

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

7•UNL\H 9DNÖIODU %DQNDVÖ 7•

Interim Financial Statements

As of and for the Three Month Period Ended

31 March 2008

With Independent Auditor's Review Report Thereon

Akis Bağımsız Denetim ve Serbest  
Muhasebeci Mali Müşavirlik AŞ

14 May 2008

*This report contains "Independent Auditors' Review Report" comprising 1 page and; "Unconsolidated Financial Statements and Related Disclosures and Footnotes" comprising 62 pages.*







7•UNL\H 9DNÕIODU %DQNDVÕ 7•UN \$QRQLP  
 Unconsolidated Interim Financial Report as of and  
 For the Three Month Period Ende 31 March 2008

(Currency: Thousands of YTL New Turkish Lira)

SECTION ONE

General Information

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

7•UNL\H 9DNÕIODU %DQNDVÕ 7•UN \$QRQLP 2UWDNOÕ in Õ 3WK  
 the disclosure of this section, under the authorization of a special law number FDOOHG 3V  
 ODZ RI 7•UNL\H 9DNÕIODU %DQNDVÕ 7•UN \$QRQLP 2UWDNOÕ  
 of the authority granted to The General Directorate of the Foundations of Turkish Republic Prime  
 0LQLVWU\ 37KH \*HQHURDÖXQGDVWRQDVWH7KHVWÖDNV VWDWX  
 since its establishment.

- II. 7KH %DQN¶V VKDUHKROGHU VWUXFWXUH PDQDJHPHQW  
 shareholders, change in shareholder structure during the year and information on  
 %DQN¶V Group LVN

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

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

7KH %DQN¶V VKDUHKROGHU VWUXFWXUH LV VWDWHG EHORZ

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)	386.224.785	386,225	15.45
9DNÕIEDQN 0HPXU YH +L]PHWC <DUGÕP 6DQGÕ÷Õ 9DNIO *URX	402.552.666	402,553	16.10
Foundations (Group B)	4.681.052	4,681	0.19
Individuals and legal entities (Group C)	1.886.449	1,886	0.08
Publicly traded (Group D)	629.596.408	629,596	25.18
Total	2.500.000.000	2,500,000	100.00

## III.

Informati R Q R Q W K H % D Q N ¶ V E R D U G R I G L U H F W R U V F K D L U P  
members, chief executive officer, executive vice presidents and their shareholdings in  
the Bank

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking
<u>Board of Directors</u>				
Yusuf BEYAZIT	Chairman	30 April 2004	Master	10 years
5 D J Ö S ' 2 ö 8	Deputy Chairman	6 April 2005	University	33 years
Bilal KARAMAN	Member ±General Manager	22 June 2005	University	29 years
0 H K P H W d ( . ø 1 0	Member	24 July 2007	University	32 years
6 H U G D U 7 8 1 d % †	Member	24 July 2007	University	23 years
Has D Q g = ( 5	Member	7 February 2003	University	22 years
Erkan TOPAL	Member	4 April 2006	University	13 years
6 D E D K D W W ( 1 ) Q %	Member	21 March 2008	University	22 years
& H P ' ( 0 ø 5 \$ ö	Member	4 April 2005	University	17 years
<u>Audit Committee</u>				
6 H U G D U 7 8 1 d % †	Member	24 July 2007	University	23 years
& H P ' ( 0 ø 5 \$ ö	Member	4 April 2005	University	17 years
<u>Auditors</u>				
\$ K P H W 7 D Q \ R O	Auditor	21 March 2003	University	5 years
) D U X N ( U R ÷ O X	Auditor	21 March 2003	University	7 years
<u>Executive Vice Presidents</u>				
7 D Q M X < • N V H O	International Investors Relations	1 May 2000	University	24 years
Ahmet \$ W Ö I 0 ( 2 ) \ G E	Treasury and Foreign Operations, Banking Operations and Credit Cards Private Banking	29 January 2000	University	20 years
\$ \ G Ö Q ' H O L N W E	Human Resources, and Support Services	9 August 2004	University	28 years
ù D K L Q 8 ÷ X U	Investment Banking and Subsidiaries	9 August 2004	University	22 years
) H \ ] L g ] F D Q	Retail Banking Pension Fund, Directorates of the Regions, Distribution Channels	20 September 2000	University	19 years
Dr. Metin Recep Zafer	Planning and Performance, Accounting and Financial Affairs	13 June 2006	PHD	13 years
% L U J • O ' H Q O L	Treasury	3 July 2006	Master	14 years
' R ÷ D Q 3 H Q o H	Corporate Loans, Loans Follow-up, and Directorates of Information	7 June 2006	University	16 years
' U 0 . • U ú D G ' F	Software Development, Treasury and Foreign Operations Banking Support, System Support, Hardware Support and Private Banking	30 November 2000	PHD	8 years
ø K V D Q d D N Ö U	Commercial Banking, Corporate Banking, Communication and Relations with Media, Cash Management Corporate Salary Payments and Commercial Centers	30 November 2000	University	13 years
Mehmet Cantekin	Legal Services	27 December 2000	Master	16 years

(1) On 21 March 2008, ~~SE~~ KDWWLQ 7RUDPDQ¶V PHPEHUVKLS LQ WKH %D DQG 6HEDKDWWLQ %LUGDO KDV EHHQ DSSRLQWHG DV WKH P to the resolution of Annual General Assembly held at the same date. Sebahattin ~~Barlak~~ taken up his duty on 26 March 2008.

(2) Assistant General Manager ~~HU \$KPHW \$WÖI 0~~ ~~Hasan Dökme~~ resigned from his position in the Bank and appointed as Assistant General Manager of one of the %DQNDVÖ subsidiaries 9DNÖI <DWÖÜÖ 0HQNXO 'H÷HUOHU \$ù DFFRUGLQJ WR WKH %RDUG RI 'LUHFWI HasaQ g]HU WKH PHPEHU RI WKH %DQN V % ~~Adnan~~ ~~Redif~~ ~~Share~~ of FWRU the Bank amounting of YTL 0.60.

The remaining members of the top management listed above do not hold any unquoted shares of the Bank.

#### IV. Information on the Bank ¶V TXDOLILHG VKDUHKROGHUV

The shareholder holding direct or indirect control over the Bank is The General Directorate of the )RXQGDWLRQV KDYLQJ RI WKH %DQN¶V RXWVWDQGLQJ share in the Bank is 9DNÖIEDQN 0HPXU YH +L]PHWOLOHUL (PHNOL YH 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 by EOLVKHG XQGHU WKH DXWKRULJDWLRQ RI VSHFLD 7•UNL\H 9DNÖIODU %DQNDVÖ 7•UN \$QRQLP 2UWDNOÖ÷Ö' RQ authority granted to The General Directorate of the Foundations. Operational activities of the Bank as stated at its Articles of Association are as follows:

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

As of 31 March 2008, the Bank has 489 domestic, 2 foreign, in total 491 branches (31 December 2007: 466 domestic, 2 foreign branches in total 468 branches). As of 31 March 2008, the Bank has 8,833 employees (31 December 2007: 8,700)







7•UNL\H 9DNÖIODU %DQNDVÖ 7•UN \$QRQLPÖZDÜNDÜNTARİLATIÖN of Financial Statement  
 Unconsolidated OfBalance Sheet and Related Disclosures and Footnotes  
 At 31 March 2008 Originally Issued in Turkish, See Section 3 Note I  
 (Thousands of New Turkish Lira (YTL))

	Notes Section 5	Reviewed Current Period 31 March 2008			Audited Prior Year 31 December 2007		
		YTL	FC	TOTAL	YTL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		9,741,871	5,022,721	14,764,604	9,248,751	4,085,081	13,333,841
I. GUARANTEES AND SURETIES	III -1-4	2,929,341	4,156,151	7,085,501	2,773,331	3,067,461	5,840,791
1.1. Letters of guarantee		2,929,191	2,101,971	5,031,161	2,773,201	1,489,201	4,262,401
1.1.1. Guarantees subject to Standard Law		435,841	590,941	1,026,781	378,631	359,571	738,211
1.1.2. Guarantees given for foreign trade operations		103,791	188	103,981	83,351	229	83,581
1.1.3. Other letters of guarantee		2,389,551	1,510,831	3,900,391	2,311,211	1,129,391	3,440,611
1.2. Bank acceptances		-	555,841	555,841	-	456,861	456,861
1.2.1. Import letter of acceptance		-	190,521	190,521	-	164,941	164,941
1.2.2. Other bank acceptances		-	365,311	365,311	-	291,911	291,911
1.3. Letters of credit		154	1,485,851	1,486,011	128	1,117,921	1,118,051
1.3.1. Documentary letters of credit		154	1,485,851	1,486,011	128	1,117,921	1,118,051
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Guaranteed financings		-	11,561	11,561	-	2,631	2,631
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		-	925	925	-	829	829
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS		6,523,551	339,421	6,862,971	6,016,091	12,971	6,029,061
2.1. Irrevocable commitments		6,515,341	339,241	6,854,581	6,007,531	12,801	6,020,341
2.1.1. Asset purchase commitments		295,691	326,571	622,261	-	-	-
2.1.2. Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		1,496,081	-	1,496,081	1,452,871	-	1,452,871
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		1,428,301	-	1,428,301	1,330,391	-	1,330,391
2.1.8. Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card limits		3,058,281	-	3,058,281	3,067,931	-	3,067,931
2.1.10. Commitments for credit card and banking operations promotions		236,981	-	236,981	156,331	-	156,331
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		-	12,661	12,661	-	12,801	12,801
2.2. Revocable commitments		8,201	183	8,381	8,551	164	8,721
2.2.1. Revocable loan granting commitments		8,201	183	8,381	8,551	164	8,721
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		288,981	527,141	816,121	459,331	1,004,651	1,463,981
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		288,981	527,141	816,121	459,331	1,004,651	1,463,981
3.2.1. Forward foreign currency purchases/sales		123,421	127,871	251,301	248,351	236,361	484,721
3.2.1.1. Forward foreign currency purchases		61,741	63,931	125,671	124,261	118,181	242,441
3.2.2.2. Forward foreign currency sales		61,681	63,941	125,621	124,091	118,181	242,281
3.2.2. Currency and interest rate swaps		165,421	334,131	499,551	210,971	768,281	979,261
3.2.2.1. Currency swap purchases		-	4,321	4,321	40,001	217,891	257,891
3.2.2.2. Currency swap sales		-	4,861	4,861	-	252,731	252,731
3.2.2.3. Interest rate swap purchases		77,611	172,481	250,091	83,161	155,191	238,351
3.2.2.4. Interest rate swap sales		87,811	152,451	240,271	87,811	142,461	230,271
3.2.3. Currency, interest rate and security options		128	130	258	-	-	-
3.2.3.1. Currency call options		64	65	129	-	-	-
3.2.3.2. Currency put options		64	65	129	-	-	-
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		-	65,001	65,001	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		44,123,221	7,988,411	52,111,631	40,378,971	6,814,914	47,193,881
IV. ITEMS HELD IN CUSTODY		13,344,911	512,991	13,857,911	12,850,571	412,381	13,262,951
4.1. Customers' securities held		-	12,641	12,641	-	11,334	11,334
4.2. Investment securities held in custody		12,211,261	3,081	12,214,351	12,019,531	2,761	12,022,291
4.3. Checks received for collection		553,111	89,031	642,151	363,711	78,131	441,841
4.4. Commercial notes received for collection		196,051	115,501	311,601	149,761	102,641	252,411
4.5. Other assets received for collection		7,981	484	8,471	6,011	873	6,881
4.6. Assets received through public offering		-	394	394	-	333	333
4.7. Other items under custody		215,611	20,981	236,601	215,861	5,191	221,051
4.8. Custodians		160,871	270,821	431,691	95,691	211,101	306,791
V. PLEDGED ITEMS		30,778,311	7,475,411	38,253,721	27,528,391	6,402,533	33,930,931
5.1. Securities		834,191	54,661	888,861	811,071	50,141	861,221
5.2. Guarantee notes		656,291	271,231	927,521	514,261	246,811	761,081
5.3. Commodities		5,943,601	-	5,943,601	6,193,971	-	6,193,971
5.4. Warranties		-	-	-	-	6,421	6,421
5.5. Real estates		22,482,561	6,480,321	28,962,881	19,454,041	5,516,872	24,970,911
5.6. Other pledged items		667,921	640,021	1,307,951	368,341	559,861	928,201
5.7. Pledged items depository		193,721	29,161	222,881	186,691	22,411	209,111
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
<b>TOTAL OFF-BALANCE SHEET ITEMS (A+B)</b>		<b>53,865,101</b>	<b>13,011,131</b>	<b>66,876,231</b>	<b>49,627,731</b>	<b>10,900,060</b>	<b>60,527,731</b>

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

7•UNL\H 9DNÖIODU %DQNDVÖ 7•UN \$QRQLPZWHNDTCÖLÖTÖN  
 Unconsolidated Statement of Income and Related Disclosures and Footnotes  
 For The Three Month Period Ended 31 March 2008 Originally Issued in Turkish, See Section 3 Note I  
 (Thousands of New Turkish Lira (YTL))

			Reviewed Current Period 31 March 2008	Reviewed Prior Period 31 March 2007
		Notes (Section 5)	Total	Total
I.	<b>INTEREST INCOME</b>	IV-1	1,487,174	1,299,677
1.1	Interest income from loans		959,637	746,821
1.2	Interest income from reserve deposits		41,633	38,581
1.3	Interest income from banks		29,728	52,661
1.4	Interest income from money market transactions		27,575	61,077
1.5	Interest income from securities portfolio		415,721	380,234
1.5.1	Trading financial assets		7,352	11,185
1.5.2	Financial assets at fair value through profit or loss		-	-
1.5.3	Available-for-sale financial assets		342,504	368,676
1.5.4	Held-to-maturity investment securities		65,865	373
1.6	Financial lease income		-	-
1.7	Other interest income		12,880	20,303
II.	<b>INTEREST EXPENSE</b>	IV-2	1,005,018	891,919
2.1	Interest expense on deposits		866,823	799,162
2.2	Interest expense on funds borrowed		66,854	60,135
2.3	Interest expense on money market transactions		54,407	22,804
2.4	Interest expense on securities issued		-	-
2.5	Other interest expenses		16,934	9,818
III.	<b>NET INTEREST INCOME</b>		482,156	407,758
IV.	<b>NET FEES AND COMMISSIONS INCOME</b>		107,234	67,426
4.1	Fees and commissions received		147,745	100,280
4.1.1	Non-cash loans		13,021	11,742
4.1.2	Others		134,724	88,538
4.2	Fees and commissions paid		40,511	32,854
4.2.1	Non-cash loans		-	-
4.2.2	Others		40,511	32,854
V.	<b>DIVIDEND INCOME</b>		2,279	19,941
VI.	<b>NET TRADING INCOME/LOSSES (Net)</b>	IV-3	(17,895)	48,733
6.1	Trading account income/losses (Net)		(24)	17,808
6.2	Foreign exchange gains/losses (Net)		(17,871)	30,925
VII.	<b>OTHER OPERATING INCOME</b>	IV-4	102,978	96,480
VIII.	<b>TOTAL OPERATING PROFIT</b>		676,752	640,338
IX.	<b>PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)</b>	IV-5	146,350	125,429
X.	<b>OTHER OPERATING EXPENSES (-)</b>	IV-6	277,497	241,456
XI.	<b>NET OPERATING PROFIT/LOSS</b>		252,905	273,453
XII.	<b>INCOME RESULTED FROM MERGERS</b>		-	-
XIII.	<b>INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		-	-
XIV.	<b>GAIN/LOSS ON NET MONETARY POSITION</b>		-	-
XV.	<b>INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES</b>		252,905	273,453
XVI.	<b>CONTINUING OPERATIONS PROVISION FOR TAXES</b>	IV-7	(56,508)	(54,426)
16.1	Current tax charge		(59,393)	(56,761)
16.2	Deferred tax charge/(credit)		2,885	2,335
XVII.	<b>NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS</b>	IV-8	196,397	219,027
XVIII.	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
18.1	Income from investment properties		-	-
18.2	Income from sales of subsidiaries, affiliates and joint-ventures		-	-
18.3	Other income from discontinued activities		-	-
XIX.	<b>EXPENSES FROM DISCONTINUED OPERATIONS</b>		-	-
19.1	Investment property expenses		-	-
19.2	Losses from sales of subsidiaries, affiliates and joint ventures		-	-
19.3	Other expenses from discontinued activities		-	-
XX.	<b>INCOME/LOSS FROM DISCONTINUED OPERATIONS BEFORE TAXES</b>		-	-
XXI.	<b>DISCONTINUED OPERATIONS PROVISION FOR TAXES</b>		-	-
21.1	Current tax charge		-	-
21.2	Deferred tax charge		-	-
XXII.	<b>NET INCOME/LOSS AFRET TAXES FROM DISCONTINUED OPERATIONS</b>		-	-
XXIII	<b>NET PROFIT/LOSS</b>	IV-8	196,397	219,027
<b>EARNINGS PER SHARE (full YTL)</b>			0.0786	0.0876

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

7•UNL\H 9DNÖIODU %DQNDVÖ 7•UN \$QRQLPZehir ve Ortakları  
 Unconsolidated Statement of Income and Expenses and Related Disclosures and Footnotes  
 5HFRJQLJHG LQ 6KDUHKROGHU¶V (TXLW\ Originally Issued in Turkish, See Section 3 Note I  
 For The Three Month Period Ended 31 March 2008  
 (Thousands of New Turkish Lira (YTL))

	Reviewed Current Period 31 March 2008	Reviewed Prior Period 31 March 2007
	Total	Total
I. VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN SECURITIES VALUATION DIFFERENCES	(140,230)	26,193
II. REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
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 IN ACCORDANCE WITH TAS	(98,301)	37,522
IX. DEFERRED TAXES DUE TO VALUATION DIFFERENCES	26,150	(6,484)
X. EQUITY	(212,381)	57,231
XI. & 855 (17 < (\$ 5 ¶ 6 352), 7 /266	196,397	219,027
11.1 Change in fair value of securities (Transfers to the profit/loss)	7,393	13,164
11.2 Cash flow hedge that is reclassified and disclosed in statement of income	-	-
11.3 Net foreign investment hedge that is reclassified and disclosed in statement of income	-	-
11.4 Others	189,004	205,863
<b>XXIII. TOTAL PROFIT OR LOSS RECOGNIZED DURING THE PERIOD</b>	<b>(15,984)</b>	<b>276,258</b>

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

7•UNL\H 9DNÖIODU %DQNDVÖ 7•UN \$QRQLP 2UWDNOÖ÷Ö  
 Unconsolidated Statement of Changes Q 6KDUHKROGHUV¶ (TXLW\  
 For the Three Month Period Ended 31 March 2008  
 (Thousands of New Turkish Lira (YTL))

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

	Paid in Capital	Capital Reserves from Inflation Adjustments to Paid in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/ (Loss)	Prior Period Net Profit/ (Loss)	Valuation Differences of the Marketable Securities	Revaluation Surplu on Tangible, Intangible Assets and Investment Property	Bonus Share of Associates and Joint Ventures	Hedging Reserves	Revaluation Surp. On Asset Held for Sale an Assets of	6 K D U H K F Equity before Minority Interest	Minority Interest	Total 6 K D U H K F Equity
PRIOR PERIOD 31 March 2007																		
I. Balances at the beginning of the period	2,500,000	-	723,918	-	102,658	-	-	151,974	761,576	51,747	136,386	-	35,142	-	-	4,463,401	-	4,463,401
II. Correction made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balances at beginning of the period (I+II)	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 period																		
IV. Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Hedges for risk management	-	-	-	-	-	-	-	-	-	-	44,067	-	-	-	-	44,067	-	44,067
VI. Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Bonus shares of associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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 % D Q N ¶ V H T X L W \	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital reserves from inflation adjustments to paid in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Current period ¶ V Q H W S U R I L W O R V \	-	-	-	-	-	-	-	-	219,027	-	-	-	-	-	-	219,027	-	219,027
XX. Profit distribution	-	-	-	-	76,973	-	296,122	(3,523)	(761,576)	(43,861)	-	-	-	-	-	(435,865)	-	(435,865)
20.1 Dividends	-	-	-	-	-	-	-	-	(435,865)	-	-	-	-	-	-	(435,865)	-	(435,865)
20.2 Transferred to reserves	-	-	-	-	76,973	-	296,122	(3,523)	(325,711)	(43,861)	-	-	-	-	-	-	-	-
20.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period	2,500,000	-	723,918	-	179,631	-	296,122	148,451	219,027	7,886	180,453	-	35,142	-	-	4,290,630	-	4,290,630
CURRENT PERIOD 31 March 2008																		
I. Balances at the beginning of the period	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
II. Changes during the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	(219,774)	-	-	-	(219,774)	-	(219,774)	
IV. Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Bonus shares of associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes resulted from disposal of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes resulted from reclassifications of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of change in equities of associates on the % D Q N ¶ V H T X L W \	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital reserves from inflation adjustments to paid in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Current period ¶ V Q H W S U R I L W O R V \	-	-	-	-	-	-	-	-	196,397	-	-	-	-	-	-	196,397	-	196,397
XVIII. Profit distribution	-	-	-	-	100,262	-	760,154	35,970	(1,030,700)	(7,886)	-	-	-	-	-	(142,200)	-	(142,200)
18.1 Dividends	-	-	-	-	-	-	-	-	(142,200)	-	-	-	-	-	-	(142,200)	-	(142,200)
18.2 Transferred to reserves	-	-	-	-	100,262	-	760,154	35,970	(888,500)	(7,886)	-	-	-	-	-	-	-	-
18.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period	2,500,000	-	723,918	-	279,893	-	1,056,276	184,421	196,397	-	55,656	25	64,119	-	-	5,060,705	-	5,060,705

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





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.

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 % D Q N \ V V S R W S X U F K D V H U D W H V D Q G W K H G L s l r H s s i Q t e H V D U H statement of income

If the investment is stated at cost, 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 does not have any embedded derivatives.

7 K H % D Q N K D V F O D V V L I L H G L W V G H U L Y D W L Y H W U D Q V D F W L accordance with W K H 7 X U N L V K \$ F F R X Q W L Q J 6 W D Q G D U G 3 7 \$ 6 ' D Q G 0 H D V X U H P H Q W ' ' H U L Y D W L Y H V D U H L Q L W L D O O \ U H F R U G 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 V K H H W X Q G W I L Y H G I H L Q I D Y C F L D O D V V H W V ' R U 3 G H U L Y D W L Y H I L subsequent fair value changes are recorded under the statement of income for trading derivatives.

IV. Information on interest income and expenses

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

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

V. Information on Fees and Commissions

Fees and commissions are recorded based on accrual basis. Financial service fees that are an integral part of the effective yield of an instrument are recognized as an adjustment to the effective interest rate of the instrument. Some fees are related to execution of a significant act, rather than to the effective interest rate of an associated financial instrument or to a specific service period. Such fees are earned when the related significant act has been completed.

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.

When a financial asset is recognized 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 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.







## XII. Tangible assets

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

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

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 the recoverable amount is less than the carrying value of the 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 lease are recognized from the determination of the related asset and liability amounts, the lower of the fair value of the leased asset and the present value of lease 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 entity, the commitment is not recorded in 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 labor law in Turkey, the Bank is required to pay certain amounts to the employees retired or fired except for resignation or misbehaviors.

The Bank reserved for employee severance indemnities in the accompanying financial statements  
 XVLQJ DFWXDULDO PHWKRGLQ FRPSOLDQFH ZLWK WKH 7  
 3 (PSOR \ HH % HQHILWV '

The major statistical assumptions used in the calculation of the total liability are as follows:

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

The Bank has provided for undiscounted short term employee benefits earned during the financial period as per services rendered in compliance with TAS 10 the accompanying unconsolidated financial statements

7KH HPSOR \ HHV RI WKH % DQN DUH WKH PHPEHUV RI 37 • UNL  
 0HPXU YH +L]PHWOLOHUL (PHNOL YH 6D ÷ OÖN <DUGÖP 6DQGÖ  
 1957 as per the temporary article no.20 of the Social Security Law no.506.

The first paragraph of the temporary article no.23 which states the Banks should transfer pension funds to the Social Security Institution within three years after the issue date of the Banking Law no.5411 issued in the 1 November 2005 dated and 925 numbered Official Gazette has been cancelled by the & R Q V W L W X W 22 March 2007 dated and 11 2007/33 numbered decision Reasoneduling of the Constitutional Court has been issued on 15 December 2007 in the Official Gazette no.26731.

Following the publication of the ruling, the Turkish Parliament started to work on new legal arrangements and on 17 April 2008, the Social Security Law no.5754 WKH has been approved by Turkish Parliament. The Law is enacted by the approval of the President of Turkey and the Law is issued on the 8 May 2008 dated and 26870 numbered Official Gazette.

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

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

a) The technical interest rate to be used for the calculation is 9.8%

b) Income and expenditures Q U H V S H F W W R I X Q are considered in the calculation of L V L R discounted liability.

The technical financial statements of the Fund are audited by the certified actuary according to the \$ U W L F O H Q R RI WKH , Q V X U D Q F H / D Z D Q G W K H 3 \$ F W X D U L H the actuarial report dated February 2008 and prepared in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against.

The employer of pension fund participants (the Banks) will not transferable social rights, which are disclosed in the article of association of the pension fund to the pension participants and their right owners even though the salary payment obligation has been transferred to the Social Security Foundation





## XXII. Other disclosures

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

While the Bank has recorded specific provision with a percentage of 100 which is over the minimum ratio of 20% defined in the regulation below without taking the related collaterals into consideration till the end of 31 December 2007 for the loans classified under third, fourth and fifth Groups in case there is an evidence that the Bank may not be able to collect them in the future based on the Principles and Procedures of the Determination of the Nature of Loans and Other Receivables and Their Purposes (Regulation), issued in the Official Gazette no.26333 and amended in the Regulation of the Principles and Procedures of the Determination of the Nature of Loans and Other Receivables and Their Purposes (Regulation) no.26333 and dated 15 February 2008, which are based on the articles no.53 and 93 of the Bank Law no.5411, issued in the Official Gazette no.25983 and dated 1 November 2005. The Bank has started to record specific provision with a percentage of 20, as specified in the Regulation, for the loans classified under the third Group, without taking the related collaterals into consideration starting from 31 March 2008. As a result of this change in its specific provision policy, the Bank recognized gain amounting to YTL 76,564, net off taxes in the statement of income.

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

### Earnings per shares

As of and for the three month period ended 31 March 2008, earnings per share is YTL 0.0786 (30 March 2007: YTL 0.0876).

### Related Parties

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

### 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 at both CBT and other banks, money market placements and time deposits at banks whose original maturity is less than 3 months.







& R P S R Q H Q W V R I V K D U H K R O G H U V ¶ H T X L W \ L W H P V

	Current Period	Prior Year
<b>CORE CAPITAL</b>		
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 Capital	-	-
Share Premium	723,918	723,918
Share Cancellation Profits	-	-
Legal Reserves	279,893	179,631
I. Legal Reserve (Turkish Commercial Code 466/1)	139,946	89,815
II. Legal Reserve (Turkish Commercial Code 466/2)	-	-
Reserves allocated as per Special Legislations	139,947	89,816
Status Reserves	-	-
Extraordinary Reserves	1,240,697	444,573
Reserve allocated as per the Decision held by the General Assembly	1,056,276	296,122
Retained Earnings	184,421	148,451
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	196,397	1,038,586
Current Period Profit	196,397	1,030,700
Prior Periods Profit	-	7,886
Provision for Possible Losses (to 25% of Core Capital)	-	-
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	25	25
Primary Subordinated Debt (to 15% of Core Capital)	-	-
Loss excess of Reserves (	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements)	-	46,865
Prepaid Expenses)	227,371	204,343
Intangible Assets)	15,809	13,496
Deferred Tax Asset excess of 10% of Core Capital (	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law)	-	-
<b>Total Core Capital</b>	<b>4,940,930</b>	<b>4,886,733</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Provisions	223,703	173,745
45% of Revaluation Surplus on Immovables	-	-
Bonus shares of Associates, Subsidiaries and Ventures	64,119	64,119
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	-	-
45% of Securities Value Increase Fund	25,045	123,944
Associates and Subsidiaries	28,286	71,671
Investment Securities Available for Sale	(3,241)	52,273
Other Profit Reserves	-	-
<b>Total Supplementary Capital</b>	<b>312,867</b>	<b>361,808</b>
<b>TIER III CAPITAL</b>		
<b>CAPITAL</b>	<b>5,253,797</b>	<b>5,248,541</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>419,766</b>	<b>448,851</b>
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors exceeding 10% of ownership	1,625	3,224
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors less than 10% exceeding 10% or more of the Total Core and Supplementary Capital	-	-
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 Year	174,961	180,923
Others	-	-
<b>7 2 7 \$ / 6 + \$ 5 ( + 2 / ' ( 5 6 ¶ ( 4 8 , 7 &lt;</b>	<b>4,834,031</b>	<b>4,799,690</b>

II. Market risk

The Bank has defined its risk management procedures and has taken necessary precaution in order to  
 DYRLG PDUNHW ULVN LQ FRPSOLIDORALCOZTOWAKD RSKMANOEWRT RQ I  
 6 \ VWHPV \ DQG 35HJXODWLRQ RQ 0HDVXUHPHQW DQG \$VVHVY  
 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 balance sheet and offbalance sheet positions the banks.

Capital to be reserved for general market risk and specific risks is calculated according to the standard  
 method and in accordance DQFH ZLWK WKH 35HJXODWLRQ RQ WKH 0HDVX  
 \$GHTXDF \ 5DWLRV RI %DQNV \ DQG LW LV UHSRUWHG PRQWK

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 backtesting 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 asset and  
 OLDELWLW \ DFFRXQWV OLTXLGLW \ DQDO \ VLV DUH SHUIRUPH  
 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	108,006
(II) Capital Obligation against Specific Risk Standard Method	636
(III) Capital Obligation against Currency Risk Standard Method	3,900
(IV) Capital Obligation against Stocks Risk Standard Method	-
(V) Capital Obligation against Exchange Risk Standard Method	-
(VI) Capital Obligation against Market Risks of Options Standard Method	-
(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-
(VIII) Total Capital Obligations against Market Risk (I+II+III+IV+V+VI)	112,542
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	1,406,75

Equity price risk

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

The effect on equity as a result of change in the fair value of instruments held as available for  
 sale financial assets at 31 March 2008 and 31 December 2007 due to a reasonably possible change in  
 equity indices, with all other variable held constant, is as follows:

	Change in index	31 March 2008	31 December 2007
		Equity	Equity
ISE ±100 (IMKB- 100)	10%	18,776	24,364

III. Operational risk

The Bank calculated the operational risk accordance with the fourth section related to the 3 & R P S X W D W L R Q R I 2 S H U D i m u l a r 3 5 1 0 J X 5 0 B e y l e n e r R e g u l a t o r M e m o r a n d u m u n d e r \$ V V H V V P H Q W R I & D S L W D O \$ G H T X D F \ O f i s i y e t G a z e t e S i d e 1 1 N o v e m b e r S X E 2006 using gross profit of the last three year of 2005, 2006 and 2007. The amount calculated as TL 330,442 as of 31 March 2008 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 4,130,525 presented in the table included in the note number I of this section is calculated as 12.5 times of the operational risk.

IV. 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.

All of the foreign currency assets and liabilities and the forward foreign currency transactions are taken into consideration in calculating net 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 capital obligation. The obligation is calculated at that amount.

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

As of 31 March 2008 the Bank does not have derivate financial instruments held for management.

Foreign exchange risk management policy

Risk policy of the Bank is based on the transactions within the limits and keeping the currency position well-balanced.

In the light of the national legislations and international applications, the Bank 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.

7 K H % D Q N \ V H i g h e r a t e s a t t h e d a t e o f b a l a n c e s h e e t a n d f o r t h e l a s t f i v e w o r k i n g d a y s o f t h e p e r i o d a n n o u n c e d b y t h e B a n k i n Y T L a r e a s f o l l o w s :

	US DOLLAR	EURO
7 K H % D Q N \ V I R U H L J Q F X U U H Q F \ S X U F K D V H	1,3000	2,0558
Foreign currency rates for the days before balance sheet date;		
Day 1	1.2200	1.9232
Day 2	1.2200	1.9255
Day 3	1.2100	1.8870
Day 4	1.1800	1.8348
Day 5	1.1900	1.8301
	US DOLLAR	EURO
Last 30 days arithmetical average rate	1,1800	1,8090



Exposure to currency risk

A 10 percent devaluation of the YTL against the following currencies as at 31 March 2008 and 31 December 2007 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 March 2008		31 December 2007	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	3,591	5,266	21,607	26,026
EUR	(1,196)	(2,197)	(2,557)	(2,780)
Other currencies	1,015	1,015	1,650	1,650
<b>Total, net</b>	<b>3,410</b>	<b>4,084</b>	<b>20,700</b>	<b>24,896</b>

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













## VII. 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 Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Operating profit	56,324	118,503	400,722	115,858	691,407
Undistributed expenses				(440,781)	(440,781)
Operating profit	56,324	118,503	400,722	(324,923)	250,626
Income from associates	-	-	-	-	2,279
Income before taxes	-	-	-	-	252,905
Provision for taxes	-	-	-	-	(56,508)
Net profit	-	-	-	-	196,397
Segment assets	7,249,281	21,683,281	15,556,081	-	44,488,661
Investments in associates and subsidiaries	-	-	-	422,820	422,820
Undistributed assets	-	-	-	1,724,841	1,724,841
Total assets	7,249,281	21,683,281	15,556,081	2,147,661	46,636,324
Segment liabilities	11,233,051	26,277,001	2,557,731	-	40,067,791
6 K D U H K R O G H U V ¶ H T	-	-	-	5,060,701	5,060,701
Undistributed liabilities	-	-	-	1,507,821	1,507,821
7 R W D O / L D E O L W L H V D C	11,233,051	26,277,001	2,557,731	6,568,521	46,636,324
Equity	11,233,051	26,277,001	2,557,731	6,568,521	46,636,324

## SECTION FIVE

### Disclosure and Footnotes on Unconsolidated Financial Statements

#### I. Information and disclosures related to assets

##### 1. Cash and balances with Central Bank

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Cash	332,914	54,850	363,150	55,921
Central Bank of Turkey <sup>(*)</sup>	1,830,498	1,039,612	1,262,351	807,894
Others	22	910	17	869
<b>Total</b>	<b>2,163,434</b>	<b>1,095,372</b>	<b>1,625,518</b>	<b>864,684</b>

(\*) YTL 761,403 (31 December 2007: YTL 587,886) of the foreign currency deposit at Central Bank of Turkey is comprised of foreign currency reserve deposits and related interest income accruals, 155 (31 December 2007: YTL 38,109) 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.

\$ FFRUGLQJ WR WKH QR DQQRXQFH PHQW RI WKH & H C  
 5 HVHUYH 'HSRVLW Vİng in DÜğey Es DÜğün, RİS a HİSWE amounting to 6% of the liabilities in Turkish Lira and 11% of the liabilities in foreign currencies. The interest rates given by the Central Bank of Turkey are 11.4% for YTL, 0.95% for US Dollar and 1.88 for Euro as of 31 March 2008

##### Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	1,792,343	278,209	1,224,243	220,008
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
<b>Total</b>	<b>1,792,343</b>	<b>278,209</b>	<b>1,224,243</b>	<b>220,008</b>

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

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

None.

##### Trading securities subject to repurchase agreements

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	-	-	-	-
Treasury Bills	-	-	-	-
Other Debt Securities	-	187,238	-	191,407
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>187,238</b>	<b>-</b>	<b>191,407</b>

Positive value of trading purpose derivatives

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forward Transactions	5,970	38	5,115	3
Swap Transactions	4,449	11,035	17,149	12,673
Futures	-	-	-	-
Options	-	12	-	-
Other	-	-	-	-
<b>Total</b>	<b>10,419</b>	<b>11,085</b>	<b>22,264</b>	<b>12,676</b>

3. Banks and other financial institutions

Banks and other financial institutions

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	1,547,671	1,936,022	810,251	1,936,017
Domestic	440,647	146,913	747,194	186,425
Foreign	1,107,024	1,789,109	63,057	1,749,592
Foreign Head Offices and Branches	-	-	-	-
Other Financial Institutions	-	-	-	-
<b>Total</b>	<b>1,547,671</b>	<b>1,936,022</b>	<b>810,251</b>	<b>1,936,017</b>

4. Information on investment securities available for sale

Investment securities available for sale given as collateral or blocked

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Share Certificates	-	-	-	-
Bonds, Treasury Bills and Similar Marketable Securities	863,115	-	947,286	-
Others	-	-	-	-
<b>Total</b>	<b>863,115</b>	<b>-</b>	<b>947,286</b>	<b>-</b>

Investment securities available for sale subject to repurchase agreements

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	882,309	916,577	931,117	906,987
Treasury Bills	-	-	-	-
Other Debt Securities	-	609,948	-	392,035
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Others	-	-	-	-
<b>Total</b>	<b>882,309</b>	<b>1,526,525</b>	<b>931,117</b>	<b>1,299,022</b>

Information related with available for sale assets

	Current Period	Prior Period
Debt instruments	9,604,982	9,107,249
Quoted	9,604,982	9,107,249
Unquoted	-	-
Equity instruments	58,536	83,803
Quoted	39,877	65,143
Unquoted	18,659	18,660
Impairment provision (-)	91,981	30,720
<b>Total</b>	<b>9,571,537</b>	<b>9,160,332</b>

7 KH % DQN KDV SURYLGHG LPSDLUPHQW IRU ø JPLU (Q W  
 + ROGL which had the carrying value amounting to YTL 6,178 and YTL 276, respectively and  
 booked provision of YTL 6,448 as associates, subsidiaries and held maturity assets impairment loss  
 in accordance with the directives of BRSA

As per the resolution of the Board of Directors dated 27 December 2007, it was decided to sell the shares of Türkiye Sınai ve Kalkınma Bankası AŞ, having a carrying value YTL 39,877, measured at its fair value, through stock exchange or private placement.

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

Equity shares having a carrying value of YTL 7,7 representing the 0.73% of the outstanding shares (\* 6 \* D \ U L P H Q N X O < D W Ö l r Ö P e r e d a s l a n d ı n Ö a v a l a b e l e r z s k e portfolio of the Bank in the prior period were sold at a price of YTL 102 on 6 June 2007. Bank has recorded gain on sale of equity shares amounting to YTL 25 its financial statements.

5. Information related to loans

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	672	-	669
Corporate Shareholders	-	672	-	669
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	538	-	893
Loans Granted to Employees	33,398	-	31,670	-
<b>Total</b>	<b>33,398</b>	<b>1,210</b>	<b>31,670</b>	<b>1,562</b>

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

	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
<b>Cash Loans</b>				
Loans	24,447,100	-	1,198,671	221,783
Discounted Bills	185,100	-	-	16
Export Loans	1,731,649	-	25,514	167,251
Import Loans	-	-	-	24
Loans to Financial Sector	857,235	-	-	-
Foreign Loans	18,981	-	-	-
Consumer Loans	6,538,411	-	176,122	949
Credit Cards	550,313	-	8,398	252
Precious Metal Loans	-	-	-	-
Other	14,565,411	-	988,637	53,291
Specialization Loans	99,205	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>24,546,305</b>	<b>-</b>	<b>1,198,671</b>	<b>221,783</b>





Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans±YTL	1,638,586	2,849,597	4,488,183
Real Estate Loans	6,656	110,261	116,917
Automobile Loans	144,127	603,826	747,953
General Purpose Loans	1,487,803	2,135,510	3,623,313
Other	-	-	-
Installment-based Commercial Loans±FC indexed	-	-	-
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Installment-based Commercial Loans±FC	35	48,810	48,845
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	35	48,810	48,845
Corporate Credit Cards ±YTL	24,818	-	24,818
With Installment	1,937	-	1,937
Without Installment	22,881	-	22,881
Corporate Credit Cards ±FC	342	-	342
With Installment	-	-	-
Without Installment	342	-	342
Overdraft Accounts ±YTL (corporate)	27,091	-	27,091
Overdraft Accounts ±FC (corporate)	-	-	-
<b>Total</b>	<b>1,690,872</b>	<b>2,898,407</b>	<b>4,589,279</b>

Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	25,766,631	23,257,221
Foreign Loans	200,121	212,781
<b>Total</b>	<b>25,966,751</b>	<b>23,470,001</b>

Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Investments	76,472	63,102
Indirect Loans Granted to Subsidiaries and Investments	4,935	4,119
<b>Total</b>	<b>81,407</b>	<b>67,221</b>

Specific provisions for loans

	Current Period	Prior Period
Specific Provisions		
Loans and Receivables with Limited Collectibility	23,926	67,684
Loans and Receivables with Doubtful Collectibility	153,323	148,064
Uncollectible Loans and Receivables	938,884	927,107
<b>Total</b>	<b>1,116,133</b>	<b>1,142,855</b>

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 period	-	1,941	126,701
(Gross amounts before the specific reserves)	-	-	-
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	-	1,941	126,701
Prior period	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

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 period end balance	67,684	148,064	927,107
Additions (+)	129,361	179	1,162
Transfers from other categories of loans under follow up (+)	28,492	59,237	56,215
Transfers to other categories of loans under follow up (-)	89,446	37,403	14,675
Collections (-)	16,460	16,754	30,925
Write-offs (-)	-	-	-
Current period end balance	119,631	153,323	938,884
Specific provision (-)	23,926	153,323	938,884
Net Balance on balance sheet	95,705	-	-

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

None

Uncollectible loans and receivables are collected by liquidation of collateral and legal followup.

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 V X F K D V W K H R F F X U U H Q F H R I V L J Q L I L F D Q W F K D Q J H V L Q W K I borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the net exposure. For smaller balance standardized loans, charge off decisions generally are based on a product specific past due status.



6. Information on held-to-maturity investment securities  
 Public sector held-to-maturity debt securities

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	1,428,694	37,381	1,350,673	-
Treasury Bills	-	-	-	-
Other Government Securities	-	199,011	-	90,519
<b>Total</b>	<b>1,428,694</b>	<b>236,392</b>	<b>1,350,673</b>	<b>90,519</b>

Information on held-to-maturity investments

	Current Period	Prior Period
Debt Securities	1,704,611	1,476,946
Quoted at Stock Exchange	1,665,461	1,441,776
Unquoted at Stock Exchange	39,150	35,170
Impairment Losses (-)	375	584
<b>Total</b>	<b>1,704,236</b>	<b>1,476,362</b>

The movement of held-to-maturity investment securities

	Current Period	Prior Period
Balances at the Beginning of the Period	1,476,362	48,391
Foreign Currency Differences On Monetary Assets	8,908	(4,032)
Purchases during the Period	275,297	1,643,570
Disposals through Sales/Redemptions	(39,370)	(294,194)
Impairment Losses (-)	209	(105)
Change in Redeemed Costs	(17,170)	82,732
<b>Balances at the End of the Period</b>	<b>1,704,236</b>	<b>1,476,362</b>

(\*) 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 10,000,000 (full YTL) and USDollar 100,000,000 (full US Dollar) to its held-to-maturity investment securities portfolio at their fair values of YTL 101,899,535 (full YTL) and USDollar 101,934,270 (full US Dollar), respectively as of their reclassification dates, in 2008. These reclassification of held-to-maturity investment securities. The value increases of such securities amounting YTL 462,473 (full YTL) and USDollar 1,986,774 (full US Dollar), respectively, are recorded under the 'Increase of Held-to-Maturity Investment Securities'.

Additionally, the Bank reclassified certain investment securities that were previously classified in available-for-sale portfolio with total face value of YTL 1,240,000,000 (full YTL), US Dollar 40,000,000 (full US Dollar), and EUR 20,000,000 (full EUR) to its investment securities held-to-maturity portfolio at their fair values of YTL 1,237,751,050 (full YTL), USDollar 41,848,379 (full US Dollar), and EUR 19,475,000 (full EUR), respectively as of their reclassification dates in 2007. The value increases/decreases of such securities amounting YTL 4,100 (full YTL), US Dollar 761,048 (full US Dollar), and EUR (436,738) (full EUR) are recorded under the 'Increase of Held-to-Maturity Investment Securities'. These value increases will be amortized through the statement of income until their maturities.

Information about held-to-maturity securities

Current Period	Cost		Carrying Value	
	YTL	FC	YTL	FC
Collateralized / Blocked Investments	1,308,827	39,000	1,369,542	39,150
Investments subject to Repurchase Agreements	58,494	85,645	59,152	87,903
Held for structural position	-	-	-	-
Receivable from Security Borrowing Market	-	-	-	-
Collateral For Security Borrowing Market	-	-	-	-
Othes <sup>(*)</sup>	-	146,591	-	148,489
<b>Total</b>	<b>1,367,321</b>	<b>271,236</b>	<b>1,428,694</b>	<b>275,542</b>

Prior Period	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	-	-	-	-
Othes <sup>(*)</sup>	-	106,908	-	108,359
<b>Total</b>	<b>1,269,887</b>	<b>123,835</b>	<b>1,350,673</b>	<b>125,689</b>

<sup>(\*)</sup>, Q W K H s 3 2 W K H U V H F X U L W L H V K r i t e r e g e r i t e B a n k a s ı s ı b e r e d e n c o l l a t e r a l / b l o c k e d o r o t h e r t r a n s a c t i o n s .

7. Investments in associates

Associate	Address (City/ Country)	% D Q N ¶ V ± K Different, Voting Rights	% D Q N ¶ V 5 L ¶ Share
1 . Ö E U Ö V 9 D N Ö I O D U % D Q N D V Ö /	Lefkosa/NCTR	%15.00	%15.00
2 ø ú N X U ø ú F L ø ú D G D P Ö ( L P \ D . X	In liquidation	%25.00	%25.13
3 9 D N Ö I 0 H Q N X O . Ö \ P H W O H Ö < D ' ø V W D Q E X		%11.75	%21.77
4 9 D N Ö I * D \ U L P H Q N X O < D W Ö U Ö P \$ Q N D U D		%27.63	%29.47
5 9 D N Ö I * D \ U L P H Q N X O ( N V S H U W \$ Q N D U D		%20.00	%27.46
6 5 R N H W V D Q 5 R N H W 6 Ö Q D \ L Y H \$ Q N D U D		%10.00	%10.00

	Total Assets	6 K D U H K F Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	& R P S D ( Fair Value
1	595,797	37,225	4,572	25,671	538	2,945	2,939	-
2	-	-	-	-	-	-	-	-
3	14,259	14,103	97	911	105,412	2,228	(274)	980
4	62,932	62,701	39,143	40	3,464	5,197	4,510	8,323
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)	-

(\* ) T h e f i n a n c i a l s t a t e m e n t s a s a t a n d / o r t h e y e a r e n d 3 1 D e c e m b e r 2 0 0 7 a r e p r e s e n t e d

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

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

In the same Board of Directors’ meeting, it has been decided to review Capital Markets Board regulations to purchase majority of the shares of Vakıf Gayrimenkul Ekspertiz ve Değerleme AŞ is in conformity with the regulations.









Investments in subsidiaries disposed during the current period

None.

Investments in subsidiaries purchased during the current period

In the previous year, upon the resolution of the Board of Directors related to the restructuring of investment in associates and subsidiaries, the Bank acquired the 99.99% VKDUHV RI 9DNÖI : < | Q H W U which has a nominal paid in capital of YTL 1,500,000, previously owned by 9DNÖI < DWÖU 2 U W D N Ö T. The sale price amounting to USD 300,000 was determined by an independent appraiser

In the previous \ H D U \* • Q H Ü 6 L D R V X E V L G L D U \ R I W K H - i n % D o n a t i o n f r o m Q F U H 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 as bonus shares received. The movement of investments in subsidiaries table.

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 deferred tax asset

Items generating deferred tax assets or liabilities are listed below as of 13 March 2008 and 31 December 2007

	Current period	Prior Period
Deferred tax assets	86,663	82,337
BRSA - Tax Code depreciation differences	26,604	26,704
ETI and vacation pay provisions	28,312	27,070
Valuation difference for associates and subsidiaries	21,281	21,270
Other provisions	4,726	3,954
Tax reduction and exceptions	1,798	1,882
Valuation differences of financial assets and liabilities	3,942	1,457
Deferred tax liabilities	(23,736)	(32,617)
Valuation differences of financial assets and liabilities	(19,940)	(27,151)
Valuation difference for associates and subsidiaries	(2,170)	(5,328)
Other	(1,626)	(138)
Deferred tax assets, net	62,927	49,720

13. Information on assets held for sale and assets related to the discontinued operations

None.

14. 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

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	737,461	-	460,857	6,005,602	172,185	25,760	30,416	-	7,432,281
Foreign Currency Deposits	981,894	-	1,674,757	3,476,110	1,018,013	85,937	698,296	-	7,935,007
Residents in Turkey	960,734	-	1,581,839	3,442,929	1,012,198	83,911	668,863	-	7,750,474
Residents in Abroad	21,160	-	92,918	33,181	5,815	2,026	29,433	-	184,533
Public Sector Deposits	758,260	-	765,989	1,550,363	280,747	88,952	172	-	3,444,483
Commercial Deposits	667,620	-	2,135,538	3,818,266	83,712	480	11,822	-	6,717,438
Other	426,039	-	321,218	4,699,030	366,595	29,178	58,689	-	5,900,749
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	1,225	-	91,341	481,652	29,514	-	-	-	603,732
Central Bank	92	-	-	-	-	-	-	-	92
Domestic Banks	190	-	68,589	471,475	10,177	-	-	-	550,431
Foreign Banks	690	-	22,752	10,177	19,337	-	-	-	52,956
Participation Banks	253	-	-	-	-	-	-	-	253
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,572,499</b>	<b>-</b>	<b>5,449,700</b>	<b>20,031,023</b>	<b>1,950,766</b>	<b>230,307</b>	<b>799,395</b>	<b>-</b>	<b>32,033,690</b>

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	682,210	-	253,577	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	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,519,856</b>	<b>-</b>	<b>4,200,352</b>	<b>18,143,801</b>	<b>1,932,336</b>	<b>381,111</b>	<b>685,057</b>	<b>-</b>	<b>28,862,513</b>

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

	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	3,882,805	3,654,728	3,549,476	3,208,160
Foreign Currency Saving Deposits	1,343,039	1,286,065	2,408,912	1,893,244
Other Saving Deposits	-	-	-	-
) R U H L J Q E U D S U K D E M F R I G H S R V I Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
<b>Total</b>	<b>5,225,844</b>	<b>4,940,793</b>	<b>5,958,388</b>	<b>5,101,404</b>

Saving deposits out of insurance coverage limits

	Current Period
Deposits and other accounts at foreign branches	321
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, ger manager, his/her assistants, their parents, wives/husbands, and children	945
Deposits and other accounts under scope of TCC law 5237 article no 282, dated 26.09.2	-
Deposits in Deposit Banks of Turkey, which are solely established for offshore banking	-

## 2. Information on trading derivatives

Negative value of trading purpose derivatives

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forwards	5,833	1	4,959	1
Swaps	9,664	5,403	15,044	2,286
Futures	-	-	-	-
Options	-	13	-	-
Other	-	-	-	-
<b>Total</b>	<b>15,497</b>	<b>5,417</b>	<b>20,003</b>	<b>2,287</b>

## 3. Information on banks and other financial institutions

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	-	-	-	-
Domestic Bank and Institutions	47,953	272,539	52,803	247,370
Foreign Bank, Institutions and Funds	-	5,013,173	-	4,392,685
<b>Total</b>	<b>47,953</b>	<b>5,285,712</b>	<b>52,803</b>	<b>4,640,055</b>

Maturity information of funds borrowed

	Current period		Prior period	
	YTL	FC	YTL	FC
Short term	47,953	1,564,988	52,803	1,339,388
Medium and Long term	-	3,720,724	-	3,300,667
<b>Total</b>	<b>47,953</b>	<b>5,285,712</b>	<b>52,803</b>	<b>4,640,055</b>



Information on other provisions exceeding 10% of total provisions

Other provisions consist of specific provision for cash loans amounting YTL 88,705 (31 December 2007: YTL 82,392), credit card promotion provision amounting YTL 7,824 (31 December 2007: YTL 7,890) and other provisions amounting YTL 23,628 (31 December 2007: YTL 19,768).

## 8. Taxation

### Current Taxes

#### *Tax provision*

As of 31 March 2008, Bank has corporate tax provision of YTL 45,850

#### *Information on taxes payable*

	Current Period	Prior Period
Corporate taxes payable	45,850	82,561
Taxation on securities	57,780	52,709
Capital gains tax on property	784	468
Banking and Insurance Transaction Tax (BITT)	20,993	21,549
Taxes on foreign exchange transactions	1,618	1,311
Value added tax payable	720	1,007
Other	22,958	10,789
<b>Total</b>	<b>150,703</b>	<b>170,386</b>

#### *Information on premiums payable*

	Current Period	Prior Period
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	348	275
Unemployment insurance employer share	634	485
Other	3	-
<b>Total</b>	<b>985</b>	<b>760</b>

#### Information on deferred tax liability

Disclosed in Note 12 of information and disclosures for assets.

9. , Q I R U P D W L R Q R Q V K D U H K R O G H U V ¶ H T X L W \

Paid-in capital

	Current Period	Prior Period
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).

% R D U G R I ' L U H F W R U n i f e r a p p o i n t e d b y t h e P r i o r M i n i s t e r r e p r e s e n t i n g t h e G e n e r a l Directorate of the Foundation (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 period

There is no share capital increase in the current period.

Information on share capital increases from revaluation funds

None.

Capital commitments for current financial year and following period

None.

**Prior period indicators of the 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 the securities

	Current Period		Prior Period	
	YTL	FC	YTL	FC
\$ V V R F L D W H V V X E V L G L D U	62,85€	-	159,26€	-
FV differences	(13,951)	6,74€	74,202	41,96€
Foreign exchange differences	-	-	-	-
Total	48,90€	6,74€	233,47€	41,96€

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

1. Disclosures related to other contingent liabilities

Type and amount of irrevocable commitments

	Current Period	Prior period
Letters of Guarantee in Foreign Currency	2,101,972	1,489,200
Letters of Guarantee in YTL	2,929,194	2,773,207
Letters of Credit	1,486,011	1,118,055
Bills of Exchange and Acceptances	555,840	456,865
Other Guarantees and Warranties	12,489	3,468
<b>Total</b>	<b>7,085,506</b>	<b>5,840,795</b>

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 cash loans amounted to YTL 18,705 (31 December 2007: YTL 2,392) recorded under off-balance sheet items.

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

	Current Period	Prior Period
Provisional Letters of Guarantee	163,296	107,807
Final Letters of Guarantee	3,947,659	3,432,155
Letters of Guarantee for advances	727,294	545,641
Letters of Guarantee given to Customs Offices	102,993	82,595
Other Letters of Guarantee	89,924	94,209
<b>Total</b>	<b>5,031,166</b>	<b>4,262,407</b>

2. Non-cash Loans

	Current Period	Prior Period
Non-Cash Loans Given for Cash Flow Risks	444,273	375,627
With Original Maturity of 1 Year or Less	175,204	158,732
With Original Maturity of More Than 1 Year	269,069	216,895
Other NonCash Loans	6,641,233	5,465,168
<b>Total</b>	<b>7,085,506</b>	<b>5,840,795</b>



3. Sectoral risk concentrations of non-cash loans

	Current Period				Prior Period			
	YTL	%	FC	%	YTL	%	FC	%
Agricultural	27,502	0.93	19,359	0.47	24,187	0.87	25,727	0.84
Farming and Cattle	21,513	0.73	5,730	0.14	18,843	0.67	14,693	0.48
Forestry	4,247	0.14	-	0.00	3,803	0.14	90	0.00
Fishing	1,742	0.06	13,629	0.33	1,541	0.06	10,944	0.36
Manufacturing	1,158,756	39.55	1,968,528	47.36	1,083,730	39.08	1,532,477	49.95
Mining	39,685	1.35	144,736	3.48	23,992	0.87	89,892	2.93
Production	866,862	29.59	1,613,628	38.82	830,040	29.93	1,292,455	42.13
Electric, gas and water	252,209	8.61	210,164	5.06	229,698	8.28	150,130	4.89
Construction	421,507	14.39	829,053	19.95	369,941	13.34	566,647	18.47
Services	1,066,091	36.39	549,468	13.22	1,023,770	36.91	428,728	13.97
Wholesale and retail trade	505,396	17.25	188,941	4.55	526,053	18.97	172,466	5.62
Hotel, food and beverage services	31,981	1.09	11,273	0.27	31,633	1.14	9,569	0.31
Transportation and telecommunication	189,441	6.47	81,715	1.97	144,200	5.20	60,812	1.98
Financial institutions	313,215	10.69	250,383	6.02	294,295	10.61	169,557	5.53
Real estate and renting services	1,834	0.06	-	-	1,787	0.06	-	-
Self-employment services	-	-	-	-	-	-	-	-
Education services	2,379	0.08	5,189	0.12	5,423	0.20	5,945	0.19
Health and social services	21,845	0.75	11,967	0.29	20,379	0.73	10,379	0.34
Other	255,492	8.74	789,750	19.00	271,707	9.80	513,881	16.77
<b>Total</b>	<b>2,929,348</b>	<b>100.00</b>	<b>4,156,158</b>	<b>100.00</b>	<b>2,773,335</b>	<b>100.00</b>	<b>3,067,460</b>	<b>100.00</b>

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

	I. Group		II. Group	
	YTL	FC	YTL	FC
Letters of Guarantee	2,814,166	1,976,729	76,305	75,054
Confirmed Bills of exchange and Acceptances	-	545,369	-	10,471
Letters of Credit	154	1,417,562	-	67,261
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	12,489	-	-
<b>Total</b>	<b>2,814,320</b>	<b>3,952,149</b>	<b>76,305</b>	<b>152,786</b>

5. Contingent assets and liabilities

None

6. Services rendered on behalf of third parties

The Bank acts as an investment agent for banks and on behalf of its customers and provides custody services, in order to meet every type of investment demand of clients. Such transactions are followed under off-balance sheet accounts.

Custody and investing services on behalf of individuals and corporate customers are not significant events for the Bank.



3. Trading income/losses (Net)

	Current Period	Prior Period
Income	452,415	174,818
Trading Account Income	28,600	21,808
<i>Derivative financial instruments</i>	23,773	15,249
<i>Others</i>	4,827	6,559
Foreign Exchange Gain	423,815	153,040
Losses ( )	(470,310)	(126,115)
Trading Account Losses	(28,624)	(4,000)
<i>Derivative financial instruments</i>	(27,254)	(2,707)
<i>Others</i>	(1,370)	(1,293)
Foreign Exchange Losses	(441,686)	(122,115)
<b>Income</b>	<b>(17,895)</b>	<b>48,733</b>

4. Other operating income

As of 31 March 2008, other operating income consists of reversal of the impairment losses provided in previous years amounting to YTL79,001, communication income amounting to YTL 18,624 and other income amounting to YTL 5,353.

5. Provision expenses for losses on loans and other receivables

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables	49,392	81,655
<i>Loans and Receivables in Group III</i>	10,390	81,655
<i>Loans and Receivables in Group IV</i>	12,402	-
<i>Loans and Receivables in Group V</i>	26,600	-
Non-performing commissions and other receivables	-	-
General Provision Expenses	49,500	18,000
Provision for Possible Losses	-	-
Impairment Losses on Securities:	20,346	2,517
<i>Trading securities</i>	300	390
<i>Investment Securities Available-for-Sale</i>	20,046	2,127
Other Impairment Losses:	242	509
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
<i>Investment Securities Held-to-Maturity</i>	242	509
Other	26,870	22,748
<b>Total</b>	<b>146,350</b>	<b>125,429</b>



V. , QIRUPDWLRQ DQG GLVFORVXUHV UHODWHG WR WKH %DQNV LUN JURXS

1. Information on the volume of transactions and deposits outstanding at period end and income and expenses in the current period

Current Period	Associates and Subsidiaries		% D Q N ¶ V ' L U ¶ Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	63,102	175,454	-	1,562	4,119	4,595
Balance at the End of the Period	76,472	233,181	-	1,210	4,935	4,713
Interest and Commission Income Received	1,240	187	-	-	177	1

Prior Period	Associates and Subsidiaries		% D Q N ¶ V ' L U ¶ Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Non-Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	12,752	219,239	-	568	-	-
Balance at the End of the Period	63,102	175,454	-	1,562	4,119	4,595
Interest and Commission Income Received	321	251	-	-	-	-

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

% D Q N ¶ V 5 L V N * U R X S	Associates and Subsidiaries		% D Q N ¶ V ' L U ¶ Indirect and Direct Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the Beginning of the Period	278,916	128,372	968,481	77,592	84,950	2,650
Balance at the End of the Period	215,527	278,916	931,086	968,481	103,519	84,950
Interest on Deposits	760	261	-	-	-	-

, QIRUPDWLRQ RQ IRUZDUG DQG RSWLRQ DJUHHPHQWV DQG risk group

None.

2. Disclosures of transactions with the risk group of / or controlled by the Bank regardless of the nature of relationship among the parties

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

Transactions with the risk group are made on an ~~length~~ **term** 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~~

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 0.3% (31 December 2007: 0.29%) and 0.7% (31 December 2007: 3.11%)

Current Period	Amount	Compared With the Financial Statement Amount %
Cash Loans	81,407	0.31
Non-Cash Loans	239,104	3.37
Deposits	1,250,132	3.90
Forward and Option Agreements	-	-

Prior Period	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	-	-

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 kind capital support), guarantees and promissory notes, and management contracts

None

SECTION SIX

I. Other Disclosures and Footnotes

1. 2 W K H U G L V F O R V X U H V R Q W K H % D Q N ¶ V D F W L Y L W \

- [REDACTED]  
 brand sharing with an existing brand in the market and decided to [REDACTED] Z L W K  
 % D Q N D V Ö \$ ü L Q : R U O G F U H G L W F D U G S U R J U D P 7 K H % D Q N  
 signing and preparation of the agreement.
- It is decided to buy 6% of Turkish Derivative Exchange's shares, at nominal value of YTL 540  
 whi F K L V K H O G D E V C A D I N I Ö H ÷ H \$ Ö U H U
- [REDACTED]  
 Principles on the Determination of the Nature of the Loans and Other Receivables and their  
 3 U R Y L V L R Q V b e e n p u b l i s h e d i n t h e O f f i c i a l G a z e t t e n o . 2 6 7 7 9 d a t e d 6 F e b r u a r y 2 0 0 8 ,  
 general provision for the restructured or rescheduled loans and other receivables has been  
 from 1% to 2%, general provisions for the bills of exchange and sureties and other cash loans  
 have been increased from 0.2% to 0.4%.
- 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 is 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
- Based on the resolution of 54th Annual General Assembly held on 21 March 2008 net profit of the  
 year 2007 is decided to be distributed as follows:

Profit Distribution Table of Year 2007	
& X U U H Q W \ H D U ¶ V S U R I L W	1,030,700
Deferred tax income not subject to dividend distribution	(28,084)
Net profit of the year subject to distribution before legal reserves	1,002,616
Legal reserves	100,262
<i>First Legal Reserves</i>	50,131
<i>Reserves allocated, according to banking law and articles of association.</i>	50,131
Net profit of the year subject to distribution	902,354
Extraordinary reserves	760,154
<b>Dividends to the shareholders</b>	<b>142,200</b>

In accordance with the B D U G R I ' L U H F W R D 1 ¶ M a y 2 0 0 8 i s d e c i d e d t h a t r e l a t e d  
 dividend payment will be made on 30 May 2008.

- 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  
 W U D Q V I H U U H G W R W K H % D Q N ¶ V D F F R X Q W V a n d h a s f i l e s a m H P E H  
 appeal that is still in process.

3 7 K H / D Z R Q W K H & R O O H F W L R Q R I 6 R P H R I W K H 3 X E O L F 5  
 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 O D Z ¶ V I L U V W V X E F O D X V H R I W K  
 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 years, loss 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.





SECTION SEVEN

I. , QGHSHQGHQW \$XGLWRUV 5HYLHZ 5HSRUW

1. , QIRUPDWLRQ RQ WKH LQGHSHQGHQW DXGLWRUV UHYLHZ U  
 7KH %DQN V XQFRQVRODQJ and footnotes as of the three month period  
 ended 31 March 2008, have been reviewed by Ernst & Young LLP, a member firm of the  
 0 • úDYLUOLN \$ù WKH PHPEHU ILUP RI .30 ır review report dated 11 R Q DO  
 May 2008 that nothing material has come to their attention that caused them to believe that the  
 accompanying unconsolidated interim financial statements do not give a true and fair view of the  
 %DQN V ILQDQFLDO SRVLWLRQ and for the three month period ended 31 R SHU I  
 March 2008