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**CONVENIENCE TRANSLATION  
OF PUBLICLY ANNOUNCED  
CONSOLIDATED FINANCIAL STATEMENTS  
AND REVIEW REPORT ORIGINALLY ISSUED IN TURKISH,  
SEE NOTE 1.b OF SECTION THREE**

**AKBANK T.A.Ş.**

**PUBLICLY ANNOUNCED  
CONSOLIDATED FINANCIAL STATEMENTS  
TOGETHER WITH REVIEW REPORT  
AT 31 MARCH 2008**

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**CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S  
REVIEW REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH**

To the Board of Directors of Akbank T.A.Ş.

We have reviewed the accompanying consolidated balance sheet of Akbank T.A.Ş. ("the Bank") and its consolidated subsidiaries at 31 March 2008 and the related consolidated statements of income, cash flows and changes in shareholders' equity for the period then ended. These financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Uniform Chart of Accounts of banks, accounting standards and the independent audit principles in conformity with Banking Law No. 5411. Those principles require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries concerning the Bank's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of Akbank T.A.Ş. and its consolidated subsidiaries at 31 March 2008 and the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Articles 37 and 38 of Banking Law No. 5411 and other regulations, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

Additional paragraph for convenience translation:

As explained in detail in Note I.b. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with Articles 37 and 38 of Banking Law No. 5411, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Başaran Nas Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.  
a member of  
PricewaterhouseCoopers



Cansen Başaran Symes, SMMM  
Partner

Istanbul, 9 May 2008

**CONVENIENCE TRANSLATION  
OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH,  
SEE NOTE I.b IN SECTION THREE**

**THE CONSOLIDATED FINANCIAL REPORT OF  
AKBANK T.A.Ş. AS OF  
31 MARCH 2008**

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The consolidated financial report includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency.

- **Section One** - GENERAL INFORMATION ABOUT THE GROUP
- **Section Two** - CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP
- **Section Three** - EXPLANATIONS ON ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- **Section Four** - INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP
- **Section Five** - EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** - OTHER EXPLANATIONS AND NOTES
- **Section Seven** - EXPLANATIONS ON AUDITOR'S REVIEW REPORT

Investments in associates, joint ventures, direct and indirect subsidiaries whose financial statements have been consolidated in this reporting package are as follows:

|    | Subsidiaries                    | Investments in Associates | Joint Ventures |
|----|---------------------------------|---------------------------|----------------|
| 1. | Ak Finansal Kiralama A.Ş.       | -                         | -              |
| 2. | Ak Yatırım Menkul Değerler A.Ş. | -                         | -              |
| 3. | Akbank N.V.                     | -                         | -              |
| 4. | Akbank AG                       | -                         | -              |

Ak Receivables Corporation and A.R.T.S. Ltd., which are not subsidiaries of the Bank but over which the Bank has 100% controlling power, have been included in the consolidation due to the reason that these companies are "Special Purpose Entities".

The accompanying reviewed consolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of New Turkish Lira (YTL), have been prepared based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, relating appendices and interpretations on these, and have been reviewed.

9 May 2008

|                                    |                             |                               |              |                          |                    |
|------------------------------------|-----------------------------|-------------------------------|--------------|--------------------------|--------------------|
| Suzan SABANCI DİNÇER               | Akın KOZANOĞLU              | Özen GÖKSEL                   | Zafer KURTUL | K. Atıl ÖZUS             | Emine T. ÇEPPIOĞLU |
| Chairman of the Board of Directors | Head of the Audit Committee | Member of the Audit Committee | President    | Executive Vice President | Manager            |

Contact information of the personnel in charge of addressing questions regarding this financial report.

Name-Surname / Title : Emine T. ÇEPPIOĞLU / Manager  
Phone No : (0 212) 385 55 55  
Fax No : (0 212) 325 12 31

**SECTION ONE**

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**CONVENIENCE TRANSLATION OF  
PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY  
ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE**

**AKBANK T.A.Ş.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 MARCH 2008**

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise stated.)

**SECTION ONE  
GENERAL INFORMATION ABOUT THE GROUP**

**I. PARENT BANK'S FOUNDATION DATE, START-UP STATUS, HISTORY REGARDING THE CHANGES IN THIS STATUS:**

Akbank T.A.Ş. ("the Parent Bank" or "Akbank") was established on 30 January 1948 as a private commercial bank, in accordance with the decision of the Council of Ministers, No.3/6710 and is authorized to perform all economic, financial and commercial activities which are allowed by the laws of the Turkish Republic ("T.C."). The status of the Bank has not changed since its foundation.

**II. EXPLANATION ABOUT THE PARENT BANK'S CAPITAL STRUCTURE, SHAREHOLDERS OF THE PARENT BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE PARENT BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THE BANK BELONGS TO:**

The Bank's shares have been quoted on the Istanbul Stock Exchange ("ISE") since 1990. In 1998, 4,03% of the outstanding share capital of the Bank was offered and sold in an international offering outside of Turkey in the form of Ordinary Shares and American Depository Receipts ("ADRs"). As of 31 March 2008, approximately 25% of the shares are publicly traded, including the ADRs (31 December 2007: 25%).

The major shareholder of the Parent Bank, directly or indirectly, is Sabancı Group.

**III. EXPLANATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, PRESIDENT AND EXECUTIVE VICE PRESIDENTS, IF AVAILABLE, SHARES OF THE PARENT BANK THEY POSSESS:**

| <u>Title</u>               | <u>Name</u>          | <u>Responsibility</u>                | <u>Education</u> |
|----------------------------|----------------------|--------------------------------------|------------------|
| <b>Chairman:</b>           | Suzan SABANCI DİNÇER | Chairman and Managing Director       | Graduate         |
| <b>Honorary Chairman:</b>  | Erol SABANCI         | Honorary Chairman, Member, Advisor   | Undergraduate    |
| <b>Board of Directors:</b> | Akın KOZANOĞLU       | Vice Chairman and Executive Director | Graduate         |
|                            | Bülent ADANIR        | Managing Director                    | Graduate         |
|                            | Özen GÖKSEL          | Member                               | Undergraduate    |
|                            | M. Hikmet BAYAR      | Member                               | Undergraduate    |
|                            | Aydın GÜNTER         | Member                               | Undergraduate    |
|                            | Yaman TÖRÜNER        | Member                               | Undergraduate    |
|                            | William J. MILLS     | Member                               | Undergraduate    |
|                            | Zafer KURTUL         | Member and CEO                       | Graduate         |
| <b>President and CEO:</b>  | Zafer KURTUL         | CEO                                  | Graduate         |

**CONVENIENCE TRANSLATION OF  
PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY  
ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE**

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**AT 31 MARCH 2008**

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise stated.)

**III. EXPLANATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, PRESIDENT AND EXECUTIVE VICE PRESIDENTS, IF AVAILABLE, SHARES OF THE PARENT BANK THEY POSSESS (CONTINUED):**

|                                    |                     |                                      |               |
|------------------------------------|---------------------|--------------------------------------|---------------|
| <b>Director of Internal Audit:</b> | Eyüp ENGIN          | Head of Internal Audit               | Undergraduate |
| <b>Executive Vice Presidents:</b>  | Hayri ÇULHACI       | Strategy and Corporate Communication | Graduate      |
|                                    | Zeki TUNCAY         | Support Services                     | Undergraduate |
|                                    | Nuri AKSOY          | Loans Follow Up                      | Undergraduate |
|                                    | Reşit TOYGAR        | Treasury                             | Graduate      |
|                                    | M. Fikret ÖNDER     | Private Banking                      | Graduate      |
|                                    | Sevilay ÖZSÖZ       | Operations                           | Undergraduate |
|                                    | S. Hakan BİNBAŞGİL  | Retail Banking                       | Graduate      |
|                                    | Esra BOZKURT        | Human Resources                      | Undergraduate |
|                                    | Alpaslan ÖZLÜ       | Information Technology               | Graduate      |
|                                    | Ferda BESLİ         | Commercial Banking                   | Undergraduate |
|                                    | Ahmet Fuat AYLA     | Corporate and Commercial Loans       | Undergraduate |
|                                    | Halit Haydar YILDIZ | Retail Loans                         | Graduate      |
|                                    | Hülya KEFELİ        | International Banking                | Undergraduate |
|                                    | K. Atıl ÖZUS        | Financial Coordination               | Undergraduate |
|                                    | A. Galip TÖZGE      | Retail Branch Administration         | Graduate      |
|                                    | Cem MENGİ (*)       | Corporate Banking                    | Undergraduate |
| <b>Internal Audit Committee:</b>   | Akın KOZANOĞLU      | Head of the Audit Committee          | Graduate      |
|                                    | Özen GÖKSEL         | Member of the Audit Committee        | Undergraduate |
| <b>Auditors:</b>                   | Mevlüt AYDEMİR      | Auditor                              | Undergraduate |
|                                    | Nedim BOZFAKIOĞLU   | Auditor                              | Undergraduate |

(\*) In accordance with the decision of the Board of Directors dated 1 April 2008, Cem Mengi has been appointed as an executive vice president responsible for Corporate Banking, substituting Ziya Akkurt.

The shares of the above individuals are insignificant in the Bank.

**IV. INFORMATION ON SHAREHOLDERS HAVING CONTROL SHARES:**

| Name/Commercial Title                    | Share Amounts (Nominal) | Share Percentages | Paid-in Capital (Nominal) | Unpaid Portion |
|--|-------------------------|-------------------|---------------------------|----------------|
| Hacı Ömer Sabancı Holding A.Ş.           | 941.384                 | 31,38%            | 941.384                   | -              |
| Citibank Overseas Investment Corporation | 600.000                 | 20,00%            | 600.000                   | -              |

**CONVENIENCE TRANSLATION OF  
PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY  
ISSUED IN TURKISH, SEE NOTE 1.b OF SECTION THREE**

**AKBANK T.A.Ş.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 MARCH 2008**

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise stated.)

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**V. EXPLANATION ON THE PARENT BANK'S SERVICE TYPES AND FIELDS OF OPERATION:**

The Bank's core business activities include retail banking, commercial banking, corporate banking, private banking, foreign exchange, money markets, securities transactions (treasury transactions) and international banking services. In addition to regular banking operations, the Bank also provides insurance intermediary services as an agency of Aksigorta A.Ş and AvivaSA Emeklilik ve Hayat A.Ş. As of 31 March 2008, the Bank has 727 branches dispersed throughout the country and 1 branch operating abroad (31 December 2007: 715 branches and 1 branch operating abroad). As of 31 March 2008, the Bank employed 13.748 people (31 December 2007: 13.513).

The Parent Bank and its direct and indirect subsidiaries, Ak Yatırım Menkul Değerler A.Ş., Akbank N.V., Akbank AG, Ak Finansal Kiralama A.Ş. and together with Ak Receivables Corporation and A.R.T.S. Ltd., which are not subsidiaries of the Bank, but over which the Bank has 100% controlling power due to the reason that these companies are "Special Purpose Entities", have been included in the scope of consolidation. The Parent Bank together with its consolidated subsidiaries is referred to as the "Group" in these consolidated financial statements.

As of 31 March 2008, the Group employed 14.062 people (31 December 2007: 13.820).

## AKBANK T.A.Ş.

## I. CONSOLIDATED BALANCE SHEETS AS OF 31 MARCH 2008 AND 31 DECEMBER 2007

(Amounts are expressed in thousands of New Turkish Lira (YTL)).

| ASSETS  | Note<br>(Section Five) | CURRENT PERIOD<br>(31/03/2008) |            |            | PRIOR PERIOD<br>(31/12/2007) |            |            |
|---|------------------------|--------------------------------|------------|------------|------------------------------|------------|------------|
|   |                        | YTL                            | FC         | Total      | YTL                          | FC         | Total      |
| <b>I. CASH BALANCES WITH CENTRAL BANK</b>   | (I-a)                  | 716.459                        | 2.610.750  | 3.327.209  | 402.714                      | 2.359.742  | 2.762.456  |
| <b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or (LOSS) (Net)</b>                                | (I-b)                  | 105.338                        | 5.399.145  | 5.504.483  | 86.253                       | 4.808.880  | 4.895.133  |
| 2.1 Trading Financial Assets  |                        | 68.945                         | 5.276.787  | 5.345.732  | 51.853                       | 4.761.998  | 4.813.851  |
| 2.1.1 Government Debt Securities  |                        | 62.406                         | 5.276.787  | 5.339.193  | 45.965                       | 4.761.998  | 4.807.963  |
| 2.1.2 Share Certificates  |                        | 4.954                          | -          | 4.954      | 4.637                        | -          | 4.637      |
| 2.1.3 Other Marketable Securities   |                        | 1.585                          | -          | 1.585      | 1.251                        | -          | 1.251      |
| 2.2 Financial Assets Designated at Fair Value through Profit or (Loss)                                  |                        | -                              | -          | -          | -                            | -          | -          |
| 2.2.1 Government Debt Securities  |                        | -                              | -          | -          | -                            | -          | -          |
| 2.2.2 Share Certificates  |                        | -                              | -          | -          | -                            | -          | -          |
| 2.2.3 Other Marketable Securities   |                        | -                              | -          | -          | -                            | -          | -          |
| 2.3 Trading Derivative Financial Assets   |                        | 36.393                         | 122.358    | 158.751    | 34.400                       | 46.882     | 81.282     |
| <b>III. BANKS</b>   | (I-c)                  | 464                            | 2.510.421  | 2.510.885  | 26.470                       | 1.543.695  | 1.570.165  |
| <b>IV. MONEY MARKETS</b>  |                        | 734                            | 188.727    | 189.461    | 2.547                        | -          | 2.547      |
| 4.1 Interbank Money Market Placements   |                        | -                              | 188.727    | 188.727    | -                            | -          | -          |
| 4.2 Receivables from Istanbul Stock Exchange Money Market   |                        | -                              | -          | -          | -                            | -          | -          |
| 4.3 Receivables from Reverse Repurchase Agreements  |                        | 734                            | -          | 734        | 2.547                        | -          | 2.547      |
| <b>V. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)</b>   | (I-d)                  | 18.387.211                     | 4.719.542  | 23.106.753 | 16.765.191                   | 4.217.440  | 20.982.631 |
| 5.1 Share Certificates  |                        | 6.721                          | 110        | 6.831      | 6.721                        | 110        | 6.831      |
| 5.2 Government Debt Securities  |                        | 18.380.490                     | 4.518.264  | 22.898.754 | 16.758.470                   | 4.131.310  | 20.889.780 |
| 5.3 Other Marketable Securities   |                        | -                              | 201.168    | 201.168    | -                            | 86.020     | 86.020     |
| <b>VI. LOANS</b>  | (I-e)                  | 26.344.242                     | 17.944.562 | 44.288.804 | 25.764.399                   | 14.117.729 | 39.882.128 |
| 6.1 Loans   |                        | 26.344.242                     | 17.944.562 | 44.288.804 | 25.764.399                   | 14.117.729 | 39.882.128 |
| 6.1.1 Loans to Bank's Risk Group  |                        | 122.522                        | 778.361    | 900.883    | 267.057                      | 668.453    | 935.510    |
| 6.1.2 Other   |                        | 26.221.720                     | 17.166.201 | 43.387.921 | 25.497.342                   | 13.449.276 | 38.946.618 |
| 6.2 Loans under Follow-up   |                        | 775.165                        | 26.103     | 801.268    | 961.981                      | 45.647     | 1.007.628  |
| 6.3 Specific Provisions (-)   |                        | 775.165                        | 26.103     | 801.268    | 961.981                      | 45.647     | 1.007.628  |
| <b>VII. FACTORING RECEIVABLES</b>   |                        | -                              | -          | -          | -                            | -          | -          |
| <b>VIII. HELD-TO-MATURITY SECURITIES (Net)</b>  | (I-f)                  | -                              | -          | -          | -                            | -          | -          |
| 8.1 Government Debt Securities  |                        | -                              | -          | -          | -                            | -          | -          |
| 8.2 Other Marketable Securities   |                        | -                              | -          | -          | -                            | -          | -          |
| <b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>  | (I-g)                  | -                              | -          | -          | -                            | -          | -          |
| 9.1 Consolidated Based on Equity Method   |                        | -                              | -          | -          | -                            | -          | -          |
| 9.2 Unconsolidated  |                        | -                              | -          | -          | -                            | -          | -          |
| 9.2.1 Financial Investments in Associates   |                        | -                              | -          | -          | -                            | -          | -          |
| 9.2.2 Non-Financial Investments in Associates   |                        | -                              | -          | -          | -                            | -          | -          |
| <b>X. SUBSIDIARIES (Net)</b>  | (I-h)                  | 17.748                         | 36         | 17.784     | 22.762                       | 36         | 22.798     |
| 10.1 Unconsolidated Financial Subsidiaries  |                        | 17.748                         | 36         | 17.784     | 22.762                       | 36         | 22.798     |
| 10.2 Unconsolidated Non-Financial Subsidiaries  |                        | -                              | -          | -          | -                            | -          | -          |
| <b>XI. JOINT VENTURES (Net)</b>   |                        | -                              | -          | -          | -                            | -          | -          |
| 11.1 Consolidated Based on Equity Method  |                        | -                              | -          | -          | -                            | -          | -          |
| 11.2 Unconsolidated   |                        | -                              | -          | -          | -                            | -          | -          |
| 11.2.1 Financial Joint Ventures   |                        | -                              | -          | -          | -                            | -          | -          |
| 11.2.2 Non-Financial Joint Ventures   |                        | -                              | -          | -          | -                            | -          | -          |
| <b>XII. FINANCIAL LEASE RECEIVABLES (Net)</b>   | (I-i)                  | 189.840                        | 513.599    | 703.439    | 209.186                      | 440.310    | 649.496    |
| 12.1 Financial Lease Receivables  |                        | 240.026                        | 581.518    | 821.544    | 267.601                      | 500.480    | 768.081    |
| 12.2 Operating Lease Receivables  |                        | -                              | -          | -          | -                            | -          | -          |
| 12.3 Other  |                        | -                              | -          | -          | -                            | -          | -          |
| 12.4 Unearned Income (-)  |                        | 50.186                         | 67.919     | 118.105    | 58.415                       | 60.170     | 118.585    |
| <b>XIII. HEDGING DERIVATIVE FINANCIAL ASSETS</b>  | (I-j)                  | -                              | -          | -          | -                            | -          | -          |
| 13.1 Fair Value Hedge   |                        | -                              | -          | -          | -                            | -          | -          |
| 13.2 Cash Flow Hedge  |                        | -                              | -          | -          | -                            | -          | -          |
| 13.3 Foreign Net Investment Hedge   |                        | -                              | -          | -          | -                            | -          | -          |
| <b>XIV. PROPERTY AND EQUIPMENT (Net)</b>  |                        | 723.422                        | 6.588      | 730.010    | 724.543                      | 5.970      | 730.513    |
| <b>XV. INTANGIBLE ASSETS (Net)</b>  |                        | 29.556                         | 207        | 29.763     | 31.790                       | 181        | 31.971     |
| 15.1 Goodwill   |                        | -                              | -          | -          | -                            | -          | -          |
| 15.2 Other  |                        | 29.556                         | 207        | 29.763     | 31.790                       | 181        | 31.971     |
| <b>XVI. INVESTMENT PROPERTY (Net)</b>   | (I-k)                  | -                              | -          | -          | -                            | -          | -          |
| <b>XVII. TAX ASSET</b>  |                        | 17.164                         | 1.712      | 18.876     | 16.339                       | 1.519      | 17.858     |
| 17.1 Current Tax Asset  |                        | -                              | -          | -          | -                            | -          | -          |
| 17.2 Deferred Tax Asset   | (I-l)                  | 17.164                         | 1.712      | 18.876     | 16.339                       | 1.519      | 17.858     |
| <b>XVIII. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b> | (I-m)                  | 3.623                          | -          | 3.623      | 3.650                        | -          | 3.650      |
| 18.1 Held for Sale Purpose  |                        | 3.623                          | -          | 3.623      | 3.650                        | -          | 3.650      |
| 18.2 Related to Discontinued Operations   |                        | -                              | -          | -          | -                            | -          | -          |
| <b>XIX. OTHER ASSETS</b>  | (I-n)                  | 562.939                        | 124.775    | 687.714    | 487.667                      | 64.022     | 551.689    |
| <b>TOTAL ASSETS</b>   |                        | 47.098.740                     | 34.020.064 | 81.118.804 | 44.543.511                   | 27.559.524 | 72.103.035 |

The accompanying explanations and notes form an integral part of these financial statements.

**AKBANK T.A.Ş.**  
**I. CONSOLIDATED BALANCE SHEETS AS OF 31 MARCH 2008 AND 31 DECEMBER 2007**  
(Amounts are expressed in thousands of New Turkish Lira (YTL)).

| LIABILITIES   | Note<br>(Section Five) | CURRENT PERIOD<br>(31/03/2008) |                   |                   | PRIOR PERIOD<br>(31/12/2007) |                   |                   |
|---|------------------------|--------------------------------|-------------------|-------------------|------------------------------|-------------------|-------------------|
|   |                        | YTL                            | FC                | Total             | YTL                          | FC                | Total             |
| <b>I. DEPOSITS</b>  | (II-a)                 | <b>27.206.956</b>              | <b>22.410.502</b> | <b>49.617.458</b> | <b>25.318.894</b>            | <b>18.315.727</b> | <b>43.634.621</b> |
| 1.1 Deposits of Bank's Risk Group   |                        | 965.319                        | 1.172.078         | 2.137.397         | 534.308                      | 698.227           | 1.232.535         |
| 1.2 Other   |                        | 26.241.637                     | 21.238.424        | 47.480.061        | 24.784.586                   | 17.617.500        | 42.402.086        |
| <b>II. TRADING DERIVATIVE FINANCIAL LIABILITIES</b>   | (II-b)                 | <b>18.455</b>                  | <b>63.959</b>     | <b>82.414</b>     | <b>56.840</b>                | <b>48.751</b>     | <b>105.591</b>    |
| <b>III. BORROWINGS</b>  | (II-c)                 | <b>153.426</b>                 | <b>11.599.018</b> | <b>11.752.444</b> | <b>174.727</b>               | <b>9.316.394</b>  | <b>9.491.121</b>  |
| <b>IV. MONEY MARKETS</b>  |                        | <b>5.364.054</b>               | <b>506.071</b>    | <b>5.870.125</b>  | <b>4.439.577</b>             | <b>498.125</b>    | <b>4.937.702</b>  |
| 4.1 Funds from Interbank Money Market   |                        | 27.111                         | -                 | 27.111            | 25.012                       | 129.011           | 154.023           |
| 4.2 Funds from Istanbul Stock Exchange Money Market   |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| 4.3 Funds Provided Under Repurchase Agreements  |                        | 5.336.943                      | 506.071           | 5.843.014         | 4.414.565                    | 369.114           | 4.783.679         |
| <b>V. MARKETABLE SECURITIES ISSUED (Net)</b>  |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| 5.1 Bills   |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| 5.2 Asset Backed Securities   |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| 5.3 Bonds   |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| <b>VI. FUNDS</b>  |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| 6.1 Borrower Funds  |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| 6.2 Other   |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| <b>VII. MISCELLANEOUS PAYABLES</b>  |                        | <b>1.192.232</b>               | <b>33.016</b>     | <b>1.225.248</b>  | <b>935.032</b>               | <b>21.044</b>     | <b>956.076</b>    |
| <b>VIII. OTHER LIABILITIES</b>  | (II-d)                 | <b>919.991</b>                 | <b>184.947</b>    | <b>1,104.938</b>  | <b>1,373.297</b>             | <b>114.020</b>    | <b>1,487.317</b>  |
| <b>IX. FACTORING PAYABLES</b>   |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| <b>X. FINANCIAL LEASE PAYABLES (Net)</b>  | (II-e)                 | -                              | -                 | -                 | -                            | -                 | -                 |
| 10.1 Financial Lease Payables   |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| 10.2 Operational Lease Payables   |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| 10.3 Other  |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| 10.4 Deferred Financial Lease Expenses (-)  |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| <b>XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES</b>   | (II-f)                 | -                              | -                 | -                 | -                            | -                 | -                 |
| 11.1 Fair Value Hedge   |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| 11.2 Cash Flow Hedge  |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| 11.3 Foreign Net Investment Hedge   |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| <b>XII. PROVISIONS</b>  | (II-g)                 | <b>427.662</b>                 | <b>170.224</b>    | <b>597.886</b>    | <b>409.213</b>               | <b>115.208</b>    | <b>524.421</b>    |
| 12.1 General Loan Loss Provision  |                        | 209.591                        | 162.203           | 371.794           | 187.190                      | 106.435           | 293.625           |
| 12.2 Restructuring Provisions   |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| 12.3 Reserve for Employee Rights  |                        | 65.792                         | -                 | 65.792            | 63.383                       | -                 | 63.383            |
| 12.4 Insurance Technical Provisions (Net)   |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| 12.5 Other Provisions   |                        | 152.279                        | 8.021             | 160.300           | 158.640                      | 8.773             | 167.413           |
| <b>XIII. TAX LIABILITY</b>  | (II-h)                 | <b>293.251</b>                 | <b>59.131</b>     | <b>352.382</b>    | <b>285.134</b>               | <b>48.598</b>     | <b>333.732</b>    |
| 13.1 Current Tax Liability  |                        | 293.251                        | 4.055             | 297.306           | 285.134                      | 8.854             | 293.988           |
| 13.2 Deferred Tax Liability   |                        | -                              | 55.076            | 55.076            | -                            | 39.744            | 39.744            |
| <b>XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b> |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| 14.1 Held for Sale Purpose  |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| 14.2 Related to Discontinued Operations   |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| <b>XV. SUBORDINATED LOANS</b>   |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| <b>XVI. SHAREHOLDERS' EQUITY</b>  | (II-i)                 | <b>10.528.707</b>              | <b>(12.798)</b>   | <b>10.515.909</b> | <b>10.658.724</b>            | <b>(26.270)</b>   | <b>10.632.454</b> |
| 16.1 Paid-in capital  |                        | 3.000.000                      | -                 | 3.000.000         | 3.000.000                    | -                 | 3.000.000         |
| 16.2 Capital Reserves   |                        | 3.571.232                      | (12.798)          | 3.558.434         | 3.813.171                    | (26.270)          | 3.786.901         |
| 16.2.1 Share Premium  |                        | 1.700.000                      | -                 | 1.700.000         | 1.700.000                    | -                 | 1.700.000         |
| 16.2.2 Share Cancellation Profits   |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| 16.2.3 Marketable Securities Valuation Differences  | (II-j)                 | 46.223                         | (12.798)          | 33.425            | 207.279                      | (26.270)          | 181.009           |
| 16.2.4 Property and Equipment Revaluation Differences   |                        | 8.025                          | -                 | 8.025             | -                            | -                 | -                 |
| 16.2.5 Intangible Fixed Assets Revaluation Differences  |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| 16.2.6 Revaluation Differences of Investment Properties   |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| 16.2.7 Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures                                   |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| 16.2.8 Hedging Funds (Effective portion)  |                        | (88.908)                       | -                 | (88.908)          | -                            | -                 | -                 |
| 16.2.9 Value Increase of Assets Held for Resale   |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| 16.2.10 Other Capital Reserves  |                        | 1.905.892                      | -                 | 1.905.892         | 1.905.892                    | -                 | 1.905.892         |
| 16.3 Profit Reserves  |                        | 3.222.706                      | -                 | 3.222.706         | 1.821.178                    | -                 | 1.821.178         |
| 16.3.1 Legal Reserves   |                        | 685.762                        | -                 | 685.762           | 526.433                      | -                 | 526.433           |
| 16.3.2 Status Reserves  |                        | -                              | -                 | -                 | -                            | -                 | -                 |
| 16.3.3 Extraordinary Reserves   |                        | 2.432.640                      | -                 | 2.432.640         | 1.310.787                    | -                 | 1.310.787         |
| 16.3.4 Other Profit Reserves  |                        | 104.304                        | -                 | 104.304           | (16.042)                     | -                 | (16.042)          |
| 16.4 Income or (Loss)   |                        | 734.560                        | -                 | 734.560           | 2.024.136                    | -                 | 2.024.136         |
| 16.4.1 Prior Years' Income or (Loss)  |                        | 14.418                         | -                 | 14.418            | (16.524)                     | -                 | (16.524)          |
| 16.4.2 Current Year Income or (Loss)  |                        | 720.142                        | -                 | 720.142           | 2.040.660                    | -                 | 2.040.660         |
| 16.5 Minority Interest  |                        | 209                            | -                 | 209               | 239                          | -                 | 239               |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |                        | <b>46.104.734</b>              | <b>35.014.070</b> | <b>81.118.804</b> | <b>43.651.438</b>            | <b>28.451.597</b> | <b>72.103.035</b> |

The accompanying explanations and notes form an integral part of these financial statements.

**AKBANK T.A.Ş.**  
**II. CONSOLIDATED INCOME STATEMENTS FOR THE PERIODS ENDED 31 MARCH 2008 AND 31 MARCH 2007**  
(Amounts are expressed in thousands of New Turkish Lira (YTL)).

| INCOME AND EXPENSE ITEMS |   | Note<br>(Section Five) | CURRENT PERIOD<br>(01/01-31/03/2008) | PRIOR PERIOD<br>(01/01-31/03/2007) |
|--------------------------|---|------------------------|--------------------------------------|------------------------------------|
| <b>I.</b>                | <b>INTEREST INCOME</b>  | (III-a)                | 2.339.400                            | 1.969.351                          |
| 1.1                      | Interest on loans   | (III-a-1)              | 1.428.019                            | 1.214.986                          |
| 1.2                      | Interest Received from Reserve Requirements   |                        | 6.787                                | 6.863                              |
| 1.3                      | Interest Received from Banks  | (III-a-2)              | 65.601                               | 78.952                             |
| 1.4                      | Interest Received from Money Market Transactions  |                        | 2.304                                | 13.576                             |
| 1.5                      | Interest Received from Marketable Securities Portfolio                                    | (III-a-3)              | 803.675                              | 631.740                            |
| 1.5.1                    | Trading Financial Assets  |                        | 53.129                               | 115.701                            |
| 1.5.2                    | Financial Assets at Fair Value Through Profit or (loss)                                   |                        | -                                    | -                                  |
| 1.5.3                    | Available-for-sale Financial Assets   |                        | 750.546                              | 516.039                            |
| 1.5.4                    | Held to maturity Investments  |                        | -                                    | -                                  |
| 1.6                      | Financial Lease Income  |                        | 20.681                               | 17.776                             |
| 1.7                      | Other Interest Income   |                        | 12.333                               | 5.458                              |
| <b>II.</b>               | <b>INTEREST EXPENSE</b>   | (III-b)                | 1.400.066                            | 1.217.926                          |
| 2.1                      | Interest on Deposits  | (III-b-3)              | 1.048.984                            | 908.983                            |
| 2.2                      | Interest on Funds Borrowed  | (III-b-1)              | 128.769                              | 141.400                            |
| 2.3                      | Interest Expense on Money Market Transactions   |                        | 214.991                              | 162.985                            |
| 2.4                      | Interest on Securities Issued   |                        | -                                    | -                                  |
| 2.5                      | Other Interest Expenses   |                        | 7.322                                | 4.558                              |
| <b>III.</b>              | <b>NET INTEREST INCOME (I - II)</b>   |                        | 939.334                              | 751.425                            |
| <b>IV.</b>               | <b>NET FEES AND COMMISSIONS INCOME</b>  |                        | 243.510                              | 222.721                            |
| 4.1                      | Fees and Commissions Received   |                        | 299.270                              | 271.543                            |
| 4.1.1                    | Non-cash Loans  |                        | 11.395                               | 11.648                             |
| 4.1.2                    | Other   |                        | 287.875                              | 259.895                            |
| 4.2                      | Fees and Commissions Paid   |                        | 55.760                               | 48.822                             |
| 4.2.1                    | Non-cash Loans  |                        | 54                                   | 62                                 |
| 4.2.2                    | Other   |                        | 55.706                               | 48.760                             |
| <b>V.</b>                | <b>DIVIDEND INCOME</b>  |                        | 3.509                                | -                                  |
| <b>VI.</b>               | <b>TRADING INCOME/(LOSS) (Net)</b>  | (III-c)                | 78.447                               | 28.333                             |
| 6.1                      | Trading Gains / (Losses) on Securities  |                        | (22.355)                             | 3.374                              |
| 6.2                      | Foreign Exchange Gains / (Losses)   |                        | 100.802                              | 24.959                             |
| <b>VII.</b>              | <b>OTHER OPERATING INCOME</b>   | (III-d)                | 414.276                              | 94.634                             |
| <b>VIII.</b>             | <b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>   |                        | 1.679.076                            | 1.097.113                          |
| <b>IX.</b>               | <b>PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>                                | (III-e)                | 301.933                              | 160.777                            |
| <b>X.</b>                | <b>OTHER OPERATING EXPENSES (-)</b>   | (III-f)                | 514.618                              | 373.280                            |
| <b>XI.</b>               | <b>NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>  |                        | 862.525                              | 563.056                            |
| <b>XII.</b>              | <b>EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>                                      |                        | -                                    | -                                  |
| <b>XIII.</b>             | <b>INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b> |                        | -                                    | -                                  |
| <b>XIV.</b>              | <b>INCOME/(LOSS) ON NET MONETARY POSITION</b>   |                        | -                                    | -                                  |
| <b>XV.</b>               | <b>PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XI+...+XIV)</b>                      |                        | 862.525                              | 563.056                            |
| <b>XVI.</b>              | <b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>   | (III-h)                | 142.377                              | 114.974                            |
| 16.1                     | Current Tax Provision   |                        | 137.595                              | 126.306                            |
| 16.2                     | Deferred Tax Provision  |                        | 4.782                                | (11.332)                           |
| <b>XVII.</b>             | <b>CURRENT YEAR PROFIT/LOSS FROM CONTINUED OPERATIONS (XV±XVI)</b>                        |                        | 720.148                              | 448.082                            |
| <b>XVIII.</b>            | <b>INCOME FROM DISCONTINUED OPERATIONS</b>  |                        | -                                    | -                                  |
| 18.1                     | Income from Non-current Assets Held for Resale  |                        | -                                    | -                                  |
| 18.2                     | Profit from Sales of Associates, Subsidiaries and Joint Ventures                          |                        | -                                    | -                                  |
| 18.3                     | Income from Other Discontinued Operations   |                        | -                                    | -                                  |
| <b>XIX.</b>              | <b>EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>   |                        | -                                    | -                                  |
| 19.1                     | Expenses for Non-current Assets Held for Resale   |                        | -                                    | -                                  |
| 19.2                     | Loss from Sales of Associates, Subsidiaries and Joint Ventures                            |                        | -                                    | -                                  |
| 19.3                     | Expenses for Other Discontinued Operations  |                        | -                                    | -                                  |
| <b>XX.</b>               | <b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>                    |                        | -                                    | -                                  |
| <b>XXI.</b>              | <b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>                                      |                        | -                                    | -                                  |
| 21.1                     | Current Tax Provision   |                        | -                                    | -                                  |
| 21.2                     | Deferred Tax Provision  |                        | -                                    | -                                  |
| <b>XXII.</b>             | <b>CURRENT YEAR PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>                     |                        | -                                    | -                                  |
| <b>XXIII.</b>            | <b>NET INCOME/(LOSS) (XVII+XXII)</b>  |                        | 720.148                              | 448.082                            |
| 23.1                     | Income/(Loss) from the Group  |                        | 720.142                              | 447.722                            |
| 23.2                     | Income/(Loss) from Minority Interest  | (III-g)                | 6                                    | 360                                |
|                          | Earnings/(Loss) per share (in YTL full)   |                        | 0,00240                              | 0,00149                            |

The accompanying explanations and notes form an integral part of these financial statements.

**AKBANK T.A.Ş.**  
**III. CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AT 31 MARCH 2008 AND 31 DECEMBER 2007**

(Amounts are expressed in thousands of New Turkish Lira (YTL)).

|   | Note<br>(Section Five) | CURRENT PERIOD<br>(31/03/2008)                       |                   |                    | PRIOR PERIOD<br>(31/12/2007) |                   |                   |
|---|------------------------|--|-------------------|--------------------|------------------------------|-------------------|-------------------|
|   |                        | YTL  | FC                | Total              | YTL                          | FC                | Total             |
|   |                        | <b>A. OFF-BALANCE SHEET COMMITMENTS ((I+II+III))</b> |                   | <b>19.209.396</b>  | <b>23.317.080</b>            | <b>42.526.476</b> | <b>18.008.552</b> |
| <b>I. GUARANTEES AND WARRANTIES</b>                                     | (IV-2, 3)              | <b>2.730.095</b>                                     | <b>3.050.281</b>  | <b>5.780.376</b>   | <b>2.672.045</b>             | <b>2.507.839</b>  | <b>5.179.884</b>  |
| 1.1 Letters of Guarantee  |                        | 2.586.965  | 1.506.885         | 4.093.850          | 2.516.552                    | 1.262.181         | 3.778.733         |
| 1.1.1 Guarantees Subject to State Tender Law                            |                        | 212.182  | 369.375           | 581.557            | 230.606                      | 316.102           | 546.708           |
| 1.1.2 Guarantees Given for Foreign Trade Operations                     |                        | -  | 234.917           | 234.917            | -                            | 235.298           | 235.298           |
| 1.1.3 Other Letters of Guarantee  |                        | 2.374.783  | 902.593           | 3.277.376          | 2.285.946                    | 710.781           | 2.996.727         |
| 1.2 Bank Acceptances  |                        | 15   | 57.309            | 57.324             | 15                           | 46.842            | 46.857            |
| 1.2.1 Import Letter of Acceptance                                       |                        | 15   | 57.309            | 57.324             | 15                           | 46.842            | 46.857            |
| 1.2.2 Other Bank Acceptances  |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 1.3 Letters of Credit   |                        | 16   | 1.461.152         | 1.461.168          | 16                           | 1.176.916         | 1.176.932         |
| 1.3.1 Documentary Letters of Credit                                     |                        | 16   | 1.351.257         | 1.351.273          | 16                           | 1.097.186         | 1.097.202         |
| 1.3.2 Other Letters of Credit   |                        | -  | 109.895           | 109.895            | -                            | 79.730            | 79.730            |
| 1.4 Prefinancing Given as Guarantee                                     |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 1.5 Endorsements  |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 1.5.1 Endorsements to the Central Bank of the Republic of Turkey        |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 1.5.2 Other Endorsements  |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 1.6 Securities Issue Purchase Guarantees                                |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 1.7 Factoring Guarantees  |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 1.8 Other Guarantees  |                        | 25.730   | 9.307             | 35.037             | 22.825                       | 9.796             | 32.621            |
| 1.9 Other Collaterals   |                        | 117.369  | 15.628            | 132.997            | 132.637                      | 12.104            | 144.741           |
| <b>II. COMMITMENTS</b>  | (IV-1)                 | <b>11.256.186</b>                                    | <b>3.622.822</b>  | <b>14.879.008</b>  | <b>10.664.659</b>            | <b>3.361.079</b>  | <b>14.025.738</b> |
| 2.1 Irrevocable Commitments   |                        | 11.256.186   | 3.622.822         | 14.879.008         | 10.664.659                   | 3.361.079         | 14.025.738        |
| 2.1.1 Asset Purchase Commitments  |                        | 172.999  | 680.425           | 853.424            | 56.594                       | 400.913           | 457.507           |
| 2.1.2 Deposit Purchase and Sales Commitments                            |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 2.1.3 Share Capital Commitments to Associates and Subsidiaries          |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 2.1.4 Loan Granting Commitments   |                        | 2.913.105  | 2.899.149         | 5.812.254          | 2.780.673                    | 2.921.787         | 5.702.460         |
| 2.1.5 Securities Issue Brokerage Commitments                            |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 2.1.6 Commitments for Reserve Deposit Requirements                      |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 2.1.7 Commitments for Cheques   |                        | 1.820.482  | -                 | 1.820.482          | 1.737.614                    | -                 | 1.737.614         |
| 2.1.8 Tax and Fund Liabilities from Export Commitments                  |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 2.1.9 Commitments for Credit Card Limits                                |                        | 6.262.531  | -                 | 6.262.531          | 6.001.065                    | -                 | 6.001.065         |
| 2.1.10 Promotion Commitments for Credit Cards and Banking Services      |                        | 32.750   | -                 | 32.750             | 34.405                       | -                 | 34.405            |
| 2.1.11 Receivables from Short Sale Commitments of Marketable Securities |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 2.1.12 Payables for Short Sale Commitments of Marketable Securities     |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 2.1.13 Other Irrevocable Commitments                                    |                        | 54.319   | 43.248            | 97.567             | 54.308                       | 38.379            | 92.687            |
| 2.2 Revocable Commitments   |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 2.2.1 Revocable Loan Granting Commitments                               |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 2.2.2 Other Revocable Commitments                                       |                        | -  | -                 | -                  | -                            | -                 | -                 |
| <b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>                            |                        | <b>5.223.115</b>                                     | <b>16.643.977</b> | <b>21.867.092</b>  | <b>4.671.848</b>             | <b>10.313.350</b> | <b>14.985.198</b> |
| 3.1 Hedging Derivative Financial Instruments                            |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 3.1.1 Transactions for Fair Value Hedge                                 |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 3.1.2 Transactions for Cash Flow Hedge                                  |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 3.1.3 Transactions for Foreign Net Investment Hedge                     |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 3.2 Trading Transactions  |                        | 5.223.115  | 16.643.977        | 21.867.092         | 4.671.848                    | 10.313.350        | 14.985.198        |
| 3.2.1 Forward Foreign Currency Buy/Sell Transactions                    |                        | 216.388  | 422.292           | 638.680            | 158.599                      | 347.609           | 506.208           |
| 3.2.1.1 Forward Foreign Currency Transactions-Buy                       |                        | 86.060   | 243.573           | 329.633            | 75.766                       | 185.434           | 261.200           |
| 3.2.1.2 Forward Foreign Currency Transactions-Sell                      |                        | 130.328  | 178.719           | 309.047            | 82.833                       | 162.175           | 245.008           |
| 3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates  |                        | 4.125.138  | 15.205.142        | 19.330.280         | 4.077.834                    | 9.484.969         | 13.562.803        |
| 3.2.2.1 Foreign Currency Swap-Buy                                       |                        | 55.264   | 4.917.731         | 4.972.995          | 72.669                       | 2.421.573         | 2.494.242         |
| 3.2.2.2 Foreign Currency Swap-Sell                                      |                        | 39.874   | 4.752.865         | 4.792.739          | 75.165                       | 2.414.260         | 2.489.425         |
| 3.2.2.3 Interest Rate Swap-Buy  |                        | 2.015.000  | 2.767.273         | 4.782.273          | 1.965.000                    | 2.324.568         | 4.289.568         |
| 3.2.2.4 Interest Rate Swap-Sell   |                        | 2.015.000  | 2.767.273         | 4.782.273          | 1.965.000                    | 2.324.568         | 4.289.568         |
| 3.2.3 Foreign Currency, Interest rate and Securities Options            |                        | 819.636  | 883.747           | 1.703.383          | 388.433                      | 448.861           | 837.294           |
| 3.2.3.1 Foreign Currency Options-Buy                                    |                        | 411.460  | 439.868           | 851.328            | 190.849                      | 227.402           | 418.251           |
| 3.2.3.2 Foreign Currency Options-Sell                                   |                        | 408.176  | 443.879           | 852.055            | 197.584                      | 221.459           | 419.043           |
| 3.2.3.3 Interest Rate Options-Buy                                       |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 3.2.3.4 Interest Rate Options-Sell                                      |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 3.2.3.5 Securities Options-Buy  |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 3.2.3.6 Securities Options-Sell   |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 3.2.4 Foreign Currency Futures  |                        | 42.588   | 43.674            | 86.262             | 27.578                       | 26.103            | 53.681            |
| 3.2.4.1 Foreign Currency Futures-Buy                                    |                        | 35.845   | 6.745             | 42.590             | 27.574                       | 3                 | 27.577            |
| 3.2.4.2 Foreign Currency Futures-Sell                                   |                        | 6.743  | 36.929            | 43.672             | 4                            | 26.100            | 26.104            |
| 3.2.5 Interest Rate Futures   |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 3.2.5.1 Interest Rate Futures-Buy                                       |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 3.2.5.2 Interest Rate Futures-Sell                                      |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 3.2.6 Other   |                        | 19.365   | 89.122            | 108.487            | 19.404                       | 5.808             | 25.212            |
| <b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>                        |                        | <b>54.740.932</b>                                    | <b>10.549.722</b> | <b>65.290.654</b>  | <b>52.449.723</b>            | <b>7.928.625</b>  | <b>60.378.348</b> |
| <b>IV. ITEMS HELD IN CUSTODY</b>  |                        | <b>18.811.848</b>                                    | <b>2.025.452</b>  | <b>20.837.300</b>  | <b>18.218.572</b>            | <b>1.659.130</b>  | <b>19.877.702</b> |
| 4.1 Customer Fund and Portfolio Balances                                |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 4.2 Investment Securities Held in Custody                               |                        | 15.554.216   | 568.011           | 16.122.227         | 15.029.013                   | 625.272           | 15.654.285        |
| 4.3 Cheques Received for Collection                                     |                        | 2.018.437  | 25.291            | 2.043.728          | 1.944.996                    | 21.412            | 1.966.408         |
| 4.4 Commercial Notes Received for Collection                            |                        | 1.048.589  | 528.333           | 1.576.922          | 1.011.845                    | 423.149           | 1.434.994         |
| 4.5 Other Assets Received for Collection                                |                        | -  | -                 | -                  | -                            | 197               | 197               |
| 4.6 Assets Received for Public Offering                                 |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 4.7 Other Items Under Custody   |                        | 190.606  | 902.922           | 1.093.528          | 232.718                      | 588.357           | 821.075           |
| 4.8 Custodians  |                        | -  | 895               | 895                | -                            | 743               | 743               |
| <b>V. PLEDGES RECEIVED</b>  |                        | <b>33.730.842</b>                                    | <b>8.460.297</b>  | <b>42.191.139</b>  | <b>32.011.296</b>            | <b>6.215.542</b>  | <b>38.226.838</b> |
| 5.1 Marketable Securities   |                        | 2.701.546  | 518.493           | 3.220.039          | 1.904.661                    | 155.821           | 2.060.482         |
| 5.2 Guarantee Notes   |                        | 860.013  | 111.909           | 971.922            | 987.443                      | 103.327           | 1.090.770         |
| 5.3 Commodity   |                        | 60   | 42.020            | 42.080             | 79                           | 45.718            | 45.797            |
| 5.4 Warranty  |                        | -  | -                 | -                  | -                            | -                 | -                 |
| 5.5 Immovable   |                        | 17.209.713   | 5.251.611         | 22.461.324         | 16.526.555                   | 4.340.986         | 20.867.541        |
| 5.6 Other Pledged Items   |                        | 12.959.510   | 2.536.264         | 15.495.774         | 12.592.558                   | 1.569.690         | 14.162.248        |
| 5.7 Pledged Items-Depository  |                        | -  | -                 | -                  | -                            | -                 | -                 |
| <b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>               |                        | <b>2.198.242</b>                                     | <b>63.973</b>     | <b>2.262.215</b>   | <b>2.219.855</b>             | <b>53.953</b>     | <b>2.273.808</b>  |
| <b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>                        |                        | <b>73.950.328</b>                                    | <b>33.866.802</b> | <b>107.817.130</b> | <b>70.458.275</b>            | <b>24.110.893</b> | <b>94.569.168</b> |

The accompanying explanations and notes form an integral part of these financial statements.

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IV. STATEMENT OF INCOME AND EXPENSES ACCOUNTED UNDER CONSOLIDATED SHAREHOLDERS' EQUITY  
AT 31 MARCH 2008 AND 31 MARCH 2007

(Amounts are expressed in thousands of New Turkish Lira (YTL)).

| INCOME AND EXPENSES ACCOUNTED UNDER SHAREHOLDERS' EQUITY   | Note | CURRENT PERIOD<br>(31/03/2008) | PRIOR PERIOD<br>(31/03/2007) |
|--|------|--------------------------------|------------------------------|
| I. ADDITIONS TO MARKETABLE SECURITIES VALUATION DIFFERENCES FROM AVAILABLE FOR SALE FINANCIAL ASSETS                 |      | (149.694)                      | 112.795                      |
| II. PROPERTY AND EQUIPMENT REVALUATION DIFFERENCES   |      | -                              | -                            |
| III. INTANGIBLE FIXED ASSETS REVALUATION DIFFERENCES   |      | -                              | -                            |
| IV. FOREIGN EXCHANGE DIFFERENCES FROM FOREIGN CURRENCY TRANSACTIONS  |      | 120.346                        | (10.217)                     |
| V. PROFIT/LOSS FROM CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes)               |      | -                              | -                            |
| VI. PROFIT/LOSS FROM FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Part of Fair Value Changes) (*) |      | (111.135)                      | -                            |
| VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS  |      | -                              | -                            |
| VIII. OTHER INCOME/EXPENSE ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS   |      | -                              | -                            |
| IX. TAX RELATED TO VALUATION DIFFERENCES   |      | 52.166                         | (22.559)                     |
| X. NET INCOME/EXPENSE DIRECTLY ACCOUNTED UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)                                    |      | (88.317)                       | 80.019                       |
| XI. CURRENT YEAR INCOME / LOSS   |      | 27.829                         | 4.762                        |
| 1.1 Net Change in Fair Value of Marketable Securities (Transfer to Profit/Loss)                                      |      | 27.829                         | 4.762                        |
| 1.2 Part of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement           |      | -                              | -                            |
| 1.3 Part of Foreign Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement  |      | -                              | -                            |
| 1.4 Other  |      | -                              | -                            |
| XII. TOTAL ACCOUNTED INCOME / LOSS RELATED TO CURRENT PERIOD (X+XI)  |      | (116.146)                      | 75.257                       |

(\*) Figure represents the effective part of the foreign exchange differences of the financial liabilities hedging the net investment risk of foreign investments as explained in Note II of Section Three.

The accompanying explanations and notes form an integral part of these financial statements.



## VI. CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED 31 MARCH 2008 AND 31 MARCH 2007

(Amounts are expressed in thousands of New Turkish Lira (YTL)).

|  | Note<br>(Section Five) | CURRENT PERIOD<br>(31/03/2008) | PRIOR PERIOD<br>(31/03/2007) |
|--|------------------------|--------------------------------|------------------------------|
| <b>A. CASH FLOWS FROM BANKING OPERATIONS</b>                           |                        |                                |                              |
| 1.1  |                        | 1.058.926                      | 893.345                      |
| Operating Profit before changes in operating assets and liabilities    |                        |                                |                              |
| 1.1.1  |                        | 2.213.729                      | 2.127.446                    |
| 1.1.2  |                        | (1.329.358)                    | (1.258.117)                  |
| 1.1.3  |                        | 3.509                          | -                            |
| 1.1.4  |                        | 299.270                        | 290.133                      |
| 1.1.5  |                        | (22.355)                       | 3.374                        |
| 1.1.6  |                        | 106.122                        | 71.998                       |
| 1.1.7  |                        | (209.997)                      | (149.653)                    |
| 1.1.8  |                        | (145.412)                      | (17.892)                     |
| 1.1.9  |                        | 143.418                        | (173.944)                    |
| Other  |                        |                                |                              |
| 1.2  |                        | 3.604.630                      | (108.079)                    |
| Changes in operating assets and liabilities                            |                        |                                |                              |
| 1.2.1  |                        | (184.364)                      | (33.201)                     |
| 1.2.2  |                        | -                              | 52.877                       |
| 1.2.3  |                        | (475.452)                      | (59.430)                     |
| 1.2.4  |                        | (4.547.812)                    | (2.480.890)                  |
| 1.2.5  |                        | (192.832)                      | (161.440)                    |
| 1.2.6  |                        | 804.286                        | 96.253                       |
| 1.2.7  |                        | 5.128.557                      | 2.632.739                    |
| 1.2.8  |                        | 3.171.534                      | (577.392)                    |
| 1.2.9  |                        | -                              | -                            |
| 1.2.10   |                        | (99.287)                       | 422.405                      |
| I  |                        | 4.663.556                      | 785.266                      |
| Net cash provided from banking operations                              |                        |                                |                              |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |                        |                                |                              |
| II   |                        | (2.442.879)                    | (3.661.257)                  |
| Net cash provided from investing activities                            |                        |                                |                              |
| 2.1  |                        | (16)                           | (764)                        |
| 2.2  |                        | -                              | -                            |
| 2.3  |                        | (24.634)                       | (5.802)                      |
| 2.4  |                        | 373                            | 1.240                        |
| 2.5  |                        | (2.418.602)                    | (3.655.931)                  |
| 2.6  |                        | -                              | -                            |
| 2.7  |                        | -                              | -                            |
| 2.8  |                        | -                              | -                            |
| 2.9  |                        | -                              | -                            |
| Other  |                        |                                |                              |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>                         |                        |                                |                              |
| III  |                        | (720.511)                      | 1.239.505                    |
| Net cash provided from financing activities                            |                        |                                |                              |
| 3.1  |                        | -                              | -                            |
| 3.2  |                        | -                              | -                            |
| 3.3  |                        | -                              | -                            |
| 3.4  |                        | (720.511)                      | (660.495)                    |
| 3.5  |                        | -                              | -                            |
| 3.6  |                        | -                              | 1.900.000                    |
| Other  |                        |                                |                              |
| IV   |                        | -                              | -                            |
| Effect of change in foreign exchange rate on cash and cash equivalents |                        |                                |                              |
| V  | (V)                    | 1.500.166                      | (1.636.486)                  |
| Net increase in cash and cash equivalents (I+II+III+IV)                |                        |                                |                              |
| VI   | (V)                    | 2.521.696                      | 4.622.695                    |
| Cash and cash equivalents at beginning of the year                     |                        |                                |                              |
| VII  |                        | 4.021.862                      | 2.986.209                    |
| Cash and cash equivalents at end of the year                           |                        |                                |                              |

The accompanying explanations and notes form an integral part of these financial statements.

**CONVENIENCE TRANSLATION OF  
PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY  
ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE**

**AKBANK T.A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 MARCH 2008**

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise stated.)

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**SECTION THREE  
ACCOUNTING POLICIES**

**I. EXPLANATIONS ON BASIS OF PRESENTATION:**

**a. The preparation of the consolidated financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on the Principles and Procedures Regarding Banks' Accounting Application and Keeping Documents:**

The consolidated financial statements have been prepared in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the "Turkish Accounting Standards Board" ("TASB") and additional explanations and notes related to them and other decrees, notes and explanations related to accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the Banking Regulation and Supervision Agency ("BRSA"). The Bank maintains its books in New Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish tax legislation.

The consolidated financial statements have been prepared in YTL, under the historical cost convention except for the financial assets and liabilities carried at fair value.

The preparation of consolidated financial statements in conformity with TAS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement.

**b. Explanation for convenience translation into English:**

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these consolidated financial statements. Accordingly, these consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

**c. Accounting policies and valuation principles applied in the presentation of consolidated financial statements:**

The accounting policies and valuation principles applied in the preparation of consolidated financial statements are determined and applied in accordance with TAS. These accounting policies and valuation principles are explained in Notes II to XXVIII below.

**d. Items subject to different accounting policies in the preparation of consolidated financial statements:**

There are no items subject to different accounting policies in the preparation of these consolidated financial statements.

**CONVENIENCE TRANSLATION OF  
PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY  
ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE**

**AKBANK T.A.Ş.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise stated.)

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**II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND  
EXPLANATIONS IN FOREIGN CURRENCY TRANSACTIONS:**

The Group's core business activities include retail banking, commercial banking, corporate banking, private banking, foreign exchange, money markets, securities transactions (Treasury transactions) and international banking services. The Group performs financial leasing transactions through Ak Finansal Kiralama A.Ş.. By nature, the Group's activities are principally related to the use of financial instruments. As the main funding source, the Group accepts deposits from customers for various periods and invests these funds in high quality assets with high interest margins. Other than deposits, the Group's most important funding sources are equity, mostly intermediate and long-term borrowings from foreign financial institutions. The Group follows an asset-liability management strategy that mitigates risk and increases earnings by balancing the funds borrowed and the investments in various financial assets. The main objective of asset-liability management is to limit the Group's exposure to liquidity risk, interest rate risk, currency risk and credit risk while increasing profitability and strengthening the Group's equity. The Asset-Liabilities Committee ("ALCO") manages the assets and liabilities within the trading limits on the level of exposure placed by the Senior Risk Committee ("SRC").

For covering foreign currency exposures arising from the foreign currency transactions, the Group uses derivatives and asset-liability balancing transactions.

Foreign currency denominated monetary assets and liabilities are translated with the exchange rates prevailing at the balance sheet date. Gains and losses arising from such transactions are recognized in the income statement under the account of "Net foreign exchange income/expense". Assets and liabilities of foreign subsidiaries are translated into Turkish lira using the foreign exchange rates prevailing at the balance sheet date, income and expenses of foreign subsidiaries are translated into Turkish lira at the average exchange rates and all resulting exchange differences are accounted in the shareholders' equity under "Other profit reserves". The Group hedges the net investment risk of foreign investments with the foreign exchange differences of the foreign currency denominated financial liabilities. The effective part of the foreign exchange differences of the foreign currency denominated financial liabilities in this extent has been accounted in the "Hedge Funds" account under shareholders' equity.

As of 31 March 2008, foreign currency denominated balances are translated into Turkish lira using the exchange rates of YTL1,3064, YTL2,0644 and YTL1,3132 for USD, EUR and Yen, respectively.

**CONVENIENCE TRANSLATION OF  
PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY  
ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE**

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**AT 31 MARCH 2008**

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise stated.)

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**III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES:**

Consolidated financial statements are prepared in accordance with the "Turkish Accounting Standard for Consolidated and Separate Financial Statements" ("TAS 27").

Consolidation principles for subsidiaries:

Subsidiaries are entities controlled directly or indirectly by the Bank.

Subsidiaries are consolidated using the full consolidation method on the grounds of materiality principle considering their operations, asset and equity sizes. Financial statements of related subsidiaries are consolidated from the date when the control is transferred to the Bank.

Control means, directly or indirectly, holding the majority of the capital of an enterprise or although not having this majority, by holding privileged shares; or based on agreements made with other shareholders, holding the majority of the voting power or somehow having the power of dismissal or appointment of the majority of the members of the board of directors.

In the full consolidation method, 100% of subsidiaries' assets, liabilities, income, expense and off-balance sheet items are combined with the Parent Bank's assets, liabilities, income, expense and off-balance sheet items. The carrying amount of the Group's investment in each subsidiary and the Group's portion of the cost value of the capital of each subsidiary are eliminated. Intragroup balances and intragroup transactions and resulting unrealized profits and losses are eliminated. Minority interests in the net income of consolidated subsidiaries are identified and adjusted against the income of the Group in order to arrive at the net income attributable to the Group. Minority interests are presented in the consolidated balance sheet, in the shareholder's equity. Minority interests are presented separately in the Group's income.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Consolidation principles for investments in associates:

Associates are entities in which the Parent Bank has equity investments, and has a significant influence even without the power to govern the financial and operating policies. Associates are consolidated with the equity method on the grounds of the materiality principle.

Significant influence represents the power to participate in the financial and operating policies of the investee. Unless the opposite is demonstrated, if the Parent Bank holds 10% or more of the voting power of the investee, it is presumed that the Parent Bank has a significant influence on this investee.

The equity method is a method of accounting whereby the investment is recorded at cost and adjusted thereafter for the post acquisition change in the investor's share of net assets of the investee. The income statement reflects the investor's share of the results of operations of the investee.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

**CONVENIENCE TRANSLATION OF  
PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY  
ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE**

**AKBANK T.A.Ş.  
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(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise stated.)

**III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES  
(CONTINUED):**

The Parent Bank and its direct and indirect subsidiaries, Ak Yatırım Menkul Değerler A.Ş., Akbank N.V., Akbank AG, Ak Finansal Kiralama A.Ş., together with Ak Receivables Corporation and A.R.T.S. Ltd., which are not subsidiaries of the Bank, but over the Bank has 100% control power due to the reason that these companies are "Special Purpose Entities", have been included in the scope of consolidation. The Parent Bank together with its consolidated subsidiaries is referred to as the "Group" in these consolidated financial statements.

Ak Yatırım Menkul Değerler A.Ş. was established on 11 December 1996 to trade in capital markets in accordance with Capital Market Law. This company is delivering intermediary services in capital markets, discretionary portfolio management, derivative transactions, repurchase and reverse repurchase agreements with authorizations given by the Capital Markets Board for each transaction.

Ak Finansal Kiralama A.Ş. was established in 1988 for leasing operations and all kinds of agreements and transactions related to these operations.

Akbank N.V. was established in 2000 for banking operations in the Netherlands.

The Bank's Frankfurt Branch was established on 5 April 1998 for banking operations abroad. As of 1 September 2006, the Frankfurt Branch has been converted to a 100% subsidiary of the Bank. As of 31 May 2007, shares of Akbank AG were transferred to Akbank N.V resident in the Netherlands, which is 100% subsidiary of the Parent Bank, through capital in kind.

Ak Receivables Corporation and A.R.T.S Ltd. are "Special Purpose Entities" established in July 1998 and November 1999, respectively, in connection with raising long-term financing.

**IV. EXPLANATIONS ON FORWARD TRANSACTIONS AND DERIVATIVE INSTRUMENTS:**

The major derivative instruments utilized by the Group are currency and interest rate swaps, currency options and currency forwards.

The Group classifies its derivative instruments as "Held-for-hedging" or "Held-for-trading" in accordance with "Turkish Accounting Standard for Financial Instruments: Recognition and Measurement" ("TAS 39"). Certain derivative transactions, while providing effective economic hedges under the Bank's risk management position, are treated as derivatives "Held-for-trading".

Payables and receivables arising from the derivative instruments are followed in the off-balance sheet accounts at their contractual values.

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**IV. EXPLANATIONS ON FORWARD TRANSACTIONS AND DERIVATIVE INSTRUMENTS  
(CONTINUED):**

Derivative instruments are remeasured at fair value after initial recognition. If the fair value of a derivative financial instrument is positive, it is disclosed under the main account "Financial assets at fair value through profit or loss" in "Trading derivative financial instruments" and if the fair value difference is negative, it is disclosed under "Trading derivative financial liabilities". Differences in the fair value of trading derivative instruments are accounted under "trading income/loss" in the income statement. The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

Embedded derivatives are separated from the host contract and accounted for as a derivative under TAS 39 if, and only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss.

**V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:**

Interest income and expenses are recognized in the income statement on an accrual basis. The Group ceases accruing interest income on non-performing loans and any interest income accruals from such loans are reversed and no income is accounted until the collection is made according to the related regulation.

**VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES:**

All fees and commission income/expenses are recognized on an accrual basis, except for certain commission income and fees for various banking services which are recorded as income at the time of collection. Borrowing fees and commission expenses paid to other financial institutions are recognized as operational costs and recorded using the "Effective interest method". Contract based fees or fees received in return for services such as the purchase and sale of assets on behalf of a third party or legal person are recognized as income at the time of collection.

**VII. EXPLANATIONS ON FINANCIAL ASSETS:**

The Group categorizes its financial assets as "Fair value through profit/loss", "Available-for-sale", "Loans and receivables" or "Held-to-maturity". Sale and purchase transactions of the financial assets mentioned above are recognized at the "Settlement dates". The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Group management, taking into consideration the purpose of the investment.

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**VII. EXPLANATIONS ON FINANCIAL ASSETS (CONTINUED):**

**a. Financial assets at the fair value through profit or loss:**

This category has two sub categories: "Trading financial assets" and "Financial assets designated at fair value through profit/loss at initial recognition."

Trading financial assets are financial assets which were either acquired for generating a profit from short-term fluctuations in prices or dealers' margin, or are financial assets included in a portfolio in which a pattern of short-term profit making exists.

All regular way purchases and sales of trading financial assets are recognized at the settlement date, which is the date that the asset is delivered to/from the Bank. Trading financial assets are initially recognized at cost and subsequently re-measured at their fair value based on quoted bid prices or amounts derived from cash flow models. All gains and losses arising from these valuations are reflected in the income statement. Interest earned while holding trading financial assets is reported as interest income and dividends received are included separately in dividend income.

Derivative financial assets are classified as trading purpose financial assets unless they are used for hedging purposes. The accounting of derivative financial assets is explained in Note IV of Section Three.

The Group has no financial assets designated as financial assets at fair value through profit or loss.

**b. Financial assets available-for-sale:**

Financial assets available-for-sale consists of financial assets other than "Loan and receivables", "Held-to-maturity" and "Financial assets at fair value through profit or loss".

Debt securities classified as available-for-sale financial assets are subsequently remeasured at fair value. "Unrealized gains and losses" arising from changes in the fair value of securities classified as available-for-sale are recognized in shareholders' equity as "Marketable securities value increase fund", unless there is a permanent decline in the fair values of such assets or they are disposed of. When these securities are disposed of or impaired, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement.

Available-for-sale equity securities that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Available-for-sale equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

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**VII. EXPLANATIONS ON FINANCIAL ASSETS (CONTINUED):**

**c. Loan and receivables:**

Financial assets that are originated by the Group by providing money, services or goods to borrowers are categorized as loans and receivables. Loans and receivables originated by the Group are carried initially at cost and subsequently recognized at the amortized cost value calculated using the "Effective yield method". The expenses incurred for the assets received as collateral are not considered as transaction costs and are recognized in the expense accounts.

If the collectability of any receivable is identified as limited or doubtful by the management through assessments and estimates, the Group provides general and specific provisions for these loans and receivables in accordance with the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" published in the Official Gazette dated 1 November 2006, No.26333. Provision expenses are deducted from the net income of the period. If there is a subsequent collection from a receivable that was already provisioned in the previous years, the recovery amount is classified under "Other operating income". If a receivable is collected which is provisioned in the same year, it is deducted from the "Provisions for loan losses and other receivables". Uncollectible receivables are written-off after all the legal procedures are finalized.

**d. Held-to-maturity financial assets:**

Held-to-maturity financial assets are assets that are not classified under "Loans and receivables" with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity. Held-to-maturity financial assets are initially recognized at cost, and subsequently carried at "Amortized cost" using the "Effective yield method"; interest earned whilst holding held-to-maturity securities is reported as interest income. Interest income from held-to-maturity financial assets is reflected in the income statement.

There are no financial assets previously classified as held-to-maturity but which cannot be subject to this classification for two years due to the contradiction of classification principles.

**VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS:**

Where the estimated recoverable amount of the financial asset, being the present value of the expected future cash flows discounted based on the "Effective yield method", or the fair value if one exists, is lower than its carrying value, then it is concluded that the asset under consideration is impaired. A provision is made for the diminution in value of the impaired financial asset and this is charged against the income for the year.

**IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS:**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Group has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

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**X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS:**

Securities subject to repurchase agreements ("Repos") are classified as "Financial assets at fair value difference through profit or loss", "Available-for-sale securities" and "Held-to-maturity securities" in the balance sheet according to the investment purposes and measured according to the portfolio of the Group to which they belong. Funds obtained under repurchase agreements are accounted under "Funds provided under repurchase agreements" in liability accounts and differences between the sale and repurchase prices determined by these repurchase agreements are accrued evenly over the life of the repurchase agreement using the "Effective yield method."

Funds given against securities purchased under agreements to resell ("Reverse repos") are accounted under "Receivables from reverse repurchase agreements" in the balance sheet. The difference between the purchase and resell price determined by these repurchase agreements is accrued evenly over the life of repurchase agreements using the "Effective yield method". The Group has no securities lending transactions.

**XI. EXPLANATIONS ON PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS:**

The Group has no discontinued operations.

Property and equipment held-for-resale purpose consist of tangible assets that were acquired due to non-performing receivables, and are accounted in the financial statements in accordance with the "Communiqué Regarding the Principles and Procedures for the Disposals of Immovables and Commodities Acquired due to Receivables and for Trading of Precious Metal" published in the Official Gazette dated 1 November 2006, No.26333.

**XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:**

As of 31 March 2008 and 31 December 2007, the Group has no goodwill.

Intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated depreciation and the provision for value decreases.

Intangibles are amortized over five years (their estimated useful lives) using the straight-line method. The useful life of the asset is determined by assessing the expected useful time of the asset, technical, technological and other kinds of wear and tear and all required maintenance expenses necessary to utilize the economic benefit from the asset.

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**XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:**

Property and equipment is measured at its cost when initially recognized and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, property and equipment is carried at cost less accumulated depreciation and provision for value decrease.

Depreciation is calculated over the cost of property and equipment using the straight-line method over estimated useful lives. The estimated useful lives are stated below:

|   |          |
|---|----------|
| Buildings                                   | 50 years |
| Machinery, furniture, fixtures and vehicles | 5 years  |

The depreciation charge for items remaining in the property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item will remain in property and equipment.

Where the carrying amount of an asset is greater than its estimated "Recoverable amount", it is written down immediately to its "Recoverable amount" and the provision for the diminution in value is charged to the income statement.

Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales revenue.

Expenditures for the repair and renewal of property and equipment are recognized as expense. The capital expenditures incurred in order to increase the capacity of the tangible asset or to increase the future benefit of the asset are capitalized on the cost of the tangible asset. Capital expenditures include the cost components that increase the useful life, or the capacity of the asset, increase the quality of the product or decrease the costs.

**XIV. EXPLANATIONS ON LEASING TRANSACTIONS:**

Assets acquired under finance lease agreements are capitalized at the inception of the lease at the "Lower of the fair value of the leased asset or the present value of the lease installments that are going to be paid for the leased asset". Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of the asset. If there is any diminution in value of the leased asset, a "Provision for value decrease" is recognized. Liabilities arising from the leasing transactions are included in "Finance lease payables" in the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement.

The Group performs financial leasing operations as a "Lessor" through Ak Finansal Kiralama A.Ş. which is a consolidated subsidiary. The asset subject to the financial leasing is presented in the balance sheet as receivable equal to the net leasing amount. Interest income is recognized over the term of the lease using the net investment method which reflects a constant periodic rate of return and the unearned portion is followed under unearned interest income account.

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

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**XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES:**

Provisions and contingent liabilities are accounted in accordance with, "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. A provision for contingent liabilities arising from past events should be recognized in the same period of occurrence in accordance with the matching principle. When the amount of the obligation cannot be estimated and there is no possibility of an outflow of resources from the Group, it is considered that a "Contingent" liability exists and it is disclosed in the related notes to the financial statements.

**XVI. EXPLANATIONS ON CONTINGENT ASSETS:**

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements in which the change occurs.

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**XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:**

**a. Employment termination benefits and vacation rights:**

Obligations related to employment termination and vacation rights are accounted for in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19") and are classified under the "Reserve for Employee Rights" account in the balance sheet.

Under the Turkish Labor Law, the Group is required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labor Law. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Group arising from this liability.

**b. Retirement rights:**

The Bank's personnel are members of the "Akbank T.A.Ş. Personnel Pension Fund Foundation" ("Fund") established in accordance with the Social Security Law numbered 506, article No.20. The financial statements of the Fund have been audited by an independent actuary in accordance with the 38th article of the Insurance Supervisory Law and the "Actuarial Regulation" based on the same article.

Temporary 23rd article paragraph 1 ("the paragraph") of the Banking Law No 5411 published in the Official Gazette No 25983 dated 1 November 2005 required that the Banks would transfer their funds to the Social Security Institution ("SSI") within three years following the publication date of the Banking Law, and regulated the principles of this transfer. The first paragraph of the related article was rescinded as from the 31 March 2007, the publication date of the decision of the Constitutional Court dated 22 March 2007. The reasoned decree regarding the rescission of the mentioned paragraph was published in the Official Gazette numbered 26731, dated 15 December 2007.

Following the publication of the reasoned decree of the Constitutional Court, Grand National Assembly commenced to work on a new law regarding the transfer of the members of funds to the Social Security Institution; the related articles of the Social Security Law ("New Law") numbered 5754 regarding the transfer of the funds, were ratified by the Grand National Assembly on 17 April 2008 and came into effect following the publication in the Official Gazette numbered 26870, dated 8 May 2008.

The new law requires that present value of post-employment benefits at the balance sheet date regarding the members of the fund to be transferred shall be calculated by a commission consisting of the representatives of SSI, Ministry of Finance, Undersecretariat of Treasury, Undersecretariat of State Planning Organization, BRSA, SDIF and banks and funds, by using technical discount rate of 9,8 percent taking into consideration the transferrable contributions and payments of the funds including any monthly payment differences paid by the funds above the limits within the framework of SSI regulations.

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**XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS (CONTINUED):**

According to the new law, following the transfer of the members of the fund, the funds and institutions will continue to provide the non-transferrable social benefits and payments which are included in the settlement deed of the fund.

In this extent, according to the technical balance sheet report dated 31 December 2007 prepared considering the said articles of the new law regarding the transferrable benefit obligations and in accordance with TAS 19 for the non-transferrable social benefits and payments which are included in the settlement deed and audited within the framework stated in the first paragraph above; the fund has no technical or actual deficit which requires a provision.

Additionally, the Bank management is of the opinion that the possible obligation amount to arise during and after the transfer to be made within the framework described above will be at a reasonable level that can be met by the Fund's assets and will not bring any additional burden for the Bank.

**XVIII. EXPLANATIONS ON TAXATION:**

**a. Current tax:**

Turkish Tax Legislation does not permit a parent bank and its subsidiaries to file a consolidated tax return. Therefore, a provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

On 21 June 2006, "Corporate Tax Law" No.5520 ("New Tax Law") was published in the Official Gazette, No.26205. Many clauses of the New Tax Law are effective from 1 January 2006. According to the New Tax Law, the corporate tax rate is 20% beginning from 1 January 2006. Corporate tax is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey or are resident corporations, are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and thus does not incur withholding tax.

Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income. Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations which is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

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**XVIII. EXPLANATIONS ON TAXATION (CONTINUED):**

A 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special fund account under liability for five years.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

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

**b. Deferred tax:**

The Group calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes. In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date.

Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized.

According to TAS 12, deferred taxes and liabilities resulting from different subsidiaries subject to consolidation are not presented as net; rather they are presented separately as assets and liabilities in the financial statements.

**XIX. EXPLANATIONS ON BORROWINGS:**

Trading financial liabilities and derivative instruments are carried at their fair values and other financial liabilities are carried at amortized cost using the effective yield method.

**XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:**

In 2008, there is no share certificates issued.

**XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES:**

Avalized drafts and acceptances shown as liabilities against assets are included in the off-balance sheet commitments.

**XXII. EXPLANATIONS ON GOVERNMENT GRANTS:**

As of 31 March 2008 and 31 December 2007, there is no government grant for the Group.

**XXIII. EXPLANATIONS ON SEGMENT REPORTING:**

Field of activity is a distinguishable part involved with a single product or service or interrelated products or services activity that are subject to risks and returns that are different from those of other fields of activity. Reporting according to the field of activity is presented in Note IX of Section Four.

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**XXIV. PROFIT RESERVES AND PROFIT APPROPRIATION:**

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below.

Under the Turkish Commercial Code, the Group is required to create the following legal reserves from appropriations of earnings, which are available for distribution only in the event of liquidation or losses:

- a) First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital.
- b) Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital, without limit.

According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

The Ordinary General Assembly Meeting of the Parent Bank was held on 28 March 2008. In the Ordinary General Assembly, it was resolved to distribute an YTL720.511 cash dividend over the YTL1.994.294 net income from 2007 operations to the Bank's shareholders, Chairman and Members of the Board of Directors. It was also resolved in the General Assembly to transfer YTL8.025 to capital reserves, to allocate YTL156.765 as legal reserve and YTL1.108.993 as extraordinary reserves.

**XXV. EARNINGS PER SHARE:**

Earnings per share disclosed in the income statement are calculated by dividing net profit for the year to the weighted average number of shares outstanding during the period concerned.

|  | Current Period<br>31 March 2008 | Prior Period<br>31 March 2007 |
|--|---------------------------------|-------------------------------|
| Distributable Net Profit to Common Shares          | 720.142                         | 447.722                       |
| Average Number of Issued Common Shares (Thousand)  | 300.000.000                     | 300.000.000                   |
| Earnings Per Share (Amounts presented as full YTL) | 0,00240                         | 0,00149                       |

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period.

In 2008, there is no bonus shares issued (2007: 60.000.000.000).

**XXVI. RELATED PARTIES**

Parties defined in the subsection 2, article 49 of the Banking Law No.5411, Bank's senior management, and board members are deemed as related parties. Transactions regarding related parties are presented in Note VI of Section Five.

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**XXVII. CASH AND CASH EQUIVALENT ASSETS:**

For the purposes of the cash flow statement, cash includes cash effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and cash equivalents include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

**XXVIII. RECLASSIFICATIONS**

Comparative figures of 31 December 2007 and 31 March 2007 have been reclassified to conform to changes in presentation in the current period.

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**SECTION FOUR**

**INFORMATION RELATED TO FINANCIAL POSITION OF THE GROUP**

**I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO:**

- a. The Group's and Parent Bank's capital adequacy ratios are 16,97% (31 December 2007: 18,02%) and 17,91% (31 December 2007: 18,91%) respectively. These rates are considerably above the minimum rate specified by the related regulation.
- b. For the calculation of the capital adequacy ratio, the Group classifies the risk weighted assets and non-cash loans according to the risk weights defined by the regulations and calculates "Total risk weighted assets" which is the sum of "Market risk on securities" and the "Group's currency risk". The following tables present the classifications of "Risk weighted assets of the Group and the Parent Bank" and the calculation of "shareholders' equity" for the capital adequacy ratio calculation.
- c. **Information related to consolidated capital adequacy ratio:**

|  | Risk Weights      |                  |          |                   |                |              |
|--|-------------------|------------------|----------|-------------------|----------------|--------------|
|  | Consolidated      |                  |          |                   |                |              |
|  | 0 %               | 20 %             | 50 %     | 100 %             | 150 %          | 200 %        |
| <b>Amount Subject to Credit Risk</b>   |                   |                  |          |                   |                |              |
| Balance Sheet Items (Net)  | 32.889.271        | 2.688.029        | -        | 45.132.370        | 234.939        | 3.026        |
| Cash   | 489.886           | 203              | -        | -                 | -              | -            |
| Matured Marketable Securities  | -                 | -                | -        | -                 | -              | -            |
| The Central Bank of the Republic of Turkey   | 660.374           | -                | -        | -                 | -              | -            |
| Domestic, Foreign Banks, Foreign Head Offices and Branches                               | -                 | 2.104.699        | -        | 400.097           | -              | -            |
| Interbank Money Market Placements  | 188.727           | -                | -        | -                 | -              | -            |
| Receivables from Reverse Repurchase Transactions   | 734               | -                | -        | -                 | -              | -            |
| Reserve Requirements with the Central Bank of the Republic of Turkey                     | 2.128.190         | -                | -        | -                 | -              | -            |
| Loans  | 1.082.065         | 451.457          | -        | 41.809.353        | 234.939        | 3.026        |
| Non-Performing Receivables (Net)   | -                 | -                | -        | -                 | -              | -            |
| Lease Receivables  | -                 | -                | -        | 697.295           | -              | -            |
| Available-for-sale Financial Assets  | 21.561.172        | -                | -        | 204.390           | -              | -            |
| Held-to-maturity Investments   | -                 | -                | -        | -                 | -              | -            |
| Receivables From the Disposal of Assets  | -                 | -                | -        | 492               | -              | -            |
| Miscellaneous Receivables  | -                 | -                | -        | 69.053            | -              | -            |
| Interest and Income Accruals   | 1.532.367         | 131.670          | -        | 717.278           | -              | -            |
| Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships) (Net) | -                 | -                | -        | -                 | -              | -            |
| Fixed Assets   | -                 | -                | -        | 733.633           | -              | -            |
| Other Assets   | 5.245.756         | -                | -        | 500.779           | -              | -            |
| Off Balance Sheet Items  | 104.763           | 188.101          | -        | 6.640.542         | -              | -            |
| Non-cash Loans and Commitments   | 104.763           | 6.738            | -        | 6.577.113         | -              | -            |
| Derivative Financial Instruments   | -                 | 181.363          | -        | 63.429            | -              | -            |
| Non-risk Weighted Accounts   | -                 | -                | -        | -                 | -              | -            |
| <b>Total Risk Weighted Assets</b>  | <b>32.994.034</b> | <b>2.876.130</b> | <b>-</b> | <b>51.772.912</b> | <b>234.939</b> | <b>3.026</b> |

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**I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO (CONTINUED):**

|  | Risk Weights      |                  |      |                   |                |              |
|--|-------------------|------------------|------|-------------------|----------------|--------------|
|  | Parent Bank       |                  |      |                   |                |              |
|  | 0 %               | 20 %             | 50 % | 100 %             | 150 %          | 200 %        |
| <b>Amount Subject to Credit Risk</b>   |                   |                  |      |                   |                |              |
| Balance Sheet Items (Net)  | 31.824.609        | 2.304.023        | -    | 41.078.748        | 234.939        | 3.026        |
| Cash   | 489.859           | 203              | -    | -                 | -              | -            |
| Matured Marketable Securities  | -                 | -                | -    | -                 | -              | -            |
| The Central Bank of the Republic of Turkey   | 660.374           | -                | -    | -                 | -              | -            |
| Domestic, Foreign Banks, Foreign Head Offices and Branches                               | -                 | 1.797.573        | -    | 399.989           | -              | -            |
| Interbank Money Market Placements  | -                 | -                | -    | -                 | -              | -            |
| Receivables from Reverse Repurchase Transactions   | -                 | -                | -    | -                 | -              | -            |
| Reserve Requirements with the Central Bank of the Republic of Turkey                     | 2.128.190         | -                | -    | -                 | -              | -            |
| Loans  | 1.082.065         | 451.457          | -    | 38.092.334        | 234.939        | 3.026        |
| Non-Performing Receivables (Net)   | -                 | -                | -    | -                 | -              | -            |
| Lease Receivables  | -                 | -                | -    | -                 | -              | -            |
| Available-for-sale Financial Assets  | 20.724.891        | -                | -    | 5.778             | -              | -            |
| Held-to-maturity Investments   | -                 | -                | -    | -                 | -              | -            |
| Receivables From the Disposal of Assets  | -                 | -                | -    | 492               | -              | -            |
| Miscellaneous Receivables  | -                 | -                | -    | 42.251            | -              | -            |
| Interest and Income Accruals   | 1.504.709         | 54.790           | -    | 672.488           | -              | -            |
| Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships) (Net) | -                 | -                | -    | 746.351           | -              | -            |
| Fixed Assets   | -                 | -                | -    | 718.202           | -              | -            |
| Other Assets   | 5.234.521         | -                | -    | 400.863           | -              | -            |
| Off Balance Sheet Items  | 104.763           | 157.188          | -    | 6.949.045         | -              | -            |
| Non-cash Loans and Commitments   | 104.763           | 6.738            | -    | 6.885.616         | -              | -            |
| Derivative Financial Instruments   | -                 | 150.450          | -    | 63.429            | -              | -            |
| Non-risk Weighted Accounts   | -                 | -                | -    | -                 | -              | -            |
| <b>Total Risk Weighted Assets</b>  | <b>31.929.372</b> | <b>2.461.211</b> | -    | <b>48.027.793</b> | <b>234.939</b> | <b>3.026</b> |

**d. Summary information related to consolidated capital adequacy ratio:**

|   | Parent Bank                     |                                  | Consolidated                    |                                  |
|---|---------------------------------|----------------------------------|---------------------------------|----------------------------------|
|   | Current Period<br>31 March 2008 | Prior Period<br>31 December 2007 | Current Period<br>31 March 2008 | Prior Period<br>31 December 2007 |
| Amount Subject to Credit Risk ("ASCR")      | 48.878.496                      | 47.014.071                       | 52.706.599                      | 49.719.012                       |
| Amount Subject to Market Risk ("ASMR")      | 2.417.700                       | 2.408.788                        | 2.605.938                       | 2.589.763                        |
| Amount Subject to Operational Risk ("ASOR") | 7.450.782                       | 6.737.514                        | 7.672.195                       | 6.884.540                        |
| Shareholders' Equity                        | 10.524.487                      | 10.618.305                       | 10.691.070                      | 10.666.755                       |
| Shareholders' Equity/(ASCR+ASMR+ASOR) *100  | 17,91                           | 18,91                            | 16,97                           | 18,02                            |

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**e. Information about consolidated shareholders' equity items:**

|  | Current Period<br>31 March 2008 | Prior Period<br>31 December 2007 |
|--|---------------------------------|----------------------------------|
| <b>CORE CAPITAL</b>  |                                 |                                  |
| Paid-in capital  | 3.000.000                       | 3.000.000                        |
| Nominal Capital  | 3.000.000                       | 3.000.000                        |
| Capital Commitments (-)  | -                               | -                                |
| Inflation Adjustment to Share Capital  | 1.905.892                       | 1.905.892                        |
| Share Premium  | 1.700.000                       | 1.700.000                        |
| Share Cancellation Profits   | -                               | -                                |
| Legal Reserves   | 685.762                         | 526.433                          |
| First Legal Reserve (Turkish Commercial Code 466/1)  | 423.547                         | 321.269                          |
| Second Legal Reserve (Turkish Commercial Code 466/2)   | 262.215                         | 205.164                          |
| Other Legal Reserves per Special Legislation   | -                               | -                                |
| Status Reserves  | -                               | -                                |
| Extraordinary Reserves   | 2.448.036                       | 1.294.745                        |
| Reserves Allocated by the General Assembly   | 2.432.640                       | 1.310.787                        |
| Retained Earnings  | -                               | -                                |
| Accumulated Loss   | -                               | -                                |
| Foreign Currency Share Capital Exchange Difference (*)   | 15.396                          | (16.042)                         |
| Inflation Adjustment to Legal Reserves, Status Reserves and Extraordinary Reserves               | -                               | -                                |
| Profit   | 734.560                         | 2.024.136                        |
| Net Income for the Period  | 720.142                         | 2.040.660                        |
| Prior Period Profit  | 14.418                          | (16.524)                         |
| Provisions for Possible Risks up to 25% of Core Capital  | -                               | -                                |
| Profit on Disposal of Associates, Subsidiaries and Immovables to be Transferred to Share Capital | 8.025                           | -                                |
| Primary Subordinated Loans up to 15% of Core Capital.  | -                               | -                                |
| Minority Rights  | 209                             | 239                              |
| Uncovered Portion of Loss with Reserves (-)  | -                               | -                                |
| Net Current Period Loss  | -                               | -                                |
| Prior Period Loss  | -                               | -                                |
| Leasehold Improvements (-)   | -                               | 15.675                           |
| Prepaid Expenses (-)   | 123.622                         | 74.876                           |
| Intangible Assets (-)  | 29.763                          | 31.971                           |
| Deferred Tax Asset Amount Exceeding 10% of Core Capital (-)                                      | -                               | -                                |
| Limit Exceeding Amount Regarding the Third Clause of the Article 56 of the Law (-)               | -                               | -                                |
| Consolidation Goodwill (net)   | -                               | -                                |
| <b>Total Core Capital</b>  | <b>10.482.484</b>               | <b>10.451.445</b>                |

(\*) The effective part of the foreign exchange differences of the financial liabilities hedging the net investment risk of foreign investments explained in Note II of Section Three has been included.

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|  |                   |                   |
|--|-------------------|-------------------|
| <b>SUPPLEMENTARY CAPITAL</b>   |                   |                   |
| General Provisions   | 371.794           | 293.625           |
| 45% of the Movables Revaluation Fund   | -                 | -                 |
| 45% of the Immovables Revaluation Fund   | -                 | -                 |
| Bonus Shares of Investment in Associates, Subsidiaries and Joint Ventures  | -                 | -                 |
| Primary Subordinated Loans That are not Considered in the Calculation of Core Capital  | -                 | -                 |
| Secondary Subordinated Loans   | -                 | -                 |
| 45% Of Marketable Securities Valuation Fund  | 7.961             | 67.005            |
| From Investments in Associates And Subsidiaries  | (75)              | 2.230             |
| From Available-for-Sale Financial Assets   | 8.036             | 64.775            |
| Inflation Adjustment to Capital Reserve, Profit Reserve and Prior Years' Income or Loss<br>(Except Inflation Adjustment to Legal Reserves, Status Reserves and Extraordinary<br>Reserves)  | -                 | -                 |
| Minority Rights  | -                 | -                 |
| <b>Total Supplementary Capital</b>   | <b>379.755</b>    | <b>360.630</b>    |
| <b>TIER III CAPITAL (Minority Rights included, if exists)</b>  |                   |                   |
| <b>CAPITAL</b>   | <b>10.862.239</b> | <b>10.812.075</b> |
| <b>DEDUCTIONS FROM THE CAPITAL</b>   | <b>171.169</b>    | <b>145.320</b>    |
| Shares in Unconsolidated Banks and Financial Institutions  | 17.784            | 22.798            |
| The Secondary Subordinated Loans Extended to Banks, Financial Institutions (Domestic or<br>Foreign) or Significant Shareholders of the Bank and the Debt Instruments That Have<br>Primary or Secondary Subordinated Loan Nature Purchased from Them  | -                 | -                 |
| Shares of Banks and Financial Institutions that Equity Method Applied but Assets and<br>Liabilities are not Consolidated   | -                 | -                 |
| Loans Extended as Contradictory to the Articles 50 And 51 of The Law   | -                 | -                 |
| Excess of 50% of the Bank's Immovables' Total Net Book Value and Net Book Value of<br>Immovables Obtained Against Bank's Receivables that Must be Disposed According to<br>Article 57 of the Banking Law which Could not be Disposed Although Five Years Have<br>Passed Since the Acquisition Date | -                 | -                 |
| Other  | -                 | -                 |
| <b>Total Shareholders' Equity</b>  | <b>10.691.070</b> | <b>10.666.755</b> |

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**II. EXPLANATIONS ON CREDIT RISK :**

- a. Credit risk is the risk that the counterparties may be unable to meet the terms of their agreements. This risk is monitored by reference to credit risk ratings and managed by limiting the aggregate risk to any individual counterparty, group of companies and industry. Credit risks are determined for each individual customer, enterprise, business group and risk groups separately. While determining credit risk, criteria such as the customers' financial strength, commercial capacities, sectors, geographic areas and capital structure are evaluated. Analyses of the financial position of the customers are based on the statements of account and other information in accordance with the related legislation. Previously determined credit limits are constantly revised according to changing conditions. The type and amount of collateral and guarantees to be obtained are specified on a customer basis during the determination of credit limits.

During loan extensions, limits determined on a customer and product basis are essentially followed up; information on risk and limits information is closely monitored.

- b. The Group's banking activities in foreign countries and credit transactions do not constitute an important risk in terms of the related countries' economic conditions and activities of customers and companies.

When considered within the financial activities of other financial institutions, the Group as an active participant in the national and international banking market is not exposed to a significant credit risk. As seen in the Group's balance sheet, the ratio of loans under follow-up to total loans is as low as 1,8% (31 December 2007: 2,5%) and a 100% provision has been provided.

- c. The Group provided a general provision amounting to YTL371.794 (31 December 2007: YTL293.625).

**III. EXPLANATIONS ON MARKET RISK:**

Companies are exposed to market risk, due to the movements in exchange rates, interest rates and market prices of stocks. The Bank believes that exchange risk and interest rate risk are the two most important components constituting the market risk. Market risk is measured using two separate methods, which are the "inherent model" and "standard method".

According to the "inherent model", market risk is measured with the Value at Risk (VaR) approach. In VaR calculations, variance, covariance, historical comparison and Monte Carlo simulation methods are used. The software used can perform calculations with an advanced yield curve and volatility models. The VaR model is based on the assumptions of a 99% confidence interval and 10 days retention period. VaR analyses are reported to senior management, and they are also used as risk parameters for the bond portfolio, and as a limit management instrument. Limits are revised steadily according to the market conditions and the application of specified limits is subjected to authority restrictions, thereby increasing the control efficiency. VaR analyses are supported with scenario analyses and stress tests, and take into consideration the effects of low-probability events which have a significant impact and market fluctuations. Retrospective tests of the model outputs are performed regularly.

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**III. EXPLANATIONS ON MARKET RISK: (CONTINUED)**

According to the "standard method", market risk is measured on securities portfolio basis in a way that includes the Group's exchange risk daily and weekly according to the standard method, and reported to the senior management. The table below indicates the details of the calculation of market risk as of 31 March 2008 according to "Market Risk Measurement Standard Method", pursuant to part 3 related to the "Calculation of the Amount basis to Market Risk", of the "Communiqué on the Measurement and Assessment of Capital Adequacy of the Banks", published in the Official Gazette dated 1 November 2006 No. 26333.

**a. Information on Market Risk:**

|  | Balance      |
|--|--------------|
| (I) Capital to be Employed for General Market Risk - Standard Method                         | 184.094      |
| (II) Capital to be Employed for Specific Risk - Standard Method                              | 2.856        |
| (III) Capital to be Employed for Currency Risk - Standard Method                             | 21.525       |
| (IV) Capital to be Employed for Commodity Risk - Standard Method                             | -            |
| (V) Capital to be Employed for Exchange Risk - Standard Method                               | -            |
| (VI) Capital to be Employed for Market Risk Due to Options - Standard Method                 | -            |
| (VII) Total Capital to be Employed for Market Risk for Banks Applying Risk Measurement Model | -            |
| (VIII) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI)                       | 208.475(*)   |
| (IX) Amount Subject to Market Risk (12,5x VIII) or (12,5x VII)                               | 2.605.938(*) |

(\*) Of the "Amount subject to market risk", only YTL208.475 (8% of YTL2.605.938) is used in the calculation of the market risk related to the capital adequacy ratio which is given in Note I of Section Four. YTL208.475 is the minimum amount of capital that can mitigate the mentioned risk.

**IV. EXPLANATIONS ON OPERATIONAL RISK:**

The "Basic indicator method" is used in the operational risk calculation of the Group. The amount subject to the operational risk is calculated through the use of the gross income of the Group in 2007, 2006, and 2005 in accordance to the "Calculation of the Operational Risk" applicable from 1 June 2007, which is the 4th part of the "Regulation Regarding Measurement and Evaluation of the Bank's Capital Adequacy Ratio" published in the Official Gazette No.26333 dated 1 November 2006. In the scope of "Capital adequacy ratio" stated in Note I of this section, amount subjected to operational risk is YTL7.672.195; capital liability of operational risk is YTL613.776.

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**V. EXPLANATIONS ON CURRENCY RISK:**

The difference between the Group's foreign currency denominated and foreign currency indexed assets and liabilities is defined as the "Net Foreign Currency Position" and is the basis of currency risk. Foreign currency denominated assets and liabilities, together with purchase and sale commitments, give rise to foreign exchange exposure. The Bank keeps the foreign exchange exposure amount within the limits set by the ERC. The Board, taking into account the recommendations by the ERC, sets a limit for the size of a foreign exchange exposure, which is closely monitored by ALCO. Those limits are individually determined and followed for both the net overall foreign currency position and for the foreign exchange exposure. Derivative financial instruments like forward foreign exchange contracts and currency swaps are used as tools for foreign exchange exposure management.

The Parent Bank's foreign exchange bid rates as of the date of the financial statements and for the last five days prior to that date are presented below:

|                               | <u>USD</u> | <u>Euro</u> | <u>Yen</u> |
|-------------------------------|------------|-------------|------------|
| Balance Sheet Evaluation Rate | YTL1,3064  | YTL2,0644   | YTL1,3132  |
| 1. Day bid rate               | YTL1,2350  | YTL1,9540   | YTL1,2371  |
| 2. Day bid rate               | YTL1,2350  | YTL1,9496   | YTL1,2457  |
| 3. Day bid rate               | YTL1,2250  | YTL1,9106   | YTL1,2226  |
| 4. Day bid rate               | YTL1,2150  | YTL1,8891   | YTL1,2116  |
| 5. Day bid rate               | YTL1,2150  | YTL1,8681   | YTL1,2157  |

The simple arithmetic average of the Parent Bank's foreign exchange bid rates for the last thirty days preceding the balance sheet date for major foreign currencies are presented in the table below:

USD : YTL1,1999  
Euro : YTL1,8394  
Yen : YTL1,1710

As of 31 December 2007;

|                               | <u>USD</u> | <u>Euro</u> | <u>Yen</u> |
|-------------------------------|------------|-------------|------------|
| Balance Sheet Evaluation Rate | YTL1,1593  | YTL1,7059   | YTL1,0350  |

**Information related to Group's Currency Risk: (Thousand YTL)**

The table below summarizes the Group's exposure to foreign currency exchange rate risk, categorized by currency. Foreign currencies indexed assets, classified as Turkish lira assets according to the Uniform Chart of Accounts are considered as foreign currency assets for the calculation of Net Foreign Currency Position. Therefore, the difference between the sum of the foreign currency assets in the following table and in the balance sheet is equal to the sum of foreign currency indexed assets. The Group's real position, both in financial and economic terms, is presented in the table below:

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**V. EXPLANATIONS ON CURRENCY RISK (CONTINUED):**

|   | Euro               | USD                | Yen            | Other FC(*)      | Total             |
|---|--------------------|--------------------|----------------|------------------|-------------------|
| <b>Current Period - 31 March 2008</b>                       |                    |                    |                |                  |                   |
| <b>Assets</b>   |                    |                    |                |                  |                   |
| Cash Equivalents and Central Bank                           | 132.030            | 2.468.211          | 228            | 10.281           | 2.610.750         |
| Banks   | 1.960.084          | 499.379            | 5.105          | 45.853           | 2.510.421         |
| Financial Assets at Fair Value through Profit or Loss (Net) | 998.735            | 4.400.410          | -              | -                | 5.399.145         |
| Interbank Money Market Placements                           | 180.945            | -                  | -              | 7.782            | 188.727           |
| Available-for-sale Financial Assets (Net)                   | 1.760.910          | 2.958.632          | -              | -                | 4.719.542         |
| Loans   | 6.822.107          | 11.852.063         | 17.684         | 99.251           | 18.791.105        |
| Investments in Associates, Subsidiaries and Joint Ventures  | 34                 | -                  | -              | 2                | 36                |
| Held-to-maturity Investments (Net)                          | -                  | -                  | -              | -                | -                 |
| Hedging Derivative Financial Assets                         | -                  | -                  | -              | -                | -                 |
| Tangible Assets (Net)                                       | 3.673              | 2.750              | -              | 165              | 6.588             |
| Intangible Assets (Net)                                     | 207                | -                  | -              | -                | 207               |
| Other Assets  | 368.260            | 186.899            | 12.841         | 62.922           | 630.922           |
| <b>Total Assets</b>   | <b>12.226.985</b>  | <b>22.368.344</b>  | <b>35.858</b>  | <b>226.256</b>   | <b>34.857.443</b> |
| <b>Liabilities</b>  |                    |                    |                |                  |                   |
| Bank Deposits   | 84.914             | 747.051            | 3              | 43.099           | 875.067           |
| Foreign Currency Deposits                                   | 10.417.852         | 10.294.390         | 11.077         | 812.116          | 21.535.435        |
| Funds from Interbank Money Market                           | 506.071            | -                  | -              | -                | 506.071           |
| Borrowings  | 4.809.187          | 6.776.553          | 602            | 12.676           | 11.599.018        |
| Issued Marketable Securities (Net)                          | -                  | -                  | -              | -                | -                 |
| Miscellaneous Payables                                      | 18.161             | 12.259             | 2              | 2.594            | 33.016            |
| Hedging Derivative Financial Liabilities                    | -                  | -                  | -              | -                | -                 |
| Other Liabilities   | 76.161             | 164.093            | 12.854         | 7.874            | 260.982           |
| <b>Total Liabilities</b>                                    | <b>15.912.346</b>  | <b>17.994.346</b>  | <b>24.538</b>  | <b>878.359</b>   | <b>34.809.589</b> |
| <b>Net on Balance Sheet Position</b>                        | <b>(3.685.361)</b> | <b>4.373.998</b>   | <b>11.320</b>  | <b>(652.103)</b> | <b>47.854</b>     |
| <b>Net off-Balance Sheet Position (**)</b>                  | <b>3.872.997</b>   | <b>(4.336.447)</b> | <b>(8.087)</b> | <b>727.311</b>   | <b>255.774</b>    |
| Financial Derivative Assets                                 | 5.668.963          | 2.261.068          | 33.346         | 762.269          | 8.725.646         |
| Financial Derivative Liabilities                            | 1.795.966          | 6.597.515          | 41.433         | 34.958           | 8.469.872         |
| Non-cash Loans  | 1.225.617          | 1.566.461          | 185.689        | 72.514           | 3.050.281         |
| <b>Prior Period - 31 December 2007</b>                      |                    |                    |                |                  |                   |
| Total Assets  | 11.072.392         | 17.091.425         | 31.434         | 111.358          | 28.306.609        |
| Total Liabilities   | 11.916.111         | 15.657.716         | 16.309         | 741.552          | 28.331.688        |
| Net on-Balance Sheet Position                               | (843.719)          | 1.433.709          | 15.125         | (630.194)        | (25.079)          |
| Net off-Balance Sheet Position (**)                         | 839.754            | (1.443.589)        | (12.287)       | 618.322          | 2.200             |
| Financial Derivative Assets                                 | 2.899.572          | 1.722.740          | 61.945         | 647.955          | 5.332.212         |
| Financial Derivative Liabilities                            | 2.059.818          | 3.166.329          | 74.232         | 29.633           | 5.330.012         |
| Non-cash Loans  | 1.003.276          | 1.313.407          | 140.092        | 51.064           | 2.507.839         |

(\*) Of the "Other FC" total assets amounting to YTL226.256 (31 December 2007: YTL111.358), YTL151.798 is in English Pounds (31 December 2007: YTL58.232), and YTL43.621 in Swiss Francs (31 December 2007: YTL23.159). Of the total liabilities amounting to YTL878.359 (31 December 2007: YTL741.552) YTL691.784 is in English Pounds (31 December 2007: YTL574.035) and YTL54.291 is in Swiss Francs (31 December 2007: YTL46.054).

(\*\*) Presents the net balance of receivables and payables from derivative transactions. Foreign Exchange spot dealings shown under "Asset purchase commitments" in the financial statements are included in the net off-balance sheet position.

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**VI. EXPLANATIONS ON INTEREST RATE RISK:**

"Interest rate risk" can be defined as the impact of interest rate changes on interest-sensitive assets and liabilities of the Group. The ERC sets limits for the interest rate sensitivity of assets and liabilities and the sensitivity is closely monitored and reported weekly. In the case of high market fluctuations, daily reporting and analyses on transaction bases are made.

The Group manages the interest rate risk on a portfolio basis and tries to minimize the risk effect on the profitability, financial exposure and cash flows by applying different strategies. Basic methods such as using fixed or floating interest rates for different portfolios and maturities, setting the fixed margin in floating rates, or varying the rates for the short- or long-term positions are applied actively.

**a. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates:**

|   | Up to 1<br>Month    | 1 – 3<br>Months   | 3 – 12<br>Months  | 1 – 5<br>Years    | 5 Years and<br>Over | Non<br>Interest<br>Bearing | Total             |
|---|---------------------|-------------------|-------------------|-------------------|---------------------|----------------------------|-------------------|
| <b>Current Period – 31 March 2008</b>                       |                     |                   |                   |                   |                     |                            |                   |
| <b>Assets</b>   |                     |                   |                   |                   |                     |                            |                   |
| Cash Equivalents and Central Bank                           | 2.176.746           | -                 | -                 | -                 | -                   | 1.150.463                  | 3.327.209         |
| Banks   | 1.820.534           | 117.451           | -                 | -                 | -                   | 572.900                    | 2.510.885         |
| Financial Assets at Fair Value Through Profit or Loss (Net) | 110.539             | 3.014.121         | 2.147.474         | 160.636           | 65.174              | 6.539                      | 5.504.483         |
| Interbank Money Market Placements                           | 189.461             | -                 | -                 | -                 | -                   | -                          | 189.461           |
| Available-for-sale Financial Assets (Net)                   | 2.535.391           | 130.759           | 10.697.359        | 8.298.398         | 1.438.015           | 6.831                      | 23.106.753        |
| Loans   | 16.145.825          | 7.402.383         | 12.825.205        | 7.074.772         | 840.619             | -                          | 44.288.804        |
| Held-to-maturity Investments (Net)                          | -                   | -                 | -                 | -                 | -                   | -                          | -                 |
| Other Assets  | 43.443              | 100.149           | 291.484           | 321.064           | -                   | 1.435.069                  | 2.191.209         |
| <b>Total Assets</b>   | <b>23.021.939</b>   | <b>10.764.863</b> | <b>25.961.522</b> | <b>15.854.870</b> | <b>2.343.808</b>    | <b>3.171.802</b>           | <b>81.118.804</b> |
| <b>Liabilities</b>  |                     |                   |                   |                   |                     |                            |                   |
| Bank Deposits   | 2.362.399           | 268.555           | 2.451             | -                 | -                   | 114.541                    | 2.747.946         |
| Other Deposits  | 27.470.203          | 8.317.048         | 2.975.345         | 319.561           | 37.595              | 7.749.760                  | 46.869.512        |
| Funds from Interbank Money Market                           | 5.271.992           | 280.244           | 235.139           | -                 | 82.750              | -                          | 5.870.125         |
| Miscellaneous Payables                                      | 11.722              | -                 | -                 | -                 | -                   | 1.213.526                  | 1.225.248         |
| Issued Marketable Securities (Net)                          | -                   | -                 | -                 | -                 | -                   | -                          | -                 |
| Borrowings  | 5.696.855           | 3.928.292         | 1.725.021         | 402.276           | -                   | -                          | 11.752.444        |
| Other Liabilities (*)                                       | 111.864             | 29.714            | 122.425           | 73.561            | 40.325              | 12.275.640                 | 12.653.529        |
| <b>Total Liabilities</b>                                    | <b>40.925.035</b>   | <b>12.823.853</b> | <b>5.060.381</b>  | <b>795.398</b>    | <b>160.670</b>      | <b>21.353.467</b>          | <b>81.118.804</b> |
| Balance Sheet Long Position                                 | -                   | -                 | 20.901.141        | 15.059.472        | 2.183.138           | -                          | 38.143.751        |
| Balance Sheet Short Position                                | (17.903.096)        | (2.058.990)       | -                 | -                 | -                   | (18.181.665)               | (38.143.751)      |
| Off-balance Sheet Long Position                             | 1.054.220           | 1.258.200         | 2.339.583         | -                 | -                   | -                          | 4.652.003         |
| Off-balance Sheet Short Position                            | -                   | -                 | -                 | (4.114.891)       | (261.489)           | -                          | (4.376.380)       |
| <b>Total Position</b>                                       | <b>(16.848.876)</b> | <b>(800.790)</b>  | <b>23.240.724</b> | <b>10.944.581</b> | <b>1.921.649</b>    | <b>(18.181.665)</b>        | <b>275.623</b>    |

(\*) Shareholders' equity is presented under "Other liabilities" item in "Non interest bearing".

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**VI. EXPLANATIONS ON INTEREST RATE RISK (CONTINUED):**

| Prior Period - 31 December 2007                             | Up to 1 Month       | 1 - 3 Months      | 3 - 12 Months     | 1 - 5 Years       | 5 Years and Over | Non Interest Bearing | Total             |
|---|---------------------|-------------------|-------------------|-------------------|------------------|----------------------|-------------------|
| <b>Assets</b>   |                     |                   |                   |                   |                  |                      |                   |
| Cash Equivalents and Central Bank                           | 1.667.268           | -                 | -                 | -                 | -                | 1.095.188            | 2.762.456         |
| Banks   | 744.669             | 126.450           | 734               | -                 | -                | 698.312              | 1.570.165         |
| Financial Assets at Fair Value through Profit or Loss (Net) | 21.332              | 1.899.791         | 2.652.812         | 162.688           | 152.622          | 5.888                | 4.895.133         |
| Interbank Money Market Placements                           | 2.547               | -                 | -                 | -                 | -                | -                    | 2.547             |
| Available-for-sale Financial Assets (Net)                   | 1.143.165           | 5.409.772         | 8.773.361         | 4.334.281         | 1.315.221        | 6.831                | 20.982.631        |
| Loans   | 14.502.942          | 6.016.140         | 12.557.176        | 6.102.460         | 703.410          | -                    | 39.882.128        |
| Held-to-maturity Investments (Net)                          | -                   | -                 | -                 | -                 | -                | -                    | -                 |
| Other Assets  | 106.785             | 71.416            | 205.511           | 371.214           | -                | 1.253.049            | 2.007.975         |
| <b>Total Assets</b>   | <b>18.188.708</b>   | <b>13.523.569</b> | <b>24.189.594</b> | <b>10.970.643</b> | <b>2.171.253</b> | <b>3.059.268</b>     | <b>72.103.035</b> |
| <b>Liabilities</b>  |                     |                   |                   |                   |                  |                      |                   |
| Bank Deposits   | 1.565.993           | 220.719           | -                 | -                 | -                | 153.252              | 1.939.964         |
| Other Deposits  | 23.814.786          | 8.432.099         | 2.156.868         | 216.163           | 41.380           | 7.033.361            | 41.694.657        |
| Funds from Interbank Money Market                           | 4.535.304           | 136.276           | 197.766           | -                 | 68.356           | -                    | 4.937.702         |
| Miscellaneous Payables                                      | 20.700              | -                 | -                 | -                 | -                | 935.376              | 956.076           |
| Issued Marketable Securities (Net)                          | -                   | -                 | -                 | -                 | -                | -                    | -                 |
| Borrowings  | 3.257.792           | 4.611.177         | 1.366.840         | 255.312           | -                | -                    | 9.491.121         |
| Other Liabilities (*)                                       | 88.737              | 29.651            | 127.169           | 71.138            | 17.409           | 12.749.411           | 13.083.515        |
| <b>Total Liabilities</b>                                    | <b>33.283.312</b>   | <b>13.429.922</b> | <b>3.848.643</b>  | <b>542.613</b>    | <b>127.145</b>   | <b>20.871.400</b>    | <b>72.103.035</b> |
| Balance Sheet Long Position                                 | -                   | 93.647            | 20.340.951        | 10.428.030        | 2.044.108        | -                    | 32.906.736        |
| Balance Sheet Short Position                                | (15.094.604)        | -                 | -                 | -                 | -                | (17.812.132)         | (32.906.736)      |
| Off-balance Sheet Long Position                             | 1.396.954           | 744.439           | 1.785.188         | -                 | -                | -                    | 3.926.581         |
| Off-balance Sheet Short Position                            | -                   | -                 | -                 | (3.757.529)       | (153.281)        | -                    | (3.910.810)       |
| <b>Total Position</b>                                       | <b>(13.697.650)</b> | <b>838.086</b>    | <b>22.126.139</b> | <b>6.670.501</b>  | <b>1.890.827</b> | <b>(17.812.132)</b>  | <b>15.771</b>     |

(\*) Shareholders' equity is presented under "Other liabilities" item in "Non interest bearing".

**b. Effective average interest rates for monetary financial instruments %:**

Average interest rates in the above tables are the weighted average rates of the related balance sheet items.

| Current Period - 31 March 2008                              | EURO | USD  | YEN  | YTL   |
|---|------|------|------|-------|
| <b>Assets</b>   |      |      |      |       |
|   | %    | %    | %    | %     |
| Cash Equivalents and Central Bank                           | 1,88 | 0,95 | -    | 11,43 |
| Banks   | 3,99 | 2,64 | -    | -     |
| Financial Assets at Fair Value through Profit or Loss (Net) | 6,40 | 6,02 | -    | 17,70 |
| Interbank Money Market Placements                           | 4,08 | -    | -    | 17,00 |
| Available-for-sale Financial Assets (Net)                   | 6,01 | 5,75 | -    | 18,08 |
| Loans   | 5,91 | 5,68 | 2,32 | 20,19 |
| Held-to-maturity Investments (Net)                          | -    | -    | -    | -     |
| <b>Liabilities</b>  |      |      |      |       |
| Bank Deposits   | 4,08 | 3,52 | -    | 16,09 |
| Other Deposits  | 3,48 | 3,01 | 0,02 | 14,13 |
| Funds From Interbank Money Market                           | 4,78 | -    | -    | 15,60 |
| Miscellaneous Payables                                      | -    | -    | -    | -     |
| Issued Marketable Securities (Net)                          | -    | -    | -    | -     |
| Borrowings  | 4,75 | 4,12 | -    | 14,87 |

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**VI. EXPLANATIONS ON INTEREST RATE RISK (CONTINUED):**

| Prior Period - 31 December 2007                             | EURO | USD  | YEN  | YTL   |
|---|------|------|------|-------|
| <b>Assets</b>   | %    | %    | %    | %     |
| Cash Equivalents and Central Bank                           | 1,80 | 1,95 | -    | 11,81 |
| Banks and Other Financial Institutions                      | 3,55 | 4,13 | -    | 17,48 |
| Financial Assets at Fair Value through Profit or Loss (Net) | 6,43 | 6,94 | -    | 17,43 |
| Interbank Money Market Placements                           | -    | -    | -    | 18,00 |
| Available-for-sale Financial Assets (Net)                   | 6,26 | 5,66 | -    | 18,81 |
| Loans   | 5,90 | 6,49 | 1,63 | 21,13 |
| Held-to-maturity Investments (Net)                          | -    | -    | -    | -     |
| <b>Liabilities</b>  |      |      |      |       |
| Bank Deposits   | 4,85 | 5,20 | -    | 17,19 |
| Other Deposits  | 3,32 | 3,84 | 0,01 | 14,33 |
| Funds From Interbank Money Market                           | 4,83 | 5,06 | -    | 17,50 |
| Miscellaneous Payables                                      | -    | -    | -    | -     |
| Issued Marketable Securities (Net)                          | -    | -    | -    | -     |
| Borrowings  | 4,94 | 5,81 | 1,72 | 15,32 |

**VII. EXPLANATIONS ON LIQUIDITY RISK:**

Liquidity risk arises from the mismatching of maturities of assets and liabilities. The Group balances maturities of the related assets and liabilities according to specific criteria and keeps the mismatching of maturities under control. A major objective of the Group's asset and liability management is to ensure that sufficient liquidity is available to satisfy the Bank's own liquidity needs. For this objective, the Bank holds a sufficient amount of short-term funds. The ERC sets limits on the maturity mismatch of assets and liabilities and these limits are updated as necessary. Liquidity risk is measured and reported on a weekly basis. The Group also analyses its liquidity risk on a daily and transaction basis, if there are significant market fluctuations. In the case of high market fluctuations, daily reporting and analyses on transaction basis are made.

The most important funding resources of the Group are the shareholders' equity, the diversified and steady deposit base and the long-term funds borrowed from international institutions which are mainly placed in interest earning assets. In spite of a substantial portion of deposits from individuals being short-term, deposits are diversified by number and type, and the maturities of a large portion of deposits are renewed, which indicates that these deposits will provide a long-term and stable source of funding for the Bank.

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**VII. EXPLANATIONS ON LIQUIDITY RISK (CONTINUED):**

**Breakdown of assets and liabilities according to their outstanding maturities:**

|  | Demand             | Up to 1<br>Month    | 1 - 3<br>Months    | 3 - 12<br>Months  | 1 - 5<br>Years    | 5 Years and<br>Over | Unallocated<br>(*) | Total             |
|--|--------------------|---------------------|--------------------|-------------------|-------------------|---------------------|--------------------|-------------------|
| <b>Current Period - 31 March 2008</b>                          |                    |                     |                    |                   |                   |                     |                    |                   |
| <b>Assets</b>  |                    |                     |                    |                   |                   |                     |                    |                   |
| Cash Equivalents and Central Bank                              | 3.278.653          | 48.556              | -                  | -                 | -                 | -                   | -                  | 3.327.209         |
| Due From Banks   | 572.900            | 1.820.534           | 117.451            | -                 | -                 | -                   | -                  | 2.510.885         |
| Financial Assets at Fair Value through<br>Profit or Loss (Net) | 6.539              | 92.960              | 3.008.184          | 47.128            | 2.284.260         | 65.412              | -                  | 5.504.483         |
| Interbank Money Market Placements                              | -                  | 189.461             | -                  | -                 | -                 | -                   | -                  | 189.461           |
| Available-for-sale Financial Assets (Net)                      | 6.831              | 1.891.961           | 104.581            | 6.041.733         | 11.005.998        | 4.055.649           | -                  | 23.106.753        |
| Loans  | -                  | 8.234.213           | 7.756.032          | 11.697.659        | 13.214.725        | 3.386.175           | -                  | 44.288.804        |
| Held-to-maturity Investments (Net)                             | -                  | -                   | -                  | -                 | -                 | -                   | -                  | -                 |
| Other Assets   | 103.950            | 370.863             | 87.991             | 304.098           | 336.841           | -                   | 987.466            | 2.191.209         |
| <b>Total Assets</b>  | <b>3.968.873</b>   | <b>12.648.548</b>   | <b>11.074.239</b>  | <b>18.090.618</b> | <b>26.841.824</b> | <b>7.507.236</b>    | <b>987.466</b>     | <b>81.118.804</b> |
| <b>Liabilities</b>   |                    |                     |                    |                   |                   |                     |                    |                   |
| Bank Deposits  | 114.541            | 2.362.399           | 268.555            | 2.451             | -                 | -                   | -                  | 2.747.946         |
| Other Deposits   | 7.749.760          | 27.470.203          | 8.317.048          | 2.975.345         | 319.561           | 37.595              | -                  | 46.869.512        |
| Borrowings   | -                  | 1.224.740           | 806.512            | 5.605.207         | 2.940.723         | 1.175.262           | -                  | 11.752.444        |
| Funds from Interbank Money Market                              | -                  | 5.271.992           | 68.664             | 150.135           | 220.440           | 158.894             | -                  | 5.870.125         |
| Issued Marketable Securities (Net)                             | -                  | -                   | -                  | -                 | -                 | -                   | -                  | -                 |
| Miscellaneous Payables   | 10.563             | 946.219             | 268.466            | -                 | -                 | -                   | -                  | 1.225.248         |
| Other Liabilities (**)   | 16.580             | 1.055.492           | 363.087            | 74.110            | 552.860           | 75.491              | 10.515.909         | 12.653.529        |
| <b>Total Liabilities</b>                                       | <b>7.891.444</b>   | <b>38.331.045</b>   | <b>10.092.332</b>  | <b>8.807.248</b>  | <b>4.033.584</b>  | <b>1.447.242</b>    | <b>10.515.909</b>  | <b>81.118.804</b> |
| <b>Net Liquidity Gap</b>                                       | <b>(3.922.571)</b> | <b>(25.682.497)</b> | <b>981.907</b>     | <b>9.283.370</b>  | <b>22.808.240</b> | <b>6.059.994</b>    | <b>(9.528.443)</b> | <b>-</b>          |
| <b>Prior Period - 31 December 2007</b>                         |                    |                     |                    |                   |                   |                     |                    |                   |
| Total Assets   | 3.462.289          | 9.214.034           | 7.806.031          | 22.805.132        | 21.014.698        | 6.938.506           | 862.345            | 72.103.035        |
| Total Liabilities  | 7.203.307          | 32.946.043          | 9.766.304          | 6.654.101         | 3.630.419         | 1.270.407           | 10.632.454         | 72.103.035        |
| <b>Net Liquidity Gap</b>                                       | <b>(3.741.018)</b> | <b>(23.732.009)</b> | <b>(1.960.273)</b> | <b>16.151.031</b> | <b>17.384.279</b> | <b>5.668.099</b>    | <b>(9.770.109)</b> | <b>-</b>          |

(\*) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as fixed and intangible assets, investments, subsidiaries, stationery, pre-paid expenses and loans under follow-up, are classified in this column.

(\*\*) Shareholders' Equity is presented under "Other Liabilities" item in the "Unallocated" column.

**VIII. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF OTHER PERSONS:**

The Bank carries out trading, custody, management and consulting services on behalf of customers and on their account. The Bank has no trust transactions.

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**IX. EXPLANATIONS ON BUSINESS SEGMENTS:**

The Group operates in five main business segments including retail banking, corporate and commercial banking, treasury activities, private banking and international banking.

In scope of retail banking, the Group offers a variety of retail services such as deposit accounts, consumer loans, credit cards, insurance products and wealth management services. The Group's line of retail banking products and services also includes bank cards, investment funds trading, automatic payment services, foreign currency trading, safe deposit box rentals, cheques, money transfers, investment banking, telephone and internet banking.

Corporate and commercial banking serves financial solutions and banking services to large scale corporate and commercial customers. Among the products and services offered to corporate and commercial customers are New Turkish Lira and foreign currency denominated working capital loans, medium-term financing for investments, foreign trade financing, letters of credit and guarantee, foreign currency trading, corporate finance services and cash and deposit management services. In addition, the Group provides timely and permanent solutions for corporate customers' working capital management, delivering cash management services tailored based on customers' requests that include collection and payment services and liquidity and information management. Project finance loans are provided within the context of investment banking activities.

Treasury activities are performed by the Treasury Unit. The Treasury Unit consists of Turkish Lira Fund Group, Foreign Exchange Fund Group, Treasury Marketing Group and Private Products Group. The Turkish Lira Group and Foreign Exchange Fund Group trade in Turkish Lira and foreign currency instruments on a spot and forward basis, and in treasury bills, bonds and other domestic securities together with foreign securities with AAA rating. The Marketing Group carries out marketing activities of treasury products and derivative financial products for customers.

Private banking serves the members of the upper-income groups who have expectations for utmost service quality both in banking and investment transactions.

International Banking activities are managed by the International Banking Unit. The Group provides services for foreign trade financing, foreign currency and New Turkish Lira clearances, and money transfers through agent financial institutions. The international banking unit serves in fundamental areas such as providing long-term funding opportunities, creating funding facility at lower prices that fully reflect country risk, diversifying funding resources and creating a base of international investors for that purpose.

Other activities include activities provided by Ak Finansal Kiralama A.Ş. and Ak Yatırım Menkul Değerler A.Ş. which are the consolidated subsidiaries of the Bank.

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**IX. EXPLANATIONS ON BUSINESS SEGMENTS (CONTINUED):**

Information on business segments as of 31 March 2008 is presented on the following table:

|  | Retail<br>Banking | Corporate and<br>Commercial<br>Banking | Treasury   | Private<br>Banking | International<br>Banking | Other     | Bank's Total<br>Activities |
|--|-------------------|--|------------|--------------------|--------------------------|-----------|----------------------------|
| <b>Current Period – 31 March 2008</b>  |                   |  |            |                    |                          |           |                            |
| Operating Income   | 820.775           | 233.064                                | 319.390    | 7.950              | 19.711                   | 274.677   | 1.675.567                  |
| Profit from Operating Activities   | 291.526           | 116.974                                | 229.490    | 4.682              | 17.830                   | 198.514   | 859.016                    |
| Income from Subsidiaries   | -                 | -                                      | -          | -                  | -                        | 3.509     | 3.509                      |
| Profit before Tax  | 291.526           | 116.974                                | 229.490    | 4.682              | 17.830                   | 202.023   | 862.525                    |
| Corporate Tax  | -                 | -                                      | -          | -                  | -                        | (142.377) | (142.377)                  |
| Minority Rights  | -                 | -                                      | -          | -                  | -                        | (6)       | (6)                        |
| Net Profit for the Period  | 291.526           | 116.974                                | 229.490    | 4.682              | 17.830                   | 59.640    | 720.142                    |
| Segment Assets   | 19.461.792        | 26.537.104                             | 31.312.749 | 103.992            | 354.402                  | 718.010   | 78.488.049                 |
| Investments in Associates,<br>Subsidiaries and Joint Ventures<br>(Business Partnerships) | -                 | -                                      | -          | -                  | -                        | -         | 17.784                     |
| Undistributed Assets   | -                 | -                                      | -          | -                  | -                        | -         | 2.612.971                  |
| Total Assets   | -                 | -                                      | -          | -                  | -                        | -         | 81.118.804                 |
| Segment Liabilities  | 36.269.711        | 9.445.625                              | 9.170.611  | 4.142.075          | 8.271.214                | 402.902   | 67.702.138                 |
| Undistributed Liabilities  | -                 | -                                      | -          | -                  | -                        | -         | 2.900.757                  |
| Shareholders' Equity   | -                 | -                                      | -          | -                  | -                        | -         | 10.515.909                 |
| Total Liabilities  | -                 | -                                      | -          | -                  | -                        | -         | 81.118.804                 |
| Other Segment Items  |                   |  |            |                    |                          |           |                            |
| Capital Investment   | 9.435             | 255                                    | 33         | 530                | -                        | 1.146     | 11.399                     |
| Amortization   | (15.537)          | (1.384)                                | (112)      | (126)              | (46)                     | (10.335)  | (27.540)                   |
| Non-cash Other Income-Expense  | (120.799)         | (172.996)                              | (3.866)    | (150)              | (496)                    | (2.646)   | (300.953)                  |
| Restructuring Costs  | -                 | -                                      | -          | -                  | -                        | -         | -                          |

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**SECTION FIVE  
INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED  
FINANCIAL STATEMENTS**

**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS:**

**a. Information related to cash equivalents and the account of the Central Bank of the Republic of Turkey (the "CBRT"):**

**1. Information on cash equivalents and the account of the CBRT:**

|                       | Current Period<br>31 March 2008 |                  | Prior Period<br>31 December 2007 |                  |
|-----------------------|---------------------------------|------------------|----------------------------------|------------------|
|                       | YTL                             | FC               | YTL                              | FC               |
| Cash/Foreign Currency | 262.832                         | 224.443          | 278.937                          | 234.176          |
| The CBRT              | 453.607                         | 2.383.513        | 123.777                          | 2.122.898        |
| Other                 | 20                              | 2.794            | -                                | 2.668            |
| <b>Total</b>          | <b>716.459</b>                  | <b>2.610.750</b> | <b>402.714</b>                   | <b>2.359.742</b> |

**2. Information related to the account of the CBRT:**

|                             | Current Period<br>31 March 2008 |                  | Prior Period<br>31 December 2007 |                  |
|-----------------------------|---------------------------------|------------------|----------------------------------|------------------|
|                             | YTL                             | FC               | YTL                              | FC               |
| Demand Unrestricted Account | 12.176                          | 648.198          | 2.162                            | 577.245          |
| Time Unrestricted Account   | -                               | -                | -                                | -                |
| Time Restricted Account     | -                               | -                | -                                | -                |
| Reserve Requirement         | 441.431                         | 1.735.315        | 121.615                          | 1.545.653        |
| <b>Total</b>                | <b>453.607</b>                  | <b>2.383.513</b> | <b>123.777</b>                   | <b>2.122.898</b> |

**3. Explanation on reserve requirements:**

In accordance with "Communiqué Regarding the Reserve Requirements" No. 2005/1 issued by the CBRT, banks operating in Turkey are required to place reserves in the CBRT with a rate of 6% for their YTL liabilities and 11% for USD and/or EUR for their foreign currency liabilities. The CBRT makes quarterly interest payments over the reserve requirements based on the interest rates set. As of 31 March 2008 the corresponding interest rates are for YTL, USD and EUR reserves are 11,43%, 0,95 % and 1,88%, respectively.

**b. Information on financial assets at fair value through profit or loss:**

1. As of 31 March 2008, financial assets at fair value through profit or loss subject to repo transactions amount to YTL (-) (31 December 2007: YTL (-)); and those given as collateral/blocked amount to YTL1.008.298 (31 December 2007: YTL829.475).

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (CONTINUED):**

2. Positive differences table related to trading derivative financial assets:

|                      | Current Period<br>31 March 2008 |                | Prior Period<br>31 December 2007 |               |
|----------------------|---------------------------------|----------------|----------------------------------|---------------|
|                      | YTL                             | FC             | YTL                              | FC            |
| Forward Transactions | 16.403                          | -              | 10.498                           | -             |
| Swap Transactions    | 1.459                           | 112.067        | 3.839                            | 42.289        |
| Futures Transactions | 17.459                          | 496            | 19.889                           | 354           |
| Options              | 1.072                           | 9.795          | 174                              | 4.239         |
| Other                | -                               | -              | -                                | -             |
| <b>Total</b>         | <b>36.393</b>                   | <b>122.358</b> | <b>34.400</b>                    | <b>46.882</b> |

**c. Information on banks:**

1. Information on banks:

|                                   | Current Period<br>31 March 2008 |                  | Prior Period<br>31 December 2007 |                  |
|-----------------------------------|---------------------------------|------------------|----------------------------------|------------------|
|                                   | YTL                             | FC               | YTL                              | FC               |
| Banks                             | 464                             | 2.510.421        | 26.470                           | 1.543.695        |
| Domestic                          | 454                             | 2.462            | 1.974                            | 11.215           |
| Foreign                           | 10                              | 2.507.959        | 24.496                           | 1.532.480        |
| Head Quarters and Branches Abroad | -                               | -                | -                                | -                |
| <b>Total</b>                      | <b>464</b>                      | <b>2.510.421</b> | <b>26.470</b>                    | <b>1.543.695</b> |

**d. Information on available-for-sale financial assets, net values:**

1. As of 31 March 2008, available-for-sale financial assets subject to repurchase agreements amount to YTL5.804.771 (31 December 2007: YTL4.712.504); and those given as collateral/blocked amount to YTL1.539.856 (31 December 2007: YTL870.230).

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (CONTINUED):**

2. Information on available-for-sale financial assets:

|                          | Current Period<br>31 March 2008 | Prior Period<br>31 December 2007 |
|--------------------------|---------------------------------|----------------------------------|
| Debt Securities          | 23.099.922                      | 20.975.800                       |
| Quoted to Stock Exchange | 23.099.922                      | 20.975.800                       |
| Not Quoted               | -                               | -                                |
| Share Certificates       | 6.831                           | 6.831                            |
| Quoted to Stock Exchange | -                               | -                                |
| Not Quoted               | 6.831                           | 6.831                            |
| Impairment Provision (-) | -                               | -                                |
| <b>Total</b>             | <b>23.106.753</b>               | <b>20.982.631</b>                |

**e. Information related to loans:**

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

|  | Current Period<br>31 March 2008 |                | Prior Period<br>31 December 2007 |                |
|--|---------------------------------|----------------|----------------------------------|----------------|
|  | Cash                            | Non-cash Loans | Cash                             | Non-cash Loans |
| Direct Loans Granted to Shareholders   | 18.584                          | 27.661         | 13.605                           | 29.952         |
| Corporate Shareholders                 | 18.584                          | 27.661         | 13.605                           | 29.952         |
| Real Person Shareholders               | -                               | -              | -                                | -              |
| Indirect Loans Granted to Shareholders | 881.204                         | 463.408        | 920.827                          | 453.741        |
| Loans Granted to Employees             | 39.233                          | -              | 39.507                           | -              |
| <b>Total</b>                           | <b>939.021</b>                  | <b>491.069</b> | <b>973.939</b>                   | <b>483.693</b> |

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (CONTINUED):**

2. Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled:

|  | 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 |
| Non-specialized Loans                      | 42.331.272                           | -                           | 1.957.491  | 41                          |
| Discount And Purchase Notes                | 482.266                              | -                           | 303  | -                           |
| Export Loans                               | 2.764.042                            | -                           | 6.693  | -                           |
| Import Loans                               | 1.462.742                            | -                           | -  | -                           |
| Loans Granted to Financial Sector          | 2.803.862                            | -                           | -  | -                           |
| Foreign Loans                              | 419.718                              | -                           | 55.033   | -                           |
| Consumer Loans (Including Overdraft Loans) | 8.664.071                            | -                           | 589.585  | -                           |
| Credit Cards                               | 3.735.530                            | -                           | 222.455  | -                           |
| Precious Metal Loans                       | 15.778                               | -                           | -  | -                           |
| Other                                      | 21.983.263                           | -                           | 1.083.422  | 41                          |
| Specialized Loans                          | -                                    | -                           | -  | -                           |
| Other Receivables                          | -                                    | -                           | -  | -                           |
| <b>Total</b>                               | <b>42.331.272</b>                    | <b>-</b>                    | <b>1.957.491</b>                                   | <b>41</b>                   |

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (CONTINUED):**

**3. Information on consumer loans, personal credit cards, personnel loans and personnel credit cards:**

|  | Short-term       | Medium<br>and Long-term | Total             |
|--|------------------|-------------------------|-------------------|
| Consumer Loans-YTL                       | 450.092          | 8.367.321               | 8.817.413         |
| Mortgage Loans                           | 71.756           | 4.051.210               | 4.122.966         |
| Automotive Loans                         | 55.035           | 1.223.239               | 1.278.274         |
| Consumer Loans                           | 323.301          | 3.092.872               | 3.416.173         |
| Other                                    | -                | -                       | -                 |
| Consumer Loans- Indexed to FC            | 6.055            | 207.170                 | 213.225           |
| Mortgage Loans                           | 4.944            | 187.120                 | 192.064           |
| Automotive Loans                         | 362              | 10.902                  | 11.264            |
| Consumer Loans                           | 749              | 9.148                   | 9.897             |
| Other                                    | -                | -                       | -                 |
| Consumer Loans-FC                        | -                | -                       | -                 |
| Mortgage Loans                           | -                | -                       | -                 |
| Automotive Loans                         | -                | -                       | -                 |
| Consumer Loans                           | -                | -                       | -                 |
| Other                                    | -                | -                       | -                 |
| Consumer Credit Cards-YTL                | 3.837.276        | 40.039                  | 3.877.315         |
| With Installment                         | 1.339.548        | 40.039                  | 1.379.587         |
| Without Installment                      | 2.497.728        | -                       | 2.497.728         |
| Consumer Credit Cards-FC                 | 2.863            | -                       | 2.863             |
| With Installment                         | -                | -                       | -                 |
| Without Installment                      | 2.863            | -                       | 2.863             |
| Personnel Loans-YTL                      | 3.568            | 18.018                  | 21.586            |
| Mortgage Loans                           | 97               | 1.169                   | 1.266             |
| Automotive Loans                         | 81               | 1.163                   | 1.244             |
| Consumer Loans                           | 3.390            | 15.686                  | 19.076            |
| Other                                    | -                | -                       | -                 |
| Personnel Loans- Indexed to FC           | -                | 458                     | 458               |
| Mortgage Loans                           | -                | 441                     | 441               |
| Automotive Loans                         | -                | 17                      | 17                |
| Consumer Loans                           | -                | -                       | -                 |
| Other                                    | -                | -                       | -                 |
| Personnel Loans-FC                       | -                | -                       | -                 |
| Mortgage Loans                           | -                | -                       | -                 |
| Automotive Loans                         | -                | -                       | -                 |
| Consumer Loans                           | -                | -                       | -                 |
| Other                                    | -                | -                       | -                 |
| Personnel Credit Cards-YTL               | 17.071           | 87                      | 17.158            |
| With Installment                         | 6.604            | 87                      | 6.691             |
| Without Installment                      | 10.467           | -                       | 10.467            |
| Personnel Credit Cards-FC                | 31               | -                       | 31                |
| With Installment                         | -                | -                       | -                 |
| Without Installment                      | 31               | -                       | 31                |
| Credit Deposit Account-YTL (Real Person) | 200.974          | -                       | 200.974           |
| Credit Deposit Account-FC (Real Person)  | -                | -                       | -                 |
| <b>Total Consumer Loans</b>              | <b>4.517.930</b> | <b>8.633.093</b>        | <b>13.151.023</b> |

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (CONTINUED):**

**4. Information on commercial installment loans and corporate credit cards:**

|   | Short-term       | Medium and Long-term | Total            |
|---|------------------|----------------------|------------------|
| Commercial Installment Loans-YTL            | 977.920          | 3.253.449            | 4.231.369        |
| Mortgage Loans                              | 4.992            | 628.304              | 633.296          |
| Automotive Loans                            | 37.035           | 1.225.393            | 1.262.428        |
| Consumer Loans                              | 933.105          | 1.321.860            | 2.254.965        |
| Other                                       | 2.788            | 77.892               | 80.680           |
| FC Indexed Commercial Installment Loans     | 26.013           | 211.183              | 237.196          |
| Mortgage Loans                              | -                | 51.626               | 51.626           |
| Automotive Loans                            | 1.067            | 109.020              | 110.087          |
| Consumer Loans                              | 17.573           | 39.172               | 56.745           |
| Other                                       | 7.373            | 11.365               | 18.738           |
| Commercial Installment Loans-FC             | 1.905            | 6.094                | 7.999            |
| Mortgage Loans                              | -                | -                    | -                |
| Automotive loans                            | -                | 4.166                | 4.166            |
| Consumer Loans                              | -                | -                    | -                |
| Other                                       | 1.905            | 1.928                | 3.833            |
| Corporate Credit Cards-YTL                  | 59.812           | 788                  | 60.600           |
| With Installment                            | 159              | 2                    | 161              |
| Without Installment                         | 59.653           | 786                  | 60.439           |
| Corporate Credit Cards-FC                   | 18               | -                    | 18               |
| With Installment                            | -                | -                    | -                |
| Without Installment                         | 18               | -                    | 18               |
| Credited Deposit Account-YTL (Legal Person) | 502.117          | -                    | 502.117          |
| Credited Deposit Account-FC (Legal person)  | -                | -                    | -                |
| <b>Total</b>                                | <b>1.567.785</b> | <b>3.471.514</b>     | <b>5.039.299</b> |

**5. Distribution of domestic and foreign loans: Loans are classified according to the locations of the customers.**

|                | Current Period<br>31 March 2008 | Prior Period<br>31 December 2007 |
|----------------|---------------------------------|----------------------------------|
| Domestic Loans | 43.814.053                      | 38.980.959                       |
| Foreign Loans  | 474.751                         | 901.169                          |
| <b>Total</b>   | <b>44.288.804</b>               | <b>39.882.128</b>                |

**6. Loans granted to investments in associates and subsidiaries: None.**

**7. Specific provisions accounted for loans:**

|  | Current Period<br>31 March 2008 | Prior Period<br>31 December 2007 |
|--|---------------------------------|----------------------------------|
| Loans and Receivables with Limited Collectibility  | 203.316                         | 206.036                          |
| Loans and Receivables with Doubtful Collectibility | 295.212                         | 296.237                          |
| Uncollectible Loans and Receivables                | 302.740                         | 505.355                          |
| <b>Total</b>                                       | <b>801.268</b>                  | <b>1.007.628</b>                 |

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**8. Information on non-performing loans (Net):**

**8 (i). Information on non-performing loans restructured or rescheduled and other receivables:**

|  | 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: 31 March 2008              |   |  |   |
| (Gross Amounts Before Specific Provisions) | -   | -  | 41  |
| Restructured Loans and Other Receivables   | -   | -  | -   |
| Rescheduled Loans and Other Receivables    | -   | -  | 41  |
| Prior Period: 31 December 2007             |   |  |   |
| (Gross Amounts Before Specific Provisions) | -   | -  | 41  |
| Restructured Loans and Other Receivables   | -   | -  | -   |
| Rescheduled Loans and Other Receivables    | -   | -  | 41  |

**8 (ii). Information on the movement of total non-performing loans:**

|   | 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 |
| Prior Period End Balance: 31 December 2007                  | 206.036   | 296.237  | 505.355                                   |
| Additions (+)   | 242.170   | 6.600  | 3.272                                     |
| Transfers from Other Categories of Non-performing Loans (+) | -   | 200.330  | 145.795                                   |
| Transfers to Other Categories of Non-Performing Loans (-)   | 200.330   | 145.795  | -   |
| Collections (-)   | 44.488  | 36.824   | 24.810                                    |
| Net FC Differences from Subsidiaries Abroad                 | -   | 27   | -   |
| Write-offs (-) (*)  | 72  | 25.363   | 326.872                                   |
| Corporate and Commercial Loans                              | 11  | 22.617   | 163.976                                   |
| Retail Loans  | 37  | 2.216  | 33.682                                    |
| Credit Cards  | 34  | 530  | 129.214                                   |
| Other   | -   | -  | -   |
| Balance at the End of the Period                            | 203.316   | 295.212  | 302.740                                   |
| Specific Provisions (-)                                     | 203.316   | 295.212  | 302.740                                   |
| Net Balance on Balance Sheet Date                           | -   | -  | -   |

(\*) The Bank disposed some part of its non-performing loan portfolio amounting to YTL339.469 at an amount of YTL48.616. The amount disposed is presented in the "Write-off" line on the table above.

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8 (iii). Information on non-performing loans granted as foreign currency loans:

|                                       | III. Group  | IV. Group  | V. Group  |
|---------------------------------------|---|--|---|
|                                       | Loans and Other<br>Receivables with Limited<br>Collectibility | Loans and Other<br>Receivables with Doubtful<br>Collectibility | Uncollectible<br>Loans and Other<br>Receivables |
| <b>Current Period: 31 March 2008</b>  |   |  |   |
| Balance at the End of the Period      | 1.958   | 7.721  | 16.424  |
| Specific Provisions (-)               | 1.958   | 7.721  | 16.424  |
| Net Balance on Balance Sheet          | -   | -  | -   |
| <b>Prior Period: 31 December 2007</b> |   |  |   |
| Balance at the End of the Period      | 7.177   | 10.489   | 27.981  |
| Specific Provisions (-)               | 7.177   | 10.489   | 27.981  |
| Net Balance on Balance Sheet          | -   | -  | -   |

8(iv). Breakdown of non-performing loans according to their gross and net values

|  | III. Group  | IV. Group  | V. Group  |
|--|---|--|---|
|  | Loans and Other<br>Receivables with Limited<br>Collectibility | Loans and Other<br>Receivables with<br>Doubtful Collectibility | Uncollectible<br>Loans and Other<br>Receivables |
| <b>Current Period (Net): 31 March 2008</b>                   |   |  |   |
| Loans granted to corporate entities and real persons (Gross) | 203.316   | 295.212  | 302.740   |
| Specific Provisions Amount(-)                                | 203.316   | 295.212  | 302.740   |
| Loans granted to corporate entities and real persons (Net)   | -   | -  | -   |
| Banks (Gross)  | -   | -  | -   |
| Specific Provisions Amount (-)                               | -   | -  | -   |
| Banks (Net)  | -   | -  | -   |
| Other Loans and Advances (Gross)                             | -   | -  | -   |
| Specific Provisions Amount (-)                               | -   | -  | -   |
| Other Loans and Advances (Net)                               | -   | -  | -   |
| <b>Prior Period (Net): 31 December 2007</b>                  |   |  |   |
| Loans granted to corporate entities and real persons (Gross) | 206.036   | 296.237  | 505.355   |
| Specific Provisions Amount(-)                                | 206.036   | 296.237  | 505.355   |
| Loans granted to corporate entities and real persons (Net)   | -   | -  | -   |
| Banks (Gross)  | -   | -  | -   |
| Specific Provisions Amount (-)                               | -   | -  | -   |
| Banks (Net)  | -   | -  | -   |
| Other Loans and Advances (Gross)                             | -   | -  | -   |
| Specific Provisions Amount (-)                               | -   | -  | -   |
| Other Loans and Advances (Net)                               | -   | -  | -   |

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9. Information on the collection policy of non-performing loans and other receivables:  
Non-performing loans and other receivables are collected through legal follow-up and liquidation of collaterals.

10. Information on the write-off policy of the Bank:  
Write-off policy of the Bank for receivables under follow up is to retire the receivables from assets in case of verification of the inability of collection through the legal follow-up process.

**f. Held-to-maturity investments:**

The Bank has no held-to-maturity investments as at 31 March 2008.

**g. Information on investments in associates (Net):**

The Bank has no investments in associates as at 31 March 2008.

**h. Information on subsidiaries (Net):**

1. Non-consolidated subsidiaries:

1(i). Reasons of being out of consolidation for non-consolidated associates: On grounds of the materiality principle due to their operating results, asset and shareholder equity sizes, they have been left out of the scope of consolidation.

1(ii). Information about non-consolidated subsidiaries:

|   | Title   | Address (City / Country) | Bank's Share Percentage-If Different Voting Percentage (%) | Bank's Risk Group Share Percentage (%) |
|---|---|--------------------------|--|--|
| 1 | Ak Yatırım Ortaklığı A.Ş.   | Istanbul/Turkey          | 64,99  | 64,99                                  |
| 2 | Ak Portföy Yönetimi A.Ş.  | Istanbul/Turkey          | 99,99  | 99,99                                  |
| 3 | Ak Global Funding B.V.  | Rotterdam/Netherlands    | 100,00   | 100,00                                 |
| 4 | Finsbury Pavement Limited under liquidation (Previously: Sabancı Bank plc.) | London/England           | 65,00  | 100,00                                 |

Main financial figures of non-consolidated subsidiaries, in the order of the above table:

The financial figures have been obtained from the financial statements dated 31 December 2007.

|   | 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 | 55.087       | 52.111               | 7                  | 2.983           | 7.340                                       | 8.814                       | 1.560                    | 14.156         |
| 2 | 17.800       | 14.747               | 581                | 1.934           | 32  | 9.010                       | 5.469                    | -              |
| 3 | -            | -                    | -                  | -               | -   | -                           | -                        | -              |
| 4 | -            | -                    | -                  | -               | -   | -                           | -                        | -              |

Operations of Ak Global Funding B.V. have not commenced yet and the Bank's investment in this company is immaterial.

(\*) Fair values refer to the market values for the subsidiaries quoted on the stock.

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (CONTINUED):**

2. Consolidated subsidiaries:

2(i). Information about consolidated subsidiaries:

|   | Title                           | Address (City / Country) | Bank's Share Percentage-If Different Voting Percentage (%) | Other Shareholder Share Percentage (%) | Consolidation Method |
|---|---------------------------------|--------------------------|--|--|----------------------|
| 1 | Ak Finansal Kiralama A.Ş.       | Istanbul/Turkey          | 99,99  | 0,01                                   | Full Consolidation   |
| 2 | Ak Yatırım Menkul Değerler A.Ş. | Istanbul/Turkey          | 99,80  | 0,20                                   | Full Consolidation   |
| 3 | Akbank N.V.                     | Rotterdam/ Netherlands   | 100,00   | -                                      | Full Consolidation   |
| 4 | Akbank AG                       | Frankfurt/Germany        | 100,00   | -                                      | Full Consolidation   |

Main financial figures of consolidated subsidiaries, in the order of the above table:

|   | 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 | 776.134      | 180.032              | 380                | 23.104          | -   | 15.719                     | 7.713                    | -              |
| 2 | 121.031      | 75.090               | 21.385             | 3.952           | (596)                                       | 1.837                      | 3.466                    | -              |
| 3 | 3.860.401    | 678.704              | 3.441              | 39.446          | 9.489                                       | 3.111                      | 3.189                    | -              |
| 4 | 2.508.880    | 429.589              | 603                | 26.348          | 1.765                                       | 6.692                      | 4.997                    | -              |

(\*) Fair values refer to the market values for the subsidiaries quoted on the stock.

Although not subsidiaries of the Bank, Ak Receivables Corporation and A.R.T.S Ltd. which were established in July 1998 and November 1999 respectively in connection with raising long-term financing, are included in the scope of consolidation as "Special Purpose Entities" due to the 100% control of these entities by the Group.

2(ii). Movement schedule for consolidated subsidiaries:

|   | Current Period<br>31 March 2008 | Prior Period<br>31 December 2007 |
|---|---------------------------------|----------------------------------|
| Balance at the Beginning of the Period        | 746.351                         | 883.790                          |
| Movements During the Period                   |                                 |                                  |
| Purchases                                     | -                               | 410.383                          |
| Bonus Shares and Contributions to Capital     | -                               | -                                |
| Dividends from Current Year Income            | -                               | -                                |
| Sales   | -                               | (547.822)                        |
| Revaluation Increase                          | -                               | -                                |
| Revaluation/Impairment                        | -                               | -                                |
| Balance at the End of the Period              | 746.351                         | 746.351                          |
| Capital Commitments                           | -                               | -                                |
| Share Percentage at the End of the Period (%) | -                               | -                                |

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (CONTINUED):**

2(iii). Sectoral information on consolidated financial subsidiaries and the related carrying amounts:

| Subsidiaries                 | Current Period<br>31 March 2008 | Prior Period<br>31 December 2007 |
|------------------------------|---------------------------------|----------------------------------|
| Banks                        | 543.903                         | 543.903                          |
| Insurance Companies          | -                               | -                                |
| Factoring Companies          | -                               | -                                |
| Leasing Companies            | 121.088                         | 121.088                          |
| Finance Companies            | -                               | -                                |
| Other Financial Subsidiaries | 81.360                          | 81.360                           |

2(iv). Subsidiaries quoted on a stock exchange: None.

2(v). Consolidated subsidiaries disposed within the current period: None.

2(vi). Consolidated subsidiaries purchased within the current period: None.

**i. Information on finance lease receivables (Net):**

|              | Current Period<br>31 March 2008 |                | Prior Period<br>31 December 2007 |                |
|--------------|---------------------------------|----------------|----------------------------------|----------------|
|              | Gross                           | Net            | Gross                            | Net            |
| 2008         | 304.878                         | 253.399        | 387.831                          | 317.641        |
| 2009         | 269.048                         | 229.502        | 196.388                          | 168.083        |
| 2010         | 148.757                         | 132.037        | 115.321                          | 102.630        |
| 2011         | 60.428                          | 54.103         | 41.514                           | 36.883         |
| 2012         | 21.038                          | 18.972         | 14.282                           | 12.908         |
| 2013         | 17.395                          | 15.426         | 12.745                           | 11.351         |
| <b>Total</b> | <b>821.544</b>                  | <b>703.439</b> | <b>768.081</b>                   | <b>649.496</b> |

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**I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (CONTINUED):**

**j. Information on hedging derivative financial assets:** None.

**k. Information on the investment properties:** None.

**l. Information on deferred tax asset :**

The Group's deferred tax asset as of 31 March 2008 amounts to YTL18.876 (31 December 2007: YTL17.858). Provisional differences subject to deferred tax calculation result from principally the difference between the book values and tax values of fixed assets and financial assets, and provision for employee rights.

Deferred tax assets and liabilities, which are accounted for the temporary differences arising between applicable accounting policies and valuation principles and tax legislation in the Bank and in consolidated subsidiaries, are presented as net on an individual entity level. As noted in Note XVIII of Section Three, for the purposes of consolidated financial statements deferred taxes arising from different consolidated subsidiaries are presented separately in assets and liabilities. There are no carry forward tax losses that can be used as deductions for the tax calculation for the Group. An explanation on the net deferred tax liability is given in Note II.h-2 of Section Five.

**m. Information on property and equipment held for sale and related to discontinued operations:**

|                               | Current Period<br>31 March 2008 | Prior Period<br>31 December 2007 |
|-------------------------------|---------------------------------|----------------------------------|
| Cost                          | 3.958                           | 3.384                            |
| Accumulated Depreciation (-)  | 308                             | 105                              |
| <b>Net Book Value</b>         | <b>3.650</b>                    | <b>3.279</b>                     |
| Opening Balance               | 3.650                           | 3.279                            |
| Additions                     | -                               | 2.394                            |
| Disposals (-), net            | -                               | 1.911                            |
| Depreciation (-)              | 27                              | 112                              |
| <b>Closing Net Book Value</b> | <b>3.623</b>                    | <b>3.650</b>                     |

**n. Information on other assets:**

Other assets amount to YTL687.714 (31 December 2007: YTL551.689) on the balance sheet and do not exceed 10% of the total assets, excluding the off-balance sheet commitments.

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES:**

**a. Information on deposits:**

1. Information on maturity structure of the deposits:

There are no seven-day notification and accumulative deposits.

1(i). Current Period - 31 March 2008:

|                              | Demand           | Up to 1 Month     | 1 - 3 Months      | 3 - 6 Months     | 6 Months - 1 Year | 1 Year and Over  | Total             |
|------------------------------|------------------|-------------------|-------------------|------------------|-------------------|------------------|-------------------|
| Saving Deposits              | 1.441.880        | 5.734.228         | 8.892.618         | 1.334.337        | 163.337           | 54.656           | 17.621.056        |
| Foreign Currency Deposits    | 3.950.016        | 2.916.268         | 10.079.954        | 1.770.592        | 1.518.335         | 1.300.270        | 21.535.435        |
| Residents in Turkey          | 2.528.586        | 2.779.529         | 9.730.516         | 992.776          | 773.144           | 628.891          | 17.433.442        |
| Residents Abroad             | 1.421.430        | 136.739           | 349.438           | 777.816          | 745.191           | 671.379          | 4.101.993         |
| Public Sector Deposits       | 245.224          | 776               | 1.890             | 592              | 626               | 131              | 249.239           |
| Commercial Deposits          | 1.330.696        | 1.441.608         | 2.031.691         | 427.939          | 11.113            | 13.903           | 5.256.950         |
| Other Institutions Deposits  | 781.944          | 555.622           | 776.063           | 71.258           | 18.871            | 3.074            | 2.206.832         |
| Gold Vault                   | -                | -                 | -                 | -                | -                 | -                | -                 |
| Bank Deposits                | 114.541          | 770.235           | 1.685.588         | 176.533          | 1.049             | -                | 2.747.946         |
| The CBRT                     | -                | -                 | -                 | -                | -                 | -                | -                 |
| Domestic Banks               | 3.768            | 656.370           | -                 | -                | -                 | -                | 660.138           |
| Foreign Banks                | 27.898           | 113.865           | 1.685.588         | 176.533          | 1.049             | -                | 2.004.933         |
| Special Finance Institutions | 82.875           | -                 | -                 | -                | -                 | -                | 82.875            |
| Other                        | -                | -                 | -                 | -                | -                 | -                | -                 |
| <b>Total</b>                 | <b>7.864.301</b> | <b>11.418.737</b> | <b>23.467.804</b> | <b>3.781.251</b> | <b>1.713.331</b>  | <b>1.372.034</b> | <b>49.617.458</b> |

1(ii). Prior Period - 31 December 2007:

|                              | Demand           | Up to 1 Month     | 1 - 3 Months      | 3 - 6 Months     | 6 Months - 1 Year | 1 Year and Over  | Total             |
|------------------------------|------------------|-------------------|-------------------|------------------|-------------------|------------------|-------------------|
| Saving Deposits              | 1.336.972        | 5.511.058         | 8.808.103         | 712.308          | 160.520           | 53.973           | 16.582.934        |
| Foreign Currency Deposits    | 3.232.210        | 2.370.304         | 8.991.477         | 1.517.804        | 905.617           | 1.106.404        | 18.123.816        |
| Residents in Turkey          | 2.591.385        | 2.215.110         | 8.666.438         | 892.289          | 578.436           | 352.118          | 15.295.776        |
| Residents Abroad             | 640.825          | 155.194           | 325.039           | 625.515          | 327.181           | 754.286          | 2.828.040         |
| Public Sector Deposits       | 33.902           | 885               | 2.810             | 336              | 162               | 131              | 38.226            |
| Commercial Deposits          | 1.511.996        | 1.558.716         | 1.513.873         | 106.808          | 2.747             | 1.217            | 4.695.357         |
| Other Institutions Deposits  | 918.281          | 321.351           | 918.106           | 74.950           | 18.651            | 2.985            | 2.254.324         |
| Gold Vault                   | -                | -                 | -                 | -                | -                 | -                | -                 |
| Bank Deposits                | 153.252          | 903.202           | 872.381           | 10.124           | 1.005             | -                | 1.939.964         |
| The CBRT                     | -                | -                 | -                 | -                | -                 | -                | -                 |
| Domestic Banks               | 6.388            | 751.520           | 1.005             | -                | 1.005             | -                | 759.918           |
| Foreign Banks                | 38.104           | 151.682           | 871.376           | 10.124           | -                 | -                | 1.071.286         |
| Special Finance Institutions | 108.760          | -                 | -                 | -                | -                 | -                | 108.760           |
| Other                        | -                | -                 | -                 | -                | -                 | -                | -                 |
| <b>Total</b>                 | <b>7.186.613</b> | <b>10.665.516</b> | <b>21.106.750</b> | <b>2.422.330</b> | <b>1.088.702</b>  | <b>1.164.710</b> | <b>43.634.621</b> |

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(CONTINUED):**

**2. Information on saving deposits insurance:**

**2(i). Information on saving deposits under the guarantee of the saving deposits insurance fund and amounts exceeding the limit of the deposit insurance fund:**

|  | Under the Guarantee of Deposit Insurance |                                  | Exceeding the Limit of Deposit Insurance |                                  |
|--|--|----------------------------------|--|----------------------------------|
|  | Current Period<br>31 March 2008          | Prior Period<br>31 December 2007 | Current Period<br>31 March 2008          | Prior Period<br>31 December 2007 |
| Saving Deposits  | 7.760.982                                | 7.444.209                        | 9.860.074                                | 9.137.379                        |
| Foreign Currency Saving Deposits   | 6.614.661                                | 5.607.892                        | 9.392.308                                | 8.155.009                        |
| Other Deposits in the Form of Saving Deposits                            | -  | -                                | -  | -                                |
| Foreign Branches' Deposits under Foreign Authorities' Insurance          | -  | -                                | -  | -                                |
| Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance | -  | -                                | -  | -                                |

**2(ii). Saving deposits of real persons which are not under the guarantee of saving deposit insurance fund:**

|   | Current Period<br>31 March 2008 | Prior Period<br>31 December 2007 |
|---|---------------------------------|----------------------------------|
| Foreign Branches' Deposits and other accounts   | -                               | -                                |
| Saving Deposits and Other Accounts of Controlling Shareholders and Deposits of their Mother, Father, Spouse, Children in care   | -                               | -                                |
| Saving Deposits and Other Accounts of President and Members of Board of Directors, CEO and Vice Presidents and Deposits of their Mother, Father, Spouse, Children in care | 627.659                         | 590.183                          |
| Saving Deposits and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in Article 282 of Turkish Criminal Law No:5237 dated 26.09.2004           | -                               | -                                |
| Saving Deposits in Deposit Bank Which Established in Turkey in Order to Engage in Off-shore Banking Activities Solely   | -                               | 2.522                            |

**b. Information on trading derivative financial liabilities:**

Table of negative differences for trading derivative financial liabilities:

|                      | Current Period<br>31 March 2008 |               | Prior Period<br>31 December 2007 |               |
|----------------------|---------------------------------|---------------|----------------------------------|---------------|
|                      | YTL                             | FC            | YTL                              | FC            |
| Forward Transactions | 4.330                           | 715           | 4.999                            | 638           |
| Swap Transactions    | 9.076                           | 53.690        | 49.117                           | 43.060        |
| Futures Transactions | 4.184                           | 310           | 2.724                            | 272           |
| Options              | 865                             | 9.244         | -                                | 4.781         |
| Other                | -                               | -             | -                                | -             |
| <b>Total</b>         | <b>18.455</b>                   | <b>63.959</b> | <b>56.840</b>                    | <b>48.751</b> |

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**c. Information on borrowings:**

**1. Information on banks and other financial institutions:**

|  | Current Period<br>31 March 2008 |                   | Prior Period<br>31 December 2007 |                  |
|--|---------------------------------|-------------------|----------------------------------|------------------|
|  | YTL                             | FC                | YTL                              | FC               |
| Borrowings from the CBRT                   | -                               | -                 | -                                | -                |
| From Domestic Bank and Institutions        | 141.884                         | 157.213           | 159.083                          | 186.196          |
| From Foreign Banks, Institutions and Funds | 11.542                          | 11.441.805        | 15.644                           | 9.130.198        |
| <b>Total</b>                               | <b>153.426</b>                  | <b>11.599.018</b> | <b>174.727</b>                   | <b>9.316.394</b> |

**2. Information on maturity structure of borrowings:**

|                      | Current Period<br>31 March 2008 |                   | Prior Period<br>31 December 2007 |                  |
|----------------------|---------------------------------|-------------------|----------------------------------|------------------|
|                      | YTL                             | FC                | YTL                              | FC               |
| Short-term           | 136.670                         | 4.795.507         | 153.591                          | 3.673.158        |
| Medium and Long-Term | 16.756                          | 6.803.511         | 21.136                           | 5.643.236        |
| <b>Total</b>         | <b>153.426</b>                  | <b>11.599.018</b> | <b>174.727</b>                   | <b>9.316.394</b> |

The liabilities providing the funding sources of the Group are deposits and borrowings. Deposits are the most important funding source of the Group and the diversification of these deposits by number and type of depositors with a stable structure does not create any risk concentration. The borrowings are composed of funds such as syndicated and securitized borrowings, money market and post finance obtained from different financial institutions with different maturity-interest structures and characteristics. There is no risk concentration in any of the funding sources of the Group.

**d. Information on other foreign liabilities:**

Other foreign liabilities amount to YTL1.104.938 (31 December 2007: YTL1.487.317) and do not exceed 10% of the total balance sheet excluding off-balance sheet commitments.

**e. Information on finance lease payables (Net): None.**

**f. Information on hedging derivative financial liabilities: None.**

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(CONTINUED):**

**g. Information on provisions:**

**1. Information on general provisions:**

|  | Current Period<br>31 March 2008 | Prior Period<br>31 December 2007 |
|--|---------------------------------|----------------------------------|
| <b>General Provisions</b>                      | <b>371.794</b>                  | <b>293.625</b>                   |
| Provisions for Group I. Loans and Receivables  | 282.189                         | 240.718                          |
| Provisions for Group II. Loans and Receivables | 33.009                          | 12.406                           |
| Provisions for Non-Cash Loans                  | 31.414                          | 28.049                           |
| Other  | 25.182                          | 12.452                           |

**2. Information on reserve for employment termination benefits:**

Under the Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

The amount payable consists of one month's salary limited to a maximum of YTL2.087,92 in full YTL amount (31 December 2007: YTL2.030,19) for each year of service. The liability is not funded, as there is no funding requirement.

The reserve has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of its employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

|  | Current Period<br>31 March 2008 | Prior Period<br>31 December 2007 |
|--|---------------------------------|----------------------------------|
| Discount Rate (%)                          | 5,71                            | 5,71                             |
| Rate for the Probability of Retirement (%) | 0,93                            | 0,92                             |

The principal actuarial assumption is that the current maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of YTL2.087,92 (1 January 2007: YTL1.960,69) effective from 1 January 2008 has been taken into consideration in calculating the reserve for employee termination benefits.

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(CONTINUED):**

Movements in the reserve for employment termination benefits during the period are as follows:

|   | Current Period<br>31 March 2008 | Prior Period<br>31 December 2007 |
|---|---------------------------------|----------------------------------|
| Balance at the Beginning of the Period  | 38.401                          | 37.503                           |
| Provisions Recognized During the Period | 3.182                           | 11.605                           |
| Paid During the Period                  | (2.020)                         | (10.707)                         |
| Balance at the End of the Period        | 39.563                          | 38.401                           |

As of 31 March 2008, the Group has accounted a provision for unused vacation rights amounting to YTL26.229 (31 December 2007: YTL24.982).

**3. Information on provisions related with foreign currency difference of foreign indexed loans:**

As of 31 March 2008, the provision related to foreign currency difference of foreign indexed loans amounts to YTL5.855 (31 December 2007: YTL46.879).

**4. Information on specific provisions for non-cash loans that are non-funded and non-transformed into cash:**

Provision for non-cash loans that are non-funded and non-transformed into cash as of 31 March 2008 is amounting to YTL38.705 (31 December 2007: YTL41.017 ).

**5. Information on other provisions:**

5 (i). Information on general provisions for possible risks: None.

5 (ii). Information on provisions for banking services promotion:

The Group has provisions for credit cards and banking services promotion applications amounting to YTL91.188 (31 December 2007: YTL84.352).

**h. Explanations on tax liability:**

**1. Explanations on current tax liability:**

Tax calculations of the Group are explained in Note XVIII of Section Three. As of 31 March 2008, the tax liability after the deduction of temporary taxes paid is YTL140.782 (31 December 2007: YTL173.093).

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(CONTINUED):**

1(i). Information on taxes payable:

|  | Current Period<br>31 March 2008 | Prior Period<br>31 December 2007 |
|--|---------------------------------|----------------------------------|
| Corporate Taxes Payable                  | 140.782                         | 173.093                          |
| Taxation on Marketable Securities        | 102.105                         | 67.849                           |
| Property Tax                             | 494                             | 444                              |
| Banking Insurance Transaction Tax (BITT) | 33.546                          | 33.714                           |
| Foreign Exchange Transaction Tax         | 3.539                           | 1.558                            |
| Value Added Tax Payable                  | 649                             | 1.437                            |
| Other                                    | 14.883                          | 14.339                           |
| <b>Total</b>                             | <b>295.998</b>                  | <b>292.434</b>                   |

1(ii). Information on premium payables:

|  | Current Period<br>31 March 2008 | Prior Period<br>31 December 2007 |
|--|---------------------------------|----------------------------------|
| Social Security Premiums - Employee                    | 178                             | 105                              |
| Social Security Premiums - Employer                    | 248                             | 189                              |
| Bank Social Aid Pension Fund Premium- Employee         | 2                               | 7                                |
| Bank Social Aid Pension Fund Premium - Employer        | 160                             | 165                              |
| Pension Fund Membership Fees and Provisions - Employee | -                               | -                                |
| Pension Fund Membership Fees and Provisions - Employer | -                               | -                                |
| Unemployment Insurance - Employee                      | 253                             | 375                              |
| Unemployment Insurance - Owner                         | 467                             | 713                              |
| Other  | -                               | -                                |
| <b>Total</b>   | <b>1.308</b>                    | <b>1.554</b>                     |

2. Information on deferred tax liability:

As of 31 March 2008, the deferred tax liability of the Group amounts to YTL55.076 (31 December 2007: YTL39.744).

**i. Information on shareholders' equity:**

1. Presentation of paid-in capital:

|                 | Current Period<br>31 March 2008 | Prior Period<br>31 December 2007 |
|-----------------|---------------------------------|----------------------------------|
| Common Stock    | 3.000.000                       | 3.000.000                        |
| Preferred Stock | -                               | -                                |

2. Amount of paid-in-capital, explanations as to whether the registered share capital system is applied, if so, the amount of registered share capital ceiling:

| Capital System           | Paid-in capital | Ceiling   |
|--------------------------|-----------------|-----------|
| Registered Share Capital | 3.000.000       | 5.000.000 |

3. Information on the share capital increases during the period and their sources: None.

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**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES  
(CONTINUED):**

4. Information on share capital increases from capital reserves during the current period: None.
5. Information on capital commitments, the purpose and the sources until the end of the fiscal year and the subsequent interim period: None.
6. The effects of anticipations based on the financial figures for prior periods regarding the Group's income, profitability and liquidity, and the anticipations regarding the uncertainty of these indicators on the shareholders' equity.

The Group has been continuing its operations with high profitability and has been retaining most of its net profit in the equity, either by increasing its capital or transferring it into reserves. On the other hand, only a small part of the equity is allocated to associates and subsidiaries and fixed assets, thus giving a chance for considerably high free capital which provides funds for liquid and high interest bearing assets. Considering all these factors, the Group's shareholders' equity is getting steadily stronger.

7. Information on privileges given to shares representing the capital: None.

**j. Information on marketable securities value increase fund:**

|  | Current Period<br>31 March 2008 |                 | Prior Period<br>31 December 2007 |                 |
|--|---------------------------------|-----------------|----------------------------------|-----------------|
|  | YTL                             | FC              | YTL                              | FC              |
| From Investments in Associates, Subsidiaries, and Joint Ventures | (75)                            | -               | 4.956                            | -               |
| Valuation Difference   | 46.298                          | (12.798)        | 202.323                          | (26.270)        |
| Foreign Currency Differences                                     | -                               | -               | -                                | -               |
| <b>Total</b>   | <b>46.223</b>                   | <b>(12.798)</b> | <b>207.279</b>                   | <b>(26.270)</b> |

The part of value increase fund related to foreign currency marketable securities is the difference between the fair values and amortized costs, calculated in accordance with the "Effective yield method" of government bonds classified as "Available-for-sale financial assets".

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**III. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT:**

**a. Information on interest income:**

**1. Information on interest income on loans:**

|   | Current Period<br>31 March 2008 |                | Prior Period<br>31 March 2007 |                |
|---|---------------------------------|----------------|-------------------------------|----------------|
|   | YTL                             | FC             | YTL                           | FC             |
| Short-term Loans  | 698.524                         | 37.573         | 663.813                       | 37.113         |
| Medium and Long-term Loans                                      | 509.834                         | 168.706        | 377.009                       | 129.222        |
| Interest on Loans Under Follow-Up                               | 13.345                          | 37             | 7.777                         | 52             |
| Premiums Received from the Resource<br>Utilization Support Fund | -                               | -              | -                             | -              |
| <b>Total(*)</b>   | <b>1.221.703</b>                | <b>206.316</b> | <b>1.048.599</b>              | <b>166.387</b> |

(\*) Fee and commission income from cash loans is included.

**2. Information on interest income on banks:**

|                                  | Current Period<br>31 March 2008 |               | Prior Period<br>31 March 2007 |               |
|----------------------------------|---------------------------------|---------------|-------------------------------|---------------|
|                                  | YTL                             | FC            | YTL                           | FC            |
| From the CBRT                    | 41.764                          | 2.459         | 36.315                        | 2.470         |
| From Domestic Banks              | 80                              | 84            | 2.088                         | 53            |
| From Foreign Banks               | 584                             | 20.630        | 4                             | 38.022        |
| Headquarters and Branches Abroad | -                               | -             | -                             | -             |
| <b>Total</b>                     | <b>42.428</b>                   | <b>23.173</b> | <b>38.407</b>                 | <b>40.545</b> |

**3. Information on interest income on marketable securities:**

|   | Current Period<br>31 March 2008 |                | Prior Period<br>31 March 2007 |                |
|---|---------------------------------|----------------|-------------------------------|----------------|
|   | YTL                             | FC             | YTL                           | FC             |
| From Trading Financial Assets                                 | 7.846                           | 45.283         | 13.095                        | 102.606        |
| From Financial Assets at Fair Value through<br>Profit or Loss | -                               | -              | -                             | -              |
| From Available-for-sale Financial Assets                      | 691.115                         | 59.431         | 446.322                       | 69.717         |
| From Held-to-Maturity Investments                             | -                               | -              | -                             | -              |
| <b>Total</b>  | <b>698.961</b>                  | <b>104.714</b> | <b>459.417</b>                | <b>172.323</b> |

**4. Information on interest income received from associates and subsidiaries: None.**

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(CONTINUED):**

**b. Information on interest expense:**

**1. Information on interest expense on borrowings:**

|                                  | Current Period<br>31 March 2008 |                | Prior Period<br>31 March 2007 |                |
|----------------------------------|---------------------------------|----------------|-------------------------------|----------------|
|                                  | YTL                             | FC             | YTL                           | FC             |
| Banks                            | 10.452                          | 118.317        | 9.062                         | 132.338        |
| The CBRT                         | -                               | -              | -                             | -              |
| Domestic Banks                   | 7.216                           | 355            | 9.017                         | 478            |
| Foreign Banks                    | 3.236                           | 117.383        | 45                            | 131.860        |
| Headquarters and Branches Abroad | -                               | 579            | -                             | -              |
| Other Institutions               | -                               | -              | -                             | -              |
| <b>Total(*)</b>                  | <b>10.452</b>                   | <b>118.317</b> | <b>9.062</b>                  | <b>132.338</b> |

(\*) Fee and commission expense from cash loans is included.

**2. Information on interest expense given to associates and subsidiaries:**

|                                | Current Period<br>31 March 2008 | Prior Period<br>31 March 2007 |
|--------------------------------|---------------------------------|-------------------------------|
| To Associates and Subsidiaries | 655                             | 506                           |

**3. Maturity structure of the interest expense on deposits:**

There are no deposits with seven-day notification and accumulative deposits:

|                              | Demand<br>Deposits | Time Deposit     |                   |                   |                 |                    | Total            |
|------------------------------|--------------------|------------------|-------------------|-------------------|-----------------|--------------------|------------------|
|                              |                    | Up to 1<br>Month | Up to 3<br>Months | Up to 6<br>Months | Up to 1<br>Year | 1 Year and<br>Over |                  |
| <b>YTL</b>                   |                    |                  |                   |                   |                 |                    |                  |
| Bank Deposits                | -                  | 26.756           | 34.629            | 650               | -               | -                  | <b>62.035</b>    |
| Saving Deposits              | -                  | 195.966          | 375.510           | 45.030            | 5.839           | 2.096              | <b>624.441</b>   |
| Public Sector Deposits       | -                  | 25               | 53                | 11                | 5               | 3                  | <b>97</b>        |
| Commercial Deposits          | 871                | 44.951           | 73.429            | 3.171             | 5.789           | 43                 | <b>128.254</b>   |
| Other Deposits               | -                  | 12.150           | 44.182            | 2.639             | -               | 789                | <b>59.760</b>    |
| <b>Total</b>                 | <b>871</b>         | <b>279.848</b>   | <b>527.803</b>    | <b>51.501</b>     | <b>11.633</b>   | <b>2.931</b>       | <b>874.587</b>   |
| <b>FC</b>                    |                    |                  |                   |                   |                 |                    |                  |
| Foreign Currency<br>Deposits | 3.763              | 21.939           | 99.243            | 12.356            | 14.527          | 15.665             | <b>167.493</b>   |
| Bank Deposits                | -                  | -                | 6.022             | 876               | 6               | -                  | <b>6.904</b>     |
| Gold Vault                   | -                  | -                | -                 | -                 | -               | -                  | <b>-</b>         |
| <b>Total</b>                 | <b>3.763</b>       | <b>21.939</b>    | <b>105.265</b>    | <b>13.232</b>     | <b>14.533</b>   | <b>15.665</b>      | <b>174.397</b>   |
| <b>Grand Total</b>           | <b>4.634</b>       | <b>301.787</b>   | <b>633.068</b>    | <b>64.733</b>     | <b>26.166</b>   | <b>18.596</b>      | <b>1.048.984</b> |

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**c. Information on trading loss/income (Net):**

|   | Current Period<br>31 March 2008 | Prior Period<br>31 March 2007 |
|---|---------------------------------|-------------------------------|
| <b>Profit</b>                           | <b>4.535.524</b>                | <b>1.357.442</b>              |
| Income from Capital Market Transactions | 154.086                         | 49.530                        |
| From Derivative Financial Transactions  | 103.072                         | 28.430                        |
| Other                                   | 51.014                          | 21.100                        |
| Foreign Exchange Gains                  | 4.381.438                       | 1.307.912                     |
| <b>Loss (-)</b>                         | <b>4.457.077</b>                | <b>1.329.109</b>              |
| Loss from Capital Market Transactions   | 176.441                         | 46.156                        |
| From Derivative Financial Transactions  | 168.958                         | 35.551                        |
| Other                                   | 7.483                           | 10.605                        |
| Foreign Exchange Loss                   | 4.280.636                       | 1.282.953                     |

**d. Explanations on other operating income:**

The Bank had filed three lawsuits, total of which amounted to YTL754.303, against the Ministry of Finance regarding the correction of corporate tax paid in 2001, 2002, and 2003 with reference to the temporary article 4, added by the Law No.4743 to the Banking Law No.4389, which was annulled on 1 November 2005.

Considering the status of legal and administrative process, the Board of Directors decided to settle with the Ministry of Finance in scope of the article 3 of the "Act on collection of some public receivables through settlement" published in the Official Gazette No.26800 dated 27 February 2008.

Accordingly, the Bank has withdrawn the lawsuits explained in the first paragraph and according to the calculations made for the purpose of the settlement, the Bank's total amount of receivables from the Ministry of Finance related to those lawsuits is confirmed as YTL494.710. The remaining amount of YTL224.709 after deducting the amount of YTL270.001, which was accepted by the Ministry of Finance to be offset against various tax debt of the Bank and recognized in the financial statements of the year 2007, is recorded as income in the year 2008 financial statements.

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(CONTINUED):**

**e. Provision expenses related to loans and other receivables of the Bank:**

|   | Current Period<br>31 March 2008 | Prior Period<br>31 March 2007 |
|---|---------------------------------|-------------------------------|
| Specific Provisions for Loans and Other Receivables                                       | 221.622                         | 139.425                       |
| III. Group Loans and Receivables  | 213.348                         | 133.046                       |
| IV. Group Loans and Receivables   | 5.422                           | 3.738                         |
| V. Group Loans and Receivables  | 2.852                           | 2.641                         |
| General Provision Expenses  | 78.169                          | 19.975                        |
| Provision Expense for Possible Risks  | -                               | -                             |
| Marketable Securities Impairment Expense  | -                               | -                             |
| Financial Assets at Fair Value through Profit or Loss                                     | -                               | -                             |
| Available-for-sale Financial Assets   | -                               | -                             |
| Investments in Associates, Subsidiaries and Held-to-maturity<br>Securities Value Decrease | -                               | -                             |
| Investments in Associates   | -                               | -                             |
| Subsidiaries  | -                               | -                             |
| Joint Ventures  | -                               | -                             |
| Held-to-maturity Investments  | -                               | -                             |
| Other   | 2.142                           | 1.377                         |
| <b>Total</b>  | <b>301.933</b>                  | <b>160.777</b>                |

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(CONTINUED):**

**f. Information related to other operating expenses:**

|   | Current Period<br>31 March 2008 | Prior Period<br>31 March 2007 |
|---|---------------------------------|-------------------------------|
| Personnel Expenses  | 209.997                         | 149.653                       |
| Reserve for Employee Termination Benefits                                       | 1.162                           | 1.333                         |
| Bank Social Aid Provision Fund Deficit Provision                                | -                               | -                             |
| Impairment Expenses of Fixed Assets   | -                               | -                             |
| Depreciation Expenses of Fixed Assets   | 24.716                          | 24.673                        |
| Impairment Expenses of Intangible Assets  | -                               | -                             |
| Goodwill Impairment Expenses  | -                               | -                             |
| Amortization Expenses of Intangible Assets                                      | 2.824                           | 2.838                         |
| Impairment Expenses of Equity Participations for Which Equity Method is Applied | -                               | -                             |
| Impairment Expenses of Assets Held for Resale                                   | -                               | -                             |
| Depreciation Expenses of Assets Held for Resale                                 | -                               | -                             |
| Impairment Expenses of Fixed Assets Held for Sale                               | -                               | -                             |
| Other Operating Expenses  | 175.120                         | 150.736                       |
| Leasing Expenses  | 10.192                          | 6.940                         |
| Maintenance Expenses  | 5.155                           | 3.609                         |
| Advertisement Expenses  | 16.759                          | 9.855                         |
| Other Expenses  | 143.014                         | 130.332                       |
| Loss on Sales of Assets   | -                               | 2                             |
| Other   | 100.799                         | 44.045                        |
| <b>Total</b>  | <b>514.618</b>                  | <b>373.280</b>                |

**g. Profit/Loss of minority interest:**

|                                  | Current Period<br>31 March 2008 | Prior Period<br>31 March 2007 |
|----------------------------------|---------------------------------|-------------------------------|
| Profit/Loss of Minority Interest | 6                               | 360                           |

**h. Information on tax provision for ongoing and discontinued operations:**

**1. Information on calculated current tax income or expense and deferred tax income or expense:**

As of 31 March 2008, the Group has a current tax expense of YTL137.595 and deferred tax income of YTL4.782.

**2. Information on deferred tax income or expense arising from the temporary differences that have occurred or have been closed:**

The amount of deferred tax income that occurred due to the temporary differences is YTL4.463 and deferred tax expense is YTL9.216; the amounts of deferred tax income and deferred tax expense that occurred due to the closing of temporary differences are YTL2.074 and YTL2.103 respectively. The Group has YTL4.782 net deferred tax income.

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**III. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED INCOME STATEMENT  
(CONTINUED):**

3. Information on recognition of temporary difference, financial loss, diminution of tax and exemptions on income statement: None.

**i. Information on net profit and loss:**

1. Explanation on the quality, amount and frequency of the figures of the income and expense stemming from ordinary banking operations, if necessary to understand the performance of the Group for the current period: None.

2. Explanation on the changes in the estimations regarding the figures on the financial statements, if there exists a possibility that the profit and loss for the current or the following periods will be impacted: None.

**j. Other figures on profit and loss statement:**

Other figures on the profit and loss statement do not exceed 10% of the total profit and loss.

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**IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED OFF-BALANCE SHEET  
ACCOUNTS:**

**Explanations on off-balance sheet commitments:**

1. Type and amount of irrevocable commitments:

YTL853.424 asset purchase commitments (31 December 2007: YTL457.507), YTL6.262.531 commitment for credit card limits (31 December 2007: YTL6.001.065) and YTL1.820.482 commitments for cheque books (31 December 2007: YTL1.737.614).

2. Type and amount of probable losses and obligations arising from off-balance sheet items:

The Group has no probable losses arising from off-balance sheet items. Obligations arising from the off-balance sheet are disclosed in "Off-balance sheet commitments".

2(i). Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letter of credits:

|                                     | Current Period<br>31 March 2008 | Prior Period<br>31 December 2007 |
|-------------------------------------|---------------------------------|----------------------------------|
| Bank Acceptance Loans               | 57.324                          | 46.857                           |
| Letters of Credit                   | 1.461.168                       | 1.176.932                        |
| Other Commitments and Contingencies | 168.034                         | 177.362                          |
| <b>Total</b>                        | <b>1.686.526</b>                | <b>1.401.151</b>                 |

2(ii). Revocable, irrevocable guarantees and other similar commitments and contingencies:

|                                       | Current Period<br>31 March 2008 | Prior Period<br>31 December 2007 |
|---------------------------------------|---------------------------------|----------------------------------|
| Revocable Letters of Guarantee        | 172.917                         | 158.327                          |
| Irrevocable Letters of Guarantee      | 2.638.693                       | 2.525.041                        |
| Letters of Guarantee Given in Advance | 507.058                         | 409.563                          |
| Guarantees Given to Customs           | 255.900                         | 244.313                          |
| Other Letters of Guarantee            | 519.282                         | 441.489                          |
| <b>Total</b>                          | <b>4.093.850</b>                | <b>3.778.733</b>                 |

3. Total amount of non-cash loans:

|  | Current Period<br>31 March 2008 | Prior Period<br>31 December 2007 |
|--|---------------------------------|----------------------------------|
| Non-cash Loans Given against Cash Loans              | 124.852                         | 106.217                          |
| With Original Maturity of 1 Year or Less Than 1 Year | 104.434                         | 87.722                           |
| With Original Maturity of More Than 1 Year           | 20.418                          | 18.495                           |
| Other Non-cash Loans                                 | 5.655.524                       | 5.073.667                        |
| <b>Total</b>   | <b>5.780.376</b>                | <b>5.179.884</b>                 |

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**V. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED STATEMENT OF CASH FLOWS:**

**Information on cash and cash equivalents:**

Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash and foreign currency together with demand deposits at banks including the CBRT are defined as "Cash"; interbank money market and time deposits in banks with original maturities less than three months are defined as "Cash equivalents".

1. Cash and cash equivalents at the beginning of the period:

|  | Current Period<br>31 March 2008 | Prior Period<br>31 March 2007 |
|--|---------------------------------|-------------------------------|
| <b>Cash</b>                            | <b>1.793.500</b>                | <b>2.121.379</b>              |
| Cash, Foreign Currency and Other       | 515.781                         | 532.703                       |
| Demand Deposits in Banks               | 1.277.719                       | 1.588.676                     |
| <b>Cash Equivalents</b>                | <b>728.196</b>                  | <b>2.501.316</b>              |
| Interbank Money Market Placements      | 2.547                           | 9                             |
| Time Deposits in Banks                 | 712.034                         | 2.499.270                     |
| Marketable Securities                  | 13.615                          | 2.037                         |
| <b>Total Cash and Cash Equivalents</b> | <b>2.521.696</b>                | <b>4.622.695</b>              |

The total amount from operations in the prior period gives the total cash and cash equivalents amount at the beginning of the current period.

2. Cash and cash equivalents at the end of period:

|  | Current Period<br>31 March 2008 | Prior Period<br>31 March 2007 |
|--|---------------------------------|-------------------------------|
| <b>Cash</b>                            | <b>1.723.363</b>                | <b>1.300.340</b>              |
| Cash, Foreign Currency and Other       | 490.089                         | 383.776                       |
| Demand Deposits in Banks               | 1.233.274                       | 916.564                       |
| <b>Cash Equivalents</b>                | <b>2.298.499</b>                | <b>1.685.869</b>              |
| Interbank Money Market Placements      | 189.461                         | 2.013                         |
| Time Deposits in Banks                 | 1.816.386                       | 1.682.325                     |
| Marketable Securities                  | 292.652                         | 1.531                         |
| <b>Total Cash and Cash Equivalents</b> | <b>4.021.862</b>                | <b>2.986.209</b>              |

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**VI. EXPLANATIONS AND NOTES RELATED TO GROUP'S RISK GROUP:**

**Information on the volume of transactions relating to the Group's risk group, outstanding loan and deposit transactions and profit and loss of the period:**

**1. Current Period - 31 March 2008:**

| Group's Risk Group (*)                  | Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships) |          | Direct and Indirect Shareholders of the Group |          | Other Real and Legal Persons that have been included in the Risk Group |          |
|---|--|----------|---|----------|--|----------|
|   | Cash   | Non-Cash | Cash  | Non-Cash | Cash   | Non-Cash |
| Loans and Other Receivables             |  |          |   |          |  |          |
| Balance at the Beginning of the Period  | -  | 241      | 934.432                                       | 483.693  | 1.078  | 3.237    |
| Balance at the End of the Period        | -  | 241      | 899.788                                       | 491.069  | 1.095  | 2.957    |
| Interest and Commission Income Received | -  | 2        | 23.676  | 5.166    | 14   | -        |

(\*) Defined in the Subsection 2, Article 49 of the Banking Law No.5411

**2. Prior Period - 31 December 2007:**

| Group's Risk Group (*)                      | Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships) |          | Direct and Indirect Shareholders of the Group |          | Other Real and Legal Persons that have been included in the Risk Group |          |
|---|--|----------|---|----------|--|----------|
|   | Cash   | Non-Cash | Cash  | Non-Cash | Cash   | Non-Cash |
| Loans and Other Receivables                 |  |          |   |          |  |          |
| Balance at the Beginning of the Period      | -  | -        | 733.456                                       | 358.675  | 6  | 3.238    |
| Balance at the End of the Period            | -  | 241      | 934.432                                       | 483.693  | 1.078  | 3.237    |
| Interest and Commission Income Received(**) | -  | -        | 25.006  | 3.577    | 926  | 1        |

(\*) Defined in the Subsection 2, Article 49 of the Banking Law No.5411

(\*\*) Prior period amounts present 31 March 2007 figures.

**3. Information on deposits of the Group's risk group:**

| Group's Risk Group (*)                 | Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships) |                               | Direct and Indirect Shareholders of the Group |                               | Other Real and Legal Persons that have been included in the Risk Group |                               |
|--|--|-------------------------------|---|-------------------------------|--|-------------------------------|
|  | Current Period 31 March 2008   | Prior Period 31 December 2007 | Current Period 31 March 2008                  | Prior Period 31 December 2007 | Current Period 31 March 2008   | Prior Period 31 December 2007 |
| Deposit                                |  |                               |   |                               |  |                               |
| Balance at the Beginning of the Period | 13.541   | 9.035                         | 1.050.463                                     | 722.059                       | 168.531  | 154.200                       |
| Balance at the End of the Period       | 15.631   | 13.541                        | 1.934.550                                     | 1.050.463                     | 187.216  | 168.531                       |
| Interest on Deposits(**)               | 655  | 506                           | 27.115  | 19.077                        | 7.002  | 6.270                         |

(\*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411

(\*\*) Prior period amounts present 31 March 2007 figures.

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PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY  
ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE**

**AKBANK T.A.Ş.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 MARCH 2008**

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise stated.)

**VI. EXPLANATIONS AND NOTES RELATED TO GROUP'S RISK GROUP (CONTINUED):**

4. Information on forward and option agreements and other similar agreements made with the Group's risk group:

| Group's risk group (*)                            | Investments in Associates, Subsidiaries and Joint Ventures (Business Partnerships) |                                     | Direct and Indirect Shareholders of the Group |                                     | Other Real and Legal Persons that have been included in the Risk Group |                                     |
|---|--|-------------------------------------|---|-------------------------------------|--|-------------------------------------|
|   | Current Period<br>31 March<br>2008   | Prior Period<br>31 December<br>2007 | Current Period<br>31 March<br>2008            | Prior Period<br>31 December<br>2007 | Current Period<br>31 March<br>2008                                     | Prior Period<br>31 December<br>2007 |
| Transactions at Fair Value Through Profit or Loss |  |                                     |   |                                     |  |                                     |
| Beginning of the Period                           | -  | -                                   | 151.126                                       | 224.377                             | -  | -                                   |
| Balance at the End of the Period                  | -  | -                                   | 194.457                                       | 151.126                             | -  | -                                   |
| Total Income/Loss(**)                             | -  | -                                   | (600)   | (73)                                | -  | -                                   |
| Transactions for Hedging Purposes                 |  |                                     |   |                                     |  |                                     |
| Beginning of the Period                           | -  | -                                   | -   | -                                   | -  | -                                   |
| Balance at the End of the Period                  | -  | -                                   | -   | -                                   | -  | -                                   |
| Total Income/Loss                                 | -  | -                                   | -   | -                                   | -  | -                                   |

(\*) Defined in the Subsection 2, Article 49 of the Banking Law No.5411

(\*\*) Prior period amounts present 31 March 2007 figures.

Figures presented in the table above show the sum of "sale" and "purchase" amounts of the related transactions. Accordingly, as a result of the nature of these transactions, the difference between the "sale" and "purchase" transactions affects the net exposure of the Group. As of 31 March 2008, the net exposure for direct and indirect shareholders of the Group is YTL (-) 3.544 (31 December 2007: YTL (-) 131).

5. Information regarding benefits provided to the Parent Bank's key management:

As of 31 March 2008, benefits provided to the Parent Bank's key management amount to YTL2.243 (31 March 2007: YTL2.006).

**VII. INFORMATION AND NOTES RELATED TO SUBSEQUENT EVENTS**

None.

**CONVENIENCE TRANSLATION OF  
PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY  
ISSUED IN TURKISH, SEE NOTE 1.b OF SECTION THREE**

**AKBANK T.A.Ş.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 MARCH 2008**

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise stated.)

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**SECTION SIX  
OTHER EXPLANATIONS**

**I. OTHER EXPLANATIONS**

None.

**CONVENIENCE TRANSLATION OF  
PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY  
ISSUED IN TURKISH, SEE NOTE I.b OF SECTION THREE**

**AKBANK T.A.Ş.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 MARCH 2008**

(Amounts expressed in thousands of New Turkish Lira ("YTL") unless otherwise stated.)

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**SECTION SEVEN  
EXPLANATIONS ON AUDITOR'S REVIEW REPORT**

**I. EXPLANATIONS ON AUDITOR'S REVIEW REPORT**

The consolidated financial statements for the period ended 31 March 2008 have been reviewed by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers). The auditor's review report dated 9 May 2008 is presented prior to the consolidated financial statements.

**II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITORS**

None.

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CORPORATE FINANCE

**AKBANK T.A.Ş.**

**CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2007  
TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT**

Başaran Nas Yeminli Mali Müşavirlik A.Ş.  
a member of  
**PricewaterhouseCoopers**  
BJK Plaza, Süleyman Seba Caddesi  
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Beşiktaş 34357 İstanbul-Turkey  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Akbank T.A.Ş.

1. We have audited the accompanying consolidated financial statements of Akbank T.A.Ş. ("the Bank") and its subsidiaries (together, "the Group") which comprise the consolidated balance sheet as of 31 December 2007 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

### *Management's responsibility for the financial statements*

2. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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*

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

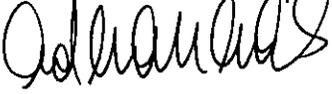
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

4. In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Başaran Nas  
Yeminli Mali Müşavirlik Anonim Şirketi  
a member of  
PricewaterhouseCoopers



Adnan Nas, YMM

Istanbul, 30 April 2008

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**AT 31 DECEMBER 2007**

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**CONSOLIDATED BALANCE SHEETS****AT 31 DECEMBER**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

|   | Notes     | 2007              | 2006              |
|---|-----------|-------------------|-------------------|
| <b>ASSETS</b>   |           |                   |                   |
| Cash and due from banks   | 6         | 2,667,900         | 4,685,166         |
| Trading securities  | 7         | 4,813,851         | 6,608,461         |
| Derivative financial instruments                                | 8         | 81,282            | 95,823            |
| Reserve requirements with the<br>Central Bank of Turkey         | 9         | 1,667,268         | 2,692,777         |
| Loans and advances to customers                                 | 10        | 40,237,999        | 30,606,485        |
| Investment securities:  |           |                   |                   |
| -Available-for-sale   | 11        | 21,005,428        | 14,519,568        |
| -Held-to-maturity   | 11        | -                 | -                 |
| Property and equipment  | 13        | 730,513           | 720,647           |
| Intangible assets   | 14        | 31,971            | 25,004            |
| Deferred income tax assets                                      | 18        | 36,839            | -                 |
| Other assets and pre-payments                                   | 15        | 555,339           | 170,930           |
| <b>Total assets</b>   |           | <b>71,828,390</b> | <b>60,124,861</b> |
| <b>LIABILITIES</b>  |           |                   |                   |
| Customer deposits   | 16        | 48,418,300        | 41,196,949        |
| Interbank money market deposits                                 | 17        | 154,023           | 41,064            |
| Derivative financial instruments                                | 8         | 105,591           | 65,185            |
| Funds borrowed  | 17        | 6,493,467         | 5,961,176         |
| Debt securities in issue  | 17        | 2,997,654         | 3,977,618         |
| Income taxes payable  | 18        | 407,144           | 100,845           |
| Deferred income tax liabilities                                 | 18        | -                 | 3,216             |
| Other liabilities and accrued expenses                          | 19        | 2,522,635         | 1,518,098         |
| Retirement benefit obligations                                  | 20        | 38,401            | 37,503            |
| <b>Total liabilities</b>  |           | <b>61,137,215</b> | <b>52,901,654</b> |
| <b>EQUITY</b>   |           |                   |                   |
| <b>Capital and reserves attributable to the equity holders:</b> |           |                   |                   |
| -Share capital  | 21        | 3,000,000         | 2,200,000         |
| -Adjustment to share capital                                    | 21        | 2,029,151         | 2,325,154         |
| <b>Total paid-in share capital</b>                              | <b>21</b> | <b>5,029,151</b>  | <b>4,525,154</b>  |
| Share premium   |           | 1,709,098         | 9,098             |
| Translation reserve   |           | (25,947)          | (34,981)          |
| Other reserves  |           | 174,467           | (135,550)         |
| Retained earnings   |           | 3,804,167         | 2,757,416         |
|   |           | <b>10,690,936</b> | <b>7,121,137</b>  |
| <b>Minority interest</b>  |           | <b>239</b>        | <b>102,070</b>    |
| <b>Total equity</b>   |           | <b>10,691,175</b> | <b>7,223,207</b>  |
| <b>Total liabilities and equity</b>                             |           | <b>71,828,390</b> | <b>60,124,861</b> |

Commitments, contingent liabilities and assets 28

The consolidated financial statements as at and for the year ended 31 December 2007 have been approved for issue by the Board of Directors on 30 April 2008 and signed on its behalf by Zafer Kurtul, the Chief Executive Officer and by Atıl Özus, the Chief Financial Officer of Akbank T.A.Ş..

The accompanying notes form an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENTS OF INCOME  
FOR THE YEARS ENDED 31 DECEMBER**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

|  | Notes | 2007             | 2006             |
|--|-------|------------------|------------------|
| Interest income  | 23    | 8,731,918        | 6,810,395        |
| Interest expense   | 23    | (5,394,535)      | (4,155,463)      |
| <b>Net interest income</b>                                       |       | <b>3,337,383</b> | <b>2,654,932</b> |
| Fee and commission income  | 24    | 1,301,146        | 1,099,835        |
| Fee and commission expense                                       | 24    | (256,113)        | (236,792)        |
| <b>Net fee and commission income</b>                             |       | <b>1,045,033</b> | <b>863,043</b>   |
| Impairment losses on loans and credit related commitments, net   | 10    | (585,165)        | (305,491)        |
| Foreign exchange gains and losses, net                           |       | 166,543          | (24,289)         |
| Trading gains and losses, net                                    | 25    | (15,917)         | 151,848          |
| Dividend income  |       | 11,496           | 9,171            |
| Gain on disposal of investments and subsidiary                   | 11,31 | -                | 159,551          |
| Other operating income   |       | 75,005           | 76,410           |
| <b>Operating income</b>  |       | <b>4,034,378</b> | <b>3,585,175</b> |
| Operating expenses   | 26    | (1,828,900)      | (1,631,476)      |
| <b>Profit before income taxes and tax case</b>                   |       | <b>2,205,478</b> | <b>1,953,699</b> |
| Income taxes   | 18    | (464,467)        | (374,797)        |
| Gain on tax case   | 18    | 270,001          | -                |
| <b>Profit for the year</b>                                       |       | <b>2,011,012</b> | <b>1,578,902</b> |
| <b>Attributable to:</b>  |       |                  |                  |
| Equity holders of the Group                                      |       | 2,011,243        | 1,574,506        |
| Minority interest  |       | (231)            | 4,396            |
|  |       | <b>2,011,012</b> | <b>1,578,902</b> |
| Earnings per share<br>(expressed in YTL, full amount, per share) | 2 (u) | 0.0067           | 0.0057           |

The accompanying notes form an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED 31 DECEMBER**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

|  | Notes | 2007               | 2006             |
|--|-------|--------------------|------------------|
| <b>Cash flows from operating activities:</b>                               |       |                    |                  |
| Net profit for the year  |       | 2,011,243          | 1,574,506        |
| Adjustments for:   |       |                    |                  |
| Depreciation of property and equipment                                     | 13    | 97,785             | 91,608           |
| Amortisation of intangible assets  | 14    | 9,177              | 9,380            |
| Provision for loan losses  | 10    | 940,636            | 527,346          |
| Employment termination benefits  | 20    | 11,605             | 13,095           |
| Gain on sale of subsidiary   |       | -                  | (91,706)         |
| Liquidation of subsidiary  |       | 2,726              | -                |
| Minority interest  |       | (14,791)           | 2,410            |
| Add back dividend income   |       | (11,496)           | (9,171)          |
| Add back income taxes  |       | 464,467            | 374,797          |
| Add back gain on tax case  | 18    | (270,001)          | -                |
| Remeasurement of derivative financial instruments at fair value            |       | 54,947             | (85,048)         |
| Unearned commission income   |       | 42,057             | 63,418           |
| Interest income, net   |       | (3,337,383)        | (2,654,932)      |
| Interest paid  |       | (5,390,657)        | (4,149,978)      |
| Interest received  |       | 8,009,559          | 7,382,870        |
| Other reserves   |       | 310,017            | (369,731)        |
| Translation reserve  |       | 9,034              | 48,382           |
| <b>Operating profit before changes in operating assets and liabilities</b> |       | <b>2,938,925</b>   | <b>2,727,246</b> |
| Net decrease in reserve requirements with the Central Bank of Turkey       |       | 1,030,644          | 1,248,213        |
| Net increase in loans and advances to customers                            |       | (10,506,313)       | (7,890,378)      |
| Net decrease/(increase) in trading securities                              |       | 1,651,184          | (39,050)         |
| Net increase in other assets and prepayments                               |       | (383,498)          | (85,139)         |
| Net increase in other liabilities and accrued expenses                     |       | 1,226,504          | 356,974          |
| Net increase in customer deposits  |       | 7,224,643          | 3,461,491        |
|  |       | <b>3,182,089</b>   | <b>(220,643)</b> |
| Income taxes paid  |       | (199,411)          | (478,512)        |
| <b>Net cash from/(used in) operating activities</b>                        |       | <b>2,982,678</b>   | <b>(699,155)</b> |
| <b>Cash flows from/(used in) investing activities:</b>                     |       |                    |                  |
| Purchase of property and equipment, net                                    | 13    | (107,651)          | (139,156)        |
| Purchase of other intangible assets, net                                   | 14    | (16,144)           | (12,909)         |
| Net (increase)/decrease in investment securities                           |       | (5,739,139)        | 909,475          |
| Acquisition of subsidiaries, net of cash acquired                          | 31    | -                  | 114,061          |
| Liquidation of subsidiary, net of cash disposed                            |       | (54,256)           | -                |
| Dividends received from investment securities                              |       | 11,496             | 9,171            |
| <b>Net cash from/(used in) investing activities</b>                        |       | <b>(5,905,694)</b> | <b>880,642</b>   |
| <b>Cash flows from financing activities:</b>                               |       |                    |                  |
| Proceeds from borrowed funds and debt securities, net                      |       | (331,716)          | 941,047          |
| Dividends paid   |       | (660,495)          | (540,451)        |
| Share issue  | 2 (u) | 1,900,000          | -                |
| <b>Net cash from financing activities</b>                                  |       | <b>907,789</b>     | <b>400,596</b>   |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                |       | <b>(2,015,227)</b> | <b>582,083</b>   |
| <b>Cash and cash equivalents at the beginning of the year</b>              | 6     | <b>4,686,636</b>   | <b>4,104,553</b> |
| <b>Cash and cash equivalents at the end of the year</b>                    | 6     | <b>2,671,409</b>   | <b>4,686,636</b> |

The accompanying notes form an integral part of these consolidated financial statements.

## AKBANK T.A.Ş.

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED 31 DECEMBER**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

|  | Attributable to equity holders of the Group |                  |                             |                             |                 |                     |                  |                   |                   |
|--|---|------------------|-----------------------------|-----------------------------|-----------------|---------------------|------------------|-------------------|-------------------|
|  | Share capital                               | Share capital    | Adjustment to share capital | Total paid-in share capital | Share premium   | Translation reserve | Other reserves   | Retained earnings | Minority interest |
| <b>Balance at 1 January 2006</b>                                 | 1,800,005                                   | 2,525,152        | 4,325,157                   | 9,098                       | (83,363)        | 234,181             | 1,923,358        | 111,719           | 6,523,358         |
| Capital increase:  |   |                  |                             |                             |                 |                     |                  |                   |                   |
| - Transfer from retained earnings                                | 399,995                                     | (199,998)        | 199,997                     | -                           | -               | -                   | (199,997)        | -                 | -                 |
| Effect of disposal on minority interest (Note 31)                | -   | -                | -                           | -                           | -               | -                   | -                | (12,059)          | (12,059)          |
| Available-for-sale securities' net fair value gains, net of tax  | -   | -                | -                           | -                           | -               | (369,731)           | -                | -                 | (369,731)         |
| Translation reserve  | -   | -                | -                           | -                           | 48,382          | -                   | -                | 14,042            | 64,424            |
| Cash dividends   | -   | -                | -                           | -                           | -               | -                   | (540,451)        | (16,028)          | (556,479)         |
| Net profit for the year  | -   | -                | -                           | -                           | -               | -                   | 1,574,506        | 4,396             | 1,578,902         |
| <b>Balance at 31 December 2006</b>                               | <b>2,200,000</b>                            | <b>2,325,154</b> | <b>4,525,154</b>            | <b>9,098</b>                | <b>(34,981)</b> | <b>(135,550)</b>    | <b>2,757,416</b> | <b>102,070</b>    | <b>7,222,242</b>  |
| <b>Balance at 1 January 2007</b>                                 | <b>2,200,000</b>                            | <b>2,325,154</b> | <b>4,525,154</b>            | <b>9,098</b>                | <b>(34,981)</b> | <b>(135,550)</b>    | <b>2,757,416</b> | <b>102,070</b>    | <b>7,222,242</b>  |
| Capital increase:  |   |                  |                             |                             |                 |                     |                  |                   |                   |
| - Cash increase  | 200,000                                     | -                | 200,000                     | 1,700,000                   | -               | -                   | -                | -                 | 1,900,000         |
| - Transfer from retained earnings                                | 600,000                                     | (296,003)        | 303,997                     | -                           | -               | -                   | (303,997)        | -                 | -                 |
| Available-for-sale securities' net fair value losses, net of tax | -   | -                | -                           | -                           | -               | 310,017             | -                | -                 | 310,017           |
| Translation reserve  | -   | -                | -                           | -                           | (48,270)        | -                   | -                | -                 | (48,270)          |
| Cash dividends   | -   | -                | -                           | -                           | -               | -                   | (660,495)        | (2,440)           | (662,935)         |
| Effect of liquidation of subsidiary (Note 2-c)                   | -   | -                | -                           | -                           | 57,304          | -                   | -                | (99,160)          | (41,856)          |
| Net profit for the year  | -   | -                | -                           | -                           | -               | -                   | 2,011,243        | (231)             | 1,988,012         |
| <b>Balance at 31 December 2007</b>                               | <b>3,000,000</b>                            | <b>2,029,151</b> | <b>5,029,151</b>            | <b>1,709,098</b>            | <b>(25,947)</b> | <b>174,467</b>      | <b>3,804,167</b> | <b>239</b>        | <b>10,699,242</b> |

The accompanying notes form an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2007

(Amounts expressed in thousands of New Turkish lira ("YTL"))

## NOTE 1 - PRINCIPAL ACTIVITIES

Akbank T.A.Ş. ("the Bank" or "Akbank" or together with its subsidiaries referred to as "the Group" in these consolidated financial statements) was formed in 1948 and is a member of the Sabancı Group of companies which is incorporated and domiciled in Turkey. The Bank's head offices are located at Sabancı Center 4. Levent, Istanbul/Turkey. As of 31 December 2007, the Bank has 715 branches dispersed throughout the country and 1 branch operating outside the country (2006: 682 branches and 1 branches operating outside the country). As at 31 December 2007, the Group employed 13,513 people (2006: 12,333 people). In addition to regular banking operations, the Group also provides insurance intermediary services as an agency of Aksigorta A.Ş. and AvivaSA Emeklilik ve Hayat A.Ş.. The Group's operations are carried out substantially in one geographical segment (Turkey) and in business segments including retail banking, corporate banking, private banking, treasury activities, international banking and leasing activities through its subsidiary (Note 5).

Some of the Bank's shares have been quoted on the Istanbul Stock Exchange since 1990. In April 1998, 4.03% of the outstanding share capital of the Bank, was offered and sold in an international offering outside of Turkey in the form of Ordinary Shares and American Depository Receipt ("ADR").

## NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

### Index to significant accounting policies

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The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of presentation of these financial statements

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") including International Accounting Standards and Interpretations issued by the International Accounting Standards Board ("IASB").

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

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**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Bank maintains its books of accounts and prepares its statutory financial statements in accordance with the Banking Law and the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No. 26333 dated 1 November 2006, which refers to Turkish Accounting Standards and Turkish Financial Reporting Standards issued by the Turkish Accounting Standards Board and additional explanations and notes related to them and other decrees, notes and explanations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA") and other relevant rules promulgated by the Turkish Commercial Code, Capital Markets Board and Tax Regulations. The subsidiaries maintain their books of accounts based on statutory rules and regulations applicable in their jurisdictions.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, trading securities and all derivative contracts.

The consolidated financial statements are presented in the national currency of the Republic of Turkey, the New Turkish lira ("YTL").

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

**Amendments to published standards and interpretations effective 1 January 2007**

The application of the amendments and interpretations listed below did not result in substantial changes to the Group's accounting policies:

IAS 1 Amendment - Capital Disclosures;  
IFRS 7 - Financial instruments: Disclosures;  
IFRIC 7 - Applying the Restatement Approach under IAS 29 (effective 1 March 2006);  
IFRIC 8 - Scope of IFRS 2 (effective 1 May 2006);  
IFRIC 9 - Reassessment of embedded derivative (effective 1 June 2006);  
IFRIC 10 - Interim Financial Reporting and Impairment (effective 1 November 2006).

**Interpretations issued but not yet effective**

The Group has chosen not to early adopt the following standards and interpretations that were issued but not yet effective for accounting periods beginning on 1 January 2007:

IFRS 8 - Operating Segments (effective 1 January 2009);  
IFRIC 11 - IFRS 2 - Group Treasury Share Transactions (effective 1 March 2007); and  
IFRIC 12 - Service Concession Arrangements (effective 1 January 2008).  
IFRIC 13 - Customer Loyalty Programmes (effective 1 July 2008).  
IFRIC 14 - IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ( effective 1 January 2008).

The application of these new interpretations will not have a material impact on the Group's financial statements in the period of initial application.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

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**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(b) Financial reporting in hyperinflationary economies**

Turkish economy was considered to be hyperinflationary as defined by IAS 29 "Financial Reporting in Hyperinflationary Economies" ("IAS 29"). IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date. Effective from 1 January 2005, the application of inflation accounting had been discontinued since the Group made its judgment that Turkish economy ceased to be hyperinflationary.

If it had been the case that, in accordance with IFRS pursuant to IAS 29, characteristics of the economic environment of Turkey in 2005 did not provide sufficient evidence to conclude that the decline in inflation was other than temporary, IAS 29 should have been applied during the year 2005. Had the Group applied IAS 29 for the year ended 31 December 2005, opening retained earnings and adjustment to share capital in the consolidated financial statements as at 31 December 2007 should have decreased by YTL131,331 and increased by YTL112,326, respectively.

**(c) Consolidation**

Subsidiary undertakings (including special purpose entities "SPEs"), over which the Group has the power to govern the financial and operating policies are generally accompanied by a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement (Note 31).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The list of consolidated subsidiary undertakings is set out below:

| <u>Name of subsidiary</u>                                  | <u>Country of incorporation</u> | <u>Shareholding %</u> |             |
|--|---------------------------------|-----------------------|-------------|
|  |                                 | <u>2007</u>           | <u>2006</u> |
| Ak Yatırım Menkul Değerler A.Ş.                            | Turkey                          | 99.80                 | 99.80       |
| Akbank N.V.  | The Netherlands                 | 100.00                | 100.00      |
| Akbank AG  | Germany                         | 100.00                | 100.00      |
| Ak Finansal Kiralama A.Ş.                                  | Turkey                          | 99.99                 | 99.99       |
| A.R.T.S. Ltd.  | Jersey, Channel Islands         | -                     | -           |
| Ak Receivable Corporation                                  | Cayman Islands                  | -                     | -           |
| Sabancı Bank plc (Finsbury Pavement Ltd under liquidation) | England                         | -                     | 65.00       |

The principal activities of Ak Yatırım Menkul Değerler A.Ş. are related to brokerage, investment banking and mutual fund management.

Akbank N.V. was established on 2000 for banking operations in Netherlands.

The Bank's Frankfurt Branch was established on 5 April 1998 for banking operations abroad. As of 1 September 2006, the Frankfurt Branch has been converted to a 100% subsidiary of the Bank. As of 31 May 2007, shares of Akbank AG were transferred to Akbank N.V. resident in the Netherlands, which is 100% subsidiary of the Parent Bank.

Ak Finansal Kiralama A.Ş. is a financial leasing company incorporated in Turkey.

Ak Receivable Corporation was established in July 1998 in connection with the issue of floating-rate notes amounting to US\$250 million. A.R.T.S. Ltd. was established in November 1999 in connection with raising long-term financing amounting to US\$400 million. Both entities have lent the funds raised to the Group, which controls the SPEs (Note 17).

Sabancı Bank plc., based in London was established in 1983 with the purpose of engaging in banking activities abroad, and all its assets and liabilities related to banking transactions were transferred to the London Branch of Akbank N.V., the Bank's subsidiary in the Netherlands, as of 6 September 2007. The income statement of Sabancı Bank plc. has been included in the Bank's consolidated financial statements between 1 January and 6 September 2007. Following the transfer of all its assets and liabilities, Sabancı Bank plc., was renamed as Finsbury Pavement Limited. The liquidation procedures of the related institution are ongoing.

**(d) Foreign currency translation**

*(i) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in New Turkish lira, which is the Bank's functional and presentation currency.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

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**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

*(iii) Group companies*

The results and financial position of all the group entities (none of which have the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the balance sheet date;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity under translation reserve.

**(e) Derivative financial instruments**

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models. Fair value of over-the-counter ("OTC") forward foreign exchange contracts and foreign exchange option contracts is determined based on the comparison of the original forward rate with the forward rate calculated by reference to market interest rates of the related currency for the remaining period of the contract, discounted to 31 December 2007. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received). Derivative financial instruments are classified as held for trading. Certain derivative transactions, even though they provide effective economic hedges under the Group risk management position, do not qualify for hedge accounting under the specific rules in IAS 39 and are therefore treated as derivatives held for trading with fair value gains and losses reported in the income statement.

Embedded derivatives are separated from the host contract and accounted for as a derivative in accordance with IAS 39, if and only if:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

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**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in profit or loss (i.e. a derivative that is embedded in a financial asset or financial liability at fair value through profit or loss is not separated).

If an embedded derivative is separated, the host contract shall be accounted for under IAS 39 if it is a financial instrument, and in accordance with other appropriate standards if it is not a financial instrument. IAS 39 does not address whether an embedded derivative shall be presented separately on the face of the financial statements.

**(f) Investment securities**

Investment securities are classified into the following two categories: held-to-maturity and available-for-sale assets. Investment securities with fixed maturity where management has both the intent and the ability to hold to maturity are classified as held-to-maturity. Investment securities intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices, are classified as available-for-sale. Management determines the appropriate classification of its investments at the time of the purchase.

Investment securities are initially recognised at cost. Available-for-sale investment debt and equity securities are subsequently remeasured at fair value based on quoted bid prices, or amounts derived from cash flow models. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in the equity as "other reserves", unless there is a permanent decline in the fair values of such assets, in which case they are charged to the income statement. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment. When the securities are disposed of or impaired, the related accumulated fair value adjustments are transferred to the income statement.

Held-to-maturity investments are carried at amortised cost using the effective yield method, less any provision for impairment.

Interest earned whilst holding investment securities is reported as interest income. Dividends received are included in dividend income.

All purchases and sales of investment securities that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at the settlement date, which is the date that the asset is delivered to/from the Group.

**(g) Financial assets at fair value through profit or loss**

This category has two sub-categories financial assets held for trading and those designated at fair value through profit or loss at inception. Financial assets and financial liabilities are designated at fair value through profit or loss when doing so significantly reduces measurement inconsistencies that would arise if the related derivatives were treated as held for trading and the underlying financial instruments were carried at amortised cost for such as loans and advances to customers or banks and debt securities in issue.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

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**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Gains and losses arising from changes in the fair value of derivatives that are managed in conjunction with designated financial assets or financial liabilities are included in 'net income from financial instruments designated at fair value'.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated as hedging instruments.

Trading assets are initially recognised and subsequently re-measured at fair value. All related realised and unrealised fair value gains and losses are included in net trading income. Interest earned whilst holding trading assets is reported as interest income.

All purchases and sales of trading assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at the settlement date, which is the date that the asset is delivered to/by the Group.

**(h) Sale and repurchase agreements**

Securities sold subject to linked repurchase agreements ("repos") are retained in the consolidated financial statements as trading or investment securities and the counterparty liability is included in customer deposits. Securities purchased under agreements to resell ("reverse repos") are recorded as due from banks. The difference between sale and repurchase price is treated as interest and accrued evenly over the life of repo agreements using the effective yield method (Note 27).

**(i) Fee and commission income and expenses**

Fee and commission income and expenses are recognised on an accrual basis. Commission income and fees for certain banking services such as import and export-related services, issuance of letters of guarantee, clearing, brokerage and custody services are recorded as income at the time of effecting the transactions to which they relate.

**(j) Interest income and expense**

Interest income and expense are recognised in the income statement for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price until, in management's estimates and judgment, collection becomes doubtful. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Loans and advances to customers and provisions for loan impairment**

Loans originated by the Group by providing money directly to the borrower or to a sub-participation agent at draw down are categorised as loans originated by the Group and are carried at amortised cost, less any provision for loan losses. All loans are recognised when cash is advanced to borrowers.

A credit risk provision for loan impairment is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and recoverable amount, being the present value of expected cash flows, including the amount recoverable from guarantees and collateral, discounted based on the interest rate at inception. An additional provision for loan impairment is established to cover losses that are judged to be present in the lending portfolio at the balance sheet date, but which have not been specifically identified as such.

The provision made during the year is charged against the profit for the year. Loans that cannot be recovered are written-off and charged against the allowance for loan losses. Such loans are written-off after all the necessary legal proceedings have been completed and the amount of the loan loss is finally determined. Recoveries of amounts previously provided for are treated as a reduction from provision for loan losses for the year (Note 10).

**(l) Financial liabilities**

Financial liabilities including customer deposits, debt securities in issue and funds borrowed are recognised initially at cost net of transaction costs. Subsequently, financial liabilities are stated at amortised cost including transaction costs and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the financial liability using the effective yield method.

**(m) Property and equipment**

All property and equipment carried at cost less accumulated depreciation and permanent impairment if any. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life, as follows:

|                        |          |
|------------------------|----------|
| Buildings              | 50 years |
| Equipment              | 5 years  |
| Leasehold improvements | 7 years  |

Where the carrying amount of an asset is greater than its estimated recoverable amount ("higher of net realisable value and value in use"), it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

Expenditure for the repair and renewal of property and equipment is charged against income. It is, however, capitalised if it results in an enlargement or substantial improvement of the respective assets.

Leasehold improvements comprise primarily of the capitalised branch refurbishment costs and are amortised on a straight-line basis over the corresponding lease terms or their estimated useful lives, whichever is shorter.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

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**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(n) Intangible assets**

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful lives (not exceeding a period of five years).

**(o) Accounting for leases**

*(i) A group company is the lessee*

Assets acquired under finance lease agreements are capitalised at the inception of the lease at the fair value of the leased asset. Lease payments are treated as comprising capital and interest elements; the capital element is treated as reducing the capitalised obligation under the lease and the interest element is charged to income. Depreciation on the leased asset is also charged to income on a straight-line basis over the useful life of the asset.

The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

*(ii) A group company is the lessor*

When assets are sold under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

**(p) Impairment of assets**

At each reporting date, the Group evaluates whether there is any impairment indication on the asset. When an indication of impairment exists, the Group estimates the recoverable values of such assets. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. An impairment loss is recognised immediately in the consolidated income statement. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or group of assets. An impairment loss recognised in prior periods for an asset is reversed if the subsequent increase in the asset's recoverable amount is caused by a specific event since the last impairment loss was recognised. Such a reversal amount cannot be higher than the previously recognised impairment and is recognised as income in the consolidated financial statements.

**(q) Taxation on income**

*(i) Income taxes currently payable*

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Taxes other than on income are recorded within operating expenses (Note 26).

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(ii) *Deferred income taxes*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The rates enacted, or substantively enacted, at the balance sheet date are used to determine deferred income tax.

The principal temporary differences arise from the difference between the carrying value and tax base of property and equipment, valuation difference on trading and investment securities, remeasurement of financial assets and liabilities at fair value, reversal of country risk provision, provision for loan losses and provision for employment termination benefits. Deferred income tax liabilities and assets are recognised when it is probable that the future economic benefit resulting from the reversal of temporary differences will flow to or from the Group. Deferred income tax assets resulting from temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deferred income tax asset can be utilised (Note 18).

Deferred income tax related to fair value re-measurement of available-for-sale investments, which are charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the income statement together with the deferred gain or loss.

(r) **Retirement benefit obligations**

(i) *Pension and other post-employment obligations*

Akbank T.A.Ş. Tekaüt Sandığı Vakfı ("the Fund") is a separate legal entity and a foundation recognised by an official decree, providing all qualified Bank employees with pension and post-retirement benefits. This scheme is funded through payments of both the employees and the employer as required by Social Security Law Numbered 506 and are as follows:

|   | <b>2007 (%)</b> |
|---|-----------------|
| Retirement benefit contributions-employer | 13              |
| Retirement benefit contributions-employee | 9               |
| Medical benefit contributions-employer    | 8.5             |
| Medical benefit contributions-employee    | 5               |

Retirement benefit contributions-employer includes 2% additional contribution provided by the Bank above the requirement of the related law.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

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**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Group's obligation in respect of the Fund has been determined as the total of the following:

*(1) Obligation for post-employment benefits transferrable to Social Security Institution ("SSI")*

The Group's obligation regarding post-employment benefits transferrable to SSI has been determined as the value of the payment that would need to be made to SSI to settle the obligation at the balance sheet date in accordance with the related article of the "Law regarding the changes in Social Insurance and General Health Insurance Law ("New Law") and other related laws and regulations" (Note 20). The disclosures set out in Note 20 for post-employment benefits transferrable to SSI therefore reflect the actuarial parameters and results in accordance with the New Law provisions.

*(2) Obligation for other benefits*

The present value of the Group's obligation regarding pension benefits which are not transferrable to SSI in accordance with the New Law is calculated using the projected unit credit method (Note 20).

The obligation for pension benefits transferrable to SSI and other benefits are calculated annually by an independent actuary who is registered with the Turkish Undersecretariat of the Treasury.

The liability to be recognised in the balance sheet is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The Group does not have a legal right to access to the present value of any economic benefits available in the form of refunds from the Fund or reductions in future contributions to the plan, and therefore no assets are recognised in the balance sheet.

*(ii) Employment termination benefits*

Employment termination benefits represent the present value of the estimated total reserve for the future probable obligation of the Group arising from the retirement of the employees calculated in accordance with the Turkish Labour Law (Note 20).

**(s) Provisions; contingent assets and contingent liabilities**

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

**(t) Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(u) Earnings per share**

Earnings per share disclosed in the consolidated statements of income is determined by dividing the net income attributable to the equity holders of the Group by the weighted average number of ordinary shares outstanding during the period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period.

The number of shares issued attributable to transfers to share capital from retained earnings during 2007 is 60,000,000,000 (2006: 39,999,945,600).

The earnings attributable to ordinary shares for each year are as follows:

|  | <b>2007</b>     | <b>2006</b>     |
|--|-----------------|-----------------|
| Profit attributable to equity holders of the Group                       | 2,011,243       | 1,574,506       |
| Weighted average number of ordinary shares<br>in issue (1 YKr each)      | 300,000,000,000 | 275,000,000,000 |
| <b>Earnings per share (expressed in YTL, full amount,<br/>per share)</b> | <b>0.0067</b>   | <b>0.0057</b>   |

Basic earnings per share are calculated by dividing the net income attributable to shareholders by the weighted average number of shares in issue.

There are no diluted shares and accordingly there are no diluted earnings per share for any class of shares.

**(v) Related parties**

For the purpose of these consolidated financial statements, shareholders, key management personnel and board members, in each case together with their families and companies controlled by/affiliated with them, associated companies and other companies within the Sabancı Holding Group are considered and referred to as related parties. A number of banking transactions were entered into with related parties in the normal course of business. These include loans, deposits, trade finance and foreign currency transactions.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

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**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) Share capital**

*(i) Share issue costs*

Incremental costs directly attributable to the issue of new shares or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

*(ii) Share premium*

When shares are issued, the excess of contributions received over the nominal value of the shares issued is recorded as share premium in equity.

*(iii) Dividends on ordinary shares*

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders. Dividends for the year that are declared after the balance sheet date are dealt with in the subsequent events note.

**(x) Acceptances**

Acceptances comprise of undertakings by the Group to pay bills of exchange drawn on customers. Acceptances are accounted for as off-balance sheet transactions and are disclosed as commitments and contingent liabilities (Note 28).

**(y) Other credit-related commitments**

In the normal course of business, the Group enters into other credit-related commitments including loan commitments, letters of credit and guarantees. These are reported as off-balance sheet items at their notional amounts and are assessed using the same criteria as loans and receivables. Specific provisions are therefore established when losses are considered probable and recorded as other liabilities (Note 28).

**(z) Reporting of cash flows**

For the purposes of cash flow statement, cash and cash equivalents include cash, due from banks, trading securities and investment securities with original maturity periods of less than three months (Note 6).

**(aa) Cash and cash equivalents**

The cash and cash equivalents comprise balances with less than 90 days' maturity including cash and balances with the central banks excluding reserve requirements and amounts loans and advances to banks (Note 6).

**(ab) Segment reporting**

A business segment is a group of assets and operations engaged in providing products and services that are subject to risks and returns that are different from those of other business segments (Note 5).

**(ac) Comparatives**

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2007

(Amounts expressed in thousands of New Turkish lira ("YTL"))

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## NOTE 3 - USE OF FINANCIAL INSTRUMENTS

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### (a) Strategy in using financial instruments

By nature, the Group's activities are principally related to the use of financial instruments including derivatives. The Group accepts deposits from customers for various periods and seeks to earn above-average interest margins by investing these funds in high quality assets. The Group seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates whilst maintaining sufficient liquidity to meet all claims that might fall due.

The Group also seeks to raise its interest margins by obtaining above-average margins, net of provisions, through lending to borrowers with a range of credit standing. Such exposures involve not only on-balance sheet loans and advances but also entering into guarantees and other commitments such as letters of credit. The Group also trades in financial instruments where it takes positions to take advantage of short-term market movements in the bond markets and in currency and interest rates.

The Group's risk management is under the responsibility of the "Senior Risk Committee ("the SRC")" which reports to the Board of Directors. The SRC is comprised of the Chairman and Managing Director, Vice Chairman and Executive Director, Managing Director and the Chief Executive Officer. The SRC establishes policies, procedures, parameters and rules for risk management of the Bank and develops risk management strategies. The SRC also sets critical risk limits and parameters for liquidity risk, credit risk, foreign exchange risk and interest rate risk and; through close monitoring of the markets and overall economy, such limits are changed as necessary. These limits and implementation of policies are broken down to various levels of authorities in order to enhance control effectiveness. The Bank's risk positions are reported to the SRC members on a regular basis. Additionally, the SRC reviews the latest figures and projections for the Bank's profit and loss accounts and balance sheet, liquidity position, interest and foreign exchange exposures, as well as yield analysis and the macroeconomic environment.

In addition to the limits set by the SRC, the Board of Directors also sets some limits and parameters for the transactions and areas having significant and critical implications on the Bank's operations.

The Assets and Liabilities Committee ("ALCO") manages the various departments of the Bank where risk limits apply to ensure that these limits are adhered to. ALCO consists of the Chief Executive Officer and each of the Executive Vice Presidents in charge of the Bank's marketing, lending, treasury, strategy and corporate communications, and financial coordination departments. ALCO meets daily to review the latest figures on liquidity position, interest rate risk exposures, foreign exchange risk exposure, capital adequacy and the macroeconomic environment.

The objective of the Group's asset and liability management and use of financial instruments is to limit the Group's exposure to liquidity risk, interest rate risk and foreign exchange risk, while ensuring that the Group has sufficient capital adequacy and is using its capital to maximise net interest income.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

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**NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)**

**(b) Credit risk**

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Group by failing to discharge an obligation. Credit risk is the most important risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the Group's asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as loan commitments.

The credit risk management and control are centralised in credit risk management team of Group and reported to the Board of Directors and head of each business unit regularly.

Credit risk is the risk that the counterparties may be unable to meet the terms of their agreements. This risk is monitored by reference to credit risk ratings and managed by limiting the aggregate risk to any individual counterparty, group of companies and industry. Credit risks are determined for each individual customer, enterprise, business group and risk groups separately. While determining credit risk, criteria such as the customers' financial strength, commercial capacities, sectors, geographic areas and capital structure are evaluated. Analyses of the financial position of the customers are based on the statements of account and other information in accordance with the related legislation. Previously determined credit limits are constantly revised according to changing conditions. The type and amount of collateral and guarantees to be obtained are specified on a customer basis during the determination of credit limits.

During loan extensions, limits determined on a customer and product basis are essentially followed up; information on risk and limits information is closely monitored.

There are risk control limits set for the market risks and credit risks arise from forward and option agreements and other similar agreements. When necessary, derivative instruments are exercised to control and to offset credit risks that can especially originate from foreign exchange and interest rate fluctuations.

Non-cash loans turned into cash loans are included in the same risk group as cash loans which are not collected upon maturity. Credit risk management is applied for all positions involving counterparty risk.

Rescheduled or restructured loans are followed in their relevant groups until all receivables from the loans are collected. Monitoring also continues until the receivables from the loans are completely collected.

The Group considers that long-term commitments are more exposed to credit risk than short-term commitments, and points such as defining risk limits for long-term risks and obtaining collateral are treated in a wider extent than short-term risks.

The Group's banking activities in foreign countries and credit transactions do not constitute an important risk in terms of the related countries' economic conditions and activities of customers and companies. When considered within the financial activities of other financial institutions, the Group as an active participant in the national and international banking market is not exposed to a significant credit risk.

The Bank's credit risk measurement techniques and information on the rating of securities and loan portfolio are as follows:

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**NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)**

*Bank's rating system:*

The Bank assesses the credit quality and assigns an internal risk rating to all borrowers and other counterparties based on Advanced Internal Rating Based Approach (Advanced IRB Approach).

The default probabilities of counterparties are calculated by using scoring tools tailored to various categories of counterparty and are derived credit rating for corporate and commercial, SME, consumer and credit card loan portfolios. Both behavioral and application scorecards are taken into consideration in default probability estimations.

Collateral structure of each portfolio is considered in order to determine the realized loss in case default occurs. Default probabilities and realized loss values are combined in order to account for expected loss and unexpected loss values over time and to encourage risk adjusted pricing.

Risk limits are set both at customer and group level and monitored by SRC in terms of sectors, tenor and concentration. SRC regularly follow up risk limits and make limit updates when required.

The Bank's rating tool concentration by risk classes as of 31 December 2007 is as follows:

|               | 2007   | 2006   |
|---------------|--------|--------|
| Above average | %31.66 | %28.78 |
| Average       | %49.98 | %50.38 |
| Below average | %13.90 | %15.39 |
| Unrated       | %4.46  | %5.45  |

The Group has an effective credit risk policy for the leasing receivables. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

*Loans and advances to customers:*

The internal rating systems explained in the bank's rating system focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions are recognized for financial reporting purposes only for losses that have been incurred at the balance sheet date based on objective evidence of impairment. The credit risk classification of the Group with the outstanding balances of each asset class is as the following:

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**NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)**

|                        | 2007              |                  |                  |                        |                    |
|------------------------|-------------------|------------------|------------------|------------------------|--------------------|
|                        | Commercial        | Consumer         | Credit cards     | Leasing<br>receivables | Total              |
| Standard loans         | 26,277,310        | 8,137,838        | 3,651,369        | 587,580                | 38,654,097         |
| Close monitoring loans | 953,145           | 626,211          | 236,255          | 56,586                 | 1,872,197          |
| Loans under follow up  | 526,434           | 200,743          | 280,451          | 15,315                 | 1,022,943          |
| <b>Gross</b>           | <b>27,756,889</b> | <b>8,964,792</b> | <b>4,168,075</b> | <b>659,481</b>         | <b>41,549,237</b>  |
| <b>Provisions</b>      | <b>(687,583)</b>  | <b>(233,216)</b> | <b>(373,994)</b> | <b>(16,445)</b>        | <b>(1,311,238)</b> |
| <b>Net</b>             | <b>27,069,306</b> | <b>8,731,576</b> | <b>3,794,081</b> | <b>643,036</b>         | <b>40,237,999</b>  |

|                        | 2006              |                  |                  |                        |                   |
|------------------------|-------------------|------------------|------------------|------------------------|-------------------|
|                        | Commercial        | Consumer         | Credit cards     | Leasing<br>receivables | Total             |
| Standard loans         | 20,474,838        | 5,818,685        | 2,963,888        | 443,326                | 29,700,737        |
| Close monitoring loans | 515,331           | 328,344          | 211,564          | 45,264                 | 1,100,503         |
| Loans under follow up  | 244,708           | 91,756           | 259,340          | 5,164                  | 600,968           |
| <b>Gross</b>           | <b>21,234,877</b> | <b>6,238,785</b> | <b>3,434,792</b> | <b>493,754</b>         | <b>31,402,208</b> |
| <b>Provisions</b>      | <b>(359,167)</b>  | <b>(106,796)</b> | <b>(323,219)</b> | <b>(6,541)</b>         | <b>(795,723)</b>  |
| <b>Net</b>             | <b>20,875,710</b> | <b>6,131,989</b> | <b>3,111,573</b> | <b>487,213</b>         | <b>30,606,485</b> |

The details of the loans and advances past due but not impaired which are classified under the performing loans are as follows:

|   | 2007           |                |                |                        |                  |
|---|----------------|----------------|----------------|------------------------|------------------|
|   | Commercial     | Consumer       | Credit cards   | Leasing<br>receivables | Total            |
| Past due up to 30 days                      | 460,938        | 519,698        | 240,286        | 1,367                  | 1,222,289        |
| Past due 30-60 days                         | 167,522        | 231,686        | 84,419         | 3,318                  | 486,945          |
| Past due 60-90 days                         | 96,593         | 87,311         | 25,305         | 1,112                  | 210,321          |
| Leasing payment receivables<br>(Uninvoiced) | -              | -              | -              | 50,789                 | 50,789           |
|   | <b>725,053</b> | <b>838,695</b> | <b>350,010</b> | <b>56,586</b>          | <b>1,970,344</b> |

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(Amounts expressed in thousands of New Turkish lira ("YTL"))

**NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)**

|   | <b>2006</b>       |                 |                     |                                |                  |
|---|-------------------|-----------------|---------------------|--------------------------------|------------------|
|   | <b>Commercial</b> | <b>Consumer</b> | <b>Credit cards</b> | <b>Leasing<br/>receivables</b> | <b>Total</b>     |
| Past due up to 30 days                      | 370,630           | 157,401         | 124,524             | 848                            | 653,403          |
| Past due 30-60 days                         | 83,680            | 108,846         | 68,857              | 1,680                          | 263,063          |
| Past due 60-90 days                         | 61,021            | 62,097          | 18,183              | 672                            | 141,973          |
| Leasing payment receivables<br>(Uninvoiced) | -                 | -               | -                   | 42,064                         | 42,064           |
|   | <b>515,331</b>    | <b>328,344</b>  | <b>211,564</b>      | <b>45,264</b>                  | <b>1,100,503</b> |

The Group's main policy is holding appropriate collateral for each loan according to its specified risk. The collateral strategy is differentiating the collateral type based on the customers' rating and term of the loan. As the risk level of loan increased, the collateralized portion of loan should also be increased. The Group follows similar strategies when collateralizing consumer, commercial and corporate loans.

The fair values of collaterals held for standard loans, close monitoring loans and loans under follow up are as follows:

|                        | <b>2007</b>       |                  |                     |                                |                   |
|------------------------|-------------------|------------------|---------------------|--------------------------------|-------------------|
|                        | <b>Commercial</b> | <b>Consumer</b>  | <b>Credit cards</b> | <b>Leasing<br/>receivables</b> | <b>Total</b>      |
| Standard loans         | 22,934,472        | 5,876,799        | -                   | 231,478                        | 29,042,749        |
| Close monitoring loans | 1,988,969         | 658,559          | -                   | 11,350                         | 2,658,878         |
| Loans under follow up  | 437,187           | 190,813          | -                   | 7,556                          | 635,556           |
|                        | <b>25,360,628</b> | <b>6,726,171</b> | <b>-</b>            | <b>250,384</b>                 | <b>32,337,183</b> |

|                        | <b>2006</b>       |                  |                     |                                |                   |
|------------------------|-------------------|------------------|---------------------|--------------------------------|-------------------|
|                        | <b>Commercial</b> | <b>Consumer</b>  | <b>Credit cards</b> | <b>Leasing<br/>receivables</b> | <b>Total</b>      |
| Standard loans         | 16,706,521        | 6,660,571        | -                   | 200,919                        | 23,568,011        |
| Close monitoring loans | 1,448,856         | 746,389          | -                   | 39,990                         | 2,235,235         |
| Loans under follow up  | 318,467           | 216,261          | -                   | 2,306                          | 537,034           |
|                        | <b>18,473,844</b> | <b>7,623,221</b> | <b>-</b>            | <b>243,215</b>                 | <b>26,340,280</b> |

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**NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)**

*Debt securities, treasury bills and other eligible bills:*

For debt securities and other bills, external rating such as Moody's rating or their equivalents are used by Group Treasury for management of the credit risk exposures. The investments in those securities and bills are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

| Moody's Rating | 2007      |                     |                   |
|----------------|-----------|---------------------|-------------------|
|                | Trading   | Available-for- sale | Total             |
| Aaa            | -         | 6,072               | 6,072             |
| A1;A2;A3       | -         | 46,344              | 46,344            |
| Baa1;Baa2;Baa3 | -         | 23,260              | 23,260            |
| Ba1            | -         | -                   | -                 |
| Ba3 (*)        | 4,807,963 | 20,900,124          | 25,708,087        |
|                |           | <b>4,807,963</b>    | <b>20,975,800</b> |

(\*) Government bond and t-bills of Turkish Treasury.

| Moody's Rating | 2006             |                     |                   |
|----------------|------------------|---------------------|-------------------|
|                | Trading          | Available-for- sale | Total             |
| Aaa            | -                | 6,524               | 6,524             |
| A1;A2;A3       | -                | 33,103              | 33,103            |
| Baa1;Baa2;Baa3 | -                | -                   | -                 |
| Ba1            | -                | 18,735              | 18,735            |
| Ba3 (*)        | 6,560,696        | 14,437,300          | 20,997,996        |
|                | <b>6,560,696</b> | <b>14,495,662</b>   | <b>21,056,358</b> |

(\*) Government bond and t-bills of Turkish Treasury

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**NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)**

*Maximum exposure to credit risk:*

|   | 2007              | 2006              |
|---|-------------------|-------------------|
| <b>Credit risk exposures relating to on-balance sheet assets:</b> | <b>68,143,996</b> | <b>54,805,048</b> |
| Loans and advances to banks                                       | 1,572,712         | 2,820,574         |
| Loans and advances to customers                                   | 40,237,999        | 30,606,485        |
| - Commercial  | 27,069,306        | 20,875,710        |
| - Consumer  | 8,731,576         | 6,131,989         |
| - Credit cards  | 3,794,081         | 3,111,573         |
| - Financial lease receivables                                     | 643,036           | 487,213           |
| Trading assets:   | 4,813,851         | 6,608,461         |
| - Government debt securities                                      | 4,807,963         | 6,560,696         |
| - Share certificates  | 4,637             | 47,273            |
| - Other marketable securities                                     | 1,251             | 492               |
| Derivative financial instruments                                  | 81,282            | 95,823            |
| Investment securities   | 21,005,428        | 14,519,568        |
| - Government debt securities                                      | 20,889,780        | 14,443,824        |
| - Equity securities   | 29,628            | 23,906            |
| - Other marketable securities                                     | 86,020            | 51,838            |
| Other assets  | 432,724           | 154,137           |
| <b>Credit risk exposures relating to off-balance sheet items:</b> | <b>5,179,884</b>  | <b>3,928,944</b>  |
| - Financial guarantees  | 3,778,733         | 2,997,014         |
| - Loan commitments and other credit related liabilities           | 1,401,151         | 931,930           |
|   | <b>73,323,880</b> | <b>58,733,992</b> |

The above table represents a worse case scenario of credit risk exposure to the Group at 31 December 2006 and 2007, without taking account of any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts as reported in the balance sheet.

**NOTES TO THE CONSOLIDATED  
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**NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)**

*Industry sectors:*

|   | Financial<br>Institutions | Public<br>sector  | Wholesale and<br>retail trade | Manufacturing    | Other<br>industries | Individuals       | Total             |
|---|---------------------------|-------------------|-------------------------------|------------------|---------------------|-------------------|-------------------|
| <b>Loans and advances<br/>to banks</b>              | <b>1,572,712</b>          | -                 | -                             | -                | -                   | -                 | <b>1,572,712</b>  |
| <b>Loans and advances<br/>to customers</b>          | <b>5,200,723</b>          | <b>1,730,515</b>  | <b>5,657,125</b>              | <b>6,253,568</b> | <b>8,870,411</b>    | <b>12,525,657</b> | <b>40,237,999</b> |
| - Commercial  | 4,557,687                 | 1,730,515         | 5,657,125                     | 6,253,568        | 8,870,411           | -                 | 27,069,306        |
| - Consumer  | -                         | -                 | -                             | -                | -                   | 8,731,576         | 8,731,576         |
| - Credit cards                                      | -                         | -                 | -                             | -                | -                   | 3,794,081         | 3,794,081         |
| - Financial lease<br>receivables                    | 643,036                   | -                 | -                             | -                | -                   | -                 | 643,036           |
| <b>Trading assets:</b>                              | <b>5,888</b>              | <b>4,807,963</b>  | -                             | -                | -                   | -                 | <b>4,813,851</b>  |
| - Government<br>debt securities                     | -                         | 4,807,963         | -                             | -                | -                   | -                 | 4,807,963         |
| - Share certificates                                | 4,637                     | -                 | -                             | -                | -                   | -                 | 4,637             |
| - Other marketable<br>securities                    | 1,251                     | -                 | -                             | -                | -                   | -                 | 1,251             |
| <b>Trading derivative<br/>financial instruments</b> | <b>80,756</b>             | -                 | -                             | <b>258</b>       | -                   | <b>268</b>        | <b>81,282</b>     |
| <b>Investment securities</b>                        | <b>69,304</b>             | <b>20,889,780</b> | -                             | -                | <b>46,344</b>       | -                 | <b>21,005,428</b> |
| - Government debt<br>securities                     | -                         | 20,889,780        | -                             | -                | -                   | -                 | 20,889,780        |
| - Equity securities                                 | 29,628                    | -                 | -                             | -                | -                   | -                 | 29,628            |
| - Other marketable<br>securities                    | 39,676                    | -                 | -                             | -                | 46,344              | -                 | 86,020            |
| <b>Other assets</b>                                 | <b>367,166</b>            | -                 | -                             | -                | <b>65,558</b>       | -                 | <b>432,724</b>    |
| <b>As at 31 December 2007</b>                       | <b>7,296,549</b>          | <b>27,428,258</b> | <b>5,657,125</b>              | <b>6,253,826</b> | <b>8,982,313</b>    | <b>12,525,925</b> | <b>68,143,996</b> |
| <b>As at 31 December 2006</b>                       | <b>5,821,990</b>          | <b>22,171,808</b> | <b>4,561,623</b>              | <b>7,603,962</b> | <b>5,385,940</b>    | <b>9,259,725</b>  | <b>54,805,048</b> |

**NOTES TO THE CONSOLIDATED  
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**NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)**

*Geographical Sectors:*

|   | Turkey            | USA            | EU Countries     | Non-EU<br>Countries | Total             |
|---|-------------------|----------------|------------------|---------------------|-------------------|
| <b>Loans and advances<br/>to banks</b>              | 212,038           | 426,407        | 884,123          | 50,144              | 1,572,712         |
| <b>Loans and advances<br/>to customers</b>          | 39,364,338        | 11,441         | 405,239          | 456,981             | 40,237,999        |
| - Commercial  | 26,195,645        | 11,441         | 405,239          | 456,981             | 27,069,306        |
| - Consumer  | 8,731,576         | -              | -                | -                   | 8,731,576         |
| - Credit cards                                      | 3,794,081         | -              | -                | -                   | 3,794,081         |
| - Financial lease<br>receivables                    | 643,036           | -              | -                | -                   | 643,036           |
| <b>Trading assets:</b>                              | 4,813,851         | -              | -                | -                   | 4,813,851         |
| - Government<br>debt securities                     | 4,807,963         | -              | -                | -                   | 4,807,963         |
| - Share certificates                                | 4,637             | -              | -                | -                   | 4,637             |
| - Other marketable<br>securities                    | 1,251             | -              | -                | -                   | 1,251             |
| <b>Trading derivative<br/>financial instruments</b> | 42,422            | -              | 38,860           | -                   | 81,282            |
| <b>Investment securities</b>                        | 20,919,298        | 110            | 86,020           | -                   | 21,005,428        |
| - Government debt<br>securities                     | 20,889,780        | -              | -                | -                   | 20,889,780        |
| - Equity securities                                 | 29,518            | 110            | -                | -                   | 29,628            |
| - Other marketable<br>securities                    | -                 | -              | 86,020           | -                   | 86,020            |
| <b>Other assets</b>                                 | 380,514           | -              | 52,210           | -                   | 432,724           |
| <b>As at 31 December 2007</b>                       | <b>65,732,461</b> | <b>437,958</b> | <b>1,466,452</b> | <b>507,125</b>      | <b>68,143,996</b> |
| <b>As at 31 December 2006</b>                       | <b>51,520,808</b> | <b>237,364</b> | <b>2,735,050</b> | <b>311,826</b>      | <b>54,805,048</b> |

**(c) Market risk**

The major measurement techniques used to measure and control market risk are outlined below.

*(i) Value-at-risk*

The market risk related to the trading portfolio is measured through the Value at Risk (VaR) approach, which takes into consideration diverse risk factors. To calculate the VaR, the Bank uses the variance-covariance, historical simulation and Monte Carlo simulation methods. The software used for this purpose is able to make calculations based on forward efficiency curves and volatility models.

The VaR model is based on the assumption of a 99% confidence interval and a 10-day retention period. VaR analyses are reported daily to senior management and are also used as a risk parameter and limit management tool for the bond portfolio. Reinforced with scenario analyses and stress testing, VaR analyses also take into consideration the impact of events and market fluctuations that are unexpected and highly improbable but engender great consequences. The outputs of the model are regularly checked by back-tests.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

**NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)**

(ii) *Stress tests*

Stress tests provide an indication of the potential size of losses that could arise in extreme conditions. The stress tests carried out by Risk Management, also indicated in the Market Risk Policy of the Group, include interest rate stress testing. The results of the stress tests are reviewed by the ALCO. As at 31 December 2006 and 31 December 2007, assuming that all other variables are constant, and YTL and FC interest rates vary in an interval of +1% and -1%, the profit before tax and other reserves excluding tax effect of the Group would change as the following:

| Change in interest rates | Impact on income |          | Impact on other reserves |          |
|--------------------------|------------------|----------|--------------------------|----------|
|                          | 2007             | 2006     | 2007                     | 2006     |
| (+) 1 %                  | (108,004)        | (90,587) | (175,996)                | (64,413) |
| (-) 1 %                  | 87,094           | 75,440   | 184,906                  | 65,560   |

Regulatory reports for market risk in capital adequacy calculations are prepared using standard model. According to the "standard method", market risk is measured on securities portfolio basis in a way that includes the Group's exchange risk daily and weekly according to the standard method, and reported to the senior management. Results for current and previous period are given below:

|   | 31 December 2007 |                |                | 31 December 2006 |                |                |
|---|------------------|----------------|----------------|------------------|----------------|----------------|
|   | Average          | Maximum        | Minimum        | Average          | Maximum        | Minimum        |
| Interest rate risk                      | 173,305          | 193,594        | 167,506        | 115,334          | 139,821        | 55,296         |
| Share certificate risk                  | 1,445            | 954            | 598            | 3,895            | 1,952          | 7,847          |
| Currency risk                           | 51,996           | 62,026         | 39,077         | 54,133           | 80,543         | 44,482         |
| <b>Total amount<br/>subject to risk</b> | <b>226,746</b>   | <b>256,574</b> | <b>207,181</b> | <b>173,362</b>   | <b>222,316</b> | <b>107,625</b> |

Asset and liability risk is managed in accordance with decisions made at ALCO's daily/weekly meetings. Repricing and duration gap analysis, market value of equity, income simulations are used to monitor asset and liability risk. The ALCO develops hedging strategies to respond to unexpected and adverse changes.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

**NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)**

**(d) Currency risk**

Foreign currency denominated assets and liabilities, together with purchase and sale commitments, give rise to foreign exchange exposure. This risk is managed by using natural hedges that arise from offsetting foreign currency denominated assets and liabilities and the remaining open foreign exchange exposures are hedged on a portfolio basis with derivative financial instruments that include primarily forward foreign exchange contracts and currency swaps. The Board, taking into account the recommendations by the SRC, sets a limit for the size of foreign exchange exposure, which is closely monitored by ALCO.

The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The table overleaf summarizes the Group's exposures to foreign currency exchange rate risk at 31 December 2007. Included in the table are the Group's assets and liabilities and equity at carrying amounts, categorised by currency.

|  | 2007               |                   |                  |                  | Total             | YTL               | Total             |
|--|--------------------|-------------------|------------------|------------------|-------------------|-------------------|-------------------|
|  | Foreign currency   |                   |                  |                  |                   |                   |                   |
|  | US\$               | EUR               | GBP              | Other            |                   |                   |                   |
| Cash and due from banks  | 646,892            | 1,647,378         | 31,310           | 32,203           | 2,357,783         | 310,117           | 2,667,900         |
| Trading and investment securities  | 6,790,937          | 2,188,501         | -                | -                | 8,979,438         | 16,839,841        | 25,819,279        |
| Derivative financial instruments   | 28,891             | 17,991            | -                | -                | 46,882            | 34,400            | 81,282            |
| Reserve requirements with the<br>Central Bank of Turkey                            | -                  | 1,545,654         | -                | -                | 1,545,654         | 121,614           | 1,667,268         |
| Loans and advances to customers  | 9,558,072          | 5,582,181         | 26,165           | 42,560           | 15,208,978        | 25,029,021        | 40,237,999        |
| Property and equipment   | 2,603              | 3,207             | 160              | -                | 5,970             | 724,543           | 730,513           |
| Intangible assets  | -                  | 181               | -                | -                | 181               | 31,790            | 31,971            |
| Deferred income tax assets   | 1,519              | -                 | -                | -                | 1,519             | 35,320            | 36,839            |
| Other assets and pre-payments  | 13,559             | 49,389            | 307              | 32               | 63,287            | 492,052           | 555,339           |
| <b>Total assets</b>  | <b>17,042,473</b>  | <b>11,034,482</b> | <b>57,942</b>    | <b>74,795</b>    | <b>28,209,692</b> | <b>43,618,698</b> | <b>71,828,390</b> |
| Customer deposits  | 9,833,476          | 8,128,418         | 556,896          | 166,051          | 18,684,841        | 29,733,459        | 48,418,300        |
| Derivative financial instruments   | 19,658             | 29,093            | -                | -                | 48,751            | 56,840            | 105,591           |
| Interbank money market deposits,<br>funds borrowed and<br>debt securities in issue | 5,725,771          | 3,702,088         | 6,513            | 11,033           | 9,445,405         | 199,739           | 9,645,144         |
| Income taxes payable   | 51                 | 8,709             | 70               | -                | 8,830             | 398,314           | 407,144           |
| Other liabilities and accrued expenses   | 77,764             | 60,065            | 1,111            | 3,882            | 142,822           | 2,379,813         | 2,522,635         |
| Reserve for employment<br>termination benefits                                     | -                  | -                 | -                | -                | -                 | 38,401            | 38,401            |
| Equity and minority interest   | -                  | -                 | -                | -                | -                 | 10,691,175        | 10,691,175        |
| <b>Total liabilities and equity</b>  | <b>15,656,720</b>  | <b>11,928,373</b> | <b>564,590</b>   | <b>180,966</b>   | <b>28,330,649</b> | <b>43,497,741</b> | <b>71,828,390</b> |
| <b>Net balance sheet position</b>  | <b>1,385,753</b>   | <b>(893,891)</b>  | <b>(506,648)</b> | <b>(106,171)</b> | <b>(120,957)</b>  | <b>120,957</b>    | <b>-</b>          |
| <b>Off-balance sheet derivative<br/>instruments net notional position</b>          | <b>(1,443,589)</b> | <b>839,754</b>    | <b>492,446</b>   | <b>113,589</b>   | <b>2,200</b>      | <b>13,571</b>     | <b>15,771</b>     |

YTL(2,517) of net forward currency, swap currency and interest rate swap purchase transactions outstanding at 31 December 2007 have been made with related parties (Note 30).

At 31 December 2007, assets and liabilities denominated in foreign currency were translated into New Turkish lira using a foreign exchange rate of YTL1.1593 =US\$1 and YTL1.7059 =EUR1.

**NOTES TO THE CONSOLIDATED  
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(Amounts expressed in thousands of New Turkish lira ("YTL"))

**NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)**

|  | 2006              |                  |                  |                  |                   |                   |                   |
|--|-------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
|  | Foreign currency  |                  |                  |                  | Total             | YTL               | Total             |
|  | US\$              | EUR              | GBP              | Other            |                   |                   |                   |
| Cash and due from banks  | 2,123,929         | 1,855,306        | 326,868          | 24,795           | 4,330,898         | 354,268           | 4,685,166         |
| Trading and investment securities  | 8,519,277         | 1,469,389        | -                | -                | 9,988,666         | 11,139,363        | 21,128,029        |
| Derivative financial instruments   | 31,939            | 25,185           | 11,781           | -                | 68,905            | 26,918            | 95,823            |
| Reserve requirements with the<br>Central Bank of Turkey                            | -                 | 1,521,198        | -                | -                | 1,521,198         | 1,171,579         | 2,692,777         |
| Loans and advances to customers  | 6,780,456         | 4,520,029        | 58,121           | 15,603           | 11,374,209        | 19,232,276        | 30,606,485        |
| Property and equipment   | 3,025             | 2,517            | -                | 655              | 6,197             | 714,450           | 720,647           |
| Intangible assets  | -                 | 140              | -                | -                | 140               | 24,864            | 25,004            |
| Other assets and prepayments   | 11,992            | 37,636           | 2,915            | 1,065            | 53,608            | 117,322           | 170,930           |
| <b>Total assets</b>  | <b>17,470,618</b> | <b>9,431,400</b> | <b>399,685</b>   | <b>42,118</b>    | <b>27,343,821</b> | <b>32,781,040</b> | <b>60,124,861</b> |
| Customer deposits  | 9,152,297         | 7,019,646        | 747,287          | 160,998          | 17,080,228        | 24,116,721        | 41,196,949        |
| Derivative financial instruments   | 29,540            | 15,644           | 3,245            | -                | 48,429            | 16,756            | 65,185            |
| Interbank money market deposits,<br>funds borrowed and<br>debt securities in issue | 8,147,907         | 1,597,135        | 29,208           | 5,902            | 9,780,152         | 199,706           | 9,979,858         |
| Income taxes payable   | -                 | 3,399            | 1,244            | -                | 4,643             | 96,202            | 100,845           |
| Deferred income tax liabilities  | 121               | 1,879            | 427              | -                | 2,427             | 789               | 3,216             |
| Other liabilities and accrued expenses   | 125,235           | 82,418           | 7,731            | 2,697            | 218,081           | 1,300,017         | 1,518,098         |
| Reserve for employment<br>termination benefits                                     | -                 | -                | -                | -                | -                 | 37,503            | 37,503            |
| Equity and minority interest   | -                 | -                | -                | -                | -                 | 7,223,207         | 7,223,207         |
| <b>Total liabilities and equity</b>  | <b>17,455,100</b> | <b>8,720,121</b> | <b>789,142</b>   | <b>169,597</b>   | <b>27,133,960</b> | <b>32,990,901</b> | <b>60,124,861</b> |
| <b>Net balance sheet position</b>  | <b>15,518</b>     | <b>711,279</b>   | <b>(389,457)</b> | <b>(127,479)</b> | <b>209,861</b>    | <b>(209,861)</b>  | <b>-</b>          |
| <b>Off-balance sheet derivative<br/>instruments net notional position</b>          | <b>(933)</b>      | <b>(635,022)</b> | <b>485,214</b>   | <b>131,710</b>   | <b>(19,031)</b>   | <b>17,174</b>     | <b>(1,857)</b>    |

YTL9,877 of net forward currency, swap currency and interest rate swap purchase transactions outstanding at 31 December 2006 have been made with related parties (Note 28).

At 31 December 2006, assets and liabilities denominated in foreign currency were translated into New Turkish lira using a foreign exchange rate of YTL1.4150 =US\$1 and YTL1.8638 =EUR1.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

**NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)**

**(e) Interest rate risk**

The Group is exposed to interest rate risk either through market value fluctuations of balance sheet items, i.e. price risk, or the impact of rate changes on interest-sensitive assets and liabilities. Interest rate risk is the key component of the Group's asset and liability management. Interest rate risk is managed on a portfolio basis by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities. Special emphasis is given to providing a balance between the duration of assets and liabilities. Duration, gap and sensitivity analysis are the main methods used to manage the risks.

The tables below summarise the Group's exposure to interest rate risks at 31 December. Included in the tables are the Group's assets and liabilities in carrying amounts classified in terms of periods remaining to contractual repricing dates.

|  | <b>2007</b>               |                               |                              |                         |                                 |                   |
|--|---------------------------|-------------------------------|------------------------------|-------------------------|---------------------------------|-------------------|
|  | <u>Up to<br/>3 months</u> | <u>3 months to<br/>1 year</u> | <u>1 year to<br/>5 years</u> | <u>Over<br/>5 years</u> | <u>Non-interest<br/>bearing</u> | <u>Total</u>      |
| Cash and due from banks  | 873,666                   | 734                           | -                            | -                       | 1,793,500                       | 2,667,900         |
| Trading and investment securities  | 8,439,833                 | 11,401,876                    | 4,474,211                    | 1,467,843               | 35,516                          | 25,819,279        |
| Derivative financial instruments   | 34,227                    | 24,297                        | 22,758                       | -                       | -                               | 81,282            |
| Reserve requirements with the Central Bank of Turkey                         | 1,667,268                 | -                             | -                            | -                       | -                               | 1,667,268         |
| Loans and advances to customers  | 20,439,264                | 12,673,798                    | 6,427,107                    | 697,830                 | -                               | 40,237,999        |
| Property and equipment   | -                         | -                             | -                            | -                       | 730,513                         | 730,513           |
| Intangible assets  | -                         | -                             | -                            | -                       | 31,971                          | 31,971            |
| Deferred income tax assets   | -                         | -                             | -                            | -                       | 36,839                          | 36,839            |
| Other assets and pre-payments  | 105,431                   | -                             | -                            | -                       | 449,908                         | 555,339           |
| <b>Total assets</b>  | <b>31,559,689</b>         | <b>24,100,705</b>             | <b>10,924,076</b>            | <b>2,165,673</b>        | <b>3,078,247</b>                | <b>71,828,390</b> |
| Customer deposits  | 38,551,154                | 2,354,634                     | 216,163                      | 109,736                 | 7,186,613                       | 48,418,300        |
| Derivative financial instruments   | 53,422                    | 50,530                        | 1,639                        | -                       | -                               | 105,591           |
| Interbank money market deposits, funds borrowed and debt securities in issue | 8,022,992                 | 1,366,840                     | 255,312                      | -                       | -                               | 9,645,144         |
| Income taxes payable   | -                         | -                             | -                            | -                       | 407,144                         | 407,144           |
| Other liabilities and accrued expenses                                       | 44,128                    | 70,295                        | 69,555                       | 17,409                  | 2,321,248                       | 2,522,635         |
| Reserve for employment termination benefits                                  | -                         | -                             | -                            | -                       | 38,401                          | 38,401            |
| <b>Total liabilities</b>   | <b>46,671,696</b>         | <b>3,842,299</b>              | <b>542,669</b>               | <b>127,145</b>          | <b>9,953,406</b>                | <b>61,137,215</b> |
| <b>Net repricing period gap</b>  | <b>(15,112,007)</b>       | <b>20,258,406</b>             | <b>10,381,407</b>            | <b>2,038,528</b>        | <b>(6,875,159)</b>              | <b>10,691,175</b> |
| <b>Off-balance sheet derivative instruments net notional position</b>        | <b>2,141,393</b>          | <b>1,785,188</b>              | <b>(3,757,529)</b>           | <b>(153,281)</b>        | <b>-</b>                        | <b>15,771</b>     |

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(Amounts expressed in thousands of New Turkish lira ("YTL"))

**NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)**

|  | 2006                |                       |                      |                 |                         | Total             |
|--|---------------------|-----------------------|----------------------|-----------------|-------------------------|-------------------|
|  | Up to<br>3 months   | 3 months to<br>1 year | 1 year to<br>5 years | Over<br>5 years | Non-interest<br>bearing |                   |
| Cash and due from banks  | 2,563,755           | 32                    | -                    | -               | 2,121,379               | 4,685,166         |
| Trading and investment securities  | 7,905,321           | 9,492,578             | 3,271,620            | 386,839         | 71,671                  | 21,128,029        |
| Derivative financial instruments   | 62,649              | 32,206                | 968                  | -               | -                       | 95,823            |
| Reserve requirements with the Central Bank of Turkey                         | 2,692,777           | -                     | -                    | -               | -                       | 2,692,777         |
| Loans and advances to customers  | 16,897,430          | 8,844,890             | 4,291,745            | 572,420         | -                       | 30,606,485        |
| Property and equipment   | -                   | -                     | -                    | -               | 720,647                 | 720,647           |
| Intangible assets  | -                   | -                     | -                    | -               | 25,004                  | 25,004            |
| Other assets and pre-payments  | 28,732              | -                     | -                    | -               | 142,198                 | 170,930           |
| <b>Total assets</b>  | <b>30,150,664</b>   | <b>18,369,706</b>     | <b>7,564,333</b>     | <b>959,259</b>  | <b>3,080,899</b>        | <b>60,124,861</b> |
| Customer deposits  | 32,751,626          | 1,983,517             | 259,940              | -               | 6,201,866               | 41,196,949        |
| Derivative financial instruments   | 41,162              | 22,849                | 1,174                | -               | -                       | 65,185            |
| Interbank money market deposits, funds borrowed and debt securities in issue | 8,494,490           | 1,406,686             | 78,682               | -               | -                       | 9,979,858         |
| Income taxes payable   | -                   | -                     | -                    | -               | 100,845                 | 100,845           |
| Deferred income tax liabilities  | -                   | -                     | -                    | -               | 3,216                   | 3,216             |
| Other liabilities and accrued expenses                                       | 14,905              | 36,659                | 53,188               | -               | 1,413,346               | 1,518,098         |
| Reserve for employment termination benefits                                  | -                   | -                     | -                    | -               | 37,503                  | 37,503            |
| <b>Total liabilities</b>   | <b>41,302,183</b>   | <b>3,449,711</b>      | <b>392,984</b>       | <b>-</b>        | <b>7,756,776</b>        | <b>52,901,654</b> |
| <b>Net repricing period gap</b>  | <b>(11,151,519)</b> | <b>14,919,995</b>     | <b>7,171,349</b>     | <b>959,259</b>  | <b>(4,675,877)</b>      | <b>7,223,207</b>  |
| <b>Off-balance sheet derivative instruments net notional position</b>        | <b>2,156,678</b>    | <b>(229,910)</b>      | <b>(1,928,625)</b>   | <b>-</b>        | <b>-</b>                | <b>(1,857)</b>    |

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(Amounts expressed in thousands of New Turkish lira ("YTL"))

**NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)**

The tables below summarise the range for effective average interest rates by major currencies for monetary financial instruments at 31 December:

|   | <u>2007</u>    |               |               |
|---|----------------|---------------|---------------|
|   | <u>US\$(%)</u> | <u>EUR(%)</u> | <u>YTL(%)</u> |
| <b><u>Assets</u></b>                                    |                |               |               |
| Cash and due from banks:                                |                |               |               |
| -Time deposits in foreign banks                         | 4.13           | 3.55          | 17.50         |
| -Time deposits in domestic banks                        | -              | -             | 17.28         |
| -Interbank money market placements                      | -              | -             | 18.00         |
| Reserve requirements with the<br>Central Bank of Turkey | 1.95           | 1.80          | 11.81         |
| Trading securities - debt securities                    | 6.94           | 6.43          | 17.43         |
| Loans and advances to customers                         | 6.49           | 5.90          | 21.13         |
| Investment securities                                   | 5.66           | 6.26          | 18.81         |
| <b><u>Liabilities</u></b>                               |                |               |               |
| Customer deposits                                       | 3.86           | 3.40          | 14.97         |
| Funds borrowed  | 5.79           | 4.94          | 15.56         |
| Debt securities in issue                                | 6.18           | -             | -             |
|   |                |               |               |
|   | <u>2006</u>    |               |               |
|   | <u>US\$(%)</u> | <u>EUR(%)</u> | <u>YTL(%)</u> |
| <b><u>Assets</u></b>                                    |                |               |               |
| Cash and due from banks:                                |                |               |               |
| -Time deposits in foreign banks                         | 5.26           | 3.39          | -             |
| -Time deposits in domestic banks                        | 5.04           | -             | 18.45         |
| -Interbank money market placements                      | -              | -             | 17.90         |
| Reserve requirements with the<br>Central Bank of Turkey | 2.52           | 1.73          | 13.12         |
| Trading securities - debt securities                    | 6.93           | 5.35          | 17.85         |
| Loans and advances to customers                         | 7.10           | 5.06          | 22.23         |
| Investment securities                                   | 7.31           | 4.94          | 18.20         |
| <b><u>Liabilities</u></b>                               |                |               |               |
| Customer deposits                                       | 4.37           | 2.69          | 16.21         |
| Funds borrowed  | 5.82           | 4.11          | 15.65         |
| Debt securities in issue                                | 6.50           | -             | -             |

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**NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)**

**(f) Liquidity risk**

The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits and guarantees. A major objective of the Group's asset and liability management is to ensure that sufficient liquidity is available to meet the Group's commitments to customers and to satisfy the Group's own liquidity needs. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. The ability to fund the existing and prospective debt requirements is managed by maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit lines and the ability to close out market positions. It is unusual for banks ever to be completely matched since business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates. The SRC sets limits on the maturity mismatch of assets and liabilities and these limits are changed as necessary.

The table below analyses assets and liabilities of the Group into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates.

|   | <b>2007</b>                              |                               |                              |                         |                        |                   |
|---|--|-------------------------------|------------------------------|-------------------------|------------------------|-------------------|
|   | <b>Demand and<br/>up to<br/>3 months</b> | <b>3 months to<br/>1 year</b> | <b>1 year to<br/>5 years</b> | <b>Over<br/>5 years</b> | <b>No<br/>maturity</b> | <b>Total</b>      |
| Cash and due from banks   | 2,667,166                                | 734                           | -                            | -                       | -                      | 2,667,900         |
| Trading and investment securities   | 143,041                                  | 12,046,947                    | 9,227,462                    | 4,366,313               | 35,516                 | 25,819,279        |
| Derivative financial instruments  | 31,837                                   | 12,527                        | 33,880                       | 3,038                   | -                      | 81,282            |
| Reserve requirements with the Central Bank of Turkey                        | 1,667,268                                | -                             | -                            | -                       | -                      | 1,667,268         |
| Loans and advances to customers   | 15,372,395                               | 10,663,161                    | 11,669,191                   | 2,533,252               | -                      | 40,237,999        |
| Property and equipment  | -  | -                             | -                            | -                       | 730,513                | 730,513           |
| Intangible assets   | -  | -                             | -                            | -                       | 31,971                 | 31,971            |
| Deferred income tax assets  | -  | -                             | 36,839                       | -                       | -                      | 36,839            |
| Other assets and pre-payments   | 466,900                                  | 8,291                         | -                            | -                       | 80,148                 | 555,339           |
| <b>Total assets</b>   | <b>20,348,607</b>                        | <b>22,731,660</b>             | <b>20,967,372</b>            | <b>6,902,603</b>        | <b>878,148</b>         | <b>71,828,390</b> |
| Customer deposits   | 45,667,551                               | 2,179,854                     | 398,258                      | 172,637                 | -                      | 48,418,300        |
| Derivative financial instruments  | 21,460                                   | 7,405                         | 71,405                       | 5,321                   | -                      | 105,591           |
| Interbank money market deposits funds borrowed and debt securities in issue | 1,632,892                                | 4,199,919                     | 2,755,417                    | 1,056,916               | -                      | 9,645,144         |
| Income taxes payable  | -  | 407,144                       | -                            | -                       | -                      | 407,144           |
| Other liabilities and accrued expenses                                      | 2,168,667                                | 242,308                       | 94,251                       | 17,409                  | -                      | 2,522,635         |
| Reserve for employment termination benefits                                 | -  | -                             | 38,401                       | -                       | -                      | 38,401            |
| <b>Total liabilities</b>  | <b>49,490,570</b>                        | <b>7,036,630</b>              | <b>3,357,732</b>             | <b>1,252,283</b>        | <b>-</b>               | <b>61,137,215</b> |
| <b>Net liquidity gap</b>  | <b>(29,141,963)</b>                      | <b>15,695,030</b>             | <b>17,609,640</b>            | <b>5,650,320</b>        | <b>878,148</b>         | <b>10,691,175</b> |

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

**NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)**

The most important funding resources of the Bank are the shareholders' equity, the diversified and steady deposit base and the long-term funds borrowed from international institutions which are mainly placed in interest earning assets. In spite of a substantial portion of deposits from individuals being short-term, deposits are diversified by number and type, and maturities of a large portion of deposits are renewed, which indicates that these deposits will provide a long-term and stable source of funding for the Bank. The major part of mandatory cash balances with the Central Bank of Turkey are included within the "up to three months" column as the majority of liabilities to which these balances relate are also included in this category.

|  | <b>2006</b>                              |                               |                              |                         |                        |                   |
|--|--|-------------------------------|------------------------------|-------------------------|------------------------|-------------------|
|  | <b>Demand and<br/>up to<br/>3 months</b> | <b>3 months to<br/>1 year</b> | <b>1 year to<br/>5 years</b> | <b>Over<br/>5 years</b> | <b>No<br/>maturity</b> | <b>Total</b>      |
| Cash and due from banks                              | 4,685,134                                | 32                            | -                            | -                       | -                      | 4,685,166         |
| Trading and investment securities                    | 2,066,768                                | 6,170,378                     | 12,743,641                   | 75,571                  | 71,671                 | 21,128,029        |
| Derivative financial instruments                     | 56,717                                   | 29,578                        | 9,528                        | -                       | -                      | 95,823            |
| Reserve requirements with the Central Bank of Turkey | 2,692,777                                | -                             | -                            | -                       | -                      | 2,692,777         |
| Loans and advances to customers                      | 13,105,732                               | 7,723,680                     | 7,935,290                    | 1,841,783               | -                      | 30,606,485        |
| Property and equipment                               | -  | -                             | -                            | -                       | 720,647                | 720,647           |
| Intangible assets                                    | -  | -                             | -                            | -                       | 25,004                 | 25,004            |
| Other assets and pre-payments                        | 167,651                                  | -                             | -                            | -                       | 3,279                  | 170,930           |
| <b>Total assets</b>                                  | <b>22,774,779</b>                        | <b>13,923,668</b>             | <b>20,688,459</b>            | <b>1,917,354</b>        | <b>820,601</b>         | <b>60,124,861</b> |
| Customer deposits                                    | 38,877,070                               | 1,942,761                     | 377,118                      | -                       | -                      | 41,196,949        |
| Derivative financial instruments                     | 30,944                                   | 27,562                        | 6,679                        | -                       | -                      | 65,185            |
| Interbank money market deposits                      | -  | -                             | -                            | -                       | -                      | -                 |
| funds borrowed and debt securities in issue          | 759,273                                  | 2,894,970                     | 4,755,673                    | 1,569,942               | -                      | 9,979,858         |
| Income taxes payable                                 | -  | 100,845                       | -                            | -                       | -                      | 100,845           |
| Deferred income tax liabilities                      | -  | -                             | 3,216                        | -                       | -                      | 3,216             |
| Other liabilities and accrued expenses               | 1,377,581                                | 73,927                        | 65,129                       | 1,461                   | -                      | 1,518,098         |
| Reserve for employment termination benefits          | -  | -                             | 37,503                       | -                       | -                      | 37,503            |
| <b>Total liabilities</b>                             | <b>41,044,868</b>                        | <b>5,040,065</b>              | <b>5,245,318</b>             | <b>1,571,403</b>        | <b>-</b>               | <b>52,901,654</b> |
| <b>Net liquidity gap</b>                             | <b>(18,270,089)</b>                      | <b>8,883,603</b>              | <b>15,443,141</b>            | <b>345,951</b>          | <b>820,601</b>         | <b>7,223,207</b>  |

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

**NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)**

Undiscounted cash flows of the liabilities of the Group is as follows:

| 2007   |                   |                  |                  |                  |                     |
|--|-------------------|------------------|------------------|------------------|---------------------|
| Liabilities                                    | Up to 1<br>month  | 1-3 Months       | 3-12 Months      | 1-5 Years        | 5 Years and<br>over |
| Customer deposits                              | 33,361,327        | 8,856,937        | 2,190,439        | 216,257          | 41,380              |
| Funds borrowed and<br>debt securities in issue | 1,033,553         | 527,091          | 4,484,262        | 3,219,340        | 1,198,374           |
| Interbank money market<br>deposits             | 4,494,577         | 109,721          | 24,987           | 183,595          | 132,257             |
|  | <b>38,889,457</b> | <b>9,493,749</b> | <b>6,699,688</b> | <b>3,619,192</b> | <b>1,372,011</b>    |

| 2006   |                   |                  |                  |                  |                     |
|--|-------------------|------------------|------------------|------------------|---------------------|
| Liabilities                                    | Up to 1<br>month  | 1-3 Months       | 3-12 Months      | 1-5 Years        | 5 Years and<br>over |
| Customer deposits                              | 27,898,306        | 6,122,842        | 1,955,750        | 186,126          | -                   |
| Funds borrowed and<br>debt securities in issue | 464,271           | 344,038          | 3,233,720        | 5,606,580        | 1,680,019           |
| Interbank money market<br>deposits             | 4,966,879         | 41,351           | 87,120           | 191,574          | -                   |
|  | <b>33,329,456</b> | <b>6,508,231</b> | <b>5,276,590</b> | <b>5,984,280</b> | <b>1,680,019</b>    |

Undiscounted cash flows of derivative financial instruments of the Group is as follows:

| 2007                             |                    |                  |                    |                    |                     |
|----------------------------------|--------------------|------------------|--------------------|--------------------|---------------------|
| Derivatives held for<br>trading: | Up to 1<br>month   | 1-3 Months       | 3-12 Months        | 1-5 Years          | 5 Years and<br>over |
| Foreign exchange derivatives:    | 19,825             | (26,093)         | 4,601              | 16,345             | -                   |
| - Inflow                         | 1,511,018          | 627,322          | 816,785            | 88,422             | -                   |
| - Outflow                        | (1,491,193)        | (653,415)        | (812,184)          | (72,077)           | -                   |
| Interest rate derivatives:       | 23,691             | 74,716           | (125,375)          | (134,954)          | (34,003)            |
| - Inflow                         | 120,119            | 199,574          | 566,983            | 2,608,563          | 112,373             |
| - Outflow                        | (96,428)           | (124,858)        | (692,358)          | (2,743,517)        | (146,376)           |
| <b>Total inflow</b>              | <b>1,631,137</b>   | <b>826,896</b>   | <b>1,383,768</b>   | <b>2,696,985</b>   | <b>112,373</b>      |
| <b>Total outflow</b>             | <b>(1,587,621)</b> | <b>(778,273)</b> | <b>(1,504,542)</b> | <b>(2,815,594)</b> | <b>(146,376)</b>    |

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**  
(Amounts expressed in thousands of New Turkish lira ("YTL"))

**NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)**

| Derivatives held for<br>Trading: | 2006               |                  |                  |                    |                     |
|----------------------------------|--------------------|------------------|------------------|--------------------|---------------------|
|                                  | Up to 1<br>month   | 1-3 Months       | 3-12 Months      | 1-5 Years          | 5 Years and<br>over |
| Foreign exchange derivatives:    | (35,139)           | 17,457           | (178,260)        | 5                  | -                   |
| - Inflow                         | 1,907,480          | 226,366          | (29,107)         | 38,742             | -                   |
| - Outflow                        | (1,942,619)        | (208,909)        | (149,153)        | (38,737)           | -                   |
| Interest rate derivatives:       | (1,676)            | (1,137)          | 8,612            | 44,446             | 22                  |
| - Inflow                         | 86,127             | 56,077           | 493,076          | 2,089,363          | 9,999               |
| - Outflow                        | (87,803)           | (57,214)         | (484,464)        | (2,044,917)        | (9,977)             |
| <b>Total inflow</b>              | <b>1,993,607</b>   | <b>282,443</b>   | <b>463,969</b>   | <b>2,128,105</b>   | <b>9,999</b>        |
| <b>Total outflow</b>             | <b>(2,030,422)</b> | <b>(266,123)</b> | <b>(633,617)</b> | <b>(2,083,654)</b> | <b>(9,977)</b>      |

**(g) Operational risk**

The "Basic indicator method" is used in the operational risk calculation of the Group. The amount subject to the operational risk is calculated through the use of the gross income of the Group in 2006, 2005, and 2004 in accordance to the "Calculation of the Operational Risk" applicable from 1 June 2007, which is the 4th part of the "Regulation Regarding Measurement and Evaluation of the Bank's Capital Adequacy Ratio" published in the Official Gazette No.26333 dated 1 November 2006. Not all of the YTL6,884,540 used in the calculation of operational risk in the scope of "Capital adequacy standard ratio", but only the YTL550,763, corresponding to the 8%, represents the operational risk to be exposed to. YTL550,763 also represents the minimum capital amount required to remove the related risk.

**(h) Fair value of financial instruments**

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to develop the estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

The following table summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Group's consolidated balance sheets at their fair values at 31 December:

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

**NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)**

|  | 2007           |            | 2006           |            |
|--|----------------|------------|----------------|------------|
|  | Carrying value | Fair value | Carrying value | Fair value |
| <b>Financial assets</b>  |                |            |                |            |
| Cash and due from banks  | 2,667,900      | 2,667,900  | 4,685,166      | 4,685,166  |
| Loans and advances to customers  | 40,237,999     | 40,640,463 | 30,606,485     | 30,341,995 |
| Investment securities  | 21,005,428     | 21,005,428 | 14,519,568     | 14,519,568 |
| <b>Financial liabilities</b>   |                |            |                |            |
| Customer deposits  | 48,418,300     | 48,145,497 | 41,196,949     | 41,194,564 |
| Interbank money market deposits, funds borrowed and debt securities in issue | 9,645,144      | 9,645,144  | 9,979,858      | 9,979,858  |

The following methods and assumptions were used to estimate the fair value of the Group's financial instruments:

*(i) Financial assets*

The fair values of certain financial assets carried at cost, including cash and balances with the Central Bank of Turkey, due from other banks and other financial assets are considered to approximate their respective carrying values due to their short-term nature.

Loans and advances to customers are net of provisions for impairment. The estimated fair value of loans and advances to customers represents the discounted amount of future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

The fair value of investment securities has been estimated based on market prices at balance sheet dates.

*(ii) Financial liabilities*

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount of repayable on demand.

The estimated fair value of interest-bearing deposits is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

Financial liabilities including due to other banks, debt securities in issue and funds borrowed are recognised initially at cost net of transaction costs. Subsequently, financial liabilities are stated at amortised cost including transaction costs and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the financial liability using the effective yield method.

The fair values of due to other banks, debt securities in issue and funds borrowed are considered to approximate their respective carrying values.

*(iii) Derivative financial instruments*

The fair values of forward foreign exchange contracts, currency/interest rate swaps and foreign exchange option contracts have been estimated based on quoted market rates prevailing at the balance sheet date (Notes 8 and 28).

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

**NOTE 3 - USE OF FINANCIAL INSTRUMENTS (Continued)**

**(i) Capital management**

Banks in Turkey are required to comply with capital adequacy guidelines promulgated by the BRSA, which are based upon the standards established by the Bank of International Settlements ("BIS"). These guidelines require banks to maintain adequate levels of regulatory capital against risk-bearing assets and off-balance sheet exposures.

A bank's capital adequacy ratio is calculated by taking the aggregate of its Tier I capital (which comprises paid-in capital, reserves, retained earnings and profit for the current periods minus period loss (if any)) its Tier II capital (which comprises general loan and free reserves, revaluation funds and subordinated loans obtained) and its Tier III capital (which comprises certain qualified subordinated loans) minus deductions (which comprises participations to financial institutions, special and preliminary and pre-paid expenses, negative differences between fair and book values of subsidiaries, subordinated loans extended, goodwill and capitalized costs), and dividing this aggregate by risk weighted assets, which reflect both credit risk, market risk and operational risk. In accordance with these guidelines, banks must maintain a total capital adequacy ratio of a minimum of 8%.

The Bank and its individually regulated operations have complied with externally imposed capital requirements throughout the period.

The Bank's and its affiliates regulatory capital position on a consolidated basis at 31 December 2007 and 31 December 2006 were as follows:

|   | 31 December 2007  | 31 December 2006  |
|---|-------------------|-------------------|
| Tier I capital  | 10,451,445        | 7,313,594         |
| Tier II capital   | 360,630           | 135,324           |
| Deductions  | (145,320)         | (75,608)          |
| <b>Total regulatory capital</b>   | <b>10,666,755</b> | <b>7,373,310</b>  |
| <b>Risk-weighted assets (including market and operational risk) (*)</b> | <b>59,193,315</b> | <b>36,691,087</b> |
| <b>Capital adequacy ratio (%)</b>                                       | <b>18.02%</b>     | <b>20.10%</b>     |

(\*) Operational risk amounting to YTL6,884,540 thousand is included starting from 1 June 2007.

**(j) Fiduciary activities**

The Group provides custody services to third parties which involve the Group in the making of allocation, purchase and sale decisions. Assets held in a fiduciary capacity are not included in these financial statements. At 31 December 2007, the Group has custody accounts amounting to YTL19,877,702 in nominal value (2006: YTL18,816,719).

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

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**NOTE 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING  
ACCOUNTING POLICIES**

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**(a) Impairment losses on loans and advances**

The Group reviews its loan portfolios to assess impairment on a continuous basis. In determining whether an impairment loss should be recorded in the income statement, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows.

**(b) Fair value of derivatives**

The fair values of financial instruments that are not quoted in active markets are determined using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them.

**(c) Impairment of available for-sale equity investments**

The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of a deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

**(d) Held-to-maturity investments**

The Group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgment. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for the specific circumstances - for example, selling an insignificant amount close to maturity - it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

**(e) Pension Obligation**

The Group determines the present value of funded benefit obligations transferrable to SSI in accordance with New Law by using several critical actuarial assumptions, including the discount rate, mortality rate, and medical costs as disclosed in Note 20. This approach recognises the obligations of the Group to make payments to SSI in respect of the benefits which will be transferred to SSI rather than an obligation to make benefit payments to individuals.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

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**NOTE 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING  
ACCOUNTING POLICIES (Continued)**

**(f) Income taxes**

The Group is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

**NOTE 5 - SEGMENT ANALYSIS**

The Group operates in five main business segments including retail banking, corporate and commercial banking, treasury activities, private banking and international banking.

- (i) Retail banking - The Group offers a variety of retail services such as deposit accounts, consumer loans, credit cards, insurance products and wealth management services. The Group's line of retail banking products and services also includes bank cards, investment funds trading, automatic payment services, foreign currency trading, safe deposit box rentals, cheques, money transfers, investment banking, telephone and internet banking.
- (ii) Corporate banking - Corporate and commercial banking serves financial solutions and banking services to large scale corporate and commercial customers. Among the products and services offered to corporate and commercial customers are New Turkish Lira and foreign currency denominated working capital loans, medium-term financing for investments, foreign trade financing, letters of credit and guarantee, foreign currency trading, corporate finance services and cash and deposit management services. In addition, the Group provides timely and permanent solutions for corporate customers' working capital management, delivering cash management services tailored based on customers' requests that include collection and payment services and liquidity and information management. Project finance loans are provided within the context of investment banking activities.
- (iii) Private banking - Private banking serves the members of the upper-income groups who have expectations for utmost service quality both in banking and investment transactions.
- (iv) Treasury activities - Treasury activities are performed by the Treasury Unit. The Treasury Unit consists of Turkish Lira Fund Group, Foreign Exchange Fund Group, Treasury Marketing Group and Private Products Group. The Turkish Lira Group and Foreign Exchange Fund Group trade in Turkish Lira and foreign currency instruments on a spot and forward basis, and in treasury bills, bonds and other domestic securities together with foreign securities with AAA rating. The Marketing Group carries out marketing activities of treasury products and derivative financial products for customers.
- (v) International banking - International Banking activities are managed by the International Banking Unit. The Group provides services for foreign trade financing, foreign currency and New Turkish Lira clearances, and money transfers through agent financial institutions. The international banking unit serves in fundamental areas such as providing long-term funding opportunities, creating funding facility at lower prices that fully reflect country risk, diversifying funding resources and creating a base of international investors for that purpose.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

**NOTE 5 - SEGMENT ANALYSIS (Continued)**

(vi) Other - Other activities include leasing services provided by Ak Finansal Kiralama A.Ş. which is the consolidated subsidiary of the Bank.

Segment information at 31 December is as follows:

|  | 2007              |                      |                    |                        |                          |         | Total             |
|--|-------------------|----------------------|--------------------|------------------------|--------------------------|---------|-------------------|
|  | Retail<br>banking | Corporate<br>banking | Private<br>banking | Treasury<br>activities | International<br>banking | Other   |                   |
| <b>Segment information regarding the balance sheet:</b>          |                   |                      |                    |                        |                          |         |                   |
| Segment assets   | 18,184,736        | 22,652,049           | 85,348             | 27,437,957             | 333,404                  | 666,822 | 69,360,316        |
| Equity securities  |                   |                      |                    |                        |                          |         | 29,628            |
| Unallocated assets   |                   |                      |                    |                        |                          |         | 2,438,446         |
| <b>Total assets</b>  |                   |                      |                    |                        |                          |         | <b>71,828,390</b> |
| Segment liabilities  | 33,221,902        | 7,338,767            | 2,603,875          | 7,586,358              | 7,146,669                | 292,671 | 58,190,242        |
| Unallocated liabilities  |                   |                      |                    |                        |                          |         | 2,946,973         |
| Equity   |                   |                      |                    |                        |                          |         | 10,691,175        |
| <b>Total liabilities and equity</b>                              |                   |                      |                    |                        |                          |         | <b>71,828,390</b> |
| <b>Segment information regarding the income statement:</b>       |                   |                      |                    |                        |                          |         |                   |
| Segment revenue  | 3,460,632         | 742,370              | 288,171            | 25,006                 | 46,447                   | 45,116  | 4,607,742         |
| Segment result   | 1,456,556         | 491,760              | 161,709            | 20,750                 | 38,610                   | 24,597  | 2,193,982         |
| Dividend income  |                   |                      |                    |                        |                          |         | 11,496            |
| Total profit from operations<br>before tax and minority interest |                   |                      |                    |                        |                          |         | 2,205,478         |
| Income taxes   |                   |                      |                    |                        |                          |         | (464,467)         |
| Gain on tax case   |                   |                      |                    |                        |                          |         | 270,001           |
| Minority interest  |                   |                      |                    |                        |                          |         | 231               |
| <b>Profit for the year</b>                                       |                   |                      |                    |                        |                          |         | <b>2,011,243</b>  |
| <b>Other segment items:</b>                                      |                   |                      |                    |                        |                          |         |                   |
| Capital expenditure  | 90,397            | 4,379                | -                  | -                      | -                        | -       | 94,776            |
| Depreciation and<br>amortisation                                 | 96,033            | 9,065                | 724                | 855                    | 285                      | -       | 106,962           |
| Other non-cash expenses  | 611,479           | 147,119              | (31,841)           | (135)                  | 2                        | -       | 726,624           |

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

**NOTE 5 - SEGMENT ANALYSIS (Continued)**

|  | 2006              |                      |                    |                        |                          |         |            | Total             |
|--|-------------------|----------------------|--------------------|------------------------|--------------------------|---------|------------|-------------------|
|  | Retail<br>banking | Corporate<br>banking | Private<br>banking | Treasury<br>activities | International<br>banking | Other   |            |                   |
| <b>Segment information regarding the balance sheet:</b>    |                   |                      |                    |                        |                          |         |            |                   |
| Segment assets   | 14,300,880        | 17,946,209           | 142,874            | 24,059,328             | 385,930                  | 495,169 | 57,330,390 |                   |
| Equity securities  |                   |                      |                    |                        |                          |         | 23,906     |                   |
| Unallocated assets   |                   |                      |                    |                        |                          |         | 2,770,565  |                   |
| <b>Total assets</b>  |                   |                      |                    |                        |                          |         |            | <b>60,124,861</b> |
| Segment liabilities  | 28,287,718        | 4,836,493            | 2,631,107          | 7,514,453              | 7,739,483                | 246,335 | 51,255,589 |                   |
| Unallocated liabilities                                    |                   |                      |                    |                        |                          |         | 1,646,065  |                   |
| Equity   |                   |                      |                    |                        |                          |         | 7,223,207  |                   |
| <b>Total liabilities and equity</b>                        |                   |                      |                    |                        |                          |         |            | <b>60,124,861</b> |
| <b>Segment information regarding the income statement:</b> |                   |                      |                    |                        |                          |         |            |                   |
| Segment revenue  | 2,626,628         | 587,016              | 21,725             | 420,956                | 192,222                  | 32,948  | 3,881,495  |                   |
| Segment result   | 857,069           | 468,762              | 5,723              | 408,827                | 183,373                  | 20,774  | 1,944,528  |                   |
| Dividend income  |                   |                      |                    |                        |                          |         | 9,171      |                   |
| Income before income taxes                                 |                   |                      |                    |                        |                          |         | 1,953,699  |                   |
| Income taxes   |                   |                      |                    |                        |                          |         | (374,797)  |                   |
| Minority interest  |                   |                      |                    |                        |                          |         | (4,396)    |                   |
| <b>Profit for the year</b>                                 |                   |                      |                    |                        |                          |         |            | <b>1,574,506</b>  |
| <b>Other segment items:</b>                                |                   |                      |                    |                        |                          |         |            |                   |
| Capital expenditure  | 83,814            | 4,350                | -                  | -                      | -                        | -       | 88,164     |                   |
| Depreciation and amortisation                              | 96,234            | 9,588                | 841                | 2,616                  | 285                      | 804     | 110,368    |                   |
| Other non-cash expenses                                    | 520,793           | 35,764               | 108                | (16,612)               | -                        | -       | 540,053    |                   |

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

**NOTE 6 - CASH AND DUE FROM BANKS**

|  | 2007             | 2006             |
|--|------------------|------------------|
| <b>Cash funds:</b>                           |                  |                  |
| Cash on hand                                 | 515,620          | 531,947          |
| Cash in transit                              | -                | 545              |
| Purchased cheques                            | 161              | 211              |
|  | <b>515,781</b>   | <b>532,703</b>   |
| <b>Current accounts and demand deposits:</b> |                  |                  |
| Central Bank of Turkey                       | 579,407          | 1,331,889        |
| Foreign banks                                | 690,331          | 237,101          |
| Domestic banks                               | 7,984            | 19,686           |
|  | <b>1,277,722</b> | <b>1,588,676</b> |
| <b>Time deposits:</b>                        |                  |                  |
| Foreign banks                                | 866,645          | 2,441,344        |
| Domestic banks                               | 5,205            | 122,434          |
|  | <b>871,850</b>   | <b>2,563,778</b> |
| <b>Interbank money market placements</b>     | <b>2,547</b>     | <b>9</b>         |
| <b>Total cash and due from banks</b>         | <b>2,667,900</b> | <b>4,685,166</b> |

At 31 December 2007, time deposits with domestic banks include securities obtained through agreements to resell (reverse repos) in the amount of YTL2,547 (2006: YTL9).

At 31 December 2007, assets pledged as off-shore cash reserve and payment accounts in connection with the issue of floating-rate notes in the amount of US\$2,576 million (2006: US\$2,811 million) (Note 17) and demand and time deposits in foreign banks amount to YTL156,172 (2006: YTL100,088).

Cash and cash equivalents included in the statements of cash flows for the year ended 31 December are as follows:

|                                   | 2007             | 2006             |
|-----------------------------------|------------------|------------------|
| Cash and due from banks           |                  |                  |
| excluding accrued interest        | 2,657,794        | 4,678,993        |
| Trading and investment securities |                  |                  |
| with original maturities          |                  |                  |
| of less than three months         |                  |                  |
| excluding accrued interest        | 13,615           | 7,643            |
|                                   | <b>2,671,409</b> | <b>4,686,636</b> |

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

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**NOTE 7 - TRADING SECURITIES**

The breakdown of trading securities is as follows:

|  | 2007             | 2006             |
|--|------------------|------------------|
| Government bonds denominated in foreign currency | 4,551,710        | 6,415,387        |
| Eurobonds  | 210,288          | 108,973          |
| Government bonds                                 | 42,375           | 33,009           |
| Share certificates                               | 4,637            | 47,273           |
| Treasury bills                                   | 3,590            | 3,327            |
| Other  | 1,251            | 492              |
|  | <b>4,813,851</b> | <b>6,608,461</b> |

There is no security pledged under repurchase agreements with financial institutions (2006: YTL393).

Trading securities amounting to YTL829,475 (2006: YTL957,320) have been pledged as collateral with financial institutions.

**NOTE 8 - DERIVATIVE FINANCIAL INSTRUMENTS**

The Group utilises the following derivative instruments:

"Currency forwards" represent commitments to purchase or to sell foreign and domestic currency, including undelivered spot transactions. "Foreign currency futures" are contractual obligations to receive or pay a net amount based on changes in currency rates or to buy or sell foreign currency at a future date at a specified price established in an organised financial market. Since future contracts are collateralised by cash or marketable securities and changes in the future contract value are settled daily with the exchange rate, the credit risk is negligible.

"Currency options" are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of a foreign currency at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of foreign exchange or interest rate risk. Options may be either exchange-traded or negotiated between the Group and a customer (OTC). The Group is exposed to credit risk on purchased options only, and only to the extent of their carrying amount, which is their fair value.

"Currency and interest rate swaps" are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates. The Group's "credit risks" represent the potential cost of replacing the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Group assesses counterparties using the same techniques as for its lending activities.

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FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

**NOTE 8 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)**

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in foreign exchange rates and interest rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. The fair values of derivative instruments held at 31 December are set out in the following table.

|   | <b>2007</b>        |                    | <b>2006</b>        |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | <b>Fair values</b> |                    | <b>Fair values</b> |                    |
|   | <b>Assets</b>      | <b>Liabilities</b> | <b>Assets</b>      | <b>Liabilities</b> |
| <b>Derivatives held for trading:</b>                          |                    |                    |                    |                    |
| Currency and interest rate swap purchases and sales           | 46,128             | (92,177)           | 52,012             | (44,125)           |
| Forward currency purchases and sales                          | 10,498             | (5,637)            | 34,776             | (21,060)           |
| Currency and interest rate futures purchases and sales        | 20,243             | (2,996)            | 9,035              | -                  |
| Currency options purchases and sales                          | 4,413              | (4,781)            | -                  | -                  |
| <b>Total derivative assets/(liabilities) held for trading</b> | <b>81,282</b>      | <b>(105,591)</b>   | <b>95,823</b>      | <b>(65,185)</b>    |

As also explained in Note 2 (e), certain derivative transactions, while providing effective economic hedges under the Group's risk management position, do not qualify for hedge accounting under the specific rules in IAS 39, and are therefore treated as derivatives held for trading.

The notional amounts of derivative transactions are explained in detail in Note 28.

**NOTE 9 - RESERVE REQUIREMENTS WITH THE CENTRAL BANK OF TURKEY**

The reserve requirements are promulgated by communiqués issued by the Central Bank of Turkey ("the Central Bank").

The amounts of the reserve requirements are computed on the basis of the liabilities identified and at the rates prescribed in the related regulations. The Group is in conformity with the following reserve requirements at 31 December 2007 and 31 December 2006.

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**NOTE 9 - RESERVE REQUIREMENTS WITH THE CENTRAL BANK OF TURKEY  
(Continued)**

|                              | <u>Reserve<br/>requirement rate</u> |
|------------------------------|-------------------------------------|
| New Turkish lira liabilities | 6%                                  |
| Foreign currency liabilities | 11%                                 |

The reserve requirements are to be maintained as cash in special New Turkish lira accounts for new Turkish lira liabilities and in special US\$ and EUR accounts for respective foreign currency liabilities with the Central Bank. Both the new Turkish lira and foreign currency reserves maintained with the Central Bank earn interest on a quarterly basis at rates determined by the Central Bank.

In addition, as from 15 November 2007, the Bank's Malta Branch is required to maintain reserve deposits with the Central Bank of Malta in terms of Directive 1 of Malta Act. The Bank's Malta Branch holds reserve requirement amounting to YTL386,060 as of 31 December 2007.

**NOTE 10 - LOANS AND ADVANCES TO CUSTOMERS**

The industrial distribution of the loan portfolio of the Bank is as the following:

|  | 2007               | 2006              |
|--|--------------------|-------------------|
| Consumer loans and credit cards              | 12,651,673         | 9,322,481         |
| Retailers                                    | 3,451,238          | 2,722,724         |
| Financial institutions                       | 3,059,597          | 2,358,548         |
| Project finance loans                        | 2,434,204          | 1,081,944         |
| Wholesaling                                  | 2,231,848          | 2,174,662         |
| Construction                                 | 2,145,579          | 986,464           |
| Steel and mining                             | 1,561,774          | 1,137,980         |
| Food and beverage                            | 1,297,624          | 903,715           |
| Chemicals                                    | 1,243,922          | 1,006,892         |
| Agriculture and forestry                     | 760,626            | 519,469           |
| Automotive                                   | 678,571            | 541,547           |
| Finance lease receivables                    | 644,166            | 488,590           |
| Textile                                      | 618,576            | 716,311           |
| Electronics                                  | 581,826            | 223,105           |
| Health care and social services              | 449,819            | 600,554           |
| Telecommunication                            | 358,544            | 475,458           |
| Tourism                                      | 196,671            | 335,144           |
| Other manufacturing industries               | 1,993,087          | 1,762,491         |
| Other  | 4,166,949          | 3,443,161         |
| <b>Performing loans</b>                      | <b>40,526,294</b>  | <b>30,801,240</b> |
| <b>Non-performing loans</b>                  | <b>1,022,943</b>   | <b>600,968</b>    |
| <b>Total loans and advances to customers</b> | <b>41,549,237</b>  | <b>31,402,208</b> |
| <b>Provision for impairment</b>              | <b>(1,311,238)</b> | <b>(795,723)</b>  |
| <b>Net loans and advances to customers</b>   | <b>40,237,999</b>  | <b>30,606,485</b> |

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FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

**NOTE 10 - LOANS AND ADVANCES TO CUSTOMERS (Continued)**

Project finance loans represent long-term loans extended in relation to the infrastructural constructions.

The loans and advances to customers include finance lease receivables, as shown below:

|   | 2007           | 2006           |
|---|----------------|----------------|
| Gross investment in finance leases        | 778,066        | 584,163        |
| Less: Unearned finance income             | (118,585)      | (90,409)       |
| <b>Total investment in finance leases</b> | <b>659,481</b> | <b>493,754</b> |
| Provision for impairment                  | (16,445)       | (6,541)        |
| <b>Net investment in finance leases</b>   | <b>643,036</b> | <b>487,213</b> |

Gross lease rentals receivable and the net investment in direct financing leases have the following collection schedules:

| Period ending | 2007                                     |  | 2006                                     |  |
|---------------|--|--|--|--|
|               | Gross<br>investment in<br>finance leases | Total<br>investment in<br>finance leases | Gross<br>investment in<br>finance leases | Total<br>investment in<br>finance leases |
| 2007          | -  | -  | 267,389                                  | 215,600                                  |
| 2008          | 397,816                                  | 327,626                                  | 185,192                                  | 159,425                                  |
| 2009          | 196,388                                  | 168,083                                  | 91,377                                   | 81,734                                   |
| 2010          | 115,321                                  | 102,630                                  | 34,183                                   | 31,289                                   |
| 2011          | 41,514                                   | 36,883                                   | 5,714                                    | 5,410                                    |
| 2012          | 14,282                                   | 12,908                                   | 308                                      | 296                                      |
| 2013          | 12,745                                   | 11,351                                   | -  | -  |
|               | <b>778,066</b>                           | <b>659,481</b>                           | <b>584,163</b>                           | <b>493,754</b>                           |

The Group has provided an allowance for non-performing loans which amount to YTL1,017,613 (2006: YTL602,345) comprising 2.45% (2006: 1.92%) of the total loans outstanding at 31 December 2007 and for other components of the loan portfolio which is considered as adequate to cover the inherent risk of loss present in the lending relationship. Total amount of loan loss provision provided by the Group, which amounts to YTL1,311,238, is calculated in line with IAS 39 and represents the total amount of provision calculated for impaired and non-impaired portfolios separately.

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(Amounts expressed in thousands of New Turkish lira ("YTL"))

**NOTE 10 - LOANS AND ADVANCES TO CUSTOMERS (Continued)**

Movements in the provision for loan losses by class are as follows:

|                | <b>2007</b>       |                 |                     |                                | <b>Total</b>     |
|----------------|-------------------|-----------------|---------------------|--------------------------------|------------------|
|                | <b>Commercial</b> | <b>Consumer</b> | <b>Credit cards</b> | <b>Leasing<br/>receivables</b> |                  |
| 1 January 2007 | 359,167           | 106,796         | 323,219             | 6,541                          | 795,723          |
| Additions      | 465,795           | 197,587         | 265,593             | 11,661                         | 940,636          |
| Collections    | (116,721)         | (63,993)        | (173,319)           | (1,438)                        | (355,471)        |
| Write-offs     | (20,658)          | (7,174)         | (41,499)            | (319)                          | (69,650)         |
|                | <b>687,583</b>    | <b>233,216</b>  | <b>373,994</b>      | <b>16,445</b>                  | <b>1,311,238</b> |

|                | <b>2006</b>       |                 |                     |                                | <b>Total</b>   |
|----------------|-------------------|-----------------|---------------------|--------------------------------|----------------|
|                | <b>Commercial</b> | <b>Consumer</b> | <b>Credit cards</b> | <b>Leasing<br/>receivables</b> |                |
| 1 January 2006 | 179,036           | 106,078         | 249,681             | 4,331                          | 539,126        |
| Additions      | 254,745           | 45,028          | 224,975             | 2,598                          | 527,346        |
| Collections    | (69,522)          | (42,342)        | (109,603)           | (388)                          | (221,855)      |
| Write-offs     | (5,092)           | (1,968)         | (41,834)            | -                              | (48,894)       |
|                | <b>359,167</b>    | <b>106,796</b>  | <b>323,219</b>      | <b>6,541</b>                   | <b>795,723</b> |

Loans and advances to related parties are as follows:

|  | <b>2007</b>    | <b>2006</b>    |
|--|----------------|----------------|
| Loans and advances to related parties            | 1,011,482      | 818,646        |
| Less: Cash collateral obtained                   | (75,972)       | (85,184)       |
| <b>Net loans and advances to related parties</b> | <b>935,510</b> | <b>733,462</b> |

Loans and advances to related parties were negotiated on the same basis as loans to unrelated customers.

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**NOTE 10 - LOANS AND ADVANCES TO CUSTOMERS (Continued)**

The breakdown of the net related party loans and advances granted to the Sabancı Group companies with foreign partnerships, and those companies whose shares are publicly traded on the Istanbul Stock Exchange ("listed companies") are as follows:

|   | 2007           |            | 2006           |            |
|---|----------------|------------|----------------|------------|
|   | Amount         | %          | Amount         | %          |
| Provided to Sabancı Group companies<br>with foreign partnerships and listed companies | 528,090        | 56         | 418,073        | 57         |
| Provided to other related parties   | 407,420        | 44         | 315,389        | 43         |
| <b>Net related party loans and advances</b>   | <b>935,510</b> | <b>100</b> | <b>733,462</b> | <b>100</b> |

As at 31 December 2007, total interest income earned from related parties is YTL86,230 (2006: YTL113,806).

Loans and advances to the public sector and private sector are as follows:

|  | 2007              | 2006              |
|--|-------------------|-------------------|
| Public sector (including State Economic Enterprises) | 1,778,918         | 1,236,480         |
| Private sector                                       | 39,770,319        | 30,165,728        |
| <b>Total loans and advances to customers</b>         | <b>41,549,237</b> | <b>31,402,208</b> |

**NOTE 11 - INVESTMENT SECURITIES**

**(a) Securities available-for-sale:**

|  | 2007              | 2006              |
|--|-------------------|-------------------|
| Debt securities                                    |                   |                   |
| - Government bonds                                 | 16,758,470        | 11,031,515        |
| - Government bonds denominated in foreign currency | 2,378,327         | 2,730,103         |
| - Eurobonds  | 1,752,983         | 682,206           |
| - Treasury bills                                   | -                 | -                 |
| - Other bonds                                      | 86,020            | 51,838            |
| Equity securities                                  |                   |                   |
| - Listed   | 19,170            | 14,633            |
| - Unlisted   | 10,458            | 9,273             |
| <b>Total securities available-for-sale</b>         | <b>21,005,428</b> | <b>14,519,568</b> |

As explained in Note 2 (f) unrealised gain and losses arising from changes in the fair value of securities classified as "available-for-sale" are recognised as "other reserves" in the equity unless there is a permanent decline in the fair values of such assets which are charged to the income statement.

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**NOTE 11 - INVESTMENT SECURITIES (Continued)**

The breakdown of available-for-sale equity securities at 31 December is as follows:

| Listed:  | Share (%) |        | Carrying amount |               | Business             |
|--|-----------|--------|-----------------|---------------|----------------------|
|  | 2007      | 2006   | 2007            | 2006          |                      |
| Ak Yatırım Ortaklığı A.Ş.                              | 64.94     | 45.60  | 19,170          | 14,633        | Investment trust     |
|  |           |        | <b>19,170</b>   | <b>14,633</b> |                      |
| <b>Unlisted:</b>                                       |           |        |                 |               |                      |
| Ak Portföy Yönetimi A.Ş.                               | 99.99     | 99.99  | 3,592           | 3,592         | Portfolio management |
| Ak Global Funding B.V.                                 | 100.00    | 100.00 | 34              | 34            | Finance              |
| Finsbury Pavement Ltd<br>(previously Sabancı Bank plc) |           |        | 2               | -             | Finance              |
| Others   |           |        | 6,830           | 5,647         |                      |
|  |           |        | <b>10,458</b>   | <b>9,273</b>  |                      |

Ak Portföy Yönetimi A.Ş., Ak Yatırım Ortaklığı A.Ş., Ak Global Funding B.V. and Finsbury Pavement Ltd have not been consolidated due to immateriality. As explained in the Note 2 (c), Finsbury Pavement Ltd is in the process of liquidation.

The movement of available-for-sale securities is as follows:

|                                      | 2007              | 2006              |
|--------------------------------------|-------------------|-------------------|
| <b>Balance at 1 January</b>          | <b>14,519,568</b> | <b>15,649,801</b> |
| Effect of acquisitions and disposals | -                 | (113,176)         |
| Additions                            | 12,789,995        | 8,555,773         |
| Disposals                            | (227,223)         | (2,990,166)       |
| Change in fair value                 | 776,951           | (753,832)         |
| Redemptions                          | (6,852,042)       | (5,828,832)       |
| Exchange differences                 | (1,821)           | -                 |
| <b>Balance at 31 December</b>        | <b>21,005,428</b> | <b>14,519,568</b> |

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**NOTE 11 - INVESTMENT SECURITIES (Continued)**

**(b) Securities held-to-maturity**

The Group has no held-to-maturity investments as at 31 December 2007.

The investment securities amounting to YTL870,230 have been pledged as collateral with various institutions at 31 December 2007 (2006: YTL485,658) and securities amounting to YTL4,712,504 (2006: YTL5,415,093) are pledged under repurchase agreements.

The movement of held-to-maturity securities is as follows:

|  | <b>2007</b> | <b>2006</b>    |
|--|-------------|----------------|
| <b>Balance at 1 January</b>              | -           | <b>787,184</b> |
| Additions                                | -           | 47,254         |
| Addition due to change in amortised cost | -           | 5,826          |
| Redemptions                              | -           | (835,337)      |
| Exchange differences                     | -           | (4,927)        |
| <b>Balance at 31 December</b>            | <b>-</b>    | <b>-</b>       |

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**NOTE 12 - INVESTMENTS IN ASSOCIATES**

The Group has no investments in associated companies as at 31 December 2007 and 31 December 2006.

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**NOTE 13 - PROPERTY AND EQUIPMENT**

|                                | Land and buildings | Equipment and vehicles | Constructions in progress | Leasehold improvements | Total          |
|--------------------------------|--------------------|------------------------|---------------------------|------------------------|----------------|
| <b>At 31 December 2006</b>     |                    |                        |                           |                        |                |
| Cost                           | 688,242            | 613,263                | 7,372                     | 41,047                 | 1,349,924      |
| Accumulated depreciation       | (176,123)          | (424,705)              | (2,965)                   | (25,484)               | (629,277)      |
| <b>Net book amount</b>         | <b>512,119</b>     | <b>188,558</b>         | <b>4,407</b>              | <b>15,563</b>          | <b>720,647</b> |
| Opening net book amount        | 512,119            | 188,558                | 4,407                     | 15,563                 | 720,647        |
| Additions                      | 43,905             | 64,856                 | 11,314                    | 2,939                  | 123,014        |
| Disposals                      | (256)              | (2,241)                | (12,866)                  | -                      | (15,363)       |
| Depreciation charge (Note 26)  | (13,000)           | (81,958)               | -                         | (2,827)                | (97,785)       |
| <b>Closing net book amount</b> | <b>542,768</b>     | <b>169,215</b>         | <b>2,855</b>              | <b>15,675</b>          | <b>730,513</b> |
| <b>At 31 December 2007</b>     |                    |                        |                           |                        |                |
| Cost                           | 731,891            | 675,878                | 5,820                     | 43,986                 | 1,457,575      |
| Accumulated depreciation       | (189,123)          | (506,663)              | (2,965)                   | (28,311)               | (727,062)      |
| <b>Net book amount</b>         | <b>542,768</b>     | <b>169,215</b>         | <b>2,855</b>              | <b>15,675</b>          | <b>730,513</b> |

At 31 December 2007, total impairment on property and equipment amounts to YTL11,799 (2006: YTL11,799). The recoverable amount of these assets represents the net selling price, determined by market price reference.

|                                | Land and buildings | Equipment and vehicles | Constructions in progress | Leasehold improvements | Total          |
|--------------------------------|--------------------|------------------------|---------------------------|------------------------|----------------|
| <b>At 31 December 2005</b>     |                    |                        |                           |                        |                |
| Cost                           | 641,257            | 516,674                | 7,257                     | 30,975                 | 1,196,163      |
| Accumulated depreciation       | (152,816)          | (341,922)              | -                         | (23,712)               | (518,450)      |
| <b>Net book amount</b>         | <b>488,441</b>     | <b>174,752</b>         | <b>7,257</b>              | <b>7,263</b>           | <b>677,713</b> |
| Opening net book amount        | 488,441            | 174,752                | 7,257                     | 7,263                  | 677,713        |
| Effect of disposal (Note 31)   | (321)              | (2,857)                | -                         | (1,436)                | (4,614)        |
| Additions                      | 46,985             | 96,589                 | 115                       | 10,072                 | 153,761        |
| Disposals                      | (9,359)            | (2,233)                | (2,965)                   | (48)                   | (14,605)       |
| Depreciation charge (Note 26)  | (13,627)           | (77,693)               | -                         | (288)                  | (91,608)       |
| Exchange differences           | -                  | -                      | -                         | -                      | -              |
| <b>Closing net book amount</b> | <b>512,119</b>     | <b>188,558</b>         | <b>4,407</b>              | <b>15,563</b>          | <b>720,647</b> |
| <b>At 31 December 2006</b>     |                    |                        |                           |                        |                |
| Cost                           | 688,242            | 613,263                | 7,372                     | 41,047                 | 1,349,924      |
| Accumulated depreciation       | (176,123)          | (424,705)              | (2,965)                   | (25,484)               | (629,277)      |
| <b>Net book amount</b>         | <b>512,119</b>     | <b>188,558</b>         | <b>4,407</b>              | <b>15,563</b>          | <b>720,647</b> |

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**NOTE 14 - INTANGIBLE ASSETS**

|                          | <b>2007</b>   | <b>2006</b>   |
|--------------------------|---------------|---------------|
| Cost                     | 86,167        | 70,023        |
| Accumulated depreciation | (54,196)      | (45,019)      |
| <b>Net book amount</b>   | <b>31,971</b> | <b>25,004</b> |

Movement of intangible assets is as follows:

|  | <b>Cost</b>   | <b>Accumulated<br/>amortisation</b> |
|--|---------------|-------------------------------------|
| Opening balance at 1 January 2007          | 70,023        | (45,019)                            |
| Disposals                                  | (112)         | -                                   |
| Additions                                  | 16,256        | -                                   |
| Charge for the period (Note 26)            | -             | (9,177)                             |
| <b>Closing balance at 31 December 2007</b> | <b>86,167</b> | <b>(54,196)</b>                     |
| Opening balance at 1 January 2006          | 58,653        | (36,305)                            |
| Effect of disposal (Note 31)               | (1,539)       | 666                                 |
| Additions                                  | 12,909        | -                                   |
| Charge for the year (Note 26)              | -             | (9,380)                             |
| <b>Closing balance at 31 December 2006</b> | <b>70,023</b> | <b>(45,019)</b>                     |

**NOTE 15 - OTHER ASSETS AND PRE-PAYMENTS**

The principal components of other assets and pre-payments are as follows:

|                                       | <b>2007</b>    | <b>2006</b>    |
|---------------------------------------|----------------|----------------|
| Receivables from cheques in clearance | 331,920        | 42,662         |
| Pre-payments                          | 74,601         | 22,513         |
| Fund management fee accruals          | 10,270         | 8,967          |
| Receivables from credit card payments | 6,742          | 5,682          |
| Other                                 | 131,806        | 91,106         |
|                                       | <b>555,339</b> | <b>170,930</b> |

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**NOTE 16 - DEPOSITS FROM BANKS AND DUE TO CUSTOMERS**

The breakdown of deposits according to type and maturity is as follows:

|  | 2007             |                   |                   | 2006             |                   |                   |
|--|------------------|-------------------|-------------------|------------------|-------------------|-------------------|
|  | Demand           | Time              | Total             | Demand           | Time              | Total             |
| Saving deposits                                | 3,307,696        | 26,768,405        | 30,076,101        | 3,081,480        | 23,157,594        | 26,239,074        |
| Commercial deposits                            | 2,773,483        | 6,566,505         | 9,339,988         | 2,326,058        | 4,095,521         | 6,421,579         |
| Funds deposited under<br>repurchase agreements | -                | 4,783,679         | 4,783,679         | -                | 5,238,228         | 5,238,228         |
| Bank deposits                                  | 153,252          | 1,786,712         | 1,939,964         | 105,899          | 1,643,454         | 1,749,353         |
| Other  | 952,182          | 1,326,386         | 2,278,568         | 688,429          | 860,286           | 1,548,715         |
|  | <b>7,186,613</b> | <b>41,231,687</b> | <b>48,418,300</b> | <b>6,201,866</b> | <b>34,995,083</b> | <b>41,196,949</b> |

At 31 December 2007, deposits of YTL5,100,378 (2006: YTL3,042,496) were from Sabancı Holding Group companies and other related parties. The total interest expense paid to related party deposits is YTL605,097 (2006: YTL349,919) for the year ended 31 December 2007.

**NOTE 17 - FUNDS BORROWED AND DEBT SECURITIES IN ISSUE**

|   | 2007             | 2006             |
|---|------------------|------------------|
| <b>Interbank money market deposits in YTL</b> | <b>154,023</b>   | <b>41,064</b>    |
| Domestic banks                                |                  |                  |
| - YTL   | 159,085          | 158,642          |
| - Foreign currency                            | 262,494          | 126,863          |
| Foreign institutions                          | 6,071,888        | 5,675,671        |
| <b>Funds borrowed</b>                         | <b>6,493,467</b> | <b>5,961,176</b> |

Interbank money market deposits represent borrowings from the interbank money market regulated by the Central Bank of Turkey.

Funds borrowed from domestic banks mainly represent funds obtained from Turkish Eximbank to finance certain export loans given to customers, under prevailing regulations.

As of 31 December 2007, there are four outstanding syndicated loan facilities; the first is for US\$500 million, with an interest rate of Libor+0.6% provided by 11 international banks acting as mandate lead arranger with West LB AG London Branch acting as agent, which matures on 22 December 2008; the second is for EUR 1 billion, with an interest rate of Euribor+0.25% provided by 32 international banks acting as mandate lead arranger with West LB AG London Branch acting as agent, which matures on 26 September 2008; the third is for EUR500 million, with an interest rate of Euribor+0.55% provided by 10 international banks acting as mandate lead arranger with UFJ Bank Limited acting as agent, which matures on 29 June 2009; and a fourth in the amount of \$550 million, with an interest rate of Libor+0.43% provided by 16 international banks acting as mandate lead arranger with Bank of New York acting as agent, which matures on 18 December 2008.

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**NOTE 17 - FUNDS BORROWED AND DEBT SECURITIES IN ISSUE(Continued)**

**Debt securities in issue**

In November 1999, the Group finalised a structured finance deal of US\$400 million by securitising its foreign currency denominated present and future remittances (worker remittances, cash against goods, cash against documents, letters of credits, cheque remittances and other third party payment orders) for the issue of floating-rate notes amounting to US\$400 million. The Group obtained further tranches related with the same deal in the amount of US\$3,175 million between 2000 and December 2007 through the additional issue of floating-rate notes. Interest rates on the tranches vary between Libor+0.16% and Libor+1.1%. At 31 December 2007, the outstanding principal amount of the securitisation deal amounts to US\$2,150 million after the repayment of US\$1,425 million between 2000 and December 2007.

In December 2005, the Group finalised another structured finance deals with a total amount of US\$500 million by securitising its foreign currency denominated present and future remittances (credit card receivables). The interest rates vary between Libor+0.16% and Libor+1.01%. As of 31 December 2007 the outstanding principal amount of the securitisation deal amount to US\$426 million after the repayment US \$48 million during the year 2007 and US \$26 million during the year 2006.

The repayment schedule of the total floating-rate notes in issue is as follows:

|              | 2007             |                  | 2006             |                  |
|--------------|------------------|------------------|------------------|------------------|
|              | US\$ (000)       | YTL              | US\$ (000)       | YTL              |
| 2007*        | -                | -                | 235,317          | 332,976          |
| 2008*        | 370,858          | 429,936          | 360,832          | 510,577          |
| 2009         | 372,399          | 431,722          | 372,399          | 526,945          |
| 2010         | 379,220          | 439,630          | 379,220          | 536,596          |
| 2011         | 383,769          | 444,903          | 383,769          | 543,033          |
| 2012         | 394,039          | 456,809          | 394,039          | 557,564          |
| 2013         | 390,463          | 452,664          | 390,463          | 552,506          |
| 2014         | 200,880          | 232,880          | 200,880          | 284,245          |
| 2015         | 47,059           | 54,555           | 47,059           | 66,588           |
| 2016         | 47,059           | 54,555           | 47,059           | 66,588           |
| <b>Total</b> | <b>2,585,746</b> | <b>2,997,654</b> | <b>2,811,037</b> | <b>3,977,618</b> |

(\*) As of 31 December 2007, repayments in 2008 include accrued interest payables in the amount of US\$10,025 thousand (31 December 2006: US\$12,151 thousands) for US\$ balances, and the YTL equivalent of the total amount as of 31 December 2007 is YTL11,621 (31 December 2006: YTL17,194) .

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**NOTE 18 - TAXATION**

|  | <b>2007</b>    | <b>2006</b>    |
|--|----------------|----------------|
| Income taxes currently payable                       | 416,831        | 274,777        |
| Prepaid taxes  | (9,687)        | (173,932)      |
| <b>Income taxes payable</b>                          | <b>407,144</b> | <b>100,845</b> |
| Deferred income tax assets                           | 98,951         | 62,910         |
| Deferred income tax liabilities                      | (62,112)       | (66,126)       |
| <b>Deferred income tax assets/(liabilities), net</b> | <b>36,839</b>  | <b>(3,216)</b> |

**(a) Income taxes currently payable**

Turkish tax legislation does not permit a parent Bank and its subsidiaries to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

Through the enactment of Corporate Tax Law No.5520 ("New Corporate Tax Law") published in the Official Gazette No.26205 dated 21 June 2006, corporation tax is payable at the rate of 20% effective from 1 January 2006 on the total income of the Bank after adjusting for certain disallowable expenses, exempt income and investment and other allowances. No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%.

An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax. Corporations are required to pay advance corporation tax quarterly at the rate of 20% on their corporate income. Advance tax is payable by the 17th of the second month following each calendar quarter end. Advance tax paid by corporations is credited against the annual corporation tax liability. The balance of the advance tax paid may be refunded or used to set-off against other liabilities to the government.

A 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital in accordance with the New Corporate Tax Law.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Corporations file their tax returns within the 25<sup>th</sup> of the fourth month following the close of the financial year to which they relate. Tax returns are open for 5 years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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**NOTE 18 - TAXATION (Continued)**

The reconciliation between the expected and the actual taxation charge is stated below:

|  | 2007           | 2006           |
|--|----------------|----------------|
| Profit before income taxes<br>and minority interest                                  | 2,205,478      | 1,953,699      |
| Theoretical tax charge at the applicable<br>tax rate 20% (2006: 20%)                 | 441,096        | 390,740        |
| Tax effect of items which are not deductible or<br>assessable for taxation purposes: |                |                |
| Income exempt from taxation  | (56,476)       | (42,543)       |
| Non-deductible expenses  | 79,847         | 26,600         |
| <b>Total tax charge for the year</b>   | <b>464,467</b> | <b>374,797</b> |

**(b) Deferred income taxes**

Deferred income taxes are calculated on temporary differences that are expected to be realised or settled based on the taxable income under the liability method using enacted tax rates of 20% and 40% (31 December 2006: 20% and 40%).

The deferred tax asset and liability represents the tax effect of temporary differences arising due to the different treatment of certain items of income and expenses included in the financial statements compared to the local tax return, in accordance with the applicable tax law. The temporary differences giving rise to deferred income tax assets and deferred tax liabilities are as follows:

|   | <u>Cumulative<br/>temporary differences</u> |           | <u>Deferred income tax<br/>assets/(liabilities)</u> |                 |
|---|---|-----------|---|-----------------|
|   | 2007  | 2006      | 2007  | 2006            |
| Provision for loan losses   | (293,625)                                   | (193,378) | 58,725  | 38,675          |
| Other provisions  | (41,200)                                    | (37,540)  | 8,240   | 7,508           |
| Employment termination benefits   | (38,401)                                    | (37,503)  | 7,679   | 7,500           |
| Impairment on property and equipment  | (15,475)                                    | (19,630)  | 3,095   | 3,926           |
| Remeasurement of financial derivatives<br>at fair value                     | (57,603)                                    | -         | 11,521  | -               |
| Other temporary differences   | (48,457)                                    | (26,461)  | 9,691   | 5,301           |
| <b>Deferred income tax assets</b>   |   |           | <b>98,951</b>                                       | <b>62,910</b>   |
| Reversal of country risk provision  | 99,360                                      | 107,298   | (39,744)  | (42,919)        |
| Difference between carrying value and<br>tax base of property and equipment | 54,637                                      | 62,213    | (10,927)  | (12,443)        |
| Valuation difference on trading and<br>investment securities                | 4,052                                       | 10,271    | (810)   | (2,054)         |
| Other temporary differences   | 53,156                                      | 43,551    | (10,631)  | (8,710)         |
| <b>Deferred income tax liabilities</b>                                      |   |           | <b>(62,112)</b>                                     | <b>(66,126)</b> |
| <b>Deferred income tax assets/(liabilities), net</b>                        |   |           | <b>36,839</b>                                       | <b>(3,216)</b>  |

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**NOTE 18 - TAXATION (Continued)**

**(c) Gain on tax case**

The Bank has filed three lawsuits against the Ministry of Finance regarding the correction of corporate tax paid in 2001, 2002, and 2003 with reference to the temporary article 4, added by the Law No.4743 to the Banking Law No.4389, which was annulled on 1 November 2005. With the communication by Ministry of Finance of the decision that YTL270,001 can be offset against various tax debts of the Bank, it is recognized in the financial statements. The total amount of receivables of the Bank is YTL754.303 in accordance with the lawsuits filed by the Bank. The legal situation regarding these lawsuits is explained in Note 28-e.

**NOTE 19 - OTHER LIABILITIES AND ACCRUED EXPENSES**

As at 31 December 2007, principal components of the other liabilities are payable to point of sale acquiring merchants, payables on cheques in clearance, non-income related taxes and withholdings, unearned commission income and bonus liability to customers.

Payable to point of sale acquiring merchants includes amounts owed to merchants related with credit card transactions in which the transacted amount will be paid to the merchants on a term basis.

At 31 December 2007, payable to point of sale acquiring merchants of YTL115,617 were from Sabancı Holding Group companies and other related parties.

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**NOTE 20 - EMPLOYMENT BENEFIT OBLIGATIONS**

|  | 2007          | 2006          |
|--|---------------|---------------|
| Balance sheet obligations for:                   |               |               |
| - Post-employment benefits (pension and medical) | -             | -             |
| - Reserve for employment termination benefits    | 38,401        | 37,503        |
|  | <b>38,401</b> | <b>37,503</b> |

There are no amounts recognized in the balance sheet for post-employment benefits since fair value of the Fund's plan assets compensate defined benefit obligations for the years ended 2007 and 2006.

|  |                 |                 |
|--|-----------------|-----------------|
| Income statement charge for:                               |                 |                 |
| - Post-employment benefits (pension and medical) (Note 26) | (76,275)        | (61,734)        |
| - Reserve for employment termination benefits (Note 26)    | (11,605)        | (13,095)        |
|  | <b>(87,880)</b> | <b>(74,829)</b> |

The charge for the post-employment benefits represents the cash payments to the Fund by the Group which represent the employer's contribution during the year amounting to YTL76,275 (2006: YTL61,734) has been included in employee costs under operating expenses (Note 26).

**(a) Post-employment benefits (pension and medical)**

The surplus unrecognised in the balance sheet is determined as follows:

|   | 2007          | 2006           |
|---|---------------|----------------|
| Present value of funded obligations                     | (693,564)     | (555,286)      |
| - Pension benefits transferrable to SSI                 | (601,307)     | (526,678)      |
| - Post-employment medical benefits transferrable to SSI | (23,728)      | (28,608)       |
| - Other benefits  | (68,529)      | -              |
| Fair value of plan assets                               | 706,378       | 655,608        |
| <b>Surplus</b>  | <b>12,814</b> | <b>100,322</b> |

The Bank's personnel are members of the Fund whose assets are held independently of the Bank's assets. The financial statements of the Fund have been audited by an independent actuary in accordance with the 38th article of the Insurance Supervisory Law and the "Actuarial Regulation" based on the same article.

The Provisional Article 23 ("Article") of Banking Law which was enacted on 1 November 2005, includes the provision that requires the transfer of pension funds of the banks, including the Fund, to the SSI within three years following the publication of the Banking Law. In accordance with the Banking Law, the actuarial calculation of the liability (if any) on the transfer should be performed by taking into account the procedures and other parameters determined by the commission established by Ministry of Labour and Social Security. Accordingly, the Group calculated the pension benefits transferrable to SSI in accordance with the Decree published by the Council of Ministers in the Official Gazette dated 15 December 2006 No.26377 ("the Decree") for the purpose of determining the principles and procedures to be applied during the transfer of funds. However, the said Article was vetoed by the President and on 2 November 2005 the President initiated a lawsuit before the Turkish Constitutional Court in order to rescind the Article.

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**NOTE 20 - EMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

As of 31 December 2006, the Group obtained an actuarial report from a registered actuary in accordance with the Decree. Based on this Decree, the actuarial balance sheet of the Fund has been prepared in accordance with a technical interest rate of 10.24% and the CSO 1980 mortality table, and reflects a technical surplus of YTL100,322.

On 22 March 2007, the Turkish Constitutional Court reached a verdict with regards to the suspension of the execution of the first paragraph of the Article, which requires the transfer of the Fund to the SSI. On 17 April 2008, the New Law has been substantially enacted after its ratification by the Grand National Assembly of the Republic of Turkey. In accordance with the New Law, members of the funds established in accordance with the Social Security Law should be transferred to SSI within 3 years following the enactment.

The Group obtained an actuarial report from the actuary regarding the Fund in accordance with the New Law related to principles and procedures on determining the application of transfer transactions. The Group's obligation in respect of the post-employment benefits transferrable to SSI has been determined as the value of the payment that would need to be made to SSI to settle the obligation at the balance sheet date in accordance with the related article of the New Law and other related laws and regulations. Therefore, the actuarial parameters and results reflect the provisions of the New Law for the post-employment pension and medical benefits transferrable to SSI (e.g. a technical interest rate of 9.80%), except for the non-transferrable other benefits. Accordingly, including the obligation for non-transferable other benefits amounting YTL68,529 which were transferrable under the provisions of the prior legislation, the surplus of the Fund amounts to YTL12,814 as of 31 December 2007.

The movement in the defined benefit obligation over the year is as follows:

|                                    | <b>Defined benefit<br/>pension plans</b> |                  | <b>Post-employment<br/>medical benefits</b> |                 |
|------------------------------------|--|------------------|---|-----------------|
|                                    | <b>2007</b>                              | <b>2006</b>      | <b>2007</b>                                 | <b>2006</b>     |
| <b>Beginning of year</b>           | <b>(526,678)</b>                         | <b>(577,803)</b> | <b>(28,608)</b>                             | <b>(40,637)</b> |
| Current service cost               | (46,637)                                 | (36,400)         | (29,638)                                    | (25,334)        |
| Interest cost                      | (51,614)                                 | (59,167)         | (2,804)                                     | (4,161)         |
| Contributions by plan participants | (33,039)                                 | (31,303)         | (16,981)                                    | (14,550)        |
| Actuarial losses/(gains)           | (51,950)                                 | 81,987           | (3,341)                                     | 4,151           |
| Benefits paid                      | 108,611                                  | 96,008           | 57,644                                      | 51,923          |
| <b>End of year</b>                 | <b>(601,307)</b>                         | <b>(526,678)</b> | <b>(23,728)</b>                             | <b>(28,608)</b> |

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**NOTE 20 - EMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

The principal actuarial assumptions used were as follows:

|   | 2007<br>(%) | 2006<br>(%) |
|---|-------------|-------------|
| Discount rate   |             |             |
| - Pension benefits transferrable to SSI                 | 9.80        | 10.24       |
| - Post-employment medical benefits transferrable to SSI | 9.80        | 10.24       |
| - Other benefits  | 5.71        | 5.71        |

The effects of a 1% movement in the assumed medical cost trend rate were as follows:

|   | Increase/ Decrease |
|---|--------------------|
| Effect on the aggregate of the current service cost and interest cost | (324)              |
| Effect on the defined benefit obligation                              | 4,363              |

*Mortality rate*

The average life expectancy in years of a pensioner retiring at age 60 for men, 58 for women on the balance sheet date is as follows:

|        | 2007 | 2006 |
|--------|------|------|
| Male   | 18   | 18   |
| Female | 23   | 23   |

The movement in the fair value of plan assets of the year is as follows:

|                                  | 2007           | 2006           |
|----------------------------------|----------------|----------------|
| <b>Beginning of year</b>         | <b>655,608</b> | <b>620,280</b> |
| Actual return on plan assets     | 90,730         | 75,672         |
| Employer contributions (Note 26) | 76,275         | 61,734         |
| Employee contributions           | 50,020         | 45,853         |
| Benefits paid                    | (166,255)      | (147,931)      |
| <b>End of year</b>               | <b>706,378</b> | <b>655,608</b> |

Plan assets are comprised as follows:

|                        | 2007           |             | 2006           |             |
|------------------------|----------------|-------------|----------------|-------------|
| Bank placements        | 638,488        | 90%         | 467,036        | 71%         |
| Equity securities      | 34,625         | 5%          | 106,640        | 16%         |
| Premises and equipment | 30,044         | 4%          | 45,558         | 7%          |
| Other                  | 3,221          | 1%          | 36,374         | 6%          |
|                        | <b>706,378</b> | <b>100%</b> | <b>655,608</b> | <b>100%</b> |

The fair value of the premises occupied by the Group is YTL36,114 (2006: YTL36,114).

Expected contributions to post-employment benefit plans for the year ending 31 December 2008 are YTL140,411.

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**NOTE 20 - EMPLOYMENT BENEFIT OBLIGATIONS (Continued)**

**(b) Employment termination benefits**

Under the Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men). Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

The amount payable consists of one month's salary limited to a maximum of YTL2,030.19 in full YTL amount (31 December 2006: YTL1,857.44 in full YTL amount) for each year of service.

The liability is not funded, as there is no funding requirement.

The reserve has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of its employees.

IAS 19 "Employment Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

|   | <b>2007</b> | <b>2006</b> |
|---|-------------|-------------|
| Discount rate (%)   | 5.71        | 5.71        |
| Turnover rate to estimate the probability of retirement (%) | 8.07        | 6.83        |

Additionally, the principal actuarial assumption is that the maximum liability of YTL1,960.69 in full YTL amount, for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of YTL2,087.92 in full YTL amount (1 January 2007: YTL 1,960.69), effective from 1 January 2008, has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

Movements in the reserve for employment termination benefits during the year are as follows:

|                                    | <b>2007</b>   | <b>2006</b>   |
|------------------------------------|---------------|---------------|
| 1 January                          | 37,503        | 43,658        |
| Effect of disposal (Note 31)       | -             | (60)          |
| Paid during the year               | (10,707)      | (19,190)      |
| Increase during the year (Note 26) | 11,605        | 13,095        |
|                                    | <b>38,401</b> | <b>37,503</b> |

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**NOTE 21 - SHARE CAPITAL**

The historic amount of share capital of the Group is YTL3,000,000 (2006: YTL2,200,000) and consists of 300,000,000 (2006: 220,000,000,000) authorised shares with a nominal value of YKr 1 each.

At 31 December, the issued and fully paid-in share capital held is as follows:

|   | 2007      |                  | 2006      |                  |
|---|-----------|------------------|-----------|------------------|
|   | Share (%) | YTL              | Share (%) | YTL              |
| Sabancı Group, family<br>and related companies:         |           |                  |           |                  |
| Hacı Ömer Sabancı Holding A.Ş.<br>and related companies | 31.38     | 941,384          | 34.23     | 753,107          |
| Sabancı family  | 14.20     | 425,865          | 23.20     | 510,263          |
| Total Sabancı Group, family<br>and related companies    | 45.58     | 1,367,249        | 57.43     | 1,263,370        |
| Citibank Overseas Investment<br>Corporation*            | 20.00     | 600,000          | -         | -                |
| Other   | 34.42     | 1,032,751        | 42.57     | 936,630          |
| Historical share capital                                | 100.00    | 3,000,000        | 100.00    | 2,200,000        |
| Adjustment to share capital                             | -         | 2,029,151        | -         | 2,325,154        |
| <b>Total paid-in share capital</b>                      |           | <b>5,029,151</b> |           | <b>4,525,154</b> |

(\*) The Bank's controlling shareholders and Citigroup Inc. ("Citibank") and Citibank's 100% owned subsidiary Citibank Overseas Investment Corporation signed an agreement on 17 October 2006 regarding Citibank's 20% partnership in Akbank. After obtaining all the required approvals from domestic and foreign public authorities, the Bank increased its paid-in capital by YTL200,000 (8.33% of paid-in capital), limiting the preemptive rights of the existing shareholders, and Citibank paid YTL9.5 for each share amounting in total to YTL1,900,000. With this transaction the Bank's paid-in capital increased by YTL200,000 from YTL2,200,000 to YTL2,400,000, and the remaining YTL1,700,000 has been accounted under equity as "Share Premium". In addition, some individual and corporate shareholders of the Bank sold their shares amounting to 11.67% of paid-in capital, to Citibank. Citibank became a 20% shareholder of the Bank following the capital increase and related share sales.

The adjustment to share capital represents the restatement effect of cash and cash equivalent contributions to share capital in terms of equivalent purchasing power at 31 December 2004 after elimination of the accumulated deficit.

Following the BRSA approval and in line with the resolution of the General Assembly of the Shareholders of the Bank, which was held on 17 July 2002, in the inflation-adjusted statutory financial statements, the Bank eliminated accumulated deficit and the corresponding amount of legal and extraordinary reserves and adjustment to share capital. Accordingly, the effects of this elimination transaction have also been reflected in these financial statements, which have been prepared on the basis of IFRS and; accumulated deficit of YTL1,464,503 has been eliminated against the adjustment to share capital.

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**NOTE 22 - RETAINED EARNINGS AND LEGAL RESERVES**

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below.

Under the Turkish Commercial Code, the Group is required to create the following legal reserves from appropriations of earnings, which are available for distribution only in the event of liquidation or losses:

- a) First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital.
- b) Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital, without limit. It may be used to absorb losses.

After deducting taxes and setting aside the legal reserves as discussed above, the remaining balance of net profit is available for distribution to shareholders. In accordance with the Articles of Association, bonuses to the chairman and members of the Board of Directors are limited to a maximum of 2% of the remaining balance; the average percentage of such distributions in the last five years was 0.02%.

In 2003, the Bank established and announced a dividend distribution policy, and in accordance with this policy the Bank distributes a minimum 30% and maximum 50% of the distributable profit to its shareholders identified in the Articles of Association provided that there is no deterioration in the national and global economic environment and that the capital adequacy ratio of the Bank meets or exceeds the targeted level.

**NOTE 23 - NET INTEREST INCOME**

|   | 2007             | 2006             |
|---|------------------|------------------|
| <b>Interest income on:</b>                    |                  |                  |
| Loans and advances to customers               | 5,324,677        | 4,021,626        |
| Interest on investment and trading securities | 3,028,796        | 2,506,250        |
| Interest on deposits with banks               | 340,808          | 268,045          |
| Other interest income                         | 37,637           | 14,474           |
| <b>Total interest income</b>                  | <b>8,731,918</b> | <b>6,810,395</b> |

|   | 2007             | 2006             |
|---|------------------|------------------|
| <b>Interest expense on:</b>                             |                  |                  |
| Interest on deposits                                    | 4,805,995        | 3,660,980        |
| Interest on funds borrowed and debt securities in issue | 545,191          | 480,839          |
| Interest on interbank money market deposits             | 16,403           | 3,662            |
| Other interest expenses                                 | 26,946           | 9,982            |
| <b>Total interest expense</b>                           | <b>5,394,535</b> | <b>4,155,463</b> |

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**NOTE 24 - NET FEE AND COMMISSION INCOME**

|                                       | 2007             | 2006             |
|---------------------------------------|------------------|------------------|
| <b>Fee and commission income on:</b>  |                  |                  |
| Credit cards                          | 685,083          | 478,866          |
| Retail banking operations             | 120,551          | 184,421          |
| Mutual fund management fee (Note 29)  | 117,748          | 115,390          |
| Brokerage commission                  | 47,137           | 49,560           |
| Non-cash loans                        | 46,720           | 42,819           |
| Insurance intermediary                | 35,670           | 31,006           |
| Money transfers                       | 22,220           | 29,086           |
| Other                                 | 226,017          | 168,687          |
|                                       | <b>1,301,146</b> | <b>1,099,835</b> |
| <b>Fee and commission expense on:</b> |                  |                  |
| Credit cards                          | (195,405)        | (166,414)        |
| Other                                 | (60,708)         | (70,378)         |
|                                       | <b>(256,113)</b> | <b>(236,792)</b> |
| <b>Net fee and commission income</b>  | <b>1,045,033</b> | <b>863,043</b>   |

**NOTE 25 - NET TRADING INCOME/(LOSS)**

|   | 2007            | 2006           |
|---|-----------------|----------------|
| Foreign exchange gains less losses on trading financial instruments | (12,880)        | (11,705)       |
| Interest rate instruments   | (46,863)        | 7,692          |
| Trading and available for sale securities                           | 43,826          | 155,861        |
|   | <b>(15,917)</b> | <b>151,848</b> |

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**NOTE 26 - OPERATING EXPENSES**

|  | 2007             | 2006             |
|--|------------------|------------------|
| Employee costs   | 650,901          | 582,373          |
| Credit card and banking services                         | 273,822          | 264,945          |
| Marketing and advertisement expenses                     | 105,953          | 120,167          |
| Depreciation charges of property and equipment (Note 13) | 97,785           | 91,608           |
| Sundry taxes and duties                                  | 96,413           | 61,297           |
| Communication expenses                                   | 83,963           | 85,652           |
| Computer maintenance and support expenses                | 53,997           | 60,481           |
| Saving deposits insurance fund                           | 52,352           | 30,792           |
| Consultancy expenses                                     | 42,624           | 37,524           |
| Heating, lighting and water expenses                     | 22,840           | 20,580           |
| Repair and maintenance expenses                          | 21,808           | 47,093           |
| Amortisation of other intangible assets (Note 14)        | 9,177            | 9,380            |
| Stationary expenses                                      | 8,202            | 8,205            |
| Other  | 309,063          | 211,379          |
|  | <b>1,828,900</b> | <b>1,631,476</b> |

For the year ended 2007, total remuneration of the senior management and Board of Directors amounted to YTL10,438 (2006: YTL9,010).

Since a dispute arising from a tax inspection at the Bank was concluded against the Bank by the Court of First Instance, the Bank paid a total amount of YTL57,782 consisting of the tax, late payment interest, and fine, and recorded this amount to "Other Operating Expenses".

Post-employment benefits (pension and medical) paid and reserve for employment termination benefit for the year ended 31 December 2007 which amounts to YTL76,275 and YTL11,605, respectively are included in the employee costs.

**NOTE 27 - ASSETS PLEDGED**

|                                    | 2007             |                   | 2006             |                   |
|------------------------------------|------------------|-------------------|------------------|-------------------|
|                                    | Assets           | Related liability | Assets           | Related liability |
| Balances with the                  |                  |                   |                  |                   |
| Central Bank of Turkey (*)         | 1,667,268        | 41,786,888        | 2,692,777        | 40,052,873        |
| Balances with other banks (Note 6) | 156,172          | 2,997,654         | 100,088          | 3,977,618         |
| Trading securities (Note 7)        |                  |                   |                  |                   |
| - repurchase agreements            | -                | -                 | 393              | 388               |
| - other legal requirements         | 829,475          | -                 | 957,320          | -                 |
| Investment securities (Note 11)    |                  |                   |                  |                   |
| - available-for-sale               |                  |                   |                  |                   |
| - repurchase agreements            | 4,712,504        | 4,783,679         | 5,415,093        | 5,237,840         |
| - other legal requirements         | 870,230          | -                 | 485,658          | -                 |
| - held-to-maturity                 |                  |                   |                  |                   |
| - other legal requirements         | -                | -                 | -                | -                 |
| <b>Total</b>                       | <b>8,235,649</b> | <b>49,568,221</b> | <b>9,651,329</b> | <b>49,268,719</b> |

(\*) Assets pledged in the Central Bank of Turkey are pledged for the Group's reserve requirement which is explained in Note 9.

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**NOTE 28 - COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

In the normal course of banking activities, the Group undertakes various commitments and incurs certain contingent liabilities that are not presented in these consolidated balance sheets, including letters of guarantee, acceptance credits, letters of credit and off-balance sheet derivative instruments. The management does not expect any material losses as a result of these transactions. The following is a summary of significant commitments and contingent liabilities:

**(a) Legal proceedings**

As of 31 December 2007 there are a number of legal proceedings outstanding against the Group, for which a YTL35,651 (2006: YTL21,768) provision has been made.

**(b) Commitments for resale and repurchase of marketable securities:**

As explained in Note 2 (h), repurchase agreements ("repos") are retained in these consolidated financial statements as trading or investment securities or securities originated and the counterparty liability is included in customer deposits. Securities purchased under agreements to resell are recorded as due from banks. The Group's commitments for resale and repurchase of marketable securities (government bonds, treasury bills and Eurobonds) at 31 December are as follows.

|                        | 2007          |               |                |             |           |
|------------------------|---------------|---------------|----------------|-------------|-----------|
|                        | Up to 1 month | 1 to 3 months | 3 to 12 months | Over 1 year | Total     |
| Repurchase commitments | 4,446,686     | 5,444         | 26,423         | 313,352     | 4,791,905 |
| Resale commitments     | -             | -             | -              | -           | -         |

|                        | 2006          |               |                |             |           |
|------------------------|---------------|---------------|----------------|-------------|-----------|
|                        | Up to 1 month | 1 to 3 months | 3 to 12 months | Over 1 year | Total     |
| Repurchase commitments | 4,927,948     | 71,961        | 127,876        | 74,396      | 5,202,181 |
| Resale commitments     | 9             | -             | -              | -           | 9         |

YTL8,311 of the repurchase commitments have been made with Sabancı Holding Group companies and other related parties at 31 December 2007 (2006: YTL27,545).

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**NOTE 28 - COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS  
(Continued)**

**(c) Commitments under derivative instruments:**

The breakdown of notional amounts of derivative transactions at 31 December is as follows:

|   | 2007               |                  |                |                |                  |                  |
|---|--------------------|------------------|----------------|----------------|------------------|------------------|
|   | US\$               | EUR              | GBP            | Other          | YTL              | Total            |
| Currency forward transactions                               | 36,683             | 99,473           | -              | 49,278         | 75,766           | 261,200          |
| Swap transactions   | 1,385,614          | 2,711,453        | 505,556        | 133,201        | 2,037,669        | 6,773,493        |
| - Currency rate swaps                                       | 63,973             | 1,709,976        | 505,556        | 131,751        | 72,669           | 2,483,925        |
| - Interest rate swaps                                       | 1,321,641          | 1,001,477        | -              | 1,450          | 1,965,000        | 4,289,568        |
| Spot transactions   | 151,212            | 11,941           | 8,128          | 12,270         | 25,616           | 209,167          |
| Currency option transactions                                | 147,132            | 78,889           | 985            | 396            | 190,849          | 418,251          |
| Future transactions   | -                  | 3                | -              | -              | 27,574           | 27,577           |
| <b>Total purchases</b>                                      | <b>1,720,641</b>   | <b>2,901,759</b> | <b>514,669</b> | <b>195,145</b> | <b>2,357,474</b> | <b>7,689,688</b> |
| Currency forward transactions                               | 18,750             | 100,258          | -              | 48,975         | 82,833           | 250,816          |
| Swap transaction  | 2,925,795          | 1,749,363        | 21,062         | 30,488         | 2,040,165        | 6,766,873        |
| - Currency rate swaps                                       | 1,604,078          | 747,969          | 21,062         | 29,031         | 75,165           | 2,477,305        |
| - Interest rate swaps                                       | 1,321,717          | 1,001,394        | -              | 1,457          | 1,965,000        | 4,289,568        |
| Spot transactions   | 51,532             | 133,313          | 1,161          | 1,758          | 23,317           | 211,081          |
| Currency option transactions                                | 142,080            | 79,044           | -              | 335            | 197,584          | 419,043          |
| Future transactions   | 26,073             | 27               | -              | -              | 4                | 26,104           |
| <b>Total sales</b>  | <b>3,164,230</b>   | <b>2,062,005</b> | <b>22,223</b>  | <b>81,556</b>  | <b>2,343,903</b> | <b>7,673,917</b> |
| <b>Off-balance sheet net<br/>notional position (Note 3)</b> | <b>(1,443,589)</b> | <b>839,754</b>   | <b>492,446</b> | <b>113,589</b> | <b>13,571</b>    | <b>15,771</b>    |
|   | 2006               |                  |                |                |                  |                  |
|   | US\$               | EUR              | GBP            | Other          | YTL              | Total            |
| Currency forward transactions                               | 172,011            | 97,590           | 277,639        | 33,576         | 131,215          | 712,031          |
| Swap transactions   | 1,700,382          | 2,417,750        | 703,222        | 133,884        | 1,050,000        | 6,005,238        |
| - Currency rate swaps                                       | 1,462,974          | 1,321,808        | 272,880        | 133,884        | -                | 3,191,546        |
| - Interest rate swaps                                       | 237,408            | 1,095,942        | 430,342        | -              | 1,050,000        | 2,813,692        |
| Spot transactions   | 99,901             | 27,957           | -              | 4,679          | 10,601           | 143,138          |
| Currency option transactions                                | 92,664             | 1,210            | -              | 74             | 68,774           | 162,722          |
| <b>Total purchases</b>                                      | <b>2,064,958</b>   | <b>2,544,507</b> | <b>980,861</b> | <b>172,213</b> | <b>1,329,461</b> | <b>7,092,000</b> |
| Currency forward transactions                               | 364,933            | 142,206          | 45,037         | 34,028         | 171,457          | 757,661          |
| Swap transactions   | 1,532,535          | 2,960,087        | 450,610        | 187            | 1,051,000        | 5,994,415        |
| - Currency rate swaps                                       | 1,295,123          | 1,864,145        | 20,268         | 187            | 1,000            | 3,180,723        |
| - Interest rate swaps                                       | 237,412            | 1,095,942        | 430,342        | -              | 1,050,000        | 2,813,696        |
| Spot transactions   | 41,474             | 72,720           | -              | 6,288          | 22,654           | 143,136          |
| Currency option transactions                                | 94,193             | 1,210            | -              | -              | 67,176           | 162,579          |
| <b>Total sales</b>  | <b>2,065,891</b>   | <b>3,179,529</b> | <b>495,647</b> | <b>40,503</b>  | <b>1,312,287</b> | <b>7,093,857</b> |
| <b>Off-balance sheet net<br/>notional position (Note 3)</b> | <b>(933)</b>       | <b>(635,022)</b> | <b>485,214</b> | <b>131,710</b> | <b>17,174</b>    | <b>(1,857)</b>   |

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**NOTE 28 - COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS  
(Continued)**

The above tables summarizes the Group's derivative transactions. Each derivative transaction represents a simultaneous receivable and payable to be received and paid, on a future date, in respective currencies. Accordingly, the difference between the "sale" and "purchase" transactions represents the net exposure of the Group with respect to commitments arising from these transactions.

The related party balances in forward currency purchase/sale and swap transactions are as follows:

|                              | 2007           |                     |                | 2006          |                     |              |
|------------------------------|----------------|---------------------|----------------|---------------|---------------------|--------------|
|                              | YTL            | Foreign<br>currency | Total          | YTL           | Foreign<br>currency | Total        |
| Currency forward purchases   | 8,565          | 69,287              | 77,852         | 82,238        | 35,465              | 117,703      |
| Currency forward sales       | (18,391)       | (59,960)            | (78,351)       | -             | (106,674)           | (106,674)    |
| Currency swap purchases      | -              | 14,201              | 14,201         | -             | 30,564              | 30,564       |
| Currency swap sales          | -              | (16,219)            | (16,219)       | -             | (31,716)            | (31,716)     |
| Interest rate swap purchases | -              | 60,437              | 60,437         | -             | 196,438             | 196,438      |
| Interest rate swap sales     | -              | (60,437)            | (60,437)       | -             | (196,438)           | (196,438)    |
| <b>Net position</b>          | <b>(9,826)</b> | <b>7,309</b>        | <b>(2,517)</b> | <b>82,238</b> | <b>(72,361)</b>     | <b>9,877</b> |

**(d) Credit related commitments:**

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore have significantly less risk. Cash requirements under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Group does not generally expect the third party to draw funds under the agreement.

The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

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**NOTE 28 - COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS  
(Continued)**

The following table shows the outstanding credit related commitments of the Group at 31 December:

|   | 2007             |                  |                  | 2006             |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
|   | Up to<br>1 year  | Over<br>1 year   | Total            | Up to<br>1 year  | Over<br>1 year   | Total            |
| Letters of guarantee<br>issued by the Group |                  |                  |                  |                  |                  |                  |
| - New Turkish lira                          | 308,661          | 2,207,891        | 2,516,552        | 734,782          | 1,330,477        | 2,065,259        |
| - Foreign currency                          | 133,630          | 1,128,551        | 1,262,181        | 263,681          | 668,074          | 931,755          |
| Acceptance credits                          |                  |                  |                  |                  |                  |                  |
| - New Turkish lira                          | -                | 15               | 15               | -                | 15               | 15               |
| - Foreign currency                          | 40,563           | 6,279            | 46,842           | 46,881           | 13,918           | 60,799           |
| Letter of credit                            |                  |                  |                  |                  |                  |                  |
| - New Turkish lira                          | 16               | -                | 16               | 162              | -                | 162              |
| - Foreign currency                          | 773,994          | 402,922          | 1,176,916        | 515,871          | 263,268          | 779,139          |
| Other guarantees                            |                  |                  |                  |                  |                  |                  |
| - New Turkish lira                          | 5,381            | 150,081          | 155,462          | 24,778           | 18,155           | 42,933           |
| - Foreign currency                          | 16,321           | 5,579            | 21,900           | 31,959           | 16,923           | 48,882           |
|   | <b>1,278,566</b> | <b>3,901,318</b> | <b>5,179,884</b> | <b>1,618,114</b> | <b>2,310,830</b> | <b>3,928,944</b> |

Included in the letters of guarantee and acceptance credits are guarantees amounting to YTL487,171 (2006: YTL361,913) for related parties at 31 December 2007.

The economic sector risk concentrations for outstanding credit related commitments of the Group are as follows:

|                          | 2007             | 2006             |
|--------------------------|------------------|------------------|
| Financial institutions   | 811,702          | 310,723          |
| Small-scale retailers    | 668,232          | 623,281          |
| Wholesaling              | 589,614          | 497,029          |
| Chemicals                | 585,638          | 395,715          |
| Construction             | 369,846          | 194,992          |
| Steel and mining         | 366,202          | 144,383          |
| Automotive               | 243,670          | 315,778          |
| Electronics              | 228,273          | 161,057          |
| Electricity, gas, water  | 191,871          | 147,921          |
| Other manufacturing      | 138,069          | 153,784          |
| Agriculture and forestry | 119,827          | 92,162           |
| Food and beverage        | 108,324          | 90,348           |
| Textile                  | 74,743           | 80,135           |
| Transportation           | 73,794           | 66,497           |
| Tourism                  | 32,218           | 42,909           |
| Telecommunications       | 26,535           | 9,151            |
| Other                    | 551,326          | 603,079          |
|                          | <b>5,179,884</b> | <b>3,928,944</b> |

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**NOTE 28 - COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS  
(Continued)**

**(e) Contingent assets:**

The legal situation of the lawsuits regarding the correction of corporate tax paid in 2001, 2002, and 2003 with reference to the temporary article 4, added by the Law No.4743 to the Banking Law No.4389, which was annulled on 1 November 2005 amounting to YTL754,303 is explained below:

The Court of First Instance decided to comply with the decisions of the Council of State in favor of the Bank regarding lawsuits of YTL686,411, which arose from YTL484,942 of 2002, and YTL201,469 of 2001, and the decision was communicated to the Ministry. The Ministry appealed against the decision. The appeal process for the lawsuit related to the year 2001 and revision of decision process for the year 2002 are still in progress.

With reference to the lawsuit in the amount of YTL67,892 related to the year 2003, the ruling of the court of first instance following the overruling decision of the Council of State in favor of the Bank is being awaited.

The Bank is continuing the talks with the Ministry for the collection or offsetting against various tax liabilities, for the portion in excess of YTL270,001, which was accepted by the Ministry and recorded as income (Note 18-c).

**NOTE 29 - MUTUAL FUNDS**

At 31 December 2007, the Group manages 18 (2006: 16) mutual funds and 19 mutual pension funds ("Funds") which were established under Capital Markets Board Regulations. At 31 December 2007, the Funds' investment portfolio includes government bonds, treasury bills and share certificates amounting to YTL4,548,184 (2006: YTL3,262,882). In accordance with the Funds' statute, the Group purchases and sells marketable securities for the Funds, markets their participation certificates and provides other services and charges management fees ranging from 0.000275% to 0.001375%. At 31 December 2007, management fees earned by the Group amounted to YTL117,748 (2006: YTL115,390).

**NOTE 30 - RELATED PARTY TRANSACTIONS**

A number of transactions were entered into with related parties in the normal course of business.

*i) Balances with related parties:*

|   | <u>2007</u>      | <u>2006</u>      |
|---|------------------|------------------|
| Loans and receivables, net                    | 935,510          | 733,462          |
| Due from banks                                | 5,045            | -                |
| Finance lease receivables                     | 12,073           | 11,842           |
| <b>Assets</b>                                 | <b>952,628</b>   | <b>745,304</b>   |
| Due to customers                              | 5,100,378        | 3,042,496        |
| Due to banks                                  | -                | -                |
| <b>Liabilities</b>                            | <b>5,100,378</b> | <b>3,042,496</b> |
| Credit related commitments                    | 487,171          | 361,913          |
| Commitment under derivative instruments       | 151,126          | 224,377          |
| <b>Commitments and contingent liabilities</b> | <b>638,297</b>   | <b>586,290</b>   |

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**NOTE 30 - RELATED PARTY TRANSACTIONS (Continued)**

*ii) Transactions with related parties:*

|                              | <u>31 December 2007</u> | <u>31 December 2006</u> |
|------------------------------|-------------------------|-------------------------|
| Interest income on loans     | 86,230                  | 113,806                 |
| <b>Interest income</b>       | <b>86,230</b>           | <b>113,806</b>          |
| Interest expense on deposits | 605,097                 | 349,919                 |
| <b>Interest expense</b>      | <b>605,097</b>          | <b>349,919</b>          |

*iii) Balances with directors and other key management personnel:*

|                  | <u>2007</u> | <u>2006</u> |
|------------------|-------------|-------------|
| Due to customers | 590,183     | 259,210     |

For the period ended 31 December 2007, total remuneration of the senior management and Board of Directors amounted to YTL10,438 (31 December 2006: YTL9,010).

As at 31 December 2007, other balances with directors and other key management personnel are immaterial.

**NOTE 31 - ACQUISITIONS AND DISPOSALS**

**(a) Acquisitions:**

There are no acquisitions in 2007.

**(b) Disposals:**

There are no disposals in 2007.

On 10 March 2006, the Group disposed of 73.41% of the share capital of Ak Emeklilik A.Ş..

The subsidiary operated in the insurance business and it contributed operating income of YTL29,840 for the period ended 31 December 2005.

**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AT 31 DECEMBER 2007**

(Amounts expressed in thousands of New Turkish lira ("YTL"))

**NOTE 31 - ACQUISITIONS AND DISPOSALS (Continued)**

The details of assets and liabilities disposed and the disposal consideration are as follows:

|   |                 |
|---|-----------------|
| Cash and cash equivalents                             | 10,939          |
| Investment securities (Note 11)                       | 107,435         |
| Property and equipment (Note 13)                      | 4,614           |
| Intangible assets (Note 14)                           | 873             |
| Other assets and pre-payments                         | 14,883          |
| Funds borrowed  | (376)           |
| Reserve for employment termination benefits (Note 20) | (60)            |
| Other liabilities and accrued expenses                | (92,955)        |
| <b>Net assets</b>                                     | <b>45,353</b>   |
| <b>Minority interest (26.59%)</b>                     | <b>(12,059)</b> |
| <b>Net assets disposed</b>                            | <b>33,294</b>   |
| Proceeds from sale (discharged by cash)               | 125,000         |
| Less: cash and cash equivalents in subsidiary sold    | (10,939)        |
| <b>Net cash inflow on sale</b>                        | <b>114,061</b>  |

**NOTE 32 - EVENTS AFTER THE BALANCE SHEET DATE**

- (a) On 20 March 2008, the Bank has reconciled with Ministry of Finance, within the framework of article 3 of the "Act on collection of certain public receivables through settlement" published in the Official Gazette No.26800 dated 27 February 2008, on the correction of tax payments related to the financial years 2001, 2002 and 2003, which is explained in detail on Note 18 "Gain on Tax Case". According to the calculations made for the purpose of the settlement, the Bank's total amount of receivables from the Ministry of Finance related to those lawsuits is confirmed as YTL494,710. The remaining amount of YTL224,709 after deducting the amount of YTL270,001, which was accepted by the Ministry of Finance to be offset against various tax payables of the Bank and recognized in the financial statements of the year 2007, is recorded as income on the year 2008 financial statements.
- (b) The Ordinary General Assembly Meeting of the Parent Bank was held on 28 March 2008. In the Ordinary General Assembly, it was resolved to distribute YTL720,511 cash dividend over YTL1,994,294 stand-alone net income on statutory financial statements on 2007 operations to the Bank's shareholders, Chairman and Members of the Board of Directors. It was also resolved in the General Assembly to transfer YTL8,025 to capital reserves, to allocate YTL1,265,758 as legal and extraordinary reserves.
- (c) On January and April 2008, the Bank completed transactions to sell a portfolio of non-performing credit cards amounting to YTL93,205 and a portfolio of non-performing corporate and commercial loans amounting to YTL246,264, in return for YTL8,223 and YTL40,393 respectively. The sale price is fully recognized as income in the subsequent period, as the sold portfolio of non-performing loans were fully provisioned in the Bank's financial statements previously.