

Earnings Presentation

BRSA Bank-Only 1Q 2011

May 10, 2011



1Q 2011 Macro Highlights

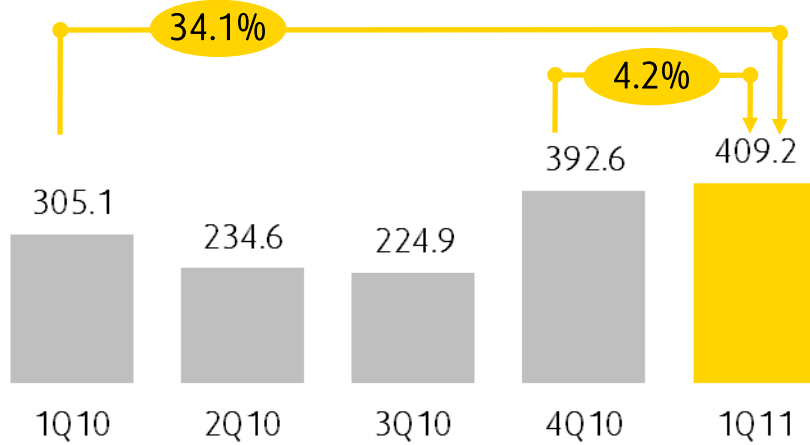
- Global economic activity did not have a significant momentum change in 1Q 2011 with a still brighter outlook for developing countries and a less benign recovery in developed countries compared to 4Q 2010.
- Important risks for developed countries are expected as; high public deficits and increasing inflationary pressure despite fragile economic performance.
- Major risk for developing countries is rising inflation due to low base effect and increasing oil prices.
- Besides the economic concerns the social and political disorder in the MENA region became an important source of uncertainty in 1Q 2011.
- Turkish economy had a strong growth pace of 8.9% in 2010; highest growth rate among OECD countries.
- Long term political stability and strong fiscal stance accompanied sound economic outlook in 1Q 2011.
- CPI rose 3.9% YoY by the end of 1Q 2011; record low level since 1960s.
- CBT preserved its unconventional monetary policy stance with the support of subdued price pressures in 1Q 2011. The weighted average of CBT's Required Reserve Ratios for TL bank deposits reached to 13.5% by April 2011 from 7.4% in December 2010. FC required reserves also increased 100 bps in April 2011.
- Further regulatory pressure is expected in order to prevent CAD reaching unmanageable amounts.
- As a result of CBT operations, the maturity of banking sector deposits are expected to be relatively expanded and the strong momentum of the increase in total loans of the banking system likely to be lessened.

1Q 2011 VakifBank Highlights

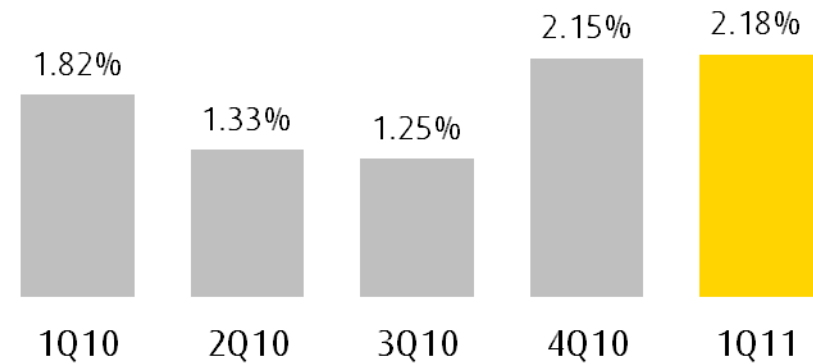
- ✓ Top priority is assigned to profitability.
- ✓ Bank-Only net profits are **409.2 mio TL**; up by **34.1% YoY** and **4.2% QoQ**.
The highest quarterly net income ever.
- ✓ Quarterly ROAE at **18.9%** & ROAA at **2.2%**.
- ✓ NIM is down by only **8 bps** QoQ to **4.21%**; thanks to significant YoY shift from securities to lending.
- ✓ Net Fee & Commission Income is up by **14.7% YoY**.
- ✓ Three consecutive quarters outperforming sector average growth in retail:
 - ✓ Stellar general purpose consumer loan growth; **YoY 63.7%**, **QoQ 9.7%**.
 - ✓ Strong residential mortgage loan growth; **YoY 55.7%**, **QoQ 12.3%**.
- ✓ Modest deposit growth: **2% QoQ**, **0.5% YoY** came from lower cost deposits; demand deposits growth **YoY 25.5%**, retail deposits growth **YoY 23.9%**. Blended TL cost is down **69 bps QoQ** to **5.73%**, all time low in TL blended deposits cost.
- ✓ Collections momentum was increased; covering **174%** of new NPL, resulted in significant asset quality improvement, NPL ratio is down by **35 bps QoQ** to **4.5%** without asset sale & write off.
- ✓ Opex was down by **3.4% QoQ**, inline with 2011 budget.

1Q 2011 Earnings and Ratios

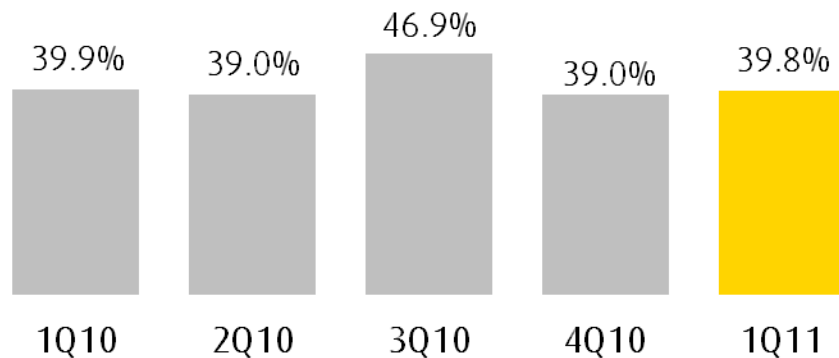
Quarterly Net Income (Mio TL)



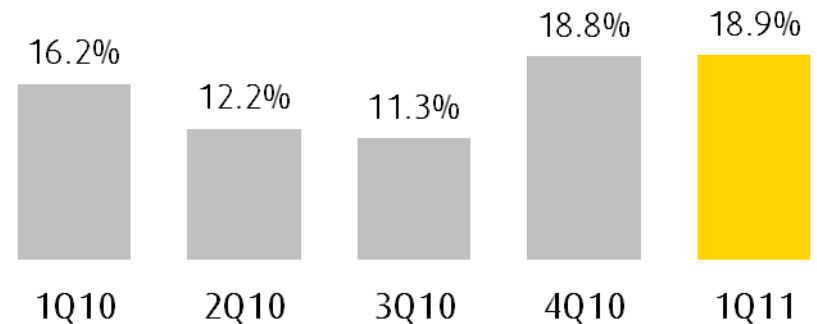
ROAA (%)



Cost / Income (%)

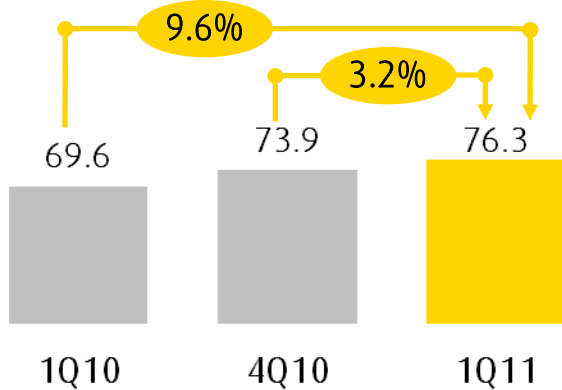


ROAE (%)

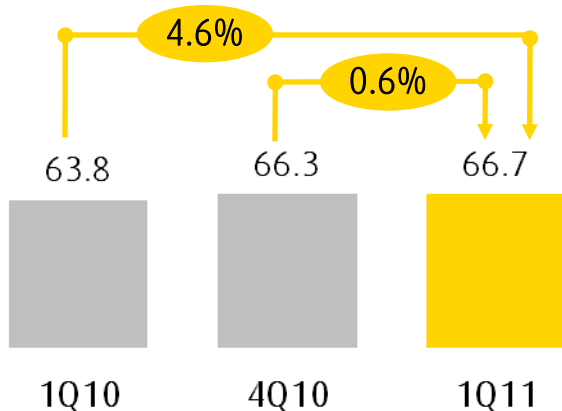


Total Assets

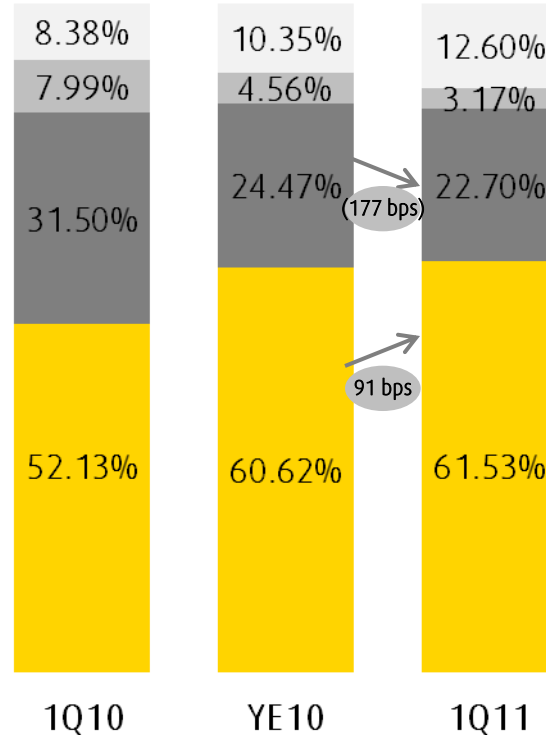
Total Assets (TL bio)



Interest Earning Assets (TL bio)



Breakdown of Assets (%)



■ Loans ■ Securities
■ Interbank ■ Other

Asset Growth;
YoY

9.6%

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

8.8 pps

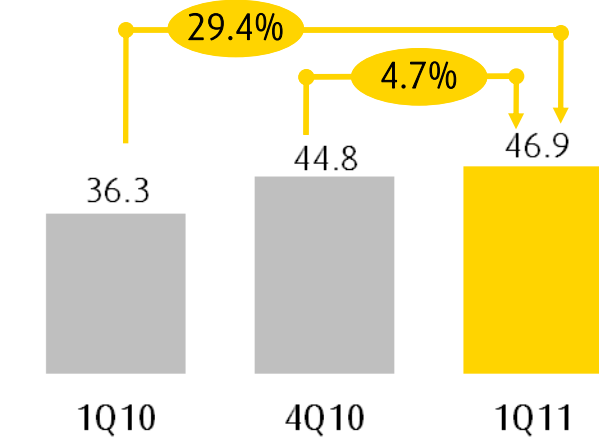
& loans' share increased YoY;

9.4 pps

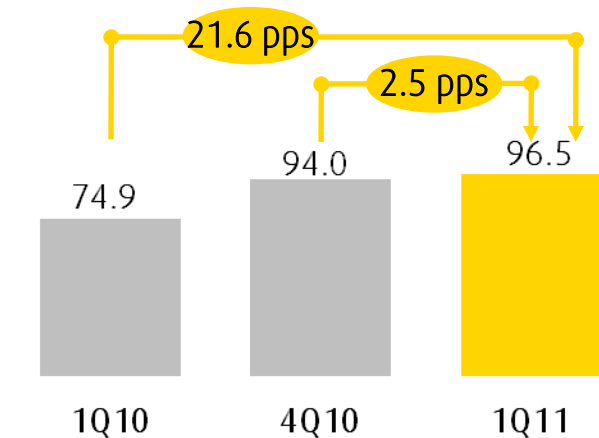
Liquidity* ; **11.6%**

Selective loan growth focusing on SME and Retail

Total Loans (TL bio)



Loans/Deposits (%)



Breakdown of Loans (TL bio)



Loan Growth;
Ytd;

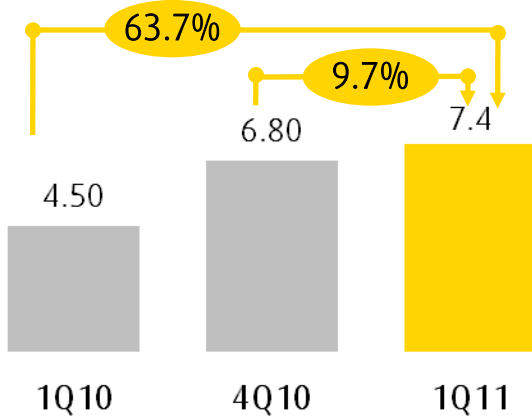
4.7%

TL Ytd; **3.3%**

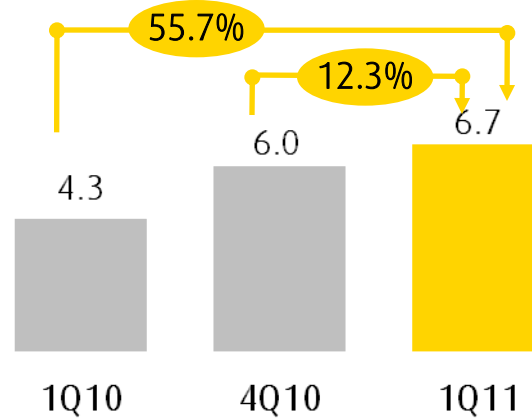
FC Ytd; **7.9%**

Significant market share gains in key growth segments

General Purpose Consumer (TL bio)



Residential Mortgages¹ (TL bio)



YoY market share gains; GPC up by 118 bps to

10.8%

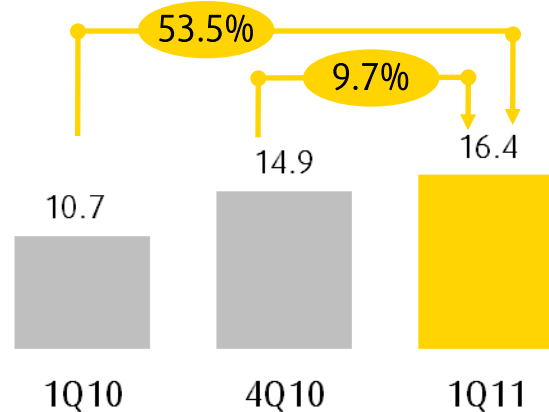
Mortgage up by 127 bps to

10.3%

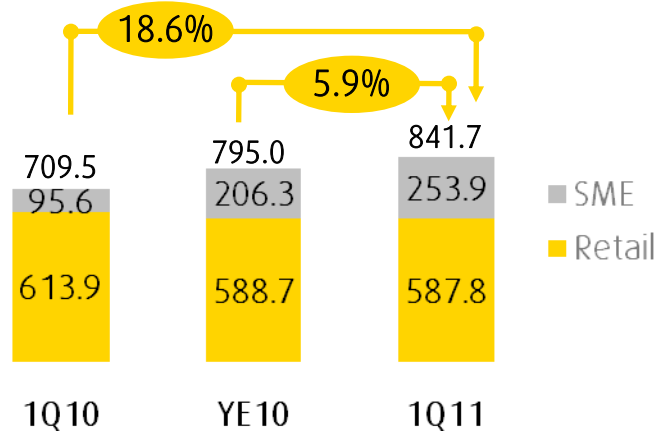
Total retail up by 103 bps to

8.9%

Total Retail (TL bio)

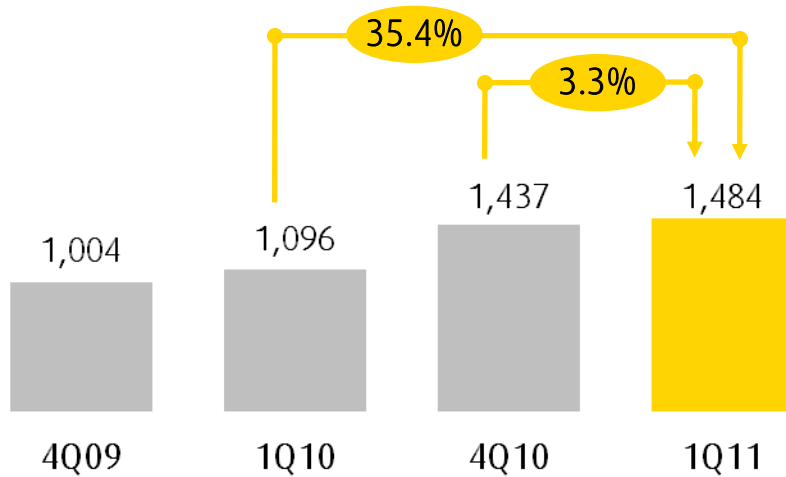


Total Overdraft (TL mio)



Sustainable & consistent growth in credit cards

Credit Card Loans (TL mio)



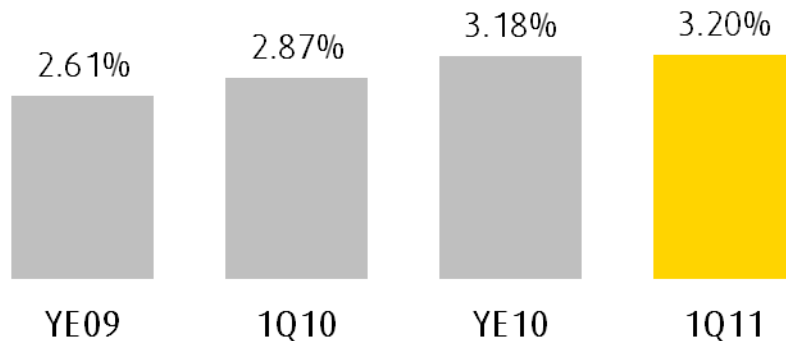
Credit Card Loans growth Ytd;

3.3%

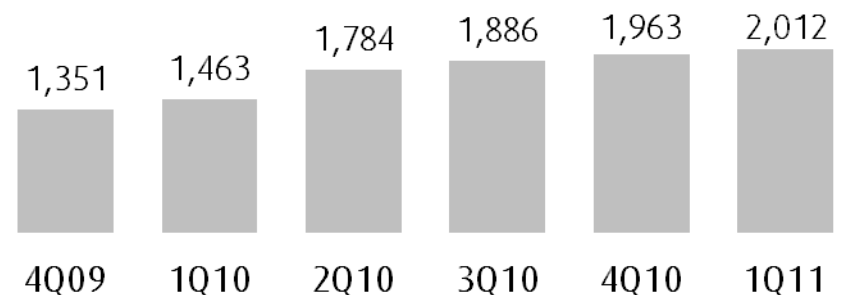
Sector growth Ytd;

2.7%

Market share* (%)

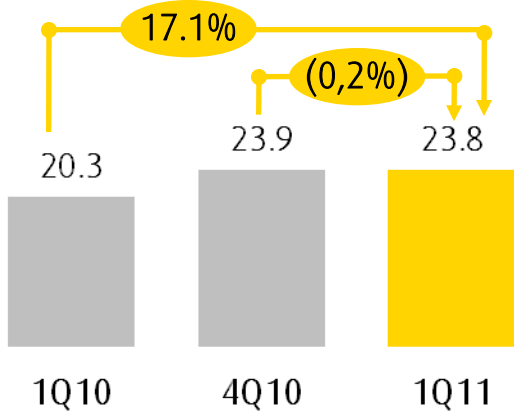


Average Monthly Issuing Volume (TL mio)

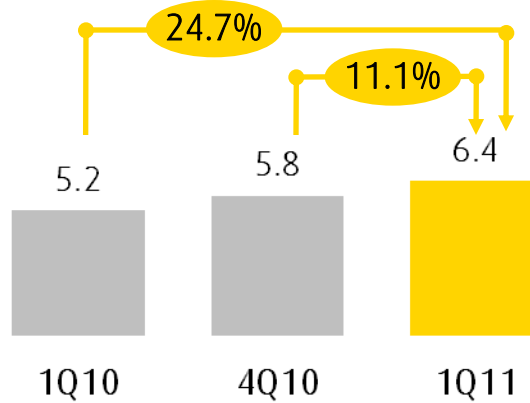


Strong SME lending growth is back

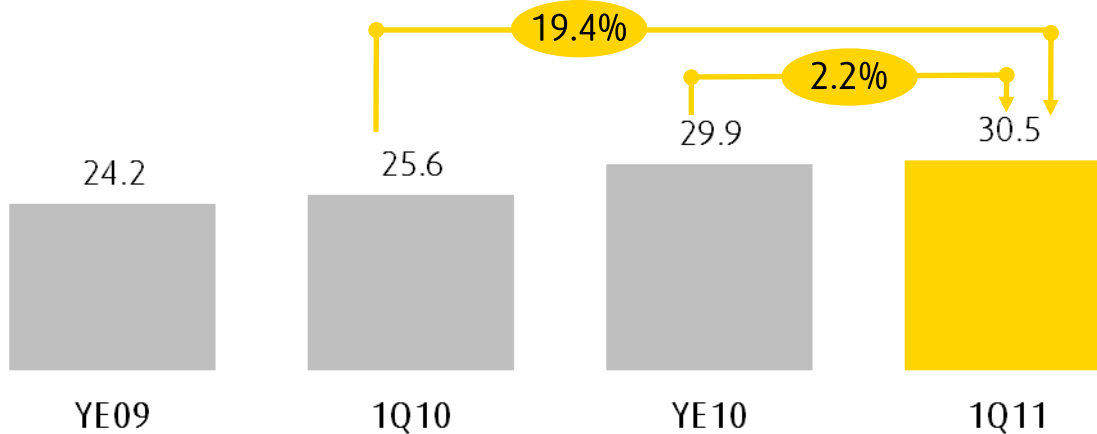
Commercial & Corporate (TL bio)



SME (Com. Inst.) (TL bio)



Total Commercial Loans* (TL bio)

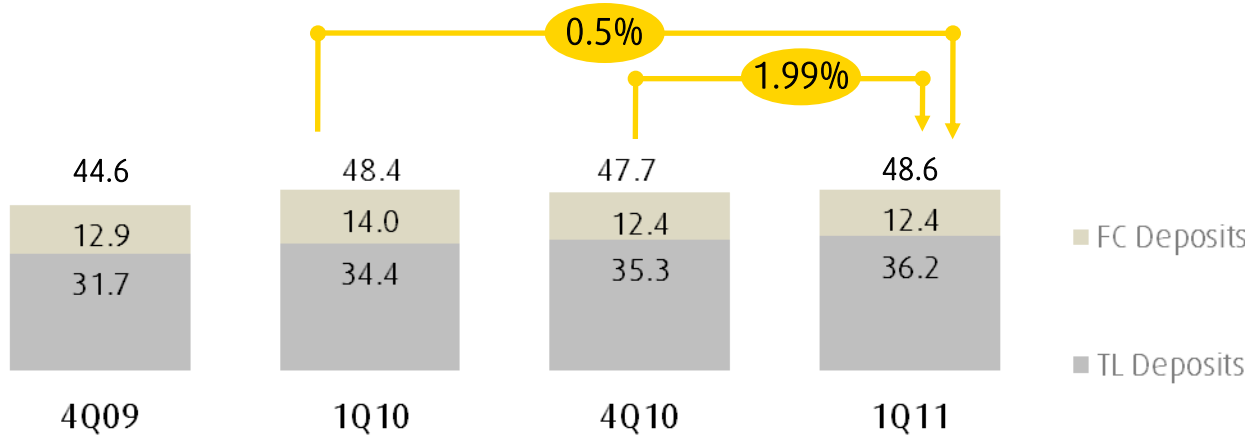


Highly collateralized & selective SME lending Ytd growth;

11.1%

Solid deposit franchise with good growth of demand and retail deposits

Total Deposits (TL bio)



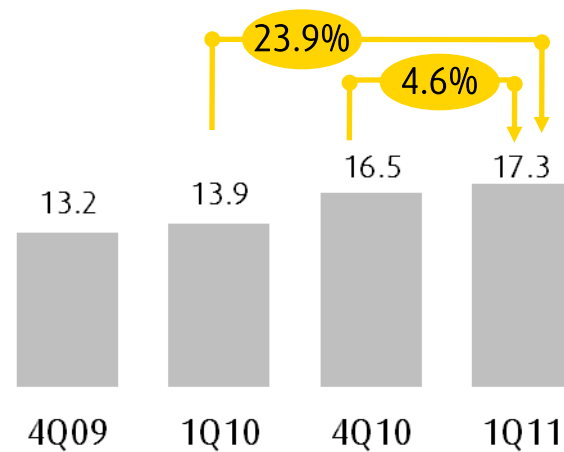
Demand Deposits growth; YoY

25.5%

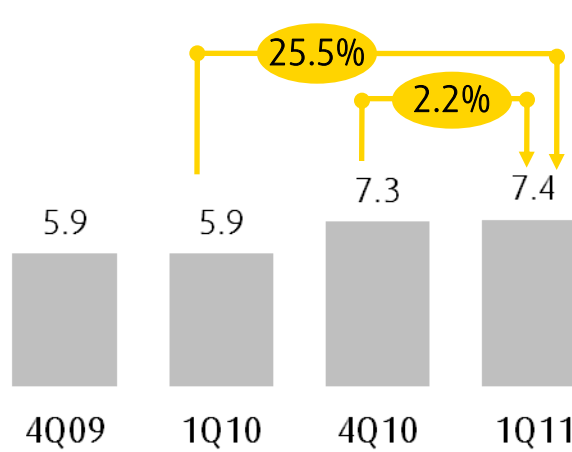
Retail Deposits growth; YoY

23.9%

Total Retail Deposits (TL bio)



Demand Deposits (TL bio)

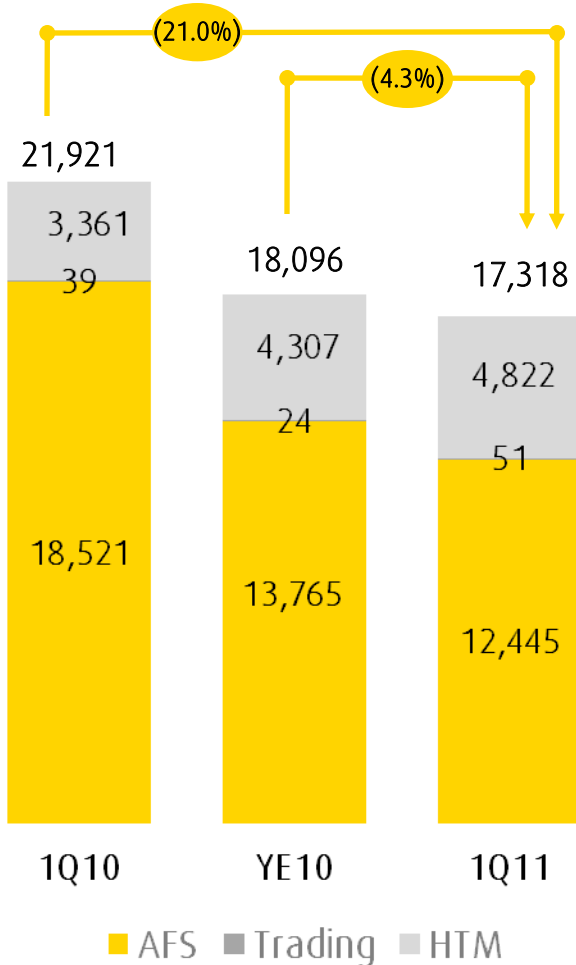


Cost of blended TL deposits are down by; QoQ

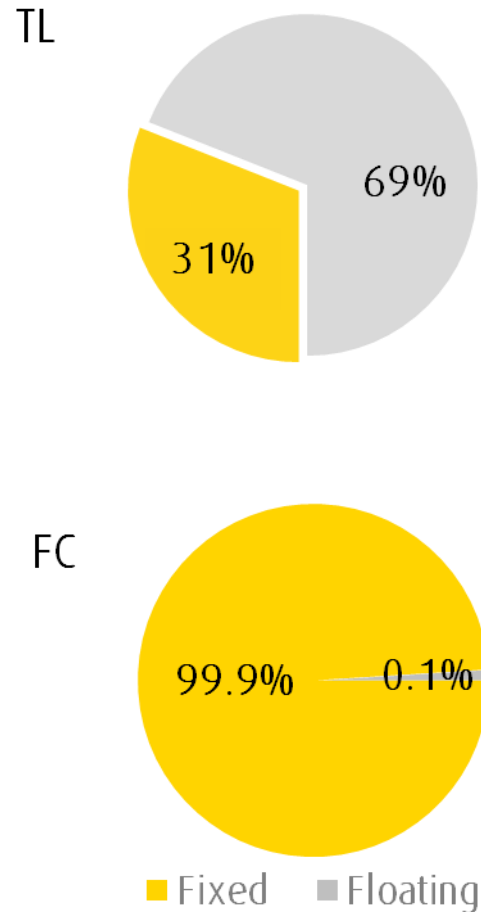
69 bps

Securities portfolio mix

Total Securities (TL mio)



Portfolio Structure



Share of securities in total assets are down by **8.8 pps** to **22.7%** YoY.

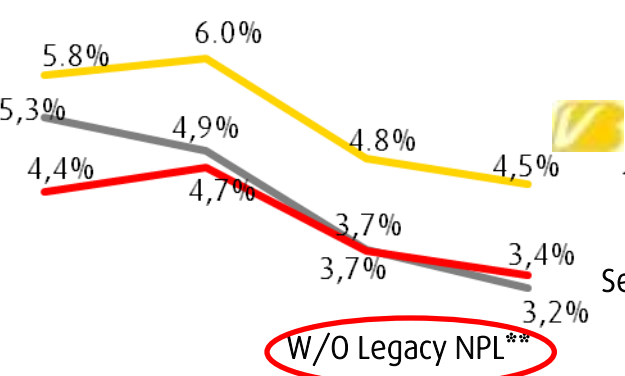
69%

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

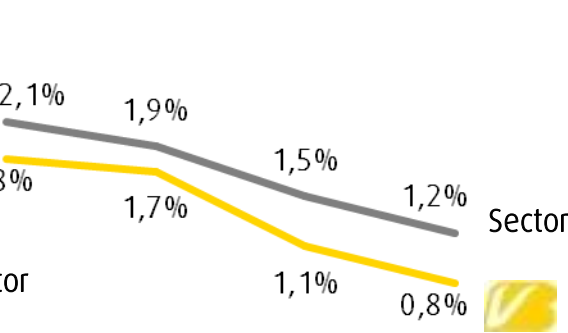
7.3%

NPL Ratios

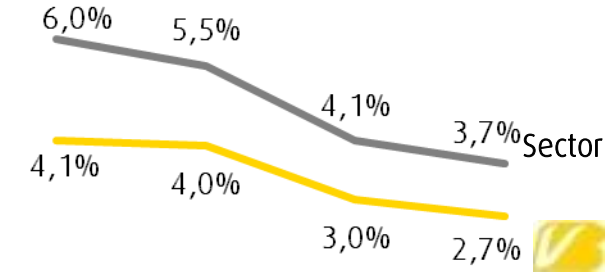
Overall NPL Ratio* (%)



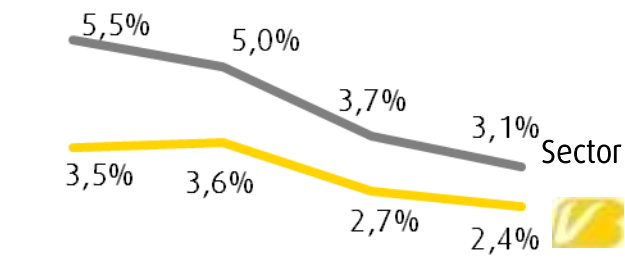
Mortgages NPL (%)



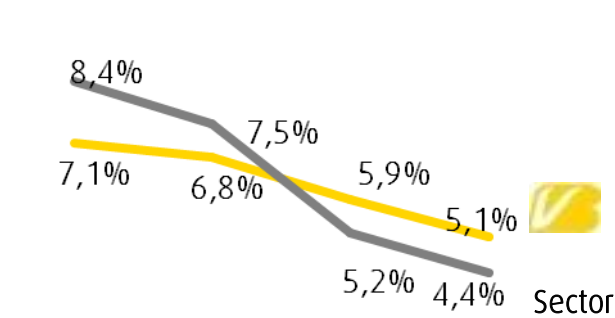
Total Retail NPL (%)



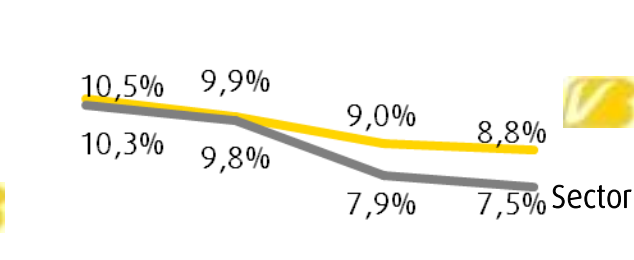
General Purpose Consumer NPL (%)



SME NPL (%)



Credit Cards NPL (%)



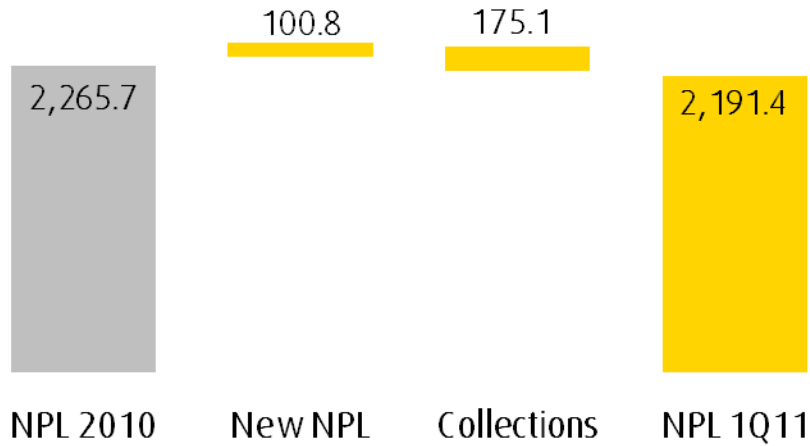
YE09 1Q10 YE10 1Q11

YE09 1Q10 YE10 1Q11

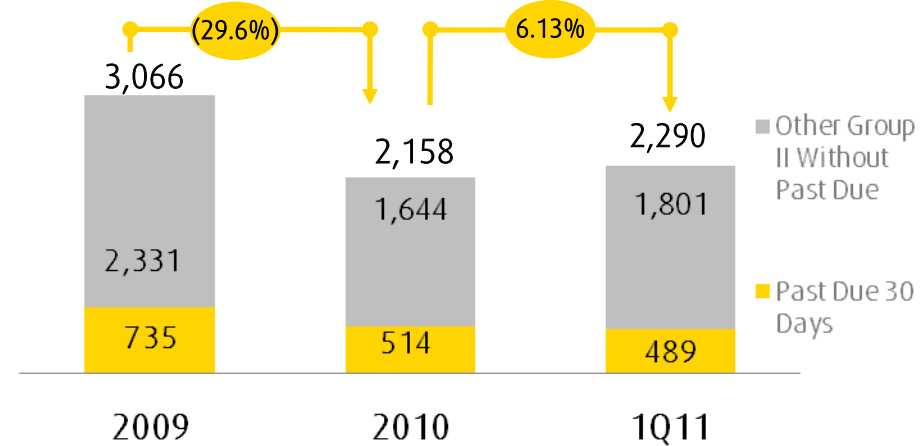
YE09 1Q10 YE10 1Q11

Improved collections and lower NPL formation delivers negative COR

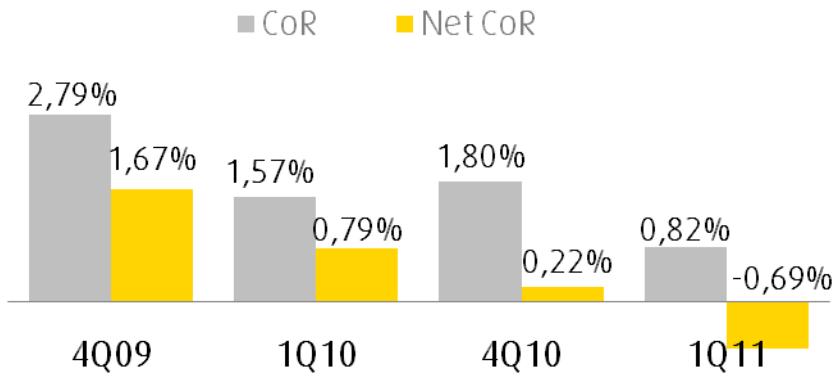
NPL (mio TL)*



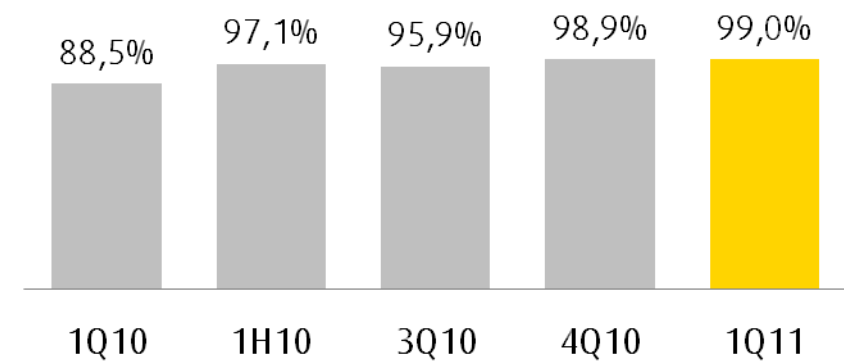
Group II Loans



Cost of Risk (%)

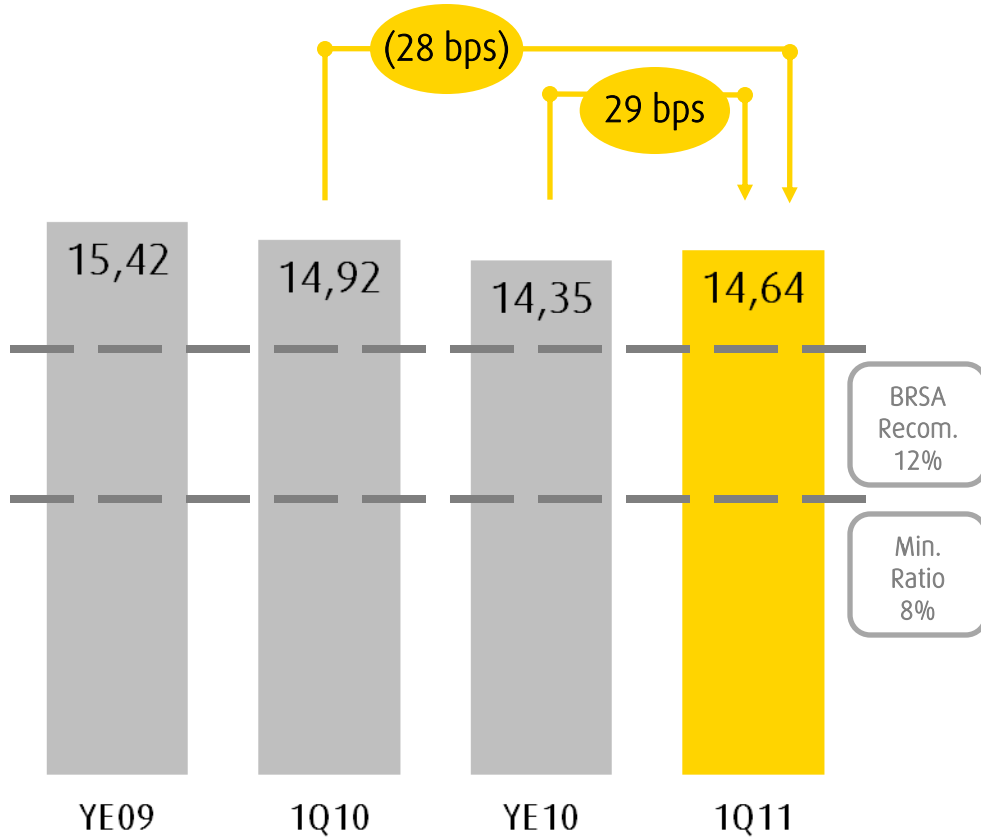


Cash Coverage Ratio of NPL (%)



Good capitalization, CAR is up by 29 bps QoQ

Capital Adequacy Ratio (%)



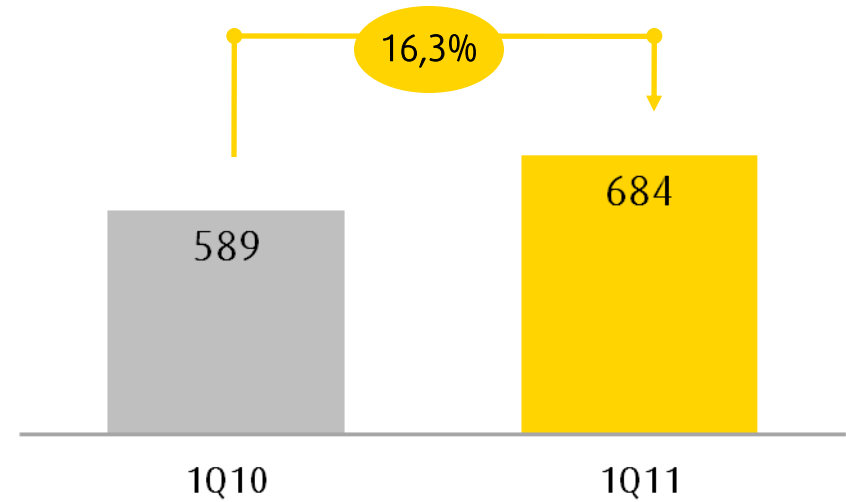
Conservatively low leveraged balance sheet

$$\frac{(\text{Liabilities} - \text{SHE})}{\text{SHE}} = 7.7$$

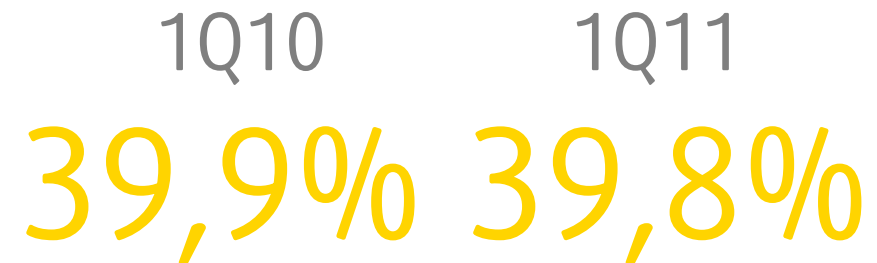
Earnings Summary

(TL-mio, %)	1Q2010	1Q2011	Growth
Net Interest Income	707,128	700,464	(0.94%)
Net F&C Income	102,792	117,931	14.73%
Net Trading Income	49,517	37,954	(23.35%)
Divident Income	13,669	44,329	224.3%
Other Operating Income	106,448	235,795	121.5%
Total Operating Income	979,554	1,136,473	16.02%
Total Operating Expenses (-)	390,954	452,105	15.64%
Operating Profit	588,600	684,368	16.27%
Provisions (-)	207,371	182,073	(12.20%)
Tax Provisions (-)	76,117	93,104	22.32%
Income from investments	0	0	n.a.
Net Monetary Gain/Loss	0	0	n. a.
Net Income	305,112	409,191	34.11%

Operating Profit (TL mio)

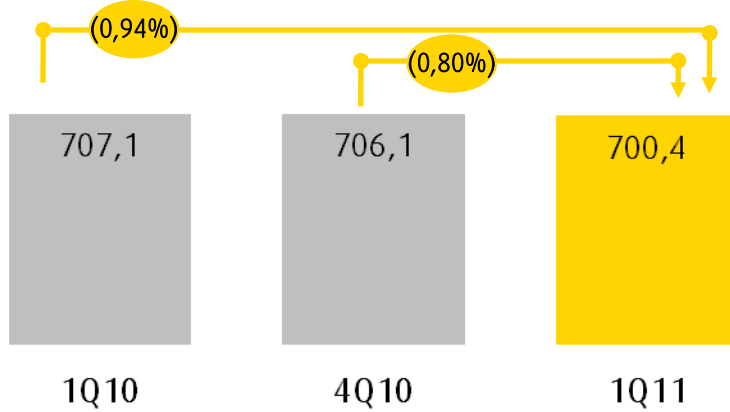


Cost/Income ratio

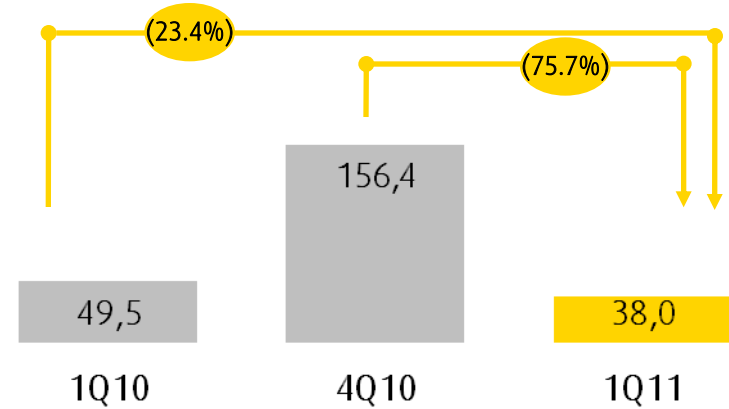


P & L Participants

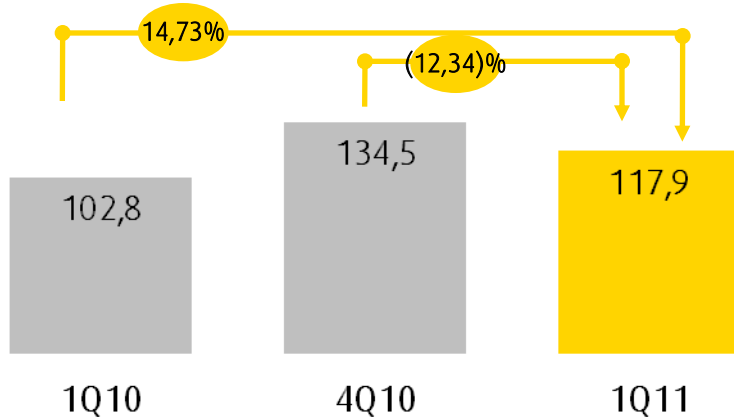
Net Interest Income (TL mio)



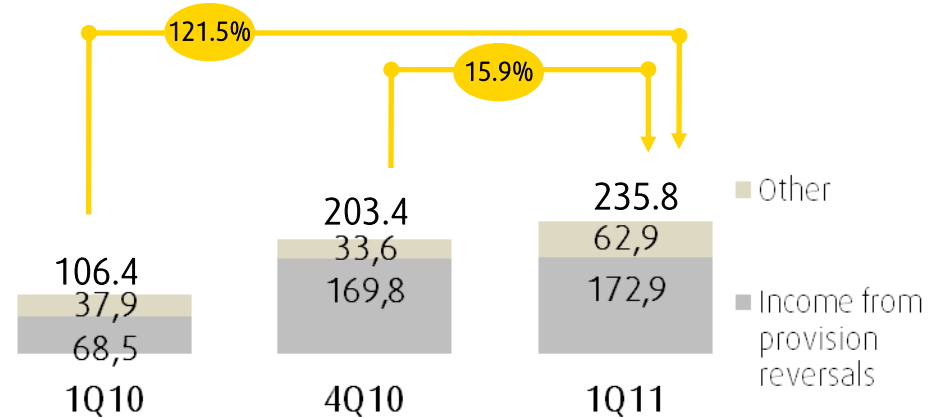
Trading Income (TL mio)



Net F & C Income (TL mio)



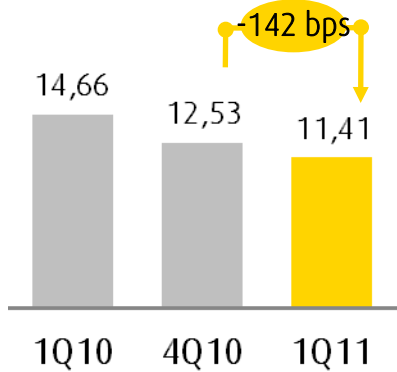
Other Income (TL mio)



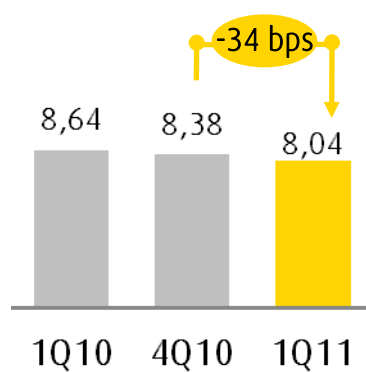
NIM, Spreads and Costs

Yields (%)

TL Loans

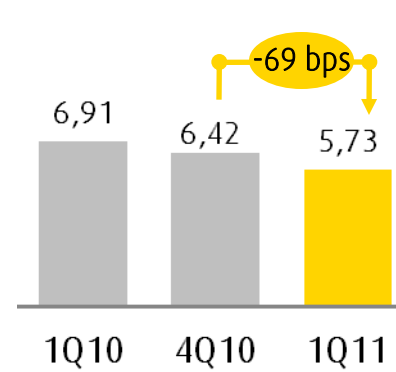


TL Securities

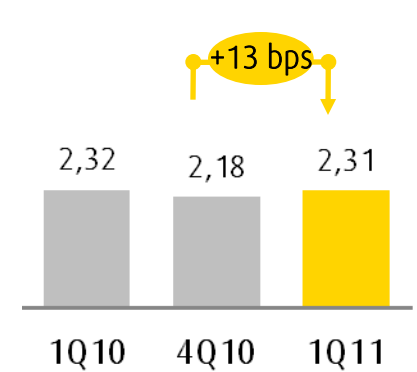


Cost of Deposits (%)

TL Deposits

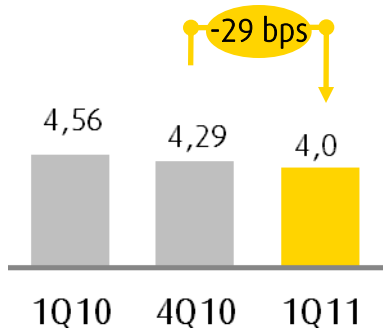


FC Deposits

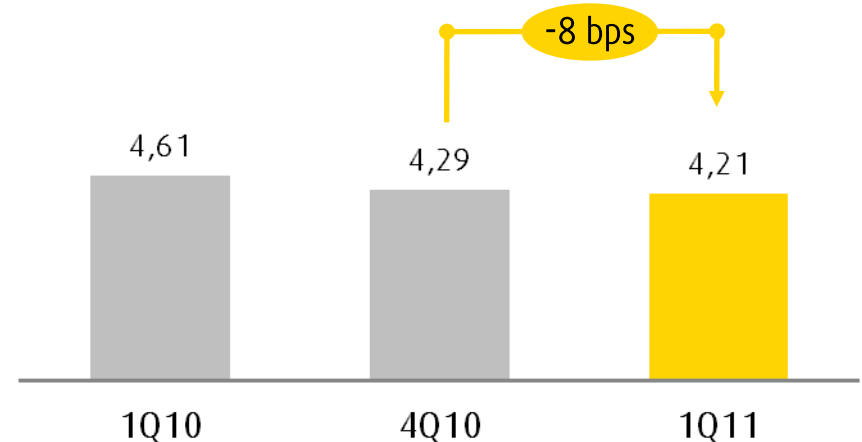
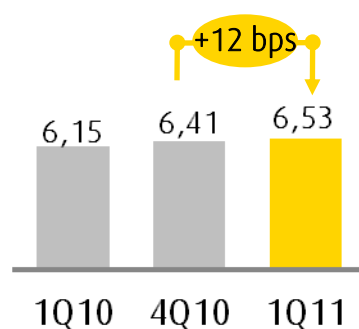


Net Interest Margin (NIM_%)

FC Loans



FC Securities



VakifBank with numbers

Distribution Channels & Customer Base (#)	1Q2011	Efficiency ('000 TRY)	1Q2011
Branches	651	Assets per Employee	6.922,3
ATMs	2,292	Assets per Branch	117,190,0
Personnel	11,021	Loans per Employee	4.258,9
POS Terminals	78,840	Loans per Branch	72.101,7
Outstanding Credit Cards	2.4 mn	Deposits per Employee	4.414,4
Debit Cards	16.8 mn	Deposits per Branch	74.732,9
Total Customers	11.1 mn		
Total Payroll Customers	2.1 mn		
Internet Banking Customers	1.5 mn		
Active Mutual Fund Customers	1.04 mn		

Strong efficiency ratios continue

Balance Sheet

	(TRY-mio, %)	1Q2010	4Q2010	1Q2011	YoY Growth	QoQ Growth
Assets	Cash & Balances with Central Bank	2,942	4,647	6,427	118.46%	38.32%
	Interbank	5,562	3,373	2,418	-56.52%	-28.31%
	Securities	21,921	18,096	17,318	-20.99%	-4.29%
	Loans	36,273	44,836	46,938	29.40%	4.69%
	Subsidiaries & Investments	750	895	886	18.08%	-1.05%
	Property & Equipment	1,077	1,114	1,099	2.05%	-1.29%
	Other	1,057	1,001	1,203	13.85%	20.25%
	Total Assets	69,582	73,962	76,291	9.64%	3.15%
Liabilities & SHE	Deposits	48,420	47,701	48,652	0.48%	1.99%
	Funds Borrowed	5,711	6,327	6,615	15.83%	4.54%
	Other	7,025	10,385	11,290	60.70%	8.71%
	Provisions	766	990	957	24.97%	-3.33%
	Shareholders Equity	7,660	8,559	8,778	14.60%	2.57%
Off-B.S	Guarantees	8,937	11,345	11,753	31.50%	3.60%
	Commitments	9,175	10,348	11,520	25.56%	11.33%
	Derivatives	4,398	6,968	9,966	126.60%	43.03%

Income Statement

(TRY-Thousand, %)	1Q2010	4Q2010	1Q2011	$\Delta\{1Q10$ 1Q11}	$\Delta\{4Q10$ 1Q11}
Net Interest Income	707.128	760.084	700.464	-0.94%	-0.80%
Net Fee & Com. Income	102.792	134.538	117.931	14.73%	-12.34%
Divident Income	13.669	64	44.329	224.3%	69,164.1%
Net Trading Income	49.517	156.443	37.954	-23.35%	-75.74%
Other Income	106.448	203.446	235.795	121.51%	15.90%
Total Revenues	979.554	1,200,609	1,136,473	16.02%	-5.34%
Operating Expense	(390.954)	(467.929)	(452.105)	15.64%	-3.38%
Provisions	(207.371)	(232.764)	(182.073)	-12.20%	-21.78%
Tax Provisions	(76.717)	(107.320)	(93.104)	22.32%	-13.25%
Net Income	305.112	392.596	409.191	34.11%	4.23%



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