

**CONVENIENCE TRANSLATION
OF PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH,
SEE IN NOTE I. OF SECTION THREE**

**EUROBANK TEKFEN A.Ş.
(Formerly known as "TEKFENBANK A.Ş.")**

**PUBLICLY ANNOUNCED UNCONSOLIDATED
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
AT 31 DECEMBER 2007**

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

To the Board of Directors of Eurobank Tekfen A.Ş.:

We have audited the accompanying unconsolidated balance sheet of Eurobank Tekfen A.Ş. ("the Bank") at 31 December 2007 and the related unconsolidated statements of income, cash flows and changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements. The financial statements of the Bank as at and for the year ended 31 December 2006 were audited by another auditor whose report dated 7 March 2007 expressed a qualified opinion due to not forming an opinion regarding the impairment provision provided for share certificates of a defaulted loan customer of the Bank.

Disclosure for the responsibility of the Bank's Board of Directors:

The Bank's Board of Directors is responsible for establishing and maintaining effective internal control over financial reporting to prevent the misstatements caused by error or fraud, that are material to the financial statements; and for selecting and applying appropriate accounting policies in compliance with the "Regulation on Accounting Applications for Banks and Safeguarding of Document" published on the Official Gazette No.26333 dated 1 November 2006, Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations, interpretations and circulars published or declared by the Banking Regulation and Supervision Agency (the "BRSA") on accounting and financial reporting principles.

Disclosure for the Responsibility of the Authorized Audit Firm:

Our responsibility, as independent auditors, is to express an opinion on these financial statements based on our audit. Our independent audit has been implemented in accordance with "Regulation on Authorisation and Activities of Institutions to Conduct Independent Audit in Banks" published on the Official Gazette No.26333 dated 1 November 2006. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements; the selection of these audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting process into consideration and assessing the appropriateness of the applied accounting policies. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion stated below.

Independent Auditor's Opinion:

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Eurobank Tekfen A.Ş. at 31 December 2007 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles and standards set out by regulations in conformity with article 37 of the Banking Act No. 5411 and other regulations, communiques, interpretations and circulars published by the BRSA on accounting and financial reporting principles.

Additional Paragraph for Convenience Translation:

As explained in detail in Note I. of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with article 37 of the Banking Act No. 5411, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated 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

Alper Önder, SMMM

Istanbul, 13 March 2008

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

**THE UNCONSOLIDATED FINANCIAL REPORT OF
EUROBANK TEKFEN A.Ş. AS OF 31 DECEMBER 2007**

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

- **Section One** GENERAL INFORMATION ABOUT THE BANK
- **Section Two** UNCONSOLIDATED FINANCIAL STATEMENTS
- **Section Three** EXPLANATIONS ON ACCOUNTING POLICIES
- **Section Four** INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK
- **Section Five** EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** OTHER EXPLANATIONS AND NOTES
- **Section Seven** EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

The accompanying unconsolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of New Turkish Lira ("YTL"), have been prepared and presented 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, and related appendices and interpretations of these, and have been independently audited.

12 March 2008

M. Ercan KUMCU Chairman of the Board of Directors and Head of Audit Committee	Mehmet N. ERTEN Member of the Board of Directors and General Manager	A.İdil Kural Vice President and Group Head of Financial Control and Planning	Ahmet CİĞA Head of Accounting, Tax, and Reporting Unit
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Piergiorgio PRADELLI Member of Audit Committee	Paula HADJISOTIRIOU Member of Audit Committee
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Contact information of the personnel in charge of the addressing of questions about this financial report:

Name-Surname / Title: Ahmet CİĞA / Manager
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EUROBANK TEKFEN A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2007

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

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

I. BANK'S FOUNDATION DATE, START-UP STATUTE, HISTORY ABOUT THE CHANGES IN THIS MENTIONED STATUTE:

Tekfen Yatırım ve Finansman Bankası A.Ş. was established as an "investment bank" with the permission of the Council of Ministers No.88/13253 on 26 August 1988 and authorised to conduct finance investment and foreign trade activities. Banking operations commenced on 7 August 1989.

Bank Ekspres A.Ş. ("Bank Ekspres") was established with the permission of the Council of Ministers in decision No.91/2316 on 22 September 1991; "The Decree of Establishment Permission" was published in the Official Gazette numbered 21017 and dated 10 October 1991. The Articles of Association was published in the Trade Registry Gazette numbered 2969 and dated 18 February 1992. The Turkish Savings Deposit and Insurance Fund ("SDIF") took over the management of Bank Ekspres A.Ş. due to the poor fiscal structure of the bank on 23 October 1998.

According to the Share Transfer Agreement signed between the SDIF and Tekfen Holding A.Ş. on 30 June 2001, 2.983.800.000 shares with a nominal value of Ykr1 each and which amount to 99,46% of the capital of Bank Ekspres A.Ş. under the control of the SDIF in accordance with Banking Law were transferred to Tekfen Holding A.Ş.. Based on this agreement, the acquisition of Tekfen Yatırım ve Finansman Bankası A.Ş., where Tekfen Holding A.Ş. owns 57,69% of the Bank, by Bank Ekspres A.Ş. was permitted by the Banking Regulation and Supervision Agency's ("BRSA") decision numbered 489 dated 18 October 2001. The share transfers were realised on 26 October 2001 and the bank's name was changed to Tekfenbank Anonim Şirketi (the "Bank"), which had two main shareholders: Tekfen Holding A.Ş. with 57,30% and TST International S.A. with 40,62%.

EFG Eurobank Ergasias S.A. ("Eurobank EFG") and Tekfen Holding A.Ş. ("Tekfen Group") signed an agreement as at 8 May 2006, that anticipated Eurobank EFG to purchase Tekfen Group's 70% share in Tekfenbank and Tekfen Leasing which is fully owned by Tekfenbank; where Tekfen Group retained its strategic partnership by keeping all remaining shares. At 23 February 2007, the sale of Tekfenbank A.Ş. to Eurobank EFG Holding (Luxembourg) S.A. ("Eurobank EFG Holding") was approved by the BRSA and the sale was completed after the share transfer on 16 March 2007.

According to the decision taken in the Extraordinary General Assembly Meeting held on 5 December 2007 the name of Tekfenbank A.Ş. was changed to Eurobank Tekfen A.Ş. ("The Bank") and registered to Turkish Trade Registry on 11 January 2008.

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EUROBANK TEKFEN A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2007

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

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

Based on the approval notice of the BRSA dated 23 February 2007; at 16 March 2007, 2.630.678.980 registered shares out of the 2.880.538.208 registered shares and 700.000 bonus shares owned by Tekfen Holding A.Ş., and 869.321.020 registered shares of the 2.031.010.000 registered shares owned by TST International Finance S.A. have been transferred to Eurobank EFG Holding.

After the share transfer in 2007, 70% of the Bank's capital is owned by Eurobank EFG Holding, 23,23% by TST International Finance S.A. (a Tekfen Group Company) and the remaining 5,90% by Tekfen Holding A.Ş. as of 31 December 2007.

Eurobank EFG, which is a member of EFG Bank European Financial Group, was established in 1990 in Geneva, Switzerland. EFG Group operates in the Greece and New Europe Region with 19.000 personnel and 1.300 branches. The bank's operations concentrate on consumer financing, portfolio management, investment banking, security intermediation and the life insurance business.

Tekfen Group, which was established in 1956 as an engineering company, is composed of many companies and subsidiaries operating in domestic and foreign markets, which are gathered under the name Tekfen Holding A.Ş.. Tekfen Group companies mainly operate in the construction and commitment services, banking and financial services, business centres and housing construction, international investment advisory services and intermediary services sectors. These companies are grouped under six main categories, namely, "Contracting Group", "Agricultural Industry Group", "Real Estate Development Group", "Banking Group", "Investment and Services Group" and "International Investment and Trading Group".

**CONVENIENCE TRANSLATION OF PUBLICLY
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IN TURKISH, SEE NOTE I. OF SECTION THREE**

EUROBANK TEKFEN A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2007

(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, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE BANK THEY POSSESS:

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors:	Dr. Mehmet Ercan Kumcu	Chairman	PhD
Board of Directors Members:	Prof.Dr.Nikolaos Karamouzis	Vice Chairman	PhD
	Piergiorgio Pradelli	Member	Undergraduate
	Evangelos Kavvalos	Member	Graduate
	Paula Hadjisotiriou	Member	Undergraduate
	Georgios Marinos	Member	Graduate
	B.Elif Bilgi Zapparoli	Member	Graduate
	Derya Tamerler	Member	Undergraduate
	Doç.Dr.Osman Reha Yolalan	Member	PhD
	Fedon Hacaki	Member	Graduate
	Mehmet Nazmi Erten	Member and General Manager	Undergraduate
General Manager:	Mehmet Nazmi Erten	Member and General Manager	Undergraduate
Vice General Managers:	Derya Tamerler	Senior Vice General Manager	Undergraduate
	Kemal Yıldız(*)	Loans	Undergraduate
	Berrin Korkmaz Walraven	Information Technology	Undergraduate
	Haldun Sevinç	Marketing	Undergraduate
	Fatma Aliye Atalay	Private Banking	Graduate
	Ahmet Türkselçi	Human Resources	Undergraduate
	Hadiye Rengin Ekmekçioğlu(**)	Factoring	Graduate
	Esra Aydın	Operations	Undergraduate
	Mutlu Akpara	Treasury	Graduate
	Hüseyin Cem Öge	Corporate and Structured Finance	Graduate
	Fedon Hacaki (*)	Risk Management	Graduate
	Ayşe İdil Kural (***)	Financial Controlling and Planning	Undergraduate
Auditors:	Dr.Ahmet İpekçi	Auditor	PhD
	Dr.Ahmet Burak Emel	Auditor	PhD
	Firdevs Sancı	Auditor	Undergraduate
Audit Committee:	Dr. Mehmet Ercan Kumcu	Head of Audit Committee	PhD
	Piergiorgio Pradelli	Member	Undergraduate
	Paula Hadjisotiriou	Member	Undergraduate

(*) As of 25 January 2008, Kemal Yıldız is continuing his duty as a consultant where Fedon Hacaki has been appointed as the Vice General Manager responsible for Loans.

(**) As of 25 January 2008, Hadiye Rengin Ekmekçioğlu has resigned from her duty.

(***) Ayşe İdil Kural has been assigned as Chief Financial Officer as at 17 January 2008.

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

**CONVENIENCE TRANSLATION OF PUBLICLY
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EUROBANK TEKFEN A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2007

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

IV. EXPLANATION ON SHAREHOLDERS HAVING CONTROL SHARES:

Name/Commercial title	Share Amounts	Share percentage	Paid-in Capital	Unpaid portion
Eurobank EFG Holding (Luxembourg) S.A.	161.000	70,00%	70,00%	-
TST International Finance S.A.	53.438	23,23%	23,23%	-
Tekfen Holding A.Ş.	13.564	5,90%	5,90%	-
Total	228.002	99,13%	99,13%	-

Based on the Principal Agreement, the Bank has 1.000.000 founder's shares. According to the Principal Agreement, after allocating 5% to legal reserves and distributing 5% of the paid in capital, 10% of distributable amount is distributed to the owners of the founder's shares.

In accordance with the Shareholders Agreement signed among Eurobank EFG Holding, Tekfen Holding A.Ş. and TST International Finance S.A. Luxembourg on 16 March 2007, at any time between fifth and tenth anniversary of the signing of this agreement, any shareholder from Tekfen Group is entitled to sell the shares of the Bank then held to shareholders from EFG Group in one transaction by exercising the put option with the exercise price determined as described in the agreement.

On the other hand at any time between seventh and tenth anniversary of the signing of this agreement, shareholders from the EFG Group have the right to purchase the shares of the Bank then held by shareholders from Tekfen Group in one transaction by exercising the call option with the exercise price determined as described in the agreement.

V. INFORMATION ON THE BANK'S SERVICE TYPE AND FIELD OF OPERATIONS:

As of 31 December 2007, the Bank has 36 branches operating in Turkey (31 December 2006: 31). The Bank's core business activities include corporate and commercial banking, retail banking and banking services in treasury fields. As of 31 December 2007, the Bank has 549 (31 December 2006: 567) employees.

SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS

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

EUROBANK TEKFEN A.Ş.

UNCONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2007 AND 31 DECEMBER 2006

(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira (“YTL”).)

I. BALANCE SHEET		Note (Section Five)	(31/12/2007)			(31/12/2006)		
			YTL	FC	Total	YTL	FC	Total
ASSETS								
I.	CASH AND BALANCES WITH CENTRAL BANK	I-a	41.474	59.761	101.235	22.609	58.440	81.049
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT or LOSS (Net)	I-b	84.048	159	84.207	5.420	556	5.976
2.1	Trading Financial Assets		84.048	-	84.048	5.415	-	5.415
2.1.1	Government Debt Securities		84.048	-	84.048	5.415	-	5.415
2.1.2	Share Certificates		-	-	-	-	-	-
2.1.3	Other Marketable Securities		-	-	-	-	-	-
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		-	159	159	5	556	561
III.	BANKS	I-c	47	108.515	108.562	113.286	115.024	228.310
IV.	MONEY MARKETS		-	-	-	45.935	-	45.935
4.1	Interbank Money Market Placements		-	-	-	-	-	-
4.2	Receivables from Istanbul Stock Exchange Money Market		-	-	-	45.935	-	45.935
4.3	Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V.	AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	I-d	327.202	105.007	432.209	90.330	11.096	101.426
5.1	Share Certificates		950	-	950	2.893	-	2.893
5.2	Government Debt Securities		326.252	105.007	431.259	87.437	11.096	98.533
5.3	Other Marketable Securities		-	-	-	-	-	-
VI.	LOANS	I-e	622.391	259.344	881.735	427.109	149.669	576.778
6.1	Loans		607.934	259.344	867.278	424.742	149.669	574.411
6.1.1	Loans to Bank's Risk Group		651	13	664	142	1.931	2.073
6.1.2	Other		607.283	259.331	866.614	424.600	147.738	572.338
6.2	Loans under Follow-up		34.302	-	34.302	14.763	-	14.763
6.3	Specific Provisions (-)		19.845	-	19.845	12.396	-	12.396
VII.	FACTORING RECEIVABLES	I-e	14.197	39	14.236	-	-	-
VIII.	HELD-TO-MATURITY SECURITIES (Net)	I-f	959.743	1.863	961.606	36.591	2.014	38.605
8.1	Government Debt Securities		959.743	1.863	961.606	36.591	2.014	38.605
8.2	Other Marketable Securities		-	-	-	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	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		-	-	-	-	-	-
X.	SUBSIDIARIES (Net)	I-h	121.562	-	121.562	9.462	-	9.462
10.1	Unconsolidated Financial Subsidiaries		121.562	-	121.562	9.462	-	9.462
10.2	Unconsolidated non-Financial Subsidiaries		-	-	-	-	-	-
XI.	JOINT VENTURES (Net)	I-i	-	-	-	-	-	-
11.1	Consolidated Based on Equity Method		-	-	-	-	-	-
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial Joint Ventures		-	-	-	-	-	-
11.2.2	Non-financial Joint Ventures		-	-	-	-	-	-
XII.	LEASE RECEIVABLES (Net)	I-j	-	-	-	-	-	-
12.1	Financial Lease Receivables		-	-	-	-	-	-
12.2	Operational Lease Receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned Income (-)		-	-	-	-	-	-
XIII.	HEDGING DERIVATIVE FINANCIAL ASSETS	I-k	-	1.334	1.334	-	-	-
13.1	Fair Value Hedge		-	1.334	1.334	-	-	-
13.2	Cash Flow Hedge		-	-	-	-	-	-
13.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XIV.	PROPERTY AND EQUIPMENT (Net)	I-l	23.895	-	23.895	24.317	-	24.317
XV.	INTANGIBLE ASSETS (Net)	I-m	1.036	-	1.036	950	-	950
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		1.036	-	1.036	950	-	950
XVI.	INVESTMENT PROPERTY (Net)	I-n	-	-	-	-	-	-
XVII.	TAX ASSET	I-o	14.406	-	14.406	1	-	1
17.1	Current Tax Asset		8.627	-	8.627	1	-	1
17.2	Deferred Tax Asset		5.779	-	5.779	-	-	-
XVIII.	ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS (Net)	I-p	1.200	-	1.200	1.088	-	1.088
18.1	Held for Resale		1.200	-	1.200	1.088	-	1.088
18.2	Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	I-r	1.723	116	1.839	1.823	125	1.948
TOTAL ASSETS			2.212.924	536.138	2.749.062	778.921	336.924	1.115.845

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

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

EUROBANK TEKFEN A.Ş.

UNCONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2007 AND 31 DECEMBER 2006

(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira (“YTL”).)

I. BALANCE SHEET	Note (Section Five)	(31/12/2007)			(31/12/2006)		
		YTL	FC	Total	YTL	FC	Total
LIABILITIES							
I. DEPOSITS	II-a	621.115	530.759	1.151.874	414.627	346.154	760.781
1.1 Deposits of Bank's Risk Group		224.946	178.741	403.687	12.472	12.445	24.917
1.2 Other		396.169	352.018	748.187	402.155	333.709	735.864
II. TRADING DERIVATIVE FINANCIAL LIABILITIES	II-b	10	165	175	3.147	2	3.149
III. BORROWINGS	II-c	1.008.051	49.699	1.057.750	40.127	91.664	131.791
IV. MONEY MARKETS		156.036	21.508	177.544	71.396	-	71.396
4.1 Funds from Interbank Money Market		-	-	-	-	-	-
4.2 Funds from Istanbul Stock Exchange Money Market		18.838	-	18.838	8.530	-	8.530
4.3 Funds Provided Under Repurchase Agreements		137.198	21.508	158.706	62.866	-	62.866
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower Funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		6.291	13.551	19.842	4.935	1.039	5.974
VIII. OTHER LIABILITIES	II-d	15.261	1.900	17.161	4.799	1.829	6.628
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	II-e	-	1.094	1.094	-	3.838	3.838
10.1 Financial Lease Payables		-	1.207	1.207	-	4.037	4.037
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred Financial Lease Expenses (-)		-	113	113	-	199	199
XI. HEDGING DERIVATIVE FINANCIAL LIABILITIES	II-f	-	13.958	13.958	-	-	-
11.1 Fair Value Hedge		-	13.958	13.958	-	-	-
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Foreign Net Investment Hedge		-	-	-	-	-	-
XII. PROVISIONS	II-g	21.352	2.922	24.274	11.287	-	11.287
12.1 General Loan Loss Provision		5.677	2.849	8.526	3.464	-	3.464
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Rights		6.181	-	6.181	3.608	-	3.608
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		9.494	73	9.567	4.215	-	4.215
XIII. TAX LIABILITY	II-h	13.834	-	13.834	3.918	-	3.918
13.1 Current Tax Liability		13.834	-	13.834	3.615	-	3.615
13.2 Deferred Tax Liability		-	-	-	303	-	303
XIV. PAYABLES FOR ASSET HELD FOR RESALE AND DISCONTINUED OPERATIONS	II-i	-	-	-	-	-	-
14.1 Held for Resale		-	-	-	-	-	-
14.2 Discontinued Operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	II-j	-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY	II-k	270.730	826	271.556	117.083	-	117.083
16.1 Paid-in Capital		230.000	-	230.000	50.000	-	50.000
16.2 Capital Reserves		5.094	826	5.920	40.383	-	40.383
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Marketable Securities Valuation Reserve		1.424	826	2.250	250	-	250
16.2.4 Tangible Assets Revaluation Reserve		2.103	-	2.103	3.128	-	3.128
16.2.5 Intangible Assets Revaluation Reserve		-	-	-	-	-	-
16.2.6 Investment Property Revaluation Reserve		-	-	-	-	-	-
16.2.7 Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
16.2.8 Hedging Reserves (Effective portion)		-	-	-	-	-	-
16.2.9 Value Differences of Assets Held for Resale and Discontinued Operations		-	-	-	-	-	-
16.2.10 Other Capital Reserves		1.567	-	1.567	37.005	-	37.005
16.3 Profit Reserves		17.138	-	17.138	9.926	-	9.926
16.3.1 Legal Reserves		7.080	-	7.080	7.080	-	7.080
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		10.058	-	10.058	2.846	-	2.846
16.3.4 Other Profit Reserves		-	-	-	-	-	-
16.4 Income or (Loss)		18.498	-	18.498	16.774	-	16.774
16.4.1 Prior Years' Income or (Loss)		-	-	-	4.388	-	4.388
16.4.2 Current Year Income or (Loss)		18.498	-	18.498	12.386	-	12.386
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2.112.680	636.382	2.749.062	671.319	444.526	1.115.845

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

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

EUROBANK TEKFEN A.Ş.

**UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AT 31 DECEMBER 2007 AND 31 DECEMBER 2006
(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira (“YTL”).)**

II. OFF-BALANCE SHEET		Note (Section Five)	(31/12/2007)			(31/12/2006)		
			YTL	FC	Total	YTL	FC	Total
A	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		286.376	708.237	994.613	368.606	399.860	768.466
I.	GUARANTEES AND WARRANTIES	III-a-2,3	211.591	444.970	656.561	189.566	289.549	479.115
1.1	Letters of Guarantee		211.591	87.737	299.328	189.566	106.509	296.075
1.1.1	Guarantees Subject to State Tender Law		21.560	8.786	30.346	22.512	5.032	27.544
1.1.2	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3	Other Letters of Guarantee		190.031	78.951	268.982	167.054	101.477	268.531
1.2	Bank Acceptances		-	5.861	5.861	-	8.865	8.865
1.2.1	Import Letter of Acceptance		-	5.861	5.861	-	8.865	8.865
1.2.2	Other Bank Acceptances		-	-	-	-	-	-
1.3	Letters of Credit		-	106.365	106.365	-	94.343	94.343
1.3.1	Documentary Letters of Credit		-	106.365	106.365	-	94.343	94.343
1.3.2	Other Letters of Credit		-	-	-	-	-	-
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		-	245.007	245.007	-	79.832	79.832
1.9	Other Collaterals		-	-	-	-	-	-
II.	COMMITMENTS	III-a-1	68.961	-	68.961	71.229	-	71.229
2.1	Irrevocable Commitments		68.961	-	68.961	71.229	-	71.229
2.1.1	Asset Purchase Commitments		1.852	-	1.852	10.473	-	10.473
2.1.2	Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4	Commitments for Loan Limits		5.609	-	5.609	-	-	-
2.1.5	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Commitments for Cheques		43.472	-	43.472	41.780	-	41.780
2.1.8	Tax and Fund Liabilities from Export Commitments		2.641	-	2.641	2.962	-	2.962
2.1.9	Commitments for Credit Card Limits		11.817	-	11.817	10.624	-	10.624
2.1.10	Promotion Commitments for Credit Cards and Banking Services		-	-	-	-	-	-
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		3.570	-	3.570	5.390	-	5.390
2.2	Revocable Commitments		-	-	-	-	-	-
2.2.1	Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	III-b	5.824	263.267	269.091	107.811	110.311	218.122
3.1	Hedging Derivative Financial Instruments		-	139.116	139.116	-	-	-
3.1.1	Transactions for Fair Value Hedge		-	139.116	139.116	-	-	-
3.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments		5.824	124.151	129.975	107.811	110.311	218.122
3.2.1	Forward Foreign Currency Buy/Sell Transactions		5.824	77.680	83.504	862	7.879	8.741
3.2.1.1	Forward Foreign Currency Transactions-Buy		1.167	40.593	41.760	154	4.220	4.374
3.2.1.2	Forward Foreign Currency Transactions-Sell		4.657	37.087	41.744	708	3.659	4.367
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates		-	24.807	24.807	106.949	102.432	209.381
3.2.2.1	Foreign Currency Swap-Buy		-	12.382	12.382	28.500	74.497	102.997
3.2.2.2	Foreign Currency Swap-Sell		-	12.425	12.425	78.449	27.935	106.384
3.2.2.3	Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4	Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3	Foreign Currency, Interest rate and Securities Options		-	21.664	21.664	-	-	-
3.2.3.1	Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2	Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3	Interest Rate Options-Buy		-	10.832	10.832	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	10.832	10.832	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
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		-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		1.847.803	2.396.525	4.244.328	1.175.128	1.344.782	2.519.910
IV.	ITEMS HELD IN CUSTODY		145.578	100.983	246.561	135.997	99.439	235.436
4.1	Customer Fund and Portfolio Balances		13.342	-	13.342	15.620	-	15.620
4.2	Investment Securities Held in Custody		78.248	10.798	89.046	46.006	13.627	59.633
4.3	Cheques Received for Collection		23.714	38.920	62.634	25.904	38.617	64.521
4.4	Commercial Notes Received for Collection		21.566	24.115	45.681	42.985	30.388	73.373
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		8.708	27.150	35.858	5.482	16.807	22.289
4.8	Custodians		-	-	-	-	-	-
V.	PLEDGES RECEIVED		1.702.225	2.295.542	3.997.767	1.039.131	1.245.343	2.284.474
5.1	Marketable Securities		106.843	-	106.843	331	-	331
5.2	Guarantee Notes		882.338	1.406.580	2.288.918	560.080	899.872	1.459.952
5.3	Commodity		26.267	3.565	29.832	34.643	-	34.643
5.4	Warranty		-	-	-	-	-	-
5.5	Immovable		644.228	872.238	1.516.466	403.274	337.006	740.280
5.6	Other Pledged Items		42.549	13.159	55.708	40.803	8.465	49.268
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)			2.134.179	3.104.762	5.238.941	1.543.734	1.744.642	3.288.376

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

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

**EUROBANK TEKFEN A.Ş.
UNCONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED
31 DECEMBER 2007 AND 31 DECEMBER 2006**

(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira (“YTL”).)

III.	INCOME STATEMENT	Note (Section Five)	01/01/2007- 31/12/2007	01/01/2006- 31/12/2006
	INCOME AND EXPENSE ITEMS			
I.	INTEREST INCOME	IV-a	274.146	111.020
1.1	Interest on Loans	IV-a-1	116.970	69.884
1.2	Interest Received from Reserve Requirements		7.608	2.654
1.3	Interest Received from Banks	IV-a-2	14.916	11.995
1.4	Interest Received from Money Market Transactions		2.971	11.101
1.5	Interest Received from Marketable Securities Portfolio		131.400	15.183
1.5.1	Trading Financial Assets		382	383
1.5.2	Financial Assets at Fair Value through Profit or Loss		-	-
1.5.3	Available-for-sale Financial Assets		32.624	4.351
1.5.4	Held-to-maturity Investments		98.394	10.449
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		281	203
II.	INTEREST EXPENSE (-)	IV-b	206.389	75.836
2.1	Interest on Deposits (-)		85.582	63.503
2.3	Interest on Funds Borrowed (-)	IV-b-1	96.108	7.450
2.4	Interest Expense on Money Market Transactions (-)		24.448	4.067
2.5	Interest on Securities Issued (-)		-	-
2.6	Other Interest Expenses (-)		251	816
III.	NET INTEREST INCOME /EXPENSE (I- II)		67.757	35.184
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	IV-I	11.967	9.093
4.1	Fees and Commissions Received		13.132	10.146
4.1.1	Non-cash Loans		9.274	6.482
4.1.2	Other		3.858	3.664
4.2	Fees and Commissions Paid (-)		1.165	1.053
4.2.1	Non-cash Loans (-)		49	56
4.2.2	Other (-)		1.116	997
V.	DIVIDEND INCOME	IV-c	97	117
VI.	TRADING INCOME/(LOSS) (Net)	IV-d	4.858	2.670
6.1	Trading Gains/(Losses) on Securities		(2.683)	(108)
6.2	Foreign Exchange Gains/(Losses)		7.541	2.778
VII.	OTHER OPERATING INCOME	IV-e	8.356	17.496
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		93.035	64.560
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	IV-f	15.280	5.746
X.	OTHER OPERATING EXPENSES (-)	IV-g	55.310	43.627
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		22.445	15.187
XII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XIII.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XIV.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XV.	INCOME/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS (XI+...+XIV)	IV-h	22.445	15.187
XVI.	TAX PROVISION FOR CONTINUING OPERATIONS (-)	IV-i	3.947	2.801
16.1	Current Tax Provision		10.346	514
16.2	Deferred Tax Provision		(6.399)	2.287
XVII.	NET INCOME/(LOSS) FROM CONTINUING OPERATIONS (XV- XVI)	IV-j	18.498	12.386
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1	Income from Non-Current Assets Held for Resale		-	-
18.2	Sale Income from Associates, Subsidiaries and Joint Ventures		-	-
18.3	Other Income from Discontinued Operations		-	-
XIX.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1	Expense from Non-Current Assets Held for Resale		-	-
19.2	Sale Losses from Associates, Subsidiaries and Joint Ventures		-	-
19.3	Other Expenses from Discontinued Operations		-	-
XX.	INCOME/(LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (-)		-	-
21.1	Current tax provision		-	-
21.2	Deferred tax provision		-	-
XXII.	NET INCOME/(LOSS) FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-
XVIII.	NET INCOME/(LOSS) (XVII+XXII)	IV-k	18.498	12.386
	Earnings/(Loss) per share (1.000 nominal in YTL full)		1,1892	1,1734

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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**EUROBANK TEKFEN A.Ş.
UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY
AT 31 DECEMBER 2007 AND 31 DECEMBER 2006
(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira (“YTL”).)**

IV. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY		
INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY	(31/12/2007)	(31/12/2006)
I. ADDITIONS TO THE MARKETABLE SECURITIES VALUATION RESERVE FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	2.765	506
II. REVALUATION DIFFERENCES OF TANGIBLE ASSETS	(1.281)	3.910
III. REVALUATION DIFFERENCES OF INTANGIBLE ASSETS	-	-
IV. FOREIGN EXCHANGE TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-	-
V. INCOME/(LOSS) ON 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)	-	-
VII. EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ERRORS	-	-
VIII. OTHER INCOME AND EXPENSE ITEMS ACCOUNTED IN EQUITY ACCORDING TO TAS	-	-
IX. DEFERRED TAX ON VALUATION DIFFERENCES	(297)	(883)
X. NET INCOME/(LOSS) ACCOUNTED DIRECTLY IN EQUITY (I+II+...+IX)	1.187	3.533
XI. CURRENT PERIOD INCOME/LOSS	(212)	(155)
1.1 Net Change in Fair Value of Marketable Securities (Transfer to Income Statement)	(212)	(155)
1.2 Portion of Cash Flow Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
1.3 Portion of Foreign Investment Hedge Derivative Financial Assets Reclassified and Presented on the Income Statement	-	-
1.4 Other	-	-
XII. TOTAL INCOME/(LOSS) RELATED TO THE CURRENT PERIOD (X+XI)	975	3.378

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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IN TURKISH, SEE NOTE I. OF SECTION THREE**

**EUROBANK TEKFEN A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2006
(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira ("YTL").)**

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																		
	PRIOR PERIOD 31/12/2006	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income / (Loss)	Prior Period Net Income/(Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Difference of AHS and Discontinued Operations	Total Shareholders' Equity
I.	Period Opening Balance		50.000	37.005	-	-	7.080	-	682	-	2.164	-	-	-	-	-	-	96.931
II.	Changes in Accounting Policies according to TAS 8		-	-	-	-	-	-	-	-	-	4.388	-	-	-	-	-	4.388
2.1	Effects of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	4.388	-	-	-	-	-	4.388
III.	New Balance (I+II)		50.000	37.005	-	-	7.080	-	682	-	2.164	4.388	-	-	-	-	-	101.319
	Changes in the Period																	
IV.	Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable Securities Valuation Differences	(V-d)	-	-	-	-	-	-	-	-	-	-	250	-	-	-	-	250
VI.	Hedging Reserves (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Revaluation Differences of Tangible Assets	(V-e)	-	-	-	-	-	-	-	-	-	-	-	3.128	-	-	-	3.128
VIII.	Revaluation Differences of Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus Shares Obtained form Investments in Associates,Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign Exchange Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Changes due to the Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Changes due to the Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effects of Changes in Equity of Investments in Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Adjustment to Share Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Current Year Income or Loss		-	-	-	-	-	-	-	-	12.386	-	-	-	-	-	-	12.386
XX.	Profit Distribution		-	-	-	-	-	-	2.164	-	(2.164)	-	-	-	-	-	-	-
20.1	Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transfers to Reserves		-	-	-	-	-	-	2.164	-	(2.164)	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period End Balance (III+IV+V+.....+ XVIII+XIX+XX)		50.000	37.005	-	-	7.080	-	2.846	-	12.386	4.388	250	3.128	-	-	-	117.083

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

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
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**EUROBANK TEKFEN A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007**

(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira ("YTL").)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																	
CURRENT PERIOD 31/12/2007	Note (Section Five)	Paid-in Capital	Adjustment to Share Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income / (Loss)	Prior Period Net Income/(Loss)	Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments	Hedging Reserves	Valuation Difference of AHS and Discontinued Operations	Total Shareholders' Equity
I. Prior Period End Balance		50.000	37.005	-	-	7.080	-	2.846	-	12.386	4.388	250	3.128	-	-	-	117.083
Changes in the Period																	
II. Increase/Decrease due to the Merger																	
III. Marketable Securities Valuation Differences	(V-d)											2.000					2.000
IV. Hedging Reserves (Effective Portion)																	
4.1 Cash Flow Hedge																	
4.2 Foreign Investment for Purpose of Hedge																	
V. Revaluation Differences of Tangible Assets	(V-e)												(1.025)				(1.025)
VI. Revaluation Differences of Intangible Assets																	
VII. Bonus Shares Obtained from Investments in Associates,Subsidiaries and Joint Ventures																	
VIII. Foreign Exchange Difference																	
IX. Changes due to the Disposal of Assets																	
X. Changes due to the Reclassification of the Assets																	
XI. Effects of Changes in Equity of Investments in Associates																	
XII. Capital Increase	(II-k),(V-c)	180.000	(35.438)						(9.562)								135.000
12.1 Cash		135.000															135.000
12.2 Internal Resources		45.000	(35.438)						(9.562)								
XIII. Share Premium																	
XIV. Share Cancellation Profits																	
XV. Adjustment to Share Capital																	
XVI. Other																	
XVII. Current Year Income or Loss										18.498							18.498
XVIII. Profit Distribution										(12.386)	(4.388)						
18.1 Dividend Paid																	
18.2 Transfers to Reserves								7.212	9.562	(12.386)	(4.388)						
18.3 Other																	
Period End Balance (I+II+III++XVI+ XVII+ XVIII)		230.000	1.567			7.080		10.058		18.498		2.250	2.103				271.556

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

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EUROBANK TEKFEN A.Ş.

**UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED
31 DECEMBER 2007 AND 31 DECEMBER 2006**

(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira (“YTL”).)

VI. STATEMENT OF CASH FLOWS	(31/12/2007)	(31/12/2006)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	16.561	9.928
1.1.1 Interest received	173.033	106.989
1.1.2 Interest paid	(149.948)	(68.427)
1.1.3 Dividend received	97	117
1.1.4 Fees and commissions received	14.899	11.497
1.1.5 Other income	-	21.781
1.1.6 Collections from previously written-off loans and other receivables	4.721	2.308
1.1.7 Payments to personnel and service suppliers	(26.756)	(21.259)
1.1.8 Taxes paid	(4.276)	(2.001)
1.1.9 Other	4.791	(41.077)
1.2 Changes in operating assets and liabilities	958.560	81.777
1.2.1 Net (increase)/decrease in trading securities		14.949
1.2.2 Net (increase)/decrease in fair value through profit/loss financial assets	(77.708)	(21.750)
1.2.3 Net (increase)/decrease in due from banks	-	-
1.2.4 Net (increase)/decrease in loans	-	(264.634)
1.2.5 Net (increase)/decrease in other assets	(331.799)	(846)
1.2.6 Net increase/(decrease) in bank deposits	(23.949)	(31.390)
1.2.7 Net increase/(decrease) in other deposits	12.082	256.509
1.2.8 Net increase/(decrease) in funds borrowed	379.595	121.434
1.2.9 Net increase/(decrease) in payables	975.082	2.152
1.2.10 Net increase/(decrease) in other liabilities	-	5.353
	25.257	
I. Net cash provided from banking operations	975.121	91.705
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities	(1.277.219)	(24.031)
2.1 Cash paid for acquisition of investments, associates and subsidiaries		-
2.2 Cash obtained from disposal of investments, associates and subsidiaries	(112.100)	18.585
2.3 Purchases of property and equipment	-	(1.822)
2.4 Disposals of property and equipment	(4.526)	16.498
2.5 Cash paid for purchase of investments available-for-sale	139	(93.401)
2.6 Cash obtained from sale of investments available-for-sale	(302.278)	-
2.7 Cash paid for purchase of investment securities	-	(33.132)
2.8 Cash obtained from sale of investment securities	(911.943)	69.874
2.9 Other	53.489	(633)
	-	
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities	131.613	(3.127)
3.1 Cash obtained from funds borrowed and securities issued	-	-
3.2 Cash used for repayment of funds borrowed and securities issued	-	-
3.3 Issued capital instruments	-	-
3.4 Dividends paid	-	-
3.5 Payments for finance leases	(3.387)	(3.127)
3.6 Other	135.000	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	123	4.568
V. Net (decrease)/increase in cash and cash equivalents (I+II+III+IV)	(170.362)	69.115
VI. Cash and cash equivalents at beginning of the period	306.153	237.038
VII. Cash and cash equivalents at end of the period	135.791	306.153

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

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**EUROBANK TEKFEN A.Ş.
PROFIT APPROPRIATION STATEMENT FOR YEARS ENDED
31 DECEMBER 2007 AND 31 DECEMBER 2006**

(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira (“YTL”).)

VII. PROFIT APPROPRIATION STATEMENT	(31/12/2007) (*)	(31/12/2006) (**)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	22,445	15,187
1.2 TAXES AND DUTIES PAYABLE (-)	(3,947)	(2,801)
1.2.1 Corporate Tax (Income tax)	(10,346)	(514)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	6,399	(2,287)
A. NET INCOME FOR THE YEAR (1.1-1.2)	18,498	12,386
1.3 PRIOR YEAR LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	(6,399)	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A+(1.3+1.4+1.5)] (*)	12,099	12,386
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To Owners of Ordinary Shares	-	-
1.6.2 To Owners of Privileged Shares	-	-
1.6.3 To Owners of Preferred Shares	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Privileged Shares	-	-
1.9.3 To Owners of Preferred Shares	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	2,824
1.13 OTHER RESERVES	-	9,562
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares	-	-
2.3.2 To owners of privileged shares	-	-
2.3.3 To owners of preferred shares	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE (***)		
3.1 TO OWNERS OF ORDINARY SHARES	1,1892	1,1734
3.2 TO OWNERS OF ORDINARY SHARES (%)	12	12
3.3 TO OWNERS OF PRIVILEGED SHARES	1,8498	1,2386
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	18	12
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Profit appropriation is realized from the Parent Bank's unconsolidated financial statements. Authorised body for profit appropriation of the current period is the General Assembly. On the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet.

(**) Presents the approved “Profit Distribution Statement” in the General Assembly Meeting held on 30 March 2007.

(***) Disclosed as 1.000 nominal in full YTL.

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2007
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SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION:

a. The preparation of the financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on the Principles and Procedures Regarding Banks’ Accounting Applications and Safeguarding of Documents:

The Bank maintains its books of accounts in Turkish Lira in accordance with the Banking Act No.5411 (“Banking Act”), which is effective from 1 November 2005, the Turkish Commercial Code and Turkish tax legislation.

The unconsolidated financial statements are prepared in accordance with the “Regulation on the Principles and Procedures Regarding Banks’ Accounting Applications and Safeguarding of Documents” published in the Official Gazette No.26333 dated 1 November 2006 by the Banking Regulation and Supervision Agency (“BRSA”) which refers to “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards”(“TFRS”) issued by the Turkish Accounting Standards Board (“TASB”) and other decrees, notes and explanations related to the accounting and financial reporting principles (all “Turkish Accounting Standards” or “TAS”) published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the “Communiqués Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” published in the Official Gazette No.26430 dated 10 February 2007.

The unconsolidated financial statements have been prepared in YTL, under the historical cost convention as modified in accordance with inflation adjustments until 31 December 2004, except for the financial assets and liabilities which are carried at fair value.

The preparation of unconsolidated 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.

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

b. Additional paragraph for convenience translation into English:

The differences between accounting principles, as described in the preceding paragraphs and accounting principles generally accepted in countries in which these unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in these unconsolidated financial statements. Accordingly, these unconsolidated 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.

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(Unless otherwise stated amounts are expressed in thousands of New Turkish Lira (“YTL”).)

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

c. Explanations on first-time adoption of Turkish Accounting Standards:

The Bank has prepared its financial statements in accordance with TAS as of 31 December 2006 for the first time. According to the “Turkish Financial Reporting Standard Regarding the First-time Adoption of Turkish Financial Reporting Standards” (“TFRS1”), transition date to TAS is 1 January 2005 and the effects of the adoption of TAS are reflected to the unconsolidated financial statements at 31 December 2005.

Reconciliation of the shareholders’ equity reported under previous accounting principles to the shareholders’ equity under TAS:

	31 December 2005
Shareholders’ Equity Balance of the period before TAS Applications	96.931
<i>Reserve for Employee Rights</i>	<i>(1.570)</i>
<i>Correction of the Property and Equipment Valuation and Sale Income</i>	<i>2.288</i>
<i>Correction of the Investment in Associates and Subsidiaries Valuation</i>	<i>3.885</i>
<i>Deferred tax effect</i>	<i>(215)</i>
Total Effect on the Shareholders’ Equity of the Period before the Application of TAS	4.388
Shareholders’ Equity Balance of the period after TAS Applications	101.319

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

The general strategy of the Bank of using financial instruments is to sustain an optimal balance between the yield of the instruments and their risks. The most important funding source of the Bank is deposits. The Bank can also sustain a lengthened liability structure by using long-term foreign currency borrowings from foreign financial institutions. Funds obtained from deposits and other sources are invested in high yield and quality financial assets and currency, interest rate and liquidity risks are being kept within the limits following the asset-liability management strategy. The currency, interest and liquidity risks of on-balance sheet and off-balance sheet assets and liabilities are managed accordingly within the risk limits accepted by the Bank and the related legal limits. Derivative instruments are mainly utilised for liquidity needs and for mitigating currency and interest rate risks. The position of the Bank as a result of foreign currency activities being held at minimum levels and the exposed currency risk is followed within the determined levels by the Board of Directors by considering the limits given by the Banking Law.

Foreign currency denominated monetary assets and liabilities are translated with the Bank’s foreign currency bid rates prevailing at the balance sheet date. Gains and losses arising from such valuations are recognised in the income statement under the account of “Foreign exchange gains or losses”.

**III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT
VENTURES :**

Based on the “Turkish Accounting Standard for Consolidated and Separate Financial Statements” (“TAS 27”), Turkish Lira denominated investments in associates and subsidiaries are accounted at cost and are reflected to the unconsolidated financial statements after deducting the provision for impairment, if one exists.

The Bank has no joint ventures as of 31 December 2007 and 2006.

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

Derivative instruments are measured at fair value on initial recognition and subsequently remeasured at their fair values. The accounting method of the income or loss arising from derivative instruments depends on the derivative being used for hedging purposes or not and depends on the type of the item being hedged.

The Bank documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Bank also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

Changes in fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedge item for which the effective interest method is used is amortised to profit or loss over the period maturity.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

Certain derivative transactions, even though they provide effective economic hedges under the Group’s risk management position, do not qualify for hedge accounting under the specific rules in “Turkish Accounting Standard for Financial Instruments: Recognition and Measurement (“TAS 39”)” and are therefore treated as “Financial assets at fair value through profit or loss”.

“Financial assets at fair value through profit or loss” are measured at fair value. If the fair value of derivative financial instruments 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 by using quoted market prices or by using discounted cash flow models.

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

Interest income and expenses are recognised in the income statement on an accrual basis by using the effective interest method.

The Bank ceases accruing interest income on non-performing loans and, any interest income accruals from such loans are being reversed and no income is accounted until the collection is made according to the related regulation.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE:

All fees and commissions income/expenses are recognised on an accrual basis, except for certain commission income and fees from various banking services which are recorded as income at the time of collection. Fees and commissions income/expenses received/paid from/to the other institutions are recognised as transactional 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 or legal person are recognised as income at the time of collection.

VII. EXPLANATIONS ON FINANCIAL ASSETS:

The Bank classifies and accounts its financial assets as “Fair value through profit or loss”, “Available-for-sale”, “Loans and receivables” or “Held-to-maturity”. Sales and purchases of the financial assets mentioned above are recognised at the “settlement dates”. The appropriate classification of financial assets of the Bank is determined at the time of purchase by the Bank management, taking into consideration the purpose of holding the investment.

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

Financial assets, which are classified as “Financial assets at fair value through profit or loss”, are trading financial assets and are either acquired for generating profit from short-term fluctuations in the price or dealer’s margin, or are the financial assets included in a portfolio in which a pattern of short-term profit making exists independent from the acquisition purpose.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

Trading financial assets are initially recognised at fair value and are subsequently re-measured at their fair value. However, if fair values cannot be obtained from the fair market transactions, it is accepted that the fair value cannot be measured reliably and that the financial assets are carried at “amortised cost” using the effective interest method. All gains and losses arising from these evaluations are recognised in the income statement. Interest earned while holding financial assets is reported as interest income and dividends received are included separately in dividend income.

Derivative financial instruments are treated as trading financial assets unless they are not designated as hedge instruments. The principles regarding the accounting of derivative financial instruments are explained in detail in Note IV. of Section Three.

b. Held-to-maturity financial assets:

Held-to-maturity financial assets are assets that are not classified under loans and receivables and held-for-trading at the time of acquisition and are not included in available-for-sale financial assets, 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 recognised at cost which is considered as their fair value. The fair values of held-to-maturity financial assets on initial recognition are either the transaction prices at acquisition or the market prices of similar financial instruments. Held-to-maturity securities are carried at “amortised cost” using the effective interest method after their recognition. Interest income earned from held-to-maturity financial assets is reflected to the statement of income.

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

c. Loans and receivables:

Loans and receivables are financial assets which are created by providing money, services or goods to a debtor. Loans and receivables originated by the Bank are carried initially at cost and subsequently recognised at the amortised cost value calculated using the effective interest method. The expenses incurred for the assets received as collateral are not considered as transaction costs and are recognised in the expense accounts.

The Bank provides general and specific provisions based on the assessments and estimates of the management, by considering 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 No.26333 dated 1 November 2006. In this context, the revised credit risk, general structure of the current loan portfolio, financial conditions of the customers, non-financial information and economic conjuncture on the basis of the prudence principle are taken into consideration by the Bank in determining the estimates.

Provision expenses are deducted from the net income of the year. 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 have been finalised.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

d. Available-for-sale financial assets:

Available-for-sale financial assets are defined as financial assets other than the ones classified as “Loans and receivables”, “Held-to-maturity assets” or “Financial asset at fair value through profit or loss”.

Available-for-sale financial assets are subsequently re-measured at fair value. When fair value calculations, based on market prices, cannot be obtained reliably, the available-for-sale financial assets are carried at amortised cost using the effective interest method. 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.

“Unrealised gains and losses” arising from changes in the fair value of financial assets classified as available-for-sale are recognised in the shareholders’ equity as “Marketable Securities Valuation Reserve”, until there is a permanent decline in the fair values of such assets or they are disposed of. When these financial assets are disposed of or impaired, the related fair value differences accumulated in the shareholders’ equity are transferred to the income statement.

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 interest 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 it is charged against the income for the year.

The principles for the accounting of provisions for loans are explained in detail in Note VII of this Section.

IX. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS:

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

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

Securities subject to repurchase agreements (“Repo”) are classified as “Financial assets at fair value through profit or loss”, “Available-for-sale” and “Held-to-maturity” according to the investment purposes of the Bank and measured according to the portfolio to which they belong. Funds obtained

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from repurchase agreements are accounted under “Funds Provided under Repurchase Agreements” in liabilities and the difference between the sale and repurchase price is accrued over the life of repurchase agreements using the effective interest method.

Funds given against securities purchased under agreements (“Reverse repo”) to resell are accounted under “Receivables from Reverse Repurchase Agreements” on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the “effective interest method”. The Bank has no securities lending transactions.

XI. EXPLANATIONS ON ASSETS HELD FOR RESALE AND DISCONTINUED OPERATIONS:

Assets held-for-resale 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.

The Bank has no discontinued operations.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

a. Goodwill

The excess of the cost of an acquisition over the fair value of the Group’s share of the identifiable assets, liabilities or contingent liabilities of the acquired subsidiary at the date of acquisition of the control is recorded as goodwill and represents a payment made by the acquirer in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognised. The acquirer also recognises assets that are capable of being individually identified and separately recognised, intangible assets (i.e. trademarks) and contingent liabilities at fair value, irrespective of whether the asset had been recognised by the acquiree before the business combination; if it can be distinguished from the goodwill and if the asset’s fair value can be measured reliably.

b. Other intangible assets

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, if any.

Intangibles are amortised over their estimated useful lives using the straight-line method. The useful life of the asset is determined by assessing the expected useful life of the asset, technical, technological and other kinds of obsolescence and all required maintenance expenses necessary to utilise the economic benefit of the asset and differs from 3 years to 15 years.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT:

Property and equipment is measured at its cost when initially recognised 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 are carried at cost less accumulated depreciation and provision for value decrease, if any.

The Bank has adopted the “revaluation method” in accordance with the “Communiqué Regarding the Principles and Procedures for the Tangible Assets (“TAS 16”)” for its buildings. Updated independent expert appraisal values are presented in the financial statements. However, the revaluation amount of the building acquired within the context of the financial lease agreement explained in detail in Note 4 of Section VII is presented in the financial statements by considering the sales option regarding the share transfer of the Bank.

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

Buildings	2%
Movables, Movables Acquired by Financial Leasing	5-50%
Special Costs (*)	Amortised over the lease period

- (*) Special costs include the expenditures for the leased immovables and are amortised over the lease period if the lease period is less than the useful life and over useful life (five years) if the lease period is greater than the useful life.

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

Where the carrying amount of an asset is greater than its estimated “Recoverable amount”, it is written down 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 recognised as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalised on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset, or the quality of the product or to decrease the costs.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

Assets acquired under finance lease agreements are capitalised at the inception of the lease at the “lower of the fair value of the leased asset or the present value of the amount of cash consideration given for the leased asset”. In the prior period, the Bank has implemented an accounting policy change and has adopted the “revaluation method” in accordance with the “Communiqué Regarding the Principles and Procedures for the Tangible Assets (“TAS 16”)” while revaluating the buildings. The revaluation amount of the building acquired within the extent of financial lease agreement is presented in the financial statements by considering the sales commitment regarding the share transfer of the Bank.

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 recognised. Liabilities arising from the leasing transactions are included in “Financial Lease Payables” on the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement. The Bank does not provide financial leasing services as a “Lessor”.

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

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS:

Provisions and contingent liabilities except for the specific and general provisions recognised for loans and other receivables are accounted in accordance with the “Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets” (“TAS 37”).

Provisions are recognised when the Bank 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. The provision for contingent liabilities arising from past events should be recognised 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 Bank, 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 recognised in financial statements since this may result in the recognition of income that may never be realised. 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 recognised in the financial statements in which the change occurs.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

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

Under the Turkish Labour Law, the Bank 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 Labour Law. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Bank arising from this liability.

XVIII. EXPLANATIONS ON TAXATION :

a. Current tax:

“Corporate Tax Law”(“New Tax Law”) No.5520 was taken into effect after being published in the Official Gazette dated 21 June 2006 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 in Turkey is payable at the rate of 20% for 2007 (2006: 20%). The corporate tax rate 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 to 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.

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 account under shareholder’s equity 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. 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. Tax returns are required to be filled and delivered to the related tax office until the evening of the 25th of the fourth month following the balance sheet date. Tax returns are open for five years from the beginning of the year following the date of filing during which 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

b. Deferred tax:

The Bank 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.

The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements.

XIX. EXPLANATIONS ON BORROWINGS:

Trading and derivative financial liabilities are valued with their fair values and the other financial liabilities are carried at “amortised cost” using the effective interest method.

The Bank utilises various hedging techniques to minimise the currency, interest rate and liquidity risks of its financial liabilities. No convertible bonds have been issued by the Bank.

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

Transaction costs regarding the issuance of share certificates are accounted under shareholders’ equity after eliminating the tax effects.

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 December 2007 and 31 December 2006, the Bank has no government grants.

XXIII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION:

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 (“TCC”) the legal reserves are composed of first and second reserves. The TCC requires first reserves to be 5% of the profit until the total reserve is equal to 20% of issued and fully paid-in share capital. Second reserves are required to be 10% of all cash profit distributions that are in excess of 5% of the issued and fully paid-in share capital. However holding companies are exempt from this application. 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXIV. EXPLANATIONS ON 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.

	31 December 2007	31 December 2006
Net Income / (Loss) to be Appropriated to Ordinary Shareholders	16.648	11.147
Weighted Average Number of Issued Ordinary Shares (Thousand)	14.000.000	9.500.000
Earnings Per Ordinary Shares (Disclosed as 1.000 nominal in full YTL)	1,1892	1,1734
Net Income / (Loss) to be Appropriated to Privileged Shareholders	1.850	1.239
Weighted Average Number of Issued Privileged Shares (Thousand)	1.000.000	1.000.000
Earnings Per Privileged Shares (Disclosed as 1.000 nominal in full YTL)	1,8498	1,2386

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 to 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.

XXV. EXPLANATIONS ON RELATED PARTIES:

For the purpose of these financial statements, shareholders, key management personnel and board members together with their families and companies controlled by/affiliated with them, and associated companies are considered and referred to as related parties in accordance with “Turkish Accounting Standard for Related Parties” (“TAS 24”). The transactions with related parties are disclosed in detail in Note V of Section Five.

XXVI. EXPLANATIONS ON CASH AND CASH EQUIVALENTS:

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.

XXVII. EXPLANATIONS ON SEGMENT REPORTING:

Operational field is distinguishable section of the Bank that has different characteristics from other operational fields per earning and conducts the presentation of service group, associated bank products or a unique product. Operating segments are disclosed in Note VII in Section Four.

XXVIII. RECLASSIFICATIONS:

Reclassifications have been made on comparative 31 December 2006 unconsolidated figures, to conform to changes in presentation of 31 December 2007 unconsolidated financial statements.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK

I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO:

- a. As of 31 December 2007, the unconsolidated capital adequacy ratio of the Bank is 21,78% (31 December 2006: 16,90%) which satisfies the requirement of being above both the minimum ratio of 8% stated in the related legislation and above the 12% stated in the Bank’s risk parameters.
- b. The capital adequacy ratio of the Bank is calculated in accordance with the “Regulation Regarding the Measurement and Evaluation of Banks’ Capital Adequacy Ratio” and “Regulation Regarding Banks’ Shareholders’ Equity” (together referred as “Regulation Regarding Capital Adequacy”) published as of 1 November 2006. The following tables show the details of “Risk weighted assets” and the calculation of “Shareholders’ Equity” for the capital adequacy ratio calculation.
- c. Information related to capital adequacy ratio:

	Risk Weights			
	0%	20%	50%	100%
Amount subject to credit risk				
Balance sheet items (Net)	1.549.652	114.233	273.868	720.667
Cash	14.732	-	-	-
Matured marketable securities	-	-	-	-
The Central Bank of the Republic of Turkey	13.726	-	-	-
Domestic, foreign banks, foreign head offices and branches	-	107.333	-	580
Interbank money market placements	-	-	-	-
Receivables from reverse repurchase transactions	-	-	-	-
Reserve requirements with the Central Bank of the Republic of Turkey	70.168	-	-	-
Loans	40.453	6.251	270.509	554.093
Non-performing receivables (Net)	-	-	-	14.457
Lease receivables	-	-	-	-
Available-for-sale financial assets	399.130	-	-	950
Held-to-maturity investments	893.930	-	-	-
Receivables from the disposal of assets	-	-	-	-
Miscellaneous receivables	-	-	-	316
Interest and income accruals	103.022	649	3.359	6.316
Investments in associates, subsidiaries and joint ventures (Net)	-	-	-	121.562
Fixed assets	-	-	-	22.198
Other assets	14.491	-	-	195
Off-balance sheet items	15.127	125.988	166.486	146.460
Non-cash loans and commitments	15.127	121.036	166.486	146.460
Derivative financial instruments	-	4.952	-	-
Non-risk weighted accounts	-	-	-	-
Total Risk Weighted Assets	1.564.779	240.221	440.354	867.127

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d. Summary information about capital adequacy ratio (“CAR”) :

	31 December 2007	31 December 2006
Amount subject to credit risk “ASCR”	1.135.348	676.044
Amount subject to market risk “ASMR”	33.100	22.350
Amount subject to operational risk “ASOR” (*)	83.197	-
Shareholders’ equity	272.587	118.044
Shareholders’ equity/(ASCR+ASMR+ASOR) *100	21,78%	16,90%

(*) Amount subject to operational risk is effective from 1 June 2007 regarding the “Regulation Regarding Measurement and Evaluation of Banks’ Capital Adequacy Ratio” published in the Official Gazette No. 26333 dated 1 November 2006, and it has been calculated for the first time as of 30 June 2007.

e. Information about shareholders’ equity items:

	31 December 2007	31 December 2006
CORE CAPITAL		
Paid-in capital	230.000	50.000
Nominal capital	230.000	50.000
Capital commitments (-)	-	-
Inflation adjustment to share capital	1.567	37.005
Share premium	-	-
Share cancellation profits	-	-
Legal reserves	7.080	7.080
First legal reserve (Turkish Commercial Code 466/1)	3.175	3.175
Second legal reserve (Turkish Commercial Code 466/2)	3.905	3.905
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	10.058	2.846
Reserves allocated by the General Assembly	10.058	2.846
Retained earnings	-	-
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Inflation adjustment of legal reserves, status reserves and extraordinary reserves	-	-
Profit	18.498	16.774
Current period profit	18.498	12.386
Prior period profit	-	4.388
Provisions for possible risks (up to 25% of core capital)	-	3.406
Profit on disposal of associates, subsidiaries and immovables to be transferred to share capital	-	-
Primary subordinated loans (up to 15% of core capital)	-	-
Uncovered portion of loss with reserves (-)	-	-
Current period loss (net)	-	-
Prior period loss	-	-
Special costs (-)	2.451	1.268
Prepaid expenses (-)	1.168	1.366
Intangible assets (-)	1.036	950
Deferred tax asset amount exceeding 10% of core capital (-)	-	-
Limit exceeding amount regarding the third clause of article 56 of the Law(-)	-	-
Total Core Capital	267.203	117.111

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SUPPLEMENTARY CAPITAL	31 December 2007	31 December 2006
General provisions	8.526	3.464
45% of the movables revaluation fund	-	-
45% of the immovables revaluation fund	946	1.408
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 reserve	1.013	113
From investments in associates and subsidiaries	-	-
Available-for-sale financial assets	1.013	113
Inflation adjustment of capital reserve, profit reserve and prior years' income or loss (Except inflation adjustment of legal reserves, status reserves and extraordinary reserves)	-	-
Total Supplementary Capital	10.485	4.985
TIER III CAPITAL	-	-
CAPITAL	277.688	122.096
DEDUCTIONS FROM THE CAPITAL (*)	5.101	4.052
Shares in unconsolidated banks and financial institutions	-	-
The secondary subordinated loans extended to banks, financial institutions (domestic or foreign) or significant shareholders of the bank and the debt instruments of a primary or secondary subordinated loan nature purchased from them	-	-
Shares of banks and financial institutions final equity method applied but assets and liabilities are not consolidated	-	-
Loans extended as contradictory to the articles 50 and 51 of the Law	-	-
The net book value of bank's immovables that are over 50% of shareholders' equity and immovables or commodities that are received on behalf of the receivables from customers and are to be disposed of according to banking law article 57 as they have been held for more than five years from the acquisition date	446	468
Other	-	-
TOTAL SHAREHOLDERS' EQUITY	272.587	118.044

(*) According to the temporary article 1. of the “Regulation Regarding Capital Adequacy”; “Special Costs”, “Prepaid Expenses”, “Intangible Assets” and “Amount of deferred tax exceeding 10% of core capital” which are presented under “Core Capital” will be considered as “Deductions from the Capital” until 1 January 2009.

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II. EXPLANATIONS ON CREDIT RISK:

Credit risk represents the risks and losses that could arise when the other party in a contract to which the Bank is a party does not comply with the requirements of the contract and cannot timely fulfill its liabilities either completely or partly. With respect to credit risk, debtor and debtor groups are subject to risk limitations envisaged in the Banking Law. There is no risk limitation in terms of geographical region. Sectoral concentration limit has been specified as 30% in the Bank Risk Parameters. Credit limits allocated are subject to revision once a year. When a revision becomes due, limits for which the credit worthiness has not been reviewed are suspended (except for cash provisions).

Regarding the maintenance of credit risk under control, there are other limitations in the scope of Bank Risk Parameters apart from the Banking Law limitations related to Management Levels' Authority limits in credit allocation.

Limits regarding credit extension are specified as:

- Authority to decide to make a credit available within preapproved limits belongs to the Branch Manager. However, the Branch Manager can delegate this authority to the Marketing Unit Director in writing.
- Maturity extension authority belongs to the Corporate Credits Allocation Director; it cannot be delegated.
- Providing the circumstances set by Board of Directors, credit limit transfer is under the authorization of Branch Manager.
- No transaction can be put into effect without a General Credit Contract (except for Financial Institutions).
- No credit can be allocated to firms with total negative equity except for credits with cash collateral.

Risk limits and breakdowns related to daily transactions are specified.

The creditworthiness of debtors of credit and other receivables is periodically followed-up in accordance with the relevant legislation. Account status documents taken for the credits have been audited in the manner specified in the legislation. However, account status documents do not need to be audited for cash-based transactions. As a result of the periodical follow-up of creditworthiness, credit limits are changed, when necessary. Taking the creditworthiness into account, collaterals are received for credits and other receivables. With the aim of controlling the credit risk, certain limitations exist in the Bank's Risk Parameters in relation to customer selection. According to this:

- Credits shall not be given for speculative purposes, and
- Credits shall also not be given to real or legal persons who have been subjected to sequestration, bankruptcy and schemes of arrangement with creditors and those who have bounced cheques and notes without an acceptable explanation.

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The Bank’s derivative transactions are mainly composed of foreign exchange and interest rate swaps, money and interest options and forward transactions. The credit risks of these products are managed by deducting them from the company’s credit limit in proportion to the term of the transaction. Market risk is managed by the Treasury.

In forward transactions, no type of coercive action outside of the other party’s consent is taken. Such transactions are rare, and normally never occur.

Indemnified non-cash credits are subjected to the same risk weight as the credits which are past due date.

With regard to the credits renewed and re-structured with a new payment plan by the Bank, the method adopted is the one specified by the relevant legislation. Within the framework of risk management systems a risk separation is not practiced as to the maturity of the liabilities.

The Bank does not perform any kind of banking activity abroad.

When evaluated within the context of the financial operations of other financial institutions acting as active participants in the international banking market, the Bank does not have significant credit risk concentration.

In the current period, the share of the Bank’s receivables due to cash loans extended to its 100 largest customers is 38% (31 December 2006: 39%) within the total cash loan portfolio.

In the current period, the share of the Bank’s receivables due to non-cash loans extended to its 100 largest customers is 51% (31 December 2006: 51%).within the total non-cash loans portfolio.

In the current period, the share of the Bank’s receivables due to the total of cash and non cash loans extended to its 100 largest customers is 43%(31 December 2006: 44%) within cash loans in balance sheet and non-cash loans in off-balance sheet.

As of 31 December 2007, the Bank’s general loan loss provision is amounting to YTL8.526 (31 December 2006: YTL3.464).

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a. Information on types of loans and specific provisions:

31 December 2007	Corporate Loans	Consumer Loans	Credit Cards	Financial Lease Receivables	Factoring Receivables	Total
Standard Loans	837.700	12.629	2.980	-	14.236	867.545
Loans under close monitoring	13.155	722	92	-	-	13.969
Non-performing loans	33.128	1.057	117	-	-	34.302
Specific provision (-)	19.005	731	109	-	-	19.845
Total	864.978	13.677	3.080	-	14.236	895.971

31 December 2006	Corporate Loans	Consumer Loans	Credit Cards	Financial Lease Receivables	Factoring Receivables	Total
Standard Loans	551.256	15.287	3.047	-	-	569.590
Loans under close monitoring	3.652	1.121	48	-	-	4.821
Non-performing loans	13.947	701	115	-	-	14.763
Specific provision (-)	11.723	558	115	-	-	12.396
Total	557.132	16.551	3.095	-	-	576.778

b. Information on loans and receivables past due but not impaired

31 December 2007	Corporate Loans	Consumer Loans	Credit Cards	Financial Lease Receivables	Factoring Receivables	Total
Past due up to 30 days	17.144	1.143	216	-	-	18.503
Past due 30-60 days	614	386	24	-	-	1.024
Past due 60-90 days	152	94	-	-	-	246
Total	17.910	1.623	240	-	-	19.773

c. Information on debt securities, treasury bills and other bills:

31 December 2007	Financial Assets at FV through P/L (Net)	Available for Sale Financial Assets (Net)	Held to Maturity Securities (Net)	Total
Fitch's Rating				
BB (*)	84.048	431.259	961.606	1.476.913
Total	84.048	431.259	961.606	1.476.913

(*) Consists of Turkish Republic government bonds and treasury bills.

31 December 2006	Financial Assets at FV through P/L (Net)	Available for Sale Financial Assets (Net)	Held to Maturity Securities (Net)	Total
Fitch's Rating				
BB (*)	5.415	98.533	38.605	142.553
Total	5.415	98.533	38.605	142.553

(*) Consists of Turkish Republic government bonds and treasury bills.

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d. Information on rating concentration:

The Bank evaluates its credit risk based on an internal rating system and the portfolio is classified from least probability of default to highest. Beginning from the last quarter of 2007, the Bank uses a new rating system for corporate loans. As of 31 December 2007, financial institutions have been excluded from the scope of the rating system. There are different rating systems for corporate loans, consumer loans and credit cards. The information about the concentration of corporate loans which are classified with the rating system is presented below. The table includes only 2007 information and since the use of new rating system has been launched for corporate loans in the current year, there is no comparative information for 2006.

	31 December 2007 %
Above average	35,55
Average	47,12
Below average	6,56
Not rated	10,77

e. Information on the amount subject to credit risk :

	31 December 2007	31 December 2006
Balance sheet items subject to credit risk:	2.605.712	961.862
Loans and advances to banks	155.051	278.886
Loans and advances to customers	849.482	526.202
-Corporate	818.489	506.556
-Consumer	13.677	16.551
-Credit cards	3.080	3.095
-Factoring receivables	14.236	-
Trading Financial Assets	84.048	5.415
-Government bonds	84.048	5.415
Investment Securities	1.393.815	140.031
-Government bonds	1.392.865	137.138
- Share certificates	950	2.893
Other assets	123.316	11.328
Off- balance sheet items subject to credit risk:	860.054	657.715
Financial guarantees	656.561	479.115
Credit commitments and other liabilities	203.493	178.600
Total	3.465.766	1.619.577

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f. Fair value of collateral (loans and advances to customers):

31 December 2007	Corporate Loans	Consumer Loans	Credit Cards	Financial Lease Receivables	Factoring Receivables	Total
Loans under close monitoring	10.991	389	-	-	-	11.380
Non-performing loans	13.973	453	-	-	-	14.426
Total	24.964	842	-	-	-	25.806

g. Concentration of credit risk based on borrowers and geographical regions:

	Loans and Advances given to customers		Loans and Advances given to Banks and other financial Institutions		Marketable Securities (*)		Other Loans (**)	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Loan concentration based on type of borrowers	849.482	526.202	46.489	50.576	1.477.863	145.446	1.091.932	897.353
Private Sector	813.729	481.418	39.993	32.730	-	-	666.384	493.018
Public Sector	20.154	26.181	-	-	1.476.913	142.553	3.779	1.500
Banks	-	-	6.496	17.846	-	-	279.365	376.397
Individuals	15.599	18.603	-	-	-	-	20.842	16.976
Share certificates	-	-	-	-	950	2.893	121.562	9.462
Concentration based on geographical regions	849.482	526.202	46.489	50.576	1.477.863	145.446	1.091.932	897.353
Domestic	849.482	526.202	41.154	49.165	1.477.863	145.446	855.666	726.299
European Union Countries	-	-	4.300	-	-	-	184.286	120.749
OECD Countries (***)	-	-	-	-	-	-	5.223	4.044
Off-shore banking regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	131	-	-	-	41.455	24.306
Other Countries	-	-	904	1.411	-	-	5.302	21.955
Total	849.482	526.202	46.489	50.576	1.477.863	145.446	1.091.932	897.353

(*) Consist of marketable securities classified as Financial Assets at FV through P/L, Available for Sale Financial Assets and Held to Maturity Securities.

(**) Including the items defined as loan in Article 48 of the Banking Act No. 5411 other than those listed in first three columns of Uniform Chart of Accounts (“UCA”).

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

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g. Information according to geographical concentration:

	Assets	Liabilities	Non-Cash Loans	Capital Expenditures	Net Profit
31 December 2007					
Domestic	2.512.430	1.449.168	631.593	24.931	18.498
European Union Countries	61.870	1.027.302	14.841	-	-
OECD Countries (*)	189	179	2.719	-	-
Off-shore banking regions	-	-	-	-	-
USA, Canada	27.173	66	2.109	-	-
Other Countries	907	791	5.299	-	-
Subsidiaries, Investments and Joint Ventures	-	-	-	121.562	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	2.602.569	2.477.506	656.561	146.493	18.498
31 December 2006					
Domestic	1.032.592	951.807	457.464	25.267	12.386
European Union Countries	27.791	30.993	11.901	-	-
OECD Countries (*)	772	57	310	-	-
Off-shore banking regions	-	-	-	-	-
USA, Canada	1.738	14.684	4.295	-	-
Other Countries	18.223	1.221	5.145	-	-
Subsidiaries, Investments and Joint Ventures	-	-	-	9.462	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	1.081.116	998.762	479.115	34.729	12.386

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

(**) Unallocated assets / liabilities which could not be distributed according to a consistent principle.

h. Sectoral concentration for cash loans:

	31 December 2007				31 December 2006			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agricultural	32.515	5,35	4.169	1,61	9.046	2,13	2.983	2,00
Farming and Livestock	24.230	3,99	4.085	1,58	2.910	0,69	2.478	1,66
Forestry	8.285	1,36	84	0,03	6.136	1,44	505	0,34
Fishing	-	-	-	-	-	-	-	-
Manufacturing	291.939	48,02	106.324	41,00	196.482	46,26	75.833	50,66
Mining	13.271	2,18	1.143	0,44	12.893	3,04	904	0,60
Production	270.603	44,51	105.181	40,56	183.204	43,13	74.929	50,06
Electric, Gas, Water	8.065	1,33	-	-	385	0,09	-	-
Construction	88.653	14,58	15.713	6,06	51.345	12,09	14.696	9,82
Services	176.820	29,09	131.102	50,55	140.562	33,09	53.585	35,80
Wholesale and Retail Trade	116.226	19,12	35.070	13,52	78.245	18,42	18.856	12,60
Hotel and Food Services	9.082	1,50	84.867	32,72	9.984	2,35	27.036	18,06
Transportation and Telecommunication	9.630	1,58	4.631	1,79	1.472	0,35	6.101	4,08
Financial Institutions	40.166	6,61	6.534	2,52	49.289	11,60	1.592	1,06
Real Estate and Leasing Ser.	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-
Education Services	1.716	0,28	-	-	1.572	0,37	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	18.007	2,96	2.036	0,78	27.307	6,43	2.572	1,72
Total	607.934	100,00	259.344	100,00	424.742	100,00	149.669	100,00

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III. EXPLANATIONS ON MARKET RISK:

Risk calculations are performed both with the standard method and the internal method. Regular legal reporting is performed on a weekly and monthly basis with the standard method. Fluctuations in risks are actively followed and are communicated to the top management. The Market Risk Committee also reports legally on a consolidated basis quarterly. The limitations in the treasury risk parameters, as approved by the Board of Directors, are summarized as follows:

- Position limit, maximum loss limit and minimum holding period for the available-for-sale, trading and held-to-maturity portfolio,
- Position limit, maximum loss limit and minimum holding period for derivative products,
- Distinct position limit and maximum loss limit of each foreign currency unit and total foreign currency.

The below table represents the details of the market risk calculation in accordance with the “Regulation Regarding Measurement and Evaluation of Banks’ Capital Adequacy Ratio” published in the Official Gazette No.26333 dated 1 November 2006, namely “Calculation of Market Risk with Standard Method”.

a. Information on Market Risk:

	Balance
(I) Capital to be Employed for General Market Risk - Standard Method	2.519
(II) Capital to be Employed for Specific Risk -Standard Method	-
(III) Capital to be Employed for Currency Risk - Standard Method	129
(IV)Capital to be Employed for Commodity Risk - Standard Method	-
(V) Capital to be Employed for Clearance 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)	2.648
(IX) Amount Subject to Market Risk 12,5xVIII) or (12,5xVII)	33.100

b. Average Market Risk Table of Calculated Market Risk during the Period at Month Ends:

	31 December 2007			31 December 2006		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	683	2.341	22	595	1.469	227
Share Certificates Risk	-	-	-	545	326	364
Currency Risk	221	635	133	264	187	285
Commodity Risk	-	-	-	-	-	-
Clearance Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Total Amount Subject to Risk	11.300	37.200	1.938	17.550	24.775	10.950

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IV. EXPLANATIONS ON OPERATIONAL RISK:

As of 31 December 2007, the Bank calculates the amount subject to operational risk based on “Basic Indicator Method” by using 2006, 2005 and 2004 year-end gross income balances of the Bank, in accordance with Regulation Regarding Measurement and Evaluation of Banks’ Capital Adequacy Ratio.

V. EXPLANATIONS ON CURRENCY RISK:

The difference between the Bank’s foreign currency denominated and foreign currency indexed on- and off-balance sheet assets and liabilities is defined as the “Net Foreign Currency Position” and it is the basis of currency risk. Another important dimension of the currency risk is the change in the exchange rates of different foreign currencies in “Net Foreign Currency Position” (cross currency risk).

A series of limits for the tenure of spot and forward foreign exchange positions is set in the risk parameters section of the budget approved by the Board of Directors annually. There is a conservative foreign currency position management policy in the Bank due to the free floating currency regime.

The Bank’s publicly announced foreign exchange bid rates as of the date of the financial statements and for the last five days prior to that date:

	<u>Euro</u>		<u>USD</u>		<u>100 Japanese Yen</u>	
	<u>31 December 2007</u>	<u>31 December 2006</u>	<u>31 December 2007</u>	<u>31 December 2006</u>	<u>31 December 2007</u>	<u>31 December 2006</u>
31 December 2007 /31 December 2006						
Bid rate	YTL1,7060	YTL1,8515	YTL1,1593	YTL1,4056	YTL1,0331	YTL1,1797
1. Day bid rate	YTL1,7060	YTL1,8515	YTL1,1593	YTL1,4056	YTL1,0331	YTL1,1797
2. Day bid rate	YTL1,7102	YTL1,8668	YTL1,1647	YTL1,4192	YTL1,0279	YTL1,1937
3. Day bid rate	YTL1,6976	YTL1,8650	YTL1,1708	YTL1,4198	YTL1,0216	YTL1,1919
4. Day bid rate	YTL1,6912	YTL1,8686	YTL1,1715	YTL1,4222	YTL1,0242	YTL1,1952
5. Day bid rate	YTL1,6917	YTL1,8725	YTL1,1746	YTL1,4186	YTL1,0269	YTL1,1958

The simple arithmetic average of the Bank’s foreign exchange bid rates for the last thirty days preceding the balance sheet date for major foreign currencies are shown below:

	<u>Euro</u>		<u>USD</u>		<u>100 Japanese Yen</u>	
	<u>31 December 2007</u>	<u>31 December 2006</u>	<u>31 December 2007</u>	<u>31 December 2006</u>	<u>31 December 2007</u>	<u>31 December 2006</u>
Arithmetic average -30 days	YTL1,7080	YTL1,8820	YTL1,1739	YTL1,4245	YTL1,0419	YTL1,2100

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Information on currency risk of the Bank:

The Bank’s real foreign currency position, both in financial and economic terms, is presented in the table below:

	EURO	USD	Yen	Other FC	Total
31 December 2007					
Assets					
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	3.824	55.681	1	255	59.761
Due From Banks	18.029	88.304	6	2.176	108.515
Financial Assets at Fair Value Through Profit or Loss	19	4	-	-	23
Interbank Money Market Placements	-	-	-	-	-
Available-for-sale Financial Assets	-	105.007	-	-	105.007
Loans (*)	160.900	192.959	-	-	353.859
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-
Held-to-maturity Investments	1.863	-	-	-	1.863
Hedging Derivative Financial Assets	-	1.334	-	-	1.334
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	23	93	-	-	116
Total Assets (*)	184.658	443.382	7	2.431	630.478
Liabilities					
Bank Deposits	36	194	-	19	249
Foreign Currency Deposits	116.423	411.896	15	2.176	530.510
Funds From Interbank Money Market	-	21.508	-	-	21.508
Funds Borrowed From Other Financial Institutions	38.973	10.726	-	-	49.699
Marketable Securities Issued	-	-	-	-	-
Miscellaneous Payables	5.809	7.742	-	-	13.551
Hedging Derivative Financial Liabilities	-	13.958	-	-	13.958
Other Liabilities	330	2.700	-	59	3.089
Total Liabilities (**)	161.571	468.724	15	2.254	632.564
Net On-balance Sheet Position	23.087	(25.342)	(8)	177	(2.086)
Net Off-balance Sheet Position	(22.860)	26.320	3	-	3.463
Financial Derivative Assets	3.412	40.166	9.397	-	52.975
Financial Derivative Liabilities	26.272	13.846	9.394	-	49.512
Non-Cash Loans (**)	227.055	204.312	215	13.388	444.970
31 December 2006					
Total Assets (*)	172.014	223.880	366	1.143	397.403
Total Liabilities (*)	169.366	273.483	3	1.672	444.524
Net On-balance Sheet Position	2.648	(49.603)	363	(529)	(47.121)
Net Off-balance Sheet Position	(2.407)	49.530	-	-	47.123
Financial Derivative Assets	555	78.162	-	-	78.717
Financial Derivative Liabilities	2.962	28.632	-	-	31.594
Non-Cash Loans (**)	130.879	155.970	142	2.558	289.549

(*) The above table shows the Bank’s foreign currency net position based on main currencies. Foreign currency indexed assets, classified as Turkish Lira assets in the financial statements according to the Uniform Chart of Accounts, are considered as foreign currency assets for the calculation of Net Foreign Currency Position. Due to this, foreign currency indexed loans amounting to YTL94.476 (31 December 2006: YTL61.035) classified as Turkish Lira assets in the 31 December 2007 financial statements are added to the table above. Besides this, in assets “Income Accruals of Derivative Financial Instruments” amounting to YTL136 (31 December 2006: YTL556), in liabilities “Expense Accruals of Derivative Financial Instruments” amounting to YTL143 (31 December 2006: YTL2), “General Provisions” amounting to YTL2.849 (31 December 2006: None) and “Marketable Securities Valuation Reserve” amounting to YTL826 (31 December 2006: None) are not included in the table above.

(**) Non cash loans are not included in the total of “Net Off-Balance Sheet Position”.

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VI. EXPLANATIONS ON INTEREST RATE RISK:

Interest rate risk is the risk that expresses the effects of fluctuations in the market interest rates on the value increase/decrease of the Bank’s interest rate sensitive assets and liabilities. The interest sensitivity of risks regarding the interest rate both on the on-balance sheet and off-balance sheet are monitored following several analyses and are discussed in Asset and Liability Committee weekly.

The Bank’s Asset and Liability Committee determines the assets and liability management policy by assessing the relationship between market rates and net interest income due to repricing characteristics of interest-earning assets and interest-bearing liabilities.

The Bank closely monitors the maturity gap between liabilities and assets. Liquidity management is critical in the combination of investments, available-for-sale assets and the trading portfolio. Using these precautions, the possible loss effects on the shareholders’ equity due to both credit risk and interest risk during volatility are minimised.

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

31 December 2007	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	86.491	-	-	-	-	14.744	101.235
Due From Banks	83.889	-	-	-	-	24.673	108.562
Financial Assets at Fair Value Through Profit/Loss	233	50	9.449	74.475	-	-	84.207
Interbank Money Market Placements	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	61.880	54.067	74.847	135.460	105.005	950	432.209
Loans	463.337	172.787	184.433	59.826	1.131	14.457	895.971
Held-to-Maturity Investments	3.953	-	4.563	953.090	-	-	961.606
Other Assets	1.163	171	-	-	-	163.938	165.272
Total Assets	700.946	227.075	273.292	1.222.851	106.136	218.762	2.749.062
Liabilities							
Bank Deposits	17.008	-	-	-	-	257	17.265
Other Deposits	594.160	159.132	169.465	-	-	211.852	1.134.609
Funds From Interbank Money Market	177.544	-	-	-	-	-	177.544
Miscellaneous Payables	-	-	-	-	-	19.842	19.842
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	4.844	43.817	39.177	969.912	-	-	1.057.750
Other Liabilities and Shareholders’ Equity	248	124	475	14.379	-	326.826	342.052
Total Liabilities	793.804	203.073	209.117	984.291	-	558.777	2.749.062
Balance Sheet Long Position	-	24.002	64.175	238.560	106.136	-	432.873
Balance Sheet Short Position	(92.858)	-	-	-	-	(340.015)	(432.873)
Off-balance Sheet Long Position	57.965	-	11.593	-	-	-	69.558
Off-balance Sheet Short Position	(27)	-	-	-	(69.558)	-	(69.585)
Total Position	(34.920)	24.002	75.768	238.560	36.578	(340.015)	(27)

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31 December 2006	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with The Central Bank of the Republic of Turkey	72.222	-	-	-	-	8.827	81.049
Due From Banks	223.052	-	-	-	-	5.258	228.310
Financial Assets at Fair Value Through Profit/Loss	2.447	2.803	472	254	-	-	5.976
Interbank Money Market Placements	45.935	-	-	-	-	-	45.935
Available-for-Sale Financial Assets	4.205	7.518	21.338	65.472	-	2.893	101.426
Loans	316.197	103.616	125.919	23.450	1.112	6.484	576.778
Held-to-maturity Investments	5.260	-	27.727	5.618	-	-	38.605
Other Assets	95	-	-	-	-	37.671	37.766
Total Assets	669.413	113.937	175.456	94.794	1.112	61.133	1.115.845
Liabilities							
Bank Deposits	5.031	-	-	-	-	175	5.206
Other Deposits	449.169	174.211	28.369	-	-	103.826	755.575
Funds From Interbank Money Market	71.396	-	-	-	-	-	71.396
Miscellaneous Payables	561	-	-	-	-	5.413	5.974
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	13.881	65.673	49.098	3.139	-	-	131.791
Other Liabilities and Shareholders' Equity	3.462	630	2.623	274	-	138.914	145.903
Total Liabilities	543.500	240.514	80.090	3.413	-	248.328	1.115.845
Balance Sheet Long Position	125.913	-	95.366	91.381	1.112	-	313.772
Balance Sheet Short Position	-	(126.577)	-	-	-	(187.195)	(313.772)
Off-balance Sheet Long Position	-	-	-	-	-	-	-
Off-balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	125.913	(126.577)	95.366	91.381	1.112	(187.195)	-

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b. Average interest rates for monetary financial instruments:

Below the average interest rates are calculated by weighting the simple rates with their principals.

31 December 2007	EURO	USD	Yen	YTL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	1,80	1,95	-	11,81
Due From Banks	-	4,67	-	-
Financial Assets at Fair Value Through Profit/Loss	-	-	-	16,82
Interbank Money Market Placements	-	-	-	-
Available-for-Sale Financial Assets	-	8,26	-	17,35
Loans	6,60	7,45	-	21,78
Held-to-Maturity Investments	10,33	-	-	18,10
Liabilities				
Bank Deposits	-	-	-	16,76
Other Deposits (*)	2,89	3,62	-	15,90
Funds From Interbank Money Market	-	5,47	-	16,65
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	6,40	6,09	-	15,47

31 December 2006	EURO	USD	Yen	YTL
Assets	%	%	%	%
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	1,73	2,52	-	13,12
Due From Banks	3,69	5,23	-	18,51
Financial Assets at Fair Value Through Profit/Loss	-	-	-	20,63
Interbank Money Market Placements	-	-	-	18,44
Available-for-Sale Financial Assets	-	6,98	-	19,09
Loans	6,24	8,23	-	23,66
Held-to-Maturity Investments	10,33	-	-	18,19
Liabilities				
Bank Deposits	-	-	-	18,90
Other Deposits (*)	2,74	4,49	-	18,18
Funds From Interbank Money Market	-	-	-	18,04
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	5,03	6,44	-	16,19

(*) Demand deposits are included in the calculation of the weighted average interest rates.

VII. EXPLANATIONS ON LIQUIDITY RISK:

Liquidity risk is the risk arising from not having adequate cash or not having adequate cash inflows to fund cash outflows on time due to the imbalance of cash flows. This risk is eliminated by having banks and placements with short-term maturities, liquid and sellable marketable securities portfolios and sound equity structure, and unused borrowing resources. When volatility in the markets arises, the Board of Directors can decrease the limits of all existing placements without considering the credit worthiness.

The Bank’s management and Asset Liability Committee follow-up the interest margin on the diversified maturities between assets and liabilities, and monitor the model studies to measure the possible margin cost of the payments and sudden outflows in the scope of scenario analyses.

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When the foreign markets are appropriate, the Bank periodically uses long-term borrowings in terms of foreign currency for its long-term liquidity requirement. The Central Bank, ISE Repo Market, Interbank Money Market and banks’ transaction limits which can be used for sudden outflows in the short-term are utilised at a minimum level. The Bank does not need these funds due to the existing liquidity position but utilises the funds for the opportunities of short-term transactions.

In accordance with the “Regulation on Measurement and Assessment of Liquidity Adequacy of the Banks”, which came into effect after its publication in the Official Gazette numbered 26333 on 1 November 2006 by BRSA, weekly simple arithmetic average of total liquidity adequacy ratio related to the first maturity period, and total liquidity adequacy ratio related to the second maturity period cannot be less than a hundred percent; weekly simple arithmetic average of the foreign currency liquidity adequacy ratio related to first maturity period, and foreign currency liquidity adequacy ratio related to second maturity period cannot be less than eighty percent as of 1 June 2007. Liquidity ratios realized in 2007 are as follows:

	First Maturity Period		Second Maturity Period	
	FC	FC + YTL	FC	FC + YTL
Average (%)	231,11	411,47	157,40	264,77
Maximum (%)	292,94	606,41	196,64	397,45
Minimum (%)	175,11	285,68	120,21	207,36

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Breakdown of assets and liabilities according to their outstanding maturities:

31 December 2007	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and Over	Unclassified (*)	Total
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	14.744	86.491	-	-	-	-	-	101.235
Due From Banks	24.673	83.309	-	-	-	-	580	108.562
Financial Assets at Fair Value Through Profit or Loss	-	137	-	9.449	74.621	-	-	84.207
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Available-for-Sale Financial Assets	-	-	-	132.834	193.420	105.005	950	432.209
Loans	-	213.971	245.214	356.483	64.715	1.13	14.457	895.971
Held-to-maturity Investments	-	1.863	-	6.653	953.090	-	-	961.606
Other Assets (**)	-	1.940	188	9.584	5.793	-	147.767	165.272
Total Assets	39.417	387.711	245.402	515.003	1.291.639	106.136	163.754	2.749.062
Liabilities								
Bank Deposits	257	17.008	-	-	-	-	-	17.265
Other Deposits	211.852	594.160	159.132	169.465	-	-	-	1.134.609
Funds Borrowed From Other Financial Institutions	-	4.844	22.764	42.656	987.486	-	-	1.057.750
Funds From Interbank Money Market	-	177.544	-	-	-	-	-	177.544
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	12.627	214	-	-	-	7.001	19.842
Other Liabilities (**)	-	20.898	124	10.821	14.379	-	295.830	342.052
Total Liabilities	212.109	827.081	182.234	222.942	1.001.865	-	302.831	2.749.062
Net Liquidity Gap	(172.692)	(439.370)	63.168	292.061	289.774	106.136	(139.077)	-
31 December 2006								
Total Assets	44.930	511.561	152.327	242.362	110.446	12.911	41.308	1.115.845
Total Liabilities	109.323	549.136	205.029	80.088	39.203	-	133.066	1.115.845
Net Liquidity Gap	(64.393)	(37.575)	(52.702)	162.274	71.243	12.911	(91.758)	-

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

(**) Shareholders' equity is presented under "Other liabilities" item in the "Unclassified" column.

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Financial liabilities according to their remaining maturities:

31 December 2007	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Liabilities						
Bank deposits	17.274	-	-	-	-	17.274
Other deposits	784.849	162.805	213.792	-	-	1.161.446
Borrowings	44.710	31.008	118.271	1.170.203	-	1.364.192
Funds from money market	177.620	-	-	-	-	177.620
Total	1.024.453	193.813	332.063	1.170.203	-	2.720.532

Contractual maturity analysis of the Bank’s derivative instruments:

31 December 2007	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Trading Derivative Instruments						
Foreign exchange derivatives:						
– Inflow	54.142	-	-	-	-	54.142
– Outflow	54.169	-	-	-	-	54.169
Interest rate derivatives:						
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	1.856	142	1.998
Hedging Derivative Instruments						
Foreign exchange derivatives:						
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives:						
– Inflow	1.285	-	2.498	16.061	78.106	97.950
– Outflow	2.840	-	3.232	25.852	81.108	113.032
Total cash inflow	55.427	-	2.498	16.061	78.106	152.092
Total cash outflow	57.009	-	3.232	27.708	81.250	169.199

31 December 2006	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Trading Derivative Instruments						
Foreign exchange derivatives:						
– Inflow	86.287	21.084	-	-	-	107.371
– Outflow	88.729	22.022	-	-	-	110.751
Interest rate derivatives:						
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Hedging Derivative Instruments						
Foreign exchange derivatives:						
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Interest rate derivatives:						
– Inflow	-	-	-	-	-	-
– Outflow	-	-	-	-	-	-
Total cash inflow	86.287	21.084	-	-	-	107.371
Total cash outflow	88.729	22.022	-	-	-	110.751

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**VIII. EXPLANATION REGARDING THE PRESENTATION OF FINANCIAL ASSETS AND
LIABILITIES AT THEIR FAIR VALUES:**

The fair values of held-to-maturity assets are determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The expected fair value of the demand placements and deposits represents the amount to be paid upon request. The expected fair value of the fixed rate deposits is determined by calculating the discounted cash flow using the Bank’s current interest rates as of balance sheet date.

The expected fair value of loans and receivables are determined by calculating the discounted cash flows using the Bank’s current interest rates for fixed interest loans. For the loans with floating interest rates, it is assumed that the carrying value reflects the fair value.

The expected fair value of bank placements, money market placements and bank deposits are determined by calculating the discounted cash flows using the current market interest rates of similar assets and liabilities.

The following table summarises the carrying values and fair values of some financial assets and liabilities of the Bank.

	Carrying Value		Fair Value	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Financial Assets				
Due from Money Market		45.935		45.931
Due from Banks	108.562	228.310	107.953	228.300
Available-for-Sale Financial Assets	432.209	101.426	432.209	101.426
Held-to-maturity Investments	961.606	38.605	986.511	38.510
Loans	881.735	576.778	888.465	561.265
Financial Liabilities				
Bank Deposits	17.265	5.206	17.266	5.206
Other Deposits	1.134.609	755.575	1.135.711	756.647
Borrowings	1.057.750	131.791	994.055	130.617
Marketable Securities Issued				-
Miscellaneous Payables	19.842	5.974	19.842	5.974

**IX. EXPLANATION REGARDING THE ACTIVITIES CARRIED OUT ON BEHALF AND
ACCOUNT OF OTHER PARTIES:**

The Bank carries out marketable security trading and custody services on behalf of customers and on their account. The details of items held in custody is given in off-balance sheet commitments.

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X. EXPLANATIONS ON OPERATING SEGMENTS:

The Bank manages its banking operations through three main business units: retail banking, corporate banking and treasury.

Retail banking provides products and services to individual and small business customers. Products and services include primarily deposit, loan, credit card, automatic payment services, internet banking and other various banking services.

Corporate banking provides loan, deposit, cash management products, foreign trade products, non-cash loans, foreign currency transaction services and other corporate banking services to corporate clients.

Treasury transactions include fixed income security investments, fund management, foreign currency transactions, money market transactions, derivative transactions and other related services.

Stated balance sheet and income statement items based on operating segments:

31 December 2007	Retail Banking	Corporate Banking	Treasury	Total Operations of the Bank
Segment revenue	20.227	42.562	30.149	92.938
Unallocated costs	-	-	-	(70.590)
Net Operating Profit	20.227	42.562	30.149	22.348
Dividend income	-	-	-	97
Profit before tax	-	-	-	22.445
Tax Expense	-	-	-	(3.947)
Net Profit	-	-	-	18.498
Segment assets	128.542	802.708	1.653.874	2.585.124
Investments in associates, subsidiaries and joint ventures	-	-	-	121.562
Unallocated assets	-	-	-	42.376
Total Assets	128.542	802.708	1.653.874	2.749.062
Segment liabilities	567.604	610.101	1.249.427	2.427.132
Unallocated liabilities	-	-	-	321.930
Total liabilities	567.604	610.101	1.249.427	2.749.062

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

a. Information related to cash and the account of The Central Bank of the Republic of Turkey (the “CBRT”):

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

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
Cash/Foreign currency	5.477	9.255	2.930	5.874
CBRT	35.997	50.506	19.679	52.555
Other	-	-	-	11
Total	41.474	59.761	22.609	58.440

2. Information on the account of the CBRT:

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
Demand Unrestricted Amount	35.997	13.784	19.679	24.187
Time Unrestricted Amount	-	-	-	-
Time Restricted Amount	-	36.722	-	28.368
Total	35.997	50.506	19.679	52.555

3. Information on reserve requirements:

In accordance with the “Communiqué Regarding the Reserve Requirements” numbered 2005/1, issued by the CBRT, banks operating in Turkey are supposed to place reserves in the CBRT at a rate of 6% for their YTL liabilities and 11% as 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 December 2007 the corresponding interest rates are 11,81% for YTL, 1,95% for USD and 1,80% for EUR reserves.

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

- As of 31 December 2007, financial assets at fair value through profit or loss subject to repo transactions amounted to YTL23.757 (31 December 2006: YTL3.346).
- Positive differences related to trading derivative financial assets:

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
Forward Transactions	-	136	-	12
Swap Transactions	-	-	-	544
Futures Transactions	-	-	-	-
Options	-	23	-	-
Other	-	-	5	-
Total	-	159	5	556

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c. Information on banks:

1. Information on banks:

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
Banks	47	108.515	113.286	115.024
Domestic	47	25.177	113.286	67.912
Foreign		83.338	-	47.112
Headquarters and Branches Abroad		-		-
Total	47	108.515	113.286	115.024

2. Information on foreign banks account :

	Unrestricted Amount		Restricted Amount	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
EU Countries	56.169	27.791	-	-
USA, Canada	27.020	1.738	-	-
OECD Countries (*)	146	772	-	-
Off-shore Banking Regions	-	-	-	-
Other	3	16.811	-	-
Total	83.338	47.112	-	-

(*) OECD countries except EU countries, USA and Canada.

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

1. Characteristics and carrying values of available-for-sale financial assets given as collateral:

As of 31 December 2007, available-for-sale financial assets given as collateral/blocked amounted to YTL1.465 (31 December 2006: None) and those subject to repurchase agreements amounted to YTL137.352 (31 December 2006: YTL59.980).

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

	31 December 2007	31 December 2006
Debt Securities	431.259	98.533
Quoted on Stock Exchange	326.252	87.437
Not Quoted (*)	105.007	11.096
Share Certificates	950	7.096
Quoted on Stock Exchange	-	6.146
Not Quoted	950	950
Impairment Provision (-)	-	4.203
Total	432.209	101.426

(*) Eurobonds are classified as “Not Quoted” debt securities.

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e. Explanations on loans:

1. Information on all types of loan or advance balances given to shareholders and employees of the Bank :

	31 December 2007		31 December 2006	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted To Shareholders	-	-	-	-
Corporate Shareholders	-	-	-	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted To Shareholders	607	21.703	1.977	24.432
Loans Granted To Employees	792	-	742	45
Total	1.399	21.703	2.719	24.477

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

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Cash Loans				
Non-Specialised Loans	867.545	-	13.796	173
Discount and Purchase Notes	10.836	-	-	-
Export Loans	183.933	-	2.924	-
Import Loans	-	-	-	-
Loans Granted to Financial Sector	46.489	-	-	-
Foreign Loans	-	-	-	-
Consumer Loans	12.629	-	722	-
Credit Cards	2.980	-	92	-
Precious Metal Loans	-	-	-	-
Other (*)	610.678	-	10.058	173
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	867.545	-	13.796	173

(*) Factoring receivables amounting to YTL14.236 are included in other non-specialised loans.

3. Loans according to their maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term Loans and Other Receivables	706.813	-	10.787	-
Non-specialised Loans	706.813	-	10.787	-
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans and Other Receivables	160.732	-	3.009	173
Non-specialised Loans	160.732	-	3.009	173
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	867.545	-	13.796	173

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4. Information on consumer loans, individual credit cards, personnel loans and personnel credit cards:

	Short-term	Medium and Long-term	Total
Consumer Loans-YTL	3.238	8.204	11.442
Real estate loans	159	607	766
Automotive loans	53	2.697	2.750
Consumer loans	3.026	4.900	7.926
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-YTL	1.816	-	1.816
With instalments	-	-	-
Without instalments	1.816	-	1.816
Individual Credit Cards-FC	62	-	62
With instalments	-	-	-
Without instalments	62	-	62
Personnel Loans-YTL	368	388	756
Real estate loans	-	-	-
Automotive loans	-	23	23
Consumer loans	368	365	733
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards-YTL	34	-	34
With instalments	-	-	-
Without instalments	34	-	34
Personnel Credit Cards-FC	2	-	2
With instalments	-	-	-
Without instalments	2	-	2
Credit Deposit Account-YTL (Real Person)	1.153	-	1.153
Credit Deposit Account-FC (Real Person)	-	-	-
Total	6.673	8.592	15.265

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5. Information on commercial instalment loans and corporate credit cards :

	Short-term	Medium and long-term	Total
Commercial Instalments Loans-YTL	11.370	39.072	50.442
Real estate Loans	-	-	-
Automotive Loans	269	9.897	10.166
Consumer Loans	11.101	29.175	40.276
Other	-	-	-
Commercial Instalments Loans-FC Indexed	-	45	45
Real estate Loans	-	-	-
Automotive Loans	-	45	45
Consumer Loans	-	-	-
Other	-	-	-
Commercial Instalments Loans-FC	-	-	-
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-YTL	1.045	-	1.045
With instalment	-	-	-
Without instalment	1.045	-	1.045
Corporate Credit Cards-FC	113	-	113
With instalment	-	-	-
Without instalment	113	-	113
Credit Deposit Account-YTL (Legal Person)	1.374	-	1.374
Credit Deposit Account-FC (Legal Person)	-	-	-
Total	13.902	39.117	53.019

6. Loans according to types of borrowers:

	31 December 2007	31 December 2006
Public	20.154	26.181
Private	861.360	548.230
Total	881.514	574.411

7. Distribution of domestic and foreign loans:

	31 December 2007	31 December 2006
Domestic Loans	876.179	573.000
Foreign Loans	5.335	1.411
Total	881.514	574.411

8. Loans given to investments in associates and subsidiaries:

None (31 December 2006: None).

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9. Specific provisions provided against loans:

	31 December 2007	31 December 2006
Loans and Other Receivables with Limited Collectability	229	165
Loans and Other Receivables with Doubtful Collectability	1.290	356
Uncollectible Loans and Other Receivables	18.326	11.875
Total	19.845	12.396

10. Information on non-performing loans (Net) :

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
31 December 2007			
(Gross amounts before the Specific Reserves)			
Restructured Loans and Other Receivables	-		-
Rescheduled Loans and Other Receivables	169	41	6.552
31 December 2006			
(Gross amounts before the Specific Reserves)			
Restructured Loans and Other Receivables	-		-
Rescheduled Loans and Other Receivables	-	203	1.774

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

	III. Group Loans and other receivables with limited collectability	IV. Group Loans and other receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
Prior Period End Balance	1.200	1.061	12.502
Additions (+)	11.025	145	13.090
Transfers from Other Categories of Non-performing Loans (+)	-	9.479	3.654
Transfers to Other Categories of Non-performing Loans (-)	9.479	3.654	-
Collections (-)	981	990	2.750
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	1.765	6.041	26.496
Specific Provision (-)	229	1.290	18.326
Net Balance on Balance Sheet	1.536	4.751	8.170

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

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
31 December 2007			
Period-End Balance	244	1.535	4.810
Specific Provision (-)	32	192	4.810
Net Balance on balance sheet	212	1.343	-
31 December 2006			
Period-End Balance	-	-	3.700
Specific Provision (-)	-	-	3.700
Net Balance on balance sheet	-	-	-

10(iv). Information on non-performing loans based on types of borrowers:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	1.536	4.751	8.170
Loans Given to Real Persons and Legal Persons (Gross)	1.765	6.041	26.282
Specific Provision Amount (-)	229	1.290	18.112
Loans Given to Real Persons and Legal Persons (Net)	1.536	4.751	8.170
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	214
Specific Provision Amount (-)	-	-	214
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	1.035	705	627
Loans Given to Real Persons and Legal Persons (Gross)	1.200	1.061	12.272
Specific Provision Amount (-)	165	356	11.645
Loans Given to Real Persons and Legal Persons (Net)	1.035	705	627
Banks (Net)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	230
Specific Provision Amount (-)	-	-	230
Other Loans and Receivables (Net)	-	-	-

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11. Policy followed-up for the collection of uncollectible loans and other receivables (Net) :

The Bank aims to collect uncollectible loans and other receivables through the liquidation of collaterals and by legal procedures.

12. Explanations on the write-off policy:

Uncollectible loans where legal verification of the inability of collection is obtained are written-off from the Bank’s assets with the decision of the Board of Directors.

13. Information on the provision movement of total non-performing loans:

	Corporate Loans	Consumer Loans	Credit Cards	Total
1 January 2007	11.723	558	115	12.396
Additions (+)	14.918	341	70	15.329
Reversals (-)	7.636	168	76	7.880
Write-offs (-)	-	-	-	-
31 December 2007	19.005	731	109	19.845

	Corporate Loans	Consumer Loans	Credit Cards	Total
1 January 2006	9.216	431	138	9.785
Additions (+)	6.866	361	17	7.244
Reversals (-)	4.359	234	40	4.633
Write-offs (-)	-	-	-	-
31 December 2006	11.723	558	115	12.396

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f. Information on held-to-maturity investments:

1. Information on held-to-maturity financial assets subject to repurchase agreements :

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
Bill	-	-	-	-
Bond and Similar Securities	5.375	-	-	-
Other	-	-	-	-
Total	5.375	-	-	-

2. Information on held-to-maturity financial assets given as collateral/blocked:

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
Bill	-	-	-	-
Bond and Similar Securities	249.559	-	5.278	-
Other	-	-	-	-
Total	249.559	-	5.278	-

3. Information on government debt securities held-to-maturity:

	31 December 2007	31 December 2006
Government Bond (*)	961.606	35.851
Treasury Bill	-	2.754
Other Debt Securities	-	-
Total	961.606	38.605

(*) As of 31 December 2007, government bonds include Turkish Eurobonds amounting to YTL 1.863 (31 December 2006: YTL2.014).

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4. Information on investment securities held-to-maturity:

	31 December 2007	31 December 2006
Debt Securities	961.606	38.605
Quoted	959.743	36.591
Not Quoted (*)	1.863	2.014
Impairment Provision (-)	-	-
Total	961.606	38.605

(*) Eurobonds are classified as “Not Quoted” debt securities.

5. Movement of held-to-maturity investments within the period:

	31 December 2007	31 December 2006
Beginning Balance	35.620	72.103
Foreign Currency Differences on Monetary Assets	(144)	259
Purchases During Year	911.943	33.132
Disposals through Sales and Redemptions (*)	(53.489)	(69.874)
Impairment Provision (-)	-	-
Period End Balance	893.930	35.620

(*) No disposals through sale.

g. Information on investments in associates (Net):

None.

h. Information on subsidiaries (Net):

1. Information on unconsolidated subsidiaries:

None.

2. Main financial figures of the unconsolidated subsidiaries in order of the above table:

None.

3. Information on consolidated subsidiaries:

	Title	Address (City/ Country)	Bank’s share percentage, if different voting percentage (%)	Other shareholders’ share percentage(%)
1	EFG Finansal Kiralama A.Ş.	Istanbul/Turkey	99,99	0,01
2	EFG İstanbul Menkul Değerler A.Ş.	Istanbul/Turkey	99,99	0,01

4. Main financial figures of the 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	53.202	7.689	-	2.989	53	1.197	532	-
2	75.158	55.151	604	4.128	1.867	16.156	17.475	-

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5. Movement schedules of subsidiaries:

	31 December 2007	31 December 2006
Balance at the beginning of the Period	9.462	9.462
Movements during the Period	112.100	-
Purchases (*)	112.100	-
Bonus Shares Obtained	-	-
Dividends from Current Year Income	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision	-	-
Balance at the end of the Period	121.562	9.462
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	99,99%	99,99%

(*) Following the Capital Markets Board approval, dated 28 September 2007 and No. 24535, 99,99% of the shares of EFG İstanbul Menkul Kıymetler A.Ş. has been purchased by the Bank for a consideration of YTL112.100 at 3 October 2007.

6. Sectoral information on consolidated financial subsidiaries and the related carrying amounts:

Subsidiaries	31 December 2007	31 December 2006
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	9.462	9.462
Finance Companies	-	-
Other Financial Subsidiaries	112.100	-

7. Subsidiaries quoted on stock exchange:

None.

i. Information on joint ventures:

None.

j. Information on lease receivables (net):

None.

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k. Information on hedging derivative financial assets:

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
Fair value hedge	-	1.334	-	-
Cash flow hedge	-	-	-	-
Net foreign investment hedge	-	-	-	-
Total	-	1.334	-	-

The Bank hedged against the possible fair value effects of changes in market interest rates on its Eurobonds with a nominal of USD40 million maturing at 15 January 2014, a nominal of USD10 million maturing at 14 January 2013 and a nominal of USD10 million maturing at 3 April 2018 by swap transactions with nominal value of USD60 million. In determining the effectiveness; changes in the fair values of the Eurobonds subject to hedging and the hedging instruments were used and it has been concluded that the related transaction has been an effective hedge.

l. Information on property and equipment (Net):

31 December 2006	Immovables	Motor Vehicles	Other Tangible Assets	Total
31 December 2005				
Cost	20.381	2.834	35.067	58.282
Accumulated depreciation (-)	1.217	2.272	30.920	34.409
Net book value	19.164	562	4.147	23.873
31 December 2006				
Net book value at beginning of the period	19.164	562	4.147	23.873
Additions	-	399	573	972
Disposals (-) (net)	2.871	3	-	2.874
Impairment	682	-	-	682
Depreciation (-)	352	181	1.713	2.246
Revaluation Increase	3.910	-	-	3.910
Cost at Period End	22.110	2.684	35.623	60.417
Accumulated Depreciation at Period End (-)	1.577	1.907	32.616	36.100
Closing Net Book Value at Period End	20.533	777	3.007	24.317

31 December 2007	Immovables	Motor Vehicles	Other Tangible Assets	Total
31 December 2006				
Cost	22.110	2.684	35.623	60.417
Accumulated depreciation (-)	1.577	1.907	32.616	36.100
Net book value	20.533	777	3.007	24.317
31 December 2007				
Net book value at beginning of the period	20.533	777	3.007	24.317
Additions	350	-	3.339	3.689
Disposals (-) (net)	-	491	-	491
Impairment	-	-	-	-
Depreciation (-)	452	163	1.724	2.339
Revaluation Increase	(1.281)	-	-	(1.281)
Cost at Period End	21.194	1.373	38.965	61.532
Accumulated Depreciation at Period End (-)	2.044	1.250	34.343	37.637
Closing Net Book Value at Period End	19.150	123	4.622	23.895

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m. Information on intangible assets:

1.Book value and accumulated depreciation at the beginning and the end of the period:

	31 December 2007	31 December 2006
Gross Book Value	12.801	11.964
Accumulated Depreciation (-)	11.765	11.014
Net Book Value	1.036	950

2.Information on movements between the beginning and end of the period:

	31 December 2007	31 December 2006
Beginning of the Period	950	1.467
Internally Generated Amounts	-	-
Additions due to Mergers, Transfers and Acquisitions (*)	837	244
Disposals	-	-
Amount Accounted under Revaluation Reserve	-	-
Impairment	-	-
Impairment Reversal	-	-
Amortisation (-)	751	761
Net Foreign Currency Difference From Foreign Investments in Associates	-	-
Other Changes in Book Value	-	-
End of the Period	1.036	950

(*) Intangible assets which are purchased within the year.

n. Information on investment property:

None.

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o. Information on deferred tax asset:

As of 31 December 2007, the Bank has netted-off the calculated deferred tax asset of YTL7.318 (31 December 2006: YTL1.243) and deferred tax liability of YTL1.539 (31 December 2006: YTL1.546) in accordance with “TAS 12” and has recorded a net deferred tax asset (31 December 2006: net deferred tax liability) of YTL5.779 (31 December 2006: YTL303) in the financial statements. The Bank has no deferred tax amount calculated on carry forward losses (31 December 2006: None).

As of 31 December 2007 and 31 December 2006, the details of accumulated temporary differences and deferred tax assets and liabilities are presented below:

	Accumulated Temporary Differences		Deferred Tax Assets / Liabilities	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Provision for Legal Cases	6.890	-	1.378	-
Reserve for Employment Termination Benefit and Unused Vacation	3.581	3.608	716	722
Valuation Differences of Marketable Securities	25.063	-	5.013	-
Valuation Differences of Derivative Instruments	1.055	2.593	211	518
Other	-	14	-	3
Deferred Tax Assets			7.318	1.243
Difference Between Book Value and Tax Base of Tangible and Intangible Assets	6.223	7.512	1.245	1.502
Valuation Differences of Marketable Securities	1.032	220	206	44
Other	442	-	88	-
Deferred Tax Liabilities			1.539	1.546
Deferred Tax Assets / (Liabilities) (Net)			5.779	(303)

Movement of deferred tax asset/ liabilities is presented below:

	31 December 2007	31 December 2006
Balance as of 1 January	(303)	2.755
Current year deferred tax income/(expense) (net)	6.399	(2.287)
Deferred tax charged to equity (net)	(317)	(771)
Balance at the End of the Period	5.779	(303)

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p. Information on assets held for resale and discontinued operations :

The Bank has no discontinued operations.

Movables and immovables acquired due to the receivables are classified in financial statements under “Assets Held for Resale”. The below table represents the information on movement between the beginning and the end of the period.

	31 December 2007	31 December 2006
Prior Year End:		
Cost	1.152	13.076
Accumulated Depreciation (-)	64	1.090
Net Book Value	1.088	11.986
Current Year End:		
Net book value at beginning of the period	1.088	11.986
Additions	394	620
Disposals (-)	217	11.697
Impairment (-)	22	(243)
Depreciation (-)	43	64
Cost	1.307	1.152
Accumulated Depreciation (-)	107	64
Closing Net Book Value	1.200	1.088

r. Information on other assets:

As of 31 December 2007, other assets amount to YTL1.839(31 December 2006: YTL1.948) and do not exceed 10% of the total assets excluding off-balance sheet commitments.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

a. Information on deposits:

1. Information on maturity structure of deposits:

(i) 31 December 2007:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months -1 year	1 year and over	Accum. Deposit	Total
Saving Deposits	8.703	-	23.065	228.630	23.496	105.001	36.201	-	425.096
Foreign Currency Deposits	165.156	-	88.428	211.824	54.319	10.783	-	-	530.510
Residents in Turkey	164.141	-	88.294	209.394	47.201	9.452	-	-	518.482
Residents Abroad	1.015	-	134	2.430	7.118	1.331	-	-	12.028
Public Sector Deposits	8.829	-	-	14	-	-	-	-	8.843
Commercial Deposits	28.630	-	80.701	54.425	5.455	19	-	-	169.230
Other Institutions Deposits	534	-	17	361	14	4	-	-	930
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	257	-	17.008	-	-	-	-	-	17.265
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	255	-	17.008	-	-	-	-	-	17.263
Foreign Banks	2	-	-	-	-	-	-	-	2
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	212.109	-	209.219	495.254	83.284	115.807	36.201	-	1.151.874

(ii) 31 December 2006:

	Demand	With 7 days notifications	Up to 1 month	1-3 months	3-6 months	6 months -1 year	1 year and over	Accum. Deposit	Total
Saving Deposits	8.010	-	11.059	238.472	27.918	32.505	457	-	318.421
Foreign Currency Deposits	68.646	-	19.750	208.803	36.956	10.992	852	-	345.999
Residents in Turkey	68.199	-	19.748	207.734	36.837	9.410	852	-	342.780
Residents Abroad	447	-	2	1.069	119	1.582	-	-	3.219
Public Sector Deposits	781	-	30	1.113	-	-	-	-	1.924
Commercial Deposits	24.216	-	18.586	33.382	8.555	617	-	-	85.356
Other Institutions Deposits	2.451	-	14	1.243	164	3	-	-	3.875
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	175	-	5.031	-	-	-	-	-	5.206
The CBRT	-	-	-	-	-	-	-	-	-
Domestic Banks	164	-	5.031	-	-	-	-	-	5.195
Foreign Banks	11	-	-	-	-	-	-	-	11
Special Financial Institutions	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	104.279	-	54.470	483.013	73.593	44.117	1.309	-	760.781

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2. Information on saving deposits insurance:

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

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
Saving Deposits				
Saving Deposits	97.268	93.818	327.828	224.603
Foreign Currency Savings Deposit	44.384	47.172	177.583	131.606
Other Deposits in the Form of Savings Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Total	141.652	140.990	505.411	356.209

2.(ii) There are no deposits covered under foreign authorities' insurance since the Bank is incorporated in Turkey.

3. Saving deposits of real persons which are not under the guarantee of saving deposit insurance fund:

	31 December 2007	31 December 2006
Deposits and Other Accounts in Foreign Branches	-	-
Deposits and Other Accounts of Main Shareholders and their Families	134.161	12.400
Deposits and Other Accounts of President of Board of Directors, Members of Board of Directors, Vice General Managers and Their Families	1.281	1.201
Deposits and Other Accounts of Property Assets Value due to Crime which is in the Scope of Article 282 of Numbered 5237 “TCK” Dated 26/9/2004	-	-
Deposits in Banks Incorporated in Turkey Exclusively for Off-shore Banking Operations	-	-
Total	135.442	13.601

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b. Information on trading derivative financial liabilities:

Schedule of negative differences concerning trading derivative financial liabilities:

Trading Derivative Financial Liabilities	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
Forward Transactions	10	99	3	2
Swap Agreements	-	44	3.144	-
Futures Transactions	-	-	-	-
Options	-	22	-	-
Other	-	-	-	-
Total	10	165	3.147	2

c. Information on borrowings:

1. Information on banks and other financial institutions:

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
The CBRT Borrowings	-	-	-	-
From Domestic Banks and Institutions	29.308	49.699	31.269	58.822
From Foreign Banks, Institutions and Funds	978.743	-	8.858	32.842
Total	1.008.051	49.699	40.127	91.664

2. Information on maturity structure of borrowings:

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
Short-term	25.599	21.475	29.202	53.281
Medium and Long-term	982.452	28.226	10.925	38.383
Total	1.008.051	49.699	40.127	91.664

3. Additional information on the major concentration of the Bank’s liabilities:

The Bank’s main funding sources are deposits and borrowings. As of 31 December 2007, deposits and borrowings from Bank’s risk group comprise 35% of total deposits and 92% of total borrowings.

d. Information on other foreign liabilities:

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

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e. Information on financial lease agreements:

The contingent rent installments of financial lease contracts are determined by the price of commodity, market interest rates and the maturity of funding. The financial leasing contracts do not have any conditions which place significant commitments on the Bank.

	31 December 2007		31 December 2006	
	Gross	Net	Gross	Net
Less than 1 year	752	673	3.750	3.564
Between 1-4 years	455	421	287	274
More than 4 years	-	-	-	-
Total	1.207	1.094	4.037	3.838

f. Information on hedging derivative financial liabilities:

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
Fair value hedge	-	13.958	-	-
Cash flow hedge	-	-	-	-
Net foreign investment hedge	-	-	-	-
Total	-	13.958	-	-

The Bank hedged against the possible fair value effects of changes in market interest rates on its Eurobonds with a nominal of USD40 million maturing at 15 January 2014, a nominal of USD10 million maturing at 14 January 2013 and a nominal of USD10 million maturing at 3 April 2018 by swap transactions with a nominal of USD60 million. In determining the effectiveness; changes in the fair values of the Eurobonds subject to hedging and the hedging instruments were used and it has been concluded that the related transaction has been an effective hedge.

g. Information on provisions:

1. Information on general provisions:

	31 December 2007	31 December 2006
Provisions for Group I loans and receivables	6.140	2.713
Provisions for Group II loans and receivables	143	80
Provisions for non cash loans	957	524
Other	1.286	147
Total	8.526	3.464

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2. Information on reserve for employment termination benefits:

Under the Turkish Labour Law, the Bank is required to pay a specific amount to the employees who have been working more than one year, when employment is terminated due to obligatory reasons or they retire, when they have fulfilled 25 working years (women 20) and are eligible for retirement (for women 58 years, for men 60 years), when they have been called up for military service or when they die. After the amendment of legislation on 23 May 2002, some of the transition process articles related with the working period before retirement were enacted.

The payment amount which is one month’s salary for each working year is restricted to YTL2.030,19 (31 December 2006: YTL1.857,44). Employee termination benefits are not funded as there is no funding requirement.

In accordance with Turkish Labour Law, 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 necessitates the actuarial valuation methods to calculate liabilities of enterprises. Independent actuaries are used in determining the liability of the Bank. There are assumptions in the calculation as discount rate, employee turnover and expected salary increases. In this context, the following actuarial assumptions were used in the calculation of total liabilities.

	31 December 2007	31 December 2006
Discount rate (%)	5,71	5,71
Salary increase rate (%)	7,00	7,00
Average remaining work period (Year)	10,24	10,64

Movement of reserve for employment termination benefits during the period:

	31 December 2007	31 December 2006
Prior Period Ending Balance	2.398	2.141
Provisions Recognised During the Period	1.006	620
Paid During the Period (-)	1.083	363
Balance at the End of the Period	2.321	2.398

In addition, the Bank has accounted for vacation rights provision amounting to YTL1.260 (31 December 2006: YTL1.210) and personnel bonus provision amounting to YTL2.600 (31 December 2006: None).

3. Other provisions:

(i) Information on provisions for possible risks:

	31 December 2007	31 December 2006
Provisions for Possible Risks	-	3.406

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(ii) Information on other provisions:

The Bank set aside reserves amounting to YTL6.890 (31 December 2006: None) for lawsuits, YTL1.689 (31 December 2006: YTL562) for non-cash loans, YTL887 (31 December 2006: YTL214) for customer cheques commitments, YTL28 (31 December 2006: YTL33) for credit card loyalty points and YTL73 (31 December 2006: None) for a doubtful receivable.

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

As of 31 December 2007, the provision related to the foreign currency difference of foreign indexed loans amounts to YTL6.595 (31 December 2006: YTL1.412) and is netted from the loan amount in the financial statements.

h. Information on taxes payable:

1. Information on tax provision:

As of 31 December 2007, YTL10.346 has been provided for corporate tax provision (31 December 2006: YTL514).

2. Information on taxes payable:

	31 December 2007	31 December 2006
Corporate Tax Payable	10.346	514
Taxation of Marketable Securities	1.164	1.114
Property Tax	41	38
Banking Insurance Transaction Tax	1.080	661
Foreign Exchange Transaction Tax	166	96
Value Added Tax Payable	75	113
Other	506	352
Total	13.378	2.888

3. Information on premium payables:

	31 December 2007	31 December 2006
Social Security Premiums–Employee	170	270
Social Security Premiums–Employer	252	403
Bank Social Aid Pension Fund Premiums–Employee	-	-
Bank Social Aid Pension Fund Premiums–Employer	-	-
Pension Fund Membership Fee and Provisions–Employee	-	-
Pension Fund Membership Fee and Provisions–Employer	-	-
Unemployment Insurance–Employee	11	18
Unemployment Insurance–Employer	23	36
Other	-	-
Total	456	727

4. The Bank has no tax liability due to presenting deferred tax asset and deferred tax liability as net in the financial statements (31 December 2006: YTL303).

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i. Information on payables for assets held for resale and discontinued operations:

None.

j. Information on subordinated loans:

None.

k. Information on shareholders’ equity:

1. Presentation of paid-in capital:

	31 December 2007	31 December 2006
Common Stock	230.000	50.000
Preferred Stock	-	-

2. Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling:

The Bank has paid-in-capital of YTL230.000 and does not apply the registered share capital system.

3. Information on the share capital increases during the period and their sources:

Date of Increase	Amount of Increase	Cash	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
21 August 2007	179.314	134.314	9.562	35.438
28 November 2007	686	686	-	-

4. Information on capital increases from capital reserves during the current period:

Marketable Securities Valuation Reserve	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares Obtained from Investments in Associates, Subsidiaries and Joint Ventures	Other Capital Reserves (*)
-	-	-	35.438

(*) The capital increase from the inflation adjustment differences on paid-in capital account.

5. Information on capital commitments, up until the end of the fiscal year and the subsequent interim period:

None.

6. Information on capital by considering the Bank’s profitability, prior period indicators on liquidity and uncertainty on these indicators:

The interest, liquidity, and foreign exchange risk on on-balance sheet and off-balance sheet assets and liabilities are managed by the Bank within several risk limits and legal limits.

7. Information on privileges given to shares representing the capital:

Based on the Principal Agreement, the Bank has 1.000.000 founder's shares. According to the Principal Agreement, after allocating 5% to legal reserves and distributing 5% of the paid in capital, 10% of distributable amount is distributed to the owners of the founder's shares.

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8. Information on marketable securities valuation reserve:

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures	-	-	-	-
Valuation Difference	1.424	826	250	-
Foreign Currency Difference	-	-	-	-
Total	1.424	826	250	-

9. Information on distribution of prior year’s profit:

Based on the decision in the General Meeting held on 30 March 2007, out of the profit of 2006 amounting to YTL12.386, YTL2.824 is allocated as extraordinary reserves and the remaining YTL9.562 is allocated as other reserves.

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III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS

a. Information on off balance sheet commitments:

1. The amount and type of irrevocable commitments:

	31 December 2007	31 December 2006
Commitments for cheques	43.472	41.780
Commitments for credit card limits	11.817	10.624
Loan limit commitments	5.609	-
Assets purchase commitments	1.852	10.473
Blocked cheques given to customers	3.570	5.390
Tax and fund obligations arising from export commitments	2.641	2.962
Total	68.961	71.229

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

There are no probable losses and obligations arising from off-balance sheet items. Obligations arising from off-balance sheet are disclosed in “Off-balance sheet commitments”.

(i) Non-cash loans including guarantees, bank avalized and acceptance loans, collaterals that are accepted as financial commitments and other letters of credit:

	31 December 2007	31 December 2006
Letter of guarantees	299.328	296.075
Other guarantees	245.007	79.832
Letter of credits	106.365	94.343
Bank acceptance loans	5.861	8.865
Total	656.561	479.115

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

	YTL	FC
Irrevocable letters of guarantee	165.223	65.987
Guarantees given to customs	28.719	-
Revocable letters of guarantee	13.355	4.863
Letters of guarantee given in advance	2.279	13.347
Other letters of guarantee	2.015	3.540
Total	211.591	87.737

3. (i) Total amount of non-cash loans:

	31 December 2007	31 December 2006
Non-cash loans given against cash loans	251.718	72.490
With original maturity of 1 year or less than 1 year	5.497	5.280
With original maturity of more than 1 year	246.221	67.210
Other non-cash loans	404.843	406.625
Total	656.561	479.115

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(ii) Information on sectoral concentration of non-cash loans:

	31 December 2007				31 December 2006			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agricultural	1.338	0,63	8.891	2,00	1.692	0,89	7.653	2,64
Farming and Livestock	790	0,37	4.970	1,12	859	0,45	2.123	0,73
Forestry	548	0,26	3.921	0,88	833	0,44	5.530	1,91
Fishing	-	-	-	-	-	-	-	-
Manufacturing	87.437	41,32	236.426	53,13	69.283	36,55	179.536	62,01
Mining	3.134	1,48	10.122	2,27	2.475	1,31	2.054	0,71
Production	83.481	39,45	224.769	50,52	66.486	35,07	174.908	60,41
Electric, Gas, Water	822	0,39	1.535	0,34	322	0,17	2.574	0,89
Construction	56.924	26,90	60.700	13,64	53.887	28,43	24.300	8,39
Services	63.285	29,91	131.066	29,46	59.510	31,39	72.104	24,90
Wholesale and Retail Trade	44.143	20,86	43.325	9,74	35.946	18,97	24.791	8,56
Hotel and Food Services	22	0,01	49.302	11,08	8	-	9.661	3,34
Transportation and Telecommunication	491	0,23	740	0,17	536	0,28	739	0,25
Financial Institutions	18.612	8,80	37.699	8,47	22.981	12,12	36.913	12,75
Real Estate and Leasing Ser.	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	-	-
Education Services	17	0,01	-	-	39	0,02	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	2.607	1,24	7.887	1,77	5.194	2,74	5.956	2,06
Total	211.591	100,00	444.970	100,00	189.566	100,00	289.549	100,00

(iii) Information on non-cash loans classified in 1st and 2nd group:

	Group I		Group II	
	YTL	FC	YTL	FC
Non-cash Loans (*)	203.916	440.150	5.223	3.645
Letters of Guarantee	203.916	85.316	5.223	2.087
Bank Acceptances	-	5.661	-	200
Letters of Credit	-	106.340	-	25
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	242.833	-	1.333

(*) In addition to non-cash loans stated above, the Bank has non-cash loans classified as non-performing loans, amounting to YTL3.627. As of 31 December 2007, the Bank has recorded a YTL1.689 provision regarding these risks.

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b. Information on derivative financial instruments :

	31 December 2007	31 December 2006
Types of Trading Transactions		
Foreign currency related derivative transactions (I)	108.311	218.122
Currency forward transactions	83.504	8.741
Currency swap transactions	24.807	209.381
Futures transactions	-	-
Options	-	-
Interest related derivative transactions (II)	21.664	-
Forward rate agreements	-	-
Interest rate swaps	-	-
Interest rate options	21.664	-
Interest rate futures	-	-
A. Total trading derivative transactions (I+II)	129.975	218.122
Types of hedging transactions	139.116	-
Fair value hedges	139.116	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total hedging related derivatives	139.116	-
Total derivative transactions (A+B)	269.091	218.122

c. Information on contingent assets and contingent liabilities:

In accordance with the Regulation on the Turkish Accounting Standards Regarding Contingent Assets and Liabilities, Provisions, (TAS 37) contingent assets or contingent liabilities are accounted in financial statements by considering the probability of the act’s occurrence.

For contingent assets, if the probability of the occurrence is nearly absolute, the asset is booked in the financial statements, but if the probability of the occurrence is high, this asset is disclosed in notes to the financial statements.

The Bank has filed a lawsuit amounting to YTL4.273 against the Ministry of Finance ("Ministry") regarding the correction of corporate tax bases of financial losses, carried forward in and after 2002 in relation to the amounts disregarded in the tax calculation in 2001, and refundment of the corporate tax amount, paid in relation to relevant periods, in view of the provision specifying that “ Legal and optional reserves and losses subject to decrease of capital, shall be offset against tax base in determination of income of the banks in the framework of principles specified in the paragraph 7 of article 14 of the repealed Corporate Tax Law 5422” in the financial statements dated 31 December 2001, in accordance with the temporary article 4, added by the Law No.4743 to the Banking Law No.4389, which was annulled on 1 November 2005.

For contingent liabilities, if the probability of the occurrence is high and the liability can be reliably measured, a provision is booked for this liability, but if it cannot be measured reliably, this liability is disclosed in notes to the financial statements. In addition, if the probability of the occurrence of the contingent liability is low or there is no such probability, an explanation is required regarding this liability. As of 31 December 2007, information about contingent liabilities is explained below.

As of 31 December 2007, the total amount of legal cases against the Bank is YTL8.898 (31 December 2006: YTL6.780) and the Bank sets aside a provision of YTL6.890 (31 December 2006: YTL3.406) regarding these risks.

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d. Brief information on the Bank’s rating given by International Rating Institutions:

MOODY'S (Dated on April 2007 out of data from 31 December 2006)

(Financial Strength Rating)	D-
(Long Term Foreign Currency)	B1
(Short Term Foreign Currency)	Not Prime
(Outlook)	Stable

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IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

a. Information on interest income:

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

Interest Income on Loans	Group I		Group II	
	YTL	FC	YTL	FC
Short-term Loans	90.582	9.306	1.486	144
Medium/Long-term Loans	9.456	4.964	822	-
Interest on Loans Under Follow-up	210	-	-	-
Premiums Received from Resource Utilisation Support Fund	-	-	-	-
Total	100.248	14.270	2.308	144

(*) Includes fee and commission income related with cash loans.

2. Information on interest income on banks:

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
From the CBRT	-	239	344	-
From Domestic Banks	6.125	1.893	6.549	930
From Foreign Banks	2.419	4.240	3.138	1.034
Headquarters and Branches Abroad	-	-	-	-
Total	8.544	6.372	10.031	1.964

3. Information on interest income on marketable securities:

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
From Trading Financial Assets	382	-	383	-
From Financial Assets At Fair Value Through Profit or Loss	-	-	-	-
From Available-for-Sale Financial Assets	29.438	3.186	4.118	233
From Held-to-Maturity Investments	98.220	174	9.291	1.158
Total	128.040	3.360	13.792	1.391

4. Information on interest income received from investments in associates and subsidiaries:

	31 December 2007	31 December 2006
Interest Received From Investments in Associates And Subsidiaries	24	154

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b. Information on interest expense:

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

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
Banks	92.213	3.740	3.993	3.242
The CBRT	-	-	-	-
Domestic Banks	4.720	3.119	3.635	1.678
Foreign Banks	87.493	621	358	1.564
Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	155	-	215
Total	92.213	3.895	3.993	3.457

(*)Includes fee and commission expense related with cash loans.

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

	31 December 2007	31 December 2006
Interest Paid to Investment in Associates and Subsidiaries	177	412

3. Interest expense on issued marketable securities:

None.

4. Maturity structure of the interest expense on deposits :

	Demand Deposit	Time Deposit					Accum. Deposit	Total
		Up to 1 month	Up to 3 Month	Up to 6 month	Up to 1 year	More than 1 year		
YTL								
Bank Deposits	-	555	-	-	-	-	-	555
Saving Deposits	-	2.634	48.439	6.418	2.762	140	-	60.393
Public Sector Deposits	-	-	7	-	-	-	-	7
Commercial Deposits	1	2.086	7.086	1.275	20	-	-	10.468
Other Deposits	1	9	126	12	-	-	-	149
Deposits with 7 Days Notification	-	-	-	-	-	-	-	-
Total	2	5.284	55.658	7.705	2.783	140	-	71.572
FC								
Foreign Currency Deposits	-	2.185	9.101	2.183	522	18	-	14.009
Bank Deposits	-	1	-	-	-	-	-	1
Deposits with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal	-	-	-	-	-	-	-	-
Total	-	2.186	9.101	2.183	522	18	-	14.010
Grand Total	2	7.470	64.759	9.888	3.305	158	-	85.582

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c. Information on dividend income :

	31 December 2007	31 December 2006
Trading Financial Assets	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-Sale Financial Assets	97	117
Other	-	-
Total	97	117

d. Information on trading loss/income (Net):

	31 December 2007	31 December 2006
Income	349.020	687.376
Income from Capital Market Transactions	26.519	5.172
From Derivative Financial Transactions	14.127	558
Other	12.392	4.614
Foreign Exchange Gains	322.501	682.204
Loss (-)	344.162	684.706
Loss from Capital Market Transactions	29.202	5.280
From Derivative Financial Transactions	28.070	3.148
Other	1.132	2.132
Foreign Exchange Loss	314.960	679.426
Net Income/(Loss)	4.858	2.670

e. Information on other operating income:

As of 31 December 2007, YTL4.204 of “Other operating income” arises from the reversal of loan provision due to its collateralization, pertaining to the sale agreement regarding Bank’s share transfer.

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

	31 December 2007	31 December 2006
Specific Provisions for Loans and Other Receivables	10.023	4.273
III. Group Loans and Receivables	401	165
IV. Group Loans and Receivables	2.087	363
V. Group Loans and Receivables	7.535	3.745
General Provision Expenses	5.257	1.473
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 Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-maturity Investments	-	-
Other	-	-
Total	15.280	5.746

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g. Information related to other operating expenses:

	31 December 2007	31 December 2006
Personnel Expenses	25.751	20.956
Reserve For Employee Termination Benefits (*)	1.056	620
Bank Social Aid Pension Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	2.339	2.246
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortisation Expenses of Intangible Assets	751	761
Impairment Expenses of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held For Resale	22	-
Depreciation Expenses of Assets Held for Resale	43	64
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	17.139	13.258
Operational Lease Expenses	4.044	3.223
Maintenance Expenses	359	278
Advertising Expenses	156	164
Other Expense	12.580	9.593
Loss on Sales of Assets	15	1
Other	8.194	5.721
Total	55.310	43.627

(*) As of 31 December 2007, “Reserve for Employee Termination Benefits” include “Personnel Unused Vacation Provision Expense” amounting to YTL50. (31 December 2006: None).

h. Information on income/(loss) before taxes from discontinued or continuing operations:

The Bank has no discontinued operations. The Bank’s net income/(loss) before taxes from continuing operations is YTL22.445 which increased 48% compared to prior year.

i. Information on provision for taxes from discontinued or continuing operations:

The Bank has no discontinued operations and the explanations below represent the provision for taxes of continuing operations.

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

As of 31 December 2007, the Bank has current tax expense amounting to YTL10.346 and deferred tax income amounting to YTL6.399.

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

The Bank has YTL6.863 deferred tax income as a result of temporary differences incurred, and YTL464 deferred tax expense due to temporary differences closed, resulting in YTL6.399 net deferred tax income.

3. Information on recognition of temporary difference, financial loss, diminution of tax and exceptions on income statement:

As of 31 December 2007, the Bank has YTL6.399 deferred tax income arising from temporary differences.

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j. Information on continuing and discontinued operations’ current period net profit/(loss):

The Bank has no discontinued operations and the below article (k) represents the current period net profit and loss from continuing operations.

k. Information on net income/(loss) for the period:

1. If the disclosure of usual banking transactions, income and expenditure items’ composition is necessary to understand the annual performance of Bank, the composition and amount of these items:

None.

2. If an estimation change significantly affects the profit or has the probability of affecting the profit of following period, the effect for related periods:

No change in accounting estimation which would affect the current or following period.

l. Information on other income and expenses:

As of 31 December 2007, the Bank’s fee and commission income amounts to YTL13.132 (31 December 2006: YTL10.146) and YTL3.858 (31 December 2006: YTL3.664) of the related amount is classified under “Other fee and commission income” account.

	31 December 2007	31 December 2006
Other Fee and Commissions Received		
Expertise and Account Operating Fees	1.088	1.254
Transfer Commissions	732	646
Commissions from Correspondant Banks	676	84
Insurance Commissions	351	518
Commissions on Investment Fund Services	315	637
Ortak Nokta Clearing Commissions	118	108
Other	578	417
Total	3.858	3.664

As of 31 December 2007, Bank’s fee and commission expense amounts to YTL1.165 (31 December 2006: YTL1.053) and YTL1.116 (31 December 2006: YTL997) of the related amount is classified under “Other fee and commission expense” account.

	31 December 2007	31 December 2006
Other Fee and Commissions Given		
Ortak Nokta Clearing Commissions	299	223
Commissions Granted to Correspondent Banks	233	268
Credit Card Transaction Commission	257	227
EFT Commissions	125	110
Transfer Commissions	105	96
Other	97	73
Total	1.116	997

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V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN SHAREHOLDERS’ EQUITY

a. Information on change in the shareholder structure of the Bank:

EFG Eurobank Ergasias S.A. (“Eurobank EFG”) and Tekfen Holding A.Ş. (“Tekfen Group”) signed an agreement as at 8 May 2006, that anticipated Eurobank EFG to purchase Tekfen Group’s 70% share in Tekfenbank A.Ş. and Tekfen Finansal Kiralama A.Ş. which is fully owned by Tekfenbank A.Ş., where Tekfen Group retained its strategic partnership by keeping all remaining shares. At 23 February 2007, the sale of Tekfenbank A.Ş. to Eurobank EFG Holding (Luxembourg) S.A. (“Eurobank EFG Holding”) was approved by the BRSA and the sale was completed after the share transfer on 16 March 2007.

In accordance with the Shareholders Agreement signed among Eurobank EFG Holding, Tekfen Holding A.Ş. and TST International Finance S.A. Luxembourg on 16 March 2007, at any time between fifth and tenth anniversary of the signing of this agreement, any shareholder from Tekfen Group is entitled to sell the shares of the Bank then held to shareholders from EFG Group in one transaction by exercising the put option with the exercise price determined as described in the agreement.

On the other hand at any time between seventh and tenth anniversary of the signing of this agreement, shareholders from the EFG Group have the right to purchase the shares of the Bank then held by shareholders from Tekfen Group in one transaction by exercising the call option with the exercise price determined as described in the agreement.

b. Information on distribution of profit:

The Bank’s Ordinary General Meeting was held on 30 March 2007. Based on the decision in the General Meeting held on 30 March 2007, out of the profit of 2006 amounting to YTL12.386, YTL2.824 is allocated as extraordinary reserves and the remaining YTL9.562 is allocated as other reserves.

c. Information on capital increase:

In year 2007, the Bank increased its paid-in capital by YTL180.000 to YTL230.000. YTL135.000 of the capital increase arise from cash contribution of shareholders and YTL45.000 from internal resources. Details related to the capital increase are explained in article k of Section II.

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d. Information on valuation differences of marketable securities:

Unrealized gains and losses” arising from changes in the fair value of securities classified as available-for-sale are not recognized in current year income statements; they are recognized in the “Marketable securities valuation reserve” account under equity, until the financial assets are sold, disposed or impaired.

	31 December 2007		31 December 2006	
	YTL	FC	YTL	FC
From Investments in Associates, Subsidiaries, and Joint Ventures			-	-
Valuation Difference	1.424	826	250	
Foreign Currency Difference			-	-
Total	1.424	826	250	-

e. Information on revaluation differences of tangible and intangible assets :

The reversal from revaluation reserve for immovables amounting to YTL1.025 net of tax (31 December 2006: YTL3.128 value increase) is accounted under “Revaluation differences of tangible assets and intangible assets”.

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VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

a. Information on cash and cash equivalent assets:

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

Cash, foreign currency, cash in transit and purchased bank cheques together with demand deposits at banks including the CBRT are defined as “Cash”; interbank money market and time deposits in banks with original maturities of less than three months are defined as “Cash Equivalents”.

- 1 (i). Cash and cash equivalents at the beginning of period:

	31 December 2007	31 December 2006
Cash	38.226	41.747
Cash, Foreign Currency and Other	8.815	8.223
Demand Deposits in Banks	29.411	33.524
Cash Equivalents	267.927	195.291
Interbank Money Market	45.835	174.000
Time Deposits in Bank	222.092	21.291
Total Cash and Cash Equivalents	306.153	237.038

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

- 1 (ii). Cash and cash equivalents at the end of the period:

	31 December 2007	31 December 2006
Cash	53.131	38.226
Cash, Foreign Currency and Other	14.732	8.815
Demand Deposits in Banks	38.399	29.411
Cash Equivalents	82.660	267.927
Interbank Money Market	45.835	174.000
Time Deposits in Bank	82.660	222.092
Total Cash and Cash Equivalents	135.791	306.153

b. Information on other items presented in the statement of cash flows and the effects of the change in foreign exchange rates on cash and cash equivalents :

“Other” items presented in “Net operating income before changes in operating assets and liabilities” amount to YTL4.791 (31 December 2006: YTL41.077) and mainly consists of other operating income excluding collections from non-performing loans, other operating expenses excluding personnel expenses and foreign exchange gain and loss items.

“Net increase/decrease in liabilities” items presented in “Changes in operating assets and liabilities” amount to YTL25.257 (31 December 2006: YTL5.353) and consist of changes in other liabilities and miscellaneous payables.

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VII. EXPLANATIONS AND NOTES RELATED TO BANK’S RISK GROUP

- a. The volume of transactions relating to the Bank’s risk group, outstanding loan and deposit transactions and profit and loss of the period :

Prior period financial information is presented as at 31 December 2006 for balance sheet and income statement items.

1. 31 December 2007 :

Banks’ Risk Group (*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		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	-	412	1.977	24.432	96	42
Balance at the End of the Period	-	1.773	607	21.703	57	335
Interest and Commission Income Received	24	-	376	71	2	2

(*) Defined in the 49th Article of subsection 2 of the Banking Act No.5411.

2. 31 December 2006:

Banks’ Risk Group(*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		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	-	190	4.310	25.312	31	78
Balance at the End of the Period	-	412	1.977	24.432	96	42
Interest and Commission Income Received	-	-	339	151	3	1

(*) Defined in the 49th Article of subsection 2 of the Banking Act No.5411.

3. Information on deposits and repurchase transactions of the Bank’s risk group :

Banks’ Risk Group(*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Beginning of the Period	2.408	2.823	16.956	27.169	5.553	12.756
End of the Period	3.593	2.408	385.230	16.956	14.864	5.553
Interest Expense on Deposits	100	327	4.798	2.037	1.007	972

(*) Defined in the 49th Article of subsection 2 of the Banking Act No.5411.

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Banks' Risk Group(*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Repurchase Transactions						
Beginning of the Period	1.092	383	170	1.332	69	118
End of the Period	-	1.092	928	170	36	69
Interest Expense on Repurchase Transactions	77	85	454	265	44	56

(*) Defined in the 49th Article of subsection 2 of the Banking Act No.5411.

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

Banks' Risk Group(*)	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for trading purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the end of the period	-	-	29.619	-	-	-
Total Profit/Loss	-	-	(5)	-	-	-
Transactions for trading purposes						
Beginning of the Period	-	-	-	-	-	-
Balance at the end of the period	-	-	46.372	-	-	-
Total Profit/Loss	-	-	(7.760)	-	-	-

(*) Defined in the 49th Article of subsection 2 of the Banking Act No.5411.

b. With respect to the Bank's risk group:

1. The relations with entities that are included in the Bank's risk group and controlled by the Bank:

The Bank performs various transactions with related parties during its banking activities. These are commercial transactions realised with market prices.

2. The type of transaction, the amount and its ratio to total transaction volume, the amount of significant items and their ratios to total items, pricing policy and other issues:

	Total Risk Group	Share in Financial Statements %
Banks	21.666	19,96
Loans	664	0,08
Non-cash loans	23.811	3,63
Deposit	403.687	35,05
Funds from repurchase transactions	964	0,61
Borrowings	969.214	91,63
Financial lease payables (net)	1.094	100,00

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3. Equity accounting transactions: None.
4. Information on transactions such as purchase-sale of immovable and other assets, purchase-sale of service, agent agreements, financial lease agreements, transfer of the information gained as a result of research and development, license agreements, financing (including loans and cash or in kind capital), guarantees, collaterals and management contracts:

The Bank, has financial leasing agreements with EFG Finansal Kiralama A.Ş. and net financial leasing payables arising from these agreements amount to YTL1.094. The interest expense amount paid for the related financial leasing agreements is YTL92.

The Bank has realized operating income of YTL120 due to the operational support services given to EFG Finansal Kiralama A.Ş in 2007. Moreover, the Bank has YTL97 expense amount in consideration of the consultancy services obtained from EFG İstanbul Menkul Değerler A.Ş..

In accordance with the limits in Banking Law, cash and non-cash loans are allocated to the Bank’s risk group and the amount composes 1,60% of the Bank’s total cash and non-cash loans.

As of 31 December 2007, the Bank has no purchase-sell transactions except for immovables, no transfers of information gained as a result of research and development, no license agreements and no management contracts with its risk group.

The Bank’s Head Office Units are located on the independent floors, 21, 22, 23 and 24 and they were purchased from one of the shareholders of the Bank, Tekfen Holding A.Ş; under financial leasing agreement and are recorded in the Bank’s immovables at a historical cost of YTL12.587. According to the independent expertise valuation report as at 31 December 2007, the fair value of the immovable is determined as YTL22.400 and as of 31 December 2007, this immovable was reflected with a gross amount of YTL14.971 (net YTL13.796) to the financial statements taking into consideration of USD11.900.000 price in the sales option given to Tekfen Holding A.Ş.

As of 31 December 2007, the Bank paid YTL1.008 (31 December 2006:YTL842) to Tekfen Turizm ve İşletmecilik A.Ş., included in Tekfen’s risk group, for operating Tekfen Tower and the Archive building.

As of 31 December 2007, the Bank paid a rent amount of YTL139 (31 December 2006:YTL151) to Toros Tarım Sanayi ve Ticaret A.Ş., included in Tekfen’s risk group, for the related management expenses of the Archive building.

As of 31 December 2007, the Bank has paid a rent amount of YTL41 (31 December 2006: YTL45), and an advertisement share amount of YTL56 (31 December 2006: YTL95) to Tekfen Holding A.Ş..

c. Information on benefits provided to top management:

As of 31 December 2007, benefits provided to top management amount to YTL3.159 (31 December 2006: YTL2.463).

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**VIII. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE
BRANCHES AND FOREIGN REPRESENTATIVES OF THE BANK**

a. Information on domestic, foreign branches and foreign representatives:

	Number	Employee number			
Domestic Branch	36	549			
			Country of Incorporation		
Foreign Representative	-	-	-		
				Total Asset	Statutory share capital
Foreign Branche	-	-	-	-	-
Off-Shore Banking Region Branch	-	-	-	-	-

b. There is no event that would affect opening or closing a domestic branch, a foreign branch or a representative office.

IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

In accordance with Board of Directors resolution dated 21 February 2008, the Bank will start all legal procedures in order to establish a factoring company “EFG Faktoring A.Ş.” with a capital of YTL10.000 and with legal title of “EFG Faktoring A.Ş.”.

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SECTION SIX

OTHER EXPLANATIONS

I. OTHER EXPLANATIONS RELATED TO BANK’S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT

The unconsolidated financial statements for the period ended 31 December 2007 have been audited by Başaran Nas Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of PricewaterhouseCoopers) and the auditor’s report dated 13 March 2008 has been presented prior to the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

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