

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report

As of and for the Year Ended

31 December 2007

*(Convenience Translation of Financial Statements and Related
Disclosures and Footnotes Originally Issued in Turkish)*

With Independent Auditors' Report Thereon

Akis Bağımsız Denetim ve Serbest

Muhasebeci Mali Müşavirlik AŞ

28 February 2008

*This report contains "Independent Auditors' Report"
comprising 2 pages and; "Unconsolidated Financial
Statements and Related Disclosures and Footnotes"
comprising 79 pages.*

**Convenience Translation of the Auditors' 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 been engaged to audit the unconsolidated balance sheet of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı ("the Bank") as of 31 December 2007 and the related unconsolidated income statement, statement of cash flows, statement of changes in shareholders' equity, statement of income and expenses recognized in shareholders' equity, and a summary of significant accounting policies and notes to the financial statements. The financial statements of the Bank as of and for the year ended 31 December 2006 were audited by another auditor who expressed an unqualified opinion in their report dated 8 March 2007 for the financial statements as of 31 December 2006.

Disclosure for the responsibility of the Bank's Board of Directors:

The Bank's Board of Directors is responsible for establishing and maintaining effective internal control over financial reporting to prevent the misstatements caused by error or fraud, that are material to the financial statements; and for adopting sound accounting policies in compliance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published on the Official Gazette no.26333 dated 1 November 2006, Turkish Accounting Standards, Turkish Financial Reporting Standards and the statements and guidances published by the Banking Regulation and Supervision Agency ("BRSA") on accounting and financial reporting principles.

Disclosure for the Responsibility of the Authorized Audit Firm:

Our responsibility, as independent auditors, is to express an opinion on these financial statements based on our audit. Our audit is performed in accordance with the "Regulation on the Assignment and Activities of the Banks' Independent Audit Firms" published on the Official Gazette no.26333 dated 1 November 2006 and International Standards on Auditing. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements. The selection of the audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting into consideration and assessing the appropriateness of the applied accounting policies. We believe that our audit provides a reasonable basis for our opinion.

Independent Auditors' Opinion:

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı as of 31 December 2007 and the result of its operations and cash flows for the year then ended in accordance with the accounting principles and standards as per the existing regulations described in Article 37 of (Turkish) Banking Law No 5411 and the statements and guidances published by the BRSA on accounting and financial reporting principles.

Istanbul,
28 February 2008

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

Özkan Genç
Partner
Certified Public Accountant

Additional paragraph for convenience translation to English:

As explained in Section 3 Note I, the accompanying 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.

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2007

Address : Atatürk Bulvarı No:207
Kavaklıdere - Ankara
Telephone : 0312 455 75 75
Fax : 0312 455 76 92
Electronic web site : www.vakifbank.com.tr
Electronic mail address : posta@vakifbank.com.tr

The unconsolidated financial report as of and for the year ended 31 December 2007, prepared in accordance with the communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS
- ACCOUNTING POLICIES
- INFORMATION RELATED FINANCIAL POSITION OF THE BANK
- DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDITORS' REPORT

The unconsolidated financial statements and related disclosures and footnotes that were subject to independent audit, 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 otherwise stated, the accompanying unconsolidated financial statements are presented in thousands of New Turkish Lira (YTL).

28 February 2008

Yusuf BEYAZIT
Board of Directors
Chairman

Cem DEMİRAĞ
Board Member
Audit Committee Member

Serdar TUNÇBİLEK
Board Member
Audit Committee Member

Bilal KARAMAN
General Manager

Dr. Metin Recep ZAFER
Executive Vice President

Ş. Mehmet BOZ
Director of Accounting and
Financial Affairs

The authorized contact person for questions on this financial report

Name-Surname/Title : A. Sonat ŞEN /Manager
Phone no : 0 312 455 75 66
Fax no : 0 312 455 76 92

Ayşen T.ÜNLÜ /Assistant Manager
0 312 455 75 95
0 312 455 76 92

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Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as of and

For the Year Ended 31 December 2007

(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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı (“the Bank”) was established to operate as stated in the disclosure V of this section, under the authorization of a special law numbered 6219, called “the law of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı”, on 11 January 1954 within the framework of the authority granted to The General Directorate of the Foundations of Turkish Republic Prime Ministry (“The General Directorate of the Foundations”). The Bank’s statute has not been changed since its establishment.

II. The Bank’s shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the year and information on Bank’s risk group

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

On 19 December 2006 the Bank’s paid-in share capital increased from YTL 1,279,000 to YTL 2,500,000 by YTL 1,221,000 through YTL 605,763 from other capital reserves, YTL 448,205 from share issuance premium, YTL 154,500 from extraordinary reserves, YTL 7,794 from revaluation fund, and YTL 4,738 from other profit reserves. The Bank’s paid-in capital is divided into 2.500.000.000 shares with each has a nominal value of 1 New Turkish Lira.

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
The General Directorate of the Foundations (Group B)	386.224.345	386,224	15.45
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402.552.664	402,553	16.10
Foundations (Group B)	4.706.069	4,706	0.19
Individuals and legal entities (Group B)	2.060.313	2,060	0.08
Publicly traded (Group D)	629.397.969	629,398	25.18
Total	2.500.000.000	2,500,000	100.00

In the current year, the shareholders’ structure has not been changed.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as of and

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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
Board of Directors				
Yusuf BEYAZIT	Chairman	30 April 2004	Master	9 years
Ragıp DOĞU	Deputy Chairman	6 April 2005	University	32 years
Bilal KARAMAN	Member – General Manager	22 June 2005	University	28 years
Mehmet ÇEKİNMEZ	Member	24 July 2007	University	31 years
Hasan ÖZER	Member	7 February 2003	University	21 years
Erkan TOPAL	Member	4 April 2006	University	12 years
Selahattin TORAMAN	Member	31 December 2003	University	25 years
Cem DEMİRAG	Member	4 April 2005	University	16 years
Serdar TUNÇBİLEK	Member	24 July 2007	University	22 years
Audit Committee				
Cem DEMİRAG	Member	4 April 2005	University	15 years
Serdar TUNÇBİLEK	Member	24 July 2007	University	22 years
Auditors				
Ahmet Tanyolaç	Auditor	21 March 2003	University	4 years
Faruk Eroğlu	Auditor	21 March 2003	University	6 years
Executive Vice Presidents				
Tanju Yüksel	International and Investors Relations	1 May 2000	University	23 years
Ahmet Atif Meydan	Treasury and Foreign Operations, Banking Operations and Credit Cards	29 January 2003	University	19 years
Aydın Deliktaşlı	Corporate Banking, Human Resources, and Support Services	9 August 2004	University	28 years
Şahin Uğur	Investment Banking and Subsidiaries	9 August 2004	University	22 years
Feyzi Özcan	Retail Banking, Personal Loans, Pension Fund, Directorates of the Regions, Distribution Channels	20 September 2005	University	18 years
Dr. Metin Recep Zafer	Planning and Performance, Accounting and Financial Affairs	13 June 2006	PHD	12 years
Birgül Denli	Treasury	15 June 2006	Master	14 years
Doğan Pençe	Corporate Loans, Loans Follow-up, Legal Services, and Directorates of Information	7 June 2006	University	16 years
Dr. M. Kürşad Demirkol	Software Development, Banking Support, System Support, Hardware Support	30 November 2007	PHD	8 years
İhsan Çakır	Commercial Banking, Corporate Banking, Communication and Relations with Media, Cash Management	30 November 2007	University	13 years
Mehmet Cantekin	Internal Audit, Risk Management, Internal Control	27 December 2007	Master	16 years

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as of and

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(Currency: Thousands of YTL – New Turkish Lira)

Assistant General Manager Dr. Önder Halisdemir, who was responsible from Retail Banking, Credit Cards, Development of Retail Banking, Communication and Relations with Media, has resigned on 23 February 2007.

On 30 November 2007, M. Kürşat Demirkol has been appointed as the assistant general manager responsible from software development, banking system and hardware supporting; and İhsan Çakır has been appointed as the assistant general manager responsible from commercial and cooperate banking, communications and relations with media and cash management.

Mehmet Cantekin has been appointed as the assistant general manager responsible from risk management, internal audit and internal control on 27 December 2007.

Mehmet Zeki Akıllıoğlu, the member of the Bank's Board of Directors and Audit Committee, and Ahmet Müfit Cengiz, the member of the Bank's Board of Directors has resigned on 5 June 2007. Mehmet Çekinmez and Serdar Tunçbilek have been appointed for the positions of resigned members to be approved in the next general shareholders' meeting of the Bank.

The top management listed above does not hold any unquoted shares of the Bank.

IV. Information on people and entities who have qualified share in the Bank

The shareholder holding direct or indirect control over the Bank is The General Directorate of the Foundations having 58.45% of the Bank's outstanding shares. Another organization holding qualified share in the Bank is Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (the 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 activities of the Bank

The Bank was established under the authorization of special law numbered 6219, called "the Law of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı", on 11 January 1954 within the framework of the 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 31 December 2007, the Bank has 466 domestic, 2 foreign, in total 468 branches (31 December 2006: 427 domestic, 2 foreign branches). As of 31 December 2007, the Bank has 8.700 employees (31 December 2006: 7.679 employees).

	Notes Section 5	Audited Current Year 31 December 2007			Restated Audited Prior Year 31 December 2006		
		YTL	FC	Total	YTL	FC	Total
ASSETS							
I. CASH AND BALANCES WITH CENTRAL BANK	I-1	1,625,518	864,684	2,490,202	1,652,164	1,131,019	2,783,183
II. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	I-2	22,264	327,723	349,987	18,361	462,115	480,476
2.1 Financial assets held for trading		-	315,047	315,047	8,392	462,055	470,447
2.1.1 Government securities		-	315,047	315,047	-	462,055	462,055
2.1.2 Equity securities		-	-	-	8,392	-	8,392
2.1.3 Other securities		-	-	-	-	-	-
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 Trading derivatives		22,264	12,676	34,940	9,969	60	10,029
III. BANKS	I-3	810,251	1,936,017	2,746,268	512,809	2,550,682	3,063,491
IV. RECEIVABLES FROM INTERBANK MONEY MARKETS		715,335	-	715,335	871,800	-	871,800
4.1 Interbank money market placements		-	-	-	751,093	-	751,093
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		715,335	-	715,335	120,707	-	120,707
V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)	I-4	6,495,281	2,665,051	9,160,332	6,475,857	3,430,188	9,906,045
5.1 Equity securities		77,356	-	77,356	91,649	-	91,649
5.2 Government securities		6,417,925	2,665,051	9,082,976	6,384,208	3,430,188	9,814,396
5.3 Other securities		-	-	-	-	-	-
VI. LOANS	I-5	17,095,172	6,374,831	23,470,003	12,366,263	5,676,977	18,043,240
6.1 Performing loans		17,095,172	6,374,831	23,470,003	12,366,263	5,676,977	18,043,240
6.1.1 Loans of Bank's risk group		15,302	51,919	67,221	12,752	-	12,752
6.1.2 Others		17,079,870	6,322,912	23,402,782	12,353,511	5,676,977	18,030,488
6.2 Loans under follow-up		1,142,855	-	1,142,855	1,002,047	-	1,002,047
6.3 Specific provisions (-)		1,142,855	-	1,142,855	1,002,047	-	1,002,047
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENT SECURITIES HELD-TO-MATURITY (Net)	I-6	1,350,673	125,689	1,476,362	-	48,391	48,391
8.1 Government securities		1,350,673	90,519	1,441,192	-	6,072	6,072
8.2 Other securities		-	35,170	35,170	-	42,319	42,319
IX. INVESTMENTS IN ASSOCIATES (Net)	I-7	24,923	-	24,923	17,381	-	17,381
9.1 Equity Method Associates		-	-	-	-	-	-
9.2 Unconsolidated Associates		24,923	-	24,923	17,381	-	17,381
9.2.1 Financial Associates		16,744	-	16,744	16,043	-	16,043
9.2.2 Non-Financial Associates		8,179	-	8,179	1,338	-	1,338
X. INVESTMENTS IN SUBSIDIARIES (Net)	I-8	454,832	41,073	495,905	350,386	41,073	391,459
10.1 Unconsolidated financial investments in subsidiaries		329,394	41,073	370,467	227,065	41,073	268,138
10.2 Unconsolidated non-financial investments in subsidiaries		125,438	-	125,438	123,321	-	123,321
XI. INVESTMENTS IN JOINT-VENTURES (Net)	I-9	-	-	-	-	-	-
11.1 Consolidated financial investments in joint-ventures		-	-	-	-	-	-
11.2 Unconsolidated investments in joint-ventures		-	-	-	-	-	-
11.2.1 Financial associates investments in joint-ventures		-	-	-	-	-	-
11.2.2 Non-Financial associates investments in joint-ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	I-10	-	-	-	-	-	-
12.1 Financial lease receivables		-	-	-	-	-	-
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT	I-11	-	-	-	-	-	-
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Net foreign investment hedges		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	I-12	905,575	455	906,030	889,843	584	890,427
XV. INTANGIBLE ASSETS (Net)	I-13	13,496	-	13,496	4,975	-	4,975
15.1 Goodwill		-	-	-	30	-	30
15.2 Other intangibles		13,496	-	13,496	4,945	-	4,945
XVI. INVESTMENT PROPERTIES	I-14	-	-	-	-	-	-
XVII. TAX ASSET		49,720	-	49,720	41,111	-	41,111
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		49,720	-	49,720	41,111	-	41,111
XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS	I-16	-	-	-	-	-	-
18.1 Assets held for sale		-	-	-	-	-	-
18.2 Assets related to the discontinued activities		-	-	-	-	-	-
XIX. OTHER ASSETS	I-17	271,278	238,635	509,913	110,046	232,382	342,428
TOTAL ASSETS		29,834,318	12,574,158	42,408,476	23,310,996	13,573,411	36,884,407

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

		Audited Current Year 31 December 2007			Restated Audited Prior Year 31 December 2006			
LIABILITIES AND SHAREHOLDERS' EQUITY		Notes Section 5	YTL	FC	Total	YTL	FC	Total
I.	DEPOSITS	II-1	22,402,194	6,460,319	28,862,513	17,562,632	7,279,428	24,842,060
1.1	Deposits of Bank's risk group		1,218,194	114,153	1,332,347	127,296	81,318	208,614
1.2	Others		21,184,000	6,346,166	27,530,166	17,435,336	7,198,110	24,633,446
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	II-2	20,003	2,287	22,290	-	3,742	3,742
III.	FUNDS BORROWED	II-3	52,803	4,640,055	4,692,858	61,991	4,935,145	4,997,136
IV.	INTERBANK MONEY MARKET		793,915	1,282,170	2,076,085	909	1,369,185	1,370,094
4.1	Interbank money market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3	Obligations under repurchase agreements		793,915	1,282,170	2,076,085	909	1,369,185	1,370,094
V.	SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	FUNDS		121,964	-	121,964	139,922	-	139,922
6.1	Funds against borrower's note		-	-	-	-	-	-
6.2	Others		121,964	-	121,964	139,922	-	139,922
VII.	MISCELLANEOUS PAYABLES		362,091	67,298	429,389	310,497	7,863	318,360
VIII.	OTHER EXTERNAL RESOURCES PAYABLE	II-4	142,516	139,637	282,153	36,779	153,999	190,778
IX.	FACTORING PAYABLES	II-9	-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	II-5	-	24,706	24,706	-	12,494	12,494
10.1	Financial lease payables		-	26,639	26,639	-	13,422	13,422
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred financial leasing expenses (-)		-	1,933	1,933	-	928	928
XI.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	II-6	-	-	-	-	-	-
11.1	Fair value hedges		-	-	-	-	-	-
11.2	Cash flow hedges		-	-	-	-	-	-
11.3	Net foreign investment hedges		-	-	-	-	-	-
XII.	PROVISIONS	II-7	487,778	11,312	499,090	386,854	4,508	391,362
12.1	General provisions		169,789	3,956	173,745	125,955	4,508	130,463
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		215,295	-	215,295	128,187	-	128,187
12.4	Insurance technical provisions (Net)		-	-	-	-	-	-
12.5	Other provisions		102,694	7,356	110,050	132,712	-	132,712
XIII.	TAX LIABILITY		169,393	1,753	171,146	154,083	975	155,058
13.1	Current tax liability	II-8	169,393	1,753	171,146	154,083	975	155,058
13.2	Deferred tax liability		-	-	-	-	-	-
XIV.	PAYABLES FOR ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED ACTIVITIES	II-9	-	-	-	-	-	-
14.1	Payables related to the assets held for sale		-	-	-	-	-	-
14.2	Payables related to the discontinued activities		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	II-10	-	-	-	-	-	-
XVI.	SHAREHOLDERS' EQUITY		5,184,322	41,960	5,226,282	4,407,580	55,821	4,463,401
16.1	Paid-in capital	II-11	2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2	Capital reserves		1,021,532	41,960	1,063,492	839,625	55,821	895,446
16.2.1	Share premium		723,918	-	723,918	723,918	-	723,918
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Valuation differences of the marketable securities	II-11	233,470	41,960	275,430	80,565	55,821	136,386
16.2.4	Revaluation surplus on tangible assets		25	-	25	-	-	-
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		64,119	-	64,119	35,142	-	35,142
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		624,204	-	624,204	254,632	-	254,632
16.3.1	Legal reserves		179,631	-	179,631	102,658	-	102,658
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		296,122	-	296,122	-	-	-
16.3.4	Other profit reserves		148,451	-	148,451	151,974	-	151,974
16.4	Profit or loss		1,038,586	-	1,038,586	813,323	-	813,323
16.4.1	Prior years' profit/loss		7,886	-	7,886	51,747	-	51,747
16.4.2	Current year's profit/loss		1,030,700	-	1,030,700	761,576	-	761,576
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			29,736,979	12,671,497	42,408,476	23,061,247	13,823,160	36,884,407

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

	Notes Section 5	Audited Current Year 31 December 2007			Restated Audited Prior Year 31 December 2006		
		YTL	FC	TOTAL	YTL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		9,248,759	4,085,089	13,333,848	4,876,228	3,380,234	8,256,462
I. GUARANTEES AND SURETIES	III-1-4	2,773,335	3,067,460	5,840,795	1,857,555	3,014,367	4,871,922
1.1. Letters of guarantee		2,773,207	1,489,200	4,262,407	1,857,461	1,423,832	3,281,293
1.1.1. Guarantees subject to State Tender Law		378,638	359,572	738,210	467,716	139,991	607,707
1.1.2. Guarantees given for foreign trade operations		83,353	229	83,582	61,374	189	61,563
1.1.3. Other letters of guarantee		2,311,216	1,129,399	3,440,615	1,328,371	1,283,652	2,612,023
1.2. Bank acceptances		-	456,865	456,865	-	354,923	354,923
1.2.1. Import letter of acceptance		-	164,948	164,948	-	43,988	43,988
1.2.2. Other bank acceptances		-	291,917	291,917	-	310,935	310,935
1.3. Letters of credit		128	1,117,927	1,118,055	-	1,225,892	1,225,892
1.3.1. Documentary letters of credit		128	1,117,927	1,118,055	-	1,225,892	1,225,892
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Guaranteed pre-financings		-	2,639	2,639	-	2,957	2,957
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		-	-	-	-	-	-
1.8. Other guarantees		-	829	829	94	6,763	6,857
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS		6,016,092	12,973	6,029,065	2,935,513	64,059	2,999,572
2.1. Irrevocable commitments		6,007,536	12,809	6,020,345	2,927,418	11,826	2,939,244
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		1,452,873	-	1,452,873	547	11,826	12,373
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		1,330,395	-	1,330,395	1,305,070	-	1,305,070
2.1.8. Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card limits		3,067,930	-	3,067,930	1,611,354	-	1,611,354
2.1.10. Commitments for credit card and banking operations promotions		156,338	-	156,338	10,447	-	10,447
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		-	12,809	12,809	-	-	-
2.2. Revocable commitments		8,556	164	8,720	8,095	52,233	60,328
2.2.1. Revocable loan granting commitments		8,556	164	8,720	8,095	198	8,293
2.2.2. Other revocable commitments		-	-	-	-	52,035	52,035
III. DERIVATIVE FINANCIAL INSTRUMENTS	III-5	459,332	1,004,656	1,463,988	83,160	301,808	384,968
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		459,332	1,004,656	1,463,988	83,160	301,808	384,968
3.2.1. Forward foreign currency purchases/sales		248,357	236,369	484,726	-	9,837	9,837
3.2.1.1. Forward foreign currency purchases		124,261	118,185	242,446	-	4,919	4,919
3.2.1.2. Forward foreign currency sales		124,096	118,184	242,280	-	4,918	4,918
3.2.2. Currency and interest rate swaps		210,975	768,287	979,262	83,160	291,971	375,131
3.2.2.1. Currency swaps-purchases		40,000	217,891	257,891	-	-	-
3.2.2.2. Currency swaps-sales		-	252,737	252,737	-	-	-
3.2.2.3. Interest rate swaps-purchases		83,160	155,199	238,359	83,160	106,166	189,326
3.2.2.4. Interest rate swaps-sales		87,815	142,460	230,275	-	185,805	185,805
3.2.3. Currency, interest rate and security options		-	-	-	-	-	-
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		-	-	-	-	-	-
3.2.3.6. Security put options		-	-	-	-	-	-
3.2.4. Currency futures		-	-	-	-	-	-
3.2.4.1. Currency futures-purchases		-	-	-	-	-	-
3.2.4.2. Currency futures-sales		-	-	-	-	-	-
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sales		-	-	-	-	-	-
3.2.6. Others		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		40,378,971	6,814,918	47,193,889	33,320,788	7,229,953	40,550,741
IV. ITEMS HELD IN CUSTODY		12,850,573	412,381	13,262,954	11,734,986	485,078	12,220,064
4.1. Customers' securities held		-	11,334	11,334	-	13,618	13,618
4.2. Investment securities held in custody		12,019,535	2,761	12,022,296	11,109,692	30,674	11,140,366
4.3. Checks received for collection		363,710	78,135	441,845	223,854	116,902	340,756
4.4. Commercial notes received for collection		149,766	102,646	252,412	111,527	125,522	237,049
4.5. Other assets received for collection		6,010	873	6,883	6,545	478	7,023
4.6. Assets received through public offering		-	333	333	-	116	116
4.7. Other items under custody		215,862	5,196	221,058	171,691	5,600	177,291
4.8. Custodians		95,690	211,103	306,793	111,677	192,168	303,845
V. PLEDGED ITEMS		27,528,398	6,402,537	33,930,935	21,585,802	6,744,875	28,330,677
5.1. Securities		811,074	50,146	861,220	928,482	35,278	963,760
5.2. Guarantee notes		514,264	246,818	761,082	294,585	320,358	614,943
5.3. Commodities		6,193,978	-	6,193,978	5,932,412	-	5,932,412
5.4. Warranties		-	6,420	6,420	-	-	-
5.5. Real estates		19,454,045	5,516,873	24,970,918	14,139,270	5,703,996	19,843,266
5.6. Other pledged items		368,341	559,863	928,204	150,780	670,661	821,441
5.7. Pledged items-depository		186,696	22,417	209,113	140,273	14,582	154,855
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		49,627,730	10,900,007	60,527,737	38,197,016	10,610,187	48,807,203

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

		Audited Current Year 1 January 2007 – 31 December 2007	Restated Audited Prior Year 1 January 2006 – 31 December 2006	
		Notes Section 5	Total	
		Total	Total	
I.	INTEREST INCOME	IV-1	5,352,473	4,408,988
1.1	Interest income from loans		3,255,886	2,486,747
1.2	Interest income from reserve deposits		161,632	124,223
1.3	Interest income from banks		175,985	118,961
1.4	Interest income from money market transactions		187,170	264,531
1.5	Interest income from securities portfolio		1,565,578	1,414,526
1.5.1	Trading financial assets		37,277	131,400
1.5.2	Financial assets at fair value through profit or loss		-	-
1.5.3	Financial assets available-for-sale		1,418,205	1,270,981
1.5.4	Investments held-to-maturity		110,096	12,145
1.6	Financial lease income		-	-
1.7	Other interest income		6,222	-
II.	INTEREST EXPENSE	IV-2	3,676,639	2,823,738
2.1	Interest expense on deposits		3,241,026	2,559,896
2.2	Interest expense on funds borrowed		255,320	203,486
2.3	Interest expense on money market transactions		162,909	57,705
2.4	Interest expense on securities issued		-	-
2.5	Other interest expenses		17,384	2,651
III.	NET INTEREST INCOME (I – II)		1,675,834	1,585,250
IV.	NET FEES AND COMMISSIONS INCOME		360,490	288,374
4.1	Fees and commissions received		516,005	413,628
4.1.1	Non-cash loans		50,479	46,529
4.1.2	Others		465,526	367,099
4.2	Fees and commissions paid		155,515	125,254
4.2.1	Non-cash loans		11	2
4.2.2	Others		155,504	125,252
V.	DIVIDEND INCOME	IV-3	34,718	16,557
VI.	NET TRADING INCOME/LOSSES (Net)	IV-4	193,349	43,150
6.1	Trading account income/losses (Net)		47,522	45,490
6.2	Foreign exchange gains/losses (Net)		145,827	(2,340)
VII.	OTHER OPERATING INCOME	IV-5	356,713	343,326
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		2,621,104	2,276,657
IX.	PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	IV-6	368,434	308,359
X.	OTHER OPERATING EXPENSES (-)	IV-7	994,571	950,333
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)		1,258,099	1,017,965
XII.	INCOME RESULTED FROM MERGERS		-	-
XIII.	INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-
XIV.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XV.	INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)		1,258,099	1,017,965
XVI.	CONTINUING OPERATIONS PROVISION FOR TAXES	IV-11	(227,399)	(256,389)
16.1	Current tax charge		(255,483)	(180,612)
16.2	Deferred tax charge/(credit)		28,084	(75,777)
XVII.	NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV-XVI)	IV-12	1,030,700	761,576
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
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.	EXPENSES FROM DISCONTINUED OPERATIONS		-	-
19.1	Investment property expenses		-	-
19.2	Losses from sales of subsidiaries, affiliates and joint ventures		-	-
19.3	Other expenses from discontinued activities		-	-
XX.	INCOME/LOSS FROM DISCONTINUED OPERATIONS BEFORE TAXES		-	-
XXI.	DISCONTINUED OPERATIONS PROVISION FOR TAXES		-	-
21.1	Current tax charge		-	-
21.2	Deferred tax charge		-	-
XXII.	NET INCOME/LOSS AFRET TAXES FROM DISCONTINUED OPERATIONS		-	-
XXIII.	NET PROFIT/LOSS (XVII+XXII)	IV-12	1,030,700	761,576
EARNINGS PER SHARE (full YTL)			0.4123	0.3046

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Unconsolidated Statement of Income and Expenses
Recognized in Shareholders' Equity
For the Year Ended 31 December 2007
(Thousands of New Turkish Lira (YTL))

*Convenience Translation of Financial Statement
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3 Note I*

		Audited Current Year 31 December 2007	Audited Prior Year 31 December 2006
	INCOME AND EXPENSES RECOGNIZED IN SHAREHOLDERS' EQUITY		
		Notes Section 5	Total
I.	VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS		Total
	RECOGNIZED IN SECURITIES VALUATION DIFFERENCES	V-1	113,841 (272,065)
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS		25 1,896
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS		-
IV.	CURRENCY TRANSLATION DIFFERENCES		-
V.	INCOME/(LOSS) FROM CASH FLOW HEDGES		-
	(Effective Portion of Fair Value Changes)		-
VI.	INCOME/(LOSS) FROM NET FOREIGN INVESTMENT HEDGES		-
	(Effective portion)		-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ERRORS		-
VIII.	OTHER INCOME AND EXPENSES BOOKED UNDER SHAREHOLDERS' EQUITY IN		(27,393)
	ACCORDANCE WITH TAS		78,043 (47,610)
IX.	DEFERRED TAXES DUE TO VALUATION DIFFERENCES	V-1	(26,584) 89,949
X.	NET INCOME/EXPENSE BOOKED DIRECTLY UNDER SHAREHOLDERS' EQUITY		165,325 (255,223)
XI.	CURRENT YEAR'S PROFIT/(LOSS)		(26,256) (3,303)
11.1	Change in fair value of securities (Transfers to the profit/loss)	V-1	(26,256) (3,303)
11.2	Cash flow hedge that is reclassified and disclosed on income statement		-
11.3	Net foreign investment hedge that is reclassified and disclosed on income statement		-
11.4	Others		-
XXIII.	TOTAL PROFIT OR LOSS RECOGNIZED DURING THE YEAR		139,069 (258,526)

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Unconsolidated Statement of Changes in Shareholders' Equity
For the Year Ended 31 December 2007
(Thousands of New Turkish Lira (YTL))

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

Disclosure	Paid-in Capital	Capital Reserves from Inflation Adj.s to Paid in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Profit Reserves	Current Year's Net Profit/(Loss)	Prior Years' Net Profit/(Loss)	Valuation Differences of Marketable Securities	Revaluation Surplus on Tangible Assets and Investment Property	Bonus Shares of Associates, Subsidiaries and Joint Ventures	Hedging Reserves	Revaluation Surp. On Assets Held for Sale and Assets of Op.s	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
CHANGES IN SHAREHOLDERS' EQUITY																		
Previous year – 31 December 2006																		
I. Balances at the beginning of the year	1,279,000	605,763	1,172,347	-	52,868	-	146,750	127,352	527,573	46,826	399,326	5,898	3,668	-	-	4,367,371	-	4,367,371
II. Corrections made as per TAS 8	-	-	-	-	-	-	-	(10,000)	4,320	8,198	(29,911)	-	-	-	-	(27,393)	-	(27,393)
2.1 Effect of correction of errors	-	-	-	-	-	-	-	(10,000)	4,320	8,198	(29,911)	-	-	-	-	(27,393)	-	(27,393)
2.2 Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balances at the beginning of the year (I-II)	1,279,000	605,763	1,172,347	-	52,868	-	146,750	117,352	531,893	55,024	369,415	5,898	3,668	-	-	4,339,978	-	4,339,978
Changes during the year																		
IV. Merges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Valuation differences of the marketable securities	-	-	-	-	-	-	-	-	-	-	(233,029)	-	-	-	-	(233,029)	-	(233,029)
VI. Hedging reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Hedging net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	1,896	-	-	-	1,896	-	1,896
VIII. Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	31,474	-	-	31,474	-	31,474
X. Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase	1,221,000	(605,763)	(448,205)	-	-	-	(154,500)	(4,738)	-	-	-	(7,794)	-	-	-	-	-	-
14.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal sources	1,221,000	(605,763)	(448,205)	-	-	-	(154,500)	(4,738)	-	-	-	(7,794)	-	-	-	-	-	-
XV. Share issuance	-	-	(224)	-	-	-	-	-	-	-	-	-	-	-	-	(224)	-	(224)
XVI. Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Current year's net profit/loss	-	-	-	-	-	-	-	-	761,576	-	-	-	-	-	-	761,576	-	761,576
XX. Profit distribution	-	-	-	-	49,790	-	7,750	39,360	(531,893)	(3,277)	-	-	-	-	-	(438,270)	-	(438,270)
21.1 Dividends	-	-	-	-	49,790	-	7,750	37,279	(440,351)	(3,277)	-	-	-	-	-	(440,351)	-	(440,351)
21.2 Transferred to reserves	-	-	-	-	-	-	-	2,081	(91,542)	-	-	-	-	-	-	-	-	-
21.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,081	-	2,081
Balances at the end of the year	2,500,000	-	723,918	-	102,658	-	-	151,974	761,576	51,747	136,386	-	35,142	-	-	4,463,401	-	4,463,401
Current year – 31 December 2007																		
I. Balances at the beginning of the year	2,500,000	-	723,918	-	102,658	-	-	151,974	761,576	51,747	136,386	-	35,142	-	-	4,463,401	-	4,463,401
Changes during the year																		
II. Merges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Valuation differences of marketable securities	-	-	-	-	-	-	-	-	-	-	139,044	-	-	-	-	139,044	-	139,044
IV. Hedging Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedging net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	28,977	-	-	28,977	-	28,977
VIII. Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	25	-	-	-	25	-	25
X. Changes resulted from reclassifications of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of change in equities of associates on the Bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Current year's net profit/loss	-	-	-	-	-	-	-	-	1,030,700	-	-	-	-	-	-	1,030,700	-	1,030,700
XVIII. Profit distribution	-	-	-	-	76,973	-	296,122	(3,523)	(761,576)	(43,861)	-	-	-	-	-	(435,865)	-	(435,865)
18.1 Dividends	-	-	-	-	76,973	-	296,122	(3,523)	(435,865)	(43,861)	-	-	-	-	-	(435,865)	-	(435,865)
18.2 Transferred to reserves	-	-	-	-	-	-	-	-	(325,711)	-	-	-	-	-	-	-	-	-
18.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the year	2,500,000	-	723,918	-	179,631	-	296,122	148,451	1,030,700	7,886	275,430	25	64,119	-	-	5,226,282	-	5,226,282

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Unconsolidated Statement of Cash Flows
For the Year Ended 31 December 2007
(Thousands of New Turkish Lira (YTL))

*Convenience Translation of Financial Statement
and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3 Note I*

	Notes Section 5	Audited Current Year 31 December 2007	Restated Audited Prior Year 31 December 2006
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities	VI-1	770,514	522,942
1.1.1 Interests received		5,034,852	4,216,355
1.1.2 Interests paid		3,606,329	2,750,757
1.1.3 Dividends received		34,718	16,557
1.1.4 Fees and commissions received		516,005	413,628
1.1.5 Other income		550,062	390,385
1.1.6 Collections from previously written-off loans and other receivables		73,145	234,351
1.1.7 Payments to personnel and service suppliers		457,156	363,621
1.1.8 Taxes paid		173,017	681,701
1.1.9 Others		(1,201,766)	(952,255)
1.2 Changes in operating assets and liabilities	VI-1	(405,340)	(1,260,947)
1.2.1 Net (increase)/decrease in financial assets held for trading		129,802	517,436
1.2.2 Net (increase)/decrease in financial assets designated at fair value through profit or loss		-	-
1.2.3 Net (increase)/decrease in due from banks and other financial institutions		(104,662)	43,713
1.2.4 Net (increase)/decrease in loans		(5,346,079)	(5,856,505)
1.2.5 Net (increase)/decrease in other assets		89,922	(358,964)
1.2.6 Net increase/(decrease) in bank deposits		195,462	1,171,303
1.2.7 Net increase/(decrease) in other deposits		3,834,552	1,720,606
1.2.8 Net increase/(decrease) in funds borrowed		(309,260)	1,450,155
1.2.9 Net increase/(decrease) in matured payables		-	-
1.2.10 Net increase/(decrease) in other liabilities		1,104,923	51,309
I. Net cash flow from banking operations	VI-1	365,174	(738,005)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(570,631)	642,228
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures	VI-2	5,685	7,690
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures	VI-3	752	6,599
2.3 Purchases of tangible assets		160,428	66,838
2.4 Sales of tangible assets		71,842	296,031
2.5 Cash paid for purchase of financial assets available-for-sale		-	103,228
2.6 Cash obtained from sale of financial assets available-for-sale		868,127	-
2.7 Cash paid for purchase of investments held-to-maturity		1,345,239	446,324
2.8 Cash obtained from sale of investments held-to-maturity		-	758,713
2.9 Others		-	204,965
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		(423,653)	(402,088)
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		(435,865)	(440,352)
3.5 Payments for financial leases		(12,995)	(10,617)
3.6 Others		25,207	48,881
IV. Effect of change in foreign exchange rate on cash and cash equivalents		-	-
V. Net decrease in cash and cash equivalents		(629,110)	(497,865)
VI. Cash and cash equivalents at the beginning of the year	VI-4	5,888,998	6,386,863
VII. Cash and cash equivalents at the end of the year	VI-5	5,259,888	5,888,998

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

	Notes Section 5	Current Year 31 December 2007	Prior Year 31 December 2006
I. DISTRIBUTION OF CURRENT YEAR PROFIT			
1.1		1,258,099	1,017,965
1.2		227,399	256,389
1.2.1		255,483	180,612
1.2.2		-	-
1.2.3		(28,084)	75,777
A.		1,030,700	761,576
1.3		-	-
1.4		50,131	38,486
1.5		50,131	38,486
B.		902,354	684,604
1.6		-	384,865
1.6.1	V-5	-	384,865
1.6.2		-	-
1.6.3		-	-
1.6.4		-	-
1.6.5		-	-
1.7		-	-
1.8	V-5	-	51,000
1.9		-	-
1.9.1		-	-
1.9.2		-	-
1.9.3		-	-
1.9.4		-	-
1.9.5		-	-
1.10		-	-
1.11		-	-
1.12		-	248,739
1.13		-	-
1.14		-	-
II. DISTRIBUTION FROM RESERVES			
2.1		-	-
2.2		-	-
2.3		-	-
2.3.1		-	-
2.3.2		-	-
2.3.3		-	-
2.3.4		-	-
2.3.5		-	-
2.4		-	-
2.5		-	-
III. EARNINGS PER SHARE			
3.1		0.4123	0.3046
3.2		41.2	30.5
3.3		-	-
3.4		-	-
IV. DIVIDEND PER SHARE			
4.1		-	0.1539
4.2		-	15.4
4.3		-	-
4.4		-	-

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

SECTION THREE

Accounting Policies

I. Basis of presentation

As per the Article 37 of “Accounting and Recording Rules” of the Turkish Banking Law no.5411 published on the Official Gazette no.25983 dated 1 November 2005 and became effective, the Bank keeps its accounting records and prepares its unconsolidated financial statements and the related footnotes in accordance with accounting and valuation standards described in “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published by the Banking Regulation and Supervision Agency (“BRSA”) and in effect since 1 November 2006, Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards (“TFRS”) and the related statements and guidance (collectively “Reporting Standards”).

The Bank has prepared the unconsolidated financial statements as of 31 December 2006 in compliance with Reporting Standards for the first time and the effects of the related adjustments to the previous periods were restated in the previous periods in accordance with the “Turkish Financial Reporting Standard related to the First-Time Adaptation of Turkish Financial Reporting Standards”; the effects of Reporting Standards on the balance as of 31 December 2006 is disclosed in prior periods.

The accompanying unconsolidated financial statements are prepared in accordance with the historical cost basis except for the securities designated at fair value through profit or loss, securities available for sale, 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 financial statements are to be distributed, and International Financial Reporting Standards (“IFRS”), may have significant influence on the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Strategy for the use of financial instruments

The Bank’s core operations are based on retail banking, corporate banking, private banking, foreign 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 shareholders’ equity.

Investments in marketable securities and lending loans generate higher return than the average rate of return of the Bank's operating activities on the basis of maturity structures and market conditions. 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 rate 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 risk exposed due to net investment in foreign operations by the same manner.

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.

The foreign currency position is monitored within the legal limitations set by the regulators and the internal control regulations and foreign currency position is controlled by the equilibrium of a currency basket to eliminate the foreign exchange risk by considering the market conditions.

Information on 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 with the Bank's spot purchase rates and the differences are recorded as foreign exchange gains or losses in the income statement.

If the investment 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.

III. Information on forwards, options and other derivative transactions

The derivative transactions mainly consist of foreign currency and interest rate swaps and foreign currency forward contracts.

The Bank has classified its derivative transactions, mentioned above as "trading derivative" in accordance with the Turkish Accounting Standard 39 ("TAS 39") "Financial Instruments: Recognition and Measurement". Derivatives are initially recorded at their purchase costs including 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 on balance sheet under "derivative financial assets" or "derivative financial liabilities", respectively. The subsequent fair value changes are recorded under the income statement for trading derivatives.

IV. Information on interest income and expenses

Interest income and expense are recognized according to the effective interest rate method (rate equal to the rate in calculation of present value of future cash flows of financial assets or liabilities) based on accrual basis.

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

V. Information on Fees and Commissions

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

VI. Financial assets

A financial asset is any asset that is cash, an equity 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. 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.

When a financial asset is recognised initially, the Bank measures it 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 designated at fair value through profit or loss

Such assets are valued at their fair values and gain/loss arising is recorded in the 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 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 Bank 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 investments 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 held-to-maturity investment securities is recognized as interest income.

Financial assets available-for-sale, are the financial assets other than assets 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. Unrecognised gains or losses derived from the difference between their fair value and the discounted values are recorded in “valuation differences of the marketable securities” under shareholders’ equity. In case of sales, the realized gain or losses are recognized directly in the income statement.

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

Loan 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 other 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 the 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.

Associates, which are traded in an active market or whose fair value can be reliably measured, recorded at fair value. Associates 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.

VII. 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 of financial asset or group of financial assets are adversely affected by an event(s) (“loss event(s)”) 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 Non-Performing Loans and Other Receivables published on the Official Gazette no.26333 dated 1 November 2006. The allowances are recorded in the income statement of the related period.

VIII. 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.

IX. Repurchase and resale agreements and securities lending

Securities sold under repurchase agreements are recorded on the balance sheet in accordance with the Uniform Chart of Accounts for Banks. Accordingly, government bonds and treasury bills sold to customers under repurchase agreements are classified as “Securities Subject to Repurchase Agreements” and valued based on their original portfolio, either at fair value or at amortized cost using effective interest rate method. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted on an accrual basis.

Securities purchased under resale agreements are classified under “Interbank Money Markets” separately. An income accrual is accounted for the positive difference between the purchase and resale prices earned during the period.

X. Assets and liabilities arising from assets held for sale and discontinued operations

The Bank has no assets held for sale and discontinued operations.

XI. Goodwill and other intangible assets

The Bank's intangible assets consist of software and rights.

Goodwill and other intangible assets are recorded at cost in compliance with the Turkish Accounting Standard 38 ("TAS 38") "Intangible Assets".

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.

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the Turkish Accounting Standard 36 ("TAS 36") "Impairment of Assets" and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

XII. Tangible assets

Tangible assets are recorded at their historical costs that have been adjusted according to the inflation rates until the end of 31 December 2004. There have been no other inflationary adjustments for these tangible assets for the following years and therefore they have been recorded at their costs indexed to the inflation rates for 31 December 2004. For the tangible assets that have been purchased after 1 January 2005; they have been recorded at their costs excluding their exchange rate disparity and financial expenses.

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 repair costs 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 or subsequent periods.

Tangible assets are depreciated based on the straight line method.

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

If there is an objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the Turkish Accounting Standard 36 ("TAS 36") "Impairment of Assets" and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

XIII. Leasing activities

The maximum period of the lease contracts is 4 years. Tangible assets acquired by way of financial leasing are recognized in tangible assets and the obligations under financial leases arising from the lease contracts are presented under “Financial Lease Payables” account in the balance sheet. In the determination of the related asset and liability amounts, the lower of 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 financial lease and in the expected future benefits, the leased assets are valued with net realizable value. Depreciation for assets obtained through financial lease is calculated in the same manner as tangible assets.

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

XIV. Provisions and contingent liabilities

In the financial statements, a provision is made for an existing commitment resulted 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 sheet 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 Bank to settle the liability, the related liability is considered as “contingent” and disclosed in the notes to the financial statements.

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 not wholly within the control of the entity. Contingent assets are not recognized in 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 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 financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Bank discloses the contingent asset.

XV. Obligations of the Bank concerning employee rights

As per the existing labour law in Turkey, the Bank is required to pay certain amounts to the employees retired or fired except for resignation or misbehaviours.

The Bank reserved for employee severance indemnities in the accompanying financial statements using actuarial method in compliance with the Turkish Accounting Standard 19 (“TAS 19”) “Employee Benefits”.

As of 31 December 2007 the main actuarial assumptions used in the calculation of the total liability are as follows:

	Current Year	Prior Year
Discount Rate	5.71%	5.71%
Expected Rate of Salary/Limit Increase	5.00%	5.00%
Estimated Employee Turnover Rate	0.51%	0.51%

The employees of the Bank are the members of “Türkiye Vakıflar Bankası Türk Anonim Ortaklığı Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı” (“the Fund”) established on 15 May 1957 as per the temporary article no.20 of the Social Security Law no.506.

As per the letter of the Ministry of Employment and Social Security no.55723 dated 9 November 2006, the temporary Article no.23 of the Turkish Banking Law no.5411 and the temporary Article no.6 of the Law no.5502 dated 16 May 2006, the Board of Ministry of Turkey has agreed on 30 November 2006 by the Decree of Board of Ministries no. 2006/11345 that the Decree on the transfer of pension funds similar foundations subject to the temporary article no.20 of the Social Security Law no.506 together with their members and the persons who are paid under insurance coverage for disablement, old-age and mortality and their right-holders to Social Security Foundation (SSF) will take place.

As per the Article no.9 of the related Decision of Board of Ministries;

The discounted liability for each fund in terms of the persons transferred as of the transfer date, including the contributors left the fund, should be calculated by taking the revenues and expenditures of funds into account under the Law no.506 as follows;

- a) The technical interest rate to be used for the actuarial calculation is 10.24% calculated as the nominal interest rate at the issue date of the longest-maturity discounted New Turkish Lira-denominated government bonds as of 30 June 2005, as adjusted to real interest rate using the year-end inflation target based on the consumer price index declared in the Medium-Term Program of the Turkish Government.
- b) Mortality table “CSO 1980 female and male lifetime tables” will be used for death-age assumptions.
- c) Estimated premium payments (including insurance premiums for illness) made by contributors of the fund after the date of transfer of the fund (i.e. active members and persons making voluntary premium payments) up to the date they are entitled to receive salary or income as per the Law no.506 are taken into account as revenue in the calculation of discounted value of the fund.

The technical financial statements of the Fund are audited by the certified actuary according to the Article no.38 of the Insurance Law and the “Actuaries Regulation” issued as per this Article. As per the actuarial report dated February 2007 and prepared in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against.

On 2 November 2005 the President has applied to the Constitutional Court for annulment of certain statements of the Article of the Turkish Banking Law no.5411 related with the transfer of funds to SSF. Regarding the application, the related statement has been cancelled by the Constitutional Court’s decision No. E. 2005/39, K. 2007/33 dated 22 March 2007. The decision is published in the Official Gazette No. 26479 on 31 March 2007.

On the other hand, the BRSA stated his opinion by issuing No. BDDK.DZM.8/5532 dated 25 April 2007 declaration that it will be useful to keep the provision amount calculated at the end of the year 2006 in accordance with the council of minister decision published in the Official Gazette No. 26377 on 15 December 2006.

XVI. Taxation

Corporate tax

In accordance with Article No. 32 of the new Corporate Tax Law no.5520 published in the Official Gazette no.26205 dated 21 June 2006, the corporate tax rate is reduced from 30% to 20%. Accordingly, effective from 1 January 2006, 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-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

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 the non-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 the 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, tax 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.

Deferred taxes

According to the Turkish Accounting Standard 12 ("TAS 12") "Income Taxes"; deferred tax 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 are reported as net in the financial statements.

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

XVII. 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.

XVIII. Shares and share issuances

The shares of the Bank having nominal value of YTL 322,000,000, representing the 25.18% of the Bank's outstanding shares, was publicly offered at a price between YTL 5.13-5.40 for each share having a nominal value of YTL 1 on November 2005, and YTL 1,172,347 was recorded as "Share Premiums" in shareholders' equity.

XIX. Confirmed bills of exchange and acceptances

Confirmed bills of exchange and acceptances are realized simultaneously with the customer payments and recorded in off-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.

XX. Government incentives

As of 31 December 2007, the Bank does not have any government incentives.

XXI. Segment reporting

Operational segments are determined based the structure of the Bank's risks and benefits and presented in the disclosure X of the fourth section.

XXII. Other disclosures

Disclosures for the first-time adoption of Reporting Standards

The errors made in the reported financial statements of prior periods are also adjusted in accordance with Turkish Accounting Standard ("TAS 8") "Accounting policies, changes in accounting estimates and errors" and adjustments made to the previous periods' financial statements are also summarized below.

	Valuation Difference of Marketable Securities	Current Year's Profit/(Loss)	Other Profit Reserves	Prior Years' Profit/(Loss)	Shareholders' Equity
Reported Balances as at 31 December 2005 Before Reporting Standards	332,592	535,170	127,352	-	4,261,408
<i>Adjustments in accordance with TFRS 1:</i>					
Reserve for Employee Severance Indemnities	-	(8,982)	-	(59,799)	(68,781)
Financial assets valuation differences	66,734	1,385	-	106,625	174,744
Reported Balances as at 31 December 2005 After Reporting Standards	399,326	527,573	127,352	46,826	4,367,371
<i>Adjustments in accordance with TAS 8:</i>					
Valuation adjustments for the equity securities classified as financial assets available-for-sale, associates and subsidiaries	(22,334)	-	-	-	(22,334)
Exchange rate difference on investments in foreign subsidiaries (*)	-	4,320	-	8,198	12,518
Adjustments to deferred taxes	(7,577)	-	(10,000)	-	(17,577)
Restated Balances as at 31 December 2005	369,415	531,893	117,352	55,024	4,339,978

	Valuation Difference of Marketable Securities	Current Year's Profit/(Loss)	Other Profit Reserves	Prior Years' Profit/(Loss)	Shareholders' Equity
Reported Balances as at 31 December 2006	154,778	769,730	161,974	39,229	4,487,429
<i>Adjustments in accordance with TAS 8:</i>					
Valuation adjustments for the equity securities classified as financial assets available-for-sale, associates and subsidiaries	(15,134)	-	-	-	(15,134)
Exchange rate difference on investments in foreign subsidiaries (*)	-	(4,632)	-	12,518	7,886
Adjustments to deferred taxes	(3,258)	(3,522)	(10,000)	-	(16,780)
Restated Balances as at 31 December 2006	136,386	761,576	151,974	51,747	4,463,401

(*) As of 31 December 2006 and before, net investments in foreign operations are translated in YTL by the rates prevailing on the balance sheet date, and the foreign exchange differences arising from change in exchange rates are reported in "securities value increase funds" under the shareholder's equity, in accordance with the communiqué of BRSA dated 18 January 2007 and numbered BDDK.DZM.2/13/1-a 610. In accordance with the communiqué of BRSA numbered BDDK.DZM.2/13/1-a 2007/2, net investments in foreign operations are translated into YTL by the rates at transactions dates, and reported accordingly. The effects of related change in accounting principles are also presented in the above tables.

In addition to the corrections shown on the tables above, the following reclassifications and net-offs have been recorded in the comparative financial statements as at 31 December 2006.

- Eurobonds issued by Turkish Treasury which were previously presented as “other marketable securities” under financial assets held for trading, financial assets available-for-sale and investment securities held to maturity amounting to YTL 462,055, YTL 1,315,619, and YTL 6,072, respectively, has been reclassified as “Public Sector Debt Securities”.
- Interest rate swaps which were presented as “derivative transactions held for risk management” in prior year’s statement of off-balance sheet items amounting to YTL 375,131 has been reclassified as “trading derivatives” in the comparative financial statements. In the same manner, “derivative financial liabilities held for risk management” amounting to YTL 3,707 has been reclassified as “derivative financial liabilities held for trading” and “derivative financial assets held for risk management” amounting to YTL 9,993, has been reclassified as “Derivative Financial Assets Held for Trading”.
- The provision for the bonuses that will be paid to the employees amounting to YTL 14,500, that was previously presented under “other external resources payable” has been reclassified as “reserve for employee benefits” in compliance with TAS 19 in the comparative financial statements.
- “Deferred tax liabilities” amounting to YTL 31,914 presented gross in prior year financial statements, has been netted-off with “deferred tax asset” in accordance with TAS 12 in the comparative financial statements.
- “Prepaid taxes” amounting to YTL 93,614 is netted off with “current tax liabilities” in comparative financial statements.
- Leasehold improvements which were previously presented as “Intangible assets” amounting to YTL 28,320, has been reclassified as “Tangible assets” in the comparative financial statements.
- “Provision expense for employee termination benefits” which was previously presented as “Provision for losses on loans and other receivables” amounting to YTL 15,002, has been reclassified as “Other operating expenses” in the comparative financial statements.

After above corrections, capital adequacy ratio has been recalculated as 20.73 as at 31 December 2006, which was previously reported as 19.72.

Earnings per shares

As of and for the year ended 31 December 2007, earnings per share is YTL 0.4123 (31 December 2006: YTL 0.3046).

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 companies according to “Related Party Disclosures Standard” (“TAS 24”). Transactions made with related parties are disclosed in Section 5 Note VII.

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 at banks whose original maturity is less than 3 months.

SECTION FOUR

Information Related to Financial Position of the Bank

I. Capital adequacy ratio

The Bank's unconsolidated capital adequacy ratio is 15.35% (31 December 2006: 20.73%).

Risk measurement methods in calculation of capital adequacy ratio

Capital adequacy ratio is calculated within the scope of the "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Official Gazette no.26333 dated 1 November 2006 and "Regulation regarding to Equity of Banks" .

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 amortisation, and provisions are considered as deduction items.

In the calculation of their risk-based values, non-cash loans are weighted after netting with specific provisions that are classified under liabilities and calculated based on the "Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables". The net amounts are then multiplied by the rates stated in the Article 5 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks".

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 stated in the Article 5 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks".

Unconsolidated capital adequacy ratio

	31 December 2007			
	Risk Weights			
	0%	20%	50%	100%
Value at Credit Risk				
Balance Sheet Items (Net)	13,901,234	2,811,121	4,876,113	20,041,188
Cash on Hand	419,619	338	-	-
Securities in Redemption	-	-	-	-
Balances with the Central Bank of Turkey	1,444,251	-	-	-
Domestic and Foreign Banks, Foreign Head Offices and Branches	-	2,667,963	-	76,584
Interbank Money Market Placements	-	-	-	-
Receivables from Reverse Repurchase Agreements	715,000	-	-	-
Reserve Deposits	584,283	-	-	-
Loans	123,899	195	4,800,180	18,180,246
Loans under Follow-Up (Net)	-	-	-	-
Lease Receivables	-	-	-	-
Financial Assets Available-for-Sale	8,425,534	77,356	-	-
Investments Held-to-Maturity	1,358,188	34,950	-	-
Receivables from Term Sale of Assets	-	-	-	138,749
Miscellaneous Receivables	-	-	-	127,018
Accrued Interest and Income	776,046	30,319	75,933	287,636
Investments in Associates, Subsidiaries and Joint-Ventures (Net)	-	-	-	517,604
Tangible Assets (Net)	-	-	-	678,242
Other Assets	54,414	-	-	35,109
Off-Balance Sheet Items	-	1,752,251	334,243	3,416,498
Non-Cash Loans and Commitments	-	1,729,314	334,243	3,416,498
Derivative Financial Instruments	-	22,937	-	-
Non-Risk-Weighted Accounts	-	-	-	-
Total Risk-Weighted Assets	13,901,234	4,563,372	5,210,356	23,457,686

Summary information related to capital adequacy ratio

	Current Year	Prior Year
Value at Credit Risk	26,975,538	20,625,699
Value at Market Risk (**)	650,125	215,125
Value at Operational Risk (*)	3,642,163	-
Shareholders' Equity	4,799,690	4,320,483
Shareholders' Equity/ (VaCR+VaMR+VaOR)*100	15.35	20.73

(*) Calculation of Operational Risk is started to be calculated after 1 June 2007 for the first time, in accordance with the article 24 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks". Therefore operational risk was not included in the calculation of capital adequacy standard ratio as of 31 December 2006.

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 31 December 2004, 2005 and 2006 is used for the calculation of capital adequacy standard ratio as of and for the year ended 31 December 2007.

(**) In accordance with the BRSA circular numbered BDDK.DZM.2.13/1-e/3874 and dated 19 March 2007, value at market risk is recalculated as of 31 December 2006 and represented above.

Components of shareholders' equity items

	Current Year	Prior Year
CORE CAPITAL		
Paid-in Capital	2,500,000	2,500,000
Nominal Capital	2,500,000	2,500,000
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	-	-
Share Premium	723,918	723,918
Share Cancellation Profits	-	-
Legal Reserves	179,631	102,658
I. Legal Reserve (Turkish Commercial Code 466/1)	89,815	51,329
II. Legal Reserve (Turkish Commercial Code 466/2)	-	-
Reserves allocated as per Special Legislations	89,816	51,329
Status Reserves	-	-
Extraordinary Reserves	444,573	151,974
Reserve allocated as per the Decision held by the General Assembly	296,122	-
Retained Earnings	148,451	151,974
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	1,038,586	813,323
Current Year's Profit	1,030,700	761,576
Prior Years' Profit	7,886	51,747
Provision for Possible Losses (upto 25% of Core Capital)	-	21,000
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	25	-
Primary Subordinated Debt (upto 15% of Core Capital)	-	-
Loss excess of Reserves (-)	-	-
Current Year's Loss	-	-
Prior Years' Loss	-	-
Leasehold Improvements (-)	46,865	28,320
Prepaid Expenses (-)	204,343	48,733
Intangible Assets (-)	13,496	4,975
Deferred Tax Asset excess of 10% of Core Capital (-)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Total Core Capital	4,886,733	4,312,873
SUPPLEMENTARY CAPITAL		
General Provisions	173,745	130,463
45% of Revaluation Surplus on Immovables	-	-
Bonus shares of Associates, Subsidiaries and Joint-Ventures	64,119	35,142
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	-	-
45% of Valuation Differences of Marketable Securities	123,944	61,374
Associates and Subsidiaries	71,671	37,491
Available for Sale Investment Securities	52,273	23,883
Other Profit Reserves	-	-
Total Supplementary Capital	361,808	226,979
TIER III CAPITAL		
CAPITAL	5,248,541	4,539,852
DEDUCTIONS FROM CAPITAL	448,851	219,369
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors exceeding 10% of ownership	3,224	2,669
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals	-	-
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	180,923	134,672
Others	-	-
TOTAL SHAREHOLDERS' EQUITY	4,799,690	4,320,483

II. Credit risk

Credit risk is defined as the counterparty's possibility of failing to fulfil its obligations on the terms set by the agreement. Credit risk means risks and losses that may occur if the counterparty fails to comply with the agreement's requirements and cannot perform its obligations partially or completely as the terms set. It covers the possible risks arising from futures and option agreements and other agreements alike and the credit risks arising from credit transactions that have been defined by the Banking Law.

In compliance with the articles 51 and 54 set forth in Banking Law and ancillary regulation, credit limits are set by the Bank for the financial position and credit requirements of customers within the authorization limits assigned for branches, regional directorates, lending departments, assistant general manager responsible of lending, general manager, credit committee and board of directors and credits are given regarding these limits in order to limit credit risk in lending facilities.

Credit limits are determined separately for the individual customer, company, group of companies, risk groups on the product basis. In accordance with the related Lending Policy, several criteria are used in the course of determining these credit limits. Customers should have a long-standing and a successful business past, a high commercial morality, possess a good financial position and a high morality, the nature of their business should be appropriate to use the credit, possess their commercial operations in an affirmative and a balanced manner, have experience and specialization in their profession, be able to adopt themselves to the economic conditions, to be accredited in the market, have sufficient equity capital, possess the ability to create funds with their operations and finance their placement costs. Additionally, the sector and the geographical position of customers, where they operate and other factors that may effect their operations are considered in the evaluation process of loans. Apart from ordinary intelligence operations, the financial position of the customer is mainly analysed based on the balance sheets and the income statements for the six-months periods (June and December) provided by the loan customer, the documents received in accordance with the related regulation for their state of accounts and other related documents. Credit limits are subject to revision regarding the overall economic developments and the changes in the financial information and operations of the customers.

Collaterals for the credit limits are determined on a customer basis in order to ensure bank placements and their liquidity. The amount and type of the collateral are determined regarding the creditworthiness of the credit users. The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees.

The Bank has risk control limits for derivative transaction (futures, options, etc.) positions, which effects credit risk and market risk. The Bank enters into derivative transactions in order to hedge credit risk resulting from fluctuations in foreign currency exchange rates and interest rates.

For credit risk management purposes Risk Management Department performs

- the determination of credit risk policies in coordination with the Bank's other units,
- the determination and monitoring of the distribution of concentration limits with respect to sector, geography and credit type.
- the contribution to the formation of rating and scoring systems.
- the submission to the Board of Directors and the senior management of not only credit risk management reports about credit portfolio's distribution (borrower, sector, geographical region), credit quality (impaired loans, credit risk ratings) and credit concentration but also scenario analysis reports, stress tests and other analyses
- the studies regarding the formation of advanced credit risk measurement approaches.

Credit risk is defined and managed for all cash and non-cash agreements and transactions, which carry counterparty risk. Loans with renegotiated terms are followed in accordance with Bank's credit risk management and follow-up principles. The financial position and trading operations of related customers are continuously analyzed and principal and interest payments, scheduled in renegotiation agreement, are strictly controlled by related departments. In the framework of Bank's risk management concept, long term commitments are accepted more risky than short term commitments. Consequently risk limits defined for long term commitments and collaterals that should be taken against long term commitments are handled in a wider range compared to short term commitments.

Banking operations and lending activities carried in foreign countries are not exposed to material credit risks, due to related countries' financial conditions, customers and their operations.

The Bank's largest 200 cash loan customers compose 40.12% of the total cash loan portfolio.

The Bank's largest 200 non-cash loan customers compose 75.25% of the total non-cash loan portfolio.

The Bank's largest 200 cash loan customers compose 22.20% of total assets of the Bank and the Bank's largest 200 non-cash loan customers compose 32.96% of total off-balance sheet items.

The general provision for credit risk amounts to YTL 173,745 (31 December 2006: 130,463).

Sectoral and geographical concentration of the credit risk

	Personal and Commercial Loans		Banks and Other Financial Institution		Marketable Securities ^(*)		Other Loans ^(**)	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
Sectoral Concentration								
Private Sector	13,330,048	11,826,756	652,685	230,798	-	-	4,896,925	3,895,273
Public Sector	2,919,427	888,451	1,042	-	10,839,215	10,282,523	785,588	926,912
Banks	-	-	5,553,003	6,400,343	35,170	42,319	498,792	353,461
Consumers	6,545,646	5,005,629	-	-	-	-	-	-
Equity Securities	-	-	-	-	77,356	100,041	520,828	408,840
Geographical Concentration								
Domestic	22,590,734	17,707,281	4,385,685	3,782,442	10,916,571	10,382,564	3,816,623	3,021,634
EU Countries	191,401	-	1,570,837	2,215,416	-	-	1,273,582	1,201,491
OECD Countries ^(***)	-	-	23,880	265,711	-	-	306,974	311,922
Off-Shore Banking Regions	-	-	12,465	80,579	-	-	1,175	-
USA, Canada	12,986	6,555	206,618	286,393	35,170	42,319	387,357	356,463
Other Countries	-	7,000	7,245	600	-	-	916,422	692,976
Total	22,795,121	17,720,836	6,206,730	6,631,141	10,951,741	10,424,883	6,702,133	5,584,486

(*) Includes financial assets designated at fair value through profit or loss, financial assets available for sale, and investment securities held-to-maturity.

(**) Includes transactions which are defined as loans according to article 48 of Banking Law act no 5411 and classified other than first three rows in Uniform Chart of Accounts.

(***) OECD countries other than EU countries, USA and Canada

Geographical Concentration

Current Year	Assets	Liabilities	Non- Cash Loans	Capital Expenditures	Net Profit/(Loss)
Domestic	39,797,225	35,619,420	3,026,179	160,428	1,030,700
EU Countries	1,791,146	6,502,810	1,203,601	-	-
OECD Countries (*)	23,880	60,461	306,974	-	-
Off-Shore	13,337	72,596	303	-	-
USA, Canada	254,815	86,545	387,316	-	-
Other Countries	7,245	66,644	916,422	-	-
Subsidiaries, Affiliates and Joint-Ventures	520,828	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-
Total	42,408,476	42,408,476	5,840,795	160,428	1,030,700

Prior Year	Assets	Liabilities	Non- Cash Loans	Capital Expenditures	Net Profit/(Loss)
Domestic	33,519,892	30,681,611	2,401,245	66,838	761,576
EU Countries	2,256,489	5,122,866	1,119,345	-	-
OECD Countries (*)	265,711	175,488	311,922	-	-
Off-Shore	80,579	29,646	-	-	-
USA, Canada	345,296	578,437	346,434	-	-
Other Countries	7,600	296,359	692,976	-	-
Subsidiaries, Affiliates and Joint-Ventures	408,840	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-
Total	36,884,407	36,884,407	4,871,922	66,838	761,576

(*) OECD countries other than EU countries, USA, and Canada

Sectoral distribution of cash loans

	Current Year				Prior Year			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agriculture	272,203	1.59	94,935	1.48	113,754	0.92	59,741	1.05
Farming and Stockbreeding	234,847	1.37	35,947	0.56	99,666	0.81	15,916	0.28
Forestry	29,134	0.17	21,314	0.33	11,749	0.09	28,964	0.51
Fishery	8,222	0.05	37,674	0.59	2,339	0.02	14,861	0.26
Manufacturing	2,279,296	13.33	2,785,864	43.70	1,235,558	9.99	2,746,455	48.38
Mining	488,795	2.86	73,994	1.16	352,998	2.85	61,431	1.08
Production	1,667,156	9.75	2,650,375	41.58	836,916	6.77	2,621,371	46.18
Electricity, Gas, Water	123,345	0.72	61,495	0.96	45,644	0.37	63,653	1.12
Construction	1,131,998	6.62	393,296	6.17	512,267	4.14	964,721	16.99
Services	3,653,285	21.37	2,418,155	37.95	2,381,646	19.26	1,704,863	30.03
Wholesale and Retail Trade	1,483,792	8.68	708,022	11.11	784,797	6.35	440,014	7.75
Hotel, Food and Beverage Services	146,479	0.86	231,104	3.63	100,810	0.82	310,730	5.47
Transportation and Telecommunication	1,578,251	9.23	878,506	13.78	1,219,145	9.86	628,614	11.07
Financial Institutions	290,492	1.70	483,781	7.59	206,455	1.67	120,000	2.11
Real Estate and Renting Services "Self-Employment" Type	17,039	0.10	8,666	0.14	4,833	0.03	-	-
Services	-	-	-	-	-	-	-	-
Educational Services	22,089	0.13	12,519	0.20	8,203	0.07	15,393	0.27
Health and Social Services	115,143	0.67	95,557	1.50	57,403	0.46	190,112	3.36
Other	9,758,390	57.09	682,581	10.70	8,123,038	65.69	201,197	3.55
Total	17,095,172	100.00	6,374,831	100.00	12,366,263	100.00	5,676,977	100.00

Gross and net (of allowances for impairment) amounts of individually impaired assets by risk grade

31 December 2007	Loans		Other assets	
	Gross	Net	Gross	Net
Grade 8 : Individually Impaired	67,684	-	-	-
Grade 9 : Individually Impaired	148,064	-	-	-
Grade 10 : Individually Impaired	927,107	-	-	-
Total	1,142,855	-	-	-

31 December 2006	Loans		Other assets	
	Gross	Net	Gross	Net
Grade 8 : Individually Impaired	196,943	-	-	-
Grade 9 : Individually Impaired	30,429	-	-	-
Grade 10 : Individually Impaired	774,675	-	-	-
Total	1,002,047	-	-	-

The Bank's rating system has grades between 1 to 10 according to the criteria set in the analyze report. Grades 1 to 7 are used to define performing loans while grades 8 to 10 are used to define non-performing loans. While grading customers, the Bank considers revenues, cash flows, operational performance of the companies, position of the companies in their sector, market intelligence, efficiency of the management, off balance sheet risks, balance sheet analysis, and general economic and market conditions.

Performing cash and non-cash loans by type of collateral

Cash loans	31 December 2007	31 December 2006
Secured Loans:	17,200,279	14,961,288
Secured by cash collateral	5,377	7,782
Secured by mortgages	6,568,223	5,950,218
Secured by government institutions or government securities	161,984	120,728
Guarantees issued by financial institutions	-	-
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	10,464,695	8,882,560
Unsecured Loans	6,269,724	3,081,952
Total performing loans	23,470,003	18,043,240

Non-cash loans	31 December 2007	31 December 2006
Secured Loans:	3,242,020	2,738,170
Secured by cash collateral	195,264	170,321
Secured by mortgages	1,003,575	1,075,354
Secured by government institutions or government securities	-	-
Guarantees issued by financial institutions	210,669	206,965
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	1,832,512	1,285,530
Unsecured Loans	2,598,775	2,133,752
Total non-cash loans	5,840,795	4,871,922

Fair value of collateral held against impaired loans

	31 December 2007	31 December 2006
Cash collateral (*)	-	-
Mortgage	428,998	358,188
Promissory note (*)	-	-
Others (**)	713,857	643,859
Total	1,142,855	1,002,047

(*) As a Bank policy, it is aimed to utilize from cash collateral or liquidate promissory note for an impaired loan which is previously collateralized by cash collateral or promissory note to cover the credit risk. Hence, cash collateral and promissory note are shown as zero in the table above.

(**) Sureties obtained for impaired loans are presented in this raw at the amount of not exceeding total impaired loans.

Sectoral and geographical concentration of impaired loans

Sectoral	31 December 2007	31 December 2006
Textile	99,836	89,450
Food	92,755	91,920
Durable consumption	90,840	115,624
Consumer loans	53,716	31,711
Construction	44,183	36,273
Service sector	34,546	42,655
Agriculture and stockbreeding	11,366	8,251
Metal and metal products	11,085	5,320
Financial institutions	948	795
Other	703,580	580,048
Total non-performing loans	1,142,855	1,002,047

Geographical	31 December 2007	31 December 2006
Turkey	1,142,855	1,002,047
Total non-performing loans	1,142,855	1,002,047

Past due but not impaired loans and receivables

	31 December 2007	31 December 2006
Grade 1-3 : Low risk loans and receivables	483,538	359,626
Grade 4-5 : Loans and receivables under follow-up	87,851	14,492
Total	571,389	374,118

Aging of past due but not impaired loans and receivables

	31 December 2007	31 December 2006
0-30 days	10,694	877
30-60 days	270,329	225,901
60-90 days	290,366	147,340
Total	571,389	374,118

Undue and not impaired loans and receivables

	31 December 2007	31 December 2006
Grade 1-3 : Low risk loans and receivables	21,848,927	15,851,472
Grade 4-5 : Loans and receivables under follow-up	859,202	1,626,461
Total	22,708,129	17,477,933
Restructured loans	190,485	191,189
Total	22,898,614	17,669,122

III. Market risk

The Bank has defined its risk management procedures and has taken necessary precaution in order to avoid market risk, in compliance with “Regulation on Bank’s Internal Control and Risk Management Systems” and “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” published in Official Gazette no. 26333 dated 1 November 2006.

The market risk is defined as the potential risk of loss due to changes in interest rates, foreign exchange rates and equity prices on balance sheet and off-balance sheet positions of the banks.

The capital need for general market risk and specific risks is calculated using the standart method defined by the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” and reported monthly.

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 back-testing in order to measure the reliability of the models. Besides, scenario analyses are implemented in order to support the Standard Method and internal models. In order to monitor the maturity structure of the asset and liability accounts, liquidity analysis are performed and the duration of the Bank’s assets and liabilities is calculated.

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

Value at market risk

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	30,442
(II) Capital Obligation against Specific Risks - Standard Method	-
(III) Capital Obligation against Currency Risk - Standard Method	21,568
(IV) Capital Obligation against Stocks Risks - Standard Method	-
(V) Capital Obligation against Exchange Risks - 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)	52,010
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	650,125

Monthly average values at market risk

	Current Year			Prior Year		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	21,224	30,442	10,705	88,079	112,757	8,844
Common Share Risk	296	1,930	-	2,328	3,690	876
Currency Risk	16,551	39,964	3,442	16,407	29,065	7,359
Stock Risk	-	-	-	-	-	-
Exchange Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Total Value at Risk	475,884	650,125	213,038	1,335,178	1,703,525	215,125

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 non-trading equity price risk exposure arises from the Bank's investment portfolio.

The effect on equity as a result of change in the fair value of equity instruments held as available for sale financial assets at 31 December 2007 and 31 December 2006 due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

	Change in index	31 December 2007	31 December 2006
		Equity	Equity
ISE – 100 (IMKB- 100)	10%	24,364	14,962

IV. Operational risk

The Bank calculated the value at operational risk in accordance with the fourth section which was effective starting from 1 June 2007, "Computation of Value of Operational Risk" of "Regulation Regarding Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette numbered 26333 and dated 1 November 2006. In accordance with the BRSA circular numbered BDDK.BYD.126.01 and dated 7 February 2008, value at market risk is calculated from gross income for the years ended 31 December 2005, 2006 and 2007.

The amount calculated as YTL 291,373 from gross income for the years ended 31 December 2004, 2005 and 2006 and used for the calculation of capital adequacy ratio as of 31 December 2007, represents the operational risk that the Bank may expose and the amount of minimum capital requirement to eliminate this risk. Value at operational risk amounting to YTL 3,642,163 presented in the table included in the note number I of this section is calculated as 12.5 times of the operational risk.

	31 December 2007	31 December 2006	31 December 2005	31 December 2004
(I) Net Interest Income	1,675,834	1,585,250	1,319,391	1,184,774
(II) Net Fees and Commission Income	360,490	288,374	293,672	250,222
(III) Dividends Income	34,718	16,557	10,278	51,828
(IV) Net Trading Income/(Loss)	193,349	43,150	179,990	116,857
(V) Other Operating Income	356,713	343,326	129,026	245,581
(VI) Income/(Loss) from sale of AFS and HTM Marketable Securities	46,155	43,437	118,354	44,028
(VII) Extraordinary Income	2,428	4,281	6,618	14,100
(VIII) Gross Income (I+II+III+IV+V-VI-VII)	2,572,521	2,228,939	1,807,386	1,791,134
(IX) Capital Requirement (Gross Income x %15)	385,878	334,341	271,108	268,670
(X) Average Operational Risk Capital Requirement	330,442	291,373	-	-
(XI) Value at Operational Risk (IX x 12.5)	4,130,525	3,642,163	-	-

V. Foreign currency exchange risk

Foreign exchange risk that the 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 legal reporting is used in measuring the currency risk of the Bank.

The foreign currency assets and liabilities and the foreign currency forward transactions are taken into consideration in calculating the capital obligation for the currency risk. 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 calculation of capital requirement.

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

As of 31 December 2007 the Bank does not have derivate financial instruments held for risk 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.

The Bank's effective 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 DOLLAR	EURO
The Bank's foreign currency purchase rate at the balance sheet date		
Foreign currency rates for the days before balance sheet date;	1.1650	1.7121
Day 1	1.1300	1.6351
Day 2	1.1300	1.6392
Day 3	1.1300	1.6287
Day 4	1.1300	1.6265
Day 5	1.1400	1.6394
US DOLLAR		
EURO		
Last 30-days arithmetical average rate	1.1365	1.6653

Information on currency risk

Current Year	Euro	US Dollar	Yen	Other FCs	Total
Assets					
Cash and Central Banks	835,135	26,617	78	2,854	864,684
Banks	229,311	1,647,158	3,418	56,130	1,936,017
Financial Assets Designated at Fair Value through Profit or Loss ^(*)	95,033	228,056	5	-	323,094
Interbank Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	577,030	2,088,021	-	-	2,665,051
Loans ^(**)	2,181,280	4,528,162	6,714	66,332	6,782,488
Subsidiaries, Affiliates and Joint-Ventures	41,073	-	-	-	41,073
Investments Held-to-Maturity	35,682	90,007	-	-	125,689
Derivative Financial Assets Held for Risk Management	-	-	-	-	-
Tangible Assets	-	455	-	-	455
Intangible Assets	-	-	-	-	-
Other Assets ^(***)	21,495	181,550	-	14	203,059
Total Assets	4,016,039	8,790,026	10,215	125,330	12,941,610
Liabilities					
Bank Deposits	129	187,277	-	154	187,560
Foreign Currency Deposits	2,960,598	3,261,598	3,945	46,618	6,272,759
Interbank Money Market Takings	179,023	1,103,147	-	-	1,282,170
Other Funding	1,002,234	3,590,275	-	47,546	4,640,055
Securities Issued	-	-	-	-	-
Miscellaneous Payables	16,844	50,260	12	182	67,298
Derivative Financial Liabilities Held for Risk Management	-	-	-	-	-
Other Liabilities (*)	59,171	103,808	98	16,554	179,631
Total Liabilities	4,217,999	8,296,365	4,055	111,054	12,629,473
Net 'On Balance Sheet' Position	(201,960)	493,661	6,160	14,276	312,137
Net 'Off-Balance Sheet' Position	215,235	(233,402)	(3,882)	(57)	(22,106)
Derivative Assets	292,797	198,364	-	114	491,275
Derivative Liabilities	77,562	431,766	3,882	171	513,381
Non-Cash Loans	1,064,403	1,887,798	15,585	99,674	3,067,460
Prior Year					
Total Assets	3,667,579	10,266,335	2,219	74,845	14,010,978
Total Liabilities	3,612,455	10,170,591	2,901	69,127	13,855,074
Net 'On Balance Sheet' Position	55,124	95,744	(682)	5,718	155,904
Net 'Off-Balance Sheet' Position	1,245	(79,772)	-	1	(78,526)
Derivative Assets	30,744	78,414	-	2,483	111,641
Derivative Liabilities	29,499	158,186	-	2,482	190,167
	1,039,545	1,859,327	24,241	91,254	3,014,367

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

(**) Foreign currency indexed loans amounting to YTL 407,657 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 407,657 results position for the Bank when foreign exchange rates increase.

(***) Prepaid expenses amounting to YTL 35,576 is not included.

Exposure to currency risk

A 10 percent devaluation of the YTL against the following currencies as at 31 December 2007 and 31 December 2006 would have effect on equity and profit or loss (without tax effects) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	31 December 2007		31 December 2006	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	21,607	26,026	(2,012)	1,597
EUR	(2,557)	(2,780)	345	2,318
Other currencies	1,650	1,650	504	504
Total, net	20,700	24,896	(1,163)	4,419

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

VI. 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.

Bank's interest rate risk is measured by the standard method.

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

Interest rate mismatch for the Bank "Interest rate sensitivity of assets, liabilities and off balance sheet items based on repricing dates"

Current Year	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Non-Interest Bearing (*)	Total
<i>Assets:</i>							
Cash and Central Banks	2,070,245	-	-	-	-	419,957	2,490,202
Banks	2,604,174	-	-	-	-	142,094	2,746,268
Financial Assets at Fair Value through Profit/Loss	37,051	9,475	21,097	110,461	171,903	-	349,987
Interbank Money Market Placements	715,335	-	-	-	-	-	715,335
Financial Assets Available-for-Sale	1,158,097	2,328,838	2,663,164	1,798,883	1,133,994	77,356	9,160,332
Loans	9,362,346	3,513,693	5,313,690	3,502,338	1,777,936	-	23,470,003
Investments Held-to-Maturity	215,099	648,011	262,072	281,608	69,572	-	1,476,362
Other Assets (*)	31,344	3,539	25,124	77,680	1,062	1,861,238	1,999,987
Total Assets	16,193,691	6,503,556	8,285,147	5,770,970	3,154,467	2,500,645	42,408,476
<i>Liabilities:</i>							
Bank Deposits	729,371	26,269	162	-	-	1,224	757,026
Other Deposits	14,678,860	7,993,927	1,326,543	587,525	-	3,518,632	28,105,487
Interbank Money Market Takings	567,855	68,377	667,547	772,306	-	-	2,076,085
Miscellaneous Payables	-	15,219	45,990	-	-	368,180	429,389
Securities Issued	-	-	-	-	-	-	-
Other Funding	1,285,400	2,765,613	617,416	24,429	-	-	4,692,858
Other Liabilities (**)	129,422	3,494	11,846	24,198	-	6,178,671	6,347,631
Total Liabilities	17,390,908	10,872,899	2,669,504	1,408,458	-	10,066,707	42,408,476
On Balance Sheet Long Position	-	-	5,615,643	4,362,512	3,154,467	-	13,132,622
On Balance Sheet Short Position	(1,197,217)	(4,369,343)	-	-	-	(7,566,062)	(13,132,622)
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
Total Position	(1,187,451)	(4,298,706)	5,569,652	4,336,184	3,154,467	(7,566,062)	8,084

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

(**) Shareholders' equity is included in non-interest bearing column of other liabilities.

Prior Year	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Non- Interest Bearing (*)	Total
<i>Assets:</i>							
Cash and Central Bank	2,373,446	-	-	-	-	409,737	2,783,183
Banks	2,947,756	-	-	-	-	115,735	3,063,491
Financial Assets at Fair Value through Profit/Loss	154,191	-	99,305	5,658	212,480	8,842	480,476
Interbank Money Market Placements	871,800	-	-	-	-	-	871,800
Financial Assets Available-for- Sale	1,567,840	2,817,850	3,775,994	565,582	1,087,130	91,649	9,906,045
Loans	9,135,331	3,562,523	1,780,218	2,155,830	1,409,338	-	18,043,240
Investments Held-to-Maturity	43,979	4,412	-	-	-	-	48,391
Other Assets (*)	39,557	-	2,037	-	-	1,646,187	1,687,781
Total Assets	17,133,900	6,384,785	5,657,554	2,727,070	2,708,948	2,272,150	36,884,407
<i>Liabilities:</i>							
Bank Deposits	423,889	131,304	-	-	-	3,129	558,322
Other Deposits	3,394,995	13,420,571	2,514,881	660,112	-	4,293,179	24,283,738
Interbank Money Market Takings	244,078	158,901	699,011	268,104	-	-	1,370,094
Miscellaneous Payables	-	-	-	-	-	318,360	318,360
Securities Issued	-	-	-	-	-	-	-
Other Funding	1,173,410	2,584,286	1,239,440	-	-	-	4,997,136
Other Liabilities (**)	33,555	5,201	23,424	108,689	-	5,185,888	5,356,757
Total Liabilities	5,269,927	16,300,263	4,476,756	1,036,905	-	9,800,556	36,884,407
On Balance Sheet Long Position	11,863,973	-	1,180,798	1,690,165	2,708,948	-	17,443,884
On Balance Sheet Short Position	-	(9,915,478)	-	-	-	(7,528,406)	(17,443,884)
Off-Balance Sheet Long Position	-	1	-	4,633	-	-	4,634
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	11,863,973	(9,915,477)	1,180,798	1,694,798	2,708,948	(7,528,406)	4,634

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

(**) Shareholders' equity is included in non-interest bearing column of other liabilities.

Average interest rates applied to monetary financial instruments

Current Year	Euro %	US Dollar %	Yen %	YTL %
Assets				
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	-	-
Interbank Money Market Placements	-	-	-	17.10
Financial Assets Available-for-Sale	6.02	6.82	-	17.93
Loans	6.36	7.07	-	20.49
Investments Held-to-Maturity	5.31	6.34	-	18.82
Liabilities				
Bank Deposits	-	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
Prior Year				
Prior Year	Euro %	US Dollar %	Yen %	YTL %
Assets				
Cash and Central Bank	1.73	2.52	-	13.12
Banks	3.63	5.26	-	18.97
Financial Assets at Fair Value through Profit/Loss	9.03	11.44	-	-
Interbank Money Market Placements	-	-	-	17.62
Financial Assets Available-for-Sale	6.03	7.21	-	21.03
Loans	5.44	7.59	-	20.59
Investments Held-to-Maturity	-	5.80	-	-
Liabilities				
Bank Deposits	-	5.50	-	21.05
Other Deposits	2.87	3.82	-	15.57
Interbank Money Market Takings	-	5.46	-	11.65
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Funding	3.43	5.76	-	15.22

Interest sensitivity

Interest rate sensitivity of the income statement is the effect of the assumed changes in interest rates on the net interest income based on the floating rate non-trading financial assets and financial liabilities held at 31 December 2007. Interest rate sensitivity of equity is calculated by revaluing available for sale financial assets at 31 December 2007 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 for 31 December 2006. The following tables also include the sensitivity of trading portfolio of the Group.

	Profit or loss		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2007				
Financial assets designated at fair value through profit or loss	(19,368)	22,250	(19,368)	22,250
Available for sale financial assets	-	-	(134,071)	138,934
Floating rate financial assets	163,254	(163,254)	163,254	(163,254)
Floating rate financial liabilities	(45,775)	45,775	(45,775)	45,775
Total, net	98,111	(95,229)	(35,960)	43,705
	Profit or loss		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2006				
Financial assets designated at fair value through profit or loss	(28,543)	32,290	(28,543)	32,290
Available for sale financial assets	-	-	(133,769)	147,210
Floating rate financial assets	114,913	(114,913)	114,913	(114,913)
Floating rate financial liabilities	(47,485)	47,485	(47,485)	47,485
Total, net	38,885	(35,138)	(94,884)	112,072

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

VII. 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.

While the Bank's short term liquidity need is met mainly with deposits, its long term liquidity is provided through foreign funding sources such as syndication and securitisation transactions. There are no significant idle liquidity resources.

Maturity analysis of assets and liabilities according to remaining maturities:

Current Year	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Undistributed (*)	Total
Assets								
Cash and Central Bank	2,490,202	-	-	-	-	-	-	2,490,202
Banks	142,094	2,604,174	-	-	-	-	-	2,746,268
Financial Assets at Fair Value through Profit/Loss	-	20,411	9,219	21,097	110,716	188,544	-	349,987
Interbank Money Market Placements	-	715,335	-	-	-	-	-	715,335
Financial Assets Available-for-Sale	77,356	25,174	34,368	3,131,344	3,787,624	2,104,466	-	9,160,332
Loans	-	3,421,671	1,836,465	5,403,684	10,217,959	2,590,224	-	23,470,003
Investments Held-to-Maturity	-	-	38,786	366,633	1,001,371	69,572	-	1,476,362
Other Assets	-	70,830	15,465	33,866	214,721	2,895	1,662,210	1,999,987
Total Assets	2,709,652	6,857,595	1,934,303	8,956,624	15,332,391	4,955,701	1,662,210	42,408,476
Liabilities								
Bank Deposits	1,224	729,371	26,269	162	-	-	-	757,026
Other Deposits	3,518,632	14,678,860	7,993,927	1,326,543	587,525	-	-	28,105,487
Other Funding	-	4,542	56,541	1,668,124	577,158	2,386,493	-	4,692,858
Interbank Money Market Takings	-	163,742	68,377	756,329	897,897	189,740	-	2,076,085
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	275,684	18,840	-	61,209	-	73,656	429,389
Other Liabilities	-	118,722	9,285	210,093	100,968	34,555	5,874,008	6,347,631
Total Liabilities	3,519,856	15,970,921	8,173,239	3,961,251	2,224,757	2,610,788	5,947,664	42,408,476
Liquidity Gap	(810,204)	(9,113,326)	(6,238,936)	4,995,373	13,107,634	2,344,913	(4,285,454)	-
Prior Year								
Total Assets	2,182,942	7,738,085	1,516,709	6,776,911	15,698,263	1,301,202	1,670,295	36,884,407
Total Liabilities	4,296,310	13,973,334	5,889,089	3,625,660	1,264,479	2,400,704	5,434,831	36,884,407
Liquidity Gap	(2,113,368)	(6,235,249)	(4,372,380)	3,151,251	14,433,784	(1,099,502)	(3,764,536)	-

(*) Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash in short period such as tangible assets, intangible assets, associates, subsidiaries, miscellaneous receivables and shareholder's equity in the liabilities are included in this column.

VIII. Fair values of financial assets and liabilities

	Carrying Value		Fair Value	
	Current Year	Prior Year	Current Year	Prior Year
Financial Assets				
Receivables from Interbank	715,335	871,800	715,335	871,800
Banks	2,746,268	3,063,491	2,746,268	3,063,491
Financial Assets Available-for-Sale	9,160,332	9,906,045	9,160,332	9,906,045
Investments Held-to-Maturity	1,476,362	48,391	1,482,109	48,805
Loans	23,470,003	18,043,240	23,512,911	18,044,225
Financial Liabilities				
Bank Deposits	757,026	558,322	757,026	558,322
Other Deposits	28,105,487	24,283,738	28,105,487	24,283,738
Funds Obtained	4,692,858	4,997,136	4,692,858	4,997,136
Securities Issued	-	-	-	-
Miscellaneous Payables	429,389	318,360	429,389	318,360

Fair values of financial assets available-for-sale and investments held-to-maturity are derived from market prices or in case of absence of such prices they are derived from prices of other marketable securities, whose interest rate, maturity date and other conditions are similar to securities held.

Fair value of fixed-interest loans are calculated by discounting cashflows with current market interest rates. For the loans with floating interest rate carrying value also represents fair value.

Fair value of other assets and liabilities is calculated by adding accumulated interest to initial price.

IX. Transactions carried out on behalf of customers, items held in trust

The Bank provides buying, selling and custody services and management and advisory services in financial matters for its customers.

The Bank is not involved in trust activities.

X. Segment reporting

The 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, forfaiting, leasing, insurance, forward, futures, salary payments, investment account, cheques, safety boxes, bill payments, tax collections, payment orders.

The 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 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-center, 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 Year	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Operating profit	770,789	1,668,224	147,373	-	2,586,386
Undistributed expenses	-	-	-	(1,363,005)	(1,363,005)
Operating profit	770,789	1,668,224	147,373	(1,363,005)	1,223,381
Income from associates	-	-	-	-	34,718
Income before taxes	-	-	-	-	1,258,099
Provision for taxes	-	-	-	-	(227,399)
Net profit	-	-	-	-	1,030,700
Segment assets	5,464,663	21,519,678	13,934,061	-	40,918,402
Investments in associates and subsidiaries	-	-	-	520,828	520,828
Undistributed assets	-	-	-	969,246	969,246
Total assets	5,464,663	21,519,678	13,934,061	1,490,074	42,408,476
Segment liabilities	10,420,143	23,913,130	2,178,685	-	36,511,958
Shareholders' equity	-	-	-	5,226,282	5,226,282
Undistributed liabilities	-	-	-	670,236	670,236
Total Liabilities and Shareholders' Equity	10,420,143	23,913,130	2,178,685	5,896,518	42,408,476

SECTION FIVE

Disclosure and Footnotes on Unconsolidated Financial Statements

I. Information and disclosures related to assets

1. Cash and balances with Central Bank

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Cash	363,150	55,921	365,660	43,764
Central Bank of Turkey (*)	1,262,351	807,894	1,286,484	1,086,962
Other	17	869	20	293
Total	1,625,518	864,684	1,652,164	1,131,019

(*) YTL 587,886 (31 December 2006: YTL 791,039) of the foreign currency deposit at Central Bank of Turkey is comprised of foreign currency reserve deposits and related interest income accruals; YTL 38,108 (31 December 2006: YTL 32,921) 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.

According to the “Reserve Deposits Decree” of the Central Bank of Turkey which is numbered 2005/1, all banks operating in Turkey should provide a reserve amounting to 6% of the liabilities in YTL and 11% of the liabilities in foreign currencies. YTL liabilities and 3% of foreign currency liabilities are held as unrestricted demand deposits at Central Bank of Turkey. The interest rates given by the Central Bank of Turkey are 11.81% for YTL, 1.95% for US Dollar and 1.80% for Euro as of 31 December 2007 (31 December 2006: YTL 13.12%, FC 2.52% , 1.73%).

Balances with the Central Bank of Turkey

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	1,224,243	220,008	1,253,563	295,923
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Total	1,224,243	220,008	1,253,563	295,923

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

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

None.

Trading securities subject to repurchase agreements

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Government Bonds	-	-	-	-
Treasury Bills	-	-	-	-
Other Debt Securities	-	191,407	-	198,472
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	-	191,407	-	198,472

Derivatives held for trading purpose

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Forward Transactions	5,115	3	-	36
Swap Transactions	17,149	12,673	9,969	24
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	22,264	12,676	9,969	60

3. Banks

Banks

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Banks	810,251	1,936,017	512,809	2,550,682
Domestic	747,194	186,425	283,945	14,006
Foreign	63,057	1,749,592	228,864	2,536,676
Foreign Head Offices and Branches	-	-	-	-
Total	810,251	1,936,017	512,809	2,550,682

Due from foreign banks

	Unrestricted Balance		Restricted Balances	
	Current Year	Prior Year	Current Year	Prior Year
EU Countries	1,505,458	2,087,556	63,866	44,702
USA, Canada	206,618	286,393	-	-
OECD Countries (*)	23,880	265,711	-	-
Off-shore Banking Regions	12,465	80,578	-	-
Other	362	600	-	-
Total	1,748,783	2,720,838	63,866	44,702

(*) OECD countries other than EU countries, USA, and Canada.

4. Information on investment securities available-for-sale

Investment securities available-for-sale given as collateral or blocked

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Share Certificates	-	-	-	-
Bonds, Treasury Bills and Similar Marketable Securities	947,286	-	2,134,808	319,308
Others	-	-	-	-
Total	947,286	-	2,134,808	319,308

Investment securities available-for-sale subject to repurchase agreements

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Government Bonds	931,117	906,987	911	1,114,622
Treasury Bills	-	-	-	-
Other Debt Securities	-	392,035	-	450,447
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	931,117	1,299,022	911	1,565,069

Information related with available for sale assets

	Current Year	Prior Year
Debt instruments	9,107,249	9,864,051
Quoted	9,107,249	8,539,422
Unquoted	-	1,324,629
Equity instruments	83,803	91,829
Quoted	65,143	65,770
Unquoted	18,660	26,059
Impairment provision (-)	30,720	49,835
Total	9,160,332	9,906,045

Equity shares having a carrying value of YTL 77, representing the 0.73% of the outstanding shares of EGS Gayrimenkul Yatırım Ortaklığı AŞ which were classified in the available for sale portfolio of the Bank in the prior years, were sold at a price of YTL 102 on 6 June 2007. The Bank has recorded gain on sale of equity shares amounting to YTL 25 in its financial statements.

The Bank has provided 100% impairment for İzmir Enternasyonel Otelcilik AŞ and Güçbirliği Holding AŞ with the carrying value amounting to YTL 6,178 and YTL 270, and booked YTL 6,448 as associates, subsidiaries and held to maturity assets impairment loss, respectively in accordance with the directives of BRSA.

5. Information on loans

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

	Current Year		Prior Year	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	669	-	451
Corporate Shareholders	-	669	-	451
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	126	893	-	117
Loans Granted to Employees	31,670	-	25,163	-
Total	31,796	1,562	25,163	568

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	Restructured or Rescheduled
		Loans and Other Receivables		Loans and Other Receivables
Cash Loans				
Loans	22,182,788	-	947,053	235,182
Discounted Bills	154,288	-	-	17
Export Loans	1,360,443	-	22,071	178,658
Import Loans	-	-	-	51
Loans to Financial Sector	674,882	-	-	-
Foreign Loans	21,382	-	-	-
Consumer Loans	5,301,302	-	183,868	1,154
Credit Cards	549,310	-	11,693	417
Precious Metal Loans	-	-	-	-
Other	14,121,181	-	729,421	54,885
Specialization Loans	104,980	-	-	-
Other Receivables	-	-	-	-
Total	22,287,768		947,053	235,182

Maturity analysis of cash loans

	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
		Loans and Other Receivables		Loans and Other Receivables
Short-term Loans	10,907,445	-	443,720	212,355
Loans	10,907,445	-	443,720	212,355
Specialization loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans	11,380,323	-	503,333	22,827
Loans	11,275,343	-	503,333	22,827
Specialization loans	104,980	-	-	-
Other Receivables	-	-	-	-

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – YTL	1,225,313	4,239,351	5,464,664
Housing Loans	63,186	2,340,981	2,404,167
Automobile Loans	16,631	117,800	134,431
General Purpose Loans	849,826	1,780,566	2,630,392
Other	295,670	4	295,674
Consumer Loans – FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans – FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Retail Credit Cards – YTL	525,114	-	525,114
With Instalment	91,831	-	91,831
Without Instalment	433,283	-	433,283
Retail Credit Cards – FC	1,440	-	1,440
With Instalment	-	-	-
Without Instalment	1,440	-	1,440
Personnel Loans – YTL	856	20,804	21,660
Housing Loan	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	856	20,804	21,660
Other	-	-	-
Personnel Loans - FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards – YTL	9,965	-	9,965
With Instalment	1,482	-	1,482
Without Instalment	8,483	-	8,483
Personnel Credit Cards – FC	45	-	45
With Instalment	-	-	-
Without Instalment	45	-	45
Overdraft Checking Accounts– YTL (real persons)	522,513	-	522,513
Overdraft Checking Accounts– FC (real persons)	-	-	-
Total	2,285,246	4,260,155	6,545,401

Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Instalment-based Commercial Loans – YTL	1,660,343	2,726,233	4,386,576
Real Estate Loans	4,773	105,414	110,187
Automobile Loans	151,908	643,058	794,966
General Purpose Loans	1,503,662	1,977,761	3,481,423
Other	-	-	-
Instalment-based Commercial Loans - FC-indexed	-	-	-
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Instalment-based Commercial Loans – FC	-	44,846	44,846
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	44,846	44,846
Corporate Credit Cards – YTL	24,569	-	24,569
With Instalment	1,889	-	1,889
Without Instalment	22,680	-	22,680
Corporate Credit Cards – FC	287	-	287
With Instalment	-	-	-
Without Instalment	287	-	287
Overdraft Checking Accounts– YTL (corporate)	25,497	-	25,497
Overdraft Checking Accounts– FC (corporate)	-	-	-
Total	1,710,696	2,771,079	4,481,775

Allocation of loan customers

	Current Year	Prior Year
Public Sector	3,302,303	1,986,736
Private Sector	20,167,700	16,056,504
Total	23,470,003	18,043,240

Allocation of domestic and foreign loans

	Current Year	Prior Year
Domestic Loans	23,257,220	17,949,581
Foreign Loans	212,783	93,659
Total	23,470,003	18,043,240

Loans to associates and subsidiaries

	Current Year	Prior Year
Direct Loans Granted to Subsidiaries and Investments	63,102	12,752
Indirect Loans Granted to Subsidiaries and Investments	3,993	-
Total	67,095	12,752

Specific provisions for loans

Specific Provisions	Current Year	Prior Year
Loans and Receivables with Limited Collectibility	67,684	196,943
Loans and Receivables with Doubtful Collectibility	148,064	30,429
Uncollectible Loans and Receivables	927,107	774,675
Total	1,142,855	1,002,047

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Year	2,557	-	129,055
(Gross amounts before the specific reserves)	-	-	-
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	2,557	-	129,055
Prior Year	22	-	170,431
(Gross amounts before the specific reserves)	-	-	-
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	22	-	170,431

Movements in non-performing loan groups:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Prior year end balance	196,943	30,429	774,675
Additions (+)	381,687	300	6,350
Transfers from other categories of loans under follow-up (+)	28,874	190,373	266,145
Transfers to other categories of loans under follow-up (-)	395,751	62,116	46,918
Collections (-)	144,069	10,922	73,145
Write-offs (-)	-	-	-
Commercial and corporate loans	-	-	-
Individual loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current year end balance	67,684	148,064	927,107
Specific provision (-)	67,684	148,064	927,107
Net Balance on balance sheet	-	-	-

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

None.

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
Current Year (Net)			
Consumer and Commercial Loans (Gross)	58,997	147,503	911,238
Special Provision (-)	58,997	147,503	911,238
Consumer and Commercial Loans (Net)	-	-	-
Banks (Gross)	-	-	1,551
Special Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	8,687	561	14,318
Special Provision (-)	8,687	561	14,318
Other Loans and Receivables (Net)	-	-	-
Prior Year (Net)			
Consumer and Commercial Loans (Gross)	196,844	30,411	757,842
Special Provision (-)	196,844	30,411	757,842
Consumer and Commercial Loans (Net)	-	-	-
Banks (Gross)	-	-	1,551
Special Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	99	18	15,282
Special Provision (-)	99	18	15,282
Other Loans and Receivables (Net)	-	-	-

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 allowances for impairment losses) when Bank concludes that those loans are uncollectible. This conclusion is given after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that 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 standardised loans, charge off decisions generally are based on a product specific past due status.

6. Information on investment securities held-to-maturity

Public sector debt securities held-to-maturity

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Government Bonds	1,350,673	-	-	-
Treasury Bills	-	-	-	-
Other Government Securities	-	90,519	-	6,072
Total	1,350,673	90,519	-	6,072

Information on investments held-to-maturity

	Current Year	Prior Year
Debt Securities	1,476,946	48,870
Quoted at Stock Exchange	1,441,776	-
Unquoted at Stock Exchange	35,170	48,870
Impairment Losses (-)	584	479
Total	1,476,362	48,391

The movement of investments held-to-maturity

	Current Year	Prior Year
Balances at Beginning of Year	48,391	371,574
Foreign Currency Differences On Monetary Assets	(4,032)	(22,693)
Purchases during the year	1,643,570	446,020
Disposals through Sales/Redemptions	(294,194)	(736,020)
Impairment Losses (-)	(105)	(175)
Change in Redeemed Costs (*)	82,732	(10,315)
Balances at End of Year	1,476,362	48,391

(*) Accrual differences on marketable securities for redeemed costs are included in this column.

The Bank reclassified certain investment securities that were previously classified in available-for-sale portfolio with total face value of YTL 700,000 and YTL 410,000 to its investment securities held-to-maturity portfolio at their fair values of YTL 704,709 and YTL 384,977 as of their reclassification dates, in the second and third quarter, respectively. These reclassifications are presented in “purchases during the year” line in the movement table of investments held-to-maturity. The value increases of such securities amounting YTL 2,066 and YTL 2,563, respectively, are recorded under the shareholders’ equity and will be amortized through the income statement until their maturities.

Additionally, the Bank reclassified certain investment securities that were previously classified in available-for-sale portfolio with total face value of USD 40,000,000 and EUR 20,000,000 to its investment securities held-to-maturity portfolio at their fair values of USD 41,706,400 and EUR 19,475,000 as of their reclassification dates. These reclassifications are presented in “purchases during the year” line in the movement table of investments held-to-maturity. The value increases of such securities amounting USD 774,816 and EUR (448,178), respectively, are recorded under shareholders’ equity and will be amortized through the income statement until their maturities.

Information about held-to-maturity securities

Current Year	Cost		Carrying Value	
	YTL	FC	YTL	FC
Collateralized / Blocked Investments	1,269,887	-	1,350,673	-
Investments subject to Repurchase Agreements	-	16,927	-	17,330
Held for structural position	-	-	-	-
Receivable from Security Borrowing Market	-	-	-	-
Collateral For Security Borrowing Market	-	-	-	-
Other (*)	-	106,908	-	108,359
Total	1,269,887	123,835	1,350,673	125,689

Prior Year	Cost		Carrying Value	
	YTL	FC	YTL	FC
Collateralized / Blocked Investments	-	42,000	-	42,319
Investments subject to Repurchase Agreements	-	-	-	-
Held for structural position	-	-	-	-
Receivable from Security Borrowing Market	-	-	-	-
Collateral For Security Borrowing Market	-	-	-	-
Other (*)	-	6,378	-	6,072
Total	-	48,378	-	48,391

(*) In the "Other" column, the securities held as free that are not treated by the Bank as subject of collateral/blockage or other transactions.

7. Investments in associates

Investments in associates

Associate	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1 Kıbrıs Vakıflar Bankası Ltd. (*)	Lefkosa/NCTR	15.00	15.00
2 İşkur İşçi İşadamı Kimya Kuruluşları AŞ (in liquidation)	In liquidation	25.00	25.13
3 Vakıf Menkul Kıymetler Yatırım Ortaklığı AŞ	Istanbul/Turkey	11.75	21.63
4 Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	Ankara/Turkey	27.63	29.45
5 Vakıf Gayrimenkul Ekspertiz ve Değ. AŞ	Ankara/Turkey	20.00	27.44
6 Roketsan Roket Sanayi ve Ticaret AŞ	Ankara/Turkey	10.00	10.00

	Total Assets	Shareholders' Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Years' Profit/Loss	Company's Fair Value
1	562,958	38,364	3,038	59,425	5,157	9,496	3,328	-
2	-	-	-	-	-	-	-	-
3	14,259	14,103	97	911	105,412	2,228	(274)	1,216
4	62,932	62,701	39,143	40	3,464	5,197	4,510	12,408
5	10,621	7,865	649	947	135	4,387	2,355	-
6	308,861	136,408	147,865	895	14	(3,642)	(19,488)	-

(*) The financial statements as of and for the nine-month period ended 30 September 2007

Movement of investments in associates

	Current Year	Prior Year
Balance at beginning of year	17,381	26,454
Movements during the year	7,542	(9,073)
Transfers (*)	7,594	-
Acquisitions and capital increases	-	915
Bonus shares received	914	170
Dividends from current year profit	-	-
Sales/liquidations (-)	(752)	(6,327)
Revaluation increase, inflation correction difference and currency difference on foreign subsidiaries	(214)	(3,757)
Impairment losses (-)	-	(74)
Balance at the end of year	24,923	17,381

(*) In the current year; Roketsan Roket Sanayi ve Ticaret AŞ shares which were previously presented as "Equity securities" under "Financial assets available for sale" has been reclassified as "Non-financial associates".

In the current year, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ, an associate of the Bank, increased its paid-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 bonus shares received in the movement of investments in associated table.

Kıbrıs Vakıflar Bankası Ltd, an associate of the Bank, also increased its paid-in capital 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 bonus shares received in the movement of investments in associated table.

Sectoral distribution of investments and associates

	Current Year	Prior Year
Banks	3,119	2,669
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	13,625	13,374
Total	16,744	16,043

Quoted associates

	Current Year	Prior Year
Quoted to domestic stock exchanges	13,625	13,374
Quoted to international stock exchanges	-	-
Total	13,625	13,374

As per the resolution no.74887 of the Board of Directors of the Bank on 22 August 2006, it is decided to increase the share of the Bank in Kıbrıs Vakıflar Bankası Ltd.

Investments in associates sold during the current year

The Bank sold its 9% shares in Orta Doğu Yazılım Hizmetleri AŞ with a carrying value of YTL 752 to Ahmet Serdar Oğhan Ortak Girişim Grubu in cash by US Dollar 690,000 on 16 April 2007 based on no.75471 and 26 January 2007 dated resolution of the Board of Directors. 20% of the outstanding shares owned by Vakıf Deniz Finansal Kiralama AŞ, 25% of outstanding shares owned by Obaköy Gıda İşletmecilik AŞ, 15% of outstanding shares owned by Vakıf Girişim Sermayesi AŞ and 6% of outstanding shares owned by Vakıf Sistem Pazarlama AŞ are also subject to sales agreement with a total price of US Dollar 4,810,000. The Bank has recorded gain on sale of associates amounting to YTL 166.

20% of outstanding shares of Banque Du Bosphore with a nominal value of EUR 3,200,000 were sold to Financiere De Paris at a total price of EUR 4,402,000 on 10 March 2006. Total sale price was collected in cash.

Investments in associates acquired during the current year

None.

8. Investments in subsidiaries

Investments in subsidiaries

	Subsidiaries	Address (City / Country)	Bank's Share –If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Güneş Sigorta AŞ (*)	Istanbul/Turkey	36.35	36.35
2	Vakıf Emeklilik AŞ (*)	Istanbul/ Turkey	53.90	74.93
3	Vakıf Enerji ve Madencilik AŞ	Ankara/ Turkey	65.50	84.87
4	Ataköy Mağazacılık Ticaret AŞ (in liquidation)	In Liquidation	45.79	45.79
5	Taksim Otelcilik A.Ş.	Istanbul/ Turkey	51.00	51.51
6	Vakıf Finans Factoring Hizmetleri AŞ	Istanbul/ Turkey	78.39	86.53
7	Vakıf Finansal Kiralama AŞ	Istanbul/ Turkey	58.71	64.24
8	Vakıf Deniz Finansal Kiralama AŞ	Istanbul/ Turkey	68.55	73.85
9	Vakıf Girişim Sermayesi Yatırım Ortaklığı AŞ (*)	Ankara/ Turkey	31.00	31.09
10	Vakıf Yatırım Menkul Değerler AŞ	Istanbul/ Turkey	99.00	99.42
11	Vakıf Sistem Pazarlama Yazılım Servis ve Ticaret AŞ	Ankara/ Turkey	73.00	79.75
12	Vakıfbank International AG	Vienna/Austria	90.00	90.00
13	World Vakıf Offshore Banking Ltd.	Lefkosa/NCTR	82.00	84.92
14	Vakıf Portföy Yönetimi AŞ	Istanbul/ Turkey	99.99	99.99

	Total Assets	Shareholder's Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/(Loss)	Prior Years' Profit/(Loss)	Company's Fair Value
1	497,424	206,246	160,785	816	10,886	(7,149)	3,963	99,233
2	707,893	100,541	38,040	1,937	19,293	19,118	12,714	73,223
3	269,176	256,653	257,064	812	62	2,672	38,262	21,722
4	-	-	-	-	-	-	-	-
5	201,595	203,760	85,390	8,537	55	(8,354)	5,001	-
6	67,096	43,805	260	9,720	-	(31,409)	1,151	24,301
7	223,589	33,161	5,652	16,347	127	(3,382)	6,643	89,078
8	128,183	255	64	11,987	-	(2,376)	1,246	-
9	4,181	4,155	234	388	463	(34)	(57)	3,224
10	50,517	48,810	9,031	8,449	606	5,176	4,545	-
11	13,035	8,690	422	323	638	2,249	1,979	-
12	719,297	78,460	1,358	26,625	12,656	9,318	9,603	-
13	35,569	(8,929)	-	2,683	-	(13,423)	2,529	-
14	4,229	3,925	71	226	482	832	361	-

(*) Financial Statements are as of and for the nine-month period ended 30 September 2007

Movement of investments in subsidiaries

	Current Year	Prior Year
Balance at the beginning of the year	391,459	585,282
Movements during the year	104,446	(193,823)
Acquisitions and Capital Increases	5,685	6,775
Bonus Shares Received	29,378	27,533
Dividends from Current Year Profit	-	-
Sales and Liquidations	-	(273)
Revaluation increase, inflation correction difference and currency difference on Foreign Subsidiaries	69,383	33,386
Impairment Losses (+)	-	(261,244)
Balance at the End of the Year	495,905	391,459
Capital Commitments	-	-
Share Percentage at the End of Year (%)	-	-

As per the resolution no.74887 of the Board of Directors of the Bank on 22 August 2006, it is decided to start liquidation process of Vakıf Sistem Pazarlama Yazılım Servis ve Ticaret AŞ, that the Bank owns 73% of its outstanding shares.

As per the resolution of the Board of Directors of the Bank on 7 February 2008, it is decided that the Bank's share in Vakıf Girişim Sermayesi Yatırım Ortaklığı AŞ will be sold to domestic or foreign investors.

In the current year, Güneş Sigorta AŞ, a subsidiary of the Bank, increased its paid-in capital from internal 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 into the movement of investments in subsidiaries table.

As per the resolution no.74887 of the Board of Directors of the Bank on 22 August 2006, it is decided to merge Vakıf Deniz Finansal Kiralama AŞ and Vakıf Finansal Kiralama AŞ.

Valuation methods of investments in subsidiaries

	Current Year	Prior Year
Valued at Cost	185,124	177,320
Valued at Fair Value	310,781	214,139
Valued by Equity Method of Accounting	-	-
Total	495,905	391,459

Sectoral distribution of financial investments in subsidiaries

	Current Year	Prior Year
Banks	41,073	41,073
Insurance Companies	172,456	141,271
Factoring Companies	24,301	24,301
Leasing Companies	89,078	23,555
Finance Companies	-	-
Other Financial Subsidiaries	43,559	37,938
Total	370,467	268,138

Quoted subsidiaries

	Current Year	Prior Year
Quoted at Domestic Stock Exchanges	191,536	98,183
Quoted at International Stock Exchanges	-	-
Total	191,536	98,183

Investments in subsidiaries disposed during the current year

None.

Investments in subsidiaries purchased during the current year

As per the resolution of the Board of Directors, the Bank acquired the 99.99% shares of Vakıf Portföy Yönetim AŞ previously owned by Vakıf Yatırım Ortaklığı AŞ, within the extent of restructuring of investment in associates and subsidiaries. The sale price amounting to USD 4,300,000, determined by independent institutions is paid for the shares having YTL 1,500 nominal value.

The Board of Directors of the Bank has also decided to purchase the shares of the Vadeli İşlem ve Opsiyon Borsası AŞ within the extent of restructuring of investments in associates and subsidiaries, whose 6% shares are owned by Vakıf Yatırım Menkul Değerler AŞ. The shares of Vadeli İşlem ve Opsiyon Borsası AŞ will be purchased at YTL 540 which is equal to its nominal value. Paid-in capital of Vadeli İşlem ve Opsiyon Borsası AŞ is amounting to YTL 9,000.

9. Investments in joint-ventures

None.

10. Information on finance lease receivables

None

11. Information on hedging purpose derivatives

Positive differences on derivative financial instruments held for risk management

None.

12. Information on tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at the end of the prior year:					
Cost	908,367	167,208	24,809	269,253	1,369,637
Accumulated depreciation(-)	157,311	103,134	13,516	205,249	479,210
Net book value	751,056	64,074	11,293	64,004	890,427
Balance at the end of the current year:					
Net book value at the beginning of the current year	751,056	64,074	11,293	64,004	890,427
Additions	56,689	30,735	2,032	60,320	149,776
Disposals (-)	45,508	327	1,137	13,626	60,598
Impairment losses	-	-	-	-	-
Depreciation of the current year (-)	28,416	18,757	3,259	23,143	73,575
Currency translation diff. on foreign operations (-)	-	-	-	-	-
Cost at the end of the current year	919,548	197,616	25,704	315,947	1,458,815
Accumulated depreciation at the end of the year	185,727	121,891	16,775	228,392	552,785
Net book value at the end of the current year	733,821	75,725	8,929	87,555	906,030

In the current year the Bank has not recorded any impairment loss for a specific tangible asset that could individually or collectively effect financial statements.

Assets held for sale amounting to YTL 76,635 has been reclassified as assets for own use in accordance with the BRSA permission numbered 7061 and dated 24 May 2007.

13. Information on intangible assets

Bank's intangible assets consist of computer softwares. The estimated useful life of intangible assets is five years. Intangible assets are amortized on a straight-line basis over the estimated useful lives.

In current year an intangible asset that presents severity for the financial statements does not exist. Additionally Bank does not have intangible assets, which are obtained by government incentives, recorded at fair value, have utilisation restrictions or have been pledged.

The Bank did not have commitment to purchase intangible assets. In the current year Bank has not capitalised research and development expense.

14. Information on investment property

None.

15. Information on deferred tax asset

Items generating deferred tax assets or liabilities are listed below as of 31 December 2007 and 31 December 2006:

	Current Year	Prior Year
Deferred tax assets	82,337	73,090
BRSA – Tax Code depreciation differences	26,704	27,937
ETI and vacation pay provisions	27,070	22,737
Valuation difference for associates and subsidiaries	21,270	18,216
Other provisions	3,954	4,200
Tax reduction exception	1,882	-
Valuation differences of financial assets and liabilities	1,457	-
Deferred tax liabilities	(32,617)	(31,979)
Valuation differences of financial assets and liabilities	(27,151)	(28,721)
Valuation difference for associates and subsidiaries	(5,328)	(3,258)
Others	(138)	41,111
Deferred tax assets, net	49,720	41,111

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

None.

17. Information on other assets

Other asset amount on the balance sheet does not exceed 10% of total assets except for commitments stated on the off-balance sheet.

II. Information and disclosures related to liabilities

1. Information on maturity profile of deposits

<i>Current Year</i>	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	-	253,577	5,608,530	261,908	28,971	29,534	-	6,864,730
Foreign Currency Deposits	788,874	-	1,292,105	3,020,712	361,773	227,137	582,158	-	6,272,759
Residents in Turkey	772,058	-	1,208,746	2,994,491	356,560	225,370	555,824	-	6,113,049
Residents in Abroad	16,816	-	83,359	26,221	5,213	1,767	26,334	-	159,710
Public Sector Deposits	971,314	-	658,695	1,030,009	207,687	116,796	185	-	2,984,686
Commercial Deposits	666,430	-	1,333,137	2,704,773	258,461	445	14,529	-	4,977,775
Other	409,804	-	508,604	5,258,438	762,278	7,762	58,651	-	7,005,537
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	1,224	-	154,234	521,339	80,229	-	-	-	757,026
Central Bank	12	-	-	-	-	-	-	-	12
Domestic Banks	303	-	148,094	495,131	50,358	-	-	-	693,886
Foreign Banks	775	-	6,140	26,208	29,871	-	-	-	62,994
Participation Banks	134	-	-	-	-	-	-	-	134
Other	-	-	-	-	-	-	-	-	-
Total	3,519,856	-	4,200,352	18,143,801	1,932,336	381,111	685,057	-	28,862,513

<i>Prior Year</i>	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	729,350	-	153,455	4,527,173	517,966	28,364	31,950	-	5,988,258
Foreign Currency Deposits	1,306,176	-	1,749,104	2,883,608	577,655	64,941	590,812	-	7,172,296
Residents in Turkey	1,276,877	-	1,736,060	2,763,791	565,357	63,305	553,882	-	6,959,272
Residents in Abroad	29,299	-	13,044	119,817	12,298	1,636	36,930	-	213,024
Public Sector Deposits	1,037,666	-	368,103	1,257,913	54,168	368	3,185	-	2,721,403
Commercial Deposits	666,345	-	748,511	1,823,193	272,308	145,590	2,652	-	3,658,599
Other	553,642	-	377,096	2,928,225	773,806	78,904	31,509	-	4,743,182
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	3,129	-	423,893	131,300	-	-	-	-	558,322
Central Bank	480	-	-	-	-	-	-	-	480
Domestic Banks	347	-	421,311	131,300	-	-	-	-	552,958
Foreign Banks	1,425	-	2,581	-	-	-	-	-	4,006
Participation Banks	-	-	-	-	-	-	-	-	-
Other	877	-	1	-	-	-	-	-	878
Total	4,296,308	-	3,820,162	13,551,412	2,195,903	318,167	660,108	-	24,842,060

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

	Covered by		Exceeding the	
	Deposit Insurance Fund		Deposit Insurance Limit	
	Current Year	Prior Year	Current Year	Prior Year
Saving Deposits	3,654,728	3,100,191	3,208,160	2,828,939
Foreign Currency Saving Deposits	1,286,065	1,298,659	1,893,244	2,144,796
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	4,940,793	4,398,850	5,101,404	4,973,735

Saving deposits out of insurance coverage limits

	Cari Dönem
Deposits and other accounts at foreign branches	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, general manager, his/her assistants, their parents, wives/husbands, and children	600
Deposits and other accounts under scope of TCC law 5237 article no 282, dated 26.09.2004	-
Deposits in Deposit Banks of Turkey, which are solely established for off-shore banking	-

2. Information on trading derivatives

Negative value of trading purpose derivatives

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Forwards	4,959	1	-	35
Swaps	15,044	2,286	-	3,707
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	20,003	2,287	-	3,742

3. Information on banks and other financial institutions

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Central Bank of Turkey	-	-	-	-
Domestic Bank and Institutions	52,803	247,370	61,991	310,536
Foreign Bank, Institutions and Funds	-	4,392,685	-	4,624,609
Total	52,803	4,640,055	61,991	4,935,145

Maturity information of funds borrowed

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Short-term	52,803	1,339,388	61,991	1,800,619
Medium and Long term	-	3,300,667	-	3,134,526
Total	52,803	4,640,055	61,991	4,935,145

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 12.62% of the Bank's liabilities. There is no risk concentration on funding sources of the Bank.

On 19 July 2006, the Bank has obtained syndication loan of US Dollar 700 million having one year maturity and Libor+0.525% interest rate, with the participation of 22 international banks through club deal.

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+0.626% 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 Libor+0.25% with the participation of 23 international banks.

On 22 May 2007, the Bank has obtained securitization loan of US Dollar 500 million based on overseas remittance flows of the Bank's clients. US Dollar 150 million of which has a maturity of 8 years and the remaining US Dollar 350 million of which has a maturity of 10 years.

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

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

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

Obligations under financial leases

	Current Year		Prior Year	
	Gross	Net	Gross	Net
Up to 1 year	1,627	1,494	-	-
1-4 years	25,012	23,212	13,422	12,494
More than 4 years	-	-	-	-
Total	26,639	24,706	13,422	12,494

6. Information on liabilities arising from hedging derivatives

Negative value of hedging purpose derivatives

None.

7. Information on provisions

Information on general provisions

	Current Year	Prior Year
Provisions for Loans and Receivables in Group I	151,077	115,632
Provisions for Loans and Receivables in Group II	7,099	5,225
Provisions for Non Cash Loans	15,390	9,606
Other	179	-
Total	173,745	130,463

Assets subject to general provision and provision amounts as per risk gradings

Current Year	Balance sheet items		Off balance sheet items	
	Book value	Provision	Book value	Provision
Grade 1-3 : Low risk loans and receivables	21,937,130	141,534	8,302,084	15,075
Grade 4-5 : Loans under follow-up	947,053	6,049	173,207	315
Restructured loans	235,182	1,050	-	-
Other not graded assets	2,283,973	9,543	738,696	179
Total	25,403,338	158,176	9,213,987	15,569

Prior Year	Balance sheet items		Off balance sheet items	
	Book value	Provision	Book value	Provision
Grade 1-3 : Low risk loans and receivables	17,143,890	96,775	7,575,791	9,450
Grade 4-5 : Loans under follow-up	645,138	3,225	125,433	156
Restructured loans	254,212	2,000	-	-
Other not graded assets	3,860,668	18,857	-	-
Total	21,903,908	120,857	7,701,224	9,606

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

None.

Provisions for non-cash loans that are not indemnified or converted into cash

	Current Year	Prior Year
Non-cash Loans with Limited Collectibility	1,956	5,302
Non-cash Loans with Doubtful Collectibility	11,613	344
Uncollectible Non-cash Loans	68,823	93,214
Total	82,392	98,860

Information on other provisions

	Current Year	Prior Year
General Reserves for Possible Loan Losses	-	21,000

Information on other provisions exceeding 10% of total provisions

None.

8. Taxation

Current Taxes

Tax provision

As of 31 December 2007, Bank has tax liabilities of YTL 82,561, after deducting prepaid taxes.

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 claiming the taxes paid. 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 transferred to the Bank's accounts on 5 September 2007.

Information on taxes payable

	Current Year	Prior Year
Corporate taxes payable	82,561	85,640
Taxation on securities	52,709	41,138
Capital gains tax on property	468	380
Banking and Insurance Transaction Tax (BITT)	21,545	16,455
Taxes on foreign exchange transactions	1,311	2,463
Value added tax payable	1,007	437
Other	10,785	7,944
Total	170,386	154,457

Information on premiums payable

	Current Year	Prior Year
Social security premiums- employee share	-	-
Social security premiums- employer share	-	-
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	275	222
Unemployment insurance- employer share	485	379
Other	-	-
Total	760	601

Information on deferred tax liability

Disclosed in Note 15 of information and disclosures for assets.

9. Information on payables for assets held for resale and tangible assets related to discounted activities

None.

10. Information on subordinated loans

None.

11. Information on shareholders' equity

Paid-in capital

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

Paid-in capital of the 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).

Board of Directors' members; 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
Basic capital system	2,500,000	5,000,000

The registered capital ceiling 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 year

There is no share capital increase in the current year.

On 19 December 2006, the paid-in capital of the Bank has been increased to YTL 2,500,000 by YTL 1,221,000 from YTL 1,279,000. YTL 605,763 of the total increase was provided from other capital reserves, YTL 448,205 from share premiums, YTL 154,500 from extraordinary reserves, YTL 7,795 from revaluation fund and YTL 4,737 from other profit reserves. This capital is divided into 2.500.000.000 shares and each share's value is equal to 1 New Turkish Lira.

Increment Date	Increment Amount	Cash	Increment from Profit Reserves	Increment from Supplementary Capital
19 December 2006	1,221,000	-	167,032	1,053,968

Information on share capital increases from revaluation funds

None.

Capital commitments for current financial year and following year

None.

Prior year indicators of the 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.

Valuation differences of marketable securities

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Associates, subsidiaries and JV's	159,268	-	83,312	-
FV differences	74,202	41,960	(2,747)	55,821
Foreign exchange differences	-	-	-	-
Total	233,470	41,960	80,565	55,821

III. Information and disclosures related to off-balance sheet items

1. Disclosures related to other contingent liabilities

Type and amount of irrevocable commitments

	Current Year	Prior Year
Letters of Guarantee in Foreign Currency	1,489,200	1,423,832
Letters of Guarantee in YTL	2,773,207	1,857,461
Letters of Credit	1,118,055	1,225,892
Bills of Exchange and Acceptances	456,865	354,923
Other Guarantees and Warranties	3,468	9,814
Total	5,840,795	4,871,922

Type and amount of possible losses from off-balance 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 100% specific provision for unliquidated non-cash loans amounted to YTL 82,392 recorded under off-balance sheet items.

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Year	Prior Year
Provisional Letters of Guarantee	107,807	78,522
Final Letters of Guarantee	3,432,155	2,700,200
Letters of Guarantee for advances	545,641	301,306
Letters of Guarantee given to Customs Offices	82,595	60,465
Other Letters of Guarantee	94,209	140,800
Total	4,262,407	3,281,293

2. Non-cash Loans

	Current Year	Prior Year
Non-Cash Loans Given for Cash Loan Risks	375,627	444,043
With Original Maturity of 1 Year or Less	158,732	154,617
With Original Maturity of More Than 1 Year	216,895	289,426
Other Non-Cash Loans	5,465,168	4,427,879
Total	5,840,795	4,871,922

3. Sectoral risk concentrations of non-cash loans

	Current Year				Prior Year			
	YTL	%	FC	%	YTL	%	FC	%
Agricultural	24,187	0.87	25,727	0.84	21,224	1.14	7,652	0.25
Farming and Stockbreeding	18,843	0.67	14,693	0.48	17,295	0.93	4,918	0.16
Forestry	3,803	0.14	90	0.00	3,316	0.18	-	-
Fishing	1,541	0.06	10,944	0.36	613	0.03	2,734	0.09
Manufacturing	1,083,730	39.08	1,532,477	49.95	722,417	38.89	1,300,730	43.15
Mining	23,992	0.87	89,892	2.93	23,407	1.26	65,849	2.18
Production	830,040	29.93	1,292,455	42.13	567,105	30.53	1,073,679	35.62
Electric, gas and water	229,698	8.28	150,130	4.89	131,905	7.10	161,202	5.35
Construction	369,941	13.34	566,647	18.47	259,075	13.95	510,489	16.94
Services	1,023,770	36.91	428,728	13.97	570,590	30.72	552,833	18.34
Wholesale and retail trade	526,053	18.97	172,466	5.62	265,392	14.29	129,123	4.29
Hotel, food and beverage services	31,633	1.14	9,569	0.31	26,555	1.44	1,877	0.06
Transportation and telecommunication	144,200	5.20	60,812	1.98	116,618	6.28	196,338	6.51
Financial institutions	294,295	10.61	169,557	5.53	141,936	7.64	201,496	6.68
Real estate and renting services	1,787	0.06	-	-	1,189	0.06	-	-
“Self-employment” type services	-	-	-	-	-	-	-	-
Education services	5,423	0.20	5,945	0.19	2,122	0.11	10,279	0.34
Health and social services	20,379	0.73	10,379	0.34	16,778	0.90	13,720	0.46
Other	271,707	9.80	513,881	16.77	284,249	15.30	642,663	21.32
Total	2,773,335	100.00	3,067,460	100.00	1,857,555	100.00	3,014,367	100.00

4. Information on the first and second group of non-cash loans

	I. Group		II. Group	
	YTL	FC	YTL	FC
Letters of Guarantee	2,679,273	1,373,530	57,092	71,177
Confirmed Bills of exchange and Acceptances	-	447,672	-	9,063
Letters of Credit	128	1,081,124	-	35,876
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	3,468	-	-
Total	2,679,401	2,905,794	57,092	116,116

5. Information on derivative transactions

	Current Year	Prior Year
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	995,354	9,837
Currency Forwards	484,726	9,837
Currency Swaps	510,628	-
Currency Futures	-	-
Currency Options	-	-
Interest Rate Derivative Transactions (II)	468,634	375,131
Interest Rate Forwards	-	-
Interest Rate Swaps	468,634	375,131
Interest Rate Futures	-	-
Interest Rate Options	-	-
Other Trading Derivatives (III)	-	-
A. Total Trading Derivatives (I+II+III)	1,463,988	384,968
Hedging Derivatives	-	-
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Hedges for Foreign Currency Investments	-	-
B. Total Hedging Derivatives	-	-
Derivative Transactions (A+B)	1,463,988	384,968

	31 December 2007					Total
	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	
Currency swaps:						
Purchase	254,012	-	3,879	-	-	257,891
Sale	248,855	-	3,882	-	-	252,737
Currency forwards:						
Purchase	148,336	47,591	46,519	-	-	242,446
Sale	148,226	47,561	46,493	-	-	242,280
Cross currency interest rate swaps:						
Purchase	-	-	-	78,000	83,160	161,160
Sale	-	-	-	87,815	73,395	161,210
Interest rate swaps:						
Purchase	-	-	-	77,199	-	77,199
Sale	-	-	-	69,065	-	69,065
Total of purchases	402,348	47,591	50,398	155,199	83,160	738,696
Total of sales	397,081	47,561	50,375	156,880	73,395	725,292
Total of transactions	799,429	95,152	100,773	312,079	156,555	1,463,988

	31 December 2006					Total
	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	
Currency swaps:						
Purchase	-	-	-	-	-	-
Sale	-	-	-	-	-	-
Currency forwards:						
Purchase	-	3,678	1,241	-	-	4,919
Sale	-	3,677	1,241	-	-	4,918
Cross currency interest rate swaps:						
Purchase	-	-	-	-	83,160	83,160
Sale	-	-	-	-	88,200	88,200
Interest rate swaps:						
Purchase	-	-	-	30,744	75,422	106,166
Sale	-	-	-	29,499	68,106	97,605
Total of purchases	-	3,678	1,241	30,744	158,582	194,245
Total of sales	-	3,677	1,241	29,499	156,306	190,723
Total of transactions	-	7,355	2,482	60,243	314,888	384,968

6. Contingent assets and liabilities

None.

7. 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 off-balance sheet accounts.

The Bank's custody services and banking transactions on behalf of individuals and corporate customers are not material to the size of the Bank.

IV. Information on disclosures related to the income statement

1. Interest income

Information on interest income received from loans

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Short-term Loans	1,718,940	142,020	1,327,595	153,682
Medium and Long-term Loans	1,086,953	232,900	764,423	192,390
Loans under follow-up	75,073	-	48,657	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	2,880,966	374,920	2,140,675	346,072

Information on interest income received from banks

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Central Bank of Turkey	-	4,626	-	3,818
Domestic Banks	20,015	891	25,281	2,651
Foreign Banks	65,012	85,441	10,710	76,501
Foreign Head Office and Branches	-	-	-	-
Total	85,027	90,958	35,991	82,970

Information on interest income received from securities portfolio

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Trading Financial Assets	3,583	33,694	14,772	116,628
Financial Assets Valued at Fair Value Through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	1,198,897	219,308	1,045,613	225,368
Investments Held-to-Maturity	105,089	5,007	11,833	312
Toplam	1,307,569	258,009	1,072,218	342,308

Information on interest income received from associates and subsidiaries

	Current Year	Prior Year
Interest Received from Associates and Subsidiaries	1,229	837

2. Interest Expense

Interest expenses on funds borrowed

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Banks	8,058	247,204	5,156	198,241
Central Bank of Turkey	-	-	-	-
Domestic Banks	8,039	2,415	4,775	3,139
Foreign Banks	19	244,789	381	195,102
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	39	19	-	89
Total	8,097	247,223	5,156	198,330

Interest expenses paid to associates and subsidiaries

	Current Year	Prior Year
Interest Paid to Associates and Subsidiaries	11,161	7,904

Interest expense on securities issued

None.

Maturity structure of interest expense on deposits

Account Description	Time Deposit						Accumulat ing Deposit Accounts	Total
	Demand Deposits	Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	1 Year and Over		
Turkish Lira:								
Bank Deposits	-	72,380	-	-	-	-	-	72,380
Saving Deposits	5,070	30,578	906,443	85,622	5,015	3,654	-	1,036,382
Public Sector Deposits	4,389	71,440	254,491	20,080	20,142	281	-	370,823
Commercial Deposits	2,196	89,652	310,014	15,920	3,185	1,180	-	422,147
Other Deposits	684	149,177	805,254	112,059	27,762	2,288	-	1,097,224
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total	12,339	413,227	2,276,202	233,681	56,104	7,403	-	2,998,956
Foreign Currency:								
Foreign Currency Deposits	5,135	57,977	95,216	19,620	9,056	21,517	-	208,521
Bank Deposits	-	33,549	-	-	-	-	-	33,549
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metals Deposits	-	-	-	-	-	-	-	-
Total	5,135	91,526	95,216	19,620	9,056	21,517	-	242,070
Grand Total	17,474	504,753	2,371,418	253,301	65,160	28,920	-	3,241,026

3. Dividend Income

	Current Year	Prior Year
Trading Financial Assets	-	-
Financial Assets Valued at Fair Value Through Profit or Loss	-	-
Financial Assets Available-for-Sale	5,646	6,376
Other	29,072	10,181
Total	34,718	16,557

4. Trading income/losses (Net)

	Current Year	Prior Year
Income	671,441	986,870
Trading Account Income	96,163	105,927
<i>Derivative financial instruments</i>	55,231	15,494
<i>Others</i>	40,932	90,433
Foreign Exchange Gain	575,278	880,943
Losses (-)	478,092	943,720
Trading Account Losses	48,641	60,437
<i>Derivative financial instruments</i>	38,868	12,631
<i>Others</i>	9,773	47,806
Foreign Exchange Losses	429,451	883,283
Income	193,349	43,150

5. Other operating income

As mentioned in detail in the footnote 8, “information and disclosures related to liabilities”, the Bank has recorded tax return amounting to YTL 125,187 as other operating income, as a result of the tax court decision about the deduction of monetary losses incurred in the financial year 2001 resulting from inflation accounting.

6. Provision expenses for losses on loans and other receivables

	Current Year	Prior Year
Specific Provisions on Loans and Other Receivables	220,523	161,144
<i>Loans and Receivables in Group III</i>	215,518	122,754
<i>Loans and Receivables in Group IV</i>	5,005	23,864
<i>Loans and Receivables in Group V</i>	-	14,526
Non-performing commissions and other receivables	-	-
General Provision Expenses	43,282	42,000
Provision for Possible Losses	-	-
Impairment Losses on Securities:	11,711	7,781
<i>Trading securities</i>	992	1,047
<i>Investment Securities Available-for-Sale</i>	10,719	6,734
Other Impairment Losses:	584	74,062
<i>Associates</i>	-	75
<i>Subsidiaries</i>	-	73,508
<i>Joint Ventures</i>	-	-
<i>Investment Securities Held-to-Maturity</i>	584	479
Other	92,334	23,372
Total	368,434	308,359

7. Other operating expenses

	Current Year	Prior Year
Personnel Costs	457,156	363,621
Reserve for Employee Termination Benefits	21,663	15,002
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses on Tangible Assets	73,575	62,256
Impairment Losses on Intangible Assets	-	-
Amortization Expenses on Intangible Assets	2,101	1,562
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses on Assets to be Disposed	-	-
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	333,907	288,265
<i>Operational lease related expenses</i>	51,840	41,335
<i>Repair and maintenance expenses</i>	11,792	9,878
<i>Advertisement expenses</i>	32,543	32,124
<i>Other expenses</i>	237,732	204,928
Loss on sale of assets	7,425	8,646
Other	98,744	210,981
Total	994,571	950,333

8. Information on income/loss from discontinued operations

The Bank has no discontinued operations. Information on provision for taxes on income from continuing operations is presented in disclosure 11 in this section.

9. Information on tax provision from discontinued operations

The Bank has no discontinued operations. Information and detailed tables on income before tax from continuing operations are presented in disclosures 1-7 in this section.

10. Information on net profit/loss from discontinued operations

The Bank has no discontinued operations. Information on net income is presented in disclosures 1-13 in this section.

11. Provision for taxes on income

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

In the current year, the Bank recorded a tax provision of YTL 255,483 from the operating profit 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 Year	Prior Year
Arising from Origination (+)/ Reversal (-) of Deductible Temporary Differences	9,247	-
Arising from Origination (+)/ Reversal (-) of Taxable Temporary Differences	18,837	(75,777)
Arising from Origination (+)/ Reversal (-) of Tax Losses	-	-
Arising from tax rate change	-	-
Total	28,084	(75,777)

12. Net profit and loss

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

None.

Any changes in estimations that might have a material effect on current and subsequent year results

None.

13. Information related to the components of other items in the 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 statement of changes in shareholders' equity

1. Information on increases after revaluation of available-for-sale investments

Movement table related to increases after revaluation of available-for-sale investments is explained below:

Valuation Differences of Marketable Securities	Current Year	Prior Year
Valuation differences at the beginning of the year	53,074	239,788
Fair value changes in the current year	113,841	(272,065)
Effect of deferred and corporate taxes	(24,497)	88,654
Valuation differences transferred to the income statement	(28,861)	(6,065)
Effect of deferred and corporate taxes	2,605	2,762
Valuation differences at the end of the year	116,162	53,074
Valuation Difference of the Subsidiaries and Affiliates	Current Year	Prior Year
Valuation differences at the beginning of the year	83,312	129,627
Fair value changes in the current year	78,043	(47,610)
Effect of deferred and corporate taxes	(2,087)	1,295
Valuation differences transferred to the income statement	-	-
Effect of deferred and corporate taxes	-	-
Valuation differences at the end of the year	159,268	83,312

2. Information on increases in cash flow hedges:

None.

3. Reconciliation of the beginning and end of the year balances of foreign exchange differences:

None.

4. Information on differences in shareholders' equity accounts due to inflation accounting:

In compliance with BRSA's Circular on 28 April 2005 on ceasing the inflation accounting application, the balances resulted from the inflation accounting application as of 31 December 2004 and booked according to the Uniform Chart of Accounts and the related Articles, are transferred to the main accounts that were subject to the inflation accounting adjustments except for "capital reserves from inflation adjustments". The balance of "capital reserves from inflation adjustments" account is transferred to "other capital reserves" account. In 2006, the Bank has increased its paid in capital through "other capital reserves" by YTL 605,763.

5. Information on profit distribution

Based on the resolution of 53rd Annual General Assembly held on 30 March 2007, net profit of the year 2006 amounting to YTL 769,730 was decided to be distributed as legal reserves in the amount of YTL 76,973, as extraordinary reserves in the amount of YTL 256,892 and as dividend in the amount of YTL 435,865.

There is no dividend distribution announced about 2007 profit before the release of these financial statements.

6. Decreases from valuation of financial assets available-for-sale

None.

VI. Information and disclosures on cash flow statement

1. Disclosures for “other” items in statement of cash flows and effect of change in foreign currency rates cash and cash equivalents

In 2007, net cash inflows arising from banking operations amounts to YTL 365,174. YTL (405,340) thousands of this amount is generated from the change in operating assets and liabilities and YTL 770,514 from operating profit. The net cash outflow from investing activities amounts to YTL 570,631. The major item is the cash outflows arising from new investments in securities. Cash and cash equivalents decreased to YTL 5,259,888 at the end of the current year in comparison to YTL 5,888,998 at the beginning of the current year.

2. Cash outflows from acquisition of associates, subsidiaries and joint-ventures

As per the resolution of the Board of Directors related to the restructuring of investment in associates and subsidiaries, the Bank acquired the 99.99% shares of Vakıf Portfoy Yönetim AŞ, which has a nominal paid in capital of YTL 1,500, previously owned by Vakıf Yatırım Ortaklığı AŞ. The sale price amounting to USD 4,300,000 was determined by an independent appraiser. The amount is disclosed in “Net Cash Flow from Investing Activities” section, “Cash Paid for Purchase of Associates, Subsidiaries and Joint-Ventures” account of cash flow statement.

3. Cash inflows from disposal of associates, subsidiaries and joint-ventures

The Bank sold its 9% shares in Orta Doğu Yazılım Hizmetleri AŞ with a carrying value of YTL 752 to Ahmet Serdar Oğhan Ortak Girişim Grubu in cash by US Dollar 690,000 on 16 April 2007 based on no.75471 and 26 January 2007 dated resolution of the Board of Directors. The amount is disclosed in “Net Cash Flow from Investing Activities” section, “Cash Obtained from Sale of Associates, Subsidiaries and Joint-Ventures” account of cash flow statement.

4. Information on cash and cash equivalents at the beginning of the year

	Current Year	Prior Year
	31 December 2006	31 December 2005
Cash on Hand	409,424	280,038
Cash in YTL	365,660	248,913
Cash in Foreign Currency	43,764	31,125
Cash Equivalents	5,479,574	6,106,825
Other	5,479,574	6,106,825
Total	5,888,998	6,386,863

5. Information on cash and cash equivalents at the end of the year

	Current Year	Prior Year
	31 December 2007	31 December 2006
Cash on Hand	419,071	409,424
Cash in YTL	363,150	365,660
Cash in Foreign Currency	55,921	43,764
Cash Equivalents	4,840,817	5,479,574
Other	4,840,817	5,479,574
Total	5,259,888	5,888,998

6. Restricted cash and cash equivalents due to legal requirements or other reasons

Bahrain Branch’s foreign currency demand deposits at foreign banks include blocked amounts of YTL 63,867.

VII. 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 year end and income and expenses in the current year

Current Year	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 year	12,752	219,239	-	568	-	-
Balance at the End of the year	63,102	175,454	126	1,562	3,993	4,595
Interest and Commission Income Received	1,229	1,048	-	-	7	12

Prior Year	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Cash	Non-Cash	Cash
Loans and Other Receivables						
Balance at the Beginning of the year	28,062	189,533	-	950	-	-
Balance at the End of the year	12,752	219,239	-	568	-	-
Interest and Commission Income Received	837	83	-	-	-	-

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 Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
Deposits						
Balance at the Beginning of the year	128,372	86,210	77,592	-	2,650	-
Balance at the End of the year	278,916	128,372	968,481	77,592	84,950	2,650
Interest on Deposits	11,161	7,904	-	-	-	-

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 arms-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 the risk group to the overall cash and non-cash loans are 0.29% and 3.11%.

Current Year	Amount	Compared With the Financial Statement Amount %
Cash Loans	67,221	0.29
Non-Cash Loans	181,611	3.11
Deposits	1,332,347	4.62
Forward and Option Agreements	-	-

Prior Year	Amount	Compared With the Financial Statement Amount %
Cash Loans	12,752	0.07
Non-Cash Loans	219,807	4.51
Deposits	208,614	0.84
Forward and Option Agreements	-	-

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

None.

VIII. Information on domestic, foreign and off-shore branches or investments and foreign representative offices

Domestic and foreign branches and representative offices

	Number of Branches	Number of Employees			
Domestic Branches (*)	466	8,684			
			Country		
Foreign Representative Offices			1-		
			2-		
			3-		
Foreign Branches	2	16	1- USA	Total Assets	Legal Capital
			2- Bahrain	731,903	19,223
			3-	7,568,689	
Off-shore Branches			1-		
			2-		
			3-		

(*) Free zone branches in Turkey is included in domestic branches.

Opening or closing of domestic and foreign branches and representative offices and significant changes in organisational structure

During 2007, 39 new domestic branches have been opened and no branches have been closed.

SECTION SIX

I. Other Disclosures and Footnotes

1. Other disclosures on the Bank's activity

The Bank's management has decided to implement growth target in credit card business with brand sharing with an existing brand in the market and decided to collaborate with Yapı Kredi Bankası AŞ in World credit card programme. The Bank has authorized Bank's general manager for signing and preparation of the agreement.

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

May 2006 ^(*)	Standard Poors
Foreign Currency Credit Rating	BB- / Stable / B
Local Currency Credit Rating	BB / Stable / B
National	trA+ / -- / trA-1

April 2007 ^(*)	Moody's Investors' Service
Financial Strength Rating	D+
Local Currency Deposit Rating	Baa1 / P-2
Foreign Currency Deposit Rating	B1 / NP
Outlook	Stable

November 2005 ^(*)	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

May 2006 ^(*)	Capital Intelligence
Financial Strength Rate	BBB-
Short Term Foreign Currency	B
Long Term Foreign Currency	BB-
Support Rating	2
Outlook	Stable

^(*) Dates represent the last change dates of credit ratings and outlook.

^(**) Updated with report dated 14 December 2007.

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

- In conjunction with the “Regulation for an Adjustment on the Regulation on the Procedures and Principles on the Determination of the Nature of the Loans and Other Receivables and their Provisions” which has been published in the Official Gazette no. 26779 dated 6 February 2008, general provision for the restructured or rescheduled loans and other receivables has been raised from 1% to 2%, general provisions for the bills of exchange and sureties and other non-cash loans have been raised from 0.2% to 0.4%.
- 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 transferred to the Bank’s accounts on 5 September 2007. The related tax administration has filled an appeal that is still in process.

“The Law on the Collection of Some of the Public Receivables by Reconciliation” no.5736 has passed on 20 February 2008 in the Parliament and approved on 26 February 2008 by the President of the Turkish Republic. In accordance with this law’s first sub clause of the third article, the conflicts resulting from the sub clause no. 13 of the Provisional Article 4 of the abolished Banking Law no.4389 dated 18 June 1999, losses that are subjected to a decrease in capital by decreasing extraordinary and legal reserves subject to seventh sub clause of the fourteenth article changed by the eighteenth article of the abolished Corporate Tax Law numbered 5422 dated 1949, with the 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 related to this matter in one month after this law come into effect. According to the same article’s second sub clause, if there is a refund arising from the disclaim in the judgment decision about this subject, since the time this law come into effect, the amount to be refunded as advance, should be deducted from the refund arising from judgment authority’s decision. There will be no interest or due surcharge for the amounts to be rejected and refunded.

As of the report date, The Bank management has taken no decisions for any reconcilements for the point in dispute as stated in the second paragraph specified in the first paragraph above.

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

None.

SECTION SEVEN

I. Independent Auditors' Review Report

1. Information on the independent auditors' review report

The Bank's unconsolidated financial statements and footnotes as of 31 December 2007, have been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the member firm of KPMG International) and an unqualified opinion has been issued in their independent auditors' report dated 28 February 2008.

2. Explanations and disclosures by Independent Auditors

None.