

**TÜRKİYE CUMHURİYETİ
ZİRAAT BANKASI A.Ş.**

INDEPENDENT AUDITORS'
REPORT, UNCONSOLIDATED
FINANCIAL STATEMENTS AND
NOTES FOR THE PERIOD
JANUARY 1 – DECEMBER 31, 2007

Translated into English from the
Original Turkish Report

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

INDEPENDENT AUDITORS' REPORT FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2007

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

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

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

Independent Auditors' Opinion

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

Istanbul, March 13, 2008

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

Sibel Türker
Partner

Additional paragraph for the English translation:

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

**THE UNCONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED
DECEMBER 31, 2007**

The Bank's Headquarter Address: Doğanbey Mahallesi Atatürk Bulvarı
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Facsimile: (312) 584 49 63
Website: www.ziraatbank.com.tr
E-mail: zbmail@ziraatbank.com.tr

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

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

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

March 13, 2008

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

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

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

Can Akın ÇAĞLAR
General Manager

Selim Güray ÇELİK
Assistant-General Manager
responsible for Financial
Reporting

İsmail Erdal MAZLUM
Head of General Accounting
and Reporting Department

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

Name/Title : Recep BERKTAŞ/Manager
Tel No : 0312 584 70 91
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TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

SECTION I: GENERAL INFORMATION ABOUT THE BANK

I. ESTABLISHMENT DATE OF THE BANK, INITIAL ARTICLES OF ASSOCIATION, THE HISTORY OF BANK INCLUDING THE CHANGES IN THESE ARTICLES

The foundation of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. is based on Government Funds established in 1863. In 1883, Government Funds were replaced with Benefit Funds. The Bank was officially established by the re-organization of the Benefit Funds in 1888, to grant loans to farmers, to accept interest-bearing deposits and to act as a moneylender and an intermediary for agricultural operations. The Bank, which was given the authority to perform all the banking activities, has its head office located in Ankara and all shares of the Bank belong to Undersecretariat of Treasury of the Turkish Republic.

II. CAPITAL STRUCTURE OF THE BANK, SHAREHOLDERS THAT RETAIN DIRECT OR INDIRECT MANAGEMENT AND CONTROL OF THE BANK SOLELY OR TOGETHER, CHANGES DURING THE YEAR

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

III. EXPLANATIONS REGARDING THE BANK'S CHAIRMAN AND MEMBERS OF BOARD OF DIRECTORS, AUDIT COMMITTEE

Name	Administrative Function
Prof. Dr. İlhan ULUDAĞ	Chairman
Members of the Board of Directors	
Mehmet MUMCUOĞLU	Vice Chairman
Can Akın ÇAĞLAR	Board Member and General Manager
Mehmet Emin ÖZCAN	Member
Ahmet CANDAN	Member
Osman ARIOĞLU	Member
Burhanettin AKTAŞ	Member
Oğuz KAYHAN	Member
Hikmet Aydın SİMİT	Member
Assistant General Managers	
Ali Rıza AKBAŞ	Commercial Banking
Ahmet Mesut GÜRAYLI	Retail Banking
Bülent YALIM	Banking Operations
Cem ÖZŞEN	Fund Management (International Relations and Participations – By Proxy)
Dr. Muzaffer ŞAHİN	Loans and Overdue Loans
Emin ÇUBIKCI	Support Services
Hüsamettin GÜLHAN	Human Resources
Recep TÜRKAY	Agricultural Banking
Selim Güray ÇELİK	General Accounting and Financial Management
Senih BOYACIGIL	Corporate Banking
Group Heads	
Yusuf BİLMEZ	Internal Control
M.Ayhan ALTINTAŞ	Risk Management
Members of the Audit Committee	
Oğuz KAYHAN	Member
Hikmet Aydın SİMİT	Member

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

SECTION I: GENERAL INFORMATION ABOUT THE BANK (cont'd)

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

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

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

V. SUMMARY ON THE BANK'S FUNCTIONS AND LINES OF ACTIVITY

The purpose of activity of the Bank is stated in articles of association as to perform all kind of banking activities including acceptance of deposits. For this purpose, the Bank can perform all sorts of operations, without prejudice to the provisions of the banking regulations and other legislations, such as launching all kinds of cash and non-cash loans in terms of Turkish Lira and foreign currencies, acting as an intermediary in trade and issue of the financial instruments that are used in local and international markets, performing investment banking transactions, forwards dealing in domestic and foreign futures markets, providing funds from interbank money market, domestic and foreign markets, making all kinds of capital market transactions, acting as an intermediary in export and import, acting as an agency for insurance and other financial institutions, participating in all sort of partnership that is founded by domestic or foreign banks or participated by them within the terms of the related legislation or establishing new associations for this purpose, performing all kinds of conservative transactions, such as; acquiring limited real and personal claims like all kinds of movable and immovable goods, industrial and intellectual properties, right of usufruct, easement, and disposing and transferring acquired properties and rights, placing pledge and mortgage on those properties and rights, releasing pledged and mortgaged items and declaring leasing agreements and sale commitments to the Registry Office.

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

The bank signed a contract with T. İş Bankası A.Ş. on January 22, 2007 to provide longer installment plan and more bonus points to their credit card users. Bank's credit card users will be benefiting from all the advantages within Maximum credit card at merchants that are a part of Maximum plan. Also with this contract Ziraat Bank have the right to register members for Maximum from the merchants that apply. Transactions between the two banks are administered by Interbank Card Centre.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

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- VII. PROFIT DISTRIBUTION TABLE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

SECTION III: ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

According to Article 37 of the Banking Act No:5411, consulting the associations of institutions and the Turkish Accounting Standards Board, banks should apply uniformity in their accounting systems in line with the principles and procedures based on the international standards established by the Banking Regulation and Supervision Agency (BRSA); correctly record all their transactions; and timely and correctly prepare their financial reports in a style and format that will meet the requirements of providing information, that is clear reliable and comparable and suitable for auditing, analysis and interpretation. Besides, as also stated in 1st Provisional Article of the related Act, “Any legislation, which has been put into force, based on repealed provisions and the provisions, shall remain in force and effect before any decrees, regulations and communiqués shall be put into effect in accordance with the related Act that are not in conflict herewith”.

In this context; the Bank’s unconsolidated financial statements are prepared in accordance with the Communiqué on “Procedures and Principles Regarding the Accounting Practices and Documentation of Banks” published in the Official Gazette No: 26333 on November 1, 2006, the Turkish Accounting Standards (TAS) and Turkish Financial Reporting Standards (TFRS) effective by the Turkish Accounting Standards Board. The Bank’s accounting records are filed in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

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

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

II. EXPLANATIONS ON STRATEGY OF USE OF FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS

Main activity of the Bank comprises banking services, such as; launching all kinds of cash and non-cash loans in terms of Turkish Lira and foreign currencies, performing transactions in local, international money and capital markets, supporting agricultural sector financially and collecting deposits in Turkish Lira and foreign currencies. The Bank’s main funding source is Turkish Lira deposits, shareholders’ equity and funds transferred from the budget, ministerial offices and other public resources by means of legislative and administrative decisions to the Bank. The Bank directs these funds to assets with high return and low risk. These assets include predominantly government securities and loans. The Bank’s liquidity structure is designed to cover the financing of all liabilities at due date. Although most of the sources in the Bank’s balance sheet are with fixed interest rate, rate of return of some of the securities in assets is variable. Since the re-pricing of sources of funds is frequent, sources of the funds is repriced in short periods based on the market conditions. Moreover, the Bank adopts high return principle for its long-term placements.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

SECTION III: ACCOUNTING POLICIES (cont'd)

II. EXPLANATIONS ON STRATEGY OF USE OF FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS (cont'd)

Since the Bank's total debt to the market is low among its total liabilities, the Bank is believed to have the ability to borrow from short-term markets, such as; Istanbul Stock Exchange repo, Central Bank of the Republic of Turkey, Money Market or Interbank Money Market in case of need. In case of a liquidity crisis, the deposit base of the Bank is not presumed to be significantly affected from such crisis due to the Bank being a public bank with an extensive branch network.

Cost and return of foreign currency assets are subject to a close follow up. Positive margin of profit is sustained by adjusting deposit interest rates in line with the market interest rates.

Gains and losses arising from foreign currency operations are recognized at the transaction date. At period- ends, foreign currency asset and liability balances are valued at the Bank's period end buying rates and translated to Turkish currency and the resulting exchange differences are recognized as a foreign exchange gain or loss.

Except the Cyprus branches, by assets and liabilities of the abroad branches of the Bank are translated into TRY by the Bank's prevailing buying rates at the balance sheet date while, profit and loss are translated based on the average rates. Resulting differences from translation are followed under equity as other profit reserves.

Valuation differences arising from the translation foreign currency investments compared with cost of Bank's share in associates, subsidiaries and entities under common control to TRY, are accounted under equity as other profit reserves.

III. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

The derivative instruments of the Bank are composed of TRY-foreign currency and foreign currency-foreign currency swaps and foreign currency forward agreements. The Bank has no embedded derivative instruments that need to be separated from the host contract.

The derivative instruments of the Bank are classified as trading or hedging instruments in accordance with Turkish Accounting Standard on "Financial Instruments: Recognition and Measurement" (TAS 39). The Bank has no hedging derivative instruments during the fiscal year. Accordingly, the Bank is not subject to conditions whether derivative instruments satisfy the determination criteria of classification of hedging instruments or whether such derivative transactions are finalized through sale, term expiry or fulfillment of obligations under the contract.

Derivative financial instruments are carried at their fair value as of their agreement date and appreciated again with fair value on post reporting periods. When fair value difference is positive, fair value differences arising from the valuation are shown in the balance sheet as "Held for Trading Derivative Financial Assets" and when fair value difference is negative, fair value differences arising from the valuation are shown in the balance sheet as "Held for Trading Derivative Financial Liabilities" and they are recognized under "Profit/Loss from Capital Market Transactions" in the income statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

SECTION III: ACCOUNTING POLICIES (cont'd)

IV. EXPLANATIONS ON INTEREST INCOME AND EXPENSES

Interest income and expenses are recognized on an accrual basis using the internal rate of return method in conformity with TAS 39 “Financial Instruments: Recognition and Measurement.” In accordance with the Communiqué on “Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions” came into force after being published in the Official Gazette No: 26333 dated November 1, 2006, no interest accrual is calculated for non-performing loans. Realized interest accruals calculated for non-performing loans and recognized as income although not collected are reversed and interest income related to these loans is recognized as an interest income only when they are collected.

V. EXPLANATIONS ON FEES AND COMMISSION INCOME AND EXPENSES

Income from banking services of commissions is recognized as income in the period they are collected. Whereas, commission income from individual, trade and agricultural loans and other operating expenses are recorded as income and expense on an accrual basis, by using internal rate of return method.

VI. EXPLANATIONS AND DISCLOSURES ON FINANCIAL ASSETS

Financial instruments comprise financial assets and liabilities and derivative instruments. They are included in the balance sheet of the Bank, if the Bank is a legal party to these instruments.

Financial instruments mainly constitute the Bank’s commercial activities and operations. These instruments enable the Bank to expose, affect and diminish the liquidity, credit and interest rate risks in the financial statements.

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

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

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

Government bonds and treasury bills included in held for trading portfolio and available for sale portfolio traded in Istanbul Stock Exchange (ISE) are carried at effective weighted average prices at ISE as of the balance sheet date and those securities that are not traded in ISE are carried at by the prices of the Central Bank of Republic of Turkey. Eurobonds are carried at by the prices in over the counter markets.

The difference between the cost and fair value of held for trading securities is accounted under “Other interest and income accrual” or “Impairment loss for marketable securities” account. Interest received from financial assets held for trading is reflected under interest income, and dividends received from such financial assets are reflected under dividend income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

SECTION III: ACCOUNTING POLICIES (cont'd)

VI. EXPLANATIONS AND DISCLOSURES ON FINANCIAL ASSETS (cont'd)

Investments held to maturity include financial assets where there is an intention of holding until maturity and the relevant conditions for fulfillment of such intention, including the funding ability, and where there are determined payments with fixed maturity.

Loans and receivables represent financial assets other than those held for trading or held for sale in a short period generated through providing cash, or rendering services to the debtor.

Financial assets available for sale include all securities other than loans and receivables, and those held to maturity and held for trading.

Financial assets are classified as securities held-to-maturity, loans and receivables, financial assets available for sale or held-for-trading at their acquisition dates.

Securities held-to-maturity, financial assets available for sale, and loans and receivables are initially carried at cost.

Held to maturity securities are subsequently measured at amortized cost by the internal rate of return method and they are accounted for the impairment or the accrued income.

The Bank does not have any financial instruments that are previously classified as held-to-maturity investments but prohibited to be classified as held-to-maturity investments for two years because of incompliance with the principles of securities classification.

Interests received from securities held to maturity are recognized as an interest income.

Financial assets available for sale are subsequently measured at amortized cost with internal rate of return method, and they are accounted for the impairment or accrued income. Fair values and amortized costs of those securities are subject to comparison and the difference is presented under shareholders' equity as a "revaluation fund". Amortized values and costs are also compared and the difference is recognized as an interest income/expense for impairment loss.

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

Loans originated by the Bank are to be measured at amortized cost with internal rate of return method. As short-term and long-term TRY loans are classified as open or guaranteed, FC loans are classified as open or guaranteed, recognized with fixed price and at period-ends revalued by the exchange buying rate of the Bank. Foreign exchange indexed loans are used as TRY by the valid foreign exchange buying rate of Bank at usage date. Repayment of these loans is collected as calculated TRY value by the available foreign exchange selling rate of Bank at collection date.

The Bank sets forth specific and general provisions for loans and other receivables in accordance with the regulations stated by the Communiqué published on the Official Gazette No. 26333 dated November 1, 2006 on "Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions". The provision charge is deducted from the income of the year. If the loans for which provisions were set in the previous year are collected, provision for allowances are released and recognized as income under "Other Operating Income" account. Releases of current year provisions are made by the reversal from the "Provision for Impaired of Loans and Other Receivables" account.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

SECTION III: ACCOUNTING POLICIES (cont'd)

VII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

If revalued amounts of fair value of financial assets through profit/loss is less than the prior revalued amount, initial value of prior records regarding the value increase is adjusted by the updated value and if the impairment loss is more than the prior value increase, difference is reflected to “Value Loss Expenses for Securities”. If there is an increase in value, initially recognized impairment loss is reversed to income.

If financial assets available for sale are subject to permanent impairment, the amount is charged to “Value Loss Expenses for Securities” account in accordance with the related Turkish Accounting Standard.

Loans and other receivables are classified in accordance with the Communiqué on “Methods, Principles on Determining the Nature of Loans, Other Receivables, and Allocation of Provisions” published in the Official Gazette numbered 26333 and dated November 1, 2006. However, the Bank does not limit the provision amount with the minimum rates defined in related regulation and allocates 100% of specific provision for such loans and they are recognized in the statement of income. Collections made related to those loans are offset against the principal and interest collections are recognized under the “Interest Received from Non-performing Loans” item of the income statement.

In accordance with the provisions of the above mentioned legislation, the Bank allocates general loan provisions for loans and its receivables in addition to specific provisions. Based on the decision of Bank’s Asset and Liability Management, general provision ratio for loans excluding loans originated from funds is decided as 3%. Additional provision booked in financial statements with the so-called decision is recorded under other provisions at the balance sheet.

VIII. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities shall be offset and the net amount presented in the balance sheet when, and only when a party currently has a legally enforceable right to set off the recognized amounts or intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

SECTION III: ACCOUNTING POLICIES (cont'd)

IX. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND TRANSACTIONS ON SECURITIES LOANED

Securities subject to repurchase agreements are classified under “securities held for trading”, “securities available for sale” and/or “securities held-to-maturity” and they are valued based on the valuation principles of the related portfolios.

Total costs including the accrual amount of held to maturity securities sold under repurchase agreements amount to TRY 196,230 Thousand. Funds obtained against these agreements are followed under the “Funds from Repurchase Transactions” account in the balance sheet and interest expense accrual is calculated by the internal rate of return method. Reverse repo transactions are recognized under the “Receivables from Reverse Repo Transactions” account. Corresponding portion for the period arising from the difference between the repurchase and resale prices determined is calculated using the internal rate of return method. As of December 31, 2007 the Bank has TRY 2,611,226 Thousand of reverse repo transactions.

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

X. EXPLANATIONS ON TANGIBLE FIXED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND THE LIABILITIES ABOUT THOSE FINANCIAL ASSETS

The Bank has no discontinued operations. Tangible assets acquired in consideration of receivables are accounted for in accordance with the requirements of the Communiqué on “Methods and Principles for Purchase and Sale of Precious Metal and Sale of Goods and Immovable’s obtained in Return of Receivables” published in the Official Gazette numbered 26333 and dated November 1, 2006 and these assets are by no means subject to revaluation.

The Bank’s immovable’s acquired amount to TRY 1,475 Thousand consisting of TRY 1,251 Thousand on its commercial loans and TRY 224 Thousand on its agricultural loans. Total assets held for sale together with its movables amounting to TRY 52 thousand equals to TRY 1,527 Thousand. Total depreciation expense is TRY 52 Thousand for these assets.

XI. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

As at the balance sheet date, the Bank has no goodwill at financial statements.

Other intangible assets are carried at historical costs and are amortized by using the straight-line method based on their useful lives.

Useful lives of other intangible assets are determined by evaluating some considerations, such as; useful life of asset, maintenance costs incurred to obtain expected economical benefit from assets and technical, technological or any other type of obsolescence. Amortization method used in the current period is not subject to any change. Annual depreciation rate is 20% (5 years) for establishment/formation expenses and leasehold improvements with uncertain leasing period and depreciation rate is proportional with period for those with certain leasing period.

The Bank recognizes its software costs incurred under the intangible assets-intangible rights account and they are subject to amortization for 3 years to by capitalizing development expenses to the initial cost of software considering their useful lives.

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SECTION III: ACCOUNTING POLICIES (cont'd)

XII. EXPLANATIONS ON PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost and they are not subject any revaluation. The Bank's property, plant and equipment purchased before January 1, 2005 are carried at restated cost in the balance sheet before December 31, 2004 and its property, plant and equipment that are purchased subsequent to January 1, 2005 are valued at historical cost. Subsequent to recognition, property, plant and equipment are presented in financial statements at cost less any accumulated depreciation and impairment loss, if any. Property, plant and equipment are amortized by using the straight-line method over their useful lives. No changes made in the current period regarding depreciation method.

Estimated depreciation rates of property, plant and equipment are as follows:

Buildings	: % 2
Vehicles, Furniture and Fixtures	: % 2 – 20

Gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of that asset and is recognized in profit or loss.

Ordinary maintenance and repair expenses of property, plant and equipment items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of tangible assets are included to the cost of tangible asset.

There are no mortgages, pledges or similar precautionary measures on property, plant and equipment, or commitments given for the purchase or any restrictions designated for the use of those property, plant and equipment.

XIII. EXPLANATIONS ON LEASING TRANSACTIONS

The Bank, as the lessee, recognizes its leasing operations in accordance with the requirements of the Turkish Accounting Standards (TAS 17) "Leases". Fixed assets that are acquired under financial leasing are amortized with respect to the rates used for directly acquired assets that have similar nature. Assets held under financial leases are recognized under the property, plant and equipment account and are depreciated on annual and monthly bases with respect to their useful lives. Principal and installment paid for property, plant and equipment that are acquired under financial leasing are charged to the liability "Finance Lease Payable" account, whereas interests are recognized in "Deferred Financial Leasing Expenses" account. At installment payments, principal and interest amount of installment amount are debited to "Financial Lease Payable" account, whereas interest is in "Deferred Financial Leasing Expenses" account as a deduction from liabilities and recorded to other interest expenses.

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

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SECTION III: ACCOUNTING POLICIES (cont'd)

XIV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

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

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

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

Since the Bank has no centralized database for the outstanding lawsuits, summary of the number and amount of those lawsuits cannot be obtained from the data processing system. However, in accordance with the information provided by the legal department, no provision is provided for the individual lawsuits over TRY 100 Thousand with total of TRY 195,080 Thousand due to the fact that these are not deemed to have material effect over financial statements. For receivables that will be settled, the Bank allocates 100% of provision. These provisions are followed under the specific provisions account.

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

XIV. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES

Employee benefits liabilities are recognized in accordance with the Turkish Accounting Standard (TAS 19) “Employee Benefits” and the Bank provides provision for retirement and termination liabilities by estimating the net present value of future payments of the Bank arising from the retirement of employees and reflects this provision amount in the financial statements.

Under the Turkish legislation as supplemented by union agreements, lump sum payments are made to all employees who retire or whose employment is terminated without due cause. According to the related legislation, depending on the status and position of the employee in the Bank and social security institution, retirement pay provision is calculated in two ways; if the employee is a state employee, the calculation is based on retirement pension for the working period of the state employee, and if the employee is a blue-collar worker the calculation is based on the final salary at the date of retirement or leave (to the extend that the payments and/or salary amount does not exceed the Retirement Payment Provision ceiling).

The Bank could not provide data on the unused vacation time in electronic form. In line with the legislation that requires 10 days of paid leave to be used at minimum and the assumption that 12 days of paid vacation is used on average, unused vacation liability is calculated by deducting 12 days of paid vacation from the total earned vacation time.

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

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SECTION III: ACCOUNTING POLICIES (cont'd)

XV. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES (cont'd)

Bank employees are the members of T.C. Ziraat Bankası and T. Halk Bankası Çalışanları Emekli Sandığı Vakfı (T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees Pension Fund) which was established by 20th provisional article of Social Security Agency' (SSK) Act of no 506. In accordance with 23rd provisional clause of the Banking Act No: 5411, the pension fund is expected to be transferred to the Social Security Agency by three years following the declaration of the Banking Act No: 5411. Procedures and principles of the transfer are determined by the decision of Council of Ministers numbered 2006/11345. However, the 1st paragraph of the 1st article of the 23rd provisional clause of Banking Act No: 5411 allowing pension funds to be transferred to Social Security Agency is annulled by Constitutional Court.

The audited technical balance sheet report as of December 31, 2007 which is prepared in accordance with the principles in the Council of Ministers decision 2006/11345 declared in the Official Gazette dated December 15, 2006 numbered 26377, which defines the principles of such transfer, with the technical interest rate of 10.24% concludes no technical deficit arises regarding the above mentioned fund.

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

XVI. EXPLANATIONS ON TAXATION

Corporate Tax:

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

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

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

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

Deferred Tax Liability/Asset:

In accordance with the Turkish Accounting Standard (TAS 12) "Income Tax", the Bank calculates and recognizes deferred tax for temporary differences between tax bases calculated based on to the accounting policies used and valuation principles and that calculated under the tax legislation.

**NOTES TO THE FINANCIAL STATEMENTS
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SECTION III: ACCOUNTING POLICIES (cont'd)

XVI. EXPLANATIONS ON TAXATION (cont'd)

Deferred Tax Liability/Asset: (cont'd)

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

XVII. ADDITIONAL EXPLANATIONS ON BORROWINGS

The Bank has accounted its debt instruments in accordance with the Turkish Accounting Standard (TAS 39) "Financial Instruments: Recognition and Measurement". In the following periods, all financial liabilities are valued at amortized cost by using the internal rate of return method. Hedging techniques are not used for borrowings and hedge accounting is not applied in accounting and valuation of debt instruments and the liabilities that represent the borrowings.

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

XVIII. EXPLANATIONS ON SHARES AND SHARE ISSUE

Since the Bank does not have issued shares, there are no transaction costs related to share issue in the current period.

XIX. EXPLANATIONS ON BILL GUARANTEES AND ACCEPTANCES

Commitments regarding bill guarantees and acceptances of the Bank are presented in the "Off Balance Sheet" accounts.

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SECTION III: ACCOUNTING POLICIES (cont'd)

XX. EXPLANATIONS ON GOVERNMENT INCENTIVES

There are no government incentives utilized by the Bank as of the balance sheet date.

XXI. EXPLANATIONS ON SEGMENT REPORTING

The Bank has operations in retail (consumer) banking, corporate and commercial banking, agricultural banking, treasury transactions and international banking areas.

Known as having the most extensive branch network in the Bank renders services, such as; deposits, consumer loans, loans originated from funds whose risk does not belong to the Bank, credit cards, automatic payment, cheques and notes, money order, foreign exchange transactions, internet banking, mobile banking, safe-deposit box and insurance services. Moreover, new banking instruments are introduced in order to benefit from services undertaken as being a state bank to increase the profitability of the Bank. By Finart system, which is working in a centralized manner, the Bank maintains the technical infrastructure required by modern banking to meet its clients' needs.

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

As the Bank is the main financial institution that meets the financing needs of agricultural sector, it grants agricultural operations and investment loans from its own sources for vegetable and animal production, fishery products and agricultural mechanization directly to producers and agricultural credit corporations. Besides, it gives support to entities and enterprises having operations in agricultural sector by acting as an intermediary for loans originated from funds.

Treasury operations are conducted by the Fund Management and Fund Management Middle Office Departments. By foregoing departments, the Bank's liquidity is used for Turkish Lira, foreign exchange and securities transactions in local and international organized and over-the-counter markets, and sources in Turkish Lira and foreign currencies are provided according to the needs of the Bank. The Bank acts as an intermediary for transaction of securities and Eurobonds by the related departments, for transaction of shares and public offerings as an agency of Ziraat Yatırım Menkul Değerler A.Ş. and for transaction of investment funds founded by the Bank and Ziraat Yatırım Menkul Değerler A.Ş. and keeps records of these financial instruments and Bank has been perform Repo/reverse repo transactions. Besides, Bank receives commission revenue from insurance and other finance institutions by agency services through its branches.

The Bank performs its international banking operations via one branch each in New York, London, Skopje, Sofia and Tbilisi, 4 branches and one bureau in the Turkish Republic of North Cyprus and representative offices in Afghanistan, Pakistan and Iran. Moreover, the Bank operates in Germany, France, Bosnia Herzegovina, Russia, Kazakhstan, Azerbaijan, Turkmenistan and Uzbekistan via equity participation investments abroad.

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

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SECTION III: ACCOUNTING POLICIES (cont'd)

XXI. EXPLANATIONS ON SEGMENT REPORTING (cont'd)

Table for Segment Reporting:

	Retail Banking	Commercial and Corporate Banking (*)	Specialized Banking (**)	Treasury	International Banking	Total Operations of Bank
Current Period						
Operating Income (***)	2,729,914	469,699	809,660	654,612	46,233	4,710,118
Operating Profit	1,239,668	341,263	807,639	560,680	13,810	2,963,060
Income from Subsidiaries (****)						25,640
Income before taxes						2,963,060
Tax Income Provision						(611,969)
Minority rights						-
Net Period Profit/Looses						2,351,091
Segment Assets-net (***)	12,531,423	2,684,124	7,394,841	56,369,835	817,502	79,797,725
Subsidiaries and Associates						373,847
Undistributed Assets						770,739
Total Assets						80,942,311
Segment Liabilities – net (***)	54,339,262	13,775,677	2,769,294	589,554	808,248	72,282,035
Undistributed Liabilities						1,442,174
Equity Capital						7,218,102
Total Liabilities						80,942,311
Other segment items						
Capital Investment						-
Depreciation						43,657
Restructuring Costs						-

(*) Commercial and corporate banking column includes results of operations and total assets and liabilities of 3 corporate and 26 trade branches of the Bank. Since any commercial and corporate banking operations in other branches could not be distributed; they are not included in this column.

(**) Agricultural loans and loans transferred from Emlakbank, liabilities regarding these loans and operating income related with them are indicated in "Specialized Banking" column.

(***) To state operating income, intradepartmental interests charged between branches and treasury is considered in order to present operations of related departments correctly. However, debtor-creditor relations arising from funds transferred between branches are not included in table since they couldn't be differentiated.

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

XXII. EXPLANATION ON OTHER MATTERS

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

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK

I. EXPLANATIONS RELATED TO CAPITAL ADEQUACY STANDARD RATIO

1. The Bank's unconsolidated capital adequacy ratio, reasons and anticipated solutions in case the ratio is lower than the amount pre-determined by the Communiqué:

The Bank's unconsolidated capital adequacy ratio calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" is 25.44% (December 31, 2006: 39.55%).

2. The risk measurement methods used for capital adequacy ratio:

Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", which was published in the Official Gazette numbered 26333 on November 1, 2006.

In the computation of capital adequacy standard ratio, information prepared in accordance with the statutory accounting requirements is used. Additionally, the market risk, credit risk and operational risk amounts are calculated in accordance with the Communiqué on the "Measurement and Assessment of Capital Adequacy of Banks" and is taken into consideration in the capital adequacy standard ratio calculation.

Amounts deducted from the capital in the calculation of shareholders' equity are not considered in the calculation of risk-weighted assets, non-cash loans and contingent liabilities. Assets subject to depreciation and depletion among risk-weighted assets are included in the calculations over their net book values after deducting the related depreciations and provisions.

In the calculation of the amounts subject to credit risk regarding the transactions on the non-cash loans, the net receivable amount from the counter parties is calculated by deducting the specific provision amount set in accordance with the Communiqué on "Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions", if any, and the net amount is multiplied by the conversion rates presented in Clause 1 in Article 5 of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks". Then the risk ratios declared in the Capital Adequacy Analysis Form are used to give weight to the outcome of this calculation.

To calculate the loan amount subject to credit risk for foreign exchange and interest rate transactions, receivables from counter parties are multiplied by the conversion rates stated in Clause 2, Article 5 of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" and assigned weights by risk weights declared in the Capital Adequacy Analysis Form.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

I. EXPLANATIONS RELATED TO THE CAPITAL ADEQUACY STANDARD RATIO (cont'd)

Information related to capital adequacy ratio:

	Current Period					Prior Period				
	Risk Weights					Risk Weights				
	0%	10%	20%	50%	100%	0%	10%	20%	50%	100%
Credit Risk Base Amount										
Balance Sheet Items (Net)	56,924,232	-	3,167,755	3,484,121	16,160,619	50,046,662	-	4,148,432	2,770,655	12,723,528
Cash	755,357	-	39	-	-	875,110	-	115	-	-
Matured Marketable Securities	2,058	-	-	-	-	137	-	-	-	-
Central Bank of Republic of Turkey	3,368,946	-	-	-	-	2,856,030	-	-	-	-
Domestic, Foreign Banks, Head Offices and Branches Abroad	-	-	2,870,569	-	40,109	-	-	4,145,254	-	301,251
Interbank Money Market Placements	-	-	-	-	-	-	-	-	-	-
Receivables from Reverse Repo Transactions	2,610,000	-	-	-	-	-	-	-	-	-
Required Reserve Deposits	1,414,358	-	-	-	-	1,336,284	-	-	-	-
Loans	2,783,298	-	-	3,478,028	14,780,887	2,963,480	-	-	2,767,690	11,235,552
Loans Under Follow-up (Net) ¹	-	-	-	-	263	-	-	-	-	202
Financial Lease Receivables	-	-	-	-	-	-	-	-	-	-
Financial Assets Available-For-Sale	29,795,037	-	1,056	-	27,629	22,630,236	-	864	-	24,142
Investments Held to Maturity	13,506,052	-	-	-	3,720	16,589,470	-	-	-	3,100
Receivables from Forward Sale of Assets	-	-	-	-	7,509	-	-	-	-	762
Sundry Debtors	29,472	-	187	-	50,325	234,511	-	-	-	42,102
Interest and Income Accruals	2,531,056	-	4,002	6,093	555,814	2,150,660	-	2,199	2,965	391,659
Subsidiaries, Associates and Joint Ventures (business association) (Net)	-	-	-	-	8,251	-	-	-	-	4,786
Fixed Assets	-	-	-	-	650,019	-	-	-	-	683,714
Other Assets	128,598	-	291,902	-	36,093	410,744	-	-	-	36,258
Off Balance Sheet Items	31,995	-	540,572	346,833	1,348,460	32,589	-	500,492	170,759	1,036,164
Non-cash Loans and Commitments	31,995	-	540,572	346,833	1,346,268	32,589	-	500,492	170,759	1,035,159
Derivative Financial Instruments	-	-	-	-	2,192	-	-	-	-	1,005
Non-Risk Weighted Accounts	-	-	-	-	-	-	-	-	-	-
Total Risk Exposure	-	-	741,665	1,915,477	17,509,079	-	-	929,785	1,470,707	13,759,692
Total Risk Weighted Assets	56,956,227	-	3,708,327	3,830,954	17,509,079	50,079,251	-	4,648,924	2,941,414	13,759,692

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

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

I. EXPLANATIONS RELATED TO THE CAPITAL ADEQUACY STANDARD RATIO (cont'd)

Summary information about the capital adequacy standard ratio:

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

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

Information related to components Shareholders' Equity:

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

(*) Foreign currency reserve of the foreign investments and translation reserve from foreign branches are presented at this line.

(**) 1st Temporary Clause of Banks equity, up to January 1, 2009 considered as a Deduction from Capital.

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

I. EXPLANATIONS RELATED TO THE CAPITAL ADEQUACY STANDARD RATIO (cont'd)

Information related to components Shareholders' Equity (cont'd)

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

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

II. EXPLANATIONS RELATED TO THE CREDIT RISK

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

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

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

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

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

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

II. EXPLANATIONS RELATED TO THE CREDIT RISK (cont'd)

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

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

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

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

II. EXPLANATIONS RELATED TO THE CREDIT RISK (cont'd)

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

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

Credit risk by types of borrowers and geographical concentration:

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

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

II. EXPLANATIONS RELATED TO THE CREDIT RISK (cont'd)

Information according to geographical concentration:

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

(*9 EU countries and OECD countries other than USA and Canada

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

II. EXPLANATIONS RELATED TO THE CREDIT RISK (cont'd)

Sector concentration for cash loans:

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

(*) Consumer loans are presented under other line.

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

II. EXPLANATIONS RELATED TO THE CREDIT RISK (cont'd)

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

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

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

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

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

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

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

II. EXPLANATIONS RELATED TO THE CREDIT RISK (cont'd)

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

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

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

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

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

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

Other than open credits, consumer loans are granted against fundamental guarantees like indemnity, mortgage, vehicle pledge, cash or cash equivalents and guarantees like insurance (vehicle insurance, life insurance etc.). Loans are generally granted with more than one guarantee in order not to face with shortage in guarantees and any problem during collection and liquidation processes. Bank does not extend consumer loan that do not meet pre-defined terms. In accordance with these terms, government employees, pensioners of pension fund, self-employed people whose execution depend upon higher education, real persons whose income is determined by balance sheet basis and private sector employees who are working for at least one year in a firm operating for minimum 3 years are accepted as a guarantor in condition that they are credible at least as loan debtor, have ability to pay and have regular income. Bank does not accept farmers and real persons other than defined above as guarantor.

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

II. EXPLANATIONS RELATED TO THE CREDIT RISK (cont'd)

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

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

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

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

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

Bank calculates Credit Risk Base Amount in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", which was published in the Official Gazette numbered 26333 on November 1, 2006.

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

III. EXPLANATIONS RELATED TO THE MARKET RISK

a) Whether measures are taken to hedge against market risk under the framework of the Bank's risk management policies, measures taken for the risk management by the Board of Directors when the Bank is exposed to market risks, methods used to measure market risk and timing of market risk measurement:

The Bank has established market risk management operations and taken the necessary measures in order to hedge market risk within its financial risk management purposes, in accordance with "Measurement and Assessment of the Capital Adequacy of Banks" issued in the Official Gazette numbered 26333 and dated November 1, 2006.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

III. EXPLANATIONS RELATED TO THE MARKET RISK (cont'd)

“T.C. Ziraat Bankası A.Ş. Market Risk Management Policy and Application Procedures” document exists so as to determine strategies when the Bank is exposed to market risks and to develop market risk management policy and application procedures.

Market risk management strategy policy and implementation procedures of the Bank are determined within the context of “Market and Financial Statement Risks Management Regulation”.

Bank pays attention not to change the position materially under the context of foreign exchange position management and maximum position amount is limited. Also, there is position limit application for limiting interest rate risk stated within the context of market risk of Bank.

Bank calculates the amount subject to the total market risk by using Standard Method as per monthly periods within the context of legal reporting. This amount is included in the calculation of Bank’s Standard Capital Adequacy Ratio.

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

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

Information Related to Market Risk:

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	6,709
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	-
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	24,870
(IV) Capital Requirement to be Employed For Commodity Risk - Standard Method	275
(V) Capital Requirement to be Employed For Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method	-
(VII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	-
(VIII) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)	31,854
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	398,175

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

III. EXPLANATIONS RELATED TO THE MARKET RISK (cont'd)

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

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

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

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

IV. EXPLANATIONS RELATED TO THE OPERATIONAL RISK

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

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

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

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

IV. EXPLANATIONS RELATED TO THE OPERATIONAL RISK (cont'd)

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

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

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

b) The Bank does not apply standard method.

V. EXPLANATIONS RELATED TO THE CURRENCY RISK

a) Whether the Bank is exposed to foreign currency risk, whether the effects of this matter are estimated, whether limits for the daily followed positions are determined by the board of directors:

The Bank's policy is to avoid carrying significant position by means of foreign currency management. Therefore, the Bank is not exposed to significant currency risks. Risks are monitored by the currency risk tables prepared based on the standard method. Besides, Value at Risk (VAR) is calculated for daily foreign exchange position and reported to the related departments.

Moreover, dealer's positions and limits for foreign exchange transactions are under the authorization of the Board of Directors.

b) Hedge against foreign exchange debt instruments and net foreign exchange investments by hedging derivative instruments, if material:

The volume of these transactions is very low, when compared to the size of balance sheet.

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

V. EXPLANATIONS RELATED TO THE CURRENCY RISK (cont'd)

c) Management policy for foreign currency risk:

“Liquidity Gap Analysis”, “Repricing Gap Analysis” and “Structural Liquidity Gap Analysis” under the consideration of historical renovation rates of foreign currency accounts, are prepared periodically in order to define liquidity and interest rate risks at Dollar and Euro, which are mainly used by the Bank in its operations. Also, daily VAR analysis for following the currency risk and within the context of legal reporting, Foreign Currency Net General Position/Shareholders’ Equity Ratio and Foreign Currency Liquidity Position are also monitored regularly.

d) Current foreign exchange bid rates of the Banks for the last 5 days before the financial statement date:

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

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

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

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

V. EXPLANATIONS RELATED TO THE CURRENCY RISK (cont'd)

Information on the foreign currency risk of the Bank:

	EURO	USD	Yen	Other FC ¹	Total
Current Period					
Assets					
Cash (Cash in vault, effectives, money in transit, cheques purchased) and balances with Central Bank of Republic of Turkey	1,476,127	50,912	188	14,922	1,542,149
Receivables from Banks	1,198,270	818,355	236	328,791	2,345,652
Financial Assets at Fair Value Through Profit and Loss	37,285	64,181	-	117	101,583
Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	4,371,347	2,827,219	-	8,707	7,207,273
Loans ²	186,129	316,160	-	21,047	523,336
Subsidiaries, Associates and Joint Ventures	239,981	55,010	-	-	294,991
Investment securities held-to-maturity	541,992	81	-	268	542,341
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Property, Plant and Equipment	-	347	-	2,468	2,815
Intangible Assets	-	419	-	630	1,049
Other Assets	9,443	14,940	-	3,686	28,069
Total Assets	8,060,574	4,147,624	424	380,636	12,589,258
Liabilities					
Bank Deposits	32,140	90,618	1	50,773	173,532
Foreign Currency Deposits	7,890,862	3,938,728	504	301,652	12,131,746
Money Market Borrowings	-	-	-	-	-
Funds provided from Other Financial Institutions	1,235	1,174	-	-	2,409
Issued Marketable Securities	-	-	-	-	-
Sundry Creditors	115,162	1,610	-	126	116,898
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities	34,018	81,959	993	3,799	120,769
Total Liabilities	8,073,417	4,114,089	1,498	356,350	12,545,354
Net Balance Sheet Position	(12,843)	33,535	(1,074)	24,286	43,904
Net Off-Balance Sheet Position³	3,648	(29,938)	-	26,317	27
Financial Derivative Assets	6,413	38,267	-	33,299	77,979
Financial Derivative Liabilities	2,765	68,205	-	6,982	77,952
Non-cash Loans ⁴	296,345	1,363,753	3,789	26,082	1,689,969
Prior Period					
Total Assets	7,850,675	4,773,098	754	353,940	12,978,467
Total Liabilities	7,851,129	4,757,043	885	342,197	12,951,254
Net Balance Sheet Position	(454)	16,055	(131)	11,743	27,213
Net Off-Balance Sheet Position³	(13,685)	(9,427)	-	23,139	27
Financial Derivative Assets	-	20,449	-	29,822	50,271
Financial Derivative Liabilities	13,685	29,876	-	6,683	50,244
Non-cash Loans	367,519	1,217,543	9,913	9,768	1,604,743

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

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

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

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

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

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

V. EXPLANATIONS RELATED TO THE CURRENCY RISK (cont'd)

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

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

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

VI. EXPLANATIONS RELATED TO THE INTEREST RATE RISK

The Bank's structural interest rate management policy and methods of applications are set under the scope of "Management of Market and Balance Sheet Risks Regulation".

The structural interest rate risk analysis of the Bank is made based on the income and economic value approaches. Under economic value approach, Bank is applying the analysis of Standard Interest Shock that has been proposed by the Basel Committee, whereas under income approach Bank is applying Net Interest Margin/Income analysis. The Standard Interest Shock analysis is applied over interest rate sensitive balance sheet items excluding the positions subject to the market risk and the results are compared with the equity. At the Net Interest Margin/Income analysis the change in the interest income of the Bank resulting from interest change is analyzed. About the structural interest rate risk also the duration analysis is exercised by the Bank. The Bank limits the interest rate exposure. Moreover, an early warning system covering various parameters regarding the structural interest rate risk has also been established by the Bank.

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

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

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

VI. EXPLANATIONS RELATED TO THE INTEREST RATE RISK (cont'd)

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

^(*) Demand deposits are excluded.

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

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

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

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

a) Measurement of interest rate sensitivity of assets, liabilities and off-balance sheet items:

Interest rate sensitivity of assets and liabilities is followed periodically by applying various analysis methods.

b) Effects of interest rate fluctuations in the market on financial position and cash flow of the Bank, expectations on interest income, limitations on daily interest rates by the Bank's Board of Directors:

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

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

VI. EXPLANATIONS RELATED TO THE INTEREST RATE RISK (cont'd)

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

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

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in vault, effectives, money in transit, cheques purchased) and balances with Central Bank of Republic of Turkey	4,886,961	-	-	-	-	753,869	5,640,830
Banks	2,713,458	201,657	-	-	-	-	2,915,115
Financial Assets at Fair Value Through Profit and Loss	202,712	15,019	415,351	52,788	73,895	2,058	761,823
Money Market Placements	2,611,226	-	-	-	-	-	2,611,226
Financial Assets Available-for-Sale	6,405,230	11,405,714	5,258,294	6,913,833	1,898,203	78,942	31,960,216
Loans	6,513,648	298,431	1,690,456	10,590,461	2,431,312	-	21,524,308
Investment securities held-to-maturity	6,403,547	6,917,215	3,875	530,790	-	-	13,855,427
Other Assets	-	-	-	-	-	1,673,366	1,673,366
Total Assets	29,736,782	18,838,036	7,367,976	18,087,872	4,403,410	2,508,235	80,942,311
Liabilities							
Bank Deposits	555,282	2,343	-	-	-	-	557,625
Other Deposits	53,394,158	10,429,965	3,755,409	112,610	-	-	67,692,142
Money Market Borrowings	196,265	-	-	-	-	-	196,265
Sundry Creditors	-	-	-	-	-	387,662	387,662
Issued Marketable Securities	-	-	-	-	-	-	-
Funds provided from Other Financial Institutions	1,899	1,323	3,647	712	55	-	7,636
Other Liabilities	225,326	-	-	2,548,170	-	9,327,485	12,100,981
Total Liabilities	54,372,930	10,433,631	3,759,056	2,661,492	55	9,715,147	80,942,311
Balance Sheet Long Position	-	8,404,405	3,608,920	15,426,380	4,403,355	-	31,843,060
Balance Sheet Short Position	(24,636,148)	-	-	-	-	(7,206,912)	(31,843,060)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(24,636,148)	8,404,405	3,608,920	15,426,380	4,403,355	(7,206,912)	-

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

* TRY 2,543,969 Thousand of fund balance in other liabilities is shown under the "1 - 5 years" column and TRY 225,326 Thousand from funds that their risk is not belong to the Bank that are not granted as loan is shown under the "Up to One Month" column.

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

VI. EXPLANATIONS RELATED TO THE INTEREST RATE RISK (cont'd)

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

	EURO	USD	Japanese Yen	TRY
Current Period				
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey	1.80	1.95	-	11.81
Receivable from banks	3.75	4.87	-	16.85
Financial Assets at Fair Value Through Profit and Loss	4.97	6.95	-	17.00
Money market placements	-	-	-	17.14
Financial assets available-for-sale	5.88	6.55	-	18.31
Loans	5.24	6.09	-	20.47
Investment securities held-to-maturity	5.14	-	-	16.53
Liabilities				
Interbank deposits	3.90	4.46	-	16.50
Other deposits	2.34	2.58	-	15.56
Money market borrowings	-	-	-	12.83
Sundry Creditors	-	-	-	-
Issued Marketable Securities	-	-	-	-
Funds provided from other financial institutions	5.08	5.16	-	14.86

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

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

VI. EXPLANATIONS RELATED TO THE INTEREST RATE RISK (cont'd)

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

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

- * Balances without maturity are shown under the "Up to 1 month" column.
- * Fund balance amounting to TRY 2,908,270 Thousand which is included under other liabilities is presented under "1 -5 Year" column.
- * Deferred tax asset is shown under the "Non-interest bearing" column.
- * Net balance of loans under follow-up is shown under the "Non-interest bearing" column in other assets.
- * Total shareholders' equity is shown under the "Non-interest bearing" column.

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

VI. EXPLANATIONS RELATED TO THE INTEREST RATE RISK (cont'd)

Average interest rate applied to the monetary financial instruments:

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

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

² Securities given for payments of İmar Bankası are excluded.

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

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

VII. EXPLANATIONS RELATED TO THE LIQUIDITY RISK

General principles of liquidity and financial emergency state management are considered in the scope of “Liquidity and Financial Emergency State Management Regulation” and application procedures of liquidity and financial business continuity management are considered in the scope of “Liquidity and Financial Emergency State Management Application Base and Procedures”

Liquidity and Financial Emergency State Management Regulation consist of early warning indicators, announcement procedures of indicators and process of transition to liquidity and financial emergency state management.

a) Basis of the current liquidity risk of the Bank and whether the necessary measures taken, and limitations imposed by the Bank’s Board of Directors on fund sources that can be used in payment of matured debts and can meet the immediate liquidity need:

The Bank covers majority of its liquidity need through deposits. The Bank’s deposits do not fluctuate considerably depending on the broadly dispersed customer network. Besides, internal and external sources that can be used to meet the immediate liquidity need are monitored periodically. Borrowing limits of the Bank from organized markets and other financial institutions can cover the corresponding liquidity gaps with different maturities. Bank has limited its liquidity risk exposure by the approval of Board of Directors in context with “Financial Emergency State Management Regulation”.

b) Consistency of payments with the assets and liabilities and the interest rates, measurement of the probable effects of the actual inconsistency on profitability:

The Bank follows the consistency of payments with the assets and liabilities and the interest rates regularly and no inconsistency exists.

c) Internal and external sources for short and long-term liquidity needs of the Bank, unused significant liquidity sources:

Although the average maturity of the Bank’s assets is long, securities with coupon payments forming majority of the securities portfolio provide significant cash inflow to the Bank. Besides, volume of deposits constituting the majority of the liabilities is not subject to significant changes. The Bank also provides funds from repurchase agreements, however, volume of these transactions are relatively limited.

d) Evaluation of amount and sources of the Bank’s cash flows:

The Bank’s major source of funds is deposits, and these funds are invested in securities portfolio, other banks and loan placements. Since most significant cash inflows are originated from securities portfolio and cash in flows from these assets are regular the liquidity risk of the Bank is suggested to be reduced. Furthermore, installments of consumer loans in the current period has role to cover the Bank’s need of source of funds.

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

VII. EXPLANATIONS RELATED TO THE LIQUIDITY RISK (cont'd)

Presentation of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed ⁽¹⁾⁽²⁾	Total
Current Period								
Assets								
Cash (cash in vault, effectives, money in transit, cheques purchased) and Balances with the Central Bank of Turkey	5,640,830	-	-	-	-	-	-	5,640,830
Receivables from banks	44,616	2,668,841	201,658	-	-	-	-	2,915,115
Financial Assets at Fair Value Through Profit and Loss	2,956	27,125	4,014	415,351	238,288	74,089	-	761,823
Money Market Placements	-	2,611,226	-	-	-	-	-	2,611,226
Financial assets available-for-sale	-	481,562	1,018,661	4,984,329	21,375,320	4,021,402	78,942	31,960,216
Loans	-	832,466	1,923,085	8,334,437	9,074,841	1,359,479	-	21,524,308
Investment securities held-to-maturity	-	221,201	124,299	5,581,180	7,928,747	-	-	13,855,427
Other assets ⁽³⁾	434,707	-	-	3,820	7,509	-	1,227,330	1,673,366
Total assets	6,123,109	6,842,421	3,271,717	19,319,117	38,624,705	5,454,970	1,306,272	80,942,311
Liabilities								
Interbank Deposits	23,921	531,362	2,342	-	-	-	-	557,625
Other Deposits	11,218,667	42,175,491	10,429,965	3,755,409	112,610	-	-	67,692,142
Funds provided from other financial instruments	351	1,548	1,323	3,647	712	55	-	7,636
Money Market Borrowings	-	196,265	-	-	-	-	-	196,265
Issued Marketable Securities	-	-	-	-	-	-	-	-
Sundry Creditors	387,662	-	-	-	-	-	-	387,662
Other liabilities ⁽⁴⁾⁽⁵⁾	666,398	1,025,296	-	171,604	2,548,982	470,600	7,218,101	12,100,981
Total liabilities	12,296,999	43,929,962	10,433,630	3,930,660	2,662,304	470,655	7,218,101	80,942,311
Liquidity Gap	(6,173,890)	(37,087,541)	(7,161,913)	15,388,457	35,962,401	4,984,315	(5,911,829)	-
Prior Period								
Total Assets	5,537,603	6,563,426	2,799,806	13,502,394	39,760,030	2,450,360	1,290,151	71,903,770
Total Liabilities	12,094,416	35,424,796	10,483,699	3,951,724	2,986,311	383,421	6,579,403	71,903,770
Liquidity Gap	(6,556,813)	(28,861,370)	(7,683,893)	9,550,670	36,773,719	2,066,939	(5,289,252)	-

- (1) Assets which are necessary to provide banking services and could not be liquidated in a short-term, such as; tangible assets, investments in subsidiaries and associates, office supply inventory, prepaid expenses and non-performing loans, are classified as undistributed.
- (2) Deferred tax asset is included under the "Undistributed" column.
- (3) For TRY 79,826 Thousand of follow-up loans, no specific provision is provided and this amount is included in other assets under the "Undistributed" column.
- (4) In liabilities table, shareholders' equity is shown under the "Undistributed" column in other liabilities.
- (5) Funds balance amounted to TRY 2,543,969 Thousand is included in other liabilities and shown under the "1-5 year" column, TRY 225,325 Thousand of funds that their risk does not belong to Bank is not beared and no loan is granted is included under "Up to One Month" column.

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

VII. EXPLANATIONS RELATED TO THE LIQUIDITY RISK (cont'd)

Presentation of liabilities according to their remaining maturities:

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

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

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

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

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SECTION IV: NOTES TO THE FINANCIAL STRUCTURE OF THE BANK (cont'd)

VIII. EXPLANATIONS RELATED TO THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE (cont'd)

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

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

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

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

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

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

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

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

The Bank has no fiduciary transactions.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES TO ASSETS

1. a) Information on Cash and Balances with Central Bank of Turkey:

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

1.a.1 Information on Required Reserves:

Banks that are established in Turkey or performing their operations by opening new branches in Turkey are subject to the Turkish Republic Central Bank's Communiqué No: 2005/1 "Required Reserves". The Bank's total domestic liabilities excluding the items stated in the Communiqué as deductibles and the deposits accepted on behalf of foreign branches from Turkey constitutes the required reserves liabilities. The required reserve rates are 6% for TRY liabilities and 11% for foreign currency liabilities. The Turkish Republic Central Bank accrues interest for required reserve at the end of March, June, September and December. The required reserve interest rates in December 31, 2007 are 11.81% for TRY, 1.95% for USD and 1.80% for EURO (December 31, 2006: %13.12 for TRY, %2.52 for USD and %1.73 for EURO).

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

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

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

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

2. a) Financial assets at fair value through profit and loss blocked/given as collateral or subject to repurchase agreements are presented comparatively with their net values:

a.1) Bank has no financial assets at fair value through profit and loss subject to repo transactions.

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	1	-	1	-
Other	-	-	-	-
Total	1	-	1	-

b) Positive differences related to the derivative financial assets held-for-trading:

Held for trading derivative financial assets	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	-	7	-	-
Swap Transactions	-	891	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	898	-	-

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

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

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

3. a) Information on banks and other financial institutions

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

b) Information on foreign bank accounts:

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
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(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

4. b) Information on financial assets available for sale:

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

5. Information related to loans:

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

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	-	-	-	-
Legal Entities	-	-	-	-
Individuals	-	-	-	-
Indirect Loans granted to shareholders	-	-	-	-
Loans granted to employees	127,158	-	109,005	-
Total	127,158	-	109,005	-

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

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

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

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

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

5. Information related to loans: (cont'd)

c) Loans according to the maturity structure:

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

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

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

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

5. Information related to loans: (cont'd)

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

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

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

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

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

5. Information related to loans: (cont'd)

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

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

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

f) Breakdown of loans by users:

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

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

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

5. Information related to loans: (cont'd)

g) Breakdown of domestic and international loans:

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

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

h) Loans granted to subsidiaries and investments:

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

(*) Interest income accruals are not included in the table above.

i) Specific provisions provided against loans:

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

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

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

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

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

5. Information related to loans: (cont'd)

j) Information on non-performing loans (Net): (cont'd)

2) Information on the movement of non-performing loans:

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

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

3) Information on foreign currency non-performing loans:

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

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

5. Information related to loans: (cont'd)

j) Information on non-performing loans (Net): (cont'd)

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectibility	Loans and other receivables with doubtful collectibility	Uncollectible loans and other receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	44,383	72,985	249,679
Specific Provisions (-)	36,757	62,224	188,240
Loans to Real Persons and Legal Entities (Net)	7,626	10,761	61,439
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	23,910	-
Specific Provisions (-)	-	23,910	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	-	-	-
Loans to Real Persons and Legal Entities (Gross)	93,940	16,151	188,293
Specific Provisions (-)	73,663	13,083	150,413
Loans to Real Persons and Legal Entities (Net)	20,277	3,068	37,880
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	21,369	-
Specific Provisions (-)	-	21,369	-
Other Loans and Receivables (Net)	-	-	-

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

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

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

5. Information related to loans: (cont'd)

l) Explanations on write-off policy:

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

m) Other explanations and disclosures:

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

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

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

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

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

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

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

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

(**) TRY 190,577 Thousand included at the "Over 91 Days" column of the agricultural loans is composed of deferred agricultural loan receivables under the scope of 2007/12339 numbered Council of Ministers Agreement.

(***) Fund sourced specialized loans are excluded from the table.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

6. Information on held-to-maturity securities:

a) Information on comparative net values of held-to-maturity investments subject to repo transactions and given as a collateral/blocked:

a.1) Investment Securities held-to-maturity subject to repo transactions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government Bonds	196,230	-	967,833	-
Treasury Bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	196,230	-	967,833	-

a.2) Investment securities held-to-maturity given as collateral or blocked:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bills	-	-	-	-
Bonds and similar investment securities	4,478,940	523,460	3,149,269	569,233
Other	-	-	-	-
Total	4,478,940	523,460	3,149,269	569,233

b) Information on held-to-maturity state notes:

	Current Period	Prior Period
Government Bonds	13,851,544	17,056,497
Treasury Bills	-	-
Other public sector debt securities	-	-
Total	13,851,544	17,056,497

c) Information on held-to-maturity securities:

	Current Period	Prior Period
Debt securities	13,855,427	17,059,676
Quoted in a stock exchange market	18,493	-
Not quoted	13,836,934	17,059,676
Impairment provision (-)	-	-
Total	13,855,427	17,059,676

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)**I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)****6. Information on held-to-maturity securities:****d) Movements of Held-to-Maturity Securities:**

	Current Period	Prior Period
Beginning Balance	17,059,676	21,867,056
Foreign currency differences on monetary assets	(55,978)	206,978
Purchases during the year	3,720	83,138
Disposals through sales and redemptions	(3,151,991)	(5,097,496)
Impairment provision (-)	-	-
Period end balance	13,855,427	17,059,676

The government bonds transferred by the Turkish Treasury to finance the payments to be made to depositors of İmar Bank and accounted in held to maturity portfolio of the Bank have matured as of January 2007.

7. Information about investment in associates (Net):**a) The information about the unconsolidated associates in accordance with the “Communiqué on Preparing of Consolidated Financial Statements Attributable to Banks” and the related Turkish Accounting Standards, if any, and the reasons for not consolidating:**

The Bank does not prepare consolidated financial statements in accordance with the following provision of the paragraph 5 “Requirement for Preparing Consolidated Financial Statements” of Article 5 of the Communiqué on “Preparation of Consolidated Financial Statements of Banks” published in the Official Gazette No: 26340 on November 8, 2006: “If total assets of an subsidiary or entity under common control qualified as a loan or financial institution is less than 1% of the Parent Bank’s total assets and if total of shares of an subsidiary or entity under common control qualified as a loan or financial institution below that limit does not exceed 5% of the Parent Bank’s total assets, those subsidiaries may be excluded from consolidation considering the materiality principle”.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

7. Information about investment in associates (Net) (cont'd):

1) Information about unconsolidated associates: (cont'd)

	Description	Address (City/ Country)	The Bank's share percentage, if different than voting percentage (%)	The Bank's risk group share percentage (%)
1	Arap Türk Bankası A.Ş.	Istanbul/TURKEY	9.09	15.00
2	Bankalararası Kart Merkezi A.Ş.	Istanbul/TURKEY	12.50	17.98
3	Kredi Kayıt Bürosu A.Ş.	Istanbul/TURKEY	11.11	9.09
4	Gelişen İşletmeler Piyasaları A.Ş.	Istanbul/TURKEY	9.09	5.00

	Total Assets	Shareholders ' Equity	Total Fixed Assets	Interest Income	Income from marketable securities	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	356,689	89,393	19,579	27,169	15,290	2,745	5,006	-
2	12,968	10,865	3,752	1,470	-	1,228	2,193	-
3	19,694	15,725	1,977	2,373	-	3,457	3,673	-
4	5,441	5,416	5	573	5	441	-	-

- Since subsidiaries are not traded in the stock market, fair values could not be determined.
- Information on the associates have been provided from December 31, 2007 unaudited financial statements, whereas the information on Gelişen İşletmeler Piyasaları A.Ş. have been provided from December 31, 2006 unaudited financial statements.
- The amounts belonging to the Bileşim A.Ş. and Fintek A.Ş. which had been recorded under associates have transferred into the subsidiaries on the basis of the control power of the Bank.

2) Information about consolidated associates:

Since the Bank did not consolidate its subsidiaries, in accordance with the following provision of the paragraph 5 (Requirement for Preparing Consolidated Financial Statements) of Article 5 of the Communiqué on "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette No: 26340 on November 8, 2006 consolidated financial statements have not been prepared.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

8. Information on Investment in Affiliates (Net):

a) The information about the unconsolidated subsidiaries in accordance with the Communiqué on “Preparing of Consolidated Financial Statements Attributable to Banks” and the related Turkish Accounting Standards, if any, and the reasons for not consolidating:

Since the Bank did not consolidate its subsidiaries, in accordance with the following provision of the paragraph 5 (Requirement for Preparing Consolidated Financial Statements) of Article 5 of the Communiqué on “Preparation of Consolidated Financial Statements of Banks” published in the Official Gazette No: 26340 on 8 November 2006: “If total assets of a subsidiary or entity under common control qualified as a loan or financial institution is less than 1% of the Parent Bank’s total assets and if total of shares of a subsidiary or entity under common control qualified as a loan or financial institution below that limit does not exceed 5% of the Parent Bank’s total assets, those entities may be excluded from consolidation under the consideration of materiality principle”, consolidated financial statements are not prepared.

1) Information on unconsolidated Affiliates (Net):

	Description	Address (City/ Country)	The Bank’s share percentage, if different-voting percentage (%)	The Bank’s risk group share percentage (%)
1	Ziraat Finansal Kiralama A.Ş.	Istanbul/TURKEY	100.00	50.00
2	Ziraat Yatırım Menkul Değerler A.Ş.	Istanbul/TURKEY	100.00	62.00
3	Ziraat Portföy Yönetimi A.Ş.	Istanbul/TURKEY	60.00	65.44
4	Bileşim A.Ş.	Istanbul/TURKEY	66.67	52.50
5	Fintek Finansal Teknoloji Hizmetleri A.Ş.	Ankara/TURKEY	62.50	36.60
6	Ziraat Bank International A.G.	Frankfurt/GERMANY	100.00	100.00
7	Turkish Ziraat Bank Bosnia dd	Sarajevo/BOSNIA HERZEGOVINA	100.00	100.00
8	Ziraat Bank (Moscow) CJSC	Moscow/RUSSIA	100.00	99.87
9	Kazakhstan Ziraat Int. Bank	Almaty/KAZAKHSTAN	100.00	93.88

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

8. Information on Investment in Affiliates (Net) (cont'd):

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
1	246,629	66,168	102,215	490	-	1,942	11,740	-
2	54,841	50,548	19,049	4,644	4,750,709	8,242	6,297	-
3	6,349	6,151	140	1,051	45,292	2,009	1,711	-
4	10,839	6,524	2,424	403	77	3,795	2,005	-
5	6,904	3,210	80	385	153	349	338	-
6	698,680	257,387	1,917	28,110	8,564	2,748	5,993	-
7	128,435	57,663	-	9,065	327	2,846	4,247	-
8	31,206	22,923	3,427	1,693	572	210	382	-
9	87,740	27,813	37,443	5,463	644	2,606	2,100	-

- Since the shares of these entities are not traded in the stock market, fair values cannot be determined.
- The amounts belonging to the Bileşim A.Ş. and Fintek A.Ş. which had been recorded under associates have transferred into the subsidiaries on the basis of the control power of the Bank.
- Bank's 25 % of direct share in capital portion on Bileşim A.Ş. increased to 45%, after 20% of shares of Bank's personnel fund is purchased with TRY 1,975 Thousand on July 11, 2007.
- The incomes from marketable securities portfolio of Ziraat Yatırım Menkul Değerler A.Ş. and Ziraat Portföy Yönetimi A.Ş. are showing the net sales.
- Information on remaining subsidiaries have been taken from December 31, 2007 unaudited financial statements.

b) Information on Consolidated Affiliates (Net):

Since the Bank did not consolidate its subsidiaries in accordance with the following provision of the paragraph 5 (Requirement for Preparing Consolidated Financial Statements) of Article 5 of the Communiqué on "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette No: 26340 on 8 November 2006, consolidated financial statements are not prepared.

9. a) Information on entities under common control:

Entities under common control ¹	Parent Bank's Portion ²	Group's Portion	Current Asset	Fixed Asset	Long term liability	Income	Expense
TURKMEN -TURKISH COM.BANK	3,665	3,665	17,262	6,153	1,837	2,297	1,357
UZBEKISTAN-TURKISH BANK	3,880	3,880	24,224	2,844	17	3,202	1,421
AZERBAIJAN-TURKEY BİRGE SEHİMDAR KOMMERSİYA BANK	7,378	8,019	27,487	20,343	1,041	8,660	5,851
Total	14,923	15,564	68,973	29,340	2,895	14,159	8,629

¹ Information on entities under common control are taken from December 31, 2007 unaudited financial statements.

² Represents the Bank's share on the shareholders' equity of the entities under common control based on Bank's shareholding rate.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

9. b) Information on the reasons why unconsolidated entities under common control is not subject to consolidation and method of accounting of entity under common control in the Bank's unconsolidated financial statements:

Since the Bank did not consolidate its entities under common control in accordance with the following provision of the paragraph 5 (Requirement for Preparing Consolidated Financial Statements) of Article 5 of the Communiqué on "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette No: 26340 on 8 November 2006: "If total assets of a subsidiary or an entity under common control qualified as a loan or financial institution is less than 1% of the Parent Bank's total assets and if total of shares of a subsidiary or an entity under common control qualified as a loan or financial institution below that limit does not exceed 5% of the Parent Bank's total assets, those entities may be excluded from consolidation under the consideration of the materiality principle".

The Bank accounts the translation differences regarding the foreign currency investments on entities under common control in the equity as other profit reserves.

10. Information on finance lease receivables (Net):

None.

11. Information on derivative financial assets for hedging purposes:

None.

**NOTES TO THE FINANCIAL STATEMENTS
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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

12. Information on tangible assets:

	Land and Buildings	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Prior Period End:					
Cost	1,197,432	48,286	23,859	382,426	1,652,003
Accumulated Depreciation (-)	571,385	13,602	23,855	359,909	968,751
Net Book Value	626,047	34,684	4	22,517	683,252
Current Period End:					
Net Book Value as of January 1,2007	626,047	34,684	4	22,517	683,252
Change during the period (Net)	(2,970)	5,676	(3,863)	4,227	3,070
Depreciation Charge-net (-)	12,948	10,277	(3,859)	8,789	28,155
Impairment Loss	(9,598)	-	-	-	(9,598)
Foreign Currency Differences from Foreign Sub. (-)	-	-	-	-	-
Period End Cost	1,184,864	53,962	19,996	386,653	1,645,475
Period End Accumulated Depreciation (-)	584,333	23,879	19,996	368,698	996,906
Period End Net Book Value	600,531	30,083	-	17,955	648,569

13. Information on intangible assets:

	Current Period			Prior Period		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	30,963	28,094	2,869	31,445	27,544	3,901
Establishment Cost	1,134	690	444	1,024	551	473
Goodwill	-	-	-	-	-	-
Intangible Rights	17,032	7,877	9,155	14,138	5,562	8,576
Total	49,129	36,661	12,468	46,607	33,657	12,950

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

14. Information on investment property:

None.

15. Information on deferred tax assets, if any:

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit in accordance with the Turkish Accounting Standards (TAS 12) "Income Taxes". In the computation of deferred tax, effective tax rates as of the balance sheet date are used in accordance with the current tax legislation.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Calculated deferred tax assets and deferred tax liabilities are netted off in the financial statements.

Information on calculated deferred tax including deductible temporary differences, financial losses, tax deductibles and tax exemptions are shown below:

	Current Period	Prior Period
Deferred tax assets	115,168	92,364
Deferred tax liabilities	10,761	5,059
Net deferred tax assets	104,407	87,305
Net deferred tax income/expense	48,573	(88,251)

	Current Period	Previous Period
Retirement pay provision	78,400	64,444
Short term employee benefits	15,720	12,240
Other provisions	10,031	10,031
Fixed assets	(1,816)	(2,037)
Other	2,072	2,627
Net Deferred Tax	104,407	87,305

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO ASSETS (cont'd)

15. Information on deferred tax assets, if any: (cont'd)

	Current Period	Prior Period
As of 1 January	87,305	95,071
Effect on Change in the Effective Tax Rate	-	(9,507)
Deferred Tax Income / (Expense)	48,573	(78,744)
Deferred Tax Expenses (Net)	48,573	(88,251)
Deferred Tax recognized Under Shareholders' Equity	(31,471)	80,485
Deferred Tax Assets	104,407	87,305

16. Information on assets held for sale and discontinuing operations:

Bank does not have any discontinuing operations. The assets held for sale are composed of immovables acquired through trade and agricultural receivables. Those immovables considered for sales are announced at the web site of the Bank.

17. Information on other assets:

a) If other assets exceed 10% of the balance sheet total (excluding the off-balance sheet commitments), information regarding the breakdown of these which constitute at least 20% of grand total:

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

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. EXPLANATIONS AND NOTES TO LIABILITIES

1. a) Information on maturity structure of deposits/funds collected:

1) For deposit banks:

Current Period	Demand	7 day call accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over	Cumulative Deposits	Total
	Saving deposits	2,768,728	-	5,061,179	26,190,577	2,232,892	342,855	320,933	-
Foreign currency deposits	2,429,360	-	2,863,724	3,121,608	887,371	262,756	2,568,628	-	12,133,447
Residents in Turkey	2,364,903	-	2,779,868	2,824,872	841,760	254,074	2,299,799	-	11,365,276
Residents abroad	64,457	-	83,856	296,736	45,611	8,682	268,829	-	768,171
Public Sector Deposits	3,822,652	-	1,185,204	2,054,755	143,709	83,099	80,145	-	7,369,564
Commercial Inst. Deposits	1,304,018	-	1,481,718	2,157,565	192,597	18,826	1,186	-	5,155,910
Other Inst. Deposits	893,909	-	397,698	4,400,640	382,677	25,036	16,097	-	6,116,057
Precious Metals	-	-	-	-	-	-	-	-	-
Interbank deposits	23,921	-	531,330	2,374	-	-	-	-	557,625
TCMB	1,322	-	2,109	-	-	-	-	-	3,431
Domestic Banks	2,080	-	499,534	-	-	-	-	-	501,614
Foreign Banks	20,519	-	29,687	2,374	-	-	-	-	52,580
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	11,242,588	-	11,520,853	37,927,519	3,839,246	732,572	2,986,989	-	68,249,767

(*) The TRY 569,025 Thousand of interest accrual are distributed by deposit types and maturities.

Prior Period	Demand	7 day call accounts	Up to 1 month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over	Cumulative Deposits	Accrued Interest (*)	Total
	Saving deposits	2,399,477	-	3,230,930	20,928,344	1,963,372	235,974	1,328,782	-	329,058
Foreign currency deposits	2,640,004	-	3,310,759	2,965,923	843,387	27,375	2,606,833	-	52,651	12,446,932
Residents in Turkey	2,575,125	-	3,225,624	2,750,076	800,336	25,348	2,356,795	-	-	11,733,304
Residents abroad	64,879	-	85,135	215,847	43,051	2,027	250,038	-	-	660,977
Public Sector Deposits	4,077,339	-	372,506	1,701,095	31,048	698	1,883	-	20,615	6,205,184
Commercial Inst. Deposits	998,176	-	840,713	2,523,423	254,073	105,556	4,508	-	37,721	4,764,170
Other Inst. Deposits	1,438,990	-	425,720	3,073,489	483,077	64,381	32,877	-	62,418	5,580,952
Precious Metals	-	-	-	-	-	-	-	-	-	-
Interbank deposits	10,853	-	220,674	3,000	4,954	-	-	-	246	239,727
TCMB	6,766	-	6,357	-	-	-	-	-	-	13,123
Domestic Banks	2,215	-	182,416	3,000	1,000	-	-	-	-	188,631
Foreign Banks	1,862	-	31,901	-	3,954	-	-	-	-	37,717
Participation Banks	9	-	-	-	-	-	-	-	-	9
Other	1	-	-	-	-	-	-	-	-	1
Total	11,564,839	-	8,401,302	31,195,274	3,579,911	433,984	3,974,883	-	502,709	59,652,902

(*) The TRY 502,709 Thousand interest accrual on deposits could only be distributed by deposit types.

**NOTES TO THE FINANCIAL STATEMENTS
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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. EXPLANATIONS AND NOTES TO LIABILITIES (cont'd)

b) Information on Saving Deposits:

1) Amounts exceeding the insurance limit:

i) Saving deposits under the guarantee of deposit insurance and exceeding the insurance limit:

Saving Deposits	Under the Guarantee of Deposit Insurance		Exceeding Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	23,019,461	20,025,273	13,766,088	9,164,179
Foreign Currency Saving Deposits	6,418,549	6,637,945	3,242,814	3,159,108
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at foreign branches and under the guarantees subject to foreign authority insurance ^(*)	167,560	154,569	22,686	69,545
Deposits at off-shore banking regions' and under foreign authorities' insurance	-	-	-	-

(*) In Bulgaria, since both real and legal person saving deposits are under the guarantee of insurance and balances in insurance limit are calculated by the system, an amount of TRY 6,694 Thousand legal person deposits of Sofia can not be decomposed. (December 31, 2006: TRY 6,677 Thousand).

Based on the Council of Minister's decree No: 2003/6668 on December 29, 2003, TRY 6,249 Thousand of time and demand deposits is not included in the above calculation, since the Bank paid the saving deposit amount attributable to T.İmar Bank T.A.Ş.

Savings Deposit Insurance Fund premiums are calculated based on deposit amount attributable to real persons in domestic branches of the banks. As saving deposit total of interest discount and capital amount up to TRY 50 Thousand attributable to a real person is covered by the insurance, TRY 435,016 Thousand of accrual is included in the above-mentioned figures in accordance with the Communiqué on "Insurance Deposits and Participation Funds and Premiums Collected by the Savings Deposit Insurance Fund" published in the Official Gazette No: 26339 on November 7, 2006.

2) Information on saving deposits/real persons' private current and accession accounts not related to commercial transactions in a Turkish branch of the Bank whose head office is in abroad, and reasons if it is covered in where the head office is located:

The Bank's head office is located in Turkey.

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SECTION V: EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. EXPLANATIONS AND NOTES TO LIABILITIES (cont'd)

b) Information on Saving Deposits (cont'd):

3) Amounts which are not covered by insurance:

i) Saving deposits not covered by the deposit insurance fund:

	Current Period	Prior Period*
Deposits and accounts in branches abroad	4,959	168,588
Deposits of ultimate shareholders and their close families	-	-
Deposits of chairman and members of the Board of Directors and their close families	855	439
Deposits obtained through illegal acts defined in the 282nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-

* TRY 154,171 Thousand of the prior period balance belongs to the New York Branch.

2. Information on Derivative Financial Liabilities Held For Trading:

a) Negative differences table related to the derivative financial liabilities held-for-trading:

Held for trading financial liabilities	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	-	7	-	-
Swap Transactions	417	388	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	417	395	-	-

3. a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Borrowings from CBTR	-	-	-	-
Domestic Banks and Institutions	5,227	1,784	11,746	2,213
Foreign Banks, Institutions and Funds	-	625	-	680
Total	5,227	2,409	11,746	2,893

b) Maturity structure of funds borrowed:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term	4,745	1,784	11,259	2,213
Medium and Long-Term	482	625	487	680
Total	5,227	2,409	11,746	2,893

**NOTES TO THE FINANCIAL STATEMENTS
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SECTION V: EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. EXPLANATIONS AND NOTES TO LIABILITIES (cont'd)

3. c) Further information is disclosed on the areas of liability concentrations. Main liability concentration areas are fund suppliers, sector groups or other risk concentration criteria:

The Bank's 84.32% of its liabilities consist of deposits. Deposits are having a diversified base and have steady structures. The Bank's liabilities are not subject to a significant risk concentrations.

4. If other liabilities exceed 10% of the balance sheet total, name and amount of sub-accounts constituting 20% of the balance sheet total:

Other liabilities do not exceed 10% of the balance sheet total.

5. Information on finance lease payables (Net):

In financial leases, rental installments are determined by the cost of the leasehold good, interest rate for commercial loans and maturity of the agreement. Installment amounts stated in agreements are equally distributed. The Bank has no significant liabilities under the scope of these agreements.

For financial leasing agreements; total cost, VAT, and other expenses were classified as principal. As of 20 September 2005, VAT accrual from the goods received from the supplier by Ziraat Financial Leasing A.Ş., VAT accrual from the leasing transaction by the related company, and certification fee related to all agreements are paid in advance.

Information on Finance Lease Payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	911	875	1,923	1,895
Between 1-4 Years	3,447	3,326	2,357	2,260
More than 4 Years	-	-	1,784	1,784
Total	4,358	4,201	6,064	5,939

6. Information on derivative financial liabilities for hedging purposes:

a) There are no derivative financial liabilities for hedging purposes.

**NOTES TO THE FINANCIAL STATEMENTS
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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. EXPLANATIONS AND NOTES TO LIABILITIES (cont'd)

7. Explanations on Provisions:

a) Information on General Loan Provisions:

	Current Period	Prior Period
General Loans	148,002	108,131
Allocated for Group- I Loans and Receivables	120,378	77,510
Allocated for Group- II Loans and Receivables	41	741
Allocated for non-cash loans	5,342	3,955
Other	22,241	25,925

b) There are no foreign exchange loss provisions on the foreign currency indexed loans and finance lease receivable.

c) Specific provisions for unindemnified non-cash loans:

Specific provisions for unindemnified non-cash loans amounts to TRY 561 Thousand.

d) Information on other provisions:

1) Information on generic provisions for possible risks:

	Current Period	Prior Period
Generic provisions for possible risks	431,924	348,627

Based on the decision of the Bank's Assets and Liabilities Committee, TRY 426,028 Thousand of generic provision is allocated for possible risks in the current period. This calculation based on the general loan provision rate of 3%, except for the fund sourced credits.

2) The names and amounts of sub-accounts of other provisions exceeding 10% of the total provision amount:

TRY 483,802 Thousand of other provision amount consists of TRY 561 Thousand for uncollected non-cash loans, TRY 5,800 Thousand for cash transference made by the clerk, TRY 426,028 Thousand of provision due to the decision made by the Assets and Liabilities Committee, TRY 50,153 Thousand for remunerations liabilities and TRY 1,260 Thousand of other provisions.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. EXPLANATIONS AND NOTES TO LIABILITIES (cont'd)

7. Explanations on Provisions: (cont'd)

d) Information on other provisions: (cont'd)

3) Employee Pension Right Liabilities for the Bank Personnel:

Bank employees are the members of T.C. Ziraat Bankası and T. Halk Bankası Çalışanları Emekli Sandığı Vakfı (T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees Pension Fund) which was established by 20th provisional article of Social Security Agency' (SSK) Act of no 506. In accordance with 23rd provisional clause of the Banking Act No: 5411, the pension fund is expected to be transferred to the Social Security Agency by three years following the declaration of the Banking Act No: 5411. Procedures and principles of the transfer are determined by the decision of Council of Ministers numbered 2006/11345. However, the 1st paragraph of the 1st article of the 23rd provisional clause of Banking Act No: 5411 allowing pension funds to be transferred to Social Security Agency is annulled by Constitutional Court.

The audited technical balance sheet report as of December 31, 2007 which is prepared in accordance with the principles in the Council of Ministers decision 2006/11345 declared in the Official Gazette dated December 15, 2006 numbered 26377, which defines the principles of such transfer, with the technical interest rate of 10.24% concludes no technical deficit arises in the above mentioned fund.

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

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. EXPLANATIONS AND NOTES TO LIABILITIES (cont'd)

7. Explanations on Provisions: (cont'd)

e) Vacation and retirement pay obligations:

The Bank accounts for its vacation and retirement pay obligations in accordance with the Turkish Accounting Standards No: 19 "Employee Benefits". The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation.

Movement table of the retirement pay:

	Current Period	Prior Period
As of 1 January	322,221	288,182
Payments	(19,473)	(33,154)
Charge for the period	89,252	67,193
Total	392,000	322,221

As of December 31, 2007, TRY 78,600 Thousand (December 31, 2006: TRY 61,200 Thousand) of unpaid vacation liability is presented under the "Employee Benefits Provision" in the financial statements.

8. Information on tax liability:

a) Information on current tax liability:

1) Information on tax provisions:

As of December 31, 2007, the remaining tax liability after deducting temporary taxes paid for the period is TRY 171,604 Thousand (December 31, 2006: TRY 226,371 Thousand).

2) Information on taxes and dues payable:

	Current Period	Prior Period
Corporate tax payable	171,604	226,371
Taxation of securities	129,546	90,995
Property tax	254	226
Banking Insurance Transaction Tax (BITT)	20,501	15,788
Foreign Exchange Transactions Tax	337	603
VAT payable	701	686
Other	16,561	18,880
Total	339,504	353,549

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. EXPLANATIONS AND NOTES TO LIABILITIES (cont'd)

8. Information on tax liability: (cont'd)

a) Information on current tax liability: (cont'd)

3) Information on premiums:

	Current Period	Prior Period
Social Security Premiums – Employee	13	15
Social Security Premiums – Employer	20	25
Bank Social Aid Pension Fund Premium-Employee	17	31
Bank Social Aid Pension Fund Premium-Employer	22	41
Pension Fund Membership Fees and Provisions – Employee	4	3
Pension Fund Membership Fees and Provisions – Employer	3	4
Unemployment Insurance – Employee	60	45
Unemployment Insurance – Employer	118	88
Other	9	11
Total	266	263

b) Information on deferred tax liabilities, if any:

The Bank's deferred tax liability amounts to TRY 10,761 Thousand. However, this amount is netted off against the deferred tax asset and subsequently TRY 104,407 Thousand of net deferred tax asset is presented in the financial statements.

9. Information on non-current liabilities regarding assets held for sale and discontinuing operations:

None.

10. Explanations on the number subordinated loans the Bank used, maturity, interest rate, institutions that the loan was borrowed from and conversion option, if any:

b) Information on the subordinated loans the Bank used:

None.

**NOTES TO THE FINANCIAL STATEMENTS
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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. EXPLANATIONS AND NOTES TO LIABILITIES (cont'd)

11. Information on Shareholders' Equity:

a) Presentation on Paid-in Capital:

	Current Period	Prior Period
Common stock	2,500,000	2,221,978
Preferred stock	-	-

Upon the decision taken in the Bank's Ordinary General Committee Meeting held on 30 May 2006 and the BRSA's written statement No:1078 on 26 January 2007, all capital commitments are paid and classified as paid-in as of February 8, 2007.

b) Paid-in capital amount, explanation whether the registered capital system is applicable by the bank, if so the registered capital ceiling amount:

The Bank does not have a registered share capital system.

c) Information on share capital increases and their sources; other information on increased capital shares in the current period:

Date of capital increase	Amount of capital increase	Cash	Profit reserves subject to capital increase	Capital reserves subject to capital increase
8 February 2007	278,022	-	278,022	-

d) Information on additions from capital reserves to capital in the current period:

There is no increase from capital reserves.

e) Capital commitments in the last fiscal year and at the end of the following interim period, general purpose of these commitments and estimated resources required for these commitments:

In accordance with the decision made in the Ordinary General Committee Meeting held on May 30, 2006, net dividend amount accrued from the 2005 operating profit in favor of the Treasury is decided to be offset against the Treasury's capital commitment and the remaining amount will be deposited to the Treasury. In this context, TRY 278,022 Thousand is not transferred to the Treasury and retained in the Bank accounts and based on the BRSA's written statement No: 1078 on January 26, 2007, capital commitments are paid and classified as paid-in as of February 8, 2007.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. EXPLANATIONS AND NOTES TO LIABILITIES (cont'd)

11. Information on Shareholders' Equity (cont'd):

f) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

Bank follows its operations at the current period like the previous periods. All unpaid capital of the bank has become paid capital on February 8, 2007. Bank's balance sheet has been managed with precaution by being effected by the interest, rate of exchange and credit risks at the minimum level. This contributes the profitability structure of Bank to increase with an increasing rate.

g) Information on Preferred Shares:

The Bank has no preferred shares.

h) Information on Marketable Securities Value Increase Fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Subsidiaries, Associates and Entities under common control	-	-	-	-
Valuation difference	173,270	22,125	27,859	48,995
Foreign exchange difference	-	-	-	-
Total	173,270	22,125	27,859	48,995

12. Information on minority interests:

In accordance with the BRSA's Communiqué on the "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette No: 26340 on November 8, 2006, the Bank does not prepare consolidated financial statements; therefore there is no information disclosed on minority interests.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES

1. Information on Off-Balance Sheet Liabilities:

a) Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Payment Commitments for Cheques	639,476	654,645
Asset Purchase and Sale Commitments	182,556	37,222
Commitments for Credit Card Expenditure Limits	1,145,847	699,587
Loan Granting Commitments	77,575	75,918
Other Irrevocable Commitments	199,933	159,762
Subsidiaries and Associates Capital Contribution Commitments	250	-
Promotion Relating to Credit Card and Bank Services Appliance Commitments	4,914	-
Total	2,250,551	1,627,134

b) Nature and amount of probable losses and commitments arising from the off-balance sheet items including the below mentioned:

None.

1) Non-cash loans including guarantees, acceptances, financial guarantees and other letters of credits:

	Current Period	Prior Period
Guarantee Letter	1,973,841	1,940,920
Bank Acceptance	1,366	5,351
Letter of Credit	460,641	311,519
Total	2,435,848	2,257,790

2) Certain guarantees, tentative guarantees, suretyships and similar transactions:

	Current Period	Prior Period
Temporary Letter of Guarantees	38,786	33,641
Letter of Guarantees	1,036,697	960,737
Letters of advance guarantees	587,024	781,770
Letters of guarantee given to customs offices	7,005	11,330
Other letters of guarantee	304,329	153,442
Total	1,973,841	1,940,920

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (cont'd)

1. Information on Off-Balance Sheet Liabilities (cont'd):

c) 1) Total Non-cash Loans:

	Current Period	Prior Period
Non-cash loans for providing cash loans	299,282	146,763
Within one year or less than one year	56,179	72,263
Within more than one year maturity	243,103	74,500
Other non-cash loans	2,136,566	2,111,027
Total	2,435,848	2,257,790

c) 2) Non-cash loans risk concentration based on sectors:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	-	-	-	-	-	-	-	-
Farming and Raising Livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Industry	201,998	27.10	1,120,783	66.30	274,830	42.12	1,120,110	69.77
Mining	2,127	0.28	3,675	0.22	1,995	0.31	12,990	0.81
Production	148,015	19.86	905,476	53.56	101,862	15.61	1,050,807	65.45
Electricity, Gas and Water	51,856	6.96	211,632	12.52	170,973	26.20	56,313	3.51
Construction	47,072	6.32	62,168	3.68	44,575	6.83	60,632	3.78
Service	454,093	60.92	349,204	20.65	294,395	45.12	117,649	7.33
Wholesale and Retail Trade	159,147	21.35	251,356	14.86	101,965	15.63	8,666	0.54
Hotel and Food Services	3,019	0.41	825	0.05	2,568	0.39	17	-
Transportation and Communication	52,490	7.04	15,951	0.95	20,027	3.07	19,886	1.24
Financial Institutions	176,546	23.69	68,011	4.02	114,920	17.61	84,616	5.28
Real Estate and Leasing Services	401	0.05	-	-	557	0.09	126	0.01
Self-employment Services	35,824	4.81	2,081	0.12	32,621	5.00	190	0.01
Educational Services	5,548	0.74	6,650	0.39	4,104	0.63	3,286	0.20
Health and Social Services	21,118	2.83	4,330	0.26	17,633	2.70	862	0.05
Other	42,211	5.66	158,319	9.37	38,636	5.93	306,963	19.12
Total	745,374	100.00	1,690,474	100.00	652,436	100.00	1,605,354	100.00

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (cont'd)

1. Information on Off-Balance Sheet Liabilities: (cont'd)

c) 3) Non-cash loans classified in Group I and II:

	Group I		Group II	
	TRY	FC	TRY	FC
Non-cash loans	743,085	1,690,474	2,289	-
Letters of Guarantee	743,085	1,228,467	2,289	-
Bill Guarantees and Acceptances	-	1,366	-	-
Letters of Credit	-	460,641	-	-
Endorsements	-	-	-	-
Purchase guarantees on marketable security underwritings	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Suretyships	-	-	-	-

2. Derivative financial instruments:

	Current Period	Prior Period
Types of trading transactions		
Foreign currency related derivative transactions (I)	219,131	100,515
Forward Foreign Currency Buy/Sell Transactions	1,440	450
Currency Buy/Sell Swap	217,691	100,065
Currency Futures	-	-
Currency Put/Call Options	-	-
Interest related derivative transactions (II)	-	-
Interest Rate Contracts	-	-
Interest Rate Buy/Sell Swap	-	-
Interest Rate Put/Call Options	-	-
Interest Rate Buy/Sell Futures	-	-
Other trading derivative transactions (III)	-	-
A. Total trading derivative transactions (I+II+III)	219,131	100,515
Types of derivative transactions for hedging		
Fair Value Fluctuations Hedging	-	-
Cash flow Risk Hedging	-	-
FC Investment in Associates Risk Hedging	-	-
B. Total derivative transactions for hedging	-	-
Total Derivative Transactions (A+B)	219,131	100,515

The Bank has no derivative instruments for hedging purposes. There are no unrealized transactions (those are estimated in the prior period and recognized based on this assumption however; it is clear that those transactions would not be realized) or expense and income from agreements in the income statement in the current period.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (cont'd)

3. Information on contingent liabilities and assets:

Provision is allocated for transactions with complete and accurate data that may have an effect on the financial structure of the Bank and otherwise, provision is provided based on the estimations.

The Bank's liability resulting from the cheques given to its customers amounts to TRY 639,476 Thousand (December 31, 2006: TRY 654,645 Thousand) and this amount is recognized under the off-balance sheet commitment accounts. If cheques that are paid to beneficiaries qualify as bad cheques, the Bank may have an obligation to pay up to TRY 410 for the portion of bad cheques amount according to the numbered 2003/1 "Declaration of Ordering of Payments of Check and the Act of about Protection of Check Bearers" that was published on the April 9, 2003 dated and 25074 numbered.

Since the Bank has no centralized database for the outstanding lawsuits, summary of the number and amount of those lawsuits cannot be obtained from the data processing system. However, in accordance with the information obtained from legal department, no provision is provided for the individual lawsuits over TRY 100 Thousand with total of TRY 195,080 Thousand due to the fact that these are not deemed to have material effect over financial statements.

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

4. Services supplied on behalf of others:

Explanation about services supplied on behalf of others is disclosed in the 9.1 footnote of Section Four.

**NOTES TO THE FINANCIAL STATEMENTS
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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

IV. EXPLANATIONS RELATED TO INCOME STATEMENT

1. a) Information on interest income from loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on Loans	3,029,454	32,499	2,058,737	33,029
Short term loans	1,217,873	19,019	901,858	18,055
Medium and long term loans	1,762,504	13,480	1,105,633	14,974
Interest on non-performing loans	49,077	-	51,246	-
Premiums from Resource Utilization Support Fund	-	-	-	-

b) Information on interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Central Bank of the Turkish Republic	-	3	-	1
Domestic Banks	21,724	1,907	16,793	4,621
Foreign Banks	49,531	129,356	15,331	113,635
Head office and Branches	-	-	-	-
Total	71,255	131,266	32,124	118,257

c) Information on interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial assets held for trading	234,693	18,366	182,862	51,319
Financial assets at fair value through profit and loss	-	-	-	-
Financial assets available-for-sale	3,727,825	419,054	2,658,169	300,436
Investments held-to-maturity	2,715,550	41,065	3,367,978	103,955
Total	6,678,068	478,485	6,209,009	455,710

d) Interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest income from subsidiaries and associates	2,975	1,922

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

IV. EXPLANATIONS RELATED TO INCOME STATEMENT (cont'd)

2. a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	1,695	490	1,530	145
Central Bank of the Turkish Republic	-	-	-	-
Domestic Banks	1,695	369	1,502	82
Foreign Banks	-	27	-	17
Head office and Branches	-	94	28	46
Other Institutions	-	-	5	-
Total	1,695	490	1,535	145

b) Information on interest expenses given to subsidiaries and associates:

	Current Period	Prior Period
Interest expenses to subsidiaries and associates	440	243

c) Information on interest on securities issued:

None.

d) 1) Maturity structure of interest expense on deposits:

Account Name	Demand Deposits	Time Deposits					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TRY								
Interbank Deposits	9	1,256	-	-	-	-	-	1,265
Saving Deposits	23,767	642,724	3,952,643	344,218	53,263	88,935	-	5,105,550
Public Deposits	19,639	68,986	286,866	6,750	4,958	430	-	387,629
Commercial Deposits	8,051	164,836	394,452	29,358	5,530	1,802	-	604,029
Other Deposits	6,443	111,563	706,562	119,737	40,590	807	-	985,702
7 days Call Accounts	-	-	-	-	-	-	-	-
Total	57,909	989,365	5,340,523	500,063	104,341	91,974	-	7,084,175
FC								
Foreign Currency Deposits	7,363	83,942	102,584	23,813	2,686	75,818	-	296,206
Interbank Deposits	-	11,634	-	-	-	-	-	11,634
7 days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total	7,363	95,576	102,584	23,813	2,686	75,818	-	307,840
Grand Total	65,272	1,084,941	5,443,107	523,876	107,027	167,792	-	7,392,015

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

IV. EXPLANATIONS RELATED TO INCOME STATEMENT (cont'd)

3. Information on dividend income:

	Current Period	Prior Period
Financial assets held for trading	-	-
Financial assets at fair value through profit and loss	-	-
Financial assets available-for-sale	13,160	6,051
Other (*)	12,480	11,365
Total	25,640	17,416

(*) Shows the Bank's dividend income from subsidiaries, associates and entities under common control.

4. Information on trading profit/loss (Net):

	Current Period	Prior Period
Profit	288,957	477,744
Profit on trading account securities	74,414	108,053
Profit on derivative financial instruments	2,173	156
Other	72,241	107,897
Foreign Exchange Gains	214,543	369,691
Loss (-)	146,846	372,859
Loss from the Capital Market Operations	2,520	3,930
Loss on trading account securities	2,216	3,441
Other	304	489
Foreign Exchange Gains	144,326	368,929

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

IV. EXPLANATIONS RELATED TO INCOME STATEMENT (cont'd)

5. Information on other operating income:

Information on factors covering the recent developments which has significant effect on the Bank's income and the extent of effect on income:

There are no significant matters covering the recent developments which have significant effect on the Bank's income. Majority of the Bank's other operating income consists of reversals from prior period provisions and various service income collected from customers.

6. Loans and other receivables impairment losses:

	Current Period	Prior Period
Specific provisions for loans and other receivables	113,592	66,687
III. Group	31,466	56,843
IV. Group	60,165	7,084
V. Group	21,961	2,760
General loan provision	46,223	43,296
Provision expenses for the possible losses	88,138	138,612
Marketable securities impairment expense	2,436	2,375
Financial assets at fair value through profit and loss	162	86
Financial assets available for sale	2,274	2,289
Impairment losses from associates, subsidiaries, joint ventures and marketable securities held to maturity	-	332
Investment and Associates	-	332
Subsidiaries	-	-
Entities under common control	-	-
Investment securities held to maturity	-	-
Other	1,980	329
Total	252,369	251,631

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

IV. EXPLANATIONS RELATED TO INCOME STATEMENT (cont'd)

7. a) Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	782,966	738,819
Reserve for employee termination benefits	89,252	67,193
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	9,598	-
Depreciation expenses of fixed assets	39,922	38,728
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	3,735	3,243
Impairment expense for equity shares subject to the equity method	-	-
Impairment expense for investment securities that will be disposed	-	-
Amortization expenses of investment securities that will be disposed	3	237
Impairment expense for property plant and equipment held for sale and discontinuing operations	-	-
Other operating expenses	229,602	200,141
Operational leasing expenses	22,904	125
Maintenance expenses	31,350	32,419
Advertisement expenses	10,545	3,499
Other expenses	164,803	164,098
Loss on sales of assets	10,070	5,074
Other	329,541	361,786
Total	1,494,689	1,415,221

* TRY 19,473 Thousand of actual retirement payment and notification and termination benefits amounts at the current period is shown under the reserve for employee termination benefits row. (Prior period: TRY 33,156 Thousand).

8. Information on profit/loss from continuing and discontinued operations before taxes:

The Bank does not have any discontinuing operations. The compositions of the profit/loss before tax from the continuing operations are following:

	Current Period	Prior Period
Net Interest Income	3,637,884	3,401,506
Net Fees and Commissions Income	727,663	625,820
Dividend Income	25,640	17,416
Net Trading Income/Expense	142,111	104,885
Other Operating Income	176,820	237,517
Provision for loan or other receivables losses (-)	252,369	251,631
Other Operating Expenses (-)	1,494,689	1,415,221
Income(Loss) From Continuing Operations	2,963,060	2,720,292

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

IV. EXPLANATIONS RELATED TO INCOME STATEMENT (cont'd)

9. Information on Tax Provision about Continuing and Discontinued Operations:

As of December 31, 2007, the Bank's income tax provision amounting to TRY 611,969 Thousand (December 31, 2006: TRY 620,290 Thousand) consists of TRY 660,542 Thousand (December 31, 2006: TRY 532,039 Thousand) of current tax charge and TRY 48,573 Thousand (December 31, 2006: TRY (88,251) Thousand) of deferred tax income.

10. Information on net operating income/expense from continuing and discontinued operations after tax:

The Bank's net operating income after tax amounts to TRY 2,351,091 Thousand. (December 31, 2006: TRY 2,100,002 Thousand).

11. Information on net profit/loss:

a) Nature, amount and frequency of income and expenses arising from ordinary banking activities, if required for the understanding the performance of the Bank in the current period:

The Bank, mainly utilizes its resources from domestic deposits on loans, securities and interbank operations. Besides, it obtains income via commissions taken from non-cash loans, other banking operations and insurance agencies.

b) The effect of the change in accounting estimates to the net profit/loss; including the effects to the future period, if any:

As of the balance sheet date, there is no change in accounting estimates that may require further explanations in the current period. (December 31,2006: None.)

c) Information on profit/loss attributable to minority interests:

As the accompanying financial statements are unconsolidated there is no profit or loss attributable to minority interest.

12. If other items in the income statement exceed 10% of the income statement total, sub-accounts amounting to at least 20% of these items are shown below:

Other items do not exceed 10% of the total income statement.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

V. EXPLANATIONS RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

1. In accordance with the Turkish Accounting Standards, the disclosures on shareholders' equity are made accordingly in the order of financial statement items in this section:

a) Explanations on inflation adjustment differences for equity items:

As per the BRSA's Circular No: 5 announced on April 28, 2005 it is stated that the indicators of hyperinflationary period are eliminated to a large extent, inflation accounting applied in the banking system has been ceased as of January 1, 2005 in accordance with the BRSA' decree numbered 1623 on April 21, 2005.

b) Explanations on profit distribution:

On the basis of the decision agreed on the Board of Meeting held on April 24, 2007, TRY 1,505,020 Thousand of net dividend which had been accrued in favor of the Turkish Treasury and TRY 1,569 Thousand of excess amount which had been left from the distribution to personnel has been transferred to the accounts of the Turkish Treasury.

Bank is planning to treat its 2007 profit as profit distribution based on the articles of association. However, as of the report date, there is no decision regarding the profit distribution.

c) Explanations on exchange differences:

Foreign currency subsidiaries recognized on an acquisition cost basis are disclosed in the balance sheet at foreign currency acquisition cost multiplied by the exchange rates as of the balance sheet date. Exchange differences related to these foreign currency subsidiaries are recognized under the "Other profit reserves" account under equity.

d) Explanations on available for sale financial assets:

Available for sale financial assets are not included in the current income statement, until when their collections, disposals, sales or losses are realized and those assets are recognized under the "Marketable Securities Revaluation Fund" under equity.

e) Profit Reserves:

As of the balance sheet date, legal reserves amount to TRY 1,251,782 Thousand, extraordinary reserves amount to TRY 90,121 Thousand and other profit reserves amount to TRY 124,275 Thousand.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

VI. EXPLANATIONS RELATED TO CASH FLOW STATEMENT

(1) In accordance with the Turkish Accounting Standards, the disclosures on cash flow statement are made accordingly in the order of financial statement items in this section.

Cash in TRY, cash in foreign currency, Central Bank of Turkey, money in transit, bank cheques purchased and cash on money market operations are defined as “cash”; interbank money transactions placements having maturities less than three months, and time deposits in banks are defined as “cash equivalents”.

The TRY 1,214,713 Thousand dividend payment amount, which had been reflected at the “Dividend Payments” row under the cash flows from the financing activities part of the year 2006’s cash flow statement, is found by reducing the TRY 278,022 Thousand which has foreseen to be kept within the financial structure and is the profit distribution amount that has not been transferred to the Turkish Treasury.

(2) The effects of “other” items stated in the cash flow statement and the “changes in foreign currency exchange rates on cash and cash equivalents”:

“Other” item under “Operating Profit before Changes in Operating Assets and Liabilities” in cash flow statement consists TRY 64,600 Thousand of fees and commission given, TRY 252,369 Thousand of loan and other receivable provision and TRY 1,494,689 Thousand of other operating expenses.

“Other” item under “Changes in operating assets and liabilities” represents TRY 482 Thousand of decrease in intangible fixed assets, TRY 112,453 Thousand of increase in other assets, TRY 771,690 Thousand of decrease in money market liabilities, TRY 138,976 Thousand of decrease in funds, TRY 505,539 Thousand of increase in other liabilities, TRY 14,042 Thousand of decrease in taxes TRY 1,738 Thousand of decrease in leasing liabilities and TRY 18,943 Thousand of increase in sundry creditors.

The effect of the change in the foreign exchange rate on the cash and cash equivalents is stated, approximately, TRY (775,152) Thousand as of December 31, 2007.

Period opening and end cash and cash equivalents balance:

Period Opening	Current Period	Prior Period
Cash in TRY and in Foreign Currency	875,111	500,601
Central Bank of Turkey and other	8,178,097	6,115,917
Money Market Operations	-	3,626,000
Total Cash and Cash Equivalents	9,053,208	10,242,518

Period Ending	Current Period	Prior Period
Cash in TRY and in Foreign Currency	753,830	875,111
Central Bank of Turkey and other	7,258,490	8,178,097
Money Market Operations	2,611,226	-
Total Cash and Cash Equivalents	10,623,546	9,053,208

Definitions of cash and cash equivalents have been revised in the current period.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

VII. EXPLANATION RELATED TO THE RISK GROUP OF THE BANK

1) Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

a) Current Period:

Risk Group	Subsidiaries, Associates and Entities under common control		Direct or Indirect Shareholders of the bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Beginning Balance	437,881	277,448	-	-	-	-
Closing Balance	445,341	270,078	-	-	-	-
Interest and Commissions Income	2,975	-	-	-	-	-

* Accrual amount for period-end cash loans are not included in the table since it could not be decomposed from the existing data processing system.

** The cash loans amount is including the equity amounts of the subsidiaries.

*** The TRY 9,885 Thousand placement amount, which has made to the foreign branches that are part of the risk group, is included at the cash loan amount.

b) Prior Period:

Risk Group	Subsidiaries, Associates and Entities under common control		Direct or Indirect Shareholders of the bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Beginning Balance	262,348	539,309	-	-	-	-
Closing Balance	437,881	277,448	-	-	-	-
Interest and Commissions Income	1,922	-	-	-	-	-

* Accrual amount for period-end cash loans are not included since it could not be decomposed from the existing data processing system.

c) 1) Deposits held by the Bank's risk group:

Risk Group	Subsidiaries, Associates and Entities under common control		Direct or Indirect Shareholders of the bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Beginning Balance	233,216	27,574	-	-	-	-
Closing Balance	53,601	233,216	-	-	-	-
Interest expense on deposits	440	243	-	-	-	-

(*) Accruals are not included in the table above since they could not be decomposed.

2) Information on forward transactions, option agreements and similar transactions between the Bank's risk group:

None.

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SECTION V: EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (cont'd)

VII. EXPLANATION RELATED TO THE RISK GROUP OF THE BANK (cont'd):

3) Information about fees paid to Bank top executives:

Fees and dividends paid to Board of Directors, Vice- General Managers and Head of Departments are stated below.

	Current Period	Prior Period
Wage	4,632	3,926
Dividend and additional payments	283	-
Total	4,915	3,926

VIII. EXPLANATIONS ON THE BANK'S DOMESTIC BRANCHES, AGENCIES AND BRANCHES ABROAD AND OFF-SHORE BRANCHES

The following information is explained on the Bank's domestic branches, agencies/branches abroad:

	Quantity	Number of employees		Total Assets	Legal Capital
Domestic Branches (*)	1,247	17,067			
			Country		
Agencies Abroad	1	2	1- Afghanistan		
	1	1	2- Pakistan		
	1	1	3- Iran		
Foreign Branches (**)	1	6	1- USA	195,766	116,667
	1	5	2- England	336,924	62,888
	1	3	3- FYR Macedonia	47,480	26,795
	1	3	4- Bulgaria	36,219	23,187
	1	3	5- Georgia	14,111	9,053
	1	2	6- Iraq (***)	-	-
	2	2	7- Greece (****)	-	-
	4	46	6- T.R.of Northern Cyprus	297,416	6,728
Off-shore Branches	-	-	-	-	-

(*) Includes the employees of the domestic branches, excluding the employees of head office and districts' head offices.

(**) Excluding the local employees of the foreign branches.

(***) On the basis of the Board of Meeting decision numbered 18.11.2003/23-254, it has been decided to establish a branch in Iraq and the operations of branch establishment are continuing. To execute the operations 2 personnel have been assigned.

(****) On the basis of the Board of Meeting decision numbered 27.03.2007/103, it is decided to establish branches at Athens and Komotini (Greece). Operations of branch establishment are continuing. To execute the operations 2 personnel have been assigned.

**NOTES TO THE FINANCIAL STATEMENTS
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(Amounts expressed in Thousand of the New Turkish Lira (TRY) unless otherwise stated.)

SECTION VI: OTHER EXPLANATIONS

I. OTHER EXPLANATIONS ON THE ACTIVITY OF THE BANK

There are no other important matters, material disclosures or footnotes related to the operations of the Bank that have not been stated in the above sections.

SECTION VII: EXPLANATIONS ON THE INDEPENDENT AUDITOR'S REPORT

I. EXPLANATIONS ON THE INDEPENDENT AUDITORS' REPORT

The unconsolidated financial statements and footnotes of the Bank disclosed herein for the period then ended were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu) and Independent Auditors' Report dated March 14, 2008 is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.