

**TÜRK EKONOMİ BANKASI
ANONİM ŞİRKETİ
AND ITS FINANCIAL SUBSIDIARIES**

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

*Translated into English
from the Original Turkish Report*

To the Board of Directors of
Türk Ekonomi Bankasi A.S.
Istanbul

**TÜRK EKONOMI BANKASI ANONİM ŞİRKETİ
AND ITS FINANCIAL SUBSIDIARIES**

**INDEPENDENT ACCOUNTANTS' LIMITED REVIEW REPORT
FOR THE PERIOD JANUARY 1, 2008 – JUNE 30, 2008**

We have reviewed the accompanying consolidated balance sheet of Türk Ekonomi Bankasi A.S. and its financial subsidiaries ("the Group") as at June 30, 2008, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the period then ended. These financial statements are the responsibility of the Group's management. As independent accountants our responsibility is to issue a report based on the review performed on these consolidated financial statements.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position, the results of its operations and its cash flows, of the Group for the period ended June 30, 2008 in accordance with the prevailing accounting principles and standards set out as per the Article No37 and 38 of the Banking Act No: 5411, and other regulations, communiques and circulars in respect of accounting and financial reporting and pronouncements made by Banking Regulation and Supervision Agency.

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 Group'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 BAGIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU**

Hasan Kiliç
Partner

Istanbul, July 31, 2008

**THE CONSOLIDATED FINANCIAL REPORT OF TÜRK EKONOMI BANKASI A.S.
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2008**

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The consolidated financial report designed for the six months 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 PARENT BANK
- CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE PARENT BANK
- INFORMATION ON FINANCIAL STRUCTURE OF THE GROUP WHICH IS UNDER CONSOLIDATION
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- LIMITED REVIEW REPORT

The subsidiaries, associates and jointly controlled entities, financial statements of which are consolidated within the framework of the reporting package are as follows:

Subsidiaries

1. The Economy Bank N.V.
2. Stichting Custody Services TEB
3. Kronenburg Vastgoed B.V.
4. TEB Finansal Kiralama A.S.
5. TEB Yatirim Menkul Degerler A.S.
6. TEB Factoring A.S.
7. TEB Portföy Yönetimi A.S.

The consolidated financial statements and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in **thousands of New 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.

July 31, 2008

Yavuz Canevi	Patrick Rene Pitton	Dr. Akin Akbaygil	Varol Civil	M. Askin Dolastir	B. Ilgaz Dogan
President of the Board of Directors	Head of Audit Committee	Vice Chairman of the Audit Committee	General Manager	Assistant General Manager Responsible of Financial Reporting	Manager Responsible of Financial Reporting

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

Name-Surname / Title: Çigdem Basaran / Investor Relations Director

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TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

I. The Parent Bank's Incorporation Date, Beginning Statue, Changes in the Existing Statue

Türk Ekonomi Bankasi Anonim Sirketi ("the Bank"), which had been a local bank incorporated in Kocaeli in 1927 under the name of Kocaeli Halk Bankasi T.A.S., was acquired by the Çolakoglu Group in 1982. Its title was changed as Türk Ekonomi Bankasi A.S. and its headquarters moved to Istanbul.

II. Explanations Regarding Parent Bank's Shareholding Structure, Shareholders Holding Directly or Indirectly, Collectively or Individually, the Managing and Controlling Power and Changes in Current Year, if any and Explanations on the Controlling Group of the Parent Bank

As of June 30, 2008 and December 31, 2007 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 Yatirimlar A.S.	636,119	84.25	636,119	84.25
Publicly Traded	118,018	15.63	118,018	15.63
Other Shareholders	863	0.12	863	0.12
	755,000	100.00	755,000	100.00

As of June 30, 2008 Parent Bank's paid-in-capital consists of 755,000,000 shares of TRY 1.00 (full TRY) nominal each.

As of January 30, 2008, the main shareholder TEB Mali Yatirimlar A.S of the Parent Bank has placed TRY 155,000 to the Parent Bank. The facility matches the definition of the subordinated loan in the article 8, clause 11 of the Communiqué on Equity of Banks. Since this has been obtained for the capital increase as committed by this shareholder and the Banking Regulation and Supervision Agency approved by its letter dated February 11, 2008, it has been accounted for as secondary subordinated loan. The said amount will be incorporated to the paid in capital after the capital increase procedures are completed.

At the meeting of the Parent Bank's General Assembly held on March 26, 2008, it has been resolved to increase the registered capital ceiling of the Parent Bank from TRY 900,000 to TRY 1,400,000. The increase was registered with the Trade Registry Office on March 27, 2008 and published in the Turkish Trade Registry Gazette numbered 7032 on April 1, 2008.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2008
(Amounts expressed in thousands of New 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 Their Shares in the Parent Bank

<u>Title</u>	<u>Name</u>
Chairman of the Board of Directors	: Yavuz Canevi
Members of the Board of Directors	: Dr.Akin Akbaygil (Vice Chairman of Audit Committee) (*) Patrick Rene Pitton (Head of Audit Committee) Jean-Jacques Marie Santini Metin Togay Michel Roger Chevalier Refael Taranto Varol Civil (General Manager) Musa Erden(*)
Chairman of Inspection Committee	: Hakan Tirasin
Assistant General Managers	: Mustafa Askin Dolastir (**) Izzet Cemal Kismir Levent Çelebioglu Nilsen Altintas Nuri Tuncali Saniye Telci Turgut Boz Turgut Güney Ümit Leblebici Ünsal Aysun Ömer Yenidogan Melis Cosan Baban (***)
Statutory Auditors	: Ayse Asardag Cihat Madanoglu

(*) At the General Assembly of the Parent Bank held on March 26, 2008, it has been resolved that Ismail Yanik would leave from his position as member of the Board of Directors and the Vice Chairman of the Audit Committee. For these positions, Musa Erden and Dr. Akin Akbaygil have been appointed, respectively.

(**) Mustafa Askin Dolastir has been vicariously appointed as the Assistant General Manager responsible from Financial Reporting on March 10, 2008.

(***) Melis Cosan Baban has been appointed as the Assistant General Manager responsible from Legal Affairs on February 4, 2008.

Shares of the Parent 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 in the Parent Bank:

Name / Commercial Name	Share Amount	Share Ratio	Paid up Shares	Unpaid Shares
TEB Mali Yatirimlar A.S.	636,119	%84.25	636,119	-

The directly or indirectly authorized group that have the qualified shares in the Parent Bank's capital is TEB Mali Yatirimlar A.S. 50% of the shares of TEB Mali Yatirimlar A.S. is controlled by BNP Paribas.

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

The Parent Bank's operating areas include corporate, retail and private banking, project financing, fund management and custody operations. Besides the ordinary banking operations, the Parent Bank is handling agency functions through its branches on behalf of TEB Sigorta A.S. and TEB Yatirim Menkul Degerler A.S. As of June 30, 2008 the Parent Bank has 295 local branches and 4 foreign branches (December 31, 2007 - 269 local branches, 4 foreign branches).

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

I- CONSOLIDATED BALANCE SHEET – ASSETS

	Note Ref.	Reviewed Current Period 30.06.2008			Audited Prior Period 31.12.2007		
		TRY	FC	Total	TRY	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	658,048	1,317,580	1,975,628	575,459	1,366,222	1,941,681
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	52,864	22,001	74,865	207,442	37,140	244,582
2.1 Trading financial assets		16,852	12,469	29,321	168,179	31,370	199,549
2.1.1 Public sector debt securities		16,281	12,031	28,312	168,179	30,707	198,886
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Other marketable securities		571	438	1,009	-	663	663
2.2 Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Other marketable securities		-	-	-	-	-	-
2.3 Derivative financial assets held for trading		36,012	9,532	45,544	39,263	5,770	45,033
III. BANKS	(3)	35,423	1,090,125	1,125,548	61,976	746,225	808,201
IV. MONEY MARKET PLACEMENTS		1,871	-	1,871	199,585	-	199,585
4.1 Interbank money market placements		-	-	-	190,083	-	190,083
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		1,871	-	1,871	9,502	-	9,502
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	1,471,704	125,075	1,596,779	1,431,817	189,452	1,621,269
5.1 Share certificates		9	61	70	9	54	63
5.2 Public sector debt securities		1,466,363	120,096	1,586,459	1,426,796	187,378	1,614,174
5.3 Other marketable securities		5,332	4,918	10,250	5,012	2,020	7,032
VI. LOANS	(5)	6,426,634	2,952,138	9,378,772	5,316,319	2,321,366	7,637,685
6.1 Loans		6,356,420	2,951,335	9,307,755	5,268,018	2,321,366	7,589,384
6.1.1 Loans to the Risk Group of the Bank		44,197	51,798	95,995	2,633	22,827	25,460
6.1.2 Other		6,312,223	2,899,537	9,211,760	5,265,385	2,298,539	7,563,924
6.2 Non-performing loans		168,524	3,211	171,735	121,508	-	121,508
6.3 Specific provisions (-)		(98,310)	(2,408)	(100,718)	(73,207)	-	(73,207)
VII. FACTORING RECEIVABLES	(18)	391,470	93,908	485,378	343,349	134,280	477,629
VIII. HELD TO MATURITY INVESTMENTS (Net)	(6)	1,617	2,995	4,612	1,626	6,114	7,740
8.1 Public sector debt securities		1,617	2,995	4,612	1,626	6,114	7,740
8.2 Other marketable securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	12	-	12	12	-	12
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		12	-	12	12	-	12
9.2.1 Financial investments		12	-	12	12	-	12
9.2.2 Non-financial investments		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	-	-	-	-	-	-
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
XI. ENTITIES UNDER COMMON CONTROL (Net)	(9)	-	-	-	-	-	-
11.1 Consolidated under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	(10)	89,890	436,487	526,377	77,175	327,739	404,914
12.1 Finance lease receivables		117,276	503,684	620,960	99,399	371,699	471,098
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		(27,386)	(67,197)	(94,583)	(22,224)	(43,960)	(66,184)
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
13.1 Fair value hedge		-	-	-	-	-	-
13.2 Cash flow hedge		-	-	-	-	-	-
13.3 Hedge of net investment risks in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(12)	169,696	7,293	176,989	183,625	6,601	190,226
XV. INTANGIBLE ASSETS (Net)	(13)	9,443	181	9,624	8,735	167	8,902
15.1 Goodwill		1,205	-	1,205	1,205	-	1,205
15.2 Other		8,238	181	8,419	7,530	167	7,697
XVI. INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
XVII. TAX ASSET	(15)	28,769	13	28,782	46,272	-	46,272
16.1 Current tax asset		24	13	37	-	-	-
16.2 Deferred tax asset		28,745	-	28,745	46,272	-	46,272
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(16)	-	-	-	-	-	-
18.1 Held for sale		-	-	-	-	-	-
18.2 Discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(17)	401,838	26,636	428,474	315,262	42,184	357,446
TOTAL ASSETS		9,739,279	6,074,432	15,813,711	8,768,654	5,177,490	13,946,144

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

I- CONSOLIDATED BALANCE SHEET – LIABILITIES AND EQUITY

	Note Ref.	Reviewed Current Period 30.06.2008			Audited Prior Period 31.12.2007		
		TRY	FC	Total	TRY	FC	Total
I. DEPOSITS	(1)	5,249,177	5,226,996	10,476,173	3,702,201	4,481,979	8,184,180
1.1 Deposits from the Risk Group of the Bank		130,304	1,254,364	1,384,668	66,144	1,205,284	1,271,428
1.2 Other		5,118,873	3,972,632	9,091,505	3,636,057	3,276,695	6,912,752
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	141,868	13,199	155,067	256,801	5,714	262,515
III. FUNDS BORROWED	(3)	912,764	1,479,482	2,392,246	751,206	1,619,798	2,371,004
IV. MONEY MARKET BALANCES		44,585	-	44,585	916,914	5,005	921,919
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		22,281	-	22,281	12,583	-	12,583
4.3 Funds provided under repurchase agreements		22,304	-	22,304	904,331	5,005	909,336
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		227,716	27,769	255,485	175,148	26,963	202,111
VIII. OTHER LIABILITIES	(4)	550,424	1,639	552,063	340,171	742	340,913
IX. FACTORING PAYABLES		96,074	3,041	99,115	111,850	57,755	169,605
X. FINANCE LEASE PAYABLES (Net)	(5)	-	-	-	-	-	-
10.1 Finance lease payables		-	-	-	-	-	-
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(6)	-	-	-	-	-	-
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	(7)	114,030	17,290	131,320	64,722	13,553	78,275
12.1 General loan loss provisions		60,445	17,290	77,735	43,074	13,553	56,627
12.2 Restructuring provisions		-	-	-	-	-	-
12.3 Reserve for employee benefits		12,376	-	12,376	11,187	-	11,187
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		41,209	-	41,209	10,461	-	10,461
XIII. TAX LIABILITY	(8)	39,868	-	39,868	45,980	653	46,633
13.1 Current tax liability		39,868	-	39,868	45,968	653	46,621
13.2 Deferred tax liability		-	-	-	12	-	12
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)	155,000	420,667	575,667	-	387,880	387,880
XVI. SHAREHOLDERS' EQUITY	(11)	1,012,561	79,561	1,092,122	911,589	69,520	981,109
16.1 Paid-in capital		755,000	-	755,000	755,000	-	755,000
16.2 Supplementary capital		(17,788)	(4,605)	(22,393)	4,585	545	5,130
16.2.1 Share premium		1,805	-	1,805	1,805	-	1,805
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		(20,519)	(4,605)	(25,124)	1,854	545	2,399
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 discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		926	-	926	926	-	926
16.3 Profit reserves		158,565	77,977	236,542	18,411	55,498	73,909
16.3.1 Legal reserves		46,693	-	46,693	36,423	-	36,423
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		120,083	77,822	197,905	5,070	56,035	61,105
16.3.4 Other profit reserves		(8,211)	155	(8,056)	(23,082)	(537)	(23,619)
16.4 Profit or loss		116,784	6,189	122,973	133,593	13,477	147,070
16.4.1 Prior years' income/ (losses)		-	-	-	-	-	-
16.4.2 Current year income/ (loss)		116,784	6,189	122,973	133,593	13,477	147,070
16.5 Minority shares	(12)	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		8,544,067	7,269,644	15,813,711	7,276,582	6,669,562	13,946,144

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND
COMMITMENTS AS OF JUNE 30, 2008

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

II. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note Ref.	Reviewed Current Period 30.06.2008			Audited Prior Period 31.12.2007		
		TRY	FC	TOTAL	TRY	FC	TOTAL
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		6,754,821	8,135,868	14,890,689	7,143,664	5,573,805	12,717,469
I. GUARANTEES	(1), (3)	1,483,807	2,773,231	4,257,038	1,328,524	1,970,853	3,299,377
1.1 Letters of guarantee		1,337,299	1,222,109	2,559,408	1,248,728	930,186	2,178,914
1.1.1 Guarantees subject to State Tender Law		59,909	231,801	291,710	52,073	151,982	204,055
1.1.2 Guarantees given for foreign trade operations		129,397	73,326	202,723	134,331	30,671	165,002
1.1.3 Other letters of guarantee		1,147,993	916,982	2,064,975	1,062,324	747,533	1,809,857
1.2 Bank loans		-	65,034	65,034	-	64,002	64,002
1.2.1 Import letter of acceptance		-	60,651	60,651	-	60,117	60,117
1.2.2 Other bank acceptances		-	4,383	4,383	-	3,885	3,885
1.3 Letters of credit		133	1,366,227	1,366,360	156	856,225	856,381
1.3.1 Documentary letters of credit		133	1,193,238	1,193,371	156	759,493	759,649
1.3.2 Other letters of credit		-	172,989	172,989	-	96,732	96,732
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		145,423	85,230	230,653	74,968	72,696	147,664
1.9 Other collaterals		952	34,631	35,583	4,672	47,744	52,416
II. COMMITMENTS	(1), (3)	2,503,009	669,416	3,172,425	3,427,065	483,228	3,910,293
2.1 Irrevocable commitments		2,503,009	669,416	3,172,425	1,597,724	474,461	2,072,185
2.1.1 Forward asset purchase commitments		3,788	654,505	658,293	127,401	473,622	601,023
2.1.2 Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3 Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4 Loan granting commitments		814,550	-	814,550	178,808	-	178,808
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks		569,479	-	569,479	456,009	-	456,009
2.1.8 Tax and fund liabilities from export commitments		14,816	-	14,816	10,887	-	10,887
2.1.9 Commitments for credit card expenditure limits		1,045,566	995	1,046,561	821,870	839	822,709
2.1.10 Commitments for promotions related with credit cards and banking activities		3,146	-	3,146	2,525	-	2,525
2.1.11 Receivables from short sale commitments		-	-	-	-	-	-
2.1.12 Payables for short sale commitments		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		51,664	13,916	65,580	224	224	224
2.2 Revocable commitments		-	-	-	1,829,341	8,767	1,838,108
2.2.1 Revocable loan granting commitments		-	-	-	-	8,767	1,838,108
2.2.2 Other revocable commitments		-	-	-	1,829,341	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	2,768,005	4,693,221	7,461,226	2,388,075	3,119,724	5,507,799
3.1 Derivative financial instruments for hedging purposes		-	-	-	-	-	-
3.1.1 Fair value hedge		-	-	-	-	-	-
3.1.2 Cash flow hedge		-	-	-	-	-	-
3.1.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2 Held for trading transactions		2,768,005	4,693,221	7,461,226	2,388,075	3,119,724	5,507,799
3.2.1 Forward foreign currency buy/sell transactions		859,853	1,653,682	2,513,535	845,781	1,177,620	2,023,401
3.2.1.1 Forward foreign currency transactions-buy		426,958	831,077	1,258,035	389,552	624,658	1,014,210
3.2.1.2 Forward foreign currency transactions-sell		432,895	822,605	1,255,500	456,229	552,962	1,009,191
3.2.2 Swap transactions related to f.c. and interest rates		1,300,609	1,874,465	3,175,074	1,115,524	1,194,396	2,309,920
3.2.2.1 Foreign currency swap-buy		367,877	1,104,284	1,472,161	45,387	1,007,144	1,052,531
3.2.2.2 Foreign currency swap-sell		801,720	763,923	1,565,643	1,061,169	181,538	1,242,707
3.2.2.3 Interest rate swaps-buy		68,088	2,779	70,867	5,338	2,874	8,212
3.2.2.4 Interest rate swaps-sell		62,924	3,479	66,403	3,630	2,840	6,470
3.2.3 Foreign currency, interest rate and securities options		607,543	644,192	1,251,735	426,713	384,614	811,327
3.2.3.1 Foreign currency options-buy		363,744	244,631	608,375	212,950	189,025	401,975
3.2.3.2 Foreign currency options-sell		241,799	382,245	624,044	205,775	195,589	401,364
3.2.3.3 Interest rate options-buy		-	-	-	-	-	-
3.2.3.4 Interest rate options-sell		-	-	-	-	-	-
3.2.3.5 Securities options-buy		1,000	17,316	18,316	3,994	-	3,994
3.2.3.6 Securities options-sell		1,000	-	1,000	3,994	-	3,994
3.2.4 Foreign currency futures		-	258,608	258,608	57	144,611	144,668
3.2.4.1 Foreign currency futures-buy		-	233,014	233,014	2	144,609	144,611
3.2.4.2 Foreign currency futures-sell		-	25,594	25,594	55	2	57
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		-	262,274	262,274	-	218,483	218,483
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		66,688,430	6,782,993	73,471,423	40,504,173	5,657,567	46,161,740
IV. ITEMS HELD IN CUSTODY		53,832,270	690,927	54,523,197	30,169,884	588,150	30,758,034
4.1 Assets under management		298,392	-	298,392	269,227	-	269,227
4.2 Investment securities held in custody		49,834,578	146,459	49,981,037	26,482,639	137,745	26,620,384
4.3 Checks received for collection		3,573,813	387,960	3,961,773	2,981,304	250,953	3,232,257
4.4 Commercial notes received for collection		125,388	78,071	203,459	436,615	146,582	583,197
4.5 Other assets received for collection		-	78,437	78,437	-	52,870	52,870
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		99	-	99	99	-	99
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		12,851,483	6,091,217	18,942,700	10,332,796	5,068,697	15,401,493
5.1 Marketable securities		155,760	9,422	165,182	151,726	11,211	162,937
5.2 Guarantees notes		6,649,046	4,443,454	11,092,500	5,208,626	3,743,050	8,951,676
5.3 Commodity		7,132	189,440	196,572	7,781	68,835	76,616
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		4,830,570	965,241	5,795,811	3,881,832	852,104	4,733,936
5.6 Other pledged items		1,208,975	483,660	1,692,635	1,082,831	393,497	1,476,328
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		4,677	849	5,526	1,493	720	2,213
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		73,443,251	14,918,861	88,362,112	47,647,837	11,231,372	58,879,209

The accompanying notes are an integral of these financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD FROM
JANUARY 1 TO JUNE 30, 2008

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

III. CONSOLIDATED STATEMENT OF INCOME

		Reviewed Current Period 01.01- 30.06.2008	Reviewed Prior Period 01.01- 30.06.2007	Reviewed Current Period 01.04- 30.06.2008	Reviewed Prior Period 01.04- 30.06.2007
		Total	Total	Total	Total
I	INTEREST INCOME	(1) 984,623	751,355	489,675	390,337
1.1	Interest on loans	695,897	509,481	355,722	269,396
1.2	Interest received from reserve deposits	20,078	15,871	10,417	8,181
1.3	Interest received from banks	31,830	39,008	16,971	18,492
1.4	Interest received from money market placements	30,732	11,109	19,034	7,956
1.5	Interest received from marketable securities portfolio	149,290	135,064	58,225	65,334
1.5.1	Held-for-trading financial assets	20,658	9,126	5,845	4,377
1.5.2	Financial assets at fair value through profit and loss	-	-	-	-
1.5.3	Available-for-sale financial assets	128,391	125,534	52,263	60,759
1.5.4	Investments held-to-maturity	241	404	117	198
1.6	Finance lease Income	28,308	17,517	14,202	8,595
1.7	Other interest income	28,488	23,305	15,104	12,383
II	INTEREST EXPENSE	(2) 593,620	474,553	308,234	246,609
2.1	Interest on deposits	406,148	323,563	210,165	165,189
2.2	Interest on funds borrowed	146,202	80,436	80,631	44,400
2.3	Interest on money market borrowings	39,491	69,793	17,357	36,905
2.4	Interest on securities issued	-	-	-	-
2.5	Other interest expense	1,779	761	81	115
III	NET INTEREST INCOME (I - II)	391,003	276,802	181,441	143,728
IV	NET FEES AND COMMISSIONS INCOME/EXPENSE	114,531	76,632	59,986	39,565
4.1	Fees and commissions received	160,702	101,580	86,272	54,396
4.1.1	Non-cash loans	20,893	17,826	10,742	9,309
4.1.2	Other	139,809	83,754	75,530	45,087
4.2	Fees and commissions paid	46,171	24,948	26,286	14,831
4.2.1	Non-cash loans	224	81	134	52
4.2.2	Other	45,947	24,867	26,152	14,779
V	DIVIDEND INCOME	(3) 7	5	7	5
VI	NET TRADING INCOME	(4) 15,335	(16,826)	30,890	(9,074)
6.1	Securities trading gains/ (losses)	16,000	(32,484)	(24,652)	(25,388)
6.2	Foreign exchange gains/ (losses)	(665)	15,658	55,542	16,314
VII	OTHER OPERATING INCOME	(5) 64,725	15,670	10,453	7,604
VIII	NET OPERATING INCOME (III+IV+V+VI+VII)	585,601	352,283	282,777	181,828
IX	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6) 49,566	21,019	12,799	8,898
X	OTHER OPERATING EXPENSES (-)	(7) 384,165	236,491	188,732	130,656
XI	NET OPERATING INCOME/(LOSS) (VIII-IX-X)	151,870	94,773	81,246	42,274
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) 151,870	94,773	81,246	42,274
XVI	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9) (28,897)	(20,912)	(16,952)	(9,342)
16.1	Provision for current income taxes	(4,583)	(42,807)	(2,707)	(23,226)
16.2	Provision for deferred taxes	(24,314)	21,895	(14,245)	13,884
XVII	NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	122,973	73,861	64,294	32,932
XVIII	INCOME ON DISCONTINUED OPERATIONS	-	-	-	-
18.1	Income on assets held for sale	-	-	-	-
18.2	Income on sale of associates, subsidiaries and jointly controlled entities (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)	-	-	-	-
XXI	TAXES (XVIII-XIX)	(8) (28,897)	(20,912)	(16,952)	(9,342)
21.1	Provision for current income taxes	-	-	-	-
21.2	Provision for deferred taxes	-	-	-	-
XXII	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)	(10) (28,897)	(20,912)	(16,952)	(9,342)
XXIII	NET PROFIT/LOSS (XVII+XXII)	(11) 122,973	73,861	64,294	32,932
23.1	Group's profit/loss	122,973	73,861	64,294	32,932
23.2	Minority shares	-	-	-	-
	Earnings per share	0.1629	0.7386	0.0852	0.3293

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF PROFIT LOSS ACCOUNTED FOR UNDER EQUITY
FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2008
(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

IV. CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY

		Reviewed Current Pe riod 01.01-30.06.2008	Reviewed Prior Period 01.01-30.06.2007
I.	Additions to marketable securities revaluation differences for available for sale financial assets	(35,194)	12,685
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 corrections of errors and changes in accounting policies	-	-
VIII.	Other profit loss items accounted under equity due to TAS	-	-
IX.	Deferred tax of valuation differences	6,799	(1,809)
X.	Total Net Profit/Loss accounted under equity (I+II+...+IX)	(28,395)	10,876
XI.	Profit/Loss	872	(3,637)
1.1	Change in fair value of marketable securities (Transfer to Profit/Loss)	872	(3,637)
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)	(27,523)	7,239

The accompanying notes are an integral part of these financial statements

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2007

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

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

		Reviewed														Acc. valuation diff. from assets held for sale and from disc. op.		Total Equity Before Minority Shares		Total Equity		
		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		Minority Shares	Minority Shares	Total Equity		
I	Prior Period – 01.01-30.06.2007																					
	Beginning Balance – 31.12.2006		76,500	252,676	1,661	-	28,756	-	162,201	(18,703)	-	123,321	(10,124)	-	-	-	-	-	-	616,288	-	616,288
II.	Corrections according to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	The effect of corrections of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	The effects of changes in accounting policy.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (I+II)		76,500	252,676	1,661	-	28,756	-	162,201	(18,703)	-	123,321	(10,124)	-	-	-	-	-	-	616,288	-	616,288
	Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	7,239	-	-	-	-	-	-	7,239	-	7,239
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		11,750	-	-	-	-	-	(11,750)	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal sources		11,750	-	-	-	-	-	(11,750)	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Inflation adjustment to paid-in capital		11,750	(11,750)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other		-	-	-	-	-	-	(3,266)	-	-	-	-	-	-	-	-	-	-	(3,266)	-	(3,266)
XIX.	Period net income/(loss)		-	-	-	-	-	-	-	73,861	-	-	-	-	-	-	-	-	-	73,861	-	73,861
XX.	Profit distribution		-	-	-	-	7,667	-	115,654	-	-	(123,321)	-	-	-	-	-	-	-	-	-	-
20.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transfers to reserves		-	-	-	-	7,667	-	115,654	-	-	(123,321)	-	-	-	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Closing Balance 30.06.2007																					
	(III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII+XIX+XX)		100,000	240,926	1,661	-	36,423	-	266,105	(21,969)	73,861	-	(2,885)	-	-	-	-	-	-	694,122	-	694,122

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2008

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

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Reviewed																	Acc. valuation diff. from assets held for sale and assets from disc. op.	Total Equity Before Minority Shares	Minority Shares	Total Equity
Note Ref	Paid-in Capital	Effect of inflation Accounting on Capital and Other Capital 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						
I	Current Period - 01.01.-30.06.2008																			
	Prior period balance - 31.12.2007	755,000	926	1,805	-	36,423	-	61,105	(23,619)	-	147,070	2,399	-	-	-	-	-	981,109	-	981,109
	Changes in period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/Decrease related to merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable securities valuation differences	-	-	-	-	-	-	-	-	-	(27,523)	-	-	-	-	-	-	(27,523)	-	(27,523)
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 associat e'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	-	-	-	-	-	-	15,563	-	-	-	-	-	-	-	-	-	15,563	-	15,563
XVII.	Period net income/(loss)	-	-	-	-	-	-	-	122,973	-	-	-	-	-	-	-	-	122,973	-	122,973
XVIII.	Profit distribution	-	-	-	-	10,270	-	136,800	-	(147,070)	-	-	-	-	-	-	-	-	-	-
18.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to reserves	-	-	-	-	10,270	-	136,800	-	(147,070)	-	-	-	-	-	-	-	-	-	-
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Closing Balance 30.06.2008																			
	(I+II+III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII)	755,000	926	1,805	-	46,693	-	197,905	(8,056)	122,973	-	(25,124)	-	-	-	-	-	1,092,122	-	1,092,122

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM
JANUARY 1 TO JUNE 30, 2008

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

VI. CONSOLIDATED STATEMENT OF CASH FLOWS

	Note Ref	Reviewed Current Period 01.01-30.06.2008	Reviewed Prior Period 01.01-30.06.2007
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		293,679	216,883
1.1.1 Interest received		1,133,253	740,673
1.1.2 Interest paid		(666,677)	(348,179)
1.1.3 Dividend received		7	5
1.1.4 Fees and commissions received		160,702	102,512
1.1.5 Other income		80,725	31,328
1.1.6 Collections from previously written off loans		31,501	16,394
1.1.7 Payments to personnel and service suppliers		(199,789)	(125,426)
1.1.8 Taxes paid		(12,798)	(19,806)
1.1.9 Others		(233,245)	(180,618)
1.2 Changes in operating assets and liabilities		(218,327)	148,012
1.2.1 Net (increase) decrease in financial assets held for trading		167,888	(125,527)
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		(5,998)	2,252
1.2.4 Net (increase) decrease in loans		(1,723,578)	(731,885)
1.2.5 Net (increase) decrease in other assets		(241,795)	(192,447)
1.2.6 Net increase (decrease) in bank deposits		(1,137,505)	51,229
1.2.7 Net increase (decrease) in other deposits		2,532,131	784,155
1.2.8 Net increase (decrease) in funds borrowed		14,991	175,704
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		175,539	184,531
I Net cash provided from banking operations		75,352	364,895
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities			
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (Joint Vent.)		-	-
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (Joint Vent.)		-	-
2.3 Fixed assets purchases		(28,196)	(41,159)
2.4 Fixed assets sales		3,930	70
2.5 Cash paid for purchase of financial assets available for sale		(373,026)	(376,706)
2.6 Cash obtained from sale of financial assets available for sale		176,526	321,549
2.7 Cash paid for purchase of investment securities		-	-
2.8 Cash obtained from sale of investment securities		3,836	-
2.9 Others		(3,057)	(13,240)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities			
3.1 Cash obtained from funds borrowed and securities issued		155,000	-
3.2 Cash used for repayment of funds borrowed and securities issued		-	-
3.3 Capital increase		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Other		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents		94,759	(95,889)
V. Net increase / (decrease) in cash and cash equivalents		105,124	159,520
VI. Cash and cash equivalents at beginning of the period		2,595,067	1,745,220
VII. Cash and cash equivalents at end of the period		2,700,191	1,904,740

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

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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SECTION THREE
ACCOUNTING PRINCIPLES

I- Basis of Presentation

Parent Bank prepares its financial statements and notes according to Communique 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 prepared 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. In addition to this, certain classifications have been made to the prior year financial statements to comply with the current year presentation.

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

The Group aims to develop and promote products for the financial needs of each customer such as SMEs, multinational companies and even small individual investors in line with Banking Legislation. The primary objective of the Parent Bank is to increase profitability with optimum liquidity and low risk while fulfilling customer needs. Thus, the Parent Bank uses 36% on average of its resources on liquid assets, while the Parent Bank also aims for the highest yield possible with effective maturity management.

The Group 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 Group, the management of risk the Parent Bank's bearing short term positions of currency, interest or price movements is performed only by the Treasury Asset-Liability department using the limits defined by the Board of Directors. The Asset-Liability Committee of the Parent Bank 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 of the Parent Bank allows a purchase risk in treasury operations and different limits are defined by the Board for every product.

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

The Parent 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 its balance sheet structure.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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III- Information about the Consolidated Parent Bank and its Subsidiaries

Türk Ekonomi Bankası Anonim Şirketi and its financial institutions, The Economy Bank N.V. (Economy Bank), Stichting Custody Services TEB (Stichting), Kronenburg Vastgoed B.V. (Kronenburg), TEB Finansal Kiralama A.S. (TEB Leasing), TEB Factoring A.S. (TEB Factoring), TEB Yatırım Menkul Değerler A.S. (TEB Yatırım) and TEB Portföy Yönetimi A.S. (TEB Portföy) are included in the accompanying consolidated financial statements by line by line consolidation method. The accompanying consolidated financial statements are prepared in accordance with “Communiqué on Preparation of Consolidated Financial Statements of Banks” published in the Official Gazette dated November 8, 2006 numbered 26340. The Parent Bank and the entities included in the consolidation are referred to as “the Group” in this report.

The financial statements of the subsidiaries, which were prepared in accordance with the prevailing principles and rules regarding financial accounting and reporting standards in their respective country of incorporation and the Turkish Commercial Code and/or Financial Leasing Law and/or communiqués of the Capital Market Board, are duly adjusted in order to present their financial statements in accordance with TAS and TFRS.

Explanations on Consolidation Method and Scope

The commercial names of the entities included in consolidation and the locations of the head offices of these institutions:

<u>Commercial Name</u>	<u>Head Office</u>
Economy Bank	Netherlands
Stichting	Netherlands
Kronenburg	Netherlands
TEB Leasing	Turkey
TEB Factoring	Turkey
TEB Yatırım	Turkey
TEB Portföy	Turkey

Line by line consolidation method is used for all the financial institutions included in the consolidation.

When there are differences between the accounting policies of the subsidiaries and the Parent Bank, the financial statements are adjusted in accordance with the principle of materiality. The financial statements of the subsidiaries are prepared as of June 30, 2008, December 31, 2007 and June 30, 2007.

The transactions and balances between the consolidated entities belonging to the financial group and the Parent Bank are eliminated.

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III- Information about the Consolidated Parent Bank and its Subsidiaries (continued)

Explanations on Foreign Currency Transactions

Gains or losses arising from foreign currency transactions are reflected to the income statement as they are realized during the year. Foreign currency assets and liabilities at each period-end are translated into Turkish lira at the period-end foreign exchange buying rates and the resulting foreign exchange gains or losses are recorded in the income statement as foreign exchange gain or loss. The EUR exchange rate used for translating foreign currency transactions into New Turkish Lira and reflecting these to consolidated financial statements as of June 30, 2008, is TRY 1.9248, in full TRY (December 31, 2007 - TRY 1.7060, in full TRY).

There are no capitalized foreign exchange differences.

The information regarding the principles of foreign currency risk management are stated in Section Four, Note IV.

There are no debt securities issued. Foreign exchange gains and losses arising from translating monetary financial assets are reflected to “Foreign Exchange Gains / (Losses) in the income statement.

The foreign currency net investment in consolidated foreign subsidiaries are translated into New Turkish Lira using the exchange rate prevailing at the balance sheet date for their assets and liabilities and six months average exchange rate for their income statement items. The currency translation loss arising from the consolidated subsidiaries’ inflation and devaluation differences amounting to TRY 8,056 (December 31, 2007 - TRY 23,619 currency translation loss) has been recorded in “Other Profit Reserves” under shareholders’ equity.

IV- 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.

Fair values of option transactions are determined by comparing the option rates discounted to the balance sheet date with the period end foreign exchange rates and the resulting gain or loss is reflected to the income statement of the current period, taking into account the exercisability of the option. Premiums, received and paid for the option transactions, are calculated on an accrual basis using effective interest rate method.

The Parent Bank also enters into futures agreements. Futures transactions are valued daily by the primary market prices and related unrealized gains or losses are reflected in the income statement.

V- 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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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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VI- 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 using the effective interest rate in the related period.

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

VII- Explanations and Disclosures 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 Parent Bank undertakes. Financial instruments affect liquidity, market, and credit risks on the Parent Bank's balance sheet in all respects. Parent 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 Group. 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 Group. 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 mentioned 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 values of these assets approximate their fair values.

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".

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
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(Amounts expressed in thousands of New Turkish Lira (TRY) unless otherwise stated.)

VII- Explanations and Disclosures on Financial Assets (continued)

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 and excluding 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.

The 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 caused by a change in the fair value is recorded in "Marketable Securities Value Increase Fund" 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 values of these securities are determined using the Official Gazette prices 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" rules.

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

The Group 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.

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VII- Explanations and Disclosures on Financial Assets (continued)

Loans and Provisions for Impairment (continued)

With the amendment in the Uniform Chart of Accounts as of January 26, 2007, net foreign exchange gain of the foreign currency indexed loans are presented under foreign exchange gains/losses.

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 Parent 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.

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" published in the Official Gazette No. 26333 dated November 1, 2006. 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 credited in the "Provision and Impairment Expenses - Special Provision Expense" account.

In addition to specific loan loss provisions, within the framework of the regulation and principles referred to above; the Parent Bank records general loan loss provisions for loans and other receivables. The Parent 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; the Parent 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. With the change in the same regulation on February 6, 2008, the Parent 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.

Specific reserves are also provided by TEB Leasing and TEB Factoring based on the Communiqué on "Methods and Principles for the Determination of Receivables to be Reserved for and Allocation of Reserves of Financial Institutions, Leasing, and Factoring Firms" published in the Official Gazette No: 26588 on July 20, 2007 and based on the Communiqué about "The Amendment in the Communiqué on Methods and Principles for the Determination of Receivables to be Reserved for and Allocation of Reserves of Finance Companies, Leasing, and Factoring Firms" published in the Official Gazette No: 26808 on March 6, 2008.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
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VIII- Explanations on Impairment of Financial Assets

At each balance sheet date, the Group 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. If any such indication exists, the Group 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.

IX- Offsetting of Financial Assets and Liabilities

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

X- 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 being recorded in balance sheet accounts in accordance with the Uniform Chart of Accounts by the Group. 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, 2008, the Group has reverse repurchase agreements amounting to TRY 1,871 (December 31, 2007 – TRY 9,502).

As of June 30, 2008, the Group does not have any marketable securities lending transaction (December 31, 2007 - None).

XI- Explanations on Assets Held for Sale and Discontinued Operations

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 Group 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 Group does not have any discontinued operations.

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XII- Explanations on Goodwill and Other Intangible Assets

The positive difference of TRY 1,205 (December 31, 2007 - TRY 1,205), between the acquisition cost and share in the equity of acquired subsidiaries is reflected under the intangible fixed assets as goodwill in the accompanying consolidated financial statements.

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 are amortized on a straight-line method in accordance with inflation accounting. The cost of assets subject to amortisation 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 Parent 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 Parent Bank by the Parent Bank's personnel and the related expenses are not capitalized. Software is purchased only in emergency cases and for special projects.

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

XIII- Explanations on Tangible Fixed Assets

Properties 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. 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 as a proportion of the estimated yearly depreciation with the period between the balance sheet date and the acquisition date of the asset. The depreciation method has not been changed 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 the related asset. 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 Parent Bank employs independent appraisers in determining the current fair values of its real estates. Provision for impairment loss amounting to TRY 1,274 is booked for real estates held for resale as per the appraisals performed as of June 30, 2008 (December 31, 2007 – None).

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XIV- 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 only foreign currency liabilities, are translated to New 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 New Turkish Lira with the Parent 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" and the depreciation rate used is 20% for the leased assets acquired before July 31, 2003 and 3%-50% for leased assets acquired after July 31, 2003 which is in line with Tax Procedural Law .

The gross lease receivables including interest and principal amounts regarding the Group's financial leasing activities conducted by TEB Leasing as "Lessor" are stated under the receivables from the financial leasing activities. The difference between the total of rent payments and the cost of the related fixed assets are reflected to the "unearned income" account. The interest income is calculated and recorded to create a constant rate of return over the lessor's net investment on the leased item.

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

XV- Explanations on Provisions and Contingent Liabilities

Provisions are recognized when there is a present obligation, 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 Group's best expectation of expenses in fulfilling the obligation as of the balance sheet date, and discounted to present value if material.

XVI- Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans

In accordance with existing social legislation in Turkey, the Group 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 Group 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 Group 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 employee termination benefit provisions as of June 30, 2008 is TRY 12,376 (December 31, 2007 - TRY 11,187).

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XVI- Explanations on Liabilities Regarding Employee Benefits (continued)

Defined Contribution Plans

Based on the resolution passed in the General Assembly of Foundation of TEB Employees (“TEB’liler Vakfi”) dated September 10, 2007, the process to liquidate TEB’liler Vakfi has started. The liquidation process has ended on February 19, 2008 with 2007/54 verdict of the Turkish Court (T.C Beyoglu 2nd Regional Court). The verdict has been published in the Official Gazette dated April 3, 2008 with No: 26836. The Group pays contributions to Social Security Funds on a mandatory basis. There are no other liabilities related to employee benefits to be provisioned.

XVII- Explanations on Taxation

Corporate tax

According to the Article 32 of the Corporate Tax Law No. 5520, accepted in the meeting of Grand National Assembly of Turkey (TBMM) on June 13, 2006 and announced in the Official Gazette dated June 21, 2006, the corporate tax rate has been decreased from 30% to 20%, effective from January 1, 2006 as per the Article 37 of the Corporate Tax Law.

The tax legislation, requires advance tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the final tax liability for the year.

Tax returns are required to be filed between the first and twentyfifth 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 of June 30, 2008 TRY 6,199 (December 31, 2007 - TRY 600) deferred tax which is related with items recorded in the equity was netted-off under equity in “Marketable Securities Value Increase Fund”.

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 Group 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, 2008 and December 31, 2007, 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 in the standalone financial statements of the consolidated subsidiaries .

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 charge of TRY 24,314 is stated under the tax provision in the income statement (June 30, 2007 - TRY 21,895 deferred tax benefit). The deferred tax of TRY 6,199 (December 31, 2007 - TRY 600) resulting from differences related to items that are credited 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.

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XVIII- 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 Parent Bank.

The Group has not issued convertible bonds.

XIX- Explanations on Share Certificates

At the meeting of the Parent Bank's General Assembly held on March 26, 2008, it has been resolved to increase the registered capital ceiling of the Parent Bank from TRY 900,000 to TRY 1,400,000. The increase was registered with the Trade Registry Office on March 27, 2008 and published in the Turkish Trade Registry Gazette numbered 7032 on April 1, 2008.

XX- 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.

XXI- Explanations on Government Incentives

There are no government incentives utilized by the Group.

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XXII- Explanations on Segment Reporting

The Group mainly operates in retail and corporate banking segments.

Current Period	Retail	Corporate	Other	Eliminations	Total
Net interest income	53,979	244,170	92,854	-	391,003
Net fees and commissions income and other operating income	36,905	75,471	65,027	1,853	179,256
Trading profit / loss	6,989	20,338	(11,992)	-	15,335
Dividend income	-	-	23,538	(23,531)	7
Impairment provision for loans and other receivables (-)	5,488	30,311	13,767	-	49,566
Other operating expenses (-)	47,441	107,460	230,038	(774)	384,165
Profit before tax	44,944	202,208	(74,378)	(20,904)	151,870
Taxation	-	-	(28,897)	-	(28,897)
Net profit for the period	44,944	202,208	(103,275)	(20,904)	122,973
Prior Period	Retail	Corporate	Other	Eliminations	Total
Net interest income	12,377	171,062	94,117	(754)	276,802
Net fees and commissions income and other operating income	17,290	53,962	21,706	(656)	92,302
Trading profit / loss	633	8,751	(23,420)	(2,790)	(16,826)
Dividend income	-	-	19,124	(19,119)	5
Impairment provision for loans and other receivables (-)	2,164	13,139	5,716	-	21,019
Other operating expenses (-)	28,894	68,490	139,763	(656)	236,491
Profit before tax	(758)	152,146	(33,952)	(22,663)	94,773
Taxation	-	-	(20,912)	-	(20,912)
Net profit for the period	(758)	152,146	(54,864)	(22,663)	73,861

XXIII- Explanations on Other Matters:

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 CONSOLIDATED FINANCIAL STRUCTURE OF THE GROUP

I- Explanations Related to the Consolidated Capital Adequacy Standard Ratio

The method used for risk measurement in determining consolidated 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 Measurement and Assessment of Capital Adequacy of Banks" published on October 10, 2007 in the Official Gazette numbered 26669. The Group's consolidated capital adequacy ratio in accordance with the related communiqué is 12.58% (December 31, 2007 - 13.30%).

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 the related credit risk is calculated by applying the risk weights presented in the Capital Adequacy Analysis Form.

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

Information related to the consolidated capital adequacy ratio:

	Consolidated								Parent Bank							
	Risk Weight								Risk Weight							
	%0	%10	%20	%50	%100	%150	%200	%0	%10	%20	%50	%100	%150	%200		
Risk Weighted Assets, Liabilities and Non-Cash																
Loans																
Balance Sheet Items (Net)																
Cash	257,559	-	34	-	-	-	-	257,547	-	34	-	-	-	-		
Matured Marketable Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Due From Central Bank of Turkey	1,325,837	-	-	-	-	-	-	1,325,837	-	-	-	-	-	-		
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	117,668	-	964,870	-	41,320	-	-	-	399,179	-	41,259	-	-	-		
Interbank Money Market Placements	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Receivables From Reverse Repo Transactions	1,870	-	-	-	-	-	-	-	-	-	-	-	-	-		
Reserve Deposits	381,148	-	-	-	-	-	-	381,148	-	-	-	-	-	-		
Loans	294,213	-	356,152	2,096,391	7,314,480	13,038	82	227,418	-	138,799	2,039,173	5,882,698	13,038	82		
Non-performing loans (Net)	-	-	-	-	71,017	-	-	-	-	-	-	70,214	-	-		
Financial Lease Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Available -For-Sale Financial Assets	1,481,256	-	23,201	-	991	-	-	1,463,766	-	-	-	991	-	-		
Held to Maturity Investments	4,494	-	-	-	-	-	-	-	-	-	-	-	-	-		
Receivables From Installment Sales of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Sundry Debtors	56	-	18,184	-	99,280	-	-	-	15,376	-	76,897	-	-	-		
Interest and Income Accruals	103,270	-	4,340	23,057	123,595	-	-	95,287	-	2,759	23,057	115,516	-	-		
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.) (Net)	-	-	-	-	12	-	-	-	-	-	-	153,921	-	-		
Tangible Assets	-	-	-	-	176,989	-	-	-	-	-	-	147,876	-	-		
Other Assets	262,589	-	3,615	-	38,628	-	-	259,832	-	3,615	-	12,920	-	-		
Off-Balance Sheet Items																
Guarantees and Commitments	50,006	-	344,027	-	2,535,497	-	-	49,262	-	251,465	-	2,298,120	-	-		
Derivative Financial Instruments	-	-	100,605	-	22,779	-	-	-	-	97,888	-	21,845	-	-		
Non Risk Weighted Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total Value at Risk	4,279,966	-	1,815,028	2,119,448	10,424,588	13,038	82	4,060,097	-	909,115	2,062,230	8,822,257	13,038	82		
Total Risk Weighted Assets	-	-	363,006	1,059,724	10,424,588	19,557	164	-	-	181,823	1,031,115	8,822,257	19,557	164		

Summary information related to the capital adequacy ratio:

	Consolidated		Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	11,867,039	8,851,196	10,054,916	7,507,543
Amount Subject to Market Risk (ASMR)	486,638	287,038	406,488	218,488
Amount Subject to Operational Risk (ASOR) (*)	1,041,648	731,111	896,330	621,911
Shareholders' Equity	1,685,236	1,313,009	1,598,445	1,242,316
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	12.58	13.30	14.07	14.88

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 Consolidated Capital Adequacy Standard Ratio (continued)

Information related to the components of shareholders' equity:

	Consolidated		Parent Bank	
	Current Period	Prior Period	Current Period	Prior Period
CORE CAPITAL				
Paid-in capital	755,000	755,000	755,000	755,000
Nominal capital	755,000	755,000	755,000	755,000
Capital commitments (-)	-	-	-	-
Paid-in capital restatement difference	926	926	926	926
Share premium	1,805	1,805	1,736	1,736
Cancellation profits	-	-	-	-
Legal reserves	46,693	36,423	26,750	20,235
First legal reserve (Turkish Commercial Code 466/1)	32,980	27,970	21,214	14,699
Second legal reserve (Turkish Commercial Code 466/2)	13,713	8,453	5,536	5,536
Other legal reserve per special legislation	-	-	-	-
Statutory reserves	-	-	-	-
Extraordinary reserves	189,849	37,486	123,705	(66)
Reserves allocated by the General Assembly	189,849	37,486	123,705	(66)
Retained earnings	-	-	-	-
Accumulated losses	-	-	-	-
Foreign currency share capital exchange difference	-	-	-	-
Restatement differences of legal, statutory and extraordinary reserves	-	-	-	-
Profit	122,973	147,070	122,549	130,286
Current period net profit	122,973	147,070	122,549	130,286
Prior years' profits	-	-	-	-
Provision for possible losses up to 15% 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	121,860	115,927	121,860	115,927
Minority Shares	-	-	-	-
Losses (-) (that cannot be covered by reserves)	-	-	-	-
Net current period loss	-	-	-	-
Prior years' losses	-	-	-	-
Leasehold improvements (-)	-	60,408	-	60,210
Prepaid expenses (-)	31,095	22,859	30,009	22,504
Intangible assets (-)	8,419	8,139	7,468	6,651
Deferred tax asset exceeding 10% of the Core Capital (-)	-	-	-	-
Excess amount in the Article 56, Clause 3 of the Banking Law (-)	-	-	-	-
Goodwill (Net) (-)	1,205	1,205	-	-
Total Core Capital	1,237,901	1,093,432	1,152,526	1,024,044
SUPPLEMENTARY CAPITAL				
General Loan Loss Reserves	77,735	56,627	73,838	53,365
45% of the revaluation reserve for movable fixed assets	-	-	-	-
45% of the 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	434,238	253,276	434,238	253,276
45% of Marketable securities value increase fund	(25,124)	1,080	(24,676)	996
Associates and subsidiaries	-	-	-	-
Available for sale securities	(25,124)	1,080	(24,676)	996
Indexation differences for capital reserves, profit reserves and retained earnings (Except indexation differences for legal reserves, statutory reserves and extraordinary reserves)	-	-	-	-
Minority interest	-	-	-	-
Total Supplementary Capital	486,849	310,983	483,400	307,637
TIER III CAPITAL				
CAPITAL	1,724,750	1,404,415	1,635,926	1,331,681
DEDUCTIONS FROM THE CAPITAL	39,514	91,406	37,477	89,365
Shareholdings in unconsolidated banks and financial institutions	-	-	-	-
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 and Primary and Secondary loans borrowed from them	-	-	-	-
Shareholdings in the banks and financial institutions which are accounted for under the equity pick up method but the assets and liabilities are not consolidated.	-	-	-	-
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 Shareholder's Equity	1,685,236	1,313,009	1,598,449	1,242,316

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II. Explanations Related to the Consolidated Credit Risk

Credit risk is the risk that the Group 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 Parent Bank. These criteria include geographical and sector concentrations. The sector concentrations for loans are monitored closely. In accordance with the Parent 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 Parent 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 has been 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 Parent Bank, operational limits are set by the Board of Directors and the transactions take place within these limits.

The fulfillment of the benefits and acquirements related to forward transactions is normally 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 Parent Bank are generally taken for the financial institutions and countries whose investment level is rated 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 Parent 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, 2008, the receivables of the Group from its top 100 cash loan customers amount to TRY 1,643,409 (December 31, 2007 – TRY 1,054,661) with a share of 17.66% in the total cash loans (December 31, 2007 – 13.90%).

As of June 30, 2008, the receivables of the Group from its top 100 non-cash loan customers amount to TRY 1,436,046 (December 31, 2007 – TRY 1,340,331) with a share of 33.73% in the total non-cash loans (December 31, 2007 – 40.62%).

The share of cash and non-cash receivables of the Group from its top 100 customers in total balance sheet and off-balance sheet assets is 17.09% as of June 30, 2008 (December 31, 2007 – 15.98%).

As of June 30, 2008, the general loan loss provision related with the credit risk taken by the parent Bank is TRY 77,735 (December 31, 2007 – TRY 56,627).

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II. Explanations Related to Consolidated Credit Risk (continued)

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	8,996,994	7,306,892	381,778	330,793	1,630,712	1,828,558	2,139,186	1,700,258
Private Sector	7,503,045	6,066,654	92,251	100,423	572	-	984,342	858,109
Public Sector	-	-	328	360	1,619,383	1,820,800	-	-
Banks	-	-	289,199	230,010	10,687	7,695	1,154,844	842,149
Retail	1,493,949	1,240,238	-	-	-	-	-	-
Share Certificates	-	-	-	-	70	63	-	-
Information according to geographical concentration	8,996,994	7,306,892	381,778	330,793	1,630,712	1,828,558	2,139,186	1,700,258
Domestic	8,514,405	6,926,780	298,802	266,747	1,620,111	1,820,863	939,723	770,000
European Union Countries	170,690	184,173	36,026	18,377	5,770	7,695	836,500	762,261
OECD Countries***	103,745	94,487	-	4,562	-	-	44,310	2,615
Off-shore Banking Regions	98,797	70,347	1,700	4,330	-	-	33,097	6,972
USA, Canada	31,699	15,465	-	-	-	-	277,032	157,350
Other Countries	77,658	15,640	45,250	36,777	4,831	-	8,524	1,060
Total	8,996,994	7,306,892	381,778	330,793	1,630,712	1,828,558	2,139,186	1,700,258

* 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 Consolidated Credit Risk (continued)

Information according to geographical concentration :

	Assets	Liabilities	Non-Cash Loans	Equity Investments	Net Income/ Loss
Current Period					
Domestic	13,975,892	10,611,970	3,863,654	-	117,103
European Union Countries	1,077,890	2,213,740	120,077	-	5,870
OECD Countries (*)	148,091	231,938	71,790	-	-
Off-shore Banking Regions	154,559	962,879	111,310	-	-
USA, Canada	310,948	430,891	26,902	-	-
Other Countries	146,319	270,171	63,305	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	12	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	15,813,699	14,721,589	4,257,038	12	122,973
Prior Period					
Domestic	12,514,038	9,163,317	3,096,742	-	136,160
European Union Countries	1,014,846	1,921,832	78,701	-	10,910
OECD Countries (*)	101,666	406,628	242	-	-
Off-shore Banking Regions	86,606	829,678	57,113	-	-
USA, Canada	174,802	380,787	5,705	-	-
Other Countries	54,174	262,793	60,874	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	12	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	13,946,132	12,965,035	3,299,377	12	147,070

(*) 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 the Consolidated Credit Risk (continued)

Sector concentrations for cash loans :

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	220,228	3.46	127,326	4.31	165,039	3.13	136,205	5.87
Farming and Raising Livestock	178,109	2.80	119,312	4.04	135,781	2.58	117,685	5.07
Forestry, Wood and Paper	29,233	0.46	4,866	0.16	19,671	0.37	15,621	0.67
Fishery	12,886	0.20	3,148	0.11	9,587	0.18	2,899	0.13
Manufacturing	2,757,361	43.38	1,784,849	60.48	2,229,887	42.33	1,340,998	57.77
Mining and Quarry	159,528	2.51	86,091	2.92	142,312	2.70	60,916	2.62
Production	2,580,447	40.60	1,641,448	55.62	2,077,818	39.44	1,264,009	54.45
Electricity, Gas and Water	17,386	0.27	57,310	1.94	9,757	0.19	16,073	0.70
Construction	400,543	6.30	47,525	1.61	341,769	6.49	206,356	8.89
Services	1,318,176	20.74	653,341	22.14	1,182,259	22.44	626,324	26.98
Wholesale and Retail Trade	503,580	7.93	74,916	2.54	435,380	8.26	102,117	4.40
Hotel, Tourism, Food and Beverage Services	120,161	1.89	121,001	4.10	92,275	1.75	47,656	2.05
Transportation and Communication	241,784	3.80	65,404	2.22	213,924	4.06	102,157	4.40
Financial Institutions	200,053	3.15	357,541	12.11	222,685	4.23	295,582	12.73
Real Estate and Renting Services	90,207	1.42	5,967	0.20	80,508	1.53	7,825	0.34
Self-Employment Services	81,468	1.28	16,508	0.56	61,625	1.17	1,371	0.06
Education Services	9,714	0.15	-	-	8,626	0.16	-	-
Health and Social Services	71,209	1.12	12,004	0.41	67,236	1.28	69,616	3.00
Other	1,660,112	26.12	338,294	11.46	1,349,064	25.61	11,483	0.49
Total	6,356,420	100.00	2,951,335	100.00	5,268,018	100.00	2,321,366	100.00

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	1,718,033	1,748,141
Banks	1,125,548	808,201
Other money markets	1,871	199,585
Trading financial assets	29,321	199,549
Derivative financial instruments	45,544	45,033
Financial assets available-for-sale	1,596,779	1,621,269
Held-to-maturity investments	4,612	7,740
Loans (*)	10,390,527	8,520,228
Total	14,912,235	13,149,746
Contingent liabilities	4,257,038	3,299,377
Commitments	3,172,425	3,910,293
Total	7,429,463	7,209,670
Total credit risk exposure	22,341,698	20,359,416

(*) Loans include TRY 485,378 (December 31, 2007: TRY 477,629) factoring receivables and TRY 526,377 (December 31, 2007: TRY 404,914) lease receivables.

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II. Explanations Related to the Consolidated Credit Risk (continued)

Credit quality per class of financial assets as of June 30, 2008 and December 31, 2007 are as follows:

Current Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans and advances to customers			
Corporate lending	4,918,154	12,540	4,930,694
Small business lending	2,869,769	52,455	2,922,224
Consumer lending	1,095,592	33,313	1,128,905
Credit cards	368,679	28,270	396,949
Other	-	-	-
Total	9,252,194	126,578	9,378,772

Prior period	Neither past due nor impaired	Past due or individually impaired	Total
Loans and advances to customers			
Corporate lending	3,899,835	35,434	3,935,269
Small business lending	2,420,756	17,742	2,438,498
Consumer lending	974,176	19,058	993,234
Credit cards	237,373	33,311	270,684
Other	-	-	-
Total	7,532,140	105,545	7,637,685

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

	Current Period	Prior Period
Loans and advances to customers		
Corporate lending	3,907	1,319
Small business lending	-	-
Consumer lending	-	-
Other	-	-
Total	3,907	1,319

Credit Rating System

The credit risk is assessed through the internal rating system of the Group, by classifying loans from highest grade to lowest grade according to the probability of default. As of June 30, 2008, consumer loans, small business loans and loans of group companies below a certain limit are excluded from the internal rating system of the Parent Bank. Additional scoring methodologies are applied for these loans.

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III. Explanations Related to the Consolidated Market Risk

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

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

Interest rate and exchange rate risks, arising from the volatility in the financial markets, of the financial positions taken by the Parent Bank related to balance sheet and off-balance sheet accounts are measured and while calculating the capital adequacy and the amount subject to VAR, as summarised below, is taken into consideration by the standard method. Beside the standart method, VAR is calculated by using internal model as supported by scenario analysis and stress tests. VAR is calculated daily by three different methods which are historic simulation, Monte Carlo simulation and parametric method. These results are also reported daily to the management.

a) Information Related to Market Risk

	Consolidated	Parent Bank
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	10,447	9,703
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	11	-
(III) Capital Requirement to be Employed For Currency Risk – Standard Method	25,005	19,348
(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	3,468	3,468
(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)	38,931	32,519
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	486,638	406,488

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

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	11,110	11,819	10,401	13,417	16,137	9,900
Common Stock Risk	39	57	21	312	417	210
Currency Risk	19,752	25,005	14,499	6,324	12,532	838
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	2,200	3,468	931	349	584	28
Total Value Subject to Risk	413,757	486,638	340,875	254,057	287,038	224,700

Other price risks

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

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IV. Explanations Related to the Consolidated Currency Risk

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

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

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

The Treasury Department of the Parent Bank is responsible for the management of New 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 Parent Bank's Asset-Liability Committee on a weekly basis.

As of June 30, 2008, the Group's net short position is TRY 2,825 (December 31, 2007 - TRY 157,167 net long) resulting from short position on the balance sheet amounting to TRY 224,219 (December 31, 2007 - TRY 733,666 short) and long position on the off-balance sheet amounting to TRY 221,394 (December 31, 2007 - TRY 890,833 long).

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

	23.06.2008	24.06.2008	25.06.2008	26.06.2008	27.06.2008	30.06.2008
USD	1.2209	1.2250	1.2182	1.2095	1.2237	1.2186
CHF	1.1686	1.1747	1.1680	1.1695	1.1967	1.1962
GBP	2.3971	2.4081	2.3996	2.3944	2.4292	2.4283
JPY	1.1318	1.1325	1.1262	1.1201	1.1484	1.1538
EURO	1.8964	1.9063	1.8977	1.8981	1.9271	1.9248

The simple arithmetic averages of the major current foreign exchange buying rates of the Parent Bank for the thirty days before June 30, 2008 are as follows:

	Monthly Average Foreign Exchange Rate
USD	1.22823
CHF	1.18141
GBP	2.41227
JPY	1.14692
EURO	1.91074

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IV. Explanations Related to the Consolidated Currency Risk (continued)

Information on the foreign currency risk of the Group

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.	448,805	855,440	126	13,209	1,317,580
Banks	420,764	612,882	1,930	54,549	1,090,125
Financial Assets at Fair Value Through Profit and Loss (*****)	6,193	7,917	-	-	14,110
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	73,652	51,423	-	-	125,075
Loans (**)	1,208,232	2,306,051	49,582	257,393	3,821,258
Subsidiaries, Associates and Entities Under Common Control	-	-	-	-	-
Held-To-Maturity Investments	-	2,995	-	-	2,995
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	7,293	-	-	-	7,293
Intangible Assets	181	-	-	-	181
Other Assets (***)	378,658	158,316	13	19,858	556,845
Total Assets	2,543,778	3,995,024	51,651	345,009	6,935,462
Liabilities					
Bank Deposits	22,302	24,420	524	45,826	93,072
Foreign Currency Deposits (*)	1,455,419	3,580,221	6,679	91,605	5,133,924
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	1,233,196	641,383	-	25,570	1,900,149
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	11,287	4,581	859	11,042	27,769
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (***)	2,322	2,399	5	41	4,767
Total Liabilities	2,724,526	4,253,004	8,067	174,084	7,159,681
Net Balance Sheet Position	(180,748)	(257,980)	43,584	170,925	(224,219)
Net Off-Balance Sheet Position	129,718	250,646	52,931	(211,901)	221,394
Financial Derivative Assets (****)	634,851	1,788,904	168,564	192,213	2,784,532
Financial Derivative Liabilities (****)	505,133	1,538,258	115,633	404,114	2,563,138
Non-Cash Loans (*****)	895,566	1,811,408	13,949	52,308	2,773,231
Prior Period					
Total Assets	2,374,318	3,189,853	44,079	241,319	5,849,569
Total Liabilities	2,372,235	4,085,038	7,851	118,111	6,583,235
Net Balance Sheet Position	2,083	(895,185)	36,228	123,208	(733,666)
Net Off-Balance Sheet Position	95,375	935,884	(35,615)	(104,811)	890,833
Financial Derivative Assets	404,922	1,693,388	22,934	120,808	2,242,052
Financial Derivative Liabilities	309,547	757,504	58,549	225,619	1,351,219
Non-Cash Loans (*****)	632,683	1,282,731	12,512	42,927	1,970,853

(*) Gold account deposits amounting to TRY 3,838 (December 31, 2007 - TRY 4,718) are included in the foreign currency deposits.

(**) Foreign currency indexed loans amounting to TRY 869,120 (December 31, 2007 - TRY 676,146) are included in the loan portfolio.

(***) TRY 199 (December 31, 2007 - TRY 226) prepaid expenses is deducted from other assets, and TRY 13,112 (December 31, 2007 - TRY 3,254) expense accruals from derivative financial instruments, and TRY 17,290 (December 31, 2007 - TRY 13,553) provision for general loan losses are deducted from other liabilities.

(****) Forward asset and marketable securities purchase-sale commitments of TRY 327,054 (December 31, 2007 - TRY 236,642) are added to derivative financial assets and TRY 327,395 (December 31, 2007 - TRY 236,905) has been added to derivative financial liabilities.

(*****) TRY 7,891 (December 31, 2007 - TRY 3,841) income accruals from derivative financial instruments is deducted from Financial Assets at Fair Value Through Profit and Loss.

(*****) There are no effects on the net off-balance sheet position.

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IV. Explanations Related to Consolidated Currency Risk (continued)

Foreign currency sensitivity:

The Group is mainly exposed to EUR and USD currencies.

The following table details the Group'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, 2008	December 31, 2007	June 30, 2008	December 31, 2007
USD	10	733	(4,070)	107	(57)
EUR	10	5,103	(9,746)	(7,444)	(5,547)

The Group's sensitivity to foreign currency rates have not changed much 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 Consolidated Interest Rate Risk

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Parent 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 Group.

The Parent Bank management follows the market interest rates daily and revises the interest rates of the Bank whenever necessary.

Since the Group does not permit maturity mismatches or imposes limits on the mismatch, a significant interest rate risk exposure is not 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	1,173,593	-	-	-	-	802,035	1,975,628
Banks	844,531	-	9,214	-	-	271,803	1,125,548
Financial Assets at Fair Value Through Profit and Loss	658	986	2,420	18,721	7,420	44,660	74,865
Money Market Placements	1,871	-	-	-	-	-	1,871
Available-For-Sale Financial Assets	288,388	677,890	367,381	246,152	16,898	70	1,596,779
Loans	4,831,236	679,049	1,708,763	1,858,369	230,338	-	9,307,755
Factoring Receivables	283,133	126,816	72,147	2,267	-	1,015	485,378
Financial Lease Receivables	28,046	37,860	150,857	289,076	11,256	9,282	526,377
Held-To-Maturity Investments	104	1,519	1,234	1,755	-	-	4,612
Other Assets	24,479	765	316	-	-	689,338	714,898
Total Assets	7,476,039	1,524,885	2,312,332	2,416,340	265,912	1,818,203	15,813,711
Liabilities							
Bank Deposits	201,790	7,802	1,006	-	-	47,611	258,209
Other Deposits	8,337,509	337,401	130,864	977	-	1,411,213	10,217,964
Money Market Borrowings	39,510	5,075	-	-	-	-	44,585
Sundry Creditors	-	-	-	-	-	255,485	255,485
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	887,727	970,258	616,140	202,290	291,498	-	2,967,913
Factoring Payables	57,680	26,198	14,773	464	-	-	99,115
Other Liabilities	-	-	-	122	-	1,970,318	1,970,440
Total Liabilities	9,524,216	1,346,734	762,783	203,853	291,498	3,684,627	15,813,711
Balance Sheet Long Position	-	178,151	1,549,549	2,212,487	-	-	3,940,187
Balance Sheet Short Position	(2,048,177)	-	-	-	(25,586)	(1,866,424)	(3,940,187)
Off-Balance Sheet Long Position	340	221	713	69,593	-	-	70,867
Off-Balance Sheet Short Position	(419)	(281)	(974)	(64,729)	-	-	(66,403)
Total Position	(2,048,256)	178,091	1,549,288	2,217,351	(25,586)	(1,866,424)	4,464

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V- Explanations Related to Consolidated 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 176,989; intangible assets amounting to TRY 9,624, TRY 28,782 tax asset, and the other liabilities line includes the shareholders' equity of TRY 1,092,122.

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	1.82	1.19	-	13.24
Banks	4.04	2.87	-	17.27
Financial Assets At Fair Value Through Profit And Loss	6.48	8.09	-	17.99
Money Market Placements	-	-	-	17.15
Available-For-Sale Financial Assets	6.42	3.99	-	16.96
Loans	5.79	5.53	3.48	20.71
Leasing Receivables	9.08	8.66	-	27.42
Factoring Receivables	5.23	4.92	-	21.43
Held-To-Maturity Investments	-	11.85	-	19.18
Liabilities				
Bank Deposits	2.29	1.10	-	15.07
Other Deposits	3.60	2.88	0.01	16.34
Money Market Borrowings	-	-	-	16.62
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	5.74	4.63	-	17.61

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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):

	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	1,276,764	-	-	-	-	664,917	1,941,681
Banks	507,798	-	3,298	-	-	297,105	808,201
Financial Assets at Fair Value Through Profit and Loss	6,661	47,571	29,428	94,865	22,305	43,752	244,582
Money Market Placements	199,585	-	-	-	-	-	199,585
Available-For-Sale Financial Assets	295,149	692,365	371,737	247,996	13,959	63	1,621,269
Loans	3,922,272	630,764	1,212,205	1,581,019	185,552	57,572	7,589,384
Factoring Receivables	190,850	227,142	58,876	-	-	761	477,629
Financial Lease Receivables	22,839	32,880	123,271	216,499	1,431	7,994	404,914
Held-To-Maturity Investments	3,199	1,626	1,211	1,704	-	-	7,740
Other Assets	30,252	-	-	-	-	620,907	651,159
Total Assets	6,455,369	1,632,348	1,800,026	2,142,083	223,247	1,693,071	13,946,144
Liabilities							
Bank Deposits	339,956	28,179	73	-	-	152,830	521,038
Other Deposits	5,654,755	464,379	118,408	6,706	-	1,418,894	7,663,142
Money Market Borrowings	921,919	-	-	-	-	-	921,919
Sundry Creditors	-	-	-	-	23,925	178,186	202,111
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	1,352,884	273,993	713,068	160,133	258,806	-	2,758,884
Factoring Payables	152,511	17,094	-	-	-	-	169,605
Other Liabilities	788	675	7,791	25,831	57,912	1,616,448	1,709,445
Total Liabilities	8,422,813	784,320	839,340	192,670	340,643	3,366,358	13,946,144
Balance Sheet Long Position	-	848,028	960,686	1,949,413	-	-	3,758,127
Balance Sheet Short Position	(1,967,444)	-	-	-	(117,396)	(1,673,287)	(3,758,127)
Off-Balance Sheet Long Position	-	228	574	7,410	-	-	8,212
Off-Balance Sheet Short Position	-	(267)	(661)	(5,542)	-	-	(6,470)
Total Position	(1,967,444)	847,989	960,599	1,951,281	(117,396)	(1,673,287)	1,742

The other assets line in the non-interest bearing column consists of tangible assets amounting to TRY 190,226; intangible assets amounting to TRY 8,902, TRY 46,272 tax asset and the other liabilities line includes the shareholders' equity of TRY 981,109.

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V- Explanations Related to Interest Rate Risk (continued)

Average interest rates applied to monetary financial instruments

	EURO %	USD %	YEN %	YTL %
Prior Period				
Assets				
Cash (Cash In Vault, Foreign Currency Cash, Money In Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey	1.83	2.37	-	14.80
Banks	4.10	4.90	-	16.05
Financial Assets At Fair Value Through Profit And Loss	6.40	9.12	-	11.98
Money Market Placements	-	-	-	17.17
Available-For-Sale Financial Assets	-	5.79	-	16.93
Loans	8.70	9.58	-	25.92
Leasing Receivables	5.97	5.05	-	21.55
Factoring Receivables	6.34	6.83	3.67	20.25
Held-To-Maturity Investments	-	11.15	-	20.78
Liabilities				
Bank Deposits	3.64	4.61	-	14.52
Other Deposits	4.11	4.80	-	16.12
Money Market Borrowings	-	-	-	16.54
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	5.08	6.23	1.49	17.60

Interest rate sensitivity:

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

- Profit for the year would have changed by TRY 2,015 (December 31, 2007 - TRY 6,643).

The interest rate sensitivity the Group 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 year end. 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 Group.

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VI- Explanations Related to Consolidated 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 Group'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 Group continuously determines standards for the liquidity ratios, and monitors them.

According to the general policies of the Group, 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 Parent Bank manages its maturity risk within the limits determined by Parent Bank's Board of Directors.

When the funding and liquidity sources are considered, the Parent Bank covers majority of its liquidity need by deposits, and in addition to this source, it makes use of pre-financing and syndication products to generate additional sources. Generally the Parent 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 Group. The most important of these is to maintain limits on the ratio of the Parent Bank's net liquid assets to customer liabilities, set to reflect market conditions. The ratio realized during the year were as follows:

	Current Period	Prior Period
	%	%
Average during the period	30	28
Highest	37	34
Lowest	26	20

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VI- Explanations Related to Consolidated 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.	802,035	1,173,593	-	-	-	-	-	1,975,628
Banks	313,026	803,308	-	9,214	-	-	-	1,125,548
Financial Assets at Fair Value Through Profit and Loss	1,009	18,306	8,045	13,316	26,723	7,466	-	74,865
Money Market Placements	-	1,871	-	-	-	-	-	1,871
Available-For-Sale Financial Assets	70	54,814	95,779	369,491	1,059,724	16,901	-	1,596,779
Loans	49,432	4,747,773	672,918	1,759,755	1,847,540	230,337	-	9,307,755
Factoring Receivables	-	281,476	128,455	72,165	2,267	-	1,015	485,378
Financial Lease Receivables	-	28,046	37,860	150,857	289,076	11,256	9,282	526,377
Held-To-Maturity Investments	-	-	-	1,136	3,476	-	-	4,612
Other Assets	-	372,623	877	597	-	28,569	312,232	714,898
Total Assets	1,165,572	7,481,810	943,934	2,376,531	3,228,806	294,529	322,529	15,813,711
Liabilities								
Bank Deposits	54,757	194,644	7,802	1,006	-	-	-	258,209
Other Deposits	1,640,276	8,108,447	336,514	115,932	16,795	-	-	10,217,964
Funds Provided From Other Financial Institutions	-	595,159	446,651	1,032,299	394,085	499,719	-	2,967,913
Money Market Borrowings	-	39,510	5,075	-	-	-	-	44,585
Marketable Securities Issued	-	-	-	-	-	-	-	-
Factoring Payables	-	57,680	26,198	14,773	464	-	-	99,115
Sundry Creditors	237,930	4,985	897	7,730	-	-	3,943	255,485
Other Liabilities	-	605,256	31,180	86,656	18,455	7,835	1,221,058	1,970,440
Total Liabilities	1,932,963	9,605,681	854,317	1,258,396	429,799	507,554	1,225,001	15,813,711
Liquidity Gap	(767,391)	(2,123,871)	89,617	1,118,135	2,799,007	(213,025)	(902,472)	-
Prior Period								
Total Assets	1,035,432	6,407,013	994,519	1,885,359	3,037,267	230,955	355,599	13,946,144
Total Liabilities	1,749,704	8,595,194	726,711	840,962	448,448	524,924	1,060,201	13,946,144
Liquidity Gap	(714,272)	(2,188,181)	267,808	1,044,397	2,588,819	(293,969)	(704,602)	-

(*) 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.

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VI- Explanations Related to Consolidated 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, 2008								
Money market borrowings	-	39,637	5,187	-	-	-	(239)	44,585
Other deposits	1,640,276	8,137,153	340,550	119,867	17,548	-	(37,430)	10,217,964
Bank deposits	54,757	194,802	7,902	1,207	-	-	(459)	258,209
Funds provided from other financial institutions	-	616,305	513,690	1,138,250	455,305	607,525	(363,162)	2,967,913
Total	1,695,033	8,987,897	867,329	1,259,324	472,853	607,525	(401,290)	13,488,671
As of December 31, 2007								
Money market borrowings	-	924,234	-	-	-	-	(2,315)	921,919
Other deposits	1,242,391	5,853,024	457,660	122,702	22,011	-	(34,646)	7,663,142
Bank deposits	147,409	346,054	28,505	176	-	-	(1,106)	521,038
Funds provided from other financial institutions	-	1,087,900	284,211	749,983	422,254	583,783	(369,247)	2,758,884
Total	1,389,800	8,211,212	770,376	872,861	444,265	583,783	(407,314)	11,864,983

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, 2008						
Foreign exchange forward contracts	676,234	269,993	280,130	29,143	-	1,255,500
Currency swaps	680,320	141,094	514,802	355,917	71,332	1,763,465
Interest rate swaps	191	1,474	6,972	57,766	-	66,403
Total	1,356,745	412,561	801,904	442,826	71,332	3,085,368
As of December 31, 2007						
Foreign exchange forward contracts	321,952	220,215	465,673	1,351	-	1,009,191
Currency swaps	90,843	68,641	831,830	400,594	77,665	1,469,573
Interest rate swaps	213	544	1,766	3,947	-	6,470
Total	413,008	289,400	1,299,269	405,892	77,665	2,485,234

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations Related to the Consolidated 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	100,326	153,296	93,307	97,782
Balances with the Central Bank of Turkey	556,468	1,161,565	482,152	1,265,989
Other	1,254	2,719	-	2,451
Total	658,048	1,317,580	575,459	1,366,222

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted demand deposit (*)	556,468	379,517	482,152	336,907
Unrestricted time deposit	-	782,048	-	929,082
Restricted time deposit	-	-	-	-
Total	556,468	1,161,565	482,152	1,265,989

(*) TRY 379,517 (December 31, 2007 – TRY 336,907) foreign currency and TRY 11,854 (December 31, 2007 – TRY 1,163) domestic currency unrestricted demand deposit balance comprises of reserve deposits. Unrestricted demand deposit balance also includes average reserve deposit held in Central Bank. The interest rates applied for reserve deposits are 12.18% for TRY deposits and 1.00% - 1.80% for foreign currency deposits (December 31, 2007 – TRY 11.81% and 1.80% - 1.95% for foreign currency), 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, 2007 – None).

a.2) Financial assets at fair value through profit and loss subject to repurchase agreements: None (December 31, 2007 – None).

Net book value of unrestricted financial assets at fair value through profit and loss is TRY 29,321 (December 31, 2007 – TRY 199,549).

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I. Explanations Related to the Consolidated 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	22,701	5,979	34,392	2,981
Swap Transactions	10,246	3,374	2,569	2,749
Futures Transactions	-	129	-	-
Options	3,065	50	2,302	40
Other	-	-	-	-
Total	36,012	9,532	39,263	5,770

3. a) Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	19,545	445	11,960	263
Foreign	15,878	1,089,680	50,016	745,962
Branches and head office abroad	-	-	-	-
Total	35,423	1,090,125	61,976	746,225

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	662,825	497,706	79,770	130,275
USA and Canada	277,032	157,350	-	-
OECD Countries(*)	44,310	2,615	-	-
Off-shore banking regions	33,097	6,972	-	-
Other	8,524	1,060	-	-
Total	1,025,788	665,703	79,770	130,275

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

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I. Explanations Related to the Consolidated 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	199,342	-	40,175	134,762
Other	-	-	-	-
Total	199,342	-	40,175	134,762

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government bonds	23,634	-	993,849	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	23,634	-	993,849	-

Net book value of unrestricted financial assets available-for-sale is TRY 1,373,803 (December 31, 2007 – TRY 452,483).

b) Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	1,617,829	1,628,950
Quoted on a stock exchange	1,417,002	1,454,094
Not quoted	200,827	174,856
Share certificates	70	63
Quoted on a stock exchange	-	-
Not quoted	70	63
Impairment provision(-)	(21,120)	(7,744)
Total	1,596,779	1,621,269

All unquoted available for sale equities are recorded at fair value except for the Bank's investment of TRY 70 which is recorded at cost since its fair value cannot be reliably estimated(December 31, 2007 – TRY 63).

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	38,179	63,959	20,862	25,144
Corporate shareholders	38,179	63,959	20,862	25,144
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	4,398	-	4,095	-
Total	42,577	63,959	24,957	25,144

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I. Explanations Related to the Consolidated Assets (continued)

5. Information on loans: (continued)

- 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	8,895,516	-	408,332	3,907
Discount notes	162,121	-	405	-
Export loans	1,257,052	-	16,548	-
Import loans	-	-	-	-
Loans given to financial sector	370,630	-	-	-
Foreign loans	565,565	-	-	-
Consumer loans	979,396	-	138,083	-
Credit cards	364,866	-	21,233	-
Precious metal loans	216,974	-	3,293	-
Other	4,978,912	-	228,770	3,907
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	8,895,516	-	408,332	3,907

(*)The total capital amount including overdue collections 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.

- c) Loans 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	6,416,025	-	135,154	3,641
Non-specialized loans	6,416,025	-	135,154	3,641
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and Long-term loans and other receivables	2,479,491	-	273,178	266
Non-specialized loans	2,479,491	-	273,178	266
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	8,895,516	-	408,332	3,907

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I. Explanations Related to the Consolidated Assets (continued)

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	51,627	923,880	975,507
Housing Loans	1,369	451,556	452,925
Car Loans	4,594	153,608	158,202
General Purpose Loans	45,286	318,716	364,002
Other	378	-	378
Consumer Loans -Indexed to FC	1,559	78,215	79,774
Housing Loans	24	41,356	41,380
Car Loans	602	30,299	30,901
General Purpose Loans	915	6,038	6,953
Other	18	522	540
Consumer Loans -FC	17,415	1,748	19,163
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	17,415	1,748	19,163
Other	-	-	-
Individual Credit Cards-TRY	373,982	-	373,982
With Installments	100,009	-	100,009
Without Installments	273,973	-	273,973
Individual Credit Cards-FC	2,379	-	2,379
With Installments	31	-	31
Without Installments	2,348	-	2,348
Personnel Loans-TRY	1,003	2,787	3,790
Housing Loans	-	85	85
Car Loans	-	37	37
General Purpose Loans	1,003	2,665	3,668
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRY	106	-	106
With Installments	21	-	21
Without Installments	85	-	85
Personnel Credit Cards-FC	4	-	4
With Installments	-	-	-
Without Installments	4	-	4
Overdraft Accounts -TRY(Real Persons) (*)	33,500	-	33,500
Overdraft Accounts -FC(Real Persons)	5,745	-	5,745
Total	487,320	1,006,630	1,493,950

(*) Overdraft Accounts includes TRY 498 personnel loans.

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I. Explanations Related to the Consolidated Assets (continued)

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	94,817	745,806	840,623
Business Loans	197	32,692	32,889
Car Loans	10,953	231,313	242,266
General Purpose Loans	83,667	480,927	564,594
Other	-	874	874
Commercial loans with installment facility - Indexed to FC	29,877	157,313	187,190
Business Loans	-	2,981	2,981
Car Loans	5,537	90,519	96,056
General Purpose Loans	24,340	61,559	85,899
Other	-	2,254	2,254
Commercial loans with installment facility –FC	-	-	-
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TRY	9,154	-	9,154
With Installments	-	-	-
Without Installments	9,154	-	9,154
Corporate Credit Cards-FC	474	-	474
With Installments	-	-	-
Without Installments	474	-	474
Overdraft Accounts-TRY(Legal Entities)	182,603	-	182,603
Overdraft Accounts-FC(Legal Entities)	-	-	-
Total	316,925	903,119	1,220,044

f) Loans according to borrowers:

	Current Period	Prior Period
Public	12,514	360
Private	9,295,241	7,589,024
Total	9,307,755	7,589,384

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	8,742,190	7,145,223
Foreign loans	565,565	444,161
Total	9,307,755	7,589,384

h) Loans granted to subsidiaries and associates:

Eliminated in consolidated financial statements.

i) Specific provisions provided against loans:

	Current Period	Prior Period
Specific provisions		
Loans and receivables with limited collectibility	6,089	3,802
Loans and receivables with doubtful collectibility	20,920	12,030
Uncollectible loans and receivables	73,709	57,375
Total	100,718	73,207

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5. Information on loans: (continued)

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: None (December 31, 2007 – None).

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Prior period end balance	22,601	29,548	69,359
Additions (+)	77,941	3,516	338
Transfers from other categories of non-performing loans (+)	-	49,812	23,626
Transfers to other categories of non-performing loans (-)	49,812	23,626	-
Collections (-)	12,998	11,960	6,543
Write-offs (-)	-	-	67
Corporate and commercial loans	-	-	67
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance	37,732	47,290	86,713
Specific provision (-)	6,089	20,920	73,709
Net Balances on Balance Sheet	31,643	26,370	13,004

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Period :			
Current period end balance	-	3,211	-
Specific provision (-)	-	2,408	-
Net Balances on Balance Sheet	-	803	-
Prior Period :			
Prior period end balance	-	-	-
Specific provision (-)	-	-	-
Net Balances on Balance Sheet	-	-	-

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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 collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	37,732	47,290	86,713
Specific provision (-)	6,089	20,920	73,709
Loans to Real Persons and Legal Entities (Net)	31,643	26,370	13,004
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)	22,601	29,548	69,359
Specific provision (-)	3,802	12,030	57,375
Loans to Real Persons and Legal Entities (Net)	18,799	17,518	11,984
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 Parent Bank.

l) Explanation related to write-off policy:

In compliance with the “Procedures for Write Off and Procedures for Delayed Receivables” unrecoverable non performing loans can be written off to prevent additional legal expenses.

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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	4,918,154	2,869,769	1,095,592	368,679	-	9,252,194
Past due not impaired	336	17,600	20,205	17,420	-	55,561
Individually impaired	60,131	63,602	25,915	22,087	-	171,735
Total gross	4,978,621	2,950,971	1,141,712	408,186	-	9,479,490
Less: allowance for individually impaired loans	47,927	28,747	12,807	11,237	-	100,718
Total allowance for impairment	47,927	28,747	12,807	11,237	-	100,718
Total net	4,930,694	2,922,224	1,128,905	396,949	-	9,378,772
Prior Period	Corporate	Small Business	Consumer	Credit Cards	Other	Total
Neither past due nor impaired	3,899,835	2,420,756	974,176	237,373	-	7,532,140
Past due not impaired	6,943	16,260	7,014	27,027	-	57,244
Individually impaired	72,723	17,621	20,176	10,988	-	121,508
Total gross	3,979,501	2,454,637	1,001,366	275,388	-	7,710,892
Less: allowance for individually impaired loans	44,232	16,139	8,132	4,704	-	73,207
Total allowance for impairment	44,232	16,139	8,132	4,704	-	73,207
Total net	3,935,269	2,438,498	993,234	270,684	-	7,637,685

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I. Explanations Related to the Consolidated Assets (continued)

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, 2008	44,232	16,139	8,132	4,704	-	73,207
Charge for the year	6,833	25,385	11,612	12,807	-	56,637
Recoveries	(3,071)	(12,777)	(6,937)	(6,274)	-	(29,059)
Amounts written off	(67)	-	-	-	-	(67)
At June 30, 2008	47,927	28,747	12,807	11,237	-	100,718

	Corporate	Small Business	Consumer	Credit Cards	Other	Total
At January 1, 2007	24,169	3,486	1,887	706	-	30,248
Charge for the year	20,698	13,238	6,245	3,998	-	44,179
Recoveries	(635)	(585)	-	-	-	(1,220)
Amounts written off	-	-	-	-	-	-
At December 31, 2007	44,232	16,139	8,132	4,704	-	73,207

The fair value of collaterals, capped with the respective outstanding loan balance, that the parent Bank holds relating to loans individually determined to be impaired at June 30, 2008 is TRY 45,581 (December 31, 2007: TRY 35,438).

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I. Explanations Related to the Consolidated Assets (continued)

5. Information on loans: (continued)

m) Other explanations and disclosures: (continued)

Collaterals and credit enhancement obtained by the Group during the year:

June 30, 2008	Corporate	Small Business	Consumer	Credit Cards	Other	Total
Residential, commercial or industrial property	4,630	1,294	104	-	-	6,028
Financial assets	-	-	-	-	-	-
Other	16	-	-	-	-	16
Total	4,646	1,294	104	-	-	6,044

December 31, 2007	Corporate	Small Business	Consumer	Credit Cards	Other	Total
Residential, commercial or industrial property	2,980	202	81	-	-	3,263
Financial assets	-	-	-	-	-	-
Other	16	-	-	-	-	16
Total	2,996	202	81	-	-	3,279

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

June 30, 2008	Less than 30 days			More than 91 days	Total
	days	31-60 days	61-90 days	days	
Loans and Advances to customers					
Corporate lending	210	100	26	-	336
Small business lending	11,675	3,573	2,352	-	17,600
Consumer lending	11,335	5,426	3,444	-	20,205
Credit cards	17,107	259	54	-	17,420
Other	-	-	-	-	-
Total	40,327	9,358	5,876	-	55,561

December 31, 2007	Less than 30 days			More than 91 days	Total
	days	31-60 days	61-90 days	days	
Loans and Advances to customers					
Corporate lending	2,545	1,945	2,453	-	6,943
Small business lending	4,542	7,619	4,099	-	16,260
Consumer lending	2,296	3,607	1,111	-	7,014
Credit cards	10,811	12,069	4,147	-	27,027
Other	-	-	-	-	-
Total	20,194	25,240	11,810	-	57,244

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5. Information on loans: (continued)

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, 2008 was TRY 161,240 (December 31, 2007 : TRY 155,536).

Loans and advances amounting to TRY 3,409,904 have floating interest rates (December 31, 2007 – TRY 2,869,116) and the rest TRY 5,897,851 have fixed interest rates (December 31, 2007 – TRY 4,720,268).

6. Information on held-to-maturity investments :

a.1) Information on held-to-maturity investments given as collateral or blocked: None (December 31, 2007 – None).

a.2) Held-to-maturity investments subject to repurchase agreements: None (December 31, 2007 – None).

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

	Current Period	Prior Period
Government Bonds	2,995	6,114
Treasury Bills	1,617	1,626
Other public sector debt securities	-	-
Total	4,612	7,740

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	4,612	7,740
Quoted on a stock exchange	4,612	7,740
Not quoted on a stock exchange	-	-
Provision for impairment (-)	-	-
Total	4,612	7,740

d) Movement of held-to-maturity investments:

	Current Period	Prior Period
Beginning balance	7,740	11,057
Foreign currency differences on monetary assets	82	(1,806)
Purchases during year	-	-
Disposals through sales and redemptions	(3,210)	(1,511)
Impairment provision (-)	-	-
Closing Balance	4,612	7,740

7. Information on associates (Net):

a.1) Information on the unconsolidated associates:

	Current Period	Prior Period
Participations		
Other Financial Associates / Gelisen Isletmeler Piyasasi A.S.	12	12
Total	12	12

a.2) Gelisen Isletmeler Piyasasi A.S. commenced its operations as of December 30, 2005.

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I. Explanations Related to the Consolidated Assets (continued)

7. Information on associates (Net): (continued)

- b.1) Information on the consolidated associates: None (December 31, 2007 – None).
b.2) Valuation of consolidated associates: None (December 31, 2007 – None).
b.3) Consolidated associates which are quoted on the stock exchange: None (December 31, 2007 – None).

8. Information on subsidiaries (Net):

- a) Information on the unconsolidated subsidiaries: None (December 31, 2007 – 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.S.	Istanbul/Turkey	100.00	-
TEB Factoring A.S.	Istanbul/Turkey	100.00	-
TEB Yatırım Menkul Degerler A.S.	Istanbul/Turkey	74.94	25.06
TEB Portföy Yönetimi A.S.	Istanbul/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) 1,596,214	141,572	7,474	44,804	1,426	6,189	13,478	-
(ii) 589,772	53,035	20,737	28,709	-	5,721	4,650	-
(ii) 490,399	17,906	466	26,029	-	4,664	7,157	-
(iii) 63,892	35,934	1,386	5,218	14,303	2,488	14,117	-
(iv) 9,807	8,907	562	490	26	1,237	3,574	-

(*) Represents the amounts in the financial statements as of December 31, 2007.

- (i) Represents financial figures of foreign currency statutory financial statements translated at period end foreign exchange rates for balance sheet and monthly average rates for profit and loss as of June 30 2008. The Economy Bank NV has two consolidated subsidiaries named Stichting Custody Services and Kronenburg Vastgoed B.V.
(ii) Represents financial figures based on BRSA as of June 30 2008.
(iii) Represents consolidated financial figures of TEB Yatırım and TEB Portföy based on Capital Markets Board regulations as of June 30, 2008.
(iv) Represents financial figures based on Capital Markets Board regulations as of June 30, 2008.

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8. Information on subsidiaries (Net): (continued)

b.2) Information on consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	164,136	164,155
Movements during the period	1,745	(19)
Purchases	-	-
Bonus shares obtained (*)	1,713	-
Share in current year income	-	-
Sales	-	-
Revaluation increase	32	(19)
Provision for impairment	-	-
Balance at the end of the period	165,881	164,136
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) TEB Factoring A.S has increased its paid-in capital of TRY 6,200 to TRY 9,000. TRY 1,087 of TRY 2,800 increase was incorporated from other capital reserves, and the remaining TRY 1,713 was incorporated from the extraordinary reserves. The increase was registered with Istanbul Trade Registry Office on February 8, 2008 and published in the Turkish Trade Registry Gazette on February 13, 2008.

b.3) Sectoral information on the consolidated subsidiaries and the related carrying amounts:

		Current Period	Prior Period
Banks	/ The Economy Bank N.V.	61,254	61,254
Leasing Companies	/ TEB Finansal Kiralama A .S	40,190	40,190
Factoring Companies	/ TEB Factoring A.S.	24,037	22,324
Other Financial Subsidiaries	/ TEB Yatirim Menkul Degerler A.S.	34,770	34,770
	TEB Portföy Yönetimi A.S.	5,354	5,354
	Stichting Custody Services TEB	241	213
	Kronenburg Vastgoed B.V.	35	31
Total		165,881	164,136

The carrying amounts of the subsidiaries above have been eliminated in the consolidated financial statements.

b.4) Consolidated subsidiaries quoted in the stock exchange: None (December 31, 2007– None).

9. Information on entities under common control (Joint Vent.): None (December 31, 2007– None).

10. Information on finance lease receivables (Net):

a) Maturity Analysis :

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	276,378	228,589	176,626	178,992
Between 1-4 years	317,698	274,465	217,092	219,433
Over 4 years	29,429	25,868	81,211	10,320
Specific provisions	(2,545)	(2,545)	(3,831)	(3,831)
Total	620,960	526,377	471,098	404,914

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

b) Other explanations and disclosures :

Current Period	Small		Consumer	Credit Cards	Other	Total
	Corporate	Business				
Neither past due nor impaired	78,948	437,208	-	-	-	516,156
Past due not impaired	352	587	-	-	-	939
Individually impaired	-	11,827	-	-	-	11,827
Total gross	79,300	449,622	-	-	-	528,922
Less: allowance for individually impaired loans	-	2,545	-	-	-	2,545
Total allowance for impairment	-	2,545	-	-	-	2,545
Total net	79,300	447,077	-	-	-	526,377

Prior Period	Small		Consumer	Credit Cards	Other	Total
	Corporate	Business				
Neither past due nor impaired	-	391,598	-	-	-	391,598
Past due not impaired	352	4,970	-	-	-	5,322
Individually impaired	-	11,825	-	-	-	11,825
Total gross	352	408,393	-	-	-	408,745
Less: allowance for individually impaired loans	-	3,831	-	-	-	3,831
Total allowance for impairment	-	3,831	-	-	-	3,831
Total net	352	404,562	-	-	-	404,914

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I. Explanations Related to the Consolidated Assets (continued)

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

b) 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, 2008	-	3,831	-	-	-	3,831
Charge for the year	-	1,600	-	-	-	1,600
Recoveries	-	(256)	-	-	-	(256)
Amounts written off	-	(2,630)	-	-	-	(2,630)
At June 30, 2008	-	2,545	-	-	-	2,545

	Corporate	Small Business	Consumer	Credit Cards	Other	Total
At January 1, 2007	-	1,616	-	-	-	1,616
Charge for the year	-	3,321	-	-	-	3,321
Recoveries	-	(1,106)	-	-	-	(1,106)
Amounts written off	-	-	-	-	-	-
At December 31, 2007	-	3,831	-	-	-	3,831

The fair value of collaterals that TEB Finansal Kiralama A.S. holds relating to lease receivables individually determined to be impaired at June 30, 2008 is TRY 3,542 (December 31, 2007 – TRY 7,075).

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

June 30, 2008	Less than 30 days	31-60 days	61-90 days	More than 91 days	Total
Loans and Advances to customers					
Corporate lending	310	42	-	-	352
Small business lending	587	-	-	-	587
Consumer lending	-	-	-	-	-
Credit cards	-	-	-	-	-
Other	-	-	-	-	-
Total	897	42	-	-	939

December 31, 2007	Less than 30 days	31-60 days	61-90 days	More than 91 days	Total
Loans and Advances to customers					
Corporate lending	230	122	-	-	352
Small business lending	2,389	909	1,672	-	4,970
Consumer lending	-	-	-	-	-
Credit cards	-	-	-	-	-
Other	-	-	-	-	-
Total	2,619	1,031	1,672	-	5,322

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 TEB Finansal Kiralama A.S. held as at June 30, 2008 was TRY 15,336 (December 31, 2007 – TRY 29,339).

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I. Explanations Related to the Consolidated Assets (continued)

11. Information on derivative financial assets for hedging purposes: None (December 31, 2007 – None).

12. Information on tangible assets:

	Opening Balance December 31, 2007	Additions	Disposals	Other	Ending Balance December 31, 2008
Cost:					
Land and buildings	33,844	2,520	-	886	37,250
Leased tangible assets	82,773	1,888	(24,070)	-	60,591
Vehicles	473	-	(40)	18	451
Other	204,218	25,676	(2,174)	248	227,968
Total Cost	321,308	30,084	(26,284)	1,152	326,260
	Opening Balance December 31, 2007	Period Charge	Disposals	Other	Ending Balance December 31, 2008
Accumulated Depreciation:					
Land and buildings	(3,781)	(197)	-	(80)	(4,058)
Leased tangible assets	(37,600)	(3,182)	790	-	(39,992)
Vehicles	(237)	(47)	31	(14)	(267)
Other (*)	(89,464)	(15,881)	1,879	(1,488)	(104,954)
Total Accumulated Depreciation	(131,082)	(19,307)	2,700	(1,582)	(149,271)
Net Book Value	190,226	10,777	(23,584)	(430)	176,989

(*) "Other" includes TRY 1,274 impairment loss provision booked for assets to be disposed.

- 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: Provision for impairment loss amounting to TRY 1,274 is booked for real estates to be disposed with respect to appraisals performed as of June 30, 2008 (December 31, 2007: None).
- 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.
- The financial leasing contract was restructured on December 28, 2007 due to construction of a building through financial leasing on the part of the land already acquired through financial leasing by the Parent Bank on December 31, 2002. The financial leasing contract was once again restructured on February 8, 2008. With the amendment, the Parent Bank has transferred all its rights and liabilities arising from the financial leasing contract to TEB Mali Yatirimlar A.S., the ultimate shareholder of the Parent Bank. Thus the Parent Bank's assets and liabilities subject to and arising from this financial leasing contract have been netted.

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I. Explanations Related to the Consolidated Assets (continued)

13. Information on intangible assets:

	Opening Balance December 31, 2007	Additions	Disposals	Other	Ending Balance June 30, 2008
Cost:					
Other intangible assets	26,604	3,057	-	148	29,809
Total Cost	26,604	3,057	-	148	29,809
	Opening Balance December 31, 2007	Period Charge	Disposals	Other	Ending Balance June 30, 2008
Accumulated Amortisation:					
Other intangible assets	(17,702)	(2,358)	-	(125)	(20,185)
Total Accumulated Amortisation	(17,702)	(2,358)	-	(125)	(20,185)
Net Book Value	8,902	699	-	23	9,624

- 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 : There is a positive goodwill of TRY 1,205 (December 31, 2007 – TRY 1,205) arising from the purchase of TEB Portföy by TEB Yatırım on February 27, 2005.
- i) Movements on goodwill in the current period:

	Current Period	Prior Period
Gross value at the beginning of the period	1,685	1,685
Accumulated depreciation (-)	480	480
Impairment provision (-)	-	-
Movements within the period :		
Additional goodwill	-	-
Corrections arising from the changes in value of assets and liabilities	-	-
Goodwill written off due to discontinued operations in current period or complete /partial sale of an asset (-)	-	-
Amortisation (-)	-	-
Impairment provision (-)	-	-
Reversal of impairment provision (-)	-	-
Other differences occurred in the book value	-	-
Gross value at the end of the period	1,685	1,685
Accumulated amortization (-)	480	480
Impairment provision (-)	-	-
Net book value at the end of the period	1,205	1,205

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I. Explanations Related to the Consolidated Assets (continued)

14. Information on investment property: None (December 31, 2007 – None).

15. Explanations on deferred tax asset:

- a) As of June 30, 2008, deferred tax asset computed on the temporary differences and reflected to the balance sheet is TRY 28,745 (December 31, 2007 – TRY 46,272). 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	46,272	14,506
Effect of change in tax rate	-	-
Deferred tax (charge)/benefit	(24,326)	34,903
Deferred tax (charge)/benefit (Net)	(24,326)	34,903
Deferred tax accounted for under equity	6,799	(3,137)
Deferred Tax Asset	28,745	46,272

	Cari Dönem	Önceki Dönem
At January 1 (Deferred Tax Liability)	(12)	-
Effect of change in tax rate	-	-
Deferred tax (charge)/benefit	12	(12)
Deferred tax (charge)/benefit (Net)	12	(12)
Deferred tax tax accounted for under equity	-	-
Deferred Tax Liability	-	(12)

16. Information on assets held for sale and discontinued operations : None (December 31, 2007: None).

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17. Information on other assets:

a) Breakdown of other assets:

	Cari Dönem	Önceki Dönem
Clearing Account	233,455	195,113
Receivables From Securities Transactions	24,478	30,254
Leasing Contracts in Progress	3,245	37,279
Collateral Given for Derivative Financial Assets	15,498	8,863
Advances Given	6,525	3,678
Transaction Costs Related to Financial Liabilities	4,660	5,485
Prepaid Rents	4,746	4,103
Prepaid Insurance Premiums	5,205	158
Other Prepaid Expenses	16,917	13,575
Receivables from Credit Cards Payments	75,331	43,356
Tax Receivable (*)	11	-
Other	38,403	15,582
Total	428,474	357,446

(*) As a result of a lawsuit opened against the Ministry of Finance of the Turkish Republic ("Ministry") based on the requirement about the deduction of losses arising from the capital decrease in the financial statements of the Parent Bank dated December 31, 2001 based on the Temporary Article 4 with the law numbered 4743 added to the Banking Law No: 4389 that is ceased to be effective on November 1, 2005, by using the statutory and optional reserves as an expense in determining banks' profit within the framework set out in Paragraph 7 of Article 14 of the annulled Corporate Tax Law No: 5422, the Parent Bank has settled its tax reimbursement issue with the Ministry based on Article 3 of Law No: 5736 "Collection of Some Government Receivables by Compromise Procedures" published in the Official Gazette No: 26800 on February 27, 2008, and it has reflected its receivable amounting to TRY 41,207 in its financial statements, which became collectible with the notification to the Parent Bank by the Ministry in regards to the decision made on the settlement of this reimbursement by deducting that receivable amount from other taxes payable to the extent that 65% of the losses arising from year 2001 inflation accounting adjustment should be taken into account. TRY 41,196 which consists of stamp, withholding and value added taxes to be paid by the Parent Bank in 2008, has been deducted from the stated amount, and the tax receivable is shown as TRY 11 in the accompanying financial statements.

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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I. Explanations Related to the Consolidated Assets (continued)

18. Information on factoring receivables:

a) Maturity Analysis:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short term	391,944	93,908	286,584	109,343
Medium and Long Term	2,267	-	59,178	24,937
Specific provisions	(2,741)	-	(2,413)	-
Total	391,470	93,908	343,349	134,280

b) Other explanations and disclosures :

Current Period	Small					Total
	Corporate	Business	Consumer	Credit Cards	Other	
Neither past due nor impaired	247,209	236,973	-	-	-	484,182
Past due not impaired	-	-	-	-	-	-
Individually impaired	2,015	1,922	-	-	-	3,937
Total gross	249,224	238,895	-	-	-	488,119
Less: allowance for individually impaired loans	1,220	1,521	-	-	-	2,741
Total allowance for impairment	1,220	1,521	-	-	-	2,741
Total net	248,004	237,374	-	-	-	485,378

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I. Explanations Related to the Consolidated Assets (continued)

18. Information on factoring receivables: (continued)

b) Other explanations and disclosures: (continued)

Prior Period	Small					Total
	Corporate	Business	Consumer	Credit Cards	Other	
Neither past due nor impaired	233,732	243,136	-	-	-	476,868
Past due not impaired	-	-	-	-	-	-
Individually impaired	1,555	1,619	-	-	-	3,174
Total gross	235,287	244,755	-	-	-	480,042
Less: allowance for individually impaired loans	1,224	1,189	-	-	-	2,413
Total allowance for impairment	1,224	1,189	-	-	-	2,413
Total net	234,063	243,566	-	-	-	477,629

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, 2008	1,224	1,189	-	-	-	2,413
Charge for the period	-	343	-	-	-	343
Recoveries	(4)	(11)	-	-	-	(15)
Amounts written off	-	-	-	-	-	-
At June 30, 2008	1,220	1,521	-	-	-	2,741

	Corporate	Small Business	Consumer	Credit Cards	Other	Total
At January 1, 2007	935	973	-	-	-	1,908
Charge for the period	348	216	-	-	-	564
Recoveries	(59)	-	-	-	-	(59)
Amounts written off	-	-	-	-	-	-
At December 31, 2007	1,224	1,189	-	-	-	2,413

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SECTION FIVE

II. Explanations Related to the Consolidated Liabilities

1. a) Information on maturity structure of deposits:

a.1) Current period:

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Month	3-6 Month	6 Month- 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	150,642	-	990,856	1,544,079	5,146	5,791	572	-	2,697,086
Foreign currency deposits	880,760	-	2,479,699	1,550,533	86,635	26,138	106,321	-	5,130,086
Residents in Turkey	707,525	-	1,847,197	1,145,102	74,108	23,158	19,715	-	3,816,805
Residents abroad	173,235	-	632,502	405,431	12,527	2,980	86,606	-	1,313,281
Public sector deposits	235,192	-	2,374	118,129	31	-	-	-	355,726
Commercial deposits	363,525	-	740,655	768,702	1,838	7,014	-	-	1,881,734
Other institutions deposits	6,646	-	18,339	124,191	63	255	-	-	149,494
Precious metals deposits	3,511	-	-	106	110	111	-	-	3,838
Interbank deposits	54,757	-	174,439	28,006	-	-	1,007	-	258,209
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	3,820	-	79,837	3,031	-	-	1,007	-	87,695
Foreign Banks	20,309	-	94,602	24,975	-	-	-	-	139,886
Special finance houses	30,628	-	-	-	-	-	-	-	30,628
Other	-	-	-	-	-	-	-	-	-
Total	1,695,033	-	4,406,362	4,133,746	93,823	39,309	107,900	-	10,476,173

a.2) Prior period:

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Month	3-6 Month	6 Month- 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	142,343	-	953,016	931,558	5,719	6,993	657	-	2,040,286
Foreign currency deposits	803,108	-	2,195,232	1,052,312	119,001	21,822	69,895	-	4,261,370
Residents in Turkey	636,116	-	1,688,532	860,793	115,997	17,964	20,245	-	3,339,647
Residents abroad	166,992	-	506,700	191,519	3,004	3,858	49,650	-	921,723
Public sector deposits	85,678	-	2,944	759	-	-	-	-	89,381
Commercial deposits	379,708	-	498,343	264,585	989	5,221	-	-	1,148,846
Other institutions deposits	5,079	-	59,310	53,465	331	356	-	-	118,541
Precious metals deposits	2,978	-	-	1,552	93	95	-	-	4,718
Interbank deposits	152,830	-	285,968	82,167	73	-	-	-	521,038
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	176	-	175,789	11,136	-	-	-	-	187,101
Foreign Banks	18,292	-	110,179	71,031	73	-	-	-	199,575
Special finance houses	134,362	-	-	-	-	-	-	-	134,362
Other	-	-	-	-	-	-	-	-	-
Total	1,571,724	-	3,994,813	2,386,398	126,206	34,487	70,552	-	8,184,180

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	952,433	683,211	1,677,823	1,286,305
Foreign currency saving deposits	388,157	367,602	1,422,537	1,175,941
Other deposits in the form of saving deposits	1,002	842	2,708	3,690
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	1,341,592	1,051,655	3,103,068	2,465,936

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

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II. Explanations Related to the Consolidated 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) Deposit of real persons not under the guarantee of saving deposit insurance:

	Current Period	Prior Period
Deposits and accounts in branches abroad	35,483	14,249
Deposits of ultimate shareholders and their close families	716,587	655,656
Deposits of chairman and members of the Board of Directors and their close families	11,767	2,300
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	15,038	5,736	31,987	2,258
Swap Transactions	123,864	531	222,680	3,217
Futures Transactions	-	6,846	-	-
Options	2,966	86	2,134	52
Other	-	-	-	187
Total	141,868	13,199	256,801	5,714

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	230,100	105,573	296,549	163,031
From Foreign Banks, Institutions and Funds	682,664	1,373,909	454,657	1,456,767
Total	912,764	1,479,482	751,206	1,619,798

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b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-term	694,178	1,024,254	691,607	1,175,116
Medium and long-term	218,586	455,228	59,599	444,682
Total	912,764	1,479,482	751,206	1,619,798

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

Parent Bank diversifies its funding resources by the customer deposits and by the foreign borrowings. As of June 30, 2008, the parent Bank has a syndication loan of EUR 240,000,000 , with a maturity of 1 year, under foreign borrowings obtained on November 20, 2007.

Parent Bank makes analysis of its customers that provide the maximum amount of funds within the branches and throughout the Parent Bank, in consideration of profitability. Parent 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	22,256	-	904,293	-
Financial institutions and organizations	14,296	-	896,082	-
Other institutions and organizations	157	-	424	-
Real persons	7,803	-	7,787	-
From foreign transactions	48	-	38	5,005
Financial institutions and organizations	-	-	-	5,005
Other institutions and organizations	-	-	-	-
Real persons	48	-	38	-
Total	22,304	-	904,331	5,005

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, 2007 – None).

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II. Explanations Related to the Consolidated Liabilities (continued)

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 group:

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

- b) The explanation on modifications in agreements and new obligations resulting from such modifications:

The financial leasing contract was restructured on December 28, 2007 due to construction of a building through financial leasing on the part of the land already acquired through financial leasing by the Parent Bank on December 31, 2002. The financial leasing contract was once again restructured on February 8, 2008. With the amendment, the Parent Bank has transferred all its rights and liabilities arising from the financial leasing contract to TEB Mali Yatirimlar A.S., the ultimate shareholder of the Parent Bank. Thus the Parent Bank's assets and liabilities subject to and arising from this financial leasing contract have been netted.

- c) Explanation on finance lease payables: None.

- d) Explanations regarding operational leases:

Except for the Head-Office-Istanbul and Izmir-Ege Kurumsal Branch buildings, all branch premises of the Parent Bank are leased under operational leases. For the period ended June 30, 2008, operational lease expenses amounting to TRY 30,464 (June 30, 2007 – TRY 20,732) 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:** None (December 31, 2007 – None).

7. Information on provisions:

- a) Information on general provisions:

	Current Period	Prior Period
General Provisions		
Provisions for First Group Loans and Receivables	56,039	44,713
Provisions for Second Group Loans and Receivables	8,279	-
Provisions for Non-Cash Loans	9,520	6,710
Other	3,897	5,204
Total	77,735	56,627

- 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 33,477 (December 31, 2007 - TRY 49,294) is netted off from loans on the balance sheet.

- c) The specific provisions provided for unindemnified non cash loans amount to TRY 591 (December 31, TRY 552).

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II. Explanations Related to the Consolidated Liabilities (continued)

7. Information on provisions: (continued)

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

The Group 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, 2008, the Group provided a reserve of TRY 10,934 (December 31, 2007- TRY 7,879) for the unused vacations. This balance is classified under other provisions in the financial statements.

d.1) Movement of employee termination benefits

	Current Period	Prior Period
As of January 1	11,187	7,516
Service cost	1,104	1,018
Interest cost	602	750
Actuarial (gain)/loss	-	3,345
Benefits paid	(517)	(1,442)
Total	12,376	11,187

e) Information on other provisions:

e.1) Provisions for possible losses: None (December 31, 2007 – 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	10,934	7,879
Provision for promotion of credit cards and banking services	2,667	2,030
Other (*)	27,608	552
Total	41,209	10,461

(*) Included in other, TRY 11,977 is the current period accrual of provision related to the current period for bonuses to be paid to its personnel, TRY 15,040 is the provision for possible tax disputes that may occur in the future, as per the principle of prudence.

f) Liabilities on pension rights:

f.1) Liabilities for pension funds established in accordance with “Social Security Institution”: None (December 31, 2007 – None).

f.2) Liabilities resulting from all kinds of pension funds, foundations etc, which provide post retirement benefits for the employees: None (December 31, 2007 – None).

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II. Explanations Related to the Consolidated Liabilities (continued)

8. Explanations on taxes payable:

a) Information on current tax liability:

a.1) Corporate taxes:

	Current Period	Prior Period
Provision for Corporate Taxes	176	11,387

a.2) Information on taxes payable:

	Current Period	Prior Period
Taxation on Securities	12,067	9,825
Property Tax	956	671
Banking Insurance Transaction Tax (BITT)	12,376	10,503
Foreign Exchange Transaction Tax	8	1,008
Value Added Tax Payable	413	485
Other (*)	6,668	6,815
Total	32,488	29,307

(*) "Other" includes stamp taxes payable amounting to TRY 563 (December 31, 2007 – TRY 448).

b) Information on premiums :

	Current Period	Prior Period
Social Security Premiums-Employee	2,392	1,927
Social Security Premiums-Employer	3,362	2,712
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	165	136
Unemployment Insurance-Employer	334	268
Other	951	884
Total	7,204	5,927

c) Explanations on deferred tax liabilities, if any:

There is no deferred tax liability of the Group as of June 30, 2008 (December 31, 2007 – TRY 12). The deferred tax liability movement is presented under "Explanations on Deferred Tax Asset".

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II. Explanations Related to the Consolidated Liabilities (continued)

9. Information on liabilities regarding assets held for sale and discontinued operations: None (December 31, 2007 – None).

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

The Parent 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%.

The Parent 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 Parent 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 an interest rate of 6.10%.

The Parent 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 said 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 6 month 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 6 month Libor+ 5.25%.

As of January 30, 2008, the main shareholder TEB Mali Yatirimlar A.S. of the Parent Bank has placed TRY 155,000 to the Parent Bank. The facility matches the definition of the subordinated loan in the article 8, clause 11 of the Communique on Equity of Banks. Since this amount has been obtained for the capital increase committed by this shareholder and the Banking Regulation and Supervision Agency approved it by its letter dated February 11, 2008, it has been accounted for as secondary subordinated loan. The said amount will be incorporated to the paid in capital after capital increase procedures are completed.

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

a) Information on subordinated loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	155,000	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	420,667	-	387,880
Total	155,000	420,667	-	387,880

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II. Explanations Related to the Consolidated Liabilities (continued)

11. Information on Shareholders' Equity :

- a) Presentation of Paid-in capital:

	Current Period	Prior Period
Common stock	755,000	755,000
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	755,000	1,400,000

At the meeting of the Parent Bank's General Assembly held on March 26, 2008, it has been resolved to increase the registered capital ceiling of the Parent Bank from TRY 900,000 to TRY 1,400,000. The increase was registered with the Trade Registry Office on March 27, 2008 and published in the Turkish Trade Registry Gazette numbered 7032 on April 1, 2008.

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

Prior year income, profitability and liquidity of the Parent 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 the 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 YTL 30 (in full TRY) is distributed to the founder shares.

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II. Explanations Related to the Consolidated Liabilities (continued)

11. Information on Shareholders' Equity: (continued)

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	(20,519)	(4,605)	1,854	545
Foreign Exchange Difference	-	-	-	-
Total	(20,519)	(4,605)	1,854	545

	Current Period	Prior Period
Foreign currency marketable securities value increase fund	(4,605)	545
Foreign exchange gains resulting from foreign currency associates, subsidiaries, and securities held to maturity related to the above amount	-	-
Total	(4,605)	545

Information on legal reserves :

	Current Period	Prior Period
First legal reserves	32,980	27,970
Second legal reserves	13,713	8,453
Other legal reserves appropriated in accordance with special legislation	-	-
Total	46,693	36,423

Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	197,905	61,105
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Total	197,905	61,105

Other Information on Shareholders' Equity:

The movement of the other reserves is as follows:

	Current Period	Prior Period
At January 1	2,399	(10,124)
Net unrealised gains on available for sale investments	(35,194)	20,723
Realised gains on available for sale investments recycled to income statement on disposal	-	-
Realised losses on available for sale investments recycled to income statement on disposal and impairment	872	(5,063)
Tax effect of net gains on available for sale investments	6,799	(3,137)
Unrealised gains / (losses) on cash flow hedges	-	-
Gains / (losses) on cash flow hedges recycled to income statement	-	-
Tax effect of net gains on cash flow hedges	-	-
At period end	(25,124)	2,399

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II. Explanations Related to the Consolidated Liabilities (continued)

12. Information on minority shares: None (December 31, 2007 – None).

13. Explanations on factoring payables:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Domestic	96,074	3,041	111,850	-
Short-term	95,610	3,041	111,850	-
Medium and long-term	464	-	-	-
Foreign	-	-	-	57,755
Short-term	-	-	-	57,755
Medium and long-term	-	-	-	-
Total	96,074	3,041	111,850	57,755

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SECTION FIVE

III. Explanations Related to the Consolidated 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 1,046,561 and TRY 822,709; payment commitments for checks are TRY 569,479 and TRY 456,009 as of June 30, 2008 and December 31, 2007 respectively.
- b) Possible losses and commitments related to off-balance sheet items including items listed below:

The Group, 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, 2008 total guarantees and commitments consist of letters of guarantee amounting to TRY 2,559,408 (December 31, 2007 - TRY 2,178,914), acceptances amounting to TRY 65,034 (December 31, 2007 - TRY 64,002) and letters of credit amounting to TRY 1,366,360 (December 31, 2007 -TRY 856,381).

- b.2) Guarantees, suretyships, and similar transactions: The Group has other guarantees and suretyships amounting to TRY 266,236 as of June 30, 2008 (December 31, 2007 –TRY 200,080).

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

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	255,081	186,955
With maturity of 1 year or less than 1 year	50,253	8,281
With maturity of more than 1 year	204,828	178,674
Other non-cash loans	4,001,957	3,112,422
Total	4,257,038	3,299,377

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	25,927	1.75	32,604	1.17	16,138	1.21	16,537	0.84
Farming and raising livestock	22,839	1.54	27,713	1.00	12,882	0.97	15,316	0.78
Forestry	2,685	0.18	4,849	0.17	2,792	0.21	1,221	0.06
Fishery	403	0.03	42	-	464	0.03	-	-
Manufacturing	803,976	54.18	1,205,967	43.49	667,856	50.28	1,018,365	51.67
Mining	55,260	3.72	21,622	0.78	50,595	3.81	25,615	1.30
Production	731,634	49.31	1,157,750	41.75	600,432	45.20	970,190	49.23
Electric, gas and water	17,082	1.15	26,595	0.96	16,829	1.27	22,560	1.14
Construction	273,576	18.44	545,862	19.68	226,578	17.05	360,869	18.31
Services	364,325	24.55	402,288	14.51	351,092	26.43	285,703	14.50
Wholesale and retail trade	190,617	12.84	101,083	3.65	174,009	13.11	71,259	3.62
Hotel, food and beverage services	8,301	0.56	3,783	0.14	8,543	0.64	5,511	0.28
Transportation and telecommunication	48,804	3.29	60,743	2.19	47,226	3.55	56,208	2.85
Financial institutions	33,513	2.26	175,406	6.32	31,651	2.38	106,797	5.42
Real estate and renting services	22,275	1.50	21,079	0.76	23,356	1.76	28,441	1.44
Selfemployment services	34,216	2.31	17,141	0.62	36,704	2.76	10,424	0.53
Education services	648	0.04	222	0.01	1,362	0.10	10	-
Health and social services	25,951	1.75	22,831	0.82	28,241	2.13	7,053	0.36
Other	16,003	1.08	586,510	21.15	66,860	5.03	289,379	14.68
Total	1,483,807	100	2,773,231	100	1,328,524	100.00	1,970,853	100.00

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III. Explanations Related to the Consolidated 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	1,305,713	1,219,758	31,586	2,351
Bank acceptances	-	64,490	-	544
Letters of credit	133	1,361,043	-	5,184
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	143,690	117,653	2,685	2,208
Total	1,449,536	2,762,944	34,271	10,287

The Parent Bank provided reserve of TRY 591 for non-cash loans not yet indemnified amounting to TRY 1,956

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)	7,042,36€	5,266,64€	-	-
Forward transactions	2,513,53€	2,023,401	-	-
Swap transactions	3,037,804	2,295,23€	-	-
Futures transactions	258,60€	144,66€	-	-
Option transactions	1,232,41€	803,33€	-	-
Interest related derivative transactions (II)	137,27€	14,682	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	137,27€	14,682	-	-
Interest option transactions	-	-	-	-
Futures interest transactions	-	-	-	-
Marketable securities call-put options (III)	19,31€	7,988	-	-
Other trading derivative transactions (IV)	262,274	218,48€	-	-
A.Total trading derivative transactions (I+II+III+IV)	7,461,22€	5,507,79€	-	-
Types of hedging transactions				
Fair value hedges	-	-	-	-
Cash flow hedges	-	-	-	-
Net investment hedges	-	-	-	-
B.Total hedging related derivatives	-	-	-	-
Total Derivative Transactions (A+B)	7,461,22€	5,507,79€	-	-

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 as trading transactions are remeasured at fair value.

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

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

As of June 30, 2008 and December 31, 2007, breakdown of the Group'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	Future Buy	Future Sell
Current Period								
TRY	426,958	432,895	435,965	864,644	364,744	242,799	-	-
USD	393,924	495,698	719,613	561,523	171,628	291,926	233,014	25,594
EURO	381,274	206,021	136,210	118,645	85,383	85,383	-	-
OTHER	55,879	120,886	251,240	87,234	4,936	4,936	-	-
Total	1,258,035	1,255,500	1,543,028	1,632,046	626,691	625,044	233,014	25,594
Prior Period								
TRY	389,552	456,225	50,725	1,064,799	216,944	209,769	2	55
USD	342,185	430,844	866,600	107,105	150,313	153,458	144,605	2
EURO	238,059	79,984	71,682	27,904	38,712	42,131	-	-
OTHER	44,414	42,134	71,736	49,369	-	-	-	-
Total	1,014,210	1,009,191	1,060,743	1,249,177	405,969	405,358	144,611	57

As of June 30, 2008, the Group has no cash flow hedges. (December 31, 2007 – None)

As of June 30, 2008, the Group has no hedge of net investment. (December 31, 2007 – None)

3. Explanations on contingent liabilities and assets:

- a.1) The Group's share in contingent liabilities arising from entities under common control together with other venturers: None.
- a.2) Share of entity under common control in its own contingent liabilities: None.
- a.3) The Group's contingent liabilities resulting from liabilities of other venturers in entity under common control: 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, 2008 there are no contingent assets that need to be explained. (December 31, 2007 – None.)
 - b.2) A provision is made for contingent liabilities, if realization is probable and the amount can reliably be determined. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes: As of June 30, 2008 there are no contingent liabilities that need to be explained. (December 31, 2007 – None.)

4. Custodian and intermediary services:

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

Investment securities held in custody include investment fund participation certificates which are accounted for by their number of certificates. As of balance sheet date the total number of certificates is 47,730,618 thousand (December 31, 2007 - 24,189,005 thousand) and the total fair value is TRY 4,398,865 (December 31, 2007 – TRY 3,064,762).

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

5. The information on the Bank's rating by the international rating introductions(*) :

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

Moody's Investor Services: December 2007

View	Positive
Bank Financial Strength	D+
Foreign Currency Deposits	B1/NP

Fitch Ratings: January 2008

Foreign Currency Commitments	
Long term	BB
Short term	B
View	Stable
New Turkish Lira Commitments	
Long term	BBB-
Short term	F3
View	Stable
National	AAA (tur)
View	Stable
Individual Rating	C/D
Support Points	3

(*) 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 Related to the Consolidated Income Statement

1. a) Information on interest on loans:

Current Period	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on loans(*)				
Short term loans	438,511	66,232	322,616	56,086
Medium and long term loans	164,497	23,705	108,999	21,174
Interest on non-performing loans	2,952	-	606	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	605,960	89,937	432,221	77,260

(*) Includes fees and commissions obtained from cash loans. Fees and commissions from cash loans are TRY 20,952 (June 30, 2007: TRY 14,137).

b) Information on interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	1,324	-	1,584
Domestic banks	1,677	513	3,874	270
Foreign banks	1,771	26,545	4,222	29,058
Branches and head office abroad	-	-	-	-
Total	3,448	28,382	8,096	30,912

c) Interest received from marketable securities portfolio:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Trading securities	19,679	979	8,762	364
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	121,507	6,884	116,180	9,354
Held-to-maturity securities	141	100	155	249
Total	141,327	7,963	125,097	9,967

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

Interest income received from associates and subsidiaries are eliminated in the consolidated financial statements.

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IV. Explanations Related to the Consolidated Income Statement (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	15,891	3,057	6,641	3,557
Foreign banks	72,402	38,955	37,787	21,641
Branches and head office abroad	-	-	-	-
Other financial institutions	-	15,897	-	10,810
Total	88,293	57,909	44,428	36,008

(*). Includes fees and commission expenses of cash loans amounting to TRY 1,340 (June 30, 2007: TRY 764).

b) Information on interest expenses to associates and subsidiaries:

Interest expense paid to associates and subsidiaries are eliminated in the consolidated financial statements.

c) Information on interest expenses to marketable securities issued: None (June 30, 2007 – None).

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

Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Time Deposits			Accumulated Deposits	Total
				Up to 6 Months	Up to 1 Year	More than 1 Year		
TRY								
Bank deposits	-	9,078	508	-	-	7	-	9,593
Saving deposits	3	80,300	117,717	331	537	42	-	198,930
Public sector deposits	-	300	2,558	1	-	-	-	2,859
Commercial deposits	3	54,512	39,953	321	3,394	-	-	98,183
Other deposits	-	4,866	7,898	9	495	-	-	13,268
7 days call accounts	-	-	-	-	-	-	-	-
Total	6	149,056	168,634	662	4,426	49	-	322,833
FC								
Foreign currency deposits	27	42,786	25,612	2,682	864	10,187	-	82,158
Bank deposits	-	622	501	16	-	-	-	1,139
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	6	-	8	1	1	2	-	18
Total	33	43,408	26,121	2,699	865	10,189	-	83,315
Grand Total	39	192,464	194,755	3,361	5,291	10,238	-	406,148

3. Information on dividend income:

	Current Period	Prior Period
Trading securities	7	5
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	-	-
Other	-	-
Total	7	5

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IV. Explanations Related to the Consolidated Income Statement(continued)

4. Information on net trading income:

	Current Period	Prior Period
Income	1,594,275	806,026
Gains on capital market operations	278,554	187,288
Gains on derivative financial instruments	261,864	178,410
Other	16,690	8,878
Foreign exchange gains (*)	1,315,721	618,738
Losses (-)	1,578,940	822,852
Losses on capital market operations	262,554	219,772
Losses on derivative financial instruments	232,017	212,006
Other	30,537	7,766
Foreign exchange losses (*)	1,316,386	603,080

(*) As of June 30 2008, the foreign exchange gains on the foreign currency indexed loans are TRY 77,459 (June 30, 2007: TRY 1,388). As of June 30, 2008 the foreign exchange losses on the foreign currency indexed loans are TRY 12,263 (June 30, 2007: TRY 37,870).

5. Information on other operating income:

The information on the factors affecting the parent Bank's income including new developments, and the explanation on nature and amount of income earned from extraordinary such items :

As a result of a lawsuit opened against the Ministry of Finance of the Turkish Republic ("Ministry") based on the requirement about the deduction of losses arising from the capital decrease in the financial statements of the Parent Bank dated December 31, 2001 based on the Temporary Article 4 with the law numbered 4743 added to the Banking Law No: 4389 that is ceased to be effective on November 1, 2005, by using the statutory and optional reserves as an expense in determining the banks' profit within the framework set out in Paragraph 7 of Article 14 of the annulled Corporate Tax Law No: 5422, the Parent Bank has settled its tax reimbursement issue with the Ministry based on Article 3 of Law No: 5736 "Collection of Some Government Receivables by Compromise Procedures" published in the Official Gazette No: 26800 on February 27, 2008, and it has reflected its receivable amounting to TRY 41,207 in its financial statements, which became collectible with the notification to the Parent Bank by the Ministry in regards to the decision made on the settlement of this reimbursement by deducting that receivable amount from other taxes payable to the extent that 65% of the losses arising from year 2001 inflation accounting adjustment should be taken into account.

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

	Current Period	Prior Period
Specific provisions for loans and other receivables	27,561	9,999
III. Group Loans and Receivables	2,305	2,525
IV. Group Loans and Receivables	8,850	5,372
V. Group Loans and Receivables	16,406	2,102
General provision expenses	19,629	9,477
Provision expenses for possible losses	-	-
Marketable securities impairment losses	700	988
Financial assets at fair value through profit and loss	235	108
Investment securities available for sale	465	880
Impairment provision expense	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control (Joint Vent.)	-	-
Investments held to maturity	-	-
Other	1,676	555
Total	49,566	21,019

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7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	199,789	125,426
Reserve for employee termination benefits	1,706	1,641
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	19,307	8,062
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	2,358	6,042
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	1,274	-
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	110,540	79,069
Rent expenses	31,242	21,295
Maintenance expenses	2,470	1,728
Advertisement expenses	16,529	17,947
Other expenses	60,299	38,099
Loss on sales of assets	112	5
Other(*)	49,079	16,246
Total	384,165	236,491

(*) Included in other, the premiums paid to Saving Deposit Insurance Fund is TRY 3,859 (December 31, 2007 – TRY 3,014), provision for bonuses for the current period to be paid to personnel is TRY 11,977, and provision for possible tax disputes that may occur in the future, as per the principle of prudence, is TRY 15,040.

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

Profit before tax of the Group has increased by 60% for the period ended June 30, 2008 as compared to the prior year. In comparison with prior year, the Group's net interest income, net fees and commissions income and provision and operating expenses increased by 41%, 49% and 68%, respectively.

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

- As of June 30, 2008, current tax charge is TRY 4,583 (June 30, 2007 – TRY 42,807) and deferred tax charge is TRY 24,314 (June 30, 2007 – TRY 21,895 deferred tax benefit).
- Deferred tax charge on temporary differences is TRY 24,314 (June 30, 2007 – TRY 21,895 deferred tax benefit).

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IV. Explanations Related to the Consolidated Income Statement (continued)

9. Information on tax provision: (continued)

c) Tax reconciliation:

	Current Period	Prior Period
Profit before tax	151,870	94,773
Tax effect of different tax rate	2,305	2,275
Additions	278,257	228,285
Tax effect of disallowables and others	(409,519)	(111,300)
Taxable Profit / (Loss)	22,913	214,033
Corporate tax rate	%20	%20
Tax calculated:	4,583	42,807
Deferred tax benefit / (charge)	24,314	(21,895)
Total	28,897	20,912

10. Information on net operating income after taxes:

The Group increased its profit for the period ended June 30, 2008 by 66% as compared to the prior period profit.

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, 2007 – None).
- Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (June 30, 2007 – None).
- Profit or loss attributable to minority shares: None (June 30, 2007 – None).

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 interest income</u>		
Factoring interest income	25,507	20,050
Other	2,981	3,255
Total	28,488	23,305

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IV. Explanations Related to the Consolidated Income Statement (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: (continued)

	Current Period	Prior Period
<u>Other fees and commissions received</u>		
Brokerage commissions received	12,226	9,235
Credit cards commissions and fees	54,521	20,664
Fund management commissions	17,467	13,207
Import letters of credit commissions	2,304	3,378
Inquiry and company search fees and commissions	9,577	9,170
Settlement expense provision, eft, swift, agency commissions	5,735	5,042
Insurance commissions	5,297	2,697
Transfer commissions	2,202	1,741
Commissions and fees earned from correspondent banks	2,796	1,855
Consultancy fees	587	3,727
Other	27,097	13,038
Total	139,809	83,754
Other fees and commissions given		
Credit cards commissions and fees	36,961	16,650
Commissions and fees paid to correspondent banks	3,486	3,032
Settlement and swift commissions	1,570	1,351
Other	3,930	3,834
Total	45,947	24,867

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SECTION FIVE

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	-	-	26,294	25,144	7,060	7,074
Balance at end of period	-	-	78,293	63,959	105,805	7,697
Interest and commission income	-	-	4,775	1	3,461	2,849

Included in the balances above, the Parent Bank has placements in foreign bank accounts amounting to TRY 40,114 with respect to direct and indirect corporate and real person shareholders and TRY 47,989 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	-	-	4,081	2,768	15,091	53,964
Balance at end of period	-	-	26,294	25,144	7,060	7,074
Interest and commission income received	-	-	1,888	1	6,624	32

Included in the balances above, the Parent Bank has placements in foreign bank accounts amounting to TRY 5,432 with respect to direct and indirect corporate and real person shareholders and TRY 2,458 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	-	-	587,446	377,579	684,332	815,971
Balance at end of period	-	-	687,904	587,446	696,764	684,332
Interest on deposits	-	-	38,573	23,535	1,658	20,299

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	-	-	1,363,285	196,272	75,136	9,117
End of period	-	-	2,081,009	1,363,285	234,321	75,136
Total income/loss	-	-	14,711	(21,948)	(1,162)	(39)
Hedging transactions purposes						
Beginning of period	-	-	-	-	-	-
End of period	-	-	-	-	-	-

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

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 Parent Bank conducted various business transactions with related parties at commercial terms and at rates which approximate market rates.

- b) Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:

	Amount	% Compared to the Amounts in the Financial Statements
Cash loans	184,098	1.96
Non-cash loans	71,656	1.68
Deposits	1,384,668	13.22
Derivative financial instruments	2,315,330	31.03

These transactions are priced in accordance with the general pricing policies of the Parent 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 Group enters into lease agreements with TEB Finansal Kiralama A.S. As of June 30, 2008 the total leasing obligations related to these agreements amounted to TRY 3,464. This amount is eliminated from the accompanying consolidated financial statements. Additionally, the Bank provides agency services for TEB Yatırım Menkul Değerler A.S. and TEB Sigorta A.S via its branches.

Within the limits of the Banking Law, the Group renders cash and non-cash loans to its related parties and the ratio of these to the Group's total cash and non-cash loan portfolio is 1.88%. Details of these loans are explained in the Section V, Note V- 1a.

As of June 30, 2008 the Parent 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 consolidated interim financial statements of the Group 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 July 31, 2008 is presented preceding the financial statements.

II. Other Footnotes and Explanations Prepared by Independent Accountants:

TRY 75,649 of the non-performing loans portfolio of the Bank with TRY 65,977 provision as of June 30, 2008 is sold on the basis of May 31, 2008 figures to Girişim Varlık Yönetim A.Ş. that offered the highest bid amount of TRY 10,850. The stated amount will be collected and recorded accordingly upon the completion of the required procedures.