interest Income from Securities (TL million)

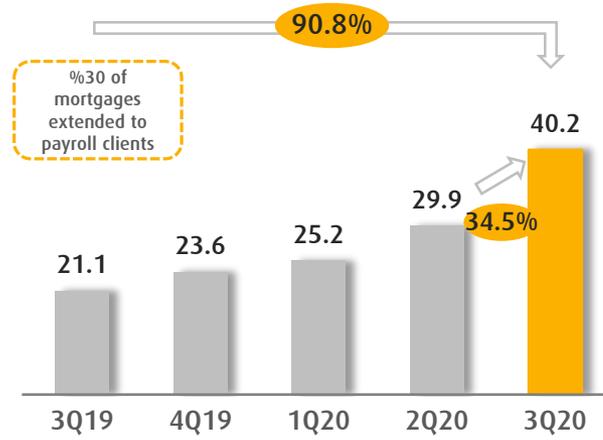


Retail Lending Portfolio

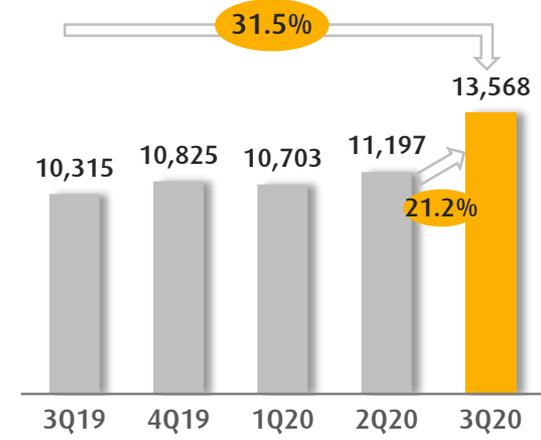
General Purpose Consumer (TL billion)



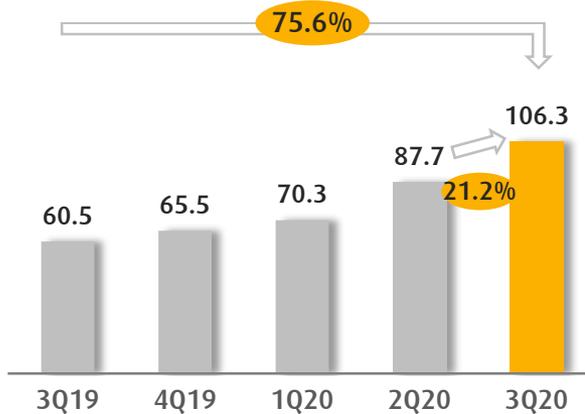
Residential Mortgages (TL billion)



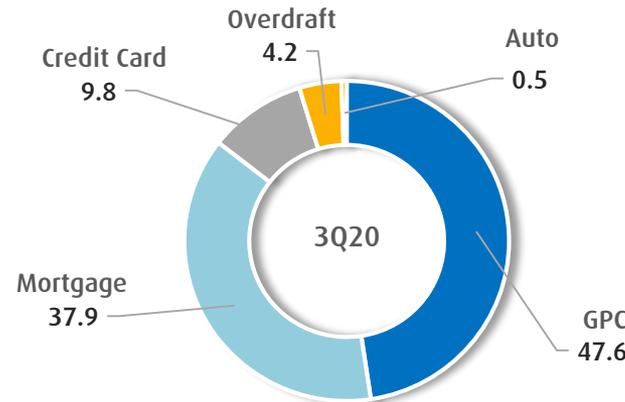
Credit Card Loans (TL million)*



Total Retail (TL billion)



Breakdown of Retail Loans (%)



Total Retail Customers **20 million**

Total Payroll Customers **2.4 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

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 1.26 billion outstanding

- **World Bank:** outstanding funding USD 227.5 million
- **EBRD:** outstanding funding USD 134.5 million (USD 69 million under DPR Program and EUR 50 million under Covered Bond Program included)
- **EIB:** outstanding funding USD 596.9 million
- **KFW:** outstanding funding USD 210.9 million
- **AFD:** outstanding funding USD 93.7 million

Post Finance&Bilateral

- EUR 306.9 million and USD 669.2 million outstanding

Eurobonds and Private Placements

USD 3 billion outstanding Eurobonds and USD 185.2 million outstanding Private Placements

- **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
- **Mar'20 – Sep'20:** USD 249 million equivalent, 12 Private Placements

DPR Securitizations

USD 1.53 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 537.5 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 6.7 billion outstanding

Unconsolidated Key Financial Ratios

	9M19	2019YE	2Q20	3Q20	9M20
Profitability					
ROAE	6.9%	9.1%	15.8%	10.0%	15.0%
ROAA	0.6%	0.7%	1.2%	0.7%	1.1%
Cost / Income**	38.4%	35.8%	27.8%	34.4%	29.1%
Cost / Assets**	1.7%	1.6%	1.5%	1.3%	1.2%
Fee / Cost**	60.5%	60.1%	36.4%	42.4%	44.3%
Liquidity					
Loans / Deposits	113.2%	109.2%	110.0%	104.3%	104.3%
<i>TL Loans / Deposits</i>	130.4%	129.2%	138.7%	135.5%	135.5%
Liquidity Coverage Ratio (Total)*	133.6%	130.2%	94.2%	112.1%	112.1%
FC Liquidity Coverage Ratio*	507.9%	510.4%	287.5%	184.7%	184.7%
Asset Quality					
NPL Ratio	5.2%	5.9%	4.3%	3.7%	3.7%
Stage III Coverage Ratio	70.7%	70.4%	73.1%	75.0%	75.0%
Net Cost of Risk**	1.7%	1.9%	2.4%	1.6%	2.0%
Solvency					
CAR	17.0%	16.6%	17.6%	17.2%	17.2%
Tier I Ratio	14.0%	13.6%	15.6%	15.2%	15.2%
Leverage	11.7X	11.7X	11.3X	13.4X	13.4X

Unconsolidated Balance Sheet

	3Q19		2Q20		3Q20		TL		USD	
(thousand)	TL	USD	TL	USD	TL	USD	Δ YoY	Δ QoQ	Δ YoY	Δ QoQ
Assets										
Cash & Balances with Central Bank	30,946,802	5,479,143	32,797,776	4,781,017	43,588,854	5,617,120	40.9%	32.9%	2.5%	17.5%
Interbank	5,512,458	975,983	4,853,422	707,496	2,721,482	350,706	-50.6%	-43.9%	-64.1%	-50.4%
Securities	64,099,732	11,348,882	100,181,260	14,603,682	144,699,994	18,646,906	125.7%	44.4%	64.3%	27.7%
Loans	259,943,528	46,023,099	369,520,346	53,865,940	411,216,322	52,991,794	58.2%	11.3%	15.1%	-1.6%
Subsidiaries & Investments	3,370,288	596,711	3,424,486	499,196	3,940,323	507,774	16.9%	15.1%	-14.9%	1.7%
Property & Equipment	2,852,223	504,987	4,167,151	607,456	3,981,624	513,096	39.6%	-4.5%	1.6%	-15.5%
Other	20,120,026	3,562,258	23,732,498	3,459,548	27,921,129	3,598,084	38.8%	17.6%	1.0%	4.0%
Total Assets	386,845,057	68,491,063	538,676,939	78,524,335	638,069,728	82,225,480	64.9%	18.5%	20.1%	4.7%
Liabilities & SHE										
Deposits	229,647,310	40,659,143	335,868,699	48,960,452	394,205,755	50,799,711	71.7%	17.4%	24.9%	3.8%
Funds Borrowed	38,247,805	6,771,788	42,676,568	6,221,074	48,003,399	6,186,005	25.5%	12.5%	-8.7%	-0.6%
Repo	20,983,162	3,715,077	29,690,981	4,328,131	37,207,900	4,794,832	77.3%	25.3%	29.1%	10.8%
Securities Issued	27,521,550	4,872,701	38,103,016	5,554,376	41,950,290	5,405,965	52.4%	10.1%	10.9%	-2.7%
Other	21,457,633	3,799,082	30,891,293	4,503,104	52,947,094	6,823,079	146.8%	71.4%	79.6%	51.5%
Subordinated Loans	18,472,112	3,270,494	17,756,242	2,588,373	19,569,178	2,521,801	5.9%	10.2%	-22.9%	-2.6%
Shareholders' Equity	30,515,485	5,402,778	43,690,140	6,368,825	44,186,112	5,694,087	44.8%	1.1%	5.4%	-10.6%
Guarantees	70,209,942	12,430,697	84,990,789	12,389,328	94,724,727	12,206,795	34.9%	11.5%	-1.8%	-1.5%
Commitments	78,249,584	13,854,118	91,898,632	13,396,302	98,422,506	12,683,313	25.8%	7.1%	-8.5%	-5.3%
Derivatives	175,492,068	31,070,937	221,062,014	32,224,783	193,046,426	24,877,117	10.0%	-12.7%	-19.9%	-22.8%
Off-B.S.										

Unconsolidated Income Statement

(TL-thousand, %)	9M19	2Q20	3Q20	9M20	Δ YoY	Δ QoQ
Net Interest Income	8,416,738	5,466,659	5,401,549	15,776,605	87.44%	-1.19%
Net Fee & Com. Income	2,931,282	743,216	865,573	2,630,080	-10.28%	16.46%
Dividend Income	50,804	16,094	172	167,668	230.03%	-98.93%
Net Trading Income	-2,021,808	-217,970	-1,717,155	-2,576,953	27.46%	687.79%
Other Income [‡]	3,248,643	1,333,564	1,401,191	4,392,188	35.20%	5.07%
Total Revenues*	12,625,659	7,341,563	5,951,330	20,389,588	61.49%	-18.94%
Operating Expenses [‡]	-4,846,395	-2,039,174	-2,047,756	-5,937,404	22.51%	0.42%
Provisions	-5,842,437	-3,214,557	-2,636,151	-8,969,108	53.52%	-17.99%
Tax Provisions	-414,834	-562,615	-167,394	-1,141,660	175.21%	-70.25%
Net Income	1,521,993	1,525,217	1,100,029	4,341,416	185.25%	-27.88%

For Earnings
Presentations:



For VakıfBank IR
Application:



A member of BIST Sustainability Index



FTSE4Good

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