

*(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

Interim Financial Statements

As of and for the Three Month Period Ended

31 March 2007

With Independent Auditors' Review Report Thereon

Akis Bağımsız Denetim ve Serbest

Muhasebeci Mali Müşavirlik AŞ

14 May 2007

This report contains "Independent Auditors' Review Report" comprising 1 page and; "Unconsolidated Financial Statements and Related Disclosures and Footnotes" comprising 56 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 reviewed the unconsolidated balance sheet of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı ("the Bank") as of 31 March 2007 and the related unconsolidated income statement, statement of cash flows and statement of changes in shareholders' equity for the three month period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors, is to issue a report on these financial statements based on our review. The financial statements of the Bank as of and for the year ended 31 December 2006 and, as of and for the three month period ended 31 March 2006 were audited and reviewed, respectively by another auditor who expressed an unqualified opinion in their report dated 8 March 2007 for the financial statements as of 31 December 2006 and an unqualified review report dated 11 May 2006 for the financial statements as of 31 March 2006.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly the financial position of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı as of 31 March 2007, and of the results of its operations and its cash flows for the three month period then ended in accordance with the accounting principles and standards that are based on the current regulations described in Article 37 of the (Turkish) Banking Law No 5411; and other communiqués, disclosures and directives announced by the Banking Regulation and Supervision Agency.

Istanbul,
14 May 2007

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 INTERIM FINANCIAL REPORT AS OF AND FOR THE
THREE MONTH PERIOD ENDED 31 MARCH 2007

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The unconsolidated interim financial report as of and for the three month period ended 31 March 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:

1. General Information about the Bank
2. Unconsolidated Financial Statements
3. Accounting Policies
4. Information Related to Financial Position of the Bank
5. Disclosures and Footnotes on Unconsolidated Financial Statements
6. Other Disclosures and Footnotes
7. Independent Auditors' Review Report

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

14 May 2007

Yusuf BEYAZIT Board of Directors Chairman	Cem DEMİRAĞ Board Member and Audit Committee Member	M. Zeki AKILLIOĞLU Board Member and Audit Committee Member	Bilal KARAMAN General Manager
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Dr. Metin Recep ZAFER
Executive Vice President
in charge of Accounting and
Financial Affairs

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	Ender ODABAŞ/Assistant Manager
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Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Interim Financial Report as of and for the Three Month Period Ended 31 March 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 Note.4 in 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 shareholders’ structure, management and internal audit, direct and indirect shareholders, change in shareholders’ 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 7,795 from revaluation fund, and YTL 4,737 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 period, the shareholders’ structure has not been changed.

Türkiye Vakıflar Bankası Türk Anonim OrtaklığıUnconsolidated Financial Report as of and
for the Three Month Period Ended 31 March 2007

(Currency: Thousands of YTL – New Turkish Lira)

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

<u>Name and Surname</u>	<u>Responsibility</u>	<u>Date of Appointment</u>	<u>Education</u>	<u>Experience in Banking</u>
<u>Chairman of the Board of Directors</u>				
Yusuf BEYAZIT	Chairman	30 April 2004	Master	8 years
<u>Members of the Board of Directors</u>				
Ragıp DOĞU	Deputy Chairman	6 April 2005	University	31 years
Bilal KARAMAN	Member - General Manager	22 June 2005	University	27 years
Ahmet Müfit CENGİZ	Member	31 December 2003	University	8 years
Mehmet Zeki AKILLIOĞLU	Member	14 May 2004	Master	21 years
Hasan ÖZER	Member	7 February 2003	University	20 years
Erkan TOPAL	Member	4 April 2006	University	1 years
Selahattin TORAMAN	Member	31 December 2003	University	24 years
Cem DEMİRAĞ	Member	4 April 2005	University	15 years
<u>Audit Committee</u>				
Mehmet Zeki AKILLIOĞLU	Member	14 May 2004	Master	21 years
Cem DEMİRAĞ	Member	4 April 2005	University	15 years
<u>Audit Board</u>				
Ahmet TANYOLAÇ	Auditor	21 March 2003	University	3 years
Faruk EROĞLU	Auditor	21 March 2003	University	5 years
<u>Executive Vice Presidents</u>				
Tanju YÜKSEL	International Investor Relations	1 May 2000	University	20 years
Ahmet Atıf MEYDAN	Treasury and Foreign Operations, Banking Operations and Credit Cards	29 January 2003	University	17 years
Aydın DENKTAŞLI	Corporate Banking, Human Resources, and Support Services	9 August 2004	University	26 years
Şahin UĞUR	Investment Banking and Subsidiaries	9 August 2004	University	20 years
Feyzi ÖZCAN	Commercial Banking and Retail Banking	20 September 2005	University	18 years
Dr. Metin Recep ZAFER	Accounting and Financial Affairs	13 June 2006	PHD	11 years
Birgül DENLİ	Treasury	3 July 2006	Master	13 years
Doğan PENÇE	Corporate Loans, Loans Follow-up and Legal Services	7 June 2006	University	15 years

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as of and
for the Three Month Period Ended 31 March 2007
(Currency: Thousands of YTL – New Turkish Lira)

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 March 2007 the Bank has 433 domestic and 2 foreign branches, in total 435 branches (31 December 2006: 472 domestic, 2 foreign branches). As of 31 March 2007 the Bank has 7.823 employees (31 December 2006: 7.679).

ASSETS	Notes Section 5	Reviewed Current Period 31.03.2007			Restated Audited Prior Period 31.12.2006		
		YTL	FC	Total	YTL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK	I-1	1,519,782	1,028,062	2,547,844	1,652,164	1,131,019	2,783,183
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	I-2						
		32,145	453,488	485,633	18,361	462,115	480,476
2.1 Financial assets held for trading		25,404	443,411	468,815	8,392	462,055	470,447
2.1.1 Government securities		9,321	443,411	452,732	-	462,055	462,055
2.1.2 Equity securities		16,083	-	16,083	8,392	-	8,392
2.1.3 Other securities		-	-	-	-	-	-
2.2 Financial assets valued 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		6,741	10,077	16,818	9,969	60	10,029
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	I-3	1,061,246	2,170,906	3,232,152	512,809	2,550,682	3,063,491
IV. INTERBANK MONEY MARKETS		510,514		510,514	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		510,514	-	510,514	120,707	-	120,707
V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)	I-4	7,414,205	3,572,424	10,986,629	6,475,857	3,430,188	9,906,045
5.1 Equity securities		97,120	-	97,120	91,649	-	91,649
5.2 Government securities		7,317,085	3,572,424	10,889,509	6,384,208	3,430,188	9,814,396
5.3 Other securities		-	-	-	-	-	-
VI. LOANS	I-5	13,173,499	5,270,046	18,443,545	12,366,263	5,676,977	18,043,240
6.1 Performing loans		13,173,499	5,270,046	18,443,545	12,366,263	5,676,977	18,043,240
6.2 Loans under follow-up		1,036,872	-	1,036,872	1,002,047	-	1,002,047
6.3 Specific provisions (-)		1,036,872	-	1,036,872	1,002,047	-	1,002,047
VII. FACTORING RECEIVABLES							
VIII. INVESTMENT SECURITIES HELD-TO-MATURITY (Net)	I-6		47,419	47,419		48,391	48,391
8.1 Government securities		-	5,796	5,796	-	6,072	6,072
8.2 Other securities		-	41,623	41,623	-	42,319	42,319
IX. INVESTMENTS IN ASSOCIATES (Net)	I-7	16,932		16,932	17,381		17,381
9.1 Equity Method Associates		-	-	-	-	-	-
9.2 Unconsolidated Associates		16,932	-	16,932	17,381	-	17,381
9.2.1 Financial Associates		15,594	-	15,594	16,043	-	16,043
9.2.2 Non-Financial Associates		1,338	-	1,338	1,338	-	1,338
X. INVESTMENTS IN SUBSIDIARIES (Net)	I-8	388,758	32,889	421,647	350,386	33,187	383,573
10.1 Unconsolidated financial investments in subsidiaries		265,436	32,889	298,325	227,065	33,187	260,252
10.2 Unconsolidated non-financial investments in subsidiaries		123,322	-	123,322	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)		894,129	544	894,673	861,917	190	862,107
XV. INTANGIBLE ASSETS (Net)		5,858		5,858	32,901	394	33,295
15.1 Goodwill		-	-	-	30	-	30
15.2 Other intangibles		5,858	-	5,858	32,871	394	33,265
XVI. TAX ASSET	I-12	41,041		41,041	41,111		41,111
16.1 Current tax asset		-	-	-	-	-	-
16.2 Deferred tax asset		41,041	-	41,041	41,111	-	41,111
XVII. ASSETS HELD FOR SALE							
XVIII. OTHER ASSETS	I-13	136,140	381,034	517,174	110,046	232,382	342,428
TOTAL ASSETS		25,194,249	12,956,812	38,151,061	23,310,996	13,565,525	36,876,521

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

LIABILITIES AND SHAREHOLDERS' EQUITY		Notes Section 5	Reviewed Current Period 31.03.2007			Restated Audited Prior Period 31.12.2006		
			YTL	FC	Total	YTL	FC	Total
I.	DEPOSITS	II-1	19,414,787	6,311,201	25,725,988	17,562,632	7,279,428	24,842,060
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	II-2	-	6,221	6,221	-	3,742	3,742
III.	FUNDS BORROWED	II-3	61,951	4,694,653	4,756,604	61,991	4,935,145	4,997,136
IV.	INTERBANK MONEY MARKET		736	1,561,158	1,561,894	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		736	1,561,158	1,561,894	909	1,369,185	1,370,094
V.	SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	FUNDS		136,586	-	136,586	139,922	-	139,922
VII.	MISCELLANEOUS PAYABLES		735,662	167,856	903,518	310,497	7,863	318,360
VIII.	OTHER EXTERNAL RESOURCES PAYABLE	II-4	68,273	149,893	218,166	36,779	153,999	190,778
IX.	FACTORING PAYABLES	II-9	-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	II-5	-	11,033	11,033	-	12,494	12,494
10.1	Financial lease payables		-	11,860	11,860	-	13,422	13,422
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred financial leasing expenses (-)		-	827	827	-	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	404,712	4,668	409,380	386,854	4,508	391,362
12.1	General provisions		143,955	4,668	148,623	125,955	4,508	130,463
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		153,082	-	153,082	128,187	-	128,187
12.4	Insurance technical provisions (Net)		-	-	-	-	-	-
12.5	Other provisions		107,675	-	107,675	132,712	-	132,712
XIII.	TAX LIABILITY		137,389	1,836	139,225	154,083	975	155,058
13.1	Current tax liability	II-8	137,389	1,836	139,225	154,083	975	155,058
13.2	Deferred tax liability	I-12	-	-	-	-	-	-
XIV.	PAYABLES FOR ASSETS HELD FOR SALE		-	-	-	-	-	-
XV.	SUBORDINATED DEBTS		-	-	-	-	-	-
XVI.	SHAREHOLDERS' EQUITY		4,241,449	40,997	4,282,446	4,399,694	55,821	4,455,515
16.1	Paid-in capital	II-9	2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2	Capital reserves		890,331	40,997	931,328	831,739	55,821	887,560
16.2.1	Share premium		723,918	-	723,918	723,918	-	723,918
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Securities value increase fund	II-9	131,271	40,997	172,268	72,679	55,821	128,500
16.2.4	Revaluation surplus on tangible assets		-	-	-	-	-	-
16.2.5	Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6	Bonus shares of associates, subsidiaries and joint-ventures		35,142	-	35,142	35,142	-	35,142
16.2.7	Hedging reserves (effective portion)		-	-	-	-	-	-
16.2.8	Revaluation surplus on assets held for sale		-	-	-	-	-	-
16.2.9	Other capital reserves		-	-	-	-	-	-
16.3	Profit reserves		624,205	-	624,205	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		296,121	-	296,121	-	-	-
16.3.4	Other profit reserves		148,453	-	148,453	151,974	-	151,974
16.4	Profit or losses		226,913	-	226,913	813,323	-	813,323
16.4.1	Prior periods profit and losses		7,886	-	7,886	51,747	-	51,747
16.4.2	Current period profit and losses		219,027	-	219,027	761,576	-	761,576
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			25,201,545	12,949,516	38,151,061	23,053,361	13,823,160	36,876,521

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Unconsolidated Off-Balance Sheet Items
At 31 March 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	Reviewed Current Period 31.03.2007			Restated Audited Prior Period 31.12.2006		
		YTL	FC	TOTAL	YTL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		5,378,476	3,731,596	9,110,072	4,876,228	3,380,234	8,256,462
I. GUARANTEES AND SURETIES	III-1-4	2,087,223	2,877,739	4,964,962	1,857,555	3,014,367	4,871,922
1.1. Letters of guarantee		2,087,129	1,381,698	3,468,827	1,857,461	1,423,832	3,281,293
1.1.1. Guarantees subject to State Tender Law		452,740	204,431	657,171	467,716	139,991	607,707
1.1.2. Guarantees given for foreign trade operations		65,188	223	65,411	61,374	189	61,563
1.1.3. Other letters of guarantee		1,569,201	1,177,044	2,746,245	1,328,371	1,283,652	2,612,023
1.2. Bank acceptances		-	360,722	360,722	-	354,923	354,923
1.2.1. Import letter of acceptance		-	43,044	43,044	-	43,988	43,988
1.2.2. Other bank acceptances		-	317,678	317,678	-	310,935	310,935
1.3. Letters of credit		-	1,131,419	1,131,419	-	1,225,892	1,225,892
1.3.1. Documentary letters of credit		-	1,131,419	1,131,419	-	1,225,892	1,225,892
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Guaranteed prefinancings		-	2,921	2,921	-	2,957	2,957
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Underwriting commitments		-	-	-	-	-	-
1.7. Factoring related guarantees		-	-	-	-	-	-
1.8. Other guarantees		94	979	1,073	94	6,763	6,857
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS		2,869,737	49,829	2,919,566	2,935,513	64,059	2,999,572
2.1. Irrevocable commitments		2,861,819	11,615	2,873,434	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		547	11,615	12,162	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		1,256,435	-	1,256,435	1,305,070	-	1,305,070
2.1.8. Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card limits		1,599,976	-	1,599,976	1,611,354	-	1,611,354
2.1.10. Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.11. Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12. Other irrevocable commitments		4,861	-	4,861	10,447	-	10,447
2.2. Revocable commitments		7,918	38,214	46,132	8,095	52,233	60,328
2.2.1. Revocable loan granting commitments		7,918	194	8,112	8,095	198	8,293
2.2.2. Other revocable commitments		-	38,020	38,020	-	52,035	52,035
III. DERIVATIVE FINANCIAL INSTRUMENTS		421,516	804,028	1,225,544	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		421,516	804,028	1,225,544	83,160	301,808	384,968
3.2.1. Forward foreign currency purchases/sales		-	4,720	4,720	-	9,837	9,837
3.2.1.1. Forward foreign currency purchases		-	2,360	2,360	-	4,919	4,919
3.2.2.2. Forward foreign currency sales		-	2,360	2,360	-	4,918	4,918
3.2.2. Currency and interest rate swaps		421,516	799,308	1,220,824	83,160	291,971	375,131
3.2.2.1. Currency swaps-purchases		338,356	-	338,356	-	-	-
3.2.2.2. Currency swaps-sales		-	335,052	335,052	-	-	-
3.2.2.3. Interest rate swaps-purchases		83,160	205,964	289,124	83,160	106,166	189,326
3.2.2.4. Interest rate swaps-sales		-	258,292	258,292	-	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)		34,182,286	7,270,409	41,452,695	33,320,788	7,229,953	40,550,741
IV. ITEMS HELD IN CUSTODY		11,656,014	503,080	12,159,094	11,734,986	485,078	12,220,064
4.1. Customers' securities held		-	13,375	13,375	-	13,618	13,618
4.2. Investment securities held in custody		10,928,140	30,320	10,958,460	11,109,692	30,674	11,140,366
4.3. Checks received for collection		247,569	110,074	357,643	223,854	116,902	340,756
4.4. Commercial notes received for collection		141,315	115,025	256,340	111,527	125,522	237,049
4.5. Other assets received for collection		9,096	734	9,830	6,545	478	7,023
4.6. Assets received through public offering		-	114	114	-	116	116
4.7. Other items under custody		208,499	6,133	214,632	171,691	5,600	177,291
4.8. Custodians		121,395	227,305	348,700	111,677	192,168	303,845
V. PLEDGED ITEMS		22,526,272	6,767,329	29,293,601	21,585,802	6,744,875	28,330,677
5.1. Securities		944,093	35,599	979,692	928,482	35,278	963,760
5.2. Guarantee notes		331,871	287,946	619,817	294,585	320,358	614,943
5.3. Commodities		6,097,837	-	6,097,837	5,932,412	-	5,932,412
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		14,810,459	5,767,750	20,578,209	14,139,270	5,703,996	19,843,266
5.6. Other pledged items		192,561	660,113	852,674	150,780	670,661	821,441
5.7. Pledged items-depository		149,451	15,921	165,372	140,273	14,582	154,855
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		39,560,762	11,002,005	50,562,767	38,197,016	10,610,187	48,807,203

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

			Reviewed Current Period 31.03.2007	Restated Reviewed Prior Period 31.03.2006
		Notes Section 5		
			Total	Total
I.	INTEREST INCOME	IV-1	1,299,677	1,022,288
1.1	Interest income from loans		746,821	541,813
1.2	Interest income from reserve deposits		38,581	26,124
1.3	Interest income from banks		52,661	22,589
1.4	Interest income from money market transactions		61,077	102,199
1.5	Interest income from securities portfolio		380,234	329,563
1.5.1	Trading financial assets		11,185	5,785
1.5.2	Financial assets valued at fair value through profit or loss		-	-
1.5.3	Financial assets available-for-sale		368,676	317,216
1.5.4	Investments held-to-maturity		373	6,562
1.6	Financial lease income		-	-
1.7	Other interest income		20,303	-
II.	INTEREST EXPENSE	IV-2	891,919	654,286
2.1	Interest on deposits		799,162	607,165
2.2	Interest on funds borrowed		60,135	41,731
2.3	Interest on money market transactions		22,804	4,655
2.4	Interest on securities issued		-	-
2.5	Other interest expenses		9,818	735
III.	NET INTEREST INCOME (I – II)		407,758	368,002
IV.	NET FEES AND COMMISSIONS INCOME		67,426	73,514
4.1	Fees and commissions received		100,280	98,587
4.1.1	Cash loans		10,240	7,621
4.1.2	Non-cash loans		11,742	12,600
4.1.3	Others		78,298	78,366
4.2	Fees and commissions paid		32,854	25,073
4.2.1	Cash loans		2,040	1,894
4.2.2	Non-cash loans		-	1
4.2.3	Others		30,814	23,178
V.	DIVIDEND INCOME		19,941	603
VI.	NET TRADING INCOME/LOSSES (Net)	IV-3	48,733	35,618
6.1	Trading account income/losses (Net)		17,808	24,797
6.2	Foreign exchange gains/losses (Net)		30,925	10,821
VII.	OTHER OPERATING INCOME	IV-4	96,480	44,289
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		640,338	522,026
IX.	PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	IV-5	125,429	62,298
X.	OTHER OPERATING EXPENSES (-)	IV-6	241,456	173,162
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)		273,453	286,566
XII.	INCOME RESULTED FROM MERGERS		-	-
XIII.	INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-
XIV.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XV.	PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)		273,453	286,566
XVI.	PROVISION FOR TAXES	IV-7	(54,426)	(79,942)
16.1	Current tax charge		(56,761)	(74,108)
16.2	Deferred tax charge/(credit)		2,335	(5,834)
XVII.	NET OPERATING PROFIT/LOSS AFTER TAXES (XV-XVI)		219,027	206,624
17.1	Discontinued operations		-	-
17.2	Others		-	-
XVIII.	NET PROFIT/LOSS (XV-XVI)	IV-8	219,027	206,624
	EARNINGS PER SHARE (full YTL)		0.0876	0.1616

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 as of and
for the Three Month Period Ended 31 March 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*

CHANGES IN SHAREHOLDERS' EQUITY	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)	Revaluation Fund	Revaluation Surplus	Securities Value Increase Fund	Total Shareholders' Equity
PRIOR PERIOD (31/03/2006)														
I. Balances at beginning of the period	1,279,000	605,763	1,172,347	-	52,868	-	146,750	127,352	-	574,399	5,898	3,668	399,326	4,367,371
II. Correction made as per TAS 8	-	-	-	-	-	-	-	(10,000)	-	12,518	-	-	(20,827)	(18,309)
2.1 Effect of corrections	-	-	-	-	-	-	-	(10,000)	-	12,518	-	-	(20,827)	(18,309)
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balances at beginning of the period (I+II)	1,279,000	605,763	1,172,347	-	52,868	-	146,750	117,352	-	586,917	5,898	3,668	378,499	4,349,062
Changes during the period														
IV. Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	1,897	-	22,410	24,307
VI. Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	-	-	(8,136)	(8,136)
VIII. Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.1 Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2 Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Current period net profit	-	-	-	-	-	-	-	-	206,624	-	-	-	-	206,624
X. Profit distribution	-	-	-	-	49,790	-	7,750	37,279	-	(535,170)	-	-	-	(440,351)
10.1 Dividends	-	-	-	-	-	-	-	-	-	(440,351)	-	-	-	(440,351)
10.2 Transferred to reserves	-	-	-	-	49,790	-	7,750	37,279	-	(94,819)	-	-	-	-
10.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Capital increase	-	-	(225)	-	-	-	-	-	-	-	-	-	-	(225)
11.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.4 Securities value increase fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.5 Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.6 Issuance of share certificates	-	-	(225)	-	-	-	-	-	-	-	-	-	-	(225)
11.7 Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.8 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Changes resulted from reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Primary subordinated debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Secondary subordinated debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (I+II+IV+V+VI+VII)	1,279,000	605,763	1,172,122	-	102,658	-	154,500	154,631	206,624	51,747	7,795	3,668	392,773	4,131,281
CURRENT PERIOD (31/03/2007)														
I. Balances at beginning of the period	2,500,000	-	723,918	-	102,658	-	-	161,974	-	808,959	35,142	-	154,778	4,487,429
II. Changes during the period	-	-	-	-	-	-	-	(10,000)	-	4,364	-	-	(26,278)	(31,914)
Mergers	-	-	-	-	-	-	-	(10,000)	-	4,364	-	-	(26,278)	(31,914)
III. "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Hedges for risk management	2,500,000	-	723,918	-	102,658	-	-	151,974	-	813,323	35,142	-	128,500	4,455,515
4.1 Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	58,281	58,281
V. "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Current period net profit	-	-	-	-	-	-	-	-	-	-	-	-	(14,513)	(14,513)
VIII. Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2 Transferred to reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.3 Others	-	-	-	-	-	-	-	-	219,027	-	-	-	-	219,027
IX. Capital increase	-	-	-	-	76,973	-	296,121	(3,521)	-	(805,437)	-	-	-	(435,864)
9.1 Cash	-	-	-	-	-	-	-	-	-	(435,864)	-	-	-	(435,864)
9.2 Revaluation surplus on tangible assets	-	-	-	-	76,973	-	296,121	(3,521)	-	(369,573)	-	-	-	-
9.3 Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.4 Securities value increase fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.5 Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.6 Issuance of share certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.7 Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9.8 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Changes resulted from reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Primary subordinated debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Secondary subordinated debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (I+II+III+IV+V+VI+VII+VIII+IX)	2,500,000	-	723,918	-	179,631	-	296,121	148,453	219,027	7,886	35,142	-	172,268	4,282,446

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 Three Month Period Ended 31 March 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 5.Section	Reviewed Current Period 31.03.2007	Reviewed Prior Period 31.03.2006
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1		8,556	203,364
Operating profit before changes in operating assets and liabilities			
1.1.1		1,213,595	1,038,881
1.1.2		(1,211,036)	(654,286)
1.1.3		19,941	603
1.1.4		100,280	98,587
1.1.5		282,542	80,575
1.1.6		48,932	80,412
1.1.7		(102,109)	(80,650)
1.1.8		(8,043)	(7,134)
1.1.10		(335,546)	(353,624)
1.2		870,214	118,666
Changes in operating assets and liabilities			
1.2.1		(11,010)	218,829
1.2.2		(5,222)	-
1.2.3		37,400	163
1.2.4		(273,180)	(1,698,076)
1.2.5	VI-1	(250,665)	(55,690)
1.2.6		(42,865)	133,051
1.2.7		1,172,083	794,625
1.2.8		(206,375)	177,201
1.2.9		-	-
1.2.10	VI-1	450,048	548,563
I.		878,770	322,030
Net cash flow from banking operations			
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.		(1,137,409)	(139,986)
Net cash flow from investing activities			
2.1		(38,074)	(17,603)
2.2		449	6,326
2.3		(16,013)	(10,785)
2.4		626	5,583
2.5		(1,083,697)	(118,936)
2.6		-	-
2.7		(88,154)	(111,385)
2.8		87,454	106,814
2.9		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.		(1,461)	-
Net cash flow from financing activities			
3.1		-	-
3.2		-	-
3.3		-	-
3.4		-	-
3.5		-	-
3.6		(1,461)	-
IV.		(135,735)	(19,455)
Effect of change in foreign exchange rate on cash and cash equivalents			
V.		(395,835)	162,589
Net (decrease)/increase in cash and cash equivalents (I+II+III+IV)			
VI.	VI-2	5,888,998	6,386,863
Cash and cash equivalents at beginning of period			
VII.	VI-3	5,493,163	6,549,452
Cash and cash equivalents at end of period (V+VI)			

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 accompanying unconsolidated financial statements are prepared in accordance with the historical cost basis except for the securities 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. In BRSA’s Circular no.BDDK.DZM.2/13/-d-5 on 28 April 2005, it was stated that as of January 2005, the majority of the criteria confirming the existence of a hyperinflationary economy are not valid anymore. Accordingly, the inflation accounting had been ceased beginning from 1 January 2005.

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 gain or loss in the income statement except for foreign exchange gain/loss arising from the conversion of the net investments in associates and subsidiaries in foreign countries into YTL.

Foreign currency differences arising from the conversion of the net investments in associates and subsidiaries in foreign countries into YTL are classified as "securities value increase fund" under the shareholders' equity.

The Bank revalued its foreign currency-indexed government securities acquired as "debt swap" in 2001 and valued by discounting using the internal rate of return and translated the foreign currency amounts using the currency exchange rates applicable based on the ten days' average of Central Bank's foreign currency exchange rates by fixing it two business days prior to the balance sheet date, as required by the Ministry of State that is in charge of the Treasury, and recorded the evaluations to financial statements. These securities matured during the year 2006.

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.

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 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 the 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. 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 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 investments held-to-maturity are 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 “securities value increase fund” under the 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 are the entities over which the Bank has significant influence and that is neither a subsidiary nor an interest in a joint venture. Associates are accounted in accordance with TAS 39 in the unconsolidated financial statements. 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 an 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.2633 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 (“repo”) 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. 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 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 the declining balance which is one of the accelerated amortization methods.

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

The cost 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. The inflation adjustment of tangible assets that is subject to correction for the first time until 31 December 2004 has been calculated on the basis of cost obtained by deducting foreign exchange differences, financing expenses and revaluation increases, if any, from the historical cost. Tangible assets obtained after 31 December 2004 have been recorded at the cost derived after the deduction of foreign exchange differences, financing expenses and revaluation increases, if any.

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	8	12.5

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 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 using actuarial method in compliance with the Turkish Accounting Standard 19 (“TAS 19”) “Employee Benefits”.

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

	Current Period	Previous Period
Discount Rate	5.71%	5.49%
Expected Rate of Salary/Limit Increase	5.00%	6.175%
Estimated Employee Turnover Rate	0.51%	0.51%

The Bank provided for undiscounted short-term employee benefits earned during the financial periods as per services rendered in compliance with TAS 19.

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 February 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 2006 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. The corporation tax rate applied for the year 2005 was 30%. 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 nonresident 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 nonresident 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 March 2007, the Bank does not have any government incentives.

XXI. Segment reporting

According to the “Communiqué on Financial Statements and the Accompanying Explanations and Footnotes to be Announced to the Public”, dated 10 February 2007 which is published in the Official Gazette No. 26430, this disclosure is not valid until 30 June 2007.

XXII. Other disclosures

Disclosures for the first-time adoption of Reporting Standards

The accounting principles and valuation methods used in the preparation of the prior period financial statements are revised as explained in Note 1 of this section in compliance with Turkish Accounting Standards and Turkish Financial Reporting Standards as per the communiqué no.1 “Frame for Preparation and Presentation of Financial Statements” of the Turkish Accounting Standards Board published on the Official Gazette no.25702 dated 16 January 2005. In compliance with the Communiqué, the adjustments made to the financial statements of the prior period are summarized below. The errors made in the reported financial statement in prior periods are also corrected in accordance with Turkish Accounting Standard (“TAS 8”) “Accounting policies, changes in accounting estimates and errors” and corrections made to the previous periods’ financial statements are also summarized below.

	Securities Value Increase Fund	Current Period Profit/Loss	Other Profit Reserves	Prior Periods’ 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	(732)	-	-	-	(732)
Exchange rate difference on investments in foreign subsidiaries	(12,518)	4,320	-	8,198	-
Adjustments to deferred taxes	(7,577)	-	(10,000)	-	(17,577)
Restated Balances as at 31 December 2005	378,499	531,893	117,352	55,024	4,349,062

	Securities Value Increase Fund	Net Profit/Loss Current Period	Other Profit Reserves	Prior Periods’ 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	(7,886)	(4,632)	-	12,518	-
Adjustments to deferred taxes	(3,258)	(3,522)	(10,000)	-	(16,780)
Restated Balances as at 31 December 2006	128,500	761,576	151,974	51,747	4,555,515

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, 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.

After above corrections, capital adequacy ratio has been recalculated as 19.65 as at 31 December 2006, which was previously reported as 19.72.

	Current Period Profit/Losses
Reported Balances as at 31 March 2006	210,736
The correction of short-term employee benefits	6,460
Financial asset valuation differences	(13,275)
Exchange rate difference on investments in foreign subsidiaries	(668)
Adjustments to deferred taxes	3,371
Adjusted Balances as at 31 March 2006	206,624

Earnings per shares

As of and for the three month period ended 31 March 2007, earnings per share is YTL 0.0876. (31 March 2006: YTL 0.1616).

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 V.

Cash and Cash Equivalents

Cash and cash equivalents which is a base for preparation of cash flow statement includes cash in YTL, cash in FC, cheques, demand deposits for both CBT and other banks, money market placements and time deposits 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 19.45%.

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 March 2007			
	Risk Weights			
	0%	20%	50%	100%
Value at Credit Risk				
Balance Sheet Items (Net)	14,087,745	3,611,709	4,400,680	15,322,589
Cash on Hand	323,866	435	-	-
Securities in Redemption	-	-	-	-
Balances with the Central Bank of Turkey	1,466,724	-	-	-
Domestic and Foreign Banks, Foreign Head Offices and Branches	-	3,125,605	-	66,532
Interbank Money Market Placements	-	-	-	-
Receivables from Reverse Repurchase Agreements	510,000	-	-	-
Reserve Deposits	716,917	-	-	-
Loans	132,902	292,270	4,330,706	13,394,426
Loans under Follow-Up (Net)	-	-	-	-
Lease Receivables	-	-	-	-
Financial Assets Available-for-Sale	10,357,596	83,256	-	13,864
Investments Held-to-Maturity	5,755	41,250	-	-
Receivables from Term Sale of Assets	-	-	-	158,233
Miscellaneous Receivables	-	-	-	244,624
Accrued Interest and Income	567,876	27,852	69,974	257,115
Investments in Associates, Subsidiaries and Joint-Ventures (Net)	-	-	-	435,547
Tangible Assets (Net)	-	-	-	730,013
Other Assets	6,109	41,041	-	22,235
Off-Balance Sheet Items	80,905	1,408,431	268,262	2,003,842
Non-Cash Loans and Commitments	80,905	1,406,938	268,262	2,003,842
Derivative Financial Instruments	-	1,493	-	-
Non-Risk-Weighted Accounts	-	-	-	-
Total Risk-Weighted Assets	14,168,650	5,020,140	4,668,942	17,326,431

Summary information related to capital adequacy ratio

	Current Period	Prior Period
Value at Credit Risk	20,664,930	20,617,813
Value at Market Risk	294,336	1,349,250
Value at Operational Risk (*)	-	-
Shareholders' Equity	4,076,799	4,316,934
Shareholders' Equity/ (VaCR+VaMR+VaOR)*100	19.45	19.65

VaCR: Value at Credit Risk
VaMR: Value at Market Risk
VaOR: Value at Operational Risk

(*) Not calculated as per the article 24 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks".

Components of shareholders' equity items

	Current Period	Prior Period
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)	89,816	51,329
II. Legal Reserve (Turkish Commercial Code 466/2)	-	-
Reserves allocated as per Special Legislations	89,815	51,329
Status Reserves	-	-
Extraordinary Reserves	444,574	151,974
Reserve allocated as per the Decision held by the General Assembly	-	-
Retained Earnings	444,574	151,974
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	226,913	813,323
Current Period Profit	219,027	761,576
Prior Periods 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	-	-
Primary Subordinated Debt (upto 15% of Core Capital)	-	-
Loss excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-)	30,281	28,320
Prepaid Expenses (-)	85,973	48,733
Intangible Assets (-)	5,858	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	4,075,036	4,312,873
SUPPLEMENTARY CAPITAL		
General Provisions	148,623	130,463
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	-	-
Bonus shares of Associates, Subsidiaries and Joint-Ventures	35,142	35,142
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	-	-
45% of Securities Value Increase Fund	77,521	57,825
Associates and Subsidiaries	56,208	33,942
Investment Securities Available for Sale	21,313	23,883
Other Profit Reserves	-	-
Total Supplementary Capital	261,286	223,430
TIER III CAPITAL		
CAPITAL	4,336,322	4,536,303
DEDUCTIONS FROM CAPITAL	259,523	219,369
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors exceeding 10% of ownership	3,032	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	134,379	134,672
Others	-	-
TOTAL SHAREHOLDERS' EQUITY	4,076,799	4,316,934

II. 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 in on and off-balance sheet positions of banks.

The capital required for General Market Risk and Specific Risk is calculated and reported monthly in accordance with the Standard Method defined in the “Regulation on Measurement and Assessment of Capital Adequacy of Banks”.

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 analysis 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 analysis are sent to the related regulatory institutions.

Value at market risk

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	9,678
(II) Capital Obligation against Specific Risks - Standard Method	643
(III) Capital Obligation against Currency Risk - Standard Method	13,225
(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)	23,547
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	294,336

III. 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 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 capital obligation. The capital obligation is calculated at that amount.

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

As of 31 March 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 \$	EUR
The Bank's foreign currency purchase rate at the balance sheet date	1.3750	1.8272
<u>Foreign currency rates for the days before balance sheet date:</u>		
Day 1	1.3500	1.7979
Day 2	1.3500	1.8020
Day 3	1.3400	1.7857
Day 4	1.3400	1.7782
Day 5	1.3400	1.7870
<hr/>		
	US \$	EUR
Last 30-days arithmetical average rate	1.3571	1.7936

Information on currency risk

Current Period	Euro	US \$	Yen	Other FCs	Total
Assets					
Cash and Central Banks	1,008,647	18,072	21	1,322	1,028,062
Banks and Other Financial Institutions	116,976	2,017,492	1,528	34,910	2,170,906
Financial Assets at Fair Value through Profit/Loss	146,684	306,803	-	1	453,488
Interbank Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	630,049	2,942,375	-	-	3,572,424
Loans (*)	1,449,207	4,326,013	279	47,633	5,823,132
Investments in Associates, Subsidiaries and Joint-Ventures	32,889	-	-	-	32,889
Investments Held-to-Maturity	-	47,419	-	-	47,419
Derivative Financial Assets Held for Risk Management	-	-	-	-	-
Tangible Assets	-	544	-	-	544
Intangible Assets	-	-	-	-	-
Other Assets	23,276	357,750	-	8	381,034
Total Assets	3,407,728	10,016,468	1,828	83,874	13,509,898
Liabilities					
Bank Deposits	48	87,559	-	10	87,617
Foreign Currency Deposits	2,524,502	3,664,486	2,306	32,290	6,223,584
Interbank Money Market Takings	-	1,561,158	-	-	1,561,158
Other Fundings	798,306	3,867,669	-	28,678	4,694,653
Securities Issued	-	-	-	-	-
Miscellaneous Payables	20,379	147,169	1	307	167,856
Derivative Financial Liabilities Held for Risk Management	-	-	-	-	-
Other Liabilities	70,299	102,508	1	843	173,651
Total Liabilities	3,413,534	9,430,549	2,308	62,128	12,908,519
Net 'On Balance Sheet' Position	(5,806)	585,919	(480)	21,746	601,379
Net 'Off-Balance Sheet' Position	1,090	(388,469)	-	1	(387,378)
Derivative Assets	30,248	177,464	-	613	208,325
Derivative Liabilities	29,158	565,933	-	612	595,703
Non-Cash Loans	988,630	1,779,319	25,810	83,980	2,877,739
Prior Period					
Total Assets	3,659,693	10,266,335	2,219	74,845	14,003,092
Total Liabilities	3,612,455	10,170,591	2,901	69,127	13,855,074
Net 'On Balance Sheet' Position	47,238	95,744	(682)	5,718	148,018
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
Non-Cash Loans	1,039,545	1,859,327	24,241	91,524	3,014,367

(*) Loans indexed to foreign currency that are amounted YTL 553,086 in the financials are included.

IV. 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 using 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 Period	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non- Interest Bearing (*)	Total
<i>Assets:</i>							
Cash and Central Banks	2,223,544	-	-	-	-	324,300	2,547,844
Banks and Other Financial Institutions	3,091,453	-	-	-	-	140,699	3,232,152
Financial Assets at Fair Value through Profit/Loss	3,643	8,798	35,976	68,313	352,820	16,083	485,633
Interbank Money Market Placements	510,514	-	-	-	-	-	510,514
Financial Assets Available-for-Sale	1,378,702	1,505,078	3,145,550	1,398,727	3,461,452	97,120	10,986,629
Loans	8,637,416	3,177,234	2,368,613	502,519	3,757,763	-	18,443,545
Investments Held-to-Maturity	33,333	8,289	-	4,270	1,527	-	47,419
Other Assets (*)	1,484	543	643	1,977	12,643	1,880,035	1,897,325
Total Assets	15,880,089	4,699,942	5,550,782	1,975,806	7,586,205	2,458,237	38,151,061
<i>Liabilities:</i>							
Bank Deposits	397,373	114,079	1,005	-	-	2,004	514,461
Other Deposits	3,581,996	15,846,615	1,816,913	114,993	614,831	3,236,179	25,211,527
Interbank Money Market Takings	561,190	-	314,261	424,374	262,069	-	1,561,894
Miscellaneous Payables	159,161	-	-	-	-	744,357	903,518
Securities Issued	-	-	-	-	-	-	-
Other Fundings	311,428	1,941,029	1,944,496	530,274	29,377	-	4,756,604
Other Liabilities (**)	60	8,970	55,969	71,905	10,715	5,055,438	5,203,057
Total Liabilities	5,011,208	17,910,693	4,132,644	1,141,546	916,992	9,037,978	38,151,061
On Balance Sheet Long Position	15,880,089	4,699,942	5,550,782	1,975,806	7,586,205	-	35,692,824
On Balance Sheet Short Position	5,011,208	17,910,693	4,132,644	1,141,546	916,992	-	29,113,083
Off-Balance Sheet Long Position	-	-	93,478	-	-	-	93,478
Off-Balance Sheet Short Position	-	66,344	104,897	-	-	-	171,241
Total Position	10,868,881	(13,277,095)	1,406,719	834,260	6,669,213	-	6,501,978

(*) 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 Period	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non- Interest Bearing (*)	Total
<i>Assets:</i>							
Cash and Central Bank	2,373,446	-	-	-	-	409,737	2,783,183
Banks and Other Financial Institutions	2,947,756	-	-	-	-	115,735	3,063,491
Financial Assets at Fair Value through Profit/Loss	154,191	-	9,197	90,108	218,138	8,842	480,476
Interbank Money Market Placements	871,800	-	-	-	-	-	871,800
Financial Assets Available-for-Sale	1,567,840	2,817,850	2,796,425	979,569	1,652,712	91,649	9,906,045
Loans	9,135,331	3,562,523	1,282,551	497,667	3,565,168	-	18,043,240
Investments Held-to-Maturity	43,979	4,412	-	-	-	-	48,391
Other Assets (*)	39,557	-	-	2,037	-	1,638,301	1,679,895
Total Assets	17,133,900	6,384,785	4,088,173	1,569,381	5,436,018	2,264,264	36,876,521
<i>Liabilities:</i>							
Bank Deposits	423,887	131,304	-	-	-	3,131	558,322
Other Deposits	3,394,994	13,420,571	2,196,647	318,234	660,112	4,293,180	24,283,738
Interbank Money Market Takings	244,078	158,901	381,785	317,226	268,104	-	1,370,094
Miscellaneous Payables	-	-	-	-	-	318,360	318,360
Securities Issued	-	-	-	-	-	-	-
Other Fundings	1,173,410	2,584,286	1,215,833	23,607	-	-	4,997,136
Other Liabilities (**)	33,555	5,201	7,878	15,546	108,689	5,178,002	5,348,871
Total Liabilities	5,269,924	16,300,263	3,802,143	674,613	1,036,905	9,792,673	36,876,521
On Balance Sheet Long Position	17,333,900	6,384,785	4,088,173	1,569,381	5,436,018	-	34,612,257
On Balance Sheet Short Position	5,269,924	16,300,263	3,802,143	674,613	1,036,905	-	27,083,848
Off-Balance Sheet Long Position	-	1	-	-	4,633	-	4,634
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	11,863,976	(9,915,477)	286,030	894,768	4,403,746	-	7,533,043

(*) 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.

Average interest rates applied to monetary financial instruments

Current Period	Euro	US \$	Yen	YTL
	%	%	%	%
Assets				
Cash and Central Bank	1.84	2.53	-	13.12
Banks and Other Financial Institutions	3.87	5.40	-	18.53
Financial Assets at Fair Value through Profit/Loss	9.03	11.44	-	19.35
Interbank Money Market Placements	-	-	-	18.40
Financial Assets Available-for-Sale	6.00	7.16	-	18.88
Loans	5.67	7.59	-	20.68
Investments Held-to-Maturity	-	5.84	-	-
Liabilities				
Bank Deposits	-	5.59	-	19.80
Other Deposits	2.86	3.86	-	16.19
Interbank Money Market Takings	-	5.89	-	11.50
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Fundings	4.02	5.79	-	15.12
Prior Period				
	Euro	US \$	Yen	YTL
	%	%	%	%
Assets				
Cash and Central Bank	1.73	2.52	-	13.12
Banks and Other Financial Institutions	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 Fundings	3.43	5.76	-	15.22

V. 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 Period	Demand	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Undistributed (*)	Total
Assets								
Cash and Central Bank	2,547,844	-	-	-	-	-	-	2,547,844
Banks and Other Financial Institutions	140,699	3,091,453	-	-	-	-	-	3,232,152
Financial Assets at Fair Value through Profit/Loss	16,083	3,643	8,798	35,976	68,313	352,820	-	485,633
Interbank Money Market Placements	-	510,514	-	-	-	-	-	510,514
Financial Assets Available-for-Sale	97,120	701,672	483,522	108,666	2,086,621	7,509,028	-	10,986,629
Loans	-	1,997,630	1,888,139	1,215,269	3,529,406	9,813,101	-	18,443,545
Investments Held-to-Maturity	-	33,333	8,289	-	4,270	1,527	-	47,419
Other Assets (*)	-	238,448	3,379	9,377	14,630	112,395	1,519,096	1,897,325
Total Assets	2,801,746	6,576,693	2,392,127	1,369,288	5,703,240	17,788,871	1,519,096	38,151,061
Liabilities								
Bank Deposits	2,004	397,373	114,079	1,005	-	-	-	514,461
Other Deposits	3,236,180	15,600,513	4,933,033	782,042	71,729	588,030	-	25,211,527
Other Fundings	-	140,747	92,565	1,404,984	586,666	2,531,642	-	4,756,604
Interbank Money Market Takings	-	561,190	-	314,261	424,374	262,069	-	1,561,894
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	386,237	440,464	-	-	-	76,817	903,518
Other Liabilities (*)	-	77,165	4,630	7,227	13,890	119,521	4,980,624	5,203,057
Total Liabilities	3,238,184	17,163,225	5,584,771	2,509,519	1,096,659	3,501,262	5,057,441	38,151,061
Liquidity Gap	(436,438)	(10,586,532)	(3,192,644)	(1,140,231)	4,606,581	14,287,609	(3,538,345)	-
Prior Period								
Total Assets	2,182,942	7,738,085	1,516,709	2,131,466	4,645,445	16,999,465	1,662,409	36,876,521
Total Liabilities	4,296,310	13,973,334	5,889,089	1,605,524	2,020,136	3,665,183	5,426,945	36,876,521
Liquidity Gap	(2,113,368)	(6,235,249)	(4,372,380)	525,942	2,625,309	13,334,282	(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.

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	288,071	35,298	365,660	43,764
Central Bank of Turkey	1,196,283	271,763	1,253,563	295,923
Reserve deposits	35,411	720,087	32,921	791,039
Others	17	914	20	293
Total	1,519,782	1,028,062	1,652,164	1,131,019

According to the no. 2005/1 announcement of the Central Bank of Turkey, “Announcement on Reserve Deposits”, all banks operating in Turkey should provide a reserve 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 13.12% for YTL, 2.515% for US \$ and 1.835% for Euro as of 31 March 2007.

Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	1,196,283	271,763	1,253,563	295,923
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Total	1,196,283	271,763	1,253,563	295,923

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

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

None.

Trading securities subject to repurchase agreements

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	-	-	-	-
Treasury Bills	-	-	-	-
Other Debt Securities	-	195,524	-	198,472
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	-	195,524	-	198,472

Positive value of trading purpose derivatives

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forward Transactions	-	28	-	36
Swap Transactions	6,741	10,049	9,969	24
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	6,741	10,077	9,969	60

3. Banks and other financial institutions

Banks and other financial institutions

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	1,061,246	2,170,906	512,809	2,550,682
Domestic	41,042	412,625	283,945	14,006
Foreign	1,020,204	1,758,281	228,864	2,536,676
Foreign Head Offices and Branches	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	1,061,246	2,170,906	512,809	2,550,682

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	2,359,695	-	2,134,808	319,308
Others	-	-	-	-
Total	2,359,695	-	2,134,808	319,308

Investment securities available-for-sale subject to repurchase agreements

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	734	1,528,539	911	1,114,622
Treasury Bills	-	-	-	-
Other Debt Securities	-	323,929	-	450,447
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	734	1,852,468	911	1,565,069

Information related with available for sale assets

	Current Period	Prior Period
Debt instruments	10,952,098	9,864,051
Quoted	9,327,318	8,539,422
Unquoted	1,624,780	1,324,629
Equity instruments	97,311	91,829
Quoted	71,251	65,770
Unquoted	26,060	26,059
Impairment provision (-)	62,780	49,835
Total	10,986,629	9,906,045

The Bank's management has decided to sell the shares of EGS Gayrimenkul Yatırım Ortaklığı AŞ ("EGS"), classified in available for sale portfolio of the Bank with a carrying value amounting to YTL 84, at a price available on the date of sale in Istanbul Stock Exchange ("ISE"). The Bank has 0.73% of the outstanding shares of EGS.

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	-	26,657	-	451
Corporate Shareholders	-	26,657	-	451
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	137	-	117
Loans Granted to Employees	28,882		25,163	
Total	28,882	26,794	25,163	568

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

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	17,367,471	-	706,375	248,325
Discounted Bills	1,385	-	-	-
Export Loans	1,261,861	-	44,732	197,512
Import Loans	-	-	-	-
Loans to Financial Sector	172,415	-	-	-
Foreign Loans	977	-	58	-
Consumer Loans	3,890,023	-	140,923	575
Credit Cards	570,859	-	11,465	1,271
Precious Metal Loans	-	-	-	-
Other	11,469,951	-	509,197	48,967
Specialization Loans	121,356	-	18	-
Other Receivables	-	-	-	-
Total	17,488,827	-	706,393	248,325

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – YTL	950,596	3,060,819	4,011,415
Housing Loans	53,486	1,900,788	1,954,274
Automobile Loans	28,606	169,726	198,332
General Purpose Loans	718,137	990,301	1,708,438
Other	150,367	4	150,371
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	547,546	-	547,546
With Installment	101,339	-	101,339
Without Installment	446,207	-	446,207
Retail Credit Cards – FC	2,129	-	2,129
With Installment	-	-	-
Without Installment	2,129	-	2,129
Personnel Loans – YTL	614	19,492	20,106
Housing Loan	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	614	19,492	20,106
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	8,753	-	8,753
With Installment	1,461	-	1,461
Without Installment	7,292	-	7,292
Personnel Credit Cards – FC	23	-	23
With Installment	-	-	-
Without Installment	23	-	23
Deposit Accounts– YTL (real persons)	474,554	-	474,554
Deposit Accounts– FC (real persons)	-	-	-
Total	1,984,215	3,080,311	5,064,526

Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – YTL	1,104,768	2,471,450	3,576,218
Real Estate Loans	2,550	103,843	106,393
Automobile Loans	177,980	751,250	929,230
General Purpose Loans	924,238	1,616,357	2,540,595
Other	-	-	-
Installment-based Commercial Loans - FC-indexed	-	-	-
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Installment-based Commercial Loans – FC	-	38,360	38,360
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	38,360	38,360
Corporate Credit Cards – YTL	24,813	-	24,813
With Installment	2,015	-	2,015
Without Installment	22,798	-	22,798
Corporate Credit Cards – FC	331	-	331
With Installment	-	-	-
Without Installment	331	-	331
Overdraft Accounts– YTL (corporate)	17,460	-	17,460
Overdraft Accounts– FC (corporate)	-	-	-
Total	1,147,372	2,509,810	3,657,182

Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	18,442,510	17,949,581
Foreign Loans	1,035	93,659
Total	18,443,545	18,043,240

Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Investments	8,770	12,752
Indirect Loans Granted to Subsidiaries and Investments	10,127	10,136
Total	18,897	22,888

Specific provisions for loans

	Current Period	Prior Period
Loans and Receivables with Limited Collectibility	278,598	196,943
Loans and Receivables with Doubtful Collectibility	29,404	30,429
Uncollectible Loans and Receivables	728,870	774,675
Total	1,036,872	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 period	1,510	-	124,395
(Gross amounts before the specific reserves)	-	-	-
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	1,510	-	124,395
Prior period	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 period end balance	196,943	30,429	774,675
Additions (+)	114,267	7	2,391
Transfers from other categories of loans under follow-up (+)	4,254	67	4,694
Transfers to other categories of loans under follow-up (-)	4,435	417	37,071
Collections (-)	32,431	682	15,819
Write-offs (-)	-	-	-
Current period end balance	278,598	29,404	728,870
Specific provision (-)	278,598	29,404	728,870
Net Balance on balance sheet	-	-	-

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

None

6. Information on investment securities held-to-maturity

Public sector debt securities held-to-maturity

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities	5,796	6,072
Other	41,623	42,319
Total	47,419	48,391

Information on investments held to maturity

	Current Period	Prior Period
Debt Securities	47,928	48,870
Quoted at Stock Exchange	-	-
Unquoted at Stock Exchange	47,928	48,870
Impairment Losses (-)	509	479
Total	47,419	48,391

The movement of investments held to maturity

	Current Period	Prior Period
Balances at Beginning of Period	48,391	371,574
Foreign Currency Differences On Monetary Assets	(1,564)	(22,693)
Purchases during the Period	88,154	446,020
Disposals through Sales/Redemptions	(87,454)	(736,020)
Impairment Losses (-)	(30)	(175)
Change in Redeemed Costs (*)	(78)	(10,315)
Balances at End of Period	47,419	48,391

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

Information about held-to-maturity securities

Current Period	Cost Amount		Revalued Amount	
	YTL	FC	YTL	FC
Collateralised/Blocked Investments	-	41,250	-	41,623
Investments subject to Repurchase Agreements	-	-	-	-
Held for structural position	-	-	-	-
Receivable from Security Borrowing Market	-	-	-	-
Collateral For Security Borrowing Market	-	-	-	-
Other (*)	-	6,264	-	5,796
Total	-	47,514	-	47,419

Prior Period	Cost Amount		Revalued Amount	
	YTL	FC	YTL	FC
Collateralised/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, free securities that are not collateralized, are presented.

7. 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 İşadamları Kimya Kuruluşları AŞ (in bankruptcy)	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 Orta Doğu Yazılım Hizmetleri AŞ	Ankara/ TURKEY	9.00	34.04

	Total Assets	Shareholders' Equity	Total Tangible and Intangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	563,502	30,626	3,219	91,650	10,068	3,675	-	-
2	-	-	-	-	-	-	-	-
3	12,974	12,507	116	-	-	631	147	7,885
4	59,426	58,803	39,612	892	887	1,299	-	43,428
5	7,243	6,899	204	192	23	872	2,355	-
6	11,129	10,386	301	427	11	387	(24,109)	8,350

(*) As of 31 December 2006

Movement of investments in associates

	Current Period	Prior Period
Balance at Beginning of Period	17,381	26,454
Movements during the Period	(449)	(9,073)
Acquisitions and Capital Increases	-	915
Bonus Shares Received	-	170
Dividends from Current Year Profit	-	-
Sales/Liquidations (-)	-	(6,327)
Revaluation increase, inflation correction difference and currency difference on Foreign Subsidiaries	(449)	(3,757)
Impairment Losses (-)	-	(74)
Balance at End of Period	16,932	17,381

Sectoral distribution of investments and associates

	Current Period	Prior Period
Banks	2,669	2,669
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Associates	12,925	13,374
Total	15,594	16,043

Quoted associates

	Current Period	Prior Period
Quoted to domestic stock exchanges	12,925	13,374
Quoted to international stock exchanges	-	-
Total	12,925	13,374

As per the resolution no.74887 of the Board of Directors of Vakıflar Bankası T.A.O 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 period

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 period

None

8. Investments in subsidiaries

Investments in subsidiaries

Subsidiary	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 bankruptcy)	In Liquidation	45.79	45.79
5 Taksim Otelcilik AŞ (*)	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/AVUSTRIA	90.00	90.00
13 World Vakıf Offshore Banking Ltd.	Lefkosa/NCTR	82.00	84.92

	Total Assets	Shareholder's Equity	Total Tangible and Intangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Company's Fair Value
1	422,400	185,449	69,769	10,752	10,087	1,123	4,545	294,643
2	600,986	88,272	37,680	20,797	19,767	12,090	20,117	135,850
3	270,011	254,664	74	435	-	665	4,525	33,164
4	-	-	-	-	-	-	-	-
5	211,947	213,308	68,548	6,326	-	5,001	(102,932)	-
6	98,987	84,993	144	2,279	-	9,779	4,964	31,000
7	155,981	38,165	4,013	4,052	-	1,667	15,850	38,800
8	186,045	12,857	98	3,001	-	2,433	(15,974)	-
9	4,264	4,234	1	-	-	(1,654)	(309)	9,717
10	62,241	43,073	355	1,590	-	1,154	416	-
11	12,293	9,341	365	182	63	1,115	1,979	-
12	656,177	75,515	1,519	9,425	3,398	1,086	37,590	-
13	57,042	5,304	-	898	-	53	-	-

(*) Financial statements are as of 31 December 2006.

Movement of investments in subsidiaries

	Current Period	Prior Period
Balance at Beginning of Period	383,573	585,282
Movements during the period	38,073	(201,709)
Acquisitions and Capital Increases	-	6,775
Bonus Shares Received	-	27,533
Dividends from Current Year Profit	-	-
Sales and Liquidations	-	(273)
Revaluation increase, inflation correction difference and currency difference on Foreign Subsidiaries	38,074	25,500
Impairment Losses (+)	-	(261,244)
Balance at End of Period	421,647	383,573
Capital Commitments	-	-
Share percentage at the End of Period (%)	-	-

As per the resolution no.74887 of the Board of Directors of Vakıflar Bankası TAO 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.

Valuation methods of investments in subsidiaries

	Current Period	Prior Period
Valued at Cost	169,137	169,434
Valued at Fair Value	252,510	214,139
Valued by Equity Method of Accounting	-	-
Total	421,647	383,573

Sectoral distribution of investments in subsidiaries

	Current Period	Prior Period
Banks	32,889	33,187
Insurance Companies	180,695	141,271
Factoring Companies	24,301	24,301
Leasing Companies	22,779	23,555
Financing Companies	-	-
Other Subsidiaries	37,661	37,938
Total	298,325	260,252

Quoted subsidiaries

	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	133,257	98,183
Quoted at International Stock Exchanges	-	-
Total	133,257	98,183

Investments in subsidiaries disposed during the current period

None.

Investments in subsidiaries purchased during the current period

None

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 generated deferred tax asset or liabilities are listed below as of 31 March 2007 and 31 December 2006:

	Current period	Prior Period
Deferred tax assets		
BRSA - Tax Code depreciation differences	28,251	27,937
ETI and vacation pay provisions	23,896	22,737
Valuation difference for associates and subsidiaries	16,143	18,216
Other provisions	-	4,200
Deferred tax liabilities		
Valuation differences for financial assets and liabilities	(27,249)	(31,979)
Deferred tax asset, net	41,041	41,111

13. Information on other assets

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

II. Information and disclosures related to liabilities

1. Information on maturity profile of deposits

<i>Current Period</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	674,382	-	149,107	4,994,195	655,647	26,135	19,695	-	6,519,161
Foreign Currency Deposits	1,007,392	1,224	1,690,345	2,503,147	389,139	45,712	586,770	-	6,223,729
Residents in Turkey	983,852	1,224	1,655,602	2,366,419	379,404	44,059	550,783	-	5,981,343
Residents in Abroad	23,540	-	34,743	136,728	9,735	1,653	35,987	-	242,386
Public Sector Deposits	485,826	-	463,892	1,690,884	53,908	336	3,260	-	2,698,106
Commercial Deposits	551,002	145	812,720	2,817,636	99,198	35	668	-	4,281,404
Other	524,812	-	460,575	3,838,222	618,684	42,743	4,091	-	5,489,127
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	2,003	-	35,391	403,913	72,110	1,044	-	-	514,461
Central Bank	38	-	-	-	-	-	-	-	38
Domestic Banks	542	-	25,280	402,903	72,110	1,044	-	-	501,879
Foreign Banks	1,012	-	10,110	1,010	-	-	-	-	12,132
Participation Banks	411	-	1	-	-	-	-	-	412
Other	-	-	-	-	-	-	-	-	-
Total	3,245,417	1,369	3,612,030	16,247,997	1,888,686	116,005	614,484	-	25,725,988

<i>Prior Period</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 Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	3,239,144	3,100,191	3,261,365	2,828,939
Foreign Currency Saving Deposits	1,309,350	1,298,659	1,955,920	2,144,796
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	4,548,494	4,398,850	5,217,285	4,973,735

Savings deposits that are not covered under the guarantee of deposit insurance fund

	Current Period	Prior Period
Savings Deposits at Foreign Branches	371	133
Savings Deposits at Off-shore Branches	-	-

2. Information on trading derivatives

Negative value of trading purpose derivatives

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forwards	-	28	-	35
Swaps	-	6,193	-	3,707
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	6,221	-	3,742

3. Information on banks and other financial institutions

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	-	-	-	-
Domestic Bank and Institutions	61,951	299,669	61,991	310,536
Foreign Bank, Institutions and Funds	-	4,394,984	-	4,624,609
Total	61,951	4,694,653	61,991	4,935,145

Maturity information of funds borrowed

	Current period		Prior period	
	YTL	FC	YTL	FC
Short-term	61,951	1,725,007	61,991	1,800,619
Medium and Long term	-	2,969,646	-	3,134,526
Total	61,951	4,694,653	61,991	4,935,145

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities. Funds borrowed are about 14.04% of the Bank's total liabilities. There is no risk concentration on funding sources of the Bank.

On 29 June 2006, the Bank has obtained foreign lending in the amount of US \$ 915 million comprised of 5 tranches by the arrangement of Standard Chartered and West LB AG by securitization program based on remittance flows.

On 19 July 2006, the Bank has obtained syndication loan of US \$ 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 \$ 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+0.826%, respectively, with the participation of 26 international banks through club deal.

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 installments 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 Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	328	318	-	-
1-4 Years	11,532	10,715	13,422	12,494
More than 4 Years	-	-	-	-
Total	11,860	11,033	13,422	12,494

6. Information on liabilities arising from hedging purpose derivatives

Negative value of hedging purpose derivatives

None.

7. Information on provisions

Information on general provisions

	Current Period	Prior period
Provisions for Loans and Receivables in Group I	137,017	118,857
Provisions for Loans and Receivables in Group II	2,000	2,000
Provisions for Non Cash Loans	9,606	9,606
Other	-	-
Total	148,623	130,463

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

None.

Information on other provisions

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

Information on other provisions exceeding 10% of total provisions

None.

8. Taxation

Current Taxes

Tax provision

As of 31 March 2007, Bank has tax liabilities of YTL 64,411, after deducting prepaid taxes.

Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	64,411	85,640
Taxation on securities	49,361	41,138
Capital gains tax on property	337	380
Banking Insurance Transaction Tax (BITT)	17,487	16,455
Taxes on foreign exchange transactions	1,684	2,463
Value added tax payable	348	437
Other	4,973	7,944
Total	138,601	154,457

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	229	222
Unemployment insurance- employer share	394	379
Other	1	-
Total	624	601

Information on deferred tax liability

Disclosed in Note 12 of information and disclosures for assets.

9. Information on shareholders' equity

Paid-in capital

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

Paid-in capital of the 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
Registered 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.

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 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.

Securities value increase fund

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Associates, Subsidiaries and JV's	128,353	-	92,422	-
FV difference	11,103	40,997	(11,857)	55,821
Foreign Exchange difference	(8,185)	-	(7,886)	-
Total	131,271	40,997	72,679	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 Period	Prior period
Letters of Guarantee in Foreign Currency	1,381,698	1,423,832
Letters of Guarantee in YTL	2,087,129	1,857,461
Letters of Credit	1,131,419	1,225,892
Bills of Exchange and Acceptances	360,722	354,923
Other Guarantees and Sureties	3,994	9,814
Total	4,964,962	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 89,505 recorded under off-balance sheet items.

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Provisional Letters of Guarantee	126,762	78,522
Final Letters of Guarantee	2,733,201	2,700,200
Letters of Guarantee for advances	404,413	301,306
Letters of Guarantee given to Customs Offices	64,345	60,465
Other Letters of Guarantee	140,106	140,800
Total	3,468,827	3,281,293

2. Non-cash Loans

	Current Period	Prior Period
Non-Cash Loans Given for Cash Loan Risks	450,016	444,043
With Original Maturity of 1 Year or Less	158,399	154,617
With Original Maturity of More Than 1 Year	291,617	289,426
Other Non-Cash Loans	4,514,946	4,427,879
Total	4,964,962	4,871,922

3. Sectoral risk concentrations of non-cash loans

	Current Period				Prior Period			
	YTL	%	FC	%	YTL	%	FC	%
Agricultural	20,093	0.96	7,522	0.26	21,224	1.14	7,652	0.25
Farming and Cattle	16,116	0.77	5,010	0.17	17,295	0.93	4,918	0.16
Forestry	3,297	0.16	-	-	3,316	0.18	-	-
Fishing	680	0.03	2,512	0.09	613	0.03	2,734	0.09
Manufacturing	839,708	40.23	1,223,462	42.51	722,417	38.89	1,300,730	43.15
Mining	21,979	1.05	73,125	2.54	23,407	1.26	65,849	2.18
Production	687,381	32.93	996,983	34.64	567,105	30.53	1,073,679	35.62
Electric, gas and water	130,348	6.25	153,354	5.33	131,905	7.10	161,202	5.35
Construction	290,860	13.94	482,852	16.78	259,075	13.95	510,489	16.94
Services	623,529	29.87	541,582	18.82	570,590	30.72	552,833	18.34
Wholesale and retail trade	269,118	12.89	126,787	4.41	265,392	14.29	129,123	4.29
Hotel, food and beverage services	29,677	1.42	5,721	0.20	26,555	1.44	1,877	0.06
Transportation and telecommunication	135,892	6.51	188,198	6.54	116,618	6.28	196,338	6.51
Financial institutions	168,936	8.09	198,658	6.90	141,936	7.64	201,496	6.68
Real estate and renting services	2,246	0.11	-	-	1,189	0.06	-	-
Self-employment services	-	-	-	-	-	-	-	-
Education services	2,277	0.11	9,703	0.34	2,122	0.11	10,279	0.34
Health and social services	15,383	0.74	12,515	0.43	16,778	0.90	13,720	0.46
Other	313,033	15.00	622,321	21.63	284,249	15.30	642,663	21.32
Total	2,087,223	100.00	2,887,739	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	1,997,822	1,281,588	55,392	46,730
Aval and Acceptances	-	348,526	-	11,764
Letters of Credit	-	1,101,251	-	30,168
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	94	2,805	-	-
Total	1,997,916	2,734,170	55,392	88,662

5. Contingent assets and liabilities

In order to deduct 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, from tax base, the Bank appealed to the tax office on 19 December 2006 for the repayment, through submitting tax returns of the year 2002, 2003, and 2004 with a condition stating that such losses should have been deducted and the Bank may appeal to the tax court for the tax return. Following the rejection of this condition by the tax office, the Bank appealed to the tax court on 22 February 2007. However, as of the reporting date, the judgment process is not finalized yet and continues.

IV. Information on disclosures related to the income statement

1. Interest income

Information on interest income received from loans

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-term Loans	395,245	38,242	313,342	48,067
Medium and Long-term Loans	242,962	59,442	154,085	17,499
Loans under follow-up	10,930	-	8,820	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	649,137	97,684	476,247	65,566

Information on interest income received from banks

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	-	1,321	-	744
Domestic Banks	4,246	173	4,229	1,024
Foreign Banks	23,501	23,420	1,763	14,829
Foreign Head Office and Branches	-	-	-	-
Total	27,747	24,914	5,992	16,597

Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	149	101

2. Interest Expense

Interest expenses on funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	2,082	58,052	1,078	40,585
Central Bank of Turkey	-	-	-	-
Domestic Banks	2,082	764	1,078	584
Foreign Banks	-	57,288	-	40,001
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	1	-	68
Total	2,082	58,053	1,078	40,653

Interest expenses paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	2,858	-

3. Trading income/losses (Net)

	Current Period	Prior Period
Income	174,848	89,083
Trading Account Income	21,808	25,758
<i>Derivative financial instruments</i>	15,249	190
<i>Others</i>	6,559	25,568
Foreign Exchange Gain	153,040	63,325
Losses (-)	(126,115)	(53,465)
Trading Account Losses	(4,000)	(961)
<i>Derivative financial instruments</i>	(2,707)	(30)
<i>Others</i>	(1,293)	(931)
Foreign Exchange Losses	(122,115)	(52,504)
Income	48,733	35,618

4. Other operating income

There are no factors and new improvements affecting the Bank's income significantly.

5. Provision expenses for losses on loans and other receivables

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables	81,655	47,132
<i>Loans and Receivables in Group III</i>	81,655	17,841
<i>Loans and Receivables in Group IV</i>	-	22,386
<i>Loans and Receivables in Group V</i>	-	6,905
Non-performing commissions and other receivables	-	-
General Provision Expenses	18,000	7,000
Provision for Possible Losses	-	-
Impairment Losses on Securities:	2,517	6,480
<i>Trading securities</i>	390	644
<i>Investment Securities Available-for-Sale</i>	2,127	5,836
Other Impairment Losses:	509	342
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
<i>Investment Securities Held-to-Maturity</i>	509	342
Other	22,748	1,344
Total	125,429	62,298

6. Other operating expenses

	Current Period	Prior Period
Personnel Costs	102,109	80,650
Reserve for Employee Termination Benefits	5,795	973
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses on Tangible Assets	15,162	15,266
Impairment Losses on Intangible Assets	-	-
Amortization Expenses on Intangible Assets	445	379
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses on Assets to be Disposed	2,344	-
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	72,209	61,866
<i>Operational lease related expenses</i>	10,684	8,432
<i>Repair and maintenance expenses</i>	2,584	1,874
<i>Advertisement expenses</i>	5,110	7,219
<i>Other expenses</i>	53,831	44,341
Loss on sale of assets	275	411
Other	43,117	13,617
Total	241,456	173,162

7. Provision for taxes on income

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

In the current period, the Bank recorded a tax provision of YTL 56,761 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

	Current Period	Prior Period
Sources of deferred tax benefit/charge		
Arising from Origination (+)/ Reversal (-) of Deductible Temporary Differences	1,152	-
Arising from Origination (+)/ Reversal (-) of Taxable Temporary Differences	1,183	(5,834)
Arising from Origination (+)/ Reversal (-) of Tax Losses	-	-
Arising from tax rate change	-	-
Total	2,335	(5,834)

8. Net profit and loss

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

None.

9. 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 the Bank's risk group

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

Current Period	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	22,888	219,239	-	568	-	-
Balance at the End of the Period	8,859	216,539	-	26,794	-	-
Interest and Commission Income Received	149	251	-	-	-	-

Prior Period	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 Period	28,062	189,533	-	950	-	-
Balance at the End of the Period	22,888	219,239	-	568	-	-
Interest and Commission Income Received	17	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 Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the Beginning of the Period	120,261	86,210	-	-	-	-
Balance at the End of the Period	126,722	120,261	-	-	-	-
Interest on Deposits	2,858	-	-	-	-	-

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 0.05% and 4.40%.

Current Period	Amount	Compared With the Financial Statement Amount %
Cash Loans	8,859	0.05
Non-Cash Loans	243,333	4.90
Deposits	126,722	0.49
Forward and Option Agreements	-	-

Prior Period	Amount	Compared With the Financial Statement Amount %
Cash Loans	22,888	0.13
Non-Cash Loans	219,807	4.51
Deposits	120,261	0.48
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

SECTION SIX

Other Disclosures and Footnotes

I. Other disclosures on the Bank's activity

- Based on the resolution of 53th 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 no.75069 Board of Directors resolution on 13 October 2006, within the context of restructuring of associates and subsidiaries, it is decided to purchase the 6% shares of Vadeli İşlem ve Opsiyon Borsası AŞ having YTL 9,000 paid in capital and 99.99% shares of Vakıf Portföy Yönetim AŞ having YTL 1,500 paid in capital, from Vakıf Yatırım Menkul Değerler AŞ, at a price equal to their nominal values, YTL 540 and YTL 1,500, respectively.

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

June 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	A (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.

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

- The Bank sold its 9% shares in Orta Doğu Yazılım Hizmetleri AŞ with a carrying value of YTL 751 to Ahmet Serdar Oğhan Ortak Girişim Grubu in cash by US \$ 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 \$ 4,810,000.
- Based on 16 April 2007 dated Board of Directors resolution of Güneş Sigorta AŞ, which the Bank has 36.5% of its outstanding shares, it is decided to increase share capital of Güneş Sigorta from YTL 75,000 to YTL 150,000 through appropriation of capital and profit reserves.

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

None.

SECTION SEVEN

Independent Auditors' Review Report

1. Information on the independent auditors' review report

The Bank's unconsolidated financial statements and footnotes as of 31 March 2007, have been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the member firm of KPMG International). It was noted in their review report dated 14 May 2007 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 Bank's financial position and results of its operations as of 31 March 2007.

2. Explanations and disclosures by Independent Auditors

None.