



(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish)

Tekstil Bankası Anonim Şirketi

Consolidated Interim Financial Statements

As of and for the Six Month Period Ended

30 June 2008

With Independent Auditor's Review Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi
13 August 2008

*This report contains 1 page of
independent auditor's review report
and 56 pages of consolidated financial
statements together with their
explanatory notes.*



**Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.**

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

To the Board of Directors of Tekstil Bankası Anonim Şirketi:

We have reviewed the consolidated financial statements of Tekstil Bankası Anonim Şirketi ("the Bank") and its financial subsidiaries, which comprise the consolidated balance sheet as at 30 June 2008, and the consolidated statements of income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors, is to issue a report on these consolidated financial statements based on our review.

We conducted our review in accordance with the regulations related with the "Accounting and Recording Rules" and "Independent Auditing Standards" of the (Turkish) Banking Law No 5411. These regulations 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 provide 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 consolidated financial statements do not present fairly the financial position of Tekstil Bankası Anonim Şirketi and its financial subsidiaries as of 30 June 2008, 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 and Article 38 of the (Turkish) Banking Law No 5411; and other communiqués, disclosures and directives announced by the Banking Regulation and Supervision Agency.

Istanbul,
13 August 2008

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi


Özkan Genç
Partner

Additional paragraph for convenience translation to English:

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

TEKSTİL BANKASI A. Ş.
CONSOLIDATED INTERIM FINANCIAL REPORT AS OF 30 JUNE 2008

Address of the Bank's

Headquarters: : Büyükdere Caddesi No: 63 34398 Maslak - İstanbul
Telephone Number : (0212) 335 53 35
Fax Number : (0212) 328 13 28
Website of the Bank : www.tekstilbank.com.tr

The interim consolidated financial report prepared in accordance with the statement "Financial Statements and Related Disclosures and Footnotes to be Announced to Public" as required by the Banking Regulation and Supervision Agency (BRSA), is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS
- DISCLOSURES ON APPLIED ACCOUNTING POLICIES IN RELATED PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION OF THE CONSOLIDATED GROUP
- DISCLOSURES AND FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS
- INDEPENDENT AUDITOR'S REVIEW REPORT

The subsidiaries, associates and jointly controlled companies included in the interim consolidated financial report are as follows:

1. **Tekstil Menkul Değerler A.Ş.**
2. **The Euro Textile Bank Off-shore Ltd.**

The consolidated financial statements and related disclosures and footnotes that were subject to independent review, are prepared in accordance with the "Regulation on Accounting Principles and Documentations", Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements, and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying consolidated financial statements are presented in **thousands of New Turkish Lira**.

Akgün TÜRER	T.Tözün TARMAN	H.Çim GÜZELAYDINLI	Nuriye DİZDAR	M.Sercan ÇOBAN
Chairman of Board of Directors and Audit Committee	Member of Board of Directors and Audit Committee	Chief Executive Officer and Member of Board of Directors	Executive Vice President	Unit Manager

Contact information for questions on this financial report:

Name-Surname : M. Sercan Çoban
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SECTION ONE GENERAL INFORMATION

I. Parent Bank's date of establishment, beginning statute, its history including changes on its statute

Tekstil Bankası A.Ş. ("the Bank") was established on 29 April 1986, to carry out all types of banking activities according to the Banking Law and later changes in the laws and regulations, with the permission of the Council of Ministers in accordance with the resolution numbered 85/9890 and dated 24 June 1985 and started its operations on 13 October 1986. "Articles of Association" of the Bank was published in the Official Gazette dated 31 January 1986. The statute of the Bank was not changed since its establishment.

II. Capital structure, shareholders controlling the management and supervision of the Bank directly or indirectly, and if exists, changes on these issues and the Group that the Bank belongs to

GSD Holding Anonim Şirketi ("GSD Holding") owns 75.50% of the outstanding shares of the Bank. The Bank is a subsidiary of GSD Holding. Remaining shares have been listed on Istanbul Stock Exchange since 23 May 1990.

The ultimate business of GSD Holding, which was initially established as a foreign trade company in 1986 and became a holding company to build a more efficient corporate structure for GSD Group Companies in 1996, is management of assets. GSD Holding also aims to manage the growth of the Group, finance and invest in profitable businesses. GSD Holding's shares have been listed on Istanbul Stock Exchange since November 1999. Almost all of its shares, which has nominal value of YTL 250,000 as of 30 June 2008, are held by public.

Main operations of GSD Group Companies are;

Foreign Trade:	GSD Dış Ticaret A.Ş.
Banking :	Tekstil Bankası A.Ş., GSD Yatırım Bankası A.Ş., The Euro Textile Bank Off-shore Ltd ("ETB")
Financial Services:	Tekstil Finansal Kiralama A.Ş., Tekstil Faktoring Hizmetleri A.Ş., Tekstil Menkul Değerler A.Ş. ("Tekstil Menkul")
Other:	Tekstil Bilişim Hizmetleri ve Ticaret A.Ş. ("Tekstil Bilişim"), GSD International Ltd., GSD Reklam ve Halkla İlişkiler Hizmetleri A.Ş., GSD Plan Proje Etüd A.Ş., GSD Gayrimenkul Yatırım ve Geliştirme A.Ş.

TEKSTİL BANKASI ANONİM ŞİRKETİ VE ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2008
(Currency: Thousands of YTL - New Turkish Lira)

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See Note 3.1

III. President and members of the Board of Directors, audit committee members, general manager and executive vice presidents, and if exists, changes in these positions and Bank's shares they hold

Title	Name	Job Description	Education
Chairman of the Board of Directors ve Audit Committee	Akgün TÜRER	Chairman of the Board of Directors and Audit Committee	Graduate
Member of Audit Committee:	T. Tözün TARMAN	Member of Audit Committee	Under-Graduate
Member of Board of Directors:	Murat ATIM (*)	Member	Under-Graduate
	Cezmi ÖZTÜRK	Member	Under-Graduate
	T. Tözün TARMAN	Vice Chairman of Board of Directors	Under-Graduate
	İ. Sühan ÖZKAN	Member	Under-Graduate
General Manager:	H. Çim GÜZELAYDINLI	Chief Executive Officer and Member of Board of Directors	Graduate
Head of Board of Inspectors:	Senan DAĞAL	President of Inspectors' Group	Under-Graduate
Executive Vice Presidents:	İ.Sencan DEREBEYOĞLU	Risk Management and Support Group (****)	Graduate
	Hüseyin H. İMECE	Treasury and Investors Relations Group	Under-Graduate
	Nuriye DİZDAR	Financial Control Group	Under-Graduate
	D.Halit DÖVER	International Relations Group	Graduate
	Ümit ALTINAY (**)	Information Technologies and Organization Group (****)	Graduate
	Z.Sinem ŞANLI (****)	Retail Banking Group	Under-Graduate
	Y.Başbuğ SAMANCIOĞLU	Corporate and Commercial Banking Group	Under-Graduate
	Yasef COYAŞ (***)	Operations Group	Under-Graduate
	Ahmet İLERİGELEN (***)	Loans Group	Graduate
Statutory Auditors:	M.Sedat ÖZKANLI	Statutory Auditor	Under-Graduate
	Sedat TEMELTAŞ	Statutory Auditor	Under-Graduate

These people mentioned above do not own any share of the Bank.

- (*) In the General Assembly dated 24 March 2008 Murat Atım has been elected instead of A. Erdem Yörükoğlu whose terms of office has finished.
- (**) In January 2008, Ümit Altınay has been assigned as Executive Vice President responsible from Information Technologies Group instead of Hakan Özyenen.
- (***) In March 2008, Yasef Coyaş has been assigned as Executive Vice President responsible from Operations Group. Ahmet İlerigelen, who is performing as responsible from Operations and Credits Group since April 2007, is continuing his job as Executive Vice President responsible from Loans Group since March 2008.
- (****) In April 2008, Organization Department has been incorporated to Information Technology Group.
- (*****) In July 2008, Executive Vice President responsible from Retail Banking Group has resigned.

IV. Type of services provided and the areas of operations of the Bank

The operations of the parent Bank consist of corporate and commercial banking services, fund management transactions (foreign currency, money market and securities trading), international banking services, retail banking services and credit card business. The Bank also operates, through its branches, as insurance agent of Güneş Sigorta A.Ş., Aviva Sigorta A.Ş., Vakıf Emeklilik A.Ş., Acıbadem Sigorta A.Ş. and Yapı Kredi Sigorta A.Ş..

As of 30 June 2008, the Bank has 60 branches close to industrial zones of Turkey and a representative office in Berlin, Germany. The Bank has 1,534 employees as of 30 June 2008 (As of 31 December 2007 number of branch was 59, number of employees was 1,547).

V. Other information

Bank's Official Title : Tekstil Bankası Anonim Şirketi
Reporting Period : 1 January – 30 June 2008
Address of Bank's Headquarters : Büyükdere Caddesi No: 63 34398 Maslak - Istanbul
Telephone number : (0212) 335 53 35
Fax number : (0212) 328 13 28
Bank's Internet Address : www.tekstilbank.com.tr
Reporting currency : Thousands of YTL – New Turkish Lira

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF 30 JUNE 2008 AND 31 DECEMBER 2007
(Currency: Thousands of YTL - New Turkish Lira)

*Convenience Translation of
Consolidated Financial Report
Originally Issued in Turkish, See Note 3.f*

THOUSANDS OF NEW TURKISH LIRA							
ASSETS	Footnotes (Section 5)	CURRENT PERIOD 30/06/2008			PRIOR PERIOD 31/12/2007		
		YTL	FC	Total	YTL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(5.1.1)	65,301	191,408	256,709	37,763	157,676	195,439
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	82,094	838	82,932	96,218	24,622	120,840
2.1 Trading Securities		80,303	279	80,582	94,328	24,167	118,495
2.1.1 Public Sector Debt Securities		80,303	279	80,582	94,328	24,167	118,495
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Other Securities		-	-	-	-	-	-
2.2 Financial Assets Designated at Fair Value		-	-	-	-	-	-
2.2.1 Public Sector Debt Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Other Securities		-	-	-	-	-	-
2.3 Positive Value of Trading Purpose Derivatives		1,791	559	2,350	1,890	455	2,345
III. BANKS	(5.1.3)	23,795	385,104	408,899	15,626	161,515	177,141
IV. INTERBANK MONEY MARKET		-	-	-	-	-	-
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V. INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)	(5.1.4)	253,927	18,927	272,854	160,726	17,458	178,184
5.1 Share Certificates		-	-	-	-	-	-
5.2 Public Sector Debt Securities		253,927	6,944	260,871	160,726	-	160,726
5.3 Other Securities		-	11,983	11,983	-	17,458	17,458
VI. LOANS	(5.1.5)	1,953,751	371,291	2,325,042	1,731,352	470,364	2,201,716
6.1 Loans		1,923,183	371,291	2,294,474	1,719,710	470,364	2,190,074
6.1.1 Loans Utilized to the Bank's Risk Group		25,883	16,555	42,438	28,734	11,451	40,185
6.1.2 Others		1,897,300	354,736	2,252,036	1,690,976	458,913	2,149,889
6.2 Loans under Follow-Up		61,418	-	61,418	28,892	-	28,892
6.3 Specific Provisions (-)		30,850	-	30,850	17,250	-	17,250
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net)	(5.1.6)	22,381	-	22,381	-	-	-
8.1 Public Sector Debt Securities		22,381	-	22,381	-	-	-
8.2 Other Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	50	-	50	50	-	50
9.1 Equity Method Associates		-	-	-	-	-	-
9.2 Unconsolidated Associates		50	-	50	50	-	50
9.2.1 Financial Associates		50	-	50	50	-	50
9.2.2 Non-Financial Associates		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	(5.1.8)	107	-	107	107	-	107
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		107	-	107	107	-	107
XI. JOINT VENTURES (Net)	(5.1.9)	-	-	-	-	-	-
11.1 Equity Method Joint Ventures		-	-	-	-	-	-
11.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	(5.1.10)	-	-	-	-	-	-
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operational Lease Receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
XIII. HEDGING PURPOSE DERIVATIVES	(5.1.11)	-	-	-	-	-	-
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		78,681	2	78,683	78,661	1	78,662
XV. INTANGIBLE ASSETS (Net)		2,335	-	2,335	2,061	-	2,061
15.1 Goodwill		-	-	-	-	-	-
15.2 Others		2,335	-	2,335	2,061	-	2,061
XVI. INVESTMENT PROPERTY (Net)	(5.1.12)	-	-	-	-	-	-
XVII. TAX ASSETS		2,648	-	2,648	16,026	-	16,026
17.1 Current Tax Assets		-	-	-	11,003	-	11,003
17.2 Deferred Tax Assets	(5.1.13)	2,648	-	2,648	5,023	-	5,023
XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)	(5.1.14)	28,874	-	28,874	28,244	-	28,244
18.1 Held For Sale		28,874	-	28,874	28,244	-	28,244
18.2 Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS		15,899	24,801	40,700	8,199	5,829	14,028
TOTAL ASSETS		2,529,843	992,371	3,522,214	2,175,033	837,465	3,012,498

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

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF 30 JUNE 2008 AND 31 DECEMBER 2007
(Currency: Thousands of YTL - New Turkish Lira)

*Convenience Translation of
Consolidated Financial Report
Originally Issued in Turkish, See Note 3.1*

THOUSANDS OF NEW TURKISH LIRA								
LIABILITIES AND EQUITY		Footnotes (Section 5)	CURRENT PERIOD			PRIOR PERIOD		
			30/06/2008			31/12/2007		
			YTL	FC	Total	YTL	FC	Total
I.	DEPOSITS	(5.11.1)	1,165,499	1,080,749	2,246,248	819,672	930,119	1,749,791
1.1	Deposits of the Bank's Risk Group		12,370	20,434	32,804	16,754	27,112	43,866
1.2	Others		1,153,129	1,060,315	2,213,444	802,918	903,007	1,705,925
II.	NEGATIVE VALUE OF TRADING PURPOSE DERIVATIVES	(5.11.2)	2,895	6,885	9,780	16,121	5,959	22,080
III.	FUNDS BORROWED	(5.11.3)	36,862	626,727	663,589	28,454	559,584	588,038
IV.	DUE TO MONEY MARKETS		80,617	-	80,617	182,195	-	182,195
4.1	Interbank Money Market		-	-	-	-	-	-
4.2	Istanbul Stock Exchange		2,897	-	2,897	528	-	528
4.3	Reverse Repurchase Agreements		77,720	-	77,720	181,667	-	181,667
V.	SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset Backed Securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	FUNDS		-	-	-	-	-	-
6.1	Bank Borrowers' Funds		-	-	-	-	-	-
6.2	Others		-	-	-	-	-	-
VII.	MISCELLANEOUS PAYABLES		58,413	631	59,044	7,324	853	8,177
VIII.	OTHER EXTERNAL RESOURCES	(5.11.4)	38,891	17,459	56,350	24,577	14,739	39,316
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	(5.11.5)	-	1,561	1,561	-	1,717	1,717
10.1	Financial Lease Payables		-	1,657	1,657	-	1,848	1,848
10.2	Operational Lease Payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred Financial Leasing Expenses (-)		-	96	96	-	131	131
XI.	HEDGING PURPOSE DERIVATIVES	(5.11.6)	-	-	-	-	-	-
11.1	Fair Value Hedge		-	-	-	-	-	-
11.2	Cash Flow Hedge		-	-	-	-	-	-
11.3	Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
XII.	PROVISIONS	(5.11.7)	22,664	-	22,664	20,760	-	20,760
12.1	General Provisions		15,479	-	15,479	14,590	-	14,590
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Reserve for Employee Benefits		4,549	-	4,549	3,963	-	3,963
12.4	Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5	Other Provisions		2,636	-	2,636	2,207	-	2,207
XIII.	TAX LIABILITIES	(5.11.8)	8,268	11	8,279	21,071	22	21,093
13.1	Current Tax Liability		8,268	11	8,279	21,071	22	21,093
13.2	Deferred Tax Liability		-	-	-	-	-	-
XIV.	PAYABLES RELATED TO HELD FOR SALE AND DISCONTINUED OPERATIONS		-	-	-	-	-	-
14.1	Held For Sale		-	-	-	-	-	-
14.2	Discontinued Operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS		-	-	-	-	-	-
XVI.	SHAREHOLDERS' EQUITY	(5.11.9)	374,832	(750)	374,082	379,331	-	379,331
16.1	Paid-In Capital		300,000	-	300,000	300,000	-	300,000
16.2	Supplementary Capital		7,452	(750)	6,702	15,689	-	15,689
16.2.1	Share Premium		(618)	-	(618)	(618)	-	(618)
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Valuation Differences of Securities		(7,327)	(750)	(8,077)	910	-	910
16.2.4	Revaluation Fund on Tangible Assets		5,948	-	5,948	5,948	-	5,948
16.2.5	Revaluation Fund on Intangible Assets		-	-	-	-	-	-
16.2.6	Revaluation Fund on Investment Property		-	-	-	-	-	-
16.2.7	Capital Bonus of Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
16.2.8	Hedging Funds (Effective Portion)		-	-	-	-	-	-
16.2.9	Revaluation Fund on Assets Held for Sale and Discontinued Operations		-	-	-	-	-	-
16.2.10	Other Supplementary Capital		9,449	-	9,449	9,449	-	9,449
16.3	Profit Reserves		63,642	-	63,642	22,546	-	22,546
16.3.1	Legal Reserves		3,623	-	3,623	1,500	-	1,500
16.3.2	Status Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		60,019	-	60,019	21,046	-	21,046
16.3.4	Other Profit Reserves		-	-	-	-	-	-
16.4	Profit or Loss		3,738	-	3,738	41,096	-	41,096
16.4.1	Prior Periods' Profit or Loss		-	-	-	(847)	-	(847)
16.4.2	Current Period Profit or Loss		3,738	-	3,738	41,943	-	41,943
16.5	Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY			1,788,941	1,733,273	3,522,214	1,499,505	1,512,993	3,012,498

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

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED OFF BALANCE SHEET ITEMS STATEMENTS
AS OF 30 JUNE 2008 AND 31 DECEMBER 2007
(Currency: Thousands of YTL - New Turkish Lira)

Convenience Translation of
Consolidated Financial Report
Originally Issued in Turkish, See Note 31

	Footnotes (Section 5)	CURRENT PERIOD 30/06/2008			PRIOR PERIOD 31/12/2007		
		YTL	FC	Total	YTL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II+III)		1,517,104	1,577,824	3,094,928	1,462,311	1,760,237	3,222,548
I. GUARANTEES	(5.IV.1)	608,401	806,789	1,415,190	630,474	739,902	1,370,376
1.1 Letters of Guarantee		608,390	421,618	1,030,008	630,463	444,839	1,075,302
1.1.1 Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2 Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3 Other Letters of Guarantee		608,390	421,618	1,030,008	630,463	444,839	1,075,302
1.2 Bank Acceptances		-	13,389	13,389	-	13,485	13,485
1.2.1 Import Letter of Acceptance		-	13,389	13,389	-	13,485	13,485
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		11	321,686	321,697	11	236,235	236,246
1.3.1 Documentary Letters of Credit		-	246,348	246,348	-	179,819	179,819
1.3.2 Other Letters of Credit		11	75,338	75,349	11	56,416	56,427
1.4 Pre-financing Given As Guarantee		-	3,067	3,067	-	2,795	2,795
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Related Guarantees		-	-	-	-	-	-
1.8 Other Collaterals		-	47,029	47,029	-	42,548	42,548
1.9 Other Sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.IV.1)	301,258	1,787	303,045	308,855	-	308,855
2.1 Irrevocable Commitments		301,258	1,787	303,045	308,855	-	308,855
2.1.1 Asset Purchase and Sale Commitments		-	1,787	1,787	-	-	-
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4 Loan Granting Commitments		33,930	-	33,930	42,655	-	42,655
2.1.5 Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheque Payments		68,321	-	68,321	61,175	-	61,175
2.1.8 Tax and Fund Obligations from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Limits		197,814	-	197,814	203,517	-	203,517
2.1.10 Commitments for Promotional Operations Re-Credit Cards and Banking Services		1,193	-	1,193	1,508	-	1,508
2.1.11 Receivables from "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.12 Payables for "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		-	-	-	-	-	-
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		607,445	769,248	1,376,693	522,982	1,020,335	1,543,317
3.1 Hedging Purpose Derivatives		-	-	-	-	-	-
3.1.1 Fair Value Hedge		-	-	-	-	-	-
3.1.2 Cash Flow Hedge		-	-	-	-	-	-
3.1.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
3.2 Trading Purpose Derivatives		607,445	769,248	1,376,693	522,982	1,020,335	1,543,317
3.2.1 Forward Foreign Currency Purchases/Sales		115,130	148,626	263,756	194,449	225,044	419,493
3.2.1.1 Forward Foreign Currency Purchases		36,330	74,605	130,935	40,635	160,292	200,927
3.2.1.2 Forward Foreign Currency Sales		58,800	74,021	132,821	133,814	64,752	218,566
3.2.2 Currency and Interest Rate Swaps		345,942	379,416	725,358	226,408	694,806	921,214
3.2.2.1 Currency Swaps-Purchases		-	359,664	359,664	2,647	453,153	455,800
3.2.2.2 Currency Swaps-Sales		345,942	19,752	365,694	223,761	241,653	465,414
3.2.2.3 Interest Rate Swaps-Purchases		-	-	-	-	-	-
3.2.2.4 Interest Rate Swaps-Sales		-	-	-	-	-	-
3.2.3 Currency, Interest Rate and Security Options		146,373	143,310	289,683	101,987	100,485	202,472
3.2.3.1 Currency Options-Purchases		72,675	72,139	144,814	51,153	50,102	101,255
3.2.3.2 Currency Options-Sales		73,698	71,171	144,869	50,834	50,383	101,217
3.2.3.3 Interest Rate Options-Purchases		-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sales		-	-	-	-	-	-
3.2.3.5 Securities Options-Purchases		-	-	-	-	-	-
3.2.3.6 Securities Options-Sales		-	-	-	-	-	-
3.2.4 Currency Futures		-	-	-	-	-	-
3.2.4.1 Currency Futures-Purchases		-	-	-	-	-	-
3.2.4.2 Currency Futures-Sales		-	-	-	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Purchases		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sales		-	-	-	-	-	-
3.2.6 Others		-	97,896	97,896	138	-	138
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		1,711,312	431,541	2,142,753	1,502,790	412,006	1,914,796
IV. ITEMS HELD IN CUSTODY		747,380	67,884	815,264	621,293	62,188	683,481
4.1 Customers' Securities and Portfolios Held		-	-	-	-	-	-
4.2 Securities Held in Custody		89,485	11,237	100,722	78,380	11,175	89,555
4.3 Checks Received for Collection		619,304	47,066	666,370	498,479	42,371	540,850
4.4 Commercial Notes Received for Collection		21,618	5,367	26,985	25,091	4,653	30,644
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items under Custody		3,175	-	3,175	564	-	564
4.8 Custodians		13,598	4,214	17,812	17,879	3,989	21,868
V. PLEDGED ITEMS		963,832	363,657	1,327,489	881,497	349,818	1,231,315
5.1 Securities		1,758	184	1,942	745	233	978
5.2 Guarantee Notes		11,151	13,619	24,770	23,120	3,454	26,574
5.3 Commodities		83,395	44,885	128,280	78,269	37,481	115,750
5.4 Warrants		-	-	-	-	-	-
5.5 Immovables		806,171	270,260	1,076,431	712,489	245,536	958,025
5.6 Other Pledged Items		61,357	34,709	96,066	66,874	63,114	129,988
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ITEMS (A+B)		3,228,316	2,009,365	5,237,681	2,965,101	2,172,243	5,137,344

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

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
FOR THE PERIODS ENDED 30 JUNE 2008 AND 2007

(Currency: Thousands of YTL - New Turkish Lira)

 Convenience Translation of
 Consolidated Financial Report
 Originally Issued in Turkish, See Note 3.1

INCOME AND EXPENSE ITEMS		Footnotes (Section 5)	CURRENT PERIOD (01/01/2008 - 30/06/2008)	PRIOR PERIOD (01/01/2007 - 30/06/2007)	CURRENT PERIOD (01/01/2008 - 30/06/2008)	PRIOR PERIOD (01/01/2007 - 30/06/2007)
I. INTEREST INCOME		(5.III.1)	212,229	180,337	104,204	92,163
1.1 Interest from Loans			176,057	141,183	89,950	73,583
1.2 Interest from Reserve Deposits			816	1,066	229	626
1.3 Interest from Banks			7,892	9,760	4,206	4,781
1.4 Interest from Money Market Transactions			-	-	-	-
1.5 Interest from Securities Portfolio			27,447	28,328	9,808	13,173
1.5.1 Trading Securities			7,200	14,227	2,191	6,111
1.5.2 Financial Assets at Fair Value Through Profit or Loss			-	-	-	-
1.5.3 Available for Sale Securities			19,642	14,101	7,012	7,062
1.5.4 Held to Maturity Securities			605	-	605	-
1.6 Interest from Financial Leases			-	-	-	-
1.7 Other Interest Income			17	-	11	-
II. INTEREST EXPENSE		(5.III.2)	131,047	112,547	68,772	56,935
2.1 Interest on Deposits			102,652	68,376	54,274	35,027
2.2 Interest on Funds Borrowed			18,274	21,313	8,431	10,297
2.3 Interest on Money Market Transactions			9,873	22,660	6,025	11,564
2.4 Interest on Securities Issued			-	-	-	-
2.5 Other Interest Expense			248	198	42	47
III. NET INTEREST INCOME (I - II)			81,182	67,790	35,432	35,228
IV. NET FEE AND COMMISSION INCOME			13,622	12,960	7,012	6,891
4.1 Fees and Commissions Received			15,607	14,768	8,132	7,831
4.1.1 Non-Cash Loans			7,477	7,994	4,017	4,133
4.1.2 Other			8,130	6,774	4,115	3,698
4.2 Fees and Commissions Paid			1,985	1,808	1,120	940
4.2.2 Non-Cash Loans			33	36	15	18
4.2.3 Other			1,952	1,772	1,105	922
V. DIVIDEND INCOME			-	-	-	-
VI. TRADING INCOME/LOSS (Net)		(5.III.3)	(12,252)	1,079	(8,777)	(257)
6.1 Profit / Loss on Trading Account Securities			(11,560)	(9,925)	(22,782)	(7,843)
6.2 Foreign Exchange Gain / Loss			(692)	11,004	14,005	7,586
VII. OTHER OPERATING INCOME		(5.III.4)	3,099	5,014	1,950	2,327
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)			85,651	86,843	35,617	44,189
IX. IMPAIRMENT ON LOANS AND OTHER RECEIVABLES (-)		(5.III.5)	15,535	5,850	4,695	2,874
X. OTHER OPERATING EXPENSES (-)		(5.III.6)	64,003	46,382	32,691	24,944
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)			6,113	34,611	(1,769)	16,371
XII. NEGATIVE GOODWILL			-	-	-	-
XIII. PROFIT / LOSS FROM EQUITY METHOD INVESTMENTS			-	-	-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION			-	-	-	-
XV. P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)			6,113	34,611	(1,769)	16,371
XVI. TAXES ON INCOME FROM CONTINUING OPERATIONS (±)		(5.III.7)	(2,375)	(6,665)	(209)	(1,318)
16.1 Current Tax Provision			-	(7,319)	-	(4,894)
16.2 Deferred Tax Provision			(2,375)	654	(209)	3,576
XVII. NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)			3,738	27,946	(1,978)	15,053
XVIII. PROFIT FROM DISCONTINUED OPERATIONS			-	-	-	-
18.1 Assets Held for Sale			-	-	-	-
18.2 Profit on Sale of Associates, Subsidiaries and Joint Ventures			-	-	-	-
18.3 Others			-	-	-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)			-	-	-	-
19.1 Assets Held for Sale			-	-	-	-
19.2 Loss on Sale of Associates, Subsidiaries and Joint Ventures			-	-	-	-
19.3 Others			-	-	-	-
XX. P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)			-	-	-	-
XXI. TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)		(5.III.7)	-	-	-	-
21.1 Current Tax Provision			-	-	-	-
21.2 Deferred Tax Provision			-	-	-	-
XXII. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX+XXI)			-	-	-	-
XVIII. NET PROFIT/LOSS (XVII+XXII)		(5.III.8)	3,738	27,946	(1,978)	15,053
23.1 Group's Profit / Loss			3,738	27,946	(1,978)	15,053
23.2 Minority Shares			-	-	-	-
Earnings / Losses per Share (Full YTL)			0.0012	0.0093	(0.0007)	0.0050

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

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSE
FOR THE PERIODS ENDED 30 JUNE 2008 AND 2007
(Currency: Thousands of YTL - New Turkish Lira)

*Convenience Translation of
Consolidated Financial Report
Originally Issued in Turkish, See Note 3.1*

PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY		CURRENT PERIOD 30/06/2008	PRIOR PERIOD 30/06/2007
I.	ADDITIONS TO VALUATION DIFF. ON SECURITIES FROM AVAILABLE FOR SALE INVESTMENTS	(8,987)	(846)
II.	REVALUATION ON TANGIBLE ASSETS	-	-
III.	REVALUATION ON INTANGIBLE ASSETS	-	-
IV.	FOREIGN EXCHANGE DIFFERENCES	-	-
V.	PROFIT/LOSS RELATED TO DERIVATIVES USED IN CASH FLOW HEDGES (Effective portion)	-	-
VI.	PROFIT/LOSS RELATED TO DERIVATIVES USED IN HEDGE OF A NET INVESTMENT IN FOREIGN SUBSIDIARIES (Effective portion)	-	-
VII.	EFFECT OF CHANGES IN ACCOUNTING POLICIES OR CORRECTION OF ERRORS	-	-
VIII.	OTHER PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY PER IAS	-	-
IX.	DEFERRED TAXES ON VALUATION DIFFERENCES	-	-
X.	NET PROFIT/LOSS RECOGNIZED IN EQUITY (I+II+...+IX)	(8,987)	(846)
XI.	CURRENT PERIOD PROFIT/LOSS	3,738	27,946
11.1	Net Change in Fair Value of Securities (Transfer to Profit & Loss)	217	29
11.2	Ineffective Portion of Profit/Loss Related to Derivatives Used in Cash Flow Hedges	-	-
11.3	Ineffective Portion of Profit/Loss Related to Derivatives Used in Hedge of a Net Investment in Foreign Subsidiaries	-	-
11.4	Others	3,521	27,917
XII.	TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD (X+XI)	(5,249)	27,100

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

Emergency demands of VFL - New Technical Legal

Budgets at the End of Period: $(1 + I + III + \dots + XVI + XVII + XVIII) \cdot 30/06/2003$

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TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED 30 JUNE 2008 AND 2007
(Currency: Thousands of YTL - New Turkish Lira)

*Convenience Translation of
Consolidated Financial Report
Originally Issued in Turkish. See Note 3.1*

		THOUSANDS OF NEW TURKISH LIRA	
	Footnotes	CURRENT PERIOD 30/06/2008	PRIOR PERIOD 30/06/2007
A	CASH FLOWS FROM BANKING OPERATIONS		
I.1	Operating Profit before Changes in Operating Assets and Liabilities	9,868	48,320
1.1.1	Interest Received	208,098	189,614
1.1.2	Interest Paid	(128,857)	(114,030)
1.1.3	Dividend Received	-	-
1.1.4	Fees And Commissions Received	15,068	12,856
1.1.5	Other Income	2,478	7,732
1.1.6	Collections from Non-performing Loans	1,360	1,772
1.1.7	Payments to Personnel and Service Suppliers	(41,814)	(29,354)
1.1.8	Taxes Paid	(1,927)	(2,479)
1.1.9	Other	(44,538)	(17,791)
I.2	Changes in Operating Assets and Liabilities	383,646	(119,139)
1.2.1	Net (Increase) Decrease in Trading Securities	34,283	52,487
1.2.2	Net (Increase) Decrease in Financial Assets Designated at FV	-	-
1.2.3	Net (Increase) Decrease in Banks	(23,095)	(7,529)
1.2.4	Net (Increase) Decrease in Loans	(137,126)	(192,765)
1.2.5	Net (Increase) Decrease in Other Assets	(26,672)	(2,996)
1.2.6	Net Increase (Decrease) in Bank Deposits	7,801	(55,039)
1.2.7	Net Increase (Decrease) in Other Deposits	485,233	104,679
1.2.8	Net Increase (Decrease) in Funds Borrowed	(24,794)	(32,334)
1.2.9	Net Increase (Decrease) in Due Payables	-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	68,016	14,358
I.	Net Cash (Used in)/Provided by Banking Operations	393,514	(70,819)
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net Cash Provided by / (Used in) Investing Activities	(123,554)	(24,101)
2.1	Cash Paid for Purchase of Investments, Associates and Subsidiaries	-	-
2.2	Cash Obtained From Sale of Investments, Associates And Subsidiaries	-	-
2.3	Fixed Assets Purchases	(3,078)	(5,700)
2.4	Fixed Assets Sales	54	2,510
2.5	Cash Paid for Purchase of Investments Available for Sale	(98,754)	(20,911)
2.6	Cash Obtained From Sale of Investments Available for Sale	-	-
2.7	Cash Paid for Purchase of Investment Securities	(21,776)	-
2.8	Cash Obtained from Sale of Investment Securities	-	-
2.9	Other	-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash from Financing Activities	(156)	1,326
3.1	Cash Obtained from Funds Borrowed and Securities Issued	-	-
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	-	-
3.3	Capital Increase	-	-
3.4	Dividends Paid	-	-
3.5	Payments for Finance Leases	(156)	1,326
3.6	Other	-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	-	-
V.	Net Increase (Decrease) in Cash and Cash Equivalents	269,804	(93,594)
VI.	Cash and Cash Equivalents at the Beginning of Period	263,074	534,721
VII.	Cash and Cash Equivalents at the End of Period	532,878	441,127

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

SECTION THREE

ACCOUNTING POLICIES

I. Basis of presentation

Preparation of the financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on Principles Related to Banks' Accounting Applications and Preserving the Documents:

The new Turkish Banking Law No. 5411 is published in the Official Gazette No. 25983 dated 1 November 2005. The Bank prepared the accompanying consolidated financial statements and the related disclosures and footnotes in accordance with accounting and valuation standards as described in the "Regulation on Principles Related to Banks' Accounting Applications and Preserving the Documents", dated 1 November 2006 which is published in the Official Gazette No.26333, "Communique on Financial Statements and the Accompanying Explanations and Footnotes to be Announced to the Public", dated 10 February 2007 which is published in the Official Gazette No. 26430, Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS").

Unless stated otherwise, the consolidated financial statements and balances in related information and disclosures are presented in thousands of New Turkish Lira.

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 consolidated financial statements are to be distributed, and International Financial Reporting Standards ("IFRS"), may have significant influence on the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Accounting policies and valuation principles used in the preparation of the financial statements

Accounting policies and valuation principles used in the preparation of the consolidated financial statements are explained in footnotes II through XXVII in the following pages.

Presentation of the financial statements according to the current purchasing power of the money

The Bank's consolidated financial statements have been prepared in accordance with TAS 29 "Reporting in Hyperinflationary Economies" until 31 December 2004. By a Circular declared by BRSA at 28 April 2005, it was stated that the indicators of a need for inflation accounting have been ceased and inflation accounting would not be applied starting from 1 January 2005.

II. Strategy for the use of financial instruments and the foreign currency operations

Strategy for the use of financial instruments

The Parent Bank's main area of activities consist corporate, commercial and retail banking, fund management transactions and international banking services. The Parent Bank gives loans mainly to domestic customers by external sources of funds comprised mainly of domestic deposits and foreign borrowings and invests in marketable securities and banks placements to maintain liquidity.

The liability side of the balance sheet is intensively composed of short-term deposits and medium/long term borrowings in line with the general trend in the banking sector. Foreign currency borrowings are predominately floating rate and thus, the Parent Bank aims to minimize the effects of fluctuations in currency and interest rates in the market. Deposits collected are fixed rate and balanced with fixed rate loans and other investments. The fundamental strategy to manage the liquidity risk is to expand the deposit base through customer-oriented banking philosophy, and to increase customer transactions and retention rates.

The Parent Bank invests some of its resources to domestic government bonds and short-term placements to reduce liquidity risk.

In order to avoid currency risk, the Parent Bank aims to balance foreign currency assets and liabilities through currency swaps. Currency risk, interest rate risk and liquidity risk are monitored and measured instantly by various risk management systems, and the balance sheet is managed under the limits set by these systems and the limits legally required. Asset-liability management and value at risk models, stress tests and scenario analysis are used for this purpose.

The Parent Bank designates its loan strategy considering international and national economic data and expectations, market conditions, interest, liquidity, currency, credit and other risks. Loan portfolio of the Bank is not concentrated on a specific segment and concentration risk is taken in consideration as much as possible.

Transactions denominated in foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated by using currency exchange rates ruling at the balance sheet date. The resulting exchange differences are recorded to the income statement as "Foreign Exchange Gain/Loss".

There is no goodwill related to the Parent Bank's foreign operations.

No foreign operation has been disposed of during the period.

III. Presentation of information regarding the Bank and consolidated subsidiaries and associates

The Bank has no consolidating associate as of 30 June 2008 and 31 December 2007.

Tekstil Menkul and ETB which are financial subsidiaries of the Bank are consolidated to accompanying financial statements by using "Full Consolidation" method.

The carrying amount of the Parent Bank's investment in each subsidiary and the Bank's portion of equity of each subsidiary are eliminated. All intercompany transactions and intercompany balances between the consolidated subsidiaries and with the Parent Bank are eliminated. The financial statements which have been used in the consolidation are prepared as of 30 June 2008 and appropriate adjustments are made to financial statements to use uniform accounting policies for like transactions and events in similar circumstances.

Tekstil Bilişim, subsidiary of the Parent Bank, is not consolidated in consideration of not being a financial subsidiary.

IV. Forward transactions, options and derivative instruments:

The derivative transactions of the Parent Bank mainly consist of foreign currency swaps, foreign currency options and forward foreign currency purchase/sale contracts.

Derivatives are classified as held for trading in accordance with TAS 39 "Financial Instruments: Recognition and Measurement". The Parent Bank and its financial subsidiaries do not have any embedded derivatives.

The liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contract values.

The derivative transactions are valued at fair value subsequent to initial recognition and are presented in the "Positive Value of Trading Purpose Derivatives" under the "Financial Assets at Fair Value Through Profit or Loss" and "Negative Value of Trading Purpose Derivatives" items of the balance sheet depending on the resulting positive or negative amounts of the computed value. Gains and losses arising from a change in the fair value of trading purpose derivatives are recognized in the consolidated income statement. Fair values of derivatives are determined using quoted market prices in active markets or using discounted cash flow techniques within current market interest rates.

V. Interest income and expense:

Interest is recognized using the effective interest method (the effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability) defined in TAS 39. Interest income and expense computed by using internal rate of return are recognized on an accrual basis. In accordance with the related legislation, the Parent Bank ceases to accrue interest income on loans that become non-performing. Interest accrual does not start until such loans become performing and are classified as performing loans or until collection.

VI. Fees and commissions:

Commissions and income from banking services are recognized as income when realized and other fees and commissions are calculated recognized in the income statement according to accrual basis of accounting using effective interest rate method.

VII. Financial assets:

1. Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss consist of "trading securities" and "financial assets designated at fair value". The Bank does not have any financial assets classified as "financial assets designated at fair value".

Trading securities are financial assets acquired for generating a profit from short term fluctuations in price or dealer's margin.

Trading securities are recognized and derecognized on settlement date basis when purchased and disposed of. Trading securities are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, trading securities are measured at fair value and gains and losses arising from a change in the fair value are recognized in the income statement. Interest earned whilst holding trading securities is reported as interest income.

2. Investment securities available-for-sale

Available-for-sale assets are financial assets other than financial assets held for trading purposes, loans and advances to banks and customers, or financial assets held to maturity.

Financial assets available-for-sale are measured at their fair values subsequently following the initial recognition at cost. However, assets for which fair values could not be determined reliably are valued using discounting method with internal rate of return for the ones with a fixed maturity; and using valuation models or discounted cash flow techniques for the ones which do not have a fixed maturity. Unrecognized gain/losses derived from the difference between their fair value and the discounted values are recorded in "securities value increase fund" under the shareholders' equity. In case of sales, the realized gain/losses are recognized directly in the income statement.

3. Loans and receivables:

Loans and receivables arise when the Bank provides money, goods or services directly to a debtor. Such assets are initially recognized at cost and are carried at amortized cost using the effective interest method. Duties paid, transaction expenditures and other similar expenses on assets received against such risks are not considered as a part of transaction cost and are recorded as expense.

Based on the regular reviews of the loan portfolio by the Bank management, loans that are identified as being impaired are transferred to "loans under follow-up" accounts. Thereby, specific allowances are made against the carrying amount of these loans in accordance with the "Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside" published on the Official Gazette no.2633 dated 1 November 2006. Provisions are deducted from the income of the current year. When collections are made on loans that have been provided for, they are credited to the income statement accounts "Provision for Loan Losses or Other Receivables" if the provision was made in the current year, otherwise such collections are credited to "Other Operating Income" account with respect to allowances made in the prior years. Loans and receivables which are not possible to be collected are written off after the legal procedures completed.

4. Investment securities held-to-maturity:

Held-to-maturity securities are financial assets with fixed maturities and pre-determined payment schedules that the Bank has the intent and ability to hold until maturity, excluding loans and receivables. Investment securities held-to-maturity and loans are initially recognized at cost. Investment securities held-to-maturity are accounted for by using a discounting method based on internal rate of return applied on the net investment amounts after the deduction of provision for impairments. Interest earned on held-to-maturity securities are recognized as interest income and reflected in the consolidated income statement.

There are no violation of the tainting rule.

VIII. Impairment of financial assets:

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

Impairment loss incurs if, and only if, there is an objective evidence that the expected future cash flows of financial asset or group of financial assets are adversely affected by an event(s) ("loss event(s)") incurred subsequent to recognition. 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 the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside" published on the Official Gazette no.2633 dated 1 November 2006. The allowances are recorded in the income statement of the related period.

IX. Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet only when there is a legally enforceable 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.

X. Sale And Repurchase Agreements And Transactions Related To The Lending Of Securities

Securities sold under repurchase agreements ("repo") are classified as "trading", "available for sale" or "held to maturity" based on the Banks management's intention and measured with the same valuation principles of the portfolio above. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted on an accrual basis based on the difference between selling and repurchase prices using effective interest rate method.

Securities purchased under resale agreements are classified under "Receivables from Reverse Repurchase Agreements. An income accrual using the effective interest rate method is accounted for the positive difference between the purchase and resale prices earned during the period. The Parent Bank does not have any transaction related to the lending of securities.

XI. Assets held for sale and discontinued operations:

The Parent Bank does not have any discontinued operations.

Assets held for sale are accounted in accordance with the "Regulation on the Methods and Principles of Purchase and Sale of Precious Metals and Disposal of Commodities and Real Estate Obtained Against Receivables", dated 1 November 2006 and published in the Official Gazette no. 26333. Assets held for sale are depreciated in accordance with this regulation and reflected to the consolidated financial statements after deducting accumulated depreciation and impairment, if any.

XII. Goodwill and other intangible assets:

There is no goodwill in the accompanying consolidated financial statements as of 30 June 2008 and 31 December 2007.

Intangible assets are initially recognized at their cost that includes expenditures that are directly attributable to the acquisition of the asset. Intangibles are reflected in the consolidated balance sheet at cost less amortization and any accumulated impairment losses.

According to the resolution of the BRSA No. 1623 dated 21 April 2005, the banks and financial subsidiaries are no longer required to prepare their financial statements in accordance with the Regulation on Accounting Principles ("RAP") No.14 "Accounting Standard for Financial Reporting in Hyperinflationary Periods" since the indicators of hyperinflation as disclosed in Article 5 of RAP 14 are no longer existing in Turkey. In line with this resolution, intangible assets have been restated for the effects of inflation, until 31 December 2004. Any currency exchange differences, financing expenses and revaluation surplus that might have been capitalized are eliminated and only the acquisition cost of the intangible assets are restated until 31 December 2004. The new additions to intangible assets after 31 December 2004 are recorded with their historic costs excluding any currency exchange differences and financing expenses capitalized.

Intangible assets are amortized on amortization rates between 2% and 33%.

Intangible assets are amortized on a straight-line basis. Useful life of an asset is estimated by assessment of the expected life span of the asset, technical, technological wear outs, of the asset. The amortization rates used approximate the useful lives of the assets.

XIII. Tangible assets:

Tangible assets are initially recognized at their cost that includes expenditures that are directly attributable to the acquisition of the asset. Tangible assets (except buildings as stated below) are reflected in the consolidated financial statements at cost less accumulated depreciation and any accumulated impairment.

According to the resolution of the BRSA No. 1623 dated 21 April 2005, the banks and financial subsidiaries are no longer required to prepare their financial statements in accordance with RAP 14 "Accounting Standard for Financial Reporting in Hyperinflationary Periods" since the indicators of hyperinflation as disclosed in Article 5 of RAP 14 are no longer existing in Turkey. In line with this resolution, tangible assets have been restated for the effects of inflation, until 31 December 2004. Any currency exchange differences, financing expenses and revaluation surplus that might have been capitalized are eliminated and only the acquisition cost of the tangible assets are restated until 31 December 2004. The new additions to tangible assets after 31 December 2004 are shown with their historic costs excluding any currency exchange differences and financing expenses capitalized.

Tangible assets are depreciated on a straight-line basis. The estimated useful lives are as follows:

Buildings	50 years
Furniture and fixtures	3 – 50 years
Leasehold improvements	5 years

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year end.

In cases where the expected future benefits of the assets are less than their book values, the book values of such assets are reduced to their net realizable values and impairment losses are recorded as expense.

As of 31 December 2007, the Parent Bank has started to implement revaluation model for the buildings as permitted by TAS 16 "Property, Plant and Equipment". For this purpose, fair value of the buildings are determined by a third party appraiser. The fair value difference is recognized in "Revaluation Fund on Tangible Assets" within the equity items. As of 30 June 2008, revaluation difference on tangible assets amounts to YTL 6,261.

XIV. Leasing activities:

Leased assets are recognized by recording an asset and a liability at the same amount. In the determination of the related asset and liability amounts, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Tangible assets acquired by way of financial leasing are recognized in tangible assets and depreciated in line with tangible assets group they relate to. In cases where leased assets are impaired or the expected future benefits of the assets are less than their book values, the book values of such leased assets are reduced to their net realizable values. The obligations under financial leases arising from the lease contracts are presented under "Financial Lease Payables" account in the balance sheet. Interest expense and currency exchange rate differences related to leasing activities are recognized in the income statement. The Parent Bank does not enter into financial lease transactions by acting as the "lessor".

In operating leases, the rent payments are charged to the income statement in accrual basis.

XV. Provisions and contingencies:

Provisions, other than specific and general provisions for loans and other receivables, and contingent liabilities are provided for in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Provisions are accounted for immediately when obligations arise as a result of past events and a reliable estimate of the obligation is made by the Parent Bank management. Whenever the amount of such obligations cannot be measured, they are regarded as "Contingent". If the possibility of an outflow of resources embodying economic benefits becomes probable and the amount of the obligation can be measured with sufficient reliability, a provision is recognized. If the amount of the obligation cannot be measured with sufficient reliability or the possibility of an outflow of resources embodying economic benefits is remote, such liabilities are disclosed in the notes to the consolidated financial statements.

XVI. Contingent assets:

The contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Bank or its subsidiaries. If an inflow of economic benefits has become probable, then the contingent asset is disclosed in the notes to the consolidated 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 consolidated financial statements of the period in which the change occurs.

XVII. Obligations concerning employee rights:

Obligations concerning employee severance indemnities and vacation pay are accounted in accordance with the Turkish Accounting Standard 19 ("TAS 19") "Employee Benefits".

In accordance with existing legislation in Turkey, the banks have to make certain lump-sum payments to employees who has completed one year of service with the Bank and whose employment is terminated due to retirement or reasons other than resignation or misconduct. Provision for employee severance benefits has been accounted for using discounting total provision and reflected to the consolidated financial statements.

XVIII. Taxation:

a. Current taxes:

In accordance with the amendments made to the tax legislation by Law No. 5520, effective 21 June 2006, the corporate tax rate is levied at the rate 20%, beginning from 2006. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

Dividends paid to the resident institutions and the institutions working through local offices or representatives in Turkey are not subject to withholding tax. As per the decision no.2006/10731 of the Council of Ministers published in the Official Gazette no.26237 dated 23 July 2006, certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no.5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%. In applying the withholding tax rates on dividend payments to the nonresident institutions and the individuals, the withholding 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 foreign subsidiary of the Parent Bank that operate in Cyprus, ETB, is entitled to corporate tax rate of 2%.

In accordance with the tax legislation, corporate taxes are paid in advance based on the tax base calculated on the quarterly earnings of the companies at the rate of 20%. These payments can be deducted from the annual corporate tax calculated for the whole year earnings. Such taxes paid in advance are deducted from the final corporate tax liability.

In accordance with the Turkish tax legislation, the tax losses can be carried forward to offset 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 issue re-assessments based on their findings.

b. Deferred taxes:

In accordance with TAS 12 "Income Taxes", the Parent Bank accounts for deferred taxes based on the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are based on tax rates (and tax laws) that have been enacted at the balance sheet date.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities have been offset in financial statements.

Deferred taxes directly related to equity items are recognized and offset in related equity accounts.

As of 30 June 2008 and 31 December 2007, the Parent Bank has calculated deferred tax and reflected to the consolidated financial statements.

c. Transfer pricing

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised 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.

Corporate tax-payers required in "section 7.1 annual documentation" part of related communiqué, have to fill the "form relating to transfer pricing, controlled foreign companies and thin capitalization" ("the Form") as associated with purchasing and selling goods or services with related parties in an accounting period and send it to the tax office submitted as an appendix to the corporate tax return. However, Ministry of Finance, with declaration of serial no (2) communiqué, has specified that the Form for 2007 can be filed until the end of the evening of 14th day of August which is the last day of second temporary tax return of the year 2008.

XIX. Additional explanations on borrowings:

Financial liabilities held for trading and negative value of derivative instruments are carried at fair value and all other financial liabilities are carried at amortized cost using effective interest rate method.

XX. Issued shares:

There is no new issuance of shares as of 30 June 2008.

XXI. Acceptances:

Acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts, if any.

XXII. Government Grants:

As of 30 June 2008 and 31 December 2007, the Bank does not have any government grants.

XXIII. Reserves and Profit Distribution:

Retained earnings at statutory books are allowed for distribution except for the following clause on legal reserves.

The legal reserves consist of first and second reserves, in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profit at the rate of 5% until the total reserve reaches a maximum of 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital.

XXIV. Related Parties:

For the purpose of the consolidated financial statements, shareholders, top management and members of board of directors, related companies managed by their own and families, associates and jointly controlled entities are accepted as related party in accordance with TAS 24 "Related Party Disclosures".

XXV. Cash and Cash Equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise cash and balances with central banks, deposits with banks and other financial institutions and other money market placements with an original maturity of three months or less.

XXVI. Segment reporting:

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Segment reporting is presented in Section Four, Footnote VI.

XXVII. Reclassifications:

In accordance with the regulation of BRSA published in the Official Gazette dated 22 September 2007, No 26651 "Change in Communique on Financial Statements and the Accompanying Explanations and Footnotes to be Announced to the Public", leasehold improvements amounting YTL 2,239 as of 31 December 2007, are classified to "tangible assets" from "intangible assets" to provide consistency with 30 June 2008. The following income statement items for the period ended 30 June 2007 are also reclassified as follows: Commissions received for cash loans amounting YTL 1,040 are classified to "interest from loans", commissions paid for funds borrowed amounting YTL 1,144 are classified to "interest on funds borrowed" and interest income on demand deposits from the Central Bank of Turkey amounting YTL 2,152 are classified to "interest from banks".

SECTION FOUR

CONSOLIDATED FINANCIAL POSITION

I. Consolidated capital adequacy ratio

As of 30 June 2008, the Bank's consolidated capital adequacy ratio is 12.22% (31 December 2007: 12.73%).

Risk measurement methods used in the calculation of consolidated capital adequacy ratio is the sum of risk weighted assets and non-cash loans weighted based on the regulation; and market risk on marketable securities, specific risk and foreign currency exchange risk also based on the regulation, which are aggregately defined as Value at Risk calculated by standardized method. The following tables present details of "risk weighted assets" and determination of "capital" which are basis for the calculation of capital adequacy ratio of the Bank.

Consolidated Capital Adequacy Ratio:

	Risk Weights Unconsolidated						Risk Weights Consolidated					
	0%	20%	50%	100%	150%	200%	0%	20%	50%	100%	150%	200%
Credit Risk Based												
Balance Sheet Items (Net)	578,906	434,262	370,554	1,941,241	900	25	591,203	434,272	370,554	2,020,462	900	25
Cash in Vault	25,057	-	-	-	-	-	25,058	-	-	-	-	-
Due Dated Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	99,082	-	-	-	-	-	99,082	-	-	-	-	-
Domestic and Foreign Banks, Foreign Branches	-	408,730	-	-	-	-	-	408,740	-	-	-	-
Interbank Money Market	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Reverse Repos	-	-	-	-	-	-	-	-	-	-	-	-
Reserve Deposits	130,464	-	-	-	-	-	130,464	-	-	-	-	-
Loans	36,313	276	370,554	1,748,274	900	25	47,679	276	370,554	1,836,484	900	25
Non-performing Loans (Net)	-	-	-	30,568	-	-	-	-	-	30,568	-	-
Receivables from Leasing Operations	-	-	-	-	-	-	-	-	-	-	-	-
Investments Available-for-Sale	257,492	-	-	11,417	-	-	258,385	-	-	11,417	-	-
Investments Held-to-Maturity	21,777	-	-	-	-	-	21,777	-	-	-	-	-
Receivables from Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Receivables	1,973	23,280	-	4,286	-	-	1,973	23,280	-	4,286	-	-
Accrued Interest and Other Income	3,379	1,976	-	37,656	-	-	3,379	1,976	-	39,121	-	-
Investments in Associates, Subsidiaries and Joint Ventures (Net)	-	-	-	10,901	-	-	-	-	-	157	-	-
Tangible Assets	-	-	-	89,763	-	-	-	-	-	89,876	-	-
Other Assets	3,369	-	-	8,376	-	-	3,406	-	-	8,553	-	-
Off-Balance Sheet Items	9,738	47,986	45,259	691,328	-	-	9,738	47,986	45,259	692,294	-	-
Non-Cash Loans and Commitments	9,738	42,632	45,259	690,114	-	-	9,738	42,632	45,259	690,770	-	-
Derivatives	-	5,354	-	1,214	-	-	-	5,354	-	1,524	-	-
Accounts Not Risk Weighted	-	-	-	-	-	-	-	-	-	-	-	-
Total Risk Weighted Assets	588,644	482,248	415,813	2,632,569	900	25	600,941	482,258	415,813	2,712,756	900	25

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Summary information related to consolidated and unconsolidated capital adequacy ratio:

	Unconsolidated		Consolidated	
	Current Period	Prior Period	Current Period	Prior Period
Risk Weighted Assets (RWA)	2,938,325	2,551,033	3,018,514	2,652,261
Market Risk (MR)	100,738	43,938	84,363	30,475
Operational Risk (OR)	245,194	193,417	250,759	196,304
Shareholders' Equity	415,600	367,747	409,724	366,588
Shareholders' Equity /(RWA+MR+OR) *100	12.65	13.19	12.22	12.73

Components of shareholders' equity :

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	300,000	300,000
Nominal Capital	300,000	300,000
Capital Commitments (-)	-	-
Capital Reserves Arising From Inflation Adjustments to Paid-in Capital	9,449	9,449
Share Premium	(618)	(618)
Share Cancellation Profit	-	-
Legal Reserves	3,623	1,500
I. Legal Reserve (Turkish Commercial Code 466/1)	3,623	1,500
II. Legal Reserve (Turkish Commercial Code 466/2)	-	-
Other Legal Reserve per Special Legislation	-	-
Status Reserves	-	-
Extraordinary Reserves	60,019	21,046
Reserve Allocated at the General Assembly	-	-
Retained Earnings	60,019	21,046
Accumulated Losses	-	-
Foreign Currency Translation Differences	-	-
Inflation Component of Legal Reserves, Status Reserves and Extraordinary Reserves	-	-
Profit	3,738	41,943
Current Period Profit	3,738	41,943
Prior Periods' Profit	-	-
Free Provisions Booked for Possible Losses (Up to 25% of the Core Capital)	-	-
Gain on Sale of Real Estate and Investments in Associates and Subsidiaries to be Added to the Share Capital	-	-
Primary Subordinated Loans (Up to 15% of the Core Capital)	-	-
Accumulated Losses (-)	-	847
Current Period Loss	-	-
Prior Periods' Loss	-	847
Leasehold Improvements (-) (Reclassified under 100% risk weighted assets as of January 1, 2008)	-	2,239
Prepaid Expenses (-)	1,850	2,983
Intangible Assets (-)	2,335	2,061
Deferred Tax Assets (Amount Exceeding 10% of the Core Capital) (-)	-	-
Amount Excess of Article 56/3 of the Law (-)	-	-

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Total Core Capital	376,211	372,473
SUPPLEMENTARY CAPITAL		
General Loan Loss Reserves	15,479	14,590
45% of Revaluation Fund of Securities	-	-
45% of Revaluation Fund of Real Estate	2,677	2,677
Bonus Shares from Subsidiaries and Joint Ventures	-	-
Amount not Included in Core Capital for Primary Subordinated Loans		
Secondary Subordinated Loans (*)	45,300	-
45% of Securities Value Increase Fund (100% in case of a deficit)	(8,077)	410
Associates and Subsidiaries	-	-
Investments Available-for-Sale	(8,077)	410
Inflation Component of Capital Reserves, Profit Reserves and Prior Period Profits		
Total Supplementary Capital	55,379	17,677
TIER III CAPITAL	-	-
CAPITAL	431,590	390,150
DEDUCTIONS FROM CAPITAL	21,866	23,562
Shares in Unconsolidated Banks and Financial Institutions	-	-
Secondary Subordinated Loans Granted to Banks, Financial Institutions (Foreign and Domestic), or Preferred Shareholders, and Primary/Secondary Subordinated Loans Obtained from Them	-	-
Shares in Banks and Financial Institutions Accounted under the Equity Method	-	-
Loans Granted in Violation of the Articles 50 and 51 of the Law	-	-
Amount in Excess of 50% of the Equities of the Net Book Value of the Real Estate of the Banks, and Net Book Value of the Assets Held for Sale that Should Be Disposed of According to the Article 57 of the Law which is not Disposed of in Five Years	17,681	16,279
Others	-	-
TOTAL SHAREHOLDERS' EQUITY	409,724	366,588

(*) As of 30 June 2008, Board of Directors of the Bank has decided to increase the Bank's paid-in capital by YTL 120,000; YTL 60,000 in cash and YTL 60,000 from the remaining equity items. The cash paid-in by the holders of shares other than those listed on stock exchange is added to the capital base valid from 31 May 2008 according to the letter of the BRSA dated 5 June 2008 and numbered BDDK.UYI.48.1.1-7736.

II. Consolidated market risk

Consolidated market risk is the potential risk of loss arising from changes in interest rates, foreign currency exchange rates and equity prices regarding the assets and liabilities of the Parent Bank's on-off balance sheet.

Standard method defined in the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Official Gazette no. 26333 dated 1 November 2006 is used in calculating the market risk. The criteria for the standard method have been set by the BRSA and are reported on a monthly basis.

Market risk is calculated by employing the Standard Method and internal risk measurement models using value at risk (VaR) methodology. VaR represents the potential losses from adverse changes in market factors for a specified time period and confidence level.

The internal methods used by the Parent Bank are Parametric Method, Historical Simulation and Monte Carlo Simulation. In calculating VaR, a one-tailed 99% confidence level is used regarding one-day holding period. The results are regularly reported to the Senior Level Risk Committee and Asset-Liability Committee.

Consolidated market risk:

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	2,763
(II) Capital Obligation against Specific Risk - Standard Method	192
(III) Capital Obligation against Currency Risk - Standard Method	3,145
(IV) Capital Obligation against Commodity Risk - Standard Method	-
(V) Capital Obligation against Clearing Risk - Standard Method	-
(VI) Capital Obligation against Options Subject to Market Risk – Standard Method	649
(VII) Capital Obligation against Market Risk at the Banks calculating Risk Measuring Models	-
(VIII) Total Capital Obligation against Market Risk (I+II+III+IV+V+VI)	6,749
(IX) Value-At-Risk Amount (12.5 x VIII) or (12.5 x VII)	84,363

(*) Value at Risk does not represent all of YTL 84,363 but 8% of which is YTL 6,749 is the market risk. This amount, YTL 6,749, is also the minimum capital obligation to eliminate the market risk.

III. Consolidated foreign currency exchange rate risk

Foreign currency risk indicates the possibilities of the potential losses that banks are subject to due to adverse movements between currencies. The Parent Bank monitors foreign currency exchange rate risk in currency/YTL and parity basis and uses different risk methods and tools for each. The Parent Bank hedges parity risks through spot/arbitrage and future transactions.

The Parent Bank's foreign currency exchange rate risk is measured by Standard Method and Value at Risk Method.

The Parent Bank considers all foreign currency assets and liabilities and currency forward transactions in measuring capital obligation against currency risk. Net short and long positions of YTL equivalents of all types of currencies are calculated. Position with the higher absolute value, which is the basis for the capital obligation, is used measuring the capital obligation for currency risk.

The Bank's Board of Directors, determines the Parent Bank's limits, within regulatory limitations, related to short/long positions at any period. The Treasury Department of the Parent Bank is responsible from the management of price and liquidity risks on New Turkish Lira or foreign currency in the domestic and international markets. Risk Management Department, exercise continuous control on risks in the money markets and transactions creating these risks and reports to the Assets-Liability Committee of the Bank weekly.

The Parent Bank's spot foreign exchange bid rates as of the balance sheet date and for each of the five days prior to that date (YTL full),

	23/06/08	24/06/08	25/06/08	26/06/08	27/06/08	30/06/08
USD	1.2166	1.2290	1.2250	1.2182	1.2095	1.2237
GBP	2.4015	2.3971	2.4081	2.3996	2.3944	2.4292
EURO	1.8962	1.8964	1.9063	1.8977	1.8981	1.9271
JPY	0.01128	0.01132	0.01133	0.01126	0.01120	0.01148

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The basic arithmetical average of the Bank's foreign exchange bid rate for the last thirty days (YTL full):

	Monthly Average FC Exchange Bid Rates
USD	1.2272
GBP	2.4083
EURO	1.9061
JPY	0.01146

Information on consolidated exchange rate risk:

Current Period	EURO	USD	JPY	OTHER FC	TOTAL
Assets					
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey.	6,189	184,598	4	617	191,408
Due from Banks and Other Financial Institutions	39,518	339,162	100	6,324	385,104
Financial Assets at Fair Value Through Profit or Loss (*)	40	239	-	-	279
Interbank Money Market Placements	-	-	-	-	-
Investment Securities Available-for-Sale	-	18,927	-	-	18,927
Loans (**)	230,511	508,808	19,544	4,037	762,900
Investments in Subsidiaries and Associates	-	-	-	-	-
Investment Securities Held-to-Maturity	-	-	-	-	-
Hedging Purpose Financial Derivatives	-	-	-	-	-
Tangible Assets	-	2	-	-	2
Intangible Assets	-	-	-	-	-
Other Assets	7,000	17,798	-	3	24,801
Total Assets	283,258	1,069,534	19,648	10,981	1,383,421
Liabilities					
Bank Deposits	60	252	-	-	312
Foreign Currency Deposits	327,408	747,186	2,344	3,499	1,080,437
Interbank Money Markets	-	-	-	-	-
Funds Borrowed from Other Financial Institutions	26,221	599,427	1,079	-	626,727
Marketable Securities Issued	-	-	-	-	-
Miscellaneous Payables	252	379	-	-	631
Hedging Purpose Financial Derivatives	-	-	-	-	-
Other Liabilities (*)	9,650	8,838	-	1,266	19,754
Total Liabilities (*) (***)	363,591	1,356,082	3,423	4,765	1,727,861
Net On Balance Sheet Position	(80,333)	(286,548)	16,225	6,216	(344,440)
Net Off Balance Sheet Position	77,620	285,541	(15,862)	(5,835)	341,464
Financial Derivatives (Assets)	107,412	398,031	-	965	506,408
Financial Derivatives (Liabilities)	29,792	112,490	15,862	6,800	164,944
Non-cash Loans (****)	182,952	616,994	2,902	3,941	806,789
Prior Period					
Total Assets (*) (**)	460,332	721,645	14,059	7,183	1,203,219
Total Liabilities (*) (***)	315,550	1,187,368	111	4,005	1,507,034
Net On Balance Sheet Position	144,782	(465,723)	13,948	3,178	(303,815)
Net Off Balance Sheet Position	(145,027)	467,934	(13,448)	(2,700)	306,759
Financial Derivatives (Assets)	78,806	568,703	14,662	1,376	663,547
Financial Derivatives (Liabilities)	223,833	100,769	28,110	4,076	356,788
Non-cash Loans (****)	181,613	546,921	5,271	6,097	739,902

(*) As of 30 June 2008 an accrual difference occurs in "Financial Assets At Fair Value Through Profit Or Loss" and "Negative Value Of Trading Purpose Derivatives" amounting YTL 559 and YTL 6,162, respectively (31 December 2007: YTL 455 and YTL 5,959). Accrual on credit default swap accrual amounting YTL 723 (31 December 2007: None) included.

(**) As of 30 June 2008 "Loans" balance includes, in addition to the balance sheet amount, foreign currency indexed loans amounting YTL 391,609 (31 December 2007: YTL 366,209).

(***) As of 31 December 2007 "Security valuation differences" in equity amounting (YTL 750) not included

(****) Has no effect on net off balance sheet position.

The table below demonstrates prospective increase and decrease in equities and profit/loss as of 30 June 2008 and 31 December 2007 (excluding tax effect) on condition that 10 per cent revaluation/devaluation of the foreign currencies below against YTL. This analysis has been prepared under the circumstances of assumption of other variables, especially interest rates, to be constant.

	30 June 2008				31 December 2007			
	Income Statement		Equity (*)		Income Statement		Equity (*)	
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
USD	(101)	101	(176)	176	221	(221)	221	(221)
EURO	(271)	271	(271)	271	(25)	25	(25)	25
Other FC	75	(75)	75	(75)	98	(98)	98	(98)
Total, net	(297)	297	(372)	372	294	(294)	294	(294)

* Equity effect consists of income statement effect in the table.

IV. Consolidated interest rate risk

Consolidated interest rate risk is the probability of loss due to changes in interest rates depending on the Parent Bank's position regarding the interest bearing financial instruments.

Interest rate risk arises as a result of timing differences on the re-pricing of assets and liabilities, changes in correlation of interest rates between different financial instruments and, unexpected changes in the shape and slope of yield curves. Exposure to interest rate movements arises when there is a mismatch between rate sensitive assets and liabilities.

Interest rate risk is a key component of the Bank's market risk and asset and liability management.

As part of asset and liability management, duration and sensitivity analysis are used to measure the effects of changes in yield curves on the balance sheet. The Parent Bank daily monitors interest rate movements in the market and revises the Bank's interest rates.

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Interest sensitivity of assets, liabilities and off-balance sheet items (based on reprising dates)

	Up to 1 Month	1 – 3 Months	3 –12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Current Period							
Assets							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	182,696	-	-	-	-	74,013	256,709
Due from Banks and Other Fin.Inst.	399,451	1,051	-	-	-	8,397	408,899
Financial Assets at Fair Value Through Profit or Loss	51,993	25,979	1,700	3,084	176	-	82,932
Interbank Money Market Placements	-	-	-	-	-	-	-
Investment Securities Av.-for-Sale	60,841	98,342	13	106,714	6,944	-	272,854
Loans	1,180,155	288,442	482,048	289,395	54,434	30,568	2,325,042
Investment Securities Held-to-Mat.	-	-	-	22,381	-	-	22,381
Other Assets	102	-	-	-	-	153,295	153,397
Total Assets	1,875,238	413,814	483,761	421,574	61,554	266,273	3,522,214
Liabilities							
Bank Deposits	94,871	18,010	-	-	-	316	113,197
Other Deposits	1,643,867	296,955	32,583	68	-	159,578	2,133,051
Interbank Money Market Placements	80,617	-	-	-	-	-	80,617
Miscellaneous Payables	-	-	-	-	-	59,044	59,044
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin.Inst.	390,105	61,380	207,147	4,957	-	-	663,589
Other Liabilities	8,459	2,529	1,031	445	-	460,252	472,716
Total Liabilities	2,217,919	378,874	240,761	5,470	-	679,190	3,522,214
On Balance Sheet Long Position	-	34,940	243,000	416,104	61,554	-	755,598
On Balance Sheet Short Position	(342,681)	-	-	-	-	(412,917)	(755,598)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Interest Sensitivity Gap	(342,681)	34,940	243,000	416,104	61,554	(412,917)	-

(*) Tangible and intangible assets amounting YTL 81,018, subsidiaries amounting YTL 157, assets held for sale amounting YTL 28,874, tax assets amounting YTL 2,648 and other assets amounting YTL 40,598 are presented within other assets as non-interest bearing; provisions amounting YTL 22,664, tax liability amounting YTL 8,279, other liabilities amounting YTL 55,227 and equity amounting 374,082 YTL are presented within other liabilities as non-interest bearing.

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	JPY %	TRY %
Current Period (*)				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1.86	0.88	-	12.75
Due from Banks and Other Financial Institutions	3.79	2.29	-	17.95
Financial Assets at Fair Value Through Profit or Loss	5.03	6.36	-	17.55
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	-	8.78	-	17.85
Loans	7.93	6.93	6.12	21.97
Investment Securities Held-to-Maturity	-	-	-	19.45
Liabilities				
Bank Deposits	-	-	-	21.82
Other Deposits	5.14	4.63	4.26	20.71
Interbank Money Market Placements	-	-	-	17.64
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	5.47	5.02	-	14.67

(*) Stated by compound interest rates.

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	Up to 1 Month	1 - 3 Months	3 -12 Months	1 - 5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Prior Period							
Assets							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	135,503	-	-	-	-	59,936	195,439
Due from Banks and Other Fin.Inst.	172,368	-	-	-	-	4,773	177,141
Financial Assets at Fair Value Through Profit or Loss	51,416	38,544	26,905	3,804	171	-	120,840
Interbank Money Market Placements	-	-	-	-	-	-	-
Investment Securities Av.-for-Sale	49,075	106,998	-	10,656	11,455	-	178,184
Loans	1,190,821	198,830	506,042	256,424	37,957	11,642	2,201,716
Investment Securities Held-to-Mat.	-	-	-	-	-	-	-
Other Assets	139	-	-	-	-	139,039	139,178
Total Assets	1,599,322	344,372	532,947	270,884	49,583	215,390	3,012,498
Liabilities							
Bank Deposits	39,204	65,891	-	-	-	160	105,255
Other Deposits	1,274,123	195,735	35,506	6	-	139,166	1,644,536
Interbank Money Market Placements	182,195	-	-	-	-	-	182,195
Miscellaneous Payables	-	-	-	-	-	8,177	8,177
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin.Inst.	370,426	50,012	150,614	16,986	-	-	588,038
Other Liabilities	3,137	14,941	5,986	748	-	459,485	484,297
Total Liabilities	1,869,085	326,579	192,106	17,740	-	606,988	3,012,498
On Balance Sheet Long Position	-	17,793	340,841	253,144	49,583	-	661,361
On Balance Sheet Short Position	(269,763)	-	-	-	-	(391,598)	(661,361)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Interest Sensitivity Gap	(269,763)	17,793	340,841	253,144	49,583	(391,598)	-

(*) Tangible and intangible assets amounting YTL 80,723, subsidiaries amounting YTL 157, assets held for sale amounting YTL 28,244, tax assets amounting YTL 16,026 and other assets amounting YTL 13,889 are presented within other assets as non-interest bearing; provisions amounting YTL 20,760, tax liability amounting YTL 21,093, other liabilities amounting YTL 38,301 and equity amounting 379,331 YTL are presented within other liability as non-interest bearing.

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	JPY %	TRY %
Prior Period (*)				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1.88	2.19	-	13.16
Due from Banks and Other Financial Institutions	4.34	4.47	-	19.02
Financial Assets at Fair Value Through Profit or Loss	5.01	7.26	-	18.78
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	-	9.90	-	19.17
Loans	6.97	7.39	5.49	22.59
Investment Securities Held-to-Maturity	-	-	-	-
Liabilities				
Bank Deposits	-	5.27	-	17.10
Other Deposits	4.29	5.57	-	19.20
Interbank Money Market Placements	-	-	-	17.05
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	5.41	6.37	-	15.26

(*) Stated by compound interest rates.

Possible effects of financial assets and debts' sentivity to interest on net income and equities in the future

The interest rate sensitivity of the income statement at 30 June 2008 and 31 December 2007 is calculated by the effect of possible changes in interest rates on the floating rate, non-trading financial assets and liabilities. The sensitivity of the equity is calculated by the revaluation of the available for sale securities portfolio based on possible interest rate changes. Tax effects are ignored during calculations. Other variables, especially foreign exchange rates are held constant in the analysis.

	Income Statement		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
30 June 2008				
Financial assets at fair value through profit or loss	(1,189)	1,222	(1,189)	1,222
Financial assets available for sale	-	-	(4,297)	4,438
Floating rate financial liabilities	(432)	435	(432)	435
Total, net	(1,621)	1,657	(5,918)	6,095
	Income Statement		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2007				
Financial assets at fair value through profit or loss	(1,492)	1,531	(1,492)	1,531
Financial assets available for sale	-	-	(3,102)	3,216
Floating rate financial liabilities	(743)	744	(743)	744
Total, net	(2,235)	2,275	(5,337)	5,491

(*) Equity effect includes the change in income statement when interest rate increases or decreases 100 bp.

V. Consolidated liquidity risk

Liquidity risk occurs when there is an insufficient amount of cash or cash inflows to fulfill the cash outflows in full and on time, resulting from the unstable cash inflows.

Liquidity risk may occur when there is an inadequate market penetration and the open positions cannot be closed on a timely basis with an appropriate price and sufficient amount due to barriers and break-ups at the markets.

The Parent Bank monitors the liquidity position on a daily basis. Cash flow pojections are examined and accordingly appropriate amounts of positions are determined in the weekly Asset-Liability Commission meetings. Alternative strategies are evaluated in case of a liquidity shortage. The available free lines in the ISE Settlement and Custody Bank's Stock Exchange Money Market, Interbank and secondary market are monitored frequently. Regarding maturity mismatch risk in the balance sheet, the maximum limits have been set by the Board of Directors.

Major part of the liquidity has been maintained by the deposits in the Parent Bank. Additionally, the volume of deposits has retained a stable path during the period. On the contrary, the parent Bank executes the strategy of increasing long-term loans from international markets rather than loans from domestic secondary market.

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Presentation of assets and liabilities according to their residual maturities:

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undist. (*)	Total
Assets								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	74,013	182,696	-	-	-	-	-	256,709
Due from Banks and Other Financial Institutions	8,397	399,451	1,051	-	-	-	-	408,899
Financial Assets at Fair Value Through Profit or Loss	-	4,307	647	1,700	76,102	176	-	82,932
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Investment Securities Available-for-Sale	-	29,184	-	13	193,703	49,954	-	272,854
Loans	-	502,676	538,070	909,677	289,616	54,435	30,568	2,325,042
Investment Securities Held-to-Maturity	-	-	-	-	22,381	-	-	22,381
Other Assets	-	39,809	-	169	-	2,648	110,771	153,397
Total Assets	82,410	1,158,123	539,768	911,559	581,802	107,213	141,339	3,522,214
Liabilities								
Bank Deposits	316	94,871	18,010	-	-	-	-	113,197
Other Deposits	159,578	1,643,867	296,954	32,584	68	-	-	2,133,051
Funds Borrowed from Other Financial Institutions	-	372,504	42,145	181,969	66,971	-	-	663,589
Interbank Money Markets	-	80,617	-	-	-	-	-	80,617
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	58,837	174	-	33	-	-	-	59,044
Other Liabilities	55,222	14,828	3,667	1,085	445	723	396,746	472,716
Total Liabilities	273,953	2,206,861	360,776	215,671	67,484	723	396,746	3,522,214
Net Liquidity Gap	(191,543)	(1,048,738)	178,992	695,888	514,318	106,490	(255,407)	-
Prior Period								
Total Assets	64,710	814,109	470,553	1,021,353	433,117	87,489	121,167	3,012,498
Total Liabilities	186,090	1,529,337	321,682	524,714	50,584	-	400,091	3,012,498
Net Liquidity Gap	(121,380)	(715,228)	148,871	496,639	382,533	87,489	(278,924)	-

- (*) Assets on the balance sheet which are not convertible into cash in short period; tangible and intangible assets amounting YTL 81,018, subsidiaries amounting YTL 157, stationary supplies amounting YTL 722, assets held for sale amounting YTL 28,874, loans in follow-up amounting YTL 30,568 and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting YTL 22,664 and equity amounting YTL 374,082 are included.

As per the BRSA Communiqué published on the Official Gazette no.26333 dated 1 November 2006 and became effective starting from 1 June 2007, "Measurement and Assessment of the Adequacy of Banks' Liquidity", the weekly and monthly liquidity ratios on a bank-only basis for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively. The Parent Bank's liquidity ratios for 2008 are as follows:

Liquidity Ratios	First Maturity Bracket		Second Maturity Bracket	
	FC Liquidity Adequacy Ratio	Total Liquidity Adequacy Ratio	FC Liquidity Adequacy Ratio	Total Liquidity Adequacy Ratio
30 June 2008	232.6	193.8	122.7	114.3
Average (%)	197.8	194.5	154.4	140.9
Max. (%)	277.5	235.4	205.7	167.1
Min. (%)	144.0	161.0	115.0	102.8

The undiscounted cash outflows of the residual contractual maturities of the Parent Bank's financial liabilities are shown below.

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Residual contractual maturities of financial liabilities

30 June 2008	Book Value	Gross Nominal Disposal	Undated	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and more
Bank Deposits	113,197	114,499	316	95,825	18,358	-	-	-
Deposits from Customers	2,133,051	2,145,447	159,578	1,584,956	367,209	33,628	76	-
Due to Money Markets	80,617	80,617	-	80,617	-	-	-	-
Funds Borrowed	663,589	677,104	-	373,614	42,841	188,661	71,988	-
Subordinated Loans	-	-	-	-	-	-	-	-
Total	2,990,454	3,017,667	159,894	2,135,012	428,408	222,289	72,064	-

31 December 2007	Book Value	Gross Nominal Disposal	Undated	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and more
Bank Deposits	105,255	106,808	160	39,346	67,302	-	-	-
Deposits from Customers	1,644,536	1,652,826	139,166	1,279,332	197,734	36,587	7	-
Due to Money Markets	182,195	182,278	-	182,278	-	-	-	-
Funds Borrowed	588,038	614,816	-	23,456	32,963	499,320	59,077	-
Subordinated Loans	-	-	-	-	-	-	-	-
Total	2,520,024	2,556,728	139,326	1,524,412	297,999	535,907	59,084	-

Presentation of residual maturities of the derivative financial assets and liabilities

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and more	Total
Currency Derivative Instruments (I)	1,114,328	132,558	31,911	-	-	1,278,797
Forward Foreign Currency Purchases	104,757	25,602	576	-	-	130,935
Forward Foreign Currency Sales	104,684	27,543	594	-	-	132,821
Currency Swaps-Purchases	359,664	-	-	-	-	359,664
Currency Swaps-Sales	365,694	-	-	-	-	365,694
Currency Futures-Purchases	-	-	-	-	-	-
Currency Futures-Sales	-	-	-	-	-	-
Currency Options-Purchases	89,737	39,707	15,370	-	-	144,814
Currency Options-Sales	89,792	39,706	15,371	-	-	144,869
Interest Rate Derivative Instruments (II)	-	-	-	-	-	-
Forward Foreign Currency Purchases/Sales	-	-	-	-	-	-
Interest Rate Swaps-Purchases/Sales	-	-	-	-	-	-
Interest Rate Options-Purchases/Sales	-	-	-	-	-	-
Interest Rate Futures-Purchases/Sales	-	-	-	-	-	-
Others (III)	12,238	-	-	85,658	-	97,896
Total (I+II+III)	1,126,566	132,558	31,911	85,658	-	1,376,693

VI. Consolidated Segment Reporting:

The Group is active in three areas, namely, retail banking, corporate banking and investment banking and treasury.

Corporate banking offers YTL and foreign currency loans, corporate deposit operations, cash management, foreign currency purchases and sales, non-cash transactions (letters of credit, letters of guarantee, prefinancing, bills of exchange) and custody services.

Treasury department is consisted of marketing, foreign currency-YTL and securities units and markets, both in the name of the Bank and its customers, bonds, foreign exchange transactions and hedging purpose derivative products including swaps and options. Tekstil Menkul gives agency services in capital markets products and provides investment fund and portfolio management services.

Servicing the middle-upper segment of retail customers who require sophisticated banking and investment services falls within the scope of retail banking. Credit card services is also within the activities of retail banking.

Information related to the Segments of the Group:

Segment reporting is prepared as of 30 June 2007 for the first time according to the 28th article of the BRSA's "Communique on Financial Statements and the Accompanying Explanations and Footnotes to be Announced to the Public", dated 1 November 2006 which is published in the Official Gazette No. 26333.

Current Period	Retail Banking	Corporate Banking	Investment Banking and Others	Total Operations
Operating income	12,581	49,547	23,523	85,651
Others	-	-	-	-
Operating Income	12,581	49,547	23,523	85,651
Operating profit of segment	174	15,137	(9,198)	6,113
Costs not distributed	-	-	-	-
Operating profit	-	-	-	-
Income from subsidiaries	-	-	-	-
Profit before tax	174	15,137	(9,198)	6,113
Tax provision	-	-	2,375	2,375
Profit after tax	174	15,137	(11,573)	3,738
Minority rights	-	-	-	-
Net Profit	174	15,137	(11,573)	3,738
Segment assets (*)	230,655	2,094,387	1,197,015	3,522,057
Investments in subsidiaries	-	-	157	157
Total Assets	230,655	2,094,387	1,197,172	3,522,214
Segment liabilities (*)	1,273,330	1,023,899	850,903	3,148,132
Equity	-	-	374,082	374,082
Total Liabilities	1,273,330	1,023,899	1,224,985	3,522,214
Other Segment Items	143	826	5,191	6,160
Capital expenditure	-	-	3,078	3,078
Depreciation and amortization	143	826	1,864	2,833
Impairment losses (**)	-	-	249	249
Other non-cash income-expenses	-	-	-	-
Restructuring costs	-	-	-	-

(*) Assets in others column contain tangible assets, intangible assets, assets held for sale, deferred tax assets and assets not distributed. Liabilities in others column contain general provisions, reserve for employee benefits, current tax liabilities and liabilities not distributed.

(**) Includes loss in value of marketable securities, fixed assets and associates.

In the table above, corporate banking, retail banking, investment banking and others represent 59%, 7%, 34%, respectively, of the balance sheet. Corporate banking, investment banking and others, and retail banking represents 58%, 27% and 15%, respectively, of the operating income.

SECTION FIVE

DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Information and disclosures related to assets

1. Information related to cash and balances with the Central Bank of Turkey:

a) Cash and balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Cash	13,433	11,625	10,319	9,330
Central Bank of Turkey	51,868	179,783	27,444	148,346
Others	-	-	-	-
Total	65,301	191,408	37,763	157,676

b) Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	51,868	49,031	26,151	40,268
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	130,752	1,293	108,078
Total	51,868	179,783	27,444	148,346

c) Explanation related to reserve deposits:

According to the no. 2005/1 announcement of the Central Bank of Turkey, "Announcement on Reserve Deposits", all banks operating in Turkey should provide a reserve amounting to 6% of the liabilities in Turkish Lira and 11% of the liabilities in foreign currencies. The Central bank of Turkey makes interest payments on a quarterly basis. As of 30 June 2008, interest rates given by the Central Bank of Turkey are 12.18% for YTL, 1.00% for USD and 1.80% for Euro.

2. Financial assets at fair value through profit or loss:

a) Financial assets at fair value through profit or loss given as collateral/blocked and subject to repurchase agreements:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Given as collateral or blocked	28,953	-	5,023	23,898
Subject to repurchase agreements	-	-	79,308	-
Total	28,953	-	84,331	23,898

Financial assets at fair value through profit or loss (unrestricted) other than financial assets at fair value through profit or loss given as collateral/blocked and subject to repurchase agreements amount YTL 51,629 (December 31, 2007 – YTL 10,266).

b) Positive value of trading purpose derivatives:

Trading Purpose Derivatives	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forward transactions	878	43	1,441	86
Swap transactions	-	516	-	199
Futures	-	-	8	-
Options	913	-	441	170
Other	-	-	-	-
Total	1,791	559	1,890	455

3. Information on banks:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	23,795	385,104	15,626	161,515
Domestic	23,795	40,730	15,626	34,002
Foreign	-	344,374	-	127,513
Foreign branches	-	-	-	-
Total	23,795	385,104	15,626	161,515

4. Information on investment securities available-for-sale (net):

a) Investment securities available-for-sale given as collateral or blocked:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Given as collateral or blocked	18,286	-	699	-
Subject to repurchase agreements	85,584	-	123,246	-
Total	103,870	-	123,945	-

Investment securities available-for-sale other than investment securities available-for-sale given as collateral or subject to repurchase agreements amount YTL 168,984 (December 31, 2007 – YTL 54,239).

b) Available-for-sale securities

	Current Period	Prior Period
Debt instruments	276,671	178,616
Listed	264,688	161,158
Unlisted	11,983	17,458
Equity instruments	-	-
Listed	-	-
Unlisted	-	-
Impairment provision (-)	(3,817)	(432)
Total	272,854	178,184

5. Information related to loans:

a) 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 granted to shareholders	6,602	-	6,884	-
Corporate shareholders	6,602	-	6,884	-
Individual shareholders	-	-	-	-
Indirect loans granted to shareholders	35,836	15,064	33,301	16,852
Loans granted to employees	140	-	274	-
Total	42,578	15,064	40,459	16,852

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized Loans	2,279,647	-	14,594	233
Discount Notes	60,908	-	-	-
Export Loans	309,869	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	183,717	-	-	-
Foreign Loans	999	-	-	-
Consumer Loans	186,195	-	5,550	-
Credit Cards	34,650	-	4,260	-
Precious Metal Loans	-	-	-	-
Other	1,503,309	-	4,784	233
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	2,279,647	-	14,594	233

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c) Information on consumer loans, credit cards, loans given to employees and employee credit cards:

	Short Term	Medium or Long Term	Total
Consumer Loans-YTL	29,746	144,745	174,491
Real estate Loans	7,657	60,591	68,248
Automotive Loans	5,558	19,335	24,893
Consumer Loans	15,462	62,878	78,340
Other	1,069	1,941	3,010
Consumer Loans-Indexed to FC	797	13,588	14,385
Real estate Loans	407	10,815	11,222
Automotive Loans	209	1,100	1,309
Consumer Loans	181	1,673	1,854
Other	-	-	-
Consumer Loans-FC	-	-	-
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Credit Cards-YTL	35,632	-	35,632
Installment	5,434	-	5,434
Non installment	30,198	-	30,198
Credit Cards-FC	411	-	411
With Installment	-	-	-
Without Installment	411	-	411
Loans Given to Employees-YTL	140	-	140
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	140	-	140
Other	-	-	-
Loans Given to Employees - Indexed to FC	-	-	-
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Loans Given to Employees - FC	-	-	-
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Employee Credit Cards-YTL	1,167	-	1,167
With Installment	354	-	354
Without Installment	813	-	813
Employee Credit Cards-FC	10	-	10
Without Installment	-	-	-
Without Installment	10	-	10
Overdraft Account-YTL (Individual)	2,729	-	2,729
Overdraft Account-FC (Individual)	-	-	-
Total	70,632	158,333	228,965

d) Information on installment corporate loans and corporate credit cards:

	Short Term	Medium or Long Term	Total
Installment Corporate Loans - YTL	47,101	57,224	104,325
Real Estate Loans	-	2,243	2,243
Automotive Loans	881	13,817	14,698
Consumer Loans	17,257	-	17,257
Other	28,963	41,164	70,127
Installment Corporate Loans -- Indexed to FC	4,343	53,891	58,234
Real Estate Loans	215	42	257
Automotive Loans	570	18,449	19,019
Consumer Loans	1,331	5,599	6,930
Other	2,227	29,801	32,028
Installment Corporate Loans - FC	11	125	136
Real Estate Loans	11	125	136
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards - YTL	1,645	-	1,645
With Installment	81	-	81
Without Installment	1,564	-	1,564
Corporate Credit Cards - FC	45	-	45
With Installment	-	-	-
Without Installment	45	-	45
Overdraft Account-YTL (Individual)	9,540	-	9,540
Overdraft Account-FC (Individual)	-	-	-
Total	62,685	111,240	173,925

e) Loan concentration according to counterparty:

	Current Period	Prior Period
Domestic loans	2,324,043	2,179,652
Foreign loans	999	22,064
Total	2,325,042	2,201,716

f) Loans granted to subsidiaries and associates: None.

g) Specific provisions for loans:

	Current Period	Prior Period
Specific Provisions		
Loans and Receivables with Limited Collectibility	6,973	1,583
Loans and Receivables with Doubtful Collectibility	10,765	4,891
Uncollectible Loans and Receivables	13,112	10,776
Total	30,850	17,250

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

h.1) Information on loans under follow-up, loans and other receivables those are restructured/rescheduled: None.

h.2) Information on total non-performing loans:

	Group III Loans and receivables with limited collectibility	Group IV Loans and receivables with doubtful collectibility	Group V Uncollectible loans and receivables
Balances at Beginning of Period	7,462	6,961	14,469
Additions (+)	27,030	5,771	1,085
Transfers from Other Categories of Non- Performing Loans (+)	-	6,636	2,300
Transfers to Other Categories of Non-Performing Loans (-)	6,636	2,300	-
Collections (-)	235	608	517
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balances at End of the Period	27,621	16,460	17,337
Specific Provisions (-)	6,973	10,765	13,112
Net Balance on Balance Sheet	20,648	5,695	4,225

h.3) Information on non-performing loans in foreign currencies: None.

h.4) Information on non-performing loans according to beneficiary group:

	Group III Loans and receivables with limited collectibility	Group IV Loans and receivables with doubtful collectibility	Group V Uncollectible loans and receivables
Current Period (Net)			
Loans Allowed to Real Persons and Corporate Bodies (Gross)	27,621	16,460	17,337
Specific provision (-)	6,973	10,765	13,112
Loans Allowed to Real Persons and Corporate Bodies (Net)	20,648	5,695	4,225
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
Prior Period (Net)			
Loans Allowed to Real Persons and Corporate Bodies (Gross)	7,462	6,961	14,469
Specific provision (-)	1,583	4,891	10,776
Loans Allowed to Real Persons and Corporate Bodies (Net)	5,879	2,070	3,693
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-

6. Information on investment securities held-to-maturity (Net):

a) Information on subject to repurchase agreement and given as collateral or blocked:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Given as collateral or blocked	7,235	-	-	-
Subject to Repurchase Agreement	-	-	-	-
Total	7,235	-	-	-

As of 30 June 2008, investment securities held-to-maturity other than those subject to repurchase agreements and given as collateral or blocked is YTL 15,146 (31 December 2007 – None).

b) Information on accounts in which government securities held-to-maturity are reflected :

	Current Period	Prior Period
Government Bonds	22,381	-
Tresury Bills	-	-
Other Government Securities	-	-
Total	22,381	-

c) Information on investment securities held-to-maturity:

	Current Period	Prior Period
Debt Securities	22,381	-
Listed	22,381	-
Unlisted	-	-
Impairment(-)	-	-
Total	22,381	-

d) Information on the movement of investment securities held-to-maturity during the period :

	Current Period	Prior Period
Balance at the beginning of the period	-	-
Foreign exchange differences	-	-
Purchases	22,381	-
Sales and redemptions	-	-
Impairment (-)	-	-
Balance at the end of the period	22,381	-

7. Investments in associates (Net):

Tekstil Menkul Değerler A.Ş., the subsidiary of the Parent Bank, participated in "Gelişen İşletmeler Piyasaları A.Ş." with YTL 100 which is 1% of its share capital and paid YTL 50 in cash and recorded to financial statements.

8. Investments in subsidiaries (Net):

Information related to subsidiaries:

a) Information on subsidiaries not consolidated:

Description	Address (City/Country)	Bank's share percentage- If different from voting percentage(%)	Bank's Risk Group Share Percentage (%)
Tekstil Bilişim Hizmetleri ve Ticaret A.Ş. (*) (Bilişim)	Istanbul/Turkey	99.97	100.00

(*) Not consolidated since Bilişim is a non financial subsidiary.

b) Information on subsidiaries according to information above:

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Trading Income	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
54	56	-	4	-	(3)	(1)	-

c) Movement of subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	107	107
Movements during the Period	-	-
Purchases	-	-
Bonus shares received	-	-
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision (+)	-	-
Balance at the End of the Period	107	107
Capital Commitments	-	-
Share Percentage at the end of Period (%)	-	-

d) Sectoral distribution of subsidiaries:

	Current Period	Prior Period
Subsidiaries		
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	-	-
Other Non Financial Subsidiaries	107	107
Total	107	107

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e) Information on consolidated subsidiaries:

Description	Address (City/Country)	Bank's share percentage- If different from voting percentage	Banks Risk Group Share Percentage (%)
Tekstil Menkul Değerler A.Ş. (Tekstil Menkul)	Istanbul/Turkey	99.92	100.00
The Euro Textile Bank Off-shore Ltd (ETB)	Lefkoşa/Cyprus	99.99	100.00

f) Information on subsidiaries according to information above:

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Trading Income	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
6,843	3,374	120	239	301	(50)	(309)	-
195,763	1,676	2	17,103	-	(3,383)	2,115	-

g) Movement of consolidated subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	10,794	4,924
Movements during the Period	-	5,870
Purchases (*)	-	1,961
Bonus Shares Received (*)	-	790
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision (+)	-	3,431
Revaluation Increase/(Decrease), Effect of Inflation and F/X Difference (**)	-	(312)
Balance at the End of the Period	10,794	10,794
Capital Commitments	-	-
Share Percentage at the end of Period (%)	-	-

(*) Tekstil Menkul increased its share capital YTL 3,800; YTL 1,961 of this amount was paid in by the Bank. The Bank received bonus shares amounting YTL 790 as a result of this increase.

(**) Foreign currency exchange difference on investment in foreign subsidiary (ETB).

h) Sectoral distribution of consolidated subsidiaries:

	Current Period	Prior Period
Subsidiaries		
Banks	5,310	5,310
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	5,484	5,484
Other Non Financial Subsidiaries	-	-
Total	10,794	10,794

i) Listed subsidiaries: None.

j) Subsidiaries disposed during the current period: None.

k) Subsidiaries purchased in the current period: None.

9. Information on Joint Ventures:

None.

10. Information on Financial Lease Receivables (net):

None.

11. Information on hedging purpose derivatives:

None.

12. Information on investment properties:

None.

13. Information on deferred tax assets:

a) Amount of deferred tax asset recognized in the balance sheet in respect of each type of deductible temporary differences, unused tax losses, unused tax credits:

The Bank has net deferred tax asset amounting YTL 2,648 which was calculated on deductible temporary differences except general provisions at 30 June 2008.

Deferred tax effects of items charged or credited to equity are also charged or credited directly to equity.

b) Amount and expiry date of deductible temporary differences, unused tax losses, unused tax credits for which no deferred tax asset is recognized in the balance sheet: None

14. Information on assets held for sale and discontinued operations

The Bank has no discontinued operations during the current period.

Movement of assets held for sale:

	Current Period	Prior Period
Opening Balance, net	28,244	24,281
Purchases	1,817	6,828
Disposals, net (-)	1,101	2,662
Current Period Depreciation	86	203
Closing Net Book Value	28,874	28,244

Assets held for sale include commodities amounting YTL 15 (net).

II. Information and disclosures related to liabilities

1. Information on deposits:

a) Information on maturity profile of deposits:

The Bank does not have any deposits callable in 7 days informed and cumulative deposits

a.1) Current Period:

	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Total
Saving Deposits	9,936	269,876	353,557	2,304	2,478	12	638,163
Foreign Currency Deposits	61,076	359,798	597,904	35,125	18,625	7,909	1,080,437
Residents in Turkey	54,509	311,784	579,294	29,364	8,260	950	984,161
Residents Abroad	6,567	48,014	18,610	5,761	10,365	6,959	96,276
Public Sector Deposits	41,125	-	-	-	-	-	41,125
Commercial Deposits	45,517	176,304	130,451	11,432	1	-	363,705
Other Ins. Deposits	1,924	1,323	6,352	8	14	-	9,621
Precious Metal Deposits	-	-	-	-	-	-	-
Bank Deposits	316	94,872	18,009	-	-	-	113,197
Central Bank	-	-	-	-	-	-	-
Domestic Banks	316	17,517	-	-	-	-	17,833
Foreign Banks	-	77,355	18,009	-	-	-	95,364
Special Financial Inst.	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	159,894	902,173	1,106,273	48,869	21,118	7,921	2,246,248

a.2) Prior Period:

	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year and Over	Total
Saving Deposits	11,297	183,556	284,468	4,277	1,218	-	484,816
Foreign Currency Deposits	58,730	420,690	363,056	53,388	23,990	4,940	924,794
Residents in Turkey	56,947	377,413	289,329	49,753	9,110	923	783,475
Residents Abroad	1,783	43,277	73,727	3,635	14,880	4,017	141,319
Public Sector Deposits	23,246	12	-	-	-	-	23,258
Commercial Deposits	45,324	105,301	47,441	7,572	4	-	205,642
Other Ins. Deposits	569	347	5,096	1	13	-	6,026
Precious Metal Deposits	-	-	-	-	-	-	-
Bank Deposits	160	39,205	65,890	-	-	-	105,255
Central Bank	-	-	-	-	-	-	-
Domestic Banks	160	27,588	-	-	-	-	27,748
Foreign Banks	-	11,617	65,890	-	-	-	77,507
Special Financial Inst.	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	139,326	749,111	765,951	65,238	25,225	4,940	1,749,791

b) Information on Deposit Insurance:

b.1) Information on savings deposits insured by Saving Deposit Insurance Fund and the total amount of the deposits exceeding the insurance coverage limit:

Saving Deposits	Covered by Deposit Insurance Fund	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit	Exceeding the Deposit Insurance Limit
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	252,311	207,496	366,860	261,865
Foreign Currency Savings Deposits	129,765	127,981	479,920	351,948
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	382,076	335,477	846,780	613,813

b.2) Saving deposits not covered by deposit insurance: YTL 52,061 (31 December 2007- YTL 59,814)

Saving deposits that are not covered under the guarantee of deposit insurance fund:

	Current Period	Prior Period
Deposits and Other Accounts at Foreign Branches	-	-
Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children under Their Wardship	8,552	14,553
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEO with Their Parents, Spouse and Children under Their Wardship	10,834	10,127
Deposits and Other Accounts linked to Crimes Mentioned in 282 nd Article of 5237 Numbered Turkish Crime Legislation dated on 26/09/2004	-	-
Deposits belong to Off-shore Banks which are established in Turkey.	32,675	35,134

2. Information on derivative financial liabilities held for trading:

Negative difference on derivatives held for trading:

Derivatives held for trading	Current Period		Prior Period	
	YTL	FC	YTL	FC
Forwards	2,270	24	15,671	57
Swaps	-	5,748	-	5,898
Futures	-	-	-	-
Options	625	390	450	4
Other	-	723	-	-
Total	2,895	6,885	16,121	5,959

3. Information on funds borrowed:

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	36,862	51,927	28,454	34,307
Foreign Banks, Institutions and Funds	-	574,800	-	525,277
Total	36,862	626,727	28,454	559,584

b) Maturities of funds borrowed:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-Term	36,862	157,203	28,454	106,838
Medium and Long-Term	-	469,524	-	452,746
Total	36,862	626,727	28,454	559,584

4. Information on other liabilities:

Other liabilities amount YTL 56,350 (31 December 2007: YTL 39,316) and do not exceed 10% of total liabilities excluding the off-balance sheet items.

5. Obligations under financial leases:

Lease rent payments are determined according to related asset's cost, market interest rates and lease term. The Bank does not have significant obligations on financial lease agreements.

Obligations under financial leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	1,200	1,116	1,069	969
Between 1-4 years	457	445	779	748
More than 4 years	-	-	-	-
Total	1,657	1,561	1,848	1,717

6. Information on liabilities arising from hedging purpose derivatives:

None.

7. Information on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General Provisions		
Provisions for Loans and Receivables in Group I	13,580	12,776
Provisions for Loans and Receivables in Group II	72	18
Provisions for Non Cash Loans	1,781	1,722
Other	46	74
Total	15,479	14,590

b) Information on reserve for employee rights:

In accordance with existing legislation in Turkey, the Bank and its subsidiary in Turkey have to make certain lump-sum payments to employees who has completed one year of service with the Bank and whose employment is terminated due to retirement or reasons other than resignation or misconduct. Provision for employee severance benefits has been accounted for using discounting total provision and reflected to the consolidated financial statements.

Such payments are calculated on the basis of 30 days' pay, at 30 June 2008, at ceiling amount of YTL 2.09 (31 December 2007: YTL 2.03), per year of employment at the rate of pay applicable at the date of retirement of termination. The liability is not funded, since there is no funding requirement.

The Bank reserved for employee severance indemnities in the accompanying financial statements using actuarial method in accordance with the Turkish Accounting Standard 19 (TAS 19) "Employee Benefits". The major actuarial assumptions used in the calculation of the total liability are as follows:

	Current Period	Prior Period
Discount Ratio (%)	5.71	5.71
Expected Salary/ETI Liability Ceiling Increase Rate (%)	5.00	5.00

It is assumed that the ceiling amount would increase by the rate of inflation.

ETI liability movements at balance sheet are below:

	Current Period	Prior Period
Prior Period End Amount	1,455	3,254
Current year provisions/ (reversal of provision)	301	(1,420)
Paid in current year	(152)	(379)
Period end amount	1,604	1,455

The Bank also has vacation pay liability amounting YTL 2,945 (31 December 2007: YTL 2,508) as of 30 June 2008.

TEKSTİL BANKASI ANONİM ŞİRKETİ VE ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2008
(Currency: Thousands of YTL - New Turkish Lira)

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c) Provision for foreign exchange gain/loss on foreign currency indexed loans

Foreign exchange differences on foreign currency indexed loans amounting YTL 9,152 (31 December 2007: YTL 32,704) are netted with loans on the asset side.

d) Information on other provisions:

d.1) Information on provision for possible risks: None

d.2) Information on provision for promotions related with banking services:

As of 30 June 2008, the Bank has provision for credit card service promotions amounting YTL 558 (31 December 2007: YTL 304).

8. Taxation:

a) Current tax liability: As of 30 June 2008, the Bank has no current period corporate taxes payable (31 December 2007- YTL 13,016).

b) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	(*) 11	13,016
Taxation on securities	2,516	2,440
Capital gains tax on property	121	98
Banking Insurance Transaction Tax (BITT)	2,768	2,669
Taxes on foreign exchange transactions	-	174
Value added tax payable	36	52
Other	1,345	1,317
Total	6,797	19,766

(*) Corporate taxes payable for 2007.

c) Information on premiums payable:

	Current Period	Prior Period
Social security premiums- employee share	564	511
Social security premiums- employer share	799	709
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	-	-
Pension fund membership fees and provisions- employee share	-	-
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	39	35
Unemployment insurance- employer share	78	70
Other	2	2
Total	1,482	1,327

d) Information on deferred tax liabilities

Deferred tax liability is netted off with deferred tax assets.

9. Information on shareholders' equity:

a. Paid in capital:

	Current Period	Prior Period
Common Stock	300,000	300,000
Preferred Stock	-	-

The paid-in share capital of the Bank is represented by 3,000 million registered shares of one 0.01 New Turkish Liras each.

According to the resolution of the Board of Directors No 937/05 dated 29 February 2008, the paid-in capital of the Bank has been decided to increase to YTL 300,000 from YTL 420,000; YTL 60,000 in cash and the remaining from equity items. As of 30 June 2008, the process for share capital increase has not been completed.

- b. 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: Not applicable at the Bank
- c. Information on share capital increases and their sources; other information on any increase in capital shares during the current period: None.
- d. Information on share capital increases from revaluation funds: None.
- e. Capital commitments for current financial year and following period: None.
- f. 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
- g. Information on the privileges given to stocks representing the capital: None.
- h. Information on valuation of securities

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Associates and subsidiaries	-	-	-	-
Financial assets available-for-sale	(7,327)	(750)	910	-
Marketable securities subject to structural position	-	-	-	-
Total	(7,327)	(750)	910	-

Information on portion of foreign currency securities that are related to marketable securities valuation funds:

Portion of foreign currency securities which are related with the marketable securities valuation funds is presented as difference between fair values and amortized costs of the government bonds classified as investment securities available-for-sale.

III. Information on disclosures related to consolidated income statement

1. Interest income:

a) Information on interest income received from loans:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Interest income received from loans (*)				
Short Term	139,326	14,295	120,098	11,868
Medium and Long Term	19,257	2,016	6,810	1,412
Loans Under Follow-Up	1,163	-	995	-
Source Utilization Support Fund	-	-	-	-
Total	159,746	16,311	127,903	13,280

(*) Includes fees and commissions from cash loans.

b) Information on interest income received from banks

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Central Bank of Turkey	3,269	299	2,125	27
Domestic Banks	823	1,159	139	2,318
Foreign Banks	-	2,342	40	5,111
Foreign Branches	-	-	-	-
Total	4,092	3,800	2,304	7,456

c) Information on interest income received from associates and subsidiaries: None

2. Interest expense:

a) Information on interest expense related to funds borrowed:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks (*)	2,228	16,046	2,453	18,860
Central Bank of Turkey	-	-	-	-
Domestic Banks	2,211	1,360	2,453	950
Foreign Banks	17	14,686	-	17,910
Foreign Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	2,228	16,046	2,453	18,860

(*) Includes fees and commission expenses related with funds borrowed.

b) Information on interest expense paid to associates and subsidiaries:

	Current Period	Prior Period
Interest paid to associates and subsidiaries	5	-

3. Trading income / loss (net)

	Current Period	Prior Period
Profit	200,274	131,351
Capital Market Transactions:	106,928	65,318
Derivatives	105,211	62,903
Other	1,717	2,415
Foreign Exchange Gain	93,346	66,033
Loss (-)	212,526	130,272
Capital Market Transactions:	118,488	75,243
Derivatives	118,347	74,637
Other	141	606
Foreign Exchange Loss	94,038	55,029

4. Other operating income:

There is not any extraordinary event that would effect the Parent Bank's other operating income.

5. Impairment on loans and other receivables:

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables:	14,397	3,590
<i>Loans and Receivables in Group III</i>	6,986	628
<i>Loans and Receivables in Group IV</i>	6,247	1,905
<i>Loans and Receivables in Group V</i>	1,164	1,057
General Provision Expenses	889	2,110
Provision for Possible Losses	-	-
Impairment Losses on Securities:	249	150
<i>Trading securities</i>	249	(55)
<i>Investment Securities Available-for-Sale</i>	-	205
Other Impairment Losses:	-	-
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
<i>Investment Securities Held-to-Maturity</i>	-	-
Other	-	-
Total	15,535	5,850

6. Information related to other operational expenses:

	Current Period	Prior Period
Personnel Expenses	41,813	30,320
Reserve for Employee Termination Indemnity Benefits	586	(1,458)
Reserve for Bank's Social Aid Fund Deficit	-	-
Impairment of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	2,379	2,233
Impairment of Intangible Assets	-	-
Depreciation Expenses of Intangible Assets	368	287
Impairment of Investments in Associates	-	-
Impairment of Securities Held for Sale	-	-
Depreciation of Securities Held for Sale (*)	86	142
Impairment of Assets Held for Sale	-	-
Other Operating Expenses	15,678	11,373
<i>Operational Leases</i>	4,783	3,957
<i>Repair and Maintenance</i>	802	511
<i>Advertising</i>	552	532
<i>Other Expenses</i>	9,541	6,373
Loss on Sales of Assets	-	244
Other	3,093	3,241
Total	64,003	46,382

7. Profit / loss before taxes for continued and discontinued operations:

a) Information on calculated current tax income or expense and deferred tax income or expense:

For the period ended 30 June 2008 there is no current tax expense (30 June 2007- YTL 7,319)

For the period ended 30 June 2008 deferred tax expense amounts YTL 2,375 (30 June 2007- YTL 654 - income).

- b) Deferred tax charge arising from origination or reversal of temporary differences:

For the period ended 30 June 2008 deferred tax expense arising from temporary differences amounts YTL 4,217 (30 June 2007- YTL 654, income).

- c) Information on deferred tax income or expense by temporary difference, financial loss and tax deduction and exception reflected to income table.

For the period ended 30 June 2008 deferred tax expense arising from temporary differences and financial loss amounts YTL 2,375 (30 June 2007: YTL 654 - income).

For the period ended 30 June 2008 deferred tax income resulted from financial loss amounts YTL 1,842 (30 June 2007: None).

8. Information on net profit and loss:

- a) Any further explanation on operating results needed for better understanding of the Bank's performance: None
- b) Any changes in estimations that might have a material effect on current and subsequent period results: None

9. Information related to the components of other items in the income statement exceeding 10% of the group total, or 20% of the sub-accounts belonging to this group:

None.

IV. Information and disclosures related to consolidated off-balance sheet items

1. Disclosures related to other contingent liabilities

- a) Type and amount of irrevocable commitments: As of 30 June 2008, loan granting commitments amount to YTL 33,930 (31 December 2007: YTL 42,655), commitments for credit card limits amount to YTL 197,814 (31 December 2007: YTL 203,517) commitments for cheque payments amount to YTL 68,321 (31 December 2007: YTL 61,175), commitments for promotional operations re-credit cards amount to YTL 1,193 (31 December 2007: YTL 1,508) and asset purchase commitments amount YTL 1,787.
- b) Type and amount of possible losses and commitments from off-balance sheet items: None.

Guarantees from off-balance sheet commitments are shown in Off-balance Sheet Commitments and Contingencies" table.

As of 30 June 2008, the Bank has letters of guarantees amounting to YTL 1,030,008 (31 December 2007- YTL 1,075,302), bills of exchange and acceptances amounting to YTL 13,389 (31 December 2007- YTL 13,485), letters of credit amounting to YTL 321,697 (31 December 2007- YTL 236,246), prefinancing given as guarantee amounting to YTL 3,067 (31 December 2007- YTL 2,795) and other guarantees amounting to YTL 47,029 (31 December 2007- YTL 42,548).

c) Non-cash loans

	Current Period	Prior Period
Non-Cash Loans Given for Cash Loan Risks	115,541	128,458
With Original Maturity of 1 Year or Less	3,860	3,150
With Original Maturity of More Than 1 Year	111,681	125,308
Other Non-Cash Loans	1,299,649	1,241,918
Total	1,415,190	1,370,376

- d. There is not any fiduciary service rendered on behalf of third parties.

V. Information and disclosures related to the Bank's risk group

1. Information on the volume of transactions with the Bank's risk group, lending and deposits outstanding at period end and income and expenses in the current period:

a) Current Period:

Bank's Risk Group (*)	Associates and subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<u>Loans and Other Receivables</u>						
Balance at the Beginning of the Period	-	-	40,185	16,750	-	-
Balance at the End of the Period	-	-	42,438	14,962	-	-
Interest and Commission Income Received	-	-	2,577	109	-	-

(*) As described in the Article 49 of Banking Law no.5411.

The Bank also has placements at the banks in its risk group amounting to YTL 21,712 (31 December 2007- YTL 17,584).

b) Prior Period:

Bank's Risk Group (*)	Associates and subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<u>Loans and Other Receivables</u>						
Balance at the Beginning of the Period	-	-	37,479	5,945	-	-
Balance at the End of the Period	-	-	40,185	16,750	-	-
Interest and Commission Income Received	-	-	1,484	31	-	-

(*) As described in the Article 49 of Banking Law no.5411.

c) Information on deposits held by the Bank's risk group:

Bank's Risk Group (*)	Associates and subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<u>Deposit</u>						
Balance at the beginning of the Period	56	59	43,810	41,583	-	-
Balance at the End of the Period	54	56	32,750	43,810	-	-
Interest on Deposits	5	3	2,013	2,957	-	-

(*) As described in the Article 49 of Banking Law no.5411.

d) Information on forward transactions and option agreements and similar other agreements related with the Bank's risk group: None

VI. Domestic, foreign and off-shore banking branches and foreign representatives

	Number	Number of Employees			
Domestic branch	60	1,534			
			Country of Incorporation		
Foreign representation	1	2	Berlin, Germany	Total Assets	Statutory Share Capital
Foreign branch	-	-	-	-	-
Off-shore banking region branches	-	-	-	-	-

VII. Information and disclosure related to subsequent events

- a) Transactions that have not been finalized and their effect on the consolidated financial statements:

By the Board of Directors' of the Bank's parent company, GSD Holding has decided on 5 May 2008 to sell all or portion of its shares at the Bank to potential bidders.

The Bank has paid outstanding syndication loans as of 30 June 2008 amounting to USD 287.6 millions at July 2008, and within a new agreement signed with international finance institutions dated 4 August 2008 has borrowed a new syndication loan amounting to USD 156.5 millions and EUR 87.5 millions.

- b) Information about effects on foreign currency transactions and financial statements of significant changes in foreign exchange rates after balance sheet date and foreign operations of the Bank:
None.

SECTION SIX

INDEPENDENT AUDITORS' REVIEW REPORT

I. Information on the independent auditor's review report

The consolidated financial statements of the Bank and its financial subsidiaries as of and for the period ended 30 June 2008 have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the member firm of KPMG International) and their review report dated 13 August 2008 has been presented before the consolidated financial statements in this financial report.

II. Information and disclosures prepared by the independent auditors

None