

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Interim Financial Statements

As of and for the Six-Month Period Ended

30 June 2007

With Independent Auditors' Review Report Thereon

Akis Bağımsız Denetim ve Serbest

Muhasebeci Mali Müşavirlik AŞ

10 August 2007

This report contains "Independent Auditors' Review Report" comprising 1 page and; "Unconsolidated Financial Statements and Related Disclosures and Footnotes" comprising 57 pages.

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

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

We have reviewed the unconsolidated balance sheet of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı ("the Bank") as of 30 June 2007 and the related unconsolidated statement of income, changes in shareholders' equity and cash flows for the six-month period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors, is to issue a report on these financial statements based on our review. The financial statements of the Bank as of and for the year ended 31 December 2006 and, as of and for the six-month period ended 30 June 2006 were audited and reviewed, respectively by another auditor who expressed an unqualified opinion in their report dated 8 March 2007 for the financial statements as of 31 December 2006 and an unqualified review report dated 10 August 2006 for the financial statements as of 30 June 2006.

We conducted our review in accordance with the regulations related with the "Accounting and Recording Rules" and "Independent Auditing Standards" of the (Turkish) Banking Law No 5411. These regulations 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 provides 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 financial statements do not present fairly the financial position of Türkiye Vakıflar Bankası Türk Anonim Ortaklığı as of 30 June 2007, and of the results of its operations and its cash flows for the six-month period then ended in accordance with the accounting principles and standards that are based on the current regulations described in Article 37 of the (Turkish) Banking Law No 5411; and other communiqués, disclosures and directives announced by the Banking Regulation and Supervision Agency.

Istanbul,
10 August 2007

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 financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

TÜRKİYE VAKIFLAR BANKASI TÜRK ANONİM ORTAKLIĞI
UNCONSOLIDATED INTERIM FINANCIAL REPORT
AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2007

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The unconsolidated interim financial report as of and for the six-month period ended 30 June 2007, prepared in accordance with the communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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

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

10 August 2007

Yusuf BEYAZIT Board of Directors Chairman	Cem DEMİRAĞ Board Member Audit Committee Member	Serdar TUNÇBİLEK Board Member Audit Committee Member	Bilal KARAMAN General Manager
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Dr. Metin Recep ZAFER
Executive Vice President
in charge of Accounting and
Financial Affairs

Ş. Mehmet BOZ
Director of Accounting and
Financial Affairs

The authorized contact person for questions on this financial report

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Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Interim Financial Report as of and

For the Six-Month Period Ended 30 June 2007

(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.

On 19 December 2006 the Bank’s paid-in share capital increased from YTL 1,279,000 to YTL 2,500,000 by YTL 1,221,000 through YTL 605,763 from other capital reserves, YTL 448,205 from share issuance premium, YTL 154,500 from extraordinary reserves, YTL 7,795 from revaluation fund, and YTL 4,737 from other profit reserves. The Bank’s paid-in capital is divided into 2.500.000.000 shares with each has a nominal value of 1 New Turkish Lira.

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
The General Directorate of the Foundations (Group B)	386.224.345	386,224	15.45
Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (Group C)	402.552.664	402,553	16.10
Foundations (Group B)	4.706.069	4,706	0.19
Individuals and legal entities (Group B)	2.060.313	2,060	0.08
Publicly traded (Group D)	629.397.969	629,398	25.18
Total	2.500.000.000	2,500,000	100.00

In the current period, the shareholders’ structure has not been changed.

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	8 years
Ragıp DOĞU	Deputy Chairman	6 April 2005	University	31 years
Bilal KARAMAN	Member – General Manager	22 June 2005	University	27 years
Mehmet ÇEKİNMEZ	Member	24 July 2007	University	31 years
Serdar TUNÇBİLEK	Member	24 July 2007	University	22 years
Hasan ÖZER	Member	7 February 2003	University	20 years
Erkan TOPAL	Member	4 April 2006	University	1 year
Selahattin TORAMAN	Member	31 December 2003	University	24 years
Cem DEMİRAĞ	Member	4 April 2005	University	15 years
<u>Audit Committee</u>				
Serdar TUNÇBİLEK	Member	24 July 2007	University	22 years
Cem DEMİRAĞ	Member	4 April 2005	University	15 years
<u>Auditors</u>				
Ahmet Tanyolaç	Auditor	21 March 2003	University	3 years
Faruk Eroğlu	Auditor	21 March 2003	University	5 years
<u>Executive Vice Presidents</u>				
Tanju Yüksel	International Investors Relations	1 May 2000	University	20 years
Ahmet Atif Meydan	Treasury and Foreign Operations, Banking Operations and Credit Cards	29 January 2003	University	17 years
Aydın Deliktaşlı	Corporate Banking, Human Resources, and Support Services	9 August 2004	University	26 years
Şahin Uğur	Investment Banking and Subsidiaries	9 August 2004	University	20 years
Feyzi Özcan	Commercial Banking and Retail Banking	20 September 2005	University	18 years
Dr. Metin Recep Zafer	Accounting and Financial Affairs	13 June 2006	PHD	11 years
Birgül Denli	Treasury	3 July 2006	Master	13 years
Doğan Pençe	Corporate Loans, Loans Follow-up and Legal Services	7 June 2006	University	15 years

Assistant General Manager Önder Halisdemir, who was responsible from Retail Banking, Credit Cards, Development of Retail Banking, Communication and Relations with Media has resigned on 23 February 2007.

Mehmet Zeki Akıllıoğlu, the member of the Bank's Board of Directors and Audit Committee, and Ahmet Müfit Cengiz, the member of the Bank's Board of Directors have resigned on 5 June 2007.

Mehmet Çekinmez and Serdar Tunçbilek have been appointed for the positions of resigned members to be approved in the next general shareholders' meeting of the Bank.

The top management listed above does not hold any unquoted shares of the Bank.

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı

Unconsolidated Interim Financial Report as of and

For the Six-Month Period Ended 30 June 2007

(Currency: Thousands of YTL – New Turkish Lira)

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

The shareholder holding direct or indirect control over the Bank is The General Directorate of the Foundations having 58.45% of the Bank's outstanding shares. Another organization holding qualified share in the Bank is Vakıfbank Memur ve Hizmetlileri Emekli ve Sağlık Yardım Sandığı Vakfı (the pension fund of the employees of the Bank), having 16.10% of outstanding shares of the Bank.

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

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

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

As of 30 June 2007, the Bank has 428 domestic, 2 foreign, in total 430 branches (31 December 2006: 427 domestic, 2 foreign branches). As of 30 June 2007, the Bank has 7,828 employees (31 December 2006: 7,679).

SECTION TWO – FINANCIAL STATEMENTS

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Unconsolidated Balance Sheet
At 30 June 2007
(Thousands of New Turkish Lira (YTL))

ASSETS	Notes Section 5	Reviewed Current Period 30 June 2007			Restated Audited Prior Period 31 December 2006		
		YTL	FC	Total	YTL	FC	Total
I. CASH AND BALANCES WITH CENTRAL BANK	I-1	1,721,948	995,035	2,716,983	1,652,164	1,131,019	2,783,183
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	I-2	51,245	426,592	477,837	18,361	462,115	480,476
2.1 Financial assets held for trading		31,281	411,544	442,825	8,392	462,055	470,447
2.1.1 Government securities		31,281	411,544	442,825	-	462,055	462,055
2.1.2 Equity securities		-	-	-	8,392	-	8,392
2.1.3 Other securities		-	-	-	-	-	-
2.2 Financial assets valued at fair value through profit or loss		-	-	-	-	-	-
2.2.1 Government securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Other securities		-	-	-	-	-	-
2.3 Trading derivatives		19,964	15,048	35,012	9,969	60	10,029
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	I-3	816,028	3,683,613	4,499,641	512,809	2,550,682	3,063,491
IV. INTERBANK MONEY MARKETS		-	-	-	871,800	-	871,800
4.1 Interbank money market placements		-	-	-	751,093	-	751,093
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	120,707	-	120,707
V. FINANCIAL ASSETS AVAILABLE-FOR-SALE (Net)	I-4	6,571,048	3,264,309	9,835,357	6,475,857	3,430,188	9,906,045
5.1 Equity securities		87,262	-	87,262	91,649	-	91,649
5.2 Government securities		6,483,786	3,264,309	9,748,095	6,384,208	3,430,188	9,814,396
5.3 Other securities		-	-	-	-	-	-
VI. LOANS	I-5	13,929,952	4,930,876	18,860,828	12,366,263	5,676,977	18,043,240
6.1 Performing loans		13,929,952	4,930,876	18,860,828	12,366,263	5,676,977	18,043,240
6.2 Loans under follow-up		1,084,909	-	1,084,909	1,002,047	-	1,002,047
6.3 Specific provisions (-)		1,084,909	-	1,084,909	1,002,047	-	1,002,047
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENT SECURITIES HELD-TO-MATURITY (Net)	I-6	711,294	44,845	756,139	-	48,391	48,391
8.1 Government securities		711,294	5,678	716,972	-	6,072	6,072
8.2 Other securities		-	39,167	39,167	-	42,319	42,319
IX. INVESTMENTS IN ASSOCIATES (Net)	I-7	16,508	-	16,508	17,381	-	17,381
9.1 Equity Method Associates		-	-	-	-	-	-
9.2 Unconsolidated Associates		16,508	-	16,508	17,381	-	17,381
9.2.1 Financial Associates		15,923	-	15,923	16,043	-	16,043
9.2.2 Non-Financial Associates		585	-	585	1,338	-	1,338
X. INVESTMENTS IN SUBSIDIARIES (Net)	I-8	405,676	41,073	446,749	350,386	41,073	391,459
10.1 Unconsolidated financial investments in subsidiaries		280,238	41,073	321,311	227,065	41,073	268,138
10.2 Unconsolidated non-financial investments in subsidiaries		125,438	-	125,438	123,321	-	123,321
XI. INVESTMENTS IN JOINT-VENTURES (Net)	I-9	-	-	-	-	-	-
11.1 Consolidated financial investments in joint-ventures		-	-	-	-	-	-
11.2 Unconsolidated investments in joint-ventures		-	-	-	-	-	-
11.2.1 Financial associates investments in joint-ventures		-	-	-	-	-	-
11.2.2 Non-Financial associates investments in joint-ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	I-10	-	-	-	-	-	-
12.1 Financial lease receivables		-	-	-	-	-	-
12.2 Operational lease receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT	I-11	-	-	-	-	-	-
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Net foreign investment hedges		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		876,177	509	876,686	861,917	190	862,107
XV. INTANGIBLE ASSETS (Net)		5,818	-	5,818	32,901	394	33,295
15.1 Goodwill		-	-	-	30	-	30
15.2 Other intangibles		5,818	-	5,818	32,871	394	33,265
XVI. TAX ASSET	I-12	40,780	-	40,780	41,111	-	41,111
16.1 Current tax asset		-	-	-	-	-	-
16.2 Deferred tax asset		40,780	-	40,780	41,111	-	41,111
XVII. ASSETS HELD FOR SALE		-	-	-	-	-	-
XVIII. OTHER ASSETS	I-13	301,148	360,986	662,134	110,046	232,382	342,428
TOTAL ASSETS		25,447,622	13,747,838	39,195,460	23,310,996	13,573,411	36,884,407

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

		Reviewed Current Period 30 June 2007			Restated Audited Prior Period 31 December 2006			
LIABILITIES AND SHAREHOLDERS' EQUITY		Notes Section 5	YTL	FC	Total	YTL	FC	Total
I.	DEPOSITS	II-1	19,642,997	6,185,736	25,828,733	17,562,632	7,279,428	24,842,060
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	II-2	2,040	5,060	7,100	-	3,742	3,742
III.	FUNDS BORROWED	II-3	52,711	5,140,090	5,192,801	61,991	4,935,145	4,997,136
IV.	INTERBANK MONEY MARKET		734,887	1,448,596	2,183,483	909	1,369,185	1,370,094
4.1	Interbank money market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3	Obligations under repurchase agreements		734,887	1,448,596	2,183,483	909	1,369,185	1,370,094
V.	SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	FUNDS		132,799	-	132,799	139,922	-	139,922
VII.	MISCELLANEOUS PAYABLES		357,913	152,604	510,517	310,497	7,863	318,360
VIII.	OTHER EXTERNAL RESOURCES PAYABLE	II-4	62,968	114,717	177,685	36,779	153,999	190,778
IX.	FACTORING PAYABLES	II-9	-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	II-5	-	7,312	7,312	-	12,494	12,494
10.1	Financial lease payables		-	7,810	7,810	-	13,422	13,422
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred financial leasing expenses (-)		-	498	498	-	928	928
XI.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT	II-6	-	-	-	-	-	-
11.1	Fair value hedges		-	-	-	-	-	-
11.2	Cash flow hedges		-	-	-	-	-	-
11.3	Net foreign investment hedges		-	-	-	-	-	-
XII.	PROVISIONS	II-7	413,072	4,414	417,486	386,854	4,508	391,362
12.1	General provisions		139,955	4,414	144,369	125,955	4,508	130,463
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		173,867	-	173,867	128,187	-	128,187
12.4	Insurance technical provisions (Net)		-	-	-	-	-	-
12.5	Other provisions		99,250	-	99,250	132,712	-	132,712
XIII.	TAX LIABILITY		143,998	1,199	145,197	154,083	975	155,058
13.1	Current tax liability	II-8	143,998	1,199	145,197	154,083	975	155,058
13.2	Deferred tax liability	I-12	-	-	-	-	-	-
XIV.	PAYABLES FOR ASSETS HELD FOR SALE		-	-	-	-	-	-
XV.	SUBORDINATED DEBTS		-	-	-	-	-	-
XVI.	SHAREHOLDERS' EQUITY		4,552,810	39,537	4,592,347	4,407,580	55,821	4,463,401
16.1	Paid-in capital	II-9	2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2	Capital reserves		942,172	39,537	981,709	839,625	55,821	895,446
16.2.1	Share premium		723,918	-	723,918	723,918	-	723,918
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Securities value increase fund	II-9	154,135	39,537	193,672	80,565	55,821	136,386
16.2.4	Revaluation surplus on tangible assets		-	-	-	-	-	-
16.2.5	Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6	Bonus shares of associates, subsidiaries and joint-ventures		64,119	-	64,119	35,142	-	35,142
16.2.7	Hedging reserves (effective portion)		-	-	-	-	-	-
16.2.8	Revaluation surplus on assets held for sale		-	-	-	-	-	-
16.2.9	Other capital reserves		-	-	-	-	-	-
16.3	Profit reserves		624,203	-	624,203	254,632	-	254,632
16.3.1	Legal reserves		179,630	-	179,630	102,658	-	102,658
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		296,121	-	296,121	-	-	-
16.3.4	Other profit reserves		148,452	-	148,452	151,974	-	151,974
16.4	Profit or loss		486,435	-	486,435	813,323	-	813,323
16.4.1	Prior periods profit/loss		7,886	-	7,886	51,747	-	51,747
16.4.2	Current period profit/loss		478,549	-	478,549	761,576	-	761,576
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			26,096,195	13,099,265	39,195,460	23,061,247	13,823,160	36,884,407

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

	Notes Section 5	Reviewed Current Period 30 June 2007			Restated Audited Prior Period 31 December 2006		
		YTL	FC	TOTAL	YTL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		6,870,498	4,333,654	11,204,152	4,876,228	3,380,234	8,256,462
I. GUARANTEES AND SURETIES	III-1-4	2,191,625	2,691,728	4,883,353	1,857,555	3,014,367	4,871,922
1.1. Letters of guarantee		2,191,531	1,296,269	3,487,800	1,857,461	1,423,832	3,281,293
1.1.1. Guarantees subject to State Tender Law		440,147	184,136	624,283	467,716	139,991	607,707
1.1.2. Guarantees given for foreign trade operations		66,650	360	67,010	61,374	189	61,563
1.1.3. Other letters of guarantee		1,684,734	1,111,773	2,796,507	1,328,371	1,283,652	2,612,023
1.2. Bank acceptances		-	365,905	365,905	-	354,923	354,923
1.2.1. Import letter of acceptance		-	57,254	57,254	-	43,988	43,988
1.2.2. Other bank acceptances		-	308,651	308,651	-	310,935	310,935
1.3. Letters of credit		-	1,025,838	1,025,838	-	1,225,892	1,225,892
1.3.1. Documentary letters of credit		-	1,025,838	1,025,838	-	1,225,892	1,225,892
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Guaranteed pre-financings		-	2,790	2,790	-	2,957	2,957
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Underwriting commitments		-	-	-	-	-	-
1.7. Factoring related guarantees		-	-	-	-	-	-
1.8. Other guarantees		94	926	1,020	94	6,763	6,857
1.9. Other sureties		-	-	-	-	-	-
II. COMMITMENTS		3,398,464	30,680	3,429,144	2,935,513	64,059	2,999,572
2.1. Irrevocable commitments		3,390,546	6,609	3,397,155	2,927,418	11,826	2,939,244
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		548	6,609	7,157	547	11,826	12,373
2.1.5. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Commitments for cheque payments		1,212,513	-	1,212,513	1,305,070	-	1,305,070
2.1.8. Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card limits		2,163,565	-	2,163,565	1,611,354	-	1,611,354
2.1.10. Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.11. Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12. Other irrevocable commitments		13,920	-	13,920	10,447	-	10,447
2.2. Revocable commitments		7,918	24,071	31,989	8,095	52,233	60,328
2.2.1. Revocable loan granting commitments		7,918	183	8,101	8,095	198	8,293
2.2.2. Other revocable commitments		-	23,888	23,888	-	52,035	52,035
III. DERIVATIVE FINANCIAL INSTRUMENTS		1,280,409	1,611,246	2,891,655	83,160	301,808	384,968
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		1,280,409	1,611,246	2,891,655	83,160	301,808	384,968
3.2.1. Forward foreign currency purchases/sales		50,577	50,663	101,240	-	9,837	9,837
3.2.1.1. Forward foreign currency purchases		25,303	25,332	50,635	-	4,919	4,919
3.2.2.2. Forward foreign currency sales		25,274	25,331	50,605	-	4,918	4,918
3.2.2. Currency and interest rate swaps		1,229,832	1,560,583	2,790,415	83,160	291,971	375,131
3.2.2.1. Currency swaps-purchases		1,093,842	-	1,093,842	-	-	-
3.2.2.2. Currency swaps-sales		-	1,081,241	1,081,241	-	-	-
3.2.2.3. Interest rate swaps-purchases		83,160	241,009	324,169	83,160	106,166	189,326
3.2.2.4. Interest rate swaps-sales		52,830	238,333	291,163	-	185,805	185,805
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		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		35,166,549	7,164,415	42,330,964	33,320,788	7,229,953	40,550,741
IV. ITEMS HELD IN CUSTODY		11,235,008	498,263	11,733,271	11,734,986	485,078	12,220,064
4.1. Customers' securities held		-	12,645	12,645	-	13,618	13,618
4.2. Investment securities held in custody		10,431,711	26,407	10,458,118	11,109,692	30,674	11,140,366
4.3. Checks received for collection		282,903	100,676	383,579	223,854	116,902	340,756
4.4. Commercial notes received for collection		166,582	109,039	275,621	111,527	125,522	237,049
4.5. Other assets received for collection		5,049	1,681	6,730	6,545	478	7,023
4.6. Assets received through public offering		-	109	109	-	116	116
4.7. Other items under custody		211,673	5,798	217,471	171,691	5,600	177,291
4.8. Custodians		137,090	241,908	378,998	111,677	192,168	303,845
V. PLEDGED ITEMS		23,931,541	6,666,152	30,597,693	21,585,802	6,744,875	28,330,677
5.1. Securities		943,433	58,387	1,001,820	928,482	35,278	963,760
5.2. Guarantee notes		382,936	277,951	660,887	294,585	320,358	614,943
5.3. Commodities		6,342,356	-	6,342,356	5,932,412	-	5,932,412
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		15,811,832	5,689,670	21,501,502	14,139,270	5,703,996	19,843,266
5.6. Other pledged items		266,068	623,367	889,435	150,780	670,661	821,441
5.7. Pledged items-depository		184,916	16,777	201,693	140,273	14,582	154,855
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		42,037,047	11,498,069	53,535,116	38,197,016	10,610,187	48,807,203

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Unconsolidated Income Statement
For the Six-Month Period Ended 30 June 2007
(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*

		Restated		Restated	
		Reviewed Current Period 1 January 2007 – 30 June 2007	Reviewed Prior Period 1 January 2006 – 30 June 2006	Reviewed Current Period 1 April 2007 – 30 June 2007	Reviewed Prior Period 1 April 2006 – 30 June 2006
		Total	Total	Total	Total
	Notes (Section 5)				
I.	INTEREST INCOME	2,586,079	2,026,367	1,286,402	1,004,079
1.1	Interest income from loans	1,521,073	1,138,272	774,252	596,459
1.2	Interest income from reserve deposits	78,631	53,619	40,050	27,495
1.3	Interest income from banks	102,169	46,085	49,508	23,496
1.4	Interest income from money market transactions	113,435	166,763	52,358	64,564
1.5	Interest income from securities portfolio	767,580	621,628	387,346	292,065
1.5.1	Trading financial assets	19,986	(13,771)	8,801	(19,556)
1.5.2	Financial assets valued at fair value through profit or loss	-	-	-	-
1.5.3	Financial assets available-for-sale	739,405	623,301	370,729	306,085
1.5.4	Investments held-to-maturity	8,189	12,098	7,816	5,536
1.6	Financial lease income	-	-	-	-
1.7	Other interest income	3,191	-	(17,112)	-
II.	INTEREST EXPENSE	1,795,977	1,300,372	904,058	646,086
2.1	Interest on deposits	1,593,115	1,184,360	793,953	577,195
2.2	Interest on funds borrowed	122,884	95,661	62,749	53,930
2.3	Interest on money market transactions	66,587	18,850	43,783	14,195
2.4	Interest on securities issued	-	-	-	-
2.5	Other interest expenses	13,391	1,501	3,573	766
III.	NET INTEREST INCOME (I – II)	790,102	725,995	382,344	357,993
IV.	NET FEES AND COMMISSIONS INCOME	161,625	155,496	94,199	81,982
4.1	Fees and commissions received	233,189	211,062	132,909	112,475
4.1.1	Cash loans	22,351	16,862	12,111	9,241
4.1.2	Non-cash loans	23,220	21,432	11,478	8,832
4.1.3	Others	187,618	172,768	109,320	94,402
4.2	Fees and commissions paid	71,564	55,566	38,710	30,493
4.2.1	Cash loans	4,162	4,044	2,122	2,150
4.2.2	Non-cash loans	10	2	10	1
4.2.3	Others	67,392	51,520	36,578	28,342
V.	DIVIDEND INCOME	33,804	6,376	13,863	5,773
VI.	NET TRADING INCOME/LOSSES (Net)	116,274	(18,701)	67,541	(54,319)
6.1	Trading account income/losses (Net)	42,685	43,980	24,877	19,183
6.2	Foreign exchange gains/losses (Net)	73,589	(62,681)	42,664	(73,502)
VII.	OTHER OPERATING INCOME	153,757	186,772	57,277	142,483
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)	1,255,562	1,055,938	615,224	533,912
IX.	PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	207,986	136,252	82,557	73,954
X.	OTHER OPERATING EXPENSES (-)	458,355	405,411	216,899	232,249
XI.	NET OPERATING PROFIT/LOSS (VIII-IX-X)	589,221	514,275	315,768	227,709
XII.	INCOME RESULTED FROM MERGERS	-	-	-	-
XIII.	ACCOUNTING	-	-	-	-
XIV.	GAIN/LOSS ON NET MONETARY POSITION	-	-	-	-
XV.	PROFIT/LOSS BEFORE TAXES (XI+XII+XIII+XIV)	589,221	514,275	315,768	227,709
XVI.	PROVISION FOR TAXES	(110,672)	(150,414)	(56,246)	(70,472)
16.1	Current tax charge	(121,282)	(24,711)	(64,521)	49,397
16.2	Deferred tax charge/(credit)	10,610	(125,703)	8,275	(119,869)
XVII.	NET OPERATING PROFIT/LOSS AFTER TAXES (XV-XVI)	478,549	363,861	259,522	157,237
17.1	Discontinued operations	-	-	-	-
17.2	Others	-	-	-	-
XVIII.	NET PROFIT/LOSS (XV-XVI)	478,549	363,861	259,522	157,237
EARNINGS PER SHARE (full YTL)		0.1914	0.2845	0.1038	0.1229

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Unconsolidated Statement of Changes in Shareholders' Equity
For the Six-Month Period Ended 30 June 2007
(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*

	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)	Revaluation Fund	Revaluation Surplus	Securities Value Increase Fund	Total Shareholders' Equity
CHANGES IN SHAREHOLDERS' EQUITY														
PRIOR PERIOD														
30 June 2006														
I. Balances at beginning of the period	1,279,000	605,763	1,172,347	-	52,868	-	146,750	127,352	-	574,399	5,898	3,668	399,326	4,367,371
II. Correction made as per TAS 8	-	-	-	-	-	-	-	(10,000)	-	12,518	-	-	(8,309)	(5,791)
2.1 Effect of corrections	-	-	-	-	-	-	-	(10,000)	-	12,518	-	-	(8,309)	(5,791)
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted balances at beginning of the period (I+II)	1,279,000	605,763	1,172,347	-	52,868	-	146,750	117,352	-	586,917	5,898	3,668	391,017	4,361,580
Changes during the period														
IV. Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	1,897	27,282	(634,615)	(605,436)
VI. Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.1 Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2 Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Current period net profit	-	-	-	-	-	-	-	-	363,861	-	-	-	-	363,861
X. Profit distribution	-	-	-	-	49,790	-	7,750	37,279	-	(535,170)	-	-	-	(440,351)
10.1 Dividends	-	-	-	-	-	-	-	-	-	(440,351)	-	-	-	(440,351)
10.2 Transferred to reserves	-	-	-	-	49,790	-	7,750	37,279	-	(94,819)	-	-	-	-
10.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Capital increase	-	-	(225)	-	-	-	-	-	-	-	-	-	-	(225)
11.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.4 Securities value increase fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.5 Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.6 Issuance of share certificates	-	-	(225)	-	-	-	-	-	-	-	-	-	-	(225)
11.7 Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.8 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Changes resulted from reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Primary subordinated debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Secondary subordinated debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Effects of the changes in the equity of equity method associates on the Bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period	1,279,000	605,763	1,172,122	-	102,658	-	154,500	154,631	363,861	51,747	7,795	30,950	(243,598)	3,679,429
CURRENT PERIOD														
30 June 2007														
I. Balances at beginning of the period	2,500,000	-	723,918	-	102,658	-	-	161,974	-	808,959	35,142	-	154,778	4,487,429
II. Correction made as per TAS 8	-	-	-	-	-	-	-	(10,000)	-	4,364	-	-	(18,392)	(24,028)
2.1 Effect of corrections	-	-	-	-	-	-	-	(10,000)	-	4,364	-	-	(18,392)	(24,028)
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	-	813,323	35,142	-	136,386	4,463,401
Changes during the period														
IV. Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	-	-	72,064	72,064
VI. Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	28,977	-	(14,778)	14,199
VIII. Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.1 Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8.2 Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Current period net profit	-	-	-	-	-	-	-	-	478,549	-	-	-	-	478,549
X. Profit distribution	-	-	-	-	76,972	-	296,121	(3,522)	-	(805,437)	-	-	-	(435,865)
10.1 Dividends	-	-	-	-	-	-	-	-	-	(435,865)	-	-	-	(435,865)
10.2 Transferred to reserves	-	-	-	-	76,972	-	296,121	(3,522)	-	(369,572)	-	-	-	(1)
10.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.4 Securities value increase fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.5 Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.6 Issuance of share certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.7 Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.8 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes resulted from disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Changes resulted from reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Primary subordinated debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Secondary subordinated debts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Effects of the changes in the equity of equity method associates on the Bank's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period	2,500,000	-	723,918	-	179,630	-	296,121	148,452	478,549	7,886	64,119	-	193,672	4,592,347

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

Türkiye Vakıflar Bankası Türk Anonim Ortaklığı
Unconsolidated Statement of Cash Flow
For the Six-Month Period Ended 30 June 2007
(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 June 2007	Reviewed Prior Period 30 June 2006
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		688,525	566,498
1.1.1 Interests received		2,419,044	2,081,892
1.1.2 Interests paid		(1,784,832)	(1,300,372)
1.1.3 Dividend received		33,804	6,376
1.1.4 Fees and commissions received		233,189	211,062
1.1.5 Other income		270,031	165,101
1.1.6 Collections from previously written-off loans and other receivables		101,814	143,305
1.1.7 Payments to personnel and service suppliers		(214,334)	(173,190)
1.1.8 Taxes paid		(56,690)	(15,826)
1.1.10 Others		(313,501)	(551,850)
1.2 Changes in operating assets and liabilities		1,058,783	(2,639,904)
1.2.1 Net (increase) decrease in financial assets held for trading		11,467	229,142
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		94,068	(7,149)
1.2.4 Net (increase) decrease in loans		(892,008)	(4,350,376)
1.2.5 Net (increase) decrease in other assets		(319,706)	88,292
1.2.6 Net increase (decrease) in bank deposits		(239,467)	(573,146)
1.2.7 Net increase (decrease) in other deposits		1,228,900	260,646
1.2.8 Net increase (decrease) in funds borrowed		190,199	1,427,610
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		985,330	285,077
I. Net cash flow from banking operations		1,747,308	(2,073,406)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(714,043)	297,375
2.1 Cash paid for purchase of associates, subsidiaries and joint-ventures		-	32,319
2.2 Cash obtained from sale of associates, subsidiaries and joint-ventures		752	6,326
2.3 Purchases of tangible assets		(124,169)	30,012
2.4 Sales of tangible assets		22,389	147,698
2.5 Cash paid for purchase of financial assets available-for-sale		(613,015)	(231,928)
2.6 Cash obtained from sale of financial assets available-for-sale		-	-
2.7 Cash paid for purchase of investments held-to-maturity		-	(225,563)
2.8 Cash obtained from sale of investments held-to-maturity		-	538,511
2.9 Others		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash flow from financing activities		(441,047)	(399,352)
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		(435,865)	(399,352)
3.5 Payments for financial leases		(5,182)	-
3.6 Others		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		-	-
V. Net increase/(decrease) in cash and cash equivalents		592,218	(2,175,383)
VI. Cash and cash equivalents at the beginning of the period		5,888,998	6,386,863
VII. Cash and cash equivalents at the end of the period		6,481,216	4,211,480

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 Bank has prepared the unconsolidated financial statements as of 31 December 2006 in compliance with Reporting Standards for the first time and the effects of the related adjustments to the previous periods were restated in the previous periods in accordance with the “Turkish Financial Reporting Standard related to the First-Time Adaptation of Turkish Financial Reporting Standards”; the effects of Reporting Standards on the balance sheet of 1 January 2006 that is the opening of the financial statements as of 30 June 2006 and on the financial statements as of 30 June 2006 are presented in the disclosure XXII of this section.

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

Additional paragraph for convenience translation to English

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

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

Strategy for the use of financial instruments

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

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

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

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

The Bank takes position against short-term foreign exchange risk, interest rate risk and market risk in money and capital markets, by considering market conditions, within specified limits set by regulations. The Bank hedges itself and controls its position against the foreign exchange risk being exposed due to foreign currency available-for-sale investments, investments in other portfolios and other foreign currency transactions by various derivative transactions and setting the equilibrium of foreign currency denominated assets and liabilities. The Bank also hedges itself against the risk exposed due to net investment in foreign operations by the same manner.

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

The foreign currency position is monitored within the legal limitations set by the regulators and the internal control regulations and foreign currency position is controlled by the equilibrium of a currency basket to eliminate the foreign exchange risk by considering the market conditions.

Information on Foreign Currency transactions

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

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

III. Information on Forwards, options and other derivative transactions

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

The Bank has classified its derivative transactions, mentioned above as "trading derivative" in accordance with the Turkish Accounting Standard 39 ("TAS 39") "Financial Instruments: Recognition and Measurement". Derivatives are initially recorded at their purchase costs including the transaction costs. In addition, the assets and liabilities that arise from derivative transactions are recorded in off-balance sheet accounts at the amounts on the related contracts. Subsequently, the derivative transactions are valued at their fair values and the changes in their fair values are recorded on balance sheet under "derivative financial assets" or "derivative financial liabilities", respectively. The subsequent fair value changes are recorded under the income statement for trading derivatives.

IV. Information on Interest income and expenses

Interest income and expense are recognized according to the effective interest rate method (rate equal to the rate in calculation of present value of future cash flows of financial assets or liabilities) based on accrual basis.

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

V. Information on Fees and Commissions

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

VI. Financial assets

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

When a financial asset is recognised 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 at fair value through profit or loss

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

Investment securities held-to-maturity, financial assets available-for-sale and loans and receivables

Investment securities held to maturity 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 investments held-to-maturity for two years due to the tainting rules applied for the breach of classification rules.

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

Financial assets available for sale, are the financial assets other than assets held for trading purposes, investment securities held-to-maturity and loans and receivables.

Financial assets available for sale 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. Unrecognised gains or losses derived from the difference between their fair value and the discounted values are recorded in “securities value increase fund” under the shareholders’ equity. In case of sales, the realized gain or losses are recognized directly in the income statement.

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

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

Loans and receivables are recorded at cost and measured at amortized cost by using effective interest 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 an objective evidence that the expected future cash flows of financial asset or group of financial assets are adversely affected by an event(s) (“loss event(s)”) incurred subsequent to recognition. The losses expected to incur due to future events are not recognized even if the probability of loss is high.

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

VIII. Netting of financial instruments

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

IX. Repurchase and resale agreements and securities lending

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

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

X. Assets 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 the declining balance which is one of the accelerated amortization methods.

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 cost 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. The inflation adjustment of tangible assets that is subject to correction for the first time until 31 December 2004 has been calculated on the basis of cost obtained by deducting foreign exchange differences, financing expenses and revaluation increases, if any, from the historical cost. Tangible assets obtained after 31 December 2004 have been recorded at the cost derived after the deduction of foreign exchange differences, financing expenses and revaluation increases, if any.

Gains/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.

Tangible assets are depreciated based on the straight line method.

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	8	12.5

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

XIII. Leasing activities

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

If there is impairment in the value of the assets obtained through financial lease and in the expected future benefits, the leased assets are valued with net realizable value. Depreciation for assets obtained through financial lease is calculated in the same manner as tangible assets.

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

XIV. Provisions and contingent liabilities

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

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

XV. Obligations of the Bank concerning employee rights

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

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

The major actuarial assumptions used in the calculation of the total liability are as follows:

	Current Period	Previous Period
Discount Rate	5.71%	5.49%
Expected Rate of Salary/Limit Increase	5.00%	6.175%
Estimated Employee Turnover Rate	0.51%	0.51%

The Bank provided for undiscounted short-term employee benefits earned during the financial periods as per services rendered in compliance with TAS 19.

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.

As per the letter of the Ministry of Employment and Social Security no.55723 dated 9 November 2006, the temporary Article no.23 of the Turkish Banking Law no.5411 and the temporary Article no.6 of the Law no.5502 dated 16 May 2006, the Board of Ministry of Turkey has agreed on 30 November 2006 by the Decree of Board of Ministries no. 2006/11345 that the Decree on the transfer of pension funds similar foundations subject to the temporary article no.20 of the Social Security Law no.506 together with their members and the persons who are paid under insurance coverage for disablement, old-age and mortality and their right-holders to Social Security Foundation (SSF) will take place.

As per the Article no.9 of the related Decision of Board of Ministries;

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 taking the revenues and expenditures of funds into account under the Law no.506 as follows;

a) The technical interest rate to be used for the actuarial calculation is 10.24% calculated as the nominal interest rate at the issue date of the longest-maturity discounted New Turkish Lira-denominated government bonds as of 30 June 2005, as adjusted to real interest rate using the year-end inflation target based on the consumer price index declared in the Medium-Term Program of the Turkish Government.

- b) Mortality table “CSO 1980 female and male lifetime tables” will be used for death-age assumptions.
- c) Estimated premium payments (including insurance premiums for illness) made by contributors of the fund after the date of transfer of the fund (i.e. active members and persons making voluntary premium payments) up to the date they are entitled to receive salary or income as per the Law no.506 are taken into account as revenue in the calculation of discounted value of the fund.

The technical financial statements of the Fund are audited by the certified actuary according to the Article no.38 of the Insurance Law and the “Actuaries Regulation” issued as per this Article. As per the actuarial report dated February 2007 and prepared in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against.

On 2 November 2005 the President has applied to the Constitutional Court for annulment of certain statements of the Article of the Turkish Banking Law no.5411 related with the transfer of funds to SSF. Regarding the application, the related statement has been cancelled by the Constitutional Court’s decision No. E. 2005/39, K. 2007/33 dated 22 February 2007. The decision is published in the Official Gazette No. 26479 on 31 March 2007.

On the other hand, the BRSA stated his opinion by issuing No. BDDK.DZM.8/5532 dated 25 April 2006 declaration that it will be useful to keep the provision amount calculated at the end of the year 2006 in accordance with the council of minister decision published in the Official Gazette No. 26377 on 15 December 2006.

XVI. Taxation

Corporate tax

In accordance with Article No. 32 of the new Corporate Tax Law no.5520 published in the Official Gazette no.26205 dated 21 June 2006, the corporate tax rate is reduced from 30% to 20%. Accordingly, effective from 1 January 2006, statutory income is subject to corporate tax at 20%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

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

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.

XIX. Confirmed bills of exchange and acceptances

Confirmed bills of exchange and acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts as possible debt and commitment, if any.

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

XX. Government incentives

As of 30 June 2007, the Bank does not have any government incentives.

XXI. Segment reporting

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

XXII. Other disclosures

Disclosures for the first-time adoption of Reporting Standards

The accounting principles and valuation methods used in the preparation of the prior period financial statements are revised as explained in Note 1 of this section in compliance with Turkish Accounting Standards and Turkish Financial Reporting Standards as per the communiqué no.1 “Frame for Preparation and Presentation of Financial Statements” of the Turkish Accounting Standards Board published on the Official Gazette no.25702 dated 16 January 2005. In compliance with the Communiqué, the adjustments made to the financial statements of the prior period are summarized below. The errors made in the reported financial statement in prior periods are also corrected in accordance with Turkish Accounting Standard (“TAS 8”) “Accounting policies, changes in accounting estimates and errors” and corrections made to the previous periods’ financial statements are also summarized below.

	Securities Value Increase Fund	Current Period Profit/Loss	Other Profit Reserves	Prior Periods’ Profit/Loss	Shareholders’ Equity
Reported Balances as at 31 December 2005					
Before Reporting Standards	332,592	535,170	127,352	-	4,261,408
<i>Adjustments in accordance with TFRS 1:</i>					
Reserve for Employee Severance Indemnities	-	(8,982)	-	(59,799)	(68,781)
Financial assets valuation differences	66,734	1,385	-	106,625	174,744
Reported Balances as at 31 December 2005					
After Reporting Standards	399,326	527,573	127,352	46,826	4,367,371
<i>Adjustments in accordance with TAS 8:</i>					
Valuation adjustments for the equity securities classified as financial assets available-for-sale, associates and subsidiaries	(732)	-	-	-	(732)
Exchange rate difference on investments in foreign subsidiaries	-	4,320	-	8,198	12,518
Adjustments to deferred taxes	(7,577)	-	(10,000)	-	(17,577)
Restated Balances as at 31 December 2005	391,017	531,893	117,352	55,024	4,361,580

	Securities Value Increase Fund	Current Period Profit/Loss	Other Profit Reserves	Prior Periods’ Profit/Loss	Shareholders’ Equity
Reported Balances as at 31 December 2006	154,778	769,730	161,974	39,229	4,487,429
<i>Adjustments in accordance with TAS 8:</i>					
Valuation adjustments for the equity securities classified as financial assets available-for-sale, associates and subsidiaries	(15,134)	-	-	-	(15,134)
Exchange rate difference on investments in foreign subsidiaries	-	(4,632)	-	12,518	7,886
Adjustments to deferred taxes	(3,258)	(3,522)	(10,000)	-	(16,780)
Restated Balances as at 31 December 2006	136,386	761,576	151,974	51,747	4,463,401

	Securities Value Increase Fund	Current Period Profit/Loss	Other Profit Reserves	Prior Periods’ Profit/Loss	Shareholders’ Equity
Reported Balances as at 30 June 2006					
Before the Reporting Standards	(92,162)	423,241	164,631	-	3,848,498
<i>Adjustments in accordance with TFRS 1:</i>					
Reserve for Employee Severance Indemnities	-	(2,838)	-	(68,781)	(71,619)
Financial assets valuation differences	(149,560)	(52,207)	-	108,010	(93,757)
<i>Adjustments in accordance with TAS 8:</i>					
Valuation adjustments for the equity securities classified as financial assets available-for-sale, associates and subsidiaries	(732)	-	-	-	(732)
Exchange rate difference on investments in foreign subsidiaries (*)	-	(6,462)	-	12,518	6,056
Adjustments to deferred taxes	(1,144)	2,127	(10,000)	-	(9,017)
Restated Balances as at 30 June 2006	(243,598)	363,861	154,631	51,747	3,679,429

(*) As of 31 December 2006 and before, net investments in foreign operations are translated in YTL by the rates prevailing on the balance sheet date, and the foreign exchange differences arising from change in exchange rates are reported in “securities value increase funds” under the shareholder’s equity, in accordance with the communiqué of BRSA dated 18 January 2007 and numbered BDDK.DZM.2/13/1-a 610. In accordance with the communiqué of BRSA numbered BDDK.DZM.2/13/1-a 2007/2, net investments in foreign operations are translated into YTL by the rates at transactions dates, and reported accordingly. The effects of related change in accounting principles are also presented in the above tables.

In addition to the corrections shown on the tables above, the following reclassifications and net-offs have been recorded in the comparative financial statements as at 31 December 2006.

- Eurobonds issued by Turkish Treasury which were previously presented as “other marketable securities” under financial assets held for trading, financial assets available-for-sale and investment securities held to maturity amounting to YTL 462,055, YTL 1,315,619, and YTL 6,072, respectively, has been reclassified as “Public Sector Debt Securities”.
- Interest rate swaps which were presented as “derivative transactions held for risk management” in prior year’s statement of off-balance sheet items amounting to YTL 375,131 has been reclassified as “trading derivatives” in the comparative financial statements. In the same manner, “derivative financial liabilities held for risk management” amounting to YTL 3,707 has been reclassified as “derivative financial liabilities held for trading” and “derivative financial assets held for risk management” amounting to YTL 9,993, has been reclassified as “Derivative Financial Assets Held for Trading”.
- The provision for the bonuses that will be paid to the employees amounting to YTL 14,500, that was previously presented under “other external resources payable” has been reclassified as “reserve for employee benefits” in compliance with TAS 19 in the comparative financial statements.
- “Deferred tax liabilities” amounting to YTL 31,914 presented gross in prior year financial statements, has been netted-off with “deferred tax asset” in accordance with TAS 12 in the comparative financial statements.
- “Prepaid taxes” amounting to YTL 93,614 is netted off with “current tax liabilities” in comparative financial statements.

After above corrections, capital adequacy ratio has been recalculated as 20.73 as at 31 December 2006, which was previously reported as 19.72.

Earnings per shares

As of and for the six-month period ended 30 June 2007, earnings per share is YTL 0.1914 (30 June 2006: YTL 0.2845).

Related Parties

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

Cash and Cash Equivalents

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

SECTION FOUR

Information Related to Financial Position of the Bank

I. Capital adequacy ratio

The Bank's unconsolidated capital adequacy ratio is 16.94%.

Risk measurement methods in calculation of capital adequacy ratio

Capital adequacy ratio is calculated within the scope of the "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Official Gazette no.26333 dated 1 November 2006 and "Regulation regarding to 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 amortisation, and provisions are considered as deduction items.

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

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

Unconsolidated capital adequacy ratio

	30 June 2007			
	Risk Weights			
	0%	20%	50%	100%
Value at Credit Risk				
Balance Sheet Items (Net)	13,306,678	4,751,458	4,543,648	15,667,047
Cash on Hand	280,627	289	-	-
Securities in Redemption	-	-	-	-
Balances with the Central Bank of Turkey	1,703,305	-	-	-
Domestic and Foreign Banks, Foreign Head Offices and Branches	-	4,353,601	-	143,394
Interbank Money Market Placements	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-
Reserve Deposits	691,562	-	-	-
Loans	205,047	250,306	4,468,163	13,623,971
Loans under Follow-Up (Net)	-	-	-	-
Lease Receivables	-	-	-	-
Financial Assets Available-for-Sale	9,079,210	79,668	-	7,594
Investments Held-to-Maturity	710,219	38,894	-	-
Receivables from Term Sale of Assets	-	-	-	154,324
Miscellaneous Receivables	-	-	-	258,320
Accrued Interest and Income	588,443	28,700	75,485	230,670
Investments in Associates, Subsidiaries and Joint-Ventures (Net)	-	-	-	460,488
Tangible Assets (Net)	-	-	-	708,580
Other Assets	48,265	-	-	79,706
Off-Balance Sheet Items	-	1,425,256	281,276	2,043,750
Non-Cash Loans and Commitments	-	1,412,482	281,276	2,043,750
Derivative Financial Instruments	-	12,774	-	-
Non-Risk-Weighted Accounts	-	-	-	-
Total Risk-Weighted Assets	13,306,678	6,176,714	4,824,924	17,710,797

Summary information related to capital adequacy ratio

	Current Period	Prior Period
Value at Credit Risk	21,358,600	20,625,699
Value at Market Risk (**)	328,725	215,125
Value at Operational Risk (*)	3,642,163	-
Shareholders' Equity	4,291,204	4,320,483
Shareholders' Equity/ (VaCR+VaMR+VaOR)*100	16.94	20.73

VaCR: Value at Credit Risk
VaMR: Value at Market Risk
VaOR: Value at Operational Risk

(*) Calculation of Operational Risk is started to be calculated after 1 June 2007 for the first time, in accordance with the article 24 of "Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks". Therefore operational risk was not included in the calculation of capital adequacy standard ratio as of 31 December 2006.

(**) In accordance with the BRSA circular numbered BDDK.DZM.2.13/1-e/3874 and dated 19 March 2007, value at market risk is recalculated as of 31 December 2006 and represented above.

Components of shareholders' equity items

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	2,500,000	2,500,000
Nominal Capital	2,500,000	2,500,000
Capital Commitments (-)	-	-
Capital Reserves from Inflation Adjustments to Paid-in Capital	-	-
Share Premium	723,918	723,918
Share Cancellation Profits	-	-
Legal Reserves	179,630	102,658
I. Legal Reserve (Turkish Commercial Code 466/1)	89,815	51,329
II. Legal Reserve (Turkish Commercial Code 466/2)	-	-
Reserves allocated as per Special Legislations	89,815	51,329
Status Reserves	-	-
Extraordinary Reserves	444,573	151,974
Reserve allocated as per the Decision held by the General Assembly	-	-
Retained Earnings	444,573	151,974
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	486,435	813,323
Current Period Profit	478,549	761,576
Prior Periods Profit	7,886	51,747
Provision for Possible Losses (upto 25% of Core Capital)	-	21,000
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	-	-
Primary Subordinated Debt (upto 15% of Core Capital)	-	-
Loss excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods Loss	-	-
Leasehold Improvements (-)	35,965	28,320
Prepaid Expenses (-)	162,299	48,733
Intangible Assets (-)	5,818	4,975
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	4,334,556	4,312,873
SUPPLEMENTARY CAPITAL		
General Provisions	144,369	130,463
45% of Revaluation Surplus on Movables	-	-
45% of Revaluation Surplus on Immovables	-	-
Bonus shares of Associates, Subsidiaries and Joint-Ventures	64,119	35,142
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	-	-
45% of Securities Value Increase Fund	87,152	61,374
Associates and Subsidiaries	50,156	37,491
Investment Securities Available for Sale	36,996	23,883
Other Profit Reserves	-	-
Total Supplementary Capital	295,640	226,979
TIER III CAPITAL		
CAPITAL	4,630,196	4,539,852
DEDUCTIONS FROM CAPITAL	338,992	219,369
Unconsolidated investments in Entities (domestic/foreign) operating in Banking and Financial Sectors exceeding 10% of ownership	2,769	2,669
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	132,141	134,672
Others	-	-
TOTAL SHAREHOLDERS' EQUITY	4,291,204	4,320,483

II. Market risk

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

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

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 analysis are sent to the related regulatory institutions.

Value at market risk

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	22,856
(II) Capital Obligation against Specific Risks - Standard Method	-
(III) Capital Obligation against Currency Risk - Standard Method	3,442
(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)	26,298
(IX) Value-At-Market Risk ((12.5*VIII) or (12.5*VII))	328,725

III. Operational risk

The Bank calculated the value at operational risk in accordance with the fourth section related to the “Computation of Value of Operational Risk” of the circular, “Regulation Regarding Measurement and Assessment of Capital Adequacy Ratios of Banks” published in the Official Gazette dated 1 November 2006, using gross profit of the last three years 2004, 2005 and 2006. The amount calculated as YTL 291,373 as of 30 June 2007 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 3,642,163, presented in the table included in the note number I of this section is calculated as 12.5 times of the operational risk.

IV. Foreign Currency Exchange Risk

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

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

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

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

As of 30 June 2007 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 date	1.3000	1.7564
Foreign currency rates for the days before balance sheet date;		
Day 1	1.2700	1.7094
Day 2	1.2800	1.7197
Day 3	1.2700	1.7099
Day 4	1.2600	1.6951
Day 5	1.2600	1.6887
	US DOLLAR	EURO
Last 30-days arithmetical average rate	1.2754	1.7132

Information on currency risk

Current Period	Euro	US Dollar	Yen	Other FCs	Total
Assets					
Cash and Central Banks	976,922	15,845	37	2,231	995,035
Banks and Other Financial Institutions	397,234	3,250,443	807	35,129	3,683,613
Financial Assets at Fair Value through Profit/Loss	134,408	290,882	-	-	425,290
Interbank Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	604,156	2,660,153	-	-	3,264,309
Loans (*)	1,461,953	3,936,208	1,541	54,479	5,454,181
Investments Held-to-Maturity	-	44,845	-	-	44,845
Derivative Financial Assets Held for Risk Management	-	-	-	-	-
Tangible Assets	-	509	-	-	509
Intangible Assets	-	-	-	-	-
Other Assets	22,712	338,263	-	11	360,986
Total Assets	3,597,385	10,537,148	2,385	91,850	14,228,768
Liabilities					
Bank Deposits	6	97,080	-	262	97,348
Foreign Currency Deposits	2,778,218	3,270,341	1,929	37,900	6,088,388
Interbank Money Market Takings	-	1,448,596	-	-	1,448,596
Other Funding	835,908	4,269,836	-	34,346	5,140,090
Securities Issued	-	-	-	-	-
Miscellaneous Payables	19,302	133,024	1	277	152,604
Derivative Financial Liabilities Held for Risk Management	-	-	-	-	-
Other Liabilities	55,282	74,839	9	1,701	131,831
Total Liabilities	3,688,716	9,293,716	1,939	74,486	13,058,857
Net 'On Balance Sheet' Position	(91,331)	1,243,432	446	17,364	1,169,911
Net 'Off-Balance Sheet' Position	1,047	(1,079,609)	-	-	(1,078,562)
Derivative Assets	30,212	235,536	-	594	266,342
Derivative Liabilities	29,165	1,315,145	-	594	1,344,904
Non-Cash Loans	840,945	1,739,036	10,515	101,232	2,691,728
Prior Period	3,667,579	10,266,335	2,219	74,845	14,010,978
Total Assets	3,612,455	10,170,591	2,901	69,127	13,855,074
Total Liabilities	55,124	95,744	(682)	5,718	155,904
Net 'On Balance Sheet' Position	1,245	(79,772)	-	1	(78,526)
Net 'Off-Balance Sheet' Position	30,744	78,414	-	2,483	111,641
Derivative Assets	29,499	158,186	-	2,482	190,167
Derivative Liabilities	1,039,545	1,859,327	24,241	91,524	3,014,367

(*) Loans indexed to foreign currency that are amounting YTL 523,305 in the financials are included.

V. Interest Rate Risk

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

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

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

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

Current Period	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non-Interest Bearing (*)	Total
<i>Assets:</i>							
Cash and Central Banks	2,436,067	-	-	-	-	280,916	2,716,983
Banks and Other Financial Institutions	4,311,056	-	-	-	-	188,585	4,499,641
Financial Assets at Fair Value through Profit/Loss	29,549	38,981	53,335	29,125	326,847	-	477,837
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	1,402,740	2,646,062	1,427,190	832,088	3,440,015	87,262	9,835,357
Loans	6,771,971	3,635,762	3,608,056	648,642	4,196,397	-	18,860,828
Investments Held-to-Maturity	-	26,234	13,036	4,101	712,768	-	756,139
Other Assets (*)	160,390	98,803	6,547	18,835	305,479	1,458,621	2,048,675
Total Assets	15,111,773	6,445,842	5,108,164	1,532,791	8,981,506	2,015,384	39,195,460
<i>Liabilities:</i>							
Bank Deposits	243,437	71,881	-	-	-	1,620	316,938
Other Deposits	14,191,379	5,815,980	1,291,505	226,984	563,799	3,422,148	25,511,795
Interbank Money Market Takings	276,245	68,316	230,733	547,764	1,060,425	-	2,183,483
Miscellaneous Payables	-	88,044	-	-	57,023	365,450	510,517
Securities Issued	-	-	-	-	-	-	-
Other Funding	993,563	198,079	813,724	68,365	3,119,070	-	5,192,801
Other Liabilities (**)	15,286	56,183	75,009	78	23,081	5,310,289	5,479,926
Total Liabilities	15,719,910	6,298,483	2,410,971	843,191	4,823,398	9,099,507	39,195,460
On Balance Sheet Long Position	-	147,359	2,697,193	689,600	4,158,108	-	7,692,260
On Balance Sheet Short Position	(608,137)	-	-	-	-	(7,084,123)	(7,692,260)
Off-Balance Sheet Long Position	83,160	124,408	64,600	-	52,000	-	324,168
Off-Balance Sheet Short Position	81,900	140,874	57,023	-	9,299	-	289,096
Total Position	(606,877)	130,893	2,704,770	689,600	4,200,809	(7,084,123)	35,072

(*) 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	3-6 Months	6-12 Months	1 Year and Over	Non- Interest Bearing (*)	Total
<i>Assets:</i>							
Cash and Central Bank	2,373,446	-	-	-	-	409,737	2,783,183
Banks and Other Financial Institutions	2,947,756	-	-	-	-	115,735	3,063,491
Financial Assets at Fair Value through Profit/Loss	154,191	-	9,197	90,108	218,138	8,842	480,476
Interbank Money Market Placements	871,800	-	-	-	-	-	871,800
Financial Assets Available-for- Sale	1,567,840	2,817,850	2,796,425	979,569	1,652,712	91,649	9,906,045
Loans	9,135,331	3,562,523	1,282,551	497,667	3,565,168	-	18,043,240
Investments Held-to-Maturity	43,979	4,412	-	-	-	-	48,391
Other Assets (*)	39,557	-	-	2,037	-	1,646,487	1,687,781
Total Assets	17,133,900	6,384,785	4,088,173	1,569,381	5,436,018	2,272,150	36,884,407
<i>Liabilities:</i>							
Bank Deposits	423,887	131,304	-	-	-	3,131	558,322
Other Deposits	3,394,994	13,420,571	2,196,647	318,234	660,112	4,293,180	24,283,738
Interbank Money Market Takings	244,078	158,901	381,785	317,226	268,104	-	1,370,094
Miscellaneous Payables	-	-	-	-	-	318,360	318,360
Securities Issued	-	-	-	-	-	-	-
Other Funding	1,173,410	2,584,286	1,215,833	23,607	-	-	4,997,136
Other Liabilities (**)	33,555	5,201	7,878	15,546	108,689	5,185,888	5,356,757
Total Liabilities	5,269,924	16,300,263	3,802,143	674,613	1,036,905	9,800,556	36,884,407
On Balance Sheet Long Position	11,863,973	-	286,030	894,768	4,399,113	-	17,443,884
On Balance Sheet Short Position	-	(9,915,478)	-	-	-	(7,528,406)	(17,443,884)
Off-Balance Sheet Long Position	-	1	-	-	4,633	-	4,634
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	11,863,973	(9,915,477)	286,030	894,768	4,403,746	(7,528,406)	4,634

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

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

Average interest rates applied to monetary financial instruments

Current Period	Euro %	US Dollar %	Yen %	YTL %
Assets				
Cash and Central Bank	1.97	2.53	-	12.93
Banks and Other Financial Institutions	4.23	5.56	-	20.04
Financial Assets at Fair Value through Profit/Loss	8.98	11.43	-	18.76
Interbank Money Market Placements	-	-	-	-
Financial Assets Available-for-Sale	6.01	7.21	-	19.61
Loans	5.81	7.38	-	21.02
Investments Held-to-Maturity	-	5.83	-	20.45
Liabilities				
Bank Deposits	4.23	5.40	-	21.11
Other Deposits	3.02	3.83	-	15.44
Interbank Money Market Takings	-	5.28	-	18.75
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Funding	4.13	6.21	-	15.26
Prior Period				
Prior Period	Euro %	US Dollar %	Yen %	YTL %
Assets				
Cash and Central Bank	1.73	2.52	-	13.12
Banks and Other Financial Institutions	3.63	5.26	-	18.97
Financial Assets at Fair Value through Profit/Loss	9.03	11.44	-	-
Interbank Money Market Placements	-	-	-	17.62
Financial Assets Available-for-Sale	6.03	7.21	-	21.03
Loans	5.44	7.59	-	20.59
Investments Held-to-Maturity	-	5.80	-	-
Liabilities				
Bank Deposits	-	5.50	-	21.05
Other Deposits	2.87	3.82	-	15.57
Interbank Money Market Takings	-	5.46	-	11.65
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Other Funding	3.43	5.76	-	15.22

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 securitisation 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	3-6 Months	6-12 Months	1 Year and Over	Undistributed (*)	Total
Assets								
Cash and Central Bank	2,716,983	-	-	-	-	-	-	2,716,983
Banks and Other Financial Institutions	188,585	4,311,056	-	-	-	-	-	4,499,641
Financial Assets at Fair Value through Profit/Loss	-	20,876	37,432	48,261	29,125	342,143	-	477,837
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	87,262	93,591	188,633	902,155	1,203,997	7,359,719	-	9,835,357
Loans	-	2,521,186	1,266,565	1,613,582	2,518,288	10,941,207	-	18,860,828
Investments Held-to-Maturity	-	-	26,234	13,036	4,101	712,768	-	756,139
Other Assets (*)	-	160,390	98,803	6,547	18,835	305,479	1,458,621	2,048,675
Total Assets	2,992,830	7,107,099	1,617,667	2,583,581	3,774,346	19,661,316	1,458,621	39,195,460
Liabilities								
Bank Deposits	1,620	243,437	71,881	-	-	-	-	316,938
Other Deposits	3,414,164	14,199,363	5,815,980	1,291,505	226,984	563,799	-	25,511,795
Other Funding	-	1,033,004	1,712,117	567,927	31,568	1,848,185	-	5,192,801
Interbank Money Market Takings	-	276,245	68,316	230,733	547,764	1,060,425	-	2,183,483
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	70,480	-	-	74,587	365,450	510,517
Other Liabilities (*)	-	151,885	5,061	9,180	10,368	138,340	5,165,092	5,479,926
Total Liabilities	3,415,784	15,903,934	7,743,835	2,099,345	816,684	3,685,336	5,530,542	39,195,460
Liquidity Gap	(422,954)	(8,796,835)	(6,126,168)	484,236	2,957,662	15,975,980	(4,071,921)	-
Prior Period								
Total Assets	2,182,942	7,738,085	1,516,709	2,131,466	4,645,445	16,999,465	1,670,295	36,884,407
Total Liabilities	4,296,310	13,973,334	5,889,089	1,605,524	2,020,136	3,665,183	5,434,831	36,884,407
Liquidity Gap	(2,113,368)	(6,235,249)	(4,372,380)	525,942	2,625,309	13,334,282	(3,764,536)	-

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

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	437,809	737,904	79,444	-	1,255,157
Undistributed expenses	-	-	-	(666,341)	(666,341)
Operating profit	437,809	737,934	79,444	(666,341)	588,816
Income from associates	-	-	-	-	405
Income before taxes	-	-	-	-	589,221
Provision for taxes	-	-	-	-	(110,672)
Net profit	-	-	-	-	478,549
Segment assets	5,455,504	16,505,160	15,848,255	-	37,808,919
Investments in associates and subsidiaries	-	-	-	-	463,257
Undistributed assets	-	-	-	923,824	923,284
Total assets	5,455,504	16,505,160	15,848,255	923,284	39,195,460
Segment liabilities	10,026,386	19,901,498	4,112,546	-	34,040,430
Shareholders' equity	-	-	-	-	4,592,347
Undistributed liabilities	-	-	-	562,683	562,683
Total Liabilities and Shareholders' Equity	10,026,386	19,901,498	4,112,546	562,683	39,195,460

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	242,523	37,679	365,660	43,764
Central Bank of Turkey	192	260,844	-	295,923
Reserve deposits	1,479,208	695,823	1,286,484	791,039
Others	25	689	20	293
Total	1,721,948	995,035	1,652,164	1,131,019

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 12.93% for YTL, 2.530% for US Dollar and 1.965% for Euro as of 30 June 2007.

Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	192	260,844	-	295,923
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Total	192	260,844	-	295,923

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	-	187,298	-	198,472
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	-	187,298	-	198,472

Positive value of trading purpose derivatives

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forward Transactions	1,233	42	-	36
Swap Transactions	18,731	15,006	9,969	24
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	19,964	15,048	9,969	60

3. Banks and other financial institutions

Banks and other financial institutions

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	816,028	3,683,613	512,809	2,550,682
Domestic	277,282	-	283,945	14,006
Foreign	538,746	3,683,613	228,864	2,536,676
Foreign Head Offices and Branches	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	816,028	3,683,613	512,809	2,550,682

4. Information on investment securities available-for-sale

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

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Share Certificates	-	-	-	-
Bonds, Treasury Bills and Similar Marketable Securities	1,221,285	-	2,134,808	319,308
Others	-	-	-	-
Total	1,221,285	-	2,134,808	319,308

Investment securities available-for-sale subject to repurchase agreements

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	933,730	1,239,373	911	1,114,622
Treasury Bills	-	-	-	-
Other Debt Securities	-	387,016	-	450,447
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	933,730	1,626,389	911	1,565,069

Information related with available for sale assets

	Current Period	Prior Period
Debt instruments	9,788,653	9,864,051
Quoted	8,303,133	8,539,422
Unquoted	1,485,520	1,324,629
Equity instruments	93,709	91,829
Quoted	67,456	65,770
Unquoted	26,253	26,059
Impairment provision (-)	47,005	49,835
Total	9,835,357	9,906,045

Equity shares having a carrying value of YTL 84, 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 18 in its financial statements.

The Bank has provided 100% impairment for İzmir Enternasyonel Otelcilik AŞ and Güçbirliği Holding AŞ with the carrying value amounting to YTL 6,178 and YTL 270, respectively in accordance with the directives of BRSA.

5. Information related to loans

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	26,667	-	451
Corporate Shareholders	-	26,667	-	451
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	145	-	117
Loans Granted to Employees	30,449	-	25,163	-
Total	30,449	26,812	25,163	568

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	Loans and Other Receivables	Restructured or Rescheduled Loans and Other Receivables
Cash Loans				
Loans	17,724,389	-	781,583	237,244
Discounted Bills	40,455	-	-	28
Export Loans	1,258,411	-	52,440	186,598
Import Loans	-	-	-	-
Loans to Financial Sector	174,645	-	-	-
Foreign Loans	7,699	-	-	-
Consumer Loans	4,296,781	-	129,014	799
Credit Cards	571,954	-	11,096	572
Precious Metal Loans	-	-	-	-
Other	11,374,374	-	589,033	49,247
Specialization Loans	117,612	-	-	-
Other Receivables	-	-	-	-
Total	17,842,001	-	781,583	237,244

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans – YTL	994,092	3,411,215	4,405,307
Housing Loans	56,580	1,965,920	2,022,500
Automobile Loans	22,849	149,070	171,919
General Purpose Loans	828,322	1,296,221	2,124,543
Other	86,341	4	86,345
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	547,948	-	547,948
With Installment	104,412	-	104,412
Without Installment	443,536	-	443,536
Retail Credit Cards – FC	1,452	-	1,452
With Installment	-	-	-
Without Installment	1,452	-	1,452
Personnel Loans – YTL	715	20,572	21,287
Housing Loan	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	715	20,572	21,287
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	9,108	-	9,108
With Installment	1,745	-	1,745
Without Installment	7,363	-	7,363
Personnel Credit Cards – FC	43	-	43
With Installment	-	-	-
Without Installment	43	-	43
Deposit Accounts– YTL (real persons)	470,359	-	470,359
Deposit Accounts– FC (real persons)	-	-	-
Total	2,023,717	3,431,787	5,455,504

Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans – YTL	1,161,797	2,550,876	3,712,673
Real Estate Loans	2,122	107,648	109,770
Automobile Loans	163,714	717,816	881,530
General Purpose Loans	995,961	1,725,412	2,721,373
Other	-	-	-
Installment-based Commercial Loans - FC-indexed	-	-	-
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Installment-based Commercial Loans – FC	-	33,021	33,021
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	33,021	33,021
Corporate Credit Cards – YTL	24,875	-	24,875
With Installment	2,098	-	2,098
Without Installment	22,777	-	22,777
Corporate Credit Cards – FC	196	-	196
With Installment	-	-	-
Without Installment	196	-	196
Overdraft Accounts– YTL (corporate)	23,781	-	23,781
Overdraft Accounts– FC (corporate)	-	-	-
Total	1,210,649	2,583,897	3,794,546

Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	18,853,159	17,949,581
Foreign Loans	7,669	93,659
Total	18,860,828	18,043,240

Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Investments	8,773	12,752
Indirect Loans Granted to Subsidiaries and Investments	-	-
Total	8,773	12,752

Specific provisions for loans

Specific Provisions	Current Period	Prior Period
Loans and Receivables with Limited Collectibility	333,100	196,943
Loans and Receivables with Doubtful Collectibility	28,816	30,429
Uncollectible Loans and Receivables	722,993	774,675
Total	1,084,909	1,002,047

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	2,619	-	126,246
(Gross amounts before the specific reserves)	-	-	-
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	2,619	-	126,246
Prior period	22	-	170,431
(Gross amounts before the specific reserves)	-	-	-
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	22	-	170,431

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	196,943	30,429	774,675
Additions (+)	208,127	17	3,024
Transfers from other categories of loans under follow-up (+)	17,924	209	10,803
Transfers to other categories of loans under follow-up (-)	14,713	551	40,164
Collections (-)	75,181	1,288	25,345
Write-offs (-)	-	-	-
Current period end balance	333,100	28,816	722,993
Specific provision (-)	333,100	28,816	722,993
Net Balance on balance sheet	-	-	-

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

None

6. Information on investment securities held-to-maturity

Public sector debt securities held-to-maturity

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Government Bonds	711,294	-	-	-
Treasury Bills	-	-	-	-
Other Government Securities	-	5,678	-	6,072
Total	711,294	5,678	-	6,072

Information on investments held to maturity

	Current Period	Prior Period
Debt Securities	756,657	48,870
Quoted at Stock Exchange	711,294	-
Unquoted at Stock Exchange	45,363	48,870
Impairment Losses (-)	518	479
Total	756,139	48,391

The movement of investments held to maturity

	Current Period	Prior Period
Balances at Beginning of Period	48,391	371,574
Foreign Currency Differences On Monetary Assets	(3,120)	(22,693)
Purchases during the Period	852,084	446,020
Disposals through Sales/Redemptions	(147,706)	(736,020)
Impairment Losses (-)	(39)	(175)
Change in Redeemed Costs (*)	6,529	(10,315)
Balances at End of Period	756,139	48,391

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

The Bank reclassified certain investment securities, previously classified in its available-for-sale portfolio with total face value of YTL 700,000 to its investment securities held-to-maturity portfolio. Such securities are included in “purchases during the period” line above in the movement table of investment securities held-to-maturity for the period at their fair values of YTL 704,709 as of their reclassification dates. The value increases of such securities amounting YTL 2,066 are recorded under the shareholders’ equity and will be amortized through the income statement until their maturities.

Information about held-to-maturity securities

Current Period	Cost Amount		Revalued Amount	
	YTL	FC	YTL	FC
Collateralized / Blocked Investments	704,709	39,000	711,294	39,167
Investments subject to Repurchase Agreements	-	-	-	-
Held for structural position	-	-	-	-
Receivable from Security Borrowing Market	-	-	-	-
Collateral For Security Borrowing Market	-	-	-	-
Other (*)	-	5,922	-	5,678
Total	704,709	44,922	711,294	44,845

Prior Period	Cost Amount		Revalued Amount	
	YTL	FC	YTL	FC
Collateralized / Blocked Investments	-	42,000	-	42,319
Investments subject to Repurchase Agreements	-	-	-	-
Held for structural position	-	-	-	-
Receivable from Security Borrowing Market	-	-	-	-
Collateral For Security Borrowing Market	-	-	-	-
Other (*)	-	6,378	-	6,072
Total	-	48,378	-	48,391

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

7. Investments in associates

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 İşadamları Kimya Kuruluşları AŞ (in liquidation)	In Liquidation	25.00	25.13
3 Vakıf Menkul Kıymetler Yatırım Ortaklığı AŞ (*)	İstanbul/Turkey	11.75	21.63
4 Vakıf Gayrimenkul Yatırım Ortaklığı AŞ	Ankara/Turkey	27.63	29.45
5 Vakıf Gayrimenkul Ekspertiz ve Değ.AŞ (*)	Ankara/Turkey	20.00	27.44

	Total Assets	Shareholders' Equity	Tangible and Intangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	589,079	34,641	2,591	40,987	3,847	5,774	1,916	-
2	-	-	-	-	-	-	-	-
3	12,974	12,507	116	-	-	631	147	966
4	60,590	60,175	39,430	1,861	1,850	2,671	-	12,288
5	7,243	6,899	204	192	23	872	2,355	-

(*) *The financial statements as of and for the three-month period ended 31 March 2007*

Movement of investments in associates

	Current Period	Prior Period
Balance at Beginning of Period	17,381	26,454
Movements during the Period	(873)	(9,073)
Acquisitions and Capital Increases	-	915
Bonus Shares Received	-	170
Dividends from Current Year Profit	-	-
Sales/Liquidations (-)	(752)	(6,327)
Revaluation increase, inflation correction difference and currency difference on Foreign Subsidiaries	(121)	(3,757)
Impairment Losses (-)	-	(74)
Balance at End of Period	16,508	17,381

Sectoral distribution of investments and associates

	Current Period	Prior Period
Banks	2,669	2,669
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Associates	13,254	13,374
Total	15,923	16,043

Quoted associates

	Current Period	Prior Period
Quoted to domestic stock exchanges	13,254	13,374
Quoted to international stock exchanges	-	-
Total	13,254	13,374

As per the resolution no.74887 of the Board of Directors of Vakıflar Bankası T.A.O on 22 August 2006, it is decided to increase the share of the Bank in Kıbrıs Vakıflar Bankası Ltd.

Investments in associates sold during the current period

The Bank sold its 9% shares in Orta Doğu Yazılım Hizmetleri AŞ with a carrying value of YTL 751 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.

20% of outstanding shares of Banque Du Bosphore with a nominal value of EUR 3,200,000 were sold to Financiere De Paris at a total price of EUR 4,402,000 on 10 March 2006. Total sale price was collected in cash.

Investments in associates acquired during the current period

None

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/TÜRKİYE	36.35	36.35
2	Vakıf Emeklilik AŞ (*)	İstanbul/TÜRKİYE	53.90	74.93
3	Vakıf Enerji ve Madencilik AŞ	Ankara/TÜRKİYE	65.50	84.87
4	Ataköy Mağazacılık Ticaret AŞ (in liquidation)	In Liquidation	45.79	45.79
5	Taksim Otelcilik AŞ	İstanbul/TÜRKİYE	51.00	51.51
6	Vakıf Finans Factoring Hizmetleri AŞ (*)	İstanbul/TÜRKİYE	78.39	86.53
7	Vakıf Finansal Kiralama AŞ	İstanbul/TÜRKİYE	58.71	64.24
8	Vakıf Deniz Finansal Kiralama AŞ	İstanbul/TÜRKİYE	68.55	73.85
9	Vakıf Girişim Sermayesi Yatırım Ortaklığı AŞ (*)	Ankara/TÜRKİYE	31.00	31.09
10	Vakıf Yatırım Menkul Değerler AŞ	İstanbul/TÜRKİYE	99.00	99.42
11	Vakıf Sistem Pazarlama Yazılım Servis ve Ticaret AŞ	Ankara/TÜRKİYE	73.00	79.75
12	Vakıfbank International AG	Vienna/AUSTRIA	90.00	90.00
13	World Vakıf Offshore Banking Ltd. (*)	Lefkosa/NCTR	82.00	84.92

	Total Assets	Shareholder's Equity	Tangible and Intangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	Company's Fair Value
1	460,265	181,438	53,329	165	2,596	(17,690)	1,123	110,138
2	636,552	92,028	37,533	666	17,139	4,576	12,090	73,223
3	269,111	255,113	1,103	624	-	1,132	4,525	21,722
4	-	-	-	-	-	-	-	-
5	327,087	212,115	5,561	10	-	(5,853)	-	-
6	54,794	40,290	144	2,279	-	7,105	4,964	24,301
7	149,421	35,954	3,954	7,759	-	(545)	15,850	35,157
8	158,487	7,357	96	6,230	-	(3,067)	(15,974)	-
9	4,264	4,234	1	-	-	(1,654)	(309)	2,769
10	64,285	44,661	325	4,310	-	2,741	416	-
11	10,578	7,950	351	399	121	1,509	-	-
12	692,080	73,809	1,352	18,989	6,515	2,857	36,114	-
13	57,042	5,357	-	924	-	(224)	2,529	-

(*) Financial Statements are as of and for the three-month period ended 31 March 2007

Movement of investments in subsidiaries

	Current Period	Prior Period
Balance at the beginning of the period	391,459	585,282
Movements during the period	55,290	(193,823)
Acquisitions and Capital Increases	-	6,775
Bonus Shares Received	29,378	27,533
Dividends from Current Year Profit	-	-
Sales and Liquidations	-	(273)
Revaluation increase, inflation correction difference and currency difference on Foreign Subsidiaries	25,912	33,386
Impairment Losses (+)	-	(261,244)
Balance at the End of Period	446,749	391,459
Capital Commitments	-	-
Share percentage at the End of Period (%)	-	-

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

Valuation methods of investments in subsidiaries

	Current Period	Prior Period
Valued at Cost	179,439	177,320
Valued at Fair Value	267,310	214,139
Valued by Equity Method of Accounting	-	-
Total	446,749	391,459

Sectoral distribution of investments in subsidiaries

	Current Period	Prior Period
Banks	41,073	41,073
Insurance Companies	183,361	141,271
Factoring Companies	24,301	24,301
Leasing Companies	35,157	23,555
Finance Companies	-	-
Other Subsidiaries	37,419	37,938
Total	321,311	268,138

Quoted subsidiaries

	Current Period	Prior Period
Quoted at Domestic Stock Exchanges	148,064	98,183
Quoted at International Stock Exchanges	-	-
Total	148,064	98,183

Investments in subsidiaries disposed during the current period

None.

Investments in subsidiaries purchased during the current period

None

9. Investments in Joint-Ventures

None

10. Information on finance lease receivables

None

11. Information on hedging purpose derivatives

Positive differences on derivative financial instruments held for risk management

None.

12. Information on deferred tax asset

Items generated deferred tax asset or liabilities are listed below as of 30 June 2007 and 31 December 2006:

	Current period	Prior Period
Deferred tax assets	78,352	73,090
BRSA - Tax Code depreciation differences	29,026	27,937
ETI and vacation pay provisions	24,463	22,737
Valuation difference for associates and subsidiaries	21,281	18,216
Other provisions	1,291	4,200
Other	2,291	-
Deferred tax liabilities	(37,572)	(31,979)
Valuation differences of financial assets and liabilities	(32,112)	(31,979)
Valuation difference for associates and subsidiaries	(5,460)	-
Deferred tax assets, net	40,780	41,111

13. Information on other assets

Other asset amount on the balance sheet does not exceed 10% of total assets except for commitments stated on the off-balance sheet.

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	680,607	-	167,907	5,228,071	537,274	31,360	20,654	-	6,665,873
Foreign Currency Deposits	851,677	-	1,719,949	2,366,952	541,476	56,015	552,319	-	6,088,388
Residents in Turkey	822,019	-	1,617,550	2,317,709	533,142	54,400	518,004	-	5,862,824
Residents in Abroad	29,658	-	102,399	49,243	8,334	1,615	34,315	-	225,564
Public Sector Deposits	643,490	-	507,442	1,319,037	75,072	144,818	3,388	-	2,693,247
Commercial Deposits	643,007	-	1,424,706	2,845,870	229,171	3,961	1,002	-	5,147,717
Other	603,367	-	532,631	3,121,276	422,800	232,068	4,427	-	4,916,569
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	1,620	-	34,461	270,139	9,626	1,093	-	-	316,939
Central Bank	37	-	-	-	-	-	-	-	37
Domestic Banks	335	-	31,913	261,022	9,626	1,093	-	-	303,989
Foreign Banks	1,027	-	2,546	9,117	-	-	-	-	12,690
Special Financial Inst.	221	-	2	-	-	-	-	-	223
Other	-	-	-	-	-	-	-	-	-
Total	3,423,768	-	4,387,096	15,151,345	1,815,419	469,315	581,790	-	25,828,733

<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	729,350	-	153,455	4,527,173	517,966	28,364	31,950	-	5,988,258
Foreign Currency Deposits	1,306,176	-	1,749,104	2,883,608	577,655	64,941	590,812	-	7,172,296
Residents in Turkey	1,276,877	-	1,736,060	2,763,791	565,357	63,305	553,882	-	6,959,272
Residents in Abroad	29,299	-	13,044	119,817	12,298	1,636	36,930	-	213,024
Public Sector Deposits	1,037,666	-	368,103	1,257,913	54,168	368	3,185	-	2,721,403
Commercial Deposits	666,345	-	748,511	1,823,193	272,308	145,590	2,652	-	3,658,599
Other	553,642	-	377,096	2,928,225	773,806	78,904	31,509	-	4,743,182
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	3,129	-	423,893	131,300	-	-	-	-	558,322
Central Bank	480	-	-	-	-	-	-	-	480
Domestic Banks	347	-	421,311	131,300	-	-	-	-	552,958
Foreign Banks	1,425	-	2,581	-	-	-	-	-	4,006
Special Financial Inst.	-	-	-	-	-	-	-	-	-
Other	877	-	1	-	-	-	-	-	878
Total	4,296,308	-	3,820,162	13,551,412	2,195,903	318,167	660,108	-	24,842,060

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

	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	3,428,148	3,100,191	3,261,365	2,828,939
Foreign Currency Saving Deposits	1,326,508	1,298,659	1,955,920	2,144,796
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	4,754,656	4,398,850	5,217,285	4,973,735

Savings deposits that are not covered under the guarantee of deposit insurance fund

	Current Period	Prior Period
Savings Deposits at Foreign Branches	528	133
Savings Deposits at Off-shore Branches	-	-

2. Information on trading derivatives

Negative value of trading purpose derivatives

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forwards	1,207	44	-	35
Swaps	833	5,016	-	3,707
Futures	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	2,040	5,060	-	3,742

3. Information on banks and other financial institutions

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	-	-	-	-
Domestic Bank and Institutions	52,711	277,938	61,991	310,536
Foreign Bank, Institutions and Funds	-	4,862,152	-	4,624,609
Total	52,711	5,140,090	61,991	4,935,145

Maturity information of funds borrowed

	Current period		Prior period	
	YTL	FC	YTL	FC
Short-term	52,711	2,029,988	61,991	1,800,619
Medium and Long term	-	3,110,102	-	3,134,526
Total	52,711	5,140,090	61,991	4,935,145

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 14.04 % of the Bank's liabilities. There is no risk concentration on funding sources of the Bank.

On 19 July 2006, the Bank has obtained syndication loan of US Dollar 700 million having one year maturity and Libor+0.525% interest rate, with the participation of 22 international banks through club deal.

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+0.626% and Libor+0.826%, respectively, with the participation of 26 international banks through club deal.

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

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

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

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

Obligations under financial leases

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	107	103	-	-
1-4 Years	7,703	7,209	13,422	12,494
More than 4 Years	-	-	-	-
Total	7,810	7,312	13,422	12,494

6. Information on liabilities arising from hedging derivatives

Negative value of hedging purpose derivatives

None.

7. Information on provisions

Information on general provisions

	Current Period	Prior period
Provisions for Loans and Receivables in Group I	132,763	118,857
Provisions for Loans and Receivables in Group II	2,000	2,000
Provisions for Non Cash Loans	9,606	9,606
Other	-	-
Total	144,369	130,463

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

None.

Information on other provisions

	Current Period	Prior Period
General Reserves for Possible Loan Losses	-	21,000

Information on other provisions exceeding 10% of total provisions

None.

8. Taxation

Current Taxes

Tax provision

As of 30 June 2007, Bank has tax liabilities of YTL 64,462, after deducting prepaid taxes.

Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	64,462	85,640
Taxation on securities	53,529	41,138
Capital gains tax on property	780	380
Banking Insurance Transaction Tax (BITT)	15,687	16,455
Taxes on foreign exchange transactions	1,269	2,463
Value added tax payable	554	437
Other	8,234	7,944
Total	144,515	154,457

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	249	222
Unemployment insurance- employer share	432	379
Other	1	-
Total	682	601

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.

On 19 December 2006, the paid-in capital of the Bank has been increased to YTL 2,500,000 by YTL 1,221,000 from YTL 1,279,000. YTL 605,763 of the total increase was provided from other capital reserves, YTL 448,205 from share premiums, YTL 154,500 from extraordinary reserves, YTL 7,795 from revaluation fund and YTL 4,737 from other profit reserves. This capital is divided into 2.500.000.000 shares and each share's value is equal to 1 New Turkish Lira.

Increment Date	Increment Amount	Cash	Increment from Profit Reserves	Increment from Supplementary Capital
19 December 2006	1,221,000	-	167,032	1,053,968

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.

Securities value increase fund

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Associates, subsidiaries and JV's	115,873	-	92,422	-
FV difference	38,262	39,537	(11,857)	55,821
Foreign exchange difference	-	-	-	-
Total	154,135	39,537	80,565	55,821

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

1. Disclosures related to other contingent liabilities

Type and amount of irrevocable commitments

	Current Period	Prior period
Letters of Guarantee in Foreign Currency	1,296,269	1,423,832
Letters of Guarantee in YTL	2,191,531	1,857,461
Letters of Credit	1,025,838	1,225,892
Bills of Exchange and Acceptances	365,905	354,923
Other Guarantees and Warranties	3,810	9,814
Total	4,883,353	4,871,922

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 83,560 recorded under off-balance sheet items.

Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Provisional Letters of Guarantee	106,046	78,522
Final Letters of Guarantee	2,791,743	2,700,200
Letters of Guarantee for advances	400,458	301,306
Letters of Guarantee given to Customs Offices	66,003	60,465
Other Letters of Guarantee	123,550	140,800
Total	3,487,800	3,281,293

2. Non-cash Loans

	Current Period	Prior Period
Non-Cash Loans Given for Cash Loan Risks	424,791	444,043
With Original Maturity of 1 Year or Less	148,053	154,617
With Original Maturity of More Than 1 Year	276,738	289,426
Other Non-Cash Loans	4,458,562	4,427,879
Total	4,883,353	4,871,922

3. Sectoral risk concentrations of non-cash loans

	Current Period				Prior Period			
	YTL	%	FC	%	YTL	%	FC	%
Agricultural	18,690	0.85	31,939	1.19	21,224	1.14	7,652	0.25
Farming and Cattle	14,853	0.68	20,182	0.75	17,295	0.93	4,918	0.16
Forestry	3,141	0.14	0	0.00	3,316	0.18	-	-
Fishing	696	0.03	11,757	0.44	613	0.03	2,734	0.09
Manufacturing	803,300	36.65	1,280,451	47.57	722,417	38.89	1,300,730	43.15
Mining	23,451	1.07	129,553	4.81	23,407	1.26	65,849	2.18
Production	633,005	28.88	1,009,573	37.51	567,105	30.53	1,073,679	35.62
Electric, gas and water	146,844	6.70	141,325	5.25	131,905	7.10	161,202	5.35
Construction	318,542	14.53	447,280	16.62	259,075	13.95	510,489	16.94
Services	708,952	32.35	358,003	13.30	570,590	30.72	552,833	18.34
Wholesale and retail trade	301,231	13.74	114,010	4.24	265,392	14.29	129,123	4.29
Hotel, food and beverage services	30,899	1.41	9,488	0.35	26,555	1.44	1,877	0.06
Transportation and telecommunication	142,149	6.49	28,136	1.05	116,618	6.28	196,338	6.51
Financial institutions	211,242	9.64	187,953	6.98	141,936	7.64	201,496	6.68
Real estate and renting services	2,631	0.12	0	0.00	1,189	0.06	-	-
Self-employment services	0	0.00	0	0.00	-	-	-	-
Education services	5,617	0.26	6,198	0.23	2,122	0.11	10,279	0.34
Health and social services	15,183	0.69	12,218	0.45	16,778	0.90	13,720	0.46
Other	342,141	15.61	574,055	21.33	284,249	15.30	642,663	21.32
Total	2,191,625	100.00	2,691,728	100.00	1,857,555	100.00	3,014,367	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	2,081,414	1,168,655	78,606	76,744
Confirmed Bills of exchange and Acceptances	-	350,313	-	15,448
Letters of Credit	-	999,976	-	25,862
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	94	2,682	-	-
Total	2,081,508	2,521,626	78,606	118,054

5. Contingent assets and liabilities

In order to deduct the monetary losses amounting YTL 379,000 thousands 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, from tax base, the Bank appealed to the tax office on 19 December 2006 for the repayment, through submitting tax returns of the year 2002, 2003, and 2004 with a condition stating that such losses should have been deducted and the Bank may appeal to the tax court for the tax return. Following the rejection of this condition by the tax office, the Bank appealed to the tax court on 22 February 2007. However, as of the reporting date, the judgment process is not finalized yet and continues.

IV. Information on disclosures related to the income statement

1. Interest income

Information on interest income received from loans

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-term Loans	801,279	71,398	614,533	118,118
Medium and Long-term Loans	509,912	114,207	336,787	40,105
Loans under follow-up	24,247	30	21,657	7,072
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	1,335,438	185,635	972,977	165,295

Information on interest income received from banks

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	-	2,497	-	1,657
Domestic Banks	10,226	314	7,145	2,476
Foreign Banks	40,363	48,769	5,208	25,107
Foreign Head Office and Branches	-	-	-	4,492
Total	50,589	51,580	12,353	33,732

Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	193	224

2. Interest Expense

Interest expenses on funds borrowed

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	4,176	118,701	2,250	93,306
Central Bank of Turkey	-	-	-	-
Domestic Banks	4,176	1,392	2,125	1,431
Foreign Banks	-	117,309	125	87,380
Foreign Head Offices and Branches	-	-	-	4,495
Other Institutions	-	7	30	75
Total	4,176	118,708	2,280	93,381

Interest expenses paid to associates and subsidiaries

None

3. Trading income/losses (Net)

	Current Period	Prior Period
Income	322,161	492,531
Trading Account Income	54,255	60,388
<i>Derivative financial instruments</i>	29,131	3,272
<i>Others</i>	25,124	57,116
Foreign Exchange Gain	267,906	432,143
Losses (-)	205,887	511,232
Trading Account Losses	11,570	16,408
<i>Derivative financial instruments</i>	9,683	5,322
<i>Others</i>	1,887	11,086
Foreign Exchange Losses	194,317	494,824
Income	116,274	(18,701)

4. Other operating income

There are no factors and new improvements affecting the Bank's income significantly.

5. Provision expenses for losses on loans and other receivables

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables	136,157	86,143
<i>Loans and Receivables in Group III</i>	136,157	50,407
<i>Loans and Receivables in Group IV</i>	-	23,864
<i>Loans and Receivables in Group V</i>	-	11,872
Non-performing commissions and other receivables	-	-
General Provision Expenses	14,000	22,000
Provision for Possible Losses	-	-
Impairment Losses on Securities:	10,105	10,693
<i>Trading securities</i>	788	4,134
<i>Investment Securities Available-for-Sale</i>	9,317	6,559
Other Impairment Losses:	518	445
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
<i>Investment Securities Held-to-Maturity</i>	518	445
Other	47,206	16,971
Total	207,986	136,252

6. Other operating expenses

	Current Period	Prior Period
Personnel Costs	214,334	173,190
Reserve for Employee Termination Benefits	8,625	978
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses on Tangible Assets	33,443	30,673
Impairment Losses on Intangible Assets	-	-
Amortization Expenses on Intangible Assets	879	740
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses on Assets to be Disposed	3,831	-
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	143,990	125,762
<i>Operational lease related expenses</i>	21,902	17,085
<i>Repair and maintenance expenses</i>	5,634	4,879
<i>Advertisement expenses</i>	11,204	12,157
<i>Other expenses</i>	105,250	91,641
Loss on sale of assets	901	6,153
Other	52,352	67,915
Total	458,355	405,411

7. Provision for taxes on income

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

In the current period, the Bank recorded a tax provision of YTL 56,761 from the operating profit in accordance with the Corporate Tax Law and other laws and regulations.

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

Sources of deferred tax benefit/charge	Current Period	Prior Period
Arising from Origination (+)/ Reversal (-) of Deductible Temporary Differences	-	-
Arising from Origination (+)/ Reversal (-) of Taxable Temporary Differences	10,610	(125,703)
Arising from Origination (+)/ Reversal (-) of Tax Losses	-	-
Arising from tax rate change	-	-
Total	10,610	(125,703)

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 income statement exceeding 10% of the group total, or 20% of the sub-accounts belonging to this group

None.

V. Information and disclosures related to 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	12,752	219,239	-	568	-	-
Balance at the End of the Period	8,773	187,804	-	26,812	-	-
Interest and Commission Income Received	298	551	-	-	-	-

Prior Period	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Cash	Non-Cash	Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	28,062	189,533	-	950	-	-
Balance at the End of the Period	12,752	219,239	-	568	-	-
Interest and Commission Income Received	17	83	-	-	-	-

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	120,261	86,210	-	-	-	-
Balance at the End of the Period	184,610	120,261	-	-	-	-
Interest on Deposits	6,369	-	-	-	-	-

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 0.05% and 4.39%.

Current Period	Amount	Compared With the Financial Statement Amount %
Cash Loans	8,773	0.05
Non-Cash Loans	214,616	4.39
Deposits	184,610	0.71
Forward and Option Agreements	-	-

Prior Period	Amount	Compared With the Financial Statement Amount %
Cash Loans	12,752	0.07
Non-Cash Loans	219,807	4.51
Deposits	120,261	0.48
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

- Based on the resolution of 53rd Annual General Assembly held on 30 March 2007, net profit of the year 2006 amounting to YTL 769,730 is decided to be distributed as legal reserves in the amount of YTL 76,973, as extraordinary reserves in the amount of YTL 256,892 and as dividend in the amount of YTL 435,865.
- Based on no.75069 Board of Directors resolution on 13 October 2006, within the context of restructuring of associates and subsidiaries, it is decided to purchase the 6% shares of Vadeli İşlem ve Opsiyon Borsası AŞ having YTL 9,000 paid in capital and 99.99% shares of Vakıf Portföy Yönetim AŞ having YTL 1,500 paid in capital, from Vakıf Yatırım Menkul Değerler AŞ, at a price equal to their nominal values, YTL 540 and YTL 1,500, respectively.

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

June 2006 (*)	Standard Poors
Foreign Currency Credit Rating	BB- / Stable / B
Local Currency Credit Rating	BB / Stable / B
National	trA+ / -- / trA-1
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
November 2005 (*)	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	A (tur)
National Outlook	Stable
Individual	C/D
Support	4
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

- On 13 July 2007, the Bank has obtained syndication loan of US Dollar 700 million, which has one year maturity and Libor+0.475% interest rate, with the participation of 29 international banks through club deal.

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

None.

SECTION SEVEN

Independent Auditors' Review Report

1. Information on the independent auditors' review report

The Bank's unconsolidated financial statements and footnotes as of 30 June 2007, 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 10 August 2007 that nothing material has come to their attention that caused them to believe that the accompanying unconsolidated interim financial statements do not give a true and fair view of the Bank's financial position and results of its operations as of and for the six-month period ended 30 June 2007.

2. Explanations and disclosures by Independent Auditors

None.