



Anadolubank Anonim Şirketi and Its Subsidiaries

**Condensed Consolidated Interim
Financial Information**

**As of 30 June 2008
With Independent Auditors' Review Report**

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik AŞ
15 August 2008

*This report contains the "Independent Auditors'
Report on Review of Condensed Consolidated
Interim Financial Information" comprising 1 page
and the "Condensed Consolidated Interim
Financial Statements and their Explanatory Notes
comprising 15 pages.*

Anadolubank Anonim Şirketi and Its Subsidiaries

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Independent Report on Review of Condensed Consolidated Interim Financial Information

To the Board of Directors of
Anadolubank Anonim Şirketi

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of Anadolubank Anonim Şirketi ("the Bank") and its subsidiaries (collectively "the Group") as of 30 June 2008 and the related condensed consolidated interim statement of income, statement of changes in equity and cash flows for the six-month period then ended (interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

Istanbul, Turkey
15 August 2008

KPMG Akis Bağımsız Denetim ve Serbest AŞ

Anadolubank Anonim Şirketi and Its Subsidiaries
Condensed Consolidated Interim Balance Sheet
As of 30 June 2008

Currency – Thousands of New Turkish Lira (YTL)

	Notes	30 June 2008	31 December 2007
ASSETS			
Cash and balances with the Central Bank		213,620	337,784
Deposits with banks and other financial institutions		79,574	170,872
Interbank money market placements		500	110,047
Financial assets at fair value through profit or loss	8	82,405	4,672
Derivative financial instruments held for trading	9	12,006	10,430
Investment securities	10	504,317	396,634
Loans and receivables	11	2,381,269	1,904,116
Property and equipment		19,947	21,536
Intangible assets		1,703	2,106
Deferred tax assets		726	4,953
Other assets		184,770	177,769
Total assets		3,480,837	3,140,919
LIABILITIES AND EQUITY			
Deposits from other banks		11,558	1,741
Customers' deposits		2,090,876	1,909,336
Other money market deposits		283,752	133,197
Funds borrowed	12	433,703	518,666
Derivative financial instruments held for trading	9	47,471	47,939
Other liabilities and provisions		156,887	143,424
Income taxes payable		5,898	5,293
Deferred tax liabilities		--	71
Total liabilities		3,030,145	2,759,667
Share capital issued	14	385,119	227,619
Revaluation of available for sale financial assets	10,14	(6,273)	(6,891)
Currency translation adjustment		431	(2,895)
Other reserves and accumulated profits		70,077	162,102
Total equity attributable to equity holders of the Bank		449,354	379,935
Minority interest		1,338	1,317
Total equity		450,692	381,252
Total liabilities and equity		3,480,837	3,140,919
Commitments and contingencies	16	1,703,808	1,511,006

The notes on pages 5 to 15 are an integral part of these condensed consolidated interim financial statements.

Anadolubank Anonim Şirketi and Its Subsidiaries
Condensed Consolidated Interim Statement of Income
As of and for the Six-Month Period Ended 30 June 2008

Currency – Thousands of New Turkish Lira (YTL)

	30 June 2008	30 June 2007
Interest income		
Interest on loans and receivables	185,986	149,344
Interest on securities	23,958	38,794
Interest on deposits with banks and other financial institutions	10,196	14,501
Interest on other money market placements	2,401	3,366
Other interest income	1,057	2,036
Total interest income	223,598	208,041
Interest expense		
Interest on deposits	(101,161)	(86,494)
Interest on other money market deposits	(5,056)	(8,662)
Interest on funds borrowed	(13,972)	(21,372)
Other interest expense	(129)	(1,141)
Total interest expense	(120,318)	(117,669)
Net interest income	103,280	90,372
Fees and commissions income	28,352	27,281
Fees and commissions expense	(4,187)	(5,438)
Net fees and commissions income	24,165	21,843
Other operating income		
Foreign exchange gains	5,870	413
Other income	4,718	3,787
Total other operating income	10,588	4,200
Other operating expense		
Trading loss	(13,151)	(9,985)
Salaries and employee benefits	(48,951)	(37,396)
Provision for possible loan losses, net of recoveries	(3,487)	(4,150)
Depreciation and amortization	(3,458)	(2,716)
Taxes other than on income	(2,003)	(1,222)
Other expenses	(18,759)	(17,052)
Total other operating expense	(89,809)	(72,521)
Income from operations	48,224	43,894
Income tax provision	(9,730)	(9,124)
Net income for the period	38,494	34,770
Net income for the period attributable to:		
Equity holders of the Bank	38,475	34,657
Minority interest	19	113
Earnings per share (full YTL)	0.00127	0.00155

The notes on pages 5 to 15 are an integral part of these condensed consolidated interim financial statements.

Anadolubank Anonim Şirketi and Its Subsidiaries
Condensed Consolidated Interim Statement of Changes in Equity
As of and for the Six-Month Period Ended 30 June 2008

Currency – Thousands of New Turkish Lira (YTL)

	Notes	Share capital	Currency translation adjustment	Revaluation of available for sale financial assets
Balances at 1 January 2007		227,619	(1,290)	(6,928)
Net gains on available for sale financial assets transferred to the statement of income, net off tax	14	--	--	(120)
Currency translation adjustment		--	1,164	--
Net income for the six-month period		--	--	--
Balances at 30 June 2007		227,619	(126)	(7,048)
Balances at 1 January 2008		227,619	(2,895)	(6,891)
Share capital increase:	14	157,500	--	--
- Cash		27,000	--	--
- Transfer from reserves		130,500	--	--
Net losses on available for sale financial assets transferred to the statement of income, net off tax	14	--	--	618
Currency translation adjustment		--	3,326	--
Net income for the six-month period		--	--	--
Balance at 30 June 2008		385,119	431	(6,273)

The notes on pages 5 to 15 are an integral part of these condensed consolidated interim financial statements.

Anadolubank Anonim Şirketi and Its Subsidiaries
Condensed Consolidated Interim Statement of Cash Flows
As of and for the Six-Month Period Ended 30 June 2008

Currency – Thousands of New Turkish Lira (YTL)

	30 June 008	30 June 2007
Cash flows from operating activities		
Income before minority interest	38,494	34,770
Deferred taxation	4,156	(4,667)
Provision for loan losses	3,487	4,149
Depreciation and amortization	3,458	2,716
Provision for retirement pay liability	989	1,103
Other various expense accruals	769	973
Currency translation differences	3,326	(126)
Operating profit before changes in operating assets and liabilities	54,679	38,918
Changes in operating assets and liabilities		
Deposits with banks and other financial institutions	9,356	(12,573)
Reserve deposits at the Central Bank	(1,493)	66,498
Financial assets at fair value through profit or loss	(77,733)	8,872
Loans and receivables	(480,640)	(316,764)
Derivative financial instruments	(2,044)	10,829
Other assets	(5,508)	(4,090)
Deposit with other banks and customers	191,357	265
Other liabilities and provisions	12,002	10,863
Income taxes payable	308	3,204
Cash used in operating activities	(299,716)	(193,978)
Cash flows from investing activities		
Net investment in property and equipment, and intangible assets	(1,467)	(3,434)
Net (increase)/decrease in security investments	(107,065)	21,182
Cash (used in)/ provided by investing activities	(108,532)	17,748
Cash flows from financing activities		
Net increase in funds borrowed	65,592	84,220
Increase in share capital	27,000	--
Cash provided by financing activities	92,592	84,220
Net decrease in cash and cash equivalents	(315,656)	(92,010)
Cash and cash equivalents at the beginning of the period	568,151	460,432
Cash and cash equivalents at the end of the period	252,495	368,422
Interest paid	128,886	116,638
Interest received	212,251	195,255
Income taxes paid	6,849	11,718

The notes on pages 5 to 15 are an integral part of these condensed consolidated interim financial statements.

Anadolubank Anonim Şirketi and Its Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements As of and for the Six-Month Period Ended 30 June 2008

(Currency – Thousands of New Turkish Lira (YTL))

1. Overview of the Bank

Anadolubank AŞ (“the Bank”), has commenced operations pursuant to the permit of Turkish Undersecretariat of Treasury dated 25 August 1997 and numbered 39692 and started its operations on 25 September 1997 in Turkey under the Turkish Banking and Commercial Codes. The Bank provides corporate, commercial and retail banking services through a network of 77 (31 December 2007: 76) domestic branches. The address of the headquarters and registered office of the Bank is Cumhuriyet Mahallesi Silahşör Cad. No: 77 80260 Bomonti-Şişli / İstanbul-Turkey. The ultimate parent of the Bank is Habaş Sınai ve Tıbbi Gazlar İstihsal Endüstrisi AŞ.

The Bank has four consolidating subsidiaries which are Anadolu Off-shore Limited (“Anadolubank Offshore”), Anadolu Yatırım Menkul Kıymetler AŞ (“Anadolu Yatırım”), Anadolu Finansal Kiralama AŞ (“Anadolu Leasing”), and Anadolu Nederland NV (“Anadolu Nederland”).

The Bank has 99.4% ownership in Anadolu Offshore, established in the Turkish Republic of Northern Cyprus (“TRNC”). Anadolu Offshore is licensed to undertake all commercial banking transactions.

The Bank has 82% ownership in Anadolu Yatırım, a brokerage and investment company, located in İstanbul. Anadolu Yatırım was established on 21 September 1998 and mainly involved in trading of and investing in securities, stocks, treasury bills and government bonds provided from capital markets; the management of mutual funds and performing intermediary services.

The Bank has 99.92% ownership in Anadolu Leasing, located in İstanbul. Anadolu Leasing was established on 8 December 2005 by obtaining the license for finance leasing in Turkey.

The Bank has 100% ownership in Anadolu Nederland, located in Amsterdam – the Netherlands. The Bank aims to engage in banking operations in the Netherlands with the capital of Euro 500,000. In 2007 with the resolution of board of directors, the Bank has decided to use pre-emptive right during the capital increase of Anadolu Nederland from Euro 500,000 to Euro 15,000,000. The related amount has been paid in cash on 20 August 2007.

For the purposes of the condensed consolidated interim financial statements, the Bank and its consolidated subsidiaries are referred to as “the Group”.

Anadolubank Anonim Şirketi and Its Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

As of and for the Six-Month Period Ended 30 June 2008

(Currency – Thousands of New Turkish Lira (YTL))

2. Statement of compliance

The Bank and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements in New Turkish Lira (“YTL”) in accordance with the accounting practices as promulgated by the Banking Regulation and Supervision Agency (“BRSA”), regulations promulgated by the Capital Market Board of Turkey and also the Turkish Commercial Code; the Bank’s foreign subsidiaries maintain their books of account and prepare their statutory financial statements in US Dollar and in EUR in accordance with the regulations of the countries in which they operate.

The accompanying condensed consolidated interim financial statements are based on the statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with International Financial Reporting Standard (“IFRS”) IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the group as at and for the year ended 31 December 2007. The accompanying condensed consolidated interim financial statements are authorized for issue by the directors on 15 August 2008.

3. Basis of preparation

The accompanying condensed consolidated interim financial statements are presented in thousands of YTL.

The condensed consolidated interim financial statements are prepared on the historical cost basis as adjusted for the effects of inflation that lasted until 31 December 2005, except that the following assets and liabilities are stated at their fair value if reliable measures are available: derivative financial instruments, financial assets and liabilities held for trading, available for sale financial assets and tangible assets held for sale. Recognized assets and liabilities that are hedged are stated at fair value in respect of the risk that is hedged.

The accounting policies have been consistently applied by the Bank and its affiliates and are consistent with those used in previous years.

4. Basis of consolidation

i) Methodology

The accompanying condensed consolidated interim financial statements include the accounts of the Bank and its subsidiaries on the basis set out in section below. The financial statements of the subsidiaries included in the consolidation have been prepared as of the date of the condensed consolidated interim financial statements.

For the purposes of the accompanying condensed consolidated interim financial statements, the subsidiaries are those companies over which the Bank has a controlling power on their operating and financial policies through having more than 50% of the ordinary shares held by the Bank and/or its other subsidiaries.

The major principles of consolidation are as follows:

- The balance sheets and statements of income are consolidated on a line-by-line basis.
- All intercompany investments, receivables, payables, dividends received and paid and other intercompany transactions reflected in the balance sheets and statements of income are eliminated.
- The results of the subsidiaries are included in or excluded from the consolidation from their effective dates of acquisition or disposal, respectively.

Anadolubank Anonim Şirketi and Its Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

As of and for the Six-Month Period Ended 30 June 2008

(Currency – Thousands of New Turkish Lira (YTL))

4. Basis of consolidation (continued)

i) Methodology (continued)

- Minority interests in the shareholders' equity and net income of the consolidated subsidiaries are separately classified in the consolidated balance sheets and consolidated statement of income.
- The assets and liabilities of foreign operations are translated to YTL at exchange rates at the reporting date. The income and expenses of foreign operations are translated to YTL at exchange rates at quarterly average exchange rates. Foreign currency differences are recognised directly in equity as currency translation adjustment.

ii) Subsidiaries

The subsidiaries included in the consolidation and their ownership percentages are as follows:

	Place of Incorporation	Principal Activities	Effective Shareholding and Voting Rights (%)	
			30 June 2008	31 December 2007
Anadolu Yatırım	Istanbul / Turkey	Brokerage	82.00	82.00
Anadolubank Offshore	Turkish Republic of Northern Cyprus	Banking	99.40	99.40
Anadolu Leasing	Istanbul / Turkey	Leasing	99.92	99.92
Anadolubank Nederland	Amsterdam / the Netherlands	Banking	100.00	100.00

5. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2007.

6. Estimates

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2007.

Anadolubank Anonim Şirketi and Its Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

As of and for the Six-Month Period Ended 30 June 2008

(Currency – Thousands of New Turkish Lira (YTL))

7. Financial risk management

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements as at and for the year ended 31 December 2007.

The Group's currency risk and interest rate risk sensitivity are presented below:

Currency risk sensitivity

A 10 percent devaluation of the YTL against the following currencies as at 30 June 2008 would have increased/(decreased) equity and profit or loss (without tax effects) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for the year ended 31 December 2007.

	30 June 2008		31 December 2007	
	Profit or loss	Equity (*)	Profit or loss	Equity (*)
US Dollar	9,610	10,069	2,125	2,518
EUR	(9,713)	(6,957)	(2,927)	(452)
Other currencies	3,876	3,876	(578)	(578)
Total, net	3,773	6,988	(1,380)	1,488

(*) Equity effect also includes profit or loss effect of 10% deviation of the YTL against related currencies.

Interest rate sensitivity

Interest rate sensitivity of the consolidated statement of income is the effect of the assumed changes in interest rates on the fair values of financial assets at fair value through profit or loss on the consolidated net interest income as at and for the six-month period ended 30 June 2008. Floating rate non-trading financial assets and financial liabilities held as at 30 June 2008 are also considered in the calculations. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for the year ended 31 December 2007.

30 June 2008	Profit or loss		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Financial assets at fair value through profit or loss	(380)	421	(380)	421
Floating rate financial assets	5,449	(5,449)	5,449	(5,449)
Floating rate financial liabilities	(43)	43	(43)	43
Derivative financial instruments	8,317	(8,898)	8,317	(8,898)
Total, net	13,343	(13,883)	13,343	(13,883)

31 December 2007	Profit or loss		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Financial assets at fair value through profit or loss	(39)	42	(39)	42
Held to maturity financial assets	358	(358)	358	(358)
Floating rate financial assets	10,170	(10,170)	10,170	(10,170)
Floating rate financial liabilities	(1,805)	1,805	(1,805)	1,805
Derivative financial instruments	10,158	(10,915)	10,158	(10,915)
Total, net	18,842	(19,596)	18,842	(19,596)

Anadolubank Anonim Şirketi and Its Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

As of and for the Six-Month Period Ended 30 June 2008

(Currency – Thousands of New Turkish Lira (YTL))

8. Financial assets at fair value through profit or loss

As at 30 June 2008 and 31 December 2007, financial assets at fair value through profit or loss comprised the following:

	30 June 2008		31 December 2007	
	Carrying value	Effective Interest Rate (%)	Carrying value	Effective Interest Rate (%)
<i>Debt instruments:</i>				
Government bonds in YTL	78,749	18.51-23.08	4,102	16.21-21.06
Eurobonds issued by the Turkish Government	2,920	6.5-12.38	271	5.50-12.38
Treasury bills in YTL	660	18.51-18.93	299	15.94-19.90
Listed shares	76	--	--	--
Total financial assets at fair value through profit or loss	82,405		4,672	

9. Derivative financial instruments

In the ordinary course of business, the Group enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instruments, reference rates or indices. Derivative financial instruments include forwards and swaps.

The table below shows the favourable (assets) and unfavourable (liabilities) fair values of derivative financial instruments together with the notional amounts analyzed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at period/year-end and are neither indicative of the market risk nor credit risk.

The fair value of derivative financial instruments is calculated by using forward exchange rates at the balance sheet date. In the absence of reliable forward rate estimations in a volatile market, current market rate is considered to be the best estimate of the present value of the forward exchange rates.

	30 June 2008								
	Fair value assets	Fair value liabilities	Notional amount in New Turkish Lira equivalent	Up to 1 months	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
<i>Derivatives held for trading purpose:</i>									
Forward purchase contract	10,443	--	571,022	537,088	5,525	1,186	27,223	--	--
Forward sale contract	--	317	543,811	515,561	5,422	1,165	21,663	--	--
Swap purchase	1,563	--	803,883	503,616	12,567	--	35,460	115,145	137,095
Swap sale	--	46,814	494,397	167,887	12,237	--	38,402	91,132	184,739
Put option purchase	--	--	86,840	33,915	--	--	52,925	--	--
Put option sale	--	340	82,266	34,088	--	--	48,178	--	--
Total	12,006	47,471	2,582,219	1,792,155	35,751	2,351	223,851	206,277	321,834

Anadolubank Anonim Şirketi and Its Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

As of and for the Six-Month Period Ended 30 June 2008

(Currency – Thousands of New Turkish Lira (YTL))

9. Derivative financial instruments (continued)

	31 December 2007								
	Fair value assets	Fair value liabilities	Notional amount in New Turkish Lira equivalent	Up to 1 months	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
<i>Derivatives held for trading purpose:</i>									
Forward purchase contract	8,818	--	454,249	428,762	4,743	20,744	--	--	--
Forward sale contract	--	33,431	443,527	419,717	4,895	18,915	--	--	--
Swap purchase	1,612	--	549,023	312,021	2,993	16,714	--	55,341	161,954
Swap sale	--	14,508	602,022	312,236	3,299	18,426	--	86,611	181,450
Put option purchase	--	--	19,219	19,219	--	--	--	--	--
Put option sale	--	--	19,213	19,213	--	--	--	--	--
Total	10,430	47,939	2,087,253	1,511,168	15,930	74,799	--	141,952	343,404

10. Investment securities

As at 30 June 2008 and 31 December 2007, investment securities comprised the following:

	30 June 2008	31 December 2007
Held-to-maturity investment securities	504,317	396,634
Total investment securities	504,317	396,634

As at 30 June 2008, the carrying and the nominal values of the securities issued by the Turkish Government kept in the Central Bank, Istanbul Menkul Kıymetler Borsası Takas ve Saklama Bankası Anonim Şirketi (Takasbank - Istanbul Stock Exchange Clearing and Custody Incorporation) and Vadeli İşlem ve Opsiyon Borsası Anonim Şirketi (Derivatives Exchange) for legal requirements and as a guarantee for stock exchange and money market operations are amounting to YTL 54,524 and YTL 51,165, respectively (31 December 2007: YTL 62,445 and YTL 58,560).

As at 31 December 2007, the Group has also given the Eurobonds issued by the Turkish Government having carrying value of YTL 36,583 (US Dollar 31,410 thousand) with a face value of US Dollar 30,572 thousand and the domestically issued government bonds having carrying value of YTL 41,913 with a face value of YTL 39,305 as collateral to Morgan Stanley Bank International Limited for the funds obtained amounting to YTL 60,000.

The Bank has reclassified the securities from available-for-sale securities to held-to-maturity securities with the fair value of YTL 346,286 at the transfer date in accordance with the decision of Board of Directors dated 8 May 2006. The previous losses of YTL 10,344, net off deferred tax that has been recognized directly in equity has been accounted to be amortized to the income statement over the remaining life of the transferred securities using the effective interest method. As at 30 June 2008, remaining unrealized losses on classified securities is amounting to YTL 6,273, net off taxes (31 December 2007: YTL 6,891, net off taxes).

Anadolubank Anonim Şirketi and Its Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

As of and for the Six-Month Period Ended 30 June 2008

*(Currency – Thousands of New Turkish Lira (YTL))***11. Loans and receivables**

	30 June 2008			
	Amount			
	YTL	Foreign Currency	Foreign Currency Indexed	Total
Minimum lease receivables	14,098	66,962	--	81,060
Corporate loans	1,207,050	437,883	274,856	1,919,789
Consumer loans	249,132	--	97,222	346,354
Credit cards	30,424	86	--	30,510
Total loans	1,500,704	504,931	372,078	2,377,713
Non performing loans				36,089
Less: Reserve for possible loan losses				(32,533)
				2,381,269
	31 December 2007			
	Amount			
	YTL	Foreign Currency	Foreign Currency Indexed	Total
Minimum lease receivables	14,162	49,643	--	63,805
Corporate loans	1,065,131	260,975	203,201	1,529,307
Consumer loans	233,662	--	46,712	280,374
Credit cards	30,615	15	--	30,630
Total loans	1,343,570	310,633	249,913	1,904,116
Non performing loans				29,065
Less: Reserve for possible loan losses				(29,065)
				1,904,116

The specific allowance for possible loan losses is comprised of amounts for specifically identified as being impaired and non-performing loans and advances plus a further amount considered adequate to cover the inherent risk of loss present in the lending relationships presently performing in accordance with agreements made with borrowers.

Movements in the reserve for possible loan losses:

	30 June 2008	31 December 2007
Reserve at beginning of the year	29,065	18,619
Provision for possible loan losses	4,862	13,489
Recoveries	(1,164)	(2,869)
Provision, net of recoveries	32,763	10,620
Loans written off during the year	(230)	(174)
Reserve at end of the period/year	32,533	29,065

Anadolubank Anonim Şirketi and Its Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

As of and for the Six-Month Period Ended 30 June 2008

(Currency – Thousands of New Turkish Lira (YTL))

12. Funds borrowed

	30 June 2008				
	Amount			Effective Interest Rate (%)	
	YTL	FC	Total	YTL	FC
Short-term	19,755	251,913	271,668	13.00-19.83	1.63-6.37
Medium/long term	2,525	159,510	162,035	18.01-21.01	3.13-7.64
Total	22,280	411,423	433,703		

	31 December 2007				
	Amount			Effective Interest Rate (%)	
	YTL	FC	Total	YTL	FC
Short-term	11,710	137,471	149,181	13.00-22.65	1.44-6.43
Medium/long term	71,951	297,534	369,485	12.46	5.26-6.93
Total	83,661	435,005	518,666		

On 19 April 2007, the Bank has obtained syndication loan amounting to USD 150,000,000 with a maturity of one year. The arranger of the loan was West LB AG and the interest rate on such loan is Libor+0.40%. This syndication loan is repaid on 22 April 2008.

13. Income taxes

The Group's consolidated effective tax rate in respect of continuing operations as at and for the six-month period ended 30 June 2008 is 20 percent (30 June 2007: 21 percent). There are no differences compared to the effective tax rate 20% which is effective starting from 1 January 2006.

14. Share capital

Share capital

	30 June 2008	31 December 2007
Number of common shares, YTL 1 (in full YTL), par value		
Authorized, issued and outstanding 382.500 thousand;	38.250.000	22.500.000

The authorized nominal share capital of the Bank amounted to YTL 382,500 thousands as of 30 June 2008. Bank was decided to increase the Bank's statutory share capital from YTL 225,000 thousands to YTL 382,500 thousands by cash contribution amounting to YTL 27,000 and through other reserves and accumulated profits of YTL 130,500 thousands. The increase was registered on 31 March 2007.

As of 30 June 2008 and 31 December 2007, the composition of shareholders and their respective percentage of ownership can be summarized as follows:

	30 June 2008		31 December 2007	
	Amount	%	Amount	%
Habaş Sınai ve Tıbbi Gazlar İstihsal Endüstrisi AŞ	259,613	67.87	152,714	67.87
Mehmet Rüşü Başaran	111,858	29.24	65,799	29.24
Other shareholders	11,029	2.89	6,487	2.89
Historical amount	382,500	100.00	225,000	100.00
Restatement effect	2,619		2,619	
Total	385,119		227,619	

Anadolubank Anonim Şirketi and Its Subsidiaries

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14. Share capital (continued)

Revaluation of available-for-sale assets

Revaluation of available-for-sale assets is detailed as follows:

	30 June 2008	31 December 2007
Balance at the beginning of the period/year	(6,891)	(6,928)
Net losses transferred to the statement of income	773	40
Related deferred and current income taxes	(155)	(3)
Balance at the end of the period/year	(6,273)	(6,891)

15. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Group is controlled by Habaş Sınai ve Tıbbi Gazlar İstihsal Endüstrisi AŞ which owns 67.87% (31 December 2007: 67.87%) of ordinary shares, and included in Habaş Group of companies. For the purpose of these consolidated financial information, shareholders and Habaş Group companies are referred to as related parties. Related parties also include individuals that are principal owners and management and members of the Group's Board of Directors and their families.

In the course of conducting its banking business, the Group conducted various business transactions with related parties on commercial terms.

The following significant balances exist and transactions have been entered into with related parties:

Outstanding balances

	30 June 2008	31 December 2007
Cash loans	32,996	31,634
Non-cash loans	22,027	20,510
Deposits taken	126,249	93,964
Notional amount of derivative transactions	52,547	26,013

Transactions

	30 June 2008	30 June 2007
Interest income	3,513	1,071
Interest expense	2,030	926
Other operating income	284	175
Other operating expense	853	637
Income from derivatives	110	31

Directors' Remuneration

The key management (nine executives including the general manager) and the members of the Board of Directors received remuneration and fees amounting to YTL 2,758 as at and for the six-month period ended 30 June 2008 (30 June 2007: YTL 2,713).