

*(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
and Its Financial Subsidiaries**

Consolidated Financial Report

As of and For the Year Ended

31 December 2007

With Independent Auditors' Report Thereon

Akis Bağımsız Denetim ve Serbest

Muhasebeci Mali Müşavirlik AŞ

10 April 2008

*This report contains "Independent Auditors' Report"
comprising 2 pages and; "Consolidated Financial
Statements and Related Disclosures and Footnotes"
comprising 86 pages.*

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

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

We have been engaged to audit the consolidated balance sheet of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı ("the Bank") and its financial subsidiaries (collectively "the Group") as of 31 December 2007 and the related consolidated income statement, statement of cash flows, statement of changes in shareholders' equity, statement of income and expenses recognized in shareholders' equity, and a summary of significant accounting policies and notes to the consolidated financial statements. The consolidated financial statements of the Group as of and for the year ended 31 December 2006 were audited by another auditor who expressed an unqualified opinion in their report dated 8 March 2007 for the consolidated financial statements as of 31 December 2006. We did not audit the financial statements of certain consolidated companies as of 31 December 2007, which statements reflect total assets constituting 5.79 percent; and total operating income constituting (1.33) percent as of and for the year ended 31 December 2007 of the related consolidated totals. Those statements were audited by other auditors whose reports have been furnished to us, and our audit report, insofar as it relates to the amounts included for those companies is based solely on the reports of the other auditors.

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

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

Disclosure for the Responsibility of the Authorized Audit Firm:

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

Independent Auditors' Opinion:

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

Istanbul,
10 April 2008

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

Özkan Genç
Partner
Certified Public Accountant

Additional paragraph for convenience translation to English:

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

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

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

- GENERAL INFORMATION ABOUT THE BANK
- CONSOLIDATED FINANCIAL STATEMENTS
- DISCLOSURES ON APPLIED ACCOUNTING POLICIES IN THE YEAR
- INFORMATION ON THE FINANCIAL POSITION OF THE GROUP
- DISCLOSURES AND FOOTNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDITORS’ REPORT

The subsidiaries, associates and jointly controlled companies included in the consolidated financial report are as follows:

SUBSIDIARIES

Güneş Sigorta AŞ
Vakıf Emeklilik AŞ
Vakıfbank International AG
Vakıf Finansal Kiralama AŞ
Vakıf Deniz Finansal Kiralama AŞ
Vakıf Finans Factoring AŞ
Vakıf Portföy Yönetimi AŞ
World Vakıf Off Shore Banking Ltd.
Vakıf Yatırım Menkul Değerler AŞ

ASSOCIATES

Vakıf Gayrimenkul Yatırım Ort. AŞ
Vakıf Menkul Kıymetler Yat. Ort. AŞ
Kıbrıs Vakıflar Bankası Ltd. Şti
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The consolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying consolidated financial statements are presented in thousands of New Turkish Lira (YTL).

10 April 2008

Yusuf BEYAZIT
Board of Directors
Chairman

Cem DEMİRAG
Board Member
Audit Committee Member

Serdar TUNÇBİLEK
Board Member
Audit Committee Member

Bilal KARAMAN
General Manager

Dr. Metin Recep ZAFER
Executive Vice President

Ş. Mehmet BOZ
Director of Accounting and
Financial Affairs

The authorized contact person for questions on this financial report

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

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

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Türkiye Vakıflar Bankası Türk Anonim Ortaklığı and Its Financial Subsidiaries

Consolidated Financial Report

As of and For the Year Ended 31 December 2007

(Currency: Thousands of YTL - New Turkish Lira)

SECTION ONE

General Information

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

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

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

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

On 19 December 2006 the Bank’s paid-in share capital increased from YTL 1,279,000 to YTL 2,500,000 by YTL 1,221,000 through YTL 605,763 from other capital reserves, YTL 448,205 from share issuance premium, YTL 154,500 from extraordinary reserves, YTL 7,794 from revaluation fund, and YTL 4,738 from other profit reserves. The Bank’s paid-in capital is divided into 2,500.000.000 shares with each has a nominal value of 1 New Turkish Lira.

Shareholders	Number of Shares	Nominal Value of the Shares – Thousands of YTL	Share Percentage (%)
The General Directorate of the Foundations (Group A)	1.075.058.640	1,075,059	43.00
Foundations (Group B)	386.224.346	386,224	15.45
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402.552.666	402,553	16.10
Foundations (Group B)	4.681.491	4,681	0.19
Individuals and legal entities (Group B)	1.886.449	1,887	0.08
Publicly traded (Group D)	629.596.408	629,596	25.18
Total	2.500.000.000	2,500,000	100.00

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

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

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

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

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

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

On 21 March 2008, Selahattin Toraman's membership in the Bank's Board of Directors has ended and Sebahattin Birdal has been appointed as the member of the Bank's Board of Directors according to the resolution of Annual General Assembly held at the same date. Sebahattin Birdal has taken up his duty with swearing on 26 March 2008.

Hasan Özer, the member of the Bank's Board of Directors, holds a C group nonadmissioned share of the Bank amounting of YTL 0.60. Additionally, Ahmet Atıf Meydan, the Assistant General Manager of the Bank, holds a C group nonadmissioned share of the Bank amounting of YTL 0.60.

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

IV. Information on 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 43.00% of the Bank's outstanding shares. Another organization holding qualified share in the Bank is Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (the pension fund of the employees of the Bank), having 16.10% of outstanding shares of the Bank.

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

The Bank was established under the authorization of special law numbered 6219, called "the Law of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı", on 11 January 1954 within the framework of the authority granted to The General Directorate of the Foundations. Operational activities of the Bank as stated at its Articles of Association are as follows:

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

As of 31 December 2007, the Bank has 466 domestic, 2 foreign, in total 468 branches (31 December 2006: 427 domestic, 2 foreign branches). As of 31 December 2007, the Bank has 8,700 employees (31 December 2006: 7,679 employees).

SECTION TWO – CONSOLIDATED FINANCIAL STATEMENTS

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Consolidated Balance Sheet
At 31 December 2007
(Thousands of New Turkish Lira (YTL))

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

		Audited Current Year 31 December 2007			“Restated” Audited Prior Year 31 December 2006			
ASSETS		Notes Section 5	YTL	FC	Total	YTL	FC	Total
I.	CASH AND BALANCES WITH CENTRAL BANK	I-1	1,626,725	866,575	2,493,300	1,679,959	1,132,435	2,812,394
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	I-2	120,081	336,806	456,887	117,771	462,115	579,886
2.1	Financial assets held for trading		97,817	319,957	417,774	107,802	462,055	569,857
2.1.1	Government securities		95,953	319,957	415,910	97,798	462,055	559,853
2.1.2	Equity securities		500	-	500	8,392	-	8,392
2.1.3	Other securities		1,364	-	1,364	1,612	-	1,612
2.2	Financial assets designated at fair value through profit or loss		-	-	-	-	-	-
2.2.1	Government securities		-	-	-	-	-	-
2.2.2	Equity securities		-	-	-	-	-	-
2.2.3	Other securities		-	-	-	-	-	-
2.3	Derivative financial assets held for trading		22,264	16,849	39,113	9,969	60	10,029
III.	BANKS	I-3	859,321	2,007,360	2,866,681	527,084	2,607,017	3,134,101
IV.	RECEIVABLES FROM INTERBANK MONEY MARKETS		715,835	-	715,835	873,277	-	873,277
4.1	Interbank money market placements		-	-	-	751,093	-	751,093
4.2	Istanbul Stock Exchange money market placements		-	-	-	1,262	-	1,262
4.3	Receivables from reverse repurchase agreements		715,835	-	715,835	120,922	-	120,922
V.	AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	I-4	6,803,323	2,770,936	9,574,259	6,789,474	3,551,701	10,341,175
5.1	Equity securities		85,331	1,650	86,981	150,676	2,144	152,820
5.2	Government securities		6,717,929	2,689,220	9,407,149	6,638,798	3,487,096	10,125,894
5.3	Other securities		63	80,066	80,129	-	62,461	62,461
VI.	LOANS	I-5	17,088,234	6,714,898	23,803,132	12,361,039	6,055,029	18,416,068
6.1	Performing loans		17,088,234	6,714,429	23,802,663	12,361,039	6,054,813	18,415,852
6.1.1	Loans of Bank’s risk group	VII-1	126	3,993	4,119	-	4,652	4,652
6.1.2	Others		17,088,108	6,710,436	23,798,544	12,361,039	6,050,161	18,411,200
6.2	Loans under follow-up		1,156,517	87,614	1,244,131	1,006,088	89,540	1,095,628
6.3	Specific provisions (-)		1,156,517	87,145	1,243,662	1,006,088	89,324	1,095,412
VII.	FACTORING RECEIVABLES		52,389	5,146	57,535	40,546	4,051	44,597
VIII.	HELD-TO-MATURITY FINANCIAL ASSETS (Net)	I-6	1,457,965	206,386	1,664,351	92,322	188,129	280,451
8.1	Government securities		1,457,965	162,491	1,620,456	92,311	128,221	220,532
8.2	Other securities		-	43,895	43,895	11	59,908	59,919
IX.	INVESTMENTS IN ASSOCIATES (Net)	I-7	26,389	3	26,392	41,139	4	41,143
9.1	Equity Method Associates		8,825	-	8,825	8,837	-	8,837
9.2	Unconsolidated Associates		17,564	3	17,567	32,302	4	32,306
9.2.1	Financial Associates		1,647	-	1,647	2,822	-	2,822
9.2.2	Non-Financial Associates		15,917	3	15,920	29,480	4	29,484
X.	INVESTMENTS IN SUBSIDIARIES (Net)	I-8	128,660	-	128,660	127,788	-	127,788
10.1	Unconsolidated financial investments in subsidiaries		3,223	-	3,223	4,467	-	4,467
10.2	Unconsolidated non-financial investments in subsidiaries		125,437	-	125,437	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.	RECEIVABLES FROM LEASING ACTIVITIES(Net)	I-10	33,911	249,923	283,834	31,870	222,308	254,178
12.1	Finance lease receivables		42,127	291,614	333,741	38,724	262,653	301,377
12.2	Operational lease receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned income (-)		8,216	41,691	49,907	6,854	40,345	47,199
XIII.	DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT	I-11	-	-	-	-	-	-
13.1	Fair value hedges		-	-	-	-	-	-
13.2	Cash flow hedges		-	-	-	-	-	-
13.3	Net foreign investment hedges		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	I-12	1,001,475	1,731	1,003,206	982,171	1,588	983,759
XV.	INTANGIBLE ASSETS (Net)	I-13	14,822	78	14,900	4,295	589	4,884
15.1	Goodwill		-	-	-	175	-	175
15.2	Other intangibles		14,822	78	14,900	4,120	589	4,709
XVI.	INVESTMENT PROPERTIES (Net)	I-14	56,786	-	56,786	61,189	-	61,189
XVII.	TAX ASSET	I-15	48,359	1,179	49,538	39,552	-	39,552
17.1	Current tax assets		-	1,054	1,054	-	-	-
17.2	Deferred tax assets		48,359	125	48,484	39,552	-	39,552
XVIII.	ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS	I-16	1,702	-	1,702	1,963	-	1,963
18.1	Assets held for sale		1,702	-	1,702	1,963	-	1,963
18.2	Assets related to the discontinued activities		-	-	-	-	-	-
XIX.	OTHER ASSETS	I-17	765,762	252,299	1,018,061	468,224	280,031	748,255
TOTAL ASSETS			30,801,739	13,413,320	44,215,059	24,239,663	14,504,997	38,744,660

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

		Audited Current Year 31 December 2007			“Restated” Audited Prior Year 31 December 2006			
LIABILITIES AND SHAREHOLDERS' EQUITY		Notes Section 5	YTL	FC	Total	YTL	FC	Total
I.	DEPOSITS	II-1	22,372,917	6,776,508	29,149,425	17,556,811	7,606,967	25,163,778
1.1	Deposits of the Bank’s risk group	VII-1	1,192,715	81,688	1,274,403	121,530	70,807	192,337
1.2	Others		21,180,202	6,694,820	27,875,022	17,435,281	7,536,160	24,971,441
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	II-2	20,003	2,287	22,290	-	3,765	3,765
III.	FUNDS BORROWED	II-3	52,619	4,985,261	5,037,880	52,243	5,333,484	5,385,727
IV.	INTERBANK MONEY MARKET		793,915	1,359,520	2,153,435	82	1,487,339	1,487,421
4.1	Interbank money market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3	Obligations under repurchase agreements		793,915	1,359,520	2,153,435	82	1,487,339	1,487,421
V.	SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	FUNDS		121,964	-	121,964	139,922	-	139,922
6.1	Funds against borrower’s note		-	-	-	-	-	-
6.2	Others		121,964	-	121,964	139,922	-	139,922
VII.	MISCELLANEOUS PAYABLES		687,213	121,038	808,251	525,319	74,779	600,098
VIII.	OTHER EXTERNAL RESOURCES PAYABLE	II-4	143,900	140,449	284,349	56,388	154,837	211,225
IX.	FACTORING PAYABLES		8,961	2,519	11,480	1,021	2,392	3,413
X.	PAYABLES RELATED TO THE LEASING ACTIVITIES (Net)	II-5	-	-	-	-	-	-
10.1	Finance lease payables		-	-	-	-	-	-
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred finance leasing expenses (-)		-	-	-	-	-	-
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	1,062,831	30,747	1,093,578	864,643	18,786	883,429
12.1	General provisions		169,789	3,956	173,745	125,955	4,508	130,463
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		221,475	403	221,878	133,529	116	133,645
12.4	Insurance technical provisions (Net)		563,300	11,069	574,369	468,476	12,623	481,099
12.5	Other provisions		108,267	15,319	123,586	136,683	1,539	138,222
XIII.	TAX LIABILITIES	II-8	182,338	1,756	184,094	171,146	1,018	172,164
13.1	Current tax liabilities		176,706	1,756	178,462	165,129	1,018	166,147
13.2	Deferred tax liabilities	I-5	5,632	-	5,632	6,017	-	6,017
XIV.	PAYABLES FOR ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED ACTIVITIES	II-9	-	-	-	-	-	-
14.1	Payables related to the assets held for sale		-	-	-	-	-	-
14.2	Payables related to the discontinued activities		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	II-10	-	-	-	-	-	-
XVI.	SHAREHOLDERS' EQUITY		5,231,785	116,528	5,348,313	4,590,407	103,311	4,693,718
16.1	Paid-in capital	II-11	2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2	Capital reserves		826,137	41,639	867,776	784,204	30,297	814,501
16.2.1	Share premium		726,687	-	726,687	726,687	-	726,687
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Valuation differences of the marketable securities	II-11	77,250	41,639	118,889	7,175	30,297	37,472
16.2.4	Revaluation surplus on tangible assets		10,149	-	10,149	12,756	-	12,756
16.2.5	Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6	Revaluation surplus on investment properties		-	-	-	-	-	-
16.2.7	Bonus shares of associates, subsidiaries and joint-ventures		12,051	-	12,051	37,586	-	37,586
16.2.8	Hedging reserves (effective portion)		-	-	-	-	-	-
16.2.9	Revaluation surplus on assets held for sale and assets related to the discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		-	-	-	-	-	-
16.3	Profit reserves		696,103	38,058	734,161	338,631	22,200	360,831
16.3.1	Legal reserves		197,941	-	197,941	126,426	6,270	132,696
16.3.2	Status reserves		-	-	-	3	-	3
16.3.3.	Extraordinary reserves		333,553	4,693	338,246	20,419	-	20,419
16.3.4.	Other profit reserves		164,609	33,365	197,974	191,783	15,930	207,713
16.4	Profit or loss		1,000,079	36,831	1,036,910	779,654	42,149	821,803
16.4.1	Prior years’ profit/loss		(27,368)	33,757	6,389	(3,044)	30,695	27,651
16.4.2	Current year’s profit/loss		1,027,447	3,074	1,030,521	782,698	11,454	794,152
16.5	Minority shares		209,466	-	209,466	187,918	8,665	196,583
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			30,678,446	13,536,613	44,215,059	23,957,982	14,786,678	38,744,660

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Consolidated Off-Balance Sheet Items
At 31 December 2007
(Thousands of New Turkish Lira (YTL))

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

		Audited Current Year 31 December 2007			"Restated" Audited Prior Year 31 December 2006			
		Notes Section 5	YTL	FC	TOTAL	YTL	FC	TOTAL
A.	OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		9,254,896	4,356,330	13,611,226	4,867,708	3,398,433	8,266,141
I.	GUARANTEES AND SURETIES	III-1-4	2,778,295	3,162,830	5,941,125	1,847,368	2,943,255	4,790,623
1.1.	Letters of guarantee		2,778,167	1,584,570	4,362,737	1,847,274	1,553,605	3,400,879
1.1.1.	Guarantees subject to State Tender Law		378,638	359,572	738,210	467,716	139,991	607,707
1.1.2.	Guarantees given for foreign trade operations		83,353	229	83,582	61,374	189	61,563
1.1.3.	Other letters of guarantee		2,316,176	1,224,769	3,540,945	1,318,184	1,413,425	2,731,609
1.2.	Bank acceptances		-	456,865	456,865	-	152,842	152,842
1.2.1.	Import letter of acceptance		-	164,948	164,948	-	43,988	43,988
1.2.2.	Other bank acceptances		-	291,917	291,917	-	108,854	108,854
1.3.	Letters of credit		128	1,117,927	1,118,055	-	1,227,088	1,227,088
1.3.1.	Documentary letters of credit		128	1,117,927	1,118,055	-	1,227,088	1,227,088
1.3.2.	Other letters of credit		-	-	-	-	-	-
1.4.	Guaranteed pre-financings		-	2,639	2,639	-	2,957	2,957
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2.	Other endorsements		-	-	-	-	-	-
1.6.	Marketable securities underwriting commitments		-	-	-	-	-	-
1.7.	Factoring related guarantees		-	-	-	-	-	-
1.8.	Other guarantees		-	829	829	94	6,763	6,857
1.9.	Other sureties		-	-	-	-	-	-
II.	COMMITMENTS		6,017,269	12,973	6,030,242	2,937,180	65,949	3,003,129
2.1.	Irrevocable commitments		6,008,713	12,809	6,021,522	2,929,085	13,716	2,942,801
2.1.1.	Asset purchase commitments		-	-	-	-	-	-
2.1.2.	Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3.	Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4.	Loan granting commitments		1,452,873	-	1,452,873	547	13,592	14,139
2.1.5.	Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements		-	-	-	-	124	124
2.1.7.	Commitments for cheque payments		1,330,395	-	1,330,395	1,305,070	-	1,305,070
2.1.8.	Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9.	Commitments for credit card limits		3,067,930	-	3,067,930	1,611,354	-	1,611,354
2.1.10.	Commitments for credit card and banking operations promotions		156,338	-	156,338	12,114	-	12,114
2.1.11.	Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12.	Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13.	Other irrevocable commitments		1,177	12,809	13,986	-	-	-
2.2.	Revocable commitments		8,556	164	8,720	8,095	52,233	60,328
2.2.1.	Revocable loan granting commitments		8,556	164	8,720	8,095	198	8,293
2.2.2.	Other revocable commitments		-	-	-	-	52,035	52,035
III.	DERIVATIVE FINANCIAL INSTRUMENTS	III-5	459,332	1,180,527	1,639,859	83,160	389,229	472,389
3.1.	Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1.	Fair value hedges		-	-	-	-	-	-
3.1.2.	Cash flow hedges		-	-	-	-	-	-
3.1.3.	Net foreign investment hedges		-	-	-	-	-	-
3.2.	Trading derivatives		459,332	1,180,527	1,639,859	83,160	389,229	472,389
3.2.1.	Forward foreign currency purchases/sales		248,357	236,369	484,726	-	9,837	9,837
3.2.1.1.	Forward foreign currency purchases		124,261	118,185	242,446	-	4,919	4,919
3.2.2.2.	Forward foreign currency sales		124,096	118,184	242,280	-	4,918	4,918
3.2.2.	Currency and interest rate swaps		210,975	944,156	1,155,131	83,160	379,390	462,550
3.2.2.1.	Currency swaps-purchases		40,000	307,912	347,912	-	36,958	36,958
3.2.2.2.	Currency swaps-sales		-	338,585	338,585	-	36,817	36,817
3.2.2.3.	Interest rate swaps-purchases		83,160	155,199	238,359	83,160	112,988	196,148
3.2.2.4.	Interest rate swaps-sales		87,815	142,460	230,275	-	192,627	192,627
3.2.3.	Currency, interest rate and security options		-	2	2	-	2	2
3.2.3.1.	Currency call options		-	-	-	-	-	-
3.2.3.2.	Currency put options		-	-	-	-	-	-
3.2.3.3.	Interest rate call options		-	-	-	-	-	-
3.2.3.4.	Interest rate put options		-	2	2	-	-	-
3.2.3.5.	Security call options		-	-	-	-	2	2
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)		42,305,902	6,831,864	49,137,766	34,138,080	7,245,522	41,383,602
IV.	ITEMS HELD IN CUSTODY		14,290,347	418,492	14,708,839	12,093,198	487,026	12,580,224
4.1.	Customers' securities held		1,332,906	11,334	1,344,240	259,339	13,618	272,957
4.2.	Investment securities held in custody		12,028,244	2,761	12,031,005	11,115,556	30,674	11,146,230
4.3.	Checks received for collection		389,717	79,319	469,036	271,145	117,929	389,074
4.4.	Commercial notes received for collection		163,732	103,424	267,156	115,230	126,443	241,673
4.5.	Other assets received for collection		49,474	873	50,347	39,182	478	39,660
4.6.	Assets received through public offering		-	333	333	-	116	116
4.7.	Other items under custody		230,584	9,345	239,929	181,069	5,600	186,669
4.8.	Custodians		95,690	211,103	306,793	111,677	192,168	303,845
V.	PLEDGED ITEMS		28,015,555	6,413,372	34,428,927	22,044,882	6,758,496	28,803,378
5.1.	Securities		1,244,538	60,020	1,304,558	1,312,348	46,826	1,359,174
5.2.	Guarantee notes		526,589	247,779	774,368	310,195	322,431	632,626
5.3.	Commodities		6,193,978	-	6,193,978	5,932,412	-	5,932,412
5.4.	Warranties		-	6,420	6,420	-	-	-
5.5.	Real estates		19,495,407	5,516,873	25,012,280	14,193,982	5,703,996	19,897,978
5.6.	Other pledged items		368,347	559,863	928,210	155,672	670,661	826,333
5.7.	Pledged items-depository		186,696	22,417	209,113	140,273	14,582	154,855
VI.	CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)			51,560,798	11,188,194	62,748,992	39,005,788	10,643,955	49,649,743

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

			Audited Current Year 31 December 2007	"Restated" Audited Prior Year 31 December 2006
		Notes Section 5	Total	Total
I.	INTEREST INCOME	IV-1	5,475,577	4,519,011
1.1	Interest income from loans		3,274,510	2,508,767
1.2	Interest income from reserve deposits		161,632	124,223
1.3	Interest income from banks		191,072	119,820
1.4	Interest income from money market transactions		187,197	264,569
1.5	Interest income from securities portfolio		1,616,090	1,462,238
1.5.1	Trading financial assets		49,732	138,378
1.5.2	Financial assets designated at fair value through profit or loss		-	-
1.5.3	Financial assets available-for-sale		1,432,808	1,292,521
1.5.4	Investments held-to-maturity		133,550	31,339
1.6	Finance lease income		28,329	24,215
1.7	Other interest income		16,747	15,179
II.	INTEREST EXPENSE	IV-2	3,710,325	2,857,299
2.1	Interest expense on deposits		3,251,444	2,569,692
2.2	Interest expense on funds borrowed		273,928	222,860
2.3	Interest expense on money market transactions		169,378	61,823
2.4	Interest expense on issued securities		-	-
2.5	Other interest expenses		15,575	2,924
III.	NET INTEREST INCOME (I – II)		1,765,252	1,661,712
IV.	NET FEES AND COMMISSION INCOME		360,414	289,553
4.1	Fees and commission received		515,405	420,908
4.1.1	Non-cash loans		50,479	46,529
4.1.2	Others		464,926	374,379
4.2	Fees and commission paid		154,991	131,355
4.2.1	Non-cash loans		963	630
4.2.2	Others		154,028	130,725
V.	DIVIDEND INCOME	IV-3	37,495	16,765
VI.	NET TRADING INCOME/LOSSES (Net)	IV-4	242,144	73,399
6.1	Trading account income/losses (Net)		96,915	74,721
6.2	Foreign exchange gains/losses (Net)		145,229	(1,322)
VII.	OTHER OPERATING INCOME	IV-5	733,301	638,963
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		3,138,606	2,680,392
IX.	PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	IV-6	456,360	309,619
X.	OTHER OPERATING EXPENSES (-)	IV-7	1,415,256	1,304,300
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)		1,266,990	1,066,473
XII.	INCOME RESULTED FROM MERGERS		-	-
XIII.	INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		1,909	563
XIV.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XV.	INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)		1,268,899	1,067,036
XVI.	CONTINUING OPERATIONS PROVISION FOR TAXES	IV-11	(235,062)	(260,137)
16.1	Current tax charge		(265,632)	(187,511)
16.2	Deferred tax charge/(credit)		30,570	(72,626)
XVII.	NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV-XVI)	IV-12	1,033,837	806,899
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1	Income from investment properties		-	-
18.2	Income from sales of subsidiaries, affiliates and joint-ventures		-	-
18.3	Other income from discontinued activities		-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS		-	-
19.1	Investment property expenses		-	-
19.2	Losses from sales of subsidiaries, affiliates and joint ventures		-	-
19.3	Other expenses from discontinued activities		-	-
XX.	INCOME/LOSS FROM DISCONTINUED OPERATIONS BEFORE TAXES		-	-
XXI.	DISCONTINUED OPERATIONS PROVISION FOR TAXES		-	-
21.1	Current tax charge		-	-
21.2	Deferred tax charge		-	-
XXII.	NET INCOME/LOSS AFRET TAXES FROM DISCONTINUED OPERATIONS		-	-
XXIII.	NET PROFIT/LOSS (XVII+XXII)	IV-12	1,033,837	806,899
22.1	Group's share		1,030,521	794,152
22.2	Minority share	IV-13	3,316	12,747
EARNINGS PER SHARE (full YTL)			0.4135	0.3228

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

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

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

		Audited Current Year 31 December 2007	Audited Prior Year 31 December 2006
	Notes Section 5	Total	Total
INCOME AND EXPENSES RECOGNIZED IN SHAREHOLDERS' EQUITY			
I.	VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS		
	RECOGNIZED IN SECURITIES VALUATION DIFFERENCES	V-1	132,934 (218,416)
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS		(2,607) 14,652
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS		-
IV.	CURRENCY TRANSLATION DIFFERENCES		-
V.	INCOME/(LOSS) FROM CASH FLOW HEDGES		-
	(Effective Portion of Fair Value Changes)		-
VI.	INCOME/(LOSS) FROM NET FOREIGN INVESTMENT HEDGES		-
	(Effective portion)		-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ERRORS		-
VIII.	OTHER INCOME AND EXPENSES BOOKED UNDER SHAREHOLDERS' EQUITY IN		
	ACCORDANCE WITH TAS	V-1	149 (24,395)
IX.	DEFERRED TAXES DUE TO VALUATION DIFFERENCES	V-1	(24,521) 88,655
X.	NET INCOME/EXPENSE BOOKED DIRECTLY UNDER SHAREHOLDERS' EQUITY		105,955 (139,504)
XI.	CURRENT YEAR'S PROFIT/(LOSS)		1,033,837 806,899
11.1	Change in fair value of securities (Transfers to the profit/loss)	V-1	27,145 3,304
11.2	Cash flow hedge that is reclassified and disclosed on income statement		-
11.3	Net foreign investment hedge that is reclassified and disclosed on income statement		1,006,692 803,595
11.4	Others		-
XXIII.	TOTAL PROFIT OR LOSS RECOGNIZED DURING THE YEAR	1,139,792	667,395

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

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

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

	Disclosure	Paid-in Capital	Capital Reserves from Inflation Adj.s to Paid in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Profit Reserves	Current Year's Profit/(Loss)	Prior Years' Profit/(Loss)	Valuation Differences of the Marketable Securities	Revaluation Surplus on Tangible, Intangible Assets and Investment Property	Bonus Shares of Associates, Subsidiaries and Joint Ventures	Hedging Reserves	Revaluation Surp. On Assets Held for Sale and Assets of Discount. Op.s	Shareholders' Equity before Minority Interest	Minority Shares	Total Shareholders' Equity
CHANGES IN SHAREHOLDERS' EQUITY																			
I.	Previous year – 31 December 2006																		
II.	Balances at the beginning of the year	1,279,000	607,184	1,175,112	-	88,900	-	164,205	141,165	594,874	(15,456)	249,018	5,898	6,021	-	-	4,295,921	170,337	4,466,258
2.1	Corrections made as per TAS 8	-	(1,421)	-	-	-	-	873	20,478	(35,456)	510	(3,057)	-	-	-	-	(18,073)	6,917	(11,156)
2.2	Effect of correction of errors	-	(1,421)	-	-	-	-	873	20,478	(35,456)	510	(3,057)	-	-	-	-	(18,073)	6,917	(11,156)
2.2	Effects of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted balances at the beginning of the year (I-II)	1,279,000	605,763	1,175,112	-	88,900	-	165,078	161,643	559,418	(14,946)	245,961	5,898	6,021	-	-	4,277,848	177,254	4,455,102
IV.	Changes during the year																		
V.	Merges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Valuation differences of the marketable securities	V-V-1	-	-	-	-	-	-	-	-	-	(208,489)	-	-	-	-	(208,489)	-	(208,489)
VI.1	Hedging reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Hedging net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	14,652	-	-	-	14,652	4,063	18,715
VIII.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	31,565	-	-	31,565	-	31,565
X.	Translation differences	-	-	-	-	-	-	-	11,448	-	-	-	-	-	-	-	11,448	940	12,388
XI.	Changes resulted from disposal of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes resulted from reclassifications of the assets	-	-	-	-	-	-	-	-	-	26,510	-	-	-	-	-	26,510	1,579	28,089
XIII.	Effect of change in equities of associates on the Bank's equity	-	-	-	-	(1,581)	-	(2,948)	-	-	-	-	-	-	-	-	(4,529)	-	(4,529)
XIV.	Capital increase	1,221,000	(605,763)	(448,425)	-	-	3	(154,500)	(4,738)	-	-	-	(7,794)	-	-	-	(217)	-	(217)
14.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal sources	1,221,000	(605,763)	(448,425)	-	-	3	(154,500)	(4,738)	-	-	-	(7,794)	-	-	-	(217)	-	(217)
XV.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	(4,802)	-	-	-	-	-	-	-	-	-	-	(4,802)	-	(4,802)
XVIII.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Current year's profit/loss	-	-	-	-	-	-	-	-	794,152	-	-	-	-	-	-	794,152	12,747	806,899
XX.	Profit distribution	-	-	-	-	50,179	-	12,789	39,360	(559,418)	16,087	-	-	-	-	-	(441,003)	-	(441,003)
21.1	Dividends	-	-	-	-	-	-	-	-	(441,868)	-	-	-	-	-	-	(441,868)	-	(441,868)
21.2	Transferred to reserves	-	-	-	-	50,179	-	12,789	37,279	(117,550)	16,087	-	-	-	-	-	(1,216)	-	(1,216)
21.3	Others	-	-	-	-	-	-	-	2,081	-	-	-	-	-	-	-	2,081	-	2,081
Balances at the end of the year		2,500,000	-	726,687	-	132,696	3	20,419	207,713	794,152	27,651	37,472	12,756	37,586	-	-	4,497,135	196,583	4,693,718
Current year – 31 December 2007																			
I.	Balances at the beginning of the year	2,500,000	-	726,687	-	132,696	3	20,419	207,713	794,152	27,651	37,472	12,756	37,586	-	-	4,497,135	196,583	4,693,718
II.	Changes during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Merges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Valuation differences of marketable securities	V-V-1	-	-	-	-	-	-	-	-	-	81,417	-	-	-	-	81,417	(137)	81,280
IV.	Hedging Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedging net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	(2,607)	-	-	-	(2,607)	2,335	(272)
VI.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	(25,535)	-	-	(25,535)	47	(25,488)
VIII.	Translation differences	V-3	-	-	-	-	-	-	(6,219)	-	-	-	-	-	-	-	(6,219)	(191)	(6,410)
IX.	Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes resulted from reclassifications of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of change in equities of associates on the Bank's equity	-	-	-	-	-	-	-	-	1,909	-	-	-	-	-	-	1,909	-	1,909
XII.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current year's profit/loss	-	-	-	-	-	-	-	-	1,028,612	-	-	-	-	-	-	1,028,612	3,316	1,031,928
XVIII.	Profit distribution	-	-	-	-	65,245	(3)	317,827	(3,520)	(794,152)	(21,262)	-	-	-	-	-	(435,865)	7,513	(428,352)
18.1	Dividends	-	-	-	-	-	-	-	-	(435,865)	-	-	-	-	-	-	(435,865)	(267)	(436,132)
18.2	Transferred to reserves	-	-	-	-	65,245	(3)	317,827	(3,520)	(358,287)	(21,262)	-	-	-	-	-	7,780	-	7,780
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the year		2,500,000	-	726,687	-	197,941	-	338,246	197,974	1,030,521	6,389	118,889	10,149	12,051	-	-	5,138,847	209,466	5,348,313

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

	Notes Section 5	Audited Current Year 31 December 2007	"Restated" Audited Prior Year 31 December 2006
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities	VI-1	852,697	1,429,494
1.1.1 Interests received		5,098,016	4,518,112
1.1.2 Interests paid		3,631,089	2,857,299
1.1.3 Dividends received		37,495	16,765
1.1.4 Fees and commissions received		515,405	420,908
1.1.5 Other income		977,354	1,042,940
1.1.6 Collections from previously written-off loans and other receivables		73,317	234,624
1.1.7 Payments to personnel and service suppliers		512,413	407,179
1.1.8 Taxes paid		185,036	32,604
1.1.9 Others		(1,520,352)	(1,506,773)
1.2 Changes in operating assets and liabilities	VI-1	(563,215)	(1,868,700)
1.2.1 Net (increase)/decrease in financial assets held for trading		126,707	560,629
1.2.2 Net (increase)/decrease in financial assets designated at fair value through profit or loss		-	-
1.2.3 Net (increase)/decrease in due from banks and other financial institutions		(40,599)	43,967
1.2.4 Net (increase)/decrease in loans		(5,301,020)	(6,122,112)
1.2.5 Net (increase)/decrease in other assets		(110,556)	235,866
1.2.6 Net increase/(decrease) in bank deposits		199,299	(66,533)
1.2.7 Net increase/(decrease) in other deposits		3,792,616	1,815,398
1.2.8 Net increase/(decrease) in funds borrowed		(354,214)	1,575,996
1.2.9 Net increase/(decrease) in matured payables		-	-
1.2.10 Net increase/(decrease) in other liabilities		1,124,552	88,089
I. Net cash flow from banking operations	VI-1	289,482	(439,206)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities	VI-1	(462,643)	491,307
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures	VI-2	-	7,391
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures	VI-3	949	6,949
2.3 Purchases of tangible assets		164,017	56,543
2.4 Sales of tangible assets		72,038	151,220
2.5 Cash paid for purchase of financial assets available-for-sale		-	-
2.6 Cash obtained from sale of financial assets available-for-sale		912,675	91,051
2.7 Cash paid for purchase of investments held-to-maturity		1,284,288	-
2.8 Cash obtained from sale of investments held-to-maturity		-	306,021
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		(435,865)	(441,868)
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(435,865)	(441,868)
3.5 Payments for finance leases		-	-
3.6 Others		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		-	-
V. Net decrease in cash and cash equivalents		(609,026)	(389,767)
VI. Cash and cash equivalents at the beginning of the year	VI-4	5,991,037	6,380,804
VII. Cash and cash equivalents at the end of the year	VI-4	5,382,011	5,991,037

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

	Notes Section 5	Current Year 31 December 2007	Prior Year 31 December 2006
I. DISTRIBUTION OF THE CURRENT YEAR PROFIT			
1.1 CURRENT YEAR'S PROFIT		1,268,899	1,067,036
1.2 TAXES AND LEGAL DUTIES PAYABLE		235,062	260,137
1.2.1 Corporate tax (income tax)		265,632	187,511
1.2.2 Withholding tax		-	-
1.2.3 Other taxes and duties		(30,570)	72,626
A. NET PROFIT FOR THE YEAR		1,033,837	806,899
1.3 ACCUMULATED LOSSES		-	-
1.4 FIRST LEGAL RESERVES		52,539	32,622
1.5 OTHER STATUTORY RESERVES		52,539	32,623
B. NET PROFIT AVAILABLE FOR DISTRIBUTION		928,759	741,654
1.6 FIRST DIVIDEND TO THE SHAREHOLDERS	V-5	-	385,132
1.6.1 To owners of the ordinary shares		-	385,132
1.6.2 To owners of the privileged shares		-	-
1.6.3 To owners of the redeemed shares		-	-
1.6.4 To profit sharing bonds		-	-
1.6.5 To holders of profit and loss sharing certificates		-	-
1.7 DIVIDENDS TO THE PERSONNEL	V-5	-	51,000
1.8 DIVIDENDS TO THE BOARD OF DIRECTORS		-	-
1.9 SECOND DIVIDEND TO THE SHAREHOLDERS		-	-
1.9.1 To owners of the ordinary shares		-	-
1.9.2 To owners of the privileged shares		-	-
1.9.3 To owners of the redeemed shares		-	-
1.9.4 To profit sharing bonds		-	-
1.9.5 To holders of profit and loss sharing certificates		-	-
1.10 SECOND LEGAL RESERVES		-	-
1.11 STATUS RESERVES		-	-
1.12 EXTRAORDINARY RESERVES		-	325,607
1.13 OTHER RESERVES		-	-
1.14 SPECIAL FUNDS		-	-
II. DISTRIBUTION FROM RESERVES			
2.1 DISTRIBUTION OF THE RESERVES		-	-
2.2 SECOND LEGAL RESERVES		-	-
2.3 DIVIDENDS TO THE SHAREHOLDERS		-	-
2.3.1 To owners of the ordinary shares		-	-
2.3.2 To owners of the privileged shares		-	-
2.3.3 To owners of the redeemed shares		-	-
2.3.4 To profit sharing bonds		-	-
2.3.5 To holders of profit and loss sharing certificates		-	-
2.4 DIVIDENDS TO THE PERSONNEL		-	-
2.5 DIVIDENDS TO THE BOARD OF DIRECTORS		-	-
III. EARNINGS PER SHARE			
3.1 TO OWNERS OF THE ORDINARY SHARES		0.4135	0.3228
3.2 TO OWNERS OF THE ORDINARY SHARES (%)		41.4	32.3
3.3 TO OWNERS OF THE PRIVILEGED SHARES		-	-
3.4 TO OWNERS OF THE PRIVILEGED SHARES (%)		-	-
IV. DIVIDEND PER SHARE			
4.1 TO OWNERS OF THE ORDINARY SHARES		0.0569	0.1541
4.2 TO OWNERS OF THE ORDINARY SHARES (%)		5.7	15.4
4.3 TO OWNERS OF THE PRIVILEGED SHARES		-	-
4.4 TO OWNERS OF THE PRIVILEGED SHARES (%)		-	-

The accompanying notes are an integral part of these consolidated 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 Group has prepared the consolidated financial statements as of 31 December 2006 in compliance with Reporting Standards for the first time and the effects of the related adjustments to the previous periods were restated in the previous periods in accordance with the “Turkish Financial Reporting Standard related to the First-Time Adaptation of Turkish Financial Reporting Standards”. The effects of the first time application of the Reporting Standards on the consolidated financial statements prepared as of 31 December 2005, which is the opening balances of the consolidated financial statements prepared as of 31 December 2006, is disclosed in Note XXIV of this Section.

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

Additional paragraph for convenience translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying consolidated financial statements are to be distributed, and International Financial Reporting Standards (“IFRS”), may have significant influence on the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in 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 consolidated 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.

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

III. Information on companies subject to consolidation

In the consolidated financial statements of T. Vakıflar Bankası T.A.O. and its financial subsidiaries as at 31 December 2007, T. Vakıflar Bankası TAO, Vakıf International AG, World Vakıf Off Shore Banking Ltd., Vakıf Finansal Kiralama AŞ, Vakıf Deniz Finansal Kiralama AŞ, Güneş Sigorta AŞ, Vakıf Emeklilik AŞ, Vakıf Finans Factoring Hizmetleri AŞ, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ, Vakıf Yatırım Menkul Değerler AŞ, Vakıf Portföy Yönetimi AŞ, Vakıf Menkul Kıymetler Yatırım Ortaklığı AŞ, and Kıbrıs Vakıflar Bankası Ltd. Şti. have been included.

Vakıf International AG, has been established in 1999 to operate in banking sector in foreign countries, in line with the Bank's globalization policy. The head office of Vakıf International AG is in Vienna.

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

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

Vakıf Deniz Finansal Kiralama AŞ, has been established in 1993 to enter into finance lease operations through the acquisition of vessels like cargo and ro-ro ships and make related transactions and contracts. The Company qualified for TS ISO 9002 Quality Assurance Certificate in 1993 and renewed it in 1998. Vakıf Deniz Finansal Kiralama AŞ is the first institution that has qualified for this certificate in finance sector. The head office of the Company is in Istanbul.

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

Vakıf Emeklilik AŞ, has been established under the name Güneş Hayat Sigorta AŞ in 1992. In 2002 the Company has taken conversion permission from Treasury and started to operate in private pension system. The head office of the Company is in Istanbul.

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

Vakıf Gayrimenkul Yatırım Ortaklığı AŞ, has been established as the first real estate investment partnership in finance sector under the adjudication of Capital Markets Law in 1996. The Company's main operation is in line with the scope in the Capital Markets Board's regulations relating to real estate investment trusts like, real estates, capital market tools based on real estates, real estate projects and investment on capital market tools. The head office of the Company is in Ankara.

Vakıf Yatırım Menkul Değerler AŞ, has been established in 1996 to provide service to investors through making capital markets transactions, issuance of capital market tools, commitment of repurchase and sales, and purchase and sales of marketable securities, operating as a member of stock exchange, investment consultancy, and portfolio management. The head office of the Company is in Istanbul.

Vakıf Portföy Yönetimi AŞ, operates in investment fund management, portfolio management and pension fund management. The head office of the Company is in Istanbul.

Vakıf Menkul Kıymetler Yatırım Ortaklığı AŞ, was established in 1991 in Istanbul. The main operation of the Company is to invest a portfolio including marketable debt securities, equity securities without having managerial power in the partnerships whose securities have been acquired; and gold and other precious metals traded in national and international stock exchange markets or active markets other than stock exchange markets, in accordance with the principles and regulations promulgated by Capital Markets Board.

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

In cases where the accounting policies for the preparation of the financial statements of the financial subsidiaries of the Bank are different than that of the Bank, the differences have been adjusted to the accounting policies of the Bank, taking the materiality principle into account. The financial statements of the local financial subsidiaries, and the foreign financial subsidiaries that prepare their financial statements according to the principles of the countries which they are located in, have been adjusted in accordance with Reporting Standards as of 31 December 2007, 31 December 2006 and 31 December 2005. Intercompany balances and transactions, and any unrealized gains and losses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

IV. 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 Group 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 consolidated income statement for trading derivatives.

V. Information on interest income and expenses

Banking Operations

Interest income and expense are recognized according to the effective interest 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.

Insurance Operations

Premiums Written: Premiums written represents premiums on policies written during the period, net of premiums from cancelled policies which were written in prior periods, taxes and premium ceded to reinsurer firms. Premiums written are presented under other operating income in the consolidated income statement.

Unearned premium reserves: Unearned premium reserves in the consolidated financial statements represents net premiums written from all in-force policies for non-life insurance branches and accrued premiums for annual life insurance policies and insurance policies over one year with saving premiums, net of commissions and saving portion, if any, computed on daily pro-rata basis. Provision for unearned premium reserves are presented under insurance technical provisions in the consolidated financial statements.

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

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

Life mathematical provision represents the provision for future guaranteed policy benefits provided by the insurance companies operating in life insurance business. The life mathematical provision is computed by deducting administrative expenses, mortality risk premium and commissions from premiums collected from saving life insurance policies signed by the Group in accordance with Insurance Supervision Law no.8564. Profit share reserve is provided for the income obtained through the utilization of funds associated with mathematical reserves.

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

Deferred Acquisition Cost: Deferred acquisition cost is the deferred part of costs like commissions paid to the agents and costs related to sales personnel, incurred by the Group in acquiring and/or renewing insurance contracts, to the next period based on daily pro-rata basis; net off commissions received from reinsurer for the insurance premiums transferred. Deferred acquisition costs are presented under other assets in the consolidated financial statements.

Finance lease operations

Total of minimum rental payments including interests and principals are recorded under “financial lease receivables” as gross. The difference, i.e. the interest, between the total of rental payments and the cost of the related tangible asset is recorded under “unearned income”. When the rent payment incurs, the rent amount is deducted from “financial lease receivables”; and the interest portion is recorded as interest income in the income statement.

VI. Information on Fees and Commission

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

VII. Financial assets

A financial asset is any asset that is cash, 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 Group 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 consolidated income statement. Interest income earned on trading securities and the difference between their acquisition costs and fair values are recorded as interest income in the consolidated income statement. In case of sales of such securities before their maturity, the gains/losses on such sales are recorded under trading income/losses.

Held-to-maturity financial assets, available-for-sale financial assets and loans and receivables

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

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

Held to maturity financial assets are measured at amortized cost using effective interest method after deducting impairments, if any. Interest earned on held-to-maturity investment securities is recognized as interest income.

Available-for-sale financial assets, are the financial assets other than assets held for trading purposes, held-to-maturity financial assets and loans and receivables.

Available-for-sale financial assets are initially recorded at cost and subsequently measured at their fair values. However, assets that are not traded in an active market are measured by valuation techniques, including recent market transactions in similar financial instruments, adjusted for factors unique to the instrument being valued; or discounted cash flow techniques for the assets which do not have a fixed maturity. Unrecognised gains or losses derived from the difference between their fair value and the discounted values are recorded in “valuation differences of the marketable securities” under shareholders’ equity. In case of sales, the realized gain or losses are recognized directly in the consolidated income statement.

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

Loan and receivables are the financial assets raised by the Group 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 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 Group 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 the unconsolidated financial statements with their costs after deducting impairment losses, if any. The subsidiaries of the Group have been subject to consolidation in the accompanying consolidated financial statements.

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

VIII. Impairment of financial assets

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

Impairment loss incurs if, and only if, there is objective evidence that the expected future cash flows of financial asset or group of financial assets are adversely affected by an event(s) ("loss event(s)") incurred subsequent to recognition. The losses expected to incur due to future events are not recognized even if the probability of loss is high.

If there is an objective evidence that certain loans will not be collected, for such loans; the Group 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 consolidated income statement of the related period.

IX. Netting of financial instruments

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

X. Repurchase and resale agreements and securities lending

Securities sold under repurchase agreements 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 method. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted on an accrual basis.

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

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

A tangible asset (or a disposal group) classified as “asset held for sale” is measured at lower of carrying value or fair value less costs to sell. An asset (or a disposal group) is regarded as “asset held for sale” only when the sale is highly probable and the asset (disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively in the market at a price consistent with its fair value.

A discontinued operation is a part of the Group’s business classified as sold or held-for-sale. The operating results of the discontinued operations are disclosed separately in the consolidated income statement. The Group has no discontinued operations.

XII. Goodwill and other intangible assets

The Group’s intangible assets consist of software and rights.

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

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

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

XIII. Tangible assets

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

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

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

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

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

Tangible assets are depreciated based on the straight line method.

Depreciation rates and estimated useful lives are:

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

The Group firms assess as of each reporting date whether there is any indicator in respect of impairment on the assets. 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.

XIV. Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both. The Group holds some investment property as a consequence of the ongoing rationalization of its real estate company and insurance companies, consolidated in the accompanying consolidated financial statements. Other property has been acquired through the enforcement of security over loans and advances.

Investment property is measured initially at cost including transaction costs.

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

XV. Leasing activities

Leasing activities as the lessee

The maximum period of the lease contracts is 4 years. Tangible assets acquired by way of finance leasing are recognized in tangible assets and the obligations under finance leases arising from the lease contracts are presented under "Finance Lease Payables" account in the consolidated 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 finance lease and in the expected future benefits, the leased assets are valued with net realizable value. Depreciation for assets obtained through finance lease is calculated in the same manner as tangible assets.

Operational Leases

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

XVI. Provisions and contingent liabilities

In the consolidated financial statements, a provision is made for an existing commitment 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 consolidated 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 the consolidated financial statements since this may result in the recognition of income that may never be realized. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Group discloses the contingent asset.

XVII. Obligations of the Bank concerning employee rights

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

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

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

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

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

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

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

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

a) The technical interest rate to be used for the actuarial calculation is 10.24% calculated as the nominal interest rate at the issue date of the longest-maturity discounted New Turkish Lira-denominated government bonds as of 30 June 2005, as adjusted to real interest rate using the year-end inflation target based on the consumer price index declared in the Medium-Term Program of the Turkish Government.

b) Mortality table “CSO 1980 female and male lifetime tables” will be used for death-age assumptions.

c) Estimated premium payments (including insurance premiums for illness) made by contributors of the fund after the date of transfer of the fund (i.e. active members and persons making voluntary premium payments) up to the date they are entitled to receive salary or income as per the Law no.506 are taken into account as revenue in the calculation of discounted value of the fund.

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

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

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

XVIII. Taxation

Corporate tax

In accordance with Article No. 32 of the new Corporate Tax Law no.5520 published in the Official Gazette no.26205 dated 21 June 2006, the corporate tax rate is reduced from 30% to 20%. Accordingly, effective from 1 January 2006, statutory income is subject to corporate tax at 20%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made. If there is no dividend distribution planned, no further tax charges are made.

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

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

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

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

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

The corporate tax rate for the Group's subsidiary in Austria has been determined as 25%. Pre-paid corporate taxes for every three months are computed and paid using the related period's tax rate. Taxes which have been paid for the previous periods can be deducted from corporate taxes computed from annual total earnings. According to the Double Taxation Treaty Agreement between Turkey and Austria, Turkish corporations in Austria possess the right to benefit from tax returns. In 2006, the Group's subsidiary in Austria has claimed a tax return amounting of Euro 1,750,579 for the paid taxes in previous years and recognized a profit amounting of YTL 3,176.

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 consolidated 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 consolidated financial statements.

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

XIX. Funds borrowed

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

There are no convertible bonds or any other securities issued.

XX. Shares and share issuances

The shares of the Bank having nominal value of YTL 322,000,000, 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.

XXI. 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.

XXII. Government incentives

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

XXIII. Segment reporting

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

XXIV. Other disclosures

Disclosures for the first-time adoption of Reporting Standards

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

	Valuation Difference of Marketable Securities	Other Capital Reserves	Extraordinary Reserves	Other Profit Reserves	Prior Years' Profit/(Loss)	Minority Shares	Shareholders' Equity
<i>Reported Balances as at 31 December 2005 After Reporting Standards</i>	249,018	607,184	164,205	141,165	579,418	170,337	4,466,258
Adjustments in accordance with TAS 8:							
Valuation adjustments for the equity securities classified as financial assets available-for-sale, associates and subsidiaries	(110)	-	-	-	-	-	(110)
Exchange rate difference on investments in foreign subsidiaries (*)	-	-	873	30,478	(31,351)	-	-
Adjustments to deferred taxes	(7,577)	-	-	(10,000)	-	-	(17,577)
Adjustments in accordance with TFRS 1 related to insurance activities	-	-	-	-	3,221	6,917	10,138
Correction of consolidation eliminations	4,630	(1,421)	-	-	(6,816)	-	(3,607)
<i>Restated Balances as at 31 December 2005</i>	245,961	605,763	165,078	161,643	544,472	177,254	4,455,102

	Valuation Difference of Marketable Securities	Other Capital Reserves	Extraordinary Reserves	Other Profit Reserves	Current Years' Profit/(Loss)	Prior Years' Profit/(Loss)	Minority Shares	Shareholders' Equity
<i>Reported Balances as at 31 December 2006</i>	46,988	2,240	19,546	177,904	803,361	62,597	188,090	4,710,454
<i>Adjustments in accordance with TAS 8:</i>								
Valuation adjustments for the equity securities classified as financial assets available-for-sale, associates and subsidiaries	(8,133)	-	-	-	-	-	-	(8,133)
Exchange rate difference on investments in foreign subsidiaries (*)	-	-	873	39,809	(9,331)	(31,351)	-	-
Adjustments to deferred taxes	(3,258)	-	-	(10,000)	(1,798)	-	-	(15,056)
Adjustments in accordance with TFRS 4 related to insurance activities	-	-	-	-	1,100	3,221	8,493	12,814
Correction of consolidation eliminations	1,875	(2,240)	-	-	820	(6,816)	-	(6,361)
Restated Balances as at 31 December 2006	37,472	-	20,419	207,713	794,152	27,651	196,583	4,693,718

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

In addition to the corrections shown on the tables above, the following reclassifications and net-offs have been recorded in the comparative consolidated 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, available-for-sale financial assets and held to maturity financial assets 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 consolidated financial statements. In the same manner, "derivative financial liabilities held for risk management" amounting to YTL 3,707 has been reclassified as "derivative financial liabilities held for trading" and "derivative financial assets held for risk management" amounting to YTL 9,993, has been reclassified as "Derivative Financial Assets Held for Trading".
- The provision for the bonuses that will be paid to the employees amounting to YTL 14,500, that was previously presented under "other external resources payable" has been reclassified as "reserve for employee benefits" in compliance with TAS 19 in the comparative consolidated financial statements.
- "Deferred tax liabilities" amounting to YTL 31,914 presented gross in prior year consolidated 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 the comparative consolidated financial statements.
- Leasehold improvements which were previously presented as "Intangible assets" amounting to YTL 29,496, has been reclassified as "Tangible assets" in the comparative financial statements.
- "Provision expense for employee termination benefits" which was previously presented as "Provision for losses on loans and other receivables" amounting to YTL 15,344, has been reclassified as "Other operating expenses" in the comparative consolidated financial statements.

After above corrections, capital adequacy ratio has been recalculated as 21.12 as at 31 December 2006, which was previously reported as 21.16.

Earnings per shares

As of and for the year ended 31 December 2007, earnings per share are YTL 0.4135 (31 December 2006: YTL 0.3228).

Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Shareholders, top executives and board members are accepted as related party personally, with their families and companies according to “Related Party Disclosures Standard” (“TAS 24”). Transactions made with related parties are disclosed in Section 5 Note VII.

Cash and Cash Equivalents

Cash and cash equivalents which is a base for preparation of statement of cash flows 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 Group

I. Consolidated capital adequacy ratio

The Bank's consolidated capital adequacy ratio is 14.74% (Parent Bank: 15.35%).

Risk measurement methods in calculation of consolidated capital adequacy ratio

Consolidated 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 consolidated capital adequacy ratio, the accounting records prepared in compliance with the current legislation are used.

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

Consolidated and Unconsolidated capital adequacy ratio

	Risk Weights							
	Parent Bank				Consolidated			
	0%	20%	50%	100%	0%	20%	50%	100%
Value at Credit Risk								
Balance Sheet Items (Net)	13,901,234	2,811,121	4,876,113	20,041,188	14,416,211	2,934,488	4,876,113	21,083,017
Cash on Hand	419,619	338	-	-	422,717	338	-	-
Securities in Redemption	-	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	1,444,251	-	-	-	1,444,251	-	-	-
Domestic and Foreign Banks, Foreign Head Offices and Branches	-	2,667,963	-	76,584	-	2,786,947	-	77,843
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	715,000	-	-	-	715,500	-	-	-
Reserve Deposits	584,283	-	-	-	584,283	-	-	-
Loans	123,899	195	4,800,180	18,180,246	123,899	195	4,800,180	18,507,546
Loans under Follow-Up (Net)	-	-	-	-	-	-	-	469
Lease Receivables	-	-	-	-	-	-	-	278,493
Financial Assets Available-for-Sale	8,425,534	77,356	-	-	8,735,245	77,356	-	80,871
Investments Held-to-Maturity	1,358,188	34,950	-	-	1,520,730	34,950	-	8,567
Receivables from Term Sale of Assets	-	-	-	138,749	-	-	-	138,749
Miscellaneous Receivables	-	-	-	127,018	-	-	-	127,018
Accrued Interest and Income	776,046	30,319	75,933	287,636	815,354	34,702	75,933	302,829
Investments in Associates, Subsidiaries and Joint-Ventures (Net)	-	-	-	517,604	-	-	-	141,357
Tangible Assets (Net)	-	-	-	678,242	-	-	-	830,940
Other Assets	54,414	-	-	35,109	54,232	-	-	588,335
Off-Balance Sheet Items	-	1,752,251	334,243	3,416,498	-	1,769,881	337,303	3,448,950
Non-Cash Loans and Commitments	-	1,729,314	334,243	3,416,498	-	1,745,144	337,303	3,448,950
Derivative Financial Instruments	-	22,937	-	-	-	24,737	-	-
Non-Risk-Weighted Accounts	-	-	-	-	-	-	-	-
Total Risk-Weighted Assets	13,901,234	4,563,372	5,210,356	23,457,686	14,416,211	4,704,369	5,213,416	24,531,967

Summary information related to capital adequacy ratio

	Parent Bank		Consolidated	
	Current Year	Prior Year	Current Year	Prior Year
Value at Credit Risk	26,975,538	20,625,699	28,079,549	21,290,916
Value at Market Risk (**)	650,125	215,125	675,163	353,200
Value at Operational Risk (*)	3,642,163	-	5,001,488	-
Shareholders' Equity	4,799,690	4,320,483	4,975,006	4,570,735
Shareholders' Equity/ (VaCR+VaMR+VaOR)*100	15.35	20.73	14.74	21.12

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

In accordance with the BRSA circular numbered BDDK.BYD.126.01 and dated 7 February 2008, value at operational risk based on gross income for the years ended 31 December 2004, 2005 and 2006 is used for the calculation of capital adequacy standard ratio as of and for the year ended 31 December 2007.

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

Components of consolidated shareholders' equity items

	Current Year	Prior Year
CORE CAPITAL		
Paid-in Capital	2,500,000	2,500,000
Nominal Capital	2,500,000	2,500,000
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	-	-
Share Premium	726,687	726,687
Share Cancellation Profits	-	-
Legal Reserves	197,941	132,696
I. Legal Reserve (Turkish Commercial Code 466/1)	108,125	132,696
II. Legal Reserve (Turkish Commercial Code 466/2)	-	-
Reserves allocated as per Special Legislations	89,816	-
Status Reserves	-	3
Extraordinary Reserves	536,220	228,132
Reserve allocated as per the Decision held by the General Assembly	-	-
Retained Earnings	536,220	228,132
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	1,036,910	821,803
Current Year's Profit	1,030,521	794,152
Prior Years' Profit	6,389	27,651
Free Provision for Possible Losses (up to 25% of Core Capital)	-	23,525
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	25	-
Primary Subordinated Debt (up to 15% of Core Capital)	-	-
Minority Shares	203,081	196,583
Loss excess of Reserves (-)	-	-
Current Year's Loss	-	-
Prior Years' Loss	-	-
Leasehold Improvements (-)	49,346	29,496
Prepaid Expenses (-)	213,237	49,275
Intangible Assets (-)	14,900	4,884
Deferred Tax Asset excess of 10% of Core Capital (-)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Goodwill (net) (-)	-	-
Total Core Capital	5,200,864	4,629,429
SUPPLEMENTARY CAPITAL		
General Provisions	173,745	130,463
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	4,567	5,740
Bonus shares of Associates, Subsidiaries and Joint-Ventures	12,051	37,586
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	-	-
45% of Valuation Differences of Marketable Securities	53,500	16,862
Associates and Subsidiaries	1,485	4,707
Available-for-Sale Financial Assets	52,015	12,155
Inflation adjustment differences of Capital Reserves, Profit Reservers and Prior Years' Profit/(Loss)	-	-
Minority Shares	2,865	-
Total Supplementary Capital	246,728	190,651
TIER III CAPITAL	-	-
CAPITAL	5,447,592	4,820,080
DEDUCTIONS FROM CAPITAL	472,586	249,345
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors exceeding 10% of ownership	4,870	4,293
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	8,825	5,177
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	181,408	156,220
Others	-	-
TOTAL SHAREHOLDERS' EQUITY	4,975,006	4,570,735

II. Consolidated credit risk

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

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

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

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

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

For credit risk management purposes Risk Management Department performs

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

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

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

The Bank's largest 200 cash loan customers compose 39.56% of the total cash loan portfolio.

The Bank's largest 200 non-cash loan customers compose 73.98% of the total non-cash loan portfolio.

The Bank's largest 200 cash loan customers compose 21.30% of total assets of the Bank and the Bank's largest 200 non-cash loan customers compose 32.29% of total off-balance sheet items.

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

Sectoral and geographical concentration of the credit risk

	Personal and Commercial Loans		Banks and Other Financial Institutions		Marketable Securities^(*)		Other Loans^(**)	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
Sectoral Concentration								
Private sector	13,444,124	12,071,789	652,685	230,799	-	-	5,801,922	4,488,721
Public sector	2,927,115	902,636	10,058	-	11,453,003	10,907,902	785,844	927,490
Banks	43,578	102,207	5,821,356	6,472,430	115,900	122,369	538,662	382,196
Individual customers	6,556,508	5,016,815	-	-	-	-	-	-
Equity securities	-	-	-	-	87,481	161,212	155,052	168,931
Geographical Concentration								
Domestic	22,692,164	17,940,589	4,368,824	3,736,641	11,514,691	11,046,596	4,563,863	3,261,592
EU countries	246,429	58,712	1,771,525	2,332,034	106,523	93,699	1,097,707	1,344,385
OECD countries ^(***)	-	-	23,919	265,713	-	-	306,974	311,922
Off-Shore banking regions	-	-	13,731	81,460	-	-	1,147	-
USA, Canada	12,986	6,555	206,685	286,678	35,170	42,319	387,358	356,463
Other countries	19,746	87,591	99,415	703	-	8,869	924,431	692,976
Total	22,971,325	18,093,447	6,484,099	6,703,229	11,656,384	11,191,483	7,281,480	5,967,338

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

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

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

Geographical Concentration

Current Year	Assets	Liabilities	Non- Cash Loans	Capital Expenditures	Current Year's Profit/(Loss)
Domestic	41,616,012	36,654,203	3,126,509	164,017	1,027,580
EU countries	2,023,446	7,089,560	1,203,601	-	4,838
OECD countries (*)	23,919	60,463	306,974	-	-
Off-Shore countries	14,577	161,796	303	-	-
USA, Canada	254,883	86,830	387,316	-	-
Other countries	127,170	162,207	916,422	-	1,419
Subsidiaries, affiliates and joint-ventures	155,052	-	-	-	-
Unallocated assets/liabilities	-	-	-	-	-
Total	44,215,059	44,215,059	5,941,125	164,017	1,033,837

Prior Year	Assets	Liabilities	Non- Cash Loans	Capital Expenditures	Current Year's Profit/(Loss)
Domestic	35,024,076	31,866,826	2,319,334	56,543	794,029
EU countries	2,745,282	5,666,366	1,119,957	-	10,341
OECD countries (*)	265,713	243,754	311,922	-	2,529
Off-Shore	81,462	70,031	-	-	-
USA, Canada	345,581	587,656	346,434	-	-
Other countries	97,163	310,027	692,976	-	-
Subsidiaries, affiliates and joint-ventures	168,931	-	-	-	-
Unallocated assets/liabilities	16,452	-	-	-	-
Total	38,744,660	38,744,660	4,790,623	56,543	806,899

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

Sectoral distribution of cash loans

	Current Year				Prior Year			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agriculture	272,203	1.59	108,278	1.61	113,753	0.92	64,101	1.06
Farming and Stockbreeding	234,847	1.37	38,418	0.57	99,666	0.81	18,562	0.31
Forestry	29,134	0.17	21,314	0.32	11,749	0.10	28,940	0.48
Fishery	8,222	0.05	48,546	0.72	2,338	0.02	16,599	0.27
Manufacturing	2,279,296	13.34	2,861,418	42.62	1,235,566	10.00	2,822,462	46.62
Mining	488,795	2.86	77,725	1.16	353,001	2.86	65,110	1.08
Production	1,667,156	9.76	2,710,146	40.36	836,922	6.77	2,690,594	44.44
Electricity, Gas, Water	123,345	0.72	73,547	1.10	45,643	0.37	66,758	1.10
Construction	1,131,998	6.62	400,708	5.97	512,271	4.14	981,216	16.20
Services	3,646,347	21.34	2,537,370	37.78	2,381,666	19.27	1,787,421	29.52
Wholesale and Retail Trade	1,483,792	8.68	726,860	10.82	784,803	6.35	454,698	7.51
Hotel, Food and Beverage								
Services	146,479	0.86	232,725	3.47	100,811	0.82	311,742	5.15
Transportation and								
Telecommunication	1,578,251	9.24	879,154	13.09	1,219,154	9.86	628,798	10.38
Financial Institutions	275,935	1.61	579,915	8.64	206,457	1.67	181,828	3.00
Real Estate and Renting Services	17,039	0.10	9,517	0.14	4,833	0.04	311	0.01
"Self-Employment" Type								
Services	-	-	-	-	-	-	-	-
Educational Services	22,089	0.13	13,642	0.20	8,204	0.07	20,086	0.33
Health and Social Services	122,762	0.72	95,557	1.42	57,404	0.46	189,958	3.14
Other	9,758,390	57.11	807,124	12.02	8,117,783	65.67	399,829	6.60
Total	17,088,234	100.00	6,714,898	100.00	12,361,039	100.00	6,055,029	100.00

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

	Loans and receivables		Other assets	
	Gross	Net	Gross	Net
31 December 2007				
Grade 8 : Individually Impaired	67,684	-	1,131	-
Grade 9 : Individually Impaired	148,063	-	3,267	-
Grade 10 : Individually Impaired	975,956	469	48,030	-
Total	1,191,703	469	52,428	-
	Loans and receivables		Other assets	
	Gross	Net	Gross	Net
31 December 2006				
Grade 8 : Individually Impaired	196,943	-	2,417	-
Grade 9 : Individually Impaired	32,450	216	3	-
Grade 10 : Individually Impaired	829,893	-	33,922	-
Total	1,059,286	216	36,342	-

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

Performing cash and non-cash loans by type of collateral

Cash loans (*)	31 December 2007	31 December 2006
Secured Loans:	17,705,269	15,457,456
Secured by cash collateral	6,118	9,261
Secured by mortgages	6,598,710	5,980,877
Secured by government institutions or government securities	161,984	120,775
Guarantees issued by financial institutions	99,006	111,234
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	10,839,451	9,235,309
Unsecured Loans	6,438,763	3,257,171
Total performing loans and other receivables	24,144,032	18,714,627

(*) The related table includes loans, factoring receivables and finance lease receivables.

Non-cash loans	31 December 2007	31 December 2006
Secured Loans:	3,338,194	2,649,374
Secured by cash collateral	195,264	170,321
Secured by mortgages	1,003,575	1,075,729
Secured by government institutions or government securities	70	-
Guarantees issued by financial institutions	210,669	206,965
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	1,928,616	1,196,359
Unsecured Loans	2,602,931	2,141,249
Total non-cash loans	5,941,125	4,790,623

Fair value of collateral held against impaired loans

	31 December 2007	31 December 2006
Cash collateral (*)	-	-
Mortgage	441,898	370,188
Promissory note (*)	7,190	2,416
Others (**)	724,629	651,261
Total	1,173,717	1,023,865

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

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

Sectoral and geographical concentration of impaired loans

Sectoral	31 December 2007	31 December 2006
Textile	110,724	95,285
Food	93,591	92,372
Durable consumption	91,359	115,857
Consumer loans	54,497	32,967
Construction	95,637	94,876
Service sector	54,294	45,490
Agriculture and stockbreeding	14,050	10,894
Metal and metal products	11,108	5,527
Financial institutions	948	795
Others	717,923	601,565
Total non-performing loans and other receivables	1,244,131	1,095,628

Geographical	31 December 2007	31 December 2006
Turkey	1,241,823	1,093,606
Austria	2,308	2,022
Total non-performing loans and other receivables	1,244,131	1,095,628

Past due but not impaired loans and receivables

	31 December 2007 (*)	31 December 2006 (*)
Grade 1-3 : Low risk loans and receivables	485,896	362,275
Grade 4-5 : Loans and receivables under follow-up	87,851	14,492
Total	573,747	376,767

(*) The related table includes loans, factoring receivables and finance lease receivables.

Aging of past due but not impaired loans and receivables

	31 December 2007 (*)	31 December 2006 (*)
0-30 days	10,694	877
30-60 days	270,329	225,901
60-90 days	292,724	149,989
Total	573,747	376,767

(*) The related table includes loans, factoring receivables and finance lease receivables.

Undue and not impaired loans and receivables

	31 December 2007 (*)	31 December 2006 (*)
Grade 1-3 : Low risk loans and receivables	22,511,347	16,502,539
Grade 4-5 : Loans and receivables under follow-up	859,202	1,626,461
Total	23,370,549	18,129,000
Restructured loans	199,736	208,860
Total	23,570,285	18,337,860

(*) The related table includes loans, factoring receivables and finance lease receivables.

III. Consolidated market risk

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

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

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

In addition to the standard method, the Bank also uses internal models like Historical and Monte Carlo Simulations in measuring market risk. The Bank also performs daily back-testing in order to measure the reliability of the models. Besides, scenario analyses are implemented in order to support the Standard Method and internal models. In order to monitor the maturity structure of the asset and liability accounts, liquidity analysis are performed and the duration of the Bank’s assets and liabilities is calculated.

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

Value at market risk

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	30,196
(II) Capital Obligation against Specific Risks - Standard Method	95
(III) Capital Obligation against Currency Risk - Standard Method	23,722
(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)	54,013
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	675,163

Monthly average values at market risk

	Current Year			Prior Year		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest rate risk	22,459	30,047	12,200	85,842	113,500	9,520
Common share risk	737	2,084	135	2,590	4,246	1,347
Currency Risk	19,463	24,682	10,218	18,267	24,996	13,792
Stock risk	-	-	-	-	-	-
Exchange Risk	-	-	-	-	-	-
Option risk	-	-	-	-	-	-
Total value at risk	533,228	675,163	417,775	1,333,734	1,768,150	353,200

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of the changes in the levels of equity indices and the value of individual stocks. The non-trading equity price risk exposure arises from the Group's investment portfolio.

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

		31 December 2007	31 December 2006
	Change in index	Equity	Equity
ISE – 100 (IMKB- 100)	10%	5,718	5,739

IV. Operational risk

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

The amount calculated as YTL 400,119 from gross income for the years ended 31 December 2004, 2005 and 2006 and used for the calculation of capital adequacy ratio as of 31 December 2007, represents the operational risk that the Bank may expose and the amount of minimum capital requirement to eliminate this risk. Value at operational risk amounting to YTL 5,001,488 presented in the table included in the note number I of this section is calculated as 12.5 times of the operational risk.

	31 December 2007	31 December 2006	31 December 2005	31 December 2004
(I) Net Interest Income	1,765,252	1,661,712	1,382,281	1,310,943
(II) Net Fees and Commission Income	360,414	289,553	296,532	251,100
(III) Dividends Income	37,495	16,765	12,240	4,134
(IV) Net Trading Income/(Loss)	242,144	73,399	212,335	124,482
(V) Other Operating Income	735,210	639,526	684,488	1,338,741
(VI) Income/(Loss) from sale of AFS and HTM				
Marketable Securities	93,445	70,918	147,148	48,669
(VII) Extraordinary Income	13,392	7,676	6,876	14,569
(VIII) Gross Income (I+II+III+IV+V-VI-VII)	3,033,678	2,602,361	2,433,852	2,966,162
(IX) Capital Requirement (Gross Income x %15)	455,052	390,354	365,078	444,924
(X) Average Operational Risk Capital Requirement	403,495	400,119	-	-
(XI) Value at Operational Risk (IX x 12.5)	5,043,688	5,001,488	-	-

V. Consolidated foreign currency exchange risk

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

The Standard Method which is also used in the 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 of the Parent Bank and financial institutions subject to consolidation. The net long and short positions are calculated in New Turkish Lira equivalent of the each currency. The position with the biggest absolute value is determined as the base amount for the capital obligation. The capital obligation is calculated at that amount.

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

As of 31 December 2007 the Parent 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 Parent Bank's effective exchange rates at the date of balance sheet and for the last five working days of the period announced by the Bank in YTL are as follows:

	US DOLLAR	EURO
The Bank's foreign currency purchase rate at the balance sheet date	1.165	1.7121
Foreign currency rates for the days before balance sheet date;		
Day 1	1,1300	1,6531
Day 2	1,1300	1,6392
Day 3	1,1300	1,6287
Day 4	1,1300	1,6265
Day 5	1,1400	1,6394
	US DOLLAR	EURO
Last 30-days arithmetical average rate	1,1365	1,6653

Information on consolidated currency risk

Current Year	Euro	US Dollar	Yen	Other FCs	Total
Assets					
Cash and Central Banks	836,919	26,643	83	2,930	866,575
Banks	355,869	1,591,637	3,418	56,436	2,007,360
Financial Assets Designated at Fair Value through Profit or Loss ^(*)	99,943	228,056	5	-	328,004
Interbank Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	669,667	2,101,269	-	-	2,770,936
Loans ^(**)	2,358,795	4,681,996	6,714	66,332	7,113,837
Subsidiaries, Affiliates and Joint-Ventures	3	-	-	-	3
Investments Held-to-Maturity	116,379	90,007	-	-	206,386
Derivative Financial Assets Held for Risk Management	-	-	-	-	-
Tangible Assets	1,276	455	-	-	1,731
Intangible Assets	78	-	-	-	78
Other Assets ^(***)	182,001	286,880	181	3,661	472,723
Total Assets	4,620,930	9,006,943	10,401	129,359	13,767,633
Liabilities					
Bank Deposits	76	181,889	-	154	182,119
Foreign Currency Deposits	3,284,854	3,259,198	3,945	46,392	6,594,389
Interbank Money Market Takings	256,373	1,103,147	-	-	1,359,520
Other Funding	1,190,109	3,745,820	-	49,332	4,985,261
Securities Issued	-	-	-	-	-
Miscellaneous Payables	38,639	82,145	12	242	121,038
Derivative Financial Liabilities Held for Risk Management	-	-	-	-	-
Other Liabilities ^(*)	67,126	93,655	98	16,816	177,695
Total Liabilities	4,837,177	8,465,854	4,055	112,936	13,420,022
Net 'On Balance Sheet' Position	(216,247)	541,089	6,346	16,423	347,611
Net 'Off-Balance Sheet' Position	305,256	(319,252)	(3,882)	(57)	(17,935)
Derivative Assets	382,818	198,364	-	114	581,296
Derivative Liabilities	77,562	517,616	3,882	171	599,231
Non-Cash Loans	1,072,304	1,975,254	15,585	99,687	3,162,830
Prior Year					
Total Assets	4,358,071	10,499,307	2,221	82,965	14,942,564
Total Liabilities	4,276,771	10,330,453	2,895	73,248	14,683,367
Net 'On Balance Sheet' Position	81,300	168,854	(674)	9,717	259,197
Net 'Off-Balance Sheet' Position	44,884	(123,554)	-	1	(78,669)
Derivative Assets	74,383	78,414	-	2,483	155,280
Derivative Liabilities	29,499	201,968	-	2,482	233,949
Non-Cash Loans	1,121,905	1,698,948	24,241	98,161	2,943,255

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

^(**) Foreign currency indexed loans amounting to YTL 398,939 which are presented in YTL column in the balance sheet are included in the table above. In accordance with the agreements signed with customers, the customers have to compensate the losses of the Bank due to decline in foreign exchange rates. Accordingly, foreign currency indexed loans amounting to YTL 398,939 results position for the Bank when foreign exchange rates increase.

^(***) Prepaid expenses amounting to YTL 35,824 is not included.

Exposure to currency risk

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

	31 December 2007		31 December 2006	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	19,363	23,734	4,918	8,510
EUR	707	2,984	15,102	17,113
Other currencies	1,812	1,846	(1,749)	(1,749)
Total, net	21,882	28,564	18,271	23,874

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

VII. Consolidated interest rate risk

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

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

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

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

Current Year	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Non-Interest Bearing (*)	Total
<i>Assets:</i>							
Cash and Central Banks	2,072,134	-	-	-	-	421,166	2,493,300
Banks	2,648,136	36,138	-	-	-	182,407	2,866,681
Financial Assets at Fair Value through Profit/Loss	38,415	10,762	79,164	151,233	176,813	500	456,887
Interbank Money Market Placements	715,835	-	-	-	-	-	715,835
Available-for-Sale Financial Assets	1,164,703	2,402,870	2,876,673	1,887,809	1,155,223	86,981	9,574,259
Loans	9,395,718	3,688,745	5,450,471	3,478,119	1,777,935	12,144	23,803,132
Investments Held-to-Maturity	228,463	648,010	374,592	338,309	74,977	-	1,664,351
Other Assets (*)	48,844	27,246	103,492	236,869	1,062	2,223,101	2,640,614
Total Assets	16,312,248	6,813,771	8,884,392	6,092,339	3,186,010	2,926,299	44,215,059
<i>Liabilities:</i>							
Bank Deposits	723,911	26,269	162	-	-	1,224	751,566
Other Deposits	14,660,096	8,014,559	1,461,965	722,083	104	3,539,052	28,397,859
Interbank Money Market Takings	598,910	114,672	667,547	772,306	-	-	2,153,435
Miscellaneous Payables	-	15,219	45,990	-	-	747,042	808,251
Securities Issued	-	-	-	-	-	-	-
Other Funding	1,338,394	2,831,583	793,200	74,535	-	168	5,037,880
Other Liabilities (**)	129,422	3,504	5,741	5,114	-	6,922,287	7,066,068
Total Liabilities	17,450,733	11,005,806	2,974,605	1,574,038	104	11,209,773	44,215,059
On Balance Sheet Long Position	-	-	5,909,787	4,518,301	3,185,906	-	13,613,994
On Balance Sheet Short Position	(1,138,485)	(4,192,035)	-	-	-	(8,283,474)	(13,613,994)
Off-Balance Sheet Long Position	83,160	85,856	-	69,343	-	-	238,359
Off-Balance Sheet Short Position	73,394	15,219	45,991	95,671	-	-	230,275
Total Position	(1,128,719)	(4,121,398)	5,863,796	4,491,973	3,185,906	(8,283,474)	8,084

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

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

Prior Year	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Non- Interest Bearing (*)	Total
<i>Assets:</i>							
Cash and Central Bank	2,373,447	-	-	-	-	438,947	2,812,394
Banks	3,030,333	2,500	558	-	-	100,710	3,134,101
Financial Assets at Fair Value through Profit/Loss	155,774	460	179,078	23,252	212,480	8,842	579,886
Interbank Money Market Placements	873,277	-	-	-	-	-	873,277
Available-for-Sale Financial Assets	1,579,179	2,888,389	4,001,584	592,314	1,129,032	150,677	10,341,175
Loans	9,184,532	3,678,237	1,941,817	2,181,293	1,422,661	7,528	18,416,068
Investments Held-to-Maturity	52,883	14,955	116,810	74,260	21,532	11	280,451
Other Assets (*)	46,030	11,315	46,664	177,416	-	2,025,883	2,307,308
Total Assets	17,295,455	6,595,856	6,286,511	3,048,535	2,785,705	2,732,598	38,744,660
<i>Liabilities:</i>							
Bank Deposits	426,848	131,306	-	-	-	3,129	561,283
Other Deposits	3,402,041	13,437,667	2,611,493	813,293	-	4,338,001	24,602,495
Interbank Money Market Takings	262,704	258,429	698,184	268,104	-	-	1,487,421
Miscellaneous Payables	2,260	-	-	5,417	10	592,411	600,098
Securities Issued	-	-	-	-	-	-	-
Other Funding	1,276,849	2,555,702	1,316,006	207,336	-	29,834	5,385,727
Other Liabilities (**)	33,618	5,292	23,582	95,882	-	5,949,262	6,107,636
Total Liabilities	5,404,320	16,388,396	4,649,265	1,390,032	10	10,912,637	38,744,660
On Balance Sheet Long Position	11,891,135	-	1,637,246	1,658,503	2,785,695	-	17,972,579
On Balance Sheet Short Position	-	(9,792,540)	-	-	-	(8,180,039)	(17,972,579)
Off-Balance Sheet Long Position	-	1	-	4,633	-	-	4,634
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	11,891,135	(9,792,539)	1,637,246	1,663,136	2,785,695	(8,180,039)	4,634

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

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

Average interest rates applied to monetary financial instruments

Current Year	Euro %	US Dollar %	Yen %	YTL %
Assets				
Cash and Central Bank	1.80	1.95	-	11.81
Banks	3.67-4.17	4.00-4.69	-	16.74-18.75
Financial Assets at Fair Value through Profit/Loss	5.50-9.45	11.66	-	16.65-17.90
Interbank Money Market Placements	-	-	-	17.10
Available-for-Sale Financial Assets	4.71-6.02	6.82-7.59	-	16.98-17.96
Loans	5.95-8.50	6.84-8.50	-	15.00-20.49
Investments Held-to-Maturity	5.31-6.86	6.34-9.34	-	18.82-19.50
Liabilities				
Bank Deposits	4.92	4.52-5.19	-	18.03
Other Deposits	3.30-4.00	3.73-4.75	-	15.15
Interbank Money Market Takings	4.75-5.19	5.41	-	18.37
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Funding	3.55-6.00	5.05-7.22	-	13.00-17.64
Prior Year	Euro %	US Dollar %	Yen %	YTL %
Assets				
Cash and Central Bank	1.73	2.52	-	13.12
Banks	3.10-3.86	4.18-5.26	-	15.00-20.27
Financial Assets at Fair Value through Profit/Loss	9.03	11.44	-	17.00-21.00
Interbank Money Market Placements	-	-	-	17.62
Available-for-Sale Financial Assets	3.86-6.56	7.21-10.62	-	16.47-21.03
Loans	5.44-7.04	7.00-7.59	-	20.59-32.25
Investments Held-to-Maturity	6.23	5.80-8.32	-	17.00-22.00
Liabilities				
Bank Deposits	-	5.34-5.50	-	21.05
Other Deposits	2.87-3.60	3.68-4.93	-	15.57
Interbank Money Market Takings	3.70	5.46-5.75	-	11.65
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Funding	3.43-5.00	5.55-6.00	-	13.00-15.22

Interest sensitivity

Interest rate sensitivity of the income statement is the effect of the assumed changes in interest rates on the net interest income based on the floating rate non-trading financial assets and financial liabilities held at 31 December 2007. Interest rate sensitivity of equity is calculated by revaluing available for sale financial assets at 31 December 2007 for the effects of the assumed changes in interest rates. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 31 December 2006. The following tables also include the sensitivity of trading portfolio of the Group.

	Profit or loss		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2007				
Financial assets at fair value through profit or loss	(20,350)	23,273	(20,350)	23,273
Available for sale financial assets	-	-	(138,047)	143,084
Floating rate financial assets	163,597	(163,597)	163,597	(163,597)
Floating rate financial liabilities	(48,134)	48,134	(48,134)	48,134
Total, net	95,113	(92,190)	(42,934)	50,894
	Profit or loss		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2006				
Financial assets at fair value through profit or loss	(22,639)	25,713	(22,639)	(25,713)
Available for sale financial assets	-	-	(137,994)	151,605
Floating rate financial assets	116,883	(116,883)	116,883	(116,883)
Floating rate financial liabilities	(49,691)	49,691	(49,691)	49,691
Total, net	44,553	(41,479)	(93,441)	58,700

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

VII. Consolidated liquidity risk

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

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 securitization transactions. There are no significant idle liquidity resources.

Maturity analysis of assets and liabilities according to remaining maturities:

Current Year	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Undistributed (*)	Total
Assets								
Cash and Central Bank	2,493,300	-	-	-	-	-	-	2,493,300
Banks	182,407	2,648,136	36,138	-	-	-	-	2,866,681
Financial Assets at Fair Value through Profit/Loss	1,864	20,411	10,506	79,164	151,488	193,454	-	456,887
Interbank Money Market Placements	-	715,835	-	-	-	-	-	715,835
Available-for-Sale Financial Assets	86,981	25,738	62,975	3,345,710	3,927,158	2,125,697	-	9,574,259
Loans	-	3,434,459	1,874,596	5,520,802	10,350,589	2,610,542	12,144	23,803,132
Investments Held-to-Maturity	-	11,633	38,786	479,153	1,059,802	74,977	-	1,664,351
Other Assets	14,244	123,466	137,057	140,904	373,910	2,895	1,848,138	2,640,614
Total Assets	2,778,796	6,979,678	2,160,058	9,565,733	15,862,947	5,007,565	1,860,282	44,215,059
Liabilities								
Bank Deposits	1,224	723,911	26,269	162	-	-	-	751,566
Other Deposits	3,539,052	14,660,096	8,014,559	1,461,965	722,083	104	-	28,397,859
Other Funding	168	35,963	96,263	1,832,413	686,599	2,386,474	-	5,037,880
Interbank Money Market Takings	-	194,797	114,672	756,329	897,897	189,740	-	2,153,435
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	52,319	279,563	35,431	15,068	61,209	-	364,661	808,251
Other Liabilities	210	118,722	9,531	206,444	81,884	34,555	6,614,722	7,066,068
Total Liabilities	3,592,973	16,013,052	8,296,725	4,272,381	2,449,672	2,610,873	6,979,383	44,215,059
Liquidity Gap	(814,177)	(9,033,374)	(6,136,667)	5,293,352	13,413,275	2,396,692	(5,119,101)	-
Prior Year								
Total Assets	2,307,085	7,845,493	1,660,596	7,414,638	16,213,151	1,380,102	1,923,595	38,744,660
Total Liabilities	4,498,787	14,041,155	6,016,375	3,836,564	1,552,013	2,400,704	6,399,062	38,744,660
Liquidity Gap	(2,191,702)	(6,195,662)	(4,355,779)	3,578,074	14,661,138	(1,020,602)	(4,475,467)	-

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

VIII. Fair values of financial assets and liabilities

	Carrying Value		Fair Value	
	Current Year	Prior Year	Current Year	Prior Year
Financial Assets				
Receivables from Interbank	715,835	873,277	715,835	873,277
Banks	2,866,681	3,134,101	2,866,681	3,134,101
Available-for-Sale Financial Assets	9,574,259	10,341,175	9,574,259	10,341,175
Investments Held-to-Maturity	1,664,351	280,451	1,674,882	280,865
Loans	23,803,132	18,416,068	23,845,571	18,416,837
Financial Liabilities				
Bank Deposits	751,566	561,283	751,566	561,283
Other Deposits	28,397,859	24,602,495	28,397,859	24,602,495
Funds Obtained	5,037,880	5,385,727	5,037,880	5,385,727
Securities Issued	-	-	-	-
Miscellaneous Payables	808,251	600,098	808,251	600,098

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

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

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

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

The Bank provides buying, selling and custody services and management and advisory services in financial matters for its customers. The Bank is not involved in trust activities.

X. Consolidated segment reporting

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

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

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

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

Major financial statement items according to business lines:

Current Year	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Operating profit	763,166	1,683,781	164,025	490,139	3,101,111
Undistributed expenses	-	-	-	(1,871,616)	(1,871,616)
Operating profit	763,166	1,683,781	164,025	(1,381,477)	1,229,495
Income from associates	-	-	-	-	39,404
Income before taxes	-	-	-	-	1,268,899
Provision for taxes	-	-	-	-	(235,062)
Net profit	-	-	-	-	1,033,837
Segment assets	5,467,861	21,599,275	14,468,772	1,397,967	42,933,875
Investments in associates and subsidiaries	-	-	-	155,052	155,052
Undistributed assets	-	-	-	1,126,132	1,126,132
Total assets	5,467,861	21,599,275	14,468,772	2,679,151	44,215,059
Segment liabilities	10,658,225	23,913,130	2,480,099	537,620	37,589,074
Shareholders' equity	-	-	-	5,348,313	5,348,313
Undistributed liabilities	-	-	-	1,277,672	1,277,672
Total Liabilities and Shareholders' Equity	10,658,225	23,913,130	2,480,099	7,163,605	44,215,059

SECTION FIVE

Disclosure and Footnotes on Consolidated Financial Statements

I. Information and disclosures related to consolidated assets

1. Cash and balances with Central Bank

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Cash	364,297	57,813	367,249	45,180
Central Bank of Turkey (*)	1,262,351	807,894	1,286,484	1,086,962
Others	77	868	26,226	293
Total	1,626,725	866,575	1,679,959	1,132,435

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

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

Balances with the Central Bank of Turkey

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

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

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

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Shares	490	-	-	-
Bonds, Treasury Bills and similar Marketable Securities	169	-	2,712	-
Others	-	-	-	-
Total	659	-	2,712	-

Trading securities subject to repurchase agreements

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Government Bonds	-	-	-	-
Treasury Bills	-	-	-	-
Other Debt Securities	-	191,407	-	198,687
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Others	-	-	-	-
Total	-	191,407	-	198,687

Derivative financial assets held for trading purpose

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Forward Transactions	5,115	3	-	36
Swap Transactions	17,149	16,846	9,969	24
Futures	-	-	-	-
Options	-	-	-	-
Others	-	-	-	-
Total	22,264	16,849	9,969	60

3. Banks

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Banks	859,321	2,007,360	527,084	2,607,017
Domestic Banks	795,256	176,139	297,044	18,334
Foreign Banks	64,065	1,831,221	230,040	2,588,683
Foreign Head Offices and Branches	-	-	-	-
Total	859,321	2,007,360	527,084	2,607,017

Due from foreign banks

	Unrestricted Balances		Restricted Balances	
	Current Year	Prior Year	Current Year	Prior Year
EU Countries	1,586,840	2,175,616	63,866	44,702
USA, Canada	206,685	286,700	-	-
OECD Countries (*)	23,919	265,835	-	-
Off-shore Banking Regions	12,465	42,867	-	-
Others	432	2,415	1,079	588
Total	1,830,341	2,773,433	64,945	45,290

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

4. Information on available-for-sale financial assets

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

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Share Certificates	-	-	-	-
Bonds, Treasury Bills and Similar Marketable Securities	1,224,760	10,945	2,389,406	332,107
Others	-	-	-	-
Total	1,224,760	10,945	2,389,406	332,107

Available-for-sale financial assets subject to repurchase agreements

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Government Bonds	931,117	906,987	911	1,135,451
Treasury Bills	-	-	-	-
Other Debt Securities	-	397,186	-	450,447
Bonds Issued or Guaranteed by Banks	-	54,927	-	31,439
Asset Backed Securities	-	-	-	-
Others	-	-	-	-
Total	931,117	1,359,100	911	1,617,337

Information related with available-for-sale financial assets

	Current Year	Prior Year
Debt instruments	9,511,551	10,235,689
Quoted	9,511,551	10,235,689
Unquoted	-	-
Equity instruments	144,590	155,669
Quoted	66,782	65,779
Unquoted	77,808	89,890
Impairment provision (-)	81,882	50,183
Total	9,574,259	10,341,175

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

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

5. Information on loans

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

	Current Year		Prior Year	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	669	-	451
Corporate Shareholders	-	669	-	451
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	126	893	-	117
Loans Granted to Employees	31,977	17	25,364	-
Total	32,103	1,579	25,364	568

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

	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
Cash Loans				
Loans	22,498,578	9,251	947,053	235,182
Discounted Bills	201,150	-	-	17
Export Loans	1,360,443	-	22,071	178,658
Import Loans	-	-	-	51
Loans to Financial Sector	829,167	-	-	-
Foreign Loans	77,087	-	-	-
Consumer Loans	5,304,501	-	183,868	1,154
Credit Cards	549,310	-	11,693	417
Precious Metal Loans	-	-	-	-
Others	14,176,920	9,251	729,421	54,885
Specialization Loans	104,980	-	-	-
Other Receivables	7,619	-	-	-
Total	22,611,177	9,251	947,053	235,182

Maturity analysis of cash loans

	Performing Loans and Other Receivables		Loans under Follow-up and Other Receivables	
	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
Short-term Loans	11,033,826	-	443,720	212,355
Loans	11,026,207	-	443,720	212,355
Specialization loans	-	-	-	-
Other Receivables	7,619	-	-	-
Medium and Long-term Loans	11,577,351	9,251	503,333	22,827
Loans	11,472,371	9,251	503,333	22,827
Specialization loans	104,980	-	-	-
Other Receivables	-	-	-	-

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – YTL	1,225,313	4,239,351	5,464,664
Housing Loans	63,186	2,340,981	2,404,167
Automobile Loans	16,631	117,800	134,431
General Purpose Loans	849,826	1,780,566	2,630,392
Other	295,670	4	295,674
Consumer Loans – FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans – FC	2,892	-	2,892
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	2,892	-	2,892
Other	-	-	-
Retail Credit Cards – YTL	525,114	-	525,114
With Installment	91,831	-	91,831
Without Installment	433,283	-	433,283
Retail Credit Cards – FC	1,440	-	1,440
With Installment	-	-	-
Without Installment	1,440	-	1,440
Personnel Loans – YTL	856	20,804	21,660
Housing Loan	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	856	20,804	21,660
Other	-	-	-
Personnel Loans - FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	307	-	307
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	307	-	307
Other	-	-	-
Personnel Credit Cards – YTL	9,965	-	9,965
With Installment	1,482	-	1,482
Without Installment	8,483	-	8,483
Personnel Credit Cards – FC	45	-	45
With Installment	-	-	-
Without Installment	45	-	45
Overdraft Checking Accounts– YTL (real persons)	522,513	-	522,513
Overdraft Checking Accounts– FC (real persons)	-	-	-
Total	2,288,445	4,260,155	6,548,600

Installment based commercial loans and corporate credit cards

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

Allocation of loan customers

	Current Year	Prior Year
Public Sector	3,309,884	1,986,736
Private Sector	20,492,779	16,429,116
Total	23,802,663	18,415,852

Allocation of domestic and foreign loans

	Current Year	Prior Year
Domestic Loans	23,443,879	18,129,334
Foreign Loans	358,784	286,518
Total	23,802,663	18,415,852

Loans to associates and subsidiaries

	Current Year	Prior Year
Direct Loans Granted to Subsidiaries and Investments	-	-
Indirect Loans Granted to Subsidiaries and Investments	3,993	4,652
Total	3,993	4,652

Specific provisions for loans

Specific Provisions	Current Year	Prior Year
Loans and Receivables with Limited Collectibility	68,815	199,360
Loans and Receivables with Doubtful Collectibility	151,330	32,237
Uncollectible Loans and Receivables	1,023,517	863,815
Total	1,243,662	1,095,412

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Year	2,557	-	129,055
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	2,557	-	129,055
Prior Year	20,342	-	170,431
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	20,342	-	170,431

Movements in non-performing loan groups:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Prior year end balance	199,360	32,453	863,815
Additions (+)	382,818	5,334	10,017
Transfers from other categories of loans under follow-up (+)	28,874	190,373	272,209
Transfers to other categories of loans under follow-up (-)	398,168	65,764	46,918
Collections (-)	144,069	10,922	73,317
Write-offs (-)	-	-	1,225
Commercial and corporate loans	-	-	673
Individual loans	-	-	552
Credit Cards	-	-	-
Others	-	-	-
Currency Differences	-	(144)	(595)
Current year end balance	68,815	151,330	1,023,986
Specific provision (-)	68,815	151,330	1,023,517
Net Balance on balance sheet	-	-	469

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

	III. Group: Loans and receivables with limited collectibility	IV. Group: Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Current Year			
Net Balance at the end of Period	1,131	3,256	83,227
Specific provision (-)	1,131	3,256	82,758
Net Balance on balance sheet	-	-	469
Prior Year			
Net Balance at the end of the year	57,635	2,021	29,884
Specific provision (-)	57,635	1,805	29,884
Net Balance on balance sheet	-	216	-

Loan customer concentration of non-performing loans:

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Current Year (Net)			
Consumer and Commercial Loans (Gross)	58,997	147,503	960,086
Special Provision (-)	58,997	147,503	959,617
Consumer and Commercial Loans (Net)	-	-	469
Banks (Gross)	-	-	1,551
Special Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	9,818	3,828	62,348
Special Provision (-)	9,818	3,828	62,348
Other Loans and Receivables (Net)	-	-	-
Prior Year (Net)			
Consumer and Commercial Loans (Gross)	196,844	32,432	813,060
Special Provision (-)	196,844	32,216	813,060
Consumer and Commercial Loans (Net)	-	216	-
Banks (Gross)	-	-	1,551
Special Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	2,516	21	49,204
Special Provision (-)	2,516	21	49,204
Other Loans and Receivables (Net)	-	-	-

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

Write-off policy for uncollectible loans and receivables

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

6. Information on investment securities held-to-maturity

Public sector debt securities held-to-maturity

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Government Bonds	1,457,965	-	92,311	-
Treasury Bills	-	-	-	-
Other Government Securities	-	162,491	-	128,221
Total	1,457,965	162,491	92,311	128,221

Information on investments held-to-maturity

	Current Year	Prior Year
Debt Securities	1,664,935	280,930
Quoted at Stock Exchange	1,629,765	280,930
Unquoted at Stock Exchange	35,170	-
Impairment Losses (-)	584	479
Total	1,664,351	280,451

The movement of investments held-to-maturity

	Current Year	Prior Year
Balances at the beginning of year	280,451	586,472
Foreign Currency Differences On Monetary Assets	(14,007)	93
Purchases during the year	1,750,862	538,487
Disposals through Sales/Redemptions	(435,582)	(833,806)
Impairment Losses (-)	(105)	(175)
Change in Amortized Costs (*)	82,732	(10,620)
Balances at the end of year	1,664,351	280,451

(*) Changes in the amortized cost of investments held to maturity are included in this column.

The Bank reclassified certain investment securities that were previously classified in available-for-sale portfolio with total face value of YTL 700,000, YTL 410,000 and YTL 140,000 to its investment securities held-to-maturity portfolio at their fair values of YTL 704,709, YTL 384,977 and YTL 148,065 as of their reclassification dates, in the second and third quarter, respectively. These reclassifications are presented in "purchases during the year" line in the movement table of investments held-to-maturity. The value increases of such securities amounting YTL 2,107 YTL 3,002 and YTL 109 respectively, are recorded under the shareholders' equity and will be amortized through the income statement until their maturities

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

Information about held-to-maturity securities

Current Year	Cost		Carrying Value	
	YTL	FC	YTL	FC
Collateralized / Blocked Investments	1,326,230	34,950	1,414,100	35,170
Investments subject to Repurchase Agreements	-	25,505	-	26,055
Held for structural position	-	-	-	-
Receivable from Security Borrowing Market	-	-	-	-
Collateral For Security Borrowing Market	-	-	-	-
Others (*)	39,049	139,067	43,865	145,161
Total	1,365,279	199,522	1,457,965	206,386

Prior Year	Cost		Carrying Value	
	YTL	FC	YTL	FC
Collateralized / Blocked Investments	84,960	42,000	92,322	42,319
Investments subject to Repurchase Agreements	-	65,918	-	66,012
Held for structural position	-	-	-	-
Receivable from Security Borrowing Market	-	-	-	-
Collateral For Security Borrowing Market	-	-	-	-
Others (*)	-	74,044	-	79,798
Total	84,960	181,962	92,322	188,129

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

7. Investments in associates

Unconsolidated investments in associates

Associates	Address (City/ Country)	Parent Bank's Share – If Different, Voting Rights (%)	Bank Risk Group's Share (%)
1- İşkur İşçi İşadamı Kimya Kuruluşları AŞ (in liquidation)	In Liquidation	25.00	25.13
2- Vakıf Gayrimenkul Ekspertiz ve Değ. AŞ	Ankara/Turkey	20.00	27.46
3- Roketsan Roket Sanayi Ve Ticaret A.Ş.	Ankara/Turkey	10.00	10.00

	Total Assets	Shareholders' Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/(Loss)	Prior Year's Profit/Loss	Company's Fair Value (if available)
1-	-	-	-	-	-	-	-	-
2-	10,621	7,865	649	947	135	4,387	2,355	-
3-	308,861	136,408	147,865	895	14	(3,642)	(19,488)	-

Unconsolidated subsidiaries, reasons for not consolidating such investments and accounting treatments applied for such investments:

Associates in the consolidated financial statements are recognized with equity pick up method if the group has the ability to determine of their financial and operational politics otherwise accounted according to TAS 39.

Consolidated 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	Vakıf Menkul Kıymetler Yatırım Ortaklığı AŞ	Istanbul/Turkey	11.75	21.77
3	Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	Ankara/Turkey	27.63	29.47

	Total Assets	Shareholders' Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Years' Profit/Loss	Company's Fair Value
1	549,517	34,279	4,585	78,834	6,142	5,412	3,675	-
2	14,259	14,103	97	911	105,412	2,228	(274)	1,216
3	62,932	62,701	39,143	40	3,464	5,197	4,510	12,408

Movement of investments in associates

	Current Year	Prior Year
Balance at beginning of the year	16,044	25,042
Movements during the year	700	(8,998)
Acquisitions and capital increases	-	915
Bonus shares received	914	170
Dividends from current year profit	-	-
Sales/liquidations (-)	-	(6,327)
Revaluation increase, inflation correction difference and currency difference on foreign subsidiaries	(214)	(3,756)
Impairment losses (-)	-	-
Balance at the end of the year	16,744	16,044
Capital commitments	-	-
Share percentage at the end of year (%)	-	-

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

In the current year, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ, an associate of the Bank, increased its paid-in capital from internal sources by YTL 1,680 from YTL 16,800 to YTL 18,480. The share of the Bank amounting to YTL 464 is presented bonus shares received in the movement of investments in associated table.

Kıbrıs Vakıflar Bankası Ltd, an associate of the Bank, also increased its paid-in capital from internal sources from YTL 17,000 to YTL 20,000. These shares are disclosed under the section of bonus shares received, in the table above. The share of the Bank amounting to YTL 450 is presented bonus shares received in the movement of investments in associated table.

Sectoral distribution of investments and associates

	Current Year	Prior Year
Banks	3,119	2,669
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	13,625	13,375
Total	16,744	16,044

Quoted associates

	Current Year	Prior Year
Quoted to domestic stock exchanges	13,625	13,375
Quoted to international stock exchanges	-	-
Total	13,625	13,375

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

According to the resolution number 17 of the Board dated 28 February 2008, Vakıf Menkul Kıymetler Yatırım Ortaklığı AŞ, one of the associates of the Parent Bank, has agreed to increase its authorized capital from YTL 15.000 to YTL 50.000, and to apply to the Capital Markets Board for an amendment in the article no.10 of the Main Agreement.

Investments in associates sold during the current year

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

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

Investments in associates acquired during the current year

None.

8. Investments in subsidiaries

Unconsolidated investments in subsidiaries

	Subsidiaries	Address (City / Country)	Bank's Share –If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Vakıf Enerji ve Madencilik AŞ	Ankara/ Turkey	65.50	84.92
2	Ataköy Mağazacılık Ticaret AŞ (in liquidation)	In Liquidation	45.79	45.79
3	Taksim Otelcilik AŞ	Istanbul/ Turkey	51.00	51.52
4	Vakıf Girişim Sermayesi Yatırım Ortaklığı AŞ	Ankara/ Turkey	31.00	31.09
5	Vakıf Sistem Pazarlama Yazılım Servis ve Ticaret AŞ	Ankara/ Turkey	73.00	79.85

	Total Assets	Shareholder's Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/(Loss)	Prior Years' Profit/(Loss)	Company's Fair Value
1	269,176	256,653	257,064	812	62	2,672	38,262	21,722
2	-	-	-	-	-	-	-	-
3	201,595	203,760	85,390	8,537	55	(8,354)	5,001	-
4	4,221	4,175	16	551	1	(59)	(5,359)	3,223
5	13,035	8,690	422	323	638	2,249	1,979	-

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

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

Unconsolidated subsidiaries, reasons for not consolidating such investments and accounting treatments applied for such investments:

As of 31 December 2007, Vakıf Girişim Sermayesi Yatırım Ortaklığı AŞ, one of the subsidiaries of the Parent Bank, has been accounted at its fair value in the financial statements since its total assets are less than the 1% of the Parent Banks.

Vakıf Enerji ve Madencilik AŞ, Ataköy Mağazacılık Ticaret AŞ, Taksim Otelcilik AŞ ve Vakıf Sistem Pazarlama Yazılım Servis ve Ticaret AŞ have not been consolidated since they are not among the financial subsidiaries of the Parent Bank. Therefore, they have been accounted either according to their fair values, if confirmed trustworthy enough, or according to their costs.

Investment in consolidated subsidiaries

Subsidiaries	Address(City / Country)	Bank's Share –If Different Voting Rights (%)	Bank's Risk Group Share (%)
1- Güneş Sigorta AŞ	Istanbul/Turkey	36.35	36.35
2- Vakıf Emeklilik AŞ	Istanbul/Turkey	53.90	75.30
3- Vakıf Finans Factoring Hizmetleri AŞ	Istanbul/Turkey	78.39	86.97
4- Vakıf Finansal Kiralama AŞ	Istanbul/Turkey	58.71	64.40
5- Vakıf Deniz Finansal Kiralama AŞ (*)	Istanbul/Turkey	68.55	73.95
6- Vakıf Yatırım Menkul Değerler AŞ	Istanbul/Turkey	99.00	99.44
7- Vakıfbank International AG	Vienna/Austria	90.00	90.00
8- World Vakıf Offshore Banking Ltd.	Lefkosa/NCTR	82.00	84.93
9- Vakıf Portföy Yönetimi AŞ	Istanbul/Turkey	99.99	99.99

	Total Assets	Shareholder's Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit / (Loss)	Prior Year's Profit / (Loss)	Company's Fair Value
1-	521,824	209,749	134,477	1,382	15,358	4,480	1,123	99,233
2-	743,670	103,952	37,963	2,617	65,664	22,846	12,090	73,223
3-	67,096	43,805	260	9,720	-	(31,409)	1,151	24,301
4-	223,549	33,161	5,652	16,347	127	(3,382)	6,643	89,078
5-	128,782	854	64	11,987	-	(9,570)	1,246	-
6-	50,517	48,810	9,031	8,449	606	5,176	4,545	-
7-	719,297	78,460	1,358	27,522	13,083	9,632	9,603	-
8-	35,569	(8,929)	-	2,962	-	(13,914)	2,529	-
9-	4,018	3,926	71	-	708	832	361	-

(*)Vakıf Deniz Finansal Kiralama AŞ's fair value is YTL 0 according to valuation report of another independent audit firm.

Movement of consolidated investments in subsidiaries

	Current Year	Prior Year
Balance at the beginning of the year	264,847	317,106
Movements during the year	102,396	(52,259)
Acquisitions and Capital Increases	5,685	6,775
Bonus Shares Received	27,262	26,003
Dividends from Current Year Profit	-	-
Sales and Liquidations	-	-
Revaluation increase, inflation correction difference and currency difference on Foreign Subsidiaries	69,449	33,386
Impairment Losses	-	(118,423)
Balance at the end of the year	367,243	264,847
Capital commitments	-	-
Share percentage at the end of year (%)	-	-

In the current year, Güneş Sigorta AŞ, a subsidiary of the Bank, increased its paid-in capital from internal sources by YTL 75,000 from YTL 75,000 to YTL 150,000. The share of the Bank amounting to YTL 27,262 is presented bonus shares received in the movement of investments in subsidiaries table.

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

Valuation methods of investments in subsidiaries

	Current Year	Prior Year
Valued at Cost	81,408	75,723
Valued at Fair Value	285,835	189,124
Valued by Equity Method of Accounting	-	-
Total	367,243	264,847

Sectoral distribution of financial investments in subsidiaries

	Current Year	Prior Year
Banks	41,073	41,073
Insurance Companies	172,456	141,269
Factoring Companies	24,301	24,301
Leasing Companies	89,078	23,555
Finance Companies	-	-
Other Financial Subsidiaries	40,335	34,649
Total	367,243	264,847

Quoted subsidiaries

	Current Year	Prior Year
Quoted at Domestic Stock Exchanges	188,311	91,601
Quoted at International Stock Exchanges	-	-
Total	188,311	91,601

Investments in subsidiaries disposed during the current year

None.

Investments in subsidiaries purchased during the current year

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

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

9. Investments in joint-ventures

None.

10. Information on finance lease receivables

Finance lease receivables according to remaining maturities

	Current Year		Prior Year	
	Gross	Net	Gross	Net
Less than 1 Year	149,503	125,674	90,172	77,688
Between 1-4 Years	181,545	155,579	170,977	143,078
Longer than 4 Years	2,693	2,581	40,228	33,412
Total	333,741	283,834	301,377	254,178

Net finance lease receivables

	Current Year	Prior Year
Gross Finance Lease Receivables	333,741	301,377
Unearned Income on Financial Lease Receivables (-)	(49,907)	(47,199)
Terminated Lease Contracts (-)	-	-
Net Finance Lease Receivables	283,834	254,178

Finance lease agreements

Sum of the minimum lease payments including interest and principal amounts are stated under the “finance lease receivables” as gross. The difference between the total of rent payments and the cost of the related fixed assets is reflected to the “unearned income” account. If the lease payments are made, the lease principal amount is deducted from the “finance lease receivables” as the interest component of the payment is reflected to interest income on the consolidated income statement.

11. Information on hedging purpose derivatives

Positive differences on derivative financial instruments held for risk management

None.

12. Information on tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at the end of the prior year:					
Cost	1,003,782	177,813	28,367	290,328	1,500,290
Accumulated depreciation(-)	169,726	110,544	16,054	220,207	516,531
Net book value	834,056	67,269	12,313	70,121	983,759
Balance at the end of the current year:					
Net book value at the beginning of the current year	834,056	67,269	12,313	70,121	983,759
Additions	57,509	31,044	2,830	62,033	153,416
Disposals (-)	45,545	334	1,236	14,332	61,447
Value increase	7,603	-	-	-	7,603
Impairment losses (-)	925	-	-	-	925
Depreciation of the current year (-)	30,642	19,894	3,639	24,925	79,100
Currency translation diff. on foreign operations (-)	65	-	1	34	100
Cost at the end of the current year	1,022,359	208,523	29,960	337,995	1,598,837
Accumulated depreciation at the end of the year	200,368	130,438	19,693	245,132	595,631
Net book value at the end of the current year	821,991	78,085	10,267	92,863	1,003,206

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

Considering the related assets, there are no specific amounts allocated or cancelled for the impairments which have not been recorded in the current year, or cancelled and which possess not individually but an overall significance for the consolidated financial statements.

13. Information on intangible assets

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

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

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

14. Information on investment property

As of 31 December 2007, The Group has an investment property amounting to YTL 56,786 (31 December 2006: YTL 61,189) in total which consists of the net book value amounting to YTL 39,072 for the subsidiaries operating in the field of real estate investment and the net book value amounting of YTL 17,714 for the subsidiaries operating in the insurance business.

15. Information on deferred tax assets

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

	Current Year	Prior Year
Deferred tax assets		
BRSA – Tax Code depreciation differences	26,704	27,937
ETI and vacation pay liabilities	28,024	22,737
Valuation difference for associates and subsidiaries	21,140	14,610
Other provisions	5,362	4,200
Income exempt from tax	2,532	-
Valuation differences of financial assets and liabilities	2,367	-
Deferred tax liabilities		
Valuation differences of financial assets and liabilities	(33,940)	(31,979)
Valuation difference for associates and subsidiaries	(5,328)	(3,970)
BRSA – Tax Code depreciation differences	(100)	-
Others	(3,909)	-
Deferred tax assets, net	42,582	33,535

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

As of 31 December 2007, net book value of asset held for sale is YTL 1,702 (31 December 2006: YTL 1,963).

17. Information on other assets

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

II. Information and disclosures related to consolidated liabilities

1. Information on maturity profile of deposits

<i>Current Year</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	682,210	-	253,597	5,608,530	261,908	28,971	29,534	-	6,864,750
Foreign Currency Deposits	811,557	-	1,304,982	3,050,215	378,797	331,220	717,618	-	6,594,389
Residents in Turkey	769,830	-	1,206,007	2,997,675	342,338	227,946	559,918	-	6,103,714
Residents in Abroad	41,727	-	98,975	52,540	36,459	103,274	157,700	-	490,675
Public Sector Deposits	971,314	-	658,695	1,030,009	207,687	116,796	185	-	2,984,686
Commercial Deposits	665,040	-	1,333,137	2,704,773	230,574	445	14,529	-	4,948,498
Other	409,803	-	508,604	5,258,438	762,278	7,762	58,651	-	7,005,536
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	1,224	-	147,222	522,891	80,229	-	-	-	751,566
Central Bank	12	-	-	-	-	-	-	-	12
Domestic Banks	303	-	147,222	498,687	50,358	-	-	-	696,570
Foreign Banks	775	-	-	24,204	29,871	-	-	-	54,850
Participation Banks	134	-	-	-	-	-	-	-	134
Others	-	-	-	-	-	-	-	-	-
Total	3,541,148	-	4,206,237	18,174,856	1,921,473	485,194	820,517	-	29,149,425

<i>Prior Year</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	729,350	-	153,455	4,527,173	517,966	28,364	31,950	-	5,988,258
Foreign Currency Deposits	1,350,998	-	1,756,152	2,915,905	629,618	109,590	743,993	-	7,506,256
Residents in Turkey	1,276,877	-	1,736,060	2,763,791	565,357	63,305	553,882	-	6,959,272
Residents in Abroad	74,121	-	20,092	152,114	64,261	46,285	190,111	-	546,984
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	2,913,022	773,806	78,904	31,509	-	4,727,979
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	3,129	-	426,854	131,300	-	-	-	-	561,283
Central Bank	480	-	-	-	-	-	-	-	480
Domestic Banks	347	-	421,311	131,300	-	-	-	-	552,958
Foreign Banks	1,425	-	5,542	-	-	-	-	-	6,967
Participation Banks	-	-	-	-	-	-	-	-	-
Others	877	-	1	-	-	-	-	-	878
Total	4,341,130	-	3,830,171	13,568,506	2,247,866	362,816	813,289	-	25,163,778

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

Saving deposits out of insurance coverage limits

	Current Year
Deposits and other accounts at foreign branches	474
Deposits and other accounts, which belong to controlling shareholders, their parents, wives/husbands, and children	-
Deposits and other accounts, which belong to Board of Director members, chairman, general manager, his/her assistants, their parents, wives/husbands, and children	600
Deposits and other accounts under scope of TCC law 5237 article no 282, dated 26.09.2004	-
Deposits in Deposit Banks of Turkey, which are solely established for off-shore banking	14,582

2. Information on trading derivatives

Negative value of derivative financial liabilities held for trading purpose

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Forwards	4,959	1	-	35
Swaps	15,044	2,286	-	3,730
Futures	-	-	-	-
Options	-	-	-	-
Others	-	-	-	-
Total	20,003	2,287	-	3,765

3. Information on banks and other financial institutions

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Central Bank of Turkey	-	-	-	-
Domestic Bank and Institutions	52,619	274,947	52,243	363,642
Foreign Bank, Institutions and Funds	-	4,710,314	-	4,969,842
Total	52,619	4,985,261	52,243	5,333,484

Maturity information of funds borrowed

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Short-term	52,619	1,430,792	52,243	2,050,188
Medium and Long term	-	3,554,469	-	3,283,296
Total	52,619	4,985,261	52,243	5,333,484

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 12.96% of the Group's liabilities. There is no risk concentration on funding sources of the Group.

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

On 20 December 2006, the Bank has obtained syndication loan of US Dollar 700 million comprised of three trenches having 1, 2 and 3 years of maturity and interest rate Libor+0.525%, Libor+0.626% and Libor+0.825%, respectively, with the participation of 26 international banks through club deal. On 3 December 2007, the Bank has renewed syndication loan of US Dollar 375 million with one year of maturity and Libor+0.25% with the participation of 23 international banks.

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

4. Components of other liabilities, those that exceed 10% of total liabilities or those that exceed 20% of the individual liability items in the consolidated 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 finance lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the Bank on such contracts

Obligations under finance leases

None.

6. Information on derivative financial liabilities held for risk management purpose

Negative value of hedging purpose derivatives

None.

7. Information on provisions

Information on general provisions

	Current Year	Prior Year
Provisions for Loans and Receivables in Group I	151,077	118,857
Provisions for Loans and Receivables in Group II	7,099	2,000
Provisions for Non Cash Loans	15,390	9,606
Others	179	-
Total	173,745	130,463

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

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

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

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

None.

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

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

Information on other provisions

	Current Year	Prior Year
Free Provision for Possible Loan Losses	-	23,525

Information on other provisions exceeding 10% of total provisions

Other provisions consist of specific provision for non-cash loans amounting YTL 82,392, credit card promotion provision amounting YTL 7,890, provision for claims amounting YTL 27,545 and other provisions amounting YTL 5,759.

8. Taxation

Current Taxes

Tax provision

As of 31 December 2007, Group has tax liabilities of YTL 83,464, after deducting prepaid taxes.

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

Information on taxes payable

	Current Year	Prior Year
Corporate taxes payable	83,464	91,014
Taxation on securities	52,709	41,138
Capital gains tax on property	477	389
Banking and Insurance Transaction Tax (BITT)	22,364	16,856
Taxes on foreign exchange transactions	1,311	2,463
Value added tax payable	1,134	570
Others	15,166	11,833
Total	176,625	164,263

Information on premiums payable

	Current Year	Prior Year
Social security premiums- employee share	452	518
Social security premiums- employer share	541	661
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	302	257
Unemployment insurance- employer share	542	447
Others	-	1
Total	1,837	1,884

Information on deferred tax liability

Disclosed in Note 15 of information and disclosures for assets.

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

None.

10. Information on subordinated loans

None.

11. Information on shareholders' equity

Paid-in capital

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

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

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

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

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

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

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

There is no share capital increase in the current year.

On 19 December 2006, the paid-in capital of the Bank has been increased to YTL 2,500,000 by YTL 1,221,000 from YTL 1,279,000. YTL 605,763 of the total increase was provided from other capital reserves, YTL 448,205 from share premiums, YTL 154,500 from extraordinary reserves, YTL 7,794 from revaluation fund and YTL 4,738 from other profit reserves. This capital is divided into 2.500.000.000 shares and each share's value is equal to 1 New Turkish Lira.

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

Information on share capital increases from revaluation funds

None.

Capital commitments for current financial year and following year

None.

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

None.

Information on the privileges given to stocks representing the capital

None.

Valuation differences of the marketable securities

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Associates, subsidiaries and JV's	3,299	-	3,150	-
FV differences	73,951	41,639	4,025	30,297
Foreign exchange differences	-	-	-	-
Total	77,250	41,639	7,175	30,297

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

1. Disclosures related to other contingent liabilities

Type and amount of irrevocable commitments

	Current Year	Prior Year
Letters of Guarantee in Foreign Currency	1,584,570	1,553,605
Letters of Guarantee in YTL	2,778,167	1,847,274
Letters of Credit	1,118,055	1,227,088
Bills of Exchange and Acceptances	456,865	152,842
Other Guarantees and Warranties	3,468	9,814
Total	5,941,125	4,790,623

Type and amount of possible losses from off-balance sheet items including those referred to below

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

The Bank provided 100% specific provision for unliquidated non-cash loans amounted to YTL 82,392 recorded under off-balance sheet items. (31 December 2006: YTL 98,860)

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Year	Prior Year
Provisional Letters of Guarantee	107,807	78,522
Final Letters of Guarantee	3,432,155	2,700,200
Letters of Guarantee for advances	545,641	301,306
Letters of Guarantee given to Customs Offices	82,595	60,465
Other Letters of Guarantee	194,539	260,386
Total	4,362,737	3,400,879

2. Non-cash Loans

	Current Year	Prior Year
Non-Cash Loans Given for Cash Loan Risks	427,846	553,363
With Original Maturity of 1 Year or Less	169,739	182,811
With Original Maturity of More Than 1 Year	258,107	370,552
Other Non-Cash Loans	5,513,279	4,237,260
Total	5,941,125	4,790,623

3. Sectoral risk concentrations of non-cash loans

	Current Year				Prior Year			
	YTL	%	FC	%	YTL	%	FC	%
Agricultural	24,187	0.87	25,727	0.80	21,224	1.15	7,652	0.26
Farming and Stockbreeding	18,843	0.68	14,693	0.45	17,295	0.94	4,918	0.17
Forestry	3,803	0.14	90	0.00	3,316	0.18	-	-
Fishing	1,541	0.05	10,944	0.35	613	0.03	2,734	0.09
Manufacturing	1,083,730	39.01	1,533,508	48.49	722,417	39.11	1,300,730	44.19
Mining	23,992	0.86	89,892	2.84	23,407	1.27	65,849	2.23
Production	830,040	29.88	1,293,486	40.90	567,105	30.70	1,073,679	36.48
Electric, gas and water	229,698	8.27	150,130	4.75	131,905	7.14	161,202	5.48
Construction	369,941	13.32	566,647	17.92	259,075	14.02	510,840	17.36
Services	1,028,492	37.01	517,559	16.37	570,590	30.88	663,423	22.54
Wholesale and retail trade	526,053	18.93	172,466	5.45	265,392	14.37	129,123	4.39
Hotel, food and beverage services	31,633	1.14	9,569	0.30	26,555	1.44	1,877	0.06
Transportation and telecommunication	144,200	5.19	60,954	1.93	116,618	6.31	196,715	6.68
Financial institutions	299,017	10.76	258,246	8.17	141,936	7.68	311,709	10.59
Real estate and renting services	1,787	0.06	-	-	1,189	0.06	-	-
“Self-employment” type services	-	-	-	-	-	-	-	-
Education services	5,423	0.20	5,945	0.19	2,122	0.11	10,279	0.35
Health and social services	20,379	0.73	10,379	0.33	16,778	0.91	13,720	0.47
Others	271,945	9.79	519,389	16.42	274,062	14.84	460,610	15.65
Total	2,778,295	100.00	3,162,830	100.00	1,847,368	100.00	2,943,255	100.00

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

	I. Group		II. Group	
	YTL	FC	YTL	FC
Letters of Guarantee	2,638,683	1,513,393	57,092	71,177
Confirmed Bills of exchange and Acceptances	-	447,802	-	9,063
Letters of Credit	128	1,082,051	-	35,876
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	3,468	-	-
Total	2,638,811	3,046,714	57,092	116,116

5. Information on derivative transactions

	Current Year	Prior Year
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	1,171,223	83,612
Currency Forwards	484,726	9,837
Currency Swaps	686,497	73,775
Currency Futures	-	-
Currency Options	-	-
Interest Rate Derivative Transactions (II)	468,636	388,777
Interest Rate Forwards	-	-
Interest Rate Swaps	468,634	388,775
Interest Rate Futures	2	2
Interest Rate Options	-	-
Other Trading Derivatives (III)	-	-
A. Total Trading Derivatives (I+II+III)	1,639,859	472,389
Hedging Derivatives	-	-
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Hedges for Foreign Currency Investments	-	-
B. Total Hedging Derivatives	-	-
Derivative Transactions (A+B)	1,639,859	472,389

	31 December 2007					
	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Currency swaps:						
Purchase	287,214	56,819	3,879	-	-	347,912
Sale	280,797	53,906	3,882	-	-	338,585
Currency forwards:						
Purchase	148,336	47,591	46,519	-	-	242,446
Sale	148,226	47,561	46,493	-	-	242,280
Cross currency interest rate swaps:						
Purchase	-	-	-	78,000	83,160	161,160
Sale	-	-	-	87,815	73,395	161,210
Interest rate swaps:						
Purchase	-	-	-	77,199	-	77,199
Sale	-	-	-	69,065	-	69,065
Currency, interest rate, investment security options						
Purchase	-	-	-	-	-	-
Sale	-	-	-	-	2	2
Total of purchases	435,550	104,410	50,398	155,199	83,160	828,717
Total of sales	429,023	101,467	50,375	156,880	73,397	811,142
Total of transactions	864,573	205,877	100,773	312,079	156,557	1,639,859

	31 December 2006					
	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Currency swaps:						
Purchase	-	-	36,958	-	-	36,958
Sale	-	-	36,817	-	-	36,817
Currency forwards:						
Purchase	-	3,678	1,241	-	-	4,919
Sale	-	3,677	1,241	-	-	4,918
Cross currency interest rate swaps:						
Purchase	-	-	-	-	83,160	83,160
Sale	-	-	-	-	88,200	88,200
Interest rate swaps:						
Purchase	-	-	-	30,744	82,244	112,988
Sale	-	-	-	29,499	74,928	104,427
Currency, interest rate, investment security options						
Purchase	-	-	-	-	2	2
Sale	-	-	-	-	-	-
Total of purchases	-	3,678	38,199	30,744	165,406	238,027
Total of sales	-	3,677	38,058	29,499	163,128	234,362
Total of transactions	-	7,355	76,257	60,243	328,534	472,389

6. Contingent assets and liabilities

None.

7. Services rendered on behalf of third parties

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

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

IV. Information on disclosures related to the consolidated income statement

1. Interest income

Information on interest income received from loans

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Short-term Loans	1,717,448	151,035	1,325,762	162,098
Medium and Long-term Loans	1,086,953	244,001	764,423	207,827
Loans under follow-up	75,073	-	48,657	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	2,879,474	395,036	2,138,842	369,925

Information on interest income received from banks

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Central Bank of Turkey	-	4,626	-	3,818
Domestic Banks	25,430	999	25,958	2,870
Foreign Banks	65,202	94,815	10,839	76,335
Foreign Head Office and Branches	-	-	-	-
Total	90,632	100,440	36,797	83,023

Information on interest income received from securities portfolio

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Trading Financial Assets	15,934	33,798	21,750	116,628
Financial Assets Valued at Fair Value Through Profit or Loss	-	-	-	-
Financial Assets Available-for-Sale	1,208,618	224,190	1,045,612	246,909
Investments Held-to-Maturity	120,343	13,207	21,920	9,419
Total	1,344,895	271,195	1,089,282	372,956

Information on interest income received from associates and subsidiaries

	Current Year	Prior Year
Interest Received from Associates and Subsidiaries	-	-

2. Interest Expense

Interest expenses on funds borrowed

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Banks	14,525	259,345	6,948	209,756
Central Bank of Turkey	-	-	-	-
Domestic Banks	7,421	4,614	6,567	4,803
Foreign Banks	7,104	254,731	381	204,953
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	39	19	-	6,156
Total	14,564	259,364	6,948	215,912

Interest expenses paid to associates and subsidiaries

	Current Year	Prior Year
Interest Paid to Associates and Subsidiaries	9,411	7,258

Interest expense on securities issued

None.

Maturity structure of interest expense on deposits

Account Description	Demand Deposits	Time Deposit					Accumulating Deposit Accounts	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	1 Year and Over		
Turkish Lira:								
Bank Deposits	-	72,380	-	-	-	-	-	72,380
Saving Deposits	5,071	30,578	906,443	85,622	5,015	3,654	-	1,036,383
Public Sector Deposits	4,389	71,440	254,491	20,075	20,142	281	-	370,818
Commercial Deposits	2,113	89,652	310,014	14,389	3,185	1,180	-	420,533
Other Deposits	684	149,177	805,254	112,059	27,762	2,288	-	1,097,224
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Total	12,257	413,227	2,276,202	232,145	56,104	7,403	-	2,997,338
Foreign Currency:								
Foreign Currency Deposits	6,165	58,545	96,113	20,779	12,609	26,018	-	220,229
Bank Deposits	-	33,549	328	-	-	-	-	33,877
"7 Days Notice" Deposits	-	-	-	-	-	-	-	-
Precious Metals Deposits	-	-	-	-	-	-	-	-
Total	6,165	92,094	96,441	20,779	12,609	26,018	-	254,106
Grand Total	18,422	505,321	2,372,643	252,924	68,713	33,421	-	3,251,444

3. Dividend Income

	Current Year	Prior Year
Trading Financial Assets	-	-
Financial Assets Valued at Fair Value Through Profit or Loss	-	-
Financial Assets Available-for-Sale	12,538	6,376
Others	24,957	10,389
Total	37,495	16,765

4. Trading income/losses (Net)

	Current Year	Prior Year
Income	749,096	1,046,593
Trading Account Income	145,559	135,158
<i>Derivative financial instruments</i>	55,231	15,494
<i>Others</i>	90,328	119,664
Foreign Exchange Gain	603,537	911,435
Losses (-)	506,952	973,194
Trading Account Losses	48,644	60,437
<i>Derivative financial instruments</i>	38,868	12,631
<i>Others</i>	9,776	47,806
Foreign Exchange Losses	458,308	912,757
Net Income	242,144	73,399

5. Other operating income

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

6. Provision expenses for losses on loans and other receivables

	Current Year	Prior Year
Specific Provisions on Loans and Other Receivables	221,097	161,417
<i>Loans and Receivables in Group III</i>	215,518	123,027
<i>Loans and Receivables in Group IV</i>	5,579	23,864
<i>Loans and Receivables in Group V</i>	-	14,526
Non-performing commissions and other receivables	-	-
General Provision Expenses	43,282	42,232
Provision for Possible Losses	-	-
Impairment Losses on Securities:	62,734	7,781
<i>Trading securities</i>	992	1,047
<i>Investment Securities Available-for-Sale</i>	61,742	6,734
Other Impairment Losses:	11,595	74,062
<i>Associates</i>	11,011	75
<i>Subsidiaries</i>	-	73,508
<i>Joint Ventures</i>	-	-
<i>Investment Securities Held-to-Maturity</i>	584	479
Others	117,652	24,127
Total	456,360	309,619

7. Other operating expenses

	Current Year	Prior Year
Personnel Costs	515,151	407,179
Reserve for Employee Termination Benefits	22,523	15,986
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	4,659	-
Depreciation Expenses on Tangible Assets	79,100	61,635
Impairment Losses on Intangible Assets	9	24
Amortization Expenses on Intangible Assets	2,538	-
Impairment Losses on Assets to be Disposed	-	8,866
Depreciation Expenses on Assets to be Disposed	-	-
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	372,081	321,579
<i>Operational lease related expenses</i>	53,288	44,167
<i>Repair and maintenance expenses</i>	12,840	16,074
<i>Advertisement expenses</i>	41,118	40,508
<i>Other expenses</i>	264,835	220,830
Loss on sale of assets	264,502	8,786
Others	154,693	480,245
Total	1,415,256	1,304,300

8. Information on income/loss from discontinued operations

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

9. Information on tax provision from discontinued operations

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

10. Information on net profit/loss from discontinued operations

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

11. Provision for taxes on income

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

In the current year, the Group recorded a tax provision of YTL 265,632 (31 December 2006: YTL 187,511) from the operating profit in accordance with the Corporate Tax Law and other laws and regulations.

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

Sources of deferred tax benefit/charge	Current Year	Prior Year
Arising from Origination (+)/ Reversal (-) of Deductible Temporary Differences	10,384	-
Arising from Origination (+)/ Reversal (-) of Taxable Temporary Differences	20,186	(72,626)
Arising from Origination (+)/ Reversal (-) of Tax Losses	-	-
Arising from tax rate change	-	-
Total	30,570	(72,626)

12. Net profit and loss

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

None.

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

None.

13. Income/loss related to minority shares

	Current Year	Prior Year
Income/Loss related to Minority Shares	3,316	12,747

14. 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

The other commission incomes of the Group mainly consist of credit card charge and commissions, collection and in payment commissions, remittance commissions and information commissions.

The other commission expenses of the Group mainly consist of the commissions and charges allocated for the credit cards and the commissions charged for the borrowings from foreign banks.

V. Information and disclosures related to consolidated statement of changes in shareholders' equity

1. Information on increases in the valuation differences of available-for-sale financial assets

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

Valuation Differences of Marketable Securities	Current Year	Prior Year
Valuation differences at the beginning of the year	34,322	218,416
Fair value changes in the current year	132,934	(269,445)
Effect of deferred and corporate taxes	(24,521)	88,655
Valuation differences transferred to the income statement	(30,044)	(6,066)
Effect of deferred and corporate taxes	2,899	2,762
Valuation differences at the end of the year	115,590	34,322

Valuation Difference of the Subsidiaries and Affiliates	Current Year	Prior Year
Valuation differences at the beginning of the year	3,150	27,545
Fair value changes in the current year	149	(24,395)
Effect of deferred and corporate taxes	-	-
Valuation differences transferred to the income statement	-	-
Effect of deferred and corporate taxes	-	-
Valuation differences at the end of the year	3,299	3,150

2. Information on increases in cash flow hedges

None.

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

As of 31 December 2007, foreign currency conversion differences amounting of YTL 24,837 (31 December 2006: YTL 31,247) and arising as a result of the conversions of the financial statements of the subsidiaries instituted overseas into YTL have been booked under the other reserves in the consolidated financial statements.

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

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

5. Information on profit distribution

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

In accordance with the resolution of the 54th Annual General Assembly on 21 March 2008, net profit of the year 2007 of the Bank has been decided to be distributed on a date determined by the Bank's Board of Directors no later than 31 May 2008, as indicated on the table below.

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

6. Decreases in the valuation differences of available-for-sale financial assets

None.

VI. Information and disclosures on consolidated cash flow statement

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

In 2007, net cash inflows arising from banking operations amounts to YTL 289,482. (31 December 2006 net cash outflow YTL 439,206). YTL (563,215) thousands of this amount (31 December 2006: YTL (1,868,700)) is generated from the change in operating assets and liabilities and YTL 852,697 (31 December 2006: YTL 1,429,494) from operating profit. The net cash outflow from investing activities amounts to YTL 462,643. (31 December 2006 YTL 491,307 net cash inflow). The major item is the cash outflows arising from new investments in securities. Cash and cash equivalents decreased to YTL 5,382,011 (31 December 2006: YTL 5,991,037) at the end of the current year in comparison to YTL 5,991,037 (31 December 2006: YTL 6,380,804), at the beginning of the current year.

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

None.

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

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

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

	Current Year 31 December 2006	Prior Year 31 December 2005
Cash on Hand	412,429	303,587
Cash in YTL	367,249	271,757
Cash in Foreign Currency	45,180	31,830
Cash Equivalents	5,578,608	6,077,217
Others	5,578,608	6,077,217
Total	5,991,037	6,380,804

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

	Current Year 31 December 2007	Prior Year 31 December 2006
Cash on Hand	422,110	412,429
Cash in YTL	364,297	367,249
Cash in Foreign Currency	57,813	45,180
Cash Equivalents	4,959,901	5,578,608
Others	4,959,901	5,578,608
Total	5,382,011	5,991,037

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

Bahrain Branch’s foreign currency demand deposits at foreign banks include blocked amounts of YTL 63,867. Also there is blocked demand deposit amount of YTL 1,079 on other consolidated institutions.

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

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

Current Year	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the year	-	3,089	-	568	4,652	32,373
Balance at the End of the year	-	6,974	126	1,562	3,993	4,595
Interest and Commission Income Received	-	124	-	-	7	12

Prior Year	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Cash	Non-Cash	Cash
Loans and Other Receivables						
Balance at the Beginning of the year	-	3,019	-	950	14,587	4,842
Balance at the End of the year	-	3,089	-	568	4,652	32,373
Interest and Commission Income Received	-	18	-	3	27	187

Information on deposits held by the Bank's risk group

Bank's Risk Group	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
Deposits						
Balance at the Beginning of the year	112,095	73,616	77,592	-	2,650	-
Balance at the End of the year	220,972	112,095	968,481	77,592	84,950	2,650
Interest on Deposits	9,411	5,153	-	-	-	-

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 non-cash loans extended to the the risk group to the overall non-cash loans are 0.22%.

Current Year	Amount	Compared With the Financial Statement Amount %
Cash Loans	4,119	0.02
Non-Cash Loans	13,131	0.22
Deposits	1,274,403	4.37
Forward and Option Agreements	-	-

Prior Year	Amount	Compared With the Financial Statement Amount %
Cash Loans	4,652	0.03
Non-Cash Loans	36,030	0.75
Deposits	192,337	0.76
Forward and Option Agreements	-	-

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

None.

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

Domestic and foreign branches and representative offices

	Number of Branches	Number of Employees			
Domestic Branches (*)	446	8,684			
			Country		
Foreign Representative Offices	-	-	1- -		
	-	-	2- -		
	-	-	3- -		
				Total Assets	Legal Capital
Foreign Branches	2	16	1- USA	731,903	19,223
	-	-	2- Bahrain	7,568,689	-
	-	-	3- -	-	-
Off-shore Branches	-	-	1- -	-	-
	-	-	2- -	-	-
	-	-	3- -	-	-

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

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

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

SECTION SIX

I. Other Disclosures and Footnotes

1. Other disclosures on the Bank's activity

- Based on the resolution of 53rd Annual General Assembly held on 30 March 2007, net profit of the year 2006 amounting to YTL 769,730 is decided to be distributed as legal reserves in the amount of YTL 76,973, as extraordinary reserves in the amount of YTL 256,892 and as dividend in the amount of YTL 435,865 and distributed in the current period.
- The Bank's management has decided to implement growth target in credit card business with brand sharing with an existing brand in the market and decided to collaborate with Yapı Kredi Bankası AŞ in World credit card programme. The Bank has authorized Bank's general manager for signing and preparation of the agreement.

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

May 2006 ^(*)	Standard Poors
Foreign Currency Credit Rating	BB- / Stable / B
Local Currency Credit Rating	BB / Stable / B
National	trA+ / -- / trA-1
April 2007 ^(*)	Moody's Investors' Service
Financial Strength Rating	D+
Local Currency Deposit Rating	Baa1 / P-2
Foreign Currency Deposit Rating	B1 / NP
Outlook	Stable
November 2005 ^(*)	Fitch Rating
Long Term Foreign Currency	BB-
Short Term Foreign Currency	B
Foreign Currency Outlook	Stable
Long Term Local Currency	BB(**)
Short Term Local Currency	B
Foreign Currency Outlook	Stable
National Long Term	AA (tur)
National Outlook	Stable
Individual	C/D
Support	4
May 2006 ^(*)	Capital Intelligence
Financial Strength Rate	BBB-
Short Term Foreign Currency	B
Long Term Foreign Currency	BB-
Support Rating	2
Outlook	Stable

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

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

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

- In conjunction with the “Regulation for an Adjustment on the Regulation on the Procedures and Principles on the Determination of the Nature of the Loans and Other Receivables and their Provisions” which has been published in the Official Gazette no. 26779 dated 6 February 2008, general provision for the restructured or rescheduled loans and other receivables has been raised from 1% to 2%, general provisions for the bills of exchange and sureties and other non-cash loans have been raised from 0.2% to 0.4%.
- The monetary losses amounting YTL 379,000 incurred in the 2001 financial year as a result of the inflation accounting applied in compliance with the Temporary article no.4 added to the Banks Law no.4389 through the Law no.4743, the tax returns of 2002, 2003 and 2004 were submitted with a condition stating that such losses should have been deducted and the Bank may appeal to the tax court for the tax return. The Bank appealed to the tax court for the corporate tax return on 22 February 2007. Ankara 5. Tax court decided in favour of the Bank and YTL 125,187 was transferred to the Bank’s accounts on 5 September 2007. The related tax administration has filled an appeal that is still in process.

“The Law on the Collection of Some of the Public Receivables by Reconciliation” no.5736 has passed on 20 February 2008 in the Parliament and approved on 26 February 2008 by the President of the Turkish Republic. In accordance with this law’s first sub clause of the third article, the conflicts resulting from the sub clause no. 13 of the Provisional Article 4 of the abolished Banking Law no.4389 dated 18 June 1999, losses that are subjected to a decrease in capital by decreasing extraordinary and legal reserves subject to seventh sub clause of the fourteenth article changed by the eighteenth article of the abolished Corporate Tax Law numbered 5422 dated 1949, with the banks will not be sustained, if the banks take into consideration of 65 percent of these losses in the determination of revenues for the year 2001 as previous year losses, and admit to correct taxable income for the subsequent years and declare they have abnegated from all of the courts related to this matter in one month after this law come into effect. According to the same article’s second sub clause, if there is a refund arising from the disclaim in the judgment decision about this subject, since the time this law come into effect, the amount to be refunded as advance, should be deducted from the refund arising from judgment authority’s decision. There will be no interest or due surcharge for the amounts to be rejected and refunded.

The Bank management has decided not to compromise for the dispute mentioned in the first paragraph above and accordingly legal process continues as of reporting date.

- In accordance with the Sales Agreement as of 7 March 2008, the sale of the Bank's shares in Vakıf Girişim Sermayesi Yatırım Ortaklığı AŞ. to Multinet Kurumsal Hizmetler AŞ with a percentage of 31.00% (consisting of (A) Group 25.00% and (B) Group 6.00% shares) and the sale of the shares with a percentage of 0.15% which consists of the (B) Group 0.05% shares of Vakıf Finansal Kiralama AŞ., (B) Group 0.05% shares of Vakıf Deniz Finansal Kiralama AŞ and the (B) Group 0.05% shares of the Güneş Sigorta AŞ. to CFK Kurumsal Finansman Danışmanlık AŞ have been agreed on. The selling price for the securities with a book value of YTL 3,251 in the consolidated financial statements has been determined as YTL 3,129. As of the report date, for the specified selling to actualise, Capital Markets Board's authorization is needed.

- As of the report date, The Bank's shareholder structure has been changed, as indicated in the table below;

Shareholders	Number of Shares	Share Percentage (%)
The General Directorate of the Foundations (Group A)	1.075.058.640	43.00
Foundations (Group B)	386.224.785	15.45
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık		
Yardım Sandığı Vakfı (Group C)	402.552.666	16.10
Foundations (Group B)	4.681.052	0.19
Individuals and legal entities (Group B)	1.886.449	0.08
Publicly traded (Group D)	629.596.408	25.18
Total	2.500.000.000	100.00

4. **Significant foreign currency exchange rate fluctuations that are subsequent to balance sheet date**
None.

SECTION SEVEN

I. Independent Auditors' Report

1. Information on the independent auditors' report

The Bank's consolidated financial statements and footnotes as of 31 December 2007, have been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the member firm of KPMG International) and an unqualified opinion has been issued in their independent auditors' report dated 10 April 2008.

2. Explanations and disclosures by Independent Auditors

None.