

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

Earnings Presentation  
BRSA Bank-Only YE2008  
20, February 2009



# 4Q 2008 Vakifbank Highlights

- ✓ Conservative lending in place; total loan growth 1% QoQ.
- ✓ Strong growth in higher yielding retail continued;
  - Fastest growth was in overdrafts with 23% QoQ,
  - Vakif World encourages further growth, 21% growth QoQ in credit cards,
  - Both focused on unique pay-roll franchise, # 1 in Turkey.
- ✓ Strong deposits growth 29% YoY, outperforming sector average.
- ✓ CAR is up by 54 bps QoQ to 14,30%.
- ✓ Asset quality deterioration is less than sector average of 52 bps,
  - NPL ratio is up by 39 bps QoQ, but still down by 7 bps YoY,
- ✓ Conservative stance for gloomy 2009 outlook, cash coverage for NPL is up by 2pps QoQ reaching 94%.

# 4Q 2008 Vakifbank Highlights

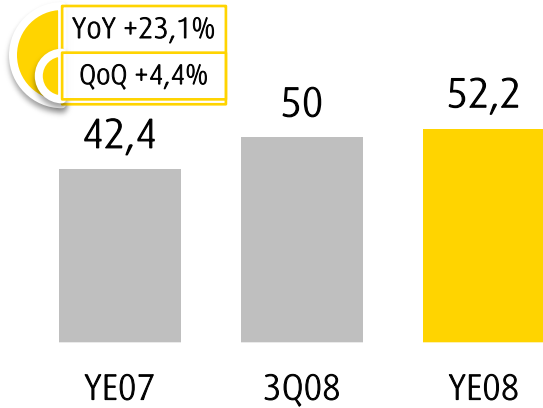
- ✓ Bank-only net profits of 2008 are 753 mio TL, 4Q08 net profits are 184,6 mio TL.
- ✓ Net Interest Income increased by 7% QoQ, 18% YoY, NIM is up by 12 bps QoQ to 4,57%, January 2009 data also signals higher NIM.
- ✓ Net Fee&Commissions growth was 11% QoQ & 29% YoY.
- ✓ Opex started to ease, 3% decline QoQ.

## Well Positioned Balance Sheet

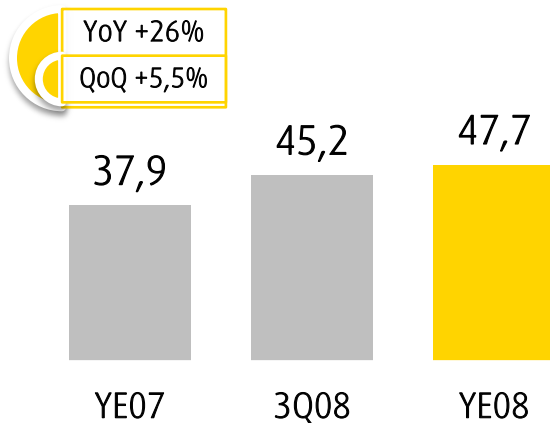
- ✓ Major beneficiary of lower interest rates in 2009 compared with peers\*,
- ✓ TL dominated balance sheet, 65% of total assets are TL,
- ✓ Modest foreign borrowing, 11% of total liabilities,
- ✓ Deposits reliant funding structure, 71% of liabilities are deposits,
- ✓ TL heavy deposits base, 69% of total deposits are TL,
- ✓ Conservative Loan/Deposit ratio, 82% blended, 76% for TL,
- ✓ Hefty portion of securities are still classified under AFS, 70%, expected mark-to-market gains in 1Q2009.

# Total Assets

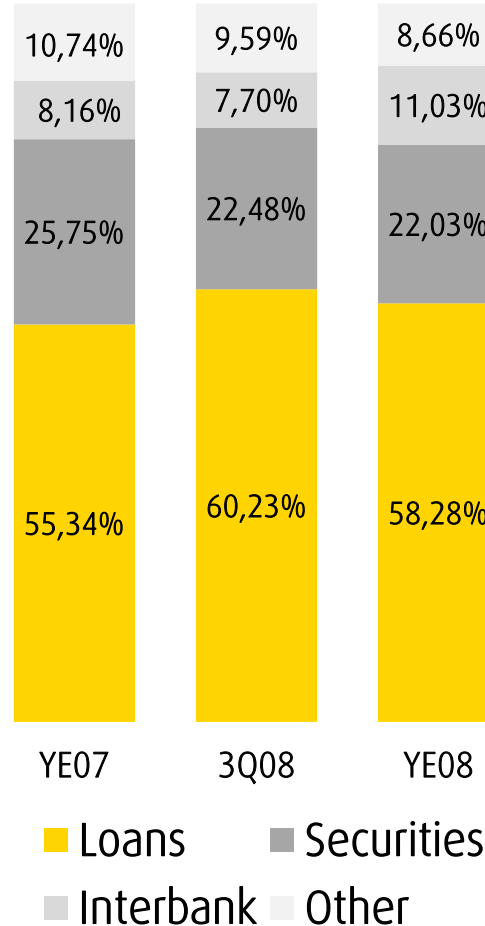
## Total Assets (TL bio)



## Interest Earning Assets (TL bio)



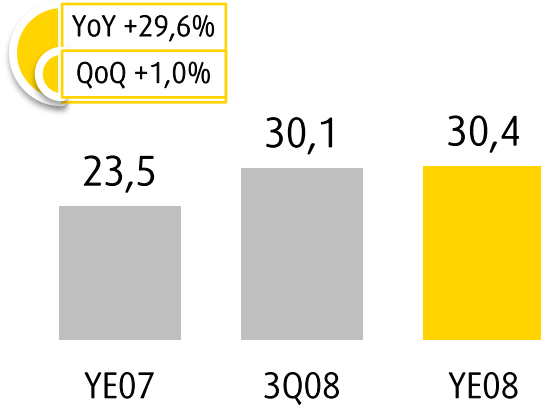
## Breakdown of Assets (%)



Asset Growth;  
Ytd  
23,1%  
IEA Growth;  
Ytd  
26,0%

# Conservative lending, TL heavy loan book

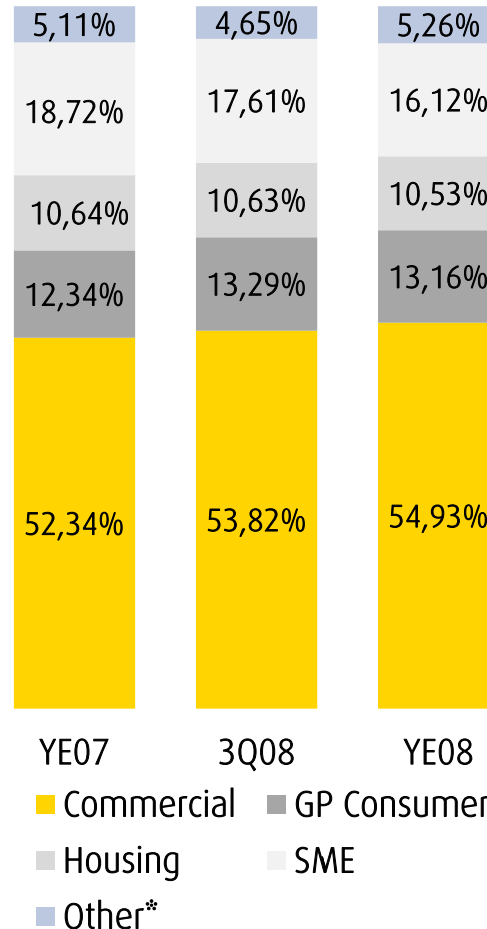
Total Loans (TL bio)



Loans/Deposits (%)



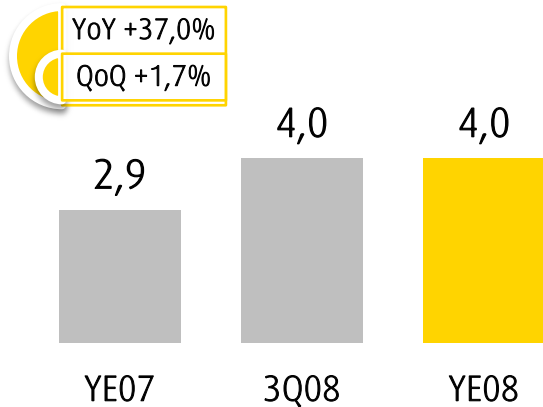
Breakdown of Loans (TL bio)



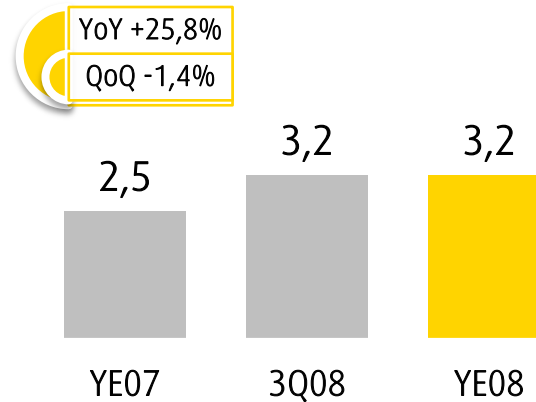
**Loan Growth;**  
**TL:**  
 Ytd 14%  
 QoQ -6,5%,  
**FC (USD):**  
 Ytd 32%  
 QoQ -3%.

# Growth continues in higher margin retail segments

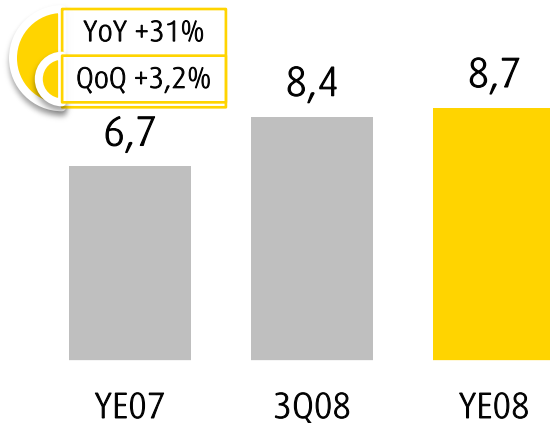
## General Purpose Consumer (TL bio)



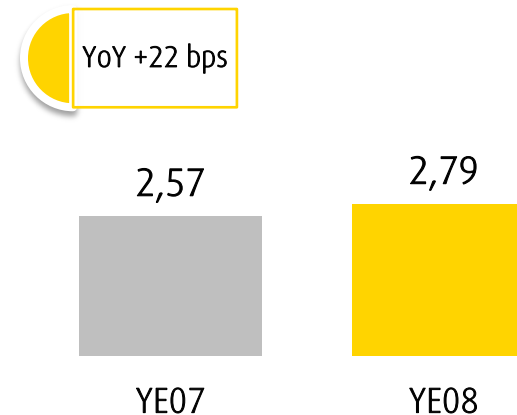
## Residential Mortgages<sup>1</sup> (TL bio)



## Total Retail (TL bio)



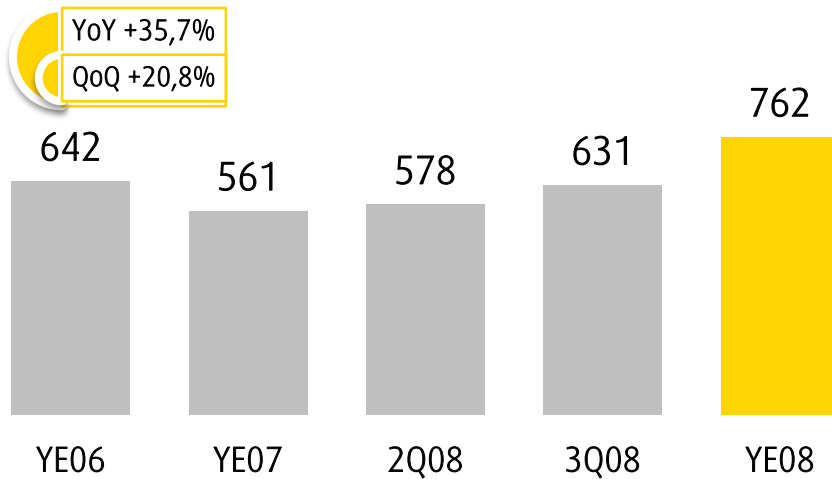
## Retail Cross Selling Ratio



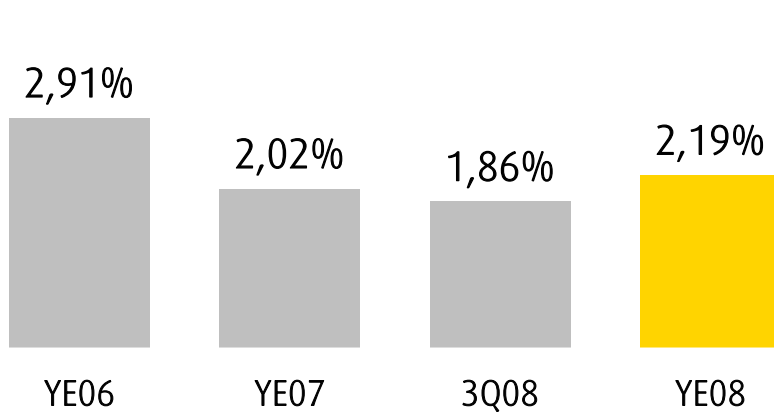
General Purpose Loan Growth; Ytd 37 %  
# 2 in General Purpose Lending

# Gaining Ground in Credit Cards

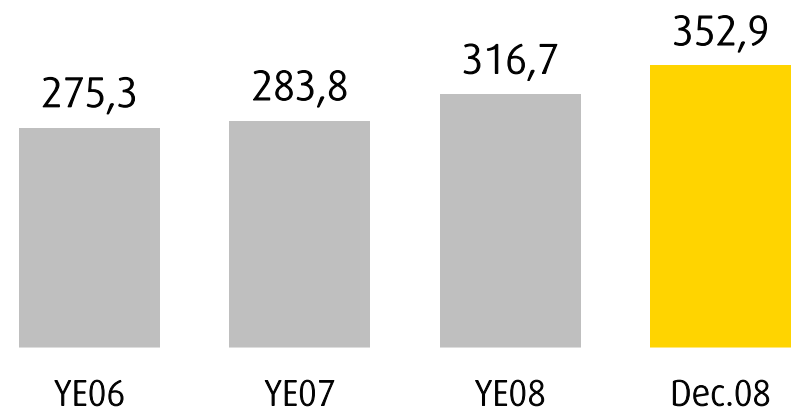
## Credit Card Loans (TL mio)



## Market share\* (%)

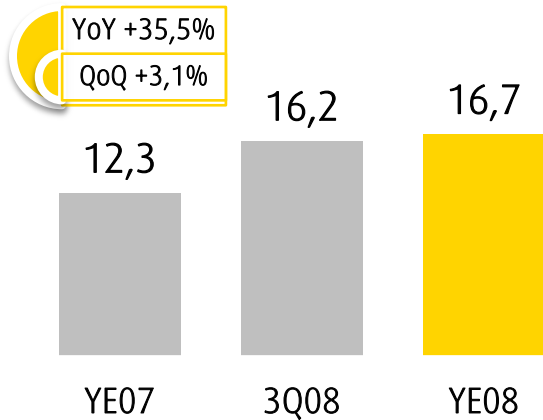


## Average Monthly Issuing Volume (TL mio)

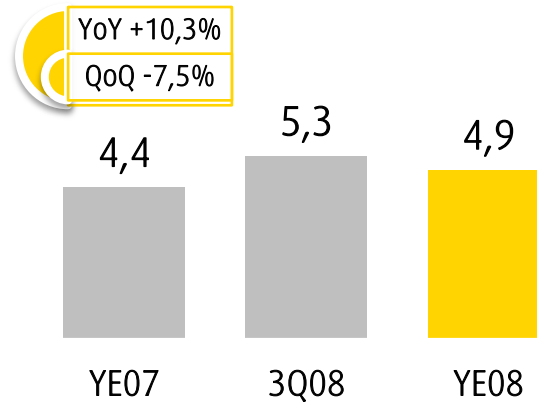


# Well diversified loan portfolio

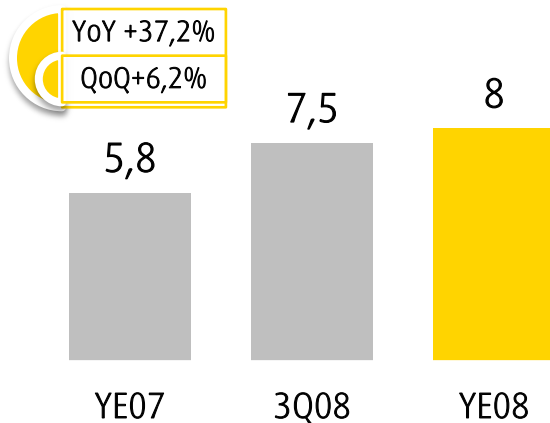
## Commercial & Corporate (TL bio)



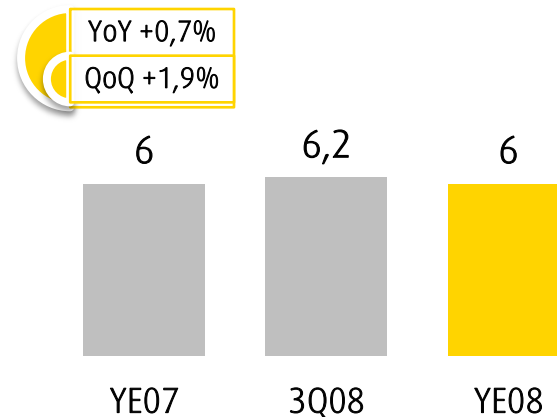
## SME (Com. Inst.) (TL bio)



## Guarantees (TL bio)



## Commitments (TL bio)

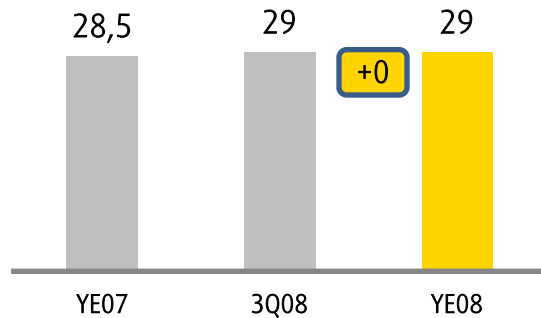


Commercial & Corporate Loan Growth; Ytd 35,5%, Highly collateralized & selective SME lending; Ytd 10,3% VS sector average Ytd 20%

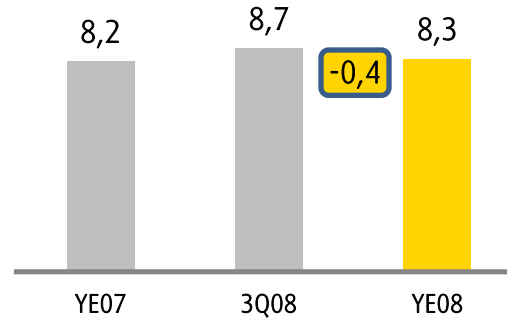
# Market Shares (%)

## Deposits and Funding

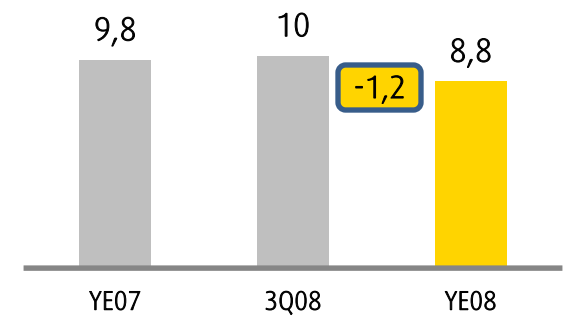
### Payroll <sup>1</sup>



### Total Deposits

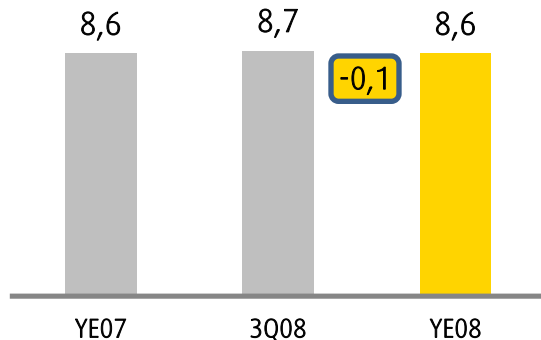


### TL Deposits

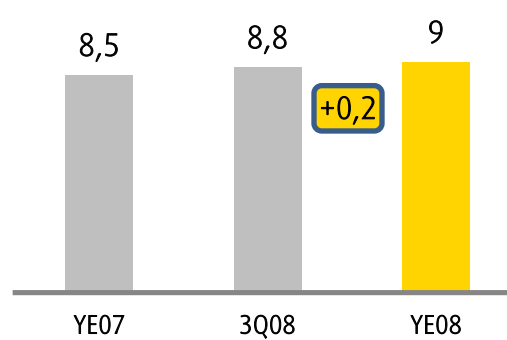


## Loans

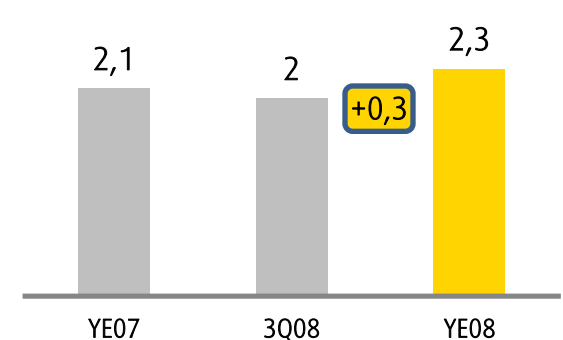
### Total Loans



### Retail Loans <sup>2</sup>

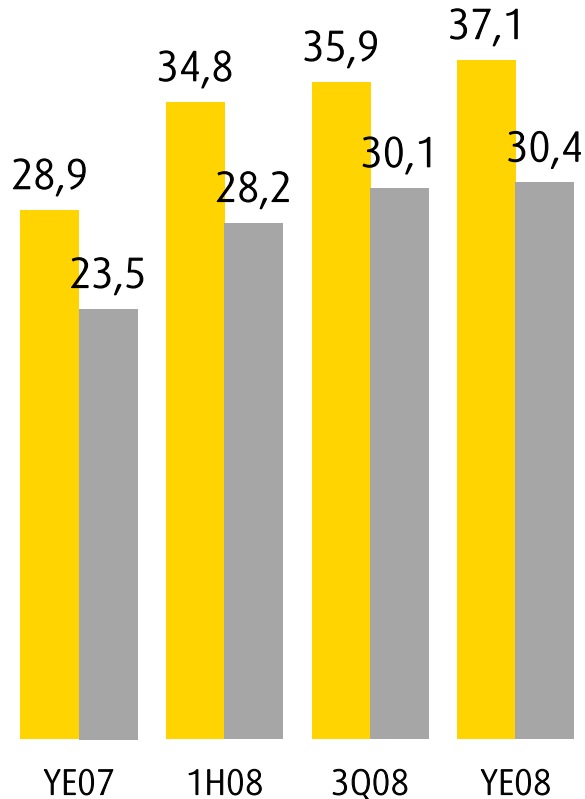


### Credit Card



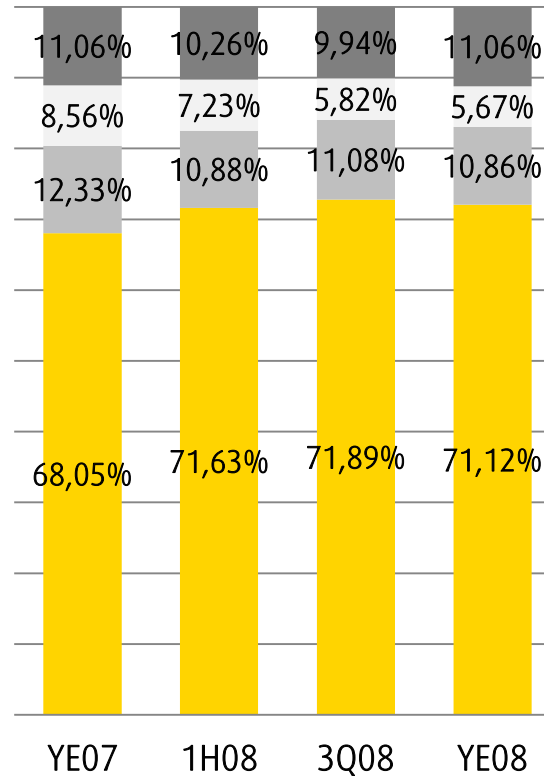
# Deposits & Liabilities

Loans & Deposits (TL bio)



■ Deposits ■ Loans

Breakdown of Liabilities (%)

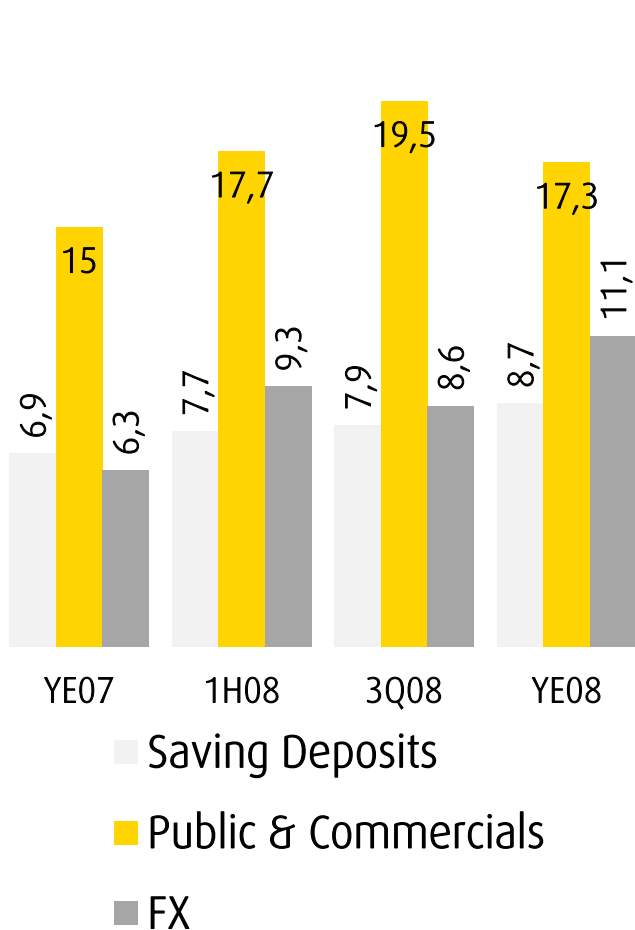


■ Funds B. ■ Other  
■ SHE ■ Deposits

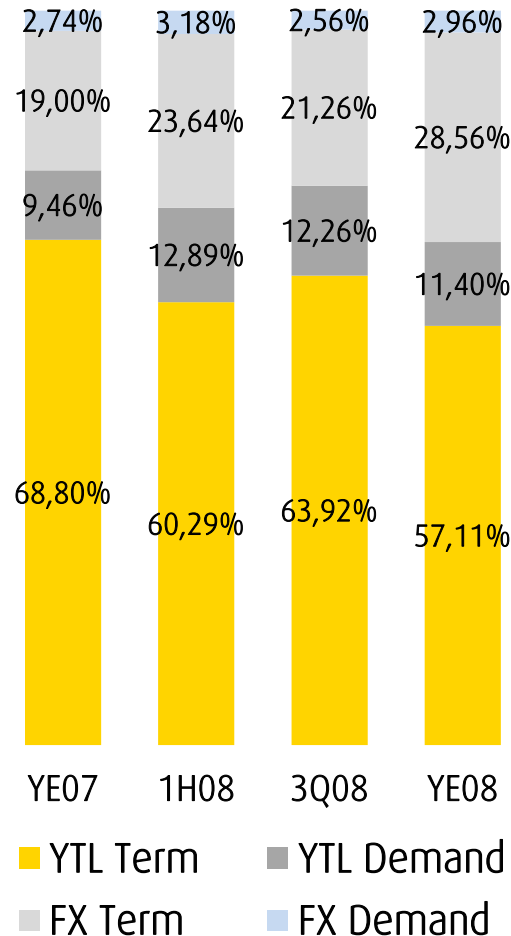
Deposits share;  
2008:71%  
2007:68%  
Funds Borrowed;  
2008:11%  
2007:12%

# Deposits & Liabilities

Deposits Composition (TL bio)



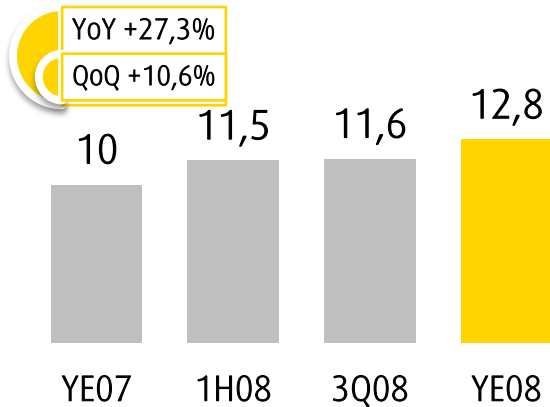
Breakdown of Deposits



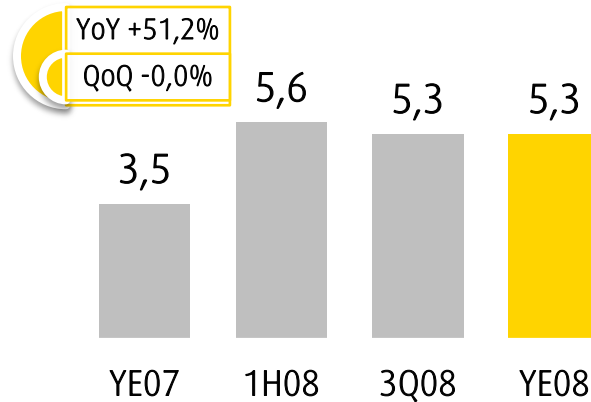
Demand Deposits  
Growth Ytd  
51%  
Share in total  
15%

# Retail focused solid deposit franchise

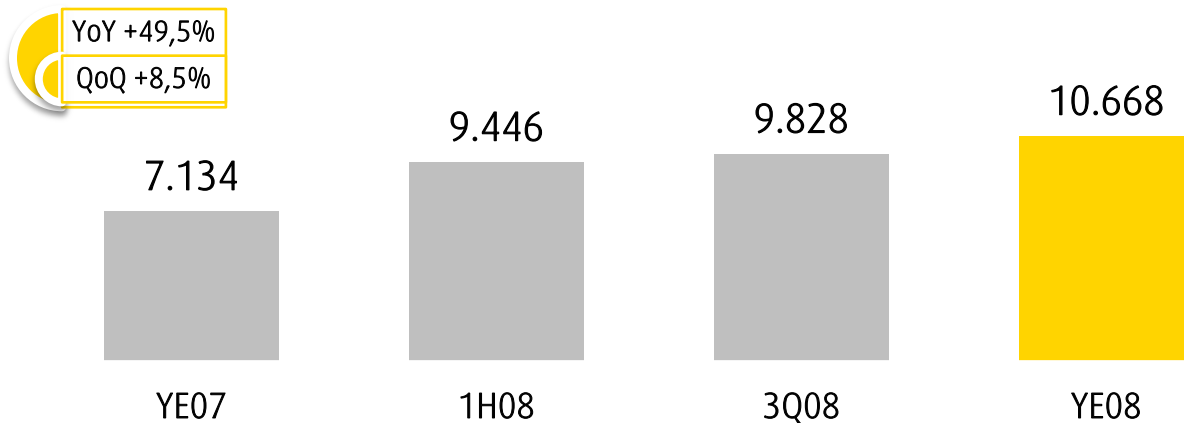
Retail Deposits (TL bio)



Demand Deposits (TL bio)



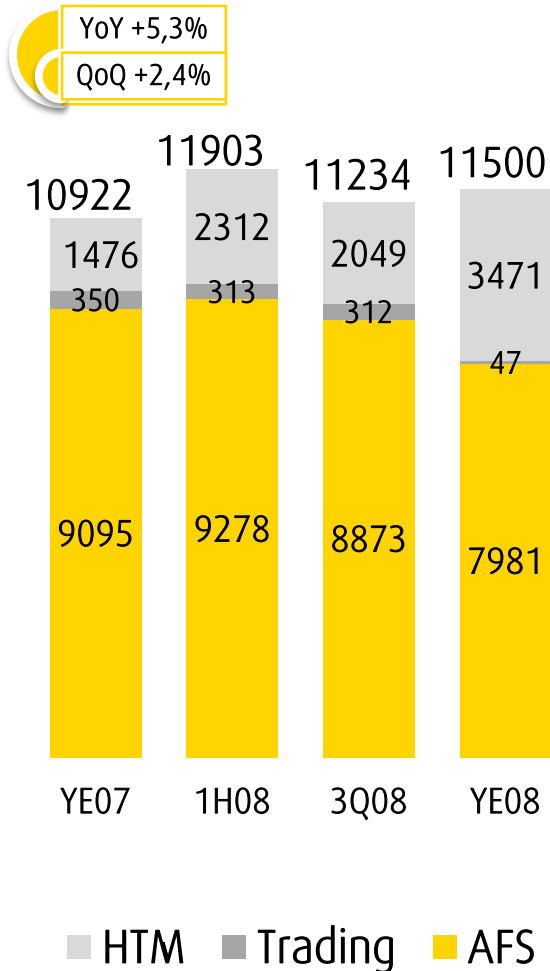
State Related Deposits\* (TL bio)



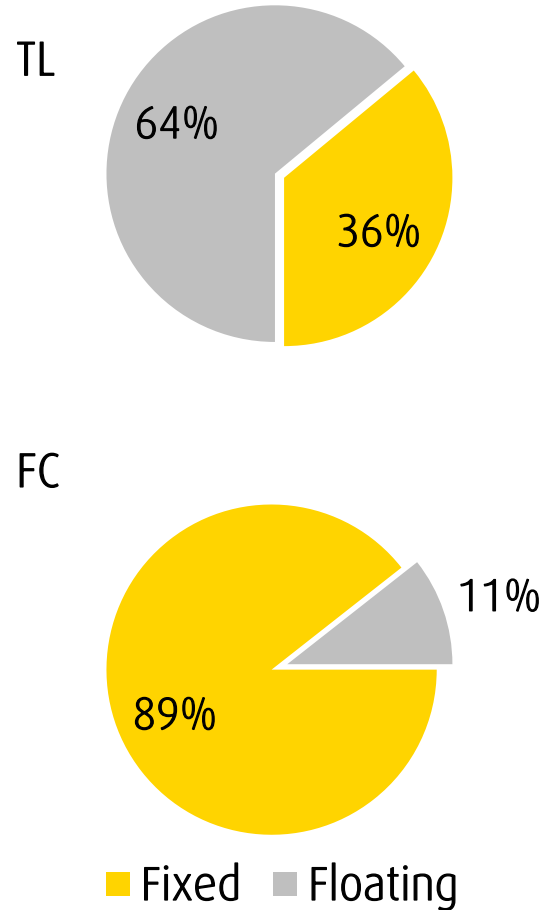
Strong deposits growth, Ytd 28,6%  
Outperforming sector average. Retail Deposits focused 4Q08 growth, QoQ 10,6%

# TL heavy securities book, with 70% AFS

Total Securities (YTL mio)



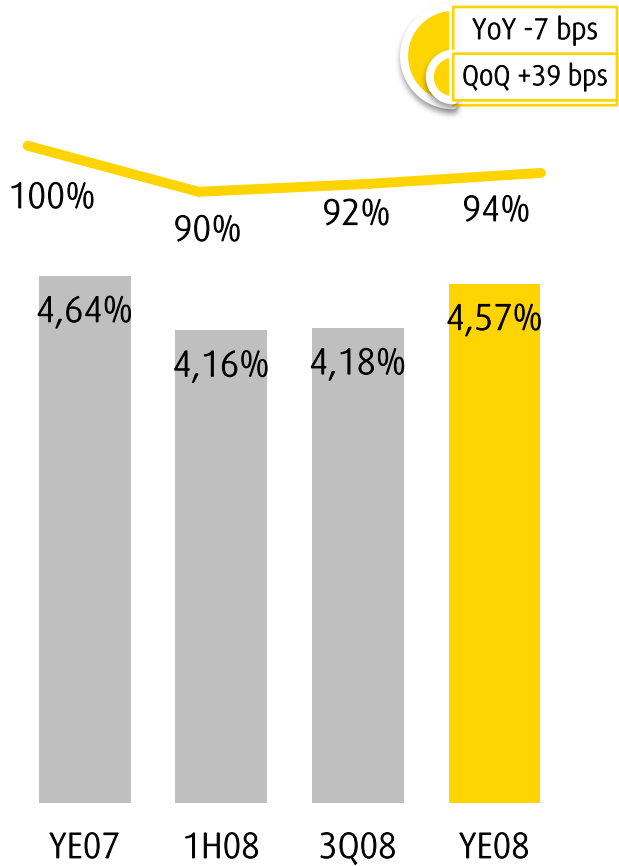
Portfolio Structure



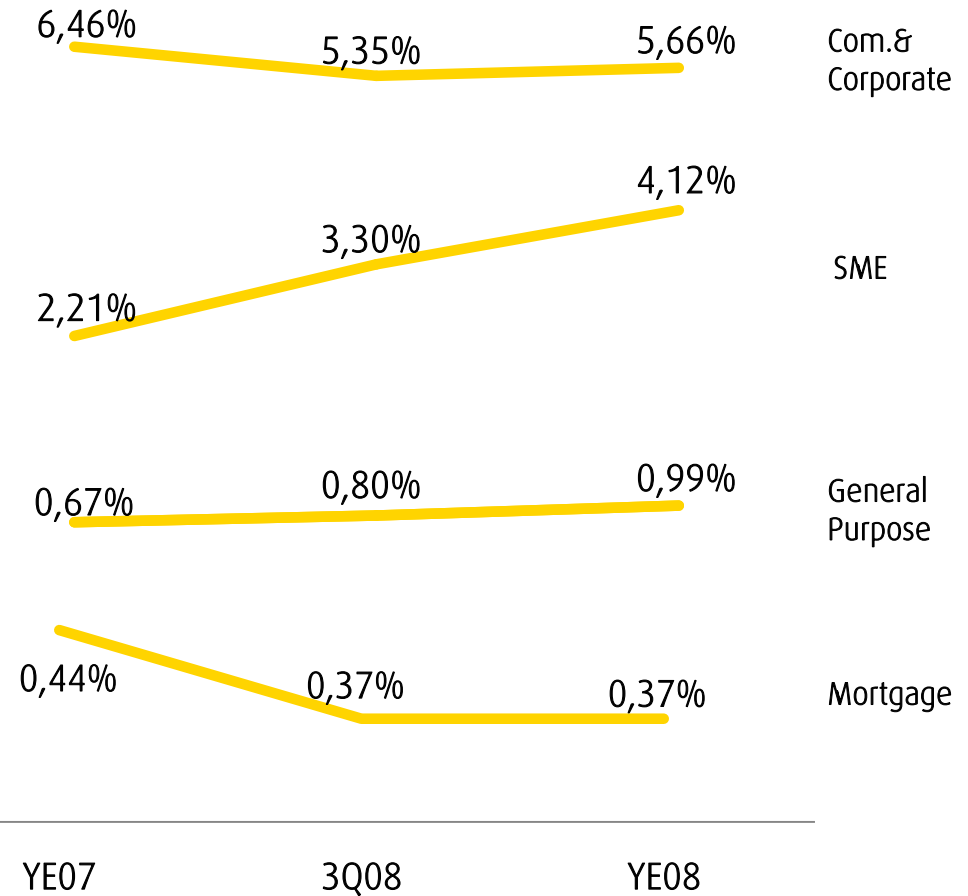
TL heavy portfolio breakdown:  
TL Securities; 76,5%  
FC Securities; 23,5%

# Sustained asset quality & conservatively increased NPL coverage

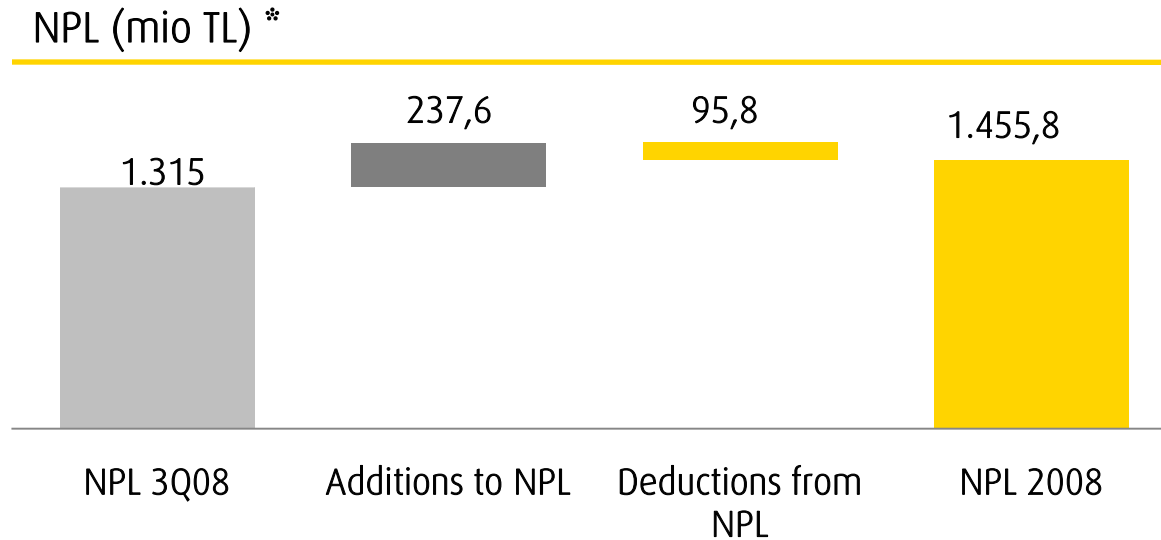
NPL Ratio\* and Provisions Coverage (%)



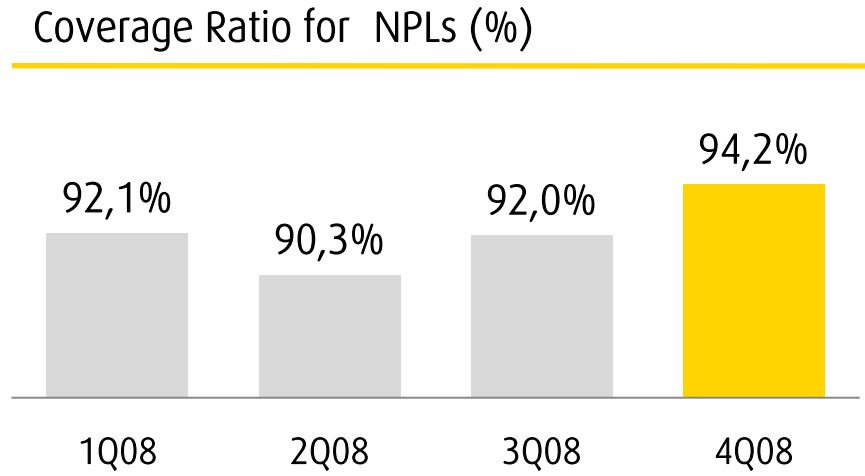
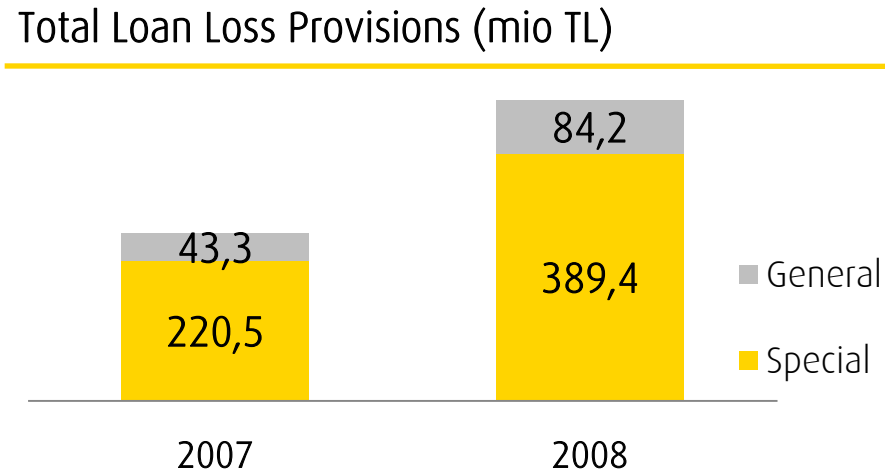
NPL Ratio by Segments\* (%)



# Sustained asset quality & conservatively increased NPL coverage

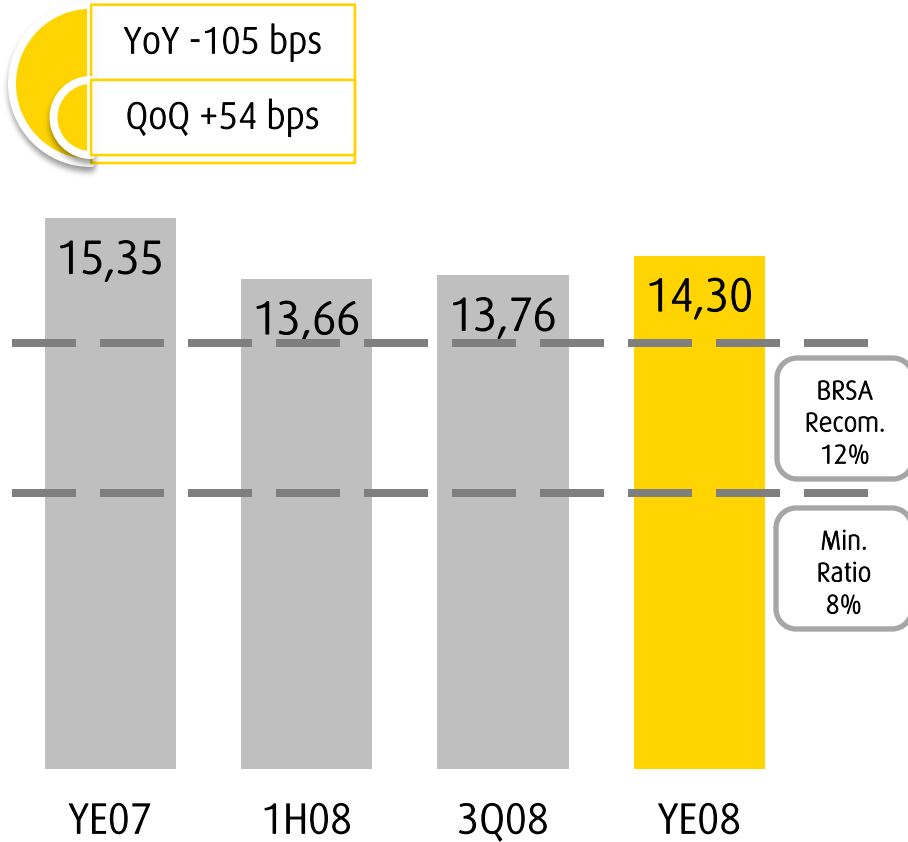


**NPL Coverage Ratio:**  
 94,2% without collaterals  
**Cost of Risk:**  
 1,45% in 2008



# Effective capital management, CAR is up by 54 bps.

## Capital Adequacy Ratio (%)



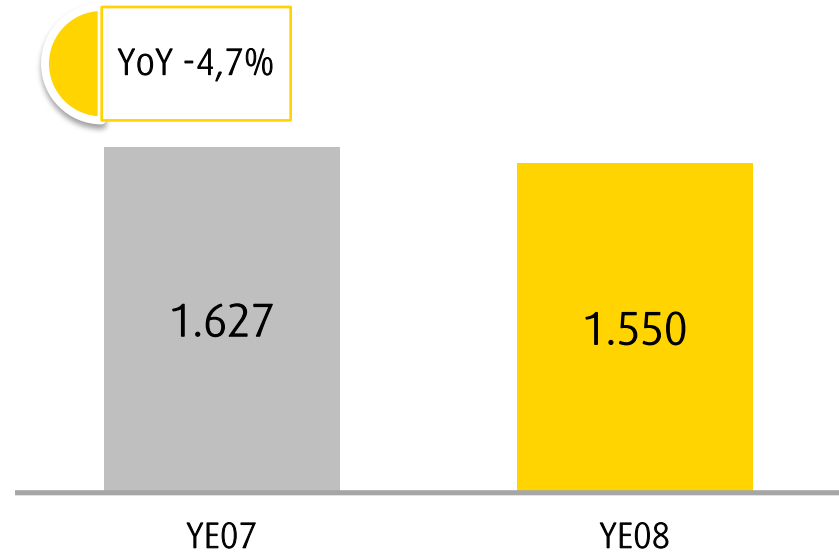
Conservatively lower leveraged than peers average

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

# Earnings Summary

(TRY-mio, %)	YE2007	YE2008	Growth
Net Interest Income	1.675,8	1.974,7	17.8%
Net F&C Income	360,5	466,2	29.3%
Net Trading Income	193,3	89,7	-53,6%
Divident Income	34,7	25,5	-26.6%
Other Operating Income	356,7	312,7	-12.3%
<b>Total Operating Income</b>	<b>2.621,1</b>	<b>2.868,8</b>	<b>9.5%</b>
<b>Total Operating Expenses (-)</b>	<b>994,6</b>	<b>1.319,2</b>	<b>32.6%</b>
<b>Operating Profit</b>	<b>1.626,5</b>	<b>1.549,7</b>	<b>-4.7%</b>
Provisions (-)	368,4	624,3	69.5%
Tax Provisions (-)	227,4	172,1	-24.3%
Income from investments	0	0	n.a.
Net Monetary Gain/Loss	0	0	n. a.
<b>Net Income</b>	<b>1.030,7</b>	<b>753,2</b>	<b>-26.9%</b>

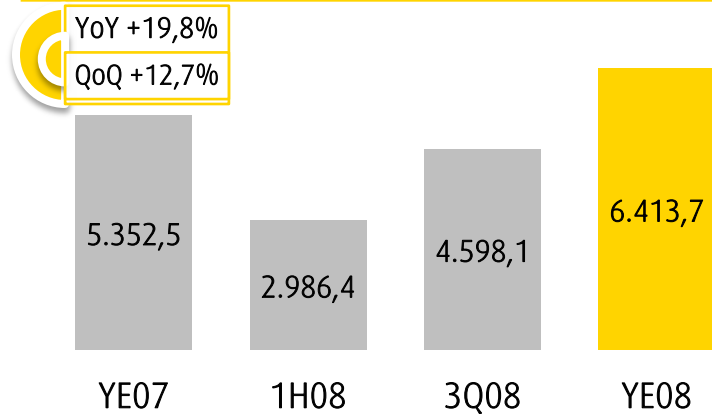
## Operating Profit (TL mio)



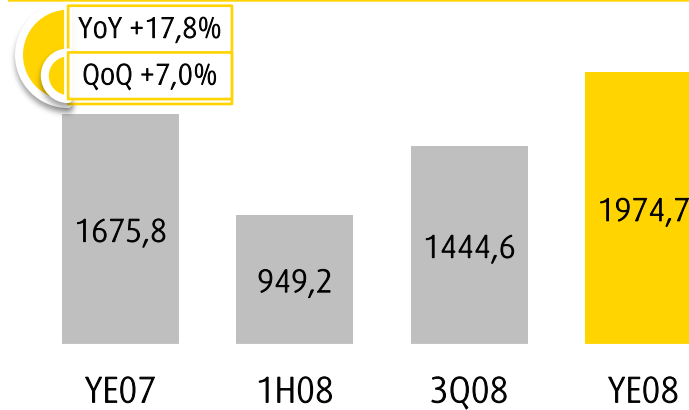
Opex increase is driven by;  
New corporate identity & Vakif  
World investments,  
Ytd 57 new branches, +900  
new employees & inflation.

# P & L Participants

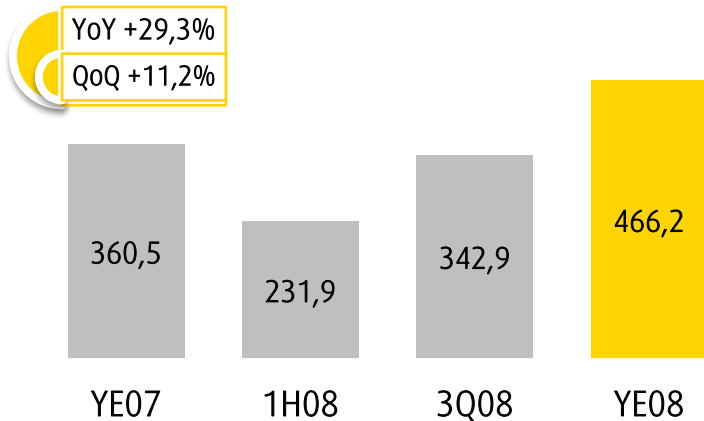
## Interest Income (TRY mio)



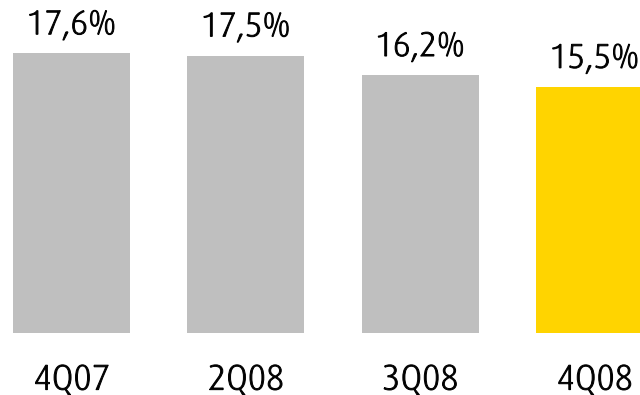
## Net Interest Income (TRY mio)



## Net F & C Income (TRY mio)

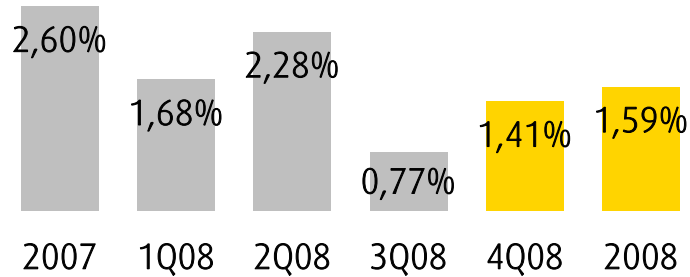


## Net F & C Income/Op. Income

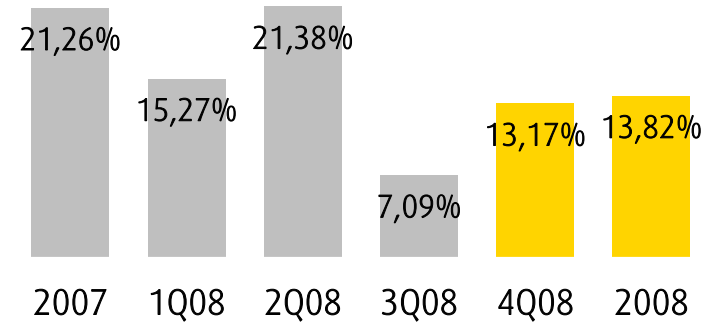


# Earnings Ratios

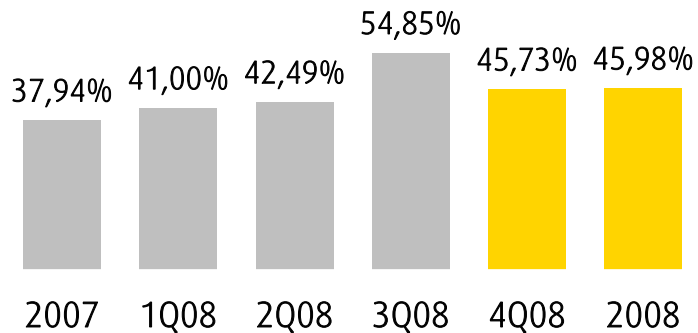
## ROAA



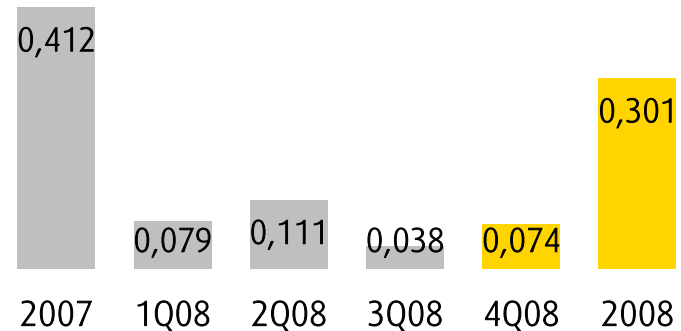
## ROAE



## Cost / Income (%)

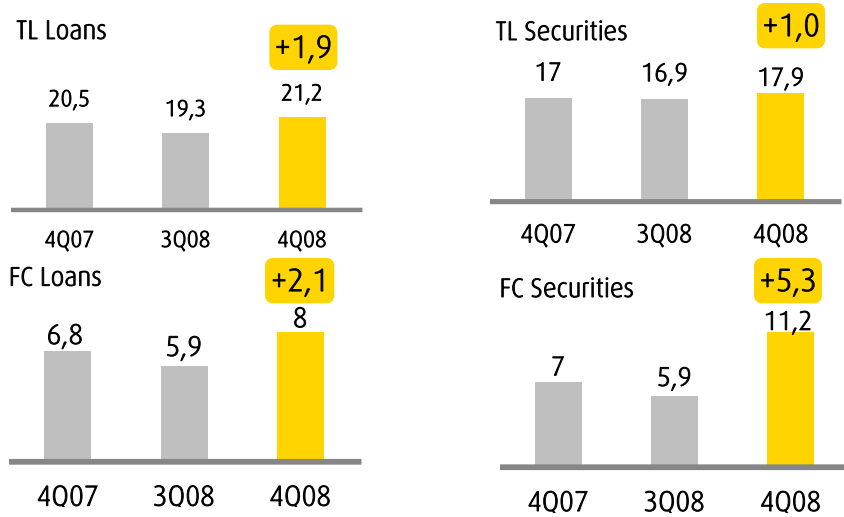


## Earnings Per Share (EPS)

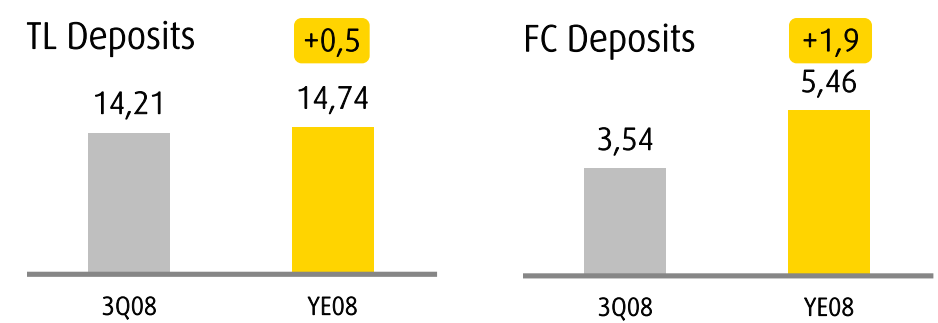


# Well managed balance sheet & improved margins

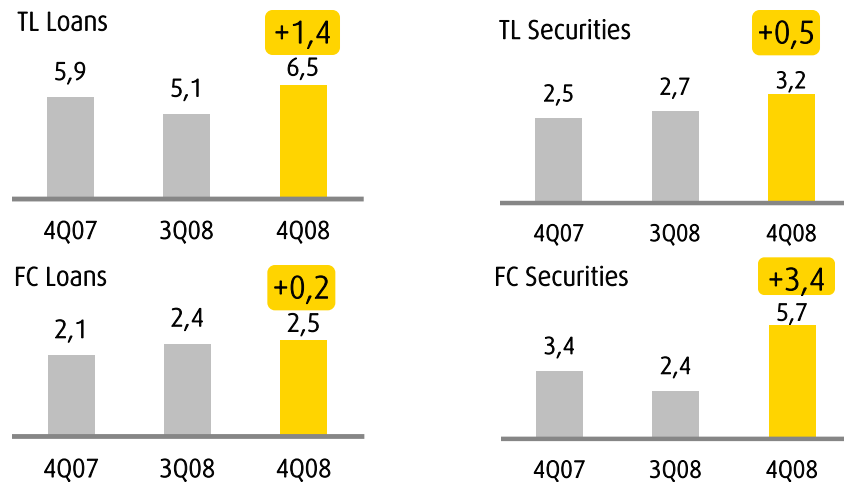
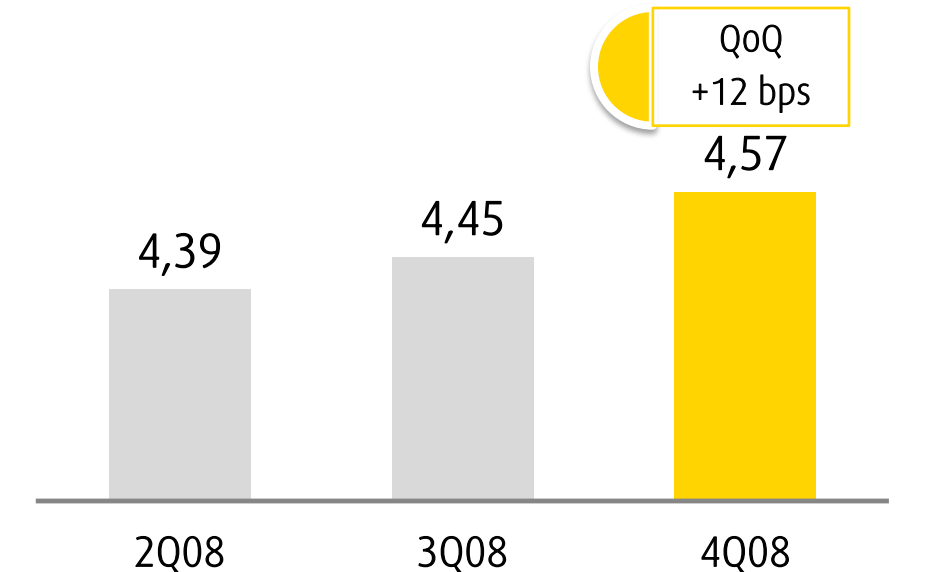
## Yields & Spreads (%)



## Cost of Deposits (%)



## Net Interest Margin (NIM)



# Vakifbank with numbers

Distribution Channels & Customer Base (#)	YE2008	Efficiency ('000 TRY)	YE2008
Branches*	523	Assets per Employee	5.455,6
ATMs	2.163	Assets per Branch	99.796,4
Personnel	9.567	Loans per Employee	3.179,4
POS Terminals	81.665	Loans per Branch	58.159,1
Outstanding Credit Cards	2,03 mn	Deposits per Employee	3.880,0
Debit Cards	13,9 mn	Deposits per Branch	70.975,7
Total Customers	8,4 mn		
Total Payroll Customers	2,1 mn		
Internet Banking Customers	1,1 mn		
Active Mutual Fund Customers	0,99 mn		

## Most efficient bank in Turkey

# Balance Sheet

	(TRY-mio, %)	YE2007	3Q2008	YE2008	YoY Growth	QoQ Growth
Assets	Cash & Balances with Central Bank	2.490	2.374	2.105	-15.5%	-11.3%
	Interbank	3.462	3.851	5.759	66.4%	49.6%
	Securities	10.922	11.234	11.500	5.3%	2.4%
	Loans	23.470	30.107	30.417	29.6%	1.0%
	Subsidiaries & Investments	586	593	539	-8.0%	-9.1%
	Property & Equipment	906	981	985	8.7%	0.3%
	Other	573	842	889	55.1%	5,5%
	<b>Total Assets</b>	<b>42.408</b>	<b>49.983</b>	<b>52.193</b>	<b>23.1%</b>	<b>4.4%</b>
Liabilities & SHE	Deposits	28.863	35.927	37.120	28.6%	3.3%
	Funds Borrowed	4.693	4.972	5.770	23.0%	16.1%
	Other	3.128	2.914	2.957	-5.5%	1.5%
	Provisions	499	632	675	35.2%	6.8%
	<b>Shareholders Equity</b>	<b>5.226</b>	<b>5.537</b>	<b>5.671</b>	<b>8.5%</b>	<b>2.4%</b>
Off-B.S	Guarantees	5.841	7.545	8.011	37.2%	6.2%
	Commitments	6.029	6.163	5.986	0.7%	1.9%
	Derivatives	1.464	1.158	2.512	71.6%	116.9%

# Income Statement

(TRY-Thousand, %)	YE2007	3Q2008	YE2008	$\Delta\{4Q08$ $3Q08\}$	$\Delta\{YE08$ $YE07\}$
Net Interest Income	1.675.834	1.444.612	1.974.691	7.0%	17.8%
Net Fee & Com. Income	360.490	342.850	466.215	11.2%	29.3%
Divident Income	34.718	25.499	25.499	-100.0%	-26.6%
Net Trading Income	193.349	36.844	89.720	123.5%	-53.6%
Other Income	356.713	223.954	312.704	66.8%	-12.3%
<b>Total Revenues</b>	<b>2.621.104</b>	<b>2.073.759</b>	<b>2.868.829</b>	<b>16.3%</b>	<b>9.5%</b>
Operating Expense	994.571	955.560	1.319.172	-3.0%	32.6%
Provisions	368.434	399.787	624.319	21.8%	69.5%
Tax Provisions	227.399	149.772	172.140	-20.8%	-24.3%
<b>Net Income</b>	<b>1.030.700</b>	<b>568.640</b>	<b>753.198</b>	<b>92.4%</b>	<b>-26.9%</b>



Investor Relations

Çamlık Cad. Çayır Çimen Sok. No:2 Kat:5

34330 1. Levent-İstanbul / Turkey

E-mail: [investor.relations@vakifbank.com.tr](mailto:investor.relations@vakifbank.com.tr)

Tel (90-212) 316 7120

Fax (90-212) 316 7126

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

*Disclaimer Notice: This report has been prepared by Vakifbank, Investor Relations Department and is provided for information purposes only. Although the information on which the report is based has been obtained from sources which we believe to be reliable, no representation or warranty is made by Vakifbank for the accuracy or completeness of the information contained herein. Information contained herein is subject to change without notice. Vakifbank accepts no liability whatsoever for any direct or consequential loss of any kind arising out of the use this document or any part of its content.*