

Earnings Presentation

BRSA Bank-Only 1H 2011

August 11, 2011



1H 2011 Macro Highlights

- ✎ Stagnation in global growth dynamics in 2Q: US economic recovery seem to take a longer time.
- ✎ Global markets are restless and risk appetite is weak because of the “twin risks”: High debt stocks of US and Eurozone countries are casting doubts on the solvency of governments.
- ✎ Turkish economy had a sparkling growth pace of 11% in 1Q 2011: Highest growth rate in the world.
- ✎ CPI inflation rose 6.2% YoY by the end of 2Q 2011 due to the weakening basis effect. Price pressures are expected to recede in 3Q 2011.

- ✎ CBRT preserved its unconventional monetary policy in 2Q 2011. Latest decision in the first half of 2011 on TL and FX required reserves came in April 2011.
- ✎ BRSA started to support CBRT policy in June 2011, announcing measures on requirement ratios for consumer loans except auto and mortgage loans. BRSA measures seem to be effective on limiting credit expansion so far.
- ✎ By the end of 2Q 2011, TL depreciated 4.9% against USD relative to end-1Q 2011 due to increasing global risk perceptions.
- ✎ Benchmark Treasury bond yield increased to 9.18% in 2Q 2011 from 9.01% in 1Q.

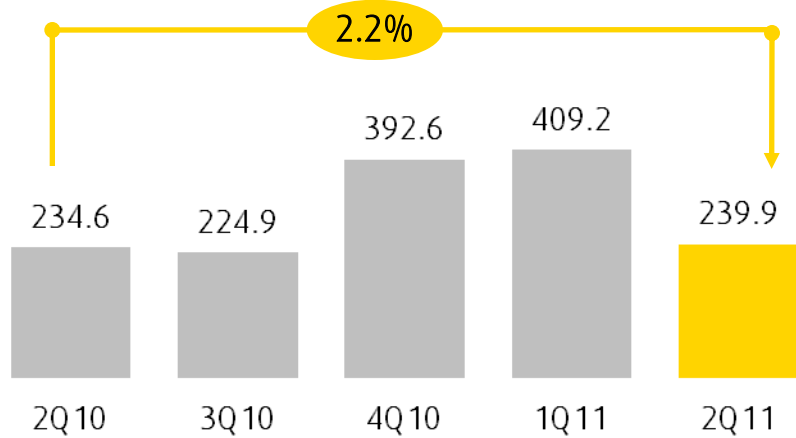
	2010	1Q11	2Q11	2011 YE *
GDP Growth (YoY)	8,9%	11%	n.a	6,1%
Inflation (YoY)	6,4%	4%	6,2%	7,15%
CBRT Policy Rate	6,50%	6,25%	6,25%	5,75%
Unemployment Rate	11,9%	11,5%	n.a	10%
CAD/GDP	6,6%	7,5%	n.a	9%

1H 2011 Vakifbank Highlights

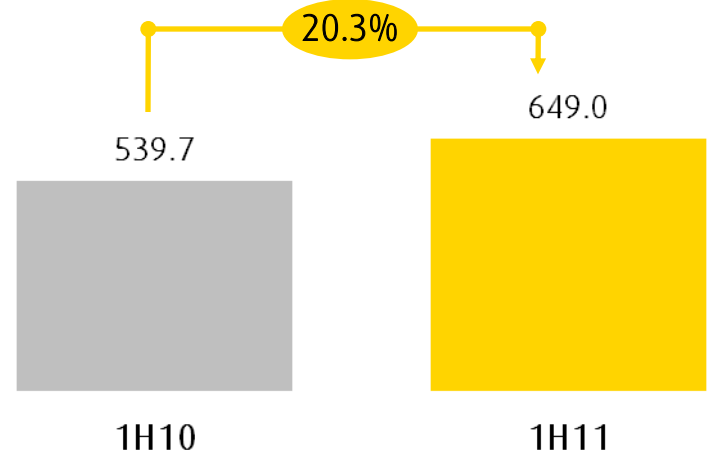
- 1H 2011 bank-only net income is 649 mio TL, up by 20.3% YoY; quarterly net income is 239.9 mio TL, up by 2.3% YoY.
- Remarkable Fee&Commission Income , up by 29.7% QoQ, 26.6% YoY thanks to strong loan growth.
- Operating income increased by 6.8% YoY.
- Asset structure maintained in favor of lending; at 61% of total assets.
- Loan repricing in all segments, continued reshuffling among higher yielding Retail and SME segments.
- Strong lending growth especially in key retail segments;
- Robust General Purpose Consumer loan growth ; 15.2% QoQ, 26.4% Ytd, timely strong growth right before additional provisioning.
- Stellar residential mortgage loan growth; up by 20% QoQ, 34.8% Ytd.
- SME loans are up by 17.2% QoQ, 30.2% Ytd.
- Total deposits increased by 9.4% QoQ, 11.6% Ytd, outperforming sector averages.
- Demand deposit growth; 26.3% QoQ, 29.1% Ytd, main driver of deposit growth.
- Share of demand deposits in total deposits is 17.6%, significant improvement from 14% YoY.
- Strong retail deposit growth; 26.8% YoY, 10.2% Ytd
- Asset quality improvement continued, NPL ratio is down by 57 bps QoQ to 3.89% without any asset sale and write off.
- Strong collections performance increased by 5.4%, lower new NPL generation decreased by 62.4% YoY in 1H 2011 compared to 1H 2010.

1H 2011 Earnings and Ratios

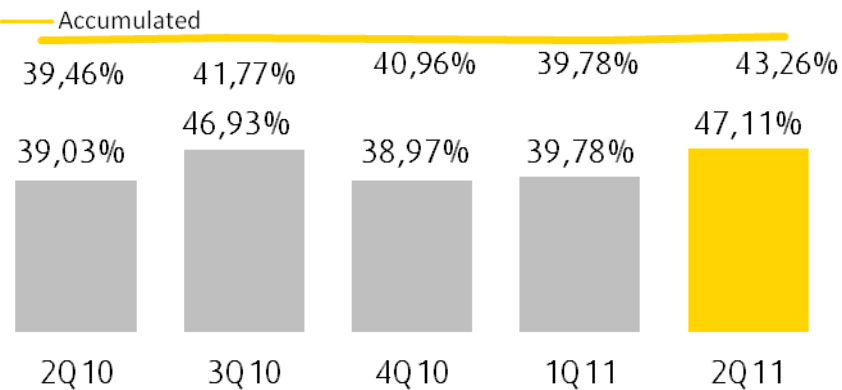
Quarterly Net Income (Mio TL)



Net Income (Mio TL)



Cost / Income (%)

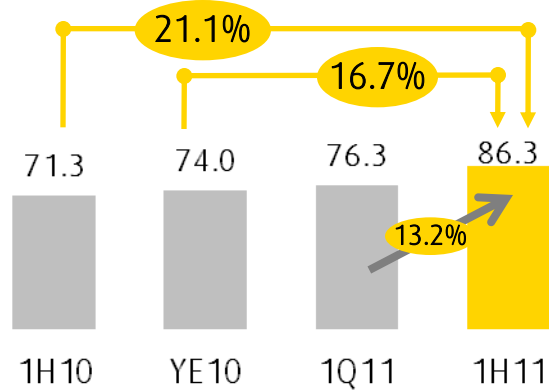


ROAE (%)

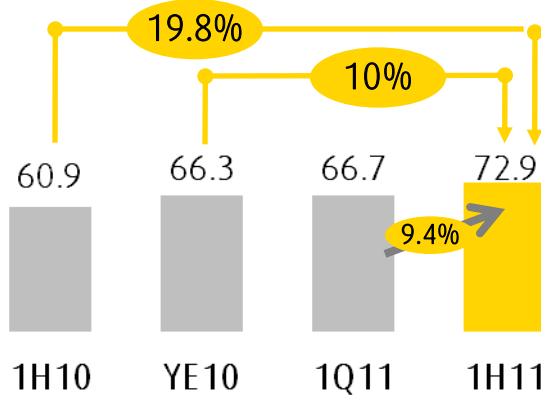


Total Assets

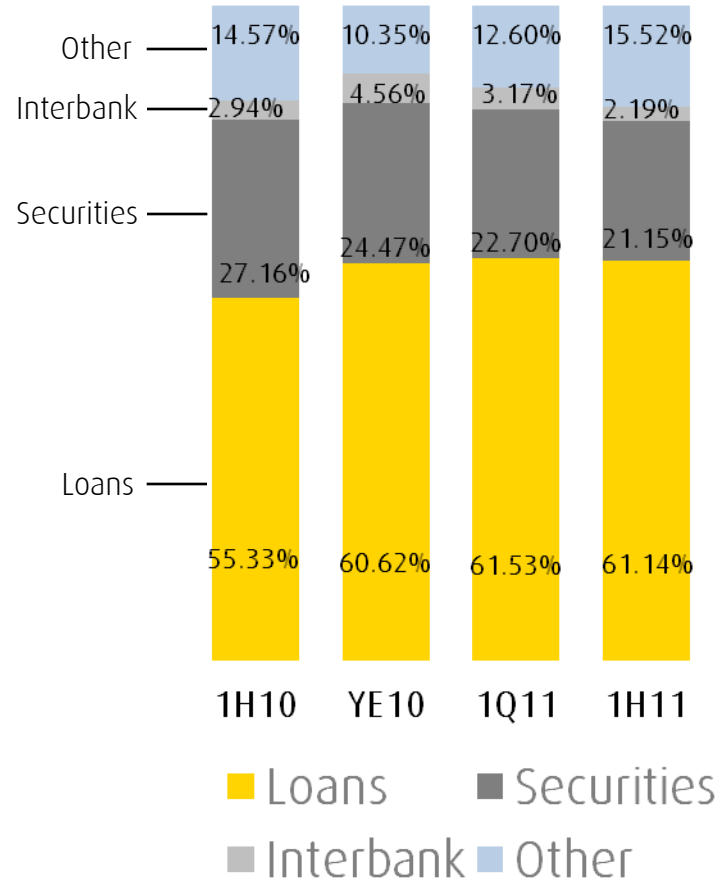
Total Assets (TL bio)



Interest Earning Assets (TL bio)



Breakdown of Assets (%)



Asset Growth;
YoY

21.1%

Significant shift from securities to loans; securities share in assets decreased YoY ;

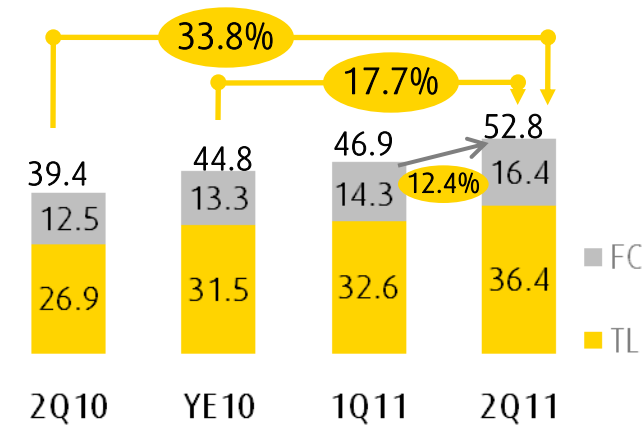
6 pps to 21.2%

& loans' share increased YoY;

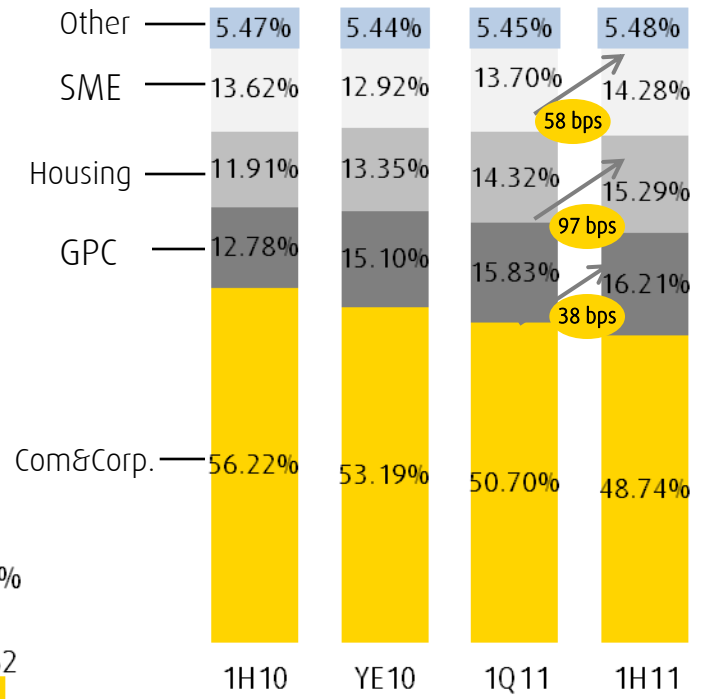
5.8 pps to 61.1%

Continuous loan growth in favour of high yielding segment

Total Loans (TL bio)

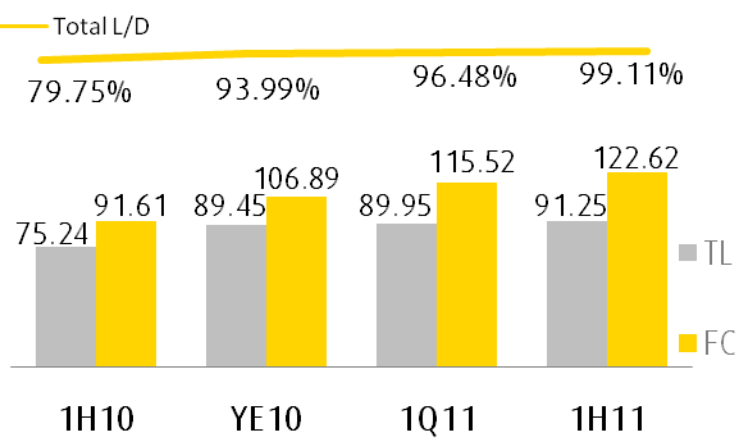


Breakdown of Loans (TL bio)

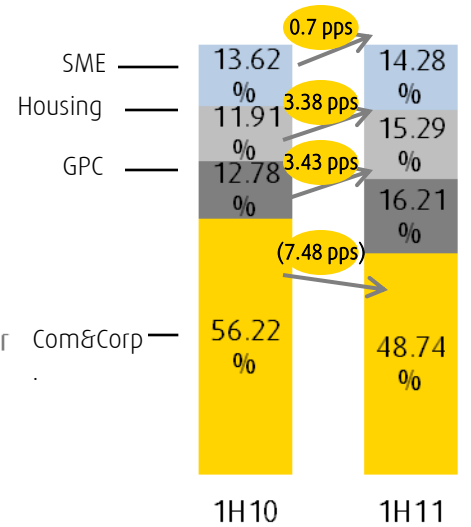


Loan Growth; Ytd; **17.7%**
 TL Ytd; **15.4%**
 FC Ytd; **23.1%**

Loans/Deposits (%)

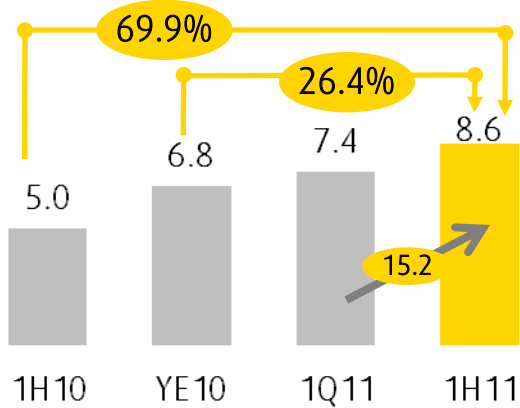


Portfolio Shift

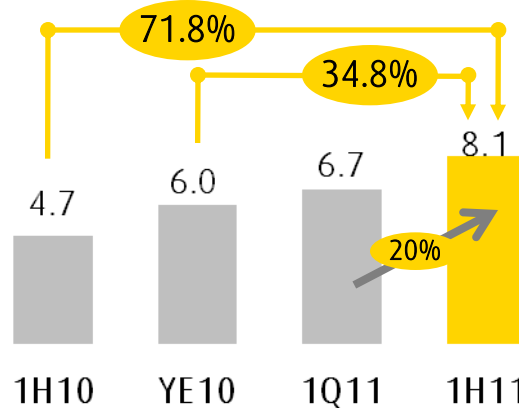


Strong and timely retail lending growth right before additional provisioning in GPC

General Purpose Consumer (TL bio)



Residential Mortgages¹ (TL bio)



YoY market share gains; GPC up by 119 bps to

10.9%

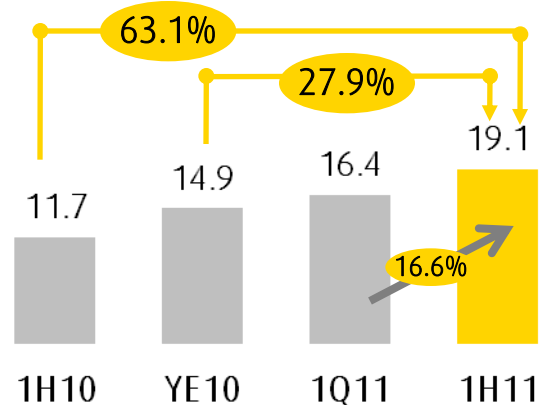
Mortgage up by 235 bps to

11.4%

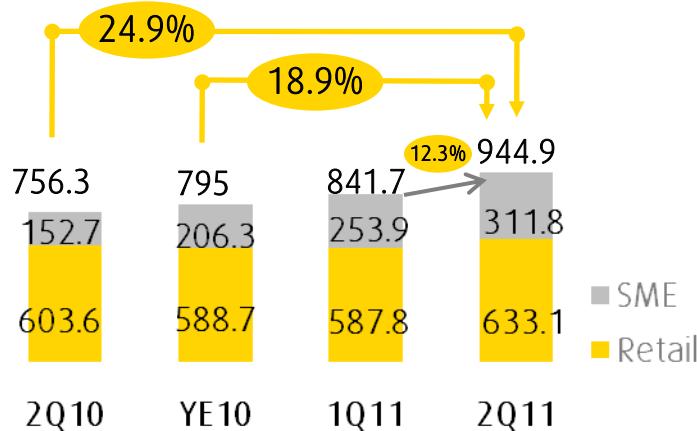
Total retail up by 138 bps to

9.3%

Total Retail (TL bio)

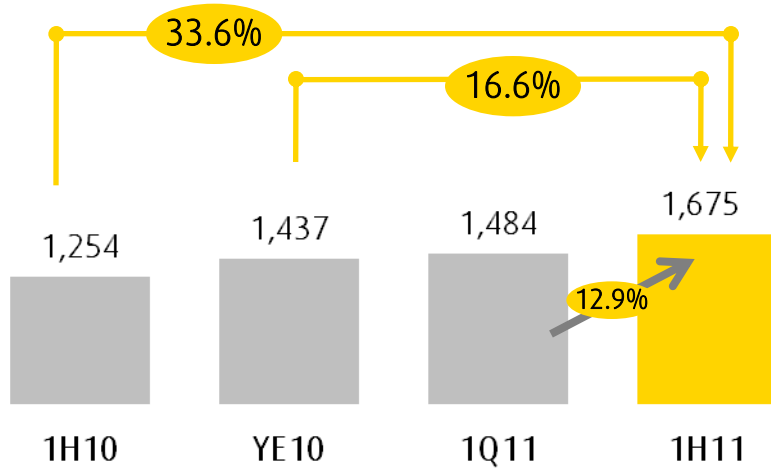


Total Overdraft (TL mio)



Additional momentum is attained in credit cards

Credit Card Loans (TL mio)



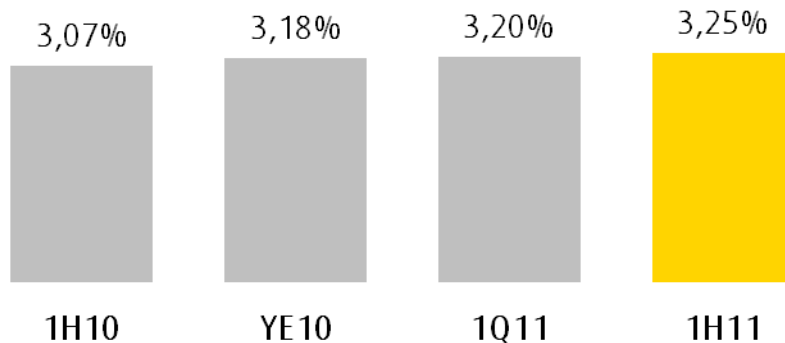
Credit Card Loans growth Ytd;

16.6%

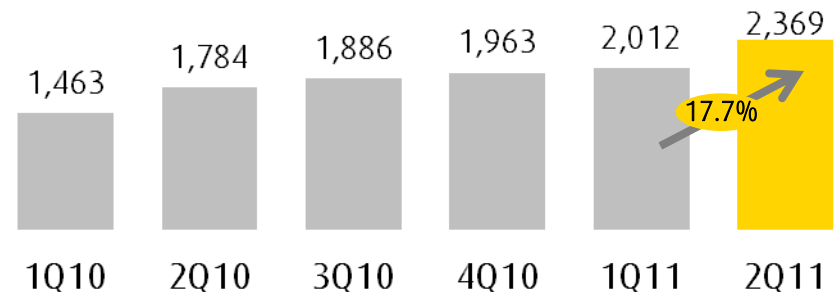
Sector growth Ytd;

13.9%

Market share* (%)

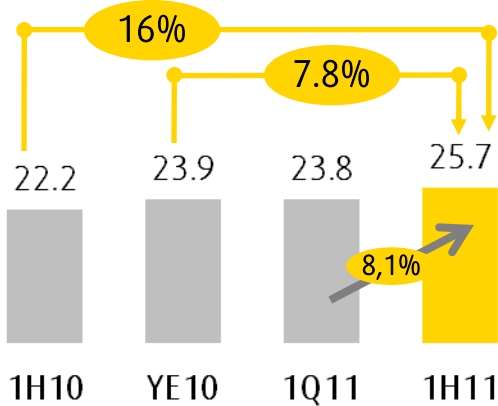


Average Quarterly Issuing Volume (TL mio)

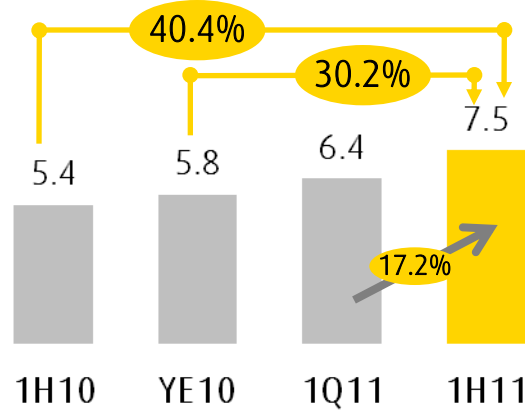


Loan book reshuffling continued with the key growth SME segment

Corporate & Commercial (TL bio)



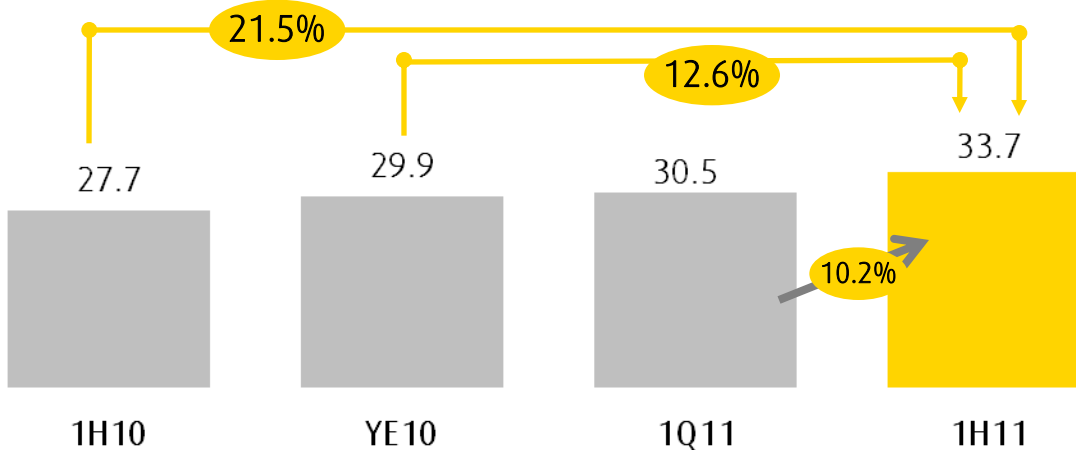
SME (Com. Inst.) (TL bio)



Highly collateralized & highly yielding SME lending Ytd growth;

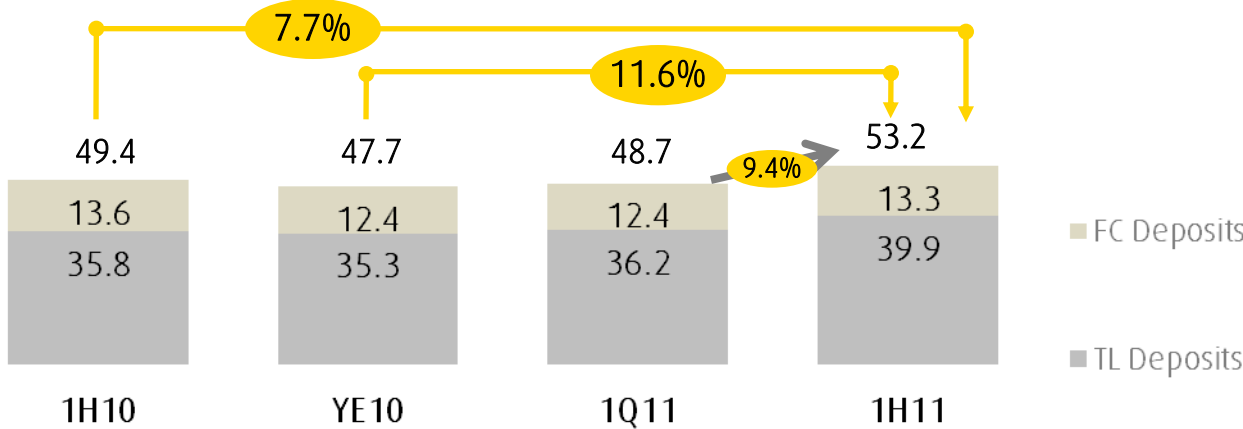
30.2%

Total Commercial Loans* (TL bio)



Strong deposit base with outstanding demand deposits growth

Total Deposits (TL bio)

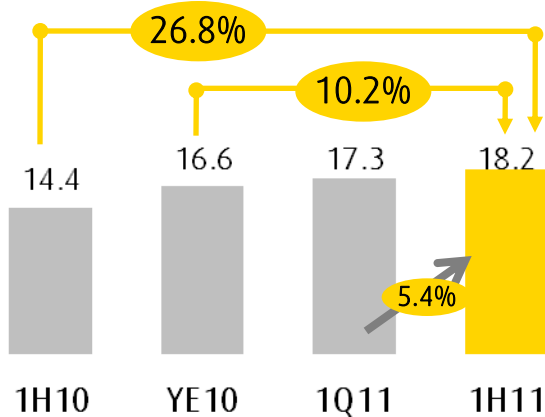


Deposit growth; Ytd

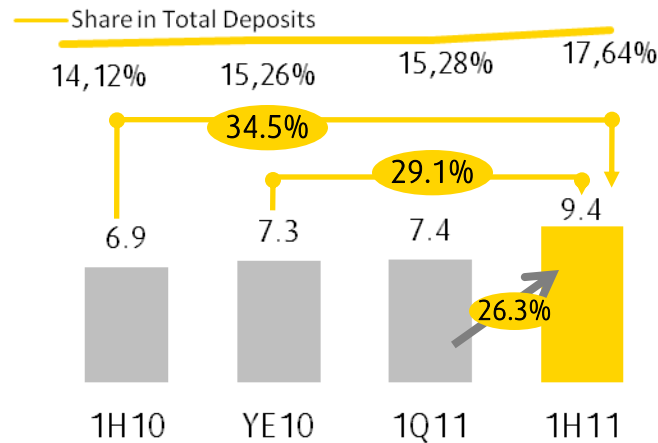
11.6%

Outperforming sector average growth Ytd;

Total Retail Deposits (TL bio)



Demand Deposits (TL bio)



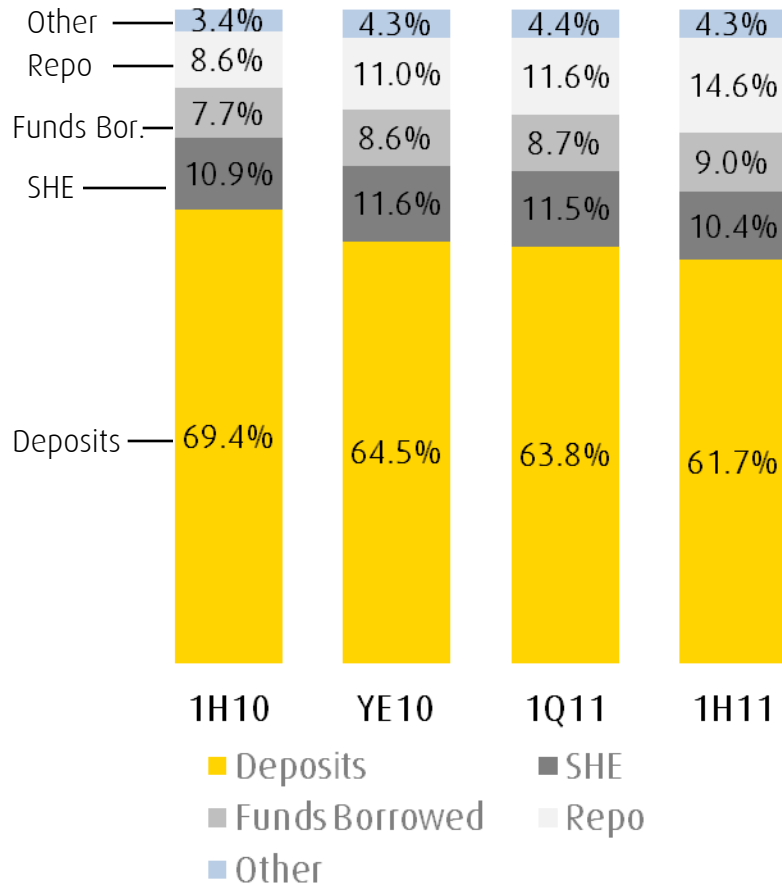
6.9 %

Thanks to outstanding demand deposit growth in 2Q10, QoQ;

26.3%

Deposits Heavy Funding Structure

Breakdown of Liabilities (%)



Conservative Wholesale Borrowing

Funds Borrowed / Liabilities

9%

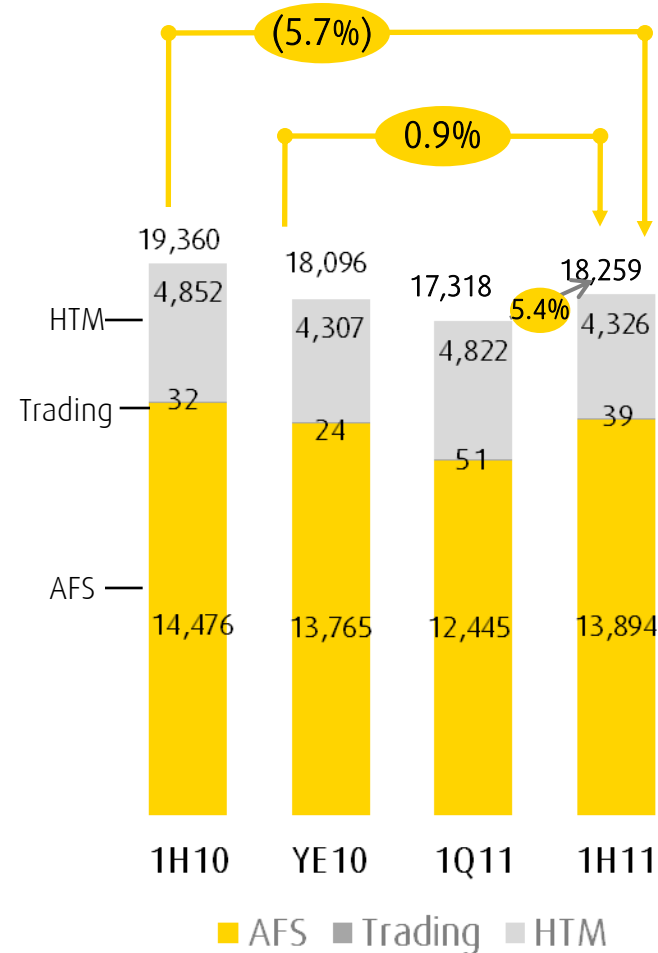
Deposits Heavy Funding Structure

Total Deposits / Total Funding

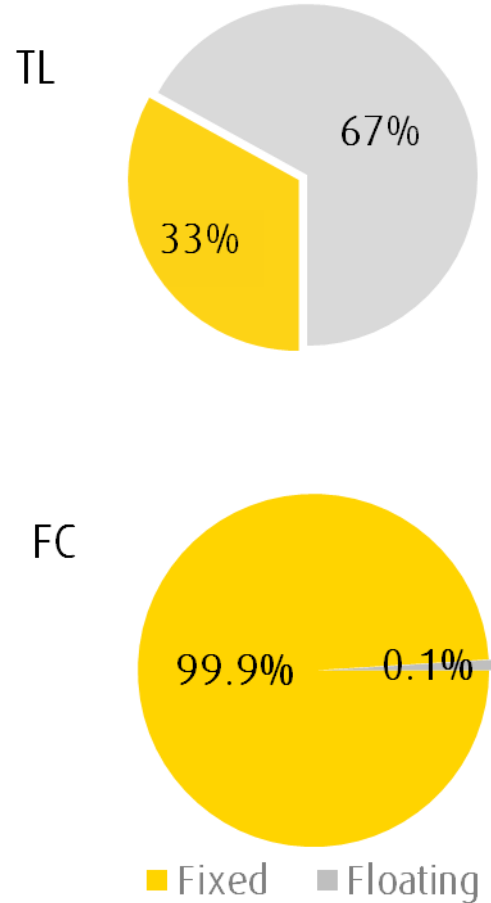
61.7%

Securities portfolio mix

Total Securities (TL mio)



Portfolio Structure



Share of securities in total assets are down by 6 pps to 21.2% YoY.

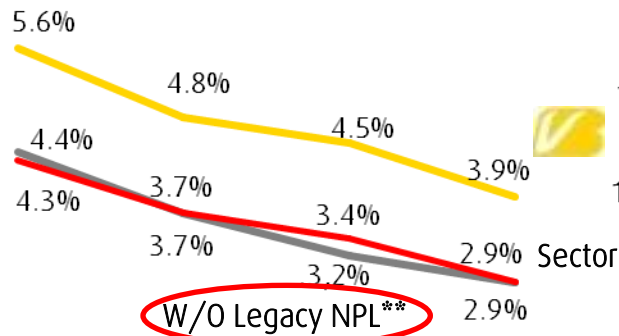
67%

of TL securities are floating with relatively small CPI Linkers' share of;

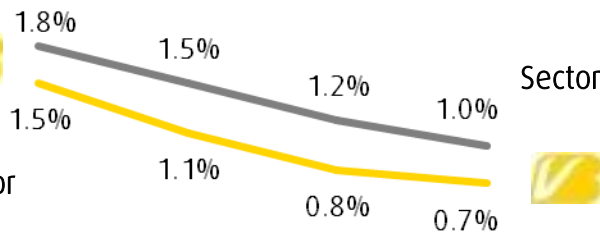
8.7%

NPL Ratios

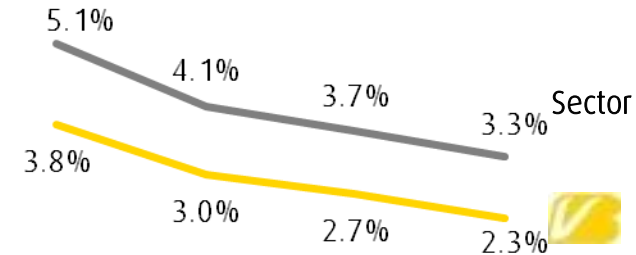
Overall NPL Ratio* (%)



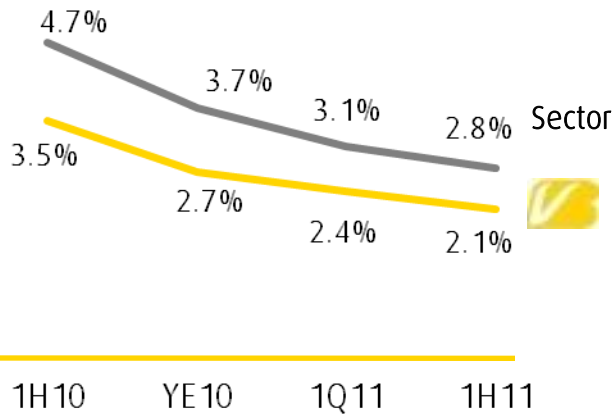
Mortgages NPL (%)



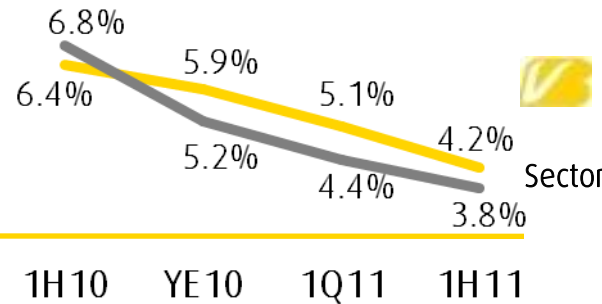
Total Retail NPL (%)



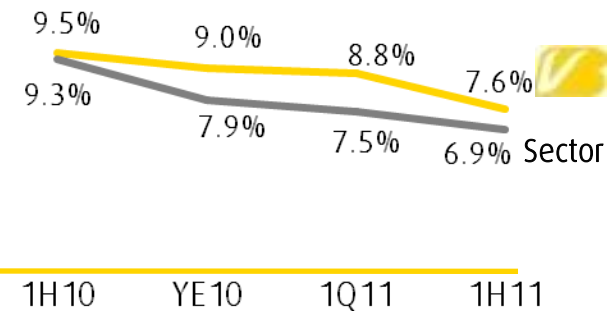
General Purpose Consumer NPL (%)



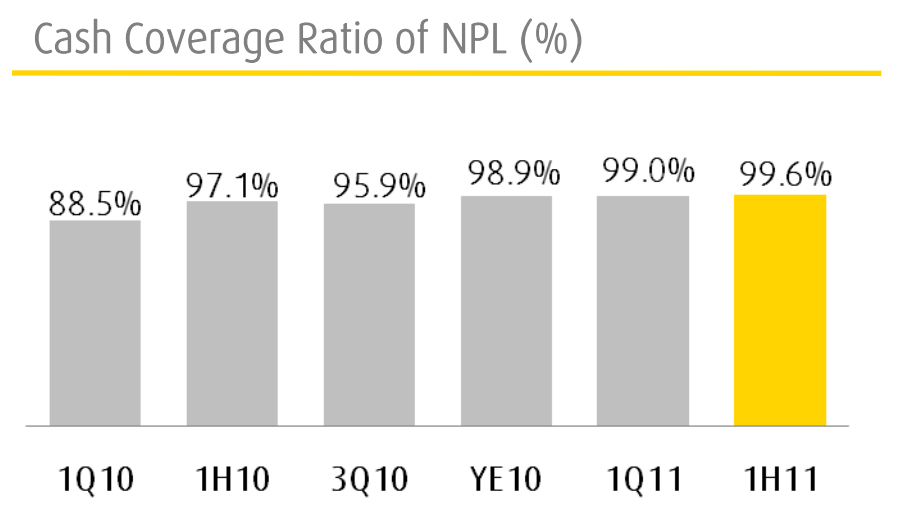
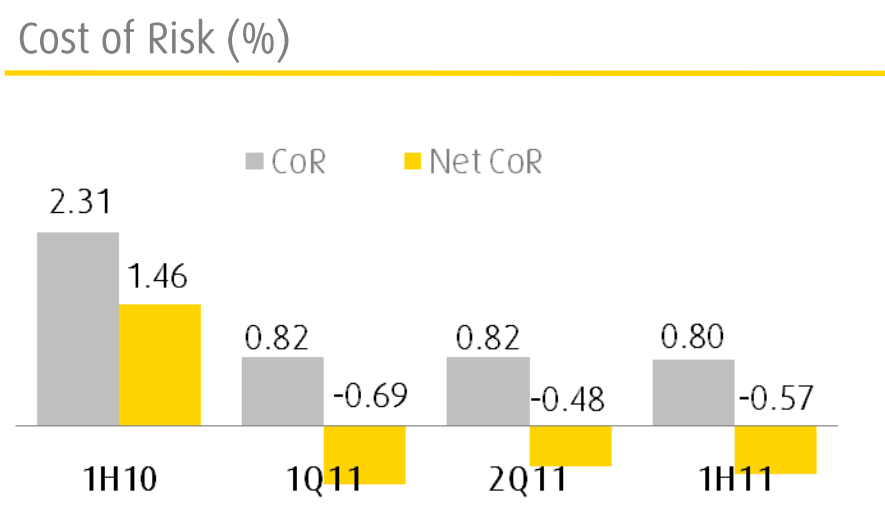
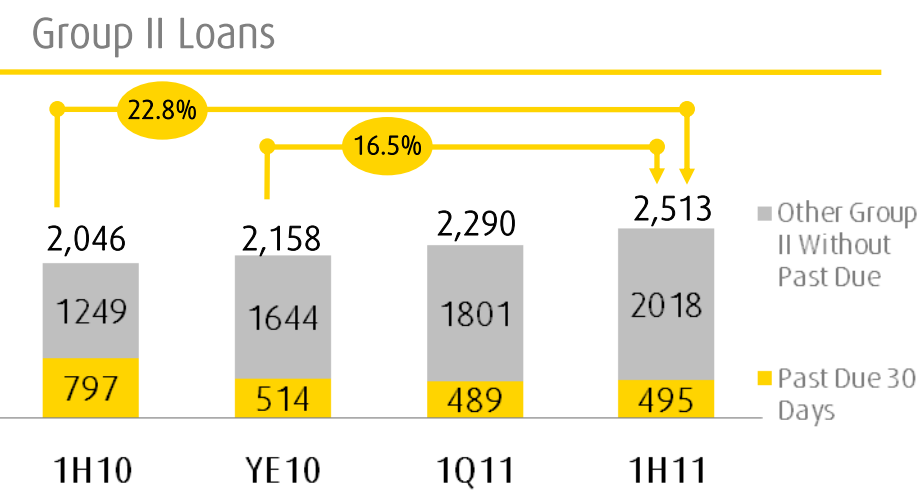
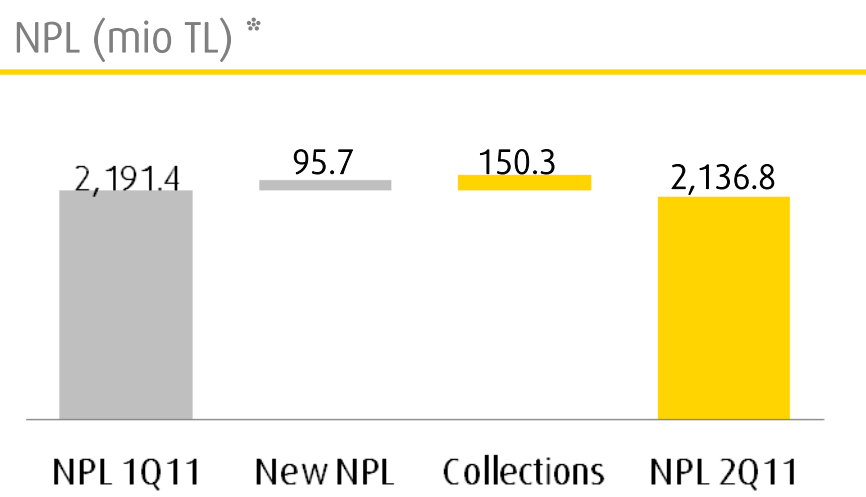
SME NPL (%)



Credit Cards NPL (%)

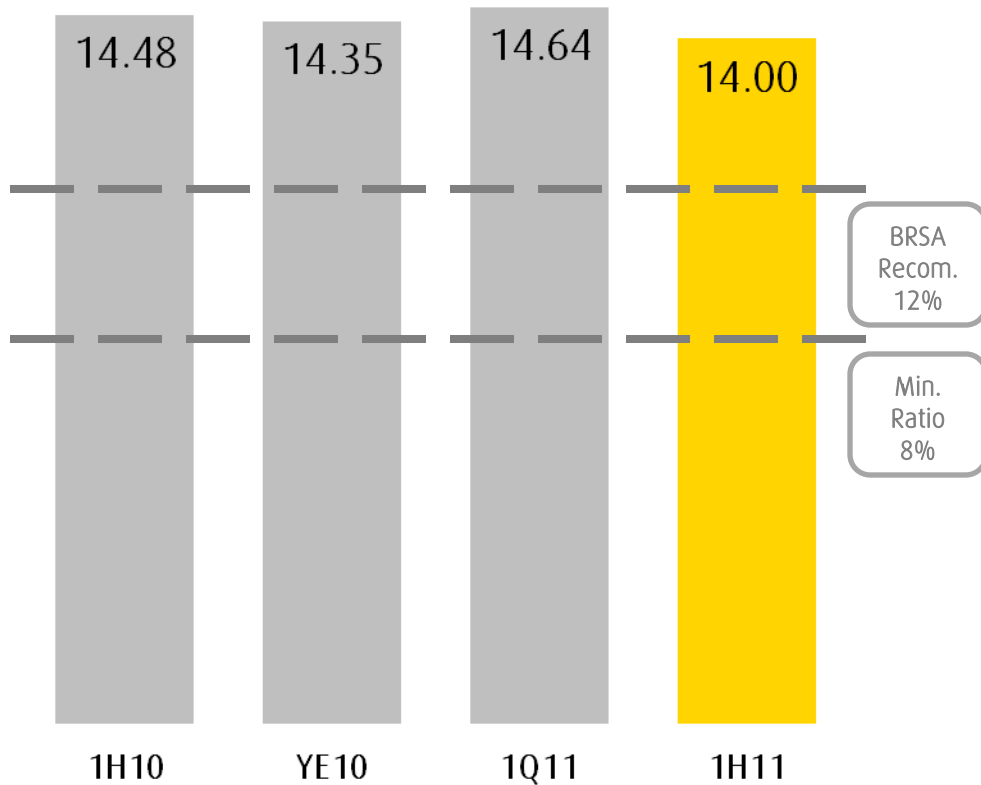


Collection momentum is intact with a 157% collection coverage of new NPL



Capital Structure

Capital Adequacy Ratio (%)



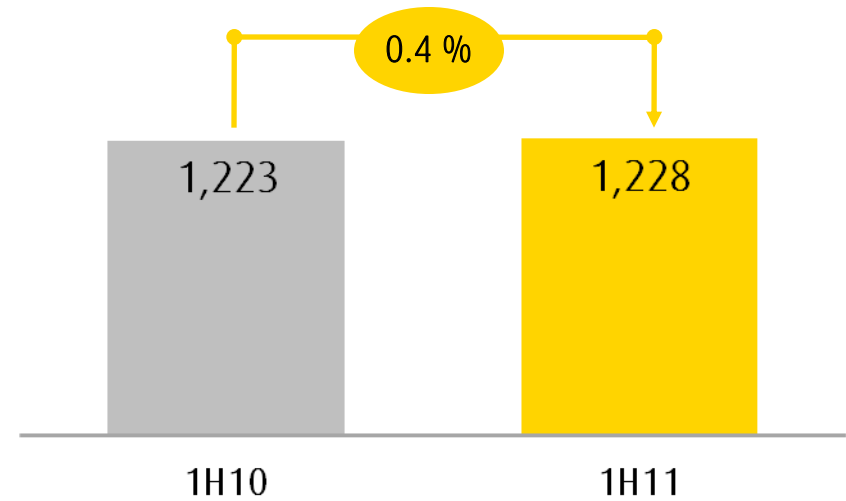
Conservative leverage

$$\frac{(\text{Liabilities} - \text{SHE})}{\text{SHE}} = 8.6$$

Earnings Summary

(TL-mio, %)	1H2010	1H2011	Growth
Net Interest Income	1,384.6	1,362.6	(1.6%)
Net F&C Income	214.0	270.9	26.6%
Net Trading Income	131.2	41.8	(68.1%)
Divident Income	35.1	44.5	26.7%
Other Operating Income	255.3	444.0	73.9%
Total Operating Income	2,020.2	2,163.9	7.1%
Total Operating Expenses (-)	797.1	936.1	17.4%
Operating Profit	1,223.0	1,227.7	0.4%
Provisions (-)	547.5	404.3	(26.2%)
Tax Provisions (-)	135.8	174.4	28.5%
Income from investments	0	0	n.a.
Net Monetary Gain/Loss	0	0	n.a.
Net Income	539.7	649.0	20.3%

Operating Profit (TL mio)

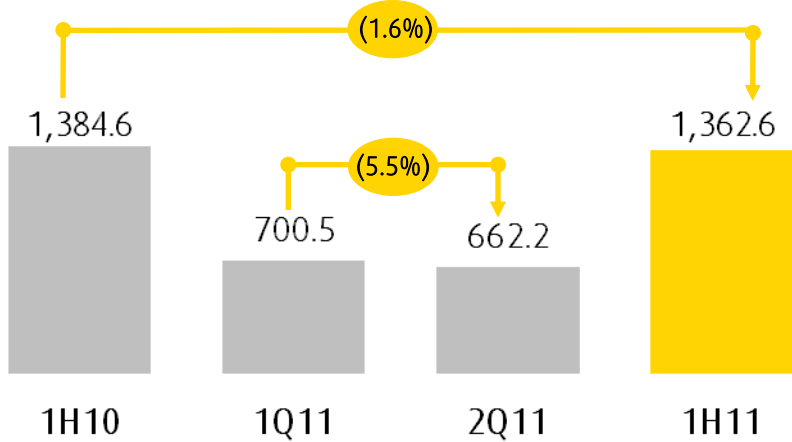


F&C/Operating Income
1Q11 2Q11

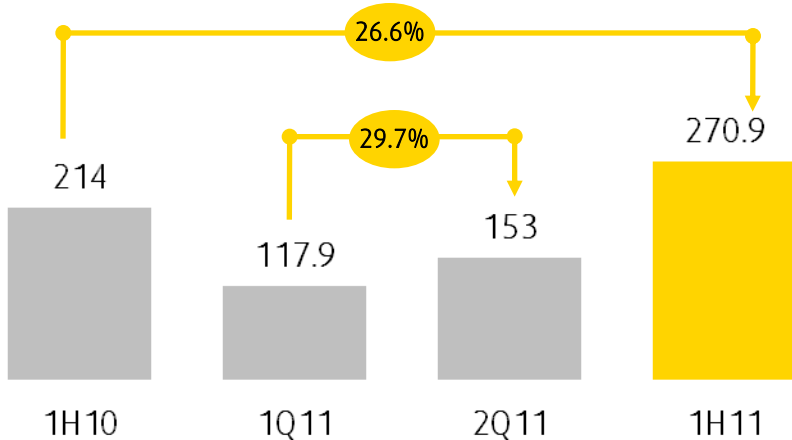
10.4% **14.9%**

P & L Participants

Net Interest Income (TL mio)

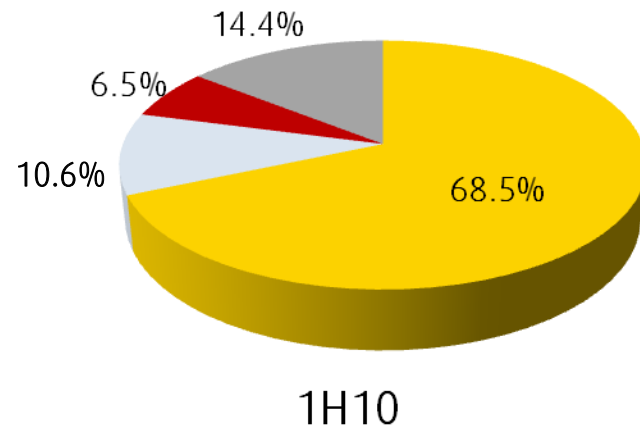
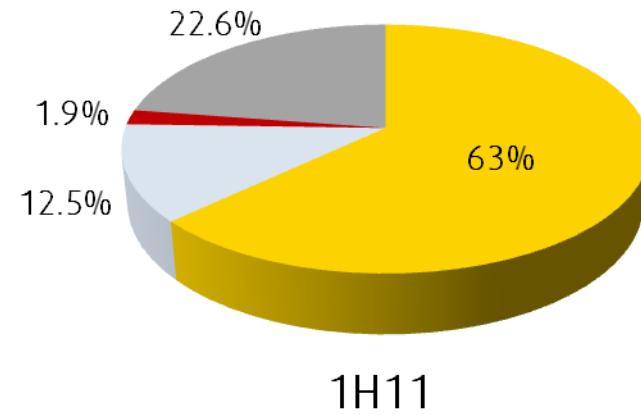


Net F & C Income (TL mio)



Breakdown of Total Revenues (%)

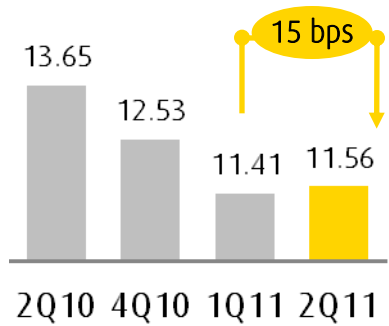
■ NII ■ Net F&C ■ Net Trading ■ Other



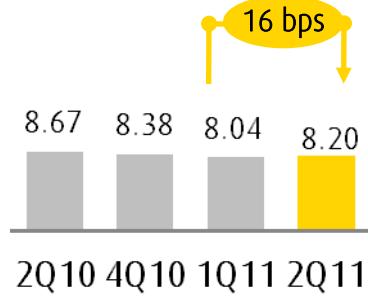
NIM, Spreads and Costs

Yields (%)

TL Loans

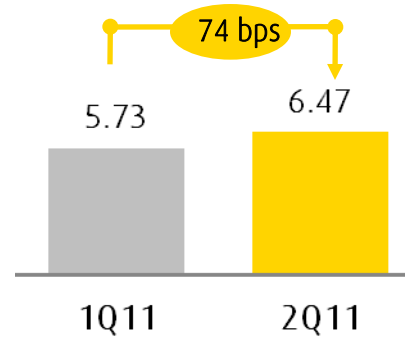


TL Securities

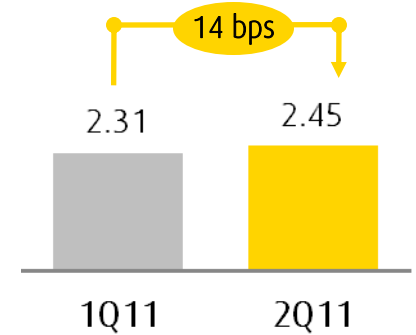


Cost of Deposits (%)

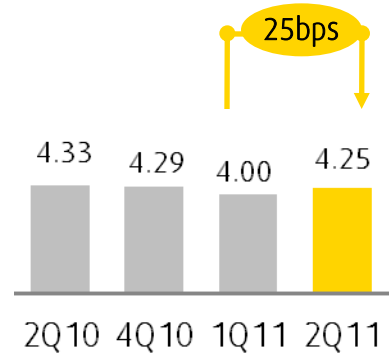
TL Deposits



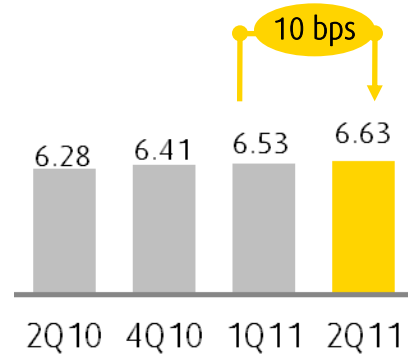
FC Deposits



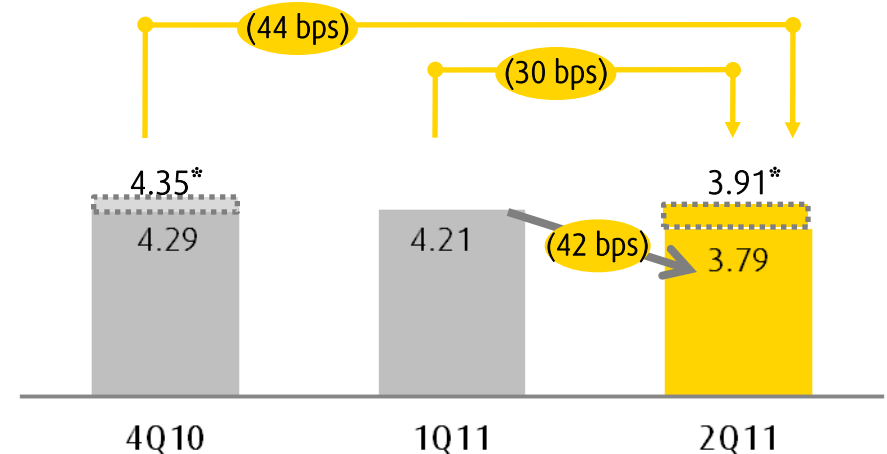
FC Loans



FC Securities



Net Interest Margin (NIM_%)



Vakifbank with numbers

Distribution Channels & Customer Base (#)	1H2011	Efficiency ('000 TL)	1H2011
Branches	671	Assets per Employee	6,935.5
ATMs	2,352	Assets per Branch	128,642.5
Personnel	12,446	Loans per Employee	4,240.1
POS Terminals	79,898	Loans per Branch	78,647.7
Outstanding Credit Cards	2.5 mn	Deposits per Employee	4,278.0
Debit Cards	17.0 mn	Deposits per Branch	79,351.1
Total Customers	11.3 mn		
Total Payroll Customers	2.1 mn		
Internet Banking Customers	1.6 mn		
Active Mutual Fund Customers	1.1 mn		

Strong efficiency ratios continue

Balance Sheet

	(TL-mio, %)	1H2010	1Q2011	1H2011	YoY Growth	QoQ Growth
Assets	Cash & Balances with Central Bank	7,651	6,427	10,136	32.49%	57.70%
	Interbank	2,097	2,418	1,889	(9.91%)	(21.88%)
	Securities	19,360	17,318	18,259	(5.69%)	5.43%
	Loans	39,430	46,938	52,773	33.84%	12.43%
	Subsidiaries & Investments	779	886	914	17.44%	3.23%
	Property & Equipment	1,069	1,099	1,116	4.45%	1.53%
	Other	885	1,203	1,232	39.21%	2.36%
	Total Assets	71,270	76,291	86,319	21.12%	13.15%
Liabilities & SHE	Deposits	49,440	48,652	53,245	7.69%	9.44%
	Funds Borrowed	5,461	6,615	7,778	42.44%	17.59%
	Other	7,792	11,289	15,212	95.24%	34.75%
	Provisions	800	957	1,071	33.86%	11.87%
	Shareholders Equity	7,777	8,778	9,013	15.90%	2.68%
Off-B.S	Guarantees	9,267	11,753	12,293	32.65%	4.60%
	Commitments	8,898	11,520	12,230	37.45%	6.16%
	Derivatives	2,754	9,966	9,622	249.40%	(3.46%)

Income Statement

(TL-Thousand, %)	1H2010	1Q2011	1H2011	$\Delta\{1H11$ 1H10}	$\Delta\{2Q11$ 1Q11}
Net Interest Income	1,384,582	700,464	1,362,646	(1.58%)	(5.47%)
Net Fee & Com. Income	214,035	117,931	270,931	26.58%	29.74%
Divident Income	35,102	44,329	44,479	26.71%	(99.66%)
Net Trading Income	131,181	37,954	41,845	(68.10%)	(89.75%)
Other Income	255,258	235,795	443,968	73.93%	(11.71%)
Total Revenues	2,020,158	1,136,473	2,163,869	7.11%	(9.60%)
Operating Expense	(797,148)	(452,105)	(936,130)	17.43%	7.06%
Provisions	(547,514)	(182,073)	(404,256)	(26.17%)	22.03%
Tax Provisions	(135,809)	(93,104)	(174,441)	28.45%	(12.64%)
Net Income	539,687	409,191	649,042	20.26%	(41.38%)



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