

History

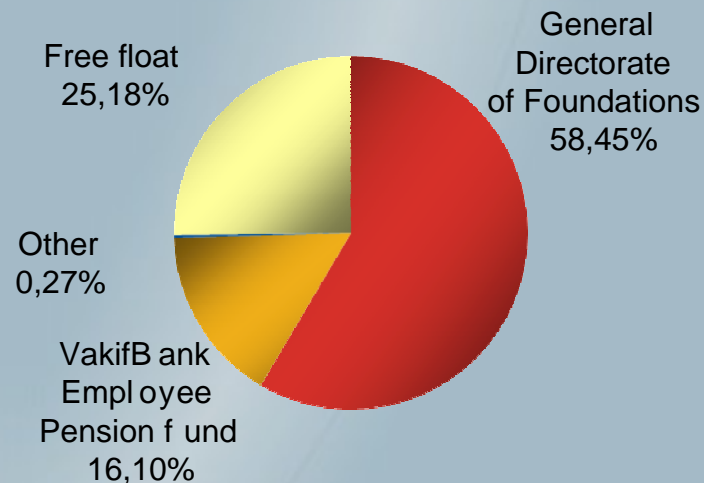
- Established in April 1954 under the special law “ Türkiye Vakıflar Bankası Türk Anonim Ortaklığı Kanunu” to manage cash derived from revenues and expenditures of charitable organisations set up during the Ottoman Empire period, conducting banking activities with branch offices in Ankara, Istanbul and Izmir
- In 1957, made its first venture towards broadening its services by establishing Güneş Insurance Company
- Over the next 20 years continued to expand its geographic presence in Turkey reaching 206 branches by 1977
- Since the early 1990s, Vakıfbank has increased the scope of its retail banking and diversified its loan portfolio by including equipment financing, enterprise loans, auto loans, mortgage loans, and credit cards. In 2000, Vakıfbank began offering internet banking services
- Vakıfbank is now a full service commercial and retail bank headquartered in Ankara, providing retail, commercial and investment banking services through a network of 317 branches, 114 satellite branches and five mobile branches, covering 81 Turkish cities
- Internationally, Vakıfbank has subsidiaries in Austria (which operates a branch in Frankfurt and a branch in Köln) and the Turkish Republic of Northern Cyprus and two branches in New York and Bahrain.

Following successful IPO in November 2005, c. 25% of Vakifbank of is now listed

Main Shareholders

- **General Directorate of Foundations**
The GDF manages foundations owning 58.45% of the shares in the Bank (43.0% in the form of Class A shares and 15.45% in the form of Class B shares). The GDF was established in 1924 to administer and regulate existing and future Turkish charitable foundations as a state entity directly reporting to the Prime Minister.
- **Non-Affiliated Foundations**
The non-affiliated foundations are independent foundations with separate boards of trustees. They currently hold Class B shares, constituting 0.19% of the Bank's equity.
- **Vakifbank Pension Fund**
The Vakifbank Pension Fund has a 16.10% stake in the Bank's capital as a Class C shareholder. The Bank's employees contribute to the Vakifbank Pension Fund as opposed to the mandatory social security coverage provided by the state Social Insurance Institution.
- **Other Shareholders**
The other shareholders consist of individual or legal entities that together own 0.08% of the Bank's equity as Class C Shareholders.
- **Free Float**
Public domestic and international shareholders.

Ownership structure



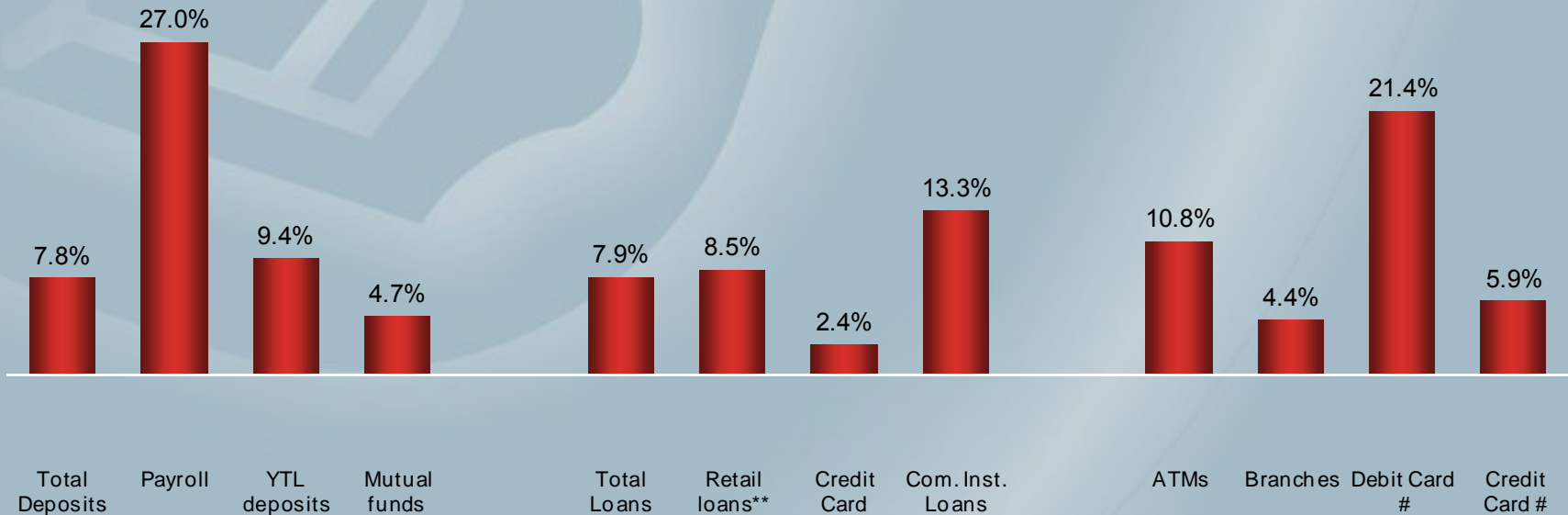
Vak ifbank: An Overview of 1H 2007 results

USD=1.3000 YTL

	YTL mn	USD mn	YoY Grow th	QoQ Grow th	YTD Grow th
Total Assets	39,195.46	30,150.35	15.9%	2.7%	5.8%
Total Loans	18,860.83	14,508.33	17.1%	2.3%	4.5%
Securities	11,069.33	8,514.87	8.5%	-3.9%	6.1%
Total Deposits	25,828.73	19,868.25	14.1%	0.4%	4.0%
Shareholders' Equity	4,592.35	3,532.58	24.8%	7.2%	2.9%
Net Interest Income	790.1	607.8	8.8%	-6.2%	
Operating Income	1,255.6	965.8	18.9%	-3.9%	
Net Income	478.6	368.1	31.5%	18.5%	
Branch Network			317		
Customer Number			Over 7.2 million		

VakifBank is a market leader, particularly in retail and SME finance

Total market share (%) (30.06.2007)



Deposits / Funding

Credits

Distribution

Source: BRSA weekly reports, Capital Markets Board

* VakifBank estimates

** Includes home, auto and other. Credit card loans, overdrafts not included

Yield on Loans & Cost of Funding

- Further move toward higher margin loans in YTL.
- Decreasing cost of YTL deposits.

Yield on loans&securities

	1Q07	2Q07
YTL Loans	20.33%	20.26%
FX Loans	7.14%	6.90%
YTL Securities	17.72%	17.56%
FX Securities	7.13%	6.45%

Spreads

	1Q07	2Q07
YTL Loans	4.47%	5.27%
FX Loans	3.24%	2.92%
YTL Securities	1.86%	2.57%
FX Securities	3.23%	2.47%

NIM

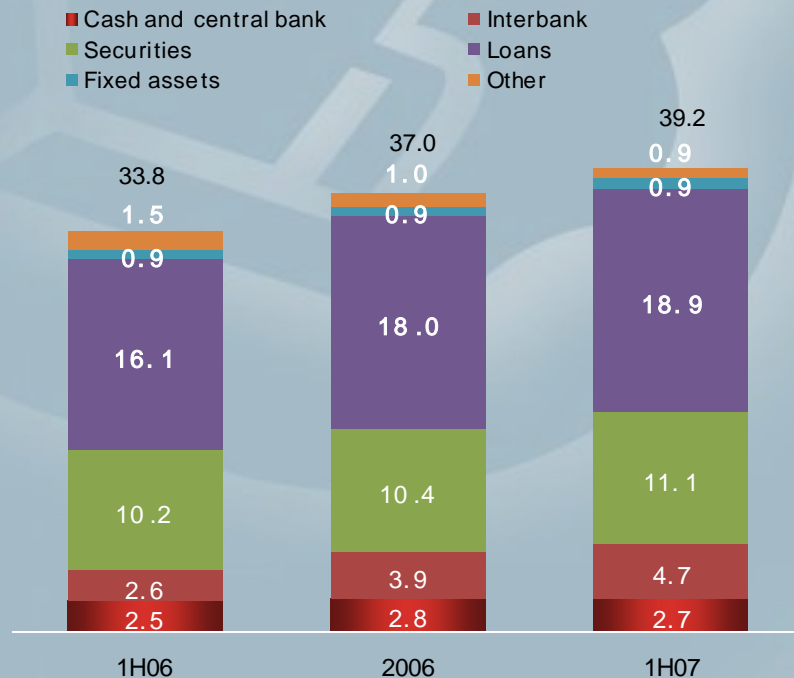
	1Q07	2Q07 Adj.
	4.93%	4.75%

Cost of deposits

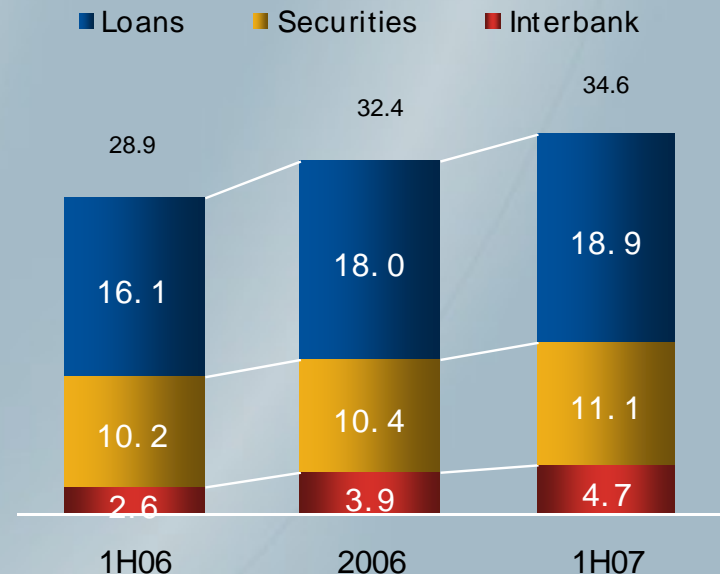
YTL Deposits	15.86%	14.99%
FX Deposits	3.90%	3.98%

Diversification of asset mix towards interest-earning assets

Breakdown of assets (YTLbn)



Interest earning assets (YTLbn)

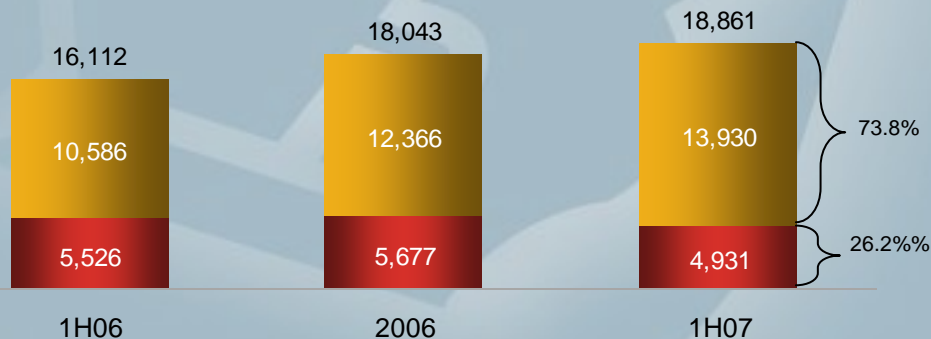


- Strong growth in interest earning assets – increased by 20% YoY, 3% QoQ- driven by rapid expansion of loan portfolio
- Continued diversification away from securities—from 30.2% of total assets in 1H06 to 28.2% in 1H07

Expansion of loan portfolio continued...

Loans (YTLm m)

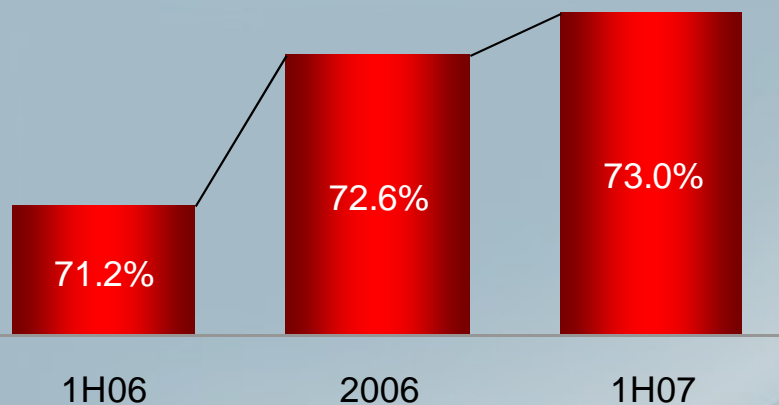
■ FX ■ YTL



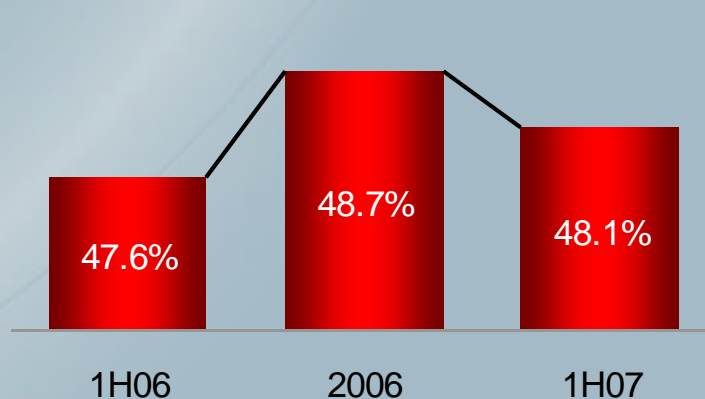
Comments

- Loan portfolio registered 17.1 % increase YoY
- YTL loans grew by 31.6% while FX loans decreased by 10.8% YoY due to currency depreciation

Loan/Deposit (%)

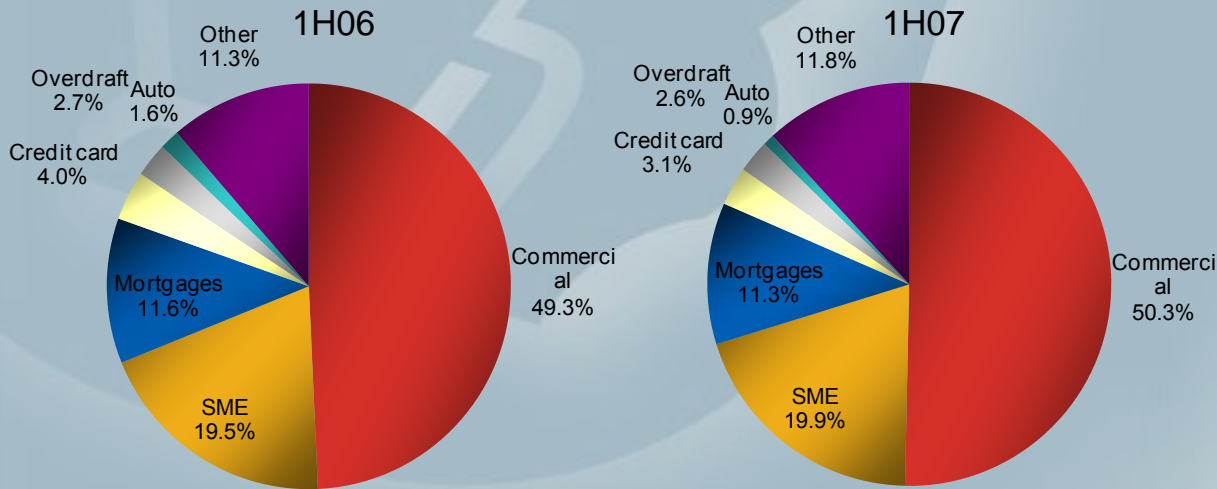


Loan/Asset (%)



...with strong focus on retail and SME lending...

Breakdown of loans by sector



Comments

- Good position in traditionally strong regions of central and eastern Turkey
 - Selective expansion in Istanbul region
- To strengthen its retail franchise, VakıfBank has 652 SME portfolio managers, 426 retail portfolio managers and 425 marketing associates as of 1H07
- As a result of these initiatives, cross-selling ratio for SME portfolio managers is 2.30x and for retail portfolio managers is 2.22x as of 1H07
- Sustainable growth rate of off-balance sheet

Guarantees and Commitments (million YTL)



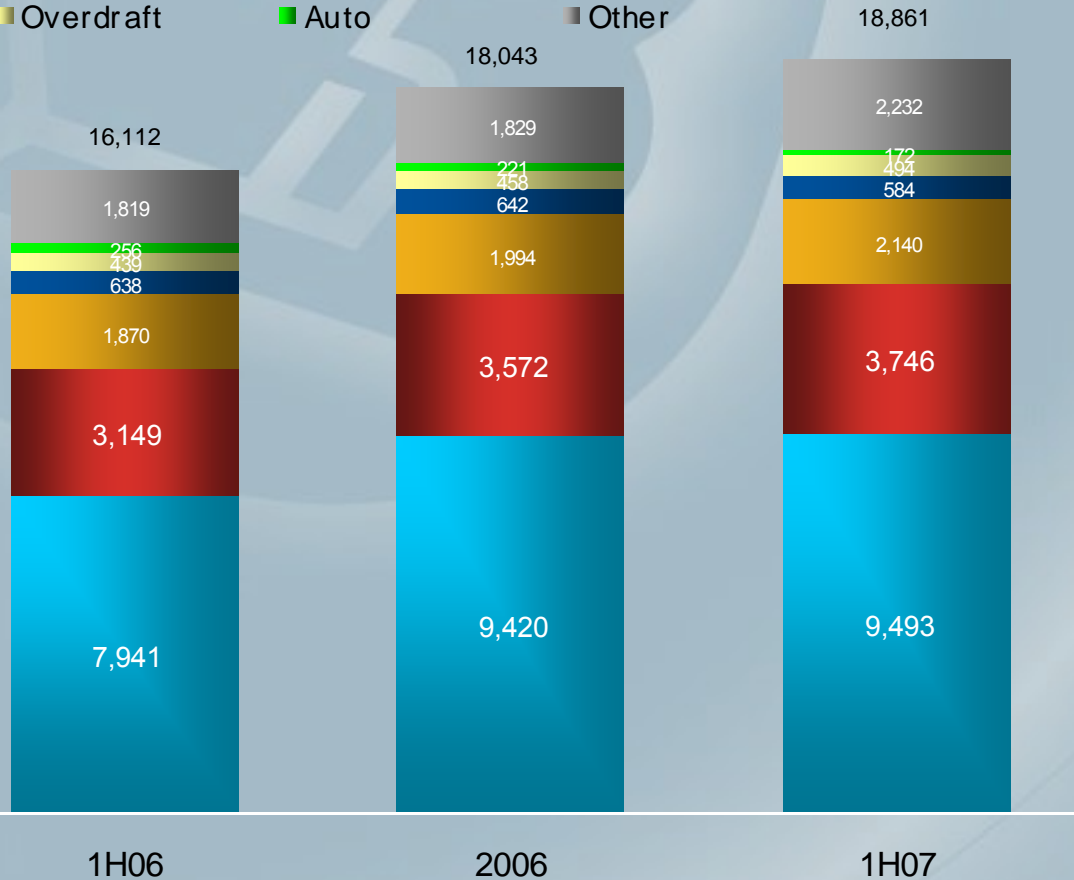
...and in particular on high margin products

Retail, SME and COMM. loans (YTLmm)

Loan growths by product in 1H07 (%)

Commercial SME Mortgages * Credit cards

Overdraft Auto Other

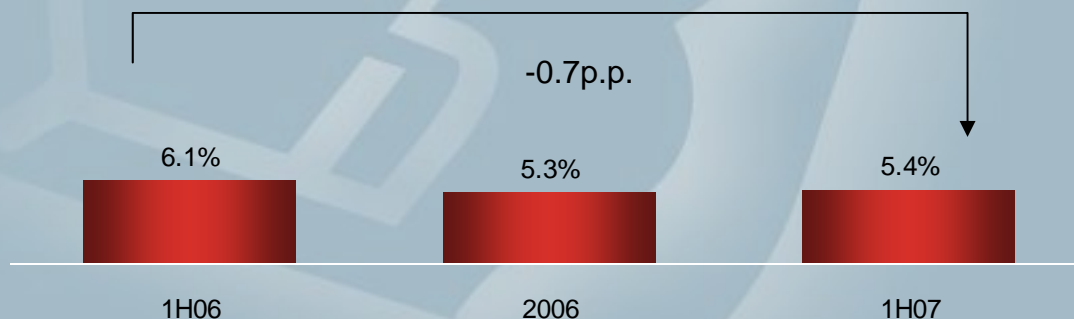


	YoY	QoQ	YTD
Home Loans	14%	3%	7%
Gen. Pur. Consumer Loans	23%	19%	22%
Auto Loans	-33%	-3%	-22%
Total Retail Loans	15%	9%	12%
Credit Cards	-9%	0%	-9%
Overdraft	13%	1%	8%
SME Loans	19%	4%	5%
Com.&Cor. Loans	20%	-1%	2%
Total Loans	17%	2%	5%

*:Includes Housing Loans+TOKI.

Steady improvement in asset quality

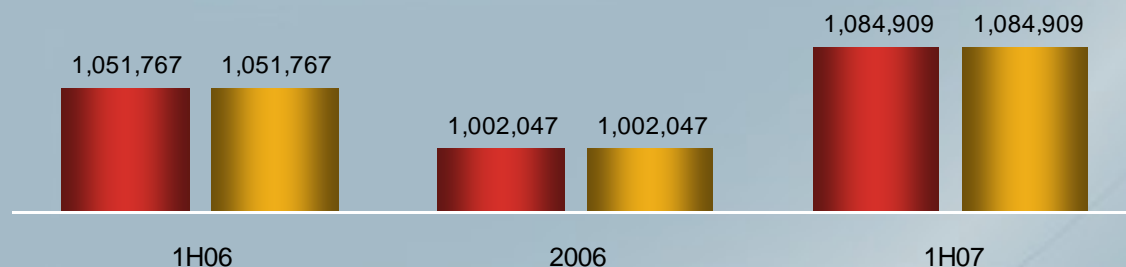
Gross NPLs as % of gross loans



Comments

- Despite expansion of the loan portfolio, NPLs continued to decrease reaching 5.4 % of total gross loan portfolio in 1H07 compared to 6.1 % in 1H06
- Since 2003, loan loss provisions cover 100 % of NPLs

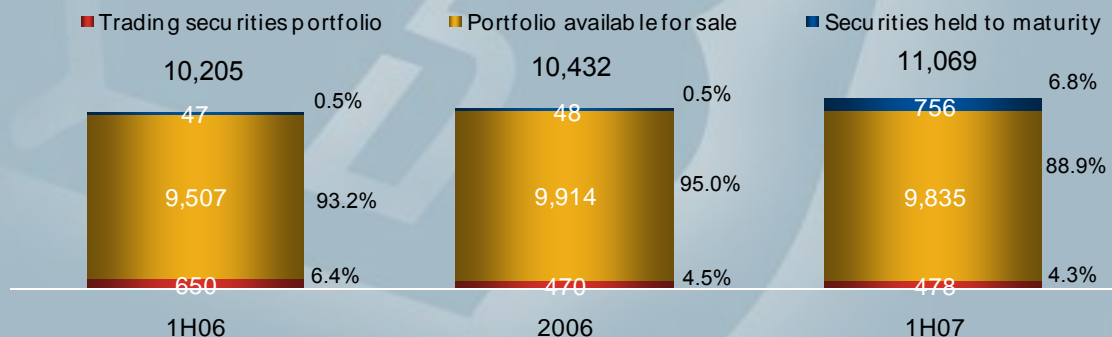
Gross NPLs and provisions (YTLm m)



■ Gross NPLs ■ Provisions

Securities portfolio evolution

Securities (YTLmm)

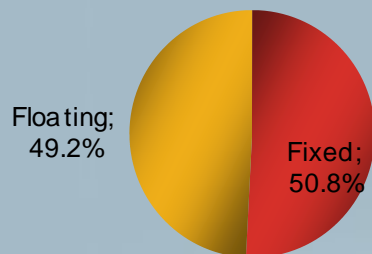


Comments

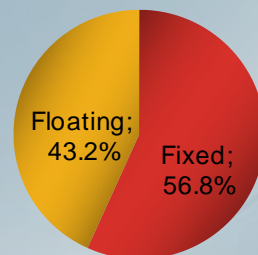
- The securities portfolio increased by 8.5% YoY, -3.9% QoQ and its share in total assets continued to decline—from 30.2% in 1H06 to 28.2% in 1H07
- Portfolio of securities available for sale stood at 88.9% of total securities portfolio in 1H07
- For the 1H07; average yield on YTL security portfolio is 19.6% and average yield on FX security portfolio is 7.6%

Security portfolio breakdown by interest 1H07

YTL

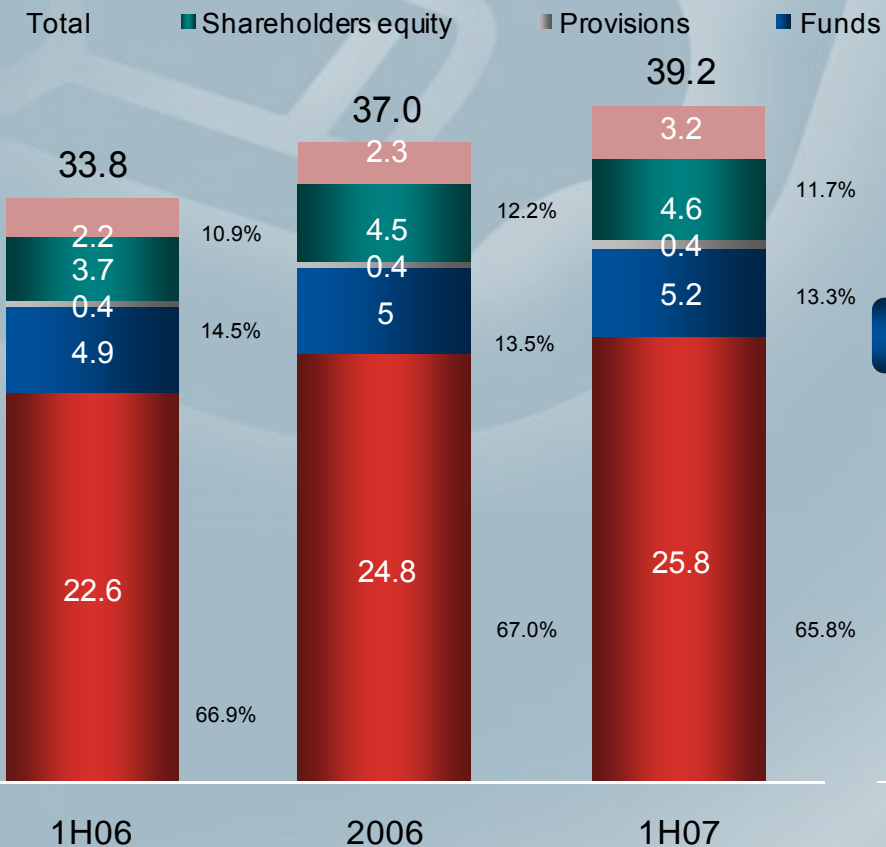


FX



Strong growth in external borrowings supporting the expansion of loan portfolio

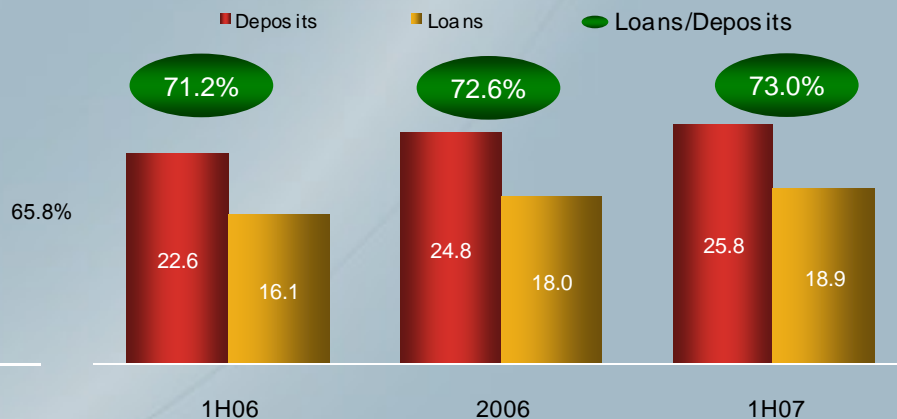
Breakdown of liabilities & shareholders equity (YTLbn)



Comments

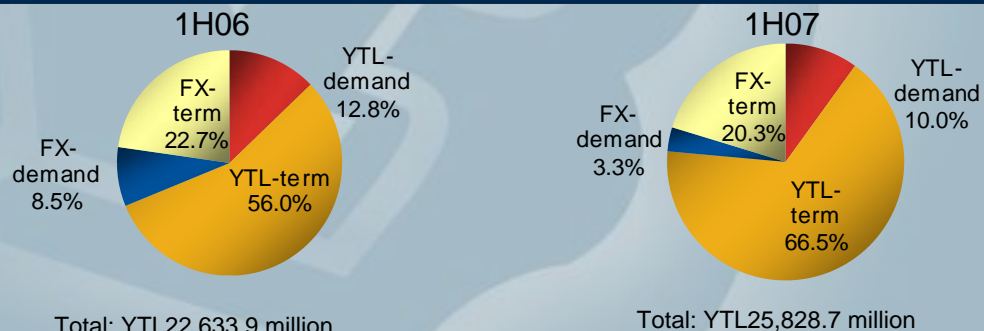
- Total liabilities & shareholders equity grew by 15.9% YoY and 2.7% QoQ, driven by increase in external funding and continued expansion of deposit base
- External Borrowings increased by 5% YoY, even with currency depreciation effect in 2Q07
- Deposits posted a 14.1% growth YoY and accounted for 65.8% of total liabilities and shareholders' equity

Loans and deposits (YTLbn)



Deposit base composition and evolution

Deposit breakdown by type and currency



Comments

- Ensured strong profitability by maintaining liquidity levels and controlling interest expenses through controlled 14.1% YoY and 0.4% QoQ growth
- YTL Deposit growth was 26.5% where FX Deposit growth was -12.9% YoY.
- Focus on YTL saving deposits, with an increase of 49.9% YoY

Customer Deposit composition by type

(YTLmm)	1H06		1H07	
	Amount	%	Amount	%
Saving deposits ¹	4,447	19.7%	6,666	26.1%
Demand	725	3.2%	681	2.7%
Term	3,722	16.5%	5,985	23.5%
Public and Commercial ²	11,070	49.0%	12,758	50.0%
Demand	2,160	9.6%	1,890	7.4%
Term	8,910	39.5%	10,868	42.6%
Foreign currency	7,067	31.3%	6,089	23.9%
Demand	1,922	8.5%	852	3.3%
Term	5,145	22.8%	5,237	20.5%
Total³	22,584	100.0%	25,513	100.0%

¹ Represents deposits taken from retail customers

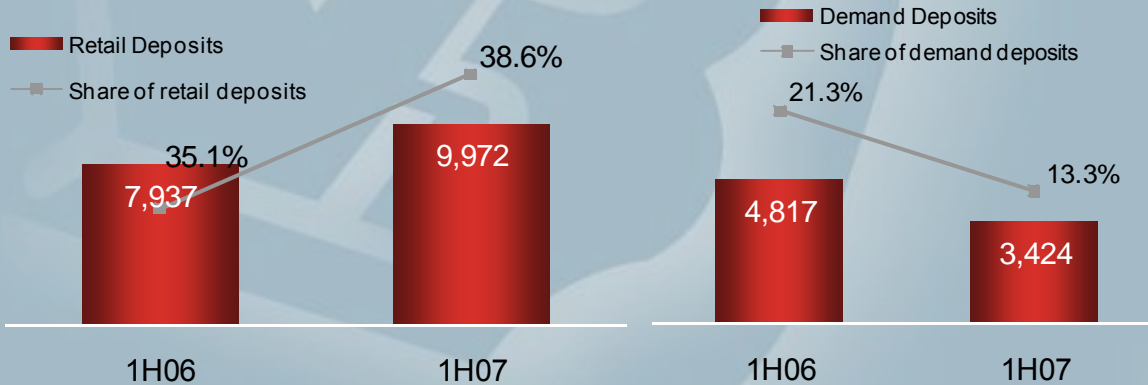
² Represents deposits taken from government related corporates, SMEs and other entities which are not individuals

³ Totals do not include Interbank deposits and accrued interests for deposits

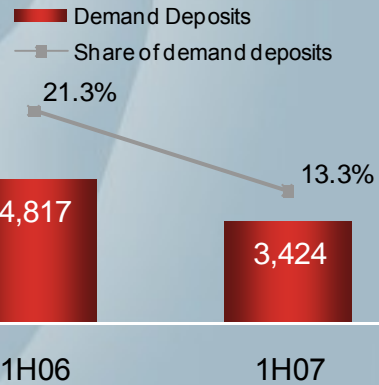
Focus on Retail Deposits

State deposits evolution

Retail Deposits (mmYTL)



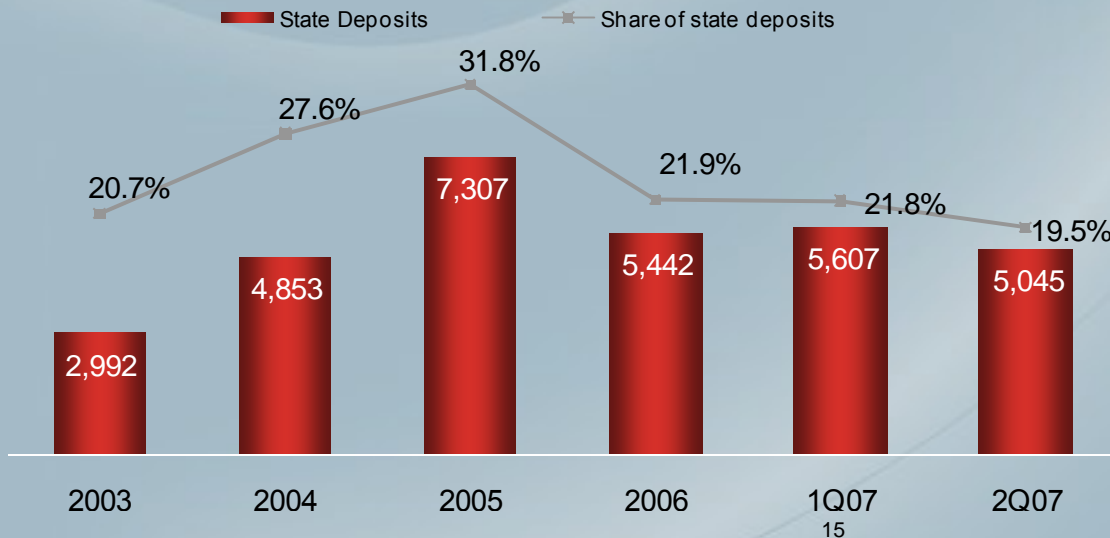
Demand Deposits (%)



Comments

- VakifBank did not experience a significant withdrawal of state deposits after IPO
- Much less pressure felt after two largest deposit departures in Q3 2005 and Q1 2006
- Thanks to focus on retail deposits and control on cost of deposits, share of state deposits decreased and saving deposits increased

State deposits (YTLmm)



Strengthened capitalisation to support rapid growth

Capital position			
(YTLmm)	1H06	2006YE	1H07
Paid in share capital	1,279.0	2,500.0	2,500.0
Adjustment to paid-in capital	605.8	-	-
Share premium	1,172.1	723.9	723.9
Reserves	421.8	254.6	624.2
Profit	423.2	761.6	478.5
Prior year income/loss	-	51.7	7.9
General provisioning (upto 25% of Tier 1)	-	21.0	-
Total core capital	3,901.9	4,312.8	4,334.5
Supplementary capital	167.9	226.9	295.6
Total capital	4,069.8	4,539.7	4,630.1
Deductions	-381.4	-219.3	-338.9
Total shareholders' equity	3,688.4	4,320.4	4,291.2
RWA	18,224.5	20,625.7	21,358.6
Market risk	1,557.6	215.1	328.7
Operational risk	-	-	3,642.2
CAR	22.10%	20.73%	16.94%

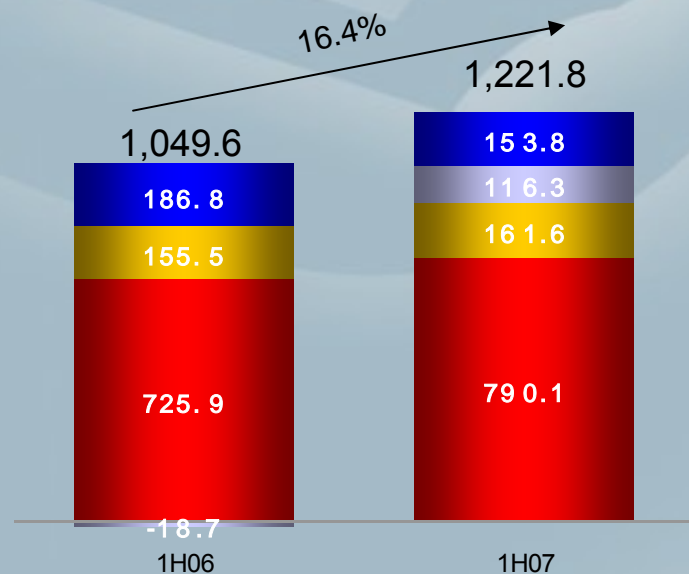
Comments

- The bank successfully raised YTL1,45 mm through an IPO in November 2005
- In General Assembly, the bank has decided to pay YTL 384.9mm to the shareholders and YTL 96.9mm paid to D Group shareholders (free float). After the dividend payment date existing and bonus shares merged.
- Vakifbank increased the bank's paid-in-capital from YTL- 1,279,000,000 to YTL-2,500,000,000, which implies issuing 0.954652 new bonus shares per existing 1 share.
- Operational risk is added to CAR calculation in 2nd Q 2007.

Net banking income posted healthy growth

- Net banking income grew by 16.4% YoY

Net banking income composition (YTLm m)

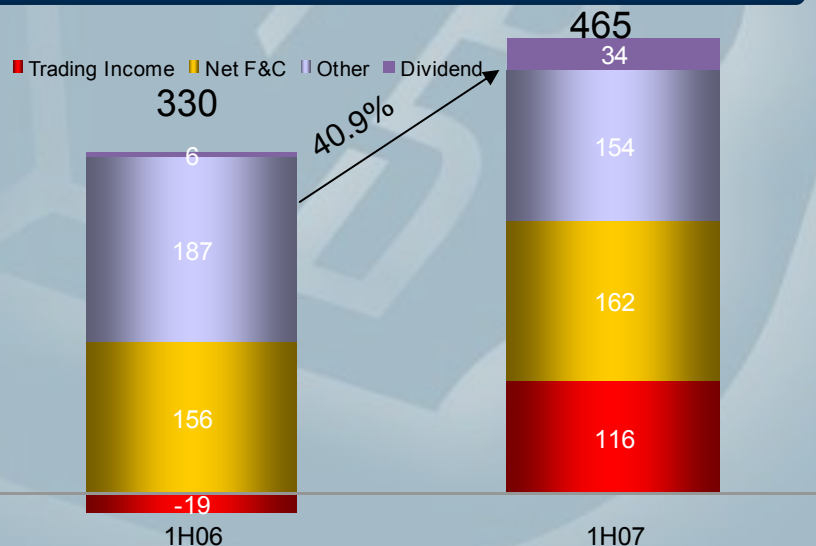


■ Net interest income
 ■ Net F&C income
■ Net trading income
 ■ Other

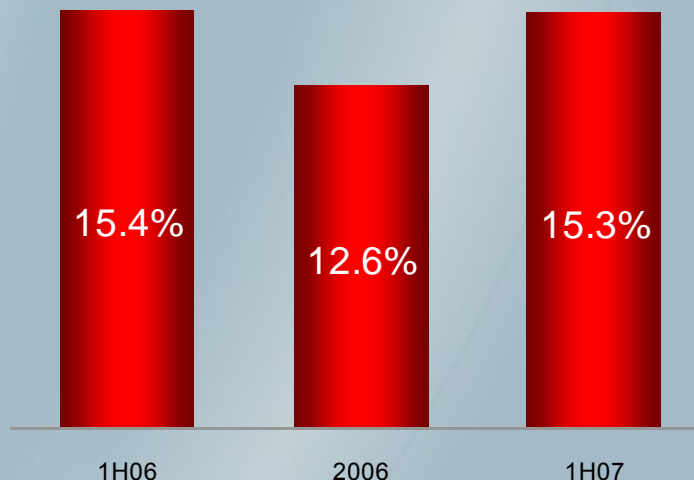
(YTLmm)	1H06	1H07	2005	2006
Net interest income	725.9	790.1	1,319.4	1,585.3
Net F&C income	155.5	161.6	293.7	288.4
Net trading income	-18.7	116.3	175.7	47.8
Dividend income	6.4	33.8	10.3	16.6
Other operating income	186.8	153.8	129.0	343.3
Total operating income	1,055.9	1,255.6	1,928.0	2,281.3
Total operating expenses (-)	405.4	458.4	731.7	943.5
Operating profit	650.5	797.2	1,196.3	1,337.8
Provisions (-)	136.3	208.0	444.9	323.4
Tax provisions (-)	150.4	110.7	223.9	252.9
Income from investments and associates	0	0	0	0
Net monetary gain/loss	0	0	0	0
Net income	363.9	478.5	527.6	761.6

Strong growth in interest income & non-interest income

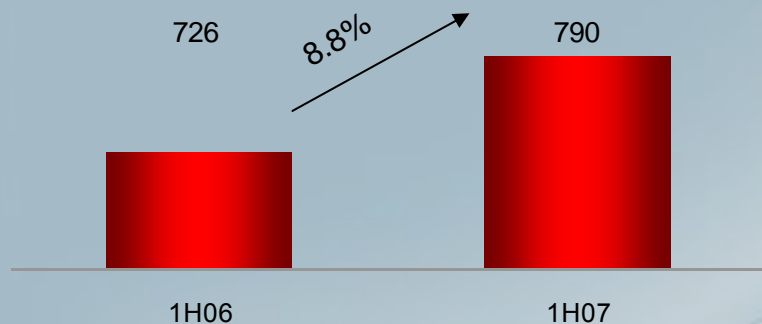
Non-interest income composition (YTLm m)



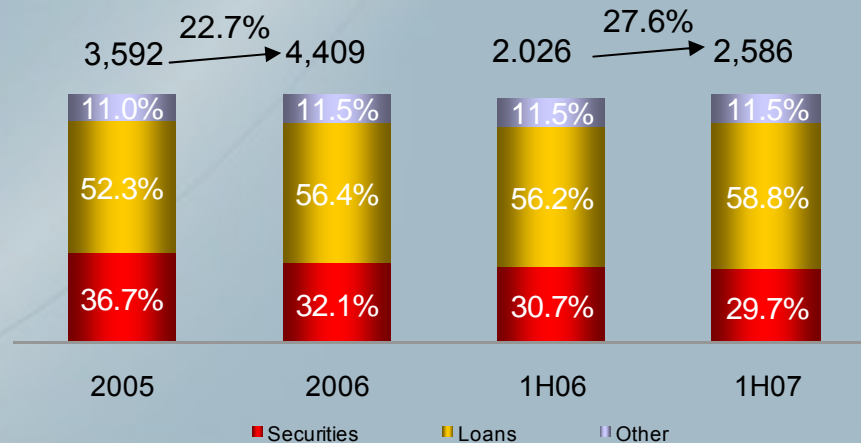
Net F&C income % of operating income



Net interest income (YTLmm)



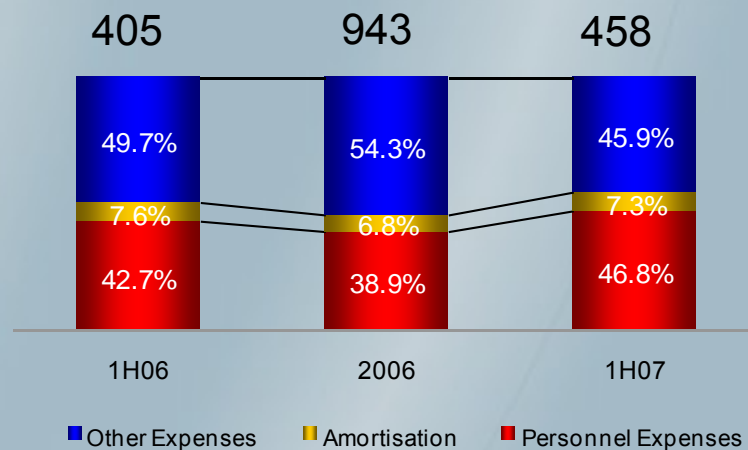
Interest income (YTLmm)



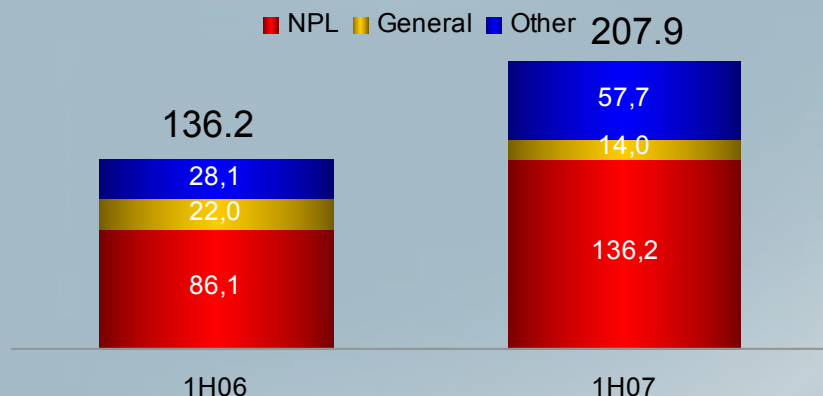
Operating expenses under control

- Controlled growth in costs, despite going through restructuring at branch and headquarter level.
- 15 mn YTL of other provisioning comes from employee dividend provisioning in 2Q07 which is required by BRSA under new accounting standards.

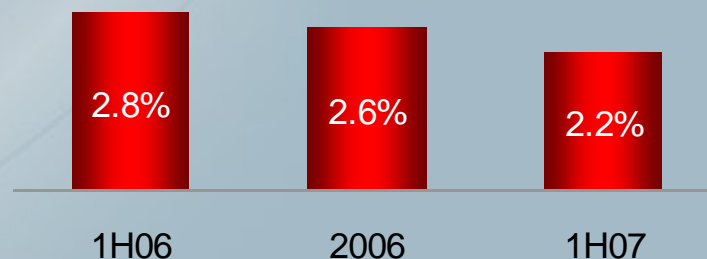
Other expenses composition (YTLmm)



Provisioning Expenses (YTLmm)

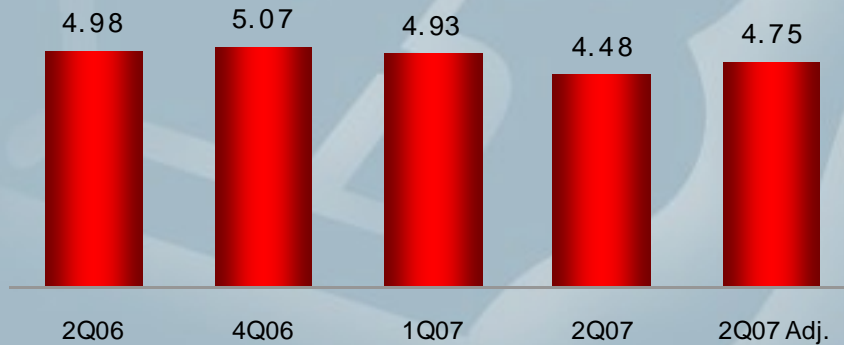


Cost over assets (%)



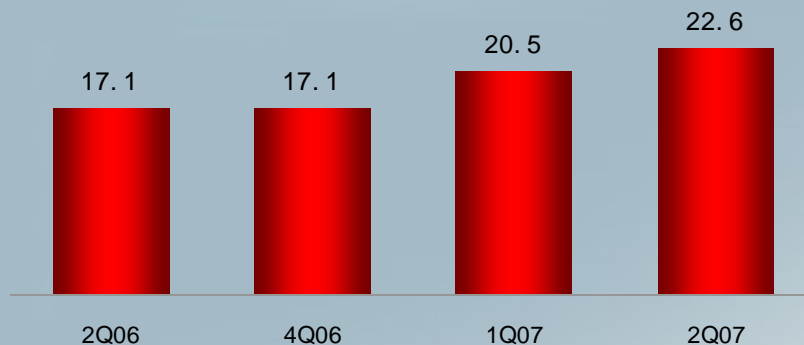
Demonstrated ability to withstand margin pressure

NIM (%)

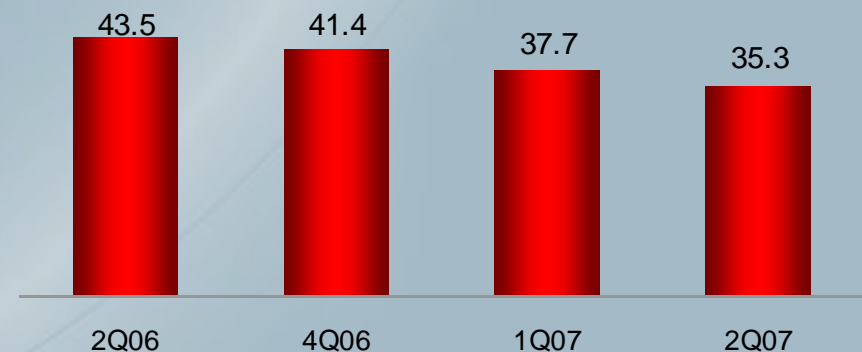


- Despite slowdown on loan demand NIM increased by 56 bps QoQ and 51 bps YoY
- Further growth in loans/assets expected to provide more support to Vakifbanks NIM
- Return on average assets (ROA_A) is 2.68% in 2Q07, 2.33% in 1Q07 and 2.21% in 2006.
- $NIM = \frac{\text{Net Interest Income}}{\text{Average Interest Earning Assets (Interbank + Securities + Loans)}}$

ROE (%)



Cost/Income (%)



Balance Sheet Details for 1

H 2007: Assets

(Thousand YTL)	1H2007	1H2006	Growth %
Cash&Balances with Central Bank	2,716,983	2,462,762	10.3
Interbank	4,499,641	2,590,164	93.0
Securities	11,069,333	10,204,848	8.5
<i>Trading Securities</i>	477,837	650,264	(26.5)
<i>Available for Sale Portfolio</i>	9,835,357	9,507,210	3.5
<i>Held to Maturity Securities</i>	756,139	47,374	1496.1
Loans	18,860,828	16,112,127	17.1
Subsidiaries&Investments	463,257	573,824	(19.3)
Property & Equipment	876,686	874,986	0.2
Other	208,732	1,009,574	(79.3)
Total Assets	39,195,460	33,828,285	15.9

Balance Sheet Details for 1 Off-Balance Sheet Details for 1

H 2007: Liabilities H 2007

(Thousand YTL)	1H2007	1H2006	Growth %
Deposits	25,828,733	22,633,191	14.1
Funds&Funds Borrowed	5,192,801	4,940,434	5.1
Other	3,164,093	2,008,014	57.6
Provisio ns	417,486	398,148	4.9
Shareholder's Equity y	4,592,347	3,679,429	24.8
Total Liability	39,195,460	33,828,285	15.9

Off-Balance Sheet

Guarantees	4,883,353	6,333,178	(22.9)
Commitments	3,429,144	2,909,233	17.9
Derivatives	2,891,655	383,188	654.6

P&L for 1 H 2007

(Thousand YTL)	1H2007	1H2006	Growth %
Net Interest Income	790,102	725,995	8.8
Net F&C Income	161,625	155,496	3.9
Dividend Income	33,804	6,376	430.2
Net Trading Income	116,274	(18,701)	721.8
Other Income	153,757	186,772	(17.7)
Total Revenues	1,255,562	1,055,938	18.9
Operating Expenses	(458,355)	(405,411)	13.1
Provisions	(207,986)	(136,252)	52.6
Tax Provisions	(110,672)	(150,414)	(26.4)
Net Income	478,549	363,861	31.5

Subsidiaries and affiliates

Türkiye Vakıflar Bankası
T.A.O

Financial Subsidiaries

Vakıf Yatırım Menkul Değerler A.Ş.	99%
Vakıfbank International A.G	90%
World Vakıf Off Shore Banking Ltd.	82%
Vakıf Finans Factoring Hizmetleri A.Ş.	78%
Vakıf Deniz Finansal Kiralama A.Ş.	69%
Vakıf Finansal Kiralama A.Ş.	59%
Vakıf Emeklilik A.Ş.	54%
Güneş Sigorta A.Ş.	36%
Vakıf Girişim Sermayesi Yatırım Ortaklığı A.Ş.	31%
Vakıf Gayrimenkul Yatırım Ortaklığı A.Ş.	28%
Kıbrıs Vakıflar Bankası Ltd.	15%
Vakıf Menkul Kıymetler Yatırım Ortaklığı A.Ş.	12%
İMKB Takas ve Saklama Bankası A.Ş.	4.9%
Bankalararası Kart Merkezi A.Ş.	9.7%
Kredi Kayıt Bürosu A.Ş.	9.1%
T.Sınai Kalkınma Bankası A.Ş.	8.4%

Non-Financial Subsidiaries

Vakıf Sistem Paz.Yaz.Ser.Tic San A.Ş.	73%
Vakıf Enerji ve Madencilik A.Ş.	66%
Taksim Otelcilik A.Ş.	51%
Ataköy Mağazacılık Ticaret A.Ş.	46%
İşkur İşçi İşadamı Kimya Kur. A.Ş.	25%
Vakıf Gayrimenkul Ekspertiz ve Deg. A.Ş.	20%
Roketsan Roket Sanayii ve Tic. A.Ş.	10%



THANK YOU

investor.relations@vakifbank.com.tr

+90-212-3167120

+90-212-3167121