



Investor Presentation

BRSA Bank Only Results

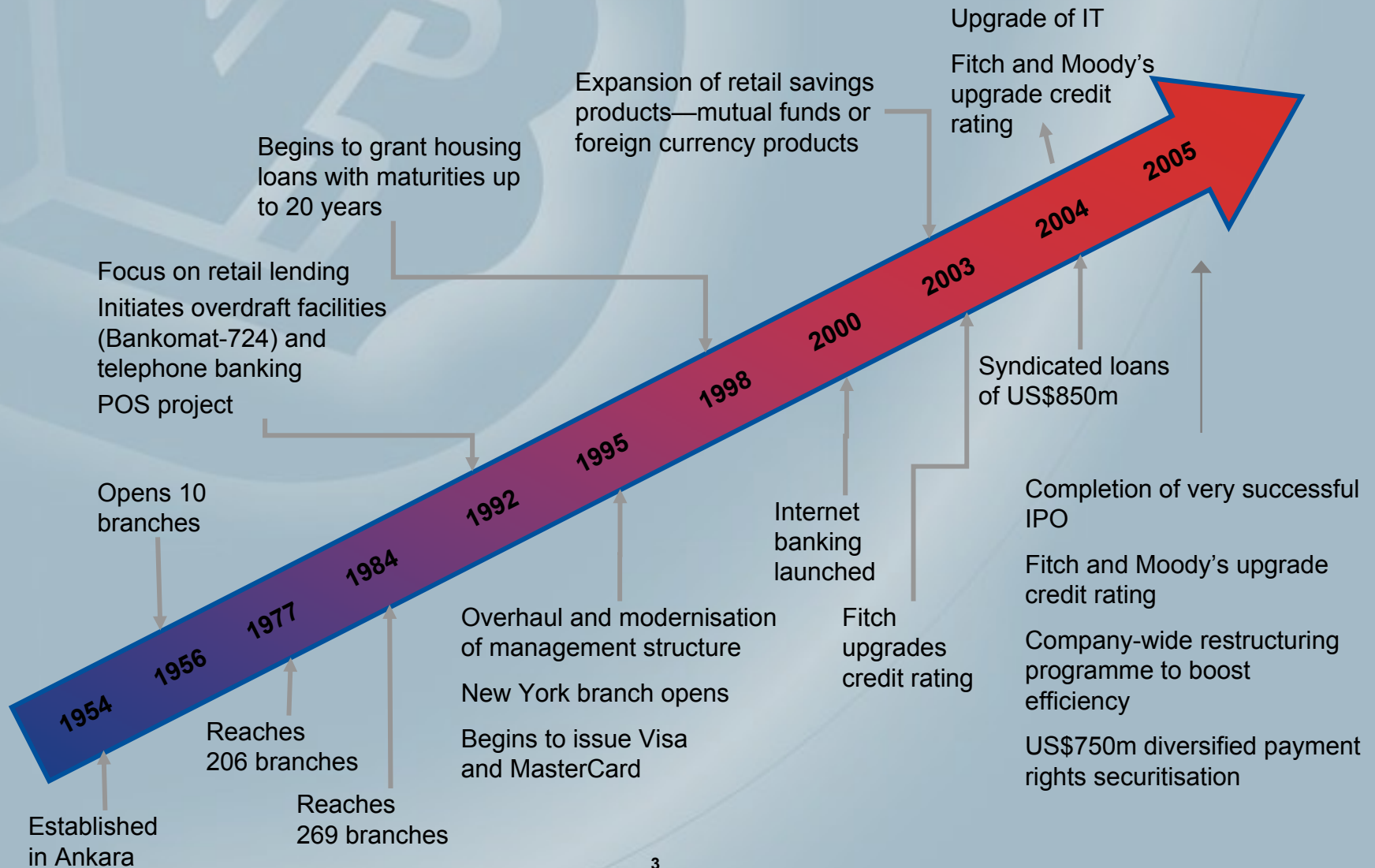
1st Half, 2006

August, 2006

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 306 branches, 116 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.

52 years of evolving strategy and product innovation



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.

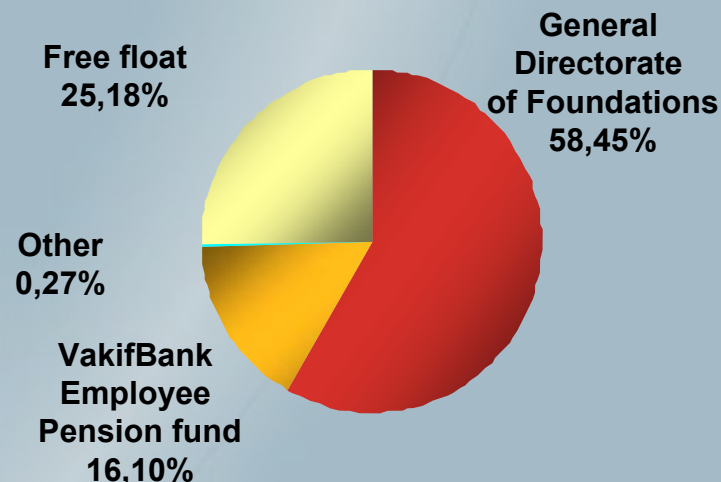
■ Other Shareholders

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



Vakıfbank: An Overview of 1H2006 results & financial performance trends

B/S mix	<ul style="list-style-type: none"> Increased share of loans in total assets Decreasing securities portfolio Increased funding from retail deposits 	Total Assets	33,828.3
B/S growth	<ul style="list-style-type: none"> Strong asset growth driven primarily by rapid loan expansion (retail and SME loans) 	Gross Loans	17,163.9
Asset quality	<ul style="list-style-type: none"> Decreasing level of NPLs, stringent credit review/scoring systems 100% NPL coverage 	Securities	10,204.8
Capitalisation	<ul style="list-style-type: none"> Strong capitalisation levels, allowing for future growth 	Total Deposits	22,633.2
Revenue mix	<ul style="list-style-type: none"> Increased share of interest income from loans, rather than securities Focus on generating fee & commission income 	Shareholders' Equity	3,848.5
Profitability	<ul style="list-style-type: none"> Well managed cost base and efficient network 	Net Interest Income	781.5
		Net Profit	423.2
		Branch Network	308
		Customer Number	Over 6 million

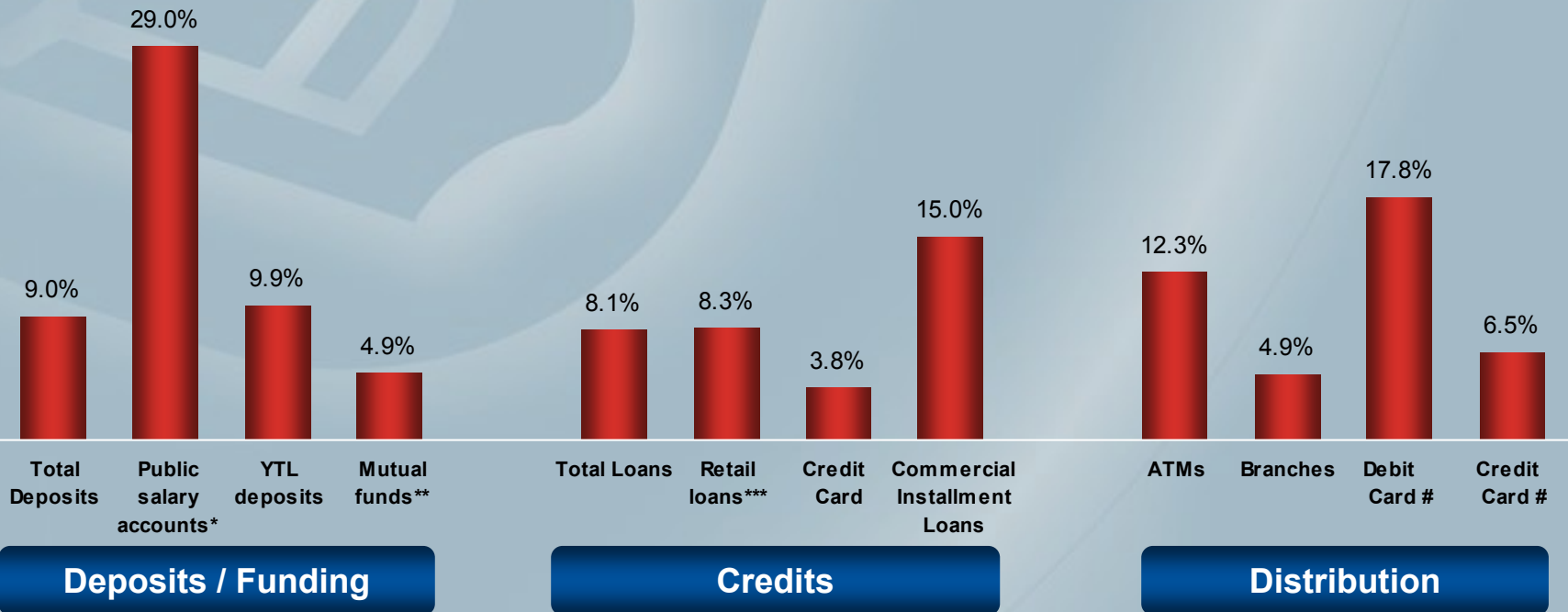
Financial performance 1st Half 2006

Balance sheet highlights

- Continued rapid expansion of credit portfolio supported by growth in deposits and funds borrowed.
 - Gross loan portfolio increased by 75.4% to YTL17.2bn YoY
 - Customer deposits grew by 17.1% to YTL22.6bn YoY
 - Significant growth in higher yielding YTL products: YTL loans grew by 66.2%; YTL deposits registered a 8.8% growth YoY
 - Funds borrowed grew by 90.3% to YTL4.9bn YoY
- Share of loans in total assets increased to 47.6% compared to 32.5% in 1H2005, while the share of securities portfolio contracted to 30.2% from 35.6% in 1H2005
- Loan to deposit ratio reached 71.2% in 1st H 2006 compared to 44.0% in 1st H 2005
- Prudent provisioning and improving loan quality: NPLs down to 6.1% of gross loan portfolio in 1st Half 2006 and are fully provisioned
- During the fluctuation in 2Q06, long in FX position and has no P&L effect.
- 98% of YTL securities are carried under available-for-sale portfolio, profits and losses being booked under equity where the loss was YTL 421 mn.

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

Total market share (%) (31.03.2006)



Source: Turkish Banks Association reports under BRSA standards as of March 31 2006, Capital Markets Board

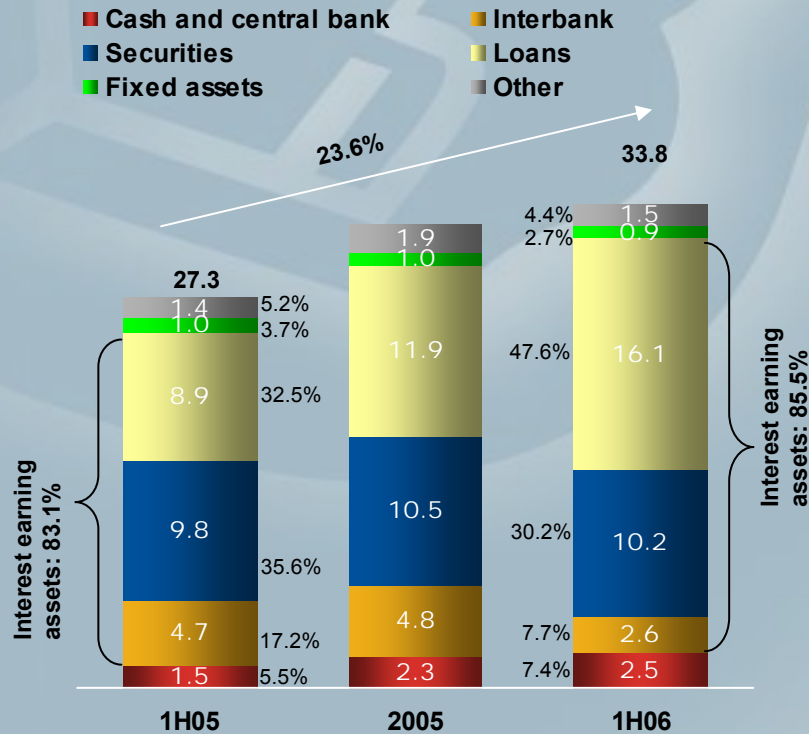
* VakifBank estimates

** Data based on CMB as of June 30, 2006

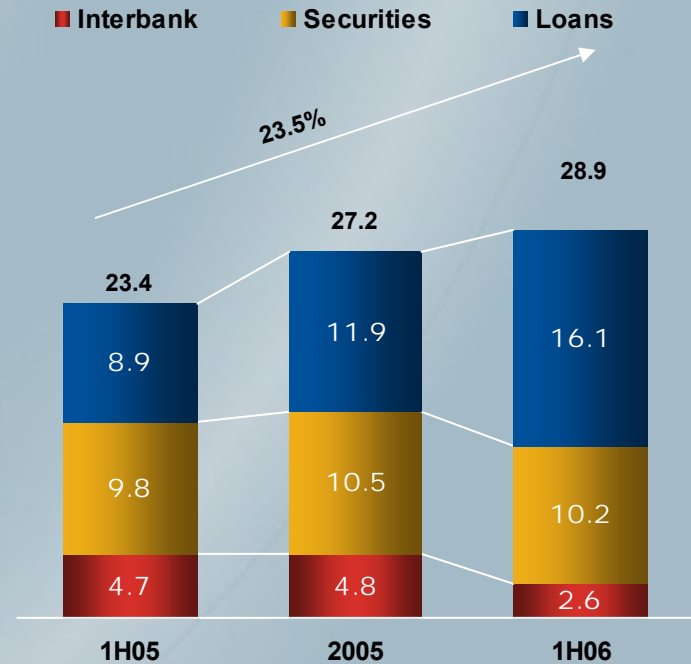
*** Includes home, auto and other. Credit card loans, overdrafts, and State Mass Housing Authority (TOKI) loans not included

Diversification of asset mix towards interest-earning assets

Breakdown of assets (YTLbn)



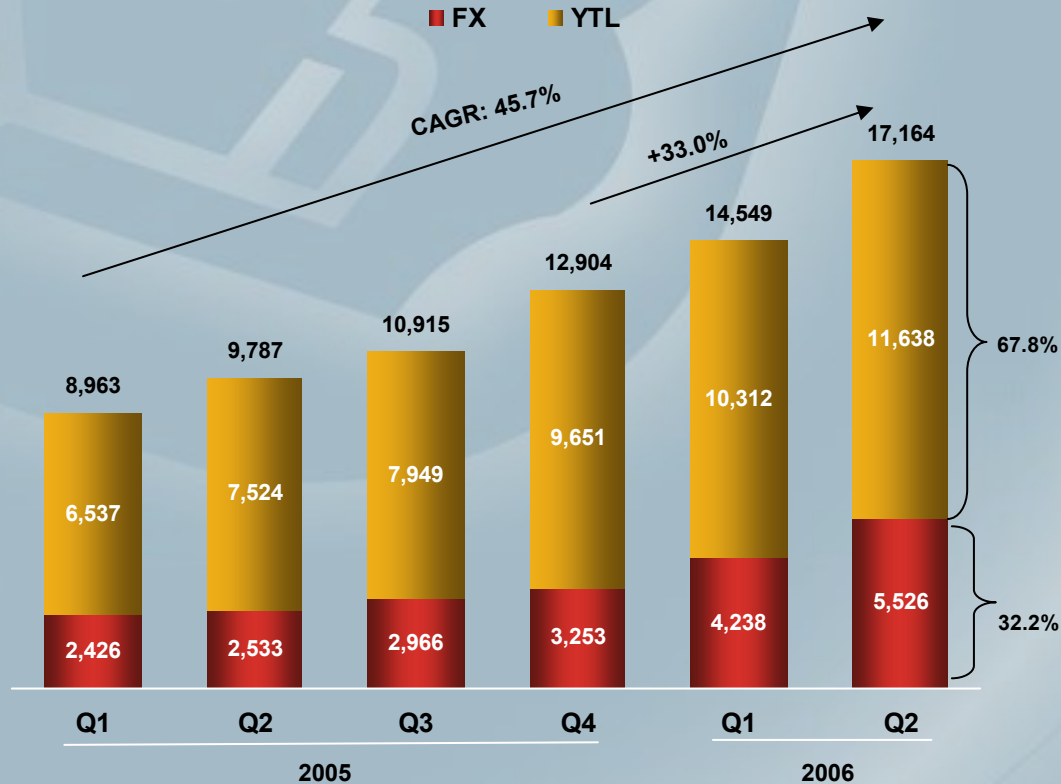
Interest earning assets (YTLbn)



- Strong growth in assets driven by rapid expansion of loan portfolio
- Continued diversification away from securities—from 35.9% of total assets in 1H 2005 to 30.2% in 1H 2006

Rapid expansion of loan portfolio continued...

Gross loans (YTLmm)



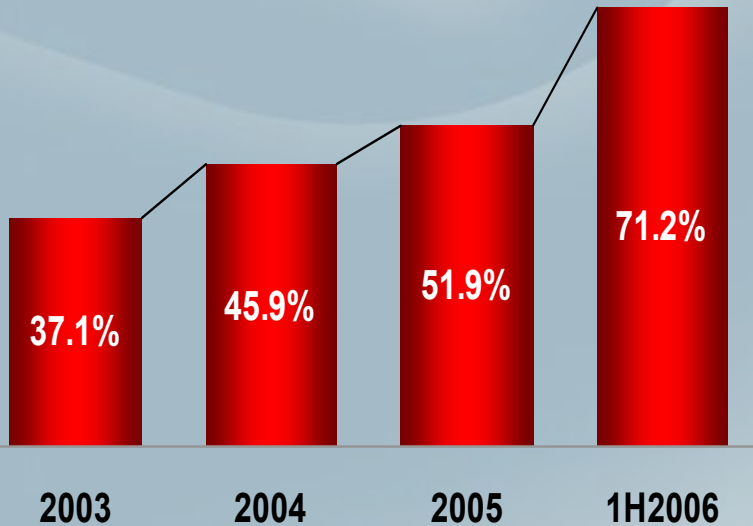
Comments

- Loan portfolio registered a CAGR of 45.7% increase in 1H2006 from 1Q2005
- After a slowdown in the first three quarters of 2005 due to IPO preparations, gross loan growth resumed with total portfolio increasing by 33.0% in 1H2006
- YTL loans grew by 54.7% while FX-denominated loans increased by 118.4% from 1H2005 to 1H2006.

Rapid expansion of loan portfolio continued...

- Strong growth on loan to deposit ratio with focus on profitability.

Loan/Deposit (%)

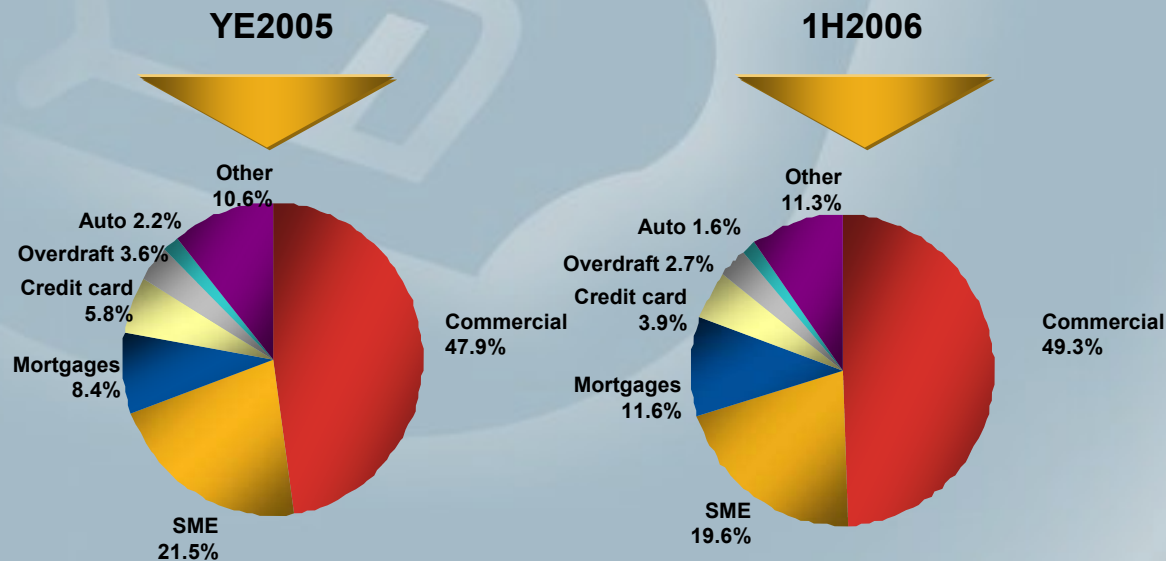


Loan/Asset (%)



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

Breakdown of loans by sector



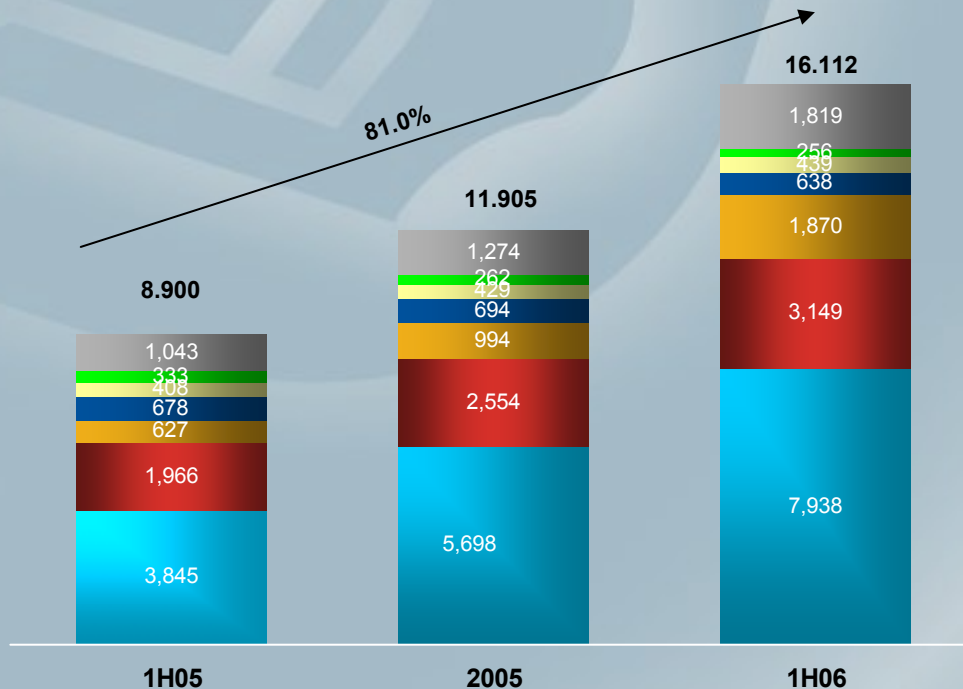
Comments

- Good position in traditionally strong regions of central and eastern Turkey
 - Selective expansion in Istanbul region
- To strengthen its retail franchise, VakifBank introduced 637 SME portfolio managers, 388 retail portfolio managers and 477 marketing associates within 1H2006
- As a result of these initiatives, cross-selling ratio for SME portfolio managers is 2.09x and for retail portfolio managers is 2.03x in June 2006

...and in particular on high margin products

Retail, SME and COMM. loans (YTLmm)

■ Commercial ■ SME ■ Mortgages *
■ Credit cards ■ Overdraft ■ Auto
■ Other



Comments

- High yields in retail & SME lending: credit card 36%, commercial installment loans 22%, retail loans 18%
- For the 1st half 2006; average yield on YTL loans is 19.78%, average yield on FX loans is 7.21% where average cost on YTL deposits is 13.33% and average cost on FX deposits 3.55%
- Loans grew by 35.3 in 1H2006 comparing to the end of 2005. driven by commercial loans growth of 39.3%, SME loans growth of 23.3% and housing loans growth of 88.1%.

*:Includes Housing Loans+TOKI. (YTLmm)

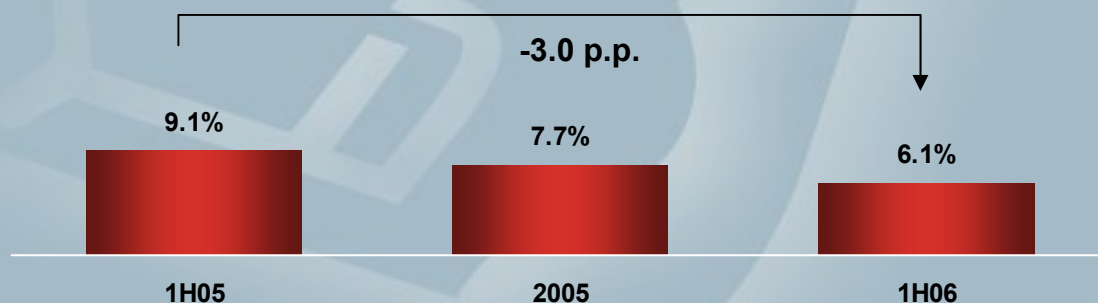
1H2005: 485 Housing Loans+142 TOKI

2005:860 Housing Loans+134 TOKI

1H2006: 1.741 Housing Loans+129 TOKI

Steady and significant improvement in asset quality

Gross NPLs as % of gross loans



Comments

- Despite rapid expansion of the loan portfolio, NPLs continued to decrease reaching 6.1% of total gross loan portfolio in 1H2006 compared to 9.1% in 1H2005
- Since 2003, loan loss provisions cover 100% of NPLs

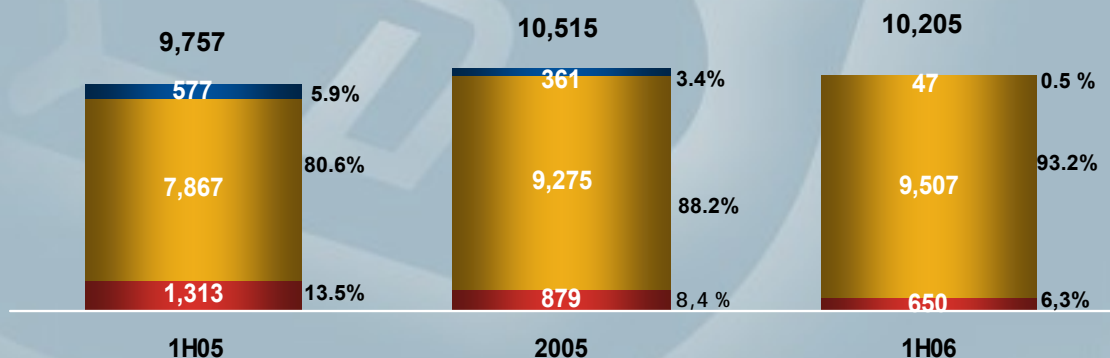
Gross NPLs and provisions (YTLmm)



Securities portfolio evolution

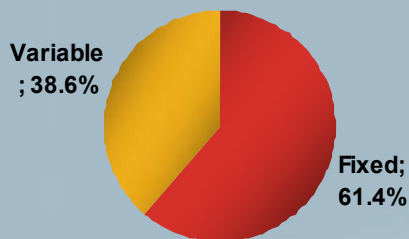
Securities 1H 2006 (YTLmm)

■ Trading securities portfolio ■ Portfolio available for sale ■ Securities held to maturity

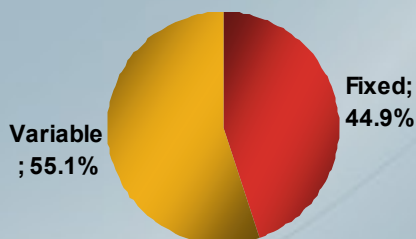


Security portfolio breakdown by interest 1H 2006

YTL



FX

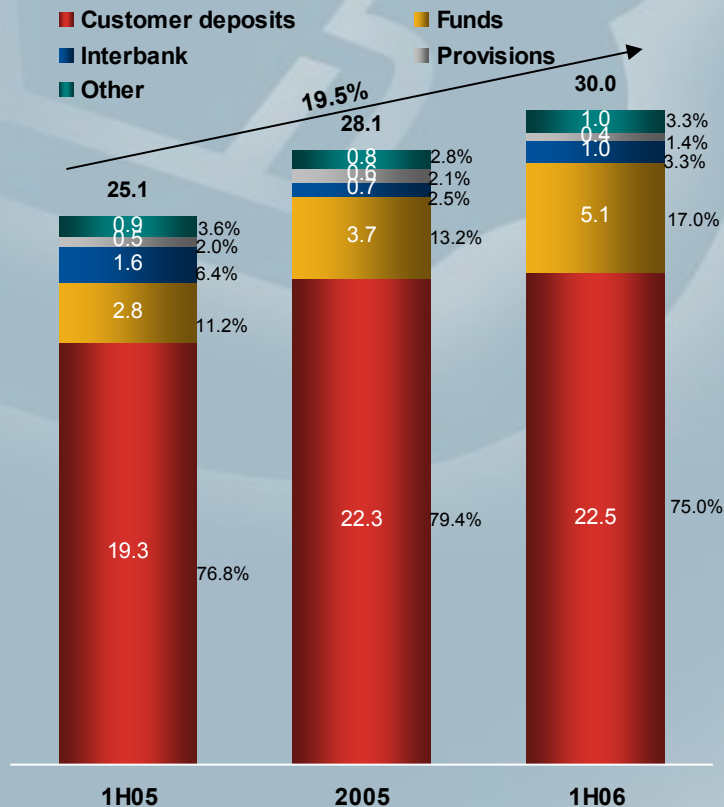


Comments

- The securities portfolio increased by 5% in YoY but its share in total assets continued to decline—from 35.6% in 1H05 to 30.2% in 1H06
- Portfolio of securities available for sale stood at 93.2% of total securities portfolio in 1H06 compared to 80.6% in 1H05
- For the 1st half 2006; average yield on YTL security portfolio is 16.3% and average yield on FX security portfolio is 7.7%

Strong deposit growth is supporting the expansion of credit portfolio

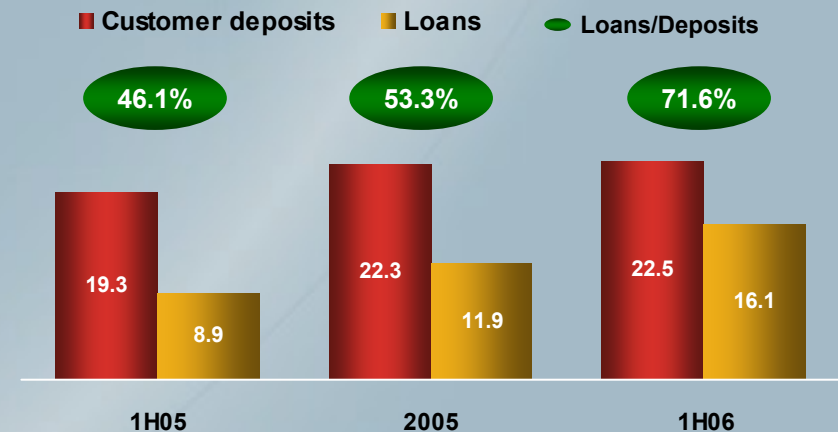
Breakdown of liabilities (YTLbn)



Comments

- Total liabilities grew by 19.5% in 1H2006 comparing to 1H2005, driven by continued expansion of deposit base and increase in external funding
- Customer deposits posted a 16.6% growth in 1H2006 and accounted for 75.0% of total liabilities

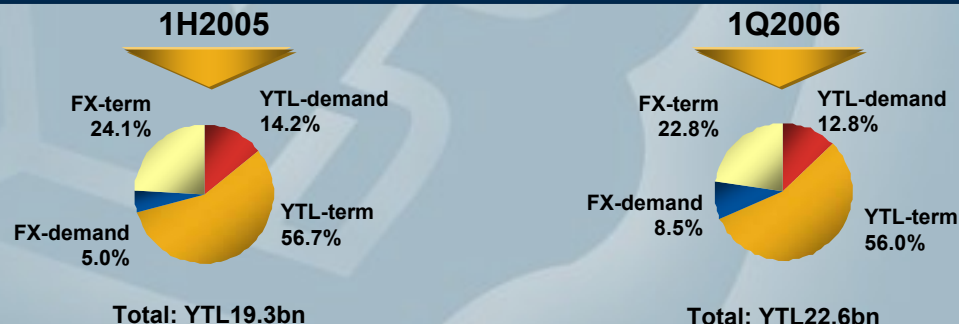
Loans and customer deposits (YTLbn)



Note: Customer deposits exclude interbank deposits
Total liabilities excluding equity

Deposit base composition and evolution

Customer deposit breakdown by type and currency



Comments

- Ensured strong profitability by maintaining liquidity levels and controlling interest expenses through slightly increasing of customer deposits.
- Despite the FX rate increase in 2Q06, YTL deposit base is almost flat.

Deposit composition by type

(YTLmm)	1H2005		2005		1H2006	
	Amount	%	Amount	%	Amount	%
Saving deposits¹	2,745	14.2%	3,664	16.4%	4,447	19.7%
Demand	456	2.4%	548	2.4%	725	3.2%
Term	2,289	11.9%	3,116	14.0%	3,722	16.5%
Public and Commercial²	10,921	56.6%	12,262	54.9%	11,070	49.0%
Demand	2,279	11.8%	2,282	10.2%	2,160	9.6%
Term	8,642	44.8%	9,980	44.7%	8,910	39.5%
Foreign currency	5,627	29.2%	6,398	28.7%	7,067	31.3%
Demand	968	5.0%	778	3.5%	1,922	8.5%
Term	4,659	24.1%	5,620	25.2%	5,145	22.8%
Total³	19,293	100.0%	22,324	100.0%	22,584	100.0%

¹ Represents deposits taken from retail customers

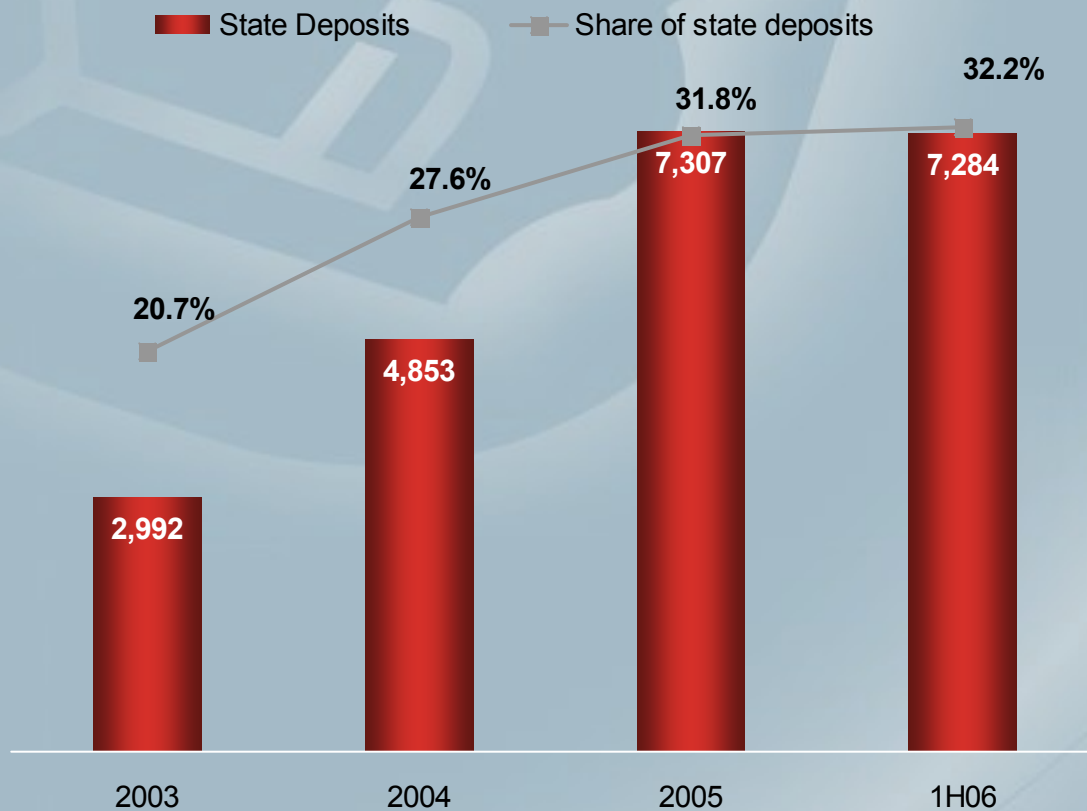
² Represents deposits taken from government related corporates, SMEs and other entities which are not individuals

³ Totals do not include Interbank deposits

State deposits remained almost unchanged

State deposits (YTLmm)

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

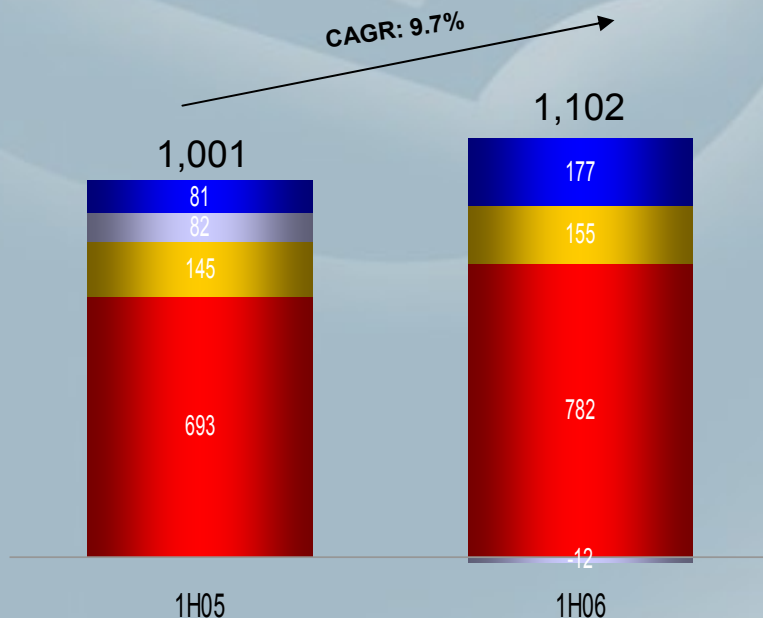
Strengthened capitalisation to support rapid growth

Capital position				Comments
(YTLmm)	1H2005	2005YE	1H2006	
Paid in share capital	1,000.0	1,279.0	1,279.0	<ul style="list-style-type: none"> ■ The bank successfully raised YTL1,45mm through an IPO in November 2005 ■ Subordinated debt of YTL213mm was paid back to SDIF ■ In General Assembly, the bank has decided to pay YTL 399.4mm to the shareholders and YTL 100.5mm was paid to D Group shareholders (free float) in 2Q06. ■ Despite the turmoil in 2Q06, Vakifbank's CAR is still one of the highest in Turkish Banking Sector.
Adjustment to paid-in capital	605.8	605.8	605.8	
Share premium	0	1,172.3	1,172.1	
Reserves	326.9	326.9	421.8	
Profit	208.4	535.2	423.2	
Prior year income/loss	0	0	0	
Total core capital	2,141.1	3,919.2	3,901.9	
Supplementary capital	569.9	540.2	167.9	
Total capital	2,711.0	4,459.4	4,069.8	
Deductions	(260.4)	(403.0)	(381.4)	
Total shareholders' equity	2,450.6	4,056.4	3,688.4	
RWA	11,823.9	14,498.5	18,224.5	
Market risk	1,509.1	1,474.9	1,557.6	
Capital adequacy ratios	18.4%	25.4%	18.6%	

Net banking income posted healthy growth in 1H2006

- Net banking income grew by a CAGR of 9.7% over the last 1 year, with a growth rate of 10.1% in 1H2006 comparing to 1H2005
- Continuous diversification from securities to more client-driven business

Net banking income composition (YTLmm)



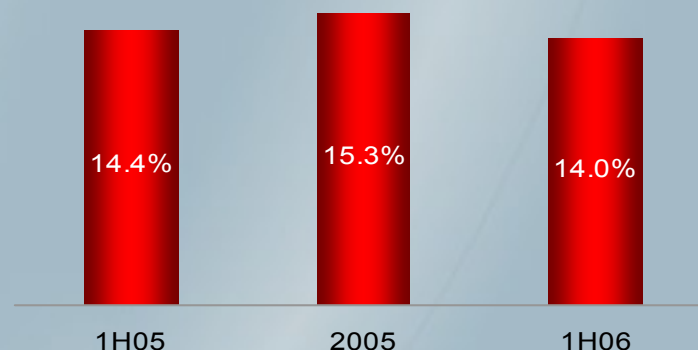
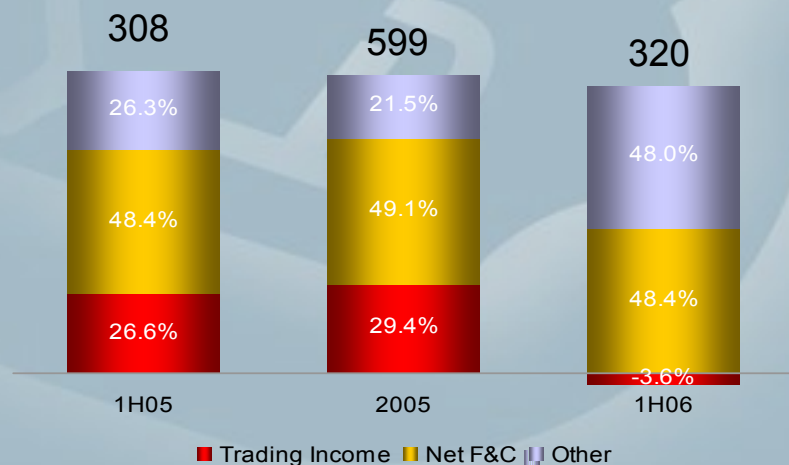
■ Net interest income ■ Net F&C income ■ Net trading income ■ Other

(YTLmm)	2004	2005	1H05	1H06
Net interest income	1,185	1,318	693	782
Net F&C income	250	294	145	155
Net trading income	117	176	82	(12)
Dividend income	4	3	3	6
Other operating income	246	129	81	177
Total operating income	1,801	1,919	1,004	1,108
Total operating expenses (-)	722	732	361	402
Operating profit	1,079	1,188	643	706
Provisions (-)	344	434	329	136
Tax provisions (-)	143	226	109	157
Income from investments and associates	48	7	3	9
Net monetary gain/loss	(16)	0	0	0
Net income	624	535	208	423

Net fee and commission income continues to grow

Non-interest income composition (YTLmm)

Net F&C income % of operating income

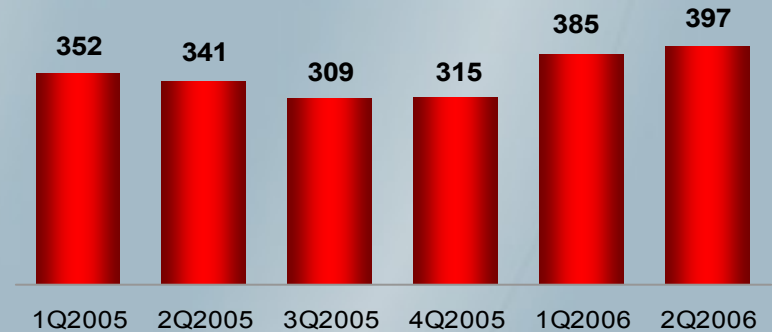


- Net F&C income up by 7.3% driven by increase in cash loans
- Trading income is -12 mm YTL due to foreign exchange losses
 - Trading account securities gains : 44 mm YTL
 - Foreign exchange losses : -56 mm YTL
- Other income is increased by FX Denominated Loans and Securities FX rate increase gains.
 - FX Denominated Loans : 49 mm YTL
 - FX Denominated Securities : 40 mm YTL

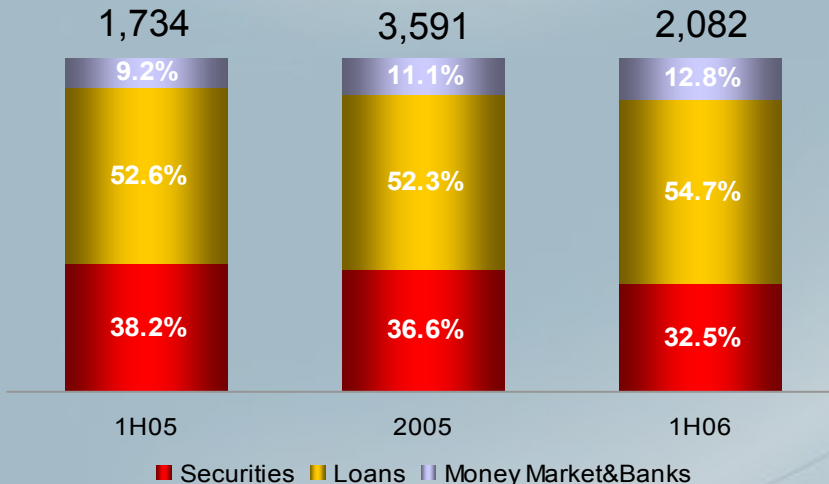
Increasing interest income from loan activities

- Net interest income up by 12.8% comparing to 1H2005, despite declining margins
 - From 1st quarter 2006 net interest income grew by 3.2% in 2nd quarter 2006
 - increasing income from lending activity
- Further move toward higher margin loans in YTL

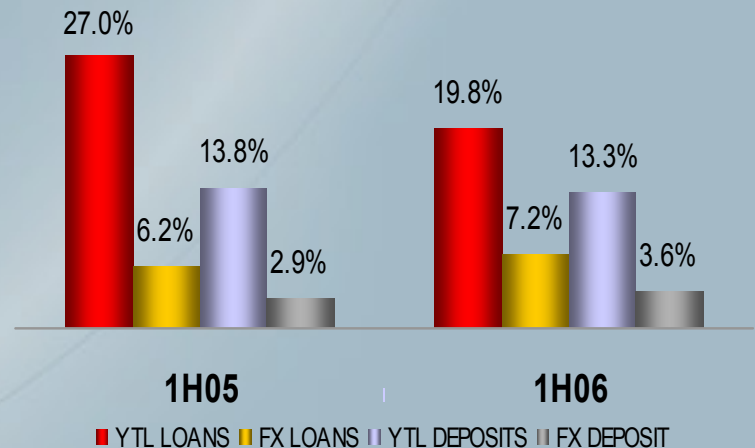
Net interest income(YTLmm)



Interest income (YTLmm)



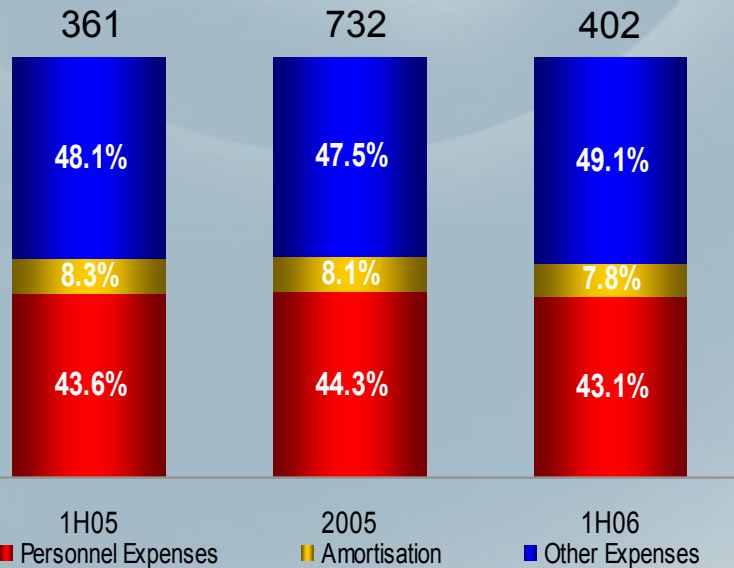
Yield on loans and deposits (%)



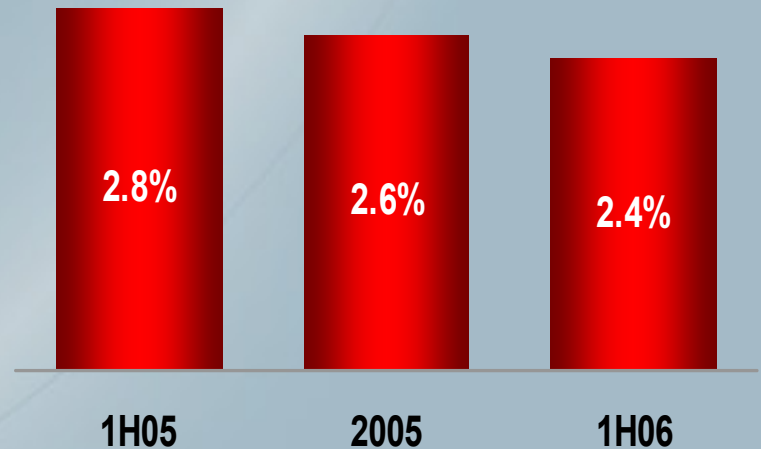
Operating expenses under control

- Virtually no growth in costs, despite going through restructuring at branch and headquarter level.

Other expenses composition (YTLmm)

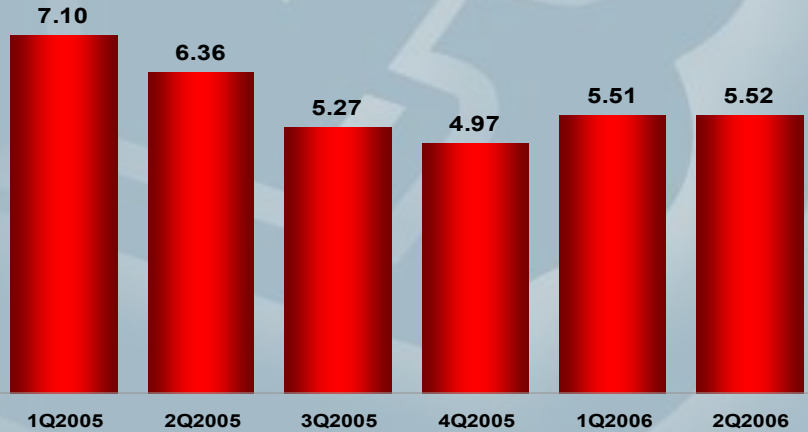


Operating expenses/average assets (%)



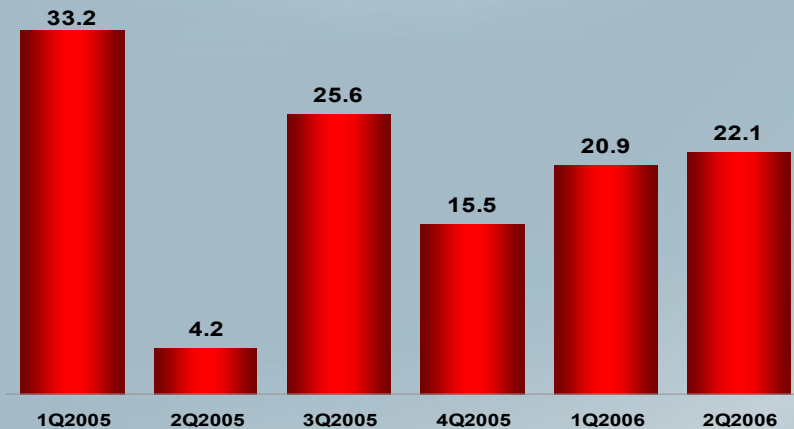
Expansion on NIM and ROE, decrease on C/I

NIM (%)

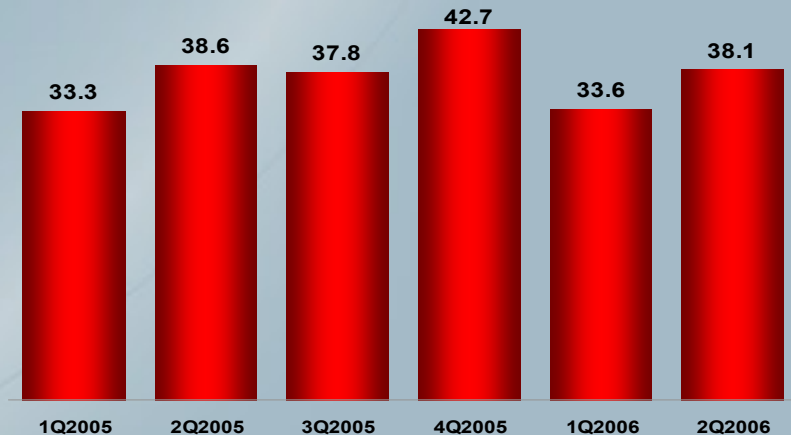


- Despite margin pressure NIM is almost flat compared to 1Q06 in 2Q06
- Further growth in loans/assets expected to provide more support to Vakifbank's NIM
- Maintained ROE above stated target of 20%

ROE (%)

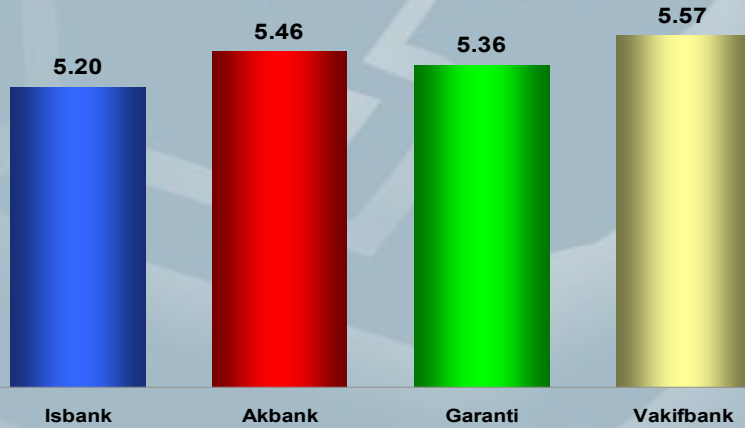


Cost/Income (%)

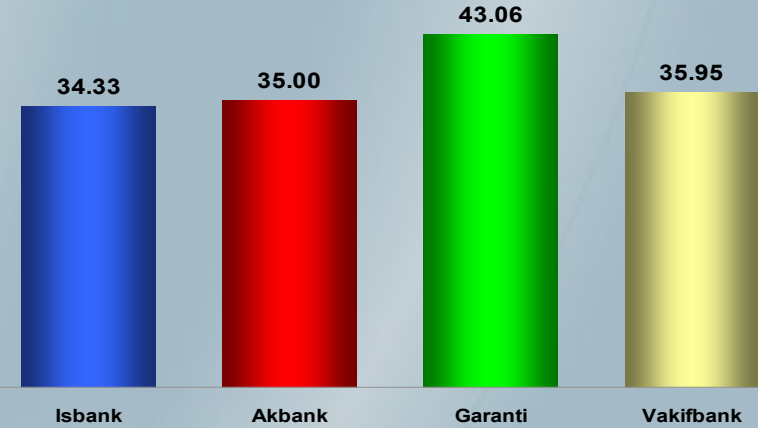


Performance in line with peer group in 1H2006

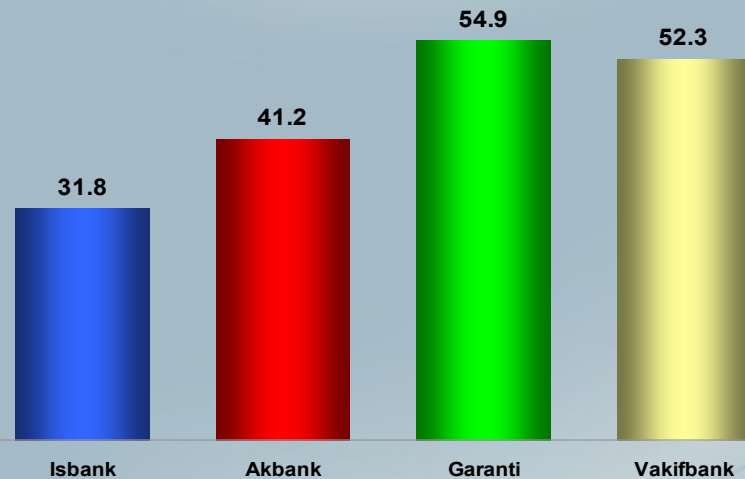
NIM (%)



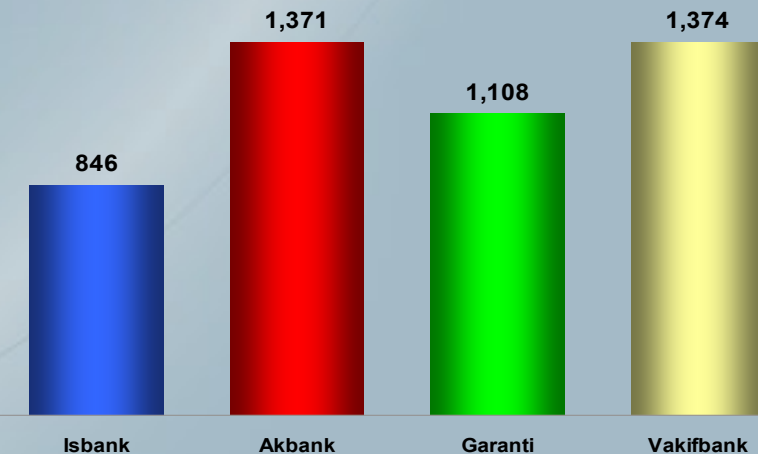
Cost/Income (%)



Loans/Number of Branches (mmYTL)



Net Profit/Number of Branches (thousandYTL)



Balance Sheet Details for 1H2006: Assets

(Thousand YTL)	2005	1H2006	Growth %
Cash&Balances with Central Bank	1,655,463	1,672,178	1.0
Banks&Other FI	2,125,899	1,843,164	(13.3)
Money Market Securities	2,649,000	747,000	(71.8)
Trading Securities	879,405	650,264	(26.1)
Available for Sale Portfolio	9,275,282	9,507,210	2.5
Held to Maturity Securities	360,767	47,374	(86.9)
Loans (net)	11,905,056	16,112,127	35.3
Subsidiaries&Associates	560,606	573,824	2.4
Premises&Equipment	1,006,918	874,986	(13.1)
Other Assets	1,964,404	1,800,158	(8.4)
Total Assets	32,382,800	33,828,285	4.5

Balance Sheet Details for 1H2006: Liabilities

(Thousand YTL)	2005	1H2006	Growth %
Deposits	22,945,691	22,633,191	(1.4)
Interbank Money Market	108,046	965,606	793.7
Funds Borrowed	3,512,824	4,940,434	40.6
Funds	151,597	146,642	(3.3)
Taxes and Dues Payable	44,739	58,051	29.8
Provisions	584,636	398,148	(31.9)
Shareholder's Equity	4,261,408	3,848,498	(9.7)
Other Liability	773,859	837,715	8.3
Total Liability	32,382,800	33,828,285	4.5

P&L for 1st H 2006

(Million YTL)	1H2005	1H2006	Growth %
Net Interest Income	693,092	781,520	12.8
Net F&C Income	144,907	155,496	7.3
Net Trading Income	82,247	(12,239)	(114.9)
Other Operating Income	80,553	177,388	120.2
Total Operating Income	1,004,171	1,108,541	10.4
Total Operating Expenses	(360,968)	(401,863)	11.3
Provisions	(328,961)	(136,252)	(58.6)
Tax Provisions	(108,278)	(156,569)	44.6
Net Profit	208,376	423,241	103.1

Subsidiaries and affiliates





THANK YOU

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