

Earnings Presentation

BRSA Bank-Only 1H 2012

August 09, 2012



1H 2012 Macro Highlights

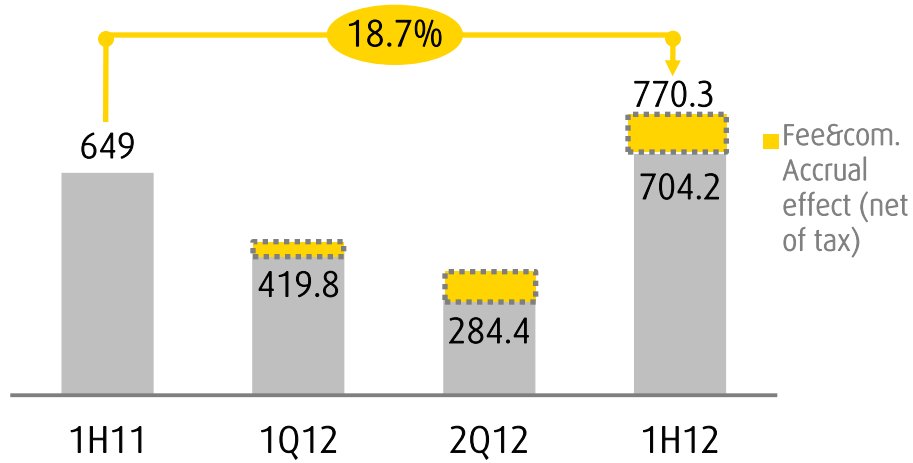
- Real GDP growth of US came in at 1.9% in 1Q12, down from 3% in the previous quarter, fueling global growth concerns.
- Due to concerns about global growth, oil prices declined sharply in 2Q12. From April to June Crude oil prices declined 30 pct from 110 dollar/barrel to 88.5 dollar/barrel.
- While rating agencies downgraded sovereign ratings of some European countries, concerns arising from funding problem of European banks and the unity of monetary union increased.
- As fear about global growth arises, Central Banks of both developed and developing countries applied looser monetary policies.
- The decision of the ECB to cut euro zone interest rates to an all-time low of 0.75 percent and its deposit rate to zero has accelerated inflows to emerging markets.
- Moody's raised Turkey's government bond ratings by one notch to Ba1 from Ba2. The key drivers of upgrade are significant improvement in Turkey's public finances and policy actions that have the potential to address external imbalances.
- Turkey's real GDP growth rate slowed down to 3.2% YoY in 1Q12, reflecting first time ever soft landing of Turkish economy. Net export was the main source of the growth while domestic demand softened.
- Unemployment rate fell to 9.0% in April from 9.9% in March due to surprising contribution of construction employment.
- Annual CPI decreased to 8.87% in 2Q12 due to favorable movements of food, energy and textile prices.
- Improving current account deficit, down to USD 67 billion by the end of May 2012 supported by sharp decline in oil prices. Government's new incentive package is expected to support improvement in long term.
- In 2Q12, TL continued to appreciate against currency basket with the increase in global risk appetite.
- Benchmark bond yield decreased to the level of 8.6% in 2Q12 from 9.5% in 1Q12.
- Foreign trade deficit came in at USD 7.2 billion in June, better than the market expectation, diversification of export markets continued to support Turkey's trade performance.

1H 2012 VakifBank Highlights

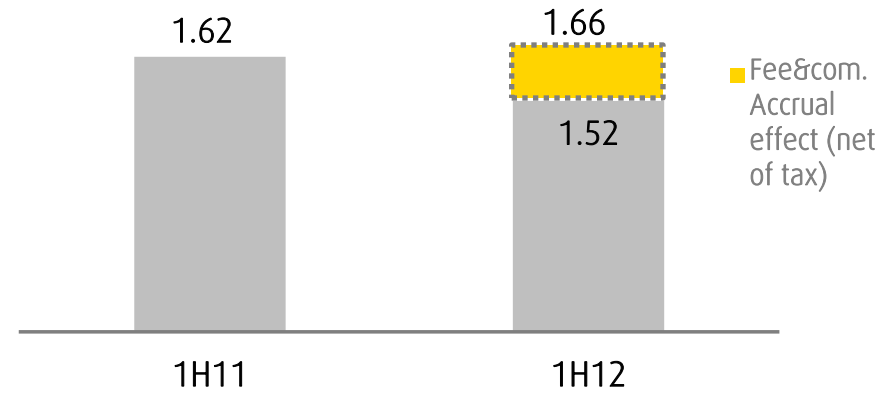
- Bank-only net income is 704 mio TL, up by 8.5% YoY; quarterly net income is 284.4 mio TL, up by 18.6% YoY.
- Strong top line performance; the highest quarterly net interest income figure ever with 898 Mio TL, up by 35.7% YoY and 9.4% QoQ.
- NIM expanded another 28 bps QoQ and reached to 4.38% despite lower contribution from CPI linkers. Elements that support NIM;
 - ✓ TL loan yields up by 30 bps QoQ to 13.60% thanks to SME driven loan growth.
 - ✓ TL deposit costs down by 15 bps QoQ to 7.8%.
- 1H 2012 Core Banking Revenues (NII+NFC) are 1.905 mio TL; up by 16.7% YoY. Excluding the fee&commission accrual accounting effect, it is up by 21.7% YoY.
- Moderate loan growth at 3.1% QoQ, driven by 6.6% TL loan growth.
- Stellar penetration among SME segment continued; SME loans are up by 10.9% QoQ and 100% YoY.
- Timely and deliberately refrained from costly deposits, total deposits are down by 3% QoQ mainly due to the decrease in big ticket high cost FX deposits, which is replaced by 3 fresh long term non-deposit funding sources amounting 3.6 billion TL equivalent.
- Healthy Loan/Deposit ratio at 97.6%, still below sector averages.
- The share of demand deposits in total deposits is up by 116 bps QoQ to 15%.
- NPL ratio stable at 3.5% without asset sale & write off, within operating budget.
- Steady cost discipline;
 - ✓ Opex is up by 13.5% YoY, inside 2012 guidance despite non-recurring costs of headquarter move to Istanbul and new branch openings.
 - ✓ Branch extension accelerated, 59 new branches opened Ytd and total branch number reached 739 as of 9th of August.
- Solvency ratios remain intact with 13.41% CAR ratio. Basel II effect will be limited.

1H 2012 Earnings and Ratios

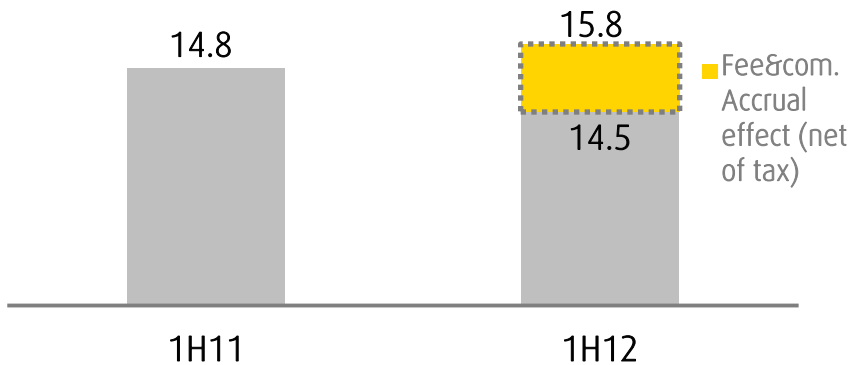
Net Income (Mio TL)*



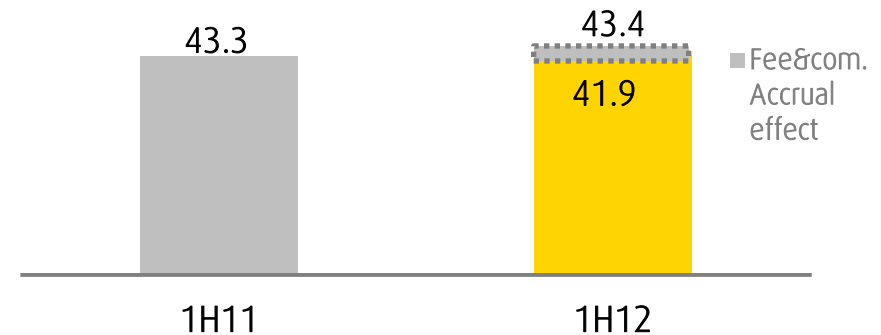
ROAA (%)



ROAE (%)

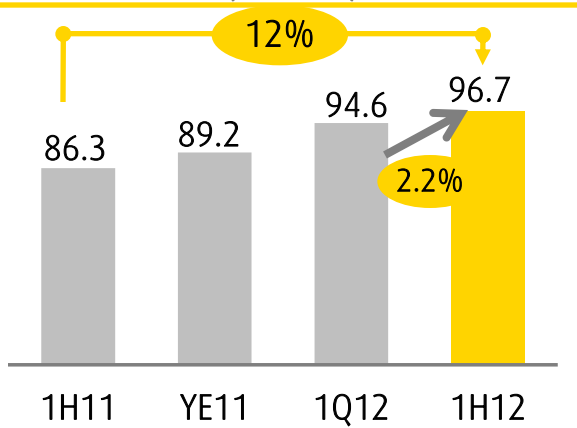


Cost/Income (%)

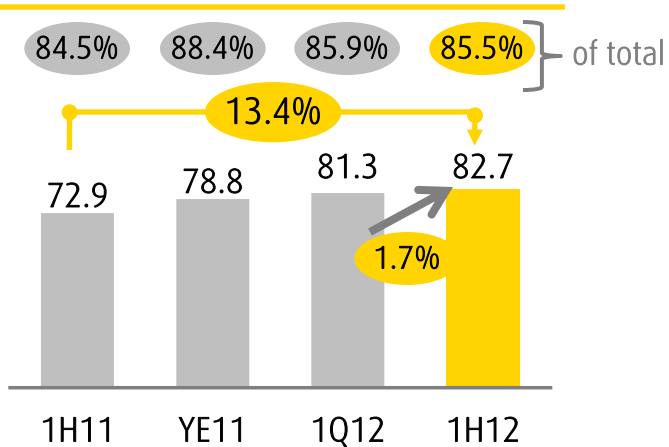


Total Assets

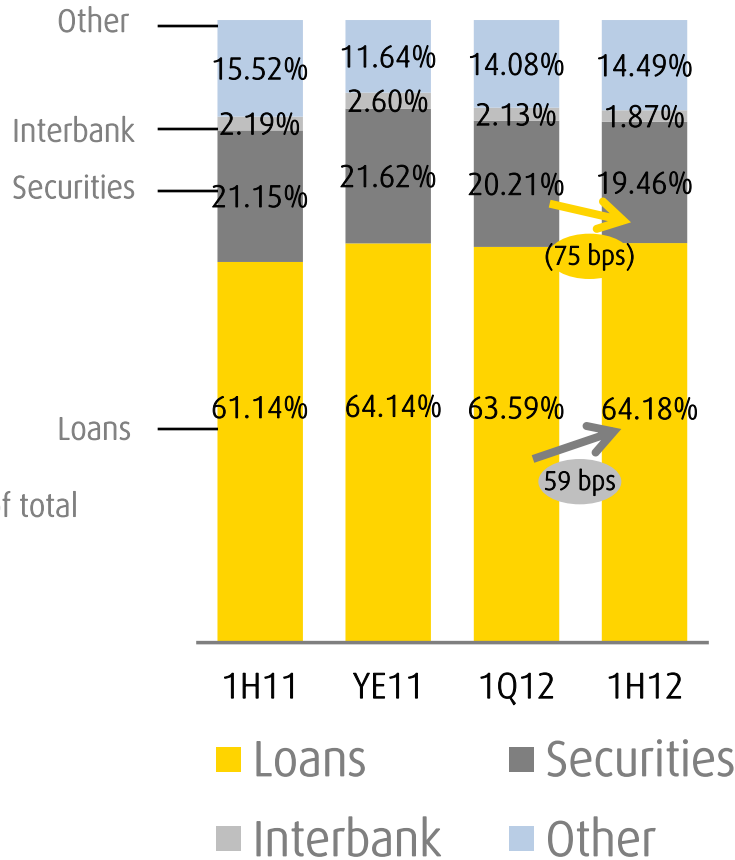
Total Assets (TL bio)



Interest Earning Assets (TL bio)



Breakdown of Assets (%)



Asset Growth; YoY

12%

Reshuffling from securities to loans continued; securities' share in assets decreased YoY ;

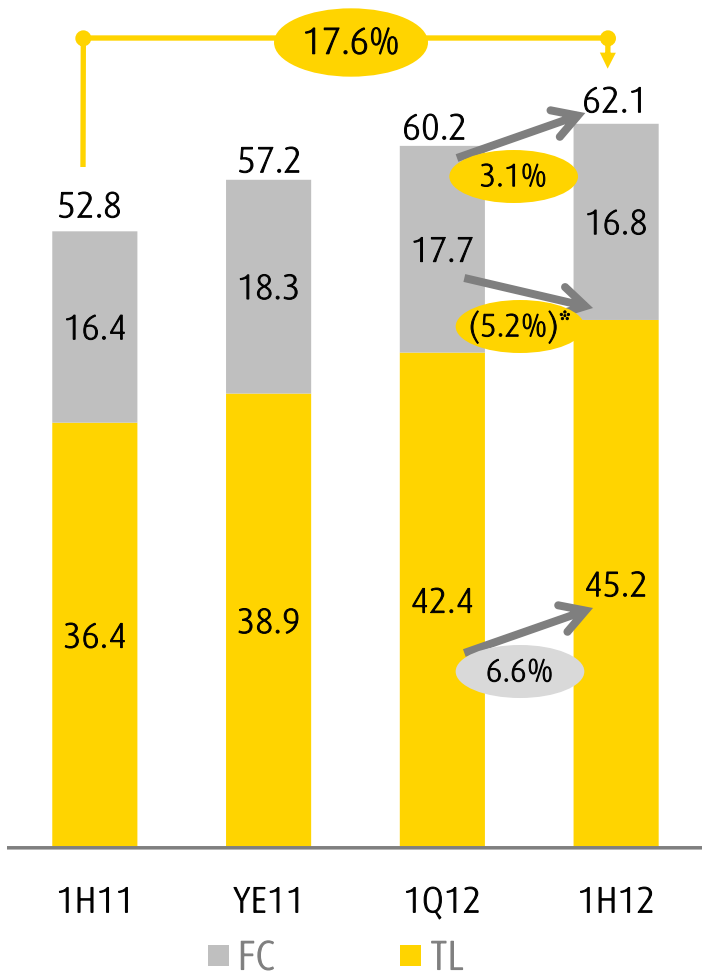
1.7 pps to **19.5%**

Loans' share in assets increased YoY;

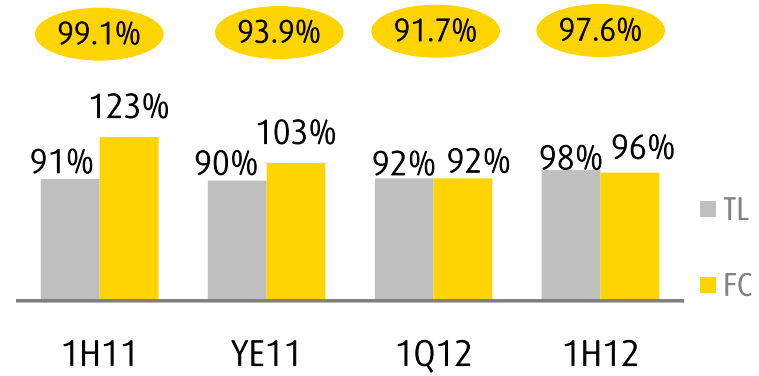
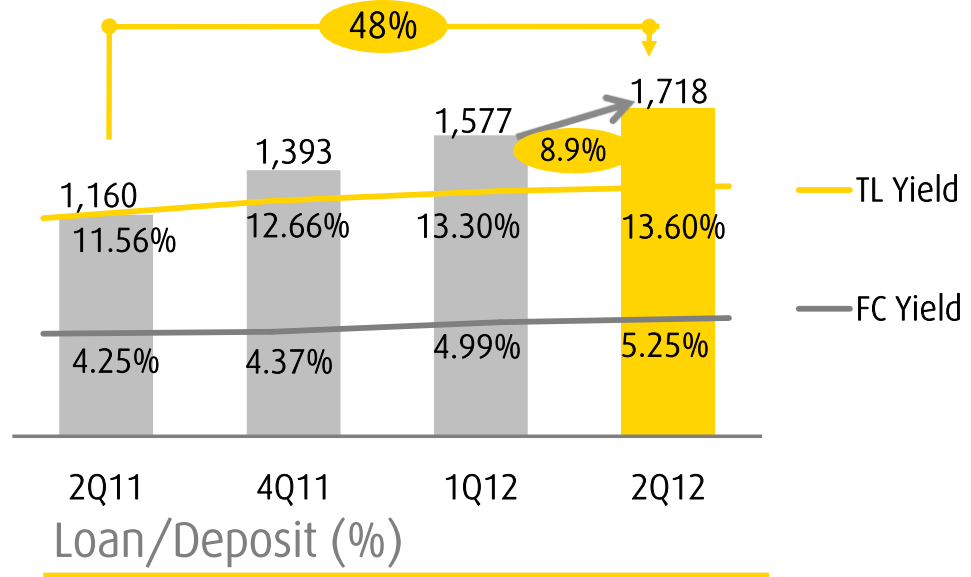
3 pps to **64.2%**

Interest income from loans surged with only moderate loan growth thanks to sustainable yield increase

Total Loans (TL bio)



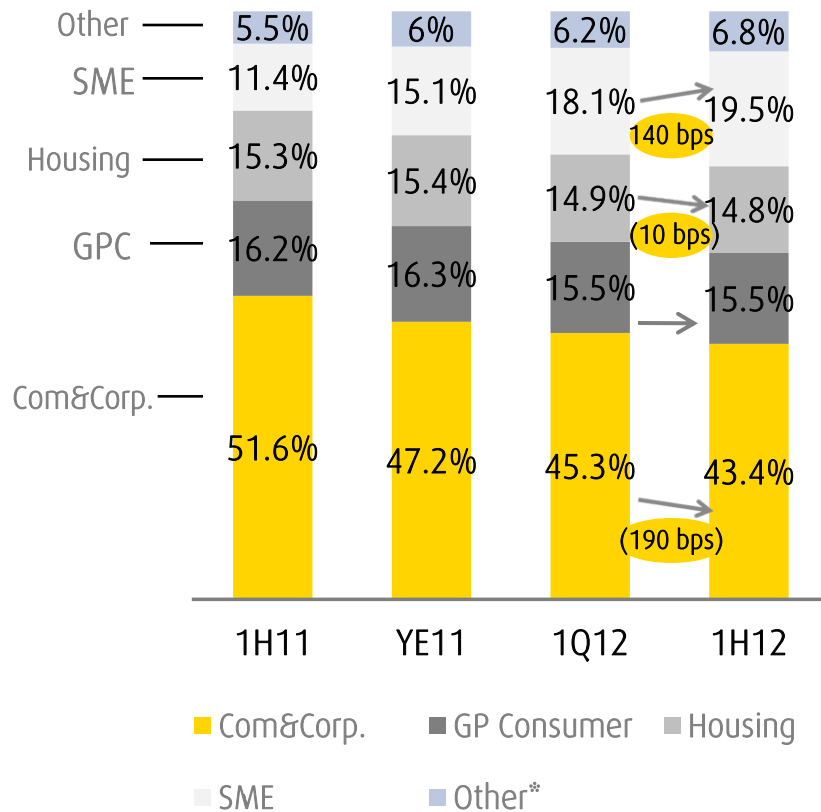
Interest Income on Loans (TL mio)



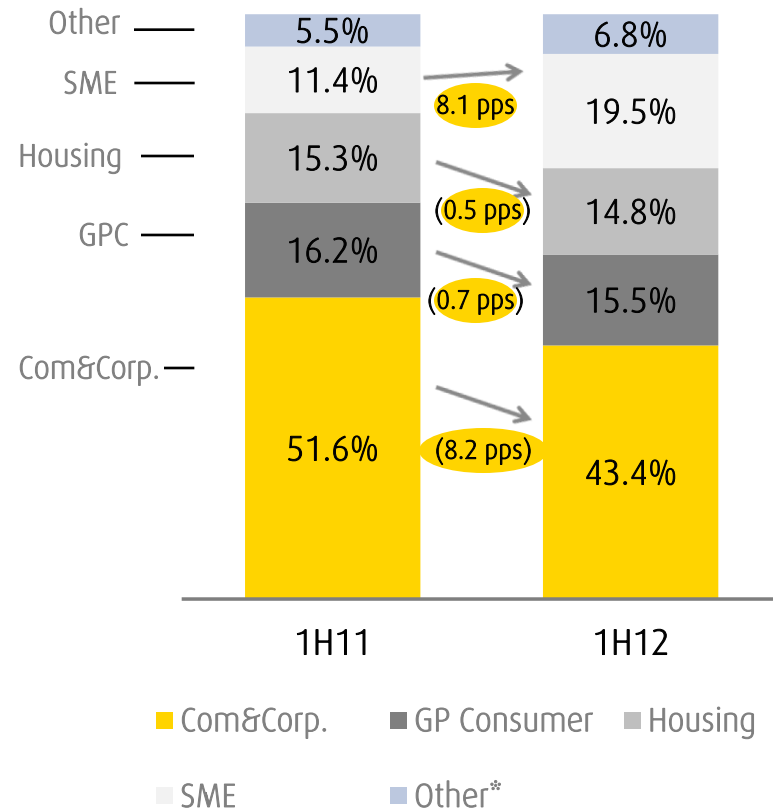
* FC loans are down by 6.5% QoQ in USD terms.

Significant shift towards higher yielding segments continue to support yields & NIM

Breakdown of Loans (%)

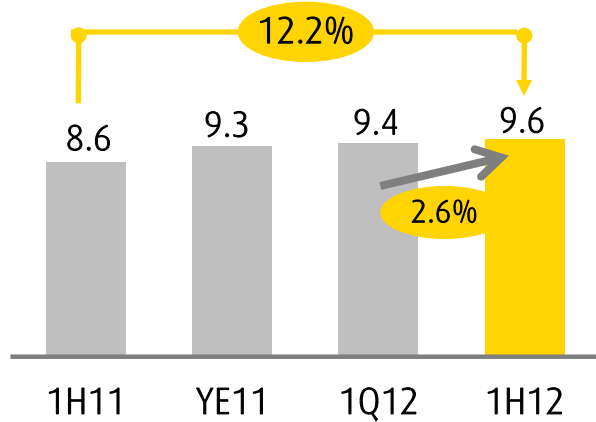


Portfolio Shift (%)

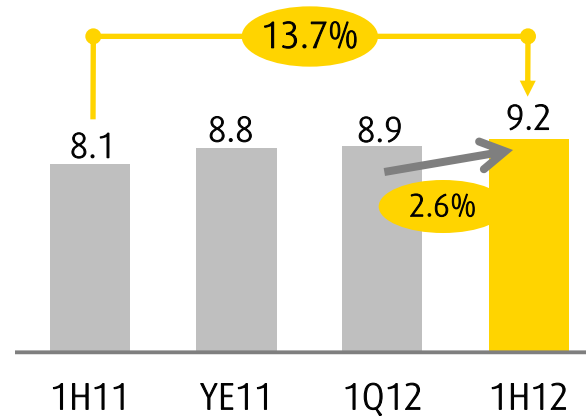


Strong presence in retail lending maintained despite slowdown in GPC due to high provisioning and capital costs

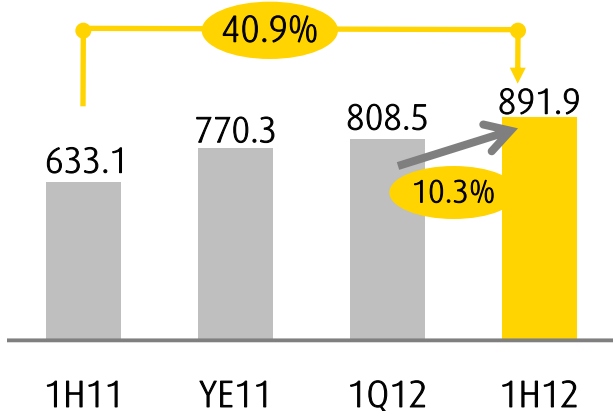
General Purpose Consumer (TL bio)



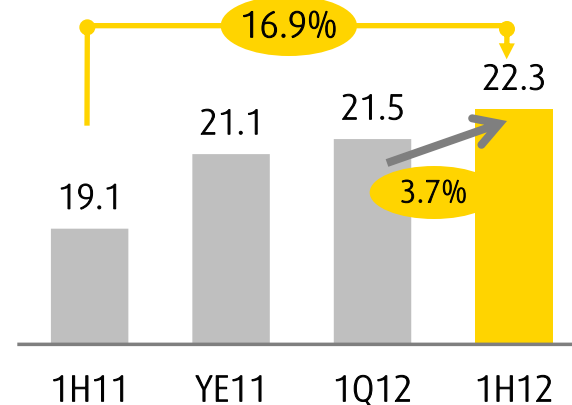
Residential Mortgages¹ (TL bio)



Retail Overdraft (TL mio)



Total Retail (TL bio)



Rankings*;

2 in GPC

2 in mortgage

1 in retail overdraft

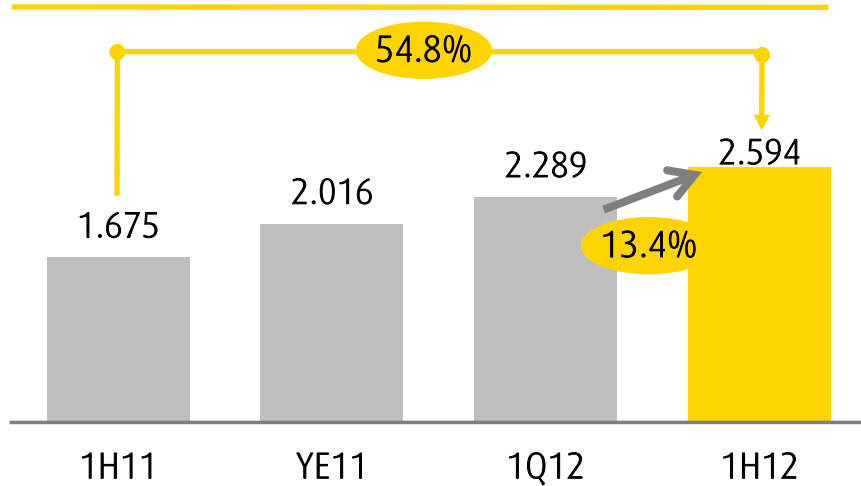
Strong presence in key retail segments thanks to

2.3 million

pay-roll accounts

Continuous growth in Business Cards driven by strong SME penetration

Credit Card Loans (TL mio)



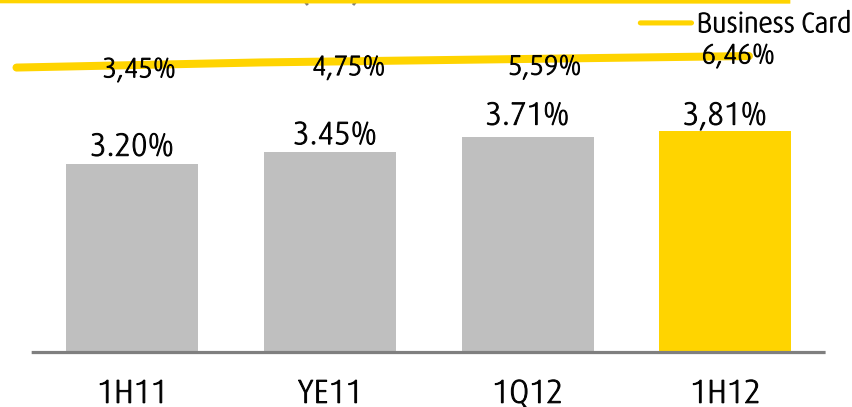
Credit Card Loans growth Ytd;

28.7%

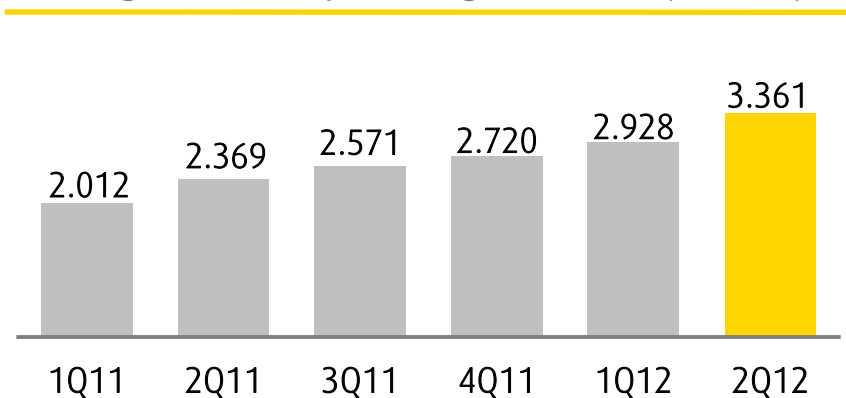
Sector growth Ytd;

16.4%

Market share* (%)

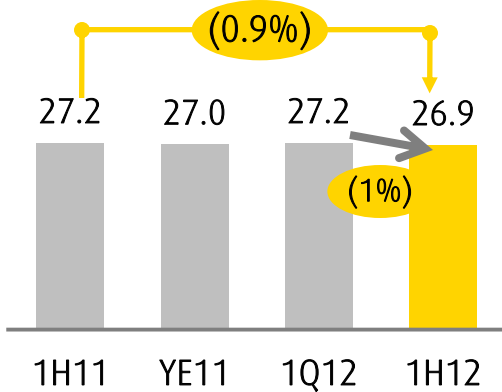


Average Quarterly Issuing Volume (TL mio)

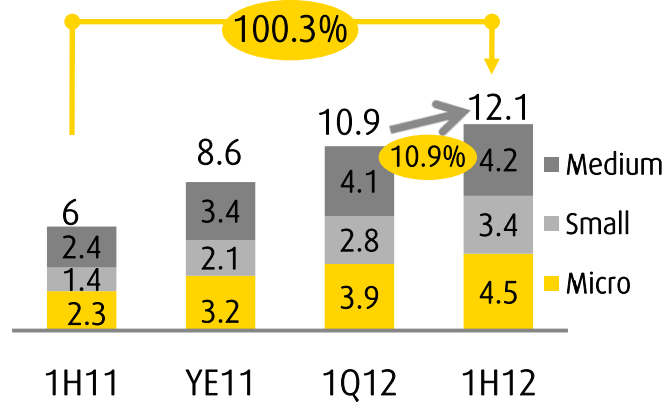


Sustained growth momentum in high yielding SME lending

Corporate (TL bio)



SME*(TL bio)



Highly collateralized & high yielding SME loans

YoY growth;

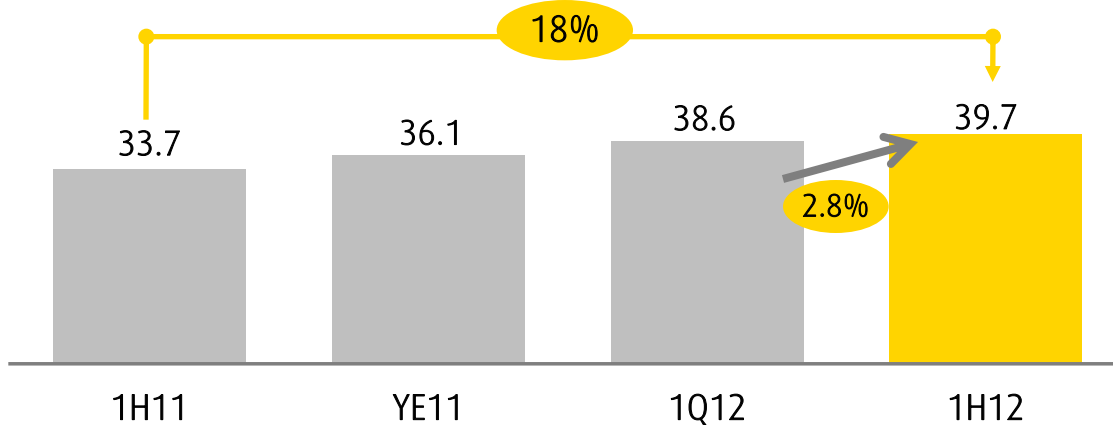
100%

Share in total loans

19.5%

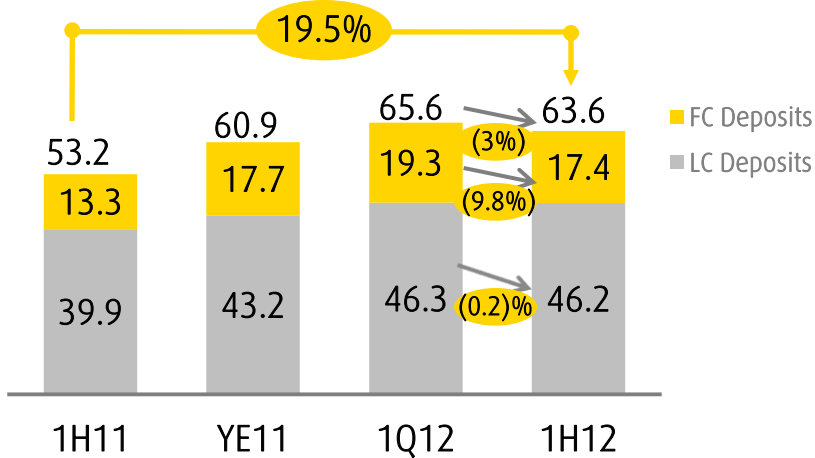
still below peer group average, promises further growth

Total Commercial & Corporate Loans** (TL bio)

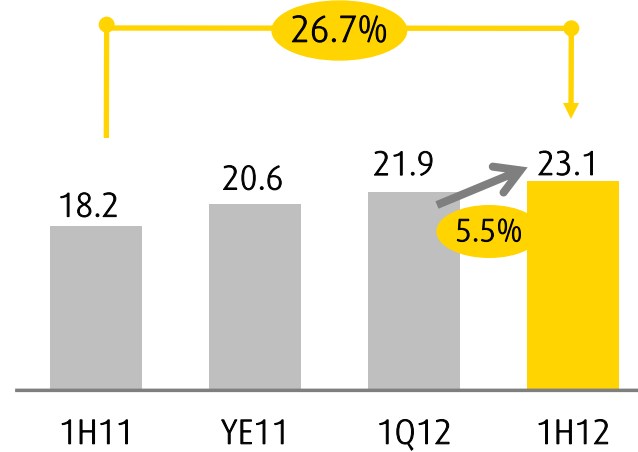


Costly foreign currency deposits are replaced with long term funding

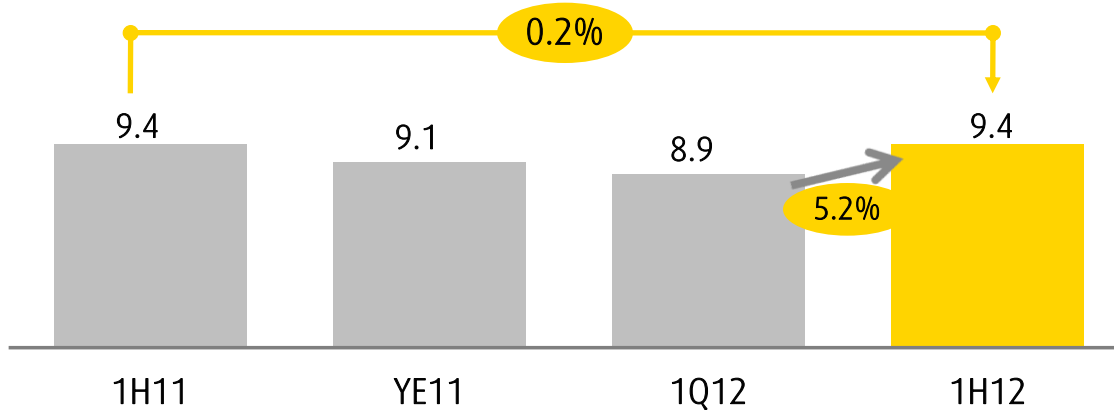
Total Deposits (TL bio)



Total Retail Deposits (TL bio)



Demand Deposits (TL mio)



Deposit growth; YoY

19.5%

Outperforming sector average growth YoY;

9%

Diversified funding source via Non-Deposit Funding

Syndicated Loan

April, 2012

- Secured US\$ 152 million and € 586,7 million 1 year syndicated loan, the all-in cost has been realized as Libor +1,45% and Euribor +1,45%, respectively
- 98% roll-over ratio
- 41 banks from 19 countries participated

Eurobond

April, 2012

- US\$ 500 million Eurobond with 5 year maturity
- Priced with a fixed coupon of 5,75%
- 5.2x over-subscribed
- 194 investors participated
- Geographic allocation of issuance: EU 36%, USA 27%, UK 27%, Asia 7%, ME 3%

Local Currency Bond

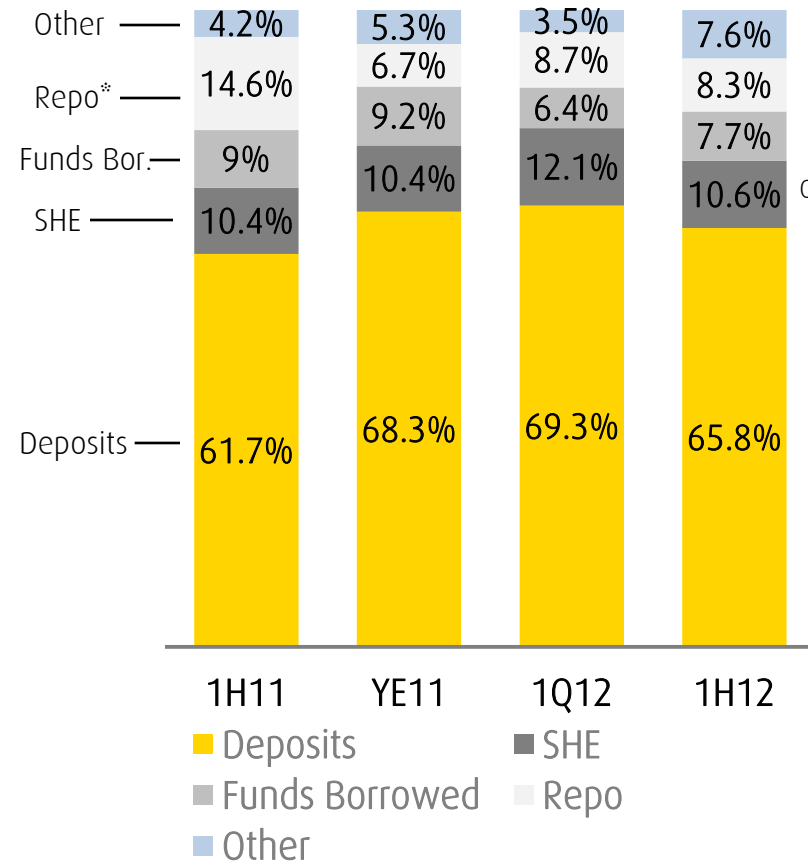
June, 2012

- TL 105 million bond with 374 days maturity, at a cost of 0,84% for each 1st, 2nd and 3rd coupon. 21% was distributed among domestic retail customers
- TL 926.8 million bond with 179 days maturity, at a cost of 10,4%. 41% was distributed among domestic retail customers
- Outstanding total local currency bonds reached 2 billion TL as of 1H 2012

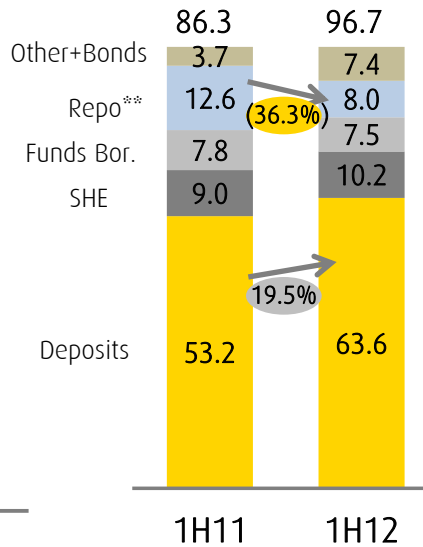
The total amount of fresh non-deposit funding amount in 2Q 2012 is **3.6 bio TL** equivalent, **6%** of total deposits.

Solid funding mix-deposit heavy funding structure

Breakdown of Liabilities (%)



Liabilities Shift (TL bio)



Wholesale Borrowing

Funds Borrowed+Bond Issued / Liabilities

10.7%

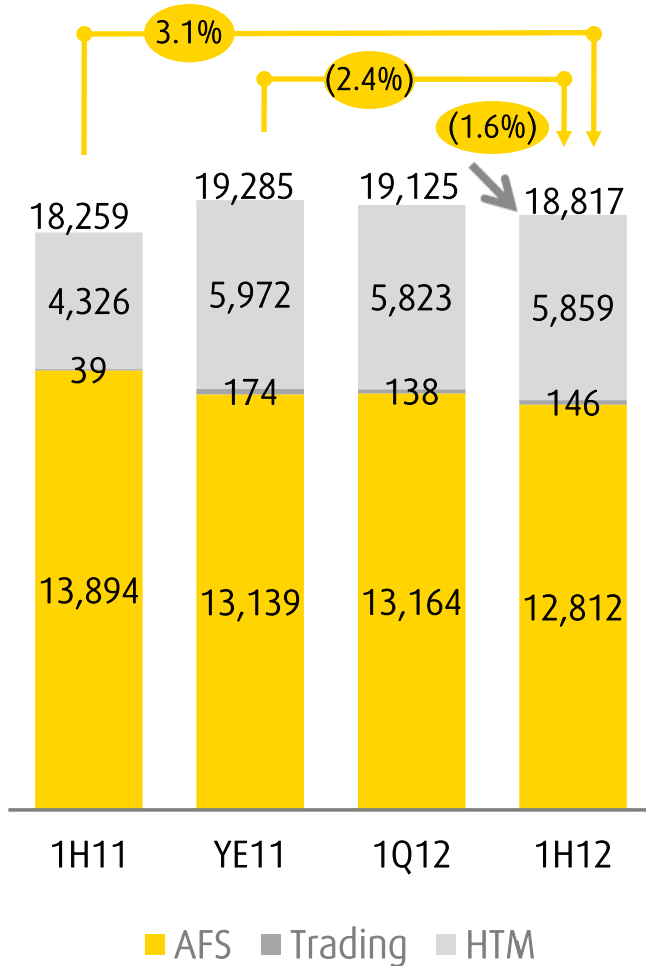
Deposits Heavy Funding Structure

Total Deposits / Liabilities

65.8%

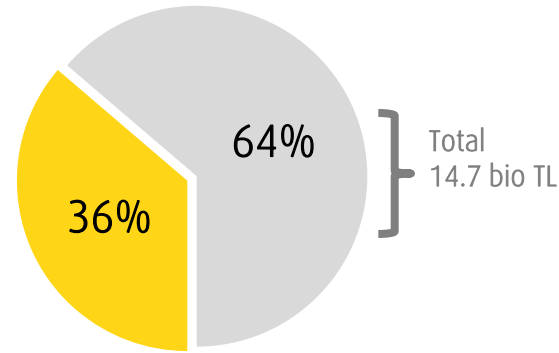
Securities portfolio mix

Total Securities (TL mio)



Portfolio Structure

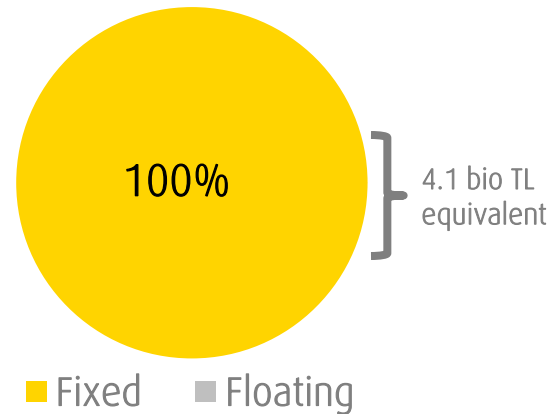
TL



64%

of TL securities are floating.

FC

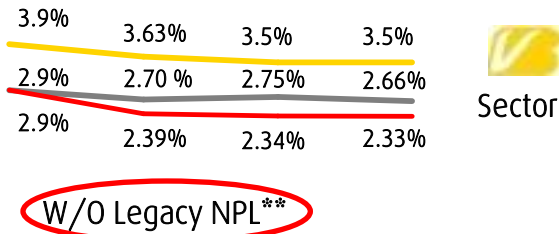


CPI Linkers' share in TL Securities;

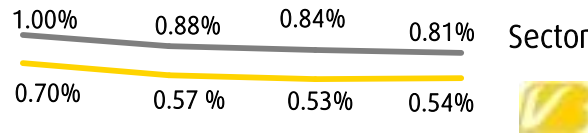
13.4%

NPL Ratios

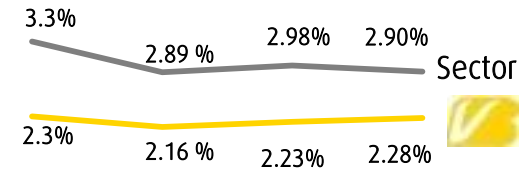
Overall NPL Ratio* (%)



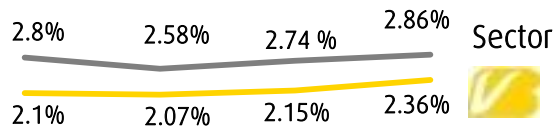
Mortgages NPL (%)



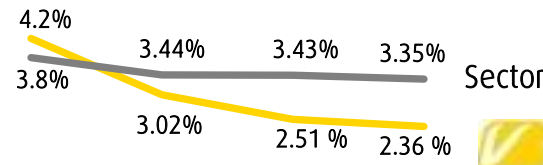
Total Retail NPL (%)



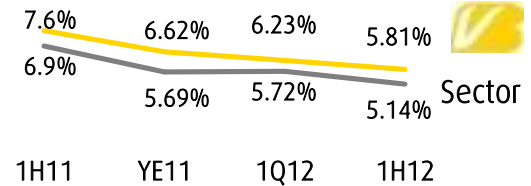
General Purpose Consumer NPL (%)



Commercial Installment NPL (%)

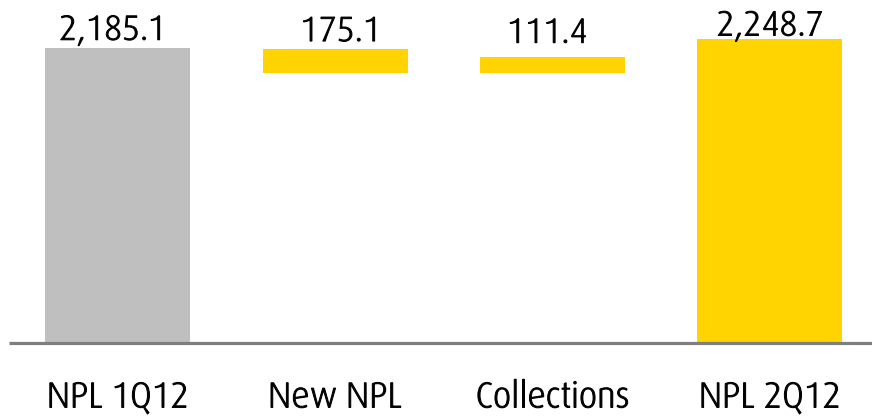


Credit Cards NPL (%)

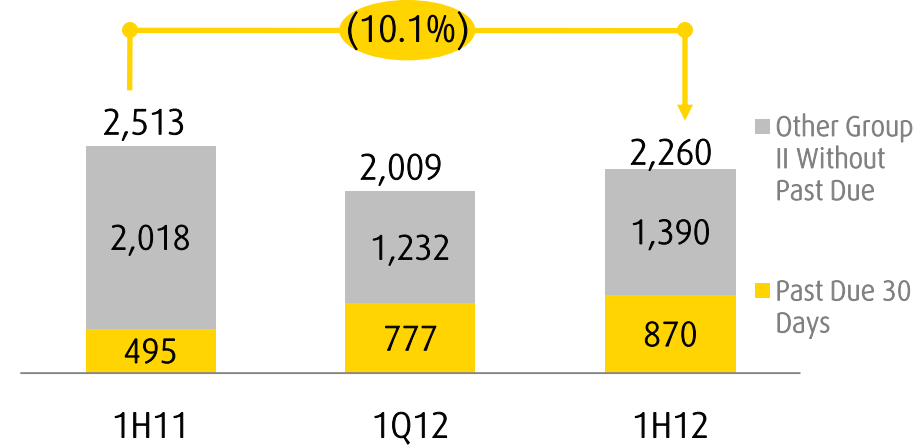


Solid asset quality, collections are still stronger than budget albeit at a slower pace

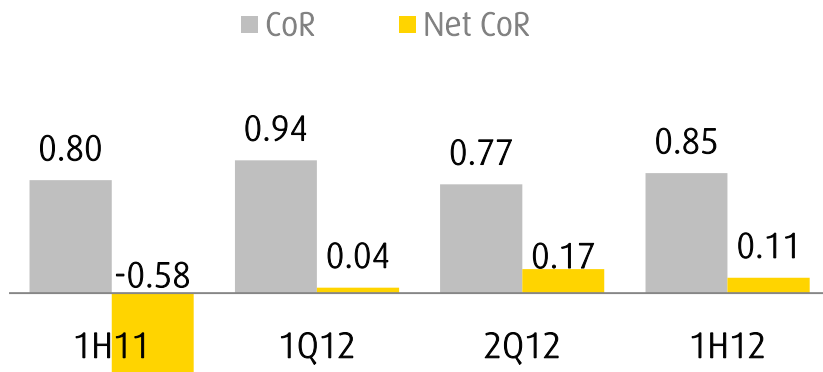
NPL (mio TL)*



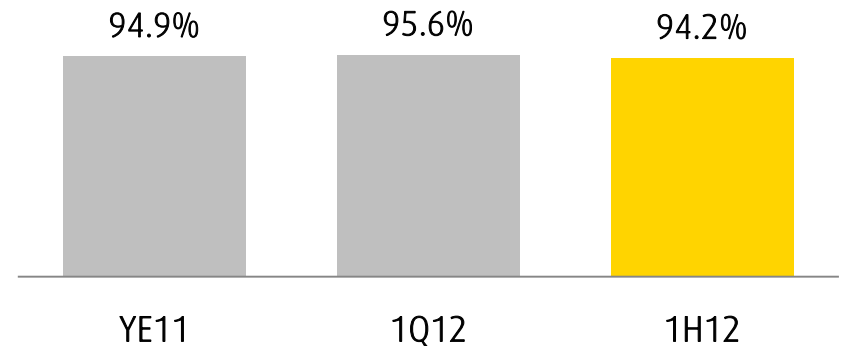
Group II Loans



Cost of Risk (%)

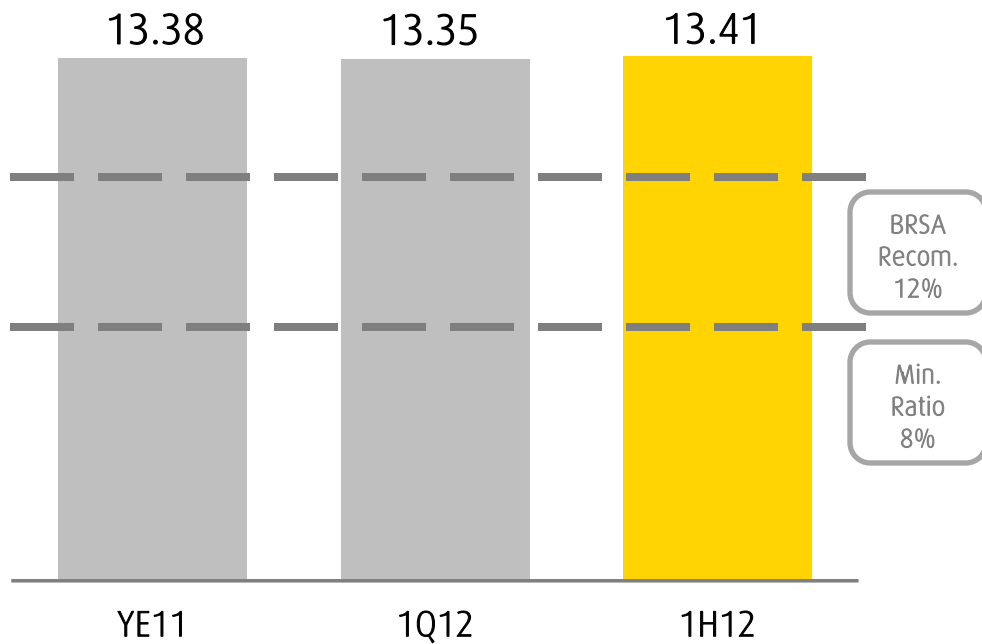


Coverage Ratio of NPL (%)



Solvency ratios remain intact

Capital Adequacy Ratio (%)



Conservatively low leveraged balance sheet

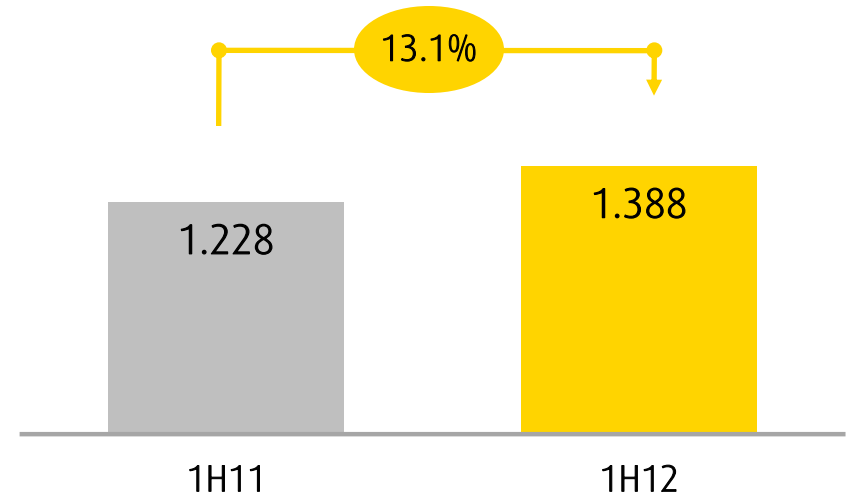
$$\frac{(\text{Liabilities} - \text{SHE})}{\text{SHE}} = 8.5$$

Basel II effect will be limited.

Earnings Summary

(TL-mio, %)	1H2011	1H2012	Growth
Net Interest Income	1,362.6	1,720.2	26.24%
Adj. Net F&C Income	270.9	267.8	(1.17%)
Net Trading Income	41.8	118.2	182.46%
Divident Income	44.5	56.9	27.80%
Other Operating Income	443,968	370,461	(16.56%)
Total Operating Income	2,163.9	2,450.8	13.26%
Total Operating Expenses (-)	936.1	1,062.6	13.5%
Operating Profit	1,227.7	1,388.2	13.07%
Provisions (-)	404.3	492.9	21.94%
Tax Provisions (-)	174.4	191.1	9.53%
Income from investments	0	0	n.a.
Net Monetary Gain/Loss	0	0	n. a.
Net Income	649.0	704.2	8.49%

Operating Profit (TL mio)

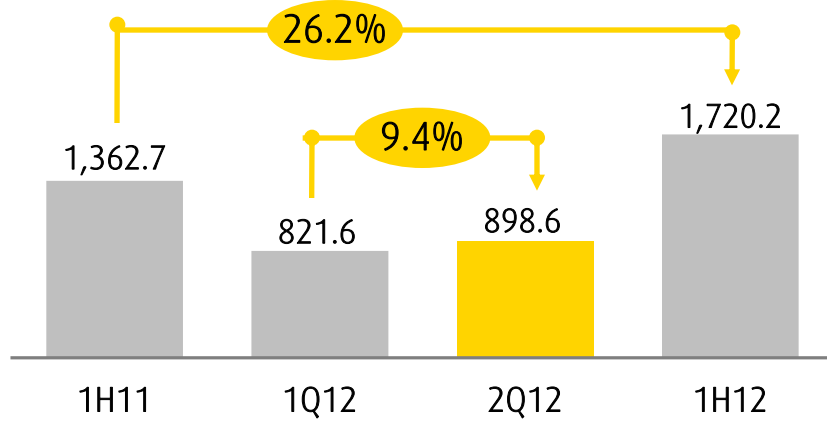


Provisioning Expense/Average Loans

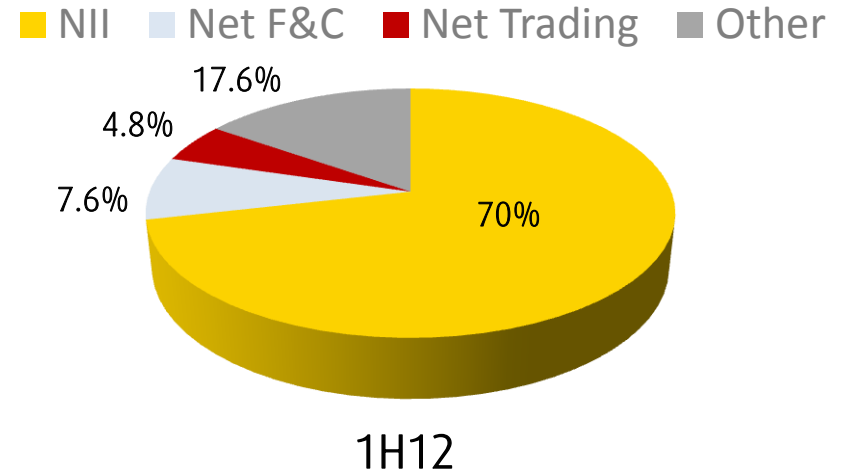
1H11: 1.66% 1H12: 1.65%

P & L Participants

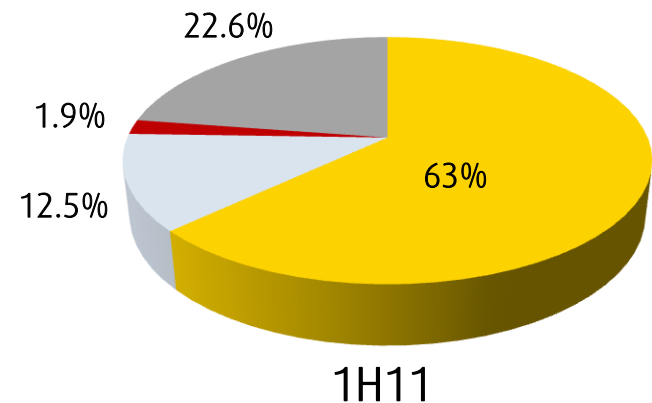
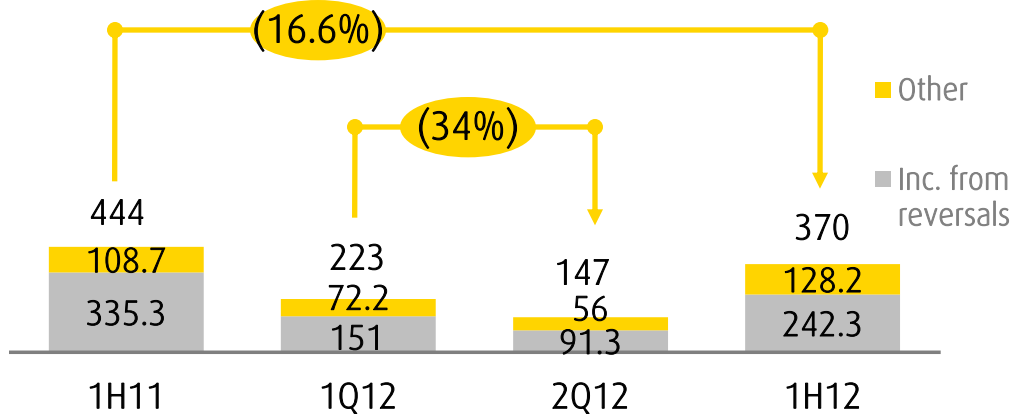
Net Interest Income (TL mio)



Breakdown of Total Revenues (%)

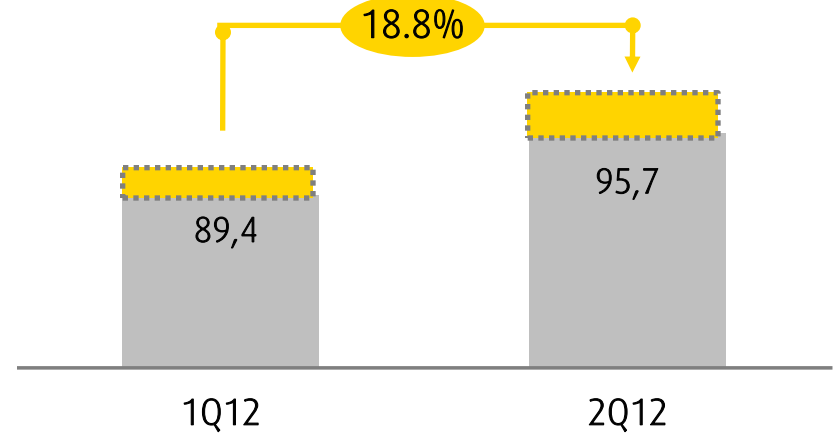
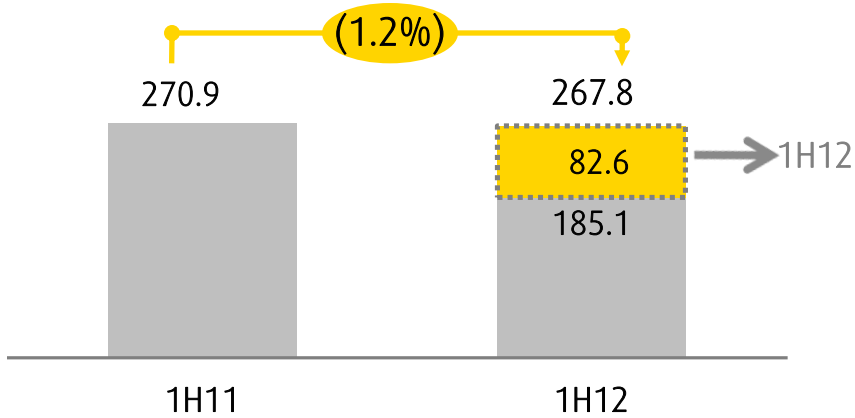


Other Income (TL mio)

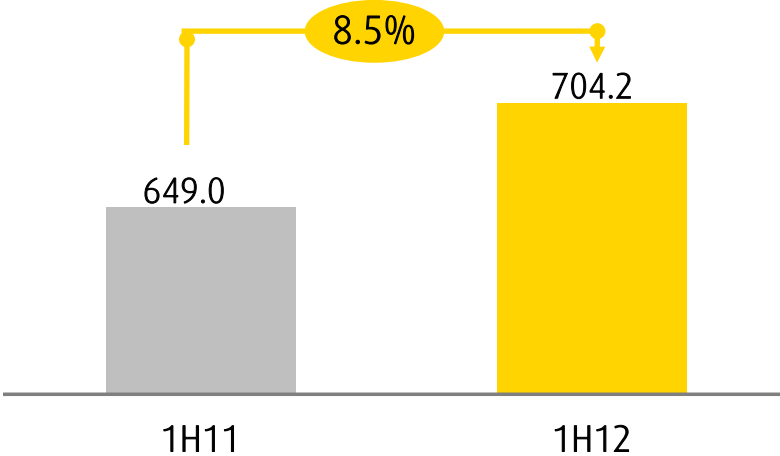


Healthy net income growth despite sizeable fee&commission income accrual effect

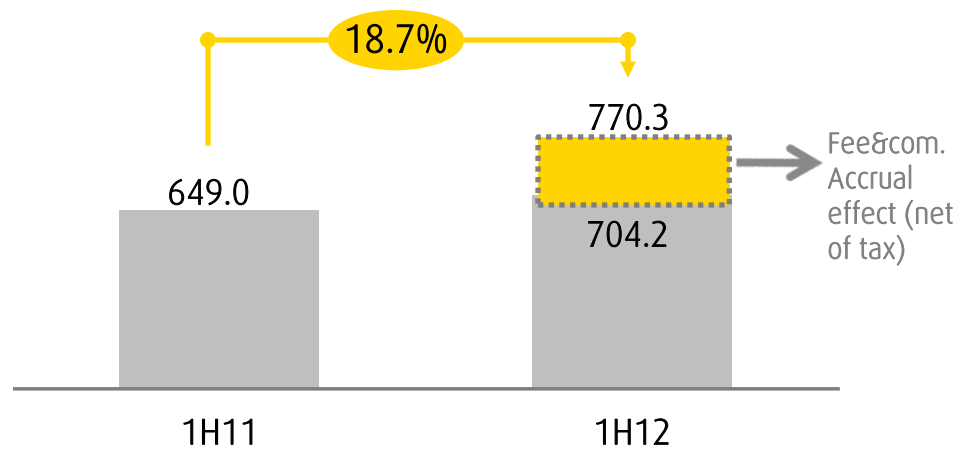
Adjusted net F & C income (TL mio)



Net Income (Mio TL)



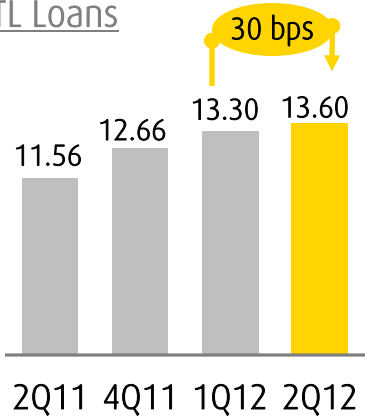
Adjusted net income (TL mio)



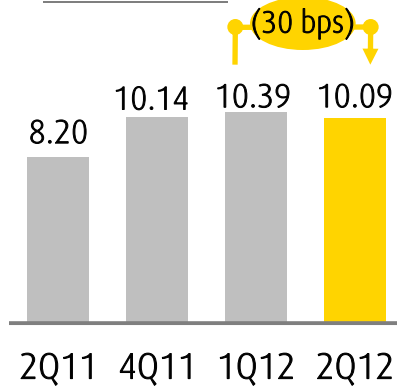
NIM, Spreads and Costs

Yields (%)

TL Loans

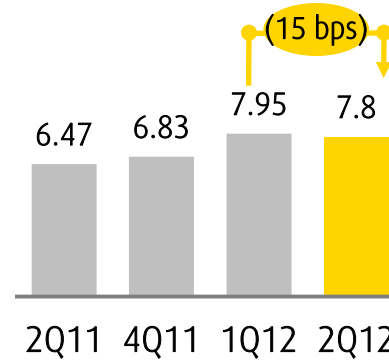


TL Securities

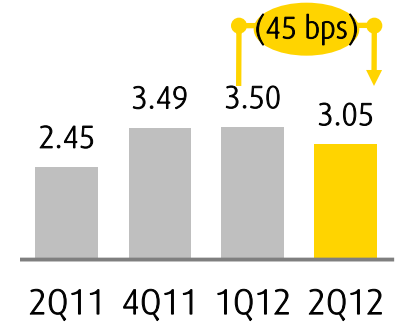


Cost of Deposits (%)

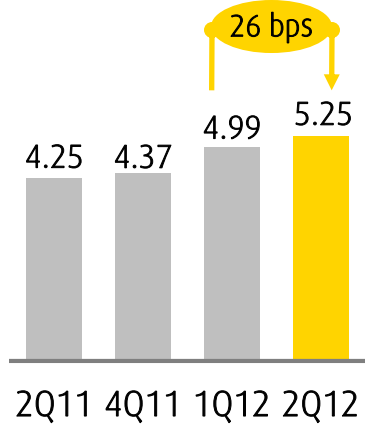
TL Deposits



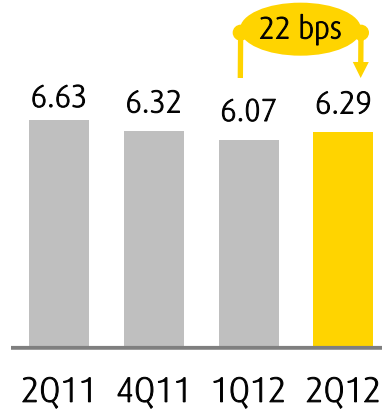
FC Deposits



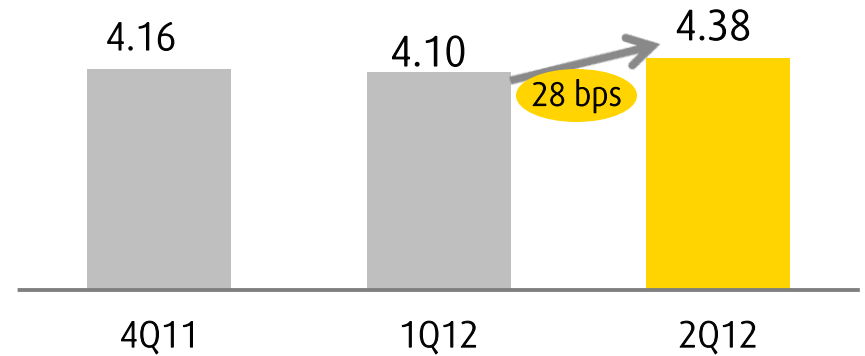
FC Loans



FC Securities



Net Interest Margin (NIM %)



VakifBank with numbers

Distribution Channels & Customer Base (#)	1H2012	Efficiency ('000 TRY)	1H2012
Branches*	739	Assets per Employee	7,248
ATMs	2,593	Assets per Branch	140,150
Personnel	13,343	Loans per Employee	4,652
POS Terminals	91,775	Loans per Branch	89,954
Outstanding Credit Cards	2.8 mn	Deposits per Employee	4,767
Total Customers	12.3 mn	Deposits per Branch	92,188
Total Payroll Customers	2.3 mn		
Internet Banking Customers	1.9 mn		
Active Mutual Fund Customers	1.3 mn		

Ytd 59 new
branch openings

Balance Sheet

	(TL-mio, %)	1H2011	1Q2012	1H2012	YoY Growth	QoQ Growth
Assets	Cash & Balances with Central Bank	10,136	10,151	10,840	6.9%	6.8%
	Interbank	1,889	2,014	1,804	(4.5%)	(10.5%)
	Securities	18,259	19,125	18,817	3.1%	(1.6%)
	Loans	52,773	60,187	62,068	17.6%	3.1%
	Subsidiaries & Investments	914	986	953	4.2%	(3.3)%
	Property & Equipment	1,116	1,101	1,105	(1.0)%	0.4%
	Other	1,232	1,086	1,116	(9.4%)	(2.8%)
	Total Assets	86,319	94,650	94,704	12.0%	2.2%
Liabilities & SHE	Deposits	53,245	65,607	63,610	19.5%	(3.0%)
	Funds Borrowed	7,778	6,054	7,486	(3.8%)	23.7%
	Other	15,212	11,904	14,054	(7.6%)	18.0%
	Provisions	1,071	1,216	1,342	25.4%	10.3%
	Shareholders Equity	9,013	9,869	10,212	13.3%	3.5%
Off-B.S	Guarantees	12,293	16,298	16,836	37.0%	3.3%
	Commitments	12,230	43,572	46,802	282.7%	7.4%
	Derivatives	9,622	11,634	13,384	39.1%	15.1%

Income Statement

(TRY-Thousand, %)	1H2011	1Q2012	1H2012	$\Delta\{1H11$ 1H12}	$\Delta\{1Q12$ 2Q12}
Net Interest Income	1,362,646	821,608	1,720,159	26.2%	9.4%
Net Fee & Com. Income	270,931	89,415	185,123	(31.7%)	7.0%
Dividend Income	44,479	55,403	56,845	27.8%	(97,4%)
Net Trading Income	41,845	107,237	118,195	182.5%	(89.8%)
Other Income	443,968	223,185	370,461	(16.6%)	(34.0%)
Total Revenues	2,163,869	1,296,848	2,450,783	13.3%	(11,0%)
Operating Expense	(936,130)	(511,077)	(1,062,586)	13.5%	7.9%
Provisions	(404,256)	(260,615)	(492,968)	21.9%	(10.8%)
Tax Provisions	(174,441)	(105,396)	(191,070)	9.5%	(18.7%)
Net Income	649,042	419,760	704,159	8.5%	(32.3%)



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