

*(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 Nine-Month Period Ended
30 September 2008
With Independent Auditors' Review Report Thereon

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

*This report contains "Independent Auditors' Review
Report" comprising 1 page and; "Unconsolidated
Financial Statements and Related Disclosures and
Footnotes" comprising 62 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 September 2008 and the related unconsolidated statement of income, changes in shareholders' equity and cash flows for the nine-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 September 2008, and of the results of its operations and its cash flows for the nine-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 November 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2008

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The unconsolidated interim financial report as of and for the nine-month period ended 30 September 2008, prepared in accordance with the communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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

Yusuf BEYAZIT	Cem DEMİRAĞ	Sabahattin BİRDAL	Bilal KARAMAN
Board of Directors	Board Member	Board Member	General Manager
Chairman	Audit Committee Member	Audit Committee Member	

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 Nine-Month Period Ended 30 September 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 September 2008, The Bank’s paid-in capital is YTL 2,500,000, divided into 2.500.000.000 shares with each has a nominal value of 1 New Turkish Lira.

The Bank’s shareholder structure is stated below:

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

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>				
Sabahattin BİRDAL	Member	21 August 2008	University	22 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 ⁽³⁾	-	9 August 2004	University	28 years
Şahin Uğur ⁽⁴⁾	Support Services	9 August 2004	University	22 years
Feyzi Özcan	Retail Banking, Pension Fund, Directorates of the Regions, Distribution Channels, Consumer Loans	20 September 2005	University	19 years
Dr. Metin Recep Zafer ⁽⁵⁾	Accounting and Financial Affairs, Planning and Performance, Human Resources, Investment Banking and Subsidiaries	13 June 2006	PHD	13 years
Birgül Denli	Treasury	3 July 2006	Master	14 years
Doğan Pençe	Corporate Loans 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, Corporate Communication, Corporate Salary Payments and Commercial Centers	30 November 2007	University	13 years
Mehmet Cantekin	Legal Services and , Loans Follow-up	27 December 2007	Master	16 years

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

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

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

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

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

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 September 2008, the Bank has 512 domestic, 2 foreign, in total 514 branches (31 December 2007: 466 domestic, 2 foreign branches, in total 468 branches). As of 30 September 2008, the Bank has 9,600 employees (31 December 2007: 8,700).

ASSETS	Notes Section 5	Reviewed Current Period 30 September 2008			Audited Prior Year 31 December 2007		
		YTL	FC	Total	YTL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	I-1	1,215,148	1,158,928	2,374,076	1,625,518	864,684	2,490,202
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	I-2	10,089	301,579	311,668	22,264	327,723	349,987
2.1 Financial assets held for trading purpose		-	291,545	291,545	-	315,047	315,047
2.1.1 Government securities		-	291,545	291,545	-	315,047	315,047
2.1.2 Equity securities		-	-	-	-	-	-
2.1.3 Other securities		-	-	-	-	-	-
2.2 Financial assets designated at fair value through profit or loss		-	-	-	-	-	-
2.2.1 Government securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Other securities		-	-	-	-	-	-
2.3 Derivative financial assets held for trading purpose		10,089	10,034	20,123	22,264	12,676	34,940
III. BANKS	I-3	125,365	1,272,948	1,398,313	810,251	1,936,017	2,746,268
IV. RECEIVABLES FROM INTERBANK MONEY MARKETS		2,452,279	-	2,452,279	715,335	-	715,335
4.1 Interbank money market placements		2,452,279	-	2,452,279	-	-	-
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	6,791,639	2,081,401	8,873,040	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		6,779,426	2,068,039	8,847,465	6,417,925	2,665,051	9,082,976
5.3 Other securities		-	6,800	6,800	-	-	-
VI. LOANS	I-5	20,884,890	9,326,691	30,211,581	17,095,172	6,374,831	23,470,003
6.1 Performing loans		20,780,324	9,326,691	30,107,015	17,095,172	6,374,831	23,470,003
6.1.1 Loans provided to risk group	V-1	64,331	53,107	117,438	15,302	51,919	67,221
6.1.2 Others		20,715,993	9,273,584	29,989,577	17,079,870	6,322,912	23,402,782
6.2 Loans under follow-up		1,314,991	-	1,314,991	1,142,855	-	1,142,855
6.3 Specific provisions (-)		1,210,425	-	1,210,425	1,142,855	-	1,142,855
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD-TO-MATURITY INVESTMENT SECURITIES (Net)	I-6	1,789,179	260,158	2,049,337	1,350,673	125,689	1,476,362
8.1 Government securities		1,789,179	222,526	2,011,705	1,350,673	90,519	1,441,192
8.2 Other securities		-	37,632	37,632	-	35,170	35,170
IX. INVESTMENTS IN ASSOCIATES (Net)	I-7	61,831	-	61,831	90,066	-	90,066
9.1 Associates, consolidated per equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		61,831	-	61,831	90,066	-	90,066
9.2.1 Financial associates		53,652	-	53,652	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	431,171	100,158	531,329	454,832	41,073	495,905
10.1 Unconsolidated financial subsidiaries		305,733	100,158	405,891	329,394	41,073	370,467
10.2 Unconsolidated non-financial subsidiaries		125,438	-	125,438	125,438	-	125,438
XI. INVESTMENTS IN JOINT-VENTURES (Net)	I-9	-	-	-	-	-	-
11.1 Joint-ventures, consolidated per equity method		-	-	-	-	-	-
11.2 Unconsolidated joint-ventures		-	-	-	-	-	-
11.2.1 Financial joint-ventures		-	-	-	-	-	-
11.2.2 Non-Financial joint-ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	I-10	-	-	-	-	-	-
12.1 Finance lease receivables		-	-	-	-	-	-
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT PURPOSE	I-11	-	-	-	-	-	-
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Hedges of net investment in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		980,873	491	981,364	905,575	455	906,030
XV. INTANGIBLE ASSETS (Net)		27,204	-	27,204	13,496	-	13,496
15.1 Goodwill		-	-	-	-	-	-
15.2 Other intangibles		27,204	-	27,204	13,496	-	13,496
XVI. INVESTMENT PROPERTIES		-	-	-	-	-	-
XVII. TAX ASSETS		75,235	-	75,235	49,720	-	49,720
17.1 Current tax assets		-	-	-	-	-	-
17.2 Deferred tax assets	I-12	75,235	-	75,235	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 operations		-	-	-	-	-	-
XIX. OTHER ASSETS	I-14	399,235	236,142	635,377	271,278	238,635	509,913
TOTAL ASSETS		35,244,138	14,738,496	49,982,634	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 September 2008			Audited Prior Year 31 December 2007		
			YTL	FC	Total	YTL	FC	Total
I.	DEPOSITS	II-1	27,203,620	8,723,555	35,927,175	22,402,194	6,460,319	28,862,513
1.1	Deposits of the risk group	V-1	1,149,055	76,032	1,225,087	1,218,194	114,153	1,332,347
1.2	Other deposits		26,054,565	8,647,523	34,702,088	21,184,000	6,346,166	27,530,166
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE	II-2	9,792	6,308	16,100	20,003	2,287	22,290
III.	FUNDS BORROWED	II-3	64,034	4,908,207	4,972,241	52,803	4,640,055	4,692,858
IV.	INTERBANK MONEY MARKET		812,355	916,637	1,728,992	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		812,355	916,637	1,728,992	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		105,584	-	105,584	121,964	-	121,964
6.1	Funds against borrower's note		-	-	-	-	-	-
6.2	Others		105,584	-	105,584	121,964	-	121,964
VII.	MISCELLANEOUS PAYABLES		534,288	62,628	596,916	362,091	67,298	429,389
VIII.	OTHER EXTERNAL RESOURCES PAYABLE	II-4	85,305	197,138	282,443	142,516	139,637	282,153
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	II-5	-	21,390	21,390	-	24,706	24,706
10.1	Finance lease payables		-	22,234	22,234	-	26,639	26,639
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred finance leasing expenses (-)		-	844	844	-	1,933	1,933
XI.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT PURPOSE	II-6	-	-	-	-	-	-
11.1	Fair value hedges		-	-	-	-	-	-
11.2	Cash flow hedges		-	-	-	-	-	-
11.3	Hedges of net investment in foreign operations		-	-	-	-	-	-
XII.	PROVISIONS	II-7	618,851	12,937	631,788	487,778	11,312	499,090
12.1	General provisions		245,927	4,245	250,172	169,789	3,956	173,745
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		234,991	-	234,991	215,295	-	215,295
12.4	Insurance technical provisions (Net)		-	-	-	-	-	-
12.5	Other provisions		137,933	8,692	146,625	102,694	7,356	110,050
XIII.	TAX LIABILITIES		159,573	3,708	163,281	169,393	1,753	171,146
13.1	Current tax liabilities	II-8	159,573	3,708	163,281	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 OPERATIONS		-	-	-	-	-	-
14.1	Payables related to the assets held for sale		-	-	-	-	-	-
14.2	Payables related to the discontinued operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS		-	-	-	-	-	-
XVI.	SHAREHOLDERS' EQUITY		5,511,638	25,086	5,536,724	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		922,408	25,086	947,494	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	133,006	25,086	158,092	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		568,640	-	568,640	1,038,586	-	1,038,586
16.4.1	Prior years' profit/loss		-	-	-	7,886	-	7,886
16.4.2	Current period's profit/loss		568,640	-	568,640	1,030,700	-	1,030,700
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			35,105,040	14,877,594	49,982,634	29,736,979	12,671,497	42,408,476

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

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

	Notes Section 5	Reviewed Current Period 30 September 2008			Audited Prior Year 31 December 2007		
		YTL	FC	TOTAL	YTL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES		9,698,365	5,167,413	14,865,778	9,248,759	4,085,089	13,333,848
I. GUARANTEES AND SURETIES	III-1-4	3,171,754	4,372,886	7,544,640	2,773,335	3,067,460	5,840,795
1.1. Letters of guarantee		3,171,754	1,707,987	4,879,741	2,773,207	1,489,200	4,262,407
1.1.1. Guarantees subject to State Tender Law		439,947	622,239	1,062,186	378,638	359,572	738,210
1.1.2. Guarantees given for foreign trade operations		186,644	150	186,794	83,353	229	83,582
1.1.3. Other letters of guarantee		2,545,163	1,085,598	3,630,761	2,311,216	1,129,399	3,440,615
1.2. Bank acceptances		-	472,355	472,355	-	456,865	456,865
1.2.1. Import letter of acceptance		-	162,268	162,268	-	164,948	164,948
1.2.2. Other bank acceptances		-	310,087	310,087	-	291,917	291,917
1.3. Letters of credit		-	2,180,718	2,180,718	128	1,117,927	1,118,055
1.3.1. Documentary letters of credit		-	2,180,718	2,180,718	128	1,117,927	1,118,055
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Guaranteed pre-financings		-	10,936	10,936	-	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		-	890	890	-	829	829
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS		6,162,464	614	6,163,078	6,016,092	12,973	6,029,065
2.1. Irrevocable commitments		6,154,487	438	6,154,925	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	III-1	1,371,894	-	1,371,894	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	III-1	1,474,850	-	1,474,850	1,330,395	-	1,330,395
2.1.8. Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card limits	III-1	3,100,249	-	3,100,249	3,067,930	-	3,067,930
2.1.10. Commitments for credit card and banking operations promotions		207,494	-	207,494	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		-	438	438	-	12,809	12,809
2.2. Revocable commitments		7,977	176	8,153	8,556	164	8,720
2.2.1. Revocable loan granting commitments		7,977	176	8,153	8,556	164	8,720
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		364,147	793,913	1,158,060	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		364,147	793,913	1,158,060	459,332	1,004,656	1,463,988
3.2.1. Forward foreign currency purchases/sales		190,271	185,199	375,470	248,357	236,369	484,726
3.2.1.1. Forward foreign currency purchases		95,151	92,600	187,751	124,261	118,185	242,446
3.2.2. Forward foreign currency sales		95,120	92,599	187,719	124,096	118,184	242,280
3.2.2. Currency and interest rate swaps		173,876	514,964	688,840	210,975	768,287	979,262
3.2.2.1. Currency swaps-purchases		10,892	20,992	31,884	40,000	217,891	257,891
3.2.2.2. Currency swaps-sales		10,884	20,978	31,862	-	252,737	252,737
3.2.2.3. Interest rate swaps-purchases		72,059	245,093	317,152	83,160	155,199	238,359
3.2.2.4. Interest rate swaps-sales		80,041	227,901	307,942	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		-	93,750	93,750	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		54,055,401	115,570,483	169,625,884	40,378,971	6,814,918	47,193,889
IV. ITEMS HELD IN CUSTODY		14,395,821	480,893	14,876,714	12,850,573	412,381	13,262,954
4.1. Customers' securities held		-	12,159	12,159	-	11,334	11,334
4.2. Investment securities held in custody		13,095,663	2,963,130	16,058,793	12,019,535	2,761	14,781,296
4.3. Checks received for collection		610,698	86,519	697,217	363,710	78,135	441,845
4.4. Commercial notes received for collection		215,393	84,869	300,262	149,766	102,646	252,412
4.5. Other assets received for collection		2,515	796	3,311	6,010	873	6,883
4.6. Assets received through public offering		-	353	353	-	333	333
4.7. Other items under custody		215,263	24,252	239,515	215,862	5,196	221,058
4.8. Custodians		256,289	268,982	525,271	95,690	211,103	306,793
V. PLEDGED ITEMS		39,659,580	115,089,590	154,749,170	27,528,398	6,402,537	33,930,935
5.1. Securities		886,476	46,360	932,836	811,074	50,146	861,220
5.2. Guarantee notes		777,484	244,364	1,021,848	514,264	246,818	761,082
5.3. Commodities		6,675,765	-	6,675,765	6,193,978	-	6,193,978
5.4. Warranties		-	-	-	-	6,420	6,420
5.5. Real estates		29,979,531	13,884,911	43,864,442	19,454,045	5,516,873	24,970,918
5.6. Other pledged items		1,033,688	873,697	1,907,385	368,341	559,863	928,204
5.7. Pledged items-depository		306,636	40,258	346,894	186,696	22,417	209,113
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		63,753,762	737,896	64,491,662	49,627,730	10,900,007	60,527,737

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Unconsolidated Off-Balance Sheet
At 30 September 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.

		Reviewed Current Period 1 January 2008 – 30 September 2008	Reviewed Prior Period 1 January 2007 – 30 September 2007	Reviewed Current Period 1 July 2008 – 30 September 2008	Reviewed Prior Period 1 July 2007 – 30 September 2007
		Total	Total	Total	Total
	Notes (Section 5)				
I.	INTEREST INCOME	4,598,060	3,943,811	1,611,634	1,357,73
1.1	Interest income from loans	3,075,257	2,329,431	1,105,295	808,35
1.2	Interest income from reserve deposits	133,122	120,923	49,073	42,29
1.3	Interest income from banks	78,676	154,929	19,429	52,76
1.4	Interest income from money market transactions	61,348	160,685	23,671	47,25
1.5	Interest income from securities portfolio	1,235,435	1,173,225	413,008	405,64
1.5.1	Trading financial assets	19,574	29,017	5,736	9,03
1.5.2	Financial assets at fair value through profit or loss	-	-	-	-
1.5.3	Financial assets available-for-sale	992,438	1,092,628	325,072	353,22
1.5.4	Investments held-to-maturity	223,423	51,580	82,200	43,39
1.6	Finance lease income	-	-	-	-
1.7	Other interest income	14,222	4,618	1,158	1,42
II.	INTEREST EXPENSE	3,153,448	2,719,165	1,116,257	923,18
2.1	Interest expense on deposits	2,797,743	2,398,872	1,012,942	805,75
2.2	Interest expense on funds borrowed	166,312	191,448	49,240	68,56
2.3	Interest expense on money market transactions	163,843	113,587	57,269	47,00
2.4	Interest expense on securities issued	-	-	-	-
2.5	Other interest expenses	25,550	15,258	(3,194)	1,86
III.	NET INTEREST INCOME (I – II)	1,444,612	1,224,646	495,377	434,54
IV.	NET FEES AND COMMISSIONS INCOME	342,850	245,961	110,994	84,33
4.1	Fees and commissions received	468,571	356,298	153,393	123,10
4.1.1	Non-cash loans	44,209	35,400	17,357	12,18
4.1.2	Others	424,362	320,898	136,036	110,92
4.2	Fees and commissions paid	125,721	110,337	42,399	38,77
4.2.1	Non-cash loans	6	11	5	1
4.2.2	Others	125,715	110,326	42,394	38,77
V.	DIVIDEND INCOME	25,499	34,718	226	914
VI.	NET TRADING INCOME/LOSSES (Net)	36,844	160,065	23,661	43,79
6.1	Trading account income/losses (Net)	9,685	43,206	8,898	521
6.2	Foreign exchange gains/losses (Net)	27,159	116,859	14,763	43,27
VII.	OTHER OPERATING INCOME	223,954	305,789	53,216	152,03
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)	2,073,759	1,971,179	683,474	715,61
IX.	PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	399,787	282,378	184,408	74,39
X.	OTHER OPERATING EXPENSES (-)	955,560	719,240	374,913	260,88
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)	718,412	969,561	124,153	380,34
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)	718,412	969,561	124,153	380,34
XVI.	CONTINUING OPERATIONS PROVISION FOR TAXES	(149,772)	(160,880)	(28,249)	(50,208)
16.1	Current tax (charge)	(161,441)	(179,312)	(32,853)	(58,030)
16.2	Deferred tax (charge)/credit	11,669	18,432	4,604	7,82
XVII.	NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV-XVI)	568,640	808,681	95,904	330,13
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 AFRET TAXES FROM DISCONTINUED OPERATIONS	-	-	-	-
XXIII.	NET PROFIT/LOSS (XVII+XXII)	568,640	808,681	95,904	330,13
EARNINGS PER SHARE (full YTL)		0.2275	0.3235	0.0384	0.1321

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 Nine-Month Period Ended 30 September 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 - 30 September 2008	Reviewed Prior Period 1 January - 30 September 2007	Reviewed Current Period 1 July - 30 September 2008	Reviewed Prior Period 1 July - 30 September 2007
GAINS AND LOSSES RECOGNIZED IN SHAREHOLDERS' EQUITY				
	Total	Total	Total	Total
I. VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN SECURITIES VALUATION DIFFERENCES	(139,989)	45,640	167,202	(2,568)
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	(370)	123,824	30,819	75,308
IX. DEFERRED TAXES DUE TO VALUATION DIFFERENCES	24,361	(12,816)	(36,291)	(2,355)
X. NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY	(115,998)	156,648	161,730	70,385
XI. CURRENT PERIOD'S PROFIT/(LOSS)	568,640	808,681	95,904	330,132
11.1 Change in fair value of securities (transfers to the statement of income)	5,031	(9,546)	(11,527)	(24,535)
11.2 Gains/Losses recognized in the statement of income due to reclassification of cash flow hedges	-	-	-	-
11.3 Gains/Losses recognized in the statement of income due to reclassification of net foreign investment hedges	-	-	-	-
11.4 Others	563,609	818,227	107,431	354,667
XXIII. TOTAL GAINS AND LOSSES RECOGNIZED DURING THE PERIOD	452,642	965,329	257,634	400,517

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 Nine-Month Period Ended 30 September 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 Discount. Op.s	Shareholders' Equity before Minority Interest	Minority Interest	Total Shareholders' Equity
PRIOR PERIOD – 30 September 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	-	-	-	-	-	-	-	-	-	-	127,671	-	-	-	-	127,671	-	127,671
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	-	-	-	-	-	-	-	-	808,681	-	-	-	-	-	-	808,681	-	808,681
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	808,681	7,886	264,057	-	64,119	-	-	4,992,865	-	4,992,865
CURRENT PERIOD – 30 September 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	-	-	-	-	-	-	-	-	-	-	(117,338)	-	-	-	-	(117,338)	-	(117,338)
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	-	-	-	-	-	-	-	-	568,640	-	-	-	-	-	-	568,640	-	568,640
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	568,640	-	158,092	25	65,459	-	-	5,536,724	-	5,536,724

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 Nine-Month Period Ended 30 September 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 September 2008	Reviewed Prior Period 30 September 2007
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	805,540	738,014
1.1.1 Interests received	4,642,379	3,910,309
1.1.2 Interests paid	(3,130,698)	(2,674,422)
1.1.3 Dividends received	11,082	34,718
1.1.4 Fee and commissions received	342,850	356,298
1.1.5 Other income	75,636	465,854
1.1.6 Collections from previously written-off loans and other receivables	78,452	35,243
1.1.7 Payments to personnel and service suppliers	(914,608)	(333,614)
1.1.8 Taxes paid	(175,790)	(119,068)
1.1.10 Others	(123,763)	(937,304)
1.2 Changes in operating assets and liabilities	38,771	90,788
1.2.1 Net (increase) decrease in financial assets held for trading purpose	6,825	72,036
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	(216,982)	(37,969)
1.2.4 Net (increase) decrease in loans	(6,770,659)	(2,716,147)
1.2.5 Net (increase) decrease in other assets	(115,341)	(4,335)
1.2.6 Net increase (decrease) in bank deposits	535,779	(147,476)
1.2.7 Net increase (decrease) in other deposits	6,441,616	2,231,697
1.2.8 Net increase (decrease) in funds borrowed	293,845	(190,224)
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	(136,312)	883,206
I. Net cash flow from banking operations	844,311	828,802
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash flow from investing activities	(652,349)	(1,170,386)
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures	(294)	(5,685)
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures	-	949
2.3 Purchases of tangible assets	(187,169)	(88,323)
2.4 Sales of tangible assets	30,476	60,315
2.5 Cash paid for purchase of financial assets available-for-sale	(4,042,991)	(100,099)
2.6 Cash obtained from sale of financial assets available-for-sale	4,109,680	-
2.7 Cash paid for purchase of held-to-maturity investment securities	(1,297,810)	(1,037,543)
2.8 Cash obtained from sale of held-to-maturity investment securities	735,759	-
2.9 Others	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash flow from financing activities	(145,516)	(443,726)
3.1 Cash obtained from funds borrowed and securities issued	-	-
3.2 Cash used for repayment of funds borrowed and securities issued	-	-
3.3 Equity instruments issued	-	-
3.4 Dividends paid	(142,200)	(435,865)
3.5 Payments for finance leases	(3,316)	(7,861)
3.6 Others	-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	-	-
V. Net increase/(decrease) in cash and cash equivalents	46,446	(785,310)
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	5,306,334	5,103,688

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 financial assets at fair value through profit or loss, derivative financial assets and liabilities held for trading purpose, available-for-sale financial assets and investments in associates and subsidiaries that are quoted on the stock exchanges and assets available for sale, which are presented on a fair value basis.

Additional paragraph for convenience translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying 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 net investments in associates and subsidiaries operating in foreign countries are measured at cost, they are reported as translated into YTL by using the foreign exchange rate at the date of transaction. If related associates and subsidiaries are measured at fair value, net foreign operations are reported as translated into YTL by the rates prevailing at the date of the determination of the fair value.

III. Information on forwards, options and other derivative transactions

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

The Bank has classified its derivative transactions, mentioned above as "trading 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 measured at fair values and the changes in their fair values are recorded on balance sheet under "derivative financial assets held for trading purpose" or "derivative financial liabilities held for trading purpose". The subsequent fair value changes are recorded in the statement of income.

IV. Information on interest income and expenses

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

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

V. Information on fees and commissions

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

VI. Financial assets

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

When a financial asset is recognized initially, the Bank measures it at its fair value plus, in the case of a financial asset 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 measured 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 disposal of such securities before their maturity, the gains/losses on such disposals are recorded under trading income/losses in the accompanying unconsolidated statement of income.

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 finance leasing are recognized in tangible assets and the obligations under finance leases arising from the lease contracts are presented under "Finance Lease Payables" account in the 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 finance lease and in the expected future benefits, the leased assets are valued with net realizable value.

Depreciation for assets obtained through finance 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 September 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.

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 September 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 Section 4 – VII "Segment reporting".

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 the policy of specific provisions, the Bank recognized gain amounting to YTL 76,564, net off taxes in the statement of income for the period that the policy change has been made.

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 993, net off taxes in the statement of income for the period that the policy change has been made.

Earnings per shares

As of and for the nine-month period ended 30 September 2008, earnings per share is YTL 0.2275 (30 September 2007: YTL 0.3235).

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 – V “Information and disclosures related to the Bank’s risk group”.

Cash and cash equivalents

Cash and cash equivalents which is a base for the preparation of the statement of cash flows includes cash in YTL, cash in FC, cheques, demand deposits at Central Bank of Turkey (“CBT”) and other banks, and money market placements, time deposits at banks, and marketable securities whose original maturity are 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 13.76%. (31 December 2007: 15.32%)

Risk measurement methods in calculation of capital adequacy ratio

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

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

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

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

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

Unconsolidated capital adequacy ratio

	30 September 2008						
	Risk Weights						
	0%	10%	20%	50%	100%	150%	200%
Value at credit risk							
Balance sheet items (Net)	7,094,166	-	1,428,678	8,396,974	23,392,799	21,961	532
Cash on hand	513,254	-	154	-	-	-	-
Matured securities	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey	1,012,973	-	-	-	-	-	-
Domestic and foreign Banks, foreign head offices and branches	-	-	1,186,526	-	210,895	-	-
Interbank money market placements	2,450,000	-	-	-	-	-	-
Receivables from reverse repurchase agreements	-	-	-	-	-	-	-
Reserve deposits	797,831	-	-	-	-	-	-
Loans	171,457	-	169,301	8,262,322	20,999,018	21,961	532
Loans under follow-up (Net)	-	-	-	-	104,566	-	-
Receivables from leasing activities	-	-	-	-	-	-	-
Available-for-sale financial assets	-	-	18,775	-	-	-	-
Held-to-maturity investment securities	1,913,649	-	37,500	-	-	-	-
Receivables from term sale of assets	-	-	-	-	141,025	-	-
Miscellaneous receivables	-	-	-	-	131,149	-	-
Interest and other income accruals	152,993	-	16,422	134,652	342,354	-	-
Investments in associates, subsidiaries and joint-ventures (Net)	-	-	-	-	591,338	-	-
Tangible assets (Net)	-	-	-	-	809,022	-	-
Other assets	82,009	-	-	-	63,432	-	-
Off-balance sheet items	96,801	-	119,110	264,625	4,284,766	-	-
Non-cash loans and commitments	96,801	-	103,788	264,625	4,282,711	-	-
Derivative financial instruments	-	-	15,322	-	2,055	-	-
Non risk weighted accounts	-	-	-	-	-	-	-
Total risk weighted assets	7,190,967	-	1,547,788	8,661,599	27,677,565	21,961	532

Summary information related to capital adequacy ratio

	Current Period	Prior Period
Value at credit risk (VaCR)	32,351,928	27,027,653
Value at market risk (VaMR) (**)	1,347,988	650,125
Value at operational risk (VaOR) (*)	4,130,525	3,642,163
Shareholders' equity	5,205,580	4,799,690
Shareholders' equity/ (VaCR+VaMR+VaOR)*100	13.76	15.32

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

(**) In accordance with the second article, came into force starting from 1 January 2008, of the "Amendment Regulation on the Regulation Regarding Measurement and Assessment of the Capital Adequacy of the Banks" which has been issued in the 10 October 2007 dated and 26669 numbered Official Gazette, since the share of the available-for-sale financial assets within the total securities portfolio of the Bank exceeds 10%, the accounts for the available-for-sale financial assets has been accepted as trading securities and capital obligation has been computed for the general market 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	568,640	1,038,586
Current Period Profit	568,640	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 (-)	292,997	204,343
Intangible Assets (-)	27,204	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	5,313,173	4,886,733
SUPPLEMENTARY CAPITAL		
General Provisions	250,172	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 (*)	71,141	123,944
Associates and Subsidiaries	82,340	84,736
Available for Sale Investment Securities	(11,199)	39,208
Other Profit Reserves	-	-
Total Supplementary Capital	386,772	361,808
TIER III CAPITAL	-	-
CAPITAL	5,699,945	5,248,541
DEDUCTIONS FROM CAPITAL	494,365	448,851
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors exceeding 10% of ownership	1,822	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	172,342	180,923
Others	-	-
TOTAL SHAREHOLDERS' EQUITY	5,205,580	4,799,690

(*) In accordance with the "Amendment Regulation on the Regulation of the Equity of the Banks" 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 Regarding Measurement and Assessment of the Capital Adequacy of the 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 Regarding Measurement and Assessment of the Capital Adequacy of the 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	94,891
(II) Capital Obligation against Specific Risks - Standard Method	544
(III) Capital Obligation against Currency Risk - Standard Method	12,404
(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)	107,839
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	1,347,988

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 September 2008	30 September 2007
		Equity	Equity
ISE – 100 (IMKB - 100)	10%	10,604	26,030

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 the Capital Adequacy of the 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 September 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 September 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	1.2500	1.7936
Foreign currency rates for the days before balance sheet date;		
Day 1	1.2100	1.7714
Day 2	1.2100	1.7806
Day 3	1.2100	1.7742
Day 4	1.2100	1.7909
Day 5	1.2100	1.7557
	US Dollar	Euro
Last 30-days arithmetical average rate	1.1892	1.7233

Information on currency risk

Current Period	Euro	US Dollar	Yen	Other FCs	Total
Assets					
Cash and balances with the Central Bank of Turkey	474,580	681,925	39	2,384	1,158,92
Banks	735,119	489,226	1,498	47,105	1,272,94
Financial assets at fair value through profit or loss ^(*)	80,611	220,960	6	-	301,577
Interbank money market placements	-	-	-	-	-
Available-for-sale financial assets	564,742	1,516,659	-	-	2,081,40
Loans ^(**)	3,202,628	6,330,869	8,116	56,897	9,598,51
Associates, subsidiaries and joint-ventures	100,158	-	-	-	100,158
Held-to-maturity investment securities	36,738	223,420	-	-	260,158
Derivative financial assets held for risk management purpose	-	-	-	-	-
Tangible assets	-	491	-	-	491
Intangible assets	-	-	-	-	-
Other assets ^(***)	18,931	190,216	-	6	209,153
Total assets	5,213,507	9,653,766	9,659	106,392	14,983,32
Liabilities					
Bank deposits	20,420	132,769	-	11,522	164,711
Foreign currency deposits	3,057,014	5,455,753	2,534	43,543	8,558,84
Interbank money market takings	458,166	458,471	-	-	916,637
Other funding	1,486,891	3,376,662	-	44,654	4,908,20
Securities issued	-	-	-	-	-
Miscellaneous payables	13,569	48,934	1	124	62,628
Derivative financial liabilities held for risk Management purpose	-	-	-	-	-
Other liabilities ^(*)	90,546	150,106	429	399	241,480
Total liabilities	5,126,606	9,622,695	2,964	100,242	14,852,50
Net 'on balance sheet' position	86,901	31,071	6,695	6,150	130,817
Net 'off-balance sheet' position	1,696	25,239	(6,339)	(3,389)	17,207
Derivative assets	28,611	329,740	-	334	358,685
Derivative liabilities	26,915	304,501	6,339	3,723	341,478
Non-cash loans	1,635,931	2,599,041	30,816	107,098	4,372,88
Prior Period	Euro	US Dollar	Yen	Other FCs	Total
Total assets	4,016,039	8,790,026	10,215	125,330	12,941,61
Total liabilities	4,217,999	8,296,365	4,055	111,054	12,629,47
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	3,067,46

^(*) Foreign exchange accruals presented in derivative financial assets and liabilities held for trading purpose are not included.

(**) Foreign currency indexed loans amounting to YTL 271,819 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 271,819 results position for the Bank when foreign exchange rates increase.

(***) Prepaid expenses amounting to YTL 26,989 YTL are not included.

Exposure to currency risk

A 10 percent devaluation of the YTL against the following currencies as at 30 September 2008 and 30 September 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 September 2008		30 September 2007	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	6,657	5,631	25,937	29,413
EUR	922	(1,156)	(8,974)	(8,936)
Other currencies	312	312	1,542	1,542
Total, net	7,891	4,787	18,505	22,019

(*) 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 re-pricing dates"

Current 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 balances with CBT	1,860,668	-	-	-	-	513,408	2,374,076
Banks and other financial institutions	1,156,222	47,168	1,076	-	-	193,847	1,398,313
Financial assets at fair value through profit/loss	2,930	22,255	7,563	125,966	152,954	-	311,668
Interbank money market placements	2,452,279	-	-	-	-	-	2,452,279
Available-for-sale financial assets	1,573,830	277,852	4,522,443	1,262,043	1,218,097	18,775	8,873,040
Loans	8,880,911	8,913,830	5,380,729	4,714,380	2,217,165	104,566	30,211,581
Held-to-maturity investment securities	216,709	232,441	1,070,894	361,463	167,830	-	2,049,337
Other assets (*)	26,371	6,431	14,080	87,661	73,165	2,104,632	2,312,340
Total assets	16,169,920	9,499,977	10,996,785	6,551,513	3,829,211	2,935,228	49,982,634
<i>Liabilities:</i>							
Bank deposits	1,258,407	38,463	-	-	-	1,043	1,297,913
Other deposits	18,707,102	7,912,379	2,072,742	613,800	-	5,323,239	34,629,262
Interbank money market takings	324,267	405,103	188,863	810,759	-	-	1,728,992
Miscellaneous payables	-	43,864	11,957	-	-	541,095	596,916
Securities issued	-	-	-	-	-	-	-
Other funding	2,068,727	1,961,225	916,112	26,177	-	-	4,972,241
Other liabilities (**)	2,981	4,050	117,771	50,326	13,291	6,568,891	6,757,310
Total liabilities	22,361,484	10,365,084	3,307,445	1,501,062	13,291	12,434,268	49,982,634
On balance sheet long position	-	-	7,689,340	5,050,451	3,815,920	-	16,555,711
On balance sheet short position	(6,191,564)	(865,107)	-	-	-	(9,499,040)	(16,555,711)
Off-balance sheet long position	97,500	82,535	72,058	65,059	-	-	317,152
Off-balance sheet short position	-	43,864	115,207	148,871	-	-	307,942
Position, Net	(6,094,064)	(826,436)	7,646,191	4,966,639	3,815,920	(9,499,040)	9,210

(*) 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 balances with CBT Banks and other financial institutions	2,070,245	-	-	-	-	419,957	2,490,202
Financial assets at fair value through profit/loss	2,604,174	-	-	-	-	142,094	2,746,268
Interbank money market placements	37,051	9,475	21,097	110,461	171,903	-	349,987
Available-for-sale financial assets	715,335	-	-	-	-	-	715,335
Loans	1,158,097	2,328,838	2,663,164	1,798,883	1,133,994	12,213	9,095,189
Held-to-maturity investment securities	9,362,346	3,513,693	5,313,690	3,502,338	1,777,936	-	23,470,003
Other assets (*)	215,099	648,011	262,072	281,608	69,572	-	1,476,362
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	4,362,512	3,154,467	-	13,132,622
On balance sheet short position	(1,197,217)	(4,369,343)	-	-	-	(7,566,062)	(13,132,622)
Off-balance sheet long position	83,160	85,856	-	69,343	-	-	238,359
Off-balance sheet short position	73,394	15,219	45,991	95,671	-	-	230,275
Position, Net	(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 balance with CBT	1.88	0.75	-	12.56
Banks and other financial institutions	4.49	3.99	-	18.81
Financial assets at fair value through profit/loss	9.41	11.79	-	-
Interbank money market placements	-	-	-	16.75
Available-for-sale financial assets	5.99	6.57	-	18.03
Loans	7.13	5.78	-	19.93
Held-to-maturity investment securities	5.31	5.93	-	20.23
Liabilities				
Bank deposits	5.31	4.29	-	18.89
Other deposits	3.76	4.63	-	15.23
Interbank money market takings	4.95	3.35	-	18.13
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Other funding	5.28	3.62	-	15.13
Prior Period				
	Euro	US Dollar	Yen	YTL
	%	%	%	%
Assets				
Cash and balance with CBT	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 nine-month period ended 30 September 2008, based on the floating rate non-trading financial assets and financial liabilities held at 30 September 2008.

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

30 September 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	(12,284)	13,256	(12,284)	13,256
Available-for-sale financial assets	-	-	(92,479)	96,709
Floating rate financial assets	154,936	(154,936)	154,936	(154,936)
Floating rate financial liabilities	(42,460)	42,460	(42,460)	42,460
Total, net	100,192	(99,220)	7,713	(2,511)

30 September 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	(15,336)	16,559	(15,336)	16,559
Available-for-sale financial assets	-	-	(101,746)	106,617
Floating rate financial assets	109,496	(109,496)	109,496	(109,496)
Floating rate financial liabilities	(41,566)	41,566	(41,566)	41,566
Total, net	52,594	(51,371)	(49,152)	55,246

^(*) 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 balance with CBT	2,374,076	-	-	-	-	-	-	2,374,076
Banks and other financial institutions	193,847	1,156,222	47,168	1,076	-	-	-	1,398,313
Financial assets at fair value through profit/loss	-	1,603	22,049	7,817	127,245	152,954	-	311,668
Interbank money market placements	-	2,452,279	-	-	-	-	-	2,452,279
Available-for-sale financial assets	-	1,255	277,852	1,933,631	4,559,072	2,082,455	18,775	8,873,040
Loans	-	4,224,263	2,329,142	7,106,085	12,807,272	3,640,253	104,566	30,211,581
Held-to-maturity investments	-	-	232,441	326,981	1,259,312	230,603	-	2,049,337
Other assets	-	107,857	13,584	14,080	162,896	73,165	1,940,758	2,312,340
Total assets	2,567,923	7,943,479	2,922,236	9,389,670	18,915,797	6,179,430	2,064,099	49,982,634
Liabilities								
Bank deposits	1,043	1,258,407	38,463	-	-	-	-	1,297,913
Other deposits	5,323,239	18,707,102	7,912,379	2,072,742	613,800	-	-	34,629,262
Other funding	-	9,574	692,124	1,246,729	588,009	2,435,805	-	4,972,241
Interbank money market takings	-	1,597	321,946	324,029	1,081,420	-	-	1,728,992
Securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	478,990	22,373	-	55,821	-	39,732	596,916
Other liabilities	-	70,724	169,994	117,041	51,052	13,931	6,334,568	6,757,310
Total liabilities	5,324,282	20,526,394	9,157,279	3,760,541	2,390,102	2,449,736	6,374,300	49,982,634
Liquidity gap	(2,756,359)	(12,582,915)	(6,235,043)	5,629,129	16,525,695	3,729,694	(4,310,201)	-
Prior Period								
	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ^(*)	Total
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	175,840	211,165	1,222,122	238,176	1,847,303
Undistributed expenses	-	-	-	(1,154,390)	(1,154,390)
Operating profit	175,840	211,165	1,222,122	(916,214)	692,913
Income from associates	-	-	-	-	25,499
Income before taxes	-	-	-	-	718,412
Provision for taxes	-	-	-	-	(149,772)
Net profit					568,640
Segment assets	8,356,744	23,715,505	15,292,353	-	47,364,602
Investments in associates and subsidiaries	-	-	-	593,160	593,160
Undistributed assets	-	-	-	2,024,872	2,024,872
Total assets	8,356,744	23,715,505	15,292,353	2,618,032	49,982,634
Segment liabilities	11,563,495	24,385,070	6,878,738	-	42,827,303
Shareholders' equity	-	-	-	5,536,724	5,536,724
Undistributed liabilities	-	-	-	1,618,607	1,618,607
Total Liabilities and Shareholders' Equity	11,563,495	24,385,070	6,878,738	7,155,331	49,982,634

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	453,150	59,685	363,150	55,921
Central Bank of Turkey ^(*)	761,981	1,098,687	1,262,351	807,894
Others	17	556	17	869
Total	1,215,148	1,158,928	1,625,518	864,684

^(*) YTL 800,949 (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 46,746 (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 12.56% for YTL, 0.75% for US Dollar and 1.875% for Euro as of 30 September 2008.

Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	715,235	297,738	1,224,243	220,008
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Total	715,235	297,738	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	-	96,237	-	191,407
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	-	96,237	-	191,407

Positive value of trading purpose derivatives

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forward Transactions	2,720	2	5,115	3
Swap Transactions	7,369	10,032	17,149	12,673
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	10,089	10,034	22,264	12,676

3. Banks and other financial institutions

Banks and other financial institutions

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	125,365	1,272,948	810,251	1,936,017
Domestic	25,105	261,497	747,194	186,425
Foreign	100,260	1,011,451	63,057	1,749,592
Foreign Head Offices and Branches	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	125,365	1,272,948	810,251	1,936,017

4. Information on available-for-sale financial assets

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Share Certificates	-	-	-	-
Bonds, Treasury Bills and Similar Marketable Securities	992,163	-	947,286	-
Others	-	-	-	-
Total	992,163	-	947,286	-

Available-for-sale financial assets given as collateral against repurchase agreements

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	890,787	299,980	931,117	906,987
Treasury Bills	-	-	-	-
Other Debt Securities	-	537,240	-	392,035
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Others	-	-	-	-
Total	890,787	837,220	931,117	1,299,022

Information related with available-for-sale financial assets

	Current Period	Prior Period
Debt securities	8,952,579	9,107,249
Quoted	8,952,579	9,107,249
Unquoted	-	-
Equity securities	25,222	18,660
Quoted	-	-
Unquoted	25,222	18,660
Provision for impairment on available-for-sale financial assets(-)	104,761	30,720
Total	8,873,040	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 provided to the shareholders	-	726	-	669
Legal entities	-	726	-	669
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	36,798	-	31,670	-
Total	36,798	726	31,670	669

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

	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
		Loans and Other Receivables		Loans and Other Receivables
Cash Loans				
Loans	28,395,507	-	1,400,513	221,165
Discounted bills	164,604	-	-	16
Export loans	1,862,797	-	52,717	167,262
Import loans	-	-	-	14
Loans to the financial sectors	1,235,315	-	-	-
Overseas loans	15,659	-	-	-
Consumer loans	7,470,742	-	276,733	687
Credit cards	618,553	-	11,414	773
Precious metal loans	-	-	-	-
Other	17,027,837	-	1,059,649	52,413
Specialization Loans	89,830	-	-	-
Other receivables	-	-	-	-
Total	28,485,337	-	1,400,513	221,165

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – YTL	393,960	6,800,721	7,194,681
Housing Loans	10,252	3,101,446	3,111,698
Automobile Loans	2,119	131,841	133,960
General Purpose Loans	137,555	3,567,347	3,704,902
Other	244,034	87	244,121
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	593,134	532	593,666
With Installment	127,218	532	127,750
Without Installment	465,916	-	465,916
Retail Credit Cards – FC	1,607	-	1,607
With Installment	-	-	-
Without Installment	1,607	-	1,607
Personnel Loans – YTL	1,028	22,461	23,489
Housing Loan	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	1,028	22,461	23,489
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	13,249	-	13,249
With Installment	3,502	-	3,502
Without Installment	9,747	-	9,747
Personnel Credit Cards – FC	60	-	60
With Installment	-	-	-
Without Installment	60	-	60
Deposit Accounts– YTL (real persons)	529,992	-	529,992
Deposit Accounts– FC (real persons)	-	-	-
Total	1,533,030	6,823,714	8,356,744

Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – YTL	293,331	4,936,390	5,229,721
Real Estate Loans	50	118,510	118,560
Automobile Loans	33,542	618,844	652,386
General Purpose Loans	259,739	4,199,036	4,458,775
Other	-	-	-
Installment-based Commercial Loans – FC indexed	-	-	-
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Installment-based Commercial Loans – FC	258	51,827	52,085
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	258	51,827	52,085
Corporate Credit Cards – YTL	21,982	-	21,982
With Installment	1,439	-	1,439
Without Installment	20,543	-	20,543
Corporate Credit Cards – FC	176	-	176
With Installment	-	-	-
Without Installment	176	-	176
Overdraft Accounts– YTL (corporate)	139,136	-	139,136
Overdraft Accounts– FC (corporate)	-	-	-
Total	454,883	4,988,217	5,443,100

Allocation of domestic and overseas loans

	Current Period	Prior Period
Domestic Loans	30,089,677	23,448,621
Overseas Loans	17,338	21,382
Total	30,107,015	23,470,003

Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Loans Provided to the Subsidiaries and Investments	111,216	63,102
Indirect Loans Provided to the Subsidiaries and Investments	-	-
Total	111,216	63,102

Specific provisions for loans

Specific Provisions	Current Period	Prior Period
Loans and Receivables with Limited Collectibility	26,141	67,684
Loans and Receivables with Doubtful Collectibility	157,847	148,064
Uncollectible Loans and Receivables	1,026,437	927,107
Total	1,210,425	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	-	2,967	125,136
(Gross amounts before the specific reserves)	-	-	-
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	-	2,967	125,136
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 (+)	354,396	814	3,233
Transfers from other categories of loans under follow-up (+)	97,523	296,939	344,869
Transfers to other categories of loans under follow-up (-)	326,058	241,457	172,392
Collections (-)	62,838	46,513	76,380
Write-offs (-)	-	-	-
Current period end balance	130,707	157,847	1,026,437
Specific provision (-)	26,141	157,847	1,026,437
Net Balance on balance sheet	104,566	-	-

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Period			
Period end balance	2,130	3,159	188,076
Specific provision (-)	426	3,159	188,076
Net balance on balance sheet	1,704	-	-
Prior Period			
Period end balance	5,002	6,976	199,835
Specific provision (-)	5,002	6,976	199,835
Net balance on balance sheet	-	-	-

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)	104,566	-	-
Consumer and Commercial Loans (Gross)	130,543	157,334	1,005,117
Specific Provision (-)	26,108	157,334	1,005,117
Consumer and Commercial Loans (Net)	104,435	-	-
Banks (Gross)	-	-	1,551
Specific Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	164	513	19,769
Specific Provision (-)	33	513	19,769
Other Loans and Receivables (Net)	131	-	-
Prior Year (Net)	-	-	-
Consumer and Commercial Loans (Gross)	58,997	147,503	911,238
Specific Provision (-)	58,997	147,503	911,238
Consumer and Commercial Loans (Net)	-	-	-
Banks (Gross)	-	-	1,551
Specific Provision (-)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	8,687	561	14,318
Specific Provision (-)	8,687	561	14,318
Other Loans and Receivables (Net)	-	-	-

6. Information on held-to-maturity investment securities

Held-to-maturity debt securities issued by the public sector

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	1,789,179	142,004	1,350,673	-
Treasury Bills	-	-	-	-
Other Securities Issued by the Government	-	80,522	-	90,519
Total	1,789,179	222,526	1,350,673	90,519

Information on held-to-maturity investment securities

	Current Period	Prior Period
Debt Securities	2,050,261	1,476,946
Quoted at Stock Exchange	2,012,629	1,441,776
Unquoted at Stock Exchange	37,632	35,170
Impairment Losses (-)	924	584
Total	2,049,337	1,476,362

The movement table of the 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	(3,243)	(4,032)
Purchases during the period	1,297,810	1,643,570
Disposals through sales/redemptions	(735,759)	(294,194)
Impairment losses (-)	(797)	(105)
Change in amortized costs of the securities (*)	14,964	82,732
Balances at the end of the period	2,049,337	1,476,362

(*) Differences in the amortized costs of the marketable securities 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 1,135,000,000 (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 1,054,490,250 (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 703,956 (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 investment securities

Current Period	Cost		Carrying Value	
	YTL	FC	YTL	FC
Collateralized/blocked investment securities	1,125,668	37,500	1,172,620	37,632
Investments subject to repurchase agreements	58,494	78,675	59,110	79,164
Held for structural position	-	-	-	-
Receivable from security borrowing market	-	-	-	-
Collateral for security borrowing market	-	-	-	-
Others (*)	510,783	140,953	557,449	143,362
Total	1,694,945	257,128	1,789,179	260,158

Prior Period	Cost		Carrying Value	
	YTL	FC	YTL	FC
Collateralized/blocked investment securities	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 subject to collateral/blockage or other transactions are presented in the “Others” line.

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 İşçi 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	559,613	41,808	4,666	67,015	870	7,528	9,496	-
2	-	-	-	-	-	-	-	-
3	13,568	13,047	71	205	160	(3,019)	1,405	723
4	68,975	68,728	35,751	739	2,711	6,027	3,744	6,666
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	5,295,668	723,934	214,350	106,529	118,856	66,165	57,710	43,144

(*) The financial statements for the six-month period ended 30 June 2008 are presented.

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 table of investments in associates

	Current Period	Prior Period
Balance at the beginning of the period	90,066	82,876
Movements during the period	(28,235)	7,190
Transfers	-	7,594
Acquisitions and capital increases	294	-
Bonus shares received	8,604	9,292
Income/Loss from investments under equity accounting	-	-
Sales and liquidations	-	(752)
Revaluation decreases due to changes in fair values	(37,133)	(8,944)
Impairment losses (+)	-	-
Balance at the end of the period	61,831	90,066
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) 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".

(**) The Bank has reclassified Türkiye Sınai Kalkınma Bankası AŞ ("TSKB") shares, having a fair value of YTL 43,144 as of 30 September 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 in associates

	Current Period	Prior Period
Banks	46,263	68,262
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other associates	7,389	13,625
Total	53,652	81,887

Quoted associates

	Current Period	Prior Period
Quoted to domestic stock exchanges	50,533	78,768
Quoted to international stock exchanges	-	-
Total	50,533	78,768

Investments in associates disposed during the period

There is not any disposal in 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 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, Vakıf Gayrimenkul Yatırım Ortaklığı AŞ increased its paid-in capital from YTL 18,480 to YTL 19,300 by a way of stock split. The share of the Bank amounting to YTL 227 is presented as bonus shares received in the movement of investments in associates table.

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

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

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

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

8. Investments in subsidiaries

Investments in subsidiaries

	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	586,319	198,356	134,864	2,049	14,288	17,394	(7,149)	145,033
2	780,815	97,196	38,152	1,070	28,726	7,325	11,716	73,223
3	260,804	241,150	244,758	488	-	(2,141)	1,532	21,722
4	-	-	-	-	-	-	-	-
5	210,853	212,685	85,341	4,798	99	8,925	(5,853)	-
6	139,192	51,349	134	13,282	-	7,544	(32,229)	24,301
7	238,309	33,954	5,495	10,480	15	781	(545)	21,019
8	124,343	1,688	61	8,167	-	1,434	(7,786)	-
9	4,338	4,307	14	194	136	133	(34)	1,822
10	64,264	47,596	8,993	5,110	1,085	3,361	4,015	-
11	13,936	8,757	425	562	147	2,112	1,509	-
12	734,408	88,289	1,273	27,061	7,535	8,588	6,192	100,158
13	31,464	(10,601)	-	1,319	-	(995)	(13,526)	-
14	3,625	3,542	43	10	166	353	406	-

(*) The financial statements for the six-month period ended 30 June 2008 are presented.

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

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, which the Bank owns 73% of its outstanding shares.

According to the resolution of the Bank's Board of Directors on 15 May 2008, it is decided to sell the shares of consolidated subsidiaries Güneş Sigorta AŞ and Vakıf Emeklilik AŞ partially or entirely.

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. Based on the application to the Capital Markets Board ("CMB") for the realization of sales transaction, it has been specified that "in our meeting dated 15 October 2008 and numbered 27 which the request has been discussed, it is decided not to take the related request into consideration in this stage" with CMB article no. B.02.1.SPK.0.15-1027 and dated 24 October 2008. It has been stated that subsequent process shall be determined after the assessment of the Bank's Board of Directors.

Movement table of investments in subsidiaries

	Current Period	Prior Period
Balance at the beginning of the period	495,905	391,459
Movements during the period	35,424	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	35,424	69,383
Impairment losses (+)	-	-
Balance at the end of period	531,329	495,905
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

Methods to measure investments in subsidiaries

	Current Period	Prior Period
Measured at cost	244,208	185,124
Measured at fair value	287,121	310,781
Equity method	-	-
Total	531,329	495,905

Sectoral distribution of investments in subsidiaries

	Current Period	Prior Period
Banks	100,158	41,073
Insurance companies	218,256	172,456
Factoring companies	24,301	24,301
Leasing companies	21,019	89,078
Finance companies	-	-
Other financial subsidiaries	42,157	43,559
Total	405,891	370,467

Quoted subsidiaries

	Current Period	Prior Period
Quoted at domestic stock exchanges	167,874	191,536
Quoted at international stock exchanges	-	-
Total	167,874	191,536

Investments in subsidiaries disposed during the period

None.

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

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

9. Investments in joint-ventures

None.

10. Information on finance lease receivables

None.

11. Information on hedging purpose derivatives

Positive differences on derivative financial instruments held for risk management purposes

None.

12. Information on deferred tax assets

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

	Current period	Prior Period
Deferred tax assets	101,061	82,337
BRSA - Tax Code depreciation differences	25,871	26,704
Provision for employee termination benefits and unused vacations	32,038	27,070
Valuation difference for associates and subsidiaries	21,083	21,270
Other provisions	4,421	3,954
Valuation differences of financial assets and liabilities	10,957	1,457
Others	6,691	1,882
Deferred tax liabilities	(25,826)	(32,617)
Valuation differences of financial assets and liabilities	(16,882)	(27,151)
Valuation difference for associates and subsidiaries	(8,944)	(5,328)
Others	-	(138)
Deferred tax assets, net	75,235	49,720

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

None.

14. Information on other assets

	Current period	Prior Period
Prepaid expenses	292,997	204,343
Receivables from term sale of assets	141,025	138,749
Receivables from derivative financial instruments	66,691	69,344
Other	134,664	97,477
Toplam	635,377	509,913

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	977,533	-	443,289	6,258,498	180,133	12,287	28,309	-	7,900,049
Foreign Currency Deposits	920,289	-	1,389,209	3,851,290	1,430,647	353,999	613,410	-	8,558,844
Residents in Turkey	904,609	-	1,387,544	3,835,095	1,427,943	353,240	600,336	-	8,508,767
Residents in Abroad	15,680	-	1,665	16,195	2,704	759	13,074	-	50,077
Public Sector Deposits	926,847	-	931,384	2,535,200	269,389	52	546	-	4,663,418
Commercial Deposits	801,029	-	1,178,797	4,829,696	153,315	40,679	1,829	-	7,005,345
Other	1,697,541	-	591,521	4,007,409	123,808	28,175	53,152	-	6,501,606
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	1,043	-	576,960	624,891	95,019	-	-	-	1,297,913
Central Bank	53	-	-	-	-	-	-	-	53
Domestic Banks	371	-	574,912	618,737	95,019	-	-	-	1,289,039
Foreign Banks	370	-	2,048	6,154	-	-	-	-	8,572
Participation Banks	249	-	-	-	-	-	-	-	249
Other	-	-	-	-	-	-	-	-	-
Total	5,324,282	-	5,111,160	22,106,984	2,252,311	435,192	697,246	-	35,927,175

<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 Fund	Deposit Insurance Limit	Deposit Insurance Limit
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	4,316,795	3,654,728	3,583,254	3,208,160
Foreign Currency Saving Deposits	1,354,448	1,286,065	2,305,862	1,893,244
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	5,671,243	4,940,793	5,889,116	5,101,404

Saving deposits out of insurance coverage limits

	Current Period
Deposits and other accounts at foreign branches	492
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	1,568
Deposits and other accounts under scope of TCC law 5237 article no 282, dated 26.09.2004	-
Deposits in Deposit Banks of Turkey, which are solely established for off-shore banking	-

2. Information on derivative financial liabilities held for trading purpose

Negative differences related to the derivative financial liabilities held for trading purpose

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forwards	2,690	1	4,959	1
Swaps	7,102	6,307	15,044	2,286
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	9,792	6,308	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	64,034	233,961	52,803	247,370
Foreign Bank, Institutions and Funds	-	4,674,246	-	4,392,685
Total	64,034	4,908,207	52,803	4,640,055

Maturity information of funds borrowed

	Current period		Prior period	
	YTL	FC	YTL	FC
Short-term (*)	64,034	1,595,013	52,803	1,339,388
Medium and Long term (*)	-	3,313,194	-	3,300,667
Total	64,034	4,908,207	52,803	4,640,055

(*) Maturity profile of funds borrowed has been prepared in accordance with original maturities

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 11.2% (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	2,314	2,215	1,627	1,494
1-4 Years	19,920	19,175	25,012	23,212
More than 4 Years	-	-	-	-
Total	22,234	21,390	26,639	24,706

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

Negative differences related to the derivative financial liabilities held for risk management purpose

None.

7. Information on provisions

Information on general provisions

	Current Period	Prior period
Provisions for Loans and Receivables in Group I	203,511	151,077
Provisions for Loans and Receivables in Group II	27,040	7,099
Provisions for Non Cash Loans	19,424	15,390
Others	197	179
Total	250,172	173,745

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

None.

Information on other provisions

None.

Information on other provisions exceeding 10% of total provisions

	Cari Dönem	Önceki Dönem
Specific provisions for non-cash loans	84,239	82,392
Provisions for law suits against the Bank	12,411	11,413
Provisions for credit card promotions	8,788	7,890
Others	41,187	8,355
Total	146,625	110,050

8. Taxation

Current Taxes

Tax provision

As of 30 September 2008, Bank has corporate tax provision of YTL 60,232.

Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	60,232	82,561
Taxation on securities	67,526	52,709
Capital gains tax on property	680	468
Banking and Insurance Transaction Tax (BITT)	21,671	21,545
Taxes on foreign exchange transactions	-	1,311
Value added tax payable	855	1,007
Other	11,588	10,785
Total	162,552	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	243	275
Unemployment insurance- employer share	485	485
Other	1	-
Total	729	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	126,847	56,131	188,303	-
Fair value differences	6,159	(31,045)	45,167	41,960
Foreign exchange differences	-	-	-	-
Total	133,006	25,086	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
Commitments for credit card limits	3,100,249	3,067,930
Commitments for cheque payments	1,474,850	1,330,395
Loan granting commitments	1,371,894	1,452,873
Total	5,946,993	5,851,198

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 84,239 (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	101,005	107,807
Final letters of guarantee	3,692,227	3,432,155
Letters of guarantee for advances	821,034	545,641
Letters of guarantee given to custom offices	184,923	82,595
Other letters of guarantee	80,552	94,209
Total	4,879,741	4,262,407

2. Non-cash loans

	Current Period	Prior Period
Non-cash loans given for cash loan risks	385,313	375,627
With original maturity of 1 year or less	119,072	158,732
With original maturity of more than 1 year	266,241	216,895
Other non-cash loans	7,159,327	5,465,168
Total	7,544,640	5,840,795

3. Sectoral risk concentrations of non-cash loans

	Current Period				Prior Period			
	YTL	%	FC	%	YTL	%	FC	%
Agricultural	29,857	0.95	76,418	1.75	24,187	0.87	25,727	0.84
Farming and Cattle	23,037	0.73	62,885	1.44	18,843	0.67	14,693	0.48
Forestry	4,401	0.14	89	0.00	3,803	0.14	90	0.00
Fishing	2,419	0.08	13,444	0.31	1,541	0.06	10,944	0.36
Manufacturing	1,156,069	36.44	1,836,465	42.00	1,083,730	39.08	1,532,477	49.95
Mining	40,039	1.26	91,322	2.09	23,992	0.87	89,892	2.93
Production	818,744	25.81	1,571,526	35.94	830,040	29.93	1,292,455	42.13
Electric, gas and water	297,286	9.37	173,617	3.97	229,698	8.28	150,130	4.89
Construction	539,113	17.00	851,342	19.47	369,941	13.34	566,647	18.47
Services	1,178,008	37.15	772,860	17.67	1,023,770	36.91	428,728	13.97
Wholesale and retail trade	502,466	15.84	223,188	5.10	526,053	18.97	172,466	5.62
Hotel, food and beverage services	35,106	1.11	10,901	0.25	31,633	1.14	9,569	0.31
Transportation and telecommunication	187,991	5.93	309,916	7.09	144,200	5.20	60,812	1.98
Financial institutions	419,539	13.23	208,257	4.76	294,295	10.61	169,557	5.53
Real estate and renting services	4,649	0.15	53	0.00	1,787	0.06	-	-
Self-employment services	-	-	-	-	-	-	-	-
Education services	4,814	0.15	3,813	0.09	5,423	0.20	5,945	0.19
Health and social services	23,443	0.74	16,732	0.38	20,379	0.73	10,379	0.34
Other	268,707	8.46	835,801	19.11	271,707	9.80	513,881	16.77
Total	3,171,754	100.00	4,372,886	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	2,997,508	1,605,949	137,286	53,710
Confirmed Bills of exchange and Acceptances	-	462,673	-	7,810
Letters of Credit	-	2,125,248	-	54,342
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	11,826	-	-
Total	2,997,508	4,205,696	137,286	115,862

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	1,235,354	119,913	1,232,006	104,828
Medium and Long-term Loans	1,406,711	265,844	787,025	168,171
Loans under follow-up	47,435	-	37,369	32
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	2,689,500	385,757	2,056,400	273,031

Information on interest income received from banks

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	-	2,500	-	3,645
Domestic Banks	12,558	2,500	15,549	489
Foreign Banks	28,533	32,585	62,185	73,061
Foreign Head Office and Branches	-	-	-	-
Total	41,091	37,585	77,734	77,195

Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	5,405	2,103

2. Interest Expense

Interest expenses on funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	5,504	160,757	6,131	185,305
Central Bank of Turkey	-	-	-	-
Domestic Banks	5,504	1,300	6,131	1,928
Foreign Banks	-	159,457	-	183,377
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	35	16	-	12
Total	5,539	160,773	6,131	185,317

Interest expenses paid to associates and subsidiaries

	Current Year	Prior Year
Interest Paid to Associates and Subsidiaries	18,565	10,855

3. Trading income/losses (Net)

	Current Period	Prior Period
Income	941,129	473,797
Trading Account Income	62,712	69,030
<i>Derivative financial instruments</i>	48,335	37,202
<i>Others</i>	14,377	31,828
Foreign Exchange Gain	878,417	404,767
Losses (-)	904,285	313,732
Trading Account Losses	53,027	25,824
<i>Derivative financial instruments</i>	46,915	22,856
<i>Others</i>	6,112	2,968
Foreign Exchange Losses	851,258	287,908
Income	36,844	160,065

4. Other operating income

As of 30 September 2008, other operating income consists of; reversal of the impairment losses provided in previous years amounting to YTL 142,970, communication income amounting to YTL 50,913, gain on sale of assets amounting to YTL 6,239 and other income amounting to YTL 23,832.

5. Provision expenses for losses on loans and other receivables

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables	200,169	188,051
<i>Loans and Receivables in Group III</i>	28,198	188,051
<i>Loans and Receivables in Group IV</i>	26,559	-
<i>Loans and Receivables in Group V</i>	145,412	-
Non-performing commissions and other receivables	-	-
General Provision Expenses	76,138	13,334
Provision for Possible Losses	-	-
Impairment Losses on Securities:	25,541	14,208
<i>Trading securities</i>	1,101	912
<i>Investment Securities Available-for-Sale</i>	24,440	13,296
Other Impairment Losses:	797	516
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
<i>Investment Securities Held-to-Maturity</i>	797	516
Other	97,142	66,269
Total	399,787	282,378

6. Other operating expenses

	Current Period	Prior Period
Personnel Costs	411,238	333,614
Reserve for Employee Termination Benefits	24,840	16,473
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses on Tangible Assets	60,119	49,302
Impairment Losses on Intangible Assets	-	-
Amortization Expenses on Intangible Assets	2,600	1,721
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses on Assets to be Disposed	6,108	5,662
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	347,578	232,464
<i>Operational lease related expenses</i>	47,296	35,790
<i>Repair and maintenance expenses</i>	10,218	8,080
<i>Advertisement expenses</i>	31,739	20,812
<i>Other expenses</i>	258,325	167,782
Loss on sale of assets	540	6,330
Other	102,537	73,674
Total	955,560	719,240

7. Provision for taxes on income

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

As of 30 September 2008, the Bank recorded a tax provision of YTL 161,441 (30 September 2007: YTL 179,312).

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	5,483	7,503
Arising from Origination (+)/ Reversal (-) of Taxable Temporary Differences	6,186	10,929
Arising from Origination (+)/ Reversal (-) of Tax Losses	-	-
Arising from tax rate change	-	-
Total	11,669	18,432

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	-	669	4,119	5,488
Balance at the End of the Period	111,216	201,281	-	726	6,222	5,266
Interest and Commission Income Received	5,405	512	-	-	488	7

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	-	669	4,119	5,488
Interest and Commission Income Received	2,103	681	-	-	494	10

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	918,176	77,592	143,867	2,650
Balance at the End of the Period	188,416	270,304	851,239	918,176	185,432	143,867
Interest on Deposits	18,565	10,855	-	-	672	1,806

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 0.39% (31 December 2007: 0.29%) and 2.75% (31 December 2007: 3.11%)

Current Period	Amount	Compared With the Financial Statement Amount %
Cash Loans	117,438	0.39
Non-Cash Loans	207,273	2.75
Deposits	1,225,087	3.41
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 favor of the Bank and YTL 125,187 was transferred to the Bank's accounts on 5 September 2007. The related tax administration has filled an appeal that is still in process.

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

According to the same article's second sub clause, if there is a refund arising from the disclaimer 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 reconciliations for the point in dispute as stated in the second paragraph specified in the first paragraph above.

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

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

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

None.

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

As a result of significant fluctuations in money and capital markets subsequent to 30 September 2008; as at report date YTL has been devaluated against US Dollar, Euro and Japanese Yen by 32%, 13%, 42%, respectively, when compared with foreign currency rates prevailing at the balance sheet date.

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 nine-month period ended 30 September 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 November 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 nine-month period ended 30 September 2008.