

Earnings Presentation

BRSA Bank-Only YE 2011

February 14, 2012



4Q 2011 Macro Highlights

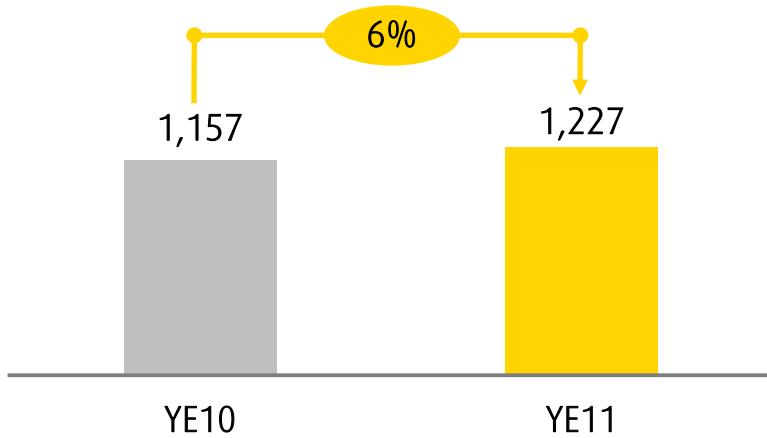
- Increased number of positive signals from the US economy supported confidence. However, lower growth expectations from EU and developing countries continued. EM central banks were generally concerned with slowing growth, taken actions to provide liquidity.
- Negotiations amongst EU countries made the headlines but no significant footstep in eliminating the EU sovereign risks.
- ECB adopted a more protective stance against sovereign risks and passed on to a looser monetary policy.
- Strong growth performance in Turkish economy; 8.2% GDP growth in Q3 2011 was realized and annual GDP growth is expected to be above 8%.
- CPI yearly inflation came in at 10.45% by the end of 2011. Depreciation in TL, volatile food and commodity prices and tax adjustments were behind the rise.
- C/A deficit is easing in accordance with the rise in exports thanks to the depreciation in TL. The cooling in credit markets as a result of the lagging impacts of CBRT and BRSA regulations were also effective on C/A deficit. However as of year end 2011, USD 77.1 billion C/A deficit on a 12-months basis represents a still limited improvement.
- Still strong fiscal stance: 2011 budget deficit fell to 56.5% yoy and came in at 17.4 billion TL (below Medium Term Program target of 22.2 billion TL). 2011 budget deficit/GDP is expected to be -1.4%.
- CBRT became more concerned about inflationary pressures and shifted to contractionary policy stance. CBRT widened interest rate corridor and used alternative policy tools rather than policy rate hike. Global uncertainties such as EU sovereign risks and the expected slowdown in economic activity were behind CBRT's unconventional policy.
- Increasing global risk perceptions had considerable reflections on Turkish markets: USD/TL hit 1.9230 in December 2011. And TL depreciated 5.8% against USD relative to Q3 2011 average. Benchmark Treasury bond yield increased to 11.5% by the end of Q4 2011 from 8.4% in end Q3. CBRT sold over 2 billion dollars against TRL through direct market intervention and sold over 8 billion dollars through FX selling auctions in Q4 2011 to cool down market fever.
- CBRT reduced average TL RRR from 13.1% to 10.5% and FX RRR from 11% to 10.2% in October 2011. Also, it paved the way for Banks to hold up to 40% of their TL reserves in FX and up to 10% of both TL and FX reserves in gold.

YE 2011 VakifBank Highlights

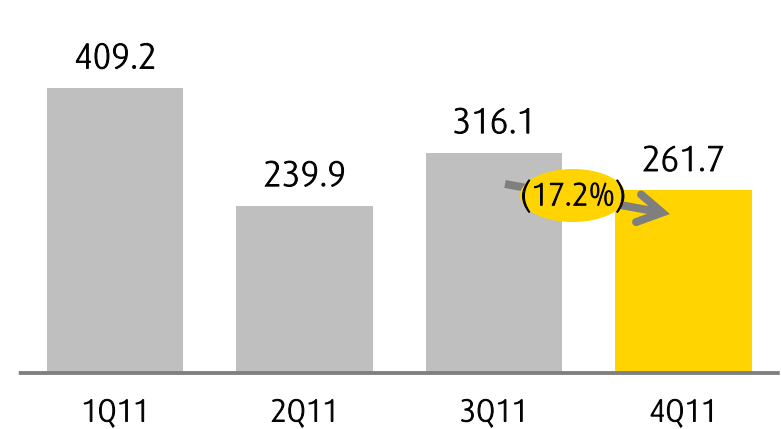
- ✓ Selectively continued lending growth, especially in key segments; SME and higher yielding overdraft & credit cards:
 - ✓ Solid loan growth at 27.6% YoY (currency adjusted 21.2% YoY) and modest 4% QoQ loan growth due to the slow down in the economy, driven by 7% QoQ TL loan growth by higher yielding segments.
 - ✓ Stellar penetration among SME segment, commercial installment loans are up by 26% QoQ, the share of com. installment loans in overall loan book increased to 18%, still below sector averages promise further growth.
 - ✓ Prudent general purpose & mortgage lending to defend the margins, GPC up by 2.4% & mortgages up by 3.1% QoQ.
- ✓ Solid funding mix further strengthened; outstanding deposit growth 9.7% QoQ & 27.8% YoY, dependency on short term CBRT funding decreased substantially to less than 3 billion TL.
- ✓ Loan/Deposit ratio decreased to one of the best in peer group with 94% blended, 90% for TL; increased competitive advantage for 2012 onwards.
- ✓ NPL ratio is at 3.63%, down from 4.81% at YE 2010 without asset sale & write off; annual gross CoR is 80 bps, after extremely strong collections net CoR retreated to negative 48 bps.
- ✓ Bank-Only net profits are 1,227 mio TL, up by 6% YoY, despite sector overall profits are down by 10% YoY.
- ✓ Net Interest Income is up by 6% YoY; 11.8% QoQ.
- ✓ Strong Net Fee & Com. Income which is up by 26.2% YoY & 3.4% QoQ.
- ✓ NIM widened another 29 bps QoQ to 4.16% thanks to; higher yielding TL loan portfolio, up by 53 bps QoQ to 12.7% & CPI-Linkers support.
- ✓ Opex growth inside management guidance, up by 14.9% YoY & 6.7% QoQ.

YE 2011 Earnings and Ratios

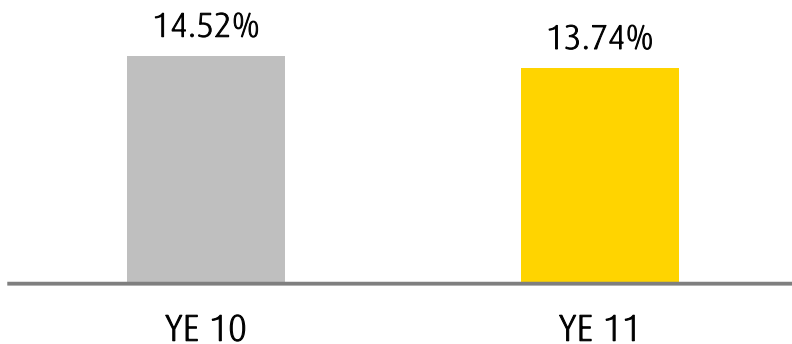
Net Income (Mio TL)



Quarterly Net Income (Mio TL)



ROAE (%)



Cost/Income:

YE10

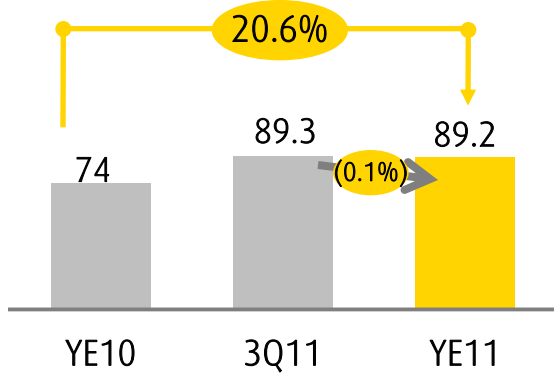
YE11

41%

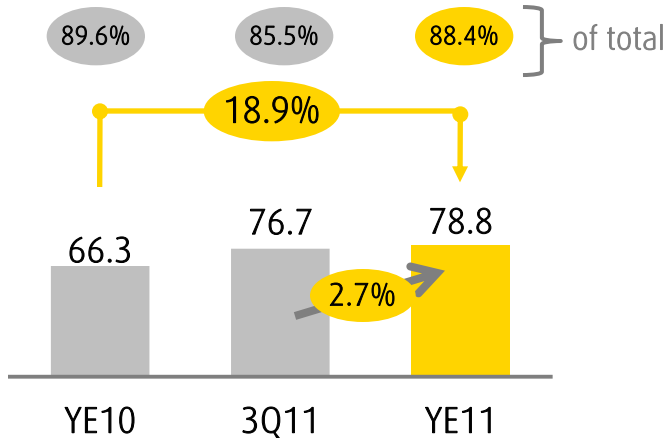
44%

Total Assets

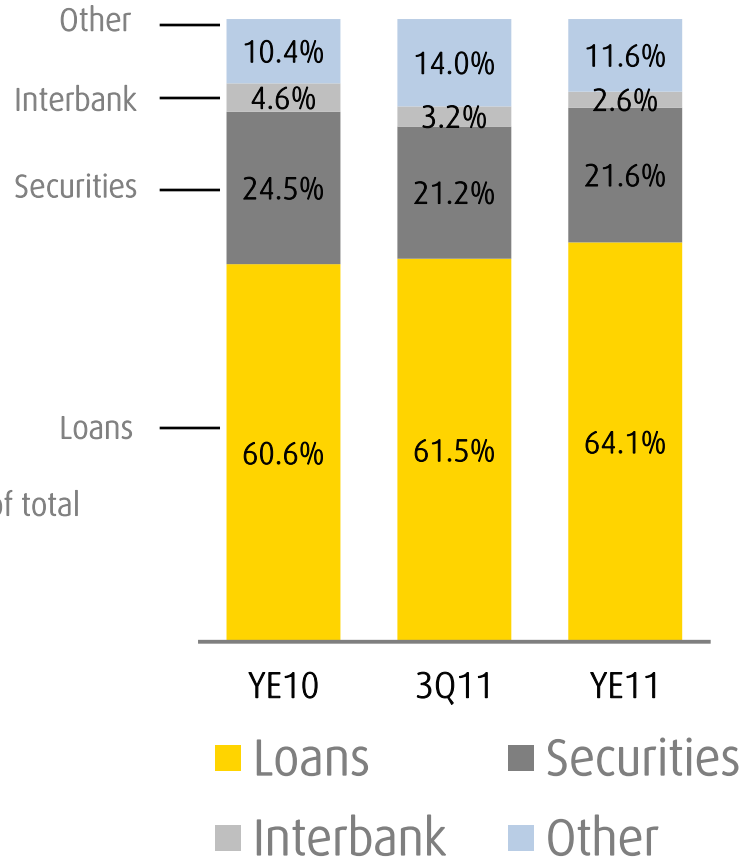
Total Assets (TL bio)



Interest Earning Assets (TL bio)



Breakdown of Assets (%)



Asset Growth; YoY

20.6%
Reshuffling from securities to loans; securities' share in assets decreased YoY ;

2.9 pps to

21.6%

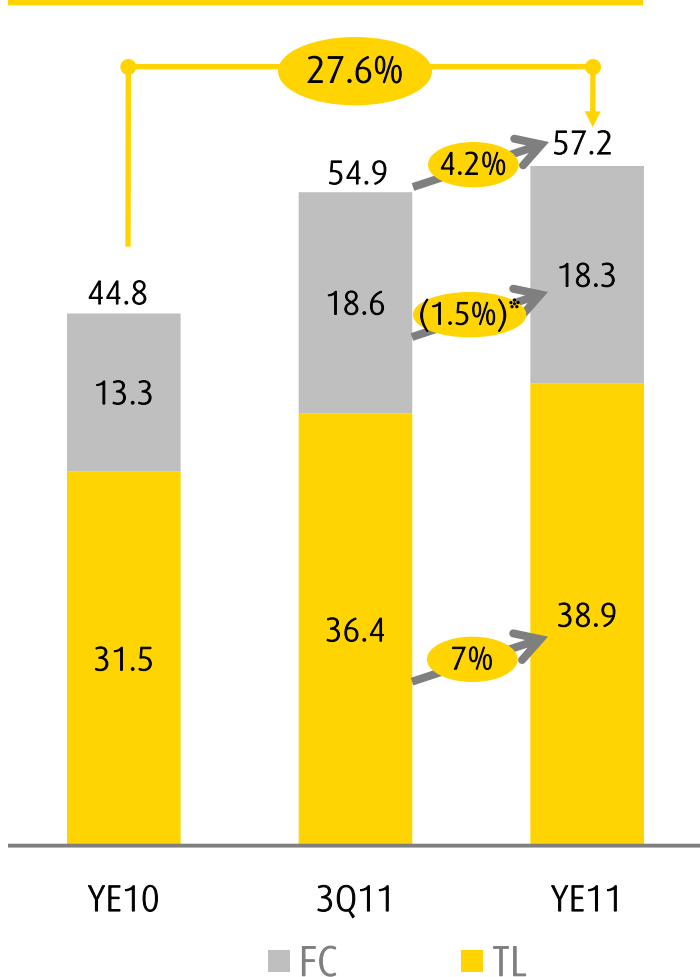
Loans' share increased YoY;

3.5 pps to

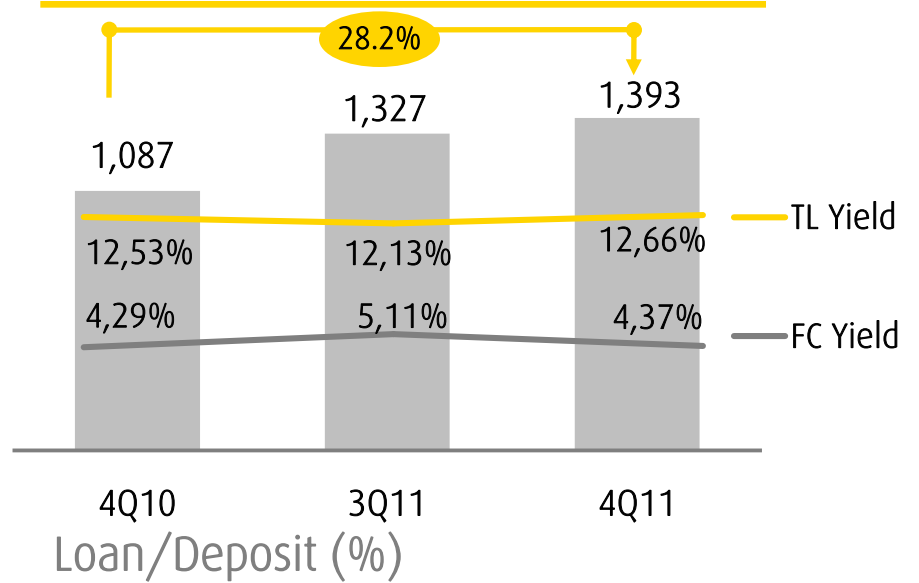
64.1%

Selective loan growth in higher yielding segments supported loan yields

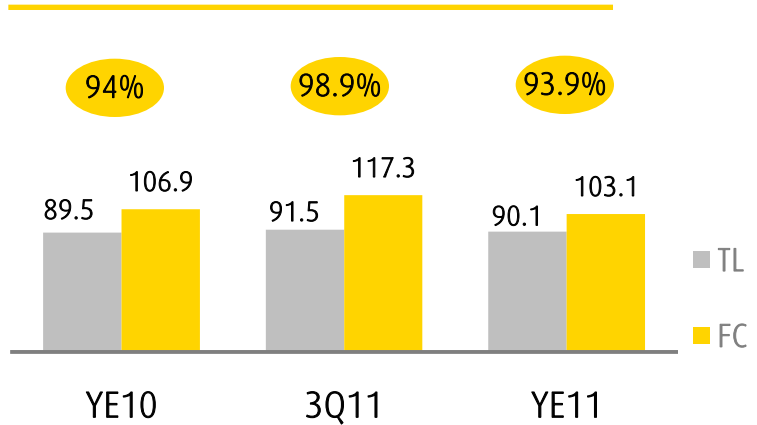
Total Loans (TL bio)



Interest Income on Loans (TL mio)

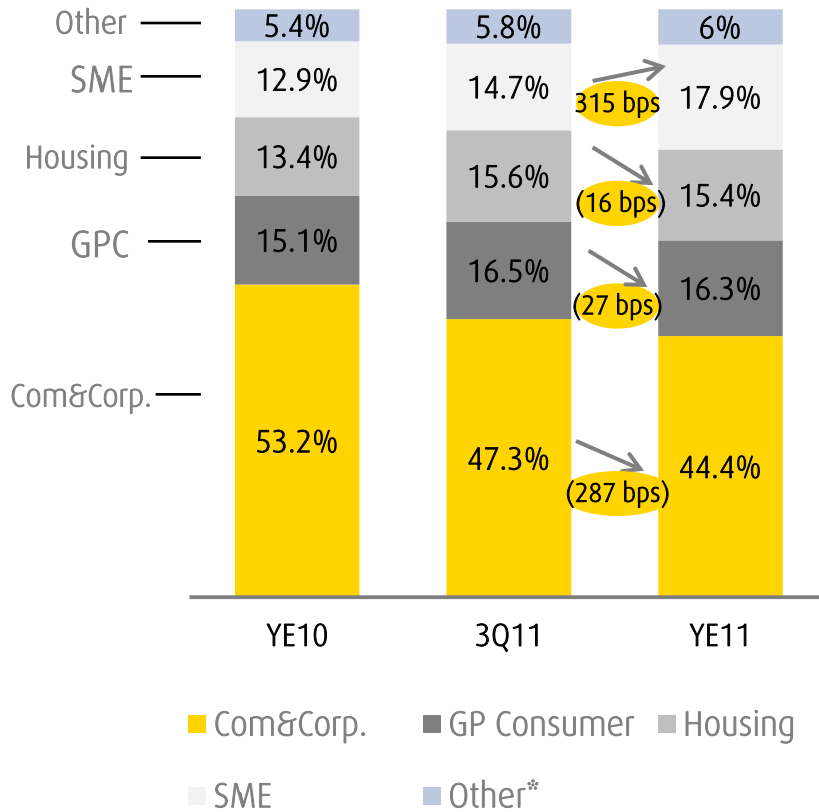


Loan/Deposit (%)

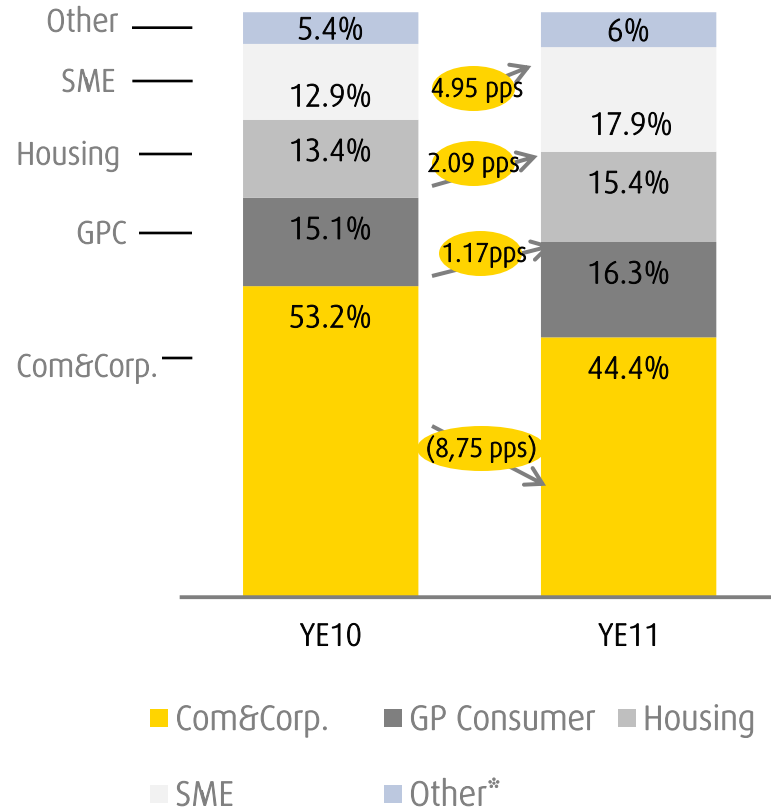


Significant shift towards higher yielding segments

Breakdown of Loans (%)

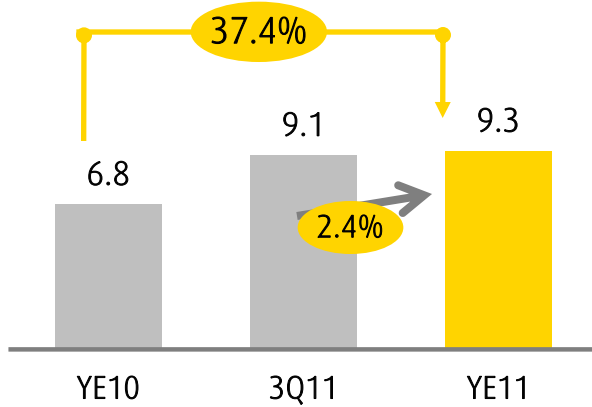


Portfolio Shift (%)

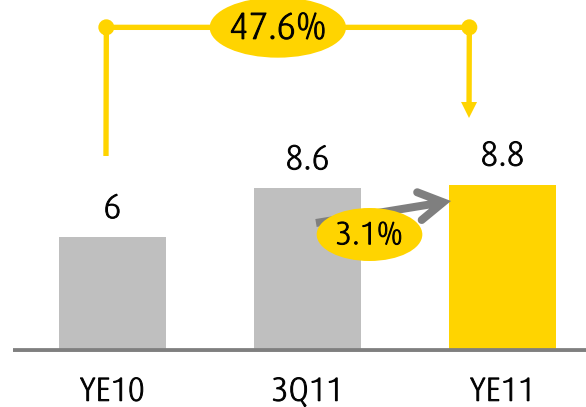


Selective growth in retail lending, focused on higher yielding segments

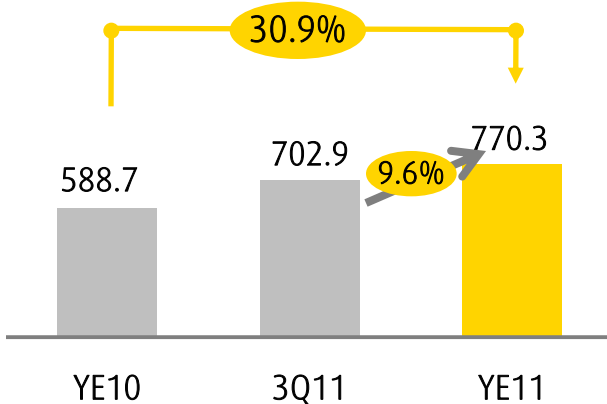
General Purpose Consumer (TL bio)



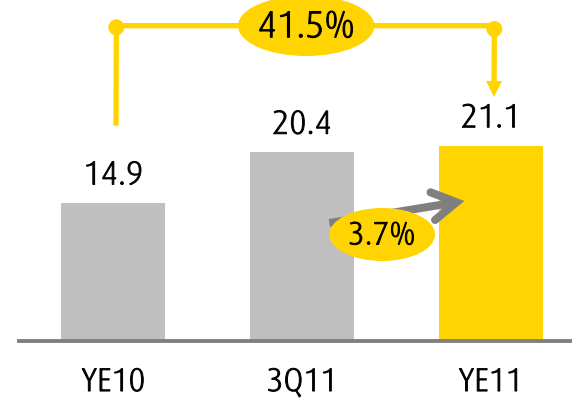
Residential Mortgages¹ (TL bio)



Retail Overdraft (TL mio)



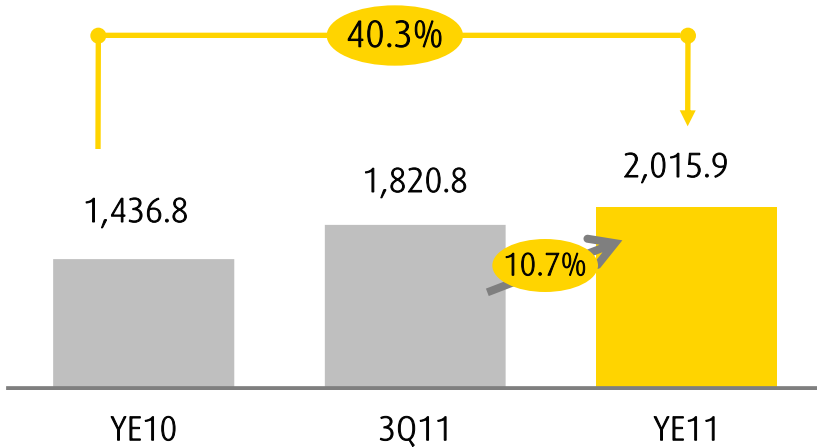
Total Retail (TL bio)



YoY market share gains;
Mortgage up by 201 bps to **11.9%**
Total retail up by 79 bps to **9.4%**
Rankings*;
1 in GPC
2 in mortgage
1 in retail overdraft

Consistent growth in credit cards strongly supported by business cards

Credit Card Loans (TL mio)



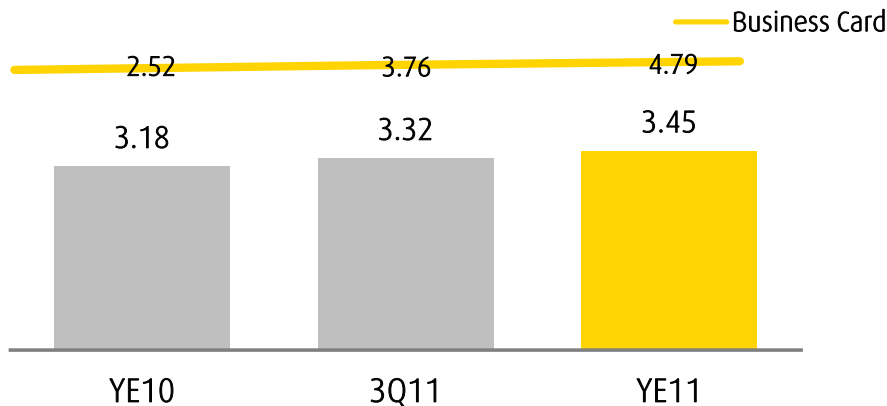
Credit Card Loans growth YoY;

40.3%

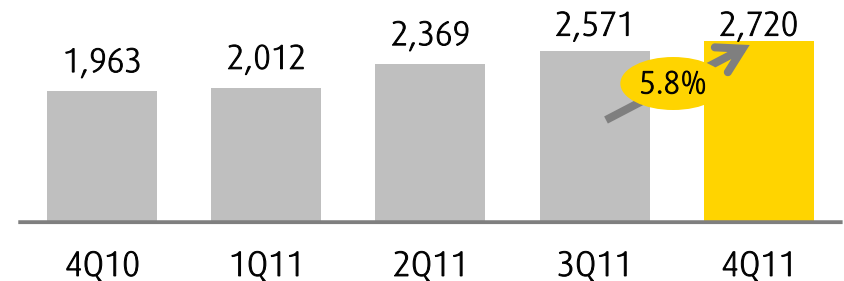
Sector growth YoY;

29.3%

Market share* (%)

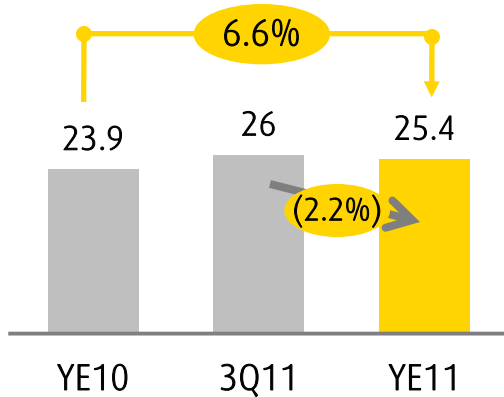


Average Quarterly Issuing Volume (TL thousand)

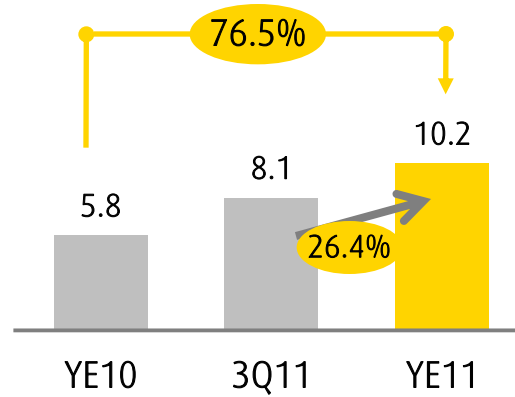


High yielding SME lending growth continued

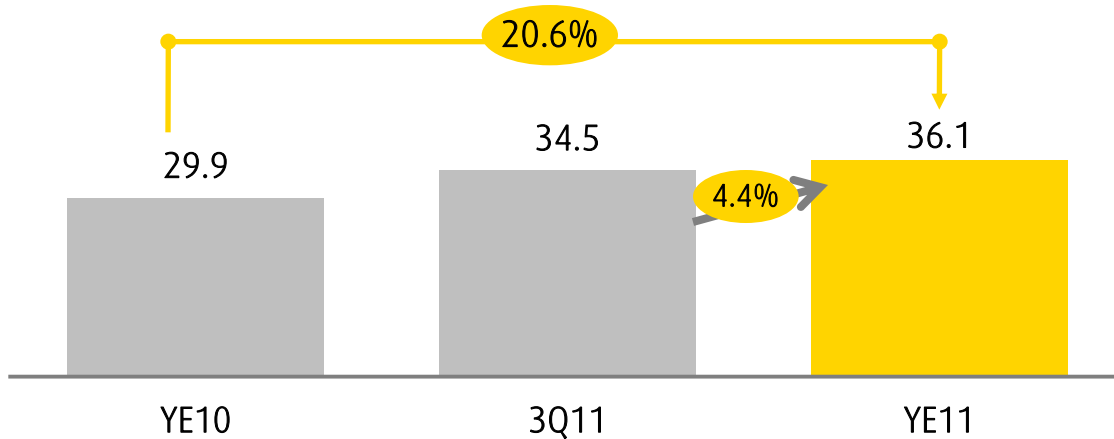
Corporate & Commercial (TL bio)



SME (Commercial Installment Loans, TL bio)



Total Commercial Loans* (TL bio)



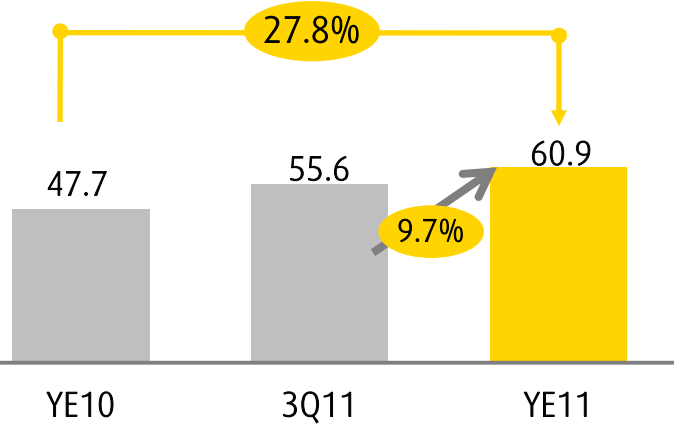
Highly collateralized & high yielding commercial installment loans

YoY growth;

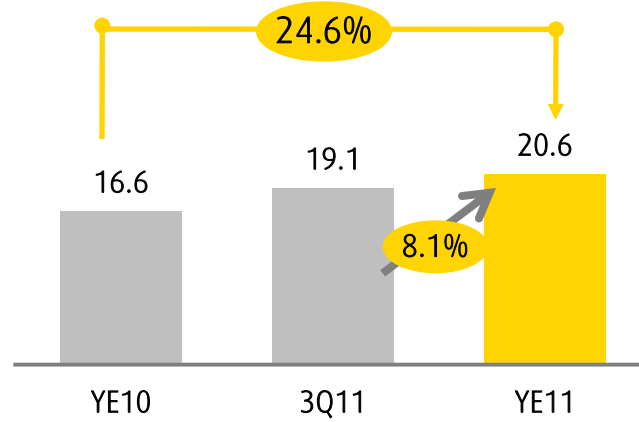
76.5%

Stellar deposit growth in every segment further strenghten solid funding structure

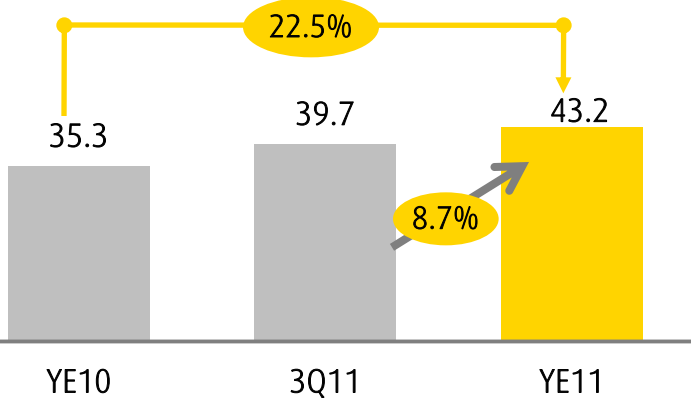
Total Deposits (TL bio)



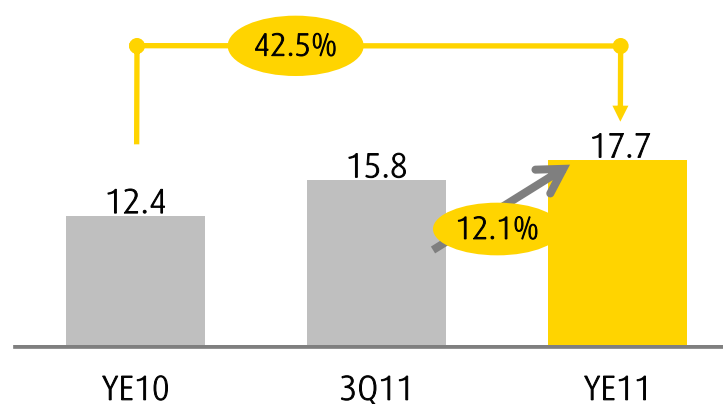
Total Retail Deposits (TL bio)



TL Deposits (TL mio)



FC Deposits (TL mio)



Deposit growth;
YoY

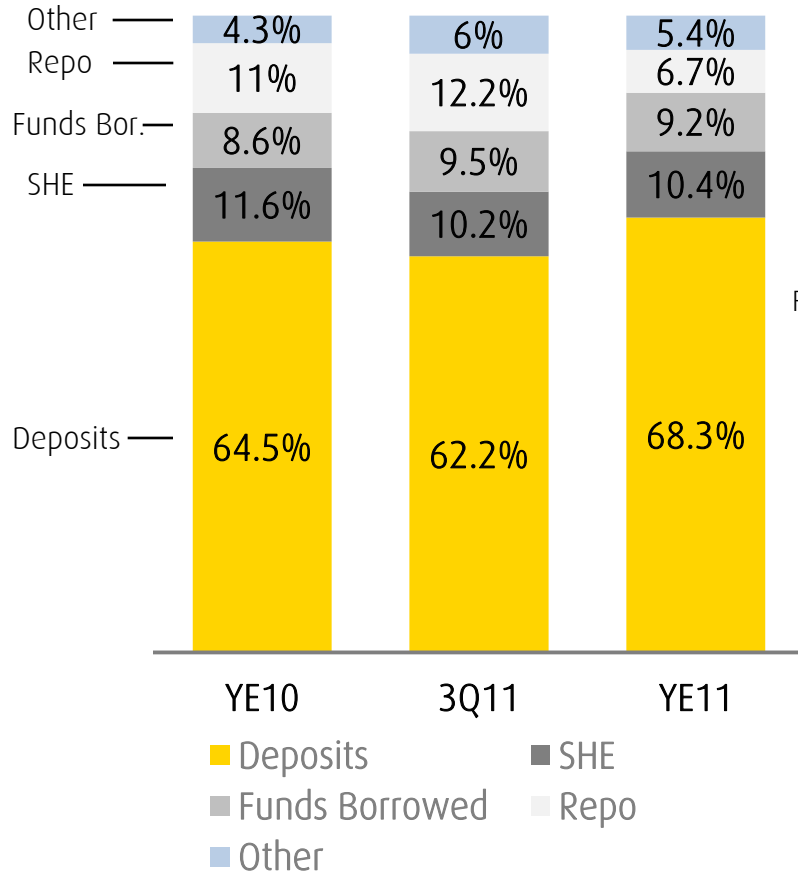
27.8%

Outperforming
sector average
growth YoY;

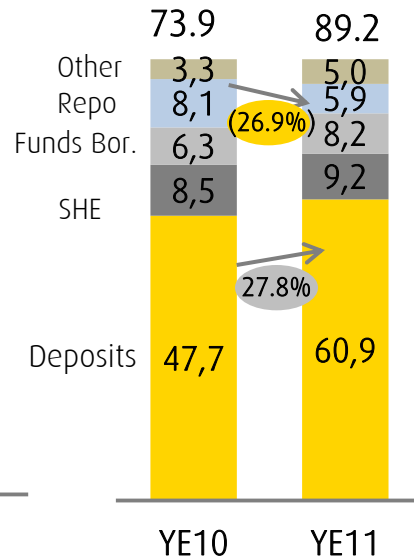
12.7%

Solid funding mix-deposit heavy funding structure

Breakdown of Liabilities (%)



Liabilities Shift (TL bio)



Conservative Wholesale Borrowing

Funds Borrowed / Liabilities

9.2%

Deposits Heavy Funding Structure

Total Deposits / Total Funding

68.3%

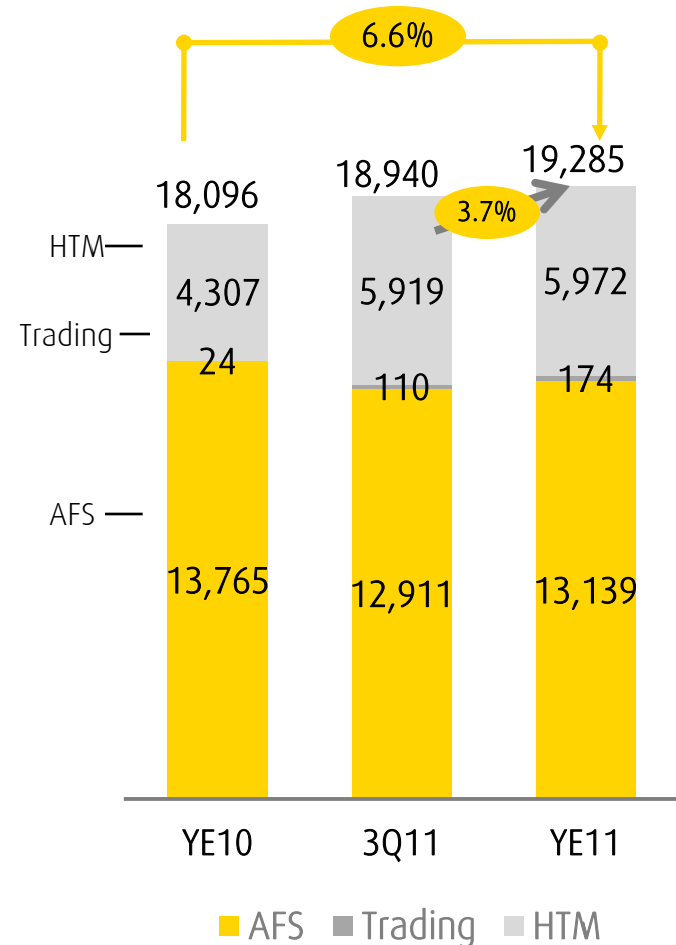
Repo Reliance Decreased Substantially

Repo* / Total Funding

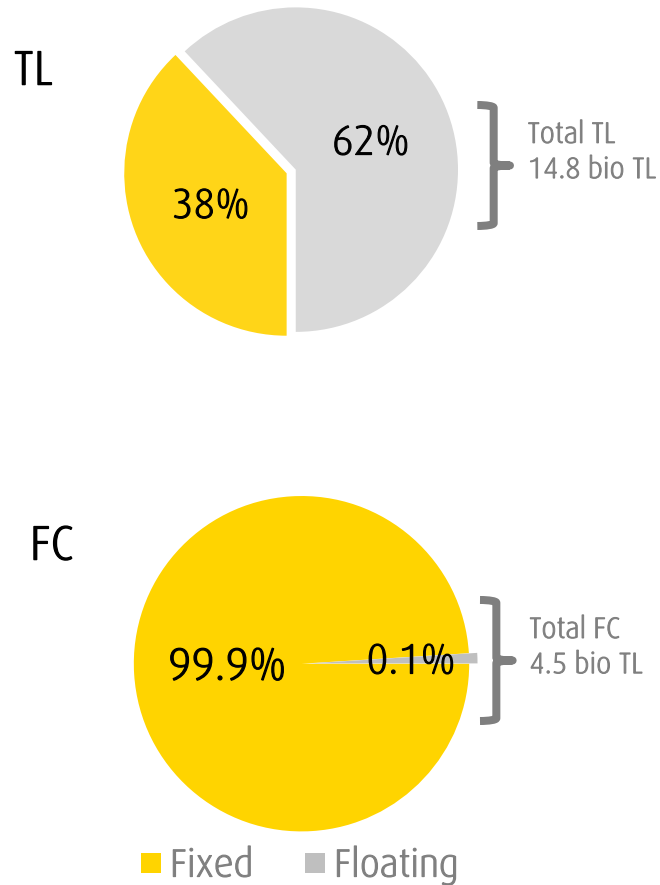
6.7%

Securities portfolio mix

Total Securities (TL mio)



Portfolio Structure

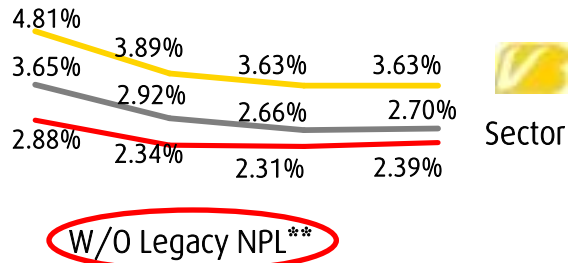


62%
of TL securities are floating.

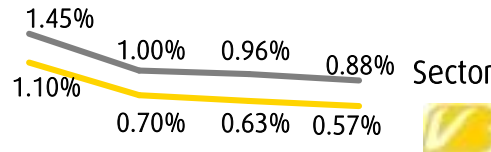
CPI Linkers' share in total;
9.1%

NPL Ratios

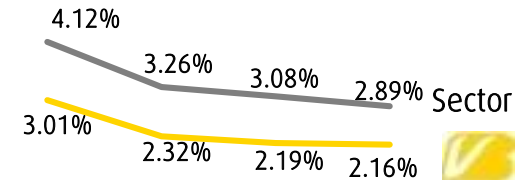
Overall NPL Ratio* (%)



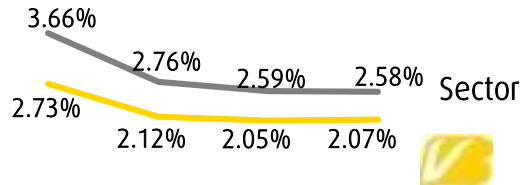
Mortgages NPL (%)



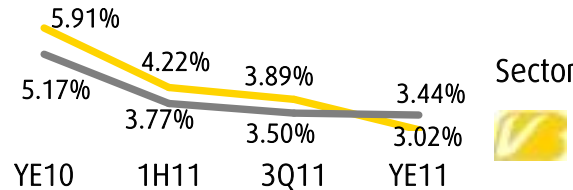
Total Retail NPL (%)



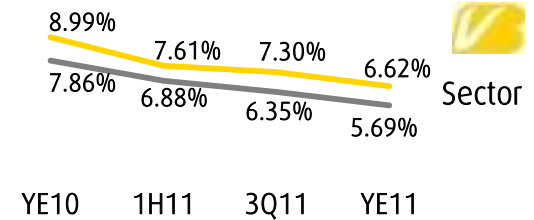
General Purpose Consumer NPL (%)



SME NPL (%)

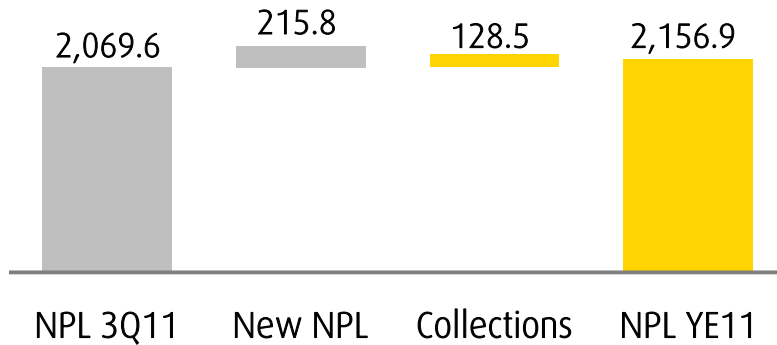


Credit Cards NPL (%)

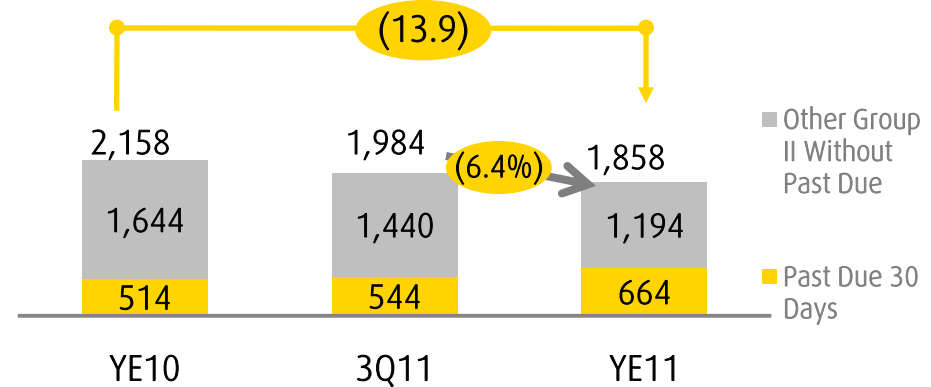


Collections started normalising & positive signals from Group II loans

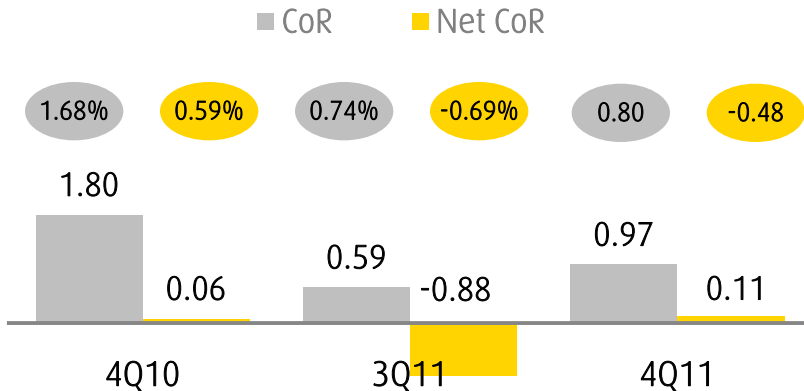
NPL (mio TL) *



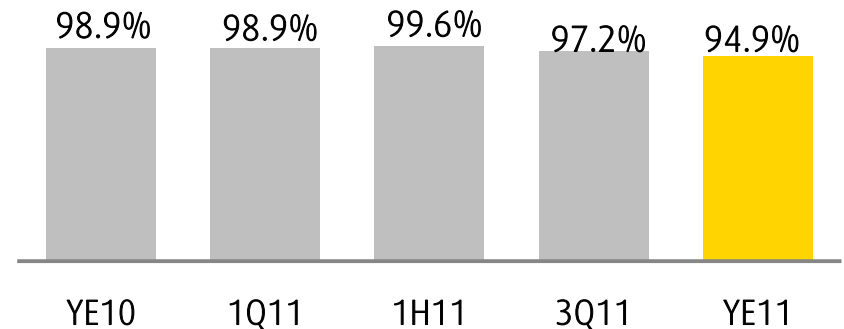
Group II Loans



Cost of Risk (%)

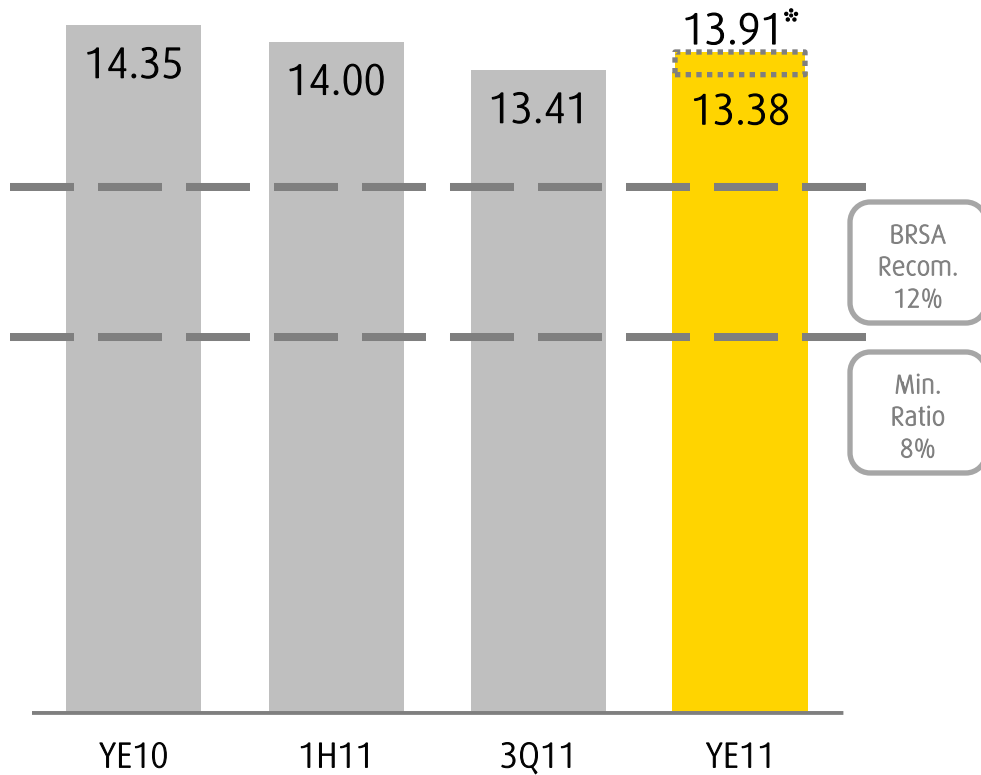


Cash Coverage Ratio of NPL (%)**



Capital Structure

Capital Adequacy Ratio (%)



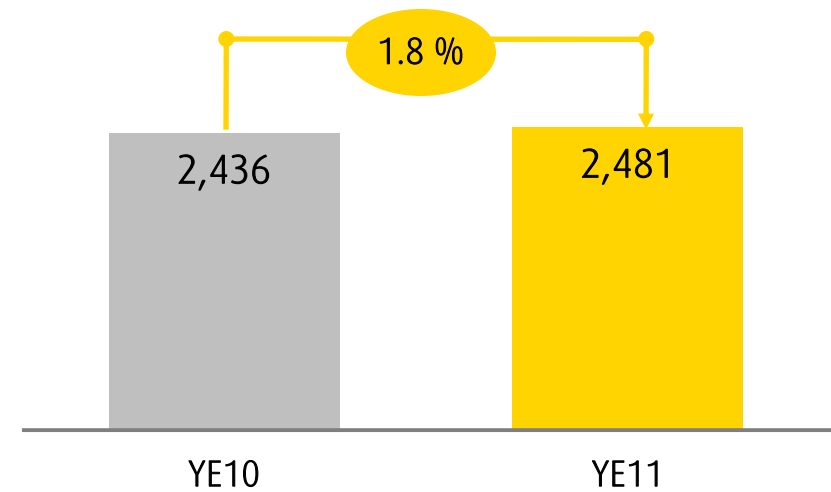
Conservative leverage

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

Earnings Summary

(TL-mio, %)	YE2010	YE2011	Growth
Net Interest Income	2,730	2,893.7	6%
Net F&C Income	443.3	559.3	26.2%
Net Trading Income	316.3	39	(87.7%)
Dividend Income	35.2	44.8	27.4%
Other Operating Income	601.0	885.3	47.3%
Total Operating Income	4,125.8	4,422.2	7.2%
Total Operating Expenses (-)	1,689.8	1,941.4	14.9%
Operating Profit	2,436	2,480.8	1.8%
Provisions (-)	973.2	905.6	(6.9%)
Tax Provisions (-)	305.6	348.4	14%
Income from investments	0	0	n.a.
Net Monetary Gain/Loss	0	0	n.a.
Net Income	1,157.1	1,226.8	6%

Operating Profit (TL mio)

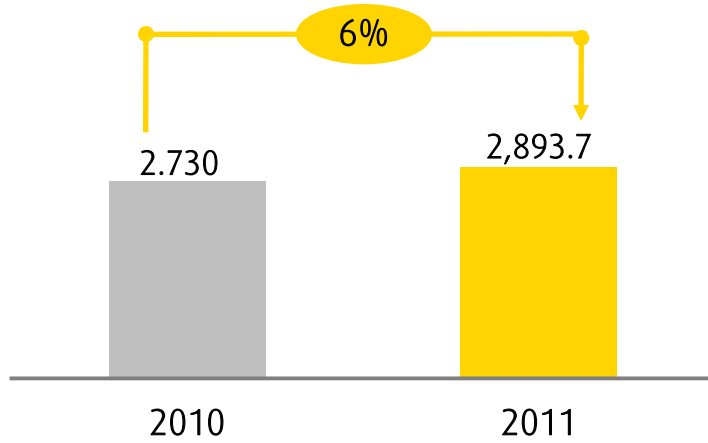


F&C/Operating Income
4Q10 4Q11

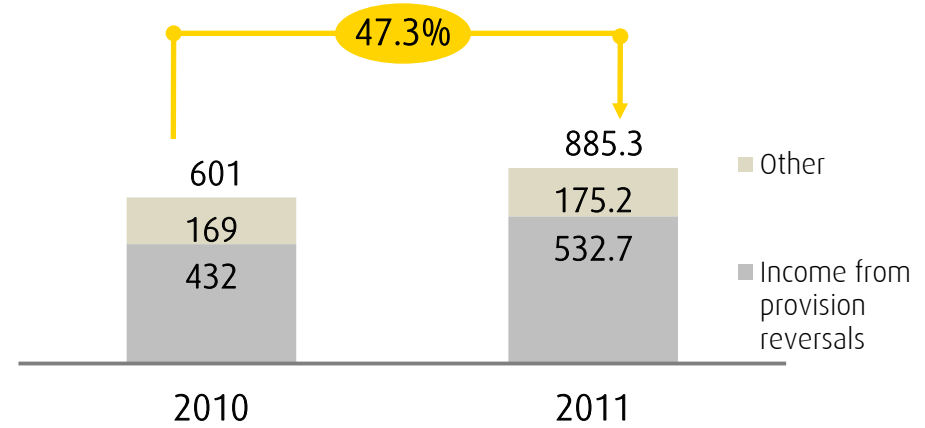
11.2% 12.7%

P & L Participants

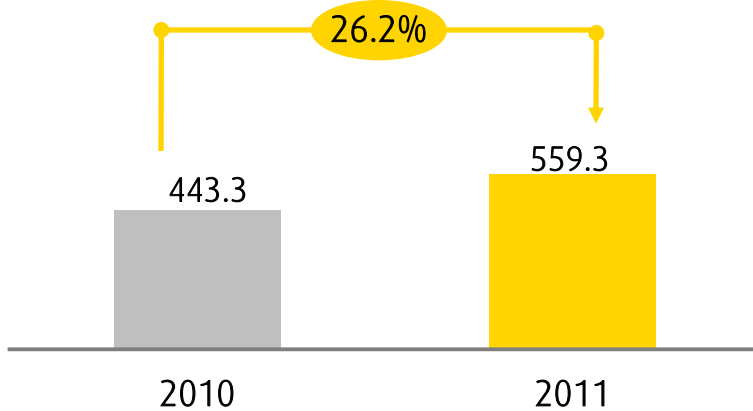
Net Interest Income (TL mio)



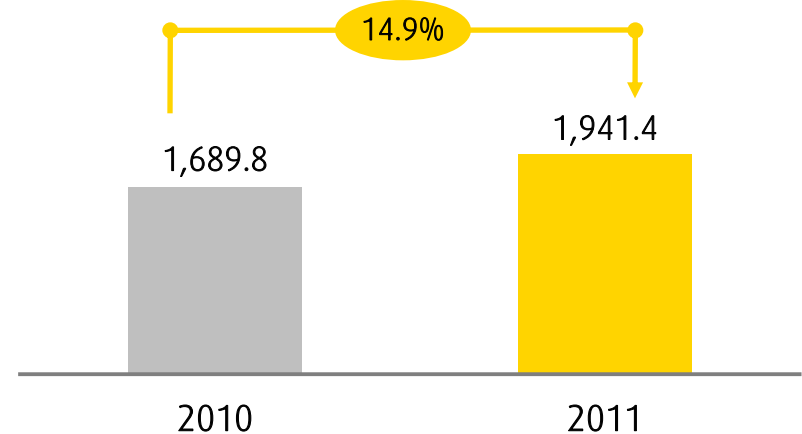
Other Income (TL mio)



Net F & C Income (TL mio)



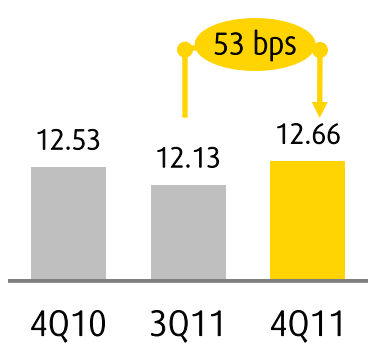
Operating Expenses (TL mio)



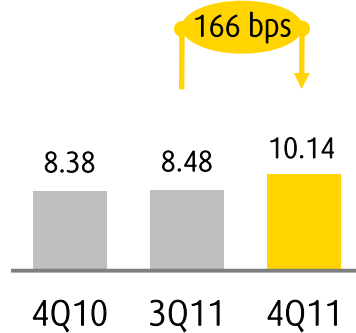
NIM, Spreads and Costs

Yields (%)

TL Loans

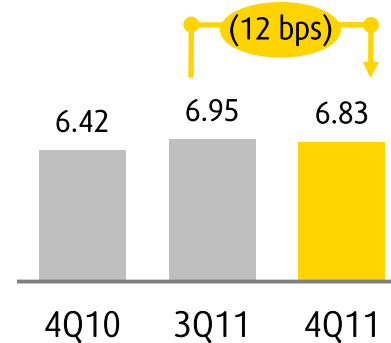


TL Securities

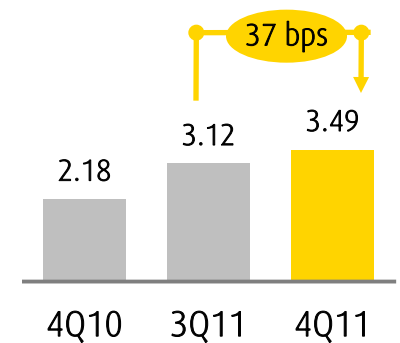


Cost of Deposits (%)

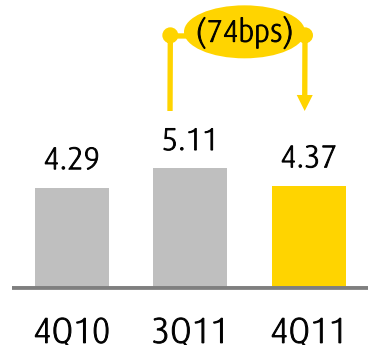
TL Deposits



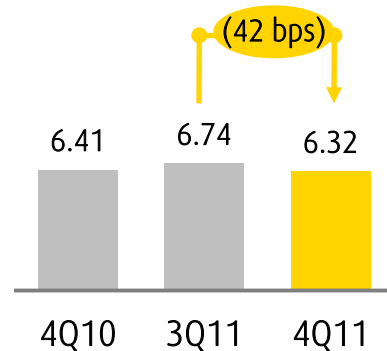
FC Deposits



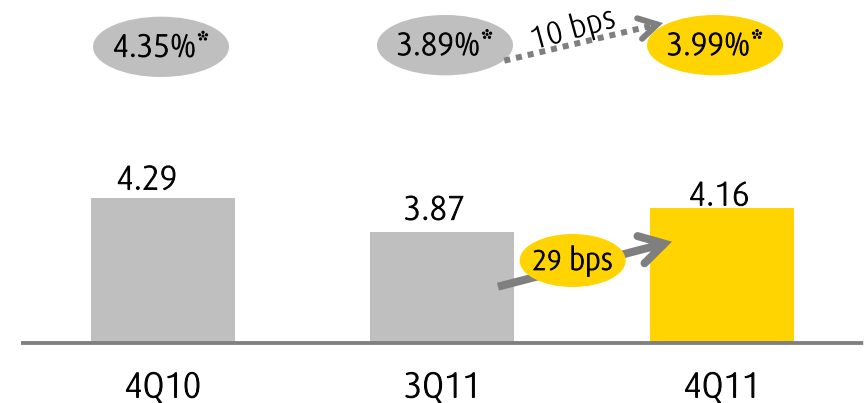
FC Loans



FC Securities



Net Interest Margin (NIM_%)



Vakifbank with numbers

Distribution Channels & Customer Base (#)	YE2011	Efficiency ('000 TL)	YE2011
Branches	680	Assets per Employee	7,297
ATMs	2,533	Assets per Branch	131,154
Personnel	12,222	Loans per Employee	4,680
POS Terminals	84,984	Loans per Branch	84,119
Outstanding Credit Cards	2.6 mn	Deposits per Employee	4,986
Total Customers	11.8 mn	Deposits per Branch	89,616
Total Payroll Customers	2.2 mn		
Internet Banking Customers	1.7 mn		
Active Mutual Fund Customers	1.2 mn		

Strong efficiency ratios continue

Balance Sheet

	(TL-mio, %)	YE2010	3Q2011	YE2011	YoY Growth	QoQ Growth
Assets	Cash & Balances with Central Bank	4647	8,935	7,137	53.6%	(20.1)%
	Interbank	3,373	2,863	2,320	(31.2%)	(18.9%)
	Securities	18,096	18,940	19,285	6.6%	1.8%
	Loans	44,836	54,919	57,201	27.6%	4.2%
	Subsidiaries & Investments	895	820	865	(3.4%)	5.5%
	Property & Equipment	1,114	1,104	1,094	(1.8%)	(0.9%)
	Other	1,001	1,675	1,284	28.4%	(23.3%)
	Total Assets	73,962	89,255	89,184	20.6%	(0.1%)
Liabilities & SHE	Deposits	47,701	55,560	60,939	27.8%	9.7%
	Funds Borrowed	6,327	8,469	8,237	30.2%	(2.7%)
	Other	10,385	14,911	9,426	(9.2%)	(36.8%)
	Provisions	990	1,167	1,283	29.7%	10%
	Shareholders Equity	8,559	9,148	9,298	8.7%	1.7%
Off-B.S	Guarantees	11,345	14,433	15,664	38.1%	8.5%
	Commitments	10,348	12,638	44,555	330.6%	252.6%
	Derivatives	6,968	10,875	12,950	85.9%	19.1%

Income Statement

(TL-Thousand, %)	YE2010	3Q2011	YE2011	Δ{YE11 YE10}	Δ{4Q11 3Q11}
Net Interest Income	2,730,001	2,085,674	2,893,718	6%	11.8%
Net Fee & Com. Income	443,282	412,693	559,307	26.2%	3.4%
Dividend Income	35,189	44,495	44,817	27.4%	1866%
Net Trading Income	316,289	15,625	39,000	(87.7%)	189.2%
Other Income	601,030	707,904	885,315	47.3%	(32.8%)
Total Revenues	4,125,791	3,266,391	4,422,157	7.2%	4.8%
Operating Expense	(1,689,813)	(1,422,536)	(1,941,380)	14.9%	6.7%
Provisions	(973,204)	(608,832)	(905,596)	(6.9%)	45.1%
Tax Provisions	(305,634)	(269,888)	(348,396)	14%	(17.8%)
Net Income	1,157,140	965,135	1,226,785	6%	(17.2%)



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