

(Convenience Translation of Consolidated Financial Statements and Related Disclosures  
and Footnotes Originally Issued in Turkish, See Section 3 Note I)

**Türkiye Vakıflar Bankası Türk Anonim Ortaklığı**

Consolidated Interim Financial Report

As of and for the Nine-Month Period Ended

30 September 2008

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27 November 2008

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5 H S R U W ' F R P S U L V L Q J S D J H D

Financial Statements and Related Disclosures and

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Convenience Translation of the Independent Auditors Review Report  
Originally Prepared and Issued in Turkish (See Section 3 Note I)

To the Board of Directors of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı:

We have reviewed the consolidated balance sheet of UNL\H 9DNÖIODU %DQNDVÖ 2 U W D (T.C. Bank) and its financial subsidiaries as of 30 September 2008 and the related consolidated income statement, statement of cash flows and statement of changes in equity for the nine-month period then ended. These consolidated financial statements are the U H V S R Q V L E L O L W \ R I W O U H R e s p o n s i b i l i t y a s I n d e p e n d e n t A u d i t o r s, is to issue a report on these consolidated financial statements based on our review. We did not review the financial statements of certain consolidated companies as of 30 September 2008, which statements reflect total assets constituting 42 percent; and total operating income constituting 9.57 percent as of and for the nine-month period ended 30 September 2008 of the related consolidated totals. Those statements were reviewed by other auditors whose reports have been furnished to us, and our review report, insofar as it relates to the amounts included for those companies is based solely on the reports of the other auditors.

We conducted our review in accordance with the form chart of accounts, accounting and auditing standards in conformity with the (Turkish) Banking Law No 5411. These regulations require that we plan and perform the review to obtain reasonable assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the personnel of the Bank and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly the financial position of UNL\H 9DNÖIODU %DQNDVÖ 2 U W D (T.C. Bank) and its financial subsidiaries as of 30 September 2008 and of the results of its operations and cash flows for the nine-month period then ended in accordance with the accounting principles and standards that are based on the current regulations described in Article 37 and Article 38 of the (Turkish) Banking Law No 5411; and other F R P P X Q L T c o n s u l t a t i o n u n d e r d i r e c t i v e s a n n o u n c e d b y t h e B a n k i n g R e g u l a t i o n a n d S u p e r v i s i o n A g e n c y.

Istanbul,  
27 November 2008

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g]NDQ \*HQ o  
Partner  
Certified Public Accountant

Additional paragraph for convenience translation to English:

As explained in Section 3 Note I, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.



The interim consolidated financial statements and related disclosures and footnotes were subject to limited review, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying interim consolidated financial statements are presented in thousands of New Turkish Lira (YTL), and have been subjected to limited review.

Yusuf BEYAZIT Board of Directors Chairman	& H P ' ( 0 ø 5 \$ ö Board Member and Audit Committee Member	6 D E D K D W W L Q B İ L K İ R Ş İ M A N Board Member and Audit Committee Member	General Manager
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Dr. Metin Recep ZAFER  
Executive Vice President  
in charge of Accounting and  
Financial Affairs

ù 0 H K P H W % 2 =  
Director of Accounting and  
Financial Affairs

The authorized contact person for questions on this financial report

Name Surname/Title	\$ 6 R Q D W ù ( 1 0 D Q D J H Ü % X ÷ U D	Assistant Manager
Phone no	: 0 312 455 75 66	0 312 455 750
Fax no	: 0 312 455 76 92	0 312 455 76 92

SECTION ONE

## General Information

I.	History of the Bank including its incorporation date, initial legal status, amendments to legal status	1
II.	Structure during the period and information on the risk group	1
III.	Information on the Board of Directors, chairman and members, audit committee members, chief executive officer, executive vice presidents and their shareholdings in the Bank	2
IV.	Information on the services and nature of the activities of the Bank	3
V.	Information about the services and nature of the activities of the Bank	3

SECTION TWO

## Consolidated Financial Statements

I.	Consolidated balance sheet Assets	4
II.	Consolidated balance sheet Liabilities	5
III.	Consolidated off-balance sheet items	6
IV.	Consolidated income statement	7
V.	Consolidated statement of gains and losses recognized under	8
VI.	Consolidated statement of gains and losses recognized under	9
VII.	Consolidated statements of cash flows	10

SECTION THREE

## Accounting Policies

I.	Basis of presentation	11
II.	Strategy for the use of financial instruments and the foreign currency transactions	11
III.	Information about the companies subject to consolidation	12
IV.	Information on forwards, options and other derivative financial instruments	13
V.	Information on interest income and expense	14
VI.	Information on fees and commissions	14
VII.	Financial assets	14
VIII.	Impairment of financial assets	15
IX.	Netting of financial instruments	15
X.	Repurchase and resale agreements and securities lending	16
XI.	Assets held for sale and discontinued operations	16
XII.	Goodwill and other intangible assets	16
XIII.	Tangible assets	16
XIV.	Investment properties	17
XV.	Leasing activities	17
XVI.	Provisions and contingent liabilities	17
XVII.	Obligations of the Bank concerning employee rights	18
XVIII.	Taxation	19
XIX.	Additional explanations on borrowings	20
XX.	Shares and share issuances	20
XXI.	Confirmed bill of exchange and acceptances	20
XXII.	Government incentives	20
XXIII.	Segment reporting	20
XXIV.	Other disclosures	21

SECTION FOUR

## Information Related To Consolidated Financial Position of the Group

I.	Consolidated capital adequacy ratio	24
II.	Consolidated market risk	27
III.	Consolidated operational risk	28
IV.	Consolidated foreign currency exchange rate risk	28
V.	Consolidated interest rate risk	31
VI.	Consolidated liquidity risk	35
VII.	Consolidated segment reporting	36

SECTION FIVE

## Disclosures and Footnotes on Consolidated Financial Statements

I.	Information and disclosures related to assets	37
II.	Information and disclosures related to liabilities	54
III.	Information and disclosures related to consolidated off-balance sheet items	59
IV.	Information on disclosures related to consolidated income statement	61
V.	Information and disclosures related to the risk group of the bank	65

SECTION SIX

## Other Disclosures and Footnotes

I.	Other disclosures on the risk group of the bank	67
II.	Significant events and matters arising subsequent to balance sheet date	68
III.	Significant foreign currency exchange rate fluctuations subsequent to balance sheet date	68
IV.	Significant foreign currency exchange rate fluctuations subsequent to balance sheet date	68

SECTION SEVEN

## Independent Auditor's Review Report

I.	Information on the independent auditor's review report	69
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# Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

## Consolidated Interim Financial Report

As of and for the Nine-Month Period Ended 30 September 2008

(Currency: Thousands of YTL New Turkish Lira)

### SECTION ONE

#### General Information

- I. History of the Bank including its incorporation date, initial legal status, amendments to legal status

7•UNL\H 9DNÖIODU %DQNDVÖ 7•UN \$QRQLP 2UWDNOÖ÷Ö ³WK  
note V in this section, under the authorization of a special law PEHUHG FDOOHG ³  
7•UNL\H 9DNÖIODU %DQNDVÖ 7•UN \$QRQLP 2UWDNOÖ÷Ö´ RQ  
authority granted to The General Directorate of the Foundations of Turkish Republic Prime Ministry  
³ 7KH \*HQHUDORILWKFWRUXDQGDWLRQV´ 7KH %DQN¶V VWDWX  
establishment.

- II. **The Parent Bank's shareholders structure, management and internal audit, direct and indirect shareholders, change in shareholders structure during the period and information on the Bank's risk group**

The shareholder having direct or indirect control over the shares of the Bank is The General Directorate of the Foundations.

7KH %DQN¶V Capital is YTL 2,500,000, divided into 2.500.000.000 shares with each has a nominal value of 1 New Turkish Lira.

7KH %DQN¶V VKDUHKROGHU VWUXFWXUH LV VWDWHG EHZ

Shareholders	Number of Shares	Nominal Value of the Shares– Thousands of YTL	Share Percentage (%)
The General Directorate of the Foundations (Group A)	1.075.058.640	1,075,059	43.00
9DNÖIEDQN 0HPXU YH +L YH 6D÷OÖN <DUGÖP 6DQ Foundations (Group B)	402.552.666	402,553	16.10
Other foundations (Group B)	386.224.785	386,225	15.45
Individuals and legal entities (Group C)	4.681.052	4,681	0.19
Publicly traded (Group D)	1.863.455	1,863	0.08
Total	629.619.402	629,619	25.18
Total	2.500.000.000	2,500,000	100.00

**III. Information on the Bank's board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their shareholdings in the Bank**

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking and Business Administration
<b>Board of Directors</b>				
Yusuf BEYAZIT	Chairman	30 April 2004	Master	10 years
5 D J Ö S ' 2 ö 8	Deputy Chairman	6 April 2005	University	33 years
Bilal KARAMAN	Member ±General Manager	22 June 2004	University	29 years
0 H K P H W d ( . ø 1 0	Member	24 July 2007	University	32 years
6 H U G D U 7 8 1 d % ,	Member	24 July 2007	University	23 years
Has D Q g = ( 5	Member	7 February 2004	University	22 years
Erkan TOPAL	Member	4 April 2006	University	13 years
6 D E D K D W W L Q %	Member	21 March 2008	University	22 years
& H P ' ( 0 ø 5 \$ ö	Member	4 April 2005	University	17 years
<b>Audit Committee</b>				
6 D E D K D W W L Q %	Member	21 August 2008	University	23 years
& H P ' ( 0 ø 5 \$ ö	Member	4 April 2005	University	17 years
<b>Auditors</b>				
\$ K P H W 7 D Q \ R O	Auditor	21 March 2008	University	5 years
) D U X N ( U R ÷ O X	Auditor	21 March 2008	University	7 years
<b>Executive Vice Presidents</b>				
7 D Q M X < • N V H O	International Relations and Investor Relations	1 May 2000	University	24 years
\$ K P H W \$ W Ö 2 0 H -		29 January 2004	University	20 years
A \ G Ö Q ' H 6 L N W D -		9 August 2004	University	28 years
ù D K L Q ( 4 8 ÷ X U	Support Services	9 August 2004	University	22 years
) H \ J L g ] F D Q	Retail Banking, Pension Fund, Directorates of the Regions, Distribution Channels, Consumer Loans	20 September 2004	University	19 years
Dr. Metin Recep Zafar <sup>(5)</sup>	Accounting and Financial Affairs, Planning and Performance, Human Resources, Investment Banking and Subsidiaries	13 June 2004	PHD	13 years
% L U J • O ' H Q O L	Treasury	3 July 2006	Master	14 years
' R ÷ D Q 3 H Q o H	Corporate Loan and Directorates of Information	7 June 2004	University	16 years
' U 0 . • U ú D G ' F	Software Development, Treasury and Foreign Operations, Bankin Support, Ebis Operations, Ebis Support and Work Analysis, Alternative Distribution Channels Operations	30 November 2004	PHD	8 years
ø K V D Q d D N Ö U	Commercial Banking, Corporate Banking, Corporate Communication, Corporate Salary Payments and Commercial Centers	30 November 2004	University	13 years
Mehmet Cantekin	Legal Services and Directorates of Loans Followup	27 December 2004	Master	16 years

**Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries**

Consolidated Interim Financial Report

As of and for the Nine-Month Period Ended 30 September 2008

(Thousands of New Turkish Lira (YTL))

(1)  $\$ V$  SHU WKH UHVROXWLRQ RI  $\$ Q Q X D O$  \*HQHUDO  $\$ V V H P E O \backslash$  PHPEHUVKLS LQ WKH  $\% D Q N \uparrow V$   $\% R D U G$  RI 'LUHFWRUV KDV HQO WKH PHPEHU RI WKH  $\% D Q N \uparrow V$  Board of Directors. He has taken up his duty on 26 March 2008.

(2) As per the 3 April 2008 dated resolution of the Board of Directors  $\$ K$  PHW  $\$ W \ddot{O} I$  0H\GDQ K DSSRLQWHG DV  $\$ V V L V W D Q W$  \*HQHUDO 0DQDJHU RI RQH RI V 'H÷HUOHU  $\$ \ddot{u}$

(3)  $\$ V$  SHU WKH UHVROXWLRQ RI WKH  $\% R D U G$  RI 'LUHFWRUV R Executive Vice President in charge of Human Resources and Support Services, has retired.

(4) 2Q 6HSWHPEHU  $\% D Q N \uparrow V$  ([HFXWLYH 9LFH 3UHVLGH responsible for Investment Banking and Subsidiaries, has been appointed for Support Services.

(5) OQ 6HSWHPEHU  $\% D Q N \uparrow V$  ([HFXWLYH 9LFH 3UHVLGH previously responsible for Accounting and Financial Affairs and Planning and Performance, has been appointed for Human Resources and Investment Banking and Subsidiaries in addition to his previous responsibilities.

+DVDQ g]HU WKH PHPEHU RI WKH  $\% D Q N \uparrow V$  -admission share of UHFWRUV the Bank amounting of YTL 0.60. The remaining members of the top management listed above do not hold any unquoted shares of the Bank.

**IV. Information on the Bank's qualified shareholders**

The shareholder holding direct or indirect control over the Bank is The General Directorate of the Foundations having 430 RI WKH  $\% D Q N \uparrow V$  RXWVWDQGLQJ i)KqDafied/  $\$ Q R$  sKDUH LQ WKH  $\% D Q N \uparrow V$  9DNÖIEDQN 0HPXU YH +L]PHWOLOHU pension fund of the employees of the Bank), having 16.10% of outstanding shares of the Bank.

**V. Information about the services and nature of the activities of the Bank**

7KH  $\% D Q N \uparrow V$  ZDV H V W D E O L V K H G X Q G H U WKH D X W K R U L ] D W L R Q 7•UNL\H 9DNÖIODU  $\% D Q N \uparrow V$  7•UN  $\$ Q R Q L P$  2UWDNOÖ÷Ö´ RQ authority granted to The General Directorate of the Foundations. Operational activities of the Bank as stated at its Articles of Association are as follows:

- Lending loans by granting securities and real estates against,
- Establishing or participating in all kinds of insurance corporations already established,
- Trading real estates,
- Servicing all banking operations and services,
- Operating real estates and participating in industrial sectors for corporations handed over by foundations and General Directorate of the Foundations in line with conditions stipulated by agreements if signed.
- The Bank is established to render banking services to the foundations and carry out cashier transactions of the General Directorate of Foundations in compliance with the agreements signed by General Directorate of the Foundations.

As of 30 September 2008, the Bank has 512 domestic, 2 foreign, in total 514 branches (31 December 2007: 466 domestic, 2 foreign branches, in total 468 branches). As of 30 September 2008, the Bank has 9,600 employees (31 December 2007: 8,700)



## SECTION TWO – CONSOLIDATED FINANCIAL STATEMENTS

**Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries**  
**Consolidated Balance Sheet**  
**At 30 September 2008**  
**(Thousands of New Turkish Lira (YTL))**

Convenience Translation of Financial Statements  
and Related Disclosures and Footnotes  
Originally Issued in Turkish, See Section 3 Note 1

ASSETS	Notes	Reviewed Current Period 30 September 2008			"Restated" Audited Prior Year 31 December 2007		
		YTL	FC	Total	YTL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	1,215,450	1,161,466	2,376,916	1,626,725	866,575	2,493,300
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	V-I-2	110,977	307,473	418,450	120,081	336,806	456,887
2.1 Financial assets held for trading		100,888	297,439	398,327	97,817	319,957	417,774
2.1.1 Government securities		98,892	297,439	396,331	95,953	319,957	415,910
2.1.2 Equity securities		1,104	-	1,104	500	-	500
2.1.3 Other securities		892	-	892	1,364	-	1,364
2.2 Financial assets designated at fair value through profit or loss		-	-	-	-	-	-
2.2.1 Government securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Other securities		-	-	-	-	-	-
2.3 Derivative financial assets held for trading purpose		10,089	10,034	20,123	22,264	16,849	39,113
III. BANKS	V-I-3	220,955	1,419,527	1,640,482	859,321	2,007,360	2,866,681
IV. RECEIVABLES FROM INTERBANK MONEY MARKETS		2,452,279	-	2,452,279	715,835	-	715,835
4.1 Interbank money market placements		2,452,279	-	2,452,279	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	715,835	-	715,835
V. AVAILABLE -FOR-SALE FINANCIAL ASSETS (Net)	V-I-4	7,081,415	2,168,496	9,249,911	6,738,179	2,770,936	9,509,115
5.1 Equity securities		20,218	7,594	27,812	20,187	1,650	21,837
5.2 Government securities		7,061,197	2,097,661	9,158,858	6,717,925	2,689,220	9,407,145
5.3 Other securities		-	63,241	63,241	63	80,066	80,129
VI. LOANS	V-I-5	20,830,643	9,770,125	30,600,768	17,088,234	6,714,895	23,803,129
6.1 Performing loans		20,720,095	9,769,633	30,489,728	17,088,234	6,714,425	23,802,663
6.1.1 Loans provided to the%DQN¶V U L V N J U R X S	V-V-1	589	5,633	6,222	126	3,993	4,119
6.1.2 Others		20,719,506	9,764,000	30,483,506	17,088,108	6,710,432	23,798,544
6.2 Loans under followup		1,382,225	52,172	1,434,397	1,156,517	87,614	1,244,131
6.3 Specific provisions-ı		1,271,677	51,676	1,323,353	1,156,517	87,145	1,243,662
VII. FACTORING RECEIVABLES		127,213	2,605	129,818	52,389	5,146	57,535
VIII. HELD-TO-MATURITY INVESTMENT SECURITIES (Net)	V-I-6	1,914,716	326,015	2,240,731	1,457,965	206,386	1,664,351
8.1 Government securities		1,914,716	279,173	2,193,889	1,457,965	162,491	1,620,456
8.2 Other securities		-	46,842	46,842	-	43,895	43,895
IX. INVESTMENTS IN ASSOCIATES (Net)	V-I-7	92,828	3	92,831	88,029	3	88,032
9.1 Associates consolidated per equity method		75,373	-	75,373	70,465	-	70,465
9.2 Unconsolidated Associates		17,455	3	17,458	17,564	3	17,567
9.2.1 Financial Associates		1,518	-	1,518	1,647	-	1,647
9.2.2 Non-Financial Associates		15,937	3	15,940	15,917	3	15,920
X. INVESTMENTS IN SUBSIDIARIES (Net)	V-I-8	127,260	-	127,260	128,660	-	128,660
10.1 Unconsolidated financial subsidiaries		1,823	-	1,823	3,223	-	3,223
10.2 Unconsolidated nonfinancial subsidiaries		125,437	-	125,437	125,437	-	125,437
XI. INVESTMENTS IN JOINT -VENTURES (Net)	V-I-9	-	-	-	-	-	-
11.1 Joint-ventures consolidated per equity method		-	-	-	-	-	-
11.2 Unconsolidated joint-ventures		-	-	-	-	-	-
11.2.1 Financial jointventures		-	-	-	-	-	-
11.2.2 Non-Financial joint-ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	V-I-10	24,938	223,803	248,741	33,911	249,923	283,834
12.1 Finance lease receivables		30,510	255,607	286,117	42,127	291,614	333,741
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned incomeı		5,572	31,804	37,376	8,216	41,691	49,907
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT PURPOSE	V-I-11	-	-	-	-	-	-
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Hedges of net investment in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		1,076,943	1,699	1,078,642	1,001,475	1,731	1,003,206
XV. INTANGIBLE ASSETS (Net)		29,434	62	29,496	14,822	78	14,900
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		29,434	62	29,496	14,822	78	14,900
XVI. INVESTMENT PROPERTIES	V-I-12	52,827	-	52,827	56,786	-	56,786
XVII. TAX ASSETS		82,501	852	83,353	49,724	1,179	50,903
17.1 Current tax assets		2,984	-	2,984	-	1,054	1,054
17.2 Deferred tax assets	V-I-13	79,517	852	80,369	49,724	125	49,849
XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS	V-I-14	1,704	-	1,704	1,702	-	1,702
18.1 Assets held for sale		1,704	-	1,704	1,702	-	1,702
18.2 Assets related to the discontinued activities		-	-	-	-	-	-
XIX. OTHER ASSETS	V-I-15	1,016,102	258,348	1,274,450	765,762	252,299	1,018,061
<b>TOTAL ASSETS</b>		<b>36,458,185</b>	<b>15,640,480</b>	<b>52,098,665</b>	<b>30,799,600</b>	<b>13,413,320</b>	<b>44,212,920</b>

The accompanying notes are an integral part of these consolidated financial statements.

			Reviewed Current Period 30 September 2008			"Restated" Audited Prior Year 31 December 2007		
LIABILITIES AND SHAREHOLDERS' EQUITY		Notes	YTL	FC	Total	YTL	FC	Total
I.	DEPOSITS	V-II-1	27,170,566	9,197,290	36,367,856	22,372,917	6,776,506	29,149,423
1.1	Term deposits	V-V-1	1,116,000	66,088	1,182,091	1,192,716	81,688	1,274,403
1.2	Others		26,054,566	9,131,202	35,185,767	21,180,201	6,694,820	27,875,022
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE	V-II-2	9,792	18,041	27,833	20,003	2,287	22,290
III.	FUNDS BORROWED	V-II-3	76,831	5,293,813	5,370,644	52,619	4,985,261	5,037,880
IV.	INTERBANK MONEY MARKET		827,517	916,637	1,744,154	793,915	1,359,520	2,153,435
4.1	Interbank money market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		15,162	-	15,162	-	-	-
4.3	Obligations under repurchase agreements		812,355	916,637	1,728,992	793,915	1,359,520	2,153,435
V.	SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	FUNDS		105,584	-	105,584	121,964	-	121,964
6.1	Funds against borrower's note		-	-	-	-	-	-
6.2	Others		105,584	-	105,584	121,964	-	121,964
VII.	MISCELLANEOUS PAYABLES		979,587	100,032	1,079,619	687,213	121,038	808,251
VIII.	OTHER EXTERNAL RESOURCES PAYABLE	V-II-4	77,502	200,807	278,309	143,899	140,449	284,348
IX.	FACTORING PAYABLES		-	-	-	8,961	2,519	11,480
X.	LEASE PAYABLES (Net)	V-II-5	-	-	-	-	-	-
10.1	Finance lease payables		-	-	-	-	-	-
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred financial leasing expenses (-)		-	-	-	-	-	-
XI.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT PURPOSE	V-II-6	-	-	-	-	-	-
11.1	Fair value hedges		-	-	-	-	-	-
11.2	Cash flow hedges		-	-	-	-	-	-
11.3	Hedges of net investment in foreign operations		-	-	-	-	-	-
XII.	PROVISIONS	V-II-7	1,202,980	40,805	1,243,785	1,062,831	30,747	1,093,578
12.1	General provisions		245,927	4,245	250,172	169,789	3,956	173,745
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		244,055	423	244,478	221,475	403	221,878
12.4	Insurance technical provisions (Net)		579,533	10,335	589,868	563,300	11,069	574,369
12.5	Other provisions		133,465	25,802	159,267	108,267	15,319	123,586
XIII.	TAX LIABILITIES		176,035	3,720	179,755	182,338	1,756	184,094
13.1	Current tax liabilities	V-II-8	170,667	3,720	174,387	176,706	1,756	178,462
13.2	Deferred tax liabilities	V-I-13	5,368	-	5,368	5,632	-	5,632
XIV.	PAYABLES FOR ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS		-	-	-	-	-	-
14.1	Payables related to the assets held for sale		-	-	-	-	-	-
14.2	Payables related to the discontinued operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS		-	-	-	-	-	-
XVI.	SHAREHOLDERS' EQUITY		5,650,897	50,227	5,701,124	5,229,656	116,516	5,346,172
16.1	Paid-in capital	V-II-9	2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2	Capital reserves		746,022	(34,892)	711,130	790,164	41,627	831,791
16.2.1	Share premium		726,691	-	726,691	726,691	-	726,691
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Valuation differences of the marketable securities	V-II-9	5,254	(34,892)	(29,638)	49,226	41,627	90,853
16.2.4	Revaluation surplus on tangible assets		12,526	-	12,526	12,526	-	12,526
16.2.5	Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6	Revaluation surplus on investment properties		-	-	-	-	-	-
16.2.7	Bonus shares of associates, subsidiaries and joint-ventures		1,551	-	1,551	1,721	-	1,721
16.2.8	Hedging reserves (effective portion)		-	-	-	-	-	-
16.2.9	Revaluation surplus on assets held for sale and assets related to the discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		-	-	-	-	-	-
16.3	Profit reserves		1,611,726	40,820	1,652,546	708,393	38,058	746,451
16.3.1	Legal reserves		303,514	-	303,514	200,418	-	200,418
16.3.2	Status reserves		1,863	-	1,863	1,245	-	1,245
16.3.3	Extraordinary reserves		1,104,860	4,693	1,109,553	341,876	4,693	346,569
16.3.4	Other profit reserves		201,489	36,127	237,616	164,854	33,365	198,219
16.4	Profit or loss		569,058	37,069	606,127	1,019,366	36,831	1,056,197
16.4.1	Prior years' profit/loss		(19,053)	29,475	10,422	(10,827)	33,757	22,930
16.4.2	Current period's profit/loss		588,111	7,594	595,705	1,030,193	3,074	1,033,267
16.4.3	Minority shares		224,091	7,230	231,321	211,736	-	211,736
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>36,277,293</b>	<b>15,821,372</b>	<b>52,098,665</b>	<b>30,673,619</b>	<b>13,536,601</b>	<b>44,210,220</b>

The accompanying notes are an integral part of these consolidated financial statements.

	Notes	Reviewed Current Period 30 September 2008			Audited Prior Year 31 December 2007		
		YTL	FC	TOTAL	YTL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		9,704,88	5,716,18	15,421,06	9,254,89	4,356,33	13,611,22
I. GUARANTEES AND SURETIES	V-III -1,4	3,177,23	4,457,38	7,634,62	2,778,29	3,162,83	5,941,12
1.1. Letters of guarantee		3,176,69	1,790,32	4,967,01	2,778,16	1,584,57	4,362,73
1.1.1. Guarantees subject to State Tender Law		439,94	622,23	1,062,18	378,63	359,57	738,21
1.1.2. Guarantees given for foreign trade operations		186,64	150	186,79	83,35	222	83,58
1.1.3. Other letters of guarantee		2,550,10	1,167,93	3,718,03	2,316,17	1,224,76	3,540,94
1.2. Bank acceptances		-	472,44	472,44	-	456,86	456,86
1.2.1. Import letter of acceptance		-	162,26	162,26	-	164,94	164,94
1.2.2. Other bank acceptances		-	310,17	310,17	-	291,91	291,91
1.3. Letters of credit		-	2,180,81	2,180,81	128	1,117,92	1,118,05
1.3.1. Documentary letters of credit		-	2,180,71	2,180,71	128	1,117,92	1,118,05
1.3.2. Other letters of credit		-	96	96	-	-	-
1.4. Guarantee pre-financings		-	10,93	10,93	-	2,63	2,63
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Marketable securities underwriting commitments		-	-	-	-	-	-
1.7. Factoring related guarantees		540	1,984	2,524	-	-	-
1.8. Other guarantees		-	890	890	-	82	829
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS		6,163,50	691	6,164,19	6,017,26	12,97	6,030,24
2.1. Irrevocable commitments		6,155,52	515	6,156,04	6,008,71	12,80	6,021,52
2.1.1. Asset purchase commitments		-	-	-	-	-	-
2.1.2. Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		1,371,89	-	1,371,89	1,452,87	-	1,452,87
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		1,474,85	-	1,474,85	1,330,39	-	1,330,39
2.1.8. Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card limits		3,100,24	-	3,100,24	3,067,93	-	3,067,93
2.1.10. Commitments for credit card and banking operations promotions		207,49	-	207,49	156,33	-	156,33
2.1.11. Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12. Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		1,03	515	1,55	1,177	12,80	13,98
2.2. Revocable commitments		7,97	176	8,15	8,55	164	8,72
2.2.1. Revocable loan granting commitments		7,97	176	8,15	8,55	164	8,72
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		364,14	1,258,10	1,622,25	459,33	1,180,52	1,639,85
3.1. Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	-	-	-	-	-
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		364,14	1,258,10	1,622,25	459,33	1,180,52	1,639,85
3.2.1. Forward foreign currency purchases/sales		190,27	185,19	375,47	248,35	236,36	484,72
3.2.1.1. Forward foreign currency purchases		95,15	92,60	187,75	124,26	118,18	242,44
3.2.1.2. Forward foreign currency sales		95,12	92,59	187,71	124,09	118,18	242,28
3.2.2. Currency and interest rate swaps		173,87	979,15	1,153,02	210,97	944,15	1,155,13
3.2.2.1. Currency swap purchases		10,89	253,06	263,95	40,00	307,91	347,91
3.2.2.2. Currency swap sales		10,88	253,09	263,97	-	338,58	338,58
3.2.2.3. Interest rate swap purchases		72,05	245,09	317,15	83,16	155,19	238,35
3.2.2.4. Interest rate swap sales		80,04	227,90	307,94	87,81	142,46	230,27
3.2.3. Currency, interest rate and security options		-	2	2	-	2	2
3.2.3.1. Currency call options		-	-	-	-	-	-
3.2.3.2. Currency put options		-	-	-	-	-	-
3.2.3.3. Interest rate call options		-	-	-	-	-	-
3.2.3.4. Interest rate put options		-	-	-	-	-	-
3.2.3.5. Security call options		-	2	2	-	2	2
3.2.3.6. Security put options		-	-	-	-	-	-
3.2.4. Currency futures		-	-	-	-	-	-
3.2.4.1. Currency future purchases		-	-	-	-	-	-
3.2.4.2. Currency future sales		-	-	-	-	-	-
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate future purchases		-	-	-	-	-	-
3.2.5.2. Interest rate future sales		-	-	-	-	-	-
3.2.6. Others		-	93,75	93,75	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		54,951,37	15,592,78	70,544,15	42,305,90	6,831,86	49,137,76
IV. ITEMS HELD IN CUSTODY		14,883,68	490,79	15,374,47	14,290,34	418,49	14,708,83
4.1. Customers' securities held		371,44	12,15	383,60	1,332,90	11,33	1,344,24
4.2. Investment securities held in custody		13,107,74	2,96	13,110,70	12,028,24	2,76	12,031,00
4.3. Checks received for collection		645,55	95,26	740,82	389,71	79,31	469,03
4.4. Commercial notes received for collection		222,74	85,69	308,43	163,73	103,42	267,15
4.5. Other assets received for collection		54,33	796	55,12	49,47	87	50,34
4.6. Assets received through public offering		-	353	353	-	33	333
4.7. Other items under custody		225,58	24,58	250,17	230,58	9,34	239,92
4.8. Custodians		256,28	268,98	525,27	95,69	211,10	306,79
V. PLEDGED ITEMS		40,067,68	15,101,99	55,169,67	28,015,55	6,413,37	34,428,92
5.1. Securities		1,245,25	57,74	1,302,99	1,244,53	60,02	1,304,55
5.2. Guarantee notes		785,69	245,38	1,031,07	526,58	247,77	774,36
5.3. Commodities		6,675,76	-	6,675,76	6,193,97	-	6,193,97
5.4. Warranties		-	-	-	-	6,42	6,42
5.5. Real estates		30,020,64	13,884,91	43,905,55	19,495,40	5,516,87	25,012,28
5.6. Other pledged items		1,033,69	873,69	1,907,39	368,34	559,86	928,21
5.7. Pledged items depository		306,63	40,25	346,89	186,69	22,41	209,11
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
<b>TOTAL OFF-BALANCE SHEET ITEMS (A+B)</b>		<b>64,656,25</b>	<b>21,308,96</b>	<b>85,965,22</b>	<b>51,560,79</b>	<b>11,188,19</b>	<b>62,748,99</b>

The accompanying notes are an integral part of these consolidated financial statements.

	Notes	"Restated"		"Restated"	
		Reviewed Current Period 1 January 2008– 30 September 2008	Reviewed Prior Period 1 January 2007– 30 September 2007	Reviewed Current Period 1 July 2008– 30 September 2008	Reviewed Prior Period 1 July 2007– 30 September 2007
		Total	Total	Total	Total
I. <b>INTEREST INCOME</b>	V-IV-1	4,703,804	4,043,264	1,648,848	1,398,003
1.1 Interest income from loans		3,086,427	2,345,068	1,108,763	813,645
1.2 Interest income from reserve deposits		133,122	120,923	49,073	42,292
1.3 Interest income from banks		95,650	166,122	26,391	60,145
1.4 Interest income from money market transactions		61,365	160,685	23,675	47,239
1.5 Interest income from marketable securities		1,277,120	1,216,448	426,541	424,172
1.5.1 Interest income from trading financial assets		25,339	43,971	7,335	13,147
1.5.2 Interest income from financial assets at fair value through profit or loss		2,150	121	2,150	121
1.5.3 Interest income from available-for-sale financial assets		1,008,686	1,103,980	328,763	361,194
1.5.4 Interest income from held-to-maturity investment securities		240,945	68,376	88,293	49,710
1.6 Finance lease income		22,087	20,943	6,672	6,985
1.7 Other interest income		28,033	13,075	7,733	3,525
II. <b>INTEREST EXPENSE</b>	V-IV-2	3,181,915	2,749,831	1,126,087	938,085
2.1 Interest expense on deposits		2,809,560	2,406,092	1,017,124	807,705
2.2 Interest expense on funds borrowed		182,495	206,495	54,749	73,825
2.3 Interest expense on money market transactions		165,784	118,842	57,696	49,013
2.4 Interest expense on securities issued		-	-	-	-
2.5 Other interest expenses		24,076	18,402	(3,482)	7,542
III. <b>NET INTEREST INCOME [ I - II ]</b>		1,521,889	1,293,433	522,761	459,918
IV. <b>FEES AND COMMISSIONS, NET</b>		346,131	245,574	111,243	85,001
4.1 Fees and commissions received		465,658	359,551	153,757	125,297
4.1.1 Non-cash loans		44,209	35,400	17,357	12,180
4.1.2 Others		421,449	324,151	136,400	113,117
4.2 Fees and commissions paid		119,527	113,977	42,514	40,296
4.2.1 Non-cash loans		508	752	148	239
4.2.2 Others		119,019	113,225	42,366	40,057
V. <b>DIVIDEND INCOME</b>		6,578	33,306	-	74
VI. <b>TRADING INCOME/LOSSES, NET</b>	V-IV-3	71,351	195,106	32,156	54,451
6.1 Trading income/losses (Net)		38,574	77,801	20,398	11,657
6.2 Foreign exchange gains/losses (Net)		32,777	117,305	11,758	42,794
VII. <b>OTHER OPERATING INCOME</b>	V-IV-4	570,917	569,169	175,185	221,212
VIII. <b>OPERATING PROFIT (III+IV+V+VI+VII)</b>		2,516,866	2,336,588	841,345	820,656
IX. <b>PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)</b>	V-IV-5	408,132	363,670	184,405	87,464
X. <b>OTHER OPERATING EXPENSES (-)</b>	V-IV-6	1,341,221	1,029,759	506,885	357,178
XI. <b>OPERATING PROFIT/LOSS, NET (VIII -IX -X)</b>		767,513	943,159	150,055	376,014
XII. <b>INCOME FROM MERGES</b>		-	-	-	-
XIII. <b>INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		10,530	6,427	4,423	661
XIV. <b>GAIN/LOSS ON MONETARY POSITION, NET</b>		-	-	-	-
XV. <b>INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (XI+...+XIV)</b>		778,043	949,586	154,478	376,675
XVI. <b>PROVISION FOR TAXES FOR CONTINUING OPERATIONS</b>	V-IV-7	(156,723)	(165,785)	(31,979)	(52,663)
16.1 Current tax charge		(169,216)	(189,168)	(36,623)	(59,812)
16.2 Deferred tax charge		12,493	23,383	4,644	7,149
XVII. <b>NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV±XVI)</b>		621,320	783,801	122,499	324,012
XVIII. <b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
18.1 Income from investment properties		-	-	-	-
18.2 Income from sales of subsidiaries, affiliates and joint-ventures		-	-	-	-
18.3 Other income from discontinued activities		-	-	-	-
XIX. <b>EXPENSES FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
19.1 Investment property expenses		-	-	-	-
19.2 Losses from sales of subsidiaries, affiliates and joint ventures		-	-	-	-
19.3 Other expenses from discontinued activities		-	-	-	-
XX. <b>INCOME/LOSS FROM DISCONTINUED OPERATIONS BEFORE TAXES</b>		-	-	-	-
XXI. <b>PROVISION FOR TAXES FOR DISCONTINUED OPERATIONS</b>		-	-	-	-
21.1 Current tax charge		-	-	-	-
21.2 Deferred tax charge		-	-	-	-
XXII. <b>NET INCOME/LOSS AFTER TAXES FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
XXIII. <b>CURRENT PERIOD'S PROFIT/LOSS</b>	V-IV-8	621,320	783,801	122,499	324,012
23.1 * U R X S ¶ V V K D U H		595,705	790,064	113,373	328,122
23.2 Minority share		25,615	(6,263)	9,126	(4,110)
<b>EARNINGS PER SHARE (full YTL)</b>		0.2485	0.3135	0.0490	0.1296

The accompanying notes are an integral part of these consolidated financial statements

	Reviewed Current Period 1 January - 30 September 2008	Reviewed Prior Period 1 January - 30 September 2007	Reviewed Current Period 1 July - 30 September 2008	Reviewed Prior Period 1 July - 30 September 2007
<b>GAINS AND LOSSES RECOGNIZED UNDER SHAREHOLDERS EQUITY</b>				
I. VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN SECURITIES VALUATION DIFFERENCES	(147,414	58,389	169,077	(4,428
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-	10,253	-	2,579
III. REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-	-	-
IV. CURRENCY TRANSLATION DIFFERENCES	2,768	(6,493)	(7,016)	(2,094)
V. GAINS/(LOSSES) FROM CASH FLOW HEDGES (Effective Portion of Fair Value Changes)	-	-	-	-
VI. GAINS/(LOSSES) FROM NET FOREIGN INVESTMENT HEDGES (Effective portion)	-	-	-	-
VII. EFFECTS OF ERRORS AND CHANGES IN ACCOUNTING POLICIES	-	-	-	-
VIII. OTHER GAINS AND LOSSES RECOGNIZED UNDER EQUITY IN ACCORDANCE WITH TAS	(2,439)	(29,599)	(23)	873
IX. DEFERRED TAXES DUE TO VALUATION DIFFERENCES	28,801	(11,264)	(32,759)	505
X. NET GAINS/LOSSES RECORDED DIRECTLY UNDER EQUITY	(118,284)	21,286	129,276	(2,565)
XI. CURRENT PERIOD'S PROFIT/(LOSS)	621,321	783,801	122,496	324,012
11.1 Change in fair value of securities (Transfers to income statement)	5,031	(9,546)	(11,527)	(24,357)
11.2 Gains/Losses recognized in the income statement due to reclassification of flow hedges	-	-	-	-
11.3 Gains/Losses recognized in the income statement due to reclassification of foreign investment hedges	-	-	-	-
11.4 Others	616,289	793,347	134,023	348,369
<b>XXIII. TOTAL GAINS AND LOSSES RECOGNIZED DURING THE PERIOD</b>	<b>503,036</b>	<b>805,087</b>	<b>251,776</b>	<b>321,447</b>

The accompanying notes are an integral part of these consolidated financial statements.

**Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries**  
**Consolidated S D W H P H Q W R I & K D Q J H V L Q 6 K D U H K R O G H U V ¶ ( T X L W \**  
**For the Nine Month Period Ended 30 September 2008**  
**(Thousands of New Turkish Lira (YTL))**

Convenience Translation of Financial Statements  
and Related Disclosures and Footnotes  
Originally Issued in Turkish, See Section 3 Note 1

	Paidin Capital	Capital Reserves from Inflation Adjustments to Paidin Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period ¶ V Net Profit/ (Loss)	Prior < H D U ¶ Net Profit/ (Loss)	Valuation Differences of the Marketable Securities	Revaluation Surplus on Tangible, Intangible Assets and Investment Property	Bonus Shares Associates, Subsidiaries and Joint Ventures	Hedging Reserves	Revaluation Surp. On Assets Held for Sale and Assets of Op.:	6 K D U H K Equity before Minority Interest	Minority Interest	Total 6 K D U H K Equity	
<b>CHANGES IN SHAREHOLDERS' EQUITY</b>																			
<b>PRIOR PERIOD – 30 September 2007</b>																			
I.	Balances at the beginning of the period	2,500,000	-	726,687	-	132,696	3	20,419	207,713	794,152	27,651	37,472	12,756	37,586	-	-	4,497,135	196,583	4,693,718
II.	Correction made as per TAS 8	-	-	4	-	1,689	799	3,626	280	-	22,437	(38,778)	-	(6,133)	-	-	(16,076)	2,310	(13,766)
2.1	Effect of corrections	-	-	4	-	1,689	799	3,626	280	-	22,437	(38,778)	-	(6,133)	-	-	(16,076)	2,310	(13,766)
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted balances at beginning of the period (I+II)	2,500,000	-	726,691	-	134,385	802	24,045	207,993	794,152	50,088	(1,306)	12,756	31,453	-	-	4,481,059	198,893	4,679,952
Changes during the period																			
IV.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Hedges for risk management	-	-	-	-	-	-	-	-	-	43,725	-	-	-	-	-	43,725	(48)	43,677
6.1	Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	322	-	-	-	-	322	7,554	7,876
VIII.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares of associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	(25,726)	-	-	-	(25,726)	-	(25,726)
X.	Translation differences	-	-	-	-	-	-	(6,266)	-	-	-	-	-	-	-	-	(6,266)	(227)	(6,493)
XI.	Changes resulted from disposal of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes resulted from reclassifications of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effect of change in equities of associates on the Bank's equity	-	-	-	-	-	-	-	6,427	-	3,772	2,377	(4,197)	-	-	-	8,379	(118)	8,261
XIV.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Capital reserves from inflation adjustments to paidin capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Current period's net profit/loss	-	-	-	-	-	-	-	783,637	-	-	-	-	-	-	-	783,637	(6,263)	777,374
XX.	Profit distribution	-	-	-	-	66,033	443	322,438	(3,555)	(794,152)	(27,072)	-	-	-	-	-	(435,865)	7,513	(428,352)
20.1	Dividends	-	-	-	-	-	-	-	-	(435,865)	-	-	-	-	-	-	(435,865)	(267)	(436,132)
20.2	Transferred to reserves	-	-	-	-	66,033	443	322,438	(3,555)	(358,287)	(27,072)	-	-	-	-	-	-	7,780	7,780
20.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	726,691	-	200,418	1,245	346,483	198,172	790,064	23,016	46,191	15,455	1,530	-	-	4,849,265	207,304	5,056,569
<b>CURRENT PERIOD – 30 September 2008</b>																			
I.	Balances at the beginning of the period	2,500,000	-	726,687	-	197,941	-	338,246	197,974	1,030,521	6,389	118,888	10,149	12,051	-	-	5,138,847	209,466	5,348,313
II.	Correction made as per TAS 8	-	-	4	-	2,477	1,245	8,323	245	2,746	16,541	(28,036)	2,377	(10,330)	-	-	(4,408)	2,270	(2,138)
2.1	Effect of corrections	-	-	4	-	2,477	1,245	8,323	245	2,746	16,541	(28,036)	2,377	(10,330)	-	-	(4,408)	2,270	(2,138)
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted balances at beginning of the period (I+II)	2,500,000	-	726,691	-	200,418	1,245	346,569	198,219	1,033,267	22,930	90,853	12,526	1,721	-	-	5,134,439	211,736	5,346,175
Changes during the period																			
IV.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Associates, subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Hedges for risk management	-	-	-	-	-	-	-	-	-	-	(116,993)	-	-	-	-	(116,993)	(391)	(117,384)
6.1	Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Revaluation surplus on tangible asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares of associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Translation differences	-	-	-	-	-	-	-	2,520	-	-	-	-	-	-	-	2,520	248	2,768
XI.	Changes resulted from disposal of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes resulted from reclassifications of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effect of change in equities of associates on the Bank's equity	-	-	-	-	-	-	-	-	10,546	-	(3,498)	-	(170)	-	-	6,878	(605)	6,273
XIV.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Capital reserves from inflation adjustments to paidin capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(12)	(12)
XIX.	Current period's net profit/loss	-	-	-	-	-	-	-	585,159	-	-	-	-	-	-	-	585,159	25,615	610,774
XX.	Profit distribution	-	-	-	-	103,096	618	762,984	36,877	(1,033,267)	(12,508)	-	-	-	-	-	(142,200)	(5,270)	(147,470)
20.1	Dividends	-	-	-	-	-	-	-	-	(142,200)	-	-	-	-	-	-	(142,200)	(5,270)	(147,470)
20.2	Transferred to reserves	-	-	-	-	103,096	618	762,984	36,877	(891,067)	(12,508)	-	-	-	-	-	-	-	-
20.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	726,691	-	303,514	1,863	1,109,553	237,616	595,705	10,422	(29,638)	12,526	1,551	-	-	5,469,803	231,321	5,701,124

The accompanying notes are an integral part of these consolidated financial statements.

	Reviewed Current Period 30 September 2008	Reviewed Prior Period 30 September 2007
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
1.1 Operating profit before changes in operating assets and liabilities	902,947	818,375
1.1.1 Interests received	4,749,827	3,971,154
1.1.2 Interests paid	(3,155,874)	(2,704,896)
1.1.3 Dividend received	6,578	33,306
1.1.4 Fees and commissions received	346,131	359,551
1.1.5 Other income	420,753	766,074
1.1.6 Collections from previously written-off loans and other receivables	76,410	35,243
1.1.7 Payments to personnel and service suppliers	(1,274,532)	(375,723)
1.1.8 Taxes paid	(183,551)	(128,241)
1.1.10 Others	(82,795)	(1,138,093)
1.2 Changes in operating assets and liabilities	30,922	(83,922)
1.2.1 Net (increase) decrease in financial assets held for trading	12,699	89,145
1.2.2 Net (increase) decrease in financial assets valued at fair value through profit or loss	-	(3,573)
1.2.3 Net (increase) decrease in due from banks and other financial institutions	(220,280)	(37,522)
1.2.4 Net (increase) decrease in loans	(6,877,336)	(2,757,777)
1.2.5 Net (increase) decrease in other assets	(249,100)	(126,143)
1.2.6 Net increase (decrease) in bank deposits	545,034	(127,631)
1.2.7 Net increase (decrease) in other deposits	6,578,386	2,184,544
1.2.8 Net increase (decrease) in funds borrowed	347,331	(215,168)
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	(106,012)	910,203
<b>I. Net cash flow from banking operations</b>	<b>933,869</b>	<b>734,453</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net cash flow from investing activities</b>	<b>(622,660)</b>	<b>(1,143,611)</b>
2.1 Cash paid for the acquisition of associates, subsidiaries and joint ventures	-	-
2.2 Cash obtained from the disposal of associates, subsidiaries and joint ventures	-	949
2.3 Purchases of tangible assets	(192,228)	(89,711)
2.4 Proceeds from the disposal of tangible assets	28,933	60,575
2.5 Cash paid for the purchase of financial assets available for sale	(4,047,607)	(95,754)
2.6 Cash obtained from the disposal of financial assets available for sale	4,155,956	-
2.7 Cash paid for the purchase of investments held to maturity	(1,420,320)	(1,019,670)
2.8 Cash obtained from the disposal of investments held to maturity	852,606	-
2.9 Others	-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net cash flow from financing activities</b>	<b>(147,470)</b>	<b>(436,132)</b>
3.1 Cash obtained from funds borrowed and securities issued	-	-
3.2 Cash used for repayment of funds borrowed and securities issued	-	-
3.3 Equity instruments issued	-	-
3.4 Dividends paid	(147,470)	(436,132)
3.5 Payments for financial leases	-	-
3.6 Others	-	-
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>-</b>	<b>-</b>
<b>V. Net increase/(decrease) in cash and cash equivalents</b>	<b>163,739</b>	<b>(845,290)</b>
<b>VI. Cash and cash equivalents at the beginning of the period</b>	<b>5,382,011</b>	<b>5,991,037</b>
<b>VII. Cash and cash equivalents at the end of the period</b>	<b>5,545,750</b>	<b>5,145,747</b>

The accompanying notes are an integral part of these consolidated financial statements.

## SECTION THREE

### Accounting Policies

#### I. Basis of presentation

As per the Articles 37 and 38 RI 3 \$ FFRXQWLQJ DQV' 5HFVWLB LQXU 5XOK % D C no.5411 published on the Official Gazette no.25983 dated 1 November 2005 and became effective, 7•UNL\H 9DNÖIODU %DQNDVÖ 7\$2 Beq'sitsAccountingPrinciplesand 6XE prepare its consolidated financial statements and the related footnotes in accordance with accounting DQG YDOXDWLRQ VWDQGDUGV GHVFULEHG LQ 35HJXODWLR 6DIHJXDUGLQJ RI 'RFXPHQWV' SXEOLVKHG E\ WKH %DQNL 3%56\$' DQGHFQ VLQFH 1RYHPEHU 7XUNLVK \$FFRXQW )LQDQFLDO 5HSRUWLQJ 6WDQGDUGV 37)56' DQG WKH UHC 35HSRUWLQJ 6WDQGDUGV'

The accompanying consolidated financial statements are prepared in accordance with the historical cost basis except for the financial assets at fair value through profit or loss, derivative financial assets and liabilities held for trading purpose, available-for-sale financial assets and investments in associates and subsidiaries that are quoted on the stock exchanges and assets available for sale, which are presented on a fair value basis.

Additional paragraph for convenience translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying consolidated ILQDQFLDO VWDWHPHQWV DUH WR EH GLVWULEXWHG DQG , may have significant influence on the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in countries and IFRS.

#### II. Strategy for the use of financial instruments and foreign currency transactions

Strategy for the use of financial instruments

7KH %DQN¶V FRUH RSHUDWLRQV DUH EDVHG RQ UHWYDLO ED exchange operations, money market operations, investment security transactions, and international banking. As a result of the nature of its operations, the Bank intensively utilizes financial instruments. The Bank funds itself through deposits with different maturities as the main funding resources that are invested in assets earning higher returns.

The most important fund sources of the Bank other than the deposits are its equity and medium and long-term borrowings obtained from foreign financial institutions. The Bank pursues an effective asset-liability management strategy by securing balance between funding resources and investments so as to reduce risks and increase returns. Accordingly, the Bank attaches great significance to long term placements bearing higher interest rates.

It is essential to consider the maturity structure of assets and liabilities in liquidity management. The essence of asset liability management is the keep the liquidity risk, interest rate risk, exchange rate risk, and credit risk within reasonable limits; while enhancing profitability and strengthening the VKDUHKROGHUV¶ HTXLW\

Investments in marketable securities and lending loans generate higher return than the average rate of UHWXUQ RI WKH %DQN¶V Basis of Maturity Structures and Market Conditions WK When bank placements are considered, they have short term maturity in terms of liquidity management but bears lower return.

The Bank takes position against short term foreign exchange risk, interest risk and market risk in money and capital markets, by considering market conditions, within specified limits set by regulations.



The Bank hedges itself and controls its position against the foreign exchange risk being exposed due to foreign currency available-for-sale investments, investments in other portfolios and other foreign currency transactions by various derivative transactions and setting the equilibrium of foreign currency denominated assets and liabilities. The Bank also hedges itself against the foreign exchange risk being exposed due to net investment in foreign operations by the same manner. The foreign currency position is monitored within the legal limitations set by the regulators and the internal control regulations and foreign currency positions controlled by the equilibrium of a currency basket to eliminate the foreign exchange risk by considering the market conditions.

In order to avoid interest rate risk, assets and liabilities with fixed and floating interests are kept in balance, taking the maturity structure into consideration.

#### Foreign currency transactions

Foreign exchange gains and losses arising from foreign currency transactions are recorded at transaction dates. At the end of the periods, foreign currency assets and liabilities evaluated at fair value are presented in the consolidated income statement.

If the investment, other than consolidated subsidiaries, is stated at cost, the net investments in associates and subsidiaries operating in foreign countries are reported as translated into YTL by using the foreign exchange rate at the date of transaction. If related associates and subsidiaries are measured at fair value, net foreign operations are reported as translated into YTL by the rates prevailing at the date of the determination of the fair value.

Foreign currency differences arising from the translation of the financial statements of the investment in foreign operations into YTL for consolidation purposes are classified as other comprehensive income and presented in the consolidated income statement.

### III. Information about the companies subject to consolidation

As at and for the nine-month period ended 30 September 2008, the financial statements of the following companies are consolidated into the financial statements of the Bank:

*Vakıf International AG*, has been established in 1999 to operate in banking sector in foreign countries, in line with the Bank's internationalization policy. Its head office is in Wien.

*World Vakıf Off Shore Banking Ltd.*, has been established in Turkish Republic of Northern Cyprus in 1993 for offshore banking operations. Its head office is in Lefkosa.

*Vakıf Finansal Kiralama AŞ*, has been established in 1988 to enter into financial lease operations and make related transactions and contracts. Its head office is in Istanbul.

*Vakıf Deniz Finansal Kiralama AŞ*, has been established in 1993 to enter into financial lease operations through the acquisition of vessels like cargo and tankers and make related transactions and contracts. The Company qualified for TS ISO 9002 Quality Assurance Certificate in 1995 and UH Q H Z H G L W L Q n 9 D N Ö L U B İ D E P D İ Ş İ T İ Y Ö N Ü M U N İ T E S İ . The Company is a company that has qualified for this certificate in finance sector. Its head office is in Istanbul.

*Güneş Sigorta AŞ*, has been established under the leadership of the Bank as Soil Products Office in 1957. The Company has been operating in all insurance branches such as fire, accident, transaction, engineering, agriculture, health, foreign protection and loan insurance. Its head office is in Istanbul.

*Vakıf Emeklilik AŞ* KDV EHHQ HVWDEOLVKHG XQGHU WKH QDPH \*•QH the Company has taken conversion permission from Treasury and started to operate in private pensions system. Its head office is in İstanbul.

*Vakıf Finans Factoring Hizmetleri AŞ*, has been established in 1998 to perform factoring transactions and any kind of financing transaction. Factoring, the main operation of the Company is a financing method that includes the trade receivables of production, distribution and service companies to be sold to intermediary institutions. Its head office is in İstanbul.

*Vakıf Gayrimenkul Yatırım Ortaklığı AŞ*, has been established as the first real estate investment partnership in finance sector under the adjudication of Capital Markets Law in 1996. CREP S D Q \ T V main operation LV LQ OLQH ZLWK WKH VFRSH LQ WKH Hatırladığımız DO 0 D estate investment trusts like, real estates, capital market tools based on real estates, real estate projects and investment on capital market tools. Its head office is in Ankara.

*Vakıf Yatırım Menkul Değerler AŞ*, has been established in 1998 to provide service to investors through making capital markets transactions, issuance of capital market tools, commitment of repurchase and sales, and purchase and sales of marketable securities, operating as a member of stock exchange, investment consultancy, and portfolio management. Its head office is in İstanbul.

*Vakıf Portföy Yönetimi AŞ*, operates in investment fund management, portfolio management and pension fund management. Its head office is in İstanbul.

*Vakıf Menkul Kıymetler Yatırım Ortaklığı AŞ*, was established in 1998 in İstanbul. The main operation of the Company is to invest a portfolio including marketable debt securities, equity securities without having managerial power in the partnerships whose securities have been acquired and gold and other precious metals traded in national and international stock exchange markets or active markets other than stock exchange markets, in accordance with the principles and regulations promulgated by Capital Markets Board. Its head office is in İstanbul.

*Kıbrıs Vakıflar Bankası Ltd. Şti.*, was established in 1982 in Turkish Republic of Northern Cyprus mainly to encourage the credit cards issued by the Bank, and increase foreign exchange inflow, and carry on retail and commercial banking operations. Its head office is in Lefkosa.

*Türkiye Sınai Kalkınma Bankası AŞ*, was established in 1950 to support investments in all economical sectors. Its head office is in İstanbul.

In cases where the accounting policies of the preparation of the financial statements of Financial Subsidiaries of the Bank are different than that of the Parent Bank, the differences have been adjusted to the accounting policies of the Parent Bank, taking the materiality principle into account. The financial statements of local Financial Subsidiaries and foreign Financial Subsidiaries that prepare their financial statements according to the principles of the countries which they are located in, have been adjusted in accordance with Reporting Standards as of 30 September 2008, 30 June 2008, 31 December 2007, 30 September 2007, 30 June 2007 and 31 December 2006. Inter-company balances and transactions, and any unrealized gains and losses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

#### IV. Information on forwards, options and other derivative financial instruments

The derivative financial instruments mainly consist of foreign currency and interest rate swaps and foreign currency forward contracts. The Bank does not have any embedded derivatives.

7KH %DQN KDV FODVVLILHG LWV GHULYDWLYH WUDQVDFWL DFFRUGDQFH ZLWK WKH 7XUNLVK \$FFRXQWLQJ 6WDQGDUG 6WDQGDUG 5HFRJQLWLRQ DQG 0HDVXUHPHQW at the purchase costs including LQLW the transaction costs. In addition, the assets and liabilities that arise from derivative transactions are recorded in off-balance sheet accounts at the amounts on the related contracts. Subsequently, the derivative transactions are valued at their fair values and the changes in their fair values are recorded RQ EDODQFH VKHHW XQGHU 3GHULYDWLYH ILQDQFLDO DVVHV Subsequent fair value changes of derivative financial assets held for trading purposes are recorded in the consolidated income statement.

## V. Information on interest income and expense

### Banking operations

Interest income and expense are recognized according to the effective interest method based on accrual basis.

The accrued interest income on nonperforming loans are reversed and subsequently recognized as interest income only when collected.

### Finance lease operations

Interest income on finance lease operations is recorded as interest income in the consolidated income statement.

## VI. Information on fees and commissions

Fees and commission received and paid are recognized according to either accrual basis of accounting or effective interest method depending on nature of fees and commission, incomes derived from agreements and asset purchases for third parties are recognized as income when realized.

## VII. Financial assets

A financial asset is any asset that is cash or a debt instrument of another entity, a contractual right to receive cash or another financial asset from another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

When a financial asset is recognized initially, it is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Financial assets are classified in four categories; as financial assets at fair value through profit or loss, investment securities available-for-sale, investment securities held-to-maturity, and loans and receivables.

### Financial assets at fair value through profit or loss

Such assets are valued at their fair values and gains/losses arising are recorded in the consolidated income statement. Interest income earned on trading securities and the difference between their acquisition costs and fair values are recorded as interest income in the consolidated income statement. In case of sales of such securities before their maturity, the gains/losses on such sales are recorded under trading income/losses.

Investment securities held-to-maturity, financial assets available-for-sale and loans and receivables

*Investment securities held-to-maturity* are the financial assets with fixed maturities and pre-determined payment schedules that the Group has the intent and ability to hold until maturity, excluding loans and receivables.

There are no financial assets that are not allowed to be classified as investment securities held-to-maturity for two years due to the tainting rules applied for the breach of classification rules.

Investment securities held-to-maturity are measured at amortized cost using effective interest rate method after deducting impairments, if any. Interest earned on investments held-to-maturity are recognized as interest income.

*Financial assets available-for-sale*, are the financial assets other than those held for trading purposes, investment securities held-to-maturity and loans and receivables.

Financial assets available-for-sale are initially recorded at cost and subsequently measured at their fair values. However, assets that are not traded in an active market are measured by valuation techniques, including recent market transactions in similar financial instruments, adjusted for factors unique to the instrument being valued; or discounted cash flow techniques for the assets which do not have a fixed maturity. Unrecognized gains or losses derived from the difference between their fair value and carrying amount are recognized directly in the consolidated income statement.

Purchase and sale transactions of securities are accounted at settlement dates.

*Loans and receivables* are the financial assets raised by the Bank providing money, commodity and services to debtors. Loans are financial assets with fixed or determinable payments and not quoted in an active market.

Loans and receivables are recorded at cost and measured at amortized cost by using effective interest rate method. The duties paid, transaction expenditures and similar expenses on assets received against such risks are considered as a part of transaction cost and charged to customers.

Associates and subsidiaries

Subsidiaries are the entities that Parent Bank has the power to govern the financial and operating policies of those so as to obtain benefits from its activities. Subsidiaries are accounted in accordance with TAS 39 in the unconsolidated financial statements. Subsidiaries, which are traded in an active market or whose fair value can be reliably measured, recorded at fair value. Subsidiaries which are not traded in an active market and whose fair value cannot be reliably set are reflected in financial statements with their costs after deducting impairment losses, if any. The financial subsidiaries of the Group are consolidated in the accompanying consolidated financial statements and nonfinancial subsidiaries are accounted in accordance with TAS 39

Associates have been reclassified under financial assets available-for-sale in unconsolidated financial statements and associates which are not traded in an active market and whose fair value cannot be reliably set are reflected in unconsolidated financial statements with their costs after deducting impairment losses, if any. In the consolidated financial statements, associates have been subject to consolidation based on equity method if the Group has the power to participate in determining the financial and operational policies. If the group does not have this power, associates are accounted in accordance with TAS 39.

## VIII. Impairment of financial assets

Financial assets or group of financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the Bank estimates the amount of impairment.

Impairment loss incurs if, and only if, there is objective evidence that the expected future cash flows incurred subsequent to recognition. The losses expected to incur due to future events are not recognized even if the probability of loss is high.

If there is an objective evidence that certain loans will not be collected, for such loans; the Bank provides specific and general allowances for loan and other receivables classified in accordance with the Regulation on Identification of and Provision against Nonperforming Loans and Other Receivables published on the Official Gazette no. 26231 dated 1 November 2006. The allowances are recorded in the consolidated income statement of the related period.

## IX. Netting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

X. Repurchase and resale agreements and securities lending

Securities sold under repurchase agreements with the Uniform Chart of Accounts for Banks. Accordingly, government bonds and treasury bills using effective interest. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expense accounted on an accrual basis.

separately. An income accrual is accounted for the positive difference between the purchase and resale prices earned during the period.

XI. Assets held for sale and discontinued operations

immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively in the market at a price consistent with its fair value.

operating results of the discontinued operations are disclosed separately in the consolidated income statement. The Group has no discontinued operations.

XII. Goodwill and other intangible assets

Goodwill and other intangible assets are recorded at cost in compliance with the Turkish Accounting

The costs of the intangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs. The intangible assets are amortized based on straight line amortization.

recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

XIII. Tangible assets

The costs of the tangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The tangible assets purchased after this date are recorded at their historical costs.

Gains/losses arising from the disposal of the tangible assets are calculated as the difference between the net book value and the net sales price.

Maintenance and repairs incurred for tangible assets, are recorded as expense.

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets.

There are no changes in the accounting estimates that are expected to have an impact in the current subsequent periods.

Depreciation rates and estimated useful lives are:

Tangible assets	Estimated useful lives (years)	Depreciation Rates (%)
Buildings	50	2
Office equipment, furniture and fixture, and motor vehicles	5-10	10-20
Assets obtained through finance leases	4-5	20-25

The Group firms assess as of each reporting date whether there is any indicator in respect of impairment on the assets. If an indicator exists, the amount is estimated in accordance with the cost model for property and equipment (net at cost less accumulated depreciation and less any accumulated impairment losses). For an asset, a provision for impairment loss is made.

#### XIV. Investment properties

Investment property is a property held either to earn rental income or for capital appreciation or for both. The Group holds investment property as a consequence of its real estate company and insurance companies, consolidated in the accompanying consolidated financial statements. Investment properties are measured initially at cost including transaction costs.

Subsequent to initial recognition, the Group measured all investment property based on the cost model in accordance with the cost model for property and equipment (net at cost less accumulated depreciation and less any accumulated impairment losses).

#### XV. Leasing activities

##### *Leasing activities as the lessee*

The maximum period of the lease contracts is 4 years. Tangible assets acquired by way of finance leasing are recorded in tangible assets and the obligations under finance leases arising from the Group. In the determination of the related asset and liability amounts, the fair value of the leased asset and the present value of leasing payments is considered. Financial costs on leasing agreements are expanded in lease periods at a fixed interest rate.

If there is impairment in the value of the assets obtained through finance lease and in the expected future benefits, the leased assets are valued with net realizable value. Depreciation for assets obtained through finance lease is calculated in the same manner as tangible assets.

##### *Operational leases*

Transactions regarding operational lease agreements are accounted on an accrual basis in accordance with the terms of the related contracts.

#### XVI. Provisions and contingent liabilities

In the consolidated financial statements, a provision is made for an existing commitment or liability from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation. Provisions are calculated based on the best estimates of management on the expenses to incur as of the balance date and, if material, such expenses are discounted for their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Group to settle the liability, the related liability is considered as a contingent liability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events wholly within the control of the entity. Contingent assets are not recognized in consolidated financial statements since this may result in the recognition of income that may never be realized. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Group discloses the contingent asset.

**XVII. Obligations concerning employee rights**

As per the existing labor law in Turkey, the Group is required to pay certain amounts to the employees retired or fired except for resignation behaviors

The Group reserved for employee severance indemnities in the accompanying consolidated financial statements using actuarial method in compliance with the Turkish Accounting Standards (TMS) 37 (PSOR \ HH % H Q H I L W V )

As at 30 September 2008 and 31 December 2007, for statistical assumptions used in the calculation of the total liability are as follows:

	Current Period	Previous Period
Discount Rate	5.71%	5.71%
Expected Rate of Salary/Limit Increase	5.00%	5.00%
Estimated Employee Turnover Rate	0.84%	0.51%

The Group has provided for undiscounted short-term employee benefits earned during the financial period as per services rendered in compliance with TAS 19 in the accompanying consolidated financial statements.

The employees of the Bank are the members of the Social Security Institution established in 1957 as per the temporary article no.20 of the Social Security Law no.506.

The first paragraph of the temporary article no.23 which states the Banks should transfer pension funds to the Social Security Institution within three years after the issue date of the Banking Law no.5411 issued in the 1 November 2005 dated and 25983 numbered Official Gazette has been cancelled by the Reasoned ruling of the Constitutional Court has been issued on 15 December 2007 in the Official Gazette no.26731.

Following the publication of the ruling, the Turkish Parliament started to work on new legal arrangements and the Law is enacted by the approval of the President of Turkey and the Law is issued on the 8 May 2008 dated and 26870 numbered Official Gazette.

In accordance with the temporary article no.20 of the Article no.73 of the Law;

The discounted liability for each fund in terms of the persons transferred as of the transfer date, including the contributors to the fund, should be calculated by the assumptions below,

a) The technical interest rate to be used for the actuarial calculation is 9.80%

The discounted liability of the fund, should be calculated by the assumptions below,

The employer of pension fund participants (the Banks) will continue to pay the transferable social rights, which are disclosed in the article of association of the pension fund to the pension participants and their right owners even though the salary payment obligation has been transferred to the Social Security Foundation.

The technical financial statements of the Fund are audited by the certified auditors according to the Article no.21 of the Insurance Law no. 5684 dated February 2008 and prepared in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against.

## XVIII. Taxation

### Corporate tax

In Turkey, statutory income is subject to corporate tax at 20%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-deductible expenses and allowances for tax purposes.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. As per the decision no.2006/10731 of the Council of Ministers published in the Official Gazette no.26237 dated 23 July 2006, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no.5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions, increased to 15% from 10%. In applying the withholding tax rates on dividend payments to non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The payments can be deducted from the annual corporate tax calculated for the whole year earnings.

In accordance with the tax legislation, losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

The corporate tax rate for the associate in the Turkish Republic of Northern Cyprus has been determined as 2% and this associate is exempted from stamp duty.

Corporate taxes for every three months are computed and paid during the related period. Taxes which have been paid for the previous periods can be deducted from corporate taxes computed from annual total earnings. According to the Double Taxation Treaty Agreement between Turkey and Austria, Turkish corporations in Austria possess the right to benefit from tax returns.

### Deferred taxes

Assets and liabilities are recognized, using the balance sheet method, on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

The deferred tax assets and liabilities of the consolidated financial institutions are reported separately as net in the consolidated financial statements. According to tax law, every institution has the right to deduct its current tax assets from current tax liabilities. In the consolidated financial statements, deferred tax assets and deferred tax liabilities are not netted since the consolidated financial institutions have not the right to receive or make solely netted payment.

If transactions and events are recorded in the consolidated income statement, then the related tax effects are also recognized in the consolidated income statement. However, if transactions and events



#### Transfer pricing

In Turkey, the transfer pricing provisions have been stated under the Article 10 of the Tax Law No. 4961/2006. Details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

#### XIX. Funds borrowed

Financial liabilities for trading purposes and derivative financial liabilities are valued at fair value. All other financial liabilities are carried at amortized cost using effective interest rate method.

There are no convertible bonds or any other securities issued.

#### XX. Shares and share issuances

The shares of the Bank having nominal value of YTL 322,000,000, represent the 25.18% of the total share capital. On 19 December 2006, 48,429 of this amount has been utilized in capital increase.

#### XXI. Confirmed bills of exchange and acceptances

Confirmed bills of exchange and acceptances are realized simultaneously with the customer payments and recorded in balance sheet accounts as possible debt and commitment, if any.

As of the balance sheet date, there are no acceptances recorded as liability in return for assets.

#### XXII. Government incentives

As of 30 September 2008, the Group does not have any government incentives.

#### XXIII. Segment reporting

Segment reporting is presented in the disclosure VII of the fourth section.

**XXIV. Other disclosures**

**Corrections to the prior periods consolidated financial statements**

The Bank has started to follow the shares of UNLH 6 ÖQDL .DON ÖQPD % DQND which were previously presented under available-for-sale financial assets and measured with their fair values, as associates since the condition of being represented on the board of directors or equivalent governing body of the investee is fulfilled. The investment is accounted for in the accompanying consolidated financial statements using equity method. The effect of the change in consolidation method on shareholders' equity has been presented in the tables below.

31 December 2006	Share Premium	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Profit Reserves	Prior Year s Profit/ (Loss)	Valuation Differences of the Marketable Securities	Bonus Shares of Associates, Subsidiaries, and Joint-Ventures	Minority Shares	Total Shareholders Equity
Reported Balances	726,687	132,696	3	20,419	207,713	27,651	37,472	37,586	196,583	4,693,718
Consolidation of TSKB per equity method	4	1,689	799	3,626	280	22,437	(38,778)	(6,133)	2,310	(13,766)
<b>Adjusted Balances</b>	<b>726,691</b>	<b>134,385</b>	<b>802</b>	<b>24,045</b>	<b>207,993</b>	<b>50,088</b>	<b>(1,306)</b>	<b>31,453</b>	<b>198,893</b>	<b>4,679,952</b>

30 June 2007	Share Premium	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Profit Reserves	Current Period s Profit/ (Loss)	Prior Year s Profit/ (Loss)	Valuation Differences of the Marketable Securities	Bonus Shares of Associates, Subsidiaries, and Joint-Ventures	Minority Shares	Total Shareholders Equity
Reported Balances	726,687	197,941	-	338,246	199,794	461,451	6,389	80,003	11,860	207,917	4,744,744
Consolidation of TSKB per equity method	4	2,477	1,245	8,237	245	491	16,627	(30,854)	(10,320)	2,073	(9,775)
<b>Adjusted Balances</b>	<b>726,691</b>	<b>200,418</b>	<b>1,245</b>	<b>346,483</b>	<b>200,039</b>	<b>461,942</b>	<b>23,016</b>	<b>49,149</b>	<b>1,540</b>	<b>209,990</b>	<b>4,734,969</b>

30 September 2007	Share Premium	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Profit Reserves	Current Period s Profit/ (Loss)	Prior Year s Profit/ (Loss)	Valuation Differences of the Marketable Securities	Revaluation Surplus on Tangible, Intangible Assets and Investment Property	Bonus Shares of Associates, Subsidiaries, and Joint-Ventures	Minority Shares	Total Shareholders Equity
Reported Balances	726,687	197,941	-	338,246	197,927	789,625	6,389	81,197	13,078	11,860	205,112	5,068,062
Consolidation of TSKB per equity method	4	2,477	1,245	8,237	245	439	16,627	(35,006)	2,377	(10,330)	2,192	(11,493)
<b>Adjusted Balances</b>	<b>726,691</b>	<b>200,418</b>	<b>1,245</b>	<b>346,483</b>	<b>198,172</b>	<b>790,064</b>	<b>23,016</b>	<b>46,191</b>	<b>15,455</b>	<b>1,530</b>	<b>207,304</b>	<b>5,056,569</b>

31 December 2007	Share Premium	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Profit Reserves	Current Period s Profit/ (Loss)	Prior Year s Profit/ (Loss)	Valuation Differences of the Marketable Securities	Revaluation Surplus on Tangible, Intangible Assets and Investment Property	Bonus Shares of Associates, Subsidiaries, and Joint-Ventures	Minority Shares	Total Shareholders Equity
Reported Balances	726,687	197,941	-	338,246	197,974	1,030,521	6,389	118,889	10,149	12,051	209,466	5,348,313
Consolidation of TSKB per equity method	4	2,477	1,245	8,323	245	2,746	16,541	(28,036)	2,377	(10,330)	2,270	(2,138)
<b>Adjusted Balances</b>	<b>726,691</b>	<b>200,418</b>	<b>1,245</b>	<b>346,569</b>	<b>198,219</b>	<b>1,033,267</b>	<b>22,930</b>	<b>90,853</b>	<b>12,526</b>	<b>1,721</b>	<b>211,736</b>	<b>5,346,175</b>

#### Changes in accounting policies and valuation basis in the current period

While the Parent Bank has recorded specific provision a percentage of 100 which is over the minimum ratio of 20% defined in the regulation without taking the related collaterals into consideration till the end of 31 December 2007 for the loans classified under third, fourth and fifth Groups, in case there is an evidence that the Parent Bank may not be able to collect them in the future, the determination of the nature of loans is based on the Regulation on the Principles and Procedures of the Determination of the Nature of Loans and Other Regulations issued in the Official Gazette no.25983 and dated 1 November 2005, the Parent Bank has started to record specific provision with a percentage of 20, as specified in the Regulation, for the loans classified under the third Group, without taking the related collaterals into consideration starting from 31 March 2008. As a result of this change in the provision policy, the Bank recognized gain amounting to YTL 76,564, net off taxes in the income statement in the period that the policy change has been made.

As of 31 March 2008, the Parent Bank has also started to record provisions for the unliquidated non-cash loans of the debtor whose cash loans are classified under the “loans under follow-up account” and followed under the third Group with a percentage of 20% in accordance with the Regulation, without taking the related collaterals into consideration, while provision with a percentage of 100 was recorded till the end of 31 December 2007. As a result of the Parent Bank’s provision policy change for the unliquidated non-cash loans, the Bank recognized gain amounting to YTL 993, net off taxes in the statement of income for the period that the policy change has been made.

#### Earnings per shares

As of and for the nine month period ended 30 September 2008 earnings per share is YTL 0.2485 (30 September 2007: YTL 0.3135).

#### Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Shareholders, top executives and board members are accepted as related party personally, with their families and related parties are disclosed in Section 5 Note V.

#### Cash and cash equivalents

Cash and cash equivalents which is a base for preparation of cash flow statement includes cash in YTL, cash in FC, cheques, demand deposits for both CBT and other banks, money market placements and time deposits in banks whose original maturity is less than 3 months.

#### Insurance operations

*Written Premiums:* Written premiums represent premiums on policies written during the period net of premiums from cancelled policies in prior periods and taxes. Premiums written off are presented under other operating income in the consolidated financial statements.

*Reserve for unearned premiums:* Reserve for unearned premiums represents the proportions of the gross premiums written without deductions of commission or other allowance in a period that relate to the period of risk subsequent to the balance sheet date for all short-term insurance policies. Reserve for unearned premiums is calculated for all contracts except for reinsurance contracts for which the Group provides mathematical reserve. Reserve for unearned premiums is calculated for the annual premiums of insurance contracts which have long term maturity but renewed annually. Reserve for unearned premiums is presented under insurance technical provisions in the accompanying consolidated financial statements.

*Reserve for outstanding claims:* Reserve for outstanding claims is provided for the outstanding claims incurred and reported but not yet settled as of the reporting date. Such provisions are calculated taking the results of the appraisal reports or the preliminary assessments of the insured customer and the expert into account. Based on historic data, additional reserves are provided for incurred but not reported (IBNR) claims. IBNR reserves are presented under insurance technical provisions in the accompanying consolidated financial statements.

*Life mathematical provisions:* Life mathematical provisions consist of actuarial mathematical provisions (commitment of a fixed income to the insurance holder) and the profit share provisions and represent the liability of the Group to the policyholders in the life insurance branch.

Life mathematical provision represents the provision for future guaranteed policy benefits provided by the insurance companies operating in life insurance business. The life mathematical provision is computed by deducting administrative expenses, mortality risk premium and commissions from premiums collected from saving life insurance policies signed by the Group in accordance with Insurance Supervision Law no.5684. Profit share reserve is provided for the income obtained through the utilization of funds associated with mathematical reserves.

Life insurance provision is presented under insurance technical provisions in the accompanying consolidated financial statements.

*Deferred acquisition cost and deferred commission income:* Deferred acquisition cost is the deferred part of costs like commissions paid to the agents and costs of sales personnel, incurred by the Group in acquiring and/or renewing insurance contracts, to the next period based on a daily pro basis. Deferred acquisition costs are presented under other assets in the consolidated financial statements. The part of the commission income to be incurred in the subsequent period and obtained from the premiums which have been transferred to reinsurance firms are calculated on daily basis as deferred commission income and presented under other external resources payable.

## SECTION FOUR

### Information on financial position of the Group

#### I. Consolidated capital adequacy ratio

The Bank's consolidated capital adequacy ratio is 13.76%.

Risk measurement methods in calculation of consolidated capital adequacy ratio

& RQVROLGDWHG FDSLWDO DGHTXDF\ UDWLR LV FDOFXODW  
0HDVXUHPHQW DQG \$VVHVPHQW RI &DSLWDO \$GHTXDF\ 5DWLR  
QR GDWHG 1RYHPEHU 35HJXODWLRQ RQ WKH (TXL

In calculation of capital adequacy ratio, the accounting records prepared in compliance with the current legislation are used.

The items deducted from the capital base are not included in the calculation of risk weighted assets. In calculation of risk weighted assets, impairments, depreciation and amortization provisions are considered as deduction items.

In the calculation of their risk based values, net cash loans are weighted after netting with specific identification of and provision against non performing loans.  
SURYLVRQV WKDW DUH FODVVLILHG XQGHU OLDELWLH  
DPRXQV DUH WKHQ PXOWLSOLHG E\ WKH UDWLR VWDW  
0HDVXUHPHQW DQG \$VVHVPHQW RI &DSLWDO \$GHTXDF\ 5DWLR

In the calculation of the risk based values of the derivative financial instruments, such instruments are weighted and classified according to the related risk groups after being multiplied by the rates.  
VWDWHG LQ WKH \$UWLFHQ RI 35HJXODWLRQ RQ WKH (TXL  
5DWLR RI %DQV

**Information related to consolidated capital adequacy ratio**

	Unconsolidated- Parent Bank's Risk Weights- 30 September 2008							Consolidated- Group's Risk Weights- 30 September 2008						
	0%	10%	20%	50%	100%	150%	200%	0%	10%	20%	50%	100%	150%	200%
Balance Sheet Items (Net)	7,094,166	-	1,428,678	8,396,974	23,392,799	21,961	532	7,287,352	-	1,769,807	8,396,974	24,419,255	21,961	532
Cash on Hand	513,254	-	154	-	-	-	-	516,096	-	154	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	1,012,973	-	-	-	-	-	-	1,012,973	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Head Offices and Branches	-	-	1,186,526	-	210,895	-	-	-	-	1,427,390	-	211,656	-	-
Interbank Money Market Placements	2,450,000	-	-	-	-	-	-	2,450,000	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserve Deposits	797,831	-	-	-	-	-	-	797,831	-	-	-	-	-	-
Loans	171,457	-	169,301	8,262,322	20,999,018	21,961	532	171,457	-	251,145	8,262,322	21,293,957	21,961	532
Loans under Follow Up (Net)	-	-	-	-	104,566	-	-	-	-	-	-	111,044	-	-
Lease Receivables	-	-	-	-	-	-	-	-	-	-	-	247,247	-	-
Financial Assets Available for Sale	-	-	18,775	-	-	-	-	-	-	26,780	-	1032	-	-
Investments Held to Maturity	1,913,649	-	37,500	-	-	-	-	2,089,661	-	46,261	-	0	-	-
Receivables from Term Sale of Assets	-	-	-	-	141,025	-	-	-	-	-	-	141,025	-	-
Miscellaneous Receivables	-	-	-	-	131,149	-	-	-	-	-	-	131,153	-	-
Accrued Interest and Income	152,993	-	16,422	134,652	342,354	-	-	159,164	-	18,077	134,652	350,335	-	-
Investments in Associates, Subsidiaries and Joint Ventures (Net)	-	-	-	-	591,338	-	-	-	-	-	-	141,377	-	-
Tangible Assets (Net)	-	-	-	-	809,022	-	-	-	-	-	-	960,355	-	-
Other Assets	82,009	-	-	-	63,432	-	-	90,170	-	-	-	830,074	-	-
Off-Balance Sheet Items	96,801	-	119,110	264,625	4,284,766	-	-	96,801	-	123,751	264,625	4,331,285	-	-
Non-Cash Loans and Commitments	96,801	-	103,788	264,625	4,282,711	-	-	96,801	-	103,788	264,625	4,329,230	-	-
Derivative Financial Instruments	-	-	15,322	-	2,055	-	-	-	-	19,963	-	2,055	-	-
<b>Total Risk-Weighted Assets</b>	<b>7,190,967</b>	<b>-</b>	<b>1,547,788</b>	<b>8,661,599</b>	<b>27,677,565</b>	<b>21,961</b>	<b>532</b>	<b>7,384,153</b>	<b>-</b>	<b>1,893,558</b>	<b>8,661,599</b>	<b>28,750,540</b>	<b>21,961</b>	<b>532</b>

**Summary information related to capital adequacy ratio**

	Parent Bank		Consolidated	
	Current Period	Prior Year	Current Period	Prior Year
Value at Credit Risk	32,351,928	27,027,653	33,494,057	28,066,520
Value at Market Risk <sup>(*)</sup>	1,347,988	650,125	1,416,163	675,163
Value at Operational Risk	4,130,525	3,642,163	5,045,400	5,001,488
6 K D U H K R O G H U V ¶ ( T X L W \	5,205,580	4,799,690	5,365,918	4,925,341
<b>Shareholders Equity/ (VaCR+VaMR+VaOR)*100</b>	<b>13.76</b>	<b>15.32</b>	<b>13.43</b>	<b>14.60</b>

<sup>(\*)</sup> In accordance with the BRSA circular numbered BDDK.BYD.126.01 and dated 7 February 2008, value at operational risk based on gross income for the years ended 2005, 2006 and 2007 is used for the calculation of capital adequacy standard ratio during the year 2008.

<sup>(\*\*)</sup> In accordance with the BRSA circular numbered BDDK.BYD.126.01 and dated 7 February 2008, value at operational risk based on gross income for the years ended 2005, 2006 and 2007 is used for the calculation of capital adequacy standard ratio during the year 2008. In accordance with the BRSA circular numbered BDDK.BYD.126.01 and dated 7 February 2008, value at operational risk based on gross income for the years ended 2005, 2006 and 2007 is used for the calculation of capital adequacy standard ratio during the year 2008. In accordance with the BRSA circular numbered BDDK.BYD.126.01 and dated 7 February 2008, value at operational risk based on gross income for the years ended 2005, 2006 and 2007 is used for the calculation of capital adequacy standard ratio during the year 2008.

**Components of consolidated shareholders equity items**

	Current Period	Restated Prior Year
<b>CORE CAPITAL</b>		
Paidin Capital	2,500,000	2,500,000
Nominal Capital	2,500,000	2,500,000
Capital Commitments	-	-
Capital Reserves from Inflation Adjustments to Paidin Capital	-	-
Share Premium	726,691	726,691
Share Cancellation Profits	-	-
Legal Reserves	303,514	200,418
I. Legal Reserve (Turkish Commercial Code 466/1)	163,567	110,602
II. Legal Reserve (Turkish Commercial Code 466/2)	-	-
Reserves allocated as per Special Legislations	139,947	89,816
Status Reserves	1,863	1,245
Extraordinary Reserves	1,347,169	544,788
Reserve allocated as per the Decision held by the General Assembly	1,109,553	346,569
Retained Earnings	237,616	198,219
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	606,127	1,056,197
Current Period Profit	595,705	1,033,267
Prior Periods Profit	10,422	22,930
Provision for Possible Losses (up to 25% of Core Capital)	-	-
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	25	25
Primary Subordinated Debt (up to 15% of Core Capital)	-	-
Minority Shares	225,273	205,351
Loss excess of Reserves (	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements)	-	49,346
Prepaid Expenses)	294,024	213,237
Intangible Assets)	29,496	14,900
Deferred Tax Asset excess of 10% of Core Capital (	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Bank Law (-)	-	-
Consolidation goodwill (Net)-)	-	-
<b>Total Core Capital</b>	<b>5,710,662</b>	<b>5,234,715</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Provisions	250,172	173,745
45% of Revaluation Surplus on Immovables	5,637	5,637
Bonus shares of Associates, Subsidiaries and Ventures	1,551	1,721
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	-	-
45% of Securities Value Increase Fund	(29,638)	40,884
Associates and Subsidiaries	1,314	1,613
Investment Securities Available for Sale	(30,952)	39,271
Other Profit Reserves	-	-
Minority shares	2,586	2,865
<b>Total Supplementary Capital</b>	<b>230,308</b>	<b>224,852</b>
<b>TIER III CAPITAL</b>		
<b>CAPITAL</b>	<b>5,940,970</b>	<b>5,459,567</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>575,052</b>	<b>534,226</b>
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors exceeding 10% of ownership	3,341	4,870
Investments consolidated according to the equity method whose assets and liabilities are not consolidated	75,373	70,465
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 Of the Banking Law but Retained more than Five Years	172,818	181,408
Others	-	-
<b>TOTAL SHAREHOLDERS EQUITY</b>	<b>5,365,918</b>	<b>4,925,341</b>

(\*) ,Q DFFRUGDQFH ZLWK WKH 3\$PHQGPHQW 5HJXODWLRQ RQ WKH 5HJXODMh RaQ IRU W been issued on 29 September 2007 and 26658 numbered Official Gazette, 45% of fair value changes of the investment securities available VDOH DVVRFLDWHV DQG VXEVGLDULHV LV FRQVLGHUHG DV VXSHUPOSİTİVE NET FD SLW If the account gives negative result then 100% of the related account is deducted from the supplementary capital.

**II. Consolidated market risk**

The Parent Bank has defined its risk management procedures and has taken necessary precautions. The market risk is defined as the potential risk of loss due to changes in interest rates, foreign exchange rates and equity prices in on and off-balance sheet positions of the group.

The capital required for General Market Risk and Specific Risks is calculated and reported monthly in accordance with the Standard Method.

In addition to the standard method, the Bank also uses internal models like Historical and Monte Carlo Simulations in measuring market risk. The Bank also performs daily testing in order to measure the reliability of the models. Besides, scenario analysis is implemented in order to support the Standard Method and internal models. In order to monitor the maturity structure of the asset and liabilities is calculated.

The market risk analysis of the Bank is reported monthly as the foreign exchange risk analysis is reported weekly and both these analyses are sent to the related regulatory institutions.

The market risk analysis of the Bank is reported monthly as the foreign exchange risk analysis is reported weekly and both these analyses are sent to the related regulatory institutions.

**Value at market risk**

	Amount
(I) Capital Obligation against General Market Risk- Standard Method	98,917
(II) Capital Obligation against Specific Risks- Standard Method	1,122
(III) Capital Obligation against Currency Risk- Standard Method	13,254
(IV) Capital Obligation against Stocks Risk- Standard Method	-
(V) Capital Obligation against Exchange Risk- Standard Method	-
(VI) Capital Obligation against Market Risks of Options- Standard Method	-
(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-
(VIII) Total Capital Obligations against Market Risk (I+II+III+IV+V+VI)	113,293
(IX) Value-At-Market Risk (12,5 x VIII) or (12,5 x VII)	1,416,163

**Equity price risk**

Equity price risk is the risk that the fair values of equities decrease as a result of the changes in the levels of equity indices and the value of individual stocks.

The effect on equity as a result of change in the fair value of equity instruments held as available for sale financial assets which are reported in the consolidated financial statements at 30 September 2008 and 30 September 2007 due to a reasonably possible change in equity indices, with all other variable held constant, is as follows:

	Change in index	30 September 2008	30 September 2007
		Equity	Equity
ISE ±100 (IMKB- 100)	10%	99	189



III. Operational risk

The Group calculated the value at operational risk in accordance with the fourth section related to the 3 & RPSXWDWLRQ RI 9DOX of the Regulation, 5DWLXOODVLRK VHQVSHJDUGLQJ DQG \$VVHVVPHQW RI &DSLWDO \$GHTXDF\ 5DWLRV RI %DQN November 2006 using gross profit of the last three years 2005, 2006 and 2007. The amount calculated as YTL403,632 as of 30 September 2008 represents the operational risk that the Bank may expose and the amount of minimum capital requirement to eliminate this risk at operational risk amounting to YTL 5,045,400 presented in the table included in the note number I of this section is calculated as 12.5 times of the operational risk.

IV. Consolidated foreign currency exchange rate risk

Foreign exchange risk that the Parent Bank exposed to, estimation of effects of exposures, and the limits set by the Board of Directors of the Bank for the positions being monitored on a daily basis

The Standard Method which is also used in the reporting is used in measuring the currency risk of the Parent Bank.

All of the foreign currency assets and liabilities and the forward foreign currency transactions are taken into consideration in calculating the capital obligation for the currency risk of the Parent Bank and financial institutions subject to consolidation. The net long and short positions are calculated in New Turkish Lira equivalent of the each currency. The position with the biggest absolute value is determined as the base amount for the capital obligation. The capital obligation is calculated at that amount.

The magnitude of hedging foreign currency debt instruments and net investment in foreign operations by using derivatives

As of 30 September 2008 the Parent Bank does not have derivative financial instruments held for management.

Foreign exchange risk management policy

Risk policy of the Bank is based on the transactions within the limits and keeping the currency position well balanced. In the light of the national legislations and international applications, the Bank has established a foreign currency risk management policy that enables the Bank to take position between lower and upper limits determined in respect of the current equity profile. Speculative position is not held by the Bank.

7KH %DQN IV IRUHLJQ FXUUHQF\ SXUFKDV We Exchange rates at the date of balance sheet and for the last five working days of the period announced by the Bank in YTL are as follows:

	US \$	EUR
7KH %DQN IV IRUHLJQ FXUUHQF\ SXUFKDV	1.2500	1.7936
<u>Foreign currency rates for the days before balance sheet date;</u>		
Day 1	1.2100	1.7714
Day 2	1.2100	1.7806
Day 3	1.2100	1.7742
Day 4	1.2100	1.7909
Day 5	1.2100	1.7557
<hr/>		
	US \$	EUR
Last 30 days arithmetical average rate	1.1892	1.7233

Information on consolidated currency risk

Current Period	Euro	US \$	Yen	Other FCs	Total
<b>Assets</b>					
Cash and Central Banks	477,023	681,967	40	2,438	1,161,468
Banks and Other Financial Institutions	864,030	506,509	1,498	47,490	1,419,527
Financial Assets at Fair Value through Profit/Loss <sup>(*)</sup>	86,506	220,960	6	-	307,472
Interbank Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	639,172	1,529,324	-	-	2,168,496
Loans <sup>(**)</sup>	3,417,961	6,551,474	8,116	56,897	10,034,448
Associates, subsidiaries and joint ventures	3	-	-	-	3
Investments Held-to-Maturity	102,595	223,420	-	-	326,015
Derivative Financial Assets Held for Risk Management	-	-	-	-	-
Tangible Assets	1,208	491	-	-	1,699
Intangible Assets	62	-	-	-	62
Other Assets <sup>(***)</sup>	171,422	284,966	-	2,010	458,398
<b>Total Assets</b>	<b>5,759,982</b>	<b>9,999,111</b>	<b>9,660</b>	<b>108,835</b>	<b>15,877,588</b>
<b>Liabilities</b>					
Bank Deposits	20,217	131,660	-	11,522	163,399
Foreign Currency Deposits	3,527,011	5,460,963	2,534	43,383	9,033,891
Interbank Money Market Takings	458,166	458,471	-	-	916,637
Other Funding	1,720,868	3,526,578	-	46,367	5,293,813
Securities Issued	-	-	-	-	-
Miscellaneous Payables	33,750	66,097	1	184	100,032
Derivative Financial Liabilities Held for Risk Management	-	-	-	-	-
Other Liabilities <sup>(*)</sup>	101,438	160,953	429	551	263,371
<b>Total Liabilities</b>	<b>5,861,450</b>	<b>9,804,722</b>	<b>2,964</b>	<b>102,007</b>	<b>15,771,143</b>
<b>Net „On Balance Sheet Position</b>	<b>(101,468)</b>	<b>194,389</b>	<b>6,696</b>	<b>6,828</b>	<b>106,445</b>
<b>Net „Off-Balance Sheet Position</b>	<b>233,769</b>	<b>(206,877)</b>	<b>(6,339)</b>	<b>(3,387)</b>	<b>17,166</b>
Derivative Assets	260,684	329,740	-	336	590,760
Derivative Liabilities	26,915	536,617	6,339	3,723	573,594
Non-Cash Loans	1,628,306	2,690,887	30,966	107,229	4,457,388
<b>Prior Period</b>					
Total Assets	4,620,930	9,006,943	10,401	129,359	13,767,633
Total Liabilities	4,837,177	8,465,854	4,055	112,936	13,420,022
<b>Net „On Balance Sheet Position</b>	<b>(216,247)</b>	<b>541,089</b>	<b>6,346</b>	<b>16,423</b>	<b>347,611</b>
<b>Net „Off-Balance Sheet Position</b>	<b>305,256</b>	<b>(319,248)</b>	<b>(3,882)</b>	<b>(57)</b>	<b>(17,931)</b>
Derivative Assets	382,818	198,366	-	114	581,298
Derivative Liabilities	77,562	517,614	3,882	171	599,229
Non-Cash Loans	1,072,304	1,975,254	15,585	99,687	3,162,830

(\*) Foreign exchange accruals presented in trading derivative assets and liabilities are not included.

(\*\*) Foreign currency indexed loans amounting to YTL264,319 which are presented in YTL column in the balance sheet are included in the table above. In accordance with the agreements signed with customers, the customers have to compensate the losses of the Bank due to decline in foreign exchange rates. Accordingly, foreign currency indexed loans amounting to YTL 264,319 results position for the Bank when foreign exchange rates increase.

(\*\*\*) Prepaid expenses amounting to YTL210YTL are not included.

**Exposure to currency risk**

A 10 percent devaluation of the YTL against the following currencies as at 30 September 2008 and 30 September 2007 would have effect on consolidated equity and profit or loss (without tax effects) by the amounts shown below. This analysis assumes that all other financial and operational interest rates, remain constant.

	30 September 2008		30 September 2007	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	6,171	5,032	23,927	27,320
EUR	2,791	3,586	(6,160)	(3,563)
Other currencies	318	318	1,907	1,907
<b>Total, net</b>	<b>9,280</b>	<b>8,936</b>	<b>19,674</b>	<b>25,664</b>

(\*) Equity effect also includes profit or loss effect of 10% devaluation of YTL against related currencies.

V. Consolidated interest rate risk

Interest sensitivity of assets, liabilities and off-balance sheet items is evaluated during the weekly Assets/Liabilities Committee meetings taking into account the developments in market conditions.

Parent % D Q N ¶ V L Q W H U H V W U D W H U L V N L V P H D V X U H G X V L Q J W K H

Measurements for standard method are carried out monthly using the maturity ladder table.

**Interest rate mismatch for the group “Interest rate sensitivity of assets, liabilities and off balance sheet items based on pricing dates”**

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non Interest Bearing (*)	Total
<i>Assets:</i>							
Cash and Central Banks	1,860,668	-	-	-	-	516,250	2,376,918
Banks	1,361,362	66,820	1,268	-	-	211,032	1,640,482
Financial Assets at Fair Value Through Profit/Loss	3,999	41,225	72,437	146,731	152,954	1,104	418,450
Interbank Money Market Placements	2,452,279	-	-	-	-	-	2,452,279
Available-for-Sale Financial Assets	1,599,794	334,250	4,754,349	1,294,463	1,239,243	27,812	9,249,911
Loans	8,900,044	9,040,094	5,571,825	4,749,840	2,224,353	114,616	30,600,772
Held-to-Maturity Investment Securities	216,709	245,114	1,113,795	491,705	173,408	-	2,240,731
Other Assets (**)	43,636	71,840	84,438	303,454	86,880	2,528,874	3,119,122
<b>Total Assets</b>	<b>16,438,491</b>	<b>9,799,343</b>	<b>11,598,112</b>	<b>6,986,193</b>	<b>3,876,838</b>	<b>3,399,688</b>	<b>52,098,665</b>
<i>Liabilities:</i>							
Bank Deposits	1,257,094	38,463	-	-	-	1,043	1,296,600
Other Deposits	18,720,816	7,979,098	2,297,263	742,342	1,204	5,330,535	35,071,258
Interbank Money Market Takings	339,429	405,103	188,863	810,759	-	-	1,744,154
Miscellaneous Payables	96	57,201	11,971	-	-	1,010,351	1,079,619
Securities Issued	-	-	-	-	-	-	-
Other Funding	2,223,161	2,045,639	1,067,810	32,266	-	1,768	5,370,644
Other Liabilities (***)	12,272	10,029	127,606	40,036	13,251	7,333,196	7,536,390
<b>Total Liabilities</b>	<b>22,552,868</b>	<b>10,535,533</b>	<b>3,693,513</b>	<b>1,625,403</b>	<b>14,455</b>	<b>13,676,893</b>	<b>52,098,665</b>
On Balance Sheet Long Position	-	-	7,904,599	5,360,790	3,862,383	-	17,127,772
On Balance Sheet Short Position	(6,114,377)	(736,190)	-	-	-	(10,277,205)	(17,127,772)
Off-Balance Sheet Long Position	97,500	82,535	72,058	65,059	-	-	317,152
Off-Balance Sheet Short Position	-	43,864	115,207	148,871	-	-	307,942
<b>Total Position</b>	<b>(6,016,877)</b>	<b>(697,519)</b>	<b>7,861,450</b>	<b>5,276,978</b>	<b>3,862,383</b>	<b>(10,277,205)</b>	<b>9,210</b>

(\*) Subsidiaries, associates and tangible and intangible assets are included in interest bearing column.

(\*\*) 6 K D U H K R O G H U V ¶ H T X i n t e r b a n k O f f B a l a n c e L i a b i l i t i e s

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non Interest Bearing <sup>(*)</sup>	Total
<i>Assets:</i>							
Cash and Central Banks	2,072,134	-	-	-	-	421,166	2,493,300
Banks	2,648,136	36,138	-	-	-	182,407	2,866,681
Financial Assets at Fair Value Through Profit/Loss	38,415	10,762	79,164	151,233	176,813	500	456,887
Interbank Money Market Placements	715,835	-	-	-	-	-	715,835
Available-for-Sale Financial Assets	1,164,703	2,402,870	2,876,673	1,887,809	1,155,223	21,837	9,509,115
Loans	9,395,718	3,688,745	5,450,471	3,478,119	1,777,935	12,144	23,803,132
Held-to-Maturity Investment Securities	228,463	648,010	374,592	338,309	74,977	-	1,664,351
Other Assets <sup>(*)</sup>	48,844	27,246	103,492	236,869	1,062	2,286,106	2,703,619
<b>Total Assets</b>	<b>16,312,248</b>	<b>6,813,771</b>	<b>8,884,392</b>	<b>6,092,339</b>	<b>3,186,010</b>	<b>2,924,160</b>	<b>44,212,920</b>
<i>Liabilities:</i>							
Bank Deposits	723,911	26,269	162	-	-	1,224	751,566
Other Deposits	14,660,096	8,014,559	1,461,965	722,083	104	3,539,052	28,397,859
Interbank Money Market Takings	598,910	114,672	667,547	772,306	-	-	2,153,435
Miscellaneous Payables	-	15,219	45,990	-	-	747,042	808,251
Securities Issued	-	-	-	-	-	-	-
Other Funding	1,338,394	2,831,583	793,200	74,535	-	168	5,037,880
Other Liabilities <sup>(**)</sup>	129,422	3,504	5,741	5,114	-	6,920,148	7,063,929
<b>Total Liabilities</b>	<b>17,450,733</b>	<b>11,005,806</b>	<b>2,974,605</b>	<b>1,574,038</b>	<b>104</b>	<b>11,207,634</b>	<b>44,212,920</b>
On Balance Sheet Long Position	-	-	5,909,787	4,518,301	3,185,906	-	13,613,994
On Balance Sheet Short Position	(1,138,485)	(4,192,035)	-	-	-	(8,283,474)	(13,613,994)
Off-Balance Sheet Long Position	83,160	85,856	-	69,343	-	-	238,359
Off-Balance Sheet Short Position	(73,394)	(15,219)	(45,991)	(95,671)	-	-	(230,275)
<b>Total Position</b>	<b>(1,128,719)</b>	<b>(4,121,398)</b>	<b>5,863,796</b>	<b>4,491,973</b>	<b>3,185,906</b>	<b>(8,283,474)</b>	<b>8,084</b>

(\*) Subsidiaries, associates and tangible intangible assets are included in non-interest bearing column.

(\*\*) 6 K D U H K R O G H U V T I H T X i n t e r b a n k O f f B a l a n c e L i a b i l i t i e s Q

Average interest rates applied to monetary financial instruments:

Current Period	Euro %	US \$ %	Yen %	YTL %
<b>Assets:</b>				
Cash and Central Bank	1.88	0.75	-	12.56
Banks	4.41	3.91	-	18.43
Financial Assets at Fair Value Through Profit/Loss	9.21	11.79	-	13.40
Interbank Money Market Placements	-	-	-	16.75
Available-for-Sale Financial Assets	5.87	6.57	-	17.98
Loans	7.15	5.75	-	19.92
Held-to-Maturity Investment Securities	6.54	5.93	-	20.12
<b>Liabilities:</b>				
Bank Deposits	5.18	4.21	-	18.89
Other Deposits	3.83	4.63	-	15.23
Interbank Money Market Takings	4.95	3.35	-	18.11
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Funding	5.25	3.63	-	16.25
<b>Prior Period</b>				
Prior Period	Euro %	US \$ %	Yen %	YTL %
<b>Assets:</b>				
Cash and Central Bank	1.80	1.95	-	11.81
Banks	3.67	4.69	-	16.74
Financial Assets at Fair Value Through Profit/Loss	9.45	11.66	-	16.65
Interbank Money Market Placements	-	-	-	17.10
Available-for-Sale Financial Assets	6.02	6.82	-	17.93
Loans	6.36	7.07	-	20.49
Held-to-Maturity Investment Securities	5.31	6.34	-	18.82
<b>Liabilities:</b>				
Bank Deposits	4.92	4.52	-	18.03
Other Deposits	3.30	3.84	-	15.15
Interbank Money Market Takings	5.19	5.41	-	18.37
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Funding	4.81	5.90	-	14.77

### Interest rate sensitivity

Interest rate sensitivity of the consolidated income statements is the effect of the assumed changes in interest rates on the net interest income as at and for the nine month period ended 30 September 2008, based on the floating rate trading financial assets and financial liabilities held at 30 September 2008.

Interest rate sensitivity of equity is calculated by revaluing available-for-sale financial assets at 30 September 2008 for the effects of the assumed changes in interest rates.

This analysis assumes that all other variables, in particular, foreign currency rates, remain constant.

This analysis is performed on the same basis as 30 September 2007.

30 September 2008	Profit or loss		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Financial assets at fair value through profit or loss	(12,790)	13,771	(12,790)	13,771
Available-for-sale financial assets	-	-	(95,218)	99,531
Floating rate financial assets	157,348	(157,348)	157,348	(157,348)
Floating rate financial liabilities	(45,465)	45,465	(45,465)	45,465
<b>Total, net</b>	<b>99,093</b>	<b>(98,112)</b>	<b>3,875</b>	<b>1,419</b>

30 September 2007	Profit or loss		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Financial assets at fair value through profit or loss	(15,628)	16,856	(15,628)	16,856
Available-for-sale financial assets	-	-	(104,416)	109,485
Floating rate financial assets	111,908	(111,908)	111,908	(111,908)
Floating rate financial liabilities	(43,572)	43,572	(43,572)	43,572
<b>Total, net</b>	<b>52,708</b>	<b>(51,480)</b>	<b>(51,708)</b>	<b>58,005</b>

(\*) Equity effect also includes profit or loss effect of 100 bp increase or decrease in interest rates.

## VI. Consolidated liquidity risk

In order to avoid the liquidity risk, the Bank diverts funding resources as customer deposits and foreign borrowings, considers the maturity mismatch between assets and liabilities and maintains liquid assets to guarantee sufficient liquidity during market fluctuations.

is provided through foreign funding sources such as syndication and securitization transactions. There are no significant idle liquidity resources.

Maturity analysis of assets and liabilities according to remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
<b>Assets</b>								
Cash and Central Bank	2,376,918	-	-	-	-	-	-	2,376,918
Banks	211,032	1,361,362	66,820	1,268	-	-	-	1,640,482
<b>Financial Assets at Fair Value through Profit/Loss</b>								
Interbank Money	892	1,779	41,019	72,691	148,011	152,954	1,104	418,450
Market Placements Available-for-Sale	-	2,452,279	-	-	-	-	-	2,452,279
Financial Assets	-	5,769	302,598	2,184,395	4,625,737	2,103,600	27,812	9,249,911
Loans Held-to-Maturity	-	4,179,572	2,339,163	7,301,444	12,961,855	3,707,674	111,044	30,600,772
Investment Securities	-	-	245,114	428,348	1,336,666	230,603	-	2,240,731
Other Assets	106,583	160,947	110,352	123,885	388,395	87,707	2,141,253	3,119,122
<b>Total Assets</b>	<b>2,695,425</b>	<b>8,161,708</b>	<b>3,105,066</b>	<b>10,112,031</b>	<b>19,460,684</b>	<b>6,282,538</b>	<b>2,281,213</b>	<b>52,098,665</b>
<b>Liabilities:</b>								
Bank Deposits	1,043	1,257,094	38,463	-	-	-	-	1,296,600
Other Deposits	5,330,535	18,720,816	7,984,331	2,291,831	742,541	1,204	-	35,071,258
Other Funding	1,070	125,769	760,222	1,329,792	717,986	2,435,805	-	5,370,644
Interbank Money	15,162	1,597	321,946	324,029	1,081,420	-	-	1,744,154
Market Takings	-	-	-	-	-	-	-	-
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	22,189	484,283	50,876	10,948	56,414	-	454,909	1,079,619
Other Liabilities	8,405	78,277	172,204	126,143	41,362	13,950	7,096,049	7,536,390
<b>Total Liabilities</b>	<b>5,378,404</b>	<b>20,667,836</b>	<b>9,328,042</b>	<b>4,082,743</b>	<b>2,639,723</b>	<b>2,450,959</b>	<b>7,550,958</b>	<b>52,098,665</b>
<b>Liquidity Gap</b>	<b>(2,682,979)</b>	<b>(12,506,128)</b>	<b>(6,222,976)</b>	<b>6,029,288</b>	<b>16,820,961</b>	<b>3,831,579</b>	<b>(5,269,745)</b>	<b>-</b>
<b>Prior period</b>								
Total Assets	2,778,796	6,979,678	2,160,058	9,565,733	15,862,947	5,007,565	1,858,143	44,212,920
Total Liabilities	3,599,973	16,013,052	8,296,725	4,272,381	2,449,672	2,610,873	6,977,244	44,212,920
<b>Net Liquidity Gap</b>	<b>(814,177)</b>	<b>(9,033,374)</b>	<b>(6,136,667)</b>	<b>5,293,352</b>	<b>13,413,275</b>	<b>2,396,692</b>	<b>(5,119,101)</b>	<b>-</b>

(\*) Certain assets on the consolidated balance sheet that are necessary for banking operations but not convertible into cash on short period such as tangible assets, intangible assets, associates, subsidiaries, PLVFHOODQHRXV UHFHLYDEOHV DQG VKDUHKROGHU HTXLW DUH



## VII. Consolidated Segment Reporting

The Parent Bank operates in corporate, commercial, small business, retail and investment banking. Accordingly, the banking products served to customers are; time and demand deposit, accumulating account, repos, overdraft facilities, spot loans, foreign currency indexed loans, consumer loans, automobile and housing loans, working capital loans, discounted bills, gold loans, foreign currency loans, eximbank loans, pre-export loans, ECA covered financing, letters of guarantee, letters of credit, export factoring, acceptance credits, draft facilities, forfeiting, leasing, insurance, forward, futures, salary payments, investment account, cheques, safety boxes, bill payments, tax collections, payment orders.

The Parent Bank provides service packages to its corporate, commercial and retail customers including deposit, loans, foreign trade transactions, investment products, cash management, leasing, factoring, insurance, credit cards, and other banking products. A customer-oriented branch network has been built in order to serve customers' needs effectively and efficiently. The Bank also utilizes alternative delivery channels intensively.

Additionally, the Parent Bank provides "small business" banking service to enterprises in retail and service sectors. Products include overdraft accounts, POS machines, credit cards, cheque books, YTL and foreign currency deposits, investment accounts, internet banking and call-centre, debit card, and bill payment.

Retail banking customers form a wide-spread and sustainable deposit base for the Bank. Individual customers' needs are met by diversified consumer banking products through branches and alternative delivery channels.

*Major financial statement items according to business lines:*

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Operating profit	160,899	227,544	1,234,899	708,723	2,332,065
Undistributed expenses	-	-	-	(1,571,130)	(1,571,130)
Operating profit	160,899	227,544	1,234,899	(862,407)	760,935
Income from associates	-	-	-	-	17,108
Income before taxes	-	-	-	-	778,043
Provision for taxes	-	-	-	-	(156,723)
Net profit	-	-	-	-	621,320
Segment assets	8,360,724	24,091,638	15,464,592	1,132,616	49,049,570
Investments in associates and subsidiaries	-	-	-	220,091	220,091
Undistributed assets	-	-	-	2,829,002	2,829,002
Total assets	8,360,724	24,091,638	15,464,592	4,181,711	52,098,665
Segment liabilities	12,046,916	24,320,931	6,900,880	403,157	43,671,884
6 K D U H K R O G H U V ¶ H T	-	-	-	5,701,122	5,701,122
Undistributed liabilities	-	-	-	2,725,647	2,725,647
<b>Total Liabilities and Shareholders Equity</b>	<b>12,046,916</b>	<b>24,320,931</b>	<b>6,900,880</b>	<b>8,829,926</b>	<b>52,098,665</b>

## SECTION FIVE

### Disclosure and Footnotes on Consolidated Financial Statements

- I. Information and disclosures related to consolidated assets  
 1. Cash and balances with the Central Bank

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Cash	453,411	62,225	364,297	57,813
Central Bank of Turkey <sup>(*)</sup>	761,981	1,098,687	1,262,351	807,894
Others	58	556	77	868
<b>Total</b>	<b>1,215,450</b>	<b>1,161,468</b>	<b>1,626,725</b>	<b>866,575</b>

<sup>(\*)</sup> YTL 800,949 (31 December 2007: YTL 587,886) of the foreign currency deposit at Central Bank of Turkey is comprised of foreign currency reserve deposits and related interest income accruals; YTL 46,746 (31 December 2007: YTL 38,108) of Turkish Lira balances is comprised of interest income accruals from unrestricted portion of the deposit at Central Bank of Turkey held as reserve requirement.

liabilities in Turkish Lira and 11% of the liabilities in foreign currencies. The interest rates given by the Central Bank of Turkey are 5.25% for YTL, 0.75% for US Dollar and 1.75% for Euro as of 30 September 2008. (31 December 2007: YTL %11.81, FC %1.95, %1.80).

#### Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	715,235	297,738	1,224,243	220,008
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
<b>Total</b>	<b>715,235</b>	<b>297,738</b>	<b>1,224,243</b>	<b>220,008</b>

2. Further information on financial assets at fair value through profit/loss

Financial assets at fair value through profit/loss subject to repurchase agreements and provided as collateral/blocked

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Shares	490	-	490	-
Bonds, Treasury Bills and similar Marketable Securities	47	-	169	-
Others	-	-	-	-
<b>Total</b>	<b>537</b>	<b>-</b>	<b>659</b>	<b>-</b>

#### Trading securities subject to repurchase agreements

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	-	-	-	-
Treasury Bills	-	-	-	-
Other Debt Securities	-	96,237	-	191,407
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Others	-	-	-	-
<b>Total</b>	<b>-</b>	<b>96,237</b>	<b>-</b>	<b>191,407</b>

Positive value differences of trading purpose derivatives

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forwards	2,720	2	5,115	3
Swaps	7,369	10,032	17,149	16,846
Futures	-	-	-	-
Options	-	-	-	-
Others	-	-	-	-
<b>Total</b>	<b>10,089</b>	<b>10,034</b>	<b>22,264</b>	<b>16,849</b>

3. Banks and other financial institutions

Banks and other financial institutions

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	220,955	1,419,527	859,321	2,007,360
Domestic Banks	119,394	286,122	795,256	176,139
Foreign Banks	101,561	1,133,405	64,065	1,831,221
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>220,955</b>	<b>1,419,527</b>	<b>859,321</b>	<b>2,007,360</b>

4. Information on available-for-sale financial assets

Available-for-sale financial assets given as collateral or blocked

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Share Certificates	-	-	-	-
Bonds, Treasury Bills and Similar Marketable Securities	1,273,934	11,384	1,224,760	10,945
Others	-	-	-	-
<b>Total</b>	<b>1,273,934</b>	<b>11,384</b>	<b>1,224,760</b>	<b>10,945</b>

Available-for-sale financial assets subject to repurchase agreements

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	890,787	299,980	931,117	906,987
Treasury Bills	-	-	-	-
Other Debt Securities	-	542,573	-	397,186
Bonds Issued or Guaranteed by Banks	-	43,021	-	54,927
Asset Backed Securities	-	-	-	-
Others	-	-	-	-
<b>Total</b>	<b>890,787</b>	<b>885,574</b>	<b>931,117</b>	<b>1,359,100</b>

Information on available-for-sale financial assets

	Current Period	Prior Period
Debt instruments	9,320,413	9,511,551
Quoted	9,320,413	9,511,551
Unquoted	-	-
Equity instruments	85,703	79,446
Quoted	1,333	1,638
Unquoted	84,370	77,808
Impairment provision (-)	156,205	81,882
<b>Total</b>	<b>9,249,911</b>	<b>9,509,115</b>

The Parent Bank KDV SURYLGHG LPSDLUPHQW IRU ø]PLU (QWHU +ROGLQJ \$ù ZKLFK KDG WKH FDUU\LQJ YDOXH DPRXQWLQJ W booked provision of YTL 6,448 as associates, subsidiaries and held assets impairment loss in accordance with the directives of BRSA

As per the resolution of the Parent Bank's Board of Directors dated 27 December 2007, it was decided to dispose the shares in İzmir Enternasyonel Otelcilik AŞ through sale to the other existing shareholders.

Equity shares having a carrying value of YTL 77, representing the 0.73% of the outstanding shares of (\*6 \*D\ULPHQNXO <DWÕUÕP 2UWDNOÕ÷Õ \$ù ZKLFK ZHUH FOD the Parent Bank in the prior periods, were sold at a price of YTL 102 on 6 June 2007. The Parent Bank has recorded gain on sale of equity shares amounting to YTL 25 in its financial statements.

5. Information related to loans

Information on all types of loans and advances given to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	726	-	669
Legal entities	-	726	-	669
Real persons	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	37,125	33	31,977	17
<b>Total</b>	<b>37,125</b>	<b>759</b>	<b>31,977</b>	<b>686</b>

Information about loans classified in groups I and II and other receivables and loans that have been restructured or rescheduled

	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
<b>Cash Loans</b>				
Loans	28,771,248	-	1,400,513	224,565
Discounted bills	242,091	-	-	16
Export loans	1,862,797	-	52,717	167,262
Import loans	-	-	-	14
Loans to the financial sector	1,399,564	-	-	-
Overseas loans	71,958	-	-	-
Consumer loans	7,474,722	-	276,733	687
Credit cards	618,553	-	11,414	773
Precious metal loans	-	-	-	-
Others	17,101,563	-	1,059,649	55,813
Specialization loans	89,830	-	-	-
Other receivables	3,572	-	-	-
<b>Total</b>	<b>28,864,650</b>	<b>-</b>	<b>1,400,513</b>	<b>224,565</b>

**Consumer loans, retail credit cards, personnel loans and personnel credit cards**

	Short-Term	Medium and Long-Term	Total
Consumer Loans- YTL	393,960	6,800,721	7,194,681
Housing Loans	10,252	3,101,446	3,111,698
Automobile Loans	2,119	131,841	133,960
General Purpose Loans	137,555	3,567,347	3,704,902
Other	244,034	87	244,121
Consumer Loans- FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans- FC	3,653	-	3,653
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	3,653	-	3,653
Other	-	-	-
Retail Credit Cards - YTL	593,134	532	593,666
With Installment	127,218	532	127,750
Without Installment	465,916	-	465,916
Retail Credit Cards - FC	1,607	-	1,607
With Installment	-	-	-
Without Installment	1,607	-	1,607
Personnel Loans- YTL	1,028	22,461	23,489
Housing Loan	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	1,028	22,461	23,489
Other	-	-	-
Personnel Loans- FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans- FC	327	-	327
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	327	-	327
Other	-	-	-
Personnel Credit Cards - YTL	13,249	-	13,249
With Installment	3,502	-	3,502
Without Installment	9,747	-	9,747
Personnel Credit Cards- FC	60	-	60
With Installment	-	-	-
Without Installment	60	-	60
Deposit Accounts- YTL ( Real Persons)	529,992	-	529,992
Deposit Accounts- FC (Real Persons)	-	-	-
<b>Total</b>	<b>1,537,010</b>	<b>6,823,714</b>	<b>8,360,724</b>

### Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans- YTL	293,331	4,936,390	5,229,721
Real Estate Loans	50	118,510	118,560
Automobile Loans	33,542	618,844	652,386
General Purpose Loans	259,739	4,199,036	4,458,775
Other	-	-	-
Installment-based Commercial Loans FC-indexed	-	-	-
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Installment-based Commercial Loans- FC	211,391	51,827	263,218
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	211,133	-	211,133
Other	258	51,827	52,085
Corporate Credit Cards – YTL	21,982	-	21,982
With Installment	1,439	-	1,439
Without Installment	20,543	-	20,543
Corporate Credit Cards – FC	176	-	176
With Installment	-	-	-
Without Installment	176	-	176
Overdraft Accounts– YTL (corporate)	139,136	-	139,136
Overdraft Accounts– FC (corporate)	-	-	-
<b>Total</b>	<b>666,016</b>	<b>4,988,217</b>	<b>5,654,233</b>

### Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic loans	30,277,176	23,635,280
Foreign loans	212,552	167,383
<b>Total</b>	<b>30,489,728</b>	<b>23,802,663</b>

### Loans to associates and subsidiaries

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	-	-
Indirect loans granted to subsidiaries and associates	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### Specific provisions for loans

	Current Period	Prior Period
Specific provisions		
Loans and receivables with limited collectibility	26,141	68,815
Loans and receivables with doubtful collectibility	157,847	151,330
Uncollectible loans and receivables	1,139,365	1,023,517
<b>Total</b>	<b>1,323,353</b>	<b>1,243,662</b>

**Information on non-performing loans (NPLs) (Net)**

*Information on non-performing loans and other receivables restructured or rescheduled*

	III. Group: Loans and receivables with limited collectibility	IV. Group: Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Current period (Gross amounts before the specific reserves)	-	2,967	125,136
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	-	2,967	125,136
Prior period (Gross amounts before the specific reserves)	2,557	-	129,055
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	2,557	-	129,055

*Movements in non-performing loan groups*

	III. Group: Loans and receivables with limited collectibility	IV. Group: Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Prior period end balance	68,815	151,330	1,023,988
Additions (+)	357,005	814	16,517
Transfers from other categories of loans under follow-up (+)	97,523	300,679	351,876
Transfers to other categories of loans under follow-up (-)	326,058	248,464	172,392
Collections (-)	66,578	46,512	77,523
Write-offs (-)	-	-	-
Differences from inflation adjustments (-)	-	-	3,379
Current period end balance	130,707	157,847	1,145,843
Specific provision (-)	26,141	157,847	1,139,365
Net Balance on balance sheet	104,566	-	6,478

*Information on non-performing loans and other receivables in foreign currencies*

	III. Group: Loans and receivables with limited collectibility	IV. Group: Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Current Period			
Net Balance at the end of Period	2,130	3,159	291,093
Specific provision (-)	426	3,159	286,937
Net Balance on balance sheet	1,704	-	4,156
Prior Period			
Net Balance at the end of Period	6,133	10,232	283,063
Specific provision (-)	6,133	10,232	282,594
Net Balance on balance sheet	-	-	469

Uncollectible loans and receivables are collected by liquidation of collaterals and legal follow-up



**Write-off policy for uncollectible loans and receivables**

The Bank writes off a loan balance (and any related advances for impairment losses) when Bank concludes that those loans are uncollectible. This conclusion is given after considering information the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardized loans, charge off decisions generally are based on a product specific past due status.

*Loan customer concentration of non-performing loans:*

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
<b>Current Year (Net)</b>	<b>104,566</b>	<b>-</b>	<b>6,478</b>
Consumer and Commercial Loans (Gross)	130,543	157,334	1,057,289
Special Provision-ı	26,108	157,334	1,056,793
Consumer and Commercial Loans (Net)	104,435	-	496
Banks (Gross)	-	-	1,551
Special Provision-ı	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	164	513	87,003
Special Provision-ı	33	513	81,021
Other Loans and Receivables (Net)	131	-	5,982
<b>Prior Year (Net)</b>	<b>-</b>	<b>-</b>	<b>469</b>
Consumer and Commercial Loans (Gross)	58,997	147,503	960,086
Special Provision-ı	58,997	147,503	959,617
Consumer and Commercial Loans (Net)	-	-	469
Banks (Gross)	-	-	1,551
Special Provision-ı	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	9,818	3,827	62,349
Special Provision-ı	9,818	3,827	62,349
Other Loans and Receivables (Net)	-	-	-

6. Information on held-to-maturity investment securities

Held-to-maturity public sector debt securities

	Current Period		Prior Period	
	TP	YP	TP	YP
Government bonds	1,914,716	142,004	1,457,965	-
Treasury bills	-	-	-	-
Other government securities	-	137,169	-	162,491
<b>Total</b>	<b>1,914,716</b>	<b>279,173</b>	<b>1,457,965</b>	<b>162,491</b>

Information on held-to-maturity investment securities

	Current Period	Prior Period
Debt securities	2,241,655	1,664,935
Quoted at stock exchange	2,204,023	1,629,765
Unquoted at stock exchange	37,632	35,170
Impairment losses (-)	924	584
<b>Total</b>	<b>2,240,731</b>	<b>1,664,351</b>

The movement of held-to-maturity investment securities

	Current Period	Prior Period
Balances at the beginning of the period	1,664,351	280,451
Foreign currency exchange differences on monetary assets	6,651	(14,007)
Purchases during the period	1,420,320	1,750,862
Disposals through sales/redemptions	(852,606)	(435,582)
Impairment losses (-)	(797)	(105)
Change in amortized costs of existing securities <sup>(*)</sup>	2,812	82,732
<b>Balances at the end of the period</b>	<b>2,240,731</b>	<b>1,664,351</b>

<sup>(\*)</sup> Differences in the amortized costs of the marketable securities are included in this column.

The Bank reclassified certain investment securities that were previously classified as available-for-sale portfolio with total face value of YTL 1,135,000,000 (full YTL) and US Dollar 100,000,000 (full US Dollar) to its held-to-maturity investment securities portfolio at their fair values of YTL 1,054,490,250 (full YTL) and US Dollar 101,934,270 (full US Dollar), respectively as of their reporting dates. The value increases of such securities amounting YTL 703,956 (full YTL) and US Dollar 1,958,193 (full US Dollar), respectively, which are recorded under equity will be amortized through the statement of income until their maturities.

Additionally, the Bank reclassified certain investment securities that were previously classified in available-for-sale portfolio with total face value of YTL 1,240,000,000 (full YTL), US Dollar 40,000,000 (full US Dollar), and EUR 20,000,000 (full EUR) to its investment securities held-to-maturity portfolio at their fair values of YTL 1,237,751,050 (full YTL), US Dollar 41,706,400 (full US Dollar), and EUR 19,475,000 (full EUR), respectively as of their reclassification dates, in 2007. The value increases/(decreases) of such securities amounting YTL 5,217,409 (full YTL), US Dollar 774,816 (full US Dollar), and EUR (44,000) (full EUR), respectively, which will be amortized through the statement of income until their maturities.

**Information on held-to-maturity investment securities**

Current Period	Cost Amount		Revalued Amount	
	YTL	FC	YTL	FC
Collateralized blocked investments	1,131,494	37,500	1,178,592	37,632
Investments subject to repurchase agreements	58,494	100,128	59,110	101,255
Held for structural position	-	-	-	-
Receivable from security borrowing market	-	-	-	-
Collateral for security borrowing market	-	-	-	-
Others <sup>(*)</sup>	627,015	181,949	677,014	187,128
<b>Total</b>	<b>1,817,003</b>	<b>319,577</b>	<b>1,914,716</b>	<b>326,015</b>

  

Prior Period	Cost Amount		Revalued Amount	
	YTL	FC	YTL	FC
Collateralized blocked investments	1,326,230	34,950	1,414,100	35,170
Investments subject to repurchase agreements	-	25,505	-	26,055
Held for structural position	-	-	-	-
Receivable from security borrowing market	-	-	-	-
Collateral for security borrowing market	-	-	-	-
Others <sup>(*)</sup>	39,049	139,067	43,865	145,161
<b>Total</b>	<b>1,365,279</b>	<b>199,522</b>	<b>1,457,965</b>	<b>206,386</b>

<sup>(\*)</sup> , Q W K H s 2 W K H U V H F X U L W L H V K H O G D V I U H H W K D W D U H Q R W W U H D W H G B transactions.

**7. Investments in associates (net)**

**Unconsolidated associates**

Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1- 0 4 N X U 0 4 F L 0 4 D G D P 0 . L P \ D . X U	In Liquidation	25.00	25.13
2- 9 D N 0 I * D \ U L P H Q N X O ( N V S H U W L	Ankara/Turkey	20.00	27.46
3- 5 R N H W V D Q 5 R N H W 6 D Q D \ L Y H 7	Ankara/Turkey	10.00	10.00

  

	Total Assets	Shareholders Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/ (Loss)	Prior Period Profit/Loss	Company's Fair Value (if available)
1-	-	-	-	-	-	-	-	-
2-	9,811	7,767	726	829	217	3,677	3,696	-
3-	365,64€	158,204	147,214	1,650	6	21,694	(1,854)	-

As per the resolution no.77232 of the Board of Directors of the Bank on 3 April 2008, it is decided to work on disposal process of Roketsan Roket Sanayi AŞ (“Roketsan”), with carrying value of YTL 7,594 in the accompanying consolidated financial statements, that the Bank owns 10% shares representing 14,600 YTL nominal shares of its capital of 146,000 YTL to the third parties or other shareholders of Roketsan.

As per the resolution of the Board of Directors dated 27 December 2007, it has been decided to U H Y L H Z & D S L W D O 0 D U N H W V % R D U G U H J X O D W L R Q V W R S X U F ( N V S H U W L ] Y H ' H ÷ H U O H P H \$ ù g u l a t i o n Q F R Q I R U P L W \ Z L W K W K H U Reasons for not consolidating unconsolidated associates and accounting methods applied for such investments

Reasons for not consolidating unconsolidated associates and accounting methods applied for such investments

Associates which the Group has the ability to determine their financial and operating policies are consolidated per equity method in the accompanying consolidated financial statements, otherwise accounted in accordance with TAS 39.

### Consolidated associates

Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1- ÖEUÖV 9DNÖIODU %DQNDVÇ	Lefkosa/NCTR	15.00	15.00
2- 9DNÖI 0HQNXO .Ö\PHWOHU <	İstanbul/Türkey	11.75	21.77
3- 9DNÖI *D\ULPHQNXO <DWÖU	Ankara/Türkey	27.63	29.47
4- 7•UNL\H 6ÖQDL .DONÖQPD %	İstanbul/Türkey	8.38	8.38

	Total Assets	Shareholders Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/Loss and Extraordinary Reserves	Company's Fair Value (if available)
1-	559,613	41,808	4,666	67,015	870	7,528	9,496	-
2-	14,176	13,395	64	368	(2,090)	(2,670)	2,094	723
3-	68,974	68,728	35,751	739	2,711	6,027	3,744	6,666
4-	5,336,070	790,036	223,656	165,174	162,240	99,377	92,268	43,144

As per the resolution of the Board of Directors of the Bank dated 27 December 2007, it is decided to sell the shares of Kıbrıs Vakıflar Bankası Ltd in case of appropriate economic conditions occur for this transaction.

### Movement table of the consolidated associates

	Current Period	Prior Period
Balance at the beginning of the period <sup>(*)</sup>	81,887	81,539
Movements during the period	(28,235)	348
Acquisitions and capital increases	294	-
Bonus shares received	8,604	9,292
Dividends from current year profit	-	-
Sales and liquidations	-	-
Revaluation increase, inflation correction difference and currency difference of foreign subsidiaries	(37,133)	(8,944)
Impairment losses (+)	-	-
Balance at the end of period	53,652	81,887
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(\*) In the current period, the share percentage of the consolidated associates is 100% as of the related periods.

### Sectoral distribution of the consolidated associates

	Current Period	Prior Period
Banks	46,263	68,262
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial associates	7,389	13,625
Total	53,652	81,887

Quoted consolidated associates

	Current Period	Prior Period
Quoted to domestic stock exchanges	50,533	78,768
Quoted to international stock exchanges	-	-
<b>Total</b>	<b>50,533</b>	<b>78,768</b>

Consolidated associates sold during the period

There is not any sale in the current period of the Parent Bank

7KH %DQN VROG LWV VKDUHV LQ 2UWD 'R ÷ X < DW Õ U Õ P + L ] P  
 WR \$KPHW 6HUGDU 2 ÷ KDQ 2UWDN \*LUL ú LP \*UXEX LQ FDK E \  
 RQ QR DQG -DQXDU \ GDWHG UHVROXWLRQ RI WKH  
 WKH RXWVWDQGLQJ VKDUHV RZ QHG DFD 9 DN Õ I 'HQLR X \ WQV DQV  
 RZQHG E \ 2EDN \ \* Õ GD ø ú OHWPHFLOLN \$ ù RI RXWVWDQ  
 6HUPD \ HVL \$ ù DQG RI RXWVWDQGLQJ VKDUHV RZQHG E \ 9  
 to sales agreement with a total price of US Dollar 4,810,000. The Parent Bank has recorded gain on  
 sale of associates amounting to YTL 166.

Consolidated associates acquired during the period

, Q WKH FXUUHQW SHULRG 9DN Õ I < DW Õ U Õ P 0HQNXO . Õ \ PHW  
 Bank, increased its paid capital by YTL 2,500 from YTL 5,000 to YTL 7,500. The share of the  
 Bank amounting to YTL 294 is presented as acquisitions in the movementable of the consolidated  
 associates.

, Q WKH FXUUHQW SHULRG 9DN Õ I \$ ù DQDLP HSKPDK KAPITAL DWR Õ U Õ P 2  
 YTL 18,480 to YTL 19,300 by a way of stock split. The share of the Bank amounting to YTL 227 is  
 presented as bonus shares received in the movementable of the consolidated associates.

In the current period, TSKB increased its paid capital from YTL 400,000 to YTL 500,000 by a  
 way of stock split. The share of the Bank amounting to YTL 8,377 is presented as bonus shares  
 received in the movementable of the consolidated associates

In year 2007, TSKB increased its paid capital from YTL 300,000 to YTL 400,000 by a way of  
 stock split. The share of the Bank amounting to YTL 8,378 is presented as bonus shares received in  
 the movementable of the consolidated associates

, Q \ HDU 9DN Õ I \* D \ U Õ PHQNXO < DW Õ U Õ P 2UWDNO Õ ÷ Õ \$ ù  
 in capital from internal sources by YTL 1,680 from YTL 16,800 to YTL 18,480. The share of the  
 Bank amounting to YTL 464 is presented as bonus shares received in the movementable of the  
 consolidated associates

IQ \ HDU . Õ EU Õ V 9DN Õ IODU %DQNDV Õ /WG DQ KAPITAL RFLDW  
 from internal sources by YTL 3,000 from YTL 17,000 to YTL 20,000. These shares are disclosed  
 under the section of bonus shares received, in the table above. The share of the Bank amounting to  
 YTL 450 is presented as bonus shares received in the movementable of the consolidated associates

8. Investments in subsidiaries

Unconsolidated subsidiaries

Subsidiaries	Address(City / Country)	Bank's Share - If Different Voting Rights (%)	Bank's Risk Group Share (%)
1- 9DNÖI (QH UML YH 0DGHQFLOLN \$ù	Ankara/Turkey	65.50	84.92
2- \$WDN \ 0D÷D]DFÖ @ Çubuk)FDUHW \$ù	In Liquidation	45.79	45.79
3- 7DNVLP 2WHOFLOLN \$ù	Istanbul/Turkey	51.00	51.52
4- 9DNÖI *LULúLP 6HUPD\HVL <DWÖUÖP	Ankara/Turkey	31.00	31.09
5- 9DNÖI 6LVWHP 3D]DUODPD <D]ÖÖP	Ankara/Turkey	73.00	79.85

	Total Assets	Shareholder's Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit / (Loss)	Prior Period Profit / (Loss)	Company's Fair Value
1-	260,804	241,150	244,758	488	-	(2,141)	1,532	21,722
2-	-	-	-	-	-	-	-	-
3-	215,034	213,940	85,682	7,176	100	10,180	(8,356)	-
4-	4,431	4,397	13	318	209	223	(34)	1,823
5-	12,186	9,135	418	913	214	2,485	2,578	-

As per the resolution no.74887 of the Board of Directors of the Bank on 22 August 2006, it is decided to start liquidation of 9DNÖI 6LVWHP 3D]DUODPD <D]ÖÖP. Bank owns 73% of its outstanding shares.

7KH VDOHV FRQWUDFW KDV EHHQ VLJQHG DV RI 0DUFK \*LULúLP 6HUPD\HVL <DWÖUÖP VLVWDNRÖÖ \$ù \*SURXS VKDUH ZLW and (B) Group share with a percentage of 6.00, 31.00% in total, to the Multinet Kurumsal Hizmetler \$ù DQG DOVR IRU WKH VDOH RI WKH VKDUHV ZLWK D SHUFHQVKDUH RI 9DNÖI )LQDQVDO .LUDODPD \$ù ZLWK D SHUFHQVD )LQDQVDO .LUDODPD \$ù ZLWK D SHUFHQVDJH RI DQG % SHUFHQVDJH RI WR &). .XUXPVDQ price of the shares has been determined as YTL 3,129. Authorization of the Capital Markets Board is needed for the sales WUDQVDFWLRQ WR EH FORVHG %DVHG RQ WKH DSSOLFDWL realization of sales transaction. W KDV EHHQ VSHFLILHG WKDW 3LQ RXU PH numbered 27 which the request has been discussed, it is decided not to take the related request into FRQVLGHUDWLQJ LQ WKLV VWDJH. 2027 and date 20 October 2008, W KDV EHHQ VWDWHG WKDW VXEVIHTXH QW SURFHVV VKDOO Board of Directors.

,Q \HDU 7DNVLP 2WHOFLOLN \$ù D VXEVIHTXH QW internal sources by YTL 4,150 from YTL 93,000 to YTL 97,150. The share of the Bank amounting to YTL 2,116 is presented bonus shares received in the movements in subsidiaries table.

Reasons for not consolidating unconsolidated subsidiaries and accounting methods applied for such investments:

As of 30 September 9DNÖI \*LULúLP 6HUPD\HVL <DWÖUÖP 2UWDNO the Bank has been accounted at its fair value in the accompanying consolidated financial statements since its assets are less than 1% of the Bank's assets.

9DNÖI (QH UML YH 0DGHQFLOLN \$ù \$WDN|\ 0D÷D]DFÖ @ Çubuk)FDUHW \$ù KDYH QRW EHH the financial subsidiaries of the Group. Therefore, they have been accounted in accordance with TAS 39.

**Investment in consolidated subsidiaries**

Subsidiaries	Address(City / Country)	Bank's Share - If Different Voting Rights (%)	Bank's Risk Group Share (%)
1- *•QHÚ 6LJRUWD \$ù	Istanbul/Turkey	36.35	36.35
2- 9DNÖI (PHNOLOLN \$ù	Istanbul/Turkey	53.90	75.30
3- 9DNÖI )LQDQV )DFWRULQJ +L]PHWOH	Istanbul/Turkey	78.39	86.97
4- 9DNÖI )LQDQVDO .LUDODPD \$ù	Istanbul/Turkey	58.71	64.40
5- 9DNÖI 'HQL] )LQDQVDO .LUDODPD \$ù	Istanbul/Turkey	68.55	73.95
6- 9DNÖI <DWÖUÖP ÖHQNXO 'H÷HUOHU \$	Istanbul/Turkey	99.00	99.44
7- 9DNÖIEDQN ,QWHUQDWLRQDO \$*	Wien/Austria	90.00	90.00
8- :RUOG 9DNÖI 2IIVKRUH %DQNLQJ /WGL	Lefkosa/NCTR	82.00	84.93
9- 9DNÖI 3RUWI\ < QHWLPL \$ù	Istanbul/Turkey	99.99	99.99

	Total Assets	Shareholder's Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit / (Loss)	Prior Period Profit / (Loss)	Company's Fair Value
1-	617,964	231,887	136,770	2,010	14,783	25,138	(7,149)	145,033
2-	826,598	100,874	37,215	2,189	44,165	11,181	19,118	73,223
3-	139,149	51,349	134	13,282	-	7,544	(32,229)	24,301
4-	244,794	34,629	5,481	15,132	15	1,452	(4,072)	21,019
5-	124,925	2,270	61	8,167	-	1,416	(7,786)	-
6-	65,325	48,657	8,993	5,110	1,085	4,422	4,015	-
7-	734,408	88,289	1,273	27,061	7,535	4,422	6,192	100,158
8-	31,464	(10,601)	-	1,319	-	(995)	(13,526)	-
9-	3,965	3,880	40	103	294	691	616	-

(\*) 9DNÖI 'HQL] )LQDQVDO .LUDODPD \$ù TV IDLU YDOXH LV <7/ DFFRU audit firm.

As per the resolution no.74887 of the Board of Directors of the Bank on 22 August 2006, it is GHFLGHG WR PHUJDIQV DNÖI L'UHQD PDQ\$ù DQG 9DNÖI )LQDQVDO a law office to carry required procedures for the merger.

\$FFRUGLQJ WR WKH UHVROXW DQG R 15 May 2008, it is decided to sell the shares of consolidated subsidiary LHV \*•QHÚ 6LJRUWD \$ù DQG 9DNÖI (PHNOLC

**Movement table of the consolidated subsidiaries**

	Current Period	Prior Period
Balance at the beginning of the period	367,243	264,847
Movements during the period	36,826	102,396
Acquisitions and capital increases	-	5,685
Bonus shares received	-	27,262
Dividends	-	-
Sales and liquidations	-	-
Revaluation increase, inflation correction difference and currency difference of foreign subsidiaries	36,826	69,449
Impairment losses (+)	-	-
Balance at the end of the period	404,069	367,243
Capital commitments	-	-
Share percentage (%)	-	-

**Valuation methods of the consolidated subsidiaries**

	Current Period	Prior Period
At Cost	40,335	105,709
At Fair Value	363,734	261,534
By Equity Method	-	-
<b>Total</b>	<b>404,069</b>	<b>367,243</b>

**Sectoral distribution of the consolidated subsidiaries**

	Current Period	Prior Period
Banks	100,158	41,073
Insurance Companies	218,256	172,456
Factoring Companies	24,301	24,301
Leasing Companies	21,019	89,078
Financing Companies	-	-
Other Financial Institutions	40,335	40,335
<b>Total</b>	<b>404,069</b>	<b>367,243</b>

**Quoted consolidated subsidiaries**

	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	166,052	188,311
Quoted at International Stock Exchanges	-	-
<b>Total</b>	<b>166,052</b>	<b>188,311</b>

**Consolidated subsidiaries disposed during the period**

None.

**Consolidated subsidiaries acquired during the period**

In year 2007, as per the resolution of the Board of Directors related to the restructuring investment in associates and subsidiaries, the Bank DFTXLUHG WKH VKDUHV RI 9DNÖI ZKLFK KDV D QRPLQDO SDLG LQ FDSLWDO RI <7/ SUHYL. The sale price amounting to USD 4,300,000 was determined by an independent appraiser.

In year 2007, GQHú 6LJRUSD \$ù D VXEVLGLDU in Capital from the DRAIN LQF sources by YTL 75,000 from YTL 75,000 to YTL 150,000. The share of the Bank amounting to YTL 27,262 is presented bonus shares received in the movement of the consolidated subsidiaries.

**9. Investments in joint-ventures**

None.

**10. Information on finance lease receivables**

**Finance lease receivables according to remaining maturities**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	19,721	18,897	13,570	13,338
Between 1-4 Years	229,753	200,990	251,748	217,957
Longer than 4 Years	36,643	28,854	68,423	52,539
<b>Total</b>	<b>286,117</b>	<b>248,741</b>	<b>333,741</b>	<b>283,834</b>



**Net finance lease receivables**

	Current Period	Prior Period
Gross finance lease receivables	286,117	333,741
Unearned income on finance lease receivables (-)	37,376	49,907
Terminated lease contracts (-)	-	-
<b>Net finance lease receivables</b>	<b>248,741</b>	<b>283,834</b>

**Finance lease agreements**

Sum of the minimum lease payments including interest and principal amounts due under the lease agreements is 527,827 as of 30 September 2008. The difference between the total of the minimum payments and the cost of the leased assets is 27,827. The lease payments are made, the lease principal amount is deducted from the total of the lease payments and the cost of the leased assets. The difference between the total of the minimum payments and the cost of the leased assets is reflected to interest income on the consolidated income statement.

**11. Information on hedging purpose derivatives**

Positive differences on derivative financial instruments held for risk management purpose  
 None.

**12. Information on investment properties**

As of 30 September 2008, The Group has an investment property amounting to 527,827 in total which consists of the net book value amounting to 35,640 for the subsidiaries operating in the field of real estate investment and the net book value amounting of YTL 17,187 for the subsidiaries operating in the insurance business. (31. December 2007: 56,786)

**13. Information on deferred tax assets**

As of 30 September 2008 and 31 December 2007 items generating deferred tax assets or liabilities are listed below:

	Current Period	Prior Period
TAS - Tax Code depreciation differences on tangible and intangible assets	33,663	26,704
Provision for employee termination benefits and unused vacation	26,500	28,023
Valuation differences for financial assets and liabilities	16,988	2,367
Other provisions	11,236	5,362
Valuation difference for associates and subsidiaries	5,635	21,140
Others	7,843	2,533
<b>Deferred tax assets</b>	<b>101,865</b>	<b>86,129</b>
Net-off of the deferred tax assets and liabilities from the same entity	(21,496)	(36,280)
<b>Deferred tax assets (net)</b>	<b>80,369</b>	<b>49,849</b>
	Current Period	Prior Period
Valuation differences for financial assets and liabilities	16,882	33,941
Valuation difference for associates and subsidiaries	-	3,963
Others	9,982	4,008
<b>Deferred tax liabilities</b>	<b>26,864</b>	<b>41,912</b>
Net-off of the deferred tax assets and liabilities from the same entity	(21,496)	(36,280)
<b>Deferred tax liabilities (net)</b>	<b>5,368</b>	<b>5,632</b>

14. Assets held for sale and assets related to the discounted operations

As of 30 September 2008, net book value of assets held for sale is YTL 1,740 (31 December 2007: YTL 1,702).

15. Information on other assets

As of 30 September 2008 and 31 December 2007, details of other assets are as follows:

	Current Period	Prior Period
Receivables from insurance operations	588,331	486,177
Prepaid expenses	294,024	213,237
Receivables from term sale of assets	141,025	138,749
Receivables from derivative financial instruments	66,691	69,344
Deferred acquisition costs	47,898	28,191
Others	136,481	82,363
<b>Total</b>	<b>1,274,450</b>	<b>1,018,061</b>

## II. Information and disclosures related to consolidated liabilities

### 1. Information on maturity profile of deposits

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	977,533	-	443,289	6,258,498	180,133	12,287	28,309	-	7,900,049
Foreign Currency Deposits	935,465	-	1,409,877	3,928,688	1,528,494	487,603	743,764	-	9,033,891
Residents in Turkey	903,380	-	1,383,102	3,838,191	1,429,873	356,436	601,606	-	8,512,588
Residents in Abroad	32,085	-	26,775	90,497	98,621	131,167	142,158	-	521,303
Public Sector Deposits	926,847	-	931,384	2,535,200	269,389	52	546	-	4,663,418
Commercial Deposits	793,149	-	1,153,626	4,829,696	153,315	40,679	1,829	-	6,972,294
Other	1,697,541	-	591,521	4,007,409	123,808	28,175	53,152	-	6,501,606
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	1,043	-	575,647	624,891	95,019	-	-	-	1,296,600
Central Bank	53	-	-	-	-	-	-	-	53
Domestic Banks	371	-	574,436	618,737	95,019	-	-	-	1,288,563
Foreign Banks	370	-	1,211	6,154	-	-	-	-	7,735
Participation Banks	249	-	-	-	-	-	-	-	249
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5,331,578</b>	<b>-</b>	<b>5,105,344</b>	<b>22,184,382</b>	<b>2,350,158</b>	<b>568,796</b>	<b>827,600</b>	<b>-</b>	<b>36,367,858</b>

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	682,210	-	253,597	5,608,530	261,908	28,971	29,534	-	6,864,750
Foreign Currency Deposits	811,557	-	1,304,982	3,050,215	378,797	331,220	717,618	-	6,594,389
Residents in Turkey	769,830	-	1,206,007	2,997,675	342,338	227,946	559,918	-	6,103,714
Residents in Abroad	41,727	-	98,975	52,540	36,459	103,274	157,700	-	490,675
Public Sector Deposits	970,442	-	659,567	1,030,009	207,687	116,796	185	-	2,984,686
Commercial Deposits	665,040	-	1,333,137	2,704,773	230,574	445	14,529	-	4,948,498
Other	409,803	-	508,604	5,258,438	762,278	7,762	58,651	-	7,005,536
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	1,224	-	147,222	522,891	80,229	-	-	-	751,566
Central Bank	12	-	-	-	-	-	-	-	12
Domestic Banks	303	-	147,222	498,687	50,358	-	-	-	696,570
Foreign Banks	775	-	-	24,204	29,871	-	-	-	54,850
Participation Banks	134	-	-	-	-	-	-	-	134
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,540,276</b>	<b>-</b>	<b>4,207,109</b>	<b>18,174,856</b>	<b>1,921,473</b>	<b>485,194</b>	<b>820,517</b>	<b>-</b>	<b>29,149,425</b>

Information on saving deposits insured by Saving Deposit Insurance Fund and the total amounts of the deposits exceeding the insurance coverage limit

	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	4,316,795	3,654,728	3,583,254	3,208,160
Foreign Currency Saving Deposits	1,354,448	1,286,065	2,305,862	1,893,244
Other Saving Deposits	-	-	-	-
Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
<b>Total</b>	<b>5,671,243</b>	<b>4,940,793</b>	<b>5,889,116</b>	<b>5,101,404</b>

Saving deposits out of insurance coverage limits

	Current Period	Prior Period
Deposits and other accounts at foreign branches	492	474
Deposits and other accounts, which belong to controlling shareholders, their parents, wives/husbands, and children	-	-
Deposits and other accounts, which belong to Board of Director members, chairman, manager, his/her assistants, their parents, wives/husbands, and children	1,568	600
Deposits and other accounts under scope of TCC Article no 282, dated 26.09.2004	-	-
Deposits in Deposit Banks of Turkey, which are solely established for offshore banking	11,299	14,582

2. Information on derivative financial instruments held for trading purpose

Negative value of trading purpose derivatives

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forwards	2,690	1	4,959	1
Swaps	7,102	18,040	15,044	2,286
Futures	-	-	-	-
Options	-	-	-	-
Others	-	-	-	-
<b>Total</b>	<b>9,792</b>	<b>18,041</b>	<b>20,003</b>	<b>2,287</b>

3. Information on banks and other financial institutions

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	-	-	-	-
Domestic banks and institutions	76,831	341,637	52,619	274,947
Foreign banks, institutions and funds	-	4,952,176	-	4,710,314
<b>Total</b>	<b>76,831</b>	<b>5,293,813</b>	<b>52,619</b>	<b>4,985,261</b>

**Maturity information of funds borrowed**

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Shortterm	76,831	1,716,902	52,619	1,430,792
Medium and Long term	-	3,576,911	-	3,554,469
<b>Total</b>	<b>76,831</b>	<b>5,293,813</b>	<b>52,619</b>	<b>4,985,261</b>

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 1.8% (31 December 2007: 1.2). There is no significant risk concentration on funding sources of the Bank.

On 20 December 2006, the Bank has obtained syndication loan of US Dollar 700 million comprised of three tranches having 1, 2 and 3 years of maturity and interest rate Libor+0.525%, Libor+0.625% and Libor+0.825%, respectively, with the participation of 26 international banks through club deal. On 3 December 2007, the Bank has renewed syndication loan of US Dollar 375 million with one year of maturity and interest rate Libor+0.25% (total cost Libor+%0.575) with the participation of 23 international banks.

On 22 May 2007, the Bank has obtained securitization of US Dollar 500 million based on 10 years and the remaining US Dollar 350 million of which has a maturity of 10 years.

On 12 July 2007, the Bank has obtained syndication loan of US Dollar 700 million having one year maturity and Libor+0.475% interest rate, with the participation of 29 international banks through club deal. On 23 July 2008, the Bank has renewed the syndication loan by the amount of US Dollar 750 million with US Libor+0.77 and EUR Libor+0.77, with the participation of 25 banks

4. Components of other liabilities, those that exceed 10% of total liabilities or those that exceed 20% of the individual liability items in the consolidated balance sheet

Other liabilities do not exceed 10% of total liabilities excluding the balance sheet items.

5. Criteria used in the determination of lease instalments in the finance lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts

Obligations under finance leases

None.

6. Information on liabilities arising from hedging purpose derivatives

Negative value of hedging purpose derivatives

None.

7. Information on provisions

Information on general provisions

	Current Period	Prior period
Provisions for Loans and receivables in Group I	203,511	151,077
Provisions for loans and receivables in Group II	27,040	7,099
Provisions for non-cash loans	19,424	15,390
Others	197	179
<b>Total</b>	<b>250,172</b>	<b>173,745</b>

Provision for currency exchange gain/loss on foreign currency indexed loans

None

Information on other provisions

	Current Period	Prior Period
General reserves for possible loan losses	-	-

Information on other provisions exceeding 10% of total provisions

	Current Period	Prior Period
Specific provisions for non-cash loans	84,239	82,392
Provisions for law suits initiated against the Group	32,165	27,545
Provisions for credit card promotions	8,788	7,890
Others	34,075	5,759
<b>Total</b>	<b>159,267</b>	<b>123,586</b>

8. Taxation

Current taxes

*Tax provision*

As of 30 September 2008, current tax liabilities of the Group are amounting YTL 61,877, after deducting prepaid taxes

*Information on taxes payable*

	Current Period	Prior Period
Corporate taxes payable	61,877	83,464
Taxation on securities	67,526	52,709
Capital gains tax on property	686	477
Banking Insurance Transaction Tax (BITT)	23,330	22,364
Taxes on foreign exchange transactions	-	1,311
Value added tax payable	1,380	1,134
Others	17,108	15,166
<b>Total</b>	<b>171,907</b>	<b>176,625</b>

*Information on premiums payable*

	Current Period	Prior Period
Social security premiums-employee share	707	452
Social security premiums-employer share	868	541
Bank pension fund premium-employee share	-	-
Bank pension fund premium-employer share	-	-
Pension fund membership fees and provisions-employee share	-	-
Pension fund membership fees and provisions-employer share	-	-
Unemployment insurance-employee share	299	302
Unemployment insurance-employer share	597	542
Others	9	-
<b>Total</b>	<b>2,480</b>	<b>1,837</b>

Information on deferred tax liability

Disclosed in Note 13 of information and disclosures for assets of consolidated balance sheet.

**9. Information on shareholders equity**

**Paid-in capital**

	Current Period	Prior Period
Common Stock	2,500,000	2,500,000
Preferred Stock	-	-

Paid-in capital of the Parent Bank amounted to YTL 2,500,000 is divided into groups comprised of 43.0% Group (A), 15.6 % Group (B), 16.2% Group (C) and 25.2% Group (D).

One member appointed by the Prime Minister representing The General Directorate of the Foundations (Group A), three members representing Group (A), one member representing Group (B), and two members representing Group (C); among the nominees shown by the majority of each group, and one member among the nominees offered by the shareholders at the General Assembly are selected. Preference of Group (D) is primarily taken into account in the selection of the last mentioned member.

Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so the amount of registered share capital

Capital System	Paid-in Capital	Ceiling per Registered Share Capital
Registered capital system	2,500,000	5,000,000

The registered capital ceiling of the Parent Bank was increased from YTL 1,300,000 to YTL 5,000,000 as per the resolution no.74202 dated 16 February 2006 by the Board of Directors.

Information on share capital increases and their sources; other information on any increase in capital shares during the current period

There is no share capital increase in the current period or previous period

Information on share capital increases from revaluation funds

None.

Capital commitments for current financial year and following period

None.

**Prior period indicators of the Parent Bank's income, profitability and liquidity; and possible effects of the predictions on equity, considering the ambiguity of the indicators**

None.

Information on the privileges given to stocks representing the capital

None.

**Securities value increase fund**

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Fair value differences	1,314	-	3,584	-
Foreign currency exchange differences	3,940	(34,892)	45,642	41,627
Total	5,254	(34,892)	49,226	41,627

III. Information and disclosures related to offbalance sheet items

1. Disclosures related to other contingent liabilities

Type and amount of irrevocable commitments

	Current Period	Prior period
Commitments for credit card limits	3,100,249	3,067,930
Commitments for cheque payments	1,474,850	1,330,395
Loan granting commitments	1,371,894	1,452,873
<b>Total</b>	<b>5,946,993</b>	<b>5,851,198</b>

Type and amount of possible losses from offbalance sheet items including those referred to below

*Guarantees, bills of exchange and acceptances and other letters of credit which can be counted as financial collateral*

The Bank provided specific provision for unliquidated non-cash loans amounted to YTL 84,239 (31 December 2007: 82,392) recorded under offbalance sheet items.

*Final guarantees, provisional guarantees, sureties and similar transactions*

	Current Period	Prior Period
Provisional letters of guarantee	101,005	107,807
Final letters of guarantee	3,692,227	3,432,155
Letters of guarantee for advances	821,034	545,641
Letters of guarantee given to custom offices	184,923	82,595
Other letters of guarantee	167,828	194,539
<b>Total</b>	<b>4,967,017</b>	<b>4,362,737</b>

2. Non-cash loans

	Current Period	Prior Period
Non-cash loans given for cash loan risks	385,397	427,846
With original maturity of 1 year or less	119,156	169,739
With original maturity of more than 1 year	266,241	258,107
Other non-cash loans	7,249,225	5,513,279
<b>Total</b>	<b>7,634,622</b>	<b>5,941,125</b>



3. Sectoral risk concentrations of noncash loans

	Current Period				Prior Period			
	YTL	%	FC	%	YTL	%	FC	%
Agricultural	29,857	0.95	76,418	1.71	24,187	0.87	25,727	0.80
Farming and cattle	23,037	0.73	62,885	1.41	18,843	0.68	14,693	0.45
Forestry	4,401	0.14	89	0.00	3,803	0.14	90	0.00
Fishing	2,419	0.08	13,444	0.30	1,541	0.05	10,944	0.35
Manufacturing	1,156,069	36.39	1,836,465	41.21	1,083,730	39.01	1,533,508	48.49
Mining	40,039	1.26	91,322	2.05	23,992	0.86	89,892	2.84
Production	818,744	25.77	1,571,526	35.26	830,040	29.88	1,293,486	40.90
Electric, gas and water	297,286	9.36	173,617	3.90	229,698	8.27	150,130	4.75
Construction	539,113	16.97	851,342	19.10	369,941	13.32	566,647	17.92
Services	1,177,791	37.06	761,187	17.07	1,028,492	37.01	517,559	16.37
Wholesale and retail trade	502,466	15.81	223,188	5.01	526,053	18.93	172,466	5.45
Hotel, food and beverage services	35,106	1.10	10,901	0.24	31,633	1.14	9,569	0.30
Transportation and telecommunication	187,991	5.92	310,197	6.96	144,200	5.19	60,954	1.93
Financial institutions	419,322	13.19	196,303	4.40	299,017	10.76	258,246	8.17
Real estate and renting services	4,649	0.15	53	0.00	1,787	0.06	-	-
Self-employment services	-	-	-	-	-	-	-	-
Education services	4,814	0.15	3,813	0.09	5,423	0.20	5,945	0.19
Health and social services	23,443	0.74	16,732	0.38	20,379	0.73	10,379	0.33
Other	274,404	8.63	931,976	20.91	271,945	9.79	519,389	16.42
<b>Total</b>	<b>3,177,234</b>	<b>100.00</b>	<b>4,457,388</b>	<b>100.00</b>	<b>2,778,295</b>	<b>100.00</b>	<b>3,162,830</b>	<b>100.00</b>

4. Information on the first and second group of noncash loans

	I. Group		II. Group	
	YTL	FC	YTL	FC
Letters of guarantee	3,002,448	1,688,285	137,286	53,710
Bank acceptances	-	462,759	-	7,810
Letters of credit	-	2,125,344	-	54,342
Endorsements	-	-	-	-
Purchase guarantees for securities issued	-	-	-	-
Factoring guarantees	540	1,984	-	-
Other guarantees and sureties	-	11,826	-	-
<b>Total</b>	<b>3,002,988</b>	<b>4,290,198</b>	<b>137,286</b>	<b>115,862</b>

5. Contingent assets and liabilities

None.

6. Services rendered on behalf of third parties

The Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under office sheet accounts.

7KH %DQN¶V FXVWRG\ VHUYLFHV DQG EDQNLQJ WUDQVDFW customers are not material to the size of the Bank.

#### IV Information on disclosures related to consolidated income statement

##### 1. Interest income

###### Information on interest income from loans

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-term loans	1,230,725	127,613	1,231,836	112,027
Medium and long-term loans	1,406,711	273,943	787,025	176,779
Loans under follow up	47,435	-	37,369	32
Premiums received from resource utilization support fund	-	-	-	-
<b>Total</b>	<b>2,684,871</b>	<b>401,556</b>	<b>2,056,230</b>	<b>288,838</b>

###### Information on interest income from banks

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	-	2,500	-	3,645
Domestic banks	18,129	3,024	21,251	526
Foreign banks	28,682	43,315	62,311	78,389
Foreign head office and branches	-	-	-	-
<b>Total</b>	<b>46,811</b>	<b>48,839</b>	<b>83,562</b>	<b>82,560</b>

###### Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest received from the associates and the subsidiaries	281	440

##### 2. Interest Expense

###### Interest expenses on funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	5,613	176,813	10,371	190,787
Central Bank of Turkey	-	-	-	-
Domestic banks	5,613	5,893	7,597	2,694
Foreign banks	-	165,729	2,774	188,093
Foreign head offices and branches	-	5,191	-	-
Other institutions	35	34	-	5,337
<b>Total</b>	<b>5,648</b>	<b>176,847</b>	<b>10,371</b>	<b>196,124</b>

###### Interest expenses paid to associates and subsidiaries

	Current Period	Prior Period
Interest paid to the associates and the subsidiaries	15,665	9,692

3. Trading income/losses (Net)

	Current Period	Prior Period
Income	1,010,991	555,875
Trading income	91,601	103,685
<i>Derivative financial instruments</i>	48,335	37,202
<i>Others</i>	43,266	66,483
Foreign currency exchange gains	919,390	452,190
Losses ( )	939,640	360,769
Trading losses	53,027	25,884
<i>Derivative financial instruments</i>	46,915	22,856
<i>Others</i>	6,112	3,028
Foreign currency exchange losses	886,613	334,885
Trading income / (expense), net	71,351	195,106

4. Other operating income

As of 30 September 2008, other operating income consists of written insurance premium amounting to YTL 325,075 (net), reversal of the impairment losses provided in previous years amounting to YTL 142,970 income arising from change in unearned premium reserve amounting to YTL (33,064) communication income amounting to YTL 50,913 income arising from reversal of mathematical provisions amounting to YTL 4,140 pension business income amounting to YTL 8,268 LQFRPH IURP VDOH RI % DQN 16,239 and other income amounting to YTL 56,376

5. Provision expenses for losses on loans and other receivables

	Current Period	Prior Period
Specific provisions for loans and other receivables	206,869	188,319
<i>Loans and receivables in Group III</i>	34,881	188,319
<i>Loans and receivables in Group IV</i>	26,576	-
<i>Loans and receivables in Group V</i>	145,412	-
Non-performing commissions and other receivables	-	-
General provision expenses	76,138	23,469
Provision for possible loan losses	-	-
Impairment losses on securities:	25,576	22,001
<i>Trading securities</i>	1,101	912
<i>Investment securities available-for-sale</i>	24,475	21,089
Other impairment losses:	797	11,526
<i>Associates</i>	-	11,010
<i>Subsidiaries</i>	-	-
<i>Joint ventures</i>	-	-
<i>Investment securities held-to-maturity</i>	797	516
Others	98,752	118,355
Total	408,132	363,670

6. Other operating expenses

	Current Period	Prior Period
Personnel expenses	461,520	375,723
Reserve for employee termination benefits	27,386	17,507
Provision for deficit in pension funds	-	-
Impairment losses on tangible assets	-	-
Depreciation expenses Tangible assets	64,155	53,804
Impairment losses on intangible assets	-	-
Amortization Expenses Intangible Assets	2,955	1,984
Impairment losses on assets held for resale	-	-
Depreciation expenses on assets held for resale	6,108	5,662
Impairment losses on assets held for sale	-	-
Other operating expenses	392,648	252,587
Operational lease related expenses	48,018	34,275
Repair and maintenance expenses	13,482	10,815
Advertisement expenses	43,935	28,058
Other expenses	287,213	179,439
Loss on sale of assets	566	6,330
Others	385,883	316,162
<b>Total</b>	<b>1,341,221</b>	<b>1,029,759</b>

7. Provision for taxes on income

Current period taxation benefit or charge and deferred tax benefit or charge

In the current period, the Group recorded current tax charges amounting to YTL 169,216 (30 September 2007: YTL 189,168) from its continuing operations in accordance with the Corporate Tax Law and other laws and regulations.

Deferred tax charge arising from temporary differences, tax losses and unused tax credits

Sources of deferred tax benefit/charge	Current Period	Prior Period
Arising from Origination (+)/ Reversal (of Deductible Temporary Differences	5,309	11,381
Arising from Origination (+)/ Reversal (of Taxable Temporary Differences	7,184	12,002
Arising from Origination (+)/ Reversal (of Tax Losses	-	-
Arising from tax rate change	-	-
<b>Total</b>	<b>12,493</b>	<b>23,383</b>

8. Net profit and loss

*Any further explanation on operating results needed for a proper understanding of the Bank's performance*

None.

9. Nature and amount of changes in accounting estimates which have a material effect on current period or expected to have a material effect on subsequent periods

None.

10. Income/loss related to minority shares

	Current Period	Prior Period
Income/Loss related to Minority Shares	25,615	(6,263)

11. Information related to the components of other items in the consolidated income statement exceeding 10% of the group total or 20% of the sub-accounts belonging to this group

None.

**V. Information and disclosures related to the Bank's risk group**

**1. Information on the volume of transactions with the Bank's risk group, lending and deposits outstanding at period end and income and expenses in the current period**

Current Period	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	-	6,974	-	669	4,119	5,488
Balance at the end of the period	-	5,685	-	726	6,222	5,266
Interest and commission income received	281	7	-	-	488	7
<hr/>						
Prior Period	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	-	3,089	-	568	4,652	32,373
Balance at the end of the period	-	6,974	-	669	4,119	5,488
Interest and commission income received	440	17	-	-	494	10

**Information on deposits held by the Bank's risk group**

Bank's Risk Group	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the period	212,360	112,095	918,176	77,592	143,867	2,650
Balance at the end of the period	145,420	212,360	851,239	918,176	185,432	143,867
Interest on deposits	15,665	9,692	-	-	672	1,806

**Information on forward and option agreements and similar agreements made with the Bank's risk group**

None.

**2. Disclosures of transactions with the Bank's risk group**

Relations with entities in the risk group of / or controlled by the Bank regardless of the nature of relationship among the parties

Transactions with the risk group are made on an ~~length~~ **arm's length** basis; terms are set according to the market conditions and in compliance with the Banking Law.

In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other

The pricing of transactions with the risk group companies is set in compliance with the market prices. The ratio of cash and non-cash loans extended to the risk group to the overall cash and non-cash loans is 0.02% (31 December 2007: %0.02) and 0.15% (31 December 2007: %0.22) respectively.

Current Period	Amount	Compared With the Financial Statement Amount %
Cash Loans	6,222	0.02
Non-Cash Loans	11,677	0.15
Deposits	1,182,091	3.25
Derivatives	-	-

Prior Period	Amount	Compared With the Financial Statement Amount %
Cash Loans	4,119	0.02
Non-Cash Loans	13,131	0.22
Deposits	1,274,403	4.37
Derivatives	-	-

Sum of accounts that are in the same structure except for situation in which different explanation are required to be made in order to reflect effect of transaction made over financial statements.

None.

Explanations on purchase and sale of real estate and other assets, and purchases of services, agent contracts, financial lease agreements, transfer of data obtained from research and development, licensing agreements, financing (including loan and cash and in-kind capital support), guarantees and promissory notes, and management contracts

None.

## SECTION SIX

### Other disclosures and footnotes

#### 1. Other disclosures on the Bank's activity

- The monetary losses amounting YTL 379,000 incurred in the 2001 financial year as a result of the inflation accounting applied in compliance with the Temporary article no.4 added to the Banks Law no.4389 through the Law no.4743, the tax returns of 2002, 2003 and 2004 were submitted with a condition stating that such losses should have been deducted and the Bank may appeal to the tax court for the tax return. The Bank appealed to the tax court for the corporate tax return on 22 February 2007. Ankara 5. Tax court decided in favour of the Bank and YTL 125,187 was an appeal that is still in process.

Law no. 4743 passed on 20 February 2008 in the Parliament and approved on 26 February 2008 by the President of the Republic. According to this law, the tax returns of banks will not be sustained; if the banks take into consideration of 65 percent of these losses in the determination of revenues for the year 2001 as previous year losses, and admit to correct taxable income for the subsequent years and declare they have abnegated from all of the courts relating to this matter in one month after this law come into effect.

As per the 27 March 2008 dated resolution of the Board of Directors 2008, The Bank management has taken no decisions for any reconciliations for the point in dispute as stated in the second paragraph specified in the first paragraph above.

- Based on the resolution of 54th Annual General Assembly held on 21 March 2008, net profit of the year 2007 has been distributed on 30 May 2008 as follows:

Profit Distribution Table of Year 2007	
Current year's profit	1,030,700
Deferred tax income not subject to dividend distribution	(28,084)
Net profit of the year subject to distribution before legal reserves	1,002,616
Legal reserves	100,262
<i>First Legal Reserves</i>	50,131
<i>Reserves allocated, according to banking law and articles of association.</i>	50,131
Net profit of the year subject to distribution	902,354
Extraordinary reserves	760,154
Dividends to the shareholders	142,200

- Principles on the Determination of the Nature of the Loans and Other Receivables and their general provision for the restructured or rescheduled loans and other receivables has been increased from 1% to 2%, general provisions for the bills of exchange and sureties and other non cash loans have been increased from 0.2% to 0.4%.
- It is decided to buy 6% of Turkish Derivative Exchange's shares, at an amount of YTL 540 million. The company has a share capital of YTL 9,000 million.
- Brand sharing with an existing brand in the market. The main agreement and the additional clauses have been signed on 30 June 2008 and 31 July 2008, respectively and the agreement came into effect on 5 August 2008.



**2. Information on the Bank's rating given by international institutions**

November 2008 <sup>(*)</sup>		Standard Poors
Foreign Currency Credit Rating		BB- / Negative/ B
Local Currency Credit Rating		BB- / Negative/ B
National		trA+ / -- / trA-1
Continuance Rating		BBB-/--/--
April 2007 <sup>(*)</sup>		Moody's Investors Service
Financial Strength Rating		D+
Local Currency Deposit Rating		Baa1 / P2
Foreign Currency Deposit Rating		B1 / NP
Outlook		Stable
December 2007 <sup>(*)</sup>		Fitch Rating
Long Term Foreign Currency		BB-
Short Term Foreign Currency		B
Foreign Currency Outlook		Stable
Long Term Local Currency		BB
Short Term Local Currency		B
Foreign Currency Outlook		Stable
National Long Term		AA (tur)
National Outlook		Stable
Individual		C/D
Support		4
Base Support Rating		B+
May 2006 <sup>(*)</sup>		Capital Intelligence
Financial Strength Rate		BBB-
Short Term Foreign Currency		B
Long Term Foreign Currency		BB-
Support Rating		2
Outlook		Stable

<sup>(\*)</sup> Dates represent the last change dates of credit ratings and outlook.

3. Significant events and matters subsequent to consolidated balance sheet date that are not resulted

None.

4. Significant foreign currency exchange rate fluctuations that are subsequent to balance sheet date

As a result of significant fluctuations in money and capital markets subsequent to 30 September 2008; as at report date YTL has been devaluated against US Dollar, Euro and Japanese Yen by 28%, 14%, 42%, respectively, when compared with foreign currency rates prevailing at the balance sheet date.

## SECTION SEVEN

### I. Independent auditors review report

#### 1. Information on the independent auditors review report

The consolidated interim financial statements of the Group for the nine month period ended 30 September 2008 have been reviewed by the independent auditors, PwC Türkiye Denetim ve Yeminli Denetimcilik A.Ş. (PwC Türkiye), on 27 November 2008. The independent auditors have concluded that the accompanying consolidated interim financial statements do not give a true and fair view of the financial position and performance of the Group for the nine month period ended 30 September 2008.