



For exactly
70 years
we work for
"Productive Turkey".

2008 Annual Report

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Corporate Profile

For exactly 70 years Halkbank has been
**“The Bank of Productive
Turkey”...**



Having celebrated its 70th anniversary in 2008, Halkbank has always stood by the “Productive Turkey” ever since its inception.

Targeting to be the leading SME bank in the region, asserting a strong presence also in retail services and fulfilling all the requirements of modern banking, Halkbank has proven that it is one of the building blocks of our country as evidenced by its initiatives in commercial and retail banking and its social responsibility projects, as well as its unyielding support to SMEs that have started manufacturing with handlooms to grow into the visionary brand names of the present.

| **70**
years

ROE

23.5%

The 23.5% ROE was an indicator of Halkbank's strong position in the sector in terms of profitability.

Capital Adequacy Ratio

14.5%

The Bank maintained its capital adequacy ratio at 14.5%, which is above the legal minimum limits, despite the negative impact of the global crisis.

Halkbank by numbers

The paid-in capital of Halkbank is TRY 1,250,00,000.

Halkbank's Capital Structure

99.999996207% of the Bank's capital originally belonged to the Undersecretariat of Treasury. However, the shares corresponding to the Treasury's stake were transferred to the Privatization Administration under the Privatization High Council resolution 2007/08 dated 5 February 2007. Based on the decisions of the Privatization Administration dated 05 February 2007 and numbered 2007/08, of the Bank's General Assembly dated 19 April 2007, and of the Capital Markets Board of Turkey (CMB) dated 26 April 2007

and numbered 16/471, 24.98% of the Bank's shares were offered to the public on 10 May 2007.

The Bank's ultimate controlling shareholder is the Privatization Administration, Prime Ministry, Republic of Turkey, with a shareholding percentage of 74.982045%. (Address: Ziya Gökalp Cad. No: 80 Kurtuluş/ANKARA)

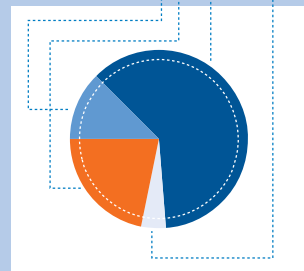
The chairman, the members of the Board of Directors, the general manager and the deputy general managers do not hold any shares in the Bank.

Shareholder	Number of Shareholder*	Paid-in Capital (TRY)	Share (%)
Privatization Administration	1	937,275,568	74.9820
Banks	4	14,105	0.0011
Cooperatives	143	17,244	0.0014
Municipalities	980	186,854	0.0149
Local City Authorities	67	93,891	0.0075
Chambers of Commerce	12	2,086	0.0002
Individuals and Corporations	13,534	159,910	0.0128
Publicly Held	1	312,250,342	24.9800
Total	14,742	1,250,000,000	100.0000
Shareholding by Minority Shareholders (%)			0.037934
Shareholding by the Privatization Administration (%)			74.982045
Publicly Held (Traded at the Stock Exchange) (%)			24.980020
Total (%)			100

*Indicates the number of shareholders listed in the Register of Shareholders.

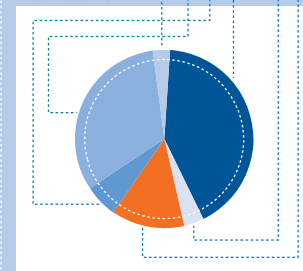
Breakdown of Loans

- 61.23% Commercial
- 4.44% Fund
- 21.90% Retail
- 12.43% Cooperatives



Breakdown of Deposits

- 41.65% Savings
- 3.60% Official
- 13.30% Commercial
- 5.99% Others
- 32.28% FX
- 3.17% Banks



Total Assets (TRY million)

51,096

Halkbank's total assets grew 27.0% and reached TRY 51,096 million. The Bank continued to give weight to lending and remained loyal to its strategy directed towards improving the asset quality. Outpacing the sector, the Bank's total lending expanded 42.6% and increased to TRY 25,836 million.

Shareholders' Equity (TRY million)

4,289

Halkbank's shareholders' equity stood at TRY 4,289 million despite cash dividends that it paid out.

Net Profit (TRY million)

1,018

In spite of increased costs of deposits and contracted profit margins, Halkbank reported TRY 1,018 million net profit in 2008.

Financial Highlights

(TRY million)	2008	2007	Change (%)
Total Assets	51,096	40,234	27.0
Total Loans	25,836	18,121	42.6
Total Deposits	40,271	30,841	30.6
Shareholders' Equity	4,289	4,383	(2.2)
Gross Profit	1,266	1,407	(10.0)
Net Profit	1,018	1,131	(10.0)

(%)	2008	2007	Change (%)
Interest Bearing Assets/Total Assets*	93.9	93.2	0.7
Total Loans/Total Assets	50.6	45.0	5.6
NPL/Total Loans (Gross)	4.7	5.4	(0.7)
Demand Deposits/Total Deposits**	10.0	10.8	(0.8)
Total Loans/Total Deposits	64.2	58.8	5.4
Return on Average Assets	2.2	3.0	(0.8)
Return on Average Equity	23.5	27.7	(4.2)

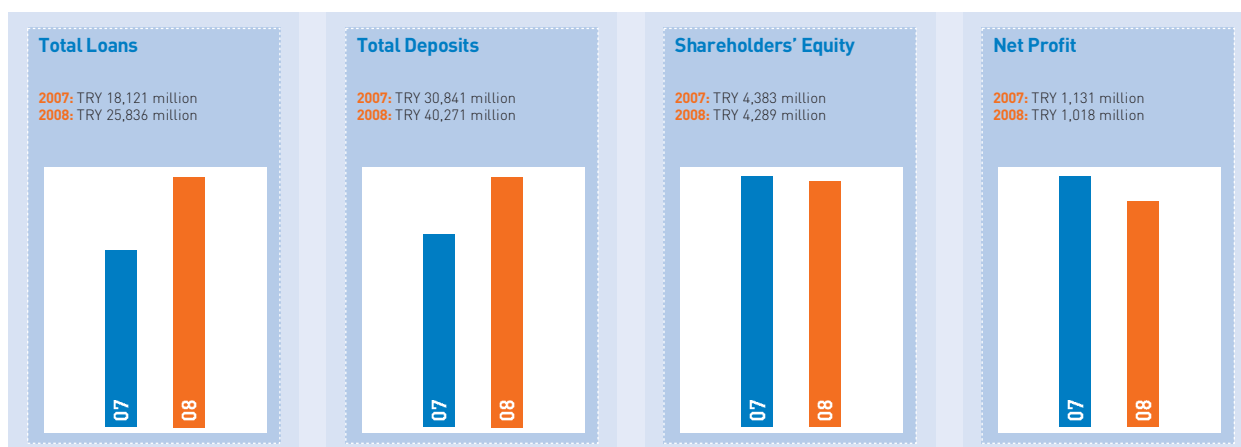
* The figures for 2007 and 2008 exclude cash and fund loans.

** The figures for 2007 and 2008 exclude interest accruals.

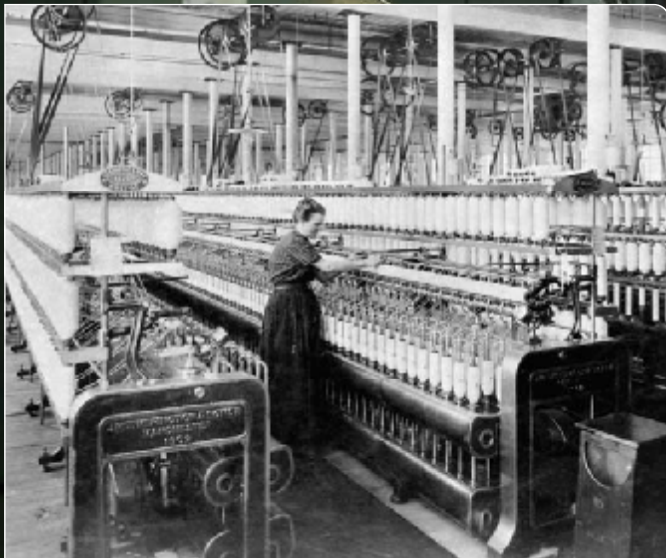
Halkbank's Position in the Sector

(TRY million)	2008			2007		
	The Bank	Sector	Share (%)	The Bank	Sector	Share (%)
Total Assets	51,096	732,749	7.0	40,234	581,606	6.9
Total Loans	25,046	367,609	6.8	17,790	285,616	6.2
Securities	17,544	193,988	9.0	15,154	164,727	9.2
Total Deposits	39,904	454,600	8.8	30,570	356,865	8.6
Shareholders' Equity	4,289	86,375	5.0	4,383	75,850	5.8
Profit	1,018	13,332	7.6	1,131	14,859	7.6

Excluding interest accruals



We are the major supporter and business partner of hundreds of thousands of SMEs





Being the leading SME bank in the region

Our Vision, Mission and Goals

Our Vision

To be the region's leading SME bank fulfilling all the requirements of modern banking while asserting a strong presence in retail services as well.

Our Mission

To continuously create added value for customers, shareholders, and employees by effectively carrying out all its banking services with an awareness and understanding of its social responsibilities and duties; to contribute to the development of the banking sector and capital markets; to secure itself a respected position in the banking sector in our region and in the world.

Our Goals

- Be the leading SME bank in the region
- Be the first preference of SMEs and retail customers for fulfillment of their banking needs
- Be the bank employing qualified personnel in the banking sector, and be the bank which such qualified personnel wish to be employed by
- Ensure customer satisfaction achieving the sector's highest quality levels in service in all of its business processes
- Be a bank attaining stable growth and sustainable profit

Our Strategies and Corporate Values

Our Strategies

- Increase specially-designed product and service options while carrying out traditional banking activities.
- Under the heading of customer segmentation, offer privileged products and services to small to medium-sized companies as well as middle and upper-income group retail customers.
- Adopt a customer-focused, high-quality approach to service.
- Ensure effectiveness in all critical processes, particularly in the management of credit and financial risk.
- Achieve productivity in all business processes by means of a rich product line, transaction and system security, rapid high-quality transactions, and competitive pricing.
- Motivate and support the ongoing development of employees by means of effective career progression and performance management systems.
- Ensure that our internal as well as external customers are fully cognizant of our corporate identity.
- Provide high-quality service in international banking through an extensive network of correspondent banks.

Our Corporate Values

- Customer focus
- Reliability
- Integrity
- Creativity
- Dynamism
- Rationalism
- Team spirit
- Productivity
- Transparency
- Sensitivity
- Self-confidence
- Openness to change
- Commitment to social responsibilities
- Knowledge and experience sharing

Always strong, always reliable since 1938 to date

Halkbank's Historical Development

Incorporation period

The Turkish economy had been deeply impacted by the global economic crisis of 1929 as did the world economy. In those years, the economic conditions of tradesmen and artisans that made up the backbone of the socio-economic order in our country gradually deteriorated. Banks and other public enterprises that started operating in the years that followed the foundation of the republic failed to provide sufficient solutions for the problems of this vast segment of the community.

For the purposes of supplying tradesmen, artisans and small business owners with the suitably-priced loans in order to promote sustainability of economic development, maintain social balance and peace, it had been decided to establish Türkiye Halk Bankası (known as Halkbank today).

With the Statute 2284 concerning Halkbank and People's Funds, the incorporation process of Halkbank started in 1933, and the Bank commenced offering service in 1938. Having provided its services between 1938 and 1950 through the "People's Funds", Halkbank was authorized to directly open branches and lend money directly to borrowers in 1950.

Stable growth

After 1964, Halkbank achieved stable growth in its deposits and lending volume in keeping with its increased capital and active working tempo.

Expansion via acquisitions

From 1992 onwards, Halkbank further expanded its organization with various bank acquisitions.

In 1992, TÖBANK was transferred to Halkbank with its staff, branches, all assets and liabilities. Sümerbank and Etibank were transferred only financially with their debts and obligations in 1993 and 1998, respectively, while no personnel and branches were taken over from either bank.

In 2001, the insolvent Emlakbank was transferred to Halkbank with its 96 branches, personnel and balance sheet.

At the end of 2004, Pamukbank's integration with Halkbank was successfully completed with all its assets and liabilities, branches and personnel.

New era in public banks

In 2000, the Statute 4603 that is related to the restructuring of Turkey's publicly-owned banks to bring them into line with the requirements of modern banking so as to prepare them for privatization, came into force. With the process of restructuring, a customer-focused approach was adopted in the Bank's activities which it had been conducting under the guidelines of commercial banking.

The restructuring process launched in 2001 aimed to remake Halkbank into a profitable and productive institution capable of creating added value for the national economy within the framework of modern banking principles and the rules of commercial banking. Significant steps were taken to achieve this aim.

Market-focused approach to business

Having further strengthened its position in the sector by the successful and quick integration of Halkbank and Pamukbank that occurred in late 2004, Halkbank also had gathered all of the retail banking practices offered by privately-owned banks in its portfolio.

Relieved of its operational burdens, Halkbank adopted a market-focused approach to business and redesigned its branch organization. Under the customer segmentation, Halkbank concentrated on offering customer-focused and high-quality products and services addressing the particular needs of SMEs as well as of retail customers in the middle and upper-middle income groups.

Transition to stronger management structure

With a view to improving efficiency in decision-making processes and speeding up privatization efforts, the management which had joint control over the Bank and Ziraat Bank was separated in early 2005, thereby creating a new organization chart. The new structure abolished the executive board and managing director administration bodies, and made the transition to the direction system under a general manager, which position held a broad range of powers.

An IPO attracting a record-level of subscriptions

In 2007, up to 25% of the shares held by the Treasury were privatized by way of public offering.

Carried out on 10 May 2007 and having attracted a record-level of subscriptions, Halkbank's IPO has been one of the largest public offerings that ever occurred in the Turkish capital markets.

Demands from foreign and local investors resulted in an oversubscription of 8-fold of the issue in the public offering of the Bank's shares. Due to continued intense interest and high trading volume, the Board of Directors of the Istanbul Stock Exchange (ISE) decided to include Halkbank shares under the ISE-30 index as of the beginning of July and the Bank took its eminent place within Turkey's top 30 publicly-floated companies.

70th year of success

Having celebrated its 70th anniversary in 2008, Halkbank has stood by the "Productive Turkey" ever since its inception. The Bank has proven that it is one of the building blocks of our country as evidenced by its initiatives in corporate, commercial and retail banking and its social responsibility projects, as well as its unyielding support to SMEs that have started manufacturing with handlooms to ultimately grow into the visionary brand names of the present.

Also in the future...

Halkbank is determined to be the "Bank of the Productive Turkey" also in the future.

With its nation-wide branch network, special transaction centers and international representative offices and contemporary approach to banking, Halkbank will keep supporting all entrepreneurs that contribute to increases in overall employment and investments, as well as tradesmen, artisans and SMEs that make up national economy, while creating added value for all of its shareholders.

the best banking solutions for each segment of the society

Chairman's Message



Hasan Cebeci
Chairman

Having achieved its growth targets set for 2008 to a large extent, Halkbank captured an increase in lending that outperformed the sector's average and thus, continued to finance the manufacturing industry and contribute to national economy, while augmenting its share in total loans and total deposits.

In 2008, economic balances changed dramatically in Turkey and across the world.

In 2008, economic balances changed dramatically in Turkey and across the world, and the crisis that broke out in the high-risk US mortgage sector spread to Europe and emerging countries while growing in depth. The mortgage crisis transformed into a financial crisis with a gradually expanding sphere of influence, and upon acknowledgement of the bankruptcy of one of the largest investment banks in the USA, concerns about the sustainability of the existing financial system quickly surfaced, rendering the system inoperable.

In this period characterized by shattered trust particularly in banks as well as in other financial institutions, the lost confidence could not be reinstated despite the substantial amount of funds injected by many European governments and the US government into the system for the sake of keeping the banking system running. Deteriorated asset qualities of financial institutions soon dragged along deceleration in their economic activities. As the global growth trend was replaced by downsizing and contraction tendency, the real economy and industrial production received a strong blow from narrowing financing facilities, combined with reduced consumption and investment appetite.

Though regional originally, the financial crisis quickly led to a stagnation that took hold of the whole world with the impact of the sophisticated financial instruments and globalization movements. Significant losses occurred in the capital markets of numerous countries. In an effort to restrict the effect of the losses suffered, the world's leading companies had to receive governmental support, merge, provide capital increase, shrink their balance sheets, or discontinue operations.

The negative impacts of the global crisis were started to be felt also in Turkey even if at a limited degree, from the second half of 2008. Due to the effects of the crisis, the Turkish economy adopted a somewhat decelerating tendency in its growth process that had been ongoing since 2002, and the expansion in the GDP declined to 0.5% in the third quarter of 2008. Economic contraction is estimated to continue in the last quarter of the year.

Reduced capacity utilization ratios, weakened domestic and foreign demands and investments, and increased rate of unemployment were considered as key indicators pointing out that Turkey was influenced by the crisis in the global markets like other emerging countries.



On the other hand, these developments had different effects on some of the chronic issues of our country. Decelerated economic activity led to significant decline in commodity and energy prices, in turn bringing about significant reductions in current account deficit and inflation data. With diminishing inflationist pressures, the Central Bank of the Republic of Turkey (CBRT) opted for

high interest rate cuts with an eye to support economic activities, and in effect growth. So the Central Bank was able to push the real interest rate down to its lowest of the recent history by a series of cuts.

The relatively lower household borrowing rates and smaller ratio of the lending volume in the system to the GDP as compared with those in the USA and in European countries will be instrumental in surviving the effects of the global financial and real crisis with comparatively less damage.

It is a fact to take pride in that, in such a volatile period that was scene to changes and worsening in many areas of economy, the Turkish banking system was able to preserve its profitability and capital structure owing to the structural reforms and controls introduced at the time of and after the 2001 crisis.

Capital adequacy ratios that stand well above the minimum ratios in the larger part of the sector, and the high ROE levels revealed that our banks were healthier than the ones in developed and other emerging financial markets with respect to operating methods and regulatory mechanisms. As an outcome of the successful results attained, Turkish banking system has been cited as a model by a large number of foreign investors and financial institutions.

Having started 70 years earlier, our journey will go on with the same excitement, as we set new targets and keep growing in every segment of the banking business.

A key player in the Turkish banking system, Halkbank finished the 2008 operating period with a profitable, productive and robust capital structure despite economic fragilities and tough market conditions.

Having achieved its growth targets set for 2008 to a large extent, Halkbank captured an increase in lending that outperformed the sector's average and thus, continued to finance the manufacturing industry and contribute to national economy, while augmenting its share in total loans and total deposits. It has been a source of pride for us to uninterruptedly carry on our activities in an environment where financing facilities narrowed down day by day.

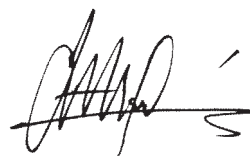
The cooperation initiated with the chambers of commerce and industry in order to eliminate the financing problems of tradesmen, artisans and SMEs in particular, as well as of the manufacturing industry, combined with the funds secured from major foreign financial institutions such as the French Development Agency, European Investment Bank and the World Bank served as added values contributing to recapturing economic vitality in Turkey.

As Halkbank family, we well know that it is in our hands to reverse the negative effects of the global crisis. As Halkbank, we are trying to effectively predict and plan the requirements of the period we are living through. We are geared up for the new era in banking, and we will keep

fulfilling the financial needs of the real sector with our liquidity and solid financial structure. Having started 70 years earlier as the bank of SMEs, our journey will go on with the same excitement, as we set new targets and keep growing in every segment of the banking business.

Also in 2009, Halkbank will maintain its prestigious position in the national and international markets while satisfying all the requirements of modern banking, and offer the best banking solutions to Turkey with an approach to service that places customer satisfaction in its focal point.

On behalf of the Board of Directors and myself, I would like to extend our gratitude to all Halkbank employees for adding value to our Bank with their committed efforts, to our customers and shareholders for bringing us to our current position with their confidence, and to our national and international business partners for always backing us with their support.



Hasan CEBECİ
Chairman

For Turkey's both **financial** and **social** development

General Manager's Assessment of 2008



Hüseyin Aydın
General Manager

We started 2008 with the thrill of celebrating our 70th anniversary.

We completed a year of numerous achievements in the sector and of added value created for our country by our actions which are guided by commitment to social responsibility.

Right strategies and service focused on customer satisfaction take us to success.

As Halkbank family, we started 2008 with the thrill of celebrating our 70th anniversary. We completed a year of numerous achievements in sector in keeping with our 70th year in service, and of added value created for our country by our actions which are guided by commitment to social responsibility. We are enjoying the pride and joy of having carried out our banking activities with strict adherence to our mission as always despite the financial crisis that took the whole world into its grip. We are happy and proud for we have fulfilled our share of the responsibility for contributing to not only financial but also social development of Turkey.

2008 has been a tough year for the world markets. As a part of the global markets, Turkey will certainly be influenced by the proceedings. Yet, the Turkish banking sector now sees the rewards of having come through strong from the acid test of 2001. The Turkish banking sector was influenced by the ongoing crisis at a lower degree than the US and European sectors, and survived without any bankruptcies. However, this does not mean that the sector was totally immune to any negative impact.

As Halkbank, we do not regard this as a portrait of hopelessness. We are confident that right strategies and service focused on customer satisfaction will once again take us to success, to the extent allowed by the conjuncture in the global markets. In fact, in 2008 and particularly in the last quarter of the year when the worsening in the markets was at its peak, Halkbank continued to stand by the "Productive Turkey" with its loans despite everything, and reaped the returns of this unyielding attitude in its 2008 financial results.

In spite of the negative impact the current global crisis had on the banking sector, Halkbank closed the year 2008 posting TRY 1,018 million in profit. Outperforming the sector's average growth of 26% in total assets in 2008, our Bank registered 27% expansion year-on. As a result, Halkbank's total assets rose to TRY 51.1 billion as at year-end.

45% at the end of 2007, the share of Halkbank's lending including interest accruals within total assets went up to 51% as at 2008 year end. Surpassing the sector's average of 27% in the growth of deposits excluding interest accruals, Halkbank increased its deposits to TRY 40.3 billion, up 31% including accruals. Following a stable upward trend also in the loans to deposits, our Bank increased this ratio from 59% to 64% as of end of 2008.

While the lending by the overall banking sector expanded 29% year-over-year in 2008 excluding interest accruals, Halkbank achieved 41% increase, a result that outperformed the sector average. The Bank's total lending volume rose to TRY 25.8 billion. Our Bank sustained its lending to SMEs at an increasing effectiveness, and registered 53% growth year-on in commercial loans including the loans extended to SMEs and excluding accruals, while attaining 18% expansion in cooperative loans.

Extending a substantial portion of its total loan portfolio to the SMEs in line with its SME banking mission of 70 years, Halkbank maintained its support to the real sector based on agreements executed with a number of national and international financial institutions. Under the credit agreement executed with the French Development Agency (AFD) for EUR 80 million, we secured the highest-amount loan with the longest term extended to a public bank without treasury guarantee. We started lending primarily to our SMEs active in the development priority provinces. Within the scope of the credit agreement concluded with the World Bank in December, we obtained a fund of USD 200 million to be extended to the SMEs. The cooperation established with the World Bank at a time when the entire sector was experiencing problems in tapping international funds was a reminder of our Bank's international credibility and reliability, doing us proud once again.



Offering consultancy and information support to the SMEs in addition to financial support also holds an important place within the Bank's mission. As Halkbank, we have undersigned numerous new social responsibility projects to this end in 2008.

We have signed a protocol with Anadolu University, whereby 1,000 SMEs are provided with the opportunity to participate in free e-certificate programs opened by the University under 18 different topics. In another significant initiative, we have allocated part of the funds provided to the Bank under the agreement signed with the French Development Agency in February to a three-year project aimed at acquainting our SMEs with corporate social responsibility, sustainable growth, environment, and occupational health and safety.

Having celebrated its 70th anniversary in 2008, our Bank authored an outstanding reference work that will shed light on the Turkish economy and the role of Halkbank in development. The book and documentary titled "They Grew with Halkbank, They Produced for Turkey" gives an account of the seventy years of the Turkish economy and Halkbank from the perspective of SMEs that take place among the Bank's most important stakeholders.

For our Bank, 2008 has been a dynamic year that saw a number of achievements not only in SME banking but also in retail banking. With the protocol executed with HSBC at the end of 2007, Halkbank credit cards were vested in Advantage card features. We have taken this agreement to the next level in this operating year, and enabled our customers and our member merchants to benefit from all the possibilities offered by Advantage. In August, we introduced HalkCard Advantage, our new credit card. Attracting the attention with their transparent design, the new credit cards are welcomed in millions of stores displaying the MasterCard and/or Visa logos in and out of Turkey, while two of these cards, namely HalkCard Advantage KGS and HalkCard Advantage Business KGS can be used for highway and bridge accesses eliminating the need to load money. Furthermore, cooperation was established with Shell, thereby adding the KGS (card-based pass system) feature to Shell Club Smart Card. This initiative allows holders of Shell Club Smart Card to top up their KGS cards 24/7 at Shell gas stations, and to use their cards for highway and bridge access. As the leader of SME banking, these breakthrough programs realized indicate the strong claim of Halkbank in retail banking.

Launched in the first days of 2008, the "Retail Loans Unemployment Insurance" represents a "first" in Turkey, which provides cover for retail loan customers' repayments against the risk of involuntary loss of their jobs. We have broadened the borders of our customer-focused approach to retail banking and equipped credit products designed for individual needs with very special terms and conditions differentiated according to professions. Just to name a few

2008 has been a dynamic year that saw a number of achievements not only in SME banking but also in retail banking.

of these products, we can list "Medicine Day Loan" offered on occasion of 14 March National Medicine Day, "Credit 155" specific to the members of the police department, "Judicial Week Lending Campaign" for the judicial personnel, and "Teachers' Day Loan" specific to November 24th. Standing on the side of its customers also on special occasions, Halkbank offered solutions also for minor needs with the "Bairam Comes Early Loan" and "My Dreams 2009 Loan" presented on the eves of the religious holidays and the New Year. In addition, our Bank helped many citizens start receiving pensions with "Bağ-Kur Retirement Loan" specially designed for individuals who earned entitlement to pensions but were unable to receive them due to their debts to Bağ-Kur, the social security organization for artisans and the self-employed.

In addition to the achievements undersigned both in SME banking and in retail banking, we continued our efforts to renovate our branches and expand our service network by opening new branches also in 2008, without cutting speed. Increasing the number of total branches to over 600 in 2008, our Bank also upped the number of its employees to 12,467, by adding 1,370 new members to the Halkbank family in the last three months of the year. Our Bank yet again proved its financial strength by creating new employment opportunities at a time characterized by negativities in the financial markets.

Always firmly standing by the "Productive Turkey" with its financial support since the first day as Turkey's first and leading SME bank, Halkbank continued to author social responsibility projects that will contribute to the country's development, in addition to its achievements in the sector in this reporting period that marked its 70th anniversary. Believing that only industrial and financial growth is not sufficient for the development of Turkey, Halkbank sees contribution to education at the core of efforts towards developing the country. In the same vein, Halkbank has become the main sponsor of the "Mothers and Daughters Together at School" campaign initiated by the Ministry of

National Education and aiming at introducing education to nearly five million illiterate members of the population. Believing that the prerequisite for having healthy future generations is having well-educated families, Halkbank has taken a major step towards increasing the literacy rate, the first phase of adult education activities, through the "Mothers and Daughters Together at School" campaign.

Having successfully completed 2008 with its activities in the sector and its projects in the social responsibility projects, our Bank will sustain its conventional banking activities in 2009, while defining its priority targets as offering service and product options aligned with customers' demands and needs. By placing importance on competitive pricing as well as fast and high quality transactions in our activities, we aim to preserve our position among the sector's leading banks in respect of the number of customers, broad-based lending, deposits volume, total assets and profitability. In keeping with this, we target to enhance our efficiency in critical processes and keep standing by our customers by focusing on resource and risk management which will bear even higher significance in the period coming.

Just as in the past so too in the future, the optimum balance will be maintained among our deposits customers, borrowers and shareholders while upholding their rights at the maximum extent. I remain confident that as Halkbank family we will exceed the expectations also in 2009 as we did in 2008 drawing on our 70 years of experience in banking, our employees' committed efforts, and the confidence held in us by our investors. I wish that 2009 will be an auspicious year for us all.



Hüseyin Aydın
General Manager

Effective and innovative products



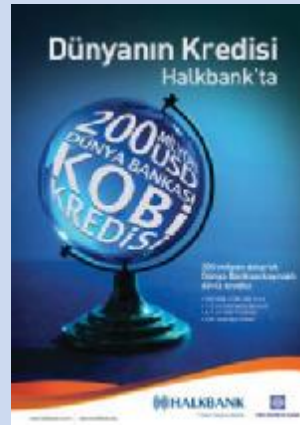
Halkbank creates awareness with the SME Transformation Project

Part of the funds provided to the Bank under the agreement with the French Development Agency is allocated to a project aimed at acquainting the SMEs with corporate social responsibility, sustainable growth, environment, and occupational health and safety. The project targets to support the development of SMEs and reduce the interregional differences in terms of development.



Halkbank keeps collaborating with sectoral organizations in order to increase production and employment

Funds allocated to the Bank are extended to SMEs at favorable interest rates and terms based on the protocols made with the chambers of commerce and industry.



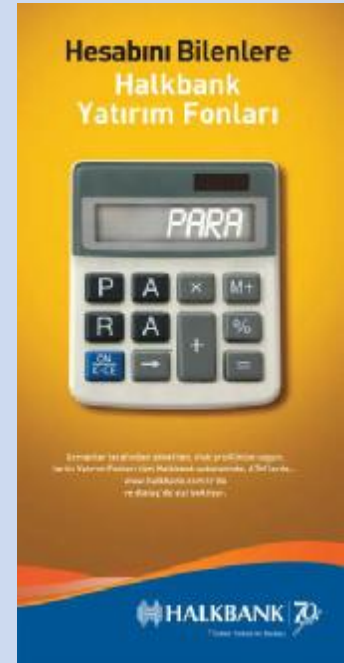
Continued cooperation between Halkbank and the World Bank

Halkbank extends the facility secured from the World Bank under the guarantee of the Turkish Treasury to the SMEs at very favorable terms and conditions to fulfill their investment and/or working capital credit needs. Made available in USD or EUR, the facility addresses a very broad range of sectors.



LUI- Loan Unemployment Insurance (Retail Loans Unemployment Insurance)

In the event that "an individual (involuntarily) loses his or her job", the Unemployment Insurance ensures that the amounts due for a year under a retail loan is repaid to the Bank.



Halkbank Mutual Funds

Halkbank offers six mutual funds that are able to respond to the preferences of investors. These funds present the investors with the possibility to make low-risk and stable, or high-risk and high-return investments.

We constantly renew our product range and remain committed to producing financial solutions tailored to customers' needs.

70th Year Credit Festival

Halkbank shares the joy of its 70th anniversary with large audiences. Customers of Halkbank are able to utilize attractive credit options offered at favorable conditions.

70. yıl Kredi Şenliği

70. yıl çapkırmızı tüm halkımızla paylaşıyoruz.

Halkbank'a gelin çok uygun koşullarda kredinizi kullanın. Bu şekilde siz de artan alınız.

KUR 00 - 12 ay kadar - Kredi limitleri
KUR 00 - 24 ay kadar - Kredi limitleri

20.000 TL'ye kadar

Komisyonuz **Keçilsiz*** **Masrafız**

HALKBANK

Konut - İyleri yapı kooperatifleri, küçük sanayi siteleri, belediyeler ve belediye iştiraki konut yapımcısı şirketler!

İnşaat Proje Kredileri ile Türkiye'nin geleceğini inşa ediyoruz.

İnşaat sektörüne %20'ye altınan kazandı ve işleri geliştirildi. Aynı Halkbank kredileriyle tüm alanlar aydınlandı!

Uzunluk kredilerinin getirdiği avantajları uzun vadede ve çok avantajlı bir oranla sunuyoruz!

HALKBANK

Building Project Loans

Halkbank provides long-term loans to housing/business place building societies, small industrial areas, municipalities and housing builder companies participated by municipalities.

FAİZCİK

1000 YTL'ye kadar
%0.55 Faizcik
12 ay vade için
Keçilsiz
KREDİmini
Her Halkbank hesabınıza
kullanın...

HALKBANK

KREDİmini

Halkbank offers the KREDİmini (CREDITmini) product to come up with fast and attractive solutions for the small-scale needs of consumers.

Faizinin tamamı KOSGEB'den!
İhracat Destek Krediniz Halkbank'tan

%0 faizli

İhracatçı KOBİ'leri Halkbank-KOSGEB işbirliğiyle KOSGEB USD'ye kadar, %0 faizli, 12 ay vadeli destek kredisi.

HALKBANK

Export Support Loans

These loans are extended based on the cooperation established between Halkbank and KOSGEB (Small and Medium Industry Development Organization) for the purpose of winning our country new exporters, increasing our competitive muscle in international markets, and alleviating the financing burdens on the costs of export.

2 MİLYON € KREDİNİN ANAHTARI

Halkbank-Françiz Geliştirme Ajansı işbirliğiyle

KOBİ'lere çok uygun Krediler

2 Milyon €'ye kadar, 24 ay vadeli, keçilsiz kredi. Her ay 100 TL'ye kadar, 12 ay vadeli, keçilsiz kredi. Her ay 50 TL'ye kadar, 6 ay vadeli, keçilsiz kredi.

FAİZ

2 Milyon €'ye kadar
- İhtisaf Faizi için
1 yıl vade için %0 faizli
- Yatırım Faizi için
2 yıl vade için %0 faizli

HALKBANK

Loans to SMEs under Halkbank-French Development Agency cooperation

The aim of the loans to be extended by Halkbank to SMEs is to reduce the interregional differences in terms of development, increase employment, and contribute towards Turkey's sustainable development targets. The loan responds to the investment and/or working capital credit needs of SMEs at low-prices and medium to long terms.

We stand by all entrepreneurs
that contribute to increases in overall investment and employment





Financial solutions aligned with customers' needs

Activities in 2008

In brief

- For 70 full years, Halkbank has been standing by its corporate and commercial banking customers, as well as the SMEs.
- Cash loans extended by Halkbank in 2008 to its customers amounted to TRY 10,104 million, representing a staggering rise by 94% year-on.
- Within the framework of the restructuring made in 2008, branches were categorized so as to offer service to corporate, commercial, SME and retail customers.
- Halkbank continued in 2008 to offer long-term credit facilities to its corporate and commercial customers within the scope of deeply-rooted cooperations established with international banks and financial institutions.
- As of year-end 2008, Halkbank's syndication loans portfolio totaled USD 1.5 billion.

Corporate & Commercial Marketing

Growing support to corporate and commercial customers

Global economy went under the influence of the global credit crisis that started in the second quarter of 2007 and continued through 2008. In this process, Halkbank constantly renewed its product range keeping a close eye on the current macroeconomic conditions, and resolutely continued to produce financial solutions aligned with the needs of its customers. Recognizing that the existence of a strong economy is possible only on the back of growing and properly operating financial services sector, Halkbank sustained its growth within a healthy structure and focused on offering efficient and high quality service in line with the customer segment.

For 70 full years, Halkbank has been standing by its corporate and commercial banking customers, as well as the SMEs.

Giving the foreground to customer relationship management, corporate and commercial banking continued to grow at an increasing pace in 2008, and its share maintained its upward trend within the Bank's balance sheet. Cash loans extended by Halkbank in 2008 to its corporate and commercial customers amounted to TRY 10,104 million, representing a staggering rise by 94% year-on.

Implementation of customer segmentation

In 2008, Halkbank defined companies with an annual turnover of:

- over TRY 40 million as corporate,
- between TRY 5-40 million as commercial, and
- up to TRY 5 million as SME

Customer-focused approach to service is an indispensable and longest-established element of service quality at Halkbank. This philosophy was once again the foundation of activities conducted under customer segmentation at Halkbank also during 2008.

Corporate and commercial banking continued to grow at an increasing pace in 2008, and its share maintained its upward trend within the Bank's balance sheet.

For each customer in each activity, Halkbank places equal emphasis on:

- customized product,
- long-lived relationship between the bank and the customer based on mutual trust,
- understanding of productivity on the basis of product and company

Within the framework of the restructuring made in 2008 intending to further enhance Halkbank's strong performance, branches were categorized so as to offer service to corporate, commercial, SME and retail customers.

Restructuring will continue in 2009.

The Bank has devised plans to categorize branches affiliated to regional coordinator's offices into SME, composite and retail branches, in addition to existing branch types of corporate and commercial. Launched in 2009, the project is expected to further enhance Halkbank's performance in corporate and commercial banking. The Bank will also expand its competent human resource as part of the restructuring, and improve the continuity and the quality of its service concept, as well.

Long-term international resources to corporate and commercial customers

Halkbank continued in 2008 to offer long-term credit facilities to its corporate and commercial customers within the scope of deeply-rooted cooperations established with international banks and financial institutions. In this scope, Halkbank took on an important role in channeling the low-cost, long-term resources secured from institutions such as the European Investment Bank, the World Bank, and French Development Agency to the right projects and customers.

Project finance activities

Increased number of privatizations and national and international investors in the recent years augmented the project finance loan market.

During 2008, Halkbank consistently continued to provide financing support to companies' facility purchases under

medium and long-term project finance activities such as privatizations, company acquisitions and mergers.

The Bank kept providing funds for collective housing and business place building projects also in 2008. In addition, marketing activities and feasibility studies were conducted for energy, transportation, infrastructure and superstructure building and operating projects, as well as technical/financial analyses therefor.

Syndication loans to corporate and commercial customers

All of the syndication loans participated by Halkbank were extended to corporate and commercial segment customers. As of year-end 2008, Halkbank's syndication loans portfolio totaled USD 1.5 billion.

Stable development in customer portfolio

During 2008 when the effects of the ongoing financial crisis gradually exacerbated all over the world, Halkbank expanded its customer portfolio and consistently maintained its numeric performance.

Displaying a solution-oriented approach at times of crises, Halkbank sustained the lending activities necessary for the continued activity of companies. In the process, the Bank shared the cost advantages of its robust funding structure with its customers, and kept being the driving force behind manufacturing and commercial activities.

Strong growth target in corporate and commercial banking

Halkbank targets to achieve further growth in corporate and commercial banking in the period coming. The Bank is committed to carefully observing risk security and to supporting its customers from different sectors by offering them the most favorable conditions in 2009.

Aiming at customer satisfaction and profitability, Halkbank will continue to provide high quality banking services to its customers primarily via its corporate and commercial branches, and its entire branch network also in 2009.

In brief

- Halkbank stands by SMEs, its target audience, offering affordable interest rates, long-term working capital/investment loans, and products designed to cater to different areas.
- The Bank intends to promote investments in the emerging East and Southeast Anatolia regions that represent higher funding support need, and give weight to channeling loans obtained from international resources to these regions.
- Halkbank took on reorganization under the name "SME Marketing" in the first quarter of 2008. The purpose of this structure is to be able to find faster, more efficient and higher quality solutions for the needs of SMEs.
- Recognizing that the greatest issue in the financing of SMEs is the provision of collateral, Halkbank produces solutions specific to SMEs.
- Halkbank is the only bank in Turkey granting exemption from the 5% banking insurance transaction tax to SME customers.
- Halkbank's product range covers approximately 50 products specifically designed for SMEs.

SME Banking

Turkey's leading SME bank: Halkbank

Having introduced SME banking in Turkey and the country's leading SME bank, Halkbank kept supporting tradesmen, artisans and SMEs with its customer-focused approach to banking also in 2008. The Bank stands by SMEs, its target audience, offering affordable interest rates, long-term working capital/investment loans, and products designed to cater to different areas.

Halkbank targets to remain the primary bank of the SMEs also in the future. Along this line, the Bank will persevere with its activities, endeavoring to reach growing and developing SMEs from any sector and any region that need financing. The Bank intends to promote investments in the emerging East and Southeast Anatolia regions that represent higher funding support need, and give weight to channeling loans obtained from international resources to these regions.

New initiatives in SME banking

Halkbank took on reorganization under the name "SME Marketing" in the first quarter of 2008. The purpose of this structure is to be able to find faster, more efficient and higher quality solutions for the needs of SMEs. In this framework, competent human resource teams were rearranged, and SME customer relationship manager and specialist positions were created.

The priority goal in SME marketing is to accurately identify the needs of companies operating in different sectors and to develop new products in line with their cash flows. Along the same line, existing products of Halkbank were revised and rendered more competitive.

Recognizing that the greatest issue in the financing of SMEs is the provision of collateral, Halkbank produces solutions specific to SMEs. The Bank collaborates with the

Halkbank endeavors to reach growing and developing SMEs from any sector and any region that need financing.

Credit Guarantee Fund, and provides convenient means in extending loans to small and medium enterprises that have difficulties in the collateralization of the loans.

Halkbank is the only bank in Turkey granting exemption from the 5% banking insurance transaction tax to SME customers. This practice presents the SMEs with cost advantage, while supporting the Bank's competitive edge.

During 2008, Halkbank monitored target sectors and designed products and packages with flexible repayment terms that can be adjusted according to the cash flows in these sectors. These products were supported with campaigns and efforts were spent to increase cross-sales opportunities.

In 2009, Halkbank will continue implementing this strategy that expands its customer portfolio remarkably and that enhances the quality of service rendered significantly.

Halkbank's product range covers approximately 50 products specifically designed for SMEs. These are investment/working capital credits from domestic and international resources, and various loans extended to different sectors with flexible repayment terms that can be adjusted according to the cash flows of SMEs.

New product launches in 2008 within the frame of the SME program

International Carriers Support Package: Given the fact that licenses will be cancelled for vehicles older than 20 years that are owned by shippers engaged in international overland transport, a protocol was signed between Halkbank and the Ministry of Transport, Directorate General of Land Transport. In this frame, Halkbank started providing credit support for vehicle renewals of international carriers.

Transport Industry Support Package: By this service package, Halkbank fulfills any financing need of real or legal entities engaged in the transport industry.

Halkbank-Central Finance and Contracting Unit (CFCU)

Protocol: Based on the cooperation between Halkbank and the Central Finance and Contracting Unit, co-financing loan was created for SMEs that will utilize EU grants. In the initial phase, the project was successfully implemented in six cities in the Black Sea Region: Trabzon, Rize, Artvin, Giresun, Gümüşhane and Ordu.

KOSGEB Interest-Free SME Export Support Loans: The interests on this support loan are covered in their entirety by KOSGEB (Small and Medium Industry Development Organization) and the principal amount by Halkbank's resources. 30% of the loan is being extended to SMEs located in East Anatolia, Southeast Anatolia and other development priority regions, and 70% to those in regular and developed areas.

KOSGEB Tradesmen Lifeline Support Loan: Its interest fully covered by KOSGEB and its principal amount by Halkbank's resources, the loan is given to manufacturing tradesmen and artisans.

E-certificate Program for SMEs in cooperation with

Anadolu University: The greatest financial supporter of SMEs for 70 years, Halkbank signed a cooperation protocol with Anadolu University to contribute to the training, and build-up the knowledge of SMEs under a corporate social responsibility project.

The training and education activities are carried out via web-based e-learning in order to reach a broad audience, and free education is offered to 1,000 SMEs within the scope of this project.

Shell Club Smart Card with NKGS Feature Project:

Under the protocol between Halkbank and Shell Petrol A.Ş., it is targeted to give Cash KGS (prefilled card-based pass system) feature to Shell Club Smart Card. Growing the number of NKGS card users, the project allows the customers holding this card to top up their cards 24/7 at Shell gas stations.

In brief

- The cooperation Halkbank established with sectoral organizations in the previous years continued on a growing extent in 2008.
- Nearly 15% of Halkbank's total cash lending is constituted by loans given to tradesmen and artisans.
- Halkbank continued to fulfill the financial needs of agricultural establishments and farmers via modern banking services and the broad product range at its disposal. In 2008, there was a 29.5% expansion in agricultural loans.

Cooperation with sectoral organizations

Protocol renewals with chambers of commerce and/or industry: The cooperation Halkbank established with sectoral organizations in the previous years continued on a growing extent in 2008. As of year-end 2008, Halkbank made protocols with 241 chambers of commerce and/or industry. The Bank aims to increase the existing protocols in 2009.

TOBB-Halkbank Support Loan: The service package covers extension of cash loans to companies registered with Chambers of Commerce, Industry, Commerce and Industry, Commodity Exchanges and Chambers of Shipping that are members of TOBB (Union of Chambers and Commodity Exchanges of Turkey), from the funds transferred by TOBB to Halkbank within the scope of the protocol signed between the two entities.

ATO-Halkbank and BTSO-Halkbank Support Loans: Under the protocols signed between Halkbank and Ankara Chamber of Commerce (ATO) and Bursa Chamber of Commerce and Industry (BTSO), financial support is provided in the form of cash loans to member companies out of the funds transferred to Halkbank by ATO and BTSO.

During 2009, Halkbank targets to maintain its cooperation with various organizations and offer a broader range of services to its customers through new protocols to be made. Efforts on protocols concerning cooperation with the İstanbul Chamber of Commerce, Eskişehir Chamber of Commerce and other sectoral organizations are intended to be brought to completion in the first months of 2009.

Support to SMEs goes on with new projects

SME Card: Halkbank initiated the SME Card project that seeks to solve the cash, cheque and bond issues of SMEs. Under the SME Card, supplier companies will be furnished with collection guarantee, thus enabling cardholders to carry out their purchases without having any cash problems.

POS Loans: Halkbank continues to work on its new loan product named POS Loans, which aims at extending cash loans to customers that the Bank works on the basis of blocked accounts upon taking the amounts in such accounts as collateral.

Pursuing its operations with the primary goal of lending to tradesmen, artisans and small business owners, Halkbank works in line with its mission also today, being a strong and reliable bank in the sector.

Halkbank SME portal and SME magazine: Halkbank sustains its efforts to structure the SME portal so as to be able to more effectively market its products targeting SMEs and offer consultancy and other services over the Internet.

Halkbank regards providing training and guidance to SMEs and keeping them informed on current developments as important components of its mission; thus, the Bank intends to issue a specialized magazine for the SMEs. The content of Halkbank SME magazine will be composed of information and developments in relation to the European Union that are of concern to the SMEs, researches giving an insight into service and support projects, legislation, modifications, revisions, articles on government incentives and subsidies, country and market surveys, and analyses.

Artisans Banking

In keeping with its incorporation mission

Pursuing its operations with the primary goal of lending to tradesmen, artisans and small business owners ever since its foundation, Halkbank works in line with its mission also today, being a strong and reliable bank in the sector.

Halkbank extends loans to 921 members of the Tradesmen and Artisans Credit and Security Cooperative. These loans are provided only by Halkbank at interest rates specially set for tradesmen and artisans under the guarantee of the Tradesmen and Artisans Credit and Security Cooperative.

15% of total cash loans are channeled to tradesmen and artisans

Tradesmen and artisans are granted some exemptions and exceptions by law for the purpose of maintaining their existence and improving the costs of loans extended to this sector.

Loans extended by the Bank under the guarantee of Tradesmen and Artisans Credit and Security Cooperative are exempted from banking insurance transaction tax. Nearly 15% of Halkbank's total cash lending is constituted by loans given to tradesmen and artisans.

Cooperative loans provided by Halkbank under the guarantee of Tradesmen and Artisans Credit and Security Cooperative to tradesmen and artisans include the following: discount, working capital, and facility loans, loans to finance the purchase of vehicles for drivers, loans to finance the repair of vehicles for professional drivers, working capital loans with monthly repayments of equal-installments, and letter of credit loans. During 2008, "International Shippers Support Loan" was also added to the products offered to tradesmen and artisans.

Agricultural Banking

Halkbank supports the agricultural industry as well

In 2008, Halkbank continued to contribute towards the healthy growth of national agriculture by fulfilling the financial needs of agricultural establishments and farmers via modern banking services and the broad product range at its disposal. As a result of efforts in this department, there was a 29.5% expansion in agricultural loans in the reporting period.

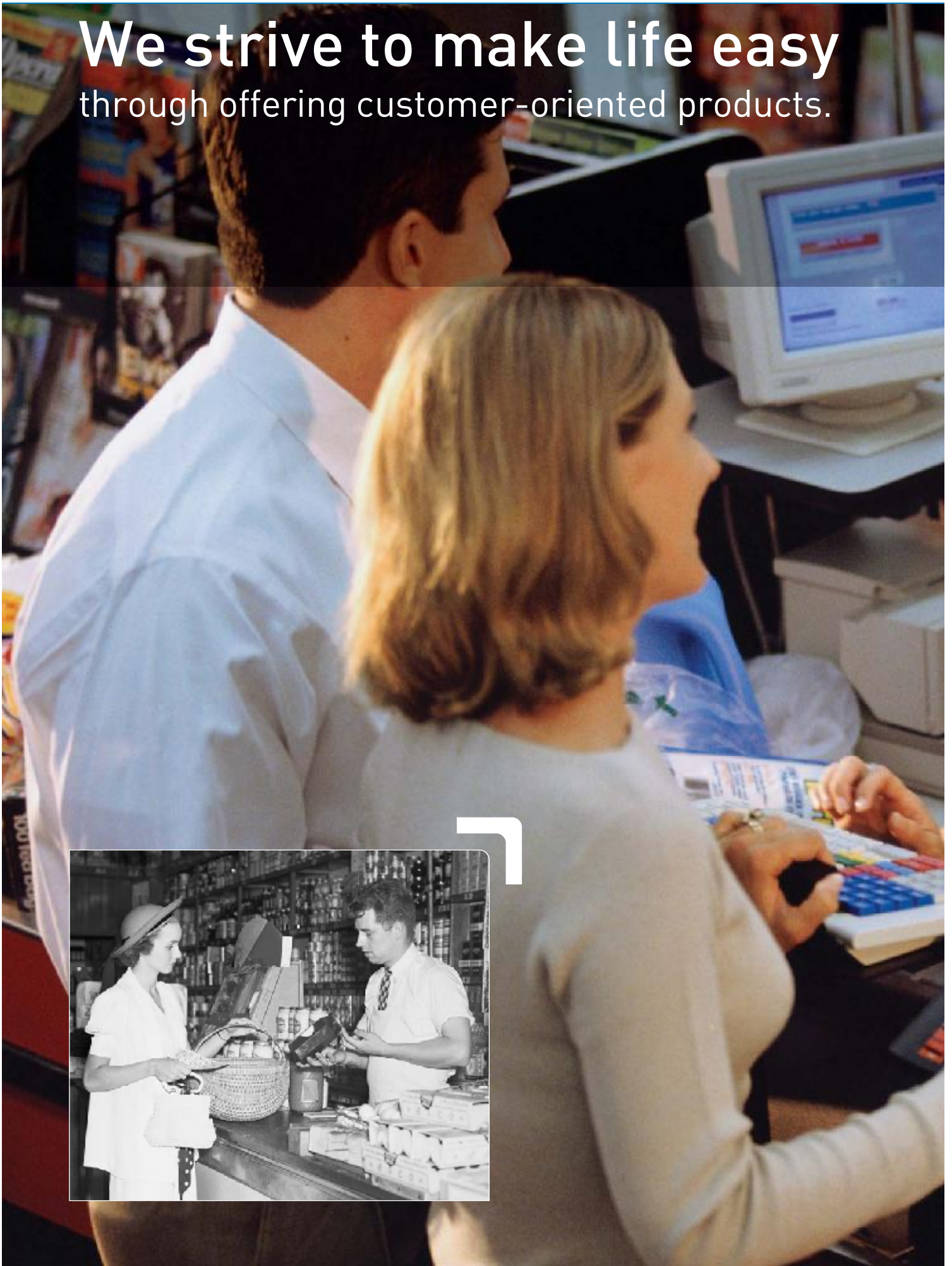
Agricultural Support Package

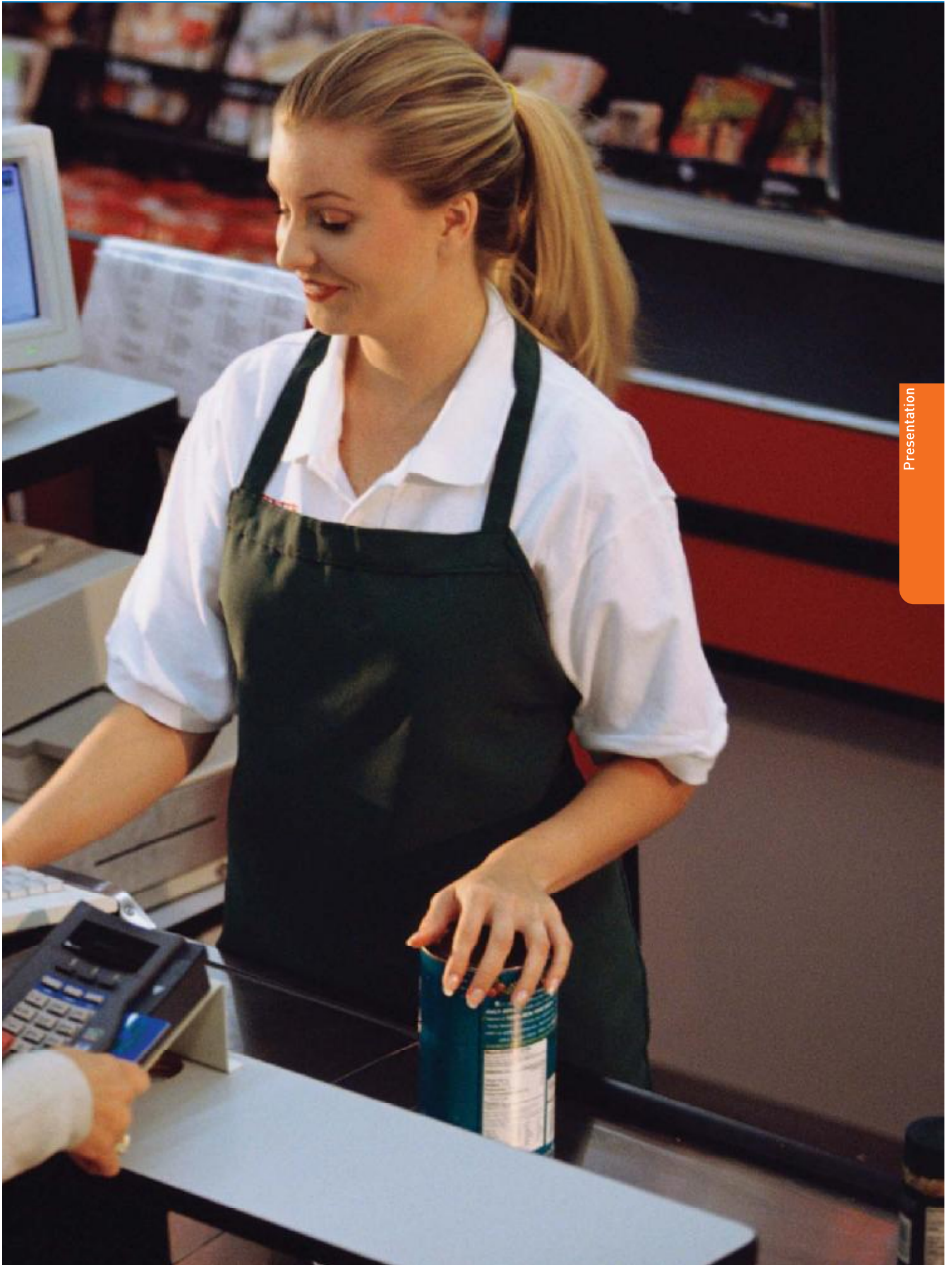
Halkbank offers loans to farmers and agricultural establishments for every aspect of their business via the "Agricultural Support Package" created. The Agricultural Support Package covers Agricultural Support Loan, Tractor and Agricultural Implements/Equipment Loan, Greenhouse Operation/Construction Loan, Hydroponics Loan and TMO (Turkish Grain Board) Loan.

The Agricultural Support Package is designed taking into consideration the product types and repayment abilities of farmers and agricultural establishments so as to allow for repayments linked to harvest times which coincide with their cash inflow.

Also "Regional Agricultural Calendar" and "Lending Computation Matrix" have been created in an effort to bring Halkbank together with agricultural producers, to increase communication with the industry so as to be able to support it in the most effective manner, and to timely respond to the producers' needs.

We strive to make life easy
through offering customer-oriented products.





In brief

- In 2008, Halkbank consistently adhered to its structuring based on customer-focused approach in retail banking.
- With the novelties it has introduced, Halkbank also captured the advantage of being the pioneer in this segment that sees intense competition.
- Halkbank attained 33% growth in total retail lending volume year-on.
- The Bank's market share in housing loans materialized as 8.1% and in consumer loans as 5.3%.
- Halkbank achieved 107% increase in the number of companies and establishments for which salary payments are made (Bordro24) save for pensions, whereas the amount of salaries grew by a staggering 194%.

Retail Banking

High quality service to individuals from every segment of the society

2008 has been a remarkable year for Halkbank as it has continued with major initiatives in all aspects of retail banking while the global competition grew stronger in the financial services sector. Halkbank reaches individuals from every segment of the society from teachers to students, workers to retirees, entrepreneurs to public servants, and offers products and services they will need at any stage of everyday life with superior quality and rapid service.

While consistently adhering to its structuring based on customer-focused approach in retail banking, Halkbank also finalized its future vision in 2008. Proving its effective presence in the retail banking as well, Halkbank created product and service strategies that are aligned with the market conditions and that fully respond to customers' needs, and gave priority to sales and marketing activities. With the novelties it has introduced, the Bank also captured the advantage of being the pioneer in this segment that sees intense competition.

33% growth in retail loans

Halkbank sustained the previously captured upward trend in retail loans in 2008. The Bank attained 33% growth in total retail lending volume year-on.

With 47%, consumer loans were accountable for the greatest rise in retail loans, while there was 17% expansion in housing loans.

Halkbank reaches individuals from every segment of the society, and offers products and services they will need at any stage of everyday life with superior quality and rapid service.

Halkbank's sectoral share in retail loans rose to 6.3%

Standing at 4.2% in 2006 and at 5.9% in 2007, Halkbank's share in total retail lending sector excluding credit cards rose to 6.3% in 2008.

The Bank's market share in housing loans materialized as 8.1% and in consumer loans as 5.3%.

By virtue of the cross-sale opportunities it presents, company salary payments continue to be one of the areas of severe competition with respect to retail banking. Halkbank made a leap forward in this department in 2008, achieving 107% increase in the number of companies and establishments for which salary payments are made (Bordro24) save for pensions, whereas the amount of salaries grew by a staggering 194%.

The countrywide branch network of Halkbank is a key propeller that supports the rapid development in retail lending.

2008 projects

During 2008 Halkbank gave weight to portfolio management activities, and focused on increasing product ownership ratio as well as productivity.

Customer loyalty was created by cross-sales that make a part of the customer-focused approach to service, thus pursuing a profitable growth strategy. Placing utmost emphasis on customer satisfaction, productivity, and service and product quality along with achieving growth on the basis of volume, Halkbank attained successful results also in this segment owing to the campaigns carried out and services offered.

• **Bağ-Kur Retirement Loan:** Within the frame of the protocol concluded with the Social Security Organization, Halkbank extended "Bağ-Kur Retirement Loans" to individuals who earned entitlement to retirement/old age pensions but were unable to receive them due to their overdue premium debts to Bağ-Kur, the social security organization for artisans and the self-employed so as to enable such individuals to pay their debts and start receiving their pensions.

• **Automatic Payment Order Personal Accident Unemployment Insurance:** This product was offered to every customer who already had 5 or more automatic payment instructions or issued 3 new instructions.

• **Retail Loan with Loan Unemployment Insurance:** With this product, Halkbank has been the first bank in the sector to implement loan unemployment insurance. As of year-end 2008, the Bank sold approximately 25,000 loan unemployment insurance.

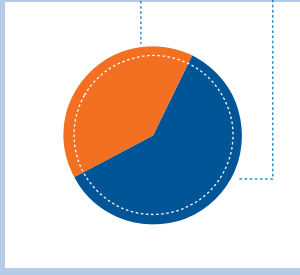
• **Bairam Comes Early Loans:** On the occasion of 2008 Ramadan and Sacrificial Holidays, a consumer loan campaign was carried out whereby Unemployment and Personal Accident Insurance was given as a gift.

• **Teachers' Day-2 Loan Campaign:** On the occasion of "November 24th Teachers' Day", a consumer credit campaign was organized covering all education professionals, currently working at or retired from primary and high schools or universities and equivalent institutions.

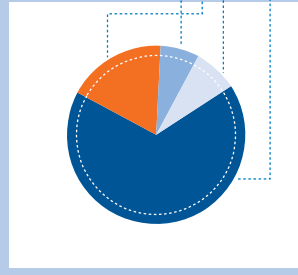
• **Insurance Sales Campaigns:** This is a sales campaign conducted in cooperation with Birlik Sigorta with the aim of increasing the Bank's non-interest income as well as insurance sales.

Breakdown of Banking Transactions

- 60% Alternative Distribution Channels
- 40% Branches

**Breakdown of Alternative Distribution Channels**

- 67% ATM
- 18% Internet
- 7% Dialog
- 8% Automatic Transfer

**In brief**

- During 2008, the Bank continued to grow rapidly in alternative distribution channels, and 60% of the total banking transactions were realized through these channels.
- In 2008, Halkbank gave momentum to investments in technology, which is an indispensable part of high quality and rapid service understanding.
- Halkbank launched two portals: www.halkcard.com.tr for its credit card customers and www.halkbankevim.com.tr focused on mortgage for customers needing housing loan support.
- During 2008, Halkbank credit cards gained the KGS card function and now can be used for highway and bridge accesses, eliminating the need to load money.
- Halkbank has been one of the first three banks that enable credit card payments through virtual POS.

- **Database Sales Campaigns:** These covered the campaigns held for the purpose of increasing the allocation of credit cards to Bordo24 customers who use the credit cards of other banks, but have not yet taken one from Halkbank.

Housing loans

Halkbank continues its efforts to diversify the housing loans, which occupy a significant place in retail loans.

In 2008, the Bank launched www.halkbankevim.com.tr, a website created to offer information on mortgage and to collect customers' preliminary applications for housing loans.

Halkbank also gave importance to training activities so as to enable its trained personnel to keep abreast with the new arrangements in the market and to offer more effective service to their customers. Employees were given the opportunity to specialize in this field under the "Mortgage Specialization Certificate" program organized in collaboration with the Private Maltepe University.

Payment Card Systems and Alternative Distribution Channels**Unlimited service to customers**

Ever since its establishment, Halkbank has worked towards the objective of offering all products and services that would respond to the customers' needs and expectations with a service quality that goes beyond the expectations, and to render the same continual.

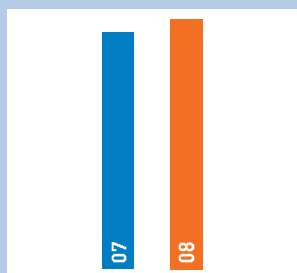
During 2008, the Bank continued to grow rapidly in alternative distribution channels, and 60% of the total banking transactions were realized through these channels.

During the reporting period, Halkbank gave momentum to investments in technology, which is an indispensable



Number of ATMs

2007: 929 ATMs
2008: 984 ATMs



During 2008, the Bank continued to grow rapidly in alternative distribution channels.

part of high quality and rapid service understanding. The internet banking and Call Center infrastructures were upgraded with a shared, integrated interface, and under the same project, internet banking designs and flows were renewed and rendered easier to use. As a result of the project, business development processes on distribution channels became much faster and much more productive.

Within the frame of ADC Security project, Halkbank started working on the "One-Time Password" project, which is targeted to be put into life during 2009.

For the first time, the Bank started quality documentation and certification activities with Payment Card Systems and Alternative Distribution Channels.

Internet Banking

Sculpting its products in line with its customers' needs in every segment it services, Halkbank adopts a customer-focused approach to service also in internet banking.

In keeping with its target of offering certain products and services to its customers online, the Bank launched two portals: www.halkcard.com.tr for its credit card customers and www.halkbankevim.com.tr focused on mortgage for customers needing housing loan support.

HalkCard portal features web chat which enables web-based access to the Call Center and instant contact with the customer representative. Halkbankevim portal is a website offering relevant information to customers demanding housing loans and enabling them to apply for a mortgage.

Work is underway for revamping the Bank's website at www.halkbank.com.tr and is slated for completion during 2009.

Bank24 ATM Banking

Halkbank joined the "Common Point" ATM sharing system in 2008, thus further expanding the platform over which it provides ATM banking service to its customers via nearly 1,000 Bank24 points across the country. The Bank also broadened its "Bank24 with Cash Deposit Feature" network, facilitating cash depositing and bill payment transactions 24/7 without visiting a branch.

Halkbank Dialogue Call Center

During 2008, Halkbank finalized the infrastructure modification that enables transition from the Call Center to the "Communication Center", as well as the central management of customers' all voice mail, electronic mail, fax, chat and similar messages. The Bank also commenced work on telemarketing in the reporting period; within the scope of these efforts, marketing, information updating and activation efforts for the Bank's products and services were successfully carried out.

Giving the foreground to customer satisfaction, the Bank introduced some improvements which ensured all problems to be solved within 24 hours.

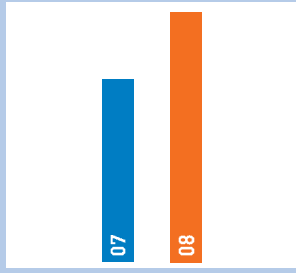
Mobile and TV Banking

With the new infrastructure set up for Halkbank distribution channels, work has been commenced to move to the third generation applications in mobile banking, which will be introduced in 2009. By this service, the Bank will update its existing WAP banking, and make it possible for customers to perform all kinds of banking transactions securely and at very low connection charges using web-based applications on mobile phones.

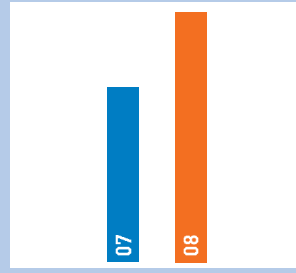
Used for communicating retail banking campaigns in 2008 and presented in cooperation with Digiturk, a digital TV platform, TV banking is intended to be used more intensely in the year coming for promoting Halkbank's products and services interactively.

Total Credit Card Turnover

2007: TRY 1,574 million
2008: TRY 2,164 million

**Total Number of Cards**

2007: 1,058,387 cards
2008: 1,514,519 cards

**In brief**

- In 2008, Halkbank credit cards were promoted and developed under the brand name "HalkCard".
- During 2008, Halkbank credit cards gained the KGS card function and now can be used for highway and bridge accesses, eliminating the need to load money.
- In 2008, Halkbank outperformed the sector and achieved 30.6% growth in deposits which is scene to vigorous competition.
- The Bank developed the e-deposit product to allow for the customers to easily open TL/FX time deposits via internet banking.
- Halkbank revised the modules used in the evaluation of loan demands of customers who are segmented on the basis of the criteria identified by the Bank, and more rational and detailed examinations were started to be conducted in relation to customers, thus standardizing lending decisions.

HalkCard

Halkbank integrated its high quality and customer-focused approach to banking with the dynamism of Advantage brand by late 2007, and introduced Halkbank Advantage Credit Card that allows its customers to benefit from all card services and member merchant privileges offered by Advantage Credit Card. In 2008, on the other hand, Halkbank credit cards were promoted and developed under the brand name "HalkCard". With "HalkCard", credit cards were vested in structural and functional properties in line with the competition.

In addition to the innovative products and services introduced in 2008, Halkbank made important progress in respect of credit cards, as well. Welcome in millions of stores in and out of Turkey bearing MasterCard and Visa logos and standing out with their transparent designs, the new credit cards feature additional properties that make life easier for the Bank's customers.

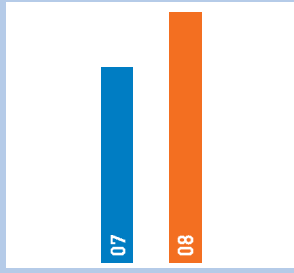
During 2008, Halkbank credit cards gained the KGS card function and now can be used for highway and bridge accesses, eliminating the need to load money.

Within the scope of the agreement with Shell & Turcas Petrol A.Ş., Halkbank KGS cards were integrated with Shell Club Smart Cards, enabling customers to top-up their KGS cards 24/7 at contracted Shell gas stations. The purpose of this cooperation is to win nearly two million active Shell Club Smart Card holders for Halkbank.

In the first half of 2008, Halkbank completed the preparatory work for the transition of its member merchants to Advantage co-branding; new POS equipment possessing competitive technological features were purchased taking into consideration that the member merchant network will expand. Similarly, appropriate merchants were selected within the frame of Advantage credit card program and member merchant agreements were made with them.

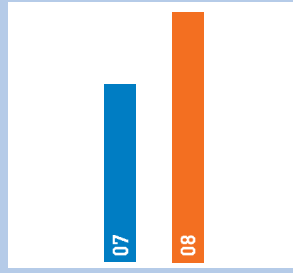
Number of Merchants

2007: 21,641 merchants
2008: 27,972 merchants



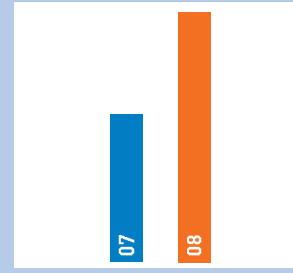
Number of POS Machines

2007: 21,699 POS machines
2008: 30,706 POS machines



Volume of Merchant Business

2007: TRY 123.834 thousand
2008: TRY 211.022 thousand



Halkbank signed a protocol with the Ministry of Finance, Revenue Administration Department enabling use of credit cards for collection of motor vehicle taxes and motorway traffic administrative fines taxpayers are obliged to pay.

Halkbank has been one of the first three banks that enable credit card payments through virtual POS.

Deposit and Cash Management

30.6% expansion in deposits

Deposits management at Halkbank is conducted dynamically on the axis of customer segments and on the basis of optimizing cost, market share, liquidity, and non-deposit resources.

In 2008, Halkbank outperformed the sector and achieved 30.6% growth in deposits which is scene to vigorous competition.

A series of campaigns were organized in 2008 so as to further expand the broad-based deposit, which represents a key strength of the Bank. Having secured positive outcomes from these campaigns, the Bank was able to reduce the share of high-amount deposits within total stock in a controlled manner.

Halkbank also launched various projects and completed infrastructural work in order to make more efficient use of technology support in deposits management and to more effectively use customer relationship management practices.

The Bank developed the e-deposit product to allow for the customers to easily open TL/FX time deposits via internet banking without having to go to a branch. Halkbank customers are also offered special interest rates set specifically for these accounts.

E-deposit accounts are also used for reaching a broader deposit base and increasing product usage in alternative distribution channels.

Work on increasing the number of automatic payment orders falling under cash management products continued at a growing extent in 2008 with the introduction of the "pool account" aimed at establishments having units such as regional and provincial directorates under their organizations. Launched within this scope was the "Automatic Rent Payment Order" that presents various advantages to customers for rent payments made out of their accounts based on automatic payment orders to be issued to the Bank.

Loan Policies

Formulated to create a strong loan portfolio with high repayment ability, lending policies were reviewed in 2008 with an eye on the economic conjuncture.

While observing the balance between risks and guarantee in line with the policies adopted, the Bank continued its efforts to develop new regulations for ensuring efficiency of guarantees in risk-mitigation and increasing their percentage of loan coverage. Furthermore, procedures were developed and updated to define measure, monitor and control risks, and the loan portfolio was protected against possible negativities.

The Bank also revised the modules used in the evaluation of loan demands of customers who are segmented on the basis of the criteria identified by Halkbank, and more rational and detailed examinations were started to be conducted in relation to customers, thus standardizing lending decisions.

In brief

- By way of the agreements made with professional associations, the Bank undertook intermediation of the funds owned by such associations to the companies, and medium-term credit facilities were created by tapping new international resources.
- In keeping with the mission it has undertaken, Halkbank continues to give the necessary support to companies also at times of difficulty.
- In 2008, Halkbank continued to pursue its treasury activities as the “market-maker bank for Turkish Government Debt Instruments”.
- In line with the decisions of the Bank’s Assets and Liabilities Committee, the risk/return balance of the balance sheet was optimally observed, targeting maximization of profit.
- Capitalizing on the advantage granted to it by the vast customer portfolio and its pricing strategies, Halkbank expanded its transaction volume in domestic and international foreign currency markets, while maintaining its successful profile in securities transactions.
- As of 2008 year-end, the share of securities portfolio in the Bank’s balance sheet materialized as 35.87%.

Further details were added to systematic supervisory criteria and reporting so as to more efficiently monitor the loans when they are extended, followed-up and repaid, and to identify any issues before they actually arise. Measures were increased which are directed towards efficient monitoring of companies that are likely to experience repayment problems in the future, and to run early warning mechanisms.

Certain steps were taken at the Bank in an effort to mitigate the effects of the ongoing global crisis on our country and particularly the real sector. By way of the agreements made with professional associations, the Bank undertook intermediation of the funds owned by such associations to the companies, and medium-term credit facilities were created by tapping new international resources.

In 2008, Halkbank gave momentum to restructure the credit debts owed to the Bank by companies which have a long history of activity in their relevant sectors, possess high business potential and skills, contribute significantly to employment in the country, but were recently faced with deteriorated cash flows and were unable to pay their debts due to lack of new funds. The Bank strives to help these companies survive and remain active in the economic cycle.

The Bank’s efforts in parallel with the current realities are carried on in relation to companies experiencing temporary hardships in their loan repayments. By the restructuring program to be introduced, it is targeted to reach all of the individuals and companies who have been taken into retail or corporate follow-up accounts, and liquidate their debts through extending the tenors of their loans to medium term.

In keeping with the mission it has undertaken, Halkbank continues to give the necessary support to companies also at times of difficulty.

Halkbank, backed by its solid capital and sound financial structure, maintained its profit-focused growth adhering to proactive strategies in response to economic developments.

Treasury Management and International Banking

Profound crisis in global economy

The crisis that started in the US housing sector in the third quarter of 2007 gradually spread and turned into a global credit and confidence crisis that took hold of the developed economies in particular. Some developed economies were observed to enter recession due to the impact of the crisis in the last quarter of 2008, while most of the others were faced with recession risk.

The expected contraction in the global economy led to major slumps in energy and commodity prices that had reached record high levels in 2008. Institutions active in international financial markets needed increased capital due to significant value losses of risky assets contained in their balance sheets, and fell in need of government support. While one of the major international investment banks went bankrupt, others were confronted with liquidity issues.

As a result of these developments, emerging countries also went under the influence of the global crisis to a certain degree. From the standpoint of Turkey, it can be suggested that we were relatively better prepared for the crisis due to the more robust structure and stronger capitalization vested in the banking sector as a result of the post-2001 crisis experiences. However, the real sector is faced with the risk of being impacted by the crisis to a certain extent because of contracted foreign demand and reduced funding facilities.

Halkbank is the market-maker of Turkish Government Debt Instruments.

Halkbank continued to keep a very close eye on the macroeconomic developments in Turkey and across the world in 2008, and pursued its treasury activities as the "market-maker bank for Turkish Government Debt

Instruments". Through the year, the Bank, backed by its solid capital and sound financial structure, maintained its profit-focused growth adhering to proactive treasury strategies in response to economic developments. In line with the decisions of the Bank's Assets and Liabilities Committee, the risk/return balance of the balance sheet was optimally observed, targeting maximization of profit. Collateralization of the transactions was closely followed-up within the scope of Treasury Management, paying utmost attention to funding costs and liquidity management in the face of the global crisis conditions.

The Bank's liquidity is effectively managed by making use of derivative instruments such as swap and forwards when assessing its short-term funding needs or surplus therein through money market transactions. The Bank monitors long-term funding facilities including those in the form of derivative products from international resources to be channeled into financing of housing loans, and utilizes such funding and hedging opportunities when reasonable costs and terms are secured.

Capitalizing on the advantage granted to it by the vast customer portfolio constituted by SMEs for the large part, Halkbank expanded its transaction volume in domestic and international foreign currency markets, while maintaining its successful profile in securities transactions and remained the priority choice of customers.

The liquidity that was created by redemption of special-issue government borrowing instruments and their coupons in the Bank's held-to-maturity securities portfolio was channeled in part into high-return fixed-coupon securities and in part to high-spread floating rate securities, thus maintaining the net interest margin and adhering to increased lending policy.

As of 2008 year-end, the share of securities portfolio in the Bank's balance sheet materialized as 35.87%.

In brief

- **Effectively managing its relationships with correspondents despite the global crisis lived through in 2008, Halkbank augmented its foreign trade volume.**
 - **Having gone public in 2007, Halkbank actively kept its shareholders and investors informed within the frame of Corporate Governance Principles during the 2008 reporting period.**
 - **Halkbank participated at various levels in syndication transactions organized in favor of national and international banks, as well as the country's leading corporations.**
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Activities in derivative markets

In line with customers' needs, the Bank is in the process of equipping itself to offer service via alternative products to mitigate risks and to increase returns in derivative markets. These products are expected to contribute positively to the Bank's profitability.

These practices will also serve to further improve Halkbank's financial structure and reinforce its resilience against financial shocks.

Consistent development in correspondent relationships and its reflection on foreign trade share

By virtue of the aggressive policies pursued in corporate and commercial banking segments, Halkbank achieved its target, which was identified as continually getting increasing share from Turkey's foreign trade volume.

As the Bank improves existing correspondent relationships on one hand, it establishes new ones on the other, thereby succeeding in fulfilling its customers' various needs in foreign trading at the most favorable price and maturity conditions. Effectively managing its relationships with correspondents despite the global crisis lived through in 2008, Halkbank augmented its foreign trade volume.

Halkbank meets its customers' medium and long-term financing needs in imports with loans under the insurance of export credit agencies (ECA), as well as classic foreign trade instruments (discounting of letter of credit/post-financing, policy discounting), while supporting its customers in exports with confirmation and discounting services. Halkbank has a high credit line within the framework of the US Department of Agriculture's GSM-102 financing program. The Bank made this product available to its customers frequently also in 2008.

By virtue of the aggressive policies, Halkbank achieved its target, which was identified as continually getting increasing share from Turkey's foreign trade volume.

Effective information sharing with investors

Having gone public in 2007, Halkbank actively kept its shareholders and investors informed within the frame of Corporate Governance Principles during the 2008 reporting period. Strategies identified by the Bank regarding its administrative and financial structures were regularly shared with investors and shareholders, and detailed information flow was ensured regarding business principles and operating results.

A substantial portion of the Bank's free-floated shares have been acquired by foreign corporate investors. Therefore, Halkbank took place among the entities with highest foreign shareholding in 2008. The intense interest of corporate investors is considered as a sign of the Bank's success in corporate governance practices.

All customers, investors and shareholders of Halkbank are able to learn about any change that might have an impact on the Bank's financial and/or administrative structure from the Bank's website or from İstanbul Stock Exchange (ISE) by exercising their right to obtain information. In addition, queries received via phone, post and/or electronic mail by the Bank are responded within the shortest time possible.

An active player in the market in international banking and structured finance

An important actor in the market in structured finance, Halkbank participated at various levels in syndication transactions organized in favor of national and international banks, as well as the country's leading corporations.

In addition, wide-ranged credit lines with banks in Turkey and abroad enable the Bank to take active part in foreign trade transactions in international markets.

Halkbank's International Organization

Halkbank's international organization covers Bahrain Branch, Iran Representative Office, financial services branches in Germany, and branches in the Turkish Republic of Northern Cyprus (TRNC).

Bahrain Branch: Opened for service in 1994, Bahrain Branch is intended to serve to the objective of transferring funds from the Gulf Region to Halkbank customers and Turkish economy, and to develop strategic collaboration with the major banks in the region. The foreign trade transactions performed as a result of the increased business volume between the Gulf Region and Turkey are targeted to be used in the financing of the projects planned to be carried out in this region. Halkbank offers working capital, investment and syndication loans to its customers via its Bahrain Branch.

Iran Representative Office: One of the two representative offices of Turkish banks operating in Iran, Iran Representative Office has been offering service to Halkbank customers for 24 years. The Representative Office handles Halkbank's promotion and relationships before Iranian banks. The Bank takes active part in the trade between the two countries and intermediates the foreign trade transactions of its corporate and commercial customers.

Financial Services Branches in Germany: Opened in 1980 as representative offices in Cologne, Dortmund and Mannheim in Germany and converted into financial services branches in 1998, these units handle money transfers to Turkey and also intermediate in acceptance of deposits for third countries.

TRNC Branches: Halkbank, Halkbank carries out its services in TRNC via its two branches in Lefkoşa (Nicosia) and Gazimağusa (Famagusta). Halkbank TRNC branches offer all the banking services provided by the domestic branches. In addition, the branches continue to extend "TRNC Educational Loan" and "TRNC Retiree Loans", two products developed specifically for TRNC.

In brief

- Funds obtained from international sources have an average maturity of 18.5 years, and contribute significantly to extend the maturities of the Bank's liabilities.
 - In 2008, Halkbank signed two important credit agreements: for EUR 80 million with the French Development Agency (AFD SME-2) and for USD 200 million with the World Bank.
 - For the purpose of enabling its customers to perform their transactions as easily and as quickly as possible, Halkbank constantly upgrades its information technology competencies and infrastructure.
 - In 2008, Halkbank authored unprecedented projects in Turkey including the setting up of Identification Management, IT Service Management and Open Systems Disaster Center.
 - Halkbank created a system that enables customer accounts to be blocked as required by attachment electronically notified by the Ministry of Finance and that quickly provides feedback on the outcome to the Ministry.
-

International Funds

Halkbank provides long-term and low-interest funds to its customers under the agreements made with foreign financial institutions to finance the investment and working capital needs of the SMEs.

Funds obtained from international sources have an average maturity of 18.5 years, and contribute significantly to extend the maturities of the Bank's liabilities. These funds are made available to customers in the form of 7-year mid to long term loans in total, with grace periods of up to 2 years, and contribute significantly to the maturity structures of recipient companies. Fund loans obtained from international resources have several advantages: they can be extended in the form of revolving funds within the maturity granted to the Bank; they can be lent flexibly in line with the legislation and they have attractive pricings.

Cooperation with the French Development Agency and the World Bank

In 2008, Halkbank signed two important credit agreements: for EUR 80 million with the French Development Agency (AFD SME-2) and for USD 200 million with the World Bank.

The Bank initiated in-house and external training programs in relation to the Halkbank Corporate Social Responsibility (CSR) program planned to be implemented within the framework of the AFD SME-2 credit. The first edition of the conferences and training programs directed at SMEs took place in Bursa.

A sequel of the World Bank SME Credit Program in the amount of EUR 100 million obtained in 2007, the new credit program for USD 200 million has been successfully administered in 2008.

Funds provided by Halkbank in 2008 grew 55% year-on and amounted to EUR 635 million. The number of SMEs extended with loans obtained from international resources went up from 528 in 2007 to 700 at the end of 2008.

Primary international financial institutions Halkbank cooperates with include the European Investment Bank,

2008 has been a productive year for Halkbank, during which numerous projects aimed at enhancing the Bank's performance and capacity were put into life.

the Council of Europe Development Bank, the World Bank, and the French Development Agency.

Providing more resources to SMEs

Halkbank continues to explore new cooperation opportunities with international financial institutions with a view to obtaining more resources for the SMEs. In this frame, the Bank cooperated with the Economic Cooperation Organization Trade and Development Bank (ECO Bank) and reached an agreement to conclude a credit agreement for USD 15 million in the early months of 2009.

Also preliminary agreement has been reached with the European Investment Bank (EIB) for a new credit program in the amount of EUR 300 million (EIB Small Business Global Credit). The credit has been approved by the EIB administration, and a decision is made to sign the credit agreement during 2009.

Information Systems and Technical Services

For the purpose of enabling its customers to perform their transactions as easily and as quickly as possible, Halkbank constantly upgrades its information technology competencies and infrastructure.

The priority targets of Halkbank include following-up and implementing the latest advancements in technology when identifying customer needs, offering products and services, and making decisions.

2008 has been a productive year for Halkbank, during which customers were presented with new services, numerous projects aimed at enhancing the Bank's performance and capacity were put into life, and efforts have been ongoing to further improve the basic banking system. In the reporting period, the Bank authored unprecedented projects in Turkey including the setting up of Identification Management, IT Service Management and Open Systems Disaster Center.

Halkbank created a system that enables customer accounts to be blocked as required by attachment electronically notified by the Ministry of Finance and that

quickly provides feedback on the outcome to the Ministry. The project is the first to employ qualified e-signature and timestamp service offered by TUBITAK (The Scientific and Technological Research Council of Turkey) to be used in data communication with the Ministry of Finance.

Under the protocol signed between Halkbank and the Ministry of National Education, collections for the Ministry's Directorate General of Education Technologies can now be handled online.

Halkbank's endeavors will continue in 2009 in relation to management processes focused on enhancing the service quality.

New functions in information systems

With the relevant work completed during the reporting period, Entrepreneur Loan Decision Module has been developed and measurement precision has been increased significantly. The Bank structured the Loan Decision Module customized for its clients in the trade, agriculture/livestock breeding, transport/communication and mining industries.

"KKB Corporate Bureau" project has been launched in order to share corporate customer data with the Kredi Kayıt Bürosu (KKB - Credit Bureau of Turkey).

Project work for strengthening cooperative members monitoring system has been brought to completion.

Halkbank set up the micro business operation for measuring the creditworthiness of small tradesmen, artisans and small businesses whose financial data are insufficient and/or unfit for analysis, and for determining the risk groups they belong.

In line with the protocols signed with Turkey's leading establishments having such elements as main company and dealers within their organizations, reconciliation and transaction integration systems were established that will operate in customized online or offline modes within the frame of Direct Debiting and Direct Collection projects.

In brief

- The branch network of Halkbank consists of 602 branches, 19 regional coordinator's offices, 18 special transaction centers, 2 exchange offices in Turkey, and of 3 overseas branches, 3 financial services branches and 1 international representative office abroad.
 - 2,003 new members joined the Halkbank family last year. The Bank completed 2008 with 12,467 employees.
 - During 2008, Halkbank offered 1,676 training sessions under 387 different headings to a total of 11,525 participants. Training time per employee was 10 days.
 - Under the agreement signed between Halkbank and the French Development Agency in 2008, Halkbank put into life a Corporate Social Responsibility (CSR) project to support the development of sustainable corporate practices at SMEs.
-

Extensive use of decision support systems

Increasing momentum was given in 2008 to work in relation to the reporting and data analysis needs of the Bank's units on decision support systems.

Necessary infrastructure has been created and detailed for legal reporting requirements that must be filed with agencies such as the Central Bank of the Republic of Turkey (CBRT) and the Banking Regulation and Supervision Agency (BRSA).

As a result of successful efforts carried out during 2008, Halkbank made significant progress in IT infrastructure hardware. The technological upgrade resulted in increased efficiency in user systems and central systems.

In 2009, Halkbank will continue to closely monitor the technologic advancements in information systems and sustain its modern banking services offered to customers at full speed.

Organizational Structure

Halkbank continually improves its organizational structure

Targeting to expand its customer portfolio and aiming to constantly increase its market share, enhance its quality-approach to service and augment its profitability, Halkbank is focused on improving its organizational structure composed of headquarters units and extensive branch network in Turkey and overseas.

Branch organization in Halkbank

The branch network of Halkbank consists of 602 branches (6 corporate, 29 commercial, 541 regular, 3 free zone, 23 satellite branches), 19 regional coordinator's offices, 18 special transaction centers, 2 exchange offices in Turkey, and of 3 overseas branches, 3 financial services branches and 1 international representative office abroad.

Having made it a principle to offer better service to its customers based on unlimited banking philosophy, Halkbank continued with the renovation of branches in 2008 at full swing. Remodeling and decoration have been completed at 168 service units within the context of achieving alignment with the new branch concept.

Open to change and specialized in their fields Halkbank's staff attaches importance to customer satisfaction, and aims to offer high quality and fast service.

Human Resources

Halkbank shaped its HR policy on the principles of highly motivated, long-term and competent human resource.

2,003 new members joined the Halkbank family last year. The Bank completed 2008 with 12,467 employees attaching importance to customer satisfaction, aiming to offer high quality and fast service, open to change and specialized in their fields.

Offering dynamic career opportunities to its employees for 70 years, Halkbank has been administering promotion exams in the electronic environment since 2004. The career path is kept open up to the highest positions for each employee at Halkbank in keeping with the principle of equality of opportunity, provided that the individuals possess the qualifications set out in the Bank's bylaws.

Within the scope of the project foreseeing participation in career days organized at universities, Halkbank took part in Bilkent University and Akdeniz University Career Fairs, as well as in the Personal Development Days meetings held by Hacettepe University and the Middle East Technical University.

Training

Paying attention to equip its employees with broad visions and competence in their respective fields, Halkbank conducts various training activities that will support the professional development of its employees and enhance the quality and efficiency of the services rendered.

During 2008, Halkbank offered 1,676 training sessions under 387 different headings to a total of 11,525 participants. Training time per employee was 10 days. While 52.8% of the training programs were offered by in-house trainers, 47.2% were provided by external training companies/trainers. During the reporting period, e-learning programs continued which are offered via Halk Academy that presents continuous learning opportunity independent from place and time.

Educational cooperation with the French Development Agency

Halkbank and the French Development Agency signed an agreement in 2008 to finance the investment projects and working capital needs of the SMEs. Under the agreement, Halkbank put into life a Corporate Social Responsibility (CSR) project to support the development of sustainable corporate practices at SMEs.

Launched with the objectives of supporting the development of SMEs, contributing to reducing the interregional differences in terms of development, and promoting awareness of corporate social responsibility among SMEs and Halkbank employees, the project is made up of two parts: CSR program at the Bank and CSR program for SMEs.

The CSR program that will be implemented at Halkbank covers information on CSR, corporate management, sustainability, and reputation management which will be developed in a content that will address the senior managers of the Bank, training programs that will create awareness of environmental and occupational health and safety and CSR among the Bank's employees, and consultancy services that will ensure integration with the Bank's internal procedures in these topics.

CSR program for SMEs consists of conferences on CSR, sustainability, environmental and occupational health and safety, and provision of training and consultancy services in relation to the same topics.

E-certificate program

A protocol has been signed between Halkbank and Anadolu University in the reporting period.

Under the protocol issued within the scope of a social responsibility project, SMEs are given training and certificates in accounting, marketing, entrepreneurship and finance via e-certificate programs and within the framework of open learning system offered by Anadolu University.

Continuous support to education, culture and sports

In brief

- Based on the cooperation established between Anadolu University and Halkbank, 1,000 SMEs are receiving free education.
- Halkbank, in 2008, sustained its activities aiming to support various cultural organizations across the country.
- Within 52 sponsorships undertaken in keeping with its mission, the Bank allocated the greatest portion to educational activities.
- Halkbank has been named the “Best Bank of 2008” at the Oscar Awards in Economy ceremony held by Ekovitrin magazine.
- Halkbank once again won the STP Quality Award from The Bank of New York Mellon, endorsing its quality in international transactions.
- Halkbank continued to hold the “Productive Turkey Meetings” in 2008, which were begun in 2006.

Training and education activities take place in the form of web-based remote learning. Based on the cooperation established between Anadolu University and Halkbank under the said program, 1,000 SMEs are receiving free education.

Executive Training Program

With the “Executive Training Program” introduced in 2008, Halkbank organized training programs for improving technical and managerial skills of branch executives.

Many of the executive candidates that attended the “Executive Training” programs were subsequently appointed to branches as executives.

Advertising and Public Relations

In 2008, Halkbank actively took part in cultural and social activities, and carried out advertising and public relations efforts along with its banking services.

70 years with Halkbank

For exactly 70 years, Halkbank has been supporting all entrepreneurs contributing towards increases in overall production, investments and employment based on its modern banking philosophy combined with its quality approach to service, extensive branch network and well-deserved trust, and has been the bank of choice with its continually expanding customer portfolio.

In 2008 that marked the Bank’s 70th year in operation, 70th anniversary image commercials and ads were put across to all target audiences employing a variety of communication channels across Turkey.

In 2008, Halkbank continued to actively take part in cultural and social activities.

Support to education

Halkbank, in 2008, sustained its activities aiming to support various cultural organizations across the country.

Within 52 sponsorships undertaken in keeping with its mission, the Bank allocated the greatest portion to educational activities. In this frame, the literacy campaign titled "Mothers and Daughters Together at School" has been launched, a collaboration of Halkbank and the Ministry of National Education.

2008 awards

With its strong shareholding structure, extensive service network and deeply-rooted banking experience, Halkbank enjoys a prestigious standing not only in Turkey but also in the international markets.

• Halkbank is the best bank of the year...

Halkbank has been named the "Best Bank of 2008" at the seventh edition of the Oscar Awards in Economy ceremony held by Ekovitrin magazine.

• "Quality" award to Halkbank from the Bank of New York Mellon...

Halkbank once again won the STP Quality Award from The Bank of New York Mellon, endorsing its quality in international transactions.

"Productive Turkey Meetings"

Halkbank continued to hold the "Productive Turkey Meetings" in 2008, which were begun in 2006.

Aiming to get together with SMEs in various cities of Anatolia and to broaden the horizons of enterprises en route to growth, Halkbank brings SMEs together with expert speakers specialized in economy and business management and Halkbank executives at "Productive Turkey Meetings", with the ultimate goal of offering information support along with financial support.

The last one of the 2008 series of "Productive Turkey Meetings" was held in Trabzon whereby current economic developments and their impact on the real sector were addressed.

Halkbank continued to add value to its products with the brand activities carried out in 2008. The brand names Üreten Türkiye'nin Bankası, Bereket, Esnaf Kart, Benim Ekranım, Halkbank Aktif Sistem, Ah Bir Evim Olsa and Mavi Yıldız have been registered in the name of Halkbank.

Industrial design application has been registered for "Bibabu", the Bank's 3D mascot, and an industrial multi-design application has been filed for "HalkCard".

Halkbank in social contribution activities

In 2008, Halkbank took part in a joint project with the Educational Volunteers of Turkey (TEGV) and VISA, and contributed to the setting up of a computer room in Mardin under the Colorful Horizons Project. Children receiving education at these centers were hosted at the Bank, and Halkbank's volunteer trainers gave support to the project.

Grants and donations during the reporting period

Donations made under social responsibility continued in 2008. In this framework, donations in various amounts were made to Babaeski Caimacam's Office for October 29 Republic Day activities, to Nevşehir Department of Corrections under the project for development of Corrections Reform, and to Sivas Special Provincial Directorate of Administration for events organized.

Halkbank supports sports

Set out on the road with the objective of training athletes for Turkey on 21 July 1983, Halkbank Sports Club has long been contributing significantly to national sports in volleyball and handball under its red, blue and white colors.

For more than 20 years since its establishment, Halkbank Sports Club trained many talented athletes for the Turkish sports and undersigned achievements that went down in the national sports history.

Halkbank's Participations

In addition to advanced banking services, Halkbank offers its customers an extensive participations portfolio covering products and services in the areas of investment, leasing and insurance. The Bank's participations portfolio is populated by 25 companies, of which 3 are engaged in banking outside Turkey, 2 are in insurance, 15 are in financial services, and 5 are involved in trade and services.

The Bank's policy in building partnerships is to structure this portfolio so that it consists of equity stakes that will;

- create added value and thus contribute towards product diversity and consolidation of marketing processes,
- enhance operational productivity, thus reducing service production costs, and
- enable provision of services that the Bank's customers may need at a high quality.

Acting on this policy, Halkbank gained the power to be able to offer its customers the services they need quickly and efficiently, owing to the synergetic cooperation with its participations.

The following is a brief summary of Halkbank's domestic and international participations.

Domestic Participations

HALKYATIRIM

Halk Yatırım Menkul Değerler A.Ş.

Founded in 1997 to engage in capital market operations, trading of capital market instruments and stock exchange transactions, the Company's capital is TRY 24,400,000, in which Halkbank controls a 99.94% stake.

BİRLİK HAYAT

Birlık Hayat Sigorta A.Ş.

An insurance company established in 1998 to provide life insurance and reinsurance products and services both in Turkey and in other countries, the Company's capital is TRY 7,000,000, in which Halkbank controls a 94.4% stake.

BİRLİK SİGORTA

Birlık Sigorta A.Ş.

A general insurance company founded in 1958, the Company's capital is TRY 24,509,477, in which Halkbank controls a 82.36% stake.

HALK LEASING FİNANSAL KİRALAMA A.Ş.

Halk Finansal Kiralama A.Ş.

Founded in 1991 to be engaged in financial leasing activities in Turkey and abroad, the Company's capital is TRY 61,300,000, in which Halkbank controls a 47.75% stake.

KOBİ

KOBİ Girişim Sermayesi Yatırım Ortaklığı A.Ş.

Founded in 1999 to assist SMEs in their development and economic activities and to provide them with project development and training services, the Company's capital is TRY 20,000,000, in which Halkbank controls a 31.47% stake.

Halkbank has an extensive participations portfolio that is comprised of 25 companies.



fintek Finansal Teknoloji Hizmetleri A.Ş.

Founded in 2001 to develop and upgrade software programs and products, and to sell and lease software licensing rights, the Company's capital is TRY 2,500,000, in which Halkbank controls a 24% stake.



bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş.

Founded in 1998 to handle the printing, distribution and operational aspects of POS, ATM, and credit cards, the Company's capital is TRY 1,000,000, in which Halkbank controls a 24% stake.



BANKALARARASI KART MERKEZİ Bankalararası Kart Merkezi A.Ş.

Founded in 1990 for the purposes of finding solutions to common problems in card-based payment systems and to develop rules and standards governing debit and credit cards in Turkey, the Company's capital is TRY 6,000,000 million, in which Halkbank controls an 18.95%.



KKB KREDİ KAYIT BÜROSU A.Ş.

Founded in 1995 to share information among financial institutions engaged in the businesses of money and capital markets and in insurance for the purposes of monitoring and controlling their consumer loans, the Company's capital is TRY 7,425,000, in which Halkbank controls an 18.18% stake.



KGF Kredi Garanti Fonu İşletme ve Araştırma A.Ş.

Founded in 1991 for enabling small and medium scale enterprises to borrow from banks for financing their investments and businesses by way of the guarantee provided, and for extending support to such enterprises, the Company's capital is TRY 60,000,000. Although Halkbank controls a mere 0.01% stake in the Company's capital, the Bank takes active role in the management and activities of the Company.

International Participations



Demir-Halkbank (Nederland) N.V.

Founded in 1992 in Rotterdam, Demir-Halkbank's capital is EUR 113,445,054, in which Halkbank controls a 30% stake.



Macaristan Halk Bankası-Magyarorszagi Volksbank RT

Founded in 1993 in Hungary, the Bank's capital is HUF 15,066,000,000, in which Halkbank controls a 2.65% stake.



Uluslararası Garagum Ortaklar Bankası-International Joint Stock Bank (Garagum)

Founded in 1993 in Turkmenistan, the Bank's capital is TMM 26,000,000,000, in which Halkbank controls a 3.45% stake.

Changes Made in the Articles of Association in 2008

Halkbank's articles of incorporation were amended at the Bank's ordinary General Meeting convened on 08 April 2008. The amendment related to the stake held in the Bank by the Republic of Turkey Prime Ministry Privatization Administration, the biggest shareholder in the aftermath of the public offering that took place on 10 May 2007. It was intended to reflect the said change in article 6 of the Bank's articles of incorporation and at the same time to make an arrangement that would not require any revisions to the content of the article due to the change in shareholders though no new capital increase

occurred. In addition, provisional article 2 of the articles of incorporation required conversion of the Bank's shares into TRY in accord with article 27 of the Law no. 5615 dated 28 March 2007. This article lost effectiveness since these conversions were made, reflected in the articles of incorporation, and necessary records were created in the stock register upon which the approval of the General Assembly was obtained. The said modifications were promulgated in the Turkish Trade Registry Gazette issue 7040 dated 11 April 2008.

FORMER

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ
(THE TURKISH HALKBANK CO. INC.)
ARTICLES OF ASSOCIATION

CHAPTER TWO CAPITAL

Capital:

Article 6- The principal capital of the Bank is 1.250.000.000,00 (one billion two hundred and fifty million) New Turkish Lira and full of that has been paid-in.

This capital;

Consists of 1.250.000.000 (one billion two hundred and fifty million) number of registered shares each having a nominal value of 1 New Turkish Lira.

Out of this capital,

1.249.525.824 (One billion two hundred and forty nine million five hundred and twenty five thousand eight hundred and twenty four) number of shares corresponding to a nominal value of 1.249.525.824,00 (One billion two hundred and forty nine million five hundred and twenty five thousand eight hundred and twenty four) New Turkish Lira belong to R.O.T. Prime Ministry Privatization Administration Head Office Department ; and, the remaining part belongs to other public or private law legal persons and real persons.

As regarding the shares to be issued by the Bank after the Bank is offered to the public, the provisions of the Capital Market Legislation and the principles pertaining to registration of shares shall be observed.

NEW

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ
(THE TURKISH HALKBANK CO. INC.)
ARTICLES OF ASSOCIATION

CHAPTER TWO CAPITAL

Capital:

Article 6- The principal capital of the Bank is 1.250.000.000,00 (one billion two hundred and fifty million) New Turkish Lira and full of that has been paid-in.

This capital;

Consists of 1.250.000.000 (one billion two hundred and fifty million) number of registered shares each having a nominal value of 1 New Turkish Lira

The registered shares which can be transferred by means of blank endorsement are being monitored as recorded by the Merkezi Kayıt Kuruluşu A.Ş. (Central Registration Establishment CO. INC.).

As regarding the shares to be issued by the Bank, the provisions of the Capital Market Legislation and the principles pertaining to registration of shares are applied.

FORMER

CHAPTER EIGHT TEMPORARY PROVISIONS

Provisional Article 2- In order to make an adaptation to the form of article 399 of the Turkish Trade Code as amended through the Law dated 09.12.2004 and numbered 5274, within the frame of article 400 and provisional article 1 of the Turkish Trade Code and article 27 of Law dated 28.03.2007 and Numbered 5615 and Provisional Article 9 included in the Law numbered 4603, a change has been made in the share structure of the Bank and the shares of nominal value 100.-TL and belonging to shareholders other than the R.O.T. Prime Ministry Privatization Administration Head Office Department have been completed as free-of-charge to 1 number of share with nominal value of 1 YTL by setting forth no claims from the owners of such shares and by not increasing the Bank's principal capital and by means of assignment/transfer method from the shares of the R.O.T. Prime Ministry Privatization Administration Head Office Department, the shares of 500.- TL nominal value and of the same nature as said herein above have been completed as free-of-charge to 5 shares each having 1 YTL nominal value and the shares of 1000.- TL nominal value still of the same nature as said hereinabove have been completed as free-of-charge to 10 numbers of shares each having a nominal value of 1 YTL exactly through the same method as said hereinabove; meanwhile, the shares of various different nominal values of 100 TL, 500 TL, 1.000 TL, 10.000 TL, 100.000 TL and 1.000.000 TL corresponding to the remaining share rate of the R.O.T. Prime Ministry Privatization Administration Head Office Department have been converted into shares of nominal value of 1 YTL with the consent of the said shareholder and by the method of combining the shares and/or by converting the same directly to the new currency order.

According to this, after conversion into YTL, out of the paid-in capital in the amount of 1.250.000.000,00 (one billion two hundred and fifty million) New Turkish Lira, 1.249.525.824,00 (One billion two hundred and forty nine million five hundred and twenty five thousand eight hundred and twenty four) numbers of shares of nominal value of 1.249.525.824 (One billion two hundred and forty nine million five hundred and twenty five thousand eight hundred and twenty four) New Turkish Lira belong to the R.O.T. Prime Ministry Privatization Administration Head Office Department ; and, the outstanding 474.176 (Four hundred and seventy four thousand one hundred and seventy six) numbers of shares of nominal value of 474.176,00 (Four hundred and seventy four thousand one hundred and seventy six) New Turkish Lira belong to the other public or private law legal persons and real persons.

The task and power to perform any and all of the proper processes on such issue including, determining the owners of the 1 YTL nominal value shares which have come out after carrying out the completion, combining and conversion processes and re-organizing the book of shares, belong to the Board of Directors and the persons to be nominated by the Board of Directors.

Following the official registration of the Articles of Association in the trade registry, the former shares issued in terms of Turkish Lira are replaced with the new shares.

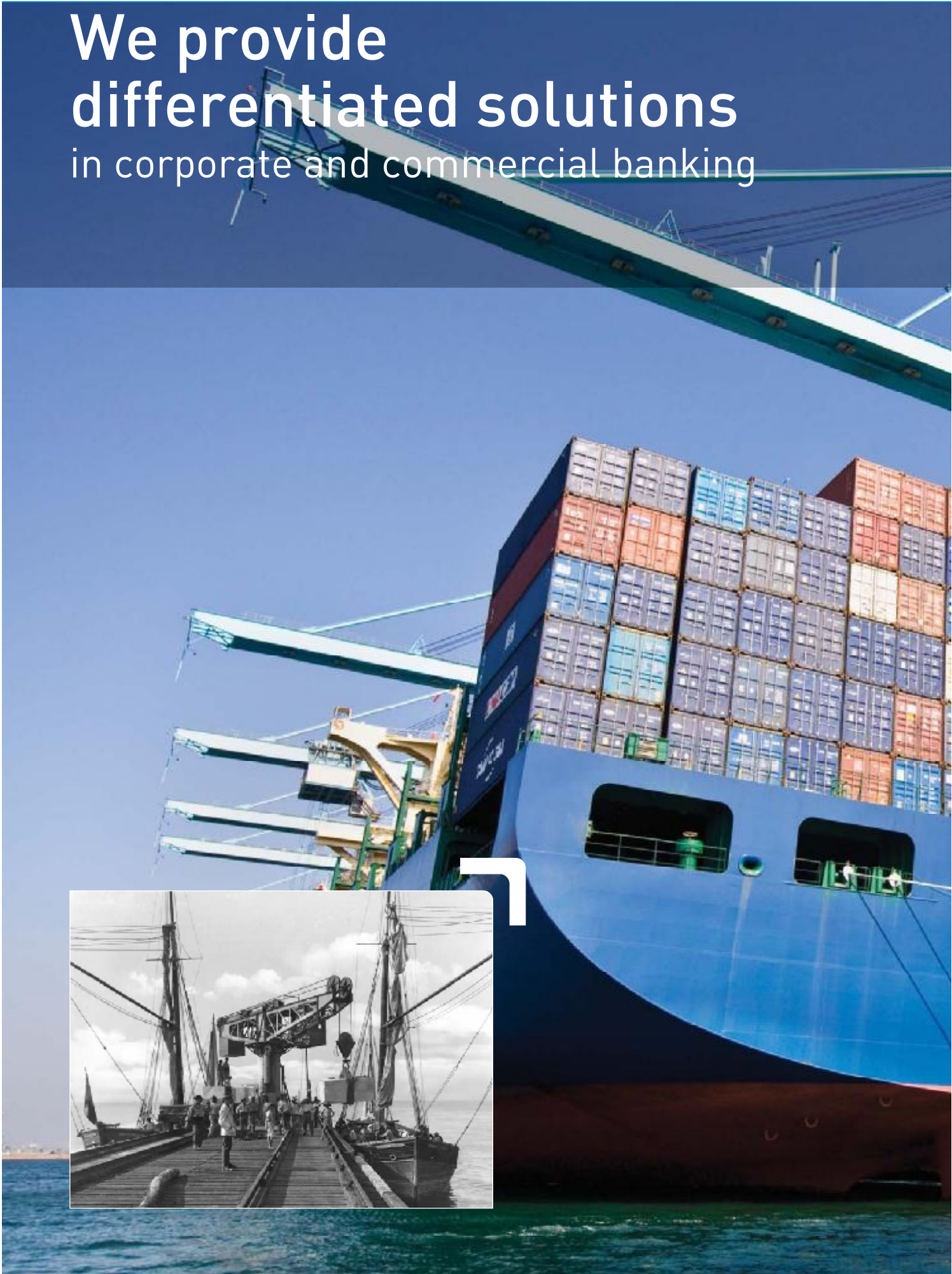
The processes to be carried out within the scope of this article are entered in the book of shares after the official registration of the amendment made in the articles of association and the shareholders so exercise their rights according to the new shares.

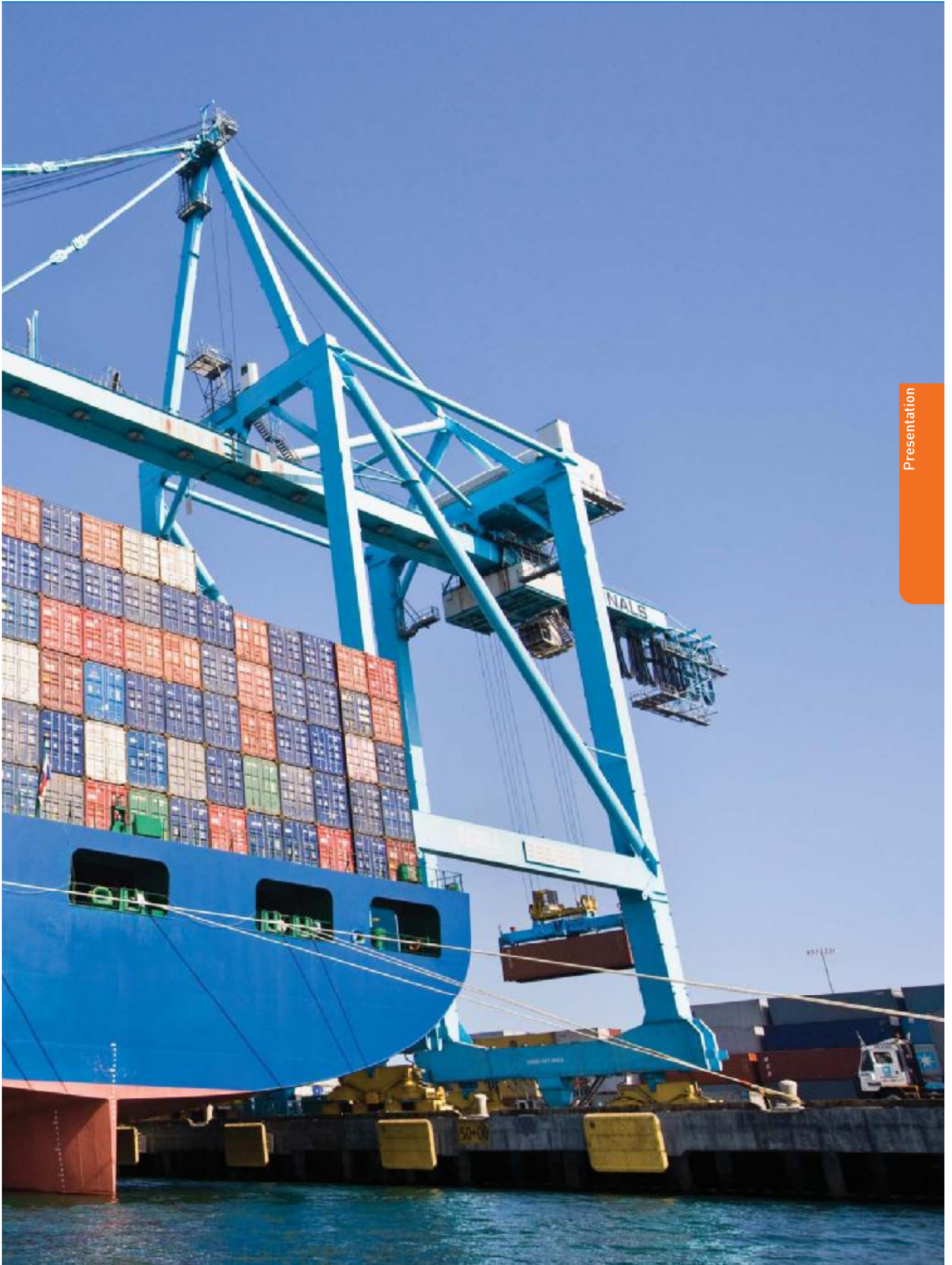
NEW

CHAPTER EIGHT TEMPORARY PROVISIONS

Provisional Article 2- Lifted from effectiveness.

We provide differentiated solutions in corporate and commercial banking





Annual Activity Report Compliance Opinion

Deloitte.

DRT Bağımsız Denetim ve
Serbest Muhasebeci
Mali Müşavirlik A.Ş.
Sun Plaza
No: 24
34398 Maslak
İstanbul, Türkiye

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ANNUAL ACTIVITY REPORT

Compliance Opinion

To the General Assembly of Türkiye Halk Bankası A.Ş.:

We have audited the accuracy and compliance of the financial information in the accompanying annual activity report of Türkiye Halk Bankası A.Ş. (the "Bank") with the audit report issued as of December 31, 2008. The Board of Directors of the Bank is responsible for the annual activity report. As independent auditors, our responsibility is to express an opinion on the audited annual activity report based on the compliance of financial information provided in the annual activity report with the audited financial statements and explanatory notes.

Our audit was performed in accordance with the accounting standards and principles and procedures of preparing and issuing annual activity reports as set out by the Banking Act No: 5411. Those standards require that we plan and perform our audit to obtain reasonable assurance whether the annual activity report is free from material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial information provided in the accompanying annual activity report presents fairly, in all material respects, the financial position of Türkiye Halk Bankası A.Ş. as of December 31, 2008 in accordance with the prevailing accounting principles and standards set out as per the Article 40 of the Banking Act No: 5411. The financial information provided in the annual activity report is in compliance with the audited financial statements and explanatory notes, and also includes the summary management report and our audit opinion on these financial statements.

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



Sibel Türker
Partner

İstanbul, March 9, 2009

Management and Corporate Governance

Board of Directors and Statutory Auditors



1- Hasan Cebeci

Chairman

1949, Çankırı. Hasan Cebeci is a graduate of Ankara Academy of Economic and Commercial Sciences. [Department of Economics] He began his career in 1975 as an Assistant Inspector at Vakıflar Bank, where he subsequently worked as Inspector, Branch Manager, Unit Manager, Regional Manager, and Assistant General Manager. In 2003 he was made an Executive Board Member of Halkbank responsible for loans. He served as the Bank's General Manager and Chairman of its Executive Board. Mr. Cebeci has been serving as the Chairman of the Board since 2005.

2- Hasan Sezer

Vice Chairman

1958, Ankara. Hasan Sezer is a graduate of Ankara Academy of Economic and Commercial Sciences [Department of Foreign Trade and Foreign Exchange]. He began his career with a privately owned firm in 1982. He joined Ziraat Bank in 1983 as an Assistant Inspector, subsequently rising to the positions of Inspector, Assistant Manager and Section Head. He served as the General Manager of Ziraat ve Halk Yatırım Menkul Değerler. In 2003 he was made an Executive Board Member of Halkbank responsible for risk management and financial control. Mr. Sezer has been serving as the Vice Chairman since 2005.

3- Hüseyin Aydın

General Manager and Board Member

Hüseyin Aydın began his career as an Assistant Inspector at Ziraat Bank, where he served in various positions up to Vice Chairman. Having served as an Executive Board Member of Halkbank and as a Board Member of Pamukbank, he has become the General Manager and Board Member of Halkbank on 31 May 2005, two positions he currently holds. He also serves as the chairman of the Boards of Directors of Birlik Sigorta and Birlik Hayat.

4- Emin Süha Çayköylü

Board Member

1948, İstanbul. Emin Süha Çayköylü is a graduate of Middle East Technical University [Department of Mechanical Engineering] and also holds an M.B.A. from Syracuse University Business School, an M.Sc. from the University of Manchester UMIST, and a Ph.D. from Washington International University. He began his career in 1972 in a privately-owned company. He worked as a Project Manager and as Executive Manager at the Development Bank of Turkey and Islamic Development Bank. He served as a general manager and coordinator in various privately-owned companies. Mr. Çayköylü has been a Board Member of Halkbank since 2003.

5- Mustafa Çelik

Board Member

1961, Afşin/Kahramanmaraş. Mustafa Çelik is a graduate of Ankara University [Faculty of Law]. He began his career in 1986 as a legal practitioner affiliated to the Ankara Bar Association. He worked as a Legal Consultant, Senior Legal Consultant, member of R&D and Board Member at Vakıflar Bank and held seats as a vice chairman or member on the boards of various privately-owned companies. Mr. Çelik still works as a legal practitioner under the İstanbul Bar Association and he has been serving as a Board Member of Halkbank since April 2008.



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6- Dr. Nurzahit Keskin

Board Member

He was born in İstanbul in 1962. Nurzahit Keskin is a graduate of the Afyon Faculty of Economic and Administrative Sciences of Anadolu University and received a master's degree in international banking from the Institute of Banking and Insurance of Marmara University. Having completed his doctorate studies at Sakarya University, he started his career as an Instructor at Marmara University. He later entered the private sector, and worked as an Independent Auditor and Management Consultant for an international company. He also worked as a senior-level human resources manager in various national and multinational firms, and as a member of the Executive Committee and Executive Board Member responsible for human resources, operations, and support services in Ziraat Bank. He additionally held seats as a member on the boards of Directors of Ziraat Bank International AG, Germany; Turkish - Ziraat Bank Bosnia dd, Bosnia & Herzegovina; Ziraat Banka AD, Macedonia; Türkmen Türk Ticaret Bankası, Turkmenistan ve Türk Bank ASC, Azerbaijan. Mr. Keskin has been a member of the Halkbank Board of Directors since 2005. He also serves as a Board Member of Demir-Halk Bank (Nederland) N.V. besides his current position at Halkbank and speaks English and German.

7- Burhaneddin Tanyeri

Board Member

1953, Aşkale/Erzurum. Burhaneddin Tanyeri is a graduate of Atatürk University [Department of Business Administration]. He worked at the Agricultural Equipment Agency from 1976 through 1982. Subsequently he served Ziraat Bank as an Assistant Inspector, Inspector, Chief Inspector, Branch Manager, and Regional Manager. He held memberships on the boards of directors of Ziraat Finansal Kiralama and Halk Finansal Kiralama. Mr. Tanyeri has been serving as a Board Member of Halkbank since 2005.

8- İbrahim Hakkı Tuncay

Board Member

1949, Malatya. İbrahim Hakkı Tuncay is a graduate of the Middle East Technical University [Department of Business Administration]. While he worked as an assistant in Chair of Economics in Balıkesir İTYO, he pursued his doctorate studies at Uludağ University. He worked as a manager, trainer, senior executive and management consultant in various privately-owned companies after 1976. He worked at Ziraat Bank and Halkbank as a member of the Joint Board of Directors for Public Banks in 2004 and 2005. He also held memberships on the boards of Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri, and Fintek Teknoloji Hizmetleri. Mr. Tuncay has been serving as a Board Member of Halkbank, Birlik Hayat Sigorta and Birlik Sigorta since April 2008.

9- Ahmet Yarız

Board Member

1966, Elazığ. Ahmet Yarız is a graduate of İstanbul University (Faculty of Business Management). He received his master's degree in banking from Marmara University Institute of Banking and Insurance, where he currently pursues his doctorate studies. He began working in the banking sector at Sınai Yatırım ve Kredi Bank, and also worked for industrial enterprises and financial institutions. He worked as a Board Member responsible for risk management and internal audit at Vakıflar Bank and as a Board Member in The Savings Deposit Insurance Fund. Mr. Yarız has been serving as a Board Member of Halkbank since April 2008.

10- Yusuf Dağcan

Statutory Auditor

1951, Mucur/Kırşehir. Yusuf Dağcan is a graduate of Eskişehir Academy of Economic and Commercial Sciences. He began his career in 1977 as an Assistant Inspector at Vakıflar Bank, where he subsequently worked as Inspector from 1982, and as the Branch Manager of Kırşehir, Kayseri, Konya, Meşrutiyet/Ankara and Başkent/Ankara branches from 1984 through 2001. Elected as a Statutory Auditor of Halkbank on 27 March 2003, Mr. Dağcan concurrently serves as the Vice Chairman of the Board of Halk Finansal Kiralama, and Board Member of Birlik Hayat Sigorta. He also served as a Board Member and Statutory Auditor at TAIB Yatırım Bank from 05 September 2007 until 30 June 2008.

11- Şeref Efe

Statutory Auditor

1968, Espiye/Giresun. Şeref Efe is a graduate of Ankara University (Faculty of Political Sciences, Department of Public Administration) and holds a master's degree from Harvard University, JFK School of Government. He began his career in 1992 as an Assistant Auditor at the Turkish Court of Accounts, where he subsequently rose to the positions of Auditor and Chief Auditor. Mr. Efe has been a Statutory Auditor of Halkbank since March 2003. In addition to this position, he also served as an undersecretary at the Turkish Treasury from 2004 through 2007. He has also been serving as the Head of Strategy Development at the Ministry of Energy and Natural Resources

Senior Management



1- Hüseyin AYDIN

General Manager

The CV of Hüseyin Aydın is presented on page 54.

2- Osman Arslan

Deputy General Manager

Financial Management and Planning

1971, Ankara. Osman Arslan is a graduate of the Middle East Technical University (Faculty of Arts and Science, Department of Statistics) and got his executive MBA degree at the same university. He started his career in 1995 in the Banking School at Ziraat Bank, where he later worked as a specialist. He served as an Inspector and Manager at various banks from 1998 to 2004. Starting from 2004 he worked as Division Manager and Section Head at Halkbank. After serving as the Bank's Deputy General Manager for Corporate Communication and Structuring from 27 June 2007 until 28 May 2008, Mr. Arslan has been appointed as the Deputy General Manager for Financial Management and Planning effective 29 May 2008, a position he still holds.

3- Süleyman Aslan

Deputy General Manager

Treasury Management and International Banking

1970, Osmancık/Çorum. Süleyman Aslan is a graduate of the Middle East Technical University (Faculty of Economic and Administrative Sciences, Department of International Relations). He began his career in 1992 in the Banking School at Ziraat Bank where he served as a Specialist in the Capital Markets Department, as Assistant Manager in ISE Branch and as Division Manager in the Bonds and Securities Department. He served as the General Manager and Board Member of Ziraat Asset Management. He later served as the Head of the Foreign Currency and Money Markets Division at Ziraat Bank. Having worked as Halkbank's Deputy General Manager responsible for Treasury Management from 15 June 2005 until 28 May 2008, Mr. Aslan became a Deputy General Manager responsible for Treasury Management and International Banking, a position he currently holds. He also holds a seat on the Board of Halk Yatırım Menkul Değerler, a subsidiary of the Bank.

4- Ömer Muzaffer Bakır

Deputy General Manager

Corporate and Commercial Marketing

1961, İstanbul. Ömer Bakır is a graduate of İstanbul Technical University (Faculty of Mining Engineering). He began his career in 1990 as an Assistant Inspector at Pamukbank and subsequently served as Inspector, Service Manager, and Department Manager at the same bank. Having joined Halkbank in 2004, Mr. Bakır has been appointed a Deputy General Manager responsible for Corporate Commercial Marketing on 09 June 2005. He has been serving as the Bank's Deputy General Manager responsible for Corporate and Commercial Marketing since 06 June 2007.

5- Halil Çelik

Deputy General Manager

Banking Operations

1956, Akçaabat/Trabzon. Halil Çelik is a graduate of Anadolu University (Faculty of Economics). From 1982, he held various positions at Ziraat Bank as an Assistant Inspector, Inspector, Chief Inspector, and Regional Manager, and also served as an Inspector at İller Bankası (Bank of Provinces). At Halkbank he served as the Deputy General Manager responsible for Banking Operations (28 July 2003 - 05 June 2007), for Operations and Support Services (06 June 2007 - 20 November 2008), and Banking Operations (21 November 2008- 12 January 2009). Mr. Çelik has been serving as the Bank's Deputy General Manager responsible for Risk Management and Internal Control since 13 January 2009.

6- Yakup Demirci

Deputy General Manager

Human Resources-Organization and Administrative Services

1966, Karabük. Yakup Demirci is a graduate of Ankara University (Faculty of Political Sciences). From 1989, he worked at Halkbank as an Assistant Inspector, Inspector, Assistant Unit Manager, Division Manager, and Department Head. Mr. Demirci has been appointed as the Bank's Deputy General Manager responsible for Human Resources and Organization in June 2008. He has been serving as Deputy General Manager responsible for Human Resources -Organization and Support Services since 21 November 2008.

7- Yunus Esmer

Deputy General Manager

Loans Allocation and Management

1956, Vakfıkebir/Trabzon. Yunus Esmer is a graduate of Ankara Academy of Economic and Commercial Sciences (Department of Business Administration & Accounting). He functioned in various positions at Halkbank since 1979 including Assistant Specialist, Specialist, Chief Specialist; Assistant Manager; Division Manager and Department Head. Mr. Esmer has been serving as the Bank's Deputy General Manager since June 2005, a post he still holds. He speaks English.

**8- Mehmet Cengiz Göğebakan****Deputy General Manager
Loan Policies**

1965, Antalya. M. Cengiz Göğebakan is a graduate of Ankara University (Faculty of Political Sciences, Department of Economics). Upon his graduation, he began his career in 1987 as an Assistant Inspector at Pamukbank, where from 1994 onwards he served as a Division Manager at Company Assessment, Credit Monitoring, Lending, Administrative Follow-Up and Lending Policies. He joined Halkbank on 17 November 2004 in charge of Retail Loans, where he rose to Deputy General Manager responsible for Risk Liquidation after 09 June 2005. Mr. Göğebakan has been serving as the Bank's Deputy General Manager responsible for Lending Policies since 06 June 2007.

9- Erol Göncü**Deputy General Manager
Information Systems and Technical Services**

1964, Siirt. Erol Göncü is a graduate of the Middle East Technical University (Faculty of Arts and Sciences, Department of Mathematics). He worked as an IT Manager at various banks and privately-owned companies since 1988. Having joined Halkbank as a Department Head in 2004, Mr. Göncü has been serving as the Bank's Deputy General Manager since 09 June 2005.

10- Dr. Şahap Kavcıoğlu**Deputy General Manager
Artisans and SME Banking**

1967, Bayburt. Dr. Şahap Kavcıoğlu is a graduate of Dokuz Eylül University (Faculty of Economics and Administrative Sciences, Department of Business Administration). He then graduated from İstanbul University's Institute of Accounting and studied business administration at Hastings College in the U.K. He received his master's and doctorate degrees in banking from the Marmara University Institute of Banking and Insurance. He worked as a Manager at various privately-owned banks since 1991. He joined Halkbank in 2003 as the Bank's Regional Coordinator for İstanbul. Appointed as the Bank's Deputy General Manager responsible for Retail Loans in 2005, Dr. Kavcıoğlu has been serving as the Deputy General Manager responsible for Trademen and SME Banking since 06 June 2007, a position he currently holds.

11- Bilgehan Kuru**Deputy General Manager
Retail Banking**

1961, Çine/Aydın. Bilgehan Kuru is a graduate of the Middle East Technical University (Faculty of Engineering, Department of Mining Engineering) and received his master's degree from the Graduate School of Natural and Applied Sciences at the same university. He worked at Halkbank from 1986 to 1988. From 1988, he served as an Assistant Specialist, Division and Department Manager at Pamukbank. He rejoined Halkbank in 2004 as a Department Head. Mr. Kuru has been appointed as Deputy General Manager on 27 June 2007, in which post he still serves. He speaks English.

12- Mustafa Savaş**Deputy General Manager
Risk Management and Internal Control**

1965, Çine/Aydın. Mustafa Savaş is a graduate of Ankara University (Faculty of Political Sciences). He began his career on 01 March 1991 at Halkbank as an Assistant Inspector, where he later worked as an Inspector, Branch Manager of Lefkoşa/TRNC and Yukarı Ayrancı/Ankara branches, and Head of the Internal Control Department. Having served as the Bank's Deputy General Manager responsible for Risk Management and Internal Control from 18 July 2002 to 12 January 2009, Mr. Savaş currently functions as the Deputy General Manager responsible for Risk Collection and Liquidation since 13 January 2009.

13- Selahattin Süleymanoğlu**Deputy General Manager
Risk Collection and Liquidation**

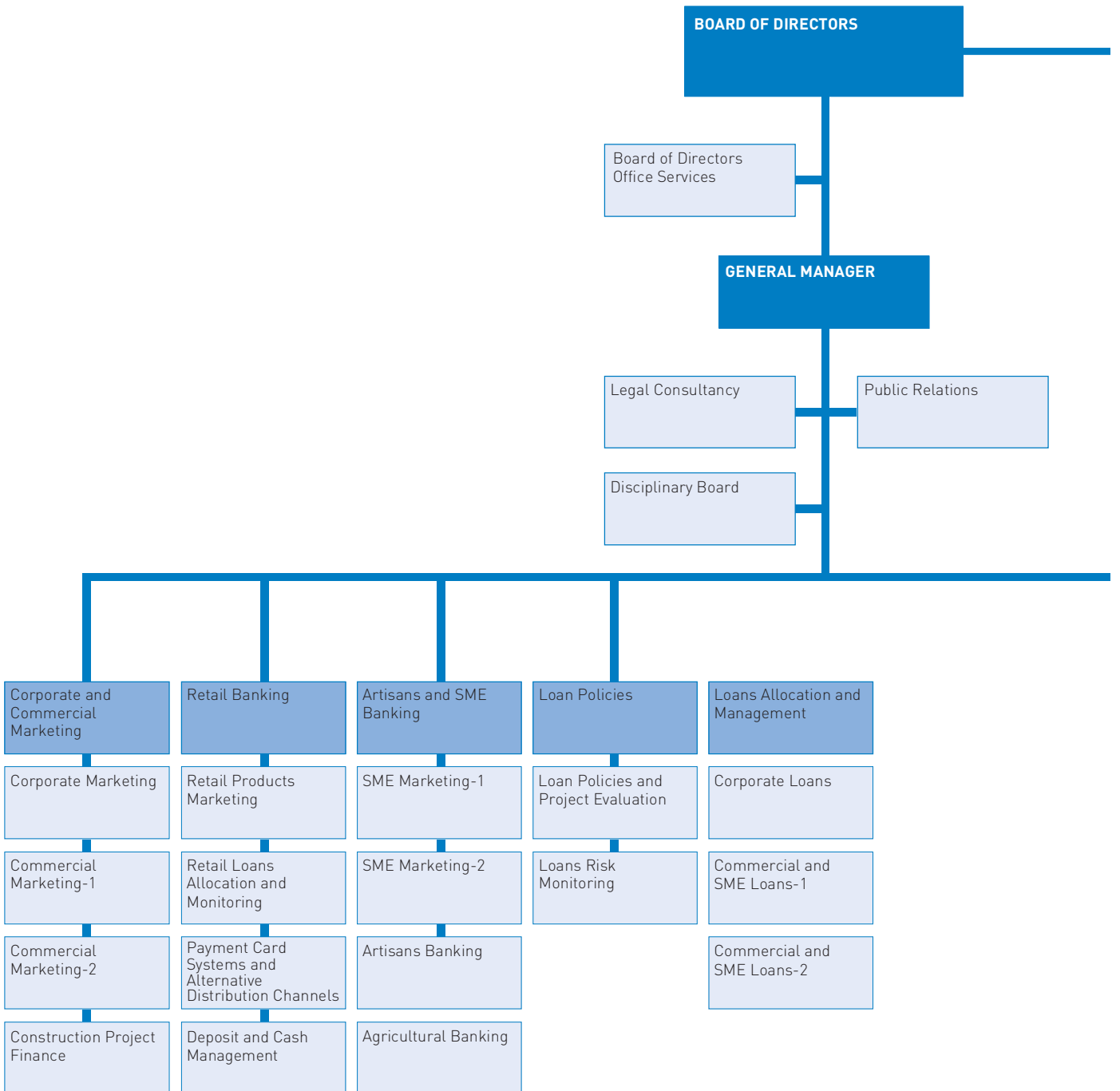
1962, Alucra/Giresun. Selahattin Süleymanoğlu is a graduate of Gazi University (Faculty of Economics and Administrative Sciences, Department of Business Administration). He joined Adabank as an Assistant Inspector in 1990. He worked as an Inspector, Branch Manager and Karadeniz Region Manager at Emlak Bank from 1991 to 2001. He joined Halkbank in 2001 as a Branch Manager, where he functioned as the Branch Manager of various branches and Ankara Corporate Branch. Having served as the Deputy General Manager responsible for Risk Collection and Liquidation from 11 June 2006 to 12 January 2009, Mr. Süleymanoğlu currently serves as the Bank's Deputy General Manager responsible for Banking Operations since 13 January 2009. He speaks English.

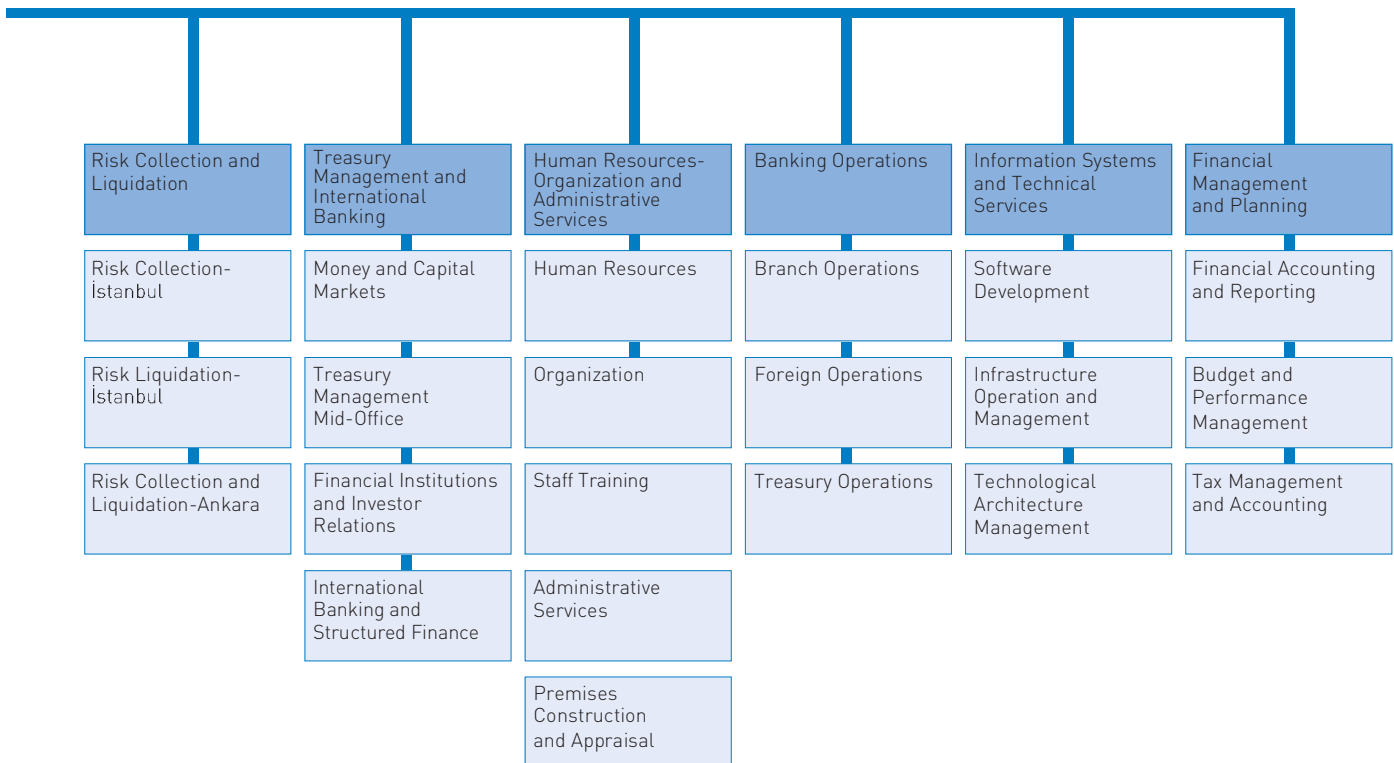
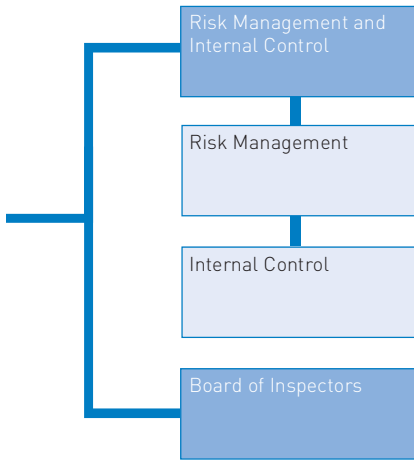
14- Ali İpek**Head of the Board of Inspectors**

1966, Gerede/Bolu. Ali İpek is a graduate of Gazi University (Faculty of Economics and Administrative Sciences, Department of Public Administration). He joined Halkbank in 1989 where he initially served in a branch, and subsequently held the positions of Assistant Inspector, Inspector, Manager of Siteler Branch in Ankara, (acting) Manager of Merkez Branch in Ankara, Commercial and SME Marketing Division Manager, and Head of Commercial Marketing Department. He was Department Head at the Banking Regulation and Supervision Agency in early 2004. He has been appointed as the Head of Halkbank's Board of Inspectors on 06 April 2005, a position he still holds.

Erdal Ersoy, Deputy General Manager responsible for Financial Management and Planning, resigned on 05 May 2008.

Organization Chart





Türkiye Halk Bankası A.Ş. Committees

AUDIT COMMITTEE

The Audit Committee was set up on 31 October 2006 pursuant to Board of Directors resolution 34-01. The Members of the Audit Committee are responsible for the effective conduct of functions related to the Bank's internal audit, risk management, and internal control activities.

Duties of the Audit Committee are as follows:

- assessing the effectiveness of the internal control system through internal control and internal audit units;
- overseeing whether or not Bank's internal policies, practices, and procedures approved by the Board of Directors are being complied with and making recommendations to the Board of Directors on measures that need to be taken;
- monitoring and assessing the Bank's internal audit system;
- overseeing whether or not the internal audit unit is fulfilling the obligations specified in regulations and internal policies; examining internal regulations concerning designated strategies, policies, and programs related to internal audit and concerning the structure of the internal audit unit and submitting those that it deems suitable to the Board of Directors for its approval;
- assessing whether or not there exist essential methods, practices, and procedures to identify and control the risks to which the Bank is expose;
- reviewing independent auditors' assessments concerning the compliance of the Bank's accounting practices with laws, regulations, and administrative provisions; reviews the results of independent audits together with senior management and independent auditors and resolving any issues concerning which doubts may be expressed by independent auditors or in their reports;
- assessing the adequacy and reliability of independent auditors, rating agencies, assessor companies, and support service providers which the Bank may sign contracts with and submitting a report of their findings to the Board of Directors; repeating these tasks regularly at maximum intervals of three months during the term of the agreement in the event service is obtained therefrom;
- overseeing whether or not the information contained in the Bank's financial reports is true and complete, and reporting any findings to relevant authorities;
- discussing with the independent auditors whether or not financial reports accurately reflect the Bank's financial standing, the results of transactions that have been performed, and the Bank's cash flows, whether or not they are drawn up in compliance with the procedures and principles set out in laws, regulations and other applicable legislation;
- reporting their activities conducted during the reporting period, the results thereof, and the opinions of the Committee to the Board of Directors at maximum intervals of six months.

During 2008, the Audit Committee met 32 times and discussed the Bank's potential risks, stress tests and scenario analyses, as well as risk management policies and implementation principles thereof. The Committee Members regularly participated in the meetings.

Audit Committee Members	Position	Primary Position
Hasan SEZER	Chairman	Vice Chairman of the Board of Directors
Emin Süha ÇAYKÖYLÜ	Member	Member of the Board of Directors

OPERATIONAL RISKS WORKING COMMITTEE

The Operational Risks Working Committee is responsible for identifying transactions that give rise to operational losses and heading off such losses. The committee meets regularly and at least once a month.

Duties of the Operational Risk Working Committee are:

- identifying procedures so that the formulation of a data base needed for the quantification of the Bank's operational risks is carried out in coordination with the units involved;
- coordinating units' activities so that the errors and irregularities identified by the Board of Inspectors and other control units are recorded using a standardized coding system;
- Identifying any concentration in operational risks and/or elements in operational processes that give rise to risks based on reports by relevant units, and presenting the same to the Bank's Risk Committee along with measures that should be taken;

Türkiye Halk Bankası A.Ş. Committees

- conducting technical and administrative activities for the formulation of a data base concerning operational losses sustained in the past;
- assessing operational risks related to functional activities in the risk assessment matrix and formulating views as to their relative weightings;
- fulfilling other duties incumbent upon it as a result of changes in banking legislation, or those that may be assigned to it by the Bank's Risk Committee.

During 2008, the Operational Risks Working Committee met five times, during which, decisions were made to identify transactions that give rise to operational losses and to prevent operational losses. Members of the Committee regularly participated in the meetings.

Operational Risks Working Committee Members

Position	Primary Position
Chairman	Head of Risk Management Department
Member	Head of Disciplinary Board
Member	Assistant Head of the Board of Inspectors
Member	Head of Internal Control Department
Member	Head of Branch Operations Department
Member	Head of Foreign Operations Department
Member	Head of Budget and Performance Management Department
Member	Head of Treasury Operations Department
Member	Head of Tax Management and Accounting Department
Member	Head of Technological Architecture Management
Member	Payment Card Systems and Alternative Distribution Channels Department

CREDIT COMMITTEE

The Credit Committee performs credit-related duties with which it is charged by the Board of Directors. This committee consists of the General Manager and of at least two board members who satisfy all the qualifications required of a General Manager save for term of office. When a Credit Committee member is unable to attend a meeting, he or she will be replaced by two alternate members who will be selected from amongst the board members who satisfy all the qualifications required of a General Manager save for term of office. The General Manager is the Head of the Credit Committee; in the General Manager's absence, one of the other associate committee members serves as the chairman. The Chairman of the Credit Committee is responsible for the effective and sound coordination of the committee's activities. Obligated to convene at least once a week in a meeting attended by all of its members, the Credit Committee met 51 times during 2008 and made 1,426 decisions. The Members of the Committee regularly participated in the meetings.

Duties of the Credit Committee are as follows:

- implementing the lending policies approved by the Board of Directors concerning the dimensions of the Bank's lending policy, total placements portfolio and its distribution by sectors, geographical regions, and credit types;
- making recommendations to the Board of Directors for the determination of principles and procedures relevant to the Bank's credit policies and to its lending on a portfolio and private individual/corporate entity basis;
- ensuring that the credit portfolio is managed within the framework of generally accepted risk management principles.

The Credit Committee may delegate some of its duties and authorities, provided that the scope and limits of these powers are explicitly defined; but it may not delegate any authorities concerning any type of unsecured credit other than retail loans and it is responsible for monitoring and checking the activities of the body to which it has delegated such authorities.

Türkiye Halk Bankası A.Ş. Committees

Credit Committee

Members	Position	Primary Position
Hüseyin AYDIN	Chairman	Board Member and General Manager
Burhaneddin TANYERİ	Member	Board Member
Dr. Nurzahit KESKİN	Member	Board Member
Ahmet YARIZ	Member	Board Member

ASSETS AND LIABILITIES COMMITTEE

The Assets and Liabilities Committee is responsible for determining the policies related to the management of the Bank's assets and liabilities and to the deployment of resources for that purpose and for making and implementing decisions that will be carried out by the units that are involved in the management of the Bank's balance sheet.

Duties of the Assets and Liabilities Committee are as follows:

- discussing and assessing developments in the Bank's financial structure, portfolio, budget, loan and deposit interest rates; developments in money and capital markets; and developments in the Bank itself as well as in other banks.

ALCO regularly meets once a week but it must meet at least once a month on the date and at the place to be set by the Chairman. At ALCO meetings, the Committee works in line with the agenda drawn up by the Chairman. Other assistant general managers and bank officers may be invited by the Committee to take part in its meetings to obtain information from them or to assert their views. At the meetings, decisions made in previous meetings and action steps are reviewed and then decisions that need to be taken and necessary actions are determined. Decisions made and necessary actions identified are submitted to the approval of the General Manager and referral to either the relevant Assistant General Manager's office, or the Board of Directors, depending on authority.

The Assets and Liabilities Committee met 54 times during 2008. The Head of the Budget and Performance Management Department is responsible for organizing the Committee's meetings and recording the decisions taken at them. Members of the Committee regularly participated in the meetings.

Assets and Liabilities Committee

Members	Position	Primary Position
Hüseyin AYDIN	Chairman	Board Member and General Manager
Osman ARSLAN	Member	Deputy General Manager for Financial Management and Planning
Ömer M. BAKTIR	Member	Deputy General Manager for Corporate and Commercial Marketing
Dr. Şahap KAVCIOĞU	Member	Deputy General Manager for Artisans and SME Banking
Yunus ESMER	Member	Deputy General Manager for Loans Allocation And Management
Süleyman ASLAN	Member	Deputy General Manager for Treasury Management and International Banking
Cengiz GÖĞEBAKAN	Member	Deputy General Manager for Loan Policies
Bilgehan KURU	Member	Deputy General Manager for Retail Banking

CORPORATE GOVERNANCE COMMITTEE

The committee is responsible for monitoring compliance with the Bank's corporate governance principles. The Chairman of the Committee is a non-executive board member to be designated by the Board of Directors. In the absence of the Chairman, one of the other Board members serves as the Chairman of the Corporate Governance Committee. The Corporate Governance Committee convenes on dates, at times and places determined by the Committee's Chairman. Other Bank officers may be invited by the Committee Chairman to take part in meetings to obtain information and/or to assert their views.

Duties of the Corporate Governance Committee are as follows:

- monitoring the Bank's compliance with corporate governance principles in accord with the provisions of the "Regulation on the Bank's Corporate Governance Principles" published by the Banking Regulation and Supervision Agency, and the "Corporate Governance Principles" published by the Capital Markets Board of Turkey; undertaking improvement efforts and making recommendations to the Board of Directors in this matter.

Türkiye Halk Bankası A.Ş. Committees

The Corporate Governance Committee met two times during 2008. The Head of the Organization Department is responsible for organizing the Committee's meetings and recording the decisions taken at them. Members of the Committee regularly participated in the meetings.

Corporate Governance Committee

Members	Position	Primary Position
Hasan CEBECİ	Chairman	Chairman of the Board of Directors
Emin Süha ÇAYKÖYLÜ	Member	Board Member
İbrahim Hakkı TUNCAY	Member	Board Member
Osman ARSLAN	Member	Deputy General Manager for Financial Management and Planning
Süleyman ASLAN	Member	Deputy General Manager for Treasury Management and International Banking
Yakup DEMİRCİ	Member	Deputy General Manager for Human Resources – Organization and Administrative Services
Erdal ÇELİK	Member	Head of Human Resources Department

THE BOARD OF DIRECTORS

Halkbank Board of Directors consists of at least seven and at most nine members who possess the qualifications required of them by the Banking Law. Members of the board are chosen by the shareholders at the General Assembly. Board members elect from among themselves a chairman, a deputy chairman, a general manager, and at least two members who do not have executive duties, to make up the Audit Committee. The fundamental duty of the board is to administer and represent the Bank. The board is presided by the chairman of the board of directors, and in his or her absence, by the deputy chairman.

The Board of Directors may be convened at the request of the chairman, the deputy chairman, or any of its members. The board must convene at least once a month. Unless it is decided to do otherwise, the board regularly convenes on the third Wednesday of the month. The Board of Directors met 49 times during 2008 and made 775 decisions.

As a rule, board meetings are held in the city where the Bank's headquarters are located; however with the consent of a simple majority of the board's membership, meeting may be held somewhere else. In keeping with the principle of transparency in auditing functions, the members of the Audit Board may also attend board meetings. The board may also require Assistant General Managers and/or other members of the Bank's management to be present at its meetings.

The agenda of board meeting is prepared by the Chairman or the Deputy Chairman convening the meeting. Agendas are determined and sent out to the members along with its attachments at least 3 days before a meeting is scheduled to take place. In cases compelling urgent convention of the Board of Directors, the agenda is determined and sent out to the members at least 24 hours before the meeting. The chairman may have additional items placed on the agenda if warranted by emergency circumstances. Any board member may propose that an item be placed on the agenda for the board to vote on.

Meeting and decision quorums on the basis of the total number of the Board members in order for the board to convene, discuss the agenda and make decisions are stated below.

Total Number of the Board Members	Meeting Quorum	Decision Quorum
7	5	5
8	5	5
9	6	6

So long as no member wishes to debate an issue, board decisions may also be passed with the written approval of a written proposal that is made by one board member on a particular issue and is circulated among the others. In such cases however, the unanimous consent of the entire board's membership is required.

Türkiye Halk Bankası A.Ş.

Heads of the Units Under Internal Control Systems

Deputy General Manager for Risk Management and Internal Control: Mustafa SAVAŞ*

Years in Current Position	Professional Experience	Academic Background
6 years and 4 months	17 years – Halkbank Head of Internal Control, Branch Manager, Board of Inspectors - Inspector	Undergraduate degree from a local university

* He has been appointed as the Deputy General Manager for Risk Collection and Liquidation on 13 January 2009. Effective from the said date, Halil ÇELİK succeeded him as the Deputy General Manager for Risk Management and Internal Control.

Head of the Board of Inspectors: Ali İPEK

Years in Current Position	Professional Experience	Academic Background
3 years and 8 months	18 years – Banking Regulation and Supervision Agency – Head of the Human Resources and Training Department, Halkbank - Head of Corporate Commercial Loans Department, Commercial Marketing Division Manager, Branch Manager, Board of Inspectors - Inspector	Undergraduate degree from a local university

Head of Internal Control Department: Mehmet TÜFEKÇİ

Years in Current Position	Professional Experience	Academic Background
10 months	24 years – Ziraat Bank – Department Head, Branch Manager, Board of Inspectors - Inspector	Graduate degree from a local university

Head of Risk Management Department: Ali Ulvi SARGON

Years in Current Position	Professional Experience	Academic Background
4 years	18 years – Savings Deposit Fund –Asset Man. Dept., VP, Garanti Bank - Branch Manager, İşbank Board of Inspectors - Inspector	Undergraduate degree from a local university

Türkiye Halk Bankası A.Ş. Board of Directors Report

The year 2008 will be remembered as the year of economic crisis and its impacts that took hold of the world. Having originally started in the US mortgage sector and then spread to the economies of both developed and developing countries, the global crisis made its influence felt in the Turkish economy especially in the last months of the year. However, year-end 2008 figures point out that the Turkish banking sector will overcome this gloomy period much more easily thanks to its past experiences.

During this distressed period for the real economy of Turkey, Halkbank proved that it takes place among the banks which will overcome the period of crisis without any problems owing to its strong funding structure, broad deposit base, and liquidity facilities at its disposal.

With the strength lent to it by its 70 years of experience and deeply-rooted history, Halkbank continued to offer satisfying and high quality service to its customers in 2008, remaining strictly adhered to its profitability and efficiency targets. Providing financial funds in working capital and investment areas to small tradesmen, artisans and SMEs for 70 years, the Bank maintains its leadership in SME banking with its widespread branch network and experienced personnel.

The Bank continued to extend loans to SMEs from the funds obtained within the frame of cooperation established with the World Bank and the French Development Agency, two agreements that serve as indicators of our Bank's credibility and reliability on the international platform. In addition to providing financial resources to small tradesmen, artisans and SMEs, the Bank placed great importance to contributing to their business processes and broadening their visions. In this framework, foundations were laid for two separate corporate social responsibility projects in 2008. The first project relates to a protocol the Bank executed with Anadolu University, whereby 1,000 SMEs were provided with the opportunity to participate in the free e-certificate programs organized by the University. Another important project foresees realization of a "Corporate Social Responsibility" project by Halkbank to support the SMEs in the development of their sustainable corporate practices within the scope of an agreement made by and between Halkbank and the French Development Agency. Accordingly, part of the funds provided to the Bank will be allocated to a 3-year project by which SMEs will be trained on corporate social responsibility, sustainable growth, environmental and occupational health and safety.

In 2008, the Bank pursued effective product management in Retail Banking as well as in Corporate and Commercial Banking, and the expectations of our customers were aptly fulfilled by a variety of new products and services.

Also in 2008, Halkbank adopted a strategy geared towards enhancing its asset quality. In keeping with this strategy, the Bank increased its total assets from TRY 40.2 billion to TRY 51.1 billion, rising by 27% growth year-on-year.

As of year-end 2008, the share of loans in the balance sheet rose from 45% to 51% and the Bank's lending volume went up to TRY 25.8 billion from TRY 18.1 billion, corresponding to a 42.6% growth. In this way, the Bank kept funding the real sector.

The share of securities portfolio within the assets was lowered from 39.6% in 2007 to 35.97% in 2008. In line with the BRSA regulations, transfer was made from the Available-for-Sale securities to Held-to-Maturity securities in order to mitigate the negative impact of the crisis experienced in financial markets on the balance sheet, and held-to-maturity securities portfolio reached TRY 15.9 billion, up by TRY 8.8 billion year-on.

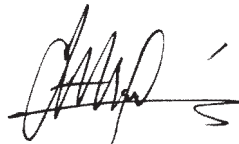
The Bank's total deposits volume rose from TRY 30.8 billion to TRY 40.3 billion, up 30.6% compared to the previous year.. Importance was given to improving the broad-based deposits structure while increasing the deposits volume.

Despite the negative effects of the global crisis on the sector, Halkbank was able to maintain its sustainable profitability and posted TRY 1,018 million in profit at year-end 2008.

Combining its 70 years of experience with the right strategies, Halkbank completed a profitable and productive operation period and sustained its strong growth also in 2008. We thank all our employees for their dedicated efforts that enabled Halkbank to achieve these results. We hereby submit the 2008 Board of Directors' and statutory auditors' reports and the balance sheet and profit/loss statements for the consideration of our esteemed shareholders and their representatives.



Hüseyin AYDIN
Board Member and General Manager



Hasan CEBECİ
Chairman of the Board of Directors

Türkiye Halk Bankası A.Ş. Human Resources Practices

Recruitment and Hiring

Taking into consideration information concerning staffing numbers, duties, positions, and workplaces identified by the Human Resources Department and the Organization Department and determined in line with Board of Directors' approval, plans are devised for the human resources the Bank will need in the coming year and also the recruitment and hiring prerequisites within the framework of a plan concerning how this manpower is to be obtained from within or outside the Bank or from whatever other sources. The general qualifications shown below are required of all candidates; however other qualifications may be required of candidates depending on the nature of the job position being recruited for.

- Be a citizen of the Republic of Turkey or possess a work permit obtained from Turkish authorities and allowing him to work in Turkey pursuant to Statute 4817.
- Not have been deprived of his civil rights.
- Be at least nineteen years of age at the time he sits for the entrance examination.
- Never have been convicted of any of the offenses specified in the Bank's Human Resources Regulations.
- Not to be prohibited from working in a bank under the Banking Law.
- Have no compulsory military service obligations or else be entitled to a deferment of them at the time he sits for the entrance examination.
- With the exception of those who are hired to bring the Bank into compliance with the provisions of the Labor Law concerning the employment of handicapped persons, be healthy enough to perform the job and be able to prove by means of an official health agency report that he suffers from no physical or mental illness and from no physical impairment that would prevent him from being able to work on a continued basis anywhere in the country.

Job Applications

Position vacancies at the Bank are announced in newspapers and magazines and via internet human resources websites and the Halkbank website. These announcements contain specific information about the examinations that will be held for the positions. Those who pass such examinations may also be interviewed when necessary to determine whether or not they possess the knowledge and experience required by the job position.

Promotion

The position titles based on levels of authority in descending order at Halkbank are: Managing Director, Director, Manager, Authorized Person, Assistant and Support. Each title in principle is subordinate to a single authorization group and it is a basic requirement that a person be employed in the authorization group of the title he holds. In order for an employee to be promoted from his current position to another in a higher authorization group or to a higher position in his current authorization group:

- There must be a vacancy to be filled in normal staffing.
- He must satisfy at least the minimum length of service requirement for the job/position he currently holds.
- He must have received at least a "good" performance evaluation during the minimum length of service requirement for the job/position he currently holds.
- He must have successfully passed the progression examination.
- He must possess the competencies for the job to which he is to be assigned.
- He must have successfully completed the training (courses and/or seminars) that he takes part in for the job to which he is to be assigned.

Türkiye Halk Bankası A.Ş. Companies from which Support Services are Procured

Services procured within the scope of the "Regulation concerning the Outsourcing of Support Services by Banks and the Authorization of Organizations Providing Such Services" and companies from which these services are supplied are presented below:

- Support service for the Bank's SWIFT system infrastructure and software writing from Eastern Networks A.Ş.
- Support service from IBM for Disaster Recovery Center
- Support maintenance service from Aksis Bilgisayar Hizmetleri A.Ş. for licensed systems
- Security product and housekeeping service for Disaster Recovery Center and identity management program writing and maintenance services from Koç Sistem A.Ş.
- Software and support service from SAS company
- Software service from VeriPark for Internet and Telephone Banking projects
- Cheque book printing service from Güzel Sanatlar Çek Basım Ltd. Şti.
- Employment service from KRM Yönetim Danışmanlık A.Ş. for personnel members to be assigned to the call center
- Software maintenance and constant application support service for human resources from Bilin Yazılım ve Bilişim Danışmanlığı Ltd. Şti.
- Support service from Avukatpro Yazılım Donanım Paz. San. ve Tic. Ltd. Şti. for procedures concerning lawsuits or proceedings handled by attorneys-at-law authorized by the Bank or involving other personnel
- Operational service from Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş. for card-based payment systems and alternative distribution channels
- Procurement of the Virtual POS system necessary for carrying out online sales from member merchants from Elektronik Sanal Ticaret Bilişim Hizmetleri A.Ş.
- Procurement of software service from Banksoft Bilişim Bilgisayar Hizmetleri Ltd. Şti. for credit and debit cards information systems.

Türkiye Halk Bankası A.Ş. Statutory Auditors' Report

In the period from 1 January 2008 until 31 December 2008, statutory auditors took part in the Board of Directors meetings; examined the Bank's activities, Board of Directors resolutions, and the documents on which those resolutions were based within the framework of relevant laws, regulations, and administrative provisions, and they ascertained the matters set forth below.

Overview

During 2008, the Bank opened 36 branches in total: 27 branches and 9 satellite branches. The asset sizes of these branches in the reporting period totaled TRY 424,479 thousand, and 21 of them closed the operating period posting profit. The Bank hired 2,003 new employees in total under various titles, who have completed their trainings and actually started working.

The banking sector spent 2008 under the influence of two major events, one of which had domestic and the other international roots. The Turkish banking sector along with the real economy was impacted by the AKP closure case initiated by the Republic of Turkey Supreme Court Chief Prosecutor's Office in March 2008 and concluded by the Constitutional Court ruling in July 2008, and the global crisis that started with the subprime mortgage loans in the USA in early 2008 and continued with banks that went out of business in October 2008.

The said events started to have influence on the banks particularly from October 2008 onwards. In this period, costs of funding increased, while returns on securities declined and returns on lending displayed a risky outlook.

FINANCIAL STANDING

On the basis of our examination of the Bank's financial statements for 2007 and 2008, we have ascertained the following:

a) At year-end 2007 the Bank's total assets were worth TRY 40,234,454 thousand which increased by 27% and reached TRY 51,095,895 thousand in value as of end of 2008, thus making Halkbank the 7th biggest bank in the sector with a market share of 7%.

b) Total credit placements (including accruals), which stood at TRY 18,107,189 thousand at end-2007, reached TRY 25,622,728 thousand as of end-2008; with the 41.51% increase-year on year, the Bank highly outperformed the overall sector average growth of 29.06% in lending. Thus, the Bank's market share in loans rose from 6.15% to 6.71%.

The ratio of total loans to total assets, which is an indicator of asset quality, materialized as 50.60% at year-end 2008, and the Bank sustained a big appetite for lending also in 2008. Similarly, the ratio of loans to deposits augmented by 5.40 points and went up to 64.20%.

c) Total gross non-performing loans, which amounted to TRY 1,032,742 thousand at end-2007, increased to TRY 1,251,362 thousand as of 2008 year-end, while the amount of special provisions rose from TRY 1,018,853 thousand to TRY 1,037,849 thousand. As of end of 2008, net amount of non-performing loans was TRY 213,513 thousand. Therefore, in 2008 total gross non-performing loans were up 21.17% year-on-year, while the 31.59% ratio of the overall sector was well above that of the Bank.

While NPL provision costs were worth TRY 243,122 thousand in 2008, total NPL collections amounted to TRY 299,413 thousand: TRY 87,559 thousand in interests and TRY 211,854 thousand in cancellation of special provisions. Although gross NPL amount increased, effective and active methods were employed for their recovery, and the NPL ratio which was 5.4% in 2007, dropped to 4.7% in 2008, in keeping with the increased lending volume.

Given the fact that companies will have difficulties in fulfilling their liabilities due to the effect of the global crisis, non-performing loans in total loans under assets will grow to some extent in 2009; taking this into consideration, non-performing loans need to be monitored closely and the repayment abilities of customers must be more efficiently analyzed in loan restructuring programs and granting of additional lifeline support loans.

Türkiye Halk Bankası A.Ş. Statutory Auditors' Report

d) A review of the upward trend in transaction volumes in an environment of increased uncertainty and shrunk economic activity reveals that companies engaged in real sector having high amounts of debts particularly in foreign currency display rather negative portraits, and it is understood that they will have difficulties in repaying their debts; therefore, as the current period is characterized by increased loan demand by high-risk companies, operation of lending mechanisms more healthily and exercising greater sensitivity in scoring will enhance the Bank's asset quality, while this approach will bear importance also with respect to the capital and shareholders,

e) TRY 15,937,823 thousand in 2007, total securities including accruals went up by 14.53% in 2008 to TRY 18,254,364 thousand, and in the same time interval, the securities in the overall sector grew 18.20%. The Bank's market share in securities declined from 9.22% to 9.03% in 2008, and the stock of special-issue government bonds, which are given against duty losses, declined to TRY 5,876,512 thousand at the end of 2008 as a result of principal redemptions.. The Treasury continued with regular debt service (principal and interest).

The sharp slumps in the stock exchange prices of FX securities in particular because of the global crisis that increased its depth in October 2008 led the stock exchange values of available-for-sale securities to decline behind their cost values, which accelerated the negative balance in the securities value increase funds followed-up under the shareholders' equity accounts as per the accounting technique. In an effort to eliminate this negativity that impacted all the banks in the sector, securities with an approximate worth of TRY 9 billion were reclassified into Held-to-Maturity securities from Available-for-Sale securities, and thus, the negative impact arising from valuation upon shareholders' equity was eliminated, based on the provisions of the Turkish Accounting Standards Board communiqué dated 31 October 2008 and no. 105.

f) As of year-end 2008, Turkey's total exports were worth nearly USD 131,716 million, whereas imports were worth about USD 201,447 million. At USD 2,734 million, the Bank's export figure maintained its level in 2007, while the import figure rose by 104% from USD 3,652 million to USD 7,465 million.

Although the Bank made significant progress in its foreign trade volume by way of imports, communication must be furthered with companies having exports capacity, and instruments supporting exports must be increased.

g) As of end of 2008, total deposits (including rediscounting costs) rose to TRY 40,271,114 thousand, up 30.58% year-on compared with the year-end 2007 figure of TRY 30,840,011 thousand. The growth rate achieved by the overall sector was lower than that of the Bank with 26.92% and the Bank's market share in 2008 went up to 8.84% from 8.62%.

The share of demand deposits in total deposits remained flat at 10%. Although there was some improvement in demand deposits volume, the ratio of demand deposits lagged behind the sector average. Banks give special importance to demand deposits because their interest cost is virtually nil, which has the effect of reducing overall costs. For this reason, we are of the opinion that the share of such deposits in the Bank's total should be increased.

h) The Bank continues money and interest rates swap contracts to reduce the liability-side "Cost of funding" and to obtain the long-term resources that it needs. In 2008, the Bank increased the share of its non-deposit funds excluding shareholders' equity to total liabilities from 12.45% to 12.79%. During the reporting period, the Bank made two important agreements in procuring non-deposit funds. The Bank obtained funds in the amount of EUR 80 million from the French Development Agency in February 2008, and for USD 200 million from the World Bank in December 2008, which were then extended as loans to SMEs.

i) Pursuant to the provisions of the "Regulation on the Measurement and Assessment of the Liquidity Adequacy of Banks" enforced by the BRSA on 01 January 2006, total liquidity adequacy ratio which must be 100% minimum as of 31 December 2008 and second maturity tranche materialized as 193.99%, whereas the FX liquidity adequacy ratio that must be 80% was realized as 192.54% and the stock value liquidity ratio that must be minimum 7% was 7.22%. Therefore, the Bank has no problem with respect to liquidity and legally imposed liquidity ratios.

j) The ratio of non-interest income to non-interest expenses dropped to 55.90% in 2008, which was 69.2% in 2007. The decline stemmed from increased NPL provisions due to non-performing loans.

Türkiye Halk Bankası A.Ş. Statutory Auditors' Report

k) The Bank's cost/income ratio increased by 3,93 points from 33.66% in 2007 to 37.59% in 2008. The relevant figures for the sector that were 42.51% in 2007 and 45.45% in 2008 reveal that the Bank performed a more effective cost management than the sector.

l) TRY 1,131,039 thousand at year-end 2007, the Bank's net profit for the period shrank 9.97% as of end of 2008 and materialized as TRY 1,018,315 thousand. The primary reasons behind the decline in the net profit were maturity risk and the interest risk in conjunction therewith. The Bank suffered from maturity mismatches between loans and deposits, as did the overall sector. Deposits are repriced at very short time intervals and the cost effect is reflected immediately on the balance sheet, while loans are priced at longer time intervals, and its income impact on the balance sheet is delayed.

Due to reduced returns on securities and increased credit risk in spite of growing costs of deposits in the last quarter, the amount of provisions went up and had a negative effect on profitability. The Bank's shareholders' equity in 2008 was worth TRY 4,288,827 thousand and thus maintained its level in 2007. In 2008, the Bank's ROE slimmed down by 2.06 points year-on and materialized as 23.74%.

m) While the Bank's capital adequacy ratio was 20.03% at end-2007, the ratio stood at 14.49% at end-2008. As the amount exposed to credit risk increased significantly, the shareholders' equity structure did not display a parallel performance due to the high amount of dividend payout, and this, consequently, played a big part in the reduced capital adequacy ratio.

Although capital adequacy ratio arrived at the sectoral averages, we are of the opinion that it is important for the Bank to review its cash dividend payout policy in parallel with the growth policies in the future, or make use of alternative developments that will strengthen its shareholders' equity.

In conclusion, within the framework of this statutory auditors' report, which we have prepared pursuant to article 354 of the Turkish Commercial Code, we recommend that the Bank's balance sheet, profit/loss statement, and other financial statements in conjunction therewith for fiscal year 2008 be approved and that the Board of Directors be acquitted of its fiduciary duties with respect to the Bank's activities in 2008.

Ankara, 09 March 2009

Yours sincerely,



Şeref EFE
Statutory Auditor



Yusuf DAĞCAN
Statutory Auditor

Türkiye Halk Bankası A.Ş.

Corporate Governance Principles Compliance Report

1. Statement of compliance with corporate governance principles

Our Bank has been abiding by the principles set forth in the "Corporate Governance Principles" published by the Capital Markets Board (CMB) since the Bank's public offering that was undertaken in May 2007.

After that public offering, the Bank's "Corporate Governance Principles Committee Regulations" that had previously been prepared pursuant to the "Regulations concerning Banks' Corporate Governance Principles" published by the Banking Regulation and Supervision Agency were brought into compliance with CMB provisions and they went into effect after having been approved by the Bank's Board of Directors (resolution 49-07 dated 12 December 2007). In keeping with this, revisions were made to the rules governing the Members of the Corporate Governance Committee and their duties. Article 3 of the Regulation concerning the "Formation of the Corporate Governance Committee" has been revised by the Board of Directors decision dated 12 August 2008 and numbered 33-09. The updated Regulation has been posted and publicly disclosed on the corporate website.

During the reporting period, work was commenced to draw up the "Social Responsibility Policy", "Public Relations Policy" and the "Company Policy on Relations with Stakeholders".

Halkbank complied with and implemented the corporate governance principles parallel to the explanations provided hereinbelow in the reporting period ended on 31 December 2008.

PART I: SHAREHOLDERS

2. Shareholder Relations Unit

As of 10 May 2007, 24.98% of our Bank's shares began trading on the İstanbul Stock Exchange (ISE). Since that date, our Bank has been conducting its activities in compliance with the principles set forth in the "Corporate Governance Principles" published by the CMB. Under this heading, our Bank's Shareholder Relations Unit is under the direction of two separate offices that report to the General Manager. After the Bank's public offering, it was decided to set up a new structure for the purpose of establishing corporate-based long-term relationships with domestic and international investors who invest in the Bank's shares and so an "Office of Financial Institutions and Investor Relations" was formed. The other unit that conducts relations with shareholders is the "Shares and Shareholders Unit", which is responsible to the Financial Accounting and Reporting Office. Neither of these offices is directly subject to the Corporate Governance Committee chairman however both of them keep that Committee fully informed about all their activities. Shareholder relations at our Bank are managed within the framework of an extremely effective structure.

Financial Accounting and Reporting Office: Shares and Shareholders Unit

Name	Position	E-mail address	Telephone
Yusuf Duran OCAK	Head of Department	YusufDuran.OCAK@halkbank.com.tr	(312) 289 30 01
Şebnem ÜLGİN	Division Manager	Sebnem.ULGIN@halkbank.com.tr	(312) 289 30 04
Züleyha YURTTAŞ	Authorized Officer	Zuleyha.YURTTAS@halkbank.com.tr	(312) 289 30 33
Zafer ERDEM	Assistant Specialist	Zafer.ERDEM@halkbank.com.tr	(312) 289 30 21

The principal duties of the Department are as follows:

- Engage in activities to enable shareholders to exercise their rights and conduct relations between the Board of Directors and shareholders.
- Maintain records concerning shareholders and keep them up to date.
- Respond to written requests received from shareholders.
- Carry out the Bank's share capital increase procedures.
- Fulfill the requirements of laws and regulations pertaining to Bank General Meetings.

Office of Financial Institutions and Investor Relations

Name	Position	E-mail address	Telephone
Mehmet Hakan ATILLA	Head of Department	Hakan.ATILLA@halkbank.com.tr	(212) 370 82 51
Lena ÇİTELİ	Division Manager	Lena.CITELI@halkbank.com.tr	(212) 370 82 61
Hale ALTUNBILEK	Assistant Specialist	Hale.ALTUNBILEK@halkbank.com.tr	(212) 370 82 65
Aysegül KOCAMAN	Assistant Specialist	Aysegul.KOCAMAN@halkbank.com.tr	(212) 370 82 66

Türkiye Halk Bankası A.Ş. Corporate Governance Principles Compliance Report

This office's principal duties are the following:

- Organize meetings with local and international investors and analysts so as to contribute to positive assessments about the Bank,
- Keep the information in the Turkish and English sections of the Investor Relations section of the Bank's website up to date as required in consultation with the units concerned; publish announcements concerning bank-related developments.
- Provide investors and analysts with information about the Bank's financial structure on a quarterly basis; prepare presentations and documentation about the Bank's financial structure and have it published on the Bank's website.
- Monitor and inform senior management about developments in the banking sector and about competitor banks' performance.
- Maintain a close watch on and keep senior management informed about the performance of the Bank's shares.
- Keep abreast of news about the banking sector, global markets, economic developments, competitor banks, and our own bank that appears in the media on a day-to-day basis.
- Respond to questions received from investors and analysts and maintain files of all correspondence with them.
- Organize teleconferences and one-on-one meetings with investors and analysts.
- Take part in domestic and international roadshows concerning the Bank.

3. Shareholders' exercise of their right to obtain information

To ensure that shareholders are able to effectively exercise their right to be kept informed, any changes that might have an impact on the Bank's financial and administrative structures are publicly announced on the Bank's website and through the ISE. Every investor may have access to such information in the "Companies" section of the ISE website. In addition, requests for information that our units receive via telephone, in writing, or by e-mail are responded to as quickly as possible.

During 2008, the Shares and Shareholders Unit responded to approximately 125 requests for information which were received in writing and/or the Bank's "Halkdialog" service or by e-mail. In average, 8 to 10 shareholders are provided with information on the phone every day. Furthermore, nearly 3,000 shareholders were sent informative notes on their shareholding status during the reporting period.

During 2008, the Investor Relations Unit carried out 10 international roadshows, 5 domestic and international one-on-one meetings in which there was international participation, 6 wide-area teleconferences, and 107 one-on-one meetings. Contacts were made with a total of 662 investors and analysts, 210 of them during international roadshows, 84 during one-on-one meetings, 172 at the Bank's headquarters, and 116 by means of teleconferences and 80 by email and telephone, during all of which 7,515 questions were responded to. The questions that were asked were concerned mainly with the Bank's financial structure, its profitability/productivity standing, its position in the sector, public offering, secondary public offering or block sales, growth strategies, administrative structure, expectations concerning the future, and the country's economic structure.

A request to have a special auditor appointed is not an individual right provided for under the Bank's articles of incorporation. No request for the appointment of a special auditor has ever been received.

4. Information about General Meetings

The Ordinary General Meeting was convened on 08 April 2008 during the reporting period with a meeting quorum of 75.48%. Announcements concerning the meeting were published in Turkish Trade Registry Gazette, in two national newspapers, and on the websites of the ISE, the Central Registry Agency (CRA), and the Bank. Meeting-related announcements were made in accordance with provisions stipulated by law and in the Bank's articles of incorporation. The Bank's annual report is made available for the information and perusal of the Bank shareholders prior to general meetings. At General meetings, shareholders exercised their right to ask questions and these questions were answered by bank officers. The Bank's articles of incorporation contain no provisions requiring that decisions concerning such matters as acquiring, selling, or leasing assets be taken at a general meeting. Under article 5/2 of the articles of incorporation, this authority is vested in the Board of Directors.

Article 15/2 of the articles of incorporation allows votes at General Meetings to be cast through a proxy. Capital Markets Board regulations concerning this matter are complied with.

Türkiye Halk Bankası A.Ş. Corporate Governance Principles Compliance Report

The minutes of General Meetings are published on the Bank's website and are also made available for the information of shareholders by the Shares and Shareholders Unit. The minutes of the Ordinary General Meeting that was held on 08 April 2008 of the Bank, which has become a publicly traded company, are published on the ISE's website as well as on the Bank's own.

5. Voting rights and minority rights

None of Halkbank's shares incorporate special voting rights. There are no companies in which there are reciprocal shareholding interests that have the right to cast votes at general meetings. Minority shareholding interests are not represented in the Bank's management. The company's articles of incorporation contain no provisions governing the cumulative voting method.

6. Dividend payment policy and timing

The principles and procedures concerning the payment of dividends are specified in article 27 of the articles of incorporation. In the previous years, the Bank paid out the amount that remained after setting aside legal reserves out of the distributable profit to the shareholders as dividends. Bank dividend payment policies are determined by the Board of Directors after which they are submitted to the General Meeting for its approval. Dividends are paid within the legally prescribed periods of time. Dividend payments were made to the Bank's shareholders in line with the decision adopted at the Ordinary General Meeting convened on 08 April 2008. Dividend payment policies in the future will be determined in view of the shareholders' structure and the changes in the conjuncture.

7. Transferring shares

The company's articles of incorporation contain no provisions restricting the transfer of shareholding interests.

PART II: PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company disclosure policy

The Bank's public disclosure policy has been formulated within the framework of corporate governance principles. It was approved by Board of Directors resolution 49-06 on 12 December 2007 and is published on the Bank's website.

The Disclosure Policy was amended by the Board of Directors resolution dated 12 August 2008 and numbered 33-10, and the updated Disclosure Policy has been posted and publicly disclosed on the Bank's website.

Public disclosures made by the Bank are of the utmost importance insofar as they may affect investors' decision making processes and for that reason it is an essential Halkbank rule that all information that is conveyed must be current, transparent, impartial, and correct. In keeping with this policy, quarterly financial statements that have been checked by independent auditors are publicly announced at press conferences and are published in the "Investor Relations" section of the Bank's website.

9. Disclosure of material events

The Bank's shares began trading on ISE as of 10 May 2007. Since that date, the Bank has notified ISE immediately of any and all developments that might affect investors' decisions by means of material event disclosures. During 2008, the Bank made 55 material event disclosures in total and provided additional explanation for one of them.

10. The internet site and its content

The Bank's internet address is www.halkbank.com.tr. Contained on this website is all of the information stipulated in article 1.11.5 of section II of CMB's Corporate Governance Principles such as commercial registration information, articles of incorporation, material event disclosures, annual reports and interim reports, periodic financial statements and reports, general meeting agendas, general meeting attendance rosters, general meeting minutes, and proxy voter forms.

11. Disclosure of ultimate non-corporate controlling shareholders

There are no ultimate non-corporate shareholders in our Bank. Our Bank's shareholder structure is published in the annual report issued at the end of each business year and it also appears on the corporate website.

Türkiye Halk Bankası A.Ş. Corporate Governance Principles Compliance Report

12. Public disclosure of those who may have access to insider information

Halkbank's activities are conducted within the framework of a comprehensive organizational structure. In the fulfillment of their duties and responsibilities, the Bank's employees comply with the provisions of articles 73 and 159 of the Banking Law no. 5411 concerning confidential customer information and trade secrets.

PART III: STAKEHOLDERS

13. Keeping stakeholders informed

All information that might have any impact on the Bank's financial and administrative structures is published at the ISE and on the Bank's corporate website. Individual requests for information about the Bank are also responded to by means of one-on-one discussions, roadshows, teleconferences, and e-mail. All stakeholders have access to such information from the relevant sections of the ISE and Halkbank websites and by other communication means.

14. Stakeholder participation in management

The Bank has taken no action whatsoever on the matter of stakeholder participation in management.

15. Human resources policy

The identification and implementation of Halkbank Human Resources Policy are based on the fundamental principles set forth below.

- Carry out activities to achieve the Bank's objectives with an optimum number of employees.
- Select and assign personnel whose competencies are appropriate to the nature of the task.
- Give importance to and respect employees' individuality and be mindful of safeguarding their material and moral rights.
- Provide a working environment that is safe and appropriate to the nature of the work being done.
- Provide a working environment and opportunities to establish social relationships that will increase employees' eagerness and ability to work.
- Provide personnel with fair and equal opportunities to work, progress, and develop in line with their individual abilities.
- Establish and maintain a salary and compensation system which makes it possible to employ a workforce whose qualifications and numbers satisfy the demand of service and which will encourage personnel to work without any impairment in their interest or productivity.
- Provide opportunities for employees to increase their knowledge and experience and reward successful employees to the degree that means allow.
- Keep employees informed about matters of concern to them in a timely manner. Maintain open channels of communication so as to make it easy for employees to express their views and opinions to management.
- Ensure that employees perform their jobs with an awareness of costs and in keeping with the principles of productivity and profitability.
- Encourage employees to think creatively and to come up with new ideas to improve the work they do.
- For the purpose of preserving the Bank's corporate culture and identity, adhere to the principle of making appointments from within the Bank insofar as is possible, giving priority to filling vacancies from among existing personnel, and promoting employees on the basis of their skills, success, educational background, and length of service.
- Evaluate employees on the basis of criteria that are objective and equitable.

16. Relations with customers and suppliers

Our basic strategy is to deliver customer-focused, high-quality service. Our goal is to ensure customer satisfaction by achieving the sector's highest level of service quality and speed in all business processes. In the new performance process that has been created at our Bank, all existing customers' requests are responded on location. Within the framework of this approach, customers' needs are identified, different products are developed for different sectors, and customers' credit requests are addressed systematically. Bank personnel are being given marketing, sales, and technical training in order to increase the quality of our customer service.

Halkbank customers can obtain information about all banking products and services and perform their banking transactions 24 hours a day/seven days a week and also forward any views and complaints via the Bank's customer hotline as well as by means of all other channels.

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Customers may forward views and complaints to a customer representative via our 444 0 400 Dialog line, or in writing to our internet website at www.halkbank.com.tr or Customer Care Center (dialog@halkbank.com.tr, by fax on 0212-340-0999, or by post at PK 37 34388 Mecidiyeköy, İstanbul). All online notifications are responded to within 24 hours.

17. Social responsibility

Halkbank supports many social responsibility projects in order to offer social benefits while contributing to the national economy.

In keeping with its mission, the Bank has been organizing "Productive Turkey Meetings" since 2006 in various cities in Anatolia to get together with entrepreneur SMEs and to broaden the horizons for enterprises en route to growth. At these meetings, senior managers of the Bank hold one-on-one discussions with our customers and tell them about the Bank's loans. In addition, the SMEs are also informed on overall economy with the participation of economist columnists that take place in the concept of the meetings.

Under a second social responsibility project, Halkbank joined forces with the Ministry of National Education and became the main sponsor of the four-year literacy campaign named "Mothers and Daughters Together at School". In addition, SMEs are provided with free education opportunity via the SME e-certificate program under the cooperation with Anadolu University aiming to contribute to the education of SMEs and keeping them informed.

In 2008, the SME Transformation Project was launched with the objective of bringing the SMEs into line with the national and international legislation and practices in environmental and occupational health and safety. The project will last until 2011, and meetings will be held in a total of 15 cities across Turkey within this scope. Also, a company to be selected among the participant firms will be offered free-of-charge training and consultancy service for a period of 12 months with respect to the establishment of OHSAS 18001 Occupational Health and Safety Assessment Series or ISO 14001 Environmental Management System.

The esteemed collection of paintings that Halkbank has put together in order to contribute also towards the development of art and culture in our country is open to public view on special days. Furthermore, the Halkbank Sports Club, whose objective is to support sports in our country, had another successful year in 2008.

PART IV: THE BOARD OF DIRECTORS

18. Structure and formation of the Board of Directors; non-executive directors

Name	Position	Began	Ended	Committee assignment
Hasan CEBECİ	Chairman	28 March 2003*	Present	Corporate Governance Committee
Hasan SEZER	Vice Chairman	28 March 2003*	Present	Audit Committee
Hüseyin AYDIN	Board Member and General Manager	28 March 2003*	Present	Credit Committee, Assets and Liabilities Committee
Emin Süha ÇAYKÖYLÜ	Board Member	28 March 2003*	Present	Audit Committee, Corporate Governance Committee
Dr. Nurzahit KESKİN	Board Member	13 Apr 2005*	Present	Credit Committee
Burhaneddin TANYERİ	Board Member	15 Sep. 2005*	Present	Credit Committee
İbrahim Hakkı TUNCAY	Board Member	09 Apr 2008	Present	Corporate Governance Committee, Credit Committee (alternate member)
Ahmet YARIZ	Board Member (independent)	09 Apr 2008	Present	Credit Committee
Mustafa ÇELİK	Board Member	09 Apr 2008	Present	Credit Committee (alternate member)
Yusuf DAĞCAN	Statutory Auditor	28 March 2003*	Present	
Şeref EFE	Statutory Auditor	28 March 2003*	Present	

Türkiye Halk Bankası A.Ş. Corporate Governance Principles Compliance Report

* The dates on which the respective members were first elected were cited as the beginning dates; these individuals were re-elected at the General Meeting convened on 08 April 2008.

All of the members of the Bank's Board of Directors were elected to their seats at general meetings. There is no Executive Board at the Bank, nor are there any Managing Directors.

Board Member Ahmet YARIZ is an independent member. The Bank made a transition to the independent member practice within the frame of the CMB's Corporate Governance Principles. The number of the independent members elected does not conform to the minimum number set out in the CMB Corporate Governance Principles. However, the Bank progressively takes necessary action over time to achieve compliance with the CMB's Corporate Governance Principles, including those relating to independent members.

The members of the Board were elected to three-year terms of office that are still continuing. Members of the Board have all the authorities invested in them by the provisions of the relevant articles of the Turkish Commercial Code.

19. Qualifications of Board of Directors

All of the members of the Bank's Board of Directors satisfy at least the minimum qualifications required for election to a seat on the board as specified in the CMB's Corporate Governance Principles.

20. Mission, vision, and strategic goals of the company

Our Bank's Mission and Vision as well as its Primary Goals and Primary Strategies were adopted by the Board of Directors in resolution 41-04 dated 27 December 2006 and have been publicly disclosed with their publication on the Bank's corporate website.

21. Risk management and internal control mechanisms

Under articles 29, 30, 31, and 32 of the Banking Law (Statute 5411), banks are required to set up and operate an adequate and effective internal control, risk management, and internal audit system which will ensure that all the risks to which they are exposed are monitored and controlled, which is compatible with the scope and structure of their activities and is adaptable to changing conditions, and which encompasses all of their branches and their consolidated subsidiaries.

The Risk Management, Internal Control and Internal Audit units conduct their activities at the Bank in accordance with the provisions of the Law mentioned above and the Regulation on Banks' Internal Systems published in issue 26333 of the Official Gazette dated 01 November 2006 by the Banking Regulation and Supervision Agency.

Internal Systems units carry out their activities subject to the Audit Committee, which consists of non-executive directors. These units engage in activities to quantify potential risks and take measures against them.

Internal Control and Risk Management departments that are included under Internal Systems report to the Audit Committee via the Deputy General Manager for Internal Control and Risk Management, whereas the Board of Inspectors reports to the Audit Committee, which does not have any executive units that reports directly to it and which is set up to assist it in the performance of audit and supervision activities on behalf of the Board of Directors.

The Board of Inspectors examines and oversees the conduct of the Bank's activities in accordance with the Law and other applicable legislation, as well as the Bank's internal strategies, policies, principles and targets, and the operation, adequacy, and effectiveness of the Bank's internal control and risk management systems and it reports its findings to senior management through the Audit Committee.

22. Authorities and responsibilities of Board of Directors and executives

The duties and responsibilities of the members of the Bank's Board of Directors as a board are spelled out first of all in the Bank's articles of incorporation and secondarily in the "Management Organs Regulations" adopted by the Board of Directors under resolution 17-32 dated 9 June 2005. These regulations govern in detail the duties and authorities of the Bank's Board of Directors, Credit Committee, and general manager as well as their working principles. Although these regulations also contain provisions concerning the Audit Committee, that committee's activities are spelled out in detail in the "Regulations concerning the Working Principals and Procedures and the Duties and Authorities of the Audit Committee" adopted by the Board of Directors under resolution 34-01 dated 31 October 2006.

Türkiye Halk Bankası A.Ş. Corporate Governance Principles Compliance Report

The duties and responsibilities of bank managers are spelled out in specific regulations as are, particularly in the case of money-related issues, any authorities that may be delegated by the Board of Directors to the General Manager and such of those authorities that the general manager may in turn delegate to lower echelons.

23. Operating principles of the Board of Directors

The Board of Directors convenes upon a summons by the chairman, deputy chairman, or any member but it must meet at least once a month. The meeting agenda is prepared by the person summoning the meeting and it is sent out to the other members through the Board's Office Services together with the meeting notification.

Quorums for meeting and decision-making required for the board to convene, discuss the agenda and make a decision are presented below with respect to total number of board members.

Total Number of Board Members	Quorum for Meeting	Quorum for Decision-making
7	5	5
8	5	5
9	6	6

Board decisions are officially recorded by the Board's Office Services. All discussions, deliberations, presentations, etc taking place at board meetings are recorded and retained by the Board's Office Services.

Neither the Bank's articles of incorporation nor the Management Organs Regulations grant any member of the Board of Directors special voting rights or any form of veto.

24. Prohibition on doing business or competing with the company

The Bank's articles of incorporation contain no provisions concerning this matter.

25. Rules of ethics

The Bank's rules of ethics govern the principles and procedures with which all Halkbank employees must abide in the conduct of their work and the fulfillment of their duties. The purpose of these rules is to prevent any and all disputes and conflicts of interest that may arise between and among employees, customers, and the Bank. Attitudes and actions in violation of these rules are dealt with in light of the Bank's discipline regulations. Employees are expected to act in accordance with the rules of common sense and good intentions when dealing with any situation or circumstance not covered by the Bank's rules of ethics.

In keeping with the principles of business ethics, bank employees should:

- Act respectably, honorably, and honestly in all their business relations;
- In the fulfillment of their responsibilities, avoid any and all attitudes and actions that might impair the reputation of Halkbank;
- Have detailed knowledge about the requirements of laws, by-laws, regulations, and administrative provisions applicable to their duties and be bound by them;
- Refrain from divulging any information that is not publicly disclosed to anyone other than those who are supposed to have knowledge of it;
- On a day-to-day basis, keep abreast of and examine orders, regulations, procedures, and instructions pertaining to the governance of working conditions and the maintenance of discipline and act in accordance with the same;
- Before taking any individual action concerning a known or suspected violation of any rule, notify their immediate superior or the Human Resources Department about the matter;
- Never express any political, social, or religious views in the workplace;
- Be unaffected and appropriate in their personal appearance as befits a business environment and absolutely refrain from wearing any garments which are so informal or modish as to be incompatible with the Bank's institutional gravity or which impart any religious meaning or social view;
- While at the Bank, refrain from any behavior that is contrary to the equality of the sexes, is disrespectful, or violates general morals and elsewhere refrain from any behavior that is not in keeping with generally accepted morals.

Türkiye Halk Bankası A.Ş. Corporate Governance Principles Compliance Report

A set of "Ethical Principles" has been appended to the Bank's Human Resources Regulation. These principles are the fundamental guides dealing with conflicts of interest, the rules governing the flow of information, relations with customers, and human resources issues. Detailed explanations concerning these matters are provided under each of these main headings.

Ethical Principles have been posted and publicly disclosed on the Bank's website.

26. Number, structure, and independence of committees established by the Board of Directors

A Credit Committee, Audit Committee, and Corporate Governance Committee consisting of members of the Board of Directors have been set up at the Bank. In addition to these committees, there are also a number of boards, committees, and commissions whose members are not directors and which generally have executive and/or guidance functions.

As required by the Banking Regulation and Supervision Agency's "Regulation on Loan Transactions of Banks", our Bank's Credit Committee consists of three Board Members and the General Manager. The General Manager is named as the Chairman of the Credit Committee in view of the provision of the Regulation which stipulates "The committee's agenda shall be determined by the General Manager or, in his absence, by his deputy, and announced to the other members."

The Bank's Audit Committee consists of two Members of the Board of Directors. Neither of these Members has executive duties.

The Bank's Corporate Governance Committee consists of three Members of the Board of Directors, the Deputy General Manager for Human Resources – Organization and Support Services, Deputy General Manager for Financial Management and Planning, the Deputy General Manager for Treasury Management and International Banking, and the head of the Human Resources Department. The Chairman of the Board of Directors is the Head of the Corporate Governance Committee. None of the three Board Members serving on the Committee has executive duties.

Although none of the three Board Members serving on the Committee has executive duties, they serve in several committees.

27. Financial benefits provided to the Board of Directors

A monthly salary is paid to members of the Board of Directors pursuant to article 21 of the Bank's articles of incorporation. The monthly salary is determined by the General Assembly of Shareholders.

Financial Information and Assessment on Risk Management

Türkiye Halk Bankası A.Ş.

The Audit Committee's Assessment of the Functioning of the Internal Control, Internal Audit and Risk Management Systems, and the Committee's Activities in 2008

BOARD OF INSPECTORS

In line with the BRSA Regulation on Bank's Internal Systems, the Board of Inspectors at Halkbank reports directly to the Board of Directors. Consisting of a total of 168 inspectors and assistant inspectors, the Board of Inspectors fulfills its auditing functions via the Audit Committee examining and inspecting all the activities of the Bank.

In inspection activities, three complementary methods and paths are pursued within the frame of risk-focused approach to audit: onsite inspection, centralized inspection and information technology (IT) inspection.

75% of the Board's inspectors engage in onsite inspections while 15% of them perform centralized inspections, 5% IT inspections, and the remaining 5% other duties.

In line with the BRSA regulations, the Bank changed over to a risk-focused approach to inspection in addition to onsite inspections. As a result of centralized inspections, directly result-oriented inspections were conducted owing to:

- simultaneous control of risky transactions,
- identification of possible irregularities at an earlier stage and before the loss amount grows,
- standardization of inspection,
- enhanced quality and effectiveness of onsite inspections,
- shortened inspection durations,
- concentrating on high risk transactions.

Process-based IT inspections are carried out on 223 control points in line with the BRSA Communiqué on the Principles of Information System Management in Banks, Regulation on Internal Systems, and COBIT standards.

As a result of the efforts of onsite inspection, centralized inspection and IT inspection teams, the Bank's risk map has been drawn up and risk groupings of branches, units, basic banking functions, and transactions have been determined.

Pursuant to Article 27 of the BRSA's Regulation on Banks' Internal Systems, Internal Audit Plans are produced in 6-month periods and on an annual basis consisting of Summer and Winter Inspection programs, and are approved and enforced by the Board of Directors. All of the Bank's units are inspected each year in line with the risk-focused approach to inspection as defined in Article 26 of the said Regulation.

INTERNAL CONTROL

The Internal Control Unit at Halkbank is responsible for overseeing the protection of the Bank's assets, on the effective and productive conduct of its business, and on the compliance of all bank activities with the requirements of the Law, other applicable legislation, the Bank's internal policies and rules, as well as with customary banking practices; and for undertaking concurrent, impartial and objective reporting to the monitoring, assessment and management levels via financial, operational and other control functions to achieve reliability and timely availability of data in the accounting and financial reporting system within the frame of professional standards and work ethic rules and based on a proactive and preventive approach and through financial, operational and other control points. This unit reports to the Audit Committee and its activities are governed by the Banking Law and the "Regulation concerning Banks' Internal Systems" published by the Banking Regulation and Supervision Agency (BRSA).

Within the framework of risk-focused approach to auditing, durations and nature of work differ in branches that present rapid increases in their lending, deposits and NPL, and in branches whose businesses are more heavily constituted by loans, deposits and NPL, as well as also in those with high risk scores due to a high concentration of operational errors as established by the controls carried out from the headquarters and statistical analyses.

An effective internal audit infrastructure was created by backing the risk-focused controls performed on headquarters units, branches and bank subsidiaries with reports produced by the central system's data base and cross-checks. Operational risks identified during such controls and the results of their risk measurement are quantified to determine the risk levels of individual branches. In addition, business processes are analyzed and opinions and suggestions to increase operational productivity and effectiveness are communicated to the units concerned.

Türkiye Halk Bankası A.Ş.

The Audit Committee's Assessment of the Functioning of the Internal Control, Internal Audit and Risk Management Systems, and the Committee's Activities in 2008

Pursuant to the provisions contained in the "Regulation on Banks' Internal Systems", compliance checks are performed to control the compliance of all the activities that are or will be carried out by the Bank, as well as of its new transactions and products, with the Law and other applicable legislation, the Bank's internal policies and rules and customary banking practices. Under this heading, legislation is being reviewed; related laws, decrees, regulations, communiqués and other arrangements are followed up; business processes are reviewed and it is controlled whether the Bank's practices are in compliance with the said. Related units are informed on the modifications or revisions that occur in legislation and practices, and warned about irregularities identified.

For quantification of operational risks, Risk Warning reports are transferred to the data base by using a numeric code depending on the type of error or irregularity. Also a risk rating is assigned depending on the severity of error. These quantitative data are evaluated periodically and branch and subject-based risk measurements and assessments are performed.

Centralized auditing is ongoing directed towards reducing the duration of onsite audits and increasing the effectiveness of controls carried out during this process, as well as towards the controlling of operational risks centrally. Data obtained from the centralized data base system is analyzed and transactions that might engender risks according to specified criteria are reported. The results of these reports are analyzed centrally or on location as need be.

Preliminary examinations are carried out in response to requests made by the Bank's senior management, members of the Board of Directors, the Board of Inspectors, headquarters units, and regional coordinators on various matters as well as on issues identified as needing special attention by Internal Control personnel in the course of their activities and the findings are reported. Information and documents pertaining to the issues being examined are evaluated in detail and matters requiring a formal inspection are referred to the Board of Inspectors while those that can be resolved by means of administrative action are referred to the appropriate headquarters unit.

In addition, transactions identified by Internal Control personnel during their centralized or onsite controls as being so flawed as to give rise to culpability are referred to the Board of Inspectors for determination of necessary administrative, financial, and/or punitive action. The Board of Inspectors also audits the effectiveness of Internal Control activities.

Effective control and monitoring are taken on in relation to the risks identified in control and audit reports and the outcomes thereof, and the results are assessed with a view to eliminate the hitches in lending practices and business processes and to mitigate operational risks.

RISK MANAGEMENT

The Risk Management Department reports to the Audit Committee in the conduct of its activities, in accordance with the provisions of the Regulation on Banks' Internal Systems published by the Banking Regulation and Supervision Agency in the Official Gazette issue 26333 dated 01 November 2006.

In this framework, the Bank's loan portfolio is monitored on the basis of maturity, type of currency, sectors, regions, collateralization structure and the rating groups in which the loan portfolio is concentrated, and the developments relating to loans with past due maturity dates and installment dates are followed up.

Stress tests and scenario analyses are employed to periodically measure the resilience of the Bank against financial shocks.

Expected and unexpected losses are computed for calculating economic capital need directed towards the credit risk. Periodic activities are undertaken to validate the rating scores used in the lending process.

Quantitative impact studies were carried out to see the impact of the Standard Method, from amongst the measurement methodologies to be applied in the Basel II process, upon the amount of capital that the Bank is required to have against the risks it has taken.

Türkiye Halk Bankası A.Ş.

The Audit Committee's Assessment of the Functioning of the Internal Control, Internal Audit and Risk Management Systems, and the Committee's Activities in 2008

Liquidity risk analyses were employed in determining the Bank's pricing policies and the maturity structures of asset and liability items, and it was ensured that analyses for establishing the Bank's core deposits are taken into consideration in determining liquidity.

Structural Interest Rate Risk analyses were conducted to measure the interest rate risk in banking computations, and the effect that would be created by possible interest rate changes on the Bank's economic value was analyzed.

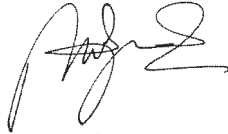
Value at Risk (VaR) calculations were performed using the parametric method and historic simulation technique, and work has been ongoing on models relating to forecasting the macroeconomic risk factors that the Bank might be exposed to.

The amount forming the basis of operational risk was calculated taking into account the year-end gross earning figures for 2005, 2006 and 2007 in accordance with the Foundation Methodology mentioned in Article 15 of the Regulation on the Measurement and Assessment of Banks' Capital Adequacy published by the BRSA in the Official Gazette issue 26333 dated 01 November 2006 and the data entered into the "Operational Risk Loss Data Base" were monitored and reported on the basis of units and branches.

Based on the assessments of the Audit Committee in 2008, it has been ascertained that the Bank's shareholders' equity is adequate for safe conduct of its business; the default rates in relation to loans float at reasonable levels; the breakdown of the loan portfolio on the basis of rating groups and credit lines created reveals that no negativities in an extent that would impact the Bank's activities would result in the operation of loans; the liquidity adequacy ratios are above the minimum levels required by the BRSA under the Regulation concerning the Measurement and Assessment of Banks' Liquidity Adequacy, and operational losses that occur at the Bank remain within the intervals set out in the "Operational Risk Management Policies and Implementation Principles".



Emin Süha ÇAYKÖYLÜ
Audit Committee Member



Hasan SEZER
Audit Committee Chairman

Türkiye Halk Bankası A.Ş. Financial Standing, Profitability, and Solvency

ASSETS STRUCTURE

As a result of its activities in 2008, the Bank's total assets increased 27% and reached TRY 51,096 million.

The Bank's principal placements consist of investment securities portfolio amounting TRY 18,334 million with 35.9% share, loans amounting TRY 25,836 million with 50.6% share, liquid assets amounting TRY 5,129 million with 10% share and other placements with 3.5% share.

The most important year-to-year net increases as of end of 2008 took place in Held-to-Maturity securities (up TRY 8,821 million) and loans (up TRY 7,715 million). The most important decline among asset items was in the Available-for-Sale financial assets (down TRY 6,067 million).

In terms of their year-to-year comparisons, the share of loans in the Bank's balance sheet rose from 45% in 2007 to 50.6% in 2008, the share of Held-to-Maturity securities rose from 17.5% to 31% due to the transfer from Available-for-Sale financial assets to Held-to-Maturity securities within the frame of BRSA regulations in view of the current crisis environment, while the share of Available-for-Sale financial assets declined from 20.9% to 4.6%. In line with these changes, there was no deterioration in the Bank's liquidity ratios; there was improvement in the Bank's asset quality resulting from increasing volume of lending.

LIABILITIES STRUCTURE

A substantial 78.8% of the Bank's funds in the amount of TRY 40,271 million consist of deposit accounts, which is followed in turn by non-deposit resources (TRY 5,128 million, 10%), shareholders' equity (TRY 4,289 million, 8.4%), and miscellaneous (2.8%).

The most important year on year net increases as of end of 2008 took place in deposits (up TRY 9,430 million), money markets loans (up TRY 688 million), and borrowings (up TRY 585 million).

The breakdown of total deposits, the most important resource of the Bank, shows that savings deposits, up TRY 3,194 million, took 41.7% share in total deposits, governmental institutions' deposits had 3.6% share with an increase of TRY 131 million, and commercial institutions' deposits had 13.3%, with an increase of TRY 1,626 million, while other organizations' deposits had a share of 6%, down TRY 184 million.

The great majority (67.1%) of the Bank's deposits consists of Turkish lira accounts and 32.9% consist of foreign currency accounts. As of end of 2008, demand deposits made up only 10% of the total.

PROFITABILITY STRUCTURE

The Bank booked a net profit of TRY 1,018 million in 2008 operating period. The most important items contributing to the Bank's profits last year are indicated below:

The most important source of the Bank's income was the interest it received on its asset placements. Interest income in 2008 amounted to TRY 6,793 million, TRY 1,085 million more than in 2007, which corresponds to a year-on-year rise of 19%.

40.9% of the Bank's interest income was earned on investment securities and amounted to TRY 2,776 million, while 55.5% was interest on loans (TRY 3,773 million), and 3.1% was derived on banks (TRY 212 million).

The interest earned on the Bank's investment security portfolio decreased TRY 36 million year-on while the increase in interest income on loans amounted to TRY 1,123 million.

An examination of the Bank's interest expense shows that the biggest (92.9%) share, amounting to TRY 4,334 million, consisted of interest paid on deposits. The interest paid on the deposits that consists 78.8% of the Bank's resources was also the Bank's biggest expenditure item in 2008. Other interest expense combined amounted to TRY 333 million, bringing the total to TRY 4,667 million.

Türkiye Halk Bankası A.Ş. Financial Standing, Profitability, and Solvency

The Bank's net interest income in 2008 amounted to TRY 2,126 million at year-end.

Net commission income increased 25% in the year-end 2008 and reached TRY 370 million.

The Bank set aside provisions totaling TRY 436 million for its loans and other receivables related to its activities in 2008.

Having a significant share in the other operating expenses of TRY 1,002 million, personnel expenses amounted to TRY 507 million, up 13% year-on-year.

As a result of its activities in 2008, the Bank booked a pretax profit of TRY 1,266 million and a net profit of TRY 1,018 million after setting aside a tax provision in the amount of TRY 248 million. Despite the global economic crisis, shrinking interest margins and increasingly more competitive market conditions, the Bank nevertheless maintained its profitability.

SOLVENCY

Deposits, the Bank's most important resource, are also an effective instrument with which the Bank can service its short-term debt due to the breadth of the depositor base and to its robust structure. The element in which the Bank has the greatest confidence is its customer base. The Bank's core deposits make up 54% of the total, which contributes tremendously to the Bank's liquidity.

The Bank's 14.5% capital adequacy ratio is above the sectoral average. This sound capital structure gives the Bank an advantage when procuring resources and it also nourishes the growth in the Bank's funding and lending capabilities.

A market maker in Turkish government debt instruments, Halkbank's strong capitalization and financial structure give it a unique position in the sector in terms of its ability to tap credit markets and obtain funding.

With its experience of long years, Halkbank has gained a respected position not just in Turkey but in international markets as well. More than a thousand correspondent banks, international representatives, and a branch network with a truly national reach provide the Bank with the organizational strength it needs to secure the resources it requires.

In addition to the diversity of its existing and alternative sources of funding, Halkbank also continued its efforts to increase the quality of its assets in 2008.

As of year-end 2008, the Bank had no need of short-term borrowing except for repo and other deals that created advantageous interest spreads in line with its customers' requirements.

Türkiye Halk Bankası A.Ş. Risk Management Policies Adhered to According to Types of Risk

Halkbank's risk policies and implementation guidelines are formulated in accordance with the provisions of Article 36 of the "Regulation concerning Banks' Internal Systems" published in the Official Gazette issue 26333, dated 01 November 2006.

The objective of Halkbank's risk policies is to make sure that the Bank conducts its activities in line with its mission, goals, profitability and productivity principles, and to ensure utmost observation of the interests of depositors and the Bank's shareholders. Under the "Risk Management Policies and Implementation Procedures", the Board of Directors has determined the Bank's risk appetite to determine the maximum amount of risk that the Bank may take. Risk management policies adhered to at Halkbank are presented below on the basis of credit, market and operational risk components.

Credit Risk Policies

- In the frame of lending policies, limits are created in relation to lending, concentration and sectors for loans to be extended under the authority of the headquarters, regions and branches; the said limits are reviewed periodically.
- Risks that will arise from new products and services to be introduced are analyzed employing scenario analyses and stress tests.
- There are collateralization procedures according to rating groups for Entrepreneur Loans.
- Rating processes are subjected to validation at certain intervals.
- Whether the Bank's capital is adequate to cover potential risks is monitored, and expected/ unexpected losses are calculated for banking risks.
- Repayment performances and creditworthiness of the companies in the lending portfolio are closely monitored making use of early warning signals.
- Periodic scenario analyses and stress tests are prepared so as to evaluate the impact of unexpected market conditions on core business lines with a view to measuring the possible effects of the Basel II/CRD process and their results are monitored by the Senior Management and the Board of Directors.

Market Risk Policies

- Limits are applied for transactions that may be carried out in capital markets, foreign currency and money markets, including the stop-loss limits for capital markets position losses and for FX position losses in treasury transactions.
- Limits were developed for the Bank's open position. In addition, limits are applied to restrict the counterparty risk in transactions to be performed with correspondent banks.
- Limits are created on the Bank's liquidity and structural interest rate risk, which are constantly controlled.
- Loss that might result from the portfolio held-for-trading and FX position is measured employing the internal models and standard method for market risk. For VaR projections based on internal model, historical simulations are performed, thus also testing the success of the model.
- The impact that interest rate shocks have on the Bank's economic value and profitability is also analyzed and kept under control with the limits defined.
- Stress tests and scenario analyses are employed to measure the Bank's resilience against negative market conditions.
- The ratio of core deposits is established by determining the withdrawal ratios of time deposits opened with the Bank.

Operational Risk Policies

- Risk level analyses are conducted which are formed in view of the frequency and loss amounts of the Bank's operational losses on the basis of occurrences and lines of business, in the light of the data entered into the operational risk loss data base.
- Precautions that will prevent the occurrence of operational losses are established by taking into consideration the data entered into the operational risk loss data base.
- Necessary action is taken to prevent the occurrence of any loss that may be outside the tolerable limits in relation to possible losses that may occur against operational risks.

Türkiye Halk Bankası A.Ş. Credit Ratings and Notes

Fitch Ratings

Foreign Currency

Long Term	BB-
Short Term	B
Outlook	Stable

Local Currency

Long Term	BB
Short Term	B
Outlook	Stable

National

Long Term	AA+ (tur)
Individual	C/D
Support	3
Outlook	Stable

Türkiye Halk Bankası A.Ş. 5-Year Summarized Financial Highlights

ASSETS (TRY Million)	2004	2005	2006	2007	2008
Liquid Assets	2,044	2,038	3,630	4,683	5,129
Securities Portfolio	17,913	17,573	18,139	15,945	18,334
Loans	4,466	6,330	11,646	18,121	25,836
Subsidiaries and Affiliates	100	87	135	347	325
Fixed Assets	705	713	729	749	1061
Others	482	112	146	390	411
TOTAL ASSETS	25,711	26,854	34,425	40,234	51,096
LIABILITIES (TRY Million)					
Deposits	19,686	21,113	27,188	30,841	40,271
Money Markets	870	40	672	1,703	2,390
Borrowings	259	468	873	937	1,522
Funds	873	1,024	1,003	1,042	1,216
Others	920	909	910	1,328	1,408
Shareholders' Equity	3,103	3,299	3,780	4,383	4,289
Net Period Profit/Loss	611	554	863	1,131	1,018
TOTAL LIABILITIES	25,711	26,854	34,425	40,234	51,096

Including interest accruals

Deloitte.

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TÜRKİYE HALK BANKASI A.Ş.

INDEPENDENT AUDITORS' REPORT FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2008

To the Board of Directors of Türkiye Halk Bankası A.Ş.
Ankara

1. We have audited the accompanying balance sheet of Türkiye Halk Bankası A.Ş. as at December 31, 2008, and the related statements of income, cash flows, and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

2. Management's Responsibility for the Financial Statements:

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

3. Auditor's Responsibility:

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

4. Independent Auditors' Opinion:

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Türkiye Halk Bankası A.Ş. as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by Banking Regulation and Supervision Agency.

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

Istanbul, March 9, 2009



Sibel Türker
Partner

Additional paragraph for the English translation:

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

Türkiye Halk Bankası A.Ş.

The Unconsolidated Financial Report for the Year Ended December 31, 2008

1. The Bank's Headquarter Address:
Söğütözü Mahallesi 2. Cad. No: 63 Ankara/TURKEY
2. The Bank's Contact Phone and Facsimile:
Phone: +90 312 289 20 00
Facsimile: +90 312 289 30 48
3. The Bank's Website and E-mail Address:
Website: www.halkbank.com.tr

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

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

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

Ankara, March 9, 2009

Hasan Cebeci Chairman of the Board of Directors	Hasan Sezer Vice Chairman, Member of the Board of Directors, Chairman of the Audit Committee	Hüseyin Aydın Member of the Board of Directors, Chief Executive Officer	Emin Süha Çayköylü Member of the Board of Directors, Member of the Audit Committee	Osman Arslan Financial and Planning Vice Chief Executive Officer	Yusuf Duran Ocak Financial Accounting and Reporting Department Head
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For any questions regarding this financial report, contact details of the personnel in charge is given below:

Name/Title : Nevin Dindar/Manager
Tel No : +90312 289 30 15
Fax No : +90312 289 30 50

Türkiye Halk Bankası A.Ş.

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Türkiye Halk Bankası A.Ş.

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Türkiye Halk Bankası A.Ş.

Explanations and Notes to Financial Statements for the Period January 1–December 31, 2008

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

SECTION I: GENERAL INFORMATION ABOUT THE BANK

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

Türkiye Halk Bankası Anonim Şirketi (the "Bank") was established in Turkey in accordance with the law no: 2284 in 1933 and began its operations in 1938 and still continues its activities as a public commercial bank.

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

The capital of the Bank is controlled directly by the Republic of Turkey Prime Ministry Privatization Administration.

As of December 31, 2008 the shareholders' structure and their respective ownerships are summarized as follows:

Shareholders	31.12.2008		31.12.2007	
	TRY Thousand	%	TRY Thousand	%
Prime Ministry Privatization Administration (**)	937.276	74,98	937.276	74,98
Public Shares	312.250	24,98	312.250	24,98
Other Shareholders (*)	474	0,04	474	0,04
Total	1.250.000	100,00	1.250.000	100,00

(*) Other shareholders have portion less than 1,000 TRY.

(**) As per the decree of the Higher Council of Privatization numbered 2007/8 and dated February 5, 2007; 25% of the public shares that were previously held by the Privatization Administration were privatized by a public offering and the Bank's shares were registered to Capital Market Board records by decision number 23/471 dated April 27, 2007. The shares were traded on the İstanbul Stock Exchange as of May 10, 2007.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to Financial Statements for the Period January 1–December 31, 2008

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

III. EXPLANATIONS REGARDING THE BANK'S CHAIRMAN AND MEMBERS OF BOARD OF DIRECTORS, AUDIT COMMITTEE MEMBERS, CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE PRESIDENTS AND THEIR SHARES ATTRIBUTABLE TO THE BANK, IF ANY

Name	Title	Starting Date	Educational Background	Experience in Banking and Business Administration(Years)
Hasan CEBECİ	Chairman	13.04.2005	Ankara Eco. And Com. Science(ECS) Academy – Economy-& Finance	29
Hasan SEZER	Vice Chairman, Chairman of the Audit Committee	13.04.2005	Ankara ECSA – Banking, Foreign Trade and Exchange	25
Hüseyin AYDIN	Member of the Board of Directors, CEO	01.06.2005	Ankara ECS Academy – Economy&Finance	24
Emin Süha CAYKÖYLÜ	Member of the Board of Directors	13.04.2005	Bachelor Degree; METU - Mechanical Engineering Masters Degree; Syracuse University Business School NY-USA, PhD; Washington International University-Doctor of philosophy in Business Administration	24
Nurzahit KESKİN	Member of the Board of Directors	13.04.2005	Bachelor Degree Anadolu Uni. Afyon İİBF, Masters Degree in Finance; Marmara Uni. Banking and Insurance Ins. PhD; Sakarya Uni. Management and Organization (continuing)	17
Burhaneddin TANYERİ	Member of the Board of Directors	15.09.2005	Atatürk University- Business Administration	25
İbrahim Hakkı TUNCAY	Member of the Board of Directors	09.04.2008	Middle East Technical University-Business Administration.	28
Ahmet YARIZ	Member of the Board of Directors	09.04.2008	PhD; Marmara University, Banking and Insurance Ins. Banking Department, 2005-At Stage of Thesis Masters Degree; Marmara University, Banking and Insurance Ins. Banking Department Bachelor Degree; Istanbul Uni. Business Administration	17
Mustafa ÇELİK	Member of the Board of Directors	09.04.2008	Ankara Uni. Faculty of Law	14
Şeref EFE	Statutory Auditor	28.03.2003	Bachelor Degree; Ankara University Social Science Faculty - Public Administration Department Master; Harvard University JFK School of Government	5
Yusuf DAĞCAN	Statutory Auditor	28.03.2003	Eskişehir Economics and Trade Academy	28
Yakup DEMİRCİ	Executive Vice President	11.06.2008	Ankara University Faculty of Social Sciences, Labor Economics and Industrial Relations Department	18
Halil ÇELİK	Executive Vice President	28.07.2003	Eskişehir Economics and Trade Academy – Economics.	26
Mustafa SAVAŞ	Executive Vice President	12.08.2002	Ankara University -Social Science Faculty, Labor Economics and Industry Relations	17
Ömer Muzaffer BAKTIR	Executive Vice President	09.12.2004 - 31/03 Acting 14.06.2005	Istanbul Technical University – Mining Engineering	18
M.Cengiz GÖĞEBAKAN	Executive Vice President	09.12.2004 - 31/03 Acting 20.06.2005	Ankara University – Economics	20
Erol GÖNCÜ	Executive Vice President	09.03.2005 - 04/02 Acting 14.06.2005	METU Faculty of Arts and Sciences, Mathematics Dept.	20
Yunus ESMER	Executive Vice President	17.06.2005	Ankara ECS Academy Business Administration -Accounting Department	29
Dr. Şahap KAVCIOĞLU	Executive Vice President	17.06.2005	Bachelor Degree; Dokuz Eylül Uni. EASF Business Administration Dept. Masters Degree; Marmara Uni. Banking and Insurance Ins. Banking Dept. PhD; Marmara Uni. Banking and Insurance Ins. Banking Dept.	17
Süleyman ASLAN	Executive Vice President	17.06.2005	METU EASF International Relations Dept.	16
Selahattin SÜLEYMANOĞLU	Executive Vice President	01.07.2007	Gazi University, Social Sciences Faculty, Business Administration	17
Osman ARSLAN	Executive Vice President	01.07.2007	Master's Degree: METU Business Administration for Executives(continuing) Bachelor's Degree: METU Science and Literature Faculty, Department of Statistics	13
Bilgehan KURU	Executive Vice President	01.07.2007	Master's Degree: METU Science and Literature Faculty Bachelor's Degree: METU Faculty of Engineering, Mining Engineering	22

Türkiye Halk Bankası A.Ş.

Explanations and Notes to Financial Statements for the Period January 1–December 31, 2008

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

Persons mentioned above do not own any shares in the Bank capital.

Persons mentioned below were appointed as Member of the Board of Directors in the General Assembly of the Bank held On April 8, 2008:

Name	Title	Date of Employment
Ahmet YARIZ	Member of the Board of Directors	April 9, 2008
İbrahim Hakkı TUNCAI	Member of the Board of Directors	April 9, 2008
Mustafa ÇELİK	Member of the Board of Directors	April 9, 2008

Details of the key management personnel who was appointed in 2008:

Name	Title	Date of Employment
Yakup DEMİRCİ	Executive Vice President	June 11, 2008

Details of the former key management personnel who has resigned in 2008:

Name	Title	Resignation Date
Erdal ERSOY	Executive Vice President	May 5, 2008

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

Except for the Prime Ministry Privatization Administration, no person or institute has any qualified shares attributable to the Bank.

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

a) General Information about the Bank:

Türkiye Halk Bankası Anonim Şirketi (the "Bank") was established in Turkey in accordance with the law no: 2284 in 1933 and began its operations in 1938 and still continues its activities as a public commercial bank.

b) Law numbered 4603 regarding the "Law on Türkiye Cumhuriyeti Ziraat Bankası, Türkiye Halk Bankası Anonim Şirketi and Türkiye Emlak Bankası Anonim Şirketi", was prepared within the framework of the macro-economic program for the period 2000-2002. The purpose of the law is to modernize the operations of the banks to arrive at a point where the requirements of the international norms and international competition can both be reached and it also aims to sell the majority of the banks' shares to individuals or legal entities in the private sector. The Bank revised its charter of establishment, elected a new board of directors and increased its nominal capital from TRY 250.000 Thousand to TRY 1.250.000 Thousand in the extraordinary general assembly held on April 14, 2001 within the scope of the restructuring process, the Bank received government bonds in settlement of the accumulated specific duty losses and the Bank's whole specific duty loss receivable was thus eliminated as at April 30, 2001. In addition, a significant number of personnel were encouraged to sign new contracts and transferred to other government institutions.

According to Article 2.2 of Law No: 4603, subsequent to the completion of the restructuring procedures, the procedures involved in sale of the shares of the Bank were to be concluded under the provisions of Law No:4046 based on the "Regulation of Privatization Applications and Amendment of Some Laws and Decrees with the Force of Law". The procedures relating to restructuring and sale of the shares were to be completed within three years (until November 25, 2003) as of the effective date of the related law. However, by Law No: 5230 dated 31 July 2004, the term "3 years" in Article 2.2. of Law numbered 4603 was previously amended to "5 years" and by Law No: 5572 dated January 10, 2007 the related term was extended to "10 years". As a result of this amendment, the privatization period of the Bank was prolonged. The Council of Ministers has the authority to extend this period by the half of that period for one time only. The Council of Ministers extended this five year period by the half of that period with the Decree numbered 2005/9841 and dated 27 December 2005. When the related Decree numbered 2006/69 and dated 11 August 2006 was in force, the Privatization High Council public shares were transferred to the Privatization Administration and 99.9% of the Bank shares were decided to be

Türkiye Halk Bankası A.Ş.

Explanations and Notes to Financial Statements for the Period January 1–December 31, 2008

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

sold before May 25, 2008 using the block sale method. By the Privatization High Council's decree numbered 2006/4258 and dated August 11, 2006, 13th Department of Council of State decided to cease the execution of the Decree numbered 2006/69 dated 11 August 2006. Thereupon, legal regulation numbered 5572 was executed and as per the decree of the Higher Council of Privatization numbered 2007/8 and dated February 5, 2007, up to 25% of the public shares that were previously transferred to the Privatization Administration on August 11, 2006, were decided to be privatized by a public offering and it was decided to be concluded by the end of 2007. The first phase of the privatization process of the Bank corresponding to 24.98% was completed in the first week of May 2007 and Halkbank shares were traded on İstanbul Stock Exchange (ISE) as of May 10, 2007 with the base price of TRY 8,00.

Under No: 25539 Law regarding the "Act No: 5230 with regards to the transfer of Pamukbank Türk Anonim Şirketi to Türkiye Halk Bankası A.Ş. and amendments to other acts" which came into force as of July 31, 2004 with the publication of the Official Gazette, Pamukbank (whose shares, management, and control were previously inherited to the Saving Deposit Insurance Fund (SDIF)) was transferred to the Bank. Insolvent Pamukbank T.A.Ş. was a private sector deposit bank established by Çukurova İthalat ve İhracat T.A.O., Karamehmetler Scrip Company and more than 500 shareholders. The bank started its private banking operations as an incorporated company in accordance with the decision of the Council of Ministers numbered 4/4573 and dated 5 March 1955. According to the decision of the Banking Regulation and Supervision Agency (BRSA) numbered 742 published in the Official Gazette numbered 24790 and dated 19 June 2002 including 3rd and 4th Sub-articles in Article 14 of the Banking Law No: 4389, the shareholders rights excluding dividends, management and supervision of the Bank were transferred to the Saving Deposit Insurance Fund as of 18 June 2002.

e) The Bank's service activities and operating areas: The Bank's operating areas include, commercial financing and corporate banking, fund management operations, retail banking and credit card operations.

f) As of December 31, 2008, the Bank operates with a total of 582 branches consisting 579 domestic branches, together with 3 foreign branches; 2 in Cyprus and 1 in Bahrain. It also has 3 financial service branches in Germany and 1 representative office in Iran.

SECTION II: UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheet (App:1-A)
- II. Off-Balance Sheet Commitments (App:1-B)
- III. Statement of Income (App:1-C)
- IV. Profit and Loss Account for Under Equity (App:1-D)
- V. Statement of Changes in Shareholders' Equity (App:1-E)
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Türkiye Halk Bankası A.Ş. Unconsolidated Balance Sheet

THOUSANDS OF TRY							
ASSETS	Disc.	Audited CURRENT PERIOD (31/12/2008)			Audited PRIOR PERIOD (31/12/2007)		
		TRY	FC	Total	TRY	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	1.694.368	1.314.931	3.009.299	2.545.734	925.444	3.471.178
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	25.627	89.138	114.765	335.397	144.775	480.172
2.1.Trading Financial Assets		25.627	9.956	35.583	335.397	137.998	473.395
2.1.1.Public Sector Debt Securities		24.855	9.866	34.721	334.322	137.915	472.237
2.1.2.Share Certificates		-	-	-	-	-	-
2.1.3.Other Marketable Securities		772	90	862	1.075	83	1.158
2.2.Financial Assets at Fair Value Through Profit and Loss		-	-	-	-	-	-
2.2.1.Public Sector Debt Securities		-	-	-	-	-	-
2.2.2.Share Certificates		-	-	-	-	-	-
2.2.3.Other Marketable Securities		-	-	-	-	-	-
2.3.Derivative Financial Assets Held for Trading		-	79.182	79.182	-	6.777	6.777
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	(3)	51.361	2.067.973	2.119.334	32.068	1.129.517	1.161.585
IV. MONEY MARKET PLACEMENTS		-	-	-	50.025	-	50.025
4.1.Interbank Money Market Placements		-	-	-	-	-	-
4.2.Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3.Receivables from Reverse Repurchase Agreements		-	-	-	50.025	-	50.025
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	1.581.436	778.466	2.359.902	6.675.654	1.751.354	8.427.008
5.1.Share Certificates		4.203	7.125	11.328	4.206	5.769	9.975
5.2.Public Sector Debt Securities		1.577.233	771.341	2.348.574	6.671.448	1.745.585	8.417.033
5.3.Other Marketable Securities		-	-	-	-	-	-
VI. LOANS	(5)	19.296.864	6.539.434	25.836.298	15.137.058	2.984.020	18.121.078
6.1.Loans		19.083.351	6.539.434	25.622.785	15.123.169	2.984.020	18.107.189
6.1.1.Loans Extended to Risk Group of the Bank		1.695	78.451	80.146	-	43.902	43.902
6.1.2.Other		19.081.656	6.460.983	25.542.639	15.123.169	2.940.118	18.063.287
6.2.Loans under follow-up		1.251.362	-	1.251.362	1.032.742	-	1.032.742
6.3.Specific provisions (-)		1.037.849	-	1.037.849	1.018.853	-	1.018.853
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	(6)	13.679.970	2.178.912	15.858.882	7.037.420	-	7.037.420
8.1.Public Sector Debt Securities		13.679.970	2.178.912	15.858.882	7.037.420	-	7.037.420
8.2.Other Marketable Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	42.031	220.593	262.624	39.322	249.724	289.046
9.1.Accounted with Equity Method		-	220.593	220.593	-	249.724	249.724
9.2.Unconsolidated Associates		42.031	-	42.031	39.322	-	39.322
9.2.1.Financial Investments		40.965	-	40.965	38.269	-	38.269
9.2.2.Non-financial Investments		1.066	-	1.066	1.053	-	1.053
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	62.048	-	62.048	57.801	-	57.801
10.1.Unconsolidated Financial Subsidiaries		62.048	-	62.048	57.801	-	57.801
10.2.Unconsolidated Non-financial Subsidiaries		-	-	-	-	-	-
XI. JOINT VENTURES (Net)	(9)	-	-	-	-	-	-
11.1.Accounted with Equity Method		-	-	-	-	-	-
11.2.Unconsolidated Joint Ventures		-	-	-	-	-	-
11.2.1.Financial Joint Ventures		-	-	-	-	-	-
11.2.2.Non-financial Joint Ventures		-	-	-	-	-	-
XII. FINANCE LEASE RECEIVABLES (Net)	(10)	-	-	-	-	-	-
12.1.Finance Lease Receivables		-	-	-	-	-	-
12.2.Operating Lease Receivables		-	-	-	-	-	-
12.3.Other		-	-	-	-	-	-
12.4.Unearned Income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
13.1.Fair Value Risk Hedging		-	-	-	-	-	-
13.2.Cash Flow Risk Hedging		-	-	-	-	-	-
13.3.Net Abroad Investment Risk Hedging		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(12)	891.591	53	891.644	641.499	43	641.542
XV. INTANGIBLE ASSETS (Net)	(13)	38.588	-	38.588	16.785	-	16.785
15.1.Goodwill		-	-	-	-	-	-
15.2.Other		38.588	-	38.588	16.785	-	16.785
XVI. REAL ESTATES FOR INVESTMENT PURPOSE (Net)	(14)	-	-	-	-	-	-
XVII. TAX ASSET	(15)	74.091	-	74.091	63.924	-	63.924
17.1.Current Assets for Tax		-	-	-	-	-	-
17.2.Deferred Assets for Tax		74.091	-	74.091	63.924	-	63.924
XVIII. ASSETS HELD FOR SALE AND HELD FROM TERMINATED OPERATIONS (Net)	(16)	130.416	-	130.416	90.371	-	90.371
18.1.Held for Sale Purpose		130.416	-	130.416	90.371	-	90.371
18.2.Held from Terminated Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(17)	233.402	104.602	338.004	265.867	60.652	326.519
TOTAL ASSETS		37.801.793	13.294.102	51.095.895	32.988.925	7.245.529	40.234.454

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

Türkiye Halk Bankası A.Ş. Unconsolidated Balance Sheet

THOUSANDS OF TRY							
LIABILITIES AND EQUITY	Disc.	Audited CURRENT PERIOD (31/12/2008)			Audited PRIOR PERIOD (31/12/2007)		
		TRY	FC	Total	TRY	FC	Total
I. DEPOSITS	(1)	27.033.766	13.237.348	40.271.114	22.250.594	8.590.317	30.840.911
1.1. Deposits Held by the Risk Group of the Bank		104.334	4.294	108.628	79.943	3.425	83.368
1.2. Other		26.929.432	13.233.054	40.162.486	22.170.651	8.586.892	30.757.543
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	-	22.246	22.246	32.799	64.289	97.088
III. BORROWING FUNDING LOANS	(3)	202.295	1.319.504	1.521.799	386.853	550.175	937.028
IV. MONEY MARKET BALANCES		1.697.826	692.618	2.390.444	1.286.287	416.538	1.702.825
4.1. Interbank Money Market Takings		-	-	-	-	-	-
4.2. Istanbul Stock Exchange Takasbank Takings		-	-	-	-	-	-
4.3. Funds From Repurchase Agreements		1.697.826	692.618	2.390.444	1.286.287	416.538	1.702.825
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1. Bills		-	-	-	-	-	-
5.2. Asset-backed Securities		-	-	-	-	-	-
5.3. Bonds		-	-	-	-	-	-
VI. FUNDS	(4)	1.215.554	-	1.215.554	1.041.107	1.229	1,042.336
6.1. Borrower Funds		188.007	-	188.007	153.656	-	153.656
6.2. Other		1,027.547	-	1,027.547	887.451	1,229	888.680
VII. SUNDRY CREDITORS		425.720	16.332	442.052	347.020	5.307	352.327
VIII. OTHER LIABILITIES	(5)	142.946	56.140	199.086	263.130	11.570	274.700
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCE LEASE PAYABLES (Net)	(6)	-	284	284	-	5.557	5.557
10.1. Finance Lease Payables		-	284	284	-	5.557	5.557
10.2. Operating Lease Payables		-	-	-	-	-	-
10.3. Other		-	-	-	-	-	-
10.4. Deferred Finance Lease Expenses (-)		-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING	(7)	-	-	-	-	-	-
11.1. Fair Value Risk Hedging		-	-	-	-	-	-
11.2. Cash Flow Risk Hedging		-	-	-	-	-	-
11.3. Net Abroad Investment Risk Hedging		-	-	-	-	-	-
XII. PROVISIONS	(8)	595.771	12.472	608.243	420.069	18.936	439.005
12.1. General Loan Provisions		225.806	-	225.806	138.506	-	138.506
12.2. Restructuring Provisions		-	-	-	-	-	-
12.3. Employee Benefits Provisions		234.893	-	234.893	208.401	-	208.401
12.4. Insurance Technical Reserves (Net)		-	-	-	-	-	-
12.5. Other Provisions		135.072	12.472	147.544	73.162	18.936	92.098
XIII. TAX LIABILITY	(9)	136.244	2	136.246	159.602	1	159.603
13.1. Current Tax Liability		136.244	2	136.246	159.602	1	159.603
13.2. Deferred Tax Liability		-	-	-	-	-	-
XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND HELD FROM TERMINATED OPERATIONS	(10)	-	-	-	-	-	-
14.1. Held for Sale Purpose		-	-	-	-	-	-
14.2. Held from Terminated Operations		-	-	-	-	-	-
XV. TIER -II CAPITAL	(11)	-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY	(12)	4.266.397	22.430	4.288.827	4.200.673	182.401	4.383.074
16.1. Paid-in Capital		1.250.000	-	1.250.000	1.250.000	-	1.250.000
16.2. Capital Reserves		1.180.072	22.430	1.202.502	1.258.292	182.401	1.440.693
16.2.1. Share Premium		-	-	-	-	-	-
16.2.2. Share Cancellation Profits		-	-	-	-	-	-
16.2.3. Marketable Securities Revaluation Fund		(7.011)	22.430	15.419	37.841	182.401	220.242
16.2.4. Tangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.5. Intangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.6. Revaluation Reserves of Real Estates for Investment Purpose		-	-	-	-	-	-
16.2.7. Non-paid-up Shares of Subsidiaries, Associates and Joint Ventures		-	-	-	-	-	-
16.2.8. Hedging Funds (Effective portion)		(33.368)	-	(33.368)	-	-	-
16.2.9. Value Increase on Assets Held for Sale		-	-	-	-	-	-
16.2.10. Other Capital Reserves		1.220.451	-	1.220.451	1.220.451	-	1.220.451
16.3. Profit Reserves		801.188	-	801.188	489.420	-	489.420
16.3.1. Legal Reserves		434.671	-	434.671	297.633	-	297.633
16.3.2. Statutory Reserves		-	-	-	-	-	-
16.3.3. Extraordinary Reserves		333.180	-	333.180	159.859	-	159.859
16.3.4. Other Profit Reserves		33.337	-	33.337	31.928	-	31.928
16.4. Profit/Loss		1.035.137	-	1.035.137	1.202.961	-	1.202.961
16.4.1. Prior Years Income/Loss		16.822	-	16.822	71.922	-	71.922
16.4.2. Period Profit/Loss		1.018.315	-	1.018.315	1.131.039	-	1.131.039
TOTAL LIABILITIES AND EQUITY		35.716.519	15.379.376	51.095.895	30.388.134	9.846.320	40.234.454

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

Türkiye Halk Bankası A.Ş. Unconsolidated Off Balance Sheet Accounts

Disc.	THOUSANDS OF TRY					
	Audited CURRENT PERIOD (31/12/2008)			Audited PRIOR PERIOD (31/12/2007)		
	TRY	FC	Total	TRY	FC	Total
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)	6.995.773	6.049.121	13.044.894	5.783.986	3.572.527	9.356.513
I. GUARANTEES AND SURETYSHIPS	(1) 2.544.668	4.194.184	6.738.852	1.706.961	2.058.118	3.765.079
1.1.Letters of Guarantee	2.523.556	2.329.643	4.853.199	1.693.993	1.348.655	3.042.648
1.1.1.Guarantees Subject to Public Procurement Law	269.849	1.719.931	1.989.780	193.497	1.057.715	1.251.212
1.1.2.Guarantees Given for Foreign Trade Operations	-	-	-	-	-	-
1.1.3.Other Letters of Guarantee	2.253.707	609.712	2.863.419	1.500.496	290.940	1.791.436
1.2.Bank Loans	-	78.257	78.257	-	31.969	31.969
1.2.1.Import Acceptances	-	75.751	75.751	-	31.736	31.736
1.2.2.Other Bank Acceptances	-	2.506	2.506	-	233	233
1.3.Letters of Credit	-	1.780.112	1.780.112	-	677.116	677.116
1.3.1.Documentary Letters of Credit	-	1.780.112	1.780.112	-	677.116	677.116
1.3.2.Other Letters of Credit	-	-	-	-	-	-
1.4.Guarantied Prefinancings	-	-	-	-	-	-
1.5.Endorsements	-	-	-	-	-	-
1.5.1.Endorsements to Central Bank of Turkish Republic	-	-	-	-	-	-
1.5.2.Other Endorsements	-	-	-	-	-	-
1.6.Purchase Guarantees on Marketable Security Issuance	-	-	-	-	-	-
1.7.Factoring Guarantees	-	-	-	-	-	-
1.8.Other Guarantees	20.882	6.172	27.054	12.738	378	13.116
1.9.Other Suretyships	230	-	230	230	-	230
II. COMMITMENTS	(1) 3.446.566	596.319	4.042.885	2.798.584	312.504	3.111.088
2.1.Irrevocable commitments	3.443.347	596.319	4.039.666	2.795.365	312.504	3.107.869
2.1.1.Forward Asset Purchase Commitments	30.629	596.319	626.948	52.551	312.504	365.055
2.1.2.Forward Deposit Purchase and Sale Commitments	-	-	-	-	-	-
2.1.3.Capital Commitments to Subsidiaries and Associates	15.741	-	15.741	250	-	250
2.1.4.Loan Granting Commitments	258.131	-	258.131	172.223	-	172.223
2.1.5.Securities Underwriting Commitments	-	-	-	-	-	-
2.1.6. Payment Commitments for Reserve Deposits	-	-	-	-	-	-
2.1.7.Payment Commitments for Cheques	1.260.306	-	1.260.306	1.275.142	-	1.275.142
2.1.8.Tax and Fund Liabilities from Export Commitments	6.739	-	6.739	6.664	-	6.664
2.1.9.Commitments for Credit Card Expenditure Limits	1.827.156	-	1.827.156	1.250.168	-	1.250.168
2.1.10.Commitments for Credit Cards and Banking Services Promotions	27.403	-	27.403	20.449	-	20.449
2.1.11.Receivables from Short Sale Commitments	-	-	-	-	-	-
2.1.12.Payables for Short Sale Commitments	-	-	-	-	-	-
2.1.13.Other Irrevocable Commitments	17.242	-	17.242	17.918	-	17.918
2.2.Revocable Commitments	3.219	-	3.219	3.219	-	3.219
2.2.1.Revocable Loan Granting Commitments	-	-	-	-	-	-
2.2.2.Other Revocable Commitments	3.219	-	3.219	3.219	-	3.219
III. DERIVATIVE FINANCIAL INSTRUMENTS	(1) 1.004.539	1.258.618	2.263.157	1.278.441	1.201.905	2.480.346
3.1.Derivative Financial Instruments for Hedging	-	-	-	-	-	-
3.1.1.Fair Value Risk Hedging Transactions	-	-	-	-	-	-
3.1.2.Cash flow Risk Hedging Transactions	-	-	-	-	-	-
3.1.3.Net Abroad Investment Risk Hedging Transactions	-	-	-	-	-	-
3.2.Transactions for Trading	1.004.539	1.258.618	2.263.157	1.278.441	1.201.905	2.480.346
3.2.1.Forward Foreign Currency Buy/Sell Transactions	6.443	117.763	124.206	902	3.143	4.045
3.2.1.1.Forward Foreign Currency Transactions-Buy	2.320	59.976	62.296	452	1.577	2.029
3.2.1.2.Forward Foreign Currency Transactions-Sell	4.123	57.787	61.910	450	1.566	2.016
3.2.2.Currency and Interest Rate Swaps	998.096	1.140.855	2.138.951	1.277.539	1.198.762	2.476.301
3.2.2.1.Currency Swap-Buy	-	677.997	677.997	-	719.422	719.422
3.2.2.2.Currency Swap-Sell	605.886	27.858	633.744	735.354	-	735.354
3.2.2.3.Interest Rate Swap-Buy	-	435.000	435.000	-	479.340	479.340
3.2.2.4.Interest Rate Swap-Sell	392.210	-	392.210	542.185	-	542.185
3.2.3.Currency, Interest Rate and Marketable Securities Options	-	-	-	-	-	-
3.2.3.1.Currency Call Options	-	-	-	-	-	-
3.2.3.2.Currency Put Options	-	-	-	-	-	-
3.2.3.3.Interest Rate Call Options	-	-	-	-	-	-
3.2.3.4.Interest Rate Put Options	-	-	-	-	-	-
3.2.3.5.Marketable Securities Call Options	-	-	-	-	-	-
3.2.3.6.Marketable Securities Put Options	-	-	-	-	-	-
3.2.4.Currency Futures	-	-	-	-	-	-
3.2.4.1.Currency Futures-Buy	-	-	-	-	-	-
3.2.4.2.Currency Futures-Sell	-	-	-	-	-	-
3.2.5.Interest Rate Buy/Sell Futures	-	-	-	-	-	-
3.2.5.1.Interest Rate Futures-Buy	-	-	-	-	-	-
3.2.5.2.Interest Rate Futures-Sell	-	-	-	-	-	-
3.2.6.Other	-	-	-	-	-	-

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

Türkiye Halk Bankası A.Ş. Unconsolidated Off Balance Sheet Accounts

	THOUSANDS OF TRY						
	Disc.	Audited CURRENT PERIOD (31/12/2008)			Audited PRIOR PERIOD (31/12/2007)		
		TRY	FC	Total	TRY	FC	Total
B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)	146.979.141	60.125.803	207.104.944	100.357.369	29.384.778	129.742.147	
IV. CUSTODIES	39.457.259	3.379.653	42.836.912	34.355.171	2.102.741	36.457.912	
4.1.Assets Under Management	-	-	-	-	-	-	
4.2.Custody Marketable Securities	23.151.155	231.338	23.382.493	20.799.946	160.705	20.960.651	
4.3.Cheques in Collection Process	2.603.753	134.633	2.738.386	2.205.787	67.039	2.272.826	
4.4.Commercial Notes in Collection Process	343.990	145.031	489.021	366.389	116.761	483.150	
4.5.Other Assets in Collection Process	511	-	511	3.163	-	3.163	
4.6.Underwritten Securities	250	-	250	133	-	133	
4.7.Other Custodies	6.305	8.260	14.565	9.052	6.564	15.616	
4.8.Custodians	13.351.295	2.860.391	16.211.686	10.970.701	1.751.672	12.722.373	
V. PLEDGED ASSETS	107.521.882	56.746.150	164.268.032	66.002.198	27.282.037	93.284.235	
5.1.Marketable Securities	113.220	192.812	306.032	61.698	80.538	142.236	
5.2.Collateral Notes	3.238.269	340.310	3.578.579	2.734.009	178.788	2.912.797	
5.3.Commodity	53.947	-	53.947	42.381	-	42.381	
5.4.Warranty	-	-	-	-	-	-	
5.5.Land and Buildings	28.979.863	7.365.531	36.345.394	19.879.476	2.962.748	22.842.224	
5.6.Other Pledged Assets	73.643.031	47.941.989	121.585.020	41.632.060	23.372.911	65.004.971	
5.7.Pledgees	1.493.552	905.508	2.399.060	1.652.574	687.052	2.339.626	
VI. ACCEPTED BILL GUARANTEES AND SURETIES	-	-	-	-	-	-	
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)	153.974.914	66.174.924	220.149.838	106.141.355	32.957.305	139.098.660	

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

Türkiye Halk Bankası A.Ş.

Unconsolidated Statement of Income

THOUSANDS OF TRY			
INCOME AND EXPENSES	Disc.	Audited CURRENT PERIOD (01/01/2008-31/12/2008)	Audited PRIOR PERIOD (01/01/2007-31/12/2007)
I. INTEREST INCOME	(1)	6.792.931	5.708.181
1.1. Interest on loans	(1a)	3.773.463	2.650.197
1.2. Interest received from reserve deposits		12.333	11.838
1.3. Interest received from banks	(1b)	211.638	216.205
1.4. Interest received from money market placements		9.643	11.374
1.5. Interest income on marketable securities	(1c)	2.775.831	2.811.955
1.5.1. Financial assets held for trading		50.970	79.911
1.5.2. Financial assets at fair value through profit and loss		-	-
1.5.3. Financial assets available-for-sale		1.201.128	1.140.185
1.5.4. Investments held-to-maturity		1.523.733	1.591.859
1.6. Finance lease income		-	-
1.7. Other interest income		10.023	6.612
II. INTEREST EXPENSE	(2)	4.666.693	3.955.928
2.1. Interest on deposits	(2d)	4.333.826	3.696.455
2.2. Interest on borrowings	(2a)	73.248	72.898
2.3. Interest on money market borrowings		224.232	160.478
2.4. Interest on marketable securities issued		-	-
2.5. Other interest expense		35.387	26.097
III. NET INTEREST INCOME (I - II)		2.126.238	1.752.253
IV. NET FEES AND COMMISSIONS INCOME		370.268	296.216
4.1. Fees and commissions income		442.466	347.252
4.1.1. Non-Cash Loans		41.373	34.288
4.1.2. Other		401.093	312.964
4.2. Fees and commissions expenses		72.198	51.036
4.2.1. Non-Cash Loans		1	1
4.2.2. Other		72.197	51.035
V. DIVIDEND INCOME	(3)	38.785	19.064
VI. NET TRADING PROFIT	(4)	(193.569)	(41.937)
6.1. Profit/Loss from Capital Market operations(Net)		356.941	(258.352)
6.2. Foreign exchange gains/losses (net)		(550.510)	216.415
VII. OTHER OPERATING INCOME	(5)	363.189	451.576
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		2.704.911	2.477.172
IX. LOANS AND OTHER RECEIVABLES IMPAIRMENT LOSS PROVISIONS (-)	(6)	436.291	222.895
X. OTHER OPERATING EXPENSES(-)	(7)	1.002.236	847.693
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		1.266.384	1.406.584
XII. AMOUNT RECORDED IN EXCESS AS GAIN AFTER MERGER		-	-
XIII. PROFIT/LOSSES FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-
XIV. GAIN/(LOSS) ON NET MONETARY POSITION		-	-
XV. INCOME/(LOSS) BEFORE TAXES (XI+XII+XIII+XIV)	(8)	1.266.384	1.406.584
XVI. TAX INCOME PROVISION (±)	(9)	(248.069)	(275.545)
16.1. Current tax provision		(243.239)	(292.366)
16.2. Deferred tax provision		(4.830)	16.821
XVII. NET OPERATING INCOME AFTER TAX (XV±XVI)	(10)	1.018.315	1.131.039
XVIII. INCOME FROM TERMINATED OPERATIONS		-	-
18.1. Property and equipment income held for sale		-	-
18.2. Sale profits from associates, subsidiaries and joint ventures (business partners)		-	-
18.3. Other income from terminated operations		-	-
XIX. EXPENSES FROM TERMINATED OPERATIONS (-)		-	-
19.1. Property and equipment expense held for sale		-	-
19.2. Sale losses from associates, subsidiaries and joint ventures (business partners)		-	-
19.3. Other expenses from terminated operations		-	-
XX. INCOME/EXPENSE BEFORE TAXES FROM TERMINATED OPERATIONS (XVIII-XIX)		-	-
XXI. PROVISION FOR TAXES ON INCOME FROM TERMINATED OPERATIONS (±)		-	-
21.1. Current tax provision		-	-
21.2. Deferred tax provision		-	-
XXII. NET PROFIT/LOSSES FROM TERMINATED OPERATIONS (XX±XXI)		-	-
XXIII. NET PROFIT/(LOSS) (XVII+XXII)	(11)	1.018.315	1.131.039
Earnings/Losses per share		0,81465	0,90483

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

Türkiye Halk Bankası A.Ş.

Statement of Profit and Loss Accounted for Under Equity

	THOUSANDS OF TRY	
	Audited CURRENT PERIOD (01/01/2008-31/12/2008)	Audited PRIOR PERIOD (01/01/2007-31/12/2007)
STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY		
I. Additions to marketable securities revaluation differences for available for sale financial assets	(138.873)	71.807
II. Tangible assets revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Foreign exchange differences for foreign currency transactions	-	-
V. Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)	-	-
VI. Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)	(33.368)	-
VII. The effect of corrections of errors and changes in accounting policies	-	-
VIII. Other profit loss items accounted under equity due to TAS	(46.552)	175.008
IX. Deferred tax of valuation differences	6.005	(7.656)
X. Total Net Profit/Loss accounted under equity (I+II+...+IX)	(212.788)	239.159
XI. Profit/Loss	(25.403)	(26.414)
11.1. Change in fair value of marketable securities (Transfer to Profit/Loss)	(25.403)	(26.414)
11.2. Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
11.3. Transfer of hedge of net investments in foreign operations to Income Statement	-	-
11.4. Other	-	-
XII. Total Profit/Loss accounted for the period (X±XI)	(238.191)	212.745

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

Türkiye Halk Bankası A.Ş.

Unconsolidated Statement of Changes in Shareholders' Equity

CHANGES IN SHARE HOLDERS' EQUITY	Disc.	Paid-in Capital	Effect of Inflation Adjustments on Paid in Capital	Share Premium	Share Certificate Cancellation Profit	Legal Reserves	Statutory Reserves
PRIOR PERIOD							
(01/01/2007 - 31/12/2007)							
I. Beginning Balance		1.250.000	1.220.451	-	-	185.564	-
II. Corrections according to TAS 8		-	-	-	-	-	-
2.1. The effect of corrections of errors		-	-	-	-	-	-
2.2. The effects of changes in accounting policy.		-	-	-	-	-	-
III. New Balance (I + II)		1.250.000	1.220.451	-	-	185.564	-
Changes in period		-	-	-	-	-	-
IV. Increase/Decrease related to merger		-	-	-	-	-	-
V. Marketable securities available for sale		-	-	-	-	-	-
VI. Hedging Transactions		-	-	-	-	-	-
6.1. Cash-flow risk hedging		-	-	-	-	-	-
6.2. Net Abroad Investment Risk Hedging		-	-	-	-	-	-
VII. Revaluation differences of tangible assets		-	-	-	-	-	-
VIII. Revaluation differences of intangible assets		-	-	-	-	-	-
IX. Free shares from investment and associates, subsidiaries and joint ventures (business partners)		-	-	-	-	-	-
X. Foreign exchange differences		-	-	-	-	-	-
XI. Changes after disposal of securities		-	-	-	-	-	-
XII. Changes after reclassification of securities		-	-	-	-	-	-
XIII. Effect of changes in shareholders equity of investments and associates to bank's shareholders equity		-	-	-	-	-	-
XIV. Increase in capital		-	-	-	-	-	-
14.1. Cash		-	-	-	-	-	-
14.2. From internal resources		-	-	-	-	-	-
XV. Issuance of share certificates at end of period		-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-
XVII. Adjustment to paid-in capital		-	-	-	-	-	-
XVIII. Other		-	-	-	-	-	-
XIX. Net profit or losses		-	-	-	-	-	-
XX. Profit distribution		-	-	-	-	112.069	-
20.1. Dividends distributed		-	-	-	-	-	-
20.2. Transfers to legal reserves		-	-	-	-	112.069	-
20.3. Other		-	-	-	-	-	-
Closing Balance (III+IV+V +...+XVIII+XIX+XX)		1.250.000	1.220.451	-	-	297.633	-
CURRENT PERIOD							
(01/01/2008 - 31/12/2008)							
I. Balance at end of prior period		1.250.000	1.220.451	-	-	297.633	-
Changes within the period		-	-	-	-	-	-
II. Increase or decrease generated by merger		-	-	-	-	-	-
III. Valuation changes in marketable securities		-	-	-	-	-	-
IV. Hedging Funds		-	-	-	-	-	-
4.1. Cash flow hedge		-	-	-	-	-	-
4.2. Hedges for investments made in foreign countries		-	-	-	-	-	-
V. Revaluation changes of property and equipment		-	-	-	-	-	-
VI. Revaluation changes of intangible assets		-	-	-	-	-	-
VII. Free shares from investment and associates, subsidiaries and joint ventures (business partners)		-	-	-	-	-	-
VIII. Foreign exchange differences		-	-	-	-	-	-
IX. Changes after disposal of securities		-	-	-	-	-	-
X. Changes after reclassification of securities		-	-	-	-	-	-
XI. Effect of changes in shareholders equity of investments and associates to bank's shareholders equity		-	-	-	-	-	-
XII. Increase in capital		-	-	-	-	-	-
12.1. Cash		-	-	-	-	-	-
12.2. From internal resources		-	-	-	-	-	-
XIII. Issuance of share certificates at end of period		-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-
XV. Adjustment to paid-in capital		-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-
XVII. Net profit or losses		-	-	-	-	-	-
XVIII. Profit distribution		-	-	-	-	137.038	-
18.1. Dividends distributed		-	-	-	-	-	-
18.2. Transfers to legal reserves		-	-	-	-	137.038	-
18.3. Other		-	-	-	-	-	-
Closing balances (I+II+III+...+XVI+XVII+XVIII)		1.250.000	1.220.451	-	-	434.671	-

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

Türkiye Halk Bankası A.Ş.

Unconsolidated Statement of Cash Flows

	THOUSANDS OF TRY	
	Audited CURRENT PERIOD Disc. (01/01/2008-31/12/2008)	Audited PRIOR PERIOD (01/01/2007-31/12/2007)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1. Operating profit before changes in operating assets and liabilities (+)	480.202	1.739.423
1.1.1. Interest received (+)	6.292.578	5.986.089
1.1.2. Interest paid (-)	(4.564.060)	(3.938.309)
1.1.3. Dividend received(+)	31.682	19.064
1.1.4. Fees and commissions received (+)	442.466	347.252
1.1.5. Other income (+)	14.393	314.267
1.1.6. Collections from previously written off loans (+)	273.388	195.692
1.1.7. Cash payments to personnel and service suppliers (-)	(553.380)	(462.760)
1.1.8. Taxes paid (-)	(306.510)	(299.979)
1.1.9. Other (+/-)	(1.150.355)	(421.893)
1.2. Assets and Liabilities Subject to Banking Operations	3.448.766	(1.520.239)
1.2.1. Net (Increase) decrease in financial assets held for sale (+/-)	413.677	260.587
1.2.2. Net (Increase) decrease in financial assets at fair value through profit or loss (+/-)	-	-
1.2.3. Net (Increase) decrease in due from banks and other financial institutions (+/-)	50.000	(50.000)
1.2.4. Net (increase) decrease in loans (+/-)	(7.740.897)	(6.521.121)
1.2.5. Net (increase) decrease in other assets (+/-)	(11.595)	(235.225)
1.2.6. Net increase (decrease) in bank deposits (+/-)	811.888	1.198.755
1.2.7. Net increase (decrease) in other deposits (+/-)	9.120.151	3.471.116
1.2.8. Net increase (decrease) in loans borrowed (+/-)	582.571	60.658
1.2.9. Net increase (decrease) in matured payables (+/-)	-	-
1.2.10. Net increase (decrease) in other liabilities (+/-)	222.971	294.991
I. Net cash provided from banking operations (+/-)	3.928.968	219.184
B. CASH FLOWS FROM INVESTMENT ACTIVITIES		
II. Net cash provided from investing activities (+/-)	(3.240.557)	1.551.379
2.1. Cash paid for purchase of joint ventures, associates and subsidiaries(-)	-	(25.713)
2.2. Cash obtained from sale of entities joint ventures, associates and subsidiaries (+)	-	-
2.3. Fixed assets purchases (-)	(408.882)	(31.650)
2.4. Fixed assets sales(+)	144.707	-
2.5. Cash paid for purchase of financial assets available for sale (-)	-	(2.221.728)
2.6. Cash obtained from sale of financial assets available for sale (+)	-	-
2.7. Cash paid for purchase of investment securities (-)	(4.242.809)	(200.000)
2.8. Cash obtained from sale of investment securities (+)	1.266.427	4.030.470
2.9. Other (+/-)	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities (+/-)	(881.053)	(755.580)
3.1. Cash obtained from loans borrowed and securities issued (+)	-	-
3.2. Cash used for repayment of loans borrowed and securities issued (-)	-	-
3.3. Marketable securities issued (+)	-	-
3.4. Dividends paid (-)	(875.780)	(751.428)
3.5. Payments for finance leases (-)	(5.273)	(4.152)
3.6. Other (+/-)	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents(+/-)	683.555	(14.093)
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	490.913	1.000.890
VI. Cash and cash equivalents at beginning of the period (+)	(2) 4.586.584	3.585.694
VII. Cash and cash equivalents at end of the period (V+VI)	(2) 5.077.497	4.586.584

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

Türkiye Halk Bankası A.Ş. Profit Distribution Table

	THOUSANDS OF TRY	
	Audited CURRENT PERIOD (31/12/2008)	Audited PRIOR PERIOD (31/12/2007)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1.CURRENT YEAR INCOME	1.266.384	1.406.584
1.2.TAXES AND DUTIES PAYABLE	248.069	292.366
1.2.1.Corporate tax (Income tax)	243.239	292.366
1.2.2.Income withholding tax	-	-
1.2.3.Other taxes and duties (*)	4.830	-
A. NET INCOME FOR THE YEAR (1.1-1.2)	1.018.315	1.114.218
1.3.PRIOR YEARS LOSSES (-)	-	-
1.4.FIRST LEGAL RESERVES (-)	-	55.711
1.5.OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	1.018.315	1.058.507
1.6.FIRST DIVIDEND TO SHAREHOLDERS (-)	-	62.500
1.6.1.To owners of ordinary shares	-	62.500
1.6.2.To owners of preferred shares	-	-
1.6.3.To owners of preferred shares (preemptive rights)	-	-
1.6.4.To profit sharing bonds	-	-
1.6.5.To holders of profit and loss sharing certificates	-	-
1.7.DIVIDENDS TO PERSONNEL (-)	-	27.500
1.8.DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9.SECOND DIVIDEND TO SHAREHOLDERS (-)	-	785.780
1.9.1.To owners of ordinary shares	-	785.780
1.9.2.To owners of preferred shares	-	-
1.9.3.To owners of preferred shares (preemptive rights)	-	-
1.9.4.To profit sharing bonds	-	-
1.9.5.To holders of profit and loss sharing certificates	-	-
1.10.SECOND LEGAL RESERVES (-)	-	81.328
1.11.STATUTORY RESERVES (-)	-	-
1.12.GENERAL RESERVES	-	101.399
1.13.OTHER RESERVES	-	-
1.14.SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1.APPROPRIATED RESERVES	-	-
2.2.SECOND LEGAL RESERVES (-)	-	-
2.3.DIVIDENDS TO SHAREHOLDERS (-)	-	848.280
2.3.1.To owners of ordinary shares	-	848.280
2.3.2.To owners of preferred shares	-	-
2.3.3.To owners of preferred shares (preemptive rights)	-	-
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	-	0,90
3.2.TO OWNERS OF ORDINARY SHARES (%)	-	90%
3.3.TO OWNERS OF PRIVILEGED SHARES	-	-
3.4.TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1.TO OWNERS OF ORDINARY SHARES	-	0,68
4.2.TO OWNERS OF ORDINARY SHARES (%)	-	68%
4.3.TO OWNERS OF PRIVILEGED SHARES	-	-
4.4.TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Includes deferred tax expense.

(**) Profit Distribution is decided by the General Assembly of the Bank. As of the financial statements has been prepared, the General Assembly meeting has not been held yet.

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

Türkiye Halk Bankası A.Ş.

Explanations and Notes to Financial Statements for the Period January 1–December 31, 2008

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

The unconsolidated financial statements, related notes and explanations in this report are prepared in accordance with the Turkish Accounting Standards, Turkish Financial Reporting Standards, Communiqué on "Banks' Accounting Practice and Maintaining Documents" and other communiqués and interpretations of Banking Regulation and Supervision Agency on accounting and financial reporting.

Accounting policies applied and valuation methods used in the preparation of the financial statements are expressed in detail below.

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

1. The Bank's Strategy On Financial Instruments:

Due to its historical mission, the Bank focuses on granting loans to SMEs and craftsmen. Funds, generated from the redemption and coupon interest payments of the special arrangement government securities in assets in decreasing funding costs, are directed to marketable securities obtained from the market conditions as a result of duty losses. In addition to the main fund source deposits, the Bank can raise funds from foreign borrowing.

The Bank follows the developments in the markets and uses funds raised in most yielding areas. The strategies of the Bank are evaluated in the weekly Asset and Liability Committee meetings.

2. The Bank's Explanations on Foreign Currency Transactions:

In the statutory records of the Bank, transactions accounted in foreign currencies (currencies except for TRY) are converted into TRY by using the prevailing exchange rates at the transaction dates. Balance sheet foreign currency monetary asset and liability items are converted into TRY by using the prevailing exchange rate at the balance sheet date. Non-monetary items in foreign currencies carried at fair value are converted into TRY by using the exchange rates at the date of which the fair value is determined. Exchange differences arising from the conversions of monetary foreign currency items and collections of foreign currency transactions are reflected to the income statement.

The financial statements of the foreign branches of the Bank are prepared in the currency of the primary economic environment in which the entity operates (functional currency). The financial statements of foreign branches are expressed in TRY which is the functional currency of the Bank and the presentation currency of the financial statements.

Assets and liabilities of the foreign branches of the Bank are converted into TRY by using the prevailing exchange rates at the balance sheet date. Income and expenses are converted by using the average exchange rates, unless a significant foreign currency movement occurs. Foreign currency gains and losses are recognized in the other profit reserves under the equity. These exchange differences are recognized as profit or loss when the foreign operation is disposed of. Goodwill and fair value adjustments arising from the purchase of foreign operations are treated as assets and liabilities of foreign operations and converted by using the closing exchange rates.

III. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

Derivative transactions of the Bank consist of foreign currency swaps, forward foreign currency and interest and credit default swaps. The Bank has no derivative instruments decomposed from the main contract.

Derivative financial instruments are recorded with their fair values at the contract date and re-accounted with their fair values in the following reporting periods. Although some derivative transactions are qualified as economical hedging items, they do not meet all the definition requirements of hedge accounting items. Therefore, under the Turkish Accounting Standard No: 39 "Financial Instruments: Recognition and Measurement" (TAS 39), these derivative instruments are recognized as held for trading and gains and losses of these instruments are associated with the profit/loss statement.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to Financial Statements for the Period January 1–December 31, 2008

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

IV. INTEREST INCOME AND EXPENSES

Interest income and expenses are recognized on an accrual basis using the effective interest method (the rate that equals the future cash flows of a financial asset or liability to its present net book value) in conformity with TAS 39 "Financial Instruments: Recognition and Measurement".

In accordance with the related legislation, realized and unrealized interest accruals of the non-performing loans are reversed and interest income related to these loans are recorded as an interest income only when they are collected.

V. FEES AND COMMISSION INCOME AND EXPENSES

Fees and commission income/expenses are recognized on an accrual or cash basis depending on the nature of the transaction.

VI. EXPLANATIONS AND DISCLOSURES ON FINANCIAL ASSETS

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

Financial assets mainly constitute the majority of the commercial activities and operations of the Bank. These instruments have the ability to expose, affect and diminish the risks of liquidity, credit and interest in the financial statements.

Fair value is the amount for which an asset could be exchanged or a liability could be settled, between knowledgeable willing parties in an arm's length transaction. Market value is the amount obtainable from the sale or payable on the acquisition of a financial instrument in an active market, if one exists.

The estimated fair values of financial assets have been determined by the Bank using the available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to develop the estimated fair value. Hence, estimations presented in this report may not be same with the prices in the current market conditions in the case of assets disposals. Book values of some financial assets (which equals to their costs) are assumed to approximate to their fair values due to their short term nature.

The methods and assumptions used in determining the reasonable estimated values of all of the financial instruments are mentioned below.

1. Cash and Bank:

Cash and bank balances in foreign currencies are valued by using the Bank's current period end exchange rates. Cash balances in TRY, foreign currency balances and bank balances on the balance sheet are the estimated fair values of these assets.

2. Marketable Securities:

a. Financial Assets at Fair Value through Profit and Loss

a.1. Financial Assets Held for Trading:

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

Financial Assets Held for Trading is presented in the balance sheet with their fair values and is subject to valuation at fair values after the initial recognition. If a price does not occur in an active market, fair value cannot be reliably determined and "Amortized Value" is determined as the fair value using the internal rate of return. Valuation gains or losses are recognized in the profit/loss accounts. Interests gained from the retention of Held for Trading Financial Assets are recognized under the interest income and dividends gained are recognized under the dividend income in the income statement. If these assets are disposed of prior to their maturity periods, loss or gain from the disposal is recognized in the income statement by using Interest Income/Expense accounts and Profit/Loss from the Capital Market Operations under the scope of Uniform Chart of Accounts.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to Financial Statements for the Period January 1–December 31, 2008

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

a.2. Financial Assets at Fair Value Through Profit and Loss:

Financial Assets at Fair Value Through Profit and Loss represent the financial assets at fair value through profit and loss at the initial recognition and those are not obtained for trading purposes. Recognition of fair value differences of those assets are similar to the financial asset held for trading.

b. Investments Held to Maturity, Financial Assets Available for Sale

b.1. Investments Held to Maturity include securities with fixed or determinable payments and fixed maturity carried at fair value through profit and loss at the initial recognition where there is an intention of holding until maturity and the relevant conditions for fulfillment of such intention, including the funding ability, and available for sale non-derivative assets except for bank loans and receivables. Investments held to maturity with the initial recognition at fair value including transaction costs are subject to valuation with their discounted cost value by using the internal rate of return method less provision for any impairment, if any. Interest income from investments held to maturity is recognized in the income statement as an interest income. There are no financial assets that are classified by the Bank as investments held to maturity; however, they cannot be classified under this classification for two years for not satisfying the requirements of the related classification.

b.2. Financial assets available for sale represent non-derivative financial assets except for bank loans and receivables, investments held to maturity and financial assets at fair value through profit and loss. Initial recognition and subsequent valuation of financial assets available for sale are performed based on the fair value including transaction costs. The amount arising from the difference between cost and amortized value is recognized through profit and loss by using the internal rate of return. If a price does not occur in an active market, fair value cannot be reliably determined and "Amortized Value" is determined as the fair value using the internal rate of return. Unrealized gains and losses arising from the fluctuations in fair value of the financial assets available for sale are not recognized in the income statement, they are recognized in the "Marketable Securities Revaluation Fund" until the disposal, sale, redemption or incurring loss of those assets. Fair value differences accumulated in equity accounts arising from the application of fair value in the case of the collection from the redemption or sale of the related assets are reflected to the income statement.

3. Loans and Receivables:

Loans and receivables represent unquoted financial assets in an active market that provide money, goods or services to the debtor with fixed or determinable payments.

Loans and receivables are initially recognized with their fair values including settlement costs and carried at their amortized costs calculated using the internal rate of return at the subsequent recognition. Transaction fees, dues and other expenses paid for loan guarantees are recognized under the profit and loss accounts.

Personal and corporate cash loans are recognized under the accounts specified by the Uniform Chart of Accounts and Explanations with their original balances based on their context.

Foreign currency indexed personal and corporate loans are followed at TRY accounts after converting into TRY by using the opening exchange rates. At the subsequent periods, increases and decreases in the loan capital are recognized under the foreign currency income and expense accounts in the income statement depending on foreign currency rates being higher or lower than opening date rates. Repayments are calculated using the exchange rates at the repayment dates and exchange differences are recognized under the foreign currency income and expense accounts in the income statement.

Non-performing loans are classified in accordance with the regulation on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published in the Official Gazette No: 26333 dated November 1, 2006 and specific provisions are allocated for those loans. Specific provisions are reflected to "820/821 Provisions and Impairment Expenses 82000/82100 Specific Provisions Expenses" account. Provisions released in same year are recognized as a credit movement under the "Provision Expenses", released portion of the previous period provisions are recognized under the "Other Operating Income" account.

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VII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

At each balance sheet date, the Bank reviews the carrying amounts of its financial asset or group of financial assets whether there is an objective indication that those assets have suffered an impairment loss. If such indication exists, the Bank determines the related impairment amount.

A financial asset or a group of financial asset is subject to impairment loss only if there is an objective indication that the occurrence of one or more than one event ("loss event") subsequent to the initial recognition of that asset has an effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. Irrespective of their high probability of incurrence, future expected losses are not recognized.

Impairment losses attributable to the investments held to maturity are measured as the difference between the present value of estimated future cash flows discounted using the original interest rate of financial asset and the book value of asset. The related difference is recognized as a loss and it decreases the book value of the financial asset. At subsequent periods, if the impairment loss amount decreases, impairment loss recognized is reversed.

When a decline occurs in the fair value of the financial assets at fair value through profit and loss or available for sale of which value decreases and increases are recognized in equity, the cumulative loss that had been recognized directly in equity shall be removed from equity and recognized in period profit or loss. If, in a subsequent period, the fair value of the related asset increases, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss.

For loans and receivables; the Bank's management performs consistent loan portfolio reviews and if any doubts on the collectability of the loans arise, the related loans are classified in accordance with legislation on "Determining the Nature of Loans and Receivables and Principles and Procedures on the Allocation of Loan and Receivable Provisions" published in the Official Gazette numbered 26333 and dated November 1, 2006. The Bank does not limit the provision amount for the non-performing loans recognized before January 1, 2008 with the minimum rates defined in the related regulation and allocates specific provision for such loan amounts in full and they are recognized in the statement of profit/loss. Bank sets specific provision for non-performing loans recognized after January 1, 2008 through deducting the collateral amount, calculated in accordance with the related coefficient rates defined in the Article 10 of the related legislation, from the follow-up amount and setting 100% provision for the outstanding follow-up risk amount excluding the suretyship type of collaterals defined in the Article 9 of the related legislation. Specific provision rate for the standing non-cash loans extended to follow-up entities in order to cash ensuring is 100%, specific provision rate for other non-cash loans is 50%. Collections made related to those loans are offset against the capital and interest collections are recognized under the "Interest Received from Non-performing Loans" item of the income statement.

In accordance with the provisions of the related legislation, general loan provisions are provided by the Bank in addition to specific provisions.

VIII. OFFSETTING THE FINANCIAL ASSETS AND LIABILITIES

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

IX. SALES AND REPURCHASE AGREEMENTS (REPOS) AND TRANSACTIONS ON SECURITIES LOANED

Marketable securities subject to repurchase agreements are classified under "Securities at fair value through profit or loss" or "Securities available for sale" in the Bank's portfolio and they are valued according to the valuation principles of the related portfolios.

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Funds obtained from the repurchase agreements are recognized under the "Funds from Repurchase Transactions" account in liabilities. For the difference between the sale and repurchase prices determined by the repo agreements for the period; expense accrual is calculated using the internal rate of return method.

Reverse repo transactions are recognized under the "Receivables from Reverse Repo Transactions" account. For the difference between the purchase and resale prices determined by the reverse repo agreements for the period; income accrual is calculated using the internal rate of return method. As of December 31, 2008 bank has no reverse repo transactions. (December 31, 2007: TRY 50.025 Thousand)

X. EXPLANATIONS ON TANGIBLE FIXED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets that meet the criteria to be classified as held for sale are measured at the lower of its carrying amount and fair value less costs to sell. Depreciation of such assets is ceased and they are presented separately in the balance sheet. In order to classify a tangible fixed asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such assets (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal group), and an active program to complete the plan should be initiated to locate a customer. Also, the asset (or the disposal group) should have an active market sale value, which is a reasonable value in relation to its current fair value. Events or circumstances may extend the completion of the sale more than one year. Such assets are still classified as held for sale if there is sufficient evidence that the delay in the sale process is due to the events and circumstances occurred beyond the control of the entity or the entity remains committed to its plan to sell the asset (or disposal group).

A discontinued operation is a component of a bank that either has been disposed of, or is classified as held for sale. Gains or losses relating to discontinued operations are presented separately in the income statement.

XI. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

As at the balance sheet date, there is no goodwill recorded in the unconsolidated balance sheet of the Bank.

Intangible assets that are purchased prior to January 1, 2005 are carried at their restated historical costs and intangible assets that are purchased in the subsequent periods are carried at their historical cost, less any accumulated amortization and any impairment losses. Intangible assets are amortized by using the straight line method based on their useful lives. Amortization method and period are assessed periodically at the end of each year. Intangible assets consist of establishment/formation expenses, software expenses and they are amortized by using the straight line method over 5 years. Leasehold improvements are depreciated over the lease period by straight line method. There is no significant change in the accounting estimates expected or to be expected having a significant effect on the amortization method, amortization period or residual value.

XII. EXPLANATIONS ON PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment that are purchased prior to January 1, 2005 are carried at their December 31, 2004 dated restated costs and property, plant and equipment that are purchased in the subsequent periods are carried at cost, less any accumulated depreciation and any impairment losses. Property, plant and equipment are amortized by using the straight line method during their useful lives. Gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of that asset and is recognized in profit or loss. Ordinary maintenance and repair expenses of property, plant and equipment items are recognized as expenses. There are no mortgages, pledges or similar encumbrances designated for the property, plant and equipment.

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Estimated useful lives of property, plant and equipment are as follows:

	Estimated Useful Lives (Year)	Depreciation Rate
Buildings	50	%2
Safe-deposit boxes	50	%2
Other movable properties	2-25	%4-50
Assets held under financial leases	4-5	%20-25

There is no change expected in the current period or to be expected in the subsequent periods to have a significant effect on the accounting estimates.

XIII. EXPLANATIONS ON LEASING TRANSACTIONS

Assets acquired under financial leases are carried at the lower of their fair values or amortized value of the lease payments. Leasing payables are recognized as liabilities in the balance sheet while the interest payable portion of the payables is recognized as a deferred amount of interest. Assets held under financial leases are recognized under the property, plant and equipment (movable properties) account and are depreciated by using the straight line method.

The Bank does not participate in the financial leasing transactions as a "lessor".

Operational lease transactions are recognized in line with the related agreement on an accrual basis.

XIV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

A provision should be recognized in the financial statements when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the Bank's management for expenditure required to settle the present obligation at the balance sheet date and amortized to its present value if the amount is material.

XV. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES

Employee benefits liabilities are recognized in accordance with the Turkish Accounting Standard No: 19 "Employee Benefits". According to related legislation and union contracts, the Bank is required to make lump sum retirement payments to employees who has completed one year of service, is called up for military service, dies, resigns, retires or whose employment is terminated without due cause, or for female employees; who resigns subsequent to her marriage within one year. The Bank provides provision by estimating the present value of the future retirement pay liability. The retirement pay provision of the Bank has been determined by the actuarial report of an independent valuation company.

Pamukbank Employee Pension Fund, T. Ziraat Bankası and T. Halk Bankası Employee Pension Fund Foundations were founded in accordance with the provisional article 20 of the Social Insurance Act (SIA) No: 506 and their members include employees of the Bank as well. Provisional article 23 of the Banking Act No: 5411 requires the Bank's pension funds founded in the scope of SIA to be transferred to the Social Insurance Institution (SII) within 3 years subsequent to the publishing date of the act. The procedure and essentials for the transfer were determined by the Council of Ministers' decision dated November 30, 2006 and numbered 2006/11345 and accordingly, both pension fund foundations would have been transferred to SSI. However, with the decree of the Constitutional Court numbered E.2005/139, K.2007/13 and K.2007/33 published in the Official Gazette dated March 31, 2007 and numbered 26479, the first paragraph of the temporary first article of the provisional article 23 of the Banking Act No: 5411 is cancelled and the execution has been ceased starting from the date the decree is published.

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In accordance with the principles set out by the Council of Ministers' decision, numbered 2006/11345 published in the Official Gazette numbered 26377 and dated December 15, 2006 regarding the determination of procedures and principles for the application of transfer requirements and based on the technical balance sheet report prepared using a 10.24% of technical interest rate, for Pamukbank Employee Pension Fund TRY 9.251 Thousand of technical provision has been allocated as of December 31, 2006 and kept in financial statements as of December 31, 2007. As of March 31, 2008, part of the related technical provision was set as provision for possible risks and the remaining amount was cancelled. Based on the results of the actuarial report prepared as of December 31, 2008, no technical deficit has been reported. Besides, no technical deficit for T.C. Ziraat Bankası and T. Halk Bankası Employee Pension Fund has been reported.

In accordance with the Act No: 5754 "Act about the amendments in Social Security and General Health Insurance Act and Some of Acts and Decrees" published in the Official Gazette dated May 8, 2008 and numbered 26870, bank pension funds participants and salaried members or the rightful owners would be transferred to Social Security Institution within three years beginning from the date of publication without any required further action. Three years transfer period would be extended by two years at most with the decision of Council of Ministers. In accordance with the related legislation, as of the transfer date, the income and expenses of the transferred funds will be considered by the insurance branches and the cash value of the liabilities will be calculated with the actuarial interest rate 9,8%. Moreover, the unfulfilled other social rights and payments existed in the settlement deeds of the subjected pension funds of the transferred participants, members or the rightful owners will be continued to be fulfilled by the employer entities of the funds and its participants.

XVI. EXPLANATIONS ON TAXATION

In accordance with the Article 32 of the Corporate Tax Law No: 5520, the corporate tax rate is calculated at the rate of 20%. The tax legislation requires advance tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the corporate tax liability for the year. The 4th quarter advance tax for the 2008 year end has been paid in February 2009, to be offset against the final corporate tax liability for the current year.

Tax expense is the sum of the current tax expense and deferred tax charge. Current year tax liability is calculated over taxable profit. Taxable profit is different from the profit in the income statement since taxable income or deductible expenses for the following years and non-taxable and non-deductible items are excluded.

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

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. An entity shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Prepaid corporation taxes and corporation tax liabilities are offset as they relate to income taxes levied by the same taxation authority. Deferred tax assets and liabilities are also offset.

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XVII. ADDITIONAL EXPLANATIONS ON BORROWINGS

The Bank borrows funds from domestic and foreign institutions when needed. These borrowing activities are recognized at fair value including the acquisition costs at the transaction date and they are valued at amortized costs by using the internal rate of return method.

Interest rate and liquidity risks are prevented by having assets with shorter or equal maturity terms than borrowing instruments such as syndication, securitization and borrowing with collateral and bears higher interest than costs of those instruments.

Also, asset composition is designed in accordance with the fixed/variable cost nature of borrowing instruments.

There are no convertible bonds or debt instruments issued.

XVIII. EXPLANATIONS ON SHARES AND SHARE ISSUE

Share issuance related to costs is recognized as expenses. Dividend income related with the equity shares are determined by the General Assembly of the Bank.

The Bank has not issued any shares during 2008. In accordance with the decree of the Privatization High Council dated February 5, 2007 and numbered 2007/8, the process of public offering for the 25% of shares pertaining to the Privatization Administration was completed and the Bank shares were registered to the Board with the decree of the Capital Markets Board dated April 27, 2007 and numbered 23/271, and the shares were traded on the İstanbul Stock Exchange as of May 10, 2007.

XIX. BILL GUARANTEES AND ACCEPTANCES

Bill guarantees and acceptances are realized simultaneously with the customer payments and they are presented as possible liabilities and commitments in the off-balance sheet accounts.

XX. EXPLANATIONS ON GOVERNMENT INCENTIVES

There are no government incentives utilized by the Bank.

XXI. EXPLANATIONS ON SEGMENT REPORTING

Segment reporting focuses on business segment considering the main source and nature of the risks and returns of the Bank. The Bank operates mainly in corporate banking, retail/personal banking and investment banking. The report concerning parts of Bank's business segmentation and related information is explained in section four, disclosure numbered VIII.

XXII. OTHER MATTERS

Associates and Subsidiaries:

For TRY associates and subsidiaries, the additions of funds (such as revaluation fund) are deducted from the cost of the associate and subsidiary (the additions of these funds to the capital is permitted for statutory purposes) and later, these costs are indexed based on the capital increase payment dates until December 31, 2004. As of December 31, 2007, a valuation study was performed by an independent company for Kobi A.Ş., Halk Leasing, Birlik Sigorta, Birlik Hayat Sigorta and Halk Yatırım. For those entities that have value increase, the provision set for impairment in the prior periods was cancelled. In accordance with the Turkish Accounting Standards, as of 2008 year end, the Bank engaged in a net investment hedge transaction for its foreign currency associate Demirhalkbank N.V., operating in Netherlands, recorded the valuation difference due to such transaction as other reserves under equity and recorded the valuation difference due to net investment hedge transaction as hedging funds under equity.

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SECTION IV: INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE

I. EXPLANATIONS RELATED TO THE UNCONSOLIDATED CAPITAL ADEQUACY RATIO

Risk measurement methods used in the determination of unconsolidated capital adequacy standard ratio; Capital Adequacy Standard Ratio calculation is performed in accordance with the Communiqué on "Measurement and Assessment of the Capital Adequacy of Banks", which was published in the Official Gazette numbered 26333 on November 1, 2006. As of December 31, 2008, the Bank's unconsolidated capital adequacy ratio calculated based on the essentials of the related communiqué is 14,49%. [December 31, 2007: 20,03%]

In calculating the amounts subject to credit risk, the Bank generally evaluates its loans according to their collateral classes based on the relevant risk weights. However, risk rate for fund loans for which the Bank recognizes is 0% and credit cards and cooperative loans is 100% due to having "suretyship" collateral type.

In the calculation of capital adequacy standard ratio, information prepared in accordance with the legislation on recording and accounting system is used. Additionally, market risk amount is calculated in accordance with the communiqué on the "Internal Control and Risk Management Systems of the Banks" and is taken into consideration in the capital adequacy standard ratio calculation.

Amounts deducted from the capital in the calculation of shareholders' equity are not considered in the calculation of risk-weighted assets, non-cash loans and contingent liabilities. In the calculation of risk weighted assets, assets subject to depreciation and impairment are carried at their carrying values less accumulated depreciation and impairment losses. Beginning from December 31, 2004, for the calculation of the amount subject to credit risk regarding the transactions on the non-cash loans, the receivable amount from counter parties is calculated by using the conversion rates presented in Clause 1 in Article 5 of the Communiqué on "Measurement and Assessment of Banks' Capital Adequacy Ratios", less the specific provision amount set in accordance with the Communiqué on "Determining the Nature of Loans and Receivables and Principles and Procedures on the Allocation of Loan and Receivable Provisions", if any.

In calculation of the amount subject to credit risks, receivables from counter parties arising from foreign currency and interest rate transactions are recognized using the conversion rates presented in the related communiqué Clause 2 in Article 5.

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1. Information on the unconsolidated capital adequacy ratio:

	Risk Weights						
	0%	10%	20%	50%	100%	150%	200%
Credit Risk Base Amount							
Balance Sheet Items (Net)	22.272.721	-	2.417.171	7.406.785	16.369.895	5.426	23
Cash and Cash Equivalents	211.936	-	31	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Turkish Republic Central Bank Balances Domestic, Foreign Banks, Head Office and Branches Abroad Balances	1.914.772	-	-	-	-	-	-
Interbank Money Market Placements	-	-	2.119.023	-	-	-	-
Receivables from Reverse Repos Transactions	-	-	-	-	-	-	-
Reserve Deposits	831.738	-	-	-	-	-	-
Loans	3.263.354	-	47.952	7.261.280	14.467.579	5.426	23
Non-performing Loans (Net)	-	-	-	-	213.513	-	-
Finance Lease Receivables	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	11.328	-	-
Investments Held to Maturity	15.216.498	-	-	-	-	-	-
Receivables from the Asset Sale on Credit Terms	-	-	59.166	-	-	-	-
Sundry Debtors	11.624	-	91.020	-	39.595	-	-
Interest and Income Accruals	745.750	-	1.272	145.505	378.162	-	-
Subsidiaries, Associates and Joint Ventures (Net)	-	-	-	-	221.659	-	-
Property, Plant and Equipment	-	-	-	-	1.007.350	-	-
Other Assets	77.049	-	98.707	-	30.709	-	-
Off-Balance Sheet Items	185.450	-	281.405	369.815	4.887.084	-	-
Non-cash Loans and Commitments	185.450	-	247.999	369.815	4.887.084	-	-
Derivative Instruments	-	-	33.406	-	-	-	-
Non-risk Weighted Accounts	-	-	-	-	-	-	-
Total Risk-Weighted Assets	22.458.171	-	2.698.576	7.776.600	21.256.979	5.426	23

2. Capital Adequacy Ratio Summary:

	Current Period	Prior Period
Credit Risk Base Amount (CRBA)	25.693.179	17.661.038
Market Risk Base Amount (MRBA)	462.213	368.450
Operational Risk Base Amount (ORBA)	3.689.089	3.330.937
Equity	4.324.370	4.279.268
Equity/(CRBA+MRBA+ORBA)*100	14,49	20,03

CRBA: Credit Risk Base Amount

MRBA: Market Risk Base Amount

ORBA: Operational Risk Base Amount

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3. Information on equity items:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	1.250.000	1.250.000
Nominal capital	1.250.000	1.250.000
Capital commitments (-)	-	-
Inflation Adjustment for Paid-in Capital	1.220.451	1.220.451
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	434.671	297.633
I. Degree Legal Reserve (Turkish Commercial Code 466/1)	172.756	117.045
II. Degree Legal Reserve (Turkish Commercial Code 466/2)	261.212	179.908
Reserves per Specific Acts	703	680
Statutory Reserves	-	-
Extraordinary Reserves	366.517	191.787
Reserves allocated per General Assembly Minute	333.180	159.859
Retained Earnings (*)	47.181	47.181
Accumulated Loss	-	-
Foreign Currency Share Capital Exchange Difference	(13.844)	(15.253)
Inflation Adjustment for the Legal, Statutory and Extraordinary Reserves	-	-
Profit	1.035.137	1.202.961
Net period profit	1.018.315	1.131.039
Retained Earnings	16.822	71.922
Portion of Provisions Allocated for Potential Risk up to 25% of Core Capital Amount	22.571	9.346
Subsidiary and Associate Shares and Gains on Sale of Properties to Be Added to Capital	-	-
Portion of Primary Tier-II Capital up to 15% of Core Capital	-	-
Losses that cannot be covered by reserves (-)	-	-
Net period loss	-	-
Accumulated Loss	-	-
Leasehold Improvements (-)	-	14.326
Prepaid Expenses (-)	4.225	3.625
Intangible Assets (-)	38.588	2.459
Deferred Tax Asset in excess of 10% of the Core Capital (-)	-	-
Excess Amount defined in 3rd Clause, 56th Article of the Banking Act (-)	-	-
Total Core Capital	4.329.347	4.172.178

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	Current Period	Prior Period
SUPPLEMENTARY CAPITAL		
General Loan Provisions	225.806	138.506
45% of Movable Assets Revaluation Fund	-	-
45% of Properties Revaluation Fund	-	-
Non-paid-up Shares of Subsidiaries, Associates and Joint Ventures	-	-
Proportion of Primary Tier -II Capital excluded from the Core Capital Calculation	-	-
Secondary Tier -II Capital	-	-
45% of Marketable Securities Revaluation Fund	(70.247)	99.109
From Subsidiaries and Associates	42.790	78.754
From Financial Assets Available for Sale	(113.037)	20.355
Inflation adjustments for capital reserves, profit reserves and retained earnings/accumulated losses (Except inflation adjustments for legal reserves, statutory reserves and extraordinary reserves)	-	-
Total Supplementary Capital	155.559	237.615
TIER-III CAPITAL		
CAPITAL	4.484.906	4.409.793
DEDUCTIONS FROM CAPITAL	160.536	130.525
Equity Shares in Banks and Financial Institutions Which Are Excluded from the Consolidation	103.013	96.070
Borrowing Instruments and Loans qualified as Tier-II Capital from and to banks, financial institutions (domestic and foreign), preferred stockholders	-	-
Equity Shares in Banks and Financial Institutions for which equity method was applied, but their assets and liabilities were not consolidated	-	-
Loans granted not in compliance with the provisions stated in articles 50 and 51 of the Act.	-	-
Total net book value of the Bank's properties in excess of 50% of the equity and in accordance with Article 57 of the Act, net book value of properties and commodities acquired in exchange of loans and receivables that should be disposed of however; have not been disposed of although it has been 5 years since the beginning of the acquisition date.	14.710	14.045
Other	-	-
TOTAL EQUITY	4.324.370	4.279.268

[*] TRY 47.181 Thousand of balance is the monetary gain/loss from restatement of the 2003 period profit until April 2004. (Dividend Dist. Date)

[**] Items located under core capital, leasehold improvements, prepaid expenses and intangible assets are not included in total of core capital based on the related communiqué; rather they are considered under deductions from capital.

II. EXPLANATIONS RELATED TO THE CREDIT RISK

The Bank, in the credit allocation process, restricts its risk exposure by working with highly credible banks and entities considering the credit ratings for the purpose of managing its risks. Under the scope of credit risk management, the Bank grades all of its credits that are granted to real persons or entities and requires additional collaterals from its customers having high credit risks. The Bank has the policy of not granting loans/credits and/or limiting the amount of such loans/credits. The Bank's risk concentration in Turkey is high, since it operates mainly in Turkey. In loan procedure, limits are determined based on the type of loans and customers and risk and limit information is controlled periodically. For geographical regions and sectors, limit determination process is carried by the related loan departments.

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Loans granted to other banks and risk limits set for the correspondent bank transactions are controlled on a daily basis. Risk concentrations are monitored systematically with the Treasury department, concerning the off-balance sheet operations based on the customers and banks.

Except for the restructured loan follow-up system determined in the related communiqué, such loans are incorporated into the new rating groups or risk weightings under the risk management systems of the banks, and new precautionary measures are taken for these processes. Since long-term commitments are more risky than the short-term commitments, risks are assorted in accordance with the Bank's risk management system.

As prescribed in the Communiqué on "Determining the Nature of Loan and Other Receivable Provisions Allocated by the Banks and Procedures and Principles of Allocating Provisions", the credit worthiness of the debtors of the loans and other receivables is monitored regularly. Credit limits are determined according to the audited statement of accounts. Guarantee factors are developed in accordance with the decision of the credit committee and updated according to the top management's initiatives and changes in the economic conditions. The Bank receives sufficient collaterals in consideration of the loans and other receivables granted. Guarantees are suretyships, immovable mortgages, cash blockages and customer or real person cheques.

When the Bank is exposed to significant credit risks, it has the tendency to cease its forward or similar type of transactions by using rights, fulfilling the requirements of the acquisitions or disposing of the acquisitions to mitigate the risk total.

Indemnified non-cash loans are subject to the same risk weight as the outstanding loans due at maturity and they are classified according to their guarantees and recognized in the non-performing loans account.

The Bank is not an active participant of the international banking sector.

As of December 31, 2008, the receivables of the Group from its top 100 cash loan customers is 22,20% of its total cash loans.

As of December 31, 2008, receivables of the Bank from its top 100 non-cash loan is 60,69% of its total non-cash loans.

As of December 31, 2008, share of cash and non-cash receivables of the Bank from its top 100 customers are 14,22% of its total balance sheet and off-balance sheet assets.

As of December 31, 2008, general loan loss provision related to the credit risk incurred by the Bank in accordance with the legislation on "Determining the Nature of Loans and Receivables and Principles and Procedures on the Allocation of Loan and Receivable Provisions" is TRY 225.806 Thousand.

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Credit risk by types of borrowers and geographical concentration:

	Loans to Real Person and Legal Entities		Loans to Banks and Other Financial Institutions		Marketable Securities*		Other Loans**	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Loans according to borrowers:								
Private Sector	18.230.041	13.403.094	381.182	244.117	11.328	9.975	317.872	148.138
Public Sector	808.493	7.358	-	-	18.322.221	15.934.625	201.435	176.945
Banks	-	-	30.000	17.400	-	-	2.119.023	1.161.073
Retail	5.595.897	4.117.850	-	-	-	-	-	-
Share Certificates	-	-	-	-	-	-	-	-
Total	24.634.431	17.528.302	411.182	261.517	18.333.549	15.944.600	2.638.330	1.486.156
Information according to geographical concentration:								
Domestic	24.533.147	16.398.989	381.182	244.117	18.325.563	15.937.674	334.192	382.484
EU Countries	42.964	-	30.000	17.400	6.898	5.594	2.039.501	875.376
OECD Countries ***	-	-	-	-	-	-	30.935	97.498
Offshore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-	197.385	111.125
Other Countries	58.320	1.129.313	-	-	1.088	1.332	36.317	19.673
Total	24.634.431	17.528.302	411.182	261.517	18.333.549	15.944.600	2.638.330	1.486.156

[*] Includes marketable securities designated at fair value through profit or loss, available-for-sale and held-to-maturity.

[**] Includes the on balance sheet transactions classified in the Uniform Chart of Accounts except the ones in the first three categories and the transactions defined as loan in the Article 48 of the Banking Act No: 5411.

[***] OECD countries other than EU countries, USA and Canada.

[****] Interest and income accruals for the loans are not included in table above.

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Information according to geographical concentration:

	Assets (**)	Liabilities (***)	Non-Cash Loans	Equity Investments (**)	Net Profit/Loss
Current Period					
Domestic	48.546.194	45.276.804	6.574.454	108.283	1.018.315
EU Countries	1.891.872	608.092	130.576	227.491	-
OECD Countries (*)	28.943	-	2.380	-	-
Offshore Banking Regions	-	-	-	-	-
USA, Canada	197.385	427.130	2.114	-	-
Other Countries	95.501	495.042	29.328	226	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-	-
Unallocated Assets/Liabilities (****)	-	-	-	-	-
Total	50.759.895	46.807.068	6.738.852	336.000	1.018.315
Prior Period					
Domestic	37.461.587	33.341.634	3.621.425	101.329	1.131.039
EU Countries	1.124.988	534.854	114.992	255.318	-
OECD Countries (*)	112.246	-	1.496	-	-
Offshore Banking Regions	-	-	-	-	-
USA, Canada	42.685	84.728	1.166	-	-
Other Countries	1.136.126	1.890.164	26.000	175	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-	-
Unallocated Assets/Liabilities (****)	-	-	-	-	-
Total	39.877.632	35.851.380	3.765.079	356.822	1.131.039

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

(**) Total of assets and equity investments represent the total assets in the balance sheet.

(***) Shareholders' equity components are not included in liabilities.

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

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Sector concentrations for cash loans:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	827.916	4,34	179.978	2,75	746.237	4,93	14.858	0,50
Farming and Raising Livestock	810.417	4,25	169.508	2,59	722.871	4,78	9.990	0,33
Forestry, Wood and Paper	5.822	0,03	515	0,01	8.921	0,06	58	0,00
Fishery	11.677	0,06	9.955	0,15	14.445	0,10	4.810	0,16
Manufacturing	3.636.308	19,05	3.871.933	59,21	3.194.180	21,12	1.495.933	50,13
Mining and Quarry	90.838	0,48	43.652	0,67	68.396	0,45	31.602	1,06
Production	3.532.111	18,51	3.728.698	57,02	3.112.470	20,58	1.412.470	47,33
Electricity, Gas and Water	13.359	0,07	99.583	1,52	13.314	0,09	51.861	1,74
Construction	864.586	4,53	140.229	2,14	570.285	3,77	55.197	1,85
Services	7.157.479	37,51	2.262.739	34,60	5.830.660	38,55	1.390.376	46,59
Wholesale and Retail Trade	3.902.934	20,45	536.410	8,20	3.473.837	22,97	204.306	6,85
Hotel, Tourism, Food and Beverage Services	169.066	0,89	262.444	4,01	793.720	5,25	210.691	7,06
Transportation and Communication	1.374.830	7,20	245.935	3,76	164.427	1,09	85.190	2,85
Financial Institutions	404.731	2,12	635.149	9,71	720.270	4,76	361.304	12,11
Real Estate and Renting Services	783.192	4,10	491.906	7,52	280.834	1,86	392.097	13,14
Self-Employment Services	137.852	0,72	94	0,00	36.110	0,24	14.907	0,50
Education Services	43.133	0,23	18.448	0,28	240.967	1,59	121.881	4,08
Health and Social Services	341.741	1,79	72.353	1,11	120.495	0,80	-	0,00
Other	6.597.062	34,57	84.555	1,29	4.781.807	31,62	27.656	0,93
Total	19.083.351	100,00	6.539.434	100,00	15.123.169	100,00	2.984.020	100,00

The table below shows the maximum exposure to credit risk for the components of the financial statements.

Gross Maximum Exposure	December 31, 2008	December 31, 2007
Due from Banks	2.119.334	1.161.585
Money Market Receivables	-	50.025
Financial Assets at Fair Value Through Profit and Loss	114.765	480.172
Financial Assets Available-for-Sale	2.359.902	8.427.008
Held-to-Maturity Investments	15.858.882	7.037.420
Loans	25.836.298	18.121.078
Total	46.289.181	35.277.288
Contingent liabilities	6.738.852	3.765.079
Commitments	4.042.885	3.111.088
Total	10.781.737	6.876.167
Total credit risk exposure	57.070.918	42.153.455

As of December 31, 2008, excluding collaterals and other credit providing elements, the maximum credit sensitivity to any customer or group is TRY 561.566 Thousand; in case of considering related items it is TRY 487.500 Thousand.

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Credit quality per class of financial assets as of December 31, 2008 is as follows:

	Neither past due nor impaired	Past due or individually impaired	Total
Receivables from Banks	2.119.334	-	2.119.334
Financial Assets at Fair Value Through Profit and Loss	114.765	-	114.765
Loans	23.858.185	571.104	24.429.289
Corporate lending	5.913.616	31.614	5.945.230
SME lending	12.274.265	490.376	12.764.641
Consumer lending	5.146.298	49.076	5.195.374
Other	524.006	38	524.044
Financial Assets Available for Sale	2.359.902	-	2.359.902
Investments held to maturity	15.858.882	-	15.858.882

(*) Credit cards (TRY 399.995 Thousand) and loans for which the risk does not belong to the Bank (TRY 1.007.014 Thousand) are not included in the table above.

(**) Loan portfolio classification is made in accordance with Basel II criteria.

(***) Financial assets that are overdue or impaired are presented in net values. Specific loan provision of TRY 1.037.849 Thousand as of 31.12.2008 is netted of from SME lending.

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

	Neither past due nor impaired	Past due or individually impaired	Total
Receivables from Banks	1.161.585	-	1.161.585
Financial Assets at Fair Value Through Profit and Loss	480.172	-	480.172
Loans	16.805.533	176.364	16.981.897
Corporate lending	2.954.197	61.899	3.016.096
SME lending	9.877.008	47.229	9.924.237
Consumer lending	3.870.480	67.236	3.937.716
Other	103.848	-	103.848
Financial Assets Available for Sale	8.427.008	-	8.427.008
Investments held to maturity	7.037.420	-	7.037.420
Receivables from Banks	7.037.420	-	7.037.420

(*) Credit cards (TRY 274.350 Thousand) and loans for which the risk does not belong to the Bank (TRY 864.831 Thousand) are not included in the table above.

(**) Loan portfolio classification is made in accordance with Basel II criteria.

(***) Financial assets that are overdue or impaired are presented in net values. Specific loan provision of TRY 1.018.853 Thousand as of 31.12.2007 is netted of from SME lending.

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Corporate and Commercial Firms	Internal/External Valuation Grade	Total	Entrepreneurial Firms	Internal/External Valuation Grade	Total
Risk Rating Group 1	AAA	745	High		
Risk Rating Group 2	AA	823.784	Risk Rating Group 1	1	630.104
Risk Rating Group 3	A	2.157.867	Risk Rating Group 2	2	762.800
Risk Rating Group 4	BBB	2.366.745	Standard		
Risk Rating Group 5	BB	1.494.007	Risk Rating Group 3	3	1.093.000
Risk Rating Group 6	B	1.300.337	Below the Standard		
Risk Rating Group 7	CCC	677.671	Risk Rating Group 4	4	843.146
Risk Rating Group 8	CC	102.264	Loss in value		
Risk Rating Group 9	C	11.535	Risk Rating Group 5	5	841.224
TOTAL		8.934.955	TOTAL		4.170.274

(1) Loans for which the risk does not belong to the Bank are not included. (TRY 1.007.014 Thousand)

(2) Loan amount before the conversion is considered

(3) Prepared in accordance with the internal grading results of the Bank

(4) Only graded firms are included.

Risk Grade (1-4)	Risk Group	Definition of Risk Group	Risk Grade (%)
1,00 - 1,40	AAA	The firm is an extremely positive firm with its financial and non-financial criteria and it can pursue its high credibility in the long run.	100 - 86
1,41 - 1,80	AA	The firm is a positive firm with its financial and non-financial criteria and it can pursue its high credibility in the long run.	85 - 73
1,81 - 2,00	A	The firm that has performed its optimization and has a high credibility in the short run and is a credible firm in the medium run.	72 - 67
2,01 - 2,20	BBB	The firm is a credible firm despite the fact that it cannot perform the optimization of certain aspects of its financial and non-financial criteria.	66 - 60
2,20 - 2,40	BB	The firm cannot retain optimization in the major parts of its financial and non-financial criteria. It has speculative attributes but it is a credible firm in the short run.	59 - 53
2,41 - 2,60	B	Some of the financial and non-financial criteria are negative. It carries highly speculative attributes. In the short run it is a credible firm dependent on the positive conjuncture.	52 - 47
2,61 - 2,80	CCC	The major part of its financial and non-financial criteria is negative and the firm is having difficulties in meeting its commitments. But it has guaranteed short run credibility dependent on the positive conjuncture.	46 - 40
2,81 - 3,20	CC	The firm force the acceptable risk limits when its financial and non-financial criteria are considered together, and has poor credibility.	39 - 27
3,21 - 3,60	C	The firm has no credibility when its financial and non-financial criteria are considered together.	26 - 13
3,61 - 4,00	D	The firm has no credibility under any condition.	12 - 0

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

	December 31, 2008	December 31, 2007
Loans		
Corporate Loans	71.582	46.788
SME Loans	71.541	72.405
Consumer Loans	160	8
Other	401	245
Total	143.684	119.446

The net value and type of the collaterals of the loans amounted TRY 1.828.069 Thousand, followed under Loans and Other Receivables Under Close Monitoring section, is below.

Collateral Type	Net Value of Collateral
Real estate mortgage	973.058
Salary pledge, vehicle pledge and pledge of commercial undertaking	222.369
Financial collaterals (Cash, securities pledge, etc.)	50
Cheque, bills	72.594
Suretyship	243.466
Other	316.532
Total	1.828.069

(*) The collaterals are considered through comparison of the net value of collateral on appraisal reports less the third party receivables having priority with the collateral. Lower of the collateral amount or the loan amount is considered in the table above. Income accruals are not included in the table.

The net value and the type of the collaterals belong s to loans amounted TRY 1.251.362 Thousand, followed under Non Performing Loans section, is below.

Collateral Type	Net Value of Collateral
Cash	9.855
Mortgage	453.719
Pledge	54.984
Cheque, bills	9.088
Suretyship	239.322
Bond	7
Other	484.387
Total	1.251.362

(*) The collaterals are considered through comparison of the net value of collateral on appraisal reports less the third party receivables having priority with the collateral. Lower of the collateral amount or the loan amount is considered in the table above. Income accruals are not included in the table.

III. EXPLANATIONS RELATED TO MARKET RISK

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

The Board of Directors determines the limits for the basic risk that the Bank is exposed to. Those limits are revised periodically in line with the market forces and strategies of the Bank. Additionally, the Board of Directors has ensured that the risk management division and senior management has taken necessary precautions to describe, evaluate, control and manage risks faced by the Bank.

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Interest rate and exchange rate risks, arising from the volatility in the financial markets, of the financial positions taken by the Bank related to balance sheet and off-balance sheet accounts are measured, and in the computation of capital adequacy, the amount subject to VAR calculated by using the standard method (summarized below) is taken into consideration. Beside the standard method, VAR is calculated by using internal model as supported by scenario analysis and stress tests. VAR is calculated daily by three different methods which are historic simulation, Monte Carlo simulation and parametric method, and these results are also reported daily to the management.

In addition to the standard method, market risk is also calculated by internal model method (Value subject to risk), and the results are supported by scenario analysis and stress tests.

a) Information Related to Market Risk:

	Amount
(I) Capital Requirement to be Employed for General Market Risk - Standard Method	20.407
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	-
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	16.570
(IV) Capital Requirement to be Employed for Commodity Risk - Standard Method	-
(V) Capital Requirement to be Employed for Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed for Market Risk Resulting from Options - Standard Method	-
(VII) Total Capital Requirement to be Employed for Market Risk in Banks Using Risk Measurement Model	-
(VIII) Total Capital Requirement to be Employed for Market Risk (I+II+III+IV+V+VI)	36.977
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	462.213

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

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	82.258	119.721	20.407	13.170	16.691	8.695
Common Stock Risk	-	-	-	-	-	-
Currency Risk	8.443	16.570	1.295	4.793	14.034	811
Commodity Risk	-	-	-	67	87	-
Clearance Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Total Value Subject to Risk	90.701	136.291	21.702	18.030	30.812	9.506

Other Price Risks

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

IV. EXPLANATIONS RELATED TO OPERATIONAL RISK

In the calculation of the Bank's operational risk, "Basic Indicator Method" is used. The amount subject to operational risk is calculated in accordance with Section 4 of the Communiqué on "Measurement and Assessment of the Capital Adequacy of Banks" published in the Official Gazette numbered 26333 on November 1, 2006 and this section is named as "Calculation of Operational Risk Base Amount" which came into effect as of June 1, 2007. The calculation is performed parallel to the practice within the country, by multiplying 15% of the Bank's last three years' average gross revenue with 12,5. Amount subject to operational risk is TRY 3.689.089 Thousand for the current period.

V. EXPLANATIONS RELATED TO THE CURRENCY RISK

Foreign currency risk indicates the probability of loss that banks are subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Bank are taken into consideration. Net short term and long term positions of each currency are calculated in terms of the Turkish Lira.

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The Bank is not exposed to currency risks. However, potential currency risks are figured at weekly and monthly periods through the standard method. Thereby, currency risk can be closely followed. The Bank rarely enters into swap contracts against the currency risk, in case of need.

Announced current foreign exchange buying rates of the Bank as at December 31, 2008 and the previous five working days in full TRY are as follows:

	24.12.2008	25.12.2008	26.12.2008	29.12.2008	30.12.2008	31.12.2008
USD	1,4900000	1,4800000	1,4750000	1,4800000	1,4900000	1,5000000
CHF	1,3873000	1,3745000	1,3757000	1,4173000	1,4092000	1,4059000
GBP	2,1955000	2,1650000	2,1654000	2,1546000	2,1550000	2,1929000
JPY	0,0164394	0,0163101	0,0162550	0,0163906	0,0164749	0,0164969
EURO	2,0853000	2,0737000	2,0719000	2,1068000	2,1095000	2,0949000

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before December 31, 2008 are as follows:

	Monthly Average
USD	1,5071053
CHF	1,3412316
GBP	2,2372211
JPY	0,0165772
EURO	2,0545263

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Information related to unconsolidated currency risk:

Current Period	EURO	USD	YEN	OTHER	TOTAL
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	1.094.835	216.692	46	3.358	1.314.931
Banks and Financial Institutions	1.755.922	206.599	1.750	103.702	2.067.973
Financial Assets at Fair Value Through Profit and Loss	841	34.924	-	841	36.606
Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	457.066	321.400	-	-	778.466
Loans (**)	2.891.343	3.748.473	-	3.881	6.643.697
Subsidiaries, Associates and Entities Under Common Control	220.593	-	-	-	220.593
Held-to-Maturity Investments (***)	1.237.658	1.691.788	-	-	2.929.446
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	45	-	-	8	53
Intangible Assets	-	-	-	-	-
Other Assets	37.413	67.053	-	40	104.506
Total Assets	7.695.716	6.286.929	1.796	111.830	14.096.271
Liabilities					
Bank Deposits	119.594	130.300	-	25.713	275.607
Foreign Currency Deposits	7.203.664	5.672.937	2.030	83.110	12.961.741
Money Market Balances	105.001	587.617	-	-	692.618
Funds Provided from Other Financial Institutions	850.435	469.063	-	6	1.319.504
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	2.274	13.897	5	156	16.332
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities	37.812	48.839	-	553	87.204
Total Liabilities (****)	8.318.780	6.922.653	2.035	109.538	15.353.006
Net Balance Sheet Position	(623.064)	(635.724)	(239)	2.292	(1.256.735)
Net Off-Balance Sheet Position	480.235	596.127	-	10.966	1.087.328
Financial Derivative Assets	481.701	644.562	-	46.710	1.172.973
Financial Derivative Liabilities	1.466	48.435	-	35.744	85.645
Non-Cash Loans (*)	1.279.756	2.855.520	9.616	49.292	4.194.184
Prior Period					
Total Assets	4.216.983	4.247.357	976	61.343	8.526.659
Total Liabilities	4.298.064	5.306.412	1.694	57.749	9.663.919
Net Balance Sheet Position	(81.081)	(1.059.055)	(718)	3.594	(1.137.260)
Net Off-Balance Sheet Position	195.362	1.002.240	1.171	-	1.198.773
Financial Derivative Assets	195.362	1.003.806	1.171	-	1.200.339
Financial Derivative Liabilities	-	1.566	-	-	1.566
Non-Cash Loans	512.097	1.501.492	7.770	36.759	2.058.118

(*) Non-cash loans are not included in the off-balance sheet items.

(**) Contains TRY 104.263 Thousand of foreign currency indexed loans and their accruals.

(***) Contains TRY 750.534 Thousand of foreign currency indexed held to maturity marketable securities and their accruals.

(****) In accordance with the principles of the "Regulation on Measurement and Practices of Banks' Net Overall FC Position/Shareholders' Equity Ratio on a Consolidated and Unconsolidated Basis", Derivative Financial Instruments Foreign Currency Income Accruals (TRY 52.532 Thousand), Prepaid Expenses (TRY 96 Thousand) in assets; and Derivative Financial Instruments Foreign Currency Expense Accruals (TRY 3.940 Thousand) and Shareholders' Equity (TRY 22.430 Thousand) in liabilities are not taken into consideration in the currency risk measurement.

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Foreign currency sensitivity:

The Bank is mainly exposed to currency risk due to EURO and USD.

The following table sets the Bank's sensitivity to a 10% increase and decrease in the TRY against USD and EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management and represents management's assessment of the possible change in foreign exchange rates. Positive amounts represent value increase in profit and loss or shareholders' equity due to 10% appreciation of TRY against EURO or USD.

December 31, 2008	Change in currency rate in %	Effect on profit/loss	
		Current Period	Prior Period
USD	10% increase	(12.687)	(6.402)
EURO	10% increase	(7.995)	(2.072)
Other	10% increase	1.433	405

The Bank's sensitivity to foreign currency rates has increased due to the change of foreign currency position in the current period.

VI. EXPLANATIONS RELATED TO THE INTEREST RATE RISK

Interest rate sensitivity of assets, liabilities and off-balance sheet items related to this risk are measured by the Bank. The Bank's interest rate risk is calculated through using the general and specific interest rate risk statements in the standard method including the assets and liabilities and is considered as a part of the general market risk in the calculation of the capital adequacy standard ratio.

The priority of the Bank's risk management department is to avoid the effects of the interest rate volatility. Sensitivity analysis performed within this context is calculated by the risk management department and reported to the Asset-Liability Committee.

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budgeting process of the Bank. The effects of the fluctuations in the market interest rates on the financial position and on the cash flows are minimized by revising budget targets. The Bank's funding costs, such as TRY bank deposit, foreign exchange accounts, repurchase agreements are determined by the Treasury Vice Presidency.

Since the Bank does not permit maturity mismatches or imposes limits on the mismatch, significant interest rate risk exposures are not expected.

Türkiye Halk Bankası A.Ş.

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

1. Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates:

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	2.374.363	-	-	-	-	634.936	3.009.299
Banks and Financial Institutions	2.046.822	-	-	-	-	72.512	2.119.334
Financial Assets at Fair Value Through Profit and Loss	680	3.423	18.399	83.277	8.124	862	114.765
Money Market Placements	-	-	-	-	-	-	-
Financial Assets							
Available-for-Sale	29.404	667.400	957.940	480.584	213.246	11.328	2.359.902
Loans	10.429.042	4.038.495	5.102.043	3.650.827	1.625.607	776.771	25.622.785
Held-to-Maturity Investments	4.278.718	5.879.244	2.217.074	2.022.431	1.461.415	-	15.858.882
Other Assets	423.781	98	3	-	-	1.587.046	2.010.928
Total Assets	19.582.810	10.588.660	8.295.459	6.237.119	3.308.392	3.083.455	51.095.895
Liabilities							
Bank Deposits	1.122.304	-	-	-	-	142.378	1.264.682
Other Deposits	22.659.027	10.331.299	2.163.959	466	-	3.851.681	39.006.432
Money Market Balances	1.756.673	472.346	161.425	-	-	-	2.390.444
Sundry Creditors	12.446	-	-	-	-	429.606	442.052
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	984.665	869.439	459.123	103.160	128.781	192.185	2.737.353
Other Liabilities	9.732	71	8	-	-	5.245.121	5.254.932
Total Liabilities	26.544.847	11.673.155	2.784.515	103.626	128.781	9.860.971	51.095.895
Balance Sheet Long Position	-	-	5.510.944	6.133.493	3.179.611	-	14.824.048
Balance Sheet Short Position	(6.962.037)	(1.084.495)	-	-	-	(6.777.516)	(14.824.048)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(6.962.037)	(1.084.495)	5.510.944	6.133.493	3.179.611	(6.777.516)	-

(1) TRY 74.091 Thousand of deferred tax asset is disclosed under the non-interest bearing column in other assets.

(2) TRY 213.513 Thousand of non-performing loans with no specific reserve are disclosed under the non-interest bearing column in other assets.

(3) Shareholders' equity balance is disclosed under the non-interest bearing column.

(4) Funds provided from other financial institutions include borrowings.

Türkiye Halk Bankası A.Ş.

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	3.012.267	-	-	-	-	458.911	3.471.178
Banks and Financial Institutions	1.151.378	-	-	-	-	10.207	1.161.585
Financial Assets at Fair Value Through Profit and Loss	1.906	242.907	15.179	124.702	87.543	7.935	480.172
Money Market Placements	50.025	-	-	-	-	-	50.025
Financial Assets							
Available-for-Sale	1.440.363	3.729.176	723.109	1.836.014	688.372	9.974	8.427.008
Loans	8.211.953	1.310.129	3.464.007	3.766.631	652.473	701.996	18.107.189
Held-to-Maturity Investments	5.619.007	512.446	905.967	-	-	-	7.037.420
Other Assets	117.152	3.767	-	-	-	1.378.958	1.499.877
Total Assets	19.604.051	5.798.425	5.108.262	5.727.347	1.428.388	2.567.981	40.234.454
Liabilities							
Bank Deposits	974.981	60.427	-	-	-	13.641	1.049.049
Other Deposits	16.962.177	7.331.654	2.199.706	2.259	-	3.296.066	29.791.862
Money Market Balances	1.366.544	89.945	246.336	-	-	-	1.702.825
Sundry Creditors	6.905	-	-	-	-	345.422	352.327
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	818.668	252.154	200.476	384.907	108.079	215.080	1.979.364
Other Liabilities	58.309	9.727	22.959	-	-	5.268.032	5.359.027
Total Liabilities	20.187.584	7.743.907	2.669.477	387.166	108.079	9.138.241	40.234.454
Balance Sheet Long Position	-	-	2.438.785	5.340.181	1.320.309	-	9.099.275
Balance Sheet Short Position	(583.533)	(1.945.482)	-	-	-	(6.570.260)	(9.099.275)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(583.533)	(1.945.482)	2.438.785	5.340.181	1.320.309	(6.570.260)	-

(1) TRY 63.924 Thousand of deferred tax asset is disclosed under the non-interest bearing column in other assets.

(2) TRY 13.889 Thousand of non-performing loans with no specific reserve are disclosed under the non-interest bearing column in other assets.

(3) Shareholders' equity balance is disclosed under the non-interest bearing column.

(4) Funds provided from other financial institutions include borrowings.

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

2. Average interest rates applied to financial instruments:

Current Period	EURO	USD	YEN	TRY
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey (***)	-	-	-	12,25
Due from Other Banks and Financial Institutions (*)	1,90	2,81	-	12,12
Financial Assets at Fair Value Through Profit and Loss	7,43	7,05	-	16,87
Money Market Placements	-	-	-	15,14
Available-for-Sale Financial Assets	5,28	5,85	-	19,45
Loans (**)	8,01	6,87	-	21,31
Held-to-Maturity Investments	5,93	6,54	-	20,11
Liabilities				
Bank Deposits	3,08	-	-	16,35
Other Deposits	3,77	4,34	-	17,17
Money Market Borrowings	-	-	-	16,93
Sundry Creditors	-	-	-	11,89
Marketable Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	-	-	-	-
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances With The Central Bank of Turkey	1,80	1,95	-	12,14
Due from Other Banks and Financial Institutions (*)	3,51	4,69	-	16,61
Financial Assets at Fair Value Through Profit and Loss	5,98	5,55	-	18,02
Money Market Placements	-	-	-	15,75
Available-for-Sale Financial Assets	5,40	6,37	-	18,38
Loans (**)	6,74	6,80	2,10	21,10
Held-to-Maturity Investments	5,73	6,14	-	17,45
Liabilities				
Bank Deposits	-	5,15	-	16,38
Other Deposits	2,12	3,90	-	15,63
Money Market Borrowings	-	-	-	16,32
Sundry Creditors	-	-	-	11,38
Marketable Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	-	-	-	-

(*) Interest rates are calculated using weighted average method for money placement amounts as of balance sheet date.

(**) Interest rates are calculated using weighted average method for loans given as of balance sheet date. Calculated rates may vary from Bank's announced interest rates.

(***) As of December 12, 2008, interest rate given by Central Bank of Turkey to USD and EURO reserve deposits is nil.

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Interest rate sensitivity:

If interest rates were increased by 600 base points in TRY and 200 base points for FC and all other variables were held constant, the Bank's:

- Profit for the year would decrease by TRY 252.907 Thousand. The major factor in this change is due to the liabilities of the Bank with variable interest rates (2007: TRY 9.860 Thousand decrease).
- The shareholders' equity would decrease by TRY 80.214 Thousand. The major factor in this change is due to the market value of government bonds held in available for sale portfolio. (2007: TRY 545.675 Thousand decrease).
- Through these calculations, the value loss related to held for sale investments are presented in shareholder's equity instead of profit and loss.

VII. EXPLANATIONS RELATED TO THE LIQUIDITY RISK

Liquidity risk occurs when there is insufficient cash or cash inflows to meet the cash outflows fully and timely. Liquidity risk may also occur when the market penetration is not adequate, when the open positions cannot be closed immediately at the suitable prices in sufficient amounts due to barriers and break-ups in the markets.

Domestic and foreign markets are used to meet liquidity needs. Low levels of liquidity needs provides an easy access for borrowing from the Turkish Republic Central Bank, İstanbul Stock Exchange, Interbank Money Market, Clearing Bank and other markets. The Bank's low ratios of bank deposits and foreign currency deposits compared to other commercial banks, with the similar balance sheet total, is an indication of having a larger share from the market when needed. Available money market debts from the foreign market, Eurobonds held in portfolio are important potential resources of the Bank.

When funding and liquidity sources are considered, the Bank covers majority of its liquidity need through deposits. In addition, securities portfolio is mainly composed of available for sale and held to maturity securities.

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Explanations and Notes to Financial Statements for the Period January 1–December 31, 2008

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Presentation of assets and liabilities according to their remaining maturities:

The Bank follows up and measures the consistency of payments comparing its assets and liabilities with the interest rates on a daily and transactional basis.

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed (*)	Total
Assets								
Cash (Cash in TRY, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	634.565	767.644	1.345.744	255.975	5.030	-	341	3.009.299
Banks and Financial Institutions	72.512	2.046.822	-	-	-	-	-	2.119.334
Financial Assets at Fair Value								
Through Profit and Loss	-	680	1.782	53.566	49.751	8.124	862	114.765
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	8.657	158.519	929.066	971.943	280.389	11.328	2.359.902
Loans	913.679	3.810.747	2.986.061	8.929.759	7.221.125	1.761.414	-	25.622.785
Held-to-Maturity Investments	-	197.157	220.048	1.483.986	10.089.114	3.868.577	-	15.858.882
Other Assets (3)	187.799	887	98	3	78.288	-	1.743.853	2.010.928
Total Assets	1.808.555	6.832.594	4.712.252	11.652.355	18.415.251	5.918.504	1.756.384	51.095.895
Liabilities								
Bank Deposits	142.378	1.122.304	-	-	-	-	-	1.264.682
Other Deposits	3.851.681	22.659.027	10.331.299	2.163.959	466	-	-	39.006.432
Funds Provided from Other Financial Institutions	517.065	66.218	187.526	553.846	720.927	691.771	-	2.737.353
Money Market Balances	-	1.756.673	472.346	161.425	-	-	-	2.390.444
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	429.606	12.446	-	-	-	-	-	442.052
Other Liabilities	824.559	113.794	5.591	8	22.153	-	4.288.827	5.254.932
Total Liabilities	5.765.289	25.730.462	10.996.762	2.879.238	743.546	691.771	4.288.827	51.095.895
Liquidity Gap	(3.956.734)	(18.897.868)	(6.284.510)	8.773.117	17.671.705	5.226.733	(2.532.443)	-
Previous Period								
Total Assets	1.380.126	5.361.525	3.518.672	9.339.920	14.467.961	4.926.146	1.240.104	40.234.454
Total Liabilities	4.782.133	19.352.412	7.594.585	2.882.247	803.653	436.350	4.383.074	40.234.454
Liquidity Gap	(3.402.007)	(13.990.887)	(4.075.913)	6.457.673	13.664.308	4.489.796	(3.142.970)	-

(1) Shareholders' equity is disclosed under the undistributed column.

(2) TRY 213.513 Thousand of non-performing fund based loans with no specific provision, is disclosed in other assets.

(3) Other asset items which are not expected to be converted in to cash in short term but required for continuation of banking operations like tangible and intangible assets, office supply inventory, associates and subsidiaries, prepaid expenses, deferred tax asset and receivables from NPL is shown in this section.

(4) Funds provided from other financial institutions include borrowings.

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Explanations and Notes to Financial Statements for the Period January 1–December 31, 2008

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Analysis of financial liabilities by remaining contractual maturities:

As of December 31, 2008	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Liabilities							
Deposits	27.936.638	10.517.345	2.232.509	495	-	(415.873)	40.271.114
Funds Provided from Other Financial Institutions	595.930	192.483	609.098	913.527	878.072	(451.757)	2.737.353
Money Market Borrowings	1.762.586	639.118	-	-	-	(11.260)	2.390.444
Securities Issued	-	-	-	-	-	-	-
Sundry creditors	442.052	-	-	-	-	-	442.052
Total	30.737.206	11.348.946	2.841.607	914.022	878.072	(878.890)	45.840.963

As of December 31, 2007	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Liabilities							
Deposits	21.345.774	7.532.709	2.272.980	2.464	-	(313.016)	30.840.911
Funds Provided from Other Financial Institutions	398.972	118.683	290.217	990.697	551.627	(370.832)	1.979.364
Money Market Borrowings	1.204.709	93.356	430.203	-	-	(25.443)	1.702.825
Securities Issued	-	-	-	-	-	-	-
Sundry creditors	352.327	-	-	-	-	-	352.327
Total	23.301.782	7.744.748	2.993.400	993.161	551.627	(709.291)	34.875.427

In accordance with the Communiqué on the "Measurement and Assessment of Liquidity of the Banks" published in the Official Gazette dated 1 November 2006 No. 26333, beginning from 1 June 2007 liquidity ratio of the banks on a weekly and monthly basis should not be less than 80% for foreign currency denominated assets and liabilities, and for total assets and liabilities it should not be less than 100%. Liquidity ratios as at 31 December 2008 and 2007 are presented below:

	Current Period				Prior Period			
	First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)		First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)	
	FC	TRY+FC	FC	TRY+FC	FC	TRY+FC	FC	TRY+FC
Average	264,74	354,13	140,49	157,92	306,45	410,54	156,52	176,69
Maximum	355,59	451,09	192,54	193,99	384,25	483,22	189,55	191,87
Minimum	186,43	258,30	114,56	135,43	229,06	321,20	141,58	158,97

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Analysis of Bank's derivative financial instruments according to their remaining maturities:

Current Period:	Up to 1		3-12		Over 5	
As of December 31, 2008	Month	1-3 Months	Months	1-5 Years	Years	Total
Forward foreign currency transactions-buy	58.623	3.095	578	-	-	62.296
Forward foreign currency transactions-sell	58.154	3.157	599	-	-	61.910
Foreign currency swap transactions-buy	510.405	167.592	-	-	-	677.997
Foreign currency swap transactions-sell	485.582	148.162	-	-	-	633.744
Interest rate swap transactions-buy	-	-	-	460.754	-	460.754
Interest rate swap transactions-sell	-	-	-	410.046	-	410.046
Total	1.112.764	322.006	1.177	870.800	-	2.306.747

Previous Period:	Up to 1		3-12		Over 5	
As of December 31, 2007	Month	1-3 Months	Months	1-5 Years	Years	Total
Forward foreign currency transactions-buy	1.521	-	508	-	-	2.029
Forward foreign currency transactions-sell	1.547	-	469	-	-	2.016
Foreign currency swap transactions-buy	719.422	-	-	-	-	719.422
Foreign currency swap transactions-sell	735.354	-	-	-	-	735.354
Interest rate swap transactions-buy	-	-	84.940	394.400	-	479.340
Interest rate swap transactions-sell	-	-	86.875	455.310	-	542.185
Total	1.457.844	-	172.792	849.710	-	2.480.346

VIII. EXPLANATIONS RELATED TO BUSINESS SEGMENTATION

The Bank's operations are grouped under the corporate, commercial, consumer and entrepreneur and treasury/investment banking categories. Branches are grouped considering the information above and are scaled according to the classification shown in the table below, with the classification reflected to the head office and branches.

The Bank is rendering services to a wide range of companies in all sectors, especially to Small and Medium Size Enterprises (SME) as well as individuals having consumer status. In this context, the Bank has no restrictions on the area in which it operates.

The Bank categorizes its real and legal entities that it renders services into three groups as; firms, individual customers and other customers.

Firms are composed of traders and small-scale retailers having real and legal entity status. Within the Bank's application, firms are segmented as corporate firms, commercial firms, enterprising business firms, small size enterprises and small-scale retailers.

Individual customers are real entities without having any commercial or professional purposes other than their individual demands in the Bank's application.

Other customers are referred to as associations, organizations, trade unions, foundations, societies, building managements, parent-teacher associations and similar institutions that are not included in the afore-mentioned classification.

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The following are the services provided by the Bank to all of its customers:

- Accepting deposits,
- Issuance of cash, noncash loans,
- All kinds of reimbursements and cash receipt operations, including cash and deposit reimbursements, fund transfers, correspondent banking transactions and use of checking accounts,
- Purchasing cheques and bank bills,
- Performing custody services,
- Issuing payment instruments such as; credit cards, cash cards and travel cheques, and performing related transactions,
- Including spot transactions, foreign exchange transactions, trading of money market securities, bullion trading and/or performing the related custody services,
- Trading of forward transaction agreements, option agreements and financial instruments with more than one derivative instrument and performing the related intermediary services based on the economic and financial indicators, capital markets instruments, commodities, precious metals and exchange rates,
- Assuming guarantee transactions such as; warranties and other liabilities in favor of others,
- Having intermediary transactions on Interbank money transfer, Insurance agency services,
- Rendering insurance agency transactions,
- Acting as a market maker in trade operations in accordance with liabilities assumed within the context of the agreement composed by the Turkish Treasury and/or Central Bank and associations,
- Trading capital market instruments and performing repurchase and reverse repo transactions,
- Acting as an intermediary in the sale process of capital market instruments by means of issuing instruments or through a public offering ,
- Trading the capital market instruments issued for the purpose of performing intermediary services.

Under the Treasury transactions, medium and long-term fund provision is performed through securities exchange, money market operations, spot and time TRY and foreign exchange transactions, derivative instruments (such as; forwards, swaps, futures and options), syndication and securitization, etc.

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Details of the segment information prepared in accordance with the Act on “Disclosure of Financial Statements of Banks and The Related Presentations and Notes” as of December 31, 2008 are presented in the table below:

	Corporate	Commercial	Entrepreneur	Treasury/ Investment	Total
OPERATING INCOME/EXPENSES					
Interest Income	274.998	250.987	3.168.954	3.097.992	6.792.931
Interest on loans	274.974	250.919	3.155.363	92.207	3.773.463
Interest income on marketable securities	-	-	-	2.775.831	2.775.831
Interest received from banks	-	-	3.873	207.765	211.638
Other interest income	24	68	9.718	22.189	31.999
Interest Expense	423.050	165.711	3.702.253	375.679	4.666.693
Interest on deposits	419.991	153.124	3.661.932	98.779	4.333.826
Interest on borrowings	3.052	11.498	7.423	51.275	73.248
Interest on money market Borrowings	-	-	-	224.232	224.232
Other interest expense	7	1.089	32.898	1.393	35.387
Fees and Commissions Income	(148.052)	85.276	(533.299)	2.722.313	2.126.238
Fees and Commissions Expenses	14.507	19.767	330.605	5.389	370.268
Net Trading Profit/(Loss)	5.545	124.503	280.469	(604.086)	(193.569)
Dividend Income	-	-	-	38.785	38.785
Other Income	1.751	18.971	255.657	86.810	363.189
Loans and Other Receivables' Impairment Loss Provisions	2.414	21.545	212.893	199.439	436.291
Other Expenses	11.555	31.272	421.848	537.561	1.002.236
Income Before Taxes	(140.218)	195.700	(301.309)	1.512.211	1.266.384
Income Tax Provision	-	-	-	(248.069)	(248.069)
Net Profit for the Period (*)	(140.218)	195.700	(301.309)	1.264.142	1.018.315
SEGMENT ASSETS					
Marketable Securities	-	-	-	18.333.549	18.333.549
Banks and Other Financial Institutions	-	-	-	2.119.334	2.119.334
Associates and Subsidiaries (net)	-	-	-	324.672	324.672
Loans	3.175.814	2.497.401	19.644.530	518.553	25.836.298
Other Assets	393	6.832	301.675	4.173.142	4.482.042
TOTAL ASSETS	3.176.207	2.504.233	19.946.205	25.469.250	51.095.895
SEGMENT LIABILITIES					
Deposits	3.679.197	2.025.931	31.441.419	3.124.567	40.271.114
Derivative Financial Liabilities Held for Trading	-	-	-	22.246	22.246
Money Market Balances	-	-	-	2.390.444	2.390.444
Borrowing Funding Loans	100.985	135.013	82.320	1.203.481	1.521.799
Other Liabilities	32.641	74.640	1.438.232	311.463	1.856.976
Provisions	8.180	7.781	96.153	632.375	744.489
Shareholders' Equity	-	-	-	4.288.827	4.288.827
TOTAL LIABILITIES	3.821.003	2.243.365	33.058.124	11.973.403	51.095.895
OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS					
Guaranties and Suretyships	3.828.066	1.115.795	1.794.517	474	6.738.852
Commitments	9.991	43.948	1.488.465	2.500.481	4.042.885
Derivative Financial Instruments	-	-	-	2.263.157	2.263.157

(*) Net fund transfer pricing amounts are not included in the calculation of net profit for the period. When the fund transfer pricing amounts TRY 242.256 Thousand, TRY 1.400 Thousand, TRY 1.985.030 Thousand and TRY -2.228.686 Thousand respectively are included in the calculation, the net profit for the period is TRY 102.038 Thousand, TRY 197.100 Thousand, TRY 1.683.721 Thousand and TRY- 964.544 Thousand for Corporate Branches, Commercial Branches, Entrepreneur Branches and Treasury/Investment Department respectively.

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

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	46.289.181	35.277.288	46.164.323	35.107.235
Money Market Placements	-	50.025	-	50.005
Banks	2.119.334	1.161.585	2.119.162	1.161.394
Financial Assets Held for Trading	114.765	480.172	114.765	480.172
Available for Sale Financial Assets	2.359.902	8.427.008	2.359.902	8.427.008
Held-to Maturity Investments	15.858.882	7.037.420	15.880.539	6.990.516
Loans	25.836.298	18.121.078	25.689.955	17.998.140
Financial Liabilities	43.450.519	33.172.602	43.466.103	33.203.701
Deposits	40.271.114	30.840.911	40.253.192	30.871.392
Funds Provided from Other Financial Institutions	2.737.353	1.979.364	2.770.898	1.980.004
Securities Issued	-	-	-	-
Sundry Creditors	442.052	352.327	442.013	352.305

The methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

i- The fair value of the held to maturity assets is determined by market prices, when the market prices are not available, quoted market prices of other marketable securities which are subject to redemption with same terms of interest, maturity and other similar conditions have been used.

ii- While calculating the fair value of the available for sale assets, the market prices are considered. In case of the price is not determined in active market conditions, the value calculated through IRR methodology is used as fair value.

iii- The applicable interest rates as of balance sheet date are used in the calculation of fair value of money market placements, banks, loans, deposits, funds provided from other financial institutions and sundry creditors.

X. EXPLANATIONS RELATED TO TRANSACTIONS MADE ON BEHALF OF OTHERS AND FIDUCIARY TRANSACTIONS

The Bank performs buying transactions on behalf of customers, and gives custody, administration and consultancy services.

The Bank does not engage in fiduciary transaction.

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES TO THE ASSETS

(1)a) Cash and balances with the Central Bank:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	152.014	59.922	156.137	73.348
Balances with the Central Bank of Turkey	1.542.354	1.254.978	2.389.597	852.072
Other	-	31	-	24
Total	1.694.368	1.314.931	2.545.734	925.444

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted Demand Deposit (*)	1.542.354	1.254.978	2.389.597	852.072
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Total	1.542.354	1.254.978	2.389.597	852.072

(*) Unrestricted Demand Deposit is composed of required reserves. The interest rate range applied by Central Bank of Turkey to required reserves for TRY is 13,00% - 11,81%, for EUR it is 1,80% - 1,18%, for USD it is 1,15% - 1,95%. As of December 31, 2008, Central Bank of Turkey announced that no interest will be computed for USD end EUR required reserves. (31.12.2007: 11,81% - 13,12% (TRY), 1,73% - 1,80% (EUR); 1,95% - 2,51% (USD)).

(2) Financial assets at fair value through profit and loss:

a) Financial assets at fair value through profit and loss blocked/given as collateral:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Participation Shares	-	-	-	-
Treasury Bills, Government Bonds and Similar Securities	-	-	-	86.053
Other	-	-	-	-
Total	-	-	-	86.053

b) Financial assets at fair value through profit and loss subject to repurchase agreements:

None.

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	-	894	-	51
Swap Transactions	-	78.288	-	6.726
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	79.182	-	6.777

(3) Information on banks and other financial institutions:

a) Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	25.022	10.673	21.848	93.509
Foreign	26.339	2.057.300	10.220	1.036.008
Branches and Head Office Abroad	-	-	-	-
Total	51.361	2.067.973	32.068	1.129.517

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b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	1.818.908	817.560	-	-
USA and Canada	197.385	111.125	-	-
OECD Countries (*)	30.935	97.498	-	-
Offshore Banking Regions	-	-	-	-
Other	36.411	20.045	-	-
Total	2.083.639	1.046.228	-	-

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

(4) Information on financial assets available-for-sale:

a) Financial assets available-for-sale blocked/given as collateral or subject to repurchase agreements:

a.1. Information on financial assets available-for-sale blocked/given as collateral:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Participation Shares	-	-	-	-
Treasury Bills, Government Bonds and Similar Securities	-	-	286.931	-
Other	-	-	-	-
Total	-	-	286.931	-

a.2. Information on financial assets available-for-sale subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government Bonds	-	-	187.061	-
Treasury Bills	-	-	-	-
Other public sector debt securities	-	-	-	500.376
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	-	-	187.061	500.376

b) Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	2.352.972	8.417.278
Quoted on a stock exchange	2.352.972	8.417.278
Not quoted	-	-
Share certificates	11.572	10.203
Quoted on a stock exchange	-	-
Not quoted	11.572	10.203
Impairment provision (-)	(4.642)	(473)
Total	2.359.902	8.427.008

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(5) Information on loans:

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	66.426	-	45.840	-
Total	66.426	-	45.840	-

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized loans	16.844.868	96.583	1.162.525	45.794
Discount notes	869	-	-	-
Export loans	2.499.276	-	45.090	-
Import loans	-	-	-	-
Loans given to financial sector	411.182	-	-	-
International loans	221.985	-	144	-
Consumer loans (*)	4.464.337	-	562.152	160
Credit cards (**)	368.209	-	31.786	-
Precious metals loans	-	-	-	-
Other	8.879.010	96.583	523.353	45.634
Specialized loans	6.274.904	1.189	619.632	118
Other receivables	-	-	-	-
Accruals	532.791	2.253	41.070	1.058
Total	23.652.563	100.025	1.823.227	46.970

(*) Includes TRY 49.094 Thousand of personnel loans.

(**) Includes TRY 17.332 Thousand of personnel credit cards.

c) Loans according to the maturity structure:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term loans	11.336.932	1.946	707.186	395
Non-specialized loans	9.333.639	1.675	566.785	299
Specialized loans	1.747.921	227	124.471	87
Other Receivables	-	-	-	-
Accruals	255.372	44	15.930	9
Medium and long-term loans	12.315.631	98.079	1.116.041	46.575
Non-specialized loans	7.511.229	94.908	595.739	45.495
Specialized loans	4.526.983	962	495.162	31
Other Receivables	-	-	-	-
Accruals	277.419	2.209	25.140	1.049
Total	23.652.563	100.025	1.823.227	46.970

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Explanations and Notes to Financial Statements for the Period January 1–December 31, 2008

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

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

	Short Term	Medium and Long Term	Total
Consumer Loans - TRY	230.326	4.745.765	4.976.091
Housing Loans	1.989	1.958.283	1.960.272
Car Loans	853	43.264	44.117
General Purpose Loans	227.484	2.744.218	2.971.702
Other	-	-	-
Consumer Loans - Indexed to FC	-	1.464	1.464
Housing Loans	-	640	640
Car Loans	-	-	-
General Purpose Loans	-	824	824
Other	-	-	-
Consumer Loans - FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personal Credit Cards - TRY	370.998	-	370.998
With Installments	39.240	-	39.240
Without Installments	331.758	-	331.758
Personal Credit Cards - FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans - TRY	3.237	45.857	49.094
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	3.237	45.857	49.094
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans - FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards - TRY	17.332	-	17.332
With Installments	2.644	-	2.644
Without Installments	14.688	-	14.688
Personnel Credit Cards - FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Account - TRY (Real Person)	58.212	-	58.212
Overdraft Account - FC (Real Person)	-	-	-
Total	680.105	4.793.086	5.473.191

[*] Interest rate and income accruals are not included in the table above.

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e) Information on commercial loans with installments and corporate credit cards:

	Short Term	Medium and Long Term	Total
Commercial loans with installment facility - TRY	28.989	308.570	337.559
Business Loans	4.340	139.275	143.615
Car Loans	24.649	169.295	193.944
General Purpose Loans	-	-	-
Other	-	-	-
Commercial loans with installment facility - Indexed to FC	-	-	-
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Commercial loans with installment facility - FC	-	-	-
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Corporate Credit Cards - TRY	11.665	-	11.665
With Installments	823	-	823
Without Installments	10.842	-	10.842
Corporate Credit Cards - FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Account - TRY (Legal Entity)	111.041	-	111.041
Overdraft Account - FC (Legal Entity)	-	-	-
Total	151.695	308.570	460.265

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

f) Loan distribution according to borrowers:

	Current Period	Prior Period
Public	808.493	7.358
Private	24.814.292	18.099.831
Total	25.622.785	18.107.189

g) Domestic and overseas loans:

	Current Period	Prior Period
Domestic loans	25.348.976	16.947.566
Overseas loans	273.809	1.159.623
Total	25.622.785	18.107.189

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	80.146	43.902
Indirect loans granted to subsidiaries and associates	-	-
Total	80.146	43.902

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i) Specific provisions provided against loans:

	Current Period	Prior Period
Specific Provisions		
Loans and receivables with limited collectability	71.098	35.708
Loans and receivables with doubtful collectability	46.323	21.018
Uncollectible loans and receivables	920.428	962.127
Total	1.037.849	1.018.853

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

j.1. Information on loans and other receivables included in non-performing loans which are restructured or rescheduled:

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Current period	645	123	60.769
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	645	123	60.769
Prior period	417	32	124.242
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	417	32	124.242

j.2. Information on the movement of non-performing loans:

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Prior period end balance	37.737	21.103	973.902
Additions (+)	219.474	23.490	249.044
Transfers from other categories of loans under follow-up (+)	-	75.088	29.778
Transfers to other categories of loans under follow-up (-)	(88.224)	(16.642)	-
Collections (-)	(38.554)	(22.650)	(212.184)
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current period end balance	130.433	80.389	1.040.540
Specific provision (-)	(71.098)	(46.323)	(920.428)
Net Balance on Balance Sheet	59.335	34.066	120.112

j.3. Information on foreign currency non-performing loans and other receivables:

None.

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

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Current Period (Net)	59.335	34.066	120.112
Loans to Real Persons and Legal Entities (Gross)	129.200	80.389	1.012.252
Specific Provisions (-)	(69.865)	(46.323)	(892.140)
Loans to Real Persons and Legal Entities (Net)	59.335	34.066	120.112
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	1.233	-	28.288
Specific Provisions (-)	(1.233)	-	(28.288)
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	2.029	85	11.775
Loans to Real Persons and Legal Entities (Gross)	37.615	21.102	949.759
Specific Provisions (-)	(35.586)	(21.017)	(937.984)
Loans to Real Persons and Legal Entities (Net)	2.029	85	11.775
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	122	1	24.143
Specific Provisions (-)	(122)	(1)	(24.143)
Other Loans and Receivables (Net)	-	-	-

k) Main guidelines of the liquidation policy of the Bank about the uncollectable loans and receivables:

The Bank liquidates its uncollectable receivables in 3 ways, by signing financial restructuring contract under the Law No:4743, by making payment protocols and by presenting adequate repayment schedules for the lower amount of receivables. Within the context of this collection policy, non-performing loans are collected in considerable amounts. Collections are firstly offset against lawsuits and expenses, interest and capital receivables from loans.

The Bank recently collects some of its receivables by acquiring debtor properties in consideration of collaterals given to loans granted. The Bank is also planning to collect its receivables in accordance with the requirements of Law No: 5569 dated on December 27, 2006 through Anadolu Yaklaşımı (protocols for non-performing loans).

Explanations on write-off policy:

In compliance with the "Procedure for Write Off and Procedures for Overdue Receivables for legal follow-up" non performing loans which become unrecoverable as a result of legal follow up can be written off to prevent additional legal expenses.

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Aging analysis of past due but not impaired financial assets per classes of financial instruments:

Current Period	Less Than 30 Days	Between 31 and 60 Days	Between 61 and 90 Days	Total
Loans and Receivables				
Corporate Loans	16.071	948	-	17.019
SME Loans	119.590	52.736	28.648	200.974
Consumer Loans	2.035	526	337	2.898
Credit Cards	36.463	12.904	2.170	51.537
Other	-	-	-	-
Total	174.159	67.114	31.155	272.428

(*) Loans for which risk does not belong to the Bank are not included.

As at December 31, 2008, the fair value of collaterals held against the past due but not yet impaired loans amounts to TRY 253.624 Thousand. Suretyship and cheque/bills are not considered based on Basel I criteria.

Loans and advances amounting to TRY 12.962.071 Thousand have floating interest rates and TRY 12.874.227 Thousand have fixed interest rates.

Previous Period	Less than 30 Days	Between 31 and 60 Days	Between 61 and 90 Days	Total
Loans and Receivables				
Corporate Loans	2.054	-	-	2.054
SME Loans	63.121	23.456	15.956	102.533
Consumer Loans	1.346	227	169	1.742
Credit Cards	-	-	-	-
Other	66.521	23.683	16.125	106.329

(*) Loans for which risk does not belong to the Bank are not included.

As at December 31, 2008, the fair value of collaterals held against the past due but not yet impaired loans amounts to TRY 44.979 Thousand. Suretyship and cheque/bills are not considered based on Basel I criteria.

Loans and advances amounting to TRY 9.019.925 Thousand have floating interest rates and TRY 9.101.153 Thousand have fixed interest rates.

(6) Information on held-to-maturity investments:

a) Information on held-to-maturity investments blocked/given as collateral or subject to repurchase agreement transactions are explained comparatively with net value.

a.1. Held-to-maturity investments blocked/given as collateral:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Treasury Bills	-	-	-	-
Government Bonds and Similar Securities	1.938.752	103.445	1.733.057	-
Other	-	-	-	-
Total	1.938.752	103.445	1.733.057	-

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a.2. Held-to-maturity investments subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Participation Shares	-	-	-	-
Treasury Bills, Government Bonds and Similar Securities	1.951.627	813.008	1.424.253	-
Other	-	-	-	-
Total	1.951.627	813.008	1.424.253	-

b) Information on public sector debt investments held-to-maturity:

	Current Period	Prior Period
Government Bonds	15.858.882	7.037.420
Treasury Bills	-	-
Other public sector debt securities	-	-
Total	15.858.882	7.037.420

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	15.874.937	7.147.211
Quoted on a stock exchange	9.982.371	-
Not quoted on a stock exchange	5.892.566	7.147.211
Provision for impairment (-)	(16.055)	(109.791)
Total	15.858.882	7.037.420

d) Movement of held-to-maturity investments within the year:

	Current Period	Prior Period
Beginning balance	7.037.420	11.274.722
Foreign currency differences on monetary assets	298.211	(15.600)
Purchases during the year	9.953.372	457.431
Disposals through sales and redemptions	(1.523.857)	(4.627.397)
Impairment provision (-)	93.736	(51.736)
Closing Balance	15.858.882	7.037.420

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d.1. Information on held-to-maturity securities accounts:

The breakdown of the held to maturity securities of the Bank is as follows:

	Current Period				Prior Period			
	Historical Cost		Amortized Cost		Historical Cost		Amortized Cost	
	TRY	FC	TRY	FC	TRY	FC	TRY	FC
Obtained from Undersecretariat of Treasury of Republic of Turkey	2.860.914	-	2.896.221	-	3.087.989	-	3.197.719	-
Obtained from Chairmanship of Privatization Administration	-	-	-	-	-	-	-	-
Obtained with the transfer	2.968.719	-	3.190.433	-	3.691.999	-	3.839.701	-
Reclassified from other security portfolios (*)	7.264.687	2.138.231	7.593.316	2.178.912	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	13.094.320	2.138.231	13.679.970	2.178.912	6.779.988	-	7.037.420	-

(*) While paragraph 54 of Turkish Accounting Standards 39-Financial Instruments: Recognition and Measurement as published by Turkish Accounting Standards Board ("TASB") permit reclassification of securities from Available for Sale Portfolio to Held to Maturity Portfolio, with the Communiqué 105, dated October 31, 2008 and published in the Official Gazette 27040, TASB, made an amendment related to Article 50 of Turkish Accounting Standards 39-Financial Instruments: Recognition and Measurement and also permitted the reclassification of securities recognized as Financial Assets at Fair Value Through Profit and Loss Portfolio to Held to Maturity Securities Portfolio. In addition, Turkish Accounting Standards Board declared that all reclassification transactions made subsequent to October 31, 2008, will take effect on the date of such transactions performed. In order to avoid the effect of market fluctuations on securities portfolio, on October 3, 2008 and October 8, 2008, the Bank reclassified TRY 8.961 Million in total; TRY 378 Million from Financial Assets at Fair Value Through Profit and Loss and TRY 8.583 Million from Available for Sale Securities portfolio to Held to Maturity Securities portfolio. Had the reclassification from Financial Assets at Fair Value Through Profit and Loss not been made to Held to Maturity Securities Portfolio, the bank would have recorded TRY 25.125 Thousand income accrual as at December 31, 2008.

(7) Information on associates (Net):

a) Information on associates:

Description	Address(City/ Country)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
1 DEMİRHalkBANK N.V.	NETHERLANDS	30,00	30,00
2 HALK FİNANSAL KİRALAMA A.Ş.	İSTANBUL	47,75	47,75
3 KOBİ YATIRIM A.Ş.	ANKARA	31,47	32,26
4 FİNTEK A.Ş.	ANKARA	24,00	29,76
5 ZİRAAT HALK ALTERNATİF DAĞ. KAN. A.Ş.	İSTANBUL	24,00	24,00
6 KKB KREDİ KAYIT BÜROSU A.Ş.	İSTANBUL	18,18	18,18
7 BANKALARARASI KART MERKEZİ A.Ş.	İSTANBUL	18,95	18,95
8 KREDİ GARANTİ FONU İŞLETME VE ARAŞTIRMA A.Ş.	ANKARA	0,01	0,01

Türkiye Halk Bankası A.Ş.

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b) Information related to the associates as sorted in (a):

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable		Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
				Securities Portfolio				
4.415.750	449.348	31.394	175.559	3.553		29.440	39.139	739.310
374.155	68.969	14.104	26.794	1.147		4.983	10.062	58.000
35.683	35.596	116	3.761	-		3.102	3.070	33.292
6.599	3.436	62	295	114		226	338	-
12.847	7.464	931	317	80		4.349	2.005	-
22.347	17.068	1.820	2.420	1		4.361	3.673	-
15.491	13.476	4.315	1.190	-		2.611	2.193	-
79.076	74.641	577	3.803	-		4.186	2.781	-

[*] No investment is listed on the stock exchange.

[**] From the associates that are presented in (b), the financial data of associates are obtained from September 30, 2008 unaudited financial statements, since the financial statements as at December 31, 2008 were not available as of the date of the report.

c) Movement of associates:

	Current Period	Prior Period
Balance at the beginning of the period	289.046	88.675
Movements during the period	(26.422)	200.371
Additions (*)	2.880	1.647
Bonus shares obtained	-	-
Share in current year income	-	-
Disposals	-	-
Revaluation increase	(29.131)	186.483
Provision for impairment (-)	(171)	12.241
Balance at the end of the period	262.624	289.046
Capital commitments (**)	250	-
Share percentage at the end of the period (%)	-	-

[*] TRY 2,842 Thousand addition is the shares received through Halk Finansal Kiralama A.Ş. capital increase, 99,95% of which is met by net profit of the previous period and 0,05% by legal reserves.

[**] In the current period, the Bank has TRY 250 Thousand of capital commitment for its associate, Gelişim İşletmeleri Piyasaları A.Ş.

d) Sectoral information and related carrying amounts of associates:

	Current Period	Prior Period
Banks	220.593	249.724
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	30.536	27.695
Finance Companies	-	-
Other Financial Investments	10.429	10.574

e) Investments and associates which are quoted to a stock exchange:

None.

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(8) Information on subsidiaries (Net):

a) Information on subsidiaries:

Description	Address(City/ Country)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
HALK YATIRIM MENKUL DEĞERLER A.Ş.	İSTANBUL	99,93	99,96
BİRLİK SİGORTA A.Ş.	İSTANBUL	82,36	82,36
BİRLİK HAYAT SİGORTA A.Ş.	İSTANBUL	94,40	98,51

b) Information related to the subsidiaries as sorted in (a):

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
33.327	29.718	593	2.888	6.199	2.627	4.184	34.416
104.736	35.016	2.080	2.085	4.657	6.808	2.958	70.760
96.449	38.563	260	5.274	-	15.126	14.707	87.464

(*) None of the subsidiaries are listed on the stock exchange.

(**) The information is presented by referring to the reviewed financial statements as of September 30, 2008 since the financial statements as at December 31, 2008 were not available as of the date of the report.

c) Table of movement of the subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	57.801	45.977
Movements during the period	4.247	11.824
Additions (**)	4.247	7.380
Bonus shares obtained	-	-
Share in current year income	-	-
Disposals	-	-
Revaluation increase	-	-
Provision for impairment (*)	-	4.444
Balance at the end of the period	62.048	57.801
Capital commitments (***)	15.491	-
Share percentage at the end of the period (%)	-	-

(*) Based on the valuation study of the Bank's subsidiaries as of December 31, 2007, TRY 4.444 Thousand of impairment loss, which was present as of December 31, 2006, was cancelled.

(**) TRY 4,247 Thousand addition is the shares received through Halk Yatırım Menkul Değerler A.Ş. capital increase, 97,93% of which is met by net profit of the previous period and 2,07% by legal reserves.

(***) In the current period, the Bank has TRY 15.491 Thousand of capital commitment for its subsidiary Birlik Sigorta A.Ş.

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d) Sectoral information on subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Banks	-	-
Insurance Companies	31.270	31.270
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	30.778	26.531
Other Financial Subsidiaries	-	-
Total	62.048	57.801

e) Subsidiaries quoted in the stock exchange:

None.

(9) Information on joint ventures:

None.

(10) Information on finance lease receivables (Net):

None.

(11) Information on derivative financial assets for hedging purposes:

None.

(12) Information on tangible assets:

	Balance at the end of the prior period	Current Year Additions	Current Year Disposals	Transfers	Balance at the end of the period
Cost:					
Immovables	657.530	268.015	(834)	(25.192)	899.519
Tangible Assets purchased through Financial Lease	120.230	1.072	(11.916)	-	109.386
Office Machines	150.793	22.840	(34.651)	-	138.982
Fixed Assets Obtained due to Non-Performing Loans	85.546	93.976	(4.674)	(69.238)	105.610
Other	223.560	19.718	(22.965)	-	220.313
Total Cost	1.237.659	405.621	(75.040)	(94.430)	1.473.810
Accumulated Depreciation:					
Immovables	182.532	13.020	-	(3.506)	192.046
Tangible Assets purchased through Financial Lease	95.726	9.160	(10.916)	-	93.970
Office Machines	124.392	13.127	(31.783)	-	105.736
Fixed Assets Obtained due to Non-Performing Loans	1.938	2.113	(104)	(250)	3.697
Other	188.304	7.785	(16.642)	-	179.447
Total Accumulated Depreciation	592.892	45.205	(59.445)	(3.756)	574.896
Provision for Impairment (-)	-	-	-	-	-
Immovables	2.754	3.576	-	(96)	6.234
Tangible Assets purchased through Financial Lease	-	-	-	-	-
Office Machines	-	-	-	-	-
Fixed Assets Obtained due to Non-Performing Loans	471	953	-	(388)	1.036
Other	-	-	-	-	-
Total Provision for Impairment (-)	3.225	4.529	-	(484)	7.270
Net Book Value	641.542	355.887	(15.595)	(90.190)	891.644

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(13) Information on intangible assets:

	Balance at the end of the prior period	Current Year Additions	Current Year Disposals	Transfers	Balance at the end of the period
Cost:					
Leasehold Improvements	35.495	-	-	(35.495)	-
Other Intangible Assets	3.259	41.488	(19.620)	36.485	61.612
Total Cost	38.754	41.488	(19.620)	990	61.612
Accumulated Depreciation:					
Leasehold Improvements	21.168	-	-	(21.168)	-
Other Intangible Assets	801	6.907	(6.011)	21.327	23.024
Total Accumulated Depreciation	21.969	6.907	(6.011)	159	23.024
Provision for Impairment (-)					
Leasehold Improvements	-	-	-	-	-
Other Intangible Assets	-	-	-	-	-
Total Provision for Impairment (-)	-	-	-	-	-
Net Book Value	16.785	34.581	(13.609)	831	38.588

(14) Information on immovables held for investment purposes:

None.

(15) Information on deferred tax assets:

	Current Period Deferred Tax	Prior Period Deferred Tax
Retirement Pay Provision and Unused Vacation Provision	46.979	41.680
Credit Card Bonus Provision	9.500	-
Net Accrual Expense for Derivative Instruments	-	18.062
Valuation Difference Between Turkish Uniform Chart of Accounts and Tax Procedure Law	23.272	1.507
Provision for Lawsuits against the Bank	2.694	694
Other	3.858	2.676
Total Deferred Tax Assets	86.303	64.619
Amortization Difference Between the Tax Procedure Law and Communiqué on Accounting Policies	(825)	(695)
Net Accrual Income for Derivative Instruments	(11.387)	-
Deferred Tax Liabilities	(12.212)	(695)
Deferred Tax Assets, Net	74.091	63.924
Deferred Tax Accounted for in Shareholders' Equity		
Available for Sale Securities IRR-FV Difference	3.525	9.530
FC Subsidiaries Hedge Fund Valuation Difference	(8.342)	-

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(16) Information on non-current assets held for sale:

Table of Movement of Assets Held for Sale	Current Period	Prior Period
Cost	138.753	103.066
Accumulated Depreciation (-)	8.337	12.695
Net Book Value	130.416	90.371
Opening Balance	90.371	54.196
Acquisitions (Transfers)	93.489	76.386
Disposals (-), net	(52.413)	(44.103)
Impairment Charge (-)	(1.031)	3.892
Depreciation Charge (-)	-	-
Closing net book value	130.416	90.371

(17) Information on other assets:

a) Distribution of other assets:

	Current Period	Prior Period
From Credit Card Payments	34.839	10.790
Prepaid Expenses	4.227	3.625
Receivables from Banking Services	3.751	3.269
Clearing Account	98.707	176.769
Cash Guarantees Given	553	3.020
Advances Given	5.548	95
Receivables Pending for Board of Discipline Decision	443	2.822
Collaterals Received for Derivative Instruments	91.020	53.256
Receivables from Asset Sale on Credit Terms	59.166	48.615
Receivables from SDIF	3.986	263
Other	35.764	23.995
Total	338.004	326.519

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II. EXPLANATIONS AND NOTES TO THE LIABILITIES

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

a) For deposit banks:

a.1. Current Period:

	Demand	7 day call accounts	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and over	Accumulated Deposits	Total
Saving deposits	711.975	-	3.970.910	11.255.000	479.657	165.766	38.883	-	16.622.191
Foreign currency deposits	1.401.444	-	2.960.417	4.287.220	1.798.464	2.056.353	378.551	-	12.882.449
Residents in Turkey	1.379.697	-	2.903.963	4.197.000	492.563	983.316	321.762	-	10.278.301
Residents abroad	21.747	-	56.454	90.220	1.305.901	1.073.037	56.789	-	2.604.148
Public Sector Deposits	530.507	-	232.742	621.506	2.451	50.912	91	-	1.438.209
Commercial Inst. Deposits	984.788	-	1.351.783	2.662.733	286.794	21.005	882	-	5.307.985
Other Inst. Deposits	222.967	-	294.695	1.410.797	74.669	386.784	631	-	2.390.543
Precious Metals	-	-	-	-	-	-	-	-	-
Interbank Deposits	142.378	-	1.069.161	51.181	-	-	-	-	1.262.720
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	14.596	-	898.130	51.181	-	-	-	-	963.907
Foreign Banks	15.282	-	171.031	-	-	-	-	-	186.313
Participation Banks	112.500	-	-	-	-	-	-	-	112.500
Other	-	-	-	-	-	-	-	-	-
Accruals	36.813	-	90.278	187.002	24.352	24.710	3.862	-	367.017
Total	4.030.872	-	9.969.986	20.475.439	2.666.387	2.705.530	422.900	-	40.271.114

a.2. Prior Period:

	Demand	7 day call accounts	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and over	Accumulated Deposits	Total
Saving deposits	597.244	-	2.743.218	8.921.839	937.003	197.119	32.092	-	13.428.515
Foreign currency deposits	1.208.215	-	1.897.264	3.378.297	831.830	937.606	276.239	-	8.529.451
Residents in Turkey	1.189.410	-	1.469.951	2.463.590	433.932	694.316	258.753	-	6.509.952
Residents abroad	18.805	-	427.313	914.707	397.898	243.290	17.486	-	2.019.499
Public Sector Deposits	394.029	-	415.355	468.943	5.935	2.426	20.067	-	1.306.755
Commercial Inst. Deposits	869.519	-	633.475	1.886.582	286.367	5.214	1.177	-	3.682.334
Other Inst. Deposits	227.059	-	192.992	1.455.720	600.607	89.563	8.230	-	2.574.171
Precious Metals	-	-	-	-	-	-	-	-	-
Interbank Deposits	13.641	-	974.908	60.000	-	-	-	-	1.048.549
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2.293	-	974.863	60.000	-	-	-	-	1.037.156
Foreign Banks	11.340	-	-	-	-	-	-	-	11.340
Participation Banks	8	-	45	-	-	-	-	-	53
Other	-	-	-	-	-	-	-	-	-
Accruals	29.355	-	61.352	142.899	23.608	10.926	2.996	-	271.136
Total	3.339.062	-	6.918.564	16.314.280	2.685.350	1.242.854	340.801	-	30.840.911

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b) Information on Saving Deposits/Special Current and Participation Accounts in the scope of Saving Deposits Insurance Fund:

b.1. Amounts exceeding insurance limit:

b.1.1. Saving deposits under the guarantee of deposit insurance and exceeding the insurance limit:

Saving Deposits	Under the Guarantee of Deposit Insurance		Exceeding Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	8.317.033	7.277.639	8.276.019	6.126.849
Foreign Currency Saving Deposits	2.059.286	2.065.651	3.581.684	2.546.270
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at foreign branches and under the guarantee of foreign authorities' insurance	34.185	29.752	-	-
Deposits at off-shore banking regions' and under foreign authorities' insurance	-	-	-	-
Total	10.410.504	9.373.042	11.857.703	8.673.119

The Bank made Saving Deposits Insurance Funds premium payments as half of the 0.15% of the calculated liability in accordance with the amended article published in the Official Gazette dated October 5, 2002 and numbered 24897 of the Communiqué on the "Mergers and Takeovers Attributable to Banks", which was published in the Official Gazette numbered 24445 on July 27, 2001. This amended article denotes that "Conditional to all merged or takeover banks' authority to accept deposits, based on the authorization given in Clause 6 in Article 15 of the Banking Act No: 4389, insurance premium liability of the taken-over bank or newly established bank merged by the combination of more than one bank is paid for two years starting from the Council's degree of the publish date in the Official Gazette, which grants the authorization to companies merge or takeover as per the paragraph in the additional decree No: 2000/862 issued on June 1, 2000 stating that "Half of the rates defined in Article 4 of the Decree on Saving Deposits Under Insurance Guarantee and Premiums to Be Collected by the Saving Deposits Insurance Fund are applied". Based on this expression, the payment was realized on half of fifteen per ten thousand of the calculated liability amount in 2005 and as at September 30, 2006. This exception was ended as of November 2006 and the Bank started to pay Saving Deposits Insurance Fund Premiums by using 0.15% rate without incurring any additional penalty rates starting from 2006 year-end.

b.1.2. Saving deposits at foreign branches are excluded from the scope of Saving Deposits Insurance Fund according to the related legislation, and are subject to insurance of foreign authorities in compliance with the foreign legislations.

c) Saving deposits which are not under the guarantee of deposit insurance fund:

	Current Period	Prior Period
Deposits and accounts in branches abroad	193.415	158.648
Deposits of ultimate shareholders and their close families	-	-
Deposits of chairman and members of the Board of Directors and their close families	1.746	403
Deposits obtained through illegal acts defined in the 282nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-

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(2) Information on Derivative Financial Liabilities Held for Trading:

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	-	474	-	37
Swap Transactions	-	21.772	32.799	64.252
Future Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	22.246	32.799	64.289

(3)a) Banks and Other Financial Institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Borrowings from Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	124.292	90.099	99.546	53.907
Foreign Banks, Institutions and Funds	78.003	1.229.405	287.307	496.268
Total	202.295	1.319.504	386.853	550.175

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term	124.292	335.626	99.546	53.907
Medium and Long-Term	78.003	983.878	287.307	496.268
Total	202.295	1.319.504	386.853	550.175

c) Additional disclosures related to the concentrations of the Bank's major liabilities:

Concentrations, fund providing customers, sector groups and other criteria where risk concentration is observed:

Main liability of the Bank is deposit, which is composed of 41% of saving deposits and 32% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Bank borrows loans from interbank money markets. The Bank can borrow loans from overseas institutions especially to be used in the financing of personal loans. There are funds obtained from the Ministry of Industry and Trade especially for constructing small industrial estates and organized industrial estates.

Bank's 21,83% of banks deposits and 33,34% of other deposits consist of foreign currency deposits.

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Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From domestic transactions	1.686.174	-	1.275.311	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	1.646.692	-	1.159.713	-
Real persons	39.482	-	115.598	-
From overseas transactions	576	683.795	427	411.740
Financial institutions and organizations	-	683.795	-	411.740
Other institutions and organizations	-	-	-	-
Real persons	576	-	427	-
Accruals	11.076	8.823	10.549	4.798
Total	1.697.826	692.618	1.286.287	416.538

(4) Explanations to the funds:

Funds are granted as loans in conformity with the protocols between the Bank and fund owner ministry or institutions. These funds include funds from the Ministry of Industry and Trade, Treasury Natural Disasters Credit Fund, Undersecretariat of Treasury and Foreign Trade Funds, Turkish Treasury Incentive Certificated SMEs Credit Fund, Housing Development Administration Fund and other funds.

a) Maturity Structure of Funds:

Current Period		Prior Period	
Short-term	Long-term	Short-term	Long-term
83.382	1.132.172	4.888	1.037.448

(5) Information on Other Liabilities:

Other liabilities balance in the balance sheet amounts to TRY 199.086 Thousand and does not exceed 10% of the balance sheet total. (December 31, 2007: TRY 274.700 Thousand)

(6) Information on Finance Lease Payables (Net):

a) The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the Bank:

In the financial lease agreements, installments are based on useful life, usage periods and provisions of the Tax Procedural Code.

b) Explanation on finance lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less Than 1 Year	284	-	5.557	-
Between 1-4 Years	-	-	-	-
More Than 4 Years	-	-	-	-
Total	284	-	5.557	-

c) Explanations regarding operational leases:

None.

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(7) Information on derivative financial liabilities for hedging purposes:

None.

(8) Explanations on Provisions:

a) Information on General Provisions:

	Current Period	Prior Period
General Provisions	225.806	138.506
Allocated for Group - I loans and receivables	179.737	118.578
Allocated for Group - II loans and receivables	27.976	10.439
Allocated for non-cash loans	18.093	9.485
Other	-	4

b) Foreign exchange loss provisions on the foreign currency indexed loans and finance lease receivables:

None.

c) Specific provisions provided for unindemnified non-cash loans:

The Bank's specific provisions for unindemnified non-cash loans balance is TRY 48.027 Thousand as of December 31, 2008 at a rate of 50% for non cash loans. TRY 15.185 Thousand of the related provision has been allocated for non-cash loans of companies of which cash loans are transferred to the Saving Deposits Insurance Fund in accordance with and the protocol designed based on the Act No: 5230 and the related provision is managed by the SDIF.

d) Information on other provisions:

Provision balance for possible risks:

Total other provision balance amounting to TRY 147.544 Thousand consists of TRY 48.027 Thousand specific provisions for unindemnified non cash loans and TRY 99.517 Thousand of provision is set for legal cases against the Bank, SDIF premium, expenditure bonuses accumulated on credit cards provided by the Bank, other provisions and provision for possible risks.

Provision of TRY 22.571 Thousand has been set for prudence in consideration with any changes that may arise in the economy and the market.

d.1. Movement of employee termination benefits:

	Current Period	Prior Period
As of January 1	159.314	145.095
Charge for the year	10.379	9.495
Interest cost	16.940	15.564
Actuarial gain (loss)	18.869	3.229
Benefits paid	(27.178)	(14.069)
Total	178.324	159.314

(*) As of 31.12.2008, Bank has TRY 56.569 Thousand unused vacation provision. The related provision is followed under employee benefits provision under liabilities. (2007: TRY 49.087 Thousand)

e) Liabilities on pension rights:

e.1. Liabilities for pension funds established in accordance with "Social Security Institution":

None.

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e.2. Liabilities resulting from all kinds of pension funds, foundations etc. which provide post retirement benefits for the employees:

None.

(9) Explanations related to tax liabilities:

a) Information on current tax liability:

As of December 31, 2008, the Bank's corporate tax provision is TRY 243.239 Thousand which is offset against TRY 225.902 of temporary tax paid within the current period. Therefore, the remaining corporate tax payable is TRY 17.337 Thousand.

a.1. Information on tax provision:

As of December 31, 2008, the Bank's corporate tax provision is TRY 243.239 Thousand. For the fourth temporary taxation period, corporate tax payable is TRY 17.337 Thousand.

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	17.337	79.958
Income on Securities Tax	85.602	55.070
Property Income Tax	246	155
Banking and Insurance Transactions Tax (BITT)	16.160	12.345
Foreign Exchange Transactions Tax	-	631
Value Added Tax Payable	81	45
Other	11.339	7.996
Total	130.765	156.200

a.3. Information on premiums:

	Current Period	Prior Period
Social Insurance Premiums-Employee	5	6
Social Insurance Premiums-Employer	7	9
Bank Social Aid Pension Fund Premium-Employee	2.112	1.296
Bank Social Aid Pension Fund Premium-Employer	2.912	1.806
Pension Fund Membership Fees-Employee and Provisions-Employee	-	-
Pension Fund Membership Fees-Employer and Provisions-Employer	-	-
Unemployment insurance-Employee	-	-
Unemployment insurance-Employer	-	-
Other	445	286
Total	5.481	3.403

b) Explanations regarding tax liability deferred:

None.

(10) Information on liabilities regarding assets held for sale and discontinued operations:

None.

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

None.

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(12) Information on Shareholders' Equity:

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	1.250.000	1.250.000
Preferred stock	-	-

b) Application of registered capital system and registered capital ceiling amount:

Capital System	Paid-in capital	Ceiling
Registered Capital System	-	-

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

None.

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

None.

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

None.

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

The Bank has sustainable profitability structure, equity structure related to the profitability is improving and there are no uncertainties that would impact the current state.

g) Information on preferred shares:

None.

h) Information on Marketable Securities Revaluation Fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Subsidiaries, Associates and Joint Ventures	-	128.456	-	175.009
Revaluation difference	(7.011)	(106.026)	37.841	7.392
Exchange rate difference	-	-	-	-
Total	(7.011)	22.430	37.841	182.401

i) Information on legal reserves:

	Current Period	Prior Period
First legal reserves	172.756	117.045
Second legal reserves	261.212	179.908
Other legal reserves appropriated in accordance with special legislation	703	680
Total	434.671	297.633

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j) Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	333.180	159.859
Retained earnings	47.181	47.181
Accumulated losses	-	-
Foreign currency translation	(13.844)	(15.253)
Total	366.517	191.787

(13) Information on minority shares:

None.

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

(1) Information on Off-Balance Sheet Liabilities:

a) Amount and nature of irrevocable loan commitments:

Types of Irrevocable Commitments	Current Period 31 December 2008	Prior Period 31 December 2007
Credit card expenditure limit commitments	1.854.559	1.270.617
Two days forward foreign exchange buy/sell transactions	626.948	365.055
Other irrevocable commitments	17.242	17.918
Capital commitments to subsidiaries and associates (*)	15.741	250
Allocation commitments of used non-cash loans	258.131	172.223
Tax and fund dues from export commitments	6.739	6.664
Payment commitments for cheques	1.260.306	1.275.142
Total	4.039.666	3.107.869

(*) In the current period, the Bank has TRY 250 Thousand and TRY 15.491 Thousand of capital commitment for its subsidiaries, Gelişim İşletmeleri Piyasaları A.Ş. and Birlik Sigorta A.Ş. respectively.

b) Amount and nature of probable losses and commitments from the off-balance sheet items including the below mentioned:

b.1. Non-cash loans including bank bill guarantees and acceptances, guarantees substituting financial guarantees and other letters of credit:

	Current Period 31 December 2008	Prior Period 31 December 2007
Bank acceptance loans	78.257	31.969
Letters of credit	1.780.112	677.116
Other guarantees	27.284	13.346
Total	1.885.653	722.431

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b.2. Certain guarantees, tentative guarantees, suretyships and similar transactions:

	Current Period	Prior Period
Bid bonds	258.856	145.513
Performance bonds	1.986.780	1.552.988
Letters of advance guarantees	938.164	271.033
Letters of guarantee given to customs offices	142.023	63.075
Other letters of guarantee	1.527.376	1.010.039
Total	4.853.199	3.042.648

b.3. Total Non-cash loans:

	Current Period	Prior Period
Non-cash loans for providing cash loans	141.348	115.578
Within one year or less original maturity	-	-
Within more than one year maturity	141.348	115.578
Other non-cash loans	6.597.504	3.649.501
Total	6.738.852	3.765.079

b.4. Non-cash loans sectoral risk concentrations:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	8.872	0,35	58.916	1,40	9.865	0,58	1.228	0,06
Farming and Raising Livestock	7.452	0,29	58.819	1,40	7.444	0,44	1.074	0,05
Forestry	565	0,02	22	0,00	1.357	0,08	18	0,00
Fishery	855	0,03	75	0,00	1.064	0,06	136	0,01
Industry	820.255	32,23	2.286.996	54,53	579.882	33,97	859.423	41,76
Mining and Quarry	19.690	0,77	28.123	0,67	21.069	1,23	3.104	0,15
Manufacturing	688.731	27,07	2.109.083	50,29	486.939	28,53	811.677	39,44
Electricity, Gas and Water	111.834	4,39	149.790	3,57	71.874	4,21	44.642	2,17
Construction	756.062	29,71	968.046	23,08	375.462	22,00	248.538	12,08
Service	921.018	36,19	870.348	20,75	702.715	41,17	702.225	34,12
Wholesale and Retail Trade	515.076	20,24	239.157	5,70	424.906	24,89	165.523	8,04
Hotel and Food Services	12.863	0,51	4.039	0,10	22.373	1,31	56.347	2,74
Transportation and Communication	30.052	1,18	30.900	0,74	7.747	0,45	2.570	0,12
Financial Institutions	298.377	11,73	432.048	10,30	45.298	2,65	28.334	1,38
Real Estate and Leasing Services	54.374	2,14	43.039	1,03	191.570	11,22	96.840	4,71
Self-employment	3.650	0,14	280	0,01	2.148	0,13	3.482	0,17
Educational Services	2.221	0,09	1.031	0,02	6.284	0,37	348.914	16,95
Health and Social Services	4.405	0,17	119.854	2,86	2.389	0,14	215	0,01
Other	38.461	1,51	9.878	0,24	39.037	2,29	246.704	11,99
Total	2.544.668	100,00	4.194.184	100,00	1.706.961	100,00	2.058.118	100,00

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b.5. Non-cash loans classified in Group I and II:

	Group I		Group II	
	TRY	FC	TRY	FC
Non-cash loans	2.482.948	4.179.298	61.720	14.886
Letters of Guarantee	2.461.836	2.315.003	61.720	14.640
Bill Guarantees and Acceptances	-	78.024	-	233
Letters of Credit	-	1.780.099	-	13
Endorsements	-	-	-	-
Purchase Guarantees on Marketable Security Underwritings	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Suretyships	21.112	6.172	-	-

c) Information on derivative financial instruments:

	Derivative transactions according to purposes			
	Trading		Hedging	
	Current Period	Prior Period	Current Period	Prior Period
Types of trading transactions				
Foreign currency related derivative transactions (I)	1.435.947	1.458.821	-	-
Forward Foreign Currency Buy/Sell Transactions	124.206	4.045	-	-
Currency Buy/Sell Swap	1.311.741	1.454.776	-	-
Currency Futures	-	-	-	-
Currency Put/Call Options	-	-	-	-
Interest related derivative transactions (II)	404.140	766.555	-	-
Interest Rate Contracts	-	-	-	-
Interest Rate Buy/Sell Swap	404.140	766.555	-	-
Interest Rate Put/Call Options	-	-	-	-
Interest Rate Buy/Sell Futures	-	-	-	-
Other trading derivative transactions (III)	423.070	254.970	-	-
A. Total trading derivative transactions (I+II+III)	2.263.157	2.480.346	-	-
Types of derivative transactions for hedging				
Fair Value Fluctuations Hedge	-	-	-	-
Cash flow Risk Hedge	-	-	-	-
FC Investment in Associates Risk Hedge	-	-	-	-
B. Total Derivative Transactions for Hedging	-	-	-	-
Total Derivative Transactions (A+B)	2.263.157	2.480.346	-	-

d) Information on contingent liabilities and assets:

The Bank has provided reserve for the disputed legal cases filed by various persons and institutions.

e) Services supplied on behalf of others:

None.

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IV. EXPLANATIONS AND NOTES RELATED TO THE INCOME STATEMENT

(1) Information on interest income:

a) Information on interest income on loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on Loans (*)				
Short Term Loans	1.834.183	117.814	1.160.502	64.141
Medium and Long Term Loans	1.535.843	198.067	1.260.118	90.034
Interest on Non-Performing Loans	87.556	-	74.804	598
Premiums from Resource Utilization Support Fund	-	-	-	-
Total	3.457.582	315.881	2.495.424	154.773

(*) Includes fees and commissions obtained from cash loans.

b) Interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Central Bank of Turkey	175.569	3.753	164.547	4.341
Domestic Banks	3.770	2.213	8.287	293
Overseas Banks	6.696	19.637	8.985	29.752
Head Office and Branches	-	-	-	-
Total	186.035	25.603	181.819	34.386

c) Interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial assets held for trading	45.783	5.187	70.247	9.664
Financial assets at fair value through profit and loss	-	-	-	-
Financial assets available-for-sale	1.087.872	113.256	1.044.965	95.220
Investments held-to-maturity	1.484.253	39.480	1.583.587	8.272
Total	2.617.908	157.923	2.698.799	113.156

d) Interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	2.103	672

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(2) Information on interest expenses:

a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	28.474	44.733	42.269	26.228
Central Bank of Turkey	-	-	-	-
Domestic Banks	17.355	4.220	15.639	3.461
Overseas Banks	11.119	40.513	26.630	22.767
Overseas Head Office and Branches	-	-	-	-
Other Institutions	41	-	4.401	-
Total	28.515	44.733	46.670	26.228

b) Interest expenses to subsidiaries and associates:

	Current Period	Prior Period
Interest Expenses to Subsidiaries and Associates	4.068	6.327

c) Information on interest expenses to marketable securities issued:

None.

d) Maturity structure of interest expenses on deposits:

Account Name	Demand Deposits	Time Deposits					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 Year		
TRY								
Bank Deposits	119	94.165	-	-	-	-	-	94.284
Saving Deposits	7.449	550.652	1.727.895	100.944	29.833	5.790	-	2.422.563
Public Deposits	1.195	32.881	98.773	879	4.757	1.534	-	140.019
Commercial Deposits	2.896	238.023	482.236	18.126	6.210	167	-	747.658
Other Deposits	1.083	65.656	358.433	48.371	45.747	1.434	-	520.724
7 days Call Accounts	-	-	-	-	-	-	-	-
Total	12.742	981.377	2.667.337	168.320	86.547	8.925	-	3.925.248
FC								
Foreign Currency Deposits	4.784	110.839	158.122	58.023	58.792	11.377	-	401.937
Bank Deposits	-	6.483	-	-	-	-	-	6.483
7 days Call Accounts	158	-	-	-	-	-	-	158
Precious Metal	-	-	-	-	-	-	-	-
Total	4.942	117.322	158.122	58.023	58.792	11.377	-	408.578
Grand Total	17.684	1.098.699	2.825.459	226.343	145.339	20.302	-	4.333.826

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(3) Information on dividend income:

	Current Period	Prior Period
Financial assets held for trading	-	-
Financial assets at fair value through profit and loss	-	-
Financial assets available-for-sale	11.291	979
Other	27.494	18.085
Total	38.785	19.064

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

	Current Period	Prior Period
Profit	4.494.170	2.381.409
Profit from the Capital Market Operations	631.680	137.104
Profit on derivative financial instruments	600.123	89.459
Other	31.557	47.645
Foreign Exchange Gains	3.862.490	2.244.305
Loss (-)	4.687.739	2.423.346
Loss from the Capital Market Operations	274.739	395.456
Loss on derivative financial instruments	265.458	377.651
Other	9.281	17.805
Foreign Exchange Losses	4.413.000	2.027.890

(5) Information on other operating income:

The Bank's other operating income mainly consist of gains from sale of property and income on cancellation of specific provisions due to the principal collection of non-performing loans.

(6) Impairment losses on loans and other receivables:

	Current Period	Prior Period
Specific Provisions on Loans and Receivables	243.122	130.659
Group- III Loans and Receivables	95.992	38.552
Group- IV Loans and Receivables	28.338	11.079
Group-V Loans and Receivables	118.792	81.028
General Loan Provision Expenses	87.300	66.317
Provision Expenses for Possible Losses	22.571	9.346
Marketable Securities Impairment Losses	2	797
Financial assets at fair value through profit and loss	-	585
Financial assets available for sale	2	212
Impairment Losses from Associates, Subsidiaries, Joint Ventures and Marketable Securities Held-to-Maturity	146	-
Investment and Associates	146	-
Subsidiaries	-	-
Joint Ventures	-	-
Investments and Securities Held-to-Maturity	-	-
Other	83.150	15.776
Total	436.291	222.895

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(7) Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	507.192	448.692
Reserve for employee termination benefits	46.188	28.288
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	3.576	-
Depreciation expenses of fixed assets	43.092	48.537
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	6.907	4.555
Shares (equity method of accounting applied) impairment expense	-	-
Impairment expense of assets that will be disposed of	953	-
Amortization expenses of assets that will be disposed of	2.113	1.015
Impairment expense for property and equipment held for sale	664	-
Other operating expenses	238.492	166.590
Operational leasing expenses	4.244	2.757
Maintenance expenses	10.874	9.679
Advertisement expenses	33.249	14.546
Other expenses	190.125	139.608
Loss on sales of assets	8.669	11.232
Other	144.390	138.784
Total	1.002.236	847.693

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

Bank's income before tax is due from the continuing activities. TRY 2.126.238 Thousand of the income before tax consists of net interest income, TRY 370.268 Thousand of the income before tax consists of net fees and commissions. The net operating profit of the Bank is TRY 1.266.384 Thousand.

(9) Information on tax provisions for continuing and discontinued operations:

As of December 31, 2008, the Bank's income tax provision amounting to TRY 248.069 Thousand consists of TRY 243.239 Thousand of current tax charge and TRY 4.830 Thousand of deferred tax charge.

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

As of December 31, 2008, net operating income after tax amounts to TRY 1.018.315 Thousand.

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(11) Information on net profit/loss from continuing and discontinued operations:

c.1. Income and expenses from ordinary banking operations: There is no specific issue required to be disclosed for the Bank's performance for January 1, 2008 - December 31, 2008 period.

c.2. Effects of changes in accounting estimates on the current and future periods' profit/loss: There is no issue to be disclosed.

c.3. Other items do not exceed 10% of the income statement.

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

(1) Explanations on inflation adjustments for equity items:

As per the BRSA circular announced on April 28, 2005, inflation accounting applied in the banking system has been ceased as of January 1, 2005 in accordance with the BRSA decree numbered 1623 and dated April 21, 2005.

According to this circular, TRY 1.220.451 Thousand of inflation adjustment related to paid in capital was transferred to the "Other Capital Reserves" account, which was recognized in "Paid-in Capital Inflation Adjustment" account before December 31, 2005. However, inflation adjustments related to other equity items are presented under the related equity item.

(2) Explanations on exchange rate differences:

Foreign currency associates recognized in accordance with the acquisition cost basis are presented in the balance sheet with their foreign currency acquisition cost translated with the exchange rates as of the balance sheet date. Exchange differences related to these foreign currency associates are recognized in the "Capital reserves" account under equity.

VI. EXPLANATIONS AND NOTES RELATED TO THE CASH FLOW STATEMENT

Disclosures for the "other" and "the effect of foreign exchange differences on cash and cash equivalents" items of cash flow statement:

(1) Items of cash and cash equivalents, accounting policies used in the determination of those items:

Cash in TRY and cash in foreign currency, CB and bank deposits having maturity less than three months are defined as cash and cash equivalents.

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(2) The effect of any change in accounting policies:

“Cash and cash equivalents” term has been redefined, with the definition mentioned above.

Period beginning cash and cash equivalents balance:

	Current Period	Prior Period
Cash	3.425.513	2.507.151
Cash in TRY and Foreign Currency	229.485	197.740
Central Bank and Others	3.196.028	2.309.411
Cash Equivalents	1.161.071	1.078.543
Banks- maturity less than 3 months	1.161.071	1.078.543
Total Cash and Cash Equivalents	4.586.584	3.585.694

Period ending cash and cash equivalents balance:

	Current Period	Prior Period
Cash	2.958.475	3.425.513
Cash in TRY and Foreign Currency	211.936	229.485
Central Bank and Others	2.746.539	3.196.028
Cash Equivalents	2.119.022	1.161.071
Banks- maturity less than 3 months	2.119.022	1.161.071
Total Cash and Cash Equivalents	5.077.497	4.586.584

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VII. EXPLANATION RELATED TO THE RISK GROUP OF THE BANK

(1) Volume of the Bank's transactions with its risk group and outstanding loan and deposit balances as of the period-end, period income and expenses from the risk group:

a) Current Period:

Risk Group	Subsidiaries, Associates and Joint Ventures		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Beginning Balance	43.902	6.746	-	-	-	-
Closing Balance	80.146	6.861	-	-	-	-
Interest and Commissions Income	1.868	235	-	-	-	-

b) Prior Period:

Risk Group	Subsidiaries, Associates and Joint Ventures		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Beginning Balance	31.805	24.023	-	-	-	-
Closing Balance	43.902	6.746	-	-	-	-
Interest and Commissions Income	573	99	-	-	-	-

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

Risk Group	Subsidiaries, Associates and Joint Ventures		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Beginning Balance	83.368	63.013	-	-	-	-
Closing Balance	108.628	83.368	-	-	-	-
Interest expense on deposits	4.068	6.327	-	-	-	-

c.2. Forward and Option Contracts and similar transactions with the Bank's risk group:

None.

(2) Disclosures for related parties:

a) The relations of the Bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not:

In the normal course of its banking activities, the Bank conducted various business transactions with related parties at commercial terms and at rates which approximate market rates.

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b) Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:

	Amount	% Compared to the Amounts in the Financial Statements
Cash loans	80.146	% 0,31
Non-cash loans	6.861	% 0,10
Deposits	108.628	% 0,27
Forward and Option Contracts	-	-
Banks and Financial Institutions	-	-

Pricing of these transactions are in accordance with the general pricing policies of the Bank and are in line with market rates.

c) In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements:

Explained in b).

d) Transactions accounted under the equity method:

None.

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

(1) Explanations on the Bank's domestic branches, agencies/branches abroad and off-shore branches:

	Quantity	Number of Employees	Country	Total Assets	Legal Capital
Domestic Branches	579	12.467			
Agencies Abroad	4	8	Cologne/GERMANY		
		6	Mannheim/GERMANY		
		4	Dortmund/GERMANY		
		2	Tehran/IRAN		
Overseas Branches	2	12	Nicosia/TRNC	87.752	5.242
		7	Famagusta/TRNC	18.474	-
Off-Shore Branches	1	3	Manama/BAHRAIN	3.948.690	-

(2) Explanations on Branch and Agency Openings or Closings of the Bank:

The Bank has opened 23 branches during the year 2008.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to Financial Statements for the Period January 1–December 31, 2008

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

IX. SUBSEQUENT EVENTS:

In accordance with the Article 1 of the Law numbered 5083 concerning the “Currency of the Republic of Turkey” and according to the Decision of The Council of Ministers, the prefix “New” used in the “New Turkish Lira” and the “New Kuruş” has been removed as of January 1, 2009.

SECTION VI: OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS ON THE BANK’S OPERATIONS

None.

SECTION VII: INDEPENDENT AUDITORS’ REPORT

I. EXPLANATIONS TO INDEPENDENT AUDITORS’ REPORT

The unconsolidated financial statements as of December 31, 2008 and for the period then ended were audited independently by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu) and Independent Auditors’ Report dated March 9, 2009 is presented before the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS PREPARED BY INDEPENDENT AUDITORS

None.

Consolidated Independent Auditors' Report

Deloitte.

DRT Bağımsız Denetim ve
Serbest Muhasebeci
Mali Müşavirlik A.Ş.
Sun Plaza
No: 24
34398 Maslak
İstanbul, Türkiye
Tel: [212] 366 6000
Fax: [212] 366 6010
www.deloitte.com.tr

INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2008

To the Board of Directors of Türkiye Halk Bankası A.Ş.
Ankara

1. We have audited the accompanying consolidated balance sheet of Türkiye Halk Bankası A.Ş. ("Parent Bank") and its consolidated associate ("Group") as at December 31, 2008, and the related consolidated statements of income, cash flows, and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements:

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

Auditor's Responsibility:

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

Independent Auditors' Opinion

4. The audited financial statements of Demir Halkbank N.V., the associate of the Bank with a participation rate of 30% and accounted under the equity method of accounting in the accompanying consolidated financial statements, were not available as of the date of this report. Therefore, the financial statements of the associate are accounted for using the unaudited financial statements as of December 31, 2008.

5. In our opinion, except for the possible effects of the matter set out in paragraph 4 above, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Türkiye Halk Bankası A.Ş. as at December 31, 2008 and the consolidated results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Articles 37 and 38 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by Banking Regulation and Supervision Agency.

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

İstanbul, April 8, 2009



Sibel Türker
Partner

Additional paragraph for the English translation:

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

Türkiye Halk Bankası A.Ş.

The Consolidated Financial Report for the Year Ended December 31, 2008

1. The Parent Bank's Headquarter Address:
Söğütözü Mah. 2. Cad. No: 63 Ankara/TURKEY
2. The Parent Bank's Contact Phone and Facsimile:
Phone : 0312 289 20 00
Facsimile : 0312 289 30 48
3. The Parent Bank's Website and E-mail Address:
Website: www.halkbank.com.tr

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

- **Section One** : GENERAL INFORMATION ABOUT THE PARENT BANK
- **Section Two** : CONSOLIDATED FINANCIAL STATEMENTS
- **Section Three** : EXPLANATIONS ON ACCOUNTING POLICIES
- **Section Four** : NOTES TO THE FINANCIAL STRUCTURE OF THE GROUP
- **Section Five** : EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** : OTHER EXPLANATIONS AND DISCLOSURES
- **Section Seven** : EXPLANATIONS ON THE INDEPENDENT AUDITORS' REPORT

Subsidiaries, associates, and joint ventures which are consolidated within this annual financial report are as below:

Associate: Demir-Halkbank N.V.

Unless otherwise indicated, these consolidated financial statements and explanatory footnotes and disclosures are prepared in Thousand of the New Turkish Lira and they have been independently audited and presented below in accordance with the Communiqué on "Banks' Accounting Practice and Maintaining Documents", Banking Regulation and Supervision Agency regulations, Turkish Accounting Standards, Turkish Financial Reporting Standards and related communiqués and interpretations including the Banks' records.

Ankara, April 8, 2009

					
Hasan Cebeci Chairman of the Board of Directors	Hasan Sezer Vice Chairman, Chairman of the Audit Committee	Hüseyin Aydın Member of the Board of Directors, Chief Executive Officer	Emin Süha Çayköylü Member of the Board of Directors, Member of the Audit Committee	Osman Arslan Financial Management and Planning Vice Chief Executive Officer	Yusuf Duran Ocak Head of Financial Accounting and Reporting Department

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

Name/Title : Nevin Dindar/Assistant Manager
Tel No : +90 312 289 3015
Fax No : +90 312 289 3050

Türkiye Halk Bankası A.Ş.

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Türkiye Halk Bankası A.Ş.

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Türkiye Halk Bankası A.Ş.

Explanations and Notes to Consolidated Financial Statements for the Period January 1-December 31, 2008

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

SECTION I: GENERAL INFORMATION ABOUT THE PARENT BANK

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

Türkiye Halk Bankası Anonim Şirketi (the "Parent Bank") was established in Turkey in accordance with the law no: 2284 in 1933 and began its operations in 1938 and still continues its activities as a public commercial bank.

II. CAPITAL STRUCTURE OF THE PARENT BANK, SHAREHOLDERS THAT RETAIN DIRECT OR INDIRECT CONTROL AND MANAGEMENT OF THE PARENT BANK SOLELY OR TOGETHER, CHANGES ABOUT THESE ISSUES DURING THE YEAR AND DISCLOSURES ABOUT THE GROUP

The capital of the Parent Bank is controlled directly by the Republic of Turkey Prime Ministry Privatization Administration.

As of December 31, 2008 the shareholders' structure and their respective ownerships are summarized as follows:

Shareholders	31.12.2008		31.12.2007	
	Thousand TRY	%	Thousand TRY	%
Prime Ministry Privatization Administration (**)	937.276	74,98	937.276	74,98
Public Shares	312.250	24,98	312.250	24,98
Other Shareholders (*)	474	0,04	474	0,04
Total	1.250.000	100,00	1.250.000	100,00

(*) Other shareholders have portion less than 1,000 TRY.

(**) As per the decree of the Higher Council of Privatization numbered 2007/8 and dated February 5, 2007; 25% of the public shares that were previously held by the Privatization Administration were privatized by a public offering and the Parent Bank's shares are registered to Capital Market Board records by decision number 23/471 dated April 27, 2007. The shares are traded on the Istanbul Stock Exchange as of May 10, 2007.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to Consolidated Financial Statements for the Period January 1-December 31, 2008

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

III. EXPLANATIONS REGARDING THE PARENT BANK'S CHAIRMAN AND MEMBERS OF BOARD OF DIRECTORS, AUDIT COMMITTEE MEMBERS, CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE PRESIDENTS AND THEIR SHARES ATTRIBUTABLE TO THE PARENT BANK, IF ANY

Name	Title	Starting Date	Educational Background	Experience in Banking and Business Administration(Years)
Hasan CEBECİ	Chairman	13.04.2005	Ankara Eco. And Com. Science(ECS) Academy – Economy-& Finance	29
Hasan SEZER	Vice Chairman, Chairman of the Audit Committee	13.04.2005	Ankara ECSA – Banking, Foreign Trade and Exchange	25
Hüseyin AYDIN	Member of the Board of Directors, CEO	01.06.2005	Ankara ECS Academy – Economy&Finance	24
Emin Süha CAYKÖYLÜ	Member of the Board of Directors Member of the Audit Committee	13.04.2005	Bachelor Degree; METU - Mechanical Engineering Masters Degree; Syracuse University Business School NY-USA, PhD; Washington International University-Doctor of philosophy in Business Administration	24
Nurzahit KESKİN	Member of the Board of Directors	13.04.2005	Bachelor Degree Anadolu Uni. Afyon İİBF, Masters Degree in Finance; Marmara Uni. Banking and Insurance Ins. PhD; Sakarya Uni. Management and Organization (continuing)	17
Burhaneddin TANYERİ	Member of the Board of Directors	15.09.2005	Atatürk University- Business Administration	25
İbrahim Hakkı TUNCAY	Member of the Board of Directors	09.04.2008	Middle East Technical University-Business Administration.	28
Ahmet YARIZ	Member of the Board of Directors	09.04.2008	PhD; Marmara University, Banking and Insurance Ins. Banking Department, 2005-At Stage of Thesis Masters Degree; Marmara University, Banking and Insurance Ins. Banking Department Bachelor Degree; Istanbul Uni. Business Administration	17
Mustafa ÇELİK	Member of the Board of Directors	09.04.2008	Ankara Uni. Faculty of Law	14
Şeref EFE	Statutory Auditor	28.03.2003	Bachelor Degree; Ankara University Social Science Faculty - Public Administration Department Master; Harvard University JFK School of Government	5
Yusuf DAĞCAN	Statutory Auditor	28.03.2003	Eskişehir Economics and Trade Academy	28
Yakup DEMİRCİ	Executive Vice President	11.06.2008	Ankara University Faculty of Social Sciences, Labor Economics and Industrial Relations Department	18
Halil ÇELİK	Executive Vice President	28.07.2003	Eskişehir Economics and Trade Academy – Economics.	26
Mustafa SAVAŞ	Executive Vice President	12.08.2002	Ankara University -Social Science Faculty, Labor Economics and Industry Relations	17
Ömer Muzaffer BAKTIR	Executive Vice President	09.12.2004 - 31/03 Acting 14.06.2005	Istanbul Technical University – Mining Engineering	18
M.Cengiz GÖĞEBAKAN	Executive Vice President	09.12.2004 - 31/03 Acting 20.06.2005	Ankara University – Economics	20
Erol GÖNCÜ	Executive Vice President	09.03.2005 - 04/02 Acting 14.06.2005	METU Faculty of Arts and Sciences, Mathematics Dept.	20
Yunus ESMER	Executive Vice President	17.06.2005	Ankara ECS Academy Business Administration -Accounting Department	29
Dr. Şahap KAVCIOĞLU	Executive Vice President	17.06.2005	Bachelor Degree; Dokuz Eylül Uni. EASF Business Administration Dept. Masters Degree; Marmara Uni. Banking and Insurance Ins. Banking Dept. PhD; Marmara Uni. Banking and Insurance Ins. Banking Dept.	17
Süleyman ASLAN	Executive Vice President	17.06.2005	METU EASF International Relations Dept.	16
Selahattin SÜLEYMANOĞLU	Executive Vice President	01.07.2007	Gazi University, Social Sciences Faculty, Business Administration	17
Osman ARSLAN	Executive Vice President	01.07.2007	Master's Degree: METU Business Administration for Executives(continuing) Bachelor's Degree: METU Science and Literature Faculty, Department of Statistics	13
Bilgehan KURU	Executive Vice President	01.07.2007	Master's Degree: METU Science and Literature Faculty Bachelor's Degree: METU Faculty of Engineering, Mining Engineering	22

Türkiye Halk Bankası A.Ş.

Explanations and Notes to Consolidated Financial Statements for the Period January 1-December 31, 2008

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

Persons mentioned above do not own any shares in the Parent Bank capital.

Persons listed below were appointed as Members of Board of Directors in the General Assembly of the Bank held on April 8, 2008:

Name	Title	Date of Employment
Ahmet YARIZ	Member of the Board of Directors	April 9, 2008
İbrahim Hakkı TUNCA	Member of the Board of Directors	April 9, 2008
Mustafa ÇELİK	Member of the Board of Directors	April 9, 2008

Details of the key management personnel who was appointed in 2008:

Name	Title	Date of Employment
Yakup DEMİRCİ	Executive Vice President	June 11, 2008

Details of the former key management personnel who has resigned in 2008:

Name	Title	Resignation Date
Erdal ERSOY	Executive Vice President	May 5, 2008

IV. INFORMATION ABOUT THE PERSONS AND INSTITUTIONS THAT HAVE QUALIFIED SHARES ATTRIBUTABLE TO THE PARENT BANK

Except for the Prime Ministry Privatization Administration, no person or institute has any qualified shares attributable to the Parent Bank.

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

a) General Information about the Parent Bank:

Türkiye Halk Bankası Anonim Şirketi (the "Parent Bank") was established in Turkey in accordance with the law no: 2284 in 1933 and began its operations in 1938 and still continues its activities as a public commercial bank.

b) Law numbered 4603 regarding the "Law on Türkiye Cumhuriyeti Ziraat Bankası, Türkiye Halk Bankası Anonim Şirketi and Türkiye Emlak Bankası Anonim Şirketi", was prepared within the framework of the macro-economic program for the period 2000-2002. The purpose of the law is to modernize the operations of the banks to arrive at a point where the requirements of the international norms and international competition can both be reached and it also aims to sell the majority of the banks' shares to individuals or legal entities in the private sector. The Parent Bank revised its charter of establishment, elected a new board of directors and increased its nominal capital from TRY 250.000 Thousand to TRY 1.250.000 Thousand in the extraordinary general assembly held on April 14, 2001. Within the scope of the restructuring process, the Parent Bank received government bonds in settlement of the accumulated specific duty losses and the Parent Bank's whole specific duty loss receivable was thus eliminated as at April 30, 2001. In addition, a significant number of personnel were encouraged to sign new contracts and transferred to other government institutions.

c) According to Article 2.2 of Law No: 4603, subsequent to the completion of the restructuring procedures, the procedures involved in sale of the shares of the Parent Bank were to be concluded under the provisions of Law No:4046 based on the "Regulation of Privatization Applications and Amendment of Some Laws and Decrees with the Force of Law". The procedures relating to restructuring and sale of the shares were to be completed within three years (until November 25, 2003) as of the effective date of the related law. However, by Law No: 5230 dated 31 July 2004, the term "3 years" in Article 2.2. of Law numbered 4603 was previously amended to "5 years" and by Law No: 5572 dated January 10, 2007 the related term was extended to "10 years". As a result of this amendment, the privatization period of the Parent Bank was prolonged. The Council of Ministers has the authority to extend this period by the half of that period for one time only. The Council of Ministers extended this five year period by the half of that period with the Decree numbered 2005/9841 and dated 27 December 2005. When the related Decree numbered 2006/69 and dated 11 August 2006 was in force, the Privatization High Council public shares were transferred to the Privatization Administration and 99,9% of the Parent Bank shares were decided to be sold before May 25, 2008 using the block sale method. By the Privatization High Council's decree numbered

Türkiye Halk Bankası A.Ş.

Explanations and Notes to Consolidated Financial Statements for the Period January 1-December 31, 2008

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

2006/4258 and dated August 11, 2006, 13th Department of Council of State decided to cease the execution of the Decree numbered 2006/69 dated 11 August 2006. Thereupon, legal regulation numbered 5572 was executed and as per the decree of the Higher Council of Privatization numbered 2007/8 and dated February 5, 2007, up to 25% of the public shares that were previously transferred to the Privatization Administration on August 11, 2006, were decided to be privatized by a public offering and it was decided to be concluded by the end of 2007. The first phase of the privatization process of the Parent Bank corresponding to 24,98% was completed in the first week of May 2007 and Halkbank shares were traded on İstanbul Stock Exchange (ISE) as of May 10, 2007 with the base price of TRY 8,00.

d) Under No: 25539 Law regarding the "Act No: 5230 with regards to the transfer of Pamukbank Türk Anonim Şirketi to Türkiye Halk Bankası A.Ş. and amendments to other acts" which came into force as of July 31, 2004 with the publication of the Official Gazette, Pamukbank (whose shares, management, and control were previously inherited to the Saving Deposit Insurance Fund (SDIF)) was transferred to the Parent Bank. Insolvent Pamukbank T.A.Ş. was a private sector deposit bank established by Çukurova İthalat ve İhracat T.A.O., Karamemmetler Scrip Company and more than 500 shareholders. The Bank started its private banking operations as an incorporated company in accordance with the decision of the Council of Ministers numbered 4/4573 and dated 5 March 1955. According to the decision of the Banking Regulation and Supervision Agency (BRSA) numbered 742 published in the Official Gazette numbered 24790 and dated 19 June 2002 including 3rd and 4th Sub-articles in Article 14 of the Banking Law No: 4389, the shareholders rights excluding dividends, management and supervision of the Bank have been transferred to the Saving Deposit Insurance Fund as of 18 June 2002.

e) The Parent Bank's service activities and operating areas: The Parent Bank's operating areas include, commercial financing and corporate banking, fund management operations, retail banking and credit card operations.

f) As of December 31, 2008, the Parent Bank operates with a total of 582 branches consisting 579 domestic branches, together with 3 foreign branches; 2 in Cyprus and 1 in Bahrain. It also has 3 financial service branches in Germany and 1 representative office in Iran.

VI. EXPLANATION ABOUT COMPANIES WITHIN THE SCOPE OF CONSOLIDATION

Demir-Halkbank N.V., which is qualified as investments in associates, is recognized in the accompanying financial statements using the equity method of accounting.

SECTION II: CONSOLIDATED FINANCIAL STATEMENTS

- I. Consolidated Balance Sheet (App:1-A)
- II. Consolidated Off-Balance Sheet Commitments (App:1-B)
- III. Consolidated Income Statement (App:1-C)
- IV. Consolidated Profit and Loss Accounted for Under Equity (App:1-D)
- V. Consolidated Statement of Changes in Shareholders' Equity (App:1-E)
- VI. Consolidated Statement of Cash Flow (App:1-F)
- VII. Consolidated Profit Distribution Table (App:1-G)

Türkiye Halk Bankası A.Ş.

Consolidated Balance Sheet

THOUSANDS OF TRY							
ASSETS	Disc.	Audited CURRENT PERIOD (31/12/2008)			Audited PRIOR PERIOD (31/12/2007)		
		TRY	FC	Total	TRY	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	1.694.368	1.314.931	3.009.299	2.545.734	925.444	3.471.178
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	25.627	89.138	114.765	335.397	144.775	480.172
2.1.Trading Financial Assets		25.627	9.956	35.583	335.397	137.998	473.395
2.1.1.Public Sector Debt Securities		24.855	9.866	34.721	334.322	137.915	472.237
2.1.2.Share Certificates		-	-	-	-	-	-
2.1.3.Other Marketable Securities		772	90	862	1.075	83	1.158
2.2.Financial Assets at Fair Value Through Profit and Loss		-	-	-	-	-	-
2.2.1.Public Sector Debt Securities		-	-	-	-	-	-
2.2.2.Share Certificates		-	-	-	-	-	-
2.2.3.Other Marketable Securities		-	-	-	-	-	-
2.3.Derivative Financial Assets Held for Trading		-	79.182	79.182	-	6.777	6.777
III. BANKS AND OTHER FINANCIAL INSTITUTIONS	(3)	51.361	2.067.973	2.119.334	32.068	1.129.517	1.161.585
IV. MONEY MARKET PLACEMENTS		-	-	-	50.025	-	50.025
4.1.Interbank Money Market Placements		-	-	-	-	-	-
4.2.Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3.Receivables from Reverse Repurchase Agreements		-	-	-	50.025	-	50.025
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	1.581.436	778.466	2.359.902	6.675.654	1.751.354	8.427.008
5.1.Share Certificates		4.203	7.125	11.328	4.206	5.769	9.975
5.2.Public Sector Debt Securities		1.577.233	771.341	2.348.574	6.671.448	1.745.585	8.417.033
5.3.Other Marketable Securities		-	-	-	-	-	-
VI. LOANS	(5)	19.296.864	6.539.434	25.836.298	15.137.058	2.984.020	18.121.078
6.1.Loans		19.083.351	6.539.434	25.622.785	15.123.169	2.984.020	18.107.189
6.1.1.Loans Extended To Risk Group of The Bank		1.695	78.451	80.146	-	43.902	43.902
6.1.2.Other		19.081.656	6.460.983	25.542.639	15.123.169	2.940.118	18.063.287
6.2.Loans under follow-up		1.251.362	-	1.251.362	1.032.742	-	1.032.742
6.3.Specific provisions (-)		1.037.849	-	1.037.849	1.018.853	-	1.018.853
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	(6)	13.679.970	2.178.912	15.858.882	7.037.420	-	7.037.420
8.1.Public Sector Debt Securities		13.679.970	2.178.912	15.858.882	7.037.420	-	7.037.420
8.2.Other Marketable Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	42.031	122.576	164.607	39.322	106.168	145.490
9.1.Accounted with Equity Method		-	122.576	122.576	-	106.168	106.168
9.2.Unconsolidated Associates		42.031	-	42.031	39.322	-	39.322
9.2.1.Financial Investments		40.965	-	40.965	38.269	-	38.269
9.2.2.Non-financial Investments		1.066	-	1.066	1.053	-	1.053
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	62.048	-	62.048	57.801	-	57.801
10.1.Unconsolidated Financial Subsidiaries		62.048	-	62.048	57.801	-	57.801
10.2.Unconsolidated Non-financial Subsidiaries		-	-	-	-	-	-
XI. JOINT VENTURES (Net)	(9)	-	-	-	-	-	-
11.1.Accounted with Equity Method		-	-	-	-	-	-
11.2.Unconsolidated Joint Ventures		-	-	-	-	-	-
11.2.1.Financial Joint Ventures		-	-	-	-	-	-
11.2.2.Non-financial Joint Ventures		-	-	-	-	-	-
XII. FINANCE LEASE RECEIVABLES (Net)	(10)	-	-	-	-	-	-
12.1.Finance Lease Receivables		-	-	-	-	-	-
12.2.Operating Lease Receivables		-	-	-	-	-	-
12.3.Other		-	-	-	-	-	-
12.4.Unearned Income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
13.1.Fair Value Risk Hedging		-	-	-	-	-	-
13.2.Cash Flow Risk Hedging		-	-	-	-	-	-
13.3.Net Abroad Investment Risk Hedging		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(12)	891.591	53	891.644	641.499	43	641.542
XV. INTANGIBLE ASSETS (Net)	(13)	38.588	-	38.588	16.785	-	16.785
15.1.Goodwill		-	-	-	-	-	-
15.2.Other		38.588	-	38.588	16.785	-	16.785
XVI. REAL ESTATES FOR INVESTMENT PURPOSE (Net)	(14)	-	-	-	-	-	-
XVII. TAX ASSET	(15)	74.091	-	74.091	63.924	-	63.924
17.1.Current assets for tax		-	-	-	-	-	-
17.2.Deferred assets for tax		74.091	-	74.091	63.924	-	63.924
XVIII. ASSETS HELD FOR SALE AND HELD FROM TERMINATED OPERATIONS (Net)	(16)	130.416	-	130.416	90.371	-	90.371
18.1.Held for sale purpose		130.416	-	130.416	90.371	-	90.371
18.2.Held from terminated operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(17)	233.402	104.602	338.004	265.867	60.652	326.519
TOTAL ASSETS		37.801.793	13.196.085	50.997.878	32.988.925	7.101.973	40.090.898

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

Türkiye Halk Bankası A.Ş. Consolidated Balance Sheet

THOUSANDS OF TRY							
LIABILITIES AND EQUITY	Disc.	Audited CURRENT PERIOD (31/12/2008)			Audited PRIOR PERIOD (31/12/2007)		
		TRY	FC	Total	TRY	FC	Total
I. DEPOSITS	(1)	27.033.766	13.237.348	40.271.114	22.250.594	8.590.317	30.840.911
1.1. Deposits Held By the Risk Group of the Bank		104.334	4.294	108.628	79.943	3.425	83.368
1.2. Other		26.929.432	13.233.054	40.162.486	22.170.651	8.586.892	30.757.543
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	-	22.246	22.246	32.799	64.289	97.088
III. BORROWING FUNDING LOANS	(3)	202.295	1.319.504	1.521.799	386.853	550.175	937.028
IV. MONEY MARKET BALANCES		1.697.826	692.618	2.390.444	1.286.287	416.538	1.702.825
4.1. Interbank Money Market Takings		-	-	-	-	-	-
4.2. Istanbul Stock Exchange Takasbank Takings		-	-	-	-	-	-
4.3. Funds From Repurchase Agreements		1.697.826	692.618	2.390.444	1.286.287	416.538	1.702.825
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1. Bills		-	-	-	-	-	-
5.2. Asset-backed Securities		-	-	-	-	-	-
5.3. Bonds		-	-	-	-	-	-
VI. FUNDS	(4)	1.215.554	-	1.215.554	1.041.107	1.229	1,042.336
6.1. Borrower funds		188.007	-	188.007	153.656	-	153.656
6.2. Other		1,027.547	-	1,027.547	887.451	1,229	888.680
VII. SUNDRY CREDITORS		425.720	16.332	442.052	347.020	5.307	352.327
VIII. OTHER LIABILITIES	(5)	142.946	56.140	199.086	263.130	11.570	274.700
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCE LEASE PAYABLES (Net)	(6)	-	284	284	-	5.557	5.557
10.1. Finance Lease Payables		-	284	284	-	5.557	5.557
10.2. Operating Lease Payables		-	-	-	-	-	-
10.3. Other		-	-	-	-	-	-
10.4. Deferred Finance Lease Expenses (-)		-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING	(7)	-	-	-	-	-	-
11.1. Fair Value Risk Hedging		-	-	-	-	-	-
11.2. Cash Flow Risk Hedging		-	-	-	-	-	-
11.3. Net Abroad Investment Risk Hedging		-	-	-	-	-	-
XII. PROVISIONS	(8)	595.771	12.472	608.243	420.069	18.936	439.005
12.1. General Loan Provisions		225.806	-	225.806	138.506	-	138.506
12.2. Restructuring Provisions		-	-	-	-	-	-
12.3. Employee Benefits Provisions		234.893	-	234.893	208.401	-	208.401
12.4. Insurance Technical Reserves (Net)		-	-	-	-	-	-
12.5. Other Provisions		135.072	12.472	147.544	73.162	18.936	92.098
XIII. TAX LIABILITY	(9)	136.244	2	136.246	159.602	1	159.603
13.1. Current Tax Liability		136.244	2	136.246	159.602	1	159.603
13.2. Deferred Tax Liability		-	-	-	-	-	-
XIV. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND HELD FROM TERMINATED OPERATIONS	(10)	-	-	-	-	-	-
14.1. Held for sale purpose		-	-	-	-	-	-
14.2. Held from terminated operations		-	-	-	-	-	-
XV. TIER -II CAPITAL	(11)	-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY	(12)	4.296.836	(106.026)	4.190.810	4.232.126	7.392	4.239.518
16.1. Paid-in capital		1.250.000	-	1.250.000	1.250.000	-	1.250.000
16.2. Capital Reserves		1.194.907	(106.026)	1.088.881	1.258.292	7.392	1.265.684
16.2.1. Share Premium		-	-	-	-	-	-
16.2.2. Share Cancellation Profits		-	-	-	-	-	-
16.2.3. Marketable Securities Revaluation Fund		(7.011)	(106.026)	(113.037)	37.841	7.392	45.233
16.2.4. Tangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.5. Intangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.6. Revaluation reserves of real estates for investment purpose		-	-	-	-	-	-
16.2.7. Non-paid-up Shares of Subsidiaries, Associates and Joint Ventures		-	-	-	-	-	-
16.2.8. Hedging Funds (Effective portion)		(18.533)	-	(18.533)	-	-	-
16.2.9. Value Increase on Assets Held for Sale		-	-	-	-	-	-
16.2.10. Other Capital Reserves		1.220.451	-	1.220.451	1.220.451	-	1.220.451
16.3. Profit Reserves		800.590	-	800.590	467.499	-	467.499
16.3.1. Legal Reserves		434.671	-	434.671	297.633	-	297.633
16.3.2. Statutory Reserves		-	-	-	-	-	-
16.3.3. Extraordinary Reserves		333.180	-	333.180	159.859	-	159.859
16.3.4. Other Profit Reserves		32.739	-	32.739	10.007	-	10.007
16.4. Profit/Loss		1.051.339	-	1.051.339	1.256.335	-	1.256.335
16.4.1. Prior Years Income/Loss		35.042	-	35.042	123.715	-	123.715
16.4.2. Period Profit/Loss		1.016.297	-	1.016.297	1.132.620	-	1.132.620
16.5. Minority Shares	(13)	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		35.746.958	15.250.920	50.997.878	30.419.587	9.671.311	40.090.898

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

Türkiye Halk Bankası A.Ş. Consolidated off Balance Sheet Accounts

Disc.	THOUSANDS OF TRY					
	Audited CURRENT PERIOD (31/12/2008)			Audited PRIOR PERIOD (31/12/2007)		
	TRY	FC	Total	TRY	FC	Total
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)	6.995.773	6.049.121	13.044.894	5.783.986	3.572.527	9.356.513
I. GUARANTEES AND SURETYSHIPS	(1) 2.544.668	4.194.184	6.738.852	1.706.961	2.058.118	3.765.079
1.1.Letters of Guarantee	2.523.556	2.329.643	4.853.199	1.693.993	1.348.655	3.042.648
1.1.1.Guarantees Subject to Public Procurement Law	269.849	1.719.931	1.989.780	193.497	1.057.715	1.251.212
1.1.2.Guarantees Given for Foreign Trade Operations	-	-	-	-	-	-
1.1.3.Other Letters of Guarantee	2.253.707	609.712	2.863.419	1.500.496	290.940	1.791.436
1.2.Bank Loans	-	78.257	78.257	-	31.969	31.969
1.2.1.Import Acceptances	-	75.751	75.751	-	31.736	31.736
1.2.2.Other Bank Acceptances	-	2.506	2.506	-	233	233
1.3.Letters of Credit	-	1.780.112	1.780.112	-	677.116	677.116
1.3.1.Documentary Letters of Credit	-	1.780.112	1.780.112	-	677.116	677.116
1.3.2.Other Letters of Credit	-	-	-	-	-	-
1.4.Guarantied Prefinancings	-	-	-	-	-	-
1.5.Endorsements	-	-	-	-	-	-
1.5.1.Endorsements to Central Bank of Turkish Republic	-	-	-	-	-	-
1.5.2.Other Endorsements	-	-	-	-	-	-
1.6.Purchase Guarantees on Marketable Security Issuance	-	-	-	-	-	-
1.7.Factoring Guarantees	-	-	-	-	-	-
1.8.Other Guarantees	20.882	6.172	27.054	12.738	378	13.116
1.9.Other Suretyships	230	-	230	230	-	230
II. COMMITMENTS	(1) 3.446.566	596.319	4.042.885	2.798.584	312.504	3.111.088
2.1.Irrevocable commitments	3.443.347	596.319	4.039.666	2.795.365	312.504	3.107.869
2.1.1.Forward Asset Purchase Commitments	30.629	596.319	626.948	52.551	312.504	365.055
2.1.2.Forward Deposit Purchase and Sale Commitments	-	-	-	-	-	-
2.1.3.Capital Commitments to Subsidiaries and Associates	15.741	-	15.741	250	-	250
2.1.4.Loan Granting Commitments	258.131	-	258.131	172.223	-	172.223
2.1.5.Securities Underwriting Commitments	-	-	-	-	-	-
2.1.6. Payment Commitments for Reserve Deposits	-	-	-	-	-	-
2.1.7.Payment Commitments for Cheques	1.260.306	-	1.260.306	1.275.142	-	1.275.142
2.1.8.Tax and fund liabilities from export commitments	6.739	-	6.739	6.664	-	6.664
2.1.9.Commitments for credit card expenditure limits	1.827.156	-	1.827.156	1.250.168	-	1.250.168
2.1.10.Commitments for credit cards and banking services promotions	27.403	-	27.403	20.449	-	20.449
2.1.11.Receivables from short sale commitments	-	-	-	-	-	-
2.1.12.Payables for short sale commitments	-	-	-	-	-	-
2.1.13.Other irrevocable commitments	17.242	-	17.242	17.918	-	17.918
2.2.Revocable commitments	3.219	-	3.219	3.219	-	3.219
2.2.1.Revocable loan granting commitments	-	-	-	-	-	-
2.2.2.Other revocable commitments	3.219	-	3.219	3.219	-	3.219
III. DERIVATIVE FINANCIAL INSTRUMENTS	(1) 1.004.539	1.258.618	2.263.157	1.278.441	1.201.905	2.480.346
3.1.Derivative Financial Instruments for Hedging	-	-	-	-	-	-
3.1.1.Fair Value Risk Hedging Transactions	-	-	-	-	-	-
3.1.2.Cash flow Risk Hedging Transactions	-	-	-	-	-	-
3.1.3.Net Abroad Investment Risk Hedging Transactions	-	-	-	-	-	-
3.2.Transactions for Trading	1.004.539	1.258.618	2.263.157	1.278.441	1.201.905	2.480.346
3.2.1.Forward Foreign Currency Buy/Sell Transactions	6.443	117.763	124.206	902	3.143	4.045
3.2.1.1.Forward Foreign Currency Transactions-Buy	2.320	59.976	62.296	452	1.577	2.029
3.2.1.2.Forward Foreign Currency Transactions-Sell	4.123	57.787	61.910	450	1.566	2.016
3.2.2.Currency and Interest Rate Swaps	998.096	1.140.855	2.138.951	1.277.539	1.198.762	2.476.301
3.2.2.1.Currency Swap-Buy	-	677.997	677.997	-	719.422	719.422
3.2.2.2.Currency Swap-Sell	605.886	27.858	633.744	735.354	-	735.354
3.2.2.3.Interest Rate Swap-Buy	-	435.000	435.000	-	479.340	479.340
3.2.2.4.Interest Rate Swap-Sell	392.210	-	392.210	542.185	-	542.185
3.2.3.Currency, Interest Rate and Marketable Securities Options	-	-	-	-	-	-
3.2.3.1.Currency Call Options	-	-	-	-	-	-
3.2.3.2.Currency Put Options	-	-	-	-	-	-
3.2.3.3.Interest Rate Call Options	-	-	-	-	-	-
3.2.3.4.Interest Rate Put Options	-	-	-	-	-	-
3.2.3.5.Marketable Securities Call Options	-	-	-	-	-	-
3.2.3.6.Marketable Securities Put Options	-	-	-	-	-	-
3.2.4.Currency Futures	-	-	-	-	-	-
3.2.4.1.Currency Futures-Buy	-	-	-	-	-	-
3.2.4.2.Currency Futures-Sell	-	-	-	-	-	-
3.2.5.Interest Rate Buy/Sell Futures	-	-	-	-	-	-
3.2.5.1.Interest Rate Futures-Buy	-	-	-	-	-	-
3.2.5.2.Interest Rate Futures-Sell	-	-	-	-	-	-
3.2.6.Other	-	-	-	-	-	-

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

Türkiye Halk Bankası A.Ş. Consolidated off Balance Sheet Accounts

	THOUSANDS OF TRY						
	Disc.	Audited CURRENT PERIOD (31/12/2008)			Audited PRIOR PERIOD (31/12/2007)		
		TRY	FC	Total	TRY	FC	Total
B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)		146.979.141	60.125.803	207.104.944	100.357.369	29.384.778	129.742.147
IV. CUSTODIES		39.457.259	3.379.653	42.836.912	34.355.171	2.102.741	36.457.912
4.1.Assets Under Management		-	-	-	-	-	-
4.2.Custody Marketable Securities	23.151.155	231.338	23.382.493	20.799.946	160.705	20.960.651	
4.3.Cheques in Collection Process	2.603.753	134.633	2.738.386	2.205.787	67.039	2.272.826	
4.4.Commercial Notes in Collection Process	343.990	145.031	489.021	366.389	116.761	483.150	
4.5.Other Assets in Collection Process	511	-	511	3.163	-	3.163	
4.6.Underwritten Securities	250	-	250	133	-	133	
4.7.Other Custodies	6.305	8.260	14.565	9.052	6.564	15.616	
4.8.Custodians	13.351.295	2.860.391	16.211.686	10.970.701	1.751.672	12.722.373	
V. PLEDGED ASSETS		107.521.882	56.746.150	164.268.032	66.002.198	27.282.037	93.284.235
5.1.Marketable Securities	113.220	192.812	306.032	61.698	80.538	142.236	
5.2.Collateral Notes	3.238.269	340.310	3.578.579	2.734.009	178.788	2.912.797	
5.3.Commodity	53.947	-	53.947	42.381	-	42.381	
5.4.Warranty	-	-	-	-	-	-	
5.5.Land and Buildings	28.979.863	7.365.531	36.345.394	19.879.476	2.962.748	22.842.224	
5.6.Other Pledged Assets	73.643.031	47.941.989	121.585.020	41.632.060	23.372.911	65.004.971	
5.7.Pledgees	1.493.552	905.508	2.399.060	1.652.574	687.052	2.339.626	
VI. ACCEPTED BILL GUARANTEES AND SURETIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		153.974.914	66.174.924	220.149.838	106.141.355	32.957.305	139.098.660

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

Türkiye Halk Bankası A.Ş.

Consolidated Statement of Income

THOUSANDS OF TRY			
INCOME AND EXPENSES	Disc.	Audited CURRENT PERIOD (01/01/2008-31/12/2008)	Audited PRIOR PERIOD (01/01/2007-31/12/2007)
I. INTEREST INCOME	(1)	6.792.931	5.708.181
1.1. Interest on loans	(1a)	3.773.463	2.650.197
1.2. Interest received from reserve deposits		12.333	11.838
1.3. Interest received from banks	(1b)	211.638	216.205
1.4. Interest received from money market placements		9.643	11.374
1.5. Interest income on marketable securities	(1c)	2.775.831	2.811.955
1.5.1. Financial assets held for trading		50.970	79.911
1.5.2. Financial assets at fair value through profit and loss		-	-
1.5.3. Financial assets available-for-sale		1.201.128	1.140.185
1.5.4. Investments held-to-maturity		1.523.733	1.591.859
1.6. Finance lease income		-	-
1.7. Other interest income		10.023	6.612
II. INTEREST EXPENSE	(2)	4.666.693	3.955.928
2.1. Interest on deposits	(2c)	4.333.826	3.696.455
2.2. Interest on borrowings	(2a)	73.248	72.898
2.3. Interest on money market borrowings		224.232	160.478
2.4. Interest on marketable securities issued		-	-
2.5. Other interest expense		35.387	26.097
III. NET INTEREST INCOME (I - II)		2.126.238	1.752.253
IV. NET FEES AND COMMISSIONS INCOME		370.268	296.216
4.1. Fees and commissions income		442.466	347.252
4.1.1. Cash loans		41.373	34.288
4.1.2. Non-cash loans		401.093	312.964
4.2. Fees and commissions expenses		72.198	51.036
4.2.1. Non-Cash Loans		1	1
4.2.2. Other		72.197	51.035
V. DIVIDEND INCOME	(3)	32.399	11.226
VI. NET TRADING PROFIT	(4)	(193.569)	(41.937)
6.1. Profit/Loss from Capital Market operations(Net)		356.941	(258.352)
6.2. Foreign exchange gains/losses (net)		(550.510)	216.415
VII. OTHER OPERATING INCOME	(5)	363.189	451.576
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		2.698.525	2.469.334
IX. LOANS AND OTHER RECEIVABLES IMPAIRMENT LOSS PROVISIONS (-)	(6)	436.291	222.895
X. OTHER OPERATING EXPENSES(-)	(7)	1.002.236	847.693
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		1.259.998	1.398.746
XII. AMOUNT RECORDED IN EXCESS AS GAIN AFTER MERGER		-	-
XIII. PROFIT/LOSSES FROM EQUITY METHOD APPLIED SUBSIDIARIES		4.368	9.419
XIV. GAIN/(LOSS) ON NET MONETARY POSITION		-	-
XV. INCOME/(LOSS) BEFORE TAXES (XI+XII+XIII+XIV)	(8)	1.264.366	1.408.165
XVI. INCOME TAX PROVISION (±)	(9)	(248.069)	(275.545)
16.1. Current tax provision		(243.239)	(292.366)
16.2. Deferred tax provision		(4.830)	16.821
XVII. NET OPERATING INCOME AFTER TAX (XV±XVI)	(10)	1.016.297	1.132.620
XVIII. INCOME FROM TERMINATED OPERATIONS		-	-
18.1. Property and equipment income held for sale		-	-
18.2. Sale profits from associates, subsidiaries and joint ventures (business partners)		-	-
18.3. Other income from terminated operations		-	-
XIX. EXPENSES FROM TERMINATED OPERATIONS (-)		-	-
19.1. Property and equipment expense held for sale		-	-
19.2. Sale losses from associates, subsidiaries and joint ventures (business partners)		-	-
19.3. Other expenses from terminated operations		-	-
XX. INCOME/EXPENSE BEFORE TAXES FROM TERMINATED OPERATIONS (XVIII-XIX)		-	-
XXI. PROVISION FOR TAXES ON INCOME FROM TERMINATED OPERATIONS (±)		-	-
21.1. Current tax provision		-	-
21.2. Deferred tax provision		-	-
XXII. NET PROFIT/LOSSES FROM TERMINATED OPERATIONS (XX±XXI)		-	-
XXIII. NET PROFIT/(LOSS) (XVII+XXII)	(11)	1.016.297	1.132.620
23.1. Group's profit/loss		1.016.297	1.132.620
23.2. Minority shares profit/loss		-	-
Earnings/Losses per share		0,81304	0,90610

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

Türkiye Halk Bankası A.Ş.

Consolidated Statement of Profit and Loss Accounted for Under Equity

	THOUSANDS OF TRY	
	Audited CURRENT PERIOD (01/01/2008-31/12/2008)	Audited PRIOR PERIOD (01/01/2007-31/12/2007)
STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY		
I. Additions to marketable securities revaluation differences for available for sale financial assets	(138.873)	71.806
II. Tangible assets revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Foreign exchange differences for foreign currency transactions	-	-
V. Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)	-	-
VI. Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)	(18.533)	-
VII. The effect of corrections of errors and changes in accounting policies	-	-
VIII. Other profit loss items accounted under equity due to TAS	-	-
IX. Deferred tax of valuation differences	6.005	(7.656)
X. Total Net Profit/Loss accounted under equity (I+II+...+IX)	(151.401)	64.150
XI. Profit/Loss	(25.402)	(26.414)
11.1. Change in fair value of marketable securities (Transfer to Profit/Loss)	(25.402)	(26.414)
11.2. Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
11.3. Transfer of hedge of net investments in foreign operations to Income Statement	-	-
11.4. Other	-	-
XII. Total Profit/Loss accounted for the period (X±XI)	(176.803)	37.736

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

Türkiye Halk Bankası A.Ş.

Consolidated Statement of Changes in Shareholders' Equity

CHANGES IN SHARE HOLDERS' EQUITY	Disc.	Paid-in Capital	Effect of Inflation Adjustments on Paid in Capital	Share Premium	Share Certificate Cancellation Profit	Legal Reserves	Statutory Reserves
PRIOR PERIOD (31/12/2007)							
I. Beginning Balance		1.250.000	1.220.451	-	-	185.564	-
II. Corrections according to TAS 8		-	-	-	-	-	-
2.1. The effect of corrections of errors		-	-	-	-	-	-
2.2. The effects of changes in accounting policy.		-	-	-	-	-	-
III. New Balance (I + II)		1.250.000	1.220.451	-	-	185.564	-
Changes in period		-	-	-	-	-	-
IV. Increase/Decrease related to merger		-	-	-	-	-	-
V. Marketable securities available for sale		-	-	-	-	-	-
VI. Hedging Transactions		-	-	-	-	-	-
6.1. Cash-flow risk hedging		-	-	-	-	-	-
6.2. Net Abroad Investment Risk Hedging		-	-	-	-	-	-
VII. Revaluation differences of tangible assets		-	-	-	-	-	-
VIII. Revaluation differences of intangible assets		-	-	-	-	-	-
IX. Free shares from investment and associates, subsidiaries and joint ventures (business partners)		-	-	-	-	-	-
X. Foreign exchange differences		-	-	-	-	-	-
XI. Changes after disposal of securities		-	-	-	-	-	-
XII. Changes after reclassification of securities		-	-	-	-	-	-
XIII. Effect of changes in shareholders equity of investments and associates to bank's shareholders equity		-	-	-	-	-	-
XIV. Increase in capital		-	-	-	-	-	-
14.1. Cash		-	-	-	-	-	-
14.2. From internal resources		-	-	-	-	-	-
XV. Issuance of share certificates at the end of the period		-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-
XVII. Adjustment to paid-in capital		-	-	-	-	-	-
XVIII. Other		-	-	-	-	-	-
XIX. Net profit or losses		-	-	-	-	-	-
XX. Profit distribution		-	-	-	-	112.069	-
20.1. Dividends distributed		-	-	-	-	-	-
20.2. Transfers to legal reserves		-	-	-	-	112.069	-
20.3. Other		-	-	-	-	-	-
Closing Balance (III+IV+V +...+XVIII+XIX+XX)		1.250.000	1.220.451	-	-	297.633	-
CURRENT PERIOD (31/12/2008)							
I. Balance at the end of the prior period		1.250.000	1.220.451	-	-	297.633	-
Changes within the period		-	-	-	-	-	-
II. Increase or decrease generated by merger		-	-	-	-	-	-
III. Valuation changes in marketable securities		-	-	-	-	-	-
IV. Hedging Funds		-	-	-	-	-	-
4.1. Cash flow hedge		-	-	-	-	-	-
4.2. Hedges for investments made in foreign countries		-	-	-	-	-	-
V. Revaluation changes of property and equipment		-	-	-	-	-	-
VI. Revaluation changes of intangible assets		-	-	-	-	-	-
VII. Free shares from investment and associates, subsidiaries and joint ventures (business partners)		-	-	-	-	-	-
VIII. Foreign exchange differences		-	-	-	-	-	-
IX. Changes after disposal of securities		-	-	-	-	-	-
X. Changes after reclassification of securities		-	-	-	-	-	-
XI. Effect of changes in shareholders equity of investments and associates to bank's shareholders equity		-	-	-	-	-	-
XII. Increase in capital		-	-	-	-	-	-
12.1. Cash		-	-	-	-	-	-
12.2. From internal resources		-	-	-	-	-	-
XIII. Issuance of share certificates at the end of the period		-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-
XV. Adjustment to paid-in capital		-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-
XVII. Net profit or losses		-	-	-	-	-	-
XVIII. Profit distribution		-	-	-	-	137.038	-
18.1. Dividends distributed		-	-	-	-	-	-
18.2. Transfers to legal reserves		-	-	-	-	137.038	-
18.3. Other		-	-	-	-	-	-
Closing balances (I+II+III+...+XVI+XVII+XVIII)		1.250.000	1.220.451	-	-	434.671	-

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

Türkiye Halk Bankası A.Ş.

Consolidated Statement of Changes in Shareholders' Equity

THOUSANDS OF TRY Audited											
Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Valuation changes in marketable sec.	Revaluation changes in property and equip. and intangible assets	Free shares from shareholders	Hedging funds	Valuation change in property and equip. held for sale purposes/ terminated operat.	Total equity excluding minority shares	Minority shares	Total Equity
-	20.126	864.259	282.812	7.497	-	-	-	-	3.830.709	-	3.830.709
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	20.126	864.259	282.812	7.497	-	-	-	-	3.830.709	-	3.830.709
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	37.736	-	-	-	-	37.736	-	37.736
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	(10.119)	-	-	-	-	-	-	-	(10.119)	-	(10.119)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	1.132.620	-	-	-	-	-	-	1.132.620	-	1.132.620
159.859	-	(864.259)	(159.097)	-	-	-	-	-	(751.428)	-	(751.428)
-	-	-	(751.428)	-	-	-	-	-	(751.428)	-	(751.428)
159.859	-	-	(271.928)	-	-	-	-	-	-	-	-
-	-	(864.259)	864.259	-	-	-	-	-	-	-	-
159.859	10.007	1.132.620	123.715	45.233	-	-	-	-	4.239.518	-	4.239.518
159.859	10.007	1.132.620	123.715	45.233	-	-	-	-	4.239.518	-	4.239.518
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	(158.270)	-	-	-	-	(158.270)	-	(158.270)
-	-	-	(35.154)	-	-	-	(18.533)	-	(53.687)	-	(53.687)
-	-	-	(35.154)	-	-	-	(18.533)	-	(53.687)	-	(53.687)
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	22.732	-	-	-	-	-	-	-	22.732	-	22.732
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
173.321	-	1.016.297	-	-	-	-	-	-	1.016.297	-	1.016.297
-	-	(1.132.620)	(53.519)	-	-	-	-	-	(875.780)	-	(875.780)
173.321	-	-	(875.780)	-	-	-	-	-	(875.780)	-	(875.780)
-	-	-	(310.359)	-	-	-	-	-	-	-	-
-	-	(1.132.620)	1.132.620	-	-	-	-	-	-	-	-
333.180	32.739	1.016.297	35.042	(113.037)	-	-	(18.533)	-	4.190.810	-	4.190.810

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

Türkiye Halk Bankası A.Ş.

Consolidated Statement of Cash Flows

	THOUSANDS OF TRY	
	Audited CURRENT PERIOD Disc. (01/01/2008-31/12/2008)	Audited PRIOR PERIOD (01/01/2007-31/12/2007)
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1. Operating profit before changes in operating assets and liabilities (+)	480.202	1.739.423
1.1.1. Interest received (+)	6.292.578	5.986.089
1.1.2. Interest paid (-)	(4.564.060)	(3.938.309)
1.1.3. Dividend received(+)	31.682	19.064
1.1.4. Fees and commissions received (+)	442.466	347.252
1.1.5. Other income (+)	14.393	314.267
1.1.6. Collections from previously written off loans (+)	273.388	195.692
1.1.7. Cash payments to personnel and service suppliers (-)	(553.380)	(462.760)
1.1.8. Taxes paid (-)	(306.510)	(299.979)
1.1.9. Other (+/-)	(1.150.355)	(421.893)
1.2. Assets and Liabilities Subject to Banking Operations	3.448.766	(1.520.239)
1.2.1. Net (Increase) decrease in financial assets held for trading (+/-)	413.677	260.587
1.2.2. Net (Increase) decrease in financial assets at fair value through profit or loss (+/-)	-	-
1.2.3. Net (Increase) decrease in due from banks and other financial institutions (+/-)	50.000	(50.000)
1.2.4. Net (increase) decrease in loans (+/-)	(7.740.897)	(6.521.121)
1.2.5. Net (increase) decrease in other assets (+/-)	(11.595)	(235.225)
1.2.6. Net increase (decrease) in bank deposits (+/-)	811.888	1.198.755
1.2.7. Net increase (decrease) in other deposits (+/-)	9.120.151	3.471.116
1.2.8. Net increase (decrease) in borrowings (+/-)	582.571	60.658
1.2.9. Net increase (decrease) in matured payables (+/-)	-	-
1.2.10. Net increase (decrease) in other liabilities (+/-)	222.971	294.991
I. Net cash provided from banking operations (+/-)	3.928.968	219.184
B. CASH FLOWS FROM INVESTMENT ACTIVITIES		
II. Net cash provided from investing activities (+/-)	(3.240.557)	1.551.379
2.1. Cash paid for purchase of joint ventures, associates and subsidiaries(-)	-	(25.713)
2.2. Cash obtained from sale of entities joint ventures, associates and subsidiaries (+)	-	-
2.3. Fixed assets purchases (-)	(408.882)	(31.650)
2.4. Fixed assets sales(+)	144.707	-
2.5. Cash paid for purchase of financial assets available for sale (-)	-	(2.221.728)
2.6. Cash obtained from sale of financial assets available for sale (+)	-	-
2.7. Cash paid for purchase of investment securities (-)	(4.242.809)	(200.000)
2.8. Cash obtained from sale of investment securities (+)	1.266.427	4.030.470
2.9. Other (+/-)	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities (+/-)	(881.053)	(755.580)
3.1. Cash obtained from loans borrowed and securities issued (+)	-	-
3.2. Cash used for repayment of loans borrowed and securities issued (-)	-	-
3.3. Securities issued (+)	-	-
3.4. Dividends paid (-)	(875.780)	(751.428)
3.5. Payments for finance leases (-)	(5.273)	(4.152)
3.6. Other (+/-)	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents(+/-)	683.555	(14.093)
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	490.913	1.000.890
VI. Cash and cash equivalents at beginning of the period (+)	(2) 4.586.584	3.585.694
VII. Cash and cash equivalents at end of the period (V+VI)	(2) 5.077.497	4.586.584

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

Türkiye Halk Bankası A.Ş. Consolidated Profit Distribution Table

	THOUSANDS OF TRY	
	Audited CURRENT PERIOD (31/12/2008)	Audited PRIOR PERIOD (31/12/2007)
I. DISTRIBUTION OF INCOME FOR THE YEAR		
1.1. INCOME FOR THE YEAR	1.266.384	1.406.584
1.2. TAXES AND DUTIES PAYABLE	248.069	292.366
1.2.1. Corporate tax (Income tax)	243.239	292.366
1.2.2. Income withholding tax	-	-
1.2.3. Other taxes and duties (*)	4.830	-
A. NET INCOME FOR THE YEAR (1.1-1.2)	1.018.315	1.114.218
1.3. PRIOR YEARS LOSSES (-)	-	-
1.4. FIRST LEGAL RESERVES (-)	-	55.711
1.5. OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	-	1.058.507
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)	-	62.500
1.6.1. To owners of ordinary shares	-	62.500
1.6.2. To owners of preferred shares	-	-
1.6.3. To owners of preferred shares (preemptive rights)	-	-
1.6.4. To profit sharing bonds	-	-
1.6.5. To holders of profit and loss sharing certificates	-	-
1.7. DIVIDENDS TO PERSONNEL (-)	-	27.500
1.8. DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9. SECOND DIVIDEND TO SHAREHOLDERS (-)	-	785.780
1.9.1. To owners of ordinary shares	-	785.780
1.9.2. To owners of preferred shares	-	-
1.9.3. To owners of preferred shares (preemptive rights)	-	-
1.9.4. To profit sharing bonds	-	-
1.9.5. To holders of profit and loss sharing certificates	-	-
1.10. SECOND LEGAL RESERVES (-)	-	81.328
1.11. STATUTORY RESERVES (-)	-	-
1.12. GENERAL RESERVES	-	101.399
1.13. OTHER RESERVES	-	-
1.14. SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1. APPROPRIATED RESERVES	-	-
2.2. SECOND LEGAL RESERVES (-)	-	-
2.3. DIVIDENDS TO SHAREHOLDERS (-)	-	848.280
2.3.1. To owners of ordinary shares	-	848.280
2.3.2. To owners of preferred shares	-	-
2.3.3. To owners of preferred shares (preemptive rights)	-	-
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	-	0,90
3.2. TO OWNERS OF ORDINARY SHARES (%)	-	90%
3.3. TO OWNERS OF PRIVILEGED SHARES	-	-
3.4. TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1. TO OWNERS OF ORDINARY SHARES	-	0,68
4.2. TO OWNERS OF ORDINARY SHARES (%)	-	68%
4.3. TO OWNERS OF PRIVILEGED SHARES	-	-
4.4. TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Includes deferred tax expense.

(**) Profit Distribution is decided by the General Assembly of the Bank. As of the date of this report, the General Assembly meeting has not been held yet.

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

Türkiye Halk Bankası A.Ş.

Explanations and Notes to Consolidated Financial Statements for the Period January 1-December 31, 2008

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

The consolidated financial statements, related notes and explanations in this report are prepared in accordance with the Turkish Accounting Standards, Turkish Financial Reporting Standards, and Communiqué on "Banks' Accounting Practice and Maintaining Documents" and other communiqués and interpretations of Banking Regulation and Supervision Agency on accounting and financial reporting.

Accounting policies applied and valuation methods used in the preparation of the financial statements are expressed in detail below.

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

1. The Parent Bank's Strategy on Financial Instruments:

Due to its historical mission, the Parent Bank focuses on granting loans to SMEs and craftsmen. Funds, generated from the redemption and coupon interest payments of the special arrangement government securities in assets in decreasing funding costs, are directed to marketable securities obtained from the market conditions as a result of duty losses. In addition to the main fund source deposits, the Parent Bank can raise funds from foreign borrowing.

The Parent Bank follows the developments in the markets and uses funds raised in most yielding areas. The strategies of the Parent Bank are evaluated in the weekly Asset and Liability Committee meetings.

2. The Parent Bank's Explanations on Foreign Currency Transactions:

In the statutory records of the Parent Bank, transactions accounted in foreign currencies (currencies except for TRY) are converted into TRY by using the prevailing exchange rates at the transaction dates. Balance sheet foreign currency monetary asset and liability items are converted into TRY by using the prevailing exchange rate at the balance sheet date. Non-monetary items in foreign currencies carried at fair value are converted into TRY by using the exchange rates at the date of which the fair value is determined. Exchange differences arising from the conversions of monetary foreign currency items and collections of foreign currency transactions are reflected to the income statement.

The financial statements of the foreign branches of the Parent Bank are prepared in the currency of the primary economic environment in which the entity operates (functional currency). The financial statements of foreign branches are expressed in TRY which is the functional currency of the Parent Bank and the presentation currency of the financial statements.

Assets and liabilities of the foreign branches of Türkiye Halk Bankası Anonim Şirketi are converted into TRY by using the prevailing exchange rates at the balance sheet date. Income and expenses are converted by using the average exchange rates, unless a significant foreign currency movement occurs. Foreign currency gains and losses are recognized in the other profit reserves under the equity. These exchange differences are recognized as profit or loss when the foreign operation is disposed of. Goodwill and fair value adjustments arising from the purchase of foreign operations are treated as assets and liabilities of foreign operations and converted by using the closing exchange rates.

III. INFORMATION ABOUT THE PARENT BANK AND ITS ASSOCIATES SUBJECT TO CONSOLIDATION

The accompanying consolidated financial statements are prepared in accordance with the communiqué on "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette dated November 8, 2006 and numbered 26340 and the Turkish Accounting Standards are applied in the consolidation. Based on the communiqué, if the associate's assets are less than 1% of the Parent Bank's total assets or if the total shares of the associates under this limit do not exceed 5% of the Parent Bank's total assets, these type of associates are excluded from the consolidation. Accordingly, Halk Finansal Kiralama A.Ş., Halk Yatırım A.Ş., Birlik Sigorta A.Ş. and Birlik Hayat Sigorta A.Ş. are not included in the accompanying consolidated financial statements since their assets are less than 1% of the Parent Bank's assets and their total shares are less than 5% of the Parent Bank's total assets as of December 31, 2008.

Demir-Halkbank N.V., which is qualified as investments in associates, is presented in the accompanying financial statements based on the equity method of accounting.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to Consolidated Financial Statements for the Period January 1-December 31, 2008

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

Accounting principles used by Demir Halkbank N.V., which is a consolidated associate by the equity method of accounting, has the same accounting principles of the Parent Bank. The revaluation fund calculated from the valuation report of Demir Halkbank N.V. was recognized under the equity and during the consolidation process this fund was cancelled while Demir Halkbank N.V. was consolidated by the equity method of accounting to the Parent Bank.

IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

Derivative transactions of the Parent Bank are foreign currency swaps, forward foreign currency and interest and credit default swaps. The Parent Bank has no derivative instruments decomposed from the main contract.

Derivative financial instruments are recorded with their fair values at the contract date and re-accounted with their fair values in the following reporting periods. Although some derivative transactions are qualified as economical hedging items, they do not meet all the definition requirements of hedge accounting items. Therefore, under the Turkish Accounting Standard No: 39 "Financial Instruments: Recognition and Measurement" (TAS 39), these derivative instruments are recognized as held for trading and gains and losses of these instruments are associated with the profit/loss statement.

V. INTEREST INCOME AND EXPENSES

Interest income and expenses are recognized on an accrual basis using the effective interest method (the rate that equals the future cashflows of a financial asset or liability to its present net book value) in conformity with TAS 39 "Financial Instruments: Recognition and Measurement".

In accordance with the related legislation, realized and unrealized interest accruals of the non-performing loans are reversed and interest income related to these loans are recorded as an interest income only when they are collected.

VI. FEES AND COMMISSION INCOME AND EXPENSES

Fees and commission income/expenses are recognized on an accrual or cash basis depending on the nature of the transaction.

VII. EXPLANATIONS AND DISCLOSURES ON FINANCIAL ASSETS

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

Financial assets mainly constitute the majority of the commercial activities and operations of the Parent Bank. These instruments have the ability to expose, affect and diminish the risks of liquidity, credit and interest in the financial statements.

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arms length transaction. Market value is the amount obtainable from the sale or payable on the acquisition of a financial instrument in an active market, if one exists.

The estimated fair values of financial assets have been determined by the Parent Bank using the available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to develop the estimated fair value. Hence, estimations presented in this report may not be same with the prices in the current market conditions in the case of assets disposals. Book values of some financial assets (which equals to their costs) are assumed to approximate to their fair values due to their short term nature.

The methods and assumptions used in determining the reasonable estimated values of all of the financial instruments are mentioned below.

1. Cash and Bank:

Cash and bank balances in foreign currencies are valued by using the Parent Bank's current period end exchange rates. Cash balances in TRY, foreign currency balances and bank balances on the balance sheet are the estimated fair values of these assets.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to Consolidated Financial Statements for the Period January 1-December 31, 2008

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

2. Marketable Securities:

a. Financial Assets at Fair Value through Profit and Loss

a.1. Financial Assets Held for Trading:

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

Financial Assets Held for Trading are presented in the balance sheet with their fair values and are subject to valuation at fair values after the initial recognition. If a price does not occur in an active market, fair value cannot be reliably determined and "Amortized Value" is determined as the fair value using the internal rate of return. Valuation gains or losses are recognized in the profit/loss accounts. Interests gained from the retention of Held for Trading Financial Assets are recognized under the interest income and dividends gained are recognized under the dividend income in the income statement. If these assets are disposed of prior to their maturity periods, loss or gain from the disposal is recognized in the income statement by using Interest Income/Expense accounts and Profit/Loss from the Capital Market Operations under the scope of Uniform Chart of Accounts.

a.2. Financial Assets at Fair Value through Profit and Loss:

Financial Assets at Fair Value through Profit and Loss represent the financial assets at fair value through profit and loss at the initial recognition and those are not obtained for trading purposes. Recognition of fair value differences of those assets are similar to the financial assets held for trading.

b. Investments Held to Maturity, Financial Assets Available for Sale:

b.1. Investments Held to Maturity include securities with fixed or determinable payments and fixed maturity carried at fair value through profit and loss at the initial recognition where there is an intention of holding until maturity and the relevant conditions for fulfillment of such intention, including the funding ability, and available for sale non-derivative assets except for bank loans and receivables. Investments held to maturity with the initial recognition at fair value including transaction costs are subject to valuation with their discounted cost value by using the internal rate of return method less provision for any impairment, if any. Interest income from investments held to maturity is recognized in the income statement as an interest income. There are no financial assets that are classified by the Parent Bank as investments held to maturity, however, they cannot be classified under this classification for two years for not satisfying the requirements of the related classification.

b.2. Financial assets available for sale represent non-derivative financial assets except for bank loans and receivables, investments held to maturity and financial assets at fair value through profit and loss. Initial recognition and subsequent valuation of financial assets available for sale are performed based on the fair value including transaction costs. The amount arising from the difference between cost and amortized value is recognized through profit and loss by using the internal rate of return. If a price does not occur in an active market, fair value cannot be reliably determined and "Amortized Value" is determined as the fair value using the internal rate of return. Unrealized gains and losses arising from the fluctuations in fair value of the financial assets available for sale are not recognized in the income statement, they are recognized in the "Marketable Securities Revaluation Fund" until the disposal, sale, redemption or incurring loss of those assets. Fair value differences accumulated in equity accounts arising from the application of fair value in the case of the collection from the redemption or sale of the related assets are reflected to the income statement.

3. Loans and Receivables:

Loans and receivables represent unquoted financial assets in an active market that provide money, goods or services to the debtor with fixed or determinable payments.

Loans and receivables are initially recognized with their fair values including settlement costs and carried at their amortized costs calculated using the internal rate of return at the subsequent recognition. Transaction fees, dues and other expenses paid for loan guarantees are recognized under the profit and loss accounts.

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Personal and corporate cash loans are recognized under the accounts specified by the Uniform Chart of Accounts and Explanations with their original balances based on their context.

Foreign currency indexed personal and corporate loans are followed at TRY accounts after converting into TRY by using the opening exchange rates. At the subsequent periods, increases and decreases in the loan capital are recognized under the foreign currency income and expense accounts in the income statement depending on foreign currency rates being higher or lower than opening date rates. Repayments are calculated using the exchange rates at the repayment dates and exchange differences are recognized under the foreign currency income and expense accounts in the income statement.

Non-performing loans are classified in accordance with the regulation on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published in the Official Gazette No: 26333 dated November 1, 2006 and specific provisions are allocated for those loans. Specific provisions are reflected to "820/821 Provisions and Impairment Expenses 82000/82100 Specific Provisions Expenses" account. Provisions released in same year are recognized as a credit movement under the "Provision Expenses", released portion of the previous period provisions are recognized under the "Other Operating Income" account.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

At each balance sheet date, the Parent Bank reviews the carrying amounts of its financial asset or group of financial assets whether there is an objective indication that those assets have suffered an impairment loss. If such indication exists, the Parent Bank determines the related impairment amount.

A financial asset or a group of financial asset is subject to impairment loss only if there is an objective indication that the occurrence of one or more than one event ("loss event") subsequent to the initial recognition of that asset has an effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. Irrespective of their high probability of incurrence, future expected losses are not recognized.

Impairment losses attributable to the investments held to maturity are measured as the difference between the present value of estimated future cashflows discounted using the original interest rate of financial asset and the book value of asset. The related difference is recognized as a loss and it decreases the book value of the financial asset. At subsequent periods, if the impairment loss amount decreases, impairment loss recognized is reversed.

When a decline occurs in the fair value of the financial assets at fair value through profit and loss or available for sale of which value decreases and increases are recognized in equity, the cumulative loss that had been recognized directly in equity shall be removed from equity and recognized in period profit or loss. If, in a subsequent period, the fair value of the related asset increases, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss.

For loans and receivables; the Parent Bank's management performs consistent loan portfolio reviews and if any doubts on the collectibility of the loans arise, the related loans are classified in accordance with legislation on "Determining the Nature of Loans and Receivables and Principles and Procedures on the Allocation of Loan and Receivable Provisions" published in the Official Gazette numbered 26333 and dated November 1, 2006. The Parent Bank does not limit the provision amount for the non-performing loans recognized before January 1, 2008 with the minimum rates defined in the related regulation and allocates specific provision for such loan amounts in full and they are recognized in the statement of profit/loss. Bank sets specific provision for non-performing loans recognized after January 1, 2008 through deducting the collateral amount, calculated in accordance with the related coefficient rates defined in the Article 10 of the related legislation, from the follow-up amount and setting 100% provision for the outstanding follow-up risk amount excluding the suretyship type of collaterals defined in the Article 9 of the related legislation. Specific provision rate for the standing non-cash loans extended to follow-up entities in order to cash ensuring is 100%, specific provision rate for other non-cash loans is 50%. Collections made related to those loans are offset against the capital and interest collections are recognized under the "Interest Received from Non-performing Loans" item of the income statement.

In accordance with the provisions of the related legislation, general loan provisions are provided by the Parent Bank in addition to specific provisions.

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IX. OFFSETTING THE FINANCIAL ASSETS AND LIABILITIES

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

X. SALES AND REPURCHASE AGREEMENTS (REPOS) AND TRANSACTIONS ON SECURITIES LOANED

Marketable securities subject to repurchase agreements are classified under "Securities at fair value through profit or loss" or "Securities available for sale" in the Parent Bank's portfolio and they are valued according to the valuation principles of the related portfolios.

Funds obtained from the repurchase agreements are recognized under the "Funds from Repurchase Transactions" account in liabilities. For the portion of the difference between the sale and repurchase prices determined by the repo agreements for the period; expense accrual is calculated using the internal rate of return method.

Reverse repo transactions are recognized under the "Receivables from Reverse Repo Transactions" account. For the difference between the purchase and resale prices determined by the reverse repo agreements for the period; income accrual is calculated using the internal rate of return method. As of December 31, 2008, the Parent Bank does not have any reverse repo transactions (December 31, 2007: TRY 50.025 Thousand).

XI. EXPLANATIONS ON TANGIBLE FIXED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets that meet the criteria to be classified as held for sale are measured at the lower of its carrying amount and fair value less costs to sell. Depreciation of such assets is ceased and they are presented separately in the balance sheet. In order to classify a tangible fixed asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such assets (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal group), and an active program to complete the plan should be initiated to locate a customer. Also, the asset (or the disposal group) should have an active market sale value, which is a reasonable value in relation to its current fair value. Events or circumstances may extend the completion of the sale more than one year. Such assets are still classified as held for sale if there is sufficient evidence that the delay in the sale process is due to the events and circumstances occurred beyond the control of the entity or the entity remains committed to its plan to sell the asset (or disposal group).

A discontinued operation is a component of a bank that either has been disposed of, or is classified as held for sale. Gains or losses relating to discontinued operations are presented separately in the income statement.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

As at the balance sheet date, there is no goodwill recorded in the consolidated balance sheet of the Parent Bank.

Intangible assets that are purchased prior to January 1, 2005 are carried at their restated historical costs and intangible assets that are purchased in the subsequent periods are carried at their historical cost, less any accumulated amortization and any impairment losses. Intangible assets are amortized by using the straight line method based on their useful lives. Amortization method and period are assessed periodically at the end of each year. Intangible assets consist of establishment/formation expenses, software expenses and they are amortized by using the straight line method over 5 years. Leasehold improvements are depreciated over the lease period by straight line method. There is no significant change in the accounting estimates expected or to be expected having a significant effect on the amortization method, amortization period or residual value.

XIII. EXPLANATIONS ON PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment that are purchased prior to January 1, 2005 are carried at their December 31, 2004 dated restated costs and property, plant and equipment that are purchased in the subsequent periods are carried at cost, less any accumulated depreciation and any impairment losses.

Property, plant and equipment are amortized by using the straight line method during their useful lives.

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

Ordinary maintenance and repair expenses of property, plant and equipment items are recognized as expenses.

There are no mortgages, pledges or similar incumbrances designated for the property, plant and equipment.

Estimated useful lives of property, plant and equipment are as follows:

	Estimated Useful Lives (Year)	Depreciation Rate
Buildings	50	2%
Safe-deposit boxes	50	2%
Other movable properties	2-25	4%-50%
Assets held under financial leases	4-5	20%-25%

There is no change expected in the current period or to be expected in the subsequent periods to have a significant effect on the accounting estimates.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Assets acquired under financial leases are carried at the lower of their fair values or amortized value of the lease payments. Leasing payables are recognized as liabilities in the balance sheet while the interest payable portion of the payables is recognized as a deferred amount of interest. Assets held under financial leases are recognized under the property, plant and equipment (movable properties) account and are depreciated by using the straight line method.

The Parent Bank does not participate in the financial leasing transactions as a lessor.

Operational lease transactions are recognized in line with the related agreement on an accrual basis.

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

A provision should be recognized in the financial statements when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the Parent Bank's management for expenditure required to settle the present obligation at the balance sheet date and amortized to its present value if the amount is material.

XVI. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES

Employee benefits liabilities are recognized in accordance with the Turkish Accounting Standard No:19 "Employee Benefits". According to related legislation and union contracts, the Parent Bank is required to make lump sum retirement payments to employees who has completed one year of service, is called up for military service, dies, resigns, retires or whose employment is terminated without due cause, or for female employees; who resigns subsequent to her marriage within one year. The Parent Bank provides provision by estimating the present value of the future retirement pay liability. The retirement pay provision of the Parent Bank has been determined by the actuarial report of an independent valuation company.

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Pamukbank Employee Pension Fund, T. Ziraat Bankası and T. Halk Bankası Employee Pension Fund Foundations were founded in accordance with the provisional article 20 of the Social Insurance Act (SIA) No: 506 and their members include employees of the Parent Bank as well. Provisional article 23 of the Banking Act No: 5411 requires the Parent Bank's pension funds founded in the scope of SIA to be transferred to the Social Insurance Institution (SII) within 3 years subsequent to the publishing date of the act. The procedure and essentials for the transfer were determined by the Council of Ministers' decision dated November 30, 2006 and numbered 2006/11345 and accordingly, both pension fund foundations would have been transferred to SSI. However, with the decree of the Constitutional Court numbered E.2005/139, K.2007/13 and K.2007/33 published in the Official Gazette dated March 31, 2007 and numbered 26479, the first paragraph of the temporary first article of the provisional article 23 of the Banking Act No: 5411 is cancelled and the execution has been ceased starting from the date the decree is published.

In accordance with the principles set out by the Council of Ministers' decision, numbered 2006/11345 published in the Official Gazette numbered 26377 and dated December 15, 2006 regarding the determination of procedures and principles for the application of transfer requirements and based on the technical balance sheet report prepared using a 10,24% of technical interest rate, for Pamukbank Employee Pension Fund TRY 9.251 Thousand of technical provision has been allocated as of December 31, and kept in financial statements as of December 31, 2007. As of March 31, 2008, part of the related technical provision was set as provision for possible risks and the remaining amount was cancelled. Based on the results of the actuarial report prepared as of December 31, 2008, no technical deficit has been reported. Besides, no technical deficit for T.C. Ziraat Bankası and T. Halk Bankası Employee Pension Fund has been reported.

In accordance with the Act No: 5754 "Act about the amendments in Social Security and General Health Insurance Act and Some of Acts and Decrees" published in the Official Gazette dated May 8, 2008 and numbered 26870, bank pension funds participants and salaried members or the rightful owners would be transferred to Social Security Institution within three years beginning from the date of publication without any required further action. Three years transfer period would be extended by two years at most with the decision of Council of Ministers. In accordance with the related legislation, as of the transfer date, the income and expenses of the transferred funds will be considered by the insurance branches and the cash value of the liabilities will be calculated with the actuarial interest rate 9,8%. Moreover, the unfulfilled other social rights and payments existed in the settlement deeds of the subjected pension funds of the transferred participants, members or the rightful owners will be continued to be fulfilled by the employer entities of the funds and its participants.

XVII. EXPLANATIONS ON TAXATION

In accordance with the Article 32 of the Corporate Tax Law No: 5520, the corporate tax rate is calculated at the rate of 20%. The tax legislation requires advance tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the corporate tax liability for the year. The 4th quarter advance tax for the 2008 year end has been paid in February 2009, to be offset against the final corporate tax liability for the current year.

Tax expense is the sum of the current tax expense and deferred tax charge. Current year tax liability is calculated over taxable profit. Taxable profit is different from the profit in the income statement since taxable income or deductible expenses for the following years and non-taxable and non-deductible items are excluded.

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

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. An entity shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

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Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Prepaid corporation taxes and corporation tax liabilities are offset as they relate to income taxes levied by the same taxation authority. Deferred tax assets and liabilities are also offset.

XVIII. ADDITIONAL EXPLANATIONS ON BORROWINGS

The Parent Bank borrows funds from domestic and foreign institutions when needed. These borrowing activities are recognized at fair value including the acquisition costs at the transaction date and they are valued at amortized costs by using the internal rate of return method.

Interest rate and liquidity risks are prevented by having assets with shorter or equal maturity terms than borrowing instruments such as syndication, securitization and borrowing with collateral and bears higher interest than costs of those instruments.

Also, asset composition is designed in accordance with the fixed/variable cost nature of borrowing instruments.

There are no convertible bonds or debt instruments issued.

XIX. EXPLANATIONS ON SHARES AND SHARE ISSUE

Share issuance related to costs is recognized as expenses. Dividend income related with the equity shares are determined by the General Assembly of the Parent Bank.

The Parent Bank has not issued any shares during 2008. In accordance with the decree of the Privatization High Council dated February 5, 2007 and numbered 2007/8, the process of public offering for the 25% of shares pertaining to the Privatization Administration is completed and the Parent Bank shares are registered to the Board with the decree of the Capital Markets Board dated April 27, 2007 and numbered 23/271, and the shares are traded on the İstanbul Stock Exchange as of May 10, 2007.

XX. EXPLANATIONS ON BILL GUARANTEES AND ACCEPTANCES

Bill guarantees and acceptances are realized simultaneously with the customer payments and they are presented as possible liabilities and commitments in the off-balance sheet accounts.

XXI. EXPLANATIONS ON GOVERNMENT INCENTIVES

There are no government incentives utilized by the Parent Bank.

XXII. EXPLANATIONS ON SEGMENT REPORTING

Segment reporting focuses on business segment considering the main source and nature of the risks and returns of the Parent Bank. The Parent Bank operates mainly in corporate banking, retail/personal banking and investment banking.

The report concerning parts of the Parent Bank's business segmentation and related information is explained in section four, disclosure numbered VIII.

XXIII. EXPLANATIONS ON OTHER MATTERS

Associates and Subsidiaries:

For TRY associates and subsidiaries, the additions of funds (such as revaluation fund) are deducted from the cost of the associate and subsidiary (the additions of these funds to the capital is permitted for statutory purposes) and later, these costs are indexed based on the capital increase payment dates until December 31, 2004. As of December 31, 2007, a valuation study was performed by an independent company for Kobi A.Ş., Halk Leasing, Birlik Sigorta, Birlik Hayat Sigorta and Halk Yatırım. For those entities that have value increase, the provision set for impairment in the prior periods was cancelled.

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In accordance with the Turkish Accounting Standards, as of 2008 year end, the Bank engaged in a net investment hedge transaction for its foreign currency associate Demirhalkbank N.V., operating in Netherlands, recorded the valuation difference due to such transaction as other reserves under equity and recorded the valuation difference due to net investment hedge transaction as hedging funds under equity.

SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

I. EXPLANATIONS RELATED TO THE CONSOLIDATED CAPITAL ADEQUACY RATIO

Risk measurement methods used in the determination of consolidated capital adequacy standard ratio; Capital Adequacy Standard Ratio calculation is performed in accordance with the Communiqué on "Measurement and Assessment of the Capital Adequacy of Banks", which was published in the Official Gazette numbered 26333 on November 1, 2006. As of December 31, 2008, the Parent Bank's consolidated capital adequacy ratio calculated based on the essentials of the related communiqué is 13,98%. (December 31, 2007: 19,61%).

In calculating the amounts subject to credit risk, the Parent Bank generally evaluates its loans according to their collateral classes based on the relevant risk weights. However, risk rate for fund loans for which the Parent Bank recognizes is 0% and credit cards and cooperative loans is 100% due to having "suretyship" collateral type.

In the calculation of capital adequacy standard ratio, information prepared in accordance with the legislation on recording and accounting system is used. Additionally, market risk amount is calculated in accordance with the communiqué on the "Internal Control and Risk Management Systems of the Banks" and is taken into consideration in the capital adequacy standard ratio calculation.

Amounts deducted from the capital in the calculation of shareholders' equity are not considered in the calculation of risk-weighted assets, non-cash loans and contingent liabilities. In the calculation of risk weighted assets, assets subject to depreciation and impairment are carried at their carrying values less accumulated depreciation and impairment losses.

Beginning from December 31, 2004, for the calculation of the amount subject to credit risk regarding the transactions on the non-cash loans, the receivable amount from counter parties is calculated by using the conversion rates presented in Clause 1 in Article 5 of the Communiqué on "Measurement and Assessment of Banks' Capital Adequacy Ratios", less the specific provision amount set in accordance with the Communiqué on "Determining the Nature of Loans and Receivables and Principles and Procedures on the Allocation of Loan and Receivable Provisions", if any.

In calculation of the amount subject to credit risks, receivables from counter parties arising from foreign currency and interest rate transactions are recognized using the conversion rates presented in the related communiqué Clause 2 in Article 5.

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1. Information on the consolidated capital adequacy ratio:

	Risk Weights											
	Bank Only						Consolidated					
	0%	20%	50%	100%	150%	200%	0%	20%	50%	100%	150%	200%
Credit Risk Base Amount												
Balance Sheet Items (Net)	22.272.721	2.417.171	7.406.785	16.369.895	5.426	23	22.272.721	2.417.171	7.406.785	16.149.302	5.426	23
Cash and Cash Equivalents	211.936	31	-	-	-	-	211.936	31	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-	-	-	-	-	-
Turkish Republic Central Bank Balances	1.914.772	-	-	-	-	-	1.914.772	-	-	-	-	-
Domestic, Foreign Banks, Head Office and Branches Abroad Balances	-	2.119.023	-	-	-	-	-	2.119.023	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	-	-	-	-	-	-
Reserve Deposits	831.738	-	-	-	-	-	831.738	-	-	-	-	-
Loans	3.263.354	47.952	7.261.280	14.467.579	5.426	23	3.263.354	47.952	7.261.280	14.467.579	5.426	23
Non-Performing Loans (Net)	-	-	-	213.513	-	-	-	-	-	213.513	-	-
Finance Lease Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	11.328	-	-	-	-	-	11.328	-	-
Investments Held to Maturity	15.216.498	-	-	-	-	-	15.216.498	-	-	-	-	-
Receivables from the Asset Sale on Credit Terms	-	59.166	-	-	-	-	-	59.166	-	-	-	-
Sundry Debtors	11.624	91.020	-	39.595	-	-	11.624	91.020	-	39.595	-	-
Interest and Income Accruals	745.750	1.272	145.505	378.162	-	-	745.750	1.272	145.505	378.162	-	-
Subsidiaries, Associates and Joint Ventures (Net)	-	-	-	221.659	-	-	-	-	-	1.066	-	-
Property, Plant and Equipment	-	-	-	1.007.350	-	-	-	-	-	1.007.350	-	-
Other Assets	77.049	98.707	-	30.709	-	-	77.049	98.707	-	30.709	-	-
Off-Balance Sheet Items	185.450	281.405	369.815	4.887.084	-	-	185.450	281.405	369.815	4.887.084	-	-
Non-Cash Loans and Commitments	185.450	247.999	369.815	4.887.084	-	-	185.450	247.999	369.815	4.887.084	-	-
Derivative Instruments	-	33.406	-	-	-	-	-	33.406	-	-	-	-
Non-Risk Weighted Accounts	-	-	-	-	-	-	-	-	-	-	-	-
Total Risk-Weighted Assets	22.458.171	2.698.576	7.776.600	21.256.979	5.426	23	22.458.171	2.698.576	7.776.600	21.036.386	5.426	23

2. Capital Adequacy Ratio Summary:

	Bank Only		Consolidated	
	Current Period	Prior Period	Current Period	Prior Period
Credit Risk Base Amount (CRBA)	25.693.179	17.661.038	25.472.586	17.411.314
Market Risk Base Amount (MRBA)	462.213	368.450	560.225	284.313
Operational Risk Base Amount (ORBA)	3.689.089	3.330.937	3.692.391	3.338.929
Equity	4.324.370	4.279.268	4.156.075	4.125.799
Equity / (CRBA+MRBA+ORBA)*100	14,49	20,03	13,98	19,61

CRBA: Credit Risk Base Amount

MRBA: Market Risk Base Amount

ORBA: Operational Risk Base Amount

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3. Information on equity items:

	Bank Only		Consolidated	
	Current Period	Prior Period	Current Period	Prior Period
CORE CAPITAL				
Paid-in Capital	1.250.000	1.250.000	1.250.000	1.250.000
Nominal capital	1.250.000	1.250.000	1.250.000	1.250.000
Capital commitments (-)	-	-	-	-
Inflation Adjustment for Paid-in Capital	1.220.451	1.220.451	1.220.451	1.220.451
Share Premium	-	-	-	-
Share Cancellation Profits	-	-	-	-
Legal Reserves	434.671	297.633	434.671	297.633
I. Degree Legal Reserve (TCC 466/1)	172.756	117.045	172.756	117.045
II. Degree Legal Reserve (TCC 466/2)	261.212	179.908	261.212	179.908
Reserves per Specific Acts	703	680	703	680
Statutory Reserves	-	-	-	-
Extraordinary Reserves	366.517	191.787	365.919	169.866
Reserves allocated per General Assembly Minute	333.180	159.859	333.180	159.859
Retained Earnings (*)	47.181	47.181	47.181	47.181
Accumulated Loss	-	-	-	-
Foreign Currency Share Capital Exchange Difference	(13.844)	(15.253)	(14.442)	(37.174)
Inflation Adjustment for the Legal, Statutory and Extraordinary Reserves	-	-	-	-
Profit	1.035.137	1.202.961	1.051.339	1.256.335
Net period profit	1.018.315	1.131.039	1.016.297	1.132.620
Retained Earnings	16.822	71.922	35.042	123.715
Portion of Free Provisions Allocated for Potential Risk up to 25% of Core Capital Amount	22.571	9.346	22.571	9.346
Subsidiary and Associate Shares and Gains on Sale of Properties to Be Added to Capital	-	-	-	-
Portion of Primary Tier-II Capital up to 15% of Core Capital	-	-	-	-
Losses that cannot be covered by reserves (-)	-	-	-	-
Net period loss	-	-	-	-
Accumulated Loss	-	-	-	-
Leasehold Improvements (-) (**)	-	14.326	-	14.326
Prepaid Expenses (-) (**)	4.225	3.625	4.225	3.625
Intangible Assets(-) (**)	38.588	2.459	38.588	2.459
Deferred Tax Asset in excess of 10% of the Core Capital (-)	-	-	-	-
Excess Amount defined in 3rd Clause, 56th Article of the Banking Act (-)	-	-	-	-
Total Core Capital	4.329.347	4.172.178	4.344.951	4.203.631
SUPPLEMENTARY CAPITAL				
General Loan Provisions	225.806	138.506	225.806	138.506
45% of Movable Assets Revaluation Fund	-	-	-	-
45% of Properties Revaluation Fund	-	-	-	-
Non-paid-up Shares of Subsidiaries, Associates and Joint Ventures	-	-	-	-
Proportion of Primary Tier -II Capital excluded from the Core Capital Calculation	-	-	-	-
Secondary Tier -II Capital	-	-	-	-
45% of Marketable Securities Revaluation Fund	(70.247)	99.109	(131.570)	20.355
From Subsidiaries and Associates	42.790	78.754	(18.533)	-
From Financial Assets Available for Sale	(113.037)	20.355	(113.037)	20.355
Inflation adjustments for capital reserves, profit reserves and retained earnings/accumulated losses (Except inflation adjustments for legal reserves, statutory reserves and extraordinary reserves)	-	-	-	-
Total Supplementary Capital	155.559	237.615	94.236	158.861

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	Bank Only		Consolidated	
	Current Period	Prior Period	Current Period	Prior Period
TIER-III CAPITAL				
CAPITAL	4.484.906	4.409.793	4.439.187	4.362.492
DEDUCTIONS FROM CAPITAL	160.536	130.525	283.112	236.693
Equity Shares in Banks and Financial Institutions Which Are Excluded from the Consolidation	103.013	96.070	103.013	96.070
Borrowing Instruments and Loans qualified as Tier-II Capital from and to banks, financial institutions (domestic and foreign), preferred stockholders	-	-	-	-
Equity Shares in Banks and Financial Institutions for which equity method was applied, but their assets and liabilities were not consolidated	-	-	122.576	106.168
Loans granted not in compliance with the provisions stated in articles 50 and 51 of the Act.	-	-	-	-
Total net book value of the Parent Bank's properties in excess of 50% of the equity and in accordance with Article 57 of the Act, net book value of properties and commodities acquired in exchange of loans and receivables that should be disposed of however; have not been disposed of although it has been 5 years since the beginning of the acquisition date.	14.710	14.045	14.710	14.045
Other	-	-	-	-
TOTAL EQUITY	4.324.370	4.279.268	4.156.075	4.125.799

[*] TRY 47.181 Thousand of balance is the monetary gain/loss from restatement of the 2003 period profit until April 2004 (dividend distribution date).

[**] Items located under core capital, leasehold improvements, prepaid expenses and intangible assets are not included to total of core capital based on the related communique; rather they are considered under deductions from capital.

II. EXPLANATIONS RELATED TO THE CONSOLIDATED CREDIT RISK

The Parent Bank, in the credit allocation process, restricts its risk exposure by working with highly credible banks and entities considering the credit ratings for the purpose of managing its risks. Under the scope of credit risk management, the Parent Bank grades all of its credits that are granted to real persons or entities and requires additional collaterals from its customers having high credit risks. The Parent Bank has the policy of not granting loans/credits and/or limiting the amount of such loans/credits. The Parent Bank's risk concentration in Turkey is high, since it operates mainly in Turkey. In loan procedure, limits are determined based on the type of loans and customers and risk and limit information is controlled periodically. For geographical regions and sectors, limit determination process is carried by the related loan departments.

Loans granted to other banks and risk limits set for the correspondent bank transactions are controlled on a daily basis. Risk concentrations are monitored systematically with the Treasury department, concerning the off-balance sheet operations based on the customers and banks.

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Except for the restructured loan follow-up system determined in the related communiqué, such loans are incorporated into the new rating groups or risk weightings under the risk management systems of the banks, and new precautionary measures are taken for these processes. Since long-term commitments are more risky than the short-term commitments, risks are assorted in accordance with the Parent Bank's risk management system.

As prescribed in the Communiqué on "Determining the Nature of Loan and Other Receivable Provisions Allocated by the Banks and Procedures and Principles of Allocating Provisions", the credit worthiness of the debtors of the loans and other receivables is monitored regularly. Credit limits are determined according to the audited statement of accounts. Guarantee factors are developed in accordance with the decision of the credit committee and updated according to the top management's initiatives and changes in the economic conditions. The Parent Bank receives sufficient collaterals in consideration of the loans and other receivables granted. Guarantees are suretyships, immovable mortgages, cash blockages and customer or real person cheques.

When the Parent Bank is exposed to significant credit risks, it has the tendency to cease its forward or similar type of transactions by using rights, fulfilling the requirements of the acquisitions or disposing of the acquisitions to mitigate the risk total.

Indemnified non-cash loans are subject to the same risk weight as the outstanding loans due at maturity and they are classified according to their guarantees and recognized in the non-performing loans account.

The Parent Bank is not an active participant of the international banking sector.

As of December 31, 2008, the receivables of the Group from its top 100 cash loan customers is 22,20% of its total cash loans.

As of December 31, 2008, receivables of the Parent Bank from its top 100 non-cash loans are -60,69% of its total non-cash loans.

As of December 31, 2008, share of cash and non-cash receivables of the Parent Bank from its top 100 customers are 14,22% of its total balance sheet and off- balance sheet assets.

As of December 31, 2008, general loan loss provision related to the credit risk incurred by the Parent Bank in accordance with the legislation on "Determining the Nature of Loans and Receivables and Principles and Procedures on the Allocation of Loan and Receivable Provisions" is TRY 225.806 Thousand.

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Credit risk by types of borrowers and geographical concentration:

	Loans to Real Person and Legal Entities		Loans to Banks and Other Financial Institutions		Marketable Securities*		Other Loans**	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Loans according to borrowers:								
Private Sector	18.230.041	13.403.094	381.182	244.117	11.328	9.975	317.872	148.138
Public Sector	808.493	7.358	-	-	18.322.221	15.934.625	201.435	176.945
Banks	-	-	30.000	17.400	-	-	2.119.023	1.161.073
Retail	5.595.897	4.117.850	-	-	-	-	-	-
Share Certificates	-	-	-	-	-	-	-	-
Total	24.634.431	17.528.302	411.182	261.517	18.333.549	15.944.600	2.638.330	1.486.156
Information according to geographical concentration:								
Domestic	24.533.147	16.398.989	381.182	244.117	18.325.563	15.937.674	334.192	382.484
EU Countries	42.964	-	30.000	17.400	6.898	5.594	2.039.501	875.376
OECD Countries ***	-	-	-	-	-	-	30.935	97.498
Offshore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-	197.385	111.125
Other Countries	58.320	1.129.313	-	-	1.088	1.332	36.317	19.673
Total	24.634.431	17.528.302	411.182	261.517	18.333.549	15.944.600	2.638.330	1.486.156

[*] Includes marketable securities designated at fair value through profit or loss, available-for-sale and held-to-maturity.

[**] Includes the on balance sheet transactions classified in the Uniform Chart of Accounts except the ones in the first three categories and the transactions defined as loan in the Article 48 of the Banking Act No: 5411.

[***] OECD countries other than EU countries, USA and Canada.

[****] Interest and income accruals for the loans are not included in table above.

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

Information according to geographical concentration:

	Assets	Liabilities	Non-Cash Loans	Equity Investments	Net Profit/Loss
Current Period					
Domestic	48.546.194	45.276.804	6.574.454	108.283	1.016.297
EU Countries	1.891.872	608.092	130.576	129.474	-
OECD Countries (*)	28.943	-	2.380	-	-
Offshore Banking Regions	-	-	-	-	-
USA, Canada	197.385	427.130	2.114	-	-
Other Countries	95.501	495.042	29.328	226	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-	-
Unallocated Assets/Liabilities (**)					
Total	50.759.895	46.807.068	6.738.852	237.983	1.016.297
Prior Period					
Domestic	37.461.587	33.341.634	3.621.425	101.329	1.132.620
EU Countries	1.124.988	534.854	114.992	111.762	-
OECD Countries (*)	112.246	-	1.496	-	-
Offshore Banking Regions	-	-	-	-	-
USA, Canada	42.685	84.728	1.166	-	-
Other Countries	1.136.126	1.890.164	26.000	175	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-	-
Unallocated Assets/Liabilities (**)					
Total	39.877.632	35.851.380	3.765.079	213.266	1.132.620

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

(**) The sum of assets and fixed capital assets represent total assets of the balance sheet.

(***) Shareholders' equity components are not included in liabilities.

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

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Sector concentrations for cash loans:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	827.916	4,34	179.978	2,75	746.237	4,93	14.858	0,50
Farming and Raising Livestock	810.417	4,25	169.508	2,59	722.871	4,78	9.990	0,33
Forestry, Wood and Paper	5.822	0,03	515	0,01	8.921	0,06	58	0,00
Fishery	11.677	0,06	9.955	0,15	14.445	0,10	4.810	0,16
Manufacturing	3.636.308	19,05	3.871.933	59,21	3.194.180	21,12	1.495.933	50,13
Mining and Quarry	90.838	0,48	43.652	0,67	68.396	0,45	31.602	1,06
Production	3.532.111	18,51	3.728.698	57,02	3.112.470	20,58	1.412.470	47,33
Electricity, Gas and Water	13.359	0,07	99.583	1,52	13.314	0,09	51.861	1,74
Construction	864.586	4,53	140.229	2,14	570.285	3,77	55.197	1,85
Services	7.157.479	37,51	2.262.739	34,60	5.830.660	38,55	1.390.376	46,59
Wholesale and Retail Trade	3.902.934	20,45	536.410	8,20	3.473.837	22,97	204.306	6,85
Hotel, Tourism, Food and Beverage Services	169.066	0,89	262.444	4,01	793.720	5,25	210.691	7,06
Transportation and Communication	1.374.830	7,20	245.935	3,76	164.427	1,09	85.190	2,85
Financial Institutions	404.731	2,12	635.149	9,71	720.270	4,76	361.304	12,11
Real Estate and Renting Services	783.192	4,10	491.906	7,52	280.834	1,86	392.097	13,14
Self-Employment Services	137.852	0,72	94	0,00	36.110	0,24	14.907	0,50
Education Services	43.133	0,23	18.448	0,28	240.967	1,59	121.881	4,08
Health and Social Services	341.741	1,79	72.353	1,11	120.495	0,80	-	-
Other	6.597.062	34,57	84.555	1,29	4.781.807	31,62	27.656	0,93
Total	19.083.351	100,00	6.539.434	100,00	15.123.169	100,00	2.984.020	100,00

The table below shows the maximum exposure to credit risk for the components of the financial statements;

Gross Maximum Exposure	31 December 2008	31 December 2007
Due from Banks	2.119.334	1.161.585
Money Market Receivables	-	50.025
Financial Assets at Fair Value Through Profit and Loss	114.765	480.172
Financial Assets Available-for-Sale	2.359.902	8.427.008
Held-to-Maturity Investments	15.858.882	7.037.420
Loans	25.836.298	18.121.078
Total	46.289.181	35.277.288
Contingent liabilities	6.738.852	3.765.079
Commitments	4.042.885	3.111.088
Total	10.781.737	6.876.167
Total credit risk exposure	57.070.918	42.153.455

As of December 31, 2008, excluding collaterals and other credit providing elements, the maximum credit sensitivity to any customer or group is TRY 561.566 Thousand; in case of considering related items it is TRY 487.500 Thousand.

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Credit quality per class of financial assets as of December 31, 2008 is as follows;

	Neither past due nor impaired	Past due or individually impaired	Total
Receivables from Banks	2.119.334	-	2.119.334
Financial Assets at Fair Value Through Profit and Loss	114.765	-	114.765
Loans	23.858.185	571.104	24.429.289
Corporate lending	5.913.616	31.614	5.945.230
SME lending	12.274.265	490.376	12.764.641
Consumer lending	5.146.298	49.076	5.195.374
Other	524.006	38	524.044
Financial Assets Available for Sale	2.359.902	-	2.359.902
Investments held to maturity	15.858.882	-	15.858.882

(*) Credit cards (TRY 399.995 Thousand) and loans for which the risk does not belong to the Parent Bank (TRY 1.007.014 Thousand) are not included in the table above.

(**) Loan portfolio classification is made in accordance with Basel II criteria.

(***) Financial assets that are overdue or impaired are presented in net values. Specific loan provision of TRY 1.037.849 Thousand as of 31.12.2008 is netted off from SME lending.

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

	Neither past due nor impaired	Past due or individually impaired	Total
Receivables from Banks	1.161.585	-	1.161.585
Financial Assets at Fair Value Through Profit and Loss	480.172	-	480.172
Loans	16.805.533	176.364	16.981.897
Corporate lending	2.954.197	61.899	3.016.096
SME lending	9.877.008	47.229	9.924.237
Consumer lending	3.870.480	67.236	3.937.716
Other	103.848	-	103.848
Financial Assets Available for Sale	8.427.008	-	8.427.008
Investments held to maturity	7.037.420	-	7.037.420

(*) Credit cards (TRY 274.350 Thousand) and loans for which the risk does not belong to the Parent Bank (TRY 864.831 Thousand) are not included in table above.

(**) Loan portfolio classification is made in accordance with Basel II criteria.

(***) Financial assets that are overdue or impaired are presented in net values. Specific loan provision of TRY 1.018.853 Thousand as of 31.12.2007 is netted off from SME lending.

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

Corporate and Commercial Firms	Internal/ External Valuation Grade	Total	Entrepreneurial Firms	Internal/ External Valuation Grade	Total
Risk Rating Group 1	AAA	745	High		
Risk Rating Group 2	AA	823.784	Risk Rating Group 1	1	630.104
Risk Rating Group 3	A	2.157.867	Risk Rating Group 2	2	762.800
Risk Rating Group 4	BBB	2.366.745	Standard		
Risk Rating Group 5	BB	1.494.007	Risk Rating Group 3	3	1.093.000
Risk Rating Group 6	B	1.300.337	Below the Standard		
Risk Rating Group 7	CCC	677.671	Risk Rating Group 4	4	843.146
Risk Rating Group 8	CC	102.264	Loss in value		
Risk Rating Group 9	C	11.535	Risk Rating Group 5	5	841.224
TOTAL		8.934.955	TOTAL		4.170.274

1) Loans for which the risk does not belong to the Parent Bank are not included. (TRY 1.007.014 Thousand)

2) Loan amount before the conversion is considered

3) Prepared in accordance with the internal grading results of the Parent Bank

4) Only graded firms are included.

Risk Grade(1-4)	Risk Group	Definition of Risk Group	Risk Grade(%)
1,00 – 1,40	AAA	The firm is an extremely positive firm with its financial and non-financial criteria and it can pursue its high credibility in the long run.	100 -86
1,41 – 1,80	AA	The firm is a positive firm with its financial and non-financial criteria and it can pursue its high credibility in the long run.	85 -73
1,81 – 2,00	A	The firm that has performed its optimization and has a high credibility in the short run and is a credible firm in the medium run.	72 – 67
2,01 – 2,20	BBB	The firm is a credible firm despite the fact that it can not perform the optimization of certain aspects of its financial and non-financial criteria.	66 – 60
2,20 – 2,40	BB	The firm can not retain optimization in the major parts of its financial and non-financial criteria. It has speculative attributes but it is a credible firm in the short run.	59 – 53
2,41 – 2,60	B	Some of the financial and non-financial criteria are negative. It carries highly speculative attributes. In the short run it is a credible firm dependent on the positive conjuncture.	52 – 47
2,61 – 2,80	CCC	The major part of its financial and non-financial criteria is negative and the firm is having difficulties in meeting its commitments. But it has a guaranteed short run credibility dependent on the positive conjuncture.	46 – 40
2,81 – 3,20	CC	The firm force the acceptable risk limits when its financial and non-financial criteria are considered together, and has poor credibility.	39 – 27
3,21 – 3,60	C	The firm has no credibility when its financial and non-financial criteria are considered together.	26 – 13
3,61 – 4,00	D	The firm has no credibility under any condition.	12 – 0

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

	December 31, 2008	December 31, 2007
Loans		
Corporate Loans	71.582	46.788
SME Loans	71.541	72.405
Consumer Loans	160	8
Other	401	245
Total	143.684	119.446

The net value and type of the collaterals of the loans amounted TRY 1.828.069 Thousand, followed under Loans and Other Receivables Under Close Monitoring section, is below.

Collateral Type	Net Value of Collateral
Real estate mortgage	973.058
Salary pledge, vehicle pledge and pledge of commercial undertaking	222.369
Financial collaterals (Cash, securities pledge, etc.)	50
Cheque, bills	72.594
Suretyship	243.466
Other	316.532
Total	1.828.069

(*) The collaterals are considered through comparison of the net value of collateral on appraisal reports less the third party receivables having priority with the collateral. Lower of the collateral amount or the loan amount is considered in the table above. Income accruals are not included in the table.

The net value and the type of the collaterals belongs to loans amounted TRY 1.251.362 Thousand, followed under Non Performing Loans section, is below.

Collateral Type	Net Value of Collateral
Cash	9.855
Mortgage	453.719
Pledge	54.984
Cheque, bills	9.088
Suretyship	239.322
Bond	7
Other	484.387
Total	1.251.362

(*) The collaterals are considered through comparison of the net value of collateral on appraisal reports less the third party receivables having priority with the collateral. Lower of the collateral amount or the loan amount is considered in the table above. Income accruals are not included in the table.

III. EXPLANATIONS RELATED TO THE CONSOLIDATED MARKET RISK

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

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

The Board of Directors determines the limits for the basic risk that the Parent Bank is exposed to. Those limits are revised periodically in line with the market forces and strategies of the Parent Bank. Additionally, the Board of Directors has ensured that the risk management division and senior management has taken necessary precautions to describe, evaluate, control and manage risks faced by the Parent Bank.

Interest rate and exchange rate risks, arising from the volatility in the financial markets, of the financial positions taken by the Parent Bank related to balance sheet and off-balance sheet accounts are measured, and in the computation of capital adequacy, the amount subject to VAR calculated by using the standard method (summarized below) is taken into consideration. Beside the standard method, VAR is calculated by using internal model as supported by scenario analysis and stress tests. VAR is calculated daily by three different methods which are historic simulation, Monte Carlo simulation and parametric method, and these results are also reported daily to the management.

In addition to the standard method, market risk is also calculated by internal model method (Value subject to risk), and the results are supported by scenario analysis and stress tests.

a) Information Related to Consolidated Market Risk:

	Amount
(I) Capital Requirement to be Employed for General Market Risk - Standard Method	20.407
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	-
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	24.411
(IV) Capital Requirement to be Employed for Commodity Risk - Standard Method	-
(V) Capital Requirement to be Employed for Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed for Market Risk Resulting from Options - Standard Method	-
(VII) Total Capital Requirement to be Employed for Market Risk in Banks Using Risk Measurement Model	-
(VIII) Total Capital Requirement to be Employed for Market Risk (I+II+III+IV+V+VI)	44.818
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	560.225

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

	Current Period		Prior Period			
	Average	Maximum	Average	Maximum	Average	Maximum
Interest Rate Risk	88.737	119.721	20.407	14.430	16.691	12.595
Common Stock Risk	-	-	-	-	-	-
Currency Risk	19.143	24.411	14.538	3.821	7.303	811
Commodity Risk	-	-	-	60	83	-
Clearance Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Total Value Subject to Risk	107.880	144.132	34.945	18.311	24.077	13.406

Other Price Risks

The Parent Bank does not invest in share certificates, hence it is not subject to share price risk.

IV. EXPLANATIONS RELATED TO CONSOLIDATED OPERATIONAL RISK

In the calculation of the Parent Bank's operational risk, "Basic Indicator Method" is used. The amount subject to operational risk is calculated in accordance with Section 4 of the Communiqué on "Measurement and Assessment of the Capital Adequacy of Banks" published in the Official Gazette numbered 26333 on November 1, 2006 and this section is named as "Calculation of Operational Risk Base Amount" which came into effect as of June 1, 2007. The calculation is performed parallel to the practice within the country, by multiplying 15% of the Parent Bank's last three years' average gross revenue with 12,5. Amount subject to operational risk is TRY 3.692.391 Thousand for the current period.

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V. EXPLANATIONS RELATED TO THE CONSOLIDATED CURRENCY RISK

Foreign currency risk indicates the probability of loss that banks are subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Parent Bank are taken into consideration. Net short term and long term positions of each currency are calculated in terms of the Turkish Lira.

The Parent Bank is not exposed to currency risks. However, potential currency risks are figured at weekly and monthly periods through the standard method. Thereby, currency risk can be closely followed. The Parent Bank rarely enters into swap contracts against the currency risk, in case of need.

Announced current foreign exchange buying rates of the Parent Bank as at December 31, 2008 and the previous five working days in full TRY are as follows:

	24.12.2008	25.12.2008	26.12.2008	29.12.2008	30.12.2008	31.12.2008
USD	1,4900000	1,4800000	1,4750000	1,4800000	1,4900000	1,5000000
CHF	1,3873000	1,3745000	1,3757000	1,4173000	1,4092000	1,4059000
GBP	2,1955000	2,1650000	2,1654000	2,1546000	2,1550000	2,1929000
JPY	0,0164394	0,0163101	0,0162550	0,0163906	0,0164749	0,0164969
EURO	2,0853000	2,0737000	2,0719000	2,1068000	2,1095000	2,0949000

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before December 31, 2008 are as follows:

	Monthly Average
USD	1,5071053
CHF	1,3412316
GBP	2,2372211
JPY	0,0165772
EURO	2,0545263

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Information related to consolidated currency risk:

Current Period	EURO	USD	YEN	OTHER	TOTAL
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	1.094.835	216.692	46	3.358	1.314.931
Banks and Financial Institutions	1.755.922	206.599	1.750	103.702	2.067.973
Financial Assets at Fair Value Through Profit and Loss	841	34.924	-	841	36.606
Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	457.066	321.400	-	-	778.466
Loans (**)	2.891.343	3.748.473	-	3.881	6.643.697
Subsidiaries, Associates and Entities Under Common Control	122.576	-	-	-	122.576
Held-to-Maturity Investments (***)	1.237.658	1.691.788	-	-	2.929.446
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	45	-	-	8	53
Intangible Assets	-	-	-	-	-
Other Assets	37.413	67.053	-	40	104.506
Total Assets	7.597.699	6.286.929	1.796	111.830	13.998.254
Liabilities					
Bank Deposits	119.594	130.300	-	25.713	275.607
Foreign Currency Deposits	7.203.664	5.672.937	2.030	83.110	12.961.741
Money Market Balances	105.001	587.617	-	-	692.618
Funds Provided from Other Financial Institutions	850.435	469.063	-	6	1.319.504
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	2.274	13.897	5	156	16.332
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities	37.812	48.839	-	553	87.204
Total Liabilities (****)	8.318.780	6.922.653	2.035	109.538	15.353.006
Net Balance Sheet Position	(721.081)	(635.724)	(239)	2.292	(1.354.752)
Net Off-Balance Sheet Position	480.235	596.127	-	10.966	1.087.328
Financial Derivative Assets	481.701	644.562	-	46.710	1.172.973
Financial Derivative Liabilities	1.466	48.435	-	35.744	85.645
Non-Cash Loans (*)	1.279.756	2.855.520	9.616	49.292	4.194.184
Prior Period					
Total Assets	4.073.427	4.247.357	976	61.343	8.383.103
Total Liabilities	4.298.064	5.306.412	1.694	57.749	9.663.919
Net Balance Sheet Position	(224.637)	(1.059.055)	(718)	3.594	(1.280.816)
Net Off-Balance Sheet Position	195.362	1.002.240	1.171	-	1.198.773
Financial Derivative Assets	195.362	1.003.806	1.171	-	1.200.339
Financial Derivative Liabilities	-	1.566	-	-	1.566
Non-Cash Loans	512.097	1.501.492	7.770	36.759	2.058.118

(*) Non-cash loans are not included in the off-balance sheet items

(**) Contains TRY 104.263 Thousand of foreign currency indexed loans and their accruals.

(***) Contains TRY 750.534 Thousand of foreign currency indexed held to maturity marketable securities and their accruals.

(****) In accordance with the principles of the "Regulation on Measurement and Practices of Banks' Net Overall FC Position / Shareholders' Equity Ratio on a Consolidated and Unconsolidated Basis", Derivative Financial Instruments Foreign Currency Income Accruals (TRY 52.532 Thousand), Prepaid Expenses (TRY 96 Thousand) in assets; and Derivative Financial Instruments Foreign Currency Expense Accruals (TRY 3.940 Thousand) and Shareholders' Equity (TRY 106.026 Thousand) in liabilities are not taken into consideration in the currency risk measurement.

Türkiye Halk Bankası A.Ş.

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Consolidated foreign currency sensitivity:

The Parent Bank is mainly exposed to currency risk due to USD and EURO.

The following table sets the Parent Bank's sensitivity to a 10% increase and decrease in the TRY against USD and EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. Positive amounts represent value increase in profit and loss or shareholders' equity due to 10% appreciation of TRY against EURO or USD.

December 31, 2008	Change in currency rate in %	Effect on profit / loss	
		Current Period	Prior Period
USD	10% increase	(12.687)	(6.402)
EURO	10% increase	(17.797)	(2.072)
Other	10% increase	1.433	405

The Parent Bank's sensitivity to foreign currency rates has increased due to the change of foreign currency position in the current period.

VI. EXPLANATIONS RELATED TO THE CONSOLIDATED INTEREST RATE RISK

Interest rate sensitivity of assets, liabilities and off-balance sheet items related to this risk are measured by the Parent Bank and the Parent Bank's interest rate risk is calculated by using the general and specific interest rate risk statements in the standard method including the assets and liabilities and is considered as a part of the general market risk in the calculation of the capital adequacy standard ratio.

The priority of the Parent Bank's risk management department is to avoid the effects of the interest rate volatility. Sensitivity analysis performed within this context is calculated by the risk management department and reported to the Asset-Liability Committee.

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budget of the Parent Bank. The negative effects of the fluctuations in the market interest rates on the financial position and the cash flows are minimized by revising budget targets. The Parent Bank's funding costs, such as TRY bank deposit, foreign exchange accounts, repurchase agreements are determined by the Treasury Vice Presidency.

Since the Parent Bank does not permit maturity mismatches or imposes limits on the mismatch, significant interest rate risk exposures are not expected.

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1. Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates:

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	2.374.363	-	-	-	-	634.936	3.009.299
Banks and Financial Institutions	2.046.822	-	-	-	-	72.512	2.119.334
Financial Assets at Fair Value Through Profit and Loss	680	3.423	18.399	83.277	8.124	862	114.765
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	29.404	667.400	957.940	480.584	213.246	11.328	2.359.902
Loans	10.429.042	4.038.495	5.102.043	3.650.827	1.625.607	776.771	25.622.785
Held-to-Maturity Investments	4.278.718	5.879.244	2.217.074	2.022.431	1.461.415	-	15.858.882
Other Assets (1) (2)	423.781	98	3	-	-	1.489.029	1.912.911
Total Assets	19.582.810	10.588.660	8.295.459	6.237.119	3.308.392	2.985.438	50.997.878
Liabilities							
Bank Deposits	1.122.304	-	-	-	-	142.378	1.264.682
Other Deposits	22.659.027	10.331.299	2.163.959	466	-	3.851.681	39.006.432
Money Market Balances	1.756.673	472.346	161.425	-	-	-	2.390.444
Sundry Creditors	12.446	-	-	-	-	429.606	442.052
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	984.665	869.439	459.123	103.160	128.781	192.185	2.737.353
Other Liabilities (3)	9.732	71	8	-	-	5.147.104	5.156.915
Total Liabilities	26.544.847	11.673.155	2.784.515	103.626	128.781	9.762.954	50.997.878
Balance Sheet Long Position	-	-	5.510.944	6.133.493	3.179.611	-	14.824.048
Balance Sheet Short Position	(6.962.037)	(1.084.495)	-	-	-	(6.777.516)	(14.824.048)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(6.962.037)	(1.084.495)	5.510.944	6.133.493	3.179.611	(6.777.516)	-

(1) TRY 74.091 Thousand of deferred tax asset is disclosed under the non-interest bearing column in other assets.

(2) TRY 213.513 Thousand of non-performing loans with no specific reserve are disclosed under the non-interest bearing column in other assets.

(3) Shareholders' equity balance is disclosed under the non-interest bearing column.

(4) Funds provided from other financial institutions include borrowings.

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	3.012.267	-	-	-	-	458.911	3.471.178
Banks and Financial Institutions Financial Assets at Fair Value	1.151.378	-	-	-	-	10.207	1.161.585
Through Profit and Loss	1.906	242.907	15.179	124.702	87.543	7.935	480.172
Money Market Placements Financial Assets	50.025	-	-	-	-	-	50.025
Available-for-Sale	1.440.363	3.729.176	723.109	1.836.014	688.372	9.974	8.427.008
Loans	8.211.953	1.310.129	3.464.007	3.766.631	652.473	701.996	18.107.189
Held-to-Maturity Investments	5.619.007	512.446	905.967	-	-	-	7.037.420
Other Assets (1) (2)	117.152	3.767	-	-	-	1.235.402	1.356.321
Total Assets	19.604.051	5.798.425	5.108.262	5.727.347	1.428.388	2.424.425	40.090.898
Liabilities							
Bank Deposits	974.981	60.427	-	-	-	13.641	1.049.049
Other Deposits	16.962.177	7.331.654	2.199.706	2.259	-	3.296.066	29.791.862
Money Market Balances	1.366.544	89.945	246.336	-	-	-	1.702.825
Sundry Creditors	6.905	-	-	-	-	345.422	352.327
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	818.668	252.154	200.476	384.907	108.079	215.080	1.979.364
Other Liabilities (3)	58.309	9.727	22.959	-	-	5.124.476	5.215.471
Total Liabilities	20.187.584	7.743.907	2.669.477	387.166	108.079	8.994.685	40.090.898
Balance Sheet Long Position	-	-	2.438.785	5.340.181	1.320.309	-	9.099.275
Balance Sheet Short Position	(583.533)	(1.945.482)	-	-	-	(6.570.260)	(9.099.275)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(583.533)	(1.945.482)	2.438.785	5.340.181	1.320.309	(6.570.260)	-

(1) TRY 63.924 Thousand of deferred tax asset is disclosed under the non-interest bearing column in other assets.

(2) TRY 13.889 Thousand of non-performing loans with no specific reserve are disclosed under the non-interest bearing column in other assets.

(3) Shareholders' equity balance is disclosed under the non-interest bearing column.

(4) Funds provided from other financial institutions include borrowings.

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

2. Average interest rates applied to monetary financial instruments:

Current Period	EURO	USD	YEN	TRY
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money In Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey (***)	-	-	-	12,25
Due from Other Banks And Financial Institutions (*)	1,90	2,81	-	12,12
Financial Assets At Fair Value Through Profit And Loss	7,43	7,05	-	16,87
Money Market Placements	-	-	-	15,14
Available-for-Sale Financial Assets	5,28	5,85	-	19,45
Loans(**)	8,01	6,87	-	21,31
Held-to-Maturity Investments	5,93	6,54	-	20,11
Liabilities				
Bank Deposits	3,08	-	-	16,35
Other Deposits	3,77	4,34	-	17,17
Money Market Borrowings	-	-	-	16,93
Sundry Creditors	-	-	-	11,89
Marketable Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	-	-	-	-
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money In Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey (***)	1,80	1,95	-	12,14
Due from Other Banks And Financial Institutions (*)	3,51	4,69	-	16,61
Financial Assets At Fair Value Through Profit And Loss	5,98	5,55	-	18,02
Money Market Placements	-	-	-	15,75
Available-for-Sale Financial Assets	5,40	6,37	-	18,38
Loans(**)	6,74	6,80	2,10	21,10
Held-to-Maturity Investments	5,73	6,14	-	17,45
Liabilities				
Bank Deposits	-	5,15	-	16,38
Other Deposits	2,12	3,90	-	15,63
Money Market Borrowings	-	-	-	16,32
Sundry Creditors	-	-	-	11,38
Marketable Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	-	-	-	-

(*) Interest rates are calculated using weighted average method for money placement amounts as of balance sheet date.

(**) Interest rates are calculated using weighted average method for loans given as of balance sheet date. Calculated rates may vary from Bank's announced interest rates.

(***) As of December 12, 2008, interest rate given by Central Bank of Turkey to USD and EURO reserve deposits is nil.

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Interest rate sensitivity:

If interest rates were increased by 600 base points in TRY and 200 base points for FC and all other variables were held constant, the Parent Bank's;

- Profit for the year would decrease by TRY 252.907 Thousand. The major factor in this change is due to the liabilities of the Parent Bank with variable interest rates (2007: TRY 9.860 Thousand increase).
- The Shareholders' equity would decrease by TRY 80.214 Thousand. The major factor in this change is due to the market value of government bonds held in available for sale portfolio (2007: TRY 545.675 Thousand decrease).
- Through these calculations, the value loss related to held for sale investments are presented in shareholder's equity instead of profit and loss.

VII. EXPLANATIONS RELATED TO THE CONSOLIDATED LIQUIDITY RISK

Liquidity risk occurs when there is insufficient cash or cash inflows to meet the cash outflows fully and timely. Liquidity risk may also occur when the market penetration is not adequate, when the open positions cannot be closed immediately at the suitable prices in sufficient amounts due to barriers and break-ups in the markets.

Domestic and foreign markets are used to meet liquidity need. Low levels of liquidity needs provides an easy access for borrowing from the Turkish Republic Central Bank, Istanbul Stock Exchange, Interbank Money Market, Clearing Bank and other markets. The Parent Bank's low ratios of bank deposits and foreign currency deposits compared to other commercial banks, with the similar balance sheet total, is an indication of having a bigger share from the market when needed. Available money market debts from the foreign market, Eurobonds held in portfolio are important potential resources of the Parent Bank.

When funding and liquidity sources are considered, the Parent Bank covers majority of its liquidity need through deposits. In addition, securities portfolio is mainly composed of held to maturity securities.

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Presentation of assets and liabilities according to their remaining maturities:

The Parent Bank follows up and measures the consistency of payments by comparing its assets and liabilities with the interest rates on a daily and transactional basis.

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed (3)	Total
Assets								
Cash (Cash in TRY, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	634.565	767.644	1.345.744	255.975	5.030	-	341	3.009.299
Banks and Financial Institutions	72.512	2.046.822	-	-	-	-	-	2.119.334
Financial Assets at Fair Value								
Through Profit and Loss	-	680	1.782	53.566	49.751	8.124	862	114.765
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	8.657	158.519	929.066	971.943	280.389	11.328	2.359.902
Loans	913.679	3.810.747	2.986.061	8.929.759	7.221.125	1.761.414	-	25.622.785
Held-to-Maturity Investments	-	197.157	220.048	1.483.986	10.089.114	3.868.577	-	15.858.882
Other Assets (2)	187.799	887	98	3	78.288	-	1.645.836	1.912.911
Total Assets	1.808.555	6.832.594	4.712.252	11.652.355	18.415.251	5.918.504	1.658.367	50.997.878
Liabilities								
Bank Deposits	142.378	1.122.304	-	-	-	-	-	1.264.682
Other Deposits	3.851.681	22.659.027	10.331.299	2.163.959	466	-	-	39.006.432
Funds Provided from Other								
Financial Institutions	517.065	66.218	187.526	553.846	720.927	691.771	-	2.737.353
Money Market Balances	-	1.756.673	472.346	161.425	-	-	-	2.390.444
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	429.606	12.446	-	-	-	-	-	442.052
Other Liabilities (1)	824.559	113.794	5.591	8	22.153	-	4.190.810	5.156.915
Total Liabilities	5.765.289	25.730.462	10.996.762	2.879.238	743.546	691.771	4.190.810	50.997.878
Liquidity Gap	(3.956.734)	(18.897.868)	(6.284.510)	8.773.117	17.671.705	5.226.733	(2.532.443)	-
Prior Period								
Total Assets	1.380.126	5.361.525	3.518.672	9.339.920	14.467.961	4.926.146	1.096.548	40.090.898
Total Liabilities	4.782.132	19.352.413	7.594.585	2.882.247	803.653	436.350	4.239.518	40.090.898
Liquidity Gap	(3.402.006)	(13.990.888)	(4.075.913)	6.457.673	13.664.308	4.489.796	(3.142.970)	-

(1) Shareholders' equity is disclosed under the undistributed column.

(2) 213.513 Thousand of non-performing loans with no specific provision, is disclosed in other assets.

(3) Other asset items which are not expected to be converted in to cash in short term but required for continuation of banking operations like tangible and intangible assets, office supply inventory, associates and subsidiaries, office supplies, prepaid expenses, deferred tax asset and receivables from NPL and other long term assets is shown in this section.

(4) Funds provided from other financial institutions include borrowings.

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Analysis of financial liabilities by remaining contractual maturities:

As of December 31, 2008	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Liabilities							
Deposits	27.936.638	10.517.345	2.232.509	495	-	(415.873)	40.271.114
Funds Provided from Other Financial Institutions	595.930	192.483	609.098	913.527	878.072	(451.757)	2.737.353
Money Market Borrowings	1.762.586	639.118	-	-	-	(11.260)	2.390.444
Securities Issued	-	-	-	-	-	-	-
Sundry creditors	442.052	-	-	-	-	-	442.052
Total	30.737.206	11.348.946	2.841.607	914.022	878.072	(878.890)	45.840.963

As of December 31, 2007	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Liabilities							
Deposits	21.345.774	7.532.709	2.272.980	2.464	-	(313.016)	30.840.911
Funds Provided from Other Financial Institutions	398.972	118.683	290.217	990.697	551.627	(370.832)	1.979.364
Money Market Borrowings	1.204.709	93.356	430.203	-	-	(25.443)	1.702.825
Securities Issued	-	-	-	-	-	-	-
Sundry creditors	352.327	-	-	-	-	-	352.327
Total	23.301.782	7.744.748	2.993.400	993.161	551.627	(709.291)	34.875.427

In accordance with the Communiqué on the "Measurement and Assessment of Liquidity of the Banks" published in the Official Gazette dated 1 November 2006 No. 26333, beginning from 1 June 2007 liquidity ratio of the banks on a weekly and monthly basis should not be less than 80% for foreign currency denominated assets and liabilities, and for total assets and liabilities it should not be less than 100%. Liquidity ratios as at 31 December 2008 and 2007 are presented below:

	Current Period				Prior Period			
	First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)		First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)	
	FC	TRY+FC	FC	TRY+FC	FC	TRY+FC	FC	TRY+FC
Average	264,74	354,13	140,49	157,92	306,45	410,54	156,52	176,69
Maximum	355,59	451,09	192,54	193,99	384,25	483,22	189,55	191,87
Minimum	186,43	258,30	114,56	135,43	229,06	321,20	141,58	158,97

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Analysis of Parent Bank's derivative financial instruments according to their remaining maturities:

Current Period:		1-3	3-12		Over	
As of December 31, 2008	Up to 1 Month	Months	Months	1-5 Years	5 Years	Total
Forward foreign currency transactions-buy	58.623	3.095	578	-	-	62.296
Forward foreign currency transactions-sell	58.154	3.157	599	-	-	61.910
Foreign currency swap transactions-buy	510.405	167.592	-	-	-	677.997
Foreign currency swap transactions-sell	485.582	148.162	-	-	-	633.744
Interest rate swap transactions-buy	-	-	-	460.754	-	460.754
Interest rate swap transactions-sell	-	-	-	410.046	-	410.046
Total	1.112.764	322.006	1.177	870.800	-	2.306.747

Previous Period:		1-3	3-12		Over	
As of December 31, 2007	Up to 1 Month	Months	Months	1-5 Years	5 Years	Total
Forward foreign currency transactions-buy	1.521	-	508	-	-	2.029
Forward foreign currency transactions-sell	1.547	-	469	-	-	2.016
Foreign currency swap transactions-buy	719.422	-	-	-	-	719.422
Foreign currency swap transactions-sell	735.354	-	-	-	-	735.354
Interest rate swap transactions-buy	-	-	84.940	394.400	-	479.340
Interest rate swap transactions-sell	-	-	86.875	455.310	-	542.185
Total	1.457.844	-	172.792	849.710	-	2.480.346

VIII. EXPLANATIONS RELATED TO BUSINESS SEGMENTATION

The Parent Bank's operations are grouped under the corporate, commercial, consumer and entrepreneur and treasury/investment banking categories. Branches are grouped considering the information above and are scaled according to the classification shown in the table below, with the classification reflected to the head office and branches.

The Parent Bank is rendering services to a wide range of companies in all sectors, especially to Small and Medium size Enterprises (SME) as well as individuals having consumer status. In this context, the Parent Bank has no restrictions on the area in which it operates.

The Parent Bank categorizes its real and legal entities that it renders services into three groups as; firms, individual customers and other customers.

Firms are composed of traders and small-scale retailers having real and legal entity status. Within the Parent Bank's application, firms are segmented as corporate firms, commercial firms, enterprising business firms, small size enterprises and small-scale retailers.

Individual customers are real entities without having any commercial or professional purposes other than their individual demands in the Parent Bank's application.

Other customers are referred to as associations, organizations, trade unions, foundations, societies, building managements, parent-teacher associations and similar institutions that are not included in the afore-mentioned classification.

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The following are the services provided the Parent Bank to all of its customers:

- Accepting deposits,
- Issuing of cash, noncash loans,
- All kinds of reimbursements and cash receipt operations, including cash and deposit reimbursements, fund transfers, correspondent banking transactions and use of checking accounts,
- Purchasing cheques and bank bills,
- Performing custody services,
- Issuing payment instruments such as; credit cards, cash cards and travel cheques, and performing related transactions,
- Including spot transactions, foreign exchange transactions, trading of money market securities, bullion trading and/or performing the related custody services,
- Trading of forward transaction agreements, option agreements and financial instruments with more than one derivative instrument and performing the related intermediary services based on the economic and financial indicators, capital markets instruments, commodities, precious metals and exchange rates,
- Assuming guarantee transactions such as; warranties and other liabilities in favor of others,
- Having intermediary transactions on Interbank money transfer, Insurance agency services,
- Rendering insurance agency transactions,
- Acting as a market maker in trade operations in accordance with liabilities assumed within the context of the agreement composed by the Turkish Treasury and/or Central Bank and associations,
- Trading capital market instruments and performing repurchase and reverse repo transactions,
- Acting as an intermediary in the sale process of capital market instruments by means of issuing instruments or through a public offering,
- Trading the capital market instruments issued for the purpose of performing intermediary services.

Under the Treasury transactions, medium and long-term fund provision is performed by means of securities exchange, money market operations, spot and time TRY and foreign exchange transactions, derivative instruments (such as; forwards, swaps, futures and options), syndication and securitization, etc.

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Details of the segment information prepared in accordance with the Act on "Disclosure of Financial Statements of Banks and The Related Presentations and Notes" as of December 31, 2008 are presented in the table below:

	Corporate	Commercial	Entrepreneur	Treasury/ Investment	Total
OPERATING INCOME / EXPENSES					
Interest Income	274.998	250.987	3.168.954	3.097.992	6.792.931
Interest on loans	274.974	250.919	3.155.363	92.207	3.773.463
Interest income on marketable securities	-	-	-	2.775.831	2.775.831
Interest received from banks	-	-	3.873	207.765	211.638
Other interest income	24	68	9.718	22.189	31.999
Interest Expense	423.050	165.711	3.702.253	375.679	4.666.693
Interest on deposits	419.991	153.124	3.661.932	98.779	4.333.826
Interest on borrowings	3.052	11.498	7.423	51.275	73.248
Interest on money market					
Borrowings	-	-	-	224.232	224.232
Other interest expense	7	1.089	32.898	1.393	35.387
Net Interest Income/(Expense)	(148.052)	85.276	(533.299)	2.722.313	2.126.238
Net Fees and Commissions Income	14.507	19.767	330.605	5.389	370.268
Net Trading Profit / (Loss)	5.545	124.503	280.469	(604.086)	(193.569)
Dividend Income	-	-	-	32.399	32.399
Other Income	1.751	18.971	255.657	91.178	367.557
Loans and Other Receivables Impairment					
Loss Provisions.	2.414	21.545	212.893	199.439	436.291
Other Expenses	11.555	31.272	421.848	537.561	1.002.236
Income Before Taxes	(140.218)	195.700	(301.309)	1.510.193	1.264.366
Income Tax Provision	-	-	-	(248.069)	(248.069)
Net Profit for the Period (*)	(140.218)	195.700	(301.309)	1.262.124	1.016.297
SEGMENT ASSETS					
Marketable Securities	-	-	-	18.333.549	18.333.549
Banks and Other Financial Institutions	-	-	-	2.119.334	2.119.334
Associates and Subsidiaries (net)	-	-	-	226.655	226.655
Loans	3.175.814	2.497.401	19.644.530	518.553	25.836.298
Other Assets	393	6.832	301.675	4.173.142	4.482.042
TOTAL ASSETS	3.176.207	2.504.233	19.946.205	25.371.233	50.997.878
SEGMENT LIABILITIES					
Deposits	3.679.197	2.025.931	31.441.419	3.124.567	40.271.114
Derivative Financial Liabilities Held for Trading	-	-	-	22.246	22.246
Money Market Balances	-	-	-	2.390.444	2.390.444
Borrowing Funding Loans	100.985	135.013	82.320	1.203.481	1.521.799
Other Liabilities	32.641	74.640	1.438.232	311.463	1.856.976
Provisions	8.180	7.781	96.153	632.375	744.489
Shareholders' Equity	-	-	-	4.190.810	4.190.810
TOTAL LIABILITIES	3.821.003	2.243.365	33.058.124	11.875.386	50.997.878
OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS					
Guaranties and Suretyships	3.828.066	1.115.795	1.794.517	474	6.738.852
Letters of Credit	9.991	43.948	1.488.465	2.500.481	4.042.885
Derivative Financial Instruments	-	-	-	2.263.157	2.263.157

(*) Net fund transfer pricing amounts are not included in the calculation of net profit for the period. When the fund transfer pricing amounts TRY 242.256 Thousand, TRY 1.400 Thousand, TRY 1.985.030 Thousand and TRY -2.228.686 Thousand respectively are included in the calculation, the net profit for the period is TRY 102.038 Thousand, TRY 197.100 Thousand, TRY 1.683.721 Thousand and TRY- 964.544 Thousand for Corporate Branches, Commercial Branches, Entrepreneur Branches and Treasury/Investment Department respectively.

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IX. EXPLANATIONS RELATED TO PRESENTATION OF CONSOLIDATED FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	46.289.181	35.277.288	46.164.323	35.107.235
Money Market Placements	-	50.025	-	50.005
Banks	2.119.334	1.161.585	2.119.162	1.161.394
Financial Assets Held for Trading	114.765	480.172	114.765	480.172
Available for Sale Financial Assets	2.359.902	8.427.008	2.359.902	8.427.008
Held-to Maturity Investments	15.858.882	7.037.420	15.880.539	6.990.516
Loans	25.836.298	18.121.078	25.689.955	17.998.140
Financial Liabilities	43.450.519	33.172.602	43.466.103	33.203.701
Deposits	40.271.114	30.840.911	40.253.192	30.871.392
Funds Provided from Other Financial Institutions	2.737.353	1.979.364	2.770.898	1.980.004
Securities Issued	-	-	-	-
Sundry Creditors	442.052	352.327	442.013	352.305

The methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

i- The fair value of the held to maturity assets is determined by market prices, when the market prices are not available, quoted market prices of other marketable securities which are subject to redemption with same terms of interest, maturity and other similar conditions have been used.

ii- While calculating the fair value of the available for sale assets, the market prices are considered. In case of the price being not determined in active market conditions, the discounted amount based on IRR methodology is used as fair value.

iii- The applicable interest rates as of balance sheet date are used in the calculation of fair value of money market placements, banks, loans, deposits, funds provided from other financial institutions and sundry creditors.

X. EXPLANATIONS RELATED TO TRANSACTIONS MADE ON BEHALF OF OTHERS AND FIDUCIARY TRANSACTIONS

The Parent Bank performs buying transactions on behalf of customers, and gives custody, administration and consultancy services.

The Parent Bank does not deal with fiduciary transactions.

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES TO THE CONSOLIDATED ASSETS

(1)a) Cash and balances with the Central Bank:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	152.014	59.922	156.137	73.348
Balances with the Central Bank of Turkey	1.542.354	1.254.978	2.389.597	852.072
Other	-	31	-	24
Total	1.694.368	1.314.931	2.545.734	925.444

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted Demand Deposit (*)	1.542.354	1.254.978	2.389.597	852.072
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Total	1.542.354	1.254.978	2.389.597	852.072

(*) Unrestricted Demand Deposit is composed of required reserves. The interest rate range applied by Central Bank of Turkey to required reserves for TRY is 13,00% - 11,81%, for EUR it is 1,80% - 1,18%, for USD it is 1,15% - 1,95%. As of December 31, 2008, Central Bank of Turkey announced that no interest will be computed for USD end EUR required reserves. (31.12.2007: 11,81% - 13,12% (TRY), 1,73% - 1,80% (EUR); 1,95% - 2,51% (USD)).

(2) Financial assets at fair value through profit and loss:

a) Financial assets at fair value through profit and loss blocked/given as collateral:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Participation Shares	-	-	-	-
Treasury Bills, Government Bonds and Similar Securities	-	-	-	86.053
Other	-	-	-	-
Total	-	-	-	86.053

b) Financial assets at fair value through profit and loss subject to repurchase agreements:

None.

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	-	894	-	51
Swap Transactions	-	78.288	-	6.726
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	79.182	-	6.777

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

(3) Information on banks and other financial institutions:

a) Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	25.022	10.673	21.848	93.509
Foreign	26.339	2.057.300	10.220	1.036.008
Branches and Head Office Abroad	-	-	-	-
Total	51.361	2.067.973	32.068	1.129.517

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	1.818.908	817.560	-	-
USD and Canada	197.385	111.125	-	-
OECD Countries (*)	30.935	97.498	-	-
Offshore Banking Regions	-	-	-	-
Other	36.411	20.045	-	-
Total	2.083.639	1.046.228	-	-

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

(4) Information on financial assets available-for-sale:

a) Financial assets available-for-sale blocked/given as collateral or subject to repurchase agreements:

a.1. Information on financial assets available-for-sale blocked/given as collateral:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Participation Shares	-	-	-	-
Treasury Bills, Government Bonds and Similar Securities	-	-	286.931	-
Other	-	-	-	-
Total	-	-	286.931	-

a.2. Information on financial assets available-for-sale subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government Bonds	-	-	187.061	-
Treasury Bills	-	-	-	-
Other public sector debt securities (*)	-	-	-	500.376
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	-	-	187.061	500.376

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

b) Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	2.352.972	8.417.278
Quoted on a stock exchange	2.352.972	8.417.278
Not quoted	-	-
Share certificates	11.572	10.203
Quoted on a stock exchange	-	-
Not quoted	11.572	10.203
Impairment provision(-)	[4.642]	[473]
Total	2.359.902	8.427.008

(5) Information on loans:

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	66.426	-	45.840	-
Total	66.426	-	45.840	-

Türkiye Halk Bankası A.Ş.

Explanations and Notes to Consolidated Financial Statements for the Period January 1-December 31, 2008

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

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Cash Loans	Restructured or Rescheduled
Non-specialized loans	16.844.868	96.583	1.162.525	45.794
Discount notes	869	-	-	-
Export loans	2.499.276	-	45.090	-
Import loans	-	-	-	-
Loans given to financial sector	411.182	-	-	-
International loans	221.985	-	144	-
Consumer loans(*)	4.464.337	-	562.152	160
Credit cards(**)	368.209	-	31.786	-
Precious metals loans	-	-	-	-
Other	8.879.010	96.583	523.353	45.634
Specialized loans	6.274.904	1.189	619.632	118
Other receivables	-	-	-	-
Accruals	532.791	2.253	41.070	1.058
Total	23.652.563	100.025	1.823.227	46.970

(*) Includes TRY 49.094 Thousand of personnel loans.

(**) Includes TRY 17.332 Thousand of personnel credit cards.

c) Loans according to the maturity structure:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Cash Loans	Restructured or Rescheduled
Short-Term Loans	11.336.932	1.946	707.186	395
Non-specialized loans	9.333.639	1.675	566.785	299
Specialized loans	1.747.921	227	124.471	87
Other Receivables	-	-	-	-
Accruals	255.372	44	15.930	9
Medium and Long-Term loans	12.315.631	98.079	1.116.041	46.575
Non-specialized loans	7.511.229	94.908	595.739	45.495
Specialized loans	4.526.983	962	495.162	31
Other receivables	-	-	-	-
Accruals	277.419	2.209	25.140	1.049
Total	23.652.563	100.025	1.823.227	46.970

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

	Short Term	Medium and Long Term	Total
Consumer Loans-TRY	230.326	4.745.765	4.976.091
Housing Loans	1.989	1.958.283	1.960.272
Car Loans	853	43.264	44.117
General Purpose Loans	227.484	2.744.218	2.971.702
Other	-	-	-
Consumer Loans -Indexed to FC	-	1.464	1.464
Housing Loans	-	640	640
Car Loans	-	-	-
General Purpose Loans	-	824	824
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personal Credit Cards-TRY	370.998	-	370.998
With Installments	39.240	-	39.240
Without Installments	331.758	-	331.758
Personal Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans-TRY	3.237	45.857	49.094
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	3.237	45.857	49.094
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRY	17.332	-	17.332
With Installments	2.644	-	2.644
Without Installments	14.688	-	14.688
Personnel Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Account-TRY(Real Person)	58.212	-	58.212
Overdraft Account-FC(Real Person)	-	-	-
Total	680.105	4.793.086	5.473.191

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

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e) Information on commercial loans with installments and corporate credit cards:

	Short Term	Medium and Long Term	Total
Commercial loans with installment facility-TRY	28.989	308.570	337.559
Business Loans	4.340	139.275	143.615
Car Loans	24.649	169.295	193.944
General Purpose Loans	-	-	-
Other	-	-	-
Commercial loans with installment facility – Indexed to FC	-	-	-
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Commercial loans with installment facility –FC	-	-	-
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TRY	11.665	-	11.665
With Installments	823	-	823
Without Installments	10.842	-	10.842
Corporate Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Account-TRY(Legal Entity)	111.041	-	111.041
Overdraft Account-FC(Legal Entity)	-	-	-
Total	151.695	308.570	460.265

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

f) Loan distribution according to borrowers:

	Current Period	Prior Period
Public	808.493	7.358
Private	24.814.292	18.099.831
Total	25.622.785	18.107.189

g) Domestic and overseas loans:

	Current Period	Prior Period
Domestic loans	25.348.976	16.947.566
Overseas loans	273.809	1.159.623
Total	25.622.785	18.107.189

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	80.146	43.902
Indirect loans granted to subsidiaries and associates	-	-
Total	80.146	43.902

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i) Specific provisions provided against loans:

	Current Period	Prior Period
Specific Provisions		
Loans and receivables with limited collectibility	71.098	35.708
Loans and receivables with doubtful collectibility	46.323	21.018
Uncollectible loans and receivables	920.428	962.127
Total	1.037.849	1.018.853

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

j.1. Information on loans and other receivables included in non-performing loans which are restructured or rescheduled:

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Current period	645	123	60.769
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	645	123	60.769
Prior period	417	32	124.242
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	417	32	124.242

j.2. Information on the movement of non-performing loans:

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Prior period end balance	37.737	21.103	973.902
Additions (+)	219.474	23.490	249.044
Transfers from other categories of loans under follow-up (+)	-	75.088	29.778
Transfers to other categories of loans under follow-up (-)	(88.224)	(16.642)	-
Collections (-)	(38.554)	(22.650)	(212.184)
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current period end balance	130.433	80.389	1.040.540
Specific provision (-)	(71.098)	(46.323)	(920.428)
Net Balance on Balance Sheet	59.335	34.066	120.112

j.3. Information on foreign currency non-performing loans and other receivables:

None.

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

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Current Period (Net)	59.335	34.066	120.112
Loans to Real Persons and Legal Entities (Gross)	129.200	80.389	1.012.252
Specific Provisions (-)	(69.865)	(46.323)	(892.140)
Loans to Real Persons and Legal Entities (Net)	59.335	34.066	120.112
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	1.233	-	28.288
Specific Provisions (-)	(1.233)	-	(28.288)
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	2.029	85	11.775
Loans to Real Persons and Legal Entities (Gross)	37.615	21.102	949.759
Specific Provisions (-)	(35.586)	(21.017)	(937.984)
Loans to Real Persons and Legal Entities (Net)	2.029	85	11.775
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	122	1	24.143
Specific Provisions (-)	(122)	(1)	(24.143)
Other Loans and Receivables (Net)	-	-	-

k) Main guidelines of the liquidation policy of the Parent Bank about the uncollectable loans and receivables:

The Parent Bank liquidates its uncollectable receivables in 3 ways, by signing financial restructuring contract under the Law No:4743, by making payment protocols and by presenting adequate repayment schedules for the lower amount of receivables. Within the context of this collection policy, non-performing loans are collected in considerable amounts. Collections are firstly offset against lawsuits and expenses, interest and capital receivables from loans.

The Parent Bank recently collects some of its receivables by acquiring debtor properties in consideration of collaterals given to loans granted. The Parent Bank is also planning to collect its receivables in accordance with the requirements of Law No: 5569 dated on December 27, 2006 through Anadolu Yaklaşımı (protocols for non-performing loans).

Explanations on write-off policy:

In compliance with the "Procedure for Write Off and Procedures for Overdue Receivables for Legal Follow-Up" non performing loans which become unrecoverable as a result of legal follow-up can be written off to prevent additional legal expenses.

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Aging analysis of past due but not impaired financial assets per classes of financial instruments:

Current Period	Less Than 30 Days	Between 31-60 Days	Between 61-90 Days	Total
Loans and Receivables				
Corporate Loans	16.071	948	-	17.019
SME Loans	119.590	52.736	28.648	200.974
Consumer Loans	2.035	526	337	2.898
Credit Cards	36.463	12.904	2.170	51.537
Other	-	-	-	-
Total	174.159	67.114	31.155	272.428

[*] Loans for which risk does not belong to the Parent Bank are not included.

As at December 31, 2008, the fair value of collaterals held against the past due but not yet impaired loans amounts to TRY 253.624 Thousand. Suretyship and cheque/bills are not considered based on Basel I criteria.

Loans and advances amounting to TRY 12.962.071 Thousand have floating interest rates and TRY 12.874.227 Thousand have fixed interest rates.

Prior Period	Less Than 30 Days	Between 31-60 Days	Between 61-90 Days	Total
Loans and Receivables				
Corporate Loans	2.054	-	-	2.054
SME Loans	63.121	23.456	15.956	102.533
Consumer Loans	1.346	227	169	1.742
Other	-	-	-	-
Total	66.521	23.683	16.125	106.329

[*] Loans for which risk does not belong to the Parent Bank are not included.

As at December 31, 2007, the fair value of collaterals held against the past due but not yet impaired loans amounts to TRY 44.979 Thousand. Suretyship and cheque/bills are not considered based on Basel I criteria.

Loans and advances amounting to TRY 9.019.925 Thousand have floating interest rates and TRY 9.101.153 Thousand have fixed interest rates.

(6) Information on held-to-maturity investments:

a) Information on held-to-maturity investments blocked/given as collateral or subject to repurchase agreement transactions are explained comparatively with net value.

a.1. Held-to-maturity investments blocked/given as collateral:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Treasury Bills	-	-	-	-
Government Bonds and Similar Securities	1.938.752	103.445	1.733.057	-
Other	-	-	-	-
Total	1.938.752	103.445	1.733.057	-

Türkiye Halk Bankası A.Ş.

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a.2. Held-to-maturity investments subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Participation Shares	-	-	-	-
Treasury Bills, Government Bonds and Similar Securities	1.951.627	813.008	1.424.253	-
Other	-	-	-	-
Total	1.951.627	813.008	1.424.253	-

b) Information on public sector debt investments held-to-maturity:

	Current Period	Prior Period
Government Bonds	15.858.882	7.037.420
Treasury Bills	-	-
Other public sector debt securities	-	-
Total	15.858.882	7.037.420

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	15.874.937	7.147.211
Quoted on a stock exchange	9.982.371	-
Not quoted on a stock exchange	5.892.566	7.147.211
Provision for impairment (-)	(16.055)	(109.791)
Total	15.858.882	7.037.420

d) Movement of held-to-maturity investments within the year:

	Current Period	Prior Period
Beginning balance	7.037.420	11.274.722
Foreign currency differences on monetary assets	298.211	(15.600)
Purchases during the year	9.953.372	457.431
Disposals through sales and redemptions	(1.523.857)	(4.627.397)
Impairment provision (-)	93.736	(51.736)
Closing Balance	15.858.882	7.037.420

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d.1. Information on accounts in which held-to-maturity securities are recorded:

The breakdown of the held to maturity securities of the Parent Bank is as follows:

	Current Period				Prior Period			
	Historical Cost		Amortized		Historical Cost		Amortized	
	TRY	FC	TRY	FC	TRY	FC	TRY	FC
Obtained from Undersecretariat of Treasury of Republic of Turkey	2.860.914	-	2.896.221	-	3.087.989	-	3.197.719	-
Obtained from Chairmanship of Privatization Administration	-	-	-	-	-	-	-	-
Obtained with the transfer	2.968.719	-	3.190.433	-	3.691.999	-	3.839.701	-
Reclassified from other security portfolios (*)	7.264.687	2.138.231	7.593.316	2.178.912	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	13.094.320	2.138.231	13.679.970	2.178.912	6.779.988	-	7.037.420	-

(*) While paragraph 54 of Turkish Accounting Standards 39-Financial Instruments: Recognition and Measurement as published by Turkish Accounting Standards Board ("TASB") permit reclassification of securities from Available for Sale Portfolio to Held to Maturity Portfolio, with the Communiqué 105, dated October 31, 2008 and published in the Official Gazette 27040, TASB, made an amendment related to Article 50 of Turkish Accounting Standards 39-Financial Instruments: Recognition and Measurement and also permitted the reclassification of securities recognized as Financial Assets at Fair Value Through Profit and Loss Portfolio to Held to Maturity Securities Portfolio. In addition, Turkish Accounting Standards Board declared that all reclassification transactions made subsequent to October 31, 2008, will take effect on the date of such transactions performed. In order to avoid the effect of market fluctuations on securities portfolio, on October 3, 2008 and October 8, 2008, the Parent Bank reclassified TRY 8.961 Million in total; TRY 378 Million from Financial Assets at Fair Value Through Profit and Loss and TRY 8.583 Million from Available for Sale Securities portfolio to Held to Maturity Securities portfolio. Had the reclassification from Financial Assets at Fair Value Through Profit and Loss not been made to Held to Maturity Securities Portfolio, the Parent Bank would have recorded TRY 25.125 Thousand income accrual as at December 31, 2008.

(7) Information on associates (Net):

a) Information on associates:

Description	Address(City/ Country)	Parent Bank's share percentage, if different-voting percentage (%)	Parent Bank's risk group share percentage (%)
1 DEMİRHalkBANK N.V.	NETHERLANDS	30,00	30,00
2 HALK FİNANSAL KİRALAMA A.Ş.	İSTANBUL	47,75	47,75
3 KOBİ YATIRIM A.Ş.	ANKARA	31,47	32,26
4 FİNTEK A.Ş.	ANKARA	24,00	29,76
5 ZİRAAT HALK ALTERNATİF DAĞ. KAN. A.Ş.	İSTANBUL	24,00	24,00
6 KKB KREDİ KAYIT BÜROSU A.Ş.	İSTANBUL	18,18	18,18
7 BANKALARARASI KART MERKEZİ A.Ş.	İSTANBUL	18,95	18,95
8 KREDİ GARANTİ FONU İŞLETME VE ARAŞTIRMA A.Ş.	ANKARA	0,01	0,01

Associates presented above excluding Demir Halkbank N.V. are not consolidated in the accompanying consolidated financial statements in accordance with the communiqué on "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette dated November 8, 2006 and numbered 26340, since their individual assets are less than 1% of the Parent Bank's assets and in total less than 5% of the Parent Bank's total assets.

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b) Information related to the associates as sorted in a) (*) (**):

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable		Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
				Securities Portfolio				
4.673.204	415.318	60.008	79.242	(2.275)		16.080	39.139	739.310
421.281	72.598	14.744	1.333	915		8.612	10.062	58.000
36.616	36.488	240	5.074	-		3.995	3.196	33.292
6.302	3.569	116	419	163		359	349	-
12.669	7.444	882	418	105		4.329	4.911	-
24.925	19.399	1.837	3.266	6		6.693	3.457	-
16.962	13.333	5.734	1.665	-		1.533	1.228	-
84.497	84.036	458	7.776	2		9.318	2.781	-

(*) No investment is listed on the stock exchange.

(**) The information above (b) is presented on the basis of the financial data obtained from the December 31, 2008 audited financial statements for Halk Finansal Kiralama A.Ş. and Bankalararası Kart Merkezi A.Ş.; and from the December 31, 2008 unaudited financial statements for the remaining associates.

c) Movement of associates:

	Current Period	Prior Period
Balance at the beginning of the period	145.490	139.539
Movements during the period	19.117	5.951
Additions (*)	2.880	1.647
Bonus shares obtained	-	-
Share in current year income	-	-
Disposals	-	-
Revaluation Decrease (-) / Increase	16.408	(7.937)
Provision for impairment (-) / Cancellations	(171)	12.241
Balance at the end of the period	164.607	145.490
Capital commitments (**)	250	-
Share percentage at the end of the period (%)	-	-

(*) TRY 2.842 Thousand addition is the shares received through Halk Finansal Kiralama A.Ş. capital increase, 99,95% of which is met by net profit of the previous period and 0,05% by legal reserves.

(**) In the current period, the Bank has TRY 250 Thousand of capital commitment for its associate, Gelişim İşletmeleri Piyasaları A.Ş.

d) Sectoral information and related carrying amounts of associates:

	Current Period	Prior Period
Banks	122.576	106.168
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	30.536	27.695
Finance Companies	-	-
Other Financial Investments	10.429	10.574

e) Investments and associates which are quoted to a stock exchange:

None.

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(8) Information on subsidiaries (Net):

a) Information on subsidiaries:

Description	Address(City/ Country)	Parent Bank's share percentage, if different-voting percentage (%)	Parent Bank's risk group share percentage (%)
HALK YATIRIM MENKUL DEĞERLER A.Ş.	İSTANBUL	99,93	99,96
BİRLİK SİGORTA A.Ş.	İSTANBUL	82,36	82,36
BİRLİK HAYAT SİGORTA A.Ş.	İSTANBUL	94,40	98,51

Subsidiaries presented above are not consolidated in the accompanying consolidated financial statements in accordance with the communiqué on "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette dated November 8, 2006 and numbered 26340 since their individual assets are less than 1% of the Parent Bank's assets and in total less than 5% of the Parent Bank's total assets.

b) Information related to the subsidiaries as sorted in a) (*) (**):

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
37.095	31.213	559	3.967	8.682	4.123	4.184	34.416
118.264	39.834	1.610	3.864	5.699	6.119	2.958	70.760
101.732	45.373	219	13.856	-	20.482	14.707	87.464

(*) None of the subsidiaries are listed on the stock exchange.

(**) The information is presented by referring to the audited financial statements as of December 31, 2008.

c) Table of movement of the subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	57.801	45.977
Movements during the period	4.247	11.824
Additions (**)	4.247	7.380
Bonus shares obtained	-	-
Share in current year income	-	-
Disposals	-	-
Revaluation increase	-	-
Provision for impairment (*)	-	4.444
Balance at the end of the period	62.048	57.801
Capital commitments (***)	15.491	-
Share percentage at the end of the period (%)	-	-

(*) Based on the valuation study of the Bank's subsidiaries as of December 31, 2007, TRY 4.444 Thousand of impairment loss, which was present as of December 31, 2006, was cancelled.

(**) TRY 4.247 Thousand addition is the shares received through Halk Yatırım Menkul Değerler A.Ş. capital increase, 97,93% of which is met by net profit of the previous period and 2,07% by legal reserves.

(***) In the current period, the Parent Bank has TRY 15.491 Thousand of capital commitment for its subsidiary Birlik Sigorta A.Ş.

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d) Sectoral information on subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Banks	-	-
Insurance Companies	31.270	31.270
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	30.778	26.531
Other Financial Subsidiaries	-	-
Total	62.048	57.801

e) Subsidiaries quoted in the stock exchange:

None.

(9) Information on joint ventures:

None.

(10) Information on finance lease receivables (Net):

None.

(11) Information on derivative financial assets for hedging purposes:

None.

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

(12) Information on tangible assets:

	Balance at the end of the prior period	Current Year Additions	Current Year Disposals	Transfers	Balance at the end of the period
Cost:					
Immovables	657.530	268.015	(834)	(25.192)	899.519
Tangible Assets gained by Financial Lease	120.230	1.072	(11.916)	-	109.386
Office Machines	150.793	22.840	(34.651)	-	138.982
Fixed Assets Obtained for Non-Performing Loans	85.546	93.976	(4.674)	(69.238)	105.610
Other	223.560	19.718	(22.965)	-	220.313
Total Cost	1.237.659	405.621	(75.040)	(94.430)	1.473.810
Accumulated Depreciation:					
Immovables	182.532	13.020	-	(3.506)	192.046
Tangible Assets gained by Financial Lease	95.726	9.160	(10.916)	-	93.970
Office Machines	124.392	13.127	(31.783)	-	105.736
Fixed Assets Obtained for Non-Performing Loans	1.938	2.113	(104)	(250)	3.697
Other	188.304	7.785	(16.642)	-	179.447
Total Accumulated Depreciation	592.892	45.205	(59.445)	(3.756)	574.896
Provision for Impairment (-)	-	-	-	-	-
Immovables	2.754	3.576	-	(96)	6.234
Tangible Assets gained by Financial Lease	-	-	-	-	-
Office Machines	-	-	-	-	-
Fixed Assets Obtained for Non-Performing Loans	471	953	-	(388)	1.036
Other	-	-	-	-	-
Total Provision for Impairment (-)	3.225	4.529	-	(484)	7.270
Net Book Value	641.542	355.887	(15.595)	(90.190)	891.644

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(13) Information on intangible assets:

	Balance at the end of the prior period	Current Year Additions	Current Year Disposals	Transfers	Balance at the end of the period
Cost:					
Leasehold Improvements	35.495	-	-	(35.495)	-
Other Intangible Assets	3.259	41.488	(19.620)	36.485	61.612
Total Cost	38.754	41.488	(19.620)	990	61.612
Accumulated Depreciation:					
Leasehold Improvements	21.168	-	-	(21.168)	-
Other Intangible Assets	801	6.907	(6.011)	21.327	23.024
Total Accumulated Depreciation	21.969	6.907	(6.011)	159	23.024
Provision for Impairment (-)					
Leasehold Improvements	-	-	-	-	-
Other Intangible Assets	-	-	-	-	-
Total Provision for Impairment (-)	-	-	-	-	-
Net Book Value	16.785	34.581	(13.609)	831	38.588

(14) Information on immovables held for investment purposes:

None.

(15) Information on deferred tax assets:

	Current Period Deferred Tax	Prior Period Deferred Tax
Retirement Pay Provision and Unused Vacation Provision	46.979	41.680
Specific Provision for Follow-Up Loans	9.500	-
Net Accrual Expense for Derivative Instruments	-	18.062
Valuation Difference Between Turkish Uniform Chart of Accounts and Tax Procedure Law	23.272	1.507
Provision for Lawsuits against the Parent Bank	2.694	694
Other	3.858	2.676
Total Deferred Tax Assets	86.303	64.619
Amortization Difference Between the Tax Procedure Law and Communiqué on Accounting Policies	(825)	(695)
Net Accrual Income for Derivative Instruments	(11.387)	-
Deferred Tax Liabilities	(12.212)	(695)
Deferred Tax Asset, Net	74.091	63.924
Deferred Tax Accounted for in Shareholders' Equity		
Available for Sale Securities IRR-FV Difference	3.525	9.530
FC Subsidiaries Hedge Fund Valuation Difference	(8.342)	-

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[16] Information on non-current assets held for sale:

Table of Movement of Assets Held for Sale	Current Period	Prior Period
Cost	138.753	103.066
Accumulated Depreciation (-)	8.337	12.695
Net Book Value	130.416	90.371
Opening Balance	90.371	54.196
Acquisitions (Transfers)	93.489	76.386
Disposals (-), net	(52.413)	(44.103)
Impairment Charge (-)	(1.031)	3.892
Depreciation Charge (-)	-	-
Closing net book value	130.416	90.371

[17] Information on other assets:

a) Distribution of other assets:

	Current Period	Prior Period
From Credit Card Payments	34.839	10.790
Prepaid Expenses	4.227	3.625
Receivables from Banking Services	3.751	3.269
Clearing Account	98.707	176.769
Cash Guarantees Given	553	3.020
Advances Given	5.548	95
Receivables Pending for Board of Discipline Decision	443	2.822
Collaterals Received for Derivative Instruments	91.020	53.256
Receivables from Asset Sale on Credit Terms	59.166	48.615
Receivables from SDIF	3.986	263
Other	35.764	23.995
Total	338.004	326.519

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II. EXPLANATIONS AND NOTES TO THE CONSOLIDATED LIABILITIES

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

a) For deposit banks:

a.1. Current Period:

	Demand	7 day call accounts	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and over	Accumulated Deposits	Total
Saving deposits	711.975	-	3.970.910	11.255.000	479.657	165.766	38.883	-	16.622.191
Foreign currency deposits	1.401.444	-	2.960.417	4.287.220	1.798.464	2.056.353	378.551	-	12.882.449
Residents in Turkey	1.379.697	-	2.903.963	4.197.000	492.563	983.316	321.762	-	10.278.301
Residents abroad	21.747	-	56.454	90.220	1.305.901	1.073.037	56.789	-	2.604.148
Public Sector Deposits	530.507	-	232.742	621.506	2.451	50.912	91	-	1.438.209
Commercial Inst. Deposits	984.788	-	1.351.783	2.662.733	286.794	21.005	882	-	5.307.985
Other Inst. Deposits	222.967	-	294.695	1.410.797	74.669	386.784	631	-	2.390.543
Precious Metals	-	-	-	-	-	-	-	-	-
Interbank Deposits	142.378	-	1.069.161	51.181	-	-	-	-	1.262.720
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	14.596	-	898.130	51.181	-	-	-	-	963.907
Foreign Banks	15.282	-	171.031	-	-	-	-	-	186.313
Participation Banks	112.500	-	-	-	-	-	-	-	112.500
Other	-	-	-	-	-	-	-	-	-
Accruals	36.813	-	90.278	187.002	24.352	24.710	3.862	-	367.017
Total	4.030.872	-	9.969.986	20.475.439	2.666.387	2.705.530	422.900	-	40.271.114

a.2. Prior Period:

	Demand	7 day call accounts	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and over	Accumulated Deposits	Total
Saving deposits	597.244	-	2.743.218	8.921.839	937.003	197.119	32.092	-	13.428.515
Foreign currency deposits	1.208.215	-	1.897.264	3.378.297	831.830	937.606	276.239	-	8.529.451
Residents in Turkey	1.189.410	-	1.469.951	2.463.590	433.932	694.316	258.753	-	6.509.952
Residents abroad	18.805	-	427.313	914.707	397.898	243.290	17.486	-	2.019.499
Public Sector Deposits	394.029	-	415.355	468.943	5.935	2.426	20.067	-	1.306.755
Commercial Inst. Deposits	869.519	-	633.475	1.886.582	286.367	5.214	1.177	-	3.682.334
Other Inst. Deposits	227.059	-	192.992	1.455.720	600.607	89.563	8.230	-	2.574.171
Precious Metals	-	-	-	-	-	-	-	-	-
Interbank Deposits	13.641	-	974.908	60.000	-	-	-	-	1.048.549
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2.293	-	974.863	60.000	-	-	-	-	1.037.156
Foreign Banks	11.340	-	-	-	-	-	-	-	11.340
Participation Banks	8	-	45	-	-	-	-	-	53
Other	-	-	-	-	-	-	-	-	-
Accruals	29.355	-	61.352	142.899	23.608	10.926	2.996	-	271.136
Total	3.339.062	-	6.918.564	16.314.280	2.685.350	1.242.854	340.801	-	30.840.911

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b) Information on Saving Deposits/Special Current and Participation Accounts in the scope of Saving Deposits Insurance Fund:

b.1. Amounts exceeding insurance limit:

b.1.1. Saving deposits under the guarantee of deposit insurance and exceeding the insurance limit:

Saving Deposits	Under the Guarantee of Deposit Insurance		Exceeding Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	8.317.033	7.277.639	8.276.019	6.126.849
Foreign Currency Saving Deposits	2.059.286	2.065.651	3.581.684	2.546.270
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at foreign branches and under the guarantee of foreign authorities' insurance	34.185	29.752	-	-
Deposits at off-shore banking regions' and under foreign authorities' insurance	-	-	-	-
Total	10.410.504	9.373.042	11.857.703	8.673.119

The Parent Bank made Saving Deposits Insurance Funds premium payments as half of the 0.15% of the calculated liability in accordance with the amended article published in the Official Gazette dated October 5, 2002 and numbered 24897 of the Communiqué on the "Mergers and Takeovers Attributable to Banks", which was published in the Official Gazette numbered 24445 on July 27, 2001. This amended article denotes that "Conditional to all merged or taken over banks' authority to accept deposits, based on the authorization given in Clause 6 in Article 15 of the Banking Act No: 4389, insurance premium liability of the taken-over bank or newly established bank merged by the combination of more than one bank is paid for two years starting from the Council's degree of the publishment date in the Official Gazette, which grants the authorization to companies merge or takeover as per the paragraph in the additional decree No: 2000/862 issued on June 1, 2000 stating that "Half of the rates defined in Article 4 of the Decree on Saving Deposits Under Insurance Guarantee and Premiums to Be Collected by the Saving Deposits Insurance Fund are applied". Based on this expression, the payment was realized on half of fifteen per ten thousand of the calculated liability amount in 2005 and as at September 30, 2006. This exception was ended as of November 2006 and the Parent Bank started to pay Saving Deposits Insurance Fund Premiums by using 0.15% rate without incurring any additional penalty rates starting from 2006 year-end.

b.1.2. Saving deposits at foreign branches are excluded from the scope of Saving Deposits Insurance Fund according to the related legislation, and are subject to insurance of foreign authorities in compliance with the foreign legislations.

c) Saving deposits which are not under the guarantee of deposit insurance fund:

	Current Period	Prior Period
Deposits and accounts in branches abroad	193.415	158.648
Deposits of ultimate shareholders and their close families	-	-
Deposits of chairman and members of the Board of Directors and their close families	1.746	403
Deposits obtained through illegal acts defined in the 282nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-

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(2) Information on Derivative Financial Liabilities Held for Trading:

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	-	474	-	37
Swap Transactions	-	21.772	32.799	64.252
Future Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	22.246	32.799	64.289

(3)a) Banks and Other Financial Institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Borrowings from Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	124.292	90.099	99.546	53.907
Foreign Banks, Institutions and Funds	78.003	1.229.405	287.307	496.268
Total	202.295	1.319.504	386.853	550.175

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term	124.292	335.626	99.546	53.907
Medium and Long-Term	78.003	983.878	287.307	496.268
Total	202.295	1.319.504	386.853	550.175

c) Additional disclosures related to the concentrations of the Parent Bank's major liabilities:

Concentrations, fund providing customers, sector groups and other criteria where risk concentration is observed:

Main liability of the Parent Bank is deposit, which is composed of 41% of saving deposits and 32% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Parent Bank borrows loans from interbank money markets. The Parent Bank can borrow loans from overseas institutions especially used in the financing of personal loans at assets. There are funds obtained from the Ministry of Industry and Trade especially for constructing small industrial estates and organized industrial estates.

Parent Bank's 21,83% of banks deposits and 33,34% of other deposits consist of foreign currency deposits.

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Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From domestic transactions	1.686.174	-	1.275.311	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	1.646.692	-	1.159.713	-
Real persons	39.482	-	115.598	-
From overseas transactions	576	683.795	427	411.740
Financial institutions and organizations	-	683.795	-	411.740
Other institutions and organizations	-	-	-	-
Real persons	576	-	427	-
Accruals	11.076	8.823	10.549	4.798
Total	1.697.826	692.618	1.286.287	416.538

(4) Explanations to the funds:

Funds are granted as loans in conformity with the protocols between the Parent Bank and fund owner ministry or institutions. These funds include funds from the Ministry of Industry and Trade, Treasury Natural Disasters Credit Fund, Undersecretariat of Treasury and Foreign Trade Funds, Turkish Treasury Incentive Certificated SMEs Credit Fund, Housing Development Administration Fund and other funds.

a) Maturity Structure of Funds:

Short-term	Current Period		Short-term	Prior Period	
	Long-term	Long-term		Long-term	Long-term
83.382	1.132.172	4.888	1.037.448		

(5) Information on Other Liabilities:

Other liabilities balance in the balance sheet amounts to TRY 199.086 Thousand and does not exceed 10% of the balance sheet total. (December 31, 2007: TRY 274.700 Thousand)

(6) Information on Finance Lease Payables (Net):

a) The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the Parent Bank:

In the financial lease agreements, installments are based on useful life, usage periods and provisions of the Tax Procedural Code.

b) Explanation on finance lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less Than 1 Year	284	-	5.557	-
Between 1-4 Years	-	-	-	-
More Than 4 Years	-	-	-	-
Total	284	-	5.557	-

c) Explanations regarding operational leases:

None.

(7) Information on derivative financial liabilities for hedging purposes:

None.

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(8) Explanations on Provisions:

a) Information on General Provisions:

	Current Period	Prior Period
General Provisions	225.806	138.506
Allocated for Group- I loans and receivables	179.737	118.578
Allocated for Group- II loans and receivables	27.976	10.439
Allocated for non-cash loans	18.093	9.485
Other	-	4

b) Foreign exchange loss provisions on the foreign currency indexed loans and finance lease receivables:

None.

c) Specific provisions provided for unindemnified non-cash loans:

The Parent Bank's specific provisions for unindemnified non-cash loans balance is TRY 48.027 Thousand as of December 31, 2008 at a rate of 50% for non-cash loans. TRY 15.185 Thousand of the related provision has been allocated for non-cash loans of companies of which cash loans are transferred to the Saving Deposits Insurance Fund in accordance with and the protocol designed based on the Act No: 5230 and the related provision is managed by the SDIF.

d) Information on other provisions:

Provision balance for possible risks:

Total other provision balance amounting to TRY 147.544 Thousand consists of TRY 48.027 Thousand specific provisions for unindemnified non cash loans and TRY 99.517 Thousand of provision is set for legal cases against the Parent Bank, SDIF premium, expenditure bonuses accumulated on credit cards provided by the Parent Bank, other provision and provision for possible risks.

Provision of TRY 22.571 Thousand has been set for prudence in consideration with any changes that may arise in the economy and the market.

d.1. Movement of employee termination benefits:

	Current Period	Prior Period
As of January 1	159.314	145.095
Charge for the year	10.379	9.495
Interest cost	16.940	15.564
Actuarial gain (loss)	18.869	3.229
Benefits paid	(27.178)	(14.069)
Total	178.324	159.314

(*) As of 31.12.2008, the Parent Bank has TRY 56.569 Thousand unused vacation provision. The related provision is followed under employee benefits provision under liabilities. (2007: TRY 49.087 Thousand)

e) Liabilities on pension rights:

e.1. Liabilities for pension funds established in accordance with "Social Security Institution":

None.

e.2. Liabilities resulting from all kinds of pension funds, foundations etc. which provide post retirement benefits for the employees:

None.

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(9) Explanations related to tax liabilities:

a) Information on current tax liability:

As of December 31, 2008, the Parent Bank's corporate tax provision is TRY 243.239 Thousand which is offset against TRY 225.902 of temporary tax paid within the current period. Therefore, the remaining corporate tax payable is TRY 17.337 Thousand.

a.1. Information on tax provision:

As of December 31, 2008, the Parent Bank's corporate tax provision is TRY 243.239 Thousand. For the fourth temporary taxation period, corporate tax payable is TRY 17.337 Thousand.

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	17.337	79.958
Income on Securities Tax	85.602	55.070
Property Income Tax	246	155
Banking and Insurance Transactions Tax (BITT)	16.160	12.345
Foreign Exchange Transactions Tax	-	631
Value Added Tax Payable	81	45
Other	11.339	7.996
Total	130.765	156.200

a.3. Information on premiums:

	Current Period	Prior Period
Social Insurance Premiums-Employee	5	6
Social Insurance Premiums-Employer	7	9
Bank Social Aid Pension Fund Premium-Employee	2.112	1.296
Bank Social Aid Pension Fund Premium-Employer	2.912	1.806
Pension Fund Membership Fees-Employee and Provisions-Employee	-	-
Pension Fund Membership Fees-Employer and Provisions-Employer	-	-
Unemployment insurance-Employee	-	-
Unemployment insurance-Employer	-	-
Other	445	286
Total	5.481	3.403

b) Explanations regarding deferred tax liability:

None.

(10) Information on liabilities regarding assets held for sale and discontinued operations:

None.

(11) Explanations on the number of subordinated loans the Parent Bank used, maturity, interest rate, institutions that the loan was borrowed from, and conversion option, if any:

None.

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(12) Information on Shareholders' Equity:

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	1.250.000	1.250.000
Preferred stock	-	-

b) Application of registered capital system and registered capital ceiling amount:

Capital System	Paid-in capital	Ceiling
Registered Capital System	-	-

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

None.

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

None.

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

None.

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

The Parent Bank has sustainable profitability structure, equity structure related to the profitability is improving and there are no uncertainties considered that would effect this situation.

g) Information on preferred shares:

None.

h) Information on Marketable Securities Revaluation Fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Subsidiaries, Associates and Joint Ventures	-	-	-	-
Revaluation difference	(7.011)	(106.026)	37.841	7.392
Exchange rate difference	-	-	-	-
Total	(7.011)	(106.026)	37.841	7.392

i) Information on legal reserves:

	Current Period	Prior Period
First legal reserves	172.756	117.045
Second legal reserves	261.212	179.908
Other legal reserves appropriated in accordance with special legislation	703	680
Total	434.671	297.633

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j) Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	333.180	159.859
Retained earnings	47.181	47.181
Accumulated losses	-	-
Foreign currency translation	(14.442)	(37.174)
Total	365.919	169.866

[13] Information on minority shares:

None.

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

(1) Information On Off-Balance Sheet Liabilities:

a) Amount and nature of irrevocable loan commitments:

Types of Irrevocable Commitments	Current Period 31 December 2008	Prior Period 31 December 2007
Credit card expenditure limit commitments	1.854.559	1.270.617
Two days forward foreign exchange buy/sell transactions	626.948	365.055
Other irrevocable commitments	17.242	17.918
Capital commitments to subsidiaries and associates (*)	15.741	250
Allocation commitments of used non-cash loans	258.131	172.223
Tax and fund dues from export commitments	6.739	6.664
Payment commitments for cheques	1.260.306	1.275.142
Total	4.039.666	3.107.869

(*) In the current period, the Parent Bank has TRY 250 Thousand and TRY 15.491 Thousand of capital commitment for its subsidiaries, Gelişim İşletmeleri Piyasaları A.Ş. and Birlik Sigorta A.Ş., respectively.

b) Amount and nature of probable losses and commitments from the off-balance sheet items including the below mentioned:

b.1. Non-cash loans including bank bill guarantees and acceptances, guarantees substituting financial guarantees and other letters of credit:

	Current Period 31 December 2008	Prior Period 31 December 2007
Bank acceptance loans	78.257	31.969
Letters of credit	1.780.112	677.116
Other guarantees	27.284	13.346
Total	1.885.653	722.431

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b.2. Certain guarantees, tentative guarantees, suretyships and similar transactions:

	Current Period	Prior Period
Bid bonds	258.856	145.513
Performance bonds	1.986.780	1.552.988
Letters of advance guarantees	938.164	271.033
Letters of guarantee given to customs offices	142.023	63.075
Other letters of guarantee	1.527.376	1.010.039
Total	4.853.199	3.042.648

b.3. Total Non-cash loans:

	Current Period	Prior Period
Non-cash loans for providing cash loans	141.348	115.578
Within one year or less original maturity	-	-
Within more than one year maturity	141.348	115.578
Other non-cash loans	6.597.504	3.649.501
Total	6.738.852	3.765.079

b.4. Non cash loans sectoral risk concentrations:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	8.872	0,35	58.916	1,40	9.865	0,58	1.228	0,06
Farming and Raising Livestock	7.452	0,29	58.819	1,40	7.444	0,44	1.074	0,05
Forestry	565	0,02	22	0,00	1.357	0,08	18	0,00
Fishery	855	0,03	75	0,00	1.064	0,06	136	0,01
Industry	820.255	32,23	2.286.996	54,53	579.882	33,97	859.423	41,76
Mining and Quarry	19.690	0,77	28.123	0,67	21.069	1,23	3.104	0,15
Manufacturing	688.731	27,07	2.109.083	50,29	486.939	28,53	811.677	39,44
Electricity, Gas and Water	111.834	4,39	149.790	3,57	71.874	4,21	44.642	2,17
Construction	756.062	29,71	968.046	23,08	375.462	22,00	248.538	12,08
Service	921.018	36,19	870.348	20,75	702.715	41,17	702.225	34,12
Wholesale and Retail Trade	515.076	20,24	239.157	5,70	424.906	24,89	165.523	8,04
Hotel and Food Services	12.863	0,51	4.039	0,10	22.373	1,31	56.347	2,74
Transportation and Communication	30.052	1,18	30.900	0,74	7.747	0,45	2.570	0,12
Financial Institutions	298.377	11,73	432.048	10,30	45.298	2,65	28.334	1,38
Real Estate and Leasing Services	54.374	2,14	43.039	1,03	191.570	11,22	96.840	4,71
Self-employment	3.650	0,14	280	0,01	2.148	0,13	3.482	0,17
Educational Services	2.221	0,09	1.031	0,02	6.284	0,37	348.914	16,95
Health and Social Services	4.405	0,17	119.854	2,86	2.389	0,14	215	0,01
Other	38.461	1,51	9.878	0,24	39.037	2,29	246.704	11,99
Total	2.544.668	100,00	4.194.184	100,00	1.706.961	100,00	2.058.118	100,00

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b.5. Non-cash loans classified in Group I and II:

	Group I		Group II	
	TRY	FC	TRY	FC
Non-cash loans	2.482.948	4.179.298	61.720	14.886
Letters of Guarantee	2.461.836	2.315.003	61.720	14.640
Bill Guarantees and Acceptances	-	78.024	-	233
Letters of Credit	-	1.780.099	-	13
Endorsements	-	-	-	-
Purchase Guarantees on Marketable Security Underwritings	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Suretyships	21.112	6.172	-	-

c) Information on derivative financial instruments:

	Derivative transactions according to purposes			
	Trading		Hedging	
	Current Period	Prior Period	Current Period	Prior Period
Types of trading transactions				
Foreign currency related derivative transactions (I)	1.435.947	1.458.821	-	-
Forward Foreign Currency Buy/Sell Transactions	124.206	4.045	-	-
Currency Buy/Sell Swap	1.311.741	1.454.776	-	-
Currency Futures	-	-	-	-
Currency Put/Call Options	-	-	-	-
Interest related derivative transactions (II)	404.140	766.555	-	-
Interest Rate Contracts	-	-	-	-
Interest Rate Buy/Sell Swap	404.140	766.555	-	-
Interest Rate Put/Call Options	-	-	-	-
Interest Rate Buy/Sell Futures	-	-	-	-
Other trading derivative transactions (III)	423.070	254.970	-	-
A. Total trading derivative transactions (I+II+III)	2.263.157	2.480.346	-	-
Types of derivative transactions for hedging				
Fair Value Fluctuations Hedging	-	-	-	-
Cash flow Risk Hedging	-	-	-	-
FC Investment in Associates Risk Hedging	-	-	-	-
B. Total Derivative Transactions for Hedging	-	-	-	-
Total Derivative Transactions (A+B)	2.263.157	2.480.346	-	-

d) Information on contingent liabilities and assets:

The Parent Bank has provided reserve for the disputed legal cases filed by various persons and institutions.

e) Services supplied on behalf of others:

None.

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IV. EXPLANATIONS RELATED TO THE CONSOLIDATED INCOME STATEMENT

(1) Information on interest income:

a) Information on interest income on loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on Loans(*)				
Short Term Loans	1.834.183	117.814	1.160.502	64.141
Medium and Long Term Loans	1.535.843	198.067	1.260.118	90.034
Interest on Non-Performing Loans	87.556	-	74.804	598
Premiums from Resource Utilization Support Fund	-	-	-	-
Total	3.457.582	315.881	2.495.424	154.773

(*)Includes fees and commissions obtained from cash loans.

b) Interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Central Bank of Turkey	175.569	3.753	164.547	4.341
Domestic Banks	3.770	2.213	8.287	293
Overseas Banks	6.696	19.637	8.985	29.752
Head Office and Branches	-	-	-	-
Total	186.035	25.603	181.819	34.386

c) Interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial assets held for trading	45.783	5.187	70.247	9.664
Financial assets at fair value through profit and loss	-	-	-	-
Financial assets available-for-sale	1.087.872	113.256	1.044.965	95.220
Investments held-to-maturity	1.484.253	39.480	1.583.587	8.272
Total	2.617.908	157.923	2.698.799	113.156

d) Interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	2.103	672

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(2) Information on interest expenses:

a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	28.474	44.733	42.269	26.228
Central Bank of Turkey	-	-	-	-
Domestic Banks	17.355	4.220	15.639	3.461
Overseas Banks	11.119	40.513	26.630	22.767
Overseas Head Office and Branches	-	-	-	-
Other Institutions	41	-	4.401	-
Total	28.515	44.733	46.670	26.228

b) Interest expenses to subsidiaries and associates:

	Current Period	Prior Period
Interest Expenses to Subsidiaries and Associates	4.068	6.327

c) Information on interest expenses to marketable securities issued:

None.

d) Maturity structure of interest expenses on deposits:

Account Name	Demand Deposits							Cumulative Deposit	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 Year			
TRY									
Bank Deposits	119	94.165	-	-	-	-	-	-	94.284
Saving Deposits	7.449	550.652	1.727.895	100.944	29.833	5.790	-	-	2.422.563
Public Deposits	1.195	32.881	98.773	879	4.757	1.534	-	-	140.019
Commercial Deposits	2.896	238.023	482.236	18.126	6.210	167	-	-	747.658
Other Deposits	1.083	65.656	358.433	48.371	45.747	1.434	-	-	520.724
7 days Call Accounts	-	-	-	-	-	-	-	-	-
Total	12.742	981.377	2.667.337	168.320	86.547	8.925	-	-	3.925.248
FC									
Foreign Currency Deposits	4.784	110.839	158.122	58.023	58.792	11.377	-	-	401.937
Bank Deposits	-	6.483	-	-	-	-	-	-	6.483
7 days Call Accounts	158	-	-	-	-	-	-	-	158
Precious Metal	-	-	-	-	-	-	-	-	-
Total	4.942	117.322	158.122	58.023	58.792	11.377	-	-	408.578
Grand Total	17.684	1.098.699	2.825.459	226.343	145.339	20.302	-	-	4.333.826

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(3) Information on dividend income:

	Current Period	Prior Period
Financial assets held for trading	-	-
Financial assets at fair value through profit and loss	-	-
Financial assets available-for-sale	11.291	979
Other	21.108	10.247
Total	32.399	11.226

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

	Current Period	Prior Period
Profit	4.494.170	2.381.409
Profit from the Capital Market Operations	631.680	137.104
Profit on derivative financial instruments	600.123	89.459
Other	31.557	47.645
Foreign Exchange Gains	3.862.490	2.244.305
Loss (-)	4.687.739	2.423.346
Loss from the Capital Market Operations	274.739	395.456
Loss on derivative financial instruments	265.458	377.651
Other	9.281	17.805
Foreign Exchange Losses	4.413.000	2.027.890

(5) Information on other operating income:

The Parent Bank's other operating income mainly consist of gains from sale of property and income on cancellation of specific provisions due to the principal collection of non-performing loans.

(6) Impairment losses on loans and other receivables:

	Current Period	Prior Period
Specific Provisions on Loans and Receivables	243.122	130.659
Group- III Loans and Receivables	95.992	38.552
Group- IV Loans and Receivables	28.338	11.079
Group-V Loans and Receivables	118.792	81.028
General Loan Provision Expenses	87.300	66.317
Provision Expenses for Possible Losses	22.571	9.346
Marketable Securities Impairment Losses	2	797
Financial assets at fair value through profit and loss	-	585
Financial assets available for sale	2	212
Impairment Losses from Associates, Subsidiaries, Joint Ventures and		
Marketable Securities Held-to-Maturity	146	-
Investment and Associates	146	-
Subsidiaries	-	-
Joint Ventures	-	-
Investments and Securities Held-to-Maturity	-	-
Other	83.150	15.776
Total	436.291	222.895

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(7) Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	507.192	448.692
Reserve for employee termination benefits	46.188	28.288
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	3.576	-
Depreciation expenses of fixed assets	43.092	48.537
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	6.907	4.555
Shares (equity method of accounting applied) impairment expense	-	-
Impairment expense of assets that will be disposed of	953	-
Amortization expenses of assets that will be disposed of	2.113	1.015
Impairment expense for property and equipment held for sale purposes	664	-
Other operating expenses	238.492	166.590
Operational leasing expenses	4.244	2.757
Maintenance expenses	10.874	9.679
Advertisement expenses	33.249	14.546
Other expenses	190.125	139.608
Loss on sales of assets	8.669	11.232
Other	144.390	138.784
Total	1.002.236	847.693

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

Parent Bank's income before tax is due from the continuing activities. TRY 2.126.238 Thousand of the income before tax consists of net interest income, TRY 370.268 Thousand of the income before tax consists of net fees and commissions. The net operating profit of the Parent Bank is TRY 1.259.998 Thousand.

(9) Information on tax provisions from continuing and discontinued operations:

As of December 31, 2008, the Parent Bank's income tax provision amounting to TRY 248.069 Thousand consists of TRY 243.239 Thousand of current tax charge and TRY 4.830 Thousand of deferred tax charge.

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

As of December 31, 2008, net operating income after tax amounts to TRY 1.016.297 Thousand.

(11) Information on net profit/loss from continuing and discontinued operations:

- c.1. Income and expenses from ordinary banking operations: There is no need for any specific disclosures in order to understand the Parent Bank's performance for the January 1, 2008 - December 31, 2008 period.
- c.2. Effects of changes in accounting estimates on the current and future periods' profit/loss: There are no issues to be disclosed.
- c.3. Other items do not exceed 10% of the income statement.

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

(1) Explanations on inflation adjustments for equity items:

As per the BRSA circular announced on April 28, 2005, inflation accounting applied in the banking system has been ceased as of January 1, 2005 in accordance with the BRSA decree numbered 1623 and dated April 21, 2005.

According to this circular, TRY 1.220.451 Thousand of inflation adjustment related to paid in capital was transferred to the "Other Capital Reserves" account, which was recognized in "Paid-in Capital Inflation Adjustment" account before December 31, 2005. However, inflation adjustments related to other equity items are presented under the related equity item.

(2) Explanations on exchange differences:

Foreign currency associates recognized in accordance with the acquisition cost basis are presented in the balance sheet with their foreign currency acquisition cost translated with the exchange rates as of the balance sheet date. Exchange differences related to these foreign currency associates are recognized in the "Capital reserves" account under equity.

VI. EXPLANATIONS RELATED TO THE CONSOLIDATED CASH FLOW STATEMENT

Disclosures for the "other" and "the effect of foreign exchange differences on cash and cash equivalents" items of cash flow statement.

(1) Items of cash and cash equivalents, accounting policies used in the determination of those items:

Cash in TRY and cash in foreign currency, CB and bank deposits having maturity less than three months are defined as cash and cash equivalents.

(2) The effect of any change in accounting policies:

"Cash and cash equivalents" term has been redefined, with the definition mentioned above.

Period beginning cash and cash equivalents balance:

	Current Period	Prior Period
Cash	3.425.513	2.507.151
Cash in TRY and Foreign Currency	229.485	197.740
Central Bank and Others	3.196.028	2.309.411
Cash Equivalents	1.161.071	1.078.543
Banks- maturity less than 3 months	1.161.071	1.078.543
Total Cash and Cash Equivalents	4.586.584	3.585.694

Period closing cash and cash equivalents balance:

	Current Period	Prior Period
Cash	2.958.475	3.425.513
Cash in TRY and Foreign Currency	211.936	229.485
Central Bank and Others	2.746.539	3.196.028
Cash Equivalents	2.119.022	1.161.071
Banks- maturity less than 3 months	2.119.022	1.161.071
Total Cash and Cash Equivalents	5.077.497	4.586.584

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

VII. EXPLANATION RELATED TO THE RISK GROUP OF THE PARENT BANK

(1) Volume of the Parent Bank's transactions with its risk group and outstanding loan and deposit balances as of the period-end, period income and expenses from the risk group:

a) Current Period:

Risk Group	Subsidiaries, Associates and Joint Ventures		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Beginning Balance	43.902	6.746	-	-	-	-
Closing Balance	80.146	6.861	-	-	-	-
Interest and Commissions Income	1.868	235	-	-	-	-

b) Prior Period:

Risk Group	Subsidiaries, Associates and Joint Ventures		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Beginning Balance	31.805	24.023	-	-	-	-
Closing Balance	43.902	6.746	-	-	-	-
Interest and Commissions Income	573	99	-	-	-	-

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Explanations and Notes to Consolidated Financial Statements for the Period January 1-December 31, 2008

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

Risk Group	Subsidiaries, Associates and Joint Ventures		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Beginning Balance	83.368	63.013	-	-	-	-
Closing Balance	108.628	83.368	-	-	-	-
Interest expense on deposits	4.068	6.327	-	-	-	-

c.2. Forward and Option Contracts and similar transactions with the Parent Bank's risk group:

None.

(2) Disclosures for related parties:

a) The relations of the Parent Bank with the entities controlled by the Parent Bank and its related parties, regardless of whether there are any transactions or not:

In the normal course of its banking activities, the Parent Bank conducted various business transactions with related parties at commercial terms and at rates which approximate market rates.

b) Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:

	Amount	% Compared to the Amounts in the Financial Statements
Cash loans	80.146	% 0,31
Non-cash loans	6.861	% 0,10
Deposits	108.628	% 0,27
Forward and Option Contracts	-	-
Banks and Financial Institutions	-	-

Pricing of these transactions are in accordance with the general pricing policies of the Parent Bank and are in line with market rates.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to Consolidated Financial Statements for the Period January 1-December 31, 2008

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

c) In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements:

Explained in b).

d) Transactions accounted under the equity method of accounting:

Demir-Halkbank N.V., operating in Netherlands and qualified as investments in associates of the Parent Bank, is accounted for in the accompanying consolidated financial statements by the equity method of accounting.

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

(1) Explanations on the Parent Bank's domestic branches, agencies/branches abroad and off-shore branches:

	Quantity	Number of Employees	Country		
Domestic Branches	579	12.425			
Agencies Abroad	4	8	Cologne/GERMANY		
		6	Mannheim/GERMANY		
		4	Dortmund/GERMANY		
		2	Tehran/IRAN		
				Total Assets	Legal Capital
Overseas Branches	2	12	Nicosia/TRNC	87.752	5.242
		7	Famagusta/TRNC	18.474	-
Off-Shore Branches	1	3	Manama/BAHRAIN	3.948.690	-

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Explanations and Notes to Consolidated Financial Statements for the Period January 1-December 31, 2008

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

(2) Explanations on Branch and Agency Openings or Closings of the Parent Bank:

The Parent Bank has opened 23 branches during the year 2008.

IX. EXPLANATIONS RELATED TO THE SUBSEQUENT EVENTS

In accordance with the Article 1 of the Law numbered 5083 concerning the "Currency of the Republic of Turkey" and according to the Decision of The Council of Ministers, the prefix "New" used in the "New Turkish Lira" and the "New Kuruş" has been removed as of January 1, 2009.

SECTION VI: OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS ON THE PARENT BANK'S OPERATIONS

None.

SECTION VII: INDEPENDENT AUDITORS' REPORT

I. EXPLANATIONS TO INDEPENDENT AUDITORS' REPORT

The consolidated financial statements as of December 31, 2008 and for the period then ended were audited independently by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu) and Independent Auditors' Report dated April 8, 2009 is presented before the consolidated financial statements.

II. EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS PREPARED BY INDEPENDENT AUDITORS

None.

Addresses

HEAD OFFICE (MAIN)

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Phone: (90 312) 289 2000

- Budget and Performance Management Department
- Administrative Services
- Foreign Operations Department
- Disciplinary Board
- Training Department
- Artisan Banking Department
- Financial Accounting and Reporting Department
- Legal Consultancy
- Internal Control Department
- Human Resources Department
- Premises Construction and Appraisal
- SME Marketing-1 Department
- Loan Policies and Project Evaluation Department
- Loan Risk Monitoring Department
- Corporate Loans Department
- Deposits and Cash Management Department
- Organization Department
- Risk Monitoring and Liquidation-Ankara Department
- Risk Management Department
- Branch Operations Department
- Public Relations Department
- Board of Inspectors
- Commercial Marketing-1 Department
- Commercial and SME Loans-1 Department
- Tax Management and Accounting Department
- Board of Directors Office Services

Head Office (Support Unit)

Büyükdere Cad. No: 82
Gayrettepe 34387 İstanbul Turkey
Phone: (90 212) 370 7070

- Infrastructure Operation and Management Department
- Consumer Loans Allocation-Monitoring Department
- Retail Loans Allocation and Monitoring Department
- Financial Institutions and Investor Relations Department
- Construction Project Finance Department
- SME Marketing-2 Department
- Corporate Marketing Department
- Risk Monitoring-İstanbul Department
- Risk Liquidation-İstanbul Department
- Agricultural Banking Department
- Technological Architecture Management Department
- Commercial Marketing-2 Department
- Commercial and SME Loans-2 Department
- International Banking and Structured Finance Department
- Software Development Department

Head Office (Support Unit)

Meclisi Mebusan Cad. No:13
Salıpazarı 34427 İstanbul Turkey
Phone: (212) 393 0500

- Treasury Operations Department
- Treasury Management Mid-Office Department
- Money and Capital Markets Department

Head Office (Support Unit)

Fulya Mah. Ali Samiyen Sok. No: 5
Gayrettepe 34394 İstanbul Turkey

- Payment Card Systems and Alternative Distribution Channels Department

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Fax: (49 621) 102 469

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Manama Bahrain
Phone: (973) 175 37711
Fax: (973) 175 35463

LEFKOŞA BRANCH

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Lefkoşa Turkish Republic of Northern Cyprus
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Fax: (392) 228 2900

GAZİMAĞUSA BRANCH

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