

Earnings Presentation

BRSA Bank-Only 1Q 2012

May 11, 2012



1Q 2012 Macro Highlights

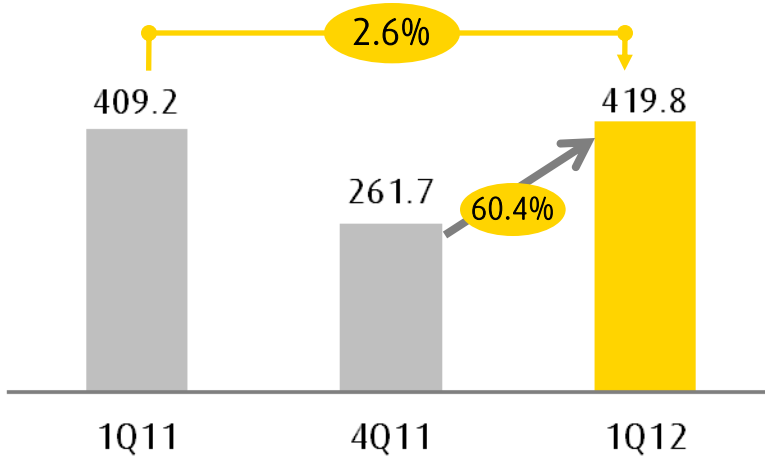
- EU debt problems covered the largest part of the global agenda. Risks stemming from EU problems were soothed by increasing US recovery signals. Excluding the US, global growth outlook was relatively weak.
- EMs faced increasing portfolio outflows due to the tendency of international capital to land in US markets.
- Global oil prices trended upwards because of increasing Iranian nuclear disputes. Brent oil rose above \$126 in March and lost some steam in April as the nuclear tensions begin to recede.
- Inflationary pressures were relatively low despite rising energy costs and monetary policies were loose in general.
- No additional signal from the FED regarding QE3. Markets still expect it to start in June 2012.
- Turkey was the second fastest growing country in the world in 2011 with 8.5% YoY real GDP growth rate.
- Unemployment rate rose to 10.2% in January 2012 parallel to the slowdown in the economy.
- Yearly CPI inflation recorded at 10.43% in March 2012 due to lagged and current effects of depreciation in TL, increasing energy costs, second round effects of tax adjustments and pass through of energy prices to general price level.
- C/A deficit started to decrease: 12 month cumulative C/A deficit fell to \$71.8 billion in March 2012 from \$75.2 billion in February 2012.
- Strong fiscal stance continued: Q1 2012 budget deficit came in at 6.4 billion TL and Treasury domestic debt rollover ratio was 83.8%.
- Government introduced new stimulus package to support growth outlook and reduce C/A deficit in the medium term. A similar package is also introduced to increase national savings in April.
- CBRT's emphasis on inflationary pressures was on the forefront making its monetary policy stance tighter.
- Volatility in global risk appetite was the main determinant on Turkish markets. USD/TL fell 5.5% in 1Q 2012 relative to 2011 YE, but was quite volatile in this period. Benchmark Treasury bond yield decreased to 9.31% by the end of 1Q 2012 from 11.48% in 2011 YE.

1Q 2012 VakifBank Highlights

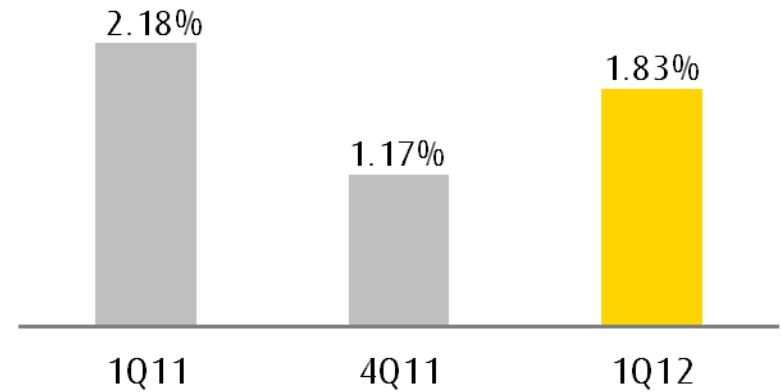
- ✓ Bank-Only net profits are 419.8 mio TL, up by a strong 60% QoQ, the highest quarterly net income figure ever.
- ✓ ROAE is at 17.5% and ROAA is 1.83%.
- ✓ Net Interest Income is up by 17.3% YoY; 1.7% QoQ.
- ✓ NIM tightened only 6 bps QoQ to 4.1% despite lower CPI contribution; thanks to higher yielding TL loan portfolio, up by 64 bps QoQ to 13.3%.
- ✓ Reported Net Fee & Com. Income is down as guided, however fee collection* is still up by 4% YoY.
- ✓ Opex under control; up by 13% YoY & down by 1.5% QoQ.
- ✓ Solid loan growth at 5.2% QoQ, driven by 9% QoQ TL loan growth.
 - ✓ Penetration among SME segment continued; commercial installment loans are up by 13% QoQ, the share of commercial installment loans in overall loan book increased to 19%, still below sector averages promise further growth.
- ✓ Solid funding mix further strengthened; outstanding deposit growth 34.9% YoY & 7.7% QoQ; more than half of the 2012 deposit growth target is already achieved in the 1Q 2012.
- ✓ Loan/Deposit ratio further improved to 92%; one of the best in peer group, increased competitive advantage for 2012 onwards.
- ✓ NPL ratio is at 3.5%, down from 3.6% at YE11 without asset sale & write off, despite the upward trend in system.

1Q 2012 Earnings and Ratios

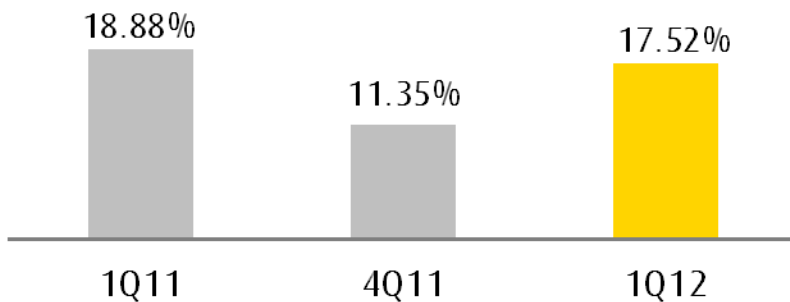
Quarterly Net Income (Mio TL)



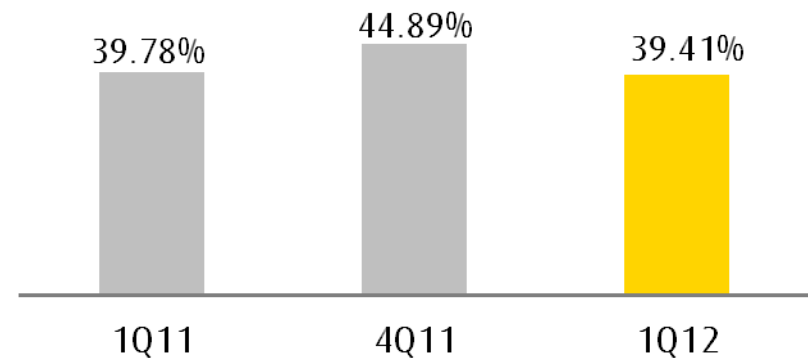
ROAA (%)



ROAE (%)

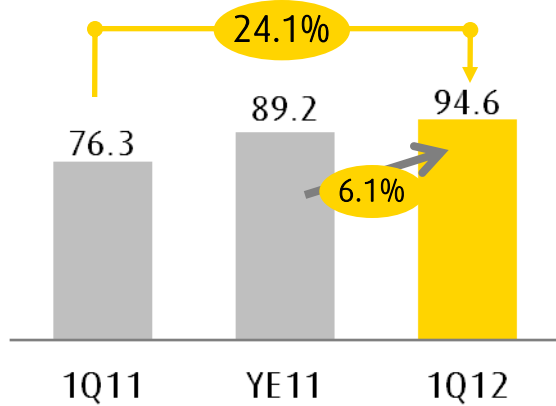


Cost/Income (%)

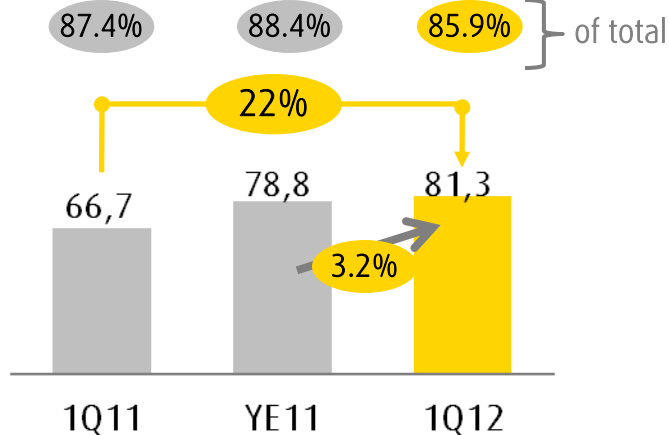


Total Assets

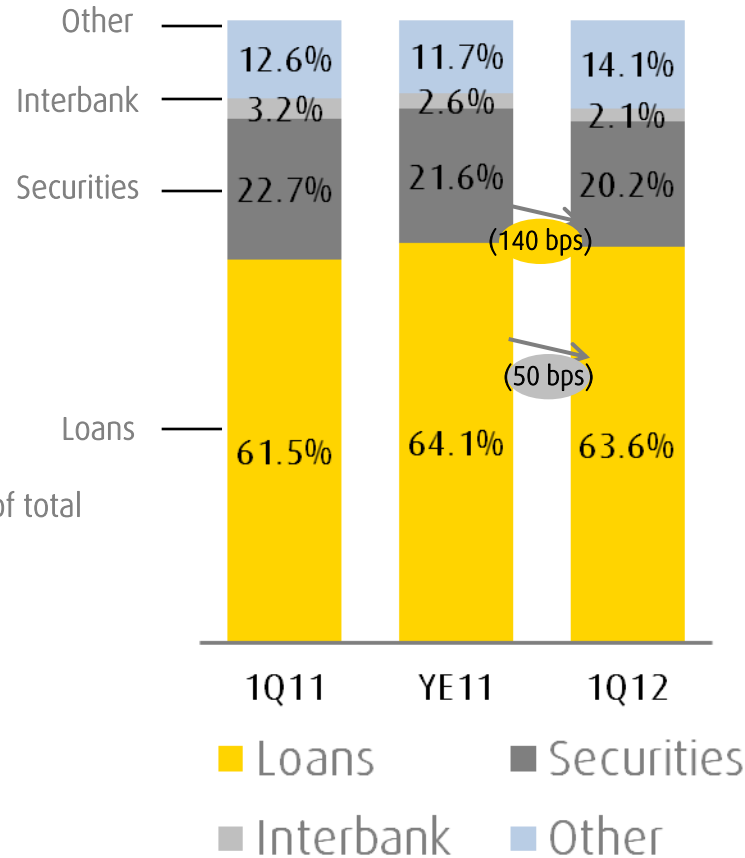
Total Assets (TL bio)



Interest Earning Assets (TL bio)



Breakdown of Assets (%)



Asset Growth; YoY

24%

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

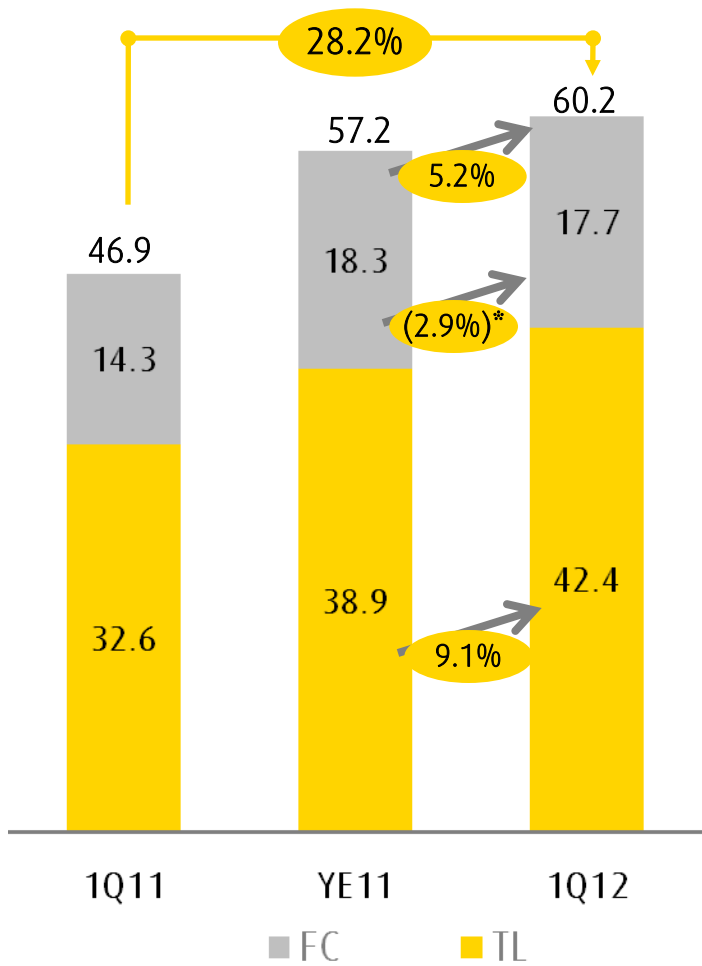
2.5 pps to **20.2%**

Loans' share in assets increased YoY;

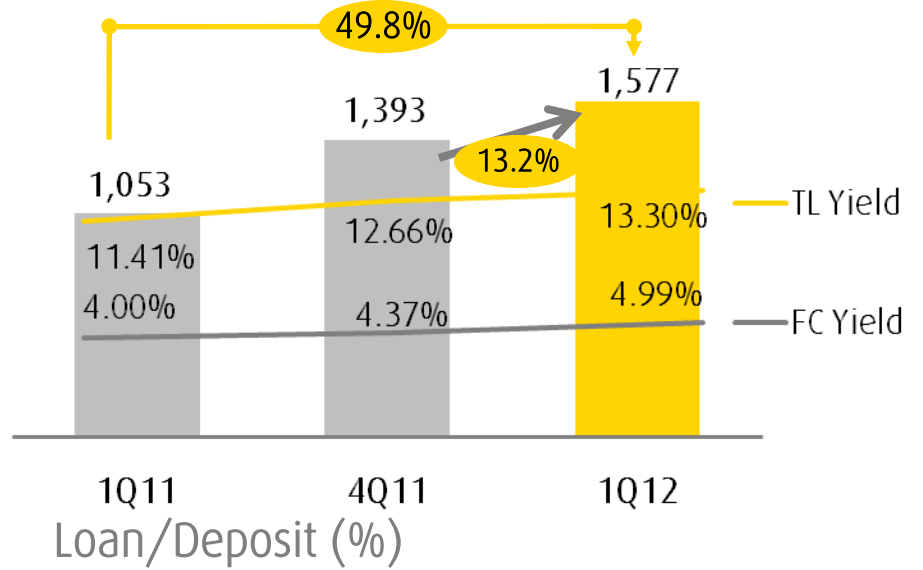
2.1 pps to **63.6%**

TL heavy solid loan growth is attached with superior deposit growth, resulted comfortable L/D ratio

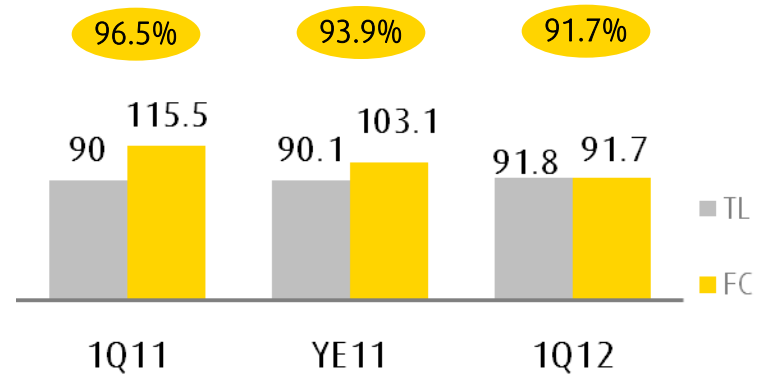
Total Loans (TL bio)



Interest Income on Loans (TL mio)

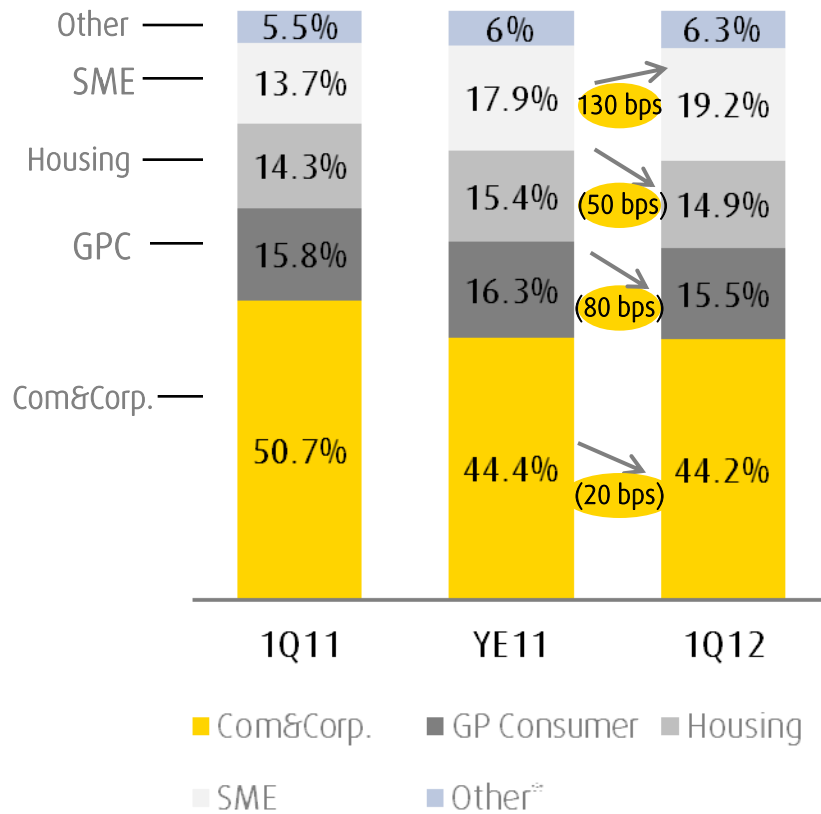


Loan/Deposit (%)

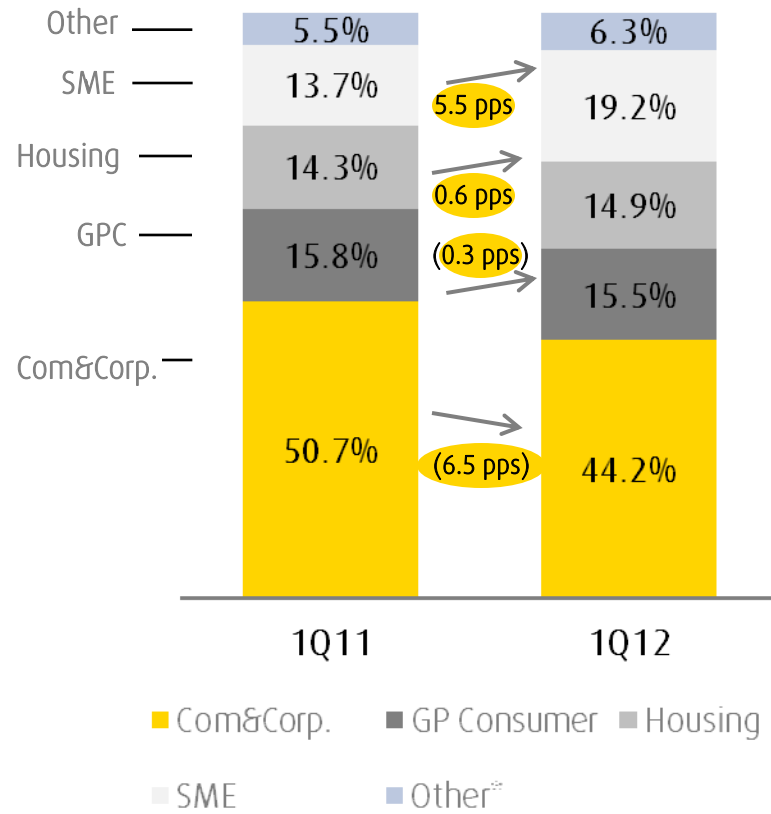


Significant shift towards higher yielding segments continue to support yields & NIM

Breakdown of Loans (%)

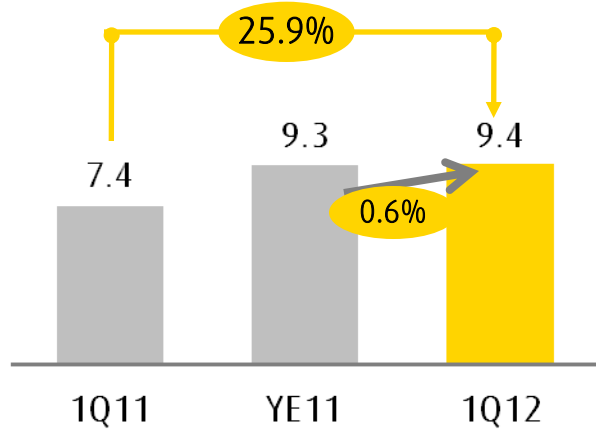


Portfolio Shift (%)

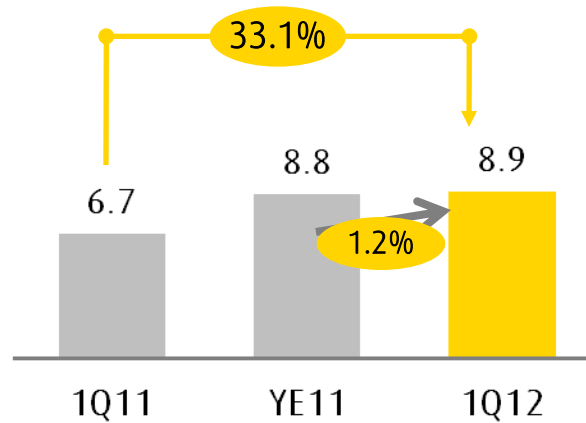


Selective & modest growth in retail lending, focused on higher yielding segments, priority is assigned to profitability instead of growth

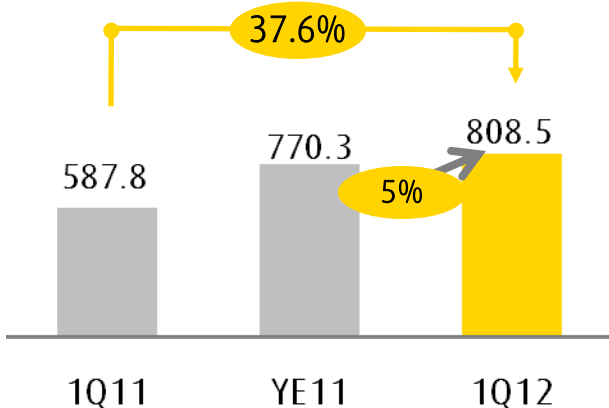
General Purpose Consumer (TL bio)



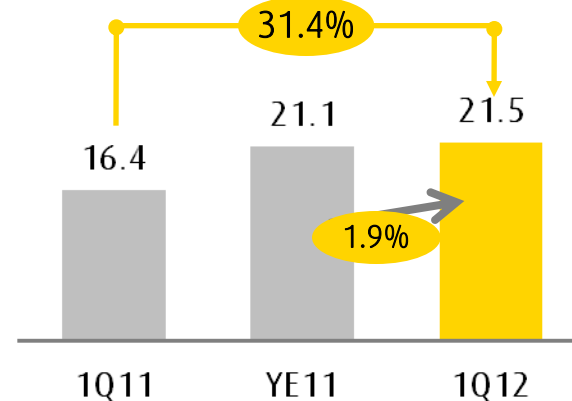
Residential Mortgages¹ (TL bio)



Retail Overdraft (TL mio)



Total Retail (TL bio)

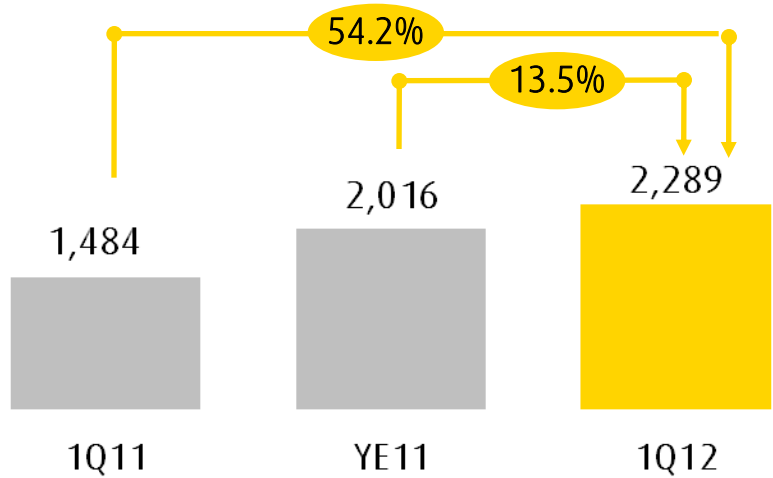


Rankings*;
 # 2 in GPC
 # 2 in mortgage
 # 1 in retail overdraft

Strong presence in key retail segments thanks to 2.2 million pay-roll accounts

Sustainable & consistent growth in credit cards fueled by SME driven business cards

Credit Card Loans (TL mio)



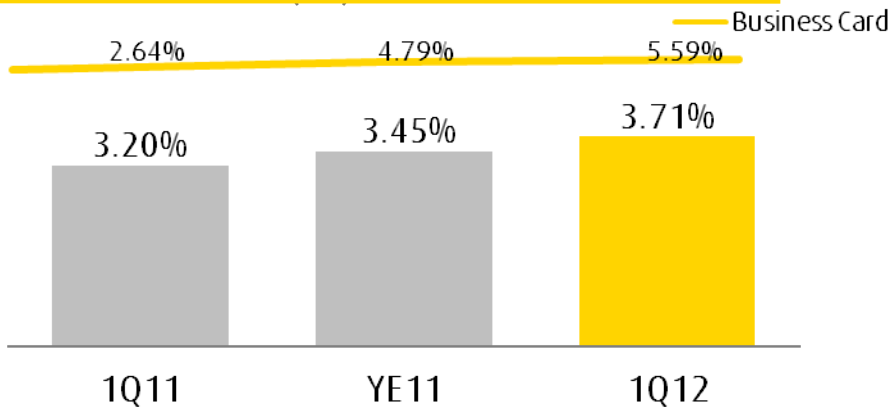
Credit Card Loans growth Ytd;

13.5%

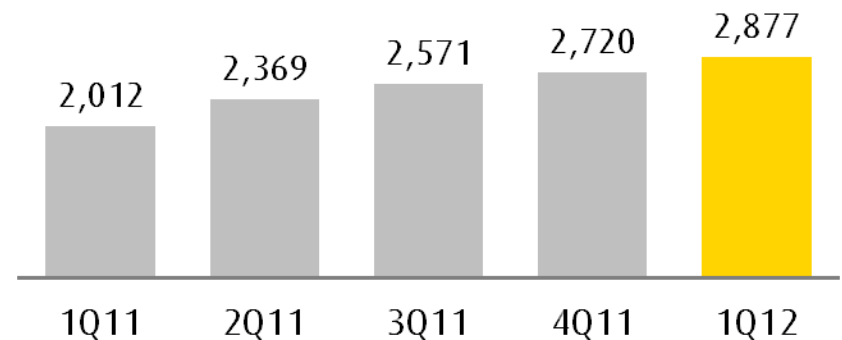
Sector growth Ytd;

5.5%

Market share* (%)

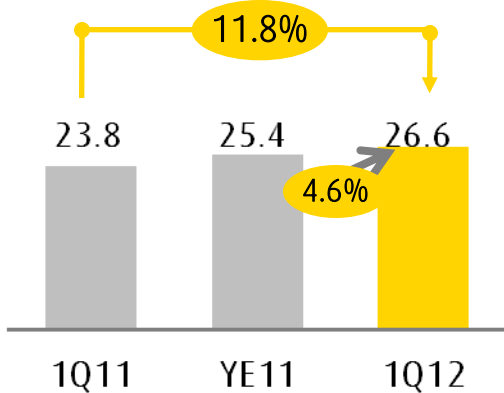


Average Quartely Issuing Volume (TL mio)

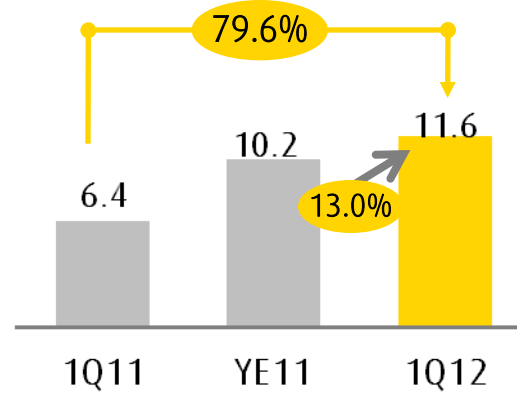


High yielding SME lending growth momentum is intact

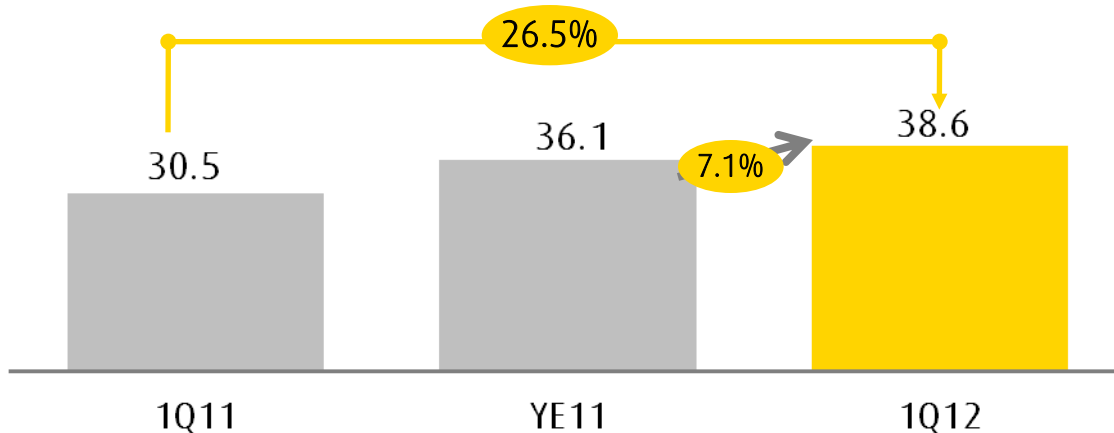
Corporate & Commercial (TL bio)



SME (Commercial Installment Loans, TL bio)



Total Commercial Loans* (TL bio)



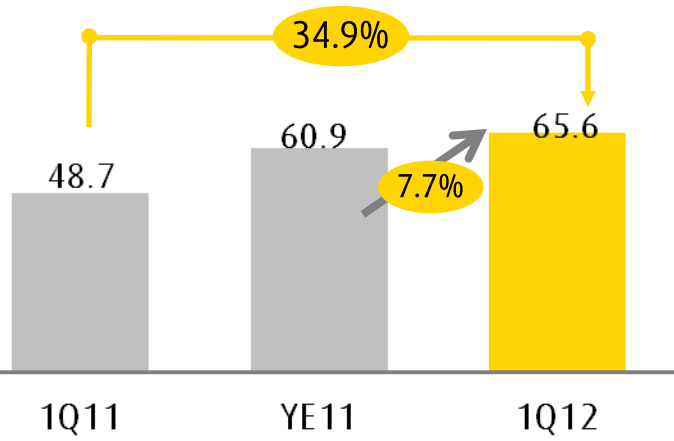
Highly collateralized & high yielding commercial installment loans

YoY growth;

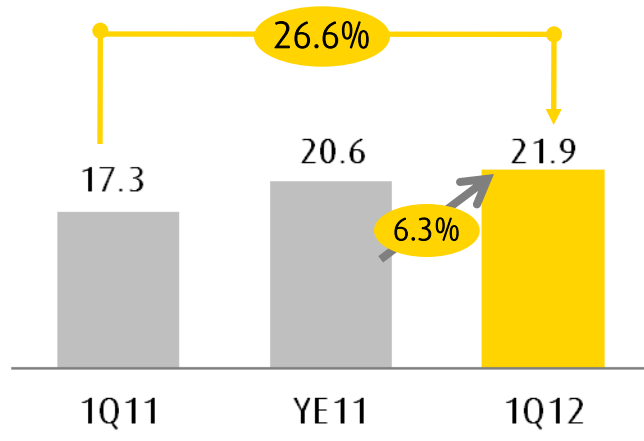
79.6%

Stellar deposit growth in every segment further strenghten solid funding structure

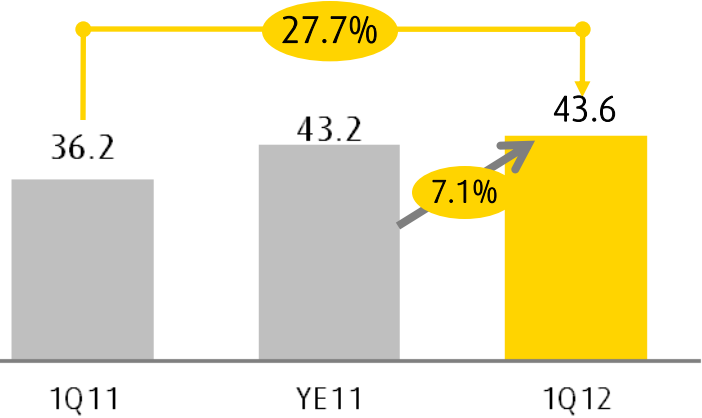
Total Deposits (TL bio)



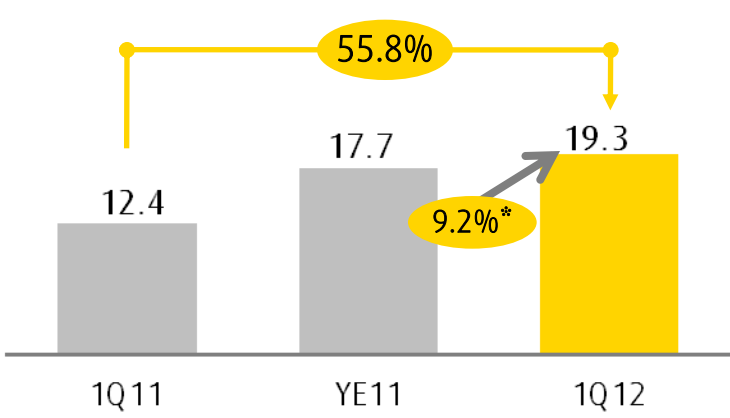
Total Retail Deposits (TL bio)



TL Deposits (TL mio)



FC Deposits (TL mio)



Deposit growth; YoY

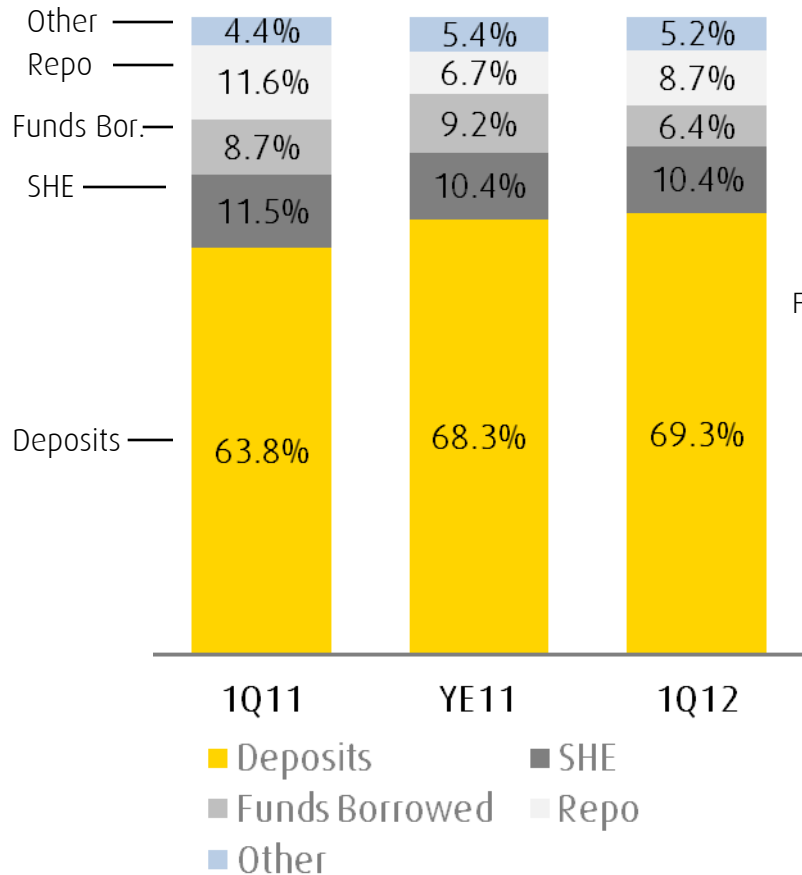
34.9%

Outperforming sector average growth YoY;

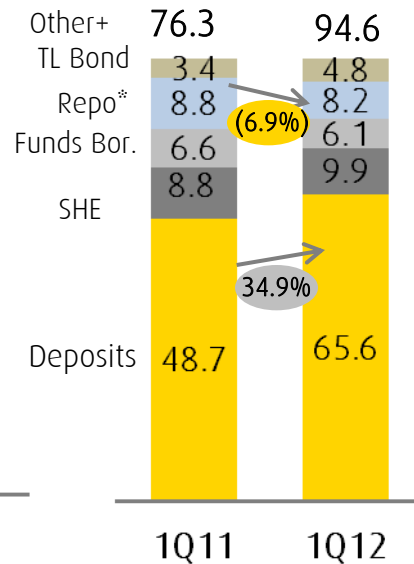
10.7%

Solid funding mix-deposit heavy funding structure

Breakdown of Liabilities (%)



Liabilities Shift (TL bio)



Wholesale Borrowing
Decreased Seasonally**

Funds Borrowed / Liabilities

6.4%

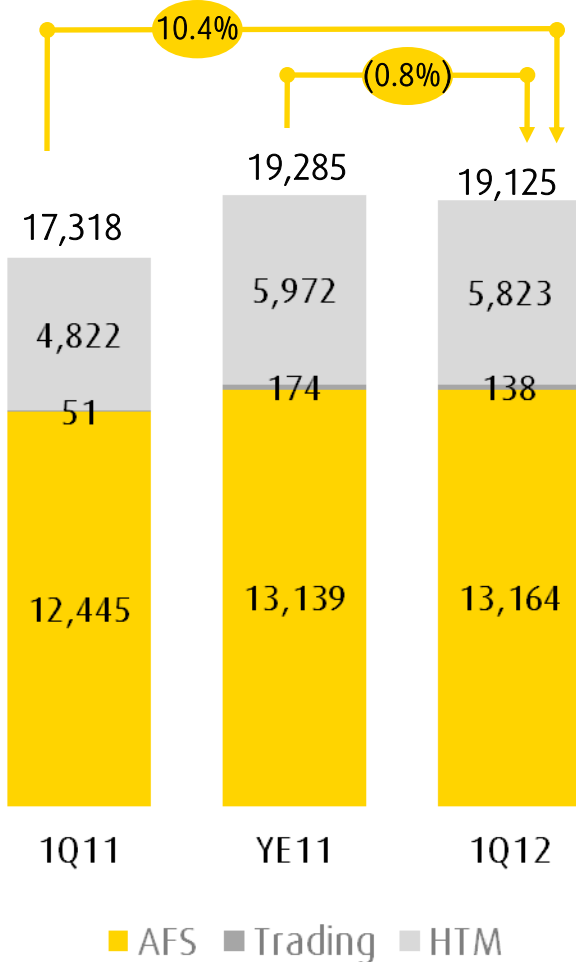
Deposits Heavy Funding
Structure

Total Deposits / Total Funding

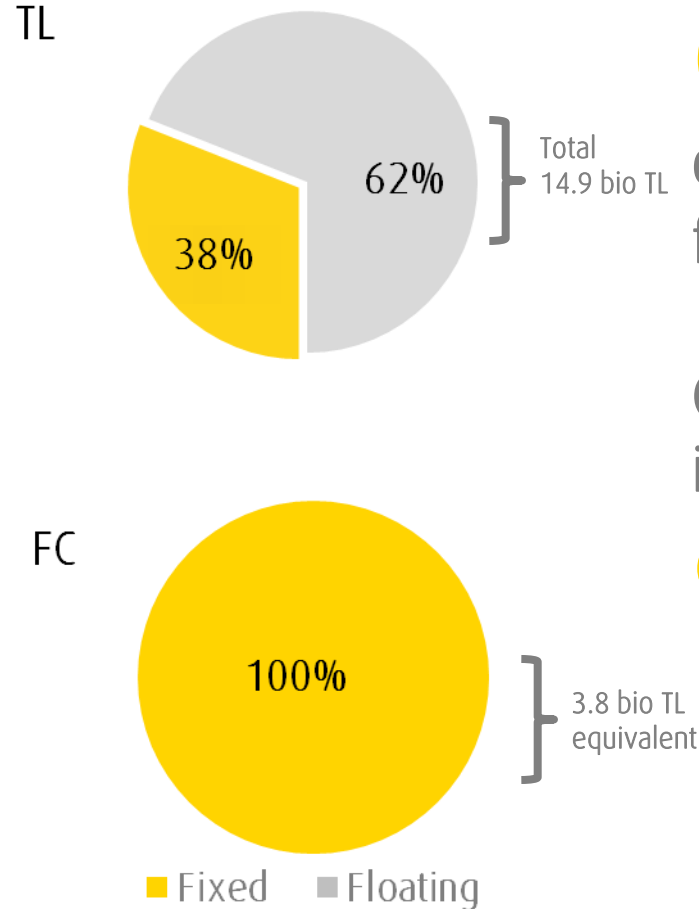
69.3%

Securities portfolio mix

Total Securities (TL mio)



Portfolio Structure

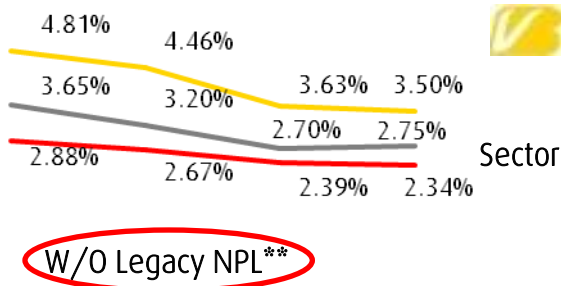


62%
of TL securities are floating.

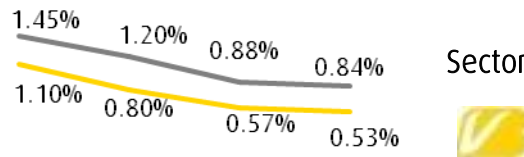
CPI Linkers' share in total;
9.6%

NPL Ratios

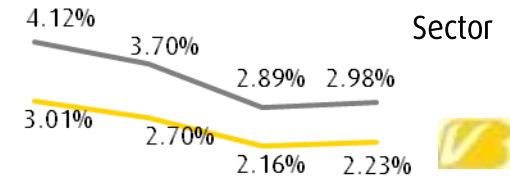
Overall NPL Ratio* (%)



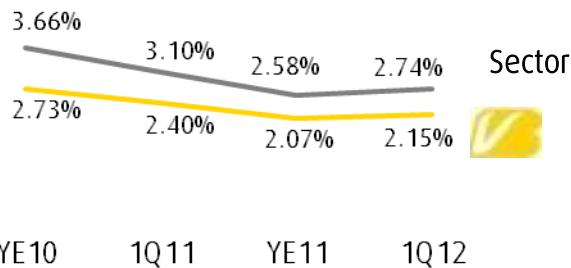
Mortgages NPL (%)



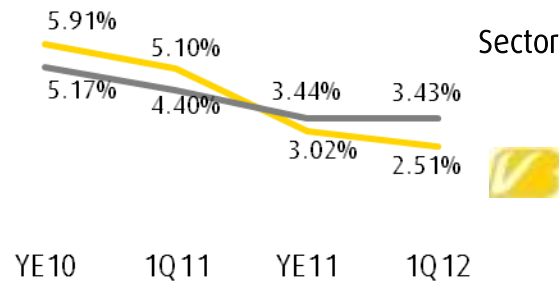
Total Retail NPL (%)



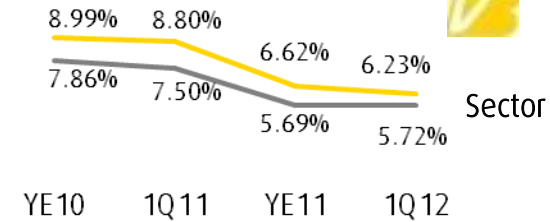
General Purpose Consumer NPL (%)



SME NPL (%)

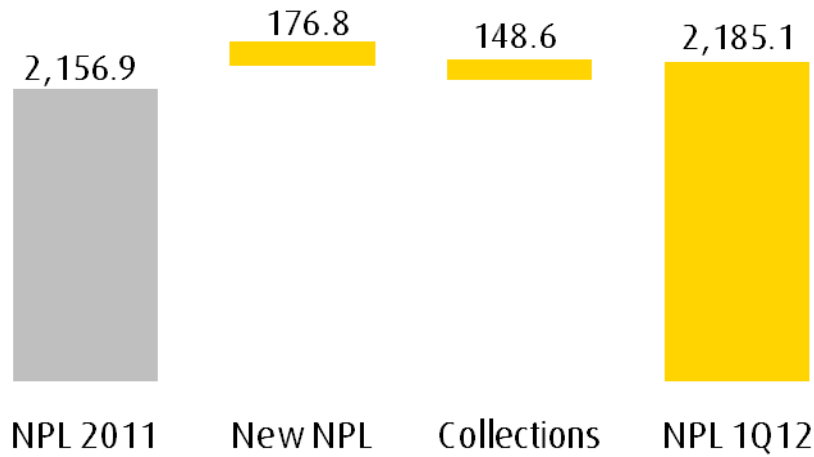


Credit Cards NPL (%)

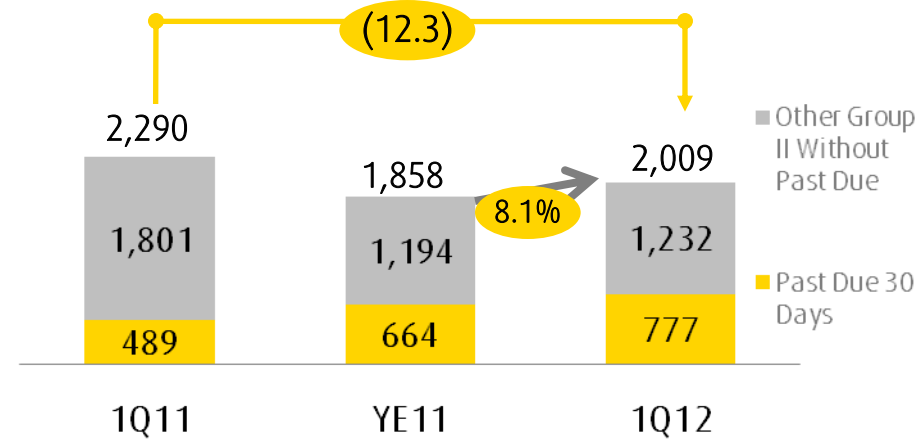


Collections continue to beat budget, asset quality further improved

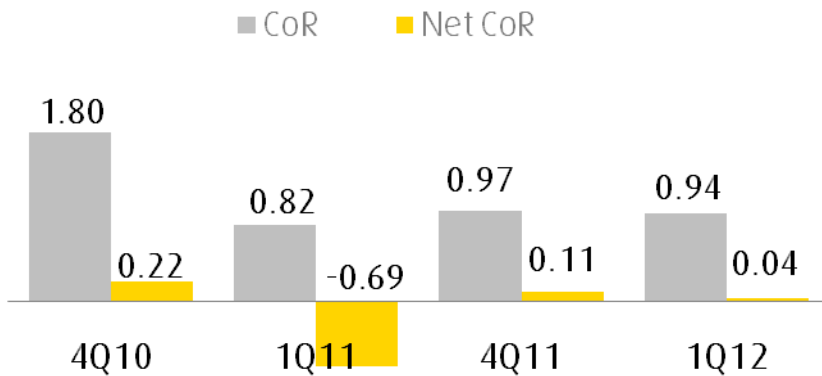
NPL (mio TL)*



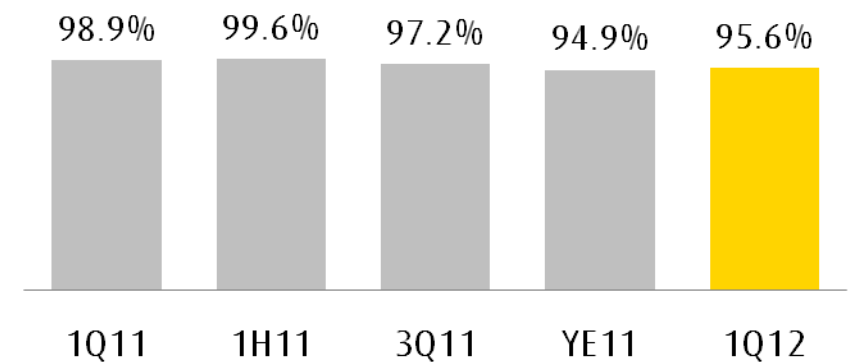
Group II Loans



Cost of Risk (%)

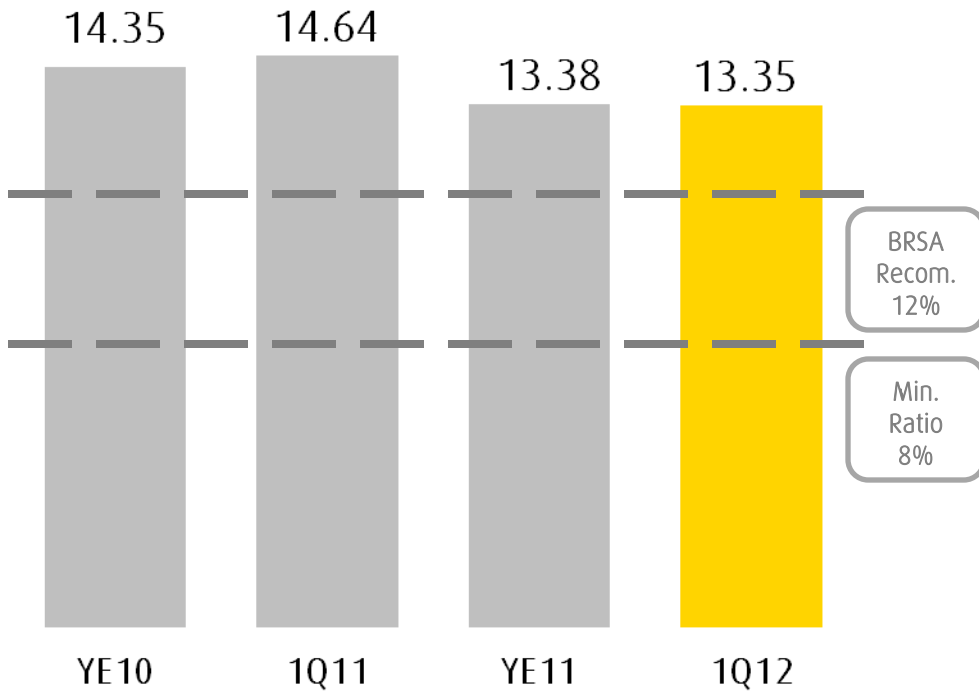


Cash Coverage Ratio of NPL (%)



Adequate capitalization

Capital Adequacy Ratio (%)



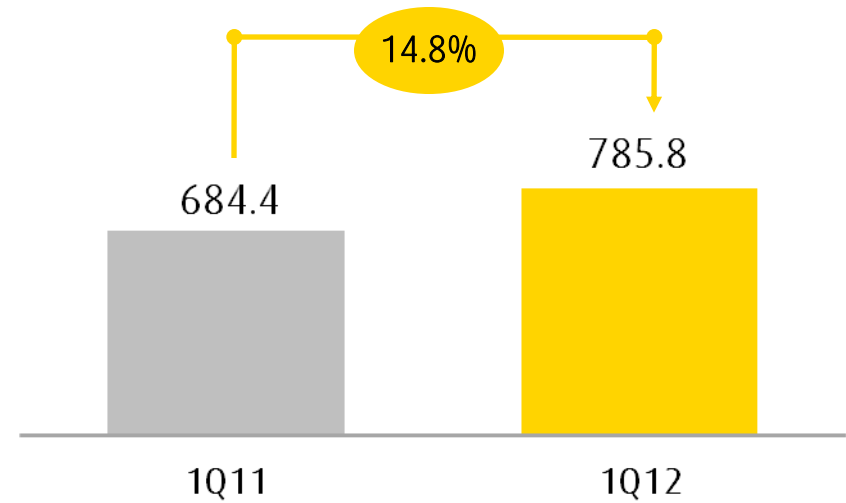
Conservatively low leveraged balance sheet

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

Earnings Summary

(TL-mio, %)	1Q2011	1Q2012	Growth
Net Interest Income	700,464	821,608	17.3%
Net F&C Income	117,931	89,415	(24.2%)
Net Trading Income	37,954	107,237	182.5%
Divident Income	44,329	55,403	25.0%
Other Operating Income	235,795	223,185	(5.4%)
Total Operating Income	1,136,473	1,296,848	14.1%
Total Operating Expenses (-)	452,105	511,077	13.0%
Operating Profit	684,368	785,771	14.8%
Provisions (-)	182,073	260,615	43.1%
Tax Provisions (-)	93,104	105,396	13.2%
Income from investments	0	0	n.a.
Net Monetary Gain/Loss	0	0	n. a.
Net Income	409,191	419,760	2.6%

Operating Profit (TL mio)

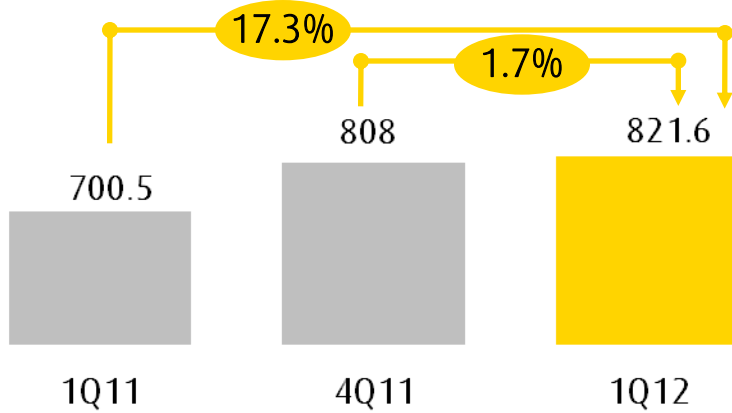


Cost / Assets

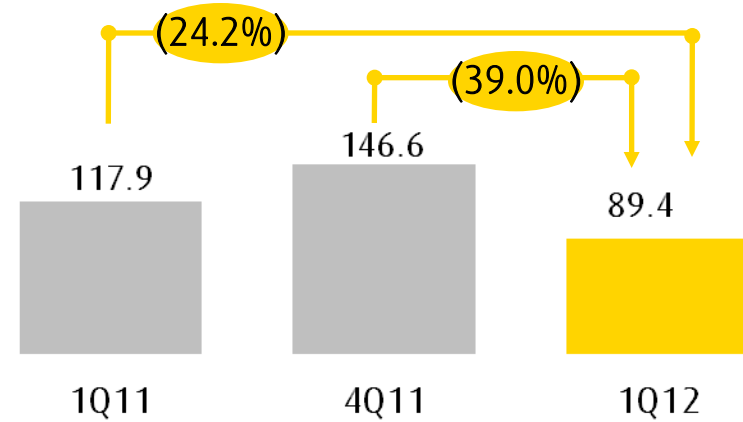


P & L Participants

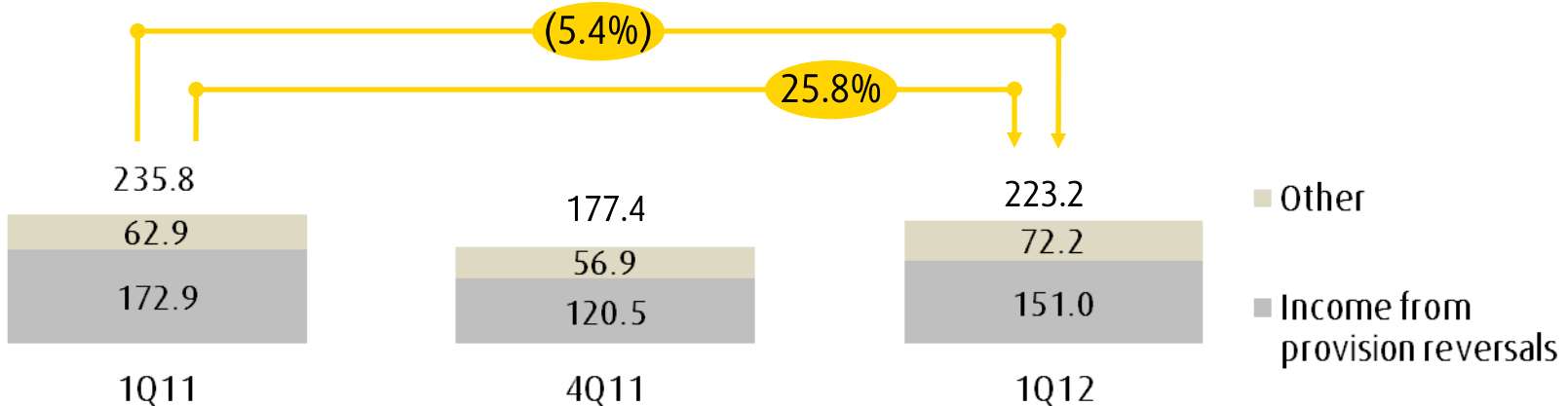
Net Interest Income (TL mio)



Net F & C Income (TL mio)



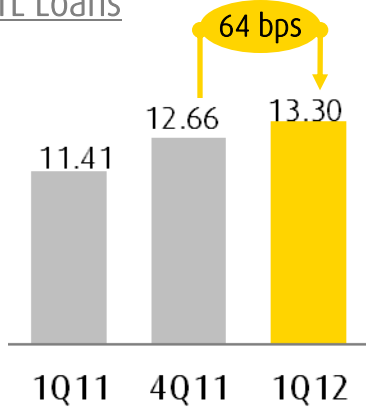
Other Income (TL mio)



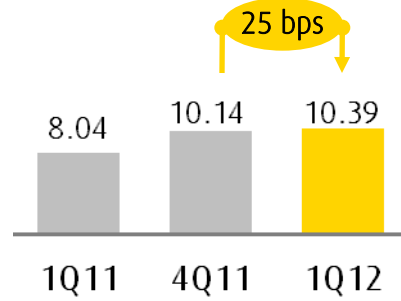
NIM, Spreads and Costs

Yields (%)

TL Loans

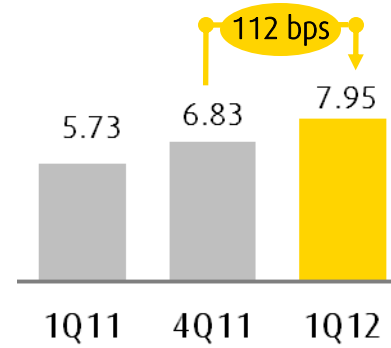


TL Securities

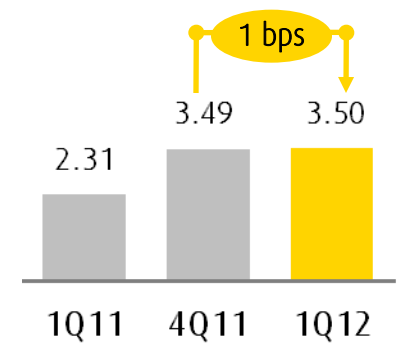


Cost of Deposits (%)

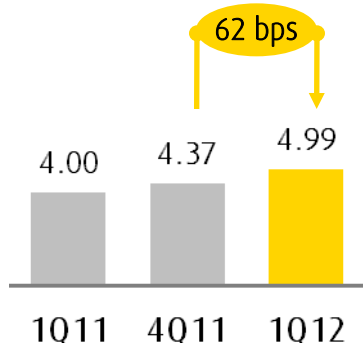
TL Deposits



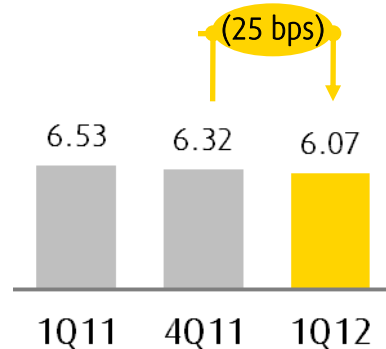
FC Deposits



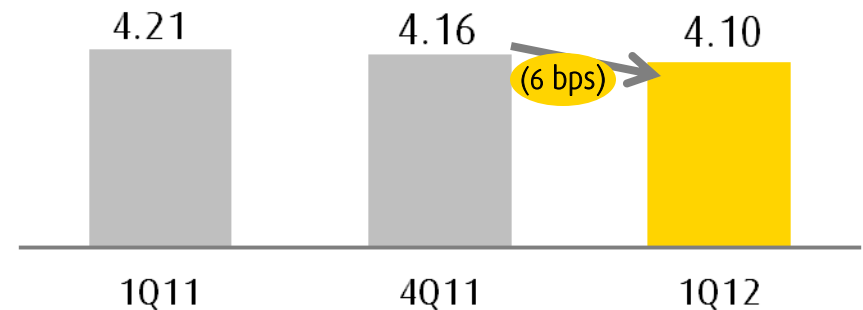
FC Loans



FC Securities



Net Interest Margin (NIM_%)



VakifBank with numbers

Distribution Channels & Customer Base (#)	1Q2012	Efficiency ('000 TRY)	1Q2012
Branches	690	Assets per Employee	7,742
ATMs	2,576	Assets per Branch	137,174
Personnel	12,225	Loans per Employee	4,923
POS Terminals	86,539	Loans per Branch	87,228
Outstanding Credit Cards	2.7 mn	Deposits per Employee	5,367
Total Customers	11.8 mn	Deposits per Branch	95,082
Total Payroll Customers	2.2 mn		
Internet Banking Customers	1.8 mn		
Active Mutual Fund Customers	1.3 mn		

Strong efficiency ratios continue

Balance Sheet

	(TL-mio, %)	1Q2011	4Q2011	1Q2012	YoY Growth	QoQ Growth
Assets	Cash & Balances with Central Bank	6,427	7,137	10,151	57.9%	42.2%
	Interbank	2,418	2,320	2,014	(16.7%)	(13.2%)
	Securities	17,318	19,285	19,125	10.4%	(0.8%)
	Loans	46,938	57,201	60,187	28.2%	5.2%
	Subsidiaries & Investments	886	865	986	11.3%	14.0%
	Property & Equipment	1,099	1,094	1,101	0.2%	0.7%
	Other	1,203	1,284	1,086	(9.8%)	(15.5%)
	Total Assets	76,291	89,184	94,650	24.1%	6.1%
Liabilities & SHE	Deposits	48,652	60,939	65,607	34.9%	7.7%
	Funds Borrowed	6,615	8,237	6,054	(8.5%)	(26.5%)
	Other	11,290	9,426	11,904	5.5%	(26.3%)
	Provisions	957	1,283	1,216	27.1%	(5.2%)
	Shareholders Equity	8,778	9,298	9,869	12.4%	6.1%
Off-B.S	Guarantees	11,753	15,664	16,298	38.7%	4.1%
	Commitments	11,520	44,555	43,572	278.2%	(2.2%)
	Derivatives	9,966	12,950	11,634	16.7%	(10.2%)

Income Statement

(TRY-Thousand, %)	1Q2011	4Q2011	1Q2012	$\Delta\{1Q11$ 1Q12}	$\Delta\{4Q11$ 1Q112}
Net Interest Income	700,464	808,044	821,608	17.3%	1.7%
Net Fee & Com. Income	117,931	146,614	89,415	(24.2%)	(39.0%)
Dividend Income	44,329	322	55,403	25.0%	-
Net Trading Income	37,954	23,375	107,237	182.5%	358.8%
Other Income	235,795	177,411	223,185	(5.4%)	25.8%
Total Revenues	1,136,473	1,155,766	1,296,848	14.1%	12.2%
Operating Expense	(452,105)	(518,844)	(511,077)	13.0%	(1.5%)
Provisions	(182,073)	(296,764)	(260,615)	43.1%	(12.2%)
Tax Provisions	(93,104)	(78,508)	(105,396)	13.2%	34.3%
Net Income	409,191	261,650	419,760	2.6%	60.4%



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