

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

**INDEPENDENT AUDITORS' REPORT,
CONSOLIDATED FINANCIAL
STATEMENTS AND NOTES
FOR THE YEAR ENDED
DECEMBER 31, 2009**

Translated into English from the
Original Turkish Report

TÜRKİYE HALK BANKASI A.Ş.

**INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2009**

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

1. We have audited the accompanying consolidated balance sheet of Türkiye Halk Bankası A.Ş. and its financial subsidiaries (“the Group”) as of December 31, 2009, and the related consolidated statements of income, cash flows, and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management’s Responsibility for the Financial Statements:

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

Auditor’s Responsibility:

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

Independent Auditors' Opinion:

4. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2009 and the consolidated results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Articles 37 and 38 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by Banking Regulation and Supervision Agency.

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

İstanbul, March 3, 2010

Sibel Türker
Partner

Additional paragraph for the English translation:

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

TÜRKİYE HALK BANKASI A.Ş.

THE CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2009

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

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

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

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

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

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

Ankara, March 3, 2010

Hasan Cebeci	Hasan Sezer	Emin Süha Çayköylü	Hüseyin Aydın	Osman Arslan	Yusuf Duran Ocak
Chairman of the Board of Directors	Vice Chairman, Member of the Board of Directors, Member of the Audit Committee	Member of the Board of Directors, Member of the Audit Committee	Member of the Board of Directors, Chief Executive Officer	Financial Management and Planning Vice Chief Executive Officer	Financial Accounting and Reporting Department Head

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

Name/Title : Nevin Dindar/Manager
Tel No : 0312 289 30 15
Fax No : 0312 289 30 50

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EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2009**

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

SECTION I: GENERAL INFORMATION ABOUT THE PARENT BANK**I. ESTABLISHMENT DATE OF THE PARENT BANK, INITIAL ARTICLES OF ASSOCIATION, HISTORY OF THE PARENT BANK INCLUDING THE CHANGES OF THESE ARTICLES:**

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

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

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

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

Shareholders	31.12.2009		31.12.2008	
	TRY Thousand	%	TRY Thousand	%
Prime Ministry Privatization Administration (**)	937.276	74,98	937.276	74,98
Public Shares	312.250	24,98	312.250	24,98
Other Shareholders (*)	474	0,04	474	0,04
Total	1.250.000	100,00	1.250.000	100,00

(*) Other shareholders have portion less than 1.000 TRY.

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

TÜRKİYE HALK BANKASI A.Ş.**EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2009**

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

SECTION I: GENERAL INFORMATION ABOUT THE PARENT BANK (cont'd)**III. EXPLANATIONS REGARDING THE PARENT BANK'S CHAIRMAN AND MEMBERS OF BOARD OF DIRECTORS, AUDIT COMMITTEE MEMBERS, CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE PRESIDENTS AND THEIR SHARES ATTRIBUTABLE TO THE PARENT BANK, IF ANY**

Name	Title	Starting Date	Educational Background	Experience in Banking and Business Administration
Hasan CEBECİ	Chairman, Member of the Audit Committee	13.04.2005	Ankara Eco. and Com. Science (ECS) Academy – Economy-Finance.	30
Hasan SEZER	Vice Chairman, Member of the Audit Committee	13.04.2005	Ankara ECSA – Banking, Foreign Trade and Exchange	26
Hüseyin AYDIN	Member of the Board of Directors, CEO	01.06.2005	Ankara ECS Academy – Economy&Finance Bachelor Degree; METU - Mechanical Engineering	26
Emin Süha ÇAYKÖYLÜ	Member of the Board of Directors	13.04.2005	Masters Degree; Syracuse University Business School NY-USA, Manchester Uni. U.K. Technology (M.Sc) PhD; Washington International University- Doctor of Philosophy in Business Administration	26
Dr. Nurzahit KESKİN	Member of the Board of Directors	13.04.2005	Bachelor Degree; Anadolu Uni. Afyon İİBF, Masters Degree in Finance; Marmara Uni. Banking ve Insurance Ins. PhD; Sakarya Uni. Management and Organization (continuing)	19
Burhaneddin TANYERİ	Member of the Board of Directors	15.09.2005	Atatürk University- Business Administration	27
İbrahim Hakkı TUNCAY	Member of the Board of Directors	09.04.2008	Bachelor Degree; METU Business Administration	29
Ahmet YARIZ	Member of the Board of Directors	09.04.2008	Doctor's Degree; Marmara University, Banking and Insurance Ins. Banking Department, 2005-At Stage of Thesis Masters Degree; Marmara University, Banking and Insurance Ins. Banking Department	18
Mustafa ÇELİK	Member of the Board of Directors	09.04.2008	Bachelor Degree; İstanbul Uni. Business Administration Ankara Uni. Faculty of Law	15
Şeref EFE	Statutory Auditor	28.03.2003	Bachelor Degree; Ankara University Social Science Faculty- Public Administration Department Master; Harvard University JFK School of Government	6
Yusuf DAĞCAN	Statutory Auditor	28.03.2003	Eskişehir Economics and Trade Academy	30
Yakup DEMİRCİ	Executive Vice President	11.06.2008	Ankara Uni. Faculty of Political Science, Labor Economics and Industry Relations Dept.	20
Halil ÇELİK	Executive Vice President	28.07.2003	Eskişehir Economics and Trade Academy – Economics	26
Mustafa SAVAŞ	Executive Vice President	12.08.2002	Ankara University -Social Science Faculty, Labour Economics and Industry Relations	18
Ömer Muzaffer BAKTIR	Executive Vice President	09.12.2004 -13.06.2005 By proxy 14.06.2005 Principal	İstanbul Technical University – Mining Engineering	19
M. Cengiz GÖĞEBAKAN	Executive Vice President	09.12.2004 - 19.06.2005 By proxy 20.06.2005 Principal	Ankara University – Economics	22
Erol GÖNCÜ	Executive Vice President	09.03.2005 - 13.06.2005 By proxy 14.06.2005 Principal	METU Faculty of Arts and Sciences, Mathematics Dept.	21
Yunus ESME	Executive Vice President	17.06.2005	Ankara ECS Academy Business Administration- Accounting Department	30
Dr. Şahap KAVCIOĞLU	Executive Vice President	17.06.2005	Doctor's Degree; Marmara University, Banking and Insurance Ins. Banking Department Masters Degree; Marmara University, Banking and Insurance Ins. Banking Department	18
Süleyman ASLAN	Executive Vice President	17.06.2005	Bachelor Degree; Dokuz Eylül Uni. Business Administration	17
Selahattin SÜLEYMANOĞLU	Executive Vice President	01.07.2007	METU EASF International Relations Dept. Gazi University, Social Sciences Faculty, Business Administration	19
Osman ARSLAN	Executive Vice President	01.07.2007	Master's Degree: METU Business Administration for Executives(continuing) Bachelor's Degree: METU Science and Literature Faculty, Department of Statistics	14
Bilgehan KURU	Executive Vice President	01.07.2007	Master's Degree: METU Science and Literature Faculty Bachelor's Degree: METU Faculty of Engineering, Mining Engineering	23

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

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2009

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

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

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

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

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

a) General Information about the Parent Bank:

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

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

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

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2009

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

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

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

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

As of December 31, 2009, the Parent Bank operates with a total of 655 branches consisting of 652 domestic and 3 foreign branches; 2 in Cyprus and 1 in Bahrain. Domestic branches include 20 satellite branches. It has also 3 financial service branches in Germany and 1 representative office in Iran.

VI. EXPLANATION ABOUT COMPANIES WITHIN THE SCOPE OF CONSOLIDATION

The Parent Bank and its subsidiaries;

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

are consolidated line by line in the accompanying consolidated financial statements.

The parent Bank and its associate;

- Demir-Halkbank N.V.

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

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

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2009

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

SECTION II: CONSOLIDATED FINANCIAL STATEMENTS

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

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2009

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

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

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

1. The Group’s Strategy on Financial Instruments:

Due to its historical mission, the Parent Bank focuses on granting loans to Small and Medium Size Enterprises (SMEs) and craftsmen. Funds generated from the redemption and coupon interest payments of the special arrangement government securities obtained due to duty losses are used for decreasing funding costs, directed to loans and marketable securities obtained in market conditions. In addition to deposits, the main fund source, the Group can raise funds from foreign borrowing.

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

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

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

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

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

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2009

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

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

III. INFORMATION ABOUT THE ASSOCIATES AND SUBSIDIARIES SUBJECT TO CONSOLIDATION

1. Basis of consolidation:

The accompanying consolidated financial statements are prepared in accordance with the communiqué on “Preparation of Consolidated Financial Statements of Banks” published in the Official Gazette dated November 8, 2006 and numbered 26340 and the Turkish Accounting Standards are applied in the consolidation.

a. Basis of consolidation of subsidiaries:

In accordance with the communiqué above, if the associate’s assets are less than 1% of the Parent Bank’s total assets or if the total shares of the associates under this limit do not exceed 5% of the Parent Bank’s total assets, these type of associates could be excluded from the consolidation; however, in order to make preparation to the amendment to article 8 of paragraph 5 of communiqué on “Preparation of Consolidated Financial Statements of Banks” published in the Official Gazette dated December 3, 2008 and numbered 27073; the subsidiaries Birlik Sigorta A.Ş., Birlik Hayat Sigorta A.Ş. and Halk Yatırım Menkul Değerler A.Ş., which had been excluded from consolidation previously, are included in the scope of consolidation starting from the period January 1- March 31 2009. The prior period financial statements and disclosures are presented as they were prepared in their related period and the effect of including subsidiaries to consolidation is not presented for prior periods.

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

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

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

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

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2009

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

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

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

1. Basis of consolidation (cont'd):

b. Basis of consolidation of associates:

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

An associate is a partnership in whose capital the Parent Bank participates and over which it has a significant influence but no control, established at home and abroad.

Significant influence is the power to participate in the financial and operating policy of the investee. If the Parent Bank holds ten percent or more of the voting power of the associate, it is presumed that the Parent Bank has significant influence unless otherwise demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an investor from having significant influence.

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

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

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

c. Basis of consolidation of joint ventures:

The Parent Bank does not have any joint ventures.

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

None.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

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

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

V. INTEREST INCOME AND EXPENSES

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

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

VI. FEES AND COMMISSION INCOME AND EXPENSES

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

VII. EXPLANATIONS AND DISCLOSURES ON FINANCIAL ASSETS

Financial instruments comprise financial assets, financial liabilities and derivative instruments. The financial assets are included in the balance sheet of the Group, in case of being a legal party of these financial assets.

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

Fair value is the amount for which an asset could be exchanged or a liability could be settled, between knowledgeable willing parties in an arms length transaction. Market value is the amount obtainable from the sale or payable on the acquisition of a financial instrument in an active market, if one exists.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

1. Cash and Bank:

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

2. Marketable Securities:

a. Financial Assets at Fair Value through Profit and Loss

a.1. Financial Assets Held For Trading:

Financial assets held for trading are financial assets, which are either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are financial assets included in a portfolio with a pattern of short-term profit taking.

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

a.2. Financial Assets at Fair Value through Profit and Loss:

Financial Assets at Fair Value through Profit and Loss represent the financial assets at fair value through profit and loss at the initial recognition and those are not obtained for trading purposes. Recognition of fair value differences of those assets are similar to the financial asset held for trading.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

2. Marketable Securities: (cont'd)

b. Investments Held to Maturity, Financial Assets Available for Sale

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

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

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

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

3. Loans and Receivables:

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

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

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

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

Non-performing loans are classified in accordance with the regulation on “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published in the Official Gazette No: 26333 dated November 1, 2006 and amended with the regulation published in the Official Gazette No: 27119 dated January 23, 2009 and specific provisions are allocated for those loans. Specific provisions are reflected to “820/821 Provisions and Impairment Expenses 82000/82100 Specific Provisions Expenses” account. Provisions released in same year are recognized as a credit movement under the “Provision Expenses”, released portion of the previous period provisions are recognized under the “Other Operating Income” account.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2009

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

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

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

The Group does not limit the provision amount for the non-performing loans recognized before January 1, 2008 with the minimum rates defined in the related regulation and allocates specific provision for such loan amounts in full and they are recognized in the statement of income. Bank sets specific provision for non-performing loans recognized after January 1, 2008 through deducting the collateral amount, calculated in accordance with the related coefficient rates defined in the Article 10 of the related legislation, from the follow-up amount and setting 100% provision for the outstanding follow-up risk amount excluding the suretyship type of collaterals defined in the Article 9 of the related legislation. Specific provision rate for the standing non-cash loans extended to follow-up entities in order to cash ensuring is 100%, specific provision rate for other non-cash loans is 50%. Collections made related to those loans are offset against the capital and interest collections are recognized under the “Interest Received from Non-performing Loans” item of the income statement.

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

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

IX. OFFSETTING THE FINANCIAL ASSETS AND LIABILITIES

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

X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS (REPOS) AND TRANSACTIONS ON SECURITIES LOANED

Marketable securities subject to repurchase agreements are classified under “Available for Sale Financial Assets” or “Held to Maturity Investments” in the Group’s portfolio and they are valued according to the valuation principles of the related portfolios.

Funds obtained from the repurchase agreements are recognized under “Funds from Repurchase Transactions” account in liabilities. For the difference between the sale and repurchase prices determined by the repo agreements for the period; expense accrual is calculated using the internal rate of return method.

Reverse repo transactions are recognized under the “Receivables from Reverse Repo Transactions” account. For the difference between the purchase and resale prices determined by the reverse repo agreements for the period; income accrual is calculated using the internal rate of return method. As of December 31, 2009, the Group has reverse repo transactions amounting TRY 4 Thousand (December 31, 2008: None).

XI. EXPLANATIONS ON ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2009**

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (cont'd)**XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS**

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

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

XIII. EXPLANATIONS ON PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment that are purchased prior to January 1, 2005 are carried at their December 31, 2004 dated restated costs and property, plant and equipment that are purchased in the subsequent periods are carried at cost, less any accumulated depreciation and any impairment losses. Property, plant and equipment are amortized by using the straight line method during their useful lives. Gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of that asset and is recognized in profit or loss. Leasehold improvements are depreciated over the lease period by straight line method. Ordinary maintenance and repair expenses of property, plant and equipment items are recognized as expenses. There are no mortgages, pledges or similar incumbrances designated for the property, plant and equipment.

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

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

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

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Assets acquired under financial leases are carried at the lower of their fair values or amortized value of the lease payments. Leasing payables are recognized as liabilities in the balance sheet while the interest payable portion of the payables are recognized as a deferred amount of interest. Assets held under financial leases are recognized under the property, plant and equipment (movable properties) account and are depreciated by using the straight line method.

The Group does not participate in the financial leasing transactions as a “lessor”.

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

XV. EXPLANATIONS ON INSURANCE TECHNICAL INCOME AND EXPENSE

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

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

XVI. EXPLANATIONS ON INSURANCE TECHNICAL PROVISIONS

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

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

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

Provision for outstanding claims is recognized for the claims reported at period end but not paid yet or for the incurred but not reported claims. The reinsurer share of the outstanding claims are netted of with provision for outstanding claims. The amount of provision for outstanding claims made by the insurance companies must not be less than the amount set by Turkish Treasury (“the Undersecretariat”) according to the actuarial chain ladder method. Actuarial chain ladder method is used to anticipate the provision that should be set in the current period according to the realized damage in the past. If the provision amount calculated according to the method is higher than the amount of provision for outstanding claims, additional provision amounting to the difference is set.

Insurance companies have to prepare the provision for outstanding claims adequacy table per branch and send it to the Undersecretariat in the format specified by the Undersecretaryship at each year end. This table presents the provision for outstanding claims adequacy ratio, which is the ratio of provision for outstanding claims set by the companies for the last five years to all compensation paid related to files subject to provision, including all portion of expenses.

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

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

If the last five arithmetic average of provision for outstanding claims ratio excluding current year, calculated separately according to the principals set by the Undersecretariat is below 95%; adequacy ratio difference will be calculated by multiplying the difference between this ratio and 95% ratio with the current provision for outstanding claims. The final provision for outstanding claims is calculated by adding adequacy ratio difference amount to every branch separately. While preparing the adequacy table, all outstanding claims which are accrued and determined, materialized but not reported and all portions of expenses are taken into consideration.

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

Equalization provision is recognized in order to balance the fluctuations in the claim ratios and is recognized over loan and earthquake guarantees to cover catastrophic risks.

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

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

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

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

XVII. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

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

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

XVIII. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES

Employee benefits liabilities are recognised in accordance with the Turkish Accounting Standard No:19 “Employee Benefits”. According to related legislation and union contracts, the Parent Bank is required to make lump sum retirement payments to employees who has completed one year of service, is called up for military service, dies, resigns, retires or whose employment is terminated without due cause, or for female employees; who resigns subsequent to her marriage within one year. The Group provides provision by estimating the present value of the future retirement pay liability. The retirement pay provision of the Parent Bank has been determined by the actuarial report of an indepent valuation company.

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

In accordance with the principles set out by the Council of Ministers’ decision, numbered 2006/11345 published in the Official Gazette numbered 26377 and dated December 15, 2006 regarding the determination of procedures and principles for the application of transfer requirements and based on the technical balance sheet report prepared using a 10.24% of technical interest rate, for Pamukbank Employee Pension Fund TRY 9.251 Thousand of technical provision has been allocated as of December 31,2006 and kept in financial statements as of December 31, 2007. As of March 31, 2008, part of the related technical provision was set as provision for possible risks and the remaining amount was cancelled. Based on the results of the actuarial report prepared as of December 31, 2009, no technical deficit has been reported (31 December 2008: None). Besides, no technical deficit for T.C. Ziraat Bankası and T. Halk Bankası Employee Pension Fund has been reported (31 December 2008: None).

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

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

XIX. EXPLANATIONS ON TAXATION

In accordance with the Article 32 of the Corporate Tax Law No: 5520, the corporate tax rate is calculated at the rate of 20%. The tax legislation requires advance tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the corporate tax liability for the year. Accrued advance tax as of December 31, 2009 is paid in February 2010, to be offset against the final corporate tax liability for the current year.

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

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

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

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

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

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

XX. ADDITIONAL EXPLANATIONS ON BORROWINGS

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

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

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

There are no convertible bonds or debt instruments issued.

XXI. EXPLANATIONS ON SHARES AND SHARE ISSUE

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

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

XXII. EXPLANATIONS ON BILL GUARANTEES AND ACCEPTANCES

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

XXIII. EXPLANATIONS ON GOVERNMENT INCENTIVES

There are no government incentives utilized by the Group.

XXIV. EXPLANATIONS ON SEGMENT REPORTING

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

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

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

XXV. EXPLANATION ON OTHER MATTERS

Associates and Subsidiaries:

For TRY subsidiaries, the additions of funds (such as revaluation fund) are deducted from the cost of the associate and subsidiary (the additions of these funds to the capital is permitted for statutory purposes) and later, these costs are indexed based on the capital increase payment dates until December 31, 2004. A valuation study was performed by an independent company as of December 31, 2007, for Kobi A.Ş. and as of August 21, 2009 for Halk Leasing. For those entities that have value increase, the provision set for impairment in the prior periods were cancelled. In accordance with the Turkish Accounting Standards, as of 2009 year end, the Parent Bank engaged in a net investment hedge transaction for its foreign currency associate Demirhalkbank N.V., operating in Netherlands and recorded the valuation difference due to net investment hedge transaction as hedging funds under equity.

In accordance with the Article 1 of the Law numbered 5083 concerning the “Currency of the Republic of Turkey” and according to the decision of the Council of Ministers dated April 4, 2007 and No: 2007/11963, the prefix “New” used in the “New Turkish Lira” and the “New Kuruş” is removed effective from January 1, 2009. While the previous currency, New Turkish lira values are converted into Turkish Lira and Kuruş, one New Turkish Lira and one New Kuruş shall be equivalent to one Turkish Lira and one Kuruş. All references made to New Turkish Lira or Lira in laws, other legislation, administrative transactions, court decisions, legal transactions, negotiable instruments and other documents that produce legal effects as well as payment and exchange instruments shall be considered to have been made to Turkish Lira at the conversion rate indicated above. Therefore, consolidated financial statements and notes as of 31 December 2009 and prior periods’ figures for comparison purposes are presented in “Turkish Lira”.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

I. EXPLANATIONS RELATED TO THE CONSOLIDATED CAPITAL ADEQUACY RATIO

Risk measurement methods used in the determination of consolidated capital adequacy standard ratio; Capital Adequacy Standard Ratio calculation is performed in accordance with the Communiqué on "Measurement and Assessment of the Capital Adequacy of Banks", which was published in the Official Gazette numbered 26333 on November 1, 2006. As of December 31, 2009, the Bank's consolidated capital adequacy ratio calculated based on the essentials of the related communiqué is 15,83% (December 31, 2008: 13,98 %).

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

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

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

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

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

TÜRKİYE HALK BANKASI A.Ş.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2009

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

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

1. Information on the consolidated capital adequacy ratio:

	Risk Weights													
	Bank Only							Bank Only						
	0%	10%	20%	50%	100%	150%	200%	0%	10%	20%	50%	100%	150%	200%
Credit Risk Base Amount														
Balance Sheet Items (Net)	24.785.957	-	1.440.390	10.345.211	18.974.362	8.300	79	24.803.085	-	1.476.472	10.345.211	18.782.034	8.300	79
Cash and Cash Equivalents	256.710	-	27	-	-	-	-	256.719	-	27	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the Central Bank of Turkey	2.303.561	-	-	-	-	-	-	2.303.561	-	-	-	-	-	-
Domestic, Foreign Banks, Head Office and Overseas Branches Balances	-	-	1.135.955	-	-	-	-	-	-	1.171.402	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-	-	-	199	-	-	-	-
Receivables from Reverse Repurchase Agreements	-	-	-	-	-	-	-	-	-	4	-	-	-	-
Reserve Deposits	836.066	-	-	-	-	-	-	836.066	-	-	-	-	-	-
Loans (Net)	4.536.209	-	115.324	10.211.081	16.794.692	8.300	79	4.536.209	-	115.324	10.211.081	16.794.692	8.300	79
Non-Performing Loans (Net)	-	-	-	-	309.484	-	-	-	-	-	-	309.484	-	-
Finance Lease Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments Held to Maturity	16.028.801	-	-	-	-	-	-	16.044.951	-	-	-	-	-	-
Receivables from the Asset Sale on Credit Terms	-	-	-	-	59.141	-	-	-	-	-	-	59.141	-	-
Sundry Debtors	9.999	-	51.756	-	64.204	-	-	9.999	-	51.756	-	64.205	-	-
Interest and Income Accruals	604.354	-	1.412	134.130	290.432	-	-	604.950	-	1.844	134.130	290.433	-	-
Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures) (Net)	-	-	-	-	273.238	-	-	-	-	-	-	1.052	-	-
Property, Plant and Equipment	-	-	-	-	1.158.209	-	-	-	-	-	-	1.160.668	-	-
Other Assets	210.257	-	135.916	-	24.962	-	-	210.630	-	135.916	-	102.359	-	-
Off-Balance Sheet Items	238.106	-	277.252	514.673	5.632.902	-	-	238.106	-	277.252	514.673	5.632.902	-	-
Non-Cash Loans and Commitments	238.106	-	164.613	514.673	5.629.418	-	-	238.106	-	164.613	514.673	5.629.418	-	-
Derivative Instruments	-	-	112.639	-	3.484	-	-	-	-	112.639	-	3.484	-	-
Non-Risk Weighted Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Risk-Weighted Assets	25.024.063	-	1.717.642	10.859.884	24.607.264	8.300	79	25.041.191	-	1.753.724	10.859.884	24.414.936	8.300	79

2. Capital Adequacy Ratio Summary:

	Bank Only		Consolidated	
	Current Period	Prior Period	Current Period	Prior Period
Credit Risk Base Amount (CRBA)	30.393.342	25.693.179	30.208.231	25.472.586
Market Risk Base Amount (MRBA)	836.688	462.213	903.613	560.225
Operational Risk Base Amount (ORBA)	4.369.727	3.689.089	4.369.929	3.692.391
Equity	5.705.659	4.324.370	5.615.972	4.156.075
Equity / (CRBA+MRBA+ORBA)*100	16,03	14,49	15,83	13,98

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

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

3. Information on equity items:

	Bank Only		Consolidated	
	Current Period	Prior Period	Current Period	Prior Period
CORE CAPITAL				
Paid-in Capital	1.250.000	1.250.000	1.250.000	1.250.000
Nominal capital	1.250.000	1.250.000	1.250.000	1.250.000
Capital commitments (-)	-	-	-	-
Inflation Adjustment for Paid-in Capital	1.220.451	1.220.451	1.220.451	1.220.451
Share Premium	-	-	-	-
Share Cancellation Profits	-	-	-	-
Legal Reserves	507.495	434.671	515.312	434.671
I. Degree Legal Reserve (Turkish Commercial Code 466/1)	223.672	172.756	227.784	172.756
II. Degree Legal Reserve (Turkish Commercial Code 466/2)	283.120	261.212	286.825	261.212
Reserves per Specific Acts	703	703	703	703
Statutory Reserves	-	-	-	-
Extraordinary Reserves	1.047.336	366.517	1.081.870	365.919
Reserves allocated per General Assembly Minute	1.013.914	333.180	1.048.423	333.180
Retained Earnings (*)	47.181	47.181	47.181	47.181
Accumulated Loss	-	-	-	-
Foreign Currency Share Capital Exchange Difference	(13.759)	(13.844)	(13.734)	(14.442)
Inflation Adjustment for the Legal, Statutory and Extraordinary Reserves	-	-	-	-
Profit	1.631.091	1.035.137	1.671.769	1.051.339
Net period profit	1.631.091	1.018.315	1.664.665	1.016.297
Retained Earnings	-	16.822	7.104	35.042
Portion of Provisions Allocated for Potential Risk up to 25% of Core Capital Amount	7.000	22.571	7.000	22.571
Subsidiary and Associate Shares and Gains on Sale of Properties to Be Added to Capital	-	-	-	-
Portion of Primary Tier-II Capital up to 15% of Core Capital	-	-	-	-
Minority Interest	-	-	6.594	-
Losses that cannot be covered by reserves (-)	-	-	-	-
Net period loss	-	-	-	-
Accumulated Loss	-	-	-	-
Leasehold Improvements (-)	51.945	-	52.543	-
Prepaid Expenses (-)	156.378	4.225	167.630	4.225
Intangible Assets(-)	10.959	38.588	12.090	38.588
Deferred Tax Asset in excess of 10% of the Core Capital (-)	-	-	-	-
Excess Amount defined in 3rd Clause, 56th Article of the Banking Act (-)	-	-	-	-
Total Core Capital	5.444.091	4.286.534	5.520.733	4.302.138
SUPPLEMENTARY CAPITAL				
General Loan Provisions	275.695	225.806	275.695	225.806
45% of Movable Assets Revaluation Fund	-	-	-	-
45% of Tangible Assets Revaluation Fund	-	-	-	-
Non-cash Shares of Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)	61	-	61	-
Proportion of Primary Tier -II Capital excluded from the Core Capital Calculation	-	-	-	-
Secondary Tier –II Capital	-	-	-	-
45% of Marketable Securities Revaluation Fund	46.401	(70.247)	7.994	(131.570)
From Subsidiaries and Associates	30.222	42.790	(10.087)	(18.533)
From Financial Assets Available for Sale	16.179	(113.037)	18.081	(113.037)
Inflation adjustments for capital reserves, profit reserves and retained earnings/accumulated losses (Except inflation adjustments for legal reserves, statutory reserves and extraordinary reserves)	-	-	-	-
Minority Interest	-	-	-	-
Total Supplementary Capital	322.157	155.559	283.750	94.236
TIER-III CAPITAL				
CAPITAL	5.766.248	4.442.093	5.804.483	4.396.374
DEDUCTIONS FROM CAPITAL	60.589	117.723	188.511	240.299
Equity Shares in Banks and Financial Institutions Which Are Excluded from the Consolidation	47.690	103.013	47.690	103.013
Loans to banks, financial institutions (domestic/foreign) or qualified shareholders in the form of secondary subordinated debt and debt instruments purchased from such parties qualified as primary or secondary subordinated debt	-	-	-	-
Shareholdings in the banks and financial institutions which are accounted for under the equity pick up method but the assets and liabilities are not consolidated	-	-	127.922	122.576
Loans granted being non-compliant with the Articles 50 and 51 of the Banking Law	-	-	-	-
The net book value of properties exceeding 50% of equity and properties held for sale and properties and commodity to be disposed, acquired in exchange of loans and receivables according to the Article 57 of the Banking Law and have not been disposed yet after 5 years after foreclosure	12.899	14.710	12.899	14.710
Other	-	-	-	-
TOTAL EQUITY	5.705.659	4.324.370	5.615.972	4.156.075

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

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

II. EXPLANATIONS RELATED TO CONSOLIDATED CREDIT RISK

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

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

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

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

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

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

As of December 31, 2009, the receivables of the Parent Bank from its top 100 cash loan customers is 22,80% of its total cash loans.

As of December 31, 2009, receivables of the Parent Bank from its top 100 non-cash loan is 62,46% of its total non-cash loans.

As of December 31, 2009, share of cash and non-cash receivables of the Bank from its top 100 customers is 16,23% of its total balance sheet and off-balance sheet assets.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

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

As of December 31, 2009, general loan loss provision related to the credit risk incurred by the Parent Bank in accordance with the legislation on “Determining the Nature of Loans and Receivables and Principles and Procedures on the Allocation of Loan and Receivable Provisions” is TRY 275.695 Thousand.

Credit risk by types of borrowers and geographical concentration:

	Loans to Real Person and Legal Entities		Loans to Banks and Other Financial Institutions		Marketable Securities*		Other Loans**	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Loans according to borrowers:								
Private Sector	22.402.819	18.230.041	1.058.788	381.182	-	-	141.935	317.872
Public Sector	867.815	808.493	-	-	21.508.763	18.322.221	185.128	201.435
Banks	-	-	29.600	30.000	-	-	1.171.834	2.119.023
Retail	7.306.663	5.595.897	-	-	-	-	-	-
Share Certificates	-	-	-	-	11.711	11.328	-	-
Total	30.577.297	24.634.431	1.088.388	411.182	21.520.384	18.333.549	1.498.897	2.638.330
Information according to geographical concentration:								
Domestic	30.368.164	24.533.147	1.058.788	381.182	21.511.393	18.325.563	324.035	334.192
EU Countries	132.477	42.964	-	30.000	6.990	6.898	1.099.518	2.039.501
OECD Countries ***	6.061	-	-	-	-	-	6.691	30.935
Offshore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	172	-	-	-	-	-	47.448	197.385
Other Countries	70.423	58.320	29.600	-	2.001	1.088	21.205	36.317
Total	30.577.297	24.634.431	1.088.388	411.182	21.520.384	18.333.549	1.498.897	2.638.330

- (*) Includes marketable securities designated at fair value through profit or loss, available-for-sale and held-to-maturity.
(**) Includes the on balance sheet transactions classified in the Uniform Chart of Accounts except the ones in the first three categories and the transactions defined as loan in the Article 48 of the Banking Act No: 5411.
(***) OECD countries other than EU countries, USA and Canada.
(****) Interest and income accruals for the loans are not included in table above.

Information according to geographical concentration:

	Assets (**)	Liabilities (***)	Non-Cash Loans	Equity Investments (**)	Net Profit/Loss
Current Period					
Domestic	59.307.501	50.341.722	9.193.437	53.241	1.664.665
EU Countries	766.522	2.868.130	101.501	134.912	-
OECD Countries (*)	11.711	38.732	4.634	-	-
Offshore Banking Regions	-	-	-	-	-
USA, Canada	651	21.671	12.523	-	-
Other Countries	508.030	1.736.386	2.847	223	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-	-
Unallocated Assets/Liabilities (****)	-	-	-	-	-
Total	60.594.415	55.006.641	9.314.942	188.376	1.664.665
Prior Period					
Domestic	48.546.194	45.276.804	6.574.454	108.283	1.016.297
EU Countries	1.891.872	608.092	130.576	129.474	-
OECD Countries (*)	28.943	-	2.380	-	-
Offshore Banking Regions	-	-	-	-	-
USA, Canada	197.385	427.130	2.114	-	-
Other Countries	95.501	495.042	29.328	226	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-	-
Unallocated Assets/Liabilities (****)	-	-	-	-	-
Total	50.759.895	46.807.068	6.738.852	237.983	1.016.297

- (*) OECD countries other than EU countries, USA and Canada.
(**) Total of assets and equity investments represent the total assets in the balance sheet.
(***) Shareholders' equity components are not included in liabilities.
(****) Assets and liabilities that cannot be allocated on a coherent basis.

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

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

Sector concentrations for cash loans:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	852.052	3,66	44.228	0,50	827.916	4,34	179.978	2,75
Farming and Raising								
Livestock	835.386	3,59	35.926	0,41	810.417	4,25	169.508	2,59
Forestry, Wood and Paper	7.269	0,03	-	0,00	5.822	0,03	515	0,01
Fishery	9.397	0,04	8.302	0,09	11.677	0,06	9.955	0,15
Manufacturing	3.953.350	16,99	5.143.463	57,91	3.636.308	19,05	3.871.933	59,21
Mining and Quarry	85.986	0,37	73.240	0,82	90.838	0,48	43.652	0,67
Production	3.789.924	16,29	4.563.194	51,38	3.532.111	18,51	3.728.698	57,02
Electricity, Gas and Water	77.440	0,33	507.029	5,71	13.359	0,07	99.583	1,52
Construction	966.681	4,15	166.972	1,88	864.586	4,53	140.229	2,14
Services	9.133.782	39,26	3.428.125	38,60	7.157.479	37,51	2.262.739	34,60
Wholesale and Retail Trade	4.506.249	19,37	782.415	8,82	3.902.934	20,45	536.410	8,20
Hotel, Tourism, Food and Beverage Services	243.912	1,06	571.572	6,44	169.066	0,89	262.444	4,01
Transportation and Communication	1.485.387	6,38	239.147	2,69	1.374.830	7,20	245.935	3,76
Financial Institutions	1.076.888	4,63	726.487	8,18	404.731	2,12	635.149	9,71
Real Estate and Renting Services	1.434.132	6,16	934.717	10,52	783.192	4,10	491.906	7,52
Self-Employment Services	126.528	0,54	-	0,00	137.852	0,72	94	0,00
Education Services	78.589	0,34	38.589	0,43	43.133	0,23	18.448	0,28
Health and Social Services	182.097	0,78	135.198	1,52	341.741	1,79	72.353	1,11
Other	8.360.975	35,94	98.959	1,11	6.597.062	34,57	84.555	1,29
Total	23.266.840	100,00	8.881.747	100,00	19.083.351	100,00	6.539.434	100,00

(*) Accruals are included in other line.

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

Gross Maximum Exposure	December 31, 2009	December 31, 2008
Due from Banks	1.171.909	2.119.334
Money Market Receivables	203	-
Financial Assets at Fair Value Through Profit and Loss	55.962	114.765
Financial Assets Available-for-Sale	4.890.874	2.359.902
Held-to-Maturity Investments	16.573.548	15.858.882
Loans	32.458.071	25.836.298
Total	55.150.567	46.289.181
Contingent liabilities	9.314.942	6.738.852
Commitments	5.817.586	4.042.885
Total	15.132.528	10.781.737
Total credit risk exposure	70.253.095	57.070.918

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

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

As of December 31, 2009, excluding collaterals and other credit providing elements, the maximum credit sensitivity to any customer or group is TRY 841.500 Thousand. This loan is secured by cash blockage, a guarantee identified as a risk degrador in Basel I, amounting to TRY 568.291 Thousand.

Credit quality per class of financial assets as of December 31, 2009 is as follows:

	Neither past due nor impaired	Past due and individually not impaired (****)	Past due and individually impaired	Total
Receivables from Banks	1.171.909	-	-	1.171.909
Financial Assets at Fair Value Through Profit and Loss	55.962	-	-	55.962
Loans	30.294.038	272.838	309.484	30.876.360
Corporate lending	7.714.841	9.062	42.761	7.766.664
SME lending	14.199.491	214.786	180.981	14.595.258
Consumer lending	6.833.769	48.990	85.742	6.968.501
Other	1.545.937	-	-	1.545.937
Financial Assets Available for Sale	4.890.874	-	-	4.890.874
Investments held to maturity	16.573.548	-	-	16.573.548

(*) Credit cards (TRY 498.943 Thousand) and loans for which the risk does not belong to the Parent Bank (TRY 1.082.768 Thousand) are not included in the table above.

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

(***) Specific provision amounting TRY 1.358.428 Thousand is made for overdue and impaired assets amounting TRY 1.667.912 Thousand.

(****) The above amounts include only the overdue installments of SME and corporate loans and individual loans. The principals of these loans amount to TRY 718.922 Thousand and TRY 711 Thousand, respectively.

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

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

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

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

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

(****)The related items do not include the overdue installments of SME and corporate loans and individual loans amounting TRY 83.083 Thousand and TRY 72.978 Thousand, respectively. The principals of these loans amount to TRY 571.388 Thousand and TRY 1.042 Thousand, respectively. The overdue installments are included in the table above for 2009.

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

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

Corporate and Commercial Firms	Internal/ External Valuation Grade	Total	Entrepreneurial Firms	Internal/ External Valuation Grade	Total
Risk Rating Group 1	AAA	12	High		
Risk Rating Group 2	AA	1.549.939	Risk Rating Group 1	1	986.471
Risk Rating Group 3	A	2.906.046	Risk Rating Group 2	2	1.291.620
Risk Rating Group 4	BBB	3.018.275	Standard		
Risk Rating Group 5	BB	3.272.799	Risk Rating Group 3	3	1.678.482
Risk Rating Group 6	B	1.978.859	Below the Standard		
Risk Rating Group 7	CCC	959.909	Risk Rating Group 4	4	1.627.675
Risk Rating Group 8	CC	169.256	Loss in value		-
Risk Rating Group 9	C	9.642	Risk Rating Group 5	5	1.423.576
TOTAL		13.864.737	TOTAL		7.007.824

(1) Loans for which the risk does not belong to the Parent Bank are not included. (TRY 1.082.768 Thousand)

(2) Prepared in accordance with the internal grading results of the Bank

(3) Only graded firms are included.

(4) Includes the total of cash and non cash loans.

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

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

	December 31,2009	December 31,2008
Loans	-	-
Corporate Loans	80.853	71.582
SME Loans	66.375	71.541
Consumer Loans	10.229	160
Other	8.259	401
Total	165.716	143.684

(*) Accruals amounting TRY 2.527 Thousand are not included in the table above (December 31, 2008: TRY 3.311 Thousand).

(**) Presents loans accounted under in restructured and rescheduled loan accounts.

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

The net value and type of the collaterals of the loans amounted TRY 1.515.222 Thousand, followed under Loans and Other Receivables Under Close Monitoring section, is below (December 31, 2008: TRY 1.828.069 Thousand).

Collateral Type	Net Value of Collateral Current Period	Net Value of Collateral Prior Period
Real estate mortgage	1.090.759	973.058
Salary pledge, vehicle pledge and pledge of commercial undertaking	77.369	222.369
Financial collaterals (Cash, securities pledge, etc.)	12	50
Cheque, bills	37.346	72.594
Suretyship	165.608	243.466
Other	144.128	316.532
Total	1.515.222	1.828.069

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

The net value and the type of the collaterals belongs to loans amounted TRY 1.667.912 Thousand, followed under Non Performing Loans section, is below (December 31, 2008: TRY 1.251.362 Thousand).

Collateral Type	Net Value of Collateral Current Period	Net Value of Collateral Prior Period
Cash	18.141	9.855
Mortgage	587.068	453.719
Pledge	65.086	54.984
Cheque, bills	5.783	9.088
Suretyship	650.172	239.322
Bond	7	7
Other	341.655	484.387
Total	1.667.912	1.251.362

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

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

III. EXPLANATIONS RELATED TO 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 in the computation of capital adequacy, the amount subject to Value At Risk (VAR) calculated by using the standard method (summarised below) is considered. Beside the standard method, VAR is calculated by using internal model as supported by scenario analysis and stress tests. VAR is calculated daily by three different methods which are historic simulation, Monte Carlo simulation and parametric method, and these results are also reported daily to the management.

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

a) Information Related to Market Risk:

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	58.245
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	937
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	13.107
(IV) Capital Requirement to be Employed For Commodity Risk - Standard Method	-
(V) Capital Requirement to be Employed For Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options-Standard Method	-
(VII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	-
(VIII) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)	72.289
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	903.613

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	43.620	57.308	33.628	88.737	119.721	20.407
Common Stock Risk	1.873	1.886	1.862	-	-	-
Currency Risk	14.310	18.013	13.054	19.143	24.411	14.538
Commodity Risk	-	-	-	-	-	-
Clearance Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Total Value Subject to Risk	59.803	77.207	48.544	107.880	144.132	34.945

Other Price Risks

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

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2009**

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE**IV. EXPLANATIONS RELATED TO CONSOLIDATED OPERATIONAL RISK**

In the calculation of the Group's operational risk, "Basic Indicator Method" is used. The amount subject to operational risk is calculated in accordance with Section 4 of the Communiqué on "Measurement and Assessment of the Capital Adequacy of Banks" published in the Official Gazette numbered 26333 on November 1, 2006 and this section is named as "Calculation of Operational Risk Base Amount" which came into effect as of June 1, 2007. The calculation is performed parallel to the practice within the country, by multiplying 15% of the Parent Bank's last three years' average gross revenue with 12,5. Amount subject to operational risk is TRY 4.369.929 Thousand for the current period (December 31, 2008: TRY 3.692.391 Thousand).

V. EXPLANATIONS RELATED TO 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. Net short term and long term positions of each currency are calculated in terms of the Turkish Lira.

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

Announced current foreign exchange buying rates of the Parent Bank as at December 31, 2009 and the previous five working days in full TRY are as follows:

	24.12.2009	25.12.2009	28.12.2009	29.12.2009	30.12.2009	31.12.2009
USD	1,4950000	1,4900000	1,4900000	1,4850000	1,4900000	1,4800000
CHF	1,4383000	1,4363000	1,4377000	1,4362000	1,4314000	1,4290000
GBP	2,3812000	2,3751000	2,3800000	2,3721000	2,3759000	2,3882000
JPY	0,0162778	0,0163141	0,0162402	0,0161548	0,0160727	0,0159106
EURO	2,1487000	2,1452000	2,1449000	2,1415000	2,1314000	2,1228000

The simple arithmetic averages of the major current foreign exchange buying rates of the Parent Bank for the thirty days before December 31, 2009 are as follows:

	Monthly Average
USD	1,4865217
CHF	1,4415783
GBP	2,4070130
JPY	0,0164940
EURO	2,1677652

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

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

Information related to currency risk:

Current Period	EURO	USD	YEN	OTHER	TOTAL
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	1.269.266	26.029	20	3.730	1.299.045
Banks and Financial Institutions	893.356	62.530	1.731	93.534	1.051.151
Financial Assets at Fair Value Through Profit and Loss (***)	2.123	23.827	-	47	25.997
Money Market Placements	-	-	-	-	-
Financial Assets Available-For-Sale	461.478	866.995	-	-	1.328.473
Loans (**)	3.487.882	5.452.802	-	4.610	8.945.294
Subsidiaries, Associates and Entities Under Common Control	127.922	-	-	-	127.922
Held-To-Maturity Investments (***)	876.976	1.758.482	-	-	2.635.458
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	41	-	-	3	44
Intangible Assets	-	-	-	-	-
Other Assets (***)	9.560	55.236	-	44	64.840
Total Assets (****)	7.128.604	8.245.901	1.751	101.968	15.478.224
Liabilities					
Bank Deposits	380.593	169.119	14	86.869	636.595
Foreign Currency Deposits	7.674.327	5.915.910	819	287.424	13.878.480
Money Market Balances	-	547.976	-	-	547.976
Funds Provided From Other Financial Institutions	1.485.000	343.905	-	890	1.829.795
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	2.486	13.855	5	17	16.363
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (***)	34.570	118.518	551	2.981	156.620
Total Liabilities (****)	9.576.976	7.109.283	1.389	378.181	17.065.829
Net Balance Sheet Position	(2.448.372)	1.136.618	362	(276.213)	(1.587.605)
Net Off-Balance Sheet Position	2.314.355	(1.287.660)	(1.625)	267.538	1.292.608
Financial Derivative Assets (****)	2.565.883	734.540	216.775	309.856	3.827.054
Financial Derivative Liabilities (****)	251.528	2.022.200	218.400	42.318	2.534.446
Non-Cash Loans (*)	1.803.456	3.730.247	26.089	32.185	5.591.977
Prior Period					
Total Assets	7.597.699	6.286.929	1.796	111.830	13.998.254
Total Liabilities	8.318.780	6.922.653	2.035	109.538	15.353.006
Net Balance Sheet Position	(721.081)	(635.724)	(239)	2.292	(1.354.752)
Net Off-Balance Sheet Position	480.235	596.127	-	10.966	1.087.328
Financial Derivative Assets	481.701	644.562	-	46.710	1.172.973
Financial Derivative Liabilities	1.466	48.435	-	35.744	85.645
Non-Cash Loans (*)	1.279.756	2.855.520	9.616	49.292	4.194.184

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

(**) Contains TRY 63.547 Thousand of foreign currency indexed loans and their accruals.

(***) In accordance with the principles of the "Regulation on Measurement and Practices of Banks' Net Overall FC Position / Shareholders' Equity Ratio on a Consolidated and Unconsolidated Basis", Derivative Financial Instruments Foreign Currency Income Accruals (TRY 2.962 Thousand), Prepaid Expenses (TRY 77 Thousand) in assets; and Derivative Financial Instruments Foreign Currency Expense Accruals (TRY 43.826 Thousand) and Shareholders's Equity (TRY 51.983 Thousand) in liabilities are not taken into consideration in the currency risk measurement.

(****) Financial derivative assets include credit default swaps amounting TRY 222.000 Thousand and forward precious metal purchase transactions amounted to TRY 148.799 Thousand. Financial derivative liabilities include forward precious metal sale transactions amounted to TRY 149.021 Thousand.

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE**V. EXPLANATIONS RELATED TO CONSOLIDATED CURRENCY RISK (cont'd)**

Consolidated foreign currency sensitivity:

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

The following table sets 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. Positive amounts represent value increase in profit and loss or shareholders' equity due to 10% depreciation of TRY against EURO or USD.

	Change in currency rate in %	Effect on profit/loss before taxation		Effect on shareholders equity before taxation	
		Current Period	Prior Period	Current Period	Prior Period
USD	10 % increase	(3.425)	(12.733)	(45)	(45)
EURO	10 % increase	(3.280)	(8.685)	(5.641)	(9.112)
Other	10 % increase	2.703	1.433	-	-

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

VI. EXPLANATIONS RELATED TO CONSOLIDATED INTEREST RATE RISK

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

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

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

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

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

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

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	2.744.429	-	-	-	-	671.295	3.415.724
Banks and Financial Institutions	1.090.251	20.341	-	-	-	61.317	1.171.909
Financial Assets at Fair Value Through Profit and Loss	35	5.440	5.916	29.937	7.842	6.792	55.962
Money Market Placements	203	-	-	-	-	-	203
Financial Assets Available-For-Sale	504.344	925.235	501.449	2.444.040	504.187	11.619	4.890.874
Loans	11.259.035	5.282.456	7.180.659	6.484.221	946.682	995.534	32.148.587
Held-To-Maturity Investments	5.260.540	6.029.805	1.606.675	1.978.200	1.698.328	-	16.573.548
Other Assets	439	-	-	-	-	2.525.545	2.525.984
Total Assets	20.859.276	12.263.277	9.294.699	10.936.398	3.157.039	4.272.102	60.782.791
Liabilities							
Bank Deposits	1.660.704	47.079	-	-	-	215.341	1.923.124
Other Deposits	23.998.339	10.773.960	1.548.256	1.014	-	5.634.553	41.956.122
Money Market Balances	4.928.187	588.018	260.884	-	-	-	5.777.089
Sundry Creditors	10.167	-	-	-	-	555.724	565.891
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	39.283	1.091.357	831.924	20.318	2.419	46.216	2.031.517
Other Liabilities	1.026.645	63.127	95.090	42.052	123.125	7.179.009	8.529.048
Total Liabilities	31.663.325	12.563.541	2.736.154	63.384	125.544	13.630.843	60.782.791
Balance Sheet Long Position	-	-	6.558.545	10.873.014	3.031.495	-	20.463.054
Balance Sheet Short Position	(10.804.049)	(300.264)	-	-	-	(9.358.741)	(20.463.054)
Off-Balance Sheet Long Position	59.200	481.000	-	-	-	-	540.200
Off-Balance Sheet Short Position	-	-	-	(505.160)	-	-	(505.160)
Total Position	(10.744.849)	180.736	6.558.545	10.367.854	3.031.495	(9.358.741)	35.040

(1) TRY 207.562 Thousand of deferred tax asset is disclosed under the non-interest bearing column in other assets.

(2) TRY 309.484 Thousand of non-performing loans with no specific provision are disclosed under the non-interest bearing column in other assets.

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

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

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

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

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

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

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

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

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

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

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

2. Average interest rates applied to financial instruments:

Current Period	EURO	USD	YEN	TRY
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money In Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey (***)	-	-	-	5,20
Due From Other Banks And Financial Institutions (*)	0,20	0,27	-	7,50
Financial Assets At Fair Value Through Profit And Loss	4,73	5,11	-	9,68
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	5,33	5,46	-	11,72
Loans (**)	5,17	5,18	-	14,98
Held-To-Maturity Investments	6,33	6,69	-	11,18
Liabilities				
Bank Deposits	0,42	0,26	-	7,20
Other Deposits	1,95	2,38	-	8,86
Money Market Borrowings	-	1,87	-	7,14
Sundry Creditors (****)	-	-	-	5,06
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions (*****)	1,81	1,48	-	11,55

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

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

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

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

(****) 75% of the declared maximum deposit interest rate with a maturity of six months as of December 31, 2009.

(*****) Interest rates of borrowings.

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

Interest rate sensitivity:

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

- Profit before tax for the year would decrease by TRY 345.482 Thousand. The major factor in this change is the liabilities of the Parent Bank with variable interest rates (2008: TRY 252.907 Thousand decrease).
- The Shareholders' equity would decrease by TRY 271.810 Thousand. The major factor in this change is due to the market value of government bonds held in available for sale portfolio. (2008: TRY 80.214 Thousand decrease).
- Through these calculations, the value loss related to held for sale investments are presented in shareholder's equity instead of profit and loss.

VII. EXPLANATIONS RELATED TO CONSOLIDATED LIQUIDITY RISK

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

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

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

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

Presentation of assets and liabilities according to their remaining maturities:

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

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed (*)	Total
Assets								
Cash (Cash in TRY, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	670.849	1.027.609	1.492.927	216.065	7.649	207	418	3.415.724
Banks and Financial Institutions	61.317	1.090.251	20.341	-	-	-	-	1.171.909
Financial Assets at Fair Value Through Profit and Loss	-	4.911	4.562	5.953	32.602	7.842	92	55.962
Money Market Placements	-	203	-	-	-	-	-	203
Financial Assets Available-For-Sale	-	153.204	255.221	355.080	3.541.811	573.939	11.619	4.890.874
Loans	989.003	4.136.022	3.462.628	10.168.425	11.463.721	1.928.788	-	32.148.587
Held-To-Maturity Investments	-	509.371	860.470	3.940.266	8.860.114	2.403.327	-	16.573.548
Other Assets	265.401	17.600	16.607	8.418	2.864	-	2.215.094	2.525.984
Total Assets	1.986.570	6.939.171	6.112.756	14.694.207	23.908.761	4.914.103	2.227.223	60.782.791
Liabilities								
Bank Deposits	215.341	1.660.704	47.079	-	-	-	-	1.923.124
Other Deposits	5.634.553	23.998.337	10.773.960	1.496.523	51.320	1.429	-	41.956.122
Funds Provided From Other Financial Institutions	1.757	36.405	119.528	393.416	446.374	1.034.037	-	2.031.517
Money Market Balances	-	4.928.187	588.018	260.884	-	-	-	5.777.089
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	525.356	20.932	4.956	8.186	104	-	6.357	565.891
Other Liabilities	1.497.281	164.501	158.027	264.377	364.837	167.256	5.912.769	8.529.048
Total Liabilities	7.874.288	30.809.066	11.691.568	2.423.386	862.635	1.202.722	5.919.126	60.782.791
Liquidity Gap	(5.887.718)	(23.869.895)	(5.578.812)	12.270.821	23.046.126	3.711.381	(3.691.903)	-
Previous Period								
Total Assets	1.808.555	6.832.594	4.712.252	11.652.355	18.415.251	5.918.504	1.658.367	50.997.878
Total Liabilities	5.765.289	25.730.462	10.996.762	2.879.238	743.546	691.771	4.190.810	50.997.878
Liquidity Gap	(3.956.734)	(18.897.868)	(6.284.510)	8.773.117	17.671.705	5.226.733	(2.532.443)	-

(1) Shareholders' equity is disclosed in other liabilities line under the undistributed column.

(2) TRY 309.484 Thousand of non-performing loans with no specific provision, is disclosed in other assets line under the undistributed column.

(3) Other asset items which are not expected to be converted into cash in short term but required for continuity of banking operations like tangible and intangible assets, office supply inventory, associates and subsidiaries, prepaid expenses, deferred tax asset and receivables from NPL are disclosed in other assets under the undistributed column.

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

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

Analysis of financial liabilities by remaining contractual maturities:

As of December 31, 2009	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Liabilities							
Deposits	31.619.906	10.892.778	1.528.436	51.513	1.429	(214.816)	43.879.246
Funds Provided From Other Financial Institutions	38.181	131.935	442.958	622.688	1.212.870	(417.115)	2.031.517
Money Market Borrowings	4.934.271	593.359	263.888	-	-	(14.429)	5.777.089
Securities Issued	-	-	-	-	-	-	-
Funds	563.307	95.831	266.867	249.137	174.520	(33.860)	1.315.802
Sundry creditors	552.645	4.956	8.186	104	-	-	565.891
Total	37.708.310	11.718.859	2.510.335	923.442	1.388.819	(680.220)	53.569.545

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

(*) Funds are classified in Funds Provided From Other Financial Institutions.

In accordance with the Communiqué on the “Measurement and Assessment of Liquidity of the Banks” published in the Official Gazette dated 1 November 2006 No. 26333, beginning from 1 June 2007 liquidity ratio of the banks on a weekly and monthly basis should not be less than 80% for foreign currency denominated assets and liabilities, and for total assets and liabilities it should not be less than 100%. Liquidity ratios as at 31 December 2009 and 2008 are presented below:

	Current Period				Prior Period			
	First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)		First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)	
	FC	TRY+FC	FC	TRY+FC	FC	TRY+FC	FC	TRY+FC
Average	223,20	230,72	132,83	132,50	264,74	354,13	140,49	157,92
Maximum	415,46	347,64	180,33	155,66	355,59	451,09	192,54	193,99
Minimum	163,06	178,45	108,68	115,10	186,43	258,30	114,56	135,43

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

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

Current Period:

As of December 31, 2009	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Forward foreign currency transactions-buy	235.314	34.053	3.230	-	-	272.597
Forward foreign currency transactions-sell	235.473	34.540	3.251	-	-	273.264
Foreign currency swap transactions-buy	2.578.745	218.725	74.000	-	-	2.871.470
Foreign currency swap transactions-sell	2.609.361	231.620	76.525	-	-	2.917.506
Interest rate swap transactions-buy	-	-	-	540.200	-	540.200
Interest rate swap transactions-sell	-	-	-	505.160	-	505.160
Forward precious metal-buy	-	148.799	-	-	-	148.799
Forward precious metal-sell	-	149.021	-	-	-	149.021
Total	5.658.893	816.758	157.006	1.045.360	-	7.678.017

Previous Period:

As of December 31, 2008	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Forward foreign currency transactions-buy	58.623	3.095	578	-	-	62.296
Forward foreign currency transactions-sell	58.154	3.157	599	-	-	61.910
Foreign currency swap transactions-buy	510.405	167.592	-	-	-	677.997
Foreign currency swap transactions-sell	485.582	148.162	-	-	-	633.744
Interest rate swap transactions-buy	-	-	-	435.000	-	435.000
Interest rate swap transactions-sell	-	-	-	392.210	-	392.210
Total	1.112.764	322.006	1.177	827.210	-	2.263.157

VIII. EXPLANATIONS RELATED TO CONSOLIDATED BUSINESS SEGMENTATION

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

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

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

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

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

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

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

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

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

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

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

The consolidated subsidiaries of the Parent Bank named Birlik Hayat Sigorta A.Ş. and Birlik Sigorta A.Ş. operate in insurance sector, and Halk Yatırım Menkul Değerler A.Ş. performs capital market operations.

TÜRKİYE HALK BANKASI A.Ş.

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

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

Details of the segment information prepared in accordance with the Act on “Disclosure of Financial Statements of Banks and The Related Presentations and Notes” as of December 31, 2009 are presented in the table below.

	Corporate	Commercial	Entrepreneur	Treasury / Investment (**)	Other (***)	Elimination (**)	Total
OPERATING INCOME / EXPENSES							
Interest Income	679.248	501.979	6.675.653	6.092.813	8.897	(7.129.391)	6.829.199
Interest on loans	373.903	308.957	3.240.958	302.119	-	-	4.225.937
Interest income on marketable securities	-	-	-	2.442.237	8.897	-	2.451.134
Interest received from banks	-	-	-	126.483	-	-	126.483
Other interest income	305.345	193.022	3.434.695	3.221.974	-	(7.129.391)	25.645
Interest Expense	519.919	347.237	5.151.785	4.810.602	-	(7.129.391)	3.700.152
Interest on deposits	213.416	125.504	2.712.007	153.571	-	-	3.204.498
Interest on borrowings	1.951	10.256	6.149	56.011	-	-	74.367
Interest on money market borrowings	-	-	-	331.285	-	-	331.285
Other interest expense	304.552	211.477	2.433.629	4.269.735	-	(7.129.391)	90.002
Net Interest Income	159.329	154.742	1.523.868	1.282.211	8.897	-	3.129.047
Net Fees and Commissions Expenses	30.276	27.196	369.288	48.468	(21.432)	-	453.796
Net Trading Profit / (Loss)	-	-	-	17.947	204	-	18.151
Dividend Income	-	-	-	6.577	18	-	6.595
Other Income	3.838	16.368	163.095	81.393	134.203	-	398.897
Loans and Other Receivables' Impairment	-	-	-	-	-	-	-
Loss Provisions	2.629	54.388	328.356	260.771	-	-	646.144
Other Expenses	11.798	37.968	528.568	610.590	112.645	-	1.301.569
Income Before Taxes	179.016	105.950	1.199.327	565.235	9.245	-	2.058.773
Income Tax Provision	-	-	-	(386.903)	(6.501)	-	(393.404)
Net Profit for the Period (*)	179.016	105.950	1.199.327	178.332	2.744	-	1.665.369
SEGMENT ASSETS							
Marketable Securities	-	-	-	21.372.841	147.543	-	21.520.384
Banks and Other Financial Institutions	-	-	-	1.161.160	10.952	-	1.172.112
Associates and Subsidiaries (Net)	-	-	-	176.665	-	-	176.665
Loans	4.262.748	3.179.019	20.904.779	4.111.525	-	-	32.458.071
Other Assets	280	5.237	427.392	4.963.480	59.170	-	5.455.559
TOTAL ASSETS	4.263.028	3.184.256	21.332.171	31.785.671	217.665	-	60.782.791
SEGMENT LIABILITIES							
Deposits	3.886.374	1.993.233	32.174.263	5.825.376	-	-	43.879.246
Derivative Financial Liabilities Held for Trading	-	-	-	88.956	-	-	88.956
Money Market Balances	-	-	-	5.777.089	-	-	5.777.089
Borrowing Funding Loans	19.780	101.008	102.957	1.807.772	-	-	2.031.517
Other Liabilities	19.395	80.787	1.627.937	393.700	19.851	-	2.141.670
Provisions	4.485	8.152	71.573	864.721	139.232	-	1.088.163
Shareholders' Equity	-	-	-	5.702.131	74.019	-	5.776.150
TOTAL LIABILITIES	3.930.034	2.183.180	33.976.730	20.459.745	233.102	-	60.782.791
OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS							
Guaranties and Suretyships	5.427.722	1.551.384	4.366.285	11.465.154	-	-	22.810.545
Commitments	5.412.387	1.475.628	2.424.866	2.061	-	-	9.314.942
Derivative Financial Instruments	15.335	50.528	1.924.573	3.827.150	-	-	5.817.586
Derivative Financial Instruments	-	25.228	16.846	7.635.943	-	-	7.678.017

(*) Amounts arising from transactions of general directorate and balances of Halk Yatırım Menkul Değerler A.Ş. are presented under the treasury / investment column. In this context Net of Property, Plant and Equipment amounting TRY 1.139.458 Thousand and Deferred Tax Asset amounting TRY 207.243 Thousand in Other Assets are presented under the treasury / investment column.

(**) Net fund transfer pricing amounts are distributed in other interest income and other interest expense sections.

(***) The insurance operations of Birlik Hayat Sigorta A.Ş. and Birlik Sigorta A.Ş. are disclosed in Other column.

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

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

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	54.841.083	46.289.181	55.312.403	46.164.323
Money Market Placements	203	-	203	-
Banks	1.171.909	2.119.334	1.171.883	2.119.162
Financial Assets Held for Trading	55.962	114.765	55.962	114.765
Available for Sale Financial Assets	4.890.874	2.359.902	4.890.874	2.359.902
Held-to Maturity Investments	16.573.548	15.858.882	16.948.914	15.880.539
Loans	32.148.587	25.836.298	32.244.567	25.689.955
Financial Liabilities	46.476.654	43.450.519	46.537.249	43.466.103
Deposits	43.879.246	40.271.114	43.925.955	40.253.192
Funds Provided From Other Financial Institutions	2.031.517	2.737.353	2.045.430	2.770.898
Securities Issued	-	-	-	-
Sundry Creditors	565.891	442.052	565.864	442.013

(*) Net of follow-up loans has not been included in the table above.

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

- i- The fair value of the held to maturity assets is determined by market prices, when the market prices are not available, quoted market prices of other marketable securities which are subject to redemption with same terms of interest, maturity and other similar conditions have been used.
- ii- While calculating the fair value of the available for sale assets, the market prices are considered. In case of the price is not determined in active market conditions, the value calculated through IRR methodology is used as fair value.
- iii- The applicable interest rates as of balance sheet date are used in the calculation of fair value of money market placements, banks, loans, deposits, funds provided from other financial institutions and sundry creditors.

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

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

The Parent Bank does not engage in fudiciary transaction.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED ASSETS

(1) a) Cash and balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	205.194	51.525	152.014	59.922
Balances with the Central Bank of Turkey	1.911.485	1.247.493	1.542.354	1.254.978
Other	-	27	-	31
Total	2.116.679	1.299.045	1.694.368	1.314.931

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted Demand Deposit (*)	1.908.421	414.491	1.539.682	425.912
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Reserve Deposits	3.064	833.002	2.672	829.066
Total	1.911.485	1.247.493	1.542.354	1.254.978

(*) The interest rate range applied by Central Bank of Turkey to required reserves for TRY is %5,20 - %5,80. As of December 12, 2008, Central Bank of Turkey announced that no interest will be computed for USD and EUR required reserves. (31.12.2008: 11,81% - 13,00% (TRY)).

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

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

None.

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

None.

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	-	3.733	-	894
Swap Transactions	-	16.795	-	78.288
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	20.528	-	79.182

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

(3) Information on banks and other financial institutions:

a) Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	110.816	14.142	25.022	10.673
Foreign	9.942	1.037.009	26.339	2.057.300
Branches and Head Office Abroad	-	-	-	-
Total	120.758	1.051.151	51.361	2.067.973

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	971.596	1.818.908	-	-
USA and Canada	47.448	197.385	-	-
OECD Countries (*)	6.691	30.935	-	-
Offshore Banking Regions	-	-	-	-
Other	21.216	36.411	-	-
Total	1.046.951	2.083.639	-	-

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Participation Shares	-	-	-	-
Treasury Bills, Government Bonds and Similar Securities	64.477	-	-	-
Other	-	-	-	-
Total	64.477	-	-	-

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government Bonds	-	104.285	-	-
Treasury Bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	-	104.285	-	-

b) Information on financial assets available for sale portfolio:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt securities		4.880.282		2.352.972
Quoted on a stock exchange		4.880.282		2.352.972
Not quoted		-		-
Share certificates		11.860		11.572
Quoted on a stock exchange		-		-
Not quoted		11.860		11.572
Impairment provision(-)		(1.268)		(4.642)
Total		4.890.874		2.359.902

(5) Information on loans:

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
	Loans	Loans	Loans	Loans
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	83.872	-	66.426	-
Total	83.872	-	66.426	-

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

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

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

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

	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 (***)
Cash Loans				
Non-specialized loans	22.460.381	117.619	1.065.556	16.598
Discount notes	2.032	-	-	-
Export loans	2.647.728	-	24.887	-
Import loans	-	-	-	-
Loans given to financial sector	1.088.388	-	-	-
Overseas loans	238.613	-	56	-
Consumer loans (*)	6.549.680	42	269.868	8.199
Credit cards (**)	469.434	10	27.520	1.978
Precious metals loans	-	-	-	-
Other	11.464.506	117.567	743.225	6.421
Specialized loans	7.541.028	31.435	433.004	64
Other receivables	-	-	-	-
Accruals	457.522	2.273	22.853	254
Total	30.458.931	151.327	1.521.413	16.916

(*) Includes TRY 62.444 Thousand of personnel loans.

(**) Includes TRY 21.428 Thousand of personnel credit cards.

(***) Presents loans accounted under in restructured and rescheduled loan accounts.

c) Loans according to the maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled (*)	Loans and Other Receivables	Restructured or Rescheduled (*)
Cash Loans				
Short-term loans	13.140.029	5.831	512.707	1.516
Non-specialized loans	11.242.391	4.630	471.834	1.433
Specialized loans	1.700.262	1.113	33.172	60
Other receivables	-	-	-	-
Accruals	197.376	88	7.701	23
Medium and long-term loans	17.318.902	145.496	1.008.706	15.400
Non-specialized loans	11.217.990	112.989	593.722	15.165
Specialized loans	5.840.766	30.322	399.832	4
Other receivables	-	-	-	-
Accruals	260.146	2.185	15.152	231
Total	30.458.931	151.327	1.521.413	16.916

(*) Presents loans accounted under in restructured and rescheduled loan accounts.

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

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

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

d) Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel:

	Short Term	Medium and Long Term	Total
Consumer Loans - TRY	220.212	6.418.260	6.638.472
Housing Loans	1.608	2.653.115	2.654.723
Vehicle Loans	825	31.923	32.748
General Purpose Loans	217.779	3.733.222	3.951.001
Other	-	-	-
Consumer Loans - Indexed to FC	-	533	533
Housing Loans	-	533	533
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans - FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personal Credit Cards - TRY	456.068	1.378	457.446
With Installments	68.072	-	68.072
Without Installments	387.996	1.378	389.374
Personal Credit Cards - FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans - TRY	4.439	58.005	62.444
Housing Loans	-	43	43
Vehicle Loans	-	-	-
General Purpose Loans	4.439	57.962	62.401
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans - FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards - TRY	21.408	20	21.428
With Installments	4.406	-	4.406
Without Installments	17.002	20	17.022
Personnel Credit Cards - FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Account - TRY (Real Person)	126.340	-	126.340
Overdraft Account - FC (Real Person)	-	-	-
Total	828.467	6.478.196	7.306.663

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

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

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

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

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

	Short Term	Medium and Long Term	Total
Commercial loans with installment facility - TRY	28.282	294.559	322.841
Business Loans	1.353	145.328	146.681
Vehicle Loans	26.929	149.231	176.160
General Purpose Loans	-	-	-
Other	-	-	-
Commercial loans with installment facility - Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Commercial loans with installment facility – FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Corporate Credit Cards - TRY	20.068	-	20.068
With Installments	1.926	-	1.926
Without Installments	18.142	-	18.142
Corporate Credit Cards - FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Account - TRY (Legal Entity)	119.662	-	119.662
Overdraft Account - FC (Legal Entity)	-	-	-
Total	168.012	294.559	462.571

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

f) Loan distribution according to borrowers:

	Current Period	Prior Period
Public	867.815	808.493
Private	31.280.772	24.814.292
Total	32.148.587	25.622.785

g) Domestic and overseas loans:

	Current Period	Prior Period
Domestic loans	31.863.954	25.348.976
Overseas loans	284.633	273.809
Total	32.148.587	25.622.785

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	58.611	80.146
Indirect loans granted to subsidiaries and associates	-	-
Total	58.611	80.146

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

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

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

i) Specific provisions provided against loans:

	Current Period	Prior Period
Specific Provisions		
Loans and receivables with limited collectibility	153.184	71.098
Loans and receivables with doubtful collectibility	82.877	46.323
Uncollectible loans and receivables	1.122.367	920.428
Total	1.358.428	1.037.849

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

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

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Current period	70.647	22.594	122.302
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	70.647	22.594	122.302
Prior period	645	123	60.769
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	645	123	60.769

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

	III. Group Loans and receivables with limited collectibility	IV. Group Loans and receivables with doubtful collectibility	V. Group Uncollectible loans and receivables
Prior period end balance	130.433	80.389	1.040.540
Additions (+)	427.218	91.175	278.629
Transfers from other categories of loans under follow-up (+)	-	176.899	223.976
Transfers to other categories of loans under follow-up (-)	(215.268)	(185.607)	-
Collections (-)	(107.013)	(47.525)	(225.934)
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current period end balance	235.370	115.331	1.317.211
Specific provision (-)	(153.184)	(82.877)	(1.122.367)
Net Balance on Balance Sheet	82.186	32.454	194.844

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

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

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

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

None.

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Period (Net)	82.186	32.454	194.844
Loans to Real Persons and Legal Entities (Gross)	234.344	115.329	1.281.512
Specific Provisions (-)	(152.158)	(82.875)	(1.086.668)
Loans to Real Persons and Legal Entities (Net)	82.186	32.454	194.844
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	1.026	2	35.699
Specific Provisions (-)	(1.026)	(2)	(35.699)
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	59.335	34.066	120.112
Loans to Real Persons and Legal Entities (Gross)	129.200	80.389	1.012.252
Specific Provisions (-)	(69.865)	(46.323)	(892.140)
Loans to Real Persons and Legal Entities (Net)	59.335	34.066	120.112
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	1.233	-	28.288
Specific Provisions (-)	(1.233)	-	(28.288)
Other Loans and Receivables (Net)	-	-	-

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

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

The Parent Bank recently collects some of its receivables by acquiring debtor properties in consideration of collaterals given to loans granted.

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

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

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

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

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

Current Period	Less than 30 Days	Between 31 and 60 Days	Between 61 and 90 Days	Total
Loans and Receivables				
Corporate Loans	6.232	1.771	1.059	9.062
SME Loans	140.152	46.854	27.780	214.786
Consumer Loans	20.764	20.086	8.140	48.990
Credit Cards	18.563	19.721	1.336	39.620
Total	185.711	88.432	38.315	312.458

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

(**) The classification of loans is based on Basel II criteria.

(***) The related items include only the overdue installments of SME and corporate loans and individual loans. The undue principal amounts of these loans are TRY 718.922 Thousand and TRY 711 Thousand, respectively.

As at December 31, 2009, the fair value of collaterals held against the past due but not yet impaired loans amounts to TRY 142.951 Thousand. Suretyship and cheque/bills are not considered based on Basel I criteria.

Loans and advances amounting to TRY 14.695.260 Thousand have floating interest rates and TRY 17.453.327 Thousand have fixed interest rates.

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

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

(**) The classification of loans is based on Basel II criteria.

(***) The related items do not include the overdue installments of SME and corporate loans and individual loans amounting TRY 83.083 Thousand and TRY 72.978 Thousand, respectively. The undue principal amounts of these loans are TRY 571.388 Thousand and TRY 1.042 Thousand, respectively. The overdue parts of installments are included in the table above for 2009.

As at December 31, 2009, the fair value of collaterals held against the past due but not yet impaired loans amounts to TRY 253.624 Thousand. Suretyship and cheque/bills are not considered based on Basel I criteria.

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

(i) Explanations on write-off policy:

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

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

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Treasury Bills	-	-	-	-
Government Bonds and Similar Securities	1.711.948	706.769	1.938.752	103.445
Other	-	-	-	-
Total	1.711.948	706.769	1.938.752	103.445

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Participation Shares	-	-	-	-
Treasury Bills, Government Bonds and Similar Securities	5.416.526	604.461	1.951.627	813.008
Other	-	-	-	-
Total	5.416.526	604.461	1.951.627	813.008

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

	Current Period	Prior Period
Government Bonds	16.573.548	15.858.882
Treasury Bills	-	-
Other public sector debt securities	-	-
Total	16.573.548	15.858.882

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	16.573.548	15.874.937
Quoted on a stock exchange	11.505.711	9.982.371
Not quoted on a stock exchange	5.067.837	5.892.566
Provision for impairment (-)	-	(16.055)
Total	16.573.548	15.858.882

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

	Current Period	Prior Period
Beginning balance	15.858.882	7.037.420
Foreign currency differences on monetary assets	(17.115)	298.211
Purchases during the year (**) (***)	3.744.069	9.953.372
Disposals through sales and redemptions (-) (*)	(3.028.343)	(1.523.857)
Impairment provision (-) / provision reversal (+)	16.055	93.736
Closing Balance	16.573.548	15.858.882

(*) In accordance with the tainting rules defined in paragraph 9 of Turkish Accounting Standards 39-Financial Instruments: Recognition and Measurement as published by Turkish Accounting Standards Board ("TASB"), as of December 31, 2009 the Bank reclassified TRY 1.045.479 Thousand financial assets from Held to Maturity Investments portfolio to Available for Sale Financial Assets. Related amount was presented in Disposals Through Sales and Redemptions row.

(**) Change in accruals amounting TRY 20.094 Thousand have been included in purchases row.

(***) Effect of including subsidiaries in the scope of consolidation amounting TRY 2.563 Thousand in the current year is presented in "Purchases during the year" row.

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

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

(6) Information on held-to-maturity investments (cont'd)

d.1. Information on held-to-maturity investments accounts:

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

	Current Period				Prior Period			
	Historical Cost		Amortized Cost		Historical Cost		Amortized Cost	
	TRY	FC	TRY	FC	TRY	FC	TRY	FC
Obtained from Undersecretariat of Treasury of Republic of Turkey	5.613.299	883.342	5.748.891	904.383	2.860.914	-	2.896.221	-
Obtained from Chairmanship of Privatization Administration	-	-	-	-	-	-	-	-
Obtained with the transfer	2.340.938	-	2.392.831	-	2.968.719	-	3.190.433	-
Reclassified from other security portfolios (*)	5.535.196	1.672.176	5.796.368	1.731.075	7.264.687	2.138.231	7.593.316	2.178.912
Other	-	-	-	-	-	-	-	-
Total	13.489.433	2.555.518	13.938.090	2.635.458	13.094.320	2.138.231	13.679.970	2.178.912

(*) While paragraph 54 of Turkish Accounting Standards 39-Financial Instruments: Recognition and Measurement as published by Turkish Accounting Standards Board ("TASB") permit reclassification of financial assets from Available for Sale Financial Assets to Held to Maturity Portfolio, with the Communiqué 105, dated October 31, 2008 and published in the Official Gazette 27040, TASB, made an amendment related to Article 50 of Turkish Accounting Standards 39-Financial Instruments: Recognition and Measurement and also permitted the reclassification of financial assets recognized as Financial Assets at Fair Value Through Profit and Loss Portfolio to Held to Maturity Financial Assets Portfolio. In addition, Turkish Accounting Standards Board declared that all reclassification transactions made subsequent to October 31, 2008, will take effect on the date of such transactions performed. In order to avoid the effect of market fluctuations on financial assets portfolio, on October 3, 2008 and October 8, 2008, the Parent Bank reclassified TRY 8.961 Million in total; TRY 378 Million from Financial Assets at Fair Value Through Profit and Loss and TRY 8.583 Million from Available for Sale Financial Assets to Held to Maturity Investments. The Bank has not reclassified any financial assets from other portfolios to Held to Maturity Investment portfolio during 2009. The additions for the period with the effect of including subsidiaries to the scope of consolidation amounting TRY 16.746 Thousand in the current year and financial assets amounting TRY 526 Million which are subject to switching auction are shown under "Obtained from Undersecretariat of Treasury of Republic of Turkey" row.

(7) Information on associates (Net):

a) Information on associates:

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

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income From Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
4.292.879	450.301	61.028	152.254	40.006	11.849	16.787	636.840
392.277	75.552	2.719	1.190	206	15.896	6.995	73.836
38.281	38.110	244	2.634	-	1.622	3.994	33.292
7.094	3.880	135	325	86	311	359	-
14.843	6.444	2.732	335	23	2.902	4.329	-
29.833	22.673	1.764	2.499	9	9.103	6.693	-
18.207	14.400	6.478	912	-	1.067	1.533	-
130.842	127.966	466	7.101	-	3.713	9.317	-

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

(**) From the associates that are presented in (b), the financial data of Bankalararası Kart Merkezi A.Ş is obtained December 31, 2009 audited financial statements and the financial data of remaining associates are obtained from December 31, 2009 unaudited financial statements.

c) Movement of associates:

	Current Period	Prior Period
Balance at the beginning of the period	164.607	145.490
Movements during the period	12.058	19.117
Additions (*)	1.989	39
Free shares obtained profit from current year's share	3.919	2.841
Share in current year income	-	-
Disposals	-	-
Revaluation decrease (-) / increase	5.346	16.408
Provision for impairment (-) / reversals (+)	804	(171)
Balance at the end of the period	176.665	164.607
Capital commitments (**)	2.000	-
Share percentage at the end of the period (%)	-	-

(*) In the current period, the addition results from the capital increase in Kredi Garanti Fonu İşletme ve Araştırma A.Ş.

(**) In the current period, TRY 3.916 Thousand addition is the shares received through Halk Finansal Kiralama A.Ş. capital increase, 99,63% of which is met by net profit of the previous period and 0,37% by legal reserves.

(***) There is TRY 2.000 Thousand capital commitment to Kredi Garanti Fonu A.Ş.

d) Sectoral information and related carrying amounts of associates:

	Current Period	Prior Period
Banks	127.922	122.576
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	35.257	30.536
Financing Companies	-	-
Other Financial Investments	12.434	10.429

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

None.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

(8) Information on subsidiaries (Net):

a) Information on subsidiaries:

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

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

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair Value
71.633	40.096	571	4.474	-	8.882	4.123	34.416
141.252	54.339	3.470	5.866	2.618	4.446	1.727	70.760
139.154	66.984	147	1.545	6.279	19.225	20.482	87.464

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

(**) The information is presented by referring to the audited financial statements as of December 31, 2009 for consolidation purposes.

c) Movement of the subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	62.048	57.801
Movements during the period	(62.048)	4.247
Additions (*)	15.487	-
Bonus shares obtained (**)	3.598	4.247
Share in current year income	-	-
Disposals	-	-
Revaluation increase	-	-
Provision for impairment (-)	-	-
Effect of including subsidiaries to scope of consolidation (***)	(81.133)	-
Balance at the end of the period	-	62.048
Capital commitments	-	15.491
Share percentage at the end of the period (%)	-	-

(*) In the current period, addition contains shares obtained amounting TRY 15.487 Thousand of Birlik Sigorta A.Ş.

(**) The addition in the current year results from the stocks obtained from the capital increase of Halk Yatırım Menkul Değerler A.Ş.

(***) The subsidiaries of the Parent Bank are included to the scope of consolidation for the first time in the financial statements for the period January 1 – March 31, 2009.

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

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

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

- (8) Information on subsidiaries (Net): (cont'd)
- e) Subsidiaries quoted in the stock exchange:
None.
- (9) Information on jointly controlled entities (joint ventures):
None.
- (10) Information on finance lease receivables (Net):
None.
- (11) Information on derivative financial assets for hedging purposes:
None.
- (12) Information on tangible assets:

Current Period	Balance at the end of the prior period	Change in the consolidation structure(*)	Current Year Additions	Current Year Disposals	Transfers	Balance at the end of the period
Cost:						
Immovables	899.519	-	54.511	-	(5.231)	948.799
Tangible Assets purchased through Financial Lease	109.386	-	374	(1.660)	-	108.100
Office Machines	138.982	3.482	30.077	(20.974)	-	151.567
Fixed Assets Obtained due to Non-Performing Loans	105.610	-	152.176	(9.850)	11.153	259.089
Other	220.313	2.808	106.186	(76.646)	56.304	308.965
Total Cost	1.473.810	6.290	343.324	(109.130)	62.226	1.776.520
Accumulated Depreciation:						
Immovables	192.046	-	13.860	-	(5.401)	200.505
Tangible Assets purchased through Financial Lease	93.970	-	7.252	(1.416)	-	99.806
Office Machines	105.736	2.910	13.836	(17.894)	-	104.588
Fixed Assets Obtained due to Non-Performing Loans	3.697	-	4.750	(1.027)	1.825	9.245
Other	179.447	1.776	22.582	(18.540)	19.379	204.644
Total Accumulated Depreciation	574.896	4.686	62.280	(38.877)	15.803	618.788
Provision for Impairment (-)						
Immovables	6.234	-	2.388	-	34	8.656
Tangible Assets purchased through Financial Lease	-	-	-	-	-	-
Office Machines	-	-	-	-	-	-
Fixed Assets Obtained due to Non-Performing Loans	1.036	-	5.935	-	575	7.546
Other	-	-	-	-	-	-
Total Provision for Impairment (-)	7.270	-	8.323	-	609	16.202
Net Book Value	891.644	1.604	272.721	(70.253)	45.814	1.141.530

(*) The subsidiaries of the Parent Bank are included to the scope of consolidation for the first time in the financial statements for the period January 1 – March 31, 2009.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
I. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED ASSETS (Cont'd)
(12) Information on tangible assets: (cont'd)

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

(13) Information on intangible assets:

Current Period	Balance at the end of the prior period	Change in the consolidation structure(*)	Current Year Additions	Current Year Disposals	Transfers	Balance at the end of the period
Cost:						
Leasehold Improvements	-	-	-	-	-	-
Other Intangible Assets	61.612	1.499	11.976	(1.317)	(57.808)	15.962
Total Cost	61.612	1.499	11.976	(1.317)	(57.808)	15.962
Accumulated Depreciation:						
Leasehold Improvements	-	-	-	-	-	-
Other Intangible Assets	23.024	1.185	1.265	(506)	(21.096)	3.872
Total Accumulated Depreciation	23.024	1.185	1.265	(506)	(21.096)	3.872
Provision for Impairment (-)						
Leasehold Improvements	-	-	-	-	-	-
Other Intangible Assets	-	-	-	-	-	-
Total Provision for Impairment (-)	-	-	-	-	-	-
Net Book Value	38.588	314	10.711	(811)	(36.712)	12.090

(*) The subsidiaries of the Parent Bank are included to the scope of consolidation for the first time in the financial statements for the period January 1 – March 31, 2009.

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

(13) Information on intangible assets: (cont'd)

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

(14) Information on investment property:

Current Period	Balance at the end of the prior period	The change in the consolidation structure(*)	Current Year Additions	Current Year Disposals	Balance at the end of the period
Cost					
Land	-	68	-	-	68
Buildings	-	764	35	-	799
Total Cost	-	832	35	-	867
Accumulated Depreciation:					
Land	-	-	-	-	-
Buildings	-	362	16	-	378
Total Accumulated Depreciation (-)	-	362	16	-	378
Net Book Value	-	470	19	-	489

(*) The subsidiaries of the Parent Bank are included to the scope of consolidation for the first time in the financial statements for the period January 1 – March 31, 2009.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

(15) Information on deferred tax assets:

	Current Period Deferred Tax	Prior Period Deferred Tax
Retirement Pay Provision and Unused Vacation Provision	48.765	46.979
Precautionary Provision for Loans Under Close Monitoring	23.932	9.500
Net Accrual Expense for Derivative Instruments	13.146	-
Valuation Difference for Marketable Securities	112.958	23.272
Provision for Lawsuits against the Bank	4.518	2.694
Other	7.473	3.858
Total Deferred Tax Assets	210.792	86.303
Amortization Difference Between the Tax Procedure Law and Communiqué on Accounting Policies	(1.997)	(825)
Net Accrual Income for Derivative Instruments	-	(11.387)
Other	(1.233)	-
Deferred Tax Liabilities	(3.230)	(12.212)
Deferred Tax Assets, Net	207.562	74.091
Deferred Tax Accounted for in Shareholders' Equity	30.334	(4.817)
Available for Sale Financial Assets IRR-FV Difference	32.856	3.525
FC Subsidiaries Hedge Fund Valuation Difference	(2.522)	(8.342)

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

Table of Movement of Assets Held for Sale	Current Period	Prior Period
Cost	88.709	138.753
Accumulated Depreciation (-)	(4.618)	(8.337)
Net Book Value	84.091	130.416
Opening Balance	130.416	90.371
Acquisitions (Transfers)	(10.879)	93.489
Disposals (-), net	(36.141)	(52.413)
Impairment Charge (-)	(695)	(1.031)
Depreciation Charge (-)	-	-
Closing net book value	84.091	130.416

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

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

(17) Information on other assets:

a) Distribution of other assets:

	Current Period	Prior Period
Prepaid Promotion Expenses	150.371	-
Clearing Account	135.916	98.707
Receivables from Intermediary Operations (Receivables from Insurance Operations and Clients)	65.949	-
Receivables From Asset Sale On Credit Terms	59.141	59.166
Receivables From Credit Card Payments	55.812	34.839
Receivables From Derivative Instruments	51.756	91.020
Prepaid Expenses	17.259	4.227
Receivables From Banking Services	4.210	3.751
Receivables From Lawsuits	3.490	1.136
Receivables From SDIF	1.857	3.986
Cash Guarantees Given	803	553
Receivables Pending For Board Of Discipline Decision	686	443
Advances Given	233	5.548
Other	46.590	34.628
Total	594.073	338.004

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

II. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED LIABILITIES

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

a) For deposit banks:

a.1. Current Period:

	Demand	7 day call accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over	Accumulated Deposits	Total
Saving deposits	1.180.145	-	3.975.059	12.663.864	293.895	137.856	41.876	43.528	18.336.223
Foreign currency deposits	1.694.001	-	2.892.065	7.160.996	721.422	786.124	400.989	8.624	13.664.221
Residents in Turkey	1.628.571	-	2.800.939	5.207.263	494.871	550.051	353.826	8.613	11.044.134
Residents abroad	65.430	-	91.126	1.953.733	226.551	236.073	47.163	11	2.620.087
Public Sector Deposits Commercial Inst.	846.764	-	267.943	739.761	70.985	194	150	-	1.925.797
Deposits	1.428.159	-	1.641.218	2.288.816	40.071	45.322	1.444	-	5.445.030
Other Inst. Deposits	299.857	-	136.220	1.570.269	232.496	2.956	655	-	2.242.453
Precious Metals	185.269	-	-	-	-	-	-	-	185.269
Interbank Deposits	215.341	-	1.599.467	106.926	-	-	-	-	1.921.734
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	25.714	-	1.383.208	80.066	-	-	-	-	1.488.988
Foreign Banks	99.216	-	216.259	26.860	-	-	-	-	342.335
Participation Banks	90.411	-	-	-	-	-	-	-	90.411
Other	-	-	-	-	-	-	-	-	-
Accruals	358	-	43.890	102.473	5.671	4.054	1.856	217	158.519
Total	5.849.894	-	10.555.862	24.633.105	1.364.540	976.506	446.970	52.369	43.879.246

a.2. Prior Period:

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

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

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

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

Saving Deposits	Under the Guarantee of Deposit Insurance		Exceeding Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	9.536.031	8.317.033	8.862.514	8.276.019
Foreign Currency Saving Deposits	2.264.490	2.059.286	3.904.828	3.581.684
Other Deposits in the form of Saving Deposits	-	-	-	-
Deposits at foreign branches and under the guarantee of foreign authorities' insurance	40.530	34.185	-	-
Deposits at off-shore banking regions' and under foreign authorities' insurance	-	-	-	-
Total	11.841.051	10.410.504	12.767.342	11.857.703

(*) Accruals are included in the table above in the current period.

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

	Current Period	Prior Period
Deposits and accounts in overseas branches	176.219	193.415
Deposits of ultimate shareholders and their close families	-	-
Deposits of chairman and members of the Board of Directors and their close families	930	1.746
Deposits obtained through illegal acts defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-

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

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	-	3.078	-	474
Swap Transactions	-	85.878	-	21.772
Future Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	88.956	-	22.246

(3) a) Information on Borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Borrowings from Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	123.730	100.005	124.292	90.099
Foreign Banks, Institutions and Funds	77.992	1.729.790	78.003	1.229.405
Total	201.722	1.829.795	202.295	1.319.504

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term	123.730	292.745	124.292	335.626
Medium and Long-Term	77.992	1.537.050	78.003	983.878
Total	201.722	1.829.795	202.295	1.319.504

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

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

Main liability of the Parent Bank is deposit, which is composed of 41,87% of saving deposits and 31,22% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Parent Bank borrows loans from interbank money markets. The Parent Bank can borrow loans from overseas institutions especially to be used in the financing of personal loans. There are funds obtained from the Ministry of Industry and Trade especially for constructing small industrial estates and organized industrial estates.

The Parent Bank's 33,13% of banks deposits and 33,09% of other deposits consist of foreign currency deposits.

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

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

Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From domestic transactions	5.197.488	-	1.686.174	-
Financial institutions and organizations	5.123.807	-	1.498.458	-
Other institutions and organizations	36.631	-	148.234	-
Real persons	37.050	-	39.482	-
From overseas transactions	281	544.540	576	683.795
Financial institutions and organizations	-	544.540	-	683.795
Other institutions and Organizations	-	-	-	-
Real persons	281	-	576	-
Accruals	11.922	3.436	11.076	8.823
Total	5.209.691	547.976	1.697.826	692.618

- (4) Explanations to the funds:

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

- a) Maturity Structure of Funds:

	Current Period		Prior Period	
	Short-term	Long-term	Short-term	Long-term
	134.485	1.181.317	83.382	1.132.172

- (5) Information on Other Liabilities:

Other liabilities balance in the balance sheet amounts to TRY 259.838 Thousand and does not exceed 10% of the balance sheet total. (December 31, 2008: TRY 199.086 Thousand).

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

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

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

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

(6) Information on Finance Lease Payables (Net): (cont'd)

b) Explanation on finance lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less Than 1 Year	196	139	284	-
Between 1-4 Years	-	-	-	-
More Than 4 Years	-	-	-	-
Total	196	139	284	-

c) Explanations regarding operational leases:

None.

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

None.

(8) Explanations on Provisions:

a) Information on General Provisions:

	Current Period	Prior Period
General Provisions	275.695	225.806
Allocated for Group - I loans and receivables	227.302	179.737
Allocated for Group - II loans and receivables	21.720	27.976
Allocated for non-cash loans	26.673	18.093
Other	-	-

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

None.

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

The Parent Bank's specific provisions for unindemnified non-cash loans balance is TRY 43.618 Thousand as of December 31, 2009 at a rate of 50% for non cash loans. TRY 2.580 Thousand of the related provision has been allocated for non-cash loans of companies of which cash loans are transferred to the Saving Deposits Insurance Fund in accordance with and the protocol designed based on the Act No: 5230 and the related provision is managed by the SDIF.

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

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

d) Information on other provisions:

Total other provision balance amounting to TRY 213.159 Thousand (31 December 2008: TRY 147.544 Thousand) consists of TRY 43.618 Thousand (31 December 2008: TRY 48.027 Thousand) specific provisions for unindemnified non cash loans, TRY 21.518 Thousand (31 December 2008: TRY 17.606 Thousand) for legal cases filed against the Parent Bank, TRY 50,269 Thousand of precautionary provision for close monitoring loans (31 December 2008: TRY 47.500 Thousand), TRY 69.390 Thousand of precautionary provision for restructured from Group I loans (31 December 2008: None). The remaining TRY 28.364 Thousand of provision is other provisions (31 December 2008: TRY 34.411 Thousand).

Provision balance for possible risks:

As of December 31, 2009, provision of TRY 7.000 Thousand has been set for prudence in consideration for any changes that may arise in the economy and the market (December 31, 2008: TRY 22.571 Thousand).

d.1. Movement of employee termination benefits:

The discount rate, wage growth and inflation rates used in the actuarial valuation made for the Parent Bank as of December 31, 2009 are respectively 11%, 6,8% and 4,8%. (31 December 2008: 12%, 7,4%, 5,4%). The amount calculated as a result of the actuarial valuation is as follows:

	Current Period	Prior Period
As of January 1	178.324	159.314
The effect of the inclusion of subsidiaries in the scope of consolidation (**)	1.454	-
Charge for the year	10.399	10.379
Interest cost	20.934	16.940
Actuarial gain (loss)	2.875	18.869
Benefits paid	(33.555)	(27.178)
Total	180.431	178.324

(*) As of 31.12.2009, unused vacation provision is TRY 63.391 Thousand. This related provision is followed under employee benefits provision under liabilities. (2008: TRY 56.569 Thousand)

(**) The subsidiaries of the Parent Bank are included to the scope of consolidation for the first time in the financial statements for the period January 1 – March 31, 2009.

e) Liabilities on pension rights:

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

None.

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

None.

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

(9) Explanations related to tax liabilities:

a) Information on current tax liability:

a.1. Information on tax provision:

As of December 31, 2009, the Group's corporate tax provision is TRY 557.911 Thousand. For the fourth temporary taxation period of the year 2009, corporate tax payable is TRY 133.859 Thousand.

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	133.859	17.337
Income on Securities Tax	46.121	85.602
Property Income Tax	393	246
Banking and Insurance Transactions Tax (BITT)	17.927	16.160
Foreign Exchange Transactions Tax	1	-
Value Added Tax Payable	243	81
Other	13.244	11.339
Total	211.788	130.765

a.3. Information on premiums:

	Current Period	Prior Period
Social Insurance Premiums-Employee	80	5
Social Insurance Premiums-Employer	137	7
Bank Social Aid Pension Fund Premium-Employee	2.643	2.112
Bank Social Aid Pension Fund Premium-Employer	3.678	2.912
Pension Fund Membership Fees-Employee	-	-
Pension Fund Membership Fees-Employer	-	-
Unemployment insurance-Employee	11	-
Unemployment insurance-Employer	8	-
Other	575	445
Total	7.132	5.481

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

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

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

b) Explanations regarding deferred tax liability:

None.

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

None.

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

None.

(12) Information on Shareholders' Equity:

a) Presentation of paid-in capital:

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

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

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

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

None.

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

None.

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

None.

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

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

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

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

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

g) Information on preferred shares:

None.

h) Information on Marketable Securities Revaluation Fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)	-	-	-	-
Revaluation difference	92.163	(51.983)	(7.011)	(106.026)
Exchange rate difference	(13.734)	-	-	-
Total	78.429	(51.983)	(7.011)	(106.026)

i) Information on legal reserves:

	Current Period	Prior Period
First legal reserves	227.784	172.756
Second legal reserves	286.825	261.212
Other legal reserves appropriated in accordance with special legislation	703	703
Total	515.312	434.671

j) Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	1.048.423	333.180
Retained earnings	47.181	47.181
Accumulated losses	-	-
Foreign currency translation	-	(14.442)
Total	1.095.604	365.919

(13) Information on minority shares:

	Current Period	Prior Period
Paid-in capital	4.409	-
Marketable Securities Revaluation Fund	56	-
Legal Reserves	146	-
Extraordinary Reserves	1.279	-
Retained Earnings	-	-
Net Period Income / Loss	704	-
Total	6.594	-

(14) Movement of Minority Interest:

	Current Period
Beginning Balance	-
The effect of the inclusion of subsidiaries in the scope of consolidation (*)	6.610
Change in Minority Interest	(720)
Net Period Income / Loss	704
Closing Balance	6.594

(*) The subsidiaries of the Parent Bank are included to the scope of consolidation for the first time in the financial statements for the period January 1 – March 31, 2009.

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

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

(1) Information on Off-Balance Sheet Liabilities:

a) Amount and nature of irrevocable loan commitments:

	Current Period	Prior Period
Types of Irrevocable Commitments		
Commitments for credit card expenditure limits	2.793.507	1.827.156
Commitments for credit cards and banking services promotions	27.446	27.403
Two days forward foreign exchange buy/sell transactions	679.448	626.948
Other irrevocable commitments	3.805	17.242
Share capital commitments to associates and subsidiaries (*)	2.250	15.741
Loan granting commitments	1.040.649	258.131
Tax and fund liabilities from export commitments	11.284	6.739
Payment commitments for cheques	1.255.978	1.260.306
Total	5.814.367	4.039.666

(*) In the current period, the Parent Bank has TRY 250 Thousand of share capital commitment for Gelişen İşletmeleri Piyasaları A.Ş. which is a financial asset available for sale, and TRY 2.000 Thousand of capital commitment for Kredi Garanti Fonu A.Ş. which is an associate of the bank.

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

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

	Current Period	Prior Period
Bank acceptance loans	138.242	78.257
Letters of credit	2.243.228	1.780.112
Other guarantees	158.159	27.284
Total	2.539.629	1.885.653

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

	Current Period	Prior Period
Letters of tentative guarantees	273.246	258.856
Letters of certain guarantees	2.810.912	1.986.780
Letters of advance guarantees	1.276.929	938.164
Letters of guarantee given to customs offices	197.297	142.023
Other letters of guarantee	2.216.929	1.527.376
Total	6.775.313	4.853.199

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

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

- (1) Information on Off-Balance Sheet Liabilities: (cont'd)
- b) Amount and nature of probable losses and commitments from the off-balance sheet items including the below mentioned: (cont'd)
- b.3. Total Non-cash loans:

	Current Period	Prior Period
Non-cash loans for providing cash loans	184.145	141.348
Within one year or less original maturity	-	-
Within more than one year maturity	184.145	141.348
Other non-cash loans	9.130.797	6.597.504
Total	9.314.942	6.738.852

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	9.698	0,26	3.386	0,06	8.872	0,35	58.916	1,40
Farming and Raising								
Livestock	7.628	0,20	3.346	0,06	7.452	0,29	58.819	1,40
Forestry	594	0,02	40	0,00	565	0,02	22	0,00
Fishery	1.476	0,04	-	0,00	855	0,03	75	0,00
Industry	1.111.669	29,86	3.161.538	56,54	820.255	32,23	2.286.996	54,53
Mining and Quarry	12.374	0,33	18.795	0,34	19.690	0,77	28.123	0,67
Manufacturing	898.871	24,15	2.947.858	52,71	688.731	27,07	2.109.083	50,29
Electricity, Gas and Water	200.424	5,38	194.885	3,49	111.834	4,39	149.790	3,57
Construction	938.941	25,22	1.230.161	22,00	756.062	29,71	968.046	23,08
Service	1.647.064	44,24	1.181.523	21,13	921.018	36,19	870.348	20,75
Wholesale and Retail Trade	830.517	22,31	484.851	8,67	515.076	20,24	239.157	5,70
Hotel and Food Services	35.642	0,96	5.947	0,11	12.863	0,51	4.039	0,10
Transportation and								
Communication	42.084	1,13	31.009	0,55	30.052	1,18	30.900	0,74
Financial Institutions	622.641	16,72	361.845	6,47	298.377	11,73	432.048	10,30
Real Estate and Leasing								
Services	102.730	2,76	60.728	1,09	54.374	2,14	43.039	1,03
Self-employment	2.778	0,07	274	0,00	3.650	0,14	280	0,01
Educational Services	2.431	0,07	2.817	0,05	2.221	0,09	1.031	0,02
Health and Social Services	8.241	0,22	234.052	4,19	4.405	0,17	119.854	2,86
Other	15.593	0,42	15.369	0,27	38.461	1,51	9.878	0,24
Total	3.722.965	100,00	5.591.977	100,00	2.544.668	100,00	4.194.184	100,00

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

	Group I		Group II	
	TRY	FC	TRY	FC
Non-cash loans	3.667.752	5.568.803	55.213	23.174
Letters of Guarantee	3.625.694	3.072.403	55.195	22.021
Bill Guarantees and Acceptances	-	138.242	-	-
Letters of Credit	-	2.242.075	-	1.153
Endorsements	-	-	-	-
Purchase Guarantees on Marketable Security	-	-	-	-
Underwritings	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Suretyships	42.058	116.083	18	-

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

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

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

c) Information on derivative financial instruments:

	Derivative transactions according to purposes			
	Trading		Hedging	
	Current Period	Prior Period	Current Period	Prior Period
Types of trading transactions				
Foreign currency related derivative transactions (I)	6.334.837	1.435.947	-	-
Forward Foreign Currency Buy/Sell Transactions	545.861	124.206	-	-
Currency Buy/Sell Swap	5.788.976	1.311.741	-	-
Currency Futures	-	-	-	-
Currency Put/Call Options	-	-	-	-
Interest related derivative transactions (II)	625.290	404.140	-	-
Interest Rate Contracts	-	-	-	-
Interest Rate Buy/Sell Swap	625.290	404.140	-	-
Interest Rate Put/Call Options	-	-	-	-
Interest Rate Buy/Sell Futures	-	-	-	-
Other trading derivative transactions (III)	717.890	423.070	-	-
A. Total trading derivative transactions (I+II+III)	7.678.017	2.263.157	-	-
Types of derivative transactions for hedging				
Fair Value Fluctuations Hedge	-	-	-	-
Cash flow Risk Hedge	-	-	-	-
FC Investment in Associates Risk Hedge	-	-	-	-
B. Total Derivative Transactions for Hedging	-	-	-	-
Total Derivative Transactions (A+B)	7.678.017	2.263.157	-	-

d) Information on contingent liabilities and assets:

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

e) Services supplied on behalf of others:

None.

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

IV. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED INCOME STATEMENT

(1) Information on interest income:

a) Information on interest income on loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on Loans (*)				
Short Term Loans	1.816.806	197.693	1.834.183	117.814
Medium and Long Term Loans	1.812.043	271.938	1.535.843	198.067
Interest on Non-Performing Loans	127.456	1	87.556	-
Premiums from Resource Utilization Support Fund	-	-	-	-
Total	3.756.305	469.632	3.457.582	315.881

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

b) Interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Central Bank of Turkey	115.994	80	175.569	3.753
Domestic Banks	448	41	3.770	2.213
Overseas Banks	2.186	7.734	6.696	19.637
Head Office and Branches	-	-	-	-
Total	118.628	7.855	186.035	25.603

c) Interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial assets held for trading	3.491	644	45.783	5.187
Financial assets at fair value through profit and loss	-	-	-	-
Financial assets available-for-sale	479.364	67.053	1.087.872	113.256
Investments held-to-maturity	1.749.186	151.396	1.484.253	39.480
Total	2.232.041	219.093	2.617.908	157.923

d) Interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	2.980	1.868

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

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

(2) Information on interest expenses:

a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	23.975	50.360	28.474	44.733
Central Bank of Turkey	-	-	-	-
Domestic Banks	15.192	3.633	17.355	4.220
Overseas Banks	8.783	46.727	11.119	40.513
Overseas Head Office and Branches	-	-	-	-
Other Institutions	32	-	41	-
Total	24.007	50.360	28.515	44.733

b) Interest expenses to subsidiaries and associates:

	Current Period	Prior Period
Interest Expenses to Subsidiaries and Associates	5.208	4.068

c) Information on interest expenses to marketable securities issued:

None.

d) Maturity structure of interest expenses on deposits:

Account Name	Time Deposit						Cumulative Deposit	Total
	Demand Deposits	Up to 1 Month	Up to 3 months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TRY								
Bank Deposits	41	54.800	3.036	397	2.492	-	-	60.766
Saving Deposits	6.874	464.125	1.399.518	42.804	20.585	7.663	-	1.941.569
Public Deposits	1.787	31.628	94.427	4.327	1.018	19	-	133.206
Commercial Deposits	4.699	143.447	279.535	12.749	8.886	212	-	449.528
Other Deposits	666	25.932	214.632	16.186	8.674	84	-	266.174
7 days Call Accounts	-	-	-	-	-	-	-	-
Total	14.067	719.932	1.991.148	76.463	41.655	7.978	-	2.851.243
Foreign Currency								
Deposits	741	91.957	159.367	42.238	37.850	14.773	-	346.926
Bank Deposits	365	5.854	-	-	-	-	-	6.219
7 days Call Accounts	110	-	-	-	-	-	-	110
Precious Metal	-	-	-	-	-	-	-	-
Total	1.216	97.811	159.367	42.238	37.850	14.773	-	353.255
Grand Total	15.283	817.743	2.150.515	118.701	79.505	22.751	-	3.204.498

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

(3) Information on dividend income:

	Current Period	Prior Period
Financial assets held for trading	-	-
Financial assets at fair value through profit and loss	-	-
Financial assets available-for-sale	665	11.291
Other	5.930	21.108
Total	6.595	32.399

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

	Current Period	Prior Period
Profit	9.248.689	4.494.170
Profit from the Capital Market Operations	138.490	31.557
Profit on Derivative Financial Instruments	695.988	600.123
Foreign Exchange Gains	8.414.211	3.862.490
Loss (-)	(9.230.538)	(4.687.739)
Loss from the Capital Market Operations	(1.334)	(9.281)
Loss on Derivative Financial Instruments	(771.793)	(265.458)
Foreign Exchange Losses	(8.457.411)	(4.413.000)

b) Information on derivative financial instruments:

	Current Period	Prior Period
Profit on derivative financial instruments	695.988	600.123
Effect of the change in foreign exchange on profit	695.268	557.161
Effect of the change in interest rate on profit	720	42.962
Loss on derivative financial instruments (-)	(771.793)	(265.458)
Effect of the change in foreign exchange on loss	(686.040)	(252.290)
Effect of the change in interest rate on loss	(85.753)	(13.168)
Profit/Loss on derivative financial instruments	(75.805)	334.665

(5) Information on other operating income:

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

(6) Impairment losses on loans and other receivables:

	Current Period	Prior Period
Specific Provisions on Loans and Receivables	434.354	243.122
Group- III Loans and Receivables	169.502	95.992
Group- IV Loans and Receivables	35.051	28.338
Group-V Loans and Receivables	229.801	118.792
General Loan Provision Expenses	60.999	87.300
Provision Expenses for Possible Losses	7.000	22.571
Marketable Securities Impairment Losses	-	2
Financial assets at fair value through profit and loss	-	-
Financial assets available for sale	-	2
Impairment Losses from Associates, Subsidiaries, Jointly Controlled Entities (Joint Ventures) and Investments Held-to-Maturity	-	146
Associates	-	146
Subsidiaries	-	-
Jointly Controlled Entities (Joint Ventures)	-	-
Investments Held-to-Maturity	-	-
Other	143.791	83.150
Total	646.144	436.291

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2009

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

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

(7) Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	608.470	507.192
Reserve for employee termination benefits	34.208	46.188
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	2.388	3.576
Depreciation expenses of fixed assets	57.530	43.092
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	1.265	6.907
Impairment expense for equity shares subject to the equity method accounting	-	-
Impairment expense of assets that will be disposed of	5.935	953
Amortization expenses of assets that will be disposed of	4.750	2.113
Impairment expense for property and equipment held for sale	200	664
Other operating expenses	346.224	238.492
Operational leasing expenses	41.860	4.244
Maintenance expenses	18.142	10.874
Advertisement expenses	33.431	33.249
Other expenses	252.791	190.125
Loss on sales of assets	4.425	8.669
Other	236.174	144.390
Total	1.301.569	1.002.236

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

Group's income before tax is due from the continuing activities. TRY 3.129.047 Thousand of the income before tax consists of net interest income, TRY 453.796 Thousand of the income before tax consists of net fees and commissions. The net operating profit of the Bank is TRY 2.054.981 Thousand.

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

As of December 31, 2009, the Group's income tax provision amounting to TRY 393.404 Thousand consists of TRY 557.911 Thousand of current tax charge and TRY 164.507 Thousand of deferred tax benefit.

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

As of December 31, 2009, net operating income after tax amounts to TRY 1.665.369 Thousand.

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

a. Income and expenses from ordinary banking operations: There is no specific issue required to be disclosed for the Group's performance for January 1, 2009 - December 31, 2009 period.

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

(12) Other items do not exceed 10% of the income statement.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2009

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

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

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

(1) Explanations on inflation adjustments for equity items:

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

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

(2) Explanations on exchange rate differences:

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

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

VI. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED CASH FLOW STATEMENT

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

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

Period beginning cash and cash equivalents balance:

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

(*) Others item is composed of cheques purchased.

Period ending cash and cash equivalents balance:

	Current Period	Prior Period
Cash	3.396.373	2.958.475
Cash in TRY and Foreign Currency	256.719	211.936
Central Bank and Others (*)	3.139.654	2.746.539
Cash Equivalents	1.172.037	2.119.022
Banks- maturity less than 3 months	1.171.834	2.119.022
Money Market Placements- maturity less than 3 months	203	-
Total Cash and Cash Equivalents	4.568.410	5.077.497

(*) Other items include cheques purchased and precious metals.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

VII. EXPLANATION RELATED TO THE RISK GROUP OF THE PARENT BANK

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

a) Current Period:

Risk Group of the Parent Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Beginning Balance	80.146	6.861	-	-	-	-
Closing Balance	58.611	22.311	-	-	-	-
Interest and Commissions Income	3.085	1.269	-	-	-	-

b) Prior Period:

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

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

Risk Group of the Parent Bank	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Beginning Balance	108.628	83.368	-	-	-	-
Closing Balance	115.585	108.628	-	-	-	-
Interest expense on deposits	12.964	4.068	-	-	-	-

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

None.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

(2) Disclosures for risk group of the Parent Bank:

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

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

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

	Amount	% Compared to the Amounts in the Financial Statements
Cash loans	58.611	% 0,18
Non-cash loans	22.311	% 0,24
Deposits	115.585	% 0,26
Forward and Option Contracts	-	-
Banks and Financial Institutions	-	-

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

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

Explained in b).

d) Transactions accounted under the equity method:

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

(3) Benefits given to the key management personnel:

Benefits given to the key management personnel are TRY 3.824 Thousand as of December 31, 2009 (December 31, 2008: TRY 3.196 Thousand).

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2009

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

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

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

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

	Quantity	Number of Employees	Country	Total Assets	Legal Capital
Domestic Branches	652	12.461			
Agencies Abroad	4	8	Köln/GERMANY		
		6	Mannheim/GERMANY		
		4	Dortmund/GERMANY		
		2	Tahran/IRAN		
Overseas Branches	2	15	Lefkoşa/TRNC	141.505	50.000
		6	Gazimagosa/TRNC	13.146	-
Off-Shore Branches	1	3	Manama/BAHRAIN	4.327.361	-

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

The Parent Bank has opened 46 branches during the year 2009.

IX. SUBSEQUENT EVENTS

None.

SECTION VI: OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS ON THE PARENT BANK'S OPERATIONS

None.

EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2009

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

SECTION VII: INDEPENDENT AUDITORS' REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

The consolidated financial statements as of December 31, 2009 and for the period then ended were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu) and Independent Auditor's Report dated March 3, 2010 is presented before the consolidated financial statements.

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

None.