

**TÜRKİYE CUMHURİYETİ
ZİRAAT BANKASI A.Ş.**

UNCONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH REVIEW REPORT
AT 31 MARCH 2007

*Translated into English from the
Original Turkish Report*

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT

To the Board of Directors of
T.C. Ziraat Bankası A.Ş.
Ankara

1. We have performed a limited scope review of the accompanying unconsolidated balance sheet of T.C. Ziraat Bankası A.Ş. (the "Bank") as at March 31, 2007 and unconsolidated related statements of income, changes in shareholders' equity and cash flows for the period then ended. These financial statements are the responsibility of the Bank's management. As independent accountants our responsibility is to issue a report based on the limited scope review performed on these financial statements.
2. We conducted our review in accordance with the accounting rules and policies, and the accounting and auditing standards, set out as per the Banking Act No: 5411. Those standards require that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. Since a review is principally limited to reviewing financial statements by applying analytical procedures, inquiring as to the integrity of the financial statements and making inquiries of management to obtain information, it is substantially less in scope than an audit and therefore provides a lesser assurance. We have not performed a full scope audit and accordingly we do not express an audit opinion.



3. Based on our limited scope review, we are not aware of any material modifications that should be made to the financial position, the results of its operations and cash flows of T.C. Ziraat Bankası A.Ş. for the period ended March 31, 2007 for them to be in conformity with the prevailing accounting principles and standards set out as per the Article No: 37 of the Banking Act No: 5411, and other regulations and pronouncements in respect of accounting and financial reporting made by Banking Regulation and Supervision Agency.

Additional paragraph for English translation:

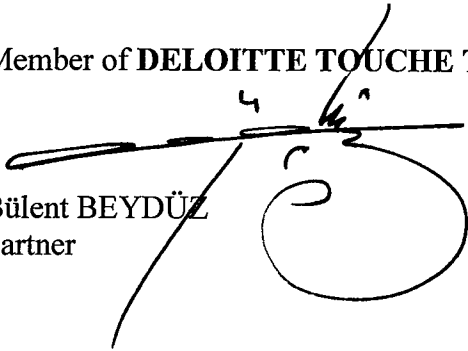
4. The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Banks's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

Ankara, 14 May 2007

DRT BAĞIMSIZ DENETİM VE
SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU**

Bülent BEYDÜZ
Partner



TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş

**THE UNCONSOLIDATED FINANCIAL REPORT FOR THE PERIOD ENDED
MARCH 31, 2007**

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The unconsolidated financial report designed by the Banking Regulation and Supervision Agency in line with Communiqué on "Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures" consists of the sections listed below:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES
- NOTES TO THE UNCONSOLIDATED FINANCIAL POSITION OF THE BANK
- EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
- EXPLANATIONS ON LIMITED REVIEW REPORT

Unless otherwise indicated, these unconsolidated financial statements and explanatory footnotes and disclosures are prepared in Thousand of the New Turkish Lira and they have been independently reviewed and presented below in accordance with the Communiqué on "Banks' Accounting Practice and Maintaining Documents", Turkish Accounting Standards, Turkish Financial Reporting Standards and related communiqués and interpretations including the Banks' records.

Prof. Dr. İlhan ULUDAĞ
Chairman of the Board of
Directors

Mehmet Emin ÖZCAN
Member of the Audit
Committee

Burhanettin AKTAŞ
Member of the Audit
Committee

Can Akın ÇAĞLAR
General Manager

Selim Güray ÇELİK
Vice-General Manager
responsible for Financial
Reporting

Erdoğan VAROL
Head of General Accounting
Department

For any questions regarding this financial report, contact details of the personnel in charge is given below:

Name/Title : Mürteza Baydan/Assistant Manager
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Statements in brackets represent all articles, paragraphs and sub-paragraphs included in the Communiqué on "Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures".

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A. Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2007

(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

SECTION I: GENERAL INFORMATION ABOUT THE BANK

I. ESTABLISHMENT DATE OF THE BANK, INITIAL ARTICLES OF ASSOCIATION, THE HISTORY OF BANK INCLUDING THE CHANGES OF THESE ARTICLES (4.2.b)

The foundation of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. is based on Government Funds established in 1863. In 1883, Government Funds were replaced with Benefit Funds. The Bank was officially established by the re-organization of the Benefit Funds in 1888, to grant loans to farmers, to accept interest-bearing deposits and to act as a moneylender and an intermediary for agricultural operations. The Bank, which was given the authority to perform all the banking activities, has its head office located in Ankara and all shares of the Bank belong to the Turkish Treasury.

II. CAPITAL STRUCTURE OF THE BANK, SHAREHOLDERS THAT RETAIN DIRECT OR INDIRECT MANAGEMENT AND CONTROL OF THE BANK SOLELY OR TOGETHER, CHANGES ABOUT THESE ISSUES DURING THE YEAR AND DISCLOSURES ABOUT THE BANK (4.2.c)

The unique single shareholder of the Bank is the Turkish Treasury.

III. QUALIFICATIONS OF THE BANK'S BOARD OF DIRECTORS, AND AUDIT MEMBERS AND GENERAL MANAGER AND VICE PRESIDENTS AND THE CHANGES IF ANY, DISCLOSURES OF OWNERSHIP STRUCTURE (4.2.ç)

| Title and Name | Administrative Function | Education | Starting Date |
|---|---|-----------------|---------------|
| Chairman of the Board of Directors | | | |
| Prof. Dr. İlhan ULUDAĞ | Chairman | Professor | 13.04.2005 |
| Members of the Board of Directors | | | |
| Mehmet MUMCUOĞLU | Vice Chairman | Bachelor Degree | 06.07.2005 |
| Can Akın ÇAĞLAR | Board Member and General Manager | Master Degree | 28.03.2003 |
| Mehmet Emin ÖZCAN | Member | Bachelor Degree | 13.04.2005 |
| Ahmet CANDAN | Member | Bachelor Degree | 06.11.2006 |
| Osman ARIOĞLU | Member | Bachelor Degree | 04.12.2003 |
| Burhanettin AKTAŞ | Member | Master Degree | 06.07.2005 |
| Executive Vice President | | | |
| Aysun YOLTAR | International Relations and Participations | Bachelor Degree | 24.09.2001 |
| Ahmet Mesut GÜRAYLI | Individual Banking | Bachelor Degree | 27.03.2006 |
| Bülent YALIM | Banking Operations | Bachelor Degree | 17.06.2005 |
| Cem ÖZŞEN | Fund Management | Master Degree | 13.03.2002 |
| Dr. Muzaffer ŞAHİN | Loand and Loan Under Follow-up | Doctorate | 15.08.2001 |
| Emin ÇUBIKCI | Human Resources | Bachelor Degree | 11.07.2003 |
| Hüsamettin GÜLHAN | Agricultural Banking | Bachelor Degree | 17.06.2005 |
| Recep TÜRKAY | Support Services | Bachelor Degree | 17.06.2005 |
| Selim Güray ÇELİK | General Accounting, Strategic ve Finance Administration | Master Degree | 17.06.2005 |
| Senih BOYACIĞIL | Corporate Banking | Master Degree | 01.08.2001 |
| Members of Audit Committee | | | |
| Mehmet Emin ÖZCAN | Member | Bachelor Degree | 31.10.2006 |
| Burhanettin AKTAŞ | Member | Master Degree | 31.10.2006 |

The directors above-mentioned do not retain any shares of capital.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2007**

(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

SECTION I: GENERAL INFORMATION ABOUT THE BANK (cont'd)

**IV. DISCLOSURES REGARDING THE ENTITIES AND ESTABLISHMENTS
THAT RETAIN QUALIFIED SHARES ATTRIBUTABLE TO THE BANK
(4.2.d)**

| Name/Trade Name | Amount of Share | Percentage of Share | Paid-in Shares | Unpaid Shares |
|------------------|-----------------|---------------------|----------------|---------------|
| Turkish Treasury | 2,500,000 | 100 | 2,500,000 | - |

The unique single shareholder of the Bank is the Turkish Treasury.

**V. SUMMARY ON THE BANK'S FUNCTIONS AND LINES OF ACTIVITY
(4.2.e)**

The purpose of activity of the Bank is stated in articles of association as to perform all kind of banking activities including acceptance of deposits. For this purpose, the Bank can perform all sorts of operations, without prejudice to the provisions of the banking regulations and other legislations, such as launching all kinds of cash and non-cash loans in terms of Turkish Lira and foreign currencies, acting as an intermediary in trade and issue of the financial instruments that are used in local and international markets, performing investment banking transactions, forwards dealing in domestic and foreign futures markets, providing funds from interbank money market, domestic and foreign markets, making all kinds of capital market transactions, acting as an intermediary in export and import, acting as an agency for insurance and other financial institutions, participating in all sort of partnership that is founded by domestic or foreign banks or participated by them within the terms of the related legislation or establishing new associations for this purpose, performing all kinds of conservative transactions, such as; acquiring limited real and personal claims like all kinds of movable and immovable goods, industrial and intellectual properties, right of usufruct, easement, and disposing and transferring acquired properties and rights, placing pledge and mortgage on those properties and rights, releasing pledged and mortgaged items and declaring leasing agreements and sale commitments to the Registry Office.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A. Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2007**

(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

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|--|

- I. BALANCE SHEET
- II. STATEMENT OF OFF BALANCE SHEET
- III. INCOME STATEMENT
- IV. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
- V. CASH FLOW STATEMENT

T.C. ZİRAAT BANKASI A.Ş. UNCONSOLIDATED BALANCE SHEET

| ASSETS | Note | THOUSANDS OF TRY | | | | | |
|---|-------------|----------------------------------|-------------------|-------------------|--------------------------------|-------------------|-------------------|
| | | Reviewed | | | Audited | | |
| | | CURRENT PERIOD (31/03/2007) | | | PRIOR PERIOD (31/12/2006) | | |
| | | TRY | FC | Total | TRY | FC | Total |
| I. CASH AND BALANCES WITH THE CENTRAL BANK | (1) | 3.341.784 | 1.450.314 | 4.792.098 | 3.702.489 | 1.454.873 | 5.157.362 |
| II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net) | (2) | 1.771.334 | 647.282 | 2.418.616 | 1.902.866 | 631.818 | 2.534.684 |
| 2.1 Trading Financial Assets | | 1.771.334 | 647.282 | 2.418.616 | 1.902.866 | 631.818 | 2.534.684 |
| 2.1.1 Public Sector Debt Securities | | 1.771.333 | 647.282 | 2.418.615 | 1.902.865 | 630.449 | 2.533.314 |
| 2.1.2 Share Certificates | | - | - | - | - | - | - |
| 2.1.3 Other Marketable Securities | | 1 | - | 1 | 1 | 1.369 | 1.370 |
| 2.2 Financial Assets at Fair Value Through Profit and Loss | | - | - | - | - | - | - |
| 2.2.1 Public Sector Debt Securities | | - | - | - | - | - | - |
| 2.2.2 Share Certificates | | - | - | - | - | - | - |
| 2.2.3 Other Marketable Securities | | - | - | - | - | - | - |
| 2.3 Derivative Financial Assets Held for Trading | | - | - | - | - | - | - |
| III. BANKS AND OTHER FINANCIAL INSTITUTIONS | (3) | 1.088.155 | 2.284.310 | 3.372.465 | 1.055.416 | 2.936.950 | 3.992.366 |
| IV. MONEY MARKET PLACEMENTS | | 2.232.230 | - | 2.232.230 | - | - | 0 |
| 4.1 Interbank money market placements | | 200.194 | - | 200.194 | - | - | 0 |
| 4.2 Istanbul Stock Exchange Money Market Placements | | - | - | - | - | - | - |
| 4.3 Receivables from Reverse Repurchase Agreements | | 2.032.036 | - | 2.032.036 | - | - | 0 |
| V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net) | (4) | 18.689.421 | 7.357.275 | 26.046.696 | 17.951.812 | 6.343.471 | 24.295.283 |
| 5.1 Share Certificates | | 77.682 | 7.642 | 85.324 | 67.701 | 2 | 67.703 |
| 5.2 Public Sector Debt Securities | | 18.611.739 | 7.341.621 | 25.953.360 | 17.884.111 | 6.337.244 | 24.221.355 |
| 5.3 Other Marketable Securities | | - | 8.012 | 8.012 | - | 6.225 | 6.225 |
| VI. LOANS | (5) | 17.361.527 | 474.622 | 17.836.149 | 16.866.162 | 505.239 | 17.371.401 |
| 6.1 Loans | | 17.295.367 | 474.622 | 17.769.989 | 16.804.937 | 505.239 | 17.310.176 |
| 6.2 Non-performing Loans | | 324.825 | 8.253 | 333.078 | 311.323 | 8.430 | 319.753 |
| 6.3 Specific Provisions (-) | | 258.665 | 8.253 | 266.918 | 250.098 | 8.430 | 258.528 |
| VII. FACTORING RECEIVABLES | | - | - | - | - | - | - |
| VIII. HELD TO MATURITY INVESTMENTS (Net) | (6) | 15.397.196 | 762.243 | 16.159.439 | 16.282.115 | 777.561 | 17.059.676 |
| 8.1 Public Sector Debt Securities | | 15.394.407 | 761.793 | 16.156.200 | 16.279.393 | 777.104 | 17.056.497 |
| 8.2 Other Marketable Securities | | 2.789 | 450 | 3.239 | 2.722 | 457 | 3.179 |
| IX. INVESTMENTS IN ASSOCIATES (Net) | (7) | 17.854 | - | 17.854 | 17.423 | 7.748 | 25.171 |
| 9.1 Accounted with Equity Method | | - | - | - | - | - | - |
| 9.2 Unconsolidated Associates | | 17.854 | - | 17.854 | 17.423 | 7.748 | 25.171 |
| 9.2.1 Financial Investments | | 12.887 | - | 12.887 | 12.887 | 7.748 | 20.635 |
| 9.2.2 Non-financial Investments | | 4.967 | - | 4.967 | 4.536 | - | 4.536 |
| X. INVESTMENTS IN SUBSIDIARIES (Net) | (8) | 46.285 | 285.355 | 331.640 | 46.285 | 283.111 | 329.396 |
| 10.1 Unconsolidated Financial Subsidiaries | | 46.285 | 285.355 | 331.640 | 46.285 | 283.111 | 329.396 |
| 10.2 Unconsolidated Non-financial Subsidiaries | | - | - | - | - | - | - |
| XI. ENTITIES UNDER COMMON CONTROL (Net) | (9) | - | 12.654 | 12.654 | - | 12.738 | 12.738 |
| 11.1 Accounted with Equity Method | | - | - | - | - | - | - |
| 11.2 Unconsolidated Subsidiaries | | - | 12.654 | 12.654 | - | 12.738 | 12.738 |
| 11.2.1 Financial Subsidiaries | | - | 12.654 | 12.654 | - | 12.738 | 12.738 |
| 11.2.2 Non-financial Subsidiaries | | - | - | - | - | - | - |
| XII. FINANCE LEASE RECEIVABLES (Net) | (10) | - | - | - | - | - | - |
| 12.1 Finance Lease Receivables | | - | - | - | - | - | - |
| 12.2 Operating Lease Receivables | | - | - | - | - | - | - |
| 12.3 Other | | - | - | - | - | - | - |
| 12.4 Unearned Income (-) | | - | - | - | - | - | - |
| XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES | (11) | - | - | - | - | - | - |
| 13.1 Fair Value Risk Hedging | | - | - | - | - | - | - |
| 13.2 Cash Flow Risk Hedging | | - | - | - | - | - | - |
| 13.3 Net Abroad Investment Risk Hedging | | - | - | - | - | - | - |
| XIV. TANGIBLE ASSETS (Net) | (12) | 677.002 | 3.192 | 680.194 | 679.815 | 3.437 | 683.252 |
| XV. INTANGIBLE ASSETS (Net) | (13) | 11.751 | 1.392 | 13.143 | 11.585 | 1.365 | 12.950 |
| 15.1 Goodwill | | - | - | - | - | - | - |
| 15.2 Other | | 11.751 | 1.392 | 13.143 | 11.585 | 1.365 | 12.950 |
| XVI. TAX ASSET | (14) | 93.050 | 1.058 | 94.108 | 84.875 | 2.430 | 87.305 |
| 16.1 Current Tax Asset | | 1.265 | - | 1.265 | - | - | - |
| 16.2 Deferred Tax Asset | | 91.785 | 1.058 | 92.843 | 84.875 | 2.430 | 87.305 |
| XVII. ASSETS HELD FOR SALE (Net) | (15) | 617 | - | 617 | 5.685 | - | 5.685 |
| XVIII. OTHER ASSETS | (16) | 198.413 | 20.480 | 218.893 | 320.033 | 16.468 | 336.501 |
| TOTAL ASSETS | | 60.926.619 | 13.300.177 | 74.226.796 | 58.926.561 | 12.977.209 | 71.903.770 |

This financial statements and disclosures attached are appropriate to provisions of legislation on Procedures and Principles about Banks Accounting Applications and Preservation of Documents and accounting records of the Bank.

Prof. Dr. İlhan ULUDAĞ
Chairman of the Board of
Directors

Mehmet Emin ÖZCAN
Member of the Audit
Committee

Burhanettin AKTAŞ
Member of the Audit
Committee

Can Akın ÇAĞLAR
General Manager

Selim Güray ÇELİK
Vice-General Manager
Responsible for Financial
Reporting

Erdoğan VAROL
Head of General
Accounting Department

T.C. ZİRAAT BANKASI A.Ş. UNCONSOLIDATED BALANCE SHEET

| LIABILITIES AND EQUITY | | Note | THOUSANDS OF TRY | | | | | |
|--|------|------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | | Reviewed | | | Audited | | |
| | | | CURRENT PERIOD | | | PRIOR PERIOD | | |
| | | | (31/03/2007) | | | (31/12/2006) | | |
| | | | TRY | FC | Total | TRY | FC | Total |
| I. DEPOSITS | (1) | | 49.067.889 | 13.042.183 | 62.110.072 | 46.971.122 | 12.681.780 | 59.652.902 |
| II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING | (2) | | - | - | - | - | - | - |
| III. BORROWING FUNDING LOANS | (3) | | 9.669 | 3.020 | 12.689 | 11.746 | 2.893 | 14.639 |
| IV. MONEY MARKET BALANCES | | | 593.666 | - | 593.666 | 967.955 | - | 967.955 |
| 4.1 Interbank Money Market Takings | | | - | - | - | - | - | - |
| 4.2 Istanbul Stock Exchange Takasbank Takings | | | - | - | - | - | - | - |
| 4.3 Funds From Repurchase Agreements | | | 593.666 | - | 593.666 | 967.955 | - | 967.955 |
| V. MARKETABLE SECURITIES ISSUED (Net) | | | - | - | - | - | - | - |
| 5.1 Bills | | | - | - | - | - | - | - |
| 5.2 Asset-backed Securities | | | - | - | - | - | - | - |
| 5.3 Bonds | | | - | - | - | - | - | - |
| VI. FUNDS | | | 2.525.205 | - | 2.525.205 | 2.908.270 | - | 2.908.270 |
| VII. SUNDRY CREDITORS | | | 265.706 | 133.266 | 398.972 | 232.216 | 136.503 | 368.719 |
| VIII. OTHER LIABILITIES | (4) | | 149.062 | 80.295 | 229.357 | 87.541 | 73.318 | 160.859 |
| IX. FACTORING PAYABLES | | | - | - | - | - | - | - |
| X. FINANCE LEASE PAYABLES (Net) | (5) | | - | 3.430 | 3.430 | 6 | 5.933 | 5.939 |
| 10.1 Finance Lease Payables | | | - | 3.524 | 3.524 | 7 | 6.057 | 6.064 |
| 10.2 Operating Lease Payables | | | - | - | - | - | - | - |
| 10.3 Other | | | - | - | - | - | - | - |
| 10.4 Deferred Finance Lease Expenses (-) | | | - | 94 | 94 | 1 | 124 | 125 |
| XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING | (6) | | - | - | - | - | - | - |
| 11.1 Fair Value Risk Hedging | | | - | - | - | - | - | - |
| 11.2 Cash Flow Risk Hedging | | | - | - | - | - | - | - |
| 11.3 Net Abroad Investment Risk Hedging | | | - | - | - | - | - | - |
| XII. PROVISIONS | (7) | | 960.078 | 1.543 | 961.621 | 889.473 | 1.799 | 891.272 |
| 12.1 General Loan Provisions | | | 131.585 | 696 | 132.281 | 107.405 | 726 | 108.131 |
| 12.2 Restructuring Provisions | | | - | - | - | - | - | - |
| 12.3 Employee Benefits Provisions | | | 413.701 | - | 413.701 | 383.421 | - | 383.421 |
| 12.4 Insurance Technical Reserves (Net) | | | - | - | - | - | - | - |
| 12.5 Other Provisions | | | 414.792 | 847 | 415.639 | 398.647 | 1.073 | 399.720 |
| XIII. TAX LIABILITY | (8) | | 270.860 | 30 | 270.890 | 353.779 | 33 | 353.812 |
| 13.1 Current Tax Liability | | | 270.860 | 30 | 270.890 | 353.779 | 33 | 353.812 |
| 13.2 Deferred Tax Liability | | | - | - | - | - | - | - |
| XIV. LIABILITIES REGARDING ASSETS HELD FOR SALE | (9) | | - | - | - | - | - | - |
| XV. TIER -II CAPITAL | (10) | | - | - | - | - | - | - |
| XVI. SHAREHOLDERS' EQUITY | (11) | | 7.085.835 | 35.059 | 7.120.894 | 6.530.408 | 48.995 | 6.579.403 |
| 16.1 Paid-in capital | | | 2.500.000 | - | 2.500.000 | 2.221.978 | - | 2.221.978 |
| 16.2 Capital Reserves | | | 514.353 | 35.059 | 549.412 | 572.423 | 48.995 | 621.418 |
| 16.2.1 Share Premium | | | - | - | - | - | - | - |
| 16.2.2 Share Cancellation Profits | | | - | - | - | - | - | - |
| 16.2.3 Marketable Securities Revaluation Fund | | | (30.280) | 35.059 | 4.779 | 27.859 | 48.995 | 76.854 |
| 16.2.4 Tangible Assets Revaluation Reserves | | | - | - | - | - | - | - |
| 16.2.5 Intangible Assets Revaluation Reserves | | | - | - | - | - | - | - |
| 16.2.6 Non-paid-up Shares of Subsidiaries, Associates and Joint Ventures | | | 1.151 | - | 1.151 | 1.082 | - | 1.082 |
| 16.2.7 Hedging Funds (Effective portion) | | | - | - | - | - | - | - |
| 16.2.8 Value Increase on Assets Held for Sale | | | - | - | - | - | - | - |
| 16.2.9 Other Capital Reserves | | | 543.482 | - | 543.482 | 543.482 | - | 543.482 |
| 16.3 Profit Reserves | | | 1.201.893 | - | 1.201.893 | 1.476.207 | - | 1.476.207 |
| 16.3.1 Legal Reserves | | | 962.392 | - | 962.392 | 962.392 | - | 962.392 |
| 16.3.2 Statutory Reserves | | | - | - | - | - | - | - |
| 16.3.3 Extraordinary Reserves | | | 90.121 | - | 90.121 | 90.121 | - | 90.121 |
| 16.3.4 Other Profit Reserves | | | 149.380 | - | 149.380 | 423.694 | - | 423.694 |
| 16.4 Profit/Loss | | | 2.869.589 | - | 2.869.589 | 2.259.800 | - | 2.259.800 |
| 16.4.1 Prior Years Income/Loss | | | 2.259.800 | - | 2.259.800 | 159.798 | - | 159.798 |
| 16.4.2 Period Profit/Loss | | | 609.789 | - | 609.789 | 2.100.002 | - | 2.100.002 |
| TOTAL LIABILITIES AND EQUITY | | | 60.927.970 | 13.298.826 | 74.226.796 | 58.952.516 | 12.951.254 | 71.903.770 |

This financial statements and disclosures attached are appropriate to provisions of legislation on Procedures and Principles about Banks Accounting Applications and Preservation of Documents and accounting records of the Bank.

Prof. Dr. İlhan ULUDAĞ
Chairman of the Board of
Directors

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Burhanettin AKTAŞ
Member of the Audit
Committee

Can Akın ÇAĞLAR
General Manager

Selim Güray ÇELİK
Vice-General Manager Responsible for
Financial Reporting

Erdoğan VAROL
Head of General Accounting
Department

| T.C. ZIRAAT BANKASI A.Ş. UNCONSOLIDATED OFF BALANCE SHEET ACCOUNTS | | | | | | | |
|--|----------|--------------------------------|-----------|------------|------------------------------|-----------|------------|
| | Note | THOUSANDS OF TRY | | | | | |
| | | Reviewed | | | Audited | | |
| | | CURRENT PERIOD (31/03/2007) | | | PRIOR PERIOD (31/12/2006) | | |
| | | TRY | FC | Total | TRY | FC | Total |
| A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III) | | 6,556.961 | 3,798.596 | 10,355.557 | 2,853.801 | 3,276.115 | 6,129.916 |
| I. GUARANTEES AND SURETYSHIPS | (1), (3) | 589.761 | 1,566.205 | 2,155.966 | 652.436 | 1,605.354 | 2,257.790 |
| 1.1. Letters of Guarantee | | 589.761 | 1,278.795 | 1,868.556 | 652.415 | 1,288.505 | 1,940.920 |
| 1.1.1. Guarantees Subject to Public Procurement Law | | 96.448 | 1,145.496 | 1,241.944 | 84.890 | 1,149.881 | 1,234.771 |
| 1.1.2. Guarantees Given for Foreign Trade Operations | | 471.959 | - | 471.959 | 541.377 | - | 541.377 |
| 1.1.3. Other Letters of Guarantee | | 21.354 | 133.299 | 154.653 | 26.148 | 138.624 | 164.772 |
| 1.2. Bank Lonas | | - | 3.011 | 3.011 | - | 5.351 | 5.351 |
| 1.2.1. Import Acceptances | | - | 3.011 | 3.011 | - | 5.351 | 5.351 |
| 1.2.2. Other Bank Acceptances | | - | - | - | - | - | - |
| 1.3. Letters of Credit | | - | 284.399 | 284.399 | 21 | 311.498 | 311.519 |
| 1.3.1. Documentary Letters of Credit | | - | 284.330 | 284.330 | 21 | 311.286 | 311.307 |
| 1.3.2. Other Letters of Credit | | - | 69 | 69 | - | 212 | 212 |
| 1.4. Guaranteed Prefinancings | | - | - | - | - | - | - |
| 1.5. Endorsements | | - | - | - | - | - | - |
| 1.5.1. Endorsements to Central Bank of Turkish Republic | | - | - | - | - | - | - |
| 1.5.2. Other Endorsements | | - | - | - | - | - | - |
| 1.6. Purchase Guarantees on Marketable Security Issuance | | - | - | - | - | - | - |
| 1.7. Factoring Guarantees | | - | - | - | - | - | - |
| 1.8. Other Guarantees | | - | - | - | - | - | - |
| 1.9. Other Suretyships | | - | - | - | - | - | - |
| II. COMMITMENTS | (1), (3) | 5,967.200 | 2,132.633 | 8,099.233 | 2,201.365 | 1,570.246 | 3,771.611 |
| 2.1. Irrevocable commitments | | 1,450.174 | 153.209 | 1,603.383 | 1,461.399 | 165.735 | 1,627.134 |
| 2.1.1. Forward Asset Purchase Commitments | | - | 29.720 | 29.720 | - | 37.222 | 37.222 |
| 2.1.2. Forward Deposit Purchase and Sale Commitments | | - | - | - | - | - | - |
| 2.1.3. Capital Commitments to Subsidiaries and Associates | | - | - | - | - | - | - |
| 2.1.4. Loan Granting Commitments | | 67.406 | - | 67.406 | 75.918 | - | 75.918 |
| 2.1.5. Securities Underwriting Commitments | | - | - | - | - | - | - |
| 2.1.6. Payment Commitments for Reserve Deposits | | - | - | - | - | - | - |
| 2.1.7. Payment Commitments for Cheques | | 652.003 | - | 652.003 | 654.645 | - | 654.645 |
| 2.1.8. Tax and Fund Dues from Export Commitments | | - | - | - | - | - | - |
| 2.1.9. Credit Card Expenditure Limit Commitments | | 699.519 | - | 699.519 | 699.587 | - | 699.587 |
| 2.1.10. Receivables from Short Sale Commitments | | - | - | - | - | - | - |
| 2.1.11. Payables for Short Sale Commitments | | - | - | - | - | - | - |
| 2.1.12. Other Irrevocable Commitments | | 31.246 | 123.489 | 154.735 | 31.249 | 128.513 | 159.762 |
| 2.2. Revocable Commitments | | 4,517.026 | 1,978.824 | 6,495.850 | 739.966 | 1,404.511 | 2,144.477 |
| 2.2.1. Revocable Loan Granting Commitments | | 4,516.674 | 1,978.824 | 6,495.498 | 738.171 | 1,404.511 | 2,142.682 |
| 2.2.2. Other Revocable Commitments | | 352 | - | 352 | 1.795 | - | 1.795 |
| III. DERIVATIVE FINANCIAL INSTRUMENTS | (2) | - | 100.358 | 100.358 | - | 100.515 | 100.515 |
| 3.1. Derivative Financial Instruments for Hedging | | - | - | - | - | - | - |
| 3.1.1. Fair Value Risk Hedging Transactions | | - | - | - | - | - | - |
| 3.1.2. Cash flow Risk Hedging Transactions | | - | - | - | - | - | - |
| 3.1.3. Net Abroad Investment Risk Hedging Transactions | | - | - | - | - | - | - |
| 3.2. Transactions for Trading | | - | 100.358 | 100.358 | - | 100.515 | 100.515 |
| 3.2.1. Forward Foreign Currency Buy/Sell Transactions | | - | 1.324 | 1.324 | - | 450 | 450 |
| 3.2.1.1. Forward Foreign Currency Transactions-Buy | | - | 662 | 662 | - | 225 | 225 |
| 3.2.1.2. Forward Foreign Currency Transactions-Sell | | - | 662 | 662 | - | 225 | 225 |
| 3.2.2. Currency and Interest Rate Swaps | | - | 99.034 | 99.034 | - | 100.065 | 100.065 |
| 3.2.2.1. Currency Swap-Buy | | - | 49.548 | 49.548 | - | 50.046 | 50.046 |
| 3.2.2.2. Currency Swap-Sell | | - | 49.486 | 49.486 | - | 50.019 | 50.019 |
| 3.2.2.3. Interest Rate Swap-Buy | | - | - | - | - | - | - |
| 3.2.2.4. Interest Rate Swap-Sell | | - | - | - | - | - | - |
| 3.2.3. Currency, Interest Rate and Marketable Securities Options | | - | - | - | - | - | - |
| 3.2.3.1. Currency Call Options | | - | - | - | - | - | - |
| 3.2.3.2. Currency Put Options | | - | - | - | - | - | - |
| 3.2.3.3. Interest Rate Call Options | | - | - | - | - | - | - |
| 3.2.3.4. Interest Rate Put Options | | - | - | - | - | - | - |
| 3.2.3.5. Marketable Securities Call Options | | - | - | - | - | - | - |
| 3.2.3.6. Marketable Securities put Options | | - | - | - | - | - | - |
| 3.2.4. Currency Futures | | - | - | - | - | - | - |
| 3.2.4.1. Currency Futures-Buy | | - | - | - | - | - | - |
| 3.2.4.2. Currency Futures-Sell | | - | - | - | - | - | - |
| 3.2.5. Interest Rate Buy/Sell Futures | | - | - | - | - | - | - |
| 3.2.5.1. Interest Rate Futures-Buy | | - | - | - | - | - | - |
| 3.2.5.2. Interest Rate Futures-Sell | | - | - | - | - | - | - |
| 3.2.6. Other | | - | - | - | - | - | - |
| B. CUSTODY AND PLEDGED ASSETS (IV+V+VI) | | 47,061.184 | 1,265.553 | 48,326.737 | 45,043.052 | 1,290.177 | 46,333.229 |
| IV. CUSTODIES | | 7,956.925 | 601.853 | 8,558.778 | 9,144.411 | 618.930 | 9,763.341 |
| 4.1. Assets Under Management | | - | - | - | - | - | - |
| 4.2. Custody Marketable Securities | | 5,603.805 | 522.119 | 6,125.924 | 6,480.305 | 531.383 | 7,011.688 |
| 4.3. Cheques in Collection Process | | 522.963 | 10.663 | 533.626 | 793.529 | 7.903 | 801.432 |
| 4.4. Commercial Notes in Collection Process | | 1,446.379 | 37.258 | 1,483.637 | 1,366.577 | 42.617 | 1,409.194 |
| 4.5. Other Assets in Collection Process | | 920 | - | 920 | 795 | - | 795 |
| 4.6. Underwritten Securities | | 170.657 | 222 | 170.879 | 289.460 | 226 | 289.686 |
| 4.7. Other Custodies | | 210.453 | 31.591 | 242.044 | 211.532 | 36.801 | 248.333 |
| 4.8. Custodians | | 1.748 | - | 1.748 | 2.213 | - | 2.213 |
| V. PLEDGED ASSETS | | 39,104.259 | 654.868 | 39,759.127 | 35,898.641 | 671.247 | 36,569.888 |
| 5.1. Marketable Securities | | 207.852 | 10.611 | 218.463 | 208.168 | 11.127 | 219.295 |
| 5.2. Collateral Notes | | 5,287.085 | 245.650 | 5,532.735 | 4,405.414 | 252.325 | 4,657.739 |
| 5.3. Commodity | | 1,334.952 | 10.746 | 1,345.698 | 1,346.188 | 10.899 | 1,357.087 |
| 5.4. Warranty | | - | - | - | - | - | - |
| 5.5. Land and Buildings | | 30,077.743 | 287.845 | 30,365.588 | 27,870.319 | 296.884 | 28,167.203 |
| 5.6. Other Pledged Assets | | 2,189.918 | 94.708 | 2,284.626 | 2,061.730 | 94.593 | 2,156.323 |
| 5.7. Pledges | | 6.709 | 5.308 | 12.017 | 6.822 | 5.419 | 12.241 |
| VI. ACCEPTED BILL GUARANTEES AND SURETIES | | - | 8.832 | 8.832 | - | - | - |
| TOTAL OFF BALANCE SHEET ACCOUNTS (A+B) | | 53,618.145 | 5,064.149 | 58,682.294 | 47,896.853 | 4,566.292 | 52,463.145 |

This financial statements and disclosures attached are appropriate to provisions of legislation on Procedures and Principles about Banks Accounting Applications and Preservation of Documents and accounting records of the Bank.

Prof. Dr. İlhan ULUDAĞ
Chairman of the Board of Directors

Mehmet Emin ÖZCAN
Member of Audit the
Committee

Burhanettin AKTAŞ
Member of the
Audit Committee

Can Akın ÇAĞLAR
General Manager

Selim Güray ÇELİK
Vice-General Manager
Responsible for Financial Reporting

Erdoğan VAROL
Head of General
Accounting Department

T.C. ZİRAAT BANKASI A.Ş. UNCONSOLIDATED STATEMENT OF INCOME

| | | THOUSANDS OF TRY | | |
|---|------|------------------|--|--|
| | | Note | Reviewed CURRENT PERIOD (31/03/2007) | Reviewed PRIOR PERIOD (31/03/2006) |
| INCOME and EXPENSE ITEMS | | | | |
| I. INTEREST INCOME | (1) | | 2.748.167 | 2.077.432 |
| 1.1 Interest on Loans | | | 683.855 | 444.803 |
| 1.2 Interest received from reserve deposits | | | 93.174 | 60.980 |
| 1.3 Interest received from banks | | | 51.680 | 32.190 |
| 1.4 Interest received from money market placements | | | 75.090 | 110.178 |
| 1.5 Interest income on marketable securities | | | 1.840.786 | 1.412.436 |
| 1.5.1 Financial assets held for trading | | | 108.890 | 31.484 |
| 1.5.2 Financial assets at fair value through profit and loss | | | - | - |
| 1.5.3 Financial Assets Available-for-sale | | | 958.936 | 596.645 |
| 1.5.4 Investments held-to-maturity | | | 772.960 | 784.307 |
| 1.6 Finance Lease Income | | | - | - |
| 1.7 Other Interest Income | | | 3.582 | 16.845 |
| II. INTEREST EXPENSE | (2) | | 1.795.756 | 1.424.990 |
| 2.1 Interest on Deposits | | | 1.755.530 | 1.399.678 |
| 2.3 Interest on Borrowings | | | 821 | 360 |
| 2.4 Interest on money market borrowings | | | 34.186 | 21.536 |
| 2.5 Interest on marketable securities issued | | | - | - |
| 2.6 Other Interest Expense | | | 5.219 | 3.416 |
| III. NET INTEREST INCOME (I - II) | | | 952.411 | 652.442 |
| IV. NET FEES AND COMMISSIONS INCOME | | | 176.644 | 141.516 |
| 4.1 Fees and commissions income | | | 187.526 | 150.430 |
| 4.1.1 Cash Loans | | | 40.730 | 22.873 |
| 4.1.2 Non-cash Loans | | | 3.829 | 3.183 |
| 4.1.3 Other | | | 142.967 | 124.374 |
| 4.2 Fees and commissions expenses | | | 10.882 | 8.914 |
| 4.2.1 Cash Loans | | | - | 54 |
| 4.2.2 Non-cash Loans | | | - | - |
| 4.2.3 Other | | | 10.882 | 8.860 |
| V. DIVIDEND INCOME | (3) | | 11.187 | 688 |
| VI. NET TRADING PROFIT | (4) | | 31.875 | 24.344 |
| 6.1 Profit/Loss from Capital Market Operations(Net) | | | 17.771 | 20.642 |
| 6.2 Foreign exchange gains/losses (net) | | | 14.104 | 3.702 |
| VII. OTHER OPERATING INCOME | (5) | | 56.050 | 75.509 |
| VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII) | | | 1.228.167 | 894.499 |
| IX. LOANS AND OTHER RECEIVABLES IMPAIRMENT LOSS PROVISIONS (-) | (6) | | 86.147 | 49.503 |
| X. OTHER OPERATING EXPENSES(-) | (7) | | 360.995 | 378.370 |
| XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X) | | | 781.025 | 466.626 |
| XII. AMOUNT RECORDED IN EXCESS AS GAIN AFTER MERGER | | | - | - |
| XIII. GAIN / (LOSS) ON EQUITY METHOD | | | - | - |
| XIV. GAIN / (LOSS) ON NET MONETARY POSITION | | | - | - |
| XV. INCOME/(LOSS) BEFORE TAXES (XI+XII+XIII+XIV) | (8) | | 781.025 | 466.626 |
| XVI. TAX INCOME PROVISION (±) | (9) | | (171.236) | (146.109) |
| 16.1 Current Tax Provision | | | (159.935) | (160.287) |
| 16.2 Deferred Tax Provision | | | (11.301) | 14.178 |
| XVII. NET OPERATING INCOME AFTER TAX (XV±XVI) | (10) | | 609.789 | 320.517 |
| 17.1 Discontinued Operations | | | - | - |
| 17.2 Other | | | 609.789 | 320.517 |
| XVIII. NET PROFIT/(LOSS) | (11) | | 609.789 | 320.517 |
| Earnings per share | | | 0,000244 | 0,000128 |

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General Manager

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Vice-General Manager
Responsible for Financial
Reporting

Erdoğan VAROL
Head of General
Accounting Department

| | |
|--|--|
| | |
|--|--|

[illegible]

| T.C. ZİRAAT BANKASI A.Ş. UNCONSOLIDATED STATEMENT OF CASH FLOWS | | | |
|--|------|--------------------------------|------------------------------|
| | | THOUSANDS OF TRY | |
| | | Reviewed | Reviewed |
| | | CURRENT PERIOD (31/03/2007) | PRIOR PERIOD (31/03/2006) |
| A. CASH FLOWS FROM BANKING OPERATIONS | Note | | |
| 1.1 Operating profit before changes in operating assets and liabilities (+) | | 1.444.121 | 747.331 |
| 1.1.1 Interest received (+) | | 3.464.743 | 2.175.704 |
| 1.1.2 Interest paid (-) | | (1.709.396) | (1.333.022) |
| 1.1.3 Dividend received(+) | | 11.187 | 603 |
| 1.1.4 Fees and commissions received (+) | | 187.526 | 150.430 |
| 1.1.5 Other income (+) | | 9.092 | 95.406 |
| 1.1.6 Collections from previously written off loans (+) | | 46.958 | 14.528 |
| 1.1.7 Cash payments to personnel and service suppliers (-) | | (195.367) | (182.128) |
| 1.1.8 Taxes paid | | (316.343) | (19) |
| 1.1.9 Other (+/-) | (2) | (54.279) | (174.171) |
| 1.2 Assets and Liabilities Subject to Banking Operations | | 1.457.316 | 396.889 |
| 1.2.1 Net (Increase) decrease in financial assets held for sale (+/-) | | 126.446 | (938.050) |
| 1.2.2 Net (Increase) decrease in financial assets at fair value through profit or loss (+/-) | | - | - |
| 1.2.3 Net (Increase) decrease in due from banks and other financial institutions (+/-) | | (26.136) | - |
| 1.2.4 Net (increase) decrease in loans (+/-) | | (457.248) | 1.374.989 |
| 1.2.5 Net (increase) decrease in other assets (+/-) | (2) | 115.706 | (446.669) |
| 1.2.6 Net increase (decrease) in bank deposits (+/-) | | 143.605 | 35.658 |
| 1.2.7 Net increase (decrease) in other deposits (+/-) | | 2.227.731 | 1.623.525 |
| 1.2.8 Net increase (decrease) in loans borrowed (+/-) | | (2.109) | 2.380 |
| 1.2.9 Net increase (decrease) in matured payables (+/-) | | - | - |
| 1.2.10 Net increase (decrease) in other liabilities (+/-) | (2) | (670.679) | (1.254.944) |
| I. Net cash provided from banking operations (+/-) | | 2.901.437 | 1.144.220 |
| B. CASH FLOWS FROM INVESTMENT ACTIVITIES | | | |
| II. Net cash provided from investing activities (+/-) | | (1.681.108) | (2.966.271) |
| 2.1 Cash paid for purchase of joint ventures, associates and subsidiaries(-) | | (7.531) | (125) |
| 2.2 Cash obtained from sale of entities joint ventures, associates and subsidiaries (+) | | 7.401 | - |
| 2.3 Fixed assets purchases (-) | | (193) | (10.832) |
| 2.4 Fixed assets sales(+) | | 8.126 | 11.456 |
| 2.5 Cash paid for purchase of financial assets available for sale (-) | | (2.578.509) | (4.223.603) |
| 2.6 Cash obtained from sale of financial assets available for sale (+) | | - | - |
| 2.7 Cash paid for purchase of investment securities (-) | | (59) | - |
| 2.8 Cash obtained from sale of investment securities (+) | | 889.657 | 1.263.614 |
| 2.9 Other (+/-) | (2) | - | (6.781) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| III. Net cash provided from financing activities (+/-) | | (2.508) | - |
| 3.1 Cash obtained from loans borrowed and securities issued (+) | | - | - |
| 3.2 Cash used for repayment of loans borrowed and securities issued (-) | | - | - |
| 3.3 Marketable Securities Issued (+) | | - | - |
| 3.4 Dividends paid (-) | | - | - |
| 3.5 Payments for finance leases (-) | | (2.508) | - |
| 3.6 Other (+/-) | (2) | - | - |
| IV. Effect of change in foreign exchange rate on cash and cash equivalents(+/-) | (2) | (2.547) | - |
| V. Net increase / (decrease) in cash and cash equivalents (I+II+III+IV) | | 1.215.274 | (1.822.051) |
| VI. Cash and cash equivalents at beginning of the period (+) | | 7.717.924 | 9.204.161 |
| VII. Cash and cash equivalents at end of the period (V+VI) | | 8.933.198 | 7.382.110 |

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Can Akın ÇAĞLAR
General Manager

Selim Güray ÇELİK
Vice-General Manager
Responsible for Financial
Reporting

Erdoğan VAROL
Head of General
Accounting Department

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2007**

(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

SECTION III: ACCOUNTING POLICIES

I. BASIS OF PRESENTATION (6)

- a. Financial statements, related notes and explanations in this report are prepared in accordance with the Turkish Accounting Standards and Communiqué on “Banks’ Accounting Practice and Maintaining Documents”:**

According to Article 37 of the Banking Act No:5411, consulting the associations of institutions and the Turkish Accounting Standards Board, banks should apply uniformity in their accounting systems in line with the principles and procedures based on the international standards established by the Banking Regulation and Supervision Agency (BRSA); correctly record all their transactions; and timely and correctly prepare their financial reports in a style and format that will meet the requirements of providing information, that is clear reliable and comparable and suitable for auditing, analysis and interpretation. Besides, as also stated in 1st Provisional Article of the related Act, “Any legislation, which has been put into force, based on repealed provisions and the provisions, shall remain in force and effect before any decrees, regulations and communiqués shall be put into effect in accordance with the related Act that are not in conflict herewith”.

In this context; the Bank’s unconsolidated financial statements are prepared in accordance with the Communiqué on “Procedures And Principles Regarding The Accounting Practices And Documentation of Banks” published in the Official Gazette No: 26333 on November 1, 2006, the Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (TFRS) effective by the Turkish Accounting Standards Board. The Bank’s accounting records are filed in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

Balance sheet and statement of off balance sheet items is presented comparatively with the December 31, 2006 audited balances, while income statement, cash flow statement and statement of shareholder’s equity is presented comparatively with the March 31, 2006 reviewed balances.

Unless otherwise specified, all balances in the financial statements and footnotes are expressed in Thousand of the New Turkish Lira (TRY).

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2007**

(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

SECTION III: EXPLANATION ON ACCOUNTING POLICIES (cont'd)

I. BASIS OF PRESENTATION (6) (cont'd)

b. Accounting policies applied and valuation methods used in the preparation of the financial statements:

The Bank's first adaptation of preparing its financial statements in accordance with TAS is 31 December 2006 and transition date of the first adaptation to Turkish Financial Reporting Standards is 1 January 2005. Employee benefit provision, foreign currency difference and deferred tax effects attributable to foreign currency equity investments, subsidiaries and entities under common control included in 31 December 2005 financial statements are adjusted in the 1 January 2005 opening balance sheet and accordingly, resulting differences are recognized under Equity as "Other Profit Reserves" and "Retained Earnings and Losses".

| | 31.12.2005 Income Statement | 31.12.2005 Profits of Previous Periods |
|--|-----------------------------------|--|
| Net period profit/retained earnings before TAS adjustments | 1,802,120 | - |
| Foreign exchange difference adjustments for foreign associates | 34,309 | 81,514 |
| Retirement payment provision correction with TAS 19 | 8,416 | 61,188 |
| Effects of adjustment on deferred tax | 1,567 | (27,196) |
| Total | 44,292 | 115,506 |
| Net period profit/retained earnings after TAS adjustments | 1,846,412 | 115,506 |

| | 31.03.2007 Income Statement |
|---|-----------------------------------|
| Net period profit/retained earnings before TAS adjustments | 333,793 |
| Foreign exchange difference adjustments for foreign associates | (6,651) |
| Retirement payment provision adjustment in accordance with TAS 19 | 2,480 |
| Effects of adjustment on deferred tax | (9,105) |
| Total | (13,276) |
| Net period profit/retained earnings after TAS adjustments | 320,517 |

Foreign currency gain and losses, arising from foreign currency operations, are recognized at the transaction date. At period-ends, foreign currency asset and liability balances are valued at the Bank' period end buying rates and translated to the Turkish currency and the resulting exchange differences are recognized as a foreign exchange gain or loss.

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SECTION III: ACCOUNTING POLICIES (cont'd)

I. BASIS OF PRESENTATION (6) (cont'd)

c. Accounting Policies Followed:

Accounting policies used in preparing financial statements are defined and applied according to the principles of TAS. In this scope, accounting policies used for the true understanding of these financial statements are explained in this section. The Bank, sets 100% of provision for liabilities related to retirement and termination payments within the context of the Communiqué No:10 on "Recognition of Former Employee Benefits" in the prior periods. In accordance with the Turkish Accounting Standard "Employee Benefits" (TAS 19) put into effect by the BRSA on 1 November 2006, liabilities arising from retirement and termination payments are re-calculated by discounting them and March 31,2006 financial statements are restated in accordance with the related standard. On the other hand, foreign exchange differences from associates, subsidiaries and entities under common control are followed under the shareholders' equity. In addition to these, accounting principles used during the preparation of prior period financial statements are also used in the March 31, 2007 financial statements without subject to any changes.

ç. Different accounting policies applied to financial statement items during the preparation of the consolidated financial statements and their proportions to the total amount of the related accounts in the consolidated financial statements:

The Bank does not prepare consolidated financial statements in accordance with the following provision of the paragraph 5 (Requirement for Preparing Consolidated Financial Statements) of Article 5 of the Communiqué on "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette No: 26340 on 8 November 2006: "If total assets of an association subsidiary or entity under common control qualified as a loan or financial institution is less than 1% of the Parent Bank's total assets and if total of shares of an association subsidiary or entity under common control qualified as a loan or financial institution below that limit does not exceed 5% of of the Parent Bank's total assets, those associations may be excluded from consolidation considering the materiality principle".

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SECTION III: ACCOUNTING POLICIES (cont'd)

**II. EXPLANATIONS ON STRATEGY OF USE OF FINANCIAL INSTRUMENTS
AND FOREIGN CURRENCY TRANSACTIONS (6.2.a)**

Main activity of the Bank comprises banking services, such as; launching all kinds of cash and non-cash loans in terms of Turkish Lira and foreign currencies, performing transactions in local, international money and capital markets, supporting agricultural sector financially and collecting deposits in Turkish Lira and foreign currencies. The Bank's main funding source is Turkish Lira deposits, shareholders' equity and funds transferred from the budget, ministerial offices and other public resources by means of legislative and administrative decisions to the Bank. The Bank directs these funds to assets with high return and low risk. These assets include predominantly government securities and loans. The Bank's liquidity structure covers the financing of all liabilities at due date. Although most of the sources in the Bank's balance sheet are with fixed interest rate, rate of return of some of the securities in assets is variable. Since the remaining time of the source re-pricing is short, cost of sources is repriced in short periods based on the market conditions. Moreover, the Bank adopts high return principle for its long-term placements.

Loans and securities are in activities from which the Bank gains above the average return calculated for its fields of activity. Letter of guarantees, commercial letter of credits, checks and expense limit commitments for credit cards are the most important risk areas in the off-balance sheet.

Foreign currency risks are restricted by imposing foreign exchange position, daily and position loss limit to render service to customers applying competitive pricing and to obtain market yield from the short-term price movements.

Since The Bank's total debt to the market is low among its total liabilities, the Bank can borrow easily from short-term markets, such as; İstanbul Stock Exchange repo, Central Bank of the Republic of Turkey, Money Market or Interbank Money Market in case of need. In case of a liquidity crisis, deposit base of the Bank will grow considerably by being a public bank having an extensive branch network.

The Bank's policy is to avoid entering any foreign currency positions. Therefore, there is no foreign currency risk exposure. Since most of the foreign currency are indexed to LIBOR or the rates in foreign exchange liquidity market by CBRT, the Bank is not exposed to interest risks. Cost and return of foreign currency assets are subject to a close follow up. Positive margin of profit is sustained by adjusting deposit rates to the market rates.

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SECTION III: ACCOUNTING POLICIES (cont'd)

**II. EXPLANATIONS ON STRATEGY OF USE OF FINANCIAL INSTRUMENTS
AND FOREIGN CURRENCY TRANSACTIONS (6.2.a) (cont'd)**

Gains and losses arising from foreign currency operations are recognized at the transaction date. At period-ends, foreign currency asset and liability balances are valued at the Bank's period end buying rates and translated to Turkish currency and the resulting exchange differences are recognized as a foreign exchange gain or loss.

Assets and liabilities of the abroad branches of the Bank are translated into TRY according to the Bank's prevailing buying rates at the balance sheet date while, profit and loss are translated based on the average rates. Resulting differences from translation are followed under equity as other profit reserves.

On the other hand, exchange rate differences arising from the translation to TRY attributable to foreign currency investments of associates, subsidiaries and entities under common control, are accounted for under equity as other profit reserves.

**III. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND
DERIVATIVE INSTRUMENTS (6.2.c)**

The derivative instruments of the Bank are composed of currency swaps and foreign currency forward agreements. The Bank has no embedded derivative instruments separated from the host contract.

The derivative instruments of the Bank are classified as trading or hedging instruments in accordance with Turkish Accounting Standard on "Financial Instruments: Recognition and Measurement" (TAS 39). The Bank has no hedging derivative instruments during the balance sheet period. Accordingly, the Bank is not subject to issues whether derivative instruments satisfy the determination criteria of classification of hedging instruments or whether such derivative transactions are finalized through sale, term expiry or fulfillment of obligations under the contract.

Acquisition cost is used in the initial recognition of derivative transactions. Liabilities and receivables arising from derivative transactions are recognized at their contractual amounts in the off-balance sheet accounts. Derivative transactions are carried at fair value subsequent to initial recognition. The Bank uses its period-end foreign exchange buying rates in determining fair value of foreign exchange future contracts and swaps on the assumption that current market foreign exchange rates are the best estimate of the present value of the forward exchange rates. When fair value difference is positive, fair value differences arising from the valuation are shown in the balance sheet as "Interest and income accruals" and when fair value difference is negative, fair value differences arising from the valuation are shown in the balance sheet as "Interest and expense accruals" and they are recognized under "Profit/Loss from Capital Market Transactions" in the income statement.

As of March 31, 2007, net fair value of the Bank's derivative instruments is TRY 62 Thousand.

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SECTION III: ACCOUNTING POLICIES (cont'd)

IV. EXPLANATIONS ON INTEREST INCOME AND EXPENSES (6.2.ç)

Interest income and expenses are recognized on an accrual basis using the effective interest method in conformity with TAS 39 “Financial Instruments: Recognition and Measurement. In accordance with the Communiqué on “Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions” came into force after being published in the Official Gazette No: 26333 dated November 1, 2006, no interest accrual is calculated for non-performing loans. Realized interest accruals calculated for non-performing loans and recognized as income although not collected are reversed and interest income related to these loans is recognized as an interest income only when they are collected.

V. EXPLANATIONS ON FEES AND COMMISSION INCOME AND EXPENSES (6.2.d)

Commissions and income from banking services are recognized as an income in the period they are collected. Whereas, loan fee and commission expenses paid to other financial institutions, and income obtained through contracts or consulting services and project management services provided to third parties relating to the sale/purchase of ownership shares; or the purchase of assets are recognized on an accrual basis.

VI. EXPLANATIONS AND DISCLOSURES ON FINANCIAL ASSETS (6.2.e)

Financial instruments comprise financial assets and liabilities and derivative instruments. They are included in the balance sheet of the Bank, if the Bank is a legal party to these instruments.

Financial instruments mainly constitute the Bank’s commercial activities and operations. These instruments have the ability to expose, affect and diminish the liquidity, credit and interest rate risks in the financial statements.

Financial assets held for trading are securities that are either acquired for generating a profit from short-term fluctuations in price or dealer’s margin, or are securities included in a portfolio with a pattern of short-term profit taking.

Trading securities are initially recognized at cost including the transaction costs and carried at fair value in the financial statements.

Government bonds and treasury bills included in held for trading portfolio traded in Istanbul Stock Exchange (ISE) are carried at weighted average ISE prices effective as of the balance sheet date. Government bonds and treasury bills included in held for trading portfolio traded in ISE but not subject to purchase or sale in ISE as of the balance sheet date are carried at prices calculated adding a daily interest on weighted average ISE prices effective on the recent transaction date. Those securities that are not traded in ISE are carried at prices of the Central Bank of Republic of Turkey.

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SECTION III: ACCOUNTING POLICIES (cont'd)

**VI. EXPLANATIONS AND DISCLOSURES ON FINANCIAL ASSETS (6.2.e)
(cont'd)**

The difference between the cost and fair value of such marketable securities is accounted for as an interest, income accrual or impairment loss for marketable securities account. Interest received from securities held for trading is reflected under interest income, and dividends received from such securities are reflected under dividend income.

Financial assets held to maturity include securities where there is an intention of holding until maturity and the relevant conditions for fulfillment of such intention, including the funding ability, and available for sale non-derivative assets except for bank loans and receivables.

Loans and receivables represent financial assets other than those held for trading or held for sale in a short period generated through providing cash, or rendering services to the debtor.

Financial assets available for sale include all securities other than loans and receivables, and those held to maturity and held for trading.

Financial assets are classified as securities held-to-maturity, loans and receivables or financial assets available for sale at their acquisition dates

Securities held-to-maturity, financial assets available for sale, and loans and receivables are initially carried at cost. Financial assets available for sale are subsequently measured at amortized cost using the internal rate of return method, and they are accounted for allocating impairment loss or applying rediscount. Fair and amortized values of those securities are subject to comparison and the difference is presented under shareholders' equity as a "revaluation fund". Amortized values and costs are also compared and the difference is recognized as an interest income/expense for impairment loss.

Held to maturity securities are subsequently measured at amortized cost using the internal rate of return method, less impairment loss, if any.

The Bank does not have any financial instruments that are previously classified as held-to-maturity investments but prohibited to be classified as held-to-maturity investments for two years because of incompliance with the principles of securities classification.

Interests received from securities held to maturity are recognized as an interest income.

Securities sale and purchase transactions are accounted for at the settlement dates.

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SECTION III: ACCOUNTING POLICIES (cont'd)

**VI. EXPLANATIONS AND DISCLOSURES ON FINANCIAL ASSETS (6.2.e)
(cont'd)**

Loans originated by the Bank are to be measured at amortized cost using internal rate of return method. As short-term and long-term TRY loans are classified as open or guaranteed, FC loans are recognized with fixed price and at period-ends revalued by the exchange buying rate of the Bank.

The Bank set specific and general provisions for loans and other receivables in accordance with the regulations stated by the Communiqué published on the Official Gazette No. 26333 dated November 1, 2006 on “Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions”. Allocated provisions are deducted from the income of the year. If the loans for which provisions were set in the previous year are collected, provision for allowances are released and recognized as income under “Other Operating Income” account. Releases of current year provisions are made by the reversal of the amount from the “Provision for Decrease in Value of Loans and Other Receivables ” account.

VII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (6.2.f)

A financial asset or a group of financial asset is subject to impairment loss only if there is an objective indication that the occurrence of one or more than one event (“loss event”) subsequent to the initial recognition of that asset has an effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group.

If revalued amounts of fair value of securities through profit/loss is less than the prior revalued amount, initially value of prior records regarding the value increase are adjusted according to the recent value and if the impairment loss is more than the prior value increase, difference is reflected to “Expenses for Impairment Loss of Securities”. If there is an increase in value, initially recognized impairment loss is reversed to income.

If securities available for sale are subject to permanent impairment, the amount is charged to “Impairment Loss Expenses for Securities” account in accordance with the related Turkish Accounting Standard.

Loans and other receivables are classified in accordance with the Communiqué on “Methods, Principles on Determining the Nature of Loans, Other Receivables, and Allocation of Provisions” published in the Official Gazette numbered 26333 and dated November 1, 2006. However, the Bank does not limit the provision amount with the minimum rates defined in related regulation and allocates 100% of specific provision for such loans and they are recognized in the statement of income. Collections made related to those loans are offset against the capital and interest collections are recognized under the “Interest Received from Non-performing Loans” item of the income statement.

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SECTION III: ACCOUNTING POLICIES (cont'd)

VII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (6.2.f) (cont'd)

In accordance with the provisions of the above-mentioned legislation, the Bank allocates general loan provisions for loans and its receivables in addition to specific provisions.

VIII. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS AND LIABILITIES (6.2.g)

Financial assets and liabilities shall be offset and the net amount presented in the balance sheet when, and only when a party currently has a legally enforceable right to set off the recognized amounts or intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

IX. EXPLANATION ON SALES AND REPURCHASE AGREEMENTS (REPOS) AND TRANSACTIONS ON SECURITIES LOANED (6.2.ğ)

Marketable securities subject to repurchase agreements are classified under "Securities held for trading", "Securities available for sale" and/or "Securities held-to-maturity" and they are valued based on the valuation principles of the related portfolios.

Registered total costs of securities sold under repurchase agreements amount to TRY 586,366 Thousand. Funds obtained against these agreements are followed under the "Funds from Repurchase Transactions" account in the balance sheet and interest expense accrual is calculated by the internal rate of return method. Reverse repo transactions are recognized under the "Receivables from Reverse Repo Transactions" account. Corresponding portion for the period arising from the difference between the repurchase and resale prices determined is calculated using the internal rate of return method. As of March 31, 2007 the Bank has reverse repo transactions amounting TRY 2,030,000 Thousand.

As of the balance sheet date, there are no loaned securities.

X. EXPLANATIONS ON TANGIBLE FIXED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (6.2.h)

The Bank has no discounted operations. Tangible assets acquired in consideration of receivables are accounted for in accordance with the requirements of the Communiqué on "Methods and Principles for Purchase and Sale of Precious Metal and Sale of Goods and Immovables obtained in Return of Receivables" published in the Official Gazette numbered 26333 and dated November 1, 2006 and these assets are by no means subject to revaluation.

The Bank's immovables acquired amount to TRY 582 Thousand consisting of TRY 304 Thousand of its trade receivables and TRY 278 Thousand of its agricultural receivables. Total disposable assets together with its movables amounting TRY 104 thousand equal to TRY 686 Thousand. Total depreciation expense is TRY 69 Thousand for these assets.

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SECTION III: ACCOUNTING POLICIES (cont'd)

**XI. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS
(6.2.i)**

As at the balance sheet date, the Bank has no goodwill.

Other intangible assets are carried at historical costs and are amortized by using the straight-line method based on their useful lives.

Useful lives of other intangible assets are determined by evaluating some considerations, such as; expected usage life of asset, maintenance costs incurred to obtain expected economical benefit from assets and technical, technological or any other type of obsolescence. Amortization method used in the current period is not subject to any change. Annual depreciation rate is 20% (5 years) for establishment/formation expenses and leasehold improvements with uncertain leasing period and depreciation rate is proportional with period for those with certain leasing period.

The Bank recognizes its software costs incurred under the intangible assets-intangible rights account and they are subject to amortization for 1–3 years to by adding constructive expenses to the initial cost of software considering their useful lives.

XII. EXPLANATIONS ON PROPERTY, PLANT AND EQUIPMENT (6.2.i)

Property, plant and equipment are carried at cost and they are not subject any revaluation process. Since the application of inflation accounting applied in the banking system is ceased as of 1 January 2005, based on the view stated in the BRSA's circular No:5 issued on 28 April 2005 that the indicators of hyperinflationary period are eliminated to a large extent, the Bank's Property, plant and equipment are carried at restated cost in the balance sheet before 31 December 2004 and its Property, plant and equipment that are purchased subsequent to 1 January 2005 are valued at historical cost in accordance with the BRSA's degree No:1623 dated 21 April 2005. Subsequent to recognition, property, plant and equipment are carried at cost less any accumulated depreciation and impairment loss, if any. Property, plant and equipment are amortized by using the straight-line method over their useful lives. No change is applied in the depreciation method in the current period.

Estimated depreciation rates of property, plant and equipment are as follows:

| | |
|----------------------------------|------------|
| Buildings | : 2% – 10% |
| Vehicles, Furniture and Fixtures | : 2% - 50% |

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SECTION III: ACCOUNTING POLICIES (cont'd)

XII. EXPLANATIONS ON PROPERTY, PLANT AND EQUIPMENT (6.2.i) (cont'd)

Gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of that asset and is recognized in profit or loss.

Ordinary maintenance and repair expenses of property, plant and equipment items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of tangible assets are included to the cost of tangible asset.

There are no mortgages, pledges or similar precautionary measures on property, plant and equipment, or commitments given for the purchase or any restrictions designated for the use of those property, plant and equipment.

XIII. EXPLANATIONS ON LEASING TRANSACTIONS (6.2.j)

The Bank, as the lessee, recognizes its leasing operations in accordance with the requirements of the Turkish Accounting Standards (TAS17) "Leases". Fixed assets that are acquired under financial leasing are amortized with respect to the rates used for directly acquired assets that have similar nature. Assets held under financial leases are recognized under the property, plant and equipment account and are depreciated on annual and monthly bases with respect to their useful lives. Principal paid for leasing is charged to liability column, whereas interest is recognized in deferred financial leasing expenses account as a regulator account and to other interest expenses.

As of the balance sheet date, the Bank has no financial leasing operations as a lessor.

XIV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES (6.2.k)

A provision should be recognized in the financial statements when there is a present obligation as a result of a past event (legal or implicit), it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions and contingent liabilities other than loans and specific and general provisions for other receivables are recognized in accordance with the Turkish Accounting Standards (TAS 37) "Provisions, Contingent Liabilities and Contingent Assets".

Provision is allocated for transactions with complete and accurate data that may have an effect on the financial structure of the Bank and otherwise, provision is provided based on the estimations.

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SECTION III: ACCOUNTING POLICIES (cont'd)

**XIV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES
(6.2.k) (cont'd)**

Since the Bank has no centralized database for respective lawsuits, summary on the number and amount of those lawsuits cannot be obtained from the data processing system. However, no provision is allocated for those lawsuits since there are no material issues affecting the financial statement items as a result of the work done by the Bank for lawsuits amounting TRY 100 Thousand or more. For receivables that will be settled, the Bank allocates 100% of provision. These provisions are followed under the specific provisions account.

As of the balance sheet date, there are no probable contingent liabilities resulting from past events whose amount can be reliably measured.

XV. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES (6.2.l)

Employee benefits liabilities are recognized in accordance with the Turkish Accounting Standard (TAS 19) "Employee Benefits" and the Bank provides provision for retirement and termination liabilities by estimating the net present value of future payments of the Bank arising from the retirement of employees and reflects this provision amount in the financial statements.

Under the Turkish legislation as supplemented by union agreements, lump sum payments are made to all employees who retire or whose employment is terminated without due cause. According to the related legislation, depending on the status and position of the employee in the Bank and social security institution, retirement pay provision is calculated in two ways; if the employee is a state employee, the calculation is based on retirement pension for the working period of the state employee, and if the employee is a blue-collar worker the calculation is based on the final salary at the date of retirement or leave (to the extent that the payments and/or salary amount does not exceed the Retirement Paymet Provision ceiling.

Since there are no soft data about the used paid leaves for all personnel and the legislation requires 10 days of paid leave to be used at a minimum, paid leave liability is calculated based on the assumption of average 12 days of paid leave used deducted from the earned vacation.

As of March 31,2007 , provision allocated for all employee benefit liabilities is TRY 413,701 Thousand. The Bank is not in favor of employing its personnel by means of limited-period contracts.

Actuary audits are required for T.C. Ziraat Bankası ve T. Halk Bankası A.Ş. Mensupları Emekli ve Yardım Sandığı Vakfı (Ziraat Bankası ve T. Halk Bankası A.Ş. Employees Pension Fund) in accordance with the Turkish Accounting Standard (TAS 19) "Employee Benefits". In accordance with 23rd provisional clause of the Banking Act No: 5411, the pension fund is expected to be transferred to the Social Security Agency in three years after the publication of the 5411 numbered Banking Law.

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SECTION III: ACCOUNTING POLICIES (cont'd)

XV. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES (6.2.l) (cont'd)

However, the provisional clause of the Banking Act is abolished by the Constitutional Court's decree No: E.2005/39, K. 2007/33 as at March 22, 2007 which is published in the Official Gazette No: 26479 on March 31, 2007 due to the application of the President on November 2, 2005 and it was superseded as of the publication date. No provision is allocated for the liabilities of the fund since the audit report, which was based on the 10.24% technical interest rate defined by the official institutions, indicates that there are no technical deficits for T.C. Ziraat Bankası ve T. Halk Bankası A.Ş. Mensupları Emekli ve Yardım Sandığı Vakfı. Also, in accordance with Article 58 and provisional article 7 of the Banking Act, it is subjected that banks will not transfer any funds to the pension funds in order to recover their actuarial deficits effective from January 1, 2008. Accordingly, no provision is provided for the Fund's liabilities.

XVI. EXPLANATIONS ON TAXATION (6.2.m)

Corporate Tax:

In accordance with Article 6 "Taxation and Payment Of Tax Payers - Determination of Tax Base" and Article 32 "Corporate Tax and Temporary Tax Rates" of the Corporate Tax Law No: 5220, corporate tax is calculated based on the net corporate income of tax-payers in an accounting period by using 20% of tax rate.

In accordance with the requirements in Income Tax Act (by taking non-allowable charges, discounts and exceptions and provisions of the Tax Procedure Law on revaluation into account), corporate tax-payers pay provisional tax which is calculated with the current tax rate and will be offset against the current period's corporate tax.

Corporate tax returns are delivered to related tax administration in the period between the 1st and the 25th days of the fourth month subsequent to the end of accounting period and paid in full before the end of the related month. Nevertheless, the tax audit authorities can investigate accounting records in 5-year period and the corporate tax payable amount may subject to a change in case of any false entry.

In case of tax base calculation on accounting profit, provision is allocated for Corporate and Income Tax liability based on the results of the current period activities.

Deferred Tax Liability/Asset:

In accordance with the Turkish Accounting Standard (TAS 12) "Income Tax", the Bank calculates and recognizes deferred tax for temporary differences between tax base calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation.

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SECTION III: ACCOUNTING POLICIES (cont'd)

XVI. EXPLANATIONS ON TAXATION (6.2.m) (cont'd)

Deferred Tax Liability/Asset: (cont'd)

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. Carrying amount of a deferred tax asset can be reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized and reflected in the statement of income as expense or income. Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is also associated directly with equity.

XVII. ADDITIONAL EXPLANATIONS ON BORROWINGS (6.2.n)

The Bank accounts for its debt instruments in accordance with the Turkish Accounting Standard (TAS 39) "Financial Instruments: Recognition and Measurement". In the following periods, financial liabilities are valued at amortized cost by using the internal rate of return method. Hedging techniques are not used for borrowings and hedge accounting is not applied in accounting and valuation of debt instruments and the liabilities that represent the borrowings.

The Bank has issued no convertible bonds and has no instruments representing its own borrowings.

XVIII. EXPLANATIONS ON SHARES AND SHARE ISSUE (6.2.o)

Since the Bank does not issued shares, there are no transaction costs related to share issue in the current period.

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SECTION III: ACCOUNTING POLICIES (cont'd)

XIX. EXPLANATIONS ON BILL GUARANTEES AND ACCEPTANCES (6.2.ö)

Commitments regarding bill guarantees and acceptances of the Bank are presented in the "Off Balance Sheet" accounts.

XX. EXPLANATIONS ON GOVERNMENT INCENTIVES (6.2.p)

There are no government incentives utilized by the Bank as of the balance sheet date.

XXI. EXPLANATIONS ON SEGMENT REPORTING (6.2.r)

The Bank has operations in individual banking, corporate and commercial banking, agricultural banking, treasury transactions and international banking.

Known as having the most extensive branch network in the individual banking sector, the Bank renders services, such as; deposits, consumer loans, loans originated from funds whose risk does not belong to the Bank, credit cards, automatic payment, cheques and notes, money order, foreign exchange transactions, internet banking, mobile banking, safe-deposit box and insurance. Moreover, new banking instruments are created in order to benefit from services undertaken as being a state bank in increasing the profitability of the Bank. By changing its data processing system from "Bank 2000" that has a dispersed structure to Finart system, which is working in a centralized manner, the Bank reaches the technical infrastructure required by modern banking to meet its clients' needs.

In the scope of corporate and commercial banking, the Bank gives loans for operations, middle and long-term investment loans, foreign trade financing loans in Turkish Lira and foreign currencies; renders other corporate financing, foreign exchange transactions and banking services to large-scale corporate clients and middle-small scale enterprises.

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SECTION III: ACCOUNTING POLICIES (cont'd)

XXI. EXPLANATIONS ON SEGMENT REPORTING (6.2.r) (cont'd)

As the Bank is the main financial institution that meets the financing needs of agricultural sector, it gives agricultural operations and investment loans from its own sources for vegetable and animal production, fishery products and agricultural mechanization directly to producers and agricultural credit corporations. Besides, it gives support to entities and enterprises having operations in agricultural sector by acting as an intermediary for loans originated from funds.

Treasury operations are conducted by the Fund Management and Fund Management Middle Office Departments. By foregoing departments, the Bank's liquidity is used for Turkish Lira, foreign exchange and securities transactions in local and international organized and over-the-counter markets, and sources in Turkish Lira and foreign currencies are provided according to the needs of the Bank. The Bank acts as an intermediary for transaction of securities and Eurobonds by the related departments, for transaction of shares and public offerings as an agency of Ziraat Yatırım Menkul Değerler A.Ş. and for transaction of investment funds founded by the Bank and Ziraat Yatırım Menkul Değerler A.Ş. and keeps records of these financial instruments. Repo/reverse repo transactions are also performed.

The Bank performs its international banking operations via one each branch in New York, London, Skopje, Sophia and Tblisi, 4 branches in the Turkish Republic of North Cyprus and representative offices in Afghanistan, Pakistan and Iran. Moreover, the Bank operates in Germany, France, Bosnia Herzegovina, Russia, Kazakhstan, Azerbaijan, Turkmenistan and Uzbekistan via equity participation investments abroad.

XXII. EXPLANATION ON OTHER MATTERS (6.2.s)

In accordance with the the decision taken in General Assemble of year 2006 dated April 24,2007, profit of year 2006 amounting TRY 2,100,002 Thousand is distributed to legal reserves amounting TRY 289,390 Thousand, to personnel as dividend amounting TRY 40,000 Thousand not exceeding one gross wage for each personnel and to Treasury as dividend after deducting withholding tax of 15% (TRY 262,592 Thousand) in exchange with returning government bond amounting TRY 1,505,020 Thousand in May 2, 2007.

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SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

I. EXPLANATIONS RELATED TO THE CAPITAL ADEQUACY STANDARD RATIO (7)

1. The Bank's unconsolidated capital adequacy ratio, reasons and anticipated solutions in case the ratio is lower than the amount pre-determined by the Communiqué:

The Bank's unconsolidated capital adequacy ratio calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" is 41.38%.

2. The risk measurement methods used for capital adequacy ratio:

Capital Adequacy Standard Ratio calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", which was published in the Official Gazette numbered 24657 on January 31, 2002 is 47.68% as of December 2005. The stated Communiqué was replaced by the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette numbered 26333 and dated November 1, 2006. Capital Adequacy Standard Ratio is calculated according to this legislation starting from November 2006 and it is 41.38% for December 2006.

In the computation of capital adequacy standard ratio, information prepared in accordance with the statutory accounting requirements is used. Additionally, the market risk amount is calculated in accordance with the Communiqué on the "Measurement and Assessment of Capital Adequacy of Banks" and is taken into consideration in the capital adequacy standard ratio calculation.

Amounts deducted from the capital in the calculation of shareholders' equity are not considered in the calculation of risk-weighted assets, non-cash loans and contingent liabilities. Assets subject to depreciation and depletion among risk-weighted assets are included in the calculations over their net book values after deducting the relative depreciations and provisions.

In the calculation of the amounts subject to credit risk regarding the transactions on the non-cash loans, the net receivable amount from the counter parties is calculated by deducting the specific provision amount set in accordance with the Communiqué on "Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions", if any, and the net amount is multiplied by the conversion rates presented in Clause 2 in Article 5 of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks". Then the risk ratios declared in the Capital Adequacy Analysis Form are used to weight the resulting amount.

To calculate the loan amount subject to loan risk for foreign exchange and interest rate transactions, receivables from counter parties are multiplied by the conversion rates stated in Clause 2, Article 5 of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" and weighted by risk weights declared in the Capital Adequacy Analysis Form.

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SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (cont'd)

I. EXPLANATIONS RELATED TO THE CAPITAL ADEQUACY STANDARD RATIO (7) (cont'd)

Information related to capital adequacy ratio:

| | Risk Weights | | | |
|---|--------------|-----------|-----------|------------|
| | Bank only | | | |
| | %0 | %20 | %50 | %100 |
| Credit Risk Base Amount | | | | |
| Balance Sheet Items (Net) | 52,411,611 | 3,538,206 | 2,822,629 | 13,579,818 |
| Cash | 522,863 | 84 | - | - |
| Matured Marketable Securities | 494 | - | - | - |
| Central Bank of Republic of Turkey | 2,815,381 | - | - | - |
| Domestic, Foreign Banks, Head Offices and Branches Abroad | - | 3,535,479 | - | 310,775 |
| Interbank Money Market Placements | 200,000 | - | - | - |
| Receivables from Reverse Repo Transactions | 2,030,000 | - | - | - |
| Required Reserve Deposits | 1,362,014 | - | - | - |
| Loans | 2,526,310 | - | 2,819,802 | 12,043,467 |
| Loans Under Follow-up (Net) ¹ | - | - | - | 185 |
| Financial Lease Receivables | - | - | - | - |
| Financial Assets Available-For-Sale | 25,100,185 | 845 | - | 25,932 |
| Investments Held to Maturity | 15,723,829 | - | - | 3,092 |
| Receivables from Forward Sale of Assets | - | - | - | 909 |
| Sundry Debtors | 113,335 | - | - | 42,386 |
| Interest and Income Accruals | 1,383,446 | 1,798 | 2,827 | 431,653 |
| Subsidiaries, Associates and Joint Ventures (Net) | - | - | - | 5,216 |
| Fixed Assets | - | - | - | 680,749 |
| Other Assets | 633,754 | - | - | 35,454 |
| Off Balance Sheet Items | 30,147 | 470,619 | 148,593 | 1,021,296 |
| Non-cash Loans and Commitments | 30,147 | 470,619 | 148,593 | 1,020,311 |
| Derivative Financial Instruments | - | - | - | 985 |
| Non-Risk Weighted Accounts | - | - | - | - |
| Total Risk Weighted Assets | 52,441,758 | 4,008,825 | 2,971,222 | 14,601,114 |

¹ In the financial statements, Loans under Follow-up (Net) is TRY 66,160 Thousand, however, TRY 65,975 Thousand of this balance is shown in the 0% risk weight column since it represents the amount of fund originated loans whose risk do not belong to the Bank.

Summary information about the capital adequacy standard ratio:

| | Bank only |
|--|----------------|
| | Current Period |
| Credit Risk Base Amount (CRBA) | 16,888,490 |
| Market Risk Base Amount (MRBA) | 417,888 |
| Operational Risk Base Amount (ORBA)(*) | - |
| Shareholders' Equity | 7,161,276 |
| Shareholders' Equity/(CRBA+MRBA+ORBA) *100 | 41.38 |

(*) Operational risk will be considered in calculation of the capital adequacy ratio starting from June 30, 2007.

CRBA: Credit Risk Base Amount

MRBA: Market Risk Base Amount

ORBA: Operational Risk Base Amount

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**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION OF THE
BANK (cont'd)**

**I. EXPLANATIONS RELATED TO THE CAPITAL ADEQUACY STANDARD
RATIO (7) (cont'd)**

Information related to components Shareholders' Equity:

| | Current Period |
|--|------------------|
| CORE CAPITAL | |
| Paid-in Capital | 2,500,000 |
| Nominal Capital | 2,500,000 |
| Capital commitments (-) | - |
| Inflation Adjustment for Paid-in Capital | 543,482 |
| Share Premium | - |
| Share Cancellation Profits | - |
| Legal Reserves | 962,392 |
| I. Degree Legal Reserves (TCC 466/1) | 347,916 |
| II Degree Legal Reserves (TCC 466/2) | 614,476 |
| Other Legal Reserves per Special Legislations | - |
| Statutory Reserves | - |
| Extraordinary Reserves | 239,501 |
| Reserves Allocated per General Assembly Minutes | |
| Retained Earnings | 239,501 |
| Accumulated Loss | - |
| Foreign Currency Share Capital Exchange Difference | - |
| Inflation Adjustment for the Legal, Statutory and Extraordinary Reserves | - |
| Profit | 2,869,589 |
| Net Profit of the Period | 609,789 |
| Retained Earnings | 2,259,800 |
| Portion of Free Provisions Allocated for Potential Risk up to 25% of Core Capital Amount | 364,759 |
| Subsidiary and Associate Shares and Gains on Sale of Real Estate To Be Added To Capital | - |
| Portion of Primary Tier-II Capital up to 15% of Core Capital | - |
| Portion of losses that cannot be covered by reserves (-) | - |
| Net Loss of the Period | - |
| Accumulated Loss | - |
| Leasehold Improvements (-) | 3,637 |
| Prepaid Expenses (-) | 3,060 |
| Intangible Assets (-) | 9,507 |
| Deferred Tax Asset in excess of 10% of the Core Capital(-) | - |
| Excess Amount defined in,3rd Clause, 56th Article of the Banking Act (-) | - |
| Total Core Capital | 7,479,723 |

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**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION OF THE
BANK (cont'd)**

**I. EXPLANATIONS RELATED TO THE CAPITAL ADEQUACY STANDARD
RATIO (7) (cont'd)**

Information related to components Shareholders' Equity (cont'd):

| | Current Period |
|--|-----------------------|
| SUPPLEMENTARY CAPITAL | |
| General Provisions | 132,281 |
| 45% of Movable Assets Revaluation Fund | - |
| 45% of Real Estates Revaluation Fund | - |
| Non-paid-up Shares of Subsidiaries, Associates and Joint Ventures | 1,151 |
| Proportion of Primary Tier -II Capital excluded from the Core Capital Calculation | - |
| Secondary Tier -II Capital | - |
| 45% of Marketable Securities Revaluation Fund | 2,151 |
| From Subsidiaries and Associates | - |
| From Financial Assets Available For Sale | 2,151 |
| Inflation adjustments for capital reserves, profit reserves and retained earnings/accumulated losses (Except inflation adjustments for legal reserves, statutory reserves and extraordinary reserves) | - |
| Total Supplementary Capital | 135,583 |
| Tier-III Capital | - |
| CAPITAL | 7,615,306 |
| DEDUCTIONS FROM CAPITAL | 454,030 |
| Equity Shares in Banks and Financial Institutions (Domestic and Foreign), 10% or more of whose capital is owned by the Bank and which are excluded from the consolidation | 421,475 |
| Total Equity Shares in Banks and Financial Institutions (Domestic and Foreign), less than 10% of whose capital is owned by the Bank and that exceeds 10% of the total Core Capital and Supplementary Capital | - |
| Borrowing Instruments and Loans qualified as Tier-II Capital from and to banks, financial institutions (domestic and foreign), preferred stockholders | 16,290 |
| Loans granted not in compliance with the provisions stated in articles 50 and 51 of the Act | - |
| Total net book value of the Bank's real estates in excess of 50% of the equity and in accordance with Article 57 of the Act, net book value of real estates and commodities acquired in exchange of loans and receivables that should be disposed of however; have not been disposed of although it has been 5 years since the beginning of the acquisition date | 61 |
| Other | - |
| TOTAL SHAREHOLDERS' EQUITY | 7,161,276 |

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**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION OF THE
BANK (cont'd)****II. EXPLANATIONS RELATED TO THE MARKET RISK (9)**

- 1. Whether measures are taken for market risk hedge under the framework of the Bank's risk management policies, measures taken for the risk management by the Board of Directors when the Bank is exposed to market risks, methods used to measure market risk and timing of market risk measurement:**

The Bank has established market risk management operations and taken the necessary measures in order to hedge market risk within its financial risk management purposes, in accordance with "Measurement and Assessment of the Capital Adequacy of Banks" issued in the Official Gazette numbered 26333 and dated November 1 2006.

On a monthly period basis, interest rate risk, exchange rate risk, common stock risk, barter risk, commodity risk and specific risks are computed according to the "Standard Method" and total market risk amount is calculated accordingly. This amount is included in the calculation of Bank's Standard Capital Adequacy Ratio.

The Bank's policy is to avoid having positions in foreign currency management. In addition to monthly and 3-monthly reports related with the market risk, exchange risk analysis is prepared on a weekly basis for each foreign exchange type and this report is given to the Banking Regulation and Supervision Agency.

Daily Value at Risk forecasts are made based on financial instruments with different risk factors and portfolios in the Bank and for the purpose of providing information those are reported to the top management and the related units.

a) Information Related to Market Risk

| | Amount |
|--|---------------|
| (I) Capital Requirement to be Employed For General Market Risk - Standard Method | 12,974 |
| (II) Capital Requirement to be Employed For Specific Risk - Standard Method | - |
| (III) Capital Requirement to be Employed For Currency Risk - Standard Method | 20,204 |
| (IV) Capital Requirement to be Employed For Commodity Risk - Standard Method | 253 |
| (V) Capital Requirement to be Employed For Settlement Risk - Standard Method | - |
| (VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method | - |
| (VII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model | - |
| (VIII) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI) | 33,431 |
| IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII) | 417,888 |

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**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION OF THE
BANK (cont'd)**

II. EXPLANATIONS RELATED TO THE MARKET RISK (9) (cont'd)

b) Average market risk table calculated at the end of each month during the period:

Not presented in accordance with Article 25 Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

III. EXPLANATIONS RELATED TO THE CURRENCY RISK (11)

a) Whether the Bank is exposed to foreign currency risk, whether the effects of this matter are estimated, whether limits for the daily followed positions are determined by the board of directors:

The Bank’s policy is to avoid having positions in foreign currency management. Hence, the Bank is not exposed to significant currency risks. Risks are monitored by the currency risk tables prepared based on the standard method. Besides, Value at Risk (VAR) is calculated for daily foreign exchange position and reported to the top management and related departments for providing information.

Moreover, for foreign exchange transactions, dealer’s positions and limits are under the authorization of the Board of Directors.

b) Protection of foreign exchange debt instruments and net foreign exchange investments by hedging derivative instruments, if considerable:

Rather than hedging purposes, derivative instruments are used by the Bank’s foreign branches and Head Quarters as to gain profit. The volume of these transactions is very low.

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SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (cont'd)**III. EXPLANATIONS RELATED TO THE CURRENCY RISK (11) (cont'd)****c) Management policy for Foreign Currency:**

“Liquidity Gap Analysis” and “Repricing Gap Analysis” are prepared periodically in order to define liquidity and interest rate risks at Dollar and Euro, which are mainly used by the Bank in its operations. The result of these analyses is reported to the top management. Within the context of legal reporting, Foreign Currency Net General Position/Shareholders’ equity ratio and foreign currency liquidity position are also monitored regularly.

ç) Announced foreign exchange buying rates of the Bank as of the balance sheet date and the previous five working days are as follows:

| | USD | EUR | AUD | DKK | SEK | CHF | CAD | NOK | GBP | SAR | 100 JPY |
|------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| 26.03.2007 | 1.3830 | 1.8441 | 1.1205 | 0.2476 | 0.1983 | 1.1396 | 1.1919 | 0.2274 | 2.7235 | 0.3688 | 1.1740 |
| 27.03.2007 | 1.3852 | 1.8487 | 1.1200 | 0.2483 | 0.1983 | 1.1416 | 1.1964 | 0.2276 | 2.7225 | 0.3694 | 1.1750 |
| 28.03.2007 | 1.3925 | 1.8607 | 1.1223 | 0.2498 | 0.1989 | 1.1516 | 1.2025 | 0.2293 | 2.7381 | 0.3714 | 1.1964 |
| 29.03.2007 | 1.3862 | 1.8488 | 1.1194 | 0.2482 | 0.1983 | 1.1386 | 1.1967 | 0.2279 | 2.7213 | 0.3697 | 1.1763 |
| 30.03.2007 | 1.3805 | 1.8364 | 1.1152 | 0.2466 | 0.1966 | 1.1300 | 1.1984 | 0.2261 | 2.7044 | 0.3682 | 1.1675 |

d) Simple arithmetical average of the major foreign exchange buying rates of the Bank for the thirty days prior to the balance sheet:

| USD | EUR | AUD | DKK | SEK | CHF | CAD | NOK | GBP | SAR | 100 JPY |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| 1.4007 | 1.8544 | 1.1107 | 0.2490 | 0.1996 | 1.1497 | 1.1992 | 0.2281 | 2.7264 | 0.3736 | 1.1938 |

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**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION OF THE
BANK (cont'd)**
III. EXPLANATIONS RELATED TO THE CURRENCY RISK (11) (cont'd)
Information on the foreign currency of the Bank:

| | EURO | USD | Yen | Other FC ² | Toplam |
|--|------------------|------------------|----------------|-----------------------|-------------------|
| Current Period | | | | | |
| Assets | | | | | |
| Cash (Cash in vault, effectives, money in transit, cheques purchased) and balances with Central Bank of Republic of Turkey | 1,399,547 | 38,773 | 134 | 11,860 | 1,450,314 |
| Receivables from Banks and Other Financial Institutions | 775,688 | 1,117,139 | 1,234 | 390,249 | 2,284,310 |
| Financial Assets at Fair Value Through Profit and Loss | 33,026 | 614,256 | - | - | 647,282 |
| Money Market Placements | - | - | - | - | - |
| Financial Assets Available-for-Sale | 4,565,469 | 2,783,753 | - | 8,053 | 7,357,275 |
| Loans ¹ | 155,895 | 294,202 | - | 26,714 | 476,811 |
| Subsidiaries, Associates and Joint Ventures | 250,960 | 47,049 | - | - | 298,009 |
| Investment securities held-to-maturity | 761,834 | 96 | - | 313 | 762,243 |
| Derivative Financial Assets for Hedging Purposes | - | - | - | - | - |
| Tangible Assets | - | 414 | - | 2,778 | 3,192 |
| Intangible Assets | - | 536 | - | 856 | 1,392 |
| Other Assets | 11,867 | 3,987 | 23 | 5,661 | 21,538 |
| Total Assets | 7,954,286 | 4,900,205 | 1,391 | 446,484 | 13,302,366 |
| Liabilities | | | | | |
| Bank Deposits | 138,304 | 140,599 | 1 | 103,029 | 381,933 |
| Foreign Currency Deposits | 7,652,969 | 4,681,507 | 410 | 325,364 | 12,660,250 |
| Money Market Borrowings | - | - | - | - | - |
| Funds provided from Other Financial Institutions | 767 | 2,253 | - | - | 3,020 |
| Issued Marketable Securities | - | - | - | - | - |
| Sundry Debtors | 126,325 | 6,599 | - | 342 | 133,266 |
| Derivative Financial Liabilities for Hedging Purposes | - | - | - | - | - |
| Other Liabilities | 41,779 | 72,250 | 2,261 | 4,067 | 120,357 |
| Total Liabilities | 7,960,144 | 4,903,208 | 2,672 | 432,802 | 13,298,826 |
| Net Balance Sheet Position | (5,858) | (3,003) | (1,281) | 13,682 | 3,540 |
| Net Off-Balance Sheet Position ³ | (6,333) | (16,485) | - | 22,880 | 62 |
| Financial Derivative Assets | 4,451 | 12,711 | - | 33,048 | 50,210 |
| Financial Derivative Liabilities | 10,784 | 29,196 | - | 10,168 | 50,148 |
| Non-cash Loans | 339,508 | 1,206,499 | 10,877 | 8,723 | 1,565,607 |
| Prior Period | | | | | |
| Total Assets | 7,850,675 | 4,773,098 | 754 | 353,940 | 12,978,467 |
| Total Liabilities | 7,851,129 | 4,757,043 | 885 | 342,197 | 12,951,254 |
| Net Balance Sheet Position | (454) | 16,055 | (131) | 11,743 | 27,213 |
| Net Off-Balance Sheet Position ³ | (13,685) | (9,427) | - | 23,139 | 27 |
| Financial Derivative Assets | - | 20,449 | - | 29,822 | 50,271 |
| Financial Derivative Liabilities | 13,685 | 29,876 | - | 6,683 | 50,244 |
| Non-cash Loans | 367,519 | 1,217,543 | 9,913 | 9,768 | 1,604,743 |

¹ TRY 2,128 Thousand USD and TRY 61 Thousand EUR equivalent balances of loans are originated from foreign exchange indexed loans. (Prior Period: TRY 2,193 Thousand)

² In foreign currencies shown in the other FC column of assets, 8.84% is DKK, 15.86% is CHF, 60.79% is GBP and the remaining 14.51%, consists of other foreign currencies.

In foreign currencies shown in the FC column of liabilities, 10.98% is DKK, 17.83% is CHF, 63.22% is GBP and the remaining 7.97%, consists of other foreign currencies.

³ Indicates the net balance of receivables and payables from derivative financial instruments.

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SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (cont'd)

IV. EXPLANATIONS RELATED TO THE INTEREST RATE RISK (12)

a) Measurement of interest rate sensitivity of assets, liabilities and off-balance sheet items:

Interest rate sensitivity of assets and liabilities is followed and reported to the management periodically by applying various analysis methods.

b) Effects of interest rate fluctuations in the market on financial position and cash flow of the Bank, expectations on interest income, limitations on daily interest rates by the Bank's Board of Directors:

To remove the negative effects of interest rate fluctuations in the market on the balance sheet of the Bank, Assets-Liabilities Committee follows interest margin and monitors its effects on profitability on a consistent basis. The committee makes interest rate arrangements especially for sources and defines the maximum interest rates considering the interest rate risk.

c) Measures taken for the current interest rate risk of the Bank and expected effects on the following periods' net income and shareholders' equity:

In the current period, the Bank is not exposed to any interest rate risk that requires structural changes in its positions or take necessary measures.

Information related to interest rate sensitivity of assets, liabilities and off-balance sheet items (Based on repricing dates)

| Current Period | Up to 1 Month | 1-3 Months | 3-6 Months | 6-12 Months | 1 Year and Over | Non-Interest Bearing | Total |
|--|---------------------|-------------------|-------------------|------------------|-------------------|----------------------|---------------------|
| Assets | | | | | | | |
| Cash (Cash in vault, effectives, money in transit, cheques purchased) and balances with Central Bank of Republic of Turkey | 4,270,557 | - | - | - | - | 521,541 | 4,792,098 |
| Receivables from Banks and Other Financial Institutions | 3,345,534 | 22,539 | - | 4,392 | - | - | 3,372,465 |
| Financial Assets at Fair Value Through Profit and Loss | 578,697 | 85,516 | 1,285,172 | 44,371 | 424,366 | 494 | 2,418,616 |
| Money Market Placements | 2,232,230 | - | - | - | - | - | 2,232,230 |
| Financial Assets Available-for-Sale | 2,314,462 | 1,351,629 | 15,245,775 | 415,120 | 6,634,386 | 85,324 | 26,046,696 |
| Loans | 5,664,682 | 1,117,611 | 1,054,737 | 1,673,127 | 8,259,832 | - | 17,769,989 |
| Investment securities held-to-maturity | 6,237,745 | 9,158,072 | 3,372 | 191,060 | 569,190 | - | 16,159,439 |
| Other Assets | - | - | - | - | - | 1,435,263 | 1,435,263 |
| Total Assets | 24,643,907 | 11,735,367 | 17,589,056 | 2,328,070 | 15,887,774 | 2,042,622 | 74,226,796 |
| Liabilities | | | | | | | |
| Bank Deposits | 379,827 | 4,562 | - | - | - | - | 384,389 |
| Foreign Currency Deposits | 48,258,055 | 9,542,618 | 2,951,936 | 899,620 | 73,454 | - | 61,725,683 |
| Money Market Borrowings | 593,666 | - | - | - | - | - | 593,666 |
| Sundry Debtors | - | - | - | - | - | 398,972 | 398,972 |
| Issued Marketable Securities | - | - | - | - | - | - | - |
| Funds provided from Other Financial Institutions | - | - | - | 12,689 | - | - | 12,689 |
| Other Liabilities | - | - | - | - | 2,528,635 | 8,582,762 | 11,111,397 |
| Total Liabilities | 49,231,548 | 9,547,180 | 2,951,936 | 912,309 | 2,602,089 | 8,981,734 | 74,226,796 |
| Balance Sheet Long Position | | 2,188,187 | 14,637,120 | 1,415,761 | 13,285,685 | | 31,526,753 |
| Balance Sheet Short Position | (24,587,641) | - | - | - | - | (6,939,112) | (31,526,753) |
| Off Balance Sheet Long Position | - | - | - | - | - | - | - |
| Off Balance Sheet Short Position | - | - | - | - | - | - | - |
| Total Position | (24,587,641) | 2,188,187 | 14,637,120 | 1,415,761 | 13,285,685 | (6,939,112) | - |

- Balances without maturity are shown in the "Up to 1 month" column.
- TRY 2,525,205 Thousand of fund balance in other liabilities is shown under the "1 year and over" column..
- Deferred tax asset is shown under the "Non-interest bearing" column.
- Net balance of follow-up loans is shown under the "Non-interest bearing" column in other assets.
- Total shareholders' equity is shown under the "Non-interest bearing" column.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION OF THE
BANK (cont'd)**

IV. EXPLANATIONS RELATED TO THE INTEREST RATE RISK (12) (cont'd)

Average interest rates applied to monetary financial instruments:

| | EURO | USD | Japanese Yen | TRY |
|--|------|------|--------------|-------|
| Current Period | | | | |
| Assets | | | | |
| Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey | 1.84 | 2.53 | - | 13.12 |
| Due from banks and other financial institutions | 3.90 | 5.45 | - | 18.63 |
| Trading securities | 4.79 | 8.42 | - | 15.46 |
| Money market placements | - | - | - | 18.24 |
| Investment securities available-for-sale | 5.54 | 6.58 | - | 19.36 |
| Loans | 4.44 | 6.30 | - | 22.41 |
| Investment securities held-to-maturity | 6.04 | - | - | 19.37 |
| Liabilities | | | | |
| Interbank deposits | 3.87 | 5.21 | - | 17.80 |
| Other deposits | 2.27 | 2.62 | - | 14.33 |
| Money market takings | - | - | - | 15.10 |
| Miscellaneous payables | - | - | - | - |
| Marketable securities issued | - | - | - | - |
| Funds provided from other financial institutions ² | - | - | - | - |

¹ Interest rates in the table above are calculated by using annual domestic simple interest rates.

² Since interest rates of funds provided from other financial institutions cannot be decomposed by branches, they are not shown in the table.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (cont'd)

IV. EXPLANATIONS RELATED TO THE INTEREST RATE RISK (12) (cont'd)

Information related to interest rate sensitivity of assets, liabilities and off-balance sheet items (Based on repricing dates)

| | Up to 1 Month | 1-3 Months | 3-6 Months | 6-12 Months | 1 Year and Over | Non-Interest Bearing | Total |
|--|---------------------|-------------------|------------------|------------------|-------------------|----------------------|---------------------|
| Prior Period | | | | | | | |
| Assets | | | | | | | |
| Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey | 4,281,452 | - | - | - | - | 875,910 | 5,157,362 |
| Due from banks and other financial institutions | 3,989,515 | - | - | 2,851 | - | - | 3,992,366 |
| Trading securities | 234,940 | 149,254 | 734,603 | 1,034,542 | 379,839 | 1,506 | 2,534,684 |
| Money market placements | - | - | - | - | - | - | - |
| Investment securities available-for-sale | 7,629,159 | 9,037,493 | 2,835,469 | 512,372 | 4,213,089 | 67,701 | 24,295,283 |
| Loans | 5,017,892 | 1,027,249 | 1,009,018 | 1,863,856 | 8,392,161 | - | 17,310,176 |
| Investment securities held-to-maturity | 8,034,129 | 8,257,313 | 1,314 | 189,639 | 577,281 | - | 17,059,676 |
| Other assets | - | - | - | - | - | 1,554,223 | 1,554,223 |
| Total assets | 29,187,087 | 18,471,309 | 4,580,404 | 3,603,260 | 13,562,370 | 2,499,340 | 71,903,770 |
| Liabilities | | | | | | | |
| Interbank deposits | 233,673 | 6,054 | - | - | - | - | 239,727 |
| Other deposits | 45,141,425 | 10,476,941 | 1,409,749 | 2,313,668 | 71,392 | - | 59,413,175 |
| Money market takings | 967,955 | - | - | - | - | - | 967,955 |
| Miscellaneous payables | - | - | - | - | - | 368,719 | 368,719 |
| Marketable securities issued | - | - | - | - | - | - | - |
| Funds provided from other financial institutions | 11,298 | 600 | 2,030 | - | 711 | - | 14,639 |
| Other liabilities | - | - | - | - | 2,914,209 | 7,985,346 | 10,899,555 |
| Total liabilities | 46,354,351 | 10,483,595 | 1,411,779 | 2,313,668 | 2,986,312 | 8,354,065 | 71,903,770 |
| Balance Sheet Long Position | | 7,987,714 | 3,168,625 | 1,289,592 | 10,576,058 | - | 23,021,989 |
| Balance Sheet Short Position | (17,167,264) | - | - | - | - | (5,854,725) | (23,021,989) |
| Off Balance Sheet Long Position | - | - | - | - | - | - | - |
| Off Balance Sheet Short Position | - | - | - | - | - | - | - |
| Total Position | (17,167,264) | 7,987,714 | 3,168,625 | 1,289,592 | 10,576,058 | (5,854,725) | - |

- Balances without maturity are shown under the "Up to 1 month" column.
- TRY 2,908,270 Thousand of fund balance is distributed according to maturities of funds originated loans whose risk is not belong to the Bank.
- Deferred tax asset is shown under the "Non-interest bearing" column.
- Net balance of follow-up loans is shown under the "Non-interest bearing" column in other assets.
- Total shareholders' equity is shown under the "Non-interest bearing" column.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION OF THE
BANK (cont'd)**

IV. EXPLANATIONS RELATED TO THE INTEREST RATE RISK (12) (cont'd)

Average interest rates applied to monetary financial instruments:

| | EURO | USD | Japanese Yen | TRY |
|--|------|------|--------------|-------|
| Prior Period | | | | |
| Assets | | | | |
| Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey | 1.73 | 2.52 | - | 13.12 |
| Due from banks and other financial institutions | 3.66 | 5.30 | - | 18.86 |
| Trading securities | 4.72 | 8.56 | - | 16.29 |
| Money market placements | - | - | - | - |
| Investment securities available-for-sale | 5.54 | 7.33 | - | 20.74 |
| Loans | 4.33 | 6.68 | - | 23.14 |
| Investment securities held-to-maturity | 6.00 | - | - | 20.33 |
| Liabilities | | | | |
| Interbank deposits | 3.58 | 4.85 | - | 18.65 |
| Other deposits | 2.30 | 2.59 | - | 13.89 |
| Money market takings | - | - | - | 14.86 |
| Miscellaneous payables | - | - | - | - |
| Marketable securities issued | - | - | - | - |
| Funds provided from other financial institutions ³ | - | - | - | - |

¹ Rates shown in the table are calculated by using the annual domestic interest rates, except for foreign currency interbank deposits.

² Securities given for payments of İmar Bankası are excluded.

³ Since interest rates of funds provided from other financial institutions cannot be decomposed by branches, they are not shown in the table.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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**SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION OF THE
BANK (cont'd)**

V. EXPLANATIONS RELATED TO THE LIQUIDITY RISK (13)

- a) Basis of the actual liquidity risk of the Bank and whether the necessary measures taken, and limitations imposed by the Bank's Board of Directors on fund sources that can be used in payment of matured debts and can meet the immediate liquidity need:**

When funding and liquidity sources are considered, the Bank covers majority of its liquidity need through deposits. The Bank's deposits do not fluctuate considerably depending on the broadly dispersed customer network. Besides, internal and external sources that can be used to meet the immediate liquidity need are monitored periodically. Borrowing limits of the Bank from organized markets and other financial institutions can cover the corresponding liquidity gaps with different maturities.

- b) Consistency of payments with the assets and liabilities and the interest rates, measurement of the probable effects of the actual inconsistency on profitability:**

The Bank follows the consistency of payments with the assets and liabilities and the interest rates regularly and there is no inconsistency exists.

- c) Internal and external sources for short and long-term liquidity needs of the Bank, unused significant liquidity sources:**

Although the average maturity of the Bank's assets is long, coupon securities constituting majority of the securities portfolio supply significant liquidity for the Bank. Besides, volume of deposits forming the majority of the liabilities is not subject to significant changes. The Bank also provides funds by repurchase agreements, however, volume of these transactions are relatively limited.

- ç) Evaluation of amount and sources of the Bank's cash flows:**

The Bank's major source is deposits, and funds are evaluated as securities portfolio, other banks and loan placements. Since most significant cash inflows are originated from securities portfolio, this reduces the liquidity risk of the Bank.

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SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK (cont'd)

V. EXPLANATIONS RELATED TO THE LIQUIDITY RISK (13) (cont'd)

Presentation of assets and liabilities according to their outstanding maturities:

| | Demand | Up to 1 Month | 1-3 Months | 3-6 Months | 6-12 Months | 1 Year and Over | Undistributed (1) (2) | Total |
|--|--------------------|---------------------|--------------------|------------------|-------------------|-------------------|-----------------------|-------------------|
| Current Period | | | | | | | | |
| Assets | | | | | | | | |
| Cash (cash in vault, effectives, money in transit, cheques purchased) and Balances with the Central Bank of Turkey | 4,792,098 | - | - | - | - | - | - | 4,792,098 |
| Due from banks and other financial institutions | 366,339 | 3,001,734 | - | - | 4,392 | - | - | 3,372,465 |
| Trading securities | 494 | 578,698 | 85,516 | 1,066,012 | 44,371 | 643,525 | - | 2,418,616 |
| Money market placements | - | 2,232,230 | - | - | - | - | - | 2,232,230 |
| Investment securities available-for-sale | - | 433,981 | 938,476 | 1,899,336 | 492,570 | 22,197,009 | 85,324 | 26,046,696 |
| Loans(3) | - | 903,610 | 1,423,278 | 1,524,221 | 5,570,446 | 8,348,434 | - | 17,769,989 |
| Investment securities held-to-maturity | - | 252,156 | 168,398 | 3,372 | 2,191,060 | 13,544,453 | - | 16,159,439 |
| Other assets | 213,284 | - | - | 1,265 | - | 909 | 1,219,805 | 1,435,263 |
| Total assets | 5,372,215 | 7,402,409 | 2,615,668 | 4,494,206 | 8,302,839 | 44,734,330 | 1,305,129 | 74,226,796 |
| Liabilities | | | | | | | | |
| Interbank deposits | 8,742 | 371,085 | 4,562 | - | - | - | - | 384,389 |
| Other deposits | 11,188,344 | 37,069,712 | 9,542,738 | 2,951,815 | 899,620 | 73,454 | - | 61,725,683 |
| Funds provided from other financial instruments | - | - | - | - | 12,689 | - | - | 12,689 |
| Money market takings | - | 593,666 | - | - | - | - | - | 593,666 |
| Marketable securities issued | - | - | - | - | - | - | - | 0 |
| Miscellaneous payables | 398,972 | - | - | - | - | - | - | 398,972 |
| Other liabilities (4) (5) | 229,357 | 660,719 | - | 158,091 | - | 2,942,336 | 7,120,894 | 11,111,397 |
| Total liabilities | 11,825,415 | 38,695,182 | 9,547,300 | 3,109,906 | 912,309 | 3,015,790 | 7,120,894 | 74,226,796 |
| Liquidity Gap | (6,453,200) | (31,292,773) | (6,931,632) | 1,384,300 | 7,390,530 | 41,718,540 | (5,815,765) | - |
| Prior Period | | | | | | | | |
| Total Assets | 5,537,603 | 6,563,426 | 2,799,806 | 3,488,118 | 10,014,276 | 42,210,390 | 1,290,151 | 71,903,770 |
| Total Liabilities | 12,094,416 | 35,424,796 | 10,483,699 | 1,638,061 | 2,313,663 | 3,369,732 | 6,579,403 | 71,903,770 |
| Liquidity Gap | (6,556,813) | (28,861,370) | (7,683,893) | 1,850,057 | 7,700,613 | 38,840,658 | (5,289,252) | - |

- Assets which are necessary to provide banking services and could not be liquidated in a short-term, such as; tangible assets, investments in subsidiaries and associates, office supply inventory, prepaid expenses and non-performing loans, are classified as undistributed.
- Deferred tax asset is included under the undistributed column.
- For TRY 66,160 Thousand of follow-up loans, no special provision is allocated and this amount is included in other assets.
- In liabilities table, shareholders' equity is shown under the undistributed column in other liabilities.
- Funds balance amounted to TRY 2,525,205 Thousand is included in other liabilities and shown under the "1 year and over" column.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS****I. EXPLANATIONS AND NOTES TO ASSETS (16)****1. a) Information on Cash Assets and Account of the Central Bank of Turkey:**

| | Current Period | | Prior Period | |
|----------------|----------------|-----------|--------------|-----------|
| | TP | YP | TP | YP |
| Cash/Effective | 426,090 | 95,366 | 749,329 | 125,782 |
| CBRT | 2,915,694 | 1,354,862 | 2,953,160 | 1,328,976 |
| Other | - | 86 | - | 115 |
| Total | 3,341,784 | 1,450,314 | 3,702,489 | 1,454,873 |

1.a.1 Information on Obligatory Provisions:

Banks that are established in Turkey or performing their operations by opening new branches in Turkey are subject to the Turkish Republic Central Bank's Communiqué No: 2005/1 "Obligatory Provisions". The amount calculated at total domestic liabilities of banks less items stated in the Communiqué constitutes the deposit obligatory provision liabilities accepted on behalf of foreign branches in Turkey. The obligatory provision ratios are 6% for TRY liabilities and 11% for foreign currency liabilities. The Turkish Republic Central Bank accrues interest for obligatory provisions at the end of March, June, September and December. The obligatory provision interest rates in March 31, 2007 are 13.12% for TRY, 2.53% for USD and 1.84% for EURO.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

I. EXPLANATIONS AND NOTES TO ASSETS (16) (cont'd)

1. b) Information related to the account of the Central Bank of Turkey:

| | Current Period | | Prior Period | |
|----------------------------|----------------|-----------|--------------|-----------|
| | TRY | FC | TRY | FC |
| Demand Unrestricted Amount | 2,815,381 | - | 2,856,030 | - |
| Time Unrestricted Amount | - | - | - | - |
| Demand Restricted Amount | - | - | - | - |
| Required Reserves (*) | 100,313 | 1,354,862 | 97,130 | 1,328,976 |
| Total | 2,915,694 | 1,354,862 | 2,953,160 | 1,328,976 |

(*) Obligatory provision amount of 18,222 TRY of abroad branches shown under this line (December 31,2006: TRY 17,764 Thousand)

2. a) Financial assets at fair value through profit and loss blocked/given as a collateral or subject to repurchase agreements are presented comparatively with their net values.

a.1) Information on financial assets at fair value through profit and loss repo transactions:

a.2) Information on financial assets at fair value through profit and loss blocked/given as a collateral:

| | Current Period | | Prior Period | |
|---|----------------|----|--------------|----|
| | TRY | FC | TRY | FC |
| Share certificates | - | - | - | - |
| Bond, Treasury bill and similar investment securities | 1 | - | 1 | - |
| Other | - | - | - | - |
| Total | 1 | - | 1 | - |

b) Positive differences related to the derivative financial assets held-for-trading:
None.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

I. EXPLANATIONS AND NOTES TO ASSETS (16) (cont'd)

3. a) Information on Banks and Other Financial Institutions:

| | Current Period | | Prior Period | |
|-------------------------------------|----------------|-----------|--------------|-----------|
| | TRY | FC | TRY | FC |
| Banks | 1,088,155 | 2,284,310 | 1,055,416 | 2,936,950 |
| Domestic | - | 48,333 | 476,270 | 56,533 |
| Foreign | 1,088,155 | 2,235,977 | 579,146 | 2,880,417 |
| Foreign Head Office and Branches | - | - | - | - |
| Other Financial Institutions | - | - | - | - |
| Total | 1,088,155 | 2,284,310 | 1,055,416 | 2,936,950 |

b) Information on foreign bank accounts:

Not presented in accordance with Article 25 Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

4. a) Financial assets available-for-sale blocked/given as a collateral or subject to repurchase agreements:

There are no financial assets available-for-sale blocked/given as a collateral or subject to repurchase agreements.

b) Information on financial assets available for sale:

| | Current Period | Prior Period |
|----------------------------|----------------|--------------|
| Debt securities | 25,972,748 | 24,232,352 |
| Quoted in a stock exchange | 21,542,888 | 20,653,451 |
| Not quoted | 4,429,860 | 3,578,901 |
| Share certificates | 86,142 | 68,377 |
| Quoted in a stock exchange | - | - |
| Not quoted | 86,142 | 68,377 |
| Impairment provision (-) | 12,194 | 5,446 |
| Total | 26,046,696 | 24,295,283 |

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**
I. EXPLANATIONS AND NOTES TO ASSETS (16) (cont'd)
5. Information related to loans:
a) Information on all types of loans and advances given to shareholders and employees of the Bank:

| | Current Period | | Prior Period | |
|--|----------------|----------------|--------------|----------------|
| | Cash Loans | Non-cash loans | Cash Loans | Non-cash loans |
| Direct loans granted to shareholders | - | - | - | - |
| Corporate shareholders | - | - | - | - |
| Real person shareholders | - | - | - | - |
| Indirect Loans granted to shareholders | - | - | - | - |
| Loans granted to employees | 123,792 | - | 109,005 | - |
| Total | 123,792 | - | 109,005 | - |

b) Information on the first and second group loans and other receivables including rescheduled loans:

| Cash Loans | Standard Loans and Other Receivables | | Loans and Other Receivables Under Close Monitoring | |
|--|--------------------------------------|-----------------------------|--|-----------------------------|
| | Loans and other receivables | Restructured or Rescheduled | Loans and other receivables | Restructured or Rescheduled |
| Non-specialized loans | 12,140,011 | 1,107 | 1,340 | - |
| Discount Notes | 333 | - | - | - |
| Export loans | 521,446 | - | - | - |
| Import loans | - | - | - | - |
| Loans given to financial sector | 7,091 | - | - | - |
| International loans | 47,724 | - | - | - |
| Consumer loans | 7,448,004 | - | 116 | - |
| Credit cards | 291,494 | - | 4 | - |
| Precious metals loans (Gold, etc...) | - | - | - | - |
| Other | 3,823,919 | 1,107 | 1,220 | - |
| Specialized lending | 5,185,469 | 11,334 | 633 | - |
| Other receivables | - | - | - | - |
| Interest Income Accruals and Rediscounts | 430,095 | - | - | - |
| Total | 17,755,575 | 12,441 | 1,973 | - |

- Balances associated with loans under close follow-up and other receivables are recognized under standard loans and other receivables because they cannot be decomposed in the current data processing system.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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| |
|--|
| SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd) |
|--|

I. EXPLANATIONS AND NOTES TO ASSETS (16) (cont'd)

5. Information related to loans: (cont'd)

c) Loans according to their maturity:

Not presented in accordance with Article 25 Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

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(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

I. EXPLANATIONS AND NOTES TO ASSETS (16) (cont'd)

5. Information related to loans: (cont'd)

**ç) Information on Consumer Loans, Individual Credit Cards and Personnel
Loans and Personnel Credit Cards:**

| | Short-term | Medium and long-term | Total |
|--------------------------------------|------------|----------------------|-----------|
| Consumer loans-TRY | 531,747 | 6,806,906 | 7,338,653 |
| Real estate loans | 969 | 2,839,484 | 2,840,453 |
| Automobile Loans | 3,527 | 202,897 | 206,424 |
| Consumer Loans | 527,251 | 3,764,525 | 4,291,776 |
| Other | - | - | - |
| Consumer loans- Indexed to FC | - | 158 | 158 |
| Real estate loans | - | 158 | 158 |
| Automobile Loans | - | - | - |
| Consumer Loans | - | - | - |
| Other | - | - | - |
| Consumer loans- FC | 56 | 42 | 98 |
| Real estate loans | - | - | - |
| Automobile Loans | - | - | - |
| Consumer Loans | 56 | 42 | 98 |
| Other | - | - | - |
| Individual Credit Cards-TRY | 279,792 | - | 279,792 |
| Installment | 3,671 | - | 3,671 |
| Non-Installment | 276,121 | - | 276,121 |
| Individual Credit Cards-FC | 330 | - | 330 |
| Installment | - | - | - |
| Non-Installment | 330 | - | 330 |
| Personnel Loans-TC | 2,651 | 106,504 | 109,155 |
| Real estate loans | - | - | - |
| Automobile Loans | - | - | - |
| Consumer Loans | 2,651 | 106,504 | 109,155 |
| Other | - | - | - |
| Personnel Loans-Indexed to FC | - | - | - |
| Real estate loans | - | - | - |
| Automobile Loans | - | - | - |
| Consumer Loans | - | - | - |
| Other | - | - | - |
| Personnel Loans-FC | - | - | - |
| Real estate loans | - | - | - |
| Automobile Loans | - | - | - |
| Consumer Loans | - | - | - |
| Other | - | - | - |
| Personnel Credit Cards-TRY | 9,770 | - | 9,770 |
| Installment | 214 | - | 214 |
| Non-Installment | 9,556 | - | 9,556 |
| Personnel Credit Cards-FC | 15 | - | 15 |
| Installment | - | - | - |
| Non-Installment | 15 | - | 15 |
| Overdraft Account - TRY(Real Person) | 67,260 | - | 67,260 |
| Overdraft Account - FC(Real Person) | - | - | - |
| Total | 891,621 | 6,913,610 | 7,805,231 |

(*) TRY 98,786 Thousand of interest income accrual and rediscount amount of consumer loans cannot be decomposed and not included in the above table.

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**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

I. EXPLANATIONS AND NOTES TO ASSETS (16) (cont'd)

5. Information related to loans: (cont'd)

d) Information on Commercial Installment Loans and Corporate Credit Cards:

| | Short-term | Medium and long-term | Total |
|---|----------------|----------------------|----------------|
| Commercial Installment Loans-TRY | 110,212 | 678,528 | 788,740 |
| Business Residential Loans | 403 | 16,310 | 16,713 |
| Automobile Loans | 3,815 | 68,313 | 72,128 |
| Consumer Loans | 105,994 | 593,905 | 699,899 |
| Other | - | - | - |
| Commercial Installment Loans- Indexed to FC | - | - | - |
| Business Residential Loans | - | - | - |
| Automobile Loans | - | - | - |
| Consumer Loans | - | - | - |
| Other | - | - | - |
| Commercial Installment Loans – FC | - | - | - |
| Business Residential Loans | - | - | - |
| Automobile Loans | - | - | - |
| Consumer Loans | - | - | - |
| Other | - | - | - |
| Corporate Credit Cards-TRY | 1,583 | - | 1,583 |
| Installment | 11 | - | 11 |
| Non-Installment | 1,572 | - | 1,572 |
| Corporate Credit Cards-FC | 8 | - | 8 |
| Installment | - | - | - |
| Non-Installment | 8 | - | 8 |
| Overdraft Account-TRY (Legal Entity) | - | - | - |
| Overdraft Account-FC (Legal Entity) | - | - | - |
| Total | 111,803 | 678,528 | 790,331 |

(*) Interest income accruals and rediscounts cannot be decomposed, therefore; interest income accruals and rediscounts of loans cannot be included in the above table.

e) Breakdown of loans by users:

Not presented in accordance with Article 25 Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

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**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**
I. EXPLANATIONS AND NOTES TO ASSETS (16) (cont'd)
5. Information related to loans: (cont'd)
f) Breakdown of domestic and international loans:

| | Current Period | Prior Period |
|--|----------------|--------------|
| Domestic loans | 17,292,170 | 16,874,825 |
| Foreign loans | 47,724 | 45,001 |
| Interest Income Accruals and Rediscounts | 430,095 | 390,350 |
| Total | 17,769,989 | 17,310,176 |

g) Loans granted to subsidiaries and investments:

| | Current Period | Prior Period |
|--|----------------|--------------|
| Direct loans granted to subsidiaries and investments | 49,428 | 63,038 |
| Indirect loans granted to subsidiaries and investments | - | - |
| Total | 49,428 | 63,038 |

(*) Interest Income Accruals and Rediscounts are not included into the table.

ğ) Specific provisions provided against loans:

| | Current Period | Prior Period |
|--|----------------|--------------|
| Loans and receivables with limited collectibility | 85,922 | 73,607 |
| Loans and receivables with doubtful collectibility | 35,381 | 34,268 |
| Uncollectible loans and receivables | 145,615 | 150,653 |
| Total | 266,918 | 258,528 |

h) Information on non-performing loans (Net):
**1) Information on loans and other receivables included in restructured or
rescheduled non-performing loans:**

| | III. Group | IV. Group | V. Group |
|--|--|---|---|
| | Loans and receivables with limited collectibility | Loans and receivables with doubtful collectibility | Uncollectible loans and receivables |
| Current period | 4,018 | 1,945 | 6,478 |
| (Gross amounts before the specific provisions) | - | - | - |
| Loans and other receivables which are restructured | 2,608 | 1,696 | 5,941 |
| Rescheduled loans and other receivables | 1,410 | 249 | 537 |
| Prior period | 4,185 | 1,925 | 5,603 |
| (Gross amounts before the specific provisions) | - | - | - |
| Loans and other receivables which are restructured | 2,230 | 1,925 | 4,422 |
| Rescheduled loans and other receivables | 1,955 | - | 1,181 |

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

I. EXPLANATIONS AND NOTES TO ASSETS (16) (cont'd)

5. Information related to loans: (cont'd)

h) Information on non-performing loans (Net): (cont'd)

2) Information on the movement of non-performing loans:

| | III. Group | IV. Group | V. Group |
|---|---|--|--|
| | Loans and receivables with limited collectibility | Loans and receivables with doubtful collectibility | Uncollectible loans and receivables |
| Prior period end balance | 93,940 | 37,520 | 188,293 |
| Additions (+) | 54,201 | 1,652 | 3,634 |
| Transfers from other categories of loans under follow-up (+) | - | 4,384 | 3,509 |
| Transfers to other categories of loans under follow-up (-) | 5,478 | 1,619 | - |
| Collections (-) (*) | 31,059 | 3,221 | 12,678 |
| Write-offs (-) | - | - | - |
| Current period end balance | 111,604 | 38,716 | 182,758 |
| Specific provision (-) | 85,922 | 35,381 | 145,615 |
| Net Balance on balance sheet | 25,682 | 3,335 | 37,143 |

**3) Information on foreign currency non-performing loans and other
receivables:**

| | III. Group | IV. Group | V. Group |
|------------------------------|---|---|--|
| | Loans and receivables with limited collectibility | Loans and receivables with doubtful collectibility | Uncollectible loans and receivables |
| Current Period: | | | |
| Period end balance | 30 | 3,365 | 4,858 |
| Specific provision (-) | 30 | 3,365 | 4,858 |
| Net Balance on balance sheet | - | - | - |
| Prior Period: | | | |
| Period end balance | 43 | 3,414 | 4,973 |
| Specific Provision (-) | 43 | 3,414 | 4,973 |
| Net Balance on balance sheet | - | - | - |

1) Information on liquidating policy of uncollectible loans and other receivables:

Not presented in accordance with Article 25 Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

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**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

I. EXPLANATIONS AND NOTES TO ASSETS (16) (cont'd)

6. Information on held-to-maturity securities:

**a) Information on comparative net values of held-to-maturity investments
subject to repo transactions and given as a collateral/blocked:**

a.1) Investment Securities held-to-maturity subject to repo transactions:

| | Current Period | | Prior Period | |
|--------------------------------------|----------------|-----|--------------|----|
| | TRY | TRY | TRY | YP |
| Government Bonds | 593,767 | - | 967,833 | - |
| Treasury Bills | - | - | - | - |
| Other public sector debt securities | - | - | - | - |
| Bank bonds and bank guaranteed bonds | - | - | - | - |
| Asset backed securities | - | - | - | - |
| Other | - | - | - | - |
| Total | 593,767 | - | 967,833 | - |

a.2) Investment securities held-to-maturity given as a collateral or blocked:

| | Current Period | | Prior Period | |
|---|----------------|---------|--------------|---------|
| | TRY | TRY | TRY | YP |
| Bills | - | - | - | - |
| Bonds and similar investment securities | 3,141,990 | 554,292 | 3,149,269 | 569,233 |
| Other | - | - | - | - |
| Total | 3,141,990 | 554,292 | 3,149,269 | 569,233 |

b) Information on held-to-maturity public sector debit notes:

| | Current Period | Prior Period |
|-------------------------------------|----------------|--------------|
| Government Bonds | 16,156,200 | 17,056,497 |
| Treasury Bills | - | - |
| Other public sector debt securities | - | - |
| Total | 16,156,200 | 17,056,497 |

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**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)****I. EXPLANATIONS AND NOTES TO ASSETS (16) (cont'd)****6. Information on held-to-maturity securities (cont'd)****c) Information on held-to-maturity securities**

| | Current Period | Prior Period |
|----------------------------|----------------|--------------|
| Debt securities | 16,159,439 | 17,059,676 |
| Quoted in a stock exchange | - | - |
| Not quoted | 16,159,439 | 17,059,676 |
| Impairment provision (-) | - | - |
| Total | 16,159,439 | 17,059,676 |

ç) Movements of held-to-maturity securities:

| | Current Period | Prior Period |
|---|----------------|--------------|
| Beginning Balance | 17,059,676 | 21,867,056 |
| Foreign currency differences on monetary assets | (10,639) | 206,978 |
| Purchases during year | - | 83,138 |
| Disposals through sales and redemptions | (889,598) | (5,097,496) |
| Impairment provision (-) | - | - |
| Period end balance | 16,159,439 | 17,059,676 |

Ziraat Bank is given domestic government bonds as of 2004 as to make payments to customers of Türkiye İmar Bankası T.A.Ş. (its authorization for performing banking transactions and accepting deposits is annulled) having deposit accounts in savings, commercial and other institutions in accordance with the agreement signed between Turkish Treasury, Central Bank of the Republic of Turkey, Saving Deposits Insurance Fund, and T.C. Ziraat Bankası A.Ş. regarding the customer payments of Türkiye İmar Bankası T.A.Ş. included in securities held to maturity portfolio on 7 January 2004. Nature and maturity dates of these domestic government bonds below are determined by the Turkish Treasury and they are in line with the customer payment dates.

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**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

I. EXPLANATIONS AND NOTES TO ASSETS (16) (cont'd)

6. Information on held-to-maturity securities (cont'd):

Maturity dates of the securities transferred by the Turkish Treasury in consideration of payments made to İmar Bank customers for the period January 2004 - December 2004 are shown below:

| 3 Months Maturity TRB190404T19 NOM | 12 Months Maturity TRT170105T13 | 18 Months Maturity TRT180705T16 | 24 Months Maturity TRT160106T13 | 30 Months Maturity TRT170706T16 | 36 Months Maturity TRT150107T13 |
|--|---------------------------------------|------------------------------------|---------------------------------------|------------------------------------|------------------------------------|
| 748,422 | 988,928 | 868,603 | 843,795 | 890,317 | 846,249 |

Maturity dates of the securities transferred by the Turkish Treasury in consideration of payments made to İmar Bank customers for the period January 2005 - December 2005 are shown below:

| | 3 Months Maturity TRB190404T19 NOM | 12 Months Maturity TRT170105T13 | 18 Months Maturity TRT180705T16 | 24 Months Maturity TRT160106T13 | 30 Months Maturity TRT170706T16 | 36 Months Maturity TRT150107T13 |
|------------|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| 05.04.2005 | 483 | 673 | 622 | 802 | 1,204 | 704 |
| 20.05.2005 | 65 | 72 | 59 | 113 | 274 | 69 |
| 22.07.2005 | 64 | 98 | 75 | 75 | 56 | - |
| 06.10.2005 | 110 | 155 | 186 | 154 | 274 | 204 |
| 16.11.2005 | 63 | 69 | 92 | 125 | 63 | - |
| 20.12.2005 | 44 | 69 | 71 | 84 | 19 | - |
| Total | 829 | 1,136 | 1,105 | 1,353 | 1,890 | 977 |

Maturity dates of the securities transferred by the Turkish Treasury in consideration of payments made to İmar Bank customers for the period January 2006 - December 2006 are shown below:

| | 3 Months Maturity TRB190404T19 NOM | 12 Months Maturity TRT170105T13 | 18 Months Maturity TRT180705T16 | 24 Months Maturity TRT160106T13 | 30 Months Maturity TRT170706T16 | 36 Months Maturity TRT150107T13 |
|------------|---|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| 04.01.2006 | 8,803 | 14,159 | 14,548 | 13,976 | 13,838 | 16,020 |
| 24.02.2006 | 52 | 80 | 133 | 214 | 215 | 56 |
| 16.03.2006 | 91 | 129 | 154 | 107 | 1 | - |
| 26.04.2006 | 4 | - | 6 | - | - | - |
| 26.05.2006 | 10 | 20 | 4 | - | - | - |
| 01.09.2006 | 25,216 | 40,987 | 45,121 | 52,038 | 85,165 | 229,549 |
| 29.09.2006 | 116 | 161 | 110 | 172 | 291 | 362 |
| 01.12.2006 | 21,144 | 25,124 | 15,000 | 12,522 | 31,538 | 5,592 |
| Total | 55,436 | 80,660 | 75,076 | 79,029 | 131,048 | 251,579 |

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**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

I. EXPLANATIONS AND NOTES TO ASSETS (16) (cont'd)

6. Information on held-to-maturity securities: (cont'd)

Maturity dates of the securities transferred by the Turkish Treasury in consideration of payments made to İmar Bank customers for the period January 2004 - December 2004 and total amounts of cash transfer by the Saving Deposits Insurance Fund with their maturities are shown below:

| Portfolio | Definition | Nominal Value | Cost |
|-------------------------------|--------------|---------------|-----------|
| Available for Sale Investment | TRT130707T19 | 1,081,129 | 1,081,200 |
| Held-to-Maturity Investment | TRB190404T19 | 804,687 | 804,687 |
| Held-to-Maturity Investment | TRT170105T13 | 1,070,724 | 1,070,724 |
| Held-to-Maturity Investment | TRT180705T16 | 944,784 | 944,784 |
| Held-to-Maturity Investment | TRT160106T13 | 924,177 | 924,177 |
| Held-to-Maturity Investment | TRT170706T16 | 1,023,255 | 1,023,255 |
| Held-to-Maturity Investment | TRT150107T13 | 1,098,805 | 1,098,805 |
| Total | | 6,947,561 | 6,947,632 |

Based on the statement of Banking Regulation and Supervision Agency (BRSA), since the related deposit accounts and expense and income rediscounts for securities in held-to-maturity securities in consideration of those accounts are equal; those are not included in the Bank's accounts.

The government bonds transferred by Turkish Treasury in replace of payments to depositors of İmar Bank and accounted in held to maturity portfolio of the Bank are matured as of January 2007.

7. The Information about unconsolidated subsidiaries:

a) The information about the unconsolidated associates in accordance with the Communiqué on "Preparing of Consolidated Financial Statements Attributable to Banks" and the related Turkish Accounting Standards, if any, and the reasons for not consolidating:

The Bank does not prepare consolidated financial statements in accordance with the following provision of the paragraph 5 (Requirement for Preparing Consolidated Financial Statements) of Article 5 of the Communiqué on "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette No: 26340 on 8 November 2006: "If total assets of an association subsidiary or entity under common control qualified as a loan or financial institution is less than 1% of the Parent Bank's total assets and if total of shares of an association subsidiary or entity under common control qualified as a loan or financial institution below that limit does not exceed 5% of of the Parent Bank's total assets, those associations may be excluded from consolidation considering the materiality principle".

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**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

7 a) The Information about unconsolidated subsidiaries: (cont'd)

| | Description | Address (City/ Country) | The Bank's share percentage, if different- voting percentage (%) | The Bank's risk group share percentage (%) |
|---|---|----------------------------|--|---|
| 1 | Arap Türk Bankası A.Ş. | İstanbul/TÜRKİYE | 9.09 | 15.00 |
| 2 | Bankalararası Kart Merkezi A.Ş. | İstanbul/TÜRKİYE | 12.50 | 17.98 |
| 3 | Kredi Kayıt Bürosu A.Ş. | İstanbul/TÜRKİYE | 10.00 | 9.09 |
| 4 | Bileşim A.Ş. | İstanbul/TÜRKİYE | 66.67 | 32.50 |
| 5 | Fintek Finansal Teknoloji Hizmetleri A.Ş. | Ankara/TÜRKİYE | 62.50 | 31.80 |
| 6 | Gelişen İşletmeler Piyasaları A.Ş. | İstanbul/TÜRKİYE | 9.09 | 5.00 |
| 7 | Tasfiye Halinde Antalya Mepesan A.Ş. | Antalya/TÜRKİYE | 66.67 | 30.00 |

| | Total Assets | Shareholders' Equity | Total Fixed Assets | Interest Income | Income from marketable securities portfolio | Current Period Profit / Loss | Prior Period Profit / Loss | Fair value |
|---|-----------------|-------------------------|--------------------------|--------------------|---|---------------------------------------|-------------------------------------|------------|
| 1 | 372,818 | 86,688 | 20,970 | 32,038 | 20,205 | 5,006 | 4,821 | - |
| 2 | 11,749 | 9,637 | 3,847 | 829 | - | 2,193 | 624 | - |
| 3 | 15,779 | 13,269 | 1,862 | 659 | - | 1,258 | 1,322 | - |
| 4 | 10,306 | 6,957 | 1,088 | 98 | 16 | 2,532 | 466 | - |
| 5 | 6,389 | 2,909 | 75 | 60 | 30 | 48 | 73 | - |
| 6 | 5,441 | 5,416 | 5 | - | - | 441 | - | - |
| 7 | - | - | - | - | - | - | - | - |

- Since Antalya Mepesan is in settlement process, financial statement information cannot be given.
- Since subsidiaries are not traded in the stock market, fair value determination cannot be done.
- Information on Arap Türk Bankası A.Ş., Bankalararası Kart Merkezi A.Ş. ve Gelişen İşletmeler Piyasaları A.Ş. are provided from the 31 December 2006 financial statements of subsidiaries.
- By the decisions taken in the 29 May 2006 dated Extraordinary Meeting; "Banque du Bosphore" is started its settlement process, French Banking Authority (CECEI) abrogated the Bank's banking license as of 31 January 2007, and by the decision taken in the 8 February 2007 dated Extraordinary Meeting; the Bank's title was changed as "La Compagnie du Bosphore" and its banking activities are ceased.

b) The Information about consolidated subsidiaries:

Since the Bank does not consolidate its subsidiaries, consolidated financial statements are not prepared in accordance with the following provision of the paragraph 5 (Requirement for Preparing Consolidated Financial Statements) of Article 5 of the Communiqué on "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette No: 26340 on 8 November 2006.

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**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**
I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)
8. Information on Investment in Associates(Net):

a) The information about the unconsolidated subsidiaries in accordance with the Communiqué on “Preparing of Consolidated Financial Statements Attributable to Banks” and the related Turkish Accounting Standards, if any, and the reasons for not consolidating:

Since the Bank does not consolidate its subsidiaries, consolidated financial statements are not prepared in accordance with the following provision of the paragraph 5 (Requirement for Preparing Consolidated Financial Statements) of Article 5 of the Communiqué on “Preparation of Consolidated Financial Statements of Banks” published in the Official Gazette No: 26340 on 8 November 2006: “If total assets of an association subsidiary or entity under common control qualified as a loan or financial institution is less than 1% of the Parent Bank’s total assets and if total of shares of an association subsidiary or entity under common control qualified as a loan or financial institution below that limit does not exceed 5% of of the Parent Bank’s total assets, those associations may be excluded from consolidation considering the materiality principle”.

1) Information on unconsolidated Associates (Net):

| | Description | Address (City/ Country) | The Bank’s share percentage, if different-voting percentage (%) | The Bank’s risk group share percentage (%) |
|---|-------------------------------------|----------------------------|--|--|
| 1 | Ziraat Finansal Kiralama A.Ş. | İstanbul/TÜRKİYE | 100.00 | 50.00 |
| 2 | Ziraat Yatırım Menkul Değerler A.Ş. | İstanbul/TÜRKİYE | 100.00 | 62.00 |
| 3 | Ziraat Portföy Yönetimi A.Ş. | İstanbul/TÜRKİYE | 60.00 | 65.44 |
| 4 | Ziraat Bank International A.G. | Frankfurt/ALMANYA | 100.00 | 100.00 |
| 5 | Turkish Ziraat Bank Bosnia dd | Saraybosna/BOSNA HERSEK | 100.00 | 100.00 |
| 6 | Ziraat Bank (Moscow) CJSC | Moskova/RUSYA | 100.00 | 99.70 |
| 7 | Kazakhstan Ziraat Int.Bank | Alma-Atı/KAZAKİSTAN | 100.00 | 93.88 |

| | Total Assets | Shareholders’ Equity | Total Fixed Assets | Interest Income | Income from marketable securities portfolio | Current Period Profit / Loss | Prior Period Profit / Loss | Fair value |
|---|-----------------|-------------------------|--------------------------|--------------------|---|---------------------------------------|-------------------------------------|------------|
| 1 | 180,077 | 66,842 | 316 | 151 | - | 2,616 | 2,510 | - |
| 2 | 51,852 | 48,143 | 751 | 1,913 | 3,161 | 2,480 | 1,405 | - |
| 3 | 6,479 | 6,282 | 92 | 444 | 586 | 519 | 402 | - |
| 4 | 602,887 | 276,545 | 2,343 | 6,467 | 2,269 | 971 | 556 | - |
| 5 | 119,530 | 55,081 | 5,227 | 2,301 | 86 | 2,276 | 631 | - |
| 6 | 31,213 | 11,559 | 3,880 | 236 | 48 | -456 | -120 | - |
| 7 | 71,749 | 29,645 | - | 1,144 | 76 | 328 | 372 | - |

- Since associates are not traded in the stock market, fair value determination cannot be done.
- Income from marketable securities portfolio figures of Ziraat Yatırım Menkul Değerler A.Ş. ile Ziraat Portföy Yönetimi A.Ş. represent net trading income.
- Information on associates are provided from March 31, 2007 financial statements of subsidiaries. Prior period profit loss figures are obtained from March 31,2006 figures of subsidiaries.

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**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

I. EXPLANATIONS AND NOTES TO ASSETS(cont'd)

8. Information on Investment in Associates (Net) (cont'd):

b) Consolidated Information on Associates (Net):

Since the Bank does not consolidate its subsidiaries, consolidated financial statements are not prepared in accordance with the following provision of the paragraph 5 (Requirement for Preparing Consolidated Financial Statements) of Article 5 of the Communiqué on "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette No: 26340 on 8 November 2006.

9. a) Information on entities undercommon control:

| Entities under common control | Parent Bank's Portion | Group's Portion | Current Asset | Fixed Asset | Long term liability | Revenue | Expenditure |
|--|-----------------------|-----------------|---------------|-------------|---------------------|---------|-------------|
| TURKMEN –TURKISH JOINT STOCK COMMERCIAL BANK | 4,462 | 4,462 | 19,517 | 1,140 | 332 | 1,103 | 344 |
| UZBEKISTAN-TURKISH BANK | 4,323 | 4,323 | 23,452 | 6,074 | 9,592 | 942 | 428 |
| AZER TÜRK BANK ASC | 6,417 | 6,975 | 44,172 | 1,574 | 1,383 | 2,066 | 1,333 |
| Total | 15,202 | 15,760 | 87,141 | 8,788 | 11,307 | 4,111 | 2,105 |

- Financial figures of the subsidiaries above are obtained from March 31,2007 financial statements of subsidiaries.

b) Information on the reasons why unconsolidated entities under common control is not subject to consolidation and method of accounting of entity under common control in the Bank's unconsolidated financial statements:

Since the Bank does not consolidate its entities undercommon control in accordance with the following provision of the paragraph 5 (Requirement for Preparing Consolidated Financial Statements) of Article 5 of the Communiqué on "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette No: 26340 on 8 November 2006: "If total assets of an association subsidiary or an entity under common control qualified as a loan or financial institution is less than 1% of the Parent Bank's total assets and if total of shares of an association subsidiary or an entity under common control qualified as a loan or financial institution below that limit does not exceed 5% of of the Parent Bank's total assets, those associations may be excluded from consolidation considering the materiality principle".

The Bank recognizes its entities under common control at acquisition cost in its unconsolidated financial statements and reflects possible impairment loss amounts calculated at period-ends in its financial statements.

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**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

10. Information on finance lease receivables (Net):

None.

11. Information on derivative financial assets for hedging purposes:

None.

12. Information on tangible assets (Net):

Not presented in accordance with Article 25 Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

13. Information on intangible assets:

Not presented in accordance with Article 25 Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

14. Information on deferred tax assets, if any:

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit in accordance with the Turkish Accounting Standards (TAS 12) “Income Taxes”. In the computation of deferred tax, effective tax rates as of the balance sheet date are used in accordance with the current tax legislation.

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**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**
I. EXPLANATIONS AND NOTES TO ASSETS (16) (cont'd)
14. Informations on deferred tax assets, if any: (cont'd)

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Calculated deferred tax assets and deferred tax liabilities are offset in the financial statements.

Information on calculated deferred tax including deductible temporary differences, financial loss, tax deductibles and tax exemptions are shown below:

| | Current Period | Prior Period |
|---------------------------------|----------------|--------------|
| Deferred tax assets | 98,187 | 92,364 |
| Deferred tax liabilities | 5,344 | 5,059 |
| Net deferred tax assets | 92,843 | 87,305 |
| Net deferred tax income/expense | (11,301) | (88,251) |

| | Current Period | Prior Period |
|--|-----------------|-----------------|
| As of 1 January | 87,305 | 95,071 |
| Effect on Change in the Effective Tax Rate | - | (9,507) |
| Deferred Tax (Expense) / Income | (11,301) | (78,744) |
| Deferred Tax Expenses (Net) | (11,301) | (88,251) |
| Deferred Tax recognized Under Shareholders' Equity | 16,839 | 80,485 |
| Deferred Tax Assets | 92,843 | 87,305 |

15. Information on assets held for sale :

Not presented in accordance with Article 25 Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

16. Information on other assets:

- a) **Other assets which exceed 10% of the balance sheet total (excluding the off-balance sheet commitments) and breakdown of these which constitute at least 20% of grand total:**

Except for the off-balance sheet commitments, other asset items do not exceed 10% of the total balance sheet.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

II. EXPLANATIONS AND NOTES TO LIABILITIES (17)

1. a) Information on maturity structure of deposits/funds collected:

1) For deposit banks:

| Current Period | Demand | 7 day call accounts | Up to 1 month | 1-3 Months | 3-6 Months | 6 Months-1 Year | 1 Year and over | Accumulated Deposits | Total |
|---------------------------|-------------------|---------------------|------------------|-------------------|------------------|-----------------|------------------|----------------------|-------------------|
| Saving deposits | 2,391,144 | - | 3,668,853 | 22,651,945 | 1,989,251 | 328,774 | 195,242 | - | 31,225,209 |
| Foreign currency deposits | 2,766,474 | - | 3,307,600 | 3,090,732 | 847,099 | 6,772 | 2,574,382 | - | 12,593,059 |
| Residents in Turkey | 2,689,077 | - | 3,191,708 | 2,872,875 | 801,040 | 4,194 | 2,317,254 | - | 11,876,148 |
| Residents abroad | 77,397 | - | 115,892 | 217,857 | 46,059 | 2,578 | 257,128 | - | 716,911 |
| Public Sector Deposits | 3,939,105 | - | 621,357 | 1,851,584 | 37,424 | 951 | 42,452 | - | 6,492,873 |
| Commercial Inst. Deposits | 1,073,585 | - | 1,147,302 | 2,566,992 | 263,798 | 4,412 | 1,287 | - | 5,057,376 |
| Other Inst. Deposits | 1,018,035 | - | 695,697 | 3,091,006 | 545,757 | 411,446 | 6,809 | - | 5,768,750 |
| Precious Metals | - | - | - | - | - | - | - | - | - |
| Interbank deposits | 8,742 | - | 371,517 | 4,003 | - | - | - | - | 384,262 |
| TRCB | 3,086 | - | 3,313 | - | - | - | - | - | 6,399 |
| Domestic Banks | 3,946 | - | 339,361 | - | - | - | - | - | 343,307 |
| Foreign Banks | 1,703 | - | 28,843 | 4,003 | - | - | - | - | 34,549 |
| Participation Banks | - | - | - | - | - | - | - | - | - |
| Other | 7 | - | - | - | - | - | - | - | 7 |
| Accrued interest | - | - | - | - | - | - | - | - | 588,543 |
| Total | 11,197,085 | - | 9,812,326 | 33,256,262 | 3,683,329 | 752,355 | 2,820,172 | - | 62,110,072 |

(*) 588,543 thousand TRY of demand interest discount could not be decomposed.

| Prior Period | Demand | 7 day call accounts | Up to 1 month | 1-3 Months | 3-6 Months | 6 Months-1 Year | 1 Year and over | Accumulated Deposits | Accrued Interest | Total |
|---------------------------|-------------------|---------------------|------------------|-------------------|------------------|-----------------|------------------|----------------------|------------------|-------------------|
| Saving deposits | 2,399,477 | - | 3,230,930 | 20,928,344 | 1,963,372 | 235,974 | 1,328,782 | - | 329,058 | 30,415,937 |
| Foreign currency deposits | 2,640,004 | - | 3,310,759 | 2,965,923 | 843,387 | 27,375 | 2,606,833 | - | 52,651 | 12,446,932 |
| Residents in Turkey | 2,575,125 | - | 3,225,624 | 2,750,076 | 800,336 | 25,348 | 2,356,795 | - | - | 11,733,304 |
| Residents abroad | 64,879 | - | 85,135 | 215,847 | 43,051 | 2,027 | 250,038 | - | - | 660,977 |
| Public Sector Deposits | 4,077,339 | - | 372,506 | 1,701,095 | 31,048 | 698 | 1,883 | - | 20,615 | 6,205,184 |
| Commercial Inst. Deposits | 998,176 | - | 840,713 | 2,523,423 | 254,073 | 105,556 | 4,508 | - | 37,721 | 4,764,170 |
| Other Inst. Deposits | 1,438,990 | - | 425,720 | 3,073,489 | 483,077 | 64,381 | 32,877 | - | 62,418 | 5,580,952 |
| Precious Metals | - | - | - | - | - | - | - | - | - | - |
| Interbank deposits | 10,853 | - | 220,674 | 3,000 | 4,954 | - | - | - | 246 | 239,727 |
| TRCB | 6,766 | - | 6,357 | - | - | - | - | - | - | 13,123 |
| Domestic Banks | 2,215 | - | 182,416 | 3,000 | 1,000 | - | - | - | - | 188,631 |
| Foreign Banks | 1,862 | - | 31,901 | - | 3,954 | - | - | - | - | 37,717 |
| Participation Banks | 9 | - | - | - | - | - | - | - | - | 9 |
| Other | 1 | - | - | - | - | - | - | - | - | 1 |
| Total | 11,564,839 | - | 8,401,302 | 31,195,274 | 3,579,911 | 433,984 | 3,974,883 | - | 502,709 | 59,652,902 |

(*) 502,709 thousand TRY of demand interest discount is decomposed according to the types in the table.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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**SECTION V : EXPLANATIONS AND NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

II. EXPLANATIONS AND NOTES TO LIABILITIES (17) (cont'd)

**b) Information on Saving Deposits/Special Current and Participation Accounts
in the scope of Saving Deposits Insurance Fund:**

1) Amounts exceeding the insurance limit:

**i) Saving deposits under the guarantee of deposit insurance and exceeding the
insurance limit**

| Saving Deposits | Under the Guarantee of Deposit Insurance | | Exceeding Insurance Limit | |
|--|--|--------------|---------------------------|--------------|
| | Current Period | Prior Period | Current Period | Prior Period |
| Saving Deposits | 20,528,722 | 20,025,273 | 10,919,049 | 9,164,179 |
| Foreign Currency Saving Deposits | 6,707,195 | 6,637,945 | 3,320,749 | 3,159,108 |
| Other Deposits in the form of Saving Deposits | - | - | - | - |
| Deposits at foreign branches and under the guarantees subject to foreign authority insurance | 131,930 | 154,569 | 68,485 | 69,545 |
| Deposits at off-shore banking regions' and under foreign authorities' insurance | - | - | - | - |

Based on the Council of Minister's decree No: 2003/6668 on 29 December 2003 , TRY 10,041 Thousand of new time and demand deposits is not included in the above calculation, since the Bank paid the saving deposit amount attributable to, T.İmar Bank T.A.Ş.

Savings Deposit Insurance Fund premiums are calculated based on deposit amount attributable to real persons in domestic branches of the banks. As saving deposit total of interest discount and capital amount up to TRY 50 Thousand attributable to a real person is covered by the insurance, TRY 410,744 Thousand of accrual amount is included in the above-mentioned figures in accordance with the Communiqué on "Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund" published in the Official Gazette No: 26339 on 07.11.2006.

2) Information on saving deposits/real persons' private current and accession accounts not related to commercial transactions in a Turkish branch of the Bank whose head office is in abroad, and reasons if it is covered in where the head office is located:

The Bank's head office is located in Turkey.

3) Uncovered amounts:

i) Saving deposits not covered by the deposit insurance fund:

| | Current Period ¹ | Prior Period ² |
|---|-----------------------------|---------------------------|
| Saving Deposits at Foreign Branches | 163,068 | 168,588 |
| Saving Deposits at Off-shore Banking Regions' | - | - |

¹ 158,628 Thousand TRY of the saving deposit portion in the Off-shore Banking Regions belongs to the New York Branch, and discount amount is included in the above table.

² TRY 154,171 Thousand of the prior period portion belongs to the New York Branch.

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**SECTION V: EXPLANATIONS AND NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

II. EXPLANATIONS AND NOTES TO LIABILITIES (17) (cont'd)

2. Information on Derivative Financial Liabilities Held For Trading:

a) Negative differences table related to the derivative financial liabilities held-for-trading:

None.

3. a) Information on Banks and Other Financial Institutions:

| | Current Period | | Prior Period | |
|---------------------------------------|----------------|-------|--------------|-------|
| | TRY | FC | TRY | FC |
| Borrowings from TRCB | - | - | - | - |
| Domestic Banks and Institutions | 9,669 | 2,332 | 11,076 | 2,174 |
| Foreign Banks, Institutions and Funds | - | 688 | - | 680 |
| Loan interest discount used | - | - | 670 | 39 |
| Total | 9,669 | 3,020 | 11,746 | 2,893 |

b) Maturity structure of funds borrowed:

| | Current Period | | Prior Period | |
|-----------------------------|----------------|-------|--------------|-------|
| | TRY | FC | TRY | FC |
| Short-Term | 9,182 | 2,194 | 10,589 | 2,174 |
| Medium and Long-Term | 487 | 826 | 487 | 680 |
| Loan interest discount used | - | - | 670 | 39 |
| Total | 9,669 | 3,020 | 11,746 | 2,893 |

c) Further information is disclosed on the areas of liability concentrations. Main liability concentration areas are fund suppliers, sector groups or other risk concentration criteria:

Not presented in accordance with Article 25 Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

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**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)****II. EXPLANATIONS AND NOTES TO LIABILITIES (17) (cont'd)****4. If other liabilities exceed 10% of the balance sheet total, name and amount of sub-accounts constituting 20% of the balance sheet total:**

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

5. Information on Finance Lease Payables (Net):

In financial leases, rental installments are determined by the cost of the leasehold good, interest rate for commercial loans and maturity of the agreement. Installment amounts stated in agreements are paid in equal installments. The Bank has no significant liabilities under the scope of these agreements.

For financial leasing agreements; total of cost, VAT, and other expenses were classified as capital. As of 20 September 2005, VAT accrual from the goods received from the supplier by Ziraat Financial Leasing A.Ş., VAT accrual from the leasing transaction by the related company, and certification fee related to all agreements are paid in advance.

Information on Finance Lease Payables:

| | Current Period | | Prior Period | |
|-------------------|----------------|-------|--------------|-------|
| | Gross | Net | Gross | Net |
| Less than 1 Year | 1,183 | 1,149 | 1,923 | 1,895 |
| Between 1-4 Years | 2,259 | 2,202 | 2,357 | 2,260 |
| More than 4 Years | 82 | 79 | 1,784 | 1,784 |
| Total | 3,524 | 3,430 | 6,064 | 5,939 |

6. Information on Derivative Financial Liabilities for hedging purposes:

a) There are no negative differences associated with the derivative financial liabilities for hedging purposes.

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(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**
II. EXPLANATIONS AND NOTES TO LIABILITIES (17) (cont'd)
7. Explanations on Provisions:
a) Information on General Loan Provisions:

| | Current Period | Prior Period |
|---|----------------|--------------|
| General Loans | 132,281 | 108,131 |
| Allocated for Group- I Loans and Receivables | 85,577 | 77,510 |
| Allocated for Group- II Loans and Receivables | 716 | 741 |
| Allocated for non-cash loans | 3,906 | 3,955 |
| Other | 42,082 | 25,925 |

b) There are no foreign exchange loss provisions on the foreign currency indexed loans and finance lease receivable.

c) Specific provisions for un-indemnified non-cash loans:

Specific provisions for unidentified non-cash loans amount to TRY 654 Thousand.

ç) Information on Other Provisions:
1) Information on free provisions for possible risks:

| | Current Period | Prior Period |
|------------------------------------|----------------|--------------|
| Free provisions for possible risks | 364,759 | 348,627 |

Based on the decision made in the Bank's Assets and Liabilities Committee, .TRY 359,097 Thousand of free provision portion allocated for various risks in the current period includes an additional provision amount since total of general loan provision is determined as 3%, except for the accretion credits and the fund sourced credits.

2) The names and amounts of sub-accounts of other provisions exceeding 10% of the total provision amount:

The Bank recognizes TRY 415,639 Thousand of other provision amount consisting of TRY 640 Thousand of uncollected non-cash loans, TRY 5,500 Thousand of cash transactions made by the clerk, TRY 359,097 Thousand of provision due to the decision made by the Assets and Liabilities Committee, TRY 50,153 Thousand of payment dues and TRY 249 Thousand of other amounts in the balance sheet.

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**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)****II. EXPLANATIONS AND NOTES TO LIABILITIES (17) (cont'd)****7. Explanations on Provisions: (cont'd)****d) Vacation and retirement pay obligations:**

The Bank accounts for its vacation and retirement pay liabilities in accordance with the Turkish Accounting Standards No: 19 "Employee Benefits". The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation.

Movement table of the retirement pay:

| | Current Period | Prior Period |
|------------------------|----------------|----------------|
| As of 1 January | 322,221 | 288,182 |
| Charged for the period | (4,548) | (33,154) |
| Period expense | 21,728 | 67,193 |
| Total | 339,401 | 322,221 |

As of March 31, 2007, TRY 74,300 Thousand of total vacation liability is recognized in the "Employee Benefits Provision" account in the financial statements.

8. Information on tax liability:**a) Information on current tax liability:****1) Information on tax provisions:**

As of March 31, 2007, tax liability amount after deducting temporary taxes paid for the period is TRY 158,091 Thousand (2006: TRY 226,371 Thousand).

2) Information on payable taxes:

| | Current Period | Prior Period |
|--|----------------|----------------|
| Corporate tax payable | - | - |
| Taxation of securities | 86,850 | 90,995 |
| Property tax | 201 | 226 |
| Banking Insurance Transaction Tax (BITT) | 16,908 | 15,788 |
| Foreign Exchange Tax | 384 | 603 |
| Value added tax payable | 341 | 686 |
| Other | 7,858 | 18,880 |
| Total | 112,542 | 127,178 |

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)****II. EXPLANATIONS AND NOTES TO LIABILITIES (17) (cont'd)****8. Information on tax liability: (cont'd)****3) Information on premiums:**

| | Current Period | Prior Period |
|--|----------------|--------------|
| Social Security Premiums – Employee | 15 | 15 |
| Social Security Premiums – Employer | 25 | 25 |
| Bank Social Aid Pension Fund Premium-Employee | 19 | 31 |
| Bank Social Aid Pension Fund Premium Employer | 27 | 41 |
| Pension Fund Membership Fees and Provisions – Employee | 1 | 3 |
| Pension Fund Membership Fees and Provisions – Employer | 3 | 4 |
| Unemployment Insurance – Employee | 44 | 45 |
| Unemployment Insurance – Employer | 86 | 88 |
| Other | 37 | 11 |
| Total | 257 | 263 |

b) Information on deferred tax liabilities, if any:

As of March 31, 2007, the Bank's deferred tax liability amounts to TRY 5,344 Thousand, however; this amount is offset against the deferred tax asset and subsequently TRY 92,843 Thousand of deferred tax asset is recognized in the financial statements.

9. Information on liabilities regarding assets held for sale:

Not presented in accordance with Article 25 Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

10. Details on the number, maturity, interest rate, borrowing institution, conversion option attributable to the Bank's Tier –II Capitals, if any:**a) Information on the Bank's Tier-II Capital Loans:**

Not presented in accordance with Article 25 Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

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**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

II. EXPLANATIONS AND NOTES TO LIABILITIES (17) (cont'd)

11. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

| | Current Period | Prior Period |
|-----------------|----------------|--------------|
| Common stock | 2,500,000 | 2,221,978 |
| Preferred stock | - | - |

Upon the decision taken in the Bank's Extraordinary General Committee Meeting held on 30 May 2006 and the BRSA's written statement No: 1078 on 26 January 2007, all unpaid-in capital is paid and classified as paid-in as of February 8, 2007.

b) Paid-in capital amount, explanation as to whether the registered share capital system is ceiling applicable of bank if so amount of registered share capital:

The Bank does not have a registered share capital system.

c) Information on share capital increases and their sources; other information on increased capital shares in the current period:

| Date of capital increase | Amount of capital increase | Cash | Profit reserves subject to capital increase | Capital reserves subject to capital increase |
|--------------------------|----------------------------|------|---|--|
| 08.02.2007 | 278,022 | - | 278,022 | - |

ç) Information on share capital increases from revaluations fund:

There is no increase from revaluation fund.

d) Capital commitments in the last fiscal year and at the end of the following interim period, general purpose of these commitments and estimated resources required for these commitments:

In accordance with the decision made in the Extraordinary General Committee Meeting held on 30 May 2006, net dividend amount accrued from the 2005 operating profit in favor of the Treasury is decided to be offset against the Bank's un-paid capital and The remaining amount will be deposited to the Treasury. In this context, TRY 278,022 Thousand is not transferred to the Treasury and retained in the Bank accounts and based on the BRSA's written statement No: 1078 on 26 January 2007, all unpaid-in capital is paid and classified as paid-in as of February 8, 2007.

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**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**
II. EXPLANATIONS AND NOTES TO LIABILITIES (17) (cont'd)
11. Information on Shareholders' Equity (cont'd):

e) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

The Bank continues its current period operations similar with the previous periods. In accordance with the decision made in the Extraordinary General Committee Meeting held on 30 May 2006, net dividend amount accrued from the 2005 operating profit in favor of the Treasury is decided to be offset against the Bank's un-paid capital and The remaining amount will be deposited to the Treasury. In this context, TRY 278,022 Thousand is not transferred to the Treasury and retained in the Bank accounts and based on the BRSA's written statement No: 1078 on 26 January 2007, all unpaid-in capital is paid and classified as paid-in as of February 8,2007.

f) Preferred Shares:

The Bank has no preferred shares.

g) Information on Marketable Securities Value Increase Fund:

| | Current Period | | Prior Period | |
|---|----------------|--------|--------------|--------|
| | TRY | FC | TRY | FC |
| From Subsidiaries, Associates and Entities under common control | - | - | - | - |
| Valuation difference | (30,280) | 35,059 | 27,859 | 48,995 |
| Foreign exchange difference | - | - | - | - |
| Total | (30,280) | 35,059 | 27,859 | 48,995 |

12. Information on minority interests:

In accordance with the BRSA's Communiqué on the "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette No: 26340 on November 8, 2006, the Bank does not prepare consolidated financial statements; therefore there is no information disclosed on minority interests.

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**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

**III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET
COMMITMENTS AND CONTINGENCIES (18)**

1. Information On Off-Balance Sheet Liabilities:

a) Nature and amount of irrevocable loan commitments:

| | Current Period | Prior Period |
|--|----------------|--------------|
| Payment Commitments for Cheques | 652,003 | 654,645 |
| Forward Asset Purchase Commitments | 29,720 | 37,222 |
| Commitments for credit card expenditure limits | 699,519 | 699,587 |
| Loan Granting Commitments | 67,406 | 75,918 |
| Other Irrevocable Commitments | 154,735 | 159,762 |
| Total | 1,603,383 | 1,627,134 |

**b) Nature and amount of probable losses and commitments arising from the
off-balance sheet items including the below mentioned:**

None.

**1) Non-cash loans including guarantees, acceptances, financial guarantees
and other letters of credits:**

| | Current Period | Prior Period |
|------------------|----------------|--------------|
| Guarantee Letter | 1,868,556 | 1,940,920 |
| Bank Acceptance | 3,011 | 5,351 |
| Letter of Credit | 284,399 | 311,519 |
| Total | 2,155,966 | 2,257,790 |

**2) Certain guarantees, tentative guarantees, surety ships and similar
transactions:**

| | Current Period | Prior Period |
|---|----------------|--------------|
| Bid bonds | 32,818 | 33,641 |
| Performance bonds | 901,841 | 960,737 |
| Letters of advance guarantees | 779,244 | 781,770 |
| Letters of guarantee given to customs offices | 7,902 | 11,330 |
| Other letters of guarantee | 146,751 | 153,442 |
| Total | 1,868,556 | 1,940,920 |

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**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

**III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET
COMMITMENTS AND CONTINGENCIES (18) (cont'd)**

c) 1) Total Non-cash Loans:

| | Current Period | Prior Period |
|---|----------------|--------------|
| Non-cash loans for providing cash loans | 139,702 | 146,763 |
| Within one year or less original maturity | 65,670 | 72,263 |
| Within more than one year maturity | 74,032 | 74,500 |
| Other non-cash loans | 2,016,264 | 2,111,027 |
| Total | 2,155,966 | 2,257,790 |

2) Non cash loans risk intensity distribution based on sectors:

| | Current Period | | | | Prior Period | | | |
|----------------------------|----------------|--------|-----------|--------|--------------|--------|-----------|--------|
| | TRY | (%) | TRY | (%) | TRY | (%) | TRY | (%) |
| Agriculture | - | - | - | - | - | - | - | - |
| Farming and Raising | - | - | - | - | - | - | - | - |
| Forestry | - | - | - | - | - | - | - | - |
| Fishery | - | - | - | - | - | - | - | - |
| Industry | 213,211 | 36.15 | 883,246 | 56.39 | 274,830 | 42.12 | 1,120,110 | 69.77 |
| Mining and Quarry | 112,222 | 19.03 | 15,992 | 1.02 | 1,995 | 0.31 | 12,990 | 0.81 |
| Manufacturing | 99,543 | 16.88 | 809,481 | 51.68 | 101,862 | 15.61 | 1,050,807 | 65.45 |
| Electricity, Gas and Water | 1,446 | 0.25 | 57,773 | 3.69 | 170,973 | 26.20 | 56,313 | 3.51 |
| Construction | 41,615 | 7.06 | 58,574 | 3.74 | 44,575 | 6.83 | 60,632 | 3.78 |
| Service | 295,855 | 50.17 | 98,124 | 6.27 | 294,395 | 45.12 | 117,649 | 7.33 |
| Wholesale and Retail Trade | 117,485 | 19.92 | 5,676 | 0.36 | 101,965 | 15.63 | 8,666 | 0.54 |
| Hotel and Food Services | 2,486 | 0.42 | 89 | 0.01 | 2,568 | 0.39 | 17 | 0.00 |
| Transportation and | 22,603 | 3.83 | 11,910 | 0.76 | 20,027 | 3.07 | 19,886 | 1.24 |
| Financial Institutions | 100,995 | 17.12 | 78,109 | 4.99 | 114,920 | 17.61 | 84,616 | 5.28 |
| Real Estate and Leasing | 541 | 0.09 | - | 0.00 | 557 | 0.09 | 126 | 0.01 |
| Self-employment | 28,727 | 4.87 | 763 | 0.05 | 32,621 | 5.00 | 190 | 0.01 |
| Educational Services | 3,707 | 0.63 | 732 | 0.05 | 4,104 | 0.63 | 3,286 | 0.20 |
| Health and Social Services | 19,311 | 3.27 | 845 | 0.05 | 17,633 | 2.70 | 862 | 0.05 |
| Other | 39,080 | 6.63 | 526,261 | 33.60 | 38,636 | 5.93 | 306,963 | 19.12 |
| Total | 589,761 | 100.00 | 1,566,205 | 100.00 | 652,436 | 100.00 | 1,605,354 | 100.00 |

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**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

**III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET
COMMITMENTS AND CONTINGENCIES (18) (cont'd)**

3) Non-cash loans classified in Group I and II:

| | Group I | | Group II | |
|--|---------|-----------|----------|----|
| | TRY | FC | TRY | FC |
| Non-cash loans | 588,301 | 1,566,205 | 1,460 | - |
| Letters of Guarantee | 588,301 | 1,278,795 | 1,460 | - |
| Bill Guarantees and Acceptances | | 3,011 | - | - |
| Letters of Credit | | 284,399 | - | - |
| Endorsements | - | - | - | - |
| Purchase guarantees on marketable security underwritings | - | - | - | - |
| Factoring Guarantees | - | - | - | - |
| Other Guarantees and Surety ships | - | - | - | - |

2. Derivative financial instruments:

| | Current Period | Prior Period |
|--|----------------|--------------|
| Types of trading transactions | | |
| Foreign currency related derivative transactions (I) | 100,358 | 100,515 |
| Forward Foreign Currency Buy/Sell Transactions | 1,324 | 450 |
| Currency Buy/Sell Swap | 99,034 | 100,065 |
| Currency Futures | | - |
| Currency Put/Call Options | | - |
| Interest related derivative transactions (II) | | - |
| Interest Rate Contracts | | - |
| Interest Rate Buy/Sell Swap | | - |
| Interest Rate Put/Call Options | | - |
| Interest Rate Buy/Sell Futures | | - |
| Other trading derivative transactions (III) | | - |
| A. Total trading derivative transactions (I+II+III)) | 100,358 | 100,515 |
| Types of derivative transactions for hedging | | |
| Fair Value Fluctuations Hedging | | - |
| Cash flow Risk Hedging | | - |
| FC Investment in Associates Risk Hedging | | - |
| B.Total derivative transactions for hedging | | - |
| Total Derivative Transactions (A+B) | 100,358 | 100,515 |

The Bank has no derivative instruments for hedging purposes and as of the balance sheet date, information on the Bank's forward transactions is given below. There are no unrealized transactions (those are estimated in the prior period and recognized based on this assumption however; it is clear that those transactions would not be realized) or expense and income from agreements in the income statement in the current period.

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(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

**III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET
COMMITMENTS AND CONTINGENCIES (18) (cont'd)**

2. Derivative financial instruments: (cont'd)

| | ORIGINAL AMOUNT | FOREIGN EXCHANGE TYPE | TRY EQUIVALENT | VALUE DATE | DUE DATE |
|---------------------------------------|--------------------|--------------------------|-------------------|------------|------------|
| Foreign Exchange Purchase at maturity | 350,000 | DKK | 86 | 15.03.2007 | 18.06.2007 |
| | 40,000 | CHF | 45 | 29.03.2007 | 29.06.2007 |
| | 65,000 | EUR | 120 | 30.03.2007 | 03.04.2007 |
| | 21,000 | USD | 29 | 22.03.2007 | 24.04.2007 |
| | 16,300 | GBP | 44 | 13.02.2007 | 14.05.2007 |
| | 25,000 | GBP | 68 | 08.03.2007 | 11.06.2007 |
| | 100,000 | GBP | 270 | 29.03.2007 | 02.04.2007 |
| Foreign Exchange Sale at maturity | 15,709 | EUR | 29 | 22.03.2007 | 24.04.2007 |
| | 31,662 | USD | 44 | 13.02.2007 | 14.05.2007 |
| | 48,213 | USD | 67 | 08.03.2007 | 11.06.2007 |
| | 62,344 | USD | 86 | 15.03.2007 | 18.06.2007 |
| | 33,185 | USD | 46 | 29.03.2007 | 29.06.2007 |
| | 196,470 | USD | 271 | 29.03.2007 | 02.04.2007 |
| | 44,187 | GBP | 119 | 30.03.2007 | 03.04.2007 |
| Money Purchase Swap | 33,000,000 | DKK | 8,136 | 15.03.2007 | 18.06.2007 |
| | 6,000,000 | CHF | 6,780 | 29.03.2007 | 29.06.2007 |
| | 2,208,546 | EUR | 4,056 | 21.03.2007 | 20.04.2007 |
| | 150,179 | EUR | 276 | 30.03.2007 | 02.04.2007 |
| | 2,306,160 | USD | 3,184 | 05.03.2007 | 05.04.2007 |
| | 4,680,000 | USD | 6,461 | 22.03.2007 | 24.04.2007 |
| | 2,000,000 | USD | 2,761 | 22.03.2007 | 23.04.2007 |
| | 200,000 | USD | 276 | 30.03.2007 | 02.04.2007 |
| | 1,150,000 | GBP | 3,110 | 13.02.2007 | 14.05.2007 |
| | 1,200,000 | GBP | 3,245 | 05.03.2007 | 05.04.2007 |
| | 1,650,000 | GBP | 4,462 | 08.03.2007 | 11.06.2007 |
| | 1,500,000 | GBP | 4,057 | 21.03.2007 | 20.04.2007 |
| | 1,014,652 | GBP | 2,744 | 22.03.2007 | 23.04.2007 |
| Money Sale Swap | 2,208,399 | EUR | 4,056 | 21.03.2007 | 20.04.2007 |
| | 3,498,396 | EUR | 6,424 | 22.03.2007 | 24.04.2007 |
| | 150,128 | EUR | 276 | 30.03.2007 | 02.04.2007 |
| | 2,233,275 | USD | 3,083 | 13.02.2007 | 14.05.2007 |
| | 2,307,060 | USD | 3,185 | 05.03.2007 | 05.04.2007 |
| | 3,182,190 | USD | 4,393 | 08.03.2007 | 11.06.2007 |
| | 5,878,162 | USD | 8,115 | 15.03.2007 | 18.06.2007 |
| | 2,000,000 | USD | 2,761 | 22.03.2007 | 23.04.2007 |
| | 4,976,094 | USD | 6,869 | 29.03.2007 | 29.06.2007 |
| | 200,000 | USD | 276 | 30.03.2007 | 02.04.2007 |
| | 1,200,000 | GBP | 3,245 | 05.03.2007 | 05.04.2007 |
| | 1,500,000 | GBP | 4,057 | 21.03.2007 | 20.04.2007 |
| | 1,015,383 | GBP | 2,746 | 22.03.2007 | 23.04.2007 |

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2007**

(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

**III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET
COMMITMENTS AND CONTINGENCIES (18) (cont'd)**

3. Information on contingent liabilities and assets:

Provision is allocated for transactions with complete and accurate data that may have an effect on the financial structure of the Bank and otherwise, provision is provided based on the estimations.

The Bank's liability resulting from the cheques given to its customers amounts to TRY 652,003 Thousand and this amount is recognized under the off-balance sheet commitment accounts. If cheques that are paid to beneficiaries qualify as bad cheques, the Bank may have an obligation to pay up to TRY 410 for the portion of bad cheques amount..

Since the Bank has no centralized database for respective lawsuits, summary on the number and amount of those lawsuits cannot be obtained from the data processing system. There are no material issues affecting the financial statement items as a result of the work done by the Bank for lawsuits amounting TRY 100 Thousand or more.

As of the balance sheet date, there are no probable contingent liabilities resulting from past events whose amount can be reliably measured.

4. Services supplied on behalf of others:

Explanation about services supplied on behalf of others is disclosed in the IX.1 footnote of Section Four.

IV. EXPLANATIONS RELATED TO INCOME STATEMENT (19)

1. a) Information on interest income on loans:

| | Group I | | Group II | |
|---|---------|-------|----------|----|
| | TRY | FC | TRY | FC |
| Interest on Loans | 676,399 | 7,456 | - | - |
| Short term loans | 280,237 | 3,968 | - | - |
| Medium and long term loans | 383,381 | 3,488 | - | - |
| Interest on non-performing loans | 12,781 | - | - | - |
| Premiums from Resource Utilization Support Fund | - | - | - | - |

(*) Interest income on Group II cannot be decomposed.

b) Information on interest received from banks:

| | Current Period . | | Prior Period | |
|--------------------------------------|------------------|--------|--------------|--------|
| | TRY | FC | TRY | FC |
| Central Bank of the Turkish Republic | | 1 | | |
| Domestic Banks | 7,777 | 175 | 2,280 | 1,839 |
| Foreign Banks | 18,007 | 25,720 | 3,658 | 24,413 |
| Head office and Branches | | | | |
| Total | 25,784 | 25,896 | 5,938 | 26,252 |

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2007**

(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**
IV. EXPLANATIONS RELATED TO INCOME STATEMENT (19) (cont'd)
1. c) Information on interest income on marketable securities:

Not presented in accordance with Article 25 Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

ç) Interest income from subsidiaries and associates:

| | Current Period | Prior Period |
|--|----------------|--------------|
| Interest income from subsidiaries and associates | 791 | 167 |

2. a) Information on interest expense on borrowings:

| | Current Period | | Prior Period | |
|--------------------------------------|----------------|----|--------------|----|
| | TRY | FC | TRY | FC |
| Banks | 759 | 62 | 334 | 22 |
| Central Bank of the Turkish Republic | - | - | - | - |
| Domestic Banks | 759 | 36 | 334 | 16 |
| Foreign Banks | - | 13 | - | 6 |
| Head office and Branches | - | 13 | - | - |
| Other Institutions | - | - | 4 | - |
| Total | 759 | 62 | 338 | 22 |

b) Interest expenses to subsidiaries and associates:

| | Current Period | Prior Period |
|--|----------------|--------------|
| Interest expenses to subsidiaries and associates | 66 | 129 |

c) Information on interest on securities issued:

Not presented in accordance with Article 25 Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

ç) 1) Maturity structure of interest expense on deposits:

Not presented in accordance with Article 25 Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

3. Information on dividend income:

Not presented in accordance with Article 25 Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2007**

(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

IV. EXPLANATIONS RELATED TO INCOME STATEMENT (19) (cont'd)

4. Information on trading profit/loss (Net):

| | Current Period | Prior Period |
|--|----------------|--------------|
| Profit | 73,000 | 64,842 |
| Profit from the Capital Market Operations | 18,052 | 24,277 |
| Profit on derivative financial instruments | - | - |
| Other | 18,052 | 24,277 |
| Foreign Exchange Gains | 54,948 | 40,565 |
| Loss (-) | 41,125 | 40,498 |
| Loss from the Capital Market Operations | 281 | 3,635 |
| Loss on derivative financial instruments | - | 3,241 |
| Other | 281 | 394 |
| Foreign Exchange Gains | 40,844 | 36,863 |

5. Information on other operating income:

Information on factors covering the recent developments and has significant effect on the Bank's income, and the extent of effect on income:

There are no significant matters covering the recent developments and has significant effect on the Bank's income. Majority of the Bank's other operating income consists of reversals from prior period provisions and various service income collected from customers.

6. a) Provision expenses of banks for loans and other receivables:

| | Current Period | Prior Period |
|---|----------------|--------------|
| Specific provisions for loans and other receivables | 32,246 | 21,265 |
| III. Group | 30,080 | 20,802 |
| IV. Group | 1,540 | 219 |
| V. Group | 626 | 244 |
| General provision expenses | 30,504 | 2,500 |
| Provision expenses for possible losses | 20,983 | 22,419 |
| Marketable securities impairment expense | 1,962 | 187 |
| Trading securities | 807 | 187 |
| Investment securities available for sale | 1,155 | - |
| Impairment provision expense (*) | 440 | 3,122 |
| Investment and Associates | - | 40 |
| Subsidiaries | 440 | 3,082 |
| Entities under common control | - | - |
| Investment securities held to maturity | - | - |
| Other | 12 | 10 |
| Total | 86,147 | 49,503 |

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2007**

(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

IV. EXPLANATIONS RELATED TO INCOME STATEMENT (19) (cont'd)

7. a) Information on other operating expenses:

| | Current Period | Prior Period |
|---|----------------|--------------|
| Personnel expenses | 195,368 | 182,128 |
| Reserve for employee termination benefits | 17,180 | 10,217 |
| Bank social aid provision fund deficit provision | - | - |
| Fixed assets impairment expense | - | - |
| Depreciation expenses of fixed assets | 10,972 | 10,488 |
| Intangible assets impairment expense | - | - |
| Goodwill impairment expense | - | - |
| Amortization expenses of intangible assets | 344 | 265 |
| Impairment expense for equity shares subject to the equity method | - | - |
| Impairment expense for investment securities that will be disposed of | - | - |
| Amortization expenses of investment securities that will be disposed of | - | - |
| Impairment expense for property and equipment held for sale purposes | - | - |
| Other operating expenses | 51,479 | 44,208 |
| Operational leasing expenses | 4,948 | 17 |
| Maintenance expenses | 6,950 | 4,646 |
| Advertisement expenses | 959 | 425 |
| Other expenses | 38,622 | 39,120 |
| Loss on sales of assets | 3,913 | 1,578 |
| Other | 81,739 | 129,486 |
| Total | 360,995 | 378,370 |

8. Information on profit/loss before tax:

Not presented in accordance with Article 25 Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2007**

(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**

IV. EXPLANATIONS RELATED TO INCOME STATEMENT (19) (cont'd)

9. Information on income tax provisions :

As of March 31, 2007, the Bank's income tax provision amounting to TRY 171,236 Thousand consists of TRY 159,935 Thousand of current tax charge and TRY 11,301 Thousand of deferred tax charge.

10. Information on net operating income/expense after tax:

Not presented in accordance with Article 25 Communiqué on "Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures".

11. Information on net profit/loss:

a) Nature, amount and frequency of income and expenses arising from ordinary banking activities, if required for the understanding the performance of the Bank in the current period:

The Bank, mainly utilizes its resources from domestic deposits on loans, securities and interbank operations. Besides, it obtains income via commissions taken from non-cash loans, other banking operations and insurance agencies.

b) The effect of the change in accounting estimates to the net profit/loss; including the effects to the future period, if any:

As of the balance sheet date, there is no possible effect of a change made to the financial statement items in accounting estimates for future periods.

c) Information on profit/loss attributable to minority interests:

None.

12. If other items in the income statement exceed 10% of the income statement total, sub-accounts amounting to at least 20% of these items are shown below:

Other items do not exceed 10% of the total income statement.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2007**

(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)**
V. EXPLANATION RELATED TO THE RISK GROUP OF THE BANK (22)
**(1) Volume of related party transactions, income and expense amounts involved
and outstanding loan and deposit balances:**
a) Current Period:

| Risk Group | Subsidiaries, Associates and Entities under common control | | Direct or Indirect Shareholders of the bank | | Other Real and Legal Persons in the Risk Group | |
|------------------------------------|--|----------|--|----------|---|----------|
| | Cash | Non-cash | Cash | Non-cash | Cash | Non-cash |
| Loans and Other Receivables | | | | | | |
| Beginning Balance | 437,881 | 277,448 | - | - | - | - |
| Closing Balance | 420,416 | 255,868 | - | - | - | - |
| Interest and Commissions Income | 1,004 | - | - | - | - | - |

(*) Accrued interest for period-end cash loans are not included since it is not decomposed from the existing data processing system.

b) Prior Period:

| Risk Group | Subsidiaries, Associates and Entities under common control | | Direct or Indirect Shareholders of the bank | | Other Real and Legal Persons in the Risk Group | |
|------------------------------------|--|----------|--|----------|---|----------|
| | Cash | Non-cash | Cash | Non-cash | Cash | Non-cash |
| Loans and Other Receivables | | | | | | |
| Beginning Balance | 262,348 | 539,309 | - | - | - | - |
| Closing Balance | 437,881 | 277,448 | - | - | - | - |
| Interest and Commissions Income | 1,922 | - | - | - | - | - |

(*) These amounts are not included in the above table since accrued interest are not decomposed.

c) 1) Deposits held by the Bank's risk group:

| Risk Group | Subsidiaries, Associates and Entities under common control | | Direct or Indirect Shareholders of the Parent Bank | | Other Real and Legal Persons in the Risk Group | |
|------------------------------|---|--------------|--|--------------|---|--------------|
| | Current Period | Prior Period | Current Period | Prior Period | Current Period | Prior Period |
| Deposits | | | | | | |
| Beginning Balance | 26,221 | 27,574 | - | - | - | - |
| Closing Balance | 26,826 | 26,221 | - | - | - | - |
| Interest expense on deposits | 66 | 243 | - | - | - | - |

(*) These amounts are not included in the above table since accrued interests are not decomposed.

**2) Information on forward transactions, option agreements and similar
transactions between the Bank's risk group:**

None.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2007**

(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

SECTION VI: INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT

I. EXPLANATIONS ON THE INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT (24.1)

The unconsolidated financial statements and footnotes of the Bank disclosed herein for the period then ended were reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu) and Independent Accountants' Review Report dated May 14, 2007 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR (24.2)

None.

Prof. Dr. İlhan ULUDAĞ
Chairman of the Board of
Directors

Mehmet Emin ÖZCAN
Member of the Audit
Committee

Burhanettin AKTAŞ
Member of the Audit
Committee

Can Akın ÇAĞLAR
General Manager

Selim Güray ÇELİK
Vice-General Manager
responsible for Financial
Reporting

Erdoğan VAROL
General Accounting
Department Head