

**TÜRK EKONOMİ BANKASI
ANONİM ŞİRKETİ**

**INDEPENDENT ACCOUNTANTS'
LIMITED REVIEW REPORT,
UNCONSOLIDATED FINANCIAL
STATEMENTS AND NOTES
FOR THE PERIOD ENDED
JUNE 30, 2010**

*Translated into English from the
Original Turkish Report*

To the Board of Directors of
Türk Ekonomi Bankası A.Ş.
Istanbul

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

**INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT
FOR THE PERIOD JANUARY 1, 2010 – JUNE 30, 2010**

We have reviewed the accompanying balance sheet of Türk Ekonomi Bankası A.Ş. ("The Bank") as at June 30, 2010 and the related statements of income, changes in shareholders' equity, cash flows 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 the 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 the Bank for the period ended June 30, 2010 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 ("BRSA").

Although our review is not affected, the following issue should be drawn attention:

As explained in Section 3, Note XXII, as per the Memorandum of Understanding dated June 3, 2010, the indirect controlling shareholders of TEB, BNP Paribas Group and the Çolakoğlu Group, have completed their negotiations and reached to an agreement on the shareholders agreement and other relevant documents on July 24, 2010. Accordingly, subsequent to obtaining all necessary regulatory approvals and respective corporate approvals, the merger will be realized under TEB. TEB Mali Yatırımlar A.Ş. will continue to be the principal shareholder of TEB, and Çolakoğlu Group and BNP Paribas Group will respectively hold 50% shares of TEB Mali Yatırımlar A.Ş.

Additional paragraph for English translation:

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU**

Hasan Kılıç
Partner
Istanbul, August 13, 2010

**THE UNCONSOLIDATED FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş.
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2010**

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

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- LIMITED REVIEW REPORT

The unconsolidated financial statements and the explanatory footnotes and disclosures for the six months, unless otherwise indicated, are prepared **in thousands of Turkish Lira**, in accordance with the Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Banks' records, have been independently reviewed and presented as attached.

August 13, 2010

Yavuz Canevi	Patrick	Dr. Akın			
Chairman of the	Rene Pitton	Akbaygil	Varol Civil	M. Aşkın Dolaştır	B. İlğaz Doğan
Board of	Chairman	Vice Chairman	General Manager	Assistant General	Director
Directors	of the Audit	of the Audit		Manager Responsible of	Responsible of
	Committee	Committee		Financial Reporting	Financial Reporting

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

Name-Surname / Title: Çiğdem Başaran / Investor Relations Manager

Telephone Number: (0212) 251 21 21
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TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2010
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

SECTION ONE
GENERAL INFORMATION

I. History of the Bank, Including its Incorporation Date, Initial Legal Status and Amendments to Legal Status, if any

Türk Ekonomi Bankası Anonim Şirketi (“the Bank”), which had been a local bank incorporated in Kocaeli in 1927 under the name of Kocaeli Halk Bankası T.A.Ş., was acquired by the Çolakoğlu Group in 1982. Its title was changed as Türk Ekonomi Bankası A.Ş. and its headquarters moved to Istanbul.

II. Explanation on the Bank’s Capital Structure, Shareholders of the Bank who are in Charge of the Management and/or Auditing of the Bank Directly or Indirectly, Changes in These Matters (if any), and the Group the Bank Belongs to

As of June 30, 2010 and December 31, 2009 the shareholders’ structure and their respective ownerships are summarized as follows:

Name of shareholders	Current Period		Previous Period	
	Paid in capital	%	Paid in capital	%
TEB Mali Yatırımlar A.Ş.	926,796	84.25	926,796	84.25
Publicly Traded	171,966	15.63	171,966	15.63
Other Shareholders	1,238	0.12	1,238	0.12
	1,100,000	100.00	1,100,000	100.00

As of June 30, 2010, Bank’s paid-in-capital consists of 1,100,000,000 shares of TRY 1.00 (full TRY) nominal each.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2010
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Shares of the Bank They Possess

<u>Name</u>	<u>Title</u>
Board of Directors;	
Yavuz Canevi	Chairman of the Board of Directors
Dr.Akın Akbaygil	Member of the Board of Directors, Vice Chairman of the Audit Committee and Vice Chairman of the Board of Directors
Patrick Rene Pitton	Member of the Board of Directors , Chairman of the Audit Committee
Jean Paul Sabet (*)	Member of the Board of Directors and Vice Chairman of the Board of Directors
Metin Toğay	Member of the Board of Directors
Yves Paul Henri Martrenchar	Member of the Board of Directors
Refael Taranto	Member of the Board of Directors
Varol Civil	Member of the Board of Directors and General Manager
Musa Erden	Member of the Board of Directors
Assistant General Managers;	
Mustafa Aşkın Dolaştır	Assistant General Manager Responsible from Financial Control
İzzet Cemal Kışmır	Assistant General Manager Responsible from Consumer Banking and Business Banking
Levent Çelebioğlu	Assistant General Manager Responsible from Corporate Banking and Financial Institutions
Nilsen Altıntaş	Assistant General Manager Responsible from Human Resources
Nuri Tuncalı	Assistant General Manager Responsible from Corporate, Commercial and SME Loans
Saniye Telci	Assistant General Manager Responsible from Banking Operations
Turgut Boz	Assistant General Manager Responsible from Commercial Banking and SME Banking
Turgut Güney	Assistant General Manager Responsible from Information Technologies
Ümit Leblebici	Assistant General Manager Responsible from Treasury
Ömer Abidin Yenidoğan	Assistant General Manager Responsible from Private Banking (Vicarious)
Melis Coşan Baban	Assistant General Manager Responsible from Legal Affairs and Secretary of the Board of Directors
Osman Durmuş	Assistant General Manager Responsible from Consumer Loans and Business Loans
Inspection Committee and Statutory Auditors;	
Hakan Tıraşın	Chairman of the Inspection Committee
Ayşe Aşardağ	Statutory Auditor
Cihat Madanoğlu	Statutory Auditor

(*) Jean-Jacques Marie Santini left from his position as a member of the board of directors and vice chairman of the board of directors as of March 30, 2010, and Jean Paul Sabet was appointed as the new vice chairman of the board of directors.

(**) Unsal Aysun left from his position as assistant general manager responsible from project financing and cash management as of April 1, 2010.

Shares of the Bank owned by the above stated Chairman and Members of Board of Directors, General Manager and Assistants are negligible.

IV. Information About the Persons and Institutions That Have Qualified Shares:

Name / Commercial Name	Share Amount	Share Ratio	Paid up Shares	Unpaid Shares
TEB Mali Yatırımlar A.Ş.	926,796	84.25%	926,796	-

The directly or indirectly authorized group that has the qualified shares in the Bank's capital is TEB Mali Yatırımlar A.Ş. TEB Mali Yatırımlar A.Ş. is a member of Çolakoğlu and BNP Paribas Group. 50% of the shares of TEB Mali Yatırımlar A.Ş. is controlled by BNP Paribas, while the remaining 50% is controlled by Çolakoğlu Group.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2010
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

V. Summary on the Bank's Functions and Areas of Activity

The Bank's operating areas include corporate, retail and private banking as well as project finance, fund management and custody operations. Besides the ordinary banking operations, the Bank is handling agency functions through its branches on behalf of TEB Yatırım Menkul Değerler A.Ş. and Zurich Sigorta A.Ş (formerly TEB Sigorta A.Ş. prior to the title change on August 18, 2008 due to the sale of the entity). As of June 30, 2010, the Bank has 330 local branches and 4 foreign branches (December 31, 2009 - 330 local branches, 4 foreign branches).

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
BALANCE SHEET AS OF JUNE 30, 2010

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

I. BALANCE SHEET – ASSETS (STATEMENT OF FINANCIAL POSITION)

		Reviewed Current Period 30.06.2010			Audited Prior Period 31.12.2009			
	Note Ref.	TRY	FC	Total	TRY	FC	Total	
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(1)	438,462	1,279,473	1,717,935	344,364	1,167,340	1,511,704
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	295,301	26,709	322,010	165,315	22,990	188,305
2.1	Financial assets held for trading		295,301	26,709	322,010	165,315	22,990	188,305
2.1.1	Public sector debt securities		231,129	5,254	236,383	122,146	4,464	126,610
2.1.2	Share certificates		-	-	-	-	-	-
2.1.3	Derivative financial assets held for trading		64,172	21,455	85,627	43,169	18,526	61,695
2.1.4	Other marketable securities		-	-	-	-	-	-
2.2	Financial assets classified at fair value through profit and loss		-	-	-	-	-	-
2.2.1	Public sector debt securities		-	-	-	-	-	-
2.2.2	Share certificates		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other marketable securities		-	-	-	-	-	-
III.	BANKS	(3)	49,616	172,294	221,910	57,807	345,794	403,601
IV.	MONEY MARKET PLACEMENTS		100,119	-	100,119	610,110	84,807	694,917
4.1	Interbank money market placements		100,119	-	100,119	610,110	84,807	694,917
4.2	Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3	Receivables from reverse repurchase agreements		-	-	-	-	-	-
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	1,687,898	158,084	1,845,982	1,599,385	62,327	1,661,712
5.1	Share certificates		2,009	2,172	4,181	2,009	2,583	4,592
5.2	Public sector debt securities		1,685,889	155,912	1,841,801	1,597,376	59,744	1,657,120
5.3	Other marketable securities		-	-	-	-	-	-
VI.	LOANS AND RECEIVABLES	(5)	8,053,672	2,419,420	10,473,092	7,003,244	1,987,471	8,990,715
6.1	Loans and receivables		7,898,638	2,419,420	10,318,058	6,815,092	1,987,471	8,802,563
6.1.1	Loans to Risk Group of the Bank		49,111	776	49,887	22,005	31,260	53,265
6.1.2	Public sector debt securities		-	-	-	-	-	-
6.1.3	Other		7,849,527	2,418,644	10,268,171	6,793,087	1,956,211	8,749,298
6.2	Non-performing loans		334,714	-	334,714	427,991	-	427,991
6.3	Specific provisions (-)		(179,680)	-	(179,680)	(239,839)	-	(239,839)
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	HELD TO MATURITY INVESTMENTS (Net)	(6)	432,599	-	432,599	880,803	-	880,803
8.1	Public sector debt securities		432,599	-	432,599	880,803	-	880,803
8.2	Other marketable securities		-	-	-	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	(7)	-	-	-	-	-	-
9.1	Accounted for under equity method		-	-	-	-	-	-
9.2	Unconsolidated associates		-	-	-	-	-	-
9.2.1	Financial investments		-	-	-	-	-	-
9.2.2	Non-financial investments		-	-	-	-	-	-
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(8)	92,667	61,254	153,921	92,667	61,254	153,921
10.1	Unconsolidated financial subsidiaries		92,667	61,254	153,921	92,667	61,254	153,921
10.2	Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
XI.	ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(9)	1	-	1	1	-	1
11.1	Consolidated under equity method		-	-	-	-	-	-
11.2	Unconsolidated		1	-	1	1	-	1
11.2.1	Financial subsidiaries		-	-	-	-	-	-
11.2.2	Non-financial subsidiaries		1	-	1	1	-	1
XII.	FINANCE LEASE RECEIVABLES (Net)	(10)	-	-	-	-	-	-
12.1	Finance lease receivables		-	-	-	-	-	-
12.2	Operating lease receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned income (-)		-	-	-	-	-	-
XIII.	DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	25,559	803	26,362	30,976	354	31,330
13.1	Fair value hedge		25,559	803	26,362	30,976	354	31,330
13.2	Cash flow hedge		-	-	-	-	-	-
13.3	Hedge of net investment risks in foreign operations		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	(12)	146,956	-	146,956	154,984	-	154,984
XV.	INTANGIBLE ASSETS (Net)	(13)	11,371	-	11,371	10,910	-	10,910
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		11,371	-	11,371	10,910	-	10,910
XVI.	INVESTMENT PROPERTIES (Net)	(14)	-	-	-	-	-	-
XVII.	TAX ASSET	(15)	12,600	-	12,600	7,869	-	7,869
17.1	Current tax asset		-	-	-	-	-	-
17.2	Deferred tax asset		12,600	-	12,600	7,869	-	7,869
XVIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(16)	-	-	-	-	-	-
18.1	Held for sale		-	-	-	-	-	-
18.2	Discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	(17)	458,595	40,165	498,760	340,853	31,935	372,788
TOTAL ASSETS			11,805,416	4,158,202	15,963,618	11,299,288	3,764,272	15,063,560

The accompanying notes are an integral part of these financial statements

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
BALANCE SHEET AS OF JUNE 30, 2010

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

I. BALANCE SHEET – LIABILITIES AND EQUITY (STATEMENT OF FINANCIAL POSITION)

	Note Ref.	Reviewed Current Period 30.06.2010			Audited Prior Period 31.12.2009		
		TRY	FC	Total	TRY	FC	Total
I. DEPOSITS	(1)	5,849,991	3,905,424	9,755,415	5,867,274	3,554,361	9,421,635
1.1 Deposits from Risk Group of the Bank		93,751	431,682	525,433	142,353	286,136	428,489
1.2 Other		5,756,240	3,473,742	9,229,982	5,724,921	3,268,225	8,993,146
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	58,523	80,122	138,645	30,123	21,746	51,869
III. FUNDS BORROWED	(3)	1,206,899	1,371,025	2,577,924	787,994	861,621	1,649,615
IV. MONEY MARKET BALANCES		333,153	-	333,153	1,071,971	-	1,071,971
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		333,153	-	333,153	1,071,971	-	1,071,971
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. SUNDRY CREDITORS		269,821	43,275	313,096	244,767	12,633	257,400
VIII. OTHER LIABILITIES	(4)	416,393	779	417,172	237,606	388	237,994
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCE LEASE PAYABLES	(5)	-	20	20	-	30	30
10.1 Finance lease payables		-	28	28	-	42	42
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	(8)	(8)	-	(12)	(12)
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(6)	53,947	1	53,948	73,493	-	73,493
11.1 Fair value hedge		53,947	1	53,948	73,493	-	73,493
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	(7)	118,578	15,191	133,769	119,850	12,222	132,072
12.1 General loan loss provisions		66,463	15,191	81,654	62,406	12,222	74,628
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee benefits		19,904	-	19,904	17,556	-	17,556
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		32,211	-	32,211	39,888	-	39,888
XIII. TAX LIABILITY	(8)	36,927	-	36,927	34,555	-	34,555
13.1 Current tax liability		36,927	-	36,927	34,555	-	34,555
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	(9)	-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(10)	-	468,591	468,591	-	483,474	483,474
XVI. SHAREHOLDERS' EQUITY	(11)	1,733,163	1,795	1,734,958	1,644,728	4,724	1,649,452
16.1 Paid-in capital		1,100,000	-	1,100,000	1,100,000	-	1,100,000
16.2 Supplementary capital		13,560	1,795	15,355	19,908	4,724	24,632
16.2.1 Share premium		2,158	-	2,158	2,158	-	2,158
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		10,476	1,795	12,271	16,824	4,724	21,548
16.2.4 Tangible assets revaluation differences		-	-	-	-	-	-
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Investment property revaluation differences		-	-	-	-	-	-
16.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-	-	-
16.2.8 Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.9 Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		926	-	926	926	-	926
16.3 Profit reserves		524,820	-	524,820	314,653	-	314,653
16.3.1 Legal reserves		45,468	-	45,468	34,959	-	34,959
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		479,352	-	479,352	279,694	-	279,694
16.3.4 Other profit reserves		-	-	-	-	-	-
16.4 Profit or loss		94,783	-	94,783	210,167	-	210,167
16.4.1 Prior years' income / (losses)		-	-	-	-	-	-
16.4.2 Current year income / (loss)		94,783	-	94,783	210,167	-	210,167
16.5 Minority shares	(12)	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		10,077,395	5,886,223	15,963,618	10,112,361	4,951,199	15,063,560

The accompanying notes are an integral part of these financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES
AND COMMITMENTS AS OF JUNE 30, 2010

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

II. STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note Ref.	Reviewed Current Period 30.06.2010			Audited Prior Period 31.12.2009		
		TRY	FC	TOTAL	TRY	FC	TOTAL
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		9,644,919	10,652,292	20,297,211	7,443,468	6,990,647	14,434,115
I. GUARANTEES	(1), (3)	1,824,161	2,159,388	3,983,549	1,532,701	1,895,919	3,428,620
1.1 Letters of guarantee		1,620,220	1,319,804	2,940,024	1,415,128	1,263,267	2,678,395
1.1.1 Guarantees subject to State Tender Law		85,488	22,906	108,394	78,334	24,009	102,343
1.1.2 Guarantees given for foreign trade operations		181,873	26,790	208,663	134,913	19,444	154,357
1.1.3 Other letters of guarantee		1,352,859	1,270,108	2,622,967	1,201,881	1,219,814	2,421,695
1.2 Bank loans		128	70,040	70,168	171	39,034	39,205
1.2.1 Import letter of acceptance		128	68,576	68,704	171	36,594	36,765
1.2.2 Other bank acceptances		-	1,464	1,464	-	2,440	2,440
1.3 Letters of credit		4,565	687,875	692,440	339	503,069	503,408
1.3.1 Documentary letters of credit		4,565	605,777	610,342	339	408,795	409,134
1.3.2 Other letters of credit		-	82,098	82,098	-	94,274	94,274
1.4 Prefinancing given as guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Securities issue purchase guarantees		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		199,051	57,017	256,068	116,803	68,573	185,376
1.9 Other collaterals		197	24,652	24,849	260	21,976	22,236
II. COMMITMENTS	(1), (3)	3,318,513	599,914	3,918,427	3,077,874	636,396	3,714,270
2.1 Irrevocable commitments		3,318,513	599,914	3,918,427	3,077,874	636,396	3,714,270
2.1.1 Forward asset purchase commitments		279,487	591,415	870,902	108,571	235,667	344,238
2.1.2 Forward deposit purchase and sales commitments		-	-	-	-	16,814	16,814
2.1.3 Share capital commitment to associates and subsidiaries		2,000	-	2,000	2,000	-	2,000
2.1.4 Loan granting commitments		1,243,699	-	1,243,699	996,619	-	996,619
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		7,033	4,467	11,500	346,683	380,104	726,787
2.1.7 Payment commitment for checks		724,170	-	724,170	650,733	-	650,733
2.1.8 Tax and fund liabilities from export commitments		15,897	-	15,897	14,914	-	14,914
2.1.9 Commitments for credit card expenditure limits		1,043,687	-	1,043,687	956,344	-	956,344
2.1.10 Commitments for promotions related with credit cards and banking activities		2,429	-	2,429	1,899	-	1,899
2.1.11 Receivables from short sale commitments		-	-	-	-	-	-
2.1.12 Payables for short sale commitments		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		111	4,032	4,143	111	3,811	3,922
2.2 Revocable commitments		-	-	-	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	4,502,245	7,892,990	12,395,235	2,832,893	4,458,332	7,291,225
3.1 Derivative financial instruments for hedging purposes		411,063	229,760	640,823	469,988	291,511	761,499
3.1.1 Fair value hedge		411,063	229,760	640,823	469,988	291,511	761,499
3.1.2 Cash flow hedge		-	-	-	-	-	-
3.1.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2 Held for trading transactions		4,091,182	7,663,230	11,754,412	2,362,905	4,166,821	6,529,726
3.2.1 Forward foreign currency buy/sell transactions		767,034	2,399,815	3,166,849	539,048	1,048,584	1,587,632
3.2.1.1 Forward foreign currency transactions-buy		382,804	1,288,629	1,671,433	355,035	452,209	807,244
3.2.1.2 Forward foreign currency transactions-sell		384,230	1,111,186	1,495,416	184,013	596,375	780,388
3.2.2 Swap transactions related to f.c. and interest rates		1,424,026	1,945,786	3,369,812	861,205	1,268,459	2,129,664
3.2.2.1 Foreign currency swap-buy		212,926	1,163,414	1,376,340	151,511	765,023	916,534
3.2.2.2 Foreign currency swap-sell		873,600	703,310	1,576,910	509,694	400,436	910,130
3.2.2.3 Interest rate swaps-buy		168,750	39,531	208,281	100,000	51,500	151,500
3.2.2.4 Interest rate swaps-sell		168,750	39,531	208,281	100,000	51,500	151,500
3.2.3 Foreign currency, interest rate and securities options		1,900,122	2,705,426	4,605,548	962,652	1,366,605	2,329,257
3.2.3.1 Foreign currency options-buy		932,450	1,313,164	2,245,614	440,201	702,193	1,142,394
3.2.3.2 Foreign currency options-sell		831,672	1,392,262	2,223,934	485,796	664,412	1,150,208
3.2.3.3 Interest rate options-buy		136,000	-	136,000	36,655	-	36,655
3.2.3.4 Interest rate options-sell		-	-	-	-	-	-
3.2.3.5 Securities options-buy		-	-	-	-	-	-
3.2.3.6 Securities options-sell		-	-	-	-	-	-
3.2.4 Foreign currency futures		-	612,203	612,203	-	483,173	483,173
3.2.4.1 Foreign currency futures-buy		-	294,689	294,689	-	234,791	234,791
3.2.4.2 Foreign currency futures-sell		-	317,514	317,514	-	248,382	248,382
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		27,754,983	7,779,652	35,534,635	24,027,336	7,443,354	31,470,690
IV. ITEMS HELD IN CUSTODY		7,302,072	567,294	7,869,366	6,213,057	482,176	6,695,233
4.1 Assets under management		1,290,517	-	1,290,517	1,138,296	-	1,138,296
4.2 Investment securities held in custody		2,656,082	122,649	2,778,731	2,175,211	110,097	2,285,308
4.3 Checks received for collection		3,203,700	279,113	3,482,813	2,754,141	229,619	2,983,760
4.4 Commercial notes received for collection		151,338	87,932	239,270	145,063	84,934	229,997
4.5 Other assets received for collection		336	77,600	77,936	247	57,526	57,773
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		99	-	99	99	-	99
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		20,424,369	7,207,933	27,632,302	17,788,575	6,957,362	24,745,937
5.1 Marketable securities		482,683	8,992	491,675	266,577	8,351	274,928
5.2 Guarantee notes		10,173,287	5,519,121	15,692,408	8,833,394	5,403,205	14,236,599
5.3 Commodity		2,248	214,452	216,700	7,515	104,472	111,987
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		8,466,830	971,759	9,438,589	7,457,561	1,077,294	8,534,855
5.6 Other pledged items		1,299,321	493,609	1,792,930	1,223,528	364,040	1,587,568
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		28,542	4,425	32,967	25,704	3,816	29,520
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		37,399,902	18,431,944	55,831,846	31,470,804	14,434,001	45,904,805

The accompanying notes are an integral part of these financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENT OF INCOME FOR THE PERIOD FROM
JANUARY 1 TO JUNE 30, 2010

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

III. STATEMENT OF INCOME

		Reviewed Current Period 01.01-30.06.2010	Reviewed Prior Period 01.01-30.06.2009	Reviewed Current Period 01.04-30.06.2010	Reviewed Prior Period 01.04-30.06.2009	
		Note Ref.	Total	Total	Total	
I.	INTEREST INCOME	(1)	727,446	896,765	360,983	399,850
1.1	Interest on loans		578,774	690,301	299,642	312,052
1.2	Interest received from reserve deposits		9,039	17,420	4,737	6,743
1.3	Interest received from banks		3,519	8,789	1,678	3,632
1.4	Interest received from money market placements		1,363	24,173	505	6,282
1.5	Interest received from marketable securities portfolio		133,209	148,311	53,717	70,718
1.5.1	Held-for-trading financial assets		7,491	5,223	3,725	2,616
1.5.2	Financial assets at fair value through profit and loss		-	-	-	-
1.5.3	Available-for-sale financial assets		92,910	79,346	38,301	37,419
1.5.4	Investments held-to-maturity		32,808	63,742	11,691	30,683
1.6	Finance lease Income		-	-	-	-
1.7	Other interest income		1,542	7,771	704	423
II.	INTEREST EXPENSE	(2)	343,162	497,181	176,907	199,578
2.1	Interest on deposits		239,009	351,431	122,084	147,249
2.2	Interest on funds borrowed		62,314	117,163	34,229	37,761
2.3	Interest on money market borrowings		29,053	16,129	17,576	9,467
2.4	Interest on securities issued		-	-	-	-
2.5	Other interest expense		12,786	12,458	3,018	5,101
III.	NET INTEREST INCOME/EXPENSE (I - II)		384,284	399,584	184,076	200,272
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		123,041	120,090	62,170	61,104
4.1	Fees and commissions received		189,095	176,230	97,067	88,296
4.1.1	Non-cash loans		20,736	18,753	10,518	9,224
4.1.2	Other		168,359	157,477	86,549	79,072
4.2	Fees and commissions paid		66,054	56,140	34,897	27,192
4.2.1	Non-cash loans		735	1,048	245	523
4.2.2	Other		65,319	55,092	34,652	26,669
V.	DIVIDEND INCOME	(3)	14,456	11,969	3	5
VI.	NET TRADING INCOME	(4)	2,192	48,332	(2,224)	15,963
6.1	Securities trading gains/ (losses)		19,879	46,492	6,288	20,895
6.2	Gains/ (losses) from derivative financial instruments		(164,727)	(80,331)	(100,210)	(27,410)
6.3	Foreign exchange gains/ (losses)		147,040	82,171	91,698	22,478
VII.	OTHER OPERATING INCOME	(5)	29,677	16,726	15,820	7,890
VIII.	NET OPERATING INCOME (III+IV+V+VI+VII)		553,650	596,701	259,845	285,234
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	70,631	84,332	16,484	44,453
X.	OTHER OPERATING EXPENSES (-)	(7)	365,696	344,329	185,748	172,835
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		117,323	168,040	57,613	67,946
XII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-	-	-
XIII.	GAIN / (LOSS) ON EQUITY METHOD		-	-	-	-
XIV.	GAIN / (LOSS) ON NET MONETARY POSITION		-	-	-	-
XV.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	(8)	117,323	168,040	57,613	67,946
XVI.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(22,540)	(28,235)	(11,263)	(12,317)
16.1	Current income tax (charge)/benefit		(24,808)	(15,493)	(7,959)	(15,493)
16.2	Deferred tax (charge)/benefit		2,268	(12,742)	(3,304)	3,176
XVII.	NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	94,783	139,805	46,350	55,629
XVIII.	INCOME ON DISCONTINUED OPERATIONS		-	-	-	-
18.1	Income on assets held for sale		-	-	-	-
18.2	Income on sale of associates, subsidiaries and entities under common control (Joint vent.)		-	-	-	-
18.3	Income on other discontinued operations		-	-	-	-
XIX.	LOSS FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
19.1	Loss from assets held for sale		-	-	-	-
19.2	Loss on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-	-	-
19.3	Loss from other discontinued operations		-	-	-	-
XX.	PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)	(8)	-	-	-	-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(9)	-	-	-	-
21.1	Current income tax (charge)/benefit		-	-	-	-
21.2	Deferred tax (charge)/benefit		-	-	-	-
XXII.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)	(10)	-	-	-	-
XXIII.	NET PROFIT/LOSS (XVII+XXII)	(11)	94,783	139,805	46,350	55,629
23.1	Group's profit/loss		94,783	139,805	46,350	55,629
23.2	Minority shares		-	-	-	-
	Earnings per share		0.0862	0.1271	0.0421	0.0506

The accompanying notes are an integral part of these financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENT OF PROFIT-LOSS ACCOUNTED FOR UNDER EQUITY
FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2010

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

IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY

		Reviewed Current Period 01.01-30.06.2010	Reviewed Prior Period 01.01-30.06.2009
I.	Additions to marketable securities revaluation differences for available for sale financial assets	11,203	53,104
II.	Tangible assets revaluation differences	-	-
III.	Intangible assets revaluation differences	-	-
IV.	Foreign exchange differences for foreign currency transactions	-	-
V.	Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)	-	-
VI.	Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)	-	-
VII.	The effect of correction of errors and changes in accounting policies	-	-
VIII.	Other profit loss items accounted for under equity due to TAS	-	-
IX.	Deferred tax of valuation differences	2,319	(1,800)
X.	Total Net Profit/Loss accounted for under equity (I+II+...+IX)	13,522	51,304
XI.	Profit/Loss	(22,799)	(43,902)
1.1	Change in fair value of marketable securities (Transfer to Profit/Loss)	(22,799)	(43,902)
1.2	Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
1.3	Transfer of hedge of net investments in foreign operations to Income Statement	-	-
1.4	Other	-	-
XII.	Total Profit/Loss accounted for the period (X±XI)	(9,277)	7,402

The accompanying notes are an integral part of these financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2009
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Reviewed	Note Ref	Paid-in Capital	Effect of Inflation Accounting on Capital and		Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Val. Diff. from Assets Held for Sale and from Disc. Op.	Total Equity Before Minority Shares	Minority Shares	Total Equity
				Other Capital Reserves	Share Premium																
Prior Period – 01.01.-30.06.2009																					
I	Beginning Balance – 31.12.2008		1,100,000		926	2,158		26,750		123,705			164,198	5,882					- 1,423,619		1,423,619
II.	Corrections according to TAS 8																				
2.1	The effect of correction of errors																				
2.2	The effects of changes in accounting policy																				
III.	New Balance (I+II)		1,100,000		926	2,158		26,750		123,705			164,198	5,882					- 1,423,619		1,423,619
	Changes in period																				
IV.	Increase/Decrease related to merger																				
V.	Marketable securities valuation differences													7,402						7,402	7,402
VI.	Hedging Funds (Effective Portion)																				
6.1	Cash-flow hedge																				
6.2	Hedge of net investment in foreign operations																				
VII.	Tangible assets revaluation differences																				
VIII.	Intangible assets revaluation differences																				
IX.	Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint vent.)																				
X.	Foreign exchange differences																				
XI.	The disposal of assets																				
XII.	The reclassification of assets																				
XIII.	The effect of change in associate's equity																				
XIV.	Capital increase																				
14.1	Cash																				
14.2	Internal sources																				
XV.	Share premium																				
XVI.	Share cancellation profits																				
XVII.	Inflation adjustment to paid-in capital																				
XVIII.	Other																				
XIX.	Period net income/(loss)											139,805								- 139,805	139,805
XX.	Profit distribution							8,209		155,989			(164,198)								
20.1	Dividends distributed																				
20.2	Transfers to reserves							8,209		155,989			(164,198)								
20.3	Other																				
Closing Balance 30.06.2009																					
(III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII+XIX+XX)																					
			1,100,000		926	2,158		34,959		279,694		139,805		13,284					- 1,570,826		1,570,826

The accompanying notes are an integral part of these financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2010
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Reviewed	Note Ref	Paid-in Capital	Effect of Inflation Accounting on Capital and Other Reserves	Share Premium	Share Cancellation profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Val. Diff. from Assets Held for Sale and Disc. Op.	Total Equity Before Minority Shares	Minority Shares	Total Equity	
I	Current Period – 01.01-30.06.2010																				
	Beginning balance – 31.12.2009		1,100,000	926	2,158	-	34,959	-	279,694	-	-	210,167	21,548	-	-	-	-	-1,649,452	-	-1,649,452	
	Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
II.	Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(9,277)	-	-	-	-	(9,277)	-	(9,277)	
IV.	Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4.2	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V.	Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI.	The effect of change in associate's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII.	Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
12.2	Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII.	Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV.	Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII.	Period net income/(loss)		-	-	-	-	-	-	-	-	94,783	-	-	-	-	-	-	94,783	-	94,783	
XVIII.	Profit distribution		-	-	-	-	10,509	-	199,658	-	-	(210,167)	-	-	-	-	-	-	-	-	
18.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18.2	Transfers to reserves		-	-	-	-	10,509	-	199,658	-	-	(210,167)	-	-	-	-	-	-	-	-	
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Closing Balance 30.06.2010																				
	(I+II+III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII)		1,100,000	926	2,158	-	45,468	-	479,352	-	94,783	-	12,271	-	-	-	-	-1,734,958	-	-1,734,958	

The accompanying notes are an integral part of these financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENT OF CASH FLOWS FOR THE PERIOD FROM
JANUARY 1 TO JUNE 30, 2010

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

VI. STATEMENT OF CASH FLOWS

	Reviewed Current Period	Reviewed Prior Period
Note Ref	01.01-30.06.2010	01.01-30.06.2009
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	206,996	(392,722)
1.1.1 Interest received	770,412	961,054
1.1.2 Interest paid	(254,531)	(701,094)
1.1.3 Dividend received	14,456	11,969
1.1.4 Fees and commissions received	189,095	176,230
1.1.5 Other income	166,555	(387,321)
1.1.6 Collections from previously written off loans	80,227	56,753
1.1.7 Payments to personnel and service suppliers	(173,583)	(172,550)
1.1.8 Taxes paid	(19,393)	-
1.1.9 Others	(566,242)	(337,763)
	(1)	
1.2 Changes in operating assets and liabilities	(1,091,344)	(854,424)
1.2.1 Net (increase) decrease in financial assets held for trading	(108,767)	28,009
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss	-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions	8,827	(9,846)
1.2.4 Net (increase) decrease in loans	(1,536,262)	934,986
1.2.5 Net (increase) decrease in other assets	(151,644)	(15,536)
1.2.6 Net increase (decrease) in bank deposits	(684,879)	318,387
1.2.7 Net increase (decrease) in other deposits	279,075	(1,167,549)
1.2.8 Net increase (decrease) in funds borrowed	911,853	(1,032,215)
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	190,453	89,340
	(1)	
I. Net cash provided from / (used in) banking operations	(884,348)	(1,247,146)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from/ (used in) investing activities	212,742	585,172
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries	-	(1)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries	-	-
2.3 Fixed asset purchases	(6,822)	(7,784)
2.4 Fixed asset sales	11,679	2,207
2.5 Cash paid for purchase of financial assets available for sale	(2,523,719)	(1,122,510)
2.6 Cash obtained from sale of financial assets available for sale	2,285,142	1,775,405
2.7 Cash paid for purchase of investment securities	-	(59,542)
2.8 Cash obtained from sale of investment securities	450,209	-
2.9 Others	(3,747)	(2,603)
	(1)	
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from/ (used in) financing activities	(4,426)	(83)
3.1 Cash obtained from funds borrowed and securities issued	-	-
3.2 Cash used for repayment of funds borrowed and securities issued	(4,416)	-
3.3 Capital increase	-	-
3.4 Dividends paid	-	-
3.5 Payments for finance leases	(10)	(83)
3.6 Other	-	-
	(1)	
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(1)	70,666
V. Net increase / (decrease) in cash and cash equivalents	(605,366)	(658,645)
VI. Cash and cash equivalents at beginning of the period	2,336,935	3,061,796
VII. Cash and cash equivalents at end of the period	1,731,569	2,403,151

The accompanying notes are an integral part of these financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2010

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SECTION THREE
ACCOUNTING PRINCIPLES

I. Basis of Presentation

The Bank prepares financial statements and notes according to Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS), other regulations, communiques and circulars in respect of accounting and financial reporting and pronouncements made by Banking Regulation and Supervision Agency (BRSA), Turkish Commercial Code and Tax Legislation.

The prior period financial statements are presented in line with the principles of TAS No:1 "Fundamentals of Preparing and Presenting Financial Statements" published in the Official Gazette on January 16, 2005 with No: 25702, and in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards; and other principles, methods and explanations about accounting and financial reporting issued by the BRSA. Certain reclassifications have been made to the prior year financial statements in order to comply with the current year presentation whenever required. The reclassifications in the prior year financial statements are presented in the table below:

<u>INCOME STATEMENT</u>	<u>30.06.2009</u>
Other Interest Income (Increase / (Decrease))	(2,044)
Other Interest Expense (Increase / (Decrease))	(29,939)
Gains from Derivative Financial Instruments (Increase / (Decrease))	2,044
Losses from Derivative Financial Instruments (Increase / (Decrease))	29,939

II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions

The Bank aims to develop and promote products for the financial needs of each customer such as SMEs, multinational companies and small individual investors in line with Banking Legislation. The primary objective of the Bank is to increase profitability with optimum liquidity and minimum risk while fulfilling customer needs. Thus, the Bank uses 31% on average of its resources in liquid assets, as well as intending for the highest possible yield with effective maturity management.

The Bank aims at creating an optimum maturity risk and working with a positive margin between cost of resource and product yield in the process of asset and liability management.

As a component of risk management strategy of the Bank, risk bearing short positions of currency, interest or price movements is performed only by the Treasury Asset-Liability Management department using the limits defined by the Board of Directors. The Asset-Liability Committee manages the maturity mismatches while deciding the short, medium and long term strategies as well as adopting the principle of positive balance sheet margin as a pricing policy.

The Board of Directors allows a purchase risk in treasury operations and individual limits are defined by the Board of Directors for each product.

The Bank's hedging activities for the currency risk due to foreign currency available-for-sale equity instruments are described under the Currency Risk section; and the Bank's hedging activities from interest rate risk arising from fixed interest rate deposits and floating interest rate borrowings are described in detail under Interest Rate Risk section.

The Bank's Asset-Liability Committee approves the trading of various derivative instruments such as currency swaps, forwards and similar derivatives to hedge interest and currency exchange risks in line with the balance sheet structure.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
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III. Explanations on Forward and Option Contracts and Derivative Instruments

Fair values of foreign currency forward and swap transactions are determined by comparing the period end Bank foreign exchange rates with the contractual forward rates discounted to the balance sheet date with the prevailing current market rates. The resulting gain or loss is reflected to the income statement.

In the assessment of fair value of interest rate swap instruments, interest amounts to be paid or to be received due to/from the fixed rate on the derivative contract are discounted to the balance sheet date with the current applicable fixed rate in the market that is prevailing between the balance sheet date and the interest payment date, whereas interest amounts to be paid or to be received due to/from the floating rate on the derivative contract are recalculated with the current applicable market rates that are prevailing between the balance sheet date and the interest payment date and are discounted to the balance sheet date again with the current applicable market rates that are prevailing between the balance sheet date and the interest payment date. The differences between the fixed rate interest amounts and floating rate interest amounts to be received/paid are recorded in the profit/loss accounts in the current period.

The fair value of call and put option agreements are measured at the valuation date by using the current premium values of all option agreements, and the differences between the contractual premiums received/paid and the current premiums measured at valuation date are recognized in the statement of income.

Futures transactions are valued on a daily basis by the primary market prices and related unrealized gains or losses are reflected in the income statement.

The valuation of CDS transactions are based on discounting the differences between the existing and recalculated payment plans to the valuation date with current CDS interest rates.

As of July 1, 2008, the Bank has adopted fair value hedge accounting in order to avoid the effects of interest rate changes in the market by matching a portion of its swap portfolio with its loan portfolio.

While the Bank recognizes the fair value changes of the hedged items in the “other interest income” and “other interest expense” accounts, it recognizes the fair value changes of the hedging instruments related to the same period in the “gains/(losses) from derivative financial instruments” account.

Additionally, the difference between the fair value and carrying value of the hedged items as of the application date of hedge accounting is amortized based on their maturities and recognized in “other interest income” and “other interest expense” accounts.

IV. Explanations on Interest Income and Expenses

Interest income and expense are recognized in the income statement for all interest bearing instruments whose cash inflows and outflows are known on an accrual basis using the effective interest method. In accordance with the related regulation, realized and unrealized interest accruals of the non-performing loans are reversed and interest income related to these loans are recorded as interest income only when collected.

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V. Explanations on Fees and Commission Income and Expenses

Fees for various banking services are recorded as income when collected and prepaid commission income on cash and non-cash loans is recorded as income by using effective interest rate in the related period.

Fees and commissions for funds borrowed paid to other financial institutions, as part of the transaction costs, are recorded as prepaid expenses by using effective interest rate and are expensed on the related periods.

The dividend income is reflected to the financial statements when the profit distribution is realized by the associates and subsidiaries.

VI. Explanations on Financial Assets

Financial instruments comprise financial assets, financial liabilities and derivative instruments. Risks related to these activities form a significant part among total risks the Bank undertakes. Financial instruments affect liquidity, market, and credit risks on the Bank's balance sheet in all respects. The Bank trades these instruments on behalf of its customers and on its own behalf.

Basically, financial assets create the majority of the commercial activities of the Bank. These instruments expose, affect and diminish the liquidity, credit and interest risks in the financial statements.

All regular way purchases and sales of financial assets are recognized on the settlement date i.e. the date that the asset is delivered to or by the Bank. Settlement date accounting requires (a) accounting of the asset when acquired by the institution and (b) disposing of the asset out of the balance sheet on the date settled by the institution; and accounting of gain or loss on disposal. In case of application of settlement date accounting, the institution accounts for the changes that occur in the fair value of the asset in the period between commercial transaction date and settlement date as in the assets that the institution settles.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets.

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

Cash, Banks, and Other Financial Institutions

Cash and cash equivalents comprise cash on hand, demand deposits, and highly liquid short-term investments with maturity of 3 months or less following the purchase date, not bearing risk of significant value change, and that are readily convertible to a known amount of cash. The book value of these assets approximates their fair values.

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VI. Explanations on Financial Assets (continued)

Financial Assets at Fair Value Through Profit and Loss

Trading securities are securities which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio with a pattern of short-term profit taking.

Trading securities are initially recognized at cost. Transaction costs of the related securities are included in the initial cost. The positive difference between the cost and fair value of such securities is accounted for as interest and income accrual, and the negative difference is accounted for as "Impairment Provision on Marketable Securities".

Held to Maturity Investments and Financial Assets Available for Sale

Investments held to maturity include securities with fixed or determinable payments and fixed maturity where there is an intention of holding till maturity and the relevant conditions for fulfillment of such intention, including the funding ability other than loans and receivables.

Available for sale financial assets include all securities other than loans and receivables, securities held to maturity and securities held for trading.

Marketable securities are initially recognized at cost including the transaction costs.

After the initial recognition, available for sale securities are measured at fair value and the unrealized gain/loss originating from the difference between the amortized cost and the fair value is recorded in "Marketable Securities Valuation Differences" under the equity. Fair values of debt securities that are traded in an active market are determined based on quoted prices or current market prices. In the absence of prices formed in an active market, fair value of these securities is determined using the prices declared in the Official Gazette or other valuation methods stated in TAS.

After initial recognition, held to maturity investments are measured at amortized cost by using effective interest rate less impairment losses, if any.

The interests received from held to maturity investments are recorded as interest income.

There are no financial assets that have been previously classified as held to maturity investments but cannot be currently classified as held to maturity for two years due to "tainting" rule.

The Bank classifies its securities as referred to above at the acquisition date of related assets.

The sale and purchase transactions of the held to maturity investments are recorded on a settlement date basis.

Loans and Provisions for Impairment

Loans are financial assets those generated by lending money and exclude those that are held with the intention of trading or selling in the near future.

The Bank initially records loans and receivables at cost. In subsequent periods, in accordance with TAS, loans are measured at amortized cost using effective interest rate method.

Provision is set for the loans that may be doubtful and the amount is charged in the current period income statement. The provisioning criteria for non-performing loans are determined by the Bank's management for compensating the probable losses of the current loan portfolio, by evaluating the quality of loan portfolio, risk factors and considering the economical conditions, other facts and related regulations.

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VI. Explanations on Financial Assets (continued)

Loans and Provisions for Impairment (continued)

Specific reserves are provided for Group III, IV and V loans 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” (“the Provisioning Decree”) published in the Official Gazette No. 26333 dated November 1, 2006 which was amended with the communiqué published in the Official Gazette No. 27119 dated January 23, 2009. These provisions are reflected in the income statement under “Provision and Impairment Expenses - Special Provision Expense”. The collections made regarding these loans are first deducted from the principal amount of the loan and the remaining collections are deducted from interest receivables.

The collections made related to loans for which provision is made in the current period are reversed from the “Provision for Loans and Other Receivables” account in the income statement, and related interest income is credited to the “Interest Received from Non-performing Loans” account.

Releases of loan loss provisions are booked in “Other Operating Income” account and reversed from the “Provision and Impairment Expenses - Specific Provision Expense” account in the income statement.

In addition to specific loan loss provisions, within the framework of the regulation and principles referred to above; the Bank records general loan loss provision for loans and other receivables. The Bank calculated the general loan provision as 0.5% for cash loans and other receivables, and 0.1% for non-cash loans until November 1, 2006. Subsequent to the change in 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; Bank started to book general loan loss provision of 1% for cash loans and other receivables; and 0.2% for non-cash loans on the increase in the cash and non-cash loan portfolio as compared to their October 31, 2006 balances whereas allocating 0.5% general loan loss provision for cash loans and other receivables, and 0.1% for non-cash loans for the balances as of October 31, 2006. Together with the change in the same regulation made on February 6, 2008, the Bank started to book general loan loss provision of 2% for cash loans under watch-list and 0.4% for non-cash loans under watch-list.

The Bank calculates 0% general loan loss provision for some of its standard loan portfolio in accordance with the Temporary Article No: 4 of “the Provisioning Decree” dated March 1, 2010.

VII. Explanations on Impairment of Financial Assets

At each balance sheet date, the Bank evaluates the carrying amounts of its financial asset or a group of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss or not. If any such indication exists, the Bank determines the related impairment.

A financial asset or a financial asset group incurs impairment loss only if there is an objective indicator related to the occurrence (or nonoccurrence) of one or more than one event (“loss event”) after the first journalization of that asset; and such loss event (or events) causes, an impairment as a result of the effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. Irrespective of high probability the expected losses caused by the future events are not journalized.

VIII. Explanations on Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset when the Bank has a legally enforceable right to set off, and the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities simultaneously.

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IX. Explanations on Sales and Repurchase Agreements and Lending of Securities

The sales and purchase of government securities under repurchase agreements made with the customers are recorded in balance sheet accounts in accordance with the Uniform Chart of Accounts. Accordingly in the financial statements, the government bonds and treasury bills sold to customers under repurchase agreements are classified under securities held for trading, available for sale and held to maturity depending on the portfolio they are originally included in and are valued according to the valuation principles of the related portfolios. Funds obtained from repurchase agreements are classified as a separate sub-account under money markets borrowings account in the liabilities.

These transactions are short-term and consist of domestic public sector debt securities.

The income and expenses from these transactions are reflected to the “Interest Income on Marketable Securities” and “Interest Expense on Money Market Borrowings” accounts in the income statement.

As of June 30, 2010, the Bank does not have any reverse repo transactions (December 31, 2009 - None).

As of June 30, 2010, the Bank does not have any marketable securities lending transaction (December 31, 2009 - None).

X. Explanations on Assets Held for Sale, Discontinued Operations and Liabilities Related to Those Assets

Assets held for sale are those under a plan prepared by the management regarding the sale of the asset to be disposed (or else the group of assets), together with an active program for determination of buyers as well as for the completion of the plan. Also the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or canceling the plan is low.

The Bank does not have any assets held for sale.

A discontinued operation is a division of a bank that is either disposed or held for sale. Results of discontinued operations are included in the income statement separately. The Bank does not have any discontinued operations.

TEB Leasing is not considered as a discontinued operation within the framework of TFRS 5 in the accompanying financial statements since the decision regarding the transfer of TEB Leasing shares to Fortis Finansal Kiralama A.Ş. explained in detail in Section 3, Note XXII, has been assessed subsequent to the balance sheet date.

XI. Explanations on Goodwill and Other Intangible Assets

There is no goodwill regarding the investments in associates and subsidiaries.

Intangible assets are accounted for at restated cost until December 31, 2004 in accordance with inflation accounting and are amortized with straight-line method, after December 31, 2004 the acquisition cost and any other cost incurred so as to prepare the intangible asset ready for use less reserve for impairment, if any, and amortized on a straight-line method. The cost of assets subject to amortization is restated after deducting the exchange differences, capitalized financial expenses and revaluation increases, if any, from the cost of the assets.

The other intangible assets of the Bank comprise mainly softwares. The requirements of the Turkish Tax Procedural Code are taken into consideration in determining the useful lives and no other specific criteria are used. Useful lives of such assets acquired prior to 2004 are determined as 5 years and for the year 2004 and forthcoming years as 3 years. Softwares used are mainly developed within the Bank by the Bank’s personnel and the related expenses are not capitalized. Softwares are purchased only in emergency cases and for special projects.

There are no anticipated changes in the accounting estimates about the amortization rate and amortization method and residual values that would have a significant impact in the current and future periods.

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NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
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XII. Explanations on Tangible Fixed Assets

Properties are accounted for at their restated costs until December 31, 2004; after December 31, 2004 the acquisition cost and any other cost incurred so as to prepare the fixed asset ready for use are reflected, less reserve for impairment, if any. The straight-line method of depreciation is used for buildings and useful life is considered as 50 years. Leasehold improvements are depreciated over the lease period by straight-line method.

Other tangible fixed assets are accounted for at their restated costs until December 31, 2004; afterwards the acquisition cost and any other cost incurred so as to prepare the fixed asset ready for use are reflected less reserve for impairment, if any, and depreciated on a straight-line method. Depreciation of assets held less than one year as of the balance sheet date is accounted for proportionately. There has been no change in the depreciation method applied in the current period. The annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

	%
Buildings	2
Motor vehicles	20
Furniture, fixtures and office equipment and others	3 – 50

Gain or loss resulting from disposals of the tangible fixed assets is reflected to the income statement as the difference between the net proceeds and net book value.

Maintenance costs of tangible fixed assets are capitalized if they extend the economic useful life of related assets. Other maintenance costs are expensed.

There are no pledges, mortgages or other restrictions on the tangible fixed assets.

There are no purchase commitments related to the tangible fixed assets.

There are no anticipated changes in the accounting estimates, which could have a significant impact in the current and future periods.

The Bank employs independent appraisers in determining the current fair values of its real estates at year ends. As of June 30, 2010, there is a provision for impairment loss amounting to TRY 2,762 for real estates held for resale as per the appraisals performed at the year end (December 31, 2009 – TRY 2,608).

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XIII. Explanations on Leasing Transactions

Tangible fixed assets acquired by financial leases are accounted for in accordance with TAS No:17. In accordance with this standard, the leasing transactions, which consist of only foreign currency liabilities, are translated to Turkish Lira with the exchange rates prevailing at the transaction dates and they are recorded as an asset or a liability. The foreign currency liabilities are translated to Turkish Lira with the Bank's period end exchange rates. The increases/decreases resulting from the differences in the foreign exchange rates are recorded as expense/income in the relevant period. The financing cost resulting from leasing is distributed through the lease period to form a fixed interest rate.

In addition to the interest expense, depreciation expense is recorded for the depreciable leased assets in each period. The depreciation rate is determined in accordance with TAS No:16 "Accounting Standard for Tangible Fixed Assets" by taking the useful lives into account.

Operating lease payments are recognized as expense in the income statement on a straight line basis over the lease term.

The Bank does not have any leasing transactions as lessor.

XIV. Explanations on Provisions and Contingent Liabilities

Provisions are recognized when there is a present obligation, and 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. Provisions are determined by using the Bank's best expectation of expenses in fulfilling the obligation, and discounted to present value if material.

XV. Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans

In accordance with existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities over a 30 day salary to each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct, and due to marriage, female employees terminating their employments within a year as of the date of marriage, or male employees terminating their employments due to their military service. The Bank is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct. Total benefit is calculated in accordance with TAS No:19 "Turkish Accounting Standard on Employee Benefits".

Such benefit plans are unfunded since there is no funding requirement in Turkey. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method. All actuarial gains and losses are recognized in the income statement.

In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Bank uses independent actuaries and also makes assumptions and estimation relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. These estimations are reviewed annually. The carrying value of provision for employee termination benefits as of June 30, 2010 is TRY 19,904 (December 31, 2009 - TRY 17,556).

Defined Contribution Plans

The Bank pays contributions to Social Security Funds on a mandatory basis. There are no other liabilities related to employee benefits to be provisioned.

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XVI. Explanations on Taxation

Corporate tax

According to the Article 32 of the Corporate Tax Law No. 5520, announced in the Official Gazette dated June 21, 2006, the corporate tax rate is 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 from the final tax liability for the year.

Tax returns are required to be filed between the first and twenty-fifth day of the fourth month following the balance sheet date and paid in one installment until the end of the related month.

Tax provision related with items that are credited or charged directly to equity are charged or credited to equity. As at June 30, 2010 TRY 3,067 (December 31, 2009 - TRY 5,386) deferred tax which is related with items recorded in the equity was net off under equity in "Marketable Securities Valuation Differences".

According to the Corporate Tax Law, tax losses can be carried forward for a maximum period of five years following the year in which the losses are incurred. Tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

Deferred Tax Liability / Asset

The Bank calculates and reflects deferred tax asset or liability on timing differences which will result in taxable or deductible amounts in determining taxable profit of future periods.

As of June 30, 2010 and December 31, 2009, in accordance with TAS No: 12 "Turkish Accounting Standard on Income Taxes" and the changes in the circular of BRSA numbered BDDK.DZM.2/13/1-a-3 dated December 8, 2004, the Bank calculated deferred tax asset on all deductible temporary differences except for general loan reserves, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax assets and liabilities are shown in the accompanying financial statements on a net basis.

The net deferred tax asset is included in deferred tax asset and the net deferred tax liability is reflected under deferred tax liability on the balance sheet. The deferred tax benefit of TRY 2,268 (June 30, 2009 – TRY 12,742 deferred tax charge) is stated under the tax provision in the income statement. The deferred tax of TRY 3,067 (December 31, 2009 - TRY 5,386) resulting from differences related to items that are debited or charged directly to equity is netted with these accounts.

Furthermore, as per the above circular of BRSA, deferred tax benefit balance resulting from netting of deferred tax assets and liabilities should not be used in dividend distribution and capital increase.

XVII. Additional Explanations on Borrowings

The borrowing costs related to purchase, production, or construction of qualifying assets that require significant time to be prepared for use and sale are included in the cost of assets until the relevant assets become ready to be used or to be sold. Financial investment income obtained by temporary placement of undisbursed investment loan in financial investments is offset against borrowing costs qualified for capitalization.

All other borrowing costs are recorded to the income statement in the period they are incurred.

There are no debt securities issued by the Bank.

The Bank has not issued convertible bonds.

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XVIII. Explanations on Issued Share Certificates

None.

XIX. Explanations on Acceptances

Acceptances are realized simultaneously with the payment dates of the customers and they are presented as probable commitments in off-balance sheet accounts.

XX. Explanations on Government Incentives

There are no government incentives utilized by the Bank.

XXI. Explanations on Reporting According to Segmentation

The Bank mainly operates in retail and corporate banking segments.

Current Period	Retail	Corporate	Treasury/ Head Office	Total
Net interest income	57,723	196,666	129,895	384,284
Net fees and commissions income and other operating income	45,203	97,417	10,098	152,718
Trading profit / loss	2,047	13,402	(13,257)	2,192
Dividend income	-	-	14,456	14,456
Impairment provision for loans and other receivables (-)	17,289	48,606	4,736	70,631
Other operating expenses (-)	75,071	138,529	152,096	365,696
Profit before tax	12,613	120,350	(15,640)	117,323
Taxation	-	-	(22,540)	(22,540)
Net profit for the period	12,613	120,350	(38,180)	94,783

Current Period	Retail	Corporate	Treasury/ Head Office	Total
Segment assets	2,342,128	8,148,748	5,318,820	15,809,696
Investments in associates and subsidiaries	-	-	153,922	153,922
Total Assets	2,342,128	8,148,748	5,472,742	15,963,618
Segment liabilities	4,672,722	5,235,583	4,320,355	14,228,660
Shareholders' equity	-	-	1,734,958	1,734,958
Total Liabilities	4,672,722	5,235,583	6,055,313	15,963,618

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XXI. Explanations on Reporting According to Segmentation (continued)

Prior Period	Retail	Corporate	Treasury/ Head Office	Total
Net interest income	58,077	251,116	90,391	399,584
Net fees and commissions income and other operating income	36,126	88,380	12,310	136,816
Trading profit / loss	1,407	8,651	38,274	48,332
Dividend income	-	-	11,969	11,969
Impairment provision for loans and other receivables (-)	22,674	62,229	(571)	84,332
Other operating expenses (-)	70,297	132,867	141,165	344,329
Profit before tax	2,639	153,051	12,350	168,040
Taxation	-	-	(28,235)	(28,235)
Net profit for the period	2,639	153,051	(15,885)	139,805

Prior Period	Retail	Corporate	Treasury/ Head Office	Total
Segment assets	1,924,478	7,219,746	5,765,414	14,909,638
Investments in associates and subsidiaries	-	-	153,922	153,922
Total Assets	1,924,478	7,219,746	5,919,336	15,063,560
Segment liabilities	5,046,831	4,625,113	3,742,164	13,414,108
Shareholders' equity	-	-	1,649,452	1,649,452
Total Liabilities	5,046,831	4,625,113	5,391,616	15,063,560

XXII. Explanations on Other Matters:

BNP Paribas, holding 50% of TEB Mali Yatırımlar A.Ş. which holds the controlling shareholding of 84.25% of the Bank, has acquired 75% of the shares of Fortis Bank Belgium being the main shareholder of Fortis Bank A.Ş. with 94.11% shareholding, from the State of Belgium based on the resolutions taken at Fortis Holding General Assembly of Shareholders held in Belgium and Netherlands on April 28 and 29, respectively. The share transfer procedures were completed as of May 13, 2009.

On September 23, 2009, BRSA has announced its consent on indirect acquisition of 70.52% of total shares of Fortis Bank A.Ş. by BNP Paribas as per the 18th article of Banking Act No: 5411.

BNP Paribas and the Çolakoğlu Group, the indirect controlling shareholders of TEB, have entered into a Memorandum of Understanding concerning the merger of Türk Ekonomi Bankası A.Ş. ("TEB") and Fortis Bank A.Ş. on June 3, 2010. Under the Memorandum of Understanding, it has been agreed, subject to BRSA approval, that the two banks will be merged under TEB. Upon approval of the regulatory authorities, as a result of share transfers between the main shareholders following the merger, it is contemplated that TEB Mali Yatırımlar A.Ş. ("TEB Mali") shall remain as the majority shareholder in TEB and that the Colakoglu Group and the BNP Paribas Group will each continue to hold 50% of TEB Mali. The proposed transactions are subject to execution of definitive contracts and receipt of approvals from various regulatory and corporate bodies. The merger is expected to be concluded by the beginning of 2011.

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XXII. Explanations on Other Matters (continued)

Following the preparatory studies carried out by TEB and Fortis Bank A.Ş. on the merger feasibility report, to commence implementation of the merger and restructuring transactions, the Board of Directors of TEB resolved on July 12, 2010 that; June 30, 2010 financial statements of the respective merging banks will be the basis of the merger, the effects of restructuring transactions taking place following this date on the merger financial statements shall be considered in the audit report and during the valuation studies of appraiser as well as determining the merger ratio, an independent appraiser be appointed to carry out the valuation studies; and accordingly, TEB General Management was authorised to apply to the BRSA for the purposes of obtaining pre-approval as per the relevant regulation of the BRSA to commence and proceed with the merger procedures.

In connection with the studies for the merger of Fortis Bank A.Ş. under TEB and the restructuring transactions, a Share Purchase Agreement was signed on July 12, 2010 for the sale and transfer of 26,549,941 shares with a nominal value of TRY 26,549,941 out of 29,499,939 shares held by TEB in TEB Finansal Kiralama A.Ş. (TEB Leasing), within the total share capital of TRY 29,500,000 and 58 shares, in the share capital of TEB Leasing, held by TEB Tüketici Finansman A.Ş. (TEB Cetelem), a subsidiary of the main shareholder TEB Mali Yatırımlar A.Ş. with a nominal value of TRY 58 and , 1 share, in the share capital of TEB Leasing, held by Ege Turizm A.Ş., a subsidiary of the main shareholder TEB Mali Yatırımlar A.Ş. with a nominal value of TRY 1, in other words, the sale of 90% of the share capital of TEB Leasing to Fortis Finansal Kiralama A.Ş (Fortis Leasing) for a consideration of TRY 113,345,000. The profit on these sales shall be determined following the completion of the cost calculations.

As per the Memorandum of Understanding dated June 3, 2010, the indirect controlling shareholders of TEB, BNP Paribas Group and the Çolakoğlu Group, have completed their negotiations and reached to an agreement on the shareholders agreement and other relevant documents on July 24, 2010. Accordingly, subsequent to obtaining all necessary regulatory approvals and respective corporate approvals, the merger will be realized under TEB. TEB Mali Yatırımlar A.Ş. will continue to be the principal shareholder of TEB, and Çolakoğlu Group and BNP Paribas Group will respectively hold 50% shares of TEB Mali Yatırımlar A.Ş.

Explanation for convenience translation to English

The accounting principles used in the preparation of the accompanying financial statements differ from International Financial Reporting Standards (IFRS). The effects of the differences between these accounting principles and the accounting principles generally accepted in the countries in which the accompanying financial statements are to be used and IFRS have not been quantified in the financial statements.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations Related to the Capital Adequacy Standard Ratio

The method used for risk measurement in determining capital adequacy standard ratio; Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks ", which was published on November 1, 2006 in the Official Gazette numbered 26333 and the Communiqué on "The Amendment in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks" which was published on October 10, 2007 in the Official Gazette numbered 26669. The Bank's unconsolidated capital adequacy ratio in accordance with the related Communiqué is 15.42% at June 30, 2010. (December 31, 2009 - 17.70%)

In the computation of capital adequacy standard ratio, information prepared in accordance with statutory accounting requirements are used. Additionally, the market risk amount is calculated in accordance with the Communiqué on the "Measurement and Assessment of Capital Adequacy of Banks" and is taken into consideration in the capital adequacy standard ratio calculation.

The values deducted from the capital base in the shareholders' equity computation are excluded while calculating risk-weighted assets, non-cash loans and contingent liabilities. Assets subject to depreciation and impairment among risk-weighted assets are included in the calculations over their net book values after deducting the relative depreciations and provisions.

While calculating the basis of non-cash loans subject to credit risk, the net receivable amount from the counter parties net of provision amount set in accordance with the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" is multiplied by the loan conversion rates presented in the Article 5, the Clause 1 of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", and calculated by applying the risk weights presented in the Capital Adequacy Analysis Form.

Receivables from counter parties from derivative foreign currency and interest rate transactions are multiplied by the loan conversion rates presented in the Article 5, the Clause 2 of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", and calculated by applying the risk weights presented in the Capital Adequacy Analysis Form.

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I. Explanations Related to the Capital Adequacy Standard Ratio (continued)

Information related to the capital adequacy ratio:

	Risk Weight						
	0%	10%	20%	50%	100%	150%	200%
Risk Weighted Assets, Liabilities and Non-Cash							
Loans							
Balance Sheet Items (Net)							
Cash	306,888	-	245	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Due From Central Bank of Turkey	71	-	-	-	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	-	-	159,190	-	61,166	-	-
Interbank Money Market Placements	100,000	-	-	-	-	-	-
Receivables From Reverse Repo Transactions	-	-	-	-	-	-	-
Reserve Deposits	1,405,841	-	-	-	-	-	-
Loans	340,249	-	38,939	2,923,030	6,789,443	21,299	143
Non-performing loans (Net)	-	-	-	-	155,034	-	-
Financial Lease Receivables	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	1,804,657	-	-	-	5,407	-	-
Held to Maturity Investments	414,962	-	-	-	-	-	-
Receivables From Installment Sales of Assets	-	-	-	-	5,500	-	-
Sundry Debtors	-	-	204,683	-	5,059	-	-
Interest and Income Accruals	58,568	-	382	29,303	179,661	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.) (Net)	-	-	-	-	153,922	-	-
Tangible Assets	-	-	-	-	104,992	-	-
Other Assets	220,013	-	-	-	35,743	-	-
Off-Balance Sheet Items							
Guarantees and Commitments	82,010	-	161,984	-	2,864,225	-	-
Derivative Financial Instruments	-	-	146,948	-	54,541	-	-
Non Risk Weighted Accounts	-	-	-	-	-	-	-
Total Value at Risk	4,733,259	-	712,371	2,952,333	10,414,693	21,299	143
Total Risk Weighted Assets	-	-	142,474	1,476,167	10,414,693	31,949	286

Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	12,065,569	10,110,208
Amount Subject to Market Risk (ASMR)	270,800	326,175
Amount Subject to Operational Risk (ASOR) (*)	1,724,813	1,323,618
Shareholders' Equity	2,168,215	2,082,025
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	15.42	17.70

TRWA: Total Risk Weighted Assets

ASMR: Amount Subject to Market Risk

ASOR: Amount Subject to Operational Risk

(*) Operational risk has been calculated by using the Basic Indicator Approach.

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I. Explanations Related to the Capital Adequacy Standard Ratio (continued)

Information related to the components of shareholders' equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in capital	1,100,000	1,100,000
Nominal capital	1,100,000	1,100,000
Capital commitments (-)	-	-
Paid-in capital indexation difference	926	926
Share premium	2,158	2,158
Cancellation profits	-	-
Legal reserves	45,468	34,959
First legal reserve (Turkish Commercial Code 466/1)	39,932	29,423
Second legal reserve (Turkish Commercial Code 466/2)	5,536	5,536
Other legal reserve per special legislation	-	-
Statutory reserves	-	-
Extraordinary reserves	479,352	279,694
Reserves allocated by the General Assembly	479,352	279,694
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Indexation differences of legal, statutory and extraordinary reserves	-	-
Profit	94,783	210,167
Current period net profit	94,783	210,167
Prior years' profits	-	-
Provision for possible losses up to 25% of the Core Capital	-	-
Gains on sale of associates and subsidiaries and properties to be added to capital	-	-
Primary subordinated loans up to 15% of the Core Capital	157,370	148,730
Losses that cannot be covered by reserves (-)	-	-
Net current period loss	-	-
Prior years' losses	-	-
Leasehold improvements (-)	41,964	50,395
Prepaid expenses (-)	37,524	29,475
Intangible assets (-)	11,371	10,910
Deferred tax asset exceeding 10% of the Core Capital (-)	-	-
Excess amount in the Article 56, Clause 3 of the Banking Law (-)	-	-
Total Core Capital	1,789,198	1,685,854
SUPPLEMENTARY CAPITAL		
General loan loss reserves	81,654	74,628
45% of the revaluation reserve for movable fixed assets	-	-
45% of the of revaluation reserve for properties	-	-
Bonus shares obtained from associates, subsidiaries and entities under common control	-	-
Primary subordinated loans excluded in the calculation of the Core Capital	-	-
Secondary subordinated loans	291,841	311,846
45% of Marketable securities value increase fund	5,522	9,697
Associates and subsidiaries	-	-
Available for sale securities	5,522	9,697
Indexation differences for capital reserves, profit reserves and retained earnings (Except indexation differences for legal reserves, statutory reserves and extraordinary reserves)	-	-
Total Supplementary Capital	379,017	396,171
TIER III CAPITAL		
CAPITAL	2,168,215	2,082,025
DEDUCTIONS FROM THE CAPITAL		
Shareholdings of banks and financial institutions (Domestic, Foreign) from which the Bank keeps ten percent or more of capitals	-	-
Shareholdings of unconsolidated banks and financial institutions (Domestic, Foreign) from which the Bank keeps less than ten percent of capitals which exceed the ten percent 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 fifty percent 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	-	-
Other	-	-
Total Shareholders' Equity	2,168,215	2,082,025

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II. Explanations Related to Credit Risk

Credit risk is the risk that the Bank is a party in a contract whereby the counterparty fails to meet its obligation and cause to incur a financial loss.

The credit allocation is performed on a debtor and a debtor group basis within the limits. In the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the internal rating procedures of the Bank. These criteria include geographical and sector concentrations. The sector concentrations for loans are monitored closely. In accordance with the Bank's loan policy, the rating of the companies, credit limits and guarantees are considered together, and credit risks incurred are monitored.

The credit risks and limits related to treasury activities, the limits of the correspondent banks that are determined by their ratings and the control of the maximum acceptable risk level in relation to the equity of the Bank are monitored daily. Risk limits are determined in connection with these daily transactions, and risk concentration is monitored systematically concerning off-balance sheet operations.

As prescribed in the Communiqué on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves", the credit worthiness of the debtors of the loans and other receivables is monitored regularly. Most of the statement of accounts for the loans are derived from audited financial statements. The unaudited documents result from the timing differences between the loan allocation and the audit dates of the financial statements of the companies and subsequently the audited financial statements are obtained from the companies. Credit limits are determined according to the audited statement of accounts, and guarantee factors are developed in accordance with the decision of the credit committee considering the characteristics of the transactions and the financial structures of the companies.

For the forward transactions and other similar positions of the Bank, operational limits are set by the Board of Directors and the transactions take place within these limits.

The fulfillment of the benefits and proceeds related to forward transactions is realized at maturity. However, in order to minimize the risk, counter positions of existing risks are entered into in the market.

Indemnified non-cash loans are subject to the same risk weight as outstanding loans matured but not yet paid.

Since the volume of the restructured loans is not material to the financial statements, no additional follow up methodology is developed, except as stated in the regulations.

Financial institutions abroad and country risks of the Bank are generally taken for the financial institutions and countries that are rated at investment level by international rating agencies and which do not have the risk of failing to meet minimum obligations. Therefore, the probable risks are not material when the financial structure of the Bank is concerned.

The Bank does not have a material credit risk concentration as an active participant in the international banking market when the financial operations of the other financial institutions are concerned.

As of June 30, 2010, the receivables of the Bank from its top 100 cash loan customers amount to TRY 1,660,728 (December 31, 2009 – TRY 1,712,095) with a share of 16.10% in total cash loans (December 31, 2009 – 19.45%).

As of June 30, 2010, the receivables of the Bank from its top 100 non-cash loan customers amount to TRY 1,433,542 (December 31, 2009 – TRY 1,250,742) with a share of 35.99% in total non-cash loans (December 31, 2009 – 36.48%).

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II. Explanations Related to Credit Risk (continued)

As of June 30, 2010, the share of cash and non-cash receivables of the Bank from its top 100 customers in total balance sheet and off-balance sheet assets is 17.04%. (December 31, 2009 – 19.22%).

As of June 30, 2010, the general loan loss provision related with the credit risk taken by the Bank is TRY 81,654 (December 31, 2009 – TRY 74,628).

Credit risk by types of borrowers and geographical concentration:

	Loans to Real Persons and Legal Entities		Loans to Banks and Other Financial Institutions		Marketable Securities*		Other Loans**	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Loans according to borrowers	10,299,142	8,796,343	173,950	194,372	2,514,964	2,669,125	375,832	557,523
Private Sector	7,546,982	6,579,969	172,676	146,393	-	-	92,668	92,668
Public Sector	35,857	4,925	292	16,448	2,510,783	2,664,533	-	-
Banks	-	-	982	31,531	-	-	283,164	464,855
Retail	2,716,303	2,211,449	-	-	-	-	-	-
Share Certificates	-	-	-	-	4,181	4,592	-	-
Information according to geographical concentration	10,299,142	8,796,343	173,950	194,372	2,514,964	2,669,125	375,832	557,523
Domestic	10,165,603	8,688,951	172,951	161,215	2,511,628	2,665,463	102,292	345,334
European Union Countries	21,010	43,980	-	-	-	-	166,722	130,803
OECD Countries***	98	117	-	-	-	-	7,912	4,550
Off-shore Banking Regions	39,127	17,272	999	33,157	1,226	1,147	61,972	34,046
USA, Canada	8,546	5,163	-	-	2,110	2,515	36,057	41,865
Other Countries	64,758	40,860	-	-	-	-	877	925
Total	10,299,142	8,796,343	173,950	194,372	2,514,964	2,669,125	375,832	557,523

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

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

*** OECD countries other than European Union countries, USA and Canada.

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II. Explanations Related to Credit Risk (continued)

Information according to geographical concentration :

	Assets	Liabilities	Non-Cash Loans	Equity Investments	Net Income/ Loss
Current Period					
Domestic	15,364,285	10,753,945	3,932,035	-	94,783
European Union Countries	168,080	2,513,018	11,241	-	-
OECD Countries (*)	8,021	49,058	8	-	-
Off-shore Banking Regions	107,276	263,245	16,816	-	-
USA, Canada	96,399	414,873	-	-	-
Other Countries	65,635	234,521	23,449	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	153,922	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	15,809,696	14,228,660	3,983,549	153,922	94,783
Prior Period					
Domestic	14,518,783	10,962,520	3,383,435	-	210,167
European Union Countries	154,280	946,527	12,286	-	-
OECD Countries (*)	6,795	54,923	8	-	-
Off-shore Banking Regions	98,555	731,322	10,913	-	-
USA, Canada	89,440	398,426	-	-	-
Other Countries	41,785	320,390	21,978	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	153,922	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	14,909,638	13,414,108	3,428,620	153,922	210,167

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

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

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II. Explanations Related to Credit Risk (continued)

Sector concentrations for cash loans :

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	267,592	3.39	51,359	2.12	238,642	3.50	70,988	3.57
Farming and Raising Livestock	231,396	2.93	35,181	1.45	203,062	2.98	53,943	2.70
Forestry, Wood and Paper	28,353	0.36	16,020	0.66	24,598	0.36	15,566	0.78
Fishery	7,843	0.10	158	0.01	10,982	0.16	1,479	0.09
Manufacturing	2,868,226	36.31	1,760,202	72.75	2,732,120	40.09	1,484,127	74.67
Mining and Quarry	172,069	2.18	58,775	2.43	187,474	2.75	63,422	3.19
Production	2,680,437	33.93	1,646,206	68.04	2,499,316	36.67	1,366,193	68.74
Electricity, Gas and Water	15,720	0.20	55,221	2.28	45,330	0.67	54,512	2.74
Construction	402,803	5.10	85,459	3.53	328,971	4.83	65,363	3.29
Services	1,417,829	17.95	480,057	19.85	1,140,757	16.74	319,928	16.10
Wholesale and Retail Trade	401,957	5.09	40,644	1.68	296,997	4.35	38,444	1.93
Hotel, Tourism, Food and Beverage Services	101,783	1.29	73,331	3.03	89,020	1.31	66,573	3.35
Transportation and Communication	338,983	4.29	106,148	4.39	238,557	3.50	97,689	4.92
Financial Institutions	215,478	2.73	23,975	0.99	220,707	3.24	23,388	1.18
Real Estate and Renting Services	131,506	1.66	221,315	9.15	114,309	1.68	76,786	3.86
Self-Employment Services	101,122	1.28	365	0.02	87,821	1.29	1,135	0.06
Education Services	8,819	0.11	251	0.01	10,052	0.15	207	0.01
Health and Social Services	118,181	1.50	14,028	0.58	83,294	1.22	15,706	0.79
Other(*)	2,942,188	37.25	42,343	1.75	2,374,602	34.84	47,065	2.37
Total	7,898,638	100.00	2,419,420	100.00	6,815,092	100.00	1,987,471	100.00

(*) Accruals of loans are included in other.

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

	Current Period	Prior Period
Central Bank of Turkey	1,410,802	1,183,741
Due from banks	221,910	403,601
Other money markets	100,119	694,917
Trading financial assets	236,383	126,610
Derivative financial instruments	85,627	61,695
Derivative financial instruments for hedging purposes	26,362	31,330
Financial assets available-for-sale	1,845,982	1,661,712
Held-to-maturity investments	432,599	880,803
Loans	10,473,092	8,990,715
Total	14,832,876	14,035,124
Contingent liabilities	3,983,549	3,428,620
Commitments	3,918,427	3,714,270
Total	7,901,976	7,142,890
Total Credit Risk Exposure	22,734,852	21,178,014

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II. Explanations Related to Credit Risk (continued)

Credit quality per class of financial assets as of June 30, 2010 and December 31, 2009 is as follows:

Current Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans and advances to customers			
Corporate lending	4,315,625	164,669	4,480,294
Small business lending	2,918,697	299,660	3,218,357
Consumer lending	2,180,138	57,952	2,238,090
Credit cards	490,614	45,737	536,351
Other	-	-	-
Total	9,905,074	568,018	10,473,092

Prior Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans and advances to customers			
Corporate lending	3,902,439	182,744	4,085,183
Small business lending	2,282,276	358,587	2,640,863
Consumer lending	1,696,745	61,846	1,758,591
Credit cards	413,164	92,914	506,078
Other	-	-	-
Total	8,294,624	696,091	8,990,715

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

	Current Period	Prior Period
Loans and advances to customers		
Corporate lending	49,107	38,350
Small business lending	88,954	84,371
Consumer lending	3,140	4,529
Credit cards	6,640	8,183
Total	147,841	135,433

Credit Rating System

The credit risk is assessed through the internal rating system of the Bank, by classifying loans from highest grade to lowest grade according to the probability of default. As of June 30, 2010 consumer loans and small business loans are excluded from the internal rating system of the Bank. Additional scoring methodologies are applied for these loans. The risks that are subject to rating models can be allocated as follows:

Category	Description of Category	Share in the Total %
1st Category	Case where the borrower has a very strong financial structure	26.63
2nd Category	Case where the borrower has a good financial structure	19.92
3rd Category	Case where the borrower has an intermediate level of financial structure	36.30
4th Category	Case where the financial structure of the borrower has to be closely monitored in the medium term	17.15
Total		100.00

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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 VAR calculated by using the standard method (summarized below) is taken into consideration. Besides 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 results are reported daily to the management.

a) Information Related to Market Risk

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	17,259
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	346
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	4,050
(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	9
(VII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	-
(VIII) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)	21,664
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	270,800

b) Average market risk table calculated at month ends during the period:

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	21,387	27,402	16,544	16,089	20,898	9,767
Common Stock Risk	503	643	288	243	311	210
Currency Risk	7,768	10,040	4,050	8,119	16,912	4,909
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	143	645	7	3,250	12,122	5
Total Value Subject to Risk	372,507	468,963	270,800	346,265	456,463	274,263

Other price risks

The Bank is not subject to a significant share price risk due to share certificates.

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IV. Explanations Related to Currency Risk

Foreign currency risk indicates the probability of loss that banks are subject to due to the exchange rate changes in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Bank are taken into consideration and value at risk is calculated by using the standard method.

The Board of Directors sets limits for the positions, which are followed up daily. Any possible value changes in the foreign currency transactions in the Bank's positions are also monitored.

As an element of the Bank's risk management strategies, foreign currency liabilities are hedged against exchange rate risk by derivative instruments.

The Treasury Department of the Bank is responsible for the management of Turkish Lira or foreign currency price, liquidity and affordability risks that could occur in the domestic and international markets within the limits set by the Board of Directors. The monitoring of risk and risk related transactions occurring in the money markets is performed daily and reported to the Bank's Asset-Liability Committee on a weekly basis.

As of June 30, 2010, the Bank's net short position is TRY 104,776 (December 31, 2009 - TRY 18,435 net long) resulting from short position on the balance sheet amounting to TRY 869,585 (December 31, 2009 - TRY 517,674 short) and long position on the off-balance sheet amounting to TRY 764,809 (December 31, 2009 - TRY 536,109 long).

The announced current foreign exchange buying rates of the Bank at June 30, 2010 and the previous five working days in full TRY are as follows:

	23.06.2010	24.06.2010	25.06.2010	28.06.2010	29.06.2010	30.06.2010
USD	1.5580	1.5708	1.5750	1.5643	1.5747	1.5737
CHF	1.4044	1.4194	1.4278	1.4370	1.4453	1.4529
GBP	2.3208	2.3514	2.3472	2.3537	2.3696	2.3645
JPY	0.0172	0.0175	0.0175	0.0174	0.0177	0.0177
EURO	1.9134	1.9307	1.9373	1.9327	1.9217	1.9292

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before June 30, 2010 are as follows:

	Monthly Average Foreign Exchange Rate
USD	1.5701
CHF	1.3903
GBP	2.3151
JPY	0.0172
EURO	1.9186

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IV. Explanations Related to Currency Risk (continued)

Information on the foreign currency risk of the Bank:

Current Period	EUR	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	612,209	626,166	294	40,804	1,279,473
Banks	80,920	62,718	420	28,236	172,294
Financial Assets at Fair Value Through Profit and Loss (*****)	2,271	3,360	-	-	5,631
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	22,484	135,600	-	-	158,084
Loans (**)	789,076	1,980,814	9,809	422,547	3,202,246
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	61,254	-	-	-	61,254
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	803	-	-	803
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets (***)	739	39,203	18	149	40,109
Total Assets	1,568,953	2,848,664	10,541	491,736	4,919,894
Liabilities					
Bank Deposits	42,519	40,849	41	35,419	118,828
Foreign Currency Deposits (*)	1,172,187	2,412,260	12,592	189,557	3,786,596
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	1,261,459	567,689	370	10,098	1,839,616
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	27,394	13,072	520	2,289	43,275
Derivative Financial Liabilities for Hedging Purposes	-	1	-	-	1
Other Liabilities (***)	527	503	-	133	1,163
Total Liabilities	2,504,086	3,034,374	13,523	237,496	5,789,479
Net Balance Sheet Position	(935,133)	(185,710)	(2,982)	254,240	(869,585)
Net Off-Balance Sheet Position	931,138	69,733	3,432	(239,494)	764,809
Financial Derivative Assets (****)	2,144,171	2,149,898	25,617	304,921	4,624,607
Financial Derivative Liabilities (****)	1,213,033	2,080,165	22,185	544,415	3,859,798
Non-Cash Loans (*****)	652,706	1,453,591	3,234	49,857	2,159,388
Prior Period					
Total Assets	1,621,213	2,421,643	16,767	335,721	4,395,344
Total Liabilities	2,092,184	2,623,357	14,461	183,016	4,913,018
Net Balance Sheet Position	(470,971)	(201,714)	2,306	152,705	(517,674)
Net Off-Balance Sheet Position	503,108	200,149	(5,228)	(161,920)	536,109
Financial Derivative Assets (****)	1,024,703	1,316,243	113,943	160,165	2,615,054
Financial Derivative Liabilities (****)	521,595	1,116,094	119,171	322,085	2,078,945
Non-Cash Loans (*****)	709,903	1,138,496	3,353	44,167	1,895,919

(*) Precious metal accounts amounting to TRY 88,255 (December 31, 2009 - TRY 23,762) are included in the foreign currency deposits.

(**) Foreign currency indexed loans amounting to TRY 782,826 (December 31, 2009 - TRY 649,252) are included in the loan portfolio.

(***) TRY 56 (December 31, 2009 - TRY 100) prepaid expenses is deducted from other assets, and TRY 79,758 (December 31, 2009 - TRY 21,235) expense accruals from derivative financial instruments, and TRY 15,191 (December 31, 2009 - TRY 12,222) provision for general loan losses are deducted from other liabilities.

(****) Forward asset and marketable securities purchase-sale commitments of TRY 295,420 (December 31, 2009 - TRY 117,828) are added to derivative financial assets and TRY 295,995 (December 31, 2009 - TRY 117,839) is added to derivative financial liabilities.

(*****) TRY 21,078 (December 31, 2009 - TRY 18,080) income accruals from derivative financial instruments is deducted from Financial Assets at Fair Value Through Profit and Loss.

(*****) There is no effect on the net off-balance sheet position.

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IV. Explanations Related to Currency Risk (continued)

Foreign currency sensitivity:

The Bank is mainly exposed to EUR and USD currency risks.

The following table details the Bank's sensitivity to a 10% increase and decrease in the TRY against USD and EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. A positive number indicates an increase in profit or loss and other equity in the case of short position and a decrease in the case of long position where the TRY strengthens against USD and EUR.

	Change in currency rate in %	Effect on profit or loss		Effect on equity (*)	
		June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
USD	10 increase	(11,598)	(157)	128	396
USD	10 decrease	11,598	157	(128)	(396)
EUR	10 increase	(400)	3,214	52	77
EUR	10 decrease	400	(3,214)	(52)	(77)

(*) The effect on equity does not include the effect of changes in foreign exchange rate on the income statement.

The Bank's sensitivity to foreign currency rates have not changed significantly during the current period. The positions taken in line with market expectations can increase the foreign currency sensitivity from period to period.

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V. Explanations Related to Interest Rate Risk

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Bank's position, and it is managed by the Asset-Liability Committee. The interest rate sensitivity of assets, liabilities and off-balance sheet items related to this risk are measured by using the standard method and included in the market risk for capital adequacy.

The first priority of the risk management department is to protect from interest rate volatility. Duration, maturity and sensitivity analysis performed within this context are calculated by the risk management department and reported to the Asset-Liability Committee.

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budget of the Bank.

The Bank management monitors the market interest rates on a daily basis and revises the interest rates of the Bank when necessary.

Since the Bank does not allow maturity mismatches or imposes limits on mismatch, no significant interest rate risk exposure is expected.

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
Current Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	1,083,789	-	-	-	-	634,146	1,717,935
Banks	19,565	5,372	-	-	-	196,973	221,910
Financial Assets at Fair Value Through Profit and Loss	734	52,795	122,314	57,372	5,680	83,115	322,010
Money Market Placements	100,018	101	-	-	-	-	100,119
Available-For-Sale Financial Assets	261,841	62,870	610,874	895,595	10,621	4,181	1,845,982
Loans(*)	4,206,016	675,176	1,707,615	3,113,564	615,687	155,034	10,473,092
Held-To-Maturity Investments	-	284,389	148,210	-	-	-	432,599
Other Assets	-	-	873	5,110	14	843,974	849,971
Total Assets	5,671,963	1,080,703	2,589,886	4,071,641	632,002	1,917,423	15,963,618
Liabilities							
Bank Deposits	62,338	21,605	4,043	-	-	110,100	198,086
Other Deposits	6,022,690	1,228,108	146,416	347	-	2,159,768	9,557,329
Money Market Borrowings	227,881	105,272	-	-	-	-	333,153
Sundry Creditors	-	-	-	-	-	313,096	313,096
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	674,844	580,975	1,493,016	5,553	292,127	-	3,046,515
Other Liabilities	2	2	13,093	49,967	18,524	2,433,851	2,515,439
Total Liabilities	6,987,755	1,935,962	1,656,568	55,867	310,651	5,016,815	15,963,618
Balance Sheet Long Position	-	-	933,318	4,015,774	321,351	-	5,270,443
Balance Sheet Short Position	(1,315,792)	(855,259)	-	-	-	(3,099,392)	(5,270,443)
Off-Balance Sheet Long Position	-	-	232,526	337,024	94,387	-	663,937
Off-Balance Sheet Short Position	-	-	(212,686)	(330,128)	(95,530)	-	(638,344)
Total Position	(1,315,792)	(855,259)	953,158	4,022,670	320,208	(3,099,392)	25,593

(*) Loans with floating interest rates amounting to TRY 2,606,579 are included in "Up to 1 Month" while mark to market differences from hedged loans amounting to TRY 40,165 are included in "1-5 Years".

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V. Explanations Related to Interest Rate Risk (continued)

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

The other assets line in the non-interest bearing column consists of tangible assets amounting to TRY 146,956; intangible assets amounting to TRY 11,371, subsidiaries amounting to TRY 153,921, entities under common control (joint vent.) amounting to TRY 1 and the other liabilities line includes the shareholders' equity of TRY 1,734,958.

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	TRY %
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances With The Central Bank Of Turkey	-	-	-	5.18
Banks	0.06	0.07	-	7.26
Financial Assets At Fair Value Through Profit And Loss	3.52	5.04	-	9.39
Money Market Placements	-	1.05	-	6.95
Available-For-Sale Financial Assets	3.31	4.33	-	8.18
Loans	4.66	4.67	3.71	14.36
Held-To-Maturity Investments	-	-	-	12.00
Liabilities				
Bank Deposits	0.21	0.05	-	4.41
Other Deposits	1.54	2.01	-	7.39
Money Market Borrowings	-	-	-	6.62
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	3.43	2.48	3.26	7.36

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V. Explanations Related to Interest Rate Risk (continued)

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
Prior Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	989,645	-	-	-	-	522,059	1,511,704
Banks	237,172	7,845	10,582	-	-	148,002	403,601
Financial Assets at Fair Value Through Profit and Loss	2,669	1,952	70,618	55,733	2,232	55,101	188,305
Money Market Placements	694,917	-	-	-	-	-	694,917
Available-For-Sale Financial Assets	306,546	35,130	723,346	556,398	35,700	4,592	1,661,712
Loans(*)	3,917,118	428,266	1,498,471	2,439,707	519,001	188,152	8,990,715
Held-To-Maturity Investments	-	734,782	44,434	101,587	-	-	880,803
Other Assets	70	-	231	3,579	19	727,904	731,803
Total Assets	6,148,137	1,207,975	2,347,682	3,157,004	556,952	1,645,810	15,063,560
Liabilities							
Bank Deposits	64,525	-	-	-	-	82,854	147,379
Other Deposits	5,977,852	1,194,838	111,955	69	-	1,989,542	9,274,256
Money Market Borrowings	1,071,971	-	-	-	-	-	1,071,971
Sundry Creditors	-	-	-	-	-	257,400	257,400
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	922,020	123,847	756,812	5,910	324,500	-	2,133,089
Other Liabilities	6,939	3	4,020	50,825	16,461	2,101,217	2,179,465
Total Liabilities	8,043,307	1,318,688	872,787	56,804	340,961	4,431,013	15,063,560
Balance Sheet Long Position	-	-	1,474,895	3,100,200	215,991	-	4,791,086
Balance Sheet Short Position	(1,895,170)	(110,713)	-	-	-	(2,785,203)	(4,791,086)
Off-Balance Sheet Long Position	59,492	-	89,238	500,473	43,132	-	692,335
Off-Balance Sheet Short Position	(46,040)	-	(80,505)	(496,909)	(46,780)	-	(670,234)
Total Position	(1,881,718)	(110,713)	1,483,628	3,103,764	212,343	(2,785,203)	22,101

(*) Loans with floating interest rates amounting to TRY 2,311,525 are included in "Up to 1 Month" while mark to market differences from hedged loans amounting to TRY 46,589 are included in "1-5 Years".

The other assets line in the non-interest bearing column consists of tangible assets amounting to TRY 154,984, intangible assets amounting to TRY 10,910, subsidiaries amounting to TRY 153,921, entities under common control (joint vent.) amounting to TRY 1 and the other liabilities line includes the shareholders' equity of TRY 1,649,452.

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V. Explanations Related to Interest Rate Risk (continued)

Average interest rates applied to monetary financial instruments

	EURO %	USD %	YEN %	TRY %
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances With The Central Bank Of Turkey	-	-	-	7.49
Banks	0.39	0.21	-	10.47
Financial Assets At Fair Value Through Profit And Loss	5.69	7.52	-	12.30
Money Market Placements	1.25	0.84	-	11.18
Available-For-Sale Financial Assets	5.27	6.57	-	13.17
Loans	5.67	5.60	4.71	19.69
Held-To-Maturity Investments	-	-	-	13.93
Liabilities				
Bank Deposits	1.54	1.23	0.25	7.02
Other Deposits	2.90	2.84	0.30	10.29
Money Market Borrowings	-	-	-	8.18
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	4.38	4.45	-	13.56

Interest rate sensitivity:

If interest rates had been increased by 0.5% in TRY and FC and all other variables were held constant, the Bank's:

- Net profit for the year would have changed by TRY 389 (December 31, 2009 – TRY 3,872).

The interest rate sensitivity the Bank is exposed to due to its balance sheet composition is calculated with the net interest income approach. The net interest income is calculated by using the original interest rates until maturity and using market interest curves until the remaining annualized period subject to analysis. This calculation is re-performed by altering the market interest curves based on rate changes accepted by management. The difference between the initial and re-performed calculation is assessed to be the interest sensitivity of the Bank.

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VI. Explanations Related to Liquidity Risk

Liquidity risk occurs when there is insufficient cash or cash inflows to meet the cash outflows completely and timely.

Liquidity risk may also occur when the market penetration is not adequate, when the open positions cannot be closed quickly at suitable prices and sufficient amounts due to barriers and break-ups at the markets.

The Bank's policy is to establish an asset structure that can meet all kinds of liabilities by liquid sources at all times. In this context, liquidity problem has not been faced in any period. In order to maintain this, the Board of Directors of the Bank continuously determines standards for the liquidity ratios, and monitors them.

According to the general policies of the Bank, the matching of the maturity and interest rate structure of assets, and liabilities is always established within the asset liability management strategies. A positive difference is tried to be established between the yields of TRY and foreign currency assets and liabilities on the balance sheet and their costs. According to this strategy, the Bank manages its maturity risk within the limits determined by Bank's Board of Directors.

When the funding and liquidity sources are considered, the Bank covers majority of its liquidity need from deposits, and in addition to this source, it makes use of pre-financing and syndication products to generate additional sources. Generally the Bank is in a lender position.

The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities, set to reflect market conditions. The ratios realized during the year were as follows:

	Current Period	Prior Period
	%	%
Average during the period	20	29
Highest	24	39
Lowest	18	20

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VI. Explanations Related to Liquidity Risk (continued)

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Undistributed (*)	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	634,146	1,083,789	-	-	-	-	-	1,717,935
Banks	196,973	19,565	5,372	-	-	-	-	221,910
Financial Assets at Fair Value Through Profit and Loss	-	20,996	53,042	144,438	97,776	5,758	-	322,010
Money Market Placements	-	100,018	101	-	-	-	-	100,119
Available-For-Sale Financial Assets	4,181	-	-	457,546	1,038,203	346,052	-	1,845,982
Loans(**)	-	4,206,016	675,176	1,707,615	3,113,564	615,687	155,034	10,473,092
Held-To-Maturity Investments	-	-	219,341	103,635	109,623	-	-	432,599
Other Assets	-	460,707	-	21,238	5,110	13	362,903	849,971
Total Assets	835,300	5,891,091	953,032	2,434,472	4,364,276	967,510	517,937	15,963,618
Liabilities								
Bank Deposits	110,100	62,338	21,605	4,043	-	-	-	198,086
Other Deposits	2,159,768	6,022,690	1,228,108	146,416	347	-	-	9,557,329
Funds Provided From Other Financial Institutions	-	390,652	561,847	1,474,336	148,463	471,217	-	3,046,515
Money Market Borrowings	-	227,881	105,272	-	-	-	-	333,153
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	-	313,096	-	-	-	-	-	313,096
Other Liabilities	-	470,397	25,584	62,099	68,966	19,666	1,868,727	2,515,439
Total Liabilities	2,269,868	7,487,054	1,942,416	1,686,894	217,776	490,883	1,868,727	15,963,618
Liquidity Gap	(1,434,568)	(1,595,963)	(989,384)	747,578	4,146,500	476,627	(1,350,790)	-
Prior Period								
Total Assets	670,061	6,206,442	927,322	2,519,163	3,633,192	556,952	550,428	15,063,560
Total Liabilities	2,329,796	8,060,023	1,305,989	837,511	157,132	591,585	1,781,524	15,063,560
Liquidity Gap	(1,659,735)	(1,853,581)	(378,667)	1,681,652	3,476,060	(34,633)	(1,231,096)	-

(*) The assets which are necessary to provide banking services and could not be liquidated in a short term, such as tangible assets, investments in subsidiaries and associates, office supply inventory, prepaid expenses and non-performing loans, are classified as under undistributed.

(**) Loans with floating interest rates amounting to TRY 2,606,579 (December 31, 2009: TRY 2,311,525) are included in "Up to 1 Month" while income accrual resulted from mark to market differences from hedged loans amounting to TRY 40,165 (December 31, 2009: TRY 46,589) are included in "1-5 Years".

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VI. Explanations Related to Liquidity Risk (continued)

Analysis of financial liabilities by remaining contractual maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
As of June 30, 2010								
Money market borrowings	-	227,908	107,091	-	-	-	(1,846)	333,153
Other deposits	2,159,768	6,036,356	1,241,012	153,098	354	-	(33,259)	9,557,329
Bank deposits	110,100	62,356	21,692	4,329	-	-	(391)	198,086
Funds provided from other financial institutions	-	396,230	569,132	1,517,768	254,693	513,416	(204,724)	3,046,515
Total	2,269,868	6,722,850	1,938,927	1,675,195	255,047	513,416	(240,220)	13,135,083
As of December 31, 2009								
Money market borrowings	-	1,073,776	-	-	-	-	(1,805)	1,071,971
Other deposits	1,989,542	5,992,823	1,206,439	116,755	73	-	(31,376)	9,274,256
Bank deposits	82,854	64,571	-	-	-	-	(46)	147,379
Funds provided from other financial institutions	-	649,582	108,072	750,553	223,256	633,259	(231,633)	2,133,089
Total	2,072,396	7,780,752	1,314,511	867,308	223,329	633,259	(264,860)	12,626,695

Analysis of contractual expiry by maturity of the Bank's derivative financial instruments:

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total	
As of June 30, 2010							
Derivative financial instruments for hedging purposes							
Fair value hedge		13,975	1,448	193,005	50,854	55,898	315,180
Held for trading transactions							
Foreign exchange forward contracts		725,557	459,376	289,449	21,034	-	1,495,416
Currency swaps		707,485	71,832	354,682	310,016	-	1,444,015
Interest rate swaps		94	583	17,688	49,835	6,235	74,435
Total		1,447,111	533,239	854,824	431,739	62,133	3,329,046
As of December 31, 2009							
Derivative financial instruments for hedging purposes							
Fair value hedge		53,145	1,428	129,455	166,432	62,240	412,700
Held for trading transactions							
Foreign exchange forward contracts		341,974	187,673	206,776	43,965	-	780,388
Currency swaps		553,175	89,324	110,916	213,511	-	966,926
Interest rate swaps		117	6,634	5,771	34,064	-	46,586
Total		948,411	285,059	452,918	457,972	62,240	2,206,600

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SECTION FIVE

**EXPLANATIONS AND DISCLOSURES ON
UNCONSOLIDATED FINANCIAL STATEMENTS**

I. Explanations and Disclosures Related to the Assets

1. a) Information on Cash and Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	106,559	174,561	140,473	168,873
Balances with the Central Bank of Turkey	331,903	1,078,899	203,891	979,850
Other	-	26,013	-	18,617
Total	438,462	1,279,473	344,364	1,167,340

b) Information related to the account of the Central Bank of Turkey:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted demand deposits	331,903	301,823	203,891	251,831
Unrestricted time deposits	-	777,076	-	728,019
Restricted time deposits	-	-	-	-
Total	331,903	1,078,899	203,891	979,850

TRY 1,078,899 (December 31, 2009 – TRY 979,850) foreign currency and TRY 331,832 (December 31, 2009 – TRY 203,796) domestic currency unrestricted deposits balance comprise of reserve deposits. Unrestricted deposits balance also includes average reserve deposit held in Central Bank. The interest rates applied for reserve deposits are %5.20 for TRY deposits and none for foreign currency deposits (December 31, 2009 – TRY 5.20%), respectively.

2. Information on financial assets at fair value through profit and loss (net):

a.1) Information on financial assets at fair value through profit and loss given as collateral or blocked: None (December 31, 2009 – None).

a.2) Financial assets at fair value through profit and loss subject to repurchase agreements: None (December 31, 2009- None).

Net book value of unrestricted financial assets at fair value through profit and loss is TRY 236,383 (December 31, 2009 – TRY 126,610).

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I. Explanations and Disclosures Related to the Assets (continued)

2. Information on financial assets at fair value through profit and loss (net): (continued)

a.3) Positive differences related to derivative financial assets held-for-trading:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	8,016	12,400	15,681	14,057
Swap Transactions	27,434	1,211	18,886	1,496
Futures Transactions	-	-	-	-
Options	27,384	7,844	8,372	2,973
Other	1,338	-	230	-
Total	64,172	21,455	43,169	18,526

3.a) Information on banks :

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	9,529	95	29,559	223,107
Foreign	40,087	172,199	28,248	122,687
Branches and head office abroad	-	-	-	-
Total	49,616	172,294	57,807	345,794

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	45,732	37,842	59,736	31,707
USA and Canada	36,057	41,865	-	-
OECD Countries (*)	7,912	4,550	-	-
Off-shore banking regions	61,972	34,046	-	-
Other	877	925	-	-
Total	152,550	119,228	59,736	31,707

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

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I. Explanations and Disclosures Related to the Assets (continued)

4. Information on financial assets available-for-sale:

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	295,993	127,368	124,605	40,373
Other	-	-	-	-
Total	295,993	127,368	124,605	40,373

a.2) Financial assets available-for-sale subject to repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	216,718	-	526,855	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	216,718	-	526,855	-

Net book value of unrestricted financial assets available-for-sale is TRY 1,205,903 (December 31, 2009 – TRY 969,879).

b) Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	1,842,648	1,657,700
Quoted on a stock exchange	1,419,287	1,492,612
Unquoted	423,361	165,088
Share certificates	4,181	4,592
Quoted on a stock exchange	2,111	2,515
Unquoted (*)	2,070	2,077
Impairment provision(-)	(847)	(580)
Total	1,845,982	1,661,712

(*) In the Board of Directors meeting held on September 23, 2009, the Bank decided to participate in the revised capital structure of Kredi Garanti Fonu A.Ş. including TOBB (Turkish Union of Chambers and Exchange Commodities), KOSGEB (Presidency of Development and Support of Small and Medium-sized Enterprises Administration) and the banks by TRY 4,000. Upon this decision related to the capital increase of Kredi Garanti Fonu A.Ş. on September 11, 2009, the Bank paid TRY 2,000 of its capital commitment of TRY 4,000 on October 14, 2009.

All unquoted available for sale equities are recorded at fair value except for the Bank's investment of TRY 2,070 which is recorded at cost since its fair value cannot be reliably estimated. (December 31, 2009 – TRY 2,077)

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I. Explanations and Disclosures Related to the Assets (continued)

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	1,736	6,691	1,603	46,004
Corporate shareholders	1,736	6,691	1,603	46,004
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	22,853	-	22,842	-
Total	24,589	6,691	24,445	46,004

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	9,940,110	-	230,107	147,841
Discount notes	122,324	-	594	-
Export loans	987,448	-	12,423	-
Import loans	-	-	-	-
Loans given to financial sector	172,951	-	-	-
Foreign loans	115,257	-	-	68
Consumer loans(**)	2,177,540	-	56,670	3,140
Credit cards	506,591	-	9,335	6,640
Precious metal loans	373,286	-	15,498	-
Other	5,484,713	-	135,587	137,993
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	9,940,110	-	230,107	147,841

(*)The total principal amount of the loans under close monitoring in accordance with the requirements of the regulation on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" changed on February 6, 2008.

(**) TRY 40,165 income accrual resulting from the fair value difference of the hedged item loans is included in the loan balance.

c) Loans and other receivables according to their 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 and other receivables	5,668,317	-	125,911	19,796
Non-specialized loans	5,668,317	-	125,911	19,796
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and Long-term loans and other receivables	4,271,793	-	104,196	128,045
Non-specialized loans	4,271,793	-	104,196	128,045
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	9,940,110	-	230,107	147,841

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5. Information on loans: (continued)

- 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	94,284	2,021,506	2,115,790
Housing Loans	3,019	1,051,975	1,054,994
Vehicle Loans	4,889	159,246	164,135
General Purpose Loans	86,376	810,285	896,661
Other	-	-	-
Consumer Loans –Indexed to FC	269	55,857	56,126
Housing Loans	-	36,288	36,288
Vehicle Loans	-	15,215	15,215
General Purpose Loans	269	4,354	4,623
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TRY	446,841	-	446,841
With Installments	141,242	-	141,242
Without Installments	305,599	-	305,599
Individual Credit Cards-FC	2,329	-	2,329
With Installments	-	-	-
Without Installments	2,329	-	2,329
Personnel Loans-TRY	3,267	9,301	12,568
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	3,267	9,301	12,568
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRY	9,254	-	9,254
With Installments	4,161	-	4,161
Without Installments	5,093	-	5,093
Personnel Credit Cards-FC	86	-	86
With Installments	-	-	-
Without Installments	86	-	86
Overdraft Accounts-TRY(Real Persons) (*)	52,822	-	52,822
Overdraft Accounts-FC(Real Persons)	44	-	44
Total	609,196	2,086,664	2,695,860

(*) Overdraft Accounts include personnel loans amounting to TRY 945.

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5. Information on loans: (continued)

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

	Short Term	Medium and Long Term	Total
Commercial loans with installment facility-TRY	112,743	992,732	1,105,475
Business Loans	279	60,354	60,633
Vehicle Loans	16,025	225,769	241,794
General Purpose Loans	96,439	706,609	803,048
Other	-	-	-
Commercial loans with installment facility - Indexed to FC	16,039	152,235	168,274
Business Loans	-	6,239	6,239
Vehicle Loans	1,804	52,040	53,844
General Purpose Loans	14,235	93,956	108,191
Other	-	-	-
Commercial loans with installment facility –FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TRY	63,329	-	63,329
With Installments	13,221	-	13,221
Without Installments	50,108	-	50,108
Corporate Credit Cards-FC	727	-	727
With Installments	-	-	-
Without Installments	727	-	727
Overdraft Accounts-TRY(Legal Entities)	130,417	-	130,417
Overdraft Accounts-FC(Legal Entities)	2,219	-	2,219
Total	325,474	1,144,967	1,470,441

f) Loans according to borrowers:

	Current Period	Prior Period
Public	36,149	21,373
Private	10,281,909	8,781,190
Total	10,318,058	8,802,563

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	10,173,184	8,666,490
Foreign loans	144,874	136,073
Total	10,318,058	8,802,563

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	350	500
Indirect loans granted to subsidiaries and associates	-	-
Total	350	500

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans: (continued)

i) Specific provisions provided against loans:

	Current Period	Prior Period
Specific provisions		
Loans and receivables with limited collectability	6,441	12,288
Loans and receivables with doubtful collectability	38,723	46,145
Uncollectible loans and receivables	134,516	181,406
Total	179,680	239,839

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:

Loans and other receivables included in non-performing loans which are restructured or rescheduled: None (December 31, 2009 – None).

j.2) The movement of non-performing loans:

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Prior period end balance	81,297	119,567	227,127
Additions (+)	99,433	838	1,754
Transfers from other categories of non-performing loans (+)	-	121,697	107,392
Transfers to other categories of non-performing loans (-)	121,697	107,392	-
Collections (-)	15,419	27,555	37,253
Write-offs (-)(*)	19	6	115,050
Corporate and commercial loans	-	-	71,943
Retail loans	15	-	10,881
Credit cards	4	6	32,226
Other	-	-	-
Current period end balance	43,595	107,149	183,970
Specific provision (-)	6,441	38,723	134,516
Net Balances on Balance Sheet	37,154	68,426	49,454

(*) TRY 39,957 of the non-performing loans portfolio of the Bank with TRY 39,321 provision has been sold to Standart Varlık A.Ş. for TRY 4,125. This balance has been collected upon the completion of the necessary procedures as of March 31, 2010, and the related non-performing loans have been written off from the records.

TRY 75,008 of the non-performing loans portfolio of the Bank with TRY 75,008 provision has been sold to LBT Varlık Yönetim A.Ş. for TRY 6,500. This balance has been collected upon the completion of the necessary procedures as of June 28, 2010, and the related non-performing loans have been written off from the records.

j.3) Information on foreign currency non-performing loans and other receivables: None.

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans: (continued)

j.4) Information regarding gross and net amounts of non-performing loans with respect to user groups:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	43,595	107,149	183,970
Specific Provision (-)	6,441	38,723	134,516
Loans to Real Persons and Legal Entities (Net)	37,154	68,426	49,454
Banks (Gross)	-	-	-
Specific Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	81,297	119,567	227,127
Specific Provision (-)	12,288	46,145	181,406
Loans to Real Persons and Legal Entities (Net)	69,009	73,422	45,721
Banks (Gross)	-	-	-
Specific Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

k) Main principles of liquidating non performing loans and receivables:

According to the “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published on Official Gazette No. 26333 dated November 1, 2006; loans and other receivables for which the collection is believed to be impossible are classified as non performing loans by complying with the requirements of the Tax Procedural Law in accordance with the decision of the upper management of the Bank.

l) Explanations on write-off policy:

Unrecoverable non performing loans can be written off with the decision of the Board of Directors.

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5. Information on loans: (continued)

m) Other explanations and disclosures:

Current Period	Corporate	Small Business	Consumer	Credit Cards	Other	Total
Neither past due nor impaired	4,315,625	2,918,697	2,180,138	490,614	-	9,905,074
Past due not impaired	105,608	218,212	57,212	31,952	-	412,984
Individually impaired	99,798	161,283	22,280	51,353	-	334,714
Total gross	4,521,031	3,298,192	2,259,630	573,919	-	10,652,772
Less: allowance for individually impaired loans	40,737	79,835	21,540	37,568	-	179,680
Total allowance for impairment	40,737	79,835	21,540	37,568	-	179,680
Total net	4,480,294	3,218,357	2,238,090	536,351	-	10,473,092
Prior Period	Corporate	Small Business	Consumer	Credit Cards	Other	Total
Neither past due nor impaired	3,902,439	2,282,276	1,696,745	413,164	-	8,294,624
Past due not impaired	118,021	260,810	61,415	67,693	-	507,939
Individually impaired	93,901	219,835	34,416	79,839	-	427,991
Total gross	4,114,361	2,762,921	1,792,576	560,696	-	9,230,554
Less: allowance for individually impaired loans	29,178	122,058	33,985	54,618	-	239,839
Total allowance for impairment	29,178	122,058	33,985	54,618	-	239,839
Total net	4,085,183	2,640,863	1,758,591	506,078	-	8,990,715

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5. Information on loans: (continued)

m) Other explanations and disclosures: (continued)

A reconciliation of the allowance for impairment losses and advances by classes is as follows:

	Corporate	Small Business	Consumer	Credit Cards	Other	Total
At January 1, 2010	29,178	122,058	33,985	54,618	-	239,839
Charge for the period	37,220	27,393	(980)	22,958	-	86,591
Recoveries	(8,257)	(15,077)	(1,191)	(7,896)	-	(32,421)
Amounts written off(*)	(17,404)	(54,539)	(10,274)	(32,112)	-	(114,329)
At June 30, 2010	40,737	79,835	21,540	37,568	-	179,680

	Corporate	Small Business	Consumer	Credit Cards	Other	Total
At January 1, 2009	19,962	50,719	12,108	23,303	-	106,092
Charge for the period	18,742	93,405	33,310	65,606	-	211,063
Recoveries	(9,526)	(22,066)	(6,490)	(10,020)	-	(48,102)
Amounts written off(**)	-	-	(4,943)	(24,271)	-	(29,214)
At December 31, 2009	29,178	122,058	33,985	54,618	-	239,839

(*) TRY 39,957 of the non-performing loans portfolio of the Bank with TRY 39,321 provision has been sold to Standart Varlık A.Ş. for TRY 4,125. This balance has been collected upon the completion of the necessary procedures as of March 31, 2010, and the related non-performing loans have been written off from the records.

TRY 75,008 of the non-performing loans portfolio of the Bank with TRY 75,008 provision has been sold to LBT Varlık Yönetim A.Ş. for TRY 6,500. This balance has been collected upon the completion of the necessary procedures as of June 28, 2010, and the related non-performing loans have been written off from the records.

(**) TRY 29,530 of the non-performing loans portfolio of the Bank with TRY 29,214 provision has been sold to LBT Varlık Yönetim A.Ş. for TRY 1,950. This balance has been collected upon the completion of the necessary procedures as of November 9, 2009, and the related non-performing loans have been written off from the records.

The fair value of collaterals, capped with the respective outstanding loan balance, that the Bank holds relating to loans individually determined to be impaired at June 30, 2010 is TRY 124,268 (December 31,2009: TRY 126,343).

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans: (continued)

m) Other explanations and disclosures: (continued)

Collaterals and credit enhancement as of June 30, 2010 and December 31, 2009:

June 30, 2010	Corporate	Small Business	Consumer	Credit Cards	Other	Total
Residential, commercial or industrial property	14,472	12,367	1,804	-	-	28,643
Financial assets	-	-	-	-	-	-
Other	-	16	-	-	-	16
Total	14,472	12,383	1,804	-	-	28,659

December 31, 2009	Corporate	Small Business	Consumer	Credit Cards	Other	Total
Residential, commercial or industrial property	11,639	7,324	1,339	-	-	20,302
Financial assets	-	-	-	-	-	-
Other	16	6	17	-	-	39
Total	11,655	7,330	1,356	-	-	20,341

Aging analysis of past due but not impaired loans per classes of financial statements:

June 30, 2010	Less than 30 days	31-60 days	61-90 days	More than 91 days	Total
Loans and advances to customers					
Corporate lending	80,584	15,151	9,873	-	105,608
Small business lending	114,934	55,939	47,339	-	218,212
Consumer lending	9,937	35,542	11,733	-	57,212
Credit cards	17,638	250	14,064	-	31,952
Other	-	-	-	-	-
Total	223,093	106,882	83,009	-	412,984

December 31, 2009	Less than 30 days	31-60 days	61-90 days	More than 91 days	Total
Loans and advances to customers					
Corporate lending	92,777	6,512	18,732	-	118,021
Small business lending	142,081	69,771	48,958	-	260,810
Consumer lending	7,825	41,900	11,690	-	61,415
Credit cards	67,580	106	7	-	67,693
Other	-	-	-	-	-
Total	310,263	118,289	79,387	-	507,939

Of the total aggregate amount of gross past due but not yet impaired loans and advances to customers, the fair value of collaterals, capped with the respective outstanding total loan balance of the customer, that the Bank held as at June 30, 2010 is TRY 255,574 (December 31, 2009: TRY 311,296).

Loans and advances amounting to TRY 2,606,579 have floating interest rates (December 31, 2009 – TRY 2,311,525) and the remaining TRY 7,711,479 have fixed interest rates (December 31, 2009 – TRY 6,491,038).

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I. Explanations and Disclosures Related to the Assets (continued)

6. Information on held-to-maturity investments :

a.1) Information on held-to-maturity investments given as collateral or blocked:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Share Certificates	-	-	-	-
Bond, Treasury bill and similar securities	66,060	-	187,395	-
Other	-	-	-	-
Total	66,060	-	187,395	-

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	121,218	-	560,365	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	121,218	-	560,365	-

Net book value of unrestricted financial assets available-for-sale is TRY 245,321 (December 31,2009 – TRY 133,043).

b) Movement of public sector debt investments held-to-maturity:

	Current Period	Prior Period
Beginning balance	880,803	797,771
Foreign currency differences on monetary assets	-	-
Purchases during year(*)	2,007	97,111
Disposals through sales and redemptions	(450,211)	-
Impairment provision (-)	-	-
Change in income on redeemed cost adjustments	-	(14,079)
Closing Balance	432,599	880,803

(*) Accruals are included in purchases during the year.

7. Information on associates (Net):

a.1) Information on the unconsolidated associates: None (December 31, 2009 - None).

b.1) Information on the consolidated associates: None (December 31, 2009 - None).

b.2) Valuation of consolidated associates: None (December 31, 2009 - None).

b.3) Consolidated associates which are quoted on the stock exchange: None (December 31, 2009 - None).

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I. Explanations and Disclosures Related to the Assets (continued)

8. Information on subsidiaries (Net):

- a) Information on the unconsolidated subsidiaries: None (December 31, 2009 - None).
- b) Information on the consolidated subsidiaries:

b.1) Information on the consolidated subsidiaries:

Description	Address (City/ Country)	Bank's share percentage-If different voting percentage(%)	Other shareholders' share percentage (%)
The Economy Bank N.V.	Netherlands	100.00	-
TEB Finansal Kiralama A.Ş.	İstanbul/Turkey	100.00	-
TEB Faktoring A.Ş.	İstanbul/Turkey	100.00	-
TEB Yatırım Menkul Değerler A.Ş.	İstanbul/Turkey	74.94	25.06
TEB Portföy Yönetimi A.Ş.	İstanbul/Turkey	46.77	53.23

Information on the consolidated subsidiaries with the order as presented in the table above:

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss (*)	Fair Value
(i) 1,262,849	171,089	7,836	28,049	1,801	8,699	7,035	-
(ii) 516,439	105,261	2,012	23,437	-	9,508	3,088	-
(ii) 485,259	21,564	999	21,444	-	4,497	5,167	-
(ii) 39,328	34,824	1,807	2,013	-	6,526	4,641	-
(ii) 12,286	10,958	594	453	215	2,067	2,430	-

(*) Represents the amounts in the financial statements as of June 30, 2009.

- (i) Represents financial figures of foreign currency statutory financial statements translated at period end foreign exchange rates for balance sheet and six months' average rates for profit and loss as of June 30, 2010. The Economy Bank NV has two consolidated subsidiaries named Stichting Effecten Dienstverlening and Kronenburg Vastgoed B.V.
- (ii) Represents financial figures based on BRSA as of June 30, 2010.

b.2) Information on consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	153,921	153,921
Movements during the period	-	-
Purchases	-	-
Bonus shares obtained	-	-
Share in current year income	-	-
Sales	-	-
Revaluation increase	-	-
Provision for impairment	-	-
Balance at the end of the period	153,921	153,921
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

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I. Explanations and Disclosures Related to the Assets (continued)

12. Information on tangible assets : (continued)

- a) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: As of June 30, 2010, provision for impairment loss amounting to TRY 2,762 is booked for real estates to be disposed with respect to appraisals performed at the year end (December 31, 2009: TRY 2,608).
- b) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.

13. Information on intangible assets:

	Opening Balance December 31, 2009	Additions	Disposals	Other	Ending Balance June 30, 2010
Cost:					
Other intangible assets	36,145	3,747	-	-	39,892
Total Cost	36,145	3,747	-	-	39,892
	Opening Balance December 31, 2009	Period Charge	Disposals	Other	Ending Balance June 30, 2010
Accumulated Amortization:					
Other intangible assets	(25,235)	(3,286)	-	-	(28,521)
Total Accumulated Amortization	(25,235)	(3,286)	-	-	(28,521)
Net Book Value	10,910	461	-	-	11,371

- a) Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements: None.
- b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.
- c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition : None.
- d) The book value of intangible fixed assets that are pledged or restricted for use: None.
- e) Amount of purchase commitments for intangible fixed assets: None.
- f) Information on revalued intangible assets according to their types: None.
- g) Amount of total research and development expenses recorded in income statement within the period if any: None.
- h) Positive or negative consolidation goodwill on entity basis: Not applicable for the unconsolidated financial statements.
- i) Information on goodwill: None.
- j) Movements on goodwill in the current period: None.

14. Information on investment property: None (December 31, 2009 – None).

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I. Explanations and Disclosures Related to the Assets (continued)

15. Explanations on deferred tax asset:

- a) As of June 30, 2010, deferred tax asset computed on the temporary differences is TRY 12,600 (2009 – TRY 7,869). There are no tax exemptions or deductions over which deferred tax asset is computed.
- b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.
- c) Allowance for deferred tax and deferred tax assets from reversal of allowance: None.
- d) Movement of deferred tax:

	Current Period	Prior Period
At January 1,	7,869	12,973
Effect of change in tax rate	-	-
Other	144	589
Deferred tax (charge)/benefit	2,268	(1,587)
Deferred tax (charge)/benefit (Net)	2,412	(998)
Deferred tax accounted for under equity	2,319	(4,106)
Deferred Tax Asset	12,600	7,869

- 16. Information on assets held for sale and discontinued operations:** None (December 31, 2009: None).

17. Information on other assets:

- a) Breakdown of other assets

	Current Period	Prior Period
Clearing Account	206,883	112,330
Collateral Given for Derivative Financial Assets	38,872	31,513
Transaction Costs Related to Financial Liabilities	4,852	7,296
Prepaid Rent Expenses	4,686	4,483
Prepaid Insurance Premiums	3,962	96
Advances Given	836	1
Other Prepaid Expenses	24,024	17,600
Receivables from Credit Card Payments	167,178	162,685
Temporary EFT Account	34,574	30,668
Other	12,893	6,116
Total	498,760	372,788

- b) Other assets which exceed 10% of the balance sheet total (excluding off balance sheet commitments) and breakdown of these which constitute at least 20% of grand total: None.

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SECTION FIVE

II. Explanations and Disclosures Related to the Liabilities

1. a) Information on maturity structure of deposits:

a.1) Current period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	273,142	-	736,904	2,091,434	17,775	163,024	156	8,232	3,290,667
Foreign currency deposits	860,150	-	1,201,398	1,506,116	105,009	21,093	2,994	1,581	3,698,341
Residents in Turkey	801,850	-	1,167,511	1,455,687	103,652	17,399	553	1,581	3,548,233
Residents abroad	58,300	-	33,887	50,429	1,357	3,694	2,441	-	150,108
Public sector deposits	264,023	-	1,935	3,330	-	-	182	-	269,470
Commercial deposits	670,855	-	856,733	529,234	39,636	3,162	-	83	2,099,703
Other institutions deposits	13,473	-	17,774	78,786	548	311	1	-	110,893
Precious metals deposits	78,125	-	7,227	1,950	695	258	-	-	88,255
Interbank deposits	110,100	-	54,496	22,688	6,760	1,022	3,020	-	198,086
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	3,017	-	-	-	-	3,017
Foreign Banks	36,403	-	54,496	19,671	6,760	1,022	3,020	-	121,372
Special finance houses	73,697	-	-	-	-	-	-	-	73,697
Other	-	-	-	-	-	-	-	-	-
Total	2,269,868	-	2,876,467	4,233,538	170,423	188,870	6,353	9,896	9,755,415

a.2) Prior period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	246,684	-	803,947	2,310,906	66,611	37,413	629	11,414	3,477,604
Foreign currency deposits	906,774	-	1,180,905	1,236,085	29,670	68,426	412	2,122	3,424,394
Residents in Turkey	848,068	-	1,139,404	1,202,051	26,835	64,388	336	2,122	3,283,204
Residents abroad	58,706	-	41,501	34,034	2,835	4,038	76	-	141,190
Public sector deposits	103,715	-	1,095	1,508	-	-	194	-	106,512
Commercial deposits	706,228	-	678,394	648,077	14,650	27,444	263	102	2,075,158
Other institutions deposits	9,528	-	24,219	87,932	44,702	444	1	-	166,826
Precious metals deposits	16,613	-	3,854	2,086	835	374	-	-	23,762
Interbank deposits	82,854	-	47,681	13,238	3,606	-	-	-	147,379
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	5,068	-	-	-	-	5,068
Foreign Banks	32,381	-	47,681	8,170	3,606	-	-	-	91,838
Special finance houses	50,473	-	-	-	-	-	-	-	50,473
Other	-	-	-	-	-	-	-	-	-
Total	2,072,396	-	2,740,095	4,299,832	160,074	134,101	1,499	13,638	9,421,635

b) Information on saving deposits under the guarantee of saving deposit insurance:

b.1) Saving deposits exceeding the limit of insurance:

i) Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance:

Saving Deposits	Under the Guarantee of Insurance (*)		Exceeding the Limit of Insurance (*)	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	1,359,603	1,265,160	1,859,662	2,130,077
Foreign currency saving deposits	355,317	379,691	1,173,395	1,302,510
Other deposits in the form of saving deposits	2,447	3,372	85,329	18,838
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	1,717,367	1,648,223	3,118,386	3,451,425

(*) According to the BRSA's circular no 1584 dated February 23, 2005, accruals are included in the saving deposit amounts.

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II. Explanations and Disclosures Related to the Liabilities (continued)

b.2) Information on the saving deposits of the bank with head office abroad, if the saving deposits in the branches of the bank located in Turkey are under the guarantee of saving deposit insurance in that country abroad: None.

b.3) Saving deposits not guaranteed by insurance:

i) Deposits of real persons not under the guarantee of saving deposit insurance:

	Current Period	Prior Period
Deposits and accounts in branches abroad	69,936	64,476
Deposits of ultimate shareholders and their close families	255,254	263,013
Deposits of chairman and members of the Board of Directors and their close families	11,264	10,408
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	-	-

2. Information on derivative financial liabilities:

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	4,779	27,878	2,623	3,014
Swap Transactions	35,453	21,069	20,387	1,262
Futures Transactions	-	23,331	-	14,497
Options	17,628	7,844	7,061	2,973
Other	663	-	52	-
Total	58,523	80,122	30,123	21,746

3. a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	40,442	91,235	41,790	102,481
From Foreign Banks, Institutions and Funds	1,166,457	1,279,790	746,204	759,140
Total	1,206,899	1,371,025	787,994	861,621

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	1,155,199	1,198,633	784,736	670,914
Medium and long-term	51,700	172,392	3,258	190,707
Total	1,206,899	1,371,025	787,994	861,621

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II. Explanations and Disclosures Related to the Liabilities (continued)

- c) Additional explanation related to the concentrations of the Bank's major liabilities:

Bank diversifies its funding resources by the customer deposits and by the foreign borrowings. As of June 30, 2010, the Bank has a syndication loan of EUR 190,000,000 and USD 92,000,000, obtained on December 2, 2009 with a maturity of November 24, 2010, under foreign borrowings.

Bank makes analysis of its customers that provide the maximum amount of funds within the branches and throughout the Bank, in consideration of profitability. Bank takes short and long term preventive measures to spread its customers on a wider spectrum on the basis of customer concentration in the branches.

Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From domestic transactions	333,153	-	1,071,971	-
Financial institutions and organizations	332,650	-	1,071,243	-
Other institutions and organizations	-	-	-	-
Real persons	503	-	728	-
From foreign transactions	-	-	-	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	-	-
Total	333,153	-	1,071,971	-

4. **Other liabilities which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total:** None (December 31, 2009 – None).

5. Explanations on financial lease obligations (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 principles of the Tax Procedural Code.

- b) The explanation on modifications in agreements and new obligations resulting from such modifications: None

- c) Explanation on finance lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	21	15	25	16
Between 1-4 Years	7	5	17	14
More than 4 Years	-	-	-	-
Total	28	20	42	30

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5. Explanations on financial lease obligations (Net): (continued)

d) Explanations regarding operational leases:

Except for the Head-Office-Istanbul and Izmir-Ege Kurumsal Branch buildings, all branch premises of the Bank are leased under operational leases. For the period ended June 30, 2010, operational lease expenses amounting to TRY 37,886 (June 30, 2009 – TRY 37,530) have been recorded in the profit and loss accounts. The lease periods vary between 1 and 10 years and lease agreements are cancelable subject to a certain period of notice.

e) Explanations on the lessor and lessee in sale and lease back transactions, agreement conditions, and major agreement terms: None.

6. Information on derivative financial liabilities for hedging purposes:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Fair value hedge (*)	53,947	1	73,493	-
Cash flow hedge	-	-	-	-
Hedge of net investment in foreign operations	-	-	-	-
Total	53,947	1	73,493	-

(*) Comprised of swaps for hedging purposes.

7. Information on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General Provisions		
Provisions for First Group Loans and Receivables	63,295	56,570
Provisions for Second Group Loans and Receivables	7,565	9,225
Provisions for Non-Cash Loans	10,794	8,833
Other	-	-
Total	81,654	74,628

b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses on the foreign currency indexed loans amounting to TRY 39,820 (December 31, 2009 - TRY 26,976) is offset from the loans on the balance sheet.

c) The specific provisions provided for unindemnified non cash loans amount to TRY 14,213 (December 31, 2009 - TRY 10,617).

d) Information on employee termination benefits and unused vacation accrual:

The Bank has calculated reserve for employee termination benefits by using actuarial valuations as set out in the TAS No:19 and reflected this in the financial statements.

As of June 30, 2010, the Bank provided a reserve of TRY 12,177 (December 31, 2009 - TRY 8,575) for the unused vacations. This balance is classified under other provisions in the financial statements.

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7. Information on provisions (continued)

d.1) Movement of employee termination benefits

	Current Period	Prior Period
As of January 1	17,556	13,133
Service cost	1,618	2,542
Interest cost	938	1,515
Settlement cost	982	1,473
Actuarial gain / (loss)	-	2,115
Benefits paid	(1,190)	(3,222)
Total	19,904	17,556

e) Information on other provisions:

e.1) Provisions for possible losses: None (December 31, 2009 – None).

e.2) The breakdown of the subsidiary accounts if other provisions exceed 10% of the grand total of provisions:

	Current Period	Prior Period
Provision for employee benefits	12,177	8,575
Provision for promotion of credit cards and banking services	4,469	4,163
Other (*)	15,565	27,150
Total	32,211	39,888

(*) Included in other, TRY 1,095 (December 31, 2009: TRY 16,533) is the provision related to the bonuses to be paid to the personnel and TRY 14,213 (December 31, 2009: TRY 10,617) is the specific provisions for unindemnified non cash loans.

f) Liabilities on pension rights:

f.1) Liabilities for pension funds established in accordance with “Social Security Institution”: None (December 31, 2009 – None).

f.2) Liabilities resulting from all kinds of pension funds, foundations etc. which provide post retirement benefits for the employees: None (December 31, 2009 – None).

8. Explanations on taxes payable:

a) Information on current tax liability:

a.1) Corporate taxes:

	Current Period	Prior Period
Provision for corporate taxes	7,960	2,545

a.2) Information on taxes payable:

	Current Period	Prior Period
Taxation on Securities	7,161	8,754
Property Tax	961	920
Banking Insurance Transaction Tax (BITT)	9,227	9,696
Foreign Exchange Transaction Tax	7	10
Value Added Tax Payable	314	605
Other (*)	5,445	6,529
Total	23,115	26,514

(*) Other includes income taxes deducted from wages amounting to TRY 5,114 (December 31, 2009 – TRY 5,597) and stamp taxes payable amounting to TRY 662 (December 31, 2009 - TRY 713) while prepaid income tax amounting to TRY 539 is deducted from other.

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II. Explanations and Disclosures Related to the Liabilities (continued)

8. Explanations on taxes payable: (continued)

b) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	2,575	2,417
Social Security Premiums-Employer	2,737	2,572
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	180	169
Unemployment Insurance-Employer	360	338
Other	-	-
Total	5,852	5,496

c) Explanations on deferred tax liabilities, if any: None (December 31,2009 – None)

9. Information on liabilities regarding assets held for sale and discontinued operations: None (December 31, 2009 – None).

10. Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any:

The Bank has signed an agreement with the International Finance Corporation (IFC) on July 17, 2002, for a subordinated loan of USD 15 million. The maturity of the loan is October 15, 2011 and interest rate is LIBOR+2.85%. USD 6 million principle of this subordinated loan was paid in two tranches on October 15, 2009 and April 15, 2010 in accordance with the terms of the main agreement.

The Bank has signed another agreement with the IFC on June 27, 2005, for a subordinated loan. The facility is a USD 50 million subordinated loan, with a maturity of July 15, 2015 and with an interest rate of LIBOR+3.18%.

The Bank has signed an agreement with the Economy Luxembourg S.A on October 27, 2006 for a subordinated loan. The facility is a EUR 110 million subordinated loan, with a maturity of October 31, 2016, and with a fixed interest rate of 6.10%.

The Bank has obtained a primary subordinated loan by issuing a bond amounting to USD 100 million as of July 31, 2007. The investor of the bond is IFC International Finance Corporation (IFC). The maturity of the borrowing is indefinite with semi-annually interest payment. The interest rate is defined as LIBOR+3.5% until July 31, 2017. In case the borrowed amount is not repaid at that date, the interest rate will be revised as LIBOR + 5.25%.

Each of the four of the above facilities match BRSA's subordinated loan-capital definitions and contribute to the Bank's capital adequacy ratio in a positive manner, as well as creating long term financing.

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II. Explanations and Disclosures Related to the Liabilities (continued)

10. Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any: (continued)

a) Information on subordinated loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	468,591	-	483,474
Total	-	468,591	-	483,474

11. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

	Current Period	Prior Period
Common stock	1,100,000	1,100,000
Preferred stock	-	-

b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank if so amount of registered share capital ceiling:

Capital System	Paid-in capital	Ceiling
Registered Capital System	1,100,000	1,400,000

c) Information on share capital increases and their sources; other information on increased capital shares in current period: None.

d) Information on share capital increases from revaluation funds: 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.

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II. Explanations and Disclosures Related to the Liabilities (continued)

11. Information on Shareholders' Equity: (continued)

- 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:

Prior year income, profitability and liquidity of the Bank is closely monitored and reported to Board of Directors, Asset and Liability Committee, and Risk Management by the Budget and Financial Control Group. This group tries to forecast the effects of interest, currency and maturity fluctuations that change these indicators with static and dynamic scenario analysis. Net asset value, which is defined as the difference of fair values of assets and liabilities, is measured. Expectations are made for Bank's future interest income via simulations of net interest income and scenario analysis.

- g) Information on preferred shares:

7% of the Bank's remaining net income after tax subsequent to deducting legal reserves and first dividends, corresponding to the Bank's 60,000 shares of TRY 30 (in full TRY) is distributed to the founder shares.

- h) Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference	10,476	1,795	16,824	4,724
Foreign Exchange Difference	-	-	-	-
Total	10,476	1,795	16,824	4,724

	Current Period	Prior Period
Foreign currency marketable securities value increase fund	1,795	4,724
Foreign exchange gains resulting from foreign currency associates, subsidiaries, and securities held to maturity related to the above amount	-	-
Total	1,795	4,724

Information on legal reserves:

	Current Period	Prior Period
First legal reserves	39,932	29,423
Second legal reserves	5,536	5,536
Other legal reserves appropriated in accordance with special legislation	-	-
Total	45,468	34,959

Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	479,352	279,694
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange differences	-	-
Total	479,352	279,694

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II. Explanations and Disclosures Related to the Liabilities (continued)

11. Information on Shareholders' Equity: (continued)

Other Information on Shareholders' Equity:

The movement of the marketable securities value increase fund is as follows:

	Current Period	Prior Period
At January 1	21,548	5,882
Net unrealized gains on available for sale investments	11,203	74,783
Realized gains on available for sale investments recycled to income statement on disposal	-	-
Realized losses on available for sale investments recycled to income statement on disposal and impairment	(22,799)	(55,011)
Tax effect of net gains on available for sale investments	2,319	(4,106)
Unrealized gains / (losses) on cash flow hedges	-	-
Gains / (losses) on cash flow hedges recycled to income statement	-	-
Tax effect of gains on cash flow hedges	-	-
At period end	12,271	21,548

12. Information on minority shares: None (December 31, 2009 – None).

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SECTION FIVE

III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments

1. Information on off-balance sheet liabilities:

- a) Nature and amount of irrevocable loan commitments: Credit card expenditure limit commitments are TRY 1,043,687 and TRY 956,344; payment commitments for checks are TRY 724,170 and TRY 650,733 as of June 30, 2010 and December 31, 2009, respectively.

- b) Possible losses and commitments related to off-balance sheet items including items listed below:

The Bank, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit.

- b.1) Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits:

As of June 30, 2010 total guarantees and commitments consist of letters of guarantee amounting to TRY 2,940,024 (December 31, 2009 - TRY 2,678,395) acceptances amounting to TRY 70,168 (December 31, 2009 - TRY 39,205) and letters of credit amounting to TRY 692,440 (December 31, 2009 - TRY 503,408).

- b.2) Guarantees, suretyships, and similar transactions: The Bank has other guarantees and suretyships amounting to TRY 280,917 as of June 30, 2010 (December 31, 2009 - TRY 207,612).

- c) c.1) Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	212,270	206,485
With maturity of 1 year or less than 1 year	60,978	39,899
With maturity of more than 1 year	151,292	166,586
Other non-cash loans	3,771,279	3,222,135
Total	3,983,549	3,428,620

- c.2) Information on sectoral risk breakdown of non-cash loans:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	23,534	1.29	12,953	0.60	22,109	1.44	9,734	0.51
Farming and raising livestock	19,796	1.09	4,949	0.23	16,422	1.07	8,966	0.47
Forestry	3,491	0.19	8,004	0.37	5,180	0.34	768	0.04
Fishery	247	0.01	-	0.00	507	0.03	-	-
Manufacturing	986,240	54.07	1,150,097	53.26	830,539	54.19	961,807	50.73
Mining	51,650	2.83	19,270	0.89	43,566	2.85	24,103	1.27
Production	914,790	50.15	1,123,304	52.02	767,155	50.05	921,658	48.61
Electric, gas and water	19,800	1.09	7,523	0.35	19,818	1.29	16,046	0.85
Construction	397,601	21.80	290,783	13.47	328,665	21.44	267,409	14.10
Services	388,654	21.30	284,754	13.18	331,611	21.64	272,719	14.39
Wholesale and retail trade	134,575	7.38	31,599	1.46	99,329	6.48	22,991	1.21
Hotel, food and beverage services	10,367	0.57	5,680	0.26	7,139	0.47	3,209	0.17
Transportation and telecommunication	101,478	5.56	182,561	8.45	77,468	5.05	177,007	9.34
Financial institutions	40,344	2.21	29,797	1.38	39,790	2.60	17,756	0.94
Real estate and renting services	29,456	1.61	13,779	0.64	25,949	1.69	22,953	1.21
Self-employment services	48,064	2.63	4,961	0.23	47,328	3.09	10,290	0.54
Education services	337	0.02	627	0.03	564	0.04	579	0.03
Health and social services	24,033	1.32	15,750	0.73	34,044	2.22	17,934	0.95
Other	28,132	1.54	420,801	19.49	19,777	1.29	384,250	20.27
Total	1,824,161	100.00	2,159,388	100.00	1,532,701	100.00	1,895,919	100.00

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III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments (continued)

1. Information on off-balance sheet liabilities: (continued)

c.3) Information on I st and II nd Group non-cash loans:

Non-cash loans	I st Group		II nd Group	
	TRY	FC	TRY	FC
Letters of guarantee	1,599,169	1,280,409	21,051	39,395
Bank acceptances	128	70,040	-	-
Letters of credit	4,565	683,695	-	4,180
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	199,097	80,119	151	1,550
Total	1,802,959	2,114,263	21,202	45,125

The Bank provided a reserve of TRY 14,213 (December 31, 2009: TRY 10,617) for non-cash loans not yet indemnified amounting to TRY 24,943 (December 31, 2009: TRY 18,361).

2. Information related to 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):	11,201,850	6,190,071	-	-
Forward transactions	3,166,849	1,587,632	-	-
Swap transactions	2,953,250	1,826,664	-	-
Futures transactions	612,203	483,173	-	-
Option transactions	4,469,548	2,292,602	-	-
Interest related derivative transactions (II) :	552,562	339,655	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	416,562	303,000	-	-
Interest option transactions	136,000	36,655	-	-
Futures interest transactions	-	-	-	-
Marketable securities call-put options (III)	-	-	-	-
Other trading derivative transactions (IV)	-	-	-	-
A.Total trading derivative transactions (I+II+III+IV)	11,754,412	6,529,726	-	-
Types of hedging transactions				
Fair value hedges	-	-	640,823	761,499
Cash flow hedges	-	-	-	-
Net investment hedges	-	-	-	-
B.Total hedging related derivatives	-	-	640,823	761,499
Total Derivative Transactions (A+B)	11,754,412	6,529,726	640,823	761,499

Related to agreements of forward transactions and options; the information based on the type of forward and options transactions are disclosed separately, specified with related amounts, type of agreement, purpose of transaction, nature of risk, strategy of risk management, hedging relationship, possible effects on the Bank's financial position, timing of cash flows, reasons of unrealized transactions which previously projected to be realized, income and expenses that could not be linked to income statement in the current period because of the agreements:

Forward foreign exchange and swap transactions are based on protection from interest and currency fluctuations. According to TAS, they do not qualify as hedging instruments and are remeasured at fair value.

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2. Information related to derivative financial instruments: (continued)

As of July 1, 2008, the Bank has started to apply fair value hedge accounting in order to avoid the effects of interest rate changes in the market by matching TRY 640,823 (December 31, 2009: 761,499) of its swap portfolio with its loan portfolio.

As of June 30, 2010 and December 31, 2009, breakdown of the Bank's foreign currency forward and swap transactions based on currencies are disclosed below in their TRY equivalents:

	Forward Buy	Forward Sell	Swap Buy	Swap Sell	Option Buy	Option Sell	Futures Buy	Futures Sell
Current Period								
TRY	382,804	384,230	381,676	1,042,350	1,068,450	831,672	-	-
USD	677,603	724,394	160,582	556,296	648,927	657,333	294,689	-
EURO	448,467	272,174	991,995	157,230	583,321	680,093	-	-
OTHER	162,559	114,618	50,368	29,315	80,916	54,836	-	317,514
Total	1,671,433	1,495,416	1,584,621	1,785,191	2,381,614	2,223,934	294,689	317,514
Prior Period								
TRY	355,035	184,013	251,511	609,694	476,856	485,796	-	-
USD	150,296	425,389	251,233	317,579	324,390	322,206	234,791	-
EURO	274,995	147,342	466,787	91,600	245,423	230,800	-	-
OTHER	26,918	23,644	98,503	42,757	132,380	111,406	-	248,382
Total	807,244	780,388	1,068,034	1,061,630	1,179,049	1,150,208	234,791	248,382

As of June 30, 2010, the Bank has no cash flow hedges. (December 31, 2009: None.)

As of June 30, 2010, the Bank has no hedge of net investment in foreign operations. (December 31, 2009: None.)

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III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments (continued)

3. Explanations on contingent liabilities and assets:

- a.1) The Bank's share in contingent liabilities arising from entities under common control (joint ventures) together with other venturer: None.
- a.2) Share of entity under common control (joint ventures) in its own contingent liabilities: None.
- a.3) The Bank's contingent liabilities resulting from liabilities of other venturers in entities under common control (joint ventures): None.
- b) Accounting and presentation of contingent assets and liabilities in the financial statements:
 - b.1) Contingent assets are accounted for, if probability of realization is almost certain. If probability of realization is high, then it is explained in the footnotes. As of June 30, 2010 there are no contingent assets that need to be explained (December 31,2009 - None).
 - b.2) A provision is made for contingent liabilities, if realization is probable and the amount can be reliably determined. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes: As of June 30, 2010 there are no contingent liabilities that need to be explained (December 31,2009 - None).

4. Custodian and intermediary services:

The Bank provides trading and safe keeping services in the name and account of third parties, which are presented in the statement of contingencies and commitments.

Investment fund participation certificates held in custody which belong to the customers and the portfolio are accounted for with their nominal values. As of June 30, 2010 the total nominal value and the total number of certificates are TRY 1,290,517 and 129,051,725 thousand, respectively (December 31, 2009 – TRY 1,138,296 and 113,829,615 thousand) and the total fair value is TRY 6,446,463 (December 31, 2009 – TRY 5,627,043).

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III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments (continued)

5. Information on the Bank's rating by the international rating institutions (*):

The results of the ratings performed by Moody's Investor Services and Fitch Ratings are shown below:

Moody's Investor Services: January 2010

View	Stable
Bank Financial Strength	D+
Foreign Currency Deposits	Ba3/NP

Fitch Ratings: June 2010

Foreign Currency Commitments

Long term	BBB-
Short term	F3
View	Stable

Turkish Lira Commitments

Long term	BBB
Short term	F3
View	Stable
National	AAA (tur)
View	Stable

Individual Rating C/D

Support Points 2

(*) Ratings above are not performed based on the "Communiqué for Authorization and Activities of Rating Institutions" published by the Capital Markets Board.

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SECTION FIVE

IV. Explanations and Disclosures Related to the Statement of Income

1. a) Information on interest on loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on loans (*)				
Short term loans	293,487	36,552	428,591	57,043
Medium and long term loans	217,812	24,792	184,228	17,751
Interest on non-performing loans	6,131	-	2,688	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	517,430	61,344	615,507	74,794

(*) Includes fees and commissions obtained from cash loans amounting to TRY 22,495 (June 30, 2009: TRY 19,329).

b) Information on interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	-	-	10
Domestic banks	911	41	1,147	32
Foreign banks	1,771	796	2,959	4,641
Branches and head office abroad	-	-	-	-
Total	2,682	837	4,106	4,683

c) Interest received from marketable securities portfolio:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Trading securities	7,086	405	4,916	307
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	90,412	2,498	74,317	5,029
Held-to-maturity securities	32,808	-	63,742	-
Total	130,306	2,903	142,975	5,336

d) Information on interest income received from associates and subsidiaries:

	Current Period	Prior Period
Interest received from associates and subsidiaries	1,318	474

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IV. Explanations and Disclosures Related to the Statement of Income (continued)

2. a) Information on interest on funds borrowed (*):

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
The Central Bank of Turkey	-	-	-	-
Domestic banks	1,758	1,300	4,412	2,203
Foreign banks	37,720	6,022	84,035	9,007
Branches and head office abroad	-	-	-	-
Other financial institutions	-	15,514	-	17,506
Total	39,478	22,836	88,447	28,716

(*) Includes fees and commission expenses of cash loans amounting to TRY 2,424 (June 30, 2009 : TRY 1,794).

b) Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interest expenses to associates and subsidiaries	214	796

c) Information on interest expenses to marketable securities issued: None (June 30, 2009 – None).

d) Distribution of interest expenses on deposits based on maturity of deposits:

Account Name	Time Deposits						Accumulated Deposits	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
Turkish Lira								
Bank deposits	-	3,043	66	-	22	20	-	3,151
Saving deposits	-	35,382	94,226	3,239	4,274	26	385	137,532
Public sector deposits	-	70	92	1	8	-	-	171
Commercial deposits	119	31,003	27,380	283	765	-	-	59,550
Other deposits	-	1,284	5,634	2,214	11	2	-	9,145
7 days call accounts	-	-	-	-	-	-	-	-
Total	119	70,782	127,398	5,737	5,080	48	385	209,549
Foreign Currency								
Foreign currency deposits	9	11,068	17,221	338	457	17	14	29,124
Bank deposits	6	61	51	27	-	-	-	145
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	126	36	18	8	3	-	-	191
Total	141	11,165	17,290	373	460	17	14	29,460
Grand Total	260	81,947	144,688	6,110	5,540	65	399	239,009

3. Information on dividend income:

	Current Period	Prior Period
Trading Securities	-	-
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	3	7
Other	14,453	11,962
Total	14,456	11,969

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IV. Explanations and Disclosures Related to the Statement of Income (continued)

4. Information on net trading income:

	Current Period	Prior Period
Income	1,190,648	1,479,969
Gains on capital market operations	27,510	53,687
Gains on derivative financial instruments (**)	290,297	320,213
Foreign exchange gains(*)	872,841	1,106,069
Losses (-)	1,188,456	1,431,637
Losses on capital market operations	7,631	7,195
Losses on derivative financial instruments (**)	455,024	400,544
Foreign exchange losses(*)	725,801	1,023,898

(*) As of June 30, 2010, the foreign exchange gains on the foreign currency indexed loans are TRY 30,321 (June 30, 2009 - TRY 30,037). As of June 30, 2010 the foreign exchange losses on the foreign currency indexed loans are TRY 28,545 (June 30, 2009 – TRY 15,473).

(**) Gains on hedging transactions are TRY 19,137 (June 30, 2009 – TRY 9,416), while losses on hedging transactions are TRY 41,050 (June 30, 2009 – TRY 55,618).

5. Information on other operating income:

The information on the factors affecting the Bank's income including new developments, and the explanation on nature and amount of income earned from such items:None

6. Provision expenses of banks for loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	57,766	97,335
III. Group Loans and Receivables	(5,975)	1,891
IV. Group Loans and Receivables	(6,976)	18,990
V. Group Loans and Receivables	70,717	76,454
General provision expenses	6,673	(15,194)
Provision expenses for possible losses	-	-
Marketable securities impairment losses	4,589	621
Financial assets at fair value through profit and loss	33	26
Investment securities available for sale	4,556	595
Impairment provision expense	1,603	1,570
Associates	-	-
Subsidiaries	-	-
Entities under common control (Joint Vent.)	-	-
Investments held to maturity	1,603	1,570
Other	-	-
Total	70,631	84,332

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IV. Explanations and Disclosures Related to the Statement of Income (continued)

7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	173,583	172,550
Reserve for employee termination benefits	3,538	3,452
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	23,004	23,137
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	3,286	2,998
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	1,226	-
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	123,937	117,395
Rent expenses	37,886	37,530
Maintenance expenses	2,798	2,595
Advertisement expenses	12,643	11,733
Other expenses	70,610	65,537
Loss on sales of assets	22	39
Other (*)	37,100	24,758
Total	365,696	344,329

(*) Included in other, premiums paid to the Saving Deposit Insurance Fund is TRY 5,367 (June 30, 2009 – TRY 5,117) and taxes other than on income is TRY 20,248 (June 30, 2009 – TRY 10,452).

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

Profit before tax of the Bank consists of net interest income and net fees and commission income amounting to TRY 384,284 (June 30, 2009 - TRY 399,584) and TRY 123,041 (June 30, 2009 - TRY 120,090), respectively; while operating expenses are TRY 365,696 (June 30, 2009 - TRY 344,329).

9. Information on tax provision for continued and discontinued operations:

- As of June 30, 2010, current tax charge is TRY 24,808 (June 30, 2009 – 15,493), and deferred tax benefit is TRY 2,268 (June 30, 2009 – TRY 12,742 deferred tax charge).
- Deferred tax benefit on temporary differences is TRY 2,268 (June 30, 2009 – TRY 12,742 deferred tax charge).

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IV. Explanations and Disclosures Related to the Statement of Income (continued)

9. Information on tax provision: (continued)

c) Tax reconciliation:

	Current Period	Prior Period
Profit before tax	117,323	168,040
Additions	10,582	14,381
Disallowables	3,504	13,335
General loan loss provision	6,857	-
Other	221	1,046
Deductions	(15,207)	(41,244)
Dividend income	(14,330)	(11,921)
General loan loss provision	-	(14,037)
Provision for possible tax disputes	-	(14,711)
Other	(877)	(575)
Taxable Profit / (Loss)	112,698	141,177
Corporate tax rate	%20	%20
Tax calculated	22,540	28,235

As of June 30, 2010, current tax charge is 24,808 (June 30, 2009 – 15,493) and deferred tax benefit on temporary differences is TRY 2,268 (June 30, 2009 – TRY 12,742 deferred tax charge). Net tax charge recognized in the financial statements is TRY 22,540 (June 30, 2009 – TRY 28,235 tax charge).

10. Information on net profit/(loss) from continued and discontinued operations:

The Bank's net profit for the period ended June 30, 2010 is TRY 94,783 (June 30, 2009: TRY 139,805).

11. The explanations on net income / loss for the period:

- The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period: None (June 30, 2009 – None).
- Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (June 30, 2009 – None).
- Profit or loss attributable to minority shares: None (June 30, 2009 – None).

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IV. Explanations and Disclosures Related to the Statement of Income (continued)

12. If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items:

	Current Period	Prior Period
<u>Other fees and commissions received</u>		
Credit cards commissions and fees	88,610	89,382
Import letters of credit commissions	1,899	2,344
Inquiry and company search fees and commissions	10,795	6,753
Fund management commissions	13,905	14,478
Settlement expense provision, eft, swift, agency commissions	5,642	4,901
Insurance commissions	7,245	4,453
Transfer commissions	3,632	3,105
Commissions and fees earned from correspondent banks	3,907	3,144
Other	32,724	28,917
Total	168,359	157,477
<u>Other fees and commissions given</u>		
Credit cards commissions and fees	53,824	47,005
Commissions and fees paid to correspondent banks	1,290	1,011
Settlement and swift commissions	2,089	1,485
Other	8,116	5,591
Total	65,319	55,092

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V. Explanations on the Risk Group of the Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

a) Current Period:

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	557	7,198	15,688	46,004	57,190	86,909
Balance at end of period	438	9,776	45,516	6,691	60,921	68,158
Interest and commission income	1,318	151	1,262	7	2,360	286

Included in the balances above, the Bank has placements in foreign bank accounts amounting to TRY 88 from subsidiaries and associates, TRY 43,780 under direct and indirect corporate and real person shareholders and TRY 13,120 from other entities included in the risk group.

b) Prior Period:

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect Shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	6,285	3,771	82,234	14,059	66,936	6,794
Balance at end of period	557	7,198	15,688	46,004	57,190	86,909
Interest and commission income received	474	127	4,858	1	1,402	75

Included in the balances above, the Bank has placements in foreign bank accounts amounting to TRY 57 from subsidiaries and associates, TRY 14,085 under direct and indirect corporate and real person shareholders and TRY 6,028 from other entities included in the risk group.

c.1) Information on related party deposits balances:

Related parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current period	Prior period	Current period	Prior period
Deposits						
Balance at beginning of period	18,591	22,816	282,015	189,247	127,883	272,485
Balance at end of period	11,013	18,591	378,496	282,015	135,924	127,883
Interest on deposits	214	796	11,806	25,230	1,613	4,512

c.2) Information on forward and option agreements and other similar agreements made with related parties:

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current period	Prior period	Current period	Prior Period
Financial Assets at Fair Value Through Profit and Loss						
Beginning of period	32,150	141,755	1,508,190	2,401,449	746,942	419,698
End of period	15,624	32,150	3,950,085	1,508,190	820,587	746,942
Total income/loss	(614)	1,199	(36,389)	13,883	10,840	(31,252)
Hedging transactions purposes						
Beginning of period	-	-	306,331	322,681	-	-
End of period	-	-	201,404	306,331	-	-
Total income/loss	-	-	(8,905)	(4,448)	-	-

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V. Explanations on the Risk Group of the Bank (continued)

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances: (continued)

- d) As of June 30, 2010, the total amount of remuneration and benefits provided to the senior management of the Bank is TRY 8,053 (June 30, 2009 – TRY 7,224).

2. Disclosures for related parties:

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

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

- 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	49,887	0.48
Non-cash loans	84,625	2.12
Deposits	525,433	5.39
Derivative financial instruments	4,786,296	40.72
Derivative financial instruments for hedging purposes	201,404	31.43

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

- c) Except for cases whereby separate disclosure is necessary, the total of similar items in order to present the total impact on the financial statements: Explained in b).
- d) Transactions accounted for under the equity method: None.
- e) Disclosures related to purchase and sale of real estate and other assets, services given /received, agency contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (including supports in the form of loans, capital in cash and capital in kind), guarantees, and management contracts:

The Bank enters into leasing agreements with TEB Finansal Kiralama A.Ş. As of June 30, 2010 the total leasing obligations related to these agreements amounted to TRY 20. Additionally, the Bank provides agency services for TEB Yatırım Menkul Değerler A.Ş. via its branches.

Within the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these to the Bank's total cash and non-cash loan portfolio is 0.93%. Details of these loans are explained in the Section Five, Note V- 1a.

As of June 30, 2010 the Bank has no purchases and sale of real estate and other assets, transfer of information as a result of research and development and management contracts with the related parties.

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SECTION SIX

INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT

I. Explanations on the Independent Accountants' Limited Review Report

The unconsolidated interim financial statements of the Bank have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu) and the independent accountants' limited review report dated August 13, 2010 is presented preceding the financial statements.

II. Footnotes and Explanations Prepared by Independent Accountants

None.