

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

INDEPENDENT AUDITORS'
LIMITED REVIEW REPORT, UNCONSOLIDATED
FINANCIAL STATEMENTS AND NOTES
FOR THE PERIOD ENDED
MARCH 31, 2008

Translated into English from the
Original Turkish Report

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş

THE UNCONSOLIDATED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED MARCH 31, 2008

The Bank's Headquarter Address: Doğanbey Mahallesi Atatürk Bulvarı
No:8 06107-Altındağ/ANKARA
Phone: (312) 584 20 00
Facsimile: (312) 584 49 63
Website: www.ziraatbank.com.tr
E-mail: zbmail@ziraatbank.com.tr

The unconsolidated financial report for the period ended March 31, 2008 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 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 March 31, 2008 and explanatory footnotes and disclosures are prepared in thousands of New Turkish Lira and they have been reviewed and presented below in accordance with the Communiqué on "Banks' Accounting Practice and Maintaining Documents", Turkish Accounting Standards, Turkish Financial Reporting Standards and related communiqués and interpretations including the Banks' records.

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

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
Telephone Number : 0312 584 70 91
Fax Number : 0312 584 71 50

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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A. Ş.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2008

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

SECTION I: GENERAL INFORMATION ABOUT THE BANK

I. ESTABLISHMENT DATE OF THE BANK, INITIAL ARTICLES OF ASSOCIATION, THE HISTORY OF BANK INCLUDING THE CHANGES OF THESE ARTICLES

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

The unique single shareholder of the Bank is the Under secretariat of Treasury of the Turkish Republic.

III. EXPLANATIONS REGARDING THE BANK'S CHAIRMAN AND MEMBERS OF BOARD OF DIRECTORS, AUDIT COMMITTEE

Name	Administrative Function
Prof. Dr. İlhan ULUDAĞ	Chairman
Members of the Board of Directors	
Mehmet MUMCUOĞLU	Vice Chairman
Can Akın ÇAĞLAR	Board Member and General Manager
Mehmet Emin ÖZCAN	Member
Ahmet CANDAN	Member
Burhanettin AKTAŞ	Member
Oğuz KAYHAN	Member
Hikmet Aydın SİMİT	Member
Osman ARIOĞLU	Member
Executive Vice Presidents	
Ali Rıza AKBAŞ	Commercial Banking
Ahmet Mesut GÜRAYLI	Retail Banking
Bülent YALIM	Banking Operations
Cem ÖZŞEN	Fund Management (International Relations and Participations – By Proxy)
Dr. Muzaffer ŞAHİN	Loans and Overdue Loans
Emin ÇUBIKCI	Support Services
Hüsamettin GÜLHAN	Human Resources
Recep TÜRKAY	Agricultural Banking
Selim Güray ÇELİK	General Accounting and Financial Management
Senih BOYACIGİL	Corporate Banking
Group Chairmen	
Yusuf BİLMEZ	Internal Control
M.Ayhan ALTINTAŞ	Risk Management
Members of the Audit Committee	
Oğuz KAYHAN	Member
Hikmet Aydın SİMİT	Member

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A. Ş.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2008

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

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

IV. INFORMATION ABOUT THE PERSONS AND INSTITUTIONS THAT HAVE QUALIFIED SHARES ATTRIBUTABLE TO THE BANK

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

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 March 31, 2008, Bank has total of 1,248 branches including 1,148 domestic branches, 27 bureaus, 70 private operation centers, 1 charge bureau, 2 mobile branches and 1 branch abroad each in United States (New York), England (London), Bulgaria (Sofia), Iraq (Baghdad) and Georgia (Tbilisi) and 4 branches and 1 bureau in T.R. of Northern Cyprus, carries its activity with a grand total of 1,258 branches. Also, Bank has 1 representative office in Pakistan and Iran, 1 sub branch in England. Moreover, operation still continues so as to open 2 branches in Greece.

The bank signed a contract with T. İş Bankası A.Ş. on January 22, 2007 to provide 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 are administered by Interbank Card Centre.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A. Ş.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2008**

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

SECTION II: UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2008**

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

SECTION III: ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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 are presented comparatively with December 31, 2007 audited balances, while, income statement, cash flow statement and statement of shareholders’ equity are presented comparatively with March 31, 2007 reviewed balances.

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

II. EXPLANATIONS ON STRATEGY OF USE OF FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2008**

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

SECTION III: ACCOUNTING POLICIES (cont'd)

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

Since the Bank's total debt to the market is low among its total liabilities, the Bank can borrow easily from short-term markets, such as; İstanbul Stock Exchange repo, Central Bank of the Republic of Turkey, Money Market or Interbank Money Market in case of need. In case of a liquidity crisis, 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.

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.

Except for the Cyprus branches, 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 capital reserves.

Valuation differences arising from the translation foreign currency investments compared with cost of Bank's share in associates, subsidiaries and entities under common control to TRY, are accounted for under equity as other capital reserves.

III. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

The derivative instruments of the Bank are composed of TRY-foreign currency and foreign currency-foreign 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.

Derivative financial instruments are carried at their fair value as of their agreement date and appreciated again with fair value on post reporting periods. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2008**

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

SECTION III: ACCOUNTING POLICIES (cont'd)

IV. EXPLANATIONS ON INTEREST INCOME AND EXPENSES

Interest income and expenses are recognized on an accrual basis using the internal rate of return 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

Income from banking services of commissions is recognized as income on the date they are collected. Whereas, commission income from individual, 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 internal rate of return method.

VI. EXPLANATIONS ON FINANCIAL ASSETS

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 bank balances are appreciated by period end 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 effective weighted average ISE prices 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. Whereas, 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 “Other interest and income accrual” or “Impairment loss for marketable securities” account. Interest received from financial assets held for trading is reflected under interest income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2008**

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

SECTION III: ACCOUNTING POLICIES (cont'd)

VI. EXPLANATIONS ON FINANCIAL ASSETS (cont'd)

Investments held to maturity include financial assets 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.

Financial assets are classified as securities held-to-maturity, loans and receivables, financial assets available for sale or held-for-trading 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, and they are accounted for allocating impairment loss or applying accrual.

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 values and amortized costs 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.

Sale and purchase transactions of financial assets 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 grouped as open or guaranteed, FC loans are classified as open or guaranteed, recognized with fixed price and at period-ends revalued by the exchange buying rate of the Bank. Foreign exchange indexed loans are used as TRY by the valid foreign exchange buying rate of Bank at usage date. Repayments of these loans are collected as calculated TRY value by the valid foreign exchange selling rate of Bank at installment collection date.

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". 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. Allocated provisions are deducted from the income for the period. 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 period provisions are made by the reversal of the amount from the "Provision for Impaired of Loans and Other Receivables" account.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2008**

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

SECTION III: ACCOUNTING POLICIES (cont'd)

VII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

A financial asset or a group of financial assets 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 financial assets 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 “Value Loss Expenses for Securities”. If there is an increase in value, initially recognized impairment loss is reversed to income.

If financial assets 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 loans originated from funds whose risk is not borne by the Bank 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

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 realize the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2008**

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

SECTION III: ACCOUNTING POLICIES (cont'd)

IX. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND TRANSACTIONS ON SECURITIES LOANED

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.

Total costs including the accrual amount of held to maturity securities sold under repurchase agreements amount to TRY 335,745 Thousand (December 31, 2007: TRY 196,230 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. As of March 31, 2008 the Bank has no reverse repo transactions (December 31, 2007: TRY 2,611,226 Thousand).

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

X. EXPLANATIONS ON TANGIBLE FIXED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND THE LIABILITIES ABOUT THOSE FINANCIAL ASSETS

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 No: 26333 and dated November 1, 2006 and these assets are by no means subject to revaluation.

The Bank’s immovables acquired amount to TRY 1,931 Thousand consisting of TRY 1,735 Thousand on its commercial loans and TRY 196 Thousand on its agricultural loans. Total assets held for sale together with its movables amounting TRY 86 Thousand equal to TRY 2,017 Thousand. Total depreciation expense is TRY 47 Thousand for these assets.

XI. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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 by adding constructive expenses to the initial cost of software considering their useful lives.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2008**

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

SECTION III: ACCOUNTING POLICIES (cont'd)

XII. EXPLANATIONS ON PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost and if results of expertise reports exceed the costs they are not subject any revaluation. The Bank's property, plant and equipment purchased before January 1, 2005 are carried at restated cost in the balance sheet before December 31, 2004 and its property, plant and equipment that are purchased subsequent to January 1, 2005 are valued at historical cost. Subsequent to recognition, property, plant and equipment are presented 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 estimated 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%
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.

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

The Bank, as the lessee, recognizes its leasing operations in accordance with the requirements of the Turkish Accounting Standards (TAS 17) "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 basis with respect to their useful lives. Principal and installment paid for property, plant and equipment that are acquired under financial leasing are charged to the liability "Finance Lease Payable" account, whereas interests are recognized in "Deferred Financial Leasing Expenses" account. At installment payments, principal and interest amount of installment amount are debited to "Financial Lease Payable" account, whereas interest is credited in "Deferred Financial Leasing Expenses" account and recorded to the other interest expenses.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2008**

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

SECTION III: ACCOUNTING POLICIES (cont'd)

XIV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

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 and 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.

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 data processing 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 206,718 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.

XV. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES

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. In line with the legislation that requires 10 days of paid leave to be used at minimum and the assumption that 12 days of paid vacation is used on average, unused vacation liability is calculated by deducting 12 days of paid vacation from the total earned vacation time.

As of March 31, 2008, provision allocated for all employee benefit liabilities is TRY 486,950 Thousand. The Bank is not employing its personnel by means of limited-period contracts.

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SECTION III: ACCOUNTING POLICIES (cont'd)

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

Bank employees are the 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 20th provisional article of Social Security Agency (SSK) Act of no 506. 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 by 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, 2007 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.

In accordance with the Act No: 5754 "Act about the Amendments in Social Security and General Health Insurance Act and Some of Acts and Decrees" published in the Official Gazette No: 26870 on May 8, 2008, bank pension funds participants and salaried members or the rightful owners would be transferred to Social Security Institution and would be subject to its legislation within three years beginning from the date of publication without any required transaction. Three years transfer period would be extended by two years at most with the decision of Council of Ministers. In accordance with the related legislation, as of the transfer date, the cash value of the liabilities will be calculated by considering the income and expenses of the transferred funds by the insurance branches and by using the actuarial interest rate of 9.8%. Moreover, the unfulfilled other social rights and payments existed in the settlement deeds of the subjected pension funds of the transferred participants, members or the rightful owners will be continued to be fulfilled by the employer entities of the funds and its participants.

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

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% as 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.

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SECTION III: ACCOUNTING POLICIES (cont'd)

XVI. EXPLANATIONS ON TAXATION (cont'd)

Corporate Tax: (cont'd)

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 to the accounting policies used and valuation principles and that calculated under the tax legislation.

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. However, 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 associated directly with equity.

XVII. ADDITIONAL EXPLANATIONS ON BORROWINGS

The Bank accounts its debt instruments in accordance with the Turkish Accounting Standard (TAS 39) "Financial Instruments: Recognition and Measurement". In the following periods, all financial liabilities are valued at amortized cost by using the internal rate of return method. The Bank has no borrowings that require hedging techniques for accounting and valuation of debt instruments and liabilities representing the borrowings.

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

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SECTION III: ACCOUNTING POLICIES (cont'd)

XVIII. EXPLANATIONS ON SHARES AND SHARE ISSUE

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

XIX. EXPLANATIONS ON BILL GUARANTEES AND ACCEPTANCES

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

XX. EXPLANATIONS ON GOVERNMENT INCENTIVES

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

XXI. EXPLANATIONS ON SEGMENT REPORTING

The Bank has operations in retail (consumer) banking, corporate and commercial banking, agricultural banking, treasury transactions and international banking areas.

Known as having the most extensive branch network in retail (consumer) 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, existing instruments are improved and 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 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, letter of credits and guarantees 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 extends 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 and the Bank performs repo/reverse repo transactions. Besides, the Bank has commission revenue from insurance and other finance institutions by rendering agency services through its branches.

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SECTION III: ACCOUNTING POLICIES (cont'd)

XXI. EXPLANATIONS ON SEGMENT REPORTING (cont'd)

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

As of March 31, 2008 explanations on segment reporting shown below are in line with Communiqué on “Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”

Table for Segment Reporting:

	Retail Banking	Trade and Corporate Banking (*)	Specialized Banking (**)	Treasury	International Banking	Total Operations of Bank
Current Period						
Operating Income (***)	477,665	180,283	296,769	163,716	7,389	1,125,822
Operating Profit	(6,478)	134,621	296,769	139,433	1,086	565,431
Income from Subsidiaries (****)	-	-	-	-	-	8,131
Income before Taxes	-	-	-	-	-	565,431
Tax Provision Income	-	-	-	-	-	(119,828)
Minority Rights	-	-	-	-	-	-
Net Period Profit/Losses	-	-	-	-	-	445,603
Segment Assets-net (***)	15,254,445	1,540,408	7,741,888	59,937,155	657,682	85,131,578
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-	-	467,812
Undistributed Assets	-	-	-	-	-	790,016
Total Assets	-	-	-	-	-	86,389,406
Segment Liabilities – net (***)	61,774,676	11,609,793	2,692,917	756,275	657,478	77,491,139
Undistributed Liabilities	-	-	-	-	-	1,459,819
Shareholders' Equity	-	-	-	-	-	7,438,448
Total Liabilities	-	-	-	-	-	86,389,406
Other segment items						
Capital Investment	-	-	-	-	-	-
Depreciation	-	-	-	-	-	10,263
Restructuring Costs	-	-	-	-	-	-

(*) Trade and corporate banking column includes results of operations and total assets and liabilities of 3 corporate and 27 trade branches of the Bank. Since any trading and corporate banking operations in other branches could not be distributed; they are not included in this column.

(**) Agricultural loans and loans transferred from Emlakbank, liabilities regarding these loans and operating income related with them are indicated in “Specialized Banking” column. Besides, income from specialized banking operations are presented at “Specialized Banking” column and since the Bank’s deposit interest expense from related operations can not be decomposed, these amounts are presented at operating profit row in “Retail 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 could not 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.

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SECTION III: ACCOUNTING POLICIES (cont'd)

XXI. EXPLANATIONS ON SEGMENT REPORTING (cont'd)

Table for Segment Reporting: (cont'd)

	Retail Banking	Trade and Corporate Banking (*)	Specialized Banking (**)	Treasury	International Banking	Total Operations of Bank
Prior Period						
Operating Income (***)	2,729,914	469,699	809,660	654,612	46,233	4,710,118
Operating Profit	1,239,668	341,263	807,639	560,680	13,810	2,963,060
Income from Subsidiaries (****)	-	-	-	-	-	25,640
Income before Taxes	-	-	-	-	-	2,963,060
Tax Provision Income	-	-	-	-	-	(611,969)
Minority Rights	-	-	-	-	-	-
Net Period Profit/Losses	-	-	-	-	-	2,351,091
Segment Assets-net (***)	12,531,423	2,684,124	7,394,841	56,369,835	817,502	79,797,725
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-	-	373,847
Undistributed Assets	-	-	-	-	-	770,739
Total Assets	-	-	-	-	-	80,942,311
Segment Liabilities – net (***)	54,339,262	13,775,677	2,769,294	589,554	808,248	72,282,035
Undistributed Liabilities	-	-	-	-	-	1,442,174
Shareholders' Equity	-	-	-	-	-	7,218,102
Total Liabilities	-	-	-	-	-	80,942,311
Other segment items						
Capital Investment	-	-	-	-	-	-
Depreciation	-	-	-	-	-	43,657
Restructuring Costs	-	-	-	-	-	-

(*) Trade and corporate banking column includes results of operations and total assets and liabilities of 3 corporate and 26 trade branches of the Bank. Since any trading and corporate banking operations in other branches could not be distributed; they are not included in this column.

(**) Agricultural loans and loans transferred from Emlakbank, liabilities regarding these loans and operating income related with them are indicated in "Specialized 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 could not 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

The General Assembly for year 2007 was carried out in April 8, 2008. In accordance with the decision taken, from the profit of the year 2007 amounting to TRY 2,351,091 Thousand, amount equal to TRY 316,865 Thousand is transferred to legal reserves, amounts equal to TRY 45,000 Thousand and TRY 1,649,555 Thousand are respectively distributed as dividend to employees provided that dividend amount does not exceed one gross wage for each employee and to Treasury after deducting withholding tax of 15% (TRY 291,098 Thousand). Cash payment is done to Treasury in April 21, 2008.

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

I. EXPLANATIONS RELATED TO CAPITAL ADEQUACY STANDARD RATIO

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 21.61% (December 31, 2007: 25.44%).

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

Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", which was published in the Official Gazette numbered 26333 on November 1, 2006.

In the computation of capital adequacy standard ratio, information prepared in accordance with the statutory accounting requirements is used. Additionally, the market risk, credit risk and operational risk amounts are 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 1 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 credit 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.

Since the ratio of financial assets available for sale is above 10% of the Bank's total securities, this account is considered as held for trading and is not included in risk weighted assets in current period in accordance with the additional article of Communiqué on "Measurement and Assessment of Capital Adequacy of Banks which is effective from January 1, 2008. For determining market risk base amount, the capital requirement is calculated for general market and specific risk related with those accounts.

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

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

Information related to capital adequacy ratio:

Current Period	Risk Weights						
	Bank Only						
	0%	10%	20%	50%	100%	150% ⁽²⁾	200% ⁽²⁾
Credit Risk Base Amount							
Balance Sheet Items (Net)	23,303,844	-	4,507,915	3,806,752	18,068,659	12,054	28
Cash	699,326	-	99	-	-	-	-
Matured Marketable Securities	376	-	-	-	-	-	-
Central Bank of Republic of Turkey	2,867,388	-	-	-	-	-	-
Domestic, Foreign Banks, Head Offices and Branches Abroad	-	-	4,374,348	-	54,884	-	-
Interbank Money Market Placements	1,100,000	-	-	-	-	-	-
Receivables from Reverse Repo Transactions	-	-	-	-	-	-	-
Required Reserve Deposits	1,620,894	-	-	-	-	-	-
Loans	2,747,478	-	-	3,797,252	16,362,913	12,054	28
Loans Under Follow-up (Net) ⁽¹⁾	-	-	-	-	319	-	-
Financial Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-For-Sale	-	-	-	-	21,641	-	-
Investments Held to Maturity	13,627,305	-	-	-	3,775	-	-
Receivables from Forward Sale of Assets	-	-	-	-	6,991	-	-
Sundry Debtors	24,473	-	6,550	-	69,020	-	-
Interest and Income Accruals	452,469	-	888	9,500	587,433	-	-
Subsidiaries, Associates and Joint Ventures (business association) (Net)	-	-	-	-	258,032	-	-
Fixed Assets	-	-	-	-	637,442	-	-
Other Assets	164,135	-	126,030	-	66,209	-	-
Off Balance Sheet Items	103,121	-	44,765	-	2,065,451	-	-
Non-cash Loans and Commitments	103,121	-	44,765	-	2,064,401	-	-
Derivative Financial Instruments	-	-	-	-	1,050	-	-
Non-Risk Weighted Accounts	-	-	-	-	-	-	-
Total Risk Weighted Assets	23,406,965	-	4,552,680	3,806,752	20,134,110	12,054	28

¹ In the financial statements, Loans under Follow-up (Net) is TRY 86,543 Thousand (December 31, 2007: TRY 79,826 Thousand). However, TRY 86,224 Thousand of this balance (December 31, 2007: TRY 79,563 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.

² In accordance with the change in regulation, 150% and 200% risk weights are started to applied as of March 2008 period.

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

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

Information related to capital adequacy ratio: (cont'd)

Prior Period	Risk Weights				
	Bank Only				
	0%	10%	20%	50%	100%
Credit Risk Base Amount					
Balance Sheet Items (Net)	56,924,232	-	3,167,755	3,484,121	16,160,619
Cash	755,357	-	39	-	-
Matured Marketable Securities	2,058	-	-	-	-
Central Bank of Republic of Turkey	3,368,946	-	-	-	-
Domestic, Foreign Banks, Head Offices and Branches Abroad	-	-	2,870,569	-	40,109
Interbank Money Market Placements	-	-	-	-	-
Receivables from Reverse Repo Transactions	2,610,000	-	-	-	-
Required Reserve Deposits	1,414,358	-	-	-	-
Loans	2,783,298	-	-	3,478,028	14,780,887
Loans Under Follow-up (Net)	-	-	-	-	263
Financial Lease Receivables	-	-	-	-	-
Financial Assets Available-For-Sale	29,795,037	-	1,056	-	27,629
Investments Held to Maturity	13,506,052	-	-	-	3,720
Receivables from Forward Sale of Assets	-	-	-	-	7,509
Sundry Debtors	29,472	-	187	-	50,325
Interest and Income Accruals	2,531,056	-	4,002	6,093	555,814
Subsidiaries, Associates and Joint Ventures (business association) (Net)	-	-	-	-	8,251
Fixed Assets	-	-	-	-	650,019
Other Assets	128,598	-	291,902	-	36,093
Off Balance Sheet Items	31,995	-	540,572	346,833	1,348,460
Non-cash Loans and Commitments	31,995	-	540,572	346,833	1,346,268
Derivative Financial Instruments	-	-	-	-	2,192
Non-Risk Weighted Accounts	-	-	-	-	-
Total Risk Weighted Assets	56,956,227	-	3,708,327	3,830,954	17,509,079

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2008

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

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

Summary information about the capital adequacy standard ratio:

	Current Period	Prior Period
Credit Risk Base Amount (CRBA)	22,966,158	20,166,221
Market Risk Base Amount (MRBA)	4,976,500	398,175
Operational Risk Base Amount (ORBA)(*)	8,115,602	7,915,880
Shareholders' Equity	7,792,937	7,244,742
Shareholders' Equity/(CRBA+MRBA+ORBA) *100	21.61	25.44

Information related to components of Shareholders' Equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	2,500,000	2,500,000
Nominal Capital	2,500,000	2,500,000
Capital Commitments (-)	-	-
Inflation Adjustment for Paid-in Capital	543,482	543,482
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	1,251,782	1,251,782
I. Degree Legal Reserves (TCC 466/1)	452,915	452,915
II. Degree Legal Reserves (TCC 466/2)	798,867	798,867
Legal Reserves per Special Legislations	-	-
Statutory Reserves	-	-
Extraordinary Reserves	281,255	214,396
Reserves Allocated per General Assembly Minutes	-	-
Retained Earnings	317,375	317,575
Accumulated Loss	-	-
Foreign Currency Share Capital Exchange Difference ^(*)	(36,120)	(103,179)
Inflation Adjustment for the Legal, Statutory and Extraordinary Reserves	-	-
Profit	2,956,492	2,510,889
Net Profit of the Period	445,603	2,351,091
Retained Earnings	2,510,889	159,798
Portion of Free Provisions Allocated for Potential Risk up to 25% of Core Capital Amount	470,710	431,924
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 (-) ^(**)	-	2,868
Prepaid Expenses (-) ^(**)	6,065	5,201
Intangible Assets (-) ^(**)	10,399	9,600
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	8,003,721	7,452,473

(*) Foreign currency reserve of the foreign investments and translation reserve from foreign branches are presented at this line.

(**) 1st Temporary Clause of Banks equity, up to January 1, 2009 considered as Deducted Values from Capital

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

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

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

	Current Period	Prior Period
SUPPLEMENTARY CAPITAL		
General Provisions	181,389	148,002
45% of Movable Assets Revaluation Fund	-	-
45% of Real Estates Revaluation Fund	-	-
Non-paid-up Shares of Subsidiaries, Associates and Joint Ventures (business associations)	12,764	2,158
Proportion of Primary Tier -II Capital excluded from the Core Capital Calculation	-	-
Secondary Tier -II Capital	-	-
45% of Marketable Securities Revaluation Fund	(107,327)	87,928
From Subsidiaries and Associates	-	-
From Financial Assets Available For Sale	(107,327)	87,928
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	86,826	238,088
TIER-III CAPITAL	-	-
CAPITAL	8,090,547	7,690,561
DEDUCTIONS FROM CAPITAL	297,610	445,819
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	279,126	422,500
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	1,995	5,624
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	25	26
Other	-	-
TOTAL SHAREHOLDERS' EQUITY	7,792,937	7,244,742

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

SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

II. EXPLANATIONS RELATED TO THE MARKET RISK

a) 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.

Market risk management strategy policy and implementation procedures of the Bank are determined within the context of "Market and Financial Statement Risks Management Regulation".

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

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

Daily Value at Risk (VAR) forecasts are made based on financial instruments with different risk factors and portfolios in the Bank and are reported to the related units. Also, backward testing is performed so as to measure performance of the model used. The Bank limits market risk exposure by VAR based limit within the context of "Market and Financial Statement Risks Management Regulation".

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.

Information Related to Market Risk:

	Current Period Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	357,060
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	-
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	40,640
(IV) Capital Requirement to be Employed For Commodity Risk - Standard Method	420
(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)	398,120
(IX) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x VII)	4,976,500

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

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

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

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”.

III. EXPLANATIONS RELATED TO THE CURRENCY RISK

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 for foreign exchange transactions are 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.

c) Management policy for foreign currency risk:

“Liquidity Gap Analysis”, “Reprising Gap Analysis” and “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 US Dollar and Euro, which are mainly used by the Bank in its operations. Also, daily VAR 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 Bank’s for the last and 5 days before the financial statement date:

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
24.03.2008	1.2310	1.8895	1.1163	0.2538	0.2012	1.2019	1.2071	0.2327	2.4403	0.3283	1.2226
25.03.2008	1.2440	1.9356	1.1374	0.2598	0.2059	1.2326	1.2243	0.2399	2.4848	0.3317	1.2427
26.03.2008	1.2640	1.9885	1.1654	0.2671	0.2118	1.2701	1.2433	0.2480	2.5283	0.3371	1.2760
27.03.2008	1.2665	1.9984	1.1670	0.2683	0.2130	1.2748	1.2503	0.2493	2.5453	0.3376	1.2697
28.03.2008	1.2924	2.0362	1.1863	0.2734	0.2171	1.2962	1.2712	0.2532	2.5725	0.3445	1.2972
31.03.2008	1.3300	2.1037	1.2138	0.2826	0.2243	1.3437	1.2967	0.2619	2.6435	0.3546	1.3357

e) Simple arithmetic average 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
1.2415	1.9241	1.1454	0.2584	0.2049	1.2265	1.2390	0.2409	2.4846	0.3312	1.2321

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A. Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2008

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

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

Information on the foreign currency risk of the Bank:

	EURO	USD	Yen	Other FC ¹	Total
Current Period					
Assets					
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of Republic of Turkey	1,676,505	50,200	217	16,233	1,743,155
Receivables from Banks	1,124,370	1,317,252	598	366,850	2,809,070
Financial Assets at Fair Value Through Profit and Loss	45,143	63,345	-	-	108,488
Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	5,470,350	3,402,938	-	-	8,873,288
Loans ²	324,143	417,627	-	2,824	744,594
Subsidiaries, Associates and Entities Under Common Control	294,802	63,692	-	32,650	391,144
Investment Securities Held-to-Maturity	656,455	92	-	307	656,854
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Property, Plant and Equipment	-	817	-	307	1,124
Intangible Assets	-	282	-	57	339
Other Assets	28,854	1,509	-	7,155	37,518
Total Assets	9,620,622	5,317,754	815	426,383	15,365,574
Liabilities					
Interbank Deposits	83,136	392,601	1	50,226	525,964
Foreign Currency Deposits	9,369,430	4,525,845	384	351,895	14,247,554
Money Market Borrowings	-	-	-	-	-
Funds provided from Other Financial Institutions	1,501	1,170	-	-	2,671
Issued Marketable Securities	-	-	-	-	-
Sundry Creditors	144,980	4,973	-	81	150,034
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities	37,408	73,719	2,244	3,983	117,354
Total Liabilities	9,636,455	4,998,308	2,629	406,185	15,043,577
Net Balance Sheet Position	(15,833)	319,446	(1,814)	20,198	321,997
Net Off-Balance Sheet Position ³	(3,396)	(492,496)	-	39,345	(456,547)
Financial Derivative Assets	-	14,308	-	53,668	67,976
Financial Derivative Liabilities	3,396	506,804	-	14,323	524,523
Non-cash Loans ⁴	518,808	1,409,206	20,564	12,129	1,960,707
Prior Period					
Total Assets	8,060,574	4,147,624	424	380,636	12,589,258
Total Liabilities	8,073,417	4,114,089	1,498	356,350	12,545,354
Net Balance Sheet Position	(12,843)	33,535	(1,074)	24,286	43,904
Net Off-Balance Sheet Position ³	3,648	(29,938)	-	26,317	27
Financial Derivative Assets	6,413	38,267	-	33,299	77,979
Financial Derivative Liabilities	2,765	68,205	-	6,982	77,952
Non-cash Loans	296,345	1,363,753	3,789	26,082	1,689,969

¹ Of the foreign currencies presented in the other FC column of assets, 26.63% is CHF, 51.56% is GBP, 12.25% is DKK, 9.56% is MKD and the remaining 9.86% is other foreign currencies.

Of the foreign currencies presented in the FC column of liabilities, 26.69% is CHF, 47.09% is GBP, 13.05% is DKK and the remaining 13.17% is other foreign currencies.

² TRY 1,356 Thousand equivalent of USD and TRY 1,382 Thousand equivalent of EUR balances of loans are originated as foreign exchange indexed loans (December 31, 2007: TRY 1,790 Thousand equivalent of USD and TRY 1,128 Thousand equivalent of EUR)

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

⁴ "Specific provisions for undemnified non-cash loans" are deducted from Non-Cash Loans.

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

IV. EXPLANATIONS RELATED TO THE INTEREST RATE RISK

The Bank's structural interest rate management policy and methods of applications are set under the scope of "Management of Market and Balance Sheet Risks Regulation".

At the Bank, the structural interest rate risk analysis is made based on the income and economic value approaches. Under economic value approach, Bank is applying the analysis of Standard Interest Shock that has proposed by the Basel Committee, whereas under income approach Bank is applying Net Interest Margin/Income analysis. The Standard Interest Shock analysis is applied over interest rate sensitive balance sheet items excluding the positions subject to the market risk and the results are compared with the equity. At the Net Interest Margin/Income analysis the change in the interest income of the Bank resulting from interest change is analyzed. About the structural interest rate risk the duration analysis is also applied at the Bank. Bank limits the its interest rate exposure. Moreover, an early warning system covering various parameters regarding the structural interest rate risk has also been established by the Bank.

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

Interest rate sensitivity of assets and liabilities is followed 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 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2008

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

SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

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

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 days to reprising dates)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 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	4,590,419	-	-	-	-	699,425	5,289,844
Receivables from Banks	4,419,437	8,066	4,172	-	-	-	4,431,675
Financial Assets at Fair Value Through Profit and Loss	423,813	3,023	264,971	199,553	82,671	376	974,407
Money Market Placements	1,100,466	-	-	-	-	-	1,100,466
Financial Assets Available-for-Sale	2,868,497	1,086,950	20,158,514	8,533,510	2,771,036	90,988	35,509,495
Loans	7,370,522	712,875	1,832,753	10,806,932	2,704,177	-	23,427,259
Investment Securities Held-to-Maturity	6,410,070	6,911,599	6,260	652,042	-	-	13,979,971
Other Assets	-	-	-	-	-	1,676,289	1,676,289
Total Assets	27,183,224	8,722,513	22,266,670	20,192,037	5,557,884	2,467,078	86,389,406
Liabilities							
Interbank Deposits	924,415	-	2,660	-	-	-	927,075
Other Deposits	58,431,814	9,776,340	4,193,854	33,312	-	-	72,435,320
Money Market Borrowings	335,782	-	-	-	-	-	335,782
Sundry Creditors	-	-	-	-	-	529,504	529,504
Issued Marketable Securities	-	-	-	-	-	-	-
Funds provided from Other Financial Institutions	1,483	1,963	3,712	809	60	-	8,027
Other Liabilities	210,389	-	-	2,485,975	-	9,457,334	12,153,698
Total Liabilities	59,903,883	9,778,303	4,200,226	2,520,096	60	9,986,838	86,389,406
Balance Sheet Long Position	-	-	18,066,444	17,671,941	5,557,824	-	41,296,209
Balance Sheet Short Position	(32,720,659)	(1,055,790)	-	-	-	(7,519,760)	(41,296,209)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(32,720,659)	(1,055,790)	18,066,444	17,671,941	5,557,824	(7,519,760)	-

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

(*) TRY 2,482,528 Thousand of fund balance in other liabilities is shown under the "1 - 5 years" column and TRY 210,389 Thousand from funds that their risk is not belong to the Bank that are not granted as loan is shown under the "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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2008

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

IV. EXPLANATIONS RELATED TO THE INTEREST RATE RISK (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	1.88	0.95	-	11.43
Receivable from Banks	4.14	3.21	-	15.53
Financial Assets at Fair Value Through Profit and Loss	5.18	6.78	-	16.78
Money Market Placements	-	-	-	15.25
Financial Assets Available-for-Sale	5.88	6.44	-	17.37
Loans	5.14	4.60	-	20.32
Investment Securities Held-to-Maturity	5.14	-	-	17.04
Liabilities				
Interbank Deposits (*)	4.03	2.76	-	15.30
Other Deposits	2.34	2.32	-	15.56
Money Market Borrowings	-	-	-	13.24
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	-	-	-
Funds Provided from Other Financial Institutions	4.90	5.03	-	14.52

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2008

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

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

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years 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	4,886,961	-	-	-	-	753,869	5,640,830
Receivables from Banks	2,713,458	201,657	-	-	-	-	2,915,115
Financial Assets at Fair Value Through Profit and Loss	202,712	15,019	415,351	52,788	73,895	2,058	761,823
Money Market Placements	2,611,226	-	-	-	-	-	2,611,226
Financial Assets Available-for-Sale	6,405,230	11,405,714	5,258,294	6,913,833	1,898,203	78,942	31,960,216
Loans	6,513,648	298,431	1,690,456	10,590,461	2,431,312	-	21,524,308
Investment Securities Held-to-Maturity	6,403,547	6,917,215	3,875	530,790	-	-	13,855,427
Other Assets	-	-	-	-	-	1,673,366	1,673,366
Total Assets	29,736,782	18,838,036	7,367,976	18,087,872	4,403,410	2,508,235	80,942,311
Liabilities							
Interbank Deposits	555,282	2,343	-	-	-	-	557,625
Other Deposits	53,394,158	10,429,965	3,755,409	112,610	-	-	67,692,142
Money Market Borrowings	196,265	-	-	-	-	-	196,265
Sundry Creditors	-	-	-	-	-	387,662	387,662
Issued Marketable Securities	-	-	-	-	-	-	-
Funds provided from Other Financial Institutions	1,899	1,323	3,647	712	55	-	7,636
Other Liabilities	225,326	-	-	2,548,170	-	9,327,485	12,100,981
Total Liabilities	54,372,930	10,433,631	3,759,056	2,661,492	55	9,715,147	80,942,311
Balance Sheet Long Position	-	8,404,405	3,608,920	15,426,380	4,403,355	-	31,843,060
Balance Sheet Short Position	(24,636,148)	-	-	-	-	(7,206,912)	(31,843,060)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(24,636,148)	8,404,405	3,608,920	15,426,380	4,403,355	(7,206,912)	-

(*) Balances without maturity are shown under the "Up to 1 month" column.

(*) TRY 2,543,969 Thousand of fund balance in other liabilities is shown under the "1 - 5 years" column and TRY 225,326 Thousand from funds that their risk is not belong to the Bank that are not granted as loan is shown under the "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.

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

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

Average interest rate applied to the monetary financial instruments:

	EURO	USD	Japanese Yen	TRY
Prior Period				
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and Balances with the Central Bank of Turkey	1.80	1.95	-	11.81
Receivables from Banks	3.75	4.87	-	16.85
Financial Assets at Fair Value Through Profit and Loss	4.97	6.95	-	17.00
Money Market Placements	-	-	-	17.14
Financial Assets Available-for-Sale	5.88	6.55	-	18.31
Loans	5.24	6.09	-	20.47
Investment Securities Held-to-Maturity	5.14	-	-	16.53
Liabilities				
Interbank Deposits	3.90	4.46	-	16.50
Other Deposits (*)	2.34	2.58	-	15.56
Money Market Borrowings	-	-	-	12.83
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	-	-	-
Funds Provided from Other Financial Institutions	5.08	5.16	-	14.86

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2008**

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

SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

V. EXPLANATIONS RELATED TO THE LIQUIDITY RISK

General principles of liquidity and financial emergency state management are considered in the scope of “Liquidity and Financial Emergency State Management Regulation” and application procedures of liquidity and financial business continuity management are considered in the scope of “Liquidity and Financial Emergency State Management Application Base and Procedures”.

Liquidity and Financial Emergency State Management Regulation consist of early warning indicators of liquidity and financial emergency state announcement procedures of indicators and process of transition to liquidity and financial emergency state management.

a) Basis of the current liquidity risk of the Bank and whether the necessary measures taken, 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:

The Bank covers majority of its liquidity need through deposits. The Bank’s deposits do not fluctuate considerably depending on the broadly dispersed customer network. Besides, internal and external sources that can be used to meet the immediate liquidity need are monitored periodically. Borrowing limits of the Bank from organized markets and other financial institutions can cover the corresponding liquidity gaps with different maturities. The Bank limits its liquidity risk exposure by the approval of Board of Directors in context with “Financial Emergency State Management Regulation”.

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 no inconsistency exists.

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

Although the average maturity of the Bank’s assets is long, securities with coupon payments constituting majority of the securities portfolio supply significant liquidity for the Bank. Besides, volume of deposits constituting the majority of the liabilities is not subject to significant changes. The Bank also provides funds from 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 of funds is deposits, and these funds are invested in securities portfolio, other banks and loan placements. Since most significant cash inflows are originated from securities portfolio and cash in flows from these assets are regular the liquidity risk of the Bank is suggested to be reduced. Furthermore, installments of consumer loans in the current period has role to cover the Bank’s need of source of funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2008**

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

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

Presentation of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years 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	5,289,844	-	-	-	-	-	-	5,289,844
Receivables from Banks	49,998	4,369,425	8,075	4,177	-	-	-	4,431,675
Financial Assets at Fair Value Through Profit and Loss	1,668	422,521	3,023	85,123	379,300	82,772	-	974,407
Money Market Placements	-	1,100,466	-	-	-	-	-	1,100,466
Financial Assets Available-for-Sale	-	836,009	1,086,950	5,112,382	23,490,735	4,892,431	90,988	35,509,495
Loans	-	900,858	1,688,244	9,973,485	9,388,751	1,475,921	-	23,427,259
Investment Securities Held-to-Maturity	-	227,725	118,683	5,583,563	8,050,000	-	-	13,979,971
Other Assets ⁽³⁾	316,438	-	-	5,150	6,991	-	1,347,710	1,676,289
Total Assets	5,657,948	7,857,004	2,904,975	20,763,880	41,315,777	6,451,124	1,438,698	86,389,406
Liabilities								
Interbank Deposits	367,206	557,209	-	2,660	-	-	-	927,075
Other Deposits	12,035,634	46,396,180	9,776,340	4,193,854	33,312	-	-	72,435,320
Funds Provided from Other Financial Instruments	-	1,483	1,963	3,712	809	60	-	8,027
Money Market Borrowings	-	335,782	-	-	-	-	-	335,782
Issued Marketable Securities	-	-	-	-	-	-	-	-
Sundry Creditors	529,504	-	-	-	-	-	-	529,504
Other Liabilities ⁽⁴⁾⁽⁵⁾	551,160	1,105,578	-	77,630	2,493,882	486,950	7,438,498	12,153,698
Total Liabilities	13,483,504	48,396,232	9,778,303	4,277,856	2,528,003	487,010	7,438,498	86,389,406
Liquidity Gap	(7,825,556)	(40,539,228)	(6,873,328)	16,486,024	38,787,774	5,964,114	(5,999,800)	-
Prior Period								
Total Assets	6,123,109	6,842,421	3,271,717	19,319,117	38,624,705	5,454,970	1,306,272	80,942,311
Total Liabilities	12,296,999	43,929,962	10,433,630	3,930,660	2,662,304	470,655	7,218,101	80,942,311
Liquidity Gap	(6,173,890)	(37,087,541)	(7,161,913)	15,388,457	35,962,401	4,984,315	(5,911,829)	-

- (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 86,543 Thousand of follow-up loans, no special provision is allocated and this amount is included in other assets under the "Undistributed" column.
- (4) In liabilities table, shareholders' equity is shown under the "Undistributed" column in other liabilities.
- (5) Funds balance amounted to TRY 2,482,528 Thousand is included in other liabilities and shown under the "1-5 year" column, fund balance amounted to TRY 210,389 Thousand whose risk is not beared by the Bank and from which no loan is granted is classified in "Up to One Month" column.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES TO ASSETS

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/ Foreign Currency	571,173	125,671	618,363	135,467
Central Bank of Turkey	2,975,366	1,615,053	3,480,318	1,406,643
Other	150	2,431	-	39
Total	3,546,689	1,743,155	4,098,681	1,542,149

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 ratios 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 March 31, 2008 are 11.43% for TRY, 0.95% for USD and 1.88% for EURO (December 31, 2007: 11.81% for TRY, 1.95% for USD and 1.80% for EURO).

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Demand Deposit	2,961,472	-	3,368,946	-
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Required Reserves (*)	13,894	1,615,053	111,372	1,406,643
Total	2,975,366	1,615,053	3,480,318	1,406,643

(*) Required reserve amount of TRY 19,160 Thousand of abroad branches is presented in this line (December 31,2007: TRY 18,960 Thousand)

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

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

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 derivative financial assets	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	-	22	-	7
Swap Transactions	-	1,269	-	891
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	1,291	-	898

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

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

3. a) Information on banks and other financial institutions

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	1,622,605	2,809,070	569,463	2,345,652
Domestic Banks	836,859	183,095	555,280	241,906
Foreign Banks	785,746	2,625,975	14,183	2,103,746
Foreign Head Office and Branches	-	-	-	-
Total	1,622,605	2,809,070	569,463	2,345,652

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) Explanation regarding to the comparison of net values of 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	35,525,589	31,888,303
Quoted in stock exchange	34,341,118	30,930,634
Not quoted	1,184,471	957,669
Share certificates	96,791	79,549
Quoted in stock exchange	-	-
Not quoted	96,791	79,549
Provision for impairment(-)	112,885	7,636
Total	35,509,495	31,960,216

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

I. EXPLANATIONS AND NOTES TO ASSETS (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	144,732	-	127,158	-
Total	144,732	-	127,158	-

b) Information on the first and second group loans and other receivables including restructured or 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
Cash Loans				
Non-specialized loans	16,285,242	823	7,763	-
Discount Notes	-	-	748	-
Export Loans	760,340	-	1,583	-
Import Loans	-	-	-	-
Loans given to Financial Sector	323,688	-	-	-
International Loans	71,337	-	-	-
Consumer Loans	10,380,485	-	887	-
Credit Cards	518,069	-	-	-
Precious Metals Loans (Gold, etc...)	-	-	-	-
Other	4,231,323	823	4,545	-
Specialized Loans	6,531,221	8,814	1,634	-
Other Receivables	-	-	-	-
Interest Income Accruals (*)	591,762	-	-	-
Total	23,408,225	9,637	9,397	-

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

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

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

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

c) Information on consumer loans, individual credit cards and personnel loans and personnel credit cards:

	Short-term	Medium and Long-term	Total
Consumer Loans-TRY	610,578	9,577,502	10,188,080
Real Estate Loans	1,927	3,836,233	3,838,160
Automobile Loans	3,470	197,985	201,455
Consumer Loans	605,165	5,543,284	6,148,449
Other	16	-	16
Consumer Loans- Indexed to FC	-	131	131
Real Estate Loans	-	131	131
Automobile Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans- FC	200	357	557
Real Estate Loans	-	257	257
Automobile Loans	-	-	-
Consumer Loans	200	100	300
Other	-	-	-
Individual Credit Cards-TRY	494,499	-	494,499
Installment	72,529	-	72,529
Non-Installment	421,970	-	421,970
Individual Credit Cards-FC	560	-	560
Installment	-	-	-
Non-Installment	560	-	560
Personnel Loans-TRY	2,734	111,698	114,432
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	2,729	111,136	113,865
Abroad(**)	5	562	567
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	59	59
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	-	59	59
Other	-	-	-
Personnel Credit Cards-TRY	20,727	-	20,727
Installment	4,951	-	4,951
Non-Installment	15,776	-	15,776
Personnel Credit Cards-FC	27	-	27
Installment	-	-	-
Non-Installment	27	-	27
Overdraft Account - TRY(Real Person)	78,680	-	78,680
Overdraft Account - FC(Real Person)	-	-	-
Total	1,208,005	9,689,747	10,897,752

(*) TRY 123,903 Thousand of interest income accrual amount of consumer loans could not be decomposed therefore not included in the table above.

(**) TRY 567 Thousand amount of Consumer Loans used by the Personnel Abroad has been shown under International Loans of 5-b) Table.

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

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

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

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

	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TRY	92,508	954,521	1,047,029
Business Residential Loans	240	27,538	27,778
Automobile Loans	3,057	94,205	97,262
Consumer Loans	89,211	832,392	921,603
Other	-	386	386
Commercial Installment Loans- Indexed to FC	-	-	-
Business Residential Loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans – FC	447	81	528
Business Residential Loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	447	81	528
Other	-	-	-
Corporate Credit Cards-TRY	2,246	-	2,246
Installment	21	-	21
Non-Installment	2,225	-	2,225
Corporate Credit Cards-FC	10	-	10
Installment	-	-	-
Non-Installment	10	-	10
Overdraft Account-TRY (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	95,211	954,602	1,049,813

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

e) 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”.

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

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

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

f) Breakdown of domestic and international loans:

	Current Period	Prior Period
Domestic loans	22,764,160	20,889,712
Foreign loans	71,337	78,564
Total	22,835,497	20,968,276

(*) The TRY 591,762 Thousand of accrual amount as of March 31, 2008 (TRY 556,032 Thousand as of December 31, 2007) could not be decomposed, therefore, is not included in the table above.

g) Loans granted to subsidiaries and investments:

	Current Period	Prior Period
Direct loans granted to subsidiaries and investments	32,921	61,609
Indirect loans granted to subsidiaries and investments	-	-
Total	32,921	61,609

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

h) Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectibility	61,428	36,757
Loans and other receivables with doubtful collectibility	97,624	86,134
Uncollectible loans and other receivables	197,454	188,240
Total	356,506	311,131

i) Information on non-performing loans (Net):

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

	III. Group:	IV. Group:	V. Group:
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current period	3,810	1,496	4,331
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	2,771	1,299	3,166
Rescheduled loans and other receivables	1,039	197	1,165
Prior period	3,755	1,555	4,673
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	2,761	1,336	3,360
Rescheduled loans and other receivables	994	219	1,313

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

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

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

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

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

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Prior period end balance	44,383	96,895	249,679
Additions (+)	139,387	8,317	4,987
Transfers from other categories of loans under follow-up (+)	-	43,006	22,172
Transfers to other categories of loans under follow-up (-)	43,819	21,359	-
Transfers to other categories of loans under follow-up (-)	69,368	17,944	13,287
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current period end balance	70,583	108,915	263,551
Specific provision (-)	61,428	97,624	197,454
Net Balance on balance sheet ^(*)	9,155	11,291	66,097

^(*) Including the loans originated from funds whose risk does not belong to the Bank.

3) Information on foreign currency non-performing loans:

	III. Group Loans and other receivables with limited collectibility	IV. Group Loans and other receivables with doubtful collectibility	V. Group Uncollectible loans and other receivables
Current Period:			
Period end balance	-	3,832	4,641
Specific provision (-)	-	3,832	4,641
Net Balance on balance sheet	-	-	-
Prior Period:			
Period end balance	44	3,227	4,128
Specific Provision (-)	44	3,227	4,128
Net Balance on balance sheet	-	-	-

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

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

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

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

4) Gross and net amounts of non-performing loans according to user groups:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
Current Period (Net)	9,155	11,291	66,097
Loans to Real Persons and Legal Entities (Gross)	70,583	84,232	263,551
Specific Provisions (-)	61,428	72,941	197,454
Loans to Real Persons and Legal Entities (Net)	9,155	11,291	66,097
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	24,683	-
Specific Provisions (-)	-	24,683	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	7,626	10,761	61,439
Loans to Real Persons and Legal Entities (Gross)	44,383	72,985	249,679
Specific Provisions (-)	36,757	62,224	188,240
Loans to Real Persons and Legal Entities (Net)	7,626	10,761	61,439
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	23,910	-
Specific Provisions (-)	-	23,910	-
Other Loans and Receivables (Net)	-	-	-

j) 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”.

k) Explanations on write-off policy:

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”.

l) Other explanations and disclosures:

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”.

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

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

6. Information on held-to-maturity securities:

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government Bonds	335,745	-	196,230	-
Treasury Bills	-	-	-	-
Other Public Sector Debt Securities	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	335,745	-	196,230	-

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	4,482,363	635,149	4,478,940	523,460
Other	-	-	-	-
Total	4,482,363	635,149	4,478,940	523,460

b) Information on held-to-maturity state notes:

	Current Period	Prior Period
Government Bonds	13,975,930	13,851,544
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Total	13,975,930	13,851,544

c) Information on held-to-maturity securities:

	Current Period	Prior Period
Debt securities	13,979,971	13,855,427
Quoted in a stock exchange	21,259	18,493
Not quoted	13,958,712	13,836,934
Impairment provision (-)	-	-
Total	13,979,971	13,855,427

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

	Current Period	Prior Period
Beginning Balance	13,855,427	17,059,676
Foreign currency differences on monetary assets	121,411	(55,978)
Purchases during the year (*)	3,133	3,720
Disposals through sales and redemptions	-	(3,151,991)
Impairment provision (-)	-	-
Period end balance	13,979,971	13,855,427

(*) The amount in current period is composed of change in accruals between two periods rather than the actual purchase amount.

7. Information about subsidiaries (Net) :**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 November 8, 2006: “If total assets of an association, subsidiary or entity under common control qualified as a loan or financial institution is less than 1% of the Parent Bank’s total assets and if total of shares of an association, subsidiary or entity under common control qualified as a loan or financial institution below that limit does not exceed 5% of the Parent Bank’s total assets, those associations may be excluded from consolidation considering the materiality principle”.

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

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

7. Information about subsidiaries: (cont'd)

1) 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	Gelişen İşletmeler Piyasaları A.Ş.	Istanbul/TURKEY	10.00	5.00

	Total Assets	Shareholders' Equity	Total Non- Current Assets	Interest Income	Income from marketable securities	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	392,709	102,394	103,514	2,717	2,353	(1,125)	(351)	-
2	14,182	12,112	3,437	365	-	1,248	1,879	-
3	20,863	13,871	1,867	521	-	1,165	1,258	-
4	6,308	6,296	4	1,114	4	879	441	-

- Since subsidiaries are not traded in the stock market, fair value could not be identified.
- Information on the Bankalararası Kart Merkezi A.Ş and Kredi Kayıt Bürosu A.Ş have been provided from March 31, 2008 unaudited financial statements, the information on Gelişen İşletmeler Piyasaları A.Ş. have been provided from December 31, 2007 audited financial statements, and the information on Arap Türk Bankası A.Ş have been provided from February 29, 2008 unaudited financial statements.

2) Information about consolidated associates:

Since the Bank did not consolidate its associates 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 November 8, 2006, disclosures of this section are not prepared.

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

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

8. Information on 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 does not consolidate the subsidiaries listed, 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, disclosures of this section are not prepared.

1) Information on 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.	İstanbul/TURKEY	100.00	50.00
2	Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/TURKEY	100.00	62.00
3	Ziraat Portföy Yönetimi A.Ş.	İstanbul/TURKEY	60.00	65.44
4	Bileşim A.Ş.	İstanbul/TURKEY	66.67	52.50
5	Fintek Finansal Teknoloji Hizmetleri A.Ş.	Ankara/TURKEY	62.50	36.60
6	Turkish Ziraat Bank Bosnia dd	Sarajevo/BOSNIA HERZEGOVINA	100.00	100.00
7	Ziraat Bank (Moscow) CJSC	Moscow/RUSSIA	100.00	99.87
8	Kazakhstan Ziraat Int. Bank	Almaty/KAZAKHSTAN	100.00	93.88
9	Ziraat Banka AD. Skopje	Skopje/MAKEDONIA	100.00	100.00

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

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

8. Information on Subsidiaries(Net):

	Total Assets	Shareholders' Equity	Total Non-Current Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	217,397	69,752	114,361	434	-	3,584	2,616	-
2	57,414	50,255	18,053	1,675	1,047,365	1,360	2,480	-
3	6,847	6,656	109	355	14,838	478	519	-
4	12,123	8,009	1,954	121	24	1,486	2,532	-
5	7,572	3,291	85	81	32	80	48	-
6	159,459	71,125	-	2,737	100	741	2,276	-
7	37,020	27,352	4,275	483	23	154	(456)	-
8	86,597	31,387	7,806	1,419	204	(87)	328	-
9	60,871	35,220	2,755	825	156	408	-	-

- Since associates are not traded in the stock market, fair values cannot be identified.
- The income from marketable securities portfolio of Ziraat Yatırım Menkul Değerler A.Ş. and Ziraat Portföy Yönetimi A.Ş. are showing the net sales.
- Information on subsidiaries shown in the above table have been taken from March 31, 2008 unaudited financial statements.
- The Skopje/Macedonia branch of the Bank has been started to operate as a bank in the name of Ziraat Banka AD. Skopje on March 11, 2008. The TRY 32,650 Thousand capital investment has been presented in financial statements of subsidiaries.

b) 1) Information on consolidated subsidiaries (Net):

As of March 31, 2008 the total assets of Ziraat International AG, which is followed under the subsidiaries account group and operates in Germany, exceed the exemption limit predetermined by the Communiqué on "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette No: 26340 on November 8, 2006. Therefore it has been included in the consolidation as of March 31, 2008.

	Description	Address (City/ Country)	The Bank's share percentage, if different-voting percentage (%)	The Bank's risk group share percentage (%)
1	Ziraat International AG	Frankfurt / GERMANY	100.00	100.00

	Total Assets	Shareholders' Equity	Total Non-Current Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	927,211	308,909	2,239	8,121	2,657	1,683	971	-

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

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

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

2) Information on consolidated subsidiaries:

	Current Period	Prior Period *
Balance at the beginning of the period	203,601	-
Movements in period	46,510	-
Purchases	-	-
Free shares obtained profit from current years share	-	-
Dividends from current year income	-	-
Sales	-	-
Revaluation increase **	46,510	-
Impairment provision	-	-
Balance at the end of the period	250,111	-
Capital commitments	-	-
Share percentage at the end of the period (%)	100	-

* There is no subsidiary which has been consolidated in the prior period.

** The amount represents the increase in exchange rates in the current period.

3) Information about consolidated subsidiaries' sector and related registered amounts :

	Current Period	Prior Period *
Banks	250,111	-
Insurance companies	-	-
Factoring companies	-	-
Finance companies	-	-
Other financial subsidiaries	-	-

(*) There is no subsidiary which has been consolidated in the prior period.

4) Subsidiaries which are quoted to a stock exchange:

None.

9. a) Information on entities under common control (business combinations):

Entities under common control (business combinations) ¹	Parent Bank's Portion ²	Group's Portion	Non-Current Asset	Fixed Asset	Long term liability	Income	Expense
TURKMEN -TURKISH COM.BANK	4,216	4,216	18,128	4,716	2,181	3,894	2,386
UZBEKISTAN-TURKISH BANK	4,611	4,611	25,598	3,224	39	1,088	672
AZERBAYCAN-TURKEY BİRGE SEHİMDAR KOMMERSİYA BANK	8,884	9,656	36,820	25,088	297	3,170	2,364
Total	17,711	18,483	80,546	33,028	2,517	8,152	5,422

¹ Information on entities under common control are taken from the unaudited financial statements as of March 31, 2008.

² Represents the Bank's capital portion regarding the shareholders equity rate on the entities under common control.

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

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

9. 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:

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 an association, subsidiary or an entity under common control qualified as a loan or financial institution is less than 1% of the Parent Bank's total assets and if total of shares of an association, subsidiary or an entity under common control qualified as a loan or financial institution below that limit does not exceed 5% of the Parent Bank's total assets, those entities may be excluded from consolidation under the consideration of the materiality principle".

The Bank accounts the translation differences regarding the foreign currency investments on entities under common control in the equity as capital reserves.

10. Information on finance lease receivables (Net):

None.

11. Information on derivative financial assets for hedging purposes:

None.

12. Information on tangible 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".

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 investment property:

None.

15. Information on deferred tax assets, if any:

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".

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

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

16. Information on assets held for sale and discontinued operations:

Bank does not have any discontinued operations. The assets held for sale are composed of immovables acquired through trade and agricultural receivables. Those immovables considered for sales are announced at the web site of the Bank.

17. Information on other assets:

a) If other assets exceed 10% of the balance sheet total (excluding the off-balance sheet commitments), information regarding the 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.

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

II. EXPLANATIONS AND NOTES TO LIABILITIES

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	Cumulative Deposits	Total
	Saving Deposits	3,384,912	-	5,665,404	27,311,081	2,009,682	331,932	332,977	-
Foreign Currency Deposits	2,742,797	-	3,583,219	3,564,457	1,125,994	113,901	3,118,556	-	14,248,924
Residents in Turkey	2,672,766	-	3,465,253	3,312,000	1,033,248	102,550	2,795,836	-	13,381,653
Residents Abroad	70,031	-	117,966	252,457	92,746	11,351	322,720	-	867,271
Public Sector Deposits	3,812,177	-	974,030	2,378,015	241,623	18,013	83,549	-	7,507,407
Commercial Inst. Deposits	1,207,627	-	1,230,934	2,812,664	197,093	32,335	1,204	-	5,481,857
Other Inst. Deposits	904,825	-	331,505	4,643,611	254,859	9,662	16,682	-	6,161,144
Precious Metals	-	-	-	-	-	-	-	-	-
Interbank Deposits	367,206	-	557,208	-	2,661	-	-	-	927,075
CBRT	1,199	-	2,660	-	-	-	-	-	3,859
Domestic Banks	348,018	-	513,567	-	-	-	-	-	861,585
Foreign Banks	17,989	-	40,981	-	2,661	-	-	-	61,630
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	12,419,544	-	12,342,300	40,709,828	3,831,912	505,843	3,552,968	-	73,362,395

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	Cumulative Deposits	Total
	Saving Deposits	2,768,728	-	5,061,179	26,190,577	2,232,892	342,855	320,933	-
Foreign Currency Deposits	2,429,360	-	2,863,724	3,121,608	887,371	262,756	2,568,628	-	12,133,447
Residents in Turkey	2,364,903	-	2,779,868	2,824,872	841,760	254,074	2,299,799	-	11,365,276
Residents Abroad	64,457	-	83,856	296,736	45,611	8,682	268,829	-	768,171
Public Sector Deposits	3,822,652	-	1,185,204	2,054,755	143,709	83,099	80,145	-	7,369,564
Commercial Inst. Deposits	1,304,018	-	1,481,718	2,157,565	192,597	18,826	1,186	-	5,155,910
Other Inst. Deposits	893,909	-	397,698	4,400,640	382,677	25,036	16,097	-	6,116,057
Precious Metals	-	-	-	-	-	-	-	-	-
Interbank Deposits	23,921	-	531,330	2,374	-	-	-	-	557,625
CBRT	1,322	-	2,109	-	-	-	-	-	3,431
Domestic Banks	2,080	-	499,534	-	-	-	-	-	501,614
Foreign Banks	20,519	-	29,687	2,374	-	-	-	-	52,580
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	11,242,588	-	11,520,853	37,927,519	3,839,246	732,572	2,986,989	-	68,249,767

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

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

1. b) Information on Saving Deposits:

1) Amounts exceeding the insurance limit:

a) 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	23,593,806	23,019,461	15,306,983	13,766,088
Foreign Currency Saving Deposits	6,508,333	6,418,549	4,414,213	3,242,814
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at Foreign Branches and under the Guarantees Subject to Foreign Authority Insurance ^(*)	169,269	167,560	22,873	22,686
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, TRY 6,879 Thousand of legal person deposits of Sofia can not be decomposed. (December 31, 2007: TRY 6,694 Thousand).

Based on the Council of Minister's decree No: 2003/6668 on December 29, 2003, TRY 5,811 Thousand of 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 total of capital amount and interest accruals of saving deposits up to TRY 50 Thousand attributable to a real person is covered by the insurance, TRY 458,283 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 November 7, 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.

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

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

1. b) Information on Saving Deposits (cont'd) :

3) Amounts which are not covered by insurance:

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

	Current Period	Prior Period
Deposits and accounts in branches abroad	3,348	4,959
Deposits of ultimate shareholders and their close families	-	-
Deposits of chairman and members of the Board of Directors and their close families	-	855
Deposits obtained through illegal acts defined in the 282nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-

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	-	16	-	7
Swap Transactions	7,374	517	417	388
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	7,374	533	417	395

3. a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Borrowings from CBTR	-	-	-	-
Domestic Banks and Institutions	5,356	1,980	5,227	1,784
Foreign Banks, Institutions and Funds	-	691	-	625
Total	5,356	2,671	5,227	2,409

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term	5,224	1,980	4,745	1,784
Medium and Long-Term	132	691	482	625
Total	5,356	2,671	5,227	2,409

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

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

3. 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”.

4. If other liabilities exceed 10% of the balance sheet total, name and amount of sub-accounts constituting 20% of the balance total:

Other liabilities do not exceed 10% of the balance 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 equally distributed. The Bank has no significant liabilities under the scope of these agreements.

For financial leasing agreements; total cost, VAT, and other expenses were classified as principal. From September 20, 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	979	939	911	875
Between 1-4 Years	2,573	2,508	3,447	3,326
More than 4 Years	-	-	-	-
Total	3,552	3,447	4,358	4,201

6. Information on derivative financial liabilities for hedging purposes:

a) There are no derivative financial liabilities for hedging purposes.

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

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

7. Explanations on Provisions:

a) Information on General Loan Provisions:

	Current Period	Prior Period
General Loans	181,389	148,002
Allocated for Group- I Loans and Receivables	139,086	120,378
Allocated for Group- II Loans and Receivables	207	41
Allocated for Non-Cash Loans	6,443	5,342
Other	35,653	22,241

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

c) Specific provisions for unindemnified non-cash loans:

Specific provisions for unindemnified non-cash loans amounts to TRY 377 Thousand.

d) Information on other provisions:

1) Information on generic provisions for possible risks:

	Current Period	Prior Period
Generic provisions for possible risks	470,710	431,924

Based on the decision of the Bank's Assets and Liabilities Committee, TRY 464,804 Thousand of generic provisions is allocated for possible risks as general loan provision at a rate of 3% except for the fund sourced credits which leads an additional provision in the current period.

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

TRY 522,741 Thousand of other provision amount consists of TRY 377 Thousand for unindemnified non-cash loans, TRY 5,800 Thousand for cash transfers made by the clerk, TRY 464,804 Thousand of provision due to the decision given by the Assets and Liabilities Committee, TRY 50,153 Thousand for remunerations liabilities and TRY 1,607 Thousand for other provisions.

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

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

7. Explanations on Provisions: (cont'd)

d) Information on other provisions: (cont'd)

3) Employee Pension Right Liabilities for the Bank Personnel:

Bank employees are the 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 20th provisional article of Social Security Agency (SSK) Act of No: 506. 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 by 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, 2007 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.

In accordance with the Act No: 5754 “Act about the Amendments in Social Security and General Health Insurance Act and Some of Acts and Decrees” published in the Official Gazette No: 26870 on May 8, 2008, bank pension funds participants and salaried members or the rightful owners would be transferred to Social Security Institution and would be subject to its legislation within three years beginning from the date of publication without any required transaction. Three years transfer period would be extended by two years at most with the decision of Council of Ministers. In accordance with the related legislation, as of the transfer date, the cash value of the liabilities will be calculated by considering the income and expenses of the transferred funds by the insurance branches and by using the actuarial interest rate of 9.8%. Moreover, the unfulfilled other social rights and payments existed in the settlement deeds of the subjected pension funds of the transferred participants, members or the rightful owners will be continued to be fulfilled by the employer entities of the funds and its participants.

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.

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

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

7. Explanations on Provisions: (cont'd)

e) Vacation and retirement pay obligations:

The Bank accounts for its vacation and retirement pay obligations 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	392,000	322,221
Payments in the period	(5,357)	(4,548)
Charge for the period	8,407	21,728
Total	395,050	339,401

(*) Represents the figures of March 31, 2007.

As of March 31, 2008 unpaid vacation liability amounted to TRY 91,900 Thousand (December 31, 2007: TRY 78,600 Thousand) 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 March 31, 2008, the remaining tax liability after deducting temporary taxes paid for the period is TRY 76,806 Thousand (December 31, 2007: TRY 171,604 Thousand).

2) Information on taxes and dues payable:

	Current Period	Prior Period
Corporate tax payable	76,806	171,604
Taxation of securities	108,521	129,546
Property tax	238	254
Banking Insurance Transaction Tax (BITT)	19,122	20,501
Foreign Exchange Tax	894	337
VAT payable	381	701
Other (*)	62,502	16,561
Total	268,464	339,504

(*) Includes the TRY 43,964 Thousand (December 31,2007: TRY 402 Thousand) tax payable, aroused from supporting payments to farmers.

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

II. EXPLANATIONS AND NOTES TO LIABILITIES (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	13	13
Social Security Premiums – Employer	20	20
Bank Social Aid Pension Fund Premium-Employee	19	17
Bank Social Aid Pension Fund Premium-Employer	24	22
Pension Fund Membership Fees and Provisions – Employee	4	4
Pension Fund Membership Fees and Provisions – Employer	2	3
Unemployment Insurance – Employee	62	60
Unemployment Insurance – Employer	120	118
Other	11	9
Total	275	266

b) Information on deferred tax liabilities, if any:

The Bank's deferred tax liability amounts to TRY 2,433 Thousand. However, this amount is netted off against the deferred tax asset and subsequently TRY 136,999 Thousand of net deferred tax asset is presented in the financial statements.

9. Information on non-current liabilities regarding assets held for sale and discontinued operations:

None.

10. Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institutions that the loan was borrowed from and conversion option, if any:

b) Information on the subordinated loans the Bank used:

None.

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

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

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

11. Information on Shareholders' Equity:

a) Presentation on Paid-in Capital:

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

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

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:

There is no share capital increases and increased capital shares.

d) Information on additions from capital reserves to capital in the current period:

There is no increase from capital fund.

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

There is no capital commitment.

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

II. EXPLANATIONS AND NOTES TO LIABILITIES (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 future assumptions based on the uncertainty of these indicators on the Bank's equity:

Bank follows its operations at the current period like the previous periods. Bank's balance sheet has been managed with precaution by being effected by the interest, rate of exchange and credit risks at the minimum level. This contributes the profitability structure of Bank to increase with an increasing rate.

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	(66,516)	(40,811)	173,270	22,125
Foreign exchange difference	-	-	-	-
Total	(66,516)	(40,811)	173,270	22,125

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 prepares consolidated financial statements only for Ziraat International AG and there is no minority interest in unconsolidated financial statements about this subsidiary.

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

III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES

1. Information On Off-Balance Sheet Liabilities:

a) Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Payment Commitments for Cheques	621,068	639,476
Asset Purchase and Sale Commitments	294,966	182,556
Commitments for Credit Card Expenditure Limits	1,187,912	1,145,847
Loan Granting Commitments	86,768	77,575
Other Irrevocable Commitments	274,062	199,933
Subsidiaries and Associates Capital Contribution Commitments	250	250
Promotion Appliance Commitments Relating to Credit Card and Bank Services	3,328	4,914
Payment Commitments for Required Reserves	82,505	-
Total	2,550,859	2,250,551

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 letter of credits:

	Current Period	Prior Period
Guarantee Letter	2,359,827	1,973,841
Bank Acceptance	2,519	1,366
Letter of Credit	455,428	460,641
Total	2,817,774	2,435,848

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

	Current Period	Prior Period
Temporary Letter of Guarantees	54,327	38,786
Letter of Guarantees	1,189,718	1,036,697
Letters of Advance Guarantees	666,739	587,024
Letters of Guarantee given to Customs Offices	8,567	7,005
Other Letters of Guarantee	440,476	304,329
Total	2,359,827	1,973,841

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

III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (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	428,308	299,282
Within one year or less than one year	56,884	56,179
Within more than one year maturity	371,424	243,103
Other Non-Cash Loans	2,389,466	2,136,566
Total	2,817,774	2,435,848

2. Derivative financial instruments:

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 contingent liabilities and 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”.

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”.

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

IV. EXPLANATIONS RELATED TO INCOME STATEMENT

1. a) Information on interest income from loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on Loans	951,270	8,290	676,399	7,456
Short term loans	404,007	5,871	280,237	3,968
Medium and long term loans	529,667	2,419	383,381	3,488
Interest on non-performing loans	17,596	-	12,781	-
Premiums from Resource Utilization Support Fund	-	-	-	-

b) Information on interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Central Bank of the Turkish Republic	94,083	8	-	1
Domestic Banks	11,179	1,565	7,777	175
Foreign Banks	3,378	20,713	18,007	25,720
Head Office and Branches	-	-	-	-
Total	108,640	22,286	25,784	25,896

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	892	1,004

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

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

2. a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	260	54	759	62
Central Bank of the Turkish Republic	-	-	-	-
Domestic Banks	260	35	759	36
Foreign Banks	-	19	-	13
Head Office and Branches	-	-	-	13
Other Institutions	-	-	-	-
Total	260	54	759	62

b) Information on interest expenses given to subsidiaries and associates:

	Current Period	Prior Period
Interest expenses to subsidiaries and associates	232	66

c) Information on interest on securities issued:

None.

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”.

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

	Current Period	Prior Period
Profit	12,255	73,000
Profit from the Capital Market Operations	4,362	18,052
Profit on Derivative Financial Instruments	1,316	-
Other	3,046	18,052
Foreign Exchange Gains	7,893	54,948
Loss (-)	78,921	41,125
Loss from the Capital Market Operations	8,255	281
Loss on Derivative Financial Instruments	8,033	-
Other	222	281
Foreign Exchange Losses	70,666	40,844

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

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

5. Information on other operating income:

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

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

6. Loans and other receivables impairment losses:

	Current Period	Prior Period
Specific provisions for loans and other receivables	73,888	32,246
III. Group	52,034	30,080
IV. Group	21,074	1,540
V. Group	780	626
General loan provision	36,994	30,504
Provision expenses for the possible losses	38,818	20,983
Marketable securities impairment expense	11,061	1,962
Financial assets at fair value through profit and loss	3,553	807
Financial assets available for sale	7,508	1,155
Impairment losses from associates, subsidiaries, entities under common control and investment securities held to maturity	5,823	440
Investment and Associates	2,029	-
Subsidiaries	3,794	440
Entities under Common Control (business combinations)	-	-
Investment securities held to maturity	-	-
Other	1	12
Total	166,585	86,147

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

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

7. a) Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	207,475	190,820
Provision for employee termination benefits	8,407	21,728
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	460	-
Depreciation expenses of fixed assets	10,263	10,972
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	-	344
Impairment expense for equity shares subject to the equity method	-	-
Impairment expense for investment securities that will be disposed	-	-
Amortization expenses of investment securities that will be disposed	-	-
Impairment expense for property plant and equipment held for sale and discontinued operations	-	-
Other operating expenses	68,551	51,479
Operational leasing expenses	6,447	4,948
Maintenance expenses	11,914	6,950
Advertisement expenses	4,627	959
Other expenses	45,563	38,622
Loss on sales of assets	3,181	3,913
Other	95,469	81,739
Total	393,806	360,995

* TRY 4,957 Thousand of retirement and notification and termination benefits payment amounts which have been paid from the personnel expense at the current period is presented at the provision for employee termination benefits row (Prior period: TRY 4,548 Thousand).

8. Informational profit/loss from continuing and discontinued operations before taxes:

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”.

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

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

9. Information on Tax Provision About Continuing and Discontinued Operations:

As of March 31, 2008, the Bank's income tax provision amounting to TRY (119,828) Thousand (March 31, 2007: TRY (171,236) Thousand) consists of TRY (76,806) Thousand (March 31, 2007: TRY (159,935) Thousand) of current tax charge and TRY (43,022) Thousand (March 31, 2007: TRY (11,301) Thousand) of deferred tax income.

10. Information on net operating income/expense from continuing and discontinued operations 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 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 change made to in accounting estimates that may require further explanations in current period.

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

As the accompanying financial statements are unconsolidated there is not any profit or loss attributable to minority interest.

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

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

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

VII. EXPLANATION RELATED TO THE RISK GROUP OF THE BANK

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 (business combinations)		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	445,341	270,078	-	-	-	-
Closing Balance	535,655	357,247	-	-	-	-
Interest and Commissions Income	892	-	-	-	-	-

(*) Accrual amount for period end cash loans is not included in the table since it could not be decomposed from the existing data processing system.

(**) The cash loans amount is including the equity amounts of the subsidiaries.

(***) The TRY 34,922 Thousand placement amount, which has made to the foreign branches that are part of the risk group, is included at the cash loan amount.

b) Prior Period:

Risk Group	Subsidiaries, Associates and Entities under Common Control (business partnerships)		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	445,341	270,078	-	-	-	-
Interest and Commissions Income	1,004	-	-	-	-	-

(*) Accrual amount for period-end cash loans are not included since it could not be decomposed from the existing data processing system.

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

Risk Group	Subsidiaries, Associates and Entities under Common Control (business partnerships)		Direct or Indirect Shareholders of the 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	53,601	233,216	-	-	-	-
Closing Balance	77,762	53,601	-	-	-	-
Interest expense on deposits	232	66	-	-	-	-

(*) Accrual amounts are not included in the table above since they could not be decomposed.

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

None.

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

VII. EXPLANATION RELATED TO THE RISK GROUP OF THE BANK (cont'd):

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
Salaries	1,345	979
Dividend and additional payments	-	-
Total	1,345	979

SECTION VI: INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT

I. EXPLANATIONS ON THE LIMITED REVIEW REPORT

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 Auditors' Review Report dated May 13, 2008 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.