

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report

As at and for the Year Ended

31 December 2008

*(Convenience Translation of Financial Statements and Related
Disclosures and Footnotes Originally Issued in Turkish)*

With Independent Auditors' Report Thereon

Akis Bağımsız Denetim ve Serbest

Muhasebeci Mali Müşavirlik AŞ

19 February 2009

*This report contains "Independent Auditors' Report"
comprising 2 pages and; "Unconsolidated Financial
Statements and Related Disclosures and Footnotes"
comprising 80 pages.*

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

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

We have audited the unconsolidated balance sheet of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı ("the Bank") as at 31 December 2008 and the related unconsolidated income statement, statement of cash flows, statement of changes in shareholders' equity, income statement and expenses recognized in shareholders' equity for the year then ended, and a summary of significant accounting policies and notes to the financial statements.

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

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

Disclosure for the Responsibility of the Authorized Audit Firm:

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

Independent Auditors' Opinion:

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı as at 31 December 2008 and the result of its operations and cash flows for the year then ended in accordance with the accounting principles and standards as per the existing regulations described in Article 37 of (Turkish) Banking Law No 5411 and the statements and guidance published by the BRSA on accounting and financial reporting principles.

Istanbul,
19 February 2009

Akis Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik
Anonim Şirketi

Özkan Genç
Partner
Certified Public Accountant

Additional paragraph for convenience translation to English:

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

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED FINANCIAL REPORT
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2008

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The unconsolidated financial report as at and for the year ended 31 December 2008, prepared in accordance with the communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS
- ACCOUNTING POLICIES
- INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK
- DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDITORS' REPORT

The unconsolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying unconsolidated financial statements are presented in thousands of New Turkish Lira (YTL).

Yusuf BEYAZIT
Board of Directors
Chairman

Cem DEMİRAG
Board Member
Audit Committee Member

Sabahattin BİRDAL
Board Member
Audit Committee Member

Bilal KARAMAN
General Manager

Dr. Metin Recep ZAFER
Executive Vice President

Ş. Mehmet BOZ
Director of Accounting and
Financial Affairs

The authorized contact person for questions on this financial report:

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Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2008

(Currency: Thousands of YTL - New Turkish Lira)

SECTION ONE

General Information

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

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

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

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

As at 31 December 2008, The Bank’s paid-in capital is YTL 2,500,000, divided into 2.500.000.000 shares with each has a nominal value of 1 New Turkish Lira.

The Bank’s shareholder structure is stated below:

Shareholders	Number of Shares	Nominal Value of the Shares – Thousands of YTL	Share Percentage (%)
The General Directorate of the Foundations (Group A)	1.075.058.640	1,075,059	43.00
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402.552.666	402,553	16.10
Foundations (Group B)	386.224.785	386,225	15.45
Other Foundations (Group B)	4.681.052	4,681	0.19
Individuals and legal entities (Group C)	1.863.455	1,863	0.08
Publicly traded (Group D)	629.619.402	629,619	25.18
Total	2.500.000.000	2,500,000	100.00

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2008

(Currency: Thousands of YTL – New Turkish Lira)

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

<u>Name and Surname</u>	<u>Responsibility</u>	<u>Date of Appointment</u>	<u>Education</u>	<u>Experience in Banking</u>
<u>Board of Directors</u>				
Yusuf BEYAZIT	Chairman	30 April 2004	Master	10 years
Ragıp DOĞU	Deputy Chairman	6 April 2005	University	33 years
Bilal KARAMAN	Member – General Manager	22 June 2005	University	29 years
Hasan ÖZER	Member	7 February 2003	University	22 years
Cem DEMİRAG	Member	4 April 2005	University	17 years
Erkan TOPAL	Member	4 April 2006	University	13 years
Mehmet ÇEKİNMEZ	Member	24 July 2007	University	32 years
Serdar TUNÇBİLEK	Member	24 July 2007	University	23 years
Sabahattin BİRDAL ⁽¹⁾	Member	21 March 2008	University	22 years
<u>Audit Committee</u>				
Cem DEMİRAG	Member	4 April 2005	University	17 years
Sabahattin BİRDAL	Member	21 August 2008	University	22 years
<u>Auditors</u>				
Ahmet TANYOLAÇ	Auditor	21 March 2003	University	5 years
Faruk EROĞLU	Auditor	21 March 2003	University	7 years
<u>Executive Vice Presidents</u>				
Tanju YÜKSEL	International Relations and Investor Relations	1 May 2000	University	24 years
Şahin UĞUR ⁽⁴⁾	Support Services	9 August 2004	University	22 years
Feyzi ÖZCAN	Retail Banking, Pension Fund, Directorates of the Regions, Distribution Channels, Consumer Loans	20 September 2005	University	19 years
Doğan PENÇE	Corporate Loans and Directorates of Information	7 June 2006	University	16 years
Dr. Metin Recep ZAFER ⁽⁵⁾	Accounting and Financial Affairs, Planning and Performance, Human Resources, Investment Banking and Subsidiaries	13 June 2006	PHD	13 years
Birgül DENLİ	Treasury	3 July 2006	Master	14 years
Dr. M. Kürşad DEMİRKOL	Software Development, Treasury and Foreign Operations, Banking Support, Ebis Operations, Ebis Support and Work Analysis, Alternative Distribution Channels Operations	3 December 2007	PHD	8 years
İhsan ÇAKIR	Commercial Banking, Corporate Banking, Corporate Communication, Corporate Salary Payments and Commercial Centers	11 December 2007	University	13 years
Mehmet CANTEKİN	Loans Follow-up	28 December 2007	Master	16 years
Ömer ELMAS ⁽⁶⁾	Legal Services	5 January 2009	Master	7 years
Ahmet Atıf MEYDAN ⁽²⁾				
Aydın DELİKTAŞLI ⁽³⁾				

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Financial Report as at and

For the Year Ended 31 December 2008

(Currency: Thousands of YTL – New Turkish Lira)

(1) As per the resolution of Annual General Assembly held on 21 March 2008, Selahattin Toraman's membership in the Bank's Board of Directors has ended and Sebahattin Birdal has been appointed as the member of the Bank's Board of Directors. Sebahattin Birdal has taken up his duty on 26 March 2008.

(2) As per the 3 April 2008 dated resolution of the Board of Directors, Ahmet Atıf Meydan has been appointed as Assistant General Manager of one of the Bank's subsidiaries, Vakıf Yatırım Menkul Değerler AŞ.

(3) As per the resolution of the Board of Directors on 21 August 2008, Aydın Deliktaşlı, the Bank's Executive Vice President in charge of Human Resources and Support Services, has retired.

(4) On 1 September 2008, Bank's Executive Vice President, Şahin Uğur, who was previously responsible for Investment Banking and Subsidiaries, has been appointed for Support Services.

(5) On 1 September 2008, Bank's Executive Vice President, Dr. Metin Recep Zafer, who was previously responsible for Accounting and Financial Affairs and Planning and Performance, has been appointed for Human Resources and Investment Banking and Subsidiaries in addition to his previous responsibilities.

(6) As per the 20 November 2008 dated resolution of the Board of Directors, Ömer Elmas has been appointed as Executive Vice President in charge of Legal Services.

Hasan Özer, the member of the Bank's Board of Directors, holds a C group non-admissioned share of the Bank amounting of YTL 0.60. The remaining members of the top management listed above do not hold any unquoted shares of the Bank.

IV. Information on people and entities who have qualified share in the Bank

The shareholder holding direct or indirect control over the Bank is The General Directorate of the Foundations having 43.00% of the Bank's outstanding shares. Another organization holding qualified share in the Bank is Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (the pension fund of the employees of the Bank), having 16.10% of outstanding shares of the Bank.

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

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

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

As at 31 December 2008, the Bank has 523 domestic, 2 foreign, in total 525 branches (31 December 2007: 466 domestic, 2 foreign, in total 468 branches). As at 31 December 2008, the Bank has 9,567 employees (31 December 2007: 8,700 employees).

SECTION TWO – FINANCIAL STATEMENTS

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
 Unconsolidated Balance Sheet
 At 31 December 2008
 (Thousands of New Turkish Lira (YTL))

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

		Audited Current Year 31 December 2008			Audited Prior Year 31 December 2007			
ASSETS	Notes	YTL	FC	Total	YTL	FC	Total	
I.	CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	825,741	1,279,045	2,104,786	1,625,518	864,684	2,490,202
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	V-I-2	6,901	40,146	47,047	22,264	327,723	349,987
2.1	Financial assets held for trading purpose		-	15,634	15,634	-	315,047	315,047
2.1.1	Government securities		-	15,634	15,634	-	315,047	315,047
2.1.2	Equity securities		-	-	-	-	-	-
2.1.3	Other securities		-	-	-	-	-	-
2.2	Financial assets designated at fair value through profit or loss		-	-	-	-	-	-
2.2.1	Government securities		-	-	-	-	-	-
2.2.2	Equity securities		-	-	-	-	-	-
2.2.3	Other securities		-	-	-	-	-	-
2.3	Derivative financial assets held for trading purpose		6,901	24,512	31,413	22,264	12,676	34,940
III.	BANKS	V-I-3	2,648	2,554,652	2,557,300	810,251	1,936,017	2,746,268
IV.	RECEIVABLES FROM INTERBANK MONEY MARKETS		3,201,333	-	3,201,333	715,335	-	715,335
4.1	Interbank money market placements		3,201,333	-	3,201,333	-	-	-
4.2	Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3	Receivables from reverse repurchase agreements		-	-	-	715,335	-	715,335
V.	AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	V-I-4	6,397,648	1,583,997	7,981,645	6,430,138	2,665,051	9,095,189
5.1	Equity securities		9,181	10,750	19,931	12,213	-	12,213
5.2	Government securities		6,388,467	1,566,288	7,954,755	6,417,925	2,665,051	9,082,976
5.3	Other securities		-	6,959	6,959	-	-	-
VI.	LOANS	V-I-5	19,512,373	10,989,926	30,502,299	17,095,172	6,374,831	23,470,003
6.1	Performing loans		19,427,285	10,989,926	30,417,211	17,095,172	6,374,831	23,470,003
6.1.1	Loans provided to Bank's risk group	V-VII-1	74,388	60,510	134,898	15,302	51,919	67,221
6.1.2	Others		19,352,897	10,929,416	30,282,313	17,079,870	6,322,912	23,402,782
6.2	Loans under follow-up		1,455,822	-	1,455,822	1,142,855	-	1,142,855
6.3	Specific provisions (-)		1,370,734	-	1,370,734	1,142,855	-	1,142,855
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	HELD-TO-MATURITY INVESTMENT SECURITIES (Net)	V-I-6	1,915,921	1,555,417	3,471,338	1,350,673	125,689	1,476,362
8.1	Government securities		1,915,921	1,520,332	3,436,253	1,350,673	90,519	1,441,192
8.2	Other securities		-	35,085	35,085	-	35,170	35,170
IX.	INVESTMENTS IN ASSOCIATES (Net)	V-I-7	56,780	-	56,780	90,066	-	90,066
9.1	Associates, consolidated per equity method		-	-	-	-	-	-
9.2	Unconsolidated associates		56,780	-	56,780	90,066	-	90,066
9.2.1	Financial associates		49,186	-	49,186	81,887	-	81,887
9.2.2	Non-Financial associates		7,594	-	7,594	8,179	-	8,179
X.	INVESTMENTS IN SUBSIDIARIES (Net)	V-I-8	382,431	100,158	482,589	454,832	41,073	495,905
10.1	Unconsolidated financial subsidiaries		235,100	100,158	335,258	329,394	41,073	370,467
10.2	Unconsolidated non-financial subsidiaries		147,331	-	147,331	125,438	-	125,438
XI.	INVESTMENTS IN JOINT-VENTURES (Net)	V-I-9	-	-	-	-	-	-
11.1	Joint-ventures, consolidated per equity method		-	-	-	-	-	-
11.2	Unconsolidated joint-ventures		-	-	-	-	-	-
11.2.1	Financial joint-ventures		-	-	-	-	-	-
11.2.2	Non-Financial joint-ventures		-	-	-	-	-	-
XII.	LEASE RECEIVABLES (Net)	V-I-10	-	-	-	-	-	-
12.1	Finance lease receivables		-	-	-	-	-	-
12.2	Operational lease receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned income (-)		-	-	-	-	-	-
XIII.	DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT PURPOSE	V-I-11	-	-	-	-	-	-
13.1	Fair value hedges		-	-	-	-	-	-
13.2	Cash flow hedges		-	-	-	-	-	-
13.3	Hedges of net investment in foreign operations		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	V-I-12	983,954	716	984,670	905,575	455	906,030
XV.	INTANGIBLE ASSETS (Net)	V-I-13	30,774	-	30,774	13,496	-	13,496
15.1	Goodwill		-	-	-	-	-	-
15.2	Other intangibles		30,774	-	30,774	13,496	-	13,496
XVI.	INVESTMENT PROPERTIES	V-I-14	-	-	-	-	-	-
XVII.	TAX ASSETS		86,057	-	86,057	49,720	-	49,720
17.1	Current tax assets		-	-	-	-	-	-
17.2	Deferred tax assets	V-I-15	86,057	-	86,057	49,720	-	49,720
XVIII.	ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS	V-I-16	-	-	-	-	-	-
18.1	Assets held for sale		-	-	-	-	-	-
18.2	Assets related to the discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	V-I-17	372,956	313,919	686,875	271,278	238,635	509,913
TOTAL ASSETS			33,775,517	18,417,976	52,193,493	29,834,318	12,574,158	42,408,476

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

LIABILITIES AND SHAREHOLDERS' EQUITY		Notes	Audited Current Year 31 December 2008			Audited Prior Year 31 December 2007		
			YTL	FC	Total	YTL	FC	Total
I.	DEPOSITS	V-II-1	25,420,833	11,699,444	37,120,277	22,402,194	6,460,319	28,862,513
1.1	Deposits of the Bank's risk group	V-VII-1	1,325,732	123,825	1,449,557	1,218,194	114,153	1,332,347
1.2	Others		24,095,101	11,575,619	35,670,720	21,184,000	6,346,166	27,530,166
	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING							
II.	PURPOSE	V-II-2	5,551	21,576	27,127	20,003	2,287	22,290
III.	FUNDS BORROWED	V-II-3	74,719	5,695,675	5,770,394	52,803	4,640,055	4,692,858
IV.	INTERBANK MONEY MARKET		1,023,695	663,407	1,687,102	793,915	1,282,170	2,076,085
4.1	Interbank money market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3	Obligations under repurchase agreements		1,023,695	663,407	1,687,102	793,915	1,282,170	2,076,085
V.	SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	FUNDS		99,056	-	99,056	121,964	-	121,964
6.1	Funds against borrower's note		-	-	-	-	-	-
6.2	Others		99,056	-	99,056	121,964	-	121,964
VII.	MISCELLANEOUS PAYABLES		525,088	71,150	596,238	362,091	67,298	429,389
VIII.	OTHER EXTERNAL RESOURCES PAYABLE	V-II-4	116,652	234,306	350,958	142,516	139,637	282,153
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	V-II-5	-	16,427	16,427	-	24,706	24,706
10.1	Finance lease payables		-	16,947	16,947	-	26,639	26,639
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred finance leasing expenses (-)		-	520	520	-	1,933	1,933
XI.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK							
	MANAGEMENT PURPOSE	V-II-6	-	-	-	-	-	-
11.1	Fair value hedges		-	-	-	-	-	-
11.2	Cash flow hedges		-	-	-	-	-	-
11.3	Hedges of net investment in foreign operations		-	-	-	-	-	-
XII.	PROVISIONS	V-II-7	653,999	20,508	674,507	487,778	11,312	499,090
12.1	General provisions		253,982	4,925	258,907	169,789	3,956	173,745
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		261,621	-	261,621	215,295	-	215,295
12.4	Insurance technical provisions (Net)		-	-	-	-	-	-
12.5	Other provisions		138,396	15,583	153,979	102,694	7,356	110,050
XIII.	TAX LIABILITIES		177,913	2,495	180,408	169,393	1,753	171,146
13.1	Current tax liabilities	V-II-8	177,913	2,495	180,408	169,393	1,753	171,146
13.2	Deferred tax liabilities	V-I-15	-	-	-	-	-	-
XIV.	PAYABLES FOR ASSETS HELD FOR SALE AND ASSETS							
	RELATED TO DISCONTINUED OPERATIONS	V-II-9	-	-	-	-	-	-
14.1	Payables related to the assets held for sale		-	-	-	-	-	-
14.2	Payables related to the discontinued operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	V-II-10	-	-	-	-	-	-
XVI.	SHAREHOLDERS' EQUITY		5,683,305	(12,306)	5,670,999	5,184,322	41,960	5,226,282
16.1	Paid-in capital	V-II-11	2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2	Capital reserves		909,517	(12,306)	897,211	1,021,532	41,960	1,063,492
16.2.1	Share premium		723,918	-	723,918	723,918	-	723,918
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Valuation differences of the marketable securities	V-II-11	120,115	(12,306)	107,809	233,470	41,960	275,430
16.2.4	Revaluation surplus on tangible assets		25	-	25	25	-	25
16.2.5	Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6	Revaluation surplus on investment properties		-	-	-	-	-	-
16.2.7	Bonus shares of associates, subsidiaries and joint-ventures		65,459	-	65,459	64,119	-	64,119
16.2.8	Hedging reserves (effective portion)		-	-	-	-	-	-
16.2.9	Revaluation surplus on assets held for sale and assets related to the discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		-	-	-	-	-	-
16.3	Profit reserves		1,520,590	-	1,520,590	624,204	-	624,204
16.3.1	Legal reserves		279,893	-	279,893	179,631	-	179,631
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		1,056,276	-	1,056,276	296,122	-	296,122
16.3.4	Other profit reserves		184,421	-	184,421	148,451	-	148,451
16.4	Profit or loss		753,198	-	753,198	1,038,586	-	1,038,586
16.4.1	Prior years' profit/loss		-	-	-	7,886	-	7,886
16.4.2	Current year's profit/loss		753,198	-	753,198	1,030,700	-	1,030,700
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			33,780,811	18,412,682	52,193,493	29,736,979	12,671,497	42,408,476

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

	Notes	Audited Current Year 31 December 2008			Audited Prior Year 31 December 2007		
		YTL	FC	TOTAL	YTL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES		9,670,279	7,131,591	16,801,870	9,325,790	4,215,193	13,540,983
I. GUARANTEES AND SURETIES	V-III-2-4	3,449,407	4,561,670	8,011,077	2,773,335	3,067,460	5,840,795
1.1. Letters of guarantee		3,449,407	2,063,290	5,512,697	2,773,207	1,489,200	4,262,407
1.1.1. Guarantees subject to State Tender Law		553,624	767,022	1,320,646	378,638	359,572	738,210
1.1.2. Guarantees given for foreign trade operations		183,909	159	184,068	83,353	229	83,582
1.1.3. Other letters of guarantee		2,711,874	1,296,109	4,007,983	2,311,216	1,129,399	3,440,615
1.2. Bank acceptances		-	513,161	513,161	-	456,865	456,865
1.2.1. Import letter of acceptance		-	192,409	192,409	-	164,948	164,948
1.2.2. Other bank acceptances		-	320,752	320,752	-	291,917	291,917
1.3. Letters of credit		-	1,970,897	1,970,897	128	1,117,927	1,118,055
1.3.1. Documentary letters of credit		-	1,970,897	1,970,897	128	1,117,927	1,118,055
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Guaranteed pre-financings		-	13,240	13,240	-	2,639	2,639
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Marketable securities underwriting commitments		-	-	-	-	-	-
1.7. Factoring related guarantees		-	-	-	-	-	-
1.8. Other guarantees		-	1,082	1,082	-	829	829
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS		6,060,131	219,160	6,279,291	6,093,123	143,077	6,236,200
2.1. Irrevocable commitments		6,052,395	218,945	6,271,340	6,084,567	142,913	6,227,480
2.1.1. Asset purchase commitments	V-III-1	75,063	218,702	293,765	77,031	130,104	207,135
2.1.2. Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments	V-III-1	1,273,207	-	1,273,207	1,452,873	-	1,452,873
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments	V-III-1	1,456,567	-	1,456,567	1,330,395	-	1,330,395
2.1.8. Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card limits	V-III-1	3,050,410	-	3,050,410	3,067,930	-	3,067,930
2.1.10. Commitments for credit card and banking operations promotions		197,148	-	197,148	156,338	-	156,338
2.1.11. Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12. Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		-	243	243	-	12,809	12,809
2.2. Revocable commitments		7,736	215	7,951	8,556	164	8,720
2.2.1. Revocable loan granting commitments		7,736	215	7,951	8,556	164	8,720
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	V-III-5	160,741	2,350,761	2,511,502	459,332	1,004,656	1,463,988
3.1. Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	-	-	-	-	-
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		160,741	2,350,761	2,511,502	459,332	1,004,656	1,463,988
3.2.1. Forward foreign currency purchases/sales		12,529	12,016	24,545	248,357	236,369	484,726
3.2.1.1. Forward foreign currency purchases		6,266	6,008	12,274	124,261	118,185	242,446
3.2.2.2. Forward foreign currency sales		6,263	6,008	12,271	124,096	118,184	242,280
3.2.2. Currency and interest rate swaps		148,212	2,277,945	2,426,157	210,975	768,287	979,262
3.2.2.1. Currency swaps-purchases		-	855,118	855,118	40,000	217,891	257,891
3.2.2.2. Currency swaps-sales		-	868,064	868,064	-	252,737	252,737
3.2.2.3. Interest rate swaps-purchases		72,059	285,643	357,702	83,160	155,199	238,359
3.2.2.4. Interest rate swaps-sales		76,153	269,120	345,273	87,815	142,460	230,275
3.2.3. Currency, interest rate and security 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. Security call options		-	-	-	-	-	-
3.2.3.6. Security put options		-	-	-	-	-	-
3.2.4. Currency futures		-	-	-	-	-	-
3.2.4.1. Currency futures-purchases		-	-	-	-	-	-
3.2.4.2. Currency futures-sales		-	-	-	-	-	-
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate futures-purchases		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sales		-	-	-	-	-	-
3.2.6. Others		-	60,800	60,800	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		59,877,902	19,836,062	79,713,964	40,378,971	6,814,918	47,193,889
IV. ITEMS HELD IN CUSTODY		15,408,119	370,231	15,778,350	12,850,573	412,381	13,262,954
4.1. Customers' securities held		-	14,785	14,785	-	11,334	11,334
4.2. Investment securities held in custody		14,312,854	3,602	14,316,456	12,019,535	2,761	12,022,296
4.3. Checks received for collection		522,369	101,000	623,369	363,710	78,135	441,845
4.4. Commercial notes received for collection		213,041	107,369	320,410	149,766	102,646	252,412
4.5. Other assets received for collection		4,993	860	5,853	6,010	873	6,883
4.6. Assets received through public offering		-	4,798	4,798	-	333	333
4.7. Other items under custody		214,692	29,942	244,634	215,862	5,196	221,058
4.8. Custodians		140,170	107,875	248,045	95,690	211,103	306,793
V. PLEDGED ITEMS		44,469,783	19,465,831	63,935,614	27,528,398	6,402,537	33,930,935
5.1. Securities		1,215,495	55,497	1,270,992	811,074	50,146	861,220
5.2. Guarantee notes		748,070	306,292	1,054,362	514,264	246,818	761,082
5.3. Commodities		7,885,064	30,400	7,915,464	6,193,978	-	6,193,978
5.4. Warranties		-	-	-	-	6,420	6,420
5.5. Real estates		31,640,884	17,194,560	48,835,444	19,454,045	5,516,873	24,970,918
5.6. Other pledged items		2,626,745	1,815,280	4,442,025	368,341	559,863	928,204
5.7. Pledged items-depository		353,525	63,802	417,327	186,696	22,417	209,113
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		69,548,181	26,967,653	96,515,834	49,704,761	11,030,111	60,734,872

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

	Notes	Audited Current Year 31 December 2008	Audited Prior Year 31 December 2007
I. INTEREST INCOME	V-IV-1	6,413,658	5,352,473
1.1 Interest income from loans		4,345,633	3,255,886
1.2 Interest income from reserve deposits		183,970	161,632
1.3 Interest income from banks		85,422	175,985
1.4 Interest income from money market transactions		82,206	187,170
1.5 Interest income from securities portfolio		1,695,839	1,565,578
1.5.1 Trading financial assets		22,646	37,277
1.5.2 Financial assets at fair value through profit or loss		-	-
1.5.3 Financial assets available-for-sale		1,316,295	1,418,205
1.5.4 Investments held-to-maturity		356,898	110,096
1.6 Finance lease income		-	-
1.7 Other interest income		20,588	6,222
II. INTEREST EXPENSE	V-IV-2	4,438,967	3,676,639
2.1 Interest expense on deposits		3,906,897	3,241,026
2.2 Interest expense on funds borrowed		232,082	255,320
2.3 Interest expense on money market transactions		227,615	162,909
2.4 Interest expense on securities issued		-	-
2.5 Other interest expenses		72,373	17,384
III. NET INTEREST INCOME (I – II)		1,974,691	1,675,834
IV. NET FEES AND COMMISSIONS INCOME		466,215	360,490
4.1 Fees and commissions received		633,819	516,005
4.1.1 Non-cash loans		63,026	50,479
4.1.2 Others		570,793	465,526
4.2 Fees and commissions paid		167,604	155,515
4.2.1 Non-cash loans		10	11
4.2.2 Others		167,594	155,504
V. DIVIDEND INCOME	V-IV-3	25,499	34,718
VI. NET TRADING INCOME/LOSSES (Net)	V-IV-4	89,720	193,349
6.1 Trading account income/losses (Net)		51,354	47,522
6.2 Foreign exchange gains/losses (Net)		38,366	145,827
VII. OTHER OPERATING INCOME	V-IV-5	312,704	356,713
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		2,868,829	2,621,104
IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	V-IV-6	624,319	368,434
X. OTHER OPERATING EXPENSES (-)	V-IV-7	1,319,172	994,571
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		925,338	1,258,099
XII. INCOME RESULTED FROM MERGERS		-	-
XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-
XV. INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)		925,338	1,258,099
XVI. PROVISION FOR TAXES FOR CONTINUING OPERATIONS	V-IV-11	(172,140)	(227,399)
16.1 Current tax (charge)		(194,149)	(255,483)
16.2 Deferred tax (charge)/credit		22,009	28,084
XVII. NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV-XVI)	V-IV-12	753,198	1,030,700
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1 Income from investment properties		-	-
18.2 Income from sales of subsidiaries, affiliates and joint-ventures		-	-
18.3 Other income from discontinued activities		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS		-	-
19.1 Investment property expenses		-	-
19.2 Losses from sales of subsidiaries, affiliates and joint ventures		-	-
19.3 Other expenses from discontinued activities		-	-
XX. INCOME/LOSS FROM DISCONTINUED OPERATIONS BEFORE TAXES		-	-
XXI. PROVISION FOR TAXES FOR DISCONTINUED OPERATIONS		-	-
21.1 Current tax charges		-	-
21.2 Deferred tax charges		-	-
XXII. NET INCOME/LOSS AFTER TAXES FROM DISCONTINUED OPERATIONS		-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	V-IV-12	753,198	1,030,700
EARNINGS PER SHARE (full YTL)		0.3013	0.4123

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Unconsolidated Statement of Gains and Losses
Recognized in Shareholders' Equity
For the Year Ended 31 December 2008
(Thousands of New Turkish Lira (YTL))

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

GAINS AND LOSSES RECOGNIZED IN SHAREHOLDERS' EQUITY		Notes	Audited Current Year 31 December 2008	Audited Prior Year 31 December 2007
I.	VALUATION DIFFERENCES OF AVAILABLE-FOR-SALE FINANCIAL ASSETS			
	RECOGNIZED IN SECURITIES VALUATION DIFFERENCES	V-V-6	(113,245)	100,845
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS		-	25
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS		-	-
IV.	CURRENCY TRANSLATION DIFFERENCES		-	-
V.	GAINS/(LOSSES) FROM CASH FLOW HEDGES		-	-
	(Effective Portion of Fair Value Changes)		-	-
VI.	GAINS/(LOSSES) FROM NET FOREIGN INVESTMENT HEDGES		-	-
	(Effective portion)		-	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ERRORS		-	-
VIII.	OTHER GAINS AND LOSSES RECOGNIZED IN EQUITY IN ACCORDANCE WITH TASs		(69,246)	89,418
IX.	DEFERRED TAXES DUE TO VALUATION DIFFERENCES	V-V-6	16,210	(22,242)
X.	NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY		(166,281)	168,046
XI.	CURRENT YEAR'S PROFIT/(LOSS)		753,198	1,030,700
11.1	Change in fair value of available-for-sale financial assets (transfers to the income statement)	V-V-6	44,324	21,666
11.2	Gains/Losses recognized in the income statement due to reclassification of cash flow hedges		-	-
11.3	Gains/Losses recognized in the income statement due to reclassification of net foreign investment hedges		-	-
11.4	Others		708,874	1,009,034
XXIII.	TOTAL GAINS AND LOSSES RECOGNIZED DURING THE YEAR		586,917	1,198,746

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Unconsolidated Statement of Changes in Shareholders' Equity
For the Year Ended 31 December 2008
(Thousands of New Turkish Lira (YTL))

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

	Disclosure	Paid-in Capital	Capital Reserves from Inflation Adj.s to Paid in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Profit Reserves	Current Year's Net Profit/(Loss)	Prior Years' Net Profit/(Loss)	Valuation Differences of Marketable Securities	Revaluation Surplus on Tangible, Intangible Assets and Investment Property	Bonus Shares of Associates, Subsidiaries and Joint Ventures	Hedging Reserves	Revaluation Surp. On Assets Held for Sale and Assets of Minority Interest	Shareholders' Equity before Interest	Minority Interest	Total Shareholders' Equity
CHANGES IN SHAREHOLDERS' EQUITY																			
Previous year – 31 December 2007																			
I.		2,500,000	-	723,918	-	102,658	-	-	151,974	761,576	51,747	136,386	-	35,142	-	-	4,463,401	-	4,463,401
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.		2,500,000	-	723,918	-	102,658	-	-	151,974	761,576	51,747	136,386	-	35,142	-	-	4,463,401	-	4,463,401
Changes during the year																			
IV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	V-V-6	-	-	-	-	-	-	-	-	-	-	139,044	-	-	-	-	139,044	-	139,044
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	28,977	-	-	28,977	-	28,977
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	25	-	-	-	25	-	25
XII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.		-	-	-	-	-	-	-	-	1,030,700	-	-	-	-	-	-	1,030,700	-	1,030,700
XX.		-	-	-	-	76,973	-	296,122	(3,523)	(761,576)	(43,861)	-	-	-	-	-	(435,865)	-	(435,865)
20.1		-	-	-	-	-	-	-	-	(435,865)	-	-	-	-	-	-	(435,865)	-	(435,865)
20.2		-	-	-	-	76,973	-	296,122	(3,523)	(325,711)	(43,861)	-	-	-	-	-	-	-	-
20.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the year		2,500,000	-	723,918	-	179,631	-	296,122	148,451	1,030,700	7,886	275,430	25	64,119	-	-	5,226,282	-	5,226,282
Current year – 31 December 2008																			
I.		2,500,000	-	723,918	-	179,631	-	296,122	148,451	1,030,700	7,886	275,430	25	64,119	-	-	5,226,282	-	5,226,282
Changes during the year																			
II.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	V-V-6	-	-	-	-	-	-	-	-	-	-	(167,621)	-	-	-	-	(167,621)	-	(167,621)
IV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	1,340	-	-	1,340	-	1,340
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.		-	-	-	-	-	-	-	-	753,198	-	-	-	-	-	-	753,198	-	753,198
XVIII.		-	-	-	-	100,262	-	760,154	35,970	(1,030,700)	(7,886)	-	-	-	-	-	(142,200)	-	(142,200)
18.1		-	-	-	-	-	-	-	-	(142,200)	-	-	-	-	-	-	(142,200)	-	(142,200)
18.2	VI-I-1	-	-	-	-	100,262	-	760,154	35,970	(888,500)	(7,886)	-	-	-	-	-	-	-	-
18.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the year		2,500,000	-	723,918	-	279,893	-	1,056,276	184,421	753,198	-	107,809	25	65,459	-	-	5,670,999	-	5,670,999

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

	Notes	Audited Current Year 31 December 2008	Audited Prior Year 31 December 2007
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities	V-VI-1	258,184	770,514
1.1.1 Interests received		6,310,344	5,034,852
1.1.2 Interests paid		(4,450,924)	(3,606,329)
1.1.3 Dividends received		18,235	34,718
1.1.4 Fee and commissions received		466,215	516,005
1.1.5 Other income		117,604	550,062
1.1.6 Collections from previously written-off loans and other receivables		107,328	73,145
1.1.7 Payments to personnel and service suppliers		(1,247,094)	(457,156)
1.1.8 Taxes paid		(232,473)	(173,017)
1.1.9 Others		(831,051)	(1,201,766)
1.2 Changes in operating assets and liabilities	V-VI-1	1,748,074	(405,340)
1.2.1 Net (increase) decrease in financial assets held for trading purpose		222,214	129,802
1.2.2 Net (increase) decrease in financial assets valued at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		(314,309)	(104,662)
1.2.4 Net (increase) decrease in loans		(7,198,604)	(5,346,079)
1.2.5 Net (increase) decrease in other assets		(176,084)	89,922
1.2.6 Net increase (decrease) in bank deposits		723,216	195,462
1.2.7 Net increase (decrease) in other deposits		7,524,723	3,834,552
1.2.8 Net increase (decrease) in funds borrowed		1,086,143	(309,260)
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		(119,225)	1,104,923
I. Net cash flow from banking operations	V-VI-1	2,006,258	365,174
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash used in investing activities	V-VI-1	(267,821)	(570,631)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures	V-VI-2	(1,794)	(5,685)
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		-	752
2.3 Purchases of tangible assets		(224,922)	(160,428)
2.4 Sales of tangible assets		37,448	71,842
2.5 Cash paid for purchase of financial assets available-for-sale		(4,443,967)	-
2.6 Cash obtained from sale of financial assets available-for-sale		4,240,695	868,127
2.7 Cash paid for purchase of held-to-maturity investment securities		(803,484)	(1,345,239)
2.8 Cash obtained from sale of held-to-maturity investment securities		928,203	-
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash used in financing activities		(150,479)	(423,653)
3.1 Cash obtained from funds borrowed and securities issued		-	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Equity instruments issued		-	-
3.4 Dividends paid		(142,200)	(435,865)
3.5 Payments for finance leases		(8,279)	(12,995)
3.6 Others		-	25,207
IV. Effect of change in foreign exchange rates on cash and cash equivalents		-	-
V. Net increase/(decrease) in cash and cash equivalents		1,587,958	(629,110)
VI. Cash and cash equivalents at the beginning of the year	V-VI-4	5,259,888	5,888,998
VII. Cash and cash equivalents at the end of the year	V-VI-4	6,847,846	5,259,888

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

	Notes	Current Year 31 December 2008	Prior Year 31 December 2007
I. DISTRIBUTION OF CURRENT YEAR PROFIT			
1.1		925,338	1,258,099
1.2		(172,140)	(227,399)
1.2.1		(194,149)	(255,483)
1.2.2		-	-
1.2.3		22,009	28,084
A.		753,198	1,030,700
1.3		(22,009)	(28,084)
B.		731,189	1,002,616
1.4		-	-
1.5		(36,559)	(50,131)
1.6		(36,559)	(50,131)
C.		658,071	902,354
1.7		-	-
1.7.1	V-V-5	-	(142,200)
1.7.2		-	(142,200)
1.7.3		-	-
1.7.4		-	-
1.7.5		-	-
1.8		-	-
1.9		-	-
1.10		-	-
1.10.1		-	-
1.10.2		-	-
1.10.3		-	-
1.10.4		-	-
1.10.5		-	-
1.11		-	-
1.12		-	-
1.13		-	(760,154)
1.14		-	-
1.15		-	-
II. DISTRIBUTION FROM RESERVES			
2.1		-	-
2.2		-	-
2.3		-	-
2.3.1		-	-
2.3.2		-	-
2.3.3		-	-
2.3.4		-	-
2.3.5		-	-
2.4		-	-
2.5		-	-
III. EARNINGS PER SHARE			
3.1		0.3013	0.4123
3.2		30.13	41.23
3.3		-	-
3.4		-	-
IV. DIVIDEND PER SHARE			
4.1		-	0.0569
4.2		-	5.69
4.3		-	-
4.4		-	-

^(*) As at and for the year ended 31 December 2008, dividends to the personnel amounting to YTL 68,600 (31 December 2007: YTL 57,800) has been accounted for in the income statement through recording in the current year's profits/losses in accordance with TAS 19 – *Employee Benefits*.

SECTION THREE

Accounting Policies

I. Basis of presentation

As per the Article 37 of “Accounting and Recording Rules” of the Turkish Banking Law no.5411 published on the Official Gazette no.25983 dated 1 November 2005 and became effective, the Bank keeps its accounting records and prepares its unconsolidated financial statements and the related footnotes in accordance with accounting and valuation standards described in “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published by the Banking Regulation and Supervision Agency (“BRSA”) and in effect since 1 November 2006, Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards (“TFRS”) and the related statements and guidance (collectively “Reporting Standards”).

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

Additional paragraph for convenience translation to English

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

II. Strategy for the use of financial instruments and foreign currency transactions

Strategy for the use of financial instruments

The Bank’s core operations are based on retail banking, corporate banking, private banking, foreign exchange operations, money market operations, investment security transactions, and international banking. As a result of the nature of its operations, the Bank intensively utilizes financial instruments. The Bank funds itself through deposits with different maturities as the main funding resources that are invested in assets earning higher returns.

The most important fund sources of the Bank other than the deposits are its equity and medium and long-term borrowings obtained from foreign financial institutions. The Bank pursues an effective asset-liability management strategy by securing balance between funding resources and investments so as to reduce risks and increase returns. Accordingly, the Bank attaches great significance to long-term placements bearing higher interest rates.

It is essential to consider the maturity structure of assets and liabilities in liquidity management. The essence of asset liability management is the keep the liquidity risk, interest rate risk, exchange rate risk, and credit risk within reasonable limits; while enhancing profitability and strengthening the shareholders’ equity.

Investments in marketable securities and lending loans generate higher return than the average rate of return of the Bank’s operating activities on the basis of maturity structures and market conditions. When bank placements are considered, they have short term maturity in terms of liquidity management but earns lower return.

The Bank takes position against short-term foreign exchange risk, interest rate risk and market risk in money and capital markets, by considering market conditions, within specified limits set by regulations.

The Bank hedges itself and controls its position against the foreign exchange risk being exposed due to foreign currency available-for-sale investments, investments in other portfolios and other foreign currency transactions by various derivative transactions and setting the equilibrium between foreign currency denominated assets and liabilities. The Bank also hedges itself against the risk exposed due to net investment in foreign operations by the same manner.

In order to avoid interest rate risk, assets and liabilities having fixed and floating interest rates are kept in balance, taking the maturity structure into consideration.

Information on foreign currency transactions

Foreign exchange gains and losses arising from foreign currency transactions are recorded at transaction dates. At the end of the periods, foreign currency assets and liabilities evaluated with the Bank's spot purchase rates and the differences are recorded as foreign exchange gains or losses in the income statement.

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

III. Information on forwards, options and other derivative transactions

The derivative transactions mainly consist of foreign currency and interest rate swaps and foreign currency forward contracts. The Bank does not have any embedded derivatives.

The Bank has classified its derivative transactions, mentioned above as "trading derivatives" in accordance with the TAS 39 – *Financial Instruments: Recognition and Measurement*. Derivatives are initially recorded at their purchase costs including the transaction costs. In addition, the notional amounts of derivative transactions are recorded in off-balance sheet accounts based on their contractual amounts as stated on the related contracts. Subsequently, the derivative transactions are measured at fair values and the changes in their fair values are recorded on balance sheet under "derivative financial assets held for trading purpose" or "derivative financial liabilities held for trading purpose". The subsequent fair value changes are recorded in the income statement.

IV. Information on interest income and expenses

Interest income and expense are recognized according to the effective interest method based on accrual basis.

The accrued interest income on non-performing loans are reversed and subsequently recognized as interest income only when collected.

V. Information on fees and commissions

Fee and commissions are recorded based on accrual basis. Financial service fees that are an integral part of the effective yield of an instrument are recognized as an adjustment to the effective interest rate of the instrument. Some fees are related to the execution of a significant act, rather than to the effective interest rate of an associated financial instrument or to a specific service period. Such fees are earned when the related significant act has been completed.

VI. Financial assets

A financial asset is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.

When a financial asset is recognized initially, the Bank measures it at its fair value plus, in the case of a financial asset that is not classified at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Financial assets are classified in four categories; as financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity investments, and loans and receivables.

Financial assets at fair value through profit or loss

Such assets are measured at their fair values and gain/loss arising is recorded in the income statement. Interest income earned on trading securities and the difference between their acquisition costs and fair values are recorded as interest income in the income statement. In case of disposal of such securities before their maturity, the gains/losses on such disposals are recorded under trading income/losses in the accompanying unconsolidated income statement.

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

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

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

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

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

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

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

Loan and receivables are the financial assets raised by the Bank providing money, commodity and services to debtors. Loans are financial assets with fixed or determinable payments and not quoted in an active market.

Loans and receivables are recorded at cost and measured at amortized cost by using effective interest method. The duties paid, transaction expenditures and other similar expenses on assets received against such risks are considered as a part of transaction cost and charged to customers.

Associates and subsidiaries

Subsidiaries are the entities that the Bank has the power to govern the financial and operating policies of those so as to obtain benefits from its activities. Subsidiaries are accounted in accordance with TAS 39 – *Financial Instruments: Recognition and Measurement* in the unconsolidated financial statements. Subsidiaries, which are traded in an active market or whose fair value can be reliably measured, recorded at fair value. Subsidiaries which are not traded in an active market and whose fair value cannot be reliably set are reflected in financial statements with their costs after deducting impairment losses, if any.

Associates, classified as available-for-sale financial assets in unconsolidated financial statements, which are traded in an active market or whose fair value can be reliably measured, are recorded at fair value. Associates which are not traded in an active market and whose fair value cannot be reliably set are reflected in financial statements with their costs after deducting impairment losses, if any.

VII. Impairment of financial assets

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

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

If there is an objective evidence that certain loans will not be collected, for such loans; the Bank provides specific and general allowances for loan and other receivables classified in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables published on the Official Gazette no.26333 dated 1 November 2006. The allowances are recorded in the income statement of the related period.

VIII. Netting of financial instruments

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

IX. Repurchase and resale agreements and securities lending

Securities sold under repurchase agreements are recorded on the balance sheet in accordance with the Uniform Chart of Accounts for Banks. Accordingly, government bonds and treasury bills sold to customers under repurchase agreements are classified as “Securities Subject to Repurchase Agreements” and valued based on their original portfolio, either at fair value or at amortized cost using effective interest. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted on an accrual basis.

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

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

The Bank has no assets held for sale and discontinued operations.

XI. Goodwill and other intangible assets

The Bank's intangible assets consist of software and rights.

Goodwill and other intangible assets are recorded at cost in compliance with the TAS 38 – *Intangible Assets*.

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

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the TAS 36 – *Impairment of Assets* and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

XII. Tangible assets

The costs of the tangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The tangible assets purchased after this date are recorded at their historical costs.

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

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

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

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

Depreciation rates and estimated useful lives are:

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

If there is an objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the TAS 36 – *Impairment of Assets* and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

XIII. Leasing activities

The maximum period of the lease contracts is 4 years. Tangible assets acquired by way of finance leasing are recognized in tangible assets and the obligations under finance leases arising from the lease contracts are presented under "Finance Lease Payables" account in the financial statements. In the determination of the related assets and liabilities, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs of leasing agreements are expanded in lease periods at a fixed interest rate.

If there is impairment in the value of the assets obtained through financial lease and in the expected future benefits, the leased assets are valued with net realizable value.

Depreciation for assets obtained through financial lease is calculated in the same manner as tangible assets.

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

XIV. Provisions and contingent liabilities

In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation. Provisions are calculated based on the best estimates of management on the expenses to incur as at the balance sheet date and, if material, such expenses are discounted for their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Bank to settle the liability, the related liability is considered as “contingent” and disclosed in the notes to the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Bank discloses the contingent asset.

XV. Obligations of the Bank concerning employee rights

Reserve for employee termination benefits

In accordance with existing Turkish Labour Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as of 31 December 2008 is YTL 2.17.

The Bank reserved for employee severance indemnities in the accompanying unconsolidated financial statements using actuarial method in compliance with the TAS 19 – *Employee Benefits*.

As at 31 December 2008, the major statistical assumptions used in the calculation of the total liability are as follows:

	Current Year	Previous Year
Discount Rate	6.26%	5.71%
Expected Rate of Salary/Limit Increase	5.40%	5.00%
Estimated Employee Turnover Rate	0.84%	0.51%

Other benefits to employees

The Bank has provided for undiscounted short-term employee benefits earned during the financial period as per services rendered in compliance with *TAS 19* in the accompanying unconsolidated financial statements.

Pension fund

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

The first paragraph of the temporary article no.23 which states the Banks should transfer pension funds to the Social Security Institution within three years after the issue date of the Banking Law no.5411, issued in the 1 November 2005 dated and 25983 numbered Official Gazette, has been cancelled by the Constitutional Court’s 22 March 2007 dated and 2007/33 numbered decision. Reasoned ruling of the Constitutional Court has been issued on 15 December 2007 in the Official Gazette no.26731.

Following the publication of the ruling, the Turkish Parliament started to work on new legal arrangements and the Social Security Law no.5754 (“the Law”) has been approved on 17 April 2008. The Law is enacted by the approval of the President of Turkey and issued on the 8 May 2008 dated and 26870 numbered Official Gazette.

In accordance with the temporary article no.20 of the Article no.73 of the Law;

The discounted liability for each fund in terms of the persons transferred as at the transfer date, including the contributors left the fund, should be calculated by the assumptions below,

- a) The technical interest rate to be used for the actuarial calculation is 9.80%
- b) Income and expenditures in respect to fund's insurance division are considered in the calculation of discounted liability.

Law requires the transfer to be completed in three years beginning from 1 January 2008.

At 19 June 2008, Cumhuriyet Halk Partisi, opposition party, appealed to the Constitutional Court for the cancellation of various articles of the Law including the first paragraph of the provisional Article 20. As at the report date, there is no arbitrement of the Constitutional Court published.

The employer of pension fund participants (the Banks) will continue to pay the non-transferable social rights, which are already disclosed in the article of association of the pension fund, to the pension participants and their right owners, even though the salary payment obligation has been transferred to the Social Security Foundation.

The technical financial statements of the Fund are audited by the certified actuary according to the the "Actuaries Regulation" which is issued as per the Article no.21 of the 5684 numbered Insurance Law. As per the actuarial report dated February 2009 which is prepared in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against.

XVI. Taxation

Corporate tax

Corporate tax rate is 20% in Turkey. This rate is applied to total income of the Bank adjusted for certain disallowable expenses, exempt income and any other allowances.

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

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

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

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

Deferred taxes

According to the Turkish Accounting Standard 12 (“TAS 12”) “Income Taxes”; deferred tax assets and liabilities are recognized, using the balance sheet method, on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

The deferred tax assets and liabilities are reported as net in the financial statements only if the Bank has legal right to present the net value of current year tax assets and current year tax liabilities and the deferred tax assets and deferred tax liabilities are income taxes of the same taxable entity.

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

Transfer Pricing

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of “disguised profit distribution via transfer pricing”. The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

XVII. Funds borrowed

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

As at 31 December 2008, there are no convertible bonds or any other securities issued by the Bank.

XVIII. Issuance of equity securities

The shares of the Bank having nominal value of YTL 322,000,000, representing the 25.18% of the Bank’s outstanding shares, was publicly offered at a price between YTL 5.13-5.40 for each share having a nominal value of YTL 1 on November 2005, and YTL 1,172,347 was recorded as “Share Premiums” in shareholders’ equity. YTL 448,429 of this amount has been utilized in capital increase on 19 December 2006.

XIX. Confirmed bills of exchange and acceptances

Confirmed bills of exchange and acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts as possible debt and commitment, if any. As at the balance sheet date, there are no acceptances recorded as liability in return for assets.

XX. Government incentives

As at 31 December 2008, the Bank does not have any government incentives.

XXI. Segment reporting

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

XXII. Other disclosures

Changes in accounting policies and valuation basis in the current year

While the Bank has recorded specific provision with a percentage of 100 which is over the minimum ratio of 20% defined in the regulation below, without taking the related collaterals into consideration till the end of 31 December 2007 for the loans classified under third, fourth and fifth Groups, in case there is an evidence that the Bank may not be able to collect them in the future, based on the “Regulation on the Principles and Procedures of the Determination of the Nature of Loans and Other Receivables and Their Provisions” (“the Regulation”), issued in the Official Gazette no.26333 and dated 1 November 2006, and on the “Regulation for an Amendment in the Regulation on the Principles and Procedures of the Determination of the Nature of Loans and Other Receivables and Their Provisions”, issued in the Official Gazette no. 26779 and dated 6 February 2008, both of which are based on the articles no.53 and 93 of the Banking Law, the Bank has started to record specific provision with a percentage of 20, as specified in the Regulation, for the loans classified under the third Group, without taking the related collaterals into consideration starting from 31 March 2008. As a result of this change in the policy of specific provisions, the Bank recognized gain amounting to YTL 76,564, net off taxes in the income statement for the period that the policy change has been made.

For the interim period as at 31 March 2008, the Bank has also started to record provisions for the unliquidated non-cash loans of the debtor whose cash loans are classified under the “loans under follow-up account” and followed under the third Group with a percentage of 20% in accordance with the Regulation, without taking the related collaterals into consideration, while provision with a percentage of 100 was recorded till the end of 31 December 2007. As a result of the Bank’s provision policy change for the unliquidated non-cash loans, the Bank recognized gain amounting to YTL 993, net off taxes in the income statement for the period that the policy change has been made.

Earnings per shares

Earning per share is calculated by dividing the net profit for the year to weighted average of outstanding shares. In Turkey, the companies may perform capital increase (“Bonus Shares”) from retained earnings. In earning per share computation bonus shares are treated as issued shares.

As at and for the year ended 31 December 2008, earnings per share are YTL 0.3013 (31 December 2007: YTL 0.4123).

Related parties

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

Cash and cash equivalents

Cash and cash equivalents which is a base for preparation of cash flow statement includes cash in YTL, cash in FC, cheques, demand deposits for both Central Bank of Turkey (“CBT”) and other banks, money market placements and time deposits at banks whose original maturity is less than 3 months.

SECTION FOUR

Information Related to Financial Position of the Bank

I. Capital adequacy ratio

The Bank's unconsolidated capital adequacy ratio is 14.30% (31 December 2007: 15.32%).

Risk measurement methods in calculation of capital adequacy ratio

Capital adequacy ratio is calculated within the scope of the "Regulation on the Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Official Gazette no.26333 dated 1 November 2006, "Regulation for an Amendment for the Regulation on the Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Official Gazette no.26824 dated 22 March 2008 and "Regulation on the Equity of Banks".

In calculation of capital adequacy ratio, the accounting records prepared in compliance with the current legislation are used.

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

In the calculation of their risk-based values, non-cash loans are weighted after netting with specific provisions that are classified under liabilities and calculated based on the "Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables". The net amounts are then multiplied by the rates stated in the Article 5 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks".

In the calculation of the risk based values of the derivative financial instruments, such instruments are weighted and classified according to the related risk groups after being multiplied by the rates stated in the Article 5 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks".

Unconsolidated capital adequacy ratio

	31 December 2008						
	Risk Weights						
	0%	10%	20%	50%	100%	150%	200%
Balance sheet items (Net)	10,578,295	-	1,058,832	9,025,856	23,026,698	32,253	158
Cash on hand	439,633	-	14	-	-	-	-
Matured securities	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	801,315	-	-	-	-	-	-
Domestic and foreign Banks, foreign head offices and branches	1,482,677	-	812,475	-	261,924	-	-
Interbank money market placements	3,200,000	-	-	-	-	-	-
Receivables from reverse repurchase agreements	-	-	-	-	-	-	-
Reserve deposits	812,434	-	-	-	-	-	-
Loans	257,930	-	170,118	8,867,117	20,555,253	32,253	158
Loans under follow-up (Net)	-	-	-	-	85,088	-	-
Receivables from leasing activities	-	-	-	-	-	-	-
Available-for-sale financial assets	-	-	19,931	-	-	-	-
Held-to-maturity investment securities	3,275,520	-	34,960	-	-	-	-
Receivables from term sale of assets	-	-	-	-	158,266	-	-
Miscellaneous receivables	-	-	-	-	172,784	-	-
Interest and other income accruals	218,203	-	21,334	158,739	368,003	-	-
Investments in associates, subsidiaries and joint-ventures (Net)	-	-	-	-	538,088	-	-
Tangible assets (Net)	-	-	-	-	821,046	-	-
Other assets	90,583	-	-	-	66,246	-	-
Off-balance sheet items	229,557	-	227,182	335,257	4,782,896	-	-
Non-cash loans and commitments	229,557	-	193,895	335,257	4,782,777	-	-
Derivative financial instruments	-	-	33,287	-	119	-	-
Non risk weighted accounts	-	-	-	-	-	-	-
Total risk weighted assets	10,807,852	-	1,286,014	9,361,113	27,809,594	32,253	158

Summary information related to unconsolidated capital adequacy ratio

	Current Year	Prior Year
Value at Credit Risk (Va CR)	32,796,049	27,027,653
Value at Market Risk (VaMR) (**)	755,100	650,125
Value at Operational Risk (VaOR) (*)	4,130,525	3,642,163
Shareholders' Equity	5,389,879	4,799,690
Shareholders' Equity/ (VaCR+VaMR+VaOR)*100	14.30	15.32

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

(**) In accordance with the second article, which came into force starting from 1 January 2008, of the "Amendment Regulation on the Regulation Regarding Measurement and Assessment of the Capital Adequacy of the Banks" which has been issued in the 10 October 2007 dated and 26669 numbered Official Gazette, since the share of the available-for-sale financial assets within the total securities portfolio of the Bank exceeds 10%, the accounts for the available-for-sale financial assets has been accepted as trading securities and capital obligation has been computed for the general market risk and specific risk in the determination of the market risk.

Components of shareholders' equity items

	Current Year	Prior Year
CORE CAPITAL		
Paid-in Capital	2,500,000	2,500,000
Nominal Capital	2,500,000	2,500,000
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	-	-
Share Premium	723,918	723,918
Share Cancellation Profits	-	-
Legal Reserves	279,893	179,631
I. Legal Reserve (Turkish Commercial Code 466/1)	139,946	89,815
II. Legal Reserve (Turkish Commercial Code 466/2)	-	-
Reserves allocated as per Special Legislations	139,947	89,816
Status Reserves	-	-
Extraordinary Reserves	1,240,697	444,573
Reserve allocated as per the Decision held by the General Assembly	1,056,276	296,122
Retained Earnings	184,421	148,451
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	753,198	1,038,586
Current Year's Profit	753,198	1,030,700
Prior Years' Profit	-	7,886
Provision for Possible Losses (up to 25% of Core Capital)	-	-
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	25	25
Primary Subordinated Debt (up to 15% of Core Capital)	-	-
Loss excess of Reserves (-)	-	-
Current Year's Loss	-	-
Prior Years' Loss	-	-
Leasehold Improvements (-)	-	46,865
Prepaid Expenses (-)	285,053	204,343
Intangible Assets (-)	30,774	13,496
Deferred Tax Asset excess of 10% of Core Capital (-)	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	-	-
Total Core Capital	5,497,731	4,886,733
SUPPLEMENTARY CAPITAL		
General Provisions	258,907	173,745
45% of Revaluation Surplus on Immovables	-	-
Bonus shares of Associates, Subsidiaries and Joint-Ventures	65,459	64,119
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	-	-
45% of Valuation Differences of Marketable Securities	48,514	123,944
Associates and Subsidiaries	53,411	84,736
Available for Sale Investment Securities	(4,897)	39,208
Other Profit Reserves	-	-
Total Supplementary Capital	372,880	361,808
TIER III CAPITAL	-	-
CAPITAL	5,870,611	5,248,541
DEDUCTIONS FROM CAPITAL	480,732	448,851
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors exceeding 10% of ownership	1,281	3,224
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less than 10% exceeding 10% or more of the Total Core and Supplementary Capitals	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 Of the Banking Law but Retained more than Five Years	163,624	180,923
Others	-	-
TOTAL SHAREHOLDERS' EQUITY	5,389,879	4,799,690

II. Credit risk

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

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

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

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

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

For credit risk management purposes, Risk Management Department operates in

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

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

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

The Bank's largest 200 cash loan customers compose 43.12% of the total cash loan portfolio.

The Bank's largest 200 non-cash loan customers compose 76.72% of the total non-cash loan portfolio.

The Bank's largest 200 cash loan customers compose 25.20% of total assets of the Bank and the Bank's largest 200 non-cash loan customers compose 36.58% of total off-balance sheet items.

The general provision for credit risk amounts to YTL 258,907 (31 December 2007: YTL 173,745).

Sectoral and geographical concentration of the credit risk

	Personal and Commercial Loans		Banks and Other Financial Institution		Marketable Securities ^(*)		Other Loans ^(**)	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
Sectoral Concentration								
Private Sector	18,515,581	13,230,657	1,196,010	652,685	6,959	-	3,368,299	2,522,680
Public Sector	2,129,820	2,919,427	-	1,042	11,406,642	10,839,215	126,824	261,427
Banks	-	-	7,430,783	5,652,394	35,085	35,170	210,067	156,855
Consumers	8,653,877	6,545,646	-	-	-	-	23,585	18,102
Equity Securities	-	-	-	-	19,931	12,213	539,369	585,971
	29,299,278	22,695,730	8,626,793	6,306,121	11,468,617	10,886,598	4,268,144	3,545,035
Geographical Concentration								
Domestic	29,277,740	22,491,343	6,116,605	4,485,076	11,422,782	10,851,428	2,965,589	2,499,737
EU Countries	-	191,401	920,214	1,570,837	-	-	723,749	541,136
OECD Countries ^(***)	-	-	21,594	23,880	-	-	46,241	40,617
Off-Shore Banking Regions	-	-	10,032	12,465	-	-	-	-
USA, Canada	21,538	12,986	1,556,495	206,618	45,835	35,170	80,285	74,888
Other Countries	-	-	1,853	7,245	-	-	452,280	388,657
Total	29,299,278	22,695,730	8,626,793	6,306,121	11,468,617	10,886,598	4,268,144	3,545,035

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

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

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

Geographical Concentration

Current Year	Assets	Liabilities	Non- Cash Loans	Capital Expenditures	Net Profit/(Loss)
Domestic	48,898,128	45,006,071	6,160,128	224,922	753,198
EU Countries	1,097,677	6,932,280	731,582	-	-
OECD Countries (*)	21,594	54,041	131,878	-	-
Off-Shore	10,032	119,367	-	-	-
USA, Canada	1,624,840	18,597	61,062	-	-
Other Countries	1,853	63,137	926,427	-	-
Subsidiaries, Affiliates and Joint-Ventures	539,369	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-
Total	52,193,493	52,193,493	8,011,077	224,922	753,198

Prior Year	Assets	Liabilities	Non- Cash Loans	Capital Expenditures	Net Profit/(Loss)
Domestic	39,732,082	35,619,420	3,026,179	160,428	1,030,700
EU Countries	1,791,146	6,502,810	1,203,601	-	-
OECD Countries (*)	23,880	60,461	306,974	-	-
Off-Shore	13,337	72,596	303	-	-
USA, Canada	254,815	86,545	387,316	-	-
Other Countries	7,245	66,644	916,422	-	-
Subsidiaries, Affiliates and Joint-Ventures	585,971	-	-	-	-
Unallocated Assets/Liabilities	-	-	-	-	-
Total	42,408,476	42,408,476	5,840,795	160,428	1,030,700

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

Sectoral distribution of cash loans

	Current Year				PrioYear			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agriculture	309,429	1.59	171,139	1.56	272,203	1.59	94,935	1.48
Farming and Stockbreeding	266,767	1.37	116,595	1.07	234,847	1.37	35,947	0.56
Forestry	31,062	0.16	1,541	0.01	29,134	0.17	21,314	0.33
Fishery	11,600	0.06	53,003	0.48	8,222	0.05	37,674	0.59
Manufacturing	2,364,755	12.17	4,636,248	42.19	2,279,296	13.33	2,785,864	43.70
Mining	224,354	1.15	136,273	1.24	488,795	2.86	73,994	1.16
Production	1,903,600	9.80	4,228,621	38.48	1,667,156	9.75	2,650,375	41.58
Electricity, Gas, Water	236,801	1.22	271,354	2.47	123,345	0.72	61,495	0.96
Construction	1,141,875	5.88	927,788	8.44	1,131,998	6.62	393,296	6.17
Services	3,744,986	19.28	4,090,754	37.22	3,653,285	21.37	2,418,155	37.95
Wholesale and Retail Trade	1,760,550	9.07	1,630,989	14.85	1,483,792	8.68	708,022	11.11
Hotel, Food and Beverage Services	129,019	0.66	727,824	6.62	146,479	0.86	231,104	3.63
Transportation and Telecommunication	1,271,162	6.55	805,854	7.33	1,578,251	9.23	878,506	13.78
Financial Institutions	365,853	1.88	837,168	7.62	290,492	1.70	483,781	7.59
Real Estate and Renting	57,249	0.29	31,038	0.28	17,039	0.10	8,666	0.14
“Self-Employment” Type Services	-	-	-	-	-	-	-	-
Educational Services	24,470	0.13	12,439	0.11	22,089	0.13	12,519	0.20
Health and Social Services	136,683	0.70	45,442	0.41	115,143	0.67	95,557	1.50
Others	11,866,240	61.08	1,163,997	10.59	9,758,390	57.09	682,581	10.70
Total	19,427,285	100.00	10,989,926	100.00	17,095,172	100.00	6,374,831	100.00

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

	Loans		Other assets	
	Gross	Net	Gross	Net
31 December 2008				
Grade 8 : Individually Impaired	106,360	85,088	-	-
Grade 9 : Individually Impaired	274,052	-	-	-
Grade 10 : Individually Impaired	1,075,410	-	-	-
Total	1,455,822	85,088	-	-
	Loans		Other assets	
	Gross	Net	Gross	Net
31 December 2007				
Grade 8 : Individually Impaired	67,684	-	-	-
Grade 9 : Individually Impaired	148,064	-	-	-
Grade 10 : Individually Impaired	927,107	-	-	-
Total	1,142,855	-	-	-

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

Performing cash and non-cash loans by type of collateral

Cash loans	31 December 2008	31 December 2007
Secured Loans:	22,391,884	17,200,279
Secured by cash collateral	29,680	5,377
Secured by mortgages	9,133,714	6,568,223
Secured by government institutions or government securities	228,250	161,984
Guarantees issued by financial institutions	21,861	-
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	12,978,379	10,464,695
Unsecured Loans	8,025,327	6,269,724
Total performing loans	30,417,211	23,470,003
Non-cash loans	31 December 2008	31 December 2007
Secured Loans:	4,242,797	3,242,020
Secured by cash collateral	249,244	195,264
Secured by mortgages	1,442,796	1,003,575
Secured by government institutions or government securities	9,908	-
Guarantees issued by financial institutions	310,482	210,669
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	2,230,367	1,832,512
Unsecured Loans	3,768,280	2,598,775
Total non-cash loans	8,011,077	5,840,795

Fair value of collateral held against impaired loans

	31 December 2008	31 December 2007
Cash collateral (*)	-	-
Mortgage	634,661	428,998
Promissory note (*)	-	-
Others (**)	821,161	713,857
Total	1,455,822	1,142,855

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

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

Sectoral and geographical concentration of impaired loans

Sectoral	31 December 2008	31 December 2007
Durable consumption	127,072	90,840
Textile	116,458	99,836
Consumer loans	104,568	53,716
Food	82,489	92,755
Service sector	79,708	34,546
Construction	40,687	44,183
Agriculture and stockbreeding	36,398	11,366
Metal and metal products	28,282	11,085
Financial institutions	1,541	948
Others	838,619	703,580
Total non-performing loans	1,455,822	1,142,855

Geographical	31 December 2008	31 December 2007
Turkey	1,455,822	1,142,855
Total non-performing loans	1,455,822	1,142,855

Past due but not impaired loans and receivables

	31 December 2008	31 December 2007
Grade 1-3 : Low risk loans and receivables	333,793	483,538
Grade 4-5 : Loans and receivables under follow-up	82,042	87,851
Total	415,835	571,389

Aging of past due but not impaired loans and receivables

	31 December 2008	31 December 2007
0-30 days	204,982	10,694
30-60 days	163,620	270,329
60-90 days	47,233	290,366
Total	415,835	571,389

Undue and not impaired loans and receivables

	31 December 2008	31 December 2007
Grade 1-3 : Low risk loans and receivables	28,132,382	21,848,927
Grade 4-5 : Loans and receivables under follow-up	1,602,091	859,202
Total	29,734,473	22,708,129
Restructured loans	266,903	190,485
Total	30,001,376	22,898,614

III. Market risk

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

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

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

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

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

Value at market risk

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	52,008
(II) Capital Obligation against Specific Risks - Standard Method	557
(III) Capital Obligation against Currency Risk - Standard Method	7,843
(IV) Capital Obligation against Stocks Risks - Standard Method	-
(V) Capital Obligation against Exchange Risks - Standard Method	-
(VI) Capital Obligation against Market Risks of Options - Standard Method	-
(VII) Capital Obligation against Market Risks of Banks applying Risk Measurement Models	-
(VIII) Total Capital Obligations against Market Risk (I+II+III+IV+V+VI)	60,408
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	755,100

Monthly average values at market risk

	Current Year			Prior Year		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	85,440	111,294	51,558	21,224	30,442	10,705
Common Share Risk	-	-	-	296	1,930	-
Currency Risk	11,628	17,929	3,900	16,551	39,964	3,442
Stock Risk	-	-	-	-	-	-
Exchange Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Total Value at Risk	1,213,348	1,597,450	755,100	475,884	650,125	213,038

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of the changes in the levels of equity indices and the value of individual stocks.

The effect on equity as a result of change in the fair value of equity instruments quoted to İstanbul Stock Exchange (“ISE”) held as available for sale financial assets, associates and subsidiaries due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

	Change in index	31 December 2008	31 December 2007
		Equity	Equity
ISE – 100 (IMKB- 100)	10%	7,206	24,364

IV. Operational risk

The Bank calculated the value at operational risk in accordance with the fourth section published in the Official Gazette date 1 June 2007 related to the “Computation of Value of Operational Risk” of the circular, “Regulation Regarding Measurement and Assessment of Capital Adequacy Ratios of Banks” published in the Official Gazette numbered 26333 and dated 1 November 2006.

The amount calculated as YTL 330,442 from gross income for the years ended 31 December 2005, 2006 and 2007 and used for the calculation of capital adequacy ratio as at 31 December 2008, represents the operational risk that the Bank may expose and the amount of minimum capital requirement to eliminate this risk. Value at operational risk amounting to YTL 4,130,525 presented in the table included in the note number I of this section is calculated as 12.5 times of the operational risk.

	31 December 2008	31 December 2007	31 December 2006	31 December 2005
(I) Net Interest Income	1,974,691	1,675,834	1,585,250	1,319,391
(II) Net Fees and Commission Income	466,215	360,490	288,374	293,672
(III) Dividends Income	25,499	34,718	16,557	10,278
(IV) Net Trading Income/(Loss)	89,720	193,349	43,150	179,990
(V) Other Operating Income	312,704	356,713	343,326	129,026
(VI) Income/(Loss) from sale of AFS and HTM Marketable Securities	58,881	46,155	43,437	118,354
(VII) Extraordinary Income	1,484	2,428	4,281	6,618
(VIII) Gross Income (I+II+III+IV+V-VI-VII)	2,808,464	2,572,521	2,228,939	1,807,385
(IX) Capital Requirement (Gross Income x %15)	421,270	385,878	334,341	271,108
(X) Average Operational Risk Capital Requirement	380,496	330,442	-	-
(XI) Value at Operational Risk (IX x 12.5)	4,756,200	4,130,525	-	-

V. Foreign currency exchange risk

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

The Standard Method which is also used in the legal reporting is used in measuring the currency risk of the Bank.

All of the foreign currency assets and liabilities and the forward foreign-currency transactions are taken into consideration in calculating the capital obligation for the currency risk. The net long and short positions are calculated in New Turkish Lira equivalent of the each currency. The position with the biggest absolute value is determined as the base amount for the capital obligation. The capital obligation is calculated at that amount.

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

As at 31 December 2008 the Bank does not have derivate financial instruments held for risk management.

Management policy foreign currency exchange risk

Risk policy of the Bank is based on the transactions within the limits and keeping the currency position well-balanced.

In the light of the national legislations and international applications, the Bank has established a foreign currency risk management policy that enables the Bank to take position between lower and upper limits determined in respect of the current equity profile. Speculative position is not held by the Bank.

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

	US DOLLAR	EURO
The Bank's foreign currency purchase rate at the balance sheet date	1.5200	2.123
<u>Foreign currency rates for the days before balance sheet date:</u>		
Day 1	1.4500	2.0303
Day 2	1.4500	2.0620
Day 3	1.4700	2.0654
Day 4	1.4500	2.0329
Day 5	1.4700	2.0534
	US DOLLAR	EURO
Last 30-days arithmetical average rate	1.5020	1.9931

Information on currency risk

Current Year	Euro	US Dollar	Yen	Other FCs	Total
<i>Assets:</i>					
Cash and Central Bank	197,230	1,077,634	65	4,116	1,279,045
Banks	813,901	1,696,239	676	43,836	2,554,652
Financial Assets at Fair Value through Profit/Loss	1,089	39,057	-	-	40,146
Interbank Money Market Placements	-	-	-	-	-
Available-for-Sale Financial Assets	514,193	1,069,804	-	-	1,583,997
Loans (*)	3,781,614	7,268,765	10,700	65,377	11,126,456
Subsidiaries, Affiliates and Joint-Ventures	100,158	-	-	-	100,158
Held-to-Maturity Investments	303,586	1,251,831	-	-	1,555,417
Derivative Financial Assets Held for Risk Management Purpose	-	-	-	-	-
Tangible Assets	-	716	-	-	716
Intangible Assets	-	-	-	-	-
Other Assets (**)	20,866	261,080	-	7	281,953
Total Assets	5,732,637	12,665,126	11,441	113,336	18,522,540
<i>Liabilities:</i>					
Bank Deposits	19,344	537,828	-	120	557,292
Foreign Currency Denominated Deposits	3,936,931	7,157,519	1,036	46,666	11,142,152
Interbank Money Market Takings	240,053	423,354	-	-	663,407
Funds Borrowed	2,172,013	3,469,006	-	54,656	5,695,675
Securities Issued	-	-	-	-	-
Miscellaneous Payables	17,170	53,653	1	326	71,150
Derivative Financial Liabilities Held for Risk Management Purpose	-	-	-	-	-
Other Liabilities (***)	108,628	133,521	1,546	5,061	248,756
Total Liabilities	6,494,139	11,774,881	2,583	106,829	18,378,432
Net 'On Balance Sheet' Position	(761,502)	890,245	8,858	6,507	144,108
Net 'Off-Balance Sheet' Position	851,207	(841,432)	(6,198)	-	3,577
Derivative Financial Assets	876,987	269,338	-	444	1,146,769
Derivative Financial Liabilities	25,780	1,110,770	6,198	444	1,143,192
Non-Cash Loans	1,857,093	2,537,189	38,146	129,242	4,561,670
Prior Year					
Total Assets	4,016,039	8,790,026	10,215	125,330	12,941,610
Total Liabilities	4,217,999	8,296,365	4,055	111,054	12,629,473
Net 'On Balance Sheet' Position	(201,960)	493,661	6,160	14,276	312,137
Net 'Off-Balance Sheet' Position	215,235	(233,402)	(3,882)	(57)	(22,106)
Derivative Financial Assets	292,797	198,364	-	114	491,275
Derivative Financial Liabilities	77,562	431,766	3,882	171	513,381
Non-Cash Loans	1,064,403	1,887,798	15,585	99,674	3,067,460

(*) Foreign currency indexed loans amounting to YTL 136,530 which are presented in YTL column in the balance sheet are included in the table above. In accordance with the agreements signed with customers, the customers have to compensate the losses of the Bank due to decline in foreign exchange rates. Accordingly, foreign currency indexed loans amounting to YTL 136,530 results position for the Bank when foreign exchange rates increase.

(**) Prepaid expenses amounting to YTL 31,966 is not included.

(***) Unearned revenues amounting to YTL 46,556 is not included.

Exposure to currency risk

A 10 percent devaluation of the YTL against the following currencies as at 31 December 2008 and 31 December 2007 would have increased equity and profit or loss (without tax effects) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	31 December 2008		31 December 2007	
	Profit or loss	Equity ^(*)	Profit or loss	Equity ^(*)
US Dollar	7,912	4,881	21,607	26,026
EUR	2,768	(1,045)	(2,557)	(2,780)
Other currencies	917	917	1,650	1,650
Total, net	11,597	4,753	20,700	24,896

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

VI. Interest rate risk

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

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

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

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

Current Year	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Non-Interest Bearing	Total
Assets:							
Cash and Central Bank	1,665,139	-	-	-	-	439,647	2,104,786
Banks	2,225,505	67,382	87,441	-	-	176,972	2,557,300
Financial Assets at Fair Value through Profit/Loss	7,624	12,180	602	11,007	15,634	-	47,047
Interbank Money Market Placements	3,201,333	-	-	-	-	-	3,201,333
Available-for-Sale Fin. Assets	549,340	2,368,501	3,526,420	901,796	615,657	19,931	7,981,645
Loans	8,836,027	8,953,135	5,637,420	4,741,947	2,248,682	85,088	30,502,299
Held-to-Maturity Investments	110,734	1,063,486	568,635	476,878	1,251,605	-	3,471,338
Other Assets (*)	43,686	11,122	37,372	150,644	-	2,084,921	2,327,745
Total Assets	16,639,388	12,475,806	9,857,890	6,282,272	4,131,578	2,806,559	52,193,493
Liabilities:							
Bank Deposits	1,456,701	16,668	-	-	-	1,796	1,475,165
Other Deposits	16,840,523	11,497,626	1,318,720	667,673	-	5,320,570	35,645,112
Interbank Money Market Takings	513,724	70,236	257,464	845,678	-	-	1,687,102
Miscellaneous Payables	-	14,153	46,675	-	-	535,410	596,238
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed	1,121,991	3,262,575	1,198,686	187,142	-	-	5,770,394
Other Liabilities (**)	12,107	99,380	18,680	12,443	-	6,876,872	7,019,482
Total Liabilities	19,945,046	14,960,638	2,840,225	1,712,936	-	12,734,648	52,193,493
On Balance Sheet Long Position	-	-	7,017,665	4,569,336	4,131,578	-	15,718,579
On Balance Sheet Short Position	(3,305,658)	(2,484,832)	-	-	-	(9,928,089)	(15,718,579)
Off-Balance Sheet Long Position	114,619	94,856	76,000	72,227	-	-	357,702
Off-Balance Sheet Short Position	(82,992)	(14,153)	(165,231)	(82,897)	-	-	(345,273)
Total Position	(3,274,031)	(2,404,129)	6,928,434	4,558,666	4,131,578	(9,928,089)	12,429

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

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

Prior Year	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Non- Interest Bearing	Total
Assets:							
Cash and Central Bank	2,070,245	-	-	-	-	419,957	2,490,202
Banks	2,604,174	-	-	-	-	142,094	2,746,268
Financial Assets at Fair Value through Profit/Loss	37,051	9,475	21,097	110,461	171,903	-	349,987
Interbank Money Market Placements	715,335	-	-	-	-	-	715,335
Available-for-Sale Fin. Assets	1,158,097	2,328,838	2,663,164	1,798,883	1,133,994	12,213	9,095,189
Loans	9,362,346	3,513,693	5,313,690	3,502,338	1,777,936	-	23,470,003
Held-to-Maturity Investments	215,099	648,011	262,072	281,608	69,572	-	1,476,362
Other Assets (*)	31,344	3,539	25,124	77,680	1,062	1,926,381	2,065,130
Total Assets	16,193,691	6,503,556	8,285,147	5,770,970	3,154,467	2,500,645	42,408,476
Liabilities:							
Bank Deposits	729,371	26,269	162	-	-	1,224	757,026
Other Deposits	14,678,860	7,993,927	1,326,543	587,525	-	3,518,632	28,105,487
Interbank Money Market Takings	567,855	68,377	667,547	772,306	-	-	2,076,085
Miscellaneous Payables	-	15,219	45,990	-	-	368,180	429,389
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed	1,285,400	2,765,613	617,416	24,429	-	-	4,692,858
Other Liabilities (**)	129,422	3,494	11,846	24,198	-	6,178,671	6,347,631
Total Liabilities	17,390,908	10,872,899	2,669,504	1,408,458	-	10,066,707	42,408,476
On Balance Sheet Long Position	-	-	5,615,643	4,362,512	3,154,467	-	13,132,622
On Balance Sheet Short Position	(1,197,217)	(4,369,343)	-	-	-	(7,566,062)	(13,132,622)
Off-Balance Sheet Long Position	83,160	85,856	-	69,343	-	-	238,359
Off-Balance Sheet Short Position	(73,394)	(15,219)	(45,991)	(95,671)	-	-	(230,275)
Total Position	(1,187,451)	(4,298,706)	5,569,652	4,336,184	3,154,467	(7,566,062)	8,084

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

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

Average interest rates applied to monetary financial instruments

Current Year	Euro	US Dollar	Yen	YTL
	%	%	%	%
Assets:				
Cash and Central Bank	-	-	-	12.00
Banks	1.90	2.37	-	19.54
Financial Assets at Fair Value through Profit/Loss	-	11.88	-	-
Interbank Money Market Placements	-	-	-	15.00
Available-for-Sale Financial Assets	6.20	6.45	-	19.29
Loans	7.53	6.05	6.77	21.91
Held-to-Maturity Investments	6.70	7.43	-	19.40
Liabilities:				
Bank Deposits	2.70	1.34	-	17.49
Other Deposits	3.37	3.43	-	15.18
Interbank Money Market Takings	5.45	3.71	-	17.73
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed	4.57	3.26	-	16.24
Prior Year				
	Euro	US Dollar	Yen	YTL
	%	%	%	%
Assets:				
Cash and Central Bank	1.80	1.95	-	11.81
Banks	3.67	4.69	-	16.74
Financial Assets at Fair Value through Profit/Loss	9.45	11.66	-	-
Interbank Money Market Placements	-	-	-	17.10
Available-for-Sale Financial Assets	6.02	6.82	-	17.93
Loans	6.36	7.07	-	20.49
Held-to-Maturity Investments	5.31	6.34	-	18.82
Liabilities:				
Bank Deposits	-	4.52	-	18.03
Other Deposits	3.30	3.84	-	15.15
Interbank Money Market Takings	5.19	5.41	-	18.37
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed	4.81	5.90	-	14.77

Interest sensitivity

Interest rate sensitivity of the income statement is the effect of the assumed changes in interest rates on the fair values of financial assets at fair value through profit or loss and on the net interest income based on the floating rate non-trading financial assets and financial liabilities held at 31 December 2008.

Interest rate sensitivity of equity is calculated by revaluing available for sale financial assets at 31 December 2008 for the effects of the assumed changes in interest rates.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

This analysis is performed on the same basis for 31 December 2007.

31 December 2008	Profit or loss		Equity ^(*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Financial assets at fair value through profit or loss	(5,875)	7,526	(5,875)	7,526
Available for sale financial assets	-	-	(56,165)	58,317
Floating rate financial assets	221,418	(221,418)	221,418	(221,418)
Floating rate financial liabilities	(63,313)	63,313	(63,313)	63,313
Total, net	152,230	(150,579)	96,065	(92,262)

31 December 2007	Profit or loss		Equity ^(*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Financial assets at fair value through profit or loss	(19,368)	22,250	(19,368)	22,25
Available for sale financial assets	-	-	(134,071)	138,93
Floating rate financial assets	163,254	(163,254)	163,254	(163,254)
Floating rate financial liabilities	(45,775)	45,775	(45,775)	45,77
Total, net	98,111	(95,229)	(35,960)	43,70

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

VII. Liquidity risk

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

While the Bank's short term liquidity need is met mainly with deposits, its long term liquidity is provided through foreign funding sources such as syndication and securitisation transactions. There are no significant idle liquidity resources.

Maturity analysis of assets and liabilities according to remaining maturities:

Current Year	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Undistributed (*)	Total
Assets:								
Cash and Central Bank	2,104,786	-	-	-	-	-	-	2,104,786
Banks	1,659,650	742,827	67,382	87,441	-	-	-	2,557,300
Financial Assets at Fair Value through Profit/Loss	-	886	84	849	23,104	22,124	-	47,047
Interbank Money Market Placements	-	3,201,333	-	-	-	-	-	3,201,333
Available-for-Sale Financial Assets	-	201	106,867	1,923,117	4,404,470	1,527,059	19,931	7,981,645
Loans	-	3,261,181	2,463,619	7,815,270	13,021,883	3,855,258	85,088	30,502,299
Held-to-Maturity Investments	-	-	84,324	568,635	1,500,890	1,317,489	-	3,471,338
Other Assets	-	160,823	11,122	37,376	236,697	-	1,881,727	2,327,745
Total Assets	3,764,436	7,367,251	2,733,398	10,432,688	19,187,044	6,721,930	1,986,746	52,193,493
Liabilities:								
Bank Deposits	1,796	1,456,701	16,668	-	-	-	-	1,475,165
Other Deposits	5,320,570	16,840,523	11,497,626	1,318,720	667,673	-	-	35,645,112
Funds Borrowed	-	42,105	124,811	2,506,125	166,457	2,930,896	-	5,770,394
Interbank Money Market Takings	-	467,695	12,326	303,492	903,589	-	-	1,687,102
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	462,916	24,247	-	60,828	-	48,247	596,238
Other Liabilities	-	69,162	4,133	212,782	65,930	37,833	6,629,642	7,019,482
Total Liabilities	5,322,366	19,339,102	11,679,811	4,341,119	1,864,477	2,968,729	6,677,889	52,193,493
Liquidity Gap	(1,557,930)	(11,971,851)	(8,946,413)	6,091,569	17,322,567	3,753,201	(4,691,143)	-
Prior Year								
Total Assets	2,709,652	6,857,595	1,934,303	8,956,624	15,332,391	4,955,701	1,662,210	42,408,476
Total Liabilities	3,519,856	15,970,921	8,173,239	3,961,251	2,224,757	2,610,788	5,947,664	42,408,476
Liquidity Gap	(810,204)	(9,113,326)	(6,238,936)	4,995,373	13,107,634	2,344,913	(4,285,454)	-

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

VIII. Fair values of financial assets and liabilities

	Carrying Value		Fair Value	
	Current Year	Prior Year	Current Year	Prior Year
<i>Financial Assets:</i>				
Receivables from Interbank Money Markets	3,201,333	715,335	3,201,333	715,335
Banks	2,557,300	2,746,268	2,557,300	2,746,268
Financial Assets Available-for-Sale	7,981,645	9,095,189	7,981,645	9,095,189
Investments Held-to-Maturity	3,471,338	1,476,362	3,403,938	1,482,109
Loans	30,502,299	23,470,003	30,209,902	23,512,911
<i>Financial Liabilities:</i>				
Bank Deposits	1,475,165	757,026	1,475,165	757,026
Other Deposits	35,645,112	28,105,487	35,645,112	28,105,487
Funds Obtained	5,770,394	4,692,858	5,770,394	4,692,858
Securities Issued	-	-	-	-
Miscellaneous Payables	596,238	429,389	596,238	429,389

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

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

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

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

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

X. Segment reporting

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

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

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

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

Major financial statement items according to business lines:

Current Year	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Operating profit	214,423	253,062	1,697,130	333,292	2,497,907
Undistributed expenses	-	-	-	(1,598,068)	(1,598,068)
Operating profit	214,423	253,062	1,697,130	(1,264,776)	899,839
Income from associates	-	-	-	-	25,499
Income before taxes	-	-	-	-	925,338
Provision for taxes	-	-	-	-	(172,140)
Net profit					753,198
Segment assets	8,653,877	23,513,561	17,501,487	-	49,668,925
Investments in associates and subsidiaries	-	-	-	539,369	539,369
Undistributed assets	-	-	-	1,985,199	1,985,199
Total assets	8,653,877	23,513,561	17,501,487	2,524,568	52,193,493
Segment liabilities	12,786,166	24,350,538	7,644,503	-	44,781,207
Shareholders' equity	-	-	-	5,670,999	5,670,999
Undistributed liabilities	-	-	-	1,741,287	1,741,287
Total Liabilities and Shareholders' Equity	12,786,166	24,350,538	7,644,503	7,412,286	52,193,493

SECTION FIVE

Disclosure and Footnotes on Unconsolidated Financial Statements

I. Information and disclosures related to assets

1. Cash and balances with Central Bank

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Cash	375,190	63,954	363,150	55,921
Central Bank of Turkey ^(*)	450,536	1,214,603	1,262,351	807,894
Others	15	488	17	869
Total	825,741	1,279,045	1,625,518	864,684

^(*) YTL 815,223 (31 December 2007: YTL 587,886) of the foreign currency deposit at Central Bank of Turkey is comprised of foreign currency reserve deposits and related interest income accruals; YTL 48,601 (31 December 2007: YTL 38,108) of Turkish Lira balances is comprised of interest income accruals from unrestricted portion of the deposit at Central Bank of Turkey held as reserve requirement.

According to the no. 2005/1 announcement of the CBT, "Announcement on Reserve Deposits", all banks operating in Turkey should provide a reserve amounting to 6% (31 December 2007:6%) of the liabilities in Turkish Lira and 11% (31 December 2007:11%) of the liabilities in foreign currencies.

In accordance with the press announcement of CBT regarding reserve requirements, dated 5 December 2008 and numbered 2008-63, the foreign currency reserve requirement ratio of the banks which was 11% has been decreased by 2 points to 9%, aiming to diminish the negative effects of the global credit crisis and sustain foreign currency liquidity to the banks.

As at 31 December 2008, interest rate given by CBT is 12% for YTL reserve deposits and interest rate is nil for foreign currency reserve deposits as at 31 December 2008 (31 December 2007: YTL 11.81%, FC 1.95% , 1.80%).

Balances with the CBT

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	401,935	399,380	1,224,243	220,008
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Total	401,935	399,380	1,224,243	220,008

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

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

None.

Trading securities subject to repurchase agreements

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

Positive fair values of trading purpose derivatives

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Forward Transactions	410	-	5,115	3
Swap Transactions	6,491	24,512	17,149	12,673
Futures	-	-	-	-
Options	-	-	-	-
Others	-	-	-	-
Total	6,901	24,512	22,264	12,676

3. Banks

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Banks	2,648	2,554,652	810,251	1,936,017
Domestic	2,648	50,191	747,194	186,425
Foreign	-	2,504,461	63,057	1,749,592
Foreign Head Offices and Branches	-	-	-	-
Total	2,648	2,554,652	810,251	1,936,017

Due from foreign banks

	Unrestricted Balance		Restricted Balances	
	Current Year	Prior Year	Current Year	Prior Year
EU Countries	822,645	1,505,458	91,842	63,866
USA, Canada	1,499,145	206,618	57,350	-
OECD Countries (*)	21,594	23,880	-	-
Off-shore Banking Regions	10,032	12,465	-	-
Others	1,853	362	-	-
Total	2,355,269	1,748,783	149,192	63,866

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

4. Information on available-for-sale financial assets

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

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Share Certificates	-	-	-	-
Bonds, Treasury Bills and Similar Marketable Securities	1,891,942	475,511	947,286	-
Others	-	-	-	-
Total	1,891,942	475,511	947,286	-

Available-for-sale financial assets subject to repurchase agreements

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Government Bonds	1,125,762	146,155	931,117	906,987
Treasury Bills	-	-	-	-
Other Debt Securities	-	355,576	-	392,035
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Others	-	-	-	-
Total	1,125,762	501,731	931,117	1,299,022

Information related with available for sale financial assets

	Current Year	Prior Year
Debt instruments	8,038,542	9,107,249
Quoted	8,038,542	9,107,249
Unquoted	-	-
Equity instruments	19,931	18,660
Quoted	-	-
Unquoted	19,931	18,660
Impairment provision (-)	76,828	30,720
Total	7,981,645	9,095,189

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

As per the resolution of the Board of Directors dated 27 December 2007, it was decided to dispose the shares in Izmir Enternasyonel Otelcilik AŞ through sale to the other existing shareholders.

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

In year 2008; Bankalararası Kart Merkezi AŞ, Kredi Kayıt Bürosu AŞ, Güçbirliği Holding AŞ and Izmir Enternasyonel Otelcilik AŞ shares which were previously presented as “Equity securities” under “Available-for-sale financial assets” with total carrying value of YTL 3,031 has been reclassified as “Investment in associates” in accordance with the directives of BRSA.

5. Information on loans

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

	Current Year		Prior Year	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans provided to the shareholders	-	668	-	669
Legal entities	-	668	-	669
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	40,488	-	31,670	-
Total	40,488	668	31,670	669

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

	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
		Loans and Other Receivables		Loans and Other Receivables
Cash Loans				
Loans	28,382,737	-	1,684,133	266,903
Discounted Bills	187,522	-	-	16
Export Loans	2,105,988	-	60,560	196,391
Import Loans	-	-	-	-
Loans to Financial Sector	1,203,021	-	-	-
Foreign Loans	21,538	-	-	-
Consumer Loans	7,558,215	-	333,017	644
Credit Cards	743,003	-	18,376	596
Precious Metal Loans	-	-	-	-
Others	16,563,450	-	1,272,180	69,256
Specialization Loans	83,438	-	-	-
Other Receivables	-	-	-	-
Total	28,466,175	-	1,684,133	266,903

Maturity analysis of cash loans

	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
		Loans and Other Receivables		Loans and Other Receivables
Short-term Loans	10,419,923	-	625,153	238,777
Loans	10,419,923	-	625,153	238,777
Specialization loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans	18,046,252	-	1,058,980	28,126
Loans	17,962,814	-	1,058,980	28,126
Specialization loans	83,438	-	-	-
Other Receivables	-	-	-	-

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – YTL	371,188	6,845,306	7,216,494
Housing Loans	12,119	3,060,535	3,072,654
Automobile Loans	2,871	125,983	128,854
General Purpose Loans	121,425	3,658,717	3,780,142
Others	234,773	71	234,844
Consumer Loans – FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Consumer Loans – FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Retail Credit Cards – YTL	718,508	399	718,907
With Installment	189,314	399	189,713
Without Installment	529,194	-	529,194
Retail Credit Cards – FC	1,961	-	1,961
With Installment	-	-	-
Without Installment	1,961	-	1,961
Personnel Loans – YTL	1,118	23,317	24,435
Housing Loan	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	1,118	23,317	24,435
Others	-	-	-
Personnel Loans - FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Loans – FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Personnel Credit Cards – YTL	15,994	-	15,994
With Installment	5,343	-	5,343
Without Installment	10,651	-	10,651
Personnel Credit Cards – FC	59	-	59
With Instalment	-	-	-
Without Installment	59	-	59
Overdraft Checking Accounts– YTL (Real persons)	650,947	-	650,947
Overdraft Checking Accounts– FC (Real persons)	-	-	-
Total	1,759,775	6,869,022	8,628,797

Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – YTL	258,468	4,570,815	4,829,283
Real Estate Loans	22	110,431	110,453
Automobile Loans	26,443	538,783	565,226
General Purpose Loans	232,003	3,921,601	4,153,604
Others	-	-	-
Installment-based Commercial Loans - FC-indexed	-	-	-
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	-	-	-
Installment-based Commercial Loans – FC	267	57,294	57,561
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Others	267	57,294	57,561
Corporate Credit Cards – YTL	24,904	-	24,904
With Installment	1,124	-	1,124
Without Installment	23,780	-	23,780
Corporate Credit Cards – FC	150	-	150
With Installment	-	-	-
Without Installment	150	-	150
Overdraft Checking Accounts– YTL (Corporate)	72,707	-	72,707
Overdraft Checking Accounts– FC (Corporate)	-	-	-
Total	356,496	4,628,109	4,984,605

Allocation of loan customers

	Current Year	Prior Year
Public Sector	2,129,820	3,302,303
Private Sector	28,287,391	20,167,700
Total	30,417,211	23,470,003

Allocation of domestic and foreign loans

	Current Year	Prior Year
Domestic Loans	30,391,677	23,448,621
Foreign Loans	25,534	21,382
Total	30,417,211	23,470,003

Loans to associates and subsidiaries

	Current Year	Prior Year
Direct Loans to Associates and Subsidiaries	126,461	63,102
Indirect Loans to Associates and Subsidiaries	-	-
Total	126,461	63,102

Specific provisions for loans

Specific Provisions	Current Year	Prior Year
Loans and Receivables with Limited Collectibility	21,272	67,684
Loans and Receivables with Doubtful Collectibility	274,052	148,064
Uncollectible Loans and Receivables	1,075,410	927,107
Total	1,370,734	1,142,855

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Year	-	-	87,748
(Gross amounts before the specific reserves)	-	-	-
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	-	-	87,748
Prior Year	2,557	-	129,055
(Gross amounts before the specific reserves)	-	-	-
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	2,557	-	129,055

Movements in non-performing loan groups:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Prior Year end balance	67,684	148,064	927,107
Additions (+)	575,142	1,237	8,505
Transfers from other categories of loans under follow-up (+)	110,487	523,159	466,049
Transfers to other categories of loans under follow-up (-)	568,669	338,905	220,441
Collections (-)	78,284	59,503	105,810
Write-offs (-)	-	-	-
Commercial and corporate loans	-	-	-
Individual loans	-	-	-
Credit Cards	-	-	-
Others	-	-	-
Current Year end balance	106,360	274,052	1,075,410
Specific provision (-)	21,272	274,052	1,075,410
Net Balance on balance sheet	85,088	-	-

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Period			
Period end balance	393	58,733	181,654
Specific provision (-)	79	58,733	181,654
Net balance on balance sheet	314	-	-
Prior Period			
Period end balance	5,002	6,976	199,835
Specific provision (-)	5,002	6,976	199,835
Net balance on balance sheet	-	-	-

Write-off policy for uncollectible loans and receivables

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

Loan customer concentration of non-performing loans:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Year (Net)			
	85,088	-	-
Consumer and Commercial Loans (Gross)	105,650	273,599	1,048,745
Special Provision (-)	21,130	273,599	1,048,745
Consumer and Commercial Loans (Net)	84,520	-	-
Banks (Gross)	-	-	1,551
Special Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	710	453	25,114
Special Provision (-)	142	453	25,114
Other Loans and Receivables (Net)	568	-	-
Prior Year (Net)			
	-	-	-
Consumer and Commercial Loans (Gross)	58,997	147,503	911,238
Special Provision (-)	58,997	147,503	911,238
Consumer and Commercial Loans (Net)	-	-	-
Banks (Gross)	-	-	1,551
Special Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	8,687	561	14,318
Special Provision (-)	8,687	561	14,318
Other Loans and Receivables (Net)	-	-	-

6. Information on held-to-maturity investments

Public sector debt securities classified as held-to-maturity investments

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Government Bonds	1,915,921	45,126	1,350,673	-
Treasury Bills	-	-	-	-
Other Government Securities	-	1,475,206	-	90,519
Total	1,915,921	1,520,332	1,350,673	90,519

Information on held-to-maturity investments

	Current Year	Prior Year
Debt Securities	3,476,003	1,476,946
Quoted at Stock Exchange	3,440,918	1,441,776
Unquoted at Stock Exchange	35,085	35,170
Impairment Losses (-)	4,665	584
Total	3,471,338	1,476,362

The movement of held-to-maturity investments

	Current Year	Prior Year
Balances at the Beginning of the Year	1,476,362	48,391
Foreign Currency Differences On Monetary Assets	38,444	(4,032)
Purchases During the Year	2,811,612	1,643,570
Disposals Through Sales/Redemptions	(928,203)	(294,194)
Impairment Losses	(4,511)	(105)
Change in Amortized Costs (*)	77,634	82,732
Balances at the End of the Year	3,471,338	1,476,362

(*) Accrual differences on marketable securities calculated based on amortized costs are included in this column.

The Bank reclassified certain investment securities that were previously classified in financial assets at fair value through profit or loss to its held-to-maturity investment securities portfolio. These investment securities have been included in held-to-maturity investment securities portfolio with their fair values as at the reclassification dates. These reclassifications are presented in “purchases during the year” line in the movement table of investments held-to-maturity.

Date of reclassification	Foreign exchange	Face value (FC'000)	Fair value as at reclassification date (FC'000)
31 October 2008	US Dollar	99,386	145,760
		99,386	145,760
31 October 2008	Euro	40,066	45,867
		40,066	45,867

The Bank reclassified certain investment securities that were previously classified in available-for-sale portfolio with total face value of YTL 1,325,000,000 (full YTL), US Dollar 610,000,000 (full US Dollar), and EUR 75,000,000 (full EUR) to its held-to-maturity investment securities portfolio at their fair values of YTL 1,213,358,500 (full YTL), US Dollar 590,404,170 (full US Dollar), and EUR 68,996,250 (full EUR) respectively as at their reclassification dates, in 2008. These reclassifications are presented in “purchases during the period” line in the movement table of held-to-maturity investment securities. The value increases of such securities amounting YTL (9,529,171) (full YTL), US Dollar (13,044,045) (full US Dollar), and EUR (5,325,575) (full EUR) respectively, are recorded under the shareholders’ equity and will be amortized through the income statement until their maturities.

Additionally, the Bank reclassified certain investment securities that were previously classified in available-for-sale portfolio with total face value of YTL 1,240,000,000 (full YTL), US Dollar 40,000,000 (full US Dollar), and EUR 20,000,000 (full EUR) to its investment securities held-to-maturity portfolio at their fair values of YTL 1,237,751,050 (full YTL), US Dollar 41,706,400 (full US Dollar), and EUR 19,475,000 (full EUR), respectively as at their reclassification dates, in 2007. The value increases/(decreases) of such securities amounting YTL 5,217,409 (full YTL), US Dollar 774,816 (full US Dollar), and EUR (448,178) (full EUR) are recorded under shareholders’ equity and will be amortized through the income statement until their maturities.

Information about held-to-maturity investments

Current Year	Cost		Carrying Value	
	YTL	FC	YTL	FC
Collateralized / Blocked Investments	1,261,001	80,408	1,368,541	82,312
Investments subject to Repurchase Agreements	58,494	363,118	62,044	374,062
Held for structural position	-	-	-	-
Receivable from Security Borrowing Market	-	-	-	-
Collateral For Security Borrowing Market	-	-	-	-
Others ^(*)	478,586	1,073,538	485,336	1,099,043
Total	1,798,081	1,517,064	1,915,921	1,555,417

Prior Year	Cost		Carrying Value	
	YTL	FC	YTL	FC
Collateralized / Blocked Investments	1,269,887	-	1,350,673	-
Investments subject to Repurchase Agreements	-	16,927	-	17,330
Held for structural position	-	-	-	-
Receivable from Security Borrowing Market	-	-	-	-
Collateral For Security Borrowing Market	-	-	-	-
Others ^(*)	-	106,908	-	108,359
Total	1,269,887	123,835	1,350,673	125,689

^(*) In the “Other” column, the securities held as free that are not treated by the Bank as subject of collateral/blockage or other transactions.

7. Investments in associates

Investments in associates

Associate	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1 Kıbrıs Vakıflar Bankası Ltd. (*)	Lefkosa/NCTR	15.00	15.00
2 İşkur İşçi İşadamı Kimya Kuruluşları AŞ	In liquidation	25.00	25.13
3 Vakıf Menkul Kıymetler Yatırım Ortaklığı AŞ (*)	Istanbul/Turkey	11.75	21.77
4 Vakıf Gayrimenkul Yatırım Ortaklığı AŞ (*)	İstanbul/Turkey	27.63	29.47
5 Roketsan Roket Sanayi ve Ticaret AŞ (*)	Ankara/Turkey	10.00	10.00
6 Türkiye Sınai Kalkınma Bankası AŞ (*)	İstanbul/Turkey	8.38	8.38
7 Bankalararası Kart Merkezi AŞ (*)	İstanbul/Turkey	9.70	9.70
8 Kredi Kayıt Bürosu AŞ (*)	İstanbul/Turkey	9.09	9.09
9 Güçbirliği Holding AŞ (*)	İzmir/Turkey	0.07	0.07
10 İzmir Enternasyonel Otelcilik AŞ	İstanbul/Turkey	5.00	5.00

	Total Assets	Shareholders' Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/Loss	Prior Years' Profit/Loss	Company's Fair Value
1	559,613	41,808	4,666	67,015	870	7,528	9,496	-
2	-	-	-	-	-	-	-	-
3	14,176	13,395	64	368	(2,090)	(2,670)	2,094	500
4	68,974	68,728	35,751	739	2,711	6,027	3,744	5,424
5	365,646	158,204	147,214	1,650	6	21,694	(1,854)	-
6	5,336,070	790,038	223,656	165,174	162,240	99,377	92,268	37,112
7	16,215	14,381	4,972	1,190	-	2,581	2,385	-
8	19,864	17,770	2,321	1,173	705	4,528	2,888	-
9	108,199	44,120	90,936	126	-	(4,624)	1,796	-
10	110,240	50,182	103,404	72	-	(12,159)	11,104	-

(*) The financial statements as at and for the nine-month period ended 30 September 2008

Movement of investments in associates

	Current Year	Prior Year
Balance at the beginning of the year	90,066	82,876
Movements during the year	(33,286)	7,190
Transfers	2,445	7,594
Acquisitions and capital increases	294	-
Bonus shares received	8,604	9,292
Income/Loss from investments under equity accounting	-	-
Sales and liquidations	-	(752)
Revaluation decreases due to changes in fair values	(44,629)	(8,944)
Impairment losses	-	-
Balance at the end of the year	56,780	90,066
Capital commitments	-	-
Share percentage at the end of the year (%)	-	-

The Bank has reclassified Türkiye Sınai Kalkınma Bankası AŞ (“TSKB”) shares as “Financial associates”, which were previously presented as “Equity securities” under “Financial assets available for sale”. In the table presented above, the beginning balances have been restated according to TSKB’s fair value as at the related periods.

In year 2007, Roketsan Roket Sanayi ve Ticaret AŞ shares which were previously presented as “Equity securities” under “Financial assets available for sale” with carrying value of YTL 7,594 has been reclassified as “Non-financial associates”.

In year 2008, Bankalararası Kart Merkezi AŞ, Kredi Kayıt Bürosu AŞ, Güçbirliği Holding AŞ and İzmir Enternasyonel Otelcilik AŞ shares which were previously presented as “Equity securities” under “Available for sale financial assets” with total carrying value of YTL 3,031 has been reclassified as investment in associates in accordance with the directives of BRSA.

Since the Bank’s share in Vakıf Gayrimenkul Değerleme AŞ has increased to 54.29% in 2008, it has been reclassified to “Investment in subsidiaries” which was previously classified as “Investment in associates”. The subsidiary which had previously carrying value of YTL 586 is presented in “transfers” row in the table above.

As per the resolution no.77232 of the Board of Directors of the Bank on 3 April 2008, it is decided to work on disposal process of Roketsan Roket Sanayi AŞ (“Roketsan”), that the Bank owns 10% shares representing 14,600 YTL nominal shares of its capital of 146,000 YTL to the third parties or other shareholders of Roketsan.

As per the resolution of the Board of Directors dated 27 December 2007, it is decided to sell the shares of Kıbrıs Vakıflar Bankası Ltd in case of appropriate economic conditions occur for this transaction.

Sectoral distribution of investments and associates

	Current Year	Prior Year
Banks	40,231	68,262
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	8,955	13,625
Total	49,186	81,887

Quoted associates

	Current Year	Prior Year
Quoted to domestic stock exchanges	43,036	78,768
Quoted to international stock exchanges	-	-
Total	43,046	78,768

Investments in associates sold during the current year

There is not any disposal in associates during the year 2008.

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

Investments in associates acquired during the current year

In the current period, Vakıf Yatırım Menkul Kıymetler Yatırım Ortaklığı AŞ, an associate of the Bank, increased its paid-in capital by YTL 2,500 from YTL 5,000 to YTL 7,500. The share of the Bank amounting to YTL 294 is presented as acquisitions in the movement of investments in associates table.

In the current period, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ increased its paid-in capital from YTL 18,480 to YTL 19,300 by a way of stock split. The share of the Bank amounting to YTL 227 is presented as bonus shares received in the movement of investments in associates table.

In the current period, TSKB increased its paid-in capital from YTL 400,000 to YTL 500,000 by a way of stock split. The share of the Bank amounting to YTL 8,377 is presented as bonus shares received in the movement table of investments in associates.

In year 2007, TSKB increased its paid-in capital from YTL 300,000 to YTL 400,000 by a way of stock split. The share of the Bank amounting to YTL 8,378 is presented as bonus shares received in the movement table of investments in associates.

In year 2007, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ, an associate of the Bank, increased its paid-in capital from internal sources by YTL 1,680 from YTL 16,800 to YTL 18,480. The share of the Bank amounting to YTL 464 is presented as bonus shares received in the movement table of investments in associates.

In year 2007, Kıbrıs Vakıflar Bankası Ltd, an associate of the Bank, increased its paid-in capital from internal sources by YTL 3,000 from YTL 17,000 to YTL 20,000. The share of the Bank amounting to YTL 450 is presented as bonus shares received in the movement table of investments in associates.

8. Investments in subsidiaries

Investments in subsidiaries

	Subsidiaries	Address (City / Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Güneş Sigorta AŞ (*)	Istanbul/Turkey	36.35	36.35
2	Vakıf Emeklilik AŞ (*)	Istanbul/ Turkey	53.90	75.30
3	Vakıf Enerji ve Madencilik AŞ (*)	Ankara/ Turkey	65.50	84.92
4	Ataköy Mağazacılık Ticaret AŞ	In Liquidation	45.79	45.79
5	Taksim Otelcilik AŞ (*)	Istanbul/ Turkey	51.00	51.52
6	Vakıf Finans Faktoring Hizmetleri AŞ (*)	Istanbul/ Turkey	78.39	86.97
7	Vakıf Finansal Kiralama AŞ (*)	Istanbul/ Turkey	58.71	64.40
8	Vakıf Deniz Finansal Kiralama AŞ (**)	Istanbul/ Turkey	68.55	73.95
9	Vakıf Girişim Sermayesi Yatırım Ortaklığı AŞ (*)	Ankara/ Turkey	31.00	31.09
10	Vakıf Yatırım Menkul Değerler AŞ (*)	Istanbul/ Turkey	99.00	99.44
11	Vakıf Sistem Pazarlama Yazılım Servis ve Ticaret AŞ	Ankara/ Turkey	73.00	79.85
12	Vakıf Gayrimenkul Değerleme AŞ	Ankara/ Turkey	54.29	58.54
13	Vakıfbank International AG (*)	Vienna/Austria	90.00	90.00
14	World Vakıf Offshore Banking Ltd. (*)	Lefkosa/NCTR	82.00	84.93
15	Vakıf Portföy Yönetimi AŞ (*)	Istanbul/ Turkey	99.99	99.99

	Total Assets	Shareholder's Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Year's Profit/(Loss)	Prior Years' Profit/(Loss)	Company's Fair Value
1	617,964	231,887	136,770	2,010	14,783	25,138	(7,149)	71,699
2	826,598	100,874	37,215	2,189	44,165	11,181	19,118	73,223
3	260,804	241,150	244,758	488	-	(2,141)	1,532	21,722
4	-	-	-	-	-	-	-	-
5	215,034	213,940	85,682	7,176	100	10,180	(8,356)	-
6	139,149	51,349	134	13,282	-	7,544	(32,229)	33,708
7	244,794	34,629	5,481	15,132	15	1,452	(4,072)	14,854
8	100,537	(1,432)	235	10,946	3	(1,686)	(9,570)	-
9	4,431	4,397	13	318	209	223	(34)	1,281
10	65,325	48,657	8,993	5,110	1,085	4,422	4,015	-
11	14,304	9,316	411	1,567	280	2,666	2,249	10,950
12	13,316	9,985	653	1,239	245	4,395	4,387	16,287
13	734,408	88,289	1,273	27,061	7,535	4,422	6,192	100,158
14	17,414	(19,005)	-	2,133	-	(6,291)	(13,914)	-
15	3,965	3,880	40	103	294	691	616	-

(*) Financial Statements are as at and for the nine-month period ended 30 September 2008

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

Movement of investments in subsidiaries

	Current Year	Prior Year
Balance at the beginning of the year	495,905	391,459
Movements during the year	(13,316)	104,446
Transfers	586	-
Acquisitions and capital increases	1,500	5,685
Bonus shares received	-	29,378
Dividends from current year profit	-	-
Sales and liquidations	-	-
Revaluation increase, inflation correction difference and currency difference on foreign subsidiaries	(15,402)	69,383
Impairment losses	-	-
Balance at the end of year	482,589	495,905
Capital commitments	-	-
Share percentage at the end of year (%)	-	-

Since the Bank's share in Vakıf Gayrimenkul Değerleme AŞ has increased to 54.29% in 2008, it has been reclassified to "Investment in subsidiaries" which was previously classified as "Investment in associates". The subsidiary which had previously carrying value of YTL 586 is presented in "transfers" row in the table above.

As per the resolution of the Board of Directors of the Bank on 22 August 2006, it is decided to merge Vakıf Deniz Finansal Kiralama AŞ and Vakıf Finansal Kiralama AŞ and authorize a law office to carry required procedures for the merger.

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

According to the resolution of the Bank's Board of Directors on 15 May 2008, it is decided to sell the shares of consolidated subsidiaries Güneş Sigorta AŞ and Vakıf Emeklilik AŞ partially or entirely, however after resolution date, sales transaction of related subsidiaries has been cancelled due to global economic crisis. Therefore, sale oriented operations has been stopped and the process has been ended.

The sales contract has been signed as at 7 March 2008 for the sale of the Bank's total shares of Vakıf Girişim Sermayesi Yatırım Ortaklığı AŞ consisting of (A) Group share with a percentage of 25.00 and (B) Group share with a percentage of 6.00, 31.00% in total, to Multinet Kurumsal Hizmetler AŞ and also for the sale of the shares with a percentage of 0.15 in total and consisting of (B) Group share owned by Vakıf Finansal Kiralama AŞ with a percentage of 0.05, (B) Group share owned by Vakıf Deniz Finansal Kiralama AŞ with a percentage of 0.05 and (B) Group share owned by Güneş Sigorta AŞ with a percentage of 0.05 to CFK Kurumsal Finansal Danışmanlık AŞ. Selling price for the shares has been determined as YTL 3,129. Authorization of the Capital Markets Board is needed for the sales transaction to be closed. Based on the application to the Capital Markets Board of Turkey ("CMB") for the realization of sales transaction, it has been specified that "in our meeting dated 15 October 2008 and numbered 27 which the request has been discussed, it is decided not to take the related request into consideration in this stage" with CMB article no. B.02.1.SP.K.0.15-1027 and dated 24 October 2008. Based on the decision of Capital Market Board, it has been decided to prolong activities regarding the sales and continue the business activities as a venture-capital trust. However, in order to make up venture- capital trust portfolio, the term has been extended for one-year in accordance with clause B of the CMB decision no. 39/1206 and dated 23 September 2008. The Bank has appealed CMB via the letter no. 34 dated 15 January 2009, for the sale of the Bank's total shares of Vakıf Girişim Sermayesi Yatırım Ortaklığı AŞ to Multinet Kurumsal Hizmetler AŞ and CFK Kurumsal Finansal Danışmanlık AŞ to be reconsidered.

Valuation methods of investments in subsidiaries

	Current Year	Prior Year
Valued at Cost	138,706	185,124
Valued at Fair Value	343,883	310,781
Valued by Equity Method of Accounting	-	-
Total	482,589	495,905

Sectoral distribution of financial investments in subsidiaries

	Current Year	Prior Year
Banks	100,158	41,073
Insurance Companies	144,922	172,456
Factoring Companies	33,708	24,301
Leasing Companies	14,854	89,078
Finance Companies	-	-
Other Financial Subsidiaries	41,616	43,559
Total	335,258	370,467

Quoted subsidiaries

	Current Year	Prior Year
Quoted at Domestic Stock Exchanges	87,834	191,536
Quoted at International Stock Exchanges	-	-
Total	87,834	191,536

Investments in subsidiaries disposed during the current year

None.

Investments in subsidiaries purchased during the current year

In year 2008, Vakıf Gayrimenkul Değerleme AŞ increased its paid-in capital by YTL 1,500 from YTL 2,000 to YTL 3,500. Increase in the share capital of this subsidiary is fully paid by the Bank by using its precedence right. Related cash injection is presented as “acquisitions and capital increases” row in the movement of investments in subsidiaries table.

In year 2007, as per the resolution of the Board of Directors related to the restructuring of investment in associates and subsidiaries, the Bank acquired the 99.99% shares of Vakıf Portfoy Yönetim AŞ, which has a nominal paid in capital of YTL 1,500, previously owned by Vakıf Yatırım Ortaklığı AŞ. The sale price amounting to USD 4,300,000 was determined by an independent appraiser. The share of the Bank is presented as 2007 acquisition in the movement of investments in subsidiaries table.

In year 2007, Taksim Otelcilik AŞ, a subsidiary of the Bank, increased its paid-in capital from internal sources by YTL 4,150 from YTL 93,000 to YTL 97,150. The share of the Bank amounting to YTL 2,116 is presented bonus shares received in the movement of investments in subsidiaries table.

In year 2007, Güneş Sigorta AŞ, a subsidiary of the Bank, increased its paid-in capital from internal sources by YTL 75,000 from YTL 75,000 to YTL 150,000. The share of the Bank amounting to YTL 27,262 is presented bonus shares received in the movement of investments in subsidiaries table.

9. Investments in joint-ventures

None.

10. Information on finance lease receivables

None

11. Information on hedging purpose derivatives

Positive differences on derivative financial instruments held for risk management

None.

12. Information on tangible assets

	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Balance at the end of the prior year:					
Cost	919,548	197,616	25,704	315,947	1,458,815
Accumulated depreciation(-)	185,727	121,891	16,775	228,392	552,785
Net book value	733,821	75,725	8,929	87,555	906,030
Balance at the end of the current year:					
Net book value at the beginning of the current year	733,821	75,725	8,929	87,555	906,030
Additions	73,897	16,583	4,376	109,035	203,891
Disposals (-)	31,884	1,015	341	1,914	35,154
Impairment losses	-	-	-	-	-
Depreciation of the current year (-)	26,879	22,494	3,735	36,989	90,097
Currency translation diff. on foreign operations (-)	-	-	-	-	-
Cost at the end of the current year	961,561	213,184	29,739	423,068	1,627,552
Accumulated depreciation at the end of the year (-)	212,606	144,385	20,510	265,381	642,882
Net book value at the end of the current year	748,955	68,799	9,229	157,687	984,670

In the current year the Bank does not have impairment loss recorded or written-off for a specific tangible asset that could individually or collectively effect financial statements.

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

13. Information on intangible assets

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

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

The Bank did not declared a commitment to purchase intangible assets. In the current Year Bank has not capitalised research and development expense.

14. Information on investment property

None.

15. Information on deferred tax asset

Items generating deferred tax assets or liabilities are listed below as at 31 December 2008 and 31 December 2007:

	Current Year	Prior Year
Deferred tax assets	94,516	82,337
BRSA – Tax Code depreciation differences	18,231	26,704
Reserves for employee termination benefits and unused vacations	32,894	27,070
Valuation difference for associates and subsidiaries	22,732	21,270
Other provisions	7,899	3,954
Valuation differences of financial assets and liabilities	10,932	1,457
Others	1,828	1,882
Deferred tax liabilities	(8,459)	(32,617)
Valuation differences of financial assets and liabilities	(2,514)	(27,151)
Valuation difference for associates and subsidiaries	(5,945)	(5,328)
Others	-	(138)
Deferred tax assets, net	86,057	49,720

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

None.

17. Information on other assets

Details of other assets as at 31 December 2008 ve 31 December 2007 is as follows:

	Current Year	Prior Year
Prepaid expenses	285,053	204,343
Receivables from term sale of assets	158,266	138,749
Receivables from derivative financial instruments	84,558	69,344
Receivables from credit cards	52,416	30,087
Receivables from lawsuit and court expenses	30,684	24,455
Others	75,898	42,935
Total	686,875	509,913

II. Information and disclosures related to liabilities

1. Information on maturity profile of deposits

<i>Current Year</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	839,372	-	732,245	6,924,356	168,677	10,169	28,087	-	8,702,906
Foreign Currency Deposits	1,097,263	-	2,596,993	5,641,389	865,877	277,277	663,353	-	11,142,152
Residents in Turkey	1,079,556	-	2,589,199	5,625,316	864,818	276,759	652,299	-	11,087,947
Residents in Abroad	17,707	-	7,794	16,073	1,059	518	11,054	-	54,205
Public Sector Deposits	1,078,139	-	1,041,733	1,721,947	123,714	71	1,370	-	3,966,974
Commercial Deposits	825,479	-	1,901,295	3,375,304	116,177	40,508	1,261	-	6,260,024
Others	1,480,317	-	525,034	3,420,681	136,301	413	10,310	-	5,573,056
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	1,796	-	1,070,729	402,640	-	-	-	-	1,475,165
Central Bank	65	-	-	-	-	-	-	-	65
Domestic Banks	115	-	1,023,548	398,603	-	-	-	-	1,422,266
Foreign Banks	1,356	-	47,181	4,037	-	-	-	-	52,574
Participation Banks	260	-	-	-	-	-	-	-	260
Others	-	-	-	-	-	-	-	-	-
Total	5,322,366	-	7,868,029	21,486,317	1,410,746	328,438	704,381	-	37,120,277

<i>Prior Year</i>	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	682,210	-	253,577	5,608,530	261,908	28,971	29,534	-	6,864,730
Foreign Currency Deposits	788,874	-	1,292,105	3,020,712	361,773	227,137	582,158	-	6,272,759
Residents in Turkey	772,058	-	1,208,746	2,994,491	356,560	225,370	555,824	-	6,113,049
Residents in Abroad	16,816	-	83,359	26,221	5,213	1,767	26,334	-	159,710
Public Sector Deposits	971,314	-	658,695	1,030,009	207,687	116,796	185	-	2,984,686
Commercial Deposits	666,430	-	1,333,137	2,704,773	258,461	445	14,529	-	4,977,775
Others	409,804	-	508,604	5,258,438	762,278	7,762	58,651	-	7,005,537
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	1,224	-	154,234	521,339	80,229	-	-	-	757,026
Central Bank	12	-	-	-	-	-	-	-	12
Domestic Banks	303	-	148,094	495,131	50,358	-	-	-	693,886
Foreign Banks	775	-	6,140	26,208	29,871	-	-	-	62,994
Participation Banks	134	-	-	-	-	-	-	-	134
Others	-	-	-	-	-	-	-	-	-
Total	3,519,856	-	4,200,352	18,143,801	1,932,336	381,111	685,057	-	28,862,513

Information on saving deposits insured by Saving Deposit Insurance Fund and the total amounts of the deposits exceeding the insurance coverage limit

	Covered by		Exceeding the	
	Deposit Insurance Fund	Deposit Insurance Fund	Deposit Insurance Limit	Deposit Insurance Limit
	Current Year	Prior Year	Current Year	Prior Year
Saving Deposits	4,549,510	3,654,728	4,153,396	3,208,160
Foreign Currency Saving Deposits	1,341,128	1,286,065	2,739,340	1,893,244
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	5,890,638	4,940,793	6,892,736	5,101,404

Saving deposits out of insurance coverage limits

	Current Year	Prior Year
Deposits and other accounts at foreign branches	591	474
Deposits and other accounts, which belong to controlling shareholders, their parents, wives/husbands, and children	-	-
Deposits and other accounts, which belong to Board of Director members, chairman, general manager, his/her assistants, their parents, wives/husbands, and children	2,792	600
Deposits and other accounts under scope of TCC law 5237 article no 282, dated 26.09.2004	-	-
Deposits in Deposit Banks of Turkey, which are solely established for off-shore banking	-	-

2. Information on derivative financial liabilities held for trading purposes

Negative fair values of trading purpose derivatives

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Forwards	406	-	4,959	1
Swaps	5,145	21,576	15,044	2,286
Futures	-	-	-	-
Options	-	-	-	-
Others	-	-	-	-
Total	5,551	21,576	20,003	2,287

3. Information on banks and other financial institutions

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Central Bank of Turkey	-	-	-	-
Domestic Bank and Institutions	74,719	282,616	52,803	247,370
Foreign Bank, Institutions and Funds	-	5,413,059	-	4,392,685
Total	74,719	5,695,675	52,803	4,640,055

Maturity information of funds borrowed

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Short-term ^(*)	74,719	1,891,715	52,803	1,339,388
Medium and Long term ^(*)	-	3,803,960	-	3,300,667
Total	74,719	5,695,675	52,803	4,640,055

^(*)The maturity profile of funds borrowed has been explained taking the original maturities into account.

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 12.4% (31 December 2007: 12.6%) of the Bank's liabilities. There is no risk concentration on funding sources of the Bank.

On 12 July 2007, the Bank has obtained syndication loan of US Dollar 700 million having one year maturity and Libor+0.475% interest rate, with the participation of 29 international banks through club deal. On 23 July 2008, the Bank has renewed the syndication loan by the amount of US Dollar 750 million with US Libor+0.77% and EUR Libor+0.77%, with the participation of 25 banks.

On 3 December 2007, the Bank has obtained syndication loan of US Dollar 375 million with one year of maturity with the participation of 23 international banks. On 19 December 2008, the Bank has renewed the syndication loan by the amount of US Dollar 335 million with US Libor+2% and EUR Libor+2%, with the participation of 12 banks.

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

4. Components of other liabilities, those that exceed 10% of total liabilities or those that exceed 20% of the individual liability items in the unconsolidated balance sheet

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

5. Criteria used in the determination of lease installments in the financial lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts

Obligations under financial leases

	Current Year		Prior Year	
	Gross	Net	Gross	Net
Up to 1 year	13,319	12,876	1,627	1,494
1-4 Years	3,628	3,551	25,012	23,212
More than 4 Years	-	-	-	-
Total	16,947	16,427	26,639	24,706

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

Negative fair values of hedging purpose derivatives

None.

7. Information on provisions

Information on general provisions

	Current Year	Prior Year
Provisions for Loans and Receivables in Group I	202,266	151,077
Provisions for Loans and Receivables in Group II	36,860	7,099
Provisions for Non Cash Loans	19,531	15,390
Others	250	179
Total	258,907	173,745

Assets subject to general provision and provision amounts as per their risk grading

31 December 2008	Balance sheet items		Off balance sheet items	
	Book value	Provision	Book value	Provision
Grade 1-3 : Low risk loans and receivables	27,973,138	199,506	13,602,667	18,952
Grade 4-5 : Loans under follow-up	1,740,282	35,436	144,692	579
Restructured loans	208,792	1,424	-	-
Other not graded assets	673,284	2,760	1,225,095	250
Total	30,595,496	239,126	14,972,454	19,781

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

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

None.

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

	Current Year	Prior Year
Non-cash Loans with Limited Collectibility	1,602	1,956
Non-cash Loans with Doubtful Collectibility	7,914	11,613
Uncollectible Non-cash Loans	95,947	68,823
Total	105,463	82,392

Information on other provisions

None.

Information on other provisions exceeding 10% of total provisions

	Current Year	Prior Year
Specific provision for non-cash loans	105,463	82,392
Provisions related to the deficit in the equity of World Vakıf Offshore		
Banking Ltd	15,583	7,355
Provisions for law suits against the Bank	12,371	11,413
Provisions for credit card promotions	9,022	7,890
Others	11,540	1,000
Total	153,979	110,050

8. Taxation

Current Taxes

Tax provision

As at and for the year ended 31 December 2008, the tax provision was amounted to YTL 197,622 (31 December 2007: YTL 255,578). As at 31 December 2008, corporate tax liabilities of the Bank was amounted to YTL 47,550 (31 December 2007: YTL 82,561), after deducting prepaid taxes paid during temporary tax periods amounted to YTL 150,072 (31 December 2007: YTL 173,017).

Information on taxes payable

	Current Year	Prior Year
Corporate taxes payable	47,550	82,561
Taxation on securities	91,324	52,709
Capital gains tax on property	652	468
Banking and Insurance Transaction Tax (BITT)	27,975	21,545
Taxes on foreign exchange transactions	-	1,311
Value added tax payable	874	1,007
Others	11,276	10,785
Total	179,651	170,386

Information on premiums payable

	Current Year	Prior Year
Social security premiums- employee share	-	-
Social security premiums- employer share	-	-
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	-	-
Pension fund membership fees and provisions- employee share	-	-
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	252	275
Unemployment insurance- employer share	505	485
Others	-	-
Total	757	760

Information on deferred tax liability

Disclosed in Note 15 of information and disclosures for assets.

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

None.

10. Information on subordinated loans

None.

11. Information on shareholders' equity

Paid-in capital

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

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

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

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

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

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

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

There is no share capital increase in the current and previous year.

Information on share capital increases from revaluation funds

None.

Capital commitments for current financial year and following Year

None.

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

None.

Information on the privileges given to stocks representing the capital

None.

Valuation differences of marketable securities

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Associates, subsidiaries and JV's	62,561	56,130	188,303	-
FV differences	57,554	(68,436)	45,167	41,960
Foreign currency exchange differences	-	-	-	-
Total	120,115	(12,306)	233,470	41,960

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

1. Disclosures related to other contingent liabilities

Type and amount of irrevocable commitments

	Current Year	Prior Year
Commitments for credit card limits	3,050,410	3,067,930
Commitments for cheque payments	1,456,567	1,330,395
Loan granting commitments	1,273,207	1,452,873
Asset purchase commitments	293,765	207,135
Total	6,073,949	6,058,333

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

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

The Bank provided specific provision amounting to YTL 105,463 (31 December 2007: YTL 82,392) for unliquidated non-cash loans recorded under off-balance sheet items, amounting to YTL 111,873 (31 December 2007: YTL 82,392)

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Year	Prior Year
Provisional Letters of Guarantee	102,621	107,807
Final Letters of Guarantee	4,112,388	3,432,155
Letters of Guarantee for advances	1,035,225	545,641
Letters of Guarantee given to Customs Offices	182,196	82,595
Other Letters of Guarantee	80,267	94,209
Total	5,512,697	4,262,407

2. Non-cash Loans

	Current Year	Prior Year
Non-Cash Loans Given for Cash Loan Risks	405,492	375,627
With Original Maturity of 1 Year or Less	132,743	158,732
With Original Maturity of More Than 1 Year	272,749	216,895
Other Non-Cash Loans	7,605,585	5,465,168
Total	8,011,077	5,840,795

3. Sectoral risk concentrations of non-cash loans

	Current Year				Prior Year			
	YTL	%	FC	%	YTL	%	FC	%
Agricultural	30,209	0.88	57,063	1.25	24,187	0.87	25,727	0.84
Farming and Stockbreeding	22,881	0.67	37,906	0.83	18,843	0.67	14,693	0.48
Forestry	4,980	0.14	3,705	0.08	3,803	0.14	90	0.00
Fishing	2,348	0.07	15,452	0.34	1,541	0.06	10,944	0.36
Manufacturing	1,341,409	38.88	1,827,785	40.06	1,083,730	39.08	1,532,477	49.95
Mining	34,613	1.00	119,474	2.62	23,992	0.87	89,892	2.93
Production	953,207	27.63	1,523,671	33.39	830,040	29.93	1,292,455	42.13
Electric, gas and water	353,589	10.25	184,640	4.05	229,698	8.28	150,130	4.89
Construction	581,153	16.85	1,083,182	23.75	369,941	13.34	566,647	18.47
Services	1,203,401	34.89	841,916	18.46	1,023,770	36.91	428,728	13.97
Wholesale and retail trade	466,892	13.54	260,919	5.72	526,053	18.97	172,466	5.62
Hotel, food and beverage services	32,832	0.95	12,380	0.27	31,633	1.14	9,569	0.31
Transportation and telecommunication	205,056	5.94	356,090	7.81	144,200	5.20	60,812	1.98
Financial institutions	467,148	13.55	192,569	4.22	294,295	10.61	169,557	5.53
Real estate and renting services	4,898	0.14	65	0.00	1,787	0.06	-	-
“Self-employment” type services	-	-	-	-	-	-	-	-
Education services	5,092	0.15	2,293	0.05	5,423	0.20	5,945	0.19
Health and social services	21,483	0.62	17,600	0.39	20,379	0.73	10,379	0.34
Others	293,235	8.50	751,724	16.48	271,707	9.80	513,881	16.77
Total	3,449,407	100.00	4,561,670	100.00	2,773,335	100.00	3,067,460	100.00

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

	I. Group		II. Group	
	YTL	FC	YTL	FC
Letters of Guarantee	3,308,557	2,003,882	92,291	-
Confirmed Bills of exchange and Acceptances	-	485,129	-	25,827
Letters of Credit	-	1,935,200	-	33,996
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	14,322	-	-
Non-cash Loans	3,308,557	4,438,533	92,291	59,823

5. Information on derivative transactions

	Current Year	Prior Year
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	1,747,727	995,354
Currency Forwards	24,545	484,726
Currency Swaps	1,723,182	510,628
Currency Futures	-	-
Currency Options	-	-
Interest Rate Derivative Transactions (II)	702,975	468,634
Interest Rate Forwards	-	-
Interest Rate Swaps	702,975	468,634
Interest Rate Futures	-	-
Interest Rate Options	-	-
Other Trading Derivatives (III)	60,800	-
A. Total Trading Derivatives (I+II+III)	2,511,502	1,463,988
Hedging Derivatives	-	-
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Hedges for Foreign Currency Investments	-	-
B. Total Hedging Derivatives	-	-
Derivative Transactions (A+B)	2,511,502	1,463,988

	31 December 2008					Total
	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	
Currency swaps:						
Purchase	853,425	1,693	-	-	-	855,118
Sale	866,389	1,675	-	-	-	868,064
Currency forwards:						
Purchase	6,179	3,943	2,152	-	-	12,274
Sale	6,177	3,941	2,153	-	-	12,271
Cross currency interest rate swaps:						
Purchase	-	-	-	88,112	72,059	160,171
Sale	-	-	-	76,153	82,992	159,145
Interest rate swaps:						
Purchase	-	-	118,560	78,971	-	197,531
Sale	-	-	118,560	67,568	-	186,128
Other trading derivatives:						
Purchase	-	-	-	15,200	-	15,200
Sale	-	-	-	45,600	-	45,600
Total of purchases	859,604	5,636	120,712	182,283	72,059	1,240,294
Total of sales	872,566	5,616	120,713	189,321	82,992	1,271,208
Total	1,732,170	11,252	241,425	371,604	155,051	2,511,502

	31 December 2007					Total
	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	
Currency swaps:						
Purchase	254,012	-	3,879	-	-	257,891
Sale	248,855	-	3,882	-	-	252,737
Currency forwards:						
Purchase	148,336	47,591	46,519	-	-	242,446
Sale	148,226	47,561	46,493	-	-	242,280
Cross currency interest rate swaps:						
Purchase	-	-	-	78,000	83,160	161,160
Sale	-	-	-	87,815	73,395	161,210
Interest rate swaps:						
Purchase	-	-	-	77,199	-	77,199
Sale	-	-	-	69,065	-	69,065
Other trading derivatives:						
Purchase	-	-	-	-	-	-
Sale	-	-	-	-	-	-
Total of purchases	402,348	47,591	50,398	155,199	83,160	738,696
Total of sales	397,081	47,561	50,375	156,880	73,395	725,292
Total	799,429	95,152	100,773	312,079	156,555	1,463,988

6. Contingent assets and liabilities

None.

7. Services rendered on behalf of third parties

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

The Bank's custody services and banking transactions on behalf of individuals and corporate customers does not present a material portion.

IV. Information and disclosures related to the income statement

1. Interest income

Information on interest income received from loans

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Short-term Loans	1,740,119	186,127	1,718,940	142,020
Medium and Long-term Loans	1,954,390	402,870	1,086,953	232,900
Loans under follow-up	62,127	-	75,073	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	3,756,636	588,997	2,880,966	374,920

Information on interest income received from banks

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Central Bank of Turkey	-	3,016	-	4,626
Domestic Banks	12,595	3,293	20,015	891
Foreign Banks	29,056	37,462	65,012	85,441
Foreign Head Office and Branches	-	-	-	-
Total	41,651	43,771	85,027	90,958

Information on interest income received from securities portfolio

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Trading Financial Assets	1,107	21,539	3,583	33,694
Financial Assets at Fair Value through Profit or Loss	-	-	-	-
Available-for-Sale Financial Assets	1,167,063	149,232	1,198,897	219,308
Held-to-Maturity Investments	298,861	58,037	105,089	5,007
Total	1,467,031	228,808	1,307,569	258,009

Information on interest income received from associates and subsidiaries

	Current Year	Prior Year
Interest Received from Associates and Subsidiaries	10,794	3,324

2. Interest Expense

Interest expenses on funds borrowed

	Current Year		Prior Year	
	YTL	FC	YTL	FC
Banks	7,725	224,178	8,058	247,204
Central Bank of Turkey	-	-	-	-
Domestic Banks	7,725	1,805	8,039	2,415
Foreign Banks	-	222,373	19	244,789
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	155	24	39	19
Total	7,880	224,202	8,097	247,223

Interest expenses paid to associates and subsidiaries

	Current Year	Prior Year
Interest Paid to Associates and Subsidiaries	26,281	15,050

Interest expense on securities issued

None.

Maturity structure of interest expense on deposits

Account Description	Time Deposit						Accumulat ing Deposit Accounts	Total
	Demand Deposits	Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	1 Year and Over		
Turkish Lira:								
Bank Deposits	-	90,371	-	-	-	-	-	90,371
Saving Deposits	8,173	85,672	1,061,785	29,806	3,207	4,627	-	1,193,270
Public Sector Deposits	3,685	92,991	315,103	25,378	7,234	89	-	444,480
Commercial Deposits	2,396	149,824	535,570	16,274	2,903	333	-	707,300
Other Deposits	958	211,966	816,923	66,444	3,914	8,654	-	1,108,859
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Total	15,212	630,824	2,729,381	137,902	17,258	13,703	-	3,544,280
Foreign Currency:								
Foreign Currency Deposits	7,337	72,336	176,369	52,015	20,843	26,851	-	355,751
Bank Deposits	-	6,866	-	-	-	-	-	6,866
“7 Days Notice” Deposits	-	-	-	-	-	-	-	-
Precious Metals Deposits	-	-	-	-	-	-	-	-
Total	7,337	79,202	176,369	52,015	20,843	26,851	-	362,617
Grand Total	22,549	710,026	2,905,750	189,917	38,101	40,554	-	3,906,897

3. Dividend Income

	Current Year	Prior Year
Trading Purpose Financial Assets	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-Sale Financial Assets	1,166	5,646
Others	24,333	29,072
Total	25,499	34,718

4. Trading income/losses (Net)

	Current Year	Prior Year
Income	1,431,062	671,441
Trading Account Income	133,645	96,163
<i>Derivative financial instruments</i>	67,000	55,231
<i>Others</i>	66,645	40,932
Foreign Exchange Gain	1,297,417	575,278
Losses (-)	1,341,342	478,092
Trading Account Losses	82,291	48,641
<i>Derivative financial instruments</i>	74,608	38,868
<i>Others</i>	7,683	9,773
Foreign Exchange Losses	1,259,051	429,451
Net trading income	89,720	193,349

5. Other operating income

As at 31 December 2008, other operating income consists of; reversal of the impairment losses provided in previous years amounted to YTL 171,847, communication income amounted to YTL 70,513, reversal of the impairment losses of investments in associates provided in previous years amounted to YTL 10,554, gain on sale of assets amounted to YTL 8,554, and other income amounted to YTL 51,236.

6. Provision expenses for losses on loans and other receivables

	Current Year	Prior Year
Specific Provisions on Loans and Other Receivables	389,354	220,523
<i>Loans and Receivables in Group III</i>	41,082	215,518
<i>Loans and Receivables in Group IV</i>	153,887	5,005
<i>Loans and Receivables in Group V</i>	194,385	-
Non-performing commissions and other receivables	-	-
General Provision Expenses	84,193	43,282
Provision for Possible Losses	-	-
Impairment Losses on Financial Assets	23,931	11,711
<i>Financial Assets at Fair Value through Profit or Loss</i>	1,979	992
<i>Available-for-Sale Financial Assets</i>	21,952	10,719
Other Impairment Losses:	4,511	105
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
<i>Held-to-Maturity Investments</i>	4,511	105
Others	122,330	92,813
Total	624,319	368,434

7. Other operating expenses

	Current Year	Prior Year
Personnel Costs	557,063	457,156
Reserve for Employee Termination Benefits	29,120	21,663
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses on Tangible Assets	90,097	73,575
Impairment Losses on Intangible Assets	-	-
Amortization Expenses on Intangible Assets	3,753	2,101
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses on Assets to be Disposed	-	-
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	508,858	333,907
<i>Operational lease related expenses</i>	64,432	51,840
<i>Repair and maintenance expenses</i>	14,615	11,792
<i>Advertisement expenses</i>	45,156	32,543
<i>Other expenses</i>	384,655	237,732
Loss on sale of assets	1,776	7,425
Others	128,505	98,744
Total	1,319,172	994,571

8. Information on income/loss from discontinued operations

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

9. Information on tax provision from discontinued operations

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

10. Information on net profit/loss from discontinued operations

The Bank has no discontinued operations. Information on net profit/loss is presented in disclosures 1-13 in this section.

11. Provision for taxes on income

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

In the current Year, the Bank recorded a tax provision of YTL 194,149 (31 December 2007: YTL 255,483) from the operating profit in accordance with the Corporate Tax Law and other laws and regulations.

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

Sources of deferred tax benefit/charge	Current Year	Prior Year
Arising from Origination (+)/ Reversal (-) of Deductible Temporary Differences	(1,219)	9,247
Arising from Origination (+)/ Reversal (-) of Taxable Temporary Differences	23,228	18,837
Arising from Origination (+)/ Reversal (-) of Tax Losses	-	-
Arising from tax rate change	-	-
Total	22,009	28,084

12. Net profit and loss

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

None.

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

None.

13. Information related to the components of other items in the income statement exceeding 10% of the group total, or 20% of the sub-accounts belonging to this group

None.

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

1. Information on increases after revaluation of available-for-sale investments

Valuation differences of available-for-sale financial assets has decreased in the current year. Detailed information about the decrease is explained below in Note 6.

2. Information on increases in cash flow hedges:

None.

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

None.

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

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

5. Information on profit distribution

Based on the resolution of 54th Annual General Assembly held on 21 March 2008, net profit of the year 2007 available for distribution amounting to YTL 1,002,616 is decided to be distributed as legal reserves in the amount of YTL 100,262, as extraordinary reserves in the amount of YTL 760,154 and as dividend in the amount of YTL 142,200. There is no dividend distribution announced about 2008 profit before the release of financial statements.

6. Decreases from valuation of financial assets available-for-sale

Movement table related to decreases in revaluation of available-for-sale investments is explained below:

Valuation Differences of Marketable Securities	Current Year	Prior Year
Valuation differences at the beginning of the year	87,127	6,454
Fair value changes in the current year	(56,872)	127,924
Effect of deferred and corporate taxes	3,187	(25,585)
Valuation differences transferred to the income statement	(56,373)	(27,079)
Effect of deferred and corporate taxes	12,049	5,413
Valuation differences at the end of the year	(10,882)	87,127
Valuation Difference of the Subsidiaries and Affiliates	Current Year	Prior Year
Valuation differences at the beginning of the year	188,303	129,932
Fair value changes in the current year	(70,586)	60,441
Effect of deferred and corporate taxes	974	(2,070)
Valuation differences transferred to the income statement	-	-
Effect of deferred and corporate taxes	-	-
Valuation differences at the end of the year	118,691	188,303

VI. Information and disclosures on cash flow statement

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

In 2008, net cash flow from banking operations amounted to YTL 2,006,258. YTL 1,748,074 of this amount was generated from the change in operating assets and liabilities and YTL 258,184 from operating profit. The net cash used in investing activities amounted to YTL 267,821. The main reason for the cash used in investing activities is due to cash used in new investments in available for sale securities. As at 31 December 2008, cash and cash equivalents increased to YTL 6,847,846 while it was YTL 5,259,888 at the beginning of the current year.

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

In year 2008, the paid-in capital of Vakıf Menkul Kıymetler Yatırım Ortaklığı AŞ has been increased from 5,000 YTL to 7,500 YTL. The Bank has been involved in the capital increase proportional to its share and paid 294 YTL. In addition, the paid-in capital of Vakıf Gayrimenkul Değerleme AŞ has been increased by 1,500 YTL from 2,000 YTL to 3,500 YTL in the current year. The 1,500 YTL increase was wholly compensated by the Bank. The related amounts have been shown in “cash paid for purchase of associates, subsidiaries and joint-ventures” under “net cash flow from investing activities” in the statement of cash flows.

3. Cash flows from the disposal of associates, subsidiaries and joint-ventures

None.

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

	31 December 2007	31 December 2006
Cash on Hand	419,071	409,424
Cash in YTL	363,150	365,660
Cash in Foreign Currency	55,921	43,764
Cash Equivalents	4,840,817	5,479,574
Others	4,840,817	5,479,574
Total	5,259,888	5,888,998

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

	Current Year 31 December 2008	Prior Year 31 December 2007
Cash on Hand	439,144	419,071
Cash in YTL	375,190	363,150
Cash in Foreign Currency	63,954	55,921
Cash Equivalents	6,408,702	4,840,817
Others	6,408,702	4,840,817
Total	6,847,846	5,259,888

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

Bank’s foreign currency demand and time deposits at foreign banks include blocked amounts of YTL 55,724 and 93,468 respectively.

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

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

Current Year	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Year	63,102	175,454	-	669	4,119	5,488
Balance at the End of the Year	126,461	207,216	-	668	8,437	5,881
Interest and Commission Income Received	10,794	785	-	-	730	11
Prior Year	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Year	12,752	219,239	-	568	-	-
Balance at the End of the Year	63,102	175,454	-	669	4,119	5,488
Interest and Commission Income Received	3,324	897	-	-	646	13

Information on deposits held by the Bank's risk group

Bank's Risk Group	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year
Deposits						
Balance at the Beginning of the Year	270,304	128,372	918,176	77,592	143,867	2,650
Balance at the End of the Year	263,719	270,304	977,811	918,176	208,027	143,867
Interest on Deposits	26,281	15,050	-	-	1,210	2,567

Information on forward and option agreements and similar agreements made with the Bank's risk group

None.

2. Disclosures of transactions with the Bank's risk group

Relations with entities in the risk group of / or controlled by the Bank regardless of the nature of relationship among the parties

Transactions with the risk group are made on an arms-length basis; terms are set according to the market conditions and in compliance with the Banking Law.

In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other

The pricing of transactions with the risk group companies is set in compliance with the market prices. The ratio of cash and non-cash loans extended to the the risk group to the overall cash and non-cash loans are 0.44% (31 December 2007: 0.29%) and 2.67% (31 December 2007: 3.11%).

Current Year	Amount	Compared With the Financial Statement Amount %
Cash Loans	134,898	0.44
Non-Cash Loans	213,765	2.67
Deposits	1,449,557	3.91
Forward and Option Agreements	-	-

Prior Year	Amount	Compared With the Financial Statement Amount %
Cash Loans	67,221	0.29
Non-Cash Loans	181,611	3.11
Deposits	1,332,347	4.62
Forward and Option Agreements	-	-

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

None.

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

Domestic and foreign branches and representative offices

	Number of Branches	Number of Employees			
Domestic Branches ^(*)	523	9,551			
				Country	
Foreign Representative Offices	-	-		1-	
				2-	
				3-	
Foreign Branches	2	16			
				1- USA	Total Assets 2,097,689
				2- Bahrain	Legal Capital 25,080
				3-	-
Off-shore Branches				1-	
				2-	
				3-	

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

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

During 2008, 84 new domestic branches have been opened and 27 branches have been closed.

SECTION SIX

I. Other Disclosures and Footnotes

1. Other explanations on the Bank's operations

- The Bank decided to buy 6% of Turkish Derivative Exchange Market's shares, at nominal value of YTL 540 of total YTL 9,000 paid-in capital, which is held by Vakıf Yatırım Menkul Değerler A.Ş.
- In conjunction with the "Regulation for an Adjustment on the Regulation on the Procedures and Principles on the Determination of the Nature of the Loans and Other Receivables and their Provisions" which has been published in the Official Gazette no. 26779 dated 6 February 2008, general provision for the restructured or rescheduled loans and other receivables has been increased from 1% to 2%, general provisions for the bills of exchange and sureties and other non-cash loans have been increased from 0.2% to 0.4%.
- Based on the resolution of 54th Annual General Assembly held on 21 March 2008, net profit of the year 2007 is decided to be distributed as follows. The Bank has paid dividend as cash on 30 May 2008.

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

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

"The Law on the Collection of Some of the Public Receivables by Reconciliation" no.5736 has passed on 20 February 2008 in the Parliament and approved on 26 February 2008 by the President of the Turkish Republic. In accordance with this law's first sub clause of the third article, with the banks will not be sustained; if the banks take into consideration of 65 percent of these losses in the determination of revenues for the year 2001 as previous year losses, and admit to correct taxable income for the subsequent years and declare they have abnegated from all of the courts related to this matter in one month after this law come into effect.

According to the same article's second sub clause, if there is a refund arising from the disclaim in the judgment decision about this subject, since the time this law come into effect, the amount to be refunded as advance, should be deducted from the refund arising from judgment authority's decision. There will be no interest or due surcharge for the amounts to be rejected and refunded.

As per the 27 March 2008 dated resolution of the Board of Directors 2008, The Bank management has taken no decision for any reconcilements for the point in dispute as stated in the second paragraph specified in the first paragraph above.

- The Bank's management has decided to implement growth strategy in credit card business with brand sharing with an existing brand in the market and decided to collaborate with Yapı Kredi Bankası AŞ in World credit card program. The Bank has nominated Bank's general manager for signing and preparation of the agreement. The main agreement and the additional clauses have been signed on 30 June 2008 and 31 July 2008, respectively and the agreement came into effect on 5 August 2008.

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

November 2008 (*)	Standard Poors
Foreign Currency Credit Rating	BB- / Negative / B
Local Currency Credit Rating	BB- / Negative / B
National	trA / -- / trA-1
Continuance Rating	BBB-/--/--

November 2008 (*)	Moody's Investors' Service
Financial Strength Rating	D+
Local Currency Deposit Rating	Baa1 / P-2
Foreign Currency Deposit Rating	B1 / NP
Outlook	Stable

August 2008 (*)	Fitch Rating
Long Term Foreign Currency	BB-
Short Term Foreign Currency	B
Foreign Currency Outlook	Stable
Long Term Local Currency	BB
Short Term Local Currency	B
Foreign Currency Outlook	Stable
National Long Term	AA (tur)
National Outlook	Stable
Individual	C/D
Support	4
Base Support Rating	B+

December 2008 (*)	Capital Intelligence
Financial Strength Rate	BBB-
Short Term Foreign Currency	B
Long Term Foreign Currency	BB-
Support Rating	2
Outlook	Stable

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

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

As per the principle regarding “Essentials of the application of the use of Turkish Lira and Kuruş in private sector accounting system”, included in “Numbered 15 General Communique of Application of Accounting System” issued by Ministry of Finance in 26 December 2008 dated and 27092 numbered Official Gazette, it has been assessed that the accounting entries are to be recorded in New Turkish Lira and New Kuruş till the end of 31 December 2008. The Communique came into effect on issue date. Beginning from 1 January 2009, the accounting entries are to be recorded in Turkish Lira and Kuruş.

4. Significant foreign currency exchange rate fluctuations that are subsequent to balance sheet date

None.

SECTION SEVEN

I. Independent Auditors' Review Report

1. Information on the independent auditors' review report

The Bank's unconsolidated financial statements and footnotes as at 31 December 2008, have been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the member firm of KPMG International) and an unqualified opinion has been issued in their independent auditors' report dated 19 February 2009.

2. Explanations and disclosures by Independent Auditors

None.