

(Convenience Translation of Unconsolidated Interim Financial Statements and Related Disclosures and Footnote Originally Issued in Turkish, See Section 3 Note I)

7•UNL\H 9DNÖIODU %DQNDVÖ 7•I

Unconsolidated Interim Financial Report  
As at and for the Six-Month Period Ended  
30 June 2010  
With Independent Auditor's Review Report Thereon

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0XKDVHEHFL 0DOL 0•úDYL

12 August 2010

*This report contains "Independent Auditors' Review Report" comprising 1 page and; "Unconsolidated Interim Financial Statements and Related Disclosures and Footnotes" comprising 63 pages.*

**Convenience Translation of the Independent Auditors' Review Report  
Originally Prepared and Issued in Turkish (See Section 3 Note I)**

To the Board of Directors of 7•UNL\H 9DNÖIODU %DQNDVÖ 7•UN \$QRQLP 2UW

:H KDYH UHYLHZHG WKH XQFRQVROLDGDWHG EDODQFH VKHHW  
2 UWD NÖ Bank) as at 30 June 2010 and the related unconsolidated statement of income, changes  
LQ VKDU Equity and Cash Flows for the six-month period then ended. These financial statements  
DUH WKH UHVSQRVLELOLW\ RI WKH %DQN\TV PDQDJHPHQW 2XU  
a report on these financial statements based on our review

We conducted our review in accordance with the form chart of accounts, accounting and audit standards in conformity with the (Turkish) Banking Law No 5411. These standards require that we plan and perform the review to obtain reasonable assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the personnel of the Bank and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated  
BanNDVÖ 7•UN \$QRQLP 30 June 2010 and of the Results of its operations and its cash  
flows for the six-month period then ended in accordance with the accounting principles and standards  
that are based on the current regulations described in Article 37 of the (Turkish) Banking Law No 5411;  
DQG RWKHU FRPPXQLTXpV GLVFORVXUHV DQG GLUHFWLYHV  
Supervision Agency on accounting and financial reporting principles

Istanbul,  
12 August 2010

\$NLV %D÷ÖPVÖ] 'HQHWL  
6HUEHVW 0XKDVHEHFL 0DO  
\$QRQLP ùLUNHWL

g]NDQ \*HQo  
Partner

Additional paragraph for convenience translation to English:

As explained in Section 3 Note I, the accompanying unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries other than Turkey.

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UNCONSOLIDATED INTERIM FINANCIAL REPORT  
AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2010

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. D Y D N Ö Ğ Ğ A H U H  
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The unconsolidated interim financial report as at and for the six-month period ended 30 June 2010, SUHSDUHG LQ DFFRUGDQFH ZLWK WKH FRPPXQLTXp RI )LQD Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS
- ACCOUNTING POLICIES
- INFORMATION RELATED TO FINANCIAL POSITION OF THE BANK
- DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDIT 7 2 5 6 ¶ 5 ( 9 , ( : 5 ( 3 2 5 7

The unconsolidated interim financial statements and related disclosures and footnotes that were subject to limited review, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying unconsolidated interim financial report is presented in thousands of Turkish Lira (TL), and has been subjected to limited review.

12 August 2010

Hasan SEZER 6 D E D K D W W L Q % ø 6 5 H / G D U 7 8 1 d % ø / 6 • O H \ P D Q . \$ / . \$ 1  
Board of Directors Board Member and Board Member and General Manager and  
Chairman Audit Committee Member Audit Committee Member Board Member

Dr. Metin Recep ZAFER  
Assistant General Manager

Mitat ü \$ + ø 1  
Director of Accounting and  
Financial Affairs

The authorized contact person for questions on this financial report

Name Surname/Title \$ 6 R Q D / W a n a g e r 6 % X ÷ U E L 6 A s s i s t a n t M a n a g e r  
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 Unconsolidated Interim Financial Report and  
 For the Six-Month Period Ended 30 June 2010

(Currency: Thousands of Turkish Lira³ 7 / )

SECTION ONE

General Information

- I. History of the Bank including its incorporation date, initial legal status, amendments to legal status

7•UNL\H 9DNÖIODU %DQNDVÖ 7•UN \$QRQLP 2UWDNOÖ ÷ Ö ³WK  
 the disclosure V of this section, under the authorization of a special law numbered 6219 ÖHG ³V  
 LDZ RI 7•UNL\H 9DNÖIODU %DQNDVÖ 7•UN \$QRQLP 2UWDNOÖ ÷ Ö  
 the authority granted to The General Directorate of the Foundations of Turkish Republic Prime Ministry  
 ³7KH \*HQHUDO 'LUHFWRUUDWH R KW KHDQRIÖGDWDWXWH KDV  
 establishment

- II. 7KH %DQN¶V V s t r u c t u r e, K n o w n e d g e a n d i n t e r n a l a u d i t, d i r e c t a n d i n d i r e c t  
 shareholders, change in shareholder structure during the period and information on  
 %DQN¶V U p L V N J U

The shareholder having direct or indirect control over the shares of the Bank is the General Directorate of the Foundations.

As at 30 June 2010 and 31 December 2009 K H % D Q N ¶ V s t r u c t u r e s i d e T G 2,500,000, divided into 2.500.000.000 shares with each as a nominal value of Turkish Lira

7KH %DQN¶V V s t r u c t u r e s i d e T G 2010 is stated below

Shareholders	Number of Shares	Nominal Value of the Shares± Thousands of TL	Share Percentage (%)
Foundations represented by the General Directorate of the Foundations (Group A) VDNÖIEDQN 0HPXU YH +L]PHV <DUGÖP 6DQGÖ ÷ Ö 9DNIO *L	1.075.058.640	1,075,059	43.00
Appendant foundations (Group B)	387.681.125	387,681	15.51
Other appendant foundations (Group B)	3.179.181	3,179	0.13
Other real persons and legal entities (Group C)	1.861.346	1,861	0.07
Publicly traded (Group D)	629.667.042	629,667	25.19
<b>Total</b>	<b>2.500.000.000</b>	<b>2,500,000</b>	<b>100.00</b>

III. Information on the chairman and members of the board of directors, audit committee members, general manager, assistant general manager and their shares in the Bank

Name and Surname	Responsibility	Date of Appointment	Education	Experience in Banking and Management
<b>Board of Directors</b>				
Hasan SEZER	Chairman	19 March 2010	University	27 years
Ahmet CANDAN	Deputy Chairman	19 March 2010	University	23 years
6•OH\PDQ . \$ / . \$	Member ± General Manager	19 March 2010	University	27 years
6HUGDU 781 d %	Member	24 July 2007	University	27 years
6DEDKDWLQ %	Member	21 March 2008	University	26 years
øVPDLO \$ / 37 ( . ø	Member	6 April 2009	University	12 years
5DPDJDQ * h 1 ' h =	Member	6 April 2009	University	32 years
+DOLP . \$ 1 \$ 7 d ,	Member	28 April 2009	University	37 years
Selahattin TORAMAN	Member	19 March 2010	University	33 years
<b>Audit Committee</b>				
6DEDKDWLQ %	Member	21 August 2008	University	26 years
6HUGDU 781 d %	Member	1 April 2010	University	27 years
<b>Auditors</b>				
0HKPHW + \$ / 7 \$ ü	Auditor	19 March 2010	University	33 years
Yunus ARINCI	Auditor	19 March 2010	Master	13 years
<b>Assistant Managers</b>				
üDQL8ö85	Support Services	9 August 2004	University	25 years
)H\JL g = & \$ 1	Retail Banking, Retail Loans, Corporate Salary Payments and Credit Cards	20 September 200	University	21 years
Dr. Metin Recep ZAFER	Accounting and Financial Affairs, Planning and Performance Subsidiaries, Treasury Banking Operations, Alternative Distribution Channels	13 June 2008	PHD	15 years
%LUJ•O '(1/ø	Private Banking, International Relations and Investor Relations	15 June 2008	Master	16 years
Mehmet CANT( . ø 1	Loans Followup, Directorates of the Regions, Software Development, Ebis Operations, Ebis Support and Business Analysis, Information Technologies Project Management	28 December 200	Master	18 years
Remzi ALTINOK	Corporate Loans, Commercial Loans, Intelligence	7 May 2010	University	19 years
øEUDKLP % ø / * ø	Commercial Banking, Corporate Banking, Commercial Centers and Cash Management Operations	7 May 2010	University	18 years
Hasan ECESÖY	Treasury, Investment Banking	18 June 200	PHD	16 years
Serdar SA7 2 ö / 8	Human Resources, Pension Fund	17 June 200	PHD	14 years
gPHU (/0\$6	Legal Services	5 January 2008	Master	8 years

In accordance with the 17 March 2010 dated approval of Prime Minister, appointed as the General Manager he has come into office on 19 March 2010.

As per the 19 March 2010 dated resolution of the Annual General Assembly of the shareholders, Hasan Sezer and Ahmet Candan representing Group (A), Selahattin Birdal representing Group (B), Selahattin independent members have been appointed as members of the Board of Directors of the Bank in accordance with the 48<sup>th</sup> article of the Statute of the Bank. Hasan Sezer has been appointed as Chairman and Ahmet Candan has been appointed as Deputy Chairman of the Board in accordance with the 52<sup>th</sup> article of Articles of Association of the Bank. At the end of their term of office.

Former Assistant General Managers and 7 D Q M X returned on 16 July 2010 and on 30 June 2010 respectively and 7 D Q M X returned on 16 July 2010.

ø V P D L O \$ O S W H N L Q 0 H P E H U R I W K - Publicly Tradable Share of the Bank amounting of TL 9. The remaining members of the top management listed above do not hold any unquoted shares of the Bank.

IV. Information on the Bank

The shareholder holding direct or indirect control over the Bank is The General Directorate of the Foundations having 43.00% of the Bank's share capital. The remaining shareholders are the pension fund of the employees of the Bank, having 16.10% of outstanding shares of the Bank.

V. Information about the services and nature of activities of the Bank

The Bank is authorized to carry out all the operations of the Bank as stated at its Articles of Association are as follows:

- Lending loans by granting securities and real estates as collateral,
- Establishing or participating in all kinds of insurance corporations already established,
- Trading real estates,
- Servicing all banking operations and services,
- Operating real estates and participating in industrial sectors for corporations handed over by foundations and General Directorate of the Foundations in line with conditions stipulated by agreements if signed.
- The Bank is established to render banking services to the foundations and carry out cashier transactions of the General Directorate of Foundations in accordance with the agreements signed by General Directorate of the Foundations.

As at 30 June 2010, the Bank has 574 domestic, 2 foreign, in total 576 branches (31 December 2009 543 domestic, 2 foreign, in total 545 branches). As at 30 June 2010, the Bank has 10,337 employees (31 December 2009 10,153 employees)

## SECTION TWO FINANCIAL STATEMENTS

7•UNL\H 9DNÖIODU %DQNDVÖ 7•UN \$QRQLP 2UWDNOÖ ÷ Ö

Unconsolidated Balance Sheet (Statement of Financial Position)

Convenience Translation of Financial Statements  
and Related Disclosures and Footnotes

As at 30 June 2010

Originally Issued in Turkish, See Section 3 Note I

ASSETS		Notes	Reviewed Current Period 30 June 2010			Audited Prior Period 31 December 2009		
			TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH THE CENTRAL BANK	V-I-1	6,002,952	1,647,708	7,650,660	1,656,694	1,392,941	3,049,635
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	V-I-2	394	31,575	31,969	698	38,123	38,821
2.1	Financial assets held for trading purpose		394	31,575	31,969	698	38,123	38,821
2.1.1	Debt securities issued by the governments		-	18,274	18,274	-	17,297	17,297
2.1.2	Equity securities		-	-	-	-	-	-
2.1.3	Derivative financial assets held for trading purpose	V-I-2	394	13,301	13,695	698	20,826	21,524
2.1.4	Other securities		-	-	-	-	-	-
2.2	Financial assets designated at fair value through profit or loss		-	-	-	-	-	-
2.2.1	Debt securities issued by the governments		-	-	-	-	-	-
2.2.2	Equity securities		-	-	-	-	-	-
2.2.3	Other securities		-	-	-	-	-	-
2.2.4	Loans		-	-	-	-	-	-
III.	BANKS	V-I-3	80,016	2,016,934	2,096,950	245,530	2,493,028	2,738,558
IV.	RECEIVABLES FROM INTERBANK MONEY MARKETS		-	-	-	3,400,614	-	3,400,614
4.1	Interbank money market placements		-	-	-	3,400,614	-	3,400,614
4.2	Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3	Receivables from reverse repurchase agreements		-	-	-	-	-	-
V.	AVAILABLE -FOR-SALE FINANCIAL ASSETS (Net)	V-I-4	11,888,288	2,588,023	14,476,311	12,753,102	2,212,777	14,965,879
5.1	Equity securities		-	10,750	10,750	-	10,750	10,750
5.2	Debt securities issued by the governments		11,888,288	2,548,943	14,437,231	12,753,102	2,175,301	14,928,403
5.3	Other securities		-	28,330	28,330	-	26,726	26,726
VI.	LOANS AND RECEIVABLES	V-I-5	27,021,788	12,475,216	39,497,004	23,761,896	10,810,756	34,572,652
6.1	Performing loans and receivables		26,954,748	12,475,216	39,429,964	23,627,978	10,810,756	34,438,734
6.1.1	Loans provided to risk group	V-V-1	758,446	196,784	955,230	440,589	148,790	589,379
6.1.2	Debt securities issued by the governments		-	-	-	-	-	-
6.1.3	Others		26,196,292	12,278,432	38,474,724	23,187,389	10,661,966	33,849,350
6.2	Loans under followup		2,332,511	-	2,332,511	2,118,967	-	2,118,967
6.3	Specific provisions-}		2,265,468	-	2,265,468	1,985,048	-	1,985,048
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	HELD-TO-MATURITY INVESTMENT SECURITIES (Net)	V-I-6	3,451,952	1,399,848	4,851,800	2,075,831	1,422,642	3,498,473
8.1	Debt securities issued by the governments		3,451,952	1,362,156	4,814,108	2,075,831	1,386,876	3,462,707
8.2	Other securities		-	37,692	37,692	-	35,766	35,766
IX.	INVESTMENTS IN ASSOCIATES (Net)	V-I-7	152,383	-	152,383	142,008	-	142,008
9.1	Associates, consolidated per equity method		-	-	-	-	-	-
9.2	Unconsolidated associates		152,383	-	152,383	142,008	-	142,008
9.2.1	Financial associates		144,789	-	144,789	134,414	-	134,414
9.2.2	Non-Financial associates		7,594	-	7,594	7,594	-	7,594
X.	INVESTMENTS IN SUBSIDIARIES (Net)	V-I-8	518,572	107,695	626,267	446,091	100,158	546,249
10.1	Unconsolidated financial subsidiaries		378,032	107,695	485,727	301,369	100,158	401,527
10.2	Unconsolidated non-financial subsidiaries		140,540	-	140,540	144,722	-	144,722
XI.	INVESTMENTS IN JOINT-VENTURES (Net)	V-I-9	-	-	-	-	-	-
11.1	Joint-ventures, consolidated per equity method		-	-	-	-	-	-
11.2	Unconsolidated joint-ventures		-	-	-	-	-	-
11.2.1	Financial joint-ventures		-	-	-	-	-	-
11.2.2	Non-Financial joint-ventures		-	-	-	-	-	-
XII.	LEASE RECEIVABLES	V-I-10	-	-	-	-	-	-
12.1	Finance lease receivables		-	-	-	-	-	-
12.2	Operational lease receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned income-}		-	-	-	-	-	-
XIII.	DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT PURPOSE	V-I-11	-	-	-	-	-	-
13.1	Fair value hedges		-	-	-	-	-	-
13.2	Cash flow hedges		-	-	-	-	-	-
13.3	Hedges of net investment in foreign operations		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)		1,067,823	869	1,068,692	1,082,464	655	1,083,119
XV.	INTANGIBLE ASSETS (Net)		47,646	-	47,646	43,549	-	43,549
15.1	Goodwill		-	-	-	-	-	-
15.2	Other intangibles		47,646	-	47,646	43,549	-	43,549
XVI.	INVESTMENT PROPERTIES (Net)	V-I-12	-	-	-	-	-	-
XVII.	TAX ASSETS		79,676	-	79,676	79,899	-	79,899
17.1	Current tax assets		-	-	-	-	-	-
17.2	Deferred tax assets		79,676	-	79,676	79,899	-	79,899
XVIII.	ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS (Net)	V-I-14	-	-	-	-	-	-
18.1	Assets held for sale		-	-	-	-	-	-
18.2	Assets related to the discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	V-I-15	554,676	135,652	690,328	450,926	187,257	638,183
TOTAL ASSETS			50,866,164	20,403,520	71,269,684	46,139,302	18,658,340	64,797,642

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



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Unconsolidated Balance Sheet (Statement of Financial Position)  
As at 30 June 2010  
(Thousands of Turkish Lira (TL))

Convenience Translation of Financial Statements  
and Related Disclosures and Footnotes  
Originally Issued in Turkish, See Section 3 Note I

LIABILITIES AND EQUITY		Notes	Reviewed Current Period 30 June 2010			Audited Prior Period 31 December 2009		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	V-II-1	35,822,872	13,617,517	49,440,389	31,720,631	12,931,092	44,651,723
1.1	Deposits of the risk group	V-V-1	1,746,511	165,230	1,911,741	1,484,392	112,275	1,596,667
1.2	Other deposits		34,076,361	13,452,287	47,528,648	30,236,239	12,818,817	43,055,055
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING PURPOSE	V-II-2	18,186	24,167	42,353	9,549	30,259	39,808
III.	FUNDS BORROWED	V-II-3	46,736	5,414,015	5,460,751	43,875	4,322,235	4,366,110
IV.	INTERBANK MONEY MARKET		4,168,116	1,969,562	6,137,678	4,640,658	1,502,724	6,143,382
4.1	Interbank money market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3	Obligations under purchase agreements		4,168,116	1,969,562	6,137,678	4,640,658	1,502,724	6,143,382
V.	SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	FUNDS		71,647	-	71,647	83,383	-	83,383
6.1	Funds against borrower's note		-	-	-	-	-	-
6.2	Others		71,647	-	71,647	83,383	-	83,383
VII.	MISCELLANEOUS PAYABLES		1,091,945	41,955	1,133,900	808,982	50,503	859,485
VIII.	OTHER EXTERNAL RESOURCES PAYABLE	V-II-4	167,621	107,270	274,891	152,235	148,149	300,384
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES	V-II-5	-	-	-	-	-	-
10.1	Finance lease payables		-	5	5	-	6	6
10.2	Operational lease payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred finance leasing expenses ( - )		-	5	5	-	6	6
XI.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT PURPOSE	V-II-6	-	-	-	-	-	-
11.1	Fair value hedges		-	-	-	-	-	-
11.2	Cash flow hedges		-	-	-	-	-	-
11.3	Hedges of net investment foreign operations		-	-	-	-	-	-
XII.	PROVISIONS	V-II-7	776,975	22,838	799,813	787,429	20,926	808,355
12.1	General provisions	V-II-7	357,669	4,098	361,767	319,100	3,889	322,989
12.2	Restructuring reserves		-	-	-	-	-	-
12.3	Reserve for employee benefits		267,448	-	267,448	295,632	-	295,632
12.4	Insurance technical provisions (Net)		-	-	-	-	-	-
12.5	Other provisions	V-II-7	151,858	18,740	170,598	172,697	17,037	189,734
XIII.	TAX LIABILITIES	V-II-8	126,383	4,728	131,111	160,238	3,833	164,071
13.1	Current tax liabilities		126,383	4,728	131,111	160,238	3,833	164,071
13.2	Deferred tax liabilities	V-I-13	-	-	-	-	-	-
XIV.	PAYABLES FOR ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS	V-II-9	-	-	-	-	-	-
14.1	Payables related to the assets held for sale		-	-	-	-	-	-
14.2	Payables related to the discontinued operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	V-II-10	-	-	-	-	-	-
XVI.	EQUITY		7,608,047	169,104	7,777,151	7,226,322	154,618	7,380,941
16.1	Paid-in capital	V-II-11	2,500,000	-	2,500,000	2,500,000	-	2,500,000
16.2	Capital reserves		1,169,135	169,104	1,338,239	1,202,442	154,618	1,357,060
16.2.1	Share premium		723,918	-	723,918	723,918	-	723,918
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Valuation differences of the marketable securities	V-II-11	373,658	169,104	542,762	410,856	154,618	565,474
16.2.4	Revaluation surplus on tangible assets		5,033	-	5,033	1,138	-	1,138
16.2.5	Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6	Revaluation surplus on investment properties		-	-	-	-	-	-
16.2.7	Bonus shares of associates, subsidiaries and joint-ventures		66,530	-	66,530	66,530	-	66,530
16.2.8	Hedging reserves (effective portion)		-	-	-	-	-	-
16.2.9	Revaluation surplus on assets held for sale and assets related to the discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		-	-	-	-	-	-
16.3	Profit reserves		3,399,221	-	3,399,221	2,272,675	-	2,272,675
16.3.1	Legal reserves		476,116	-	476,116	353,012	-	353,012
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		2,696,515	-	2,696,515	1,713,232	-	1,713,232
16.3.4	Other profit reserves		226,590	-	226,590	206,430	-	206,430
16.4	Profit or loss		539,687	-	539,687	1,251,206	-	1,251,206
16.4.1	Prior years' profit/loss		-	-	-	-	-	-
16.4.2	Current period's profit/loss		539,687	-	539,687	1,251,206	-	1,251,206
TOTAL LIABILITIES AND EQUITY			49,898,522	21,371,156	71,269,678	45,633,302	19,164,339	64,797,641

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

		Reviewed Current Period 30 June 2010			Audited Prior Period 31 December 2009			
		Notes	TL	FC	Total	TL	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)		14,745,30	6,173,03	20,918,33	13,306,53	6,813,58	20,120,12
I.	GUARANTEES AND SURETIES	V-III-2	5,009,62	4,257,45	9,267,08	4,294,50	4,799,72	9,094,23
1.1	Letters of guarantee	V-III-1	5,008,80	1,636,13	6,644,94	4,287,29	1,818,27	6,105,57
1.1.1	Guarantees subject to State Tender Law		866,81	451,67	1,318,49	856,65	555,65	1,412,30
1.1.2	Guarantees given for foreign trade operations		216,40	-	216,40	161,15	-	161,15
1.1.3	Other letters of guarantee		3,925,58	1,184,46	5,110,04	3,269,48	1,262,62	4,532,11
1.2	Bank acceptances		825	173,89	174,72	-	436,82	436,82
1.2.1	Import letter of acceptance		-	30,13	30,13	-	45,76	45,76
1.2.2	Other bank acceptances		825	143,76	144,59	-	391,06	391,06
1.3	Letters of credit		-	2,435,42	2,435,42	4,130	2,522,04	2,526,17
1.3.1	Documentary letters of credit		-	2,435,42	2,435,42	4,130	2,522,04	2,526,17
1.3.2	Other letters of credit		-	-	-	-	-	-
1.4	Guaranteed financings		-	11,212	11,212	-	18,352	18,352
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Marketable securities underwriting commitments		-	-	-	-	-	-
1.7	Factoring related guarantees		-	-	-	-	-	-
1.8	Other guarantees		-	785	785	-	1,061	1,061
1.9	Other sureties		-	-	-	3,072	3,162	6,242
II.	COMMITMENTS		8,495,74	401,79	8,897,54	7,825,44	237,38	8,062,82
2.1	Irrevocable commitments		8,488,06	401,79	8,889,86	7,817,75	237,38	8,055,14
2.1.1	Asset purchase commitments	V-III-1	301,64	401,79	703,44	61,29	237,38	298,67
2.1.2	Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3	Share capital commitments to associates and subsidiaries	V-III-1	2,000	-	2,000	2,000	-	2,000
2.1.4	Loan granting commitments	V-III-1	3,142,63	-	3,142,63	2,839,12	-	2,839,12
2.1.5	Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7	Commitments for cheque payment	V-III-1	689,60	-	689,60	735,83	-	735,83
2.1.8	Tax and fund obligations on export commitments		-	-	-	-	-	-
2.1.9	Commitments for credit card limits	V-III-1	4,166,17	-	4,166,17	4,043,91	-	4,043,91
2.1.10	Commitments for credit card and banking operations promotions		172,89	-	172,89	135,59	-	135,59
2.1.11	Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12	Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.13	Other irrevocable commitments		13,09	-	13,09	4	-	4
2.2	Revocable commitments		7,682	-	7,682	7,682	-	7,682
2.2.1	Revocable loan granting commitments		7,682	-	7,682	7,682	-	7,682
2.2.2	Other revocable commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS		1,239,92	1,513,78	2,753,70	1,186,58	1,776,47	2,963,06
3.1	Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1	Fair value hedges		-	-	-	-	-	-
3.1.2	Cash flow hedges		-	-	-	-	-	-
3.1.3	Net foreign investment hedges		-	-	-	-	-	-
3.2	Trading derivatives		1,239,92	1,513,78	2,753,70	1,186,58	1,776,47	2,963,06
3.2.1	Forward foreign currency purchases/sales		39,61	42,18	81,80	66,09	197,74	263,83
3.2.1.1	Forward foreign currency purchases		19,81	21,09	40,91	33,05	98,88	131,93
3.2.2.2	Forward foreign currency sales		19,80	21,09	40,89	33,03	98,85	131,89
3.2.2	Currency and interest rate swaps		1,115,57	1,386,89	2,502,47	924,06	1,351,80	2,275,86
3.2.2.1	Currency swap purchases		55,40	924,15	979,56	-	721,14	721,14
3.2.2.2	Currency swap sales		820,16	142,29	962,46	447,00	277,48	724,48
3.2.2.3	Interest rate swap purchases		120,00	166,68	286,68	180,95	238,39	419,34
3.2.2.4	Interest rate swap sales		120,00	153,76	273,76	296,10	114,78	410,88
3.2.3	Currency, interest rate and security options		84,73	84,69	169,43	196,43	212,03	408,46
3.2.3.1	Currency call options		42,36	42,34	84,71	98,21	106,01	204,23
3.2.3.2	Currency put options		42,36	42,34	84,71	98,21	106,01	204,23
3.2.3.3	Interest rate call options		-	-	-	-	-	-
3.2.3.4	Interest rate put options		-	-	-	-	-	-
3.2.3.5	Security call options		-	-	-	-	-	-
3.2.3.6	Security put options		-	-	-	-	-	-
3.2.4	Currency futures		-	-	-	-	-	-
3.2.4.1	Currency future purchases		-	-	-	-	-	-
3.2.4.2	Currency future sales		-	-	-	-	-	-
3.2.5	Interest rate futures		-	-	-	-	-	-
3.2.5.1	Interest rate future purchases		-	-	-	-	-	-
3.2.5.2	Interest rate future sales		-	-	-	-	-	-
3.2.6	Others		-	-	-	-	14,90	14,90
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)		81,673,60	24,610,62	106,284,22	71,982,78	22,062,56	94,045,34
IV.	ITEMS HELD IN CUSTODY		20,327,92	567,33	20,895,26	15,481,97	408,45	15,890,42
4.1	Customers' securities held		-	15,27	15,27	-	14,49	14,49
4.2	Investment securities held in custody		18,097,99	6,861	18,104,85	13,710,32	3,531	13,713,85
4.3	Checks received for collection		1,378,40	188,35	1,566,76	1,068,03	141,37	1,209,41
4.4	Commercial notes received for collection		378,51	106,12	484,63	270,92	66,38	337,30
4.5	Other assets received for collection		2,152	63	2,215	2,152	60	2,212
4.6	Assets received through public offering		-	4,912	4,912	-	4,702	4,702
4.7	Other items under custody		233,15	65,84	299,00	233,15	57,53	290,69
4.8	Custodians		237,70	179,90	417,60	197,37	120,36	317,73
V.	PLEDGED ITEMS		61,345,67	24,043,28	85,388,96	56,500,81	21,654,11	78,154,92
5.1	Securities		885,78	59,00	944,78	981,86	56,79	1,038,65
5.2	Guarantee notes		259,07	84,98	344,05	261,06	92,76	353,83
5.3	Commodities		9,767,72	59,93	9,827,66	9,234,98	45,37	9,280,36
5.4	Warranties		-	-	-	-	-	-
5.5	Real estates		45,551,88	20,411,55	65,963,43	41,580,52	18,625,22	60,205,74
5.6	Other pledged items		4,212,20	3,245,77	7,457,97	3,897,51	2,677,27	6,574,79
5.7	Pledged items depository		669,00	182,03	851,03	544,86	156,67	701,53
VI.	CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)			96,418,90	30,783,66	127,202,56	85,289,31	28,876,15	114,165,46

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

Unconsolidated Statement of Income  
For the SixMonth Period Ended 30 June 2010  
(Thousands of Turkish Lira (TL))

Convenience Translation of Financial Statement  
and Related Disclosures and Footnotes  
Originally Issued in Turkish, See Section 3 Note 1

	Notes	Reviewed Current Period 1 January 2010 30 June 2010	Reviewed Prior Period 1 January 2009 30 June 2009	Reviewed Current Period 1 April 2010 30 June 2010	Reviewed Prior Period 1 April 2009 30 June 2009
<b>I. INTEREST INCOME</b>		2,989,453	3,304,606	1,484,697	1,594,526
1.1 Interest income from loans	V-IV-1	2,026,097	2,310,806	1,012,298	1,129,211
1.2 Interest income from reserve deposits		43,220	65,088	22,742	31,374
1.3 Interest income from banks	V-IV-1	3,058	6,751	1,477	3,056
1.4 Interest income from money market transactions		51,021	46,647	17,824	11,251
1.5 Interest income from securities portfolio		837,081	860,243	423,855	419,617
1.5.1 Trading financial assets		694	1,675	381	1,334
1.5.2 Financial assets designated at fair value through profit or loss		-	-	-	-
1.5.3 Available-for-sale financial assets		663,239	621,664	330,857	303,562
1.5.4 Held-to-maturity investments		173,148	236,904	92,617	114,721
1.6 Finance lease income		-	-	-	-
1.7 Other interest income		28,976	15,071	6,501	17
<b>II. INTEREST EXPENSE</b>		1,604,871	1,773,692	807,243	835,640
2.1 Interest expense on deposits		1,323,715	1,563,809	674,401	739,196
2.2 Interest expense on funds borrowed	V-IV-2	41,075	1,075	22,742	38,709
2.3 Interest expense on money market transactions		202,057	96,249	102,345	44,486
2.4 Interest expense on securities issued		-	-	-	-
2.5 Other interest expenses		38,024	19,060	7,755	13,249
<b>III. NET INTEREST INCOME (I – II)</b>		1,384,582	1,530,914	677,454	758,886
<b>IV. NET FEES AND COMMISSIONS INCOME</b>		214,035	218,761	111,243	118,078
4.1 Fees and commissions received		266,556	291,117	141,330	151,300
4.1.1 Non-cash loans		31,516	36,628	15,493	17,160
4.1.2 Others		235,040	254,489	125,837	134,140
4.2 Fees and commissions paid		52,521	72,356	30,087	33,222
4.2.1 Non-cash loans		5	10	3	6
4.2.2 Others		52,516	72,346	30,084	33,216
<b>V. DIVIDEND INCOME</b>		35,102	24,265	21,433	13,057
<b>VI. TRADING INCOME/LOSSES (Net)</b>	V-IV-3	131,181	62,084	81,664	24,534
6.1 Trading account income/losses	V-IV-3	155,298	30,569	118,187	12,256
6.2 Income/losses from derivative financial instruments	V-IV-3	(15,345)	11,976	(18,227)	8,648
6.3 Foreign exchange gains/losses	V-IV-3	(8,772)	19,539	(18,296)	3,630
<b>VII. OTHER OPERATING INCOME</b>	V-IV-4	255,258	85,648	148,810	50,607
<b>VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>		2,020,158	1,921,672	1,040,604	965,162
<b>IX. PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)</b>	V-IV-5	547,514	444,544	340,143	257,879
<b>X. OTHER OPERATING EXPENSES (-)</b>	V-IV-6	797,148	752,300	406,194	349,862
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		675,496	724,828	294,267	357,421
<b>XII. INCOME RESULTED FROM MERGERS</b>		-	-	-	-
<b>XIII. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		-	-	-	-
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>		-	-	-	-
<b>XV. INCOME/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (XI+XII+XIII+XIV)</b>		675,496	724,828	294,267	357,421
<b>XVI. CONTINUING OPERATIONS PROVISION FOR TAXES</b>	V-IV-7	(135,809)	(129,786)	(59,692)	(56,593)
16.1 Current tax charges	V-IV-7	(131,354)	(145,176)	(53,289)	(58,996)
16.2 Deferred tax credits	V-IV-7	(4,455)	15,390	(6,403)	2,403
<b>XVII. NET INCOME/LOSS AFTER TAXES FROM CONTINUING OPERATIONS (XV-XVI)</b>	V-IV-8	539,687	595,042	234,575	300,828
<b>XVIII. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
18.1 Income from investment properties		-	-	-	-
18.2 Income from sales of subsidiaries, affiliates and joint-ventures		-	-	-	-
18.3 Other income from discontinued activities		-	-	-	-
<b>XIX. EXPENSES FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
19.1 Investment property expenses		-	-	-	-
19.2 Losses from sales of subsidiaries, affiliates and joint ventures		-	-	-	-
19.3 Other expenses from discontinued activities		-	-	-	-
<b>XX. INCOME/LOSS FROM DISCONTINUED OPERATIONS BEFORE TAXES</b>		-	-	-	-
<b>XXI. DISCONTINUED OPERATIONS PROVISION FOR TAXES</b>		-	-	-	-
21.1 Current tax charge		-	-	-	-
21.2 Deferred tax charge		-	-	-	-
<b>XXII. NET INCOME/LOSS AFTER TAXES FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
<b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>	V-IV-8	539,687	595,042	234,575	300,828
Earnings per share (full TL)		0.2159	0.2380	0.0938	0.1203

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

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Unconsolidated Statement of Gains and Losses Recognized in Equity *Convenience Translation of Financial Statements and Related Disclosures and Footnotes*  
 For the SixMonth Period Ended 30 June 2010  
 (Thousands of Turkish Lira (TL)) *Originally Issued in Turkish, See Section 3 Note I*

		Reviewed Current Period 1 January 2010 30 June 2010	Reviewed Prior Period 1 January 2009 30 June 2009	Reviewed Current Period 1 April 2010- 30 June 2010	Reviewed Prior Period 1 April 2009- 30 June 2009
<b>GAINS AND LOSSES RECOGNIZED IN EQUITY</b>					
I.	VALUATION DIFFERENCES OF AVAILABLE FOR SALE FINANCIAL ASSETS RECOGNIZED IN VALUATION DIFFERENCES OF MARKETABLE SECURITIES	(147,594)	159,163	(178,567)	91,997
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-	-	-
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-	-	-
IV.	CURRENCY TRANSLATION DIFFERENCES	-	-	-	-
V.	GAINS/(LOSSES) FROM CASH FLOW HEDGES (Effective Portion of Fair Value Changes)	-	-	-	-
VI.	GAINS/(LOSSES) FROM NET FOREIGN INVESTMENT HEDGES (Effective portion)	-	-	-	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND ERRORS	-	-	-	-
VIII.	OTHER GAINS AND LOSSES RECOGNIZED IN EQUITY IN ACCORDANCE WITH TAS	93,452	43,934	18,010	60,688
IX.	DEFERRED TAXES DUE TO VALUATION DIFFERENCES	31,430	(24,031)	42,927	(15,082)
X.	NET GAINS/LOSSES RECOGNIZED DIRECTLY IN EQUITY	(22,712)	179,066	(117,630)	137,603
XI.	8 5 5 ( 1 7 3 ( 5 , 2 1 6 3 5 2 ) , 7 / 2 6 6	539,687	595,042	234,575	300,828
11.1	Change in fair value of securities (transfers to the statement of income	99,187	(19,776)	68,300	(13,576)
11.2	Gains/Losses recognized in the statement of income due to reclassific of cash flow hedges	-	-	-	-
11.3	Gains/Losses recognized in the statement of income due to reclassific of net foreign investment hedges	-	-	-	-
11.4	Others	440,500	614,818	166,275	314,404
XII.	TOTAL GAINS AND LOSSES RECOGNIZED DURING THE PERIOD (X+XI)	516,975	774,108	116,945	438,431

The accompanying notes are an integral part of the unconsolidated financial statements.

7•UNL\H 9DNÖIODU %DQNDVÖ 7•UN \$QRQLP 2UWDNOÖ÷Ö  
 Unconsolidated Statement of Changes in Equity  
 For the Six Month Period Ended 30 June 2010  
 (Thousands of Turkish Lira (TL))

Convenience Translation of Financial Statements  
 and Related Disclosures and Footnotes  
 Originally Issued in Turkish, See Section 3 Note I

CHANGES IN EQUITY	Notes	Paid in Capital	Capital Reserves from Inflation Adjustments to Paid in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit/(Loss)	Prior Period Net Profit/(Loss)	Valuation Differences of the Marketable Securities	Revaluation Surplus on Tangible, Intangible Assets and Investment Property	Bonus Shares of Associates and Joint Ventures	Share of Associates and Joint Ventures	Revaluation Surp. On Asset Held for Sale and Assets of Op.	6 K D U H K I Equity before Minority Interest	Total 6 K D U H K F Equity	
PRIOR PERIOD ±30 June 2009																			
I.	Balances at the beginning of the period	2,500,000	-	723,918	-	279,893	-	1,056,276	184,421	753,198	-	107,809	25	65,459	-	-	5,670,999	-	5,670,999
Changes during the period																			
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	177,995	-	-	-	-	177,995	-	177,995
IV.	Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	1,071	-	1,071	-	1,071
VIII.	Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes resulted from disposal of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes resulted from reclassifications of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of change in equities of associates on the % D Q N ¶ V H T X L W \	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	& X U U H Q W S H U L R G ¶ V Q H W S	-	-	-	-	-	-	-	-	595,042	-	-	-	-	-	-	595,042	-	595,042
XVIII.	Profit distribution	-	-	-	-	73,119	-	656,957	22,009	(753,198)	-	-	1,113	-	-	-	-	-	-
18.1	Dividends	-	-	-	-	73,119	-	656,957	22,009	(753,198)	-	-	1,113	-	-	-	-	-	-
18.2	Transferred to reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	723,918	-	353,012	-	1,713,233	206,430	595,042	-	285,804	1,138	66,530	-	-	6,445,107	-	6,445,107
CURRENT PERIOD ±30 June 2010																			
I.	Balances at the beginning of the period	2,500,000	-	723,918	-	353,012	-	1,713,233	206,430	1,251,206	-	565,474	1,138	66,530	-	-	7,380,941	-	7,380,941
Changes during the period																			
II.	Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Associates, Subsidiaries and "Available-for-sale" securities	-	-	-	-	-	-	-	-	-	-	(22,712)	-	-	-	-	(22,712)	-	(22,712)
IV.	Hedges for risk management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Net cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Net foreign investment hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation surplus on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation surplus on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares of associates, subsidiaries and joint-ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes resulted from disposal of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes resulted from reclassifications of the assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of change in equities of associates on the % D Q N ¶ V H T X L W \	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital reserves from inflation adjustments to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	& X U U H Q W S H U L R G ¶ V Q H W S	-	-	-	-	-	-	-	-	539,687	-	-	-	-	-	-	539,687	-	539,687
XVIII.	Profit distribution	-	-	-	-	123,104	-	983,282	20,160	(1,251,206)	-	-	3,895	-	-	-	(120,765)	-	(120,765)
18.1	Dividends	-	-	-	-	123,104	-	983,282	20,160	(1,251,206)	-	-	3,895	-	-	-	(120,765)	-	(120,765)
18.2	Transferred to reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3	Others	-	-	-	-	-	-	-	-	(1,130,441)	-	-	-	-	-	-	-	-	-
Balances at the end of the period		2,500,000	-	723,918	-	476,116	-	2,696,515	226,590	539,687	-	542,762	5,033	66,530	-	-	7,777,151	-	7,777,151

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

Unconsolidated Statement of Cash Flows  
For the Six Month Period Ended 30 June 2010  
(Thousands of Turkish Lira (TL))

Convenience Translation of Financial Statements  
and Related Disclosures and Footnotes  
Originally Issued in Turkish, See Section 3 Note 1

	Reviewed Current Period 30 June 2010	Reviewed Prior Period 30 June 2009
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
1.1 Operating profit before changes in operating assets and liabilities	1,241,016	1,148,407
1.1.1 Interests received	3,034,660	3,408,190
1.1.2 Interests paid	(1,656,901)	(1,869,241)
1.1.3 Dividends received	11,283	9,446
1.1.4 Fee and commissions received	214,035	218,761
1.1.5 Other income	97,398	55,043
1.1.6 Collections from previously written off loans and other receivables	268,814	155,770
1.1.7 Payments to personnel and service suppliers	(819,734)	(741,710)
1.1.8 Taxes paid	(166,596)	(141,491)
1.1.9 Others	258,057	53,639
1.2 Changes in operating assets and liabilities	410,812	3,867,301
1.2.1 Net (increase) decrease in financial assets held for trading purpose	-	-
1.2.2 Net (increase) decrease in financial assets valued at fair value through profit or loss	-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions	(184,863)	5,416
1.2.4 Net (increase) decrease in loans	(5,552,147)	(2,282,365)
1.2.5 Net (increase) decrease in other assets	(38,803)	83,457
1.2.6 Net increase (decrease) in bank deposits	862,642	578,370
1.2.7 Net increase (decrease) in other deposits	3,895,438	4,418,293
1.2.8 Net increase (decrease) in funds borrowed	1,095,460	(67,173)
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	333,085	1,131,303
I. Net cash flow from banking operations	1,651,828	5,015,708
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
II. Net cash flow from investing activities	(1,151,048)	(2,133,058)
2.1 Cash paid for purchase of associates, subsidiaries and joint ventures	-	-
2.2 Proceeds from disposal of associates, subsidiaries and joint ventures	-	-
2.3 Purchases of tangible assets	(26,495)	(28,811)
2.4 Proceeds from disposal of tangible assets	22,157	8,363
2.5 Cash paid for purchase of available-for-sale financial assets	(7,949,071)	(3,642,676)
2.6 Proceeds from disposal of available-for-sale financial assets	6,426,602	1,398,762
2.7 Cash paid for purchase of held-to-maturity investments	(75,360)	(89,861)
2.8 Proceeds from disposal of held-to-maturity investments	458,898	221,165
2.9 Others	(7,779)	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
III. Net cash flow from financing activities	(120,765)	(12,691)
3.1 Cash obtained from funds borrowed and securities issued	-	-
3.2 Cash used for repayment of funds borrowed and securities issued	-	-
3.3 Equity instruments issued	-	-
3.4 Dividends paid	(120,765)	-
3.5 Repayments for finance leases	-	(12,691)
3.6 Others	-	-
IV. Effect of change in foreign exchange rates on cash and cash equivalents	(7,189)	(4,402)
V. Net increase in cash and cash equivalents	372,826	2,865,557
VI. Cash and cash equivalents at the beginning of the period	8,191,635	6,847,846
<b>VII. Cash and cash equivalents at the end of the period</b>	<b>8,564,461</b>	<b>9,713,403</b>

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

## SECTION THREE

### Accounting Policies

#### I. Basis of presentation

\$V SHU WKH \$UWLFOH RI ³\$FFRXQWLQJ DQG 5HFR5U1G LQJ published on the Official Gazette no.25983 dated 1 November 2005 and became effective, the Bank keeps its accounting records and prepares its unconsolidated financial statements and the related footnotes in accordance with accounting and valuation VWDQGDUGV GHVFULEHG \$FFRXQWLQJ \$SSOLFDWLRQV IRU %DQNV DQG 6DIHJXDUGLQ 5HJXODWLRQ DQG 6XSHUYLVLRQ \$JHQF\ ³%56\$´ DQG LQ \$FFRXQWLQJ 6WDQGDUGLQDQV 7XISRUWLQJ 6WDQGDUGV VWDWHPHQWV DQG JXLGDQFH FROOHFWLYHO\ ³5HSRUWLQJ 6

The accompanying unconsolidated interim financial statements are prepared in accordance with the historical cost basis except for the financial assets at fair value through profit or loss, derivative financial assets and liabilities held for trading purpose, available-for-sale financial assets and investments in associates and subsidiaries whose fair value can be reliably measured, which are presented on a fair value basis in the accompanying unconsolidated financial statements

Additional paragraph for convenience translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying unconsolidated ILQDQFLDO VWDWHPHQWV DUH WR EH GLVWULEXWHG DQG may have significant influence on the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries and IFRS

#### II. Strategy for the use of financial instruments and information on foreign currency transactions

Strategy for the use of financial instruments

7KH %DQN¶V FRUH RSHUDWLRQV DUH EDVHG RQ UHWDLO ED exchange operations, money market operations, investment security transactions, and international banking. As a result of the nature of its operations, the Bank intensively utilizes financial instruments. The Bank funds itself through deposits with different maturities as the main funding resources that are invested in assets earning higher returns.

The most important fund sources of the Bank other than the deposits are its funds borrowed through repurchase agreements in various maturities and medium and long term borrowings obtained from foreign financial institutions. The Bank pursues an effective liability management strategy by securing balance between funding resources and investments so as to reduce risks and increase returns. Accordingly, the Bank attaches great significance to long term placements bearing higher interest rates.

It is essential to consider the maturity structure of assets and liabilities in liquidity management. The essence of asset liability management is the keep the liquidity, interest rate risk, exchange rate risk, and credit risk within reasonable limits; while enhancing profitability and strengthening the VKDUHKROGHUV¶ HTXLW\

Investments in marketable securities and lending loans generate higher return than the average rate UHWXUQ RI WKH %DQN¶V RSHUDWLRQV DFWLYLWLHV RQ WKH When bank placements are considered, they have short term maturity in terms of liquidity management but earn lower return. The Bank takes position against short term foreign exchange risk, interest rate risk and market risk in money and capital markets, by considering market conditions, within specified limits set by regulations

The Bank hedges itself and controls its position against the foreign exchange risk being exposed due to foreign currency available-for-sale investments, investments in other portfolios and other foreign currency transactions by various derivative transactions and setting the equilibrium between foreign currency denominated assets and liabilities. The Bank also hedges itself against the risk exposed due to net investment in foreign operations by the same manner.

In order to avoid interest rate risk, assets and liabilities having fixed and floating interest rates are kept in balance, taking the maturity structure into consideration.

Information on foreign currency transactions

Transactions are recorded in TL, the functional currency of the Bank. Foreign currency transactions are recorded using the foreign exchange rates effective at the transaction date. At the end of the periods, foreign currency denominated monetary assets and liabilities are measured at the end of the periods, purchase rates and differences are recognized as foreign exchange gains or losses in the statement of income.

Foreign exchange differences resulting from amortized costs of foreign currency denominated available-for-sale financial assets are recognized in the statement of income whilst foreign exchange differences resulting from unrealized gains and losses are recognized in the statement of income.

If the net investments in associates and subsidiaries operating in foreign countries are measured at cost they are reported as translated into TL by using the foreign exchange rate at the date of transaction. If related associates and subsidiaries are measured at fair value, net foreign operations are reported as translated into TL by the rates prevailing at the date of the determination of the fair value.

III. Information on forwards, options and other derivative transactions

The derivative transactions mainly consist of currency and interest rate swaps, foreign currency forward contracts and currency options. The Bank has classified its derivative transactions, mentioned above, as trading purposes. *Recognition and Measurement.*

Derivatives are initially recorded at their purchase costs including the transaction costs.

The notional amounts of derivative transactions are recorded in off-balance sheet accounts based on their contractual amounts.

Subsequently, the derivative transactions are measured at their fair values and the changes in fair values are recorded in the statement of income. Derivative transactions are recognized in the statement of income.

IV. Information on interest income and expense

Interest income and expense are recognized according to the effective interest method based on accrual basis. Effective interest rate is the rate that discounts the expected cash flows of financial assets or liabilities during their lifetimes to their carrying values. Effective interest rate is calculated when financial asset or a liability is initially recorded and is not modified thereafter.

The computation of effective interest rate comprises discounts and premiums, fees and commissions paid or received and transaction costs. Transaction costs are additional costs that are directly related to the acquisition, issuance or disposal of financial assets or liabilities.

The accrued interest income on performing loans are reversed and subsequently recognized as interest income only when collected.



## V. Information on fees and commissions

Fees and commission received and paid are recognized according to either accrual basis of accounting or effective interest method depending on nature of fees and commission. Income derived from agreements and asset purchases for third parties are recognized as income when realized.

## VI. Information on financial assets

A financial asset is any asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity; or to exchange financial assets or financial liabilities with another entity.

Financial assets except for measured at fair value through profit or loss are recognized initially with their transaction costs that are directly attributable to the acquisition or issue of the financial asset. Purchase and sale transactions of securities are accounted at settlement dates.

Financial assets are classified in four categories; as financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity investments and loans and receivables.

Financial assets at fair value through profit or loss

Such assets are measured at their fair values and gain/loss arising is recorded in the statement of income. Interest income earned on trading securities and the difference between their acquisition costs and fair values are recorded as interest income in the statement of income. The gains/losses in case of disposal of such securities before their maturities are recorded under trading income/losses in the statement of income.

Held to maturity investments, available-for-sale financial assets and loans and receivables

*Held to maturity investments* are the financial assets with fixed maturities and determined payment schedules that the Bank has the intent and ability to hold until maturity, excluding loans and receivables. Held-to-maturity investments are measured at amortized cost using effective interest method after deducting impairments, if any.

There are no financial assets that are not allowed to be classified as held-to-maturity investments for two years due to the tainting rules applied for the breach of classification rules.

*Available-for-sale financial assets* are the financial assets other than loans and receivables, held-to-maturity investments and assets held for trading purposes. Available-for-sale financial assets are initially recorded at cost and subsequently measured at their fair values. However, assets that are not traded in an active market are measured by valuation techniques, including recent market transactions in similar financial instruments, adjusted for factors unique to the instrument being valued; or discounted cash flow techniques for the assets which do not have a fixed maturity. Realized gains or losses derived from the difference between their fair value and the discounted values are recorded in the statement of income. The realized gain or losses are recognized directly in the statement of income.

*Loans and receivables* are the financial assets raised by the Bank providing money, commodity and services to debtors. Loans are financial assets with fixed or determinable payments and are in an active market.

Loans and receivables are recorded at cost and measured at amortized cost by using effective interest method. The duties paid, transaction expenditures and other similar expenses on assets received against such risks are considered as a part of transaction cost and charged to customers.

#### Associates and subsidiaries

Subsidiaries are the entities that the Bank has the power to govern the financial and operating policies of those so as to obtain benefits from its activities. Subsidiaries are accounted in accordance with TAS 39 *Financial Instruments: Recognition and Measurement* in the unconsolidated financial statements. Subsidiaries, which are traded in an active market or whose fair value can be reliably measured, recorded at their fair values. Subsidiaries which are not traded in an active market and whose fair value cannot be reliably set are reflected in financial statements with their costs after deducting impairment losses, if any.

Associates, classified as available-for-sale financial assets in unconsolidated financial statements, which are traded in an active market or whose fair value can be reliably measured, are recorded at their fair values. Associates which are not traded in an active market and whose fair value cannot be reliably set are reflected in financial statements with their costs after deducting impairment losses, if any

#### VII. Information on impairment of financial assets

Financial assets or group of financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the Bank estimates the amount of impairment.

Impairment loss incurs if, and only if, there is objective evidence that the expected future cash flows of financial asset or group of financial assets are reduced. The losses expected to incur due to future events are not recognized even if the probability of loss is high.

If there is an objective evidence that certain loans will not be collected, for such loans; the Bank provides specific and general allowances for loan and other receivables classified in accordance with the Regulation on Identification of and Provision against Nonperforming Loans and Other Receivables published on the Official Gazette 26333 dated 1 November 2006 and the amendments to this regulation. The allowances are recorded in the statement of income of the related period

#### VIII. Information on offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously

#### IX. Information on sales and repurchase agreements and securities lending

Securities sold under repurchase agreements are recorded on the balance sheet as Government bonds and treasury bills sold to customers. Securities purchased under repurchase agreements are recorded on the balance sheet as Government bonds and treasury bills purchased from customers. Securities sold under repurchase agreements are recorded on the balance sheet as Government bonds and treasury bills sold to customers. Securities purchased under repurchase agreements are recorded on the balance sheet as Government bonds and treasury bills purchased from customers. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted on an accrual basis.

An income accrual is accounted for the positive difference between the purchase and resale prices earned during the period

#### X. Information on assets held for sale and discontinued operations

The Bank has neither assets held for sale nor discontinued operations.

## XI. Information on goodwill and other intangible assets

7KH %DQNDVÖ assets consist of software.

Intangible assets are initially recorded at their costs in compliance with the TAS 38 *Intangible Assets*.

The costs of the intangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs. The intangible assets are amortized based on straight line amortization.

,I WKHUH LV REMHFWLYH HYLGHQFH RI LPSDLUPHQW WKH D with the TAS 36 *Impairment of Assets* and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made

## XII. Information on tangible assets

The costs of the tangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The tangible assets purchased after this date are recorded at their historical costs.

Gains and losses arising from the disposal of the tangible assets are calculated as the difference between the net book value and the net sales price.

Maintenance and repair costs incurred for tangible assets are recorded as expense.

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets.

There are no changes in the accounting estimates that are expected to have an impact in the current or subsequent periods.

Depreciation rates and estimated useful lives are:

Tangible assets	Estimated useful lives (Years)	Depreciation Rates (%)
Buildings	50	2
Office equipment, furniture and fixture, and motor vehicle	5-10	10-20
Assets obtained through finance leases	4-5	20-25

,I WKHUH LV DQ REMHFWLYH HYLGHQFH RI LPSDLUPHQW WKH D accordance with the TAS 36 *Impairment of Assets* and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made

## XIII. Information on leasing activities

### Finance leases

Tangible assets acquired by way of finance leasing are recognized in tangible assets and the obligation under finance leases arising is recognized in liabilities and recorded in the financial statements. In the determination of the related assets and liabilities, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs of leasing agreements are expanded in lease periods at a fixed interest rate.

If there is impairment in the value of the assets obtained through financial lease and in the expected future benefits, the leased assets are recorded with net realizable value.

Depreciation for assets obtained through finance lease is calculated in the same manner as tangible assets.

### Operational leases

Transactions regarding operational lease agreements are accounted on an accrual basis in accordance with the terms of the related contracts

#### XIV. Information on provisions and contingent liabilities

In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation. Provisions are calculated based on the best estimates of management on the expenses incur as at the balance sheet date and, if material, such expenses are discounted for their present value. If the amount is not reliably estimated and there is no probability of cash outflow from the Bank to the shareholders, the Bank does not recognize a provision in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs. If an inflow of economic benefits has become probable, the Bank discloses the contingent asset.

#### XV. Information on obligations of the Bank concerning employee rights

##### Reserve for employee termination benefits

In accordance with existing Turkish Labour Law, the Bank is required to make lump sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at 30 June 2010 is TL 2,427 (full TL) (31 December 2009 is TL 2,365 (full TL)).

The Bank reserved for employee severance indemnities in the accompanying unconsolidated financial statements using actuarial method in compliance with TAS 19 *Employee Benefits*.

As at 30 June 2010 and 31 December 2009, the major statistical assumptions used in the calculation of the total liability are as follows:

	Current Period	Prior Period
Discount Rate	5.92%	5.92%
Expected Rate of Salary/Limit Increase	4.80%	4.80%
Estimated Employee Turnover Rate	0.94%	0.94%

##### Other benefits to employees

The Bank has provided for undiscounted short term employee benefits earned during the financial period as per services rendered in compliance with TAS 19 in the accompanying unconsolidated financial statements.

##### Pension fund

The Bank has provided for pension fund contributions in the accompanying unconsolidated financial statements. The Bank's pension fund contributions are calculated based on the Social Security Law no.506, 1957 as per the temporary article 26 of the Social Security Law no.506.

The first paragraph of the temporary article 26, which states the Banks should transfer pension funds to the Social Security Institution within three years after the issuance of the Banking Law no.5411, issued in the 1 November 2005 dated and 25983 numbered Official Gazette, was cancelled by the Constitutional Court decision no. 2007/15, issued on 15 December 2007 in the Official Gazette no. 26731.

Following the publication of the ruling, the Turkish Parliament started to work on new legal arrangements and the Social Security Law no. 5374 was approved on 17 April 2008. The Law is enacted by the approval of the President of Turkey and issued on the 8 May 2008 dated and 26870 numbered Official Gazette.

In accordance with the temporary article 20 of the Article no 73 of the Law;

The discounted liability for each fund in terms of the pass transferred as at the transfer date, including the contributors left the fund, should be calculated by the assumptions below,

- a) The technical interest rate to be used for the actuarial calculation is 9.80%
- b) Income and expenditures in respect to the discounted liability.

Law requires the transfer to be completed in three years beginning from 1 January 2008.

At 19 June 2008, Cumhuriyet Halk Partisi appealed to the Constitutional Court for the cancellation of various articles of the Law including the first paragraph of the provisional Article 20. As at the report date, there is no arbitrement of the Constitutional Court published.

The employer of pension fund participants (the Banks) will not be able to pay the non-transferable social rights, which are already disclosed in the article of association of the pension fund, to the pension participants and their right owners, even though the salary payment obligations transferred to the Social Security Foundation.

The technical financial statements of the Fund are audited by the certified actuary according to the technical actuarial report dated February 2010 which is prepared in compliance with the principles explained above, there is no technical or actual deficit determined which requires provision against

## XVI. Information on taxation

### Corporate tax

Corporate tax rate is 20% in Turkey. This rate is applied to total income of the Bank adjusted for certain disallowable expenses, exempt income and any other allowances.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. Except for the dividend payments made to these institutions, the withholding tax rate on the dividend payments is 15%. Applying the withholding tax rates on dividend payments to the nonresident institutions and the individuals, the dividend tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The payments can be deducted from the annual corporate tax calculated for the whole year earnings.

In accordance with the tax legislation, tax losses can be carried forward set off against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may assess them based on their findings

## Deferred taxes

According to the TAS 12 *Income Taxes*; deferred tax assets and liabilities are ~~grized~~, on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

The deferred tax assets and liabilities are reported as net in the financial statements. The Bank has legal right to present the net value of current year tax assets and current year tax liabilities and the deferred tax assets and deferred tax liabilities are income taxes of the same taxable entity

In case where gains/losses resulting from the subsequent measurement are recognized in the statement of income, then the related current and/or deferred tax effects are also recognized in the statement of income. On the other hand, if such gains/losses are recognized directly in the equity, then the related current and/or deferred tax effects are also recognized directly in the equity

## Transfer pricing

In Turkey, the transfer pricing provisions are stated under the Article 13 of Corporate Tax Law with the KHDGLQJ RI <sup>3</sup>GLVJXLVHG SURILW GLV ~~QIHLBEXW & R B P X I Q L T X I p D R O C~~ profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes

## XVII. Additional information on borrowings

Financial liabilities for trading purposes and derivative financial liabilities are valued at fair values. All other financial liabilities are carried at amortized cost using effective interest method.

As at 30 June 2010 and 31 December 2009, there are no convertible bonds or any other securities issued by the Bank

## XVIII. Information on issuance of equity securities

The shares of the Bank having nominal value of 322,000,000, representing the 25.18% of the % D Q N <sup>1</sup> V R X W V W D Q G L Q J V K D U H V Z D T L \$ 1 3 5 . 0 1 for each share having D W a nominal value of TL 1 on November 2005, and Z D V U H F R U G H G D V <sup>3</sup> 6 K D V K D U H K R O G H 4 8 , 4 2 9 b i l l i o n TL amount was utilized in capital increase on 19 December 2006

## XIX. Information on confirmed bills of exchange and acceptances

Confirmed bills of exchange and acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts as possible debt and commitment, if any. As at the balance sheet date, there are no acceptances recorded as liability in return for assets

## XX. Information on government incentives

As at 30 June 2010 and 31 December 2009 the Bank does not have any government incentives.

## XXI. Information on segment reporting

2 S H U D W L R Q D O V H J P H Q W V D U H G H W H U P L Q H G E D V H ~~presented~~ in Section 4 Note VII.

XXII. Other disclosures

Earnings per shares

Earning per share is calculated by dividing the net profit for the period to weighted average of outstanding shares. In Turkey, the companies retained earnings. In earning per share computation bonus shares are treated as issued shares.

As at and for the six-month period ended 30 June 2010, earning per share is TL 0.2159 (30 June 2009 TL 0.2380).

Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Shareholders, top executives and board members are accepted as related party personally, with their families and companies according to TAS 24 *Related Party Disclosures*. Transactions made with related parties are disclosed in Section 5 Note. V

Cash and cash equivalents

Cash and cash equivalents which is a base for preparation of cash flow statement include TL cash in FDVK LQ ) & FKHTXH V GHPDQG GHSRVLW V IR in the banks, HQW money market placements and time deposits at banks, marketable securities whose original maturity is less than three months

## SECTION FOUR

### Information Related to Financial Position of the Bank

#### I. Capital adequacy ratio

7 KH % D QNSP\WÖ Ö Capital adequacy ratio is 48% (31 December 2009 15.42%).

Risk measurement methods in calculation of capital adequacy ratio

&DSLWDO DGHTXDF\ UDWLR LV FDOFXODWHG ZLWK LQ WKH  
Assessment of Capital \$GHTXDF\ 5DWLRV RI %DQNV' SX2631 Value G LQ  
1RYHPEHU 35HJXODWLRQ IRU DQ \$PHQGPHQW IRU WK  
\$VVHVPHQW RI &DSLWDO \$GHTXDF\ 5DWLRV 2682% Dece 12' SXE  
0DUFK DQG 35HJXODWLRQ RQ WKH (TXLW\ RI %DQNV'

In calculation of capital adequacy ratio, the accounting records prepared in compliance with the current legislation are used.

The items deducted from the capital base are not included in the calculation of risk weighted assets. In calculation of risk weighted assets, impairments, depreciation and amortization, and provisions are considered as deduction items.

In the calculation of their risk based values, non-cash loans are weighted after netting with specific SURYLVLRQV WKDW DUH FODVVLILHG XQGHU OLDELWLHV D  
of and Provision against No 6 HUIRUPLQJ /RDQV DQG 2WKHU 5HFHLYDEO  
multiplied by the rates stated in the Article RI 35HJXODWLRQ UHJDUGLQJ 0HDVX  
&DSLWDO \$GHTXDF\ 5DWLRV RI %DQNV'

In the calculation of the risk based values of the derivative financial instruments, such instruments are weighted and classified according to the related risks after being multiplied by the rates stated in WKH \$UWLFOH RI 35HJXODWLRQ UHJDUGLQJ 0HDVXUHE PHQW %DQNV'



Information on unconsolidated capital adequacy ratio

	30 June 2010						
	Risk Weights						
	0%	10%	20%	50%	100%	150%	200%
Balance sheet items (Net)	13,405,744	-	1,704,808	10,457,096	30,581,039	53,784	236
Cash and cash equivalents	468,090	-	3	-	-	-	-
Matured securities	-	-	-	-	-	-	-
Balances with the Central Bank of Turkey Domestic and foreign Banks, foreign branches offices and branches	6,093,713	-	-	-	-	-	-
Interbank money market placements	-	-	-	-	-	-	-
Receivables from reverse repurchase agreements	-	-	-	-	-	-	-
Reserve deposits at CBT	1,066,112	-	-	-	-	-	-
Loans	192,583	-	294,429	10,362,952	28,171,479	53,784	236
Loans under followup (Net)	-	-	-	-	67,043	-	-
Receivables from leasing activities	-	-	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-	-	-
Held-to-maturity investment securities	4,686,894	-	37,680	-	-	-	-
Receivables from term sale of assets	-	-	-	-	102,320	-	-
Miscellaneous receivables	18	-	46,889	-	215,745	-	-
Interest and other income accruals	151,721	-	6,987	94,144	269,668	-	-
Investments in associates, subsidiaries ; joint-ventures (Net)	-	-	-	-	778,650	-	-
Tangible assets (Net)	-	-	-	-	823,600	-	-
Other assets	85,013	-	-	-	36,050	-	-
Off-balance sheet items	78,822	-	266,924	408,904	6,192,057	-	-
Non-cash loans and commitments	78,822	-	163,208	408,904	6,189,987	-	-
Derivative financial instruments	-	-	103,716	-	2,070	-	-
Non-risk weighted accounts	-	-	-	-	-	-	-
<b>Total risk weighted assets</b>	<b>13,484,566</b>	<b>-</b>	<b>1,971,732</b>	<b>10,866,000</b>	<b>36,773,096</b>	<b>53,784</b>	<b>236</b>

Summary information related to unconsolidated capital adequacy ratio

	Current Period	Prior Period
Value at credit risk (VaCR)	42,681,590	37,706,171
Value at market risk (VaMR)	1,765,875	1,889,513
Value at operational risk (VaOR <sup>(*)</sup> )	5,795,900	4,756,200
Equity	7,277,034	6,837,925
Equity/ (VaCR+VaMR+VaOR)*100	14.48%	15.42%

(\*) In accordance with the BDDK.BYD.126.01 numbered and 7 February 2008 dated BRS circular, capital adequacy ratio is measured by taking value at operational risk calculated based on average of gross incomes for the years ended 31 December 2009 and 2010 into consideration. For the year 2010 value at operational risk is being calculated based on average of gross incomes for the years ended 31 December 2009 and 2010.

## Components of equity items

	Current Period	Prior Period
<b>CORE CAPITAL</b>		
Paid in Capital	2,500,000	2,500,000
Nominal Capital	2,500,000	2,500,000
Capital Commitments)	-	-
Capital Reserves from Inflation Adjustments to Paid Capital	-	-
Share Premium	723,918	723,918
Share Cancellation Profits	-	-
Legal Reserves	476,116	353,012
I. Legal Reserve (Turkish Commercial Code 466/1)	238,058	176,506
II. Legal Reserve (Turkish Commercial Code 466/2)	-	-
Reserves allocated as per Special Legislations	238,058	176,506
Status Reserves	-	-
Extraordinary Reserves	2,923,105	1,919,663
Reserve allocated as per the Decision held by the General Assembly	2,696,515	1,713,233
Retained Earnings	226,590	206,430
Accumulated Losses	-	-
Exchange Rate Differences on Foreign Currency Capital	-	-
Reserves from Inflation Adjustments to Legal, Status and Extraordinary Reserves	-	-
Profit	539,687	1,251,206
& XU U H Q W 3 H U L R G ¶ V 3 U R I L W	539,687	1,251,206
3 U L R U < H D U V ¶ 3 U R I L W	-	-
Provision for Possible Losses (up to 25% of Core Capital)	-	-
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	5,033	1,138
Primary Subordinated Debt (up to 15% of Core Capital)	-	-
Loss excess of Reserves (	-	-
& XU U H Q W 3 H U L R G ¶ V	-	-
3 U L R U < H D U V ¶ / R V V	-	-
Leasehold Improvements) <sup>(1)</sup>	72,886	79,082
Prepaid Expenses) <sup>(1)</sup>	270,627	255,027
Intangible Assets) <sup>(1)</sup>	47,646	43,549
Deferred Tax Asset excess of 10% of Core Capital (	-	-
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (	-	-
<b>Total Core Capital</b>	<b>6,776,700</b>	<b>6,371,279</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Provisions	361,767	322,989
45% of Revaluation Surplus on Immovables	-	-
Bonus shares of Associates, Subsidiaries and Ventures	66,530	66,530
Primary Subordinated Debt excluding the Portion included in Core Capital	-	-
Secondary Subordinated Debt	-	-
45% of Valuation Differences of Marketable Securities	244,243	254,463
Associates and Subsidiaries	146,959	106,228
Available for Sale Investment Securities	97,284	148,235
Other Profit Reserves	-	-
<b>Total Supplementary Capital</b>	<b>672,540</b>	<b>643,982</b>
<b>TIER III CAPITAL</b>	<b>-</b>	<b>-</b>
<b>CAPITAL</b>	<b>7,449,240</b>	<b>7,015,261</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>172,206</b>	<b>177,336</b>
Unconsolidated investments in Banks (domestic/foreign) operating in Banking and Financial Sectors exceeding 10% of ownership	-	-
Investments in Entities (domestic/foreign) operating in Banking and Financial Sectors at less 10% exceeding 10% or more of the Total Core and Supplementary Capitals	-	-
Loans to Banks, Financial Institutions (domestic/foreign) or Qualified Shareholders in the form of Secondary Subordinated Debts and Debt Instruments purchased from Such Parties qualified as Primary or Secondary Subordinated Debts	-	-
Loan granted to Customer against the Articles 50 and 51 of the Banking Law	-	-
Net Book Values of Immovables exceeding 50% of the Capital and of Assets Acquired against Overdue Receivables and Held for Sale as per the Article 57 Of the Banking Law but Retained more than Five Years	172,206	177,336
Others	-	-
<b>TOTAL EQUITY</b>	<b>7,277,034</b>	<b>6,837,925</b>

## II. Market risk

The Bank has defined its risk management procedures and has taken necessary precaution in order to avoid market risk, in FRPSOLDQFH ZLWK ³5HJXODWLRQ RQ %DQN¶V , Q 6\ VWHPV´ DQG ³5HJXODWLRQ RQ 0HDVXUHPHQW DQG \$VVHV published in Official Gazette no. 26333 dated 1 November 2006.

The market risk is defined as the potential risk of loss due to changes in interest rates, foreign exchange rates and equity prices on balance sheet and off-balance sheet positions of the banks.

The capital need for general market risk and specific risks is calculated using standard method GHILQHG E\ WKH ³5HJXODWLRQ RQ 0HDVXUHPHQW DQG \$VVHV reported monthly.

In addition to the standard method, the Bank also uses internal models like Historical and Monte Carlo Simulations in measuring market risk. The Bank also performs daily back testing in order to measure the reliability of the models. Besides, scenario analyses are implemented in order to support the Standard Method and internal models. In order to monitor the maturity structure of the asset and OLDELQW\ DFFRXQWV OLTXLGLW\ DQDO\VLV DUH SHUIRUPH calculated.

The market risk analysis of the Bank is reported monthly and sent to the related regulatory institutions

### Value at market risk

	Amount
(I) Capital Obligation against General Market Risk Standard Method	114,206
(II) Capital Obligation against Specific Risks Standard Method	3,137
(III) Capital Obligation against Currency Risks Standard Method	23,782
(IV) Capital Obligation against Stocks Risks Standard Method	-
(V) Capital Obligation against Exchange Risks Standard Method	-
(VI) Capital Obligation against Market Risks of Options Standard Method	145
(VII) Capital Obligation against Market Risks of Banks using Risk Measurement Models	-
(VIII) Total Capital Obligations against Market Risk (I+II+III+IV+V+VI)	141,270
(IX) Value-At-Market Risk (12.5xVIII) or (12.5xVII)	1,765,875

### Equity price risk

Equity price risk is the risk that the fair values of equities decrease as the result of the changes in the levels of equity indices and the value of individual stocks.

7KH HIIHFW RQ HTXLW\ DV D UHVXOW RI FKDQJH LQ WKH ID 6WRFN ([FKDQJH ³,6(´ Ksh Of Capital Assets, as of 30 June 2010 and Subsidiaries due to a reasonably possible change in equity indices, with all other variables held constant, is as follows

	Change in index	30 June 2010	30 June 2009
		Equity	Equity
ISE ±100 (IMKB - 100)	10%	25,814	12,002

## III. Operational risk

The Bank calculated the value at operational risk in accordance with the fourth section published in the Official Gazette date 1 June 2007 related to the RPSXWDWLRQ RI 9DOX of the 2SH circular, 35HJXLDW5HJDUGLQJ 0HDVXUHPHQW DQG \$VVHVVPHQW published in the Official Gazette numbered 26333 and dated 1 November 2006.

The amount calculated as TL 463,672(31 December 2009) TL 380,496 from gross income for the years ended 31 December 2002008 and 2007 and used for the calculation of capital adequacy ratio as at 30 June 2010, represents the operational risk that the Bank may expose and the amount of minimum capital requirement to eliminate this risk. Value at operational risk amounting to TL 5,795,900(31 December 2009) TL 4,756,200 presented in the table included in Note I of this section is calculated as 12.5 times of the operational risk

## IV. Foreign currency exchange risk

Foreign exchange risk that the Bank exposed to, estimation of effects of exposures, and the limits set by the Board of Directors of the Bank for the positions being monitored on a daily basis

The Standard Method which is also used in the legal reporting is used in measuring the currency risk of the Bank.

All of the foreign currency assets and liabilities and the forward foreign currency transactions are taken into consideration in calculating the capital obligation for the currency risk. The net long and short positions are calculated in Turkish Lira equivalent of the each currency. The position with the biggest absolute value is determined as the base amount for the capital obligation. The capital obligation is calculated at that amount

The magnitude of hedging foreign currency debt instruments and investment in foreign operations by using derivatives

As at 30 June 2010, the Bank does not have derivative financial instruments held for risk management purpose

Foreign exchange risk management policy

Risk policy of the Bank is based on the transaction within the limits and keeping the currency position well-balanced.

In the light of the national legislations and international applications, the Bank has established a foreign currency risk management policy that enables the Bank to take position between and upper limits determined in respect of the current equity profile. Speculative position is not held by the Bank.

7KH %DQN¶V HIIHFWLYH H[FKDQJH UDWHV DW WKH GDWH RI the period announced by the Bank in TL are as follows

	US Dollar	Euro
7KH %DQN¶V IRUHLJQ FXUUHQF\ SXUFKDVH	1.5700	1.9280
<u>Foreign currency purchase rates for the days before balance sheet date;</u>		
Day 1	1.5400	1.8887
Day 2	1.5300	1.8944
Day 3	1.5500	1.9096
Day 4	1.5300	1.8869
Day 5	1.5400	1.8883
<hr/>		
	US Dollar	Euro
Last 30-days arithmetical average rate	1.5433	1.8921

### Information on currency risk

Current Period	Euro	US Dollar	Japanese Yen	Other FCs	Total
<b>Assets</b>					
Cash and balances with Central Bank of Turkey	889,686	746,099	211	11,712	1,647,708
Banks	555,196	1,430,422	4,855	26,461	2,016,934
Financial assets at fair value through profit or loss <sup>(1)</sup>	1,368	30,161	-	-	31,529
Interbank money market placements	-	-	-	-	-
Available-for-sale financial assets	593,778	1,994,245	-	-	2,588,023
Loans and receivables <sup>(2)</sup>	4,135,935	8,626,013	-	58,949	12,820,897
Associates, subsidiaries and joint ventures	107,695	-	-	-	107,695
Held-to-maturity investments	183,119	1,216,729	-	-	1,399,848
Derivative financial assets held for risk management purpose	-	-	-	-	-
Tangible assets	-	869	-	-	869
Intangible assets	-	-	-	-	-
Other assets <sup>(3)</sup>	11,657	108,460	-	-	120,117
<b>Total assets</b>	<b>6,478,434</b>	<b>14,152,998</b>	<b>5,066</b>	<b>97,122</b>	<b>20,733,620</b>
<b>Liabilities:</b>					
Bank deposits	119,080	835,960	-	125	955,165
Foreign currency deposits	3,472,749	9,139,975	1,583	48,045	12,662,352
Interbank money market takings	-	1,969,562	-	-	1,969,562
Other funding	2,689,919	2,683,237	-	40,859	5,414,015
Securities issued	-	-	-	-	-
Miscellaneous payables	7,575	34,226	1	153	41,955
Derivative financial liabilities held for risk Management purpose	-	-	-	-	-
Other liabilities <sup>(1) (4)</sup>	53,108	82,897	1,565	978	138,548
<b>Total liabilities</b>	<b>6,342,431</b>	<b>14,745,857</b>	<b>3,149</b>	<b>90,160</b>	<b>21,181,597</b>
<b>1 HW - µ R Q E D O D Q F H V K H H W ¶ S R V</b>					
1 HW - µ R Q E D O D Q F H V K H H W ¶ S R V	136,003	(592,859)	1,917	6,962	(447,977)
<b>1 HW - µ R Q E D O D Q F H V K H H W ¶ S R V L W L I</b>					
1 HW - µ R Q E D O D Q F H V K H H W ¶ S R V L W L I	4,444	782,725	-	(2,175)	784,994
Derivative assets	94,159	1,255,423	-	703	1,350,285
Derivative liabilities	89,715	472,698	-	2,878	565,291
Non-cash loans <sup>(5)</sup>	1,453,697	2,587,333	109,751	106,677	4,257,458
<b>Prior Period</b>					
<b>Total assets</b>					
Total assets	6,155,145	12,466,656	6,054	95,757	18,723,612
<b>Total liabilities</b>					
Total liabilities	6,262,014	12,635,008	1,764	88,999	18,987,785
<b>1 HW - µ R Q E D O D Q F H V K H H W ¶ S R V</b>					
1 HW - µ R Q E D O D Q F H V K H H W ¶ S R V	(106,869)	(168,352)	4,290	6,758	(264,173)
<b>1 HW - µ R Q E D O D Q F H V K H H W ¶ S R V L W L I</b>					
1 HW - µ R Q E D O D Q F H V K H H W ¶ S R V L W L I	216,208	354,125	(3,063)	33	567,303
Derivative assets	306,330	827,026	-	31,085	1,164,441
Derivative liabilities	90,122	472,901	3,063	31,052	597,138
Non-cash loans <sup>(5)</sup>	2,014,042	2,642,661	11,538	131,484	4,799,725

(1) Derivative financial assets and liabilities resulting from changes in foreign exchange rates not included.

(2) Foreign currency indexed loans amounting to 345,681 (31 December 2009: TL 84,536) which are presented in TL column in the balance sheet included in the table above.

(3) Prepaid expenses amounting TL 15,535 (31 December 2009: TL 18,290) are not included.

(4) Unearned revenues amounting to TL 20,411 (31 December 2009: TL 21,054) are not included.

(5) Non-FDV K ORDQV DUH QRW WDNHQ LQWR FRQVLODULYH V R Q H L V Q ¶ S R H V L F V D I O F Q O

## Exposure to currency risk

10 percent devaluation of the TL against the following currencies as at and for the six-month period ended 30 June 2010 and 2009 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

This analysis assumes that all other variables, in particular interest rates, remain constant.

	30 June 2010		30 June 2009	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	7,392	17,825	567	388
EUR	2,429	3,275	5,474	4,131
Other currencies	670	670	906	906
Total, net	10,491	21,770	6,947	5,425

(\*) Equity effect also includes profit or loss effect of 10% devaluation of TL against related currencies.

10 percent revaluation of the TL against the following currencies as at and for the six-month period ended 30 June 2010 and 2009 would have effect on equity and profit or loss (without tax effects) by the amounts shown below.

	30 June 2010		30 June 2009	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	(2,967)	(13,400)	6,767	6,946
Euro	(2,425)	(3,271)	(4,470)	(3,127)
Other currencies	86	86	(143)	(143)
Total, net	(5,306)	(16,585)	2,154	3,676

(\*) Equity effect also includes profit or loss effect of 10% revaluation of TL against related currencies.

## V. Interest rate risk

Interest sensitivity of assets, liabilities and off-balance sheet items is evaluated during the weekly AssetsLiabilities Committee meetings taking into account the developments in market conditions.

% D Q N ¶ V rate risk is measured by the standard method.

Measurements for standard method are carried out monthly using the maturity ladder table.

*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
<b>Assets:</b>							
Cash and balances with CBT	5,617,971	-	-	-	-	2,032,689	7,650,660
Banks	1,723,650	77,131	-	-	-	296,169	2,096,950
Financial assets at fair value through profit/loss	2,082	4,264	82	7,267	18,274	-	31,969
Interbank money market placements	-	-	-	-	-	-	-
Available-for-sale financial assets	3,986,886	3,603,264	3,655,905	1,465,538	1,753,966	10,750	14,476,309
Loans and receivables	14,057,487	5,984,349	10,028,645	6,857,929	2,501,551	67,043	39,497,004
Held-to-maturity investments	522,120	480,172	2,429,550	305,734	1,114,224	-	4,851,800
Other assets <sup>(*)</sup>	4,255	9,251	38,200	89,204	-	2,524,082	2,664,992
<b>Total assets</b>	<b>25,914,451</b>	<b>10,158,431</b>	<b>16,152,382</b>	<b>8,725,672</b>	<b>5,388,015</b>	<b>4,930,733</b>	<b>71,269,684</b>
<b>Liabilities:</b>							
Bank deposits	2,662,614	371,264	4	-	-	15,195	3,049,077
Other deposits	26,574,313	11,795,198	920,333	135,521	-	6,965,947	46,391,312
Interbank money market taking	2,419,547	3,364,905	185,852	167,374	-	-	6,137,678
Miscellaneous payables	-	6,427	27,546	-	-	1,099,927	1,133,900
Securities issued	-	-	-	-	-	-	-
Funds borrowed	45,447	3,579,464	1,834,858	982	-	-	5,460,751
Other liabilities <sup>(**)</sup>	10,969	4,362	3,353	60,126	21,579	8,996,577	9,096,966
<b>Total liabilities</b>	<b>31,712,890</b>	<b>19,121,620</b>	<b>2,971,946</b>	<b>364,003</b>	<b>21,579</b>	<b>17,077,646</b>	<b>71,269,684</b>
On balance sheet long position	-	-	13,180,436	8,361,669	5,366,436	-	26,908,541
On balance sheet short position	(5,798,439)	(8,963,189)	-	-	-	(12,146,913)	(26,908,541)
Off-balance sheet long position	214,659	771,341	-	46,889	-	-	1,032,889
Off-balance sheet short position	(65,940)	(6,427)	(29,588)	(782,168)	-	-	(884,123)
<b>Position, Net</b>	<b>(5,649,720)</b>	<b>(8,198,275)</b>	<b>13,150,848</b>	<b>7,626,390</b>	<b>5,366,436</b>	<b>(12,146,913)</b>	<b>148,766</b>

(\*) Subsidiaries, associates and tangible and intangible assets are included in the non-interest bearing column.

(\*\*) Equity is included in non-interest bearing column in other liabilities line.

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
<b>Assets:</b>							
Cash and balances with CBT	1,148,099	-	-	-	-	1,901,536	3,049,635
Banks	2,529,243	-	-	-	-	209,315	2,738,558
Financial assets at fair value through profit/loss	1,193	1,690	1,488	17,153	17,297	-	38,821
Interbank money market placements	3,400,614	-	-	-	-	-	3,400,614
Available-for-sale financial assets	3,040,317	3,377,542	4,199,480	2,993,905	1,343,885	10,750	14,965,879
Loans and receivables	10,079,977	9,901,076	6,340,535	5,971,447	2,145,702	133,918	34,572,655
Held-to-maturity investments	525,309	638,690	742,634	366,453	1,225,387	-	3,498,473
Other assets <sup>(*)</sup>	3,146	6,046	38,703	111,860	-	2,373,252	2,533,007
<b>Total assets</b>	<b>20,727,898</b>	<b>13,925,044</b>	<b>11,322,840</b>	<b>9,460,818</b>	<b>4,732,271</b>	<b>4,628,771</b>	<b>64,797,642</b>
<b>Liabilities:</b>							
Bank deposits	1,673,063	450,325	56,144	-	-	9,711	2,189,243
Other deposits	25,776,035	9,165,320	1,601,838	386	-	5,918,901	42,462,480
Interbank money market takings	730,767	3,934,522	1,403,218	74,875	-	-	6,143,382
Miscellaneous payables	-	9,497	32,677	-	-	817,311	859,485
Securities issued	-	-	-	-	-	-	-
Fund borrowed	98,440	3,587,911	679,759	-	-	-	4,366,110
Other liabilities <sup>(**)</sup>	24,146	15,369	26,144	29,096	11,561	8,670,626	8,776,942
<b>Total liabilities</b>	<b>28,302,451</b>	<b>17,162,944</b>	<b>3,799,780</b>	<b>104,357</b>	<b>11,561</b>	<b>15,416,549</b>	<b>64,797,642</b>
On balance sheet long position	-	-	7,523,060	9,356,461	4,720,710	-	21,600,231
On balance sheet short position	(7,574,553)	(3,237,900)	-	-	-	(10,787,778)	(21,600,231)
Off-balance sheet long position	180,959	184,045	-	54,345	-	-	419,349
Off-balance sheet short position	(68,838)	(9,496)	(40,453)	(292,101)	-	-	(410,888)
<b>Position, Net</b>	<b>(7,462,432)</b>	<b>(3,063,351)</b>	<b>7,482,607</b>	<b>9,118,705</b>	<b>4,720,710</b>	<b>(10,787,778)</b>	<b>8,461</b>

(\*) Subsidiaries, associates and tangible and intangible assets are stated in non-interest bearing column.

(\*\*) Equity is included in non-interest bearing column in other liabilities line.



Average interest rates applied to monetary financial instruments

Current Period	Euro %	US Dollar %	Japanese Yen %	TL %
<b>Assets</b>				
Cash and balance with CBT	-	-	-	5.20
Banks	0.44	0.51	-	7.09
Financial assets at fair value through profit/loss	-	11.88	-	-
Interbank money market placements	-	-	-	-
Available-for-sale financial assets	5.24	6.19	-	8.87
Loans and receivables	4.14	4.29	-	14.88
Held-to-maturity investments	6.61	7.37	-	9.61
<b>Liabilities:</b>				
Bank deposits	2.06	1.16	-	8.52
Other deposits	2.57	3.46	-	9.01
Interbank money market takings	-	1.30	-	7.84
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds borrowed	0.78	1.62	-	7.92
<b>Prior Period</b>				
	Euro %	US Dollar %	Japanese Yen %	TL %
<b>Assets</b>				
Cash and balance with CBT	-	-	-	5.20
Banks	0.28	0.34	-	6.90
Financial assets at fair value through profit/loss	-	11.88	-	-
Interbank money market placements	-	-	-	6.50
Available-for-sale financial assets	5.37	6.68	-	9.82
Loans and receivables	4.60	4.93	6.79	15.62
Held-to-maturity investments	6.97	7.44	-	11.93
<b>Liabilities:</b>				
Bank deposits	2.25	0.81	-	8.69
Other deposits	2.62	2.75	-	8.73
Interbank money market takings	1.00	1.30	-	9.04
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds borrowed	1.81	1.53	-	10.09

## Interest sensitivity

Interest rates sensitivity of the statement of income is the six-month effect of the assumed changes in interest rates on the fair values of financial assets at fair value through profit or loss held as at 30 June 2010 and on net interest income of floating rate nontrading financial assets and financial liabilities held at 30 June 2010 (without tax effects)

Interest rates sensitivity of equity is calculated by taking the effects of the assumed changes in interest rates on the fair value of fixed rate available-for-sale financial assets as at 30 June 2010 to account

This analysis assumes that all other variables, in particular foreign currencies, remain constant.

This analysis is performed on the same basis for 30 June 2009

	Profit or loss		Equity <sup>(*)</sup>	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
30 June 2010				
Financial assets at fair value through profit or loss	21,119	(19,215)	21,119	(19,215)
Available-for-sale financial assets	26,675	(27,294)	(217,238)	234,698
Floating rate financial assets	240,725	(240,725)	240,725	(240,725)
Floating rate financial liabilities	(73,341)	73,341	(73,341)	73,341
Total, net	215,178	(213,893)	(28,735)	48,099

	Profit or loss		Equity <sup>(*)</sup>	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
30 June 2009				
Financial assets at fair value through profit or loss	(5,657)	5,989	(5,657)	5,989
Available-for-sale financial assets	19,504	(19,570)	(117,345)	125,004
Floating rate financial assets	106,254	(106,254)	106,254	(106,254)
Floating rate financial liabilities	(31,337)	31,337	(31,337)	31,337
Total, net	88,764	(88,498)	(48,085)	56,076

(\*) Equity effect also includes profit or loss effect of 100 bp increase or decrease in interest rates.

VI. Liquidity risk

In order to avoid the liquidity risk, the Bank diverts funding resources to customer deposits and foreign borrowings, considers the maturity mismatch between assets and liabilities and maintains liquid assets to guarantee sufficient liquidity during market fluctuations.

With deposits, etc. long term liquidity is provided through foreign funding sources such as syndication and securitization transactions. There are no significant idle liquidity resources.

*Maturity analysis of assets and liabilities according to remaining maturities:*

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed <sup>(*)</sup>	Total
<b>Assets</b>								
Cash and balance with CBT	7,650,660	-	-	-	-	-	-	7,650,660
Banks	957,769	1,062,050	77,131	-	-	-	-	2,096,950
Financial assets at fair value through profit/loss	-	1,899	385	82	11,329	18,274	-	31,969
Interbank money market placements	-	-	-	-	-	-	-	-
Available-for-sale financial assets	-	172,648	1,655,516	2,040,830	6,767,780	3,828,785	10,750	14,476,309
Loans and receivables	-	7,220,174	2,288,904	8,510,323	17,915,550	3,495,010	67,043	39,497,004
Held-to-maturity investments	-	37,721	313,296	2,227,301	1,159,258	1,114,224	-	4,851,800
Other assets	-	171,908	9,251	51,542	168,879	-	2,263,412	2,664,992
<b>Total assets</b>	<b>8,608,429</b>	<b>8,666,400</b>	<b>4,344,483</b>	<b>12,830,078</b>	<b>26,022,796</b>	<b>8,456,293</b>	<b>2,341,205</b>	<b>71,269,684</b>
<b>Liabilities:</b>								
Bank deposits	15,195	2,662,614	371,264	4	-	-	-	3,049,077
Other deposits	6,965,947	26,574,313	11,795,198	920,333	135,521	-	-	46,391,312
Funds borrowed	-	6,435	1,213,888	1,497,664	1,771,637	971,127	-	5,460,751
Interbank money market takings	-	2,419,547	3,364,905	185,852	167,374	-	-	6,137,678
Securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	1,035,805	20,192	-	33,973	-	43,930	1,133,900
Other liabilities	200	221,471	24,718	13,031	69,867	21,579	8,746,100	9,096,966
<b>Total liabilities</b>	<b>6,981,342</b>	<b>32,920,185</b>	<b>16,790,165</b>	<b>2,616,884</b>	<b>2,178,372</b>	<b>992,706</b>	<b>8,790,030</b>	<b>71,269,684</b>
<b>Liquidity gap</b>	<b>1,627,087</b>	<b>(24,253,785)</b>	<b>(12,445,682)</b>	<b>10,213,194</b>	<b>23,844,424</b>	<b>7,463,587</b>	<b>(6,448,825)</b>	<b>-</b>
<b>Prior Period</b>								
<b>Total assets</b>	<b>4,285,460</b>	<b>11,863,819</b>	<b>3,307,344</b>	<b>11,673,779</b>	<b>25,146,308</b>	<b>6,202,329</b>	<b>2,318,603</b>	<b>64,797,642</b>
<b>Total liabilities</b>	<b>5,928,612</b>	<b>29,145,258</b>	<b>13,706,697</b>	<b>4,552,289</b>	<b>1,694,357</b>	<b>1,295,388</b>	<b>8,475,041</b>	<b>64,797,642</b>
<b>Liquidity gap</b>	<b>(1,643,152)</b>	<b>(17,281,439)</b>	<b>(10,399,353)</b>	<b>7,121,490</b>	<b>23,451,951</b>	<b>4,906,941</b>	<b>(6,156,438)</b>	<b>-</b>

(\*) Certain assets on the balance sheet are necessary for the banking operations but not convertible into cash in the short period included in this column.

*Residual contractual maturities of the financial liabilities*

30 June 2010	Carrying amount	Gross nominal outflow	Demand	Less than one month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Bank deposits	3,049,077	3,055,912	15,195	2,664,786	375,927	4	-	-
Other deposits	46,391,312	47,512,452	6,965,947	27,330,007	12,130,618	946,505	139,375	-
Funds borrowed	5,460,751	5,890,728	-	36,255	1,214,527	1,520,662	1,970,895	1,148,389
Money market takings	6,137,678	6,148,048	-	2,422,179	3,366,291	186,388	173,190	-
Miscellaneous payables	1,133,900	1,133,900	43,930	1,035,805	20,192	-	33,973	-
Other liabilities <sup>(*)</sup>	316,155	316,155	96,600	110,754	4,324	13,031	69,867	21,579
<b>Total</b>	<b>62,488,873</b>	<b>64,057,195</b>	<b>7,121,672</b>	<b>33,599,786</b>	<b>17,111,879</b>	<b>2,666,590</b>	<b>2,387,300</b>	<b>1,169,968</b>

Non-Cash Loans	9,267,086	9,267,086	5,275,630	241,206	1,070,064	1,742,693	863,142	74,351
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31 December 2009	Carrying amount	Gross nominal outflow	Demand	Less than one month	1-3 months	3 months to 1 year	1-5 years	More than 5 years
Bank deposits	2,189,243	2,198,410	9,711	1,675,723	455,531	57,445	-	-
Other deposits	42,462,480	42,654,665	5,918,901	25,911,593	9,213,521	1,610,262	388	-
Funds borrowed	4,366,110	4,700,907	-	56,615	97,487	1,494,478	1,625,489	1,426,838
Money market takings	6,143,332	6,151,417	-	730,933	3,889,087	1,408,969	122,428	-
Miscellaneous payables	859,485	859,485	55,360	740,477	21,473	-	42,175	-
Other liabilities <sup>(*)</sup>	338,684	338,684	145,494	87,486	2,448	25,420	60,151	17,685
<b>Total</b>	<b>56,359,384</b>	<b>56,903,568</b>	<b>6,129,466</b>	<b>29,202,827</b>	<b>13,679,547</b>	<b>4,596,574</b>	<b>1,850,631</b>	<b>1,444,523</b>

Non-Cash Loans	9,094,232	9,094,232	4,751,809	53,817	154,574	1,291,543	2,633,322	209,167
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<sup>(\*)</sup> 8QH DUQH G UHYHQXHV YDFDWLRQ SD\ OLDELWLWLVHV JHQHYHQSHURYLVLV going to generate cash outflows in their expected maturities have not been included.

7KLV WDEOH VKRZV WKH XQGLVFRXQWHG FDVK IORZV RQ W earliest possible contractual maturity. Therefore, the gross nominal outflows in the table above vary from the carrying amounts of the relevant financial liabilities reflected in the financial statements.

## VI. Segment reporting

The Bank operates in corporate, commercial, small business, retail and investment banking. Accordingly, the banking products served to customers are; time and demand deposit, accumulating account, repos, overdraft facilities, spot loans, foreign currency indexed loans, consumer loans, automobile and housing loans, working capital loans, discounted bills, gold loans, foreign currency loans, eximbank loans, pre-export loans, ECA covered financing, letters of guarantee, letters of credit, export factoring, acceptance credits, draft facilities, forfaiting, leasing, insurance, forward, futures, salary payments, investment account, cheques, safety boxes, bill payments, tax collections, payment orders.

The Bank provides service packages to its corporate, commercial and retail customers including deposit, loans, foreign trade transactions, investment products, cash management, leasing, factoring, insurance, credit cards, and other banking products. A customer-oriented branch network was built in order to serve customers' needs effectively and efficiently. The Bank also utilizes alternative delivery channels intensively.

Additionally, the Bank provides "small business" banking service to enterprises in retail and service sectors. Products include overdraft accounts, POS machines, credit cards, cheque books, TL and foreign currency deposits, investment accounts, internet banking and call-center, debit card, and bill payment.

Retail banking customers form a wide-spread and sustainable deposit base for the Bank. Individual customers' needs are met by diversified consumer banking products through branches and alternative delivery channels.

### Major financial statement items according to business lines:

Current Period	Retail Banking	Corporate Banking	Investment Banking	Other	Total Operations
Operating profit	487,675	(15,265)	793,250	284,234	1,549,894
Undistributed expenses	-	-	-	(909,500)	(909,500)
Operating profit	487,675	(15,265)	793,250	(625,266)	640,394
Income from associates	-	-	-	-	35,102
Income before taxes	-	-	-	-	675,496
Provision for taxes	-	-	-	-	(135,809)
Net profit	-	-	-	-	539,687
Segment assets	11,718,837	27,778,167	28,788,822	-	68,285,826
Investments in associates and subsidiaries	-	-	778,650	-	778,650
Undistributed assets	-	-	-	2,205,208	2,205,208
Total assets	11,718,837	27,778,167	29,567,472	2,205,208	71,269,684
Segment liabilities	14,396,616	35,043,773	11,746,402	-	61,186,791
Equity	-	-	-	7,777,151	7,777,151
Undistributed liabilities	-	-	-	2,305,742	2,305,742
Total Liabilities and Equity	14,396,616	35,043,773	11,746,402	10,082,893	71,269,684

## SECTION FIVE

### Disclosure and Footnotes on Unconsolidated Financial Statements

#### I. Information and disclosures related to assets

##### 1. Cash and balances with Central Bank

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	384,981	82,370	508,595	82,486
Central Bank of Turkey <sup>(*)</sup>	5,617,971	1,564,596	1,148,099	1,309,753
Others	-	742	-	702
<b>Total</b>	<b>6,002,952</b>	<b>1,647,708</b>	<b>1,656,694</b>	<b>1,392,941</b>

(\*) TL 1,066,112 (31 December 2009 TL 872,785) of the foreign currency deposit at Central Bank of Turkey is comprised of foreign currency reserve TL 22,742 (31 December 2009 TL 21,013) of Turkish Lira balances is comprised of interest income accruals from unrestricted portion of the deposit at Central Bank of Turkey held as reserve requirement.

According to the no. 2005/1 announcement of the Q W R I W K H & % 7 ³ \$ Q Q R X Q F H P H Q W R R banks operating in Turkey should provide a reserve amounting to (31 December 2009 5%) of the liabilities in Turkish Lira and 9% (31 December 2009 9%) of the liabilities in foreign currencies.

In accordance with the press announcement of CBT regarding reserve requirements, dated 5 December 2008 and numbered 2008/3, the foreign currency reserve requirement ratio of the banks which was 11% was decreased by 2 points to 9%, aiming to diminish the negative effects of the global credit crisis and sustain foreign currency liquidity to the banks. The foreign currency reserve requirement rate was increased by 0.5 point from 9% to 9.5% accordance with the press announcement of CBT regarding reserve requirements, dated 26 April 2010 and numbered 2010/10. Once again the foreign currency reserve requirement rate is increased by 0.5 point from 9.5% to 10% in accordance with the press announcement of CBT regarding reserve requirements, dated 29 July 2010 and numbered 2010/41.

, Q D F F R U G D Q F H Z L W K ³ 3 U H V V U H O H D V H U H O D W H G W R U H V H I numbered 2005/1, Turkish Lira reserve requirement rate was decreased by 1 point from 6% to 5% in order to diminish the negative effects of the global credit crisis and sustain TL liquidity to the banks.

As at 30 June 2010, interest rate given by CBT is 5.2% for TL reserve deposits and interest rate is nil for foreign currency reserve deposits (31 December 2009 5.2%, FC nil).

##### Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	5,595,229	498,484	1,127,086	436,968
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	-	-	-
Reserve Deposits	22,742	1,066,112	21,013	872,785
<b>Total</b>	<b>5,617,971</b>	<b>1,564,596</b>	<b>1,148,099</b>	<b>1,309,753</b>

##### 2. Further information on financial assets at fair value through profit/loss

Financial assets at fair value through profit/loss given as collateral or blocked

None.

Trading securities subject to repurchase agreements

None.

## Positive differences on derivative financial assets held for trading purpose

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	332	46	456	920
Swap Transactions	-	13,089	-	19,205
Futures	-	-	-	-
Options	62	166	242	701
Others	-	-	-	-
<b>Total</b>	<b>394</b>	<b>13,301</b>	<b>698</b>	<b>20,826</b>

## 3. Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	80,016	2,016,934	245,530	2,493,028
Domestic	80,016	448,982	245,530	206,938
Foreign	-	1,567,952	-	2,286,090
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>80,016</b>	<b>2,016,934</b>	<b>245,530</b>	<b>2,493,028</b>

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

## Available-for-sale financial assets given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bonds, Treasury Bills and Similar Marketable Securities	3,074,595	282,423	2,905,370	289,422
Others	-	-	-	-
<b>Total</b>	<b>3,074,595</b>	<b>282,423</b>	<b>2,905,370</b>	<b>289,422</b>

## Available-for-sale financial assets subject to repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	1,505,755	-	3,958,401	-
Treasury Bills	570,761	-	205,312	-
Other Debt Securities	-	1,294,767	-	823,038
Bonds Issued or Guaranteed by Banks	-	-	-	-
Asset Backed Securities	-	-	-	-
<b>Total</b>	<b>2,076,516</b>	<b>1,294,767</b>	<b>4,163,713</b>	<b>823,038</b>

## Information on available-for-sale financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt securities		14,471,526		14,977,439
Quoted		14,471,526		14,977,439
Unquoted		-		-
Equity securities		10,750		10,750
Quoted		-		-
Unquoted		10,750		10,750
Provision for impairment on available-for-sale financial assets-}		5,967		22,310
<b>Total</b>		<b>14,476,309</b>		<b>14,965,879</b>

## 5. Information on loans

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans provided to the shareholders	-	528	-	549
Legal entities	-	528	-	549
Real persons	-	-	-	-
Indirect loans provided to the shareholders	-	-	-	-
Loans provided to the employees	45,466	-	39,808	-
<b>Total</b>	<b>45,466</b>	<b>528</b>	<b>39,808</b>	<b>549</b>

Information about loans classified in groups I and II and other receivables and loans that have been restructured or rescheduled

	Performing Loans and Other Receivables		Loans under Follow-Up and Other Receivables	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
		Loans and Other Receivables		Loans and Other Receivables
<b>Cash Loans</b>				
Loans	37,325,447	-	1,463,439	583,039
Discounted bills	785	-	-	1
Exporting loans	2,742,685	-	24,871	120,985
Importing loans	-	-	-	28
Loans to the financial sectors	3,455,615	-	291	-
Overseas loans	34,775	-	-	-
Consumer loans	9,875,944	-	440,111	114,327
Credit cards	1,183,570	-	62,150	8,141
Precious metal loans	-	-	-	-
Others	20,032,073	-	936,016	339,557
Specialization loans	58,036	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>37,383,483</b>	<b>-</b>	<b>1,463,439</b>	<b>583,039</b>



## Consumer loans, retail credit cards, personnel loans and personnel credit cards:

	Short-Term	Medium and Long-Term	Total
Consumer Loans ±TL	237,658	9,563,723	9,801,381
Housing Loans	3,966	4,635,614	4,639,580
Automobile Loans	3,171	146,422	149,593
General Purpose Loans	102,581	3,679,913	3,782,494
Other	127,940	1,101,774	1,229,714
Consumer Loans ±FC indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans ±FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Retail Credit Cards ±TL	1,204,859	1,902	1,206,761
With Installment	392,943	1,902	394,845
Without Installment	811,916	-	811,916
Retail Credit Cards ±FC	891	-	891
With Installment	-	-	-
Without Installment	891	-	891
Personnel Loans ±TL	451	24,981	25,432
Housing Loan	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	451	24,981	25,432
Other	-	-	-
Personnel Loans ±FC indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans ±FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards ±TL	19,983	-	19,983
With Installment	7,301	-	7,301
Without Installment	12,682	-	12,682
Personnel Credit Cards ±FC	51	-	51
With Installment	-	-	-
Without Installment	51	-	51
Overdraft Checking Accounts ±TL (Real persons)	603,569	-	603,569
Overdraft Checking Accounts ±FC (Real persons)	-	-	-
<b>Total</b>	<b>2,067,462</b>	<b>9,590,606</b>	<b>11,658,068</b>

Installment based commercial loans and corporate credit cards

	Short-Term	Medium and Long-Term	Total
Installment-based Commercial Loans ±TL	201,919	4,954,959	5,156,878
Real Estate Loans	17	91,720	91,737
Automobile Loans	14,648	290,478	305,126
General Purpose Loans	187,254	4,572,034	4,759,288
Other	-	727	727
Installment-based Commercial Loans ±FC indexed	247	53,198	53,445
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	247	53,198	53,445
Other	-	-	-
Installment-based Commercial Loans ±FC	66	158,226	158,292
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	66	158,226	158,292
Corporate Credit Cards ±TL	25,783	91	25,874
With Installment	2,743	91	2,834
Without Installment	23,040	-	23,040
Corporate Credit Cards ±FC	301	-	301
With Installment	-	-	-
Without Installment	301	-	301
Overdraft Checking Accounts ±TL (Corporate)	152,722	-	152,722
Overdraft Checking Accounts ±FC (Corporate)	-	-	-
<b>Total</b>	<b>381,038</b>	<b>5,166,474</b>	<b>5,547,512</b>

Allocation of domestic and overseas loans

	Current Period	Prior Period
Domestic Loans	39,395,181	34,387,751
Overseas Loans	34,775	50,975
<b>Total</b>	<b>39,429,96</b>	<b>34,438,73</b>

Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Loans Provided to the Subsidiaries and Associates	946,124	579,792
Indirect Loans Provided to the Subsidiaries and Associates	-	-
<b>Total</b>	<b>946,124</b>	<b>579,792</b>

Specific provisions for loans

	Current Period	Prior Period
Loans and Receivables with Limited Collectibility	70,373	82,483
Loans and Receivables with Doubtful Collectibility	448,051	338,637
Uncollectible Loans and Receivables	1,747,044	1,563,929
<b>Total</b>	<b>2,265,468</b>	<b>1,985,049</b>

Information on non-performing loans(NPLs) (Net)

*Information on non-performing loans and other receivables restructured or rescheduled*

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current period	7,393	44,575	122,313
(Gross amounts before the specific reserves)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	7,393	44,575	122,313
Prior period			
(Gross amounts before the specific reserves)	7,438	46,766	115,357
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	7,438	46,766	115,357

*Movements in non-performing loan groups:*

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Balance at the beginning of the period	216,401	338,637	1,563,929
Additions (+)	489,301	10,305	19,152
Transfers from other categories of loans under follow up (+)	-	773,820	309,719
Transfers to other categories of loans under follow up (-)	510,871	609,068	-
Collections (-)	57,415	65,643	145,756
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Others	-	-	-
Balance at the end of the period	137,416	448,051	1,747,044
Specific provision (-)	70,373	448,051	1,747,044
Balance, net	67,043	-	-

Uncollectible loans and receivables are collected by liquidation of collaterals and legal follow

*Information on non-performing loans and other receivables in foreign currencies*

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
<b>Current Period</b>			
Balance at the end of the period	51	21,607	283,450
Specific provision -)	10	21,607	283,450
Net balance on balance sheet	41	-	-
<b>Prior Period</b>			
Balance at the end of the period	10,693	11,933	273,605
Specific provision -)	2,139	11,933	273,605
Net balance on balance sheet	8,554	-	-

Non-performing foreign currency denominated loans are followed in TL accounts.

*Loan customer concentration of non-performing loans:*

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
<b>Current Period (Net)</b>			
Consumer and Commercial Loans (Gross)	136,443	444,946	1,715,711
Specific Provision -)	70,179	444,946	1,715,711
Consumer and Commercial Loans (Net)	66,264	-	-
Banks (Gross)	-	-	1,551
Specific Provision -)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	973	3,105	29,782
Specific Provision -)	194	3,105	29,782
Other Loans and Receivables (Net)	779	-	-
<b>Prior Period (Net)</b>			
Consumer and Commercial Loans (Gross)	214,619	336,847	1,535,060
Specific Provision -)	82,127	336,847	1,535,060
Consumer and Commercial Loans (Net)	132,492	-	-
Banks (Gross)	-	-	1,551
Specific Provision -)	-	-	1,551
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	1,782	1,790	27,318
Specific Provision -)	356	1,790	27,318
Other Loans and Receivables (Net)	1,426	-	-

## 6. Information on held-to-maturity investments

## Held-to-maturity debt securities issued by the governments

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	3,451,952	-	2,075,831	-
Treasury Bills	-	-	-	-
Other Securities Issued by the Government	-	1,362,156	-	1,386,876
<b>Total</b>	<b>3,451,952</b>	<b>1,362,156</b>	<b>2,075,831</b>	<b>1,386,876</b>

## Information on held-to-maturity investment securities

	Current Period	Prior Period
Debt Securities	4,874,883	3,521,096
Quoted at Stock Exchanges	4,837,191	3,485,330
Unquoted at Stock Exchanges	37,692	35,766
Impairment Losses (-)	23,083	22,623
<b>Total</b>	<b>4,851,800</b>	<b>3,498,473</b>

## The movement table of the held-to-maturity investments

	Current Period	Prior Period
Balances at the beginning of the period	3,498,473	3,471,336
Foreign currency differences on monetary assets	42,026	(19,550)
Purchases during the period	1,779,676	1,474,427
Disposals through sales/redemptions	(458,898)	(1,372,734)
Impairment losses	(10,437)	(20,419)
Change in amortized costs of the securities	957	(34,589)
<b>Balances at the end of the period</b>	<b>4,851,800</b>	<b>3,498,473</b>

(\*) Differences in the amortized costs of the marketable securities are included in this column.

In the current period, the Bank reclassified certain investment securities that were previously classified in available-for-sale portfolio with total face value of TL 805,476 to its held-to-maturity investment securities portfolio at their fair values of TL 704,319 as at their reclassification dates. These securities are UHFODVVLILFDWLRQV DUH SUHVHQWHG LQ SXUFKDVH G X U maturity investment securities. The value increases of such securities amounting to TL 159 are recorded under equity and will be amortized through the statement of income until their maturities.

The Bank reclassified certain investment securities that were previously classified in available-for-sale portfolio with total face value of TL 675,000 to its held-to-maturity investment securities portfolio at their fair values of TL 610,161 as at their reclassification dates, in 2009. These reclassifications are SUHVHQWHG LQ SXUFKDVH G X U maturity investment securities. The value increases of such securities amounting to TL 1,118 are recorded under equity and will be amortized through the statement of income until their maturities.

## Information on held-to-maturity investments

Current Period	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	530,785	37,680	539,173	37,692
Investments subject to repurchase agreement	2,107,236	1,139,957	2,169,740	1,156,064
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Others <sup>(*)</sup>	726,373	205,626	743,033	206,092
<b>Total</b>	<b>3,364,394</b>	<b>1,383,263</b>	<b>3,451,953</b>	<b>1,399,848</b>

Prior Period	Cost		Carrying Value	
	TL	FC	TL	FC
Collateralized/blocked investment securities	668,259	35,760	694,386	35,766
Investments subject to repurchase agreement	645,938	1,001,983	685,565	1,017,238
Held for structural position	-	-	-	-
Receivable from security borrowing markets	-	-	-	-
Collateral for security borrowing markets	-	-	-	-
Others <sup>(*)</sup>	680,170	362,717	695,880	369,638
<b>Total</b>	<b>1,994,367</b>	<b>1,400,460</b>	<b>2,075,831</b>	<b>1,422,642</b>

<sup>(\*)</sup> The securities held as free that are subject to collateral/blockage or other transactions are presented in the 3 2 W K line V

7. Information on investments in associates

Information on investments in associates

Associate	Address (City/ Country)	% D Q N ¶ V ± If Different, Voting Rights (%)	% D Q N ¶ V Group Share (%)
1 . Ö E U Ö V 9 DN Ö I O D U % D Q N D V Ö / W	Lefkosa/NCTR	15.00	15.00
2 9 DN Ö I 0 H Q N X O . Ö \ P H W O H U < D W	ø V W D Q E X	11.75	21.77
3 9 DN Ö I * D \ U L P H Q N X O < D W Ö U Ö P	ø V W D Q E X	27.63	29.47
4 5 R N H W V D Q 5 R N H W 6 D Q D \ L Y H 7	Ankara/Tukey	10.00	10.00
5 7 • U N L \ H 6 Ö Q D L . D O N Ö Q P D % D Q	ø V W D Q E X	8.38	8.38
6 % D Q N D O D U D U D V Ö . D U W 0 H U N H ]	ø V W D Q E X	9.70	9.70
7 . U H G L . D \ Ö W (*) % • U R V X \$ ü	ø V W D Q E X	9.09	9.09
8 * • o E L U O L ÷ L ¶ P R O G L Q J \$ ü	ø ] P L U 7 X	0.07	0.07
9 ø ] P L U ( Q W H U Q D V \ R Q H O 2 W H O F L	ø V W D Q E X	5.00	5.00
10 ø 0 . % 7 D N D V Y H 6 D N O D P D % D Q N	ø V W D Q E X	4.86	5.28
11 . U H G L * D U D Q W L ) R Q X \$ ü	Ankara/Turkey	1.67	1.67

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	& R P S D C Fair Value
1	639,263	53,305	5,176	30,216	5,667	5,687	5,617	-
2	16,421	14,567	37	176	629	247	1,488	19,770
3	80,558	80,130	36,515	448	1,119	2,437	3,729	67,647
4	914,007	172,899	238,165	3,882	-	13,007	(4,799)	-
5	7,810,453	1,194,512	242,710	117,527	1,143	59,925	36,734	1,234,427
6	18,840	15,414	5,971	428	-	1,014	(91)	-
7	29,202	25,864	2,230	494	-	2,638	2,353	-
8	111,347	24,405	152	58	-	(1,994)	(4,435)	-
9	107,621	45,857	101,990	-	-	(3,496)	(1,662)	-
10	1,648,890	287,517	10,878	16,249	4,403	17,870	25,446	-
11	135,541	131,237	2,169	2,728	-	3,270	4,619	-

(\*) The financial statements as at and for the three month period ended 31 March 2010 are presented

Movement table of investments in associates

	Current Period	Prior Period
Balance at the beginning of the period	142,008	56,780
Movements during the period	10,375	85,228
Transfers	-	9,181
Acquisitions and capital increases	-	2,000
Bonus shares received	10,477	9,691
Income/loss from investments under equity accounting	-	-
Sales and liquidations	-	-
Fair value changes	(102)	64,356
Impairment losses	-	-
Balance at the end of the period	152,383	142,008
Capital commitments	2,000	2,000
Share percentage at the end of the period (%)	-	-

In accordance with the directives of BRSA, the shares of MKB Takas ve Saklama % D Q N D V Ö \$ ü  
S U H Y L R X V O \ S U H V H Q W H G D V 3 ( T X L W \ V L H F D Q U E L W L O H D a r r y n g W N U Z  
value of TL9,181 were reclassified as investments in D V V R F i l e 2 0 0 9 H V '

The Bank U H F O D V V L I L H G ø ú N X U ø ú o L ø ú D G H V Ö V L P 8 Q F . R O X Ö R X W O E  
5 H F H L Y D E O H V ' Z K L F K Z H U H , S U H Y L R X V O \ S O c h a n g e P a r t s o f W D W ' Z  
0.

As per the resolution no. 77232 of the Board of Directors of the Bank on 3 April 2008, it was decided to work on disposal process of Roketsan Roket Sanayi AŞ (“Roketsan”), that the Bank owns 10% shares representing TL 14,600 nominal shares of its capital of TL 146,000 to the third parties or other shareholders of Roketsan.

**Sectoral distribution of investments in associates**

	Current Period	Prior Period
Banks	118,746	103,627
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other associates	26,043	30,787
<b>Total</b>	<b>144,789</b>	<b>134,414</b>

**Quoted associates**

	Current Period	Prior Period
Quoted at domestic stock exchanges	124,459	116,183
Quoted at international stock exchanges	-	-
<b>Total</b>	<b>124,459</b>	<b>116,183</b>

**Investments in associates disposed during the period**

There is not any associate disposed in the current period

**Investments in associates acquired during the period**

7•UNL\H 6ÖQDL .DONÖQPD %DQNDVÖ \$ù DQ -in Varirinden TLH RI 600,000 to TL 700,000 in the current period. The share of the Bank amounting to TL 8,377 is presented in the movement table of investments in associates as bonus shares received.

.ÖEUÖV 9DNÖIODU %DQNDVÖ /WG DQ Div Varirinden TLH 26000WKH % TL 40,000 in the current period. The share of the Bank amounting to TL 2,100 is presented in the movement table of investments in associates as bonus shares received.

As per the 11 June 2009 dated resolution of the Board of Directors of the Bank was decided to invest LQ .UHGL \*DUDQWL )RQX \$ù was established RİP Öde to provide guarantee and ease credit conditions for Small and Medium size entities. Based on this resolution, the Bank purchased RQH VKDUH RI .UHGL t a Dunder Value pRTQ 50 \$full TL) from Turkish Union of Chambers and Commodity Exchanges on 9 September 2009. As per the 9 September 2009 date UHVROXWLRQ RI WKH ([WUDRUGLQDU\ \*HQ was decided to increase \ RI share dSLWDO RI .UHGL \*DUDQWL )RQX \$ù IURP 7/ WR 7/ 19,110 from internal sources and TL 1800 by cash injection of the shareholders. Accordingly, the Bank made a commitment of TL 4,000 of which TL 2,000 was paid on 10 Oc 2009. The remaining balance 7/ LV IROORZHG XQG HU 3 6KDUH FDSLWDO FRPPLWP off-balance sheet commitments and contingencies, to be paid upon the request of Board of Directors of the Company within three years.

,Q 7•UNL\H 6ÖQDL .DONÖQPD %DQNDVÖ \$ù Div Varirinden TLH RI 500,000 to TL 600,000. The share of the Bank amounting to TL 8,377 is presented in the movement table of investments in associates as bonus shares received.

,Q .ÖEUÖV 9DNÖIODU %DQNDVÖ /WG DQ Div Varirinden TLH RI 20,000 to TL 26,000. The share of the Bank amounting to TL 900 is presented in the movement table of investments in associates as bonus shares received.

In 2009, subsequent to the approval of the decision to increase the paid FDSLWDO RI 9DNÖI <DWÖUÖP 2 UaW Associates Ö the Bank, from TL 19,300 to TL 20,800, by the General Assembly of the Company the share of the Bank amounting to TL 414 is presented in the movement table of investments in associates as bonus shares received



8. Information on investments in subsidiaries

Information on investments in subsidiaries

Subsidiary	Address (City / Country)	% D Q N ± If Different, Voting Rights (%)	% D Q N ± Share (%)
1 *•QHú 6LJRÜWD \$ù	Istanbul/Turkey	36.35	36.35
2 9DNÖI (PHNÖLOLN \$ù	ø V W D Q E X	53.90	75.30
3 9DNÖI (QHUML YH ÖDGHQFLOLN	Ankara/Turkey	65.50	84.92
4 7DNVLP 2WHOFLOLN \$ù	ø V W D Q E X	51.00	51.52
5 9DNÖI )LQDQV )DFWRULQJ +LJF	ø V W D Q E X	78.39	86.97
6 9DNÖI )LQDQVDÖ .LUDODPD \$ù	ø V W D Q E X	58.71	64.40
7 9DNÖI 3DJDUDODPD YH 7LFDUHW	ø V W D Q E X	68.55	73.95
8 9DNÖI <DWÖUÖP ÖHÖNXO 'H÷HL	ø V W D Q E X	99.00	99.44
9 9DNÖI 6LVWHP 3DJDUDODPD	Ankara/Turkey	73.00	79.85
10 9DNÖI *D\ULPHQNXO 'H÷HUOHP	Ankara/Turkey	54.29	58.54
11 9DNÖI ,QWHUQDWLRQDO \$*	Vienna/Austria	90.00	90.00
12 :RUOG 9DNÖI 8% % /WG	Lefkosa/NCTR	82.00	85.24
13 9DNÖI 3RUWI\  < QHWLPL \$ù	ø V W D Q E X	99.99	99.99

	Total Assets	Equity	Tangible Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/(Loss)	Prior Period Profit/(Loss)	& R P S D Q Fair Value
1	659,441	188,157	72,735	2,830	-	(20,670)	994	283,194
2	1,038,226	103,577	25,124	4,380	9,070	4,234	1,662	194,500
3	8,921	8,803	1,062	163	-	73	(691)	12,500
4	211,838	209,414	86,960	3,090	4	(3,273)	20,041	212,968
5	906,514	68,615	540	32,480	-	6,667	6,825	70,000
6	385,500	72,453	3,612	7,528	3	4,625	1,856	102,553
7	50,093	6,026	204	2,514	-	1,360	2,582	0
8	85,698	51,647	378	1,612	112	1,332	1,679	55,298
9	14,158	8,213	325	402	24	1,249	748	12,000
10	13,804	9,392	202	414	15	2,636	1,815	32,000
11	896,458	92,794	1,550	16,438	3,986	3,739	(1,367)	119,661
12	4,510	(22,852)	-	6	-	(934)	(983)	0
13	5,286	5,152	12	1	-	730	719	19,621

(\*) The financial statements as at and for the three month period ended 31 March 2010 are presented

Movement table of investments in subsidiaries

	Current Period	Prior Period
Balance at the beginning of the period	546,249	482,589
Movements during the period	80,018	63,660
Transfers	-	-
Acquisitions and capital increases	-	-
Bonus shares received	-	4,436
Dividends from current year profit	-	-
Sales and liquidations	-	(2,701)
Fair value changes	93,553	61,925
Impairment losses	(13,535)	-
Balance at the end of the period	626,267	546,249
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

The name of World VDNÖI 2II 6KRUH %DQNLQJ /WG was changed as World U\ R 9DNÖI 8%% /WG RQPursuant to the 41 March 2010 dated and 764 numbered decision of Board of Directors of Central Bank of Turkish Republic of Northern Cyprus, the official DXWKRULVDWLRQR I ; Operating in Nicosia as a regulated institution in compliance with the 7th and 9th articles of 41/2008 numbered law of International Banking Units. According to 24 May 2010 dated decision of the Nicosia Local Court : RUOG 9DNÖI 8%% /WG ZLOO EHC Company Registrar is appointed to carry out liquidation process.

As per the resolution of the Board of Directors of the Bank on 22 August 2006, it is decided to merge 9DNÖI 'HQLJ )LQDQVDO \$ù. LDUQG 9DNÖI )LQDQVDO LwH DDPD 35HJXODWLRQRQ (VWDEOLVKPHQW DQG 2SHUDWLRQV RI / temporary 1 clause and 4 sub-clause, permission IRU RSHUDWLRQV RI 9DNÖI 'HQLJ was revoked on 25 June 2009. The application for the merge of 9DNÖI )LQDQVDO .LUÖDDPD 'HQLJ )LQDQVDO .LUDDPD \$ù Capital Market Board. As a result, activities regarding the merger were stopped. Thereupon, the registered DPH RI 9DNÖI 'HQLJ )LQDQ \$ù was FKDQJHG DV 9DNÖI 3D]DUODPD YH 7LFDUHW \$ù RQ 6HS

#### Methods to measure investments in subsidiaries

	Current Period	Prior Period
Measured at cost	-	133,021
Measured at fair value	626,267	413,228
Equity method of accounting	-	-
<b>Total</b>	<b>626,267</b>	<b>546,249</b>

#### Sectoral distribution of investments in subsidiaries

	Current Period	Prior Period
Banks	107,695	100,158
Insurance companies	199,458	188,268
Factoring companies	50,368	33,708
Leasing companies	60,209	39,058
Finance companies	-	-
Other financial subsidiaries	67,997	40,335
<b>Total</b>	<b>485,727</b>	<b>401,527</b>

#### Quoted subsidiaries

	Current Period	Prior Period
Quoted at domestic stock exchanges	163,150	154,103
Quoted at international stock exchanges	-	-
<b>Total</b>	<b>163,150</b>	<b>154,103</b>

#### Investments in subsidiaries disposed during the period

As per 17 June 2010 dated resolution of the Board of Directors, it is decided to sell 51% share in Taksim Otelcilik, a subsidiary of the Bank, to domestic or foreign investors and to execute necessary procedures including assignment of a consultant.

As per the 4 September 2009 dated resolution of the Board of Directors, it was decided to sell the VKDUHV RI 9DNÖI \*LULúLP 6HUPD\HVL <DWÖUÖP 2UWDNOÖ ÷ Ö FRPSDQ\|V VKDUHV HEDSDWUÖPHVQNXO 3URMH\EHÖHúWLLFUPHHWQ accordance with sales agreement signed on 25 August 2009. Application to Capital Market Board 3 & 0 % ' GDWHG 6HSWHPEHU U was approved and stated at the CMBRI W Bulletin dated 13 November 2009 and numbered 2009/49. In order for the Bank and the counter party to obtain economic benefits expected from the transfer of the shares, it was decided to apply to the CMB for the permission for operations of the Company as a venture capital trust to be extended for one year starting from 31 December 2009. Following the approval RI WKH VDOH RI 9DNÖI \*LU <DWÖUÖP 2UWDNOÖ ÷ Ö were EW ÜDQ% V IHMKUHHG KDDQ HV 'HFHPEHU portion from the sales amounting to TL 2,140,000 received in cash. As a result of this sales transaction, the Bank recorded a gain on sale of subsidiaries amounting to TL 1,592.

7KH VKDUHV RI \$WDN\| 0D ÷ D]DFÖÖMHZLVFBGHDW \$ùQ SHUVHW ERÖ that is in liquidation process and carrying value of TL 0 were written off as at 30 April 2009.

Investments in subsidiaries acquired during the period

There is not any subsidiary purchased in the current period

,Q 9DNÖI )LQDQVDO .LUDODPD \$ù D VXEV in Capital from TRI WK 20,000 to TL 25,000. The share of the Bank amounting to TL 2,936 is presented in the movement table of investments in subsidiaries as bonus shares received.

,Q 9DNÖI 3RUWI\| <|QHWLPL \$ù D VXE V in Capital from ITLWK H 1,500 to TL 3,000. The share of the Bank amounting to TL 1,500 is presented in the movement table of investments in subsidiaries as bonus shares received.

9. Investments in joint-ventures

None

10. Information on finance lease receivables (net)

None

11. Information on hedging purpose derivatives

Positive differences on derivative financial instruments held for risk management purposes

None.

12. Information on investment properties

None.

13. Information on deferred tax assets

As at 30 June 2010 and 31 December 2009 items generating deferred tax assets or liabilities are listed below:

	Current period	Prior Period
Deferred tax assets:	102,974	108,678
Provision for employee termination benefits and unused vacations	38,100	36,406
Valuation difference for associates and subsidiaries	23,456	20,749
BRSA - Tax Code depreciation differences	18,384	18,176
Other provisions	10,273	15,234
Valuation differences of financial assets and liabilities	11,198	16,353
Others	1,563	1,760
Deferred tax liabilities:	(23,298)	(28,779)
Valuation difference for associates and subsidiaries	(14,052)	(11,114)
Valuation differences of financial assets and liabilities	(9,246)	(17,665)
Deferred tax assets, net	79,676	79,899

## 14. Information on assets held for sale and assets related to the discontinued operation

None.

## 15. Information on other assets

As at 30 June 2010 and 31 December 2009 other assets are as follows:

	Current period	Prior Period
Prepaid expenses	270,627	255,027
Receivables from credit card payments	165,633	113,010
Receivables from term sale of assets	102,320	125,323
Receivables from derivative financial instruments	46,907	56,006
Receivables from lawsuit expenses	44,317	41,426
Others	60,524	47,391
<b>Total</b>	<b>690,328</b>	<b>638,183</b>

The Bank recorded specific provision amounting to TL2,891 (31 December 2009: TL9,203) for lawsuit and court expenses amounting to TL4,347 (31 December 2010: TL41,426) that was undertaken due to nonperforming loans and receivables

## II. Information and disclosures related to liabilities

## 1. Information on maturity profile of deposits

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	1,276,114	-	1,539,278	7,322,944	180,123	18,335	36,979	-	10,373,773
Foreign Currency Deposits	1,092,193	-	2,444,890	6,869,313	1,291,443	100,023	864,490	-	12,662,352
Residents in Turkey	1,071,711	-	2,354,297	6,798,311	1,283,955	98,579	859,057	-	12,465,910
Residents in Abroad	20,482	-	90,593	71,002	7,488	1,444	5,433	-	196,442
Public Sector Deposits	1,907,891	-	1,156,523	3,309,488	187,709	663	4,628	-	6,566,902
Commercial Deposits	1,099,584	-	3,433,492	6,699,848	245,706	477	1,302	-	11,480,409
Others	1,590,165	-	763,134	2,724,294	216,195	3,169	10,919	-	5,307,876
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	15,195	-	1,858,388	1,099,144	76,346	4	-	-	3,049,077
Central Bank	510	-	-	-	-	-	-	-	510
Domestic Banks	858	-	1,514,457	626,730	76,346	4	-	-	2,218,395
Foreign Banks	12,154	-	343,931	472,414	-	-	-	-	828,499
Participation Banks	1,672	-	-	-	-	-	-	-	1,672
Others	1	-	-	-	-	-	-	-	1
<b>Total</b>	<b>6,981,142</b>	<b>-</b>	<b>11,195,705</b>	<b>28,025,031</b>	<b>2,197,522</b>	<b>122,671</b>	<b>918,318</b>	<b>-</b>	<b>49,440,389</b>

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulating Deposit Accounts	Total
Saving Deposits	1,044,253	-	799,491	6,689,074	177,812	21,785	32,249	-	8,764,664
Foreign Currency Deposits	1,042,653	-	2,289,739	7,583,717	619,453	133,408	786,158	-	12,455,128
Residents in Turkey	1,011,051	-	2,231,727	7,477,890	617,095	133,113	784,674	-	12,255,550
Residents in Abroad	31,602	-	58,012	105,827	2,358	295	1,484	-	199,578
Public Sector Deposits	1,431,736	-	1,238,093	2,915,113	123,913	249	3,217	-	5,712,321
Commercial Deposits	960,333	-	2,029,203	6,703,428	646,249	227	1,315	-	10,340,755
Others	1,439,926	-	800,573	2,696,795	238,527	2,171	11,620	-	5,189,612
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	9,711	-	872,100	1,037,591	194,955	56,144	18,742	-	2,189,243
Central Bank	49	-	-	-	-	-	-	-	49
Domestic Banks	869	-	758,934	497,421	82,411	4	-	-	1,339,639
Foreign Banks	5,336	-	113,166	540,170	112,544	56,140	18,742	-	846,098
Participation Banks	3,457	-	-	-	-	-	-	-	3,457
Others	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5,928,612</b>	<b>-</b>	<b>8,029,199</b>	<b>27,625,718</b>	<b>2,000,909</b>	<b>213,984</b>	<b>853,301</b>	<b>-</b>	<b>44,651,723</b>

Information on saving deposits insured by Saving Deposit Insurance Fund and the total amounts of the deposits exceeding the insurance coverage limit

	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	5,144,256	4,726,338	5,229,517	4,038,326
Foreign Currency Saving Deposits	1,363,632	1,397,224	2,655,018	3,006,765
Other Saving Deposits	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
<b>Total</b>	<b>6,507,888</b>	<b>6,123,562</b>	<b>7,884,535</b>	<b>7,045,091</b>

## Saving deposits out of insurance coverage limits

	Current Period	Prior Period
Deposits and other accounts at foreign branches	702	1,715
Deposits and other accounts, which belong to controlling shareholders, their parents, wives/husbands, and children	-	-
Deposits and other accounts, which belong to Board of Director members, chairman, general manager, his/her assistants, their parents, wives/husbands, and children	3,491	3,852
Deposits and other accounts under scope of TCC law 5237 article no 282, dated 26/6	-	-
Deposits in Deposit Banks of Turkey, which are solely established for foreign banking	-	-

## 2. Information on derivative financial liabilities held for trading purpose

## Negative differences related to the derivative financial liabilities held for trading purpose

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	388	44	424	882
Swap Transactions	17,669	23,630	8,868	28,628
Futures	-	-	-	-
Options	129	493	257	749
Others	-	-	-	-
Total	18,186	24,167	9,549	30,259

## 3. Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Bank and Institutions	46,736	220,798	43,875	294,290
Foreign Banks, Institutions and Funds	-	5,193,217	-	4,027,945
Total	46,736	5,414,015	43,875	4,322,235

## Maturity information of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short term <sup>(*)</sup>	45,754	229,394	43,362	1,399,956
Medium and Long term <sup>(*)</sup>	982	5,184,621	513	2,922,279
Total	46,736	5,414,015	43,875	4,322,235

(\*) Maturity profile of funds borrowed is prepared in accordance to their original maturities.

Funds borrowed comprise syndication and securitization loans bearing various interest rates and maturities and account for 8.9% (31 December 2009) 7.6% of total liabilities. There is no concentration on funding sources of the Bank.

On 24 March 2010 the Bank obtained a syndication loan at the amount of US Dollar 170 million and Euro 566 million with interest rates of US Libor + 1.50% and Euribor + 1.50% with the participation of 33 banks under the coordination of West LB AG.

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the account, if the account exceeds 10% of total liabilities and equity excluding off-balance sheet commitments

Other external resources payable in the financials does not exceed 10% of total liabilities and equity.

5. Information on lease payables (net)

Obligations under finance leases

None.

6. Information on derivative financial liabilities held for risk management purpose

Negative differences related to the derivative financial liabilities held for risk management purpose

None.

7. Information on provisions

Information on general provisions

	Current Period	Prior period
Provisions for loans and receivables Group I	295,298	238,772
Provisions for loans and receivables in Group II	36,975	56,869
Provisions for non-cash loans	29,101	27,151
Others	393	197
<b>Total</b>	<b>361,767</b>	<b>322,989</b>

Provision for currency exchange loss on foreign currency indexed loans

	Current Period	Prior period
Provision for currency exchange gain/loss on foreign currency indexed loans	1,316	209

The Bank recorded provision for foreign exchange losses on principal amounts of foreign currency indexed loans amounting to TL 1,316 (31 December 2009: TL 209) and reflected the related foreign exchange loss amount in the financial statements by offsetting from related loans

Provisions for non-cash loans that are not indemnified or converted into cash

	Current Period	Prior Period
Non-cash loans with limited collectibility	2,449	1,215
Non-cash loans with doubtful collectibility	3,837	7,646
Uncollectible non-cash loans	92,207	93,868
<b>Total</b>	<b>98,493</b>	<b>102,729</b>

Information on other provisions

The Bank does not have general reserves for possible losses

Information on other provisions exceeding 10% of total provisions

	Current Period	Prior period
Specific provisions for non-cash loans	98,493	102,729
3 U R Y L V L R Q I R U : R U O G 9 D N Ö I 8 % % / W G ;	18,740	17,037
Provisions for lawsuits against the Bank	14,673	15,171
Provisions for credit card promotions	7,813	8,246
Other provisions	30,879	46,551
<b>Total</b>	<b>170,598</b>	<b>189,734</b>

8. Taxation

Current taxes

*Tax provision*

As at 30 June 2010, corporate taxes payable is amounted to TL 20,394 (31 December 2009: TL 83,161).

*Information on taxes payable*

	Current Period	Prior Period
Corporate taxes payable	20,394	83,161
Taxation on securities	72,817	44,532
Capital gains tax on property	862	704
Banking and insurance transaction tax (BITT)	20,983	20,661
Taxes on foreign exchange transactions	-	-
Value added tax payable	1,339	905
Others	13,594	13,166
<b>Total</b>	<b>129,989</b>	<b>163,129</b>

*Information on premiums payable*

	Current Period	Prior Period
Social security premiums employee share	-	-
Social security premiums employer share	-	-
Bank pension fund premiums employee share	-	-
Bank pension fund premiums employer share	-	-
Pension fund membership fees and provisions employee share	-	-
Pension fund membership fees and provisions employer share	-	-
Unemployment insurance employee share	373	312
Unemployment insurance employer share	747	625
Others	2	5
<b>Total</b>	<b>1,122</b>	<b>942</b>

*Information on deferred tax liabilities*

Disclosed in Note 13 of information and disclosures related to assets.

9. Information on payables for assets held for resale and tangible assets related to discounted activities

None.

10. Information on subordinated loans

None.



## 11. Information on equity

## Paid-in capital

	Current Period	Prior Period
Common Stock	2,500,000	2,500,000
Preferred Stock	-	-

Paid-in capital of the Bank amounted to TL 2,500,000 is divided into groups comprised of 43.0% Group (A), 15.0% Group (B), 16.2% Group (C) and 25.2% Group (D).

The Board of Directors of the Bank, consisting of three members representing Group (A), one member representing Group (B), and two members representing Group (C); among the nominees shown by the majority of each group, and one member among the nominees offered by the shareholders at the General Assembly are selected. Preference of Group (D) is primarily taken into account in the selection of the last mentioned member.

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

Capital System	Paid-in Capital	Ceiling per Registered Share Capital
Registered capital system	2,500,000	5,000,000

The registered capital ceiling was increased from TL 1,300,000 to TL 5,000,000 as per the resolution no. 74202 dated 16 February 2006 by the Board of Directors.

Information on share capital increases and their sources; other information on any increase in capital shares during the current period

There is no share capital increase in the current period.

Information on share capital increases from revaluation funds

None.

Capital commitments for current financial year and following period

None.

**Prior period indicators of the Bank's income, profitability and liquidity; and possible effects of the predictions on equity, considering the ambiguity of the indicators**

None.

Information on the privileges given to stocks representing the capital

None.

Valuation differences of the marketable securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	263,284	56,311	179,931	56,131
Fair value differences of available-for-sale securities	103,394	112,791	230,925	98,487
Foreign exchange differences	6,980	-	-	-
<b>Total</b>	<b>373,658</b>	<b>169,102</b>	<b>410,856</b>	<b>154,618</b>

## III. Information and disclosures related to off-balance sheet items

## 1. Disclosures related to other contingent liabilities

## Type and amount of irrevocable commitments

	Current Period	Prior period
Commitments for credit card limits	4,166,179	4,043,910
Loan granting commitments	3,142,639	2,839,123
Asset purchase commitments	703,443	298,677
Commitments for cheque payments	689,608	735,839
Share capital commitments to associates and subsidiaries	2,000	2,000
<b>Total</b>	<b>8,703,869</b>	<b>7,919,549</b>

## Type and amount of possible losses from off-balance sheet items including those referred to below

*Guarantees, bills of exchange and acceptances and other letters of credit which can be counted as financial collateral*

The Bank provided specific provision amounting to 98,493(31 December 2009: TL 102,729) for unliquidated non-cash loans recorded under off-balance sheet items, amounting to 108,288(31 December 2009: TL 102,64).

*Final guarantees, provisional guarantees, sureties and similar transactions*

	Current Period	Prior Period
Provisional letters of guarantee	193,749	187,197
Final letters of guarantee	3,131,754	3,210,233
Letters of guarantee for advances	1,079,389	1,186,749
Letters of guarantee given to custom offices	216,402	161,158
Other letters of guarantee	2,023,648	1,360,240
<b>Total</b>	<b>6,644,942</b>	<b>6,105,577</b>

## 2. Non-cash loans

	Current Period	Prior Period
Non-cash loans given for cash loan risks	280,991	541,145
With original maturity of 1 year or less	143,657	367,311
With original maturity of more than 1 year	137,334	173,834
Other non-cash loans	8,986,095	8,553,087
<b>Total</b>	<b>9,267,086</b>	<b>9,094,232</b>

3. Sectoral risk concentrations of noncash loans

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
Agricultural	20,417	0.41	111,418	2.62	30,798	0.71	100,974	2.10
Farming and Cattle	17,977	0.36	92,016	2.16	25,451	0.59	87,111	1.81
Forestry	2,013	0.04	7,189	0.17	3,995	0.09	-	-
Fishing	427	0.01	12,213	0.29	1,352	0.03	13,863	0.29
Manufacturing	2,119,750	42.31	2,256,282	52.99	1,944,249	45.28	2,190,049	45.63
Mining	21,689	0.43	120,386	2.83	35,457	0.83	129,519	2.70
Production	1,676,225	33.46	1,520,550	35.71	1,614,210	37.59	1,537,794	32.04
Electric, gas and water	421,836	8.42	615,346	14.45	294,582	6.86	522,736	10.89
Construction	674,782	13.47	712,950	16.75	570,644	13.29	851,475	17.74
Services	1,763,721	35.21	537,735	12.63	1,537,852	35.81	910,564	18.97
Wholesale and retail trade	648,881	12.95	222,065	5.22	618,790	14.41	457,975	9.54
Hotel, food and beverage services	44,096	0.88	7,893	0.19	43,000	1.00	10,486	0.22
Transportation and telecommunication	202,680	4.05	275,524	6.47	229,508	5.34	399,311	8.32
Financial institutions	834,852	16.66	17,628	0.41	612,300	14.26	28,339	0.59
Real estate and renting services	1,794	0.04	-	-	2,101	0.05	-	-
Self-employment services	-	-	-	-	-	-	-	-
Education services	4,610	0.09	147	-	2,398	0.06	-	-
Health and social services	26,808	0.54	14,478	0.34	29,755	0.69	14,453	0.30
Others	430,958	8.60	639,073	15.01	210,964	4.91	746,663	15.56
<b>Total</b>	<b>5,009,628</b>	<b>100.00</b>	<b>4,257,458</b>	<b>100.00</b>	<b>4,294,507</b>	<b>100.00</b>	<b>4,799,725</b>	<b>100.00</b>

4. Information on the first and second group of noncash loans

	Group I		Group II	
	TL	FC	TL	FC
Letters of Guarantee	4,884,796	1,537,016	90,132	29,146
Confirmed Bills of Exchange and Acceptances	825	170,660	-	371
Letters of Credit	-	2,395,442	-	39,662
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	-	10,748	-	-
<b>Non-Cash Loans</b>	<b>4,885,621</b>	<b>4,113,866</b>	<b>90,132</b>	<b>69,179</b>

5. Contingent assets and liabilities

None

6. Services rendered on behalf of third parties

The Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under debit and credit sheet accounts.

7 K H % D Q N \ V F X V W R G \ Transactions for individual and corporate customers does not present a material portion.

## IV. Information on disclosures related to the statement of income

## 1. Interest income

## Information on interest income received from loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term Loans	626,033	85,257	846,887	139,856
Medium and Long Term Loans	1,096,856	171,821	1,103,124	189,882
Loans Under Follow Up	46,130	-	31,057	-
Premiums Received from Resource Utilization Support Fi	-	-	-	-
<b>Total</b>	<b>1,769,019</b>	<b>257,078</b>	<b>1,981,068</b>	<b>329,738</b>

## Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks	1,072	735	1,257	199
Foreign Banks	152	1,099	945	4,350
Foreign Head Office and Branches	-	-	-	-
<b>Total</b>	<b>1,224</b>	<b>1,834</b>	<b>2,202</b>	<b>4,549</b>

## Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	24,782	6,514

## 2. Interest expense

## Interest expense on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	1,938	37,832	5,621	88,894
Central Bank of Turkey	-	-	-	-
Domestic Banks	1,938	1,028	5,621	1,499
Foreign Banks	-	36,804	-	87,395
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	1,305	59	-
<b>Total</b>	<b>1,938</b>	<b>39,137</b>	<b>5,680</b>	<b>88,894</b>

## Interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	19,292	11,361

## Interest expense on securities issued

None.

## 3. Information on trading income/losses

	Current Period	Prior Period
Income	452,578	1,087,187
Income from capital market transactions	155,659	33,077
Income from derivative financial instruments	48,166	37,252
Foreign exchange gains	248,753	1,016,858
Losses	(321,397)	(1,025,103)
Losses from capital market transactions	(361)	(2,508)
Losses from derivative financial instruments	(63,511)	(25,276)
Foreign exchange losses	(257,525)	(997,319)
Trading income/losses, net	131,181	62,084

Net loss arising from changes in foreign exchange rate was TL 20,035 as at and for the six-month period ended 30 June 2010 (30 June 2009: net gain of TL 2,881).

## 4. Information on other operating income

	Current Period	Prior Period
Income from reversal of the impairment losses	155,796	30,069
Communication income	37,616	42,328
Gain on sale of assets	6,979	3,066
Lease income	2,018	2,066
Other income	52,849	8,119
Total	255,258	85,648

## 5. Provision expenses for losses on loans and other receivables

	Current Period	Prior Period
Specific provisions on loans and other receivables	425,927	320,280
Loans and receivables in Group III	38,783	40,317
Loans and receivables in Group IV	204,030	166,690
Loans and receivables in Group V	183,114	113,273
Non-performing commissions and other receivables	-	-
General provision expenses	38,569	32,367
Provision for possible losses	-	-
Impairment losses on securities:	4,432	4,933
Trading securities	-	-
Investment securities available-for-sale	4,432	4,933
Other impairment losses:	23,972	9,832
Associates	-	-
Subsidiaries	13,535	-
Joint ventures	-	-
Investment securities held-to-maturity	10,437	9,832
Others <sup>(*)</sup>	54,614	77,132
Total	547,514	444,544

(\*) Other provision expenses amounting to TL 54,614 (30 June 2009: TL 77,132) are comprised of provision expenses for dividends to personnel amounting to TL 35,758 (30 June 2009: TL 4,000), provision for cheques and for non-cash loans that are not indemnified not converted into cash amounting to TL 8,080 (30 June 2009: TL 14,179), and other provision expenses amounting to TL 776 (30 June 2009: TL 22,953).

## 6. Information on other operating expenses

	Current Period	Prior Period
Personnel Costs	332,352	313,015
Reserve for Employee Termination Benefits	8,466	14,606
Deficit Provision for Pension Funds	-	-
Impairment Losses on Tangible Assets	-	-
Depreciation Expenses on Tangible Assets	48,683	46,476
Impairment Losses on Intangible Assets	-	-
Amortization Expenses on Intangible Assets	3,683	2,512
Impairment Losses on Assets to be Disposed	1,694	-
Depreciation Expenses on Assets to be Disposed	5,399	4,193
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	319,009	280,881
<i>Operational lease expenses</i>	39,868	35,118
<i>Repair and maintenance expenses</i>	6,741	6,947
<i>Advertisement expenses</i>	15,126	14,450
<i>Other expenses</i>	257,274	224,366
Loss on sale of assets	172	560
Others	77,690	90,057
<b>Total</b>	<b>797,148</b>	<b>752,300</b>

## 7. Provision for taxes on income

Current period taxation benefit or charge and deferred tax benefit or charge

In the current period, the Bank recorded a tax charge of TL 131,354 (30 June 2009: TL 145,176) from the net taxable profit calculated in accordance with the laws and regulations in effect. Deferred tax benefit of the Bank is detailed in the below table.

Deferred tax charge arising from temporary differences, tax losses and unused tax credits

Sources of deferred tax benefit/charge	Current Period	Prior Period
Arising from Origination / (Reversal) of Deductible Temporary Differences	(4,821)	15,602
Arising from (Origination)/ Reversal of Taxable Temporary Differences	366	(212)
Arising from Origination / (Reversal) of Tax Losses	-	-
Arising from tax rate change	-	-
<b>Total</b>	<b>(4,455)</b>	<b>15,390</b>

## 8. Information on net profit and loss

*Any further explanation on operating results needed for a proper understanding of the Bank's performance*

None.

Any changes in estimations that might have a material effect on current and subsequent results

None.

## 9. Information related to the components of other items in the statement of income exceeding 10% of the group total, or 20% of the subaccounts belonging to this group

None.

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1. Information on the volume of transactions and deposits outstanding at period end and income and expenses in the current period

Current Period	Associates, Subsidiaries and Joint-Ventures		% D Q N ¶ V ' L U Ö Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables:						
Balance at the beginning of the period	579,792	402,370	-	549	9,587	4,122
Balance at the end of the period	946,124	301,895	-	528	9,106	1,617
Interest and commission income	24,782	163	-	-	324	40

Prior Period	Associates, Subsidiaries and Joint-Ventures		% D Q N ¶ V ' L U Ö Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables:						
Balance at the beginning of the period	126,461	207,216	-	668	8,437	5,881
Balance at the end of the period	579,792	402,370	-	549	9,587	4,122
Interest and commission income	6,514	408	-	-	487	67

**Information on deposits held by the Bank's risk group**

% D Q N ¶ V 5 L V N * U R X S	Associates, Subsidiaries and Joint-Ventures		% D Q N ¶ V ' L U Ö Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the period	623,235	263,719	917,223	977,811	56,210	208,027
Balance at the end of the period	877,682	623,235	977,213	917,223	56,846	56,210
Interest on deposits	19,292	11,361	25,605	54,290	236	390

**Information on forwards, options and other derivative transactions held by the Bank's risk group**

% D Q N ¶ V 5 L V N * U R X S	Associates, Subsidiaries and Joint-Ventures		% D Q N ¶ V ' L U Ö Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions held for trading purpose:						
Purchase balance at the beginning of the period	29,800	-	-	-	-	-
Sales balance at the beginning of the period	29,790	-	-	-	-	-
Purchase balance at the end of the period	31,400	29,800	-	-	-	-
Sales balance at the end of the period	31,426	29,790	-	-	-	-
Total Profit/(Loss)	8	3	-	-	-	-

## 2. 'LVFORVXUHV RI WUDQVDFWLRQV ZLWK WKH %DQN¶V ULVN JU

Relations with entities in the risk group of or controlled by the Bank regardless of the nature of relationship among the parties

Transactions with the risk group are made on an arm's length basis, terms are set according to the market conditions and in compliance with the Banking Law.

In addition to the structure of the relationship, type of transaction, amount, and share, total transaction volume, amount of significant items, and share in all items, pricing policy and other

Pricing policy and other conditions of transactions with the risk group of the Bank, are determined and applied on arm's length basis. The ratio of cash and non-cash loans given to the Bank's risk group to total cash and non-cash loans are 2.42% (31 December 2009: 1.70%) and 3.28% (31 December 2009: 4.48%), respectively.

Current Period	Amount	Compared to financial statement amount (%)
Cash loans	955,230	2.42
Non-cash loans	304,040	3.28
Deposits	1,911,741	3.87
Forward and option agreements	62,826	2.28

Prior Period	Amount	Compared to financial statement amount (%)
Cash loans	589,379	1.70
Non-cash loans	407,041	4.48
Deposits	1,596,668	3.58
Forward and option agreements	59,590	2.01



## SECTION SIX

### Other Disclosures and Footnotes

#### I. 2WKHU GLVFORVXUHV RQ WKH %DQN VDFWLYLW\

- There were monetary losses amounting to TL 379,000 incurred in the 2001 financial year as a result of the inflation accounting applied in compliance with the Temporary article no. 4 added to the Banks Law no. 4389 through the Law no. 4743. The tax returns of 2002, 2003 and 2004 were submitted with a condition stating that such losses should have been deducted. The Bank may appeal to the tax court for the tax return. The Bank appealed to the tax court for the corporate tax return on 22 February 2007. Ankara 5<sup>th</sup> Tax Court (FRXUW GHFLGHG LQ IDYRXU RI WKH %DQN DQG 7<sup>th</sup> Tax Court) rejected the Bank's appeal on 5 September 2007.

On 20 February 2008 in Parliament and approved on 26 February 2008 by the President of the Turkish Republic, a law (Law no. 5510) was enacted. The law states that the tax authority would not insist on their claims with the banks which consider 65 percent of these losses in the determination of revenues for the year 2001 as previous year losses, and admit to correct taxable income for subsequent years and declare that they abnegated from all of the courts related to this matter in one month after this law came into effect. As per the 27 March 2008 dated resolution of the Board of Directors, the Bank management has taken no decision on any reconciliations for the point in dispute stated in the first paragraph above.

The related tax administration appealed to a higher court and the appeal was partially accepted by the State Council. Based on the decision of the State Council, the scope of jurisdiction was renewed by the Ankara 5<sup>th</sup> Tax Court and the related case was partly revoked and partly declined. Consequently, the Bank has filed an appeal against the decision of the Ankara 5<sup>th</sup> Tax Court which is still in process at the State Council as at the report date. In accordance with the decision of Ankara 5<sup>th</sup> Tax Court, the Bank paid TL 20,484 accrued by the tax office on 3 December 2009.

- As per the 28 May 2010 dated resolution of Board of Directors, it is decided to take the opportunities of establishing a bank or opening a branch or a representative office in Iraq Republic and where appropriate to receive relevant approvals to execute opening procedures.
- As per the resolution of 56<sup>th</sup> Annual General Assembly held on 19 March 2010, it is decided to distribute the net profit of year 2009 as follows and the distribution is completed in the current period.

Profit Distribution Table of Year 2009	
% D Q N V Ö Consolidated profit in its statutory financial statements	1,251,201
Deferred tax income	(20,160)
Net profit of the year subject to distribution	1,231,041
Legal reserves	123,104
<i>First Legal Reserves</i>	61,552
<i>Reserves allocated according to banking law and articles of association.</i>	61,552
Net profit of the year subject to distribution	1,107,941
Gain on sale of immovables and shares of associates and subsidiaries	3,891
Extraordinary reserves	983,281
Dividends to the shareholders	120,761

## II. Summary of Credit Ratings

February 2010 <sup>(*)</sup>	Standard Poors
Foreign Currency Credit Rating	BB/ positive/ B
Foreign Currency Deposit Rating	BB / positive / B
National	trAA / -- / trA-1
Continuance Rating	BBB-/--/--

January 2010 <sup>(*)</sup>	ORRG\TV, QYH Service
Financial Strength Rating	D+
Local Currency Deposit Rating	Baa3 / P3
Local Currency Outlook	Stable
Foreign Currency Deposit Rating	Ba3 / NP
Foreign Currency Outlook	Stable

December 2009 <sup>(*)</sup>	Fitch Rating
Long Term Foreign Currency	BB+
Short Term Foreign Currency	B
Foreign Currency Outlook	Stable
Long Term Local Currency	BB+
Short Term Local Currency	B
Local Currency Outlook	Stable
National Long Term	AA+ (tur)
National Outlook	Stable
Individual	C/D
Support	3
Base Support Rating	BB+

February 2010 <sup>(*)</sup>	Capital Intelligence
Financial Strength Rate	BBB-
Short Term Foreign Currency	B
Long Term Foreign Currency	BB-
Support Rating	2
Outlook	Stable

(\*) Dates represent the last change dates of credit ratings and outlook.

## III . Significant events and matters subsequent to balance sheet date that are not resulted

According to the 33 UHV V UHOHDVH UHODWHG WR UHVHUYH UHTXLU numbered 2010/41, foreign currency reserve requirement rate for banks is increased by 0.5 point from 9.5% to 10%.

## IV . Significant foreign currency exchange rate fluctuations that are subsequent to balance sheet date

None.

## SECTION SEVEN

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- I. , QIRUPDWLRQ RQ WKH LQGSHSHQGHQW DXGLWRUV¶ UHYLHZ U  
7KH %DQN¶ Vated Interim Financial Statements and footnotes as at and for the six-month period  
ended 30 June 2010 have been reviewed E\ \$NLV %D÷ÖPVÖ] 'HQHWLP YH 6HU  
0•úDYLU The Turkish member firm of KPMG International, a Swiss cooperative  
was noted in their review report dated 2 August 2010 that nothing material has come to their attention that caused  
them to believe that the accompanying unconsolidated interim financial statements do not give a true  
DQG IDLU YLHZ RI a position and results of its operations as at  
period ended 30 June 2010