Earnings Presentation

BRSA Bank-Only 3Q 2013

November 7, 2013

3Q 2013 Macro Highlights

- The Federal Open Market Committee on Sept 18 decided to maintain its asset purchase program at 85 bio USD per month.
- The uncertainity about the timing of FED's tapering and the conflicting US economic data created volatility during 3Q13.
- Emerging markets suffered from currency depreciation and capital outflows amid global volatility.
- ECB preserves its dovish stance in monetary policy as the economic outlook to remain weak in Euro area
- China's GDP growth accelerated to 7.8% in 3Q13 from 7.5% in 2Q13. Growth in the first nine months stood at 7.7%
- Turkish GDP growth rate was 4.4% in 2Q13 supported by high domestic demand and public investments
- Despite some currency pass through impact, annual CPI eased to 7.9% in September on the back of base effect but still higher than CBRT target.
- 12 month rolling current account deficit increased to 56.7 bio USD in August due to high level of gold imports
- All time low benchmark rate in Mid-May with 4.6% level, increased to 10.2% in August and subsided to 8.7% in September.
- Fiscal performance continue to be strong 9 Months cumulative budget deficit came at 4.5 bio TL.
- CBRT increased the upper band of the interest rate corridor by a total 125 bps to 7.75% amid growing volitility concerns
- New Mid-term economic programme was announced

  - 2013 GDP expectation revised to 3.6% from previous 4.0%.
  - CPI expectation for 2013 increased to 6.8% from previous 5.3%.
  - CAD/GDP ratio remained intact at 7.1% for 2013.

3Q 2013 VakifBank Highlights

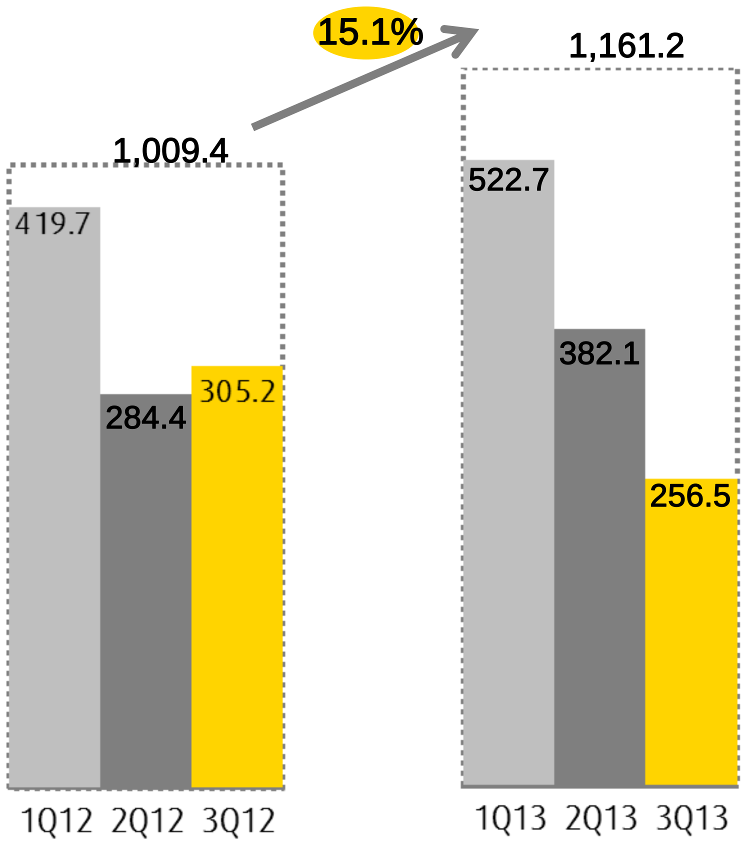
- Quarterly bank-only net income is 256.5 mio TL; which brought 9 months cumulative net income to 1,161.2 mio TL, which is up by 15.1% YoY
- NIM is down by 121 bps QoQ to 4.13%; 9 months cumulative NIM is 5.04%, which is inline with the full year budget
- Loan growth was 6.2% QoQ and 20.7% Ytd signalling around 25% loan growth for the full year.
- TL loan growth at 5.5% QoQ; mainly driven by non-granular segments such as SME and retail.
- FC loans are up by 8.3% in TL terms and 3.2% QoQ in USD terms.
- Solid funding mix further strenghtened; strong deposit growth 7.4% QoQ and 14.7% Ytd.
- Deposit growth mainly supported by strong demand deposit growth; which is up by 8.6% QoQ. The share of demand deposits further increased to 17.2% in total deposits.
- Loan to Deposit ratio came down to 106% from 107.4% in the previous quarter.
- Debt capital market activity increased thanks to timely issuances of private placements under GMTN programme
- Total securities grew 6.2% QoQ and the share of CPI linkers in TL securities further increased to 28.3%.
- Asset quality continued to improve as budgeted; NPL ratio is down by 7 bps to 3.94% without asset sale & write off.
- Cash coverage further increased to 93% in 3Q13 from 91.7% in 2Q13 which is one of the highest ratio in sector as a result of aging effect.
- Annual opex growth is at 15.9% on a comparable basis* despite all time record quarterly branch extension; 91 new branches opened during 3Q13 and Ytd new branch extension reached to 115. **
- Rational usage of capital continued despite good level of growth, CAR stands strong at 14.30%.

* 61.6 mio TL Competitionary Board fine was reclassified from provisions to opex in 3Q 2013.

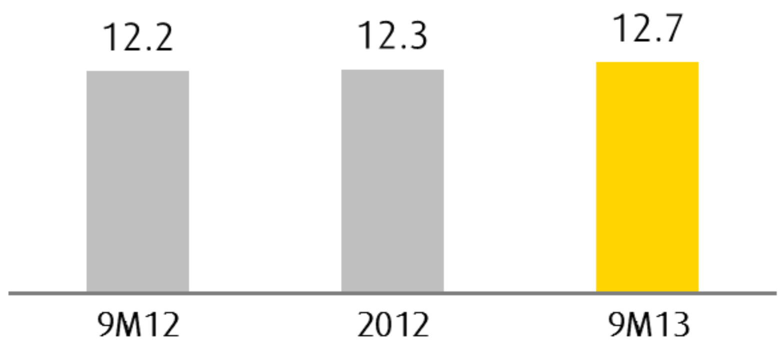
** Total branch number reached to 859 as of 7th of November

3Q 2013 Earnings and Ratios

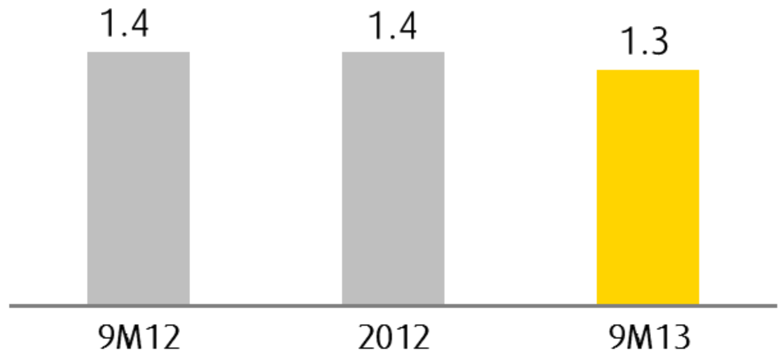
Net Income (Mio TL)



ROE (%)

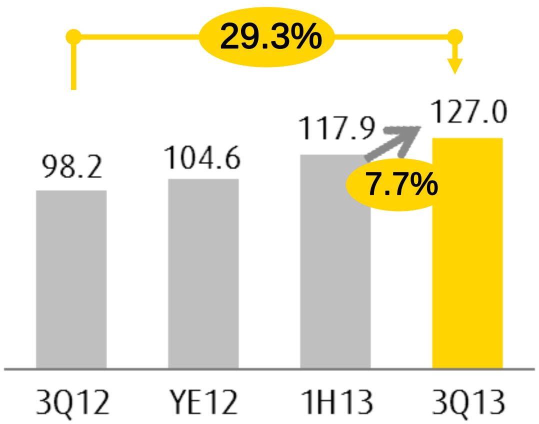


ROA (%)

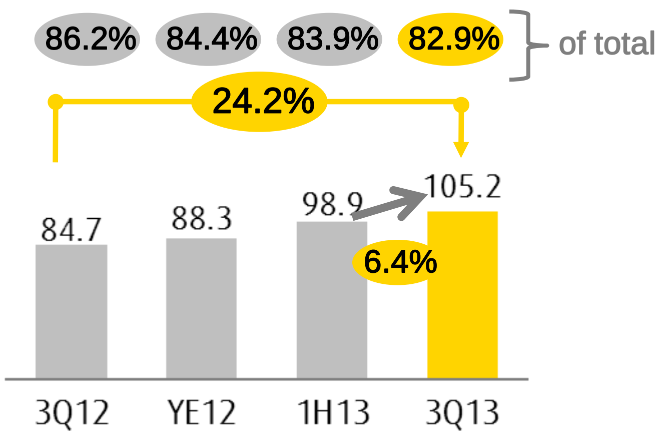


Asset expansion lead by strong loan & security growth

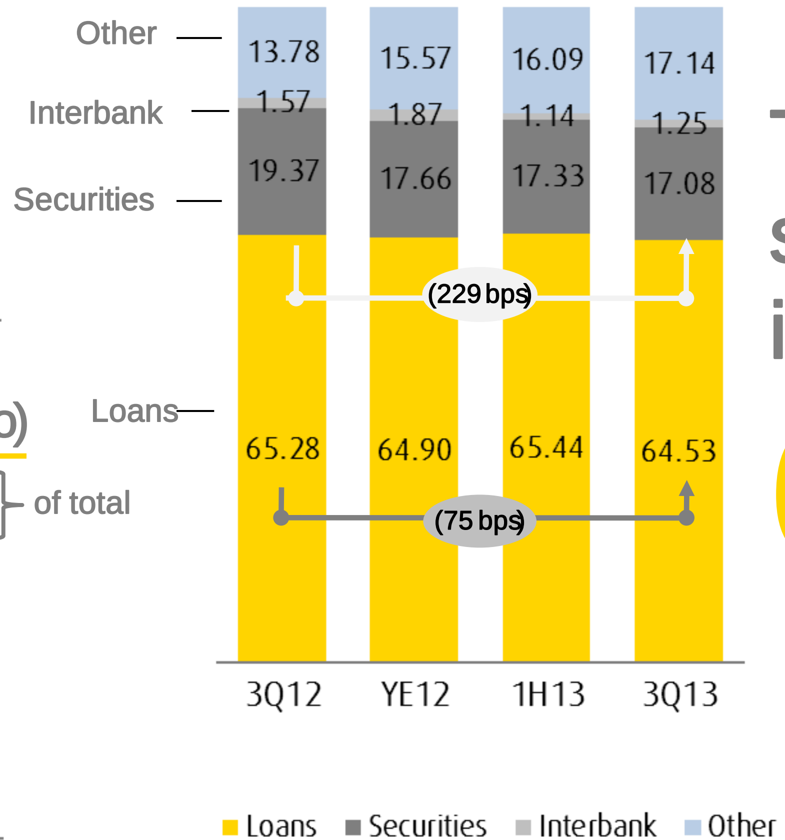
Total Assets (TL bio)



Interest Earning Assets (TL bio)



Breakdown of Assets (%)



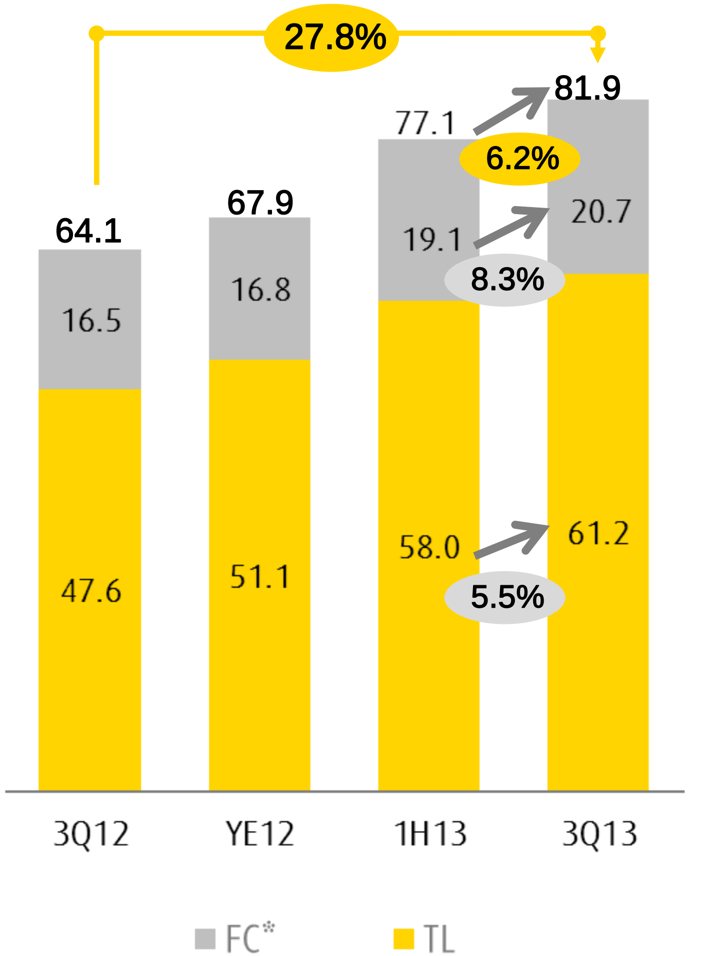
The highest share of loans in total assets*

64.5%

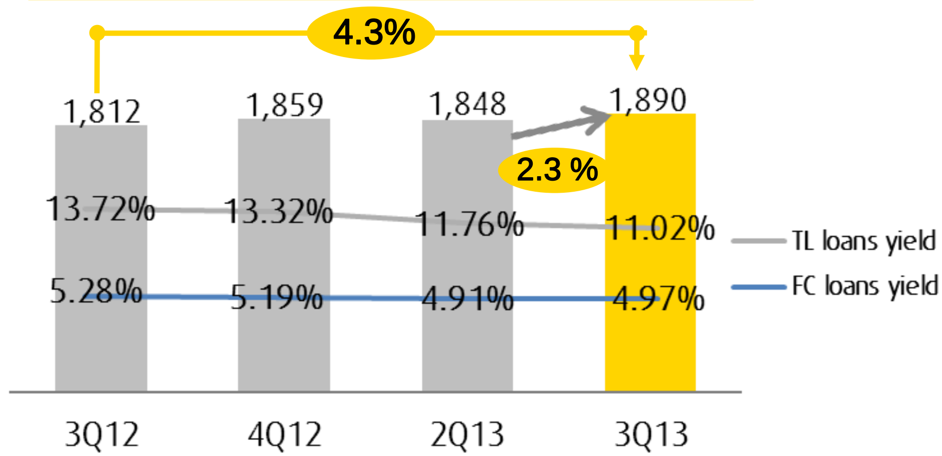
*Among peer group as of 2Q13

Well balanced loan growth

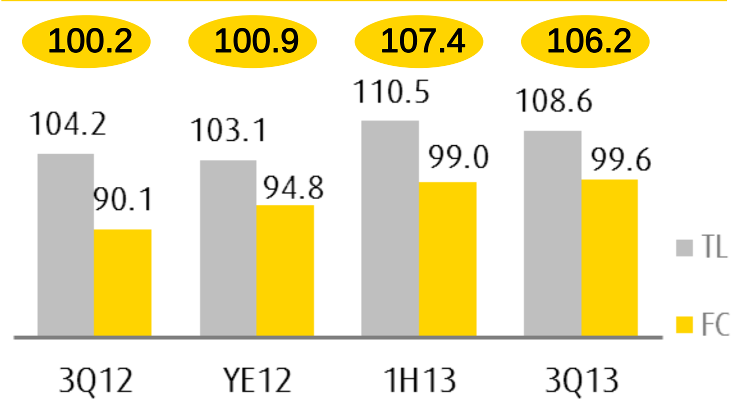
Total Loans (TL bio)



Interest Income on Loans (TL mio)



Loan / Deposit (%)

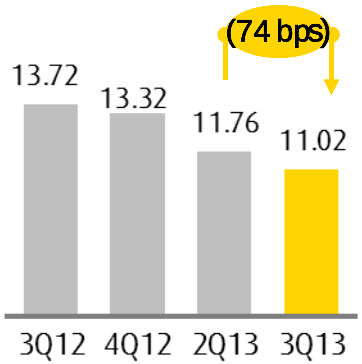


* FC loans are up by 3.2% QoQ in USD terms

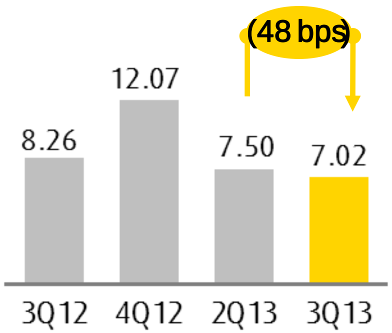
NIM, Spreads and Costs

Yields (%)

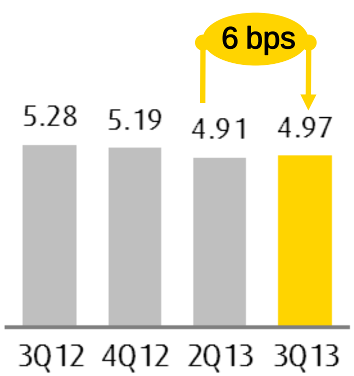
TL Loans



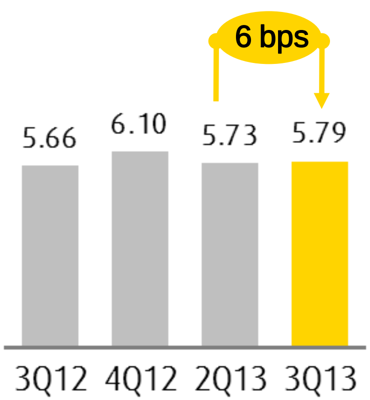
TL Securities



FC Loans

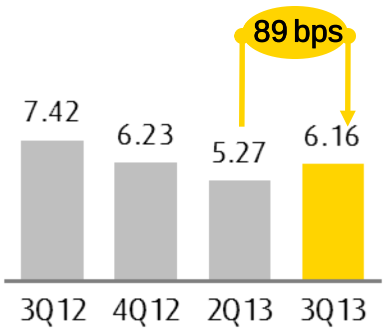


FC Securities*

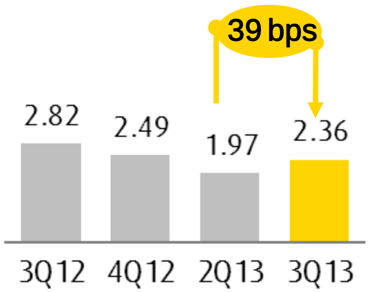


Cost of Deposits (%)

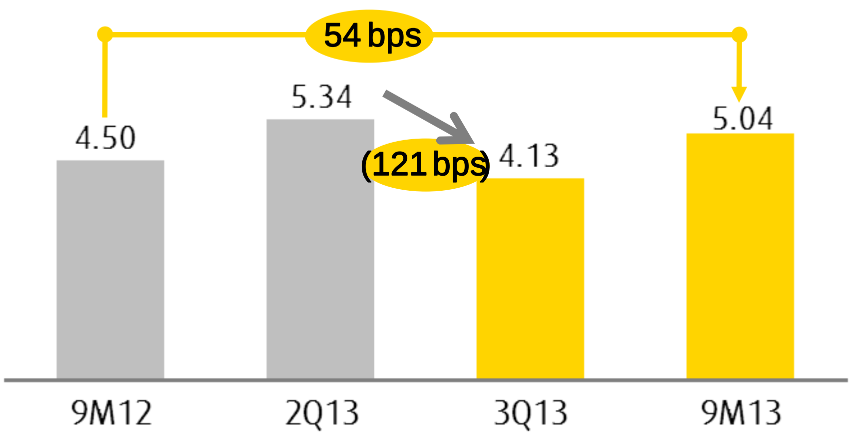
TL Deposits



FC Deposits



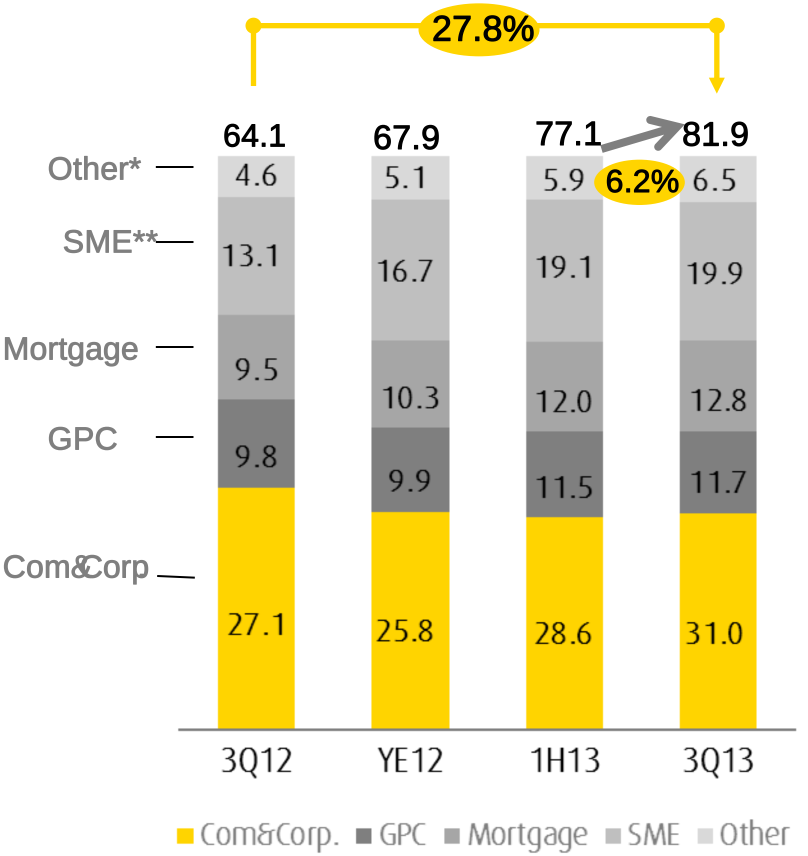
Net Interest Margin (NIM %)



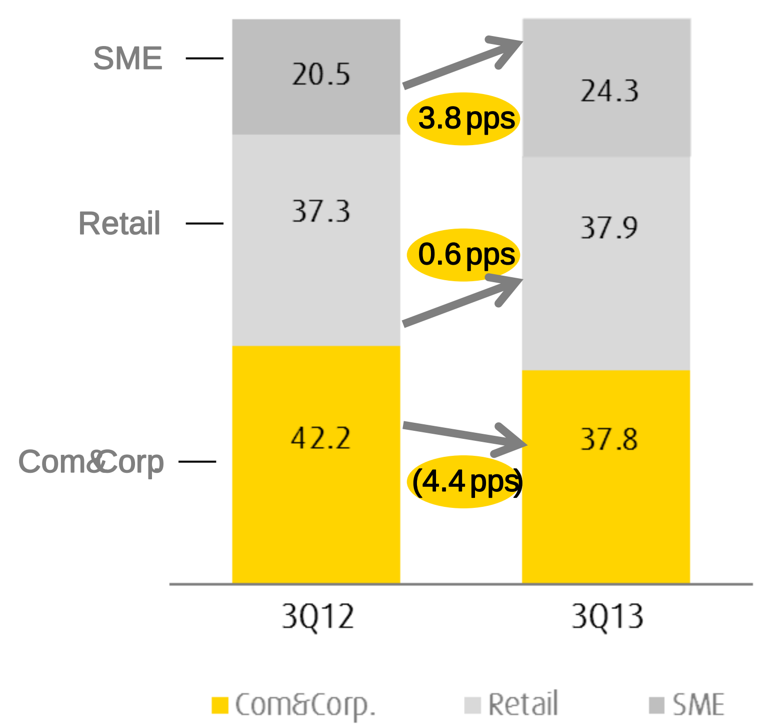
* MIS data.

Well diversified loan breakdown

Breakdown of Loans (TL bio)



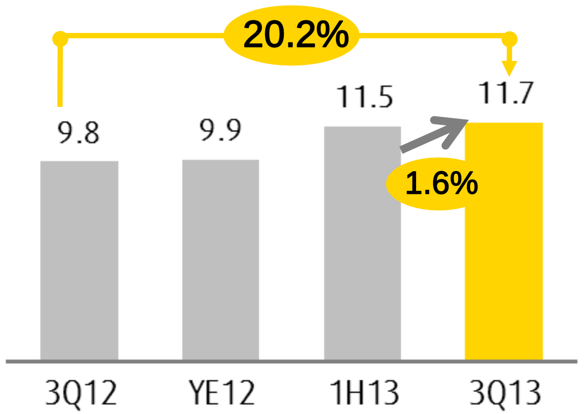
Portfolio Shift (%)



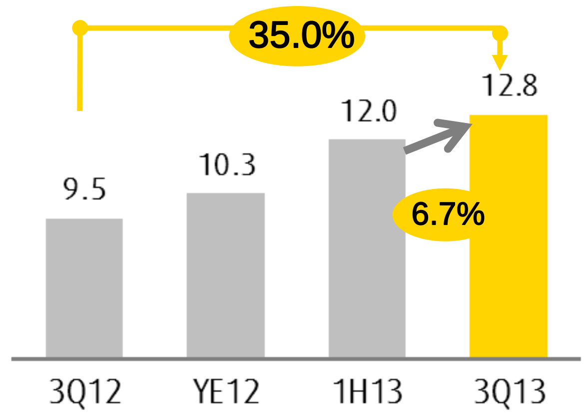
*Other includes credit cards, overdraft and auto loans.
**SME book is reclassfied in line with new formal SME definition of government, annual turnover up to 40 Mio TL companies classified under SME

The negative impact of overdraft cap compensated by volume growth

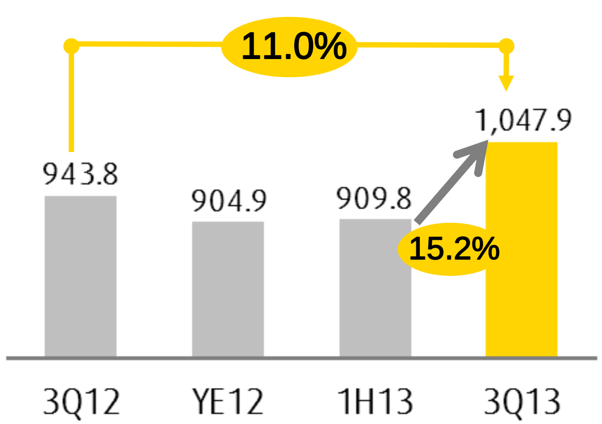
General Purpose Consumer (TL bio)



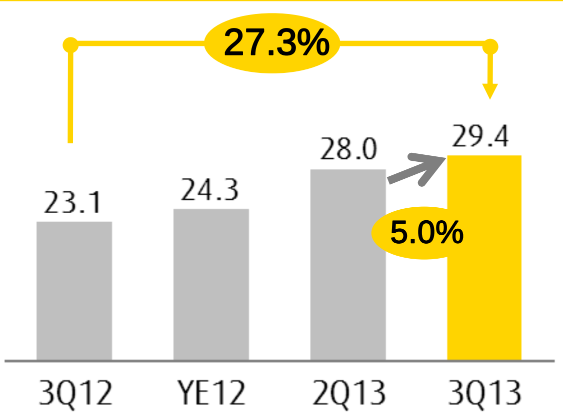
Residential Mortgages[1] (TL bio)



Retail Overdraft (TL mio)



Total Retail (TL bio)

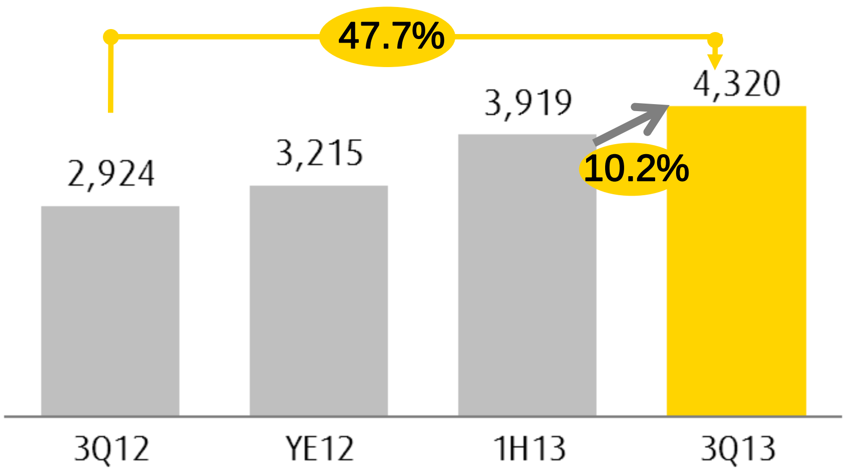


Strong presence in key retail segments thanks to **2.2 million** pay-roll accounts

[1] Includes TOKI projects.

Selective & profitable growth continued in credit cards

Credit Card Loans (TL mio)



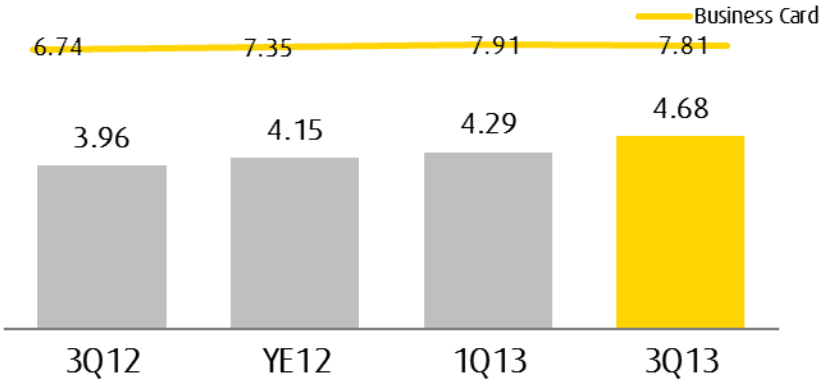
Credit Card Loans growth YoY

47.8%

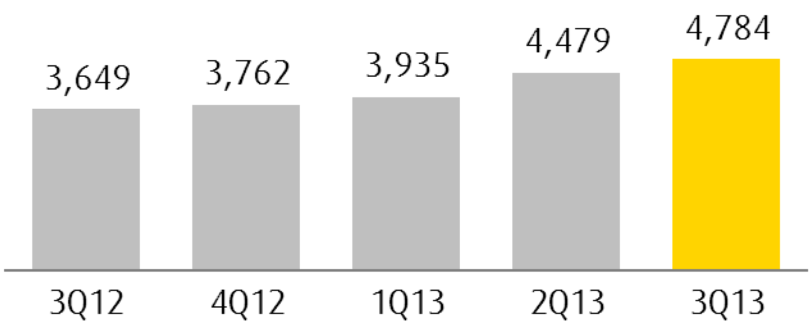
Sector growth YoY

25.7%

Marketshare* (%)



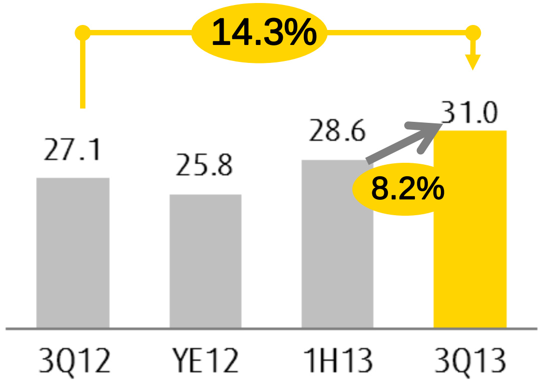
Average Quarterly Issuing Volume (TL mio)



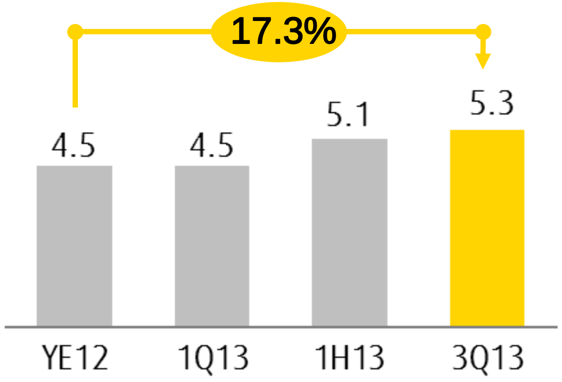
*Calculations based on weekly BRSA report.

SME loan growth is in line with budget

Corporate & Commercial (TL bio)



Project Finance Loans (USD bio)

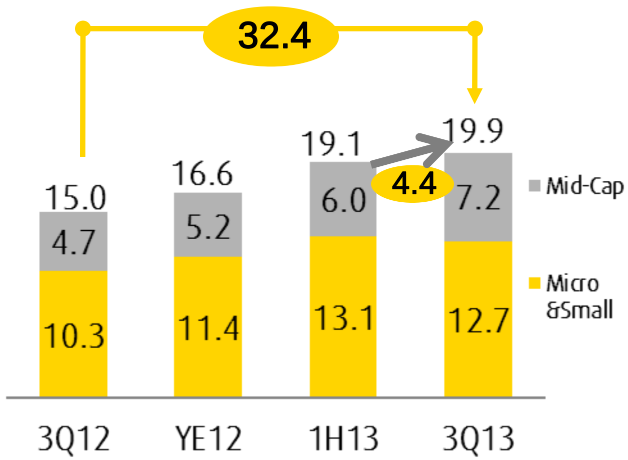


Project Finance Loans grew

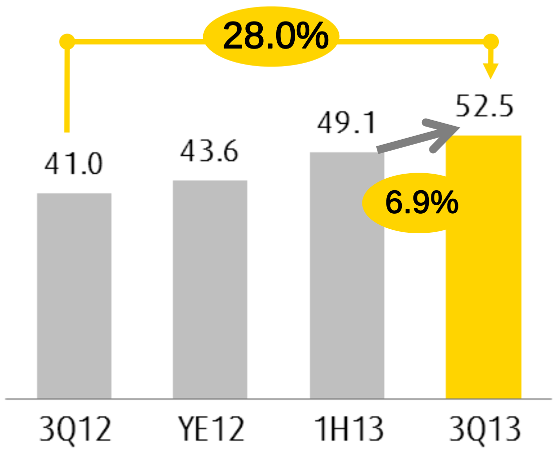
17.3%

YoY in USD terms

SME* (TL bio)



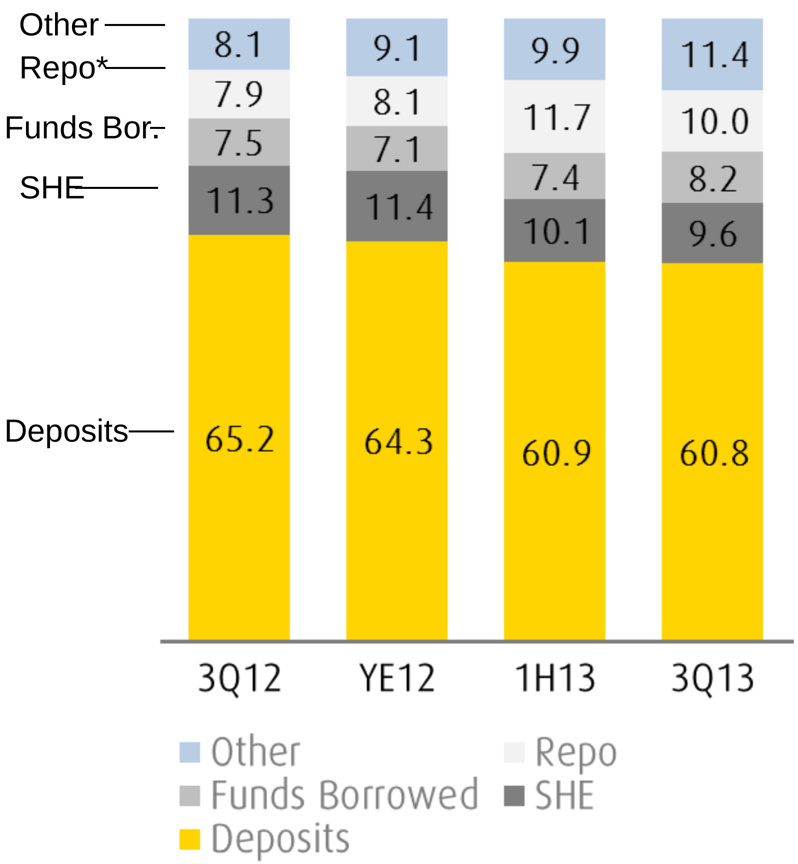
Total Com. & Corporate Loans** (TL bio)



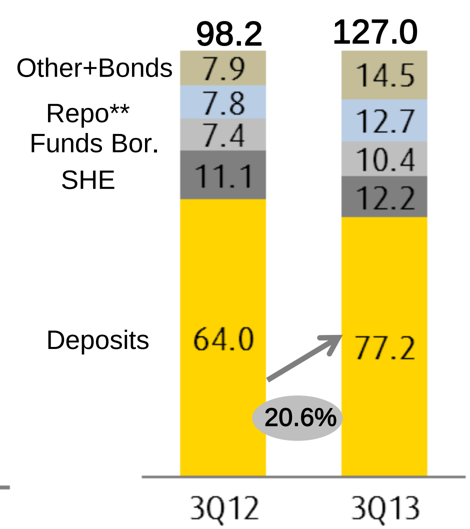
*According to VakifBank MIS data Micro & Small SME annual turnover < 8 Mio TL, Mid-Cap SME annual turnover between 8 to 40 Mio TL
**Includes corporate loans, SME loans, overdraft & credit card loans.

Liability diversification towards longer duration DCM activity continued

Breakdown of Liabilities (%)



Liabilities Shift (TL bio)



Wholesale Borrowing

Funds Borrowed + Bonds Issued + Sub-debt / Liabilities

14.2%

Deposits Heavy Funding Structure

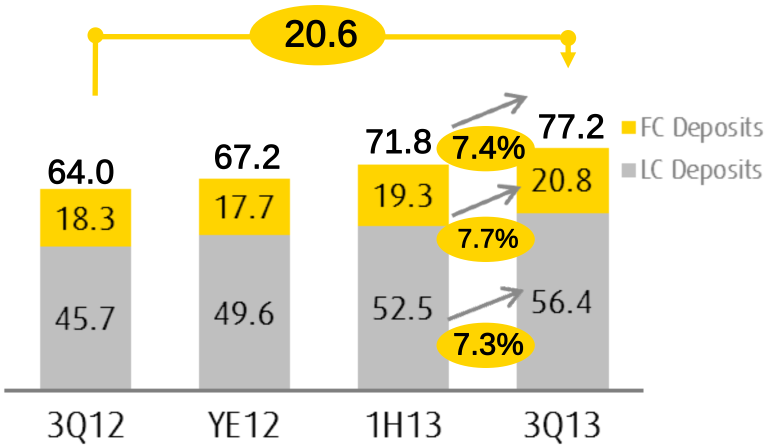
Total Deposits / Liabilities

60.8%

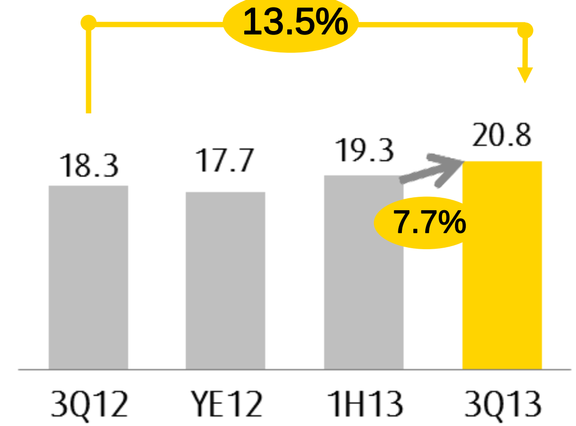
*Includes CBRT and market TL & other FC repo transactions.
**3.9 bio TL CBRT Repo Transactions as of 3Q13.

Solid deposit franchise with faster growth on demand deposits

Total Deposits (TL bio)



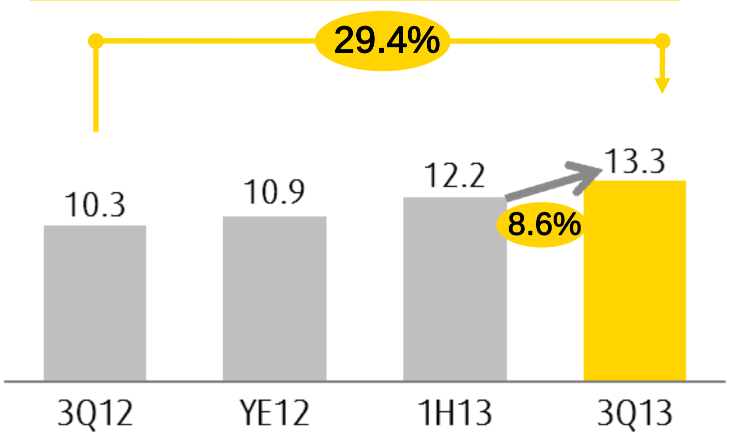
FC Deposits (TL bio)*



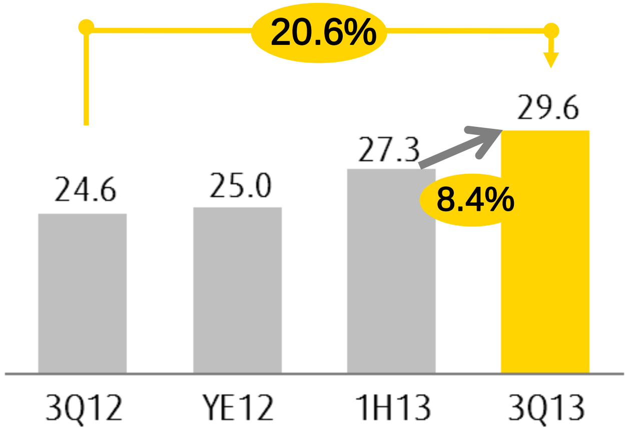
Demand Deposit growth YoY;

29.4%

Demand Deposits (TL mio)



Total Retail Deposits (TL bio)



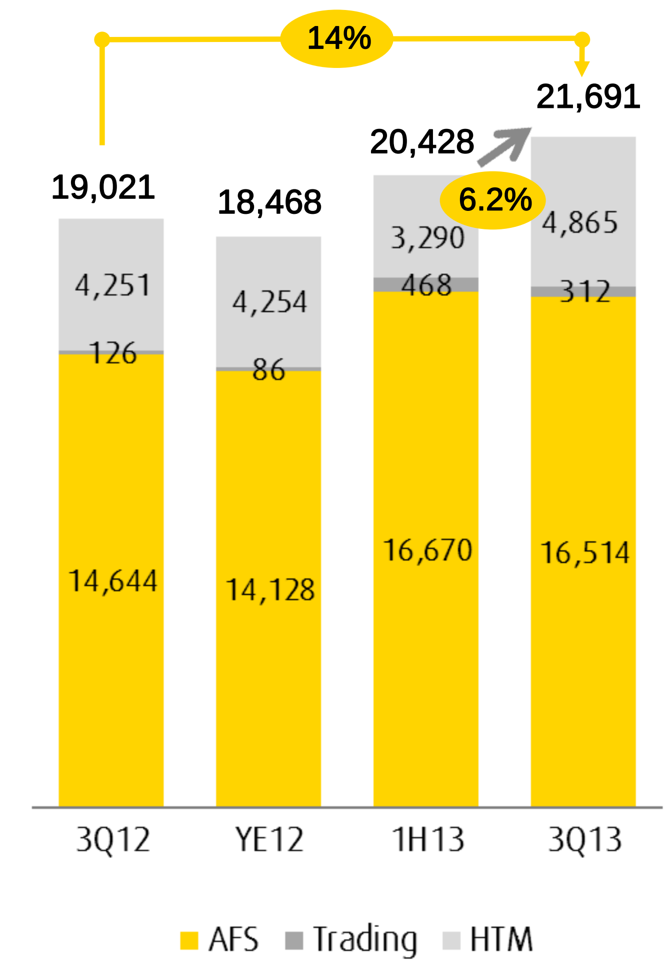
Share of Demand Deposits in total;

17.2%

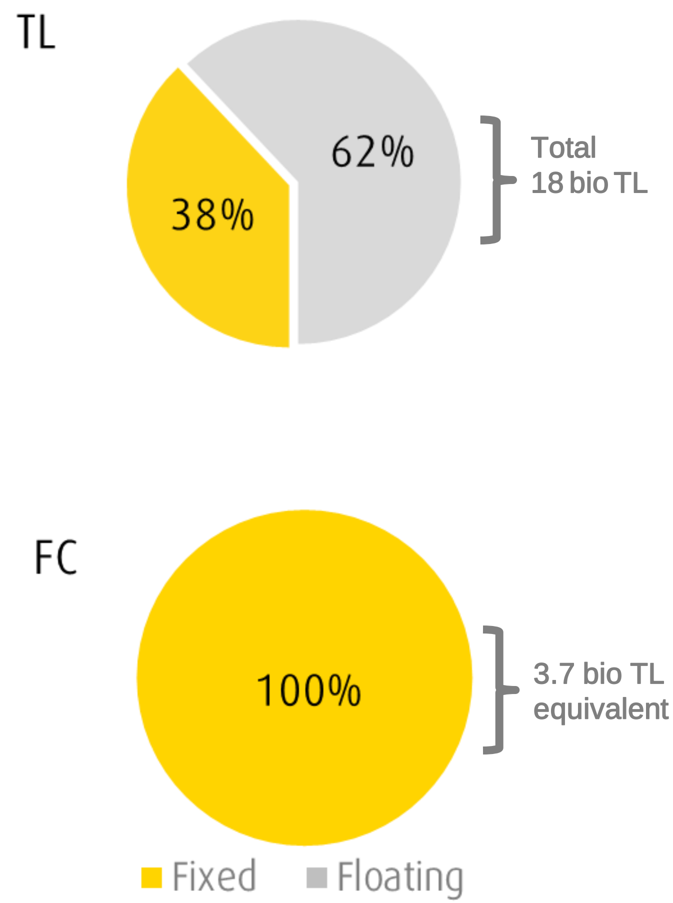
* FC deposits are up by 2.6% QoQ in USD terms.

Timely reshaped securities portfolio in favour of CPI linkers

Total Securities (TL mio)



Portfolio Structure



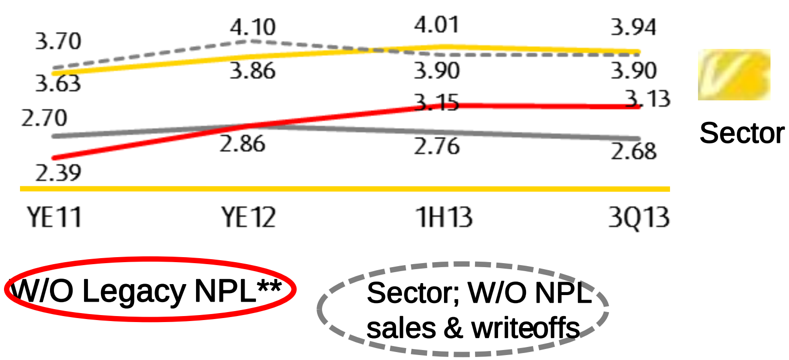
CPI Linkers's share in TL Securities increased from **14.2%** in 2012YE to

28.3%

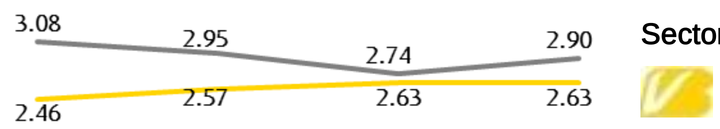
in 3Q13

NPL Ratios

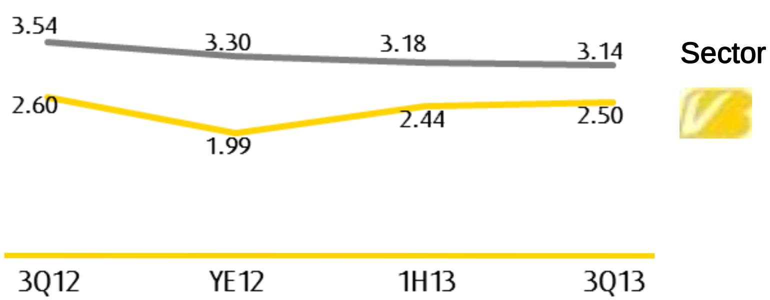
Overall NPL Ratio* (%)



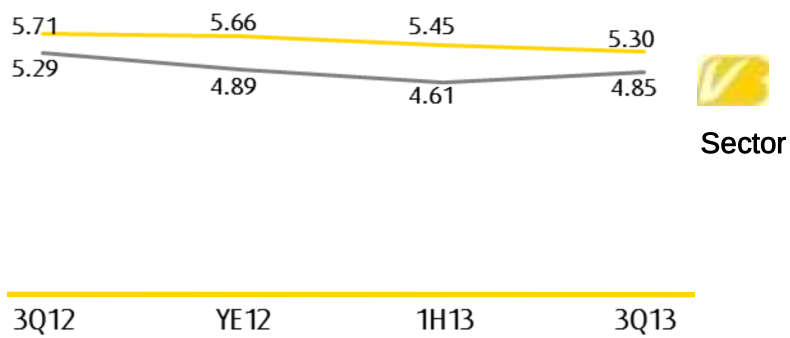
Total Retail Loans NPL (%)



Commercial Installment NPL (SME) (%)



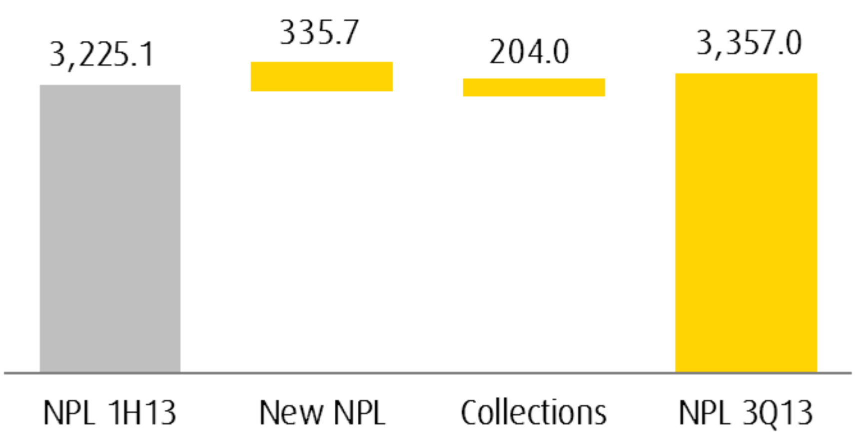
Credit Cards NPL (%)



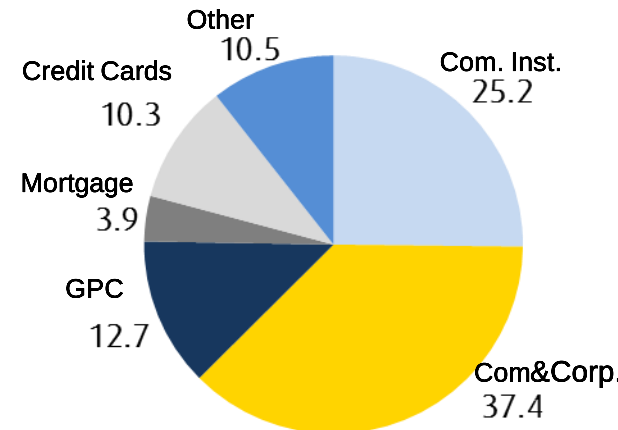
*Accumulated NPL, no write off & no asset sale for Vakifbank. **NPL Ratio, if legacy NPL before 2008 excluded.
Sector data based on weekly BRSA reports.

Further increased cash coverage ratio

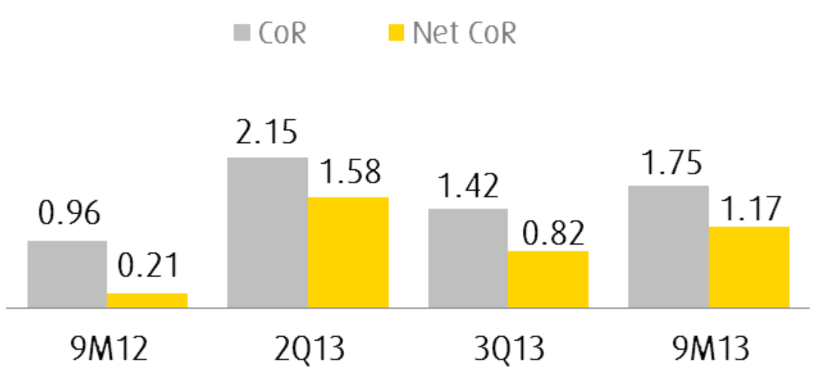
NPL (mio TL)*



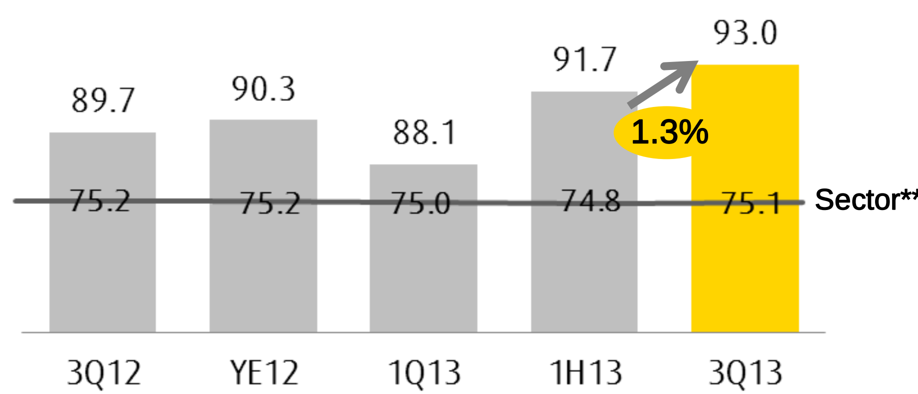
Breakdown of New NPL Inflow (%)



Cost of Risk (%)



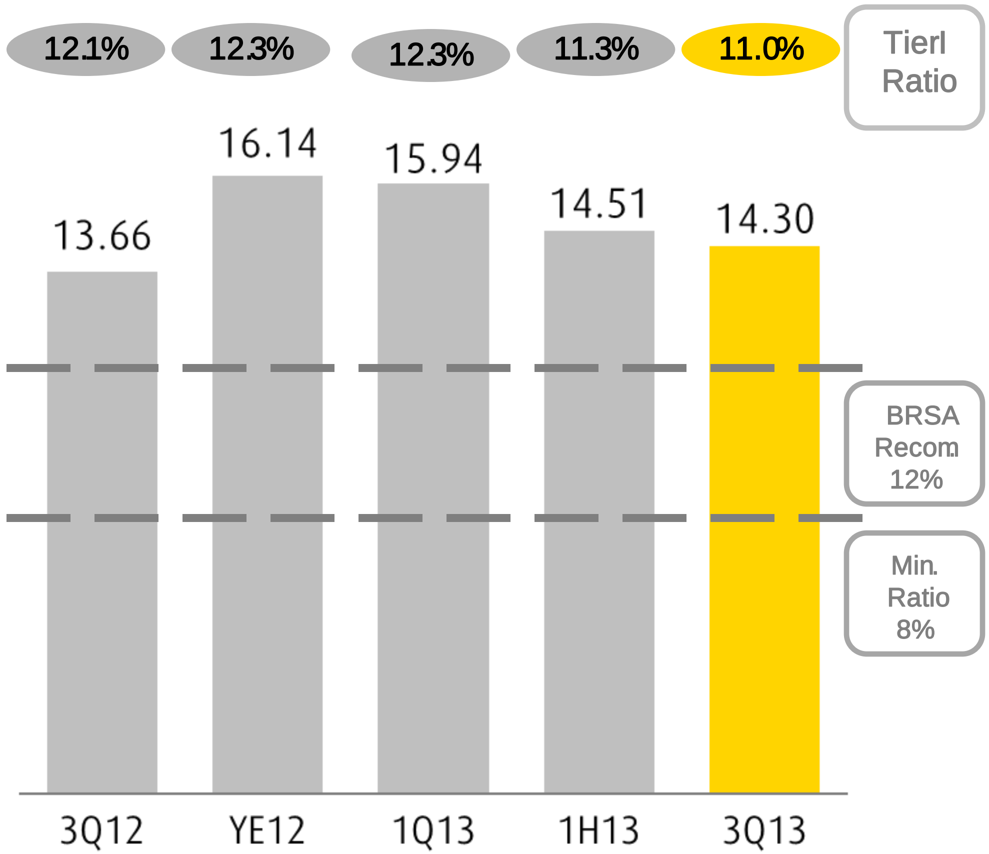
Coverage Ratio of NPL (%)

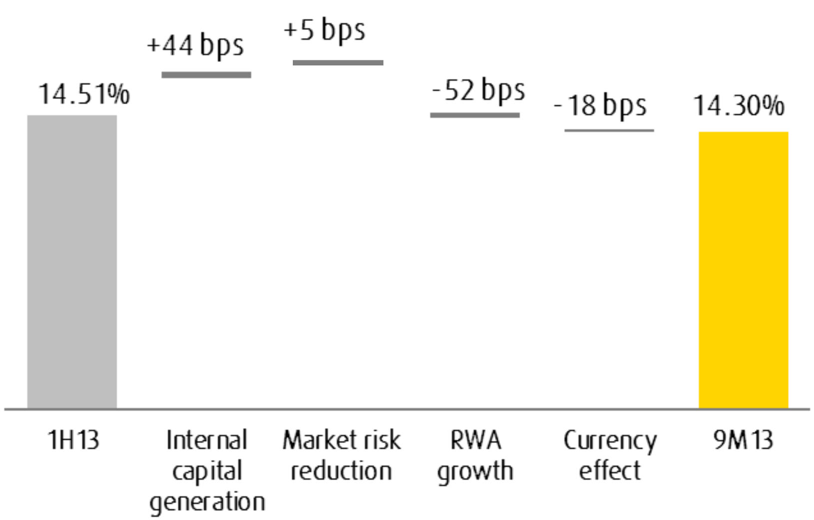


* Accumulated NPL, no write off & no asset sale.
** According to monthly BRSA data.

Rational usage of capital continued with solid solvency ratios

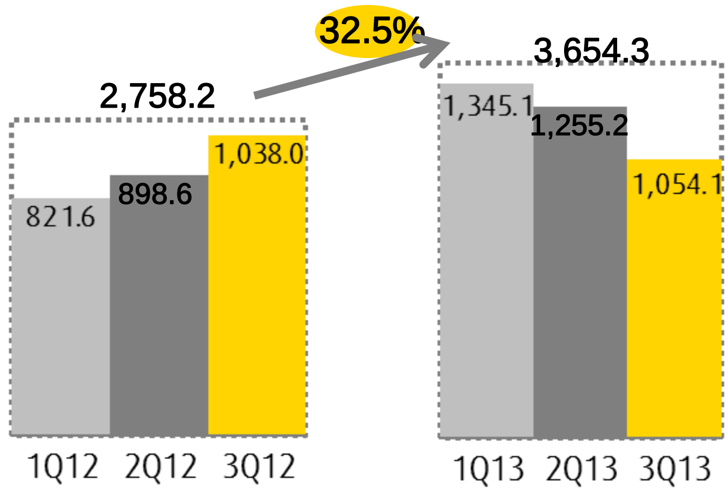
Capital Adequacy Ratio (%)



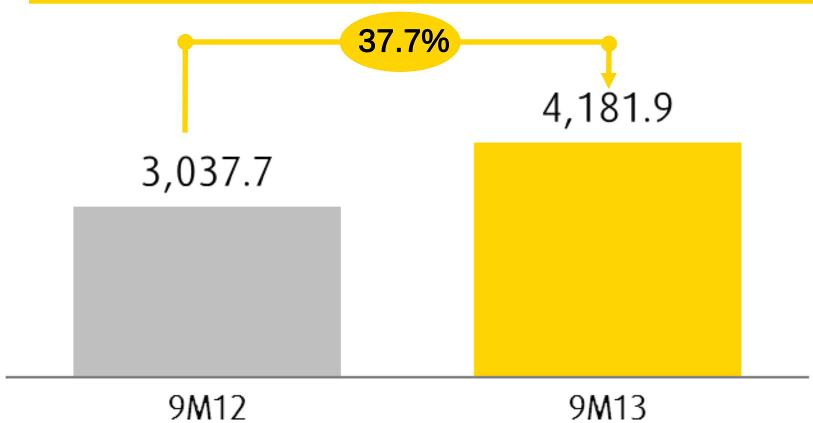


High quality earnings breakdown

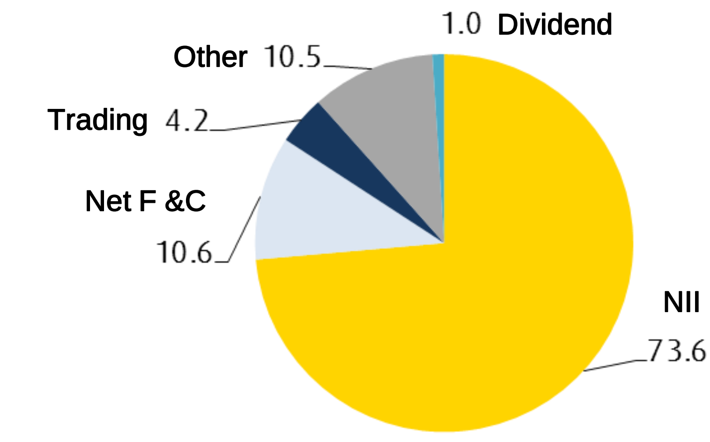
Net Interest Income (TL mio)



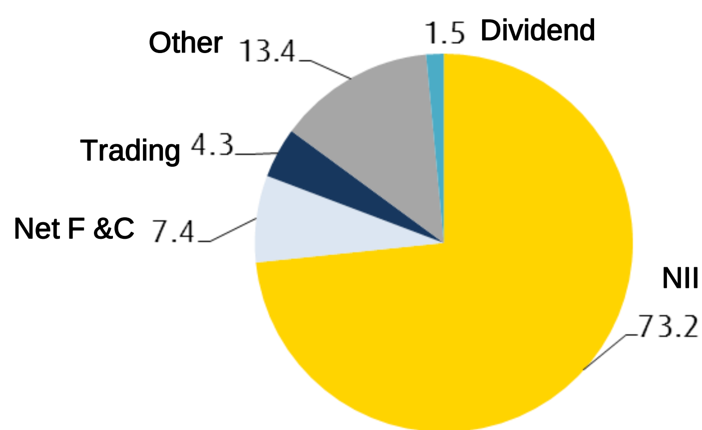
Core Banking Revenues* (TL mio)



Breakdown of Total Revenues (%)



9M13

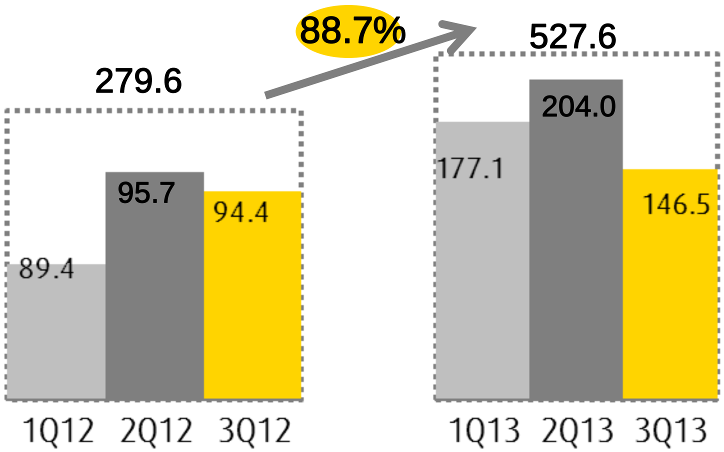


9M12

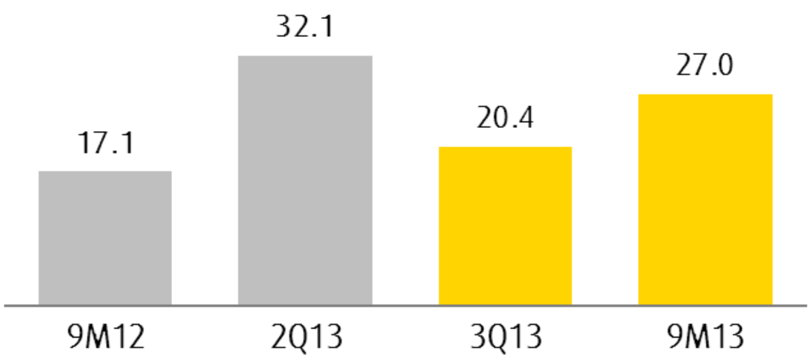
*NII +NFC

Net Fee and Commission Income

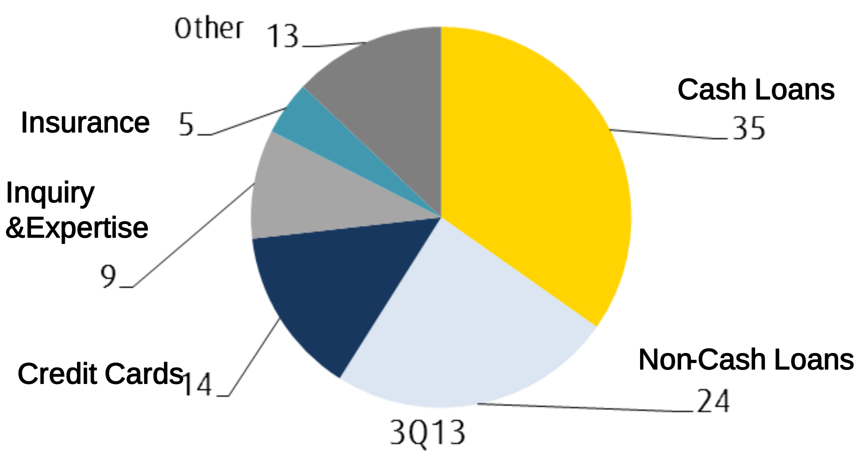
Net Fee and Commission Income (TL mio)

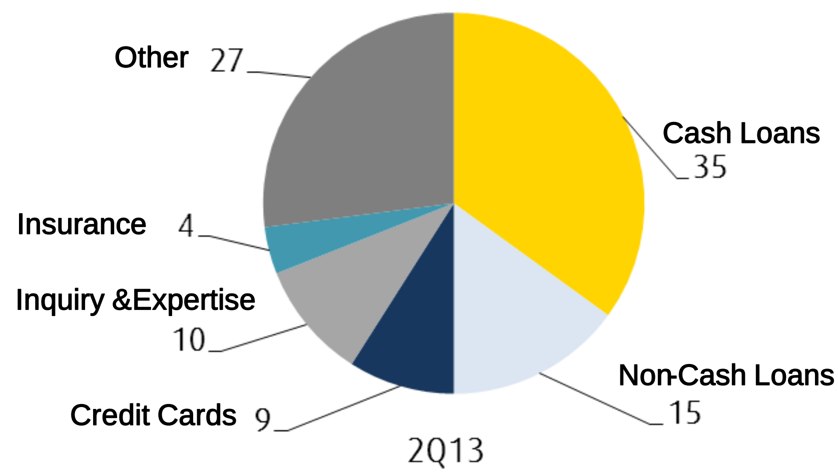


Fee/OPEX (%)



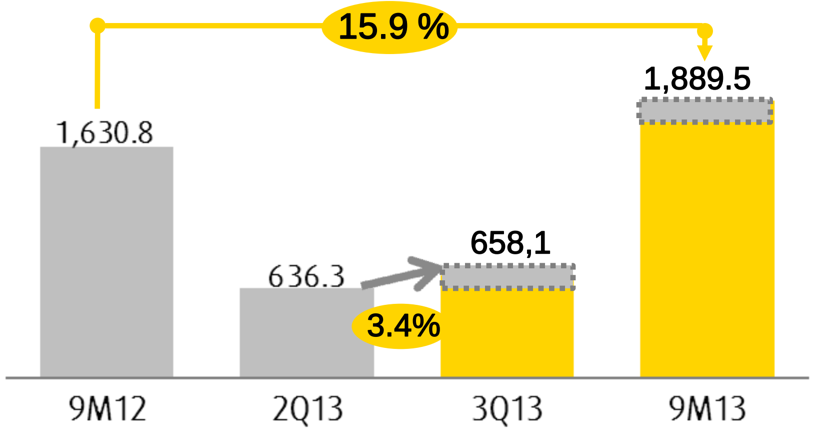
Breakdown of Net Fee & Com. Income (%)



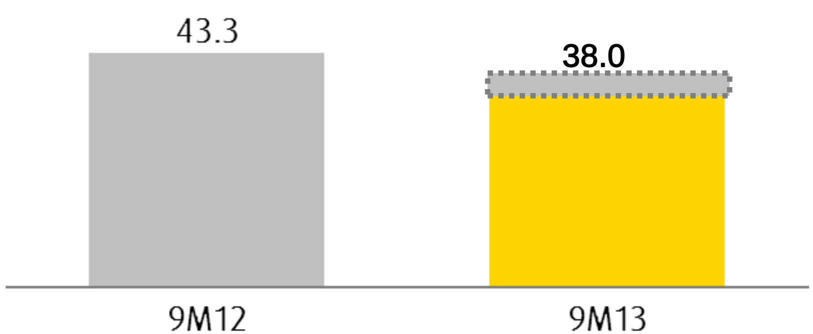


Comparable Opex* is inside budget despite all time record branch extension

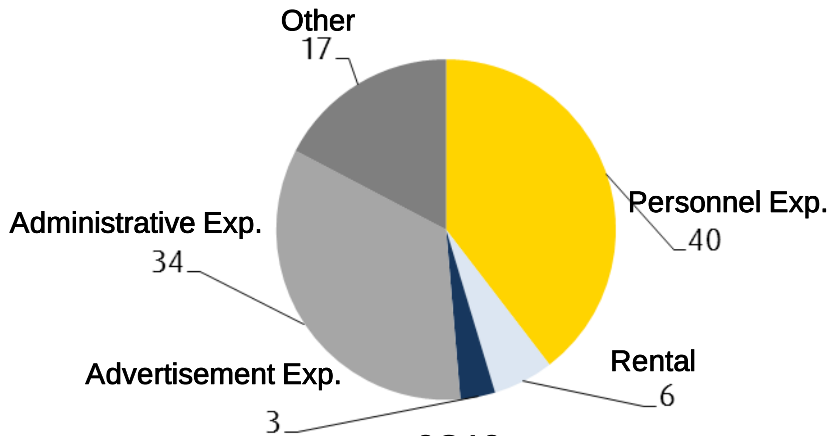
Operating Expenses (TL mio)*



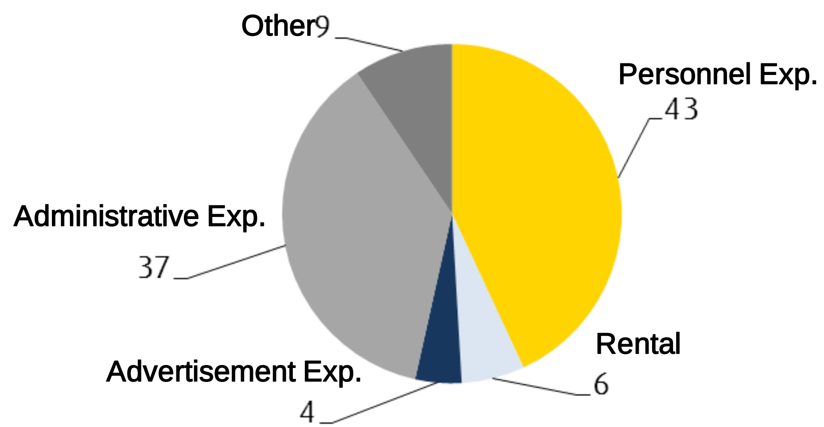
Cost / Income (%)*



Breakdown of Operating Expenses (%)



3Q13



2Q13

* Excluding 61.6 mio TL Competitionary Board fine.

VakifBank with numbers

Distribution Channels & Customer Base (#)	3Q2013
Branches	859*
ATMs	2,824
Personnel	14,554
POS Terminals	129,228
Outstanding Credit Cards	2,9 mn
Total Customers	15,3 mn
Total Payroll Customers	2,2 mn
Internet Banking Customers	2,3 mn
Active Mutual Fund Customers	1,4 mn

Efficiency (‘000 TRY)	3Q2013
Assets per Employee	8,724
Assets per Branch	147,804
Loans per Employee	5,629
Loans per Branch	95,374
Deposits per Employee	5,303
Deposits per Branch	90,898

115 new branch openings Ytd

*As of 7th of November

Balance Sheet

	(TL-mio, %)	3Q2012	2Q2013	3Q2013	YoY Growth	QoQ Growth
Assets	Cash & Balances with Central Bank	9,992	14,480	17,104	71.2%	18.1%
	Interbank	1,542	1,346	1,581	2.6%	17.5%
	Securities	19,021	20,429	21,691	14.0%	6.1%
	Loans	**64,121**	**77,138**	**81,926**	**27.8%**	**6.2%**
	Subsidiaries & Investments	968	1,331	1,443	49.1%	8.4%
	Property & Equipment	1,151	1,155	1,188	3.2%	2.9%
	Other	1,423	2,008	2,030	42.6%	1.1%
	Total Assets	**98,219**	**117,887**	**126,964**	**29.3%**	**7.7%**
Liabilities & SHE	**Deposits**	**64,017**	**71,835**	**77,173**	**20.6%**	**7.4%**
	Funds Borrowed	7,402	8,662	10,423	40.8%	20.3%
	Other	14,309	17,696	17,578	22.8%	(0.7%)
	Provisions	1,440	1,867	1,926	33.8%	3.1%
	Shareholders' Equity	**11,051**	**11,935**	**12,218**	**10.6%**	**2.4%**
Off-B.S	Guarantees	16,494	20,803	21,807	32.2%	4.8%
	Commitments	49,564	59,666	63,084	27.2%	5.7%
	Derivatives	15,659	17,468	19,509	24.6%	11.7%

IncomeStatement

(TRYThousand,%)	9M2012	2Q2013	3Q2013	9M2013	Δ{9M12 9M13}	Δ{2Q13 3Q13)
Net InterestIncome	**2,758,165**	**1,255,160**	**1,054,062**	**3,654,317**	**32.49%**	**(16.0%)**
Net Fee& Com.Income	**279,546**	**204,012**	**146,466**	**527,589**	**88.73%**	**(28.2%)**
DividendIncome	56,996	7,566	0	53,961	(5.3%)	-
Net TradingIncome	164,954	107,069	19,607	206,454	25.2%	(81.7%)
OtherIncome	505,933	163,283	175,920	523,703	3.5%	7.7%
TotalRevenues	**3,765,594**	**1,737,090**	**1,396,055**	**4,966,024**	**31.9%**	**(19.6%)**
Operating Expense	(1,630,771)	(636,323)	(719,698)	(1,951,081)	19.6%	13.1%
Provisions	(839,727)	(601,251)	(319,741)	(1,503,345)	79.0%	(46.8%)
TaxProvisions	(285,748)	(117,457)	(100,150)	(350,391)	22.6%	(14.7%)
Net Income	**1,009,348**	**382,059**	**256,466**	**1,161,207**	**15.0%**	**(32.9%)**

Diversified funding sources via Non-Deposit Funding

Syndicated Loan

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

September, 2013

- Secured US$ 166 million and € 471 million 1 year syndicated loan, the all-in cost has been realized as Libor + 0.75% and Euribor + 0.75%, respectively
- 107% roll-over ratio 27 banks from 17 countries participated

Eurobond

October, 2013

- US$ 500 million Eurobond with 5 year maturity
- Priced with a fixed coupon of 5%, 242 investors participated, Geographic allocation of issuance: EU 14%, USA 33%, UK 27%, Swiss 12%, Asia/ME 14%

Local Currency Bond

- 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 terminated 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 terminated 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%.
- Issued on September 2013 and terminates on February 2014 with a 175 days maturity, TL 671.8 million bond at a cost of 9.48%.
- Issued on September 2013 and terminates on February 2014 with a 175 days maturity, TL 190 million bond at a cost of 9.48%.
- Issued on September 2013 and terminates on August 2014 with a 350 days maturity, TL 38.2 million bond at a cost of 10.37%.

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