

TÜRKİYE HALK BANKASI A.Ş.

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

Translated into English from the
Original Turkish Report

TÜRKİYE HALK BANKASI A.Ş.

**INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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 September 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. As independent accountants our responsibility is to issue a report based on the review performed on these consolidated financial statements.

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. 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 September 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**

İstanbul, November 27, 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 SEPTEMBER 30, 2008

1. The Parent Bank's Headquarter Address:
Söğütözü Mahallesi 2. Cadde No: 63 Ankara / TURKEY
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

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, November 27, 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/Assistant Manager
Tel No : +903122893015
Fax No : +903122893050

SECTION ONE

General Information about the Parent Bank

	Page No
I. Establishment date of the Parent Bank, initial articles of association, history of the Parent Bank including the changes of these articles	1
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	1
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	2
IV. Information about the persons and institutions that have qualified shares attributable to the Parent Bank	4
V. Summary on the Parent Bank's functions and lines of activity	4
VI. Explanations about companies within the scope of consolidation	5

SECTION TWO

Consolidated Financial Statements

I. Consolidated Balance Sheet	7
II. Consolidated Statement of Off-Balance Sheet Commitments	9
III. Consolidated Income Statement	10
IV. Consolidated Profit and Loss Accounted for Under Equity	11
V. Consolidated Statement of Changes in Shareholders' Equity	12
VI. Consolidated Statement of Cash Flow	13
VII. Consolidated Profit Distribution Table	14

SECTION THREE

Explanations on Accounting Policies

I. Basis of presentation	15
II. Explanations on the strategy of use of financial instruments and foreign currency transactions	15
III. Information about the Parent Bank and its associates subject to consolidation	16
IV. Explanations on forward and option contracts and derivative instruments	16
V. Interest income and expenses	16
VI. Fees and commission income and expenses	17
VII. Explanations and disclosures on financial assets	17
VIII. Explanations on impairment of financial assets	20
IX. Offsetting financial assets and liabilities	21
X. Explanations on sales and repurchase agreements and securities loaned	21
XI. Explanations on tangible fixed assets held for sale and discontinued operations	21
XII. Explanations on goodwill and other intangible assets	22
XIII. Explanations on property, plant and equipment	22
XIV. Explanations on leasing transactions	23
XV. Explanations on provisions and contingent liabilities	23
XVI. Explanations regarding employee benefit liabilities	23
XVII. Explanations on taxation	24
XVIII. Additional explanations on borrowings	25
XIX. Explanations on shares and share issue	26
XX. Explanations on bill guarantees and acceptances	26
XXI. Explanations on government incentives	26
XXII. Explanations on segment reporting	26
XXIII. Explanations on other matters	26

SECTION FOUR

Information on Consolidated Financial Structure

I. Explanations related to the consolidated capital adequacy ratio	27
II. Explanations related to the consolidated credit risk	31
III. Explanations related to the consolidated market risk	33
IV. Explanations related to the consolidated operational risk	34
V. Explanations related to the consolidated currency risk	34
VI. Explanations related to the consolidated interest rate risk	36
VII. Explanations related to the consolidated liquidity risk	40
VIII. Explanations related to the consolidated business segmentation	42
IX. Explanations related to transactions made on behalf of others and fiduciary transactions	44

SECTION FIVE

Explanations and Notes to the Consolidated Financial Statements

I.	Explanations and notes related to the consolidated assets	45
II.	Explanations and notes related to the consolidated liabilities	60
III.	Explanations and notes related to the off-balance sheet consolidated commitments and contingencies	68
IV.	Explanations related to the consolidated income statement	71
V.	Explanations related to the consolidated statement of changes in shareholders' equity	75
VI.	Explanations related to the consolidated cash flow statement	76
VII.	Explanation related to the risk group of the Parent Bank	77
VIII.	Explanations related to the subsequent events	79

SECTION SIX

Independent Auditors' Report

I.	Explanations on the Independent Auditors' Limited Review Report	80
II.	Explanations and notes to the consolidated financial statements prepared by the Independent Auditors	80

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

<u>Shareholders</u>	<u>30.09.2008</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	0,04	474	0,04
	-----	-----	-----	-----
	<u>1.250.000</u>	<u>100,00</u>	<u>1.250.000</u>	<u>100,00</u>
	=====	=====	=====	=====

(*) 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.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – SEPTEMBER 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
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	25
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 TUNCA	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	İstanbul Technical University – Mining Engineering	18
M.Cengiz GÖĞEBAKAN	Executive Vice President	09.12.2004 - 31/03 Vek. 20.06.2005	Ankara University – Economics	20
Erol GÖNCÜ	Executive Vice President	09.03.2005 - 04/02 Vek. 14.06.2005	METU Faculty of Arts and Sciences, Mathematics Dept.	20
Yunus ESMER	Executive Vice President	17.06.2005	Ankara ECS Academy Business Administration-Accounting Department 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	17
Süleyman ASLAN	Executive Vice President	17.06.2005	METU EASF International Relations Dept.	16
Selahattin SÜLEYMANOĞLU	Executive Vice President	01.07.2007	Gazi University, Social Sciences Faculty, Business Administration	17
Osman ARSLAN	Executive Vice President	01.07.2007	Master's Degree: METU Business Administration for Executives(continuing) Bachelor's Degree: METU Science and Literature Faculty, Department of Statistics	13
Bilgehan KURU	Executive Vice President	01.07.2007	Master's Degree: METU Science and Literature Faculty Bachelor's Degree: METU Faculty of Engineering, Mining Engineering	22

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

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

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

SECTION I: GENERAL INFORMATION ABOUT THE 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 – SEPTEMBER 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.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – SEPTEMBER 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., Karamahmetler 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 September 30, 2008, the Parent Bank operates with a total of 596 branches consisting 593 domestic branches, together with 3 foreign branches; 2 in Cyprus and 1 in Bahrain. It also has 3 financial service branches in Germany and 1 representative office in Iran.

VI. EXPLANATION ABOUT COMPANIES WITHIN THE SCOPE OF CONSOLIDATION:

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

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD JANUARY 1 – SEPTEMBER 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 – SEPTEMBER 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 September 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 revaluated as 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 – SEPTEMBER 30, 2008

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

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

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 September 30, 2008.

Demir-Halkbank N.V., which is qualified as investments in associates, is presented in the accompanying consolidated 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 valuation report of Demir Halkbank N.V. was recognised the under 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 – SEPTEMBER 30, 2008

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

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

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.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – SEPTEMBER 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. Financial Assets at Fair Value Through Profit and Loss (cont'd)

a.1. Financial Assets Held for Trading (cont'd)

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.

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.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – SEPTEMBER 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)

b. Investments Held to Maturity, Financial Assets Available for Sale (cont'd)

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

3. Loans and Receivables:

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

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

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

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

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

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – SEPTEMBER 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)

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

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

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

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

For loans and receivables; the Parent Bank’s management performs consistent loan portfolio reviews and if any doubts on the collectibility of the loans arise, the related loans are classified in accordance with legislation on “Determining the Nature of Loans and Receivables and Principles and Procedures on the Allocation of Loan and Receivable Provisions” published in the Official Gazette numbered 26333 and dated November 1, 2006. The Parent Bank does not limit the provision amount for the non-performing loans recognized before January 1, 2008 with the minimum rates defined in the related regulation and allocates specific provision for this kind of loan amounts in full and they are recognized in the statement of profit/loss. The 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 – SEPTEMBER 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 September 30, 2008 Parent Bank has no 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 – SEPTEMBER 30, 2008

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

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 equipmet 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 – SEPTEMBER 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 – SEPTEMBER 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 August 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 – SEPTEMBER 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.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – SEPTEMBER 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, Parent Bank has performed net investment hedge transaction for its subsidiary Demirhalkbank N.V., operating in Netherlands, and the calculated value has been recorded under hedging funds under shareholders' equity.

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

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

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 September 30, 2008, the Parent Bank's consolidated capital adequacy ratio calculated based on the essentials of the related communiqué is %14,40. (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.

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

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

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:

	Bank Only						Risk Weights						Consolidated				
	%0	%20	%50	%100	%150	%200	%0	%20	%50	%100	%150	%200					
Credit Risk Base Amount																	
Balance Sheet Items (Net)	12.589.035	641.762	7.253.227	15.572.451	4.568	37	12.589.035	641.762	7.253.227	15.322.727	4.568	37					
Cash and Cash Equivalents	244.093	27	-	-	-	-	244.093	27	-	-	-	-					
Matured Marketable Securities	-	-	-	-	-	-	-	-	-	-	-	-					
Turkish Republic Central Bank Balances	1.786.879	-	-	-	-	-	1.786.879	-	-	-	-	-					
Domestic, Foreign Banks, Head Office and Branches Abroad Balances	-	477.050	-	-	-	-	-	477.050	-	-	-	-					
Interbank Money Market Placements	-	-	-	-	-	-	-	-	-	-	-	-					
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	-	-	-	-	-	-					
Reserve Deposits	925.743	-	-	-	-	-	925.743	-	-	-	-	-					
Loans	2.801.605	40.946	7.125.105	13.797.312	4.568	37	2.801.605	40.946	7.125.105	13.797.312	4.568	37					
Non-Performing Loans (Net)	-	-	-	125.286	-	-	-	-	-	125.286	-	-					
Finance Lease Receivables	-	-	-	-	-	-	-	-	-	-	-	-					
Financial Assets Available-for-Sale	-	-	-	10.222	-	-	-	-	-	10.222	-	-					
Investments Held to Maturity	6.301.190	-	-	-	-	-	6.301.190	-	-	-	-	-					
Receivables from the Asset Sale on Credit Terms	-	54.939	-	-	-	-	-	54.939	-	-	-	-					
Sundry Debtors	65.604	65.861	-	33.450	-	-	65.604	65.861	-	33.450	-	-					
Interest and Income Accruals	397.077	2.939	128.122	334.902	-	-	397.077	2.939	128.122	334.902	-	-					
Subsidiaries, Associates and Joint Ventures (Net)	-	-	-	250.777	-	-	-	-	-	1.053	-	-					
Property, Plant and Equipment	-	-	-	982.883	-	-	-	-	-	982.883	-	-					
Other Assets	66.844	-	-	37.619	-	-	66.844	-	-	37.619	-	-					
Off-Balance Sheet Items	75.060	271.166	342.190	3.874.171	-	-	75.060	271.166	342.190	3.874.171	-	-					
Non-Cash Loans and Commitments	75.060	201.110	342.190	3.874.171	-	-	75.060	201.110	342.190	3.874.171	-	-					
Derivative Instruments	-	70.056	-	-	-	-	-	70.056	-	-	-	-					
Non-Risk Weighted Accounts	-	-	-	-	-	-	-	-	-	-	-	-					
Total Risk-Weighted Assets	12.664.095	912.928	7.595.417	19.446.622	4.568	37	12.664.095	912.928	7.595.417	19.196.898	4.568	37					

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

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

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)	23.433.842	17.661.038	23.184.118	17.411.314
Market Risk Base Amount (MRBA)	1.643.488	368.450	1.781.288	284.313
Operational Risk Base Amount (ORBA)	3.689.089	3.330.937	3.692.391	3.338.929
Equity	4.285.917	4.279.268	4.128.049	4.125.799
Equity / (CRBA+MRBA+ORBA)*100	14,90	20,03	14,40	19,61

CRBA: Credit Risk Base Amount

MRBA: Market Risk Base Amount

ORBA: Operational Risk Base Amount

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

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

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)	261.212	179.908	261.212	179.908
Reserves per specific acts	703	680	703	680
Statutory Reserves	-	-	-	-
Extraordinary Reserves	365.356	191.787	365.214	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	(15.005)	(15.253)	(15.147)	(37.174)
Inflation Adjustment for the Legal, Statutory and Extraordinary Reserves	-	-	-	-
Profit	926.923	1.202.961	962.022	1.256.335
Net period profit	910.101	1.131.039	911.019	1.132.620
Retained earnings	16.822	71.922	51.003	123.715
Portion of Free Provisions Allocated for Potential Risk up to 25% of Core Capital Amount	19.947	9.346	19.947	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	4.217.348	4.172.178	4.252.305	4.203.631
SUPPLEMENTARY CAPITAL				
General Loan Provisions	199.541	138.506	199.541	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	26.418	99.109	(54.483)	20.355
From subsidiaries and associates	75.155	78.754	(5.746)	-
From financial assets available for sale	(48.737)	20.355	(48.737)	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	225.959	237.615	145.058	158.861
TIER-III CAPITAL				
CAPITAL	4.443.307	4.409.793	4.397.363	4.362.492
DEDUCTIONS FROM CAPITAL	157.390	130.525	269.314	236.693
Leasehold Improvements (-)	-	14.326	-	14.326
Prepaid Expenses (-)	11.751	3.625	11.751	3.625
Intangible Assets (-)	28.537	2.459	28.537	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	103.012	96.070	103.012	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	-	-	111.924	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	14.090	14.045	14.090	14.045
Other	-	-	-	-
TOTAL EQUITY	4.285.917	4.279.268	4.128.049	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).

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

(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 September 30, 2008, the receivables of the Parent Bank from its top 100 cash loan customers is 19,46% of its total cash loans.

As of September 30, 2008, receivables of the Parent Bank from its top 100 non-cash loans is 57,71% of its total non-cash loans.

As of September 30, 2008, share of cash and non-cash receivables of the Parent Bank from its top 100 customers is 12,85% of its total balance sheet and off-balance sheet assets.

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

(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 (cont'd)

As of September 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 199.541 Thousand.

Sector concentrations for cash loans:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	938.193	4,89	148.861	2,94	746.237	4,93	14.858	0,50
Farming and Raising								
Livestock	918.233	4,78	140.009	2,76	722.871	4,78	9.990	0,33
Forestry, Wood and Paper	6.928	0,04	185	-	8.921	0,06	58	0,00
Fishery	13.032	0,07	8.667	0,17	14.445	0,10	4.810	0,16
Manufacturing	3.668.033	19,10	2.846.036	56,14	3.194.180	21,12	1.495.933	50,13
Mining and Quarry	75.586	0,39	34.203	0,67	68.396	0,45	31.602	1,06
Production	3.575.175	18,62	2.732.079	53,89	3.112.470	20,58	1.412.470	47,33
Electricity, Gas and Water	17.272	0,09	79.754	1,57	13.314	0,09	51.861	1,74
Construction	616.404	3,21	82.943	1,64	570.285	3,77	55.197	1,85
Services	6.967.189	36,28	1.704.790	33,63	5.830.660	38,55	1.390.376	46,59
Wholesale and Retail Trade	4.030.537	20,99	397.923	7,85	3.473.837	22,97	204.306	6,85
Hotel, Tourism, Food and Beverage Services	177.706	0,93	167.162	3,30	793.720	5,25	210.691	7,06
Transportation and Communication	1.313.662	6,84	215.162	4,24	164.427	1,09	85.190	2,85
Financial Institutions	326.861	1,70	663.364	13,09	720.270	4,76	361.304	12,11
Real Estate and Renting Services	423.038	2,20	194.011	3,83	280.834	1,86	392.097	13,14
Self-Employment Services	144.352	0,75	-	-	36.110	0,24	14.907	0,50
Education Services	44.076	0,23	15.528	0,31	240.967	1,59	121.881	4,08
Health and Social Services	506.957	2,64	51.640	1,02	120.495	0,80	-	-
Other	7.012.510	36,52	286.875	5,66	4.781.807	31,62	27.656	0,93
Total	19.202.329	100,00	5.069.505	100,00	15.123.169	100,00	2.984.020	100,00

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

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

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	119.721
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	-
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	22.782
(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)	142.503
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	1.781.288

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

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

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

	22.09.2008	23.09.2008	24.09.2008	25.09.2008	26.09.2008	29.09.2008
USD	1,2270000	1,2270000	1,2300000	1,2200000	1,2150000	1,2350000
CHF	1,1237000	1,1304000	1,1316000	1,1220000	1,1145000	1,1133000
GBP	2,2551000	2,2682000	2,2756000	2,2498000	2,2342000	2,2165000
JPY	0,0115120	0,0115674	0,0116044	0,0114522	0,0114424	0,0115995
EURO	1,7968000	1,8057000	1,8048000	1,7877000	1,7732000	1,7668000

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

	Monthly Average
USD	1,2266190
CHF	1,1032429
GBP	2,2021143
JPY	0,0114772
EURO	1,7614667

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

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

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	836.989	498.729	6	2.661	1.338.385
Banks and Financial Institutions	216.835	130.961	1.578	76.478	425.852
Financial Assets at Fair Value Through Profit and Loss	70.710	54.067	-	44	124.821
Money Market Placements	-	-	-	-	-
Financial Assets Available-for-Sale	860.043	1.491.064	-	-	2.351.107
Loans (**)	2.466.034	2.700.631	-	3.179	5.169.844
Subsidiaries, Associates and Entities under Common Control	111.924	-	-	-	111.924
Held-to-Maturity Investments (***)	744.013	215.401	-	-	959.414
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	64	-	-	11	75
Intangible Assets	-	-	-	-	-
Other Assets	16.705	68.353	-	94	85.152
Total Assets	5.323.317	5.159.206	1.584	82.467	10.566.574
Liabilities					
Bank Deposits	1.644.915	2.468	-	311	1.647.694
Foreign Currency Deposits	4.084.106	5.905.601	587	59.197	10.049.491
Money Market Balances	265.584	544.536	-	-	810.120
Funds Provided from Other Financial Institutions	641.891	330.010	-	2	971.903
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	2.009	4.172	3	36	6.220
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities	7.574	67.900	749	16.000	92.223
Total Liabilities	6.646.079	6.854.687	1.339	75.546	13.577.651
Net Balance Sheet Position	(1.322.762)	(1.695.481)	245	6.921	(3.011.077)
Net Off-Balance Sheet Position					
Financial Derivative Assets	1.330.736	1.438.943	-	-	2.769.679
Financial Derivative Liabilities	12.147	13.122	-	-	25.269
Non-Cash Loans (*)	760.258	2.404.943	6.246	41.318	3.212.765
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	-	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 100.339 Thousand of foreign currency indexed loans and their accruals.

(***) Contains TRY 959.414 Thousand of foreign currency indexed held to maturity marketable securities and their accruals.

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

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

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.

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

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

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	2.419.910	-	-	-	-	588.563	3.008.473
Banks and Financial Institutions	416.166	-	-	-	-	63.088	479.254
Financial Assets at Fair Value Through Profit and Loss	221	2.790	285.498	91.944	108.451	1.158	490.062
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	1.132.479	6.362	5.458.356	3.039.326	1.339.088	10.221	10.985.832
Loans	11.611.055	1.572.932	4.709.163	3.995.554	1.700.798	682.332	24.271.834
Held-to-Maturity Investments	5.969.943	638.091	-	-	-	-	6.608.034
Other Assets	377.923	33	20	-	-	1.324.877	1.702.853
Total Assets	21.927.697	2.220.208	10.453.037	7.126.824	3.148.337	2.670.239	47.546.342
Liabilities							
Bank Deposits	1.021.793	286.060	1.325.167	-	-	12.288	2.645.308
Other Deposits	22.890.267	6.504.245	2.084.253	1.518	-	3.461.542	34.941.825
Money Market Balances	1.596.901	120.194	479.642	-	-	-	2.196.737
Sundry Creditors	8.251	-	-	-	-	414.354	422.605
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	1.060.938	161.618	652.811	101.060	109.266	191.374	2.277.067
Other Liabilities	85.448	47	4	-	-	4.977.301	5.062.800
Total Liabilities	26.663.598	7.072.164	4.541.877	102.578	109.266	9.056.859	47.546.342
Balance Sheet Long Position	-	-	5.911.160	7.024.246	3.039.071	-	15.974.477
Balance Sheet Short Position	(4.735.901)	(4.851.956)	-	-	-	(6.386.620)	(15.974.477)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(4.735.901)	(4.851.956)	5.911.160	7.024.246	3.039.071	(6.386.620)	-

- (1) TRY 63.964 Thousand of deferred tax asset is disclosed under the non-interest bearing column in other assets.
(2) TRY 125.286 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.

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

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

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 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.

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

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

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	1,88	0,75	-	11,82
Due from Other Banks and Financial Institutions (*)	4,44	3,85	-	12,39
Financial Assets at Fair Value Through Profit and Loss	6,61	6,55	-	19,07
Money Market Placements	-	-	-	16,75
Available-for-Sale Financial Assets	5,48	6,30	-	18,91
Loans (**)	7,09	5,54	2,14	20,42
Held-to-Maturity Investments	5,86	3,84	-	19,76
Liabilities				
Bank Deposits	5,00	-	-	17,05
Other Deposits	3,30	3,64	-	15,73
Money Market Borrowings	-	-	-	17,20
Sundry Creditors	-	-	-	11,26
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 Parent Bank's announced interest rates.

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

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

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 available for sale and held to maturity securities.

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

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

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	588.258	1.057.135	1.075.995	276.326	10.482	-	277	3.008.473
Banks and Financial Institutions	63.088	416.166	-	-	-	-	-	479.254
Financial Assets at Fair Value Through Profit and Loss	-	180	2.790	83.811	322.155	79.968	1.158	490.062
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	85.125	5.407	1.136.834	7.173.143	2.575.102	10.221	10.985.832
Loans	400.469	3.734.255	2.159.582	8.826.547	7.337.841	1.813.140	-	24.271.834
Held-to-Maturity Investments	-	974.360	56.787	290.652	3.486.235	1.800.000	-	6.608.034
Other Assets	174.146	178	33	20	28.157	-	1.500.319	1.702.853
Total Assets	1.225.961	6.267.399	3.300.594	10.614.190	18.358.013	6.268.210	1.511.975	47.546.342
Liabilities								
Bank Deposits	12.288	1.021.793	286.060	1.325.167	-	-	-	2.645.308
Other Deposits	3.461.542	22.890.267	6.504.245	2.084.253	1.518	-	-	34.941.825
Funds Provided from Other Financial Institutions	13.837	72.347	146.616	890.344	586.108	567.815	-	2.277.067
Money Market Balances	-	1.420.212	208.537	567.988	-	-	-	2.196.737
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	414.354	8.251	-	-	-	-	-	422.605
Other Liabilities	705.396	96.379	47	4	73.396	-	4.187.578	5.062.800
Total Liabilities	4.607.417	25.509.249	7.145.505	4.867.756	661.022	567.815	4.187.578	47.546.342
Liquidity Gap	(3.381.456)	(19.241.850)	(3.844.911)	5.746.434	17.696.991	5.700.395	(2.675.603)	-
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	4.782.133	19.352.412	7.594.585	2.882.247	803.653	436.350	4.239.518	40.090.898
Liquidity Gap	(3.402.007)	(13.990.887)	(4.075.913)	6.457.673	13.664.308	4.489.796	(3.142.970)	-

- (1) Shareholders' equity is disclosed under the undistributed column.
- (2) TRY 125.286 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 – SEPTEMBER 30, 2008

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

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 to the classification shown in the table below, with the classification reflected to the head office and branches.

The Parent Bank is rendering services to a wide range of companies in all sectors, especially to Small and Medium size Enterprises (SME) as well as individuals having consumer status. In this context, the Parent Bank has no restrictions on the area in which it operates.

The Parent Bank categorizes its real and legal entities that it renders services into three groups as; firms, individual customers and other customers.

Firms are composed of traders and small-scale retailers having real and legal entity status. Within the Parent Bank's application, firms are segmented as corporate firms, commercial firms, 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.

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

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

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	176.419	164.709	2.265.629	2.256.183	4.862.940
Interest on loans	176.411	164.653	2.259.646	72.129	2.672.839
Interest income on marketable securities	-	-	-	2.010.490	2.010.490
Interest received from banks				154.869	154.869
Other interest income	8	56	5.983	18.695	24.742
Interest Expense	311.509	106.497	2.647.080	215.946	3.281.032
Interest on deposits	309.535	97.725	2.617.730	44.516	3.069.506
Interest on borrowings	1.974	7.910	4.866	34.704	49.454
Interest on money market Borrowings				135.944	135.944
Other interest expense	-	862	24.484	782	26.128
Net Interest Income	(135.090)	58.212	(381.451)	2.040.237	1.581.908
Net Fees and Commissions Income	5.212	12.815	249.844	13.432	281.303
Net Trading Profit / (Loss)	2.243	61.660	148.077	(312.631)	(100.651)
Dividend Income				21.969	21.969
Other Income	1.538	15.691	233.539	76.734	327.502
Loans and Other Receivables Impairment					
Loss Provisions	2.431	12.379	132.808	92.133	239.751
Other Expenses	8.281	22.511	344.225	348.476	723.493
Income Before Taxes	(136.809)	113.488	(227.024)	1.399.132	1.148.787
Tax Income Provision				(237.768)	(237.768)
Net Profit for the Period (*)	(136.809)	113.488	(227.024)	1.161.364	911.019
SEGMENT ASSETS					
Marketable Securities	-	-	-	18.083.928	18.083.928
Banks and Other Financial Institutions	-	-	-	479.254	479.254
Associates and Subsidiaries (net)	-	-	-	215.989	215.989
Loans	2.547.173	2.024.071	19.355.634	470.242	24.397.120
Other Assets	382	9.702	348.047	4.011.920	4.370.051
TOTAL ASSETS	2.547.555	2.033.773	19.703.681	23.261.333	47.546.342
SEGMENT LIABILITIES					
Deposits	4.711.476	1.384.351	28.936.833	2.554.473	37.587.133
Derivative Financial Liabilities Held for Trading	-	-	-	73.522	73.522
Money Market Balances	-	-	-	2.196.737	2.196.737
Borrowing Funding Loans	56.036	128.712	89.077	920.637	1.194.462
Other Liabilities	12.601	9.790	538.725	1.056.827	1.617.943
Provisions	6.503	5.418	74.263	612.486	698.670
Shareholders' Equity				4.177.875	4.177.875
TOTAL LIABILITIES	4.786.616	1.528.271	29.638.898	11.592.557	47.546.342
OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS					
Guaranties and Suretyships	2.613.908	1.040.091	3.572.316	7.668.001	14.894.316
Commitments	2.603.937	995.810	2.009.432	390	5.609.569
Derivative Financial Instruments	9.971	44.281	1.562.884	2.060.917	3.678.053
	-	-	-	5.606.694	5.606.694

(*) Net fund transfer pricing amounting to TRY 186.594 Thousand for Corporate Branches, TRY -6.109 Thousand for Commercial Branches, TRY 1.371.968 Thousand for Entrepreneur Branches and TRY -1.552.453 Thousand for Treasury/Investment Department is not included in calculation of net profit for the period.

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

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

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.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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**

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	177.531	66.562	156.137	73.348
Balances with the Central Bank of Turkey	1.492.557	1.271.796	2.389.597	852.072
Other	-	27	-	24
Total	1.670.088	1.338.385	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	1.492.557	1.271.796	2.389.597	852.072
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Total	1.492.557	1.271.796	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	-	85.981	-	86.053
Other	-	-	-	-
Total	-	85.981	-	86.053

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

None.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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)

(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	-	35	-	51
Swap Transactions	-	28.157	-	6.726
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	28.192	-	6.777

(3) Information on banks and other financial institutions:

a) Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	32.055	123.860	21.848	93.509
Foreign	21.347	301.992	10.220	1.036.008
Branches and Head Office Abroad	-	-	-	-
Total	53.402	425.852	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	-	-	286.931	-
Other	-	-	-	-
Total	-	-	286.931	-

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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)

(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	110.832	-	187.061	-
Treasury Bills	-	-	-	-
Other public sector debt securities (*)	-	939.285	-	500.376
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	110.832	939.285	187.061	500.376

(*) As of 30 September 2008, the Parent has a government bond having maturity date of October 7, 2009 and Eurobonds having maturity dates of April 3, 2018, April 3, 2018, April 3, 2018, September 26, 2016, September 26, 2016, September 26, 2016, September 26, 2016, June 5, 2020, May 5, 2025, March 15, 2015, January 15, 2030, February 16, 2017, July 6, 2012 and April 2, 2019 which are classified as available for sale investments subject to repurchase agreements with TRY 102.760 Thousand, TRY 85.954 Thousand, TRY 91.841 Thousand, TRY 50.105 Thousand, TRY 78.034 Thousand, TRY 79.923 Thousand, TRY 92.932 Thousand, TRY 25.982 Thousand, TRY 50.953 Thousand, TRY 82.439 Thousand, TRY 37.639 Thousand, TRY 93.301 Thousand, TRY 94.547 Thousand and TRY 100.968 Thousand cost value and TRY 132.582 Thousand, TRY 84.104 Thousand, TRY 88.920 Thousand, TRY 49.400 Thousand, TRY 76.570 Thousand, TRY 80.275 Thousand, TRY 87.827 Thousand, TRY 25.720 Thousand, TRY 49.400 Thousand, TRY 80.398 Thousand, TRY 24.700 Thousand, TRY 96.026 Thousand, TRY 95.407 Thousand and TRY 101.938 Thousand nominal values respectively.

b) Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	11.020.297	8.417.278
Quoted on a stock exchange	11.020.297	8.417.278
Not quoted	-	-
Share certificates	10.449	10.203
Quoted on a stock exchange	-	-
Not quoted	10.449	10.203
Impairment provision(-)	(44.914)	(473)
Total	10.985.832	8.427.008

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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:

a) Information on all types of loans and advances given to shareholders and employees of the Parent Bank:

	Current Period		Prior Period	
	Non-Cash Loans	Cash Loans	Non-Cash Loans	Cash Loans
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	64.302	-	45.840	-
Total	64.302	-	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	16.146.545	98.214	747.402	47.384
Discount notes	1.766	-	-	-
Export loans	1.715.987	-	14.030	-
Import loans	-	-	-	-
Loans given to financial sector	287.648	-	-	-
International loans	138.153	-	83	-
Consumer loans (*)	4.937.756	-	302.937	158
Credit cards (**)	337.874	-	19.517	1
Precious metals loans	-	-	-	-
Other	8.727.361	98.214	410.835	47.225
Specialized loans	6.215.665	2.326	511.976	61
Other receivables	-	-	-	-
Accruals	472.523	2.125	26.611	1.002
Total	22.834.733	102.665	1.285.989	48.447

(*) Includes TRY 48.900 Thousand of personnel loans.

(**) Includes TRY 15.402 Thousand of personnel credit cards.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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)

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	10.654.334	3.961	540.610	651
Non-specialized loans	8.631.173	3.656	418.343	637
Specialized loans	1.802.689	223	111.080	1
Other receivables	-	-	-	-
Accruals	220.472	82	11.187	13
Medium and long-term loans	12.180.399	98.704	745.379	47.796
Non-specialized loans	7.515.372	94.558	329.059	46.747
Specialized loans	4.412.976	2.103	400.896	60
Other receivables	-	-	-	-
Accruals	252.051	2.043	15.424	989
Total	22.834.733	102.665	1.285.989	48.447

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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)

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	274.888	4.915.528	5.190.416
Housing Loans	3.804	2.040.489	2.044.293
Car Loans	1.453	52.431	53.884
General Purpose Loans	269.631	2.822.608	3.092.239
Other	-	-	-
Consumer Loans-Indexed to FC	-	1.535	1.535
Housing Loans	-	671	671
Car Loans	-	10	10
General Purpose Loans	-	854	854
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TRY	331.289	-	331.289
With Installments	34.205	-	34.205
Without Installments	297.084	-	297.084
Individual Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans-TRY	3.008	45.892	48.900
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	3.008	45.892	48.900
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	15.402	-	15.402
With Installments	2.541	-	2.541
Without Installments	12.861	-	12.861
Personnel Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Account-TRY(Real Person)	48.633	-	48.633
Overdraft Account-FC(Real Person)	-	-	-
Total	673.220	4.962.955	5.636.175

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

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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)

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

	Short Term	Medium and Long Term	Total
Commercial loans with installment facility - TRY	33.432	317.387	350.819
Business Loans	4.567	131.264	135.831
Car Loans	28.865	186.123	214.988
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	10.701	-	10.701
With Installments	748	-	748
Without Installments	9.953	-	9.953
Corporate Credit Cards - FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Account - TRY (Legal Entity)	93.143	-	93.143
Overdraft Account - FC (Legal Entity)	-	-	-
Total	137.276	317.387	454.663

(*) 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	24.085.326	16.947.566
Foreign loans	186.508	1.159.623
Total	24.271.834	18.107.189

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	67.300	43.902
Indirect loans granted to subsidiaries and associates	-	-
Total	67.300	43.902

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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	48.004	35.708
Loans and receivables with doubtful collectibility	34.227	21.018
Uncollectible loans and receivables	869.862	962.127
Total	952.093	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	41	-	60.394
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	41	-	60.394
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 (+)	67.001	41.187	131.734
Transfers from other categories of loans under follow-up (+)	-	8.758	6.262
Transfers to other categories of loans under follow-up (-)	9.442	5.578	-
Collections (-)	8.286	16.210	170.789
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance	87.010	49.260	941.109
Specific provision (-)	48.004	34.227	869.862
Net Balance on Balance Sheet	39.006	15.033	71.247

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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)

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 group:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful	Uncollectible loans and receivables
Current Period (Net)	39.006	15.033	71.247
Loans to Real Persons and Legal Entities (Gross)	85.816	49.260	915.510
Specific Provisions (-)	46.810	34.227	844.263
Loans to Real Persons and Legal Entities (Net)	39.006	15.033	71.247
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	1.194	-	25.599
Specific Provisions (-)	1.194	-	25.599
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.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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	
	FC	TRY	FC	TRY
Treasury Bills	-	-	-	-
Government Bonds and Similar Securities	1.818.512	-	1.733.057	-
Other	-	-	-	-
Total	1.818.512	-	1.733.057	-

a.2. Held-to-maturity investments subject to repurchase agreements:

	Current Period		Prior Period	
	FC	TRY	FC	TRY
Participation Shares	-	-	-	-
Treasury Bills, Government Bonds and Similar Securities	1.644.601	-	1.424.253	-
Other	-	-	-	-
Total	1.644.601	-	1.424.253	-

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

	Current Period	Prior Period
Government Bonds	6.608.034	7.037.420
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Total	6.608.034	7.037.420

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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: (cont'd)

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	6.677.589	7.147.211
Quoted on a stock exchange	-	-
Not quoted on a stock exchange	6.677.589	7.147.211
Provision for impairment (-)	(69.555)	(109.791)
Total	6.608.034	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	306.845	457.431
Disposals through sales and redemptions	(776.467)	(4.627.397)
Impairment provision (-)	40.236	(51.736)
Closing Balance	6.608.034	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	-	3.216.300	-	3.087.989	-	3.197.719	-
Obtained from Chairmanship of Privatization Administration	-	-	-	-	-	-	-	-
Obtained with the Transfer	3.213.201	-	3.391.734	-	3.691.999	-	3.839.701	-
Other	-	-	-	-	-	-	-	-
Total	6.301.190	-	6.608.034	-	6.779.988	-	7.037.420	-

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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)

(7) Information on associates (Net):

a) Information on associates:

Description	Address (City/ Country)	Parent Bank's share percentage, if different-voting percentage (%)	Parent Bank's risk group share percentage (%)
1 DEMİRHALKBANK N.V.	NETHERLANDS	30,00	30,00
2 HALK FİNANSAL KİRALAMA A.Ş.	İSTANBUL	47,75	47,75
3 KOBİ YATIRIM A.Ş.	ANKARA	31,47	32,26
4 FİNTEK A.Ş.	ANKARA	24,00	29,76
5 ZİRAAT HALK ANTERNATİF DAG. KAN. A.Ş.	İSTANBUL	24,00	24,00
6 KKB KREDİ KAYIT BÜROSU A.Ş.	İSTANBUL	18,18	18,18
7 BANKALARARASI KART MERKEZİ A.Ş.	İSTANBUL	18,95	18,95

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
1	3.365.116	368.634	26.781	30.228	29.133	14.491	33.009	832.412
2	362.090	66.478	14.453	18.305	1.024	2.492	10.062	58.000
3	34.546	34.435	118	2.382	-	1.942	3.070	33.292
4	7.638	3.357	80	191	65	146	338	-
5	10.674	6.264	908	233	60	3.150	2.005	-
6	20.906	15.426	1.891	1.361	-	2.720	3.673	-
7	13.712	12.110	3.723	766	-	1.245	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 reviewed financial statements, and the financial data of remaining associates are obtained from June 30, 2008 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	8.451	5.951
Additions (*)	2.842	1.647
Bonus shares obtained	-	-
Share in current year income	-	-
Disposals	-	-
Revaluation increase	5.756	(7.937)
Provision for impairment (-)	(147)	12.241
Balance at the end of the period	153.941	145.490
Capital commitments	-	-
Share percentage at the end of period (%)	-	-

(*) TRY 2.842 Thousand addition is the paid-up shares received through Halk Finansal Kiralama A.Ş. capital increase, 99,95% of which is met by net profit of the previous period and 0,05% by legal reserves.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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)

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

d) Sectoral information and related carrying amounts of associates:

	Current Period	Prior Period
Banks	111.924	106.168
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	30.536	27.695
Finance Companies	-	-
Other Financial Investments	10.428	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	99,93	99,96
BİRLİK SİGORTA A.Ş.	İSTANBUL	82,36	82,36
BİRLİK HAYAT SİGORTA A.Ş.	İSTANBUL	94,40	98,51

b) Information related to the subsidiaries as sorted in a) (*) (**):

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair Value
31.972	28.800	620	1.847	862	1.710	4.184	34.416
104.994	31.181	1.854	867	2.132	2.671	2.958	70.760
73.930	31.849	258	4.798	-	9.166	14.707	87.464

(*) None of the subsidiaries are listed on the stock exchange.

(**) The information is presented by referring to the reviewed financial statements as of June 30, 2008.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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)

(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	4.247	11.824
Additions	4.247	7.380
Bonus shares obtained	-	-
Share in current year income	-	-
Disposals	-	-
Revaluation increase	-	-
Provision for impairment (*)	-	4.444
Balance at the end of the period	62.048	57.801
Capital commitments	-	-
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.

(**) TRY 4.247 Thousand addition is the paid-up shares received through Halk Yatırım Menkul Değerler A.Ş. capital increase, 97,93% of which is met by net profit of the previous period and 2,07% by legal reserves.

d) Sectoral information on subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Banks	-	-
Insurance Companies	31.270	31.270
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	30.778	26.531
Other Financial Subsidiaries	-	-
Total	62.048	57.801

e) Subsidiaries quoted in the stock exchange:

None.

(9) Information on joint ventures:

None.

(10) Information on finance lease receivables (Net):

None.

(11) Information on derivative financial assets for hedging purposes:

None.

(12) Information on tangible assets:

Not required for the reporting of interim financial statements.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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)

(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	47.184	41.680
Credit Card Bonus Provision	625	1.100
Net Accrual Expense for Derivative Instruments	9.066	18.062
Provison for Value loss of Financial Assets at Fair Value Through Other	864 6.383	- 3.777
Total Deferred Tax Assets	64.122	64.619
Amortization Difference Between the Tax Procedure Law and Communiqué on Accounting Policies	-	(695)
Loan and Deposit IRR/Straight Line Discount Method Difference	(158)	-
Deferred Tax Liabilities	(158)	(695)
Deferred Tax Assets, Net	63.964	63.924
Deferred Tax Accounted for in Shareholders' Equity	3.899	(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	23.029	10.790
Prepaid expenses	11.751	3.625
Receivables from banking services	3.974	3.269
Clearing account	-	176.769
Cash guarantees given	10.565	3.020
Advances given	1.394	95
Receivables pending for Board of Discipline decision	2.998	2.822
Magrin call payments	65.861	53.256
Receivables from asset sale on credit terms	54.939	48.615
Receivables from SDIF	49.780	263
Other	47.812	23.995
Total	272.103	326.519

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

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

BEŞİNCİ BÖLÜM: KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN AÇIKLAMA VE DİPNOTLAR (devamı)

II. EXPLANATIONS AND NOTES TO THE CONSOLIDATED LIABILITIES

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

a) For deposit banks:

a.1. Current period:

	Demand	7 day call accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over	Accumulated Deposits	Total
Saving deposits	688.809	-	3.029.944	10.413.918	520.438	179.287	36.418	-	14.868.814
Foreign currency deposits	1.181.254	-	2.623.932	3.430.928	1.377.696	1.095.529	297.876	-	10.007.215
Residents in Turkey	1.142.428	-	2.573.845	3.371.478	1.343.977	892.564	272.415	-	9.596.707
Residents abroad	38.826	-	50.087	59.450	33.719	202.965	25.461	-	410.508
Public Sector Deposits Commercial Inst.	480.654	-	711.979	826.976	113.862	37.415	84	-	2.170.970
Deposits	989.522	-	1.093.152	3.112.224	94.417	19.717	521	-	5.309.553
Other Inst. Deposits	121.303	-	176.050	1.349.603	207.836	374.886	8.153	-	2.237.831
Precious Metals	-	-	-	-	-	-	-	-	-
Interbank Deposits	12.288	-	1.037.671	269.008	1.325.100	-	-	-	2.644.067
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	3.202	-	1.009.671	454	-	-	-	-	1.013.327
Foreign Banks	9.086	-	28.000	268.554	1.325.100	-	-	-	1.630.740
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Accruals	32.527	-	81.208	181.677	34.077	15.982	3.212	-	348.683
Total	3.506.357	-	8.753.936	19.584.334	3.673.426	1.722.816	346.264	-	37.587.133

a.2. Prior period:

	Demand	7 day call accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over	Accumulated Deposits	Total
Saving deposits	597.244	-	2.743.218	8.921.839	937.003	197.119	32.092	-	13.428.515
Foreign currency deposits	1.208.215	-	1.897.264	3.378.297	831.830	937.606	276.239	-	8.529.451
Residents in Turkey	1.189.410	-	1.469.951	2.463.590	433.932	694.316	258.753	-	6.509.952
Residents abroad	18.805	-	427.313	914.707	397.898	243.290	17.486	-	2.019.499
Public Sector Deposits 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 – SEPTEMBER 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	7.585.757	7.277.639	7.257.846	6.126.849
Foreign Currency Saving Deposits	2.032.441	2.065.651	2.855.832	2.546.270
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at foreign branches and under the guarantee of foreign authorities' insurance	28.889	29.752	-	-
Deposits at off-shore banking regions and under foreign authorities' insurance	-	-	-	-
Total	9.647.087	9.373.042	10.113.678	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.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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		173.450		158.648
Deposits of ultimate shareholders and their close families		-		-
Deposits of chairman and members of the Board of Directors and their close families		1.121		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:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	-	126	-	37
Swap Transactions	-	73.396	32.799	64.252
Future Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	73.522	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	137.936	85.588	99.546	53.907
Foreign Banks, Institutions and Funds	84.623	886.315	287.307	496.268
Total	222.559	971.903	386.853	550.175

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term	137.936	85.588	99.546	53.907
Medium and Long-Term	84.623	886.315	287.307	496.268
Total	222.559	971.903	386.853	550.175

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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)

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 27% 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	1.374.793	-	1.275.311	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	1.327.046	-	1.159.713	-
Real persons	47.747	-	115.598	-
From foreign transactions	512	803.521	427	411.740
Financial institutions and organizations	-	803.521	-	411.740
Other institutions and organizations	-	-	-	-
Real persons	512	-	427	-
Accruals	11.312	6.599	10.549	4.798
Total	1.386.617	810.120	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
16.746	1.065.859	4.888	1.037.448

(5) Information on Other Liabilities:

Other liabilities balance in the balance sheet amounts to TRY 111.953 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 – SEPTEMBER 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	780	-	5.557	-
Between 1-4 Years	-	-	-	-
More Than 4 Years	-	-	-	-
Total	780	-	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	199.541	138.506
Allocated for Group - I loans and receivables	166.414	118.578
Allocated for Group - II loans and receivables	17.552	10.439
Allocated for non-cash loans	15.571	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 34.023 Thousand as of September 30, 2008 and 50% of provision has been allocated for non cash loans. TRY 15.352 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 – SEPTEMBER 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 80.559 Thousand consists of TRY 34.023 Thousand of specific provisions for unindemnified non cash loans and TRY 46.536 Thousand of provision for legal cases against the Parent Bank, SDIF premium, expenditure bonuses accumulated on credit cards provided by the Parent Bank, other provisions and provision for possible risks.

Provision of TRY 19.947 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 September 30, 2008, the Parent Bank’s corporate tax provision is TRY 223.633 Thousand which is offset against TRY 126.761 of temporary tax paid within the current period. Therefore, the remaining corporate tax payable is TRY 96.872 Thousand.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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.1. Information on tax provision:

As of September 30, 2008, the Parent Bank's corporate tax provision is TRY 223.633 Thousand. For the third temporary taxation period, corporate tax payable is TRY 96.872 Thousand.

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	96.872	79.958
Income on Securities Tax	58.220	55.070
Property Income Tax	266	155
Banking and Insurance Transactions Tax (BITT)	13.111	12.345
Foreign Exchange Transactions Tax	1	631
Value Added Tax Payable	61	45
Other	9.433	7.996
Total	177.964	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	1.790	1.296
Bank Social Aid Pension Fund Premium-Employer	2.487	1.806
Pension Fund Membership Fees-Employee	-	-
Pension Fund Membership Fees-Employer	-	-
Unemployment insurance-Employee	-	-
Unemployment insurance-Employer	-	-
Other	393	286
Total	4.684	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.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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 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	4.127	(52.864)	37.841	7.392
Foreign Exchange Rate Difference	-	-	-	-
Total	4.127	(52.864)	37.841	7.392

(13) Information on minority shares:

None.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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)****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 September 2008	31 December 2007
Credit card expenditure limit commitments	1.789.207	1.270.617
Two days forward foreign exchange buy/sell transactions	268.228	365.055
Other irrevocable commitments	18.232	17.918
Capital commitments to subsidiaries and associates (*)	250	250
Allocation commitments of used non-cash loans	250.736	172.223
Tax and fund dues from export commitments	6.555	6.664
Payment commitments for cheques	1.341.626	1.275.142
Total	3.674.834	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 September 2008	31 December 2007
Bank acceptance loans	55.495	31.969
Letters of credit	1.294.580	677.116
Other guarantees	23.630	13.346
Total	1.373.705	722.431

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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)**

**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.2. Certain guarantees, tentative guarantees, suretyships and similar transactions:

	Current Period	Prior Period
Bid bonds	298.302	145.513
Performance bonds	2.040.043	1.552.988
Letters of advance guarantees	524.662	271.033
Letters of guarantee given to customs offices	127.684	63.075
Other letters of guarantee	1.245.173	1.010.039
Total	4.235.864	3.042.648

b.3. Total non-cash loans:

	Current Period	Prior Period
Non-cash loans for providing cash loans	120.722	115.578
Within one year or less original maturity	-	-
Within more than one year maturity	120.722	115.578
Other non-cash loans	5.488.847	3.649.501
Total	5.609.569	3.765.079

b.4. Non cash loans sectoral risk concentrations:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	9.254	0,39	25.037	0,78	9.865	0,58	1.228	0,06
Farming and Raising Livestock	7.646	0,32	24.813	0,77	7.444	0,44	1.074	0,05
Forestry	886	0,04	18	0,00	1.357	0,08	18	0,00
Fishery	722	0,03	206	0,01	1.064	0,06	136	0,01
Industry	820.352	34,23	1.625.040	50,58	579.882	33,97	859.423	41,76
Mining and Quarry	19.729	0,82	5.842	0,18	21.069	1,23	3.104	0,15
Manufacturing	691.187	28,84	1.488.097	46,32	486.939	28,53	811.677	39,44
Electricity, Gas and Water	109.436	4,57	131.101	4,08	71.874	4,21	44.642	2,17
Construction	617.669	25,77	505.524	15,73	375.462	22,00	248.538	12,08
Service	893.041	37,26	1.037.219	32,28	702.715	41,17	702.225	34,12
Wholesale and Retail Trade	507.693	21,18	216.212	6,73	424.906	24,89	165.523	8,04
Hotel and Food Services	5.581	0,23	864	0,03	22.373	1,31	56.347	2,74
Transportation and Communication	30.618	1,28	28.385	0,88	7.747	0,45	2.570	0,12
Financial Institutions	287.826	12,01	369.793	11,51	45.298	2,65	28.334	1,38
Real Estate and Leasing Services	51.747	2,16	46.454	1,45	191.570	11,22	96.840	4,71
Self-Employment	3.021	0,13	228	0,01	2.148	0,13	3.482	0,17
Educational Services	2.297	0,10	112	0,00	6.284	0,37	348.914	16,95
Health and Social Services	4.258	0,18	375.171	11,68	2.389	0,14	215	0,01
Other	56.488	2,36	19.945	0,62	39.037	2,29	246.704	11,99
Total	2.396.804	100,00	3.212.765	100,00	1.706.961	100,00	2.058.118	100,00

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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)**

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	2.341.802	3.187.576	55.002	25.189
Letters of Guarantee	2.318.596	1.837.431	54.980	24.857
Bill Guarantees and Acceptances	-	55.495	-	-
Letters of Credit	-	1.294.248	-	332
Endorsements	-	-	-	-
Purchase Guarantees on Marketable Security	-	-	-	-
Underwritings	-	-	-	-
Other Guarantees and Suretyships	23.206	402	22	-

- c) Information on derivative financial instruments:

	Derivative transactions according to purposes			
	Trading		Trading	
	Current Period	Prior Period	Current Period	Prior Period
Types of trading transactions				
Foreign currency related derivative transactions (I)	4.314.169	1.458.821	-	-
Forward Foreign Currency Buy/Sell Transactions	14.686	4.045	-	-
Currency Buy/Sell Swap	4.299.483	1.454.776	-	-
Currency Futures	-	-	-	-
Currency Put/Call Options	-	-	-	-
Interest related derivative transactions (II)	909.205	766.555	-	-
Interest Rate Contracts	-	-	-	-
Interest Rate Buy/Sell Swap	909.205	766.555	-	-
Interest Rate Put/Call Options	-	-	-	-
Interest Rate Buy/Sell Futures	-	-	-	-
Other trading derivative transactions (III)	383.320	254.970	-	-
A. Total trading derivative transactions (I+II+III)	5.606.694	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)	5.606.694	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.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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)**

IV. EXPLANATIONS RELATED TO THE CONSOLIDATED INCOME STATEMENT

(1) Information on interest income:

a) Information on interest income on loans: (*)

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on Loans	1.311.848	70.234	792.594	43.302
Short Term Loans	1.108.680	121.615	926.590	63.364
Medium and Long Term Loans	60.458	4	57.987	319
Interest on Non-Performing Loans	-	-	-	-
Premiums from Resource Utilization Support Fund	2.480.986	191.853	1.777.171	106.985

(*) 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	127.738	2.732	123.113	3.279
Domestic Banks	3.671	1.960	8.156	118
Foreign Banks	5.786	12.982	8.277	24.480
Head Office and Branches	-	-	-	-
Total	137.195	17.674	139.546	27.877

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	887	901

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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)**

**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	21.139	28.284	34.620	18.886
Central Bank of Turkey	-	-	-	-
Domestic Banks	12.551	2.860	11.523	2.686
Foreign Banks	8.588	25.424	23.097	16.200
Head Office and Branches	-	-	-	-
Other Institutions	31	-	32	-
Total	21.170	28.284	34.652	18.886

b) Interest expenses to subsidiaries and associates:

	Current Period	Prior Period
Interest Expenses to Subsidiaries and Associates	2.699	4.092

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	77	60.218	-	-	-	-	-	-	60.295
Saving Deposits	8.513	382.691	1.221.498	79.187	22.139	4.259	-	-	1.718.287
Public Deposits	1.432	25.213	72.180	723	2.806	1.530	-	-	103.884
Commercial Deposits	4.113	166.670	334.550	10.875	4.978	136	-	-	521.322
Other Deposits	1.445	49.200	282.704	41.445	26.716	1.101	-	-	402.611
7 Days Call Accounts	-	-	-	-	-	-	-	-	-
Total	15.580	683.992	1.910.932	132.230	56.639	7.026	-	-	2.806.399
FC									
Foreign Currency Deposits	3.411	77.541	112.357	27.338	26.305	7.507	-	-	254.459
Bank Deposits	-	8.648	-	-	-	-	-	-	8.648
7 Days Call Accounts	-	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Total	3.411	86.189	112.357	27.338	26.305	7.507	-	-	263.107
Grand Total	18.991	770.181	2.023.289	159.568	82.944	14.533	-	-	3.069.506

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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)**

**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	21.108	10.241
Total	21.969	11.210

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

	Current Period	Prior Period
Profit	2.628.584	1.804.840
Profit from the Capital Market Operations	241.480	94.294
Profit on derivative financial instruments	228.910	60.410
Other	12.570	33.884
Foreign Exchange Gains	2.387.104	1.710.546
Loss (-)	2.729.235	1.843.145
Loss from the Capital Market Operations	217.588	317.072
Loss on derivative financial instruments	211.923	300.137
Other	5.665	16.935
Foreign Exchange Losses	2.511.647	1.526.073

(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.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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)**

**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	140.915	98.700
Group-III Loans and Receivables	60.021	31.975
Group-IV Loans and Receivables	14.316	4.813
Group-V Loans and Receivables	66.578	61.912
General Loan Provision	61.073	39.332
Provision Expenses for Possible Losses	19.947	-
Marketable Securities Impairment Losses	3.694	1.343
Financial assets at fair value through profit and loss	3.692	1.131
Financial assets available for sale	2	212
Impairment Losses from Associates, Subsidiaries, Joint Ventures and		
Marketable Securities Held-to-Maturity	146	-
Investment and associates	146	-
Subsidiaries	-	-
Joint ventures	-	-
Investments and securities held-to-maturity	-	-
Other	13.976	14.825
Total	239.751	154.200

(7) Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	369.183	332.935
Reserve for employee termination benefits	36.984	29.402
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	-	-
Depreciation expenses of fixed assets	32.652	36.515
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	4.793	3.385
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	1.525	1.355
Impairment expense for property and equipment held for sale purposes	-	-
Other operating expenses	160.347	114.809
Operational leasing expenses	2.727	2.035
Maintenance expenses	8.275	5.402
Advertisement expenses	21.786	7.671
Other expenses	127.559	99.701
Loss on sales of assets	5.863	9.035
Other	112.146	116.070
Total	723.493	643.506

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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)**

**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 1.581.908 Thousand of the income before tax is composed of net interest income, TRY 281.303 Thousand of the income before tax is composed of net fees and commissions. The net operating profit of the Parent Bank is TRY 1.141.483 Thousand.

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

As of September 30, 2008, the Parent Bank's income tax provision amounting to TRY 237.768 Thousand consists of TRY 223.633 Thousand of current tax charge and TRY 14.135 Thousand of deferred tax income.

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

As of September 30, 2008, net operating income after tax amounts to TRY 911.019 Thousand.

(11) Information on net profit/loss from continuing and discontinued operations:

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 January 1, 2008 - September 30, 2008 period.

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

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 "Profit Reserves" account under equity.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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**

(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 ending cash and cash equivalents balance:

	Current Period	Prior Period
Cash	2.956.742	2.615.775
Cash in TRY and Foreign Currency	244.093	139.455
Central Bank and Others	2.712.649	2.476.320
Cash Equivalents	477.050	684.615
Banks-Maturity Less than 3 Months	477.050	684.615
Total Cash and Cash Equivalents	3.433.792	3.300.390

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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

(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	67.300	7.423	-	-	-	-
Interest and Commissions Income	682	205	-	-	-	-

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	812	89	-	-	-	-

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	92.848	83.368	-	-	-	-
Interest expense on deposits	2.699	4.092	-	-	-	-

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 – SEPTEMBER 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	67.300	% 0,28
Non-cash loans	7.423	% 0,13
Deposits	92.848	% 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 consolidated accompanying financial statements using the equity method of accounting.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – SEPTEMBER 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)**

VIII. EXPLANATIONS RELATED TO THE SUBSEQUENT EVENTS

While paragraph 54 of Turkish Accounting Standards 39-Financial Instruments: Recognition and Measurement as published by Turkish Accounting Standards Board (“TASB”) permit reclassification of securities from Available for Sale Portfolio to Held to Maturity Portfolio, with the Communiqué 105, dated October 31, 2008 and published in the Official Gazette 27040, TASB, made an amendment related to Article 50 of Turkish Accounting Standards 39-Financial Instruments: Recognition and Measurement and also permitted the reclassification of securities recognized as Financial Assets at Fair Value Through Profit and Loss Portfolio to Held to Maturity Securities Portfolio. In addition, Turkish Accounting Standards Board declared that all reclassification transactions made subsequent to October 31, 2008, will take effect on the date of such transactions performed.

In order to avoid the effect of market fluctuations on securities portfolio, in October 2008, the Parent Bank reclassified TRY 7.977 Million in total; TRY 378 Million from Financial Assets at Fair Value Through Profit and Loss and TRY 7.599 Million from Available for Sale Securities portfolio to Held to Maturity Securities portfolio.

Amounts presented in the Explanations Related to Currency Risk table in the fourth section, are prepared based on foreign exchange rates of the Parent Bank as of the balance sheet date. Important fluctuations affecting financial markets and foreign exchange rates occurred in the period after the balance sheet date; the New Turkish Lira devaluated by 25,10 % against USD, devaluated by 13,11 % against EUR and the interest rate of the indicator government bond increased from 19,42% to 20,80 %.

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

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

SECTION VI: EXPLANATIONS TO INDEPENDENT AUDITORS' REPORT

I. EXPLANATIONS TO INDEPENDENT AUDITORS' LIMITED REVIEW REPORT

The consolidated financial statements as of September 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 November 27, 2008 is presented before the consolidated financial statements.

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

None.