

VakıfBank delivered TL 517 million net income in 1Q16

VakıfBank delivered TL 516.7 million net income in 1Q 2016 with an increase of 19% compared to the first quarter of last year. Sustaining its consistent growth, VakıfBank's total assets reached to TL 190 billion with an annual increase of 13%, total loans and total deposits reached to above TL 124 billion and TL 115 billion with annual increases of 11% and 16%, respectively.

Assessing the unconsolidated financial results of 1Q 2016, VakıfBank's CEO Mr. Halil Aydoğan said "Despite the high volatility arising particularly from the global financial markets, VakıfBank continued to support the Turkish economy without sacrificing its profitability. Total cash and non-cash loans, provided by VakıfBank to the Turkish economy reached to TL 158 billion in the first quarter of the year."

Continuous support to real economy with SME loans

Mr. Aydoğan pointed out that VakıfBank continued to support the real economy mainly growing in SME loans in the first quarter of 2016 and said, "We continue to generate the best solutions for all the needs of the customers and to support them with 921 branches and more than 15,000 employees across Turkey. As a reflection of this understanding and the keystone role of the SMEs in real economy, VakıfBank increased the share of the SME loan segment in total loans to 28%.

Strong growth of deposits

Remarking the consistent increase in its market share on deposits in the first quarter of 2016, similar to 2014 and 2015, CEO Mr. Aydoğan said, "Total deposits exceeded TL 115 billion increasing by 16% annually. More importantly, retail deposits reached to TL 48 billion with an annual growth rate of 23%, which itself is above sector average. Strong growth in our highly loyal and non-granular deposit portfolio reassures us to reach our targets in terms of loan growth."

First ever Euro-denominated Mortgage Covered Bond Issuance of Turkey

Mr. Aydoğan said, "In addition to the 367-day new syndication loan amounting USD 920 million, VakıfBank, by breaking a new ground, issued the first ever Euro-denominated Mortgage Covered Bond of Turkey. The deal amounting EUR 500 million with 5 years maturity and 2.375% coupon rate, has the lowest coupon payment and the highest possible rating among all the issuances in Turkey. With this issuance, VakıfBank experiences the pride of introducing a new long term and cost-effective funding source to the Turkish banking sector. We will continue to introduce new funding sources and provide them for the utilization of the real economy."

Significant financial indicators of unconsolidated balance sheet of VakıfBank dated 31 March 2016

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|-------------------------------|----------------------|
| Net Profit Before Tax | TL 639.6 million |
| Net Profit | TL 516.7 million |
| Total Assets | TL 189,829.0 million |
| Total Cash and Non-cash Loans | TL 157,545.5 million |
| Cash Loans | TL 124,842.5 million |
| Non-cash Loans | TL 32,703.0 million |
| Total Deposits | TL 115,505.6 million |
| Shareholders' Equity | TL 17,370.7 million |
| Funds Borrowed | TL 18,504.2 million |