

TÜRKİYE HALK BANKASI A.Ş.

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

Translated into English from the
Original Turkish Report

TÜRKİYE HALK BANKASI A.Ş.

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

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

We have reviewed the accompanying unconsolidated balance sheet of Türkiye Halk Bankası A.Ş. (“the Bank”) as of June 30, 2009 and the related statements of income, cash flow and changes in shareholders’ equity for the period then ended. These financial statements are the responsibility of the Bank’s management. As independent accountants, our responsibility is to issue a report based on the review performed on these 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 accompanying financial statements do not give a true and fair view of the financial position, the results of its operations and its cash flows, of Türkiye Halk Bankası A.Ş. for the period ended June 30, 2009 in accordance with the prevailing accounting principles and standards set out as per the Article No. 37 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by Banking Regulation and Supervision Agency.

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

İstanbul, August 11, 2009

Sibel Türker
Partner

Additional paragraph for the English translation:

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

TÜRKİYE HALK BANKASI A.Ş.

THE UNCONSOLIDATED FINANCIAL REPORT FOR THE PERIOD ENDED JUNE 30, 2009

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

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

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

Unless otherwise indicated, these unconsolidated 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 11, 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 |

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

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

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SECTION I: GENERAL INFORMATION ABOUT THE BANK

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

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

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

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

As of 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 Bank’s shares were registered to Capital Market Board records by decision number 23/471 dated April 27, 2007. The shares were traded on the İstanbul Stock Exchange as of May 10, 2007.

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

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

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

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

**EXPLANATIONS AND NOTES TO 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 BANK (cont'd)

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

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

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

a) General Information about the Bank:

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

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

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 Bank were to be concluded under the provisions of Law No:4046 based on the "Regulation of Privatization Applications and Amendment of Some Laws and Decrees with the Force of Law". The procedures relating to restructuring and sale of the shares were to be completed within three years (until November 25, 2003) as of the effective date of the related law. However, by Law No: 5230 dated 31 July 2004, the term " 3 years" in Article 2.2. of Law numbered 4603 was previously amended to "5 years" and by Law No: 5572 dated January 10, 2007 the related term was extended to "10 years". As a result of this amendment, the privatization period of the Bank was prolonged. The Council of Ministers has the authority to extend this period by the half of that period for one time only. The Council of Ministers extended this five year period by the half of that period with the Decree numbered 2005/9841 and dated 27 December 2005. When the related Decree numbered 2006/69 and dated 11 August 2006 was in force, the Privatization High Council public shares were transferred to the Privatization Administration and 99.9% of the Bank shares were decided to be sold before May 25, 2008 using the block sale method. By the Privatization High Council's decree numbered 2006/4258 and dated August 11, 2006, 13th Department of Council of State decided to cease the execution of the Decree numbered 2006/69 dated 11 August 2006. Thereupon, legal regulation numbered 5572 was executed and as per the decree of the Higher Council of Privatization numbered 2007/8 and dated February 5, 2007, up to 25% of the public shares that were previously transferred to the Privatization Administration on August 11, 2006, were decided to be privatized by a public offering and it was decided to be concluded by the end of 2007. The first phase of the privatization process of the Bank corresponding to 24.98% was completed in the first week of May 2007 and Halkbank shares were traded on İstanbul Stock Exchange (ISE) as of May 10, 2007 with the base price of TRY 8,00.

**EXPLANATIONS AND NOTES TO 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 BANK (cont'd)

V. SUMMARY ON THE 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 Bank. Insolvent Pamukbank T.A.Ş. was a private sector deposit bank established by Çukurova İthalat ve İhracat T.A.O., Karamehmetler Scrip Company and more than 500 shareholders. The bank started its private banking operations as an incorporated company in accordance with the decision of the Council of Ministers numbered 4/4573 and dated 5 March 1955. According to the decision of the Banking Regulation and Supervision Agency (BRSA) numbered 742 published in the Official Gazette numbered 24790 and dated 19 June 2002 including 3rd and 4th Sub-articles in Article 14 of the Banking Law No: 4389, the shareholders rights excluding dividends, management and supervision of the Bank were transferred to the Saving Deposit Insurance Fund as of 18 June 2002.
- e) The Bank's service activities and operating areas: The Bank's operating areas include, commercial financing and corporate banking, fund management operations, retail banking and credit card operations.

As of June 30, 2009, the 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.

TÜRKİYE HALK BANKASI A.Ş.

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

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

SECTION II: UNCONSOLIDATED FINANCIAL STATEMENTS

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

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

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

1. The Bank’s Strategy On Financial Instruments:

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

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

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

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

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

Assets and liabilities of the foreign branches of the Bank are converted into TRY by using the prevailing exchange rates at the balance sheet date. Income and expenses are converted by using the average exchange rates, unless 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.

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

III. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

Derivative transactions of the Bank consist of foreign currency and interest rate swaps, forwards and credit default swaps. The 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.

IV. INTEREST INCOME AND EXPENSES

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

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

V. FEES AND COMMISSION INCOME AND EXPENSES

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

VI. EXPLANATIONS AND DISCLOSURES ON FINANCIAL ASSETS

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

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

Fair value is the amount for which an asset could be exchanged or a liability could be settled, between knowledgeable willing parties in an 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.

**EXPLANATIONS AND NOTES TO 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)

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

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

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

1. Cash and Bank:

Cash and bank balances in foreign currencies are valued by using the Bank's current period end exchange rates. 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 asset held for trading.

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

VI. 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 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.

**EXPLANATIONS AND NOTES TO 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)

VI. 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.

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

VII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

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

Impairment losses attributable to the investments held to maturity are measured as the difference between the present value of estimated future 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 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 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 Bank in addition to specific provisions.

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

VIII. OFFSETTING THE FINANCIAL ASSETS AND LIABILITIES

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

IX. 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 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 “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 bank has no reverse repo transactions (December 31, 2008: None).

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

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

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

**EXPLANATIONS AND NOTES TO FINANCIAL STATEMENTS
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(Amounts expressed in Thousand of Turkish Lira (TRY) unless otherwise stated.)

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

XI. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

Intangible assets that are purchased prior to January 1, 2005 are carried at their restated historical costs and intangible assets that are purchased in the subsequent periods are carried at their historical cost, less any accumulated 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 amortisation method, amortization period or residual value.

XII. EXPLANATIONS ON PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment that are purchased prior to January 1, 2005 are carried at their December 31, 2004 dated restated costs and property, plant and equipment that are purchased in the subsequent periods are carried at cost, less any accumulated depreciation and any impairment losses. Property, plant and equipment are amortized by using the straight line method during their useful lives. Gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of that asset and is recognized in profit or loss. 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.

**EXPLANATIONS AND NOTES TO FINANCIAL STATEMENTS
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(Amounts expressed in Thousand of Turkish Lira (TRY) unless otherwise stated.)

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

XIII. EXPLANATIONS ON LEASING TRANSACTIONS

Assets acquired under financial leases are carried at the lower of their fair values or amortized value of the lease payments. Leasing payables are recognized as liabilities in the balance sheet while the interest payable portion of the payables 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 Bank does not participate in the financial leasing transactions as a “lessor”.

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

XIV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

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

XV. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES

Employee benefits liabilities are recognised in accordance with the Turkish Accounting Standard No:19 “Employee Benefits”. According to related legislation and union contracts, the Bank is required to make lump sum retirement payments to employees who has completed one year of service, is called up for military service, dies, resigns, retires or whose employment is terminated without due cause, or for female employees; who resigns subsequent to her marriage within one year. The Bank provides provision by estimating the present value of the future retirement pay liability. The retirement pay provision of the Bank has been determined by the actuarial report of an 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 Bank as well. Provisional article 23 of the Banking Act No: 5411 requires the Bank’s pension funds founded in the scope of SIA to be transferred to the Social Insurance Institution (SII) within 3 years subsequent to the publishing date of the act. The procedure and essentials for the transfer were determined by the Council of Ministers’ decision dated November 30, 2006 and numbered 2006/11345 and accordingly, both pension fund foundations would have been transferred to SSI. However, with the decree of the Constitutional Court numbered E.2005/139, K.2007/13 and K.2007/33 published in the Official Gazette dated March 31, 2007 and numbered 26479, the first paragraph of the temporary first article of the provisional article 23 of the Banking Act No: 5411 is cancelled and the execution has been ceased starting from the date the decree is published.

**EXPLANATIONS AND NOTES TO FINANCIAL STATEMENTS
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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (cont'd)

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

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

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

XVI. EXPLANATIONS ON TAXATION

In accordance with the Article 32 of the Corporate Tax Law No: 5520, the corporate tax rate is calculated at the rate of 20%. The tax legislation requires advance tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the corporate tax liability for the year. The 2nd quarter advance tax for the 2009 year will be 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.

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

XVI. EXPLANATIONS ON TAXATION (cont'd)

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

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

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

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

XVII. ADDITIONAL EXPLANATIONS ON BORROWINGS

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

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

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

There are no convertible bonds or debt instruments issued.

XVIII. EXPLANATIONS ON SHARES AND SHARE ISSUE

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

The Bank has not issued any shares during year 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 Bank shares were registered to the Board with the decree of the Capital Markets Board dated April 27, 2007 and numbered 23/271, and the shares were traded on the İstanbul Stock Exchange as of May 10, 2007.

**EXPLANATIONS AND NOTES TO FINANCIAL STATEMENTS
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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (cont'd)

XIX. 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.

XX. EXPLANATIONS ON GOVERNMENT INCENTIVES

There are no government incentives utilized by the Bank.

XXI. EXPLANATIONS ON SEGMENT REPORTING

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

XXII. EXPLANATION 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, unconsolidated financial statements and notes as of 30 June 2009 and prior periods' figures for comparison purposes are presented in "Turkish Lira".

SECTION IV: INFORMATION ON FINANCIAL STRUCTURE

I. EXPLANATIONS RELATED TO THE UNCONSOLIDATED CAPITAL ADEQUACY RATIO

Risk measurement methods used in the determination of unconsolidated capital adequacy standard ratio; Capital Adequacy Standard Ratio calculation is performed in accordance with the Communiqué on "Measurement and Assessment of the Capital Adequacy of Banks", which was published in the Official Gazette numbered 26333 on November 1, 2006. As of June 30, 2009, the Bank's unconsolidated capital adequacy ratio calculated based on the essentials of the related communiqué is 14,69%. (December 31, 2008: 14,49%)

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

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

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

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

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

**EXPLANATIONS AND NOTES TO FINANCIAL STATEMENTS
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SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (cont'd)

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

1. Information on the unconsolidated capital adequacy ratio:

| | Risk Weights | | | | | | |
|--|--------------|-----|-----------|-----------|------------|-------|------|
| | 0% | 10% | 20% | 50% | 100% | 150% | 200% |
| Credit Risk Base Amount | | | | | | | |
| Balance Sheet Items (Net) | 23.016.198 | - | 1.915.285 | 8.472.789 | 17.898.213 | 6.214 | 35 |
| Cash and Cash Equivalents | 222.168 | - | 28 | - | - | - | - |
| Matured Marketable Securities | - | - | - | - | - | - | - |
| Turkish Republic Central Bank Balances | 2.131.505 | - | - | - | - | - | - |
| Domestic, Foreign Banks, Head Office and Overseas Branches Balances | - | - | 1.663.032 | - | - | - | - |
| Interbank Money Market Placements | - | - | - | - | - | - | - |
| Receivables From Reverse Repos Transactions | - | - | - | - | - | - | - |
| Reserve Deposits | 773.567 | - | - | - | - | - | - |
| Loans | 3.511.998 | - | 61.344 | 8.332.426 | 15.724.819 | 6.214 | 35 |
| Non-Performing Loans (Net) | - | - | - | - | 298.458 | - | - |
| Finance Lease Receivables | - | - | - | - | - | - | - |
| Financial Assets Available-For-Sale | - | - | - | - | - | - | - |
| Investments Held to Maturity | 15.489.551 | - | - | - | - | - | - |
| Receivables From the Asset Sale on Credit Terms | - | - | - | - | 57.192 | - | - |
| Sundry Debtors | 9.177 | - | 27.613 | - | 55.492 | - | - |
| Interest and Income Accruals | 764.581 | - | 2.484 | 140.363 | 350.310 | - | - |
| Subsidiaries, Associates and Joint Ventures (Net) | - | - | - | - | 302.792 | - | - |
| Property, Plant and Equipment | - | - | - | - | 1.067.573 | - | - |
| Other Assets | 113.651 | - | 160.784 | - | 41.577 | - | - |
| Off-Balance Sheet Items | 162.749 | - | 255.306 | 430.943 | 5.360.506 | - | - |
| Non-Cash Loans and Commitments | 162.749 | - | 177.612 | 430.943 | 5.360.506 | - | - |
| Derivative Instruments | - | - | 77.694 | - | - | - | - |
| Non-Risk Weighted Accounts | - | - | - | - | - | - | - |
| Total Risk-Weighted Assets | 23.178.947 | - | 2.170.591 | 8.903.732 | 23.258.719 | 6.214 | 35 |

2. Capital Adequacy Ratio Summary:

| | Current Period | Prior Period |
|-------------------------------------|----------------|--------------|
| Credit Risk Base Amount (CRBA) | 28.154.094 | 25.693.179 |
| Market Risk Base Amount (MRBA) | 632.363 | 462.213 |
| Operational Risk Base Amount (ORBA) | 4.369.727 | 3.689.089 |
| Equity | 4.871.242 | 4.324.370 |
| Equity / (CRBA+MRBA+ORBA)*100 | 14,69 | 14,49 |

CRBA: Credit Risk Base Amount

MRBA: Market Risk Base Amount

ORBA: Operational Risk Base Amount

TÜRKİYE HALK BANKASI A.Ş.

**EXPLANATIONS AND NOTES TO FINANCIAL STATEMENTS
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SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (cont'd)

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

3. Information on equity items:

| | Current Period | Prior Period |
|--|------------------|------------------|
| CORE CAPITAL | | |
| Paid-in Capital | 1.250.000 | 1.250.000 |
| Nominal capital | 1.250.000 | 1.250.000 |
| Capital commitments (-) | - | - |
| Inflation Adjustment for Paid-in Capital | 1.220.451 | 1.220.451 |
| Share Premium | - | - |
| Share Cancellation Profits | - | - |
| Legal Reserves | 507.495 | 434.671 |
| I. Degree Legal Reserve (Turkish Commercial Code 466/1) | 223.672 | 172.756 |
| II. Degree Legal Reserve (Turkish Commercial Code 466/2) | 283.120 | 261.212 |
| Reserves per Specific Acts | 703 | 703 |
| Statutory Reserves | - | - |
| Extraordinary Reserves | 1.047.378 | 366.517 |
| Reserves allocated per General Assembly Minute | 1.013.914 | 333.180 |
| Retained Earnings (*) | 47.181 | 47.181 |
| Accumulated Loss | - | - |
| Foreign Currency Share Capital Exchange Difference | (13.717) | (13.844) |
| Inflation Adjustment for the Legal, Statutory and Extraordinary Reserves | - | - |
| Profit | 787.370 | 1.035.137 |
| Net period profit | 787.370 | 1.018.315 |
| Retained Earnings | - | 16.822 |
| Portion of Provisions Allocated for Potential Risk up to 25% of Core Capital Amount | - | 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 | - | - |
| Losses that cannot be covered by reserves (-) | - | - |
| Net period loss | - | - |
| Accumulated Loss | - | - |
| Leashold Improvements (-) | 37.781 | - |
| Prepaid Expenses (-) | 108.758 | 4.225 |
| Intangible Assets (-) | 6.606 | 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 |
| SUPPLEMENTARY CAPITAL | | |
| General Loan Provisions | 244.962 | 225.806 |
| 45% of Movable Assets Revaluation Fund | - | - |
| 45% of Tangible Assets Revaluation Fund | - | - |
| Non-paid-up Shares of Subsidiaries,Associates and Joint Ventures | 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) |
| From Subsidiaries and Associates | 36.477 | 42.790 |
| From Financial Assets Available For Sale | (11.965) | (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 |
| TIER-III CAPITAL | | |
| CAPITAL | 4.929.072 | 4.442.093 |
| DEDUCTIONS FROM CAPITAL | 57.830 | 117.723 |
| Shareholdings of banks and financial institutions (Domestic, Foreign) from which the Bank keeps 10% or more of capitals which are excluded from the consolidation | 44.881 | 103.013 |
| Shareholdings of unconsolidated banks and financial institutions (Domestic, Foreign) from which the Bank keeps less than 10% of capitals which exceed the 10% of Bank's Core and Supplementary Capital | - | - |
| Secondary subordinated loans granted to banks and financial institutions (Domestic, Foreign) or Qualified Shareholders and placements that possess the nature of their Primary or Secondary Subordinated Debt | - | - |
| 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 |
| Other | - | - |
| TOTAL EQUITY | 4.871.242 | 4.324.370 |

(*) TRY 47.181 Thousand of balance is the monetary gain/loss from restatement of the 2003 period profit until April 2004 (Dividend Dist. Date).

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

II. EXPLANATIONS RELATED TO CREDIT RISK

The Bank, in the credit allocation process, restricts its risk exposure by working with highly credible banks and entities considering the credit ratings for the purpose of managing its risks. Under the scope of credit risk management, the Bank grades all of its credits that are granted to real persons or entities and requires additional collaterals from its customers having high credit risks. The Bank has the policy of not granting loans/credits and/or limiting the amount of such loans/credits. The Bank's risk concentration in Turkey is high, since it operates mainly in Turkey. In loan procedure, limits are determined based on the type of loans and customers and risk and limit information is controlled periodically. For geographical regions and sectors, limit determination process is carried by the related loan departments.

Loans granted to other banks and risk limits set for the correspondent bank transactions are controlled on a daily basis. Risk concentrations are monitored systematically with the Treasury department, concerning the off-balance sheet operations based on the customers and banks.

Except for the restructured loan follow-up system determined in the related communiqué, such loans are incorporated into the new rating groups or risk weightings under the risk management systems of the banks, and new precautionary measures are taken for these processes. Since long-term commitments are more risky than the short-term commitments, risks are assorted in accordance with the Bank's risk management system.

As prescribed in the Communiqué on "Determining the Nature of Loan and Other Receivable Provisions Allocated By the Banks and Procedures and Principles of Allocating Provisions", the credit worthiness of the debtors of the loans and other receivables is monitored regularly. Credit limits are determined according to the audited statement of accounts. Guarantee factors are developed in accordance with the decision of the credit committee and updated according to the top management's initiatives and changes in the economic conditions. The Bank receives sufficient collaterals in consideration of the loans and other receivables granted. Guarantees are suretyships, immovable mortgages, cash blockages and customer or real person cheques.

When the Bank is exposed to significant credit risks, it has the tendency to cease its forward or similar type of transactions by using rights, fulfilling the requirements of the acquisitions or disposing of the acquisitions to mitigate the risk total.

The 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 Bank from its top 100 non-cash loan is 58,53% of its total non-cash loans.

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

**EXPLANATIONS AND NOTES TO FINANCIAL STATEMENTS
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(Amounts expressed in Thousand of Turkish Lira (TRY) unless otherwise stated.)

SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (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 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 |

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

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

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

III. EXPLANATIONS RELATED TO MARKET RISK

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

The Board of Directors determines the limits for the basic risk that the Bank is exposed to. Those limits are revised periodically in line with the market forces and strategies of the Bank. Additionally, the Board of Directors has ensured that the risk management division and senior management has taken necessary precautions to describe, evaluate, control and manage risks faced by the Bank.

Interest rate and exchange rate risks, arising from the volatility in the financial markets, of the financial positions taken by the Bank related to balance sheet and off-balance sheet accounts are measured, and in the computation of capital adequacy, the amount subject to 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 Market Risk:

| | Amount |
|--|----------------|
| (I) Capital Requirement to be Employed For General Market Risk - Standard Method | 42.455 |
| (II) Capital Requirement to be Employed For Specific Risk - Standard Method | 920 |
| (III) Capital Requirement to be Employed For Currency Risk - Standard Method | 7.214 |
| (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 | - |
| <u>(VIII) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)</u> | <u>50.589</u> |
| <u>(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)</u> | <u>632.363</u> |

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

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

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

IV. EXPLANATIONS RELATED TO OPERATIONAL RISK

In the calculation of the Bank's operational risk, "Basic Indicator Method" is used. The amount subject to operational risk is calculated in accordance with Section 4 of the Communiqué on "Measurement and Assessment of the Capital Adequacy of Banks" published in the Official Gazette numbered 26333 on November 1, 2006 and this section is named as "Calculation of Operational Risk Base Amount" which came into effect as of June 1, 2007. The calculation is performed paralel to the practice within the country, by multiplying 15% of the Bank's last three years' average gross revenue with 12,5. Amount subject to operational risk is TRY 4.369.727 Thousand for the current period.

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 Bank are taken into consideration. Net short term and long term positions of each currency are calculated in terms of the Turkish Lira.

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

Announced current foreign exchange buying rates of the Bank as at 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 |

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before June 30, 2009 are as follows:

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

**EXPLANATIONS AND NOTES TO FINANCIAL STATEMENTS
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(Amounts expressed in Thousand of Turkish Lira (TRY) unless otherwise stated.)

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

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

Information related to 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 | 1.445.436 | 84.623 | 1.765 | 67.838 | 1.599.662 |
| 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 | 220.593 | - | - | - | 220.593 |
| 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 | 7.921.193 | 6.528.675 | 11.180 | 79.266 | 14.540.314 |
| Liabilities | | | | | |
| Bank Deposits | 670.373 | 181.485 | - | 76.569 | 928.427 |
| Foreign Currency Deposits | 6.598.677 | 5.369.975 | 1.107 | 84.031 | 12.053.790 |
| 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 (****) | 8.715.529 | 6.272.859 | 1.559 | 162.203 | 15.152.150 |
| Net Balance Sheet Position | (794.336) | 255.816 | 9.621 | (82.937) | (611.836) |
| Net Off-Balance Sheet Position | | | | | |
| 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 | 2.837.603 | 8.922 | 23.597 | 4.472.999 |
| Prior Period | | | | | |
| Total Assets | 7.695.716 | 6.286.929 | 1.796 | 111.830 | 14.096.271 |
| Total Liabilities | 8.318.780 | 6.922.653 | 2.035 | 109.538 | 15.353.006 |
| Net Balance Sheet Position | (623.064) | (635.724) | (239) | 2.292 | (1.256.735) |
| Net Off-Balance Sheet Position | | | | | |
| Financial Derivative Assets | 480.235 | 596.127 | - | 10.966 | 1.087.328 |
| Financial Derivative Liabilities | 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's Equity (TRY 51.928 Thousand) in liabilities are not taken into consideration in the currency risk measurement.

**EXPLANATIONS AND NOTES TO FINANCIAL STATEMENTS
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(Amounts expressed in Thousand of Turkish Lira (TRY) unless otherwise stated.)

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

VI. EXPLANATIONS RELATED TO INTEREST RATE RISK

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

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

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

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

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 | - | - | - | - | 605.697 | 3.158.128 |
| Banks and Financial Institutions | 1.592.477 | 1.190 | - | - | - | 70.816 | 1.664.483 |
| Financial Assets at Fair Value Through Profit and Loss | 417 | 4.559 | 31.037 | 11.325 | 153 | 1.780 | 49.271 |
| Money Market Placements | - | - | - | - | - | - | - |
| Financial Assets Available-For-Sale | 512.420 | 736.349 | 710.028 | 1.834.333 | 296.509 | 11.502 | 4.101.141 |
| 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 | 26.916 | 40 | - | - | - | 2.318.328 | 2.345.284 |
| Total Assets | 22.903.542 | 7.914.434 | 10.641.022 | 7.818.936 | 3.005.343 | 3.386.845 | 55.670.122 |
| Liabilities | | | | | | | |
| Bank Deposits | 1.695.840 | 22.655 | 63.840 | - | - | 184.032 | 1.966.367 |
| Other Deposits | 24.602.103 | 8.944.158 | 1.202.219 | 1.859 | - | 4.223.461 | 38.973.800 |
| Money Market Balances | 4.169.521 | 533.837 | 221.173 | - | - | - | 4.924.531 |
| Sundry Creditors | 8.290 | - | - | - | - | 485.304 | 493.594 |
| 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 | - | - | 6.031.314 | 6.053.782 |
| Total Liabilities | 31.482.969 | 10.626.470 | 2.327.406 | 125.295 | 137.602 | 10.970.380 | 55.670.122 |
| Balance Sheet Long Position | - | - | 8.313.616 | 7.693.641 | 2.867.741 | - | 18.874.998 |
| Balance Sheet Short Position | (8.579.427) | (2.712.036) | - | - | - | (7.583.535) | (18.874.998) |
| Off-Balance Sheet Long Position | - | - | - | - | - | - | - |
| Off-Balance Sheet Short Position | - | - | - | - | - | - | - |
| Total Position | (8.579.427) | (2.712.036) | 8.313.616 | 7.693.641 | 2.867.741 | (7.583.535) | - |

(1) TRY 111.635 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 provision 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.

TÜRKİYE HALK BANKASI A.Ş.

EXPLANATIONS AND NOTES TO FINANCIAL STATEMENTS

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SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (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 | - | - | 1.587.046 | 2.010.928 |
| Total Assets | 19.582.810 | 10.588.660 | 8.295.459 | 6.237.119 | 3.308.392 | 3.083.455 | 51.095.895 |
| Liabilities | | | | | | | |
| Bank Deposits | 1.122.304 | - | - | - | - | 142.378 | 1.264.682 |
| Other Deposits | 22.659.027 | 10.331.299 | 2.163.959 | 466 | - | 3.851.681 | 39.006.432 |
| Money Market Balances | 1.756.673 | 472.346 | 161.425 | - | - | - | 2.390.444 |
| Sundry Creditors | 12.446 | - | - | - | - | 429.606 | 442.052 |
| Marketable Securities Issued | - | - | - | - | - | - | - |
| Funds Provided From Other Financial Institutions | 984.665 | 869.439 | 459.123 | 103.160 | 128.781 | 192.185 | 2.737.353 |
| Other Liabilities | 9.732 | 71 | 8 | - | - | 5.245.121 | 5.254.932 |
| Total Liabilities | 26.544.847 | 11.673.155 | 2.784.515 | 103.626 | 128.781 | 9.860.971 | 51.095.895 |
| Balance Sheet Long Position | - | - | 5.510.944 | 6.133.493 | 3.179.611 | - | 14.824.048 |
| Balance Sheet Short Position | (6.962.037) | (1.084.495) | - | - | - | (6.777.516) | (14.824.048) |
| Off-Balance Sheet Long Position | - | - | - | - | - | - | - |
| Off-Balance Sheet Short Position | - | - | - | - | - | - | - |
| Total Position | (6.962.037) | (1.084.495) | 5.510.944 | 6.133.493 | 3.179.611 | (6.777.516) | - |

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

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

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

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

**EXPLANATIONS AND NOTES TO FINANCIAL STATEMENTS
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SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (cont'd)

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

2. Average interest rates applied to financial instruments:

| Current Period | EURO | USD | YEN | TRY |
|---|------|------|-----|-------|
| Assets | | | | |
| Cash (Cash in Vault, Foreign Currency Cash, Money In Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey (***) | - | - | - | 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.

SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (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 needs. Low levels of liquidity needs provides an easy access for borrowing from the Turkish Republic Central Bank, İstanbul Stock Exchange, Interbank Money Market, Clearing Bank and other markets. The Bank's low ratios of bank deposits and foreign currency deposits compared to other commercial banks, with the similar balance sheet total, is an indication of having a larger share from the market when needed. Available money market debts from the foreign market, Eurobonds held in portfolio are important potential resources of the Bank.

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

TÜRKİYE HALK BANKASI A.Ş.

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

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

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

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

Presentation of assets and liabilities according to their remaining maturities:

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

| Current Period | Demand | Up to 1 Month | 1-3 Months | 3-12 Months | 1-5 Years | 5 Years and over | Undistributed (*) | Total |
|---|--------------------|---------------------|--------------------|-------------------|-------------------|---------------------|----------------------|-------------------|
| Assets | | | | | | | | |
| Cash (Cash in TRY, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey | 605.299 | 1.006.107 | 1.345.985 | 195.368 | 4.497 | 502 | 370 | 3.158.128 |
| Banks and Financial Institutions | 70.816 | 1.592.477 | 1.190 | - | - | - | - | 1.664.483 |
| Financial Assets at Fair Value Through Profit and Loss | - | 417 | 883 | 31.025 | 15.013 | 153 | 1.780 | 49.271 |
| Money Market Placements | - | - | - | - | - | - | - | - |
| Financial Assets Available-For-Sale | - | 116.362 | 132.449 | 815.952 | 2.728.367 | 296.509 | 11.502 | 4.101.141 |
| 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 | 333 | 40 | - | 26.583 | - | 2.055.436 | 2.345.284 |
| Total Assets | 1.543.700 | 7.469.006 | 4.338.678 | 13.669.824 | 21.761.144 | 4.818.682 | 2.069.088 | 55.670.122 |
| Liabilities | | | | | | | | |
| Bank Deposits | 184.032 | 1.695.840 | 22.655 | 63.840 | - | - | - | 1.966.367 |
| Other Deposits | 4.223.461 | 24.602.103 | 8.944.158 | 1.187.138 | 15.556 | 1.384 | - | 38.973.800 |
| Funds Provided From Other Financial Institutions | 235.299 | 82.441 | 506.823 | 860.779 | 732.180 | 840.526 | - | 3.258.048 |
| Money Market Balances | - | 4.169.521 | 533.837 | 221.173 | - | - | - | 4.924.531 |
| Marketable Securities Issued | - | - | - | - | - | - | - | - |
| Sundry Creditors | 485.304 | 8.290 | - | - | - | - | - | 493.594 |
| Other Liabilities | 1.062.334 | 80.502 | 367 | 3 | 28.738 | - | 4.881.838 | 6.053.782 |
| Total Liabilities | 6.190.430 | 30.638.697 | 10.007.840 | 2.332.933 | 776.474 | 841.910 | 4.881.838 | 55.670.122 |
| Liquidity Gap | (4.646.730) | (23.169.691) | (5.669.162) | 11.336.891 | 20.984.670 | 3.976.772 | (2.812.750) | - |
| Previous Period | | | | | | | | |
| Total Assets | 1.808.555 | 6.832.594 | 4.712.252 | 11.652.355 | 18.415.251 | 5.918.504 | 1.756.384 | 51.095.895 |
| Total Liabilities | 5.765.289 | 25.730.462 | 10.996.762 | 2.879.238 | 743.546 | 691.771 | 4.288.827 | 51.095.895 |
| Liquidity Gap | (3.956.734) | (18.897.868) | (6.284.510) | 8.773.117 | 17.671.705 | 5.226.733 | (2.532.443) | - |

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

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

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

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

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

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

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

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

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

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

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

**EXPLANATIONS AND NOTES TO FINANCIAL STATEMENTS
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(Amounts expressed in Thousand of Turkish Lira (TRY) unless otherwise stated.)

SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (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 | 1.435.749 | 3.526.421 |
| Interest on loans | 195.288 | 157.177 | 1.727.713 | 57.300 | 2.137.478 |
| Interest income on marketable securities | - | - | - | 1.300.590 | 1.300.590 |
| Interest received from banks | - | - | 1.423 | 76.584 | 78.007 |
| Other interest income | 23 | 60 | 8.988 | 1.275 | 10.346 |
| Interest Expense | 125.430 | 91.386 | 1.644.590 | 217.592 | 2.078.998 |
| Interest on deposits | 124.774 | 72.866 | 1.609.528 | 57.960 | 1.865.128 |
| Interest on borrowings | 656 | 5.961 | 9.278 | 26.247 | 42.142 |
| Interest on money market borrowings | - | - | 6.467 | 133.012 | 139.479 |
| Other interest expense | - | 12.559 | 19.317 | 373 | 32.249 |
| Net Interest Income | 69.881 | 65.851 | 93.534 | 1.218.157 | 1.447.423 |
| Fees and Commissions Income | 14.422 | 18.501 | 170.428 | 12.800 | 216.151 |
| Net Trading Profit / (Loss) | - | - | - | 4.067 | 4.067 |
| Dividend Income | - | - | - | 10.708 | 10.708 |
| Other Income | 1.549 | 7.232 | 96.699 | 58.516 | 163.996 |
| Loans and Other Receivables' Impairment Loss | 25 | 42.652 | 180.556 | 69.656 | 292.889 |
| Other Expenses | 5.392 | 18.808 | 243.356 | 297.786 | 565.342 |
| Income Before Taxes | 80.435 | 30.124 | (63.251) | 936.806 | 984.114 |
| Income Tax Provision | - | - | - | (196.744) | (196.744) |
| Net Profit for the Period (*) | 80.435 | 30.124 | (63.251) | 740.062 | 787.370 |
| SEGMENT ASSETS | | | | | |
| Marketable Securities | - | - | - | 20.320.689 | 20.320.689 |
| Banks and Other Financial Institutions | - | - | - | 1.664.483 | 1.664.483 |
| Associates and Subsidiaries (Net) | - | - | - | 347.673 | 347.673 |
| Loans | 3.700.706 | 2.833.864 | 21.447.419 | 498.007 | 28.479.996 |
| Other Assets | 481 | 6.555 | 360.084 | 4.490.161 | 4.857.281 |
| TOTAL ASSETS | 3.701.187 | 2.840.419 | 21.807.503 | 27.321.013 | 55.670.122 |
| SEGMENT LIABILITIES | | | | | |
| Deposits | 3.295.813 | 2.285.657 | 32.107.041 | 3.251.656 | 40.940.167 |
| Derivative Financial Liabilities Held for Trading | - | - | - | 29.303 | 29.303 |
| Money Market Balances | - | - | 383.853 | 4.540.678 | 4.924.531 |
| Borrowing Funding Loans | 24.185 | 111.462 | 385.215 | 1.315.028 | 1.835.890 |
| Other Liabilities | 36.645 | 210.426 | 510.990 | 1.461.748 | 2.219.809 |
| Provisions | 4.857 | 7.280 | 72.227 | 754.220 | 838.584 |
| Shareholders' Equity | - | - | - | 4.881.838 | 4.881.838 |
| TOTAL LIABILITIES | 3.361.500 | 2.614.825 | 33.459.326 | 16.234.471 | 55.670.122 |
| OFF BALANCE SHEET | | | | | |
| CONTINGENCIES AND COMMITMENTS | | | | | |
| Guaranties and Suretyships | 4.205.620 | 1.246.104 | 2.065.070 | 480 | 7.517.274 |
| 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 Bin Thousand, TRY 39.781 Thousand, TRY 766.651 Thousand and TRY (114.814) 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 Bank performs buying transactions on behalf of customers, and gives custody, administration and consultancy services.

The Bank does not engage in fudiciary transaction.

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

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

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS**

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS

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

| | Current Period | | Prior Period | |
|--|------------------|------------------|------------------|------------------|
| | TRY | FC | TRY | FC |
| Cash in TRY/Foreign Currency | 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 | - | 28 | - | 31 |
| Total | 1.954.400 | 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% - 13,00% (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 | 38.081 | 163.263 | 25.022 | 10.673 |
| Foreign | 26.740 | 1.436.399 | 26.339 | 2.057.300 |
| Branches and Head Office Abroad | - | - | - | - |
| Total | 64.821 | 1.599.662 | 51.361 | 2.067.973 |

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

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

I. EXPLANATIONS AND NOTES RELATED TO THE 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 | 4.089.682 | 2.352.972 |
| Quoted on a stock exchange | 4.089.682 | 2.352.972 |
| Not quoted | - | - |
| Share certificates | 11.749 | 11.572 |
| Quoted on a stock exchange | - | - |
| Not quoted | 11.749 | 11.572 |
| Impairment provision(-) | (290) | (4.642) |
| Total | 4.101.141 | 2.359.902 |

(5) Information on loans:

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

| | Current Period | | Prior Period | |
|--|----------------|----------------|---------------|----------------|
| | Cash Loans | Non-Cash Loans | Cash Loans | Non-Cash Loans |
| Direct loans granted to shareholders | - | - | - | - |
| Corporate shareholders | - | - | - | - |
| Real person shareholders | - | - | - | - |
| Indirect loans granted to shareholders | - | - | - | - |
| Loans granted to employees | 76.993 | - | 66.426 | - |
| Total | 76.993 | - | 66.426 | - |

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

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

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

I. EXPLANATIONS AND NOTES RELATED TO THE 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 |

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

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

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

I. EXPLANATIONS AND NOTES RELATED TO THE 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.

EXPLANATIONS AND NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD JANUARY 1 – JUNE 30, 2009

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

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

I. EXPLANATIONS AND NOTES RELATED TO THE 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 |

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

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

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

i) Specific provisions provided against loans:

| | Current Period | Prior Period |
|--|------------------|------------------|
| Specific Provisions | | |
| Loans and receivables with limited collectibility | 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 |

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

I. EXPLANATIONS AND NOTES RELATED TO THE 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 Bank about the uncollectable loans and receivables:

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

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

Explanations on write-off policy:

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

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

I. EXPLANATIONS AND NOTES RELATED TO THE 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 (-) / provision reversal (+) | 9.175 | 93.736 |
| Closing Balance | 16.170.277 | 15.858.882 |

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

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

I. EXPLANATIONS AND NOTES RELATED TO THE 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 Bank is as follows:

| | Current Period | | | | Prior Period | | | |
|--|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|
| | Historical Cost | | Amortized Cost | | Historical Cost | | Amortized Cost | |
| | TRY | FC | TRY | FC | TRY | FC | TRY | FC |
| Obtained from Undersecretariat of Treasury of Republic of Turkey | 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 DEMİRHALKBANK N.V. | NETHERLANDS | 30,00 | 30,00 |
| 2 HALK FİNANSAL KİRALAMA A.Ş. | İSTANBUL | 47,75 | 47,75 |
| 3 KOBİ YATIRIM A.Ş. | ANKARA | 31,47 | 32,26 |
| 4 FİNTEK A.Ş. | ANKARA | 24,00 | 29,76 |
| 5 ZİRAAT HALK ALTERNATİF DAĞ.KAN.A.Ş. | İSTANBUL | 24,00 | 24,00 |
| 6 KKB KREDİ KAYIT BÜROSU A.Ş. | İSTANBUL | 18,18 | 18,18 |
| 7 BANKALARARASI KART MERKEZİ A.Ş. | İSTANBUL | 18,95 | 18,95 |
| 8 KREDİ GARANTİ FONU İŞLETME VE ARAŞTIRMA A.Ş. | ANKARA | 0,01 | 0,01 |

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

I. EXPLANATIONS AND NOTES RELATED TO THE 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 |
|--------------|----------------------|--------------------|-----------------|---|----------------------------|--------------------------|------------|
| 4.362.782 | 430.058 | 30.736 | 98.688 | 1.473 | 6.509 | 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 | 262.624 | 289.046 |
| Movements during the period | 3.916 | (26.422) |
| Additions (*) | 3.916 | 2.880 |
| Free shares obtained profit from current year's share | - | - |
| Share in current year income | - | - |
| Disposals | - | - |
| Revaluation decrease (-) / increase | - | (29.131) |
| Provision for impairment (-) / reversals (+) | - | (171) |
| Balance at the end of the period | 266.540 | 262.624 |
| 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 | 220.593 | 220.593 |
| 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.**EXPLANATIONS AND NOTES TO FINANCIAL STATEMENTS
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**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)****I. EXPLANATIONS AND NOTES RELATED TO THE 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. | ISTANBUL | 99,93 | 99,96 |
| BİRLİK SİGORTA A.Ş. | ISTANBUL | 89,18 | 89,18 |
| BİRLİK HAYAT SİGORTA A.Ş. | ISTANBUL | 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 |
|--------------|-------------------------|-----------------------|--------------------|--|------------------------------------|----------------------------------|---------------|
| 43.859 | 32.374 | 539 | 1.106 | 420 | 1.113 | 4.046 | 34.416 |
| 133.191 | 50.135 | 1.750 | 1.597 | 1.802 | (505) | 1.727 | 70.760 |
| 108.759 | 51.174 | 193 | 326 | (85) | 4.518 | 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 March 31, 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 | 19.085 | 4.247 |
| Additions (*) | 19.085 | 4.247 |
| Bonus shares obtained | - | - |
| Share in current year income | - | - |
| Disposals | - | - |
| Revaluation increase | - | - |
| Provision for impairment (-) | - | - |
| Balance at the end of the period | 81.133 | 62.048 |
| Capital commitments | - | 15.491 |
| Share percentage at the end of the period (%) | - | - |

(*) In the current period, TRY 19.085 Thousand addition contains shares obtained amounting TRY 15,487 Thousand of Birlik Sigorta A.Ş. and TRY 3.598 Thousand of Halk Yatırım Menkul Değerler A.Ş.

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

| | Current Period | Prior Period |
|------------------------------|----------------|--------------|
| Banks | - | - |
| Insurance Companies | 46.757 | 31.270 |
| Factoring Companies | - | - |
| Leasing Companies | - | - |
| Financing Companies | 34.376 | 30.778 |
| Other Financial Subsidiaries | - | - |
| Total | 81.133 | 62.048 |

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

I. EXPLANATIONS AND NOTES RELATED TO THE 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 investment property:
None.

(15) Information on deferred tax assets:

| | Current Period Deferred Tax | Prior Period Deferred Tax |
|---|--------------------------------|------------------------------|
| Retirement Pay Provision and Unused Vacation Provision | 50.777 | 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 | 6.137 | 3.858 |
| Total Deferred Tax Assets | 111.635 | 86.303 |
| Net Accrual Income for Derivative Instruments | - | (11.387) |
| Other | - | (825) |
| Deferred Tax Liabilities | - | (12.212) |
| Deferred Tax Assets, Net | 111.635 | 74.091 |
| Deferred Tax Accounted for in Shareholders' Equity | | |
| Available for Sale Securities IRR-FV Difference | 16.785 | 3.525 |
| FC Subsidiaries Hedge Fund Valuation Difference | (11.849) | (8.342) |

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

I. EXPLANATIONS AND NOTES RELATED TO THE 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 | 108.758 | 4.227 |
| 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 | 50.723 | 34.628 |
| Total | 462.609 | 338.004 |

**EXPLANATIONS AND NOTES TO FINANCIAL STATEMENTS
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(Amounts expressed in Thousand of Turkish Lira (TRY) unless otherwise stated.)

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

II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES

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

a) For deposit banks:

a.1. Current Period:

| | Demand | 7 day call accounts | Up to 1 Month | 1-3 Months | 3-6 Months | 6 Months-1 Year | 1 Year and over | Accumulated Deposits | Total |
|------------------------------|------------------|------------------------|-------------------|-------------------|------------------|--------------------|--------------------|-------------------------|-------------------|
| Saving deposits | 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 | 625.934 | - | 317.765 | 958.508 | 30.645 | 16.176 | 140 | - | 1.949.168 |
| Commercial Inst. Deposits | 1.035.529 | - | 1.457.313 | 2.125.572 | 69.471 | 55.833 | 1.855 | - | 4.745.573 |
| 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 | 21.665.320 | 2.214.820 | 1.278.446 | 526.172 | 15.916 | 40.940.167 |

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 |

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

II. EXPLANATIONS AND NOTES RELATED TO THE 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 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004 | - | - |
| Saving deposits in banks established in Turkey exclusively for off shore banking activities | - | - |

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

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

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 Bank's major liabilities:

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

Main liability of the Bank is deposit, which is composed of 43,85% of saving deposits and 29,49% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Bank borrows loans from interbank money markets. The Bank can borrow loans from overseas institutions especially to be used in the financing of personal loans. There are funds obtained from the Ministry of Industry and Trade especially for constructing small industrial estates and organized industrial estates.

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

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

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

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

Information on funds provided from repurchase agreement transactions:

| | Current Period | | Prior Period | |
|--|------------------|----------------|------------------|----------------|
| | TRY | FC | TRY | FC |
| From domestic transactions | 4.531.229 | - | 1.686.174 | - |
| Financial institutions and organizations | 1.050.000 | - | - | - |
| 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 | 4.540.678 | 383.853 | 1.697.826 | 692.618 |

(4) Explanations to the funds:

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

a) Maturity Structure of Funds:

| | Current Period | | Prior Period | |
|--|----------------|-----------|--------------|-----------|
| | Short-term | Long-term | Short-term | Long-term |
| | 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.

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

II. EXPLANATIONS AND NOTES RELATED TO THE 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 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.

**EXPLANATIONS AND NOTES TO FINANCIAL STATEMENTS
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**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (cont'd)****II. EXPLANATIONS AND NOTES RELATED TO THE 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: TRY 99.517 Thousand) of provision is set for legal cases against the Bank, SDIF premium, expenditure bonuses accumulated on credit cards provided by the Bank, other provisions and provision for possible risks.

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 Bank's corporate tax provision is TRY 243.969 Thousand which is offset against TRY 103.687 of temporary tax paid within the period. Therefore, the remaining corporate tax payable is TRY 140.282 Thousand.

a.1. Information on tax provision:

As of June 30, 2009, the Bank's corporate tax provision is TRY 243.969 Thousand. For the second temporary taxation period of 2009 year, corporate tax payable is TRY 140.282 Thousand.

a.2. Information on taxes payable:

| | Current Period | Prior Period |
|---|----------------|----------------|
| Corporate Tax Payable | 140.282 | 17.337 |
| Income on Securities Tax | 47.148 | 85.602 |
| Property Income Tax | 401 | 246 |
| Banking and Insurance Transactions Tax (BITT) | 15.381 | 16.160 |
| Foreign Exchange Transactions Tax | 1 | - |
| Value Added Tax Payable | 685 | 81 |
| Other | 8.484 | 11.339 |
| Total | 212.382 | 130.765 |

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

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

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

a.3. Information on premiums:

| | Current Period | Prior Period |
|---|----------------|--------------|
| Social Insurance Premiums-Employee | 6 | 5 |
| Social Insurance Premiums-Employer | 8 | 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 | - | - |
| Unemployment insurance-Employer | - | - |
| Other | 556 | 445 |
| Total | 6.647 | 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 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.

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

II. EXPLANATIONS AND NOTES RELATED TO THE 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 Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

The Bank has sustainable profitability structure, equity structure related to the profitability is improving and there are no uncertainties that would impact the current state.

g) Information on preferred shares:

None.

h) Information on Marketable Securities Revaluation Fund:

| | Current Period | | Prior Period | |
|--|----------------|---------------|----------------|---------------|
| | TRY | FC | TRY | FC |
| From Subsidiaries, Associates and Joint Ventures | - | 128.456 | - | 128.456 |
| Revaluation difference | 64.563 | (76.528) | (7.011) | (106.026) |
| Exchange rate difference | - | - | - | - |
| Total | 64.563 | 51.928 | (7.011) | 22.430 |

(13) Information on minority shares:

None.

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

**III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET
COMMITMENTS AND CONTINGENCIES**

(1) Information on Off-Balance Sheet Liabilities:

a) Amount and nature of irrevocable loan commitments:

| Types of Irrevocable Commitments | Current Period | 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 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 | 1.939.062 | 1.527.376 |
| Total | 5.808.595 | 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 | 7.357.839 | 6.597.504 |
| Total | 7.517.274 | 6.738.852 |

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

**III. EXPLANATIONS AND NOTES RELATED TO THE 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 | 1.228.499 | 40,35 | 1.055.765 | 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 | 328.292 | 10,78 | 481.426 | 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 | 3.044.275 | 100,00 | 4.472.999 | 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 | 2.994.695 | 4.466.076 | 49.580 | 6.923 |
| Letters of Guarantee | 2.966.058 | 2.791.352 | 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 | - |

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

**III. EXPLANATIONS AND NOTES RELATED TO THE 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 Bank has provided reserve for the disputed legal cases filed by various persons and institutions.

e) Services supplied on behalf of others:

None.

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

IV. EXPLANATIONS AND NOTES RELATED TO THE INCOME STATEMENT

(1) Information on interest income:

a) Information on interest income on loans:

| | Current Period | | Prior Period | |
|---|------------------|----------------|------------------|----------------|
| | TRY | FC | TRY | FC |
| Interest on Loans (*) | | | | |
| Short Term Loans | 982.610 | 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 | 1.908.632 | 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 | 70.105 | 80 | 80.267 | 1.837 |
| Domestic Banks | 143 | 99 | 3.624 | 1.391 |
| Overseas Banks | 1.383 | 6.197 | 4.974 | 9.038 |
| Head Office and Branches | - | - | - | - |
| Total | 71.631 | 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 | 4.112 | 720 |

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

**IV. EXPLANATIONS AND NOTES RELATED TO THE 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 | 12.973 | 29.169 | 23.092 | 18.169 |
| Central Bank of Turkey | - | - | - | - |
| Domestic Banks | 8.628 | 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 | 12.973 | 29.169 | 23.113 | 18.169 |

b) Interest expenses to subsidiaries and associates:

| | Current Period | Prior Period |
|--|----------------|--------------|
| Interest Expenses to Subsidiaries and Associates | 7.029 | 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 Deposits | 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 | 172.417 | 9.724 | 4.707 | 96 | - | 274.572 |
| Other Deposits | 856 | 15.561 | 127.022 | 8.067 | 4.316 | 46 | - | 155.868 |
| 7 days Call Accounts | - | - | - | - | - | - | - | - |
| Total | 12.891 | 418.075 | 1.153.835 | 45.326 | 22.588 | 3.465 | - | 1.656.180 |
| 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 | 1.245.119 | 76.144 | 47.119 | 11.460 | - | 1.865.128 |

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

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

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

IV. EXPLANATIONS AND NOTES RELATED TO THE 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 | 10.111 | 20.404 |
| Total | 10.708 | 21.265 |

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

| | Current Period | Prior Period |
|--|------------------|------------------|
| Profit | 1.920.331 | 1.769.432 |
| Profit from the Capital Market Operations | 56.822 | 5.046 |
| Profit on derivative financial instruments | 397.435 | 138.998 |
| Foreign Exchange Gains | 1.466.074 | 1.625.388 |
| Loss (-) | 1.916.264 | 1.845.029 |
| Loss from the Capital Market Operations | 430 | 4.410 |
| Loss on derivative financial instruments | 399.904 | 147.282 |
| Foreign Exchange Losses | 1.515.930 | 1.693.337 |
| Trading Profit / (Loss) | 4.067 | (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 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 | 42.541 | 6.466 |
| Total | 292.889 | 171.957 |

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

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

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

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

(7) Information on other operating expenses:

| | Current Period | Prior Period |
|---|----------------|----------------|
| Personnel expenses | 291.022 | 237.408 |
| Reserve for employee termination benefits | 22.178 | 23.863 |
| Bank social aid provision fund deficit provision | - | - |
| Fixed assets impairment expense | - | - |
| Depreciation expenses of fixed assets | 27.534 | 21.643 |
| Intangible assets impairment expense | - | - |
| Goodwill impairment expense | - | - |
| Amortization expenses of intangible assets | 422 | 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 | 141.751 | 96.605 |
| Operational leasing expenses | 12.955 | 1.627 |
| Maintenance expenses | 6.551 | 4.995 |
| Advertisement expenses | 13.651 | 10.463 |
| Other expenses | 108.594 | 79.520 |
| Loss on sales of assets | 2.504 | 4.339 |
| Other | 78.365 | 71.833 |
| Total | 565.342 | 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 1.447.423 Thousand of the income before tax consists of net interest income, TRY 216.151 Thousand of the income before tax consists of net fees and commissions. The net operating profit of the Bank is TRY 984.114 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 196.744 Thousand consists of TRY 243.969 Thousand of current tax charge and TRY 47.225 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 787.370 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.

**EXPLANATIONS AND NOTES TO FINANCIAL STATEMENTS
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(Amounts expressed in Thousand of Turkish Lira (TRY) unless otherwise stated.)

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

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

(1) Explanations on inflation adjustments for equity items:

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

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

(2) Explanations on exchange rate differences:

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

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

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

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

VI. EXPLANATIONS AND NOTES RELATED TO THE CASH FLOW STATEMENT

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

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

(*) Others item is composed of cheques purchased.

Period ending cash and cash equivalents balance:

| | Current Period | Prior Period |
|--|------------------|------------------|
| Cash | 3.127.268 | 2.968.810 |
| Cash in TRY and Foreign Currency | 222.168 | 216.364 |
| Central Bank and Others | 2.905.100 | 2.752.446 |
| Cash Equivalents | 1.663.032 | 816.513 |
| Banks- maturity less than 3 months | 1.663.032 | 816.513 |
| Total Cash and Cash Equivalents | 4.790.300 | 3.785.323 |

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

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

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

VII. EXPLANATION RELATED TO THE RISK GROUP OF THE BANK

(1) Volume of the Bank's transactions with its risk group and outstanding loan and deposit balances as of the period-end, period income and expenses from the risk group:

a) Current Period:

| Risk Group | Subsidiaries, Associates and Joint Ventures | | Direct or Indirect Shareholders of the 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 | 18.330 | - | - | - | - |
| Interest and Commissions Income | 3.974 | 138 | - | - | - | - |

b) Prior Period:

| Risk Group | Subsidiaries, Associates and Joint Ventures | | Direct or Indirect Shareholders of the 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 Bank's risk group:

| Risk Group | Subsidiaries, Associates and Joint Ventures | | Direct or Indirect Shareholders of the 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 | 114.269 | 108.628 | - | - | - | - |
| Interest expense on deposits | 7.029 | 2.839 | - | - | - | - |

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

None.

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

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

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

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

(2) Disclosures for risk group:

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.

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 | 18.330 | % 0,24 |
| Deposits | 114.269 | % 0,28 |
| Forward and Option Contracts | - | - |
| Banks and Financial Institutions | - | - |

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

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

Explained in b).

d) Transactions accounted under the equity method:

None.

VIII. EXPLANATIONS RELATED TO SUBSEQUENT EVENTS

None

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

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

SECTION VI: LIMITED REVIEW REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR’S LIMITED REVIEW REPORT

The unconsolidated financial statements as of June 30, 2009 and for the period then ended were reviewed 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 11, 2009 is presented before the unconsolidated financial statements.

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

None.