

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

Tekstil Bankası Anonim Şirketi

Consolidated Financial Statements

As of and for the Year Ended

31 December 2008

With Independent Auditors' Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi
27 March 2009

*This report contains 2 pages of
independent auditors' report and 75
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 Auditors' Report
Originally Prepared and Issued in Turkish (See Note 3.I)**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Tekstil Bankası Anonim Şirketi:

We have audited the consolidated balance sheet of Tekstil Bankası Anonim Şirketi ("the Bank") and its subsidiaries as of 31 December 2008 and the related consolidated statements of income, cash flows, changes in shareholders' equity, and a summary of the significant accounting policies and other disclosures for the period then ended.

The Board of Directors' Responsibility for the Financial Statements

The Board of Directors of the Bank is responsible for the establishment of an internal control system, selection and application of appropriate accounting policies for the preparation and presentation of the reported consolidated financial statements in accordance with 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, Turkish Accounting Standards, Turkish Financial Reporting Standards, and other regulations, explanations and circulars on accounting and financial reporting principles announced by Banking Regulation and Supervision Agency (BRSA), free of material errors and misuse that could lead to false information within.

Auditors' Responsibility

Our responsibility, as independent auditors, is to issue a report on the consolidated financial statements based on our audit. We conducted our audit in accordance with the Regulation on Authorization of Entities that Conduct Independent Audit in the Banks and Their Operations, dated 1 November 2006 which is published in the Official Gazette No.26333, and international auditing standards. Our independent audit was planned and conducted to provide reasonable assurance that the consolidated financial statements are free of material misstatement. Our independent audit involved the necessary techniques to collect audit evidence related to the figures included in the consolidated financial statements and accompanying footnotes; which have been determined based on our professional conviction. Those techniques have been selected by considering the effectiveness of the internal controls used in preparation and presentation of the consolidated financial statements and the appropriateness of the accounting policies applied. We believe that our audit provides a reasonable basis for our opinion expressed below.



Opinion:

In our opinion, based on our audit, the accompanying consolidated financial statements present fairly the financial position of Tekstil Bankası Anonim Şirketi and its subsidiaries as of 31 December 2008, and of the results of its operations and its cash flows for the year then ended, in all material respects in accordance with regulations described in Articles 37 and 38 of the (Turkish) Banking Law No 5411; and other regulations, explanations and circulars on accounting and financial reporting principles announced by BRSA.

Istanbul,
27 March 2009

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 FINANCIAL REPORT AS OF 31 DECEMBER 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 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
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDITORS' REPORT

The subsidiaries, associates and jointly controlled companies included in the 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 audit, 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	İ. Sencan DEREBEYOĞLU	H.Çim GÜZELAYDINLI	Nuriye DİZDAR	M.Sercan ÇOBAN
Chairman of	Member of Board	Chief Executive Officer	Executive	Unit Manager
Board of Directors	of Directors and	and	Vice	
and Audit Committee	Audit Committee	Member of Board	President	
		of Directors		

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 and information about the persons and institutions that have qualified shares in the Parent Bank

As of 31 December 2008, the paid-in capital of the Parent Bank is YTL 420,000 and fully paid. 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 at 31 December 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. ("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.

(*) In the Extraordinary General Assembly of The Euro Textile Bank Offshore Ltd. dated 17 November 2008, it was decided to change the name of the Company as "The Euro Textile International Banking Unit Ltd." in accordance with International Banking Units Law. The change is accepted and enforced by Council of Ministers of the Turkish Republic of North Cyprus on 21 January 2009.

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:	I.Sencan DEREBEYOĞLU ⁽¹⁾	Member of Audit Committee ⁽¹⁾	Graduate
Member of Board of Directors:	I.Sühan ÖZKAN ⁽²⁾	Vice Chairman of Board of Directors ⁽²⁾	Under-Graduate
	Cezmi ÖZTÜRK	Member	Under-Graduate
	Murat ATIM ⁽³⁾	Member	Under-Graduate
	I.Sencan DEREBEYOĞLU	Member	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:	Ümit ALTINAY ⁽⁴⁾	Information Technologies and Organization Group ⁽⁵⁾	Graduate
	Yasef COYAŞ ⁽⁶⁾	Operations Group ⁽⁶⁾	Under-Graduate
	Nuriye DİZDAR	Financial Control Group	Under-Graduate
	D.Halit DÖVER	International Relations Group	Graduate
	Ahmet İLERİGELEN ⁽⁶⁾	Loans Group	Graduate
	Hüseyin H. İMECE	Treasury and Investors Relations Group	Under-Graduate
	Y.Başbuğ SAMANCIOĞLU	Corporate and Commercial Banking Group	Under-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.

- (¹) In the Board of Directors Meeting dated 31 December 2008, İ.Sencan Derebeyoğlu has been elected instead of T.Tözün Tarman as member of Audit Committee.
- (²) In the Board of Directors Meeting dated 31 December 2008, İ.Sühan Özkan has been elected as Vice Chairman of Board of Directors.
- (³) In the General Assembly dated 24 March 2008 Murat Atım has been elected instead of A. Erdem Yörükoğlu whose terms of office has finished.
- (⁴) In January 2008, Ümit Altınay has been assigned as Executive Vice President responsible from Information Technologies Group instead of Hakan Öznen.
- (⁵) In April 2008, Organization Department has been incorporated to Information Technologies Group.
- (⁶) 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.

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 at 31 December 2008, the Bank has 60 branches close to industrial zones of Turkey and a representative office in Berlin, Germany. The Bank has 1,410 employees as of 31 December 2008 (As at 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 – 31 December 2008
Address of Bank's Headquarters	: Büyükdere Caddesi No: 63 34398 Maslak - İstanbul
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 31 DECEMBER 2008 AND 2007

(Currency: Thousands of YTL - New Turkish Lira)

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

ASSETS	Footnotes (Section 5)	THOUSANDS OF NEW TURKISH LIRA					
		CURRENT PERIOD			PRIOR PERIOD		
		31/12/2008			31/12/2007		
		YTL	FC	Total	YTL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(5.1.1)	41,528	114,558	156,086	37,763	157,676	195,439
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	4,681	3,713	8,394	96,218	24,622	120,840
2.1 Trading Securities		591	373	964	94,328	24,167	118,495
2.1.1 Public Sector Debt Securities		591	373	964	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		4,090	3,340	7,430	1,890	455	2,345
III. BANKS	(5.1.3)	60,034	178,892	238,926	15,626	161,515	177,141
IV. INTERBANK MONEY MARKET		369,154	-	369,154	-	-	-
4.1 Interbank Money Market Placements		369,154	-	369,154	-	-	-
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)	1,882	21,095	22,977	160,726	17,458	178,184
5.1 Share Certificates		-	279	279	-	-	-
5.2 Public Sector Debt Securities		1,882	8,898	10,780	160,726	-	160,726
5.3 Other Securities		-	11,918	11,918	-	17,458	17,458
VI. LOANS	(5.1.5)	1,317,262	312,394	1,629,656	1,731,352	470,364	2,201,716
6.1 Loans		1,287,139	312,394	1,599,533	1,719,710	470,364	2,190,074
6.1.1 Loans Utilized to the Bank's Risk Group		18,066	22,866	40,932	28,734	11,451	40,185
6.1.2 Others		1,269,073	289,528	1,558,601	1,690,976	458,913	2,149,889
6.2 Loans under Follow-Up		53,365	-	53,365	28,892	-	28,892
6.3 Specific Provisions (-)		23,242	-	23,242	17,250	-	17,250
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net)	(5.1.6)	364,068	-	364,068	-	-	-
8.1 Public Sector Debt Securities		364,068	-	364,068	-	-	-
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)	55	-	55	107	-	107
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		55	-	55	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)		76,700	2	76,702	78,661	1	78,662
XV. INTANGIBLE ASSETS (Net)		2,672	-	2,672	2,061	-	2,061
15.1 Goodwill		-	-	-	-	-	-
15.2 Others		2,672	-	2,672	2,061	-	2,061
XVI. INVESTMENT PROPERTY (Net)	(5.1.12)	-	-	-	-	-	-
XVII. TAX ASSETS		3,009	-	3,009	16,026	-	16,026
17.1 Current Tax Assets		-	-	-	11,003	-	11,003
17.2 Deferred Tax Assets	(5.1.13)	3,009	-	3,009	5,023	-	5,023
XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)	(5.1.14)	33,881	-	33,881	28,244	-	28,244
18.1 Held For Sale		33,881	-	33,881	28,244	-	28,244
18.2 Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS		22,031	40,617	62,648	8,199	5,829	14,028
TOTAL ASSETS		2,297,007	671,271	2,968,278	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 31 DECEMBER 2008 AND 2007
(Currency: Thousands of YTL - New Turkish Lira)

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

LIABILITIES AND EQUITY	Footnotes (Section 5)	THOUSANDS OF NEW TURKISH LIRA					
		CURRENT PERIOD			PRIOR PERIOD		
		31/12/2008			31/12/2007		
		YTL	FC	Total	YTL	FC	Total
I. DEPOSITS	(5.II.1)	960,770	571,395	1,532,165	819,672	930,119	1,749,791
1.1 Deposits of the Bank's Risk Group		55,110	22,111	77,221	16,754	27,112	43,866
1.2 Others		905,660	549,284	1,454,944	802,918	903,007	1,705,925
II. NEGATIVE VALUE OF TRADING PURPOSE DERIVATIVES	(5.II.2)	3,480	9,470	12,950	16,121	5,959	22,080
III. FUNDS BORROWED	(5.II.3)	22,660	680,561	703,221	28,454	559,584	588,038
IV. DUE TO MONEY MARKETS		207,019	-	207,019	182,195	-	182,195
4.1 Interbank Money Market		-	-	-	-	-	-
4.2 Istanbul Stock Exchange		376	-	376	528	-	528
4.3 Reverse Repurchase Agreements		206,643	-	206,643	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		10,511	2,936	13,447	7,324	853	8,177
VIII. OTHER EXTERNAL RESOURCES	(5.II.4)	25,555	5,480	31,035	24,577	14,739	39,316
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(5.II.5)	-	1,366	1,366	-	1,717	1,717
10.1 Financial Lease Payables		-	1,430	1,430	-	1,848	1,848
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred Financial Leasing Expenses (-)		-	64	64	-	131	131
XI. HEDGING PURPOSE DERIVATIVES	(5.II.6)	-	-	-	-	-	-
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
XII. PROVISIONS	(5.II.7)	15,985	-	15,985	20,760	-	20,760
12.1 General Provisions		10,290	-	10,290	14,590	-	14,590
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Benefits		4,046	-	4,046	3,963	-	3,963
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		1,649	-	1,649	2,207	-	2,207
XIII. TAX LIABILITIES	(5.II.8)	9,613	1	9,614	21,071	22	21,093
13.1 Current Tax Liability		9,613	1	9,614	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.II.9)	442,078	(602)	441,476	379,331	-	379,331
16.1 Paid-In Capital		420,000	-	420,000	300,000	-	300,000
16.2 Supplementary Capital		3,721	(602)	3,119	15,689	-	15,689
16.2.1 Share Premium		(814)	-	(814)	(618)	-	(618)
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Valuation Differences of Securities		(361)	(602)	(963)	910	-	910
16.2.4 Revaluation Fund on Tangible Assets		4,896	-	4,896	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
16.3 Profit Reserves		13,091	-	13,091	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		9,468	-	9,468	21,046	-	21,046
16.3.4 Other Profit Reserves		-	-	-	-	-	-
16.4 Profit or Loss		5,266	-	5,266	41,096	-	41,096
16.4.1 Prior Periods' Profit or Loss		-	-	-	(847)	-	(847)
16.4.2 Current Period Profit or Loss		5,266	-	5,266	41,943	-	41,943
16.5 Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES		1,697,671	1,270,607	2,968,278	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				Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1			
CONSOLIDATED OFF BALANCE SHEET ITEMS STATEMENTS AS OF 31 DECEMBER 2008 AND 2007 (Currency: Thousands of YTL - New Turkish Lira)							
	Footnotes (Section 5)	CURRENT PERIOD			PRIOR PERIOD		
		31/12/2008			31/12/2007		
		YTL	FC	Total	YTL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II+III)							
I. GUARANTEES	(5.IV.1)	1,128,912	1,378,359	2,507,271	1,462,311	1,760,237	3,222,548
1.1. Letters of Guarantee		453,481	368,734	822,215	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		453,481	368,734	822,215	630,463	444,839	1,075,302
1.2. Bank Acceptances		-	9,813	9,813	-	13,485	13,485
1.2.1. Import Letter of Acceptance		-	9,813	9,813	-	13,485	13,485
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		11	135,115	135,126	11	236,235	236,246
1.3.1. Documentary Letters of Credit		-	107,969	107,969	-	179,819	179,819
1.3.2. Other Letters of Credit		11	27,146	27,157	11	56,416	56,427
1.4. Prefinancing Given As Guarantee		-	1,408	1,408	-	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		-	35,607	35,607	-	42,548	42,548
1.9. Other Sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.IV.1)	303,463	-	303,463	308,855	-	308,855
2.1. Irrevocable Commitments		303,463	-	303,463	308,855	-	308,855
2.1.1. Asset Purchase and Sale Commitments		-	-	-	-	-	-
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		36,784	-	36,784	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		59,289	-	59,289	61,175	-	61,175
2.1.8. Tax and Fund Obligations from Export Commitments		11	-	11	-	-	-
2.1.9. Commitments for Credit Card Limits		206,354	-	206,354	203,517	-	203,517
2.1.10. Commitments for Promotional Operations Re-Credit Cards and Banking Services		1,025	-	1,025	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	(5.IV.2)	371,957	827,682	1,199,639	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		371,957	827,682	1,199,639	522,982	1,020,335	1,543,317
3.2.1. Forward Foreign Currency Purchases/Sales		160,659	378,865	539,524	194,449	225,044	419,493
3.2.1.1. Forward Foreign Currency Purchases		78,864	191,539	270,403	40,635	160,292	200,927
3.2.1.2. Forward Foreign Currency Sales		81,795	187,326	269,121	153,814	64,752	218,566
3.2.2. Currency and Interest Rate Swaps		191,713	305,591	497,304	226,408	694,806	921,214
3.2.2.1. Currency Swaps-Purchases		2,236	244,529	246,765	2,647	453,153	455,800
3.2.2.2. Currency Swaps-Sales		189,477	61,062	250,539	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		19,585	22,242	41,827	101,987	100,485	202,472
3.2.3.1. Currency Options-Purchases		9,762	11,152	20,914	51,153	50,102	101,255
3.2.3.2. Currency Options-Sales		9,823	11,090	20,913	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		-	120,984	120,984	138	-	138
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		1,428,770	517,144	1,945,914	1,502,790	412,006	1,914,796
IV. ITEMS HELD IN CUSTODY		328,346	44,842	373,188	621,293	62,188	683,481
4.1. Customers' Securities and Portfolios Held		-	-	-	-	-	-
4.2. Securities Held in Custody		94,311	10,834	105,145	78,380	11,175	89,555
4.3. Checks Received for Collection		207,401	28,040	235,441	498,479	42,371	540,850
4.4. Commercial Notes Received for Collection		16,786	3,352	20,138	25,991	4,653	30,644
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items under Custody		277	-	277	564	-	564
4.8. Custodians		9,571	2,616	12,187	17,879	3,989	21,868
V. PLEDGED ITEMS		1,100,424	472,302	1,572,726	881,497	349,818	1,231,315
5.1. Securities		4,220	-	4,220	745	233	978
5.2. Guarantee Notes		6,622	21,772	28,394	23,120	3,454	26,574
5.3. Commodities		81,037	48,204	129,241	78,269	37,481	115,750
5.4. Warrants		-	-	-	-	-	-
5.5. Immovables		961,697	341,020	1,302,717	712,489	245,536	958,025
5.6. Other Pledged Items		46,848	61,306	108,154	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)		2,557,682	1,895,503	4,453,185	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 SEPTEMBER 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 - 31/12/2008)	PRIOR PERIOD (01/01/2007 - 31/12/2007)
I. INTEREST INCOME	(5.III.1)	435,596	382,404
1.1 Interest from Loans		357,844	309,816
1.2 Interest from Reserve Deposits		1,101	1,959
1.3 Interest from Banks		16,089	18,477
1.4 Interest from Money Market Transactions		956	-
1.5 Interest from Securities Portfolio		59,576	52,152
1.5.1 Trading Securities		10,824	23,110
1.5.2 Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.3 Available for Sale Securities		24,772	29,042
1.5.4 Held to Maturity Securities		23,980	-
1.6 Interest from Financial Leases		-	-
1.7 Other Interest Income		30	-
II. INTEREST EXPENSE	(5.III.2)	279,078	232,584
2.1 Interest on Deposits		217,514	149,650
2.2 Interest on Funds Borrowed		36,487	40,630
2.3 Interest on Money Market Transactions		24,767	42,019
2.4 Interest on Securities Issued		-	-
2.5 Other Interest Expense		310	285
III. NET INTEREST INCOME (I - II)		156,518	149,820
IV. NET FEE AND COMMISSION INCOME		27,437	27,536
4.1 Fees and Commissions Received		31,541	32,244
4.1.1 Non-Cash Loans		14,344	15,736
4.1.2 Other		17,197	16,508
4.2 Fees and Commissions Paid		4,104	4,708
4.2.2 Non-Cash Loans		78	72
4.2.3 Other		4,026	4,636
V. DIVIDEND INCOME	(5.III.3)	-	-
VI. TRADING INCOME/LOSS (Net)	(5.III.4)	(15,573)	(5,774)
6.1 Profit / Loss on Trading Account Securities		(1,221)	(52,972)
6.2 Foreign Exchange Gain / Loss		(14,352)	47,198
VII. OTHER OPERATING INCOME	(5.III.5)	14,123	7,704
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		182,505	179,286
IX. IMPAIRMENT ON LOANS AND OTHER RECEIVABLES (-)	(5.III.6)	43,331	13,364
X. OTHER OPERATING EXPENSES (-)	(5.III.7)	131,708	113,598
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		7,466	52,324
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)	(5.III.8)	7,466	52,324
XVI. TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(5.III.9)	(2,200)	(10,381)
16.1 Current Tax Provision		(130)	(13,016)
16.2 Deferred Tax Provision		(2,070)	2,635
XVII. NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)	(5.III.10)	5,266	41,943
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)	(5.III.8)	-	-
XXI. TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)	(5.III.9)	-	-
21.1 Current Tax Provision		-	-
21.2 Deferred Tax Provision		-	-
XXII. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)	(5.III.10)	-	-
XVIII. NET PROFIT/LOSS (XVII+XXII)	(5.III.11)	5,266	41,943
23.1 Group's Profit / Loss		5,266	41,943
23.2 Minority Shares		-	-
Earnings / Losses per Share (Full YTL)		0.0013	0.0140

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

PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY		CURRENT PERIOD 31/12/2008	PRIOR PERIOD 31/12/2007
I.	ADDITIONS TO VALUATION DIFF. ON SECURITIES FROM AVAILABLE FOR SALE INVESTMENTS	(1,873)	82
II.	REVALUATION ON TANGIBLE ASSETS	(1,108)	6,261
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 TAS	(196)	-
IX.	DEFERRED TAXES ON VALUATION DIFFERENCES	56	(313)
X.	NET PROFIT/LOSS RECOGNIZED IN EQUITY (I+II+...+IX)	(3,121)	6,030
XI.	CURRENT PERIOD PROFIT/LOSS	5,266	41,943
11.1	Net Change in Fair Value of Securities (Transfer to Profit & Loss)	58	61
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	5,208	41,882
XII.	TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD (X±XI)	2,145	47,973

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

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

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

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
AS OF 31 DECEMBER 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	
		Footnote Section VI	
		CURRENT PERIOD 31/12/2008	PRIOR PERIOD 31/12/2007
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit before Changes in Operating Assets and Liabilities	21,369	68,613
1.1.1	Interest Received	417,880	388,727
1.1.2	Interest Paid	(283,419)	(234,952)
1.1.3	Dividend Received	-	-
1.1.4	Fees And Commissions Received	27,437	27,536
1.1.5	Other Income	9,822	12,077
1.1.6	Collections from Non-performing Loans	6,361	2,070
1.1.7	Payments to Personnel and Service Suppliers	(85,648)	(66,570)
1.1.8	Taxes Paid	(1,948)	(11,003)
1.1.9	Other	(5.VI.3) (69,116)	(49,272)
1.2	Changes in Operating Assets and Liabilities	470,732	(304,608)
1.2.1	Net (Increase) Decrease in Trading Securities	36,929	58,759
1.2.2	Net (Increase) Decrease in Financial Assets Designated at FV	-	-
1.2.3	Net (Increase) Decrease in Banks	38,814	(3,746)
1.2.4	Net (Increase) Decrease in Loans	518,558	(456,956)
1.2.5	Net (Increase) Decrease in Other Assets	(5.VI.3) (48,620)	(11,017)
1.2.6	Net Increase (Decrease) in Bank Deposits	(88,223)	(26,867)
1.2.7	Net Increase (Decrease) in Other Deposits	(130,680)	269,185
1.2.8	Net Increase (Decrease) in Funds Borrowed	145,625	(162,282)
1.2.9	Net Increase (Decrease) in Due Payables	-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	(5.VI.3) (1,671)	28,316
I.	Net Cash (Used in)/Provided by Banking Operations	492,101	(235,995)
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net Cash Used in Investing Activities	(121,157)	(36,748)
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	(5,517)	(8,803)
2.4	Fixed Assets Sales	138	63
2.5	Cash Paid for Purchase of Investments Available for Sale	(108,948)	(108,799)
2.6	Cash Obtained From Sale of Investments Available for Sale	35,458	80,791
2.7	Cash Paid for Purchase of Investment Securities	(42,288)	-
2.8	Cash Obtained from Sale of Investment Securities	-	-
2.9	Other	-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash from Financing Activities	59,649	1,096
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	60,000	-
3.4	Dividends Paid	-	-
3.5	Payments for Finance Leases	(351)	1,096
3.6	Other	-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	-	-
V.	Net Decrease in Cash and Cash Equivalents	430,593	(271,647)
VI.	Cash and Cash Equivalents at the Beginning of Period	(5.VI.1) 263,074	534,721
VII.	Cash and Cash Equivalents at the End of Period	(5.VI.1) 693,667	263,074

İlişikteki notlar bu konsolide finansal tabloların ayrılmaz bir parçasıdır.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARIES CONSOLIDATED STATEMENTS OF PROFIT DISTRIBUTION AS OF 31 DECEMBER 2008 AND 2007 (Currency: Thousands of YTL - New Turkish Lira)		<i>Convenience Translation of</i> <i>Consolidated Financial Report</i> <i>Originally Issued in Turkish, See Note 3.1</i>	
		THOUSANDS OF NEW TURKISH LIRA	
		CURRENT PERIOD 31/12/2008	PRIOR PERIOD 31/12/2007
I.	DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	CURRENT YEAR INCOME	7,466	52,324
1.2	TAXES AND DUTIES PAYABLE (-)	2,200	10,381
1.2.1	Corporate Tax (Income Tax)	130	13,016
1.2.2	Income Withholding Tax	-	-
1.2.3	Other Taxes and Duties	2,070	(2,635)
A.	NET INCOME FOR THE YEAR (1.1-1.2)	5,266 (*)	41,943
1.3	PRIOR YEARS LOSSES (-)	-	847
1.4	FIRST LEGAL RESERVES (-)	629	2,123
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	NETINCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	4,637	38,973
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Preferred Shares	-	-
1.6.3	To Owners of Preferred Shares (Preemptive Rights)	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.7	DIVIDENDS TO PERSONEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Preferred Shares	-	-
1.9.3	To Owners of Preferred Shares (Preemptive Rights)	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUTORY RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	4,637(*)	38,973
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	DISTRIBUTION OF RESERVES		
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To Owners of Ordinary Shares	-	-
2.3.2	To Owners of Preferred Shares	-	-
2.3.3	To Owners of Preferred Shares (Preemptive Rights)	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Holders of Profit and Loss Sharing Certificates	-	-
2.4	DIVIDENDS TO PERSONEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE		
3.1	TO OWNERS OF ORDINARY SHARES	-	-
3.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	DIVIDENDS PER SHARE		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Board of Directors of the Parent Bank did not resolve a decision regarding profit distribution of the 2008 as of the issue date of this report

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.

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 mitigate 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 at 31 December 2008 and 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 at 31 December 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 expenses:

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 is not recorded as gain until such loans become performing and are classified as performing loans or until collection.

VI. Fees and commissions:

Except from commissions taken from cash loans, commission income and banking service income are booked as income as they are collected. Whereas, subject to matching principle, commissions taken from cash loans are transferred to profit and loss accounts on an accrual basis.

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 rate 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, general and 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.26333 dated 1 November 2006. Provisions are deducted from the income of the current year. Collections made on loans that have been impaired are credited to the income statement account "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 are 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. Held-to-maturity securities are initially recognized at cost and are carried at amortized cost 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 Bank’s management’s intention and measured with the same valuation principles of the portfolio they belong. 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” account. 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 provisions for impairment are reflected to the consolidated financial statements after deducting accumulated depreciation, if any.

XII. Goodwill and other intangible assets:

There is no goodwill in the accompanying consolidated financial statements as of 31 December 2008 and 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 over their estimated useful lives. Useful life of an asset is estimated by assessment of the expected life span of the asset, technical, technological wear outs and maintenance expenditures required to provide the future expected benefits of the asset.

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 over estimated useful lives. The estimated useful lives are as follows:

Buildings	50 years
Equipments, furniture and fixtures, vehicles	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 2008, 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 at 31 December 2008, revaluation difference on tangible assets amounts to YTL 5,153 (31 December 2007: 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 on an accrual basis and according to contract terms.

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. 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. Provisions related to past events are provided at the related period according to matching principle. 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 regarded as "Contingent" and 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. Presentation of contingent assets at the financial statements may give rise to recognition of an income which will never be actually gained, such assets are not included in financial statements. 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 discounting of total estimated 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 and deferred tax liabilities are recognized for all deductible temporary differences.

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 at 31 December 2008 and 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.

As required in "section 7.1 annual documentation" part of related communiqué, corporate tax-payers 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. The Parent Bank has fulfilled such requirement.

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:

In 2008, 1,200 million units of issued stock shares, 0.01 YTL for each unit have been issued.

XXI. Acceptances:

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

XXII. Government grants:

As at 31 December 2008 and 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 statements, 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 X.

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 at 31 December 2007, are classified to "tangible assets" from "intangible assets" to provide consistency with 31 December 2008. The interest income on demand deposits from the Central Bank of Turkey for the period ended 31 December 2007 amounting YTL 5,390 is also classified to "interest income from banks".

SECTION FOUR

CONSOLIDATED FINANCIAL POSITION

I. Consolidated capital adequacy ratio

As at 31 December 2008, the Bank's consolidated capital adequacy ratio is 17.51% (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)	940,654	277,608	425,219	1,277,284	990	8	950,538	277,645	425,219	1,282,476	990	8
Cash in Vault	20,988	-	-	-	-	-	20,988	-	-	-	-	-
Due Dated Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	64,787	-	-	-	-	-	64,787	-	-	-	-	-
Domestic and Foreign Banks, Foreign Branches	-	238,884	-	-	-	-	-	238,892	-	-	-	-
Interbank Money Market	369,000	-	-	-	-	-	369,000	-	-	-	-	-
Receivables from Reverse Repos	-	-	-	-	-	-	-	-	-	-	-	-
Reserve Deposits	68,555	-	-	-	-	-	68,555	-	-	-	-	-
Loans	37,107	-	425,219	1,016,369	990	8	45,047	-	425,219	1,031,097	990	8
Non-performing Loans (Net)	-	-	-	30,123	-	-	-	-	-	30,123	-	-
Receivables from Leasing Operations	-	-	-	-	-	-	-	-	-	-	-	-
Investments Available-for-Sale	8,898	-	-	11,705	-	-	10,666	-	-	11,705	-	-
Investments Held-to-Maturity	340,688	-	-	-	-	-	340,688	-	-	-	-	-
Receivables from Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Receivables	1,724	38,690	-	3,686	-	-	1,724	38,719	-	3,863	-	-
Accrued Interest and Other Income	25,289	34	-	96,795	-	-	25,403	34	-	97,664	-	-
Investments in Associates, Subsidiaries and Joint Ventures (Net)	-	-	-	10,849	-	-	-	-	-	105	-	-
Tangible Assets	-	-	-	94,208	-	-	-	-	-	94,368	-	-
Other Assets	3,618	-	-	13,549	-	-	3,680	-	-	13,551	-	-
Off-Balance Sheet Items	4,823	34,879	46,993	511,600	-	-	4,823	34,767	46,993	512,578	-	-
Non-Cash Loans and Commitments	4,823	31,026	46,993	507,987	-	-	4,823	31,026	46,993	508,763	-	-
Derivatives	-	3,853	-	3,613	-	-	-	3,741	-	3,815	-	-
Accounts Not Risk Weighted	-	-	-	-	-	-	-	-	-	-	-	-
Total Risk Weighted Assets	945,477	312,487	472,212	1,788,884	990	8	955,362	312,412	472,212	1,795,054	990	8

Summary information related to consolidated capital adequacy ratio:

	Unconsolidated		Consolidated	
	Current Period	Prior Period	Current Period	Prior Period
Risk Weighted Assets (RWA)	2,088,988	2,551,033	2,095,143	2,652,261
Market Risk (MR)	87,563	43,938	86,925	30,475
Operational Risk (OR)	245,194	193,417	250,759	196,304
Shareholders' Equity	434,460	367,747	426,066	366,588
Shareholders' Equity /(RWA+MR+OR) *100	17.94	13.19	17.51	12.73

Consolidated shareholders' equity :

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	420,000	300,000
Nominal Capital	420,000	300,000
Capital Commitments (-)	-	-
Capital Reserves Arising From Inflation Adjustments to Paid-in Capital	-	9,449
Share Premium	(814)	(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	9,468	21,046
Reserve Allocated at the General Assembly	-	-
Retained Earnings	9,468	21,046
Accumulated Losses	-	-
Foreign Currency Translation Differences	-	-
Inflation Component of Legal Reserves, Status Reserves and Extraordinary Reserves	-	-
Profit	5,266	41,943
Current Period Profit	5,266	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 (-)	4,120	2,983
Intangible Assets (-)	2,672	2,061
Deferred Tax Assets (Amount Exceeding 10% of the Core Capital) (-)	-	-
Amount Excess of Article 56/3 of the Law (-)	-	-

TEKSTİL BANKASI ANONİM ŞİRKETİ VE ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008
(Currency: Thousands of YTL - New Turkish Lira)

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Convenience Translation of
Consolidated Financial Report
Originally Issued in Turkish
See Note 3.I

Total Core Capital	437,543	372,473
SUPPLEMENTARY CAPITAL		
General Loan Loss Reserves	10,290	14,590
45% of Revaluation Fund of Securities	-	-
45% of Revaluation Fund of Real Estate	2,203	2,677
Bonus Shares from Subsidiaries and Joint Ventures	-	-
Amount not Included in Core Capital for Primary Subordinated Loans	-	-
Secondary Subordinated Loans	-	-
45% of Securities Value Increase Fund (100% in case of a decifit)	(963)	410
Associates and Subsidiaries	-	-
Investments Available-for-Sale	(963)	410
Inflation Component of Capital Reserves, Profit Reserves and Prior Period Profits		
Total Supplementary Capital	11,530	17,677
TIER III CAPITAL	-	-
CAPITAL	449,073	382,867
DEDUCTIONS FROM CAPITAL	23,007	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	16,215	16,279
Others	-	-
TOTAL SHAREHOLDERS' EQUITY	426,066	366,588

II. Consolidated credit risk

1. Credit risk represents the risk generating from the counter party's not fulfilling its responsibilities stated in the agreement either partially or totally.

In the Parent Bank, Credit Allocation Department and Credit Follow-up and Control Department is responsible for the managing credit risk. The Group determines credit limits to counter parties and does not allocate more than these limits so as to risk limitation. Credit limits are determined individually for every customer, company, company groups and risk groups. The Group assesses several criterias such as financial power of customers, sectors, geographicak segmets and equity structure when determining credit limits. The statements presenting the financial position of the borrowers are obtained in accordance with the related regulations. The limit of the debtors of the Parent Bank is assessed periodically by Internal Control and Risk Management Departments.

The geographical distribution of credit customers is appropriate to branch network, country industry and service activities. The sectoral distribution of credit customers is followed up periodically and credit allocation process is orientated to prevent risk concentration.

The credibility of the debtors of the Parent Bank is assessed periodically in accordance with the related regulations. The statements presenting the financial position of the borrowers are obtained in accordance with the related regulations.

The Group attach importance to credit guarantees. Guarantees is generally in form of real estate and movable mortgage, commercial enterprice pledge, secured investment securities, letter of guarantees of other banks and bill guarantees.

2. The Parent Bank has control limits over the positions of forward transactions, options and other similar agreements. The credit risk arising from these instruments are managed together with the risks resulting from market fluctuations.
3. Forward transactions can be realized at maturity. However, if it is required, reverse positions of the current positions are purchased to decrease the risk.
4. Indemnified non-cash loans are treated as having the same risk weight as non-performing loans.
Loans that are renewed and rescheduled are included in a new rating group is followed-up by plan defined in the banking regulations.
5. There is no significant credit risk in the since the Group's credit portfolio does not include foreign operations and credit transactions. As at 31 December 2008, the ratio of loans under follow-up to total lloans is 3.2% (31 December 2007: 1.3%)
- 6.a) The share of the top 100 cash loan customers comprise 43% of the total cash loans portfolio (31 December 2007: 40%).
b) The share of the top 100 non-cash loan customers comprise 63% of the total non-cash loans portfolio (31 December 2007: 54%).
c) The Bank's total cash and non-cash loans from its top 100 loan customers comprise 15% of the total assets and off-balance sheet items (31 December 2007: 16%).
7. As at 31 December 2008, the Group's general loan provision amounts to YTL 10,290 (31 December 2007: YTL 14,590).

Information on concentration of credit risk according to beneficiaries and geographical regions:

	Real persons and Institutions (loans)		Banks and Other Financial Institutions (loans)		Securities*		Other Loans**	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Loan Concentration according to customers								
Private Sector	1,279,327	1,800,313	78,914	208,568	12,197	17,458	1,269,515	1,459,826
Public Sector	-	-	-	-	375,812	279,221	-	-
Banks	-	-	49	3,934	-	-	1,146,780	1,074,899
Retail	241,243	177,259	-	-	-	-	233,089	255,419
Share Certificates	-	-	-	-	-	-	105	157
Loan Concentration according to Geographical Regions								
Domestic	1,519,552	1,954,074	78,963	210,430	376,091	279,221	2,085,803	1,970,065
European Union Countries	-	13,680	-	1,048	11,918	17,458	370,728	574,937
OECD Countries***	-	-	-	-	-	-	466	35,889
Off Shore Regions	-	-	-	-	-	-	-	5,300
USA, Canada	-	-	-	-	-	-	189,417	182,663
Other Countries	1,018	9,818	-	1,024	-	-	3,075	21,447
Total	1,520,570	1,977,572	78,963	212,502	388,009	296,679	2,649,489	2,790,301

* Consist of Securities at Fair Value through Profit/Loss, Available For Sale, Held to Maturity

** Consist of classifications other than first three columns in Uniform Accounting and loan definitions in article 48 of Law no 5411.

*** Consist of OECD countries other than the EU Countries, the USA and Canada

Information on geographical concentration:

	Assets	Liabilities	Non-Cash Loans	Capital Investments (***)	Net Profit
Current Period					
Domestic	2,805,851	2,285,196	987,189	105	5,266
European Union Countries	152,827	570,067	16,531	-	-
OECD Countries (*)	466	19,782	-	-	-
Off-Shore Banking Regions	2	-	-	-	-
USA, Canada	8,011	82,816	399	-	-
Other Countries	1,018	5,151	50	-	-
Subsidiaries, associates and jointly controlled companies	-	-	-	-	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	2,968,173	2,963,012	1,004,169	105	5,266
Prior Period					
Domestic	2,840,644	2,312,639	1,319,426	157	41,943
European Union Countries	96,849	579,473	18,027	-	-
OECD Countries (*)	2,366	1,788	5,831	-	-
Off-Shore Banking Regions	1	2,642	5,300	-	-
USA, Canada	61,637	72,131	1,202	-	-
Other Countries	10,844	1,882	20,590	-	-
Subsidiaries, associates and jointly controlled companies	-	-	-	-	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	3,012,341	2,970,555	1,370,376	157	41,943

* Consist of OECD countries other than the EU Countries, the USA and Canada

** Unallocated assets and liabilities

*** Subsidiaries and associates

Information on cash loans concentration according to sectors:

	Current Period				Prior Period			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agricultural	22,285	1.73	32,955	10.54	52,932	3.08	39,991	8.50
Farming and Raising								
Livestock	20,358	1.58	32,910	10.53	49,098	2.86	39,876	8.48
Forestry	1,927	0.15	45	0.01	3,834	0.22	115	0.02
Fishing	-	-	-	-	-	-	-	-
Manufacturing	333,126	25.89	148,329	47.49	430,158	25.01	225,318	47.90
Mining	16,569	1.29	4,116	1.32	9,379	0.55	3,762	0.80
Production	211,544	16.44	141,290	45.23	351,070	20.41	219,926	46.75
Electric, gas and water	105,013	8.16	2,923	0.94	69,709	4.05	1,630	0.35
Construction	145,200	11.28	6,656	2.13	199,377	11.59	50,425	10.72
Services	484,933	37.68	110,546	35.39	776,093	45.13	141,716	30.13
Wholesale and retail trade	307,115	23.86	59,314	18.99	425,362	24.74	63,729	13.54
Hotel, food and beverage services	20,109	1.56	7,832	2.51	12,086	0.70	14,749	3.14
Transportation and telecommunication	62,139	4.83	20,059	6.42	87,158	5.07	48,578	10.33
Financial institutions	65,774	5.11	13,189	4.22	206,068	11.98	6,434	1.37
Real estate and renting services	-	-	-	-	8	-	-	-
Self-employment services	15,540	1.21	10,152	3.25	27,359	1.59	7,989	1.70
Education services	966	0.08	-	-	2,140	0.12	-	0.00
Health and social services	13,290	1.03	-	-	15,912	0.93	237	0.05
Other	301,595	23.42	13,908	4.45	261,150	15.19	12,914	2.75
Total	1,287,139	100.00	312,394	100.00	1,719,710	100.00	470,364	100.00

Exposure to credit risk:

	Loans and advances to customers		Other assets	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
Individually impaired	53,365	28,892	-	-
Allowance for impairment	23,242	17,250	-	-
Carrying amount	30,123	11,642	-	-
Collectively impaired	-	-	-	-
Allowance for impairment	-	-	-	-
Carrying amount	-	-	-	-
Past due but not impaired				
0-30 day	3,012	4,545	-	-
30-60 day	5,812	11	-	-
60-90 day	33,347	9,580	-	-
90-180 day	-	-	-	-
180 day	-	-	-	-
Carrying amount	42,171	14,136	-	-
Neither past due nor impaired	1,557,199	2,175,609	-	-
Loans with renegotiated terms	163	329	-	-
Carrying amount	1,557,362	2,175,938	-	-
Total carrying amount	1,629,656	2,201,716	-	-

The breakdown of cash and non-cash loans and advances to customers by type of collateral is as follows:

	31 December 2008	31 December 2007
Cash loans		
Secured loans:	1,266,047	1,649,415
Secured by cash collateral	45,047	30,118
Secured by mortgages	425,219	345,362
Secured by government institutions or government securities	-	1,442
Guarantees issued by financial institutions	-	-
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	795,781	1,272,493
Unsecured loans	333,486	540,659
Total	1,599,533	2,190,074
Non-cash loans		
Secured loans:	850,493	882,086
Secured by cash collateral	10,152	12,252
Secured by mortgages	78,496	24,319
Secured by government institutions or government securities	-	352
Guarantees issued by financial institutions	-	-
Other collateral (pledge on assets, corporate and personal guarantees, promissory notes)	761,845	845,163
Unsecured loans	148,623	484,262
Total	999,116	1,366,348

An estimate of the fair value of collateral held against non-performing loans and receivables is as follows:

	31 December 2008	31 December 2007
Secured by mortgages	33,634	7,702
Pledge on vehicles	4,203	966
Other collateral	43	12,097
Total	37,880	20,765

III. 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.

a) Consolidated market risk:

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	1,606
(II) Capital Obligation against Specific Risk - Standard Method	191
(III) Capital Obligation against Currency Risk - Standard Method	5,154
(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	3
(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) (*)	6,954
(IX Value-At-Risk Amount (12.5 x VIII) or (12.5 x VII))	86,925

(*) Value at Risk does not represent all of YTL 86,925 but 8%, of which is YTL 6,954, is the market risk. This amount, YTL 6,954, is also the minimum capital obligation to eliminate the market risk.

b) Average market risk:

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	2,889	3,739	1,797	1,513	2,288	1,188
Equity Risk	-	-	-	-	-	-
Currency Risk	3,655	5,154	2,341	2,099	3,863	315
Commodity Risk	-	-	-	14	167	-
Clearing Risk	-	-	-	-	-	-
Option Risk	512	855	3	2	6	-
Total Value-At-Risk	88,200	107,163	74,313	45,350	65,363	30,475

IV. Consolidated operational risk

The Group used the “Basic Indicators Approach” in computation of its operational risk. In accordance with the 4th section (Computation of the Operational Risk) which is valid after 1 June 2007, of the “Regulation on Measurement and Evaluation of the Capital Adequacy of the Banks”, published in the Official Gazette dated 1 November 2006 and numbered 26333, operational risk is computed using the gross income of Group for the years ended 2007, 2006 and 2005. Operational risk does not represent all of YTL 250,759 but 8%, of which is YTL 20,061, is the market risk. This amount, YTL 20,061, is also the minimum capital obligation to eliminate the market risk.

The Group adopted in principle the “Basic Indicators Approach” in computation of its operational risk.

V. Consolidated foreign currency 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 Asset-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),

	24/12/08	25/12/08	26/12/08	29/12/08	30/12/08	31/12/08
USD	1.5152	1.5112	1.5074	1.4971	1.5065	1.5123
GBP	2.2431	2.2261	2.2200	2.2060	2.2086	2.1924
EURO	2.1193	2.1151	2.1119	2.1070	2.1518	2.1408
JPY	0.0168	0.0167	0.0166	0.0165	0.0166	0.0167

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	1.5416
GBP	2.2896
EURO	2.0677
JPY	0.0169

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Information on consolidated currency 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.	4,607	109,642	-	309	114,558
Due from Banks and Other Financial Institutions	135,727	38,760	35	4,370	178,892
Financial Assets at Fair Value Through Profit or Loss (*)	52	321	-	-	373
Interbank Money Market Placements	-	-	-	-	-
Investment Securities Available-for-Sale	-	21,095	-	-	21,095
Loans (**)	197,800	468,451	47,324	3,379	716,954
Investments in Subsidiaries and Associates	-	-	-	-	-
Investment Securities Held-to-Maturity	-	-	-	-	-
Hedging Purpose Financial Derivatives	-	-	-	-	-
Tangible Assets	-	2	-	-	2
Intangible Assets	-	-	-	-	-
Other Assets	4,605	36,010	-	2	40,617
Total Assets	342,791	674,281	47,359	8,060	1,072,491
Liabilities					
Bank Deposits	51	252	-	-	303
Foreign Currency Deposits	183,589	383,589	114	3,800	571,092
Interbank Money Markets	-	-	-	-	-
Funds Borrowed from Other Financial Institutions	217,906	461,863	792	-	680,561
Marketable Securities Issued	-	-	-	-	-
Miscellaneous Payables	1,295	1,641	-	-	2,936
Hedging Purpose Financial Derivatives	-	-	-	-	-
Other Liabilities (*)	1,962	8,061	3	433	10,459
Total Liabilities (*) (***)	404,803	855,406	909	4,233	1,265,351
Net On Balance Sheet Position	(62,012)	(181,125)	46,450	3,827	(192,860)
Net Off Balance Sheet Position	61,864	175,777	(46,457)	(3,442)	187,742
Financial Derivatives (Assets)	103,889	319,483	15,260	8,588	447,220
Financial Derivatives (Liabilities)	42,025	143,706	61,717	12,030	259,478
Non-cash Loans (****)	112,164	430,228	5,106	3,179	550,677
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 at 31 December 2008 an accrual difference occurs in "Financial Assets At Fair Value Through Profit Or Loss" and "Negative Value Of Trading Purpose Derivatives" amounting YTL 3,340 and YTL 5,858, respectively (31 December 2007: YTL 455 and YTL 5,959).

(**) As at 31 December 2008 "Loans" balance includes, in addition to the balance sheet amount, foreign currency indexed loans amounting YTL 404,560 (31 December 2007: YTL 366,209).

(***) As at 31 December 2008 "Security valuation differences" in equity amounting (YTL 602) not included. (31 December 2007: None)

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

The table below demonstrates prospective increase and decrease in equities and profit/loss as at 31 December 2008 and 2007 (excluding tax effect) on condition that 10 percent 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.

	31 December 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	(535)	535	(475)	475	221	(221)	221	(221)
EURO	(15)	15	(15)	15	(25)	25	(25)	25
Other FC	38	(38)	38	(38)	98	(98)	98	(98)
Total, net	(512)	512	(452)	452	294	(294)	294	(294)

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

VI. 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 Parent 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 repricing 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	100,790	-	-	-	-	55,296	156,086
Due from Banks and Other Fin.Inst.	234,732	-	-	-	-	4,194	238,926
Financial Assets at Fair Value Through Profit or Loss	4,350	2,778	764	265	237	-	8,394
Interbank Money Market Placements	369,154	-	-	-	-	-	369,154
Investment Securities Av.-for-Sale	12,197	-	-	1,882	8,898	-	22,977
Loans	740,782	256,842	252,696	295,613	53,600	30,123	1,629,656
Investment Securities Held-to-Mat.	68,434	127,523	91,051	77,060	-	-	364,068
Other Assets	105	-	-	-	-	178,912	179,017
Total Assets	1,530,544	387,143	344,511	374,820	62,735	268,525	2,968,278
Liabilities							
Bank Deposits	16,207	-	-	-	-	492	16,699
Other Deposits	1,156,575	242,370	29,951	20	-	86,550	1,515,466
Interbank Money Market Placements	207,019	-	-	-	-	-	207,019
Miscellaneous Payables	-	-	-	-	-	13,447	13,447
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin.Inst.	59,771	467,719	175,036	695	-	-	703,221
Other Liabilities	12,730	4,176	1,217	137	-	494,166	512,426
Total Liabilities	1,452,302	714,265	206,204	852	-	594,655	2,968,278
On Balance Sheet Long Position	78,242	-	138,307	373,968	62,735	-	653,252
On Balance Sheet Short Position	-	327,122	-	-	-	326,130	653,252
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Interest Sensitivity Gap	78,242	(327,122)	138,307	373,968	62,735	(326,130)	-

(*) Tangible and intangible assets amounting YTL 79,374, subsidiaries amounting YTL 105, assets held for sale amounting YTL 33,881, tax assets amounting YTL 3,009 and other assets amounting YTL 62,543 are presented within other assets as non-interest bearing; provisions amounting YTL 15,985, tax liability amounting YTL 9,614, other liabilities amounting YTL 27,091 and equity amounting YTL 441,476 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	1.18	0.15	-	12.55
Due from Banks and Other Financial Institutions	2.18	0.30	-	16.18
Financial Assets at Fair Value Through Profit or Loss	7.33	6.83	-	16.69
Interbank Money Market Placements	-	-	-	16.18
Investment Securities Available-for-Sale	-	8.27	-	20.66
Loans	9.50	8.30	7.51	28.63
Investment Securities Held-to-Maturity	-	-	-	19.19
Liabilities				
Bank Deposits	-	-	-	15.89
Other Deposits	5.66	5.66	0.50	23.23
Interbank Money Market Placements	-	-	-	16.36
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	6.29	3.95	1.82	16.23

(*) 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 YTL 379,331 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.

Interest rate sensitivities of financial instruments

The interest rate sensitivity of the income statement at 31 December 2008 and 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
31 December 2008				
Financial assets at fair value through profit or loss	(20)	20	(20)	20
Financial assets available for sale	-	-	(1,360)	1,360
Floating rate financial liabilities	(1,742)	1,748	(1,742)	1,748
Total, net	(1,762)	1,768	(3,122)	3,128
	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	(211)	208	(211)	208
Financial assets available for sale	-	-	(361)	359
Floating rate financial liabilities	(743)	744	(743)	744
Total, net	(954)	952	(1,315)	1,311

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

VII. 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.

Maturity profile of assets and liabilities :

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	55,296	100,790	-	-	-	-	-	156,086
Due from Banks and Other Financial Institutions	4,194	234,732	-	-	-	-	-	238,926
Financial Assets at Fair Value Through Profit or Loss	-	4,344	2,778	764	271	237	-	8,394
Interbank Money Market Placements	-	369,154	-	-	-	-	-	369,154
Investment Securities Available-for-Sale	279	-	-	-	1,882	20,816	-	22,977
Loans	-	551,410	387,272	311,639	295,613	53,599	30,123	1,629,656
Investment Securities Held-to-Maturity	-	-	-	91,051	240,870	32,147	-	364,068
Other Assets	-	61,953	86	-	-	3,009	113,969	179,017
Total Assets	59,769	1,322,383	390,136	403,454	538,636	109,808	144,092	2,968,278
Liabilities								
Bank Deposits	492	16,207	-	-	-	-	-	16,699
Other Deposits	86,550	1,156,575	242,370	29,951	20	-	-	1,515,466
Funds Borrowed from Other Financial Institutions	-	38,169	36,413	517,877	110,762	-	-	703,221
Interbank Money Markets	-	207,019	-	-	-	-	-	207,019
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	13,447	-	-	-	-	-	-	13,447
Other Liabilities	27,092	17,374	5,370	1,380	3,749	-	457,461	512,426
Total Liabilities	127,581	1,435,344	284,153	549,208	114,531	-	457,461	2,968,278
Net Liquidity Gap	(67,812)	(112,961)	105,983	(145,754)	424,105	109,808	(313,369)	-
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 79,374, subsidiaries amounting YTL 105, stationary supplies amounting YTL 609, assets held for sale amounting YTL 33,881, loans in follow-up amounting YTL 30,123 and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting YTL 15,985 and equity amounting YTL 441,476 are included.

As per the BRSA Communiqué 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:

	First Maturity Bracket		Second Maturity Bracket	
Liquidity Ratios	FC Liquidity Adequacy Ratio	Total Liquidity Adequacy Ratio	FC Liquidity Adequacy Ratio	Total Liquidity Adequacy Ratio
31 December 2008	326.1	268.8	185.8	167.8
Average (%)	207.4	181.9	155.6	135.1
Max. (%)	326.1	268.8	210.4	170.6
Min. (%)	143.1	135.0	114.7	102.8

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

TEKSTİL BANKASI ANONİM ŞİRKETİ VE ITS SUBSIDIARIES
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Residual contractual maturities of financial liabilities:

31 December 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	16,699	16,705	492	16,213	-	-	-	-
Deposits from Customers	1,515,466	1,528,019	86,550	1,164,276	246,167	31,002	24	-
Due to Money Markets	207,019	207,105	-	207,105	-	-	-	-
Funds Borrowed	703,221	725,272	-	38,274	36,507	530,889	119,602	-
Subordinated Loans	-	-	-	-	-	-	-	-
Total	2,442,405	2,477,101	87,042	1,425,868	282,674	561,891	119,626	-

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 are shown below:

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and more	Total
Currency Derivative Instruments (I)	762,640	293,379	22,636	-	-	1,078,655
Forward Foreign Currency Purchases	147,936	114,246	8,221	-	-	270,403
Forward Foreign Currency Sales	146,850	114,168	8,103	-	-	269,121
Currency Swaps-Purchases	217,870	25,794	3,101	-	-	246,765
Currency Swaps-Sales	220,176	27,152	3,211	-	-	250,539
Currency Futures-Purchases	-	-	-	-	-	-
Currency Futures-Sales	-	-	-	-	-	-
Currency Options-Purchases	14,905	6,009	-	-	-	20,914
Currency Options-Sales	14,903	6,010	-	-	-	20,913
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)	-	-	-	120,984	-	120,984
Total (I+II+III)	762,640	293,379	22,636	120,984	-	1,199,639

VIII. Presentation of financial assets and liabilities at their fair value

In the current priod, the investment securities include only the available for sale securirites. Estimated fair value of investment securities available for sale are determined by their listed market prices or prices of instruments with similar interest rates, maturities and other variables, in case an active market is not available.

The estimated fair value of the demand deposits is the amount payable on demand. The fair values of the floating rate placements and overnight deposits are considered to approximate the carrying values due to short maturities. The estimated fair value of the deposits with fixed rates is determined by calculating discounted cash flows by using the market interest rates used for other liabilities with similar quality and maturities. The estimated fair values of fixed rate loans are calculated by using discounted cash flows with current market rates. The fair value of loans with floating interest rate represents its carrying value. The fair value of miscellaneous payables represents its book value because of short term maturity.

In the table below; fair values and book values of some of the financial assets and liabilities are presented.

	Carrying value		Fair value	
	Current period	Prior period	Current period	Prior period
Financial Assets	2,594,658	2,545,399	2,577,958	2,544,087
Interbank money market placements	369,154	-	369,154	-
Due from banks and other financial institutions	238,926	177,141	238,926	177,141
Investment securities available-for-sale	22,977	178,184	22,977	178,184
Investment securities held-to-maturity	364,068	-	368,336	-
Loans	1,599,533	2,190,074	1,578,565	2,188,762
Financial Liabilities	2,248,833	2,346,006	2,244,732	2,347,200
Bank deposits	16,699	105,225	16,699	105,225
Other deposits	1,515,466	1,644,566	1,517,397	1,644,656
Funds borrowed from other financial institutions	703,221	588,038	697,189	589,142
Marketable securities issued	-	-	-	-
Miscellaneous payables	13,447	8,177	13,447	8,177

IX. Activities carried out on behalf and account of other persons

Group performs sales, purchase, management, consultancy and custody services on behalf and account of others.

The Parent Bank is not involved in fiduciary activities.

X. 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	27,893	109,873	44,739	182,505
Others	-	-	-	-
Operating Income	27,893	109,873	44,739	182,505
Operating profit of segment	128	23,904	(16,566)	7,466
Costs not distributed	-	-	-	-
Operating profit	-	-	-	-
Income from subsidiaries	-	-	-	-
Profit before tax	128	23,904	(16,566)	7,466
Tax provision	-	-	2,200	2,200
Profit after tax	128	23,904	(18,766)	5,266
Minority rights	-	-	-	-
Net Profit	128	23,904	(18,766)	5,266
Segment assets (*)	242,966	1,386,690	1,338,517	2,968,173
Investments in subsidiaries	-	-	105	105
Total Assets	242,966	1,386,690	1,338,622	2,968,278
Segment liabilities (*)	1,120,410	411,755	994,637	2,526,802
Equity	-	-	441,476	441,476
Total Liabilities	1,120,410	411,755	1,436,113	2,968,278
Other Segment Items	354	1,901	11,058	13,313
Capital expenditure	-	-	5,517	5,517
Depreciation and amortization	354	1,901	3,669	5,924
Impairment losses (**)	-	-	1,872	1,872
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 47%, 8%, 45%, respectively, of the balance sheet. Corporate banking, investment banking and others, and retail banking represents 60%, 25% 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	9,328	11,660	10,319	9,330
Central Bank of Turkey	32,200	102,898	27,444	148,346
Others	-	-	-	-
Total	41,528	114,558	37,763	157,676

b) Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Unrestricted Demand Deposits	32,200	34,342	26,151	40,268
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	68,556	1,293	108,078
Total	32,200	102,898	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 9% (31 December 2007: 11%) of the liabilities in foreign currencies beginning from 5 December 2008. The Central bank of Turkey makes interest payments on a quarterly basis. As of 31 December 2008, the interest rates applied for New Turkish Lira reserve deposits by the Central Bank is 12%. As of 5 December 2008, the interest payments over foreign currencies are cancelled by the Central Bank.

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	-	-	5,023	23,898
Subject to repurchase agreements	-	-	79,308	-
Total	-	-	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 964 (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	3,982	2,434	1,441	86
Swap transactions	-	901	-	199
Futures	-	-	8	-
Options	108	5	441	170
Other	-	-	-	-
Total	4,090	3,340	1,890	455

3. Information on banks:

a) Information on banks:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Banks	60,034	178,892	15,626	161,515
Domestic	60,034	31,094	15,626	34,002
Foreign	-	147,798	-	127,513
Foreign branches	-	-	-	-
Total	60,034	178,892	15,626	161,515

b) Foreign banks :

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	139,731	63,923	-	-
USA, Canada	7,601	61,376	-	-
OECD Countries*	466	2,214	-	-
Off shore zones	-	-	-	-
Other	-	-	-	-
Total	147,798	127,513	-	-

(*) OECD countries except for the EU countries, the USA and Canada

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	-	8,898	699	-
Subject to repurchase agreements	-	-	123,246	-
Total	-	8,898	123,945	-

Investment securities available-for-sale other than investment securities available-for-sale given as collateral or subject to repurchase agreements amount YTL 14,079 (31 December 2007 – YTL 54,239). YTL 279 of this amount is comprised of share certificates.

b) Available-for-sale securities

	Current Period	Prior Period
Debt instruments	23,346	178,616
Listed	11,428	161,158
Unlisted	11,918	17,458
Equity instruments	279	-
Listed	279	-
Unlisted	-	-
Impairment provision (-)	(648)	(432)
Total	22,977	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	8,392	-	6,884	-
Corporate shareholders	8,392	-	6,884	-
Individual shareholders	-	-	-	-
Indirect loans granted to shareholders	32,540	5,824	33,301	16,852
Loans granted to employees	114	-	274	-
Total	41,046	5,824	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	1,557,199	163	42,171	-
Discount Notes	6,646	-	-	-
Export Loans	239,226	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	78,963	-	-	-
Foreign Loans	1,018	-	-	-
Consumer Loans	189,082	-	11,138	-
Credit Cards	36,979	-	5,767	-
Precious Metal Loans	-	-	-	-
Other	1,005,285	163	25,266	-
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	1,557,199	163	42,171	-

- c) Information on cash loans according to maturity structure concentration:

Cash Loans	Standard Loans and Other Receivables		Loans and Receivables Under Close Monitoring	
	Loans and other receivables	Restructured or Rescheduled	Loans and other receivables	Restructured or Rescheduled
Short term Loans and Other Receivables	1,175,132	-	38,362	-
Non specialized Loans	1,175,132	-	38,362	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Middle and Long term Loans and Other Receivables	382,067	163	3,809	-
Non specialized Loans	382,067	163	3,809	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	1,557,199	163	42,171	-

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

	Short Term	Medium or Long Term	Total
Consumer Loans-YTL	19,096	142,092	161,188
Real estate Loans	6,034	63,388	69,422
Automotive Loans	2,877	17,058	19,935
Consumer Loans	9,496	59,587	69,083
Other	689	2,059	2,748
Consumer Loans-Indexed to FC	974	34,845	35,819
Real estate Loans	409	30,320	30,729
Automotive Loans	546	2,378	2,924
Consumer Loans	19	2,147	2,166
Other	-	-	-
Consumer Loans-FC	-	-	-
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Credit Cards-YTL	39,599	-	39,599
With Installment	5,639	-	5,639
Without Installment	33,960	-	33,960
Credit Cards-FC	348	-	348
With Installment	-	-	-
Without Installment	348	-	348
Loans Given to Employees-YTL	85	29	114
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	85	29	114
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	1,071	-	1,071
With Installment	284	-	284
Without Installment	787	-	787
Employee Credit Cards-FC	5	-	5
Without Installment	-	-	-
Without Installment	5	-	5
Overdraft Account-YTL (Individual)	3,099	-	3,099
Overdraft Account-FC (Individual)	-	-	-
Total	64,277	176,966	241,243

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

	Short Term	Medium or Long Term	Total
Installment Corporate Loans - YTL	33,273	70,595	103,868
Real Estate Loans	-	2,304	2,304
Automotive Loans	1,691	11,099	12,790
Consumer Loans	8,931	-	8,931
Other	22,651	57,192	79,843
Installment Corporate Loans – Indexed to FC	6,706	50,639	57,345
Real Estate Loans	181	37	218
Automotive Loans	382	17,223	17,605
Consumer Loans	2,511	4,517	7,028
Other	3,632	28,862	32,494
Installment Corporate Loans - FC	-	-	-
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards - YTL	1,681	-	1,681
With Installment	111	-	111
Without Installment	1,570	-	1,570
Corporate Credit Cards - FC	42	-	42
With Installment	-	-	-
Without Installment	42	-	42
Overdraft Account-YTL (Individual)	10,576	-	10,576
Overdraft Account-FC (Individual)	-	-	-
Total	52,278	121,234	173,512

f) Loan concentration according to counterparty:

	Current Period	Prior Period
Public sector	-	-
Private sector	1,629,656	2,201,716
Total	1,629,656	2,201,716

g) Domestic and international loans:

	Current Period	Prior Period
Domestic Loans	1,628,638	2,179,652
Foreign Loans	1,018	22,064
Total	1,629,656	2,201,716

h) Loans granted to subsidiaries and associates: None.

i) Specific provisions for loans:

	Current Period	Prior Period
Specific Provisions		
Loans and Receivables with Limited Collectibility	5,774	1,583
Loans and Receivables with Doubtful Collectibility	8,200	4,891
Uncollectible Loans and Receivables	9,268	10,776
Total	23,242	17,250

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

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

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Balances at Beginning of Period	7,462	6,961	14,469
Additions (+)	46,281	18,466	194
Transfers from Other Categories of Non- Performing Loans (+)	-	24,502	16,357
Transfers to Other Categories of Non-Performing Loans (-)	24,502	16,357	-
Collections (-)	308	440	5,613
Write-offs (-)	5,523	15,689	12,895
Corporate and Commercial Loans	5,424	15,033	8,674
Retail Loans	90	34	346
Credit Cards	9	622	3,875
Other	-	-	-
Balances at End of the Period	23,410	17,443	12,512
Specific Provisions (-)	5,774	8,200	9,268
Net Balance on Balance Sheet	17,636	9,243	3,244

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

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current Period (Net)			
Loans Allowed to Real Persons and Corporate Bodies (Gross)	23,410	17,443	12,512
Specific provision (-)	5,774	8,200	9,268
Loans Allowed to Real Persons and Corporate Bodies (Net)	17,636	9,243	3,244
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)	-	-	-

k) Liquidation policy for uncollectible loans and receivables:

In accordance with “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.26333 dated 1 November 2006, The Loans and Other Receivables is written off with the decision taken by Parent Bank’s management if the collection is not possible.

l) Information on write-off from assets policy:

As a result of legal follow up relating to loan liquidation, the loans and other receivables are written off from asset as long as an evidence of insolvency is taken in terms of the actual debtors of the loan and the guarantee debtors except cheque.

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	3,801	-	-	-
Subject to Repurchase Agreement	220,212	-	-	-
Total	224,013	-	-	-

As at 31 December 2008, investment securities held-to-maturity other than those subject to repurchase agreements and given as collateral or blocked is YTL 140,055 (31 December 2007 – None).

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

	Current Period	Prior Period
Government Bonds	364,068	-
Tresury Bills	-	-
Other Government Securities	-	-
Total	364,068	-

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

	Current Period	Prior Period
Debt Securities	365,346	-
Listed	365,346	-
Unlisted	-	-
Impairment(-)	(1,278)	-
Total	364,068	-

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	365,346	-
Sales and redemptions	-	-
Impairment (-)	(1,278)	-
Balance at the end of the period	364,068	-

The Group has reclassified marketable securities with notional amounts of YTL 69,928 and YTL 246,225 from trading securities and available for sale securities, respectively, to held to maturity securities within the change of its intention of keeping such securities and according to the amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments and Disclosures, issued by IASB on 13 October 2008. Such trading and available for sale securities are recorded in held to maturity portfolio with their fair values as of the date of the reclassification, amounting to YTL 75,272 and YTL 233,031, respectively. As of the date of reclassification, negative difference of YTL 620, resulting from re-measurement of available for sale securities was recorded under equity accounts. Such difference will be transferred to profit/loss accounts until the redemption dates of such securities. Impairment loss related with these securities amounting to YTL 620 is transferred from shareholders equity to result accounts. As of 31 December 2008, the remaining negative difference is YTL 444. As of the date of reclassification, the positive difference of YTL 1,524 resulting from the re-measurement of trading securities is directly recognized under profit/loss accounts. In the movement presentations above, such securities transferred from trading and available for sale securities are shown with their book values as of balance sheet date.

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
55	55	1	8	-	(4)	(2)	-

c) Movement of subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	107	107
Movements during the Period	(52)	-
Purchases	-	-
Bonus shares received	-	-
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision (+)	(52)	-
Balance at the End of the Period	55	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	55	107
Total	55	107

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

(*) In the Extraordinary General Assembly made by The Euro Textile Bank Offshore Ltd. dated 17 November 2008, it was decided to change the name of the Company as "The Euro Textile International Banking Unit Ltd." in accordance with International Banking Units Law. The change is accepted and enforced by Council of Minister of Turkish republic of North Cyprus as of 21 January 2009.

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
4,347	3,301	167	434	711	(245)	(491)	-
98,810	(854)	2	29,773	-	(7,106)	4,397	-

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)
(**)	-	(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). As of prior year end, the foreign currency subsidiary of the Parent Bank recorded as acquisition method is reflected to consolidated financial statements with the turkish lira balances in the balance sheet date exchange rates. In 2007, the valuation of foreign currency subsidiaries is made with historical cost method in accordance with the resolution of BRSA numbered 2007/2. The related foreign exchange differences is accounted in the income statement. For this reason, there is not any difference related to foreign exchange valuation.

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 tangible assets (Net) :

	Land and buildings	Fixed assets under finance lease	Vehicles	Other tangible fixed assets	Total
Prior Period End: 31/12/2007					
Cost	80,283	8,323	809	46,050	135,465
Accumulated Depreciation (-)	11,764	5,243	389	39,407	56,803
Net Book Value	68,519	3,080	420	6,643	78,662
Current Period End: 31/12/2008					
Net Book Value at the Beginning of the Period	68,519	3,080	420	6,643	78,662
Additions	-	486	42	3,623	4,151
Disposals, net (-) (*)	-	67	-	83	150
Impairment	(1,108)	-	-	-	(1,108)
Depreciation (-)	1,491	1,246	168	1,948	4,853
Cost at year end	79,175	8,231	851	40,112	128,369
Accumulated Depreciation at year end (-)	13,255	5,978	557	31,877	51,667
Closing Net Book Value	65,920	2,253	294	8,235	76,702
	Land and buildings	Fixed assets under finance lease	Vehicles	Other tangible fixed assets	Total
Prior Period End: 31/12/2006					
Cost	74,022	5,772	1,126	48,143	129,063
Accumulated Depreciation (-)	10,240	3,962	519	44,589	59,310
Net Book Value	63,782	1,810	607	3,554	69,753
Current Period End: 31/12/2007					
Net Book Value at the Beginning of the Period	63,782	1,810	607	3,554	69,753
Additions	-	2,561	-	4,627	7,188
Disposals, net (-) (*)	-	-	15	44	59
Impairment	6,261	-	-	-	6,261
Depreciation (-)	1,524	1,291	172	1,494	4,481
Cost at year end	80,283	8,323	809	46,050	135,465
Accumulated Depreciation at year end (-)	11,764	5,243	389	39,407	56,803
Closing Net Book Value	68,519	3,080	420	6,643	78,662

(*) The cost and accumulated depreciation of assets held for sales is as follows:

	Land and buildings	Fixed assets under finance lease	Vehicles	Other tangible fixed assets	Total
Current Period					
Cost	-	578	-	9,561	10,139
Accumulated Depreciation (-)	-	511	-	9,478	9,989
Net disposal amount	-	67	-	83	150

13. Intangible assets:

- a) The gross book value and accumulated amortization amounts at the beginning and at the end of the period:

	Current Period	Prior Period
Gross Book Value	17,126	15,765
Accumulated Amortization (-)	14,454	13,704
Total	2,672	2,061

- b) Movement of intangible assets:

	Current Period	Prior Period
Beginning of the period	2,061	1,069
Additions Resulting from Merger and Acquisition	1,366	1,615
Disposals (-)	-	1
Accumulated Amortization (-)	755	622
Prior End	2,672	2,061

14. Information on investment properties:

None.

15. 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 3,009 which was calculated on deductible temporary differences except general provisions at 31 December 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.

16. Information on assets held for sale and discontinued operations

The Bank has no discontinued operations during the current period. Assets held for sale consist of commodities and plant and property items acquired against uncollected loans.

Movement of assets held for sale is as follows:

	Current Period	Prior Period
Opening Balance, net	28,244	24,281
Purchases	12,008	6,828
Disposals, net (-)	4,857	2,662
Impairment (-)	1,198	-
Current Period Depreciation	316	203
Closing Net Book Value	33,881	28,244

Assets held for sale include commodities amounting YTL 5,556 (net).

17. Information on other assets:

As at 31 December 2008, the amount of other assets amount to YTL 62,648 (31 December 2007 – YTL 14,028) and other assets do not exceed 10% of total assets excluding the off-balance sheet items.

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	6,153	253,875	469,475	1,595	3,378	365	734,841
Foreign Currency Deposits	38,053	244,852	237,678	19,780	21,319	9,410	571,092
Residents in Turkey	36,142	235,069	225,578	15,214	11,487	677	524,167
Residents Abroad	1,911	9,783	12,100	4,566	9,832	8,733	46,925
Public Sector Deposits	10,457	3	-	-	-	-	10,460
Commercial Deposits	30,356	123,424	39,295	2,817	1	1	195,894
Other Ins. Deposits	1,531	270	1,360	9	9	-	3,179
Precious Metal Deposits	-	-	-	-	-	-	-
Bank Deposits	492	16,207	-	-	-	-	16,699
Central Bank	-	-	-	-	-	-	-
Domestic Banks	492	16,207	-	-	-	-	16,699
Foreign Banks	-	-	-	-	-	-	-
Special Financial Inst.	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	87,042	638,631	747,808	24,201	24,707	9,776	1,532,165

a.2) Prior Period:

	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months- 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	105,302	47,440	7,572	4	-	205,642
Other Ins. Deposits	569	347	5,096	1	13	-	6,026
Precious Metal Deposits	-	-	-	-	-	-	-
Bank Deposits	160	39,204	65,891	-	-	-	105,255
Central Bank	-	-	-	-	-	-	-
Domestic Banks	160	27,587	-	-	-	-	27,747
Foreign Banks	-	11,617	65,891	-	-	-	77,508
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	291,546	207,496	424,177	261,865
Foreign Currency Savings Deposits	109,440	127,981	262,169	351,948
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	400,986	335,477	686,346	613,813

b.2) Savings deposits in Turkey are not covered under insurance in another country since the headquarter of the Group is not located abroad.

b.3) Saving deposits not covered by deposit insurance: YTL 41,432 (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	10,154	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	9,680	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.	21,598	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	3,355	1,892	15,671	57
Swaps	-	3,961	-	5,898
Futures	-	-	-	-
Options	125	5	450	4
Other	-	3,612	-	-
Total	3,480	9,470	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	22,660	49,081	28,454	34,307
Foreign Banks, Institutions and Funds	-	631,480	-	525,277
Total	22,660	680,561	28,454	559,584

b) Contractual maturities of funds borrowed:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Short-Term	22,660	551,483	28,454	106,838
Medium and Long-Term	-	129,078	-	452,746
Total	22,660	680,561	28,454	559,584

c) Additional information on concentrations of the Bank's liabilities:

The Parent Bank diversifies its funding resources with customer deposits and funds borrowed from foreign banks. The parent Bank makes concentration analysis for the customers provide funds in branch terms and takes long and short term actions to generalize the customers in these branches. Funds borrowed consist of funds with different characteristics like syndication, Money market, post-finance and maturity-interest structures and provided from different institutions. There is no risk concentration in the Parent Bank's fund sources.

4. Information on other liabilities:

Other liabilities amount YTL 31,035 (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 are as follows:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	1,289	1,229	1,069	969
Between 1-4 years	141	137	779	748
More than 4 years	-	-	-	-
Total	1,430	1,366	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	8,083	12,776
Provisions for Loans and Receivables in Group II	828	18
Provisions for Non Cash Loans	1,324	1,722
Other	55	74
Total	10,290	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 31 December 2008, at ceiling amount of YTL 2.17 (31 December 2007: YTL 2.03), per year of employment at the rate of pay applicable at the date of retirement or 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 (%)	6.26	5.71
Expected Salary/ETI Liability Ceiling Increase Rate (%)	5.40	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 provision / (reversal of provision)	2,279	(1,420)
Paid in current year	(2,278)	(379)
Period end amount	1,456	1,455

The Bank also has vacation pay liability amounting YTL 2,590 (31 December 2007: YTL 2,508) as at 31 December 2008.

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

Foreign exchange differences on foreign currency indexed loans amounting YTL 757 (31 December 2007: YTL 32,704) are netted with loans on the asset side.

d) Specific provisions for non cash loans that are not indemnified and converted into cash :

As at 31 December 2008, the Group has provision amounting to YTL 1,121 (31 December 2007: YTL 1,903) for non cash loans that are not indemnified and converted into cash amounting to YTL 5,596 (31 December 2007: 4,028).

e) Information on other provisions:

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

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

As at 31 December 2008, the Bank has provision for credit card service promotions amounting YTL 528 (31 December 2007: YTL 304).

8. Taxation:

a) Current tax liability: As at 31 December 2008, the Bank has corporate taxes payable amounting to YTL 130 (31 December 2007- YTL 13,016).

b) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	130	13,016
Taxation on securities	3,325	2,440
Capital gains tax on property	109	98
Banking Insurance Transaction Tax (BITT)	3,211	2,669
Taxes on foreign exchange transactions	-	174
Value added tax payable	59	52
Other	1,570	1,317
Total	8,404	19,766

c) Information on premiums payable:

	Current Period	Prior Period
Social security premiums- employee share	530	511
Social security premiums- employer share	568	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	38	35
Unemployment insurance- employer share	74	70
Other	-	2
Total	1,210	1,327

d) Information on deferred tax liabilities

Deferred tax liability is netted off with deferred tax assets.

9. Information on payables related to assets held for sale:

None.

10. Information on subordinated loans:

None.

11. Information on shareholders' equity:

a. Paid in capital:

	Current Period	Prior Period
Common Stock	420,000	300,000
Preferred Stock	-	-

The paid-in share capital of the Bank is represented by 4,200 million registered shares of one 0.01 New Turkish Liras each.

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:

In the current period, the paid-in capital of the Bank has been increased to YTL 420,000 from YTL 300,000; YTL 60,000 of which in cash and the remaining from equity items.

d. Information on share capital increases from revaluation funds:

YTL 9,449 from other capital reserves and TRY 50,551 from extraordinary reserves added to the capital in the current period.

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	(361)	(602)	910	-
Marketable securities subject to structural position	-	-	-	-
Total	(361)	(602)	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	281,111	26,950	259,038	25,897
Medium and Long Term	43,962	4,258	20,125	3,115
Loans Under Follow-Up	1,563	-	1,641	-
Source Utilization Support Fund	-	-	-	-
Total	326,636	31,208	280,804	29,012

(*) 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	6,998	470	4,638	752
Domestic Banks	1,676	1,635	1,278	1,698
Foreign Banks	-	5,310	40	10,071
Foreign Branches	-	-	-	-
Total	8,674	7,415	5,956	12,521

c) Information on interest income received from securities portfolio:

	Current Period		Prior Period	
	YTL	FC	YTL	FC
Trading Securities	10,406	418	21,533	1,577
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Investment Securities Available-for-Sale	23,140	1,632	27,137	1,905
Investment Securities Held-to-Maturity	23,980	-	-	-
Total	57,526	2,050	48,670	3,482

d) 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 (*)	4,885	31,602	5,374	35,256
Central Bank of Turkey	-	-	-	-
Domestic Banks	4,755	2,732	5,061	1,597
Foreign Banks	130	28,870	313	33,659
Foreign Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	4,885	31,602	5,374	35,256

(*) 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	9	8

c) Information on interest expense paid to securities issued : None.

d) Maturity structure of the interest expense on deposits :

The Group has no interest expense paid to 7 days informed and accumulating deposits.

Account Name	Demand Deposits	Time Deposits					Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over	
YTL							
Bank Deposits	-	17,542	-	-	-	-	17,542
Saving Deposits	-	44,282	68,627	746	388	11	114,054
Public Sector Deposits	-	4	-	-	-	-	4
Commercial Deposits	-	26,630	18,215	319	-	-	45,164
Other Deposits	-	131	865	1	2	-	999
Total Turkish Lira	-	88,589	87,707	1,066	390	11	177,763
FC							
Foreign Currency Deposits	-	16,089	20,066	2,246	814	468	39,683
Bank Deposits	-	68	-	-	-	-	68
Precious Metal Deposits	-	-	-	-	-	-	-
Total Foreign Currency	-	16,157	20,066	2,246	814	468	39,751
Total	-	104,746	107,773	3,312	1,204	479	217,514

3. Information on dividend income:

None.

4. Trading income / loss (net)

	Current Period	Prior Period
Profit	621,967	637,334
Capital Market Transactions:	326,567	162,490
Derivatives	322,874	157,847
Other	3,693	4,643
Foreign Exchange Gain	295,400	474,844
Loss (-)	637,540	643,108
Capital Market Transactions:	327,788	215,462
Derivatives	327,202	214,332
Other	586	1,130
Foreign Exchange Loss	309,752	427,646

5. Other operating income:

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

6. Impairment on loans and other receivables:

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables:	42,927	8,487
Loans and Receivables in Group III	11,025	1,624
Loans and Receivables in Group IV	22,506	4,280
Loans and Receivables in Group V	9,396	2,583
General Provision Expenses	-	4,516
Provision for Possible Losses	-	-
Impairment Losses on Securities:	15	361
Trading securities	15	(101)
Investment Securities Available-for-Sale	-	462
Other Impairment Losses:	389	-
Associates	-	-
Subsidiaries	52	-
Joint Ventures	-	-
Investment Securities Held-to-Maturity	337	-
Other	-	-
Total	43,331	13,364

7. Information related to other operational expenses:

	Current Period	Prior Period
Personnel Expenses	85,648	66,570
Reserve for Employee Termination Indemnity Benefits	83	(1,148)
Reserve for Bank's Social Aid Fund Deficit	-	-
Impairment of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	4,853	4,481
Impairment of Intangible Assets	-	-
Depreciation Expenses of Intangible Assets	755	622
Impairment of Securities Held for Sale	1,468	-
Depreciation of Securities Held for Sale	316	203
Impairment of Assets Held for Sale	-	-
Other Operating Expenses	31,052	37,000
Operational Leases	10,043	8,343
Repair and Maintenance	1,649	1,672
Advertising	1,369	11,032
Other Expenses	17,991	15,953
Loss on Sales of Assets	119	287
Other	7,414	5,583
Total	131,708	113,598

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

None.

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

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

As at 31 December 2008 current tax expense is YTL 130 (31 December 2007- YTL 13,016)

As at 31 December 2008 deferred tax expense amounts YTL 2,070 (31 December 2007- YTL 2,635 - income).

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

As at 31 December 2008 deferred tax expense arising from temporary differences amounts YTL 2,070 (31 December 2007- YTL 2,635 - income).

The change in deferred tax liability amounting to YTL 56 (31 December 2007: YTL 313) as a result of revaluation of buildings of the Parent Bank is not reflected to income statements, it is net offed from the revaluation fund of tangible fixed assets in the equity.

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

As at 31 December 2008 deferred tax expense arising from temporary differences and financial loss amounts YTL 2,070 (31 December 2007: YTL 2,635 - income).

As at 31 December 2008, there is no deferred tax income resulted from financial loss (31 December 2007: None).

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

None.

11. 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.

12. 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 at 31 December 2008, loan granting commitments amount to YTL 36,784 (31 December 2007: YTL 42,655), commitments for credit card limits amount to YTL 206,354 (31 December 2007: YTL 203,517), commitments for cheque payments amount to YTL 59,289 (31 December 2007: YTL 61,175), commitments for promotional operations re-credit cards amount to YTL 1,025 (31 December 2007: YTL 1,508) and tax and fund obligations from export commitments amounting to YTL 11 (31 December 2007: None)
- 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 at 31 December 2008, the Bank has letters of guarantees amounting to YTL 822,215 (31 December 2007- YTL 1,075,302), bills of exchange and acceptances amounting to YTL 9,813 (31 December 2007- YTL 13,485), letters of credit amounting to YTL 135,126 (31 December 2007- YTL 236,246), prefinancing given as guarantee amounting to YTL 1,408 (31 December 2007- YTL 2,795) and other guarantees amounting to YTL 35,607 (31 December 2007- YTL 42,548).

c) Non-cash loans

	Current Period	Prior Period
Non-Cash Loans Given for Cash Loan Risks	90,224	128,458
With Original Maturity of 1 Year or Less	2,984	3,150
With Original Maturity of More Than 1 Year	87,240	125,308
Other Non-Cash Loans	913,945	1,241,918
Total	1,004,169	1,370,376

d) Sectoral risk concentration of non cash loans:

	Current Period				Prior Period			
	YTL	(%)	FC	(%)	YTL	(%)	FC	(%)
Agricultural	3,804	0.84	24,779	4.50	11,760	1.87	26,876	3.63
Farming and Cattle	3,768	0.83	24,779	4.50	11,709	1.86	26,733	3.61
Forestry	36	0.01	-	-	51	0.01	143	0.02
Fishing	-	-	-	-	-	-	-	-
Manufacturing	110,839	24.44	165,375	30.03	134,708	21.37	255,532	34.54
Mining	4,260	0.94	6	-	1,167	0.19	334	0.05
Production	81,810	18.04	149,508	27.15	108,372	17.19	230,054	31.09
Electric, gas and water	24,769	5.46	15,861	2.88	25,169	3.99	25,144	3.40
Construction	166,814	36.78	190,525	34.60	221,657	35.15	193,206	26.11
Services	160,427	35.38	163,656	29.72	237,854	37.72	247,001	33.38
Wholesale and retail trade	102,859	22.67	73,979	13.43	171,411	27.18	107,841	14.58
Hotel, food and beverage								
Services	8,205	1.81	752	0.14	9,097	1.44	1,218	0.16
Transportation and telecommunication	17,131	3.78	8,038	1.46	25,764	4.09	8,239	1.11
Financial institutions	24,198	5.34	78,690	14.29	24,708	3.92	118,597	16.03
Real estate and renting								
Services	412	0.09	-	-	400	0.06	-	-
Self-employment services	5,747	1.27	2,134	0.39	4,268	0.68	3,102	0.42
Education services	263	0.06	-	-	301	0.05	7,935	1.07
Health and social services	1,612	0.36	63	0.01	1,905	0.30	69	0.01
Other	11,608	2.56	6,342	1.15	24,495	3.89	17,287	2.34
Total	453,492	100.00	550,677	100.00	630,474	100.00	739,902	100.00

e) Information on the first and second group non cash loans :

Non Cash Loans	I. Group		II. Group	
	YTL	FC	YTL	FC
Letters of guarantee	445,724	360,405	4,217	6,816
Bank acceptances	-	9,813	-	-
Letters of credit	11	135,115	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	-	37,015	-	-
Total	445,735	542,348	4,217	6,816

The Parent Bank has provided provisions amounting to YTL 799 after considering the guarantees for the non cash loans classified as Group 5 loans amounting to YTL 5,053. The Parent Bank also provided provisions amounting to YTL 322 from the cheque commitments based on off-balance sheet transactions.

2. Information related to derivative financial instruments:

	Current Year	Prior Year
Types of trading transactions		
Foreign currency related derivative transactions (I)	1,078,655	1,543,179
Forward FC Call and Put Transactions	539,524	419,493
Swap FC Call and Put Transactions	497,304	921,214
Futures Transactions	-	-
Options FC Call and Put Transactions	41,827	202,472
Interest rate related derivative transactions (II)	-	-
Forward FC Call and Put Transactions	-	-
Swap FC Call and Put Transactions	-	-
Futures Transactions	-	-
Options FC Call and Put Transactions	-	-
Other types of trading transactions (III)	120,984	138
A. Total types of trading transactions (I+II+III)	1,199,639	1,543,317
Hedging purpose derivative transactions	-	-
Fair Value Hedge Transactions	-	-
Cash Flow Hedge Transactions	-	-
Net Foreign Investment Hedge Transactions	-	-
B. Total Hedging Purpose Derivative Transactions	-	-
Total Derivative Transactions (A+B)	1,199,639	1,543,317

However the derivative transactions of the Group supplies hedging economically, these transactions are recorded as trading purpose within the context of TAS 39.

3. Contingent assets and liabilities:

A customer has sued the Bank in year 2001 with the claim that his deposit money has been withdrawn from his account with forged documents. The amount is 1,299,213 Australian Dollars (equivalent to YTL 1,357). The trial is still in progress and no provision has been provided as professional legal advice indicates that it is unlikely that any loss will arise.

4. Information on fiduciary services rendered on behalf of third parties:

None.

V. Information and disclosures related to consolidated statement of changes in shareholders' equity:

1. Information on differences in shareholders' equity accounts due to inflation accounting:

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 compliance with the resolution of BRSA, the "Capital Reserves from Inflation Adjustments" amounting to YTL 9,449 is transferred to "Other Capital Reserves". The amount is feed off for the equity increase in 2008.

2. Information on profit distribution:

The competent body of the Parent Bank for the decision of profit distribution is the General Assembly. As of financial statements arrangement date, the annual general assembly of the Parent Bank is not performed.

3. Information on the foreign exchange differences:

As of 31 December 2006, the foreign currency subsidiary of the Parent Bank recorded as acquisition method is reflected to consolidated financial statements with the turkish lira balances in the balance sheet date exchange rates. In 2007, the valuation of foreign currency subsidiaries is made with historical cost method in accordance with the resolution of BRSA numbered 2007/2. The affiliates are eliminated when the consolidated financial statements prepared.

4. Information on available for sale securities:

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.

VI. Information and disclosures related to consolidated cash flow statement

1. Information on cash and cash equivalents

The components of cash and cash equivalents and the accounting policies used in the determination of these components:

Cash in vault, foreign currencies, cash in transit, cheques purchased, demand deposits in banks included demand deposit balances with the Central Bank of Turkey are described as "Cash"; interbank money market placements which have original maturities lower than three months, time deposits in banks and investment securities are described as "Cash Equivalents"

a) Cash and cash equivalents at the beginning of the period:

	Current Period	Prior Period
Cash	90,842	70,938
Cash in Vault, Foreign Currencies and Other	19,650	14,078
Demand Deposits	71,192	56,860
Cash Equivalents	172,232	463,783
Interbank Money Market Placements	-	-
Time Deposits	172,232	463,783
Investment Securities	-	-
Total Cash and Cash Equivalents	263,074	534,721

b) Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
Cash	89,969	90,842
Cash in Vault, Foreign Currencies and Other	20,988	19,650
Demand Deposits	68,981	71,192
Cash Equivalents	603,698	172,232
Interbank Money Market Placements	-	-
Time Deposits	603,698	172,232
Investment Securities	-	-
Total Cash and Cash Equivalents	693,667	263,074

2. Information on cash and cash equivalent assets of the Group that are not available for free use due to legal restrictions or other reasons:

None.

3. Disclosures for "other" items in the statement of cash flows and effect of changes in foreign currency exchange rates on cash and cash equivalents:

"Other" item amounting to YTL 69,116 (31 December 2007: YTL 49,272) before "changes in operating assets and liabilities" comprise personnel expenses and other operating expenses except taxes paid.

As at 31 December 2008 “Net increase/decrease in Other Liabilities” amounting to YTL (1,671) (31 December 2007: YTL 28,316) which takes place in “Changes in Operating Assets and Liabilities” is comprised of changes in miscellaneous payables, other external resources and tax liabilities. The change in “Net increase/decrease in other assets” amounting to YTL (48,620) (31 December 2007: YTL (11,017)) is comprised of miscellaneous receivables and other assets.

The effect of the change of exchange rates on the cash and cash equivalents is reflected in the net foreign exchange difference income/loss account. Net foreign exchange income/loss is disclosed in the “Other Income” which included in the “Operating Profit Before Changes in Operating Assets and Liabilities”

VII. 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	-	-	40,932	5,722	-	-
Interest and Commission Income Received	-	-	4,305	220	-	-

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

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	-	-	2,405	83	-	-

(*) 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	52	56	77,169	43,810	-	-
Interest on Deposits	9	8	4,683	4,075	-	-

(*) 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:

As at 31 December 2008 the Parent Bank has made forward and foreign currency swap transaction amounting to YTL 2,293 and YTL 2,323 with the Bank's risk group.

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

	Number	Number of Employees			
Domestic branches	60	1,410			
			Country of Incorporation		
Foreign representation office	1	2	Berlin, Germany		
				Total Assets	Statutory Share Capital
Foreign branch	-	-	-	-	-
Off-shore banking region branches	-	-	-	-	-

IX. Information and disclosure related to subsequent events

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

- a.1) As of 31 December 2008, the number of personel of the Parent Bank is 1,410. During January 2009, the number of employees has been changed to 1,296. YTL 993 employee termination benefits, YTL 183 vacation pay liability and YTL 445 severance payment liability paid subsequent to the balance sheet date regarding such change are reflected in other liabilities and salaries and employee benefits accounts in the accompanying financial statements.
- a.2) According to the decree of the Council of Ministers numbered 2007/11963 and dated 4 April 2007, for the currency unit of the Republic of Turkey, the term "New" in the name of the national currency was removed on 1 January 2009.
- a.3) The Parent Bank has sold a significant portion of its securities classified in held to maturity portfolio before the maturity dates of such securities.
- a.4) At 21 January 2009, within the approval of local legislation, the title of the subsidiary "The Euro Textile Bank Ltd." has been changed as "The Euro Textile International Banking Unit Ltd." in accordance with the Ordinary General Meeting decision dated 17 November 2008.

- 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

OTHER EXPLANATIONS AND FOOTNOTES

I. Other explanations related to the Group's operations:

None.

SECTION SEVEN

INDEPENDENT AUDITORS' REPORT

I. Information on the independent auditors' report

The consolidated financial statements of Bank and its subsidiaries as of 31 December 2008 have been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. It was noted in their audit report dated 27 March 2009 that the consolidated financial statements present fairly the financial position of Tekstil Bankası Anonim Şirketi and its subsidiaries as of 31 December 2008, and of the results of its operations and its cash flows for the year then ended, in all material respects in accordance with regulations described in Articles 37 and 38 of the (Turkish) Banking Law No. 5411.

II. Information and disclosures prepared by the independent auditors

None