Earnings Presentation

BRSA Bank-Only 1H 2013

August 6, 2013

1H 2013 Macro Highlights

- Further improvement in US data implied brighter 2H economic activity.
- US FED declared that it might end asset purchases before year end.
- FED statement caused a rapid rise in US bond yields and a parallel increase in EM outflows.
- EM currencies depreciated with the rising possibility of FED tapering in 2Q 2013. TL depreciated 6.6% QoQ against USD
- FED tapering expectations affected interest rates. Turkish Treasury's 2 yr benchmark bond yield increased by 110 bps in June from 6.79% to 7.89%. Volatility continued and interest rates further increased in July
- China's real GDP growth came in at 7.5% in 2Q 2013 below the expected 7.8%.
- ECB preserves its dovish stance in monetary policy due to weak Eurozone economic activity.
- Turkish GDP had a moderate growth rate of 3% QoQ in 1Q 2013. Weakness of household consumption in 2012 faded away with a 3% QoQ increase in 1Q 2013. Net exports had no contribution to growth after strong positive effect in 2012.
- Annual inflation accelerated to 8.3% in June from 6.5% in May due to higher food prices
- 12 months rolling C/A deficit reached 53.6 billion in May mainly as a result of soaring gold imports
- Turkey's long-term foreign currency issuer default rating was upgraded to investment grade by credit rating agencies Moody's, JCR and DBRS in May.
- CBRT cut each of its main funding rates by 100 bps overall, lowering its one-week repo policy rate to 4.50%, O/N borrowing rate to 3.50% and O/N lending rate to 6.50% in April and May policy meetings
- Recently CBRT increased the upper band of interest rate corridor 75 bps to 7.25%. In addition, primary dealer banks will not have access to a cheaper borrowing rate in comparison to non-primary dealer banks on days of additional tightening which means 125 bps tightening for the primary dealer banks

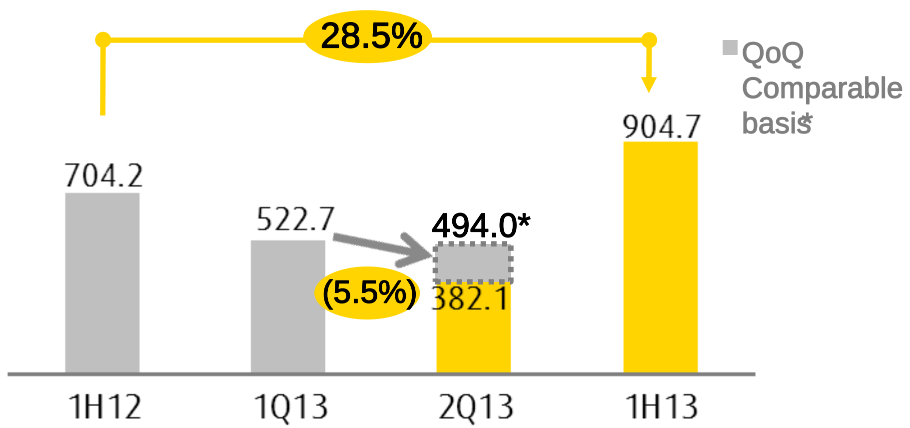
1H13 VakifBank Highlights

- Bank-only net income is 904.7 mio TL, up by 28.5% YoY; quarterly reported net income is 382 mio TL, up by 34.3% YoY. Excluding additional QoQ NPL provisioning and higher effective tax rate, quarterly comparable net income* is 494 mio TL, which is down by only 5.5% QoQ and up by 73.7% YoY
- 1H13 ROAE is 15.2% and ROAA is 1.6%; quarterly comparable ROAE and ROAA are at 16.4% and 1.8% respectively
- Net Fee and Commisssion Income is up by 15.2% QoQ and 106% YoY, mainly driven by strong loan growth and increased fee collection.
- Net trading income is up by 34.2% QoQ and reached to 107 mio TL, mainly thanks to derivative gains
- Opex growth is inside the budget, annual opex growth is at 15.9%.
- Branch extension accelerated, 62 new branches opened Ytd and total branch number reached 806 as of 6th of August.
- Quarterly NIM is still strong at 5.34%, which brings cumulative NIM to 5.56%, the best among peer group.
- Strong loan growth at 11.2% QoQ driven by both 10.1% QoQ TL loan growth and 14.5% FC loan growth (7.4% in USD terms). FC loan growth mainly stemmed from blue-chip project finance facilities
- Total securities grew 10% QoQ and the share of CPI linkers in TL securities increased from 16.8% in 1Q13 to 26.1% in 2Q13.
- Solid funding mix further strenghtened, strong deposit growth 12.9% YoY and 9.8% QoQ
- NPL ratio is at 4.0%, down from 4.2% at 1Q13 without asset sale and write off. New NPL inflow is decelarating as budgeted
- Cash coverage further increased to 92% from 88% in 1Q13 which is one of the highest ratio in sector as a result of aging effect of 1Q 2013 NPL.
- Quarterly and cumulative Cost/Income ratio are at 36.6% and 34.5% respectively, one of the best in peer group despite hefty branch extension.

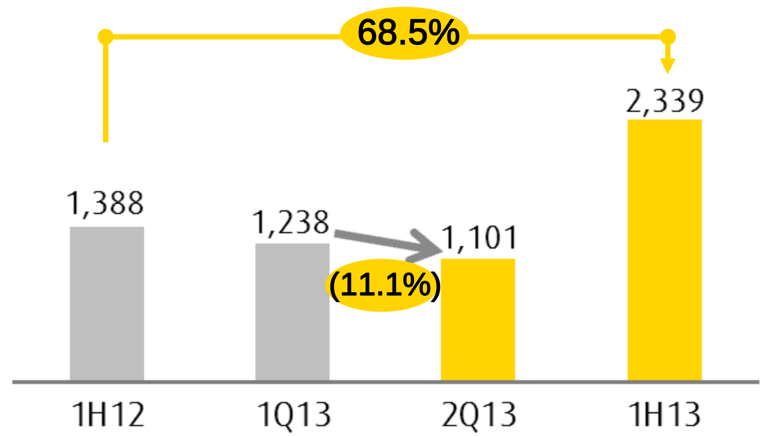
*94.6 mio TL additional QoQ NPL provisioning impact due to aging effect of 1Q 2013 NPL and 17.6 mio TL higher effective tax rate impact.

1H 2013 Earnings and Ratios

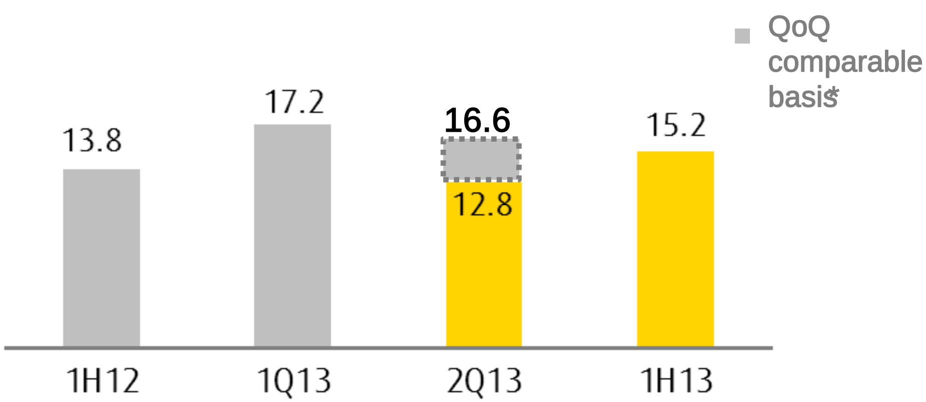
Net Income (Mio TL)



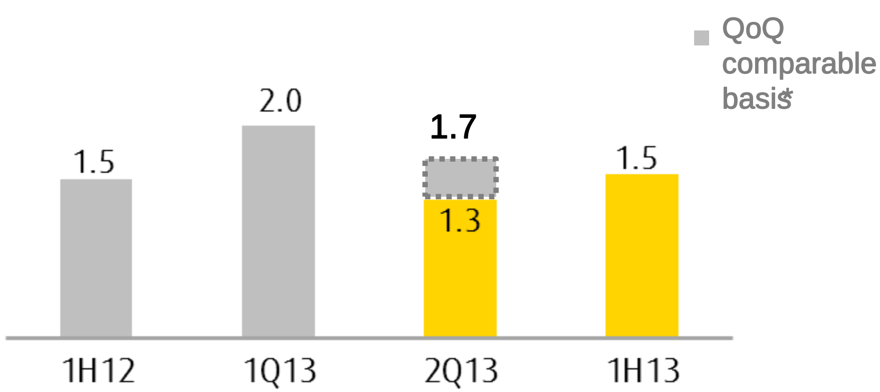
Operating Profit (Mio TL)



ROE (%)



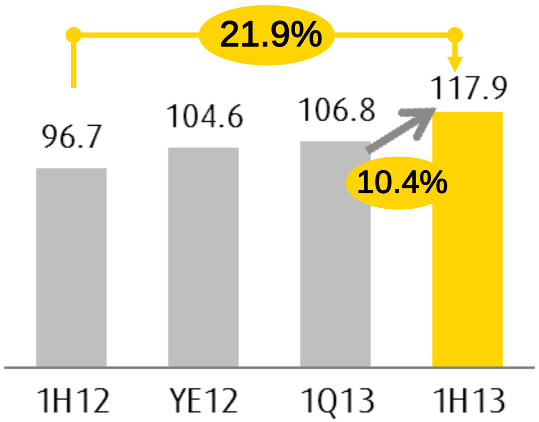
ROA (%)



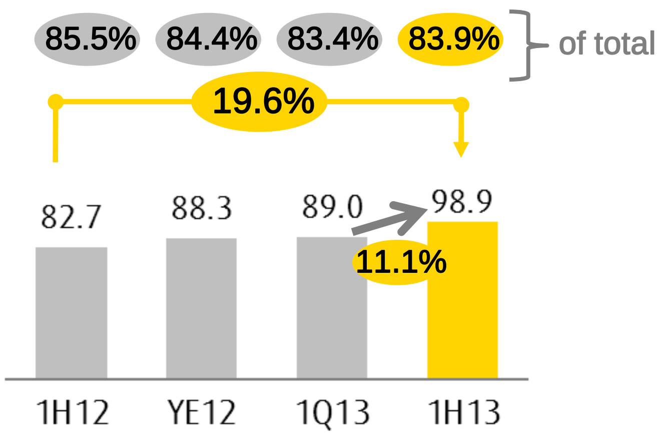
*Excluding 94.4 mio TL additional NPL provisioning impact and 17.6 mio TL higher effective tax rate impact .

Asset expansion lead by strong loan & security growth

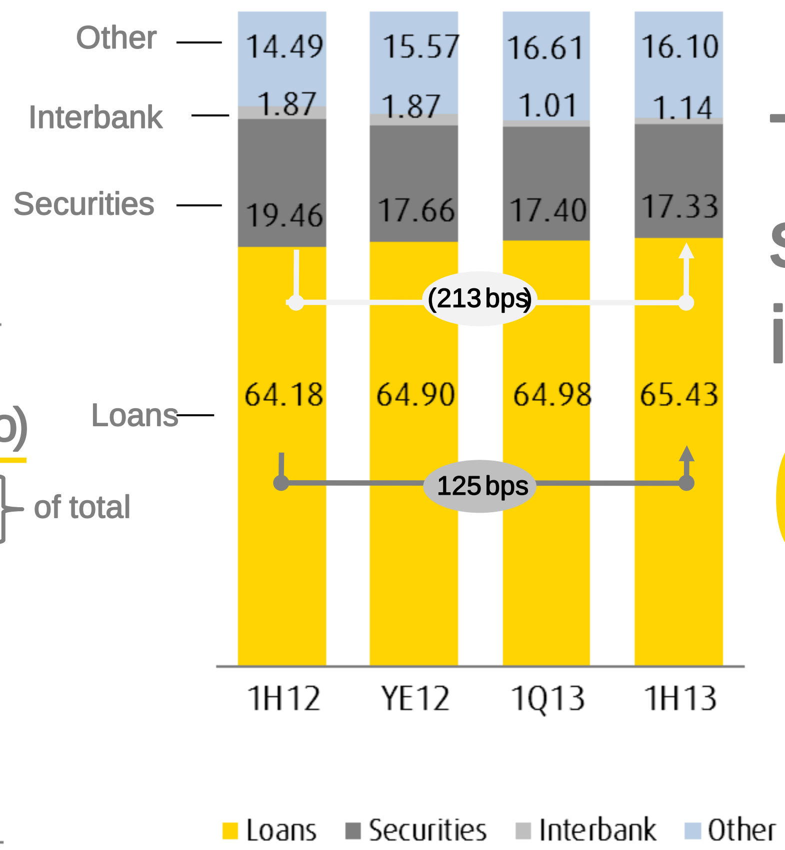
Total Assets (TL bio)



Interest Earning Assets (TL bio)



Breakdown of Assets (%)



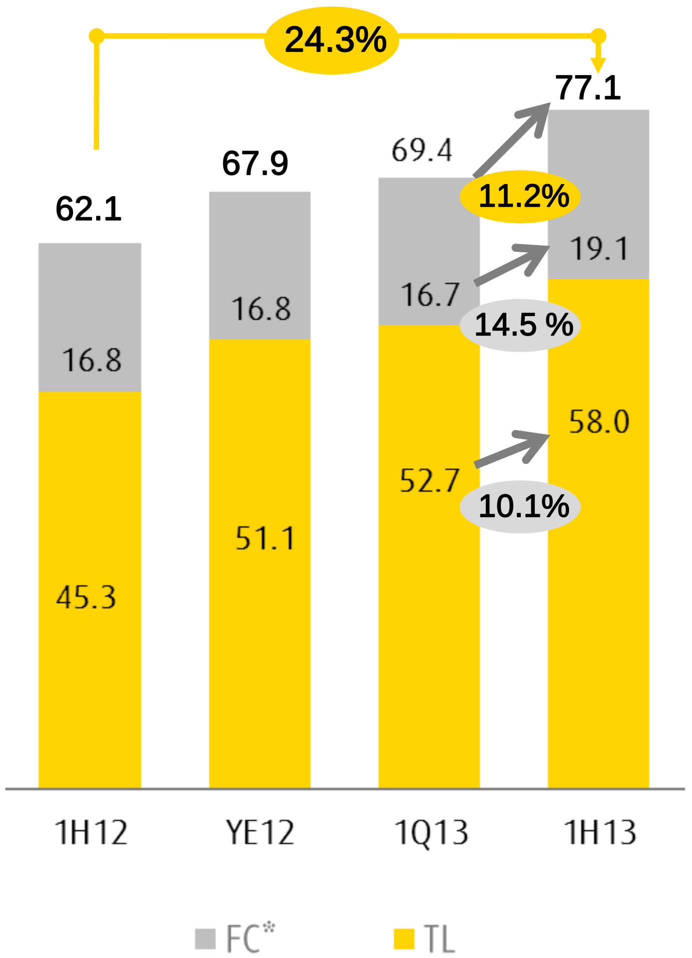
The highest share of loans in total assets*

65.4%

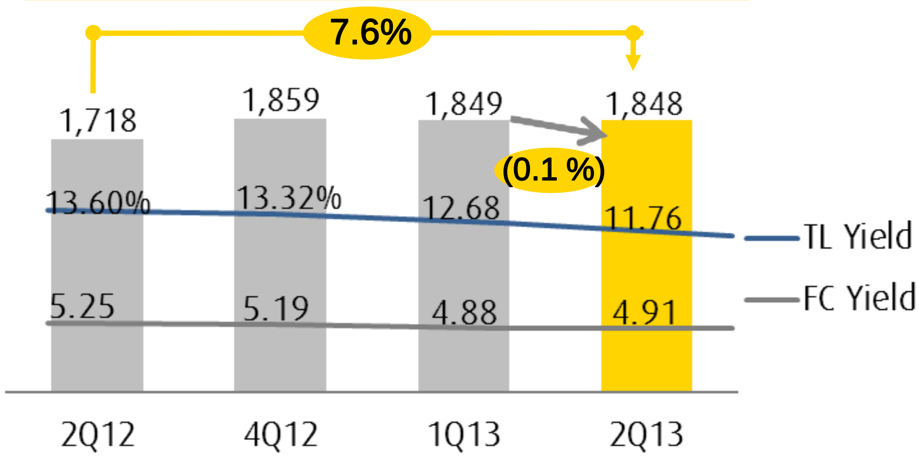
*Among peer group as of 1H13

Strong loan growth deriving from both TL&FC loans across all segments

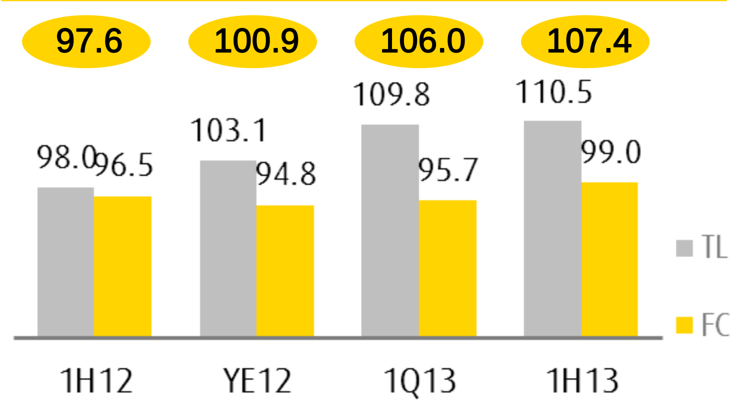
Total Loans (TL bio)



Interest Income on Loans (TL mio)



Loan / Deposit (%)

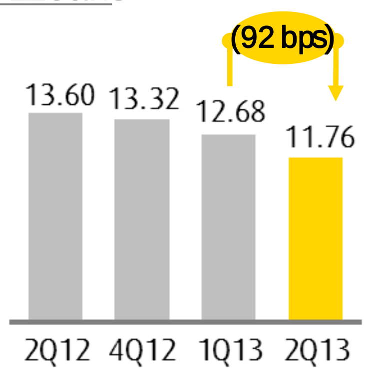


* FC loans are up by 7.4% QoQ in USD terms.

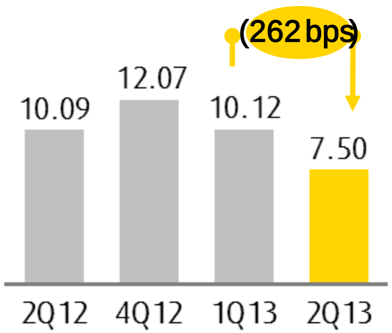
NIM, Spreads and Costs

Yields (%)

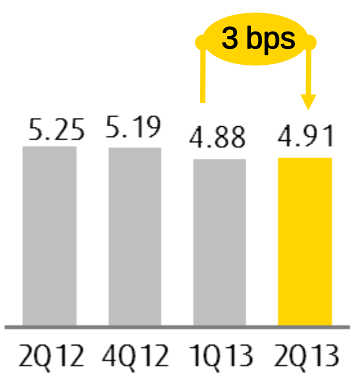
TL Loans



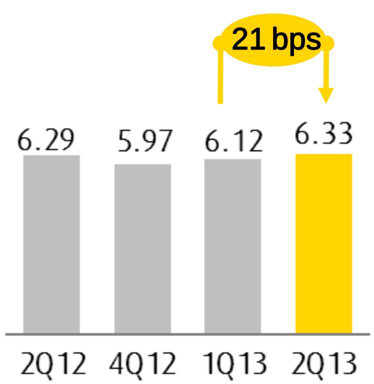
TL Securities



FC Loans

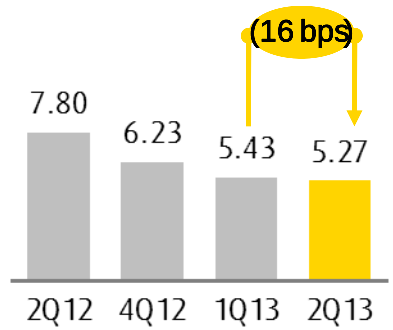


FC Securities

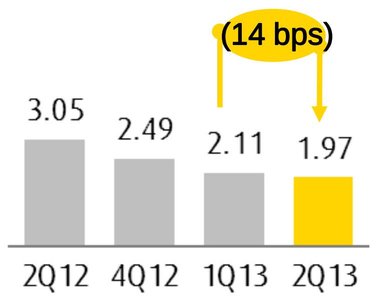


Cost of Deposits (%)

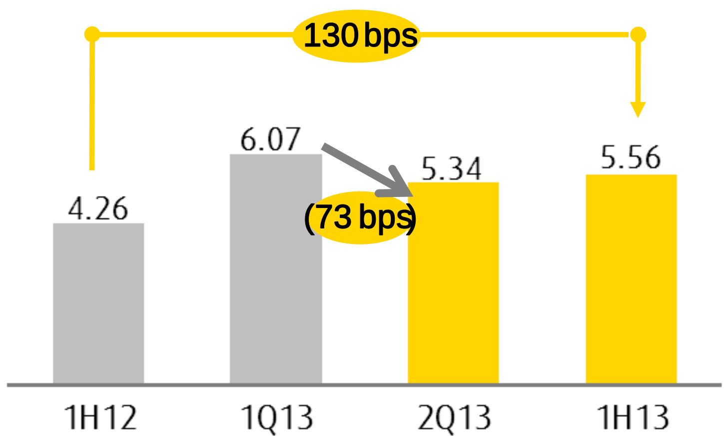
TL Deposits



FC Deposits

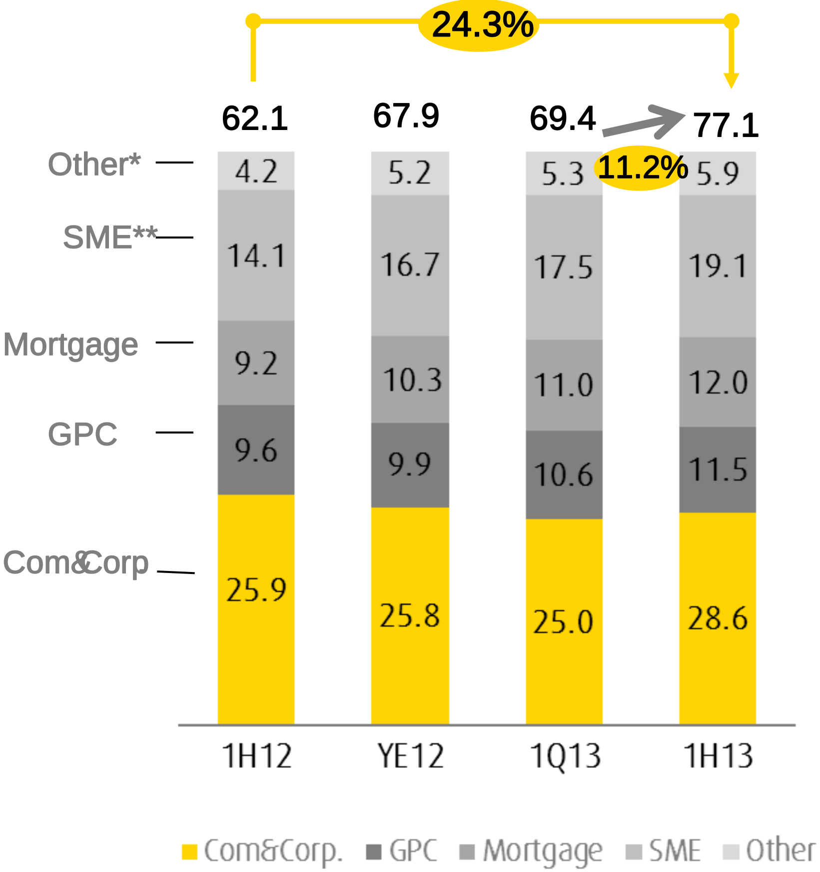


Net Interest Margin (NIM %)

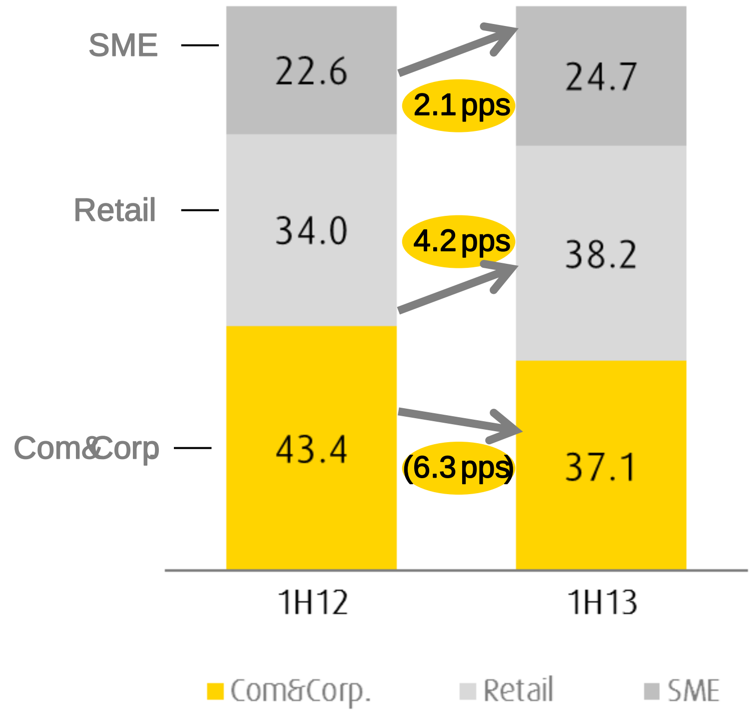


Well diversified loan breakdown

Breakdown of Loans (TL bio)



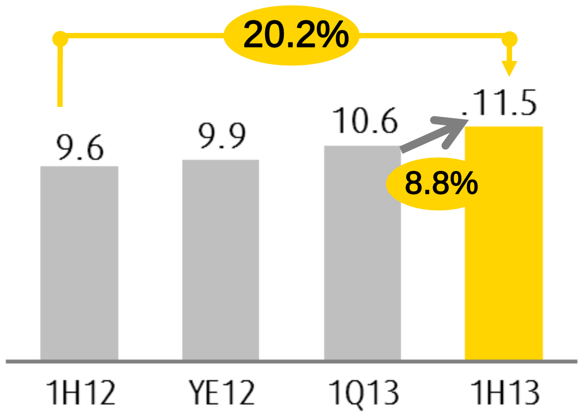
Portfolio Shift (%)



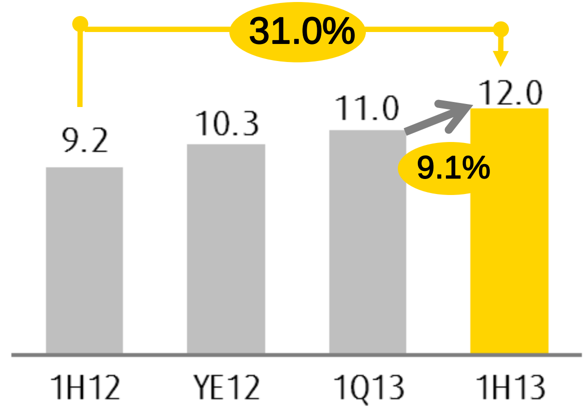
*Other includes credit cards, overdraft and auto loans.
**SME book is reclassfied in line with new formal SME definition of government, annual turnover up to 40 Mio TL companies classified under SME.

Strong retail lending growth ensured dominant position in key segments

General Purpose Consumer (TL bio)



Residential Mortgages[1] (TL bio)

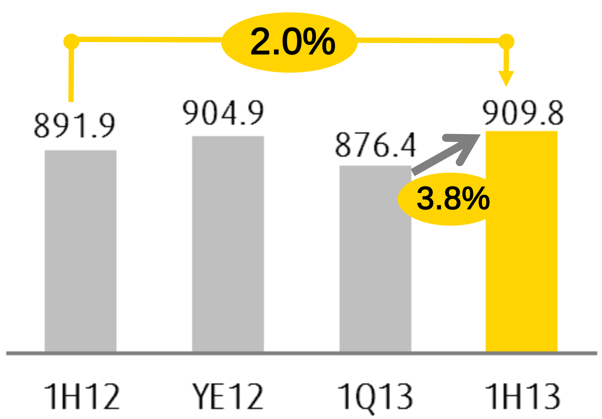


Reaching additional

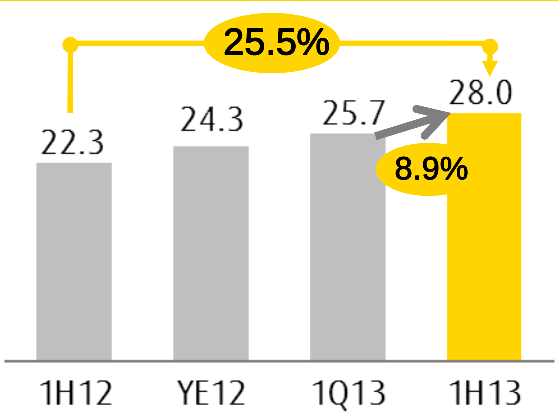
~2 million

PTT pay-roll customers via cooperation in GPC lending

Retail Overdraft (TL mio)



Total Retail (TL bio)



Strong presence in key retail segments thanks to

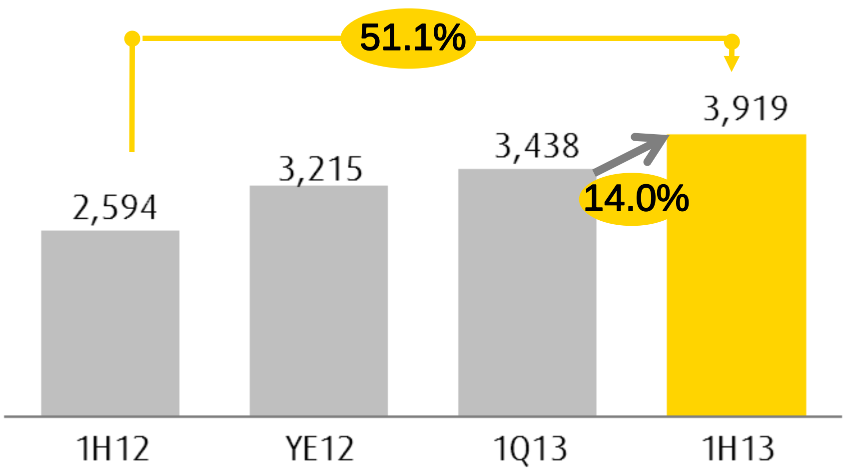
2.3 million

pay-roll accounts

[1] Includes TOKI projects.

Sustainable & profitable growth in Credit Cards

Credit Card Loans (TL mio)



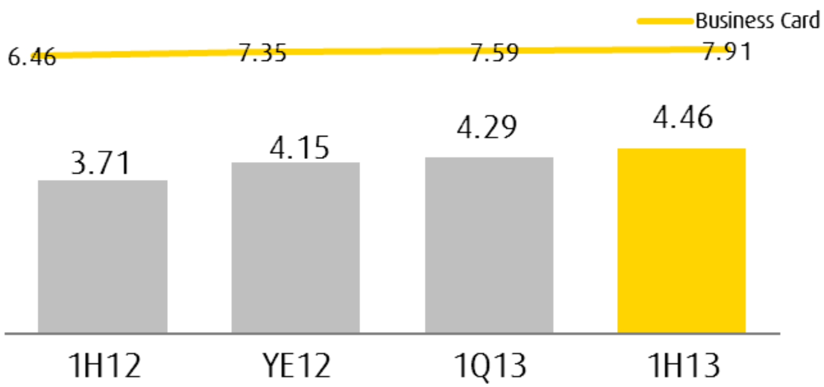
Credit Card Loans growth YoY;

51.1%

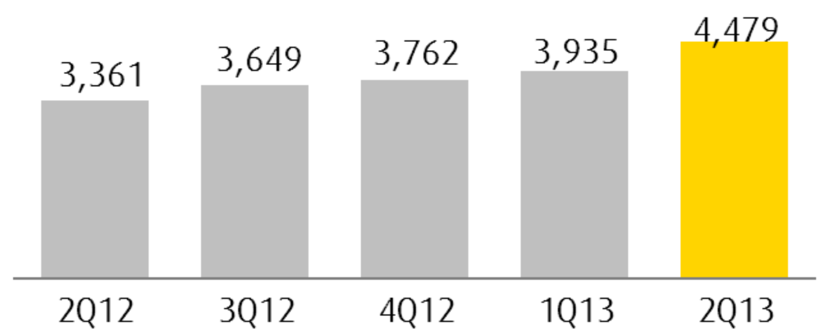
Sector growth YoY;

29.2%

Market share* (%)



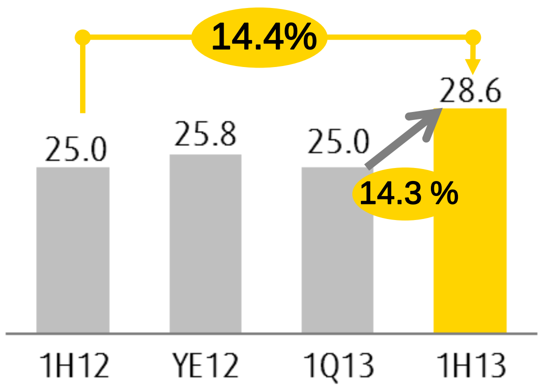
Average Quarterly Issuing Volume (TL mio)



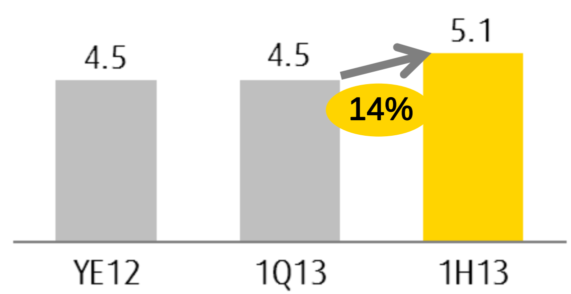
*Calculations based on monthly BRSA report.

Corporate & commercial loan growth was fueled by blue-chip project finance

Corporate & Commercial (TL bio)



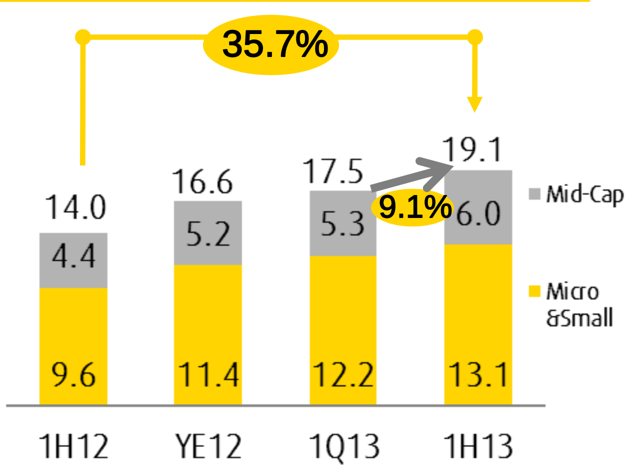
Project Finance Loans (USD bio)



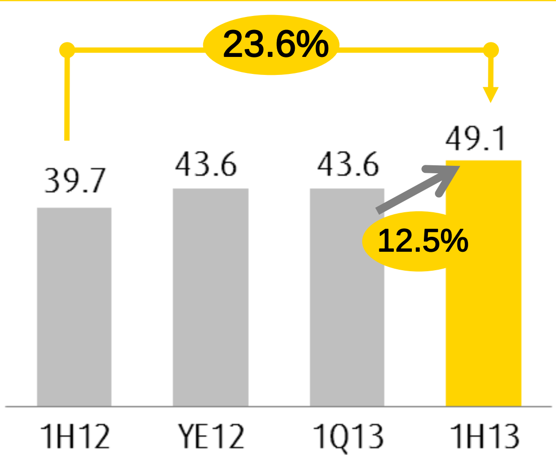
Highly collateralized & high quality blue-chip Project Finance loans QoQ growth;

14%

SME* (TL bio)



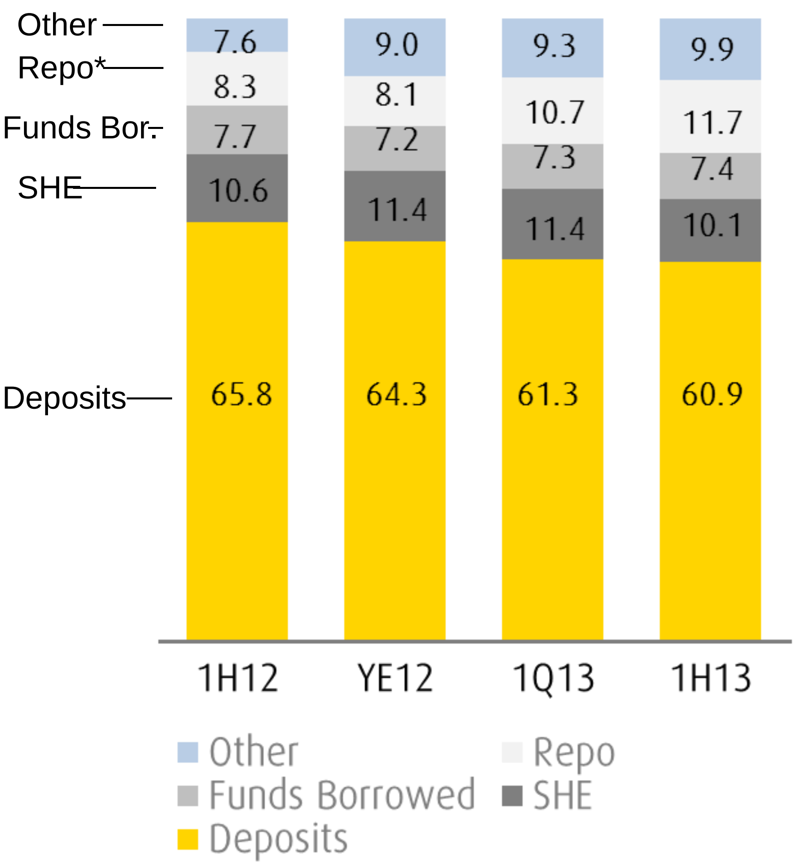
Total Com. & Corporate Loans** (TL bio)



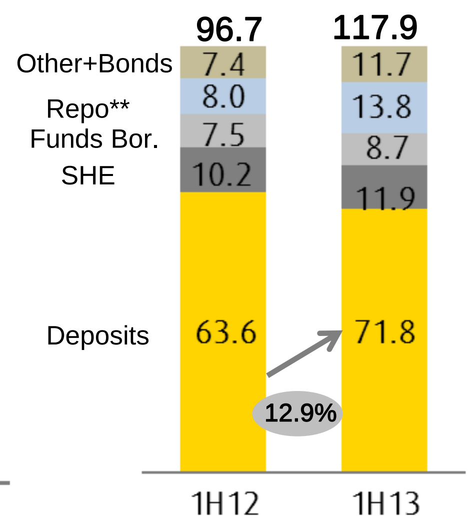
*According to VakifBank MIS data Micro & Small SME annual turnover < 8 Mio TL, Mid-Cap SME annual turnover between 8 to 40 Mio TL
**Includes corporate loans, SME loans, overdraft & credit card loans.

Strong deposit growth is back

Breakdown of Liabilities (%)



Liabilities Shift (TL bio)



Wholesale Borrowing

Funds Borrowed + Bonds Issued + Sub-debt / Liabilities

12.3%

Deposits Heavy Funding Structure

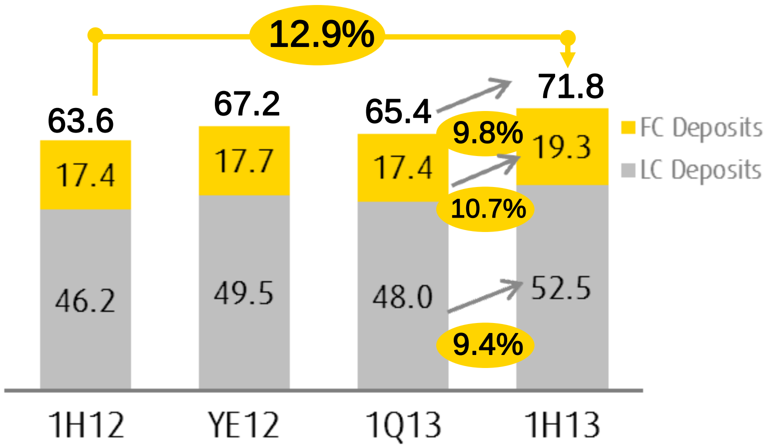
Total Deposits / Liabilities

61%

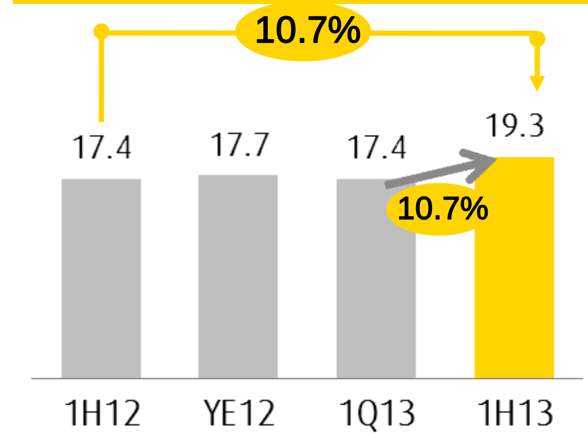
*Includes CBRT and market TL & other FC repo transactions.
**3.1 bio TL CBRT Repo Transactions as of 1H13.

Solid deposit franchise with faster growth on demand deposits

Total Deposits (TL bio)



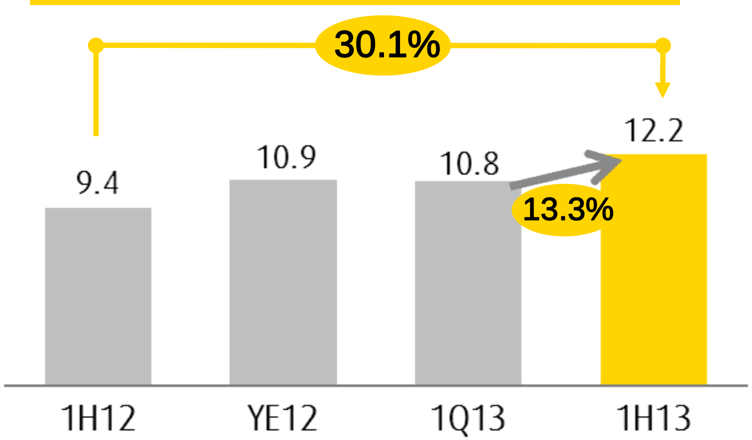
FC Deposits (TL bio)*



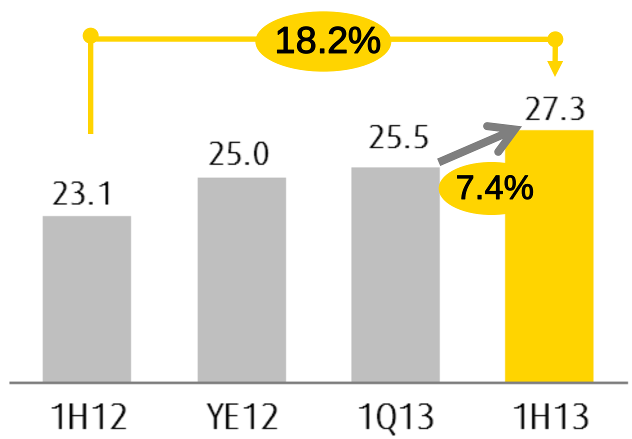
Retail Deposit growth YoY;

18.2%

Demand Deposits (TL mio)



Total Retail Deposits (TL bio)



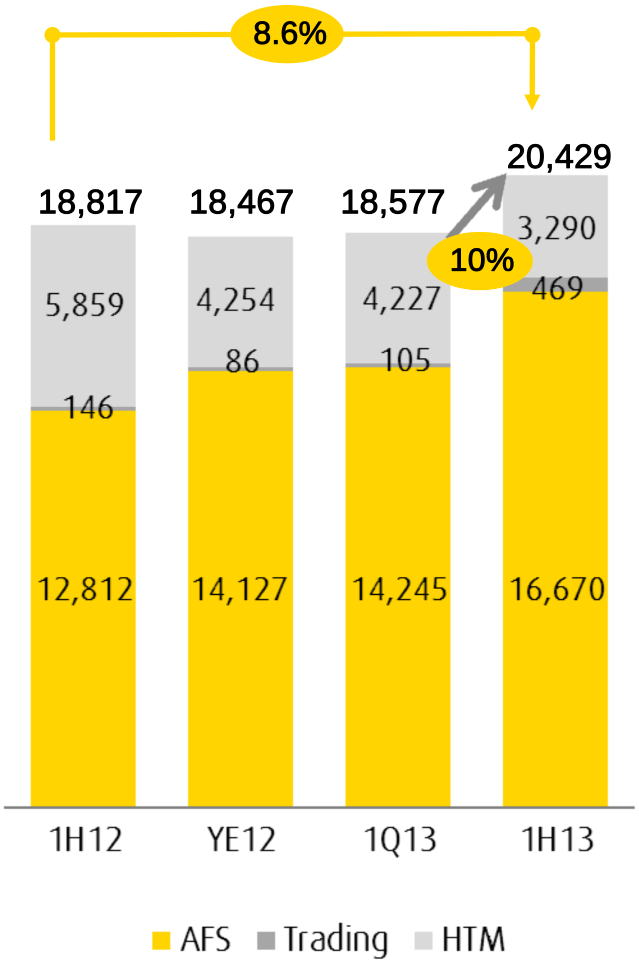
Share of Demand Deposits in total;

17%

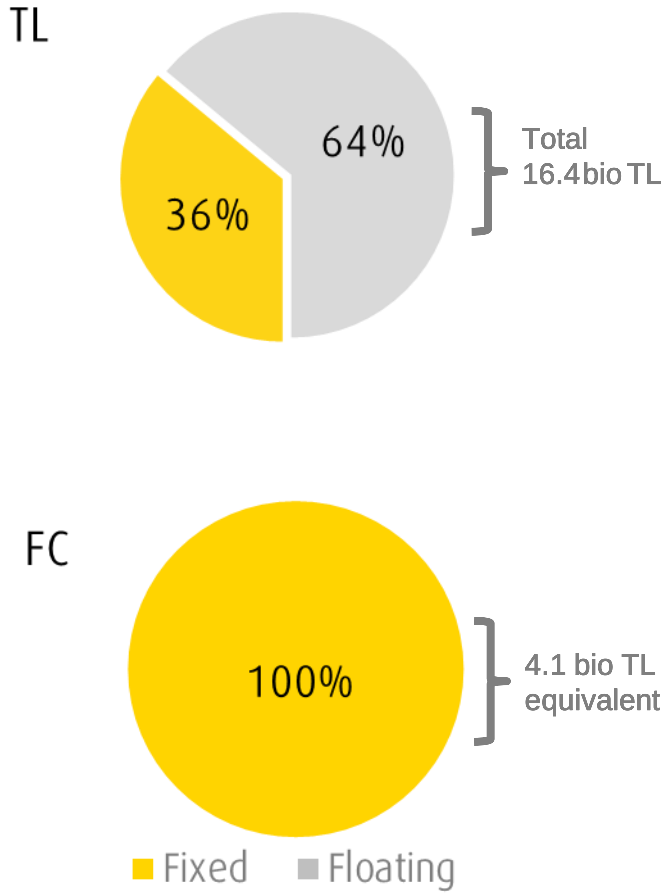
* FC deposits are up by 3.8% QoQ in USD terms.

Timely reshaped securities portfolio in favour of CPI linkers

Total Securities (TL mio)



Portfolio Structure



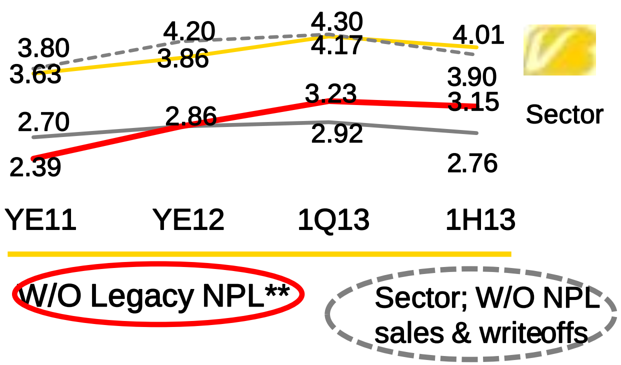
CPI Linkers' share in TL Securities increased from 16.8% in 1Q13 to

26.1%

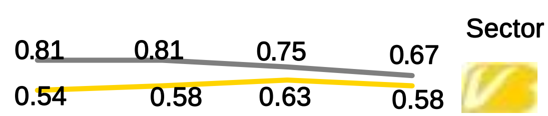
in 2Q13

NPL Ratios

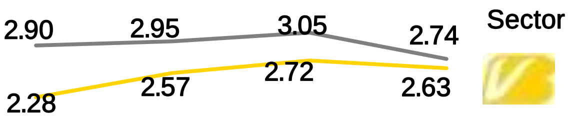
Overall NPL Ratio* (%)



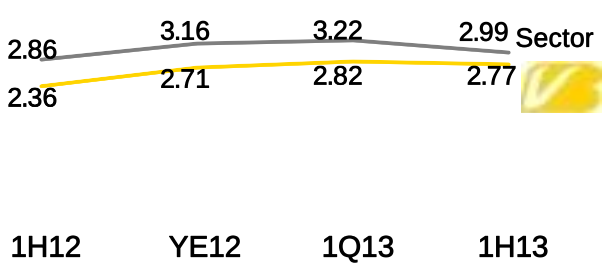
Mortgages NPL (%)



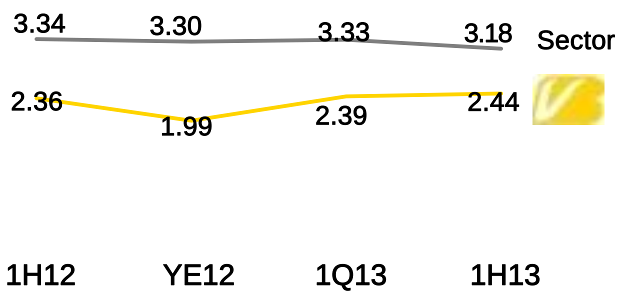
Total Retail Loans NPL (%)



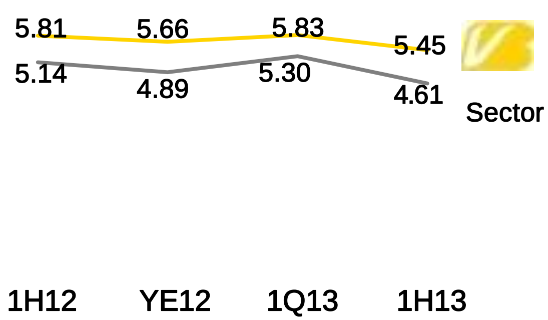
General Purpose Consumer NPL (%)



Commercial Installment NPL (SME) (%)



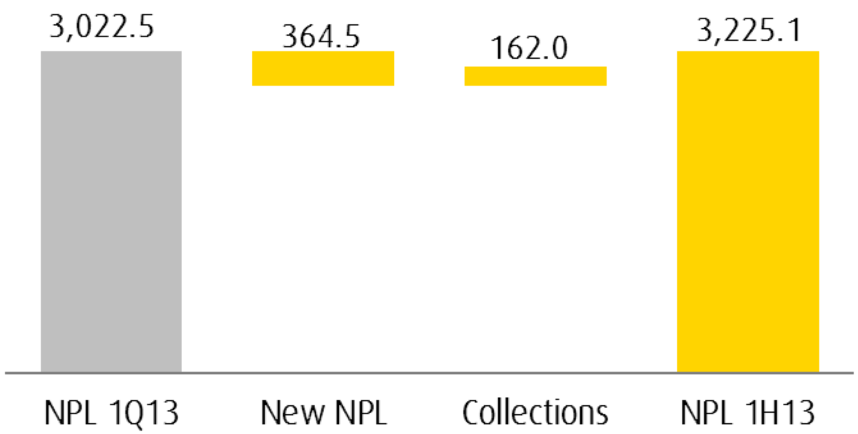
Credit Cards NPL (%)



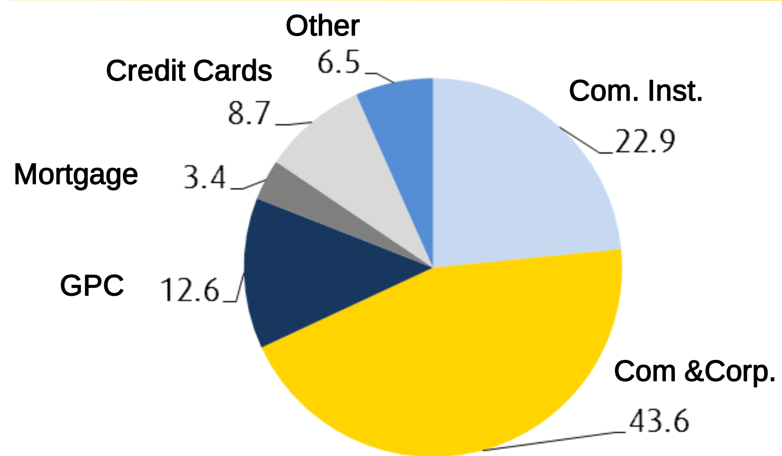
*Accumulated NPL, no write off & no asset sale for Vakifbank. **NPL Ratio, if legacy NPL before 2008 exclude

Conservative coverage policy remained unchanged

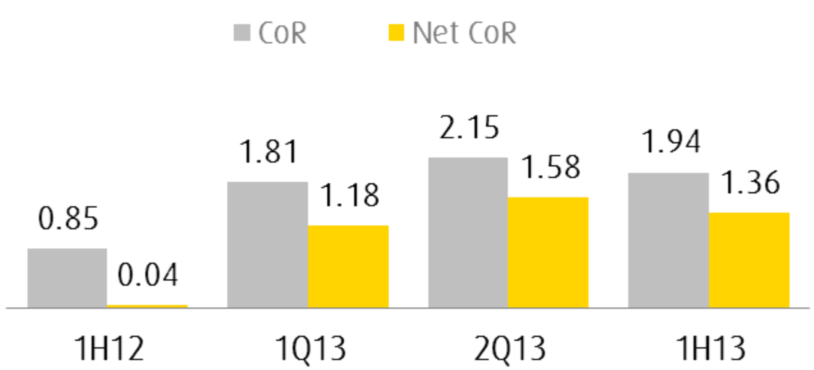
NPL (mio TL)*



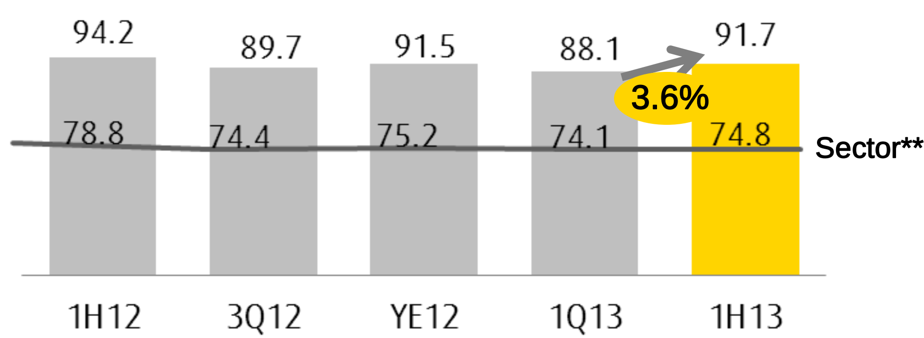
Breakdown of New NPL Inflow (%)



Cost of Risk (%)



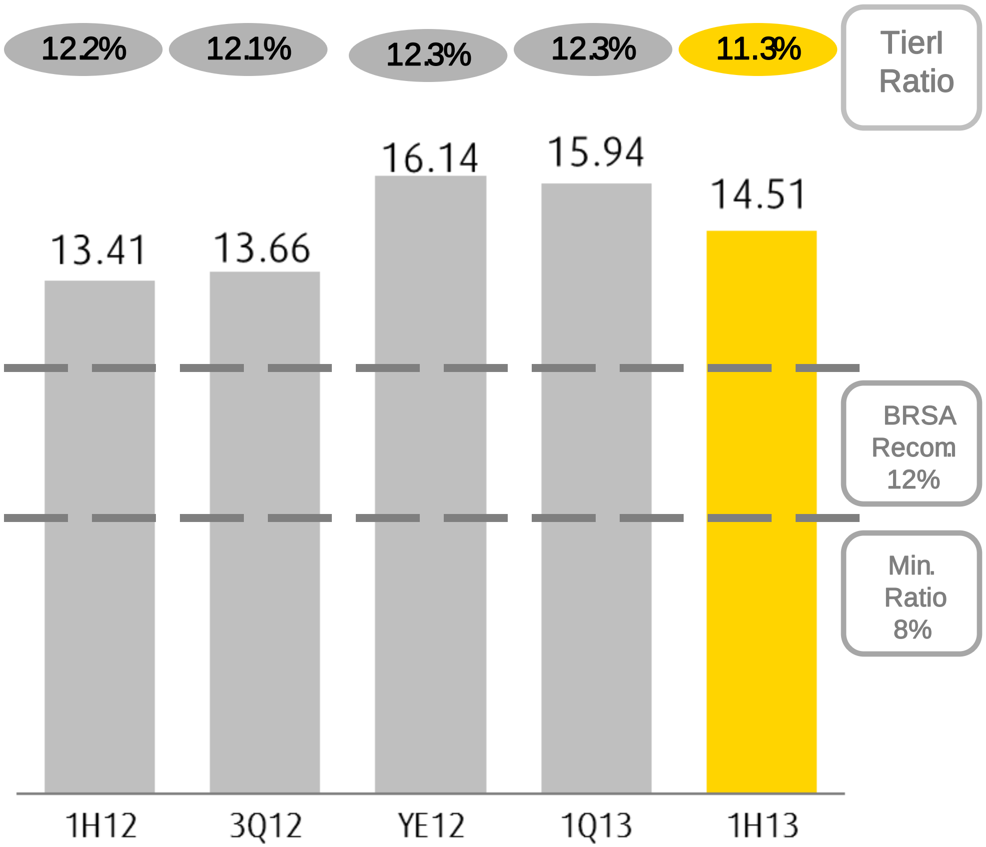
Coverage Ratio of NPL (%)

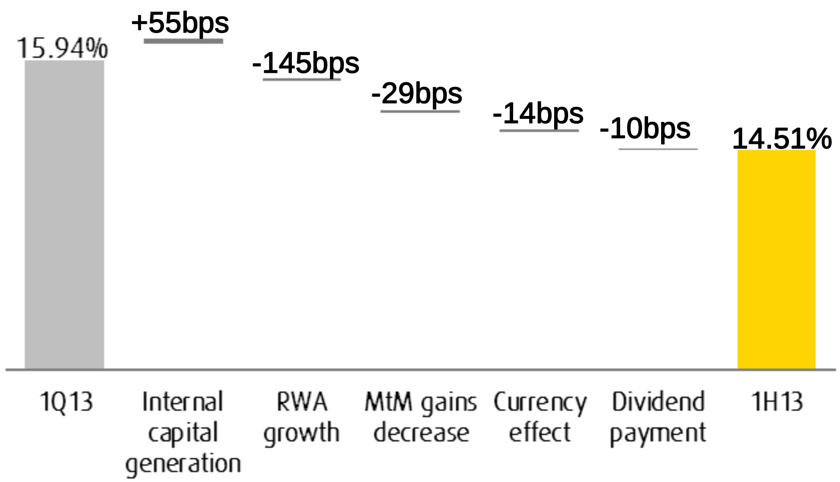


* Accumulated NPL, no write off & no asset sale.
** According to monthly BRSA data.

Capital Structure

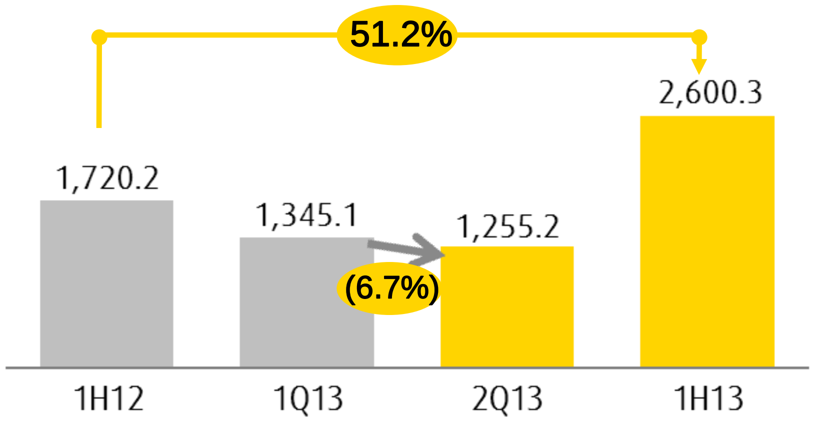
Capital Adequacy Ratio (%)



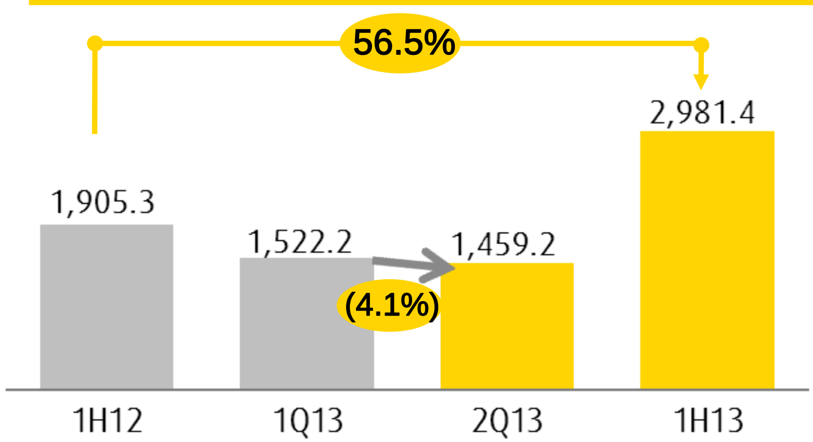


High quality earnings breakdown

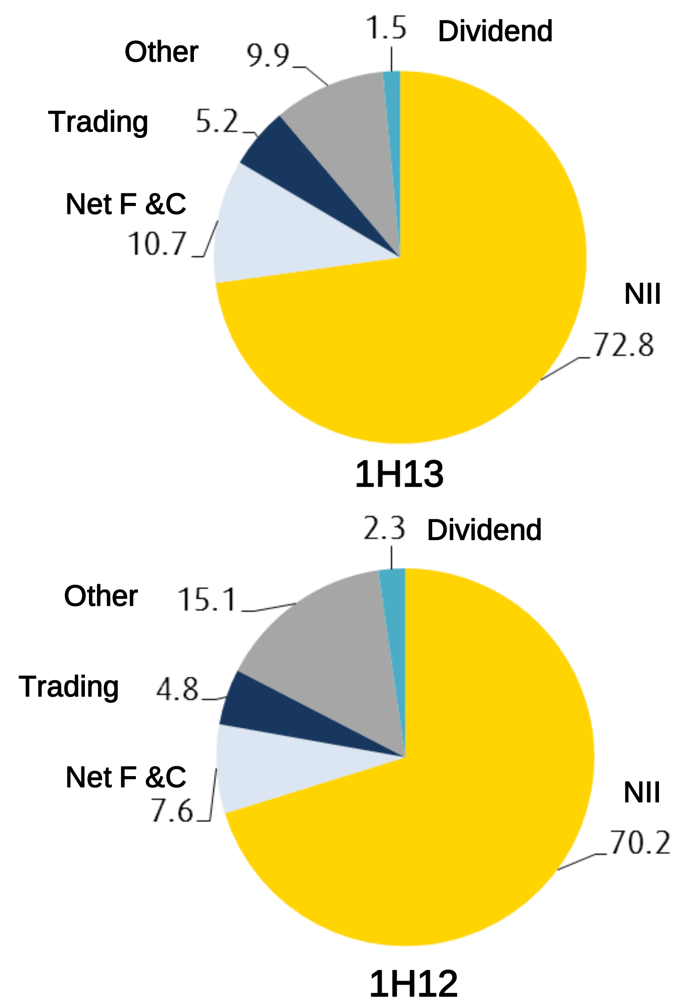
Net Interest Income (TL mio)



Core Banking Revenues* (TL mio)



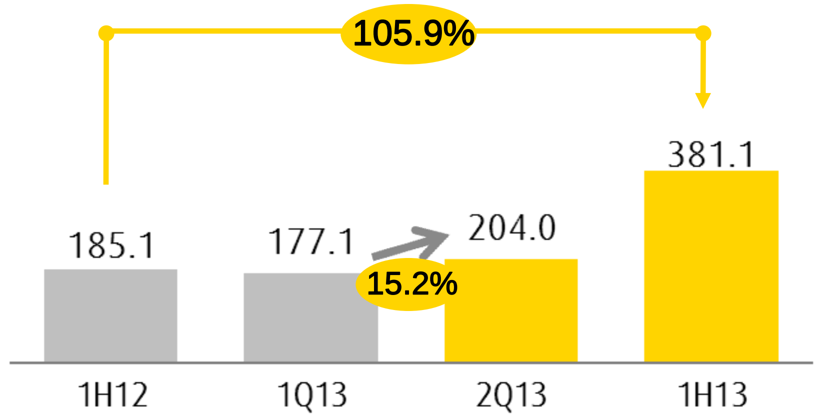
Breakdown of Total Revenues (%)



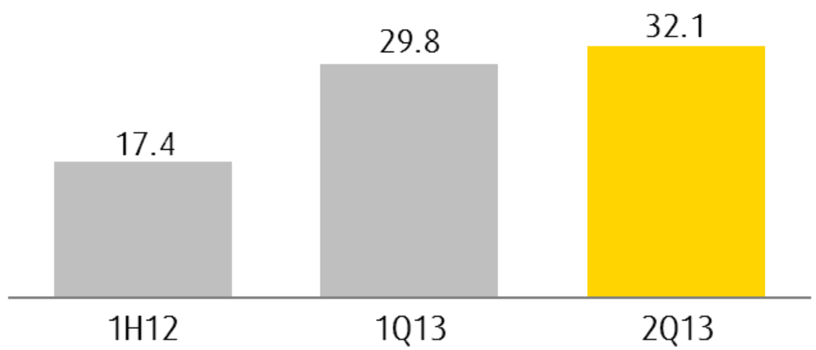
*NII +NFC

Improved fee collection capacity promises stellar growth

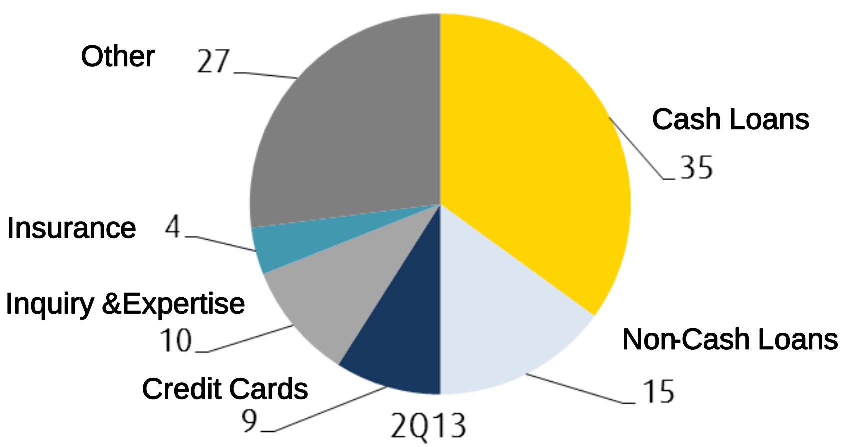
Net Fee and Commission Income (TL mio)

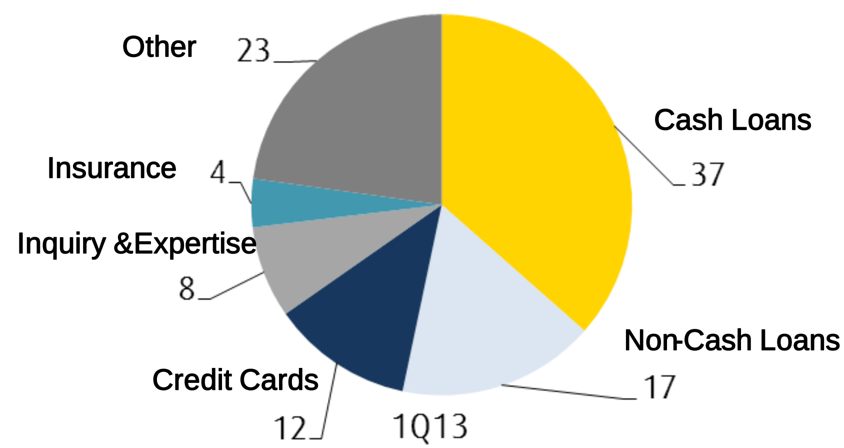


Fee/OPEX (%)



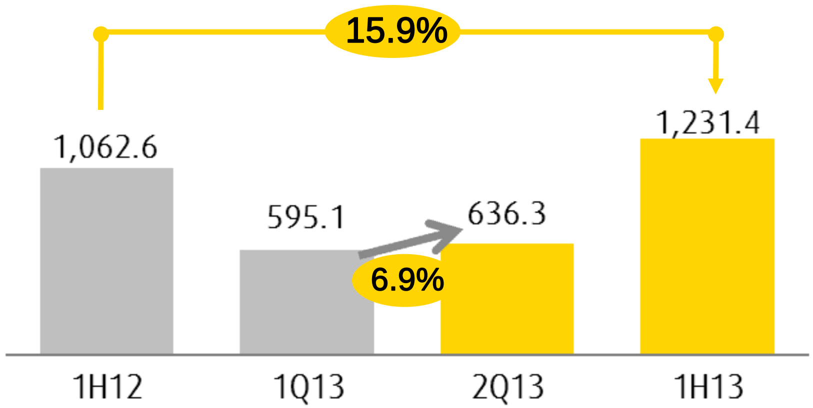
Breakdown of Net Fee & Com. Income (%)



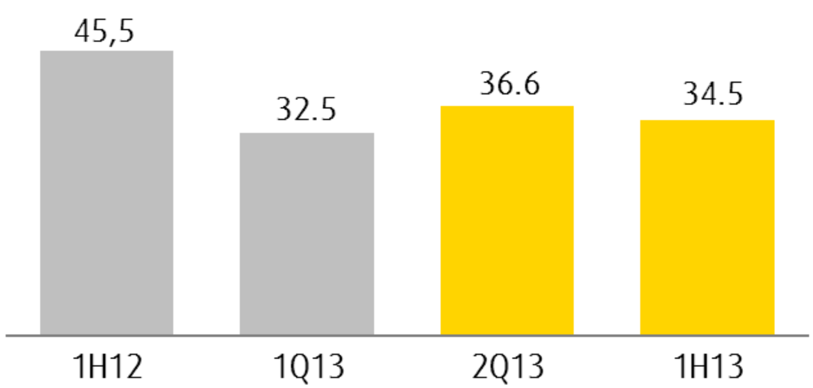


Opex growth is under control despite hefty new branch openings

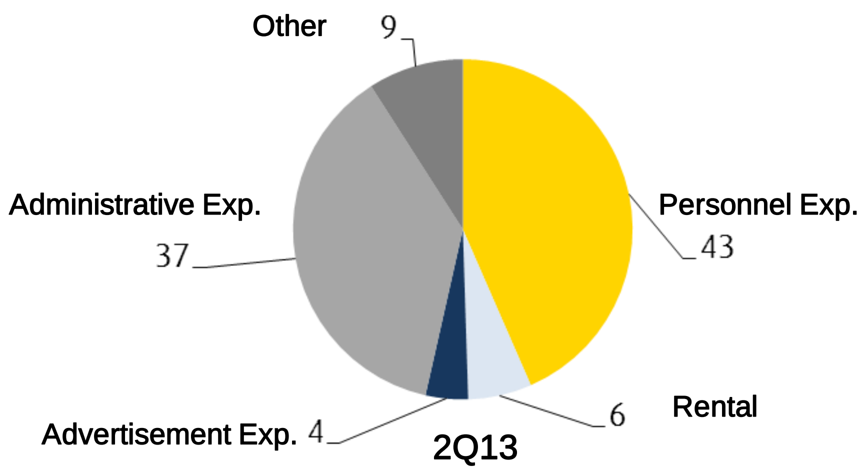
Operating Expenses (TL mio)

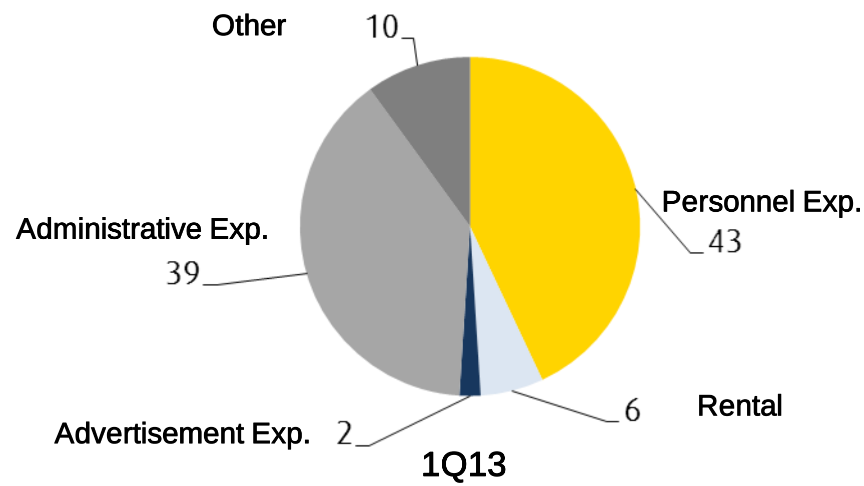


Cost/Income (%)



Breakdown of Operating Expenses (%)





VakifBank with numbers

Distribution Channels & Customer Base (#)	1H2013
Branches	806*
ATMs	2,751
Personnel	13,561
POS Terminals	124,052
Outstanding Credit Cards	2.9 mn
Total Customers	14.9 mn
Total Payroll Customers	2.3 mn
Internet Banking Customers	2.3 mn
Active Mutual Fund Customers	1.4 mn

Efficiency ('000 TRY)	1H2013
Assets per Employee	8,693
Assets per Branch	146,262
Loans per Employee	5,688
Loans per Branch	95,705
Deposits per Employee	5,297
Deposits per Branch	89,125

62 new branch openings Ytd

*As of 6th of August

Balance Sheet

	(TL-mio, %)	1H2012	1Q2013	1H2013	YoY Growth	QoQ Growth
Assets	Cash & Balances with Central Bank	10,840	13,551	14,480	33.6%	6.9%
	Interbank	1,804	1,074	1,346	(25.4%)	25.3%
	Securities	18,817	18,577	20,429	8.6%	10.0%
	Loans	**62,068**	**69,388**	**77,138**	**24.3%**	**11.2%**
	Subsidiaries & Investments	953	1,306	1,074	12.7%	(17.8%)
	Property & Equipment	1,105	1,184	1,155	4.5%	(2.4%)
	Other	1,116	1,708	2,259	102.3%	32.3%
	Total Assets	**96,704**	**106,788**	**117,881**	**21.9%**	**10.4%**
Liabilities & SHE	**Deposits**	**63,610**	**65,447**	**71,835**	**12.9%**	**9.8%**
	Funds Borrowed	7,486	7,801	8,662	15.7%	11.0%
	Other	14,054	14,996	17,690	25.9%	17.9%
	Provisions	1,342	1,675	1,867	39.2%	11.5%
	Shareholders Equity	**10,212**	**12,179**	**11,935**	**16.9%**	**(2.0%)**
Off-B.S	Guarantees	16,836	18,110	20,803	23.6%	14.5%
	Commitments	46,802	54,641	59,666	27.5%	9.2%
	Derivatives	13,384	17,166	17,468	30.5%	1.8%

Income Statement

(TRY Thousand, %)	1H2012	1Q2013	2Q2013	1H2013	Δ(1H12-1H13)	Δ(1Q13-2Q13)
Net Interest Income	**1,720,159**	**1,345,095**	**1,255,160**	**2,600,255**	**51.2%**	**(6.7%)**
Net Fee & Com. Income	**185,123**	**177,111**	**204,012**	**381,123**	**105.9%**	**15.2%**
Dividend Income	56,845	46,395	7,566	53,961	(5.1%)	(83.7%)
Net Trading Income	118,195	79,778	107,069	186,847	(58.1%)	34.2%
Other Income	370,461	184,500	163,283	347,783	(6.1%)	(11.5%)
Total Revenues	**2,450,783**	**1,832,879**	**1,737,090**	**3,569,969**	**45.7%**	**(5.2%)**
Operating Expense	(1,062,586)	(595,060)	(636,323)	(1,231,383)	15.9%	6.9%
Provisions	(492,968)	(582,353)	(601,251)	(1,183,604)	140.1%	3.3%
Tax Provisions	(191,070)	(132,784)	(117,457)	(250,241)	31.0%	(11.5%)
Net Income	**704,159**	**522,682**	**382,059**	**904,741**	**28.5%**	**(26.9%)**

Diversified funding sources via Non-Deposit Funding

Syndicated Loan

September, 2012

- Secured US$ 115 million and € 444.5 million 1 year syndicated loan, the all-in cost has been realized as Libor + 1.35% and Euribor + 1.35%, respectively
- 103% roll-over ratio 24 banks from 16 countries participated

April, 2013

- Secured US$ 251.5 million and € 555.2 million 1 year syndicated loan, the all-in cost has been realized as Libor + 1.00% and Euribor + 1.00%, respectively
- 103% roll-over ratio 38 banks from 19 countries participated.

Eurobond

April, 2013

- US$ 600 million Eurobond with 5 year maturity
- Priced with a fixed coupon of 3,75%, 193 investors participated, Geographic allocation of issuance: EU 35%, USA 34%, UK 18%, Asia/ME 13%

Local Currency Bond

- Issued on June 2012 and terminates on June 2013 with a 374 days maturity, TL 105.1 million bond at a cost of 0.84% and 0.69% coupon payment rate.
- Issued on July 2012 and terminates on June 2013 with a 318 days maturity, TL 98.1 million bond at a cost of 9.07%.
- Issued on November 2012 and terminates on May 2013 with a 171 days maturity, TL 615.4 million bond at a cost of 6.49%.
- Issued on November 2012 and terminates on November 2013 with a 346 days maturity, TL 53.4 million bond at a cost of 6.93%.
- Issued on January 2013 and terminates on June 2013 with a 143 days maturity, TL 115.7 million bond at a cost of 6.75%.
- Issued on January 2013 and terminates on July 2013 with a 168 days maturity, TL 734.3 million bond at a cost of 7%.
- Issued on January 2013 and terminates on January 2014 with a 364 days maturity, TL 150 million bond at a cost of 7.50%.
- Issued on March 2013 and terminates on September 2014 with a 175 days maturity, TL 310 million bond at a cost of 6.01%.
- Issued on May 2013 and terminates on November 2013 with a 175 days maturity, TL 684.4 million bond at a cost of 5.04%.
- Issued on May 2013 and terminates on May 2014 with a 364 days maturity, TL 65.6 million bond at a cost of 5.11%.
- Issued on July 2013 and terminates on December 2013 with a 168 days maturity, TL 696 million bond at a cost of 7.93%.
- Issued on July 2013 and terminates on May 2014 with a 315 days maturity, TL 54 million bond at a cost of 8.24%.

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