Akbank AG
Frankfurt am Main

Short form report
Financial Statements and Management Report
December 31, 2007
Translation of the German Report

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

ERNST & YOUNG

TABLE OF CONTENTS

EXHIBITS

Translation of the German Report

Audit Opinion

We have audited the annual financial statements, comprising the balance sheet, income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of Akbank AG, Frankfurt am Main, Germany, for the fiscal year from January 1, 2007 to December 31, 2007. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Bank's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report, based on our audit.

We conducted our audit of the annual financial statements in accordance with Sec. 317 HGB ["Handelsgesetzbuch": German Commercial Code] and the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [in Deutschland] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Bank's position and suitably presents the opportunities and risks of future development.

Eschborn/Frankfurt am Main, April 14, 2008

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

signed	signed
Griess	Binder
Wirtschaftsprüfer	Wirtschaftsprüfer
[German public auditor]	[German public auditor]

Balance Sheet as of December 31, 2007 of Akbank AG, Frankfurt am Main

Assets

	EUR	EUR	EUR	Prior year EUR k
1. Cash reserve				
a) Cash on hand		2,760.86		1
b) Balances at central banks		11,742,183.61		15,255
thereof: at Deutsche Bundesbank			11,744,944.47	15,256
EUR	11,742,183.61			
2. Loans and advances to banks				
a) Payable on demand		57,278,325.78		21,592
b) Other loans and advances		81,634,495.75		81,707
			138,912,821.53	103,299
3. Loans and advances to customers			876,564,259.36	501,297
thereof: secured by				
property charges EUR	0.00			
Municipal loans EUR	0.00			
4. Debentures and other fixed-interest securities				
Bonds and debentures				
aa) from public sector		2,163,150.68		2,163
thereof: eligible as collateral at Deutsche Bundesbank				
EUR	0.00			
ab) from other issuers		50,424,879.07		27,813
thereof: eligible as collateral at Deutsche Bundesbank			52,588,029.75	29,976
EUR	26,377,214.23			
5. Intangible assets			105,516.17	197
6. Property, plant and equipment			169,779.64	287
7. Other Assets			14,797,382.02	1,306
8. Prepaid expenses			0.00	6
Total Assets			1,094,882,732.94	651,624

Liabilities and Shareholders' Equity

	EUR	EUR	EUR	Prior year EUR k
1. Liabilities to banks				
a) Payable on demand		3,254,501.27		1,798
b) with agreed term or period of notice		117,835,734.33		25,284
			121,090,235.60	27,082
2. Liabilities to customers				
a) Savings deposits				
aa) with an agreed period of notice of three months	11,554.49			21
ab) with an agreed period of notice of more than three months	0.00	11,554.49		0
b) Other liabilities				
ba) payable on demand	3,786,826.43			5,072
bb) with an agreed term or period of notice	758,503,603.60	762,290,430.03		410,410
			762,301,984.52	415,503
3. Other liabilities			1,353,186.57	2,286
4. Deferred income			2,338,957.39	121
5. Accruals				
a) Tax accruals		80,800.00		29
b) Other accruals		1,306,774.33		1,309
			1,387,574.33	1,338
6. Subordinated liabilities			2,110,177.78	2,109
7. Shareholders' Equity				
a) Subscribed Capital		50,000,000.00		50,000
b) Capital Reserve		150,519,907.93		150,520
c) Revenue Reserves				
ca) Legal Reserves		0.00		0
cb) Other Revenue Reserves		2,665,191.90		0
d) Net Profit for the Year		1,115,516.92		2,665
			204,300,616.75	203,185
Total Liabilities and Shareholders' Equity			1,094,882,732.94	651,624
		EUR	**EUR**	**EUR**
1. Contingent liabilities				
Liabilities from guarantees and warranty agreements			730,982.46	4,974
2. Other obligations				
Irrevocable loan commitments			17,522,722.41	9,575

Income Statement for Akbank AG, Frankfurt am Main
for the Period from January 1 to December 31, 2007

	EUR	EUR	EUR	Prior year EUR k
1. Interest income from				
a) Lending and money market business	57,606,268.53			44,297
b) Fixed-interest securities and government-inscribed debt	1,078,629.54			1,673
		58,684,898.07		45,970
2. Interest expenses		42,473,786.29		32,323
			16,211,111.78	13,647
3. Commission income		1,206,768.54		1,701
4. Commission expenses		247,921.94		499
			958,846.60	1,202
5. Other operating income			229,933.12	998
6. General and administrative expenses				
a) Personnel expenses				
aa) wages and salaries	1,831,404.15			1,845
ab) social security and other pension costs	231,931.89	2,063,336.04		236
thereof: for old age pensions EUR 5.470,97 (Prior year KEUR 6)				
b) Other administrative expenses		2,856,066.21		2,465
			4,919,402.25	4,546
7. Write-downs and adjustments to intangible assets and property, plant and equipment			294,831.18	225
8. Write-downs and allowances on loans and advances and certain securities and allocations to provisions for possible loan losses			10,833,217.66	8,096
9. Result from ordinary activities			1,352,440.41	2,980
10. Income taxes		219,927.71		315
11. Other Taxes		16,995.78		0
			236,923.49	315
12. Net result for the year			1,115,516.92	2,665
13. Profit carried forward from the prior year			2,665,191.90	0
14. Transfer to reserves in other revenue reserve			2,665,191.90	0
15. Net profit for the year			1,115,516.92	2,665

Translation of the German Report

AKBANK AG

Frankfurt on Main

NOTES FOR THE BUSINESS YEAR FROM 1 JANUARY TO 31 DECEMBER 2007

1. General information

The sole shareholder of Akbank AG, Frankfurt on Main, is Akbank N.V., Rotterdam, Netherlands. Its sole shareholder again is Akbank T.A.S., Istanbul, Turkey. The bank is affiliated to the deposit insurance fund of Bundesverband deutscher Banken e.V. Furthermore, it is a member of Bundesverband deutscher Banken e.V., of Bankenverband Hessen e.V., Verband der Auslandsbanken in Deutschland e.V., Prüfungsverband deutscher Banken e.V., and Vereinigung für Bankbetriebsorganisation e.V.

The annual accounts of Akbank AG were prepared according to the regulations of the German Commercial Code and the German Stock Corporation Act. The preparation was made in observation of the regulation of the accounting ordinance of the Financial Institution and the Financial Service Institution.

2. Balancing, valuation and conversion methods

For the financial statements at 31 December 2007, apart from the general valuation regulations of Secs. 252 et seq. HGB (German Commercial Code) the supplementary regulations of Secs. 340 et seq. HGB must be applied.

The cash reserve, the loans and advances to banks and the loans and advances to customers are disclosed at acquisition costs or the low nominal value plus delimited interest.
Individual value adjustments with the occurrence of defined criteria are formed in consideration of existing securities.

General loan loss allowances are computed on the basis of historical default data. Country value allowances are formed according to the existing draft of a letter of the Federal Finance Minister for risk provisioning when evaluating foreign accounts receivables and the recommendations of the financial administration, if, with respect to the financial institution of the customer, a risk from lending funds to a specific country exists and no defined securities are provided. The allocation of the transactions to a specific country risk is effected to the risk domicile principle, i.e., basically the allocation is effected according to the borrower's country of domicile. If the transfer risk according to the parent country principle (seat of the parent company) is more favourable than according to the principle of the country of domicile and if the joint liability of the parent company exists, the allocation is to the parent country. If the risk liability or any other security from a non-EU state, whose transfer risk is more favourable than under the country of domicile principle, the procedure adopted is similar to that of the parent country.

Bonds and debentures of the current assets are valued strictly according to the lowest value principle.

Bonds and debentures of the fixed assets are balanced at acquisition costs. The difference between higher acquisition costs and the nominal value is allocated for the proportionate period for the remaining term of the bonds.

The intangible assets and the property, plant and equipment are valued at acquisition costs, reduced by scheduled depreciations. With permanent impairments of value, unscheduled depreciations were effected on the lower attributable value. The possibility of immediately depreciating minor-value assets within the meaning of Sec. 6 (2) EstG (Income Tax Act) was taken into account.

The remaining assets were valued strictly according to the lowest value principle.

The liabilities are balanced at the repayment amounts plus deferred interest.

Other reserves take into consideration all discernible risks and uncertain obligations, as well as impending losses from pending transactions.

Interest accruals for receivables and liabilities will be allocated to the corresponding balance sheet item.

The currency claims and obligations (including deferred interest) contained in the individual items (including deferred interest) will be evaluated at the applicable reference prices of the European Central Bank (ECB).

The unsettled foreign exchange swap transactions also are to be valued with reference to prices of the ECB at 31 December 2007. Unrealised profits from foreign exchange swap transactions, in which a special cover according to Sec. 340 HGB exists, are activated and will be disclosed in derogation of the previous year and other financial states (in the previous year, the disclosure was effected at the customer’s request).

3. Notes to balance sheet and income statement

BALANCE SHEET

Preliminary remarks

The individual balance sheet items containing foreign currency items and receivables from and payables to affiliates are always presented separately in a separate section.

Cash reserves

At the balance sheet date, the bank held reserves in the amount of KEUR 11,745 (previous year KEUR 15,256). Of this, KEUR 11,742 (previous year KEUR 15,255) accounted for the balance with Deutsche Bundesbank and EUR 3 (previous year KEUR 1) for euro cash assets.

Loans and advances to banks

Broken down according to remaining terms, the claims on financial institutions are composed as follows:

	31.12.2007 EUR '000	31.12.2006 EUR '000
Daily due	57,278	21,592
Time to maturity		
- up to three months	4,047	0
- from three months to one year	39,150	8,849
- from three months to five years	38,438	72,858
	138,913	103,299

For loans in which the borrowers have their domicile in specific countries there is the risk of lending funds to a specific country. They contain all risks from a lending transaction, whose causes arise from an economic, social or political environment of a specific country. They encompass individually, among other things, economic risks that arise from financial, legal and socio-political risks relating to a specific country.

At the balance sheet date, similar to the previous year, the method for computing the country risk precaution according to the draft of the letter of the Federal Finance Minister (IV B2 – S2174-/97) of 1997 is applied. The recommendations of Bundesverband Deutscher Banken are taken into consideration.
The overall risk precaution based on the country risk precaution was increased from KEUR 57,563 by KEUR 10,409 to KEUR 67,972. Further, the overall country risk precaution of KEUR 11,529 accounts for claims to financial institutions, KEUR 56,369 to customers, and KEUR 74 to other reserves.

In reference to the country risk for Turkey, during the financial year 2007, Bundesverband Deutscher Banken reduced the risk gap from 30-40% to 20-30%. The bank, which in its own assessment of the country risk of Turkey always clearly fell short of the recommendations of Bundesverband Deutscher Banken, subsequently reduced the rate for the country risk precaution for Turkey from 20% to 13.33%. Due to the improved economic situation in Russia, the bank has lowered the country risk precaution quota for Russia from 30% to 23%. The rates for the country value adjustments: Romania (30%), Saudi Arabia (10%), and Bahrain 10%) have remained unchanged.

Loans and advances to customers

The loans and advances to customers, broken down according to remaining terms, are composed as follows:

	31.12.2007 EUR '000	31.12.2006 EUR '000
Daily due	2,807	0
Time to maturity		
- up to three months	244,231	117,979
- from three months to one year	281,059	106,692
- from one year up to five years	260,783	260,187
- from five years	87,684	16,439
	876,564	501,297

The value adjustment for the country risks of the loans and advances to customers is in the amount of KEUR 56,369 (refer to the above details of loans and advances to banks).
In order to cover the latent default risk, a general loan loss allowance exists in the amount of KEUR 6 (previous year KEUR 6). The individual value adjustments at the balance sheet date are KEUR 75 (previous year KEUR 76).

In order to secure the loans and advances to customers at the balance sheet date, customer credit balances have been pledged in the amount of KEUR 12,533 (previous year: KEUR 18,233).

In the previous year, among the loans and advances to customers, swap receivables from foreign exchange settlements in the amount of KEUR 11,758 were balanced. They are disclosed on the balance sheet date under other assets (KEUR 14,376).

Within the scope of the liability guidelines imposed upon Akbank T.A.S. last year by the Turkish Banking Supervisory Authority, during the past business year part of the receivables was transferred to customers to Akbank N.V ., Rotterdam (KEUR 18,900, KUSD 27,200) respectiveley Akbank T.A.S. , Malta Branch (KEUR 72,226, KUSD 1,000). This resulted in a corresponding reduction of customer deposits. During the 2007 business year, these restrictions no longer existed.

Bonds and debentures

Of the bonds and debentures KEUR 38,953 (previous year: KEUR 22,273) were listed by the balance sheet date, and a further KEUR 13,635 (previous year: KEUR 7,703) is eligible for stock market listing. They were allocated in the amount of KEUR 25,118 (previous year: KEUR 29,976) of the liquidity reserve and in the amount of KEUR 26,377 (previous year: KEUR 0) to the amount invested. The development of the amount invested is presented in the fixed asset movement schedule (Supplement I of the Annex).

Hidden properties exist in the amount of KEUR 242 (previous year: KEUR 356). The bank waived its option to depreciate the bonds of the investment assets at the lowest settlement value in the amount of KEUR 26,377, since the value reduction of KEUR 427 is to be considered only a temporary measure.

During the 2008 business year, bonds and debentures with a book value of KEUR 5,072 will be due.

Intangible assets

During the year under review, the portfolio contained intangible assets (data processing standard software) in the amount of KEUR 106 (previous year: KEUR 197). During the 2007 business year, unplanned depreciations were effected in the amount of KEUR 36.

The development of intangible assets is presented in the fixed asset movement schedule (Supplement I of the Annex).

Property, plant and equipment

The classification of property, plant and equipment in the amount of KEUR 170 (previous year: KEUR 287) at the balance sheet date is evident from the fixed asset movement schedule. During the 2007 business year, unplanned depreciations were effected in the amount of KEUR 30.
The development of intangible assets is presented in the fixed asset movement schedule (Supplement I of the Annex).

Other assets

Other assets in the amount of KEUR 14,797 (previous year: KEUR 1,306) essentially relate to swap claims in the amount of KEUR 14,376 from the foreign exchange hedging of the foreign currency receivables, which are contained in various balance sheet items. During the previous year, the swap claims were balanced in the amount of KEUR 11,758 under the loans and advances to customers. The other assets also contain reimbursement claims for VAT in the amount of KEUR 253 (previous year: KEUR 280) and for overpaid corporate income taxes including solidarity taxes in the amount of KEUR 158 (previous year. KEUR 132).
In addition the prior year balance included receivables to the tax authorities from overpaid trade taxes on income in the amount of KEUR 854.

Liabilities to banks

Subdivided according to the remaining terms, the liabilities banks are composed as follows:

	31.12.2007 EUR '000	31.12.2006 EUR '000
Daily due	3,254	1,798
Time to maturity		
- up to three months	117,836	19,004
- from three months to one year	0	6,280
	121,090	27,082

Liabilities to customers

Liabilities to customers are subdivided according to remaining terms, composed as follows:

	31.12.2007 EUR '000	31.12.2006 EUR '000
Saving deposits		
- with statutory notice period	12	21
Other liabilities		
Daily due	3,787	5,072
Time to maturity		
- up to three months	385,162	145,036
- from three months to one year	350,952	227,169
- from one year up to five years	5,103	17,139
- from five years	17,286	21,066
	762,290	415,482
	762,302	415,503

Other liabilities

Other liabilities cover essential swap liabilities in the amount of KEUR 918 (previous year: KEUR 2,220), unpaid interest tax at source, including solidarity contribution KEUR 224 (previous year: KEUR 31), accounts payable to suppliers KEUR 137, and wage and church taxes of KEUR 31 (previous year: KEUR 24).

Deferred income

The deferred income in the amount of KEUR 2,339 (previous year: KEUR 121) was formed exclusively for accrued up-front commissions. The increase largely resulted from the wide expansion of the lending business with loans in the secondary market.

Accruals

Tax accruals in the amount of KEUR 81 (previous year: KEUR 29) exist exclusively for trade tax.

The other accruals are composed of the following:

	31.12.2007 EUR '000	31.12.2006 EUR '000
Accounts payable from leasing agreements	337	516
Fiscal risks from the tax audit	300	0
Premiums to the deposit fund	220	123
Outstanding invoices	175	172
Audit and tax consultant costs	97	128
Outstanding holiday	97	65
Off-balance sheet credit risk	74	145
Service charges for loan brokerage	0	146
Others	7	14
	1,307	1,309

Subordinated liabilities

At the balance sheet date, subordinated liabilities existed according Sec. 10 (5a) KWG (German Banking Act) in the amount of KEUR 2,000 (previous year: KEUR 2,000) plus deferred interest in the amount of KEUR 110 (previous year: KEUR 109). The loan was raised by a domestic organisation without profit purpose at an interest rate of 6.70% p.a., which matures on 5 March 2012. The interest expense during the year under review was KEUR 134 (previous year: KEUR 170). Both parties can cancel the loan, unless the Federal Financial Supervisory Authority (BaFin) does not recognise the funds provided under this contract as equity capital or a fiscal change occurs, which will result in additional payments on the part of the borrower. A premature reacquisition or other form of repayment must be granted to the borrower irrespective of agreements to the contrary, unless the capital has been replaced by a deposit of another at least equivalent liable equity or the BaFin agreed to the premature repayment.

Subscribed capital, capital reserve and net profit for the year

The capital stock is EUR 50,000,000 and subdivided into 50,000,000 non-par value share certificates. The shares are bearer shares.

The capital reserve is unchanged compared with the previous year EUR 150,519,907.93. According to the decision of the shareholders' meeting as of 25. July 2007 the profit for the business year 2006 in the amount of EUR 2,665,191.90 was fully allocated to the other revenue reserve. The profit shown on the balance sheet for the year 2007 is EUR 1,115,516.92.

The company intends to allocate the profit shown on the balance sheet to the other revenue reserve.

Foreign currency assets and liabilities

The Euro counter-value of the assets in foreign currencies amount to KEUR 553,490 (previous year: KEUR 354.621). The Euro counter-value of the liabilities in foreign currencies amount to KEUR 35.594 (previous year: KEUR 25.925)

The foreign currencies, when converted into Euro, are divided into the following individual balance sheet items:

	31.12.2007 EUR '000	31.12.2006 EUR '000
Gross loans and advances to banks	91,555	70,796
Gross loans and advances to customers	448,349	276,232
Bonds and debentures	13,586	7,593
	553,490	354,621
Liabilities to banks	22,612	9,533
Liabilities to customers	12,982	16,392
	35,594	25,925

Claims and liabilities payable to affiliates

At the balance sheet date, the following receivables and liabilities to affiliates exist:

	31.12.2007 EUR '000	31.12.2006 EUR '000
Other loans and advances to banks	0	192
Loans and advances to customers	26,308	14,956
	26,308	15,148
Liabilities to banks		
- daily due	3,235	3,222
- with negotiated term or notice period	35,261	0
Liabilities to customers	202	567
Other liabilities	85	0
	38,783	3,789

Contingent liabilities

Contingent liabilities consist from guarantees and warranty agreements in the amount of KEUR 731 (previous year: KEUR 4,974).

Irrevocable loan commitments

On the balance sheet date an irrevocable loan commitments exists in the amount of KEUR 17.523 (previous year: KEUR 9,575)

Transferred collateral

For liabilities and contingent liabilities there are no assets transferred as collateral.

INCOME STATEMENT

Interest income and interest expenses from credit and money market transactions as well as commission income and expenses largely result from business relations with customers and credit institutions in Germany and Turkey.

The other operating income in the amount of KEUR 230 (previous year: KEUR 998) essentially results from the reversal of accruals for off-balance sheet credit exposures.

Depreciations and value adjustments on receivables and specific securities, as well as the allocations to reserves in the lending business in the amount of KEUR 10,833 (previous year: KEUR 8,096) essentially are composed of the allocation to the value adjustments based on the risk of lending funds to a specific country in the amount of KEUR 10,481 and the write-down of bonds of the liquidity reserve of KEUR 446.

Taxes on income

Taxes on income in the amount of KEUR 220 (previous year: KEUR 314) exclusively relate to trade taxes for the current year in the amount of KEUR 219 (previous year: KEUR 152) and trade taxes back payments of KEUR 1. The corporate income taxes for the year under review could be compensated in full with fictitious source taxes on Turkish interest income, so that no expense is incurred for corporate income taxes. During the previous year, the corporate income taxes and the creditable foreign withholding taxes were KEUR 162.

4. Other information

Other financial obligations

The other financial obligations essentially concern future contractually agreed upon rent payments for the bank's new office premises in Frankfurt on Main (new lease). The rent payments until the year 2013 accumulate to KEUR 2,734 (previous year: KEUR 1,144)

Derivatives

On the balance sheet date, the still unexecuted currency swaps were in the nominal amount of KEUR 531,826 (previous year: KEUR 331,139), which serves exclusively to cover currency risks. The fair value of the currency swaps at the balance sheet date is KEUR 517,075.

For the purpose of hedging the general interest rate risk, interest rate swaps in the amount of nominal KEUR 148,135 (previous year: KEUR 221,965) were concluded, therof KUSD 68,680 (previous year: KUSD 50,000). At 31 December 2007, a commitment surplus resulted in the amount of KEUR 1,462 (previous year: KEUR 2,620). The commitment surplus valued at the fair value of the interest rate swap at the balanced sheet date is KEUR 1,240.

The credit equivalent amount of the interest rate swaps, which is concluded with Akbank T.A.S. and Akbank T.A.S. Malta following the remaining terms, is broken down as follows:

	31.12.2007 EUR '000	31.12.2006 EUR '000
Remaining term up to one year	0	390
Remaining term one year to two years	40	80
Remaining term over two years	150	0
Total	190	470

The credit equivalent amount of the currency swaps concluded with Akbank T.A.S and Akbank T.A.S. Malta following the remaining terms, is broken down as follows:

	31.12.2007 EUR '000	31.12.2006 EUR '000
Remaining term up to one year	194	655
Remaining term one year to two years	0	542
Remaining term over two years	0	0
Total	194	1.197

Employees

In the 2007 annual average, the company had 21 employees (previous year 28 employees) (including Management Board).

Executives

During the past business year, the Management Board was composed of the following members:

- Mr. Karl-Friedrich Rieger, Bad Vilbel, in charge of corporate and correspondent banking, money and foreign exchange trading, accounting, data processing and internal auditing
- Mr. Bülent Menemenci, Frankfurt on Main, responsible for banking business, payment transactions, document transactions and factoring
- Mr. Sabri Tütüncü, Istanbul, Turkey, without special business sector

The company is jointly represented by two board members.

During the company's general shareholders' meeting of 25 July 2007, the Supervisory Board was expanded by six members.
During the past business year, the Supervisory Board was composed of the following members:

- Mr. Zafer Kurtul, Chief bank executive, Chairmen, Istanbul, Turkey
- Mr. Ziya Akkurt, Chief bank executive, Istanbul, Turkey
- Mr. Cem Mengi, Chief bank executive, Istanbul, Turkey
- Ms. Kamile Banu Özcan, Chief bank executive, Rotterdam, Netherlands (as of 25 July 2007)
- Mr. Ahmet Fuat Ayla, Chief bank executive, Istanbul, Turkey (as of 25 July 2007)
- Mr. Dr. Balamir Yeni, Chief bank executive, Istanbul, Turkey (as of 25 July until 14 December 2007)
- Mr. Kemal Atil Özus, Chief bank executive, Istanbul, Turkey (as of 14 December 2007)

The salaries of the Management Board during the business year were in the amount of KEUR 357 (previous year: KEUR 536). No compensations were paid to the Supervisory Board.

Relations with affiliated companies

Akbank N .V., Rotterdam, Netherlands, through the contract on contributions to capital of 30 May 2007 acquired all shares of the company from Akbank T.A.S. , Istanbul, Turkey, and is Akbank AG's sole shareholder at the reporting date. Akbank N .V. is a wholly-owned subsidiary of Akbank T.A.S. Through direct and indirect participations, as of 31. December 2007, 40.85% of Akbank T.A.S. is owned by Haci Ömer Sabanci Holding A.S., Istanbul, 14.19% is owned by the Sabanci family, 20% is owned by City Bank Overseas Investment Corporation and up to 24.96% is independently held.

Haci Ömer Sabanci Holding A.S., Istanbul, and all its subsidiaries are considered to be the company's affiliates.

During the reporting period there existed business relations with various affiliated companies, in which all transactions were concluded under conditions that are also common among third parties.

Consolidated financial statements

The financial statements of Akbank AG will be included both in the consolidated financial statements of Akbank N.V., Rotterdam, Akbank T.A.S., Istanbul, and in the consolidated financial statements of Haci Ömer Sabanci Holding A.S., Istanbul. The consolidated financial statements of Akbank N.V., Rotterdam, can be inspected on the webpage www.akbank.nl, the consolidated financial statements of Akbank T.A.S. on the webpage www.akbank.com, and the consolidated financial statements of Haci Ömer Sabanci Holding A.S. on the webpage www.sabanci.com.

Frankfurt on Main,
14 March 2008

Management Board

Karl-Friedrich Rieger Bülent Menemenci Sabri Tüntüncü

Development of fixed assets in business year 2007

		At cost				Accumulated depreciation				Net book value	
		01.01.2007	Additions	Retirement	31.12.2007	01.01.2007	Additions	Retirement	31.12.2007	31.12.2006	31.12.2007
		EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
A.	**Property, plant and equipment**										
1.	Leasehold improvements	696,296.30	0.00	0.00	696,296.30	620,875.94	75,420.36	0.00	696,296.30	75,420.36	0.00
2.	IT-equipment	407,743.39	26,205.28	163,538.93	270,409.74	357,585.42	29,605.05	163,538.93	223,651.54	50,157.97	46,758.20
3.	Office furniture and equipment	448,768.42	0.00	0.00	448,768.42	287,427.55	38,319.43	0.00	325,746.98	161,340.87	123,021.44
4.	Low value items	0.00	38,906.00	38,906.00	0.00	0.00	38,906.00	38,906.00	0.00	0.00	0.00
	Total	1,552,808.11	65,111.28	202,444.93	1,415,474.46	1,265,888.91	182,250.84	202,444.93	1,245,694.82	286,919.20	169,779.64
B.	**Intangable Assets**										
	Standard software	1,321,487.84	21,274.11	261,203.38	1,081,558.57	1,124,665.44	112,580.34	261,203.38	976,042.40	196,822.40	105,516.17
C.	**Financial Assets**										
	Bonds and debentures	0.00	26,412,500.00	0.00	26,412,500.00	0.00	35,285.77	0.00	35,285.77	0.00	26,377,214.23
	Total amount	2,874,295.95	26,498,885.39	463,648.31	28,909,533.03	2,390,554.35	330,116.95	463,648.31	2,257,022.99	483,741.60	26,652,510.04

Management Report for the Business Year 2007

Preliminary Remarks

2007 was a successful year for Akbank AG. In particular, credit and deposit banking were clearly expanded. Compared with the previous year, the balance sheet total was increased by 68% and with EUR 1.1 billion at 31 December 2007, for the first time exceeds the billion-euro limit. At the same time, the bank reported – as in previous years – that not a single loan commitment failed.

Akbank AG remained completely unaffected by the so-called sub-prime banking crisis in the late summer of 2007, as it did not engage in commitments in US real estate securities or US hedge funds. Of course, Akbank AG was not entirely able to escape the effects of the market events caused by the crisis (in particular, the shortage of the increase in liquidity prices).

The owners of the bank

Since 30 May 2007, Akbank AG has been wholly owned by Akbank N.V., Rotterdam, which again is a wholly-owned subsidiary of Akbank T.A.S., Istanbul.
Since 31 December 2007, this bank has been 40.85% owned by Haci Ömer Sabanci Holding A.S., Istanbul; 14.19% by the Sabanci family; 20% by Citibank Overseas Investment Corporation and up to 24.96% is in independently held capital.

The core business

Akbank AG focuses on classical corporate banking with renowned and international companies. The following corporate groups include its preferred target customers:

- Turkish companies (including factoring companies) with good credit standing
- Subsidiaries of multi-national groups in Turkey
- Subsidiaries and/or branches of Turkish companies in Germany and central Europe, provided a specific order of magnitude is given. The sales volume generated in Germany should generally reach EUR 50 – 100 million p.a.
- Companies that regularly have business relations with Turkey (import / export)
- Companies and banks with unquestioned credit standing in selected countries (including emerging markets).

By the end of the year 2007, customers in Turkey made up around 62% of the bank's customer credit volume. Additional major credit commitments are distributed to Russia, Great Britain and Germany.

Economic framework conditions in Turkey

Since the main business of Akbank AG is with customers in Turkey, the economic development of Turkey is of particular interest to the bank.

Since 2001, the Turkish economy on average has grown by 7% annually, and even in 2007, the rate of economic growth in Turkey, which then was 5%, was only slightly below average. The inflation rate, however, still is at a high level, and in 2007, it was 7.7%, which clearly missed the 5% target. Nevertheless, compared with 2006, in which the inflation rate was 9.6%, a reduction worth mentioning had been achieved.
The most important reasons for the continuing economic growth are exports, investments, and the construction industry.

By the end of 2007, unemployment was around 9.7%, and thus slightly below the previous year's value of 9.9%.

The consolidation of the state budget was continued in 2007, and the state indebtedness/gross domestic product ratio is only 57.8% (previous year: 63.3%) – compared with Germany: approx. 64%.
However, interest on the national debt with a share of around 8% continues to represent a heavy burden on public finances. The further stabilisation of state finances has a positive effect on the international legal capacity to borrow and thus on the risk premiums for the country. On the other hand, public investments in particular suffer from the savings policy.

The relatively solid state currency - as in previous years – ensured further increase in imports by around 19% (2006: 18%) compared with the respective previous year. At the same time, exports increased by around 22% (2006: 16%), compared with the previous year. Germany with its share of 8.9% in imports and 11.4% in exports, continued to be Turkey's most important trading partner.

The balance on current account deficit of approx. US 35 billion, however, remained very high (previous year: US 31 billion). However, the capital inflow from abroad – also in the form of direct investments – based on further economic stabilisation and attractive investment opportunities remained unbroken, so that the financing of the current account deficit consequently and because of improved international creditworthiness developed without problems.

The prospects for 2008 continue to be characterised by a positive sentiment. Both the Turkish government and the International Monetary Fund expect growth of the GNP between 5.5% and 6.0%.

Economic development in Germany

The positive development of the German economy continued in 2007. According to the calculations of the Federal Statistics Office, the price adjusted GNP increased by 2.5% compared with the previous year (previous year: +2.9%).

The growth incentives came both from abroad and the home country. Above all, the export trade was stronger than expected, in spite of the strong upward valuation of the euro against the US dollar and a slighter weakening of the world economy than expected.

At the domestic level, the upswing was borne above all by the investment in machinery and equipment, and the accelerated price increase in 2007, which dropped by a real 0.3%.

The upswing in 2007 was accompanied by a clear easing in the labour market. Employment reached its highest level since reunification.

Economic development within the European Community

The European Community at 2.6% economic growth during the period under review moved at the same level as the previous year (2.7%).
Unemployment has clearly declined.

Subprime crisis and development of interest rates in Europe and in the USA

In the late summer of 2007, a crisis occurred in the international financial markets, which triggered the necessary revaluation of securities collateralised by US loans (the so-called prime crisis). With many German and foreign financial institutions, this resulted in losses of billions due to the devaluation of their US commitment.

As a consequence of this breakdown in the money market, the refinancing costs of banks increased significantly. In the autumn of 2007, the US Central Bank reduced its lending rate considerably in order to counter the negative effects of the crisis in the financial market. Since a weakening in the US economy was feared at the same time, the US dollar came under heavy pressure and lost over 10% of its value compared with other global currencies.

The risk, that the current problems are leading the banks into a credit fix, the further collapse of the real estate market, which ultimately will lead to a recession, is particularly great in the USA. The European Central Bank (ECB) expects that the US Central Bank will respond by further reducing interest rates. It faces the problem that inflation currently is considerably higher than is compatible according to its definition with price stability. Furthermore, inflation risks are considered to be a medium-term problem in view of the continuous strong expansion of loans and money stock M3. On the other hand, the monetary scenario has noticeably deteriorated due to the increase of risk premiums of corporate loans and the revaluation of the euro. In view of these facts, the ECB during the second half-year of the year 2007, waived the planned increase in interest rates and it is expected that for the time being it will leave the main refinancing rate at 4%.

Earnings, asset and financial situation of Akbank AG.

Business performance:

During the 2007 business year, the bank chose an annual surplus of KEUR 1,116 million. It thus is KEUR 1.549 lower than the annual surplus of 2006 in the amount of KEUR 2,665, in 2006, however there were extraordinary gains from the upward revaluation and sale of loans in the amount of EUR 2.3 million.

Earnings performance:

The interest surplus of EUR 16.2 million in 2007 clearly increased compared with the previous year when it was EUR 13.7 million. Approximately 98% (previous year 96%) of the interest income results from credit and money market transactions, while only a relatively small portion of approx. 2% (previous year: 4%) are due to bonds interests.

Due to the bank's business model, the commission surplus only plays a subordinate role and only amounts to EUR 1.0 million (previous year: EUR 1.2 million).

Miscellaneous operating revenue in the amount of EUR 0.2 million (previous: EUR 1 million) essentially results from the reversal of accruals.

Development of expenses:

The general administration expenses of around EUR 4.9 million are with EUR 0.4 million above the prior year’s value of EUR 4.5 million. The personnel costs of EUR 2.1 million contained herein almost remained unchanged compared with the previous year. The additional expenses included in the other administrative expenses essentially are for unexpected expenses resulting from a tax audit.

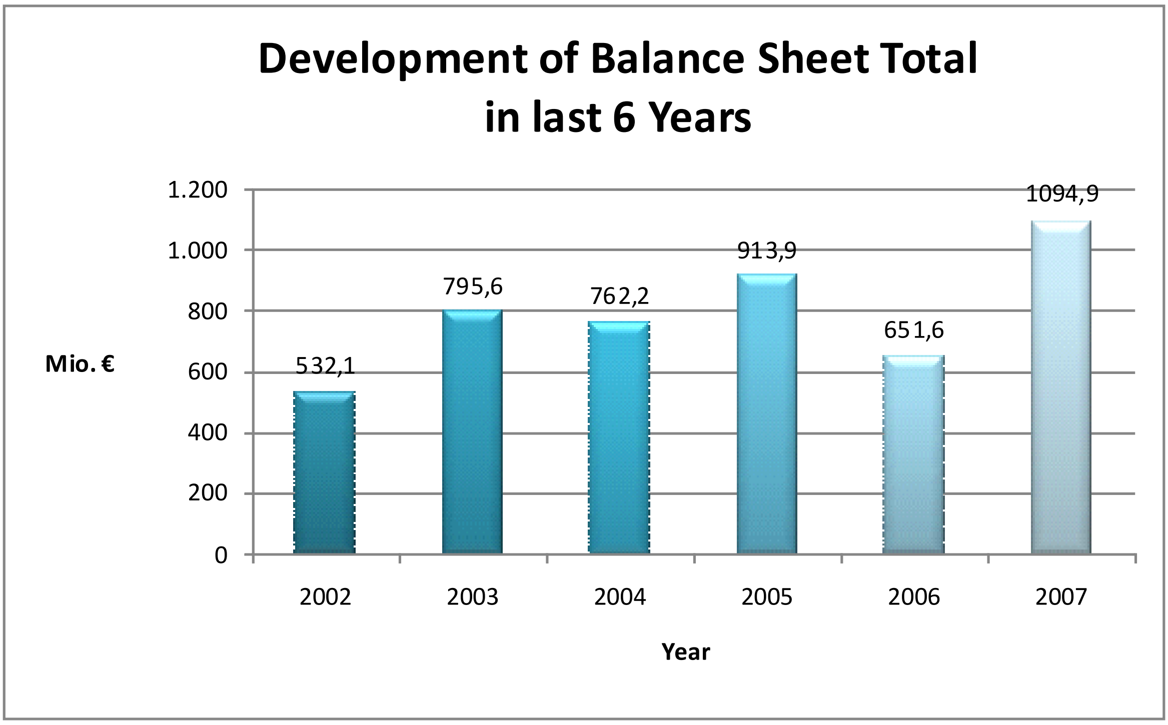
The depreciations on property, plant and equipment and intangible assets increased negligibly from EUR 0.2 million in the previous year to EUR 0.3 million, contingent upon the impending relocation in April 2008 to new premises in Frankfurt on Main.

The risk provisions (depreciations and value adjustments on loans and advances and on bonds and debentures as well as the transfer of provisions in the lending business) increased from EUR 8.1 million in the previous year to EUR 10.8 million.
Apart from the allocation to the country value allowances in the amount of EUR 10.5 million, the amount contains write-downs on bonds of the liquidity reserve of EUR 0.4 million and revenues from the liquidation of value adjustments of EUR 0.1 million. In 2006, the allocation of country value allowances was almost the same as in 2007 (EUR 10.4 million), but in the previous year, write-ups on loans of liquidity reserves in the amount of EUR 1.3 million and price gains were balanced during the sale of bonds in the amount of EUR 1 million with the expenses.

Based on the bank's conservative business policy, no loan losses fortunately occurred during the year under review. Due to the strong expansion of the lending business, especially in Turkey, Russia, Romania and Kazakhstan, value adjustments of these countries are required. When determining the value adjustments of these countries, the bank always moves on the basis of the draft of the BMF letter of the annually determined variation range. Because of the proximity of the parent company to the Turkish market, the variation range falls short only with Turkey loans.

Development of the financial and asset situation

On 31 December 2007, the strong expansion of the lending business resulted in a balance sheet total of EUR 1.095 billion. It now is around EUR 443 million higher than the balance sheet total of the previous year with an amount of EUR 652 million. The comparability, however, is not given in full.
In 2006, the Turkish banking supervisory authority issued a new regulation according to which the deposits of Akbank AG, which are protected by Akbank T.A.S., according to the statutes of the German Deposit Insurance Fund and the liability discharge statement adopted in its favour, are classified by the Turkish banking supervisory authority in the full amount as risk-relevant and 100% credited to the large exposure limit of the individual group. This surprising regulation forced Akbank AG indirectly to reduce substantially related credit portfolios by the end of 2006, in order to put the parent company in a position to maintain the statutory large exposure limits in Turkey. For this reason, in 2006, the bank transferred default risks from claims in the total volume of EUR 151 million to other companies of the Akbank Group. As the regulation of the Turkish banking supervisory authority has now been modified, the bank has been able to increase the credit portfolio as scheduled for 2007.
The development of the balance sheet sum for the years 2002 to 2007 can be presented as follows:



[2002-2005 AKBANK T.A.S. Branch in Germany; from 2006 AKBANK AG]

Cash reserve and loans and advances to banks increased from EUR 118 million in 2006 to EUR 151 million in 2007.

The loans and advances to customers increased during the same period from EUR 501 million to EUR 877 million. This produced an 80.1% balance sheet total (previous year: 76.9%).

From the portfolio of bonds and debentures in the amount of EUR 52 million (previous year: EUR 30 million), EUR 26 million (previous year: 30 million) are part of the bank's liquidity reserve and EUR 26 million (previous year: 0) are part of the investment portfolio which is pledged for refinancing purposes to Deutsche Bundesbank.

The intangible assets and property, plant and equipment were reduced due to retirements and depreciations by KEUR 484 in 2006 and to KEUR 275 in the year under review.

Other assets in the amount of EUR 14.8 million (previous year: EUR 1.3 million) essentially contain claims from foreign exchange hedging transactions. In the previous year, these claims were disclosed under loans and advances to customers (EUR 11.7 million).

At balance sheet date, liabilities to banks are EUR 121 million (previous year: EUR 27 million) or 11.1% (previous year: 4.1%) of the balance sheet total.

Liabilities to customers are in the amount of EUR 762 million (previous year: 416 million). This corresponds to 69.6% (previous year: 63.8%) of the balance sheet total. The bank's main customers are communities, social insurance carriers and companies.

Other liabilities, deferred income and accruals increased in 2006 from EUR 3.8 million to EUR 5.1 million in 2007.

Subordinated liabilities are unchanged compared with the previous year in the amount of EUR 2.1 million.

The shareholders' equity increased at the balance sheet date by the net income for the year of the 2007 business year in the amount of 1.1 million from EUR 2.03,2 million in 2006 to EUR 204.3 million in 2007.

The capital stock is held 100% by AKBANK N.V., Rotterdam, which again is the wholly-owned subsidiary of Akbank T.A.S., Istanbul.

The contingent liabilities are in the amount of EUR 0,7 million (previous year: EUR 5 million) and result from guarantees and warranty agreements.

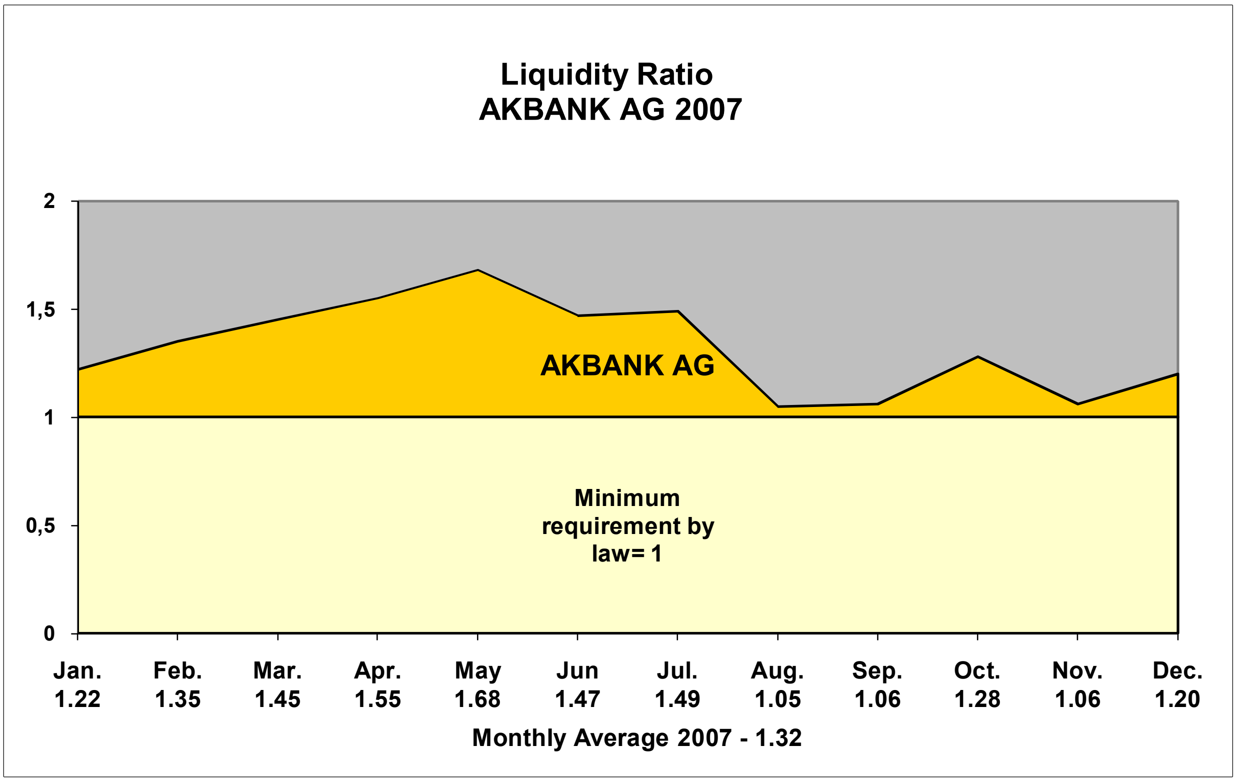
The amount of irrevocable loan commitments during the year under review increased from EUR 9.6 million to EUR 17.5 million.

Financial situation

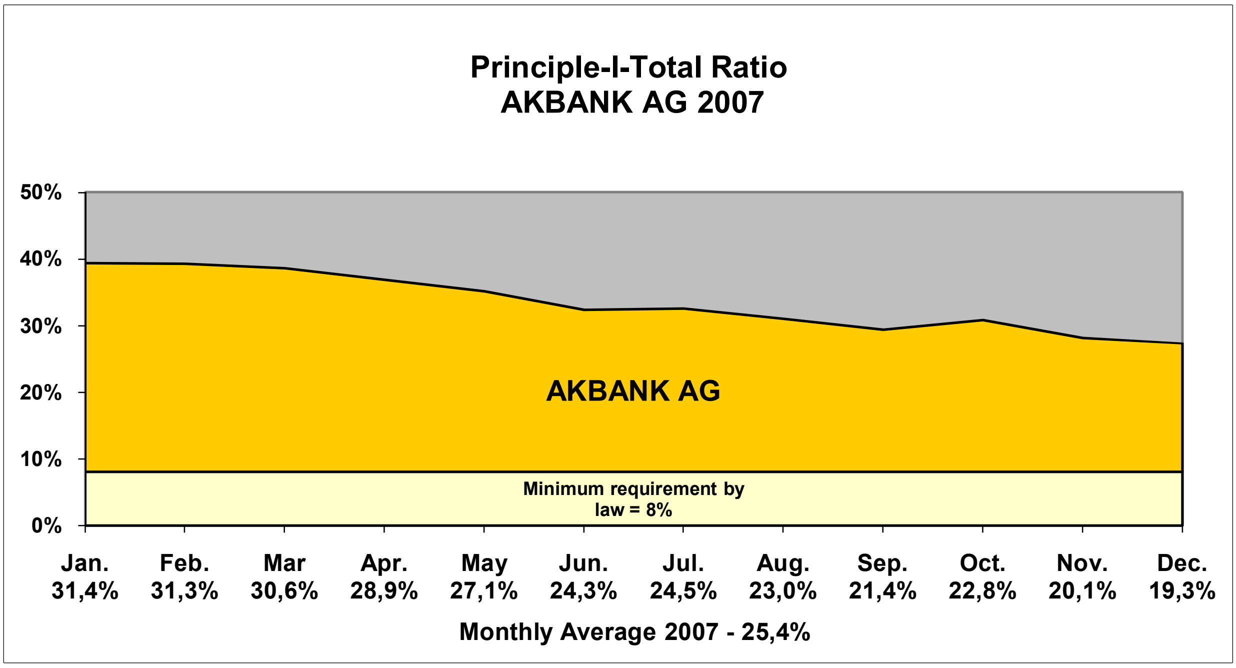
During the year under review, Akbank AG solvency was ensured at all times. The minimum reserve obligations, vis-à-vis Deutsche Bundesbank also were maintained as well as the principles of liquidity in accordance with the German Banking Act.

Akbank AG is a member of the Deposit Insurance Fund of Bundesverband deutscher Banken e.V., Cologne, through which liabilities to non-credit institutions (in particular private persons and commercial enterprises) are secured up to a deposit amount of 30% of the liable equity capital according to § 6 of the statutes of the Deposit Insurance Fund. On the basis of this membership, which promises customers high security for their investment and by engaging brokers with whom the bank for many years is in close and regular contact, it always enabled the bank to increase the portfolio of customer deposits in the short term, and thus to adjust the liquidity without delay to the respective refinancing requirements.

The following graphics shows the regulatory basic parameter II (liquidity principle) on average was around 1.32, and thus clearly was above the regulatory required minimum value of 1.



Principle I, which describes the relationship between the liable shareholders' capital (according to Sec. 10 (2) German Banking Act) of the bank and its weighed risk assets, may not fall below 8% at the daily close of business.
The bank never fell below this minimum limit during the year under review. The average total parameter according to Sec. 2 (3) German Banking Act rather was around 25.4%. In the course of the year, the equity quota proportionately decreased as the risk assets increased.



RISK REPORT 2007

The overall bank control of Akbank AG focuses on achieving growth and value enhancement with risks that are controlled at all times. For this reason, the strategic and operative measures are subjected to a careful evaluation between opportunities and risks. At regular intervals, these are re-evaluated in consideration of the current market and corporate development, as well as new regulatory requirements.

Apart from the objectives of shareholders, the requirements and regulations of the banking supervisory authority and the German Deposit Insurance Fund must also be taken into consideration.

Market risks

A market risk is created by changes in market prices or price influencing parameters. One must distinguish between general changes in market prices and a specific market risk (related to individual financial instruments), as well as individual risk types, such as interest rate changes and currency exchange rates. As in previous years, in actual fact, all interest rate changes and currency risks are eliminated in that the bank refinances all lending transactions largely maturity by matching (natural hedge) and/or upon request secures them by corresponding interest rate swaps (IRS). Possible currency risks basically are secured by corresponding currency swaps or currency futures transactions. By means of this procedure, the market risks are limited to an amount, which, in proportion are to the equity stock, is insignificant. A residual risk results exclusively from the circumstance that no suitable hedging partners can be found for small transactions. Nevertheless - for the purpose of preserving market opportunities – there are the opportunities of finding parameters within a limited scope and within the framework of engaging in market price risks to a limited extent and within the scope of defined parameters.

Counter-parity risks

The counter-parity risk describes the risk of loss by the possible insolvency of a debtor. This includes primarily the credit risks in retail lending and the counter-parity credit risks through transaction in the money and capital market. Through the bank's conservative business policy in extending loans, it has been able to prove in the past that it is in a position to manage credit risks very successfully. Among other things, this is documented in a very low loan default quota, which clearly lies below the industry average. The organisational separation of "market" and "market succession", which according to MaRisk are required up to management level, as well as the guidelines documented in the bank's organisational guideline for the lending business are the fundamental principles of the risk management in the lending business. On the basis of an independently developed internal scoring system, borrowers are classified by means of credit criteria and analysis results in six different risk classes. Diversification and, if necessary, an appropriate collateralisation of the loan commitment are additional qualitative instruments for risk limitations. Limitations in view of the commitment orders of magnitude, sectors and credit terms are applied as quantitative control elements.
For latent credit risks, general loan loss allowances are determined once yearly on the basis of loan losses in the past and fiscal projections. Based on low losses in the past, they are, however, low in terms of the amount.
The bank has borne the risk with loans to borrowers in countries such as Turkey or Russia by forming country value allowances. Because of the very high increase in the loan portfolio, the country value allowances formed during the previous year have increased overall from EUR 57.6 million to EUR 67.9 million. In view of the high weight affecting the risk exposure of Turkey's commitment, the country value allowance for Turkey is in the amount of EUR 35.9 million (previous year: EUR 38.3 million).
In assessing the country value allowance rate for Turkey, the bank clearly lies below the fiscally acknowledged variation ranges, since Akbank AG indirectly is owned by Akbank T.A.S., Istanbul, which is one of the leading banks in Turkey. Consequently, the company is put in a position to recognise developments in the Turkish market and looming crises early and, if necessary, take relatively timely countermeasures. The circumstance that with a clearly extended lending business with branches in Turkey, the corresponding country value allowance was reduced nominally which can be explained with the further stabilisation of the economic basic conditions in Turkey.

Liquidity risks
Liquidity risk is understood to be the risk that at the time of maturity, the bank is unable to meet its payment obligations. A refinancing risk exists, if the bank is unable to provide sufficient liquidity under the expected conditions to meet the demand. The market liquidity risk is the risk of being unable to liquidate or close positions, because of unacceptable market depth or disturbances in the desired volume or of only being able to do so with a loss. Akbank AG daily monitors the liquidity risk and the compliance of the liquidity parameter of Principle II by means of the reports generated with BAISjava.

The liquidity control of Akbank AG is monitored daily by the Treasury Department by means of specially developed tools (such as the "Daily Financial Dealing Position") and by means of which the corresponding liquidity parameters are determined. The anticipated inflow and outflow of funds are computed on a daily basis. Within the scope of short-term and/or medium-term liquidity control, the freely available liquidity is determined and broken down in a monthly report ("GAP Report"), the deposits and loans compared according to residual maturity terms.

The bank always has sufficient liquidity. This results directly and indirectly from the relatively high equity capital in the amount of around EUR 200 million (EUR 50 million capital stock and EUR 150 million capital reserves). In addition, the bank is in a position to acquire high-volume customer deposits in the short term in that it uses the services of various brokers who again negotiate cash investments on behalf of potential investors.
A short-term liquidity demand can also be covered via friendly correspondence banks that have approved credit limits in favour of the bank.
Part of the securities portfolio, which meets the lending requirements of Deutsche Bundesbank, can be pledged to Deutsche Bundesbank, to enable it to daily draw upon by the overdraught of the Bundesbank account or in order to obtain loans for three months.
In an individual case, the inventory of securities for covering short-term or unscheduled liquidity demands on repo transactions with friendly banks can be utilised.
Additionally, there is the option in principle of selling part of the securities portfolio of the bank, as well as of selling selected (as a rule syndicated) loans in order to bridge possible liquidity bottlenecks.

Based on the current business model, the bank considers the implemented liquidity measuring and control procedure appropriate.

Operational risks

All risks from operational systems and processes are referred to as operational risks, which, provided they occur, may have a negative influence on the business procedure of Akbank AG.
Essentially, these are technical or human failures, which, for example, can be caused by the use of inappropriate processes (operational risk). In addition, there are external events, such as natural disasters, that count as operational risks.

Operational risks also comprise legal risks resulting from contractual agreements or legal basic conditions. We have categorised personnel risks under operational risks.
In the past, the bank never experienced major operational risks and expects that in future they will only play a subordinate role.

Operational risks

Apart from the physical infrastructure (especially hardware equipment), the system architecture (e.g., multi-tier server structure, software equipment) is of special significance to Akbank AG. As a rule, both have a redundant and/or modular structure in order to always ensure a high availability of all necessary systems and/or components. Within the scope of emergency planning for the electronic data segment, external service providers (e.g. Bank-Verlag) and its emergency provision are taken into consideration. Organisational and technical measures serve to avoid damage and/or limit damage with all operational risks. For example, organisational instructions, employee training, electronic data, project and quality management, as well as emergency plans are to be listed. These measures and regulations for risk limitation must be documented in the various internal guidelines that are regularly updated.
The availability of major electronic data systems, especially the core banking system PABA/Q of ACTIS, which operates on an IBM AS400, on average was 99.8% during the period under review and during the previous year. In the case of total system failure and/or the premises of the bank no longer being accessible, an agreement is made with a third company (SLA), which allows the use of their facilities and electronic data systems in an emergency.

Legal risks

Legal risks can be provoked as a result of a change in the legal outlying conditions in relevant markets of the bank and beyond that on account of legal disputes with business partners or customers.
As a security against possible legal risks, all legal transactions of the bank must be concluded on the basis of unequivocal and properly documented agreements. If possible, basic standard contracts in conformity with the markets are used (e.g. of the Bank Verlag). Should non-standard contracts be used, framework contracts and other contracts are to be examined by outside lawyers.

Personnel risks

The bank's success essentially depends on the competence and motivation of its employees. The possible loss of key personnel basically represents a risk. This risk can be counteracted through regular employee discussions.

Compared with previous years, during the last business year, the bank has had to cope with a large number of employees leaving the company. In part, this was due to below average pay. During the year under review, the bank, therefore, increased pay levels and adjusted salaries to the market.

The following list clearly indicates that in the meantime more than one-half of employees have been working for the bank for over five years, and thus key competencies are being maintained over an extended period.

Average seniority of our employees	**31.12.2007 Number of employees**	**31.12.2006 Number of employees**
0 to 2 years	6	6
3 to 5 years	3	3
6 to 8 years	8	7
Longer than 8 years	4	4
Total	**21**	**20**

Business risks

The business risk encompasses the risks from unexpected losses through a variation of income or target figure costs.
On the basis of target figures (budget), the actual business operation of the bank is monitored within the framework of the monthly target-performance comparison. Earnings and productivity control is directly subject to the Board of Management.
Continuous monitoring and control also is performed by means of daily balance sheets and daily profit and loss accounts, as well as a multitude of other daily reports and evaluations, which are created by the controlling and other respective technical departments and are submitted regularly to the Board of Management of the bank and, in an individual case, also to the Supervisory Board.

Strategic risks

Strategic risks are defined as risks, which are related to previous and future decisions regarding the business model (business risks). Further, focus-related aspects of company planning, and the intensity of competition or product development of Akbank AG are taken into consideration. Decisions regarding the business model are made by the Board of Management with the approval of the Supervisory Board on the basis of extensive analyses. The processing and preparation of such questions is effected depending on the decision-making object in the responsible departments, and if necessary, also with the support of external consultants.

Summary

The annual report contained no risks that could have put the continued existence of Akbank AG at risk.

Relationships with affiliated companies

According to Sec. 312 German Stock Corporation Act, the Board of Management has prepared a subordinate status report regarding the relationships with affiliated companies, which contains the following concluding statement:

"We hereby confirm that the company according to the circumstances with which we were familiar at the time at which legal transactions were performed or measures were effected or refrained from, in which each legal transaction received reasonable compensation and in that the measure taken or refrained from was not put at a disadvantage."

Events and special significance after the balance sheet date

After the balance sheet date, no major events and developments of special significance occurred that were not already mentioned in this status report.

Outlook / Forecast Report

New core bank software

In 2006, the bank decided to replace its core bank software PABA/Q with the banking software Flexcube by I-Flex. This software has been used for several years by Akbank N.V., Rotterdam. The future supported maintenance of the new core banking system is to be taken over by the data processing department of Akbank T.A.S. in Istanbul.
The bank is expecting from the new program in particular, optimisation and standardisation of the internal reporting system (MIS), which serves to control the bank. The implementation and/or migration towards Flexcube started in May 2007. The project, especially during the second half of 2007, demanded a considerable share of the existing resources and still could not be completed by the reporting date. The bank assumes that the migration will be completed in early May 2008.

New business premises

When the old lease expires in early April 2008, the bank will move into new premises in Frankfurt. The office space of these premises will be considerably smaller and result in a reduction of rental costs.

New business

As soon as the migration towards the new core banking software is successfully completed, the bank will increasingly dedicate itself to the acquisition of new business in the lending business. Since the lending portfolio with Turkish companies can be increased only conditionally, the composition of the loan portfolio is to develop further in favour of non-Turkish borrowers.
Irrespective of this development, the bank will try to convince German deposit insurance funds to eliminate the current restrictions, which the bank and other banks in similar situations feel to be competitive distortions. The bank would very much welcome it, if in future it would be able to compete in its lending business for business with Turkish companies under similar conditions as non-Turkish banks.
Should it not be possible to realise this in the short term, the bank will attempt alternatively to compensate a possible decrease in the Turkish loan portfolio among other things by extending loans to renowned companies from eastern and western Europe.

The bank assumes that the pressure on the margin in the lending business, in particular due to the tense situation in the financial sector both with Turkish and non-Turkish borrowers, will not intensify further.
The positive development of the Turkish economy, and the vast accompanying growth in confidence in the Turkish economy, has resulted in non-Turkish banks having committed themselves in Turkey and thus the competitive pressure rising on local suppliers. This applies equally to many other countries in Eastern Europe or the Middle East where the bank has some of its customers.

As in the past, the bank will strive to participate in loans either via the primary market or the secondary market. In terms of risks/yield aspects, it particularly strives for investments with a credit rating in the lower investment rate segment or just below that.

Furthermore, the bank intends in future to keep an increasing number of company loans or bonds in its portfolio until their maturity and, if possible, to employ these through suitable measures for optimising liquidity (lending transactions).

Acknowledgement

The Managing Board would like to take this opportunity to thank all employees for their extraordinary contribution. We are very proud of their technical and social competence, without which the bank's success would be unrealisable.

Frankfurt am Main, 14th March 2008

Management Board

ENGAGEMENT TERMS, LIABILITY AND CONDITIONS OF USE

We, Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, conducted our audit of these financial statements on behalf of the Company. Besides satisfying the legal disclosure requirement (Sec. 325 HGB ["Handelsgesetzbuch": German Commercial Code]) for statutory audits, the audit opinion is addressed exclusively to the Company and was issued for internal purposes only. It is not intended for any other purpose or to serve as a decision-making basis for third parties. The result of voluntary audits summarized in the audit opinion is thus not intended to serve as a decision-making basis for third parties and must not be used for purposes other than those intended.

Our work is based on our engagement letter for the audit of these financial statements, the Special Engagement Terms for Assurance and Advisory Business of Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft (dated July 1, 2007) and the General Engagement Terms for "Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften" [German Public Auditors and Public Audit Firms] as issued by the Institute of Public Auditors in Germany ["Institut der Wirtschaftsprüfer": IDW] on January 1, 2002.

To clarify, we point out that we assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the audit opinion to reflect events or circumstances arising after it was issued, unless required to do so by law.

It is the sole responsibility of anyone taking note of the summarized result of our work contained in the audit opinion to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.