

Turkey Banking System^{1 2}

“June 2007”

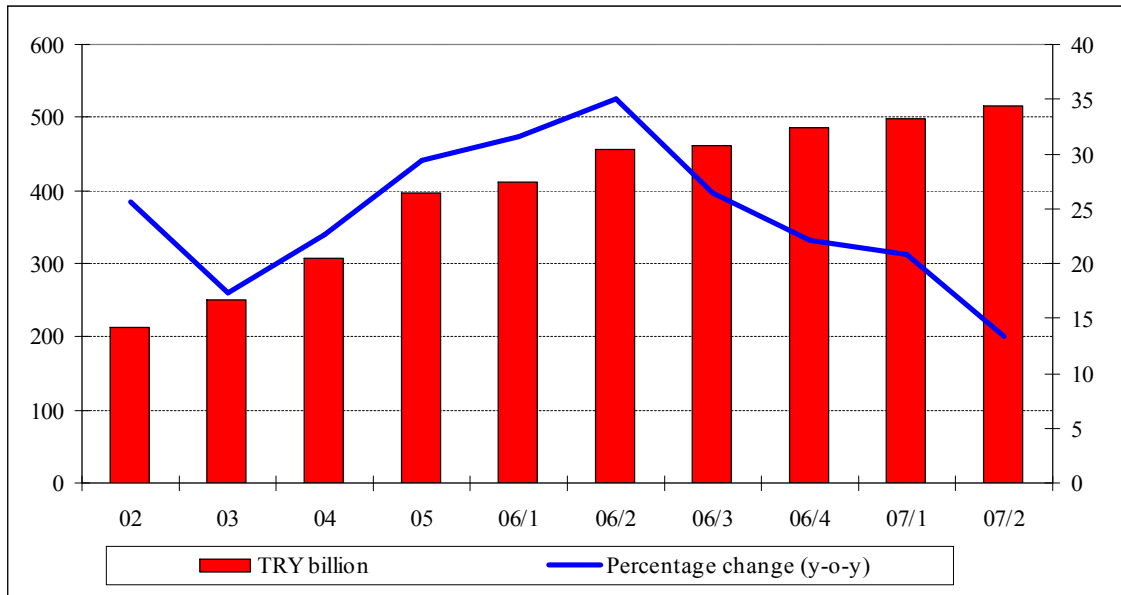
Developments in the Banking Sector

1. Executive summary

With the new issue of 21.7 percent of the shares of T. Halk Bankası A.Ş. in İstanbul Stock Exchange on May 2-4, the asset share of banks which are traded in the İstanbul Stock Exchange, has increased to 74 percent. The business title of MNG Bank A.Ş. has been changed as “Turkland Bank A.Ş.” as of April 3, 2007.

The balance sheet growth in the first half of the year was realised as 6 percent compared to the December 2006. The growth rate at annual basis continued to slow down.

Total Assets



As a consequence the change in the portfolio preferences of the residents, Fx deposits continued to increase in USD terms.

The share of the loans in the total assets increased.

Shareholder's equity continued to increase.

Profitability ratios have further risen.

¹ Deposit banks and development and investment banks are included.

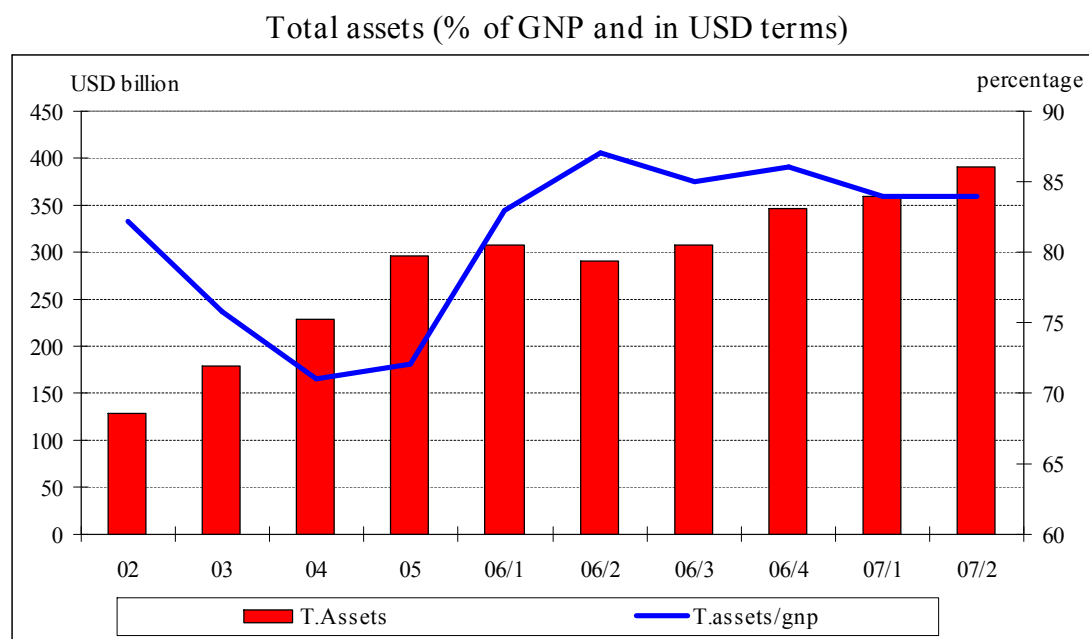
² The balance sheet format has been changed with the “Communiqué on the Financial Statements, Related Explanations and Footnotes of Banks to be Disclosed to Public”. Since June 2006 data has not been prepared according to this new format, comparison with the same period of last year could not be presented here.

Foreign exchange net general position was short at USD 617 million, balance sheet short position reached USD 16.4 billion.

The number of branches and employees continued to increase.

As of June 2007, total assets of the banking sector amounted to TRY 516 billion (USD 396 billion) compared to December 2006. The ratio of total assets to GNP, was estimated to be 84 percent as of June 2007.

In the first half of 2007, total assets increased by 6 percent and 13 percent in deposit banks and development and investment banks, respectively. The share of private banks in total deposits increased by 1 percentage point, while the share of foreign banks decreased by 1 percentage point.



Compared to the December 2006, according to asset size, the share of largest five banks in total deposits increased, while the share of ten largest banks in total assets, in total loans, and in total deposits remained unchanged.

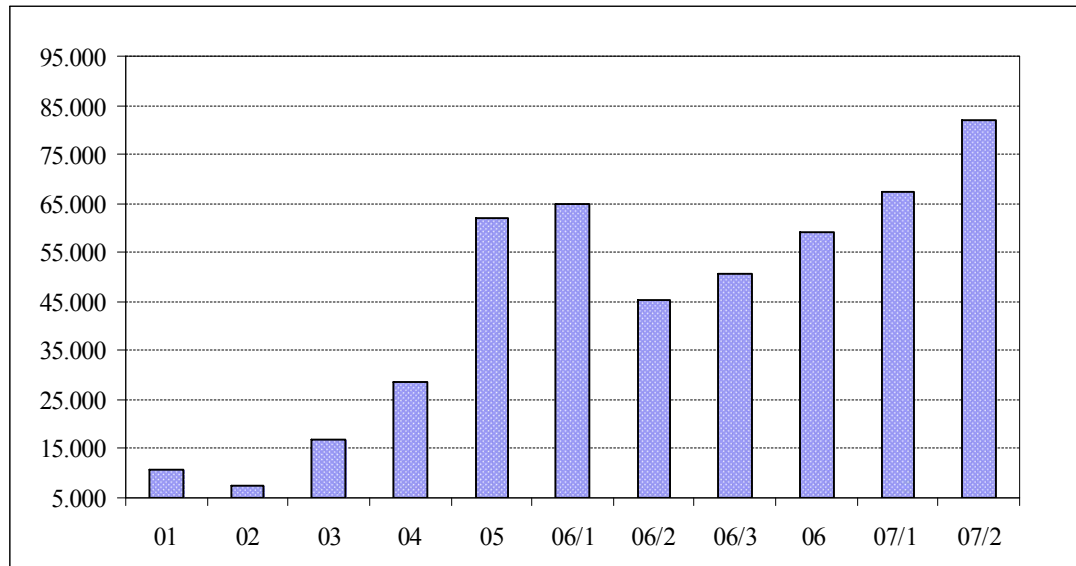
The share of the TRY equivalent of Fx assets in total assets decreased by 2 percentage points to 32 percent, while the share of TRY equivalent of Fx liabilities in total liabilities decreased 2 percentage points as well to 36 percent.

The share of loans in total assets increased by 2 percentage points to 47 percent as compared to December 2006. The ratio of loans to deposits increased by 3 percentage points to 73 percent in the banking sector. As of June 2007, this ratio was 44 percent in the state-owned banks, 82 percent in the private banks and 99 percent in foreign banks.

Accounts of balance sheet less than one-year maturity have shares of 49 percent in total assets and 78 percent in total liabilities, respectively.

Total shareholders' equity increased by 11 percent and amounted to TRY 64.4 billion (USD 49.4 billion) compared to December 2006. The ratio of free shareholders' equity to total assets increased. Return on equity realized as 21.5 percent on annual basis.

Market Capitalization of Financial Institutions Traded in the Istanbul Stock Exchange (Million USD)



As of June 2007, the market value of financial institutions traded in the İstanbul Stock Exchange increased to USD 82 billion, from USD 59 billion by the end of 2006.

Net profit increased by 58 percent to TRY 7,870 million compared to the same period of 2006.

The increase in commitments and derivative financial instruments items effected off-balance items positively.

As of June 2007, the number of banks operating in Turkey was 46. The number of banks remained unchanged and number of branches increased by 328 to 7,177 compared to December 2006.