

TÜRKİYE HALK BANKASI A.Ş.

**INDEPENDENT AUDITORS'
LIMITED REVIEW REPORT,
CONSOLIDATED FINANCIAL
STATEMENTS AND NOTES
FOR THE PERIOD ENDED
JUNE 30, 2008**

Translated into English from the
Original Turkish Report

TÜRKİYE HALK BANKASI A.Ş.

**INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD JANUARY 1 – JUNE 30, 2008**

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

We have reviewed the accompanying consolidated balance sheet of Türkiye Halk Bankası A.Ş. (the “Parent Bank”) as of June 30, 2008 and the related consolidated statements of income, cash flow and shareholders’ equity for the period then ended. These financial statements are the responsibility of the Parent Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our review in accordance with the accounting rules and policies, and the accounting and auditing standards, set out as per the Banking Act No: 5411 and the provisional article 1 of this Banking Act. Those standards require that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. Since a review is principally limited to reviewing financial statements by applying analytical procedures, inquiring as to the integrity of the financial statements and making inquiries of management to obtain information, it is substantially less in scope than an audit and therefore provides a lesser assurance. We have not performed a full scope audit and accordingly we do not express an audit opinion.

Based on our limited scope review, we are not aware of any material modifications that should be made to the financial position and the results of its operations of Türkiye Halk Bankası A.Ş. for the period ended June 30, 2008 for them to be in conformity with the prevailing accounting principles and standards set out as per Articles no. 37 and no. 38 of the Banking Act No: 5411 and other regulations, pronouncements in respect of accounting and financial reporting made by the BRSA.

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

Ankara, August 28, 2008

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.

TÜRKİYE HALK BANKASI A.Ş.

THE CONSOLIDATED FINANCIAL REPORT FOR THE PERIOD ENDED JUNE 30, 2008

1. The Parent Bank's Headquarter Address:
Söğütözü Mahallesi 2. Cadde No: 63 Ankara
2. The Parent Bank's Contact Phone and Facsimile
Phone : +90 312 289 20 00
Facsimile : +90 312 289 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** : EXPLANATIONS ON THE INDEPENDENT AUDITORS' REPORT

Subsidiaries, associates, and joint ventures which are consolidated within this semi-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 reviewed and presented below in accordance with the Communiqué on "Banks' Accounting Practice and Maintaining Documents", Turkish Accounting Standards, Turkish Financial Reporting Standards and related communiqués and interpretations including the Parent Banks' records.

Ankara, August 28, 2008

Hasan Cebeci	Hasan Sezer	Hüseyin Aydın	Emin Süha Çayköylü	Osman Arslan	Yusuf Duran Ocak
Chairman of the Board of Directors	Vice Chairman, Member of the Board of Directors, Member of the Audit Committee	Member of the Board of Directors, Chief Executive Officer	Member of the Board of Directors, Member of the Audit Committee	Financial Management and Planning Vice Chief Executive Officer	Financial Accounting and Reporting Department Head

For any questions regarding this financial report, contact details of the personnel in charge is given below:

Name/Title : Nevin Dindar/Assiatant Manager
Tel No : +903122893015
Fax No : +903122893050

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TÜRKİYE HALK BANKASI A.Ş.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 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 June 30, 2008 the shareholders’ structure and their respective ownerships are summarized as follows:

<u>Shareholders</u>	<u>30.06.2008</u>		<u>31.12.2007</u>	
	<u>TRY Thousand</u>	<u>%</u>	<u>TRY Thousand</u>	<u>%</u>
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	00,04	474	00,04
	-----	-----	-----	-----
	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 İstanbul Stock Exchange as of May 10, 2007.

TÜRKİYE HALK BANKASI A.Ş.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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

SECTION I: GENERAL INFORMATION ABOUT THE PARENT BANK (cont'd)

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, Member of the Audit Committee	13.04.2005	Ankara Eco. And Com. Science(ECS) Academy – Economy-& Finance	29
Hasan SEZER	Vice Chairman, Member of the Audit Committee	13.04.2005	Ankara ECSA – Banking, Foreign Trade and Exchange	24
Hüseyin AYDIN	Member of the Board of Directors, CEO	01.06.2005	Ankara ECS Academy – Economy&Finance	24
Emin Suha ÇAYKÖYLÜ	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 ve 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	Bachelor Degree; METU Business Administration	28
Ahmet YARIZ	Member of the Board of Directors	09.04.2008	Doctor's Degree; 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; İstanbul Uni. Business Administration	17
Mustafa ÇELİK	Member of the Board of Directors	09.04.2008	Ankara Uni. Faculty of Law	14
Şeref EFE	Member of the Audit Committee	28.03.2003	Bachelor Degree; Ankara University Social Science Faculty - Public Administration Department Master; Harvard University JFK School of Government	5
Yusuf DAĞCAN	Member of the Audit Committee	28.03.2003	Eskişehir Economics and Trade Academy	28
Yakup DEMİRCİ	Executive Vice President	11.06.2008	Ankara Uni. Faculty of Political Science, Labor Economics and Industry Relations Dept.	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, Labour Economics and Industry Relations	17
Ömer BAKTIR	Executive Vice President	09.12.2004 - 31/03 Vek. 14.06.2005 09.12.2004 -	İstanbul Technical University – Mining Engineering	17
M.Cengiz GÖĞEBAKAN	Executive Vice President	31/03 Vek. 20.06.2005 09.03.2005 -	Ankara University – Economics	20
Erol GÖNCÜ	Executive Vice President	04/02 Vek. 14.06.2005	METU Faculty of Arts and Sciences, Mathematics Dept.	19
Yunus ESMER	Executive Vice President	17.06.2005	Ankara ECS Academy Business Administration-Accounting Department Doctor's Degree; Marmara University, Banking and Insurance Ins. Banking Department	29
Dr. Şahap KAVCIOĞLU	Executive Vice President	17.06.2005	Masters Degree; Marmara University, Banking and Insurance Ins. Banking Department Bachelor Degree; Dokuz Eylül Uni. Business Administration	16
Süleyman ASLAN	Executive Vice President	17.06.2005	METU EASF International Relations Dept.	15
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	12
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

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

TÜRKİYE HALK BANKASI A.Ş.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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

SECTION I: GENERAL INFORMATION ABOUT THE PARENT BANK (cont'd)

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 (CONT'D)

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

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

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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

SECTION I: GENERAL INFORMATION ABOUT THE PARENT BANK (cont'd)

IV. INFORMATION ABOUT 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 programme 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 be both 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 had been 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 has been 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 are decided to be 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 has been 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, are decided to be privatized by a public offering and it is decided to be concluded by the end of 2007. The first phase of the privatization process of the Parent Bank corresponding to 24.98% is completed in the first week of May 2007 and Halkbank shares have been traded on İstanbul Stock Exchange (ISE) as of May 10, 2007 with the base price of TRY 8,00.

TÜRKİYE HALK BANKASI A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008**

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

SECTION I: GENERAL INFORMATION ABOUT THE PARENT BANK (cont'd)

**V. SUMMARY ON THE PARENT BANK'S FUNCTIONS AND LINES OF ACTIVITY
(cont'd)**

- 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., 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 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 June 30, 2008, the Parent Bank operates with a total of 593 branches consisting 590 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 consolidated accompanying financial statements using the equity method of accounting.

TÜRKİYE HALK BANKASI A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008**

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

SECTION II: CONSOLIDATED FINANCIAL STATEMENTS

- I. Consolidated Balance Sheet (App:1-A)
- II. Consolidated Off-Balance Sheet Commitments (App:1-B)
- III. Consolidated Statement of Income (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)

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 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 and Communiqué on “Banks’ Accounting Practice and Maintaining Documents”.

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

Certain classifications have been made to the prior year financial statements to comply with the current year presentation. Unless otherwise indicated, the term “Prior Period” used in the explanations and notes related to the Balance Sheet, Off-Balance Sheet Commitments and Profit Distribution Table are referred to December 31, 2007 and Statement of Income, Statement of Cash Flow and Statement of Changes in Shareholders’ Equity are referred to June 30, 2007 period.

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 Assets and Liabilities 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. Foreign associate Demirhalkbank N.V. was revalued as at December 31, 2007 in terms of TRY in according to valuation report for the period and started to be traced with related TRY amount.

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 the Parent 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.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES

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 June 30, 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.

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 Parent Bank. The revaluation fund calculated from the expertise report on the fixed assets of Demir Halkbank N.V. was recognised 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 transactions. 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.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES

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 Banks:

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.

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 is 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.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (cont'd)

VII. EXPLANATIONS AND DISCLOSURES ON FINANCIAL ASSETS (cont'd)

2. Marketable Securities: (cont'd)

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 are 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.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (cont'd)

VII. EXPLANATIONS AND DISCLOSURES ON FINANCIAL ASSETS (cont'd)

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.

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.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (cont'd)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

3. Loans and Receivables (cont'd):

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 this kind of loan amounts in full and they are recognized in the statement of profit/loss. Parent Bank sets specific provision for non-performing loans recognized after January 1, 2008 by discounting the collateral amount, calculated in accordance with the transformation rates defined in the Article 10 of the related legislation, from the follow-up amount and setting 100% provision for the remaining 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.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (cont'd)

IX. OFFSETTING THE FINANCIAL ASSETS AND LIABILITIES

A financial asset and a financial liability shall be offset and the net amount presented in the balance sheet when, and 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 realise 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 portion of 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 June 30, 2008 the Parent Bank has TRY 75.042 Thousand reverse repo transaction (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 programme 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.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (cont'd)

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, less any accumulated amortisation 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 amortisation 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.

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.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (cont'd)

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 are 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 recognised 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 indepent 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 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.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (cont'd)

XVI. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES (cont'd)

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. In accordance with the actuarial report of the Pamukbank Employee Pension prepared in the current period, no technical deficit has been reported and thus some portion of the related provision is transferred to free provision and the remaining portion is cancelled as of March 31, 2008. 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 and its legislation within three years beginning from the date of publication without any required transaction. 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 fulfill 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 1st quarter temporary tax for the 2008 year has been paid in May 2008, 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.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (cont'd)

XVII. EXPLANATIONS ON TAXATION (cont'd)

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 utilised.

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, securitisation 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.

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EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (cont'd)

XIX. EXPLANATIONS ON SHARES AND SHARE ISSUE

Share issuance related to costs are 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 23/471, and the shares are traded on the İstanbul Stock Exchange as of May 10, 2007.

XX. 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 on mainly corporate banking, individual 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. OTHER MATTERS

Associates and Subsidiaries:

For TRY associates and subsidiaries, initially, the additions of funds (such as revaluation fund increase) are deducted from the cost of the associate and subsidiary (the additions of these funds to the capital is permitted for these companies) and later, these costs are indexed based on the capital increase collection dates until December 31, 2004. As of December 31, 2007, a valuation study has been performed by an independent company for certain associates and subsidiaries; 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 were cancelled. In accordance with the Turkish Accounting Standards, as of 2007 year end, a valuation study has also been performed for the Parent Bank's foreign currency associate Demirhalkbank N.V., operating in Netherlands, and the calculated value increase as a result of valuation study has been recorded under shareholders' equity.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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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 June 30, 2008, the Parent Bank's consolidated capital adequacy ratio calculated based on the essentials of the related communiqué is %13,52. (31 December 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 recognises 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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EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (cont'd)

I. EXPLANATIONS RELATED TO THE CONSOLIDATED CAPITAL ADEQUACY RATIO (cont'd)

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)	12.985.704	1.201.772	6.875.487	14.202.231	4.930	115	12.985.704	1.201.772	6.875.487	13.952.508	4.930	115
Cash and Cash Equivalents	216.364	127	-	-	-	-	216.364	127	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-	-	-	-	-	-
Turkish Republic Central Bank Balances	1.838.987	-	-	-	-	-	1.838.987	-	-	-	-	-
Domestic, Foreign Banks, Head Office and Branches Abroad Balances	-	816.513	-	-	-	-	-	816.513	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-	-	-	-	-	-
Receivables From Reverse Repurchase Agreements	-	75.000	-	-	-	-	-	75.000	-	-	-	-
Reserve Deposits	913.332	-	-	-	-	-	913.332	-	-	-	-	-
Loans	2.649.935	35.671	6.770.266	12.675.434	4.930	115	2.649.935	35.671	6.770.266	12.675.434	4.930	115
Non-Performing Loans (Net)	-	-	-	99.243	-	-	-	-	-	99.243	-	-
Finance Lease Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Financial Assets Available-For-Sale	-	-	-	10.698	-	-	-	-	-	10.698	-	-
Investments Held to Maturity	6.792.116	-	-	-	-	-	6.792.116	-	-	-	-	-
Receivables From the Asset Sale on Credit Terms	-	-	-	48.432	-	-	-	-	-	48.432	-	-
Sundry Debtors	5.644	97.773	-	74.515	-	-	5.644	97.773	-	74.515	-	-
Interest and Income Accruals	491.101	2.002	105.221	274.287	-	-	491.101	2.002	105.221	274.287	-	-
Subsidiaries, Associates and Joint Ventures (Net)	-	-	-	250.776	-	-	-	-	-	1.053	-	-
Property, Plant and Equipment	-	-	-	743.950	-	-	-	-	-	743.950	-	-
Other Assets	78.225	174.686	-	24.896	-	-	78.225	174.686	-	24.896	-	-
Off-Balance Sheet Items	79.002	125.817	296.586	4.096.727	-	-	79.002	125.817	296.586	4.096.727	-	-
Non-Cash Loans and Commitments	79.002	66.259	296.586	4.096.727	-	-	79.002	66.259	296.586	4.096.727	-	-
Derivative Instruments	-	59.558	-	-	-	-	-	59.558	-	-	-	-
Non-Risk Weighted Accounts	-	-	-	-	-	-	-	-	-	-	-	-
Total Risk-Weighted Assets	13.064.706	1.327.589	7.172.073	18.298.958	4.930	115	13.064.706	1.327.589	7.172.073	18.049.235	4.930	115

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EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (cont'd)

I. EXPLANATIONS RELATED TO THE CONSOLIDATED CAPITAL ADEQUACY RATIO (cont'd)

2. Capital Adequacy Ratio Summary:

	Bank Only		Consolidated	
	Current Period	Prior Period	Current Period	Prior Period
Credit Risk Base Amount (CRBA)	22.158.137	17.661.038	21.908.414	17.411.314
Market Risk Base Amount (MRBA)	1.305.175	368.450	1.437.075	284.313
Operational Risk Base Amount (ORBA)	3.689.089	3.330.937	3.692.391	3.338.929
Equity	3.823.414	4.279.268	3.656.116	4.125.799
Equity / (CRBA+MRBA+ORBA)*100	14,08	20,03	13,52	19,61

CRBA: Credit Risk Base Amount

MRBA: Market Risk Base Amount

ORBA: Operational Risk Base Amount

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EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (cont'd)

I. EXPLANATIONS RELATED TO THE CONSOLIDATED CAPITAL ADEQUACY RATIO (cont'd)

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 (Turkish Commercial Code 466/1)	172.756	117.045	172.756	117.045
II. Degree Legal Reserve (Turkish Commercial Code 466/2)	261.235	179.908	261.235	179.908
Reserves per Specific Acts	680	680	680	680
Statutory Reserves	-	-	-	-
Extraordinary Reserves	365.830	191.787	365.567	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	(14.531)	(15.253)	(14.794)	(37.174)
Inflation Adjustment for the Legal, Statutory and Extraordinary Reserves	-	-	-	-
Profit	658.745	1.202.961	695.043	1.256.335
Net period profit	641.923	1.131.039	639.980	1.132.620
Retained Earnings	16.822	71.922	55.063	123.715
Portion of Free Provisions Allocated for Potential Risk up to 25% of Core Capital Amount	17.147	9.346	17.147	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	-	-	-	-
Excess Amount defined in,3rd Clause, 56th Article of the Banking Act (-)	-	-	-	-
Consolidation Goodwill (-)	-	-	-	-
Total Core Capital	3.946.844	4.172.178	3.982.879	4.203.631
SUPPLEMENTARY CAPITAL				
General Loan Provisions	185.095	138.506	185.095	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	(160.125)	99.109	(245.631)	20.355
From Subsidiaries and Associates	67.439	78.754	(18.067)	-
From Financial Assets Available For Sale	(227.564)	20.355	(227.564)	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)	-	-	-	-
Minority Interest	-	-	-	-
Total Supplementary Capital	24.970	237.615	(60.536)	158.861
TIER-III CAPITAL				
CAPITAL	3.971.814	4.409.793	3.922.343	4.362.492
DEDUCTIONS FROM CAPITAL	148.400	130.525	266.227	236.693
Leasehold Improvements (-)	-	14.326	-	14.326
Prepaid Expenses (-)	14.378	3.625	14.378	3.625
Intangible Assets (-)	24.012	2.459	24.012	2.459
Deferred Tax Asset in excess of 10% of the Core Capital (-)	-	-	-	-
Equity Shares in Banks and Financial Institutions Which Are Excluded From the Consolidation	95.924	96.070	95.924	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	-	-	117.827	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 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.	14.086	14.045	14.086	14.045
Other	-	-	-	-
TOTAL EQUITY	3.823.414	4.279.268	3.656.116	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)

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

SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (cont'd)

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.

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 June 30, 2008, the receivables of the Parent Bank from its top 100 cash loan customers is 19,51% of its total cash loans.

As of June 30, 2008, receivables of the Parent Bank from its top 100 non-cash loan is 56,70% of its total non-cash loans.

As of June 30,2008, share of cash and non-cash receivables of the Parent Bank from its top 100 customers is 12,31% of its total balance sheet and off- balance sheet assets.

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (cont'd)**II. EXPLANATIONS RELATED TO THE CONSOLIDATED CREDIT RISK (cont'd)**

As of June 30, 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 185.095 Thousand.

Sector concentrations for cash loans:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	883.223	4,93	20.979	0,45	746.237	4,93	14.858	0,50
Farming and Raising								
Livestock	861.649	4,81	16.530	0,36	722.871	4,78	9.990	0,33
Forestry, Wood and Paper	7.414	0,04	161	0,00	8.921	0,06	58	0,00
Fishery	14.160	0,08	4.288	0,09	14.445	0,10	4.810	0,16
Manufacturing	3.684.153	20,55	2.661.035	57,56	3.194.180	21,12	1.495.933	50,13
Mining and Quarry	141.812	0,79	32.323	0,70	68.396	0,45	31.602	1,06
Production	3.529.611	19,69	2.534.298	54,82	3.112.470	20,58	1.412.470	47,33
Electricity, Gas and Water	12.730	0,07	94.414	2,04	13.314	0,09	51.861	1,74
Construction	711.276	3,97	77.810	1,68	570.285	3,77	55.197	1,85
Services	7.180.916	40,05	1.814.697	39,26	5.830.660	38,55	1.390.376	46,59
Wholesale and Retail Trade	3.942.628	21,99	340.877	7,37	3.473.837	22,97	204.306	6,85
Hotel, Tourism, Food and								
Beverage Services	190.444	1,06	115.012	2,49	793.720	5,25	210.691	7,06
Transportation and								
Communication	1.043.244	5,82	228.807	4,95	164.427	1,09	85.190	2,85
Financial Institutions	219.916	1,23	647.441	14,01	720.270	4,76	361.304	12,11
Real Estate and Renting								
Services	807.580	4,50	214.448	4,64	280.834	1,86	392.097	13,14
Self-Employment Services	410.840	2,29	196.592	4,25	36.110	0,24	14.907	0,50
Education Services	39.181	0,22	17.819	0,39	240.967	1,59	121.881	4,08
Health and Social Services	527.083	2,94	53.701	1,16	120.495	0,80	-	0,00
Other	5.467.939	30,50	48.316	1,05	4.781.807	31,62	27.656	0,93
Total	17.927.507	100,00	4.622.837	100,00	15.123.169	100,00	2.984.020	100,00

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (cont'd)**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.

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 (summarised below) is taken into consideration. Beside the standart 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	100.127
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	-
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	14.839
(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)	114.966
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	1.437.075

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (cont'd)**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.

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 June 30, 2008 and the previous five working days in full TRY are as follows:

	23.06.2008	24.06.2008	25.06.2008	26.06.2008	27.06.2008	30.06.2008
USD	1,2160000	1,2200000	1,2050000	1,2050000	1,2140000	1,2130000
CHF	1,1586000	1,1765000	1,1563000	1,1700000	1,1878000	1,1896000
GBP	2,3799000	2,4010000	2,3720000	2,3894000	2,4148000	2,4148000
JPY	0,0112465	0,0113376	0,0111422	0,0112024	0,0113996	0,0114316
EURO	1,8829000	1,9052000	1,8791000	1,8959000	1,9115000	1,9126000

Announced current foreign exchange buying rates of the Parent Bank as at June 30, 2008 and the previous five working days in full TRY are as follows:

	Monthly Average
USD	1,2227619
CHF	1,1771238
GBP	2,4000714
JPY	0,0114219
EURO	1,9025476

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (cont'd)

V. EXPLANATIONS RELATED TO THE CONSOLIDATED CURRENCY RISK (cont'd)

Information related to consolidated currency risk:

Current Period	EURO	USD	YEN	OTHER FC	Total
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	594.860	707.785	6	2.824	1.305.475
Banks and Financial Institutions	26.690	460.240	1.283	63.319	551.532
Financial Assets at Fair Value Through Profit and Loss	69.143	38.663	-	48	107.854
Money Market Placements	-	-	-	-	-
Financial Assets Available-For-Sale	870.353	1.316.927	-	-	2.187.280
Loans (**)	2.186.465	2.535.639	358	2.727	4.725.189
Subsidiaries, Associates and Entities Under Common Control					
Held-To-Maturity Investments (***)	117.827	-	-	-	117.827
Derivative Financial Assets for Hedging Purposes	1.061.291	279.553	-	-	1.340.844
Tangible Assets	-	-	-	-	-
Intangible Assets	37	-	-	11	48
Other Assets	-	-	-	-	-
Other Assets	28.223	75.993	-	110	104.326
Total Assets	4.954.889	5.414.800	1.647	69.039	10.440.375
Liabilities					
Bank Deposits	30.035	150.480	-	424	180.939
Foreign Currency Deposits	4.046.457	6.950.631	1.361	60.918	11.059.367
Money Market Balances	287.494	484.380	-	-	771.874
Funds Provided From Other Financial Institutions	665.818	257.569	357	2	923.746
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	1.865	4.138	3	38	6.044
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities	(22.880)	66.277	369	508	44.274
Total Liabilities	5.008.789	7.913.475	2.090	61.890	12.986.244
Net Balance Sheet Position	(53.900)	(2.498.675)	(443)	7.149	(2.545.869)
Net Off-Balance Sheet Position					
Financial Derivative Assets	(45.863)	2.464.633	-	-	2.418.770
Financial Derivative Liabilities	101.793	2.591.452	-	-	2.693.245
Non-Cash Loans (*)	147.656	126.819	-	-	274.475
Non-Cash Loans (*)	637.781	2.248.976	6.108	32.724	2.925.589
Prior Period					
Total Assets	4.073.427	4.247.357	976	61.343	8.383.103
Total Liabilities	4.290.540	5.321.328	1.694	57.749	9.671.311
Net Balance Sheet Position	(217.113)	(1.073.971)	(718)	3.594	(1.288.208)
Net Off-Balance Sheet Position					
Financial Derivative Assets	195.362	1.002.240	1.171	-	1.198.773
Financial Derivative Liabilities	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 102.352 Thousand of foreign currency indexed loans and their accruals.

(***) Contains TRY 1.340.844 Thousand of foreign currency indexed held to maturity marketable securities and their accruals.

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (cont'd)

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 statement in the standard method including the assets and liabilities and the Capital Adequacy Standard Ratio is taken into consideration as a part of the general market risk.

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, are 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 financial resource 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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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (cont'd)

VI. EXPLANATIONS RELATED TO THE CONSOLIDATED INTEREST RATE (cont'd)

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	2.462.616	-	-	-	-	553.007	3.015.623
Banks and Financial Institutions	798.664	-	-	-	-	19.255	817.919
Financial Assets at Fair Value							
Through Profit and Loss	532	245.684	38.399	146.015	75.386	1.162	507.178
Money Market Placements	75.042	-	-	-	-	-	75.042
Financial Assets Available-For-Sale	996.162	3.701.725	1.310.457	2.921.469	1.154.336	10.698	10.094.847
Loans	9.913.583	1.749.767	5.319.978	3.681.806	1.068.585	816.625	22.550.344
Held-To-Maturity Investments	5.654.359	544.793	1.003.319	-	-	-	7.202.471
Other Assets	344.462	5.091	551	-	-	1.264.539	1.614.643
Total Assets	20.245.420	6.247.060	7.672.704	6.749.290	2.298.307	2.665.286	45.878.067
Liabilities							
Bank Deposits	623.288	25.369	-	-	-	9.749	658.406
Other Deposits	25.600.476	6.046.368	1.201.017	2.743	-	3.404.768	36.255.372
Money Market Balances	785.075	393.915	123.662	-	-	-	1.302.652
Sundry Creditors	7.495	-	-	-	-	411.810	419.305
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	835.080	416.789	519.272	305.590	120.394	198.107	2.395.232
Other Liabilities	69.565	16.186	37.356	-	-	4.723.993	4.847.100
Total Liabilities	27.920.979	6.898.627	1.881.307	308.333	120.394	8.748.427	45.878.067
Balance Sheet Long Position	-	-	5.791.397	6.440.957	2.177.913	-	14.410.267
Balance Sheet Short Position	(7.675.559)	(651.567)	-	-	-	(6.083.141)	(14.410.267)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(7.675.559)	(651.567)	5.791.397	6.440.957	2.177.913	(6.083.141)	-

- (1) TRY 75.832 Thousand of deferred tax asset is disclosed under the non-interest bearing column in other assets.
(2) TRY 99.243 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 includes borrowings.

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (cont'd)

VI. EXPLANATIONS RELATED TO THE CONSOLIDATED INTEREST RATE RISK (cont'd)

1. Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates :(cont'd)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Non-interest 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	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	-	-	-	1.235.402	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	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 includes borrowings.

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (cont'd)

VI. EXPLANATIONS RELATED TO THE CONSOLIDATED INTEREST RATE RISK (cont'd)

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	1,80	1,00	-	11,51
Due From Other Banks And Financial Institutions (*)	3,84	3,13	-	12,46
Financial Assets At Fair Value Through Profit And Loss	7,37	6,93	-	19,40
Money Market Placements	-	-	-	15,59
Available-For-Sale Financial Assets	5,43	6,18	-	17,48
Loans (**)	6,88	5,48	2,14	20,19
Held-To-Maturity Investments	5,73	3,83	-	20,73
Liabilities				
Bank Deposits	4,83	-	-	18,96
Other Deposits	2,93	3,79	-	15,24
Money Market Borrowings	-	-	-	25,09
Sundry Creditors	-	-	-	10,86
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 might be different from the Parent Bank's announced interest rates.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (cont'd)

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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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (cont'd)

VII. EXPLANATIONS RELATED TO THE CONSOLIDATED LIQUIDITY RISK (cont'd)

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	Total
Assets								
Cash (Cash in TRY, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	552.466	1.077.479	1.165.612	213.564	6.089	-	413	3.015.623
Banks and Financial Institutions	-	817.919	-	-	-	-	-	817.919
Financial Assets at Fair Value Through Profit and Loss	-	532	43.953	38.357	347.788	75.386	1.162	507.178
Money Market Placements	-	75.042	-	-	-	-	-	75.042
Financial Assets Available-For- Sale	-	135.131	198.222	547.655	6.841.709	2.361.432	10.698	10.094.847
Loans	454.087	3.696.639	1.932.433	8.207.197	6.648.997	1.610.991	-	22.550.344
Held-To-Maturity Investments	-	225.433	544.793	1.147.273	3.484.972	1.800.000	-	7.202.471
Other Assets	361.569	10.302	5.091	551	-	-	1.237.130	1.614.643
Total Assets	1.368.122	6.038.477	3.890.104	10.154.597	17.329.555	5.847.809	1.249.403	45.878.067
Liabilities								
Bank Deposits	9.749	623.288	25.369	-	-	-	-	658.406
Other Deposits	3.404.768	25.600.476	6.046.368	1.201.017	2.743	-	-	36.255.372
Funds Provided From Other Financial Institutions	97.399	60.874	97.822	802.352	769.111	567.674	-	2.395.232
Money Market Balances	-	593.815	140.595	568.242	-	-	-	1.302.652
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	411.810	7.495	-	-	-	-	-	419.305
Other Liabilities	917.683	155.714	16.246	37.356	-	-	3.720.101	4.847.100
Total Liabilities	4.841.409	27.041.662	6.326.400	2.608.967	771.854	567.674	3.720.101	45.878.067
Liquidity Gap	(3.473.287)	(21.003.185)	(2.436.296)	7.545.630	16.557.701	5.280.135	(2.470.698)	-
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) TRY 99,243 Thousand of non-performing fund based loans with no specific provision, is disclosed in other assets.
- (3) Some balances, which are necessary and cannot be converted into cash in the near future for the Parent Bank's ongoing activities, such as; tangible and intangible assets, subsidiaries, office supplies, prepaid expenses, deferred tax assets and doubtful receivables and other long term assets are disclosed under the undistributed column.
- (4) Funds provided from other financial institutions includes borrowings.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (cont'd)

VIII. EXPLANATIONS RELATED TO CONSOLIDATED 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 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, entreprising 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.

The following are the services provided the Parent 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.

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (cont'd)

VIII. EXPLANATIONS RELATED TO CONSOLIDATED BUSINESS SEGMENTATION (cont'd)

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.

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 June 30, 2008 are presented in the table below:

	Corporate	Commercial	Entrepreneur	Treasury / Investment	Total
OPERATING INCOME / EXPENSES					
Interest Income	113.753	101.831	1.451.846	1.456.036	3.123.466
Interest on loans	113.747	101.805	1.448.156	44.592	1.708.300
Interest income on marketable securities	-	-	-	1.295.071	1.295.071
Interest received from banks	-	-	-	101.131	101.131
Other interest income	6	26	3.690	15.242	18.964
Interest Expense	191.874	62.949	1.696.224	115.896	2.066.943
Interest on deposits	190.495	57.450	1.677.473	16.653	1.942.071
Interest on borrowings	1.379	4.639	3.146	32.118	41.282
Interest on money market Borrowings	-	-	-	66.497	66.497
Other interest expense	-	860	15.605	628	17.093
Net Interest Income	(78.121)	38.882	(244.378)	1.340.140	1.056.523
Net Fees and Commissions Income	5.761	8.252	167.080	-	181.093
Net Trading Profit / (Loss)	1.063	41.526	103.298	(221.484)	(75.597)
Dividend Income	-	-	-	14.879	14.879
Other Income	1.419	11.343	172.649	78.713	264.124
Loans and Other Receivables Impairment					
Loss Provisions	2.569	10.734	90.061	68.593	171.957
Other Expenses	5.378	14.385	220.669	219.175	459.607
Income Before Taxes	(77.825)	74.884	(112.081)	924.480	809.458
Tax Income Provision	-	-	-	(169.478)	(169.478)
Net Profit for the Period	(77.825)	74.884	(112.081)	755.002	639.980
SEGMENT ASSETS					
Marketable Securities	-	-	-	17.804.496	17.804.496
Banks and Other Financial Institutions	-	-	-	892.961	892.961
Associates and Subsidiaries (net)	-	-	-	214.803	214.803
Loans	2.308.331	1.762.317	18.091.774	487.165	22.649.587
Other Assets	329	9.026	352.225	3.954.640	4.316.220
TOTAL ASSETS	2.308.660	1.771.343	18.443.999	23.354.065	45.878.067
SEGMENT LIABILITIES					
Deposits	5.931.118	1.415.099	29.089.275	478.286	36.913.778
Derivative Financial Liabilities Held for Trading	-	-	-	126.599	126.599
Money Market Balances	-	-	-	1.302.652	1.302.652
Borrowing Funding Loans	43.518	121.814	77.667	1.097.651	1.340.650
Other Liabilities	10.488	13.302	485.298	1.307.345	1.816.433
Provisions	6.917	4.838	74.825	571.274	657.854
Shareholders' Equity	-	-	-	3.720.101	3.720.101
TOTAL LIABILITIES	5.992.041	1.555.053	29.727.065	8.603.908	45.878.067
OFF BALANCE SHEET					
CONTINGENCIES AND COMMITMENTS					
Guaranties and Suretyships	2.225.762	884.362	1.928.159	-	5.038.283
Commitments	10.850	42.327	1.536.485	1.655.819	3.245.481
Derivative Financial Instruments	-	-	-	5.715.510	5.715.510

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE (cont'd)

IX. EXPLANATIONS RELATED TO TRANSACTIONS MADE ON BEHALF OF OTHERS AND FUDICIARY 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 fudiciary transactions.

TÜRKİYE HALK BANKASI A.Ş.**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008**

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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	161.547	54.817	156.137	73.348
Balances with the Central Bank of Turkey	1.548.601	1.250.531	2.389.597	852.072
Other	-	127	-	24
Total	1.710.148	1.305.475	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	1.548.601	1.250.531	2.389.597	852.072
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Total	1.548.601	1.250.531	2.389.597	852.072

(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	-	87.275	-	86.053
Other	-	-	-	-
Total	-	87.275	-	86.053

b) Financial assets at fair value through profit and loss subject to repurchase agreements:

None.

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**I. EXPLANATIONS AND NOTES TO THE CONSOLIDATED ASSETS (cont'd)**

(2) Financial assets at fair value through profit and loss: (cont'd)

c) Positive differences related to the derivative financial assets held-for-trading:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	-	74	-	51
Swap Transactions	-	15.656	-	6.726
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	15.730	-	6.777

(3) Information on banks and other financial institutions:

a) Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	30.026	191.686	21.848	93.509
Foreign	236.361	359.846	10.220	1.036.008
Branches and Head Office Abroad	-	-	-	-
Total	266.387	551.532	32.068	1.129.517

(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	277.276	-	286.931	-
Other	-	-	-	-
Total	277.276	-	286.931	-

(*) As of 30 June 2008, with TRY 258.448 Thousand cost and TRY 252.407 Thousand nominal value of government bond, which is recorded under available for sale portfolio, having a maturity date of August 18, 2010 is given as a guarantee against TRY 200.000 Thousand of borrowing by the Parent Bank.

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**I. EXPLANATIONS AND NOTES TO THE CONSOLIDATED ASSETS (cont'd)**

(4) Information on financial assets available-for-sale: (cont'd)

a) Financial assets available-for-sale blocked/given as collateral or subject to repurchase agreements: (cont'd)

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 (*)	-	841.384	-	500.376
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	-	841.384	187.061	500.376

(*) As of 30 June 2008 the Parent Bank has Eurobonds having maturity dates of February 16, 2017, July 6, 2012, April 2, 2019, April 3, 2018, September 26, 2016, January 15, 2030, June 5, 2020, February 5, 2025 and classified as available for sale investments subject to repurchase agreements with TRY 101.000 Thousand, TRY 102.349 Thousand, TRY 109.300 Thousand, TRY 174.628 Thousand, TRY 292.309 Thousand, TRY 37.094 Thousand, TRY 25.519 Thousand and TRY 50.070 Thousand cost, and TRY 103.950 Thousand, TRY 103.280 Thousand, TRY 110,357 Thousand, TRY 169.941 Thousand, TRY 283,678 Thousand, TRY 24.260 Thousand, TRY 25.262 Thousand, TRY48.520 Thousand nominal values respectively.

b) Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	10.204.968	8.417.278
Quoted on a stock exchange	10.204.968	8.417.278
Not quoted	-	-
Share certificates	10.923	10.203
Quoted on a stock exchange	-	-
Not quoted	10.923	10.203
Impairment provision(-)	(121.044)	(473)
Total	10.094.847	8.427.008

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**I. EXPLANATIONS AND NOTES TO THE CONSOLIDATED ASSETS (cont'd)**

(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	61.820	-	45.840	-
Total	61.820	-	45.840	-

b) Information on the first and second group loans and other receivables including restructured or rescheduled 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
Cash Loans				
Non-specialized loans	14.637.074	95.910	768.078	49.575
Discount notes	1.655	-	-	-
Export loans	1.500.623	-	35.926	-
Import loans	-	-	-	-
Loans given to financial sector	171.548	-	-	-
International loans	2.527.742	-	106	-
Consumer loans (*)	4.348.571	-	253.167	174
Credit cards (**)	310.588	-	44.715	1
Precious metals loans	-	-	-	-
Other	5.776.347	95.910	434.164	49.400
Specialized loans	6.177.631	2.461	405.542	80
Other receivables	-	-	-	-
Accruals	389.276	1.840	21.949	928
Total	21.203.981	100.211	1.195.569	50.583

(*) Includes TRY 47.463 Thousand of personel loans.

(**) Includes TRY 14.357 Thousand of personel credit cards.

TÜRKİYE HALK BANKASI A.Ş.**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008**

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**I. EXPLANATIONS AND NOTES TO THE CONSOLIDATED ASSETS (cont'd)**

(5) Information on loans: (cont'd)

c) Loans according to the maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Cash Loans				
Short-term Loans	9.972.853	5.204	596.820	778
Non-specialized loans	8.034.044	4.900	502.028	756
Specialized loans	1.755.721	208	83.835	8
Other Receivables	-	-	-	-
Accruals	183.088	96	10.957	14
Medium and Long-term loans	11.231.128	95.007	598.749	49.805
Non-specialized loans	6.603.030	91.010	266.050	48.819
Specialized loans	4.421.910	2.253	321.707	72
Other receivables	-	-	-	-
Accruals	206.188	1.744	10.992	914
Total	21.203.981	100.211	1.195.569	50.583

TÜRKİYE HALK BANKASI A.Ş.**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008**

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**I. EXPLANATIONS AND NOTES TO THE CONSOLIDATED ASSETS (cont'd)**

(5) Information on loans: (cont'd)

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	292.823	4.260.046	4.552.869
Housing Loans	5.244	2.043.407	2.048.651
Car Loans	1.630	58.014	59.644
General Purpose Loans	285.949	2.158.625	2.444.574
Other	-	-	-
Consumer Loans-Indexed to FC	-	1.580	1.580
Housing Loans	-	687	687
Car Loans	-	10	10
General Purpose Loans	-	883	883
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TRY	330.742	-	330.742
With Installments	32.407	-	32.407
Without Installments	298.335	-	298.335
Individual Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans-TRY	3.245	44.218	47.463
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	3.245	44.218	47.463
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	14.357	-	14.357
With Installments	2.707	-	2.707
Without Installments	11.650	-	11.650
Personnel Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Account-TRY(Real Person)	28.911	-	28.911
Overdraft Account-FC(Real Person)	-	-	-
Total	670.078	4.305.844	4.975.922

(*) Interest rate and income accruals are not included in the table above.

TÜRKİYE HALK BANKASI A.Ş.**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008**

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**I. EXPLANATIONS AND NOTES TO THE CONSOLIDATED ASSETS (cont'd)**

(5) Information on loans: (cont'd)

e) Information on commercial loans with installments and corporate credit cards:

	Short Term	Medium and Long Term	Total
Commercial loans with installment facility-TRY	37.705	313.469	351.174
Business Loans	5.031	122.726	127.757
Car Loans	32.674	190.743	223.417
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	10.205	-	10.205
With Installments	719	-	719
Without Installments	9.486	-	9.486
Corporate Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Account-TRY(Legal Entity)	103.114	-	103.114
Overdraft Account-FC(Legal Entity)	-	-	-
Total	151.024	313.469	464.493

(*) Interest and income accruals are not included in table above.

f) Loan distribution according to borrowers:

Not required for the reporting of interim financial statements.

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	19.991.609	16.947.566
Foreign loans	2.558.735	1.159.623
Total	22.550.344	18.107.189

h) Loans granted to subsidiaries and associates

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	61.324	43.902
Indirect loans granted to subsidiaries and associates	-	-
Total	61.324	43.902

TÜRKİYE HALK BANKASI A.Ş.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

I. EXPLANATIONS AND NOTES TO THE CONSOLIDATED ASSETS (cont'd)

(5) Information on loans: (cont'd)

i) Specific provisions provided against loans:

	Current Period	Prior Period
Specific Provisions		
Loans and receivables with limited collectibility	37.451	35.708
Loans and receivables with doubtful collectibility	28.691	21.018
Uncollectible loans and receivables	877.615	962.127
Total	943.757	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	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current period	195	-	73.956
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	195	-	73.956
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	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Prior period end balance	37.737	21.103	973.902
Additions (+)	51.244	21.349	93.278
Transfers from other categories of loans under follow-up (+)	-	3.171	8.154
Transfers to other categories of loans under follow-up (-)	3.210	8.115	-
Collections (-)	5.750	3.016	146.847
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance	80.021	34.492	928.487
Specific provision (-)	37.451	28.691	877.615
Net Balance on Balance Sheet	42.570	5.801	50.872

TÜRKİYE HALK BANKASI A.Ş.**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008**

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**I. EXPLANATIONS AND NOTES TO THE CONSOLIDATED ASSETS (cont'd)**

(5) Information on loans: (cont'd)

j) Information on non-performing loans (Net): (cont'd)

j.3. Information on foreign currency non-performing loans and other receivables:

None.

j.4. Gross and net amounts of non-performing loans according to user groups

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful	Uncollectible loans and receivables
Current Period (Net)	42.570	5.801	50.872
Loans to Real Persons and Legal Entities (Gross)	79.197	34.492	902.769
Specific Provisions (-)	36.627	28.691	851.897
Loans to Real Persons and Legal Entities (Net)	42.570	5.801	50.872
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	824	-	25.718
Specific Provisions (-)	824	-	25.718
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 low balance 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 Delayed Receivables” unrecoverable non performing loans can be written off to prevent additional legal expenses.

TÜRKİYE HALK BANKASI A.Ş.**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008**

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

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**I. EXPLANATIONS AND NOTES TO THE CONSOLIDATED ASSETS (cont'd)**

(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	1.817.573	-	1.733.057	-
Other	-	-	-	-
Total	1.817.573	-	1.733.057	-

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	648.308	-	1.424.253	-
Other	-	-	-	-
Total	648.308	-	1.424.253	-

b) Information on public sector debt investments held-to-maturity:

	Current Period	Prior Period
Government Bonds	7.202.471	7.037.420
Treasury Bills	-	-
Other public sector debt securities	-	-
Total	7.202.471	7.037.420

TÜRKİYE HALK BANKASI A.Ş.**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008**

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**I. EXPLANATIONS AND NOTES TO THE CONSOLIDATED ASSETS (cont'd)**

(6) Information on held-to-maturity investments: (cont'd)

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	7.300.135	7.147.211
Quoted on a stock exchange	-	-
Not quoted on a stock exchange	7.300.135	7.147.211
Provision for impairment (-)	(97.664)	(109.791)
Total	7.202.471	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	-	(15.600)
Purchases during the year	152.924	457.431
Disposals through sales and redemptions	-	(4.627.397)
Impairment provision (-)	12.127	(51.736)
Closing Balance	7.202.471	7.037.420

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	3.087.989	-	3.217.002	-	3.087.989	-	3.197.719	-
Obtained from Chairmanship of Privatization Administration	-	-	-	-	-	-	-	-
Obtained with the Transfer	3.704.127	-	3.985.469	-	3.691.999	-	3.839.701	-
Other	-	-	-	-	-	-	-	-
Total	6.792.116	-	7.202.471	-	6.779.988	-	7.037.420	-

TÜRKİYE HALK BANKASI A.Ş.**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008**

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**I. EXPLANATIONS AND NOTES TO THE CONSOLIDATED ASSETS (cont'd)**

(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.	ROTTERDAM/HOLLANDA	30,00	30,00
2 HALK FİNANSAL KİRALAMA A.Ş.	İSTANBUL/TÜRKİYE	47,75	47,75
3 KOBİ YATIRIM A.Ş.	ANKARA/TÜRKİYE	31,47	32,26
4 FİNTEK A.Ş.	ANKARA/TÜRKİYE	24,00	29,76
5 ZİRAAT HALK ANTERNATİF DAG.KAN.A.Ş.	İSTANBUL/TÜRKİYE	24,00	24,00
6 KKB KREDİ KAYIT BÜROSU A.Ş.	İSTANBUL/TÜRKİYE	18,18	18,18
7 BANKALARARASI KART MERKEZİ A.Ş.	İSTANBUL/TÜRKİYE	18,95	18,95

b) Information related to the associates 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
3.642.813	399.054	28.991	32.723	31.534	15.687	35.733	832.412
329.891	46.169	118	-	-	14.267	10.062	58.000
31.494	31.390	69	5.241	-	3.203	3.070	33.292
6.904	3.210	80	385	153	349	338	-
10.839	6.524	977	403	77	4.911	2.005	-
19.694	15.725	1.877	2.897	-	3.457	3.673	-
12.968	10.865	3.555	1.470	-	1.228	2.193	-

(*) No investment is listed on the stock exchange.

(**) From the associates that are presented in (b), the financial data of Demirhalkbank N.V. is obtained from June 30, 2008 audited financial statements, the financial data of Halk Finansal Kiralama A.Ş. and KOBİ Yatırım A.Ş. are obtained from December 31, 2007 audited financial statements, and the financial data of remaining associates are obtained from December 31, 2007 unaudited financial statements.

c) Movement of associates:

	Current Period	Prior Period
Balance at the beginning of the period	145.490	139.539
Movements during the period	11.512	5.951
Additions	-	1.647
Bonus shares obtained	-	-
Share in current year income	-	-
Disposals	-	-
FC valuation gains/(losses)	11.659	(7.937)
Revaluation increase	(147)	12.241
Provision for impairment (-)	157.002	145.490
Balance at the end of the period	-	-
Capital commitments	-	-

TÜRKİYE HALK BANKASI A.Ş.**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008**

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**I. EXPLANATIONS AND NOTES TO THE CONSOLIDATED ASSETS (cont'd)**

(7) Information on associates (Net): (cont'd)

d) Sectoral information and related carrying amounts of associates:

	Current Period	Prior Period
Banks	117.827	106.168
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	27.695	27.695
Finance Companies	-	-
Other Financial Investments	10.427	10.574

e) Investments and associates which are quoted to a stock exchange:

None.

(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/TÜRKİYE	99,93	99,96
BİRLİK SİGORTA A.Ş.	İSTANBUL/TÜRKİYE	82,36	82,36
BİRLİK HAYAT SİGORTA A.Ş.	İSTANBUL/TÜRKİYE	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
30.748	27.791	541	917	1.862	701	4.184	34.416
103.714	30.820	1.777	379	1.595	1.748	2.958	70.760
80.749	40.507	279	2.204	-	3.664	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 March 31, 2008.

TÜRKİYE HALK BANKASI A.Ş.**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008**

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**I. EXPLANATIONS AND NOTES TO THE CONSOLIDATED ASSETS (cont'd)**

(8) Information on subsidiaries (Net): (cont'd)

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	-	11.824
Additions	-	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	57.801	57.801
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) Based on the valuation study of Parent Bank's subsidiaries as of December 31, 2007, TRY 4.444 Thousand of impairment loss, which was present as of December 31, 2006, has been cancelled.

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	26.531	26.531
Other Financial Subsidiaries	-	-
Total	57.801	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:

Not required for the reporting of interim financial statements.

TÜRKİYE HALK BANKASI A.Ş.**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008**

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**I. EXPLANATIONS AND NOTES TO THE CONSOLIDATED ASSETS (cont'd)**

(13) Information on intangible assets:

Not required for the reporting of interim financial statements.

(14) Information on immovables held for investment purposes:

None.

(15) Informations on deferred tax assets:

	Current Period Deferred Tax	Prior Period Deferred Tax
Retirement Pay Provision and Unused Vacation Provision	44.766	41.680
Credit Card Bonus Provision	640	1.100
Net Accrual Expense for Derivative Instruments	22.174	18.062
Provision for Value loss of Financial Assets at Fair Value Through Other	1.813 6.439	- 3.777
Total Deferred Tax Assets Total Deferred Tax Assets	75.832	64.619
Valuation Difference Between Turkish Uniform Chart of Accounts and Tax Procedure Law	-	(695)
Deferred Tax Liabilities	-	(695)
Deferred Tax Assets, Net	75.832	63.924
Deferred tax accounted under Shareholders' Equity	45.710	(9.530)

(16) Informations on non-current assets held for sale:

Not required for the reporting of interim financial statements.

(17) Information on other assets:

a) Distribution of other assets:

	Current Period	Prior Period
From Credit Card Payments	15.753	10.790
Prepaid Expenses	14.378	3.625
Receivables from Banking Services	3.544	3.269
Clearing Account	174.686	176.769
Cash Guarantees Given	3.204	3.020
Advances Given	598	95
Receivables Pending for Board of Discipline Decision	3.345	2.822
Margin Call Payments	97.777	53.256
Receivables From Asset Sale on Credit Terms	48.432	48.615
Other	49.648	263
Total	31.352	23.995
From Credit Card Payments	442.717	326.519

TÜRKİYE HALK BANKASI A.Ş.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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:

	7 day call Demand accounts	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and over	Accumulated Deposits	Total
Saving deposits	672.370	-	3.343.092	9.813.777	519.472	171.351	34.662	- 14.554.724
Foreign currency deposits	973.052	-	2.486.482	5.211.193	1.017.849	1.012.637	301.218	- 11.002.431
Residents in Turkey	942.097	-	1.863.066	4.353.643	764.893	743.741	281.979	- 8.949.419
Residents abroad	30.955	-	623.416	857.550	252.956	268.896	19.239	- 2.053.012
Public Sector Deposits Commercial Inst.	809.067	-	240.144	611.227	57.614	10.475	84	- 1.728.611
Deposits	773.228	-	2.097.302	2.400.154	89.000	44.925	1.223	- 5.405.832
Other Inst. Deposits	177.045	-	167.017	2.664.702	126.580	89.580	8.223	- 3.233.147
Precious Metals	-	-	-	-	-	-	-	-
Interbank Deposits	9.749	-	510.157	135.793	-	-	-	- 655.699
Central Bank of Turkey	-	-	-	-	-	-	-	-
Domestic Banks	3.593	-	510.157	135.793	-	-	-	- 649.543
Foreign Banks	6.156	-	-	-	-	-	-	- 6.156
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Accruals	31.114	-	80.591	189.873	16.498	12.110	3.148	- 333.334
Total	3.445.625	-	8.924.785	21.026.719	1.827.013	1.341.078	348.558	- 36.913.778

a.2. Prior Period:

	7 day call Demand	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 Commercial Inst.	394.029	-	415.355	468.943	5.935	2.426	20.067	- 1.306.755
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

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. EXPLANATIONS AND NOTES TO THE CONSOLIDATED LIABILITIES (cont'd)

- (1) Information on maturity structure of deposits/funds collected: (cont'd)
- 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	7.488.528	7.277.639	7.040.403	6.126.849
Foreign Currency Saving Deposits	2.088.953	2.065.651	2.752.721	2.546.270
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at foreign branches and under the guarantee of foreign authorities' insurance	29.284	29.752	-	-
Deposits at off-shore banking regions' and under foreign authorities' insurance	-	-	-	-
Total	9.606.765	9.373.042	9.793.124	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 has 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.

TÜRKİYE HALK BANKASI A.Ş.**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008**

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

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**II. EXPLANATIONS AND NOTES TO THE CONSOLIDATED LIABILITIES (cont'd)**

(1) Information on maturity structure of deposits/funds collected (cont'd):

c) Saving deposits which are not under the guarantee of deposit insurance fund:

	Current Period	Prior Period
Deposits and accounts in branches abroad	177.073	158.648
Deposits of ultimate shareholders and their close families	-	-
Deposits of chairman and members of the Board of Directors and their close families	1.147	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	-	-

(2) Information on Derivative Financial Liabilities Held For Trading:

a) Negative differences table related to the derivative financial liabilities held-for-trading:

Derivative Financial Liabilities Held For Trading	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	-	440	-	37
Swap Transactions	53.364	72.795	32.799	64.252
Future Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	53.364	73.235	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	125.624	78.631	99.546	53.907
Foreign Banks, Institutions and Funds	291.280	845.115	287.307	496.268
Total	416.904	923.746	386.853	550.175

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	FC	TRY	FC	TRY
Short-Term	125.624	78.631	99.546	53.907
Medium and Long-Term	291.280	845.115	287.307	496.268
Total	416.904	923.746	386.853	550.175

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. EXPLANATIONS AND NOTES TO THE CONSOLIDATED LIABILITIES (cont'd)

c) Additional disclosures related to the concentrations of the Parent Bank's major liabilities:

Concentrations, fund providing customers, sector groups and other criterias where risk concentration is observed:

Main liability of the Parent Bank is deposit, which is composed of 40% of saving deposits and 30% 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 foreign 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.

Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From domestic transactions	526.839	-	1.275.311	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	472.299	-	1.159.713	-
Real persons	54.540	-	115.598	-
From foreign transactions	489	758.174	427	411.740
Financial institutions and organizations	-	758.174	-	411.740
Other institutions and organizations	-	-	-	-
Real persons	489	-	427	-
Accruals	3.450	13.700	10.549	4.798
Total	530.778	771.874	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 ministry or institution funds owner. There are funds containing 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
20.802	1.033.780	4.888	1.037.448

(5) Information on Other Liabilities:

Other liabilities balance in the balance sheet amounts to TRY 340.984 Thousand and does not exceed 10% of the balance sheet total.(December 31, 2007: TRY 274.700 Thousand)

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. EXPLANATIONS AND NOTES TO THE CONSOLIDATED LIABILITIES (cont'd)

(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	1.562	-	5.557	-
Between 1-4 Years	-	-	-	-
More Than 4 Years	-	-	-	-
Total	1.562	-	5.557	-

c) Explanations regarding operational leases:

None.

(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	185.095	138.506
Allocated for Group- I loans and receivables	155.997	118.578
Allocated for Group- II loans and receivables	15.785	10.439
Allocated for non-cash loans	13.309	9.485
Other	4	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 37.568 Thousand as of June 30, 2008 and 50% of provision has been allocated for non cash loans. TRY 19.877 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.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. EXPLANATIONS AND NOTES TO THE CONSOLIDATED LIABILITIES (cont'd)

(8) Explanations on Provisions: (cont'd)

d) Information on other provisions:

Provision balance for possible risks:

Total other provision balance amounting to TRY 81.319 Thousand consists of TRY 37.568 Thousand of specific provisions for unindemnified non cash loans and 43.751 Thousand of provision for legal cases against the Parent Bank, SDIF premium, performing cash loans of risky companies taken over from Pamukbank, expenditure bonuses accumulated on credit cards provided by the Parent Bank, social aid pension fund provision and provision for possible risks allocated for this fund as a reserve.

Provision of TRY 17.147 Thousand has been set for prudence in consideration with any changes that may arise in the economy and the market.

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.

(9) Explanations related to tax liabilities:

a) Information on current tax liability:

As of June 30, 2008, the Parent Bank’s corporate tax provision is TRY 125.939 Thousand which is offset against TRY 38.364 Thousand of temporary tax paid within the current period. Therefore, the remaining corporate tax payable is TRY 87.575 Thousand.

TÜRKİYE HALK BANKASI A.Ş.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

II. EXPLANATIONS AND NOTES TO THE CONSOLIDATED LIABILITIES (cont'd)

(9) Explanations related to tax liabilities: (cont'd)

a) Explanations related to current tax liability: (cont'd)

a.1. Information on tax provision:

As of June 30, 2008, the Parent Bank's corporate tax provision is TRY 125.939 Thousand. For the second temporary taxation period, corporate tax payable is TRY 87.575 Thousand.

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	87.575	79.958
Income on Securities Tax	54.975	55.070
Property Income Tax	378	155
Banking and Insurance Transactions Tax (BITT)	11.877	12.345
Foreign Exchange Transactions Tax	2	631
Value Added Tax Payable	58	45
Other	8.452	7.996
Total	163.317	156.200

a.3. Information on premiums:

	Current Period	Prior Period
Social Insurance Premiums-Employee	6	6
Social Insurance Premiums-Employer	8	9
Bank Social Aid Pension Fund Premium-Employee	1.642	1.296
Bank Social Aid Pension Fund Premium-Employer	2.287	1.806
Pension Fund Membership Fees-Employee	-	-
Pension Fund Membership Fees-Employer	-	-
Unemployment insurance-Employee	-	-
Unemployment insurance-Employer	-	-
Other	363	286
Total	4.306	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.

TÜRKİYE HALK BANKASI A.Ş.**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008**

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

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**II. EXPLANATIONS AND NOTES TO THE CONSOLIDATED LIABILITIES (cont'd)**

(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	(132.605)	(94.959)	37.841	7.392
Foreign exchange rate difference	-	-	-	-
Total	(132.605)	(94.959)	37.841	7.392

(13) Information on minority shares:

None.

TÜRKİYE HALK BANKASI A.Ş.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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		Prior Period
	30 June 2008	31 December 2007	
Credit card expenditure limit commitments	1.433.794		1.270.617
Two days forward foreign exchange buy/sell transactions	218.542		365.055
Other irrevocable commitments	19.985		17.918
Capital commitments to subsidiaries and associates (*)	250		250
Allocation commitments of used non-cash loans	222.634		172.223
İhracat Taahhütlerinden Kaynaklanan Vergi ve Fon Yükümlülükleri	8.185		6.664
Tax and fund dues from export commitments	1.338.872		1.275.142
Total	3.242.262		3.107.869

(*) In the current period, the Parent Bank has TRY 250 Thousand of capital commitment for its subsidiary, Gelişim İşletmeleri Piyasaları A.Ş.

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		Prior Period
	30 June 2008	31 December 2007	
Bank acceptance loans	44.302		31.969
Letters of credit	1.218.205		677.116
Other guarantees	23.612		13.346
Total	1.286.119		722.431

TÜRKİYE HALK BANKASI A.Ş.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

III. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (cont'd)

- (1) Information On Off-Balance Sheet Liabilities: (cont'd)
- b) Amount and Structure of Probable Losses and Commitments from the off-balance sheet items including the below mentioned: (cont'd)
- b.2. Certain guarantees, tentative guarantees, suretyships and similar transactions:

	Current Period	Prior Period
Bid bonds	190.336	145.513
Performance bonds	1.852.300	1.552.988
Letters of advance guarantees	424.525	271.033
Letters of guarantee given to customs offices	92.495	63.075
Other letters of guarantee	1.192.508	1.010.039
Total	3.752.164	3.042.648

- b.3. Total Non-cash Loans:

	Current Period	Prior Period
Non-cash loans for providing cash loans	118.856	115.578
Within one year or less original maturity	-	-
Within more than one year maturity	118.856	115.578
Other non-cash loans	4.919.427	3.649.501
Total	5.038.283	3.765.079

- b.4. Non cash loans sectoral risk concentrations:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	9.480	0,45	22.544	0,77	9.865	0,58	1.228	0,06
Farming and Raising Livestock	7.606	0,36	22.382	0,77	7.444	0,44	1.074	0,05
Forestry	897	0,04	20	0,00	1.357	0,08	18	0,00
Fishery	977	0,05	142	0,00	1.064	0,06	136	0,01
Industry	717.683	33,97	1.406.663	48,08	579.882	33,97	859.423	41,76
Mining and Quarry	20.703	0,98	6.492	0,22	21.069	1,23	3.104	0,15
Manufacturing	602.717	28,53	1.287.111	43,99	486.939	28,53	811.677	39,44
Electricity, Gas and Water	94.263	4,46	113.060	3,86	71.874	4,21	44.642	2,17
Construction	535.231	25,33	442.419	15,12	375.462	22,00	248.538	12,08
Service	849.557	40,21	1.053.779	36,02	702.715	41,17	702.225	34,12
Wholesale and Retail Trade	463.302	21,93	183.754	6,28	424.906	24,89	165.523	8,04
Hotel and Food Services	7.632	0,36	2.658	0,09	22.373	1,31	56.347	2,74
Transportation and Communication	29.935	1,42	21.380	0,73	7.747	0,45	2.570	0,12
Financial Institutions	256.630	12,15	428.962	14,66	45.298	2,65	28.334	1,38
Real Estate and Leasing Services	39.763	1,88	18.675	0,64	191.570	11,22	96.840	4,71
Self-employment	45.643	2,16	30.455	1,04	2.148	0,13	3.482	0,17
Educational Services	2.222	0,11	825	0,03	6.284	0,37	348.914	16,95
Health and Social Services	4.430	0,21	367.070	12,55	2.389	0,14	215	0,01
Other	743	0,04	184	0,01	39.037	2,29	246.704	11,99
Total	2.112.694	100,00	2.925.589	100,00	1.706.961	100,00	2.058.118	100,00

TÜRKİYE HALK BANKASI A.Ş.**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008**

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**III. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (cont'd)**

(1) Information On Off-Balance Sheet Liabilities: (cont'd)

b. Amount and nature of probable losses and commitments from off-balance sheet items including the below mentioned: (cont'd)

b.5. Non-cash loans classified in Group I and II:

	Group I		Group II	
	TRY	FC	TRY	FC
Non-cash loans	2.027.080	2.890.517	85.614	35.072
Letters of Guarantee	2.003.865	1.633.066	85.614	29.619
Bill Guarantees and Acceptances	-	44.302	-	-
Letters of Credit	-	1.212.752	-	5.453
Endorsements	-	-	-	-
Purchase Guarantees on Marketable Security	-	-	-	-
Underwritings	-	-	-	-
Other Guarantees and Suretyships	23.215	397	-	-

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)	4.665.275	1.458.821	-	-
Forward Foreign Currency Buy/Sell Transactions	17.687	4.045	-	-
Currency Buy/Sell Swap	4.647.588	1.454.776	-	-
Currency Futures	-	-	-	-
Currency Put/Call Options	-	-	-	-
Interest related derivative transactions (II)	789.965	766.555	-	-
Interest Rate Contracts	-	-	-	-
Interest Rate Buy/Sell Swap	789.965	766.555	-	-
Interest Rate Put/Call Options	-	-	-	-
Interest Rate Buy/Sell Futures	-	-	-	-
Other trading derivative transactions (III)	260.270	254.970	-	-
A. Total trading derivative transactions (I+II+III)	5.715.510	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)	5.715.510	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.

TÜRKİYE HALK BANKASI A.Ş.**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008**

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**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	TRY	TRY	FC
Interest on Loans (*)				
Short Term Loans	835.880	47.627	476.630	24.581
Medium and Long Term Loans	710.819	75.331	604.005	40.882
Interest on Non-Performing Loans	38.641	2	36.155	171
Premiums from Resource Utilization Support Fund	-	-	-	-
Total	1.585.340	122.960	1.116.790	65.634

(*) 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	80.267	1.837	80.366	2.146
Domestic Banks	3.624	1.391	6.565	80
Foreign Banks	4.974	9.038	6.257	18.686
Head Office and Branches	-	-	-	-
Total	88.865	12.266	93.188	20.912

c) Interest income on marketable securities:

Not required for the reporting of interim financial statements.

d) Interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	720	311

TÜRKİYE HALK BANKASI A.Ş.

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

IV. EXPLANATIONS RELATED TO THE CONSOLIDATED INCOME STATEMENT (cont'd)

(2) Information on interest expenses:

a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	23.092	18.169	22.785	12.918
Central Bank of Turkey	-	-	-	-
Domestic Banks	7.779	1.889	7.599	1.855
Foreign Banks	15.313	16.280	15.186	11.063
Head Office and Branches	-	-	-	-
Other Institutions	21	-	24	-
Total	23.113	18.169	22.809	12.918

b) Interest expenses to subsidiaries and associates:

	Current Period	Prior Period
Interest Expenses to Subsidiaries and Associates	2.839	3.297

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	40	34.800	-	-	-	-	-	-	34.840
Saving Deposits	6.907	239.098	770.986	58.094	15.033	2.809	-	-	1.092.927
Public Deposits	952	16.155	46.522	453	763	1.527	-	-	66.372
Commercial Deposits	2.680	96.817	207.436	6.745	3.384	106	-	-	317.168
Other Deposits	1.027	30.607	196.618	24.300	7.970	742	-	-	261.264
7 days Call Accounts	-	-	-	-	-	-	-	-	-
Total	11.606	417.477	1.221.562	89.592	27.150	5.184	-	-	1.772.571
FC									
Foreign Currency Deposits	2.483	49.674	75.453	16.940	18.901	5.598	-	-	169.049
Bank Deposits	-	451	-	-	-	-	-	-	451
7 days Call Accounts	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Total	2.483	50.125	75.453	16.940	18.901	5.598	-	-	169.500
Grand Total	14.089	467.602	1.297.015	106.532	46.051	10.782	-	-	1.942.071

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**IV. EXPLANATIONS RELATED TO THE CONSOLIDATED INCOME STATEMENT (cont'd)**

(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	861	969
Other	14.018	18.075
Total	14.879	19.044

(4) Information on trading profit/loss (Net):

	Current Period	Prior Period
Profit	1.769.432	986.257
Profit from the Capital Market Operations	144.044	49.347
Profit on derivative financial instruments	138.998	31.493
Other	5.046	17.854
Foreign Exchange Gains	1.625.388	936.910
Loss (-)	1.845.029	1.021.699
Loss from the Capital Market Operations	151.692	187.474
Loss on derivative financial instruments	147.282	173.013
Other	4.410	14.461
Foreign Exchange Losses	1.693.337	834.225

(5) Information on other operating income:

The Parent Bank's other operating expenses mainly consist of gains from sale of property and income on cancellation of specific provisions for the collection of non-performing capital loans.

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**IV. EXPLANATIONS RELATED TO THE CONSOLIDATED INCOME STATEMENT (cont'd)****(6) Loans and other receivables impairment losses :**

	Current Period	Prior Period
Specific Loans and Receivables Provisions	93.134	61.561
Group - III Loans and Receivables	39.890	19.522
Group - IV Loans and Receivables	6.075	3.070
Group -V Loans and Receivables	47.169	38.969
General Loan Provision	46.627	26.669
Provision Expenses for Possible Losses	17.147	-
Marketable Securities Impairment Losses	8.437	1.231
Financial assets at fair value through profit and loss	8.436	1.019
Financial assets available for sale	1	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	6.466	24.082
Total	171.957	113.543

(7) Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	237.408	223.529
Reserve for employee termination benefits	23.863	18.607
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	-	-
Depreciation expenses of fixed assets	21.643	24.481
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	2.948	2.233
Shares (capital method applied) impairment expense	-	-
Impairment expense for investment securities that will be disposed of	-	-
Amortization expenses of investment securities that will be disposed of	968	883
Impairment expense for property and equipment held for sale purposes	-	-
Other operating expenses	96.605	76.037
Operational leasing expenses	1.627	1.432
Maintenance expenses	4.995	3.250
Advertisement expenses	10.463	4.371
Other expenses	79.520	66.984
Loss on sales of assets	4.339	7.373
Other	71.833	90.504
Total	459.607	443.647

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

IV. EXPLANATIONS RELATED TO THE CONSOLIDATED INCOME STATEMENT (cont'd)

- (8) Information on profit/loss from continuing and discontinued operations before taxes:

The Parent Bank's income before tax is due from the continuing activities. TRY 1.056.523 Thousand of the income before tax is composed of net interest income, TRY 181.093 Thousand of the income before tax is composed of net fees and commissions. The net operating profit of the Parent Bank is TRY 805.015 Thousand.

- (9) Information on tax provisions from continuing and discontinued operations:

As of June 30, 2008, the Parent Bank's income tax provision amounting to TRY 169.478 Thousand consists of TRY 125.939 Thousand of current tax charge and TRY 45.539 Thousand of deferred tax income.

- (10) Information on net operating income/expense from continuing and discontinued operations after tax:

As of June 30, 2008, net operating income after tax amounts to TRY 639.980 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 - June 30, 2008 period.

c.2. Effects of changes in accounting estimates on the current and future periods' profit/loss: There are no issues required to be disclosed.

c.3. Other items do not exceed 10% of the income statement.

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 had been 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 multiplied by 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.

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EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

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	2.968.810	2.591.442
Cash in TRY and Foreign Currency	216.364	142.684
Central Bank and Others	2.752.446	2.448.758
Cash Equivalents	816.513	474.140
Banks- maturity less than 3 months	816.513	474.140
Total Cash and Cash Equivalents	3.785.323	3.065.582

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

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**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 of the Parent Bank	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	61.324	6.663	-	-	-	-
Interest and Commissions Income	671	49	-	-	-	-

b) Prior Period:

Risk Group of the Parent Bank	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	237	74	-	-	-	-

c.1. Deposits held by the Parent Bank's risk group:

Risk Group of the Parent Bank	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	84.237	83.368	-	-	-	-
Interest expense on deposits	2.839	3.297	-	-	-	-

c.2. Forward and Option Contracts and similar transactions with the Parent Bank's risk group:

None.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2008

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

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

VII. EXPLANATION RELATED TO THE RISK GROUP OF THE PARENT BANK (cont'd)

(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	61.324	% 0,28
Non-cash Loans	6.663	% 0,13
Deposits	84.237	% 0,23
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.

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:

Demir-Halkbank N.V. operating in Netherlands, which is qualified as investments in associates, is recognized in the accompanying financial statements using the equity method of accounting.

VII. SUBSEQUENT EVENTS

Within the context of restructuring plan of the Parent Bank, 57.461,73 m² land belonging to Prime Ministry Housing Development Administration, located in Ataşehir district, Kadıköy, İstanbul is decided to be acquired for a total consideration of 223.461.519 TRY for the relocation of the General Directorate to İstanbul and the construction of a new General Directorate building where all General Directorate departments are going to operate. The price was paid on July 18, 2008 and the property was registered to the real estate recording office on behalf of the Parent Bank.

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SECTION VI: EXPLANATIONS TO INDEPENDENT AUDITORS' REPORT

I. EXPLANATIONS TO INDEPENDENT AUDITORS' REPORT

The consolidated financial statements as of June 30, 2008 and for the period then ended were reviewed independently by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu) and Independent Auditors' Limited Review Report dated August 28, 2008 is presented before the consolidated financial statements.

II. EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS PREPARED BY INDEPENDENT AUDITORS

None.