

[www.vakifbank.com.tr](http://www.vakifbank.com.tr)

# Earnings Presentation

## BRSA Bank-Only 1Q 2010

13 May, 2010

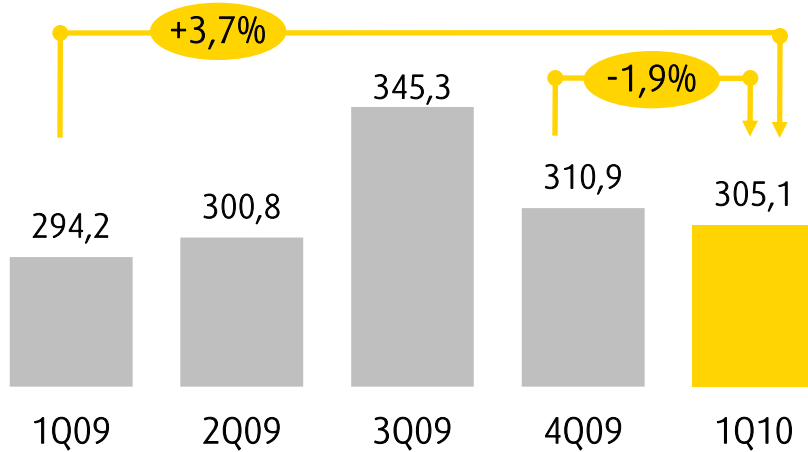


# 1Q 2010 Vakifbank Highlights

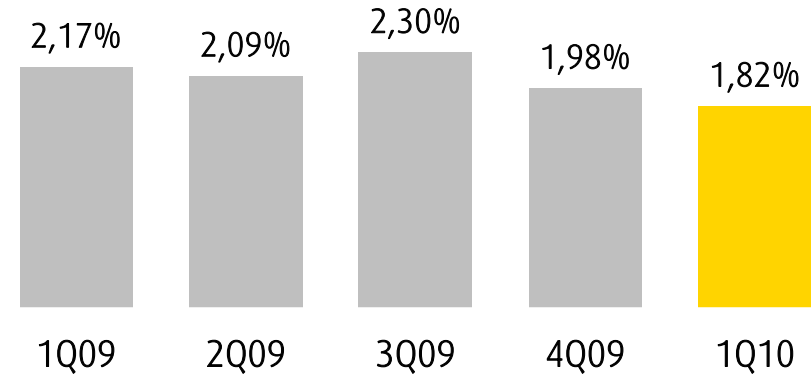
- ✓ Bank-Only net profits are 305,1 mio TL, up by 3,7% YoY,
- ✓ Net Interest Income dropped by 7,5% QoQ,
- ✓ NIM is down by 73 bps QoQ to 4,61%, due to;
  - Repricing IEA squeezed the margins 50 bps QoQ, in line with the budget,
  - High growth of securities book, up by 18,5% QoQ, gave rise to yield decline in overall securities portfolio. Additional securities growth expounds NIM decline by 13 bps,
  - Back loaded asset and deposit growth added additional 10 bps decline to NIM.
- ✓ Opex under control, total Opex is down by 4% QoQ.
- ✓ Continued lending growth in key retail segments.
- ✓ Strong deposits growth 8,4% QoQ, outperforming sector average substantially.
- ✓ Securities portfolio expansion continued to support strong MtM gains under equity; total MtM gains under equity reached 660 mio TL, with the 1Q10 additions of 95 mio TL.
- ✓ Cost of Risk (CoR) is eased 73 bps QoQ to 1,57%.

# 1Q 2010 Earnings and Ratios

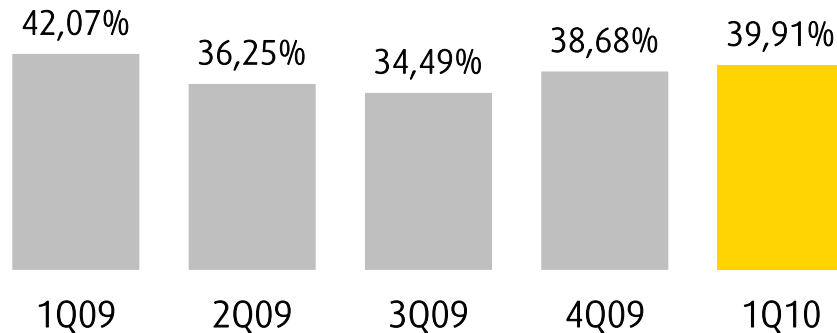
Quarterly Net Income (Mio TL)



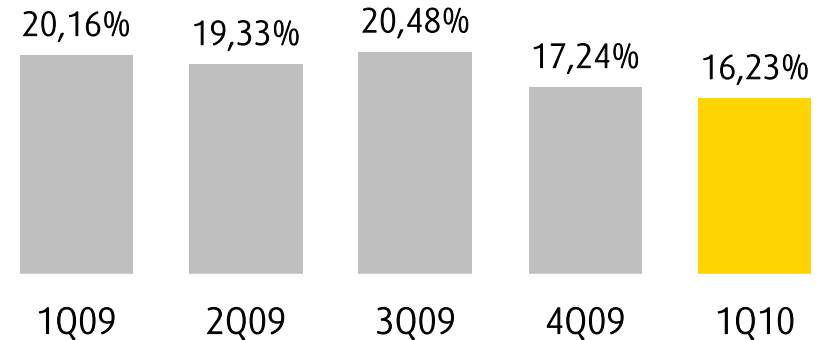
ROAA (%)



Cost / Income (%)

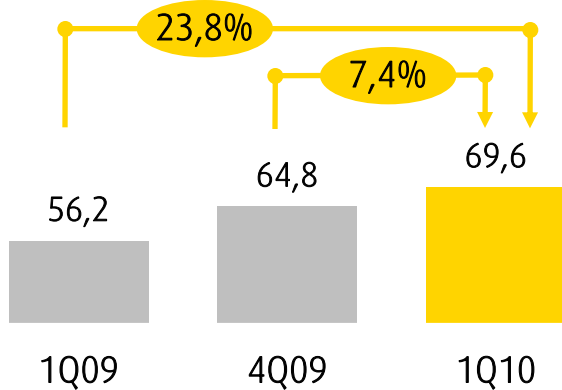


ROAE (%)

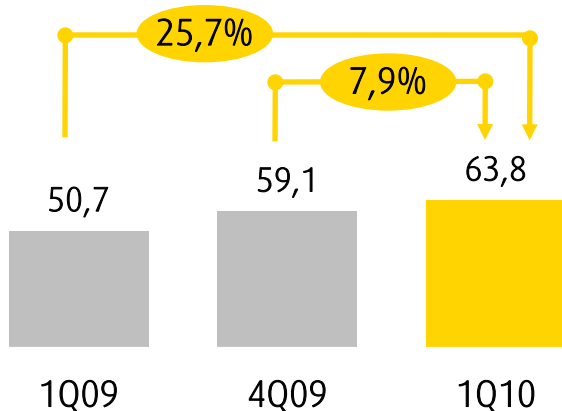


# Total Assets

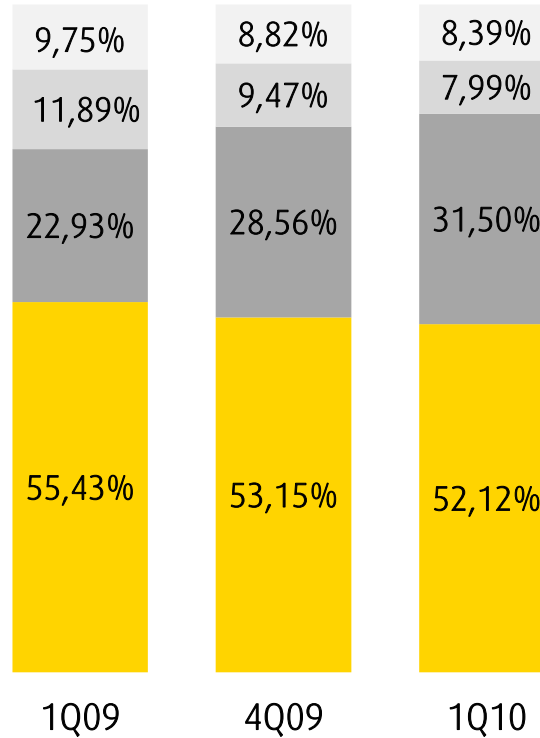
Total Assets (TL bio)



Interest Earning Assets (TL bio)



Breakdown of Assets (%)



■ Loans    ■ Securities  
■ Interbank    ■ Other

Asset Growth;  
YoY

**23,8%**

IEA Growth;  
YoY

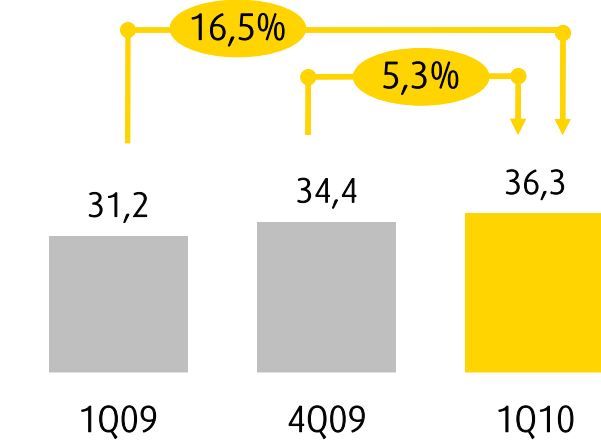
**25,7%**

Liquidity\*;

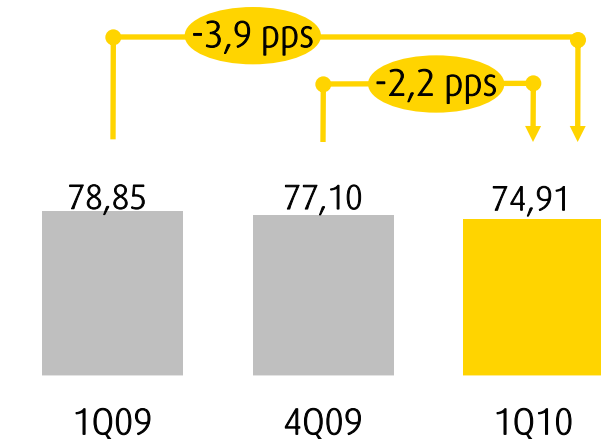
**12,2%**

# Stronger loan growth fueled with higher FC corporate lending

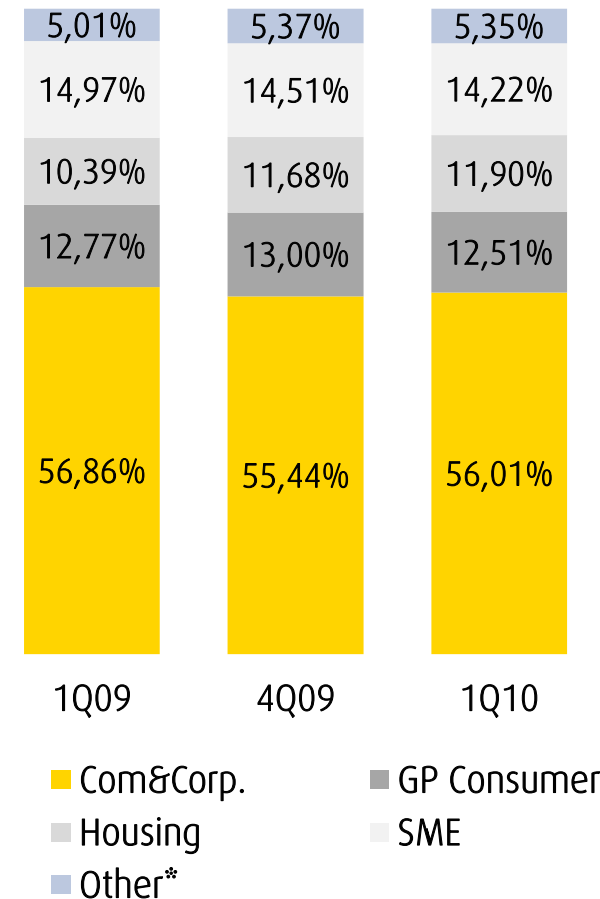
Total Loans (TL bio)



Loans/Deposits (%)



Breakdown of Loans (TL bio)



Loan Growth;  
Ytd;

**5,3%**

TL Ytd; **4,8%**

FC Ytd; **6,4%**

vs. Sector loan  
growth Ytd;

**6,2%**

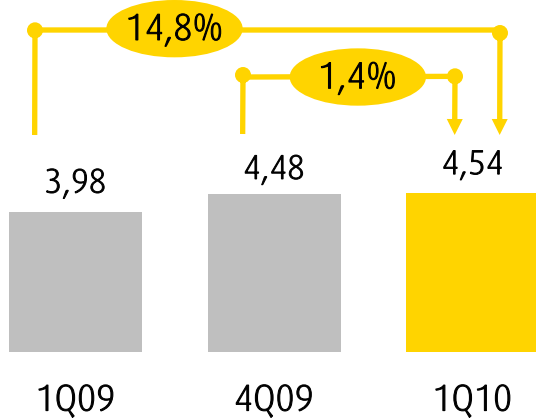
TL Ytd      FC Ytd

**5,5%**

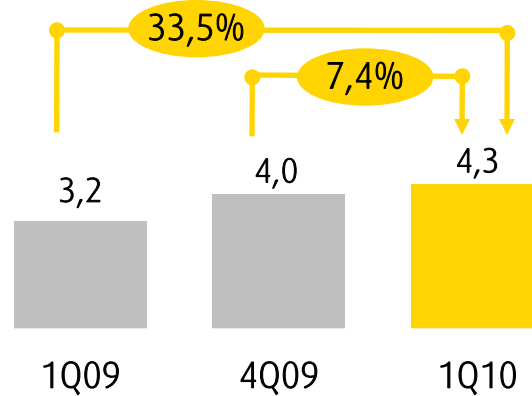
**7,9%**

# Residential Mortgages are the key growth segment

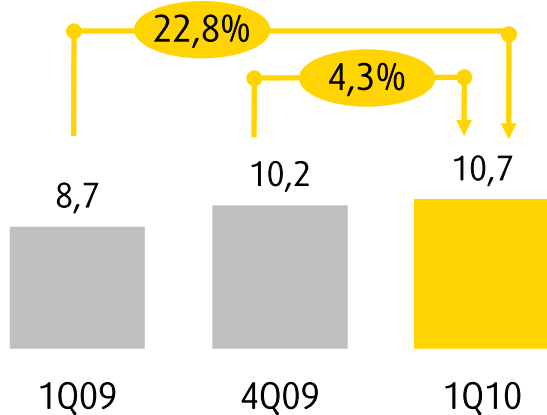
General Purpose Consumer (TL bio)



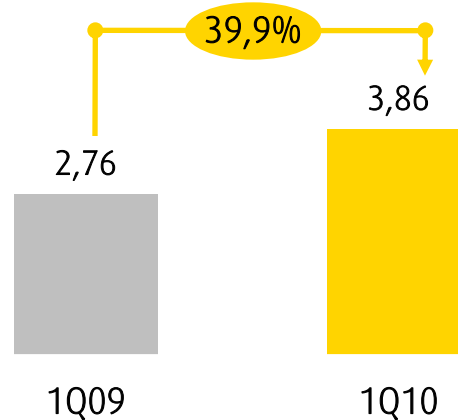
Residential Mortgages<sup>1</sup> (TL bio)



Total Retail (TL bio)



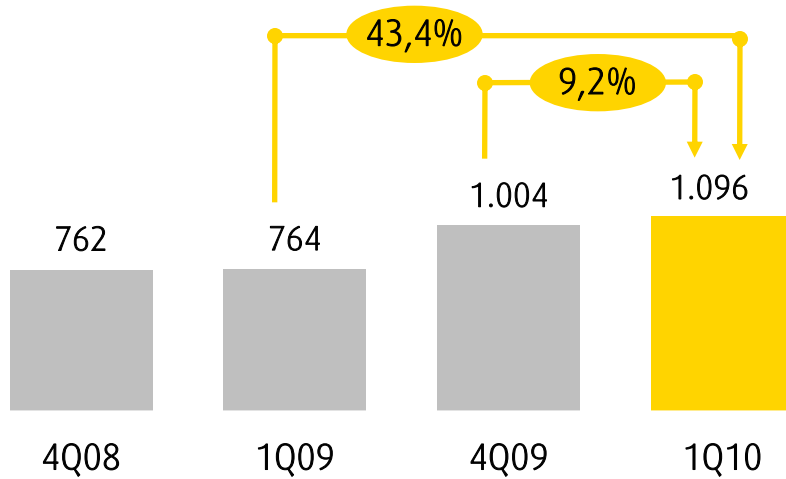
Retail Cross Selling Ratio



Mortgage growth Ytd;  
**7,36%**  
vs.  
Sector growth Ytd;  
**6,69%**

# Sustainable & consistent growth in credit cards

Credit Card Loans (TL mio)



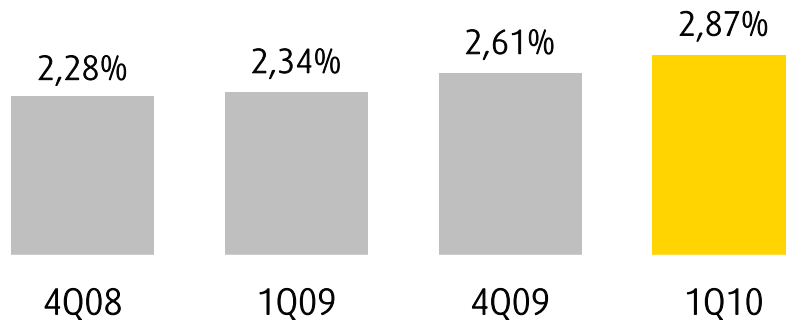
Credit Card Loans growth Ytd;

**9,17%**

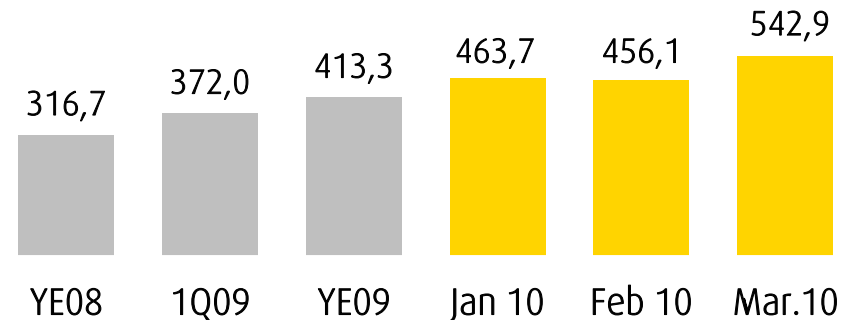
Sector growth Ytd;

**1,45%**

Market share\* (%)

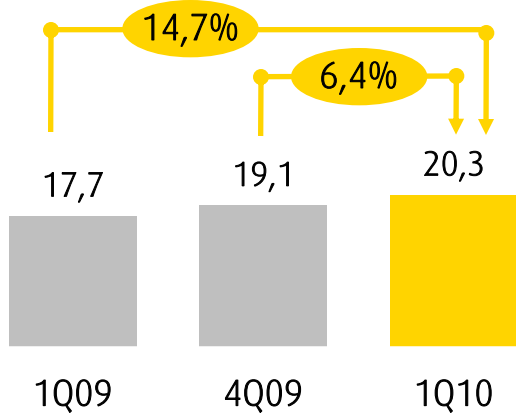


Average Monthly Issuing Volume (TL mio)

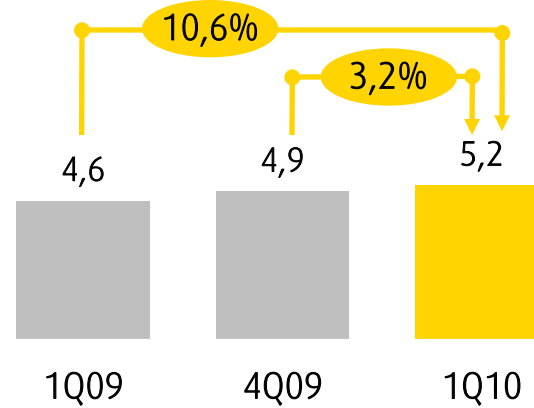


# Well diversified loan portfolio

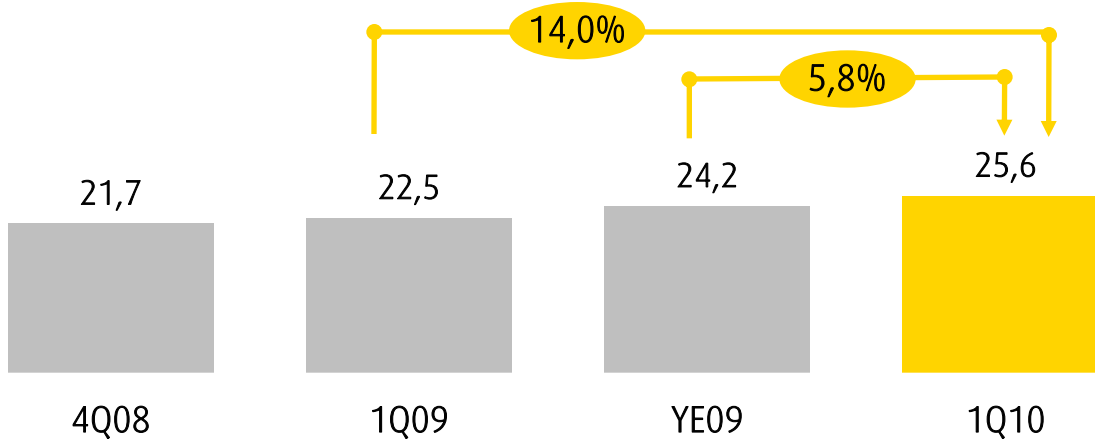
## Commercial & Corporate (TL bio)



## SME (Com. Inst.) (TL bio)



## Total Commercial Loans\* (TL bio)



Commercial & Corporate Loan Growth Ytd;

**6,4%**

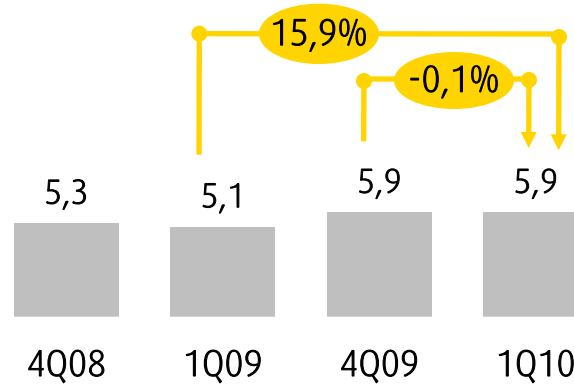
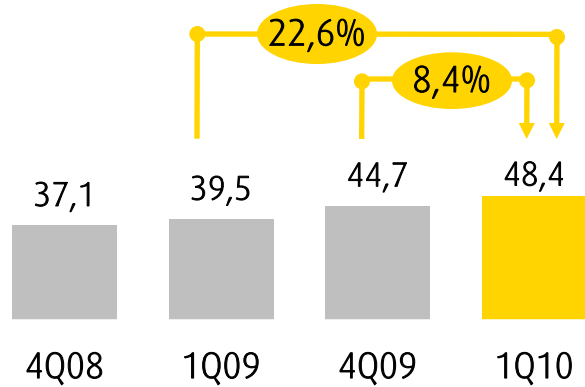
Highly collateralized & selective SME lending Ytd;

**3,2%**

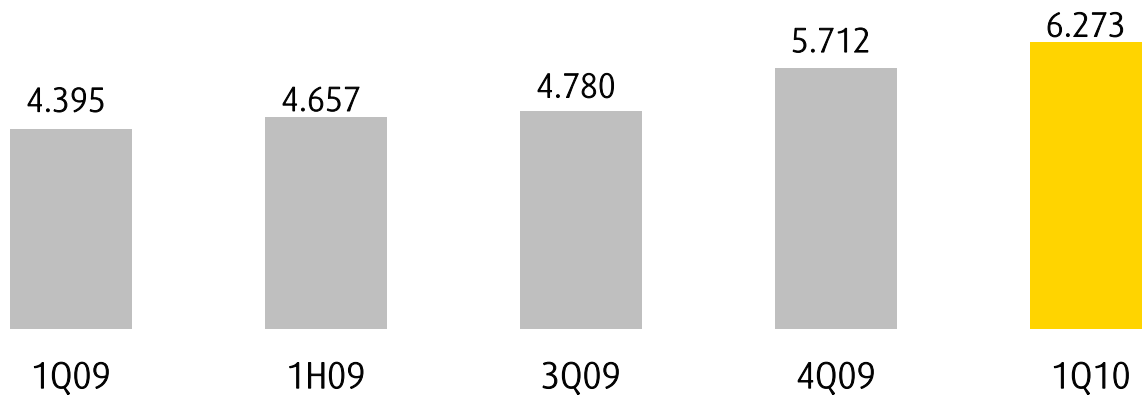
# Solid deposit franchise, stellar deposits growth

Total Deposits (TL bio)

Demand Deposits (TL bio)



Core State Deposits (TL mio)\*



Stellar deposits growth; Ytd

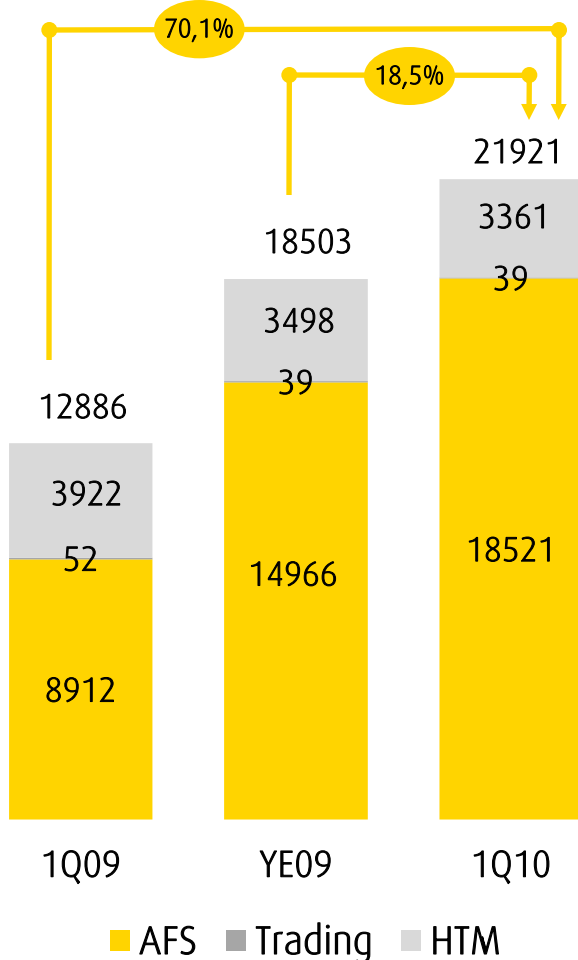
**8,44%**

Outperforming sector average growth Ytd;

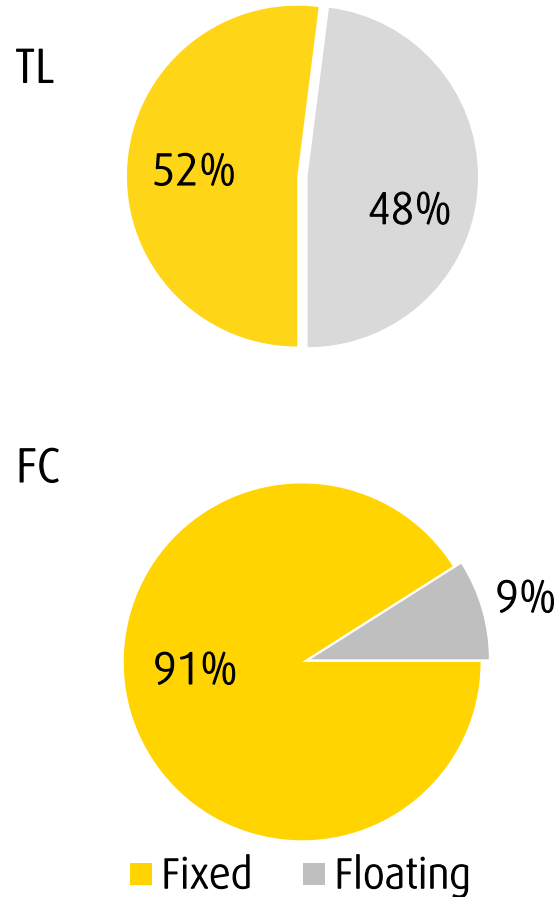
**3,82 %**

# Securities portfolio mix

Total Securities (YTL mio)



Portfolio Structure



Increased mix of securities in 1Q10;

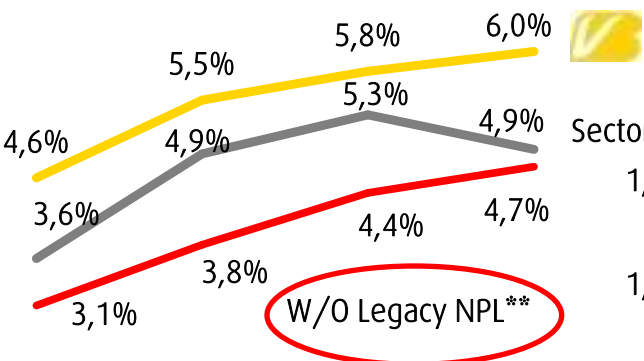
**31,5%**

of total assets. Shorter duration securities were deliberately chosen, Redemptions in 2010;

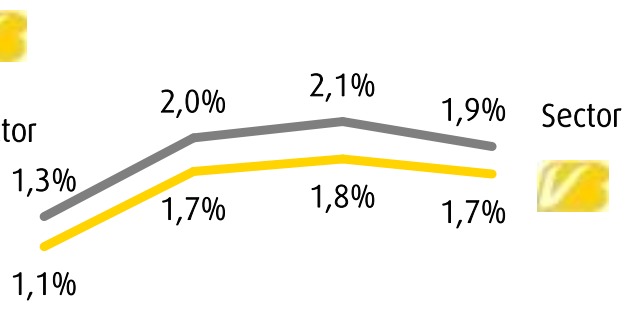
**6,3** mia TL

# NPL Ratios

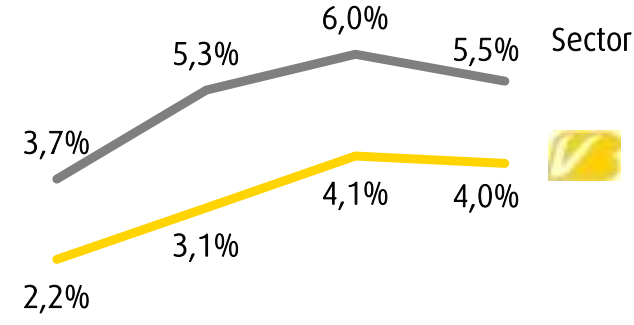
Overall NPL Ratio\* (%)



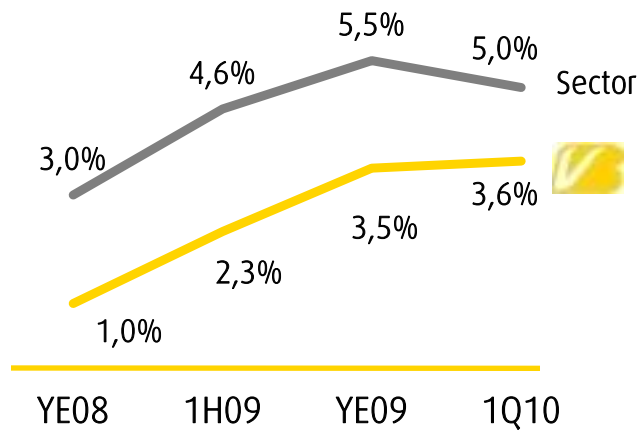
Mortgages NPL (%)



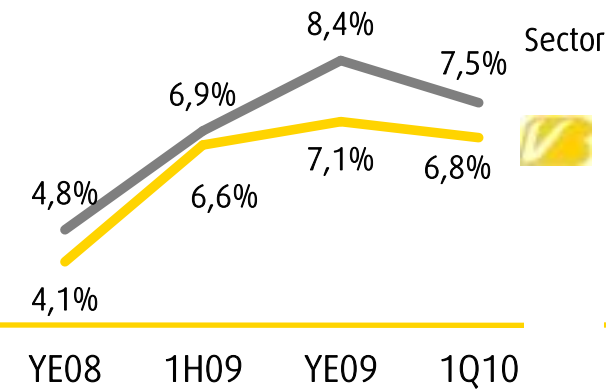
Total Retail NPL (%)



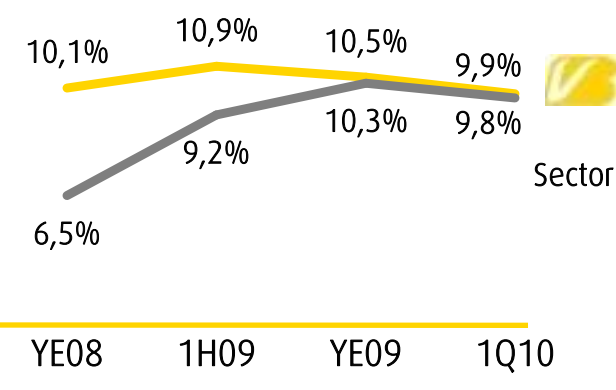
General Purpose Consumer NPL (%)



SME NPL (%)

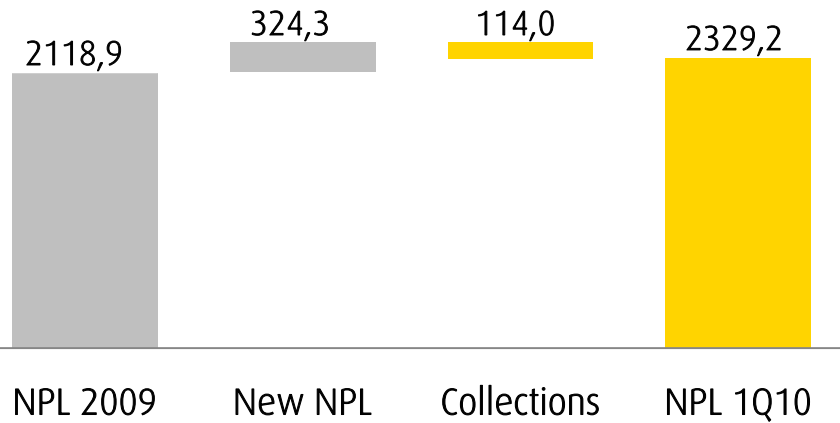


Credit Cards NPL (%)

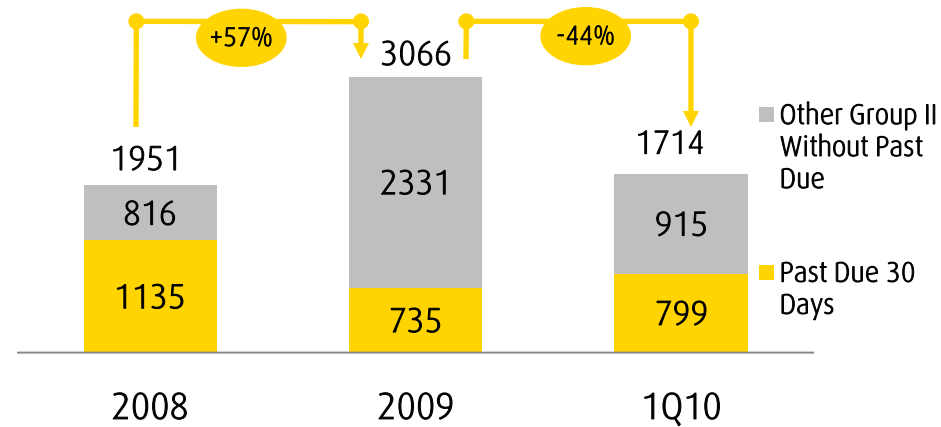


# Significantly lower Group II encourages for asset quality improvement

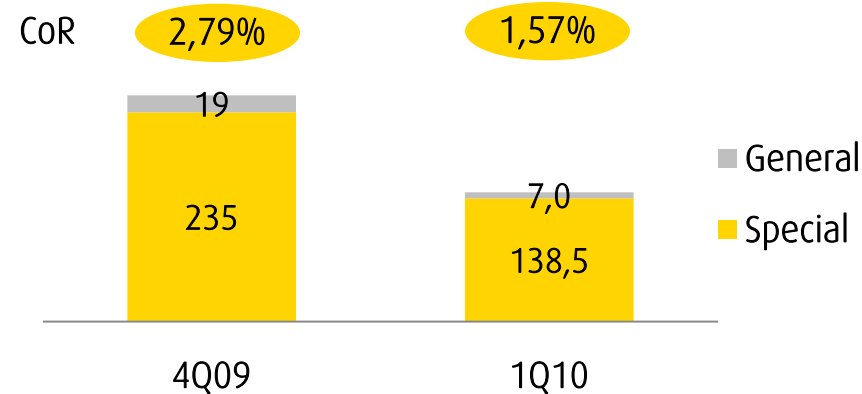
NPL (mio TL) \*



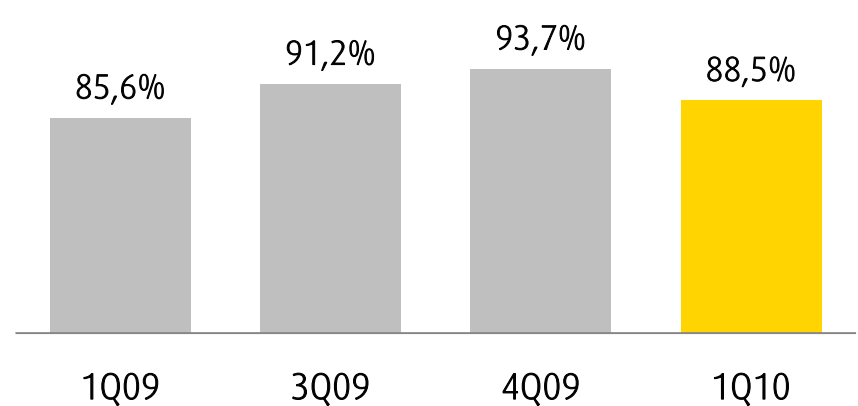
Group II Loans



Total Loan Loss Provisions (mio TL)

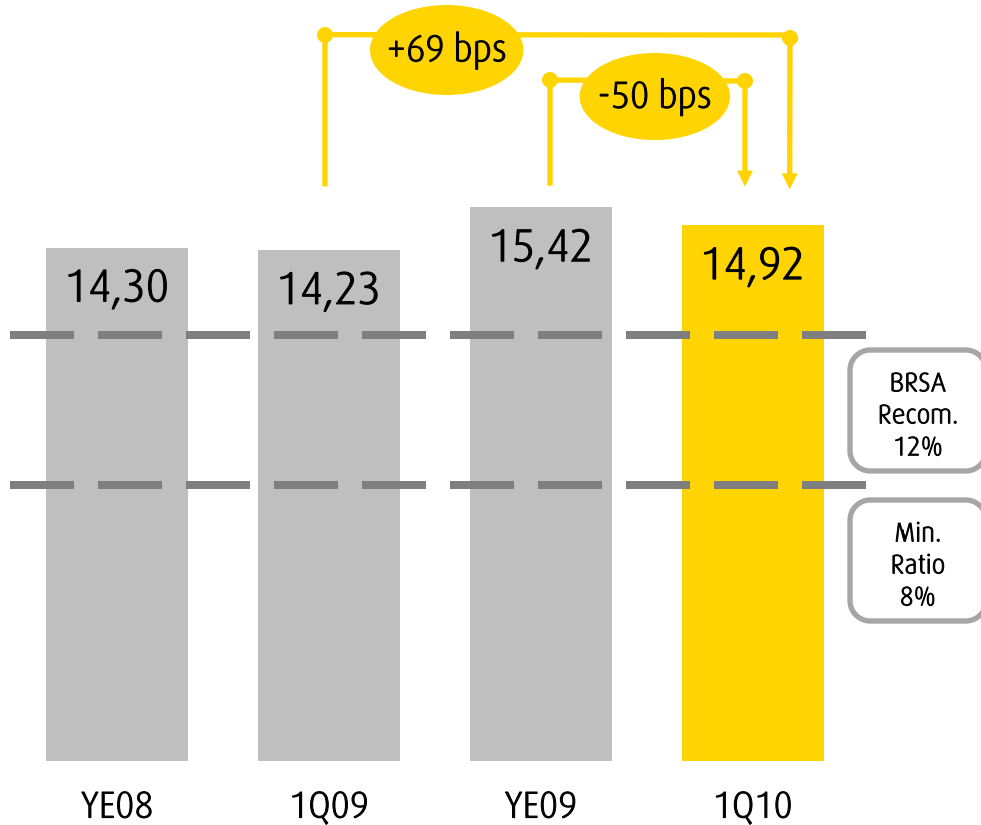


Cash Coverage Ratio of NPL\*\* (%)



# Effective capital management, CAR is up by 69 bps YoY

## Capital Adequacy Ratio (%)



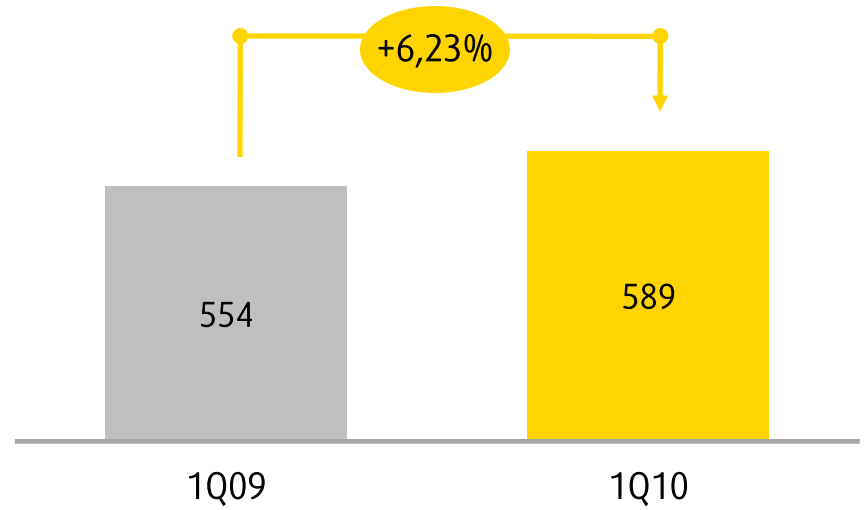
Conservatively low leveraged balance sheet

$$\frac{\text{Liabilities}}{\text{SHE}} = 9,1$$

# Earnings Summary

(TRY-mio, %)	1Q2009	1Q2010	Growth
Net Interest Income	772.028	707.128	-8,40%
Net F&C Income	100.7	102.8	2,09%
Net Trading Income	37.550	49.517	31,90%
Divident Income	11.208	13.669	21,96%
Other Operating Income	35.041	106.448	203,8%
<b>Total Operating Income</b>	<b>956.510</b>	<b>979.554</b>	<b>2,40%</b>
Total Operating Expenses (-)	402.438	390.954	-2,90%
<b>Operating Profit</b>	<b>554.072</b>	<b>588.600</b>	<b>6,23%</b>
Provisions (-)	186.665	207.371	11,10%
Tax Provisions (-)	73.193	76.117	4,00%
Income from investments	0	0	n.a.
Net Monetary Gain/Loss	0	0	n. a.
<b>Net Income</b>	<b>294.214</b>	<b>305.112</b>	<b>3,70%</b>

Operating Profit (TL mio)



Cost/Income ratio improved:

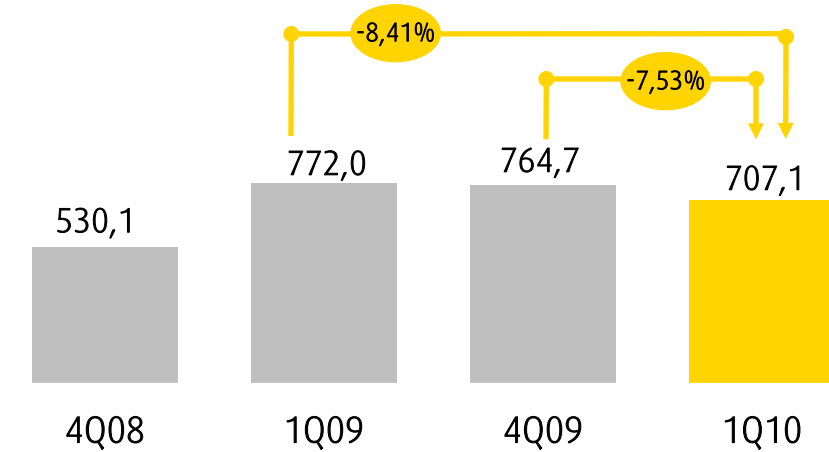
1Q09

1Q10

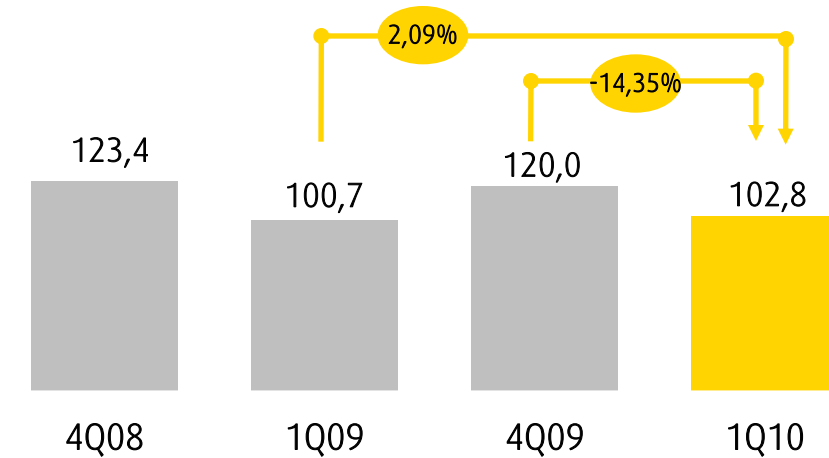
**42,1%** **39,9%**

# P & L Participants

Net Interest Income (TRY mio)

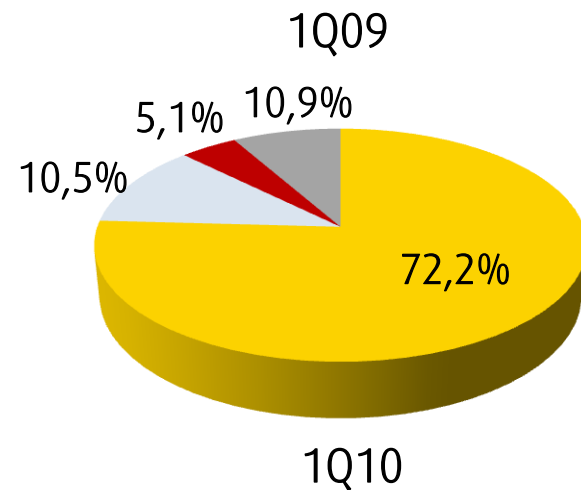
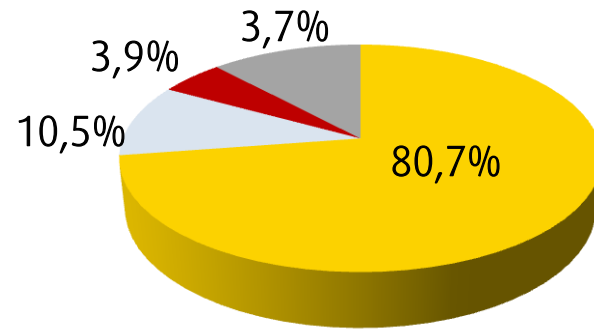


Net F & C Income (TRY mio)



Breakdown of Total Revenues (%)

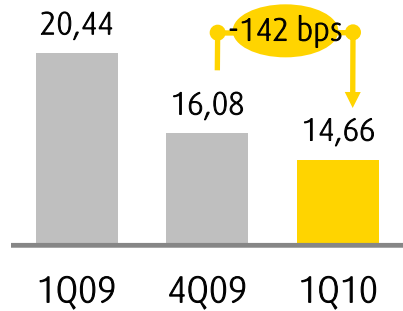
■ NII ■ Net F&C ■ Net Trading ■ Other



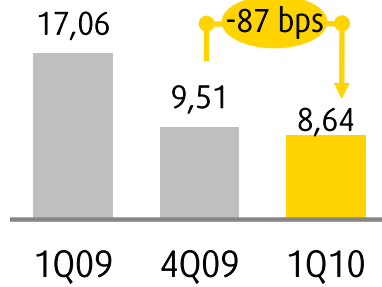
# NIM, Spreads and Costs

## Yields (%)

### TL Loans

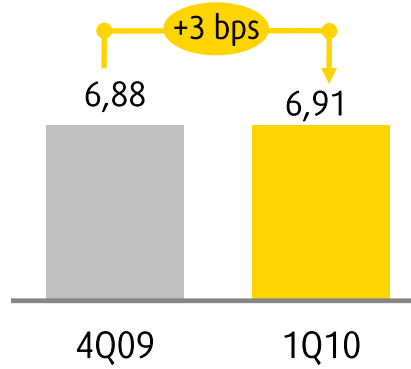


### TL Securities

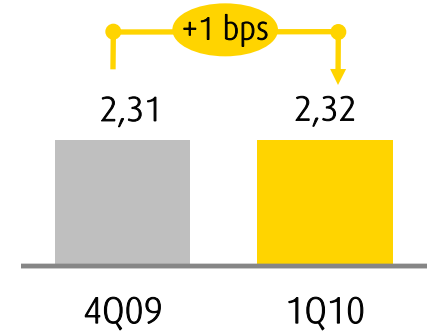


## Cost of Deposits (%)

### TL Deposits

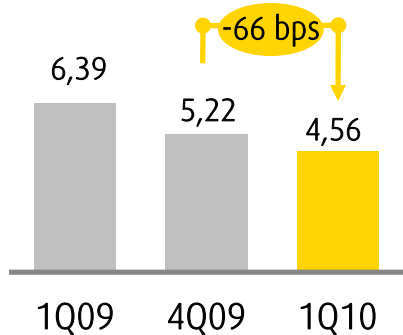


### FC Deposits

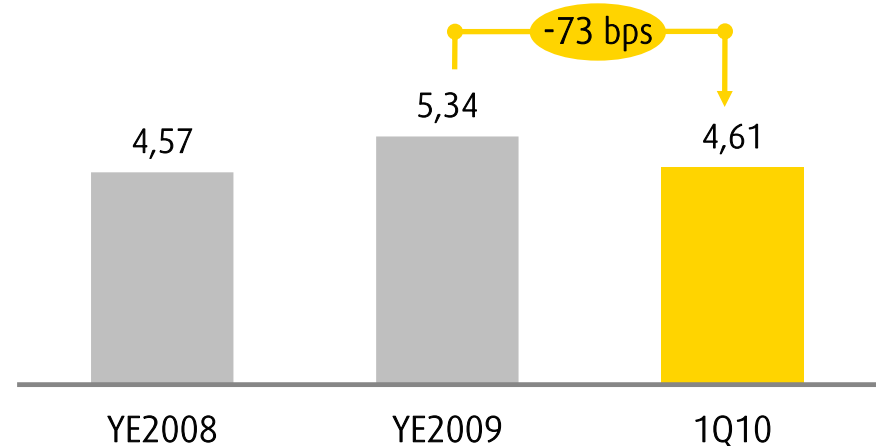
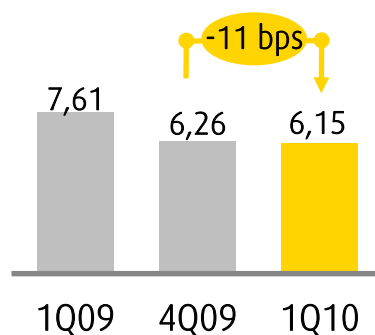


## Net Interest Margin (NIM\_%)

### FC Loans



### FC Securities



# Vakifbank with numbers

Distribution Channels & Customer Base (#)	1Q2010	Efficiency ('000 TRY)	1Q2010
Branches	547	Assets per Employee	6.704,7
ATMs	2.153	Assets per Branch	127.206,2
Personnel	10.378	Loans per Employee	3.495,2
POS Terminals	74.665	Loans per Branch	66.312,2
Outstanding Credit Cards	2,3 mn	Deposits per Employee	4.665,6
Debit Cards	16,05 mn	Deposits per Branch	88.518,8
Total Customers	10,4 mn		
Total Payroll Customers	2,0 mn		
Internet Banking Customers	1,3 mn		
Active Mutual Fund Customers	0,95 mn		

**Most efficient  
bank in Turkey**

# Balance Sheet

	(TRY-mio, %)	1Q2009	4Q2009	1Q2010	YoY Growth	QoQ Growth
Assets	Cash & Balances with Central Bank	2.929	3.050	2.942	0.44%	-3.52%
	Interbank	6.682	6.139	5.562	-16.76%	-9.40%
	Securities	12.886	18.503	21.921	70.11%	18.47%
	Loans	31.149	34.439	36.273	16.45%	5.33%
	Subsidiaries & Investments	523	688	750	43.53%	9.00%
	Property & Equipment	983	1.083	1.077	9.59%	-0.54%
	Other	1.039	895	1.057	1,69%	18,01%
	<b>Total Assets</b>	<b>56.191</b>	<b>64.797</b>	<b>69.582</b>	<b>23.83%</b>	<b>7.38%</b>
Liabilities & SHE	Deposits	39.506	44.652	48.420	22.56%	8.44%
	Funds Borrowed	6.178	4.366	5.711	-7.57%	30.79%
	Other	3.748	7.590	7.025	87.44%	-7.44%
	Provisions	751	808	766	1.88%	-5.27%
	<b>Shareholders Equity</b>	<b>6.006</b>	<b>7.381</b>	<b>7.660</b>	<b>27.53%</b>	<b>3.78%</b>
Off-B.S	Guarantees	8.314	9.094	8.937	7.48%	-1.73%
	Commitments	6.791	8.063	9.175	35.10%	13.7%
	Derivatives	3.687	2.963	4.398	19.28%	48.43%

# Income Statement

(TRY-Thousand, %)	1Q2009	4Q2009	1Q2010	$\Delta\{1Q09$ 1Q10}	$\Delta\{4Q09$ 1Q10}
Net Interest Income	772.028	764.709	707.128	-8.41%	-7,53%
Net Fee & Com. Income	100.683	120.014	102.792	2.09%	-14.35%
Divident Income	11.208	0	13.669	21.96%	n.a.
Net Trading Income	37.550	29.384	49.517	31.87%	68.52%
Other Income	35.041	139.454	106.448	203.78%	-23.67%
<b>Total Revenues</b>	<b>956.510</b>	<b>1.053.561</b>	<b>979.554</b>	<b>2.41%</b>	<b>-7.02%</b>
Operating Expense	-402.438	-407.542	-390.954	-2,85%	-4.07%
Provisions	-186.665	-245.708	-207.371	11.09%	-15.60%
Tax Provisions	-73.193	-89.400	-76.717	3.99%	-14.86%
<b>Net Income</b>	<b>294.214</b>	<b>310.911</b>	<b>305.112</b>	<b>3.70%</b>	<b>-1.87%</b>



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