

*(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
Interim Financial Statements
As of and for the Six-Month Period Ended
30 June 2008
With Independent Auditors' Review Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ
13 August 2008

*This report contains "Independent Auditors' Review
Report" comprising 1 page and; "Unconsolidated
Financial Statements and Related Disclosures and
Footnotes" comprising 61 pages.*

**Convenience Translation of the Auditors' Review 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 reviewed the unconsolidated balance sheet of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı ("the Bank") as of 30 June 2008 and the related unconsolidated statement of income, changes in shareholders' equity and cash flows for the six-month period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors, is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the uniform chart of accounts, accounting and audit standards in conformity with the (Turkish) Banking Law No 5411. These standards require that we plan and perform the review to obtain reasonable assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the personnel of the Bank and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not present fairly the financial position of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı as of 30 June 2008, and of the results of its operations and its cash flows for the six-month period then ended in accordance with the accounting principles and standards that are based on the current regulations described in Article 37 of the (Turkish) Banking Law No 5411; and other communiqués, disclosures and directives announced by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

İstanbul,
13 August 2008

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 INTERIM FINANCIAL REPORT
AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2008

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The unconsolidated interim financial report as of and for the six-month period ended 30 June 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:

1. General Information about the Bank
2. Unconsolidated Financial Statements
3. Accounting Policies
4. Information Related to Financial Position of the Bank
5. Disclosures and Footnotes on Unconsolidated Financial Statements
6. Other Disclosures and Footnotes
7. Independent Auditors' Review Report

The unconsolidated interim financial statements and related disclosures and footnotes that were subject to limited review, 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 interim financial statements are presented in thousands of New Turkish Lira (YTL), and have been subjected to limited review.

13 August 2008

Yusuf BEYAZIT	Cem DEMİRAĞ	Serdar TUNÇBİLEK	Bilal KARAMAN
Board of Directors Chairman	Board Member Audit Committee Member	Board Member Audit Committee Member	General Manager

Dr. Metin Recep ZAFER
Executive Vice President
in charge of Accounting and
Financial Affairs

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 Interim Financial Report as of and

For the Six-Month Period Ended 30 June 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 of 30 June 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) Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık	1.075.058.640	1,075,059	43.00
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)	1.875.293	1,875	0.08
Publicly traded (Group D)	629.607.564	629,607	25.18
Total	2.500.000.000	2,500,000	100.00

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
Mehmet ÇEKİNMEZ	Member	24 July 2007	University	32 years
Serdar TUNÇBİLEK	Member	24 July 2007	University	23 years
Hasan ÖZER	Member	7 February 2003	University	22 years
Erkan TOPAL	Member	4 April 2006	University	13 years
Sabahattin BİRDAL ⁽¹⁾	Member	21 March 2008	University	22 years
Cem DEMİRAĞ	Member	4 April 2005	University	17 years
<u>Audit Committee</u>				
Serdar TUNÇBİLEK	Member	24 July 2007	University	23 years
Cem DEMİRAĞ	Member	4 April 2005	University	17 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
Ahmet Atıf Meydan ⁽²⁾	-	29 January 2003	University	20 years
Aydın Deliktaşlı	Human Resources, and Support Services	9 August 2004	University	28 years
Şahin Uğur	Investment Banking and Subsidiaries	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
Dr. Metin Recep Zafer	Planning and Performance, Accounting and Financial Affairs	13 June 2006	PHD	13 years
Birgül Denli	Treasury	3 July 2006	Master	14 years
Doğan Pençe	Corporate Loans, Loans Follow-up, and Directorates of Information	7 June 2006	University	16 years
Dr. M. Kürşad Demirkol	Software Development, Treasury and Foreign Operations, Banking Support, Ebis Operations, Ebis Support and Work Analysis, Alternative Distribution Channels Operations	30 November 2007	PHD	8 years
İhsan Çakır	Commercial Banking, Corporate Banking, Communication and Relations with Media, Cash Management, Corporate Salary Payments and Commercial Centers	30 November 2007	University	13 years
Mehmet Cantekin	Legal Services	27 December 2007	Master	16 years

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Interim Financial Report as of and

For the Six-Month Period Ended 30 June 2008

(Currency: Thousands of YTL – New Turkish Lira)

⁽¹⁾ 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 according to the resolution of Annual General Assembly held at the same date. Sebahattin Birdal has taken up his duty on 26 March 2008.

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

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 the Bank's qualified shareholders

The shareholder holding direct or indirect control over the Bank is The General Directorate of the Foundations having 43% 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 of 30 June 2008, the Bank has 495 domestic, 2 foreign, in total 497 branches (31 December 2007: 466 domestic, 2 foreign branches, in total 468 branches). As of 30 June 2008, the Bank has 9,495 employees (31 December 2007: 8,700).

ASSETS	Notes Section 5	Reviewed Current Period 30 June 2008			Audited Prior Year 31 December 2007		
		YTL	FC	Total	YTL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	I-1	1,323,490	1,128,155	2,451,645	1,625,518	864,684	2,490,202
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	I-2	14,939	298,007	312,946	22,264	327,723	349,987
2.1 Financial assets held for trading		-	289,302	289,302	-	315,047	315,047
2.1.1 Government securities		-	289,302	289,302	-	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 Trading derivatives		14,939	8,705	23,644	22,264	12,676	34,940
III. BANKS	I-3	988,778	2,704,058	3,692,836	810,251	1,936,017	2,746,268
IV. RECEIVABLES FROM INTERBANK MONEY MARKETS		-	-	-	715,335	-	715,335
4.1 Interbank money market placements		-	-	-	-	-	-
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)	I-4	6,953,082	2,325,033	9,278,115	6,430,138	2,665,051	9,095,189
5.1 Equity securities		12,213	6,562	18,775	12,213	-	12,213
5.2 Government securities		6,940,869	2,311,015	9,251,884	6,417,925	2,665,051	9,082,976
5.3 Other securities		-	7,456	7,456	-	-	-
VI. LOANS	I-5	19,583,369	8,730,839	28,314,208	17,095,172	6,374,831	23,470,003
6.1 Performing loans		19,464,874	8,730,839	28,195,713	17,095,172	6,374,831	23,470,003
6.1.1 Loans of Bank's risk group	V-1	36,678	56,520	93,198	15,302	51,919	67,221
6.1.2 Others		19,428,196	8,674,319	28,102,515	17,079,870	6,322,912	23,402,782
6.2 Loans under follow-up		1,224,607	-	1,224,607	1,142,855	-	1,142,855
6.3 Specific provisions (-)		1,106,112	-	1,106,112	1,142,855	-	1,142,855
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY INVESTMENT SECURITIES (Net)	I-6	2,053,111	259,226	2,312,337	1,350,673	125,689	1,476,362
8.1 Government securities		2,053,111	222,340	2,275,451	1,350,673	90,519	1,441,192
8.2 Other securities		-	36,886	36,886	-	35,170	35,170
IX. INVESTMENTS IN ASSOCIATES (Net)	I-7	57,176	-	57,176	90,066	-	90,066
9.1 Equity Method Associates		-	-	-	-	-	-
9.2 Unconsolidated Associates		57,176	-	57,176	90,066	-	90,066
9.2.1 Financial Associates		48,997	-	48,997	81,887	-	81,887
9.2.2 Non-Financial Associates		8,179	-	8,179	8,179	-	8,179
X. INVESTMENTS IN SUBSIDIARIES (Net)	I-8	463,865	41,073	504,938	454,832	41,073	495,905
10.1 Unconsolidated financial investments in subsidiaries		338,427	41,073	379,500	329,394	41,073	370,467
10.2 Unconsolidated non-financial investments in subsidiaries		125,438	-	125,438	125,438	-	125,438
XI. INVESTMENTS IN JOINT-VENTURES (Net)	I-9	-	-	-	-	-	-
11.1 Consolidated financial investments in joint-ventures		-	-	-	-	-	-
11.2 Unconsolidated investments in joint-ventures		-	-	-	-	-	-
11.2.1 Financial associates investments in joint-ventures		-	-	-	-	-	-
11.2.2 Non-Financial associates investments in joint-ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	I-10	-	-	-	-	-	-
12.1 Financial lease receivables		-	-	-	-	-	-
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT	I-11	-	-	-	-	-	-
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Net foreign investment hedges		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		948,980	507	949,487	905,575	455	906,030
XV. INTANGIBLE ASSETS (Net)		22,107	-	22,107	13,496	-	13,496
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		22,107	-	22,107	13,496	-	13,496
XVI. INVESTMENT PROPERTIES		-	-	-	-	-	-
XVII. TAX ASSETS		83,211	-	83,211	49,720	-	49,720
17.1 Current tax assets		-	-	-	-	-	-
17.2 Deferred tax assets	I-12	83,211	-	83,211	49,720	-	49,720
XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS	I-13	-	-	-	-	-	-
18.1 Assets held for sale		-	-	-	-	-	-
18.2 Assets related to the discontinued activities		-	-	-	-	-	-
XIX. OTHER ASSETS	I-14	312,703	238,429	551,132	271,278	238,635	509,913
TOTAL ASSETS		32,804,811	15,725,327	48,530,138	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 Section 5	Reviewed Current Period 30 June 2008			Audited Prior Year 31 December 2007		
			YTL	FC	Total	YTL	FC	Total
I.	DEPOSITS	II-1	25,274,704	9,485,824	34,760,528	22,402,194	6,460,319	28,862,513
1.1	Deposits of Bank's risk group	V-1	1,264,032	87,308	1,351,340	1,218,194	114,153	1,332,347
1.2	Others		24,010,672	9,398,516	33,409,188	21,184,000	6,346,166	27,530,166
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	II-2	8,408	6,820	15,228	20,003	2,287	22,290
III.	FUNDS BORROWED	II-3	57,393	4,926,642	4,984,035	52,803	4,640,055	4,692,858
IV.	INTERBANK MONEY MARKET		927,521	945,630	1,873,151	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		927,521	945,630	1,873,151	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		112,794	-	112,794	121,964	-	121,964
6.1	Funds against borrower's note		-	-	-	-	-	-
6.2	Others		112,794	-	112,794	121,964	-	121,964
VII.	MISCELLANEOUS PAYABLES		344,574	63,900	408,474	362,091	67,298	429,389
VIII.	OTHER EXTERNAL RESOURCES PAYABLE	II-4	207,685	149,342	357,027	142,516	139,637	282,153
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	II-5	-	22,878	22,878	-	24,706	24,706
10.1	Financial lease payables		-	24,324	24,324	-	26,639	26,639
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred financial leasing expenses (-)		-	1,446	1,446	-	1,933	1,933
XI.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	II-6	-	-	-	-	-	-
11.1	Fair value hedges		-	-	-	-	-	-
11.2	Cash flow hedges		-	-	-	-	-	-
11.3	Net foreign investment hedges		-	-	-	-	-	-
XII.	PROVISIONS	II-7	565,668	12,250	577,918	487,778	11,312	499,090
12.1	General provisions		224,332	4,160	228,492	169,789	3,956	173,745
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		210,071	-	210,071	215,295	-	215,295
12.4	Insurance technical provisions (Net)		-	-	-	-	-	-
12.5	Other provisions		131,265	8,090	139,355	102,694	7,356	110,050
XIII.	TAX LIABILITIES		136,975	2,040	139,015	169,393	1,753	171,146
13.1	Current tax liabilities	II-8	136,975	2,040	139,015	169,393	1,753	171,146
13.2	Deferred tax liabilities	I-12	-	-	-	-	-	-
XIV.	PAYABLES FOR ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED ACTIVITIES		-	-	-	-	-	-
14.1	Payables related to the assets held for sale		-	-	-	-	-	-
14.2	Payables related to the discontinued activities		-	-	-	-	-	-
XV.	SUBORDINATED LOANS		-	-	-	-	-	-
XVI.	SHAREHOLDERS' EQUITY		5,348,368	(69,278)	5,279,090	5,184,322	41,960	5,226,282
16.1	Paid-in capital	II-9	2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2	Capital reserves		855,042	(69,278)	785,764	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	II-9	65,640	(69,278)	(3,638)	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		472,736	-	472,736	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		472,736	-	472,736	1,030,700	-	1,030,700
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			32,984,090	15,546,048	48,530,138	29,736,979	12,671,497	42,408,476

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

	Notes Section 5	Reviewed Current Period 30 June 2008			Audited Prior Year 31 December 2007		
		YTL	FC	TOTAL	YTL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		9,969,853	4,902,269	14,872,122	9,248,759	4,085,089	13,333,848
I. GUARANTEES AND SURETIES	III-1-4	3,041,573	3,896,381	6,937,954	2,773,335	3,067,460	5,840,795
1.1. Letters of guarantee		3,041,428	1,857,354	4,898,782	2,773,207	1,489,200	4,262,407
1.1.1. Guarantees subject to State Tender Law		486,626	553,781	1,040,407	378,638	359,572	738,210
1.1.2. Guarantees given for foreign trade operations		188,556	180	188,736	83,353	229	83,582
1.1.3. Other letters of guarantee		2,366,246	1,303,393	3,669,639	2,311,216	1,129,399	3,440,615
1.2. Bank acceptances		-	496,703	496,703	-	456,865	456,865
1.2.1. Import letter of acceptance		-	169,370	169,370	-	164,948	164,948
1.2.2. Other bank acceptances		-	327,333	327,333	-	291,917	291,917
1.3. Letters of credit		145	1,530,560	1,530,705	128	1,117,927	1,118,055
1.3.1. Documentary letters of credit		145	1,530,560	1,530,705	128	1,117,927	1,118,055
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Guaranteed pre-financings		-	10,892	10,892	-	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		-	872	872	-	829	829
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS		6,374,069	5,900	6,379,969	6,016,092	12,973	6,029,065
2.1. Irrevocable commitments		6,366,092	5,727	6,371,819	6,007,536	12,809	6,020,345
2.1.1. Asset purchase commitments		-	-	-	-	-	-
2.1.2. Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		1,584,698	-	1,584,698	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		1,464,417	-	1,464,417	1,330,395	-	1,330,395
2.1.8. Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card limits		3,077,477	-	3,077,477	3,067,930	-	3,067,930
Commitments for credit card and banking operations		-	-	-	-	-	-
2.1.10. promotions		239,500	-	239,500	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		-	5,727	5,727	-	12,809	12,809
2.2. Revocable commitments		7,977	173	8,150	8,556	164	8,720
2.2.1. Revocable loan granting commitments		7,977	173	8,150	8,556	164	8,720
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		554,211	999,988	1,554,199	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		554,211	999,988	1,554,199	459,332	1,004,656	1,463,988
3.2.1. Forward foreign currency purchases/sales		92,674	88,720	181,394	248,357	236,369	484,726
3.2.1.1. Forward foreign currency purchases		46,358	44,355	90,713	124,261	118,185	242,446
3.2.2. Forward foreign currency sales		46,316	44,365	90,681	124,096	118,184	242,280
3.2.2. Currency and interest rate swaps		461,537	801,018	1,262,555	210,975	768,287	979,262
3.2.2.1. Currency swaps-purchases		300,000	9,606	309,606	40,000	217,891	257,891
3.2.2.2. Currency swaps-sales		-	309,895	309,895	-	252,737	252,737
3.2.2.3. Interest rate swaps-purchases		77,609	248,420	326,029	83,160	155,199	238,359
3.2.2.4. Interest rate swaps-sales		83,928	233,097	317,025	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		-	110,250	110,250	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		46,582,380	7,547,552	54,129,932	40,378,971	6,814,918	47,193,889
IV. ITEMS HELD IN CUSTODY		14,094,285	459,259	14,553,544	12,850,573	412,381	13,262,954
4.1. Customers' securities held		-	11,915	11,915	-	11,334	11,334
4.2. Investment securities held in custody		12,787,950	2,903	12,790,853	12,019,535	2,761	12,022,296
4.3. Checks received for collection		680,259	85,658	765,917	363,710	78,135	441,845
4.4. Commercial notes received for collection		201,993	118,390	320,383	149,766	102,646	252,412
4.5. Other assets received for collection		2,258	611	2,869	6,010	873	6,883
4.6. Assets received through public offering		-	373	373	-	333	333
4.7. Other items under custody		215,264	19,776	235,040	215,862	5,196	221,058
4.8. Custodians		206,561	219,633	426,194	95,690	211,103	306,793
V. PLEDGED ITEMS		32,488,095	7,088,293	39,576,388	27,528,398	6,402,537	33,930,935
5.1. Securities		833,234	48,024	881,258	811,074	50,146	861,220
5.2. Guarantee notes		741,205	251,103	992,308	514,264	246,818	761,082
5.3. Commodities		5,772,944	-	5,772,944	6,193,978	-	6,193,978
5.4. Warranties		-	-	-	-	6,420	6,420
5.5. Real estates		24,250,761	6,151,866	30,402,627	19,454,045	5,516,873	24,970,918
5.6. Other pledged items		674,356	605,052	1,279,408	368,341	559,863	928,204
5.7. Pledged items-depository		215,595	32,248	247,843	186,696	22,417	209,113
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		56,552,233	12,449,821	69,002,054	49,627,730	10,900,007	60,527,737

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Unconsolidated Off-Balance Sheet
At 30 June 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*

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Unconsolidated Statement of Income
For The Six-Month Period Ended 30 June 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*

		Reviewed Current Period 1 January 2008 – 30 June 2008	Reviewed Prior Period 1 January 2007 – 30 June 2007	Reviewed Current Period 1 April 2008 – 30 June 2008	Reviewed Prior Period 1 April 2007 – 30 June 2007
		Total	Total	Total	Total
	Notes (Section 5)				
I.	INTEREST INCOME	2,986,426	2,586,079	1,499,252	1,286,402
1.1	Interest income from loans	1,969,962	1,521,073	1,010,325	774,252
1.2	Interest income from reserve deposits	84,049	78,631	42,416	40,050
1.3	Interest income from banks	59,247	102,169	29,519	49,508
1.4	Interest income from money market transactions	37,677	113,435	10,102	52,358
1.5	Interest income from securities portfolio	822,427	767,580	406,706	387,346
1.5.1	Trading financial assets	13,838	19,986	6,486	8,801
1.5.2	Financial assets at fair value through profit or loss	-	-	-	-
1.5.3	Financial assets available-for-sale	667,366	739,405	324,862	370,729
1.5.4	Investments held-to-maturity	141,223	8,189	75,358	7,816
1.6	Financial lease income	-	-	-	-
1.7	Other interest income	13,064	3,191	184	(17,112)
II.	INTEREST EXPENSE	2,037,191	1,795,977	1,032,173	904,058
2.1	Interest expense on deposits	1,784,801	1,593,115	917,978	793,953
2.2	Interest expense on funds borrowed	117,072	122,884	50,218	62,749
2.3	Interest expense on money market transactions	106,574	66,587	52,167	43,783
2.4	Interest expense on securities issued	-	-	-	-
2.5	Other interest expenses	28,744	13,391	11,810	3,573
III.	NET INTEREST INCOME (I – II)	949,235	790,102	467,079	382,344
IV.	NET FEES AND COMMISSIONS INCOME	231,856	161,625	124,622	94,199
4.1	Fees and commissions received	315,178	233,189	167,433	132,909
4.1.1	Non-cash loans	26,852	23,220	13,831	11,478
4.1.2	Others	288,326	209,969	153,602	121,431
4.2	Fees and commissions paid	83,322	71,564	42,811	38,710
4.2.1	Non-cash loans	1	10	1	10
4.2.2	Others	83,321	71,554	42,810	38,700
V.	DIVIDEND INCOME	25,273	33,804	22,994	13,863
VI.	NET TRADING INCOME/LOSSES (Net)	13,183	116,274	31,078	67,541
6.1	Trading account income/losses (Net)	787	42,685	811	24,877
6.2	Foreign exchange gains/losses (Net)	12,396	73,589	30,267	42,664
VII.	OTHER OPERATING INCOME	170,738	153,757	67,760	57,277
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)	1,390,285	1,255,562	713,533	615,224
IX.	PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	215,379	207,986	69,029	82,557
X.	OTHER OPERATING EXPENSES (-)	580,647	458,355	303,150	216,899
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)	594,259	589,221	341,354	315,768
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)	594,259	589,221	341,354	315,768
XVI.	CONTINUING OPERATIONS PROVISION FOR TAXES	(121,523)	(110,672)	(65,015)	(56,246)
16.1	Current tax charge	(128,588)	(121,282)	(69,195)	(64,521)
16.2	Deferred tax charge/(credit)	7,065	10,610	4,180	8,275
XVII.	NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV-XVI)	472,736	478,549	276,339	259,522
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.	DISCONTINUED OPERATIONS PROVISION FOR TAXES	-	-	-	-
21.1	Current tax charge	-	-	-	-
21.2	Deferred tax charge	-	-	-	-
XXII.	NET INCOME/LOSS AFTER TAXES FROM DISCONTINUED OPERATIONS	-	-	-	-
XXIII.	NET PROFIT/LOSS (XVII+XXII)	472,736	478,549	276,339	259,522
EARNINGS PER SHARE (full YTL)		0.1891	0.1914	0.1105	0.1038

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 Shareholder's Equity
For The Six-Month Period Ended 30 June 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*

	Reviewed Current Period 1 January 2008 - 30 June 2008	Reviewed Prior Period 1 January 2007 - 30 June 2007	Reviewed Current Period 1 April 2008 - 30 June 2008	Reviewed Prior Period 1 April 2007 - 30 June 2007
GAINS AND LOSSES RECOGNIZED IN SHAREHOLDERS' EQUITY				
I.	VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS	Total	Total	Total
	RECOGNIZED IN SECURITIES VALUATION DIFFERENCES	(286,493)	66,944	(146,263)
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-	-
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 TAS	(31,189)	48,516	67,112
IX.	DEFERRED TAXES DUE TO VALUATION DIFFERENCES	56,512	(14,208)	30,362
X.	NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY	(261,170)	101,252	(48,789)
XI.	CURRENT YEAR'S PROFIT/(LOSS)	472,736	478,549	276,339
11.1	Change in fair value of securities (transfers to the statement of income)	16,558	14,989	9,165
11.2	Cash flow hedge that is reclassified and disclosed on statement of income	-	-	-
11.3	Net foreign investment hedge that is reclassified and recognized in statement of income	-	-	-
11.4	Others	456,178	463,560	267,174
XXIII.	TOTAL GAINS AND LOSSES RECOGNIZED DURING THE PERIOD	211,566	579,801	227,550
				303,543

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 Six-Month Period Ended 30 June 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*

CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Capital Reserves from Inflation Adjustments to Paid-in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/(Loss)	Valuation Differences of the 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	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity	
PRIOR PERIOD – 30 June 2007																			
I. Balances at the beginning of the period	2,500,000	-	723,918	-	102,658	-	-	151,974	761,576	51,747	136,386	-	35,142	-	-	4,463,401	-	4,463,401	
II. Correction made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1 Effect of corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Adjusted balances at beginning of the period (I+II)	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 period																			
IV. Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V. Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	57,286	-	-	-	-	57,286	-	57,286	
VI. Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6.1 Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6.2 Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	28,977	-	-	28,977	-	28,977	
X. Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Changes resulted from disposal of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII. Changes resulted from reclassifications of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII. Effect of change in equities of associates on the Bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV. Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
14.2 Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV. Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI. Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII. Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVIII. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIX. Current period's net profit/loss	-	-	-	-	-	-	-	-	478,549	-	-	-	-	-	-	478,549	-	478,549	
XX. Profit distribution	-	-	-	-	76,973	-	296,122	(3,523)	(761,576)	(43,861)	-	-	-	-	-	(435,865)	-	(435,865)	
20.1 Dividends	-	-	-	-	-	-	-	-	(435,865)	-	-	-	-	-	-	(435,865)	-	(435,865)	
20.2 Transferred to reserves	-	-	-	-	76,973	-	296,122	(3,523)	(325,711)	(43,861)	-	-	-	-	-	-	-	-	
20.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at the end of the period	2,500,000	-	723,918	-	179,631	-	296,122	148,451	478,549	7,886	193,672	-	64,119	-	-	4,592,348	-	4,592,348	
CURRENT PERIOD – 30 June 2008																			
I. Balances at the beginning of the period	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	
II. Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	(279,068)	-	-	-	-	(279,068)	-	(279,068)	
IV. Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.1 Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.2 Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V. Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI. Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	1,340	-	-	1,340	-	1,340	
VIII. Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Changes resulted from disposal of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Changes resulted from reclassifications of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Effect of change in equities of associates on the Bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII. Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.2 Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII. Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV. Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV. Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII. Current period's net profit/loss	-	-	-	-	-	-	-	-	472,736	-	-	-	-	-	-	472,736	-	472,736	
XVIII. Profit distribution	-	-	-	-	100,262	-	760,154	35,970	(1,030,700)	(7,886)	-	-	-	-	-	(142,200)	-	(142,200)	
18.1 Dividends	-	-	-	-	-	-	-	-	(142,200)	-	-	-	-	-	-	(142,200)	-	(142,200)	
18.2 Transferred to reserves	-	-	-	-	100,262	-	760,154	35,970	(888,500)	(7,886)	-	-	-	-	-	-	-	-	
18.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at the end of the period	2,500,000	-	723,918	-	279,893	-	1,056,276	184,421	472,736	-	(3,638)	25	65,459	-	-	5,279,090	-	5,279,090	

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Unconsolidated Statement of Cash Flow
For the Six-Month Period Ended 30 June 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*

	Reviewed Current Period 30 June 2008	Reviewed Prior Period 30 June 2007
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	568,902	688,525
1.1.1 Interests received	3,042,711	2,419,044
1.1.2 Interests paid	(2,103,697)	(1,784,832)
1.1.3 Dividend received	25,273	33,804
1.1.4 Fees and commissions received	315,178	233,189
1.1.5 Other income	183,921	270,031
1.1.6 Collections from previously written-off loans and other receivables	58,886	101,814
1.1.7 Payments to personnel and service suppliers	(264,244)	(214,334)
1.1.8 Taxes paid	(42,030)	(56,690)
1.1.10 Others	(647,096)	(313,501)
1.2 Changes in operating assets and liabilities	723,725	1,058,783
1.2.1 Net (increase) decrease in financial assets held for trading	4,138	11,467
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	(132,477)	94,068
1.2.4 Net (increase) decrease in loans	(4,801,997)	(892,008)
1.2.5 Net (increase) decrease in other assets	(182,047)	(319,706)
1.2.6 Net increase (decrease) in bank deposits	(212,103)	(239,467)
1.2.7 Net increase (decrease) in other deposits	6,073,807	1,228,900
1.2.8 Net increase (decrease) in funds borrowed	309,898	190,199
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	(335,494)	985,330
I. Net cash flow from banking operations	1,292,627	1,747,308
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash flow from investing activities	(1,218,867)	(714,043)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures	(293)	-
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures	-	752
2.3 Purchases of tangible assets	(122,597)	(124,169)
2.4 Sales of tangible assets	54,824	22,389
2.5 Cash paid for purchase of financial assets available-for-sale	(1,152,855)	(613,015)
2.6 Cash obtained from sale of financial assets available-for-sale	-	-
2.7 Cash paid for purchase of investments held-to-maturity	-	-
2.8 Cash obtained from sale of investments held-to-maturity	2,054	-
2.9 Others	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash flow from financing activities	(144,028)	(441,047)
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 financial leases	(6,770)	(5,182)
3.6 Others	4,942	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	-	-
V. Net increase/(decrease) in cash and cash equivalents	(70,268)	592,218
VI. Cash and cash equivalents at the beginning of the period	5,259,888	5,888,998
VII. Cash and cash equivalents at the end of the period	5,189,621	6,481,216

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

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 securities at fair value through profit or loss, securities available-for-sale, 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 financial statements are to be distributed, and International Financial Reporting Standards (“IFRS”), may have significant influence on the accompanying financial statements. Accordingly, the accompanying 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 bears 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 of 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 with fixed and floating interests 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 statement of income.

If the investment is stated at cost, the net investments in associates and subsidiaries operating in foreign countries 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 derivative" in accordance with the Turkish Accounting Standard 39 ("TAS 39") "Financial Instruments: Recognition and Measurement". Derivatives are initially recorded at their purchase costs including the transaction costs. In addition, the assets and liabilities that arise from derivative transactions are recorded in off-balance sheet accounts at the amounts on the related contracts. Subsequently, the derivative transactions are valued at their fair values and the changes in their fair values are recorded on balance sheet under "derivative financial assets" or "derivative financial liabilities", respectively. The subsequent fair value changes are recorded under the statement of income for trading derivatives.

IV. Information on interest income and expenses

Interest income and expense are recognized according to the effective interest rate 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

Fees 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 favourable 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 not 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, investment securities available-for-sale, investment securities held-to-maturity, and loans and receivables.

Financial assets at fair value through profit or loss

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

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

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

Available-for-sale financial assets are the financial assets other than assets held for trading purposes, held-to-maturity investment securities 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 statement of income.

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 rate 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 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, which are traded in an active market or whose fair value can be reliably measured, 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 statement of income 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 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 Turkish Accounting Standard 38 (“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 Turkish Accounting Standard 36 (“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 Turkish Accounting Standard 36 ("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 financial leasing are recognized in tangible assets and the obligations under financial leases arising from the lease contracts are presented under "Financial Lease Payables" account in the balance sheet. In the determination of the related asset and liability amounts, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs on 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 of 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

As per the existing labor law in Turkey, the Bank is required to pay certain amounts to the employees retired or fired except for resignation or misbehaviors.

The Bank reserved for employee severance indemnities in the accompanying financial statements using actuarial method in compliance with the Turkish Accounting Standard 19 (“TAS 19”) “Employee Benefits”.

As of 30 June 2008, the major statistical assumptions used in the calculation of the total liability are as follows:

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

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.

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 of 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.

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 2008 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.

If transactions and events are recorded in the statement of income, then the related tax effects are also recognized in the statement of income. 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.

Corporate tax-payers required in “section 7.1 annual documentation” part of related communiqué, have to fill the “form relating to transfer pricing, controlled foreign companies and thin capitalization” (“the Form”) as associated with purchasing and selling goods or services with related parties in an accounting period and send it to the tax office submitted as an appendix to the corporate tax return. However, Ministry of Finance, with declaration of serial no (2) communiqué, has specified that the Form for 2007 can be filed until the end of the evening of 14th day of August which is the last day of second temporary tax return of the year 2008.

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 rate method.

There are no convertible bonds or any other securities issued.

XVIII. Shares and share issuances

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 of the balance sheet date, there are no acceptances recorded as liability in return for assets.

XX. Government incentives

As of 30 June 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 VII of the fourth section.

XXII. Other disclosures

Changes in accounting policies and valuation basis in the current period

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 its specific provision policy, the Bank recognized gain amounting to YTL 94,796, net off taxes in the statement of income.

For the interim period as of 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 2,224, net off taxes in the statement of income.

Earnings per shares

As of and for the six-month period ended 30 June 2008, earnings per share is YTL 0.1891 (30 June 2007: YTL 0.1914).

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 “Related Party Disclosures Standard” (“TAS 24”). Transactions made with related parties are disclosed in Section 5 Note II.

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 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 13.66%. (31 December 2007: 15.35%)

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

	30 June 2008						
	Risk Weights						
	0%	10%	20%	50%	100%	150%	200%
Value at Credit Risk							
Balance Sheet Items (Net)	4,967,977	-	3,502,605	6,982,114	23,080,804	11,848	14
Cash on Hand	379,065	-	479	-	-	-	-
Securities in Redemption	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	1,251,673	-	-	-	-	-	-
Domestic and Foreign Banks, Foreign Head Offices and Branches	-	-	3,430,637	-	261,361	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	-
Reserve Deposits	777,369	-	-	-	-	-	-
Loans	149,215	-	170	6,881,115	20,745,660	11,848	14
Loans under Follow-Up (Net)	-	-	-	-	118,495	-	-
Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	18,775	-	-	-	-
Investments Held-to-Maturity	2,143,098	-	36,750	-	-	-	-
Receivables from Term Sale of Assets	-	-	-	-	145,972	-	-
Miscellaneous Receivables	-	-	-	-	117,436	-	-
Accrued Interest and Income	177,602	-	15,794	100,999	304,559	-	-
Investments in Associates, Subsidiaries and Joint-Ventures (Net)	-	-	-	-	560,307	-	-
Tangible Assets (Net)	-	-	-	-	776,187	-	-
Other Assets	89,955	-	-	-	50,827	-	-
Off-Balance Sheet Items	-	-	126,451	-	4,477,238	-	-
Non-Cash Loans and Commitments	-	-	110,212	-	4,477,238	-	-
Derivative Financial Instruments	-	-	16,239	-	-	-	-
Non-Risk-Weighted Accounts	-	-	-	-	-	-	-
Total Risk-Weighted Assets	4,967,977	-	3,629,056	6,982,114	27,558,042	11,848	14

Summary information related to capital adequacy ratio

	Current Period	Prior Period
Value at Credit Risk	31,792,710	26,975,538
Value at Market Risk (**)	1,261,813	650,125
Value at Operational Risk (*)	4,130,525	3,642,163
Shareholders' Equity	5,080,215	4,799,690
Shareholders' Equity/ (VaCR+VaMR+VaOR)*100	13.66	15.35

(*) In accordance with the BRSA circular numbered BDDK.BYD.126.01 and dated 7 February 2008, value at operational risk based on gross income 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 2nd article which was came into force starting from 1 January 2008, of the "Regulation for an amendment of the Regulation for the evaluation and the assessment and of the Banks' capital adequacy" 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 and specific risk for the determination of the market risk.

Components of shareholders' equity items

	Current Period	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	472,736	1,038,586
Current Period Profit	472,736	1,030,700
Prior Periods 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 Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-)	-	46,865
Prepaid Expenses (-)	230,153	204,343
Intangible Assets (-)	22,107	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	5,217,269	4,886,733
SUPPLEMENTARY CAPITAL		
General Provisions	228,492	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 the Marketable Securities" if the account gives positive result, 100% of "Valuation Differences of the Marketable Securities" if the account gives negative result (*)	(3,638)	123,944
Associates and Subsidiaries	154,986	71,671
Investment Securities Available for Sale	(158,624)	52,273
Other Profit Reserves	-	-
Total Supplementary Capital	290,313	361,808
TIER III CAPITAL	-	-
CAPITAL	5,507,582	5,248,541
DEDUCTIONS FROM CAPITAL	427,367	448,851
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors exceeding 10% of ownership	1,807	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	173,300	180,923
Others	-	-
TOTAL SHAREHOLDERS' EQUITY	5,080,215	4,799,690

(*) In accordance with the "Amendment Regulation on the Regulation for the Evaluation and the Assessment of the Banks' Capital" which has been issued on 29 September 2007 and 26658 numbered Official Gazette, 45% of fair value changes of the investment securities available-for-sale, associates and subsidiaries is considered as supplementary capital if "valuation differences of those securities" account gives positive result. If the account gives negative result then 100% of the related account is deducted from the supplementary capital.

II. 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.

Capital to be reserved for general market risk and specific risks is calculated according to the standard method and in accordance with the “Regulation on the Measurement and Assessment of Capital Adequacy Ratios of Banks” and it is 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	89,794
(II) Capital Obligation against Specific Risks - Standard Method	596
(III) Capital Obligation against Currency Risk - Standard Method	10,555
(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)	100,945
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	1,261,813

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a 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 on Istanbul Stock Exchange Market (“ISE”), held as available for sale financial assets, investments in associates and investments in subsidiaries, due to a reasonably possible change in equity indices, with all other variable held constant, is as follows:

	Change in index	30 June 2008	30 June 2007
		Equity	Equity
ISE – 100 (IMKB- 100)	10%	20,435	21,292

III. Operational risk

The Bank calculated the operational risk in accordance with the fourth section related to the “Computation of Operational Risk” of the circular, “Regulation Regarding Measurement and Assessment of Capital Adequacy Ratios of Banks” published in the Official Gazette dated 1 November 2006 and numbered 26333, using gross profit of the last three years of 2005, 2006 and 2007. The amount calculated as YTL 330,442 as of 30 June 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.

IV. 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 of 30 June 2008 the Bank does not have derivate financial instruments held for risk management.

Foreign exchange risk management policy

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	1.2250	1.9323
Foreign currency rates for the days before balance sheet date;		
Day 1	1.1700	1.8404
Day 2	1.1600	1.8184
Day 3	1.1700	1.8218
Day 4	1.1800	1.8318
Day 5	1.1700	1.8238
	US Dollar	Euro
Last 30-days arithmetical average rate	1.1877	1.8518

Information on currency risk

Current Period	Euro	US Dollar	Yen	Other FCs	Total
Assets					
Cash and Balance with Central Bank	265,649	859,944	24	2,538	1,128,155
Banks	884,436	1,779,205	3,110	37,307	2,704,058
Financial Assets at Fair Value through Profit or Loss (*)	84,027	213,962	7	-	297,996
Interbank Money Market Placements	-	-	-	-	-
Available-for-Sale Financial Assets	592,199	1,732,834	-	-	2,325,033
Loans (**)	3,065,532	5,893,003	7,156	65,470	9,031,161
Associates, subsidiaries and joint-ventures	41,073	-	-	-	41,073
Held-to-Maturity Investment Securities	39,977	219,249	-	-	259,226
Derivative Financial Assets Held for Risk Management	-	-	-	-	-
Tangible Assets	-	507	-	-	507
Intangible Assets	-	-	-	-	-
Other Assets (***)	21,233	191,127	84	327	212,771
Total Assets	4,994,126	10,889,831	10,381	105,642	15,999,980
Liabilities					
Bank Deposits	6,954	154,272	-	15	161,241
Foreign Currency Deposits	3,285,564	5,992,638	4,039	42,342	9,324,583
Interbank Money Market Takings	493,556	452,074	-	-	945,630
Other Funding	1,086,042	3,789,135	-	51,465	4,926,642
Securities Issued	-	-	-	-	-
Miscellaneous Payables	16,702	47,059	1	138	63,900
Derivative Financial Liabilities Held for Risk Management	-	-	-	-	-
Other Liabilities (*)	77,878	114,830	346	256	193,310
Total Liabilities	4,966,696	10,550,008	4,386	94,216	15,615,306
Net 'On Balance Sheet' Position	27,430	339,823	5,995	11,426	384,674
Net 'Off-Balance Sheet' Position	1,613	(276,679)	(6,112)	(3,798)	(284,976)
Derivative Assets	46,384	254,060	-	1,937	302,381
Derivative Liabilities	44,771	530,739	6,112	5,735	587,357
Non-Cash Loans	1,526,713	2,256,496	22,781	90,391	3,896,381
Prior Period	Euro	US Dollar	Yen	Other FCs	Total
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 Assets	292,797	198,364	-	114	491,275
Derivative 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 exchange accruals presented in trading derivative assets and liabilities are not included.

(**) Foreign currency indexed loans amounting to YTL 300,322 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 300,322 results position for the Bank when foreign exchange rates increase.

(***) Prepaid expenses amounting to YTL 25,658 YTL are not included.

Exposure to currency risk

A 10 percent devaluation of the YTL against the following currencies as at 30 June 2008 and 30 June 2007 would have effect on 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.

	30 June 2008		30 June 2007	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	10,055	6,314	12,606	16,382
EUR	1,985	(1,203)	(9,206)	(9,028)
Other currencies	751	751	1,781	1,781
Total, net	12,791	5,862	5,181	9,135

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

V. 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 Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing
<i>Assets:</i>						
Cash and Central Banks	2,072,10	-	-	-	-	379,544
Banks and Other Financial Institutions	3,421,70	46,203	1,030	-	-	223,811
Financial Assets at Fair Value Through Profit/Loss	13,498	1,435	21,272	126,929	149,812	-
Interbank Money Market Placements Available-for-Sale Financial Assets	1,426,60	2,465,00	2,660,20	1,562,15	1,144,380	18,775
Loans Held-to-Maturity Investment Securities	7,873,50	9,434,00	4,415,00	4,412,02	2,060,260	118,495
Other Assets (*)	487,547	974,190	311,350	372,532	166,718	-
	23,905	3,793	9,679	90,542	85,005	1,955,127
Total Assets	15,319,00	12,926,00	7,418,60	6,564,18	3,606,190	2,695,752
<i>Liabilities:</i>						
Bank Deposits	499,300	44,863	-	-	-	760
Other Deposits	18,778,20	7,146,00	2,059,40	642,546	-	5,588,529
Interbank Money Market Takings	449,680	291,559	349,214	782,698	-	-
Miscellaneous Payables	-	15,029	42,986	-	-	350,459
Securities Issued	-	-	-	-	-	-
Other Funding	1,792,60	1,957,00	1,205,30	27,733	634	-
Other Liabilities (**)	3,723	5,868	23,349	86,871	31,089	6,353,050
Total Liabilities	21,523,50	9,461,00	3,680,30	1,539,84	31,723	12,292,798
On Balance Sheet Long Position	-	3,464,00	3,738,20	5,024,33	3,574,460	-
On Balance	(6,204,40)	-	-	-	-	(9,597,040)

Sheet Short Position Off-Balance							
Sheet Long Position	111,910	85,851	61,250	67,018	-	-	
Sheet Short Position	(72,030)	(15,029)	(77,286)	(152,680)	-	-	
Total Position	(6,164,6	3,535,2	3,722,2	4,938,67	3,574,465	(9,597,046	

(*) 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 Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
<i>Assets:</i>							
Cash and Central Bank Banks and Other Financial Institutions	2,070,245	-	-	-	-	419,957	2,490,202
Financial Assets at Fair Value Through Profit/Loss Interbank Money Market Placements	2,604,174	-	-	-	-	142,094	2,746,268
Available-for-Sale Financial Assets	37,051	9,475	21,097	110,461	171,903	-	349,987
Loans Held-to-Maturity Investment Securities	715,335	-	-	-	-	-	715,335
Other Assets (*)	1,158,097	2,328,838	2,663,164	1,798,883	1,133,994	12,213	9,095,189
Total Assets	16,193,691	6,503,556	8,285,147	5,770,970	3,154,467	2,500,645	42,408,476
<i>Liabilities:</i>							
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	-	-	-	-	-	-	-
Other Funding	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	,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 stated 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 Period	Euro	US Dollar	Yen	YTL
	%	%	%	%
Assets				
Cash and Central Bank	1.80	1.00	-	12.18
Banks and Other Financial Institutions	4.16	3.44	-	19.98
Financial Assets at Fair Value through Profit/Loss	9.41	11.79	-	-
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	5.98	6.58	-	19.07
Loans	6.79	5.76	-	19.46
Held-to-Maturity Investment Securities	5.31	5.95	-	20.01
Liabilities				
Bank Deposits	5.47	3.21	-	19.29
Other Deposits	3.24	3.92	-	14.65
Interbank Money Market Takings	5.02	3.35	-	18.09
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Funding	4.99	3.34	-	14.17
Prior Period				
	Euro	US Dollar	Yen	YTL
	%	%	%	%
Assets				
Cash and Central Bank	1.80	1.95	-	11.81
Banks and Other Financial Institutions	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 Investment Securities	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	-	-	-	-
Other Funding	4.81	5.90	-	14.77

Interest sensitivity

Interest rate sensitivity of the statement of income is the effect of the assumed changes in interest rates on the net interest income as at and for the six-month period ended 30 June 2008, based on the floating rate non-trading financial assets and financial liabilities held at 30 June 2008.

Interest rate sensitivity of equity is calculated by revaluing available for sale financial assets at 30 June 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 30 June 2007.

30 June 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	(12,848)	13,694	(12,848)	13,694
Available-for-sale financial assets	-	-	(90,265)	93,775
Floating rate financial assets	95,753	(95,753)	95,753	(95,753)
Floating rate financial liabilities	(28,556)	28,556	(28,556)	28,556
Total, net	54,349	(53,503)	(35,916)	40,272

30 June 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	(19,391)	22,125	(19,391)	22,125
Available-for-sale financial assets	-	-	(170,930)	186,971
Floating rate financial assets	63,677	(63,677)	63,677	(63,677)
Floating rate financial liabilities	(24,445)	24,445	(24,445)	24,445
Total, net	19,841	(17,107)	(151,089)	169,864

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

VI. 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 securitization transactions. There are no significant idle liquidity resources.

Maturity analysis of assets and liabilities according to remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ^(*)	Total
Assets								
Cash and Central Bank Banks and Other	2,451,645	-	-	-	-	-	-	2,451,645
Financial Institutions	223,811	3,421,792	46,203	1,030	-	-	-	3,692,836
Financial Assets at Fair Value through Profit/Loss	-	13,498	1,435	21,272	126,929	149,812	-	312,946
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	906,082	304,653	1,779,149	4,250,967	2,018,489	18,775	9,278,115
Loans	-	3,423,653	1,949,018	7,543,020	11,791,829	3,488,193	118,495	28,314,208
Investments Held-to-Maturity	-	377,742	306,550	311,350	1,084,577	232,118	-	2,312,337
Other Assets	-	79,072	12,435	9,679	173,655	86,695	1,806,515	2,168,051
Total Assets	2,675,456	8,221,839	2,620,294	9,665,500	17,427,957	5,975,307	1,943,785	48,530,138
Liabilities								
Bank Deposits	760	499,300	44,863	-	-	-	-	544,923
Other Deposits	5,588,529	18,778,234	7,146,871	2,059,425	642,546	-	-	34,215,605
Other Funding	-	896,028	138,300	920,923	539,293	2,489,491	-	4,984,035
Interbank Money Market Takings	-	144,823	-	617,027	1,111,301	-	-	1,873,151
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	292,230	35,898	42,986	-	-	37,360	408,474
Other Liabilities	-	169,666	144,883	23,349	86,871	31,089	6,048,092	6,503,950
Total Liabilities	5,589,289	20,780,281	7,510,815	3,663,710	2,380,011	2,520,580	6,085,452	48,530,138
Liquidity Gap	(2,913,833)	(12,558,442)	(4,890,521)	6,001,790	15,047,946	3,454,727	(4,141,667)	-
Prior Period								
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 on short period such as tangible assets, intangible assets, associates, subsidiaries, miscellaneous receivables and shareholder's equity are included in this column.

VII. 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 Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Operating profit	113,676	202,857	806,686	183,802	1,307,021
Undistributed expenses				(738,035)	(738,035)
Operating profit	113,676	202,857	806,686	(554,233)	568,986
Income from associates	-	-	-	-	25,273
Income before taxes	-	-	-	-	594,259
Provision for taxes	-	-	-	-	(121,523)
Net profit					472,736
Segment assets	7,812,294	22,574,015	15,810,823	-	46,197,132
Investments in associates and subsidiaries	-	-	-	562,114	562,114
Undistributed assets	-	-	-	1,770,892	1,770,892
Total assets	7,812,294	22,574,015	15,810,823	2,333,006	48,530,138
Segment liabilities	11,536,366	23,359,834	6,930,429	-	41,826,629
Shareholders' equity	-	-	-	5,279,090	5,279,090
Undistributed liabilities	-	-	-	1,424,419	1,424,419
Total Liabilities and Shareholders' Equity	11,536,366	23,359,834	6,930,429	6,703,509	48,530,138

SECTION FIVE

Disclosure and Footnotes on Unconsolidated Financial Statements

I. Information and disclosures related to assets

1. Cash and balances with Central Bank

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Cash	321,879	56,703	363,150	55,921
Central Bank of Turkey ^(*)	1,001,587	1,070,514	1,262,351	807,894
Others	24	938	17	869
Total	1,323,490	1,128,155	1,625,518	864,684

^(*) YTL 780,487 (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 39,941 (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 Central Bank of Turkey, “Announcement on Reserve Deposits”, all banks operating in Turkey should provide a reserve amounting to 6% of the liabilities in Turkish Lira and 11% of the liabilities in foreign currencies. The interest rates given by the Central Bank of Turkey are 12.18% for YTL, 1% for US Dollar and 1.8% for Euro as of 30 June 2008.

Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	961,646	290,027	1,224,243	220,008
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Total	961,646	290,027	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 Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	-	-	-	-
Treasury Bills	-	-	-	-
Other Debt Securities	-	99,770	-	191,407
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	-	99,770	-	191,407

Positive value of trading purpose derivatives

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forward Transactions	1,942	11	5,115	3
Swap Transactions	12,997	8,694	17,149	12,673
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	14,939	8,705	22,264	12,676

3. Banks and other financial institutions

Banks and other financial institutions

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	988,778	2,704,058	810,251	1,936,017
Domestic	42,758	43,148	747,194	186,425
Foreign	946,020	2,660,910	63,057	1,749,592
Foreign Head Offices and Branches	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	988,778	2,704,058	810,251	1,936,017

4. Information on investment securities available-for-sale

Investment securities available-for-sale given as collateral or blocked

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Share Certificates	-	-	-	-
Bonds, Treasury Bills and Similar Marketable Securities	674,747	-	947,286	-
Others	-	-	-	-
Total	674,747	-	947,286	-

Investment securities available-for-sale subject to repurchase agreements

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	1,074,298	290,525	931,117	906,987
Treasury Bills	-	-	-	-
Other Debt Securities	-	544,994	-	392,035
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Others	-	-	-	-
Total	1,074,298	835,519	931,117	1,299,022

Information related with available for sale assets

	Current Period	Prior Period
Debt instruments	9,423,397	9,107,249
Quoted	9,423,397	9,107,249
Unquoted	-	-
Equity instruments	25,222	18,660
Quoted	-	-
Unquoted	25,222	18,660
Impairment provision (-)	170,504	30,720
Total	9,278,115	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 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 İzmir 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.

5. Information related to loans

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	912	-	669
Corporate Shareholders	-	912	-	669
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	92	544	125	893
Loans Granted to Employees	35,385	-	31,670	-
Total	35,477	1,456	31,795	1,562

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	26,542,737	-	1,331,387	224,522
Discounted Bills	127,719	-	-	16
Export Loans	1,718,437	-	49,517	170,657
Import Loans	-	-	-	19
Loans to Financial Sector	963,782	-	-	-
Foreign Loans	14,390	-	-	-
Consumer Loans	7,059,376	-	202,528	374
Credit Cards	567,460	-	9,623	849
Precious Metal Loans	-	-	-	-
Other	16,091,573	-	1,069,719	52,607
Specialization Loans	97,067	-	-	-
Other Receivables	-	-	-	-
Total	26,639,804	-	1,331,387	224,522

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – YTL	1,230,426	5,454,291	6,684,717
Housing Loans	82,092	2,909,590	2,991,682
Automobile Loans	16,048	103,146	119,194
General Purpose Loans	995,831	2,441,550	3,437,381
Other	136,455	5	136,460
Consumer Loans – FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans – FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Retail Credit Cards – YTL	537,526	-	537,526
With Installment	75,913	-	75,913
Without Installment	461,613	-	461,613
Retail Credit Cards – FC	1,434	-	1,434
With Installment	-	-	-
Without Installment	1,434	-	1,434
Personnel Loans – YTL	933	23,396	24,329
Housing Loan	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	933	23,396	24,329
Other	-	-	-
Personnel Loans - FC-indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans – FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards – YTL	11,010	-	11,010
With Installment	1,398	-	1,398
Without Installment	9,612	-	9,612
Personnel Credit Cards – FC	46	-	46
With Installment	-	-	-
Without Installment	46	-	46
Deposit Accounts– YTL (real persons)	553,232	-	553,232
Deposit Accounts– FC (real persons)	-	-	-
Total	2,334,607	5,477,687	7,812,294

Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – YTL	1,532,190	3,426,568	4,958,758
Real Estate Loans	7,162	115,415	122,577
Automobile Loans	144,990	566,147	711,137
General Purpose Loans	1,380,038	2,745,006	4,125,044
Other	-	-	-
Installment-based Commercial Loans – FC indexed	-	-	-
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Installment-based Commercial Loans – FC	48,900	-	48,900
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	48,900	-	48,900
Corporate Credit Cards – YTL	27,661	-	27,661
With Installment	1,705	-	1,705
Without Installment	25,956	-	25,956
Corporate Credit Cards – FC	255	-	255
With Installment	-	-	-
Without Installment	255	-	255
Overdraft Accounts– YTL (corporate)	32,094	-	32,094
Overdraft Accounts– FC (corporate)	-	-	-
Total	1,641,100	3,426,568	5,067,668

Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	27,932,063	23,257,220
Foreign Loans	263,650	212,783
Total	28,195,713	23,470,003

Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Investments	87,954	63,102
Indirect Loans Granted to Subsidiaries and Investments	5,244	4,119
Total	93,198	67,221

Specific provisions for loans

Specific Provisions	Current Period	Prior Period
Loans and Receivables with Limited Collectibility	29,624	67,684
Loans and Receivables with Doubtful Collectibility	163,387	148,064
Uncollectible Loans and Receivables	913,101	927,107
Total	1,106,112	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 period	-	4,261	127,201
(Gross amounts before the specific reserves)	-	-	-
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	-	4,261	127,201
Prior period	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 period end balance	67,684	148,064	927,107
Additions (+)	212,595	388	2,410
Transfers from other categories of loans under follow-up (+)	31,694	88,535	88,435
Transfers to other categories of loans under follow-up (-)	123,278	41,370	45,965
Collections (-)	40,576	32,230	58,886
Write-offs (-)	-	-	-
Current period end balance	148,119	163,387	913,101
Specific provision (-)	29,624	163,387	913,101
Net Balance on balance sheet	118,495	-	-

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

None

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

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)	118,495	-	-
Consumer and Commercial Loans (Gross)	147,620	155,253	895,211
Special Provision (-)	29,524	155,253	895,211
Consumer and Commercial Loans (Net)	118,096	-	-
Banks (Gross)	-	-	1,551
Special Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	499	8,134	16,339
Special Provision (-)	100	8,134	16,339
Other Loans and Receivables (Net)	399	-	-
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 investment securities

Public sector held-to-maturity debt securities

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	2,053,111	35,599	1,350,673	-
Treasury Bills	-	-	-	-
Other Government Securities	-	186,741	-	90,519
Total	2,053,111	222,340	1,350,673	90,519

Information on held-to-maturity investments

	Current Period	Prior Period
Debt Securities	2,312,967	1,476,946
Quoted at Stock Exchange	2,276,081	1,441,776
Unquoted at Stock Exchange	36,886	35,170
Impairment Losses (-)	630	584
Total	2,312,337	1,476,362

The movement of held-to-maturity investment securities

	Current Period	Prior Period
Balances at the Beginning of the Period	1,476,362	48,391
Foreign Currency Differences On Monetary Assets	(4,130)	(4,032)
Purchases during the Period	869,714	1,643,570
Disposals through Sales/Redemptions	(78,370)	(294,194)
Impairment Losses (-)	(504)	(105)
Change in Redeemed Costs (*)	49,265	82,732
Balances at the End of the Period	2,312,337	1,476,362

(*) Accrual differences on marketable securities for redeemed costs are included in this column.

The Bank reclassified certain investment securities that were previously classified in available-for-sale portfolio with total face value of YTL 710,000,000 (full YTL) and US Dollar 100,000,000 (full US Dollar) to its held-to-maturity investment securities portfolio at their fair values of YTL 663,894,500 (full YTL) and US Dollar 101,934,270 (full US Dollar), respectively as of 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 664,580 (full YTL) and US Dollar 1,958,193 (full US Dollar), respectively, are recorded under the shareholders' equity and will be amortized through the statement of income 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 of 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 statement of income until their maturities.

Information about held-to-maturity securities

Current Period	Cost		Carrying Value	
	YTL	FC	YTL	FC
Collateralized / Blocked Investments	1,349,978	36,750	1,422,286	36,886
Investments subject to Repurchase Agreements	58,494	80,606	61,586	82,342
Held for structural position	-	-	-	-
Receivable from Security Borrowing Market	-	-	-	-
Collateral For Security Borrowing Market	-	-	-	-
Others ^(*)	516,516	138,134	569,239	139,998
Total	1,924,988	255,490	2,053,111	259,226

Prior Period	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

^(*) The securities held as free that are not treated by the Bank as subject of collateral/blockage or other transactions are presented in the "Others".

7. 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 İşci İşadamı Kimya Kuruluşları AŞ	In liquidation	% 25.00	% 25.13
3 Vakıf Menkul Kıymetler Yatırım Ortaklığı AŞ ^(*)	İstanbul/Turkey	% 11.75	% 21.77
4 Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	İstanbul/Turkey	% 27.63	% 29.47
5 Vakıf Gayrimenkul Değerleme AŞ	Ankara/Turkey	% 20.00	% 27.46
6 Roketsan Roket Sanayi ve Ticaret AŞ	Ankara/Turkey	% 10.00	% 10.00
7 Türkiye Sınai Kalkınma Bankası AŞ	İstanbul/Turkey	% 8.38	% 8.38

	Total Assets	Shareholders' Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	583,990	40,489	4,735	45,509	547	6,209	5,774	-
2	-	-	-	-	-	-	-	-
3	14,918	11,216	85	106	13,698	(2,265)	631	1,180
4	65,965	65,618	38,809	340	1,731	2,917	2,671	7,670
5	8,619	6,804	699	516	177	2,714	2,496	-
6	302,108	160,217	147,644	988	6	23,706	(3,270)	-
7	5,176,075	675,617	208,849	104,419	119,381	73,428	55,944	37,028

^(*) The financial statements for the three-month period ended 31 March 2008.

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"), with carrying value of YTL 7,594 in the accompanying financial statements, 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.

In the same Board of Directors' meeting, it has been decided to review Capital Markets Board regulations to purchase majority of the shares of Vakıf Gayrimenkul Ekspertiz ve Değerleme AŞ is in conformity with the regulations.

Movement of investments in associates

	Current Period	Prior Period
Balance at the beginning of the period (**)	90,066	82,876
Movements during the period	(32,890)	7,190
Transfers (*)	-	7,594
Acquisitions and capital increases	294	-
Bonus shares received	8,377	9,292
Dividends from current year profit	-	-
Sales/liquidations (-)	-	(752)
Revaluation increase, inflation correction difference and currency difference on foreign subsidiaries	(41,561)	(8,944)
Impairment losses (-)	-	-
Balance at the end of the period	57,176	90,066

(*) In year 2007; Roketsan Roket Sanayi ve Ticaret AŞ shares which were previously presented as "Equity securities" under "Financial assets available for sale" has been reclassified as "Non-financial associates".

(**) In the current period; the Bank has reclassified Türkiye Sınai Kalkınma Bankası AŞ ("TSKB") shares, having a fair value of YTL 37,028 as of 30 June 2008, 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 of the related periods.

Sectoral distribution of investments and associates

	Current Period	Prior Period
Banks	40,147	68,263
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other associates	8,850	13,625
Total	48,997	81,888

Quoted associates

	Current Period	Prior Period
Quoted to domestic stock exchanges	45,878	78,768
Quoted to international stock exchanges	-	-
Total	45,878	78,768

Investments in associates sold during the current period

There is no sale of associates in the current period.

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 period

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, 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 of investments in associates table.

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 of investments in associates table.

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 of investments in associated table.

Again in year 2007, Kıbrıs Vakıflar Bankası Ltd, an associate of the Bank, also increased its paid-in capital from internal sources by YTL 3,000 from YTL 17,000 to YTL 20,000. These shares are disclosed under the section of bonus shares received, in the table above. The share of the Bank amounting to YTL 450 is presented as bonus shares received in the movement of investments in associated table.

8. Investments in subsidiaries

Investments in subsidiaries

Subsidiary	Address (City / Country)	Bank's Share –If Different, Voting Rights	Bank's Risk Group Share
1 Güneş Sigorta AŞ (*)	İstanbul/Turkey	%36.35	%36.35
2 Vakıf Emeklilik AŞ	İstanbul/ 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	İstanbul/ Turkey	%51.00	%51.52
6 Vakıf Finans Factoring Hizmetleri AŞ	İstanbul/ Turkey	%78.39	%86.97
7 Vakıf Finansal Kiralama AŞ	İstanbul/ Turkey	%58.71	%64.40
8 Vakıf Deniz Finansal Kiralama AŞ (**)	İstanbul/ Turkey	%68.55	%73.95
9 Vakıf Girişim Sermayesi Yatırım Ortaklığı AŞ	Ankara/ Turkey	%31.00	%31.09
10 Vakıf Yatırım Menkul Değerler AŞ	İstanbul/ Turkey	%99.00	%99.44
11 Vakıf Sistem Pazarlama Yazılım Servis ve Ticaret AŞ	Ankara/ Turkey	%73.00	%79.85
12 Vakıfbank International AG	Vienna/Austria	%90.00	%90.00
13 World Vakıf Offshore Banking Ltd.	Lefkosa/NCTR	%82.00	%84.93
14 Vakıf Portföy Yönetimi AŞ	İstanbul/ Turkey	%99.99	%99.99

	Total Assets	Shareholder's Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Company's Fair Value
1	568,277	212,597	134,895	589	4,297	5,758	(17,690)	177,202
2	780,821	97,202	36,508	1,070	28,726	7,331	11,716	73,223
3	260,893	240,907	244,758	288	-	(2,385)	1,132	21,722
4	-	-	-	-	-	-	-	-
5	210,853	212,685	85,341	4,798	99	8,925	(5,853)	-
6	106,013	48,530	211	7,114	-	4,725	(33,506)	24,301
7	238,218	33,863	3,811	10,480	15	690	(545)	21,559
8	114,797	1,665	63	5,697	-	1,411	(3,067)	-
9	4,338	4,284	14	193	136	129	(34)	1,807
10	47,789	46,394	8,964	3,155	734	2,159	2,741	-
11	13,936	8,757	425	562	147	2,112	1,509	-
12	791,207	92,811	1,376	17,438	5,194	6,314	2,942	-
13	31,486	(10,221)	-	905	-	(836)	246	-
14	3,625	3,542	43	149	26	353	406	-

(*) The financial statements for the three-month period ended 31 March 2008.

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

As per the resolution no.74887 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, that the Bank owns 73% of its outstanding shares.

According to the resolution of the Parent 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.

The sales contract has been signed as of 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 the 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 of Vakıf Finansal Kiralama AŞ with a percentage of 0.05, (B) Group share of Vakıf Deniz Finansal Kiralama AŞ with a percentage of 0.05 and (B) Group share of 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.

Movement of investments in subsidiaries

	Current Period	Prior Period
Balance at the beginning of the period	495,905	391,459
Movements during the period	9,033	104,446
Acquisitions and capital increases	-	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	9,033	69,383
Impairment losses (+)	-	-
Balance at the end of period	504,938	495,905
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

Valuation methods of investments in subsidiaries

	Current Period	Prior Period
Valued at cost	185,124	185,124
Valued at fair value	319,814	310,781
Valued by equity method of accounting	-	-
Total	504,938	495,905

Sectoral distribution of investments in subsidiaries

	Current Period	Prior Period
Banks	41,073	41,073
Insurance companies	250,426	172,456
Factoring companies	24,301	24,301
Leasing companies	21,559	89,078
Finance companies	-	-
Other financial subsidiaries	42,141	43,559
Total	379,500	370,467

Quoted subsidiaries

	Current Period	Prior Period
Quoted at domestic stock exchanges	200,568	191,536
Quoted at international stock exchanges	-	-
Total	200,568	191,536

Investments in subsidiaries disposed during the current period

None.

Investments in subsidiaries purchased during the current period

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.

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 deferred tax asset

Items generating deferred tax assets or liabilities are listed below as of 30 June 2008 and 31 December 2007:

	Current period	Prior Period
Deferred tax assets	95,469	82,337
BRSA - Tax Code depreciation differences	26,354	26,704
ETI and vacation pay provisions	29,664	27,070
Valuation difference for associates and subsidiaries	22,300	21,270
Other provisions	9,800	3,954
Tax reduction and exceptions	5,636	1,457
Valuation differences of financial assets and liabilities	1,715	1,882
Deferred tax liabilities	(12,258)	(32,617)
Valuation differences of financial assets and liabilities	(4,925)	(27,151)
Valuation difference for associates and subsidiaries	(7,333)	(5,328)
Other	-	(138)
Deferred tax assets, net	83,211	49,720

13. Information on assets held for sale and assets related to the discontinued operations

None.

14. Information on other assets

Other assets are comprised of prepaid expenses amounting to YTL 230,153 (31 December 2007: YTL 204,343), receivables from term sale of assets amounting to YTL 145,972 (31 December 2007: YTL 138,749), receivables from derivative instruments amounting to YTL 68,617 (31 December 2007: YTL 69,344) and other assets amounting to YTL 106,390 (31 December 2007: YTL 97,477)

II. Information and disclosures related to liabilities

1. Information on maturity profile of deposits

<i>Current Period</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	843,343	-	498,502	6,190,893	149,199	19,292	30,872	-	7,732,101
Foreign Currency Deposits	1,108,815	-	2,039,853	3,718,507	1,498,717	313,639	645,052	-	9,324,583
Residents in Turkey	1,089,176	-	1,950,161	3,699,250	1,494,366	311,490	619,846	-	9,164,289
Residents in Abroad	19,639	-	89,692	19,257	4,351	2,149	25,206	-	160,294
Public Sector Deposits	1,135,308	-	589,653	2,059,702	187,595	55,701	483	-	4,028,442
Commercial Deposits	922,833	-	1,051,578	3,801,501	76,008	462	5,347	-	5,857,729
Other	1,578,230	-	1,580,861	3,770,260	252,367	29,290	61,742	-	7,272,750
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	760	-	107,877	416,969	19,317	-	-	-	544,923
Central Bank	53	-	-	-	-	-	-	-	53
Domestic Banks	331	-	74,612	416,969	2,069	-	-	-	493,981
Foreign Banks	228	-	33,265	-	17,248	-	-	-	50,741
Participation Banks	148	-	-	-	-	-	-	-	148
Other	-	-	-	-	-	-	-	-	-
Total	5,589,289	-	5,868,324	19,957,832	2,183,203	418,384	743,496	-	34,760,528

<i>Prior Period</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
Other	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
Other	-	-	-	-	-	-	-	-	-
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 Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	4,099,803	3,654,728	3,632,298	3,208,160
Foreign Currency Saving Deposits	1,353,707	1,286,065	2,447,338	1,893,244
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	5,453,510	4,940,793	6,079,636	5,101,404

Saving deposits out of insurance coverage limits

	Current Period
Deposits and other accounts at foreign branches	1,434
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	893
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 trading derivatives

Negative value of trading purpose derivatives

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forwards	1,901	20	4,959	1
Swaps	6,507	6,800	15,044	2,286
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	8,408	6,820	20,003	2,287

3. Information on banks and other financial institutions

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	-	-	-	-
Domestic Bank and Institutions	57,393	249,142	52,803	247,370
Foreign Bank, Institutions and Funds	-	4,677,500	-	4,392,685
Total	57,393	4,926,642	52,803	4,640,055

Maturity information of funds borrowed

	Current period		Prior period	
	YTL	FC	YTL	FC
Short-term	57,393	1,513,143	52,803	1,339,388
Medium and Long term	-	3,413,499	-	3,300,667
Total	57,393	4,926,642	52,803	4,640,055

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 11.5% (31 December 2007: 12.6%) of the Bank's liabilities. There is no risk concentration on funding sources of the Bank.

On 20 December 2006, the Bank has obtained syndication loan of US Dollar 700 million comprised of three tranches having 1, 2 and 3 years of maturity and interest rate Libor+0.525%, Libor+0.625% and Libor+0.825%, respectively, with the participation of 26 international banks through club deal. On 3 December 2007, the Bank has renewed syndication loan of US Dollar 375 million with one year of maturity and interest rate Libor+0.25% (total cost Libor+%0.575) with the participation of 23 international 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.

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.

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 Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	3,005	2,847	1,627	1,494
1-4 Years	21,319	20,031	25,012	23,212
More than 4 Years	-	-	-	-
Total	24,324	22,878	26,639	24,706

6. Information on liabilities arising from hedging derivatives

Negative value of hedging purpose derivatives

None.

7. Information on provisions

Information on general provisions

	Current Period	Prior period
Provisions for Loans and Receivables in Group I	192,476	151,077
Provisions for Loans and Receivables in Group II	17,641	7,099
Provisions for Non Cash Loans	18,223	15,390
Other	152	179
Total	228,492	173,745

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

None.

Information on other provisions

	Current Period	Prior Period
General Reserves for Possible Loan Losses	-	-

Information on other provisions exceeding 10% of total provisions

Other provisions consist of specific provision for non-cash loans amounting YTL 82,599 (31 December 2007: YTL 82,392), credit card promotion provision amounting YTL 7,755 (31 December 2007: YTL 7,890) and other provisions amounting YTL 49,001 (31 December 2007: YTL 19,768).

8. Taxation

Current Taxes

Tax provision

As of 30 June 2008, Bank has corporate tax provision of YTL 54,704.

Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	54,704	82,561
Taxation on securities	53,023	52,709
Capital gains tax on property	533	468
Banking and Insurance Transaction Tax (BITT)	19,843	21,545
Taxes on foreign exchange transactions	-	1,311
Value added tax payable	860	1,007
Other	9,310	10,785
Total	138,273	170,386

Information on premiums payable

	Current Period	Prior Period
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	265	275
Unemployment insurance- employer share	466	485
Other	11	-
Total	742	760

Information on deferred tax liability

Disclosed in Note 12 of information and disclosures for assets.

9. Information on shareholders' equity

Paid-in capital

	Current Period	Prior Period
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 period

There is no share capital increase in the current period.

Information on share capital increases from revaluation funds

None.

Capital commitments for current financial year and following period

None.

Prior period 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 the securities

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Associates, subsidiaries and joint ventures	154,986	-	188,303	-
Fair value differences	(89,346)	(69,278)	45,167	41,960
Foreign exchange differences	-	-	-	-
Total	65,640	(69,278)	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 Period	Prior period
Letters of Guarantee in Foreign Currency	1,857,354	1,489,200
Letters of Guarantee in YTL	3,041,428	2,773,207
Letters of Credit	1,530,705	1,118,055
Bills of Exchange and Acceptances	496,703	456,865
Other Guarantees and Warranties	11,764	3,468
Total	6,937,954	5,840,795

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 100% specific provision for unliquidated non-cash loans amounted to YTL 82,599 (31 December 2007: YTL 82,392) recorded under off-balance sheet items.

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Provisional Letters of Guarantee	215,600	107,807
Final Letters of Guarantee	3,642,440	3,432,155
Letters of Guarantee for advances	772,377	545,641
Letters of Guarantee given to Customs Offices	187,865	82,595
Other Letters of Guarantee	80,500	94,209
Total	4,898,782	4,262,407

2. Non-cash Loans

	Current Period	Prior Period
Non-Cash Loans Given for Cash Loan Risks	401,988	375,627
With Original Maturity of 1 Year or Less	154,585	158,732
With Original Maturity of More Than 1 Year	247,403	216,895
Other Non-Cash Loans	6,535,966	5,465,168
Total	6,937,954	5,840,795

3. Sectoral risk concentrations of non-cash loans

	Current Period				Prior Period			
	YTL	%	FC	%	YTL	%	FC	%
Agricultural	30,904	1.02	100,217	2.57	24,187	0.87	25,727	0.84
Farming and Cattle	25,153	0.83	85,813	2.20	18,843	0.67	14,693	0.48
Forestry	3,634	0.12	-	-	3,803	0.14	90	0.00
Fishing	2,117	0.07	14,404	0.37	1,541	0.06	10,944	0.36
Manufacturing	1,161,262	38.18	1,744,257	44.77	1,083,730	39.08	1,532,477	49.95
Mining	52,492	1.73	116,519	2.99	23,992	0.87	89,892	2.93
Production	824,900	27.12	1,443,036	37.04	830,040	29.93	1,292,455	42.13
Electric, gas and water	283,870	9.33	184,702	4.74	229,698	8.28	150,130	4.89
Construction	500,650	16.46	845,360	21.70	369,941	13.34	566,647	18.47
Services	1,080,288	35.51	465,467	11.95	1,023,770	36.91	428,728	13.97
Wholesale and retail trade	500,926	16.47	166,381	4.27	526,053	18.97	172,466	5.62
Hotel, food and beverage services	32,306	1.06	10,780	0.28	31,633	1.14	9,569	0.31
Transportation and telecommunication	192,751	6.34	66,449	1.71	144,200	5.20	60,812	1.98
Financial institutions	323,753	10.64	204,779	5.26	294,295	10.61	169,557	5.53
Real estate and renting services	4,359	0.14	52	0.00	1,787	0.06	-	-
Self-employment services	-	-	-	-	-	-	-	-
Education services	2,858	0.09	5,175	0.13	5,423	0.20	5,945	0.19
Health and social services	23,335	0.77	11,851	0.30	20,379	0.73	10,379	0.34
Other	268,469	8.83	741,080	19.02	271,707	9.80	513,881	16.77
Total	3,041,573	100.00	3,896,381	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	2,915,516	1,766,435	88,682	43,744
Confirmed Bills of exchange and Acceptances	-	490,363	-	6,340
Letters of Credit	145	1,528,702	-	884
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	11,764	-	-
Total	2,915,661	3,797,264	88,682	50,968

5. Contingent assets and liabilities

None

6. Services rendered on behalf of third parties

The Bank acts as an investment agent for banking transaction on behalf of its customers and provides custody services, in order to meet every type of investment demand of clients. Such transactions are followed under off-balance sheet accounts.

Custody and investing services on behalf of individuals and corporate customers are not significant events for the Bank.

IV. Information on disclosures related to the statement of income

1. Interest income

Information on interest income received from loans

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-term Loans	980,279	79,113	801,279	71,398
Medium and Long-term Loans	702,550	173,639	509,912	114,207
Loans under follow-up	34,381	34,381	24,247	30
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	1,717,210	252,752	1,335,438	185,635

Information on interest income received from banks

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	-	1,723	-	2,497
Domestic Banks	11,640	1,695	10,226	314
Foreign Banks	21,510	22,679	40,363	48,769
Foreign Head Office and Branches	-	-	-	-
Total	33,150	26,097	50,589	51,580

Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	2,800	1,342

2. Interest Expense

Interest expenses on funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	3,547	113,516	4,176	118,701
Central Bank of Turkey	-	-	-	-
Domestic Banks	3,547	995	4,176	1,392
Foreign Banks	-	112,521	-	117,309
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	9	-	7
Total	3,547	113,525	4,176	118,708

Interest expenses paid to associates and subsidiaries

	Current Year	Prior Year
Interest Paid to Associates and Subsidiaries	13,780	6,074

3. Trading income/losses (Net)

	Current Period	Prior Period
Income	667,546	322,161
Trading Account Income	42,262	54,255
<i>Derivative financial instruments</i>	33,645	29,131
<i>Others</i>	8,617	25,124
Foreign Exchange Gain	625,284	267,906
Losses (-)	654,363	205,887
Trading Account Losses	41,475	11,570
<i>Derivative financial instruments</i>	37,066	9,683
<i>Others</i>	4,409	1,887
Foreign Exchange Losses	612,888	194,317
Income	13,183	116,274

4. Other operating income

As of 30 June 2008, other operating income consists of; reversal of the impairment losses provided in previous years amounting to YTL 114,261, communication income amounting to YTL 35,024, gain on sale of assets amounting to YTL 5,382 and other income amounting to YTL 16,071.

5. Provision expenses for losses on loans and other receivables

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables	67,461	136,157
<i>Loans and Receivables in Group III</i>	16,087	136,157
<i>Loans and Receivables in Group IV</i>	23,950	-
<i>Loans and Receivables in Group V</i>	27,424	-
Non-performing commissions and other receivables	-	-
General Provision Expenses	54,543	14,000
Provision for Possible Losses	-	-
Impairment Losses on Securities:	18,770	10,105
<i>Trading securities</i>	932	788
<i>Investment Securities Available-for-Sale</i>	17,838	9,317
Other Impairment Losses:	504	518
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
<i>Investment Securities Held-to-Maturity</i>	504	518
Other	74,101	47,206
Total	215,379	207,986

6. Other operating expenses

	Current Period	Prior Period
Personnel Costs	264,244	214,334
Reserve for Employee Termination Benefits	12,971	8,625
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses on Tangible Assets	38,826	33,443
Impairment Losses on Intangible Assets	-	-
Amortization Expenses on Intangible Assets	1,608	879
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses on Assets to be Disposed	4,058	3,831
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	193,089	143,990
<i>Operational lease related expenses</i>	29,809	21,902
<i>Repair and maintenance expenses</i>	6,439	5,634
<i>Advertisement expenses</i>	12,191	11,204
<i>Other expenses</i>	144,650	105,250
Loss on sale of assets	203	901
Other	65,648	52,352
Total	580,647	458,355

7. Provision for taxes on income

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

As of 30 June 2008, the Bank recorded a tax provision of YTL 128,588 (30 June 2007: YTL 121,282).

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

Sources of deferred tax benefit/charge	Current Period	Prior Period
Arising from Origination (+)/ Reversal (-) of Deductible Temporary Differences	(4,188)	-
Arising from Origination (+)/ Reversal (-) of Taxable Temporary Differences	11,253	10,610
Arising from Origination (+)/ Reversal (-) of Tax Losses	-	-
Arising from tax rate change	-	-
Total	7,065	10,610

8. Net profit and loss

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

None.

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

None.

V. 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 period end and income and expenses in the current period

Current Period	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 Period	63,102	175,454	125	1,562	3,994	4,595
Balance at the End of the Period	87,954	200,288	92	1,456	5,152	4,382
Interest and Commission Income Received	2,800	369	-	-	362	6

Prior Period	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Non-Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	12,752	219,239	-	568	-	-
Balance at the End of the Period	63,102	175,454	125	1,562	3,994	4,595
Interest and Commission Income Received	1,342	482	-	-	330	6

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 Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the Beginning of the Period	270,304	128,372	968,500	77,592	93,543	2,650
Balance at the End of the Period	221,837	270,304	973,813	968,500	155,690	93,543
Interest on Deposits	13,780	6,074	-	-	487	1,326

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 0.33% (31 December 2007: 0.29%) and 2.97% (31 December 2007: 3.11%)

Current Period	Amount	Compared With the Financial Statement Amount %
Cash Loans	93,198	0.33
Non-Cash Loans	206,126	2.97
Deposits	1,351,340	3.89
Forward and Option Agreements	-	-

Prior Period	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

SECTION SIX

I. Other Disclosures and Footnotes

1. Other disclosures on the Bank's activity

- The Bank decided to buy 6% of Turkish Derivative Exchange Market's shares, at nominal value of YTL 540 of total YTL 6,000 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 favour 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.

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

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

April 2007 (*)	Moody's Investors' Service
Financial Strength Rating	D+
Local Currency Deposit Rating	Baa1 / P-2
Foreign Currency Deposit Rating	B1 / NP
Outlook	Stable

December 2007 (*)	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+

May 2006 (*)	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

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.

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 of and for the six-month period ended 30 June 2008, have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the member firm of KPMG International). It was noted in their review report dated 13 August 2008 that nothing material has come to their attention that caused them to believe that the accompanying unconsolidated interim financial statements do not give a true and fair view of the Bank's financial position and results of its operations as of and for the six-month period ended 30 June 2008.