

Earnings Presentation

BRSA Bank-Only YE2010

February 17, 2011




VakıfBank

4Q 2010 Macro Highlights

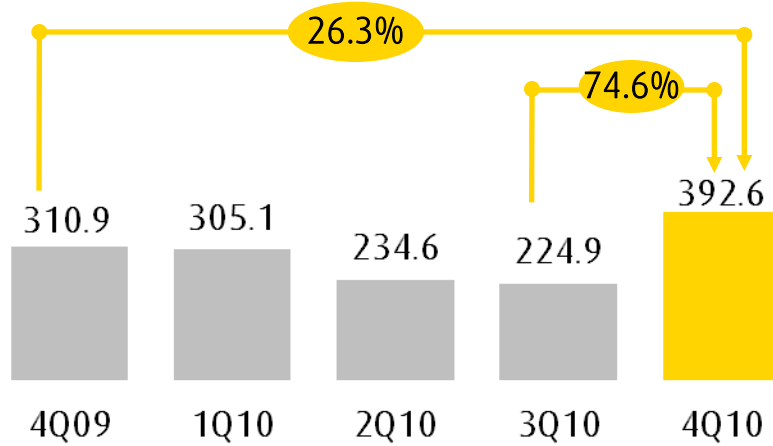
- Global economy continued its gradual recovery in Q4 2010 with a brighter outlook for developing countries against a stagnated economic activity and downside risks in advanced countries.
- Turkish economy strengthened considerably in 2010 despite the weak external demand. GDP increased by 5.5% YoY in the third quarter after the 11.7% and 10.3% yearly increases in the first and second quarters respectively: Fastest growth in Q3 among EU countries and second highest growth among G20.
- The 12.1% YoY increase in industrial production in Q4 indicates that the Q4 growth performance of Turkish economy continued improving and supports our 8.5% growth rate forecast for 2010.
- Strong growth performance reflected in unemployment rate which has receded to a favorable level of 11% by November 2010 from 14.5% in January 2010.
- Inflation fell to record low levels. CPI fell to 6.4% YoY in December 2010 and stayed below CBT year end target due to favorable basis effect.
- CBT introduced unorthodox policy measures in November with the intention to control the widening current account deficit. CBT implemented two rate cuts (50 bps in December and 25 bps in January) to prevent the increase in capital flows and increased TRY required reserve ratios 600 bps (200 + 400 bps) to avoid a further widening in credit markets in the December 2010 and January 2011.
- By 2010 year end, TL depreciated 2.6% against USD relative to June 2010 level with the effect of CBT policies. CBT's unorthodox policy caused a relative increase in treasury bond yields.

4Q 2010 VakifBank Highlights

- ✓ Bank-Only net profits are 392.6 mio TL, up by 74.6% QoQ, the highest quarterly net income ever.
- ✓ Quarterly ROAE at 18.8% & ROAA at 2.2%.
- ✓ Net Interest Income is up by 10.5% QoQ; Net Fee & Commission Income is up by strong 42% QoQ.
- ✓ Continued lending growth especially in key retail segments, outperforming sector averages:
 - ✓ Stellar general purpose consumer loan growth; YoY 51.3%, QoQ 18.9% vs sector QoQ 9.5%.
 - ✓ Strong residential mortgage loan growth; YoY 48.9%, QoQ 16.6% vs sector QoQ 10.6%.
- ✓ Refraining from deposit competition continued to defend the margins;
 - ✓ Modest deposit growth; 0.4% QoQ, 6.8% YoY. TL deposits growth QoQ 2%, 11.2% YoY.
- ✓ NIM widened 24 bps QoQ to 4.29% thanks to very strong retail loan growth without CPI linkers' contribution unlike peer group.
- ✓ Strong collections continued, covering 126% of new NPL generation resulted in asset quality improvement, NPL ratio is down by 47 bps QoQ to 4.8% without asset sale & write off.
- ✓ Opex under control, up by only 10.3% YoY, despite new branch openings of 91 Ytd in 2010, implying 17% growth in # of branches YoY, highest distribution increase ever.

4Q 2010 Earnings

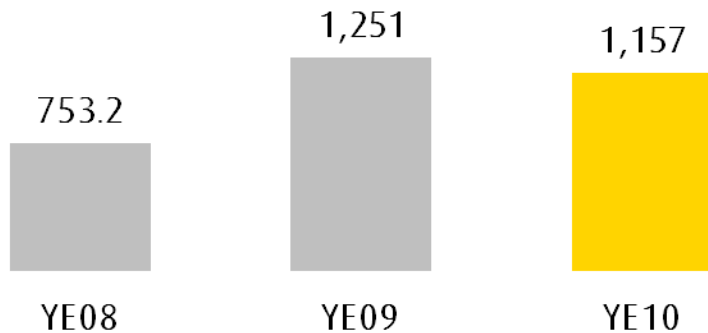
Quarterly Net Income (Mio TL)



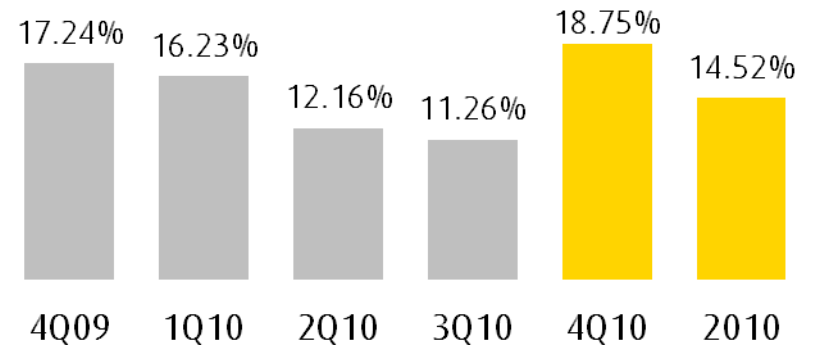
ROAA (%)



Net Income (Mio TL)

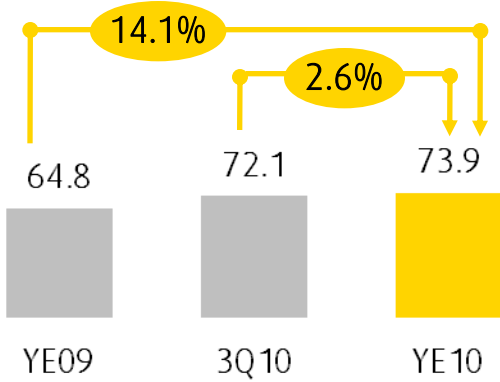


ROAE (%)

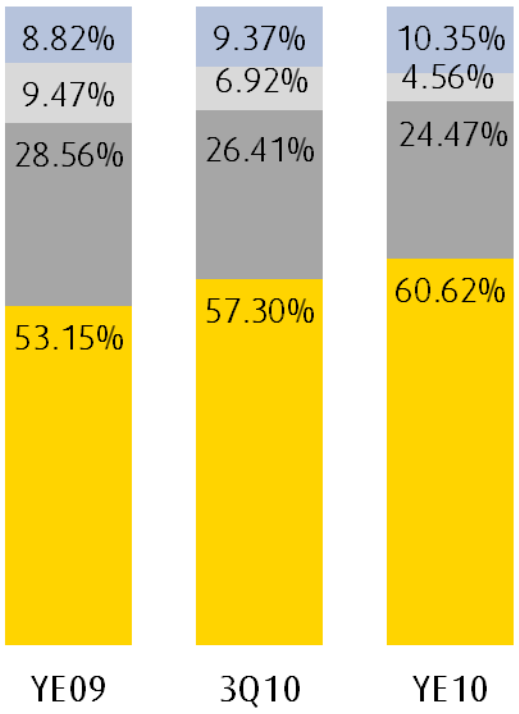


Total Assets

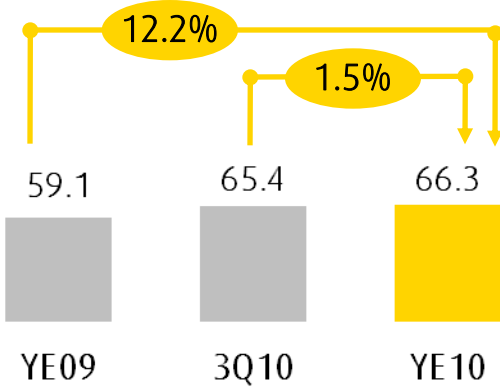
Total Assets (TL bio)



Breakdown of Assets (%)



Interest Earning Assets (TL bio)



Asset Growth; YoY

14.1%

IEA Growth YoY

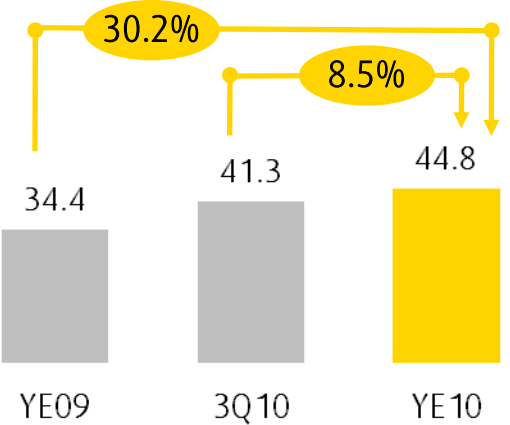
12.2%

Liquidity*;

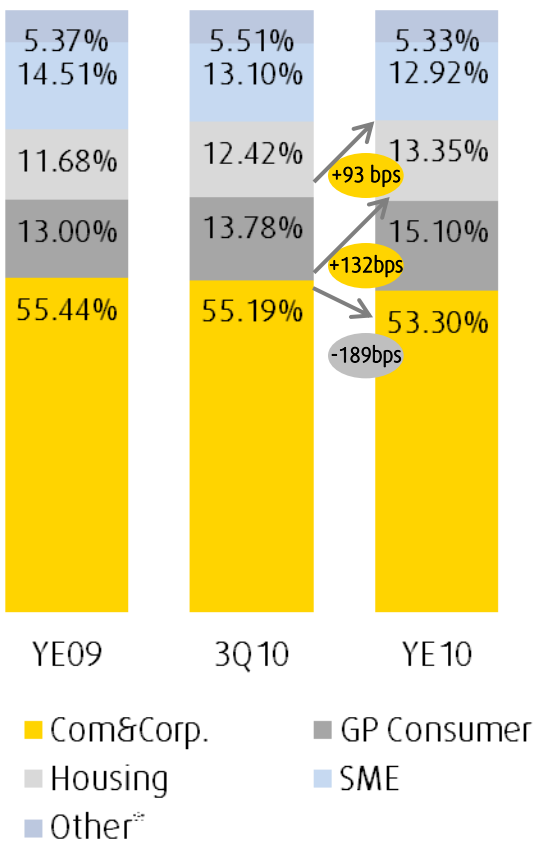
10.8%

Retail lending driven loan growth

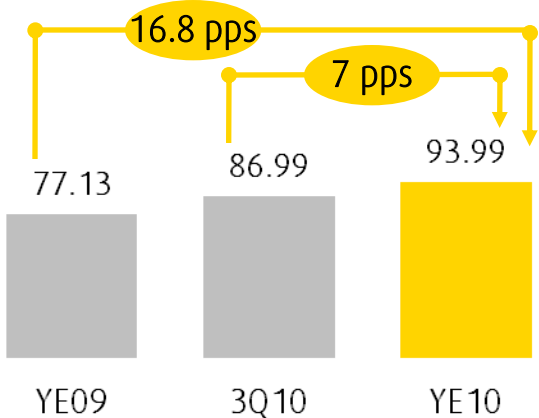
Total Loans (TL bio)



Breakdown of Loans (TL bio)



Loans/Deposits (%)



Loan Growth; YoY

30.2%

TL YoY;

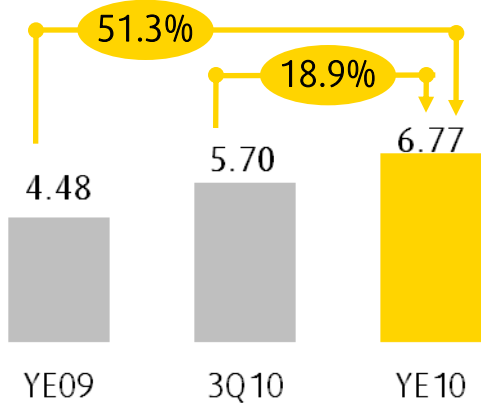
33.5%

FC in USD YoY;

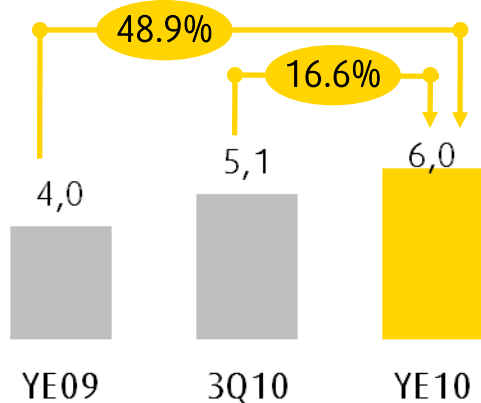
18.6%

Stellar retail loan growth

General Purpose Consumer (TL bio)

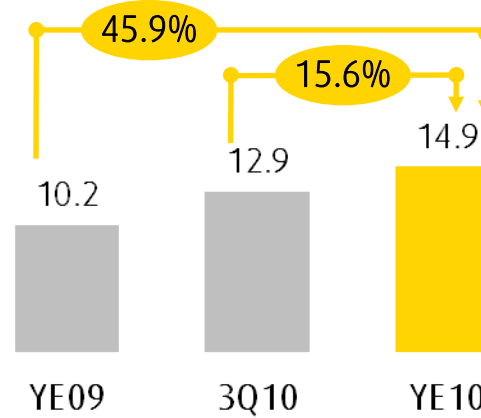


Residential Mortgages¹ (TL bio)

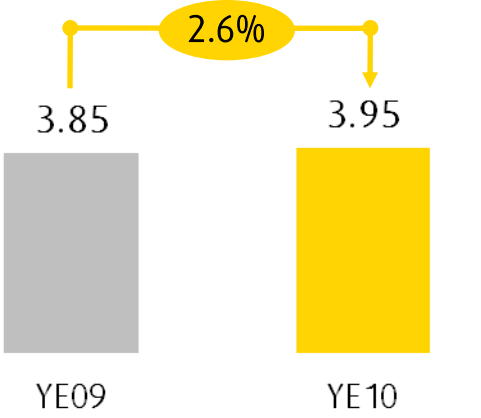


GPC growth QoQ;
18.9%
Sector growth QoQ;
9.5%

Total Retail (TL bio)



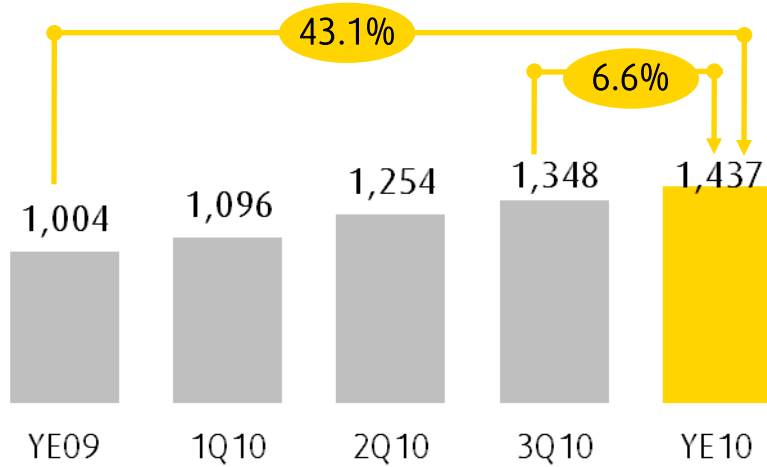
Retail Cross Selling Ratio



Retail Market Shares;
GPC;
11%
Mortgages;
10%

Sustainable & consistent growth in credit cards

Credit Card Loans (TL mio)



Credit Card Loans growth YoY;

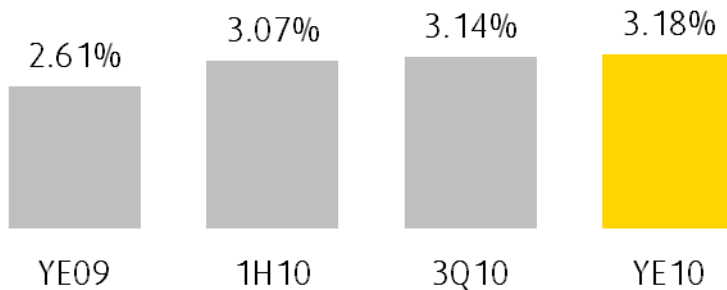
43.1%

vs.

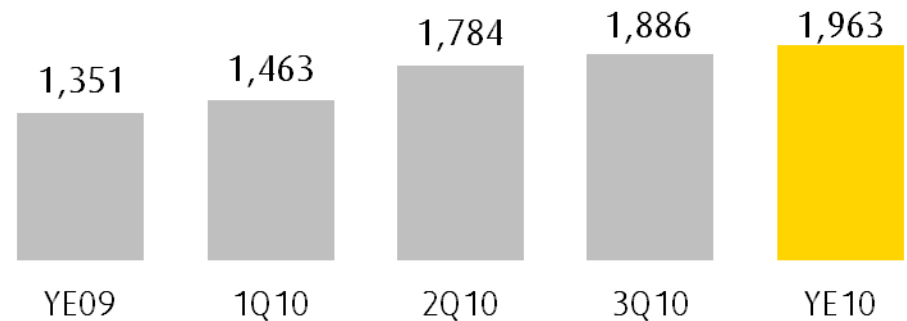
Sector growth YoY;

20.3%

Market share* (%)

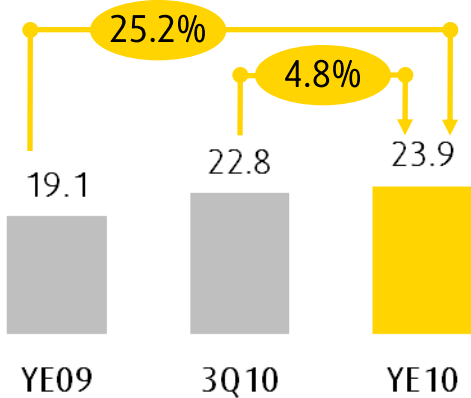


Quarterly Credit Card Issuing Volume (TL mio)

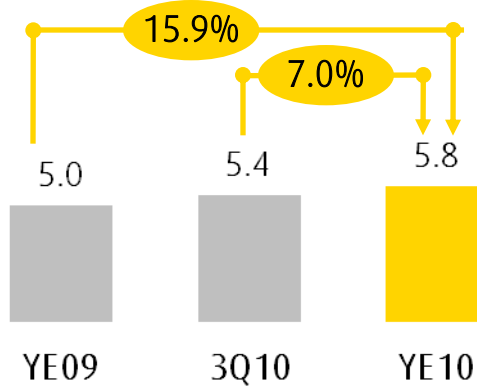


Well diversified loan portfolio

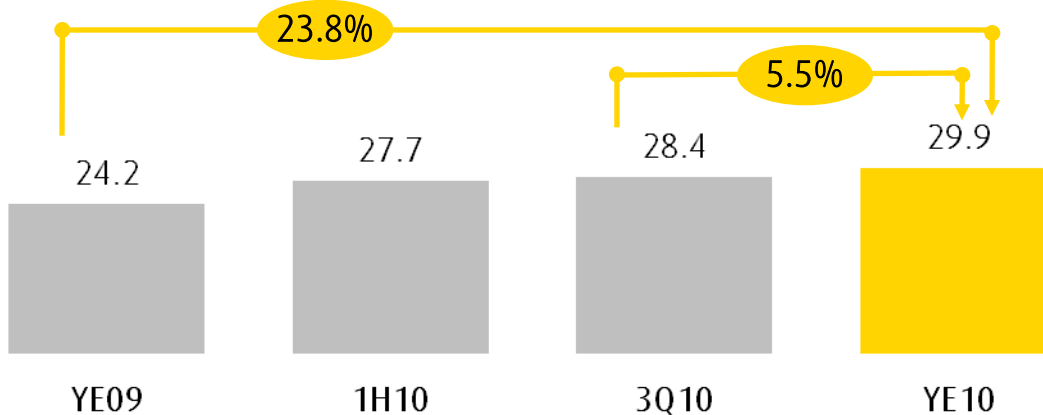
Corporate & Commercial (TL bio)



SME (Com. Inst.) (TL bio)



Total Commercial Loans* (TL bio)



Corporate & Commercial Loan Growth YoY;

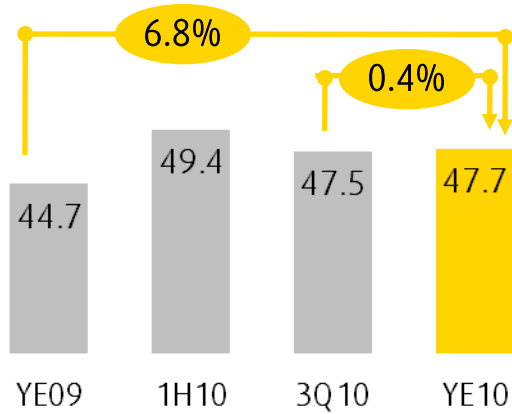
25.2%

Selective growth in corporate lending Growth QoQ;

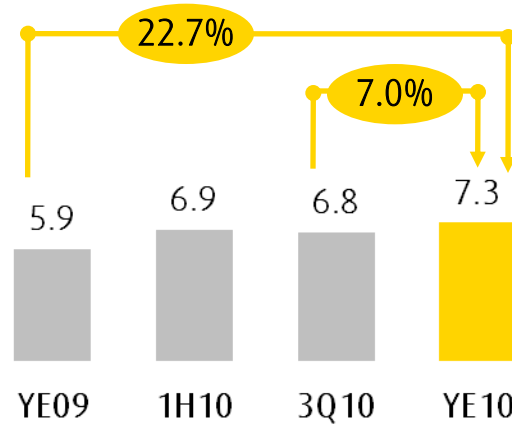
4.8%

Active deposit management & refrained from deposit competition

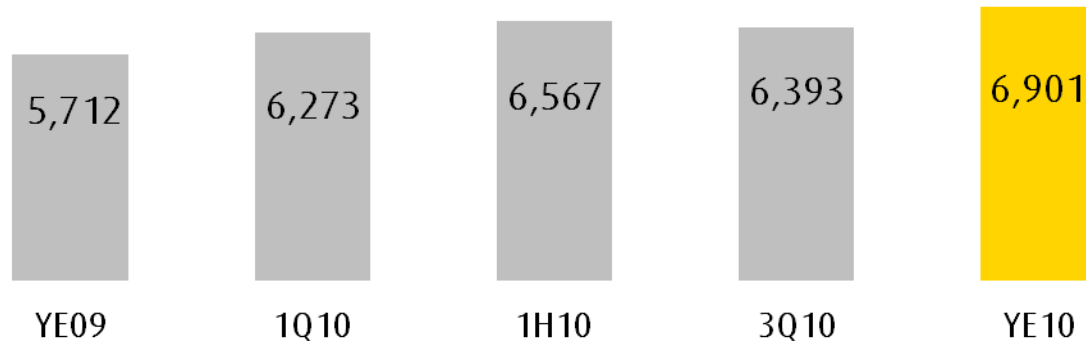
Total Deposits (TL bio)



Demand Deposits (TL bio)



Core State Deposits (TL mio)*



Deposit growth;
YoY

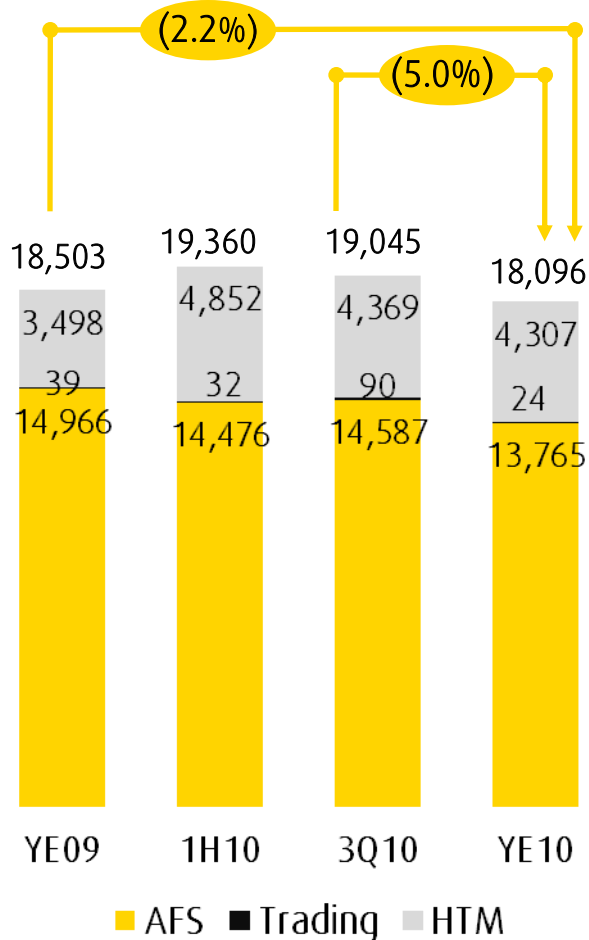
6.8%

TL deposits up by;

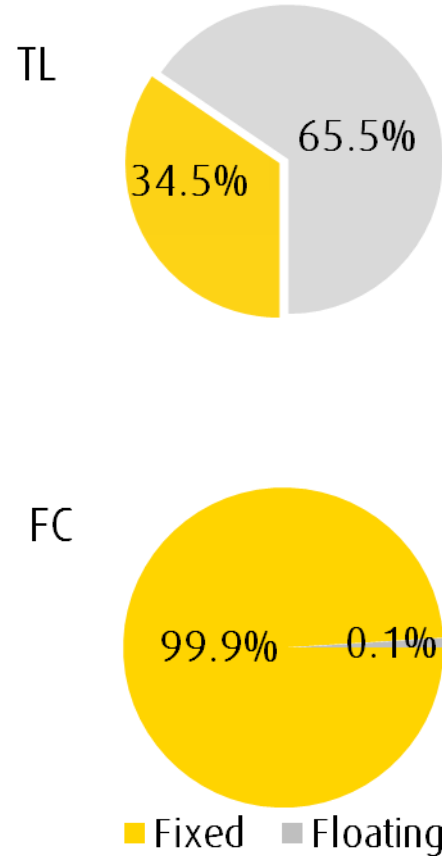
11.2%

Securities portfolio mix

Total Securities (TL mio)



Portfolio Structure



Portfolio structure changed in favor of FRNs after redemptions;

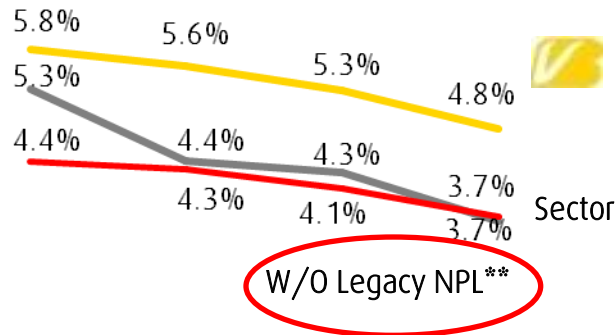
65.5%

of TL securities are floating with a marginal CPI Linkers' share of;

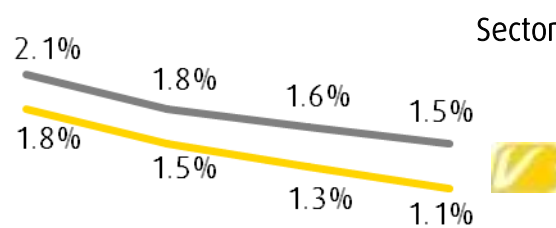
4.7%

NPL Ratios

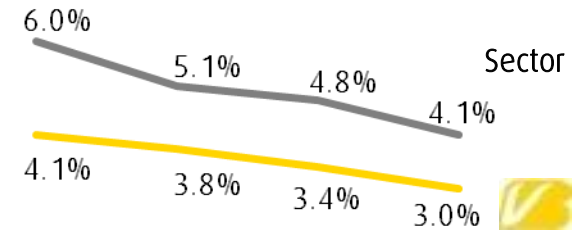
Overall NPL Ratio* (%)



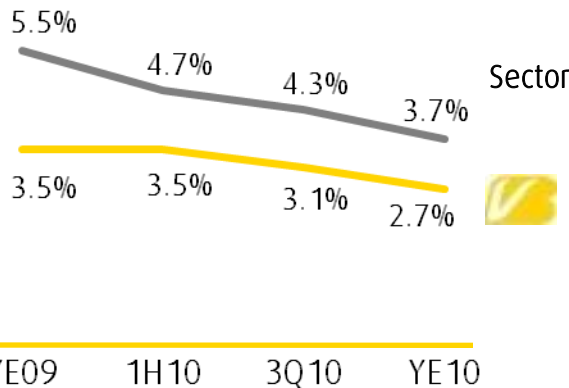
Mortgages NPL (%)



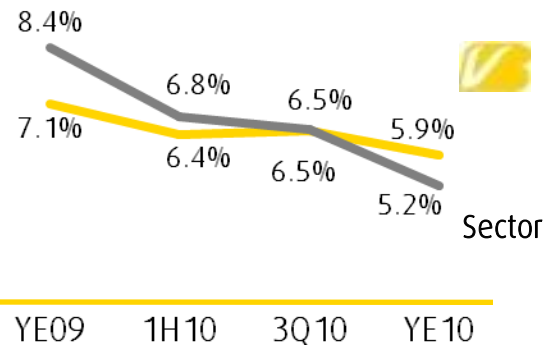
Total Retail NPL (%)



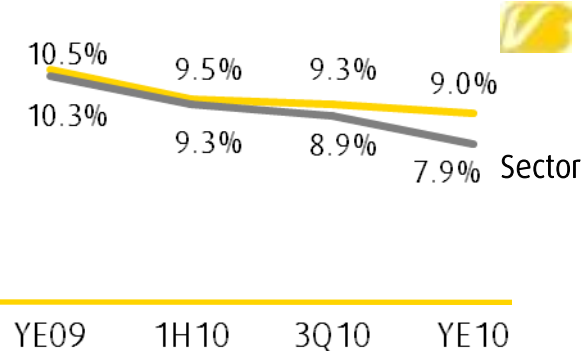
General Purpose Consumer NPL (%)



SME NPL (%)

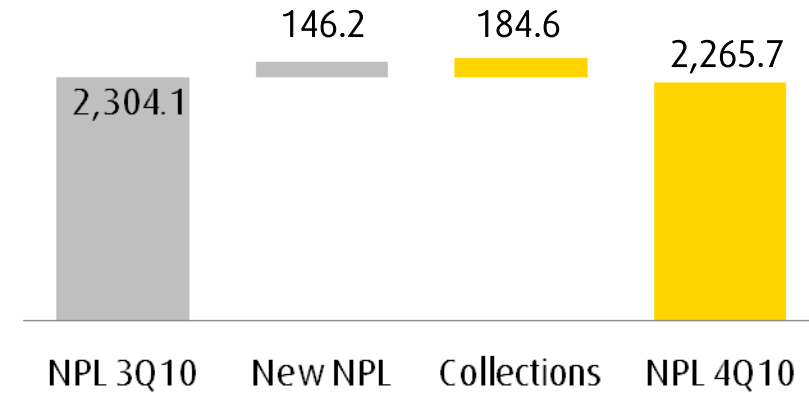


Credit Cards NPL (%)

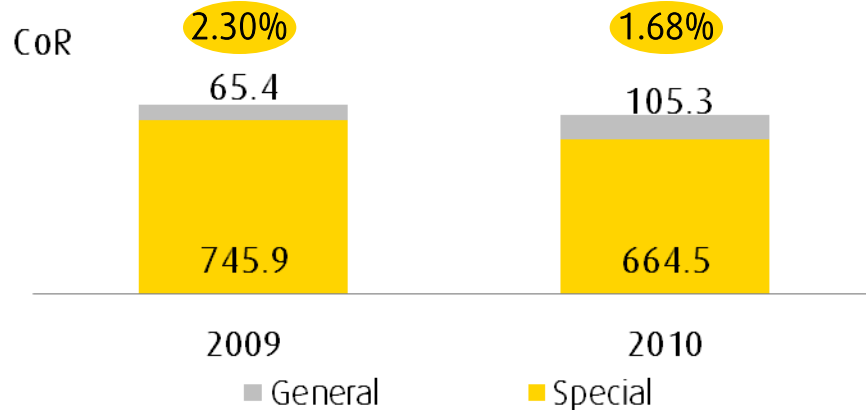


Higher momentum in asset quality improvement

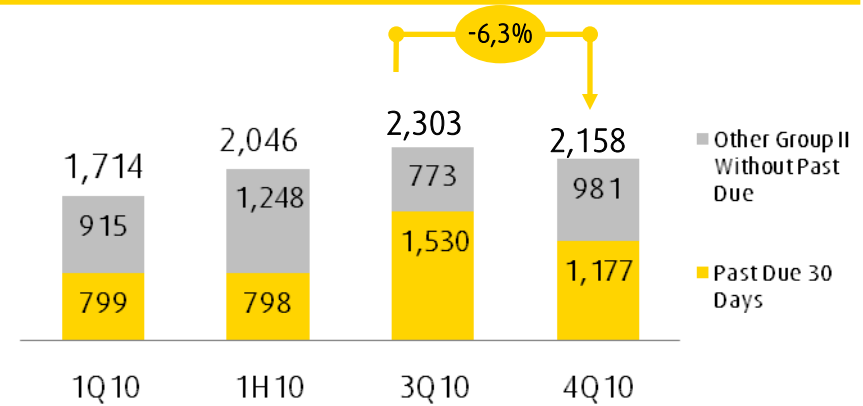
NPL (mio TL) *



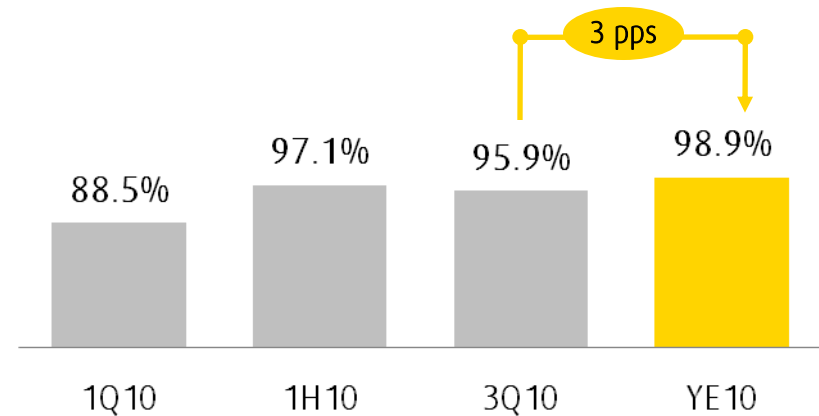
Total Loan Loss Provisions (mio TL)



Group II Loans

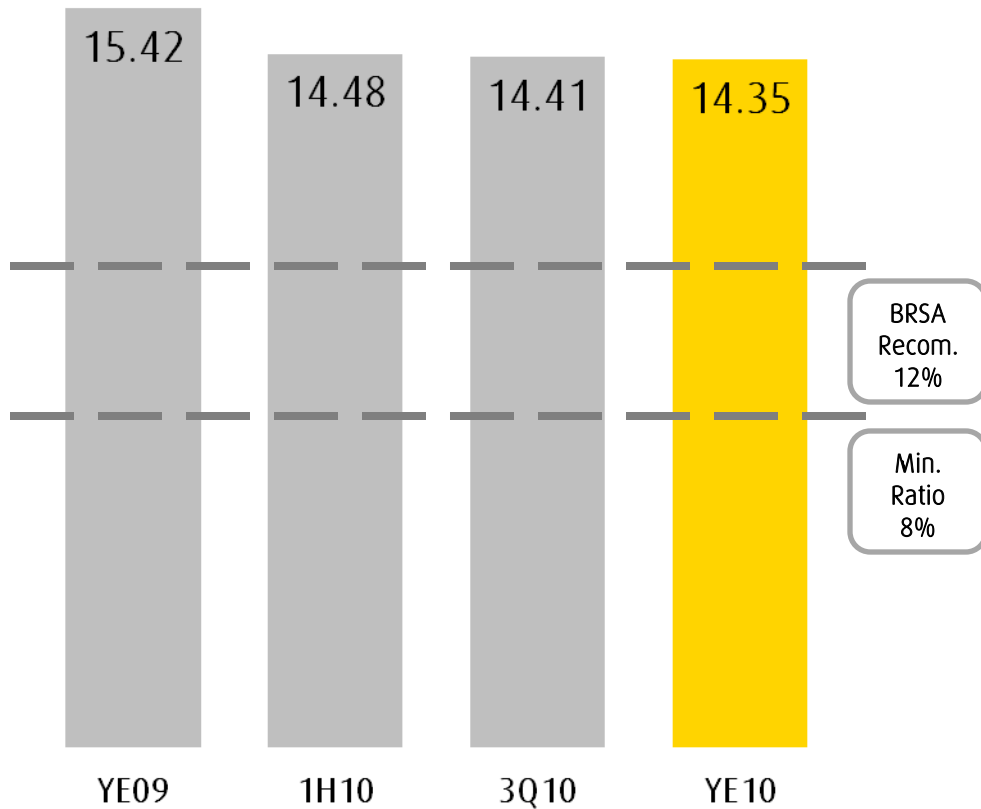


Cash Coverage Ratio of NPL(%)



Capital Structure

Capital Adequacy Ratio (%)



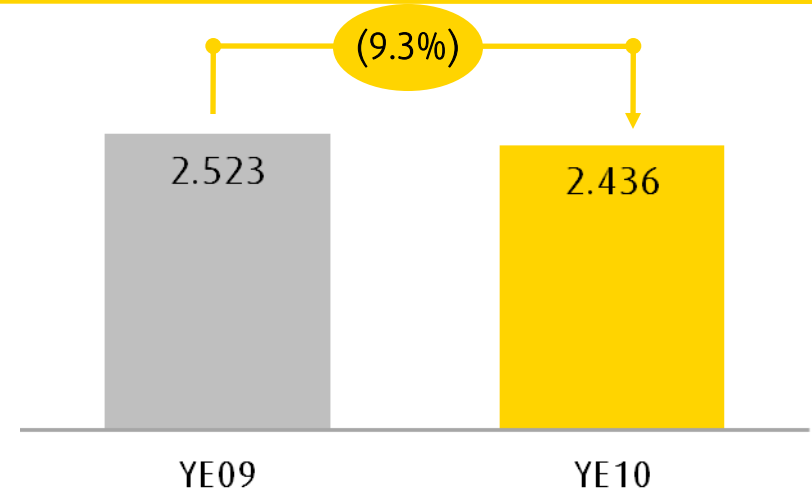
Conservatively low leveraged balance sheet

$$\frac{(\text{Liabilities} - \text{SHE})}{\text{SHE}} = 7.6$$

Earnings Summary

(TL-mio, %)	YE2009	YE2010	Growth
Net Interest Income	3,077.4	2,730.0	(11.3%)
Net F&C Income	465.5	443.3	(4.8%)
Net Trading Income	177.8	316.3	77.9%
Divident Income	24.3	35.2	45.0%
Other Operating Income	311.2	601.0	93.1%
Total Operating Income	4,056.2	4,125.8	1.7%
Total Operating Expenses (-)	1,532.7	1,689.8	10.3%
Operating Profit	2,523.5	2,435.9	(3.5%)
Provisions (-)	981.3	973.2	(0.8%)
Tax Provisions (-)	291	305.6	5.0%
Income from investments	0	0	n.a
Net Monetary Gain/Loss	0	0	n.a
Net Income	1,251.2	1,157.1	(7.5%)

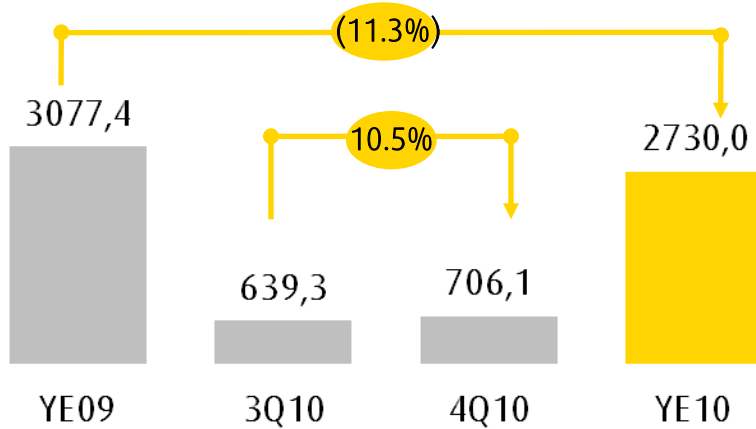
Operating Profit (TL mio)



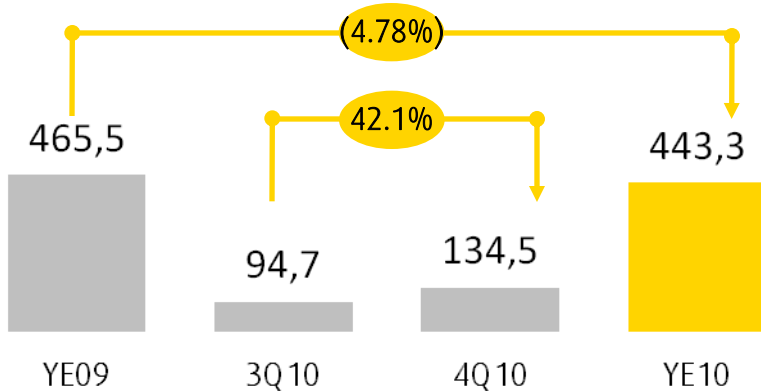
Opex is up by only 10.3% YoY despite 91 branch openings.

P & L Participants

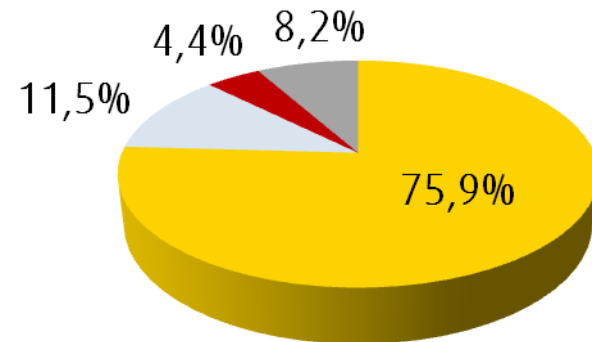
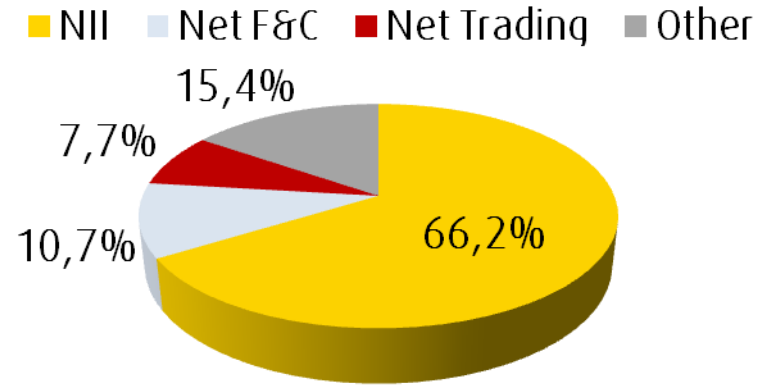
Net Interest Income (TL mio)



Net F & C Income (TL mio)



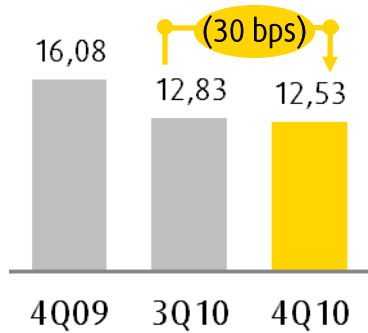
Breakdown of Total Revenues (%)



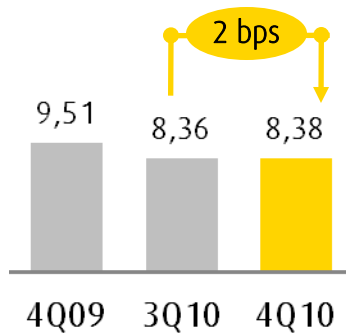
NIM, Spreads and Costs

Yields (%)

TL Loans

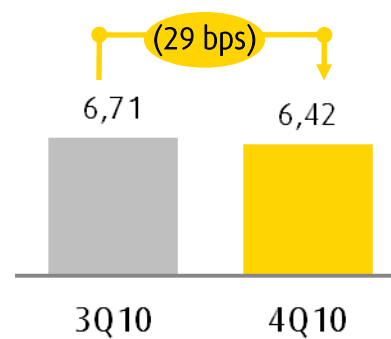


TL Securities

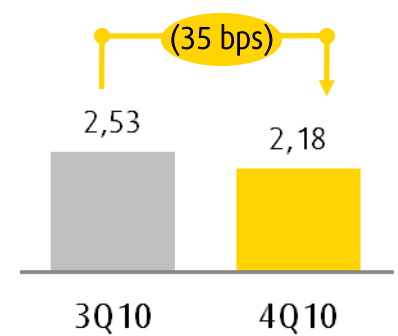


Cost of Deposits (%)

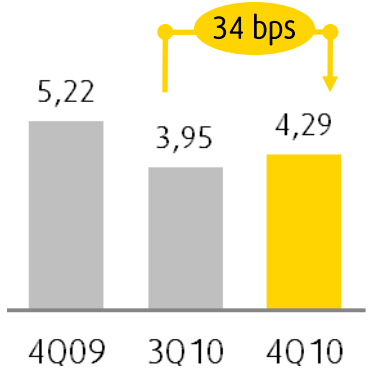
TL Deposits



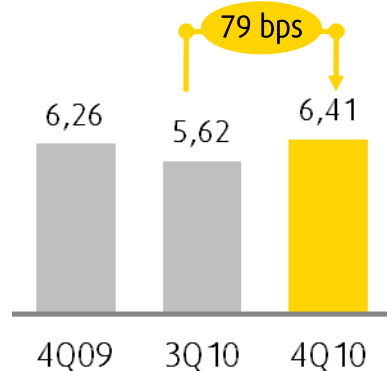
FC Deposits



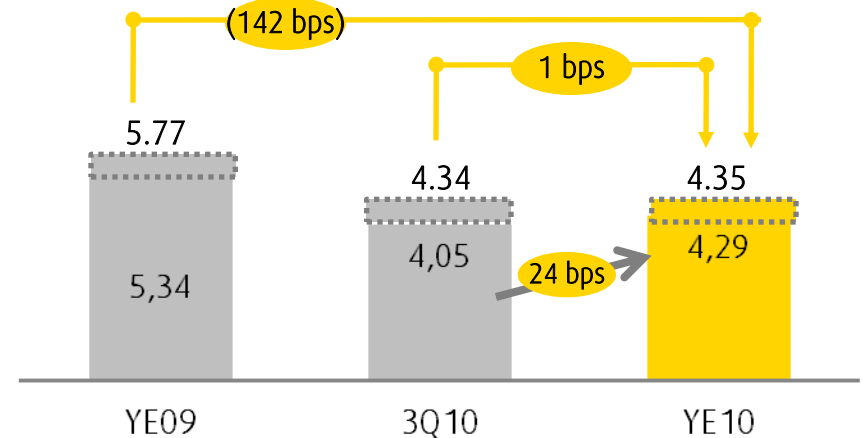
FC Loans



FC Securities



Net Interest Margin (NIM_%)



VakifBank with numbers

Distribution Channels & Customer Base (#)	YE 2010	Efficiency ('000 TL)	YE 2010
Branches	636	Assets per Employee	6,677.1
ATMs	2,260	Assets per Branch	116,291.9
Personnel	11,077	Loans per Employee	4,047.7
POS Terminals	76,079	Loans per Branch	70,497.5
Outstanding Credit Cards	2.4 mn	Deposits per Employee	4,306.3
Debit Cards	16.6 mn	Deposits per Branch	75,002.0
Total Customers	10.9 mn		
Total Payroll Customers	2.1 mn		
Internet Banking Customers	1.4 mn		
Active Mutual Fund Customers	1.0 mn		

Strong efficiency ratios continues

Balance Sheet

	(TL-mio, %)	YE2009	3Q2010	YE2010	YoY Growth	QoQ Growth
Assets	Cash & Balances with Central Bank	3,050	3,828	4,647	52.37%	21.38%
	Interbank	6,139	4,990	3,373	(45.05%)	(32.40%)
	Securities	18,503	19,045	18,096	(2.20%)	(4.99%)
	Loans	34,439	41,321	44,836	30.19%	8.51%
	Subsidiaries & Investments	688	873	895	30.07%	2.55%
	Property & Equipment	1,083	1,098	1,114	2.83%	1.47%
	Other	896	955	1,001	11.73%	4.77%
	Total Assets	64,798	72,110	73,962	14.14%	2.57%
Liabilities & SHE	Deposits	44,652	47,500	47,701	6.83%	0.42%
	Funds Borrowed	4,336	5,522	6,327	44.92%	14.59%
	Other	7,591	9,976	10,385	36.81%	4.10%
	Provisions	808	916	990	22.46%	8.02%
	Shareholders Equity	7,381	8,196	8,559	15.95%	4.42%
Off-B.S	Guarantees	9,094	9,747	11,345	24.75%	16.40%
	Commitments	8,063	9,749	10,348	28.34%	6.15%
	Derivatives	2,963	6,304	6,968	135.15%	10.53%

Income Statement

(TL-Thousand, %)	YE2009	3Q2010	YE2010	$\Delta\{4Q10$ $3Q10\}$	$\Delta\{YE10$ $YE09\}$
Net Interest Income	3,077,425	2,023,883	2,730,001	10.45%	(11.29%)
Net Fee & Com. Income	465,547	308,744	443,282	42.05%	(4.78%)
Divident Income	24,265	35,125	35,189	178,26%	45.02%
Net Trading Income	177,766	159,846	316,289	445.76%	77.92%
Other Income	311,216	397,584	601,030	42.94%	93.12%
Total Revenues	4,056,219	2,925,182	4,125,791	32.66%	1.72%
Operating Expense	(1,532,720)	(1,221,884)	(1,689,813)	10.17%	10.25%
Provisions	(981,325)	(740,440)	(973,204)	20.65%	(0.83%)
Tax Provisions	(290,968)	(198,314)	(305,634)	71.70%	5.04%
Net Income	1,251,206	764,544	1,157,140	74.60%	(7.52%)



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