

**TÜRKİYE HALK BANKASI A.Ş.
AND ITS FINANCIAL ASSOCIATE**

**INDEPENDENT AUDITORS' REPORT,
CONSOLIDATED FINANCIAL
STATEMENTS AND NOTES
FOR THE PERIOD ENDED
DECEMBER 31, 2008**

Translated into English from the
Original Turkish Report

TÜRKİYE HALK BANKASI A.Ş.

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

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

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

Management’s Responsibility for the Financial Statements:

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

Auditor’s Responsibility:

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

Independent Auditors' Opinion

4. The audited financial statements of Demir Halkbank N.V., the associate of the Bank with a participation rate of 30% and accounted under the equity method of accounting in the accompanying consolidated financial statements, were not available as of the date of this report. Therefore, the financial statements of the associate are accounted for using the unaudited financial statements as of December 31, 2008.
5. In our opinion, except for the possible effects of the matter set out in paragraph 4 above, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Türkiye Halk Bankası A.Ş. as at December 31, 2008 and the consolidated results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Articles 37 and 38 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by Banking Regulation and Supervision Agency.

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

İstanbul, April 8, 2009

Sibel Türker
Partner

Additional paragraph for the English translation:

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

TÜRKİYE HALK BANKASI A.Ş.

THE CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2008

1. The Parent Bank's Headquarter Address:
Söğütözü Mah. 2. Cad. No: 63 Ankara/TURKEY
2. The Parent Bank's Contact Phone and Facsimile:
Phone : 0312 289 20 00
Facsimile : 0312 289 30 48
3. The Parent Bank's Website and E-mail Address:
Website: www.halkbank.com.tr

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

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

Subsidiaries, associates, and joint ventures which are consolidated within this annual financial report are as below:

Associate: Demir-Halkbank N.V.

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

Ankara, April 8, 2009

Hasan Cebeci	Hasan Sezer	Hüseyin Aydın	Emin Süha Çayköylü	Osman Arslan	Yusuf Duran Ocak
Chairman of the Board of Directors	Vice Chairman, 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	Head of Balance Sheet Consolidation and External Reporting Department	Chairman of the Board of Directors, Member of the Audit Committee

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

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TÜRKİYE HALK BANKASI A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2008**

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

SECTION I: GENERAL INFORMATION ABOUT THE PARENT BANK

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

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

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

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

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

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

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

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

TÜRKİYE HALK BANKASI A.Ş.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2008

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

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

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

Name	Title	Starting Date	Educational Background	Experience in Banking and Business Administration (Years)
Hasan CEBECİ	Chairman, Member of the Audit Committee	13.04.2005	Ankara Eco. And Com. Science(ECS) Academy – Economy-& Finance	29
Hasan SEZER	Vice Chairman, Member of the Audit Committee	13.04.2005	Ankara ECSA – Banking, Foreign Trade and Exchange	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 TUNCAY	Member of the Board of Directors	09.04.2008	Middle East Technical University-Business Administration.	28
Ahmet YARIZ	Yönetim Kurulu Üyesi	09.04.2008	Doktora; Marmara Üniv. Bank. ve Sig. Ens. Bankacılık Ana Bilim Dalı, 2005-Tcz aşamasında	17
Mustafa ÇELİK	Yönetim Kurulu Üyesi	09.04.2008	Y.lisans; Marmara Üniv. Bank. ve Sig. Ens. Bankacılık Ana Bilim Dalı Lisans; İstanbul Üniversitesi İşletme Fakültesi, Ankara Üniversitesi Hukuk Fakültesi	14
Şeref EFE	Member of the Audit Committee	28.03.2003	Y.lisans; Harvard University JFK School of Government Public Administration Department	5
Yusuf DAĞCAN	Member of the Audit Committee	28.03.2003	Master; Harvard University JFK School of Government	28
Yakup DEMİRCİ	Executive Vice President	11.06.2008	Eskişehir Economics and Trade Academy	18
Halil ÇELİK	Executive Vice President	28.07.2003	Ankara University Facult of Social Sciences, Labor Economics and Industrial Relations Department	26
Mustafa SAVAŞ	Executive Vice President	12.08.2002	Eskişehir Economics and Trade Academy – Economics.	17
Ömer Muzafer BAKTIR	Executive Vice President	09.12.2004 - 31/03 Vek. 14.06.2005	Ankara University -Social Science Faculty, Labour Economics and Industry Relations	18
M.Cengiz GÖĞEBAKAN	Executive Vice President	09.12.2004 - 31/03 Vek. 20.06.2005	İstanbul Technical University – Mining Engineering	20
Erol GÖNCÜ	Executive Vice President	09.03.2005 - 04/02 Vek. 14.06.2005	Ankara University – Economics	20
Yunus ESMER	Executive Vice President	17.06.2005	METU Faculty of Arts and Sciences, Mathematics Dept.	29
Dr. Şahap KAVCIOĞLU	Executive Vice President	17.06.2005	Ankara ECS Academy Business Administration-Accounting Department Bachelor Degree; Dokuz Eylül Uni. EASF Business Administration Dept. Masters Degree; Marmara Uni. Banking and Insurance Ins. Banking Dept. PhD; Marmara Uni. Banking and Insurance Ins. Banking Dept.	17
Süleyman ASLAN Selahattin SÜLEYMANOĞLU	Executive Vice President	17.06.2005	METU EASF International Relations Dept.	16
Osman ARSLAN	Executive Vice President	01.07.2007	Gazi University, Social Sciences Faculty, Business Administration	17
Bilgehan KURU	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
			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.

Persons listed below were appointed as Members of Board of Directors in the General Assembly of the Bank held on April 8, 2008:

Name	Title	Date of Employment
Ahmet YARIZ	Member of the Board of Directors	April 9, 2008
İbrahim Hakkı 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 – DECEMBER 31, 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 THE PERSONS AND INSTITUTIONS THAT HAVE QUALIFIED SHARES ATTRIBUTABLE TO THE PARENT BANK

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

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

a) General Information about the Parent Bank:

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

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

c) According to Article 2.2 of Law No: 4603, subsequent to the completion of the restructuring procedures, the procedures involved in sale of the shares of the Parent Bank were to be concluded under the provisions of Law No:4046 based on the "Regulation of Privatization Applications and Amendment of Some Laws and Decrees with the Force of Law". The procedures relating to restructuring and sale of the shares were to be completed within three years (until November 25, 2003) as of the effective date of the related law. However, by Law No: 5230 dated 31 July 2004, the term " 3 years" in Article 2.2. of Law numbered 4603 was previously amended to "5 years" and by Law No: 5572 dated January 10, 2007 the related term was extended to "10 years". As a result of this amendment, the privatization period of the Parent Bank was prolonged. The Council of Ministers has the authority to extend this period by the half of that period for one time only. The Council of Ministers extended this five year period by the half of that period with the Decree numbered 2005/9841 and dated 27 December 2005. When the related Decree numbered 2006/69 and dated 11 August 2006 was in force, the Privatization High Council public shares were transferred to the Privatization Administration and 99,9% of the Parent Bank shares were decided to be sold before May 25, 2008 using the block sale method. By the Privatization High Council's decree numbered 2006/4258 and dated August 11, 2006, 13th Department of Council of State decided to cease the execution of the Decree numbered 2006/69 dated 11 August 2006. Thereupon, legal regulation numbered 5572 was executed and as per the decree of the Higher Council of Privatization numbered 2007/8 and dated February 5, 2007, up to 25% of the public shares that were previously transferred to the Privatization Administration on August 11, 2006, were decided to be privatized by a public offering and it was decided to be concluded by the end of 2007. The first phase of the privatization process of the Parent Bank corresponding to 24,98% was completed in the first week of May 2007 and Halkbank shares were traded on İstanbul Stock Exchange (ISE) as of May 10, 2007 with the base price of TRY 8,00.

TÜRKİYE HALK BANKASI A.Ş.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2008

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

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

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

- d) Under No: 25539 Law regarding the "Act No: 5230 with regards to the transfer of Pamukbank Türk Anonim Şirketi to Türkiye Halk Bankası A.Ş. and amendments to other acts" which came into force as of July 31, 2004 with the publication of the Official Gazette, Pamukbank (whose shares, management, and control were previously inherited to the Saving Deposit Insurance Fund (SDIF)) was transferred to the Parent Bank. Insolvent Pamukbank T.A.Ş. was a private sector deposit bank established by Çukurova İthalat ve İhracat T.A.O., Karamehmetler Scrip Company and more than 500 shareholders. The Bank started its private banking operations as an incorporated company in accordance with the decision of the Council of Ministers numbered 4/4573 and dated 5 March 1955. According to the decision of the Banking Regulation and Supervision Agency (BRSA) numbered 742 published in the Official Gazette numbered 24790 and dated 19 June 2002 including 3rd and 4th Sub-articles in Article 14 of the Banking Law No: 4389, the shareholders rights excluding dividends, management and supervision of the Bank have been transferred to the Saving Deposit Insurance Fund as of 18 June 2002.
- e) The Parent Bank's service activities and operating areas: The Parent Bank's operating areas include, commercial financing and corporate banking, fund management operations, retail banking and credit card operations.
- f) As of December 31, 2008, the Parent Bank operates with a total of 582 branches consisting 579 domestic branches, together with 3 foreign branches; 2 in Cyprus and 1 in Bahrain. It also has 3 financial service branches in Germany and 1 representative office in Iran.

VI. EXPLANATION ABOUT COMPANIES WITHIN THE SCOPE OF CONSOLIDATION

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

TÜRKİYE HALK BANKASI A.Ş.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2008**

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

SECTION II: CONSOLIDATED FINANCIAL STATEMENTS

- I. Consolidated Balance Sheet (App:1-A)
- II. Consolidated Off-Balance Sheet Commitments (App:1-B)
- III. Consolidated Income Statement (App:1-C)
- IV. Consolidated Profit and Loss Accounted for Under Equity (App:1-D)
- V. Consolidated Statement of Changes in Shareholders' Equity (App:1-E)
- VI. Consolidated Statement of Cash Flow (App:1-F)
- VII. Consolidated Profit Distribution Table (App:1-G)

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2008**

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

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

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

1. The Parent Bank’s Strategy On Financial Instruments:

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

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

2. The Parent Bank’s Explanations on Foreign Currency Transactions:

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

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

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

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2008**

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (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 December 31, 2008.

Demir-Halkbank N.V., which is qualified as investments in associates, is presented in the accompanying financial statements based on the equity method of accounting.

Accounting principles used by Demir Halkbank N.V., which is a consolidated associate by the equity method of accounting, has the same accounting principles of the Parent Bank. The revaluation fund calculated from the valuation report of Demir Halkbank N.V. was recognised under the equity and during the consolidation process this fund was cancelled while Demir Halkbank N.V. was consolidated by the equity method of accounting to the Parent Bank.

IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

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

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

V. INTEREST INCOME AND EXPENSES

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

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

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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 Bank:

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

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.

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

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

2. Marketable Securities: (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.

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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
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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 such loan amounts in full and they are recognized in the statement of profit/loss. Bank sets specific provision for non-performing loans recognized after January 1, 2008 through deducting the collateral amount, calculated in accordance with the related coefficient rates defined in the Article 10 of the related legislation, from the follow-up amount and setting 100% provision for the outstanding follow-up risk amount excluding the suretyship type of collaterals defined in the Article 9 of the related legislation. Specific provision rate for the standing non-cash loans extended to follow-up entities in order to cash ensuring is 100%, specific provision rate for other non-cash loans is 50%. Collections made related to those loans are offset against the capital and interest collections are recognized under the “Interest Received from Non-performing Loans” item of the income statement.

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

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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 shall be presented in the balance sheet only when a party currently has a legally enforceable right to set off the recognized amounts or intends either to settle on a net basis or to 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 difference between the purchase and resale prices determined by the reverse repo agreements for the period; income accrual is calculated using the internal rate of return method. As of December 31, 2008, the Parent Bank does not have any reverse repo transactions (December 31, 2007: TRY 50.025 Thousand).

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

Assets that meet the criteria to be classified as held for sale are measured at the lower of its carrying amount and fair value less costs to sell. Depreciation of such assets is ceased and they are presented separately in the balance sheet. In order to classify a tangible fixed asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such assets (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal group), and an active 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
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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (cont'd)

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

XIII. EXPLANATIONS ON PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment that are purchased prior to January 1, 2005 are carried at their December 31, 2004 dated restated costs and property, plant and equipment that are purchased in the subsequent periods are carried at cost, less any accumulated depreciation and any impairment losses.

Property, plant and equipment are amortized by using the straight line method during their useful lives.

Gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of that asset and is recognized in profit or loss.

Ordinary maintenance and repair expenses of property, plant and equipment items are recognized as expenses.

There are no mortgages, pledges or similar incumbrances designated for the property, plant and equipment.

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

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

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

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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 independent valuation company.

Pamukbank Employee Pension Fund, T. Ziraat Bankası and T. Halk Bankası Employee Pension Fund Foundations were founded in accordance with the provisional article 20 of the Social Insurance Act (SIA) No: 506 and their members include employees of the 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.

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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, and kept in financial statements as of December 31, 2007. As of March 31, 2008, part of the related technical provision was set as provision for possible risks and the remaining amount was cancelled. Based on the results of the actuarial report prepared as of December 31, 2008, no technical deficit has been reported. Besides, no technical deficit for T.C. Ziraat Bankası and T. Halk Bankası Employee Pension Fund has been reported.

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

XVII. EXPLANATIONS ON TAXATION

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

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

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

XVII. EXPLANATIONS ON TAXATION (cont'd)

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

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

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

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

XVIII. ADDITIONAL EXPLANATIONS ON BORROWINGS

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

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

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

There are no convertible bonds or debt instruments issued.

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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 23/271, and the shares are traded on the İstanbul Stock Exchange as of May 10, 2007.

XX. EXPLANATIONS ON BILL GUARANTEES AND ACCEPTANCES

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

XXI. EXPLANATIONS ON GOVERNMENT INCENTIVES

There are no government incentives utilized by the Parent Bank.

XXII. EXPLANATIONS ON SEGMENT REPORTING

Segment reporting focuses on business segment considering the main source and nature of the risks and returns of the Parent Bank. The Parent Bank operates mainly in corporate banking, retail/personal banking and investment banking.

The report concerning parts of the Parent Bank's business segmentation and related information is explained in section four, disclosure numbered VIII.

XXIII. EXPLANATIONS ON OTHER MATTERS

Associates and Subsidiaries:

For TRY associates and subsidiaries, the additions of funds (such as revaluation fund) are deducted from the cost of the associate and subsidiary (the additions of these funds to the capital is permitted for statutory purposes) and later, these costs are indexed based on the capital increase payment dates until December 31, 2004. As of December 31, 2007, a valuation study was performed by an independent company for Kobi A.Ş., Halk Leasing, Birlik Sigorta, Birlik Hayat Sigorta and Halk Yatırım. For those entities that have value increase, the provision set for impairment in the prior periods were cancelled.

In accordance with the Turkish Accounting Standards, as of 2008 year year end, the Bank engaged in a net investment hedge transaction for its foreign currency associate Demirhalkbank N.V., operating in Netherlands, recorded the valuation difference due to such transaction as other reserves under equity and recorded the valuation difference due to net investment hedge transaction as hedging funds under equity.

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

I. EXPLANATIONS RELATED TO THE CONSOLIDATED CAPITAL ADEQUACY RATIO

Risk measurement methods used in the determination of consolidated capital adequacy standard ratio; Capital Adequacy Standard Ratio calculation is performed in accordance with the Communiqué on "Measurement and Assessment of the Capital Adequacy of Banks", which was published in the Official Gazette numbered 26333 on November 1, 2006. As of December 31, 2008, the Parent Bank's consolidated capital adequacy ratio calculated based on the essentials of the related communiqué is 13,98%. (December 31, 2007: 19,61%).

In calculating the amounts subject to credit risk, the Parent Bank generally evaluates its loans according to their collateral classes based on the relevant risk weights. However, risk rate for fund loans for which the Parent Bank 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.

TÜRKİYE HALK BANKASI A.Ş.

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

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

1. Information on the consolidated capital adequacy ratio:

	Bank Only						Consolidated					
	%0	%20	%50	%100	%150	%200	%0	%20	%50	%100	%150	%200
Credit Risk Base Amount												
Balance Sheet Items (Net)	22.272.721	2.417.171	7.406.785	16.369.895	5.426	23	22.272.721	2.417.171	7.406.785	16.149.302	5.426	23
Cash and Cash Equivalents	211.936	31	-	-	-	-	211.936	31	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-	-	-	-	-	-
Turkish Republic Central Bank Balances	1.914.772	-	-	-	-	-	1.914.772	-	-	-	-	-
Domestic, Foreign Banks, Head Office and Branches Abroad Balances	-	2.119.023	-	-	-	-	-	2.119.023	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-	-	-	-	-	-
Receivables From Reverse Repurchase Agreements	-	-	-	-	-	-	-	-	-	-	-	-
Reserve Deposits	831.738	-	-	-	-	-	831.738	-	-	-	-	-
Loans	3.263.354	47.952	7.261.280	14.467.579	5.426	23	3.263.354	47.952	7.261.280	14.467.579	5.426	23
Non-Performing Loans (Net)	-	-	-	213.513	-	-	-	-	-	213.513	-	-
Finance Lease Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Financial Assets Available-For-Sale	-	-	-	11.328	-	-	-	-	-	11.328	-	-
Investments Held to Maturity	15.216.498	-	-	-	-	-	15.216.498	-	-	-	-	-
Receivables From the Asset Sale on Credit Terms	-	59.166	-	-	-	-	-	59.166	-	-	-	-
Sundry Debtors	11.624	91.020	-	39.595	-	-	11.624	91.020	-	39.595	-	-
Interest and Income Accruals	745.750	1.272	145.505	378.162	-	-	745.750	1.272	145.505	378.162	-	-
Subsidiaries, Associates and Joint Ventures (Net)	-	-	-	221.659	-	-	-	-	-	1.066	-	-
Property, Plant and Equipment	-	-	-	1.007.350	-	-	-	-	-	1.007.350	-	-
Other Assets	77.049	98.707	-	30.709	-	-	77.049	98.707	-	30.709	-	-
Off-Balance Sheet Items	185.450	281.405	369.815	4.887.084	-	-	185.450	281.405	369.815	4.887.084	-	-
Non-Cash Loans and Commitments	185.450	247.999	369.815	4.887.084	-	-	185.450	247.999	369.815	4.887.084	-	-
Derivative Instruments	-	33.406	-	-	-	-	-	33.406	-	-	-	-
Non-Risk Weighted Accounts	-	-	-	-	-	-	-	-	-	-	-	-
Total Risk-Weighted Assets	22.458.171	2.698.576	7.776.600	21.256.979	5.426	23	22.458.171	2.698.576	7.776.600	21.036.386	5.426	23

2. Capital Adequacy Ratio Summary:

	Bank Only		Consolidated	
	Current Period	Prior Period	Current Period	Prior Period
Credit Risk Base Amount (CRBA)	25.693.179	17.661.038	25.472.586	17.411.314
Market Risk Base Amount (MRBA)	462.213	368.450	560.225	284.313
Operational Risk Base Amount (ORBA)	3.689.089	3.330.937	3.692.391	3.338.929
Equity	4.324.370	4.279.268	4.156.075	4.125.799
Equity / (CRBA+MRBA+ORBA)*100	14,49	20,03	13,98	19,61

CRBA: Credit Risk Base Amount

MRBA: Market Risk Base Amount

ORBA: Operational Risk Base Amount

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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	366.517	191.787	365.919	169.866
Reserves allocated per General Assembly Minute	333.180	159.859	333.180	159.859
Retained Earnings (*)	47.181	47.181	47.181	47.181
Accumulated Loss	-	-	-	-
Foreign Currency Share Capital Exchange Difference	(13.844)	(15.253)	(14.442)	(37.174)
Inflation Adjustment for the Legal, Statutory and Extraordinary Reserves	-	-	-	-
Profit	1.035.137	1.202.961	1.051.339	1.256.335
Net period profit	1.018.315	1.131.039	1.016.297	1.132.620
Retained Earnings	16.822	71.922	35.042	123.715
Portion of Free Provisions Allocated for Potential Risk up to 25% of Core Capital Amount	22.571	9.346	22.571	9.346
Subsidiary and Associate Shares and Gains on Sale of Properties To Be Added To Capital	-	-	-	-
Portion of Primary Tier-II Capital up to 15% of Core Capital	-	-	-	-
Losses that cannot be covered by reserves (-)	-	-	-	-
Net period loss	-	-	-	-
Accumulated Loss	-	-	-	-
Leashold Improvements (-) (**)	-	14.326	-	14.326
Prepaid Expenses (-) (***)	4.225	3.625	4.225	3.625
Intangible Assets(-) (**)	38.588	2.459	38.588	2.459
Deferred Tax Asset in excess of 10% of the Core Capital (-)	-	-	-	-
Excess Amount defined in,3rd Clause, 56th Article of the Banking Act (-)	-	-	-	-
Total Core Capital	4.329.347	4.172.178	4.344.951	4.203.631
SUPPLEMENTARY CAPITAL				
General Loan Provisions	225.806	138.506	225.806	138.506
45% of Movable Assets Revaluation Fund	-	-	-	-
45% of Properties Revaluation Fund	-	-	-	-
Non-paid-up Shares of Subsidiaries, Associates and Joint Ventures	-	-	-	-
Proportion of Primary Tier -II Capital excluded from the Core Capital Calculation	-	-	-	-
Secondary Tier -II Capital	-	-	-	-
45% of Marketable Securities Revaluation Fund	(70.247)	99.109	(131.570)	20.355
From Subsidiaries and Associates	42.790	78.754	(18.533)	-
From Financial Assets Available For Sale	(113.037)	20.355	(113.037)	20.355
Inflation adjustments for capital reserves, profit reserves and retained earnings/accumulated losses (Except inflation adjustments for legal reserves, statutory reserves and extraordinary reserves)	-	-	-	-
Total Supplementary Capital	155.559	237.615	94.236	158.861
TIER-III CAPITAL				
CAPITAL	4.484.906	4.409.793	4.439.187	4.362.492
DEDUCTIONS FROM CAPITAL	160.536	130.525	283.112	236.693
Equity Shares in Banks and Financial Institutions Which Are Excluded From the Consolidation	103.013	96.070	103.013	96.070
Borrowing Instruments and Loans qualified as Tier-II Capital from and to banks, financial institutions (domestic and foreign), preferred stockholders	-	-	-	-
Equity Shares in Banks and Financial Institutions for which equity method was applied, but their assets and liabilities were not consolidated	-	-	122.576	106.168
Loans granted not in compliance with the provisions stated in articles 50 and 51 of the Act.	-	-	-	-
Total net book value of the Parent Bank's properties in excess of 50% of the equity and in accordance with Article 57 of the Act, net book value of properties and commodities acquired in exchange of loans and receivables that should be disposed of however; have not been disposed of although it has been 5 years since the beginning of the acquisition date.	14.710	14.045	14.710	14.045
Other	-	-	-	-
TOTAL EQUITY	4.324.370	4.279.268	4.156.075	4.125.799

(*) TRY 47.181 Thousand of balance is the monetary gain/loss from restatement of the 2003 period profit until April 2004 (dividend distribution date).

(**) Items located under core capital, leasehold improvements, prepaid expenses and intangible assets are not included to total of core capital based on the related communique; rather they are considered under deductions from capital.

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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 December 31, 2008, the receivables of the Group from its top 100 cash loan customers is %22,20 of its total cash loans.

As of December 31, 2008, receivables of the Parent Bank from its top 100 non-cash loan is %60,69 of its total non-cash loans.

As of December 31, 2008, share of cash and non-cash receivables of the Parent Bank from its top 100 customers is 14,22% of its total balance sheet and off- balance sheet assets.

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

II. EXPLANATIONS RELATED TO THE CONSOLIDATED CREDIT RISK (cont'd)

As of December 31, 2008, general loan loss provision related to the credit risk incurred by the Parent Bank in accordance with the legislation on “Determining the Nature of Loans and Receivables and Principles and Procedures on the Allocation of Loan and Receivable Provisions” is TRY 225.806 Thousand.

Credit risk by types of borrowers and geographical concentration:

	Loans to Real Person and Legal Entities		Loans to Banks and Other Financial Institutions		Marketable Securities*		Other Loans**	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Loans according to borrowers:								
Private Sector	18.230.041	13.403.094	381.182	244.117	11.328	9.975	317.872	148.138
Public Sector	808.493	7.358	-	-	18.322.221	15.934.625	201.435	176.945
Banks	-	-	30.000	17.400	-	-	2.119.023	1.161.073
Retail	5.595.897	4.117.850	-	-	-	-	-	-
Share Certificates	-	-	-	-	-	-	-	-
Total	24.634.431	17.528.302	411.182	261.517	18.333.549	15.944.600	2.638.330	1.486.156
Information according to geographical concentration:								
Domestic	24.533.147	16.398.989	381.182	244.117	18.325.563	15.937.674	334.192	382.484
EU Countries	42.964	-	30.000	17.400	6.898	5.594	2.039.501	875.376
OECD Countries ***	-	-	-	-	-	-	30.935	97.498
Offshore Banking Regions	-	-	-	-	-	-	-	-
USD, Canada	-	-	-	-	-	-	197.385	111.125
Other Countries	58.320	1.129.313	-	-	1.088	1.332	36.317	19.673
Total	24.634.431	17.528.302	411.182	261.517	18.333.549	15.944.600	2.638.330	1.486.156

(*) Includes marketable securities designated at fair value through profit or loss, available-for-sale and held-to-maturity.

(**) Includes the on balance sheet transactions classified in the Uniform Chart of Accounts except the ones in the first three categories and the transactions defined as loan in the Article 48 of the Banking Act No: 5411.

(***) OECD countries other than EU countries, USA and Canada.

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

Information according to geographical concentration:

	Assets	Liabilities	Non-Cash Loans	Equity	
				Investments	Net Profit/Loss
Current Period					
Domestic	48.546.194	45.276.804	6.574.454	108.283	1.016.297
EU Countries	1.891.872	608.092	130.576	129.474	-
OECD Countries (*)	28.943	-	2.380	-	-
Offshore Banking Regions	-	-	-	-	-
USD, Canada	197.385	427.130	2.114	-	-
Other Countries	95.501	495.042	29.328	226	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	50.759.895	46.807.068	6.738.852	237.983	1.016.297
Prior Period					
Domestic	37.461.587	33.341.634	3.621.425	101.329	1.132.620
EU Countries	1.124.988	534.854	114.992	111.762	-
OECD Countries (*)	112.246	-	1.496	-	-
Offshore Banking Regions	-	-	-	-	-
USD, Canada	42.685	84.728	1.166	-	-
Other Countries	1.136.126	1.890.164	26.000	175	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	39.877.632	35.851.380	3.765.079	213.266	1.132.620

(*) OECD countries other than EU countries, USD and Canada.

(**) The sum of assets and fixed capital assets represent total assets of the balance sheet.

(***) Shareholders' equity components are not included in liabilities.

(****) Assets and liabilities that cannot be allocated on a coherent basis.

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

II. EXPLANATIONS RELATED TO THE CONSOLIDATED CREDIT RISK (cont'd)

Sector concentrations for cash loans:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	827.916	4,34	179.978	2,75	746.237	4,93	14.858	0,50
Farming and Raising Livestock	810.417	4,25	169.508	2,59	722.871	4,78	9.990	0,33
Forestry, Wood and Paper	5.822	0,03	515	0,01	8.921	0,06	58	0,00
Fishery	11.677	0,06	9.955	0,15	14.445	0,10	4.810	0,16
Manufacturing	3.636.308	19,05	3.871.933	59,21	3.194.180	21,12	1.495.933	50,13
Mining and Quarry	90.838	0,48	43.652	0,67	68.396	0,45	31.602	1,06
Production	3.532.111	18,51	3.728.698	57,02	3.112.470	20,58	1.412.470	47,33
Electricity, Gas and Water	13.359	0,07	99.583	1,52	13.314	0,09	51.861	1,74
Construction	864.586	4,53	140.229	2,14	570.285	3,77	55.197	1,85
Services	7.157.479	37,51	2.262.739	34,60	5.830.660	38,55	1.390.376	46,59
Wholesale and Retail Trade	3.902.934	20,45	536.410	8,20	3.473.837	22,97	204.306	6,85
Hotel, Tourism, Food and Beverage Services	169.066	0,89	262.444	4,01	793.720	5,25	210.691	7,06
Transportation and Communication	1.374.830	7,20	245.935	3,76	164.427	1,09	85.190	2,85
Financial Institutions	404.731	2,12	635.149	9,71	720.270	4,76	361.304	12,11
Real Estate and Renting Services	783.192	4,10	491.906	7,52	280.834	1,86	392.097	13,14
Self-Employment Services	137.852	0,72	94	0,00	36.110	0,24	14.907	0,50
Education Services	43.133	0,23	18.448	0,28	240.967	1,59	121.881	4,08
Health and Social Services	341.741	1,79	72.353	1,11	120.495	0,80	-	-
Other	6.597.062	34,57	84.555	1,29	4.781.807	31,62	27.656	0,93
Total	19.083.351	100,00	6.539.434	100,00	15.123.169	100,00	2.984.020	100,00

The table below shows the maximum exposure to credit risk for the components of the financial statements;

Gross Maximum Exposure	31 December 2008	31 December 2007
Due from Banks	2.119.334	1.161.585
Money Market Receivables	-	50.025
Financial Assets at Fair Value Through Profit and Loss	114.765	480.172
Financial Assets Available-for-Sale	2.359.902	8.427.008
Held-to-Maturity Investments	15.858.882	7.037.420
Loans	25.836.298	18.121.078
Total	46.289.181	35.277.288
Contingent liabilities	6.738.852	3.765.079
Commitments	4.042.885	3.111.088
Total	10.781.737	6.876.167
Total credit risk exposure	57.070.918	42.153.455

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

II. EXPLANATIONS RELATED TO THE CONSOLIDATED CREDIT RISK (cont'd)

As of December 31, 2008, excluding collaterals and other credit providing elements, the maximum credit sensitivity to any customer or group is TRY 561.566 Thousand; in case of considering related items it is TRY 487.500 Thousand.

Credit quality per class of financial assets as of December 31, 2008 is as follows;

	Neither past due nor impaired	Past due or individually impaired	Total
Receivables from Banks	2.119.334	-	2.119.334
Financial Assets at Fair Value Through Profit and Loss	114.765	-	114.765
Loans	23.858.185	571.104	24.429.289
Corporate lending	5.913.616	31.614	5.945.230
SME lending	12.274.265	490.376	12.764.641
Consumer lending	5.146.298	49.076	5.195.374
Other	524.006	38	524.044
Financial Assets Available for Sale	2.359.902	-	2.359.902
Investments held to maturity	15.858.882	-	15.858.882

(*) Credit cards (TRY 399.995 Thousand) and loans for which the risk does not belong to the Parent Bank (TRY 1.007.014 Thousand) are not included in the table above.

(**) Loan portfolio classification is made in accordance with Basel II criteria.

(***) Financial assets that are overdue or impaired are presented in net values. Specific loan provision of TRY 1.037.849 Thousand as of 31.12.2008 is netted off from SME lending.

Credit quality per class of financial assets as of December 31, 2007 is as follows;

	Neither past due nor impaired	Past due or individually impaired	Total
Receivables from Banks	1.161.585	-	1.161.585
Financial Assets at Fair Value Through Profit and Loss	480.172	-	480.172
Loans	16.805.533	176.364	16.981.897
Corporate lending	2.954.197	61.899	3.016.096
SME lending	9.877.008	47.229	9.924.237
Consumer lending	3.870.480	67.236	3.937.716
Other	103.848	-	103.848
Financial Assets Available for Sale	8.427.008	-	8.427.008
Investments held to maturity	7.037.420	-	7.037.420

(*) Credit cards (TRY 274.350 Thousand) and loans for which the risk does not belong to the Parent Bank (TRY 864.831 Thousand) are not included in table above.

(**) Loan portfolio classification is made in accordance with Basel II criteria.

(***) Financial assets that are overdue or impaired are presented in net values. Specific loan provision of TRY 1.018.853 Thousand as of 31.12.2007 is netted off from SME lending.

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

II. EXPLANATIONS RELATED TO THE CONSOLIDATED CREDIT RISK (cont'd)

Corporate and Commercial Firms	Internal/ External Valuation Grade	Total	Entrepreneurial Firms	Internal/ External Valuation Grade	Total
Risk Rating Group 1	AAA	745	High		
Risk Rating Group 2	AA	823.784	Risk Rating Group 1	1	630.104
Risk Rating Group 3	A	2.157.867	Risk Rating Group 2	2	762.800
Risk Rating Group 4	BBB	2.366.745	Standard		
Risk Rating Group 5	BB	1.494.007	Risk Rating Group 3	3	1.093.000
Risk Rating Group 6	B	1.300.337	Below the Standard		
Risk Rating Group 7	CCC	677.671	Risk Rating Group 4	4	843.146
Risk Rating Group 8	CC	102.264	Loss in value		
Risk Rating Group 9	C	11.535	Risk Rating Group 5	5	841.224
TOTAL		8.934.955	TOTAL		4.170.274

- 1) Loans for which the risk does not belong to the Parent Bank are not included. (TRY 1.007.014 Thousand)
- 2) Loan amount before the conversion is considered
- 3) Prepared in accordance with the internal grading results of the Parent Bank
- 4) Only graded firms are included.

Risk Grade (1-4)	Risk Group	Definition of Risk Group	Risk Grade (%)
1,00 – 1,40	AAA	The firm is an extremely positive firm with its financial and non-financial criterias and it can pursue its high credibility in the long run.	100 -86
1,41 – 1,80	AA	The firm is a positive firm with its financial and non-financial criterias and it can pursue its high credibility in the long run.	85 -73
1,81 – 2,00	A	The firm that has performed its optimization and has a high credibility in the short run and is a credible firm in the medium run.	72 – 67
2,01 – 2,20	BBB	The firm is a credible firm despite the fact that it can not perform the optimization of certain aspects of its financial and non-financial criterias.	66 – 60
2,20 – 2,40	BB	The firm can not retain optimization in the major parts of its financial and non-financial criterias. It has speculative attributes but it is a credible firm in the short run.	59 – 53
2,41 – 2,60	B	Some of the financial and non-financial criterias are negative. It carries highly speculative attributes. In the short run it is a credible firm dependent on the positive conjuncture.	52 – 47
2,61 – 2,80	CCC	The major part of its financial and non-financial criterias are negative and the firm is having difficulties in meeting its commitments. But it has a guaranteed short run credibility dependent on the positive conjuncture.	46 – 40
2,81 – 3,20	CC	The firm force the acceptable risk limits when its financial and non-financial criterias are considered together, and has poor credibility.	39 – 27
3,21 – 3,60	C	The firm has no credibility when its financial and non-financial criterias are considered together.	26 – 13
3,61 – 4,00	D	The firm has no credibility under any condition.	12 – 0

Carrying amount per class of financial assets whose terms have been renegotiated:

	December 31, 2008	December 31, 2007
Loans		
Corporate Loans	71.582	46.788
SME Loans	71.541	72.405
Consumer Loans	160	8
Other	401	245
Total	143.684	119.446

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

II. EXPLANATIONS RELATED TO THE CONSOLIDATED CREDIT RISK (cont'd)

The net value and type of the collaterals of the loans amounted TRY 1.828.069 Thousand, followed under Loans and Other Receivables Under Close Monitoring section, is below.

Collateral Type	Net Value of Collateral
Real estate mortgage	973.058
Salary pledge, vehicle pledge and pledge of commercial undertaking	222.369
Financial collaterals (Cash, securities pledge, etc.)	50
Cheque, bills	72.594
Suretyship	243.466
Other	316.532
Total	1.828.069

(*) The collaterals are considered through comparison of the net value of collateral on appraisal reports less the third party receivables having priority with the collateral. Lower of the collateral amount or the loan amount is considered in the table above. Income accruals are not included in the table.

The net value and the type of the collaterals belongs to loans amounted TRY 1.251.362 Thousand, followed under Non Performing Loans section, is below.

Collateral Type	Net Value of Collateral
Cash	9.855
Mortgage	453.719
Pledge	54.984
Cheque, bills	9.088
Suretyship	239.322
Bond	7
Other	484.387
Total	1.251.362

(*) The collaterals are considered through comparison of the net value of collateral on appraisal reports less the third party receivables having priority with the collateral. Lower of the collateral amount or the loan amount is considered in the table above. Income accruals are not included in the table.

III. EXPLANATIONS RELATED TO THE CONSOLIDATED MARKET RISK

The Parent Bank has established market risk management operations and taken the necessary precautions in order to hedge market risk within its financial risk management purposes, in accordance with the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” issued on Official Gazette dated November 1, 2006 numbered 26333.

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 standard method, VAR is calculated by using internal model as supported by scenario analysis and stress tests. VAR is calculated daily by three different methods which are historic simulation, Monte Carlo simulation and parametric method, and these results are also reported daily to the management.

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

III. EXPLANATIONS RELATED TO THE CONSOLIDATED MARKET RISK (cont'd)

In addition to the standard method, market risk is also calculated by internal model method (Value subject to risk), and the results are supported by scenario analysis and stress tests.

a) Information Related to Consolidated Market Risk:

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	20.407
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	-
III) Capital Requirement to be Employed For Currency Risk - Standard Method	24.411
(IV) Capital Requirement to be Employed For Commodity Risk - Standard Method	-
(V) Capital Requirement to be Employed For Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method	-
(VII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	-
(VIII) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)	44.818
IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	560.225

b) Average market risk table calculated at the end of the months during the period:

	Current Period		Prior Period			
	Average	Maximum	Average	Maximum	Average	Maximum
Interest Rate Risk	88.737	119.721	20.407	14.430	16.691	12.595
Common Stock Risk	-	-	-	-	-	-
Currency Risk	19.143	24.411	14.538	3.821	7.303	811
Commodity Risk	-	-	-	60	83	-
Clearance Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Total Value Subject to Risk	107.880	144.132	34.945	18.311	24.077	13.406

Other Price Risks

The Parent Bank does not invest in share certificates, hence it is not subject to share price risk.

IV. EXPLANATIONS RELATED TO CONSOLIDATED OPERATIONAL RISK

In the calculation of the Parent Bank's operational risk, "Basic Indicator Method" is used. The amount subject to operational risk is calculated in accordance with Section 4 of the Communiqué on "Measurement and Assessment of the Capital Adequacy of Banks" published in the Official Gazette numbered 26333 on November 1, 2006 and this section is named as "Calculation of Operational Risk Base Amount" which came into effect as of June 1, 2007. The calculation is performed parallel to the practice within the country, by multiplying 15% of the Parent Bank's last three years' average gross revenue with 12,5. Amount subject to operational risk is TRY 3.692.391 Thousand for the current period.

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V. EXPLANATIONS RELATED TO THE CONSOLIDATED CURRENCY RISK

Foreign currency risk indicates the probability of loss that banks are subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Parent Bank are taken into consideration. Net short term and long term positions of each currency are calculated in terms of the Turkish Lira.

The Parent Bank is not exposed to currency risks. However, potential currency risks are figured at weekly and monthly periods through the standard method. Thereby, currency risk can be closely followed. The Parent Bank rarely enters into swap contracts against the currency risk, in case of need.

Announced current foreign exchange buying rates of the Parent Bank as at December 31, 2008 and the previous five working days in full TRY are as follows:

	24.12.2008	25.12.2008	26.12.2008	29.12.2008	30.12.2008	31.12.2008
USD	1,4900000	1,4800000	1,4750000	1,4800000	1,4900000	1,5000000
CHF	1,3873000	1,3745000	1,3757000	1,4173000	1,4092000	1,4059000
GBP	2,1955000	2,1650000	2,1654000	2,1546000	2,1550000	2,1929000
JPY	0,0164394	0,0163101	0,0162550	0,0163906	0,0164749	0,0164969
EURO	2,0853000	2,0737000	2,0719000	2,1068000	2,1095000	2,0949000

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before December 31, 2008 are as follows:

	Monthly Average
USD	1,5071053
CHF	1,3412316
GBP	2,2372211
JPY	0,0165772
EURO	2,0545263

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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	TOTAL
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	1.094.835	216.692	46	3.358	1.314.931
Banks and Financial Institutions	1.755.922	206.599	1.750	103.702	2.067.973
Financial Assets at Fair Value Through Profit and Loss	841	34.924	-	841	36.606
Money Market Placements	-	-	-	-	-
Financial Assets Available-For-Sale	457.066	321.400	-	-	778.466
Loans (**)	2.891.343	3.748.473	-	3.881	6.643.697
Subsidiaries, Associates and Entities Under Common Control	122.576	-	-	-	122.576
Held-To-Maturity Investments (***)	1.237.658	1.691.788	-	-	2.929.446
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	45	-	-	8	53
Intangible Assets	-	-	-	-	-
Other Assets	37.413	67.053	-	40	104.506
Total Assets	7.597.699	6.286.929	1.796	111.830	13.998.254
Liabilities					
Bank Deposits	119.594	130.300	-	25.713	275.607
Foreign Currency Deposits	7.203.664	5.672.937	2.030	83.110	12.961.741
Money Market Balances	105.001	587.617	-	-	692.618
Funds Provided From Other Financial Institutions	850.435	469.063	-	6	1.319.504
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	2.274	13.897	5	156	16.332
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities	37.812	48.839	-	553	87.204
Total Liabilities	8.318.780	6.922.653	2.035	109.538	15.353.006
Net Balance Sheet Position	(721.081)	(635.724)	(239)	2.292	(1.354.752)
Net Off-Balance Sheet Position					
Financial Derivative Assets	480.235	596.127	-	10.966	1.087.328
Financial Derivative Liabilities	481.701	644.562	-	46.710	1.172.973
Non-Cash Loans (*)	1.466	48.435	-	35.744	85.645
	1.279.756	2.855.520	9.616	49.292	4.194.184
Prior Period					
Total Assets	4.073.427	4.247.357	976	61.343	8.383.103
Total Liabilities	4.298.064	5.306.412	1.694	57.749	9.663.919
Net Balance Sheet Position	(224.637)	(1.059.055)	(718)	3.594	(1.280.816)
Net Off-Balance Sheet Position					
Financial Derivative Assets	195.362	1.002.240	1.171	-	1.198.773
Financial Derivative Liabilities	195.362	1.003.806	1.171	-	1.200.339
Non-Cash Loans	-	1.566	-	-	1.566
	512.097	1.501.492	7.770	36.759	2.058.118

(*) Non-cash loans are not included in the off-balance sheet items

(**) Contains TRY 104.263 Thousand of foreign currency indexed loans and their accruals.

(***) Contains TRY 750.534 Thousand of foreign currency indexed held to maturity marketable securities and their accruals.

(****) In accordance with the principles of the "Regulation on Measurement and Practices of Banks' Net Overall FC Position / Shareholders' Equity Ratio on a Consolidated and Unconsolidated Basis", Derivative Financial Instruments Foreign Currency Income Accruals (TRY 52.532 Thousand), Prepaid Expenses (TRY 96 Thousand) in assets; and Derivative Financial Instruments Foreign Currency Expense Accruals (TRY 3.940 Thousand) and Shareholders' Equity (TRY 106.026 Thousand) in liabilities are not taken into consideration in the currency risk measurement.

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

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

Consolidated foreign currency sensitivity:

The Parent Bank is mainly exposed to currency risk due to USD and EURO.

The following table sets the Parent Bank's sensitivity to a 10% increase and decrease in the TRY against USD and EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. Positive amounts represent value increase in profit and loss or shareholders' equity due to 10% appreciation of TRY against EURO or USD.

December 31, 2008	Change in currency rate in %	Effect on profit / loss	
		Current Period	Prior Period
USD	10 % increase	(12.687)	(6.402)
EURO	10 % increase	(17.797)	(2.072)
Other	10 % increase	1.433	405

The Parent Bank's sensitivity to foreign currency rates has increased due to the change of foreign currency position in the current period.

VI. EXPLANATIONS RELATED TO THE CONSOLIDATED INTEREST RATE RISK

Interest rate sensitivity of assets, liabilities and off-balance sheet items related to this risk are measured by the Parent Bank and the Parent Bank's interest rate risk is calculated by using the general and specific interest rate risk statements in the standard method including the assets and liabilities and is considered as a part of the general market risk in the calculation of the capital adequacy standard ratio.

The priority of the Parent Bank's risk management department is to avoid the effects of the interest rate volatility. Sensitivity analysis performed within this context is calculated by the risk management department and reported to the Asset-Liability Committee.

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budget of the Parent Bank. The negative effects of the fluctuations in the market interest rates on the financial position and the cash flows are minimized by revising budget targets. The Parent Bank's funding costs, such as TRY bank deposit, foreign exchange accounts, repurchase agreements are determined by the Treasury Vice Presidency.

Since the Parent Bank does not permit maturity mismatches or imposes limits on the mismatch, significant interest rate risk exposures are not expected.

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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:

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	2.374.363	-	-	-	-	634.936	3.009.299
Banks and Financial Institutions	2.046.822	-	-	-	-	72.512	2.119.334
Financial Assets at Fair Value Through Profit and Loss	680	3.423	18.399	83.277	8.124	862	114.765
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-For-Sale	29.404	667.400	957.940	480.584	213.246	11.328	2.359.902
Loans	10.429.042	4.038.495	5.102.043	3.650.827	1.625.607	776.771	25.622.785
Held-To-Maturity Investments	4.278.718	5.879.244	2.217.074	2.022.431	1.461.415	-	15.858.882
Other Assets (1) (2)	423.781	98	3	-	-	1.489.029	1.912.911
Total Assets	19.582.810	10.588.660	8.295.459	6.237.119	3.308.392	2.985.438	50.997.878
Liabilities							
Bank Deposits	1.122.304	-	-	-	-	142.378	1.264.682
Other Deposits	22.659.027	10.331.299	2.163.959	466	-	3.851.681	39.006.432
Money Market Balances	1.756.673	472.346	161.425	-	-	-	2.390.444
Sundry Creditors	12.446	-	-	-	-	429.606	442.052
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	984.665	869.439	459.123	103.160	128.781	192.185	2.737.353
Other Liabilities (3)	9.732	71	8	-	-	5.147.104	5.156.915
Total Liabilities	26.544.847	11.673.155	2.784.515	103.626	128.781	9.762.954	50.997.878
Balance Sheet Long Position	-	-	5.510.944	6.133.493	3.179.611	-	14.824.048
Balance Sheet Short Position	(6.962.037)	(1.084.495)	-	-	-	(6.777.516)	(14.824.048)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(6.962.037)	(1.084.495)	5.510.944	6.133.493	3.179.611	(6.777.516)	-

- (1) TRY 74.091 Thousand of deferred tax asset is disclosed under the non-interest bearing column in other assets.
(2) TRY 213.513 Thousand of non-performing loans with no specific reserve are disclosed under the non-interest bearing column in other assets.
(3) Shareholders' equity balance is disclosed under the non-interest bearing column.
(4) Funds provided from other financial institutions includes borrowings.

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

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

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

Prior Period	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Non- interest bearing	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	3.012.267	-	-	-	-	458.911	3.471.178
Banks and Financial Institutions	1.151.378	-	-	-	-	10.207	1.161.585
Financial Assets at Fair Value Through Profit and Loss	1.906	242.907	15.179	124.702	87.543	7.935	480.172
Money Market Placements	50.025	-	-	-	-	-	50.025
Financial Assets Available-For- Sale	1.440.363	3.729.176	723.109	1.836.014	688.372	9.974	8.427.008
Loans	8.211.953	1.310.129	3.464.007	3.766.631	652.473	701.996	18.107.189
Held-To-Maturity Investments	5.619.007	512.446	905.967	-	-	-	7.037.420
Other Assets (1) (2)	117.152	3.767	-	-	-	1.235.402	1.356.321
Total Assets	19.604.051	5.798.425	5.108.262	5.727.347	1.428.388	2.424.425	40.090.898
Liabilities							
Bank Deposits	974.981	60.427	-	-	-	13.641	1.049.049
Other Deposits	16.962.177	7.331.654	2.199.706	2.259	-	3.296.066	29.791.862
Money Market Balances	1.366.544	89.945	246.336	-	-	-	1.702.825
Sundry Creditors	6.905	-	-	-	-	345.422	352.327
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	818.668	252.154	200.476	384.907	108.079	215.080	1.979.364
Other Liabilities (3)	58.309	9.727	22.959	-	-	5.124.476	5.215.471
Total Liabilities	20.187.584	7.743.907	2.669.477	387.166	108.079	8.994.685	40.090.898
Balance Sheet Long Position	-	-	2.438.785	5.340.181	1.320.309	-	9.099.275
Balance Sheet Short Position	(583.533)	(1.945.482)	-	-	-	(6.570.260)	(9.099.275)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
	(583.533)	(1.945.482)	2.438.785	5.340.181	1.320.309	(6.570.260)	-

- (1) TRY 63.924 Thousand of deferred tax asset is disclosed under the non-interest bearing column in other assets.
(2) TRY 13.889 Thousand of non-performing loans with no specific reserve are disclosed under the non-interest bearing column in other assets.
(3) Shareholders' equity balance is disclosed under the non-interest bearing column.
(4) Funds provided from other financial institutions includes borrowings.

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

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

1. Average interest rates applied to monetary financial instruments:

Current Period	EURO	USD	YEN	TRY
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money In Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey	-	-	-	12,25
Due From Other Banks And Financial Institutions (*)	1,90	2,81	-	12,12
Financial Assets At Fair Value Through Profit And Loss	7,43	7,05	-	16,87
Money Market Placements	-	-	-	15,14
Available-For-Sale Financial Assets	5,28	5,85	-	19,45
Loans(**)	8,01	6,87	-	21,31
Held-To-Maturity Investments	5,93	6,54	-	20,11
Liabilities				
Bank Deposits	3,08	-	-	16,35
Other Deposits	3,77	4,34	-	17,17
Money Market Borrowings	-	-	-	16,93
Sundry Creditors	-	-	-	11,89
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	-	-	-	-

Prior Period	EURO	USD	YEN	TRY
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money In Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey	1,80	1,95	-	12,14
Due From Other Banks And Financial Institutions (*)	3,51	4,69	-	16,61
Financial Assets At Fair Value Through Profit And Loss	5,98	5,55	-	18,02
Money Market Placements	-	-	-	15,75
Available-For-Sale Financial Assets	5,40	6,37	-	18,38
Loans(**)	6,74	6,80	2,10	21,10
Held-To-Maturity Investments	5,73	6,14	-	17,45
Liabilities				
Bank Deposits	-	5,15	-	16,38
Other Deposits	2,12	3,90	-	15,63
Money Market Borrowings	-	-	-	16,32
Sundry Creditors	-	-	-	11,38
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	-	-	-	-

(*) Interest rates are calculated using weighted average method for money placement amounts as of balance sheet date.

(**) Interest rates are calculated using weighted average method for loans given as of balance sheet date. Calculated rates may vary from Bank's announced interest rates.

(***) As of December 12, 2008, interest rate given by Central Bank of Turkey to USD and EURO reserve deposits is nil.

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

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

Interest rate sensitivity:

If interest rates were increased by 600 base points in TRY and 200 base points for FC and all other variables were held constant, the Parent Bank's;

- Profit for the year would decrease by TRY 252.907 Thousand. The major factor in this change is due to the liabilities of the Parent Bank with variable interest rates (2007: TRY 9.860 Thousand increase).
- The Shareholders' equity would decrease by TRY 80.214 Thousand. The major factor in this change is due to the market value of government bonds held in available for sale portfolio (2007: TRY 545.675 Thousand decrease).
- Through these calculations, the value loss related to held for sale investments are presented in shareholder's equity instead of profit and loss.

VII. EXPLANATIONS RELATED TO THE CONSOLIDATED LIQUIDITY RISK

Liquidity risk occurs when there is insufficient cash or cash inflows to meet the cash outflows fully and timely. Liquidity risk may also occur when the market penetration is not adequate, when the open positions cannot be closed immediately at the suitable prices in sufficient amounts due to barriers and break-ups in the markets.

Domestic and foreign markets are used to meet liquidity need. Low levels of liquidity needs provides an easy access for borrowing from the Turkish Republic Central Bank, Istanbul Stock Exchange, Interbank Money Market, Clearing Bank and other markets. The Parent Bank's low ratios of bank deposits and foreign currency deposits compared to other commercial banks, with the similar balance sheet total, is an indication of having a bigger share from the market when needed. Available money market debts from the foreign market, Eurobonds held in portfolio are important potential resources of the Parent Bank.

When funding and liquidity sources are considered, the Parent Bank covers majority of its liquidity need through deposits. In addition, securities portfolio is mainly composed of held to maturity securities.

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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 (3)	Total	
Assets								
Cash (Cash in TRY, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	634.565	767.644	1.345.744	255.975	5.030	-	341	3.009.299
Banks and Financial Institutions	72.512	2.046.822	-	-	-	-	-	2.119.334
Financial Assets at Fair Value Through Profit and Loss	-	680	1.782	53.566	49.751	8.124	862	114.765
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-For-Sale	-	8.657	158.519	929.066	971.943	280.389	11.328	2.359.902
Loans	913.679	3.810.747	2.986.061	8.929.759	7.221.125	1.761.414	-	25.622.785
Held-To-Maturity Investments	-	197.157	220.048	1.483.986	10.089.114	3.868.577	-	15.858.882
Other Assets (2)	187.799	887	98	3	78.288	-	1.645.836	1.912.911
Total Assets	1.808.555	6.832.594	4.712.252	11.652.355	18.415.251	5.918.504	1.658.367	50.997.878
Liabilities								
Bank Deposits	142.378	1.122.304	-	-	-	-	-	1.264.682
Other Deposits	3.851.681	22.659.027	10.331.299	2.163.959	466	-	-	39.006.432
Funds Provided From Other Financial Institutions	517.065	66.218	187.526	553.846	720.927	691.771	-	2.737.353
Money Market Balances	-	1.756.673	472.346	161.425	-	-	-	2.390.444
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	429.606	12.446	-	-	-	-	-	442.052
Other Liabilities (1)	824.559	113.794	5.591	8	22.153	-	4.190.810	5.156.915
Total Liabilities	5.765.289	25.730.462	10.996.762	2.879.238	743.546	691.771	4.190.810	50.997.878
Liquidity Gap	(3.956.734)	(18.897.868)	(6.284.510)	8.773.117	17.671.705	5.226.733	(2.532.443)	-
Prior Period								
Total Assets	1.380.126	5.361.525	3.518.672	9.339.920	14.467.961	4.926.146	1.096.548	40.090.898
Total Liabilities	4.782.132	19.352.413	7.594.585	2.882.247	803.653	436.350	4.239.518	40.090.898
	(3.402.006)	(13.990.888)	(4.075.913)	6.457.673	13.664.308	4.489.796	(3.142.970)	-

- (1) Shareholders' equity is disclosed under the undistributed column.
- (2) 213.513 Thousand of non-performing loans with no specific provision, is disclosed in other assets.
- (3) Other asset items which are not expected to be converted in to cash in short term but required for continuation of banking operations like tangible and intangible assets, office supply inventory, associates and subsidiaries, office supplies, prepaid expenses, deferred tax asset and receivables from NPL and other long term assets is shown in this section.
- (4) Funds provided from other financial institutions includes borrowings.

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

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

Analysis of financial liabilities by remaining contractual maturities:

As of December 31, 2008	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Liabilities							
Deposits	27.936.638	10.517.345	2.232.509	495	-	(415.873)	40.271.114
Funds Provided From							
Other Financial							
Institutions	595.930	192.483	609.098	913.527	878.072	(451.757)	2.737.353
Money Market Borrowings	1.762.586	639.118	-	-	-	(11.260)	2.390.444
Securites Issued	-	-	-	-	-	-	-
Sundry creditors	442.052	-	-	-	-	-	442.052
Total	30.737.206	11.348.946	2.841.607	914.022	878.072	(878.890)	45.840.963

As of December 31,2007	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Liabilities							
Deposits	21.345.774	7.532.709	2.272.980	2.464	-	(313.016)	30.840.911
Funds Provided From							
Other Financial							
Institutions	398.972	118.683	290.217	990.697	551.627	(370.832)	1.979.364
Money Market							
Borrowings	1.204.709	93.356	430.203	-	-	(25.443)	1.702.825
Securites Issued	-	-	-	-	-	-	-
Sundry creditors	352.327	-	-	-	-	-	352.327
Total	23.301.782	7.744.748	2.993.400	993.161	551.627	(709.291)	34.875.427

In accordance with the Communiqué on the “Measurement and Assessment of Liquidity of the Banks” published in the Official Gazette dated 1 November 2006 No. 26333, beginning from 1 June 2007 liquidity ratio of the banks on a weekly and monthly basis should not be less than 80% for foreign currency denominated assets and liabilities, and for total assets and liabilities it should not be less than 100%. Liquidity ratios as at 31 December 2008 and 2007 are presented below:

	Current Period				Prior Period			
	First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)		First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)	
	FC	TRY+FC	FC	TRY+FC	FC	TRY+FC	FC	TRY+FC
Average	264,74	354,13	140,49	157,92	306,45	410,54	156,52	176,69
Maximum	355,59	451,09	192,54	193,99	384,25	483,22	189,55	191,87
Minimum	186,43	258,30	114,56	135,43	229,06	321,20	141,58	158,97

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

Analysis of Parent Bank's derivative financial instruments according to their remaining maturities:

Current Period:

As of December 31, 2008	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Forward foreign currency transactions-buy	58.623	3.095	578	-	-	62.296
Forward foreign currency transactions-sell	58.154	3.157	599	-	-	61.910
Foreign currency swap transactions-buy	510.405	167.592	-	-	-	677.997
Foreign currency swap transactions-sell	485.582	148.162	-	-	-	633.744
Interest rate swap transactions-buy	-	-	-	460.754	-	460.754
Interest rate swap transactions-sell	-	-	-	410.046	-	410.046
Total	1.112.764	322.006	1.177	870.800	-	2.306.747

Previous Period:

As of December 31, 2007	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Forward foreign currency transactions-buy	1.521	-	508	-	-	2.029
Forward foreign currency transactions-sell	1.547	-	469	-	-	2.016
Foreign currency swap transactions-buy	719.422	-	-	-	-	719.422
Foreign currency swap transactions-sell	735.354	-	-	-	-	735.354
Interest rate swap transactions-buy	-	-	84.940	394.400	-	479.340
Interest rate swap transactions-sell	-	-	86.875	455.310	-	542.185
Total	1.457.844	-	172.792	849.710	-	2.480.346

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

VIII. EXPLANATIONS RELATED TO BUSINESS SEGMENTATION

The Parent Bank's operations are grouped under the corporate, commercial, consumer and entrepreneur and treasury/investment banking categories. Branches are grouped considering the information above and are scaled according the classification shown in the table below, with the classification reflected to the head office and branches.

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

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

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

Individual customers are real entities without having any commercial or professional purposes other than their individual demands in the Parent Bank's application.

Other customers are referred to as associations, organizations, trade unions, foundations, societies, building managements, parent-teacher associations and similar institutions that are not included in the afore-mentioned classification.

The following are the services provided the Parent Bank to all of its customers:

- Accepting deposits,
- Issuing of cash, noncash loans,
- All kinds of reimbursements and cash receipt operations, including cash and deposit reimbursements, fund transfers, correspondent banking transactions and use of checking accounts,
- Purchasing cheques and bank bills,
- Performing custody services,
- Issuing payment instruments such as; credit cards, cash cards and travel cheques, and performing related transactions,
- Including spot transactions, foreign exchange transactions, trading of money market securities, bullion trading and/or performing the related custody services,
- Trading of forward transaction agreements, option agreements and financial instruments with more than one derivative instrument and performing the related intermediary services based on the economic and financial indicators, capital markets instruments, commodities, precious metals and exchange rates,
- Assuming guarantee transactions such as; warranties and other liabilities in favor of others,
- Having intermediary transactions on Interbank money transfer, Insurance agency services,
- Rendering insurance agency transactions,
- Acting as a market maker in trade operations in accordance with liabilities assumed within the context of the agreement composed by the Turkish Treasury and/or Central Bank and associations,
- Trading capital market instruments and performing repurchase and reverse repo transactions,
- Acting as an intermediary in the sale process of capital market instruments by means of issuing instruments or through a public offering ,
- Trading the capital market instruments issued for the purpose of performing intermediary services.

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

VIII. EXPLANATIONS RELATED TO 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 December 31, 2008 are presented in the table below:

	Corporate	Commercial	Entrepreneur	Treasury / Investment	Total
OPERATING INCOME / EXPENSES					
Interest Income	274.998	250.987	3.168.954	3.097.992	6.792.931
Interest on loans	274.974	250.919	3.155.363	92.207	3.773.463
Interest income on marketable securities	-	-	-	2.775.831	2.775.831
Interest received from banks	-	-	3.873	207.765	211.638
Other interest income	24	68	9.718	22.189	31.999
Interest Expense	423.050	165.711	3.702.253	375.679	4.666.693
Interest on deposits	419.991	153.124	3.661.932	98.779	4.333.826
Interest on borrowings	3.052	11.498	7.423	51.275	73.248
Interest on money market Borrowings	-	-	-	224.232	224.232
Other interest expense	7	1.089	32.898	1.393	35.387
Net Interest Income/(Expense)	(148.052)	85.276	(533.299)	2.722.313	2.126.238
Net Fees and Commissions Income	14.507	19.767	330.605	5.389	370.268
Net Trading Profit / (Loss)	5.545	124.503	280.469	(604.086)	(193.569)
Dividend Income	-	-	-	32.399	32.399
Other Income	1.751	18.971	255.657	91.178	367.557
Loans and Other Receivables Impairment	-	-	-	-	-
Loss Provisions.	2.414	21.545	212.893	199.439	436.291
Other Expenses	11.555	31.272	421.848	537.561	1.002.236
Income Before Taxes	(140.218)	195.700	(301.309)	1.510.193	1.264.366
Income Tax Provision	-	-	-	(248.069)	(248.069)
Net Profit for the Period (*)	(140.218)	195.700	(301.309)	1.262.124	1.016.297
SEGMENT ASSETS					
Marketable Securities	-	-	-	18.333.549	18.333.549
Banks and Other Financial Institutions	-	-	-	2.119.334	2.119.334
Associates and Subsidiaries (net)	-	-	-	226.655	226.655
Loans	3.175.814	2.497.401	19.644.530	518.553	25.836.298
Other Assets	393	6.832	301.675	4.173.142	4.482.042
TOTAL ASSETS	3.176.207	2.504.233	19.946.205	25.371.233	50.997.878
SEGMENT LIABILITIES					
Deposits	3.679.197	2.025.931	31.441.419	3.124.567	40.271.114
Derivative Financial Liabilities Held for Trading	-	-	-	22.246	22.246
Money Market Balances	-	-	-	2.390.444	2.390.444
Borrowing Funding Loans	100.985	135.013	82.320	1.203.481	1.521.799
Other Liabilities	32.641	74.640	1.438.232	311.463	1.856.976
Provisions	8.180	7.781	96.153	632.375	744.489
Shareholders' Equity	-	-	-	4.190.810	4.190.810
TOTAL LIABILITIES	3.821.003	2.243.365	33.058.124	11.875.386	50.997.878
OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS					
Guaranties and Suretyships	3.838.057	1.159.743	3.282.982	4.764.112	13.044.894
Letters of Credit	9.991	43.948	1.488.465	2.500.481	4.042.885
Derivative Financial Instruments	-	-	-	2.263.157	2.263.157

(*) Net fund transfer pricing amounts are not included in the calculation of net profit for the period. When the fund transfer pricing amounts TRY 242.256 Thousand, TRY 1.400 Thousand, TRY 1.985.030 Thousand and TRY -2.228.686 Thousand respectively are included in the calculation, the net profit for the period is TRY 102.038 Thousand, TRY 197.100 Thousand, TRY 1.683.721 Thousand and TRY- 964.544 Thousand for Corporate Branches, Commercial Branches, Entrepreneur Branches and Treasury/Investment Department respectively.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2008

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

IX. EXPLANATIONS RELATED TO PRESENTATION OF CONSOLIDATED FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	46.289.181	35.277.288	46.164.323	35.107.235
Money Market Placements	-	50.025	-	50.005
Banks	2.119.334	1.161.585	2.119.162	1.161.394
Financial Assets Held for Trading	114.765	480.172	114.765	480.172
Available for Sale Financial Assets	2.359.902	8.427.008	2.359.902	8.427.008
Held-to Maturity Investments	15.858.882	7.037.420	15.880.539	6.990.516
Loans	25.836.298	18.121.078	25.689.955	17.998.140
Financial Liabilities	43.450.519	33.172.602	43.466.103	33.203.701
Deposits	40.271.114	30.840.911	40.253.192	30.871.392
Funds Provided From Other Financial Institutions	2.737.353	1.979.364	2.770.898	1.980.004
Securities Issued	-	-	-	-
Sundry Creditors	442.052	352.327	442.013	352.305

The methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

i- The fair value of the held to maturity assets is determined by market prices, when the market prices are not available, quoted market prices of other marketable securities which are subject to redemption with same terms of interest, maturity and other similar conditions have been used.

ii- While calculating the fair value of the available for sale assets, the market prices are considered. In case of the price being not determined in active market conditions, the discounted amount based on IRR methodology is used as fair value.

iii- The applicable interest rates as of balance sheet date are used in the calculation of fair value of money market placements, banks, loans, deposits, funds provided from other financial institutions and sundry creditors.

X. EXPLANATIONS RELATED TO TRANSACTIONS MADE ON BEHALF OF OTHERS AND 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.

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS**I. EXPLANATIONS AND NOTES TO THE CONSOLIDATED ASSETS**

(1) a) Cash and balances with the Central Bank:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	152.014	59.922	156.137	73.348
Balances with the Central Bank of Turkey	1.542.354	1.254.978	2.389.597	852.072
Other	-	31	-	24
Total	1.694.368	1.314.931	2.545.734	925.444

b) Information on the account of the Central Bank of Turkey:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted Demand Deposit (*)	1.542.354	1.254.978	2.389.597	852.072
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Total	1.542.354	1.254.978	2.389.597	852.072

(*) Unrestricted Demand Deposit is composed of required reserves. The interest rate range applied by Central Bank of Turkey to required reserves for TRY is 13,00% - 11,81%, for EUR it is 1,80% - 1,18%, for USD it is 1,15% - 1,95%. As of December 31, 2008, Central Bank of Turkey announced that no interest will be computed for USD end EUR required reserves. (31.12.2007: 11,81% - 13,12% (TRY), 1,73% - 1,80% (EUR); 1,95% - 2,51% (USD)).

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

a) Financial assets at fair value through profit and loss blocked/given as collateral:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Participation Shares	-	-	-	-
Treasury Bills, Government Bonds and Similar Securities	-	-	-	86.053
Other	-	-	-	-
Total	-	-	-	86.053

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

None.

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	-	894	-	51
Swap Transactions	-	78.288	-	6.726
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	79.182	-	6.777

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

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

(3) Information on banks and other financial institutions:

a) Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	25.022	10.673	21.848	93.509
Foreign	26.339	2.057.300	10.220	1.036.008
Branches and Head Office Abroad	-	-	-	-
Total	51.361	2.067.973	32.068	1.129.517

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	1.818.908	817.560	-	-
USD and Canada	197.385	111.125	-	-
OECD Countries (*)	30.935	97.498	-	-
Offshore Banking Regions	-	-	-	-
Other	36.411	20.045	-	-
Total	2.083.639	1.046.228	-	-

(*) OECD countries other than EU countries, USD and Canada.

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

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

a.1. Information on financial assets available-for-sale blocked/given as collateral:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Participation Shares	-	-	-	-
Treasury Bills, Government Bonds and Similar Securities	-	-	286.931	-
Other	-	-	-	-
Total	-	-	286.931	-

a.2. Information on financial assets available-for-sale subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government Bonds	-	-	187.061	-
Treasury Bills	-	-	-	-
Other public sector debt securities (*)	-	-	-	500.376
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	-	-	187.061	500.376

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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)

b) Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	2.352.972	8.417.278
Quoted on a stock exchange	2.352.972	8.417.278
Not quoted	-	-
Share certificates	11.572	10.203
Quoted on a stock exchange	-	-
Not quoted	11.572	10.203
Impairment provision(-)	(4.642)	(473)
Total	2.359.902	8.427.008

(5) Information on loans:

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	66.426	-	45.840	-
Total	66.426	-	45.840	-

b) Information on the first and second group loans and other receivables including restructured or rescheduled loans:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Cash Loans	Loans and Other Receivables
Non-specialized loans	16.844.868	96.583	1.162.525	45.794
Discount notes	869	-	-	-
Export loans	2.499.276	-	45.090	-
Import loans	-	-	-	-
Loans given to financial sector	411.182	-	-	-
International loans	221.985	-	144	-
Consumer loans(*)	4.464.337	-	562.152	160
Credit cards(**)	368.209	-	31.786	-
Precious metals loans	-	-	-	-
Other	8.879.010	96.583	523.353	45.634
Specialized loans	6.274.904	1.189	619.632	118
Other receivables	-	-	-	-
Accruals	532.791	2.253	41.070	1.058
Total	23.652.563	100.025	1.823.227	46.970

(*) Includes TRY 49.094 Thousand of personel loans.

(**) Includes TRY 17.332 Thousand of personnel credit cards.

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

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

c) Loans according to the maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Cash Loans	Loans and Other Receivables
Cash Loans				
Short-Term Loans	11.336.932	1.946	707.186	395
Non-specialized loans	9.333.639	1.675	566.785	299
Specialized loans	1.747.921	227	124.471	87
Other Receivables	-	-	-	-
Accruals	255.372	44	15.930	9
Medium and Long-Term loans	12.315.631	98.079	1.116.041	46.575
Non-specialized loans	7.511.229	94.908	595.739	45.495
Specialized loans	4.526.983	962	495.162	31
Other receivables	-	-	-	-
Accruals	277.419	2.209	25.140	1.049
Total	23.652.563	100.025	1.823.227	46.970

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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	230.326	4.745.765	4.976.091
Housing Loans	1.989	1.958.283	1.960.272
Car Loans	853	43.264	44.117
General Purpose Loans	227.484	2.744.218	2.971.702
Other	-	-	-
Consumer Loans –Indexed to FC	-	1.464	1.464
Housing Loans	-	640	640
Car Loans	-	-	-
General Purpose Loans	-	824	824
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personal Credit Cards-TRY	370.998	-	370.998
With Installments	39.240	-	39.240
Without Installments	331.758	-	331.758
Personal Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans-TRY	3.237	45.857	49.094
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	3.237	45.857	49.094
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRY	17.332	-	17.332
With Installments	2.644	-	2.644
Without Installments	14.688	-	14.688
Personnel Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Account-TRY(Real Person)	58.212	-	58.212
Overdraft Account-FC(Real Person)	-	-	-
Total	680.105	4.793.086	5.473.191

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

TÜRKİYE HALK BANKASI A.Ş.**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2008**

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

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

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

	Short Term	Medium and Long Term	Total
Commercial loans with installment facility-TRY	28.989	308.570	337.559
Business Loans	4.340	139.275	143.615
Car Loans	24.649	169.295	193.944
General Purpose Loans	-	-	-
Other	-	-	-
Commercial loans with installment facility – Indexed to FC	-	-	-
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Commercial loans with installment facility –FC	-	-	-
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TRY	11.665	-	11.665
With Installments	823	-	823
Without Installments	10.842	-	10.842
Corporate Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Account-TRY(Legal Entity)	111.041	-	111.041
Overdraft Account-FC(Legal Entity)	-	-	-
Total	151.695	308.570	460.265

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

f) Loan distribution according to borrowers:

	Current Period	Prior Period
Public	808.493	7.358
Private	24.814.292	18.099.831
Total	25.622.785	18.107.189

g) Domestic and overseas loans:

	Current Period	Prior Period
Domestic loans	25.348.976	16.947.566
Overseas loans	273.809	1.159.623
Total	25.622.785	18.107.189

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	80.146	43.902
Indirect loans granted to subsidiaries and associates	-	-
Total	80.146	43.902

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**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	71.098	35.708
Loans and receivables with doubtful collectibility	46.323	21.018
Uncollectible loans and receivables	920.428	962.127
Total	1.037.849	1.018.853

j) Information on non-performing loans (Net):

j.1. Information on loans and other receivables included in non-performing loans which are restructured or rescheduled:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current period	645	123	60.769
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	645	123	60.769
Prior period	417	32	124.242
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	417	32	124.242

j.2. Information on the movement of non-performing loans:

	III. Group	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 (+)	219.474	23.490	249.044
Transfers from other categories of loans under follow-up (+)	-	75.088	29.778
Transfers to other categories of loans under follow-up (-)	(88.224)	(16.642)	-
Collections (-)	(38.554)	(22.650)	(212.184)
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
CreditCards	-	-	-
Other	-	-	-
Current period end balance	130.433	80.389	1.040.540
Specific provision (-)	(71.098)	(46.323)	(920.428)
Net Balance on Balance Sheet	59.335	34.066	120.112

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

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

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

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

None.

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful	Uncollectible loans and receivables
Current Period (Net)	59.335	34.066	120.112
Loans to Real Persons and Legal Entities (Gross)	129.200	80.389	1.012.252
Specific Provisions (-)	(69.865)	(46.323)	(892.140)
Loans to Real Persons and Legal Entities (Net)	59.335	34.066	120.112
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	1.233	-	28.288
Specific Provisions (-)	(1.233)	-	(28.288)
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	2.029	85	11.775
Loans to Real Persons and Legal Entities (Gross)	37.615	21.102	949.759
Specific Provisions (-)	(35.586)	(21.017)	(937.984)
Loans to Real Persons and Legal Entities (Net)	2.029	85	11.775
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	122	1	24.143
Specific Provisions (-)	(122)	(1)	(24.143)
Other Loans and Receivables (Net)	-	-	-

k) Main guidelines of the liquidation policy of the Parent Bank about the uncollectable loans and receivables:

The Parent Bank liquidates its uncollectable receivables in 3 ways, by signing financial restructuring contract under the Law No:4743, by making payment protocols and by presenting adequate repayment schedules for the lower amount of receivables. Within the context of this collection policy, non-performing loans are collected in considerable amounts. Collections are firstly offset against lawsuits and expenses, interest and capital receivables from loans.

The Parent Bank recently collects some of its receivables by acquiring debtor properties in consideration of collaterals given to loans granted. The Parent Bank is also planning to collect its receivables in accordance with the requirements of Law No: 5569 dated on December 27, 2006 through Anadolu Yaklaşımı (protocols for non-performing loans).

Explanations on write-off policy:

In compliance with the “Procedure for Write Off and Procedures for Overdue Receivables for Legal Follow-Up” non performing loans which become unrecoverable as a result of legal follow-up can be written off to prevent additional legal expenses.

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**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)

k) Main guidelines of the liquidation policy of the Parent Bank about the uncollectable loans and receivables: (cont'd)

Aging analysis of past due but not impaired financial assets per classes of financial instruments:

Current Period	Less Than 30 Days	Between 31-60 Days	Between 61-90 Days	Total
Loans and Receivables				
Corporate Loans	16.071	948	-	17.019
SME Loans	119.590	52.736	28.648	200.974
Consumer Loans	2.035	526	337	2.898
Credit Cards	36.463	12.904	2.170	51.537
Other	-	-	-	-
Total	174.159	67.114	31.155	272.428

(*) Loans for which risk does not belong to the Parent Bank are not included.

As at December 31, 2008, the fair value of collaterals held against the past due but not yet impaired loans amounts to TRY 253.624 Thousand. Suretyship and cheque/bills are not considered based on Basel I criterias.

Loans and advances amounting to TRY 12.962.071 Thousand have floating interest rates and TRY 12.874.227 Thousand have fixed interest rates.

Prior Period	Less Than 30 Days	Between 31-60 Days	Between 61-90 Days	Total
Loans and Receivables				
Corporate Loans	2.054	-	-	2.054
SME Loans	63.121	23.456	15.956	102.533
Consumer Loans	1.346	227	169	1.742
Other	-	-	-	-
Total	66.521	23.683	16.125	106.329

(*) Loans for which risk does not belong to the Parent Bank are not included.

As at December 31, 2007, the fair value of collaterals held against the past due but not yet impaired loans amounts to TRY 44.979 Thousand. Suretyship and cheque/bills are not considered based on Basel I criteria.

Loans and advances amounting to TRY 9.019.925 Thousand have floating interest rates and TRY 9.101.153 Thousand have fixed interest rates.

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

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

(6) Information on held-to-maturity investments:

a) Information on held-to-maturity investments blocked/given as collateral or subject to repurchase agreement transactions are explained comparatively with net value.

a.1. Held-to-maturity investments blocked/given as collateral:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Treasury Bills	-	-	-	-
Government Bonds and Similar Securities	1.938.752	103.445	1.733.057	-
Other	-	-	-	-
Total	1.938.752	103.445	1.733.057	-

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Participation Shares	-	-	-	-
Treasury Bills, Government Bonds and Similar Securities	1.951.627	813.008	1.424.253	-
Other	-	-	-	-
Total	1.951.627	813.008	1.424.253	-

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

	Current Period	Prior Period
Government Bonds	15.858.882	7.037.420
Treasury Bills	-	-
Other public sector debt securities	-	-
Total	15.858.882	7.037.420

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	15.874.937	7.147.211
Quoted on a stock exchange	9.982.371	-
Not quoted on a stock exchange	5.892.566	7.147.211
Provision for impairment (-)	(16.055)	(109.791)
Total	15.858.882	7.037.420

d) Movement of held-to-maturity investments within the year:

	Current Period	Prior Period
Beginning balance	7.037.420	11.274.722
Foreign currency differences on monetary assets	298.211	(15.600)
Purchases during the year	9.953.372	457.431
Disposals through sales and redemptions	(1.523.857)	(4.627.397)
Impairment provision (-)	93.736	(51.736)
Closing Balance	15.858.882	7.037.420

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**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)

d.1. Information on accounts in which held-to-maturity securities are recorded:

The breakdown of the held to maturity securities of the Parent Bank is as follows:

	Current Period				Prior Period			
	Historical Cost		Amortized		Historical Cost		Amortized	
	TRY	FC	TRY	FC	TRY	FC	TRY	FC
Obtained from Undersecretariat of Treasury of Republic of Turkey	2.860.914	-	2.896.221	-	3.087.989	-	3.197.719	-
Obtained from Chairmanship of Privatization Administration	-	-	-	-	-	-	-	-
Obtained with the transfer	2.968.719	-	3.190.433	-	3.691.999	-	3.839.701	-
Reclassified from other security portfolios (*)	7.264.687	2.138.231	7.593.316	2.178.912	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	13.094.320	2.138.231	13.679.970	2.178.912	6.779.988	-	7.037.420	-

(*) While paragraph 54 of Turkish Accounting Standards 39-Financial Instruments: Recognition and Measurement as published by Turkish Accounting Standards Board ("TASB") permit reclassification of securities from Available for Sale Portfolio to Held to Maturity Portfolio, with the Communiqué 105, dated October 31, 2008 and published in the Official Gazette 27040, TASB, made an amendment related to Article 50 of Turkish Accounting Standards 39-Financial Instruments: Recognition and Measurement and also permitted the reclassification of securities recognized as Financial Assets at Fair Value Through Profit and Loss Portfolio to Held to Maturity Securities Portfolio. In addition, Turkish Accounting Standards Board declared that all reclassification transactions made subsequent to October 31, 2008, will take effect on the date of such transactions performed. In order to avoid the effect of market fluctuations on securities portfolio, on October 3, 2008 and October 8, 2008, the Parent Bank reclassified TRY 8.961 Million in total; TRY 378 Million from Financial Assets at Fair Value Through Profit and Loss and TRY 8.583 Million from Available for Sale Securities portfolio to Held to Maturity Securities portfolio. Had the reclassification from Financial Assets at Fair Value Through Profit and Loss not been made to Held To Maturity Securities Portfolio, the Parent Bank would have recorded TRY 25.125 Thousand income accrual as at December 31, 2008.

(7) Information on associates (Net):

a) Information on associates:

Description	Address (City/ Country)	Parent Bank's share percentage, if different- voting percentage (%)	Parent Bank's risk group share percentage (%)
1 DEMİRHalkbank N.V.	NETHERLANDS	30,00	30,00
2 HALK FİNANSAL KİRALAMA A.Ş.	İSTANBUL	47,75	47,75
3 KOBİ YATIRIM A.Ş.	ANKARA	31,47	32,26
4 FİNTEK A.Ş.	ANKARA	24,00	29,76
5 ZİRAAT HALK ALTERNATİF DAĞ.KAN.A.Ş.	İSTANBUL	24,00	24,00
6 KKB KREDİ KAYIT BÜROSU A.Ş.	İSTANBUL	18,18	18,18
7 BANKALARARASI KART MERKEZİ A.Ş.	İSTANBUL	18,95	18,95
8 KREDİ GARANTİ FONU İŞLETME VE ARAŞTIRMA A.Ş.	ANKARA	0,01	0,01

Associates presented above excluding Demir Halkbank N.V. are not consolidated in the accompanying consolidated financial statements in accordance with the communiqué on "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette dated November 8, 2006 and numbered 26340, since their individual assets are less than 1% of the Parent Bank's assets and in total less than 5% of the Parent Bank's total assets.

TÜRKİYE HALK BANKASI A.Ş.

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

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

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

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

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income From Marketable Securities		Prior Period Profit/Loss	Fair Value
				Current Period Profit/Loss	Portfolio		
4.673.204	415.318	60.008	79.242	(2.275)	16.080	39.139	739.310
421.281	72.598	14.744	1.333	915	8.612	10.062	58.000
36.616	36.488	240	5.074	-	3.995	3.196	33.292
6.302	3.569	116	419	163	359	349	-
12.669	7.444	882	418	105	4.329	4.911	-
24.925	19.399	1.837	3.266	6	6.693	3.457	-
16.962	13.333	5.734	1.665	-	1.533	1.228	-
84.497	84.036	458	7.776	2	9.318	2.781	-

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

(**) The information above (b) is presented on the basis of the financial data obtained from the December 31, 2008 audited financial statements for Halk Finansal Kiralama A.Ş. and Bankalararası Kart Merkezi A.Ş.; and from the December 31, 2008 unaudited financial statements for the remaining associates.

c) Movement of associates:

	Current Period	Prior Period
Balance at the beginning of the period	145.490	139.539
Movements during the period	19.117	5.951
Additions (*)	2.880	1.647
Bonus shares obtained	-	-
Share in current year income	-	-
Disposals	-	-
Revaluation Decrease (-) / Increase	16.408	(7.937)
Provision for impairment (-) / Cancellations	(171)	12.241
Balance at the end of the period	164.607	145.490
Capital commitments (**)	250	-
Share percentage at the end of the period (%)	-	-

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

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

d) Sectoral information and related carrying amounts of associates:

	Current Period	Prior Period
Banks	122.576	106.168
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	30.536	27.695
Finance Companies	-	-
Other Financial Investments	10.429	10.574

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

None.

TÜRKİYE HALK BANKASI A.Ş.

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

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

(8) Information on subsidiaries (Net):

a) Information on subsidiaries:

Description	Address(City/ Country)	Parent Bank's share percentage, if different-voting percentage (%)	Parent Bank's risk group share percentage (%)
HALK YATIRIM MENKUL DEĞERLER A.Ş.	İSTANBUL	99,93	99,96
BİRLİK SİGORTA A.Ş.	İSTANBUL	82,36	82,36
BİRLİK HAYAT SİGORTA A.Ş.	İSTANBUL	94,40	98,51

Subsidiaries presented above are not consolidated in the accompanying consolidated financial statements in accordance with the communique on "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette dated November 8, 2006 and numbered 26340 since their individual assets are less than 1% of the Parent Bank's assets and in total less than 5% of the Parent Bank's total assets.

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

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair Value
37.095	31.213	559	3.967	8.682	4.123	4.184	34.416
118.264	39.834	1.610	3.864	5.699	6.119	2.958	70.760
101.732	45.373	219	13.856	-	20.482	14.707	87.464

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

(**) The information is presented by referring to the audited financial statements as of December 31, 2008.

c) Table of movement of the subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	57.801	45.977
Movements during the period	4.247	11.824
Additions (**)	4.247	7.380
Bonus shares obtained	-	-
Share in current year income	-	-
Disposals	-	-
Revaluation increase	-	-
Provision for impairment (*)	-	4.444
Balance at the end of the period	62.048	57.801
Capital commitments (***)	15.491	-
Share percentage at the end of the period (%)	-	-

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

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

(***) In the current period, the Parent Bank has TRY15.491 Thousand of capital commitment for its subsidiary Birlik Sigorta A.Ş.

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

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

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

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

e) Subsidiaries quoted in the stock exchange:

None.

(9) Information on joint ventures:

None.

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

None.

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

None.

(12) Information on tangible assets:

	Balance at the end of the prior period	Current Year Additions	Current Year Disposals	Transfers	Balance at the end of the period
Cost:					
Immovables	657.530	268.015	(834)	(25.192)	899.519
Tangible Assets gained by Financial Lease	120.230	1.072	(11.916)	-	109.386
Office Machines	150.793	22.840	(34.651)	-	138.982
Fixed Assets Obtained for Non- Performing Loans	85.546	93.976	(4.674)	(69.238)	105.610
Other	223.560	19.718	(22.965)	-	220.313
Total Cost	1.237.659	405.621	(75.040)	(94.430)	1.473.810
Accumulated Depreciation:					
Immovables	182.532	13.020	-	(3.506)	192.046
Tangible Assets gained by Financial Lease	95.726	9.160	(10.916)	-	93.970
Office Machines	124.392	13.127	(31.783)	-	105.736
Fixed Assets Obtained for Non- Performing Loans	1.938	2.113	(104)	(250)	3.697
Other	188.304	7.785	(16.642)	-	179.447
Total Accumulated Depreciation	592.892	45.205	(59.445)	(3.756)	574.896
Provision for Impairment (-)					
Immovables	2.754	3.576	-	(96)	6.234
Tangible Assets gained by Financial Lease	-	-	-	-	-
Office Machines	-	-	-	-	-
Fixed Assets Obtained for Non- Performing Loans	471	953	-	(388)	1.036
Other	-	-	-	-	-
Total Provision for Impairment (-)	3.225	4.529	-	(484)	7.270
Net Book Value	641.542	355.887	(15.595)	(90.190)	891.644

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

(13) Information on intangible assets:

	Balance at the end of the prior period	Current Year Additions	Current Year Disposals	Transfers	Balance at the end of the period
Cost:					
Leasehold Improvements	35.495	-	-	(35.495)	-
Other Intangible Assets	3.259	41.488	(19.620)	36.485	61.612
Total Cost	38.754	41.488	(19.620)	990	61.612
Accumulated Depreciation:					
Leasehold Improvements	21.168	-	-	(21.168)	-
Other Intangible Assets	801	6.907	(6.011)	21.327	23.024
Total Accumulated Depreciation	21.969	6.907	(6.011)	159	23.024
Provision for Impairment (-)					
Leasehold Improvements	-	-	-	-	-
Other Intangible Assets	-	-	-	-	-
Total Provision for Impairment (-)	-	-	-	-	-
Net Book Value	16.785	34.581	(13.609)	831	38.588

(14) Information on immovables held for investment purposes:

None.

(15) Information on deferred tax assets:

	Current Period Deferred Tax	Prior Period Deferred Tax
Retirement Pay Provision and Unused Vacation Provision	46.979	41.680
Specific Provision for Follow-Up Loans	9.500	-
Net Accrual Expense for Derivative Instruments	-	18.062
Valuation Difference Between Turkish Uniform Chart of Accounts and Tax Procedure Law	23.272	1.507
Provison for Lawsuits against the Parent Bank	2.694	694
Other	3.858	2.676
Total Deferred Tax Assets	86.303	64.619
Amortization Difference Between the Tax Procedure Law and Cominiqué on Accounting Policies	(825)	(695)
Net Accrual Income for Derivative Instruments	(11.387)	-
Deferred Tax Liabilities	(12.212)	(695)
Deferred Tax Asset, Net	74.091	63.924
Deferred Tax Accounted for in Shareholders' Equity		
Available for Sale Securities IRR-FV Difference	3.525	9.530
FC Subsidiaries Hedge Fund Valuation Difference	(8.342)	-

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

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

Table of Movement of Assets Held for Sale	Current Period	Prior Period
Cost	138.753	103.066
Accumulated Depreciation (-)	8.337	12.695
Net Book Value	130.416	90.371
Opening Balance	90.371	54.196
Acquisitions (Transfers)	93.489	76.386
Disposals (-), net	(52.413)	(44.103)
Impairment Charge (-)	(1.031)	3.892
Depreciation Charge (-)	-	-
Closing net book value	130.416	90.371

(17) Information on other assets:

a) Distribution of other assets:

	Current Period	Prior Period
From Credit Card Payments	34.839	10.790
Prepaid Expenses	4.227	3.625
Receivables from Banking Services	3.751	3.269
Clearing Account	98.707	176.769
Cash Guarantees Given	553	3.020
Advances Given	5.548	95
Receivables Pending for Board of Discipline Decision	443	2.822
Collaterals Received for Derivative Instruments	91.020	53.256
Receivables From Asset Sale on Credit Terms	59.166	48.615
Receivables from SDIF	3.986	263
Other	35.764	23.995
Total	338.004	326.519

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**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED
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II. EXPLANATIONS AND NOTES TO THE CONSOLIDATED LIABILITIES

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

a) For deposit banks:

a.1. Current Period:

	7 day call Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and over	Accumulated Deposits	Total
Saving deposits	711.975	-	3.970.910	11.255.000	479.657	165.766	38.883	- 16.622.191
Foreign currency deposits	1.401.444	-	2.960.417	4.287.220	1.798.464	2.056.353	378.551	- 12.882.449
Residents in Turkey	1.379.697	-	2.903.963	4.197.000	492.563	983.316	321.762	- 10.278.301
Residents abroad	21.747	-	56.454	90.220	1.305.901	1.073.037	56.789	- 2.604.148
Public Sector Deposits	530.507	-	232.742	621.506	2.451	50.912	91	- 1.438.209
Commercial Inst. Deposits	984.788	-	1.351.783	2.662.733	286.794	21.005	882	- 5.307.985
Other Inst. Deposits	222.967	-	294.695	1.410.797	74.669	386.784	631	- 2.390.543
Precious Metals	-	-	-	-	-	-	-	-
Interbank Deposits	142.378	-	1.069.161	51.181	-	-	-	- 1.262.720
Central Bank of Turkey	-	-	-	-	-	-	-	-
Domestic Banks	14.596	-	898.130	51.181	-	-	-	- 963.907
Foreign Banks	15.282	-	171.031	-	-	-	-	- 186.313
Participation Banks	112.500	-	-	-	-	-	-	- 112.500
Other	-	-	-	-	-	-	-	-
Accruals	36.813	-	90.278	187.002	24.352	24.710	3.862	- 367.017
Total	4.030.872	-	9.969.986	20.475.439	2.666.387	2.705.530	422.900	- 40.271.114

a.2. Prior Period:

	7 day call Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and over	Accumulated Deposits	Total
Saving deposits	597.244	-	2.743.218	8.921.839	937.003	197.119	32.092	- 13.428.515
Foreign currency deposits	1.208.215	-	1.897.264	3.378.297	831.830	937.606	276.239	- 8.529.451
Residents in Turkey	1.189.410	-	1.469.951	2.463.590	433.932	694.316	258.753	- 6.509.952
Residents abroad	18.805	-	427.313	914.707	397.898	243.290	17.486	- 2.019.499
Public Sector Deposits	394.029	-	415.355	468.943	5.935	2.426	20.067	- 1.306.755
Commercial Inst. Deposits	869.519	-	633.475	1.886.582	286.367	5.214	1.177	- 3.682.334
Other Inst. Deposits	227.059	-	192.992	1.455.720	600.607	89.563	8.230	- 2.574.171
Precious Metals	-	-	-	-	-	-	-	-
Interbank Deposits	13.641	-	974.908	60.000	-	-	-	- 1.048.549
Central Bank of Turkey	-	-	-	-	-	-	-	-
Domestic Banks	2.293	-	974.863	60.000	-	-	-	- 1.037.156
Foreign Banks	11.340	-	-	-	-	-	-	- 11.340
Participation Banks	8	-	45	-	-	-	-	- 53
Other	-	-	-	-	-	-	-	-
Accruals	29.355	-	61.352	142.899	23.608	10.926	2.996	- 271.136
Total	3.339.062	-	6.918.564	16.314.280	2.685.350	1.242.854	340.801	- 30.840.911

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

II. EXPLANATIONS AND NOTES TO THE CONSOLIDATED LIABILITIES (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	8.317.033	7.277.639	8.276.019	6.126.849
Foreign Currency Saving Deposits	2.059.286	2.065.651	3.581.684	2.546.270
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at foreign branches and under the guarantee of foreign authorities' insurance	34.185	29.752	-	-
Deposits at off-shore banking regions' and under foreign authorities' insurance	-	-	-	-
Total	10.410.504	9.373.042	11.857.703	8.673.119

The Parent Bank made Saving Deposits Insurance Funds premium payments as half of the 0.15% of the calculated liability in accordance with the amended article published in the Official Gazette dated October 5, 2002 and numbered 24897 of the Communiqué on the “Mergers and Takeovers Attributable To Banks”, which was published in the Official Gazette numbered 24445 on July 27, 2001. This amended article denotes that “Conditional to all merged or takeover banks’ authority to accept deposits, based on the authorization given in Clause 6 in Article 15 of the Banking Act No: 4389, insurance premium liability of the taken-over bank or newly established bank merged by the combination of more than one bank is paid for two years starting from the Council’s degree of the publishment date in the Official Gazette, which grants the authorization to companies merge or takeover as per the paragraph in the additional decree No: 2000/862 issued on June 1, 2000 stating that “Half of the rates defined in Article 4 of the Decree on Saving Deposits Under Insurance Guarantee and Premiums To Be Collected by the Saving Deposits Insurance Fund are applied”. Based on this expression, the payment was realized on half of fifteen per ten thousand of the calculated liability amount in 2005 and as at September 30, 2006. This exception was ended as of November 2006 and the Parent Bank started to pay Saving Deposits Insurance Fund Premiums by using 0.15% rate without incurring any additional penalty rates starting from 2006 year-end.

b.1.2. Saving deposits at foreign branches are excluded from the scope of Saving Deposits Insurance Fund according to the related legislation, and are subject to insurance of foreign authorities in compliance with the foreign legislations.

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FINANCIAL STATEMENTS (cont'd)****II. EXPLANATIONS AND NOTES TO THE CONSOLIDATED LIABILITIES (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	193.415	158.648
Deposits of ultimate shareholders and their close families	-	-
Deposits of chairman and members of the Board of Directors and their close families	1.746	403
Deposits obtained through illegal acts defined in the 282nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	-	474	-	37
Swap Transactions	-	21.772	32.799	64.252
Future Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	22.246	32.799	64.289

(3) a) Banks and Other Financial Institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Borrowings from Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	124.292	90.099	99.546	53.907
Foreign Banks, Institutions and Funds	78.003	1.229.405	287.307	496.268
Total	202.295	1.319.504	386.853	550.175

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term	124.292	335.626	99.546	53.907
Medium and Long-Term	78.003	983.878	287.307	496.268
Total	202.295	1.319.504	386.853	550.175

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**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED
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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 41% of saving deposits and 32% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Parent Bank borrows loans from interbank money markets. The Parent Bank can borrow loans from overseas institutions especially used in the financing of personal loans at assets. There are funds obtained from the Ministry of Industry and Trade especially for constructing small industrial estates and organized industrial estates.

Parent Bank's 21,83% of banks deposits and 33,34% of other deposits consist of foreign currency deposits.

Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From domestic transactions	1.686.174	-	1.275.311	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	1.646.692	-	1.159.713	-
Real persons	39.482	-	115.598	-
From overseas transactions	576	683.795	427	411.740
Financial institutions and organizations	-	683.795	-	411.740
Other institutions and organizations	-	-	-	-
Real persons	576	-	427	-
Accruals	11.076	8.823	10.549	4.798
Total	1.697.826	692.618	1.286.287	416.538

(4) Explanations to the funds:

Funds are granted as loans in conformity with the protocols between the Parent Bank and fund owner ministry or institutions. These funds include funds from the Ministry of Industry and Trade, Treasury Natural Disasters Credit Fund, Undersecretariat of Treasury and Foreign Trade Funds, Turkish Treasury Incentive Certificated SMEs Credit Fund, Housing Development Administration Fund and other funds.

a) Maturity Structure of Funds:

Current Period		Prior Period	
Short-term	Long-term	Short-term	Long-term
83.382	1.132.172	4.888	1.037.448

(5) Information on Other Liabilities:

Other liabilities balance in the balance sheet amounts to TRY 199.086 Thousand and does not exceed 10% of the balance sheet total. (December 31, 2007: TRY 274.700 Thousand)

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

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

(6) Information on Finance Lease Payables (Net):

- a) The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the Parent Bank:

In the financial lease agreements, installments are based on useful life, usage periods and provisions of the Tax Procedural Code.

b) Explanation on finance lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less Than 1 Year	284	-	5.557	-
Between 1-4 Years	-	-	-	-
More Than 4 Years	-	-	-	-
Total	284	-	5.557	-

c) Explanations regarding operational leases:

None.

(7) Information on derivative financial liabilities for hedging purposes:

None.

(8) Explanations on Provisions:

a) Information on General Provisions:

	Current Period	Prior Period
General Provisions	225.806	138.506
Allocated for Group- I loans and receivables	179.737	118.578
Allocated for Group- II loans and receivables	27.976	10.439
Allocated for non-cash loans	18.093	9.485
Other	-	4

b) Foreign exchange loss provisions on the foreign currency indexed loans and finance lease receivables:

None.

c) Specific provisions provided for unindemnified non-cash loans:

The Parent Bank's specific provisions for unindemnified non-cash loans balance is TRY 48.027 Thousand as of December 31, 2008 at a rate of 50% for non-cash loans. TRY 15.185 Thousand of the related provision has been allocated for non-cash loans of companies of which cash loans are transferred to the Saving Deposits Insurance Fund in accordance with and the protocol designed based on the Act No: 5230 and the related provision is managed by the SDIF.

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**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED
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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 147.544 Thousand consists of TRY 48.027 Thousand specific provisions for unindemnified non cash loans and TRY 99.517 Thousand of provision is set for legal cases against the Parent Bank, SDIF premium, expenditure bonuses accumulated on credit cards provided by the Parent Bank, other provision and provision for possible risks.

Provision of TRY 22.571 Thousand has been set for prudence in consideration with any changes that may arise in the economy and the market.

d.1. Movement of employee termination benefits:

	Current Period	Prior Period
As of January 1	159.314	145.095
Charge for the year	10.379	9.495
Interest cost	16.940	15.564
Actuarial gain (loss)	18.869	3.229
Benefits paid	(27.178)	(14.069)
Total	178.324	159.314

(*) As of 31.12.2008, the Parent Bank has TRY 56.569 Thousand unused vacation provision. The related provision is followed under employee benefits provision under liabilities. (2007: TRY 49.087 Thousand)

e) Liabilities on pension rights:

e.1. Liabilities for pension funds established in accordance with "Social Security Institution":

None.

e.2. Liabilities resulting from all kinds of pension funds, foundations etc. which provide post retirement benefits for the employees:

None.

(9) Explanations related to tax liabilities:

a) Information on current tax liability:

As of December 31, 2008, the Parent Bank's corporate tax provision is TRY 243.239 Thousand which is offset against TRY 225.902 of temporary tax paid within the current period. Therefore, the remaining corporate tax payable is TRY 17.337 Thousand.

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

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

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

a.1. Information on tax provision:

As of December 31, 2008, the Parent Bank's corporate tax provision is TRY 243.239 Thousand.
For the fourth temporary taxation period, corporate tax payable is TRY 17.337 Thousand.

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	17.337	79.958
Income on Securities Tax	85.602	55.070
Property Income Tax	246	155
Banking and Insurance Transactions Tax (BITT)	16.160	12.345
Foreign Exchange Transactions Tax	-	631
Value Added Tax Payable	81	45
Other	11.339	7.996
Total	130.765	156.200

a.3. Information on premiums:

	Current Period	Prior Period
Social Insurance Premiums-Employee	5	6
Social Insurance Premiums-Employer	7	9
Bank Social Aid Pension Fund Premium-Employee	2.112	1.296
Bank Social Aid Pension Fund Premium-Employer	2.912	1.806
Pension Fund Membership Fees-Employee	-	-
Pension Fund Membership Fees-Employer	-	-
Unemployment insurance-Employee	-	-
Unemployment insurance-Employer	-	-
Other	445	286
Total	5.481	3.403

b) Explanations regarding deferred tax liability:

None.

(10) Information on liabilities regarding assets held for sale and discontinued operations:

None.

(11) Explanations on the number of subordinated loans the Parent Bank used, maturity, interest rate, institutions that the loan was borrowed from, and conversion option, if any:

None.

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

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

(12) Information on Shareholders' Equity:

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	1.250.000	1.250.000
Preferred stock	-	-

b) Application of registered capital system and registered capital ceiling amount:

	Capital System	Paid-in capital	Ceiling
Registered Capital System	-	-	-

c) Information on share capital increases and their sources; other information on increased capital shares in the current period:

None.

d) Information on additions from capital reserves to capital in the current period:

None.

e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments:

None.

f) Indicators of the Parent Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Parent Bank's equity due to the uncertainty of these indicators:

The Parent Bank has sustainable profitability structure, equity structure related to the profitability is improving and there are no uncertainties considered that would effect this situation.

g) Information on preferred shares:

None.

h) Information on Marketable Securities Revaluation Fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Subsidiaries, Associates and Joint Ventures	-	-	-	-
Revaluation difference	(7.011)	(106.026)	37.841	7.392
Exchange rate difference	-	-	-	-
Total	(7.011)	(106.026)	37.841	7.392

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

(12) Information on Shareholders' Equity: (cont'd)

i) Information on legal reserves:

	Current Period	Prior Period
First legal reserves	172.756	117.045
Second legal reserves	261.212	179.908
Other legal reserves appropriated in accordance with special legislation	703	680
Total	434.671	297.633

j) Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	333.180	159.859
Retained earnings	47.181	47.181
Accumulated losses	-	-
Foreign currency translation	(14.442)	(37.174)
Total	365.919	169.866

(13) Information on minority shares:

None.

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

(1) Information On Off-Balance Sheet Liabilities:

a) Amount and nature of irrevocable loan commitments:

Types of Irrevocable Commitments	Current Period	Prior Period
	31 December 2008	31 December 2007
Credit card expenditure limit commitments	1.854.559	1.270.617
Two days forward foreign exchange buy/sell transactions	626.948	365.055
Other irrevocable commitments	17.242	17.918
Capital commitments to subsidiaries and associates (*)	15.741	250
Allocation commitments of used non-cash loans	258.131	172.223
Tax and fund dues from export commitments	6.739	6.664
Payment commitments for cheques	1.260.306	1.275.142
Total	4.039.666	3.107.869

(*) In the current period, the Parent Bank has TRY 250 Thousand and TRY 15.491 Thousand of capital commitment for its subsidiaries, Gelişim İşletmeleri Piyasaları A.Ş. and Birlik Sigorta A.Ş., respectively.

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

b.1. Non - cash loans including bank bill guarantees and acceptances, guarantees substituting financial guarantees and other letters of credit:

	Current Period	Prior Period
	31 December 2008	31 December 2007
Bank acceptance loans	78.257	31.969
Letters of credit	1.780.112	677.116
Other guarantees	27.284	13.346
Total	1.885.653	722.431

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

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

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

b) Amount and Structure of Probable Losses and Commitments from the off-balance sheet items including the below mentioned: (cont'd)

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

	Current Period	Prior Period
Bid bonds	258.856	145.513
Performance bonds	1.986.780	1.552.988
Letters of advance guarantees	938.164	271.033
Letters of guarantee given to customs offices	142.023	63.075
Other letters of guarantee	1.527.376	1.010.039
Total	4.853.199	3.042.648

b.3. Total Non-cash loans:

	Current Period	Prior Period
Non-cash loans for providing cash loans	141.348	115.578
Within one year or less original maturity	-	-
Within more than one year maturity	141.348	115.578
Other non-cash loans	6.597.504	3.649.501
Total	6.738.852	3.765.079

b.4. Non cash loans sectoral risk concentrations:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	8.872	0,35	58.916	1,40	9.865	0,58	1.228	0,06
Farming and Raising Livestock	7.452	0,29	58.819	1,40	7.444	0,44	1.074	0,05
Forestry	565	0,02	22	0,00	1.357	0,08	18	0,00
Fishery	855	0,03	75	0,00	1.064	0,06	136	0,01
Industry	820.255	32,23	2.286.996	54,53	579.882	33,97	859.423	41,76
Mining and Quarry	19.690	0,77	28.123	0,67	21.069	1,23	3.104	0,15
Manufacturing	688.731	27,07	2.109.083	50,29	486.939	28,53	811.677	39,44
Electricity, Gas and Water	111.834	4,39	149.790	3,57	71.874	4,21	44.642	2,17
Construction	756.062	29,71	968.046	23,08	375.462	22,00	248.538	12,08
Service	921.018	36,19	870.348	20,75	702.715	41,17	702.225	34,12
Wholesale and Retail Trade	515.076	20,24	239.157	5,70	424.906	24,89	165.523	8,04
Hotel and Food Services	12.863	0,51	4.039	0,10	22.373	1,31	56.347	2,74
Transportation and Communication	30.052	1,18	30.900	0,74	7.747	0,45	2.570	0,12
Financial Institutions	298.377	11,73	432.048	10,30	45.298	2,65	28.334	1,38
Real Estate and Leasing Services	54.374	2,14	43.039	1,03	191.570	11,22	96.840	4,71
Self-employment	3.650	0,14	280	0,01	2.148	0,13	3.482	0,17
Educational Services	2.221	0,09	1.031	0,02	6.284	0,37	348.914	16,95
Health and Social Services	4.405	0,17	119.854	2,86	2.389	0,14	215	0,01
Other	38.461	1,51	9.878	0,24	39.037	2,29	246.704	11,99
Total	2.544.668	100,00	4.194.184	100,00	1.706.961	100,00	2.058.118	100,00

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

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

- (1) Information On Off-Balance Sheet Liabilities: (cont'd)
- b) Amount and Structure of Probable Losses and Commitments from the off-balance sheet items including the below mentioned: (cont'd)
- b.5. Non-cash loans classified in Group I and II:

	Group I		Group II	
	TRY	FC	TRY	FC
Non-cash loans	2.482.948	4.179.298	61.720	14.886
Letters of Guarantee	2.461.836	2.315.003	61.720	14.640
Bill Guarantees and Acceptances	-	78.024	-	233
Letters of Credit	-	1.780.099	-	13
Endorsements	-	-	-	-
Purchase Guarantees on Marketable Security	-	-	-	-
Underwritings	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Suretyships	21.112	6.172	-	-

c) Information on derivative financial instruments:

	Derivative transactions according to purposes			
	Trading		Hedging	
	Current Period	Prior Period	Current Period	Prior Period
Types of trading transactions				
Foreign currency related derivative transactions (I)	1.435.947	1.458.821	-	-
Forward Foreign Currency Buy/Sell Transactions	124.206	4.045	-	-
Currency Buy/Sell Swap	1.311.741	1.454.776	-	-
Currency Futures	-	-	-	-
Currency Put/Call Options	-	-	-	-
Interest related derivative transactions (II)	404.140	766.555	-	-
Interest Rate Contracts	-	-	-	-
Interest Rate Buy/Sell Swap	404.140	766.555	-	-
Interest Rate Put/Call Options	-	-	-	-
Interest Rate Buy/Sell Futures	-	-	-	-
Other trading derivative transactions (III)	423.070	254.970	-	-
A. Total trading derivative transactions (I+II+III)	2.263.157	2.480.346	-	-
Types of derivative transactions for hedging				
Fair Value Fluctuations Hedging	-	-	-	-
Cash flow Risk Hedging	-	-	-	-
FC Investment in Associates Risk Hedging	-	-	-	-
B. Total Derivative Transactions for Hedging	-	-	-	-
Total Derivative Transactions (A+B)	2.263.157	2.480.346	-	-

d) Information on contingent liabilities and assets:

The Parent Bank has provided reserve for the disputed legal cases filed by various persons and institutions.

e) Services supplied on behalf of others:

None.

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**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(*)				
Short Term Loans	1.834.183	117.814	1.160.502	64.141
Medium and Long Term Loans	1.535.843	198.067	1.260.118	90.034
Interest on Non-Performing Loans	87.556	-	74.804	598
Premiums from Resource Utilization Support Fund	-	-	-	-
Total	3.457.582	315.881	2.495.424	154.773

(*) Includes fees and commissions obtained from cash loans.

b) Interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Central Bank of Turkey	175.569	3.753	164.547	4.341
Domestic Banks	3.770	2.213	8.287	293
Overseas Banks	6.696	19.637	8.985	29.752
Head Office and Branches	-	-	-	-
Total	186.035	25.603	181.819	34.386

c) Interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial assets held for trading	45.783	5.187	70.247	9.664
Financial assets at fair value through profit and loss	-	-	-	-
Financial assets available-for-sale	1.087.872	113.256	1.044.965	95.220
Investments held-to-maturity	1.484.253	39.480	1.583.587	8.272
Total	2.617.908	157.923	2.698.799	113.156

d) Interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	2.103	672

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**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	28.474	44.733	42.269	26.228
Central Bank of Turkey	-	-	-	-
Domestic Banks	17.355	4.220	15.639	3.461
Overseas Banks	11.119	40.513	26.630	22.767
Overseas Head Office and Branches	-	-	-	-
Other Institutions	41	-	4.401	-
Total	28.515	44.733	46.670	26.228

b) Interest expenses to subsidiaries and associates:

	Current Period	Prior Period
Interest Expenses to Subsidiaries and Associates	4.068	6.327

c) Information on interest expenses to marketable securities issued:

None.

d) Maturity structure of interest expenses on deposits:

Account Name	Demand Deposits							
	Demand Deposits	Account Name	Demand Deposits	Account Name	Demand Deposits	Account Name	Demand Deposits	Account Name
TRY								
Bank Deposits	119	94.165	-	-	-	-	-	94.284
Saving Deposits	7.449	550.652	1.727.895	100.944	29.833	5.790	-	2.422.563
Public Deposits	1.195	32.881	98.773	879	4.757	1.534	-	140.019
Commercial Deposits	2.896	238.023	482.236	18.126	6.210	167	-	747.658
Other Deposits	1.083	65.656	358.433	48.371	45.747	1.434	-	520.724
7 days Call Accounts	-	-	-	-	-	-	-	-
Total	12.742	981.377	2.667.337	168.320	86.547	8.925	-	3.925.248
FC								
Foreign Currency Deposits	4.784	110.839	158.122	58.023	58.792	11.377	-	401.937
Bank Deposits	-	6.483	-	-	-	-	-	6.483
7 days Call Accounts	158	-	-	-	-	-	-	158
Precious Metal	-	-	-	-	-	-	-	-
Total	4.942	117.322	158.122	58.023	58.792	11.377	-	408.578
Grand Total	17.684	1.098.699	2.825.459	226.343	145.339	20.302	-	4.333.826

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

(3) Information on dividend income:

	Current Period	Prior Period
Financial assets held for trading	-	-
Financial assets at fair value through profit and loss	-	-
Financial assets available-for-sale	11.291	979
Other	21.108	10.247
Total	32.399	11.226

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

	Current Period	Prior Period
Profit	4.494.170	2.381.409
Profit from the Capital Market Operations	631.680	137.104
Profit on derivative financial instruments	600.123	89.459
Other	31.557	47.645
Foreign Exchange Gains	3.862.490	2.244.305
Loss (-)	4.687.739	2.423.346
Loss from the Capital Market Operations	274.739	395.456
Loss on derivative financial instruments	265.458	377.651
Other	9.281	17.805
Foreign Exchange Losses	4.413.000	2.027.890

(5) Information on other operating income:

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

TÜRKİYE HALK BANKASI A.Ş.**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED
FINANCIAL STATEMENTS (cont'd)****IV. EXPLANATIONS RELATED TO THE CONSOLIDATED INCOME STATEMENT
(cont'd)****(6) Impairment losses on loans and other receivables:**

	Current Period	Prior Period
Specific Provisions on Loans and Receivables	243.122	130.659
Group- III Loans and Receivables	95.992	38.552
Group- IV Loans and Receivables	28.338	11.079
Group-V Loans and Receivables	118.792	81.028
General Loan Provision Expenses	87.300	66.317
Provision Expenses for Possible Losses	22.571	9.346
Marketable Securities Impairment Losses	2	797
Financial assets at fair value through profit and loss	-	585
Financial assets available for sale	2	212
Impairment Losses from Associates, Subsidiaries, Joint Ventures and Marketable Securities Held-to-Maturity	146	-
Investment and Associates	146	-
Subsidiaries	-	-
Joint Ventures	-	-
Investments and Securities Held-to-Maturity	-	-
Other	83.150	15.776
Total	436.291	222.895

(7) Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	507.192	448.692
Reserve for employee termination benefits	46.188	28.288
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	3.576	-
Depreciation expenses of fixed assets	43.092	48.537
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	6.907	4.555
Shares (equity method of accounting applied) impairment expense	-	-
Impairment expense of assets that will be disposed of	953	-
Amortization expenses of assets that will be disposed of	2.113	1.015
Impairment expense for property and equipment held for sale purposes	664	-
Other operating expenses	238.492	166.590
Operational leasing expenses	4.244	2.757
Maintenance expenses	10.874	9.679
Advertisement expenses	33.249	14.546
Other expenses	190.125	139.608
Loss on sales of assets	8.669	11.232
Other	144.390	138.784
Total	1.002.236	847.693

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

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

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

Parent Bank's income before tax is due from the continuing activities. TRY 2.126.238 Thousand of the income before tax consists of net interest income, TRY 370.268 Thousand of the income before tax consists of net fees and commissions. The net operating profit of the Parent Bank is TRY 1.259.998 Thousand.

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

As of December 31, 2008, the Parent Bank's income tax provision amounting to TRY 248.069 Thousand consists of TRY 243.239 Thousand of current tax charge and TRY 4.830 Thousand of deferred tax charge.

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

As of December 31, 2008, net operating income after tax amounts to TRY 1.016.297 Thousand.

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

c.1. Income and expenses from ordinary banking operations: There is no need for any specific disclosures in order to understand the Parent Bank's performance for the January 1, 2008 - December 31, 2008 period.

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

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

**V. EXPLANATIONS RELATED TO THE CONSOLIDATED STATEMENT OF CHANGES
IN SHAREHOLDERS' EQUITY**

- (1) Explanations on inflation adjustments for equity items:

As per the BRSA circular announced on April 28, 2005, inflation accounting applied in the banking system has been ceased as of January 1, 2005 in accordance with the BRSA decree numbered 1623 and dated April 21, 2005.

According to this circular, TRY 1.220.451 Thousand of inflation adjustment related to paid in capital was transferred to the "Other Capital Reserves" account, which was recognized in "Paid-in Capital Inflation Adjustment" account before December 31, 2005. However, inflation adjustments related to other equity items are presented under the related equity item.

- (2) Explanations on exchange differences:

Foreign currency associates recognized in accordance with the acquisition cost basis are presented in the balance sheet with their foreign currency acquisition cost translated with the exchange rates as of the balance sheet date. Exchange differences related to these foreign currency associates are recognized in the "Capital reserves" account under equity.

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

VI. EXPLANATIONS RELATED TO THE CONSOLIDATED CASH FLOW STATEMENT

Disclosures for the “other” and “the effect of foreign exchange differences on cash and cash equivalents” items of cash flow statement.

- (1) Items of cash and cash equivalents, accounting policies used in the determination of those items: Cash in TRY and cash in foreign currency, CB and bank deposits having maturity less than three months are defined as cash and cash equivalents.
- (2) The effect of any change in accounting policies:

“Cash and cash equivalents” term has been redefined, with the definition mentioned above.

Period beginning cash and cash equivalents balance:

	Current Period	Prior Period
Cash	3.425.513	2.507.151
Cash in TRY and Foreign Currency	229.485	197.740
Central Bank and Others	3.196.028	2.309.411
Cash Equivalents	1.161.071	1.078.543
Banks- maturity less than 3 months	1.161.071	1.078.543
Total Cash and Cash Equivalents	4.586.584	3.585.694

Period closing cash and cash equivalents balance:

	Current Period	Prior Period
Cash	2.958.475	3.425.513
Cash in TRY and Foreign Currency	211.936	229.485
Central Bank and Others	2.746.539	3.196.028
Cash Equivalents	2.119.022	1.161.071
Banks- maturity less than 3 months	2.119.022	1.161.071
Total Cash and Cash Equivalents	5.077.497	4.586.584

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**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	Subsidiaries, Associates and Joint Ventures		Direct or Indirect		Other Real and Legal Persons in the Risk Group	
			Shareholders of the Parent Bank			
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Beginning Balance	43.902	6.746	-	-	-	-
Closing Balance	80.146	6.861	-	-	-	-
Interest and Commissions Income	1.868	235	-	-	-	-

b) Prior Period:

Risk Group	Subsidiaries, Associates and Joint Ventures		Direct or Indirect		Other Real and Legal Persons in the Risk Group	
			Shareholders of the Parent Bank			
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Beginning Balance	31.805	24.023	-	-	-	-
Closing Balance	43.902	6.746	-	-	-	-
Interest and Commissions Income	573	99	-	-	-	-

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

Risk Group	Subsidiaries, Associates and Joint Ventures		Direct or Indirect		Other Real and Legal Persons in the Risk Group	
			Shareholders of the Parent Bank			
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Beginning Balance	83.368	63.013	-	-	-	-
Closing Balance	108.628	83.368	-	-	-	-
Interest expense on deposits	4.068	6.327	-	-	-	-

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

None.

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**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	80.146	% 0,31
Non-cash loans	6.861	% 0,10
Deposits	108.628	% 0,27
Forward and Option Contracts	-	-
Banks and Financial Institutions	-	-

Pricing of these transactions are in accordance with the general pricing policies of the Parent Bank and are in line with market rates.

c) In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements:

Explained in b).

d) Transactions accounted under the equity method of accounting:

Demir-Halkbank N.V., operating in Netherlands and qualified as investments in associates of the Parent Bank, is accounted for in the accompanying consolidated financial statements by the equity method of accounting.

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

**VIII. EXPLANATIONS ON THE PARENT BANK'S DOMESTIC BRANCHES, AGENCIES,
BRANCHES ABROAD AND OFF-SHORE BRANCHES**

- (1) Explanations on the Parent Bank's domestic branches, agencies/branches abroad and off-shore branches:

	Quantity	Number of Employees	Country	Total Assets	Legal Capital
Domestic Branches	579	12.425			
Agencies Abroad	4	8	Köln/GERMANY		
		6	Mannheim/GERMANY		
		4	Dortmund/GERMANY		
		2	Tehran/IRAN		
Overseas Branches	2	12	Nicosia/TRNC	87.752	5.242
		7	Famagusta/TRNC	18.474	-
Off-Shore Branches	1	3	Manama/BAHRAIN	3.948.690	-

- (2) Explanations on Branch and Agency Openings or Closings of the Parent Bank:

The Parent Bank has opened 23 branches during the year 2008.

IX. EXPLANATIONS RELATED TO THE SUBSEQUENT EVENTS

In accordance with the Article 1 of the Law numbered 5083 concerning the "Currency of the Republic of Turkey" and according to the Decision of The Council of Ministers, the prefix "New" used in the "New Turkish Lira" and the "New Kuruş" has been removed as of January 1, 2009.

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**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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SECTION VI: OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS ON THE PARENT BANK'S OPERATIONS

None.

SECTION VII: INDEPENDENT AUDITORS' REPORT

I. EXPLANATIONS TO INDEPENDENT AUDITORS' REPORT

The consolidated financial statements as of December 31, 2008 and for the period then ended were audited independently by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu) and Independent Auditors' Report dated April 8, 2009 is presented before the consolidated financial statements.

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

None.