

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

INDEPENDENT AUDITOR'S
LIMITED REVIEW REPORT,
CONSOLIDATED FINANCIAL
STATEMENTS AND NOTES
FOR THE PERIOD ENDED
JUNE 30, 2009

Translated into English from the
Original Turkish Report

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

**INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT
FOR THE PERIOD JANUARY 1, 2009 – JUNE 30, 2009**

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

We have reviewed the accompanying consolidated balance sheet of Türk Halk Bankası A.Ş. and its financial subsidiaries (“the Group”) as at June 30, 2009, and the related consolidated statements of income, changes in shareholders’ equity and cash flows for the period then ended. These financial statements are the responsibility of the Group’s management. As independent accountants our responsibility is to issue a report based on the review performed on these consolidated financial statements.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position, the results of its operations and its cash flows, of the Group for the period ended June 30, 2009 in accordance with the prevailing accounting principles and standards set out as per the Article No 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**

Sibel Türker
Partner

İstanbul, August 27, 2009

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 SIX MONTHS PERIOD ENDED JUNE 30, 2009

1. The Bank's Headquarter Address:
Söğütözü Mahallesi 2. Cadde No:63 Ankara
2. The Bank's Contact Phone and Facsimile:
Telephone : 0312 289 20 00
Facsimile : 0312 289 30 48
3. The Bank's Website: www.halkbank.com.tr
4. The Bank's E-mail Address: halkbank.IR@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 Related Policies and Disclosures consists of the sections listed below:

- **Section One** : GENERAL INFORMATION ABOUT THE PARENT BANK
- **Section Two** : CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE PARENT BANK
- **Section Three** : EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- **Section Four** : INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- **Section Five** : EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- **Section Six** : LIMITED REVIEW REPORT

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

Subsidiaries	Associates
1. Birlik Sigorta A.Ş.	1. Demir-Halkbank N.V.
2. Birlik Hayat Sigorta A.Ş.	
3. Halk Yatırım Menkul Değerler A.Ş.	

Unless otherwise indicated, these consolidated financial statements and explanatory footnotes and disclosures are prepared in Thousand of the Turkish Lira and they have been independently reviewed 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, August 27, 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 Board of Directors, Member of the Audit Committee	Member of the Board of Directors, Chief Executive Officer	Member of the Board of Directors, Member of the Audit Committee	Financial Management and Planning Vice Chief Executive Officer	Financial Accounting and Reporting Department Head

Information related to responsible personnel for the questions can be raised about financial statements:

Name/Title : Nevin Dindar/Manager
Tel Number : 0312 289 30 15
Fax Number : 0312 289 30 50

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General Information

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TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2009

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

SECTION I: GENERAL INFORMATION ABOUT THE PARENT BANK

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

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

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

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

As of June 30, 2009 the shareholders’ structure and their respective ownerships are summarized as follows:

Shareholders	30.06.2009		31.12.2008	
	TRY Thousand	%	TRY Thousand	%
Prime Ministry Privatization Administration (**)	937.276	74,98	937.276	74,98
Public Shares	312.250	24,98	312.250	24,98
Other Shareholders (*)	474	0,04	474	0,04
Total	1.250.000	100,00	1.250.000	100,00

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

(**) As per the decree of the Higher Council of Privatization numbered 2007/8 and dated February 5, 2007; 25% of the public shares that were previously held by the Privatization Administration were privatized by a public offering and the 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. AND ITS FINANCIAL SUBSIDIARIES

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2009

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

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

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

Name	Title	Starting Date	Educational Background	Experience in Banking and Business Administration
Hasan CEBECİ	Chairman of the Board of Directors	13.04.2005	Bachelor's Degree; Ankara Eco. and Com. Science (ECS) Academy – Economy-Finance	30
Hasan SEZER	Vice Chairman of the Board of Directors, Member of the Audit Committee	13.04.2005	Bachelor's Degree; Ankara ECSA – Banking, Foreign Trade and Exchange	25
Hüseyin AYDIN	Member of the Board of Directors, CEO	01.06.2005	Bachelor's Degree; Ankara ECS Academy – Economy&Finance	25
Emin Süha ÇAYKÖYLÜ	Member of the Board of Directors, Member of the Audit Committee	13.04.2005	Bachelor's Degree; METU - Mechanical Engineering Master's Degree; Syracuse University Business School NY-USA, PhD; Washington International University-Doctor of Philosophy in Business Administration	25
Dr. Nurzahit KESKİN	Member of the Board of Directors	13.04.2005	Bachelor's Degree; Anadolu Uni. Afyon İİBF, Master's Degree in Finance; Marmara Uni. Banking ve Insurance Ins. PhD; Sakarya Uni. Management and Organization (continuing)	18
Burhaneddin TANYERİ	Member of the Board of Directors	15.09.2005	Bachelor's Degree; Atatürk University- Business Administration	26
İbrahim Hakkı TUNCAY	Member of the Board of Directors	09.04.2008	Bachelor's Degree; METU Business Administration	29
Ahmet YARIZ	Member of the Board of Directors	09.04.2008	Doctor's Degree; Marmara University, Banking and Insurance Ins. Banking Department, 2005-At Stage of Thesis Master's Degree; Marmara University, Banking and Insurance Ins. Banking Department Bachelor's Degree; İstanbul Uni. Business Administration	18
Mustafa ÇELİK	Member of the Board of Directors	09.04.2008	Bachelor's Degree; Ankara Uni. Faculty of Law	15
Şeref EFE	Statutory Auditor	28.03.2003	Bachelor's Degree; Ankara University Social Science Faculty- Public Administration Department Master's Degree; Harvard University JFK School of Government	6
Yusuf DAĞCAN	Statutory Auditor	28.03.2003	Bachelor's Degree; Eskişehir Economics and Trade Academy	29
Yakup DEMİRCİ	Executive Vice President	11.06.2008	Bachelor's Degree; Ankara Uni. Faculty of Political Science, Labor Economics and Industry Relations Dept.	19
Halil ÇELİK	Executive Vice President	28.07.2003	Bachelor's Degree; Eskişehir Economics and Trade Academy – Economics	26
Mustafa SAVAŞ	Executive Vice President	12.08.2002	Bachelor's Degree; Ankara University -Social Science Faculty, Labour Economics and Industry Relations	18
Ömer Muzaffer BAKTIR	Executive Vice President	09.12.2004 - 31/03 Dep. 14.06.2005	Bachelor's Degree; İstanbul Technical University – Mining Engineering	18
M. Cengiz GÖĞEBAKAN	Executive Vice President	09.12.2004 - 31/03 Dep. 20.06.2005	Bachelor's Degree; Ankara University – Economics	21
Erol GÖNCÜ	Executive Vice President	09.03.2005 - 04/02 Dep. 14.06.2005	Bachelor's Degree; METU Faculty of Arts and Sciences, Mathematics Dept.	20
Yunus ESMER	Executive Vice President	17.06.2005	Bachelor's Degree; Ankara ECS Academy Business Administration-Accounting Department	30
Dr. Şahap KAVCIOĞLU	Executive Vice President	17.06.2005	Doctor's Degree; Marmara University, Banking and Insurance Ins. Banking Department Master's Degree; Marmara University, Banking and Insurance Ins. Banking Department Bachelor's Degree; Dokuz Eylül Uni. Business Administration	17
Süleyman ASLAN	Executive Vice President	17.06.2005	Bachelor's Degree; METU EASF International Relations Dept.	16
Selahattin SÜLEYMANOĞLU	Executive Vice President	01.07.2007	Bachelor's Degree; Gazi University, Social Sciences Faculty, Business Administration Master's Degree; METU Business Administration for Executives(continuing)	18
Osman ARSLAN	Executive Vice President	01.07.2007	Bachelor's Degree; METU Science and Literature Faculty, Department of Statistics	13
Bilgehan KURU	Executive Vice President	01.07.2007	Master's Degree; METU Science and Literature Faculty Bachelor's Degree; METU Faculty of Engineering, Mining Engineering	22

People mentioned above do not own any shares in the Parent Bank's capital.

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2009

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

c) According to Article 2.2 of Law No: 4603, subsequent to the completion of the restructuring procedures, the procedures involved in sale of the shares of the Parent Bank were to be concluded under the provisions of Law No:4046 based on the "Regulation of Privatization Applications and Amendment of Some Laws and Decrees with the Force of Law". The procedures relating to restructuring and sale of the shares were to be completed within three years (until November 25, 2003) as of the effective date of the related law. However, by Law No: 5230 dated 31 July 2004, the term " 3 years" in Article 2.2. of Law numbered 4603 was previously amended to "5 years" and by Law No: 5572 dated January 10, 2007 the related term was extended to "10 years". As a result of this amendment, the privatization period of the Parent Bank was prolonged. The Council of Ministers has the authority to extend this period by the half of that period for one time only. The Council of Ministers extended this five year period by the half of that period with the Decree numbered 2005/9841 and dated 27 December 2005. When the related Decree numbered 2006/69 and dated 11 August 2006 was in force, the Privatization High Council public shares were transferred to the Privatization Administration and 99,9% of the Parent Bank shares were decided to be sold before May 25, 2008 using the block sale method. By the Privatization High Council's decree numbered 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. AND ITS FINANCIAL SUBSIDIARIES

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2009

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

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

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

- d) Under No: 25539 Law regarding the “Act No: 5230 with regards to the transfer of Pamukbank Türk Anonim Şirketi to Türkiye Halk Bankası A.Ş. and amendments to other acts” which came into force as of July 31, 2004 with the publication of the Official Gazette, Pamukbank (whose shares, management, and control were previously inherited to the Saving Deposit Insurance Fund (SDIF)) was transferred to the Parent Bank. Insolvent Pamukbank T.A.Ş. was a private sector deposit bank established by Çukurova İthalat ve İhracat T.A.O., Karamehmetler Scrip Company and more than 500 shareholders. The Bank started its private banking operations as an incorporated company in accordance with the decision of the Council of Ministers numbered 4/4573 and dated 5 March 1955. According to the decision of the Banking Regulation and Supervision Agency (BRSA) numbered 742 published in the Official Gazette numbered 24790 and dated 19 June 2002 including 3rd and 4th Sub-articles in Article 14 of the Banking Law No: 4389, the shareholders rights excluding dividends, management and supervision of the Bank have been transferred to the Saving Deposit Insurance Fund as of 18 June 2002.
- e) The Parent Bank's service activities and operating areas: The Parent Bank's operating areas include, commercial financing and corporate banking, fund management operations, retail banking and credit card operations.
- f) As of June 30, 2009, the Parent Bank operates with a total of 629 branches consisting of 626 domestic and 3 foreign branches; 2 in Cyprus and 1 in Bahrain. Domestic branches include 32 satellite branches. It has also 3 financial service branches in Germany and 1 representative office in Iran.

VI. EXPLANATION ABOUT COMPANIES WITHIN THE SCOPE OF CONSOLIDATION

The Parent Bank and its subsidiaries;

- Birlik Sigorta A.Ş.
- Birlik Hayat Sigorta A.Ş.
- Halk Yatırım Menkul Değerler A.Ş.

are consolidated line by line in accompanying consolidated financial statements.

The parent Bank and its associate;

- Demir-Halkbank N.V.

is accounted by equity method in the accompanying consolidated financial statements.

The subsidiaries of the Parent Bank; are taken into the scope of consolidation for the first time as of March 31, 2009 in the financial statements.

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – JUNE 30, 2009**

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

SECTION II: CONSOLIDATED FINANCIAL STATEMENTS

- I. Consolidated Balance Sheet
- II. Consolidated Off-Balance Sheet Commitments
- III. Consolidated Income Statement
- IV. Consolidated Profit and Loss Accounted for Under Equity
- V. Consolidated Statement of Changes in Shareholders' Equity
- VI. Consolidated Statement of Cash Flow

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2009

(Amounts expressed in Thousand of 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, 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 Group’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 Group’s Explanations on Foreign Currency Transactions:

In the statutory records of the Group, 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 Group 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 Group and the presentation currency of the financial statements.

Assets and liabilities of the foreign branches of the Parent Bank are converted into TRY by using the prevailing exchange rates at the balance sheet date. Income and expenses are converted by using the average exchange rates, unless significant changes in foreign currency exchange rate occur. Foreign exchange 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. Goodwill and fair value adjustments arising from the purchase of foreign operations are treated as assets and liabilities of the foreign operations and converted by using the closing exchange rates.

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2009

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

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

III. INFORMATION ABOUT THE ASSOCIATES AND SUBSIDIARIES SUBJECT TO CONSOLIDATION

1. Basis of 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.

a. Basis of consolidation of subsidiaries:

In accordance with the communique above, 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 could be excluded from the consolidation; however, in order to make preparation to the amendment to article 8 of paragraph 5 of communiqué on “Preparation of Consolidated Financial Statements of Banks” published in the Official Gazette dated December 3 and numbered 27073; the subsidiaries Birlik Sigorta A.Ş., Birlik Hayat Sigorta A.Ş. and Halk Yatırım Menkul Değerler A.Ş., which had been excluded from consolidation previously, are included in the scope of consolidation starting from January 1- June 30 2009 period. The prior period financial statements and disclosures are presented as they were prepared in their related period and the effect of including subsidiaries to consolidation is not presented for prior periods.

A subsidiary is an entity that is controlled by the Parent Bank. Control; The Parent Bank’s power to appoint or remove from office the decision-taking majority of members of board of directors through direct or indirect possession of the majority of a legal person’s capital irrespective of the requirement of owning minimum fifty-one per cent of its capital; or by having control over the majority of the voting right as a consequence of holding privileged shares or of agreements with other shareholders although not owning the majority of capital.

Under line-by-line method, the assets, liabilities, income and expenses and off-balance sheet items of subsidiaries are combined with the equivalent items of the Parent Bank on a line-by-line basis. The book value of the Parent Bank’s investment in each of the subsidiaries and the Group’s portion of equity of each subsidiary are eliminated. All significant transactions and balances between the Parent Bank and its consolidated subsidiaries are eliminated reciprocally. Minority interests in the net income and in the equity of consolidated subsidiaries are calculated separately from the Group’s net income and the Group’s shareholders’ equity. Minority interests are identified separately in the balance sheet and in the income statement.

In preparing the consolidated financial statements, if a subsidiary uses accounting policies other than those adapted by the Parent Bank, appropriate adjustments are made to subsidiaries’ financial statements. There is no item that a different accounting policy is applied.

IFRS 3 “Business Combinations” standard prescribes no depreciation to be recognized for goodwill arising on the acquisitions on or after December 31, 2004, realizing positive goodwill as an asset and application of impairment analysis as of balance sheet dates. In the same standard it is also required from that date onwards the negative goodwill that occurs in the case of Group’s interest in the fair value of acquired identifiable assets or liabilities exceeds the acquisition cost to be recognized in profit or loss.

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2009

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

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

III. INFORMATION ABOUT THE ASSOCIATES AND SUBSIDIARIES SUBJECT TO CONSOLIDATION (cont'd)

1. Basis of consolidation (cont'd):

b. Basis of consolidation of associates:

Demir-Halkbank N.V., which is qualified as investments in associates, is presented in the accompanying financial statements as of June 30, 2009 based on the equity method of accounting. Another associate of the Parent Bank; Halk Finansal Kiralama A.Ş.; is excluded from the scope of consolidation in accordance with the tainting defined in Article 5 of the communiqué on “Preparation of Consolidated Financial Statements of Banks”

An associate is a partnership which the Parent Bank participates in its capital and over which it has a significant influence but no control, established at home and abroad. Significant influence is the power to participate in the financial and operating policy of the investee. If the Parent Bank holds ten percent or more of the voting power of the associate, it is presumed that the Parent Bank has significant influence unless otherwise demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an investor from having significant influence.

Qualified share is the share that directly or indirectly constitute ten percent of an entity's capital or voting rights and irrespective of this requirement, possession of privileged shares giving right to appoint members of board of directors.

Equity method is an accounting method of associates by which book value of the associate is increased or decreased due to changes in the Parent Bank's share in the associates' equity and dividends received from associate is deducted from the share of Bank calculated as explained above.

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

c. Basis of consolidation of joint ventures:

The Parent Bank does not have any joint ventures.

d. Principles applied during share transfer, merger and acquisition:

None.

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

IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

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

Derivative financial instruments are recorded at fair value as of the contract date and valued at fair value 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 statement of income.

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 cash flows of a financial asset or liability to its present net book value) in conformity with TAS 39 “Financial Instruments: Recognition and Measurement”.

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

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 could be 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.

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

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

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. The presented values of cash in TRY, foreign currency cash and banks at 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 are either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio with a pattern of short-term profit taking.

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

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.

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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

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

b.2. Financial assets available for sale represent non-derivative financial assets except for bank loans and receivables, investments held to maturity and financial assets at fair value through profit and loss. Initial recognition and subsequent valuation of financial assets available for sale are performed based on the fair value including transaction costs. The amount arising from the difference between cost and amortized value is recognized through profit and loss by using the internal rate of return. If a price does not occur in an active market, fair value cannot be reliably determined and “Amortized Value” is determined as the fair value using the internal rate of return. Unrealized gains and losses arising from changes 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 accounted under equity arising from the application of fair value are reflected to the income statement when these assets are sold or when the valuation difference is collected.

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

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

3. Loans and Receivables:

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

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

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

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

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

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

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

When a decline occurs in the fair values of the “financial assets at fair value through profit and loss” and “financial assets available for sale” of which value decreases and increases are recognized in equity, the accumulated profit/loss that had been recognized directly in equity is transferred from equity to period profit or loss. If, in a subsequent period, the fair value of the related asset increases, the impairment loss is 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 provision is 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 realize the asset and settle the liability simultaneously.

X. EXPLANATIONS ON 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 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 June 30, 2009, the Group has reverse repo transactions amounting TRY 6.875 Thousand (December 31, 2008: None).

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

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

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

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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 software expenses and they are amortized by using the straight line method over 5 years. There is no significant change in the accounting estimates expected or to be expected having a significant effect on the amortization method, amortization period or residual value.

XIII. EXPLANATIONS ON PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment that are purchased prior to January 1, 2005 are carried at their December 31, 2004 dated restated costs and property, plant and equipment that are purchased in the subsequent periods are carried at cost, less any accumulated depreciation and any impairment losses. Property, plant and equipment are amortized by using the straight line method during their useful lives. 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. Leasehold improvements are depreciated over the lease period by straight line method. 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
Leasehold improvements	5	%20
Assets held under financial leases	4-5	% 20-25

There is no change in accounting estimates that is expected to have significant effect in current period and subsequent periods.

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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 INSURANCE TECHNICAL INCOME AND EXPENSE

In insurance companies premium income is obtained subsequent the share of reinsurers in policy income is diminished.

Claims are recorded in expense as they are reported. Outstanding loss provisions are recognized for the claims reported but not paid yet and for the claims that incurred but not reported. Reinsurers’ share of claims paid and outstanding loss are offset in these provisions.

XVI. EXPLANATIONS ON INSURANCE TECHNICAL PROVISIONS

According to the current insurance regulation, insurance companies should recognize provisions for unearned premium claims, unexpired risk reserves, provision for outstanding claims, life-mathematical provisions and equalization provisions.

The provision for unearned premiums represents the amount of net premiums underwritten in the current period but corresponds to period subsequent to balance sheet date.

Unexpired risk reserves are recognized when the expected loss premium ratio is over 100% for 2008 year and 95% for the following years, by the amount found as multiplication of this exceeding ratio with unearned premium provision for the branches specified by the Undersecretariat of Treasury.

Provision for outstanding losses is recognized for the claims reported at period end but not paid yet or for the incurred but not reported claims.

Mathematical provision is recognized in order to meet the requirements of policyholders and beneficiaries for long-time life, health and personal accident insurance contracts on actuarial bases.

Equalization provision is recognized in order to balance the fluctuations in the claim ratios and to meet the catastrophic risks in the consequent accounting periods as 12% of yearly premium for the credit and earthquake assurances. Provisions are made until 150% of last five years’ highest amount net premiums underwritten is reached.

Reinsurance companies recognize for the outstanding claims that is declared by the companies, accrued and determined on account.

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

XVI. EXPLANATIONS ON INSURANCE TECHNICAL PROVISIONS (cont'd)

Effective January 1, 2005, the Group's insurance subsidiaries adopted TFRS 4, Insurance Contracts ("TFRS 4"). TFRS 4 represents the completion of phase I and is a transitional standard until the recognition and measurement of insurance contracts has more fully addressed. TFRS 4 requires that all contracts issued by insurance companies be classified as either insurance contracts or investment contracts. Contracts with significant insurance risk are considered insurance contracts. Insurance risk is defined as risk, other than financial risk, transferred from the holder of a contract to the issuer. TFRS 4 permits a company to continue with its previously adopted accounting policies with regard to recognition and measurement of insurance contracts. Only in case of presentation of more reliable figures a change in accounting policy shall be carried out. Contracts issued by insurance companies without significant insurance risk are considered investment contracts. Investment contracts are accounted for in accordance with TAS 39 revised.

Insurance companies of the Group cede premium and risks in the normal course of business in order to limit the potential for losses arising from risks accepted. Insurance premiums ceded to reinsurers on contracts that are deemed to transfer significant insurance risk are recognized as an expense in a manner that is consistent with the recognition of insurance premium revenue arising from the underlying risks being protected.

Costs which vary and are directly associated with the acquisition of insurance and reinsurance contracts including brokerage, commissions, underwriting expenses and other acquisition costs are deferred and amortized over the period of contract, consistent with the earning of premium.

In conformity with TFRS 4, at each balance sheet date, liability adequacy tests are performed to ensure the adequacy of the insurance contract liabilities net of related Deferred Acquisition Costs (DAC) and premiums receivable. Investment income from the assets backing the liabilities is taken into account in calculating the provision. Any deficiency, if there is, is immediately charged to the income statement initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests. Any DAC written off as a result of this test cannot subsequently be reinstated.

XVII. 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.

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

XVIII. 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 Group provides provision by estimating the present value of the future retirement pay liability. The retirement pay provision of the Parent Bank has been determined by the actuarial report of an indepent valuation company.

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

In accordance with the principles set out by the Council of Ministers’ decision, numbered 2006/11345 published in the Official Gazette numbered 26377 and dated December 15, 2006 regarding the determination of procedures and principles for the application of transfer requirements and based on the technical balance sheet report prepared using a 10.24% of technical interest rate, for Pamukbank Employee Pension Fund TRY 9.251 Thousand of technical provision has been allocated as of December 31, 2006 and kept in financial statements as of December 31, 2007. As of March 31, 2008, part of the related technical provision was set as provison 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 decison 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.

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

XIX. 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 2nd quarter advance tax for the 2009 year is paid in August 2009, to be offset against the final corporate tax liability for the current year.

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

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

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

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

XX. ADDITIONAL EXPLANATIONS ON BORROWINGS

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

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

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

There are no convertible bonds or debt instruments issued.

XXI. EXPLANATIONS ON SHARES AND SHARE ISSUE

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

The Parent Bank has not issued any shares during 2008 and second quarter of 2009. In accordance with the decree of the Privatization High Council dated February 5, 2007 and numbered 2007/8, the process of public offering for the 25% of shares pertaining to the Privatization Administration was completed and the Parent Bank shares were registered to the Board with the decree of the Capital Markets Board dated April 27, 2007 and numbered 23/271, and the shares are traded on the İstanbul Stock Exchange as of May 10, 2007.

XXII. 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.

XXIII. EXPLANATIONS ON GOVERNMENT INCENTIVES

There are no government incentives utilized by the Group.

XXIV. EXPLANATIONS ON SEGMENT REPORTING

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

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

XXV. 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.

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 dated April 4, 2007 and No: 2007/11963, the prefix “New” used in the “New Turkish Lira” and the “New Kuruş” is removed effective from January 1, 2009. While the previous currency, New Turkish lira values are converted into Turkish Lira and Kuruş, one New Turkish Lira and one New Kuruş shall be equivalent to one Turkish Lira and one Kuruş. All references made to New Turkish Lira or Lira in laws, other legislation, administrative transactions, court decisions, legal transactions, negotiable instruments and other documents that produce legal effects as well as payment and exchange instruments shall be considered to have been made to Turkish Lira at the conversion rate indicated above. Therefore, consolidated financial statements and notes as of 30 June 2009 and prior periods’ figures for comparison purposes are presented in “Turkish Lira”.

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP

I. EXPLANATIONS RELATED TO THE CONSOLIDATED CAPITAL ADEQUACY RATIO

Risk measurement methods used in the determination of consolidated capital adequacy standard ratio; Capital Adequacy Standard Ratio calculation is performed in accordance with the Communiqué on "Measurement and Assessment of the Capital Adequacy of Banks", which was published in the Official Gazette numbered 26333 on November 1, 2006. As of June 30, 2009, the Parent Bank's consolidated capital adequacy ratio calculated based on the essentials of the related communiqué is 14,38% (December 31, 2008: 13,98 %).

In calculating the amounts subject to credit risk, the Group generally evaluates its loans according to their collateral classes based on the relevant risk weights. However, risk rate for fund loans for which the Parent Bank recognizes is 0% and credit cards and cooperative loans is 100% due to having "suretyship" collateral type.

In the calculation of capital adequacy standard ratio, information prepared in accordance with the legislation on recording and accounting system is used. Additionally, market risk amount is calculated in accordance with the communiqué on the "Internal Control and Risk Management Systems of the Banks" and is taken into consideration in the capital adequacy standard ratio calculation.

Amounts deducted from the capital in the calculation of shareholders' equity are not considered in the calculation of risk-weighted assets, non-cash loans and contingent liabilities. In the calculation of risk weighted assets, assets subject to depreciation and impairment are carried at their carrying values less accumulated depreciation and impairment losses.

Beginning from December 31, 2004, for the calculation of the amount subject to credit risk regarding the transactions on the non-cash loans, the receivable amount from counter parties is calculated by using the conversion rates presented in Clause 1 in Article 5 of the Communiqué on "Measurement and Assessment of Banks' Capital Adequacy Ratios", less the specific provision amount set in accordance with the Communiqué on "Determining the Nature of Loans and Receivables and Principles and Procedures on the Allocation of Loan and Receivable Provisions", if any.

In calculation of the amount subject to credit risks, receivables from counter parties arising from foreign currency and interest rate transactions are recognized using the conversion rates presented in the related communiqué Clause 2 in Article 5.

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

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

1. Information on the consolidated capital adequacy ratio:

	Risk Weights											
	Bank Only						Consolidated					
	%0	%20	%50	%100	%150	%200	%0	%20	%50	%100	%150	%200
Credit Risk Base Amount												
Balance Sheet Items (Net)	23.016.198	1.915.285	8.472.789	17.898.213	6.214	35	23.025.121	1.922.624	8.472.789	17.670.972	6.214	35
Cash and Cash Equivalents	222.168	28	-	-	-	-	222.169	28	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-	-	-	-	-	-
Turkish Republic Central Bank Balances	2.131.505	-	-	-	-	-	2.131.505	-	-	-	-	-
Domestic, Foreign Banks, Head Office and Overseas Branches Balances	-	1.663.032	-	-	-	-	-	1.670.371	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	155	-	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	6.875	-	-	-	-	-
Reserve Deposits	773.567	-	-	-	-	-	773.567	-	-	-	-	-
Loans	3.511.998	61.344	8.332.426	15.724.819	6.214	35	3.511.998	61.344	8.332.426	15.724.819	6.214	35
Non-Performing Loans (Net)	-	-	-	298.458	-	-	-	-	-	298.458	-	-
Finance Lease Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-	-	-	-	-	-
Investments Held to Maturity	15.489.551	-	-	-	-	-	15.489.551	-	-	-	-	-
Receivables from the Asset Sale on Credit Terms	-	-	-	57.192	-	-	-	-	-	57.192	-	-
Sundry Debtors	9.177	27.613	-	55.492	-	-	9.177	27.613	140.363	55.492	-	-
Interest and Income Accruals	764.581	2.484	140.363	350.310	-	-	764.581	2.484	-	350.310	-	-
Subsidiaries, Associates and Joint Ventures (Net)	-	-	-	302.792	-	-	-	-	-	1.066	-	-
Property, Plant and Equipment	-	-	-	1.067.573	-	-	-	-	-	1.069.564	-	-
Other Assets	113.651	160.784	-	41.577	-	-	115.543	160.784	-	114.071	-	-
Off-Balance Sheet Items	162.749	255.306	430.943	5.360.506	-	-	162.749	177.612	430.943	5.356.499	-	-
Non-Cash Loans and Commitments	162.749	177.612	430.943	5.360.506	-	-	162.749	177.612	430.943	5.356.499	-	-
Derivative Instruments	-	77.694	-	-	-	-	-	-	-	-	-	-
Non-Risk Weighted Accounts	-	-	-	-	-	-	-	77.694	-	-	-	-
Total Risk-Weighted Assets	23.178.947	2.170.591	8.903.732	23.258.719	6.214	35	23.187.870	2.177.930	8.903.732	23.027.471	6.214	35

2. Capital Adequacy Ratio Summary:

	Bank Only		Consolidated	
	Current Period	Prior Period	Current Period	Prior Period
Credit Risk Base Amount (CRBA)	28.154.094	25.693.179	27.924.314	25.472.586
Market Risk Base Amount (MRBA)	632.363	462.213	712.650	560.225
Operational Risk Base Amount (ORBA)	4.369.727	3.689.089	4.369.929	3.692.391
Equity	4.871.242	4.324.370	4.744.790	4.156.075
Equity / (CRBA+MRBA+ORBA)*100	14,69	14,49	14,38	13,98

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 OF THE GROUP (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	507.495	434.671	515.307	434.671
I. Degree Legal Reserve (Turkish Commercial Code 466/1)	223.672	172.756	227.520	172.756
II. Degree Legal Reserve (Turkish Commercial Code 466/2)	283.120	261.212	287.084	261.212
Reserves per Specific Acts	703	703	703	703
Statutory Reserves	-	-	-	-
Extraordinary Reserves	1.047.378	366.517	1.081.808	365.919
Reserves allocated per General Assembly Minute	1.013.914	333.180	1.048.333	333.180
Retained Earnings (*)	47.181	47.181	47.181	47.181
Accumulated Loss	-	-	-	-
Foreign Currency Share Capital Exchange Difference	(13.717)	(13.844)	(13.706)	(14.442)
Inflation Adjustment for the Legal, Statutory and Extraordinary Reserves	-	-	-	-
Profit	787.370	1.035.137	785.300	1.051.339
Net period profit	787.370	1.018.315	800.228	1.016.297
Retained Earnings	-	16.822	(14.928)	35.042
Portion of Free Provisions Allocated for Potential Risk up to 25% of Core Capital Amount	-	22.571	-	22.571
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	-	-	-	-
Minority Interest	-	-	6.011	-
Losses that cannot be covered by reserves (-)	-	-	-	-
Net period loss	-	-	-	-
Accumulated Loss	-	-	-	-
Leasehold Improvements (-)	37.781	-	37.781	-
Prepaid Expenses (-)	108.758	4.225	120.486	4.225
Intangible Assets(-)	6.606	38.588	7.036	38.588
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	4.659.549	4.286.534	4.693.574	4.302.138
SUPPLEMENTARY CAPITAL				
General Loan Provisions	244.962	225.806	244.962	225.806
45% of Movable Assets Revaluation Fund	-	-	-	-
45% of Properties Revaluation Fund	-	-	-	-
Non-paid-up Shares of Subsidiaries, Associates and Joint Ventures	49	-	49	-
Proportion of Primary Tier -II Capital excluded from the Core Capital Calculation	-	-	-	-
Secondary Tier –II Capital	-	-	-	-
45% of Marketable Securities Revaluation Fund	24.512	(70.247)	(10.009)	(131.570)
From Subsidiaries and Associates	36.477	42.790	(1.710)	(18.533)
From Financial Assets Available for Sale	(11.965)	(113.037)	(8.299)	(113.037)
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	269.523	155.559	235.002	94.236
TIER-III CAPITAL				
CAPITAL	4.929.072	4.442.093	4.928.576	4.396.374
DEDUCTIONS FROM CAPITAL	57.830	117.723	183.786	240.299
Equity Shares in Banks and Financial Institutions Which Are Excluded from the Consolidation	44.881	103.013	44.881	103.013
Loans to banks, financial institutions (domestic/foreign) or qualified shareholders in the form of secondary subordinated debt and debt instruments purchased from such parties qualified as primary or secondary subordinated debt	-	-	-	-
Shareholdings in the banks and financial institutions which are accounted for under the equity pick up method but the assets and liabilities are not consolidated	-	-	125.956	122.576
Loans granted being non-compliant with the Articles 50 and 51 of the Banking Law The net book value of properties exceeding 50% of equity and properties held for sale and properties and commodity to be disposed, acquired in exchange of loans and receivables according to the Article 57 of the Banking Law and have not been disposed yet after 5 years after foreclosure	12.949	14.710	12.949	14.710
Other	-	-	-	-
TOTAL EQUITY	4.871.242	4.324.370	4.744.790	4.156.075

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

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

II. EXPLANATIONS RELATED TO CREDIT RISK

The Group, 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 Group 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 Group'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 Group 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.

The Parent Bank is not an active participant of the international banking sector.

As of June 30, 2009, the receivables of the Group from its top 100 cash loan customers is 22,66% of its total cash loans.

As of June 30, 2009, receivables of the Parent Bank from its top 100 non-cash loans are 58,53% of its total non-cash loans.

As of June 30, 2009, share of cash and non-cash receivables of the Parent Bank from its top 100 customers are 14,63% of its total balance sheet and off-balance sheet assets.

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**SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE OF THE
GROUP (cont'd)**

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

As of June 30, 2009, 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 244.962 Thousand.

Sector concentrations for cash loans:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	1.023.482	4,91	185.745	2,54	827.916	4,34	179.978	2,75
Farming and Raising Livestock	1.006.114	4,82	176.869	2,42	810.417	4,25	169.508	2,59
Forestry, Wood and Paper	4.953	0,02	228	0,00	5.822	0,03	515	0,01
Fishery	12.415	0,06	8.648	0,12	11.677	0,06	9.955	0,15
Manufacturing	3.698.588	17,73	4.298.113	58,73	3.636.308	19,05	3.871.933	59,21
Mining and Quarry	71.754	0,34	47.034	0,64	90.838	0,48	43.652	0,67
Production	3.542.837	16,98	4.134.844	56,50	3.532.111	18,51	3.728.698	57,02
Electricity, Gas and Water	83.997	0,40	116.235	1,59	13.359	0,07	99.583	1,52
Construction	868.537	4,16	181.605	2,48	864.586	4,53	140.229	2,14
Services	8.350.271	40,02	2.570.864	35,13	7.157.479	37,51	2.262.739	34,60
Wholesale and Retail Trade	4.211.148	20,18	583.322	7,97	3.902.934	20,45	536.410	8,20
Hotel, Tourism, Food and Beverage Services	197.346	0,95	415.810	5,68	169.066	0,89	262.444	4,01
Transportation and Communication	1.059.079	5,08	240.927	3,29	1.374.830	7,20	245.935	3,76
Financial Institutions	387.008	1,85	634.050	8,66	404.731	2,12	635.149	9,71
Real Estate and Renting Services	1.273.216	6,10	574.890	7,86	783.192	4,10	491.906	7,52
Self-Employment Services	126.427	0,61	5	0,00	137.852	0,72	94	0,00
Education Services	54.028	0,26	28.615	0,39	43.133	0,23	18.448	0,28
Health and Social Services	1.042.019	4,99	93.245	1,27	341.741	1,79	72.353	1,11
Other	6.922.252	33,18	82.081	1,12	6.597.062	34,57	84.555	1,29
Total	20.863.130	100,00	7.318.408	100,00	19.083.351	100,00	6.539.434	100,00

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

III. EXPLANATIONS RELATED TO MARKET RISK

The Group 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 Value At Risk (VAR) calculated by using the standard method (summarised below) is considered. Beside the standard method, VAR is calculated by using internal model as supported by scenario analysis and stress tests. VAR is calculated daily by three different methods which are historic simulation, Monte Carlo simulation and parametric method, and these results are also reported daily to the management.

In addition to the standard method, market risk is also calculated by internal model method (Value At 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	42.096
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	1.862
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	13.054
(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)	57.012
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	712.650

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

IV. EXPLANATIONS RELATED TO OPERATIONAL RISK

In the calculation of the Group'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 4.369.929 Thousand for the current period (December 31, 2008: TRY 3.692.391 Thousand).

V. EXPLANATIONS RELATED TO 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 Group 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 significant currency risks. However, potential currency risks are figured at weekly and monthly periods through the standard method. Thereby, currency risk can be closely followed. The Parent Bank rarely enters into swap contracts against the currency risk, in case of need.

Announced current foreign exchange buying rates of the Parent Bank as at June 30, 2009 and the previous five working days in full TRY are as follows:

	23.06.2009	24.06.2009	25.06.2009	26.06.2009	29.06.2009	30.06.2009
USD	1,5500000	1,5350000	1,5350000	1,5200000	1,5200000	1,5200000
CHF	1,4425000	1,4117000	1,3953000	1,3991000	1,4004000	1,3959000
GBP	2,5223000	2,5309000	2,4962000	2,5029000	2,5143000	2,4971000
JPY	0,0162035	0,0160450	0,0159374	0,0159224	0,0159115	0,0157513
EURO	2,1709000	2,1520000	2,1366000	2,1395000	2,1398000	2,1319000

Announced current foreign exchange buying rates of the Parent Bank as at June 30, 2009 and the previous five working days in full TRY are as follows:

	Monthly Average
USD	1,5268182
CHF	1,4094409
GBP	2,4934727
JPY	0,0157761
EURO	2,1387318

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V. EXPLANATIONS RELATED TO 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	1.175.935	24.180	11	3.602	1.203.728
Banks and Financial Institutions	1.445.342	84.627	1.765	67.837	1.599.571
Financial Assets at Fair Value Through Profit and Loss	154	20.907	-	50	21.111
Money Market Placements	-	-	-	-	-
Financial Assets Available-For-Sale	674.835	559.467	-	-	1.234.302
Loans (**)	3.247.389	4.124.992	9.404	7.725	7.389.510
Subsidiaries, Associates and Entities Under Common Control	125.956	-	-	-	125.956
Held-To-Maturity Investments (***)	1.146.844	1.685.980	-	-	2.832.824
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	55	-	-	9	64
Intangible Assets	-	-	-	-	-
Other Assets	9.952	28.526	-	42	38.520
Total Assets	7.826.462	6.528.679	11.180	79.265	14.445.586
Liabilities					
Bank Deposits	670.373	181.485	-	76.569	928.427
Foreign Currency Deposits	6.596.673	5.369.278	1.107	84.027	12.051.085
Money Market Balances	-	383.853	-	-	383.853
Funds Provided From Other Financial Institutions	1.382.687	244.815	-	191	1.627.693
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	4.121	22.086	5	42	26.254
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities	59.671	70.645	447	1.370	132.133
Total Liabilities (****)	8.713.525	6.272.162	1.559	162.199	15.149.445
Net Balance Sheet Position	(887.063)	256.517	9.621	(82.934)	(703.859)
Net Off-Balance Sheet Position	838.656	(421.075)	(9.424)	87.399	495.556
Financial Derivative Assets	897.934	488.379	22.666	87.399	1.496.378
Financial Derivative Liabilities	59.278	909.454	32.090	-	1.000.822
Non-Cash Loans (*)	1.602.877	2.837.539	8.922	23.597	4.472.935
Prior Period					
Total Assets	7.597.699	6.286.929	1.796	111.830	13.998.254
Total Liabilities	8.318.780	6.922.653	2.035	109.538	15.353.006
Net Balance Sheet Position	(721.081)	(635.724)	(239)	2.292	(1.354.752)
Net Off-Balance Sheet Position	480.235	596.127	-	10.966	1.087.328
Financial Derivative Assets	481.701	644.562	-	46.710	1.172.973
Financial Derivative Liabilities	1.466	48.435	-	35.744	85.645
Non-Cash Loans	1.279.756	2.855.520	9.616	49.292	4.194.184

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

(**) Contains TRY 71.102 Thousand of foreign currency indexed loans and their accruals.

(***) Contains TRY 380.768 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 6.135 Thousand), Prepaid Expenses (TRY 172 Thousand) in assets; and Derivative Financial Instruments Foreign Currency Expense Accruals (TRY 4.578 Thousand) and Shareholders' Equity (TRY -76.528 Thousand) in liabilities are not taken into consideration in the currency risk measurement.

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

VI. EXPLANATIONS RELATED TO 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.

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	2.552.431	-	-	-	-	605.698	3.158.129
Banks and Financial Institutions	1.580.638	11.212	-	-	-	79.971	1.671.821
Financial Assets at Fair Value Through Profit and Loss	417	4.560	31.038	11.325	153	2.022	49.515
Money Market Placements	7.030	-	-	-	-	-	7.030
Financial Assets Available-For-Sale	519.760	768.475	780.079	1.842.957	296.509	11.638	4.219.418
Loans	11.894.128	2.750.954	7.466.405	4.615.172	1.076.157	378.722	28.181.538
Held-To-Maturity Investments	6.324.753	4.421.342	2.433.552	1.358.106	1.632.524	-	16.170.277
Other Assets	27.357	40	-	-	-	2.230.652	2.258.049
Total Assets	22.906.514	7.956.583	10.711.074	7.827.560	3.005.343	3.308.703	55.715.777
Liabilities							
Bank Deposits	1.695.840	22.655	63.840	-	-	184.032	1.966.367
Other Deposits	24.529.446	8.944.158	1.202.219	1.859	-	4.223.461	38.901.143
Money Market Balances	4.162.793	533.837	221.173	-	-	-	4.917.803
Sundry Creditors	9.099	-	-	-	-	508.479	517.578
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	985.011	1.125.559	840.171	123.436	137.602	46.269	3.258.048
Other Liabilities	22.204	261	3	-	-	6.132.370	6.154.838
Total Liabilities	31.404.393	10.626.470	2.327.406	125.295	137.602	11.094.611	55.715.777
Balance Sheet Long Position	-	-	8.383.668	7.702.265	2.867.741	-	18.953.674
Balance Sheet Short Position	(8.497.879)	(2.669.887)	-	-	-	(7.785.908)	(18.953.674)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(8.497.879)	(2.669.887)	8.383.668	7.702.265	2.867.741	(7.785.908)	-

(1) TRY 113.527 Thousand of deferred tax asset is disclosed under the non-interest bearing column in other assets.

(2) TRY 298.458 Thousand of non-performing loans with no specific reserve are disclosed under the non-interest bearing column in other assets.

(3) Shareholders' equity balance is disclosed under the non-interest bearing column.

(4) Funds provided from other financial institutions include borrowings.

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

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

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	2.374.363	-	-	-	-	634.936	3.009.299
Banks and Financial Institutions	2.046.822	-	-	-	-	72.512	2.119.334
Financial Assets at Fair Value Through Profit and Loss	680	3.423	18.399	83.277	8.124	862	114.765
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	29.404	667.400	957.940	480.584	213.246	11.328	2.359.902
Loans	10.429.042	4.038.495	5.102.043	3.650.827	1.625.607	776.771	25.622.785
Held-to-Maturity Investments	4.278.718	5.879.244	2.217.074	2.022.431	1.461.415	-	15.858.882
Other Assets	423.781	98	3	-	-	1.489.029	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	9.732	71	8	-	-	5.147.104	5.156.915
Total Liabilities	26.544.847	11.673.155	2.784.515	103.626	128.781	9.762.954	50.997.878
Balance Sheet Long Position	-	-	5.510.944	6.133.493	3.179.611	-	14.824.048
Balance Sheet Short Position	(6.962.037)	(1.084.495)	-	-	-	(6.777.516)	(14.824.048)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(6.962.037)	(1.084.495)	5.510.944	6.133.493	3.179.611	(6.777.516)	-

(1) TRY 74.091 Thousand of deferred tax asset is disclosed under the non-interest bearing column in other assets.

(2) TRY 213.513 Thousand of non-performing loans with no specific reserve are disclosed under the non-interest bearing column in other assets.

(3) Shareholders' equity balance is disclosed under the non-interest bearing column.

(4) Funds provided from other financial institutions include borrowings.

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

V. EXPLANATIONS RELATED TO 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 (***)	-	-	-	8,68
Due From Other Banks And Financial Institutions (*)	0,23	0,23	-	7,32
Financial Assets At Fair Value Through Profit And Loss	3,12	6,95	-	12,76
Money Market Placements	-	-	-	9,00
Available-For-Sale Financial Assets	5,27	6,36	-	15,13
Loans (**)	3,84	3,30	-	20,71
Held-To-Maturity Investments	5,38	6,65	-	14,85
Liabilities				
Bank Deposits	0,60	0,23	-	10,02
Other Deposits	2,91	3,04	-	12,57
Money Market Borrowings	-	-	-	9,44
Sundry Creditors	-	-	-	8,34
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	-	-	-	-
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money In Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey	-	-	-	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	-	-	-	-

(*) 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 OF THE GROUP (cont'd)

VII. EXPLANATIONS RELATED TO 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 OF THE GROUP (cont'd)

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

Presentation of assets and liabilities according to their remaining maturities:

The Parent Bank follows up and measures the consistency of payments by comparing its assets and liabilities with the interest rates on a daily and transactional basis.

Current Period	Demand Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed	Total
Assets							
Cash (Cash in TRY, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	605.300	1.006.107	1.345.985	195.368	4.497	502	3.158.129
Banks and Financial Institutions	79.971	1.580.638	11.212	-	-	-	1.671.821
Financial Assets at Fair Value Through Profit and Loss	242	417	883	31.027	15.013	153	49.515
Money Market Placements	-	7.030	-	-	-	-	7.030
Financial Assets Available-For-Sale	686	123.702	164.575	885.935	2.737.059	296.509	4.219.418
Loans	604.693	4.519.125	2.617.539	10.193.618	8.557.569	1.688.994	28.181.538
Held-To-Maturity Investments	-	234.185	240.592	2.433.861	10.429.115	2.832.524	16.170.277
Other Assets	262.892	3.218	11.244	32.611	31.374	-	2.258.049
Total Assets	1.553.784	7.474.422	4.392.030	13.772.420	21.774.627	4.818.682	55.715.777
Liabilities							
Bank Deposits	184.032	1.695.840	22.655	63.840	-	-	1.966.367
Other Deposits	4.223.461	24.529.446	8.944.158	1.187.138	15.556	1.384	38.901.143
Funds Provided From Other Financial Institutions	235.299	82.441	506.823	860.779	732.180	840.526	3.258.048
Money Market Balances	-	4.162.793	533.837	221.173	-	-	4.917.803
Marketable Securities Issued	-	-	-	-	-	-	-
Sundry Creditors	485.304	17.280	3.967	6.012	-	-	5.015
Other Liabilities	1.062.334	83.770	1.439	192	83.292	860	4.922.951
Total Liabilities	6.190.430	30.571.570	10.012.879	2.339.134	831.028	842.770	55.715.777
Liquidity Gap	(4.636.646)	(23.097.148)	(5.620.849)	11.433.286	20.943.599	3.975.912	(2.998.154)
Previous Period							
Total Assets	1.808.555	6.832.594	4.712.252	11.652.355	18.415.251	5.918.504	50.997.878
Total Liabilities	5.765.289	25.730.462	10.996.762	2.879.238	743.546	691.771	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)

- (1) Shareholders' equity is disclosed under the undistributed column.
- (2) TRY 298.458 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, prepaid expenses, deferred tax asset and receivables from NPL is shown in this section.
- (4) Funds provided from other financial institutions include borrowings.

VIII. EXPLANATIONS RELATED TO BUSINESS SEGMENTATION

The Group'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.

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

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

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 by the Parent Bank to all of its customers:

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

Under the Treasury transactions, medium and long-term fund provision is performed through securities exchange, money market operations, spot and time TRY and foreign exchange transactions, derivative instruments (such as; forwards, swaps, futures and options), syndication and securitization, etc.

The operations of the subsidiaries of the Parent Bank are presented under Treasury / Investment column.

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

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

Details of the segment information prepared in accordance with the Act on “Disclosure of Financial Statements of Banks and The Related Presentations and Notes” as of June 30, 2009 are presented in the table below.

	Corporate	Commercial	Entrepreneur	Treasury / Investment	Total
OPERATING INCOME / EXPENSES					
Interest Income	195.311	157.237	1.738.124	1.441.723	3.532.395
Interest on loans	195.288	157.177	1.727.713	57.272	2.137.450
Interest income on marketable securities	-	-	-	1.304.929	1.304.929
Interest received from banks	-	-	1.423	76.381	77.804
Other interest income	23	60	8.988	3.141	12.212
Interest Expense	125.430	91.386	1.644.590	213.121	2.074.527
Interest on deposits	124.774	72.866	1.609.528	53.604	1.860.772
Interest on borrowings	656	5.961	9.278	26.219	42.114
Interest on money market borrowings	-	-	6.467	132.925	139.392
Other interest expense	-	12.559	19.317	373	32.249
Fees and Commissions Income	69.881	65.851	93.534	1.228.602	1.457.868
Fees and Commissions Expenses	14.422	18.501	170.428	12.817	216.168
Net Trading Profit / (Loss)	-	-	-	5.678	5.678
Dividend Income	-	-	-	6.511	6.511
Other Income	1.549	7.232	96.699	125.251	230.731
Loans and Other Receivables' Impairment	-	-	-	-	-
Loss Provisions	25	42.652	180.556	69.675	292.908
Other Expenses	5.392	18.808	243.356	354.681	622.237
Income Before Taxes	80.435	30.124	(63.251)	954.503	1.001.811
Income Tax Provision	-	-	-	(201.489)	(201.489)
Net Profit for the Period (*)	80.435	30.124	(63.251)	753.014	800.322
SEGMENT ASSETS					
Marketable Securities	-	-	-	20.439.210	20.439.210
Banks and Other Financial Institutions	-	-	-	1.678.851	1.678.851
Associates and Subsidiaries (net)	-	-	-	171.903	171.903
Loans	3.700.706	2.833.864	21.447.419	498.007	28.479.996
Other Assets	481	6.555	360.084	4.578.697	4.945.817
TOTAL ASSETS	3.701.187	2.840.419	21.807.503	27.366.668	55.715.777
SEGMENT LIABILITIES					
Deposits	3.295.813	2.285.657	32.107.041	3.178.999	40.867.510
Derivative Financial Liabilities Held for Trading	-	-	-	29.303	29.303
Money Market Balances	-	-	383.853	4.533.950	4.917.803
Borrowing Funding Loans	24.185	111.462	385.215	1.315.028	1.835.890
Other Liabilities	36.645	210.426	510.990	1.485.732	2.243.793
Provisions	4.857	7.280	72.227	888.197	972.561
Shareholders' Equity	-	-	-	4.848.917	4.848.917
TOTAL LIABILITIES	3.361.500	2.614.825	33.459.326	16.280.126	55.715.777
OFF BALANCE SHEET					
CONTINGENCIES AND COMMITMENTS					
Guaranties and Suretyships	4.201.613	1.246.104	2.065.070	480	7.513.267
Commitments	12.922	47.978	1.700.708	2.886.733	4.648.341
Derivative Financial Instruments	-	53.400	6.941	2.903.179	2.963.520

(*) Net fund transfer pricing amounts are not included in the calculation of net profit for the period. When the fund transfer pricing amounts TRY 15.317 Thousand, TRY 9.657 Thousand, TRY 829.902 Thousand and TRY (854.876) Thousand respectively are included in the calculation, the net profit for the period is TRY 95.752 Thousand, TRY 39.781 Thousand, TRY 766.651 Thousand and TRY (101.862) Thousand for Corporate Branches, Commercial Branches, Entrepreneur Branches and Treasury/Investment Department respectively.

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

The Parent Bank performs buying transactions on behalf of customers, and gives custody, administration and consultancy services.

The Parent Bank does not engage in fiduciary transactions.

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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	173.057	49.111	152.014	59.922
Balances with the Central Bank of Turkey	1.781.343	1.154.589	1.542.354	1.254.978
Other	1	28	-	31
Total	1.954.401	1.203.728	1.694.368	1.314.931

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted Demand Deposit (*)	1.781.343	1.154.589	1.542.354	1.254.978
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Total	1.781.343	1.154.589	1.542.354	1.254.978

(*) Unrestricted Demand Deposit is composed of required reserves. The interest rate range applied by Central Bank of Turkey to required reserves for TRY is 7,00% - 9,20%. As of December 12, 2008, Central Bank of Turkey announced that no interest will be computed for USD and EUR required reserves. (31.12.2008: 11,81% - 13,12% TRY).

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

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

None.

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	-	356	-	894
Swap Transactions	-	26.583	-	78.288
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	26.939	-	79.182

(3) Information on banks and other financial institutions:

a) Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	45.510	163.172	25.022	10.673
Foreign	26.740	1.436.399	26.339	2.057.300
Branches and Head Office Abroad	-	-	-	-
Total	72.250	1.599.571	51.361	2.067.973

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES**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)**

(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:

None.

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

None.

b) Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	4.207.823	2.352.972
Quoted on a stock exchange	4.109.273	2.352.972
Not quoted	98.550	-
Share certificates	11.885	11.572
Quoted on a stock exchange	-	-
Not quoted	11.885	11.572
Impairment provision(-)	(290)	(4.642)
Total	4.219.418	2.359.902

(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	76.993	-	66.426	-
Total	76.993	-	66.426	-

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

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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)

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized loans	18.944.012	115.469	955.638	21.231
Discount notes	177	-	-	-
Export loans	2.729.211	-	41.796	-
Import loans	-	-	-	-
Loans given to financial sector	1.240.606	-	-	-
Overseas loans	194.466	-	153	-
Consumer loans(*)	5.082.109	-	385.124	121
Credit cards(**)	424.876	-	31.094	-
Precious metals loans	-	-	-	-
Other	9.272.567	115.469	497.471	21.110
Specialized loans	6.978.516	1.609	619.835	527
Other receivables	-	-	-	-
Accruals	510.913	2.308	31.051	429
Total	26.433.441	119.386	1.606.524	22.187

(*) Includes TRY 57.728 Thousand of personnel loans.

(**) Includes TRY 19.265 Thousand of personnel credit cards.

c) Loans according to the maturity structure:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-Term Loans	12.400.914	2.111	583.755	771
Non-specialized loans	10.227.937	1.516	510.544	235
Specialized loans	1.933.289	554	61.928	521
Other Receivables	-	-	-	-
Accruals	239.688	41	11.283	15
Medium and Long-Term loans	14.032.527	117.275	1.022.769	21.416
Non-specialized loans	8.716.075	113.953	445.094	20.996
Specialized loans	5.045.227	1.055	557.907	6
Other receivables	-	-	-	-
Accruals	271.225	2.267	19.768	414
Total	26.433.441	119.386	1.606.524	22.187

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

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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	192.152	5.132.366	5.324.518
Housing Loans	2.036	1.932.760	1.934.796
Car Loans	799	37.484	38.283
General Purpose Loans	189.317	3.162.122	3.351.439
Other	-	-	-
Consumer Loans –Indexed to FC	-	1.359	1.359
Housing Loans	-	597	597
Car Loans	-	-	-
General Purpose Loans	-	762	762
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personal Credit Cards-TRY	421.701	-	421.701
With Installments	47.286	-	47.286
Without Installments	374.415	-	374.415
Personal Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans-TRY	3.928	53.800	57.728
Housing Loans	-	45	45
Car Loans	-	-	-
General Purpose Loans	3.928	53.755	57.683
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	19.265	-	19.265
With Installments	3.779	-	3.779
Without Installments	15.486	-	15.486
Personnel Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Account-TRY(Real Person)	83.749	-	83.749
Overdraft Account-FC(Real Person)	-	-	-
Total	720.795	5.187.525	5.908.320

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

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

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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	26.416	275.136	301.552
Business Loans	2.134	138.963	141.097
Car Loans	24.282	136.173	160.455
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	15.004	-	15.004
With Installments	1.004	-	1.004
Without Installments	14.000	-	14.000
Corporate Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Account-TRY(Legal Entity)	115.509	-	115.509
Overdraft Account-FC(Legal Entity)	-	-	-
Total	156.929	275.136	432.065

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

f) Loan distribution according to borrowers:

	Current Period	Prior Period
Public	691.295	808.493
Private	27.490.243	24.814.292
Total	28.181.538	25.622.785

g) Domestic and overseas loans:

	Current Period	Prior Period
Domestic loans	27.941.871	25.348.976
Overseas loans	239.667	273.809
Total	28.181.538	25.622.785

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	46.092	80.146
Indirect loans granted to subsidiaries and associates	-	-
Total	46.092	80.146

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

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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 for loans:

	Current Period	Prior Period
Specific Provisions		
Loans and receivables with limited collectibility	118.322	71.098
Loans and receivables with doubtful collectibility	67.723	46.323
Uncollectible loans and receivables	1.017.695	920.428
Total	1.203.740	1.037.849

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	6.283	1.446	64.191
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	6.283	1.446	64.191
Prior 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

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	130.433	80.389	1.040.540
Additions (+)	220.783	43.684	147.718
Transfers from other categories of loans under follow-up (+)	-	88.285	79.256
Transfers to other categories of loans under follow-up (-)	(94.925)	(72.616)	-
Collections (-)	(42.557)	(17.508)	(101.284)
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current period end balance	213.734	122.234	1.166.230
Specific provision (-)	(118.322)	(67.723)	(1.017.695)
Net Balance on Balance Sheet	95.412	54.511	148.535

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

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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 collectibility	Uncollectible loans and receivables
Current Period (Net)	95.412	54.511	148.535
Loans to Real Persons and Legal Entities (Gross)	212.426	122.224	1.137.481
Specific Provisions (-)	(117.014)	(67.713)	(988.946)
Loans to Real Persons and Legal Entities (Net)	95.412	54.511	148.535
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	1.308	10	28.749
Specific Provisions (-)	(1.308)	(10)	(28.749)
Other Loans and Receivables (Net)	-	-	-
Prior 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)	-	-	-

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)

(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	2.104.827	328.113	1.938.752	103.445
Other	-	-	-	-
Total	2.104.827	328.113	1.938.752	103.445

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	5.128.517	506.398	1.951.627	813.008
Other	-	-	-	-
Total	5.128.517	506.398	1.951.627	813.008

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

	Current Period	Prior Period
Government Bonds	16.170.277	15.858.882
Treasury Bills	-	-
Other public sector debt securities	-	-
Total	16.170.277	15.858.882

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	16.170.277	15.874.937
Quoted on a stock exchange	10.658.361	9.982.371
Not quoted on a stock exchange	5.511.916	5.892.566
Provision for impairment (-)	-	(16.055)
Total	16.170.277	15.858.882

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

	Current Period	Prior Period
Beginning balance	15.858.882	7.037.420
Foreign currency differences on monetary assets	32.958	298.211
Purchases during the year	2.124.023	9.953.372
Disposals through sales and redemptions (-) (*)	(1.854.761)	(1.523.857)
Impairment provision (-)	9.175	93.736
Closing Balance	16.170.277	15.858.882

(*) In accordance with the tainting rules defined in paragraph 9 and 52 of Turkish Accounting Standards 39- Financial Instruments: Recognition and Measurement as published by Turkish Accounting Standards Board ("TASB"), the Group reclassified TRY 757.481 Thousand securities from Held to Maturity Securities portfolio to Available for Sale Securities portfolio as of June 30, 2009. Related amount was presented in Disposals Through Sales and Redemptions row.

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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 held-to-maturity securities accounts:

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

	Current Period				Prior Period			
	Historical Cost		Amortized Cost		Historical Cost		Amortized Cost	
	TRY	FC	TRY	FC	TRY	FC	TRY	FC
Obtained from Undersecretariat of Treasury of Republic of Turkey	4.071.785	-	4.172.608	-	2.860.914	-	2.896.221	-
Obtained from Chairmanship of Privatization Administration	-	-	-	-	-	-	-	-
Obtained with the transfer	2.647.948	-	2.784.451	-	2.968.719	-	3.190.433	-
Reclassified from other security portfolios (*)	6.373.016	2.396.802	6.761.162	2.452.056	7.264.687	2.138.231	7.593.316	2.178.912
Other	-	-	-	-	-	-	-	-
Total	13.092.749	2.396.802	13.718.221	2.452.056	13.094.320	2.138.231	13.679.970	2.178.912

(*) While paragraph 54 of Turkish Accounting Standards 39-Financial Instruments: Recognition and Measurement as published by Turkish Accounting Standards Board ("TASB") permit reclassification of securities from Available for Sale Portfolio to Held to Maturity Portfolio, with the Communiqué 105, dated October 31, 2008 and published in the Official Gazette 27040, TASB, made an amendment related to Article 50 of Turkish Accounting Standards 39-Financial Instruments: Recognition and Measurement and also permitted the reclassification of securities recognized as Financial Assets at Fair Value Through Profit and Loss Portfolio to Held to Maturity Securities Portfolio. In addition, Turkish Accounting Standards Board declared that all reclassification transactions made subsequent to October 31, 2008, will take effect on the date of such transactions performed. In order to avoid the effect of market fluctuations on securities portfolio, on October 3, 2008 and October 8, 2008, the Bank reclassified TRY 8.961 Million in total; TRY 378 Million from Financial Assets at Fair Value Through Profit and Loss and TRY 8.583 Million from Available for Sale Securities portfolio to Held to Maturity Securities portfolio. Since the Bank has not reclassified any securities from other portfolios to Held to Maturity Securities portfolio during the six month period ended June 30, 2009, the related reclassified securities stated above shown under "Obtained from Undersecretariat of Treasury of Republic of Turkey" row.

(7) Information on associates (Net):

a) Information on associates:

Description	Address (City/ Country)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
1 DEMİR-HALKBANK 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

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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 Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
4.535.643	443.226	63.718	105.030	3.033	3.644	15.510	739.310
402.214	73.736	20.596	8.868	103	1.150	8.612	58.000
37.153	37.008	224	899	-	519	3.994	33.292
8.905	3.695	147	118	18	126	359	-
13.371	8.562	846	128	6	1.118	4.329	-
26.820	15.756	1.874	1.085	4	2.186	6.693	-
14.314	12.620	5.456	299	-	(713)	1.533	-
87.340	84.145	473	2.026	-	2.693	9.317	-

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

(**) From the associates that are presented in (b), the financial data of Demirhalkbank N.V is obtained from June 30, 2009, Bankalararası Kart Merkezi A.Ş is obtained from March 31, 2009 reviewed financial statements, and the financial data of remaining associates are obtained from March 31, 2009 unaudited financial statements.

c) Movement of associates:

	Current Period	Prior Period
Balance at the beginning of the period	164.607	145.490
Movements during the period	7.296	19.117
Additions (*)	3.916	2.880
Free shares obtained profit from current year's share	-	-
Share in current year income	-	-
Disposals	-	-
Revaluation decrease (-) / increase	3.380	16.408
Provision for impairment (-) / reversals (+)	-	(171)
Balance at the end of the period	171.903	164.607
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) In the current period, TRY 3,916 Thousand addition is the shares received through Halk Finansal Kiralama A.Ş. capital increase, 99,63% of which is met by net profit of the previous period and 0,37% by legal reserves.

d) Sectoral information and related carrying amounts of associates:

	Current Period	Prior Period
Banks	125.956	122.576
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	34.452	30.536
Financing Companies	-	-
Other Financial Investments	10.429	10.429

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

None.

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

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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)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
HALK YATIRIM MENKUL DEĞERLER A.Ş.	İSTANBUL	99,93	99,96
BİRLİK SİGORTA A.Ş.	İSTANBUL	89,18	89,18
BİRLİK HAYAT SİGORTA A.Ş.	İSTANBUL	94,40	98,86

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
45.454	35.272	551	2.074	126	4.018	4.123	34.416
137.629	49.879	1.202	4.518	1.079	(350)	1.727	70.760
118.279	58.251	171	4.008	3.375	11.408	20.482	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 June 30, 2009.

c) Movement of the subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	62.048	57.801
Movements during the period	(62.048)	4.247
Additions (**)	19.085	4.247
Bonus shares obtained	-	-
Share in current year income	-	-
Disposals	-	-
Revaluation increase	-	-
Provision for impairment (*)	-	-
Effect of including subsidiaries to scope of consolidation (**)	(81.133)	-
Balance at the end of the period	-	62.048
Capital commitments	-	15.491
Share percentage at the end of the period (%)	-	-

(*) In the current period TRY 19.085 Thousand addition is composed of the shares received through Birlık Sigorta A.Ş. TRY 15.487 Thousand and Halk Yatırım Menkul Değerler A.Ş. TRY 3.598 Thousand.

(**) The subsidiaries of the Parent Bank; are included the scope of consolidation for the first time in the accompanying financial statements for the period January 1 – June 30, 2009.

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

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

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES**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)**

- (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:
Not required for the reporting of interim financial statements.
- (13) Information on intangible assets:
Not required for the reporting of interim financial statements.
- (14) Information on immovables held for investment purposes:
Not required for the reporting of interim financial statements.
- (15) Information on deferred tax assets:

	Current Period Deferred Tax	Prior Period Deferred Tax
Retirement Pay Provision and Unused Vacation Provision	50.972	46.979
Precautionary Provision for Loans Under Close Monitoring	7.374	9.500
Net Accrual Expense for Derivative Instruments	473	-
Valuation Difference Between Turkish Uniform Chart of Accounts and Tax Procedure Law	43.969	23.272
Provision for Lawsuits against the Bank	2.905	2.694
Other	9.012	3.858
Total Deferred Tax Assets	114.705	86.303
Net Accrual Income for Derivative Instruments	-	(11.387)
Other	(1.178)	(825)
Deferred Tax Liabilities	(1.178)	(12.212)
Deferred Tax Assets, Net	113.527	74.091
Deferred Tax Accounted for in Shareholders' Equity		
Available for Sale Securities IRR-FV Difference	17.192	3.525
FC Subsidiaries Hedge Fund Valuation Difference	(11.849)	(8.342)

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

**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)

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

Not required for the reporting of interim financial statements.

(17) Information on other assets:

a) Distribution of other assets:

	Current Period	Prior Period
Clearing Account	160.784	98.707
Prepaid Expenses	120.486	4.227
Receivables from Intermediary Operations	69.176	-
Receivables From Asset Sale on Credit Terms	57.192	59.166
From Credit Card Payments	48.349	34.839
Collaterals Received for Derivative Instruments	24.918	91.020
Receivables from SDIF	4.013	3.986
Receivables from Banking Services	3.926	3.751
Receivables Pending for Board of Discipline Decision	1.288	443
Receivables from law suits	1.034	1.136
Advances Given	1.006	5.548
Cash Guarantees Given	618	553
Other	54.041	34.628
Total	546.831	338.004

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

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

II. EXPLANATIONS AND NOTES TO THE CONSOLIDATED LIABILITIES

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

a) For deposit banks:

a.1. Current Period:

	Demand	7 day call accounts	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and over	Accumulated Deposits	Total
Saving deposits	941.406	-	4.088.256	12.233.466	373.344	143.762	38.994	14.080	17.833.308
Foreign currency deposits	1.337.747	-	3.128.678	4.435.529	1.678.928	930.409	481.069	1.730	11.994.090
Residents in Turkey	1.310.622	-	3.048.275	3.991.632	437.818	715.576	411.299	1.730	9.916.952
Residents abroad	27.125	-	80.403	443.897	1.241.110	214.833	69.770	-	2.077.138
Public Sector Deposits Commercial Inst.	625.934	-	317.765	958.508	30.645	16.176	140	-	1.949.168
Deposits	1.035.529	-	1.457.313	2.052.915	69.471	55.833	1.855	-	4.672.916
Other Inst. Deposits	282.846	-	148.228	1.651.234	35.182	61.287	607	-	2.179.384
Precious Metals	-	-	-	-	-	-	-	-	-
Interbank Deposits	184.032	-	1.590.175	116.595	12.486	62.457	-	-	1.965.745
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	4.446	-	1.125.365	10.000	-	-	-	-	1.139.811
Foreign Banks	121.195	-	464.810	106.595	12.486	62.457	-	-	767.543
Participation Banks	58.391	-	-	-	-	-	-	-	58.391
Other	-	-	-	-	-	-	-	-	-
Accruals	29.577	-	72.007	144.416	14.764	8.522	3.507	106	272.899
Total	4.437.071	-	10.802.422	21.592.663	2.214.820	1.278.446	526.172	15.916	40.867.510

a.2. Prior Period:

	Demand	7 day call accounts	Up to 1 month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over	Accumulated Deposits	Total
Saving deposits	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

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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)**

- (1) Information on maturity structure of deposits/funds collected: (cont'd)
- b) Information on Saving Deposits/Special Current and Participation Accounts in the scope of Saving Deposits Insurance Fund:
- b.1. Amounts exceeding insurance limit:
- b.1.1. Saving deposits under the guarantee of deposit insurance and exceeding the insurance limit:

Saving Deposits	Under the Guarantee of Deposit Insurance		Exceeding Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	9.101.938	8.317.033	8.702.105	8.276.019
Foreign Currency Saving Deposits	2.090.206	2.059.286	3.744.870	3.581.684
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at foreign branches and under the guarantee of foreign authorities' insurance	35.703	34.185	-	-
Deposits at off-shore banking regions' and under foreign authorities' insurance	-	-	-	-
Total	11.227.847	10.410.504	12.446.975	11.857.703

- b.1.2. Saving deposits at foreign branches are excluded from the scope of Saving Deposits Insurance Fund according to the related legislation, and are subject to insurance of foreign authorities in compliance with the foreign legislations.
- c) Saving deposits which are not under the guarantee of deposit insurance fund:

	Current Period	Prior Period
Deposits and accounts in overseas branches	189.703	193.415
Deposits of ultimate shareholders and their close families	-	-
Deposits of chairman and members of the Board of Directors and their close families	2.228	1.746
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	-	-

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2009

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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)

(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	-	565	-	474
Swap Transactions	-	28.738	-	21.772
Future Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	29.303	-	22.246

(3) a) Banks and Other Financial Institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Borrowings from Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	125.869	77.286	124.292	90.099
Foreign Banks, Institutions and Funds	82.328	1.550.407	78.003	1.229.405
Total	208.197	1.627.693	202.295	1.319.504

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term	125.869	477.113	124.292	335.626
Medium and Long-Term	82.328	1.150.580	78.003	983.878
Total	208.197	1.627.693	202.295	1.319.504

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

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

Main liability of the Parent Bank is deposit, which is composed of 43,85% of saving deposits and 29,49% 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 to be used in the financing of personal loans. There are funds obtained from the Ministry of Industry and Trade especially for constructing small industrial estates and organized industrial estates.

The Parent Bank's 47,23% of banks deposits and 29,49% of other deposits consist of foreign currency deposits.

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED
FINANCIAL STATEMENTS (cont'd)****II. EXPLANATIONS AND NOTES TO THE CONSOLIDATED LIABILITIES (cont'd)**

c) Additional disclosures related to the concentrations of the Group's major liabilities: (cont'd)

Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From domestic transactions	4.524.501	-	1.686.174	-
Financial institutions and organizations	1.043.272	-	-	-
Other institutions and organizations	3.446.069	-	1.646.692	-
Real persons	35.160	-	39.482	-
From overseas transactions	452	382.698	576	683.795
Financial institutions and organizations	-	382.698	-	683.795
Other institutions and organizations	-	-	-	-
Real persons	452	-	576	-
Accruals	8.997	1.155	11.076	8.823
Total	4.533.950	383.853	1.697.826	692.618

(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.

Maturity Structure of Funds:

Current Period		Prior Period	
Short-term	Long-term	Short-term	Long-term
308.883	1.113.275	83.382	1.132.172

(5) Information on Other Liabilities:

Other liabilities balance in the balance sheet amounts to TRY 304.053 Thousand and does not exceed 10% of the balance sheet total. (December 31, 2008: TRY 199.086 Thousand).

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

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

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

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

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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): (cont'd)

b) Explanation on finance lease payables:

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

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	244.962	225.806
Allocated for Group- I loans and receivables	200.710	179.737
Allocated for Group- II loans and receivables	23.360	27.976
Allocated for non-cash loans	20.892	18.093
Other	-	-

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 43.609 Thousand as of June 30, 2009 at a rate of 50% for non cash loans. TRY 8.073 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.

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2009

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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)

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

d) Information on other provisions:

Provision balance for possible risks:

Total other provision balance amounting to TRY 120.706 Thousand (31 December 2008: TRY 147.544 Thousand) consists of TRY 43.609 Thousand (31 December 2008: TRY 48.027 Thousand) specific provisions for unindemnified non cash loans and TRY 77.097 Thousand (31 December 2008: 99.517 Thousand) of provision is set for legal cases against the Bank, SDIF premium, expenditure bonuses accumulated on credit cards provided by the Bank, other provisions and provision for possible risks.

As of December 31, 2008, 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 (June 30, 2009: None).

e) Liabilities on pension rights:

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

None.

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

None.

(9) Explanations related to tax liabilities:

a) Information on current tax liability:

As of June 30, 2009, the Group’s corporate tax provision is TRY 248.378 Thousand which is offset against TRY 105.831 of temporary tax paid within the current period. Therefore, the remaining corporate tax payable is TRY 142.547 Thousand.

a.1. Information on tax provision:

As of June 30, 2009, the Group’s corporate tax provision is TRY 248.378 Thousand. For the second temporary taxation period of 2009 year, corporate tax payable is TRY 142.547 Thousand.

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	142.547	17.337
Income on Securities Tax	47.582	85.602
Property Income Tax	401	246
Banking and Insurance Transactions Tax (BITT)	15.969	16.160
Foreign Exchange Transactions Tax	1	-
Value Added Tax Payable	725	81
Other	8.886	11.339
Total	216.111	130.765

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2009

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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.3. Information on premiums:

	Current Period	Prior Period
Social Insurance Premiums-Employee	95	5
Social Insurance Premiums-Employer	139	7
Bank Social Aid Pension Fund Premium-Employee	2.540	2.112
Bank Social Aid Pension Fund Premium-Employer	3.537	2.912
Pension Fund Membership Fees-Employee	-	-
Pension Fund Membership Fees-Employer	-	-
Unemployment insurance-Employee	8	-
Unemployment insurance-Employer	11	-
Other	559	445
Total	6.889	5.481

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.

(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.

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – JUNE 30, 2009

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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: (cont'd)

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 Group'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 Group 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	68.229	(76.528)	(7.011)	(106.026)
Exchange rate difference	-	-	-	-
Total	68.229	(76.528)	(7.011)	(106.026)

(13) Information on Minority Interest:

	Current Period	Prior Period
Paid-in capital	4.411	-
Marketable Securities Revaluation Fund	82	-
Legal Reserves	145	-
Extraordinary Reserves	1.279	-
Retained Earnings	-	-
Net Period Income / Loss	94	-
Total	6.011	-

14) Movement of Minority Interest:

	Current Period
Beginning Balance	6.610
Change in Minority Interest	(693)
Net Period Income / loss	94
Closing Balance	6.011

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

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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
Credit card expenditure limit commitments	2.221.826	1.854.559
Two days forward foreign exchange buy/sell transactions	661.425	626.948
Other irrevocable commitments	17.242	17.242
Capital commitments to subsidiaries and associates (*)	250	15.741
Allocation commitments of used non-cash loans	444.161	258.131
Tax and fund dues from export commitments	9.216	6.739
Payment commitments for cheques	1.291.002	1.260.306
Total	4.645.122	4.039.666

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

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

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

	Current Period	Prior Period
Bank acceptance loans	148.805	78.257
Letters of credit	1.404.139	1.780.112
Other guarantees	155.735	27.284
Total	1.708.679	1.885.653

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

	Current Period	Prior Period
Letters of tentative guarantees	257.944	258.856
Letters of certain guarantees	2.288.909	1.986.780
Letters of advance guarantees	1.167.058	938.164
Letters of guarantee given to customs offices	155.622	142.023
Other letters of guarantee	1.935.055	1.527.376
Total	5.804.588	4.853.199

b.3. Total Non-cash loans:

	Current Period	Prior Period
Non-cash loans for providing cash loans	159.435	141.348
Within one year or less original maturity	-	-
Within more than one year maturity	159.435	141.348
Other non-cash loans	7.353.832	6.597.504
Total	7.513.267	6.738.852

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

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

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

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	12.954	0,43	3.951	0,09	8.872	0,35	58.916	1,40
Farming and Raising Livestock	10.878	0,36	3.853	0,09	7.452	0,29	58.819	1,40
Forestry	613	0,02	22	0,00	565	0,02	22	0,00
Fishery	1.463	0,05	76	0,00	855	0,03	75	0,00
Industry	956.083	31,41	2.213.247	49,48	820.255	32,23	2.286.996	54,53
Mining and Quarry	20.952	0,69	25.208	0,56	19.690	0,77	28.123	0,67
Manufacturing	797.916	26,21	2.044.196	45,70	688.731	27,07	2.109.083	50,29
Electricity, Gas and Water	137.215	4,51	143.843	3,22	111.834	4,39	149.790	3,57
Construction	803.305	26,39	1.181.882	26,42	756.062	29,71	968.046	23,08
Service	1.224.556	40,35	1.055.701	23,60	921.018	36,19	870.348	20,75
Wholesale and Retail Trade	689.294	22,64	372.221	8,32	515.076	20,24	239.157	5,70
Hotel and Food Services	30.155	0,99	8.037	0,18	12.863	0,51	4.039	0,10
Transportation and Communication	34.347	1,13	49.106	1,10	30.052	1,18	30.900	0,74
Financial Institutions	324.349	10,78	481.362	10,76	298.377	11,73	432.048	10,30
Real Estate and Leasing Services	135.315	4,44	63.102	1,41	54.374	2,14	43.039	1,03
Self-employment	3.158	0,10	281	0,01	3.650	0,14	280	0,01
Educational Services	2.887	0,09	106	0,00	2.221	0,09	1.031	0,02
Health and Social Services	5.051	0,17	81.486	1,82	4.405	0,17	119.854	2,86
Other	43.434	1,43	18.154	0,41	38.461	1,51	9.878	0,24
Total	3.040.332	100,00	4.472.935	100,00	2.544.668	100,00	4.194.184	100,00

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

	Group I		Group II	
	TRY	FC	TRY	FC
Non-cash loans	2.990.752	4.466.012	49.580	6.923
Letters of Guarantee	2.962.115	2.791.288	49.554	1.631
Bill Guarantees and Acceptances	-	143.646	-	5.159
Letters of Credit	-	1.404.006	-	133
Endorsements	-	-	-	-
Purchase Guarantees on Marketable Security Underwritings	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Suretyships	28.637	127.072	26	-

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

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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)

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)	2.130.510	1.435.947	-	-
Forward Foreign Currency Buy/Sell Transactions	78.755	124.206	-	-
Currency Buy/Sell Swap	2.051.755	1.311.741	-	-
Currency Futures	-	-	-	-
Currency Put/Call Options	-	-	-	-
Interest related derivative transactions (II)	406.940	404.140	-	-
Interest Rate Contracts	-	-	-	-
Interest Rate Buy/Sell Swap	406.940	404.140	-	-
Interest Rate Put/Call Options	-	-	-	-
Interest Rate Buy/Sell Futures	-	-	-	-
Other trading derivative transactions (III)	426.070	423.070	-	-
A. Total trading derivative transactions (I+II+III)	2.963.520	2.263.157	-	-
Types of derivative transactions for hedging				
Fair Value Fluctuations Hedge	-	-	-	-
Cash flow Risk Hedge	-	-	-	-
FC Investment in Associates Risk Hedge	-	-	-	-
B.Total Derivative Transactions for Hedging	-	-	-	-
Total Derivative Transactions (A+B)	2.963.520	2.263.157	-	-

d) Information on contingent liabilities and assets:

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

e) Services supplied on behalf of others:

None.

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

(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	982.582	103.231	835.880	47.627
Medium and Long Term Loans	868.308	125.614	710.819	75.331
Interest on Non-Performing Loans	57.714	1	38.641	2
Premiums from Resource Utilization Support Fund	-	-	-	-
Total	1.908.604	228.846	1.585.340	122.960

(*) 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	65.507	80	80.267	1.837
Domestic Banks	4.779	99	3.624	1.391
Overseas Banks	1.383	6.197	4.974	9.038
Head Office and Branches	-	-	-	-
Total	71.669	6.376	88.865	12.266

c) Interest income on marketable securities:

Not required for the reporting of interim financial statements.

d) Interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	3.946	671

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

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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	12.945	29.169	23.092	18.169
Central Bank of Turkey	-	-	-	-
Domestic Banks	8.600	1.905	7.779	1.889
Overseas Banks	4.345	27.264	15.313	16.280
Overseas Head Office and Branches	-	-	-	-
Other Institutions	-	-	21	-
Total	12.945	29.169	23.113	18.169

b) Interest expenses to subsidiaries and associates:

	Current Period	Prior Period
Interest Expenses to Subsidiaries and Associates	2.673	2.839

c) Information on interest expenses to marketable securities issued:

None.

d) Maturity structure of interest expenses on deposits:

Account Name	Time Deposit							Cumulative Deposit	Total
	Demand Deposit	Up to 1 Month	Up to 3 months	Up to 6 Months	Up to 1 Year	More than 1 Year			
TRY									
Bank Deposits	34	34.221	-	-	-	-	-	-	34.255
Saving Deposits	6.970	268.024	796.941	27.343	12.554	3.314	-	-	1.115.146
Public Deposits	1.375	16.297	57.455	192	1.011	9	-	-	76.339
Commercial Deposits	3.656	83.972	168.061	9.724	4.707	96	-	-	270.216
Other Deposits	856	15.561	127.022	8.067	4.316	46	-	-	155.868
7 days Call Accounts	-	-	-	-	-	-	-	-	-
Total	12.891	418.075	1.149.479	45.326	22.588	3.465	-	-	1.651.824
Foreign Currency									
Deposits	564	50.459	91.284	30.818	24.531	7.995	-	-	205.651
Bank Deposits	-	3.297	-	-	-	-	-	-	3.297
7 days Call Accounts	-	-	-	-	-	-	-	-	-
Precious Metal	-	-	-	-	-	-	-	-	-
Total	564	53.756	91.284	30.818	24.531	7.995	-	-	208.948
Grand Total	13.455	471.831	1.240.763	76.144	47.119	11.460	-	-	1.860.772

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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	597	861
Other	5.914	14.018
Total	6.511	14.879

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

	Current Period	Prior Period
Profit	1.922.042	1.769.432
Profit from the Capital Market Operations	58.476	5.046
Profit on derivative financial instruments	397.435	138.998
Foreign Exchange Gains	1.466.131	1.625.388
Loss (-)	1.916.364	1.845.029
Loss from the Capital Market Operations	530	4.410
Loss on derivative financial instruments	399.904	147.282
Foreign Exchange Losses	1.515.930	1.693.337
Trading Profit / (Loss)	5.678	(75.597)

b) Information on derivative financial instruments:

	Current Period	Prior Period
Profit on derivative financial instruments	397.435	138.998
Effect of the change in foreign exchange on profit	396.648	100.243
Effect of the change in interest rate on profit	787	38.755
Loss on derivative financial instruments (-)	(399.904)	(147.282)
Effect of the change in foreign exchange on loss	(372.071)	(105.207)
Effect of the change in interest rate on loss	(27.833)	(42.075)
Profit/Loss on derivative financial instruments	(2.469)	(8.284)

(5) Information on other operating income:

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

(6) Impairment losses on loans and other receivables:

	Current Period	Prior Period
Specific Provisions on Loans and Receivables	220.083	93.134
Group- III Loans and Receivables	110.386	39.890
Group- IV Loans and Receivables	13.429	6.075
Group-V Loans and Receivables	96.268	47.169
General Loan Provision Expenses	30.265	46.627
Provision Expenses for Possible Losses	-	17.147
Marketable Securities Impairment Losses	-	8.437
Financial assets at fair value through profit and loss	-	8.436
Financial assets available for sale	-	1
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	42.560	6.466
Total	292.908	171.957

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

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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)

(7) Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	293.561	237.408
Reserve for employee termination benefits	22.397	23.863
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	-	-
Depreciation expenses of fixed assets	27.827	21.643
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	541	2.948
Shares (equity method of accounting applied) impairment expense	-	-
Impairment expense of assets that will be disposed of	-	-
Amortization expenses of assets that will be disposed of	1.566	968
Impairment expense for property and equipment held for sale	-	-
Other operating expenses	144.251	96.605
Operational leasing expenses	12.955	1.627
Maintenance expenses	6.659	4.995
Advertisement expenses	13.655	10.463
Other expenses	110.982	79.520
Loss on sales of assets	2.504	4.339
Other	129.590	71.833
Total	622.237	459.607

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

Bank's income before tax is due from the continuing activities. TRY 1.457.868 Thousand of the income before tax consists of net interest income, TRY 216.168 Thousand of the income before tax consists of net fees and commissions. The net operating profit of the Bank is TRY 1.000.436 Thousand.

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

As of June 30, 2009, the Bank's income tax provision amounting to TRY 201.489 Thousand consists of TRY 250.233 Thousand of current tax charge and TRY 48.744 Thousand of deferred tax benefit.

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

As of June 30, 2009, net operating income after tax amounts to TRY 800.322 Thousand.

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

c.1. Income and expenses from ordinary banking operations: There is no specific issue required to be disclosed for the Bank's performance for January 1, 2009 - June 30, 2009 period.

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

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

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

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

**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.

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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	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

Period closing cash and cash equivalents balance:

	Current Period	Prior Period
Cash	3.127.269	2.968.810
Cash in TRY and Foreign Currency	222.169	216.364
Central Bank and Others	2.905.100	2.752.446
Cash Equivalents	1.670.370	816.513
Banks- maturity less than 3 months	1.670.370	816.513
Total Cash and Cash Equivalents	4.797.639	3.785.323

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

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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 Group's transactions with its risk group and outstanding loan and deposit balances as of the period-end, period income and expenses from the risk group:

a) Current Period:

Risk Group	Subsidiaries, Associates and Joint Ventures		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
	Loans and Other Receivables					
Beginning Balance	80.146	6.861	-	-	-	-
Closing Balance	46.092	14.323	-	-	-	-
Interest and Commissions Income	3.946	138	-	-	-	-

b) Prior Period:

Risk Group	Subsidiaries, Associates and Joint Ventures		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
	Loans and Other Receivables					
Beginning Balance	43.902	6.746	-	-	-	-
Closing Balance	80.146	6.861	-	-	-	-
Interest and Commissions Income	671	49	-	-	-	-

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

Risk Group	Subsidiaries, Associates and Joint Ventures		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	Deposits					
Beginning Balance	108.628	83.368	-	-	-	-
Closing Balance	41.612	108.628	-	-	-	-
Interest expense on deposits	2.673	2.839	-	-	-	-

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

None.

(2) Disclosures for related parties:

a) The relations of the Bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not:

In the normal course of its banking activities, the Bank conducted various business transactions with related parties at commercial terms and at rates which approximate market rates.

TÜRKİYE HALK BANKASI A.Ş. AND ITS FINANCIAL SUBSIDIARIES

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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: (cont'd)

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	46.092	% 0,16
Non-cash loans	14.323	% 0,25
Deposits	41.612	% 0,10
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.

VIII. EXPLANATIONS RELATED TO SUBSEQUENT EVENTS

None.

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SECTION VI: LIMITED REVIEW REPORT

I. EXPLANATIONS TO INDEPENDENT AUDITOR’S LIMITED REVIEW REPORT

The consolidated financial statements as of June 30, 2009 and for the period then ended were reviewed independently by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu) and Independent Auditor’s Limited Review Report dated August 27, 2009 is presented before the consolidated financial statements.

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

None.