

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

**UNCONSOLIDATED INTERIM
FINANCIAL STATEMENTS
TOGETHER WITH REVIEW REPORT
AT 30 SEPTEMBER 2007**

*Translated into English from the
Original Turkish Report*

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT

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

1. We have reviewed the accompanying balance sheet of T.C. Ziraat Bankası A.Ş. (the "Bank") as at September 30, 2007 and 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 express a conclusion on these financial statements based on our review.
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 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 September 30, 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.

Istanbul, 14/11/2007

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

Member of **DELOITTE TOUCHE TOHMATSU**

Sibel Türker
Partner

Additional paragraph for the English translation:

The accompanying unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with accounting principles and practices accepted in countries and jurisdictions other than those in Turkey. The standard procedures and practices to audit the accompanying unconsolidated financial statements are those accepted and approved in Turkey.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş

THE UNCONSOLIDATED FINANCIAL REPORT FOR THE PERIOD ENDED SEPTEMBER 30, 2007

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The unconsolidated financial report for the period ended September 30, 2007 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 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 for the period ended September 30, 2007 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 Bank's records.

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

Oğuz KAYHAN
Member of the Board of
Directors
(Member of the Audit
Committee)

Hikmet Aydın SİMİT
Member of the Board of
Directors
(Member of the Audit
Committee)

Can Akın ÇAĞLAR
General Manager

Selim Güray ÇELİK
Vice-General Manager
responsible for Financial
Reporting

İsmail Erdal MAZLUM
Head of General Accounting
Department

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

Name/Title : Recep BERKTAŞ/Manager
Tel No : 0312 584 70 91
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General Information about the Bank

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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”.

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 Under secretariat of Treasury of the Turkish Republic.

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 Under secretariat of Treasury of the Turkish Republic.

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.c)

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's Degree	06.07.2005
Can Akın ÇAĞLAR	Board Member and General Manager	Master Degree	28.03.2003
Mehmet Emin ÖZCAN	Member	Bachelor's Degree	13.04.2005
Ahmet CANDAN	Member	Bachelor's Degree	06.11.2006
Osman ARIOĞLU	Member	Bachelor's Degree	04.12.2003
Burhanettin AKTAŞ	Member	Master Degree	06.07.2005
Oğuz KAYHAN	Member	Bachelor's Degree	19.06.2007
Hikmet Aydın SİMİT	Member	Bachelor's Degree	05.06.2007
Executive Vice Presidents			
Ali Rıza AKBAŞ	Commercial Banking	Bachelor's Degree	31.08.2007
Aysun YOLTAR	International Relations and Participations	Bachelor's Degree	24.09.2001
Ahmet Mesut GÜRAYLI	Retail Banking	Bachelor's Degree	27.03.2006
Bülent YALIM	Banking Operations	Bachelor's Degree	17.06.2005
Cem ÖZŞEN	Fund Management	Master Degree	13.03.2002
Dr. Muzaffer ŞAHİN	Loans and Overdue Loans	Doctorate	15.08.2001
Emin ÇUBIKCI	Support Services	Bachelor's Degree	13.08.2007
Hüsamettin GÜLHAN	Human Resources	Bachelor's Degree	17.06.2005
Recep TÜRKAY	Agricultural Banking	Bachelor's Degree	17.06.2005
Selim Güray ÇELİK	General Accounting, Strategic and Financial Management	Master Degree	17.06.2005
Senih BOYACIGİL	Corporate Banking	Master Degree	01.08.2001
Members of the Audit Committee			
Oğuz KAYHAN	Member	Bachelor's Degree	27.06.2007
Hikmet Aydın SİMİT	Member	Bachelor's Degree	27.06.2007

The directors above-mentioned do not retain any shares of the Bank's capital.

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
Under secretariat of Treasury	2,500,000	100	2,500,000	-.-

The unique single shareholder of the Bank is the Under secretariat of 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.

As of September 30, 2007, Bank has total of 1,244 domestic branches including 1,139 branches, 27 bureaus, 70 private operation centers, 6 charge bureaus, 2 mobile branches and abroad 1 branches each in United States, England, Macedonia, Bulgaria and Georgia and 4 branches and 1 bureau in T.R. of Northern Cyprus, carries its activity with a grand total of 1,254 branches. Also, Bank has 1 representative office in Afghanistan, Pakistan and Iran, 1 sub branch in England and Macedonia. Moreover, operation still continues so as to open 1 branch in Iraq and 2 branches in Greece.

The bank signed a contract with T. İş Bankası on January 22, 2007 to provide a longer installment plan and more bonus points to their credit card users. Bank's credit card users will be benefiting from all the advantages within Maximum credit card at merchants that are a part of Maximum plan. Also with this contract Ziraat Bankası have the right to register members for Maximum from the merchants that apply. Transactions between the two banks will be administered by Interbank Card Centre.

SECTION II: UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
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- I. BALANCE SHEET (ATTACHMENT:1-A)
- II. STATEMENT OF OFF BALANCE SHEET (ATTACHMENT:1-B)
- III. INCOME STATEMENT (ATTACHMENT:1-C)
- IV. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (ATTACHMENT:1-D)
- V. CASH FLOW STATEMENT (ATTACHMENT:1-E)

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 September 30, 2006 reviewed balances.

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

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 ("Turkish Accounting Standards") 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 Prior Years Profit/Loss
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

	30.09.2006 Income Statement
Net period profit/retained earnings before TAS adjustments	1,400,452
Foreign exchange difference adjustments for foreign associates	(53,613)
Retirement payment provision adjustment in accordance with TAS 19	6,795
Effects of adjustment on deferred tax	6,688
Total	(40,130)
Net period profit after TAS adjustments	1,360,322

SECTION III: ACCOUNTING POLICIES (cont'd)

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

c. Accounting Policies Applied:

Accounting policies applied 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, used to provide 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 September 30,2006 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 September 30, 2007 financial statements without any changes.

d. 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 a 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 the total of shares of the subsidiary or entity under common control qualified as a loan or financial institution below that limit does not exceed 5% of the Parent Bank's total assets, those entities may be excluded from consolidation under the consideration of the materiality principle".

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; Istanbul 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, the deposit base of the Bank is not presumed to be significantly affected from such a case due to the Bank being a public bank with an extensive branch network.

Cost and return of foreign currency assets are subject to a close follow up. Positive margin of profit is sustained by adjusting deposit interest rates in line with the market interest rates.

SECTION III: ACCOUNTING POLICIES (cont'd)
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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.

In addition to that, exchange rate differences arising from the translation foreign currency investments in associates, subsidiaries and entities under common control to TRY, are accounted for under equity as other profit reserves.

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

The derivative instruments of the Bank are formed 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 conditions 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.

SECTION III: ACCOUNTING POLICIES (cont'd)
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III. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS (6.2.b) (cont'd)

Derivative financial instruments are carried at their fair value as of their agreement date and appreciated again with fair value on post reporting periods. 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 “Held for Trading Derivative Financial Assets” and when fair value difference is negative, fair value differences arising from the valuation are shown in the balance sheet as “Held for Trading Derivative Financial Liabilities” and they are recognized under “Profit/Loss from Capital Market Transactions” in the income statement.

As of September 30, 2007, net fair value of the Bank’s derivative instruments is TRY 339 thousand.

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

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.ç)

Income from banking services of commissions is recognized as income in the period they are collected. Whereas, commission income from trade and agricultural loans and other operating expenses are recorded as income and expense on an accrual basis, based on matching principle and by using effective interest method.

SECTION III: ACCOUNTING POLICIES (cont'd)

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

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.

Cash equivalents and balances corresponding banks are appreciated by period ending bank foreign exchange buying rate.

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 and available for sale portfolio traded in Istanbul Stock Exchange (ISE) are carried at weighted average ISE prices effective as of the balance sheet date and those securities that are not traded in ISE are carried at prices of the Central Bank of Republic of Turkey. Also, Eurobonds are carried at prices of over the counter markets.

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

Financial assets held to maturity include financial assets excluding loans and receivables where there is an intention of holding until maturity and the relevant conditions for fulfillment of such intention, including the funding ability, and where there is determined payments with fixed maturity.

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.

SECTION III: ACCOUNTING POLICIES (cont'd)
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**VI. EXPLANATIONS AND DISCLOSURES ON FINANCIAL ASSETS (6.2.d)
(cont'd)**

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.

Held to maturity securities are subsequently measured at amortized cost with internal rate of return, 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.

Financial assets available for sale are subsequently measured at amortized cost with internal rate of return, and they are accounted for allocating impairment loss or applying accrual. 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.

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

Loans originated by the Bank are to be measured at amortized cost with internal rate of return. 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.

SECTION III: ACCOUNTING POLICIES (cont'd)

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

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 Value 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 “Value 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.

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. Based on the decision of Bank’s Asset and Liability Management, total loans excluding accretion loans and loans originated from funds general provision ratio is stated as 3%. Additional provision booked in financial statements with the so-called decision is recorded under other provisions at balance sheet.

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

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.

SECTION III: ACCOUNTING POLICIES (cont'd)
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IX. EXPLANATIONS ON SECURITIES COLLATERALISED FOR SALES AND REPURCHASE AGREEMENTS (6.2.g)

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.

Recorded total costs of securities sold under repurchase agreements amount to TRY 196,872 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 September 30, 2007 the Bank has no reverse repo transactions.

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.ğ)

The Bank has no discontinued 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 1,586 Thousand consisting of TRY 1,242 Thousand on its commercial loans and TRY 344 Thousand on its agricultural loans. Total disposable assets together with its movables amounting TRY 52 thousand equal to TRY 1,638 Thousand. Total depreciation expense is TRY 38 Thousand for these assets.

SECTION III: ACCOUNTING POLICIES (cont'd)

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

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; useful 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 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 showed in financial statements 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 changes made in the current period regarding depreciation method.

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

Buildings	: 2% – 10%
Vehicles, Furniture and Fixtures	: 2% - 20%

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.

SECTION III: ACCOUNTING POLICIES (cont'd)
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XII. EXPLANATIONS ON PROPERTY, PLANT AND EQUIPMENT (6.2.i) (cont'd)

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.i)

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 the liability account, whereas interest is recognized in deferred financial leasing expenses account as a debit account under liabilities and to other interest expenses.

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

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

In case of an existing liability (legal or implicit) as a result of an incident that took place in the past, the possibility of disposal of assets that bring economic benefit and the liability is measurable, the Bank provides provision.

Provisions other than the ones for loans, other receivables for private and public and provisory liabilities are accounted in accordance with "Provisions, Provisory Liabilities and Provisory Assets Corresponding Turkish Accounting Standard"(TAS 37).

For transactions that can affect financial structure, provisions are provided by using the existing data if they are accurate, otherwise by using the estimates.

SECTION III: ACCOUNTING POLICIES (cont'd)

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

Since the Bank has no centralized database for the outstanding lawsuits, summary of the number and amount of those lawsuits cannot be obtained from the application system. However, in accordance with the information provided by the legal department, no provision is provided for the individual lawsuits over TRY 100 Thousand with total of TRY 123,786 Thousand due to the fact that these are not deemed to have material effect over financial statements. 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.k)

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 Payment Provision ceiling).

The Bank could not provide data on the unused vacation time in electronic form. The legislation requires 10 days of paid leave to be used at a minimum, unused vacation liability is calculated based on the assumption that 12 days of paid vacation used deducted from the earned vacation time.

As of September 30,2007 , provision allocated for all employee benefit liabilities is TRY 455,100 Thousand. The Bank is not in favor of employing its personnel by means of limited-period contracts.

Bank employees are members of T.C. Ziraat Bankası and T. Halk Bankası Çalışanları Emekli Sandığı Vakfı (T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees Pension Fund) which was established by Social Security Agency' (SSK) no 506 of 20th provisional article.

SECTION III: ACCOUNTING POLICIES (cont'd)

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

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 with three years following the declaration of the Banking Act No: 5411. Procedures and principles of the transfer is determined by the decision of Council of Ministers numbered 2006/11345. However, the 1st paragraph of the 1st article of the 23rd provisional clause of Banking Act No:5411 allowing pension funds to be transferred to Social Security Agency is annulled by Constitutional Court.

The audited technical balance sheet report as of December 31,2006 which is prepared in accordance with the principles in the Council of Ministers decision 2006/11345 declared in the Official Gazette dated December 15,2006 numbered 26377, which defines the principles of such transfer, with the technical interest rate of 10.24% concludes no technical deficit arises in the above mentioned fund. Also, by the Article 58 and provisional article 7 of the Banking Act, the banks are restricted from transferring any funds to the pension funds in order to compensate the actuarial deficits effective from January 1, 2008.

XVI. EXPLANATIONS ON TAXATION (6.2.l)

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.

SECTION III: ACCOUNTING POLICIES (cont'd)

XVI. EXPLANATIONS ON TAXATION (6.2.l) (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.m)

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.n)

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

SECTION III: ACCOUNTING POLICIES (cont'd)

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

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

XX. EXPLANATIONS ON GOVERNMENT INCENTIVES (6.2.ö)

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

XXI. EXPLANATIONS ON SEGMENT REPORTING (6.2.p)

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

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 context 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.

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.

SECTION III: ACCOUNTING POLICIES (cont'd)

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

The Bank performs its international banking operations via one each branch in New York, London, Skopje, Sofia and Tbilisi, 4 branches and one bureau 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.

Table for Segment Reporting:

	Retail Banking	Trade and Corporate Banking *	Specialized Lending Banking**	Treasury	International Banking	Total Operations of Bank
Current Period						
Operating Income(***)	2,005,578	319,673	596,490	599,655	34,389	3,555,785
Operating Profit	900,122	256,469	596,490	529,826	15,727	2,298,634
Income from Subsidiaries (****)						19,656
Income before taxes						2,318,290
Corporate tax						(474,958)
Minority rights						-
Net Period Profit/Looses						1,843,332
Segment Assets-net (***)	10,302,803	3,075,225	6,995,179	54,718,360	854,544	75,946,111
Subsidiaries and Associates						355,950
Undistributed Assets						787,393
Total Assets						77,089,454
Segment Liabilities – net (***)	50,697,836	14,037,210	2,709,490	910,860	832,572	69,187,968
Undistributed Liabilities						1,315,692
Equity Capital						6,585,794
Total Liabilities						77,089,454
Other segment items						
Capital Investment						-
Depreciation						1,026,747
Restructuring Costs						-

- (*) Trade and corporate banking column includes results of total assets and liabilities operations and 3 corporate and 26 trade branches of bank. Any trading and corporate banking operations in other branches is not included in the column since they couldn't be reported separately.
- (**) Agricultural loans and loans transferred from Emlakbank, liabilities regarding these loans and operating income related with them is indicated in Specialized Lending Banking column.
- (***) To state operating income, intradepartmental charged interest between branches and treasury is considered in order to present operations of related departments correctly. However, debtor-creditor relations arising from funds transferred between branches is not included in table since they couldn't be reported separately.
- (****) "Dividend income", a part of operating income of the Bank, is indicated in the row of "Income from Subsidiaries" since it is not decomposed between branches.

XXII. EXPLANATION ON OTHER MATTERS (6.2.r)

In accordance with the decision taken in General Assemble for year 2006 dated April 24,2007, profit of year 2006 amounting TRY 2,100,002 Thousand is transferred to legal reserves amounting TRY 289,390 Thousand, to employees as dividends amounting TRY 40,000 Thousand not exceeding one gross wage for each employee and to Treasury as dividend after deducting withholding tax of 15% (TRY 265,592 Thousand) in exchange with TRY 1,266,420 Thousand of held for trading securities and TRY 238,600 Thousand of available for sale securities, returning government bond amounting TRY 1,505,020 Thousand in total, in May 2, 2007.

SECTION IV: INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK
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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 25.38%.

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 39.55% as of December 2006. 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 25.38% for September 2007 (December 31, 2006: 39.55 %).

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.

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:

	Current Period				Prior Period			
	Risk Weights				Risk Weights			
	Bank only				Bank only			
	%0	%20	%50	%100	%0	%20	%50	%100
Credit Risk Base Amount								
Balance Sheet Items (Net)	54,889,337	2,909,331	3,234,451	14,787,663	50,046,662	4,148,432	2,770,655	12,723,528
Cash	486,205	669	-	-	875,110	115	-	-
Matured Marketable Securities	378	-	-	-	137	-	-	-
Central Bank of Republic of Turkey	3,005,474	-	-	-	2,856,030	-	-	-
Domestic, Foreign Banks, Head Offices and Branches Abroad	-	2,898,820	-	40,344	-	4,145,254	-	301,251
Interbank Money Market Placements	1,750,000	-	-	-	-	-	-	-
Receivables from Reverse Repo Transactions	-	-	-	-	-	-	-	-
Required Reserve Deposits	1,415,433	-	-	-	1,336,284	-	-	-
Loans	2,693,319	-	3,231,438	13,363,191	2,963,480	-	2,767,690	11,235,552
Loans Under Follow-up (Net) ¹	-	-	-	201	-	-	-	202
Financial Lease Receivables	-	-	-	-	-	-	-	-
Financial Assets Available-For-Sale	28,224,552	1,036	-	26,552	22,630,236	864	-	24,142
Investments Held to Maturity	15,675,935	-	-	3,736	16,589,470	-	-	3,100
Receivables from Forward Sale of Assets	-	-	-	8,153	-	-	-	762
Sundry Debtors	3,391	6,093	-	55,176	234,511	-	-	42,102
Interest and Income Accruals	1,510,998	2,713	3,013	569,651	2,150,660	2,199	2,965	391,659
Subsidiaries, Associates and Joint Ventures (Net)	-	-	-	7,200	-	-	-	4,786
Fixed Assets	-	-	-	668,871	-	-	-	683,714
Other Assets	123,652	-	-	44,588	410,744	-	-	36,258
Off Balance Sheet Items	30,177	510,338	171,359	1,260,577	32,589	500,492	170,759	1,036,164
Non-cash Loans and Commitments	30,177	510,338	171,359	1,260,028	32,589	500,492	170,759	1,035,159
Derivative Financial Instruments	-	-	-	549	-	-	-	1,005
Non-Risk Weighted Accounts	-	-	-	-	-	-	-	-
Total Risk Weighted Assets	54,919,514	3,419,669	3,405,810	16,048,240	50,079,251	4,648,924	2,941,414	13,759,692

¹ In the financial statements, Loans under Follow-up (Net) is TRY 70,821 Thousand (31.12.2006: TRY 61,225 Thousand). However, TRY 70,620 Thousand of this balance (31.12.2006: TRY 61,023 Thousand) is shown in the 0% risk weight column since it represents the amount of loans originated by funds whose risk does not belong to the Bank.

Summary information about the capital adequacy standard ratio:

	Bank only	
	Current Period	Prior Period
Credit Risk Base Amount (CRBA)	18,435,079	16,160,184
Market Risk Base Amount (MRBA)	354,700	401,238
Operational Risk Base Amount (ORBA)(*)	7,405,711	-
Shareholders' Equity	6,648,349	6,549,645
Shareholders' Equity/(CRBA+MRBA+ORBA) *100	25.38	39.55

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

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	Prior Period
CORE CAPITAL		
Paid-in Capital	2,500,000	2,221,978
Nominal Capital	2,500,000	2,500,000
Capital commitments (-)	-	278,022
Inflation Adjustment for Paid-in Capital	543,482	543,482
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	1,251,782	962,392
I. Degree Legal Reserves (TCC 466/1)	452,916	347,916
II Degree Legal Reserves (TCC 466/2)	798,866	614,476
Other Legal Reserves per Special Legislations	-	-
Statutory Reserves	-	-
Extraordinary Reserves	216,134	513,815
Reserves Allocated per General Assembly Minutes	-	-
Retained Earnings	317,491	595,416
Accumulated Loss	-	-
Foreign Currency Share Capital Exchange Difference (**)	(101,357)	(81,601)
Inflation Adjustment for the Legal, Statutory and Extraordinary Reserves	-	-
Profit	2,003,130	2,259,800
Net Profit of the Period	1,843,332	2,100,002
Retained Earnings	159,798	159,798
Portion of Free Provisions Allocated for Potential Risk up to 25% of Core Capital Amount	399,713	348,627
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 (-)*	3,168	3,902
Prepaid Expenses (-)*	2,718	2,521
Intangible Assets (-)*	11,103	9,048
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	6,914,241	6,834,623

* 1st. Temporary Clause of Banks equity, up to 01.01.2009 considered as Deducted Values from Capital .

** Foreign currency reserve of the foreign investments and translation reserve from foreign branches are presented here.

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	Prior Period
SUPPLEMENTARY CAPITAL		
General Provisions	129,195	108,131
45% of Movable Assets Revaluation Fund	-	-
45% of Real Estates Revaluation Fund	-	-
Non-paid-up Shares of Subsidiaries, Associates and Joint Ventures	1,151	1,082
Proportion of Primary Tier -II Capital excluded from the Core Capital Calculation	-	-
Secondary Tier –II Capital	-	-
45% of Marketable Securities Revaluation Fund	31,552	34,584
From Subsidiaries and Associates		-
From Financial Assets Available For Sale	31,552	34,584
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	161,898	143,797
Tier-III Capital	-	-
CAPITAL	7,076,139	6,978,420
DEDUCTIONS FROM CAPITAL	427,790	428,775
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	402,443	409,425
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	8,214	14,127
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	144	5,223
Other	-	-
TOTAL SHAREHOLDERS' EQUITY	6,648,349	6,549,645

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.

"T.C. Ziraat Bankası A.Ş. Market Risk Management Policy and Application Procedures" document exists so as to determine strategies when the Bank is exposed to market risks and to develop market risk managerial policy and application procedures.

Bank pays attention not to change the position materially in the view of foreign exchange position management and biggest portion of position amount is limited. Also, there is position limit application for limiting interest rate risk stated within the context of market risk of bank.

Banks reaches total amount based on market risk by using Standard Method as per monthly periods within the context of legal reporting. This amount is included in the calculation of Bank's Standard Capital Adequacy Ratio.

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 related units. Also, backward testing is performed so as to measure performance of used model. Except the historical simulation method within the context of MIS, Bank also calculates Daily Value at Risk with daily parametrical and monte carlo simulation methods so as to be used model optimization in the future.

Also, bank performs monthly market risk stress tests so as to observe the effect of excessive market fluctuations not covered by models over bank financial position.

a) Information Related to Market Risk

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	8,953
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	-
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	19,146
(IV) Capital Requirement to be Employed For Commodity Risk - Standard Method	277
(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)	28,376
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	354,700

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 OPERATIONAL RISK (10)**a) The method used in calculating the operational risk and the interval in which the market risk measurement is done :**

The bank's operational risk is calculated annually in respect to the Basic Indicator Method. Such method is one of the methods specified within Basel II – Revised International Capital Framework. In this method, the parameter which determinates the operational risk is the gross income. Gross income is composed of the total of net interest income and net non interest income in general and profit/loss from sale of available for sale securities and held to maturity securities sale profit and loss and extraordinary income is excluded from calculation. In calculating the gross income, income statements and trial balances of the years 2004, 2005 and 2006 are used and the averages of the three years are taken.

b) The Bank does not apply standard method.**IV. 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 carrying positions by means of foreign currency management. Therefore, 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 related departments.

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

b) Hedge against foreign exchange debt instruments and net foreign exchange investments by hedging derivative instruments, if material:

The volume of these transactions is very low, when compared to the size of balance sheet.

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

IV. EXPLANATIONS RELATED TO THE CURRENCY RISK (11) (cont'd)

c) Management policy for foreign currency risk:

“Liquidity Gap Analysis” and “Repricing Gap Analysis”, also “Structural Liquidity Gap Analysis” which takes into account historical renovation rates of foreign currency accounts, 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. Also, daily RMD analysis for following the currency risk and within the context of legal reporting, Foreign Currency Net General Position/Shareholders’ equity ratio and foreign currency liquidity position are also monitored regularly.

d) Current foreign exchange bid rates of the Banks financial table date and 5 days retrograding:

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
24.09.2007	1.2200	1.7146	1.0586	0.23066	0.18754	1.0395	1.2173	0.22113	2.4667	0.32663	1.0609
25.09.2007	1.2261	1.7310	1.0631	0.23187	0.18789	1.0483	1.2229	0.22186	2.4725	0.32786	1.0690
26.09.2007	1.2165	1.7159	1.0646	0.23052	0.18616	1.0394	1.2083	0.22107	2.4522	0.32527	1.0530
27.09.2007	1.2085	1.7065	1.0645	0.22939	0.18519	1.0310	1.2058	0.22060	2.4438	0.32322	1.0452
28.09.2007	1.2080	1.7189	1.0690	0.23056	0.18692	1.0350	1.2141	0.22272	2.4601	0.32308	1.0515

e) Simple arithmetic mean of the Bank’s current foreign exchange bid rates for the last 30 days prior to the balance sheet date:

USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	JPY
1.2548	1.7417	1.0616	0.23422	0.18802	1.0586	1.2218	0.22286	2.5338	0.33500	1.0909

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

IV. EXPLANATIONS RELATED TO THE CURRENCY RISK (11) (cont'd)

Information on the foreign currency risk of the Bank:

	EURO	USD	Yen	Other FC ²	Total
Current Period					
Assets					
Cash (Cash in vault, effectives, money in transit, cheques purchased) and balances with Central Bank of Republic of Turkey	1,454,657	35,329	120	12,588	1,502,694
Receivables from Banks and Other Financial Institutions	1,133,408	1,386,487	748	412,021	2,932,664
Financial Assets at Fair Value Through Profit and Loss	36,271	54,037	-	70	90,378
Money Market Placements	3	-	-	1	4
Financial Assets Available-for-Sale	4,418,686	2,803,789	-	8,686	7,231,161
Loans ¹	110,689	454,152	-	23,145	587,986
Subsidiaries, Associates and Joint Ventures	234,901	44,113	-	-	279,014
Investment securities held-to-maturity	721,935	84	-	287	722,306
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	382	-	2,486	2,868
Intangible Assets	-	443	-	706	1,149
Other Assets	18,342	3,979	-	5,000	27,321
Total Assets	8,128,892	4,782,795	868	464,990	13,377,545
Liabilities					
Bank Deposits	45,956	73,722	1	137,050	256,729
Foreign Currency Deposits	7,927,769	4,635,144	693	301,697	12,865,303
Money Market Borrowings	-	-	-	-	-
Funds provided from Other Financial Institutions	933	1,237	-	-	2,170
Issued Marketable Securities	-	-	-	-	-
Sundry Debtors	116,394	3,442	-	546	120,382
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities	53,981	64,009	819	5,680	124,489
Total Liabilities	8,145,033	4,777,554	1,513	444,973	13,369,073
Net Balance Sheet Position	(16,141)	5,241	(645)	20,017	8,472
Net Off-Balance Sheet Position ³	6,437	(27,115)	-	21,018	340
Financial Derivative Assets	6,437	-	-	21,018	27,455
Financial Derivative Liabilities	-	27,115	-	-	27,115
Non-cash Loans	360,827	1,140,882	4,143	11,394	1,517,246
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 1,114 Thousand equivalent of USD and TRY 937 Thousand equivalent of EUR balances of loans are originated by foreign exchange indexed loans.

² In foreign currencies shown in the other FC column of assets, 18.29% is CHF, 59.28% is GBP and the remaining 22.43%, consists of other foreign currencies.

In foreign currencies shown in the FC column of liabilities, 10.02% is DKK, 19.90% is CHF, 62.93% is GBP and the remaining 7.15%, consists of other foreign currencies.

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

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

V. 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 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 eliminate 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	4,527,064	-	-	-	-	485,334	5,012,398
Receivables from Banks and Other Financial Institutions	2,939,280	2,927	-	-	-	-	2,942,207
Financial Assets at Fair Value Through Profit and Loss	737	32,857	225,155	389,921	192,216	377	841,263
Money Market Placements	1,752,520	-	-	-	-	-	1,752,520
Financial Assets Available-for-Sale	1,922,919	699,457	15,796,909	1,548,671	9,247,858	74,663	29,290,477
Loans	5,776,124	671,346	412,378	1,078,345	11,851,079	-	19,789,272
Investment securities held-to-maturity	7,329,943	8,230,089	4,272	2,032	532,773	-	16,099,109
Other Assets	-	-	-	-	-	1,362,208	1,362,208
Total Assets	24,248,587	9,636,676	16,438,714	3,018,969	21,823,926	1,922,582	77,089,454
Liabilities							
Bank Deposits	955,349	2,416	-	-	-	-	957,765
Foreign Currency Deposits	51,167,114	9,648,287	1,541,266	2,241,288	72,562	-	64,670,517
Money Market Borrowings	196,844	-	-	-	-	-	196,844
Sundry Debtors	-	-	-	-	-	378,941	378,941
Issued Marketable Securities	-	-	-	-	-	-	-
Funds provided from Other Financial Institutions	2,936	1,559	2,749	263	686	-	8,193
Other Liabilities	220,046	-	-	-	2,493,914	8,163,234	10,877,194
Total Liabilities	52,542,289	9,652,262	1,544,015	2,241,551	2,567,162	8,542,175	77,089,454
Balance Sheet Long Position	-	-	14,894,699	777,418	19,256,764	-	34,928,881
Balance Sheet Short Position	(28,293,702)	(15,586)	-	-	-	(6,619,593)	(34,928,881)
Off Balance Sheet Long Position							-
Off Balance Sheet Short Position							-
Total Position	(28,293,702)	(15,586)	14,894,699	777,418	19,256,764	(6,619,593)	-

* Balances without fixed maturity are shown in the "Up to 1 month" column.

* TRY 2,489,244 Thousand of fund balance in other liabilities is shown under the "1 year and over" column. and TRY 220,246 Thousand from funds that their risk is not beared and from which no loan is granted is indicated in "Up to One Month" 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.

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

V. 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	1.70	2.33	-	12.93
Due from banks and other financial institutions	4.12	5.39	-	16.75
Trading securities	4.94	6.92	-	17.35
Money market placements	-	-	-	17.25
Investment securities available-for-sale	5.75	6.63	-	18.50
Loans	4.87	6.25	-	21.60
Investment securities held-to-maturity	6.08	-	-	18.08
Liabilities				
Interbank deposits	4.08	5.03	-	16.73
Other deposits	2.33	2.95	-	14.44
Money market takings	-	-	-	12.85
Miscellaneous payables	-	-	-	-
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	5.13	5.38	-	15.79

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

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

V. 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)

Prior 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 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.
- Fund balance amounting to TRY 2,908,270 Thousand is presented under “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.

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

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

Average interest rate applied to the monetary financial instruments:

	EURO	USD	JPY	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 ²	6.00	-	-	20.33
Liabilities				
Interbank deposits ¹	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 could not be broken down at branch level, they are not shown in the table.

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

VI. EXPLANATIONS RELATED TO THE LIQUIDITY RISK (13)

- a) **Sources of the 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 diversified 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 is detected.

- 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, securities with coupon payments constituting majority of the securities portfolio provides cash inflow and decreases the liquidity gap for the Bank. Besides, amount 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.

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

The Bank's major source is deposits, and funds are invested to 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. Besides, period payments of loans, which are used within the context of consumer loans, plays a role in compensating the Bank's source.

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

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

Presentation of assets and liabilities according to days till maturity:

	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	5,012,398	-	-	-	-	-	-	5,012,398
Due from banks and other financial institutions	40,573	2,898,707	2,927					2,942,207
Trading securities	377	737	32,857	22,260	389,921	395,111		841,263
Money market placements	-	1,752,520	-	-	-	-		1,752,520
Investment securities available-for-sale	-	119,350	337,844	507,978	2,709,068	25,541,574	74,663	29,290,477
Loans	-	929,111	1,759,787	1,847,312	5,804,377	9,448,685		19,789,272
Investment securities held-to-maturity	-	1,147,595	1,437,174	4,272	2,032	13,508,036		16,099,109
Other assets ⁽³⁾	135,185	-	-	315	-	8,153	1,218,555	1,362,208
Total assets	5,188,533	6,848,020	3,570,589	2,382,137	8,905,398	48,901,559	1,293,218	77,089,454
Liabilities								
Interbank deposits	6,102	949,238	2,425	-	-	-		957,765
Other deposits	10,227,708	40,893,724	9,693,969	1,541,266	2,241,288	72,562		64,670,517
Funds provided from other financial instruments	484	2,452	1,559	2,749	263	686		8,193
Money market takings	-	196,844	-	-	-	-		196,844
Marketable securities issued	-	-	-	-	-	-		-
Miscellaneous payables	378,941	-	-	-	-	-		378,941
Other liabilities ⁽⁴⁾⁽⁵⁾	261,668	943,189		137,529		2,949,014	6,585,794	10,877,194
Total liabilities	10,874,903	42,985,447	9,697,953	1,681,544	2,241,551	3,022,262	6,585,794	77,089,454
Liquidity Gap	(5,686,370)	(36,137,427)	(6,127,364)	700,593	6,663,847	45,879,297	(5,292,576)	-
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)	-

- (1) 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.
- (2) Deferred tax asset is included under the undistributed column.
- (3) For TRY 70,821 Thousand of follow-up loans, no special provision is allocated and this amount is included in other assets raw undistributed column.
- (4) In liabilities table, shareholders' equity is shown under the undistributed column in other liabilities.
- (5) Funds balance amounting to TRY 2,489,244 Thousand is included in other liabilities and shown under the "1 year and over" column, TRY 220,246 Thousand from funds that their risk is not beared and from which no loan is granted "Up to One Month" column.

SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES TO ASSETS (16)

1. a) Information on Cash and Balances with Central Bank of Turkey:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash/Effective	391,892	92,773	749,329	125,782
CBRT	3,117,812	1,409,252	2,953,160	1,328,976
Other	-	669	-	115
Total	3,509,704	1,502,694	3,702,489	1,454,873

1.a.1 Information on Required Reserves:

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 "Required Reserves". The Bank's total domestic liabilities excluding the items stated in the Communiqué as deductibles and the deposits accepted on behalf of foreign branches from Turkey constitutes the required reserves liabilities. The required reserve rates are 6% for TRY liabilities and 11% for foreign currency liabilities. The Turkish Republic Central Bank accrues interest for required reserve at the end of March, June, September and December. The required reserve interest rates in September 30, 2007 are 12.93% for TRY, 2.33% for USD and 1.70% for EURO.

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Demand	3,005,474	-	2,856,030	-
Time	-	-	-	-
Demand Blocked Amount	-	-	-	-
Required Reserves (*)	112,338	1,409,252	97,130	1,328,976
Total	3,117,812	1,409,252	2,953,160	1,328,976

(*) Obligatory provision amount of TRY 19,444 of abroad branches shown under this line (December 31,2006: TRY 17,764 Thousand)

SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)
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I. EXPLANATIONS AND NOTES TO ASSETS (16) (cont'd)

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) Bank has no financial assets at fair value through profit and loss subject to 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:

Held for trading financial assets	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	-	73	-	-
Swap Transactions	-	6	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	79	-	-

SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)
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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	9,543	2,932,664	1,055,416	2,936,950
Domestic	-	60,424	476,270	56,533
Foreign	9,543	2,872,240	579,146	2,880,417
Foreign Head Office and Branches	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	9,543	2,932,664	1,055,416	2,936,950

b) Information on foreign bank accounts:

Not presented in interim financial statements 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	29,227,807	24,232,352
Quoted in stock exchange	28,260,153	20,653,451
Not quoted	967,654	3,578,901
Share certificates	78,503	68,377
Quoted in stock exchange	-	-
Not quoted	78,503	68,377
Provision for impairment(-)	15,833	5,446
Total	29,290,477	24,295,283

SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)
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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	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	-	-
Legal Entities	-	-	-	-
Individuals	-	-	-	-
Indirect Loans granted to shareholders	-	-	-	-
Loans granted to employees	129,887	-	109,005	-
Total	129,887	-	109,005	-

b) Information on the first and second group loans and other receivables including rescheduled 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				
Discount Notes	13,433,429	988	1,529	-
Export loans	-	-	135	-
Import loans	620,333	-	-	-
Loans given to financial sector	-	-	-	-
International loans	205,366	-	-	-
Consumer loans	50,041	-	-	-
Credit cards	8,527,309	-	116	-
Precious metals loans (Gold, etc...)	361,084	-	16	-
Other	-	-	-	-
Specialized lending	3,669,296	988	1,262	-
Other receivables	5,778,787	10,194	617	-
Interest Income Accruals and Rediscounts	-	-	-	-
Total	563,728	-	-	-
Non-specialized loans	19,775,944	11,182	2,146	-

* Accruals of loans and other receivables under close monitoring cannot be decomposed in the current application system.

c) Loans according to their maturity:

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

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 consumer loans, individual credit cards and personnel loans and personnel credit cards:

	Short-term	Medium and long-term	Total
Consumer loans-TRY	525,656	7,829,311	8,354,967
Real estate loans	1,723	3,253,370	3,255,093
Automobile Loans	2,402	184,387	186,789
Consumer Loans	521,516	4,391,554	4,913,070
Other	15	-	15
Consumer loans- Indexed to FC	-	146	146
Real estate loans	-	146	146
Automobile Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer loans- FC	156	333	489
Real estate loans	-	256	256
Automobile Loans	-	-	-
Consumer Loans	156	77	233
Other	-	-	-
Individual Credit Cards-TRY	341,796	-	341,796
Installment	35,273	-	35,273
Non-Installment	306,523	-	306,523
Individual Credit Cards-FC	479	-	479
Installment	-	-	-
Non-Installment	479	-	479
Personnel Loans-FC	2,684	100,414	103,098
Real estate loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	2,669	99,905	102,574
Abroad(**)	15	509	524
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	52	52
Real estate loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	-	52	52
Other	-	-	-
Personnel Credit Cards-TRY	16,762	-	16,762
Installment	3,485	-	3,485
Non-Installment	13,277	-	13,277
Personnel Credit Cards-FC	12	-	12
Installment	-	-	-
Non-Installment	12	-	12
Overdraft Account - TRY(Real Person)	69,197	-	69,197
Overdraft Account - FC(Real Person)	-	-	-
Total	956,742	7,930,256	8,886,998

(*) TRY 117,832 Thousand of interest income accrual amount of consumer loans could not be broken down for loan types and not included in the above table.

(**) TRY 524 Thousand amount of Consumer Loans used by the Personnel Abroad is indicated under International Loans of 5.b) Table.

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)

e) Information on commercial installment loans and corporate credit cards:

	Short-term	Medium and long-term	Total
Commercial Installment Loans-TRY	90,348	729,038	819,386
Office Loans	339	17,586	17,925
Automobile Loans	2,569	67,591	70,160
Consumer Loans	87,440	643,861	731,301
Other	-	-	-
Commercial Installment Loans- Indexed to FC	-	-	-
Office Loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans – FC	220	-	220
Office Loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	220	-	220
Other	-	-	-
Corporate Credit Cards-TRY	2,039	-	2,039
Installment	9	-	9
Non-Installment	2,030	-	2,030
Corporate Credit Cards-FC	12	-	12
Installment	-	-	-
Non-Installment	12	-	12
Overdraft Account-TRY (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	92,619	729,038	821,657

(*) Interest income accruals could not be broken down by type, therefore; interest income accruals of loans is not included in the above table.

f) Breakdown of loans by users:

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

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)

g) Breakdown of domestic and international loans:

	Current Period	Prior Period
Domestic loans	19,175,503	16,874,825
Foreign loans	50,041	45,001
Interest Income Accruals	563,728	390,350
Total	19,789,272	17,310,176

h) Loans granted to subsidiaries and investments:

	Current Period	Prior Period
Direct loans granted to subsidiaries and investments	44,978	63,038
Indirect loans granted to subsidiaries and investments	-	-
Total	44,978	63,038

(*) Interest income accruals are not included in the table above.

i) Specific provisions provided against loans:

	Current Period	Prior Period
Loans and receivables with limited collectibility	98,514	73,607
Loans and receivables with doubtful collectibility	42,418	34,268
Uncollectible loans and receivables	148,370	150,653
Total	289,302	258,528

j) 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	Doubtful Loans and receivables	Uncollectible loans and receivables
Current period			
(Gross amounts before the specific provisions)	3,371	1,918	5,893
Loans and other receivables which are restructured	2,251	1,669	4,456
Rescheduled loans and other receivables	1,120	249	1,437
Prior period			
(Gross amounts before the specific provisions)	4,185	1,925	5,603
Loans and other receivables which are restructured	2,230	1,925	4,422
Rescheduled loans and other receivables	1,955	-	1,181

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)

2) Information on the movement of non-performing loans (Net): (cont'd)

	III. Group Loans and receivables with limited collectibility	IV. Group Doubtful loans and receivables	V. Group Uncollectible loans and receivables
Prior period end balance	93,940	37,520	188,293
Additions (+)	142,852	5,447	8,345
Transfers from other categories of non performing loans (+)	-	25,203	15,997
Transfers to other categories of non performing loans (-)	27,790	11,765	-
Collections (-) (*)	79,677	10,809	26,837
Write-offs (-)	-	-	596
Current period end balance	129,325	45,596	185,202
Specific provision (-)	98,509	42,604	148,189
Net Balance on balance sheet	30,816	2,992	37,013

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

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Current Period:			
Ending balance	50	3,202	4,268
Specific provision (-)	50	3,202	4,268
Net Balance on balance sheet	-	-	-
Prior Period:			
Ending balance	43	3,414	4,973
Specific Provision (-)	43	3,414	4,973
Net Balance	-	-	-

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

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

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) Held to maturity investment securities subject to repo transactions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government Bonds	196,872	-	967,833	-
Treasury Bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	196,872	-	967,833	-

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	-	-	-	-
Bonds and similar investment securities	4,488,249	518,898	3,149,269	569,233
Other	-	-	-	-
Total	4,488,249	518,898	3,149,269	569,233

b) Information on held-to-maturity public sector debt securities:

	Current Period	Prior Period
Government Bonds	16,095,139	17,056,497
Treasury Bills	-	-
Other public sector debt securities	-	-
Total	16,095,139	17,056,497

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	16,099,109	17,059,676
Quoted in stock exchange	202,997	-
Not quoted	15,896,112	17,059,676
Provision for impairment(-)	-	-
Total	16,099,109	17,059,676

d) Movements of held-to-maturity securities:

	Current Period	Prior Period
Beginning Balance	17,059,676	21,867,056
Foreign currency differences on monetary assets	(58,535)	206,978
Purchases during year	-	83,138
Disposals through sales and redemptions	(902,032)	(5,097,496)
Impairment provision (-)	-	-
Period end balance	16,099,109	17,059,676

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

7. The Information about investment in associates:

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 a 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 a subsidiary or entity under common control qualified as a loan or financial institution below that limit does not exceed 5% of the Parent Bank’s total assets, those entities may be excluded from consolidation under the consideration of materiality principle”.

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 associates: (cont'd)

1) The Information about unconsolidated associates: (cont'd)

	Description	Address (City/ Country)	The Bank's share percentage, if different than voting percentage (%)	The Bank's risk group share percentage (%)
1	Arap Türk Bankası A.Ş.	Istanbul/TURKEY	9.09	15.00
2	Bankalararası Kart Merkezi A.Ş.	Istanbul/TURKEY	12.50	17.98
3	Kredi Kayıt Bürosu A.Ş.	Istanbul/TURKEY	11.11	9.09
4	Bileşim A.Ş.	Istanbul/TURKEY	66.67	52.50
5	Fintek Finansal Teknoloji Hizmetleri A.Ş.	Ankara/TURKEY	62.50	36.60
6	Gelişen İşletmeler Piyasaları A.Ş.	Istanbul/TURKEY	9.09	5.00

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from marketable securities	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	360,795	89,259	20,374	14,789	9,209	2,611	(361)	-
2	13,217	10,571	3,897	711	-	934	(204)	-
3	18,031	14,614	1,950	1,351	-	2,345	2,114	-
4	11,669	6,932	1,056	297	63	4,181	2,844	-
5	8,227	3,174	61	265	107	312	324	-
6	5,441	5,416	5	573	5	441	-	-

- Since subsidiaries are not traded in the stock market, fair value could not be identified.
- Information on Bankalararası Kart Merkezi A.Ş. and Kredi Kayıt Bürosu A.Ş. have been provided from June 30, 2007 unaudited financial statements. Prior period profit and loss amount has been taken from June 30, 2007 unaudited financial statements.
- Information on Arap Türk Bankası A.Ş. has been provided from June 30, 2007 audited financial statements.
- Information on Gelişen İşletmeler Piyasaları A.Ş. has been taken from December 31, 2006 financial statements.
- Information on remaining subsidiaries have been taken from September 30, 2007 financial statements and prior period profit/loss amounts have been taken from September 30, 2006 financial statements.
- Mepasan A.Ş., one of the subsidiaries of the Bank, was started to be liquidated after general meeting on April 14, 2007 and an amount of TRY 207 Thousand corresponding to bank portion is paid to the bank on August 27, 2007.
- Bank's direct 25 % capital portion on Bileşim A.Ş. increased to 45% after 20% bank staff fund portion of shares is purchased with TRY 1,975 Thousand on July 11, 2007.

2) The Information about consolidated associates:

Since the Bank did not consolidate its subsidiaries, 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. consolidated financial statements have not been prepared.

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

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

8. Information on Subsidiaries(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 did not consolidate its subsidiaries, 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 a 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 a subsidiary or entity under common control qualified as a loan or financial institution below that limit does not exceed 5% of the Parent Bank’s total assets, those entities may be excluded from consolidation under the consideration of materiality principle” ,consolidated financial statements are not prepared.

1) Information on unconsolidated Subsidiaries (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.	Istanbul/TURKEY	100.00	50.00
2	Ziraat Yatırım Menkul Değerler A.Ş.	Istanbul/TURKEY	100.00	62.00
3	Ziraat Portföy Yönetimi A.Ş.	Istanbul/TURKEY	60.00	65.44
4	Ziraat Bank International A.G.	Frankfurt/GERMANY	100.00	100.00
5	Turkish Ziraat Bank Bosnia dd	Sarajevo/BOSNIA HERZEGOVINA.	100.00	100.00
6	Ziraat Bank (Moscow) CJSC	Moskow/RUSSIA	100.00	99.70
7	Kazakhstan Ziraat Int. Bank	Almaty/KAZAKHSTAN	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	212,898	74,502	385	201	-	10,276	9,037	-
2	52,279	48,633	715	4,157	3,748,772	6,707	4,338	-
3	6,138	5,664	50	906	31,088	1,491	1,201	-
4	586,870	254,773	2,023	13,304	6,296	2,402	3,873	-
5	120,014	55,604	6,388	6,442	243	2,266	3,000	-
6	23,159	11,234	3,503	722	568	84	(222)	-
7	94,497	28,447	7,069	3,319	571	2,546	1,859	-

- Since associates are not traded in the stock market, fair values cannot be identified.
- Income from marketable securities portfolio figures of Ziraat Yatırım Menkul Değerler A.Ş. and Ziraat Portföy Yönetimi A.Ş. represent net trading income.
- Information on associates are taken from September 30, 2007 unaudited financial statements. Prior period profit loss figures are taken from September 30,2006 unaudited financial statements.

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

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

8. Information on Subsidiaries (Net) (cont'd):

b) Consolidated Information on Subsidiaries (Net):

Since the Bank did not consolidate its subsidiaries 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, consolidated financial statements are not prepared.

9. a) Information on entities under common control:

Entities under common control ¹	Parent Bank's Portion ²	Group's Portion	Current Asset	Fixed Asset	Long term liability	Revenue	Expenditure
TURKMEN -TURKISH COM.BANK	3,683	3,683	16,480	5,737	499	1,757	981
UZBEKISTAN-TURKISH BANK	3,774	3,774	16,208	26,592	1,128	2,341	1,228
AZERBAYCAN-TÜRKİYE BİRGE SEHİMDAR KOMMERSİYA BANK	7,323	7,960	32,576	19,346	926	6,285	4,062
Total	14,780	15,417	65,264	51,675	2,553	10,383	6,271

¹ Information on entities under common control are taken from September 30, 2007 unaudited financial statements.

² Represents the Bank's portion in these entities under common control

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 did not consolidate its entities under common 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 a 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 a subsidiary or an entity under common control qualified as a loan or financial institution below that limit does not exceed 5% of the Parent Bank's total assets, those entities may be excluded from consolidation under the consideration of 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.

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 interim financial statements 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 interim financial statements 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.

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 netted off in the financial statements.

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

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

14. Information on deferred tax assets, if any: (cont'd)

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

	Current Period	Prior Period
Deferred tax assets	109,450	92,364
Deferred tax liabilities	5,659	5,059
Net deferred tax assets	103,791	87,305
Net deferred tax income/expense	16,520	(88,251)

	Current Period	Previous Period
Retirement pay provision	75,260	64,444
Short term employee benefits	15,760	12,240
Other provisions	10,031	10,031
Fixed assets	(1,790)	(2,037)
Other	4,530	2,627
Net Deferred Tax	103,791	87,305

	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	16,520	(78,744)
Deferred Tax Expenses (Net)	16,520	(88,251)
Deferred Tax recognized Under Shareholders' Equity	(34)	80,485
Deferred Tax Assets	103,791	87,305

15. Information on assets held for sale :

Not presented in interim financial statements 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:**

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

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	2,730,996	-	4,491,331	24,667,472	2,216,647	324,700	301,577	-	34,732,723
Foreign currency deposits	2,480,189	-	3,076,886	3,637,821	817,733	256,136	2,597,739	-	12,866,504
Residents in Turkey	2,409,480	-	2,975,537	3,343,217	774,108	249,408	2,325,147	-	12,076,897
Residents abroad	70,709	-	101,349	294,604	43,625	6,728	272,592	-	789,607
Public Sector Deposits	3,432,562	-	1,050,326	1,894,966	36,748	84,532	3,695	-	6,502,829
Commercial Inst. Deposits	1,017,120	-	1,655,989	2,127,783	106,568	28,596	1,231	-	4,937,287
Other Inst. Deposits	612,523	-	319,010	3,659,835	1,002,604	22,735	13,590	-	5,630,297
Precious Metals	-	-	-	-	-	-	-	-	-
Interbank deposits	6,111	-	950,115	2,416	-	-	-	-	958,642
TCMB	2,765	-	1,570	-	-	-	-	-	4,335
Domestic Banks	1,990	-	927,562	-	-	-	-	-	929,552
Foreign Banks	1,356	-	20,983	2,416	-	-	-	-	24,755
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	10,279,501	-	11,543,657	35,990,293	4,180,300	716,699	2,917,832	-	65,628,282

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
TCMB	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

(*) TRY 502,709 thousand of demand interest accrual could only be broken down by deposit types.

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	22,000,172	20,025,273	12,592,283	9,164,179
Foreign Currency Saving Deposits	6,510,486	6,637,945	3,201,779	3,159,108
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at foreign branches and under the guarantees subject to foreign authority insurance	162,480	154,569	11,053	69,545
Deposits at off-shore banking regions' and under foreign authorities' insurance	-	-	-	-

(*) In Bulgaria, since both real and legal person saving deposits are under the guarantee of insurance and balances in insurance limit are calculated by the system, an amount of TRY 7,878 Thousand legal person deposits of Sofia can not be decomposed. (31.12.2006: TRY 6,677 Thousand).

Based on the Council of Minister's decree No: 2003/6668 on 29 December 2003 , TRY 7,413 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 429,259 Thousand of accrual 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	4,877	168,588
Saving Deposits at Off-shore Banking Regions	-	-

¹ TRY 22,109 Thousand of the saving deposits in the Off-shore Banking Regions belongs to the New York Branch, and discount is included in the above table.

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

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

Held for trading financial liabilities	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	-	72	-	-
Swap Transactions	-	8	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	80	-	-

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Borrowings from CBTR	-	-	-	-
Domestic Banks and Institutions	6,023	1,543	11,746	2,213
Foreign Banks, Institutions and Funds	-	627	-	680
Total	6,023	2,170	11,746	2,893

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term	5,539	1,543	11,259	2,213
Medium and Long-Term	484	627	487	680
Total	6,023	2,170	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 interim financial statements in accordance with Article 25 Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

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 equal to each other. 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	-	-	1,923	1,895
Between 1-4 Years	4,652	4,470	2,357	2,260
More than 4 Years	-	-	1,784	1,784
Total	4,652	4,470	6,064	5,939

(*) Since current period remaining maturities of finance lease payables are not decomposed, above table implies maturities stated in agreements.

6. Information on Derivative Financial Liabilities for hedging purposes:

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

SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)
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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	129,195	108,131
Allocated for Group- I Loans and Receivables	102,847	77,510
Allocated for Group- II Loans and Receivables	645	741
Allocated for non-cash loans	3,905	3,955
Other	21,798	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:

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

d) Information on Other Provisions:

1) Information on generic provisions for possible risks:

	Current Period	Prior Period
Generic provisions for possible risks	399,712	348,627

Based on the decision of the Bank’s Assets and Liabilities Committee, TRY 393,657 Thousand of generic provisions is allocated for general risks in the current period includes an additional provision amount for general loan provision at a rate of 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 450,831 Thousand of other provision amount consist of TRY 564 Thousand for uncollected non-cash loans, TRY 5,500 Thousand for cash transference made by the clerk, TRY 393,657 Thousand of provision due to the decision made by the Assets and Liabilities Committee, TRY 50,153 Thousand for remunerations liabilities and TRY 957 Thousand for other balances in the balance sheet.

SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)
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II. EXPLANATIONS AND NOTES TO LIABILITIES (17) (cont'd)**7. Explanations on Provisions: (cont'd)****d) Information on Other Provisions: (cont'd)****3) Employee Pension Right Liabilities:**

Bank employees are members of T.C. Ziraat Bankası and T. Halk Bankası Çalışanları Emekli Sandığı Vakfı (T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees Pension Fund) which was established by Social Security Agency' (SSK) no 506 of 20th provisional article.

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 with three years following the declaration of the Banking Act No: 5411. Procedures and principles of the transfer is determined by the decision of Council of Ministers numbered 2006/11345. However, the 1st paragraph of the 1st article of the 23rd provisional clause of Banking Act No:5411 allowing pension funds to be transferred to Social Security Agency is annulled by Constitutional Court.

The audited technical balance sheet report as of December 31,2006 which is prepared in accordance with the principles in the Council of Ministers decision 2006/11345 declared in the Official Gazette dated December 15,2006 numbered 26377, which defines the principles of such transfer, with the technical interest rate of 10.24% concludes no technical deficit arises in the above mentioned fund. Also, by the Article 58 and provisional article 7 of the Banking Act, the banks are restricted from transferring any funds to the pension funds in order to compensate the actuarial deficits effective from January 1, 2008.

SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)
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II. EXPLANATIONS AND NOTES TO LIABILITIES (17) (cont'd)

7. Explanations on Provisions: (cont'd)

e) 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
Payments	(14,230)	(33,154)
Charge for the period	68,309	67,193
Total	376,300	322,221

As of September 30, 2007, TRY 78,800 Thousand of unpaid vacation liability is presented under the "Employee Benefits Provision" in the financial statements.

8. Information on tax liability:

a) Information on current tax liability:

1) Information on tax provisions:

As of September 30, 2007, tax liability after deducting temporary taxes paid for the period is TRY 137,448 Thousand (2006: TRY 226,371 Thousand).

2) Information on taxes and dues payable:

	Current Period	Prior Period
Corporate tax payable	-	-
Taxation of securities	106,502	90,995
Property tax	248	226
Banking Insurance Transaction Tax (BITT)	17,351	15,788
Foreign Exchange Tax	348	603
VAT payable	667	686
Other	17,762	18,880
Total	142,878	127,178

SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)
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II. EXPLANATIONS AND NOTES TO LIABILITIES (17) (cont'd)

8. Information on tax liability: (cont'd)

a) Information on current tax liability: (cont'd)

3)) Information on premiums:

	Current Period	Prior Period
Social Security Premiums – Employee	19	15
Social Security Premiums – Employer	30	25
Bank Social Aid Pension Fund Premium-Employee	18	31
Bank Social Aid Pension Fund Premium Employer	22	41
Pension Fund Membership Fees and Provisions – Employee	4	3
Pension Fund Membership Fees and Provisions – Employer	3	4
Unemployment Insurance – Employee	46	45
Unemployment Insurance – Employer	90	88
Other	8	11
Total	240	263

b) Information on deferred tax liabilities, if any:

The Bank’s deferred tax liability amounts to TRY 5,659 Thousand, however; this amount is netted off against the deferred tax asset and subsequently TRY 103,791 Thousand of net deferred tax asset is presented in the financial statements.

9. Information on liabilities regarding assets held for sale:

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

SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)
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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 Ordinary General Committee Meeting held on 30 May 2006 and the BRSA's written statement No: 1078 on 26 January 2007, all capital commitments are 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
8 February 2007	278,022	-	278,022	-

d) Information on share capital increases from revaluation fund:

There is no increase from revaluation fund.

e) 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 Ordinary 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, capital commitments are paid and classified as paid-in as of February 8,2007.

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):

f) 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:

Bank follows its operations at this period like previous periods. All unpaid capital of the bank has become paid in capital on February 8, 2007. Also, profitability structure of Bank continues to increase with an increasing rate. Equity structure develops in relation with profitability and no uncertainty is available to effect this situation.

g) Information on Preferred Shares:

The Bank has no preferred shares.

h) 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	27,938	42,177	27,859	48,995
Foreign exchange difference	-	-	-	-
Total	27,938	42,177	27,859	48,995

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

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

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.

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	641,361	654,645
Forward Asset Purchase Commitments	73,339	37,222
Commitments for credit card expenditure limits	935,250	699,587
Loan Granting Commitments	74,220	75,918
Other Irrevocable Commitments	165,373	159,762
Total	1,889,543	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	1,846,660	1,940,920
Bank Acceptance	1,966	5,351
Letter of Credit	264,645	311,519
Total	2,113,271	2,257,790

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

	Current Period	Prior Period
Temporary Letter of Guarantees	36,829	33,641
Letter of Guarantees	978,330	960,737
Letters of advance guarantees	663,928	781,770
Letters of guarantee given to customs offices	7,834	11,330
Other letters of guarantee	159,739	153,442
Total	1,846,660	1,940,920

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)

1. Information On Off-Balance Sheet Liabilities: (cont'd)

c) 1) Total Non-cash Loans:

	Current Period	Prior Period
Non-cash loans for providing cash loans	154,650	146,763
Within one year or less original maturity	62,598	72,263
Within more than one year maturity	92,052	74,500
Other non-cash loans	1,958,621	2,111,027
Total	2,113,271	2,257,790

2) Non-cash loans risk concentration based on sectors:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	-	-	-	-	-	-	-	-
Farming and Raising Livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Industry	143,405	24.09	1,039,343	68.48	274,830	42.13	1,120,110	69.77
Mining and Quarry	1,126	0.19	4,457	0.29	1,995	0.31	12,990	0.81
Manufacturing	140,820	23.65	983,118	64.77	101,862	15.61	1,050,807	65.46
Electricity, Gas and Water	1,459	0.25	51,768	3.41	170,973	26.21	56,313	3.51
Construction	44,129	7.41	46,219	3.05	44,575	6.83	60,632	3.78
Service	373,761	62.75	125,694	8.28	294,395	45.12	117,649	7.33
Wholesale and Retail Trade	127,227	21.36	38,871	2.56	101,965	15.63	8,666	0.54
Hotel and Food Services	2,994	0.50	82	0.01	2,568	0.39	17	0.00
Transportation and Communication	42,954	7.21	12,821	0.84	20,027	3.07	19,886	1.24
Financial Institutions	136,209	22.87	69,546	4.58	114,920	17.61	84,616	5.27
Real Estate and Leasing Services	300	0.05	0	0.00	557	0.09	126	0.01
Self-employment Services	39,194	6.58	1,768	0.12	32,621	5.00	190	0.01
Educational Services	4,645	0.78	635	0.04	4,104	0.63	3,286	0.20
Health and Social Services	20,238	3.40	1,971	0.13	17,633	2.70	862	0.05
Other	34,209	5.74	306,511	20.19	38,636	5.92	306,963	19.12
Total	595,504	100.00	1,517,767	100.00	652,436	100.00	1,605,354	100.00

SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)
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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	593,215	1,517,767	2,289	-
Letters of Guarantee	593,215	1,251,156	2,289	-
Bill Guarantees and Acceptances	-	1,966	-	-
Letters of Credit	-	264,645	-	-
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)	54,570	100,515
Forward Foreign Currency Buy/Sell Transactions	1,028	450
Currency Buy/Sell Swap	53,542	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)	54,570	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)	54,570	100,515

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)

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.

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 641,361 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 the outstanding lawsuits, summary of the number and amount of those lawsuits cannot be obtained from the application system. However, in accordance with the information obtained from legal department, no provision is provided for the individual lawsuits over TRY 100 Thousand with total of TRY 123,786 Thousand due to the fact that these are not deemed to have material effect over financial statements.

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:

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

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

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	2,197,729	24,013	-	-
Short term loans	900,337	14,119	-	-
Medium and long term loans	1,261,316	9,894	-	-
Interest on non-performing loans	36,076	-	-	-
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	-	2	-	1
Domestic Banks	14,757	638	7,841	4,430
Foreign Banks	45,734	97,761	6,454	77,358
Head office and Branches	775	-	-	-
Total	61,266	98,401	14,295	81,789

c) Information on interest income on marketable securities:

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

d) Interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest income from subsidiaries and associates	2,248	1,236

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

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

2. a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	1,507	303	989	66
Central Bank of the Turkish Republic	-	-	-	-
Domestic Banks	1,507	229	989	49
Foreign Banks	-	27	-	17
Head office and Branches	-	47	-	-
Other Institutions	-	-	5	-
Total	1,507	303	994	66

b) Information on interest on securities issued:

	Current Period	Prior Period
Interest expenses to subsidiaries and associates	112	134

c) Information on interest on securities issued:

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

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

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

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

	Current Period	Prior Period
Profit	208,064	370,298
Profit from the Capital Market Operations	56,451	70,561
Profit on derivative financial instruments	1,041	156
Other	55,410	70,405
Foreign Exchange Gains	151,613	299,737
Loss (-)	92,960	325,815
Loss from the Capital Market Operations	1,491	3,708
Loss on derivative financial instruments	1,186	3,441
Other	305	267
Foreign Exchange Gains	91,469	322,107

SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)
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IV. EXPLANATIONS RELATED TO INCOME STATEMENT (19) (cont'd)

5. Information on other operating income:

Information on factors concerning 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 income received from sale of assets with maturity.

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	84,594	43,521
III. Group	74,188	39,324
IV. Group	8,115	3,404
V. Group	2,291	793
General provision expenses	27,951	23,214
Provision expenses for possible losses	55,468	107,717
Marketable securities impairment expense	5,057	4,020
Trading securities	443	3,915
Investment securities available for sale	4,614	105
Impairment provision expense	196	402
Investment and Associates	172	344
Subsidiaries	-	-
Entities under common control	24	58
Investment securities held to maturity	-	-
Other	100	165
Total	173,366	179,039

SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)
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IV. EXPLANATIONS RELATED TO INCOME STATEMENT (19) (cont'd)

7. a) Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	593,074	570,992
Reserve for employee termination benefits	54,079	24,901
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	-	-
Depreciation expenses of fixed assets	29,650	32,029
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	983	860
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	159,718	137,476
Operational leasing expenses	16,661	13,987
Maintenance expenses	21,315	19,281
Advertisement expenses	6,866	2,368
Other expenses	114,876	101,840
Loss on sales of assets	6,673	3,853
Other	239,608	359,872
Total	1,083,785	1,129,983

8. Information on profit/loss before tax:

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

SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)
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IV. EXPLANATIONS RELATED TO INCOME STATEMENT (19) (cont'd)**9. Information on income tax provisions :**

As of September 30, 2007, the Bank's income tax provision amounting to TRY 474,958 Thousand consists of TRY 491,478 Thousand of current tax charge and TRY 16,520 Thousand of deferred tax benefit for the period.

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

Not presented in interim financial statements 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 financial statement item accounting estimates regarding the items in financial statements.

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.

SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)
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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	459,958	258,352	-	-	-	-
Interest and Commissions Income	2,248	-	-	-	-	-

(*) Accrued interest for period-end cash loans are not included since it could not be broken down from the existing application 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	1,236	-	-	-	-	-

(*) Accrued interest for period-end cash loans are not included since it could not be broken down from the existing application system.

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	24,251	26,221	-	-	-	-
Interest expense on deposits	112	134	-	-	-	-

(*) Accrued interest for period-end cash loans are not included since it could not be broken down from the existing application system.

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

None.

3) Information about fees paid to Bank top executives:

Fees and dividends paid to Board of Directors, Vice- General Managers and Head of Departments are stated below.

	Current Period	Prior Period
Wage	1,054	1,123
Dividend and additional payments	1,354	1,354
Total	2,408	2,477

SECTION VI: INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT

I. EXPLANATIONS ON THE 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 November 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

Oğuz KAYHAN
Member of the Board of
Directors
(Member of the Audit
Committee)

Hikmet Aydın SİMİT
Member of the Board of
Directors
(Member of the Audit
Committee)

Can Akın ÇAĞLAR
General Manager

Selim Güray ÇELİK
Assistant-General Manager
responsible for Financial
Reporting

İsmail Erdal MAZLUM
General Accounting
Department Head