

Investor Presentation



August 2024

Appendix

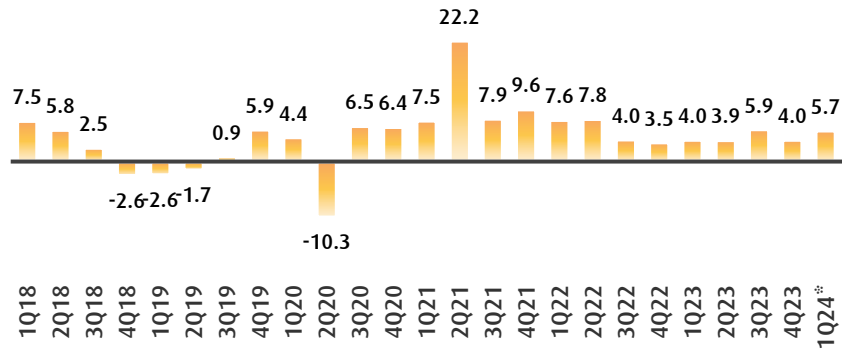
Macroeconomic Overview

VakıfBank at a Glance & Key Highlights

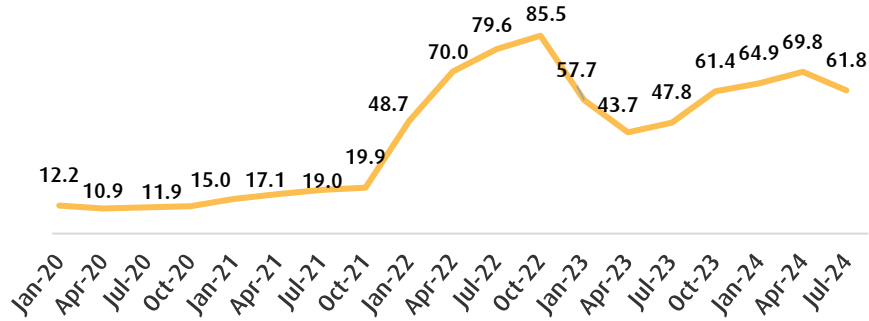
Financial Statements

Macro trends

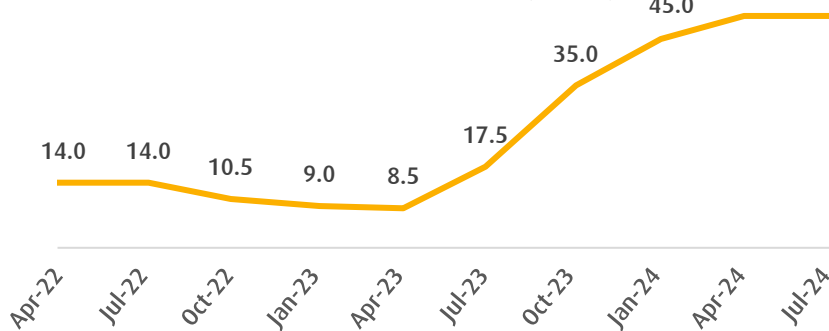
GDP (y-y, %)



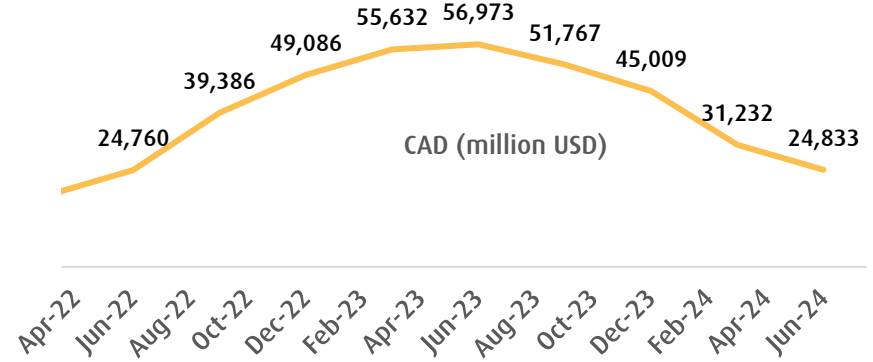
CPI (y-y, %)



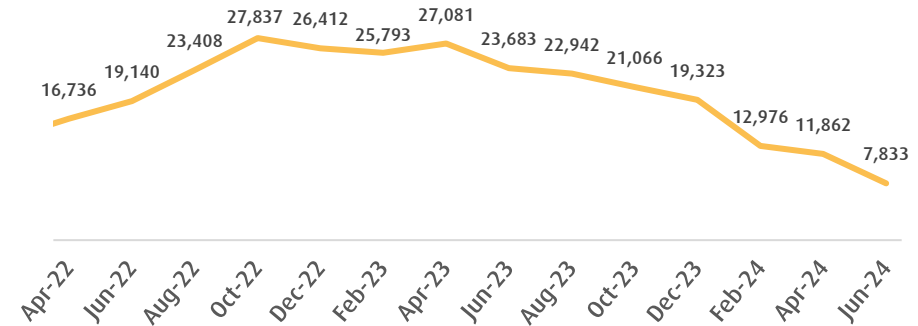
CBRT 1 Week Repo Rate (y-y, %)



CAD (million USD)



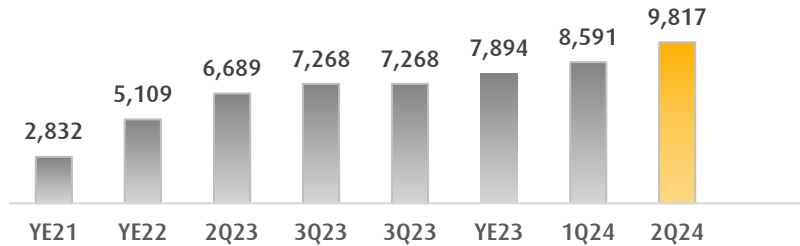
CAD without net gold import (million USD)



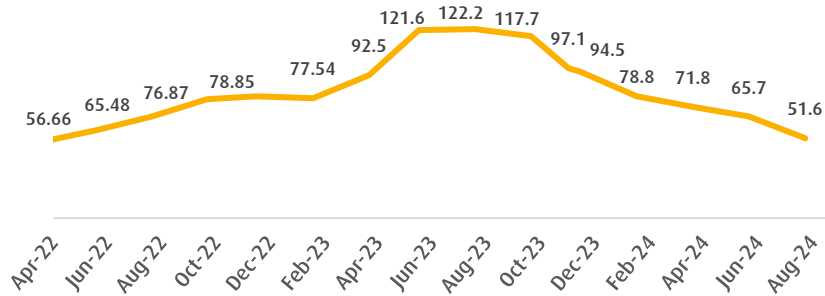
	1Q24	2Q24	Current	2024 Exp.
CA Balance/GDP (%)	5.7	-	-5.7 (1Q24)	4.0
Unemployment Rate (%)	9.3	8.4	8.9 (Jun.24)	10.3
Budget Balance/GDP (%)	-5.4	-	5.4 (1Q24)	-5.3
Trade Deficit (\$ billion)	-20.3	-22.3	-42.6 (2Q24)	-112
Manufacturing PMI	50.0	47.9	47.2 (Jul.24)	--

Turkish Banking Sector

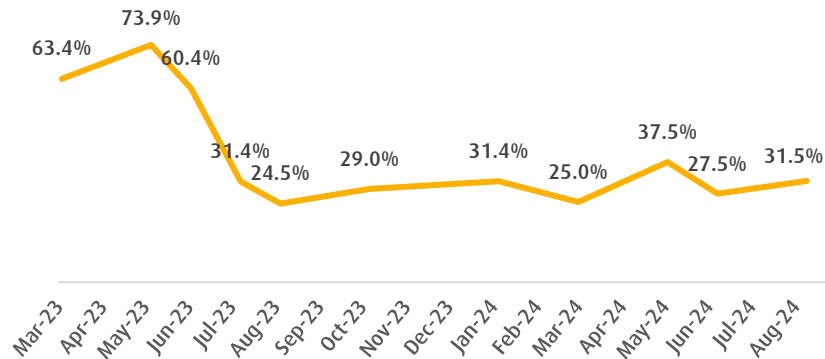
TL Performing Loans (TL billion)



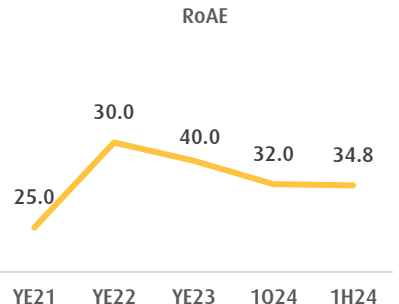
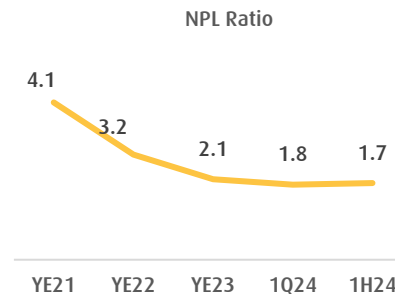
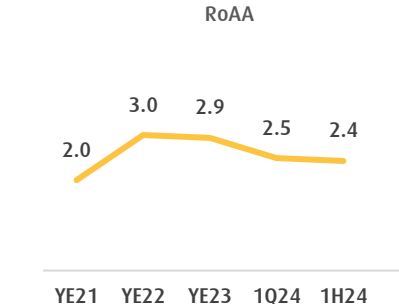
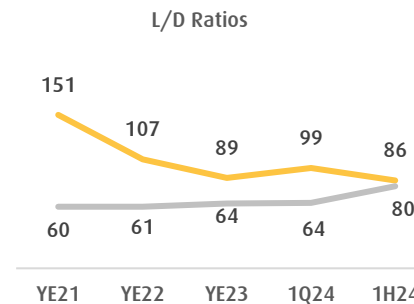
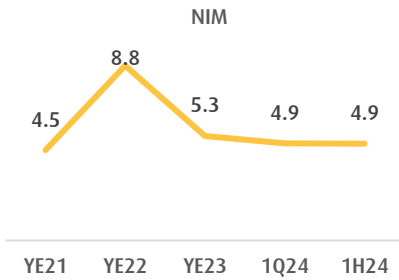
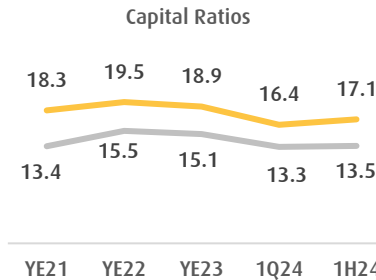
FX Indexed Deposit KKM (USD million)



13 weeks Annulized TL Loan Growth (%)

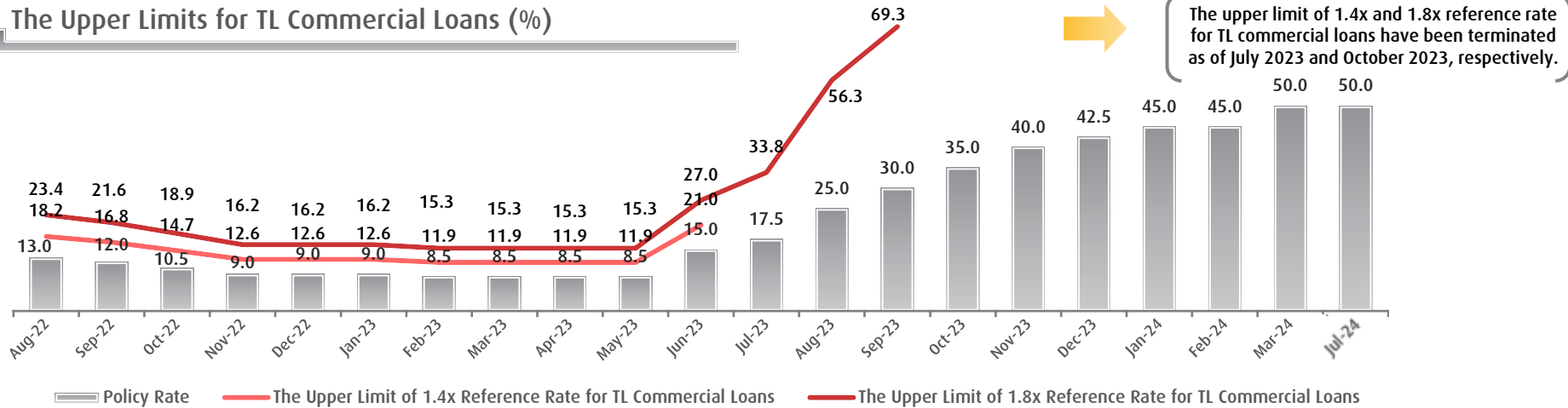


Turkish Banking Sector Key Ratios (%)

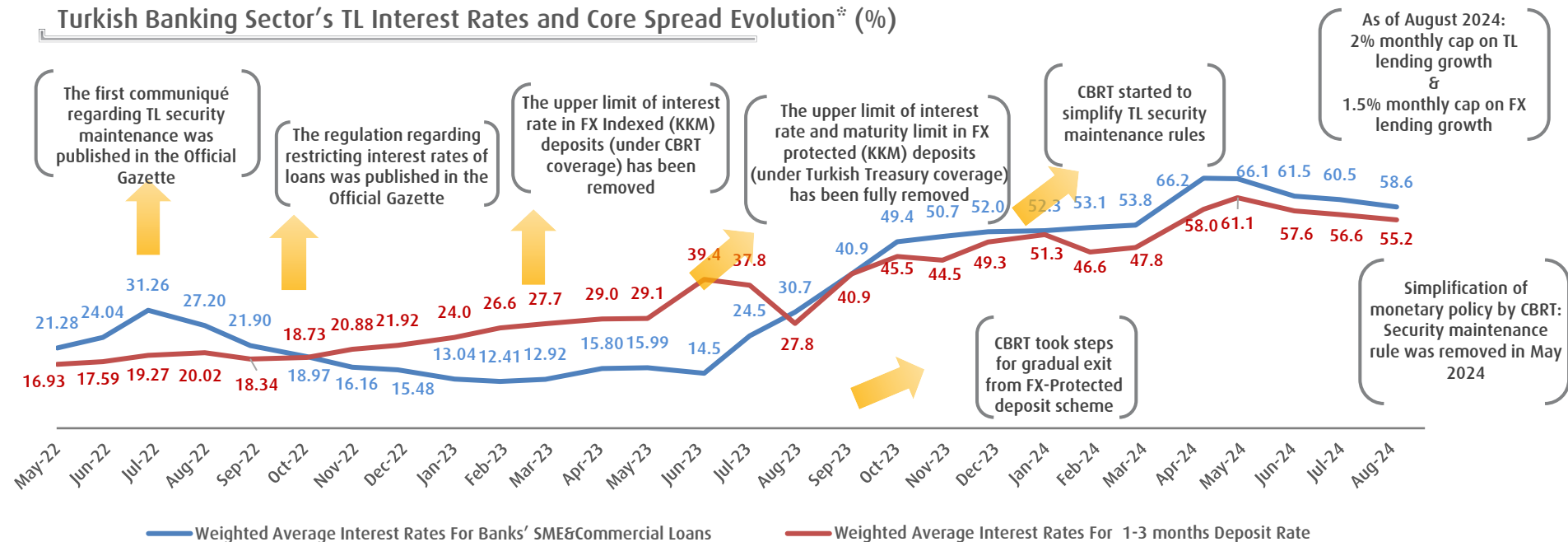


TL core spreads in Turkish banking sector

The Upper Limits for TL Commercial Loans (%)



Turkish Banking Sector's TL Interest Rates and Core Spread Evolution* (%)



Appendix

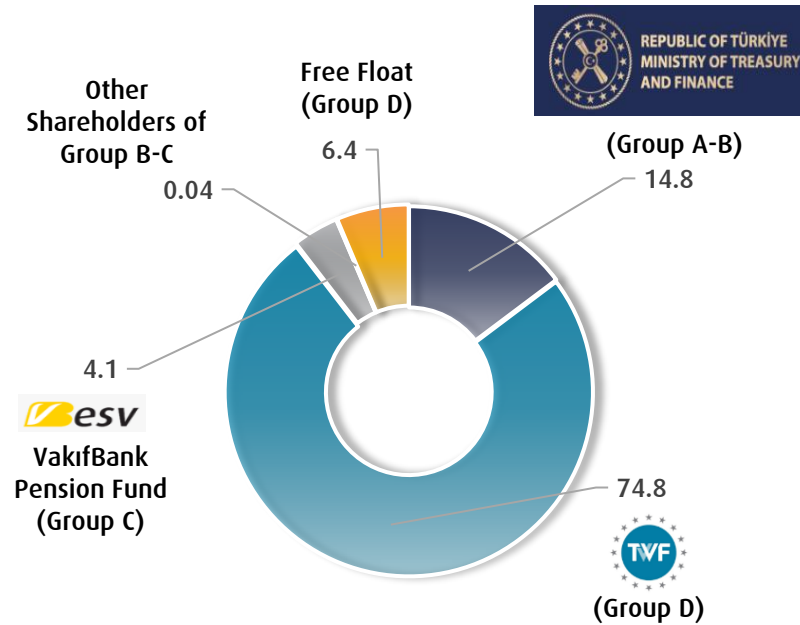
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 **VakıfBank at a Glance & Key Highlights**

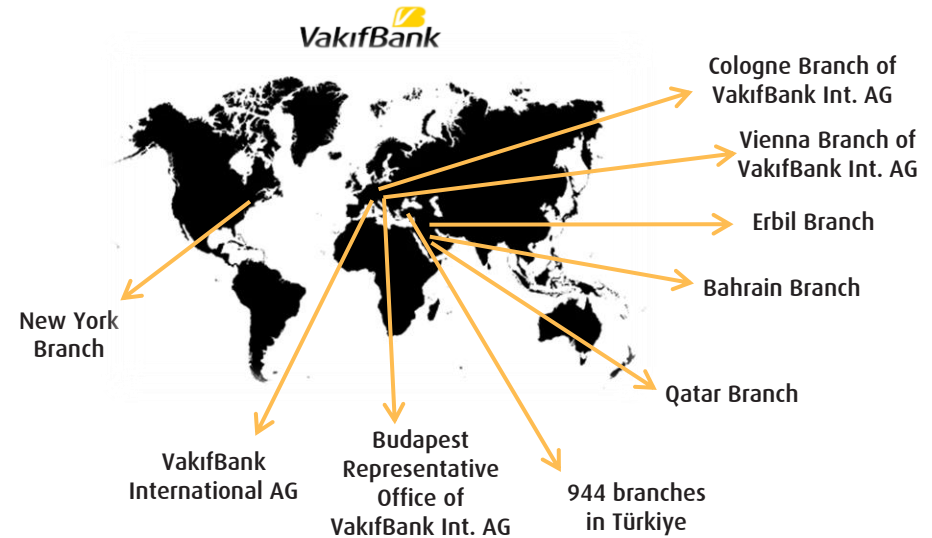
 Financial Statements

Ownership Structure & Overseas Activities

Ownership Structure as of 2Q24 (%)



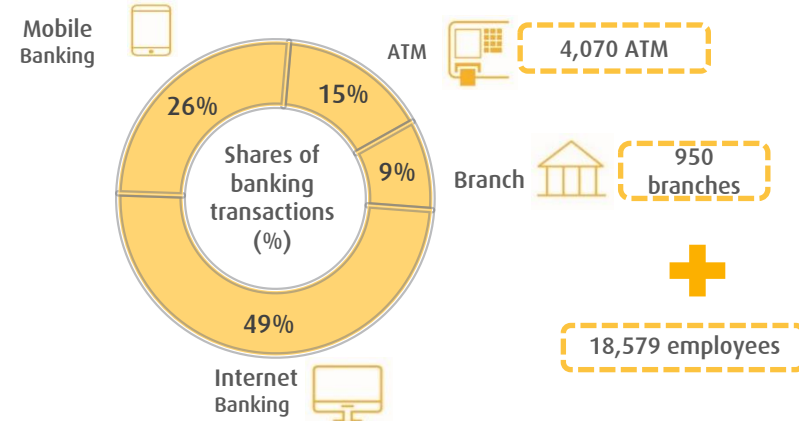
Strong Local Franchise & International Presence in 7 countries



Distribution Channels and VakıfBank with numbers as of 2Q24

The **second largest commercial bank** of Türkiye in terms of asset size

- VakıfBank has **4** international branches located in New York, Bahrain, Erbil and Qatar
- VakıfBank operates in Austria via its subsidiary, **VakıfBank International AG**, which has branches in Vienna, Cologne and a representative office in Budapest



VakıfBank Financial Group Subsidiaries

Financial Subsidiaries

	Bank's Direct Share (%)	Consolidated Share (%)
 Vakıf Leasing	62.12	62.12
 Vakıf Faktoring	92.10	94.45
 Vakıf Yatırım	99.50	99.66
 VakıfBank International AG	100.00	100.00
 Vakıf GYO	53.77	53.77
 Vakıf Yatırım Ortaklığı	33.77	33.77
 Vakıf PayS	100.00	100.00

VakıfPays, contributing to Türkiye's financial ecosystem, has obtained permission to provide payment services and issue electronic money in November 2023.

Non-Financial Subsidiaries

	Bank's Direct Share (%)	Consolidated Share (%)
 Vakıf Enerji ve Madencilik	67.27	84.82
 www.tit.com.tr	52.43	52.43
 Vakıf Pazarlama	96.73	98.76
 Vakıf Gayrimenkul Değerleme	97.14	97.14

VakıfBank's financial subsidiaries provide real estate investment, leasing, securities trading, factoring, capital market and portfolio management services

Strategic Priorities

VakıfBank has **5 key** corporate strategic priorities with sub-strategic targets

- Providing widespread and cost-effective funding at a granular level
- Supporting manufacturing, export, employment-related loan growth
- Increasing number of customers and transactions via digital channels

- Enhancing sustainability efforts
- Increasing sustainability-linked funding sources
- Increasing sustainable loan products for its customers

- Increasing marketing efficiency
- Increasing transaction efficiency
- Focusing on high quality human capital



- Measuring internal and external stakeholders' satisfaction
- Improving data quality and managing data efficiently
- Increasing competition-focused R&D and innovation efforts
- Facilitating the transformation of developed products to intellectual property
- Ensuring information security

- Outperforming the peer group average with sustainable profitability ratios
- Managing non-interest income and costs efficiently

Ratings & Outstanding Eurobonds

Ratings

Moody's		Fitch Ratings		JCR Eurasia	
Long-Term FC Deposit	B1 (Positive)	National Long-Term Rating	AA (tur) (Stable)	LT International FC Issuer Credit Rating	BB (Stable)
Short-Term FC Deposit	NP	Long-Term FC IDR	B (Positive)	LT International LC Issuer Credit Rating	BB (Stable)
Long-Term LC Deposit	B1 (Positive)	Long-Term LC IDR	B+ (Positive)	LT National Issuer Credit Rating	AAA (tr) (Stable)
Short-Term LC Deposit	NP	Short-Term FC	B	ST National Issuer Credit Rating	J1+ (Stable)
BCA (Baseline Credit Assessment)	b2	Short-Term LC	B		
		Government Support Rating	b-		
		Viability Rating	b		

In July 2024, following the sovereign rating upgrade accordingly, Moody's changed the long term LT-FC Deposit to **B1** from **B3** and the outlook of VakıfBank remained **Positive**

Outstanding Eurobonds

Sustainability-Themed

- Format: Senior Unsec.
- Issuance date: Sep. 2023
- Size: USD 750m
- Maturity: 5 years 1 month
- Coupon rate: 9.000%

- Format: Senior Unsec.
- Issuance date: Sep. 2021
- Size: USD 500m
- Maturity: 5 years
- Coupon rate: 5.500%

- Format: Senior Unsec.
- Issuance date: Dec. 2020
- Size: USD 750m
- Maturity: 5 years
- Coupon rate: 6.500%

Conventional Senior Unsecured

- Format: Senior Unsec.
- Issuance date: Feb. 2020
- Size: USD 750m
- Maturity: 5 years
- Coupon rate: 5.250%

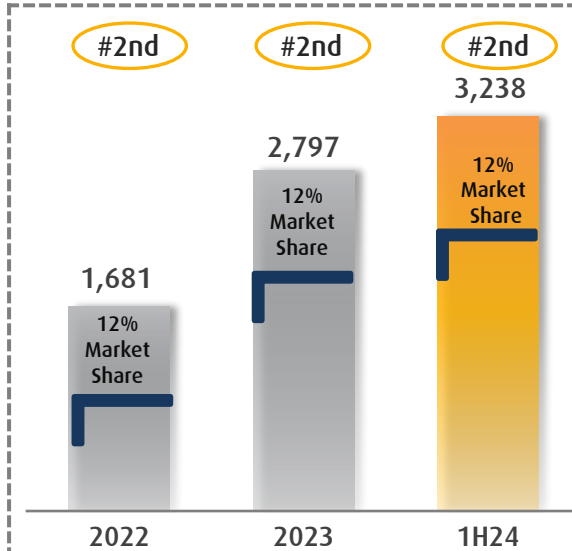
AT1 & Tier 2

- Format: AT-1
- Issuance date: Apr. 2024
- Size: USD 550m
- Maturity: PERPNC5.25
- Coupon rate: 10.250%

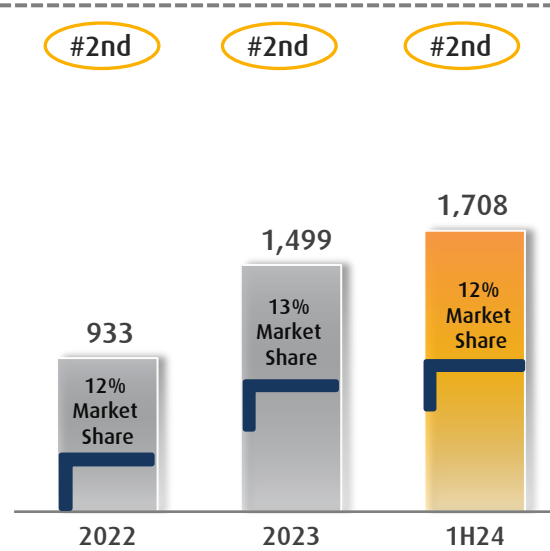
- Format: Tier 2
- Issuance date: Jun. 2024
- Size: USD 700m
- Maturity: 10.25NC5.25
- Coupon rate: 9.00%

Strong market shares in every field

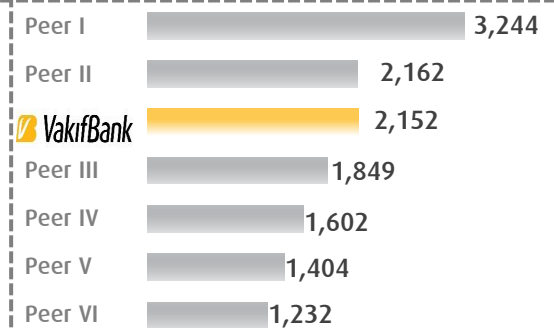
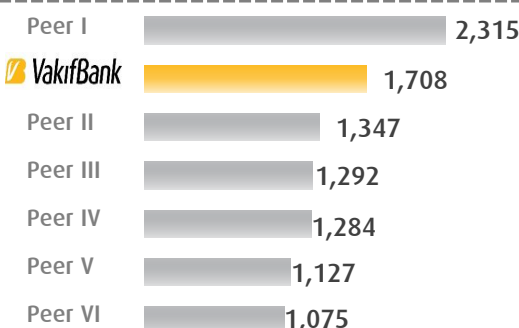
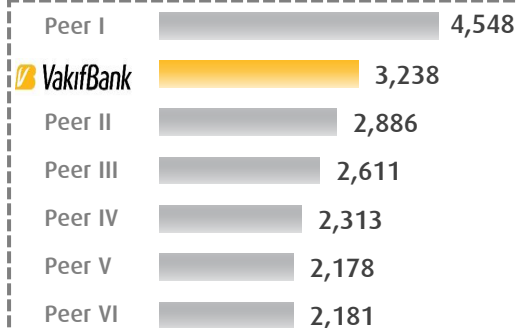
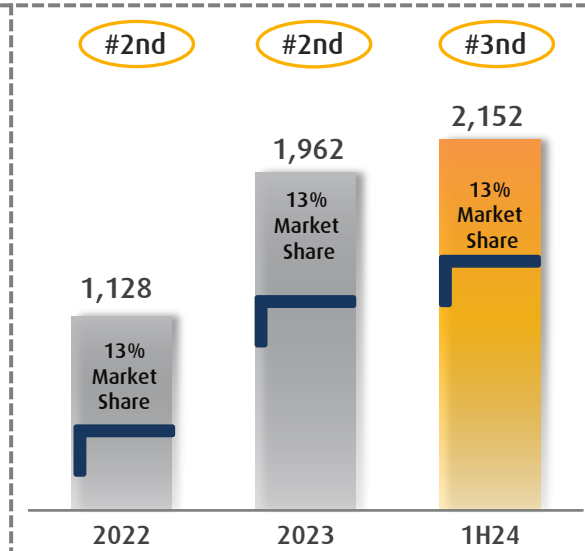
Asset (TL Million)



Loan (TL Million)



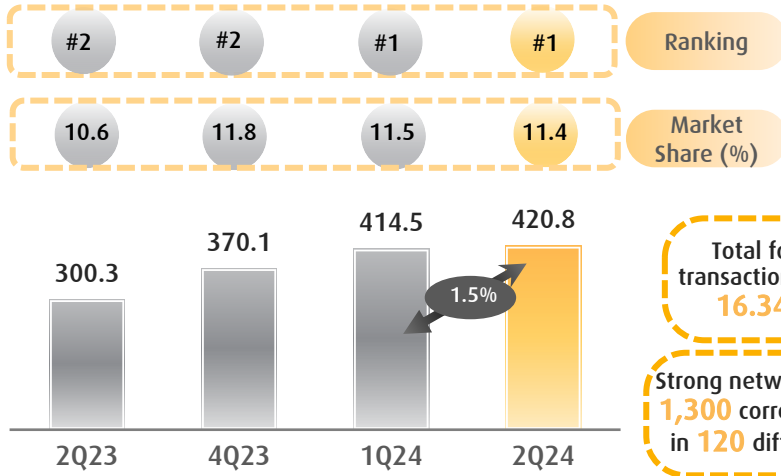
Deposit (TL Million)



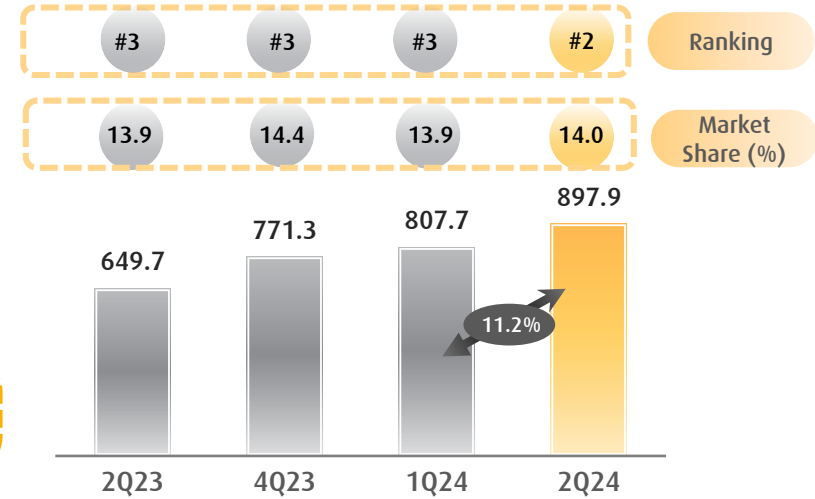
VakıfBank has been the 2nd biggest bank in Türkiye in terms of asset size since 2020 thanks to its market share gain in every field

Strong Positioning in Key Segments

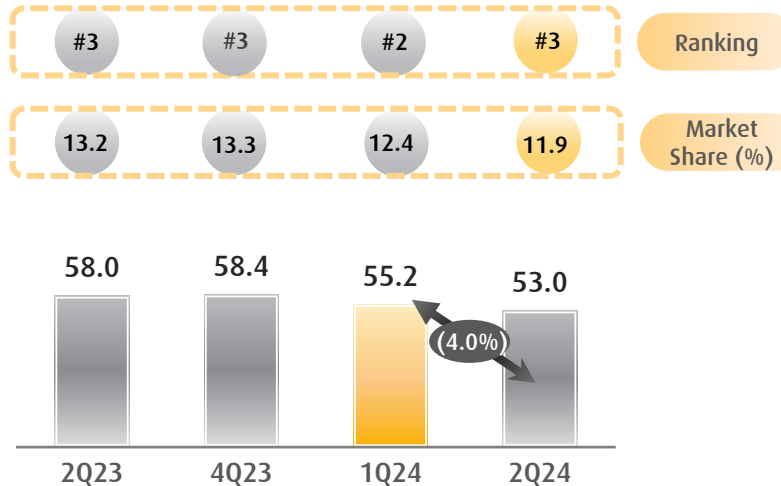
SME Loans (TL billion)



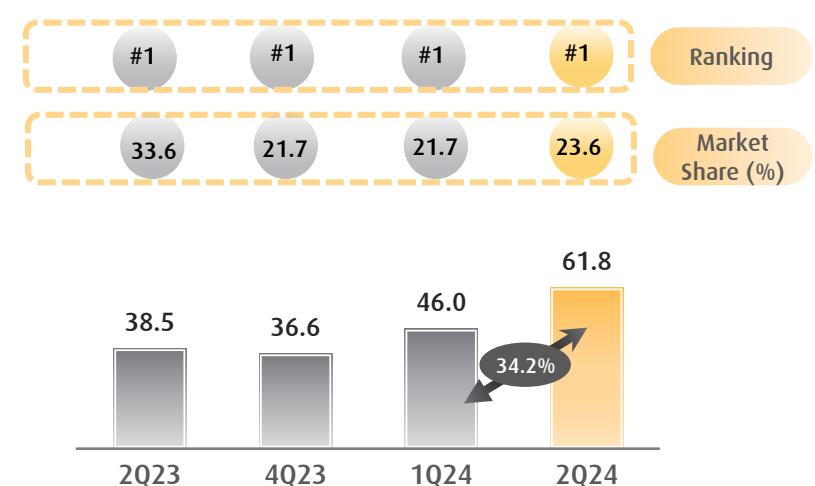
Commercial & Corporate Loans (TL billion)



Residential Mortgages (TL billion)

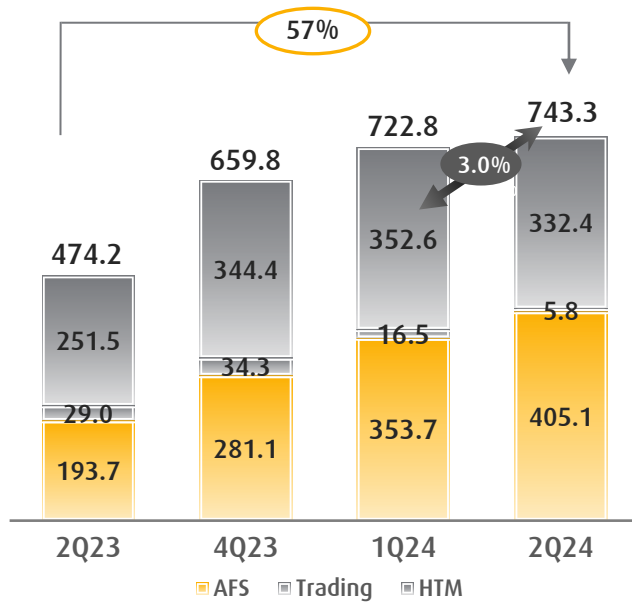


Retail Overdrafts (TL billion)

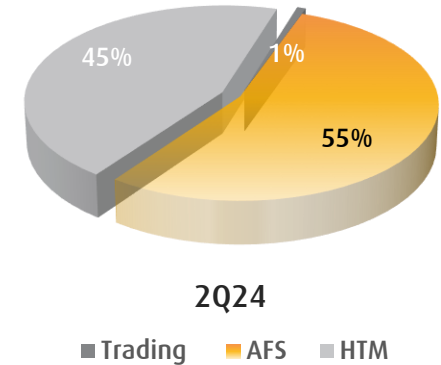
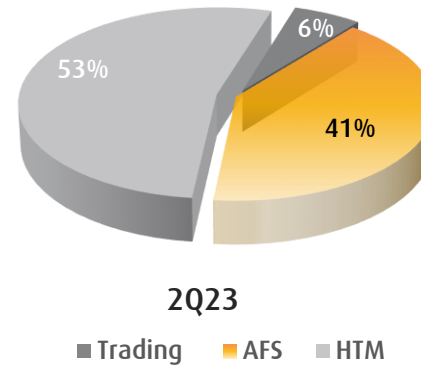


Well positioned TL security portfolio

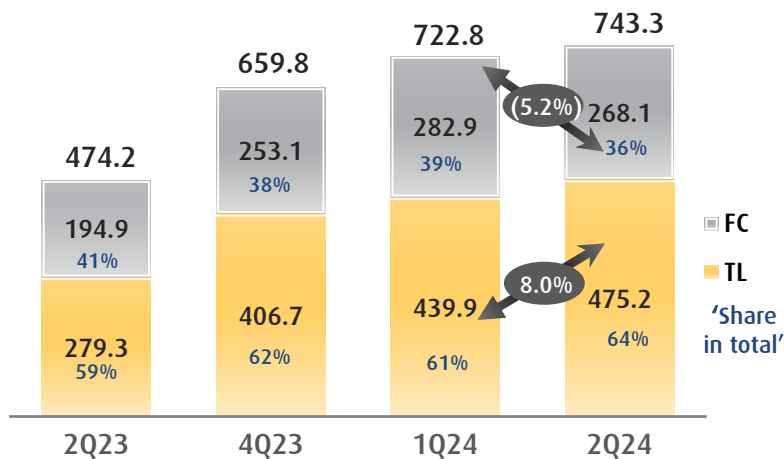
Total Securities (TL billion)



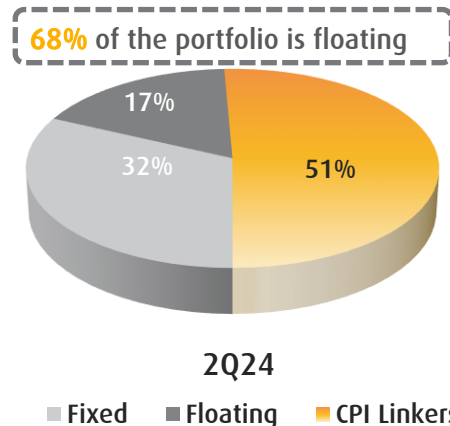
Portfolio Structure



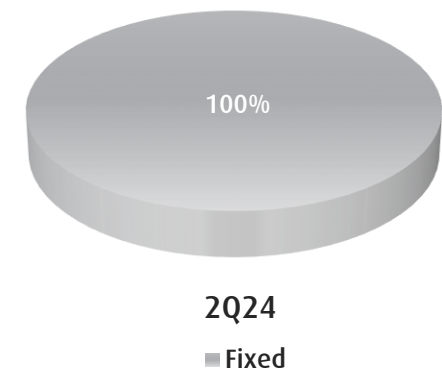
Security Breakdown (TL billion)



Breakdown of TL Securities

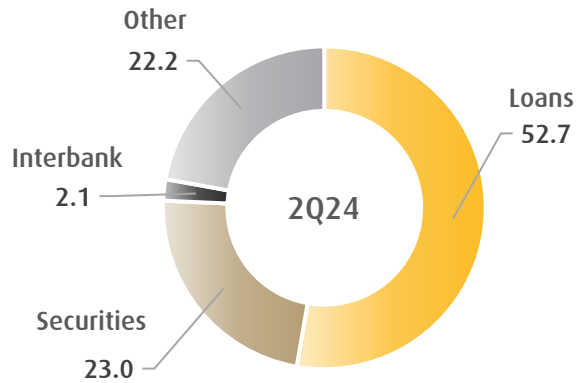


Breakdown of FC Securities



Composition of asset & liabilities

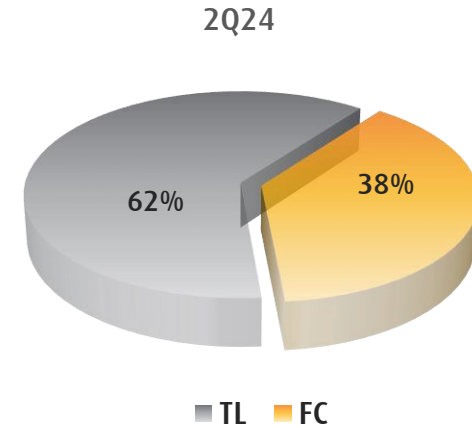
Breakdown of Assets (%)



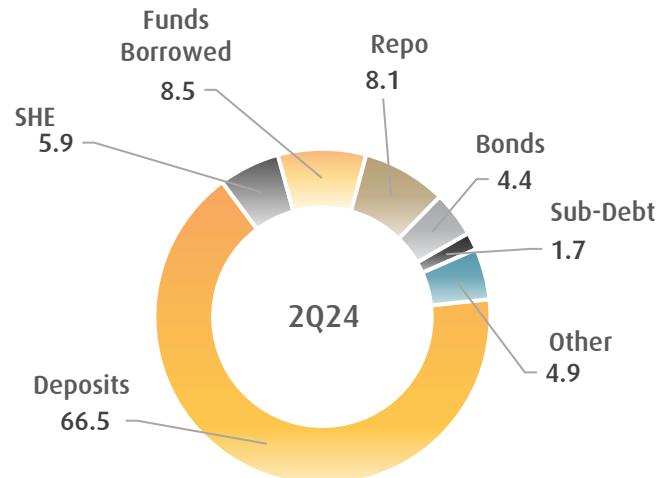
The biggest listed bank in terms of asset size with **12%*** market share

The share of IEA **78%** in total assets

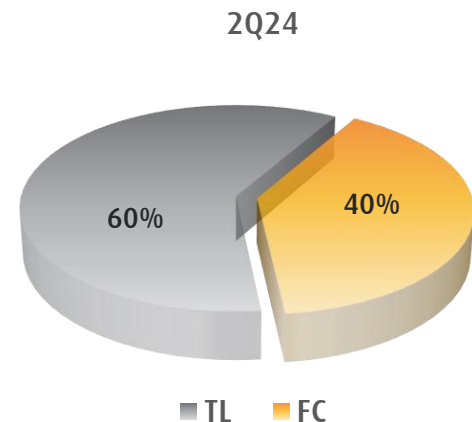
Currency Breakdown of Total Assets



Breakdown of Liabilities (%)



Currency Breakdown of Total Liabilities

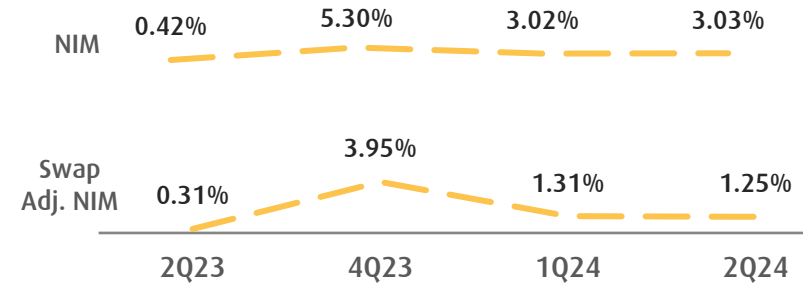


NIM, CPI linkers and money market funding

CPI Expectation

Oct-Oct CPI Exp.	2Q23 34%	3Q23 50.8%	4Q23 61.4%	1Q24 40.7%	2Q24 40.7%
CPI linker Income	~TL 10.3 billion	~TL 26.2 billion	~TL 33.1 billion	~TL 17.7 billion	~TL 20.4 billion
CPI Amount	~TL 141.5 billion	~TL 193.4 billion	~TL 212.4 billion	~TL 221.2 billion	~TL 239.1 billion
Share in equity	~103%	~126%	~124%	~120%	~125%
Avg. real rate	~2%	~0.5%	~0.2%	~0.1%	~0.1%

NIM (%)



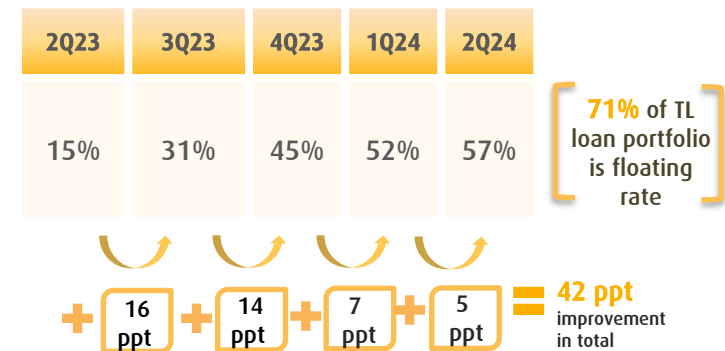
➤ Improvement on incremental TL core spreads will support NIM in 2H24

➤ Expected CPI income in 3Q24 is **TL 21 billion** with **40.7%** Oct-Oct CPI estimation

Total Money Market Funding

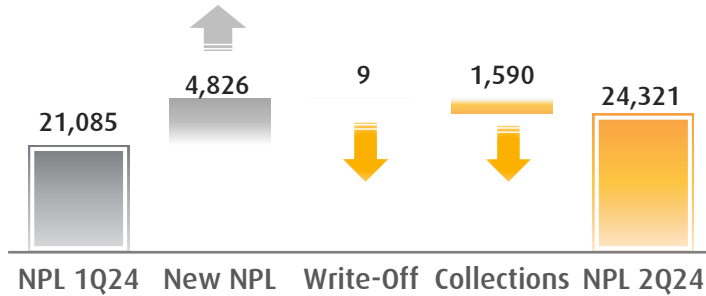
	2Q23	3Q23	4Q23	1Q24	2Q24
Avg. total money market funding	~TL 128 billion	~TL 162 billion	~TL 164 billion	~TL 138 billion	~TL 130 billion
Avg. cost of money market funding	9.3%	16.7%	27.0%	40.6%	46.6%
Avg. swap usage	~TL 51 billion	~TL 100 billion	~TL 145 billion	~TL 118 billion	~TL 108 billion
Swap cost	~TL 449 million	~TL 2.3 billion	~TL 7.3 billion	~TL 10.0 billion	~TL 10.9 billion

Avg. Interest Rate Evolution of TL Floating Loan Portfolio



Risks on asset quality faring, yet under control with healthy provisioning

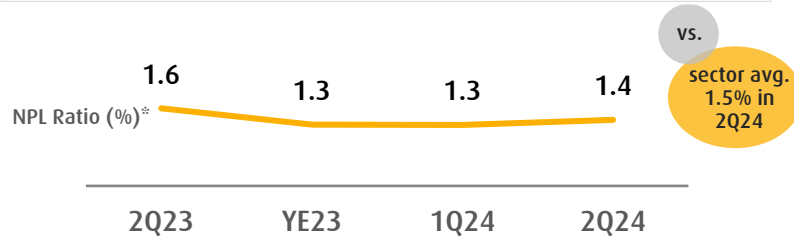
NPL (TL million)*



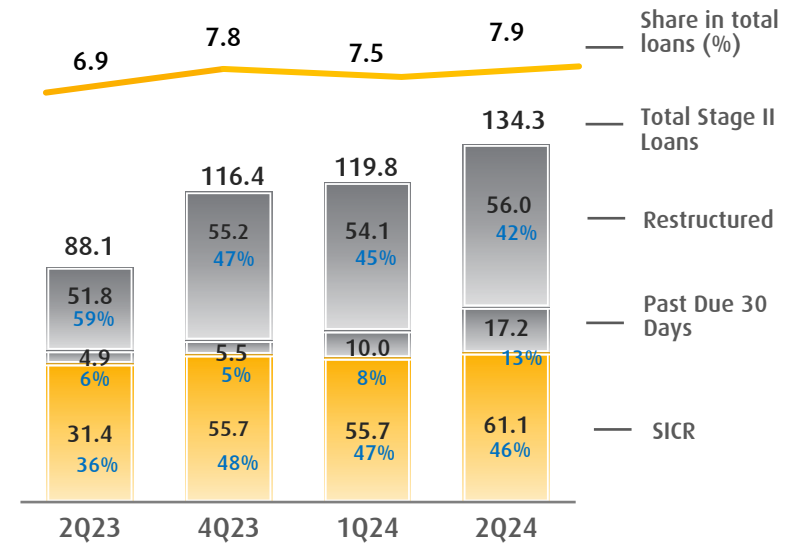
2Q24 NPL Inflow Breakdown (TL million)



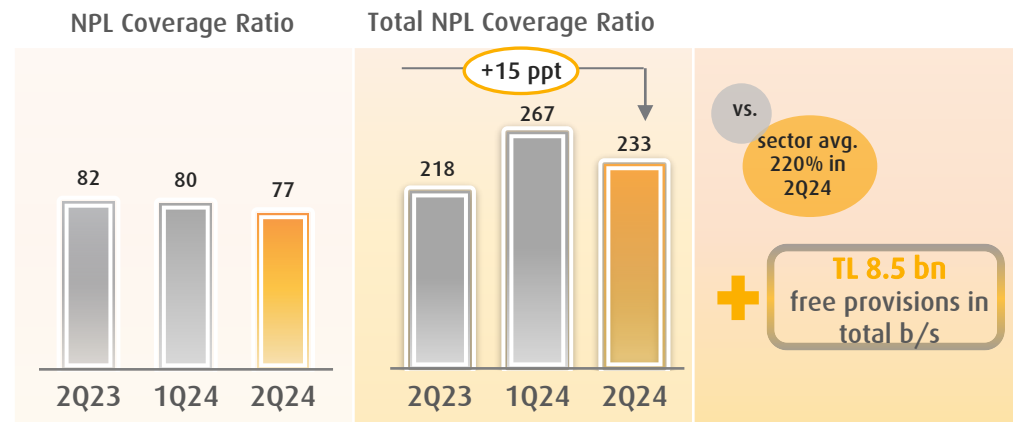
NPL Ratios (%)



Stage II Loans Breakdown (TL billion)

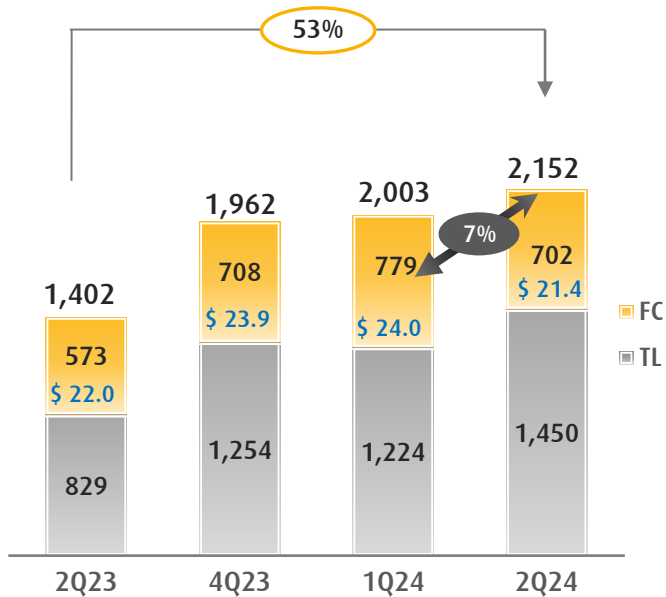


Coverage Ratios (%)

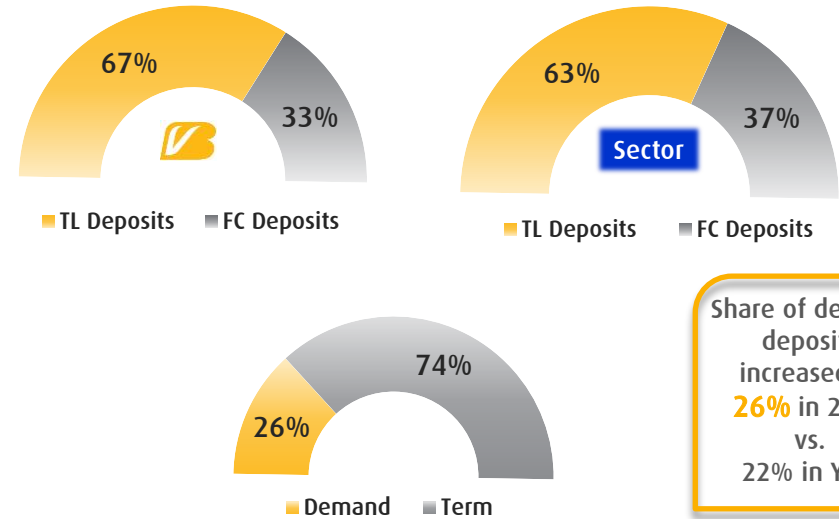


Onshore customer deposits oriented funding structure

Total Deposits (TL billion)



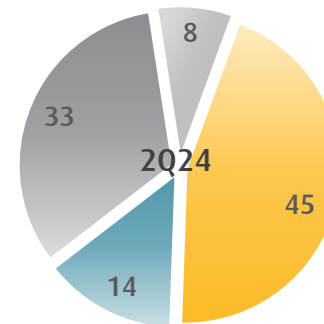
Breakdown of Deposits (%)



Share of demand deposits increased to **26%** in 2Q24 vs. 22% in YE23

	VB QoQ (%)	Sector QoQ (%)	VB YoY (%)	Sector YoY (%)	Market Share (%)	Ranking
Total Deposits Growth	7.5	6.4	53.5	41.3	13.1	#2
TL Deposits Growth	18.5	18.6	74.9	56.9	14.0	#1
FC Deposits Growth (\$)	(11.0)	(10.4)	(2.7)	(3.9)	11.5	#3

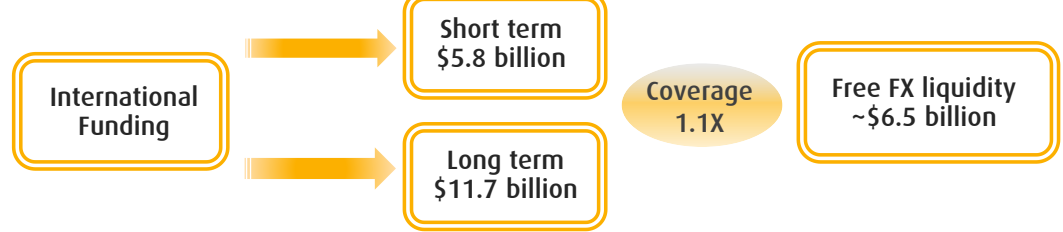
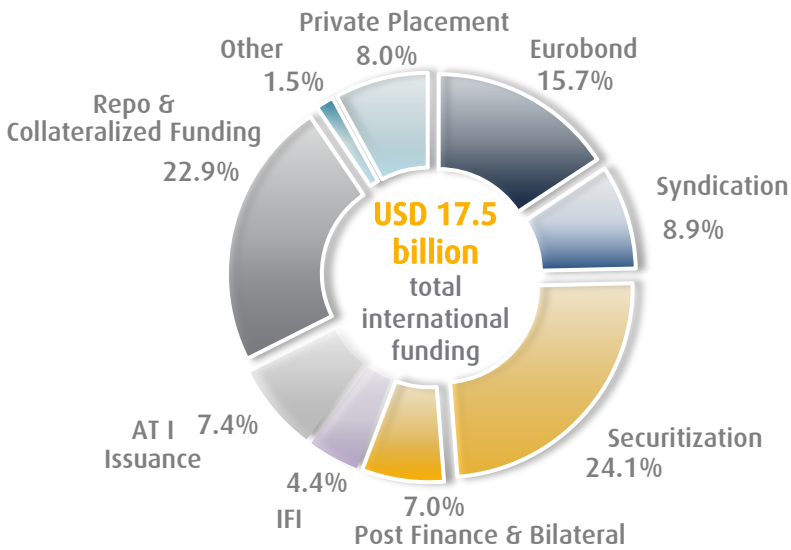
Breakdown of Deposits (%)



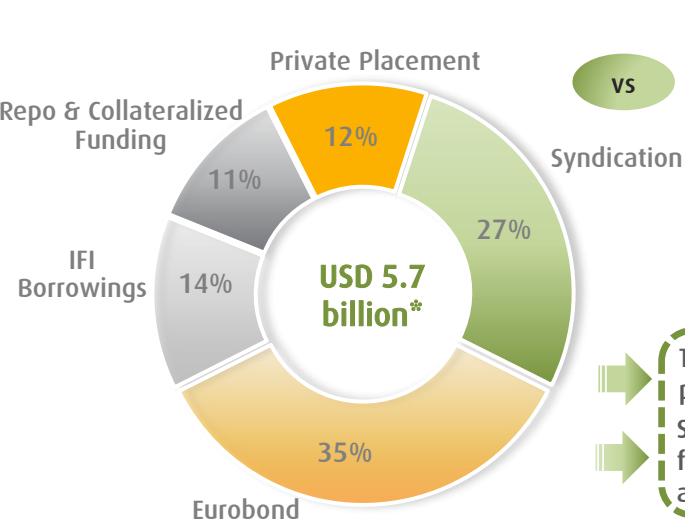
Share of retail deposits increased to **45%** in 2Q24 vs. 39% in YE23

YtD international funding amount: **USD 7 billion**

Breakdown of International Funding



Sustainable Funding



vs

USD 5.6 billion sustainable lending portfolio within the scope of SFF

Sustainable funding share in total international funding is **33%****

➡ The largest outstanding sustainable eurobond portfolio among peer banks

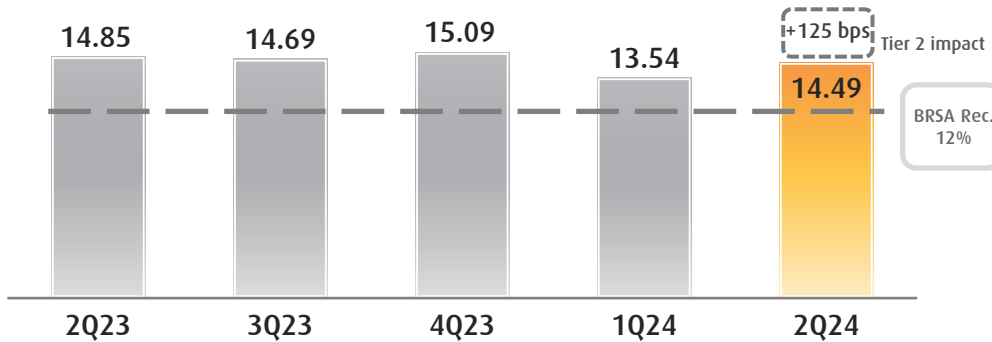
➡ Significantly increasing share of sustainable IFI funding thanks to long-lasting cooperation with almost all reputable institutions

- **USD 150 million** secured funding redemption in July 2024
 - +
 - +
 - +
 - +
 - +
- Basel III-compliant **10.25NC5.25** Tier 2 bond issuance amounting **USD 700 million** in July 2024
- Sustainability-themed syndication loan amounting **USD 915 million** with a term of 367 days and a roll over ratio of 113% in May 2024
- Inaugural public deal Basel-III compliant **PERPNC5.25** AT1 issuance amounting to **USD 550 million** in April 2024
- The largest amount of outright DPR transaction among Turkish Banks exceeding **USD 700 million** with a final maturity of 5 years including min. 2 years grace period in April 2024

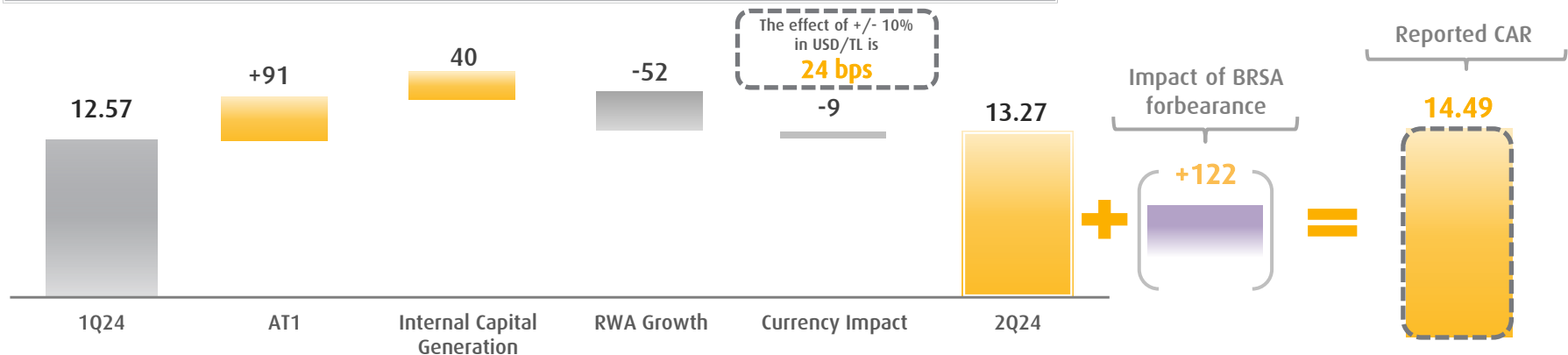
Solvency ratios

Capital Adequacy Ratio (%)

CET I	11.33	11.37	11.73	10.52	10.54	Required CET1 level 8.5%
Tier I	13.36	13.23	13.64	12.17	13.12	Required Tier I level 10%



Quarterly evolution of Capital Adequacy Ratio w/o forbearances (%)



(%)	Solvency ratios w/o BRSA forbearance	Including free provision impact
CET I	9.53	9.96
Tier I	11.91	12.34
CAR	13.27 + 125 bps	13.70 + 125 bps

➤ TL 8.5 billion free provisions positive impact is 46 bps on CAR

➤ The impact of USD 550 million AT1 is 91 bps as of 1H24

➤ The impact of USD 700 million Tier 2 issuance is 125 bps as of 1H24

Appendix



Macroeconomic Overview



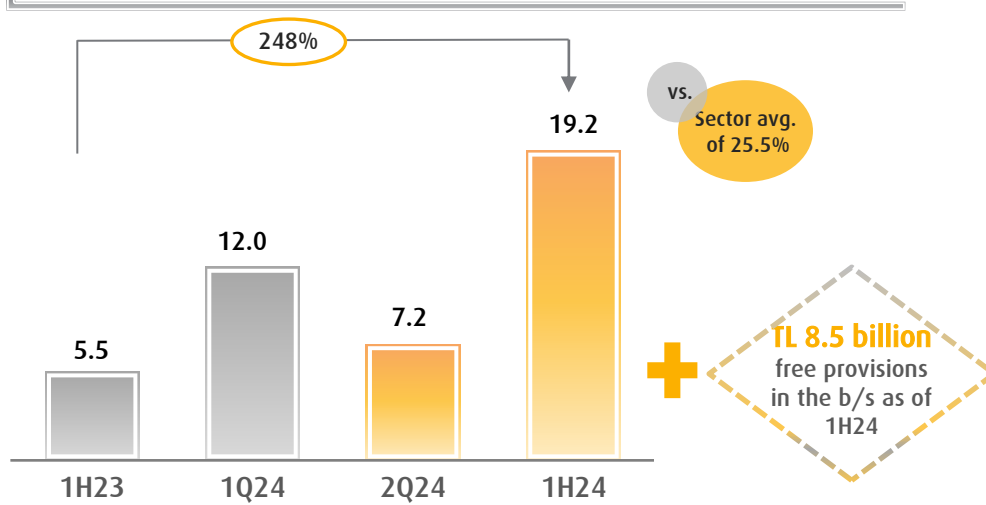
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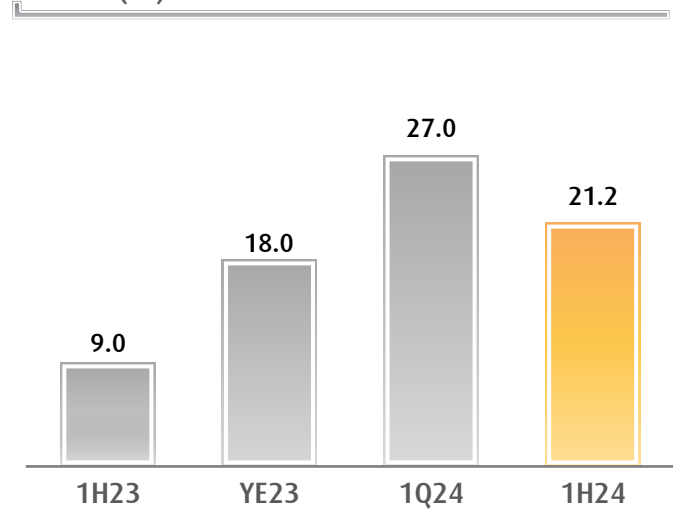
Financial Statements

2Q24 Earnings and profitability

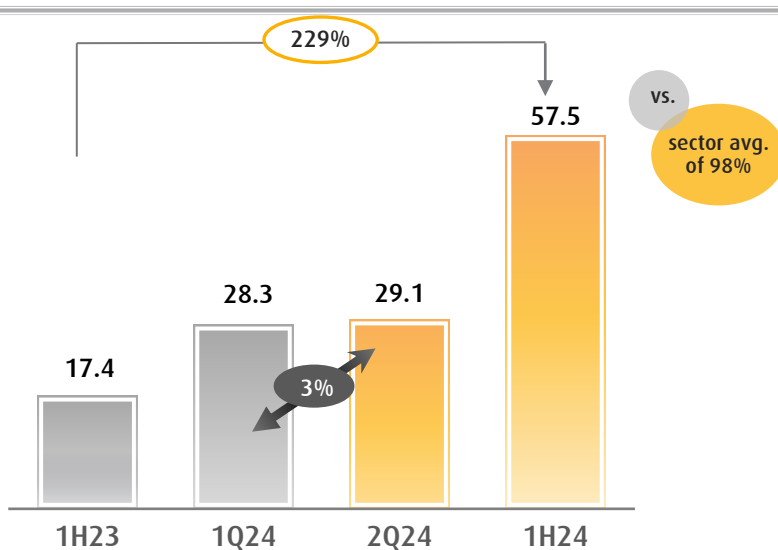
Net Income (TL billion)



ROAE (%)



Core Banking Revenues (TL billion) *



Timely Executed Capital Transactions

PERPNC5.25 AT1
issuance amounting
USD 550 million
in April

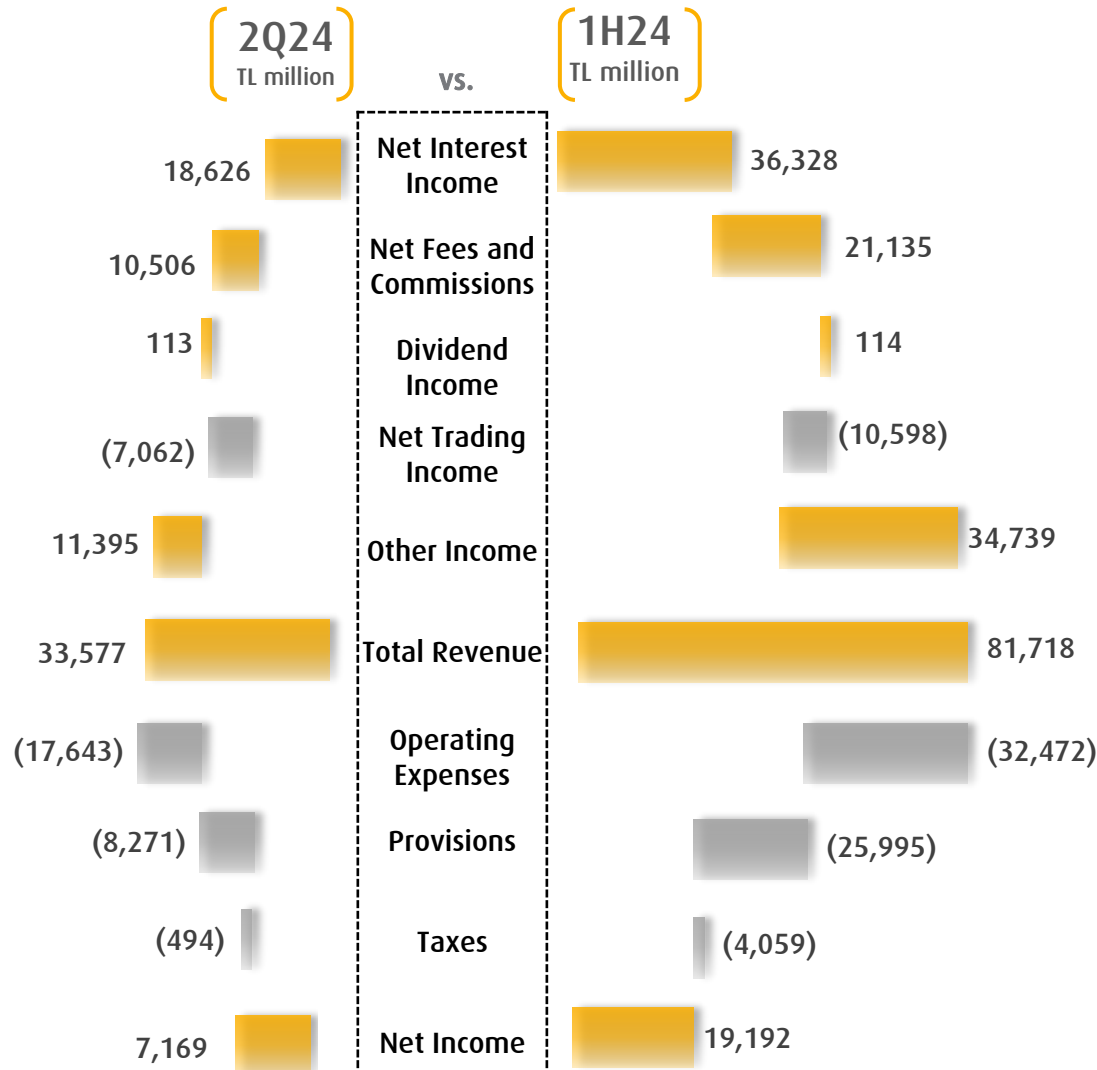
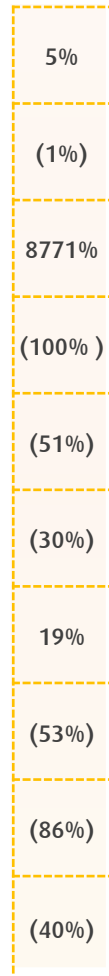


10.25NC5.25 Tier 2
issuance amounting
USD 700 million
in July 2024

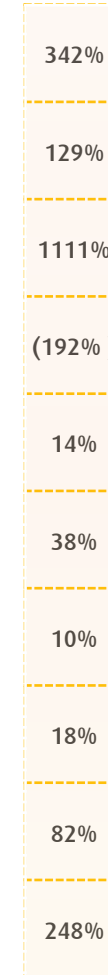
USD 1,250 million
subordinated bond
issuances YtD

2Q24 P&L details

△ QoQ



△ YoY



TL 11 billion
free provision in the
b/s as of 1Q24

TL 2.5 billion
free provision
reversal in 2Q24

TL 8.5 billion
free provision in the
b/s as of 1H24

Unconsolidated Key Financial Ratios

	1H23	2023	1Q24	2Q24	1H24
Profitability					
ROAE	9.0%	18.0%	27.0%	15.3%	21.2%
ROAA	0.6%	1.1%	1.7%	0.9%	1.3%
Cost / Income	37.2%*	33.7%*	30.8%	52.5%	39.7%
Cost / Assets	1.6%*	1.4%*	2.0%	2.2%	2.0%
Fee / Cost	52.4%*	63.6%*	71.7%	59.5%	65.1%
NIM	1.0%	2.9%	3.0%	3.0%	3.0%
Swap-adj NIM	0.9%	2.3%	1.3%	1.3%	1.3%
Liquidity					
Loans / Deposits	90.6%	76.4%	80.3%	79.3%	79.3%
<i>TL Loans / Deposits</i>	<i>106.7%</i>	<i>82.4%</i>	<i>87.9%</i>	<i>76.3%</i>	<i>76.3%</i>
Liquidity Coverage Ratio (Total)	141.2%	198.6%	218.2%	222.7%	222.7%
FC Liquidity Coverage Ratio	299.0%	372.2%	330.2%	333.3%	333.3%
Asset Quality					
NPL Ratio	1.6%	1.3%	1.3%	1.4%	1.4%
Stage II Ratio	6.9%	7.8%	7.5%	7.9%	7.9%
Stage II Coverage Ratio	22.1%	23.9%	21.6%	19.6%	19.6%
Stage III Coverage Ratio	82.4%	81.4%	80.0%	76.6%	76.6%
Net Cost of Risk	94 bps	210 bps	(130 bps)	(28 bps)	(77 bps)
Solvency					
CAR	14.9%	15.1%	13.5%	14.5%	14.5%
Tier I Ratio	13.4%	13.6%	12.7%	13.1%	13.1%
CET 1 Ratio	11.3%	11.7%	10.5%	10.5%	10.5%
Leverage	15.0x	15.3x	15.4x	15.9x	15.9x

Unconsolidated Balance Sheet

(TL thousand, %)		2Q23		1Q24		2Q24		TL		USD	
		TL	USD equivalent	TL	USD equivalent	TL	USD equivalent	Δ YoY	Δ QoQ	Δ YoY	Δ QoQ
Assets	Cash & Balances with Central Bank	229,435,856	8,805,271	502,213,898	15,507,656	591,900,126	18,041,720	158.0%	17.9%	104.9%	16.3%
	Interbank	62,570,734	2,401,335	67,465,627	2,083,243	69,402,867	2,115,470	10.9%	2.9%	(11.9%)	1.5%
	Securities	474,183,617	18,198,180	722,811,748	22,319,407	743,276,111	22,655,815	56.7%	2.8%	24.5%	1.5%
	Loans	1,270,028,484	48,741,050	1,607,801,274	49,646,634	1,707,520,696	52,046,974	34.4%	6.2%	6.8%	4.8%
	Subsidiaries & Investments	13,974,012	536,293	21,437,039	661,946	23,734,322	723,446	69.8%	10.7%	34.9%	9.3%
	Property & Equipment	13,509,023	518,448	26,533,017	819,302	28,486,999	868,313	110.9%	7.4%	67.5%	6.0%
	Other	123,377,609	4,734,976	78,086,532	2,411,202	73,181,892	2,230,659	(40.7%)	(6.3%)	(52.9%)	(7.5%)
Total Assets		2,187,079,335	83,935,553	3,026,349,135	93,449,390	3,237,503,013	98,682,397	48.0%	7.0%	17.6%	5.6%
Liabilities & SHE	Deposits	1,402,197,896	53,813,437	2,002,814,777	61,844,093	2,152,316,021	65,604,790	53.5%	7.5%	21.9%	6.1%
	Funds Borrowed	191,455,108	7,347,649	267,514,127	8,260,459	274,729,719	8,374,042	43.5%	2.7%	14.0%	1.4%
	Repo	182,369,793	6,998,973	228,972,226	7,070,339	262,469,731	8,000,345	43.9%	14.6%	14.3%	13.2%
	Securities Issued	86,168,266	3,306,959	129,742,022	4,006,251	142,710,008	4,349,947	65.6%	10.0%	31.5%	8.6%
	Other	157,892,470	6,059,584	176,275,170	5,443,128	159,530,292	4,862,646	1.0%	(9.5%)	(19.8%)	(10.7%)
	Subordinated Loans	29,982,440	1,150,664	36,551,174	1,128,649	54,488,038	1,660,851	81.7%	49.1%	44.3%	47.2%
Shareholders' Equity		137,013,362	5,258,288	184,479,639	5,696,471	191,259,204	5,829,776	39.6%	3.7%	10.9%	2.3%
Off-B.S.	Guarantees	358,873,070	13,772,802	531,832,761	16,422,245	545,056,368	16,613,875	51.9%	2.5%	20.6%	1.2%
	Commitments	473,688,952	18,179,196	872,952,981	26,955,556	904,829,571	27,580,129	91.0%	3.7%	51.7%	2.3%
	Derivatives	706,683,781	27,121,053	1,043,035,472	32,207,463	893,971,539	27,249,165	26.5%	(14.3%)	0.5%	(15.4%)

Unconsolidated Income Statement

(TL thousand, %)	1H23	1Q24	2Q24	1H24	YoY	QoQ
Net Interest Income	8,214,416	17,701,893	18,625,737	36,327,630	342.2%	5.2%
<i>Swap Cost</i>	<i>-960,266</i>	<i>-10,038,011</i>	<i>-10,933,553</i>	<i>-20,971,564</i>	2083.9%	8.9%
Net Fee & Com. Income	9,234,264	10,629,030	10,505,748	21,134,778	128.9%	(1.2%)
Dividend Income	9,428	1,273	112,929	114,202	1111.3%	8771.1%
Net Trading Income	11,549,600	-3,536,019	-7,061,956	-10,597,975	(191.8%)	99.7%
Other Income	18,400,698	23,344,479	11,394,892	34,739,371	88.8%	(51.2%)
Pre-Provision Profit	24,995,159	10,699,607	7,877,578	18,577,185	(25.7%)	(26.4%)
Operating Expenses	-17,624,942*	-14,829,252	-17,643,176	-32,472,428	84.2%	19.0%
Provisions	-22,040,639	-17,723,903	-8,271,193	-25,995,096	17.9%	(53.3%)
<i>Free Provision Reversal</i>	<i>0</i>	<i>0</i>	<i>-2,500,000</i>	<i>-2,500,000</i>	-	-
Tax Provisions	-2,333,666	-3,564,532	-494,241	-4,058,773	81.7%	(86.1%)
Net Income	5,509,159	12,022,969	7,168,740	19,191,709	248.4%	(40.4%)



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