

“Turkey’s engine,”



T.C. ZİRAAT BANKASI A.Ş.



Contents

Presentation

- 2- Vision and Mission
- 3- Corporate Profile
- 4- Key Financial Highlights
- 6- Highlights from Ziraat Bank’s History
- 8- Chairman’s Message
- 12- General Manager’s Message
- 20- Developments in Global Economy
- 21- Developments in the Turkish Economy
- 22- The Banking Industry: Developments in 2007 and Projections for 2008
- 26- An Assessment of 2007: Strategies and Developments
- 38- Advertising, Cultural and Artistic Activities
- 42- Ziraat Bank’s International Network
- 44- Ziraat Bank’s Subsidiaries in Turkey

Management and Corporate Governance Practices

- 47- Ziraat Bank Board of Directors
- 48- Ziraat Bank Senior Management
- 50- Information on the Activities of the Credit Committee
- 50- Board of Directors and Audit Committee Meetings Held During the Reporting Period and the Attendance in Them
- 51- Board of Directors Report
- 52- Human Resources Practices
- 52- Related Party Transactions
- 53- Activities for Which Support Services are Outsourced in Accordance with the “Regulation Concerning the Outsourcing of Support Services by Banks and the Authorization of Organizations Providing Such Services” and the Persons and Organizations from Which They are Obtained

Financial Information and Risk Management

- 55- Statutory Auditors’ Report
- 56- Audit Committee’s Assessment of the Operation of the Internal Audit, Internal Control, and Risk Management Systems
- 60- Independent Auditors’ Report for the Period January 1 - December 31, 2007
- 139- Ziraat Bank’s Financial Standing, Profitability, and Solvency
- 145- Ratios
- 146- Risk Management Policies Adhered to According to Types of Risk
- 148- Credit Ratings
- 149- Summary Balance Sheet and Income Statement for the Period 2003-2007

- 150- Directory

Annual Activity Report Compliance Opinion

To the General Assembly of T.C. Ziraat Bankası A.Ş.:

We have audited the accuracy and compliance of the financial information in the accompanying annual activity report of T.C. Ziraat Bankası A.Ş. (the "Bank") with the audit report issued as of December 31, 2007. The Board of Directors of the Bank is responsible for the annual activity report. As independent auditors, our responsibility is to express an opinion on the audited annual activity report based on the compliance of financial information provided in the annual activity report with the audited financial statements and explanatory notes.

Our audit was performed in accordance with the accounting standards and principles and procedures of preparing and issuing annual activity reports as set out by the Banking Act No: 5411. Those standards require that we plan and perform our audit to obtain reasonable assurance whether the annual activity report is free from material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial information provided in the accompanying annual activity report presents fairly, in all material respects, the financial position of T.C. Ziraat Bankası A.Ş. as of December 31, 2007 in accordance with the prevailing accounting principles and standards set out as per the Article 40 of the Banking Act No: 5411. The financial information provided in the annual activity report is in compliance with the audited financial statements and explanatory notes, and also includes the summary management report and our audit opinion on these financial statements.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ
MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU



Sibel Türker
Partner

İstanbul, March 24, 2008

Changes Made in the Articles of Incorporation During the Reporting Period

At the annual general meeting of T.C. Ziraat Bankası held on 24 April 2007, the article 6 of the bank's articles of incorporation was amended and a statement that the bank's capital was fully paid-in was added.

T.C. Ziraat Bankası Partnership Structure

T.C. Başbakanlık Hazine Müsteşarlığı (Undersecretariat for the Treasury of the Republic of Turkey) is the sole owner of T.C. Ziraat Bankası. Neither the chairman nor the members of the Ziraat Bank Board of Directors, nor the statutory auditors, nor the general manager, nor any assistant general manager is a shareholder in the bank.

Turkey's engine

“The foundation stone of the Turkish banking business, Ziraat Bank has always been the driver of economic development through different phases of our national history since its inception in 1863, and offered banking products and services all over Turkey, while uninterruptedly funding farmers, merchants, entrepreneurs and individuals. The goal of Ziraat Bank is to sustain its role as the driving force of economy in greater speed.”

Vision

By further strengthening our leading role in the banking industry, to be an extensive and reliable bank that offers high-quality service and pursued by the competitors.

Mission

To support non-financial sector giving priority to agricultural sector, to deliver a broad range of suitably-priced products to retail customers with the highest speed through our extensive branch network, and to contribute to the economy and the development of the banking industry by supplying services in keeping with our sense of social responsibility and commitment to the rules of banking ethics.

Corporate Profile

The symbol of banking in Turkey and the driving force of national economy, Ziraat Bank was founded in 1863.

The bank offers congenial and high-quality service to over 1.5 million customers a day via 1,247 domestic service points and with 20,872 employees according to year-end 2007 numbers.

Possessing a unique servicing scale, the bank enjoys unrivalled presence at 445 points across Turkey.

Guided by the principle of being present in every location Turkish businessmen penetrate along with or before them and targeting to expand in foreign countries, Ziraat Bank delivers service at 49 locations in 17 countries.

Ziraat Bank is at the service of our public in the fields of corporate, commercial and retail banking.

Commanding 14% share in the industry according to year-end 2007 data; Ziraat Bank's total assets reached YTL 81 billion.

Key Financial Highlights

(YTL million)	2007	2006	Change (%)
Total Assets	80,942	71,904	13
Liquid Assets and Banks	11,167	9,150	22
Securities	46,577	43,890	6
Loans	21,604	17,371	24
Deposits	68,250	59,653	14
Shareholders' Equity	7,218	6,579	10
Interest Revenues	11,166	9,436	18
Interest Expenses	7,528	6,034	25
Profit before Corporate Taxes	2,963	2,720	9
Net Profit	2,351	2,100	12

“ During 2007, Ziraat Bank achieved 13% growth and brought its total assets to YTL 81 billion. The bank’s net profit rose 12% year-on to YTL 2.4 billion. ”

14%

Ziraat Bank represents 14% of the total banking industry in Turkey.

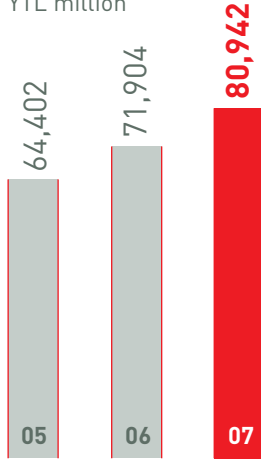
21,604

YTL million
Total loans increased by 24% in 2007.

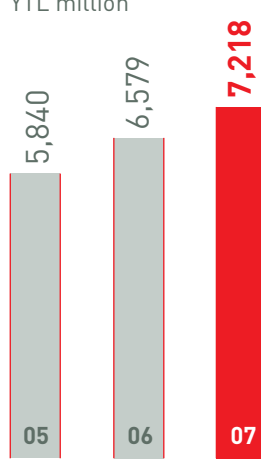
68,250

YTL million
Total deposits were up by 14% at year-end 2007.

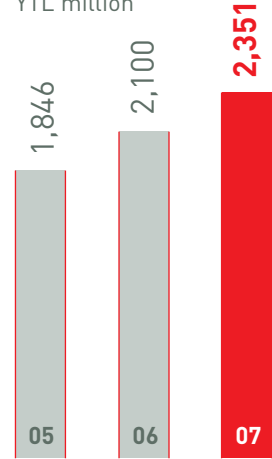
Total Assets
YTL million



Shareholders' Equity
YTL million



Net Profit
YTL million



“The bank’s return on assets was 3.1% while return on equity surpassed 35%. These ratios point out an outperformance of the sector averages of 2.8% and 22%, respectively.”

Highlights from Ziraat Bank's History

“The “Homeland Funds” set up in the town of Pirot in 1863 made up the foundation of today's Ziraat Bank... The Homeland Funds were set up in the town of Pirot to provide financial support to farmers by Mithat Pasha, the Ottoman governor of Nis.”

In 1867, a set of regulations governing such funds went into force, becoming the legal framework for the first regulated credit system in the Ottoman Empire.

In 1883, Benefit Funds were set up, replacing Homeland Funds.

On 28 August 1888 the governing statute of Ziraat Bank was promulgated and the bank's headquarters became operational on September 17th.

During the War of Independence...

Ziraat Bank assumed key duties during World War I and the War of Independence: the bank supplied money from the funds to cover the expenses of detachments of Turkish Nationalist Army in 1919 to purchase gear for soldiers.

Upon the establishment of the Grand National Assembly of Turkey on 23 April 1920, the Ankara branch of Ziraat Bank was put in charge of all the branches and assistance funds in territories subject to the assembly's jurisdiction.

Subsequently, control of the bank's İzmir and İstanbul organizations was taken over by the Ankara branch.

On 23 October 1922, Ziraat Bank's national unity was completely restored.



1863

During the Republic era...

Ziraat Bank embarked upon a period of rapid growth and development, expanding its branch and service network. The bank started offering service firstly to farmers and to the entire society everywhere in Turkey.

Ziraat Bank's mission during the period was not limited to the agricultural sector. The bank served as a driving force in the process of Turkey's economic recovery and development.

In the 1980s and thereafter...

The bank continued to grow, ultimately becoming the banking institution global in scale that it is today. In 1983 the bank's New York representative office was turned into a branch. Representative offices in Duisburg, Berlin, Munich, Stuttgart, and Rotterdam started operating.

Ziraat ranked 452nd in the "Top-500 Banks According to Equity Size" listing of Euromoney magazine published in 1988.

In the same period, Ziraat Bank opened Turkey's first museum devoted to banking in its headquarters building in the Ulus district of Ankara and also the country's first banking school.

Ziraat Bank joined the SWIFT system in 1990 and introduced self-service banking in the same year, accentuating its assertive stance in technology as well.

In 1993, Ziraat Bank Moscow, Kazkommerts Ziraat International Bank (KZI Bank), Turkmen Turkish Commercial Bank (TTC Bank), and Uzbekistan Turkish Bank (UT Bank) were founded and became operational.

The Euromoney survey of the world's top 500 banks in 1993 showed Ziraat Bank in 202nd place overall, in 41st place on the basis of net profit, and in 1st place worldwide in terms of return on equity.

By 1999, the number of the bank's subsidiaries reached 21. Skopje branch started servicing in the same year.

From the 2000s...

Statute 4603 passed in 2000 transformed T.C. Ziraat Bankası into a joint-stock company. This represented a milestone pointing at the bank's more profitable, stronger and more efficient future.

From 2001, Ziraat Bank embarked upon a thorough-going transformation in which the bank's organizational structure was completely overhauled to bring it into line with the needs of modern banking and international competition. In this process Emlak Bankası, another publicly-owned bank, was merged into Ziraat Bank and wound up.

In 2003 M. Zeki Sayın was appointed chairman of a board of directors that had been set up and given responsibility for the administration of all publicly-owned banks while Can Akın Çağlar became

general manager of Ziraat Bank. Having successfully completed its mission, that joint board of directors was disbanded in 2005. Prof. Dr. İlhan Uludağ was appointed chairman of Ziraat Bank's board of directors in the same year.

During the last five years, Ziraat Bank has been displaying an excellent financial performance.

The bank fulfilled its unchanging mission summed up in the expression "Turkey's driving force" by providing more and more customers with resources and services growing in number and scope every day.

In 2004, 2005, 2006 and 2007, Ziraat Bank posted the highest profits of any bank in Turkey and became the leader of the industry.

Turkey's driving force, Ziraat Bank progresses in its course with higher speed, yet safely, to bring increasing number of products and services to all over Turkey...

2007





Chairman's Message

“Ziraat Bank is well aware of the major asset under its control, its meaning to the national economy, and the responsibility it imposes on the bank.”

Chairman's Message

“As it steps into its 145th year, Ziraat Bank enjoys the deserved pride of being Turkey's most profitable and largest bank once again.”

Fulfilling its unchanging mission summed up in the expression “Turkey's driving force” by providing more and more customers with resources and services growing in number and scope every day, our bank succeeded in being the bank posting the highest profit and the leader of the banking industry in Turkey once again in 2007.

2007 will be remembered as an exceptional year with respect to the conjuncture of the national and international markets.

Having grown stronger owing to the stable and consistent economic development and growth achieved in the recent years, the Turkish economy clearly demonstrated that it has significantly overcome its vulnerabilities in a challenging year that 2007 was. In a worldwide conjuncture characterized by volatilities and mentions of stagnation, our country was able to be a safe and stable haven for national and international investors, a location of production promising growth for our businessmen, and a peaceful country for our people.

The banking industry continued with its development at full speed in the Turkish economy that maintained its dynamism in 2007.

Turkey represents a market that embodies different sets of dynamics with her exemplary growth performance, rapidly increasing domestic and foreign investments, and vibrant demographics.

As the bank that one out of every four people entrusts savings to it, Ziraat Bank continued to provide financial resources to all segments of the economy and particularly to the agricultural segment in 2007.

Relatively small compared with those in developed countries, the financial services sector points at a significant growth potential.

With an asset size that reached YTL 582 billion, the banking industry kept supporting the financial stability also in 2007 and contributing to the manufacturing capacity of national economy, as well as to the prosperity of individuals.

Provided that the global economy's dynamics are read and managed correctly, Turkey will continue to be a market offering attractive opportunities for everyone and quickly reinforce her identity as the biggest economic power in the surrounding geography.

Everybody's bank: Ziraat Bank
Ziraat Bank offers service to over 1.5 million customers a day via 1,247 domestic service points and with 20,872 employees according to year-end 2007 numbers. Possessing a unique servicing scale, our bank is unrivalled at 445 locations across Turkey. With this scale and service provision capability, our bank is everybody's bank; it is the choice of everyone.

As the bank that one out of every four people entrusts savings to it, Ziraat Bank continued to provide financial resources to all segments of the economy and particularly to the agricultural segment in 2007. Raison d'être of our bank, our farmers see Ziraat Bank by their side at every phase of their production and life cycles. Evidencing this fact is the amount of funds allocated to the agricultural sector that grew twenty-fold in the past five years.

On another wing, Ziraat Bank has extended support, loans and services to everyone from SMEs to large institutionalized companies, from individuals to retirees. Our bank continued to be the driver of growth.

We remain aware of our responsibility as we continue to progress along our path.
Ziraat Bank is well aware of the major asset under its control, its meaning to the national economy, and the responsibility it imposes on the bank. Our bank will target the best for its customers, employees and Turkey also in the period coming, and continue to post solid results that make a difference along the same line.

Our bank is focused on becoming an enterprise that will reflect the unequalled growth potential offered by the financial services market in its performance, and author best practices drawing on its strong position in the market. Its rich diversity of products and services, unrivalled market knowledge and experience of 144 years, human resource and robust financial structure will uninterruptedly provide Ziraat Bank with the strength it will need in the process of growth.

In closing I would like to thank, on behalf of myself and the board of directors, all our customers who have always accompanied us in our bank's journey, all our colleagues who have invested their committed and hard work, and our correspondents with whom we have long-standing powerful business relations.

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



General Manager's Message

“With the successful financial and operational performance displayed in 2007, Ziraat Bank even furthered its position at the top by an increased margin.”

General Manager's Message

“Succeeding in being Turkey's most profitable bank for four consecutive years, our bank once again exhibited its ability to produce added value in its 2007 financial results.”

With the successful financial and operational performance displayed in 2007, Ziraat Bank even furthered its position at the top by an increased margin. Succeeding in being Turkey's most profitable bank for four consecutive years, our bank once again exhibited its ability to produce added value in its 2007 financial results.

Ziraat Bank continued to correctly manage its balance sheet, ultimately reaching the highest ever values in its history.

So long as we correctly manage and execute our strategy, Ziraat Bank will continue its journey towards new summits without letup. I would like to take this occasion to express my gratitude to our board of directors that has been our guide in unveiling our bank's continued success. I also would like to give my sincerest thanks to our 20,872 employees who were as equally vital in turning our targets into reality as our executive team that managed Ziraat Bank's change with superior success by virtue of their corporate and professional competencies.

Extending an average of YTL 86 million in agricultural loans every week throughout 2007, Ziraat Bank is focused on the development and growth of agricultural sector.

We represent 14% of the industry.

Our bank represents 14% of the Turkish banking industry.

During 2007, Ziraat Bank achieved 13% growth and brought its total assets to YTL 81 billion. Our bank's net profit also rose 12% year-on to YTL 2.4 billion.

Our return on assets was 3.1% while our return on equity surpassed 35%. These ratios indicate to an outperformance of the sector averages of 2.8% and 22%, respectively. The steady increase we attain in profitability is a result of the healthy lending and assets/liabilities management policies we implement and the increase in banking service revenues, coupled with the control we ensured on operating costs.

The acceleration we have captured in the past four years in credits continued incessantly also in 2007. The bank's total lending went up to YTL 21.6 billion, representing a 24% increase year-on. Our bank sustains its leadership in deposits as well. Ziraat Bank took 18% share in total deposits and 26% share in saving deposits that were available to the overall industry. There was 14% growth in our total deposits in 2007, which reached YTL 68,250 million. One out of every four person entrusts deposits with our bank, making Ziraat Bank the leader also in this respect with 31 million accounts.

Our basic philosophy in business is profitability and productivity.

The fundamental transformation underwent and strong performance displayed in the recent years reveal that Ziraat Bank sure-footedly progresses towards its target of operating on the principles of profitability and productivity.

Having formulated its strategy on the foundations of all-round productivity and efficiency, our bank achieved significant improvement in key topics including business conduct, product diversity and approach to service.

Our bank continues to invest hard work, time and resources in its restructuring efforts that are in progress. In addition to bringing our branch segmentation in line with our new corporate structuring, we have also put into life key arrangements that will speed up our workflow process. From 2008, our bank will introduce new branches specialized in agricultural loans. We intend to offer high quality service to greater number of customers with our micro branch project that is also ongoing.

We recognize the great importance of being fast and effective in every area we provide service. As the satisfaction of our millions of customers from all walks of life grows, our productivity will also be enhanced, our revenue base will further improve and our bank will further strengthen its leadership.

A first in Turkey: MBAE Banking

During 2007, our support to corporations and individuals continued to increase, while it remained among our top priorities to help the agricultural sector, which is vital in our perception, achieve development, growth and world-class competitive strength. In parallel with this target, our bank kept allocating funds intensively to the agricultural sector during 2007. The unpeered leader of agricultural banking in our country, our bank's goal has never been to indebt the producers, but has always been to support production.

Extending an average of YTL 86 million in agricultural loans every week throughout 2007, our bank will introduce the MBAE (medium and big-scale agricultural enterprises) concept to the Turkish banking business, and launch MBAE loans directed towards medium to big-scale agricultural enterprises in this context undersigning yet another first in 2008.

Ziraat Bank is focused on the development and growth of agricultural sector. In this frame, by the reorganization made in 2007, work was started to increase the effectiveness, extensiveness and swiftness of handling credit requests for the financing of agricultural activities.

“Loans extended by Ziraat Bank to SMEs developed significantly in the recent years.”

SME Banking

The lifeblood of our national economy, SMEs represent another priority customer segment for our bank. Loans extended to SMEs developed significantly in the recent years.

In addition to our countrywide branch network, cooperation protocols executed with chambers of commerce/industry, chambers of tradesmen and artisans, chambers of pharmacists, and chambers of public accountants and financial advisors formed an important alternative delivery channel, and made it possible for us to rapidly allocate funds to over 20 thousand organizations during 2007.

A crucial point I would like to touch upon at this point is the decline in our non-performing loans. Despite the breakthrough we achieved in lending in 2007, the increase in our non-performing loans remained limited owing to the healthy lending and monitoring policies we adhere to. 1.84% at year-end 2006, the ratio of non-performing loans to total credits went down to 1.81% at the end of 2007, a number that is below the industry's average.

Also in the years to come, our bank will be focused on increasing its lending activities directed towards the manufacturing sector and expanding its commercial customer portfolio.

Turkey's engine

Ziraat Bank's target is to maintain its role as the engine of economy while gaining momentum at the same time.

Also in the years to come, our bank will be focused on increasing its lending activities directed towards the manufacturing sector and expanding its commercial customer portfolio. In this frame, Ziraat Bank will continue to add new products to its product range, increase the share of credits within assets, and constantly upgrade service quality focused on customer satisfaction and build long-term, multifaceted relationships with customers.

Our healthy balance sheet structure provides us with the basis necessary for continual growth.

The world economy stepped into a process filled with challenges in 2007. The crisis that broke out in the US housing sector influences the whole world in waves. Sustaining its successful performance, the national economy was able to masterfully manage and

circumvent the first global waves that emerged in the last quarter of 2007, without suffering from any vulnerability.

The fact that Turkey has become more integrated with the world is a key element that must be taken into consideration when setting our stance and policies in the period coming. Economic developments in the world will inevitably affect the Turkish economy and our industry. The key here is to closely and calmly follow-up, and correctly read the developments both on the basis of macroeconomic management and on corporations, followed by timely action in response to the same. Success is through the correct management of global developments without letting them turn into crises.

Having stood by our people for 144 years through times of war and peace, crisis and growth, Ziraat Bank will continue to optimally manage the volatilities that might occur in the short term and to provide the resources and support needed by the developing and growing Turkey.

We foresee that our country and our industry will write a unique story of growth in the medium and long run. Turkey's driving force, Ziraat Bank will progress in its course speedily, but safely in this process, and will always be there for our farmers, tradesmen, businessmen and our people...

I would like to thank our millions of customers, business partners and correspondents for trusting and choosing us.



Can Akın ÇAĞLAR
Member of the Board of Directors
and General Manager

“Despite the negative effects of the global turbulences that imprinted 2007, **the Turkish economy successfully completed the sixth year of stable growth.**”





Developments in Global Economy

The most important event in 2007 with respect to the world economy was the global financial turbulences triggered by the issues that originated from the US housing market.

Its macroeconomic effects largely felt in the developed countries, global turbulences imprinted 2007. The process that started with the US housing market inflicted with crisis had a lesser impact on emerging countries in 2007. One of the key implications of the fluctuation was the downward change in the risk perceptions of international investors, and the resulting contraction in international liquidity. Another important outcome was the slowing trend in the rate of global growth triggered by the concerns of stagnation in relation to the US economy.

The developments in the second half of 2007 led to significant revisions in growth projections for 2008.

Estimated to have grown 4.9% in 2007 according to the IMF, the global economy's rate of growth is expected to go down to 4.1% in 2008 in the light of recent developments. Again the IMF projects that the US economy will have a growth rate of 1.5% in 2008, which was 2.2% last year.

Slower growth rate is expected to arise also in the Euro zone. IMF revised its 2008 projection for Euro zone down to 1.6%, whose economic growth for 2007 was announced as 2.6%. In 2008, the growth rate is anticipated to decline in Germany, Italy and particularly in Spain in the Euro zone. On the other hand, potential risks of the UK and Spanish housing markets make a heading discussed among experts.

It is a reality that the deceleration in the rate of global growth will influence emerging countries as much as developed countries. Even if a slight one, decrease is expected in the growth rates of emerging countries in 2008. It is anticipated that the rate of growth in China, India, Argentina, Venezuela and some Eastern European countries will diminish during 2008.

2007 was also characterized by commodity prices that saw record increases.

Depreciation of dollar against Euro and other major currencies, liquidity and credit issues in global markets, and geopolitical risks caused increased prices primarily in oil and then in almost all commodities. Negative climatic conditions led to record increases in food prices across the whole world during 2007.

These developments nourished concerns relating to inflation in every region of the world. 2.5% in 2006, the consumer prices inflation in the USA exceeded 4% in 2007. Price increases seen in emerging countries, which have displayed major successes in the combat against inflation in the past five years, make up the most important element of pressure on sustainable economic growth.

To sum up, 2008 is envisaged as a year of slowdown in all world economies with the effect of the stagnation concerns relating to the USA and due to outspread/infection; contracted foreign trade volume; high level of volatilities in financial markets with the influence of the 2007 crisis; increased liquidity issues, and higher risk exposure compared with previous years particularly for banks, followed by many financial institutions.

Developments in the Turkish Economy

Having succeeded in achieving unbroken growth for 24 quarters, the Turkish economy grew 4.5% in 2007.

2007 was a year of uninterrupted sustained growth for the Turkish economy despite global market dynamics.

While the agenda was dogged by global economic issues in 2007, political atmosphere in Turkey and the developments in the world were the main components that set the course of the national economy.

6.8% and 4.1% in the first and second quarters, the growth rate declined to 2% in the third quarter and then was recorded as 3.4% in the fourth quarter of the year. Having succeeded in achieving unbroken growth for 24 quarters, the Turkish economy grew 4.5% in 2007. As domestic demand lost pace in 2007, the strong performance of exports lent support to growth.

Although inflation declined, actual figures remained above the target.

Inflation, during 2007, continued to float at single digits. PPI and CPI stood at 5.94 and 8.39% respectively in 2007. The downward move that started in inflation in 2002 was, however, reversed since 2006.

The author of a world-class success story in reducing the inflation in the recent years, Turkey is compelled to work harder in the period ahead to sustain the decrease and to render price stability continual.

Export's strong growth trend continued in 2007.

Turkey's exports exhibited a strong growth after 2001. Up 16% in 2006, exports expanded 25% in 2007, reaching USD 107.2 billion. The increase in imports in the same period lagged behind that in exports for the first time since 2001.

While international oil prices remained as the key factor to drive the import figure upward, imports stood at USD 170 billion in 2007, representing 22% increase. In the light of these data, 2007 foreign trade deficit grew 16% to USD 62.8 billion.

EU continued to make up the larger part of Turkey's export customers portfolio also in 2007. Exports to European countries increased to USD 60.4 billion, up 26%. Germany received the largest part of our country's exports last year.

Current deficit went up 18% in 2007 and stood above the expectations. While portfolio investments took diminished share in the financing of the current deficit, direct investments increased their share to 56%.

Overshadowed by global developments and domestic political issues, financial markets followed a fluctuating course.

Despite the developments that occurred during 2007, interest rates and exchange rates moved downward throughout the year. Having reached the year's highest level at 21.7% in January 2007, the annual compound interest on benchmark borrowing instruments dropped to 16%, the year's lowest, and completed the year at 16.6%.

While the foreign currency basket consisting of USD 0.50 + EUR 0.50 climbed to its highest at 1.6757 in March 2007, it went down to its lowest at 1.4209 in October. The depreciation in the foreign currency basket was 12% in 2007.

The Banking Industry: Developments in 2007 and Projections for 2008

“**The industry's total asset size reached YTL 582 billion as of year-end 2007.**”

Growing bigger and deeper

Holding an important place in national economy, the banking industry continued to grow bigger and deeper in 2007. The industry's total asset size reached YTL 582 billion as of year-end 2007. Down to 55% in 2003 due to the effect of the crises that occurred in 2000 and 2001, the industry rebuilt its share in the national economy to 68% as of year-end 2007.

The asset structure of the growing industry was also transformed and its asset quality increased. Since 2002, the share of investment securities portfolio in the banks' assets diminishes, while that of loans increases. The ratio of deposits to loans kept rising, an outcome of the banks' increased activities in creating resources for the manufacturing industry, which signifies their real function.

Despite the growth in total loans, no significant rise occurred in non-performing loans (NPL); on the contrary there was a decline in the ratio of non-performing loans to total loans. Yet, a slight upward trend appeared in NPLs as of the second half of 2007.

The industry's profitability continued to increase also in 2007, and its net profit for 2007 totaled YTL 14.9 billion.

Strengthened capital structures and increased profitability

One of the recent key developments in the industry is the strengthened capital structures of banks. Owing to this, banks were able to pursue their operations at a ratio that is well above the lower limit of capital adequacy recommended by the audit mechanism.

The industry's profitability continued to increase also in 2007, and its net profit for 2007 totaled YTL 14.9 billion.

Rapidly expanded branch network, growing employment

Numeric growth in the banking sector brought along physical growth. Branch network expansion that gained speed in 2006 was carried on in 2007 and 828 new branches were opened during the reporting period. The number of personnel employed at the banks reached 168 thousand as of year-end 2007.

Foreigners' stake in excess of 42%

Another important factor that affected the national banking sector in 2007 was the interest of foreigners in the industry. The growth potential presented by the Turkish banking system, and although gradually decreasing, still high profit margins nurture the foreign capital's interest in the industry. Currently the share of foreign capital in the sector is in excess of 42%, including the publicly-held shares.

The increased share of foreigners reshaped the capital structure of the industry, while also increasing the competition in the quality of banking products and services. Severer competitive conditions will leverage service quality, as product diversity and price-wise competition will have to parallel the same.

In 2008...

The Turkish banking industry will get a bigger share from economy.

It is possible to suggest that in 2008, the Turkish banking industry will get a bigger share from economy, the rapidly growing interest of the foreign capital of late will weaken comparatively but will still live on, and the result will be an even more intense competition in the sector.

Retail and enterprise banking will gain greater importance.

The sector is anticipated to keep growing while retail and enterprise banking will become more important in the coming period. The increase in the number of branches and personnel will be ongoing and there will also be a growth in the number of multi-branch banks.

Competition will serve to enrich the product range and to enhance quality.

The anticipated intensified competition in the industry will also give rise to an increase in product diversity and service quality.

It is highly probable that the issue born out of the mortgage loans in developed markets will gradually grow. Its impact on emerging markets is hard to estimate at this point; yet, liquidity problems that might arise particularly in foreign markets in the coming period might have adverse effects on the industry. In the case of liquidity scarcity, it can be expected that our banks will be confronted with hardships in securing funds from international resources, leading to graver competition and higher funding costs in relation to domestic resources. If intense competition is combined with a deeper global crisis whose effects spread out to emerging markets, the industry's high profitability in the recent years will probably see a downturn, while growth in net non-interest income will become more important.

The anticipation is that credits will continue to expand their share within assets in the banking sector. Depending on the developments in the economy, the increase in credits in the period coming will most probably concentrate in retail loans and particularly in general-purpose loans.

“Turkey's unchanging champion in profitability since 2004, **Ziraat Bank** undersigned a major achievement by retaining this title for four years in a row.”





An Assessment of 2007: Strategies and Developments

“In a business environment characterized by continually increasing competition, Ziraat Bank furthers its identity as the strongest national bank in every fiscal year.”

In a business environment characterized by continually increasing competition, Ziraat Bank furthers its identity as the strongest national bank in every fiscal year. The bank significantly expanded its customer base it services along with its business volumes in agricultural, commercial, corporate and retail banking segments, and posted solid financial and operational results.

Successfully carrying out its comprehensive and lengthy transformation project, Ziraat Bank retained its title as the bank registering the highest profit in Turkey also in 2007. With its total assets amounting to YTL 80.9 billion with 12.6% growth year-on, the bank's net profit also grew 12% to YTL 2.4 billion. In terms of total asset size, Ziraat Bank represents 14% of the Turkish banking industry.

The foundation stone of the Turkish banking business, Ziraat Bank has always been the driver of economic development through the different phases our nation underwent since its inception in 1863 and offered banking products and services everywhere around the country, while uninterruptedly funding farmers, merchants, entrepreneurs and individuals.

As we step into 2008, Ziraat Bank is focused on growing, developing, and producing increasing added value in Turkey and in the world.

With 18% share in total deposits and 26% share in saving deposits, Ziraat Bank sustained its leadership in the industry in 2007.

ROA and ROE figures that are above the sectoral averages

Turkey's unchanging champion in profitability since 2004, Ziraat Bank undersigned a major achievement by retaining this title for four years in a row.

Ziraat Bank announced YTL 2,351 million in net profit in 2007.

This performance was mainly driven by successful management of assets and liabilities, along with the significant saving ensured in operating costs.

The bank's return on assets in 2007 was 3.1%, while its return on equity surpassed 35%. These ratios indicate to an outperformance of the sector averages of 2.8% and 22%, respectively.

The most extensive service network

Servicing over 1.5 million customers every day according to 2007 data, Ziraat Bank was still the actor possessing the most extensive service network in the national banking sector.

The bank's extensive reach consists of:

- 1,142 domestic branches
- 70 special transaction centers
- 27 offices, 6 exchange offices, 2 mobile banking vehicles in Turkey
- 9 international branches, 8 subsidiaries, and 3 representative offices active at 49 locations in 17 countries

In the last five years, Ziraat Bank concentrated on the productivity and profitability of existing branches in lieu of rapidly expanding the branch network. On the other hand, the bank targeted to be even closer to our people via new branches structured in different concepts covering commercial, agricultural and micro branches, with a view to fully aligning itself with the recent developments in the Turkish economy and increasing competition.

Ziraat Bank possesses the highest business volume in the industry. With the inclusion of the monthly pension and direct assistance payments that it makes, daily transactions conducted by the bank averaged 1.5 million.

One out of four people in Turkey holds deposits with Ziraat Bank.

With 18% share in total deposits and 26% share in saving deposits, Ziraat Bank sustained its leadership in the industry in 2007. The bank's total deposits grew 14% in 2007 and reached YTL 68,250 million. Nearly 84% of Ziraat Bank's liabilities is constituted by deposits.

Ziraat Bank maintained its deposit structure which predominantly consists of YTL deposits, taking into consideration lending policies and assets composition. While Turkish lira deposits had 78.7% share in total deposits in 2006, it rose to 81.9% in 2007.

One out of every four person entrusts his deposits with our bank, making Ziraat Bank the leader also in this field with 31 million accounts.

Despite heavier competition in the market and the resulting contraction in profit margins in 2007, the bank focused on effective management of deposits, targeting to constantly grow its profitability through decreasing its deposit costs.

In this respect, the bank follows a rational pricing and competition strategy and plays a guiding role which secures an effective and fair competition environment in the sector.

The bank is provided with very valuable cost advantages through deposit policies adhered to, as well as effective liability management. That in turn plays a major part in the growth of the bank's credit placements.

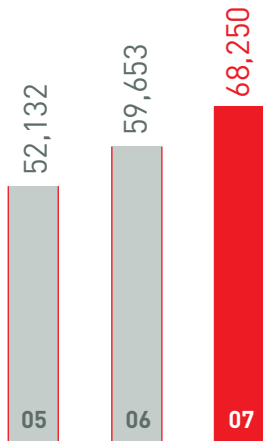
Increased share of saving deposit

Ziraat Bank's saving deposits continued to grow in 2007. The bank further improved its broad-based and permanent deposit base last year. 48.8% in 2006, the share of saving deposits within total deposits went up to 54.4% in 2007.

54%

The ratio of savings deposits in total deposits rose to 54%.

Total Deposits
YTL million



Healthy performance in lending continues
Ziraat Bank preserved the acceleration it has captured in credits in the last three years also in 2007.

The bank's total loans were up to YTL 21,604 million, 24.4% higher compared with 2006. In the light of this data, Ziraat Bank's share in the industry was 7.1%.

2007 saw continued strict adherence to active lending strategy, and as a result retail loans took 54% share in total credits extended by the bank, while agricultural and commercial loans had respective shares of 26% and 20%.

Retail and agricultural loans increase their shares
Ziraat Bank's retail loans and agricultural loans achieved 32.1% and 36.6% respective year-on expansion in 2007. New projects were introduced in agricultural loans, while the bank continued to increase its support to productivity and higher added value in the agricultural sector.

Another key development of 2007 has been the continued growth of the share loans take from total assets. According to end-2007 data, the share of Ziraat Bank's loan portfolio to total assets rose to 27%, representing a 2.5 point increase year-to-year.

NPL share goes down

During 2007, the share of Ziraat Bank's non-performing loans (NPL) declined to 1.81%. The greatest contributor to this improvement was agricultural loans.

The ratio of non-performing loans in agricultural loans dropped from 3.2% in 2006 to 2.6% in 2007.

All these developments indicate to the significant distance taken also in 2007 in the bank's journey towards a higher quality asset structure.

Our muscle in commercial banking

Ziraat Bank's commercial banking product and service lines have the diversity and richness required by competition. Drawing on its extensive domestic and international organization, low-costing funding and liquidity advantages, the bank remains superior to its competitors with its ability to fulfill its customers' large scale financing needs.

The power generated by the bank's trademark standing for trust, permanence and deeply-rooted history represents another competitive edge in commercial banking.

Ziraat Bank's retail loans and agricultural loans achieved 32% and 37% respective year-on expansion in 2007.

Turning its asset size, equity structure and extensive international organization into a key competitive advantage, Ziraat Bank offers service to a wide variety of customers ranging from large-scale, multinational and national companies taking out high-amount loans, to medium-sized commercial companies and SMEs.

Focused on getting a share from all banking transactions and cash flows of those customers in conducting its marketing activities, Ziraat Bank regards the dealer, supplier and retail networks of its large-scale corporate customers as a trade circle offering high potential with respect to providing its banking products and services.

Customer satisfaction

Ziraat Bank perceives customer satisfaction as a vital heading under competition and modern banking business. The bank significantly enhanced customer satisfaction with its infrastructure and superstructure projects designed to reorganize its product and service delivery process to a large extent, an initiative launched in the recent years.

Focused on further strengthening its reputation identified with trust by customers by coupling it with high quality, cordial, fast and modern service, Ziraat Bank targets to increase its lending relations with its commercial customers through high quality service and high customer satisfaction.

This understanding makes it possible for Ziraat Bank to expand the breadth and depth of its business relations with customers every year.

To decrease the concentration of risk exposure

Enjoying a cautious and selective lending culture oriented on problem-solution, Ziraat Bank pursued a lending policy aimed at decreasing the concentration of risk exposure through loans extended to medium-scale commercial companies and small enterprises, in addition to those provided to large-scale corporate companies and establishments.

Within the scope of its lending policy requiring to constantly avoiding concentration in any sector, group and company, loans are extended to a large number of firms via marketing activities directed towards medium-scale commercial firms and small enterprises.

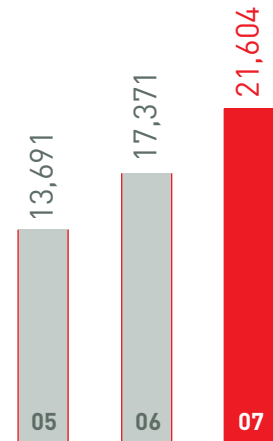
Ziraat Bank's transaction volumes in commercial banking continue to rise in line with the bank's upgraded technological infrastructure and increased product diversity in the frame of restructuring efforts commenced in 2001.

With the positive impact contributed by the stability in financial markets, the bank's total cash commercial loans that stood at YTL 2,074 million in 2004 grew 15% to YTL 2,389 million in 2005, 27% to YTL 3,026 million in 2006 and most recently 18% to YTL 3,558 million in 2007.

57%

The ratio of SME loans in total commercial loans is 57%.

Total Loans
YTL million



“The rate of increase in SME lending by Ziraat Bank (35%) outdid that in the total commercial lending by the overall sector (29%).”

Within the scope of efforts to decrease the concentration of risk exposure, the share of loans extended to SMEs within total cash commercial loans portfolio that was 19% in 2004 went up to 31% in 2005, to 49% in 2006 and to 57% in 2007. Ziraat Bank's total non-cash lending (YTL and FX) volume reached YTL 2,436 million as of year-end 2007.

Service to nearly one hundred thousand SMEs

Loans provided to SMEs have a significant share within Ziraat Bank's total commercial lending.

79,642 in 2006, the number of SME customers given loans by the bank went up to 95,804 as of year-end 2007 with 20% growth. Apart from corporate and commercial branches, all of the bank's branches extended small business loans for SMEs during 2007.

Displaying a rapid growth and development in recent years, SME loans (net) was worth YTL 2,017 million in 2007, up 35%.

Our support to the manufacturing industry will keep increasing.

The goal of Ziraat Bank is to add momentum to its role as the engine of economy.

In keeping with its corporate strategies, the bank will carry on with its activities focused on increasing its lending to the

Displaying a rapid growth and development in recent years, SME loans (net) was worth YTL 2,017 million in 2007, up 35%.

manufacturing industry and expanding its commercial customer portfolio also in the years to come. While further developing the relationships with public institutions and establishments as well as corporations, special emphasis will be placed on diversifying the business relationship with SMEs.

In 2008 and thereafter, Ziraat Bank will give weight to marketing activities directed towards commercial firms in view of its existing customer composition. Along these lines, Ziraat Bank targets in the coming period to:

- Add new products to its commercial banking product range,
- Increase the share of commercial loans within the bank's assets,
- Enhance its service quality focused on customer satisfaction constantly,
- Strengthen customer loyalty to the bank by establishing long-term, all-round relationships with customers.

Our traditional line of business: agricultural banking

Since 1863, agricultural banking makes up the core of Ziraat Bank's mission.

The bank has, throughout its history, been the primary supporter and the bank of agricultural sector in Turkey. Ziraat Bank has been a constant contributor to the country's economic development and growth with the uninterrupted and large resources provided to the Turkish agriculture through different phases of its evolution.

The aim of Ziraat Bank is not to indebt farmers, but to support their production. In line with this goal, the bank has been giving weight in recent years to credit placements aimed at supporting agricultural investments and productivity.

Throughout 2007, the bank averaged YTL 86 million to 6,200 producers in credit placements weekly in the agricultural banking segment.

20 fold growth over the last five years
Agricultural loans extended by Ziraat Bank increased 20 fold over the past five years.

Agricultural loans (net) that were worth YTL 3,522 million in 2006 increased 36.5% year-to-year to YTL 4,810 million as of year-end 2007.

With these figures attained in 2007, agricultural loans increased their share within the bank's cash credit portfolio to 26%.

Our lending represents 7.3% of agricultural added value.

The share of agricultural lending by Ziraat Bank improved within the agricultural sector's added value in 2007 in line with the bank's targets. It is projected that this figure will go up to 7.3% at the end of this year.

While the same ratio was 0.5% in 2002, the level reached in 2007 best expresses Ziraat Bank's support to agricultural sector that signifies its core line of business.

Ratio of investment finance allocated to agricultural sector rose to 26%.

During 2007, Ziraat Bank paid attention to channel its agricultural lending to activities that would contribute to Turkey's agriculture and increase agricultural added value.

Along the lines of this policy, the bank served the agricultural sector with investment finance and other banking products in addition to its traditional working capital loans.

In 2007 the ratio of the bank's loans to finance investment in agriculture to its total agricultural lending reached 26%, as compared with 20% in 2006.

Over the course of the last four years, Ziraat Bank extended low-costing loans worth YTL 939 million to help support the development of milking animal breeding and enhancement of quality and productivity in animal-origin production.

Investment finance for drip/sprinkle irrigation systems

Ziraat Bank extends support to activities geared towards ensuring water saving and enhancing quality and productivity in agricultural production, an important issue of the recent years in our country and in the world due to global warming and drought.

The bank started providing government-supported interest-free loans for drip/sprinkle irrigation systems and gave investment finance worth YTL 137 million to 9,748 producers in this scope.

To provide support to producers in various aspects

In order to provide support to agricultural producers in various aspects, Ziraat Bank continued with its activities within the scope of protocols concluded with firms and organizations.

In this framework, the bank executed protocols with 1 company in relation to fixed-interest tractor loan which is an agricultural spot loan product, with 31 companies in relation to interest-free agricultural irrigation loan, and with 10 companies/establishments in such topics as contract farming loans, intermediation of product price/subsidy payments and insurance.

During 2007, Ziraat Bank participated in 24 trade shows and 62 meetings related to agriculture, and visited 106 agricultural enterprises.

Another important initiative brought to completion during the reporting period has been the project which enables performance of agricultural subsidy payments over a single account with "Bankkart", Ziraat Bank's debit card.

Fund sourced credits

Ziraat Bank offers service to the agricultural sector by intermediating the delivery of fund-sourced credits in addition to bank-sourced agricultural loans.

In this frame, the bank intermediated a total lending of YTL 101 million allocated to various cooperatives by the Turkish Prime Ministry Social Solidarity Fund General Directorate (SYDTF) from the resources of the Ministry of Agriculture in 2007.

Under another project in progress, agricultural sales cooperatives continued to receive loans extended from the Support and Price Stabilization Fund (DFİF). Under this program, YTL 196 million has been lent to the unions of agricultural sales cooperatives from DFİF in 2007.

MBAE in agricultural banking...

Firmly believing in the importance of scale economy in agricultural production, Ziraat Bank undersigned yet another first and introduced the MBAE (medium and big-scale agricultural enterprises) concept to the Turkish banking business. The bank decided to launch MBAE loans for medium to big-scale agricultural enterprises in 2008.

The bank is in the process of organizing its agricultural banking branches to offer effective and customized service to MBAE customers. On another wing, Ziraat Bank set up the Agricultural Projects Department in 2007 with a view to handling project-based credit demands for the financing of agricultural activities more effectively and to carrying out specific agricultural project practices more efficiently.

The department is also responsible for activities geared towards the financing of irrigation investments from the sources of Ziraat Bank, which projects were ongoing in the GAP (Southeastern Anatolia Project) region in 2007 and which are unlikely to be finalized in either short or medium term with the budget sources.

To more effectively handle project-based loan requests

Under another project carried out during 2007, work was conducted to determine the possibilities of cooperating with agricultural credit cooperatives in:

- the provision of correspondence service by agricultural credit cooperatives to the bank in relation to payment and collection transactions,
- the performance of banking transactions of the subsidiaries of agricultural credit cooperatives by the bank, lending being the priority topic among these transactions.

The share of agricultural lending by Ziraat Bank within the agricultural sector's added value is estimated to have reached 7.3% by the end 2007.

In 2008...

Ziraat Bank targets to extend YTL 6 billion in agricultural loans in 2008.

During the process, the bank;

- plans to open specialized branches under the name agricultural banking branches,
- will introduce general-purpose loans for farmers and loans to finance purchase of land and business enterprises,
- will increase the maturity of loans extended to fruit growers to a total of 7 years including a grace period of 2 years in order to help develop fruit growing which has a significant share in agricultural produce exports,
- will continue its funding activities for the completion of irrigation investments in the GAP region,
- will introduce fixed-interest loans to finance the purchase of agricultural implements and harvesting machinery in addition to tractors, in keeping with its goal of further expanding agricultural mechanization,
- assigned 2008 targets to its branches within the scope of "At Least One Project for Each Village" campaign commenced with a view to expanding the use of modern irrigation systems in every region of Turkey.

Projects such as the creation of agricultural customer database and "Başak Card", into which intense efforts are being invested, will play a major part in making it possible for the bank to enhance its support to the agricultural sector. Ziraat Bank will continue to be the driving force of the agricultural sector as well.

Number of retail customers continues to grow.

Focusing on customer satisfaction as a key component of its restructuring efforts carried out in the recent years, Ziraat Bank is the bank of a large retail audience ranging from students to retirees, merchants to entrepreneurs and housewives to farmers.

Ziraat Bank provides services to its retail customers also via electronic delivery channels in addition to its nationwide branch network.

Retail loan volume continues to expand

Ziraat Bank's retail lending grew 32% during 2007 and retail loans (net) as of year-end reached YTL 10,006 million. The ratio of retail loans to total bank-sourced lending was 54%. 11% at year-end 2006, Ziraat Bank's share in the retail loans segment stood at 10.6% in 2007.

One out of every five people taking out general purpose loans in Turkey is a customer of Ziraat Bank.

The bank is by far the sector's leader with its total general purpose lending that rose to YTL 5.7 billion at the end of 2007.

Despite the stable growth achieved in lending volume, Ziraat Bank's NPL ratio in retail loans stood at a low 0.4% at year-end 2007.

The breakdown of retail loans reveals that the highest increase occurred in retail loans utilized via credit cards with 47.1%.

On the other hand, Ziraat Bank maintained its position among the top banks that lent housing loans. Up 25.7%, the volume of the bank's housing loans increased to YTL 3,505 million.

Novelties and campaigns...

Under the retail banking heading, Ziraat Bank introduced numerous new products to its customers, concluded contracts with institutions and undersigned banking practices making life easier in 2007.

- Numerous new products paralleling customer expectations were added to Ziraat Bank's retail lending products.
- "My Colleague Campaign" was organized specific to individuals working in the Turkish banking industry.
- A campaign was organized for our country's teachers and educators from 12 to 30 November 2007 on occasion of the Teachers' Week.
- A general-purpose loan campaign specific for the holiday season was organized during Ramadan and Sacrifice Fests.

“The number of the bank's active ATMs as of year-end 2007 went up 11% to 2,117.”

For fast, high quality and low-costing service

During 2007, Ziraat Bank continued to work intensely on integrating alternative delivery channels into its product and service delivery at an increasing degree.

ATMs

The number of the bank's active ATMs as of year-end 2007 went up 11% to 2,117, and the number of EMV-compliant ATMs rose to 1,489, up 15%. During the past year, the bank installed new ATM units at 216 locations, and upgraded units at 73 locations.

Ziraat Bank also kept working on improving the menu on the ATMs, finalizing the efforts relating to perform investment transactions using ATMs. This feature is now available for the use of the bank's customers.

The pioneer in interbank cooperation, Ziraat Bank collaborates with Halkbank, Vakıfbank, Denizbank, and Finansbank in ATM network sharing.

During 2007, Ziraat Bank continued to work intensely on integrating alternative delivery channels into its product and service delivery at an increasing degree.

Credit cards and debit cards

Ziraat Bank continued presenting VISA and MasterCard products to its customers during 2007.

The process of converting credit and debit cards EMV-compliant has been completed and PIN use has become compulsory in purchases made with chip-based credit cards. Possessing credit card functions and used for toll payments in passages from highways and bridges in addition to shopping and cash advance features and presented to the bank's customers since 2005, overdraft KGS cards took its place in the industry as the first-ever card encompassing contactless and contact chip technologies in April 2007.

With another project undertaken in 2007, Ziraat Bank made card-based pass system function a basic feature in all credit cards issued by the bank.

Ziraat Maximum

Within the scope of a collaboration between Ziraat Bank and İşbank that went into effect as of 24 May 2007, Ziraat Maximum credit cards were introduced which offer installment and bonus points advantages.

Considered among the most comprehensive cooperation projects in credit cards in the Turkish banking sector, Maximum co-branding allowed Ziraat Bank to present its credit card customers with countless advantages and facilities.

Within the scope of Maximum co-branding a devoted website went live at www.ziraatmaximum.com.

Call Center and Telephone Banking

Work on Ziraat Bank telephone banking module that holds an important place in the bank's alternative delivery channel strategy was finalized and the module was launched to serve all customers at the number 444 00 00.

www.ziraatbank.com.tr

Ziraat Bank's internet branch accessible at www.ziraatbank.com.tr serves customers with a rich selection of features.

During 2007, the number of internet banking customers grew 54% and reached 174,161, while transactions performed using the internet branch more than doubled and increased 129% to 4,622,612.

The volume of transactions carried out by the internet banking module, which saw the addition of many new applications to its set of transactions during the past year, expanded 170% and topped YTL 10 billion in value.

Ziraat Bank targets to increase the number of customers using alternative delivery channels and transaction volumes rapidly.

In keeping with this target, the bank carries on work in relation to large-scale information technology projects in various aspects from ATMs to its internet banking service, an initiative that will be widely acclaimed once completed.

Strong liquidity

Within the frame of strategy and risk parameters set by the bank's management, Ziraat Bank kept working on managing its YTL/FX liquidity and investment securities portfolio and was an active player in financial markets.

As a prerequisite of the effective interest rate and liquidity policy it adheres to, the bank remained focused on maintaining its solid liquidity throughout 2007.

Treasury products to a large group of customers

A vast group of customers all over Turkey were given access to government bonds in YTL/FX, T-bills, repo, Eurobond and FX trading transactions via the alternative delivery channels and extensive branch network during 2007.

The key drivers behind the high transaction volumes reached were the increased product diversity and competitive pricing, in addition to the bank's power, trustworthiness and size.

A market-maker for Turkish government borrowing instruments

A market-maker for Turkish government borrowing instruments since the inception of this practice by the Turkish Treasury in September 2002, Ziraat Bank sustained this status in the sixth round that began in September 2007.

Developing markets, new products

In the face of developing financial markets, fulfillment of a variety of customer needs and enhancing customer satisfaction, Ziraat Bank developed and introduced new products also during 2007. The bank's efforts in this department will be ongoing also in 2008.

Ziraat Bank enjoys a significant position in the international banking arena with its extensive correspondent network, strong correspondent relationships and strong funding base. Thanks to its high credibility and prestige in the international arena, world's premier banks and financial institutions assign high credit limits to Ziraat Bank, which in turn provides the bank with a key advantage in undertaking big-ticket transactions.

Ziraat Bank is present at 49 locations in 17 countries in the world

Ziraat Bank has the most extensive global presence of any Turkish bank: four branches (Lefkoşa, Girne, Gazimağusa, Güzelyurt) and an office (Paşaköy) in the Turkish Republic of Northern Cyprus; one branch each in New York/USA, Sofia/Bulgaria, and Tbilisi/Georgia; a branch and sub-branches in London/UK; international subsidiary banks in Germany, Azerbaijan, Bosnia & Herzegovina, Kazakhstan, Uzbekistan, Russia, Turkmenistan, and Macedonia, as well as their branches, sub-branches, and offices; representative offices in Kabul/Afghanistan, Karachi/Pakistan, and Tehran/Iran. All together they give Ziraat Bank a presence at 49 locations in 17 countries, where the bank offers its services effectively.

On 20 January 2008, Ziraat Bank Baghdad branch started operating with an initial capital of USD 7 million in Iraq.

Ziraat Bank in the Balkans

Ziraat Bank aims to strengthen its organization and to increase its efficacy in the Balkans. Signifying the first step in this direction, Skopje branch in Macedonia was converted into an international subsidiary bank in March 2008, by being vested in a structure that enables it to respond to local needs.

License was obtained on 09 July 2007 to open branches in Athens and Komotini and the registration procedure for the Athens branch was finalized at the Greek Ministry of Development on 29 January 2008. The branches in Greece are slated for going operational during 2008. The bank plans to open a branch also in Jeddah in Saudi Arabia.

Strategy of converting international branches into subsidiaries

Ziraat Bank intends to expand its international service network rapidly in 2008. The bank's target is to increase the number of international locations where it is present to 64.

To make its international expansion strategy more effective, Ziraat Bank targets to convert its international branches into subsidiary banks by obtaining banking license, to the extent the applicable legislation of the relevant country allows to do so.

The key drivers behind the high transaction volumes reached were the increased product diversity and competitive pricing, in addition to the bank's power, trustworthiness and size.

A worldwide correspondent network

Ziraat Bank possesses a broad correspondent bank network embracing the whole world. In the selection of correspondent banks, Ziraat Bank gives the priority to customer demands, while the current conjuncture and trends in the world economy may become deciding in the bank's approach to certain geographies and countries.

Banks with which correspondent relationships are established are mostly the leading institutions in their respective countries. Ziraat Bank attaches utmost importance to such banks' having strong financial structures and credibility and their being internationally accepted. Prevention of money laundering and know-your-customer principles are also key factors in Ziraat Bank's selection of its correspondent banks.

Export credit agencies

Ziraat Bank continued to work in close cooperation with the export credit agencies of numerous countries including Hermes, Coface, Serv and Sace, and to offer resources with suitable maturity/cost structures to its customers.

The bank also works with institutions such as US Ex-Im Bank and the Islamic Development Bank on an individual transaction basis, and provides service

to its customers under the GSM program of the US Department of Agriculture's Commodity Credit Corporation.

Ratings reflect the improvement achieved over the last four years

Ratings announced by the world's leading rating agencies attest to Ziraat Bank's strong performance in the past four years.

Taking place among the enterprises that made the best of the strong and uninterrupted economic improvement lately undersigned by Turkey, Ziraat Bank's brand positioning, performance in its core business activities, and solid funding and capital base are the primary factors that positively impact the bank's ratings.

The bank's ratings as of year-end are presented on page 148.

For effective, fast and high quality service across the country

Ziraat Bank's efforts continued without letup also in 2007 in information technologies with a view to offering the best in service to its customers.

Just a few of the large number of projects carried out in hardware and system software were as follows: Public Key Infrastructure and Secure Access Project, Project for Prevention of Irregularities

and Money Laundering, Fund Transfer Pricing project, Corporate Cost Management Project, Credit Card Application and Risk Centralization Project, Maximum Card Phase II Project, Asset and Project Management Project, Rating Project, Data Warehouse Project, and New Automation Project for International Branches and Subsidiaries.

Within the frame of our subsidiary policy focused on synergy and profitability...

Ziraat Bank has 23 subsidiaries in Turkey and abroad which are active in different business lines. Determined based on an approach focused on synergy and profitability, the bank's subsidiary policy aims at offering universal and modern financial services to customers in and out of Turkey in the best and most profitable manner; securing cost advantages, and providing product diversity.

2007 operating results of Ziraat Bank's domestic and international subsidiaries are briefly presented on page 42.

Advertising, Cultural and Artistic Activities

**“Turkey’s engine
Ziraat Bank’s efforts have
been ongoing to put into life
social solidarity projects
covering various fields from
culture and the arts to
education, from healthcare
to sports.”**

The bank's campaign was launched with the highly appreciated TV commercial entitled Turkey's engine focusing on the economic, social and cultural transformation process that it has undergone along with the Turkish people. Advertising and promotional campaigns were carried on with advertising films on new products and services that provided successful results for Ziraat Bank.

Ziraat Bank's contributions to culture and the arts

Guided by its sense of social responsibility and social solidarity, Ziraat Bank constantly extends support to culture and the arts.

The bank's mission in this aspect is to contribute whatever it can towards ensuring that our cultural heritage and values are passed on to future generations in their entirety. Based on this philosophy, the bank's efforts have been ongoing to put into life social solidarity projects covering various fields from culture and the arts to education, from healthcare to sports.

Art collection and exhibition halls

• Art collection of Ziraat Bank dates back to the first years of the Republic and the bank lends significant support to our artists engaged in modern painting by purchasing their works and displaying them to the public in its exhibition halls.

• Ziraat Bank has five exhibition halls (two in Ankara, one each in İstanbul, Safranbolu and Samsun); and a foyer in Tandoğan in Ankara, which can be used as an exhibition space.

• During 2007, works of 54 artists were displayed at the bank's art galleries and these exhibitions were attended by more than 100 thousand art lovers.

• The bank further enriches its art collection through new acquisitions made from works exhibited at the bank's art galleries. Covering 2,061 works at the end of 2007, Ziraat Bank's art collection represents one of the richest art collections of paintings in the country.

Mithatpaşa Auditorium & Cinema

• Ziraat Bank's contributions to the art during 2007 were also reflected through the movie theater at Mithatpaşa Auditorium. A total of 28 films were shown last year at the bank's cinema, which is Turkey's only movie theater that is operated for public benefit.

The Ziraat Bank Museum

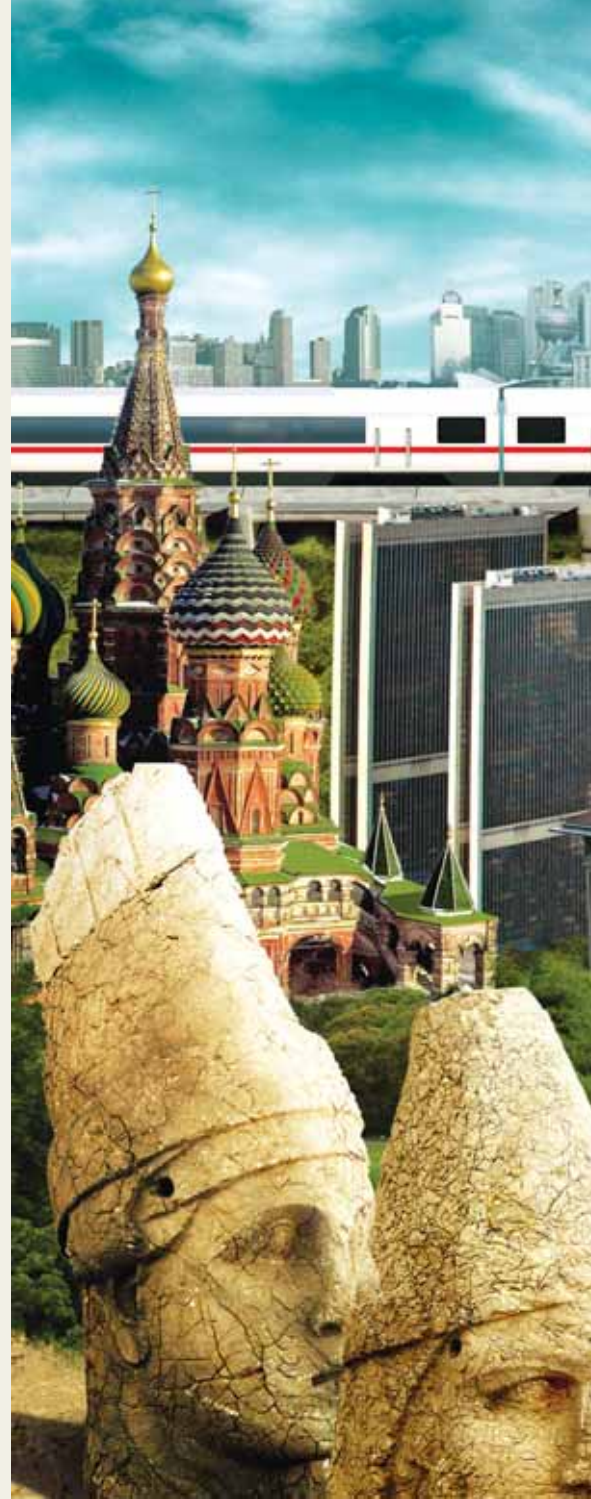
Located in the ceremonial hall of Ziraat Bank's original headquarters building in the Ulus district of Ankara, the Museum offers a panoramic view of the evolution of the bank since its inception to date along with numerous objects then used, and also exhibits the development of the economic history of the Republic of Turkey and the bank's contributions to this process.

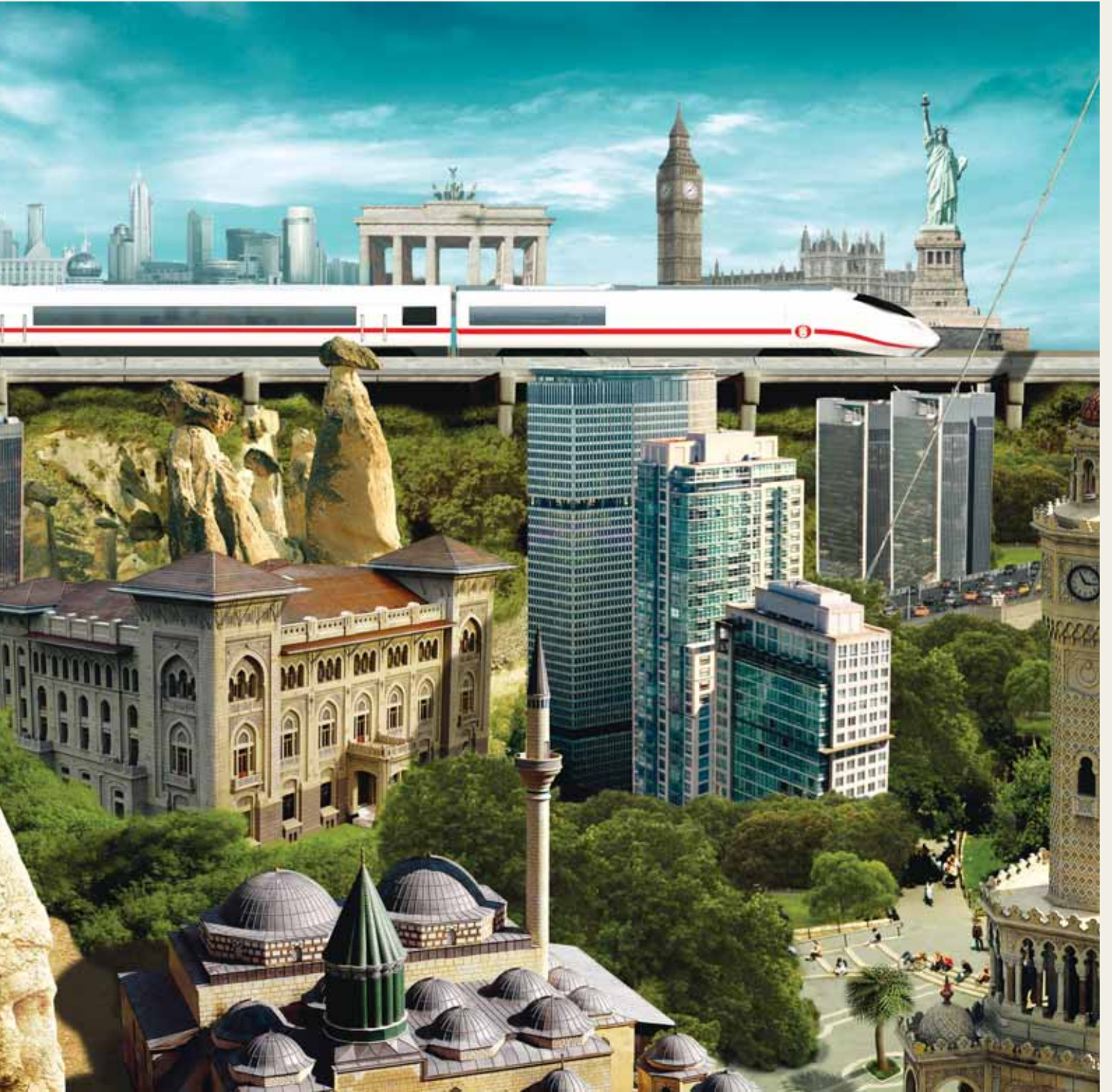
The Ziraat Bank Museum is the first museum of banking in Turkey

Other activities

As part of its social responsibility, Ziraat Bank also supports activities in healthcare, education and sports. In this frame, the bank sponsored many publications and fairs both in Turkey and abroad during 2007 and continued to contribute for the realization of projects in a number of fields including education, healthcare and sports.

“ Based on a sophisticated approach aiming to deliver far-reaching and comprehensive services in different financial segments to its customers, **Ziraat Bank strengthens its presence in Turkey as well as in various countries of the world via its subsidiaries.** ”





Ziraat Bank's International Network

“ Ziraat Bank's logo represents Turkey at 49 locations in 17 countries...

Ziraat Bank quests to offer service to its customers all over the world. The bank extends support to Turkish businessmen on an international scale from Turkmenistan to Germany, from the USA to Iraq.”

ZİRAAT BANK INTERNATIONAL AG

Active in the areas of corporate, commercial, and retail banking and with EUR 108 million in paid-in capital, EUR 147 million in shareholders' equity and EUR 408 million in total assets, Ziraat Bank International AG stands in the front ranks of the Turkish-owned banks that pursue activities in the European Union.

Cash and non-cash credit transactions related to financing foreign trade moving between Turkey and EU countries make up an important part of the bank's corporate and commercial banking services.

With a view to expanding its activities in retail banking and to growing its transaction volume, Ziraat Bank International targets to increase the number of its branches active in Germany from 8 to 11 in 2008. The bank also introduced a new service for financing the housing units to be purchased in Turkey by individuals residing in Germany, and brought to completion the infrastructure work enabling online application for installment loans to its existing internet banking services.

TURKISH ZİRAAT BANK BOSNIA d.d.

The first foreign bank established in Bosnia & Herzegovina, Turkish Ziraat Bank Bosnia started operating in 1997. Currently the bank provides corporate, commercial, and retail banking products and services to customers at 18 locations in total (7 branches and 11 offices).

At end-2007, the bank's total assets rose to USD 110 million, its loans to USD 60 million and its shareholders' equity to USD 47 million. Also in 2007, the bank's head office was relocated to the new service building purchased in Sarajevo city center.

Turkish Ziraat Bank Bosnia aims to increase the number of its service units across the country, and hence capture higher market share by opening new branches and offices in 2008.

AZER-TÜRK BANK ASC

Azer-Türk Bank has been incorporated in 1995 as a joint venture of Ziraat Bank and Agrar Senaye Bank (Azerbaijan) and started operating in the same year. The bank currently provides service with its three branches in Baku and Ganca.

Having increased nearly sevenfold in the past five years, the bank's total assets reached USD 40.8 million in 2007. Azer-Türk Bank also expanded its loan portfolio by 56.4% while bringing its net profit up to USD 1.9 million in the same period. The bank had a 5% return on assets and a 15.9% return on capital in 2007.

Regarded as one of the best managers of assets in the Azerbaijan financial services industry, Azer-Türk Bank took place in the top ranks among the 46 banks

active in the country from the standpoint of return on assets, as it did in the previous years.

KAZAKHSTAN-ZİRAAT INTERNATIONAL BANK

Kazakhstan Ziraat International Bank commenced operations in Kazakhstan in 1993 as the first foreign-owned bank in that country.

During 2007, the bank opened its second branch in Astana, the country's second biggest city, and gave momentum to its activities. While efforts are ongoing for opening a branch in Chimkent, which is the largest city in South Kazakhstan, the bank will continue to work towards expanding its service network.

In 2007, Kazakhstan Ziraat International Bank's total assets increased 76% year-on to USD 74.9 million, and its loan portfolio rose to USD 28.3 million, its shareholders' equity to USD 23.7 million, and its net profit to USD 2.2 million, up 48%.

UZBEKISTAN TURKISH BANK

Uzbekistan Turkish Bank (UTBANK) was founded in 1993 as a joint venture of Ziraat Bank and AT Pakhta Bank (Uzbekistan) in which each controls an equal stake.

Licensed to perform all banking transactions, UTBANK's total assets were worth USD 23 million at year-end 2007. During 2007, the bank's loans were up 154% and reached USD 5.3 million, while its deposits increased 7% to USD 8.9 million and its shareholders' equity rose to USD 6.6 million. The bank's net profit also grew 42% and arrived at USD 1.1 million.

ZİRAAT BANK (MOSCOW) CJSC

Ziraat Bank (Moscow) commenced operations in 1993 in Moscow, the capital city of the Russian Federation. The bank pursues its activities based on a customer-focused approach to service while meeting all of the banking needs of its Russian and Turkish customers.

Having strengthened its capital structure in 2007, the bank aims to take on an active role in the market handling financing demands such as commercial, corporate and non-cash loans received particularly from the Turkish businessmen active in Russia as well as from the Russian companies. According to end-2007 figures, Ziraat Bank (Moscow) increased its total assets to USD 26.6 million and its shareholders' equity to USD 18.5 million.

TURKMEN TURKISH JOINT STOCK COMMERCIAL BANK (TTJSC BANK)

TTJSC Bank was founded in 1993 as a joint venture in which an equal stake is controlled by Ziraat Bank and TDT Dayhanbank, one the biggest public banks in Turkmenistan.

Providing corporate, commercial, and retail banking services, the bank played an important role in strengthening the economic, commercial and social relations between the two countries ever since its debut. According to end-2007 figures, the bank's total assets were worth USD 20 million and its shareholders' equity USD 5.5 million.

Ziraat Bank's Subsidiaries in Turkey

“Ziraat Bank works in a synergetic cooperation with its financial services subsidiaries. This broad organization enables the bank to service its customers with a rich product range in all the segments of financial services.”

ZİRAAT FİNANSAL KİRALAMA A.Ş.

Founded in 1991, Ziraat Leasing provides lease financing services for investments in agriculture as well as in manufacturing, construction, and health.

As a result of active marketing activities in 2007 the company wrote USD 126.6 million worth of new leasing contracts. The company's paid-in capital is worth YTL 85.3 million. At end-2007 the company had YTL 246.6 million in assets and a shareholders' equity of YTL 66.2 million.

ZİRAAT YATIRIM MENKUL DEĞERLER A.Ş.

Ziraat Yatırım Menkul Değerler is a brokerage house that supplies the investment banking products that make up an important part of the Bank's product line.

In addition to its agencies in each of Ziraat Bank's branches all over Turkey, the company makes effective use of alternative delivery channels covering its internet branch at www.ziraatyatirim.com.tr, "Ziraat Mobile" giving access to market data and enabling forwarding of orders via mobile phones, the "Ziraat Express" application that enables communication of orders via the data screen, and the Ziraat Bank call center on 444 00 00.

Having reached a volume of YTL 4.7 billion in stock market transactions as at end-2007, the company handled a total of YTL 30 billion in repo/reverse repo transactions undertaken both on and off the İstanbul Stock Exchange. The company's outright trading in bonds and bills last year was worth YTL 9.4 billion.

ZİRAAT PORTFÖY YÖNETİMİ A.Ş.

Ziraat Portföy Yönetimi is an asset management company that manages its clients' investment portfolios of capital market vehicles.

With YTL 1.5 million in capitalization, the company manages the seven Ziraat Bank mutual funds and the five Başak Groupama Emeklilik private pension funds as well as a large number of corporate customers' portfolios.

Total assets under the company's management as of end-2007 amounted to YTL 1,686 million, which ranked it in fifth place among 18 portfolio management companies with a market share of 5.4%. The company booked a net profit of YTL 2 million in 2007.

BİLEŞİM ALTERNATİF DAĞITIM KANALLARI VE ÖDEME SİSTEMLERİ A.Ş.

Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri offers operation and project services in alternative delivery channels and payment systems to Ziraat Bank, Halkbank and Turkish Ziraat Bank Bosnia d.d.

The key projects completed in 2007 by Bileşim include the conversion of credit cards to Chip&pin cards, transition to "Maximum" features in credit cards issued by Ziraat Bank within the frame of co-branding, increasing product

versatility in contactless cards for toll payments in passages from highways and bridges offering overdraft and prefilled card options, and the development of the "3D Secure" that allows for secure e-trading, and of the telephone banking infrastructure.

Bileşim is Turkey's first service provider to hold PCI (Payment Card Industry) certificate; the company received awards in Europe for its contactless card solutions and was also named among the Turkey's top fifty fastest growing technology companies by eminent institutions.

FİNTEK FİNANSAL TEKNOLOJİ HİZMETLERİ A.Ş.

Fintek Finansal Teknoloji Hizmetleri provides information technology services in infrastructure, support-operation, application development and technical consultancy to Ziraat Bank. Ziraat Bank switched from a distributed computer architecture to a centralized system owing to the Fin@rt project executed by Fintek.

Fintek further develops the Fin@rt basic banking application software with a view to enabling more effective use of Ziraat Bank's management information and decision support systems by keeping the data up-to-date and in a consolidated fashion at all times.

It has been endorsed and certified on 11 December 2007 that the Information Technology Service Provider, Information Technology Investment Consultancy, and Software Application Development and Maintenance services provided by Fintek are in compliance with the requirements of TSE EN ISO 9001:2000.

ARAP TÜRK BANKASI A.Ş.

Arap Türk Bank was founded in 1977 as a joint venture of a number of Arab and Turkish financial institutions. The bank offers its customers the full range of banking products and services. According to end-2007 figures, the bank had YTL 89.4 million in shareholders' equity, and YTL 356.7 million in total assets.

Management and Corporate Governance Practices



OSMAN ARIOĞLU

AHMET CANDAN

HİKMET AYDIN SİMİT

CAN AKIN CAĞLAR

Prof. Dr. İLHAN ULUDAĞ

MEHMET MUMCUOĞLU

BURHANETTİN AKTAS

MEHMET EMİN ÖZCAN

OĞUZ KAYHAN

ABDULLAH YALÇIN

Ziraat Bank Board of Directors

PROF. DR. İLHAN ULUDAĞ Chairman

İlhan Uludağ graduated from Anadolu University (Department of Economics) in 1970 and received her doctorate from the same school. She served as an associate professor of economic policy at Uludağ University (1987) and became a professor of banking at Marmara University in 1998. She has served as a faculty member at Marmara University, Uludağ University, London School of Economics, and Maryland University. She has published fourteen books and a large number of articles and papers in her areas of specialization. She received the Turkish Banking Association Award for her work entitled Competitiveness of the Turkish Banking System in Comparison to Banking in the European Union in 1993; the Marmara University Superior Service Award in 1994; and the Marmara University School and Institute of Banking and Insurance "Founding Manager" award in 2001. Prof. Dr. Uludağ speaks English. She was appointed as the Deputy Chairman of the Joint Board of State-Owned Banks in 2003 and has been the Chairman of the Board of Directors of Ziraat Bank since 2005.

MEHMET MUMCUOĞLU Deputy Chairman

Mehmet Mumcuoğlu graduated from İstanbul University (Faculty of Business Administration) in 1974. He served in various positions such as inspector, assistant branch manager, head of the Board of Inspectors, and personnel manager at Akbank and Dışbank and as a manager and consultant in a number of private-sector concerns. He became a member of the Board of Directors in 2003.

CAN AKIN ÇAĞLAR General Manager and Member of the Board

Can Akın Çağlar is a graduate of İstanbul University (Faculty of Economics) and completed the money and banking master's program at the same school. He also holds a master's degree in banking and finance from Boston University. In 1985 he became a certified bank auditor for the Treasury Undersecretariat, assistant general manager of Egebank in 1997, and subsequently general manager of Ege Yatırım Menkul Değerler, a brokerage house of the same bank. Beginning in 1998 he served as a general manager of a private finance institution. Mr. Çağlar speaks English. He has been a member of the Board of Directors and the bank's General Manager since 2003.

AHMET CANDAN Member of the Board

Ahmet Candan is a graduate of Ankara University Faculty of Political Sciences. Upon graduation he joined the Ministry of Finance as an assistant inspector. He subsequently served in management positions in private-sector concerns in Turkey and abroad and has published three works on economic and financial subjects. Mr. Candan became a member of the Board of Directors in 2006.

OSMAN ARIOĞLU Member of the Board

Osman Arioğlu graduated from Ankara University (Faculty of Political Sciences, Department of Economics and Public Finance) in 1979. In 1980-1984 he served as an assistant tax inspector for the Ministry of Finance and as a tax inspector from 1984 to 1994. He did studies on municipal revenues in the UK in 1988-89 and then served as an assistant provincial finance director in İstanbul in 1989-1994 and as an assistant general director for the finance ministry's General Directorate of Revenues in 1994-2002. He served as deputy general director of the General Directorate of Revenues between 2005 and 2007. In 1997, he completed the Financial Programming and Structural Harmonization program organized jointly by the International Monetary Fund and the Islamic Development Bank. He is currently a member of the Board of Directors of the Fencing Federation. He has also served as a member of the Electric Survey Authority's audit committee and as a member of the Board of Directors of Güven Sigorta's subsidiary in Turkish Republic of Northern Cyprus. He is a member of the Ankara University Political Sciences Faculty Alumni Association, the İstanbul Chamber of Certified Public Accountants, and the Association of Tax Inspectors. He has been a member of the Board of Directors since 2003.

MEHMET EMİN ÖZCAN Member of the Board

Mehmet Emin Özcan graduated from Ankara University (Faculty of Political Sciences, Department of Economics and Public Finance) in 1982. He began his career the same year as an assistant inspector at İşbank and subsequently served in management positions in the financial services industry. On 27 March 2003 he was elected to a seat on the board of directors of Halkbank and served as an executive director at that bank. He was appointed to a seat on the Ziraat Bank Board of Directors on 12 April 2005. He also serves as chairman of the Board of Directors of the Islamic Development Bank Association of National Development Finance Institutions (ADFIMI) of which Ziraat Bank is a member.

BURHANETTİN AKTAŞ Member of the Board

Burhanettin Aktaş graduated from Ankara University (Faculty of Political Sciences) in 1987. The same year he placed first in the Treasury Undersecretariat's comptrollers placement examination and after three years of professional training and experience he again placed first in the Treasury's written and oral proficiency examinations. He was appointed chief comptroller of the Treasury in 1998. He completed the master's program at Carnegie Mellon University (H. John Heinz III School of Public Policy and Management) in 2000 and served as deputy head of the Treasury Board of Comptrollers in 2001-2002. In November of the latter year he became a consultant to the minister of state responsible for the Treasury and on 19 August 2003 was made deputy assistant undersecretary of the Treasury. He currently services as an assistant undersecretary. He has been a member of the Board of Directors since 2003.

OĞUZ KAYHAN Member of the Board and Audit Committee Member

Oğuz Kayhan graduated from Ankara University (Faculty of Political Sciences, Department of Economics) in 1986. He started his career as an assistant certified bank auditor at the Turkish Treasury in 1987. He was sent to the UK for one year to study and examine the English banking and finance system in 1997. Having functioned as the assistant head of the Board of Certified Bank Auditors from 1998 until 2001, Oğuz Kayhan served as the acting head of the Board of Certified Bank Auditors for a period of 9 months during this time. He worked as the head of various departments at the BRSA from February 2001 to November 2006, when he was appointed senior chief certified bank auditor. Oğuz Kayhan has been serving as a board member and an Audit Committee member since June 2007 at the bank.

HİKMET AYDIN SİMİT Member of the Board and Audit Committee Member

Hikmet Aydın Simit graduated from Ankara University, the Faculty of Political Science Department of Management, after working in various positions in banking he was appointed as member of the Board of Directors and Audit Committee in June 2007.

SÜLEYMAN SAYGI Statutory Auditor

Süleyman Saygi graduated from Ankara University (Faculty of Political Sciences) in 1985. He served as a member of the Ministry of Finance Board of Tax Inspectors and in various capacities in the private sector. He has been a Ziraat Bank statutory auditor since 2003.

ABDULLAH YALÇIN Statutory Auditor

Abdullah Yalçın graduated from Ankara Academy of Economic and Commercial Sciences in 1977. His career began in 1975 at Etibank in its headquarters department of accounting and financial affairs. He later served at the Central Bank of the Republic of Turkey and in positions such as inspector, manager, and branch manager at Vakıfbank. After retiring from that bank, he worked as a manager in the private sector for a time. Mr. Yalçın has been a Ziraat Bank statutory auditor since 2003.

Ziraat Bank Senior Management

CAN AKIN CAĞLAR

General Manager and Member of the Board

SENİH BOYACIGİL

Assistant General Manager for Resource Management

Senih Boyacıgil is a graduate of Ankara Academy of Economic and Commercial Sciences (Department of Business Administration) and holds a master's degree from the same school. He joined Ziraat Bank in 1981 and has served as an inspector, assistant manager, branch manager, and department head. He was appointed an assistant general manager in 2001.

MUZAFFER ŞAHİN

Assistant General Manager for Loans and Non-Performing Loans

Muzaffer Şahin is a graduate of Gazi University (Faculty of Economic and Administrative Sciences, Department of Business Administration) and holds a master's degree in business administration from the same school and a doctorate in business administration from İstanbul University (Institute of Social Sciences). Having served in many positions at Ziraat Bank, Mr. Şahin became an assistant general manager in 2001.

CEM ÖZŞEN

Assistant General Manager for Treasury

Cem Özşen is a graduate of Ankara University (Faculty of Political Sciences, Department of Business Administration) and holds a master's degree in business administration from Bentley College. After serving in various positions in the private sector, the Treasury Undersecretariat, and Ziraat Bank, he became an assistant general manager of the bank in 2002. Mr. Özşen speaks English.

EMİN ÇUBIKCI

Assistant General Manager for Support Services

Emin Çubıkcı is a graduate of Uludağ University (Faculty of Economic and Administrative Sciences, Department of Econometrics). He joined Ziraat Bank in 1988 as a member of the Board of Inspectors and has served as an assistant inspector, inspector, assistant manager, and branch manager. Mr. Çubıkcı was appointed an assistant general manager in 2003.

HÜSAMETTİN GÜLHAN

Assistant General Manager for Human Resources

Hüsamettin Gülhan is a graduate of Çukurova University (Faculty of Economic and Administrative Sciences). He joined Ziraat Bank in 1984 as an assistant inspector and has served as inspector, assistant manager, branch manager, and regional manager both in Turkey and abroad. Mr. Gülhan became an assistant general manager in 2005.

BÜLENT YALIM

Assistant General Manager for Banking Operations

Bülent Yalım is a graduate of Ankara University (Faculty of Political Sciences). He joined Ziraat Bank in 1987 and has served as assistant inspector, inspector, assistant manager, branch manager, and department head. Mr. Yalım became an assistant general manager in 2005.

RECEP TÜRKAY

Assistant General Manager for Agricultural Banking

Recep Türkay is a graduate of Karadeniz University (Faculty of Economic and Administrative Sciences, Department of Business Administration). He joined Ziraat Bank in 1987 as an assistant inspector and has served as an inspector, assistant manager, branch manager, and regional manager. Mr. Türkay became an assistant general manager in 2005.

SELİM GÜRAY ÇELİK

Assistant General Manager for General Accounting, Strategic and Financial Management

Selim Güray Çelik is a graduate of Ankara University (Faculty of Political Sciences, Department of Business Administration) and holds a master's degree from the University of Illinois. He served as an assistant auditor, auditor, and chief auditor at the Treasury Undersecretariat and then a department head at the Banking Regulation and Supervision Agency. He became an assistant general manager in 2005. Mr. Çelik speaks English.

A. MESUT GÜRAYLI

Assistant General Manager for Retail Banking

A. Mesut Güraylı is a graduate of Ankara University (Faculty of Political Sciences, Department of Business Administration). He began his career at the Treasury Undersecretariat as a certified bank auditor and served in senior management positions in the banking industry before joining Ziraat Bank in March 2006 as an assistant general manager. Mr. Güraylı speaks English.

ALİ RIZA AKBAŞ

Assistant General Manager for Commercial Banking

Ali Rıza Akbaş graduated from Ankara University (Faculty of Political Sciences, Department of International Relations). After working as an inspector and manager at privately-owned banks and financial institutions, he was appointed Chief Regional Manager at our bank in 2005. He became an assistant general manager in August 2007, a position he still holds.

YUSUF BİLMEZ

Internal Control Group Head

Yusuf Bilmez is a graduate of Hacettepe University (Department of Business Administration). He began his career at Ziraat Bank in 1983 as an assistant inspector and has served as an inspector, assistant manager, and branch manager and as an assistant general manager in 2003-2006. Mr. Bilmez has been head of the Internal Control Group since December 2006.

MEHMET AYHAN ALTINTAŞ

Risk Management Group Head

Mehmet Ayhan Altıntaş graduated from Hacettepe University, (Department of Business Administration) and received his master's degree from the University of Westminster. He started his career in 1985 as a certified bank auditor. He served as the head of the Banking Department at the Turkish Treasury and as Financial Advisor in London. In 2000, he was appointed by transfer to the Banking Regulation and Supervision Agency where he functioned as the heads of the SDIF Finance Department, BRSA Monitoring Department and BRSA Research Department. Appointed group head at our bank in August 2007, M. Ayhan Altıntaş speaks English.

MUSTAFA ŞAHİN

Head of the Board of Inspectors

Mustafa Şahin is a graduate of İstanbul University (Faculty of Political Sciences). He became a member of the Board of Inspectors in 1991 and has served as an inspector, assistant manager, branch manager, and regional manager and also as a department head in 2003-2006. Mr. Şahin has been head of the Board of Inspectors since December 2006.



MEHMET AYHAN ALTINTAS

MUSTAFA SAHİN

MUZAFFER SAHİN

EMİN ÇUBIKCI

A. MESUT GÜRAYLI

ALİ RIZA AKBAŞ

CAN AKIN ÇAĞLAR

CEM ÖZSEN

YUSUF BİLMEZ

SENIH BOYACIGİL

HÜSAMETTİN GÜLHAN

BÜLENT YALIM

SELİM GÜRAY ÇELİK

RECEP TÜRKAY

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Information on the Activities of the Credit Committee

Credit Committee

As required by the bank's "Regulation of Management Bodies", the Credit Committee engages in such activities as examining credit risk strategies and lending policies on a regular basis and, based on the results of such examinations, making recommendations to the Board of Directors concerning changes that need to be made in policies and strategies; taking proposed lendings under consideration if they are in compliance with the Banks Act and relevant legislation; approving those that fall within its authority and presenting those which exceed that authority and which it regards as favorable to the Board of Directors with its favorable opinion; assessing credit-related regulations and presenting those that it regards as suitable to the Board of Directors for its approval; coming to decisions related to lending proposals on such credit restructuring issues as new allocations, term extensions, increases, changes in conditions, and interest reductions. The Credit Committee met 31 times during 2007 and took 272 decisions.

Chairman

Can Akın ÇAĞLAR, General Manager and Member of the Board

Members

Ahmet CANDAN, Member of the Board

Mehmet MUMCUOĞLU, Member of the Board

Board of Directors and Audit Committee Meetings Held During the Reporting Period and the Attendance in Them

Board of Directors

The Board of Directors meets regularly at least once a month and convenes upon a summons by the chairman, the deputy chairman, or any member. The board met 24 times during 2007 and passed 419 resolutions.

Audit Committee

The Audit Committee meets regularly at least once a month with attendance of all members. The committee met 34 times during 2007 and passed 108 resolutions.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Board of Directors Report

Ziraat Bank in 2007

In 2007 Ziraat Bank once again defended its superior position as the bank possessing the most extensive service network in the sector with 1,142 branches, 70 special transaction centers, and 27 offices in Turkey and with 9 international branches, 8 subsidiaries, and 3 representative offices in 17 other countries. Ziraat Bank's 20,872 personnel represent 12% of the sector's employment while the number of its branches makes up 14% of the sector's total. Ziraat Bank has a presence in 445 counties and townships in Turkey that are served by no other bank.

In addition to its four branches and an office in the Turkish Republic of Northern Cyprus; Ziraat Bank also has branches in New York, Sofia, Tbilisi, London, and Skopje; representative offices in Kabul, Karachi, and Tehran; and international subsidiary banks and their branches, sub-branches and offices in Germany, Azerbaijan, Bosnia & Herzegovina, Kazakhstan, Uzbekistan, Russia and Turkmenistan. All together they give Ziraat Bank a presence at 49 locations in 17 countries and the most extensive reach of any Turkish bank in the world.

In 2007, Ziraat Bank sustained its leadership in a number of aspects in the industry, led by total assets and net profitability. While the bank's total assets were up to YTL 81 billion, its net profit grew 12% to YTL 2,351 million. The bank's gross profit last year amounted to YTL 2,963 million, and YTL 612 million was set aside as tax provision.

The progress made in the business of lending by Ziraat Bank in the last years continued in 2007. Total loans were up 24% year-on and reached YTL 21.6 billion at the end of 2007.

Representing one of the bank's most significant contributions to national economy, agricultural loans outperformed the growth in the overall sector's lending in this category, and reached YTL 4,810 million with 37% increase. While the weekly average of the bank's agricultural lending was YTL 70 million in 2006, this rose to YTL 86 million in 2007.

Commercial loans stood at YTL 3,558 million as of year-end 2007. Given special importance within commercial lending, SME loans increased 35% year-on, topping YTL 2 billion, once again outperforming the rate of growth in this type of lending by the overall sector.

Accounting for a large part of our bank's portfolio, retail loans increased 32% year-to-year and reached YTL 10 billion, constituting nearly 11% of the sector. In general-purpose loans, one out of every five people across the country took out a loan from Ziraat Bank. Up to YTL 5.7 billion at year-end 2007, total general purpose loans volume make the bank by far the leader of the sector. The bank fulfilled the individual financing needs of a large number of customers with its specially designed products and interest rate policies adhered to. There was 38% growth in general purpose loans in the past one year bringing the bank's share in the sector to 22%.

Thanks to sound lending policies and to watchful credit-monitoring practices, the 1.8% ratio of non-performing loans to total lending represents a figure that is well below the sector average, despite the 24% year-on increase in total loans.

Ziraat Bank once again remained the leader of its sector in deposits. The deposits held by the bank make up about one-fifth of all deposits available to the entire sector and they rose 14% year-on in 2007 to reach YTL 68.3 billion.

Conclusion

Having posted the highest profits of any bank in Turkey in 2004, 2005 and 2006, Ziraat Bank repeated that performance in 2007 by announcing a net profit in the amount of YTL 2.4 billion. This performance was mainly driven by the successful asset/liability management combined with the significant saving ensured in the operating costs item. The bank's return on assets was 3.1% in 2007, while its return on equity exceeded 35%. These ratios represent a profitability that is above the sector average.

As it has done in the past, Ziraat Bank will continue in the days ahead to carry its strength into the future as Turkey's driving force and to offer the best in service to our people on the principles of profitability and productivity.

TÜRKİYE CUMHURİYETİ
ZİRAAT BANKASI A.Ş.



Can Akın ÇAĞLAR
General Manager



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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Human Resources Practices

Ziraat Bank has adopted a modern human resources management system that is in keeping with its transformation strategy within the framework of the ongoing restructuring of the bank; is in line with the transparency, participatory, and productivity principles of its strategic vision; and will enable it to accomplish its mission. As the most important element making a difference in a competitive environment, the bank's human resources are its most important capital.

Having completed its 144th year in operation in 2007 and serving the Turkish banking sector with 20,872 employees as of 31 December 2007 with a view to fulfilling the requirements of modern banking and international competition, Ziraat Bank's primary mission in human resources is to be the bank that the best people in the sector prefer as an employer and want to work for.

The bank's basic principle in the career paths formulated is to train its own management personnel itself. To this end, career planning based on objective criteria is established on the principle of equality of opportunity and the bank adheres to human resources policies that encourage its people to pursue a long-lasting career.

For the purpose of training the managers of the future, the bank recruited personnel into assistant inspector, Banking School assistant specialist and assistant internal controller positions in the second half of 2007.

In addition to recruiting to these positions, which require specialized qualifications, again in the second half of 2007 Ziraat Bank began recruiting personnel into assistant service officer positions that will be carrying out basic operations in order to handle the increasing workload resulting from the net reduction in work force that is taking place as part of the bank's restructuring process.

In recruiting personnel into assistant service officer positions, attention is given to choosing university graduates who are computer-literate, young, and dynamic; can be team players; and possess effective communication skills and analytical thinking ability. In the recruitment of personnel into assistant inspector, Banking School assistant specialist and assistant internal controller positions, priority is given to select candidates who are young, dynamic, creative, and possess managerial qualities, leadership, effective communication skills and analytical thinking ability.

In this frame, 1,066 employees in total joined the Ziraat Bank family during 2007.

Related Party Transactions

As per article 49 of the Banks Act (Statute 5411) and because its capital belongs entirely to the Turkish Treasury, the risk group of which Ziraat Bank is a member consists of itself and the companies that it controls either directly or indirectly.

Relations between the bank and the members of the risk group in which it controls a stake are banking transactions conducted in compliance with the Banks Act within the framework of normal bank-customer relationships and consist primarily of borrowing and lending and of accepting and giving deposits.

Details of the amounts and reasons for the transactions that Ziraat Bank engaged in with members of its own risk group in 2007 are presented in footnote VII of section five of the year's non-consolidated financial report that is included in this annual report.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Activities for Which Support Services are Outsourced in Accordance with the “Regulation Concerning the Outsourcing of Support Services by Banks and the Authorization of Organizations Providing Such Services” and the Persons and Organizations from Which They are Obtained

1- BİLEŞİM ALTERNATİF DAĞITIM KANALLARI VE ÖDEME SİSTEMLERİ A.Ş.

Bileşim was originally founded in 1995. In 1998, by taking the title “Ziraat Kart İşlemleri A.Ş.”, the company changed its field of activity. In 2002, it was reorganized with a new partnership structure under the current title of “Ziraat Kart İşlemleri A.Ş.”. Bileşim is an information technology company that supplies alternative delivery channel and payment system services to Ziraat Bank.

The alternative delivery channel and payment system services and operations that Bileşim provides are concerned with Ziraat Bank’s credit cards, debit cards, ATMs, merchant partners (POS), and call center. As of end-2007, it was delivering service to more than 2 million credit cards and 10.6 million debit cards on Ziraat Bank’s behalf and managing the operations of 18 thousand POS and 2,117 ATM terminals. It also provides support services on information and screen use concerning the bank’s products and services through the Branch Support Hotline as well as through the Customer Communication Center on 444 00 00.

2- FİNTEK FİNANSAL TEKNOLOJİ HİZMETLERİ A.Ş.

Fintek was set up in 2001 to provide information technology services to Ziraat Bank and Halkbank. Employing nearly 400 people at its Ankara and İstanbul offices, Fintek plans to offer services to other public institutions as well as companies active in the financial services sector in Turkey and abroad, drawing upon its know-how and strength in human resource.

Fintek provides application development services on a variety of platforms as well as systems operation and management services, operational services, communication network and infrastructure installation services, project management services, and consultancy services.

Not just a provider of services and products in information technologies, the company contributes to the enhancement of enterprises’ competitive strength by helping them use information technologies more effectively through its research and development and product development services offered.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.
Financial Information and Risk Management

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Statutory Auditors' Report

T.C. Ziraat Bankası A.Ş.
Statutory Auditors' Report

To the General Assembly of T.C. Ziraat Bankası A.Ş.

We have examined the accounts and transactions of T.C. Ziraat Bankası A.Ş. for the period 1 January 2007 to 31 December 2007 for compliance with the bank's articles of incorporation, the Banks Act, the Turkish Commercial Code, and other laws, regulations, and administrative provisions as well as with Banking Regulation and Supervision Agency regulations. On that basis:

1. It was observed that the books and records of account that must be maintained pursuant to the Turkish Commercial Code, the Banks Act, and other laws, regulations, and administrative provisions were duly maintained as required by law and that records and substantiating documentation were kept in regular order.
2. It was ascertained that the balance sheet dated 31 December 2007 and the 2007 profit & loss statement appended to the Ziraat Bank Board of Directors report and the statements made in that report conform to the books of account.
3. It was observed that decisions concerning the bank's management were duly entered into the Resolution Book.

In our opinion therefore, the enclosed independently audited balance sheet dated 31 December 2007 and the profit & loss statement for 2007, the contents of which we endorse, accurately reflect the true financial standing of the bank and the true results of its activities for that year.

We therefore recommend that the balance sheet dated 31 December 2007 and the profit & loss statement for 2007 be approved and that the Board of Directors be acquitted of their fiduciary responsibilities.

Ankara, 17 March 2008

Statutory Auditors


Abdullah YALÇIN


Süleyman SAYGI

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Audit Committee's Assessment of the Operation of the Internal Audit, Internal Control, and Risk Management Systems

OPERATION OF THE INTERNAL AUDIT SYSTEM

Internal audit is an operational function aiming to maximize the bank's value, in other words to add value to the bank. Internal audit covers monitoring and auditing of all activities affecting the bank's value. In line with this definition, the Board of Inspectors examines and audits all of the bank's activities as well as branch and headquarters departments everywhere within the bank whether in Turkey or abroad periodically or based on risk. As a result of the audits carried out, the Board provides senior management with assurances that the bank's activities are being conducted in accordance with the requirements of laws and applicable legislation and in line with the bank's own strategies, policies, principles, and objectives and that its internal control and risk management systems are functioning effectively and adequately. It also makes recommendations and provides opinions concerning the prevention of any repetition of shortcomings, errors, or instances of malfeasance that may be discovered and concerning the effective and productive use of the bank's resources.

Drawn up as per the Regulation on the Banks' Internal Systems that went into effect on 1 November 2006, the audit plan was presented to the Board of Directors and thereafter, to the Banking Regulation and Supervision Agency (BRSA). When preparing the audit plan, the risk assessments of branches/units were examined, and a risk matrix was drawn taking into consideration asset sizes, number of customers, and NPL numbers separately. Under this plan, the branches, subsidiaries and headquarters units were successfully audited in 2007 by our team of 225 people, consisting of 96 inspectors and 129 assistant inspectors.

Active since 2004, the centralized audit team undersigned major achievements in discovering instances of malfeasance and prevention of the bank's loss before reaching greater dimensions. With data analysis, assessments, and interpretations made, it was aimed to head off possible risks and maximum benefit was derived from the contribution lent to a proactive auditing approach by remote audits conducted in addition to onsite audits. The R&D department set up under the Board of Inspectors in 2007 analyses the data relating to audit and investigation reports, and contributes to the clarification of the framework of the Board's projections for the future.

The Board of Inspectors' audit of information technologies in 2007 was Cobit-based. To ensure effective and productive conduct of this audit, 14 inspectors received training and certification in "Information Security Management System and Business Continuity" and "Information Systems Auditing".

To add to the strength of the Board's formation, a total of 54 assistant inspectors were recruited at the bank upon the exams administered in 2007; 14 of these are assistant inspectors in information technologies.

The quality of audits were enhanced and process audits were given the forefront by a proactive approach to auditing within the frame of new audit criteria and new reporting format so as to conduct audit activities in conformity with the applicable legislation, internal regulations, banking principles and customary practices; to perform operational risk control in a manner to minimize the occurrence of similar risks; and to examine the effectiveness and productivity of internal control procedures and risk management measurement models. The new approach adopted focuses on presenting the overall picture rather than exposing individual and transaction-specific errors/shortcomings of the units subject to audit. Draft report practice enabled onsite correction of errors/shortcomings by involving the people being audited in the audit itself and also increased the productivity and motivation of personnel. In addition, MIS/Hot-Line program was introduced and the bank's employees were provided with the chance to directly contact the Board of Inspectors.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Audit Committee's Assessment of the Operation of the Internal Audit, Internal Control, and Risk Management Systems

During 2007, the Board of Inspectors presented quarterly activity reports to the Board of Directors. Members of the Board of Inspectors got together with the bank's senior management in quarterly meetings where they exchanged ideas and information.

The current new definition of internal audit moves away from the classical approach focused on individuals and errors, and is shaped by a process-focused new approach and proactive functioning. To render its activities continual and to further improve them, the Board of Inspectors uses technology heavily in every aspect so that inspectors assess and improve the effectiveness of risk management; control and management processes based on a systematic and disciplined approach and thus help the bank achieve its targets. The Board also creates certification and training opportunities to ensure professional dynamism in its team, and pays attention to create added value for the bank through its experienced, well-educated, qualified and highly-equipped human resource.

In the period ahead, the Board of Directors will continue to prepare a risk-based internal audit plan and make use of the Inspection Guidelines and working programs in the conduct of its audits. The Board will still be guided by a high sense of responsibility and duty, as it always has been, in the reporting of conclusions derived to the Audit Committee and the Board of Directors, as well as in the monitoring of measures adopted by the managements of relevant units in the frame of audit reports. Our vision is to add value to the bank by means of a modern approach to auditing that amalgamates principles that have been filtered through more than 140 years of experience, modern international auditing principles, and the opportunities made possible by advanced technology today, while leading the way in change and innovation.

OPERATION OF THE INTERNAL CONTROL SYSTEM

The internal control system set up at Ziraat Bank is structured so as to cover all of the bank's activities with the objectives of ensuring that the bank's assets are protected; that its activities are conducted in an effective and productive way and in accordance with the Banking Law and other applicable legislation, the bank's own policies and rules, and established banking practices; and to ensure the reliability, integrity and timely availability of information in its accounting and financial reporting system, in accord with the Regulation on the Banks' Internal Systems published by the Banking Regulation and Supervision Agency, and other legal and administrative legislation.

Internal control activities are carried out in coordination and in harmony with the Board of Inspectors, and the two units collaborate in the preparation of programs setting out the scopes and methods of controls performed.

Internal controllers reporting to the Internal Control Department conducted onsite and centralized control activities at all branches and units, making maximum use of information technologies and giving weight to aspects that pose risks.

The existing team was further strengthened by recruiting 45 new assistant internal controllers in 2007. It is planned to recruit 5 computer engineers to enhance the efficiency of control in information systems.

Importance was given to on-the-job training and certification of internal controllers; in keeping with this, 2 internal controllers received Certified Internal Auditor (CIA) certificates in 2007.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Audit Committee's Assessment of the Operation of the Internal Audit, Internal Control, and Risk Management Systems

The results of controls reported to the Internal Control Department are evaluated and then forwarded to the necessary units for adoption of measures/necessary action. All countermeasures deemed necessary were adopted so as to ensure improvement of the internal control system and smooth operation of internal control activities. Information was presented to the Audit Committee in quarterly periods regarding the internal control activities.

The Internal Control Department carried out compliance controls to ensure that all of the activities carried out and planned to be carried out by the bank, as well as new transactions and products, are in compliance with the Law and other applicable legislation, the bank's own policies and rules, and established banking practices.

OPERATION OF THE RISK MANAGEMENT SYSTEM

The fundamental approach to risk management activities carried out at the bank is to achieve the best possible practices in risk management functions by inculcating a culture of risk-awareness throughout the bank and by continuously improving both the system and the bank's human resources. Maximum attention is given to ensuring that the risk management activities that take place are conducted with the coordinated participation of all units that are involved in every activity associated with each category of risk.

In this frame, the activities of the Risk Management Unit are conducted under the separate headings of credit risk, market risk, operational risk and balance sheet risk, and with the ultimate objective of achieving full compliance with the Basel-II criteria that are the reflections of best practices.

Under the heading of credit risk management, work is undertaken geared towards credit risk measurement employing the standardized method as well as advanced measurement methods, in addition to the credit rating project.

Under the heading of operational risk management, operational risks are defined, classified and analyzed. In addition, visits are paid to branches to make current determinations in relation to operational risks across the bank and any identified issue is communicated to relevant units. In the determination of operational risk levels of branches and headquarters units, operational risk indicators are used and self-assessments are performed. A project is ongoing for automated monitoring of operational risk loss data. Furthermore, R&D activities are also continuing in relation to operational risk advanced measurement methods.

Under market and balance sheet risks management activities; market, liquidity, and structural interest rate risks are measured, analyzed, reported and monitored. Activities relating to market risk concentrate on measurement, monitoring, stress tests and scenario analysis based on internal model. Furthermore, liquidity and structural interest rate risks the bank is exposed to are identified employing detailed analyses and advanced measurement methods, and supported with stress tests and scenario analyses. Efforts for automating the reporting made in this frame and intense R&D activities are also in progress.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Audit Committee's Assessment of the Operation of the Internal Audit, Internal Control, and Risk Management Systems

Risk analyses performed under credit, market, operational and balance sheet risks headings are reported to the Audit Committee quarterly and to the Board of Directors via the Audit Committee semi-annually.

In addition, the bank takes part in Basel-II Steering Committee and "Basel-II Qualitative Impact Study" coordinated by the BRSA and consultancy service is offered to banks identified by the BRSA, on a need basis.

While the basic objective is to make the activities under all risk categories a fundamental element of all of the bank's strategic decision-making processes, the activities that we have been carrying out will continue also in the new operating period based on our awareness that it will be vital in the future for banks to maintain their activities on the basis of internationally accepted advanced risk management techniques.



Hikmet Aydın SİMİT
Audit Committee Member



Oğuz KAYHAN
Audit Committee Member

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Independent Auditors' Report for the Period January 1 - December 31, 2007

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

We have audited the accompanying unconsolidated balance sheet of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. (the "Bank") as at December 31, 2007, and the related unconsolidated statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Board of Directors of the Bank is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with the regulation on "Procedures and Principles Regarding the Accounting Practices and Documentation of Banks" published in the Official Gazette dated November 1, 2006 and numbered 26333 and the Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations, pronouncements in respect of accounting and financial reporting made by the Banking Regulation and Supervision Agency ("BRSA"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on "Licensing and Operations of Audit Firms in Banking Sector" published in the Official Gazette no: 26333 on November 1, 2006 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgment of auditor's employed, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Opinion

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of the T.C. Ziraat Bankası A.Ş. as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per Article 37 of the Banking Act No: 5411 and other regulations, pronouncements in respect of accounting and financial reporting made by the BRSA.

İstanbul, March 13, 2008

DRT BAĞIMSIZ DENETİM VE
SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of DELOITTE TOUCHE TOHMATSU



Sibel Türker
Partner

Additional paragraph for the English translation:

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

The Unconsolidated Financial Report for the Year Ended December 31, 2007

The Bank's Headquarters 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 year end financial report designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures consists of the sections listed below:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN RELATED PERIODS
- NOTES TO THE FINANCIAL POSITION OF THE BANK
- EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS AND DISCLOSURES
- INDEPENDENT AUDITORS' REPORT

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

March 13, 2008

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

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

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

Can Akın ÇAĞLAR
General Manager

Selim Güray ÇELİK
Assistant General Manager
Responsible for Financial Reporting

İsmail Erdal MAZLUM
Head of General Accounting
and Reporting Department

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

Name/Title : Recep BERKTAŞ/Manager
Tel No : 0312 584 70 91
Fax No : 0312 584 71 50

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

	Page Number
SECTION ONE	
General Information about the Bank	
I. Establishment Date of The Bank, Initial Articles of Association, History of the Bank Including the Changes in These Articles	64
II. Capital Structure of the Bank, Shareholders that Retain Direct or Indirect Management and Control of the Bank, Solely or Together, Changes During the Year	64
III. Explanations Regarding the Bank's Chairman and Members of Board of Directors, Audit Committee	64
IV. Information about the persons and institutions that have qualified shares of the Bank	65
V. Summary on the Bank's Functions and Lines of Activity	65
SECTION TWO	
Unconsolidated Financial Statements	
I. Balance Sheet	66
II. Statement of Off-Balance Sheet Accounts	68
III. Income Statement	70
IV. Income Statement Accounts Booked under Shareholders' Equity	71
V. Statement of Changes in Shareholders' Equity	72
VI. Cash Flow Statement	74
VII. Profit Distribution Table	75
SECTION THREE	
Explanations on Accounting Policies	
I. Basis of Presentation	76
II. Explanations on the Strategy of Use of Financial Instruments and Foreign Currency Transactions	76
III. Explanations on Forward and Option Contracts and Derivative Instruments	77
IV. Explanations on Interest Income and Expenses	77
V. Explanations on Fees and Commission Income and Expenses	77
VI. Explanations and Disclosures on Financial Assets	77
VII. Explanations on Impairment of Financial Assets	78
VIII. Explanations on Offsetting Financial Assets and Liabilities	79
IX. Explanations on Sales and Repurchase Agreements and Transactions on Securities Loaned	79
X. Explanations on Tangible Fixed Assets Held For Sale and Discontinued Operations and the Liabilities about those Financial Assets	79
XI. Explanations on Goodwill and Other Intangible Assets	79
XII. Explanations on Property, Plant and Equipment	80
XIII. Explanations on Leasing Transactions	80
XIV. Explanations on Provisions and Contingent Liabilities	80
XV. Explanations on Employee Benefit Liabilities	81
XVI. Explanations on Taxation	81
XVII. Additional Explanations on Borrowings	82
XVIII. Explanations on Shares Issued	82
XIX. Explanations on Bill Guarantees and Acceptances	82
XX. Explanations on Government Incentives	82
XXI. Explanations on Segment Reporting	82
XXII. Explanations on Other Matters	84

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Page Number

SECTION FOUR

Information on Financial Structure

I.	Explanations on the Capital Adequacy Standard Ratio	85
II.	Explanations on the Credit Risk	88
III.	Explanations on the Market Risk	94
IV.	Explanations on the Operational Risk	95
V.	Explanations on the Currency Risk	96
VI.	Explanations on the Interest Rate Risk	98
VII.	Explanations on the Liquidity Risk	103
VIII.	Explanations on the Presentation of Financial Assets and Liabilities at Fair Value	105
IX.	Explanations on Transactions Made on Behalf and Account of Others and Fiduciary Transactions	106

SECTION FIVE

Explanations and Notes to the Unconsolidated Financial Statements

I.	Explanations and Notes to Assets	106
II.	Explanations and Notes to Liabilities	120
III.	Explanations and Notes Related to the Off-Balance Sheet Accounts	126
IV.	Explanations Related to the Income Statement	129
V.	Explanations Related to the Statement of Changes in Shareholders' Equity	133
VI.	Explanations Related to the Cash Flow Statement	134
VII.	Explanation Related to the Risk Group of the Bank	135
VIII.	Explanations on the Bank's Domestic Branches, Agencies and Branches Abroad and Off-shore Branches	137

SECTION SIX

Other Explanations and Disclosures

I.	Other Explanations on the Activity of the Bank	138
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SECTION SEVEN

Explanations on Independent Auditors' Report

I.	Explanations on the Independent Auditors' Report	138
II.	Explanations and Notes Prepared by the Independent Auditor	138

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) 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 IN 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 Undersecretariat 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 DURING THE YEAR

The single shareholder of the Bank is the Undersecretariat 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 of the Board of Directors

Board Members

Mehmet MUMCUOĞLU	Vice Chairman
Can Akın ÇAĞLAR	Board Member and General Manager
Mehmet Emin ÖZCAN	Member
Ahmet CANDAN	Member
Osman ARIÖĞLU	Member
Burhanettin AKTAŞ	Member
Oğuz KAYHAN	Member
Hikmet Aydın SİMİT	Member

Assistant General Managers

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 Strategic and Financial Management
Senih BOYACIGİL	Resource Management

Group Heads

Yusuf BİLMEZ	Internal Control
M. Ayhan ALTINTAŞ	Risk Management

Auditing Committee Members

Oğuz KAYHAN	Member
Hikmet Aydın SİMİT	Member

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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

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

The single shareholder of the Bank is the Undersecretariat of Treasury of the Turkish Republic.

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 December 31, 2007, Bank has total of 1,247 branches including 1,142 domestic branches, 27 bureaus, 70 private operation centers, 6 charge bureaus, 2 mobile branches and 1 branch abroad each in United States, England, Macedonia, Bulgaria and Georgia and 4 branches and 1 bureau in T.R. of Northern Cyprus, carries its activity with a grand total of 1,257 branches. Also, Bank has 1 representative office in Afghanistan, Pakistan and Iran, 1 sub branch in England and Macedonia. Moreover, activities regarding the opening of 1 branch in Iraq and 2 branches in Greece are pending.

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 Bank have the right to register members for Maximum from the merchants that apply. Transactions between the two banks are administered by Interbank Card Centre.

SECTION II: UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK

I. BALANCE SHEET

II. STATEMENT OF OFF BALANCE SHEET ACCOUNTS

III. INCOME STATEMENT

IV. INCOME STATEMENT ACCOUNTS BOOKED IN SHAREHOLDERS' EQUITY

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

VI. CASH FLOW STATEMENT

VII. PROFIT DISTRIBUTION TABLE

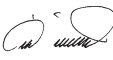
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Unconsolidated Balance Sheet

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

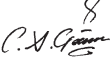
AUDITED		THOUSANDS OF YTL					
ASSETS	Note	CURRENT PERIOD (31/12/2007)			PRIOR PERIOD (31/12/2006)		
		YTL	FC	Total	YTL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY	(1)	4,098,681	1,542,149	5,640,830	3,702,489	1,454,873	5,157,362
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	660,240	101,583	761,823	1,902,866	631,818	2,534,684
2.1 Financial Assets Held for Trading		660,240	100,685	760,925	1,902,866	631,818	2,534,684
2.1.1 Public Sector Debt Securities		660,239	100,685	760,924	1,902,865	630,449	2,533,314
2.1.2 Securities representing a share in capital		-	-	-	-	-	-
2.1.3 Other Marketable Securities		1	-	1	1	1,369	1,370
2.2 Financial Assets at Fair Value Through Profit and Loss		-	-	-	-	-	-
2.2.1 Public Sector Debt Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Other Marketable Securities		-	-	-	-	-	-
2.3 Derivative Financial Assets Held for Trading		-	898	898	-	-	-
III. BANKS	(3)	569,463	2,345,652	2,915,115	1,055,416	2,936,950	3,992,366
IV. MONEY MARKET PLACEMENTS		2,611,226	-	2,611,226	-	-	-
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		2,611,226	-	2,611,226	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	24,752,943	7,207,273	31,960,216	17,951,812	6,343,471	24,295,283
5.1 Securities representing a share in capital		78,939	3	78,942	67,701	2	67,703
5.2 Public Sector Debt Securities		24,674,004	7,198,604	31,872,608	17,884,111	6,337,244	24,221,355
5.3 Other Marketable Securities		-	8,666	8,666	-	6,225	6,225
VI. LOANS	(5)	21,083,716	520,418	21,604,134	16,866,162	505,239	17,371,401
6.1 Loans		21,003,890	520,418	21,524,308	16,804,937	505,239	17,310,176
6.1.1 Loans Granted To Risk Group of The Bank		35,810	25,799	61,609	21,395	19,648	41,043
6.1.2 Other		20,968,080	494,619	21,462,699	16,783,542	485,591	17,269,133
6.2 Non-performing Loans		383,558	7,399	390,957	311,323	8,430	319,753
6.3 Specific Provisions (-)		303,732	7,399	311,131	250,098	8,430	258,528
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENTS HELD TO MATURITY (Net)	(6)	13,313,086	542,341	13,855,427	16,282,115	777,561	17,059,676
8.1 Public Sector Debt Securities		13,309,591	541,953	13,851,544	16,279,393	777,104	17,056,497
8.2 Other Marketable Securities		3,495	388	3,883	2,722	457	3,179
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	17,386	-	17,386	17,423	7,748	25,171
9.1 Accounted with Equity Method		-	-	-	-	-	-
9.2 Unconsolidated Associates		17,386	-	17,386	17,423	7,748	25,171
9.2.1 Financial Associates		13,697	-	13,697	12,887	7,748	20,635
9.2.2 Non-financial Associates		3,689	-	3,689	4,536	-	4,536
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	61,470	282,146	343,616	46,285	283,111	329,396
10.1 Unconsolidated Financial Subsidiaries		57,157	282,146	339,303	46,285	283,111	329,396
10.2 Unconsolidated Non-financial Subsidiaries		4,313	-	4,313	-	-	-
XI. ENTITIES UNDER COMMON CONTROL (Net)	(9)	-	12,845	12,845	-	12,738	12,738
11.1 Accounted with Equity Method		-	-	-	-	-	-
11.2 Unconsolidated Entities Under Common Control		-	12,845	12,845	-	12,738	12,738
11.2.1 Financial Entities Under Common Control		-	12,845	12,845	-	12,738	12,738
11.2.2 Non Financial Entities Under Common Control		-	-	-	-	-	-
XII. FINANCE LEASE RECEIVABLES (Net)	(10)	-	-	-	-	-	-
12.1 Finance Lease Receivables		-	-	-	-	-	-
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
13.1 Fair Value Risk Hedging		-	-	-	-	-	-
13.2 Cash Flow Risk Hedging		-	-	-	-	-	-
13.3 Net Abroad Investment Risk Hedging		-	-	-	-	-	-
XIV. PROPERTY AND EQUIPMENT (Net)	(12)	645,754	2,815	648,569	679,815	3,437	683,252
XV. INTANGIBLE ASSETS (Net)	(13)	11,419	1,049	12,468	11,585	1,365	12,950
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		11,419	1,049	12,468	11,585	1,365	12,950
XVI. REAL ESTATES FOR INVESTMENT PURPOSE (Net)	(14)	-	-	-	-	-	-
XVII. TAX ASSET	(15)	108,166	61	108,227	84,875	2,430	87,305
17.1 Current Tax Asset		3,820	-	3,820	-	-	-
17.2 Deferred Tax Asset		104,346	61	104,407	84,875	2,430	87,305
XVIII. ASSETS HELD FOR SALE (Net)	(16)	1,475	-	1,475	5,685	-	5,685
18.1 Held for sale purpose		1,475	-	1,475	5,685	-	5,685
18.2 Held from terminated operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(17)	420,946	28,008	448,954	320,033	16,468	336,501
TOTAL ASSETS		68,355,971	12,586,340	80,942,311	58,926,561	12,977,209	71,903,770


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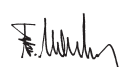

Prof. Dr. İlhan ULUDAĞ
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Member of the Board of
Directors (Member of
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Hikmet Aydın SİMİT
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Can Akın ÇAĞLAR
General Manager


Selim Güray ÇELİK
Assistant-General Manager
Responsible for
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İsmail Erdal MAZLUĞ
Head of General
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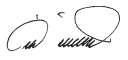
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Unconsolidated Balance Sheet

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

AUDITED		THOUSANDS OF YTL					
		LIABILITIES AND EQUITY	Note	CURRENT PERIOD (31/12/2007)			PRIOR PERIOD (31/12/2006)
YTL	FC			Total	YTL	FC	Total
I. DEPOSITS	(1)	55,944,489	12,305,278	68,249,767	46,971,122	12,681,780	59,652,902
1.1. Deposits Held By the Risk Group of the Bank		39,790	13,811	53,601	219,508	13,708	233,216
1.2. Other		55,904,699	12,291,467	68,196,166	46,751,614	12,668,072	59,419,686
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	417	395	812	-	-	-
III. FUNDS BORROWED	(3)	5,227	2,409	7,636	11,746	2,893	14,639
IV. MONEY MARKET BALANCES		196,265	-	196,265	967,955	-	967,955
4.1. Interbank Money Market Takings		-	-	-	-	-	-
4.2. Istanbul Stock Exchange Takasbank Takings		-	-	-	-	-	-
4.3. Funds From Repurchase Agreements		196,265	-	196,265	967,955	-	967,955
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1. Bills		-	-	-	-	-	-
5.2. Asset- backed Securities		-	-	-	-	-	-
5.3. Bonds		-	-	-	-	-	-
VI. FUNDS		2,769,294	-	2,769,294	2,908,270	-	2,908,270
6.1. Borrower Funds		-	-	-	-	-	-
6.2. Other		2,769,294	-	2,769,294	2,908,270	-	2,908,270
VII. SUNDRY CREDITORS		270,764	116,898	387,662	232,216	136,503	368,719
VIII. OTHER LIABILITIES	(4)	574,485	91,913	666,398	87,541	73,318	160,859
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCE LEASE PAYABLES (Net)	(5)	-	4,201	4,201	6	5,933	5,939
10.1. Finance Lease Payables		-	4,358	4,358	7	6,057	6,064
10.2. Operating Lease Payables		-	-	-	-	-	-
10.3. Other		-	-	-	-	-	-
10.4. Deferred Finance Lease Expenses (-)		-	157	157	1	124	125
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING	(6)	-	-	-	-	-	-
11.1. Fair Value Hedges		-	-	-	-	-	-
11.2. Cash Flow Hedging		-	-	-	-	-	-
11.3. Hedges for Investments Made in Foreign Countries		-	-	-	-	-	-
XII. PROVISIONS	(7)	1,101,044	1,360	1,102,404	889,473	1,799	891,272
12.1. General Loan Provisions		147,323	679	148,002	107,405	726	108,131
12.2. Restructuring Provisions		-	-	-	-	-	-
12.3. Employee Benefits Provisions		470,600	-	470,600	383,421	-	383,421
12.4. Insurance Technical Reserves (Net)		-	-	-	-	-	-
12.5. Other Provisions		483,121	681	483,802	398,647	1,073	399,720
XIII. TAX LIABILITY	(8)	338,995	775	339,770	353,779	33	353,812
13.1. Current Tax Liability		338,995	775	339,770	353,779	33	353,812
13.2. Deferred Tax Liability		-	-	-	-	-	-
XIV. LIABILITIES REGARDING ASSETS HELD FOR SALE	(9)	-	-	-	-	-	-
14.1. Held for sale purpose		-	-	-	-	-	-
14.2. Held from terminated operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(10)	-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY	(11)	7,195,977	22,125	7,218,102	6,530,408	48,995	6,579,403
16.1. Paid-in capital		2,500,000	-	2,500,000	2,221,978	-	2,221,978
16.2. Capital Reserves		718,910	22,125	741,035	572,423	48,995	621,418
16.2.1. Share Premium		-	-	-	-	-	-
16.2.2. Share Cancellation Profits		-	-	-	-	-	-
16.2.3. Marketable Securities Revaluation Fund		173,270	22,125	195,395	27,859	48,995	76,854
16.2.4. Tangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.5. Intangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.6. Revaluation reserves of real estates for investment purpose		-	-	-	-	-	-
16.2.7. Bonus Shares of Subsidiaries, Associates and Joint Ventures		2,158	-	2,158	1,082	-	1,082
16.2.8. Hedging Funds (Effective portion)		-	-	-	-	-	-
16.2.9. Value Increase on Assets Held for Sale		-	-	-	-	-	-
16.2.10. Other Capital Reserves		543,482	-	543,482	543,482	-	543,482
16.3. Profit Reserves		1,466,178	-	1,466,178	1,476,207	-	1,476,207
16.3.1. Legal Reserves		1,251,782	-	1,251,782	962,392	-	962,392
16.3.2. Statutory Reserves		-	-	-	-	-	-
16.3.3. Extraordinary Reserves		90,121	-	90,121	90,121	-	90,121
16.3.4. Other Profit Reserves		124,275	-	124,275	423,694	-	423,694
16.4. Profit/Loss		2,510,889	-	2,510,889	2,259,800	-	2,259,800
16.4.1. Prior Years Profit/Loss		159,798	-	159,798	159,798	-	159,798
16.4.2. Net Period Profit/Loss		2,351,091	-	2,351,091	2,100,002	-	2,100,002
TOTAL LIABILITIES AND EQUITY		68,396,957	12,545,354	80,942,311	58,952,516	12,951,254	71,903,770

These financial statements and disclosures attached comply with provisions of legislation on Procedures and Principles about Banks Accounting Applications and Preservation of Documents and accounting records of the Bank.



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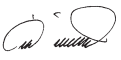
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Unconsolidated off Balance Sheet Accounts

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)


AUDITED		THOUSANDS OF YTL						
		Note	CURRENT PERIOD (31/12/2007)			PRIOR PERIOD (31/12/2006)		
	YTL		FC	Total	YTL	FC	Total	
A.	OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		7,913,010	4,681,927	12,594,937	2,853,801	3,276,115	6,129,916
I.	GUARANTEES AND SURETYSHIPS	(1), (3)	745,374	1,690,474	2,435,848	652,436	1,605,354	2,257,790
1.1.	Letters of Guarantee		745,374	1,228,467	1,973,841	652,415	1,288,505	1,940,920
1.1.1.	Guarantees Subject to Public Procurement Law		104,742	1,100,771	1,205,513	84,890	1,149,881	1,234,771
1.1.2.	Guarantees Given for Foreign Trade Operations		456,994	-	456,994	541,377	-	541,377
1.1.3.	Other Letters of Guarantee		183,638	127,696	311,334	26,148	138,624	164,772
1.2.	Bank Acceptances		-	1,366	1,366	-	5,351	5,351
1.2.1.	Import Acceptances		-	1,366	1,366	-	5,351	5,351
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letters of Credit		-	460,641	460,641	21	311,498	311,519
1.3.1.	Documentary Letters of Credit		-	460,582	460,582	21	311,286	311,307
1.3.2.	Other Letters of Credit		-	59	59	-	212	212
1.4.	Guaranteed Prefinancings		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to Central Bank of Turkish Republic		-	-	-	-	-	-
1.5.2.	Other Endorsements		-	-	-	-	-	-
1.6.	Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7.	Factoring Guarantees		-	-	-	-	-	-
1.8.	Other Guarantees		-	-	-	-	-	-
1.9.	Other Suretyships		-	-	-	-	-	-
II.	COMMITMENTS	(1), (3)	7,104,436	2,835,522	9,939,958	2,201,365	1,570,246	3,771,611
2.1.	Irrevocable commitments		1,943,615	306,936	2,250,551	1,461,399	165,735	1,627,134
2.1.1.	Forward Asset Purchase Commitments		39,677	142,879	182,556	-	37,222	37,222
2.1.2.	Forward Deposit Purchase and Sale Commitments		-	-	-	-	-	-
2.1.3.	Capital Commitments to Subsidiaries and Associates		250	-	250	-	-	-
2.1.4.	Loan Granting Commitments		77,575	-	77,575	75,918	-	75,918
2.1.5.	Securities Underwriting Commitments		-	-	-	-	-	-
2.1.6.	Payment Commitments for Reserve Deposits		-	-	-	-	-	-
2.1.7.	Payment Commitments for Cheques		639,476	-	639,476	654,645	-	654,645
2.1.8.	Tax and Fund Dues from Export Commitments		-	-	-	-	-	-
2.1.9.	Credit Card Expenditure Limit Commitments		1,145,847	-	1,145,847	699,587	-	699,587
2.1.10.	Commitments for Credit Cards and Banking Services Promotions		4,914	-	4,914	-	-	-
2.1.11.	Receivables from Short Sale Commitments		-	-	-	-	-	-
2.1.12.	Payables for Short Sale Commitments		-	-	-	-	-	-
2.1.13.	Other Irrevocable Commitments		35,876	164,057	199,933	31,249	128,513	159,762
2.2.	Revocable Commitments		5,160,821	2,528,586	7,689,407	739,966	1,404,511	2,144,477
2.2.1.	Revocable Loan Granting Commitments		5,160,469	2,528,586	7,689,055	738,171	1,404,511	2,142,682
2.2.2.	Other Revocable Commitments		352	-	352	1,795	-	1,795
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(2)	63,200	155,931	219,131	-	100,515	100,515
3.1.	Derivative Financial Instruments for Hedging		-	-	-	-	-	-
3.1.1.	Fair Value Risk Hedging Transactions		-	-	-	-	-	-
3.1.2.	Cash flow Risk Hedging Transactions		-	-	-	-	-	-
3.1.3.	Net Abroad Investment Risk Hedging Transactions		-	-	-	-	-	-
3.2.	Transactions for Trading		63,200	155,931	219,131	-	100,515	100,515
3.2.1.	Forward Foreign Currency Buy/Sell Transactions		-	1,440	1,440	-	450	450
3.2.1.1.	Forward Foreign Currency Transactions-Buy		-	719	719	-	225	225
3.2.1.2.	Forward Foreign Currency Transactions-Sell		-	721	721	-	225	225
3.2.2.	Currency and Interest Rate Swaps		63,200	154,491	217,691	-	100,065	100,065
3.2.2.1.	Currency Swap-Buy		31,600	77,260	108,860	-	50,046	50,046
3.2.2.2.	Currency Swap-Sell		31,600	77,231	108,831	-	50,019	50,019
3.2.2.3.	Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4.	Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3.	Currency, Interest Rate and Marketable Securities Options		-	-	-	-	-	-
3.2.3.1.	Currency Call Options		-	-	-	-	-	-
3.2.3.2.	Currency Put Options		-	-	-	-	-	-
3.2.3.3.	Interest Rate Call Options		-	-	-	-	-	-
3.2.3.4.	Interest Rate Put Options		-	-	-	-	-	-
3.2.3.5.	Marketable Securities Call Options		-	-	-	-	-	-
3.2.3.6.	Marketable Securities put Options		-	-	-	-	-	-
3.2.4.	Currency Futures		-	-	-	-	-	-
3.2.4.1.	Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2.	Currency Futures-Sell		-	-	-	-	-	-
3.2.5.	Interest Rate Buy/Sell Futures		-	-	-	-	-	-
3.2.5.1.	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2.	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6.	Other		-	-	-	-	-	-


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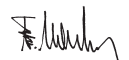

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Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Unconsolidated off Balance Sheet Accounts

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

AUDITED	Note	THOUSANDS OF YTL					
		CURRENT PERIOD (31/12/2007)			PRIOR PERIOD (31/12/2006)		
		YTL	FC	Total	YTL	FC	Total
B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)		57,489,378	1,265,856	58,755,234	45,043,052	1,290,177	46,333,229
IV. CUSTODIES		7,792,615	535,274	8,327,889	9,144,411	618,930	9,763,341
4.1. Assets Under Management		-	-	-	-	-	-
4.2. Custody Marketable Securities		4,649,367	405,217	5,054,584	6,480,305	531,383	7,011,688
4.3. Cheques in Collection Process		766,010	7,106	773,116	793,529	7,903	801,432
4.4. Commercial Notes in Collection Process		2,037,372	31,716	2,069,088	1,366,577	42,617	1,409,194
4.5. Other Assets in Collection Process		5,067	-	5,067	795	-	795
4.6. Underwritten Securities		125,232	-	125,232	289,460	226	289,686
4.7. Other Custodies		207,846	91,235	299,081	211,532	36,801	248,333
4.8. Custodians		1,721	-	1,721	2,213	-	2,213
V. PLEDGED ASSETS		49,696,763	712,668	50,409,431	35,898,641	671,247	36,569,888
5.1. Marketable Securities		167,463	9,811	177,274	208,168	11,127	219,295
5.2. Collateral Notes		6,464,863	273,717	6,738,580	4,405,414	252,325	4,657,739
5.3. Commodity		1,477,149	9,918	1,487,067	1,346,188	10,899	1,357,087
5.4. Warranty		-	-	-	-	-	-
5.5. Land and Buildings		38,735,845	297,256	39,033,101	27,870,319	296,884	28,167,203
5.6. Other Pledged Assets		2,844,709	117,338	2,962,047	2,061,730	94,593	2,156,323
5.7. Pledges		6,734	4,628	11,362	6,822	5,419	12,241
VI. ACCEPTED BILL GUARANTEES AND SURETIES		-	17,914	17,914	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		65,402,388	5,947,783	71,350,171	47,896,853	4,566,292	52,463,145

These financial statements and disclosures attached comply with provisions of legislation on Procedures and Principles about Banks Accounting Applications and Preservation of Documents and accounting records of the Bank.

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Board of Directors

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Directors (Member of
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Hikmet Aydın SİMİT
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Can Akın ÇAĞLAR
General Manager

Selim Güray CELİK
Assistant-General Manager
Responsible for
Financial Reporting

İsmail Erdal MAZLUJUM
Head of General
Accounting and
Reporting Department

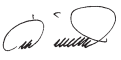
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Unconsolidated Statement of Income

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

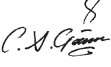
AUDITED		THOUSANDS OF YTL		
INCOME STATEMENT		Note	CURRENT PERIOD (01/01/2007-31/12/2007)	PRIOR PERIOD (01/01/2006-31/12/2006)
I.	INTEREST INCOME	(1)	11,165,614	9,435,928
1.1	Interest on Loans		3,061,953	2,091,766
1.2	Interest Received From Reserve Deposits		403,370	309,225
1.3	Interest Received from Banks		202,521	150,381
1.4	Interest Received from Money Market Placements		333,342	195,798
1.5	Interest Income on Marketable Securities		7,156,553	6,664,719
1.5.1	Financial Assets Held for Trading		253,059	234,181
1.5.2	Financial Assets at Fair Value through Profit and Loss		-	-
1.5.3	Financial Assets Available-for-sale		4,146,879	2,958,605
1.5.4	Investments Held-to-Maturity		2,756,615	3,471,933
1.6	Finance Lease Income		-	-
1.7	Other Interest Income		7,875	24,039
II.	INTEREST EXPENSE	(2)	7,527,730	6,034,422
2.1	Interest on Deposits		7,392,015	5,896,395
2.2	Interest on Borrowings		2,185	1,680
2.3	Interest on money market borrowings		123,114	122,173
2.4	Interest on marketable securities issued		-	-
2.5	Other interest expense		10,416	14,174
III.	NET INTEREST INCOME (I - II)		3,637,884	3,401,506
IV.	NET FEES AND COMMISSIONS INCOME		727,663	625,820
4.1	Fees and commissions income		792,263	671,974
4.1.1	Non-cash Loans		15,934	14,606
4.1.2	Other		776,329	657,368
4.2	Fees and commissions expenses		64,600	46,154
4.2.1	Non-cash Loans		-	-
4.2.2	Other		64,600	46,154
V.	DIVIDEND INCOME	(3)	25,640	17,416
VI.	NET TRADING INCOME	(4)	142,111	104,885
6.1	Profit/Loss from Capital Market Operations(Net)		71,894	104,123
6.2	Foreign exchange gains/losses (net)		70,217	762
VII.	OTHER OPERATING INCOME	(5)	176,820	237,517
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		4,710,118	4,387,144
IX.	PROVISION FOR LOAN OR OTHER RECEIVABLES LOSSES (-)	(6)	252,369	251,631
X.	OTHER OPERATING EXPENSES (-)	(7)	1,494,689	1,415,221
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		2,963,060	2,720,292
XII.	GAINS RECORDED AFTER MERGER		-	-
XIII.	PROFIT/(LOSS) ON EQUITY METHOD		-	-
XIV.	GAIN/(LOSS) ON NET MONETARY POSITION		-	-
XV.	INCOME BEFORE TAXES FROM CONTINUING OPERATIONS (XI+XII+XIII+XIV)	(8)	2,963,060	2,720,292
XVI.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(9)	(611,969)	(620,290)
16.1	Current Tax Provision		(660,542)	(532,039)
16.2	Deferred Tax Provision		48,573	(88,251)
XVII.	NET PROFIT FROM CONTINUING OPERATIONS (XV±XVI)	(10)	2,351,091	2,100,002
XVIII.	NET PROFIT FROM DISCONTINUED OPERATIONS		-	-
18.1.	Property and equipment income held for sale		-	-
18.2.	Sale profits from associates, subsidiaries and joint ventures (business partners)		-	-
18.3.	Other income from terminated operations		-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1.	Property and equipment expense held for sale		-	-
19.2.	Sale losses from associates, subsidiaries and joint ventures (business partners)		-	-
19.3.	Other expenses from terminated operations		-	-
XX.	INCOME/EXPENSE BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)	(8)	-	-
XXI.	PROVISION FOR TAXES ON INCOME FROM TERMINATED OPERATIONS (±)	(9)	-	-
21.1.	Current tax provision		-	-
21.2.	Deferred tax provision		-	-
XXII.	NET PROFIT/LOSSES FROM TERMINATED OPERATIONS (XX±XXI)	(10)	-	-
XXIII.	NET PROFIT/LOSSES (XVII+XXII)	(11)	2,351,091	2,100,002
	Earnings per share		0.000949	0.000840


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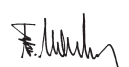

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Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Unconsolidated Income Statement Accounts Booked Under Shareholders` Equity

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

AUDITED	THOUSANDS OF YTL	
	CURRENT PERIOD (01/01/2007-31/12/2007)	PRIOR PERIOD (01/01/2006-31/12/2006)
INCOME STATEMENT ACCOUNTS BOOKED IN SHAREHOLDERS` EQUITY		
I. FINANCIAL ASSETS AVAILABLE FOR SALE ADDED TO MARKETABLE SECURITIES		
VALUATION CHANGES ACCOUNT	522,923	(12,100)
II. REVALUATION CHANGES OF PROPERTY AND EQUIPMENT	-	-
III. REVALUATION CHANGES OF INTANGIBLE ASSETS	-	-
IV. EXCHANGE RATE DIFFERENCES FOR FOREIGN CURRENCY OPERATIONS	(21,397)	(81,537)
V. PROFIT/LOSSES ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (Active part of fair value changes)	-	-
VI. PROFIT/LOSSES ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES FOR INVESTMENTS MADE IN FOREIGN COUNTRIES (Active part of fair value changes)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ADJUSTMENTS	-	-
VIII. OTHER INCOME/EXPENSE ACCOUNTS BOOKED IN SHAREHOLDERS` EQUITY IN ACCORDANCE WITH TAS	(5,433)	4,589
IX. DEFERRED TAX OF VALUATION CHANGES	(31,560)	89,547
X. NET INCOME/EXPENSE ACCOUNTS DIRECTLY BOOKED UNDER SHAREHOLDERS` EQUITY (I+II+...+IX)	464,533	499
XI. CURRENT PROFIT/LOSSES	(367,389)	(263,016)
11.1.Net changes in fair value at securities (Transferred to profit/loss)	(367,389)	(263,016)
11.2.Part of derivative financial assets held for cash flow hedges, reclassified and shown in income statement	-	-
11.3.Part of hedges for investments made in foreign countries, reclassified and shown in income statement	-	-
11.4.Other	-	-
XII. TOTAL PROFIT/LOSSES BOOKED IN CURRENT PERIOD (X±XI)	97,144	(262,517)

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Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Unconsolidated Statement of Changes in Shareholders' Equity

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)


AUDITED						
	Note	Paid-in capital	Adjustment to paid-in capital	Share premium	Share Cert. cancl. profits	Legal reserves
CHANGES IN SHAREHOLDERS' EQUITY						
PRIOR PERIOD						
(31/12/2006)						
I.	Beginning Balance	2,221,978	543,482	-	-	722,232
II.	Corrections according to TAS 8	-	-	-	-	-
2.1	The effect of corrections of errors	-	-	-	-	-
2.2	The effects of changes in accounting policy	-	-	-	-	-
III.	New Balance (I + II)	2,221,978	543,482	-	-	722,232
Changes in period						
IV.	Increase/Decrease related to merger	-	-	-	-	-
V.	Valuation changes in marketable securities	-	-	-	-	-
VI.	Hedging Funds	-	-	-	-	-
6.1	Cash-flow hedge	-	-	-	-	-
6.2	Hedges for investments made in foreign countries	-	-	-	-	-
VII.	Revaluation differences of property and equipment	-	-	-	-	-
VIII.	Revaluation differences of intangible assets	-	-	-	-	-
IX.	Free shares from investment and associates, subsidiaries and joint ventures (business partners)	-	-	-	-	-
X.	Foreign exchange differences	-	-	-	-	-
XI.	Changes after disposal of securities	-	-	-	-	-
XII.	Changes after reclassification of securities	-	-	-	-	-
XIII.	Effect of changes in shareholders equity of investments and associates to bank's shareholders equity	-	-	-	-	-
XIV.	Increase in capital	-	-	-	-	-
14.1	Cash	-	-	-	-	-
14.2	From internal resources	-	-	-	-	-
XV.	Issuance of share certificates at end of period	-	-	-	-	-
XVI.	Share cancellation profits	-	-	-	-	-
XVII.	Adjustment to paid-in capital	-	-	-	-	-
XVIII.	Other	-	-	-	-	-
XIX.	Net profit or losses	-	-	-	-	-
XX.	Profit distribution	-	-	-	-	240,160
20.1	Dividends distributed	-	-	-	-	-
20.2	Transfers to legal reserves	-	-	-	-	240,160
20.3	Other	-	-	-	-	-
Closing Balance (III+IV+V +...+XVIII+XIX+XX)		2,221,978	543,482	-	-	962,392
CURRENT PERIOD						
(31/12/2007)						
I.	Beginning Balance	2,221,978	543,482	-	-	962,392
Changes in period						
II.	Increase/Decrease related to merger	-	-	-	-	-
III.	Valuation changes in marketable securities	-	-	-	-	-
IV.	Hedging Funds	-	-	-	-	-
4.1	Cash-flow hedge	-	-	-	-	-
4.2	Hedges for investments made in foreign countries	-	-	-	-	-
V.	Revaluation differences of property and equipment	-	-	-	-	-
VI.	Revaluation differences of intangible assets	-	-	-	-	-
VII.	Free shares from investment and associates, subsidiaries and joint ventures (business partners)	-	-	-	-	-
VIII.	Foreign exchange differences	-	-	-	-	-
IX.	Changes after disposal of securities	-	-	-	-	-
X.	Changes after reclassification of securities	-	-	-	-	-
XI.	Effect of changes in shareholders equity of investments and associates to bank's shareholders equity	-	-	-	-	-
XII.	Increase in capital	278,022	-	-	-	-
12.1	Cash	-	-	-	-	-
12.2	From internal resources	278,022	-	-	-	-
XIII.	Issuance of share certificates at end of period	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-
XV.	Adjustment to paid-in capital	-	-	-	-	-
XVI.	Other	-	-	-	-	-
XVII.	Net profit or losses	-	-	-	-	-
XVIII.	Profit distribution	-	-	-	-	289,390
18.1	Dividends distributed	-	-	-	-	-
18.2	Transfers to legal reserves	-	-	-	-	289,390
18.3	Other	-	-	-	-	-
Closing balances (I+II+III+...+XVI+XVII+XVIII)		2,500,000	543,482	-	-	1,251,782


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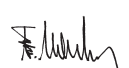

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Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Unconsolidated Statement of Changes in Shareholders' Equity

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

THOUSANDS OF YTL										
Statutory reserves	Extraordinary reserves	Other reserves	Current period net income /(loss)	Prior period net income /(loss)	Valuation changes in marketable sec.	Rev. Ch. in prop.eq. and intang. assets	Free shares from shareholders	Hedging funds	Val. Ch. in prop.& equip. held for sale/disc. operat.	Total Equity
-	90,121	157,984	-	1,802,120	257,834	-	266	-	-	5,796,017
-	-	(115,823)	-	159,798	-	-	-	-	-	43,975
-	-	-	-	-	-	-	-	-	-	-
-	-	(115,823)	-	159,798	-	-	-	-	-	43,975
-	90,121	42,161	-	1,961,918	257,834	-	266	-	-	5,839,992
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	(221,461)	-	-	-	-	(221,461)
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	816	-	-	816
-	-	(81,537)	-	-	4,589	-	-	-	-	(76,948)
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	463,070	-	-	35,892	-	-	-	-	498,962
-	-	-	2,100,002	-	-	-	-	-	-	2,100,002
-	-	-	-	(1,802,120)	-	-	-	-	-	(1,561,960)
-	-	-	-	(1,492,736)	-	-	-	-	-	(1,492,736)
-	-	-	-	(240,160)	-	-	-	-	-	-
-	-	-	-	(69,224)	-	-	-	-	-	(69,224)
-	90,121	423,694	2,100,002	159,798	76,854	-	1,082	-	-	6,579,403
-	90,121	423,694	-	2,259,800	76,854	-	1,082	-	-	6,579,403
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	123,974	-	-	-	-	123,974
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,076	-	-	1,076
-	-	(21,397)	-	-	(5,433)	-	-	-	-	(26,830)
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	(278,022)	-	-	-	-	-	-	-	-
-	-	(278,022)	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	2,351,091	-	-	-	-	-	-	2,351,091
-	-	-	-	(2,100,002)	-	-	-	-	-	(1,810,612)
-	-	-	-	(1,810,612)	-	-	-	-	-	(1,810,612)
-	-	-	-	(289,390)	-	-	-	-	-	-
-	90,121	124,275	2,351,091	159,798	195,395	-	2,158	-	-	7,218,102

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Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Unconsolidated Statement of Cash Flows

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)


AUDITED	Note	THOUSANDS OF YTL	
		CURRENT PERIOD (31/12/2007)	PRIOR PERIOD (31/12/2006)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities (+)		2,984,764	1,091,567
1.1.1 Interest received (+)		10,643,662	8,407,702
1.1.2 Interest paid (-)		7,462,859	5,884,332
1.1.3 Dividend received(+)		25,640	16,197
1.1.4 Fees and commissions received (+)		790,279	671,974
1.1.5 Other income (+)		(8,273)	453,444
1.1.6 Collections from previously written off loans and other receivables (+)		185,094	51,246
1.1.7 Payments to personnel and service suppliers (-)		782,966	738,819
1.1.8 Taxes paid (-)		816,707	1,210,678
1.1.9 Other (+/-)	(1)	410,894	(675,167)
1.2 Assets and Liabilities Subject to Banking Operations		5,184,209	2,089,673
1.2.1 Net (increase)/decrease in financial assets held for sale (+/-)		1,747,295	(1,434,928)
1.2.2 Net (increase)/decrease in financial assets at fair value through profit or loss (+/-)		-	-
1.2.3 Net (increase)/decrease in due from banks and other financial institutions (+/-)		(430,626)	(3,825)
1.2.4 Net (increase)/decrease in loans (+/-)		(4,180,603)	(3,554,965)
1.2.5 Net (increase)/decrease in other assets (+/-)		(117,845)	680,156
1.2.6 Net increase/(decrease) in bank deposits (+/-)		318,111	76,577
1.2.7 Net increase/(decrease) in other deposits (+/-)		8,212,438	7,295,421
1.2.8 Net increase/(decrease) in loans borrowed (+/-)		(6,932)	5,715
1.2.9 Net increase/(decrease) in due payables (+/-)		-	-
1.2.10 Net increase/(decrease) in other liabilities (+/-)	(1)	(357,629)	(974,478)
I. Net cash provided from banking operations (+/-)		8,168,973	3,181,240
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net cash provided from investing activities (+/-)		(4,011,133)	(3,155,245)
2.1 Cash paid for purchase of joint ventures, associates and subsidiaries (-)		43,466	250
2.2 Cash obtained from sale of entities joint ventures, associates and subsidiaries (+)		7,678	6
2.3 Fixed assets purchases (-)		-	31,342
2.4 Fixed assets sales (+)		29,777	63,299
2.5 Cash paid for purchase of financial assets available for sale (-)		7,031,943	17,241,773
2.6 Cash obtained from sale of financial assets available for sale (+)		-	9,324,445
2.7 Cash paid for purchase of investment securities (-)		3,720	242,780
2.8 Cash obtained from sale of investment securities (+)		3,030,541	5,097,029
2.9 Other (+/-)	(1)	-	(123,879)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities (+/-)		(1,812,350)	(1,215,305)
3.1 Cash obtained from loans borrowed and securities issued (+)		-	-
3.2 Cash used for repayment of loans borrowed and securities issued (-)		-	-
3.3 Capital Increase (+)		-	-
3.4 Dividends paid (-)		1,810,612	1,214,713
3.5 Payments for finance leases (-)		1,738	592
3.6 Other (+/-)	(1)	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents (+/-)	(1)	(775,152)	-
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)		1,570,338	(1,189,310)
VI. Cash and cash equivalents at beginning of the period (+)		9,053,208	10,242,518
VII. Cash and cash equivalents at end of the period (V+VI)		10,623,546	9,053,208


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Responsible for
Financial Reporting


İsmail Erdal MAZLUMLU
Head of General
Accounting and
Reporting Department

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Statement of Profit Distribution

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

AUDITED	THOUSANDS OF YTL	
	CURRENT PERIOD(***) (31/12/2007)	PRIOR PERIOD(**) (31/12/2006)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1.CURRENT YEAR INCOME	2,963,060	2,720,292
1.2.TAXES AND DUTIES PAYABLE (-)	660,542	620,290
1.2.1.Corporate tax (Income tax)	660,542	532,039
1.2.2.Income withholding tax	-	-
1.2.3.Other taxes and duties	-	88,251
A. NET INCOME FOR THE YEAR (1.1-1.2)	2,302,518	2,100,002
1.3.PRIOR YEARS LOSSES (-)	-	-
1.4.FIRST ROUND LEGAL RESERVES (-)	115,126	105,000
1.5.OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	2,187,392	1,995,002
1.6.FIRST ROUND DIVIDEND TO SHAREHOLDERS (-)	125,000	111,099
1.6.1.To owners of ordinary shares	125,000	111,099
1.6.2.To owners of preferred shares	-	-
1.6.3.To owners of preferred shares (preemptive rights)	-	-
1.6.4.To profit sharing bonds	-	-
1.6.5.To holders of profit and loss sharing certificates	-	-
1.7.DIVIDENDS TO PERSONNEL (-)	-	38,431
1.8.DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9.SECOND ROUND DIVIDEND TO SHAREHOLDERS (-)	1,856,153	1,661,082
1.9.1.To owners of ordinary shares	1,856,153	1,661,082
1.9.2.To owners of preferred shares	-	-
1.9.3.To owners of preferred shares (preemptive rights)	-	-
1.9.4.To profit sharing bonds	-	-
1.9.5.To holders of profit and loss sharing certificates	-	-
1.10.SECOND ROUND LEGAL RESERVES (-)	206,239	184,390
1.11.STATUTORY RESERVES (-)	-	-
1.12.GENERAL RESERVES	-	-
1.13.OTHER RESERVES	-	-
1.14.SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1.APPROPRIATED RESERVES	-	-
2.2.SECOND ROUND LEGAL RESERVES (-)	-	-
2.3.DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1.To owners of ordinary shares	-	-
2.3.2.To owners of preferred shares	-	-
2.3.3.To owners of preferred shares (preemptive rights)	-	-
2.3.4.To profit sharing bonds	-	-
2.3.5.To holders of profit and loss sharing certificates	-	-
2.4.DIVIDENDS TO PERSONNEL (-)	-	-
2.5.DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1.TO OWNERS OF ORDINARY SHARES(*)	0.9296	0.8400
3.2.TO OWNERS OF ORDINARY SHARES (%)	92.96	84.00
3.3.TO OWNERS OF PRIVILEGED SHARES	-	-
3.4.TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1.TO OWNERS OF ORDINARY SHARES(*)	0.8831	0.8978
4.2.TO OWNERS OF ORDINARY SHARES (%)	88.31	89.78
4.3.TO OWNERS OF PRIVILEGED SHARES	-	-
4.4.TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Amounts are expressed in YTL.

(**) Profit distribution table is restated as profit distribution became finalised by General Assembly Meeting after December 31, 2006 audited financial statements were published.

(***) Since distribution of profit of year 2007 will be adjudicated in General Assembly Meeting of financial year 2007, the profit distribution table of current period presented above could be subject to changes.

These financial statements and disclosures attached comply with provisions of legislation on Procedures and Principles about Banks Accounting Applications and Preservation of Documents and accounting records of the Bank.

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

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 CELİK
Assistant-General Manager
Responsible for
Financial Reporting

İsmail Erdal MAZLUJ
Head of General
Accounting and
Reporting Department

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) 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.

As of December 31, 2007 all financial statements are presented comparatively with the December 31, 2006 audited balances.

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

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 New 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 is designed to cover the financing of all liabilities at due date. Although most of the sources in the Bank's balance sheet are with fixed interest rate, rate of return of some of the securities in assets is variable. Since the re-pricing of sources of funds is frequent, sources of the funds is repriced in short periods based on the market conditions. Moreover, the Bank adopts high return principle for its long-term placements.

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

Since the Bank's total debt to the market is low among its total liabilities, the Bank is believed to have the ability to borrow from short-term markets, such as; Istanbul Stock Exchange repo, Central Bank of the Republic of Turkey, Money Market or Interbank Money Market in case of need. In case of a liquidity crisis, the deposit base of the Bank is not presumed to be significantly affected from such crisis 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 the T.R. of Northern Cyprus branches, by assets and liabilities of the abroad branches of the Bank are translated into YTL by the Bank's prevailing buying rates at the balance sheet date while, profit and loss are translated based on the average rates. Resulting differences from translation are followed under equity as other profit reserves.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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 YTL, are accounted under equity as other profit reserves.

III. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

The derivative instruments of the Bank are composed of YTL-foreign currency and foreign currency-foreign currency swaps and foreign currency forward agreements. The Bank has no embedded derivative instruments that need to be 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 fiscal year. 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.

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 in the period 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, by using internal rate of return method.

VI. EXPLANATIONS AND DISCLOSURES 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 enable the Bank to expose, affect and diminish the liquidity, credit and interest rate risks in the financial statements.

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

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

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

Government bonds and treasury bills included in held for trading portfolio and available for sale portfolio traded in Istanbul Stock Exchange (ISE) are carried at effective weighted average prices at ISE as of the balance sheet date and those securities that are not traded in ISE are carried at by the prices of the Central Bank of Republic of Turkey. Eurobonds are carried at by the prices in 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, and dividends received from such financial assets are reflected under dividend income.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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 are 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 by the internal rate of return method and they are accounted for the impairment or the accrued income.

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 method, and they are accounted for the impairment or accrued income. 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.

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

Loans originated by the Bank are to be measured at amortized cost with internal rate of return method. As short-term and long-term YTL loans are classified 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 YTL by the valid foreign exchange buying rate of Bank at usage date. Repayment of these loans is collected as calculated YTL value by the available foreign exchange selling rate of Bank at collection date.

The Bank sets forth 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". The provision charge is deducted from the income of the year. If the loans for which provisions were set in the previous year are collected, provision for allowances are released and recognized as income under "Other Operating Income" account. Releases of current year provisions are made by the reversal from the "Provision for Impaired of Loans and Other Receivables" account.

VII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

If revalued amounts of fair value of financial assets through profit/loss are less than the prior revalued amount, initial value of prior records regarding the value increase is adjusted by the updated 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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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 principal 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, general provision ratio for loans excluding loans originated from funds is decided as 3%. Additional provision booked in financial statements with the so-called decision is recorded under other provisions at the 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.

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 YTL 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. Reverse repo transactions are recognized under the “Receivables from Reverse Repo Transactions” account. Corresponding portion for the period arising from the difference between the repurchase and resale prices determined is calculated using the internal rate of return method. As of December 31, 2007 the Bank has YTL 2,611,226 Thousand of reverse repo transactions.

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

X. EXPLANATIONS ON TANGIBLE FIXED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS 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 Immovable’s obtained in Return of Receivables” published in the Official Gazette numbered 26333 and dated November 1, 2006 and these assets are by no means subject to revaluation.

The Bank’s immovable’s acquired amount to YTL 1,475 Thousand consisting of YTL 1,251 Thousand on its commercial loans and YTL 224 Thousand on its agricultural loans. Total assets held for sale together with its movables amounting to YTL 52 thousand equals to YTL 1,527 Thousand. Total depreciation expense is YTL 52 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 to by capitalizing development expenses to the initial cost of software considering their useful lives.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

XII. EXPLANATIONS ON PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost and 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 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 bases 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 in "Deferred Financial Leasing Expenses" account as a deduction from liabilities and recorded to other interest expenses.

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

XIV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

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

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

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

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 YTL 100 Thousand with total of YTL 195,080 Thousand due to the fact that these are not deemed to have material effect over financial statements. For receivables that will be settled, the Bank allocates 100% of provision. These provisions are followed under the specific provisions account.

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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 December 31, 2007, provision allocated for all employee benefit liabilities is YTL 470,600 Thousand. The Bank is not employing its personnel by means of limited-period contracts.

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 are 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 regarding the above mentioned fund.

Also, by the Article 58 and provisional article 7 of the Banking Act, the banks are restricted from transferring any funds to the pension funds in order to compensate the actuarial deficits effective from January 1, 2008.

XVI. EXPLANATIONS ON TAXATION

Corporate Tax:

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

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

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

In case of the taxable base exists on taxable income, provision is provided for Corporate and Income Tax liability based on the results of the current period activities.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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 bases 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, and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

XVII. ADDITIONAL EXPLANATIONS ON BORROWINGS

The Bank has accounted 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. Hedging techniques are not used for borrowings and hedge accounting is not applied in accounting and valuation of debt instruments and the liabilities that represent the borrowings.

The Bank has issued no convertible bonds and has no instruments for borrowings.

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 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 services. Moreover, new banking instruments are introduced in order to benefit from services undertaken as being a state bank to increase the profitability of the Bank. By Fin@rt system, which is working in a centralized manner, the Bank maintains the technical infrastructure required by modern banking to meet its clients' needs.

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

As the Bank is the main financial institution that meets the financing needs of agricultural sector, it grants 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 Bank has been perform Repo/reverse repo transactions. Besides, Bank receives commission revenue from insurance and other finance institutions by agency services through its branches.

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 Afghanistan, Pakistan and Iran. Moreover, the Bank operates in Germany, France, Bosnia Herzegovina, Russia, Kazakhstan, Azerbaijan, Turkmenistan and Uzbekistan via equity participation investments abroad.

As of December 31, 2007 explanations on segment reporting table presented below in line with Communiqué on Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures. Since this disclosure is provided during the year 2007, disclosures on segment reporting as of December 31, 2006 could not be generated.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

Table for Segment Reporting:

	Retail Banking	Commercial and Corporate Banking (*)	Specialized Banking (**)	Treasury	International Banking	Total Operations of Bank
Current 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 Income Provision						(611,969)
Minority rights						-
Net Period Profit/Looses						2,351,091
Segment Assets - net (***)	12,531,423	2,684,124	7,394,841	56,369,835	817,502	79,797,725
Subsidiaries and Associates						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
Equity Capital						7,218,102
Total Liabilities						80,942,311
Other segment items						
Capital Investment						-
Depreciation						43,657
Restructuring Costs						-

(*) Commercial 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 commercial 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 interests charged 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 are not included in table since they couldn't be differentiated.

(****) "Dividend income", a part of operating income of the Bank, is presented in the row of "Income from Subsidiaries" since it can not be differentiated between branches.

XXII. EXPLANATION ON OTHER MATTERS

In accordance with the decision taken in General Assemble for year 2006 dated April 24, 2007, profit of year 2006 amounting YTL 2,100,002 Thousand is transferred to legal reserves amounting YTL 289,390 Thousand, to employees as dividends amounting YTL 38,431 Thousand not exceeding one gross wage for each employee and to Treasury as dividend after deducting withholding tax of 15% (YTL 265,592 Thousand) in exchange with YTL 1,266,420 Thousand of held for trading securities and YTL 238,600 Thousand of available for sale securities, returning government bond amounting YTL 1,505,020 Thousand in total and YTL 1,569 Thousand payment has been realized as cash, in May 2, 2007.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK

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 25.44% (December 31, 2006: 39.55%).

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 related 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 give weight to the outcome of this calculation.

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 assigned weights by risk weights declared in the Capital Adequacy Analysis Form.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

Information related to capital adequacy ratio:

	Current Period					Prior Period				
	Risk Weights					Risk Weights				
	0%	10%	20%	50%	100%	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	50,046,662	-	4,148,432	2,770,655	12,723,528
Cash	755,357	-	39	-	-	875,110	-	115	-	-
Matured Marketable Securities	2,058	-	-	-	-	137	-	-	-	-
Central Bank of Republic of Turkey	3,368,946	-	-	-	-	2,856,030	-	-	-	-
Domestic, Foreign Banks, Head										
Offices and Branches Abroad	-	-	2,870,569	-	40,109	-	-	4,145,254	-	301,251
Interbank Money Market Placements	-	-	-	-	-	-	-	-	-	-
Receivables from Reverse										
Repo Transactions	2,610,000	-	-	-	-	-	-	-	-	-
Required Reserve Deposits	1,414,358	-	-	-	-	1,336,284	-	-	-	-
Loans	2,783,298	-	-	3,478,028	14,780,887	2,963,480	-	-	2,767,690	11,235,552
Loans Under Follow-up (Net) ¹	-	-	-	-	263	-	-	-	-	202
Financial Lease Receivables	-	-	-	-	-	-	-	-	-	-
Financial Assets Available-For-Sale	29,795,037	-	1,056	-	27,629	22,630,236	-	864	-	24,142
Investments Held to Maturity	13,506,052	-	-	-	3,720	16,589,470	-	-	-	3,100
Receivables from Forward Sale of Assets	-	-	-	-	7,509	-	-	-	-	762
Sundry Debtors	29,472	-	187	-	50,325	234,511	-	-	-	42,102
Interest and Income Accruals	2,531,056	-	4,002	6,093	555,814	2,150,660	-	2,199	2,965	391,659
Subsidiaries, Associates and Joint										
Ventures (business association) (Net)	-	-	-	-	8,251	-	-	-	-	4,786
Fixed Assets	-	-	-	-	650,019	-	-	-	-	683,714
Other Assets	128,598	-	291,902	-	36,093	410,744	-	-	-	36,258
Off Balance Sheet Items	31,995	-	540,572	346,833	1,348,460	32,589	-	500,492	170,759	1,036,164
Non-cash Loans and Commitments	31,995	-	540,572	346,833	1,346,268	32,589	-	500,492	170,759	1,035,159
Derivative Financial Instruments	-	-	-	-	2,192	-	-	-	-	1,005
Non-Risk Weighted Accounts	-	-	-	-	-	-	-	-	-	-
Total Risk Exposure	-	-	741,665	1,915,477	17,509,079	-	-	929,785	1,470,707	13,759,692
Total Risk Weighted Assets	56,956,227	-	3,708,327	3,830,954	17,509,079	50,079,251	-	4,648,924	2,941,414	13,759,692

¹ In the financial statements, Loans under Follow-up (Net) is YTL 79,826 Thousand (December 31, 2006: YTL 61,225 Thousand). However, YTL 79,563 Thousand of this balance (December 31, 2006: YTL 61,023 Thousand) is shown in the 0% risk weight column since it represents the amount of loans originated by funds whose risk does not belong to the Bank.

Summary information about the capital adequacy standard ratio:

	Current Period	Prior Period
Credit Risk Base Amount (CRBA)	20,166,221	16,160,184
Market Risk Base Amount (MRBA)	398,175	401,238
Operational Risk Base Amount (ORBA)(*)	7,915,880	-
Shareholders' Equity	7,244,742	6,549,645
Shareholders' Equity/(CRBA+MRBA+ORBA) *100	25.44	39.55

(*)Operational risk is included in calculation of the capital adequacy ratio starting from June 30, 2007. Operational risk for prior period is not included in the calculation, accordingly.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

Information related to components Shareholders' Equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	2,500,000	2,221,978
Nominal Capital	2,500,000	2,500,000
Capital commitments (-)	-	278,022
Inflation Adjustment for Paid-in Capital	543,482	543,482
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	1,251,782	962,392
I. Degree Legal Reserves (TCC 466/1)	452,915	347,916
I. Degree Legal Reserves (TCC 466/2)	798,867	614,476
Legal Reserves per Special Legislations	-	-
Statutory Reserves	-	-
Extraordinary Reserves	214,396	513,815
Reserves Allocated per General Assembly Minutes	-	-
Retained Earnings	317,575	595,416
Accumulated Loss	-	-
Foreign Currency Share Translation Difference (*)	(103,179)	(81,601)
Inflation Adjustment for the Legal, Statutory and Extraordinary Reserves	-	-
Profit	2,510,889	2,259,800
Net Profit of the Period	2,351,091	2,100,002
Retained Earnings	159,798	159,798
Portion of Free Provisions Allocated for Potential Risk up to 25% of Core Capital Amount	431,924	348,627
Subsidiary and Associate Shares and Gains on Sale of Real Estate To Be Added To Capital	-	-
Portion of Primary Tier-II Capital up to 15% of Core Capital	-	-
Portion of losses that cannot be covered by reserves (-)	-	-
Net Loss of the Period	-	-
Accumulated Loss	-	-
Leasehold Improvements (-) (**)	2,868	3,902
Prepaid Expenses (-)(**)	5,201	2,521
Intangible Assets (-)(**)	9,600	9,048
Deferred Tax Asset in excess of 10% of the Core Capital (-)(**)	-	-
Excess Amount defined in,3 rd Clause, 56th Article of the Banking Act (-)	-	-
Total Core Capital	7,452,473	6,850,094

(*) 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 a Deduction from Capital.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

	Current Period	Prior Period
SUPPLEMENTARY CAPITAL		
General Provisions	148,002	108,131
45% of Movable Assets Revaluation Fund	-	-
45% of Real Estates Revaluation Fund	-	-
Bonus Shares of Subsidiaries, Associates and Joint Ventures (business associations)	2,158	1,082
Proportion of Primary Tier-II Capital excluded from the Core Capital Calculation	-	-
Secondary Tier-II Capital	-	-
45% of Marketable Securities Revaluation Fund	87,928	34,584
From Subsidiaries and Associates	-	-
From Financial Assets Available For Sale	87,928	34,584
Inflation adjustments for capital reserves, profit reserves and retained earnings/ accumulated losses (Except inflation adjustments for legal reserves, statutory reserves and extraordinary reserves)	-	-
Total Supplementary Capital	238,088	143,797
TIER-III CAPITAL	-	-
CAPITAL	7,690,561	6,993,891
DEDUCTIONS FROM CAPITAL	445,819	444,246
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	422,500	409,425
Total Equity Shares in Banks and Financial Institutions (Domestic and Foreign), less than 10% of whose capital is owned by the Bank and that exceeds 10% of the total Core Capital and Supplementary Capital	-	-
Borrowing Instruments and Loans qualified as Tier-II Capital from and to banks, financial institutions (domestic and foreign), preferred stockholders	5,624	14,127
Loans granted not in compliance with the provisions stated in articles 50 and 51 of the Act	-	-
Total net book value of the Bank's real estates in excess of 50% of the equity and in accordance with Article 57 of the Act, net book value of real estates and commodities acquired in exchange of loans and receivables that should be disposed of however; have not been disposed of although it has been 5 years since the beginning of the acquisition date	26	5,223
Other	-	-
TOTAL SHAREHOLDERS' EQUITY	7,244,742	6,549,645

II. EXPLANATIONS RELATED TO THE CREDIT RISK

Loans are reviewed weekly based on the loan definition in the Banking Act. The Bank evaluates its loan portfolio in three main parts; commercial, private (consumer) and agricultural loans.

Individual limits for domestic corporate loans are determined for cash (YTL-FC), non-cash (YTL-FC), sectoral, regional, public-private and different debtor groups. For branches abroad, cash and non-cash loans limits are established. Risk limits determined for a debtor or a group of debtors, geographical segments and sectors are revised once a year, in the first couple of months of each year.

Commercial loan limits are determined and approved to be applicable one year and renewed every year. Renewal of the limits is completed latest in two months after year-end. Moreover, loans can be followed continuously by the interim enquiry form that is prepared quarterly for the loan customer companies. For loan demands of legal entities and real persons (excluding loans granted via cash guarantee), over YTL 40 Thousand, statement of financial position is required, and following six months after the period-end this statement is renewed every year as long as loans are granted. According to related legislation, for loan demands exceeding YTL 2 Million, audited or approved statement of financial positions are required. For the loans granted, Bank obtains adequate guarantees according to the related legislation.

For consumer loans, authorization for each loan is given depending on the character of the region and the branch, competency of the personnel in District Offices and branches according to the budget, targets, source structure and costs of the Bank. Moreover, loans with more than 24 month maturity are subject to maximum limits.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

Global risk limits for bank originated agricultural loans are determined and revised when necessary in accordance with the anticipations of the Bank's Asset/Liability Committee and by the approval of the Board of Directors. Determined risk limits are distributed by the Head-Quarter to District Offices considering the existing portfolio structure, customer and loan potential and regional characters.

For agricultural loans, regular reviews are made to agricultural loan customers by visiting their agricultural production facilities and changes in credit worthiness are determined accordingly. In order to determine loan limit and making the changes in the actual limit, determination on site is required. For loan demands of legal entities and for loan demands over YTL 50 Thousand of real entities that are keeping their records according to the balance sheet base, statement of financial position is required, and this statement is renewed every year in the following six months after the period-end as long as loans are granted. Statements of financial positions have to be audited or approved in accordance with the procedures defined in the related legislation. For the loans granted, the Bank obtains adequate guarantees according to the related legislation.

Furthermore, the Bank has domestic, foreign bank and country limits that are revised each year, and the necessary actions are taken for any limit changes related to several banks when needed.

The percentage of top 100 cash loans in the total cash loan portfolio is 5.62%. The percentage of top 100 non-cash loans in the total non-cash loan portfolio is 69.05%. The percentage of top 100 cash and non-cash loans in the total assets and off-balance sheet items is 1.86%.

Treasury transactions are performed under the allocated bank limits. Performed transactions are followed based on those limits. Moreover, authorized personnel in charge of performing transactions have clearance based on their status and transactions are performed in this context.

Currently, the Bank has no forward transactions or option positions. Although, the Bank enters into YTL-FC and FC-FC swaps transactions, these are not considered to generate risk given the total asset size of the Bank.

Indemnified non-cash loans are weighted in the same risk group as the non-performing loans.

The Bank is required to provide provisions for restructured and rescheduled loans based on the loan group they were classified until the date of restructure (20%, 50% or 100%) as stated by the related decree on provisions. The Bank allocates 100% of special provision for such loans.

Since the Bank's abroad banking and lending operations have no significant effect on the financial statements, and operations and transactions are diversified via the use of different financial institutions in various countries, the Bank is not believed to be exposed to a significant credit risk.

Foreign financial institution and country risks of the Bank are generally taken on financial institutions and countries which are rated by international rating institutions as investment level; that is, which do not have risk of not fulfilling their minimum liabilities. Therefore, potential risks to be faced with are not deemed to have a material effect considering the Bank's financial position.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

Credit risk by types of borrowers and geographical concentration:

	Loans to Legal Entities and Real Persons		Loans to Banks and Other Financial Institutions		Marketable Securities (*)		Other Loans (**)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	Loan Distribution according to users	21,524,308	17,310,176	2,966,467	4,014,654	46,577,466	43,889,643	4,941,486
Private Sector	4,881,288	4,731,019	-	-	75,871	64,824	-	-
Public Sector	107,634	557,367	-	-	46,501,595	43,824,819	2,058	137
Banks	-	-	2,966,467	4,014,654	-	-	4,129,281	1,426,221
Private Banking Customers	16,535,386	12,021,790	-	-	-	-	810,147	695,109
Share Certificates	-	-	-	-	-	-	-	-
Information according to geographical concentration	21,524,308	17,310,176	2,966,467	4,014,654	46,577,466	43,889,643	4,941,486	2,121,467
Domestic	21,290,511	17,161,222	848,538	555,091	46,325,318	43,732,215	4,922,526	2,104,156
European Union Countries	113,223	34,436	1,961,730	2,548,377	88,058	116,354	-	-
OECD Countries (***)	-	-	31,546	276,237	-	-	-	-
Off-shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	75,299	86,034	82,925	605,134	38,869	32,539	-	-
Other Countries	45,275	28,484	41,728	29,815	125,221	8,535	18,960	17,311

(*) Includes marketable securities in trading portfolio, available for sale and held-to-maturity.

(**) Includes the transactions that are not presented in the first 3 columns but identified as loans and receivables in the 48th article of Banking Act no 5411. The unallocated other loans and receivables are presented under "individuals customers" line.

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

Information according to geographical concentration:

Current Period	Assets	Liabilities	Non-Cash Loans	Equity Investments	Net Income/Loss
Domestic	78,316,774	72,905,988	2,231,324	-	2,333,648
European Union Countries	1,984,597	349,567	22,345	-	1,056
OECD Countries (*)	31,626	4,143	-	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	89,219	15,397	181,713	-	7,687
Other Countries	146,248	449,114	446	-	8,700
Associates, Subsidiaries and Entities Under Common Control	-	-	20	373,847	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	80,568,464	73,724,209	2,435,848	373,847	2,351,091
Prior Period					
Domestic	67,697,694	64,963,580	1,682,878	-	2,073,498
European Union Countries	2,688,530	84,621	216,764	-	467
OECD Countries (*)	276,246	151	56,662	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	752,983	9,810	260,530	-	18,793
Other Countries	121,012	266,205	40,956	-	7,244
Associates, Subsidiaries and Entities Under Common Control	-	-	-	367,305	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	71,536,465	65,324,367	2,257,790	367,305	2,100,002

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

(**) Assets and liabilities that cannot be allocated on a consistent basis.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

Sector concentration for cash loans:

	Current Period				Prior Period			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agricultural	6,575,103	31.26	-	-	5,193,266	30.90	-	-
Farming and Raising Livestock	6,515,427	30.98	-	-	5,162,794	30.72	-	-
Forestry, Wood and Paper	-	0.00	-	-	-	-	-	-
Fishery	59,676	0.28	-	-	30,472	0.18	-	-
Manufacturing	743,887	3.54	288,883	55.51	578,661	3.44	393,613	77.91
Mining and Quarry	21,456	0.10	1,321	0.25	32,707	0.19	769	0.15
Production	702,872	3.35	286,561	55.06	540,611	3.22	392,164	77.62
Electricity, Gas and Water	19,559	0.09	1,001	0.19	5,343	0.03	680	0.13
Construction	304,165	1.45	11,514	2.21	118,714	0.71	6,232	1.23
Services	1,958,007	9.32	218,308	41.95	1,413,415	8.41	74,250	14.70
Wholesale and Retail Trade	1,034,242	4.92	198,907	38.22	711,522	4.23	11,529	2.28
Hotel, Food and Beverage Services	42,959	0.20	158	0.03	31,641	0.19	-	-
Transportation and Communication	92,264	0.44	171	0.03	56,416	0.34	96	0.02
Financial Institutions	136,443	0.65	-	-	65,351	0.39	61,654	12.20
Real Estate and Renting Services	7,923	0.04	-	-	7,229	0.04	-	-
Self-Employment Services	296,942	1.41	18,871	3.63	234,035	1.39	116	0.02
Education Services	17,565	0.08	54	0.01	13,323	0.08	855	0.17
Health and Social Services	329,668	1.57	147	0.03	293,898	1.75	-	-
Other (*)	11,422,728	54.38	1,713	0.33	9,500,881	56.54	31,144	6.16
Total	21,003,890	100.00	520,418	100.00	16,804,937	100.00	505,239	100.00

(*) Consumer loans are presented under other line.

As of December 31, 2007 and December 31, 2006 the analysis of sector concentration for financial assets could not be presented including the guarantees expressed due to the deficiency in corresponding application system.

According to Turkish Financial Reporting Standard 7, the table below shows the maximum exposure to credit risk for the components of the financial statements:

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit and Loss	761,823	2,534,684
Due from Banks	2,915,115	3,992,366
Receivables from interbank transactions	2,611,226	-
Financial assets available-for-sale	31,960,216	24,295,283
Held-to-maturity investments	13,855,427	17,059,676
Loans	21,604,134	17,371,401
Total	73,707,941	65,253,410
Contingent liabilities	2,435,848	2,257,790
Commitments	9,939,958	3,771,611
Total credit risk exposure	83,083,747	71,281,811

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

Credit quality per class of financial assets as of December 31, 2007 is as follows:

Current Period	Neither past due nor impaired	Past due but not impaired	Total
Banks	2,915,115	-	2,915,115
Financial Assets at Fair Value Through Profit and Loss	761,823	-	761,823
Loans	20,868,993	655,315	21,524,308
Corporate Loans	3,470,389	134,842	3,605,231
Consumer Loans	11,206,268	137,706	11,343,974
Specialized Loans	6,192,336	382,767	6,575,103
Financial Assets Available for Sale	31,960,216	-	31,960,216
Investments Held to Maturity	13,855,427	-	13,855,427

Since the Bank started to generate information in accordance with Turkish Financial Reporting Standard 7 in 2007 year, information about past due but not impaired loans cannot be provided as of December 31, 2006.

Information about guarantees taken for past due but not impaired loans and other receivables, and loans under follow-up cannot be obtained as of December 31, 2007 and 2006 due to the deficiency in application system.

Carrying amount per class of financial assets whose terms have been renegotiated:

	Current Period	Prior Period
Receivable from Banks	-	-
Financial Assets at Fair Value Through Profit and Loss	-	-
Loans	9,983	11,713
Corporate Loans	953	39
Consumer Loans	-	-
Specialized Loans	9,030	11,674
Others	-	-
Financial Assets Available for Sale	-	-
Investments Held to Maturity	-	-

Bank executes loan granting activity by considering functional segregation of duties.

Bank does not grant trade loans without setting limits for firms, taking guarantees declared by the loan granting terms and without fulfilling special and general loan granting terms.

Commercial loan proposals are prepared by levels with different authorizations. Therefore, each authorization level has different responsibilities for granted loan limit.

Bank does not grant loans that are not defined in trade loans legislation and have not been exercised before. After loans are granted, firms are continued to be monitored, and their financial positions and changes in their market relations are followed.

In order to prevent risk concentration in Bank's loan portfolio, "Maximum Loan Limits of Public and Private Institutions and Group Firms are determined by the approval of Board of Directors. Within the limits determined, group firms are considered as one firm.

Bank ensures that placement limits are distributed, monitored and managed based on YTL and FC, cash and non-cash, sector and regional classifications.

Other than open credits, consumer loans are granted against fundamental guarantees like indemnity, mortgage, vehicle pledge, cash or cash equivalents and guarantees like insurance (vehicle insurance, life insurance etc.). Loans are generally granted with more than one guarantee in order not to face with shortage in guarantees and any problem during collection and liquidation processes. Bank does not extend consumer loan that do not meet pre-defined terms. In accordance with these terms, government employees, pensioners of pension fund, self-employed people whose execution depend upon higher education, real persons whose income is determined by balance sheet basis and private sector employees who are working for

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

at least one year in a firm operating for minimum 3 years are accepted as a guarantor in condition that they are credible at least as loan debtor, have ability to pay and have regular income. Bank does not accept farmers and real persons other than defined above as guarantor.

Agricultural loans are granted only by authorized branches. Placement limits are determined and set considering regional and sector-specific factors.

Bank extends agricultural loans to real person and legal entity agricultural enterprises in return of collateral and/or guarantee of credible persons/firms considering loan type and limits. Agricultural loan placement process of the Bank is predicated on payment ability of customers.

Agricultural loans granted by branches are reviewed periodically according to their limits, subjects, guarantee situation, maturities, debit balances, customer numbers and accounts they are followed, and monitored by customer and regional basis.

Loan portfolio is monitored by related loan departments and Loan Risk Review Department.

Since the Bank does not assess its customers based on a rating system, distribution of total loans based on a rating system cannot be demonstrated.

Bank calculates Credit Risk Base Amount 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.

Bank's credit risk management policy and application procedures are determined within the context of "Loan Risk Management Regulation".

III. EXPLANATIONS RELATED TO THE MARKET RISK

a) Whether measures are taken to hedge against market risk 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 management 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 under the context 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 Bank.

Bank calculates the 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 Bank's Standard Capital Adequacy Ratio.

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

Also, Bank performs monthly market risk stress tests so as to observe the effect of excessive market fluctuations that are not covered by models.

Information Related to Market Risk:

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	6,709
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	-
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	24,870
(IV) Capital Requirement to be Employed For Commodity Risk - Standard Method	275
(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)	31,854
(IX) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x VII)	398,175

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

	Current Period			Prior Period (*)		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	10,161	17,261	6,166	134,927	173,221	16,553
Equity Share Risk	-	-	-	-	-	-
Currency Risk	20,945	28,282	16,610	10,006	17,798	4,748
Commodity Risk	252	296	194	42	255	-
Settlement Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Amount Subject to Total Risk	391,967	487,363	327,613	1,812,186	2,313,063	401,238

(*) At current period, Market Risk Base Amount which is calculated as of December 31, 2006 is revised retrospectively in accordance with the changes in regulations.

The Bank does not invest in share certificates at Istanbul Stock Exchange; hence it is not subject to share price risk.

IV. EXPLANATIONS RELATED TO THE OPERATIONAL RISK

a) The method used in calculating the operational risk and the interval in which the market risk measurement is done:

"Basic Indicator Method" is used for the calculation of the Bank's Operational Risk Base Amount yearly periods in accordance with the Communiqué on "Measurement and Assessment of the Capital Adequacy of Banks" published in the Official Gazette numbered 26333 on November 1, 2006. In this method, the parameter which determinates the operational risk is the gross income. Gross income is composed of the total of net interest income and net non interest income in general whereas profit/loss from sale of available for sale securities and held to maturity securities sale profit and loss and extraordinary income is excluded from calculation. In calculating the gross income, income statements and trial balances of the last 3 years are used and the gross income averages of the three years are taken. Calculation of Operational Risk Base Amount is done by multiplying the averages of the three years with 12.5.

The Bank's operation risk managerial policy and application procedures are determined within the context of "Operational Risk Management Regulation".

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

Operational Risk Management actions are conducted by Bank's Operational Risk Management Head Department. In this context generally;

- Reports are submitted quarterly to Audit committee and Board of Directors.
- Realized operational risks are followed within "Operational Lost Database".
- "Operational Risk Map" studies have been conducted by the help of operational risk indicators, essence evaluation inquiry and operation unit/volume in order to determine risk levels of Branches and General Management Units.
- Operational risks are followed through Operational Risk Catalogue which is updated at specific periods.
- At year 2005 Bank prepared Business Continuity Plan and it is being updated.
- Suggestions about decreasing operational risks are transmitted to related units.

b) The Bank does not apply standard method.

V. 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 significant position 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", "Repricing Gap Analysis" and "Structural Liquidity Gap Analysis" under the consideration of historical renovation rates of foreign currency accounts, are prepared periodically in order to define liquidity and interest rate risks at Dollar and Euro, which are mainly used by the Bank in its operations. Also, daily 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 Banks for the last 5 days before the financial statement date:

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
24.12.2007	1.1755	1.6909	1.0224	0.22702	0.17851	1.0157	1.1880	0.21143	2.3233	0.31320	1.0280
25.12.2007	1.1765	1.6901	1.0245	0.22698	0.17845	1.0174	1.1945	0.21149	2.3268	0.31348	1.0305
26.12.2007	1.1725	1.6979	1.0240	0.22801	0.17991	1.0198	1.1943	0.21245	2.3256	0.31248	1.0282
27.12.2007	1.1710	1.7041	1.0255	0.22887	0.18024	1.0247	1.1939	0.21367	2.3280	0.31242	1.0264
28.12.2007	1.1660	1.7126	1.0226	0.23010	0.18158	1.0341	1.1927	0.21543	2.3258	0.31109	1.0312
31.12.2007	1.1715	1.7125	1.0262	0.22943	0.18107	1.0332	1.1851	0.21550	2.3271	0.31194	1.0466

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

USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
1.1747	1.7072	1.0241	0.22923	0.18132	1.0301	1.1714	0.21343	2.3693	0.31366	1.0443

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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	1,476,127	50,912	188	14,922	1,542,149
Receivables from Banks	1,198,270	818,355	236	328,791	2,345,652
Financial Assets at Fair Value Through Profit and Loss	37,285	64,181	-	117	101,583
Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	4,371,347	2,827,219	-	8,707	7,207,273
Loans ²	186,129	316,160	-	21,047	523,336
Subsidiaries, Associates and Joint Ventures	239,981	55,010	-	-	294,991
Investment securities held-to-maturity	541,992	81	-	268	542,341
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Property, Plant and Equipment	-	347	-	2,468	2,815
Intangible Assets	-	419	-	630	1,049
Other Assets	9,443	14,940	-	3,686	28,069
Total Assets	8,060,574	4,147,624	424	380,636	12,589,258
Liabilities					
Bank Deposits	32,140	90,618	1	50,773	173,532
Foreign Currency Deposits	7,890,862	3,938,728	504	301,652	12,131,746
Money Market Borrowings	-	-	-	-	-
Funds provided from Other Financial Institutions	1,235	1,174	-	-	2,409
Issued Marketable Securities	-	-	-	-	-
Sundry Creditors	115,162	1,610	-	126	116,898
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities	34,018	81,959	993	3,799	120,769
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 ⁴	296,345	1,363,753	3,789	26,082	1,689,969
Prior Period					
Total Assets	7,850,675	4,773,098	754	353,940	12,978,467
Total Liabilities	7,851,129	4,757,043	885	342,197	12,951,254
Net Balance Sheet Position	(454)	16,055	(131)	11,743	27,213
Net Off-Balance Sheet Position ³	(13,685)	(9,427)	-	23,139	27
Financial Derivative Assets	-	20,449	-	29,822	50,271
Financial Derivative Liabilities	13,685	29,876	-	6,683	50,244
Non-cash Loans	367,519	1,217,543	9,913	9,768	1,604,743

¹ Of the foreign currencies presented in the other FC column of assets, 17.41% is CHF, 55.08% is GBP, 9.45% is DKK, 8.20% is MKD and the remaining 9.86% is other foreign currencies.

Of the foreign currencies presented in the other FC column of liabilities, 20.64% is CHF, 59.07% is GBP, 12.51% is DKK and the remaining 7.78% is other foreign currencies.

² YTL 1,790 Thousand equivalent of USD and YTL 1,128 Thousand equivalent of EUR balances of loans are originated as foreign exchange indexed loans (December 31, 2006: YTL 1,258 Thousand)

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

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

The Bank's sensitivity to foreign currency rates has been analyzed and 10% increase/decrease is anticipated in the US Dollar, EUR, GBP and other foreign currency units. 10% is the rate used in Bank's internal reporting. The following table shows the detail of analysis.

Currency Unit	Change in exchange rate in %	Effect on Profit/Loss		Effect on Shareholders Equity	
		Current Period	Prior Period	Current Period	Prior Period
US Dollar	10% increase	(3,500)	(1,027)	5,895	4,761
	10% decrease	3,500	1,027	(5,895)	(4,761)
EURO	10% increase	(28,192)	(25,617)	24,238	26,488
	10% decrease	28,192	25,617	(24,238)	(26,488)
GBP	10% increase	449	568	-	-
	10% decrease	(449)	(568)	-	-
Other	10% increase	3,873	3,039	-	-
	10% decrease	(3,873)	(3,039)	-	-

* The effects on profit or loss and shareholders' equity are presented before tax, in the above table.

VI. 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".

The structural interest rate risk analysis of the Bank 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 been 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 also the duration analysis is exercised by the Bank. The Bank limits the interest rate exposure. Moreover, an early warning system covering various parameters regarding the structural interest rate risk has also been established by the Bank.

Against the possible changes in the interest rate, the changes in the assets and the liabilities of the Bank have been analyzed. With this respect;

In order to analyze the effect of the increases in the interest rate on the interest income/expense of the Bank, interest rate sensitive instruments in balance sheet have been grouped on the basis of repricing periods. As a result of the funding/placing of these balances with the increasing interest rates, the net interest income of the Bank has been analyzed. In this analysis, YTL interest rate is increased by 300 basis point and FC is increased by 100 basis point, YTL interest rate is increased by 200 basis point and FC interest rate is increased by 66 basis point, YTL interest rate is increased by 100 basis point and FC interest rate is increased by 33 basis point and the amounts of the repriced assets and liabilities are assumed to be constant during the balance sheet period. The demand deposit is excluded from this analysis and the interest rates of the financial instruments are assumed to be increasing by the same amount. The below mentioned analysis is presenting the net interest income of the Bank generated within the balance sheet period.

% Change in Interest Rate		Net Interest Income Effect (*) (**)
YTL	FC	Current Period
3% increase	1% increase	(89,089)
2% increase	0.66% increase	(59,265)
1% increase	0.33% increase	(29,633)

(*) Demand deposits are excluded.

(**) Net interest income effect presented above reflects amounts before tax.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

On the other hand, the analysis of the interest sensitivity of the financial assets which are monitored within the positions exposed to market risk only (Fair Value through Profit or Loss + Securities Available for Sale) is presented below. The interest rate sensitivity analysis expressed the effect of 100 basis point increases in YTL, 33 basis point increase in FC and 300 basis point increases in YTL and 100 basis point increase in FC over accounting records. The financial assets recorded under so-called accounts are repriced as a result of the foregoing interest rate increases and the effect of the change in prices aroused on the equity and profit/loss accounts is stated. The effect of the changes in prices calculated for the positions exposed to market risk is resulting from the financial assets available for sale.

% Change in Interest Rate		Effect on Profit/Loss	Effect on Shareholders Equity
YTL	FC	Current Period	Current Period
3% increase	1% increase	(9,514)	(481,767)
1% increase	0.33% increase	(3,838)	(184,273)

* The effects on profit or loss and shareholders' equity in the table above presents the amounts before tax.

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

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

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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

Current Period	Up to 1 Month	1-3 Months	3-12 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	4,886,961	-	-	-	-	753,869	5,640,830
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							
Bank 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 fixed maturity are shown in the "Up to 1 month" column.

* YTL 2,543,969 Thousand of fund balance in other liabilities is shown under the "1-5 years" column and YTL 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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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

Prior Period	Up to 1 Month	1-3 Months	3-12 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 the Central Bank of Turkey	4,281,452	-	-	-	-	875,910	5,157,362
Receivables from banks	3,989,515	-	2,851	-	-	-	3,992,366
Financial Assets at Fair Value Through Profit and Loss	234,940	149,254	1,769,145	379,839	-	1,506	2,534,684
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-For-Sale	7,629,159	9,037,493	3,347,841	2,882,368	1,330,721	67,701	24,295,283
Loans	5,017,892	1,027,249	2,872,874	7,307,514	1,084,647	-	17,310,176
Investment Securities Held-to-Maturity	8,034,129	8,257,313	190,953	577,281	-	-	17,059,676
Other assets	-	-	-	-	-	1,554,223	1,554,223
Total assets	29,187,087	18,471,309	8,183,664	11,147,002	2,415,368	2,499,340	71,903,770
Liabilities							
Interbank Deposits	233,673	6,054	-	-	-	-	239,727
Other Deposits	45,141,425	10,476,941	3,723,417	71,364	28	-	59,413,175
Money Market Borrowings	967,955	-	-	-	-	-	967,955
Sundry Creditors	-	-	-	-	-	368,719	368,719
Issued Marketable Securities	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	11,298	600	2,030	-	711	-	14,639
Other Liabilities	-	-	-	2,914,209	-	7,985,346	10,899,555
Total Liabilities	46,354,351	10,483,595	3,725,447	2,985,573	739	8,354,065	71,903,770
Balance Sheet Long Position	-	7,987,714	4,458,217	8,161,429	2,414,629	-	23,021,989
Balance Sheet Short Position	(17,167,264)	-	-	-	-	(5,854,725)	(23,021,989)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(17,167,264)	7,987,714	4,458,217	8,161,429	2,414,629	(5,854,725)	-

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

* Fund balance amounting to YTL 2,908,270 Thousand which is included under other liabilities is presented under "1 -5 Year" column.

* Deferred tax asset is shown under the "Non-interest bearing" column.

* Net balance of loans under follow-up is shown under the "Non-interest bearing" column in other assets.

* Total shareholders' equity is shown under the "Non-interest bearing" column.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

Average interest rates applied to monetary financial instruments (%):

	EURO	USD	Japanese Yen	YTL
Current 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
Receivable 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

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

Average interest rate applied to the monetary financial instruments (%):

	EURO	USD	Japanese Yen	YTL
Prior Period				
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	1.73	2.52	-	13.12
Receivable from banks	3.66	5.30	-	18.86
Financial Assets at Fair Value Through Profit and Loss	4.72	8.56	-	16.29
Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	5.54	7.33	-	20.74
Loans	4.33	6.68	-	23.14
Investment securities held-to-maturity ²	6.00	-	-	20.33
Liabilities				
Interbank Deposits ¹	3.58	4.85	-	18.65
Other Deposits	2.30	2.59	-	13.89
Money Market Borrowings	-	-	-	14.86
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	-	-	-
Funds provided from other financial institutions ³	-	-	-	-

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

² Securities given for payments of İmar Bankası are excluded.

³ Since interest rates of funds provided from other financial institutions could not be distributed at branch level, they are not included in the table.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

VII. 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, 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, and limitations imposed by the Bank's Board of Directors on fund sources that can be used in payment of matured debts and can meet the immediate liquidity need:

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. Bank has limited 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 forming majority of the securities portfolio provide significant cash inflow to 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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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	5,640,830	-	-	-	-	-	-	5,640,830
Receivables from banks	44,616	2,668,841	201,658	-	-	-	-	2,915,115
Financial Assets at Fair Value								
Through Profit and Loss	2,956	27,125	4,014	415,351	238,288	74,089	-	761,823
Money Market Placements	-	2,611,226	-	-	-	-	-	2,611,226
Financial assets available-for-sale	-	481,562	1,018,661	4,984,329	21,375,320	4,021,402	78,942	31,960,216
Loans	-	832,466	1,923,085	8,334,437	9,074,841	1,359,479	-	21,524,308
Investment securities held-to-maturity	-	221,201	124,299	5,581,180	7,928,747	-	-	13,855,427
Other assets ⁽³⁾	434,707	-	-	3,820	7,509	-	1,227,330	1,673,366
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
Liabilities								
Interbank Deposits	23,921	531,362	2,342	-	-	-	-	557,625
Other Deposits	11,218,667	42,175,491	10,429,965	3,755,409	112,610	-	-	67,692,142
Funds provided from other financial instruments	351	1,548	1,323	3,647	712	55	-	7,636
Money Market Borrowings	-	196,265	-	-	-	-	-	196,265
Issued Marketable Securities	-	-	-	-	-	-	-	-
Sundry Creditors	387,662	-	-	-	-	-	-	387,662
Other liabilities ^{(4) (5)}	666,398	1,025,296	-	171,604	2,548,982	470,600	7,218,101	12,100,981
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)	-
Prior Period								
Total Assets	5,537,603	6,563,426	2,799,806	13,502,394	39,760,030	2,450,360	1,290,151	71,903,770
Total Liabilities	12,094,416	35,424,796	10,483,699	3,951,724	2,986,311	383,421	6,579,403	71,903,770
Liquidity Gap	(6,556,813)	(28,861,370)	(7,683,893)	9,550,670	36,773,719	2,066,939	(5,289,252)	-

⁽¹⁾ Assets which are necessary to provide banking services and could not be liquidated in a short-term, such as; tangible assets, investments in subsidiaries and associates, office supply inventory, prepaid expenses and non-performing loans, are classified as undistributed.

⁽²⁾ Deferred tax asset is included under the "Undistributed" column.

⁽³⁾ For YTL 79,826 Thousand of follow-up loans, no specific provision is provided 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 YTL 2,543,969 Thousand is included in other liabilities and shown under the "1-5 year" column, YTL 225,325 Thousand of funds that their risk does not belong to Bank and no loan is granted is included under "Up to One Month" column.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

Presentation of liabilities according to their remaining maturities:

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Adjustments	Total
As of December 31, 2007							
Interbank Deposits	555,644	2,371	-	-	-	(390)	557,625
Other Deposits	53,625,699	10,666,406	3,886,183	126,994	-	(613,140)	67,692,142
Funds Provided From Other Financial Institutions	1,889	1,337	3,748	855	61	(254)	7,636
Money Market Borrowings	196,489	-	-	-	-	(224)	196,265
Total	54,379,721	10,670,114	3,889,931	127,849	61	(614,008)	68,453,668
As of December 31, 2006							
Interbank Deposits	234,276	6,184	-	-	-	(733)	239,727
Other Deposits	45,340,377	10,644,037	3,848,593	75,005	-	(494,837)	59,413,175
Funds Provided From Other Financial Institutions	11,298	613	2,118	-	868	(258)	14,639
Money Market Borrowings	969,349	-	-	-	-	(1,394)	967,955
Total	46,555,300	10,650,834	3,850,711	75,005	868	(497,222)	60,635,496

VIII. EXPLANATIONS RELATED TO THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	72,946,118	62,718,726	72,946,118	62,718,726
Receivables from Money Market	2,611,226	-	2,611,226	-
Receivables from Banks	2,915,115	3,992,366	2,915,115	3,992,366
Financial Assets available-for-sale	31,960,216	24,295,283	31,960,216	24,295,283
Investment securities held-to-maturity	13,855,427	17,059,676	13,855,427	17,059,676
Loans	21,604,134	17,371,401	21,604,134	17,371,401
Financial Liabilities	68,645,065	60,036,260	68,645,065	60,036,260
Interbank deposits	557,625	239,727	557,625	239,727
Other deposits	67,692,142	59,413,175	67,692,142	59,413,175
Funds provided from other financial institutions	7,636	14,639	7,636	14,639
Marketable securities issued	-	-	-	-
Sundry Creditors	387,662	368,719	387,662	368,719

In determination of fair value of available-for-sale securities', market prices are taken into consideration. If these securities are not traded in an active market, the amortized value calculated by the internal rate of return method and Official Gazette price is regarded as fair value based on the assumption that fair value cannot be determined reliably.

All of the receivables from money markets and receivable from Bank's consist of short term financial assets; therefore fair value of these assets are accepted to be equal to their carrying value.

Since specific purposed domestic government bonds under held to maturity securities are not quoted in the stock exchange; there is no market price. Also, securities with similar features are not quoted in the stock exchange; therefore there is no indicative market price. Amortized cost with internal rate of return method are accepted to be equal to fair value for these securities of which 96% has variable interest rate. Eurobonds that are under held to maturity securities are traded over the counter market and are evaluated by internal rate of return method in accordance with TAS 39.

Since, 94.33% of total deposits are consist of demand deposits and up to 3 months matured deposits; their carrying value and fair value are taken as equal.

Due to the deficiencies within the application system, fair value of loans and funds provided from other financial institutions items could not be determined.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

IX. EXPLANATION RELATED TO TRANSACTIONS MADE ON BEHALF AND ACCOUNT OF OTHERS, FIDUCIARY TRANSACTIONS

1. Transaction, Custody, Management and Consultancy Services of the Bank on behalf of Third Parties:

The Bank acts as an intermediary for purchases and sales of government securities on behalf of real persons and corporate, conducts repo transactions, and provides custody services. The bank does not provide consultancy and management services.

2. Transactions with other financial institutions under fiduciary transaction agreements and financial services rendered to other financial institutions under the scope of fiduciary transactions and the effects of such services to the financial position of the Bank or the Group:

The Bank has no fiduciary transactions.

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	
	YTL	FC	YTL	FC
Cash and Foreign Currency	618,363	135,467	749,329	125,782
Central Bank of Turkey	3,480,318	1,406,643	2,953,160	1,328,976
Other	-	39	-	115
Total	4,098,681	1,542,149	3,702,489	1,454,873

1.a.1 Information on Required Reserves:

Banks that are established in Turkey or performing their operations by opening new branches in Turkey are subject to the Turkish Republic Central Bank's Communiqué No: 2005/1 "Required Reserves". The Bank's total domestic liabilities excluding the items stated in the Communiqué as deductibles and the deposits accepted on behalf of foreign branches from Turkey constitutes the required reserves liabilities. The required reserve rates are 6% for YTL 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 December 31, 2007 are 11.81% for YTL, 1.95% for USD and 1.80% for EURO (December 31, 2006: 13.12% for YTL, 2.52% for USD and 1.73% for EURO).

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Demand	3,368,946	-	2,856,030	-
Time Unrestricted Amount	-	-	-	-
Time Restricted Amount	-	-	-	-
Required Reserves (*)	111,372	1,406,643	97,130	1,328,976
Total	3,480,318	1,406,643	2,953,160	1,328,976

(*) Required reserve of abroad branches amounting to YTL 18,960 is presented in this line item (December 31, 2006: YTL 17,764 Thousand)

2. a) Financial assets at fair value through profit and loss blocked/given as 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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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

	Current Period		Prior Period	
	YTL	FC	YTL	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	
	YTL	FC	YTL	FC
Forward Transactions	-	7	-	-
Swap Transactions	-	891	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	898	-	-

c) Information on financial assets held-for-trading:

	Current Period	Prior Period
Debt securities	761,088	2,533,398
Quoted in stock exchange	761,088	2,533,398
Not quoted	-	-
Share certificates	-	-
Quoted in stock exchange	-	-
Not quoted	-	-
Provision for impairment (-)	163	84
Other	-	1,370
Total	760,925	2,534,684

3. a) Information on banks and other financial institutions

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	569,463	2,345,652	1,055,416	2,936,950
Domestic Banks	555,280	241,906	476,270	56,533
Foreign Banks	14,183	2,103,746	579,146	2,880,417
Foreign Head Office and Branches	-	-	-	-
Total	569,463	2,345,652	1,055,416	2,936,950

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period (**)	Current Period	Prior Period
European Union countries	1,961,730	2,546,299	-	-
USA and Canada	82,925	605,134	-	-
OECD Countries (*)	31,546	276,237	-	-
Off-shore banking regions	-	-	-	-
Other	41,728	26,989	-	2,826
Total	2,117,929	3,454,659	-	2,826

(*) OECD Countries other than European Union, the USA and Canada.

(**) Interest Income Accrual on banks for 2006 amounting to YTL 2,078 Thousand could not be broken down and not included in the above table.

4. a) Explanation regarding to the comparison of net values of financial assets available-for-sale blocked/given as collateral or subject to repurchase agreements:

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

b) Information on financial assets available for sale:

	Current Period	Prior Period
Debt securities	31,888,303	24,232,352
Quoted in stock exchange	30,930,634	20,653,451
Not quoted	957,669	3,578,901
Share certificates	79,549	68,377
Quoted in stock exchange	-	-
Not quoted	79,549	68,377
Provision for impairment (-)	7,636	5,446
Total	31,960,216	24,295,283

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	127,158	-	109,005	-
Total	127,158	-	109,005	-

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring (**)	
	Loans and other receivables	Restructured or Rescheduled	Loans and other receivables	Restructured or Rescheduled
Non-specialized loans	14,782,193	953	-	-
Discount Notes	-	-	-	-
Export loans	521,763	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	220,057	-	-	-
International loans	78,564	-	-	-
Consumer loans	9,554,112	-	-	-
Credit cards	431,067	-	-	-
Precious metals loans (Gold, etc...)	-	-	-	-
Other	3,976,630	953	-	-
Specialized lending	6,176,100	9,030	-	-
Other receivables	-	-	-	-
Interest Income Accruals (*)	556,032	-	-	-
Total	21,514,325	9,983	-	-

(*) Accruals on loans and other receivables under close monitoring cannot be provided from the current application system.

(**) As of balance sheet date, because of the deficiency in application system, loans and other receivables under close monitoring could not be distributed.

c) Loans according to the maturity structure:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring (**)	
	Loans and other receivables	Restructured or Rescheduled	Loans and other receivables	Restructured or Rescheduled
Short-term loans and other receivables	7,902,021	450	-	-
Non-specialized loans	3,631,484	-	-	-
Specialized loans	4,270,537	450	-	-
Other receivables	-	-	-	-
Medium and long-term loans and other receivables	13,056,272	9,533	-	-
Non-specialized loans	11,150,709	953	-	-
Specialized loans	1,905,563	8,580	-	-
Other receivables	-	-	-	-

(*) As of the balance sheet date, among the total loans, amount of the loans and other receivables under close monitoring could not be distributed.

(**) As of December 31, 2007 accrual amounting to, YTL 556,032 Thousand (December 31, 2006: YTL 390,350 Thousand) could not be distributed among loan types, therefore excluded from the table.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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

	Short-term	Medium and long-term	Total
Consumer loans-YTL	685,721	8,698,248	9,383,969
Real estate loans	1,700	3,502,662	3,504,362
Automobile Loans	3,607	195,009	198,616
Consumer Loans	680,399	5,000,577	5,680,976
Other	15	-	15
Consumer loans - Indexed to FC	-	138	138
Real estate loans	-	138	138
Automobile Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer loans - FC	161	325	486
Real estate loans	-	256	256
Automobile Loans	-	-	-
Consumer Loans	161	69	230
Other	-	-	-
Individual Credit Cards - YTL	407,296	-	407,296
Installment	54,413	-	54,413
Non-Installment	352,883	-	352,883
Individual Credit Cards - FC	624	-	624
Installment	-	-	-
Non-Installment	624	-	624
Personnel Loans - YTL	2,509	92,391	94,900
Real estate loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	2,497	91,888	94,385
Abroad (**)	12	503	515
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	54	54
Real estate loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	-	54	54
Other	-	-	-
Personnel Credit Cards-YTL	20,923	-	20,923
Installment Basis	4,321	-	4,321
Non-Installment Basis	16,602	-	16,602
Personnel Credit Cards-FC	23	-	23
Installment Basis	-	-	-
Non-Installment Basis	23	-	23
Overdraft Account - YTL (Real Person)	75,080	-	75,080
Overdraft Account - FC (Real Person)	-	-	-
Total	1,192,337	8,791,156	9,983,493

(*) YTL 119,334 Thousand of interest income accrual on consumer loans could not be decomposed therefore not included in the table above.

(**) YTL 515 Thousand of Consumer Loans used by the Personnel Abroad has been shown under International Loans of 5-b) Table.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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

	Short-term	Medium and long-term	Total
Commercial Installment Loans-YTL	85,894	798,933	884,827
Office Loans	368	20,815	21,183
Automobile Loans	2,810	73,963	76,773
Consumer Loans	82,716	704,155	786,871
Other	-	-	-
Commercial Installment Loans - Indexed to FC	-	-	-
Office Loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans - FC	337	-	337
Office Loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	337	-	337
Other	-	-	-
Corporate Credit Cards-YTL	2,181	-	2,181
Installment Basis	10	-	10
Non-Installment Basis	2,171	-	2,171
Corporate Credit Cards-FC	20	-	20
Installment Basis	-	-	-
Non-Installment Basis	20	-	20
Overdraft Account-YTL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	88,432	798,933	887,365

Interest income accruals could not be decomposed by type, therefore; interest income accruals of loans are not included in the table above.

f) Breakdown of loans by users:

	Current Period	Prior Period
Public	107,634	557,367
Private	20,860,642	16,362,459
Total	20,968,276	16,919,826

YTL 556,032 Thousand of accruals as of December 31, 2007 (YTL 390,350 Thousand as of December 31, 2006) could not be decomposed into loan types, therefore, is not included in the table above.

g) Breakdown of domestic and international loans:

	Current Period	Prior Period
Domestic loans	20,889,712	16,874,825
Foreign loans	78,564	45,001
Total	20,968,276	16,919,826

The YTL 556,032 Thousand of accruals as of December 31, 2007 (YTL 390,350 Thousand as of December 31, 2006) could not be decomposed, therefore, is not included in the table above.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

h) Loans granted to subsidiaries and investments:

	Current Period	Prior Period
Direct loans granted to subsidiaries and investments	61,609	41,043
Indirect loans granted to subsidiaries and investments	-	-
Total	61,609	41,043

Interest income accruals are not included in the table above.

i) Specific provisions provided against loans:

	Current Period	Prior Period
Loans and other receivables with limited collectibility	36,757	73,663
Loans and other receivables with doubtful collectibility	86,134	34,452
Uncollectible loans and other receivables	188,240	150,413
Total	311,131	258,528

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

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

	III. Group: Loans and receivables with limited collectibility	IV. Group: Loans and receivables with doubtful collectibility	V. Group: Uncollectible loans and receivables
Current period			
(Gross amounts before the specific provisions)	3,755	1,555	4,673
Loans and other receivables which are restructured	2,761	1,336	3,360
Rescheduled loans and other receivables	994	219	1,313
Prior period			
(Gross amounts before the specific provisions)	4,185	1,925	5,603
Loans and other receivables which are restructured	2,230	1,925	4,422
Rescheduled loans and other receivables	1,955	-	1,181

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	93,940	37,520	188,293
Additions (+)	201,368	29,024	25,907
Transfers from other categories of loans under follow-up (+)	-	98,511	71,474
Transfers to other categories of loans under follow-up (-)	126,628	43,357	-
Transfers to other categories of loans under follow-up (-)	124,296	24,803	35,995
Write-offs (-)	-	-	-
Corporate and Commercial Loans	17,166	19,769	81,265
Consumer Loans	4,924	11,137	13,062
Credit Cards	2,245	2,001	6,252
Other	20,048	63,988	149,100
Current period end balance	44,383	96,895	249,679
Specific provision (-)	36,757	86,134	188,240
Net Balance on balance sheet (*)	7,626	10,761	61,439

(*) Including the non-performing loans of which the risk does not belong to the Bank.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

3) Information on foreign currency non-performing loans:

	III. Group: Loans and receivables with limited collectibility	IV. Group: Loans and receivables with doubtful collectibility	V. Group: Uncollectible loans and receivables
Current Period:			
Period end balance	44	3,227	4,128
Specific provision (-)	44	3,227	4,128
Net Balance on balance sheet	-	-	-
Prior Period:			
Period end balance	43	3,414	4,973
Specific Provision (-)	43	3,414	4,973
Net Balance on balance sheet	-	-	-

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

	III. Group: Loans and receivables with limited collectibility	IV. Group: Loans and receivables with doubtful collectibility	V. Group: Uncollectible loans and receivables
Current Period (Net)			
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)	-	-	-
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	93,940	16,151	188,293
Specific Provisions (-)	73,663	13,083	150,413
Loans to Real Persons and Legal Entities (Net)	20,277	3,068	37,880
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	21,369	-
Specific Provisions (-)	-	21,369	-
Other Loans and Receivables (Net)	-	-	-

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

Execution proceedings are carried out for the collection of receivables from loan services of the Bank's. During this process, tangible guarantees constituting guarantees of receivables of the Bank and assets of the debtor(s) are realized while receivables of the Bank's are also tried to be collected and liquidated by means of administrative procedures. Transactions are performed within the context of legislation agreement, which ensures the collection of receivables through administrative channels, and authorizations transferred to the Branch/Regional Offices. When the debtor offers exceed authorizations transferred to the Branch/Regional Offices or includes matters outside the scope of current legislation agreements and the Branch/Regional Offices submit favorable opinion to the Head Office regarding this issue, receivables should be restructured on a company/debtor basis in accordance with the decisions made by the related authorities.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

l) Explanations on write-off policy:

The Bank writes off the receivables from its records with the actualized circumstances of deaths of the debtor and/or the related people, refusals of the heritage by the heritors within the legal time limits, becoming legally and effectively impossible of the collection of the receivable, and the given financial accountability decision on the related personnel of the considered receivable.

m) Other explanations and disclosures:

	Commercial (**)	SBL	Consumer	Agricultural (*)	Total
Non-Overdue or Non-Impaired Loans (*)	1,408,546	2,061,843	11,206,268	6,192,336	20,868,993
Overdue but Non-Impaired Loans	134,842	-	137,706	382,767	655,315
Impaired Loans	51,257	66,945	39,618	233,137	390,957
Total	1,594,645	2,128,788	11,383,592	6,808,240	21,915,265
Specific Provisions of Impaired Loans (-)	51,257	66,945	39,618	153,311	311,131
Net Loan Amount	1,543,388	2,061,843	11,343,974	6,654,929	21,604,134

(*) Loans originated from funds whose risk does not belong to the Bank are shown under non-overdue or non-impaired loans.

(**) Because the overdue but non-impaired commercial and SBL loans could not be decomposed, the whole amount has been shown under the Commercial column.

Since the Bank disclosures regarding Turkish Financial Reporting Standard 7 have been performed in 2007, information about past due but not impaired loans cannot be obtained as of December 31, 2006.

Information about guarantees taken for past due but not impaired loans and other receivables, and loans under follow-up cannot be obtained as of December 31, 2007 and 2006 as a result of deficiency in application system.

With respect to the classes of loans, the aging analysis of the loans that have matured but have not been subject to the impairment is as followed:

	Below 30 days	31- 60 Days	61- 90 Days	Over 91 Days	Total
Loans and Receivables (*)					
Commercial Loans	83,232	30,049	21,561	-	134,842
Consumer Loans	22,693	64,739	50,274	-	137,706
Agricultural Loans (**) (***)	103,320	80,819	8,051	190,577	382,767
Total	209,245	175,607	79,886	190,577	655,315

(*) The amounts at the table are the overdue installments for the loans with installments, overdue principals for other loans and the remaining principal amounts of those loans are equal to YTL 997,494 Thousand.

(**) YTL 190,577 Thousand included at the "Over 91 Days" column of the agricultural loans is composed of deferred agricultural loan receivables under the scope of 2007/12339 numbered Council of Ministers Agreement.

(***) Fund sourced specialized loans are excluded from the table.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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	
	YTL	FC	YTL	FC
Government Bonds	196,230	-	967,833	-
Treasury Bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	196,230	-	967,833	-

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Bills	-	-	-	-
Bonds and similar investment securities	4,478,940	523,460	3,149,269	569,233
Other	-	-	-	-
Total	4,478,940	523,460	3,149,269	569,233

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

	Current Period	Prior Period
Government Bonds	13,851,544	17,056,497
Treasury Bills	-	-
Other public sector debt securities	-	-
Total	13,851,544	17,056,497

c) Information on held-to-maturity securities:

	Current Period	Prior Period
Debt securities	13,855,427	17,059,676
Quoted in a stock exchange market	18,493	-
Not quoted	13,836,934	17,059,676
Impairment provision (-)	-	-
Total	13,855,427	17,059,676

d) Movements of Held-to-Maturity Securities:

	Current Period	Prior Period
Beginning Balance	17,059,676	21,867,056
Foreign currency differences on monetary assets	(55,978)	206,978
Purchases during the year	3,720	83,138
Disposals through sales and redemptions	(3,151,991)	(5,097,496)
Impairment provision (-)	-	-
Period end balance	13,855,427	17,059,676

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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

7. Information about investment in associates (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 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 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 subsidiaries may be excluded from consolidation considering the materiality principle".

1) Information about unconsolidated associates:

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	9.09	5.00

	Total Assets	Shareholders' Equity	Total Fixed Fixed Assets	Interest Income	Income from marketable securities	Current Period Profit/ Loss	Prior Period Profit/ Loss	Fair value
1	356,689	89,393	19,579	27,169	15,290	2,745	5,006	-
2	12,968	10,865	3,752	1,470	-	1,228	2,193	-
3	19,694	15,725	1,977	2,373	-	3,457	3,673	-
4	5,441	5,416	5	573	5	441	-	-

- Since subsidiaries are not traded in the stock market, fair values could not be determined.
- Information on the associates have been provided from December 31, 2007 unaudited financial statements, whereas the information on Gelişen İşletmeler Piyasaları A.Ş. have been provided from December 31, 2006 unaudited financial statements.
- The amounts belonging to the Bileşim A.Ş. and Fintek A.Ş. which had been recorded under associates have transferred into the subsidiaries on the basis of the control power of the Bank.

2) Information about consolidated associates:

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

8. Information on Investment in Affiliates (Net):

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

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

1) Information on unconsolidated Affiliates (Net):

Description	Address (City/Country)	The Bank's share percentage, if different than voting percentage (%)	The Bank's risk group share percentage (%)
1 Ziraat Finansal Kiralama A.Ş.	Istanbul/TURKEY	100.00	50.00
2 Ziraat Yatırım Menkul Değerler A.Ş.	Istanbul/TURKEY	100.00	62.00
3 Ziraat Portföy Yönetimi A.Ş.	Istanbul/TURKEY	60.00	65.44
4 Bileşim A.Ş.	Istanbul/TURKEY	66.67	52.50
5 Fintek Finansal Teknoloji Hizmetleri A.Ş.	Ankara/TURKEY	62.50	36.60
6 Ziraat Bank International A.G.	Frankfurt/GERMANY	100.00	100.00
7 Turkish Ziraat Bank Bosnia dd	Sarajevo/BOSNIA HERZEGOVINA	100.00	100.00
8 Ziraat Bank (Moscow) CJSC	Moscow/RUSSIA	100.00	99.87
9 Kazakhstan Ziraat Int. Bank	Almaty/KAZAKHSTAN	100.00	93.88

	Total Assets	Shareholders' Equity	Total Fixed Fixed Assets	Interest Income	Income from marketable securities	Current Period Profit/ Loss	Prior Period Profit/ Loss	Fair value
1	246,629	66,168	102,215	490	-	1,942	11,740	-
2	54,841	50,548	19,049	4,644	4,750,709	8,242	6,297	-
3	6,349	6,151	140	1,051	45,292	2,009	1,711	-
4	10,839	6,524	2,424	403	77	3,795	2,005	-
5	6,904	3,210	80	385	153	349	338	-
6	698,680	257,387	1,917	28,110	8,564	2,748	5,993	-
7	128,435	57,663	-	9,065	327	2,846	4,247	-
8	31,206	22,923	3,427	1,693	572	210	382	-
9	87,740	27,813	37,443	5,463	644	2,606	2,100	-

- Since the shares of these entities are not traded in the stock market, fair values cannot be determined.
- The amounts belonging to the Bileşim A.Ş. and Fintek A.Ş. which had been recorded under associates have transferred into the subsidiaries on the basis of the control power of the Bank.
- Bank's 25% of direct share in capital portion on Bileşim A.Ş. increased to 45%, after 20% of shares of Bank's personnel fund is purchased with YTL 1,975 Thousand on July 11, 2007.
- The incomes from marketable securities portfolio of Ziraat Yatırım Menkul Değerler A.Ş. and Ziraat Portföy Yönetimi A.Ş. are showing the net sales.
- Information on remaining subsidiaries have been taken from December 31, 2007 unaudited financial statements.

b) Information on Consolidated Affiliates (Net):

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

9. a) Information on entities under common control:

Entities under common control ¹	Parent Bank's Portion ²	Group's Portion	Current Asset	Fixed Asset	Long term liability	Income	Expense
TURKMEN-TURKISH COM. BANK	3,665	3,665	17,262	6,153	1,837	2,297	1,357
UZBEKISTAN-TURKISH BANK	3,880	3,880	24,224	2,844	17	3,202	1,421
AZERBAYCAN-TURKEY BİRGE SEHİMDAR KOMMERSİYA BANK	7,378	8,019	27,487	20,343	1,041	8,660	5,851
Total	14,923	15,564	68,973	29,340	2,895	14,159	8,629

¹ Information on entities under common control are taken from December 31, 2007 unaudited financial statements.

² Represents the Bank's share on the shareholders' equity of the entities under common control based on Bank's shareholding rate.

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:

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

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

10. Information on finance lease receivables (Net):

None.

11. Information on derivative financial assets for hedging purposes:

None.

12. Information on tangible assets:

	Land and Buildings	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Prior Period End:					
Cost	1,197,432	48,286	23,859	382,426	1,652,003
Accumulated Depreciation (-)	571,385	13,602	23,855	359,909	968,751
Net Book Value	626,047	34,684	4	22,517	683,252
Current Period End:					
Net Book Value as of January 1,2007	626,047	34,684	4	22,517	683,252
Change during the period (Net)	(2,970)	5,676	(3,863)	4,227	3,070
Depreciation Charge - net (-)	12,948	10,277	(3,859)	8,789	28,155
Impairment Loss	(9,598)	-	-	-	(9,598)
Foreign Currency Differences from Foreign Sub. (-)	-	-	-	-	-
Period End Cost	1,184,864	53,962	19,996	386,653	1,645,475
Period End Accumulated Depreciation (-)	584,333	23,879	19,996	368,698	996,906
Period End Net Book Value	600,531	30,083	-	17,955	648,569

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

13. Information on intangible assets:

	Current Period			Prior Period		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	30,963	28,094	2,869	31,445	27,544	3,901
Establishment Cost	1,134	690	444	1,024	551	473
Goodwill	-	-	-	-	-	-
Intangible Rights	17,032	7,877	9,155	14,138	5,562	8,576
Total	49,129	36,661	12,468	46,607	33,657	12,950

14. Information on investment property:

None.

15. Information on deferred tax assets, if any:

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

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

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

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

	Current Period	Prior Period
Deferred tax assets	115,168	92,364
Deferred tax liabilities	10,761	5,059
Net deferred tax assets	104,407	87,305
Net deferred tax income/expense	48,573	(88,251)

	Current Period	Previous Period
Retirement pay provision	78,400	64,444
Short term employee benefits	15,720	12,240
Other provisions	10,031	10,031
Fixed assets	(1,816)	(2,037)
Other	2,072	2,627
Net Deferred Tax	104,407	87,305

	Current Period	Prior Period
As of 1 January	87,305	95,071
Effect on Change in the Effective Tax Rate	-	(9,507)
Deferred Tax Income/(Expense)	48,573	(78,744)
Deferred Tax Expenses (Net)	48,573	(88,251)
Deferred Tax recognized Under Shareholders' Equity	(31,471)	80,485
Deferred Tax Assets	104,407	87,305

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

Bank does not have any discontinuing 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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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.

II. EXPLANATIONS AND NOTES TO LIABILITIES

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

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	2,768,728	-	5,061,179	26,190,577	2,232,892	342,855	320,933	-	36,917,164
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
TCMB	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

(*) The YTL 569,025 Thousand of interest accrual are distributed by deposit types and maturities.

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

(*) The YTL 502,709 Thousand interest accrual on deposits could only be distributed by deposit types.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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	23,019,461	20,025,273	13,766,088	9,164,179
Foreign Currency Saving Deposits	6,418,549	6,637,945	3,242,814	3,159,108
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at foreign branches and under the guarantees subject to foreign authority insurance (*)	167,560	154,569	22,686	69,545
Deposits at off-shore banking regions' and under foreign authorities' insurance	-	-	-	-

(*) In Bulgaria, since both real and legal person saving deposits are under the guarantee of insurance and balances in insurance limit are calculated by the system, an amount of YTL 6,694 Thousand legal person deposits of Sofia can not be decomposed. (December 31, 2006: YTL 6,677 Thousand).

Based on the Council of Minister's decree No: 2003/6668 on December 29, 2003, YTL 6,249 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 saving deposit total of interest discount and capital amount up to YTL 50 Thousand attributable to a real person is covered by the insurance, YTL 435,016 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.

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	4,959	168,588
Deposits of ultimate shareholders and their close families	-	-
Deposits of chairman and members of the Board of Directors and their close families	855	439
Deposits obtained through illegal acts defined in the 282 nd 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	-	-

* YTL 154,171 Thousand of the prior period balance belongs to the New York Branch.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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	
	YTL	FC	YTL	FC
Forward Transactions	-	7	-	-
Swap Transactions	417	388	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	417	395	-	-

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Borrowings from CBTR	-	-	-	-
Domestic Banks and Institutions	5,227	1,784	11,746	2,213
Foreign Banks, Institutions and Funds	-	625	-	680
Total	5,227	2,409	11,746	2,893

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-Term	4,745	1,784	11,259	2,213
Medium and Long-Term	482	625	487	680
Total	5,227	2,409	11,746	2,893

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:

The Bank's 84.32% of its liabilities consist of deposits. Deposits are having a diversified base and have steady structures. The Bank's liabilities are not subject to a significant risk concentrations.

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

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

5. Information on finance lease payables (Net):

In financial leases, rental installments are determined by the cost of the leasehold good, interest rate for commercial loans and maturity of the agreement. Installment amounts stated in agreements are 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. As of 20 September 2005, VAT accrual from the goods received from the supplier by Ziraat Financial Leasing A.Ş., VAT accrual from the leasing transaction by the related company, and certification fee related to all agreements are paid in advance.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

Information on Finance Lease Payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	911	875	1,923	1,895
Between 1-4 Years	3,447	3,326	2,357	2,260
More than 4 Years	-	-	1,784	1,784
Total	4,358	4,201	6,064	5,939

6. Information on derivative financial liabilities for hedging purposes:

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

7. Explanations on Provisions:

a) Information on General Loan Provisions:

	Current Period	Prior Period
General Loans	148,002	108,131
Allocated for Group - I Loans and Receivables	120,378	77,510
Allocated for Group - II Loans and Receivables	41	741
Allocated for non-cash loans	5,342	3,955
Other	22,241	25,925

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 YTL 561 Thousand.

d) Information on other provisions:

1) Information on generic provisions for possible risks:

	Current Period	Prior Period
Generic provisions for possible risks	431,924	348,627

Based on the decision of the Bank's Assets and Liabilities Committee, YTL 426,028 Thousand of generic provision is allocated for possible risks in the current period. This calculation based on the general loan provision rate of 3%, except for the fund sourced credits.

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

YTL 483,802 Thousand of other provision amount consists of YTL 561 Thousand for uncollected non-cash loans, YTL 5,800 Thousand for cash transference made by the clerk, YTL 426,028 Thousand of provision due to the decision made by the Assets and Liabilities Committee, YTL 50,153 Thousand for remunerations liabilities and YTL 1,260 Thousand of other provisions.

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 are 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.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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.

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.

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	322,221	288,182
Payments	(19,473)	(33,154)
Charge for the period	89,252	67,193
Total	392,000	322,221

As of December 31, 2007, YTL 78,600 Thousand (December 31, 2006: YTL 61,200 Thousand) of unpaid vacation liability is presented under the "Employee Benefits Provision" in the financial statements.

8. Information on tax liability:

a) Information on current tax liability:

1) Information on tax provisions:

As of December 31, 2007, the remaining tax liability after deducting temporary taxes paid for the period is YTL 171,604 Thousand (December 31, 2006: YTL 226,371 Thousand).

2) Information on taxes and dues payable:

	Current Period	Prior Period
Corporate tax payable	171,604	226,371
Taxation of securities	129,546	90,995
Property tax	254	226
Banking Insurance Transaction Tax (BITT)	20,501	15,788
Foreign Exchange Transactions Tax	337	603
VAT payable	701	686
Other	16,561	18,880
Total	339,504	353,549

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

3) Information on premiums:

	Current Period	Prior Period
Social Security Premiums - Employee	13	15
Social Security Premiums - Employer	20	25
Bank Social Aid Pension Fund Premium - Employee	17	31
Bank Social Aid Pension Fund Premium - Employer	22	41
Pension Fund Membership Fees and Provisions - Employee	4	3
Pension Fund Membership Fees and Provisions - Employer	3	4
Unemployment Insurance - Employee	60	45
Unemployment Insurance - Employer	118	88
Other	9	11
Total	266	263

b) Information on deferred tax liabilities, if any:

The Bank's deferred tax liability amounts to YTL 10,761 Thousand. However, this amount is netted off against the deferred tax asset and subsequently YTL 104,407 Thousand of net deferred tax asset is presented in the financial statements.

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

None.

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

a) Information on the subordinated loans the Bank used:

None.

11. Information on Shareholders' Equity:

a) Presentation on Paid-in Capital:

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

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

b) Paid-in capital amount, explanation 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:

Date of capital increase	Amount of capital increase	Cash	Profit reserves subject to capital increase	Capital reserves subject to capital increase
8 February 2007	278,022	-	278,022	-

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

There is no increase from capital reserves.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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

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

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

Bank follows its operations at the current period like the previous periods. All unpaid capital of the bank has become paid capital on February 8, 2007. 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	
	YTL	FC	YTL	FC
From Subsidiaries, Associates and Entities under common control	-	-	-	-
Valuation difference	173,270	22,125	27,859	48,995
Foreign exchange difference	-	-	-	-
Total	173,270	22,125	27,859	48,995

12. Information on minority interests:

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

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	639,476	654,645
Asset Purchase and Sale Commitments	182,556	37,222
Commitments for Credit Card Expenditure Limits	1,145,847	699,587
Loan Granting Commitments	77,575	75,918
Other Irrevocable Commitments	199,933	159,762
Subsidiaries and Associates Capital Contribution Commitments	250	-
Promotion Relating to Credit Card and Bank Services Appliance Commitments	4,914	-
Total	2,250,551	1,627,134

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

None.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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

	Current Period	Prior Period
Guarantee Letter	1,973,841	1,940,920
Bank Acceptance	1,366	5,351
Letter of Credit	460,641	311,519
Total	2,435,848	2,257,790

2) Certain guarantees, tentative guarantees, suretyships and similar transactions:

	Current Period	Prior Period
Temporary Letter of Guarantees	38,786	33,641
Letter of Guarantees	1,036,697	960,737
Letters of advance guarantees	587,024	781,770
Letters of guarantee given to customs offices	7,005	11,330
Other letters of guarantee	304,329	153,442
Total	1,973,841	1,940,920

c) 1) Total Non-cash Loans:

	Current Period	Prior Period
Non-cash loans for providing cash loans	299,282	146,763
Within one year or less than one year	56,179	72,263
Within more than one year maturity	243,103	74,500
Other non-cash loans	2,136,566	2,111,027
Total	2,435,848	2,257,790

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

	Current Period				Prior Period			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agriculture	-	-	-	-	-	-	-	-
Farming and Raising Livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Industry	201,998	27.10	1,120,783	66.30	274,830	42.12	1,120,110	69.77
Mining	2,127	0.28	3,675	0.22	1,995	0.31	12,990	0.81
Production	148,015	19.86	905,476	53.56	101,862	15.61	1,050,807	65.45
Electricity, Gas and Water	51,856	6.96	211,632	12.52	170,973	26.20	56,313	3.51
Construction	47,072	6.32	62,168	3.68	44,575	6.83	60,632	3.78
Service	454,093	60.92	349,204	20.65	294,395	45.12	117,649	7.33
Wholesale and Retail Trade	159,147	21.35	251,356	14.86	101,965	15.63	8,666	0.54
Hotel and Food Services	3,019	0.41	825	0.05	2,568	0.39	17	-
Transportation and Communication	52,490	7.04	15,951	0.95	20,027	3.07	19,886	1.24
Financial Institutions	176,546	23.69	68,011	4.02	114,920	17.61	84,616	5.28
Real Estate and Leasing Services	401	0.05	-	-	557	0.09	126	0.01
Self-employment Services	35,824	4.81	2,081	0.12	32,621	5.00	190	0.01
Educational Services	5,548	0.74	6,650	0.39	4,104	0.63	3,286	0.20
Health and Social Services	21,118	2.83	4,330	0.26	17,633	2.70	862	0.05
Other	42,211	5.66	158,319	9.37	38,636	5.93	306,963	19.12
Total	745,374	100.00	1,690,474	100.00	652,436	100.00	1,605,354	100.00

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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

	Group I		Group II	
	YTL	FC	YTL	FC
Non-cash loans	743,085	1,690,474	2,289	-
Letters of Guarantee	743,085	1,228,467	2,289	-
Bill Guarantees and Acceptances	-	1,366	-	-
Letters of Credit	-	460,641	-	-
Endorsements	-	-	-	-
Purchase guarantees on marketable security underwritings	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Suretyships	-	-	-	-

2. Derivative financial instruments:

	Current Period	Prior Period
Types of trading transactions		
Foreign currency related derivative transactions (I)	219,131	100,515
Forward Foreign Currency Buy/Sell Transactions	1,440	450
Currency Buy/Sell Swap	217,691	100,065
Currency Futures	-	-
Currency Put/Call Options	-	-
Interest related derivative transactions (II)	-	-
Interest Rate Contracts	-	-
Interest Rate Buy/Sell Swap	-	-
Interest Rate Put/Call Options	-	-
Interest Rate Buy/Sell Futures	-	-
Other trading derivative transactions (III)	-	-
A. Total trading derivative transactions (I+II+III)	219,131	100,515
Types of derivative transactions for hedging		
Fair Value Fluctuations Hedging	-	-
Cash flow Risk Hedging	-	-
FC Investment in Associates Risk Hedging	-	-
B. Total derivative transactions for hedging	-	-
Total Derivative Transactions (A+B)	219,131	100,515

The Bank has no derivative instruments for hedging purposes. There are no unrealized transactions (those are estimated in the prior period and recognized based on this assumption however; it is clear that those transactions would not be realized) or expense and income from agreements in the income statement in the current period.

3. Information on contingent liabilities and assets:

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

The Bank's liability resulting from the cheques given to its customers amounts to YTL 639,476 Thousand (December 31, 2006: YTL 654,645 Thousand) and this amount is recognized under the off-balance sheet commitment accounts. If cheques that are paid to beneficiaries qualify as bad cheques, the Bank may have an obligation to pay up to YTL 410 for the portion of bad cheques amount according to the numbered 2003/1 "Declaration of Ordering of Payments of Check and the Act about Protection of Check Bearers" that was published on the April 9, 2003 dated and 25074 numbered.

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 obtained from legal department, no provision is provided for the individual lawsuits over YTL 100 Thousand with total of YTL 195,080 Thousand due to the fact that these are not deemed to have material effect over financial statements.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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

4. Services supplied on behalf of others:

Explanation about services supplied on behalf of others is disclosed in the 9.1 footnote of Section Four.

IV. EXPLANATIONS RELATED TO INCOME STATEMENT

1. a) Information on interest income from loans:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Interest on Loans	3,029,454	32,499	2,058,737	33,029
Short term loans	1,217,873	19,019	901,858	18,055
Medium and long term loans	1,762,504	13,480	1,105,633	14,974
Interest on non-performing loans	49,077	-	51,246	-
Premiums from Resource Utilization Support Fund	-	-	-	-

b) Information on interest received from banks:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of the Turkish Republic	-	3	-	1
Domestic Banks	21,724	1,907	16,793	4,621
Foreign Banks	49,531	129,356	15,331	113,635
Head office and Branches	-	-	-	-
Total	71,255	131,266	32,124	118,257

c) Information on interest income on marketable securities:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Financial assets held for trading	234,693	18,366	182,862	51,319
Financial assets at fair value through profit and loss	-	-	-	-
Financial assets available-for-sale	3,727,825	419,054	2,658,169	300,436
Investments held-to-maturity	2,715,550	41,065	3,367,978	103,955
Total	6,678,068	478,485	6,209,009	455,710

d) Interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest income from subsidiaries and associates	2,975	1,922

2.a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	1,695	490	1,530	145
Central Bank of the Turkish Republic	-	-	-	-
Domestic Banks	1,695	369	1,502	82
Foreign Banks	-	27	-	17
Head office and Branches	-	94	28	46
Other Institutions	-	-	5	-
Total	1,695	490	1,535	145

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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

	Current Period	Prior Period
Interest expenses to subsidiaries and associates	440	243

c) Information on interest on securities issued:

None.

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

Account Name	Demand Deposits	Time Deposits					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 months	Up to 6 Months	Up to 1 Year	More than 1 Year		
YTL								
Interbank Deposits	9	1,256	-	-	-	-	-	1,265
Saving Deposits	23,767	642,724	3,952,643	344,218	53,263	88,935	-	5,105,550
Public Deposits	19,639	68,986	286,866	6,750	4,958	430	-	387,629
Commercial Deposits	8,051	164,836	394,452	29,358	5,530	1,802	-	604,029
Other Deposits	6,443	111,563	706,562	119,737	40,590	807	-	985,702
7 days Call Accounts	-	-	-	-	-	-	-	-
Total	57,909	989,365	5,340,523	500,063	104,341	91,974	-	7,084,175
FC								
Foreign Currency Deposits	7,363	83,942	102,584	23,813	2,686	75,818	-	296,206
Interbank Deposits	-	11,634	-	-	-	-	-	11,634
7 days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	7,363	95,576	102,584	23,813	2,686	75,818	-	307,840
Grand Total	65,272	1,084,941	5,443,107	523,876	107,027	167,792	-	7,392,015

3. Information on dividend income:

	Current Period	Prior Period
Financial assets held for trading	-	-
Financial assets at fair value through profit and loss	-	-
Financial assets available-for-sale	13,160	6,051
Other (*)	12,480	11,365
Total	25,640	17,416

(*) Shows the Bank's dividend income from subsidiaries, associates and entities under common control.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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

	Current Period	Prior Period
Profit	288,957	477,744
Profit on trading account securities	74,414	108,053
Profit on derivative financial instruments	2,173	156
Other	72,241	107,897
Foreign Exchange Gains	214,543	369,691
Loss (-)	146,846	372,859
Loss from the Capital Market Operations	2,520	3,930
Loss on trading account securities	2,216	3,441
Other	304	489
Foreign Exchange Gains	144,326	368,929

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	113,592	66,687
III. Group	31,466	56,843
IV. Group	60,165	7,084
V. Group	21,961	2,760
General loan provision	46,223	43,296
Provision expenses for the possible losses	88,138	138,612
Marketable securities impairment expense	2,436	2,375
Financial assets at fair value through profit and loss	162	86
Financial assets available for sale	2,274	2,289
Impairment losses from associates, subsidiaries, joint ventures and marketable securities held to maturity	-	332
Investment and Associates	-	332
Subsidiaries	-	-
Entities under common control	-	-
Investment securities held to maturity	-	-
Other	1,980	329
Total	252,369	251,631

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

7. a) Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	782,966	738,819
Reserve for employee termination benefits	89,252	67,193
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	9,598	-
Depreciation expenses of fixed assets	39,922	38,728
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	3,735	3,243
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	3	237
Impairment expense for property plant and equipment held for sale and discontinuing operations	-	-
Other operating expenses	229,602	200,141
Operational leasing expenses	22,904	125
Maintenance expenses	31,350	32,419
Advertisement expenses	10,545	3,499
Other expenses	164,803	164,098
Loss on sales of assets	10,070	5,074
Other	329,541	361,786
Total	1,494,689	1,415,221

* YTL 19,473 Thousand of actual retirement payment and notification and termination benefits amounts at the current period is shown under the reserve for employee termination benefits row. (Prior period: YTL 33,156 Thousand).

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

The Bank does not have any discontinuing operations. The compositions of the profit/loss before tax from the continuing operations are following:

	Current Period	Prior Period
Net Interest Income	3,637,884	3,401,506
Net Fees and Commissions Income	727,663	625,820
Dividend Income	25,640	17,416
Net Trading Income/Expense	142,111	104,885
Other Operating Income	176,820	237,517
Provision for loan or other receivables losses (-)	252,369	251,631
Other Operating Expenses (-)	1,494,689	1,415,221
Income (Loss) From Continuing Operations	2,963,060	2,720,292

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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

As of December 31, 2007, the Bank's income tax provision amounting to YTL 611,969 Thousand (December 31, 2006: YTL 620,290 Thousand) consists of YTL 660,542 Thousand (December 31, 2006: YTL 532,039 Thousand) of current tax charge and YTL 48,573 Thousand (December 31, 2006: YTL (88,251) Thousand) of deferred tax income.

10. Information on net operating income/expense from continuing and discontinued operations after tax:

The Bank's net operating income after tax amounts to YTL 2,351,091 Thousand. (December 31, 2006: YTL 2,100,002 Thousand).

11. Information on net profit/loss:

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

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

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

As of the balance sheet date, there is no change in accounting estimates that may require further explanations in the current period. (December 31, 2006: None.)

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

As the accompanying financial statements are unconsolidated there is no 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.

V. EXPLANATIONS RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

1. In accordance with the Turkish Accounting Standards, the disclosures on shareholders' equity are made accordingly in the order of financial statement items in this section:

a) Explanations on inflation adjustment differences for equity items:

As per the BRSA's Circular No: 5 announced on April 28, 2005 it is stated that the indicators of hyperinflationary period are eliminated to a large extent, inflation accounting applied in the banking system has been ceased as of January 1, 2005 in accordance with the BRSA' decree numbered 1623 on April 21, 2005.

b) Explanations on profit distribution:

On the basis of the decision agreed on the Board of Meeting held on April 24, 2007, YTL 1,505,020 Thousand of net dividend which had been accrued in favor of the Turkish Treasury and YTL 1,569 Thousand of excess amount which had been left from the distribution to personnel has been transferred to the accounts of the Turkish Treasury.

Bank is planning to treat its 2007 profit as profit distribution based on the articles of association. However, as of the report date, there is no decision regarding the profit distribution.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

c) Explanations on exchange differences:

Foreign currency subsidiaries recognized on an acquisition cost basis are disclosed in the balance sheet at foreign currency acquisition cost multiplied by the exchange rates as of the balance sheet date. Exchange differences related to these foreign currency subsidiaries are recognized under the "Other profit reserves" account under equity.

d) Explanations on available for sale financial assets:

Available for sale financial assets are not included in the current income statement, until when their collections, disposals, sales or losses are realized and those assets are recognized under the "Marketable Securities Revaluation Fund" under equity.

e) Profit Reserves:

As of the balance sheet date, legal reserves amount to YTL 1,251,782 Thousand, extraordinary reserves amount to YTL 90,121 Thousand and other profit reserves amount to YTL 124,275 Thousand.

VI. EXPLANATIONS RELATED TO CASH FLOW STATEMENT

(1) In accordance with the Turkish Accounting Standards, the disclosures on cash flow statement are made accordingly in the order of financial statement items in this section.

Cash in YTL, cash in foreign currency, Central Bank of Turkey, money in transit, bank cheques purchased and cash on money market operations are defined as "cash"; interbank money transactions placements having maturities less than three months, and time deposits in banks are defined as "cash equivalents".

The YTL 1,214,713 Thousand dividend payment amount, which had been reflected at the "Dividend Payments" row under the cash flows from the financing activities part of the year 2006's cash flow statement, is found by reducing the YTL 278,022 Thousand which has foreseen to be kept within the financial structure and is the profit distribution amount that has not been transferred to the Turkish Treasury.

(2) The effects of "other" items stated in the cash flow statement and the "changes in foreign currency exchange rates on cash and cash equivalents":

"Other" item under "Operating Profit before Changes in Operating Assets and Liabilities" in cash flow statement consists YTL 64,600 Thousand of fees and commission given, YTL 252,369 Thousand of loan and other receivable provision and YTL 1,494,689 Thousand of other operating expenses.

"Other" item under "Changes in operating assets and liabilities" represents YTL 482 Thousand of decrease in intangible fixed assets, YTL 112,453 Thousand of increase in other assets, YTL 771,690 Thousand of decrease in money market liabilities, YTL 138,976 Thousand of decrease in funds, YTL 505,539 Thousand of increase in other liabilities, YTL 14,042 Thousand of decrease in taxes YTL 1,738 Thousand of decrease in leasing liabilities and YTL 18,943 Thousand of increase in sundry creditors.

The effect of the change in the foreign exchange rate on the cash and cash equivalents is stated, approximately, YTL (775,152) Thousand as of December 31, 2007.

Period opening and end cash and cash equivalents balance:

Period Opening	Current Period	Prior Period
Cash in YTL and in Foreign Currency	875,111	500,601
Central Bank of Turkey and other	8,178,097	6,115,917
Money Market Operations	-	3,626,000
Total Cash and Cash Equivalents	9,053,208	10,242,518

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

Period Ending	Current Period	Prior Period
Cash in YTL and in Foreign Currency	753,830	875,111
Central Bank of Turkey and other	7,258,490	8,178,097
Money Market Operations	2,611,226	-
Total Cash and Cash Equivalents	10,623,546	9,053,208

Definitions of cash and cash equivalents have been revised in the current period.

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		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	2,975	-	-	-	-	-

Accrual amount for period-end cash loans are 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 YTL 9,885 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		Direct or Indirect Shareholders of the bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Beginning Balance	262,348	539,309	-	-	-	-
Closing Balance	437,881	277,448	-	-	-	-
Interest and Commissions Income	1,922	-	-	-	-	-

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

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

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

Risk Group	Subsidiaries, Associates and Entities under common control		Direct or Indirect Shareholders of the 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	233,216	27,574	-	-	-	-
Closing Balance	53,601	233,216	-	-	-	-
Interest expense on deposits	440	243	-	-	-	-

Accruals 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's risk group:

None.

3) Information about fees paid to Bank top executives:

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

	Current Period	Prior Period
Wage	4,632	3,926
Dividend and additional payments	283	-
Total	4,915	3,926

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

VIII. EXPLANATIONS ON THE BANK'S DOMESTIC BRANCHES, AGENCIES AND BRANCHES ABROAD AND OFF-SHORE BRANCHES

The following information is explained on the Bank's domestic branches, agencies/branches abroad:

	Quantity	Number of employees	Country	Total Assets	Legal Capital
Domestic Branches (*)	1,247	17,067			
Agencies Abroad	1	2	1- Afghanistan		
	1	1	2- Pakistan		
	1	1	3- Iran		
Foreign Branches (**)	1	6	1- USA	195,766	116,667
	1	5	2- England	336,924	62,888
	1	3	3- FYR Macedonia	47,480	26,795
	1	3	4- Bulgaria	36,219	23,187
	1	3	5- Georgia	14,111	9,053
	1	2	6- Iraq (***)	-	-
	2	2	7- Greece (****)	-	-
	4	46	6- T.R. of Northern Cyprus	297,416	6,728
Off-shore Branches	-	-	-	-	-

(*) Includes the employees of the domestic branches, excluding the employees of head office and districts' head offices.

(**) Excluding the local employees of the foreign branches.

(***) On the basis of the Board of Meeting decision numbered 18.11.2003/23-254, it has been decided to establish a branch in Iraq and the operations of branch establishment are continuing. To execute the operations 2 personnel have been assigned.

(****) On the basis of the Board of Meeting decision numbered 27.03.2007/103, it is decided to establish branches at Athens and Komotini (Greece). Operations of branch establishment are continuing. To execute the operations 2 personnel have been assigned.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Notes to the Financial Statements for the Year Ended December 31, 2007

(Amounts expressed in thousand of the New Turkish Lira (YTL) unless otherwise stated.)

SECTION VI: OTHER EXPLANATIONS

I. OTHER EXPLANATIONS ON THE ACTIVITY OF THE BANK

There are no other important matters, material disclosures or footnotes related to the operations of the Bank that have not been stated in the above sections.

SECTION VII: EXPLANATIONS ON THE INDEPENDENT AUDITOR'S REPORT

I. EXPLANATIONS ON THE INDEPENDENT AUDITORS' REPORT

The unconsolidated financial statements and footnotes of the Bank disclosed herein for the period then ended were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu) and Independent Auditors' Report dated March 14, 2008 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Ziraat Bank's Financial Standing, Profitability, and Solvency

ASSET STRUCTURE

Ziraat Bank's total assets grew 13% year-on to YTL 80,942 million at year-end 2007, which was YTL 71,904 million in 2006.

ASSETS

(YTL million)	2007	SHARE (%)	2006	SHARE (%)	CHANGE (%)
Liquid assets	11,167	14	9,150	13	22
Securities portfolio	46,577	57	43,890	61	6
Loans	21,604	27	17,371	24	24
Other	1,594	2	1,493	2	7
TOTAL	80,942	100	71,904	100	13

Asset Structure
(31.12.2007)



- Liquid assets 13.8%
- Loans 26.7%
- Other 2.0%
- Securities portfolio 57.5%

High liquidity policy

Ziraat Bank takes a risk-focused approach to asset management. Taking into consideration the impact of volatilities in global economy, the bank adheres to cautious policies and maintains a high level of liquidity. The biggest (51%) share of total liquid assets consists of cash items and the bank's deposits held by the Central Bank of the Republic of Turkey.

LIQUID ASSETS

(YTL million)	2007			2006			CHANGE (%)
	TL	FC	TOTAL	TL	FC	TOTAL	
Cash and CBT	4,099	1,542	5,641	3,703	1,455	5,158	9
Banks	569	2,346	2,915	1,055	2,937	3,992	(27)
Money markets	2,611	-	2,611	-	-	-	-
TOTAL	7,279	3,888	11,167	4,758	4,392	9,150	22

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Ziraat Bank's Financial Standing, Profitability, and Solvency

Changed structure of securities portfolio

Low-liquidity long-term assets in the securities portfolio are being replaced by high-liquidity assets in keeping with the risk-focused approach to asset management.

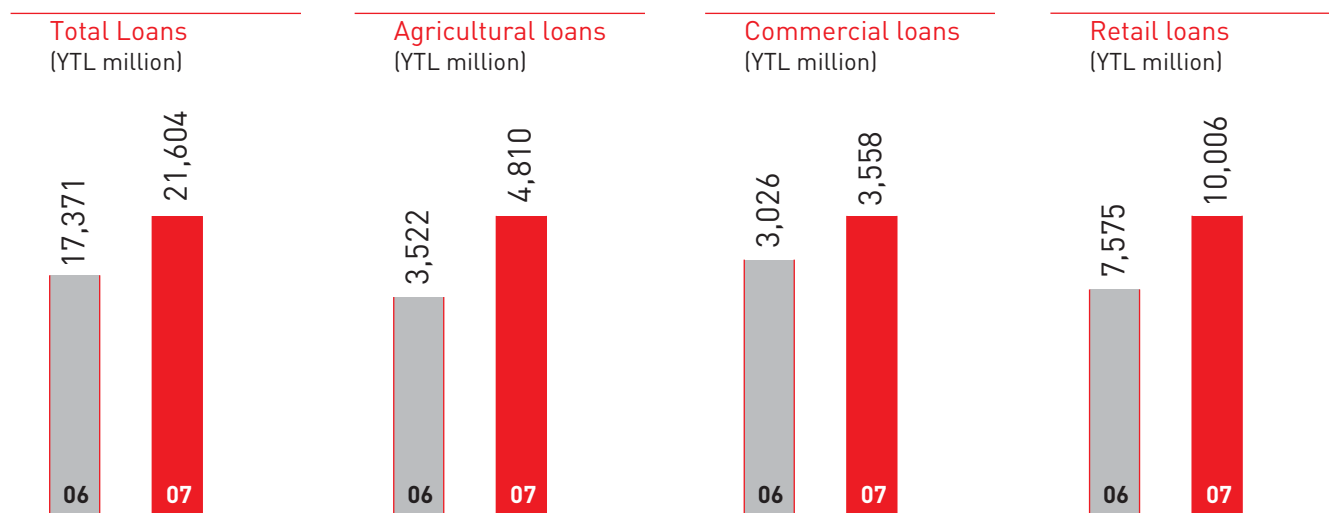
SECURITIES PORTFOLIO

(YTL million)	2007			2006			CHANGE (%)
	TL	FC	TOTAL	TL	FC	TOTAL	
Available-for-trading securities	660	102	762	1,903	632	2,535	(70)
Available-for-sale securities	24,753	7,207	31,960	17,952	6,343	24,295	32
Held-to maturity securities	13,313	542	13,855	16,282	778	17,060	(19)
TOTAL	38,726	7,851	46,577	36,137	7,753	43,890	6

Results in line with the lending strategy

The results that Ziraat Bank registered in its credit placements in 2007 were in line with the new lending strategy and goals that the bank introduced in 2003. The year-on rise in the bank's total lending in 2007 was 24%.

LOANS (YTL million)	2007	2006	CHANGE (%)
Agricultural loans	4,810	3,522	37
Commercial loans	3,558	3,026	18
Retail loans	10,006	7,575	32
Fund sourced loans	2,594	2,797	(7)
Accruals	556	390	43
Non-performing loans (Net)	80	61	31
TOTAL	21,604	17,371	24



Decline in NPL ratio

Despite the great rise in lending, the ratio of non-performing loans to the total declined. The ratio of gross non-performing loans to total lending was a low 1.81% in 2007, which is well below the sector average of 3.4%.

NON-PERFORMING LOANS

(YTL million)	2007	2006
Non-performing loans (Gross)	391	320
Provisions	311	259
TOTAL (Net)	80	61

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Ziraat Bank's Financial Standing, Profitability, and Solvency

LIABILITY STRUCTURE

Deposits are the bank's most important resource.

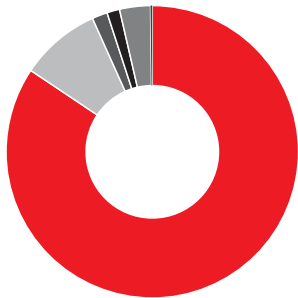
Deposits were once again Ziraat Bank's most important resource in 2007.

As of year-end, deposits accounted for an 84% share of total liabilities. Total deposits increased 14% in 2007 and exceeded YTL 68 billion.

LIABILITIES

(YTL million)	2007	SHARE (%)	2006	SHARE (%)	CHANGE (%)
Deposits	68,250	84	59,653	83	14
Money market borrowings	196	0	968	1	(80)
Funds	2,769	4	2,908	4	(5)
Provisions	1,102	1	891	1	24
Other liabilities	1,407	2	905	2	55
Shareholders' Equity	7,218	9	6,579	9	10
TOTAL	80,942	100	71,904	100	13

Liability Structure
(31.12.2007)



- Money market borrowings 0.3%
- Funds 3.4%
- Provisions 1.4%
- Other liabilities 1.7%
- Shareholders' Equity 8.9%
- Deposits 84.3%

DEPOSITS

(YTL million)	2007	SHARE (%)	2006	SHARE (%)	CHANGE (%)
Banks	558	1	239	0	133
Savings	36,467	53	28,890	49	26
Public entities	7,343	11	6,185	11	19
Commercial entities	5,125	8	4,723	8	9
Other entities	6,050	8	5,519	10	10
FC deposits	12,074	18	12,394	21	(3)
Interest accruals	570	1	503	1	13
TOTAL	68,187	100	58,453	100	17
İmar Bank deposits	63		1,200		(95)
TOTAL*	68,250		59,653		14

*(including İmar Bank deposits)

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Ziraat Bank's Financial Standing, Profitability, and Solvency

Half of the deposits held by the bank are in savings accounts.

Savings accounts make up the biggest part of total deposits held with the bank. YTL deposits, which accounted for 79% of total deposits at end-2006, rose to 82% of the total in 2007.

Looking at the maturity structure of the bank's deposits, demand accounts stood at YTL 11.2 billion and had 16% share in total deposits.

Time deposits remain important

On the other hand, time deposits held with the bank reached YTL 57 billion in value at year-end 2007 and accounted for an 84% share of the bank's total deposits.

Over 18% of the total deposits available to the Turkish banking sector in 2007 were held by Ziraat Bank.

Increase in total shareholders' equity

Total shareholders' equity increased 10% year-to-year in 2007.

After setting aside the legal reserve requirements on its 2006-year profits, Ziraat Bank transferred the remaining YTL 1.5 billion to the Turkish Treasury in dividends.

SHAREHOLDERS' EQUITY

(YTL million)	2007	2006	CHANGE (%)
Paid-in capital	2,500	2,222	13
Reserves and other equities	2,367	2,257	5
Net period income/(loss)	2,351	2,100	12
TOTAL	7,218	6,579	10

The bank's off balance-sheet accounts increased 105% year-on in 2007.

Letters of guarantee and letters of credit were the most important items among contingencies, while revocable credit limit commitments made up the most important item in total commitments.

OFF BALANCE SHEET ACCOUNTS

(YTL million)	2007	2006	CHANGE (%)
Contingencies	2,436	2,258	8
Commitments	9,940	3,772	164
Derivative financial instruments	219	100	119
Custody and pledged assets	58,755	46,333	27
TOTAL	71,350	52,463	36

INCOME AND EXPENDITURES

12% rise in net profit

Net profit increased from YTL 2,100 million at year-end 2006 to YTL 2,351 million at year-end 2007. The year-to-year rise in net profit was 12%. This result makes 2007 the fourth consecutive year in which Ziraat Bank was the most profitable bank in Turkey.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Ziraat Bank's Financial Standing, Profitability, and Solvency

INCOME STATEMENT

(YTL million)	2007	2006
Interest Income	11,166	9,436
Interest Expenses	7,528	6,034
Net Interest Income	3,638	3,402
Net Fee and Commission Income	728	626
Fees and commissions received	792	672
Fees and commissions given	64	46
Capital Markets Trading Income (Net)	72	104
FX Trading Income (Net)	70	1
Dividend Income	25	17
Other Operating Income	177	237
Total Operating Income	4,710	4,387
Provisions for loans and other receivables	252	252
Other operating expenses	1,495	1,415
Pretax Profit/(Loss)	2,963	2,720
Tax provisions	612	620
Net Profit /(Loss)	2,351	2,100

46% rise in interest on loans

The interest earned on the bank's loan portfolio was also up 46% year-to-year due to the increase in the bank's lending in 2007.

INTEREST INCOME

(YTL million)	2007	2006
From loans	3,062	2,092
From statutory provisions	403	309
From banks	203	150
From interbank money market	333	196
From securities portfolio	7,157	6,665
Other	8	24
TOTAL	11,166	9,436

The interest paid on deposits accounts for the biggest (98%) share of the bank's total interest outlays which was up 25% year-on in 2007.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Ziraat Bank's Financial Standing, Profitability, and Solvency

INTEREST EXPENSES

(YTL million)	2007	2006
To deposits	7,392	5,896
To interbank money market	123	122
To borrowings	2	2
Other	11	14
TOTAL	7,528	6,034

Non-interest income increases

Non-interest income grew 10% year-on. A healthier income structure is revealed particularly by the 18% increase in fees and commissions income.

NON-INTEREST INCOME

(YTL million)	2007	2006
Fees and commissions received	792	672
Commercial profit/loss (Net)	142	105
Other operating income	177	238
Profit/Loss from participations	26	17
TOTAL	1.137	1.032

Limited increase in non-interest expenditures

Thanks to the priority given to effective cost management and saving, the rise in non-interest expenditures remained at a limited 6%. This represents a ratio that is well below the average in the industry.

NON-INTEREST EXPENSES

(YTL million)	2007	2006
Fees and commissions given	65	46
Other operating expenses	1,495	1,415
Provisions for loans and other receivables	252	252
TOTAL	1,812	1,713

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Ratios

Ratios relating to financial strength, profitability and solvency are given below:

CAPITAL	2007	2006
Capital Adequacy Ratio (standard)	25.4	39.6
(Shareholders' Equity+Profit)/Total Assets	8.9	9.2
(Shareholders' Equity+Profit)/(Total Assets+Non-cash Loans)	8.7	8.9
(Shareholders' Equity+Profit)/(Deposits+Non-Deposit Resources)	10.1	10.4
ASSET QUALITY		
Total Loans/Total Assets	26.7	24.2
NPL (Gross)/Total Loans	1.8	1.9
NPL (Gross)/(Non-cash Loans+Cash Loans+NPL)	1.6	1.6
FC Assets/FC Liabilities	100.3	100.2
LIQUIDITY		
Liquid Assets/Total Assets	13.8	12.7
Liquid Assets/(Deposits+Non-Deposit Resources)	15.5	14.4
PROFITABILITY		
Net Profit (Loss)/Average Total Assets	3.1	3.1
Net Profit (Loss)/Average Shareholders' Equity	35.2	36.9
Net Profit (Loss)/Average Paid-in Capital	95.7	94.5
COST-INCOME STRUCTURE		
Interest Income/Interest Expenses	148.3	156.4
Non-Interest Income/Non-Interest Expenses	62.8	60.2
Total Income/Total Expenses	131.7	135.1
Interest Income/Total Income	90.8	90.1
Non-Interest Income/Total Income	9.2	9.9
Interest Expenses/Total Expenses	80.6	77.9
Non Interest Expenses/Total Expenses	19.4	22.1

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Risk Management Policies Adhered to According to Types of Risk

The fundamental approach to risk management activities carried out at Ziraat Bank is to achieve the best possible practices in risk management functions by inculcating a culture of risk-awareness throughout the bank and by continuously improving both the system and the bank's human resources. Maximum attention is given to ensuring that the risk management activities that take place are conducted with the coordinated participation of all units that are involved in every activity associated with each category of risk.

Credit Risk Management Activities

Credit risk is the possibility of suffering a loss due to a credit customer's failure to timely fulfill its contractual obligations in part or in whole or due to reduction in its credit-worthiness.

The policy taken as the basis in credit risk management is to undertake measurement, monitoring, stress test and scenario analysis activities which are in line with the volume, nature and complexity of lendings. In addition, it is a key principle to make an assessment of new products and services with respect to credit risk.

Although the bank reports credit risks to the BRSA in accordance with the existing legal regulations, it also takes on necessary work to measure the credit risk it is exposed to or it will take in parallel with the best practices or on the basis of advanced credit risk models and/or internal assessment systems presented as a choice in legal regulations. In this frame, work is ongoing to change over to the Standardized Method primarily, and then, to Advanced Measurement Methods by fulfilling the qualitative and quantitative conditions. On the internal scoring wing, the bank carries on its works related to the rating of its large and small/medium scale companies, and scoring for retail loans and credit cards.

Market and Balance Sheet Risks Management Activities

Under the balance sheet risks heading, the bank manages liquidity and structural interest rate risks.

Under market and balance sheet risks management, the bank determined analyses, stress tests, risk limit types and processes established for limiting risks that will be used in the analysis of market, liquidity and structural interest rate risks, and created the guidelines and implementation principles and procedures for the management process of these risks.

Early warning signals to be employed in defining emergencies, transition to emergency management and principles governing its management are determined in relation to the management of liquidity and financial emergencies. Specific duties and responsibilities during the management of liquidity and financial emergency management, points that need to be taken into account in the decision-making mechanism, and implementation principles and procedures for early warning signal types and values are also created.

The bank also undertook work geared towards automation to ensure that legal reporting of risks is done so from a corporate database, and to minimize operational costs.

Work is also commenced in Asset/Liability Model for projecting the future risks that the bank will be exposed to, as well as the net interest margin structure.

Liquidity and structural interest rate risks in addition to the credit, operational and market risks included in the bank's legal capital adequacy ratio are being quantified taking into consideration the methods in parallel with best practices. The bank started calculating and monitoring "Bank's Internal Capital Adequacy" in order to observe the relation of the said risks with shareholders' equity.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Risk Management Policies Adhered to According to Types of Risk

Operational Risk Management Activities

An Operational Risk Loss Database Project has been introduced with a view to enabling data flow on operational risk over information systems across the bank.

As of 30 June 2007, the bank also started to calculate and report the Amount Subject to Operational Risk in the computation of legal capital adequacy.

Risk Maps of branches and headquarters are prepared semi-annually, which serve to overseeing the operational risk levels of branches and units. These activities made use of the results of operational risk self-assessment survey, which was completed by all branch administrators, internal controllers and headquarters units.

In order to enable current determinations relating to operational risks across the bank, visits were paid to branches in various geographical regions, and the Operational Risk Observation Reports drawn up after observations were shared with relevant headquarters units.

Information Security Management principles were set and the Emergency Response Plan was revised.

Created by relevant units within the frame of the "Regulation Concerning the Outsourcing of Support Services by Banks and the Authorization of Organizations Providing Such Services", Risk Management Programs were also evaluated by the Risk Management Unit.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Credit Ratings

Credit Rating Agency	Type	Rating	Date
Standard & Poor's			
	Counterparty Foreign Currency	BB-/B	19 August 2004 (upgraded)
	Certificate of Deposit	BB-/B	19 August 2004 (upgraded)
	Outlook	Stable	28 June 2006
	National Scale	trA+/trA-1	26 May 2006 (first assessment)
Fitch Ratings			
	Foreign Currency Short-term/Long-term	BB-/B	14 January 2005 (upgraded) / 14 January 2005 (affirmed)
	Local Currency Short-term/Long-term	BB/B	14 January 2007 (upgraded) / 14 January 2007 (affirmed)
	Outlook	Stable	01 November 2007
	National (YTL)	AA+(TUR) (Stable)	14 December 2007 (upgraded)
	Support Rating	3/BB-	17 May 2007 (first assessment)
Moody's			
	Foreign Currency Deposits	B1/NP	20 December 2005 (upgraded)/
	Outlook	Stable	24 April 2007 (upgraded)
	Local Currency Deposits	Baa1/P-2	24 April 2007 (first assessment)
	Outlook	Stable	24 April 2007
	Financial Strength	D	24 April 2007 (upgraded)
	Outlook	Positive	27 December 2006

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

Summary Balance Sheet and Income Statement for the Period 2003-2007

(YTL million)

ASSETS	2003*	2004*	2005	2006	2007
Liquid Assets	8,854	7,892	10,306	9,150	11,167
Securities Portfolio	35,408	38,136	38,835	43,890	46,577
Loans	6,335	9,323	13,691	17,371	21,604
Associates and Subsidiaries	436	340	320	367	374
Fixed Assets	789	732	710	683	649
Other Assets	1,290	571	540	443	571
TOTAL	53,112	56,994	64,402	71,904	80,942
LIABILITIES	2003	2004	2005	2006	2007
Deposits	38,936	45,701	52,132	59,653	68,250
Money Markets	1,371	890	503	968	196
Funds	4,033	3,590	4,113	2,908	2,769
Provisions	1,213	781	664	891	1,102
Other Liabilities	919	985	1,150	905	1,407
Shareholder's Equity	6,640	5,047	5,840	6,579	7,218
TOTAL	53,112	56,994	64,402	71,904	80,942
PROFIT/LOSS	2003	2004	2005	2006	2007
Interest Income	12,023	9,032	7,924	9,436	11,166
Interest Expense	8,049	5,354	5,066	6,034	7,528
Net Interest Income	3,974	3,678	2,858	3,402	3,638
Fees and Commissions Income (net)	272	408	500	626	728
Capital Market Trading Profit	623	124	186	104	72
FX Gains (net)	51	153	80	1	70
Other Operating Income	238	237	550	254	202
Total Operating Income	5,158	4,600	4,174	4,387	4,710
Provisions for Loans and Other Receivables	788	183	227	252	252
Other Operating Expenses	1,676	1,367	1,265	1,415	1,495
Operating Profit	2,694	3,050	2,682	2,720	2,963
Net Monetary Position Gain/Loss	-623	-822	0	0	0
Pretax Profit	2,071	2,228	2,682	2,720	2,963
Tax Provision	850	697	836	620	612
Net Profit/Loss for the Period	1,221	1,531	1,846	2,100	2,351

Note: The financial data of the year 2003 and 2004 are expressed with the purchasing power of TL at 31.12.2004.

* Turkish Financial Reporting Standards were started to be applied on 1 January 2005. In this respect, the balance sheets and income statements for 31 December 2003 and 2004 were prepared in accordance with the Regulation on Accounting Practice and the Banking Regulation and Supervision Agency's communiqués related to accounting standards.

Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

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