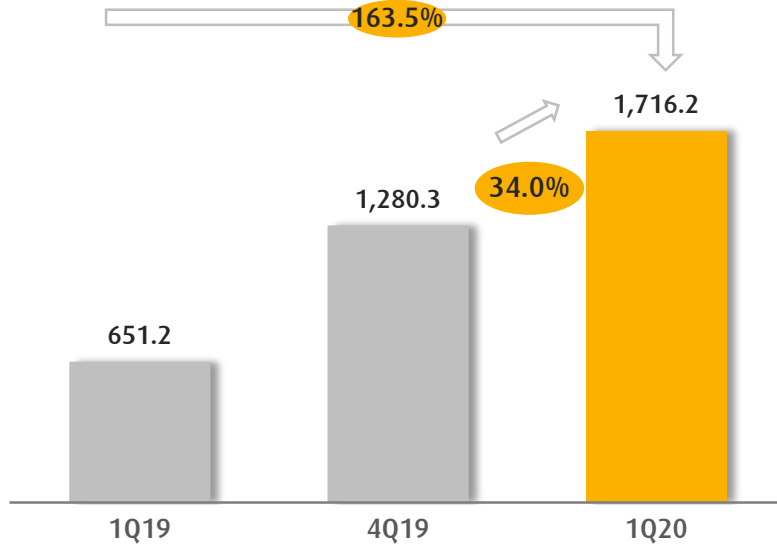




Earnings Presentation
BRSA Bank-Only 1Q 2020
May 8, 2020

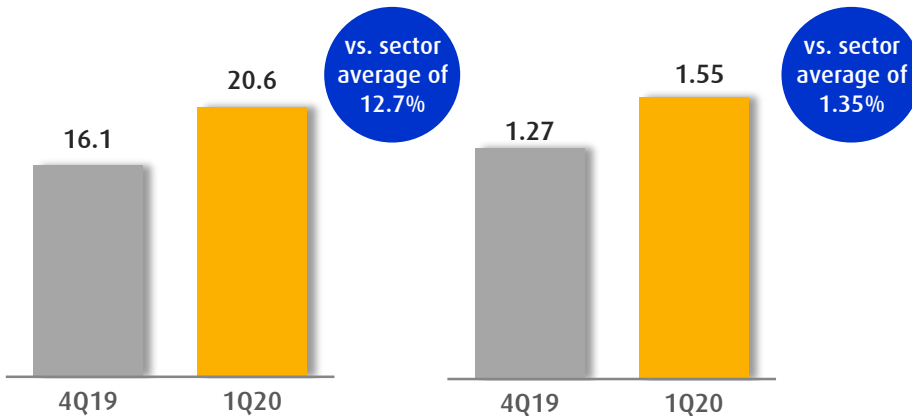
1Q20 Earnings and Ratios

Net Income (TL million)

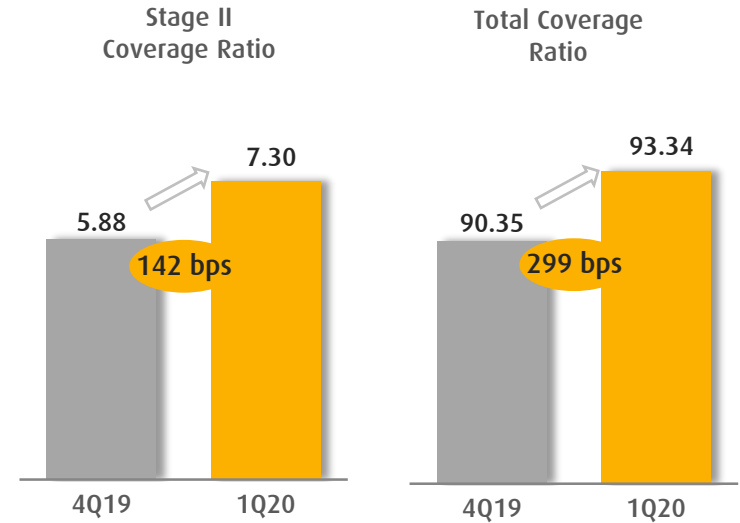


Quarterly ROAE (%)

Quarterly ROAA (%)



Further Strengthened Coverage Ratios (%)



TL 852 million
free provisions
in the balance
sheet

Key Highlights of 1Q20

A strong start to 2020 with good level of profitability

- Quarterly bank-only net income came at **TL 1,716 million**; one of the highest among peer banks.
 - Quarterly net income is up by **34%** QoQ vs. sector average of 14.2%,
 - Quarterly net income is up by **163.5%** YoY vs. sector average of 26.2%,
 - 1Q20 average ROE came at **20.6%** vs sector average of 12.7%,
 - 1Q20 average ROA materialized at **1.55%** vs. sector average of 1.35%.

NIM is in line with the guidance

- 1Q20 NIM came at **5.17%** indicating the strongest figure during 2020 due to expected downward trend on core spreads from its high base.
- Swap adjusted NIM materialized at **4.48%** vs. 4.40% in 4Q19, up by **8 bps** QoQ thanks to decline in swap costs.

Provisioning levels further increased proactively

- NPL ratio decreased to **5.3%** vs. 5.9% in 4Q19 thanks to both denominator effect and TL 888 million write-off for the first time.*
- Stage-2 provisioning further increased to **7.3%** in 1Q20 from 5.9% in 2019YE.
- Total NPL coverage increased to **93.3%** in 1Q20 from 90.4% in 2019YE.
- Maintained level of **TL 852 million** free provision in the balance sheet.

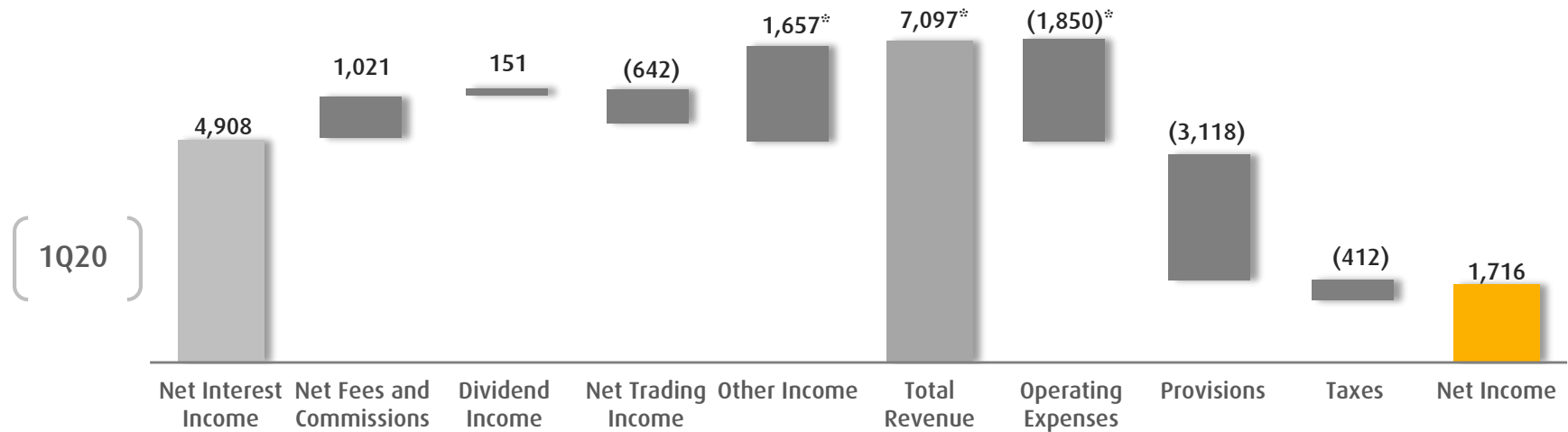
Disciplined liquidity levels

- Liquidity ratios were above regulatory thresholds;
 - 1Q20 FC LCR came at **469%**.
 - 1Q20 total LCR came at **113%**.

The highest amount of international funding provided YtD in Turkish Banking sector

- In January, the largest ever amount of the Eurobond transaction so far, amounting **USD 750 million** with a maturity of 5 years.
- In April, **USD 325 million** 3 year-term loan from ICBC Turkey to VakıfBank with 130% roll over ratio.
- In April, **USD 950 million** syndication loan with the participation of 33 banks from 16 countries with 90% roll-over ratio which is one of the highest so far.
- Bilateral and post-financing transactions with correspondent banks amounting **~USD 470 million** YtD.**

1Q20 P&L Details



Δ % vs
1Q19

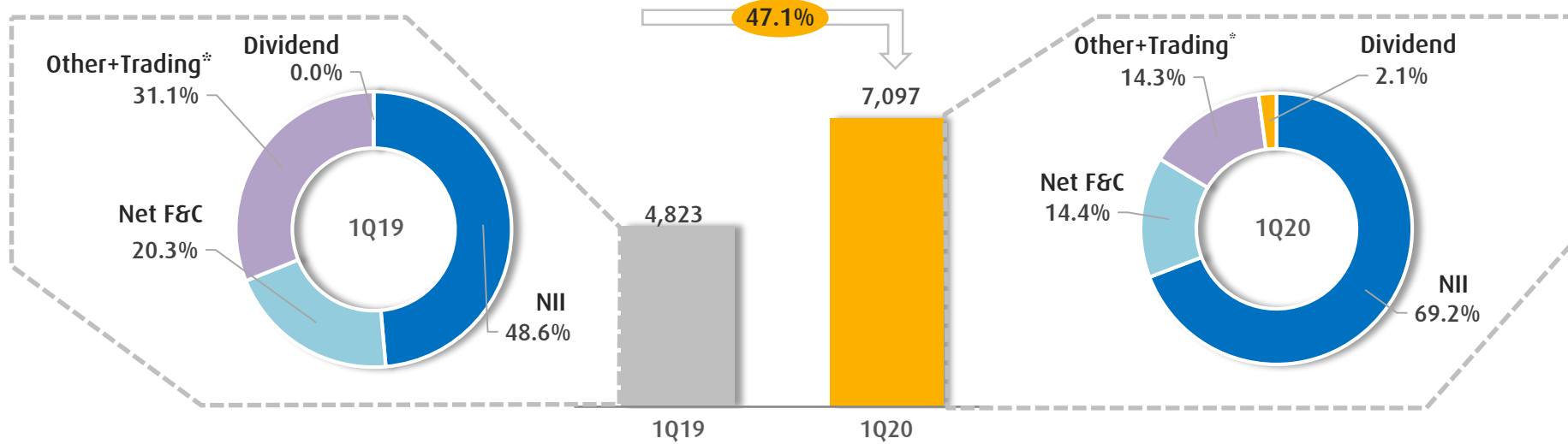
+109%	+4%	-	-598%	+21%	+47%	+20%	+25%	+216%	+164%
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Δ % vs
4Q19

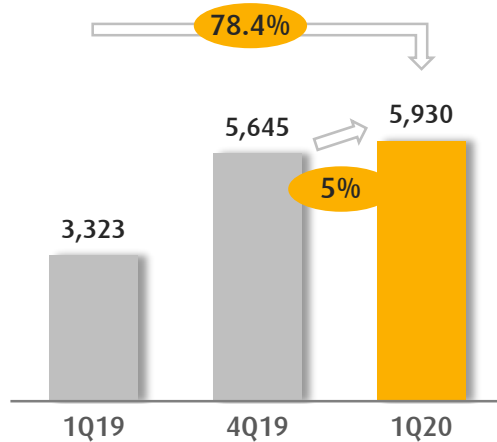
+7%	-2%	-	-14%	+111%	+21%	+4%	+29%	+4%	+34%
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High quality revenue breakdown

Total Revenues* – Revenue Breakdown (TL million)



Core Banking Revenues (TL million)**

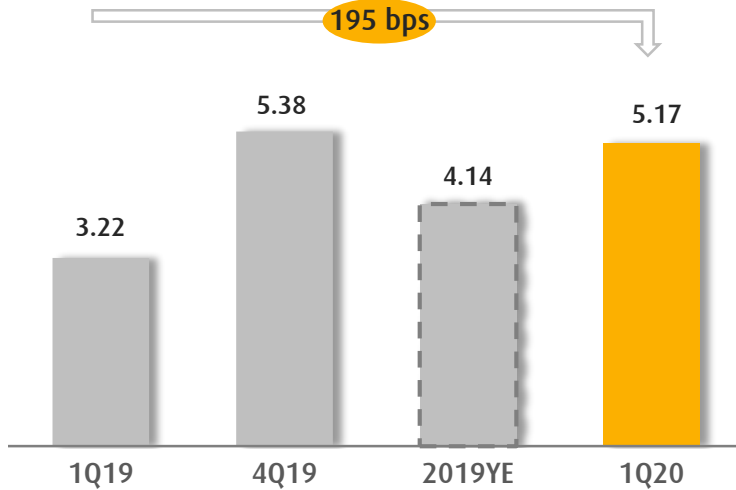


Free provisions

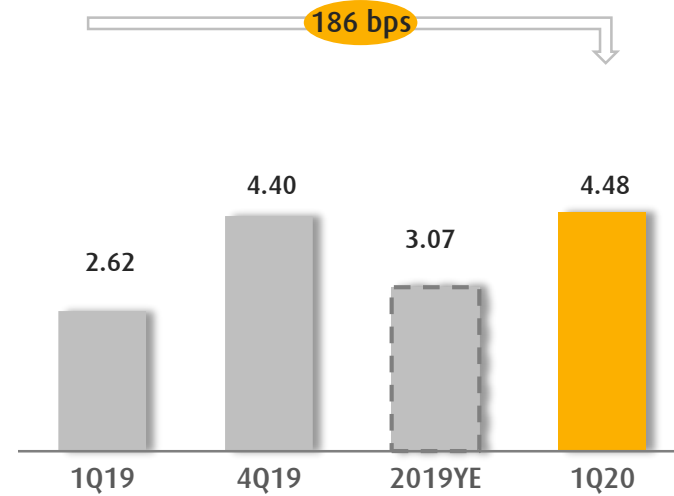
	1Q19	2Q19	3Q19	4Q19	1Q20
Outstanding amount	TL 1,030 million	TL 917 million	TL 852 million	TL 852 million	TL 852 million
Free provision releases	TL 113 million	-	TL 65 million	-	-

Solid start to the year with strong NIM

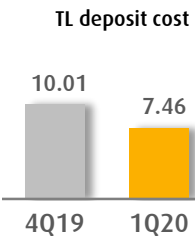
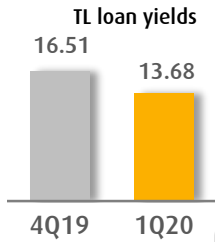
Net Interest Margin (NIM %)



Swap Adjusted Net Interest Margin (%)

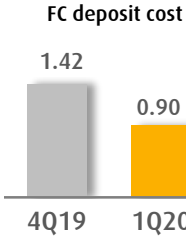
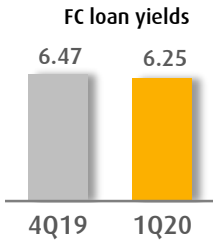


TL Core Spreads (%)



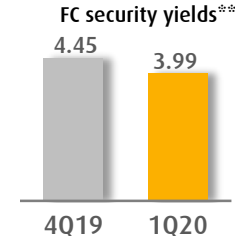
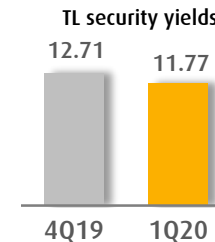
621 bps
TL
spread

FC Core Spreads (%)



535 bps
FC
spread

Security Yields (%)

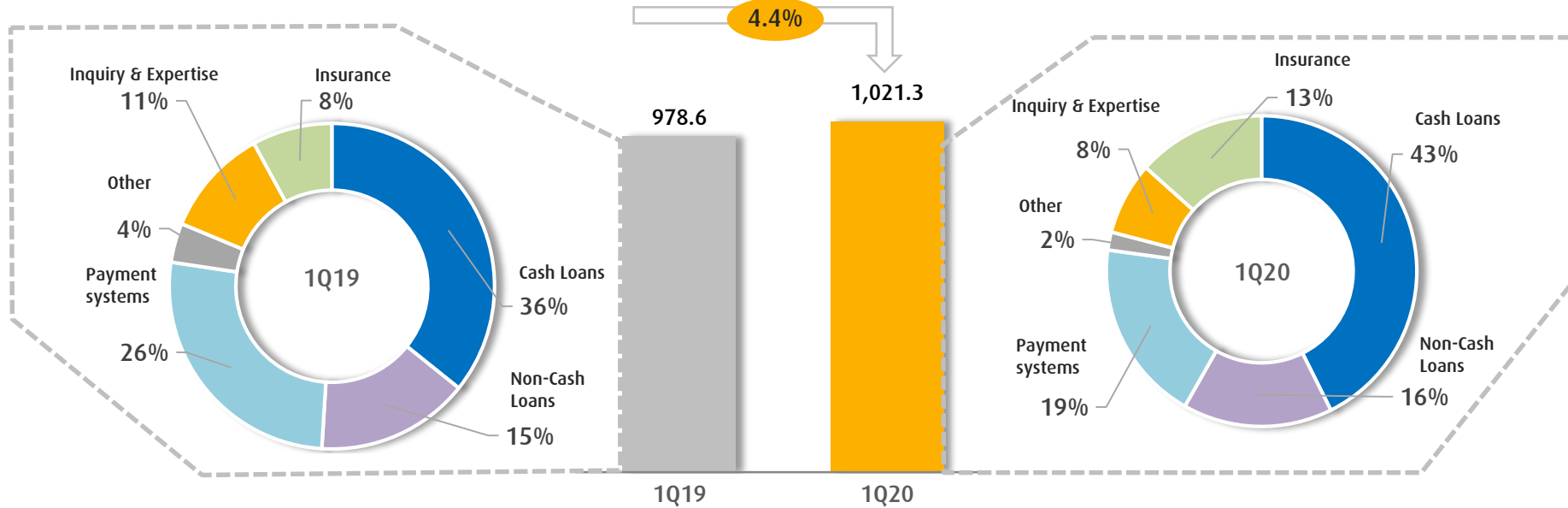


Cost of Funding

	1Q19	2Q19	3Q19	4Q19	1Q20
Total money market funding *	TL 46.2 billion	TL 45.3 billion	TL 42.3 billion	TL 42.6 billion	TL 68.6 billion
Cost of Funding	25.08%	24.02%	16.38%	11.25%	9.14%
Swap Cost	TL 435 million	TL 1,079 million	TL 985 million	TL 840 million	TL 652 million
Average Swap Usage	TL 10.1 billion	TL 21.2 billion	TL 23.6 billion	TL 26.6 billion	TL 27.2 billion

Net Fee&Commission Income

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

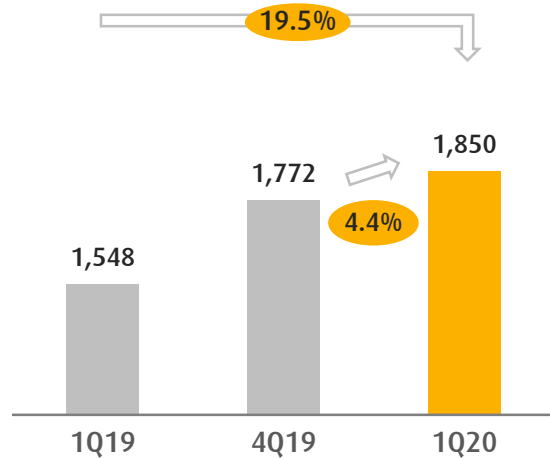


	QoQ	YoY
Lending Related will be supportive for 2Q 2020 fee growth	-5%	+24%
Payment Systems impacted by regulatory changes	-11%	-25%
Inquiry & Expertise	13%	-27%
Insurance supported by new loan originations	+48%	+76%

Positive growth of fee income maintained YoY despite regulatory headwinds

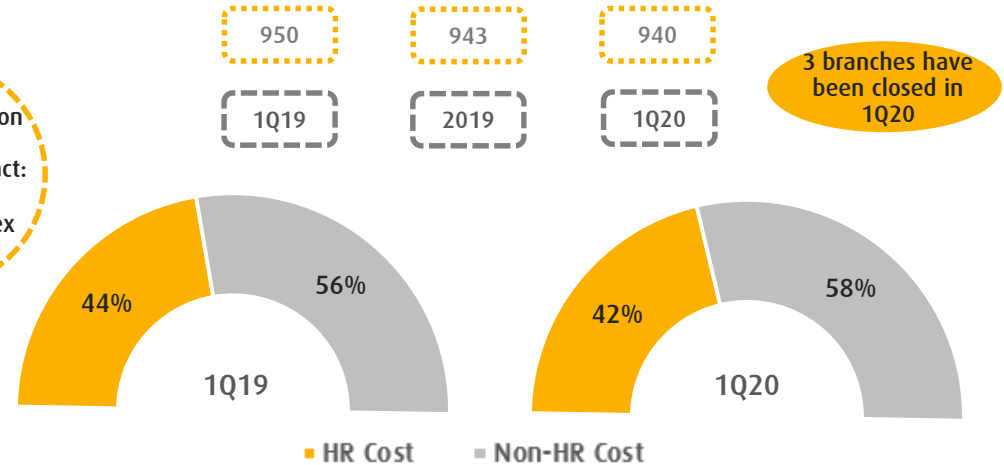
Further improved cost/income ratio

Operating Expenses (TL million)*

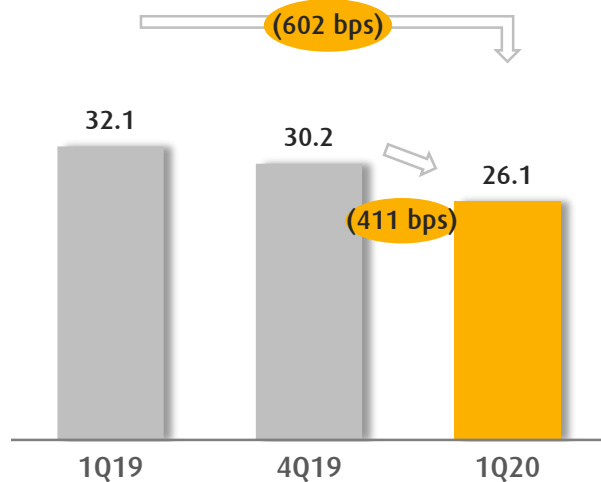


One-off donation to Covid-19 campaign impact: **+3.2 ppt** on annual opex growth

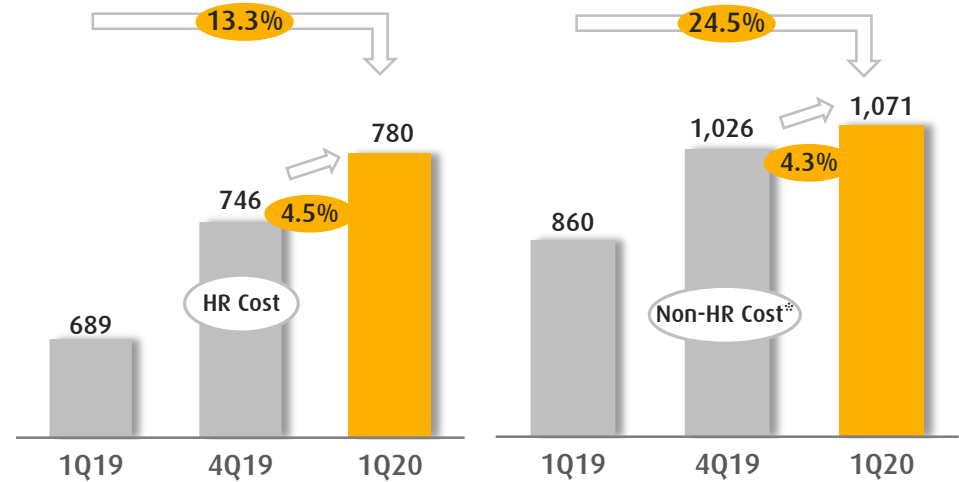
Breakdown of OPEX*



Cost*/Income (%)

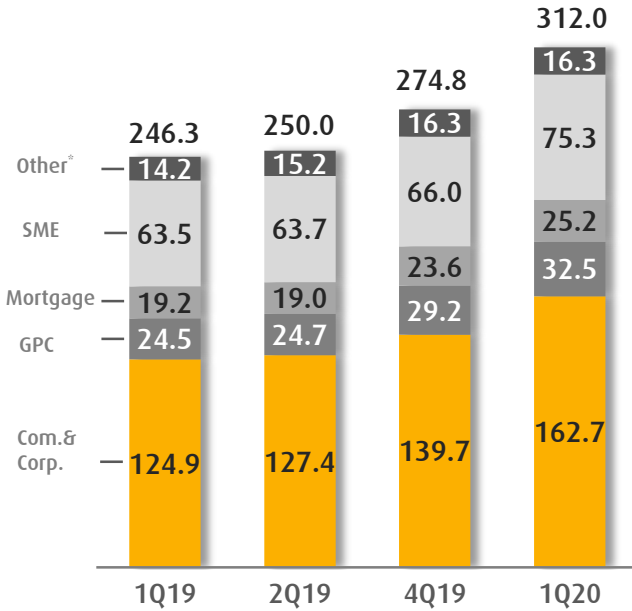


Quarterly OPEX Breakdown (TL million)

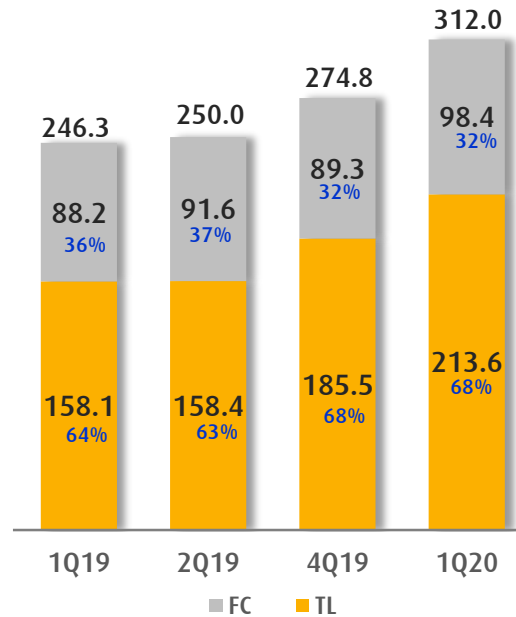


Well diversified & stable loan breakdown

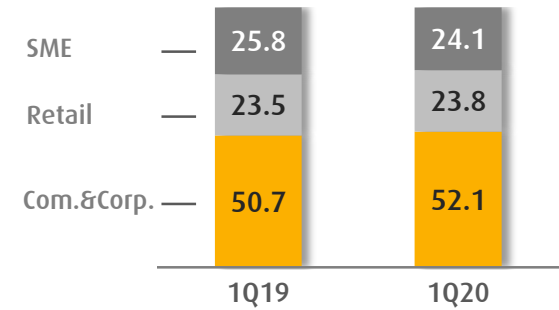
Segment Breakdown of Loans (TL billion)



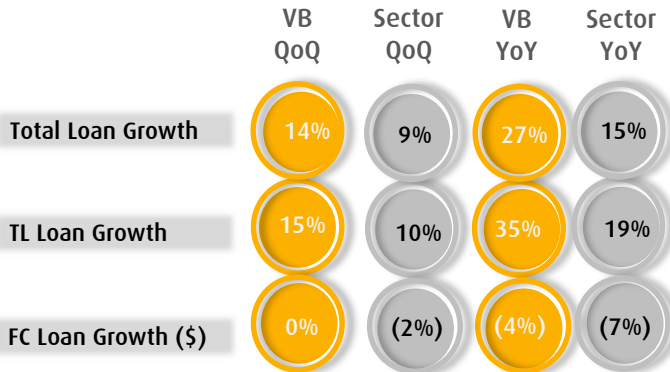
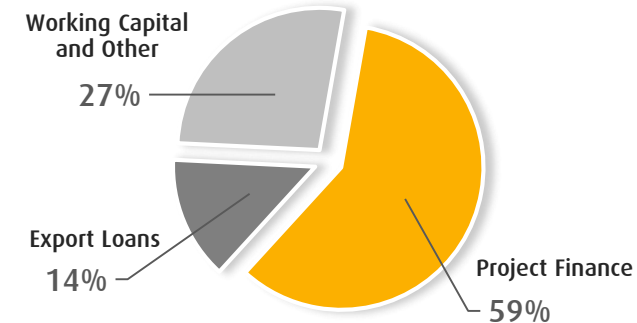
Currency Breakdown of Loans (TL billion)



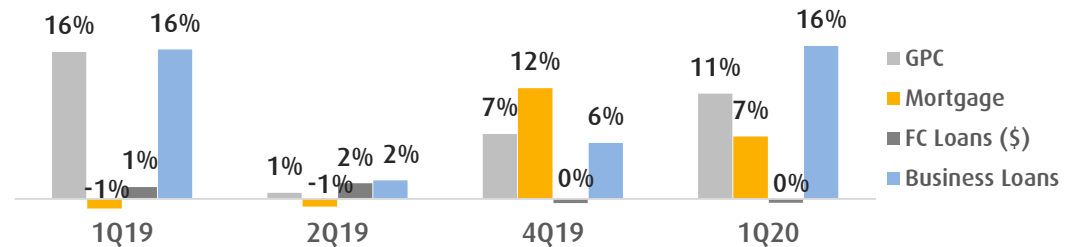
Portfolio Breakdown (%)



Breakdown of FC Loans

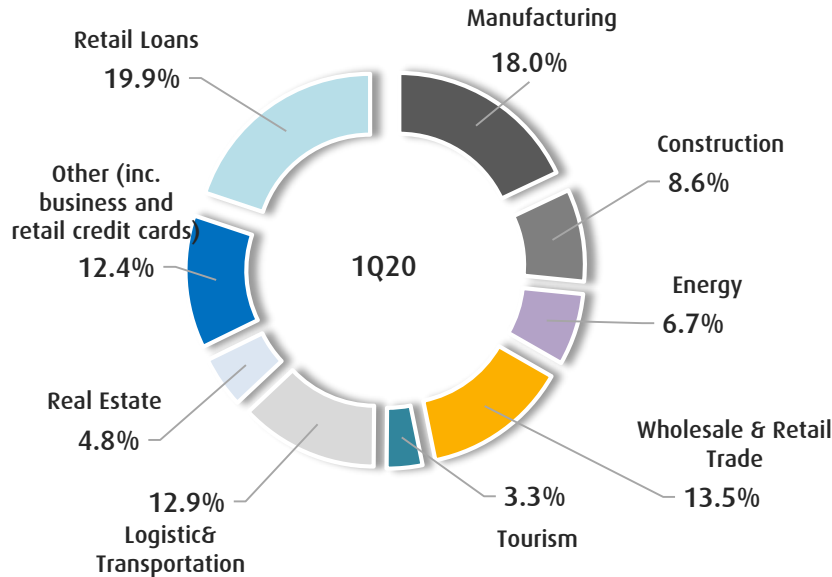


Quarterly Loan Growth

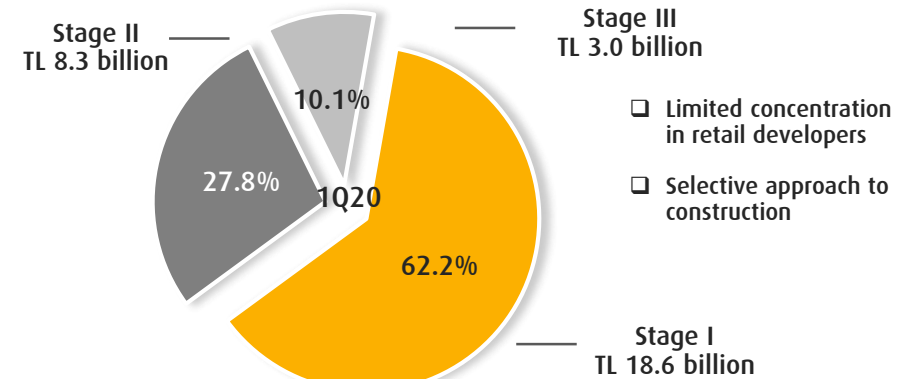


Breakdown of loan portfolio

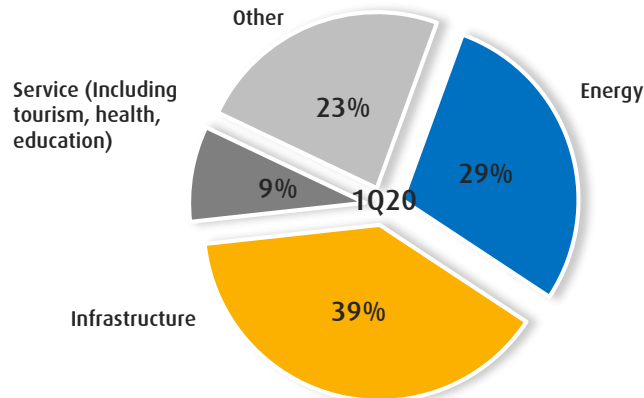
Sector Breakdown of Cash Loans



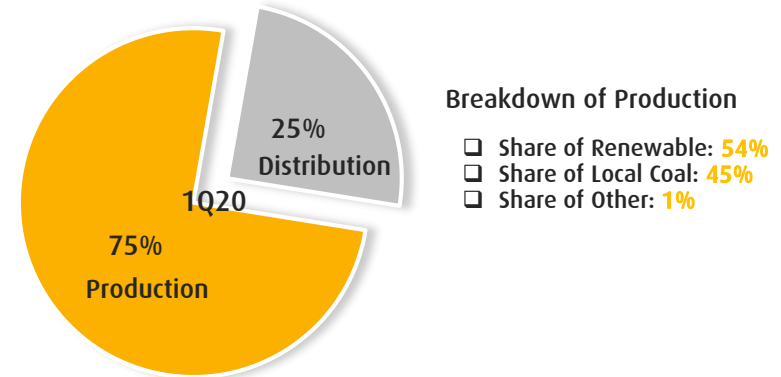
Breakdown of Construction Loans



Breakdown of Project Finance

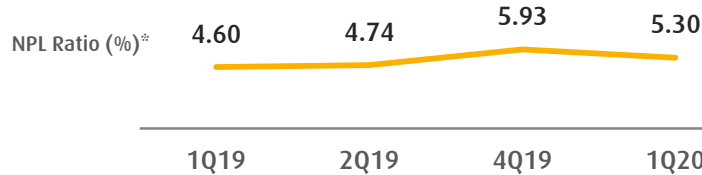
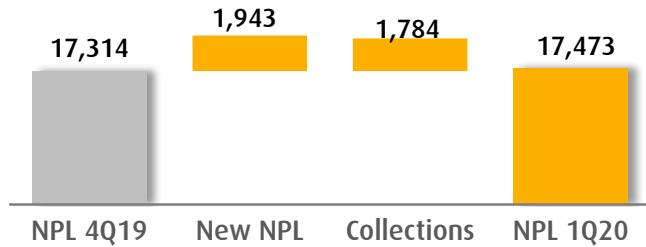


Breakdown of Energy Loans



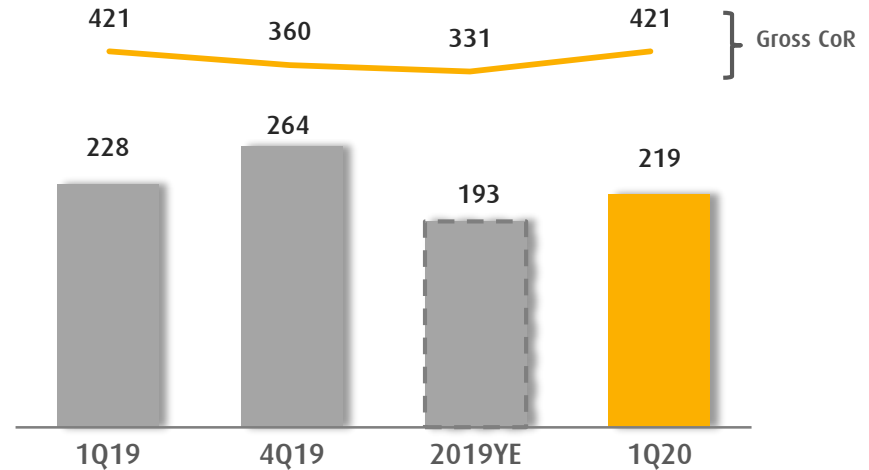
Provisioning levels further increased proactively

NPL (TL million)*

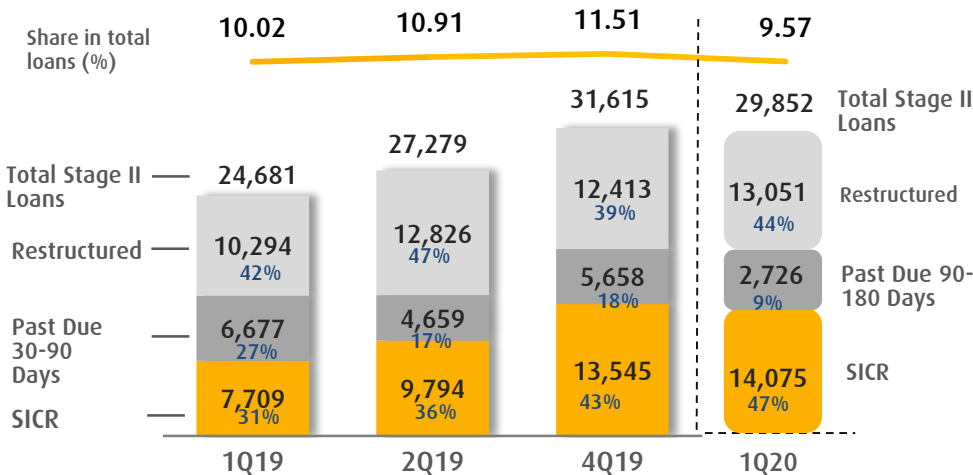


The impact of write-off on NPL ratio is **26 bps****

Net Cost of Risk* (bps)



Stage II Loans Breakdown (TL million)



Coverage Ratios (%)

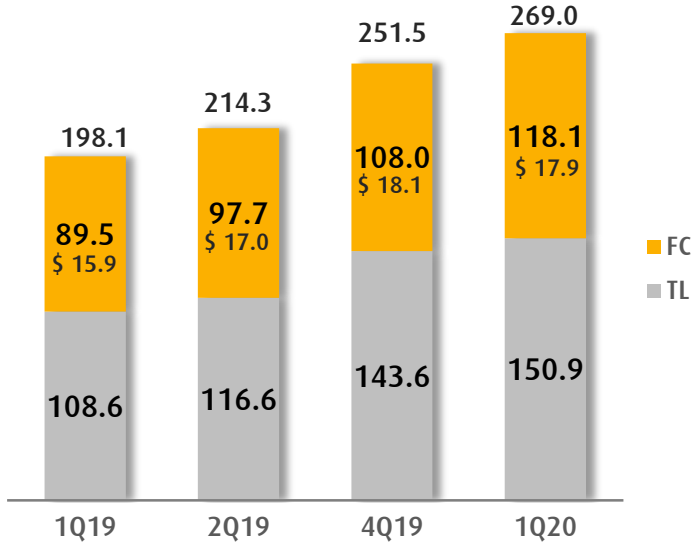
	1Q19	4Q19	1Q20
Stage I	0.7	0.7	0.7
Stage II	7.3	5.9	7.3
Stage III	73.8	70.4	70.1
Total	102.5	90.4	93.3

TL 852 million free provision

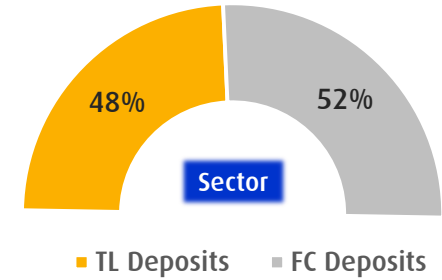
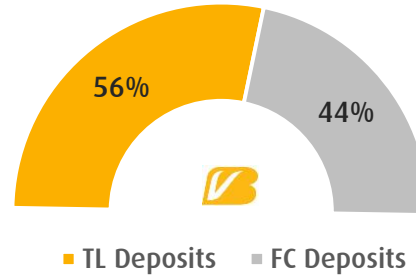
Total coverage ratio further increased to **93.3%** from 90.4% in 2019YE.

Increased share of demand deposits on the back of higher business volumes

Total Deposits (TL billion)

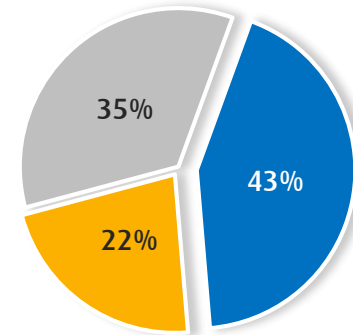
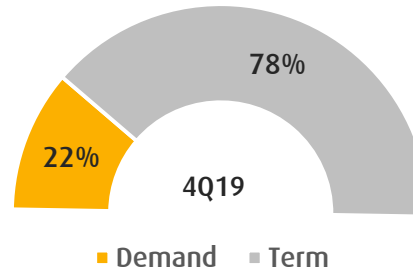


Breakdown of Deposits



The share of customer deposit is **58%** in total liabilities

Share of demand deposits in total increased to **%22** vs. 20% in 4Q19

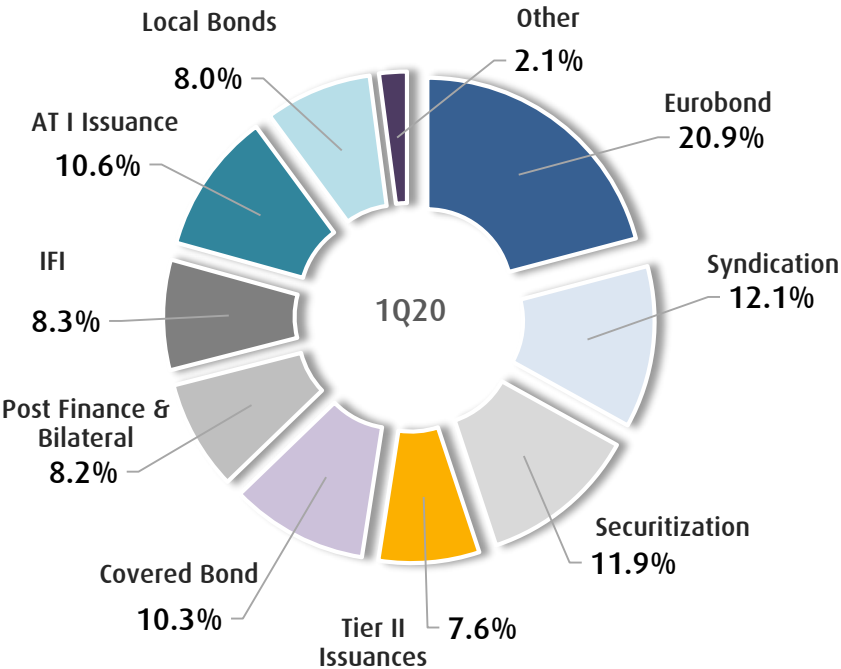


	VB QoQ	Sector QoQ	VB YoY	Sector YoY
Total Deposits Growth	6.9%	8.9%	35.8%	26.7%
TL Deposits Growth	5.1%	7.3%	38.9%	32.2%
FC Deposits Growth (\$)	-1.2%	-0.1%	12.9%	4.3%

■ Retail Deposit ■ State Deposit ■ Other

The highest amount of international funding provided YtD in Turkish banking sector

Breakdown of Wholesale Funding



In January 2020, VakıfBank issued a new Eurobond with an amount of **USD 750 million**, the largest amount ever with a maturity of 5 years

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

In April 2020, VakıfBank provided a syndication loan amounting **USD 950 million** equivalent in total with 90% roll-over ratio, which is one of the highest so far

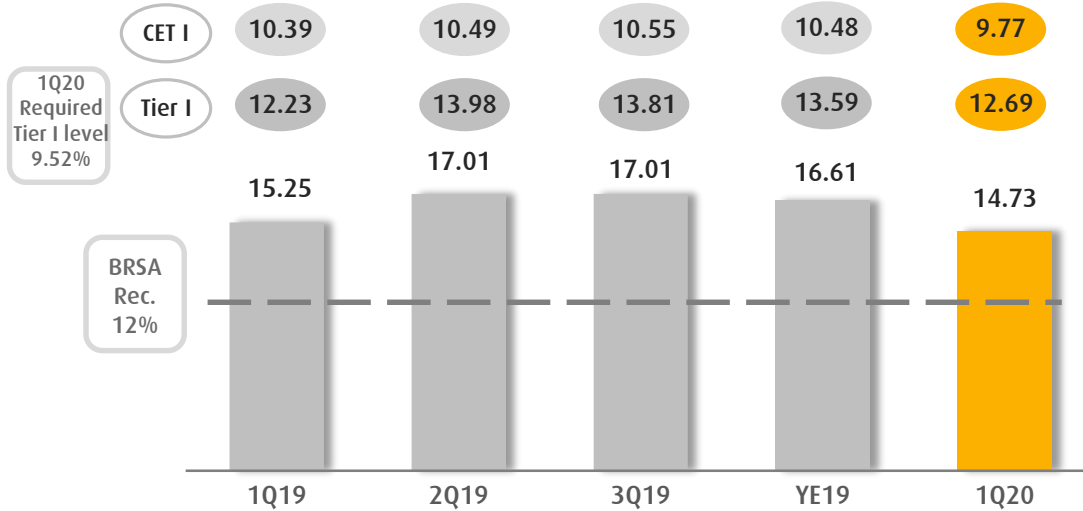
Share of total international funding in total liabilities
~19% in 1Q20

~USD 14 billion
Total international funding*

Bilateral and post-financing transactions with correspondent banks amounting
~USD 470 million YtD

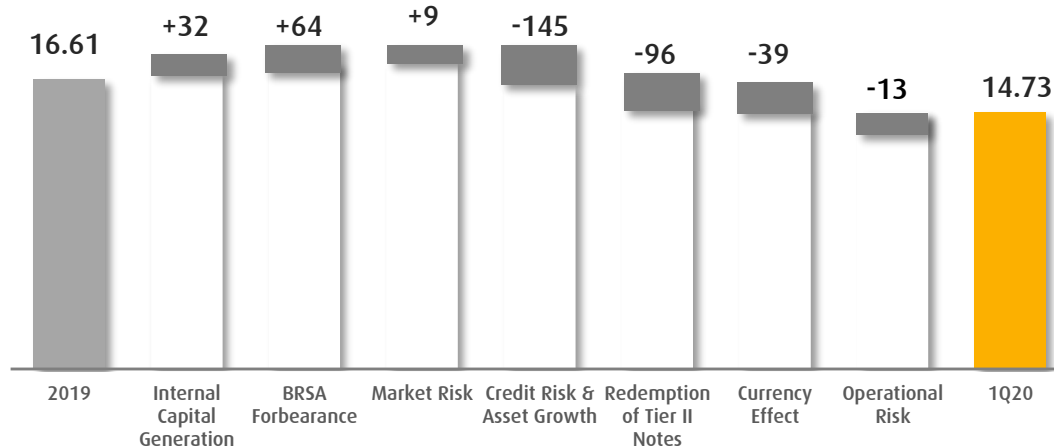
Solvency Ratios

Capital Adequacy Ratio (%)



Solvency ratios without forbearances (% - 1Q20)

CAR	14.09
Tier I	12.05
CET I	9.13



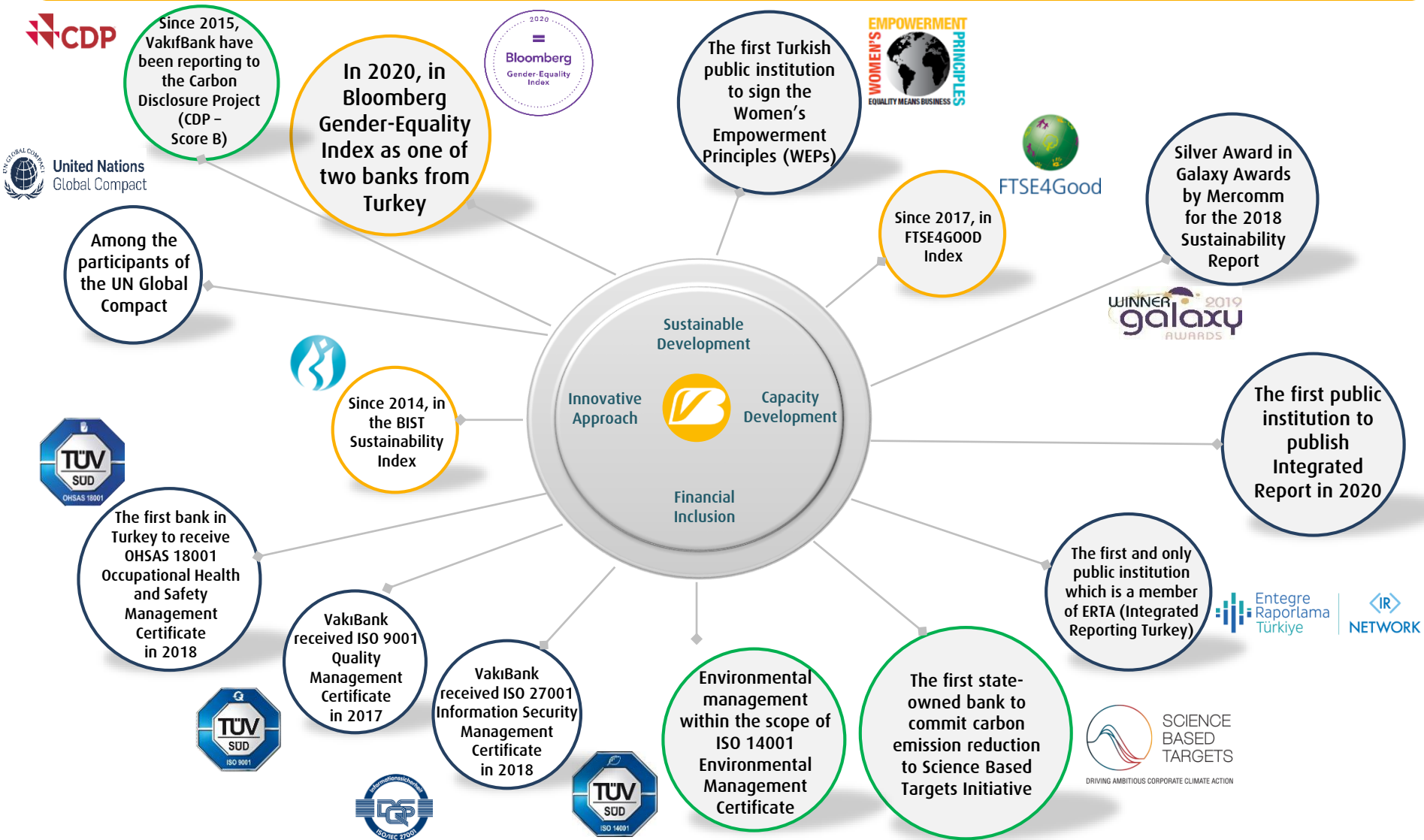
The impact of BRSA forbearances;
~64 bps

- a) Using 2019 year end exchange rate while calculating RWAs: **+51 bps**
- b) Disregarding MtM losses on security portfolios: **+13 bps**

Appendix

Pg. 16	Further strengthened sustainable banking approach in the global platforms
Pg. 17	Precautions against Covid-19 pandemic
Pg. 18	Effective and smooth utilization of digital platforms thanks to strong infrastructure
Pg. 19	Composition of Assets&Liabilities
Pg. 20	Well Balanced Securities Portfolio
Pg. 21	Retail Lending Portfolio
Pg. 22	Diversified Funding Sources via Non-Deposit Funding
Pg. 23	Unconsolidated Key Financial Ratios
Pg. 24	Unconsolidated Balance Sheet
Pg. 25	Unconsolidated Income Statement

Further strengthened sustainable banking approach in the global platforms



Precautions against COVID-19 pandemic

For our employees;

- ✓ Suspension of travels and cancellation of face-to-face meetings, trainings, customer visits and internship programs as of the beginning of March
- ✓ Transition to remote working on a rotation basis since mid-March depending on workload of departments
- ✓ Administrative leave for the employees who is pregnant or breast-feeding and who has chronic disease or handicap and evaluated to be vulnerable to the virus
- ✓ Social distance was encouraged at all locations with signals and barriers
- ✓ Enhanced security & safety measures (i.e. minimum number of employees & reduced branch density, monitoring with thermal cameras, providing hand sanitizer, masks, shields, thermometers etc.)

For our customers;

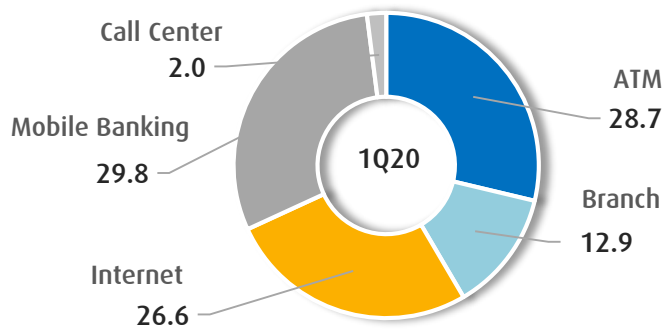
- ✓ TL 50 million donation to the Covid-19 related national campaign
- ✓ Loan restructuring and loan deferments of principal and interest payments with grace period upon request;
 - ~346.000 retail customers amounting TL 17.7 billion loans
 - ~43.000 SME, corporate & commercial customers amounting TL 23.5 billion loans
- ✓ Additional limits for SME and commercial customers
- ✓ Economic support loan packages for commercial and retail customers mostly under CGF guarantee.
- ✓ Fee exceptions for money transactions via alternative distribution channels
- ✓ Postponing installments and extending maturities also available on digital channels
- ✓ Increased daily cash withdrawal limits at ATMs to TL 5,000 and the limit of contactless payment to TL 250
- ✓ Health and hygiene measures for customers visiting branches


Effective and smooth utilization of digital platforms thanks to strong infrastructure

Non-branch transaction
share as of March-end
~87%

Non-branch transaction
share as of April-end
~91%

of transactions via mobile banking increased
42%
in April 2020 compared to 1Q20 monthly average



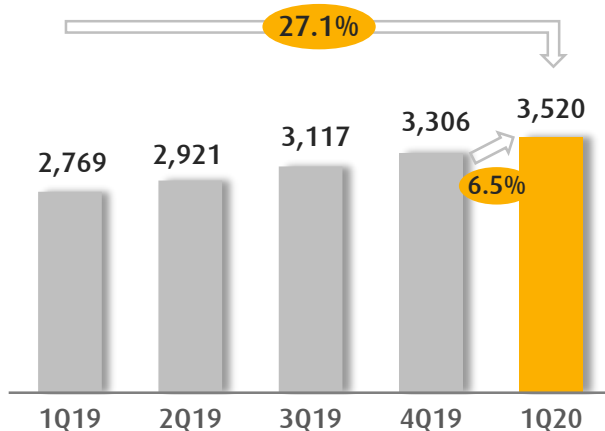
 **940**
Branches

 **4,256**
ATMs

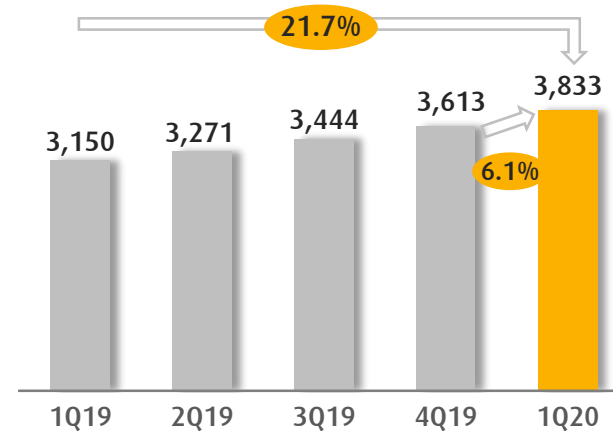
 **3,833K**
Active Online
Banking
Customers

 **3,520K**
Active Mobile
Customers

Active Mobile Banking Customers (#thousand)*

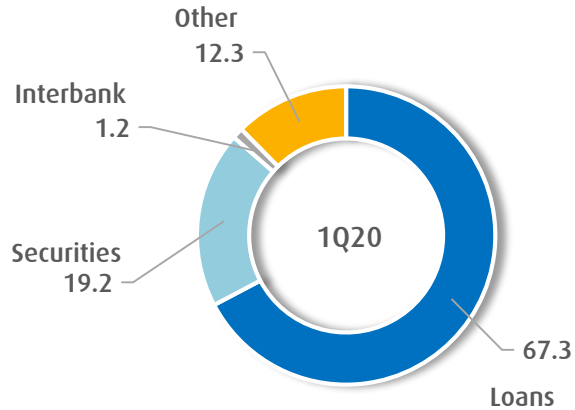


Active Internet Banking Customers (#thousand)*



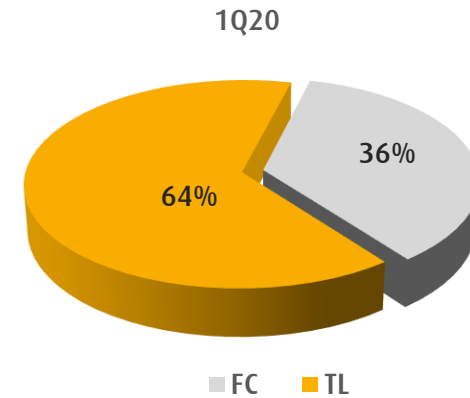
Composition of asset&liabilities

Breakdown of Assets (%)

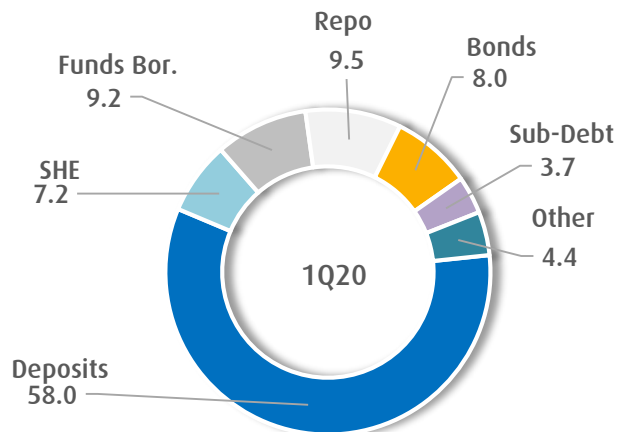


The share of IEA
87.6%
in total assets

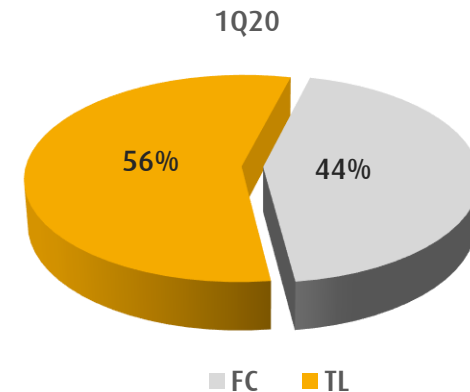
TL/FC Mix in Total Assets



Breakdown of Liabilities (%)

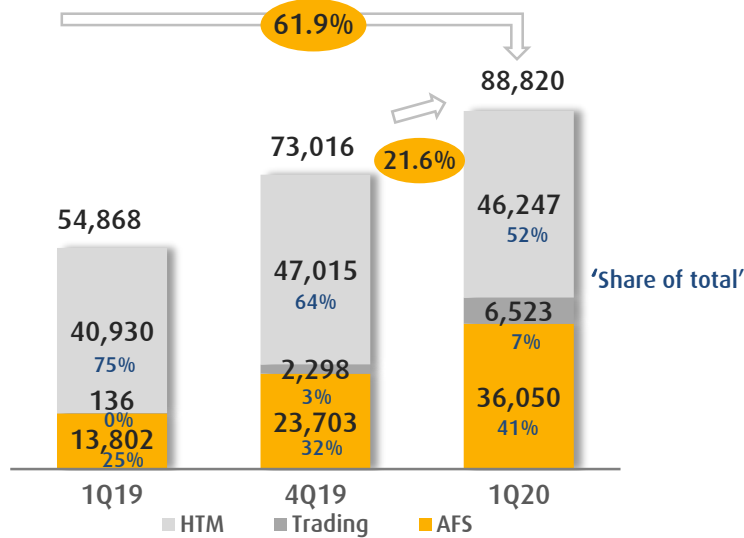


TL/FC Mix in Total Liabilities



Well balanced security portfolio

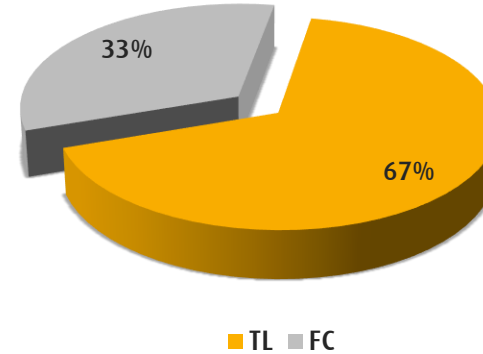
Total Securities (TL million)



Portfolio Structure

Breakdown of FC Securities

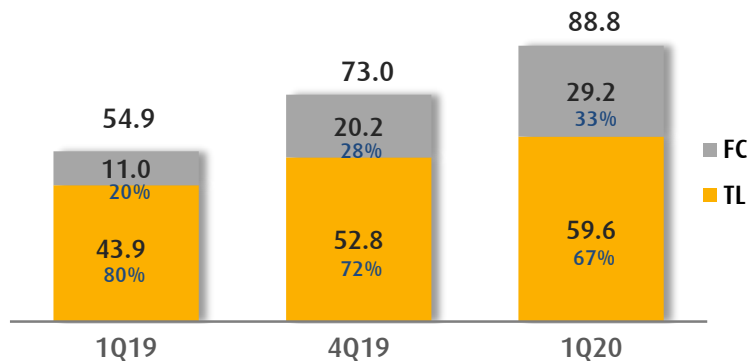
□ Share of Fixed: 100%



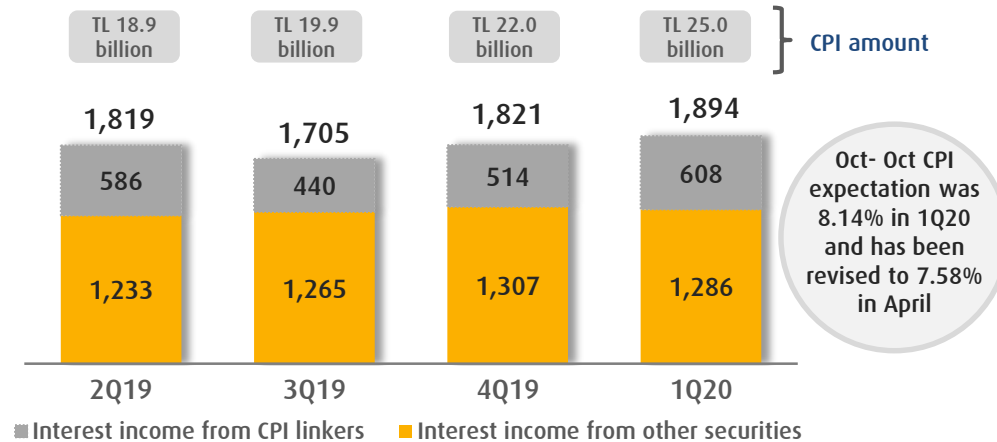
Breakdown of TL Securities

- Share of Fixed: 41%
- Share of Floating: 16%
- Share of CPI Linkers: 43%

Security Breakdown (TL billion)

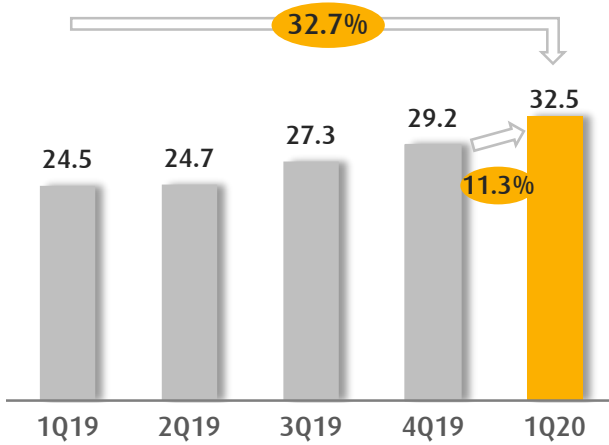


Breakdown of Interest Income from Securities (TL million)

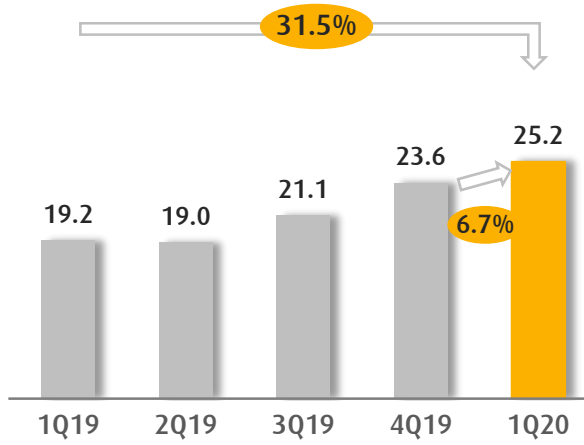


Retail lending portfolio

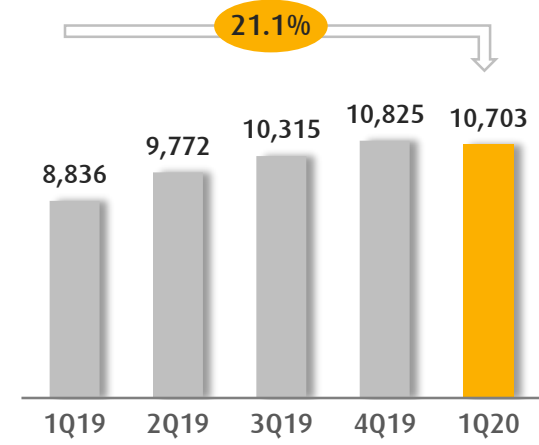
General Purpose Consumer (TL billion)



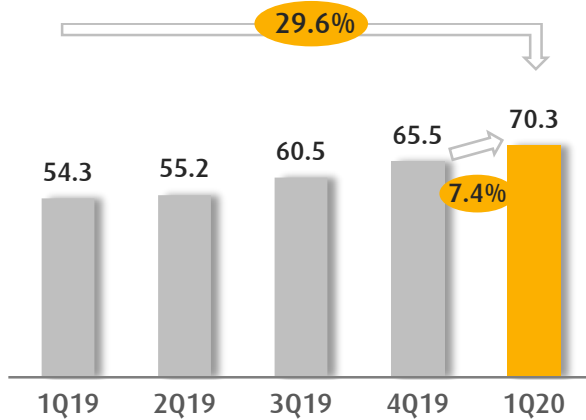
Residential Mortgages (TL billion)



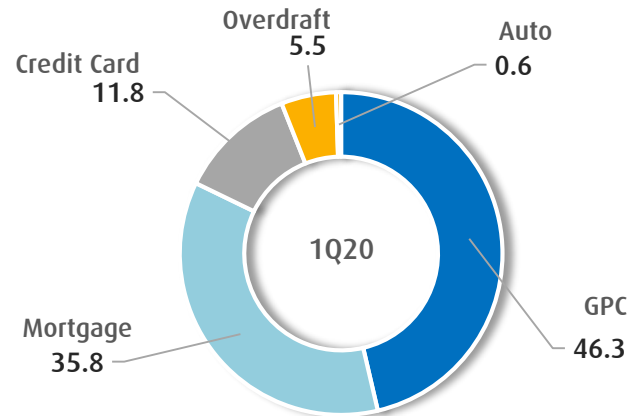
Credit Card Loans (TL million)*



Total Retail (TL billion)



Breakdown of Retail Loans (%)



Total Customers

23.4 million

Total Payroll Customers

2.4 million

Diversified funding sources via non-deposit funding

Syndication

USD 2.3 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
- **Apr'18:** USD 100 million equivalent syndicated loan, Libor +2.10% for two years, 35 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 1.3 billion outstanding

- **World Bank:** outstanding funding USD 233.2 million.
- **EBRD:** outstanding funding USD 156.5 million (USD 101.6 million under DPR Program and EUR 50 million under Covered Bond Program included).
- **EIB:** outstanding funding USD 646.6 million.
- **KfW:** outstanding funding USD 219.5 million.
- **AFD:** outstanding funding USD 87.8 million.

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 1.71 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 7.6 billion outstanding

Unconsolidated Key Financial Ratios

	1Q19	2019YE	1Q20
Profitability			
ROAE	9.1%	9.1%	20.6%
ROAA	0.8%	0.7%	1.6%
Cost / Income	32.1%	35.8%	26.1%
Cost / Assets	1.7%	1.6%	1.6%
Fee / Cost	63.2%	60.1%	55.2%
Liquidity			
Loans / Deposits	124.3%	109.2%	116.0%
<i>TL Loans / Deposits</i>	145.5%	129.2%	141.5%
Liquidity Coverage Ratio (Total)*	118.9%	130.2%	126.8%
<i>FC Liquidity Coverage Ratio*</i>	353.5%	510.4%	500.8%
Asset Quality			
NPL Ratio	4.60%	5.93%	5.30%
Coverage Ratio	73.79%	70.36%	70.08%
Net Cost of Risk	2.28%	1.93%	2.19%
Solvency			
CAR	15.25%	16.61%	14.73%
Tier I Ratio	12.23%	13.59%	12.69%
Leverage	11.7x	11.7x	12.9x

Unconsolidated Balance Sheet

	1Q19		2019YE		1Q20		TL		USD	
(thousand)	TL	USD	TL	USD	TL	USD	Δ YoY	Δ QoQ	Δ YoY	Δ QoQ
Assets										
Cash & Balances with Central Bank	30,451,373	5,399,180	36,495,220	6,128,500	22,680,000	3,441,578	(25.5%)	(37.9%)	(36.3%)	(43.8%)
Interbank	5,546,267	983,381	5,861,343	984,273	5,468,693	829,847	(1.4%)	(6.7%)	(15.6%)	(15.7%)
Securities	54,867,564	9,728,291	73,016,285	12,261,341	88,819,821	13,477,970	61.9%	21.6%	38.5%	9.9%
Loans	246,252,652	43,661,818	274,776,822	46,142,204	312,013,897	47,346,570	26.7%	13.6%	8.4%	2.6%
Subsidiaries & Investments	3,004,780	532,762	2,801,276	470,407	2,745,010	416,542	(8.6%)	(2.0%)	(21.8%)	(11.5%)
Property & Equipment	2,911,934	516,300	3,018,660	506,912	4,141,995	628,527	42.2%	37.2%	21.7%	24.0%
Other	20,189,521	3,579,702	23,455,947	3,938,866	27,834,749	4,223,786	37.9%	18.7%	18.0%	7.2%
Total Assets	363,224,091	64,401,435	419,425,553	70,432,503	463,704,165	70,364,820	27.7%	10.6%	9.3%	(0.1%)
Off-B.S. Liabilities & SHE										
Deposits	198,123,939	35,128,358	251,530,899	42,238,606	268,969,178	40,814,746	35.8%	6.9%	16.2%	(3.4%)
Funds Borrowed	41,012,738	7,271,762	41,078,550	6,898,161	42,796,247	6,494,119	4.3%	4.2%	(10.7%)	(5.9%)
Repo	30,708,633	5,444,793	24,174,182	4,059,476	44,198,451	6,706,897	43.9%	82.8%	23.2%	65.2%
Securities Issued	28,564,108	5,064,558	29,176,369	4,899,474	36,874,698	5,595,554	29.1%	26.4%	10.5%	14.2%
Other	51,405,591	9,114,466	54,220,100	9,104,971	53,542,816	8,124,858	4.2%	(1.2%)	(10.9%)	(10.8%)
Subordinated Loans	13,409,082	2,377,497	19,245,453	3,231,814	17,322,775	2,628,646	29.2%	(10.0%)	10.6%	(18.7%)
Shareholders' Equity	28,615,328	5,073,640	33,026,273	5,545,974	33,465,727	5,078,259	17.0%	1.3%	0.1%	(8.4%)
Guarantees	69,305,153	12,288,148	77,336,042	12,986,741	82,117,761	12,460,965	18.5%	6.2%	1.4%	(4.0%)
Commitments	76,161,093	13,503,740	82,372,881	13,832,558	87,533,182	13,282,729	14.9%	6.3%	(1.6%)	(4.0%)
Derivatives	147,781,873	26,202,460	174,863,843	29,364,205	196,391,973	29,801,513	32.9%	12.3%	13.7%	1.5%

Unconsolidated Income Statement

(TL-thousand, %)	1Q19	4Q19	1Q20	Δ YoY	Δ QoQ
Net Interest Income	2,344,772	4,597,974	4,908,397	109.3%	6.8%
Net Fee & Com. Income	978,559	1,047,406	1,021,291	4.4%	(2.5%)
Dividend Income	1,337	135	151,402	11224.0%	112049.6%
Net Trading Income	128,934	-561,886	-641,828	(597.8%)	14.2%
Other Income	1,369,707	786,611	1,657,433	21.0%	110.7%
Total Revenues	4,823,309	5,870,240	7,096,695	47.1%	20.9%
Operating Expenses	-1,548,067	-1,772,222	-1,850,474	19.5%	4.4%
Provisions	-2,493,625	-2,422,262	-3,118,400	25.1%	28.7%
Tax Provisions	-130,395	-395,458	-411,651	215.7%	4.1%
Net Income	651,222	1,280,298	1,716,170	163.5%	34.0%

For Earnings
Presentations:



For VakıfBank IR
Application:



A member of BIST Sustainability Index



FTSE4Good

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