

2009 ANNUAL REPORT

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Corporate Profile

Halkbank: The address of “Productive Turkey” for 71 years

The address of choice for Turkey’s tradesmen and artisans, SMEs, and major companies for seventy-one years, Halkbank not only carries its experience into the future while continuing to develop innovative financial solutions in retail banking as it fulfills all the requirements of universal banking but also contributes towards communal development through the cultural and social projects that it supports.

In 2009, Halkbank

registered substantial growth both in its financial results and market shares.



Originally established in 1938 to address the financial needs of small businesses and to support national economic development, Halkbank today is a solution partner who:

- Offers creative solutions with its extensive product portfolio specifically designed to meet the needs of tradesmen, artisans, and small to medium-sized enterprises
- Is the author of products and services that it has developed under the heading of countless innovative and effective projects in the retail banking business line
- Commands a strong and highly respected reputation in both national and international markets.

Having completely rebuilt its service platform so as to incorporate the most advanced information technology currently available, Halkbank constantly develops its products and services in parallel with market conditions and with its customer-focused point of view.

Since the day it was founded, Halkbank has become a trademark in many segments of banking and the Bank continued to stand by the "Productive Turkey" in 2009. With the outstanding performance it registered substantial growth both in its financial results and market shares.



Halkbank by Numbers

Halkbank's Capital Structure

The paid-in capital of Halkbank is TRY 1.250.000.000.

99,999996207% of the Bank's capital originally belonged to the Undersecretariat of Treasury. However, the shares corresponding to the Treasury's stake of 24,98% were transferred to the Privatization Administration under the Privatization High Council resolution 2007/08 dated 5 February 2007. Based on the decisions of the Privatization High Council resolution dated 05 February 2007 and numbered 2007/08, of the Bank's General Assembly dated 19 April 2007, and of the Capital Markets Board of Turkey

(CMB) dated 26 April 2007 and numbered 16/471, 24,98% of the Bank's shares were offered to the public on 10 May 2007.

The Bank's ultimate controlling shareholder is the Privatization Administration, Prime Ministry, Republic of Turkey, with a shareholding percentage of 75,02604%. (Address: Ziya Gökalp Cad. No: 80 Kurtuluş/ANKARA)

The chairman, the members of the Board of Directors, the general manager and the deputy general managers do not hold any shares in the Bank.

Shareholder	Number of Shareholders*	Paid-in Capital (TRY)	Share (%)
1-Privatization Administration**	1	937.825.500	75,02604000
2-Banks	4	14.105	0,00112840
3-Cooperatives	143	17.244	0,00137952
4-Municipalities	980	186.854	0,01494832
5-Local City Authorities	67	93.891	0,00751128
6-Chambers of Commerce	12	2.086	0,00016688
7-Individuals and Corporations	13.532	159.504	0,01276032
8-Publicly Held**	1	311.700.816	24,93606528
Total	14.740	1.250.000.000	100,00000000
Shareholding by Minority Shareholders (%)			0,03789472
Shareholding by the Privatization Administration (%)			75,02604000
Publicly Held (Traded at the Stock Exchange) (%)			24,93606528
Total (%)			100,00000000

* Indicates the number of shareholders listed in the Register of Shareholders.

** In the Privatization Administration's share of TRY 937.825.500, the portion of TRY 549.932 is publicly held. Including this portion, the Bank's publicly held shares are TRY 312.250.748 in amount (24,98%).

Changes Made in the Articles of Association in 2009

In 2009, no changes were made in the Bank's Articles of Association.

Financial Highlights

(TRY million)	2009	2008	Change (%)
Total Assets	60.650	51.096	18,7
Total Loans	32.458	25.836	25,6
Total Deposits	43.950	40.271	9,1
Shareholders' Equity	5.760	4.289	34,3
Gross Profit	2.017	1.266	59,3
Net Profit	1.631	1.018	60,2

(%)

Interest Bearing Assets/Total Assets	93,9	93,9
Loans/Total Assets	53,5	50,6
NPL/Total Loans (Gross)	4,9	4,7
Demand Deposits/Total Deposits	13,4	10,0
Total Loans/Total Deposits	73,9	64,2
Return on Average Assets	2,9	2,2
Return on Average Equity	32,5	23,5
Capital Adequacy Ratio	16,0	14,5

Halkbank's Standing in the Sector

Share (%)	2009	2008
Total Assets	7,3	7,0
Loans	8,1	6,8
Securities Portfolio	7,8	9,0
Deposits	8,5	8,8
Shareholders' Equity	5,2	5,0
Profit	8,1	7,6

Credit Ratings

Fitch Ratings

Foreign Currency Long Term	BB+
Foreign Currency Short Term	B
Outlook	Stable
Local Currency Long Term	BB+
Local Currency Short Term	B
Outlook	Stable
National Long Term	AA+ (tur)
Outlook	Stable
Individual	C/D
Support	3
Support Rating Floor	BB+

Moody's

Financial Strength (BFSR)	D+
Outlook	Stable
Local Currency Deposit	Baa3/Prime-3
Outlook	Stable
Foreign Currency Deposit	Ba3/Not Prime
Outlook	Stable
Baseline Credit Assessment (BCA)	Baa3
Outlook	Stable
Probability of Systemic Support	Very high

Strong strategies, successful results

Total loans

25,6%

In 2009 year-end, Halkbank increased its loans 25,6% while the increase in the sector was 6,9%. During the same period, the Bank's market share in loans rose from 6,8% to 8,1%.

Total deposits

9,1%

At 72,5%, deposits make up the biggest and most important source of the Bank's funding. Such a broad deposit base and solid structure give Halkbank an effective instrument in servicing its short-term debt. The Bank registered a 9,1% rise in its deposit accounts in 2009.

Shareholders' equity

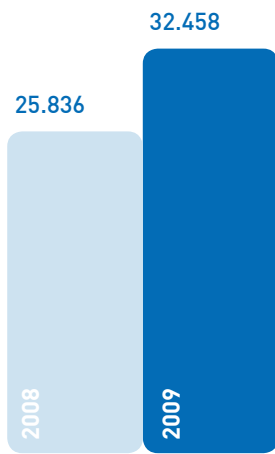
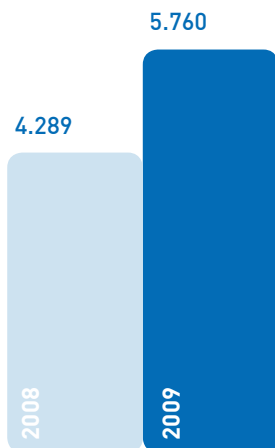
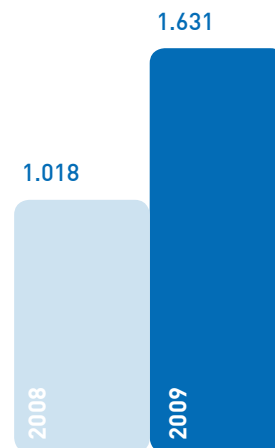
34,3%

Halkbank's equity structure has grown even stronger thanks to steadily increasing profitability and to a policy of planned dividend payments. In 2009 the Bank experienced a noteworthy 34,3% growth in its shareholders' equity.

Net profit

60,2%

Despite last year's global economic downturn, shrinking interest margins, and toughly competitive market conditions, Halkbank succeeded in maintaining its profitability. 60,2% year-on-year rise in net profit is unambiguous evidence of the success of the Bank's strategies.

Total Loans (TRY million)**Total Deposits** (TRY million)**Shareholders' Equity** (TRY million)**Net Profit** (TRY million)

Balanced growth, sustainable profitability

Our Mission, Vision and Goals

Our Mission

To continuously create added value for customers, shareholders, and employees by effectively carrying out all its banking services with an awareness and understanding of its social responsibilities and duties; to contribute to the development of the banking sector and capital markets; to secure itself a respected position in the banking sector in our region and in the world.

Our Vision

To be the region's leading SME bank fulfilling all the requirements of modern banking while asserting a strong presence in retail services as well.

Our Goals

- Be the leading SME bank in the region
- Be the first preference of SMEs and retail customers for fulfillment of their banking needs
- Be the bank employing qualified personnel in the banking sector, and be the bank which such qualified personnel wish to be employed by
- Ensure customer satisfaction achieving the sector's highest quality levels in service in all of its business processes
- Be a bank attaining stable growth and sustainable profit

Our Strategies and Corporate Values

Our Strategies

- Increase specially-designed product and service options while carrying out traditional banking activities.
- Under the heading of customer segmentation, offer privileged products and services to small to medium-sized companies as well as middle and upper-income group retail customers.
- Adopt a customer-focused, high-quality approach to service.
- Ensure effectiveness in all critical processes, particularly in the management of credit and financial risk.
- Achieve productivity in all business processes by means of a rich product line, transaction and system security, rapid high-quality transactions, and competitive pricing.
- Motivate and support the ongoing development of employees by means of effective career progression and performance management systems.
- Ensure that our internal as well as external customers are fully cognizant of our corporate identity.
- Provide high-quality service in international banking through an extensive network of correspondent banks.

Our Corporate Values

- Customer focus
- Reliability
- Integrity
- Creativity
- Dynamism
- Rationalism
- Team spirit
- Productivity
- Transparency
- Sensitivity
- Self-confidence
- Openness to change
- Commitment to social responsibilities
- Knowledge and experience sharing

Successes that create value for the whole country

Halkbank: A Brief History

Standing by “Productive Turkey” for 71 years...

In the early years of the Turkish Republic, it had been decided to establish Halkbank for the purposes of promoting the national economic development and addressing the financial needs of tradesmen, artisans, small to medium-sized enterprises with the suitably-priced loans.

- Halkbank was formed by an act of Parliament in 1933, which also established so-called “People’s Funds” that were in effect a form of credit cooperative. The Bank provided its lending services through the “People’s Funds” between 1938 and 1950.
- In 1940, Halkbank began lending to small and medium-sized enterprises for the first time.
- In 1964 Halkbank set up a special-purpose fund for the first time to finance the establishment of small-industry manufacturing and trading parks. The same year Halkbank increased its capitalization and began taking a more proactive approach, one outcome of which was growth in both its deposit and lending volumes.
- In 1975 Halkbank introduced industrial investment and working capital loans and began lending to large-scale enterprises as well.
- For about a decade and a half beginning in the 1990s, Halkbank’s growth was driven very much by mergers and acquisitions of banks and branches: Töbank in 1992, Sümerbank in 1993, Etibank in 1998, and Emlak Bank in 2001. In the second half of 2004, Pamukbank’s integration with Halkbank was successfully completed before the anticipated time and came to be pointed as a model in the banking sector.
- In its newly reconstituted form and with its redesigned customer segmentation, Halkbank focused particularly on developing a customer-focused, high-quality service approach that concentrated on supplying unique products and services both to SMEs and to middle- and upper-income group retail customers.
- Halkbank was the first financial institution in Turkey to set up an “Entrepreneur Information Center” (1995) and the first to support women who want to start up businesses of their own with the loans specifically

targeted at women entrepreneurs (2007). Halkbank’s stature as a pioneer of its sector is also shown by its being the first state-owned bank in Turkey to have a TV banking application and to have an offshore branch.

Public offering and East Capital’s Best IPO award..

In 2007, Halkbank floated 24,98% of its shares publicly.

As measured by the record-breaking demand, Halkbank’s IPO was the largest public offering that had ever been undertaken in Turkey at the time.

All of the Bank’s newly offered shares were snapped up in exchange for USD 1.849 million in a process in which TRY 17,4 billion (USD 12,9 billion) worth of subscriptions were received. The resulting oversubscription was 8 times of the issue in the public offering.

Halkbank’s successful public offering received the “Best IPO” award from East Capital, a leading European investment company that focuses on eastern Europe.

New initiatives in retail banking...

Halkbank identified “increasing productivity and profitability” as its basic strategy in near and medium terms.

In keeping with this approach, since 2007 the Bank has been moving vigorously into the retail banking business line:

- Under an agreement signed with HSBC, Halkbank has acquired the right to add Advantage features to its own-issue credit cards.
- Halkbank’s efforts in this direction were also rewarded when it was chosen the best bank in Turkish Customer Satisfaction Index retail banking consumer polls.
- In 2008 Halkbank redesigned its credit cards so as to incorporate all of the features and privileges of the Advantage system. The cards have been relaunched under the “HalkCard Advantage” logo.

- In 2008 Halkbank authored yet another first in Turkey by introducing “retail loan unemployment insurance”, a specially designed policy that provided retail loan customers with coverage against the risk of their involuntary redundancy.
- In 2009, Halkbank distinguished itself as the first bank to lower its interest rates below 1% on all categories of housing loans.
- In collaboration with construction materials suppliers and Turkish Union of Chambers and Commodity Exchanges, Halkbank launched a “Renovate Your Home” campaign under which it provided credit on attractive terms to cover the costs of materials and labor by homeowners who made their purchases from campaign participating suppliers.
- In 2009, the Bank continued its innovative approach in retail banking with the introduction of “Friendly Loans”, which are designed to provide lower-cost refinancing of customers’ existing credit card, consumer loan, and overdraft debts.
- Last year Halkbank introduced its “Bank24 Jet” bank card in collaboration with Visa. This is Europe’s first prepaid “contactless smart card” that combines all the separate features of small-payments cards, fare cards, toll cards, self-service cards, and turnstile cards.

Halkbank was the first bank in Turkey to be awarded ISO 9001:2008 Quality Management System certification.

With the successful conclusion of its project to streamline credit card application processes by shortening the time between accepting and evaluating applications and delivering the cards, Halkbank became the first bank in Turkey to receive ISO 9001:2008 Quality Management System certification.

Tapping international institutions for funding resources...

In 2009, Halkbank signed financing agreements with three international finance institutions: USD 15 million agreement with ECO Trade & Development Bank, the first tranche of EUR 150 million of EUR 300 million from the European Investment Bank, and USD 250 million agreement with the World Bank.

A leader in cooperation with development agencies...

Under protocols signed in 2009, Halkbank became the first Turkish bank to join forces with development agencies whose aim is to contribute towards regional economic and social development.

Supporting training and education...

With Halk Academy, a new in-house training unit, Halkbank reaffirmed the priority that it gives to investing in its employees in the form of the banking, personal development, and social responsibility programs that were conducted during 2009.

Halkbank also continued to support public education in 2009 with the “Mother & Daughter at School” project, Turkey’s most comprehensive literacy campaign which the Bank was the main sponsor in 2008, and with two social responsibility projects designed for SMEs.

In collaboration with Anadolu University, Halkbank made it possible for 1.000 SMEs to take part in free-of-charge e-certification programs in 18 different training courses. Under the SME Transformation project, the Bank has begun to provide SMEs with no-charge training and consultancy services on issues related to environmental and occupational health and safety.

As “Productive Turkey’s Bank”, Halkbank will continue to grow and to author an uninterrupted stream of successes that create value for the whole country in the years ahead.

A conscientious solution partner through market-making strategies

Chairman's Assessment



Thanks to a banking sector that had achieved a healthy structure as a result of effective economic administration and particularly thanks to the economic measures and restructurings that were undertaken after the 2001 economic crisis, the Turkish economy has emerged from the recent downturn without having suffered permanent harm.

Hasan Cebeci

Chairman of the Board of Directors

Our Bank closed its books for 2009 with yet another successful year in the ongoing fulfillment of its more than seven-decade SME banking mission.

It gives me pleasure and pride to tell you at the very outset not only that Halkbank had a successful year in 2009 but also that we expect both our Bank and our national economy to perform even better in 2010.

Our Bank closed its books for 2009 with yet another successful year in the ongoing fulfillment of its more than seven-decade SME banking mission.

The last two years have been witness to events previously unseen in the global economy and to an economic crisis of considerable depth and breadth. No country has gone completely unscathed by the impact of this crisis.

The latest numbers indicate that the worst is over for the world economy as a whole. For the positive expectations that are being expressed to materialize in 2010 however, it will be necessary for countries to coordinate their crisis exit strategies at the global level.

In the period immediately ahead, the architecture of the global financial system is going to be reshaped through reforms. According to decisions passed at G20 meetings, in which Turkey also took part as a member, the dismantling of the measures taken to deal with the global crisis, the recovery of all the support that was handed out, and the timing and manner in which all of this is to take place will

be the top items on everyone's agenda in 2010 and the years that follow. That said, the other crucially important issues on the same agenda will consist of such changes in the financial system as improving both the quality and the quantity of capital, determining credit risk vs collateral balance by means of more conservative methods, increasing the corporate governance and transparency of financial institutions, increasing the effectiveness of risk management, introducing better consumer-protection measures, and making the regulatory and supervisory functions of public authorities more effective.

Turkey was undeniably affected by the global economic crisis. However thanks to a banking sector that had achieved a healthy structure as a result of effective economic administration and particularly thanks to economic measures and restructurings that were undertaken after the 2001 economic crisis, the Turkish economy has emerged from the recent downturn without having suffered permanent harm.

We believe that, with the termination of the period of high real and nominal interest rates in a consistent manner, our country is set to become a center of attraction for investment in international markets and is in a position to take a much bigger share of the global economy.

By making good use of strategies focused on high capital efficiency and effective cost management, Halkbank will continue to be a conscientious solution partner through its market-making strategies.

In 2010, Halkbank will continue to support "Productive Turkey" by investing in the real sector.

Turkey is one of only a handful of the world's significant economic actors that did not have to bail out its banking system in the course of recent events. Under the watchful eye of the Banking Regulation and Supervision Agency, Turkey's banks were—and remain—subject to more effective regulation and supervision than is the case in many other countries. At a time when banks nearly everywhere else in the world were suffering from the most dreadful stress, Turkey's passed muster quite well. The Turkish banking sector as a whole demonstrated its ability to weather the storm that was raging all around it and it emerged with a still-strong capital adequacy ratio. By doing so, confidence was boosted in our own Bank as well.

From the standpoint of profitability, the Turkish banking industry had a very good year in 2009. With bonds and bills becoming more and more attractive as interest rates decreased in the sector overall, Halkbank focused instead on generating income through sustainable, "genuine" banking activities and continued to engage in lending without interruption. Through its lending activities during 2009 our Bank responded significantly to the financing needs both of individuals and of real-sector firms.

In 2009, Halkbank increased its:

- Assets 18,7% to TRY 60.650 million.
- Loans 25,6% to TRY 32.458 million.
- Deposits 9,1% to TRY 43.950 million.
- Market share of total loans from 6,8% to 8,1% and its loan to deposit ratio to 73,9%.
- Its net profit 60,2% to TRY 1.631 million.
- Its return on equity to 32,5% (up 900 basis points).

Halkbank controls a significant market share in loans and deposits. By making good use of strategies focused on high capital efficiency and effective cost management, our Bank will continue to keep a close watch on developments as they unfold both in Turkey and abroad and to be a conscientious solution partner through its market-making strategies.

As Halkbank we believe that Turkey will manage this process in the best possible way.

2010 will be a year in which economic recovery in the real sector will be gaining increasing momentum. Halkbank will continue to support "Productive Turkey" by investing in the real sector so that our country may take place among the ones most profitably emerging from the recent downturn.

We are focusing our strategy on creating economic added value and on achieving a high level of productivity. In keeping with our traditional responsibility as a bank that supports small businesses, developing still more products and services that cater to the needs of SMEs will remain one of our highest priorities. At the same time, we are also committed to strengthening our position in the SME banking segment with retail banking products and to proactively pursue growth in retail banking as well.

As the Halkbank family we believe that through the efforts of our employees, thanks to the confidence of the Turkish people, and with the support of our investors, 2010 will be yet another year that exceeds expectations just as 2009 did.

Speaking on behalf of the Halkbank Board of Directors, I extend my thanks to all of our employees, customers, shareholders, and domestic and international business partners for the efforts, confidence, and support that contributed to our success last year, along with my best wishes that 2010 will prove to be even better.

Hasan Cebeci

Chairman of the Board of Directors

A universal banking approach backed up by 71 years of banking experience

General Manager's Assessment



While the Turkish banking sector as a whole approached 2009 as a process of recuperation, Halkbank adhered to proactive strategies and achieved the highest growth rate in lending volumes in its sector. We end the year 2009 by showing growth that made a significant contribution to the real sector's added value.

Hüseyin Aydın
General Manager

Despite the global financial crisis and business downturn, Halkbank continued to lend to and stand by real sector borrowers.

As the Halkbank family we take pride in reporting the success of our 2009 financial results while sharing with you our 2010 objectives and expectations.

While the Turkish banking sector as a whole approached 2009 as a process of recuperation, Halkbank adhered to proactive strategies and achieved the highest growth rate in lending volumes in its sector. We end the year 2009 by showing growth that made a significant contribution to the real sector's added value.

In December, Fitch Ratings upped our Bank's credit rating. We see that both as another important milestone and as further evidence of our success.

At year-end 2008 Halkbank had total assets amounting to TRY 51,1 billion. In the twelve months to end-2009 we increased them 18,7% to TRY 60,7 billion. That is nearly five whole percentage points higher than the 13,8% rate of asset growth achieved by the sector overall.

In 2009, Halkbank once again increased the share of loans among its total assets by continuing to support the real sector without interruption. At year-end, the ratio stood at 53,5%.

Our Bank was established 71 years ago to support our country's industrious people. In 2009, it once again demonstrated that it could—and would—go on fulfilling that mission no matter what conditions might be. Despite the global financial crisis and business downturn, Halkbank continued to lend to and stand by real sector borrowers so that Turkey might emerge from all the chaos as safely and soundly as possible.

Looking at the numbers we see that while cash loans increased only 6,9% throughout the Turkish banking sector in 2009, Halkbank's loans were up 25,6%. Our Bank's lending has consistently been growing faster than that of the sector for the last four years. This trend not only continued in 2009 but reached its highest level: Halkbank

by itself accounted for 26,3% of the sector's growth in cash loans last year. When the 38,2% expansion in our non-cash credit is also considered, our cash and non-cash credit support for the real sector rose 28,2% and reached TRY 41,8 billion in 2009.

Halkbank remained the leader of SME banking in 2009 as well. As a result of agreements that we have entered into with Chambers of Commerce and Industry all over the country, we have created funding totaling TRY 500 million for SME chamber members. Combining that with the Bank's own resources, Halkbank has so far issue low-interest loans about TRY 2 billion to more than 12.000 firms. We have also entered into agreements with international financial institutions in order to resolve the maturity mismatch problems that SMEs frequently have when they borrow. The Bank has extended nearly USD 1 billion that it has secured in this way to 1.100 firms as long-term, low-cost investment and working capital loans. We have taken our 71-year-old SME banking mission of creating new financial resources for Productive Turkey to further levels and we intend to continue doing so.

In addition to the financial support that we provide to SMEs, we also support such firms with social projects as an outcome of our consultancy banking mission. Just two examples of this approach are the e-certification programs conducted together with Anadolu University and the Bank's SME Transformation project, which is focused on issues related to corporate social responsibility and to environmental and occupational health and safety. We also contribute towards Turkey's sustainable development through projects that support SMEs' business process productivity and visional attitudes. At the same time, through our "Productive Turkey Meetings", which have been taking place now for four years, we bring specialists in their fields and our Bank's managers together with SMEs with the aims of making it easier for producers to have access to the information that they need and of better familiarizing them with our Bank's products and services.

Halkbank plans to put 60 new branches into service during 2010 and will be looking to further strengthen its presence.

Halkbank has formulated its 2010 strategies on strong foundations and it will remain on course in its 72nd year of operation as it continues to fulfill the mission for which it was founded.



In 2009, Halkbank moved vigorously into the retail loan segment with the result that it increased the volume of its lending to retail customers 32,9% to TRY 7,5 billion. This performance contrasts significantly with the overall 11% rise registered by the sector during the same period and also means that retail lending accounts for a 23% share of the Bank's total lending. Our growth in this business line was nourished in particular by salary payments made to public and private-sector employees. Last year Halkbank acquired a million new customers in this way and this will contribute significantly to our assertive position in retail banking.

One outcome of the impact of the global economic crisis on our national economy is that there was some deterioration in loan quality. Despite this however, Halkbank managed to keep the ratio of its non-performing loans (NPL) to total loans to something less than the sectoral average. At end-2009, 5,3% of the banking sector's lendings were in the NPL category whereas the ratio at our own Bank was 5,0%.

Halkbank's net profit was up 60,2% year-on-year in 2009 and stood at TRY 1.631 million. Our profitability was higher than the sector's 49,6% average. Among the contributors to this result, the foremost determinant was good management of the loan book and of funding costs. Our return on equity, another key indicator of profitability, was 32,5%, which is the highest figure achieved in the category among any publicly held bank.

As a developing country that has weathered the recent economic downturn without needing a bailout, Turkey will keep its advantageous position. With its restructured real sector and strong banking sector, Turkey provides an environment that is quite amenable to growth in the post-crisis landscape.

We anticipate that 2010 will give birth to new opportunities for both the real economy and for the banking sector and that the recovery that got under way in the second half of 2009 will evolve into rapidly accelerating economic growth.

We believe that the banking sector will also take its share of this growth potential.

There are still many individuals and enterprises in our country which are either unfamiliar with the financial system or else which do not take sufficient advantage of its opportunities. Banking industry penetration rates across the board are still well below what they are in developed countries and in view of this we can say that both a broad market and important opportunities lie before us.

The demand for credit in our country has grown increasingly more obvious in parallel with the progress in economic recovery. We expect that banks' lendings will continue to increase in 2010, that competition especially in the retail and commercial banking segments will become increasingly more intense, and that banks will vigorously pursue asset growth by giving greater attention to branch network expansion.

In line with this, Halkbank will be looking to strengthen its presence and increasing its branch numbers in major cities, with priority being given to İstanbul. As of this writing there are 668 branches in our national network, of which 46 were newly opened in 2009. We plan to put 60 new branches into service during 2010, with half (30) of those to be located in İstanbul.

Halkbank has formulated its 2010 strategies on strong foundations with these developments in mind and it will remain on course in its 72nd year of operation as it continues to fulfill the mission for which it was founded.

While continuing to lend in support of SMEs, we also intend to register above sector average growth in retail banking again in 2010 as we did in 2009.

In recognition of our social responsibilities, we also support projects that contribute towards education. We are continuing to see good results from the "Mother & Daughter At School" project that we have been conducting since 2008. Yet another example of our support for education is to be seen in the one hundred thousand "100 Basic Works"

sets that we have handed out to students over the last two years. We have taken the first steps in our "Halkbank Memorial Forest" project, which is being carried out jointly with the Ministry of Environment and Forestry and with the Ministry of Agricultural and Village Affairs. Under this social responsibility project, a total of 40.000 saplings will have been planted in time for spring 2010. Halkbank also continues to support activities in culture and sport.

A fundamental strategy of ours is to remain one of the most important players in the sector by virtue of our personnel. For this reason, we intend to continue hiring into positions that we regard as needing to be filled. Last year 1.115 new people joined our Bank. We plan to take on another 2.000 new personnel in 2010.

As Halkbank we stand ready for 2010 with our modern approach to universal banking, our cogent insights based on 71 years of banking experience, our long-term / market-making strategies, the strengths derived from our successes, our superior human resources, and our service units equipped with advanced technology.

Our objective is always to do better each year than we did the last.

Knowing that we have the trust and confidence of our esteemed stakeholders as we strive to achieve our goals gives us even greater strength. At a time when we are all experiencing the excitement of embarking upon a new business year, we regard the performance that we achieved in the past as the guarantee of our future. In closing, I extend my sincerest wishes that 2010 will be an even more successful year for our Bank, our customers, our employees, and our country.

Hüseyin Aydın
General Manager

Innovative Products

SME'S KNOW WHO THEIR BANK IS

As the biggest supporter and business partner of the hundreds of thousands of small and medium-sized enterprises located all over Turkey, we are at your service with "Halkbank SME Banking" in order to satisfy all of the financial needs of your business.



A BANK FOR SMALL BUSINESSES

We have always stood beside tradesmen and artisans, who choose Halkbank for all of their banking services and have made us what we are today. We will continue to stand by them and to grow along with them in the future as well.



MAHSUL KART

Mahsul Kart (Harvest Card) is a credit card specially designed for producers in agricultural industries. Among its many features are repayments whose timings are scheduled according to harvests and special deals and terms when purchasing fuels, fertilizers, pesticides, seeds, feed, spare parts, and other necessities from participating merchant partners.



LOAN RESTRUCTURINGS

By drawing up new repayment plans at suitable terms and interest rates we have made it possible for borrowers who were unable to keep up the payments on their loans to regroup, restructure, and continue their business with greater confidence in the future.



FILM FESTIVAL

As a prime sponsor of the International Ankara Film Festival, which celebrated its 20th year in 2009, Halkbank takes part in the excitement, enjoyment, and love of adventure shared by all cinema fans.



CUMULATIVE DEPOSITS

With a Halkbank cumulative deposit account you transform your short-term savings into long-term assets by making small additions once a month or once every three months.



ALL YOU NEED DO IS ASK

With a Halkbank retail loan you can make your dreams come true. A wide range of options are on offer to meet your needs—be they for housing, vehicles, consumer or whatever.



TOURISM ENTERPRISE RENOVATIONS

Halkbank supports firms engaged in tourism industries to get ready for the new season with financing for maintenance and repairs, renovations, equipment, furnishings, and the like. Presentation of an invoice is all that is needed and easy-repayment terms with a grace period make these loans especially advantageous.



GOLD DEPOSIT ACCOUNT

With a Halkbank gold deposit account, you can keep your savings in gold without worrying about their being stolen. What's more the gains made on your account resulting from movements in the price of gold are not subject to withholding for income tax.



A BANK FOR PEOPLE

Since the day it was founded, Halkbank has been a source of financing for ordinary folks who work and produce for a living. It is proud to be a people's bank: a bank for people who are industrious and who keep on creating value for themselves, their community, and their country.



PEOPLE'S DAY

To celebrate the 71st anniversary of our Bank's founding we offered a special no-fee, low-interest "People's Day Consumer Loan" specially designed for the occasion.



EXPORT FINANCE

With its array of financial support alternatives and experienced team, Halkbank makes it possible for goods and services exporters to reach customers all over the world.



Banking services that focus on customer satisfaction

Assessment of 2009 Activities

Focused on disciplined growth, concentrating on real banking, and maintaining a balance sheet that is mindful of efficiency and profitability, Halkbank continued to contribute towards the sustainable development of the Turkish economy and to create value for all of its stakeholders in 2009.

Corporate and Commercial Banking

Our corporate and commercial banking activities did well despite the global business downturn.

The effects of a meltdown that had begun in the US housing market spread rapidly. Radiating throughout the world in 2008, they continued to remain potent for most of the first half of 2009. By taking a cool-headed and solution-focused approach in the midst of such turbulence, Halkbank not only continued to lend to its corporate and commercial banking customers but even expanded its customer portfolio in that segment.

Halkbank continued to grow in the corporate and commercial banking business line in 2009 and to deliver efficient, high-quality banking products and services with particular attention being given to maximizing customer satisfaction.

Halkbank continued to strengthen its customer segmentation in 2009.

Having introduced customer segmentation as part of its overall more customer-focused service attitudes, Halkbank continued to strengthen its approach during 2009 in order to further enhance the effectiveness of its service quality.

Halkbank segments its customers according to following categories based on turnovers:

- "Corporate" customers are those with turnovers of more than TRY 75 million.
- "Commercial" customers are those with turnovers of at least TRY 10 million but not more than TRY 75 million.
- "SME" customers are those with turnovers of less than TRY 10 million.

In keeping with this structure, customers in each segment are served by branches that are specially equipped to meet their particular needs.

During 2009, Halkbank branches underwent a more detailed restructuring aimed at bringing them into better alignment with the Bank's segmentation. In addition to its corporate and commercial outlets, branches reporting to regional coordinators were classified as "SME", "retail", and "composite".

Designed to further improve service quality, effectiveness, and productivity, these efforts were carried out as much in light of current banking practices around the world as they were dictated by new conditions in the national economy. By precisely defining the corporate and commercial banking business line, this structure makes it possible to provide customers with firm-bespoke, high added value, and competitively priced products and services while also further developing Halkbank's market share in this segment.

New customer acquisitions nourish new growth.

Under the Bank's customer segmentation project, every branch of the Bank has begun to be staffed and to offer and supply product and service lineups that best suit the customer profile in its immediate vicinity. One outcome of this is that the Bank's performance in the corporate and commercial segment improved in a year suffering from fraught market conditions while new customer acquisitions served the Bank's overall goal of broadening its lending base.

The total volume of cash loans extended by Halkbank to its corporate and commercial customers was up 29,3% year-on-year in 2009 and reached TRY 12,8 billion in value, excluding interest accruals and rediscounts.

Low-cost, long-term funding opportunities contribute towards greater customer satisfaction.

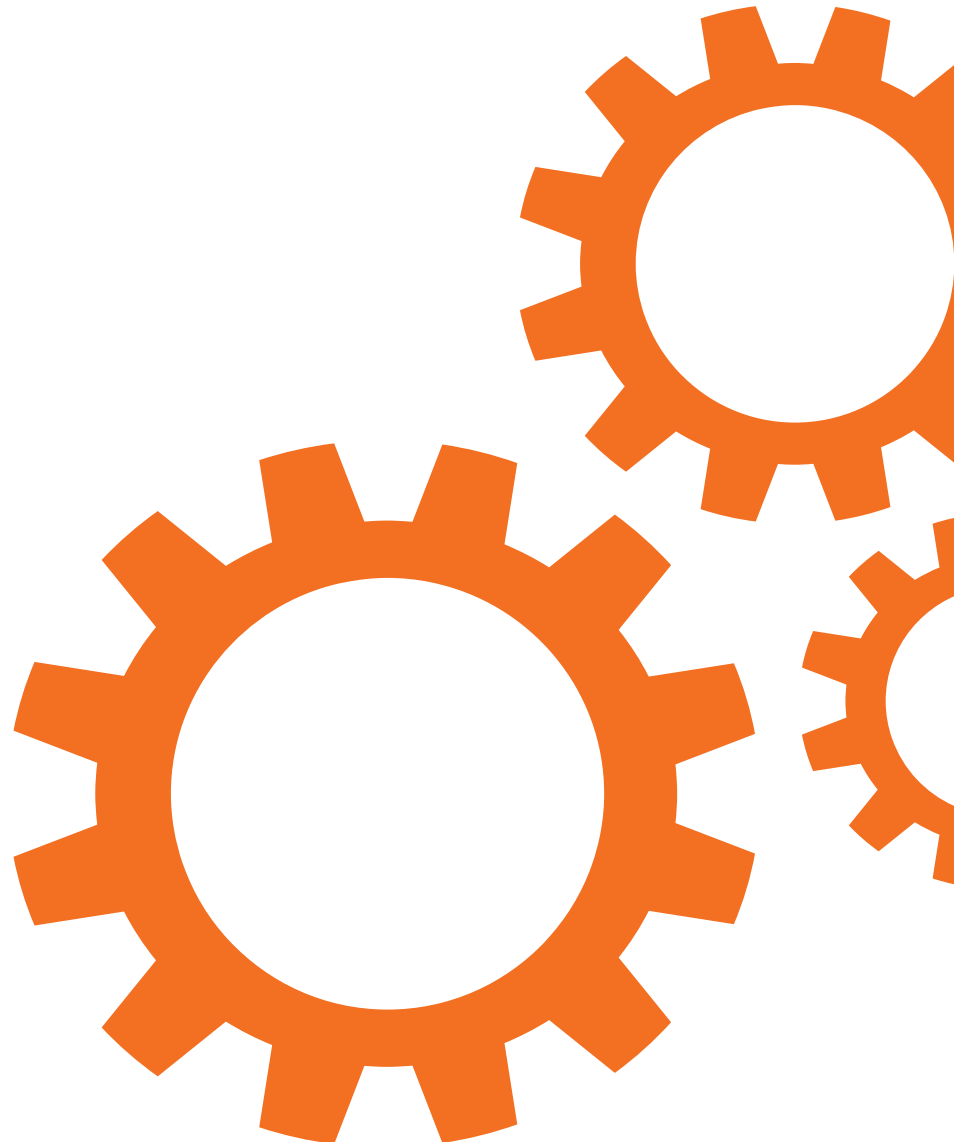
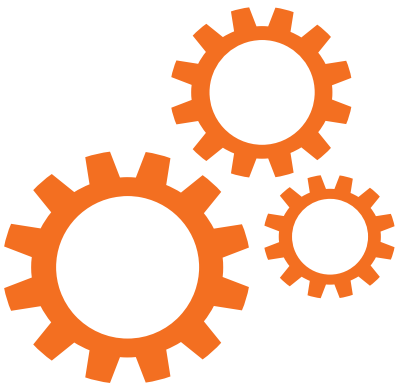
During 2009 Halkbank continued to maintain and expand its successful relationships with such international financial institutions as the European Investment Bank, the World Bank, and the French Development Agency which provide long-term, low-cost financing resources. The funds that Halkbank secured from such sources in this way were channeled into investments by large numbers of the Bank's corporate and commercial customers, enabling it to respond substantially and meaningfully to the long-term financing needed for the private sector's growth and development.

Under the heading of its corporate and commercial banking activities, Halkbank lent to projects in energy production, transmission, and distribution; to harbor, airport, toll road, highway, railway, light transport system, and subway projects; and to a number of prestigious projects involving shopping and congress centers.

Halkbank plays an active role in structured financing projects.

During 2009, Halkbank was an active participant in the market for structured financing products designed to meet the needs of customers involved in mergers and acquisitions and other corporate financing projects. As of end of 2009, Under the heading of structured financing, the Bank had extended a total of USD 265 million in cash and USD 36 million in non-cash credit to five projects whose feasibility and credit-worthiness had been deemed to be satisfactory. The total value of the Bank's structured financing loan portfolio had reached USD 1,8 billion as of end-2009.

Halkbank seeks to continuously increase both its performance and its profitability in **the SME business line** and value that it adds to the national economy in this way.



SME Banking

Halkbank: The bank that has always stood by small businesses

What is called "SME banking" nowadays is actually one of the main reasons that Halkbank was founded over seven decades ago. In the years since then, Halkbank has continued to add to its reputation as Turkey's first and leading SME bank. During 2009 the Bank successfully continued to supply the country's tradesmen, artisans, and small to medium-sized enterprises with long-term working capital and investment loans and with products specially designed for specific sectors, all at suitable rates and on suitable terms.

Customers in the SME category differ from those in the corporate and commercial group in ways such as employment and management structures as well as their scales. Customers in this group need a bank that listens to them, shares their concerns and values, and is capable of acting along with them. In short, they are in need of a partner who is willing to take risks when necessary and who can supply exactly what is needed. Since the day it was founded, Halkbank has been serving SMEs in exactly this way and in the process achieved significant successes.

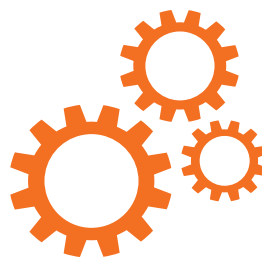
Halkbank's avowed mission is to serve all firms be they large or small with innovative and advantageous products. In the period ahead, the Bank will be looking to further and continuously increase both its performance and its profitability in the SME business line and the value that it adds to the national economy in this way.

A leading bank with a 14,6% share of the sector

38,2% of Halkbank's cash loans are extended to customers in the SME segment.

Halkbank is the leading supplier of banking products and services to the SME segment, in which it controls a 14,6% market share.

About one in every four SMEs served by the banking industry in Turkey is to be found in Halkbank's portfolio as a credit customer. With the addition of SMEs that are not actually borrowers but with which the Bank has a product or service relationship, Halkbank serves about half of all the businesses in this category. This fact is the best possible evidence that Halkbank is successfully fulfilling its SME banking mission.



Halkbank was the first bank in Turkey to work closely with development agencies whose mission is to contribute towards economic and social development on a regional basis.

Seeking to meet SMEs' needs with fast, effective, and high-quality solutions, Halkbank identifies the particular requirements of priority-target sectors within the framework of its overall growth plan.

During 2009, a year in which the effects of the global economic crisis continued to be felt in Turkey, Halkbank added no fewer than 50.000 new SME customers to its portfolio. This successful performance was essentially the result of:

- Funding specifically obtained from international financial institutions for lending to SMEs
- Collaborations with regional development agencies
- Loans extended through the SME Development and Support Administration
- Transformation strategies in the Bank's organizational structure that put particular emphasis on addressing SMEs' needs.

Innovative products designed for SMEs

Seeking to meet SMEs' needs with fast, effective, and high-quality solutions, Halkbank identifies the particular requirements of priority-target sectors within the framework of its overall growth plan. Only after having made this analysis does the Bank undertake any product development. In the course of such activities Halkbank considers primarily the cash flows of different sectors and it looks for ways to modify existing products in addition to coming up with new ones. The competence for developing products and taking them to the market makes a particularly valuable contribution to Halkbank's competitive strength.

Sector-specific loans developed in 2009

• Tourism Enterprise Renovation Loans

Halkbank introduced what it calls "tourism enterprise renovation loans" in 2009. This product is designed to provide tourism industry firms with the financing that they may need for maintenance and repairs, renovations, equipment, and furnishings.

In 2009, Halkbank helped support the Turkish tourism industry during an otherwise difficult year by extending such loans to hospitality sector firms, to travel agencies, and to businesses that sell products and services to tourists as well as to the suppliers of such concerns.

• **Standby Credit for Flood Victims**

In the wake of disastrous floods that took place in the Marmara region on September 9th and 10th last year and to help deal with the tremendous losses that were suffered as a result, Halkbank introduced "standby credit for flood victims". This is a loan product specially designed for firms that sustained uninsured losses in the flooding.

• **KOSGEB Emergency Standby Credit**

This loan product was developed as a result of collaboration between Halkbank and Small and Medium Scale Enterprises Development Organization Foundation (KOSGEB). It is designed for SMEs in Turkey that have suffered losses from natural disasters, civil disturbances, and acts of terrorism which they can prove by means of documentation from official agencies and organizations.

These loans are intended to provide affordable financial support to businesses that are registered in the KOSGEB data base. One important feature is that KOSGEB pays all of the interest on the loan in advance on the borrower's behalf.

Cooperation with sectoral organizations

Halkbank regards cooperation with sectoral organizations as an important way of increasing its effectiveness in the SME banking business line.

Chamber of commerce and industry protocol renewals

As of end-2009, Halkbank had signed protocol agreements with 241 chambers of commerce and industry designating the Bank as an authorized source of credit.

In line with its efforts to support the real sector, Halkbank gives the utmost importance to working closely with professional organizations. Through these protocol agreements, signatory chambers of industry and commerce make their own resources available to their members through the Bank as credit on highly favorable terms.

Cooperation with development agencies

Halkbank was the first bank in Turkey to work closely with development agencies whose mission is to contribute towards economic and social development on a regional basis.

Under protocols signed by the Bank with the Çukurova Development Agency and the İzmir Development Agency, project owners who apply for participation in those agencies' financial support programs and who qualify for grants may take advantage of Halkbank-supplied "development agency co-financing credit". The Bank intends to expand the scope of its collaboration with regional development agencies in the future.

Anadolu University SME E-Certification Program

In collaboration with Anadolu University, Halkbank contributes towards the enlightenment and education of SMEs. Under a social responsibility project that has been undertaken jointly with the university since 2008, more than a thousand SMEs have been provided with free training and information resources.

Support for İstanbul Tourism

Halkbank and Development Bank of Turkey have signed a TRY 40 million credit agreement to provide medium and long-term financing to tourism enterprises located in İstanbul.

Halkbank seeks to respond to the needs of tradesmen and artisans with fast, effective, and high-quality solutions under the most favorable terms possible.

Cooperation with Credit Guarantee Fund

One of the biggest difficulties that SMEs face when borrowing is putting up collateral against their obligations. Because it is aware of this problem and because it is committed to coming up with SME-focused solutions, Halkbank works in collaboration with Credit Guarantee Fund Inc to help deal with the collateral problems that SMEs have. Under this heading, the Bank continued to make it easier for SMEs to borrow the financing they needed during 2009.

A unique Halkbank advantage

Qualifying SMEs that work with Halkbank are exempt from the 5% tax that is normally charged on banking and insurance transactions. This exemption is unique to Halkbank and it represents a significant advantage to SMEs in terms of their financing costs.

Halkbank is currently working on a series of projects whose aim is to enable it to serve its SME customers better.

Another Halkbank product designed for SMEs is KOBİ Kart, a card-based payment system that provides automatic credit terms on business-related purchases that are made with it. KOBİ Kart has passed the system testing stage and is ready for launch. When it becomes operational, it will resolve most of the operational problems that SMEs have with their cash, check, and note-related payments.

Halkbank plans to set up an internet portal that will give SMEs access to a wide range of consultancy and other services. It is also working on a project to publish a magazine that will be devoted to information, market research, analyses, etc that will be useful to small and medium-sized enterprises.

Tradesmen Banking

In addition to supplying financing for tradesmen and artisans, Halkbank also offers them a wide range of other products and services.

Recognizing that tradesmen and artisans make up an important segment of the national economy, Halkbank seeks to respond to their needs with fast, effective, and high-quality solutions under the most favorable terms possible.

Tradesmen and Artisans Credit and Security Cooperative-backed cooperative loans increased 6% in 2009.

Halkbank-supplied cooperative loans are made available at low interest rates and on favorable terms to the more than 900 members of the Tradesmen and Artisans Credit and Security Cooperative.

The total volume of loans extended to tradesmen and artisans with Tradesmen and Artisans Credit and Security Cooperative guarantees increased 6% in the twelve months to end-2009 from TRY 3,1 billion to TRY 3,3 billion. This amount corresponds to 10,4% of Halkbank's cash lendings.

In 2009, Halkbank decided to lower the interest charged on cooperative loans and it reduced them in a series of cuts that continued throughout the year from 24% in January to 20% in March, 18% in May, and 16% in September. As of January 2010, the Bank was charging 13% interest rate on such loans.

Under a Council of Ministers resolution concerning losses in income sustained in 2009, half of the interest charged at the current rate on cooperative loans is covered by the Treasury.

A wide range of Halkbank credit products...

Halkbank offers a wide range of Tradesmen and Artisans Credit and Security Cooperative-backed credit products such as discounting facilities, operating loans, loans to finance equipment and vehicle purchases and repairs, letters of guarantee, and international shipping standby credit.

Laws provide for a number of exemptions and immunities with the aims of protecting tradesmen's and artisans' assets and mitigating the cost of lending to such borrowers. Some of them are exemptions from banking and insurance transaction taxes, stamp duties, and Resource Utilization Support Fund excises together with below-market interest rates.

Agricultural Banking

In the agricultural banking business line, Halkbank's goal is to offer existing and potential customers other banking products and services along with traditional farm loans.

All of the services that the Bank offers for farmers are combined in its Agricultural Support Package. During 2009, Halkbank continued to provide farmers and agricultural enterprises with the financing by designing packages for them that effectively dealt with all of their financial needs.

New products added to the Halkbank Agricultural Support Package

A Halkbank Agricultural Support Package normally includes agricultural standby credit, tractor and agricultural machinery and equipment financing credit, greenhouse construction & operation credit, soil-less farming credit, and Grain Board credit products. To this standard package, the following two additions were made in 2009:

- Agricultural irrigation system credit
- Mahsul Kart

Agricultural Irrigation System Credit

This new credit product was created for producers who want to make use of modern irrigation systems. It provides financing for the installation of drip (trickle) irrigation and sprinkler irrigation systems and for purchases of machinery and equipment related to mobile sprinkler irrigation systems.

Mahsul Kart

Mahsul Kart (Harvest Card) is a credit card specially designed for agricultural producers. Among its many features are repayments whose timings are scheduled according to harvests and special deals and terms when purchasing fuels, fertilizers, pesticides, seeds, feed, spare parts, and other necessities from participating merchant partners.

In 2009, Halkbank began granting its agricultural loans based on the Regional Agricultural Calendar that it has formulated in order to give emphasis to crops with high production values as well as on its Loan Calculation Matrix with the aims of:

- Bringing the Bank and agricultural producers together
- Supporting the sector more effectively by increasing communication with it
- Responding to producers' needs at the right time
- Improving the asset quality of its loans.

Halkbank seeks to develop flexible, creative solutions that satisfy the different and changing needs of individuals.

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Retail Banking

A pioneering and innovative service approach that focuses on developing flexible and creative solutions

Under the heading of retail banking activities, Halkbank seeks to develop flexible, creative solutions that satisfy the different and changing needs of individuals.

Halkbank continues to grow soundly in retail banking by combining a branch network with a truly national reach and alternative delivery channels together with a pioneering and innovative service approach that never sacrifices quality.

Above-sector growth rates

At 32,9%, the year-on-year growth in Halkbank's retail lending was nearly three times the sector average of 11% in 2009.

Rapidly-increasing market shares

Despite the intense competition that prevails in the retail banking business line, Halkbank continues to enlarge its market share thanks to the effective pricing and marketing strategies that it employs. In the twelve months to end-2009, the Bank increased its retail banking market share from 4,8% to 5,8%.

We are now handling salary payments for nearly 600 thousand people.

During 2009 Halkbank continued to develop its salary payment services and to acquire new customers in this profitable business line.

At end-2009, Halkbank was handling the salary payments for 11.028 institutions and making the payments of 596.000 individuals.

A first in Turkey: "Unemployment loan payment protection insurance"

Developed jointly with the Birlik Sigorta A.Ş., Halkbank's unemployment loan payment protection insurance (PPI) is the first policy that provides coverage against loan defaults in the event that the borrower loses his job. Halkbank Unemployment PPI was awarded the "Innovation" prize by Active Academy in 2009.



“Renovate Your Home” quickly proved to be a huge success and has so far attracted more attention than any similar campaign.

Thanks to its successful retail banking strategies, Halkbank increased its retail banking market share to 5,8% in 2009.

Retail banking projects launched at Halkbank in 2009

“Renovate Your Home”

In collaboration with leading building materials suppliers, associations and federations representing that sector, and the Union of Chambers and Commodity Exchanges of Turkey, Halkbank launched its “Renovate Your Home” campaign to finance home improvements.

“Renovate Your Home” loans are made available to consumers who need to partially or completely renovate their homes. The credit must be used to finance purchases that homeowners from merchants participating in the campaign. “Renovate Your Home” quickly proved to be a huge success and has so far attracted more attention than any similar campaign.

While offering consumers low-cost credit with which to improve the quality of their homes, “Renovate Your Home” is also an excellent example of how Halkbank continues to support the real sector even in the face of adverse economic conditions.

VARYAP Meridian Project

In the second quarter of 2009, Halkbank began negotiating home-ownership loans to finance purchases of dwellings in the Varyap Meridian project. Varyap Meridian is a joint venture mixed-use development being undertaken by the Housing Development Administration, Emlak GYO (a real estate investment trust), and Varyap A.Ş. (a prominent real estate developer and construction firm).

Private school and language school agreements

Protocols have been signed with Aydın University and with the EF Institute Language Schools under which their tuition fees may be paid through Halkbank. Greater attention is being given to extending loans to be used to finance students’ education.

Automobile dealership and real estate agency agreements

Halkbank has entered into agreements with automotive dealerships, realtor chambers, national-level real estate consultancies, and real estate agencies in order to supply fast and convenient financing solutions when consumers are looking to buy homes and cars.

2009 campaign highlights...

Friendly Loan

Dost Kredi (Friendly Loan) is a credit product designed to save consumers who are already burdened by high-cost credit card and other retail loan debts previously obtained from other banks from the worst effects of the global economic crisis. With a Halkbank "Friendly Loan", borrowers can combine all of their outstanding credit and loan obligations and convert them into a single consumer loan whose monthly installments can be tailored to meet their individual repayment abilities. The first product of its kind in Turkey when it was introduced, "Friendly Loan" is another example of Halkbank's pioneering stance in the Turkish banking industry.

TOKİ Discount Campaign

Halkbank's TOKİ Discount Campaign makes it possible for borrowers who have purchased dwellings from the Housing Development Administration (TOKİ) on credit and who are still making payments to close out their loan accounts.

Traditional Halkbank campaigns

Over the years a number of campaigns have come to be associated with Halkbank's name. The Bank's traditionally held "Bairam Comes Early", "People's Day", "Teachers' Day", "Doctors' Day", and "My Dreams 2009" loan campaigns attracted great interest among consumers.

Halkbank registered significant growth in its retail lending in 2009 through its "Retail Improvement Loan" and "Friendly Loan" campaigns, which had the effect of revitalizing all the Bank's loan accounts that had either become non-performing or were at risk of doing so.

Knowledgeable personnel contribute to customer satisfaction

The Retail Customer Relations Officer Mortgage Specialist Certification Program that Halkbank launched in 2008 in collaboration with Maltepe University was successfully completed in 2009.

Continuously seeking to give its customers the best possible and most effective service in the country through innovative banking practices, Halkbank has given its 1.000 retail customer relations officers specialized training in mortgages.

On the insurance front...

In 2009, Halkbank authored yet another first in the sector with its introduction of professional financial liability insurance for healthcare workers. Professional financial liability coverage for healthcare workers is one of the forms of professional liability insurance that is expected to become compulsory as Turkey proceeds with its EU harmonization. The first of its kind in Turkey, Halkbank's policy is offered to customers with highly advantageous collateral and price features.

In 2009, Halkbank signed an agency agreement with Cyprus Insurance Co Ltd, a local insurer in the Turkish Republic of Northern Cyprus, to handle the insurance-related operations of the Bank's branches in that country as required by Turkey's insurance services law.

Lowering its transaction costs is one of the most important objectives of the far-reaching transformation program that Halkbank has been implementing in recent years.

Card-Based Payment Systems and Alternative Delivery Channels

Strategic objectives

Lowering its transaction costs is one of the most important objectives of the far-reaching transformation program that Halkbank has been implementing in recent years. All of the activities being conducted under this program are focused on reducing the Bank's operational costs and on increasing effectiveness through more intensive use of technology. In line with this, one of the Bank's highest priorities is shifting as much of its operational workload as possible away from its "bricks-and-mortar" service network and to its alternative delivery channels (ADC).

During 2009 Halkbank continued to deploy its ADC to:

- Reduce operational workloads
- Make sales
- Deepen relationships with existing customers
- Acquire new customers.

As a result of its efforts the Bank achieved its strategic aims on this front to a substantial degree.

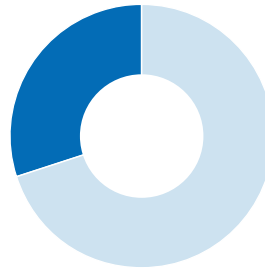
The number of Halkbank customers continued to grow in 2009. Thanks to the strategies that it employs however, the Bank had no difficulty responding to the additional operational workloads that this increase entailed.

The performance that Halkbank has achieved in its product -service-ADC integration and the increase in utilization rates have made the Bank one of the most successful users of ADC in the Turkish banking industry in recent years.

Some 70% of all of Halkbank's banking transactions took place via the Bank's alternative delivery channels during 2009.

2009 - Breakdown of Banking Transactions (%)

- Alternative Delivery Channels 70%
- Branches 30%



Halkbank continues to advance rapidly in the direction of using ADC to reduce its branches' workloads. The biggest transaction number gains are taking place in the Bank's ATM network.

All Halkbank alternative delivery channels comply with ISO 9001 standards

Halkbank undertakes and carries out projects encompassing both card-based products and alternative delivery channels in order to improve and ensure the sustainability of its service quality. The most important of these efforts is the Bank's ISO 9001:2008 standard compliance. Halkbank's alternative delivery channels are the first in the Turkish banking industry to be awarded ISO 9001:2008 Quality Management System certification.

Rapid growth at the Halkbank online branch

Halkbank customers make intensive use of the Bank's online branch. During 2009, the Bank continued its efforts to integrate the non-cash services offered by its physical branches into the internet branch wherever this was feasible. As of end of 2009, the number of the Bank's active internet banking users was up 76%, total transaction numbers rose 45%, and website page hitcounts increased 82%.

Web-based services

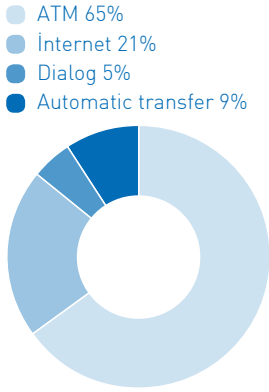
Halkbank plans to move its services to web-based platforms and applications wherever this is practicable.

Within the framework of the overall goal of supplying products and services to its customers via the web, Halkbank is developing a number of specialized services that can be delivered through new internet portals.

The Culture and Art Portal that was launched during 2009 is an eloquent expression of Halkbank's newly transformed and innovative face.

The Halkbank Sports Club Portal likewise is a fine example of the importance that Halkbank gives to sport.

2009 - Breakdown of Alternative Delivery Channel Transactions (%)



Halkbank Dialog Call Center

With its infrastructure now fully operational, Halkbank’s Halkbank Dialog call center employs a steadily increasing number of well-trained and experienced customer representatives to deliver more effective service by enabling customers to manage all of their communication with the Bank via such channels as voice, e-mail, fax, and chat.

The number of customers actively using the Halkbank call center increased 40% in 2009 while the year-on rise in incoming calls was 98%.

Developments in the Bank24 network...

The number of customers using the Halkbank Bank24 ATM network to conveniently access banking services is growing rapidly.

The number of Bank24 units in the network increased 29% in 2009 to 1.270. There are now 365 units installed in non-branch locations and their number rose 75% last year.

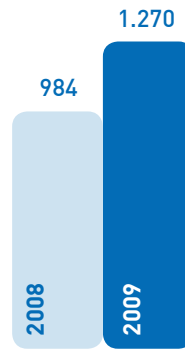
Cash withdrawal transaction counts and turnovers via Halkbank ATMs increased more than 55% in 2009. The network dispensed TRY 14,9 billion in cash last year while there was a 110% rise in the number of non-cash transactions such as bill payments, putting out and transfer of money.

Under the ATM Consortium project undertaken to allow different ATM networks in Turkey to talk to one another, other banks’ cards can now be used in the Halkbank Bank24 network as well. Last year a total of 3 million transactions involving other banks’ card were handled by Halkbank ATM units.

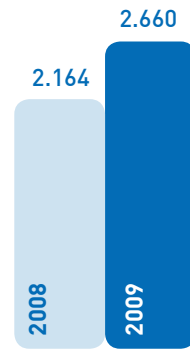
Mobile and TV banking

As part of the new delivery channel infrastructure that is being introduced, work is currently in progress to change over to 3G applications in mobile banking.

2009 - Number of ATMs (units)



Total Credit Card Turnover (TRY million)



Halkbank TV banking services are provided via satellite TV provider Digiturk. Bank customers who tune into the Halkbank channel can keep up to date about the latest retail banking campaigns.

Payment Systems and Credit Cards

Europe’s first prepaid contactless bank card from Halkbank

To strengthen its position and take the lead in card-based payment systems, Halkbank authored a first in 2009 by introducing Europe’s first prepaid “contactless smart card” in collaboration with Visa.

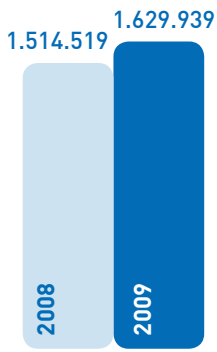
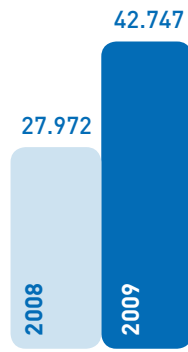
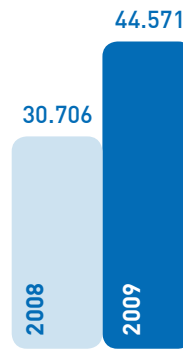
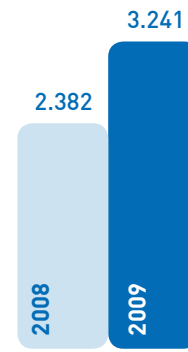
Regarded as the leading edge of the move towards electronic cash, the Bank’s prepaid contactless bank card was initially deployed in pilot projects at two universities. The next phase consisted of a scaled-up project involving 40.000 cards.

Under this project, the cards were integrated into the public transport systems of two cities. In addition, we have also reached the final stage of setting up the metropolitan card infrastructure in one city and have signed a preliminary agreement with a local natural gas distribution firm.

Advantage program partnership brings new growth...

The growth resulting from Halkbank’s joining the Advantage program continued in 2009 as well.

While making a concerted effort to manage the credit card risks to which it might be exposed because of the global economic crisis, the Bank also achieved many of its growth targets in the credit card business line.

Total Number of Cards
(units)**Number of Merchants**
(units)**Number of POS Machines**
(units)**Volume of Merchant Business**
(TRY million)**New products and services drive growth in credit cards...**

In line with its strategy of pursuing growth in credit cards and following its accession to the Advantage trademark, Halkbank introduced a number of card-based added-value services such as "Purchase commitment", "Reschedule Statements", "Restructuring of Debts", "Bill payments", and "Subscription to Cumulative Deposit.

Halkbank is committed to having a strong presence in the contactless payment card market, which it sees as having rapid growth potential. The Bank has completed its Visa (payWave) and MasterCard (PayPass) certifications. The Bank will begin converting all of its existing cards to make them contactless-compliant in January 2010.

Having finalized the products that it intends to introduce in the commercial credit card market, Halkbank has launched pilot projects for its KOBİ (small and medium-sized businesses), Esnaf (tradesmen and artisans), and Mahsul (farmers) cards.

Increases in POS numbers and turnover

Thanks to the synergies generated by its membership in the Advantage program, Halkbank has continued to register growth in the POS market. Last year the Bank saw rises of 53% in the number of its merchant partners, 36% in turnover, and 45% in POS units installed. The 55% increase in Advantage-featured POS units has brought the total number to 22.000.

Contactless payment integration has been completed for kiosk-integrated purchases (which only a very few banks are capable of dealing with at this time) and for Visa/Master approved self-service purchases as well as for vending machines.

The importance of payment systems and credit cards

Halkbank seeks to steadily increase its market share by offering innovative products that enhance customers' freedom of choice and mobility and it believes that the use of credit card plays a crucial role in the development of economic life.

Halkbank possesses a high level of competitive strength in the payment system and credit card business lines. The Bank is determined therefore to give priority to technology-intensive products and to further strengthen and deepen its relationships with its customers in this area.

Deposits and Cash Management**Above-sector growth**

Halkbank increased its total deposits 9,1% in 2009 to TRY 43.950 million. In the case of Turkish lira deposits, the rate of growth was 8,9% while foreign currency deposits expanded 9,7% which is above the sector average.

The average volume of demand deposits available to Halkbank last year grew 57,5% compared with 2008 and reached TRY 5,8 billion. Such deposits accounted for a 13,4% share of the Bank's total deposits at year-end 2009. This successful result is an expression of the confidence that people have in Halkbank despite the adverse effects of the global economic crisis.

A dynamic deposit management strategy and a broad-based deposit structure

Halkbank employs a dynamic deposit management strategy that is rooted in the principle of optimization of cost, market share, liquidity, and non-deposit funding opportunities on a customer segmentation basis. In keeping with this strategy, the Bank seeks to supply as broad a range of customers as possible with its deposit products and services.

This approach not only facilitates the Bank's ability to broaden its deposit base and ensure its continuity but also makes it possible to supply the market with innovative products in order to achieve greater customer transaction diversity.

New products that Halkbank developed and began offering to customers in 2009 consisted of its Cumulative Deposit Account, its Gold Account, its Cumulative Gold Account, and its e-Deposits.

Effective deposit management supported by technology

In 2009, Halkbank introduced and completed the infrastructure required for a number of projects involving technology-supported customer relationship management applications.

Time deposits were promoted by offering more attractive terms when bought and sold via the Bank's alternative delivery channels. New e-deposit products were developed that make it possible to open Turkish lira and foreign currency time deposit accounts online with interest rates that are only available from the internet branch. Such products not only broaden the Bank's deposit base but also encourage greater use of its non-branch banking channels.

Cash management protocols and agreements have been reviewed in light of their productivity.

The cash management protocols that Halkbank has entered into with various agencies and organizations were reviewed. Those deemed to be unproductive were terminated while an effort was made across the board to improve the effectiveness of the others.

Halkbank's protocol with the Social Security Institution was renewed. The Bank is now the default recipient of retired civil servants' pension and bonus payments.

A protocol was signed with İller Bankası, a state-owned development and investment bank that deals with municipalities and city councils, to handle that bank's payments and collections of project loans extended to municipalities.

Halkbank has developed a software package that is offered free of charge to support firms which would like to take advantage of the Bank's cash management services but lack the technical infrastructure to do so.

Above-sector growth in fees and commissions income

In 2009, Halkbank revised its fee and commission schedule in light of ongoing developments. Last year the Bank registered growth in its fees and commissions income that was above the sector average.

Halkbank Lending Policies

Halkbank always determines its lending policies in line with its goals and strategies and it continued to do so in parallel with changes taking place in the economic environment in 2009.

The standardized processes and procedures that are determined according to the Bank's customer segmentation criteria when assessing loan applications and making lending decisions that Halkbank adheres to were revised. At the same time, system infrastructure changes were also completed to make it possible for the Bank to consolidate and keep track of its credit risk exposures on the basis of risk groups determined according to the its credit models.

Alterations and adjustments were made in lending modules in order to:

- Better balance risk and collateral
- Comply with the requirements of laws and regulations to improve both the risk-mitigation effectiveness of collateral and its credit coverage
- Determine the credit-worthiness of segmented customers in a more rational and detailed way based on their current circumstances.

The conditions under which credit maturity terms may be extended were reviewed, repayment schedules were revised for firms that were experiencing short-term cash-flow problems, and Halkbank's risk perception criteria were adapted in light of current business conditions.

Systematic monitoring criteria and reporting techniques were employed in order to achieve better control during the loan placement, performance, and recovery stages in order to detect problems ahead of time. Activities were carried out to take action as necessary.

Although international trade contracted worldwide in 2009, Halkbank performed successfully in terms of the volume of foreign trade finance that it handled.

Work continued on developing the Bank's "early warning" processes. A rating model that can be used for this purpose has been devised.

By means of this model, important progress has been made in the direction of spotting in advance any firms that may have problems in paying back their loans so that appropriate measures can be taken to lessen non-recovery risk.

Halkbank keeps track of economic developments taking place in global markets and their possible impact in our own country and it takes its observations into account along with market and sector research findings in its lending policies in order to continue fulfilling its mission of supporting the real sector.

Treasury Management and International Banking

Despite the year's generally unfavorable macroeconomic indicators, markets fared not too badly overall in 2009.

2009 was a difficult year for real economies around the world; but for the world's financial giants, it was a time of huge losses, mounting debt servicing problems, rampant unemployment, and economic contraction. In the midst of such recession, inflation rates plummeted dramatically in most parts of the world.

Despite the year's generally unfavorable macroeconomic indicators however, markets fared not too badly overall in 2009. In the interval since the last quarter of the year and this writing, the measures that were taken at the global level have begun to show their effect as governments and central banks adhered to loose monetary and fiscal policies the likes of which cannot be recalled.

Among the developing countries, the group of which our own is a member, the effects of the crisis have begun to wane. Improvements based on the assumption that the worst is now over have begun to show up in economic indicators.

Turkey has managed to perform quite well during this crisis thanks to its own dynamics. Among the developing countries group, Turkey was able to get by without the economic assistance of supranational agencies like the IMF and this has put Turkey in a rather advantageous position.

Halkbank is a Turkish Government Debt Instruments market maker

While keeping a close watch on national and international macroeconomic developments, Halkbank successfully pursued profit-focused growth with the support of its strong capital and financial structure and thanks also to the proactive treasury strategies that it continuously shapes according to circumstances. Throughout 2009 the Bank strove to maintain an optimum balance between risk and return.

Halkbank is a designated "Turkish Government Debt Instruments market maker". With interest rates falling all year long, the Bank continued to secure capital gains on a portfolio consisting predominantly of investment securities. That, combined with a rapid decline in its deposit costs, resulted in a significant expansion in Halkbank's net interest margin.

Halkbank is focused on using its liquidity in the most effective way possible.

While making use of money market transactions for its short-term needs and to put its funding surpluses to work, the Bank managed its liquidity in the most effective way possible by means of derivatives such as swaps and forwards as well as other borrowing instruments.

Both pricing strategies and the great advantage of having an extensive customer portfolio that consists overwhelmingly of SMEs played a big role in the growth of Halkbank's national and international FX market transaction volumes and profitability.

The Bank's liquidity obtained from coupon and principal collections from Held to Maturity Securities, is used firstly to finance lending and secondarily to purchase high-yield fixed and variable interest rate securities. This approach made a substantial contribution to the effectiveness of Halkbank's liquidity management.

And in the derivatives market....

The market for derivative products in Turkey has grown rapidly in recent years and Halkbank is currently involved in preparations to supply customers with an array of alternative products designed to protect them against risk and to enhance returns.

The Bank is concentrating its attentions on alternative risk-mitigation and return-enhancing products that will address customers' needs in today's rapidly growing derivatives markets. In 2009 Halkbank created a significant source of cost-free funding for itself by introducing a gold-based derivative product for customers who are interested in investing in gold.

To better meet the needs of customers doing business with Russia, Halkbank has added the Russian ruble to the list of currencies (now 15) in which it regularly provides service.

Foreign trade volumes grew despite 2009's sluggish markets.

Although international trade contracted worldwide in 2009, Halkbank performed successfully in terms of the volume of foreign trade finance that it handled.

Halkbank's efforts to gain new customers in the corporate and commercial segments have also been having a favorable impact on the Bank's foreign trade business line as well. Although total import/export volumes remained essentially unchanged year-on, there was a huge increase in the average transaction size and in customer request numbers.

Thanks to its superior performance driven by active marketing and strong correspondent relationships, Halkbank not only increased its total foreign trade volume market share substantially but was also less affected by the global downturn than nearly all other banks.

In the face of diminished economic activity in the world's developed markets in 2009, Halkbank continued to support a large number of exporters in search of alternative market opportunities. To this end, the Bank developed close relationships particularly with banks in Turkey's neighboring and regional countries and it became the solution partner most preferred by customers doing business in such markets.

All year long Halkbank undertook numerous projects to support trade in many different national currencies while contributing towards the support of Turkey's foreign trade through new initiatives.

Supporting contractors in North African and Middle East markets

Turkish international construction and contracting firms make a very important contribution to the country's economy. Halkbank strove to supply the external guarantees that such firms need for their projects, particularly those in North Africa and the Middle East, on the best terms available. In this way, the Bank made a big contribution not only to the effectiveness of Turkey's international contractor services but also to the country's market prestige and reputation.

Mindful of the growing needs of the international contractor services sector, Halkbank has been engaging in country visits and making high-level contacts in order to expand the scope of the services that it can offer to its customers. To this end, the Bank has developed bilateral relationships in regional and neighboring country markets.

In 2009, Halkbank ranked foremost among companies traded on the İstanbul Stock Exchange with the highest percentage of involvement by international investors.

In countries where the effects of the global economic crisis were deemed to be particularly severe, risks were monitored closely. Thanks to well-timed precautions and actions, country risk exposures were reduced and no problems were encountered either in payments or in transfers.

Export credit agency relationships

In addition to letter of credit and draft discounting, refinancing, and similar products, Halkbank also meets the foreign trade finance requirements of its customers in the form of credit insurance which is provided through export credit agencies.

Having been assigned one of the highest credit limits granted to any bank under the US Department of Agriculture's GSM-102 financing program, Halkbank makes intensive use of such credit facilities for the benefit of its own customers.

The attractive terms and effective solutions that Halkbank is able to provide in import/export transactions have made the Bank one of the service providers that customers most prefer to do business with.

Growing transaction volumes and market shares have also raised Halkbank's international visibility and further strengthened its credibility among correspondent banks.

An investor relations approach based on effective information sharing

Halkbank continued to keep its institutional investors informed about its activities and results without any interruption during 2009 as well.

Representatives of the Bank took part in numerous national and international gatherings, conferences, and meetings and they met individually and with groups of investors, analysts, and portfolio managers, particularly at venues such as financial centers where international institutional investors tend to concentrate their activities.

In meetings with investors, presentations were made that focused on Halkbank's financial and administrative structures, its position vis-à-vis the global economic crisis, and its future expectations and strategies.

Halkbank's financial results were presented simultaneously to national and international investors through teleconferences conducted at the end of each business quarter. During such meetings, efforts were always made to respond to questions about the Bank's financial results in the quickest and most detailed way possible. At the same time, communication channels with investors were kept open all year long in order to deal with incoming queries, comments, and requests while maximum care was given to making regular public disclosures on issues which were either deemed to be necessary or were regarded as potentially affecting investment decisions.

One of the top ten...

In an independent international survey facilitated by Thomson Reuters and Acclaro from 13 January to 20 March last year to determine the effectiveness of companies' investor relations, Halkbank ranked among the top ten concerns in five separate categories:

- Best Investor Relations Department
- Best Communication of Corporate Governance and Disclosure
- Best Investor Relations Annual Report
- Best Investor Relations Website
- Best Communication of Financial Results.

In 2009, Halkbank ranked foremost among companies traded on the İstanbul Stock Exchange with the highest percentage of involvement by international investors. The strong interest shown by institutional investors in Halkbank is the best possible evidence of the Bank's reputation and success in the conduct of its investor relations.

International banking and structured financing

An important Turkish banking industry actor in the international banking and structured financing business lines, Halkbank is an active participant in credit syndications undertaken for both domestic and international banks.

Making use of the substantial credit limits established for domestic and international banks, Halkbank actively involves itself in international trade financing.

Halkbank's international organization

Halkbank's international organization consists of:

- Financial service branches in Germany
- Branches in the Turkish Republic of Northern Cyprus
- A branch in Bahrain
- A representative office in Iran

Financial Services Branches in Germany

Launched as representative offices at their inception in 1980, Halkbank's operations in Germany have been conducted through financial services branches since 1998. The Bank currently has three such branches located in Cologne, Dortmund, and Mannheim. Halkbank's German financial services branches are largely involved in transferring funds to Turkey and accepting deposits based in other countries.

TRNC Branches

Halkbank has two branches located in the Turkish Republic of Northern Cyprus (TRNC): one in Lefkoşe and the other in Gazimağusa.

Halkbank's TRNC branches perform all of the banking services that are also provided by the Bank's branches in Turkey. They are currently involved in projects to formulate a sound legal foundation, to harmonize their legal frameworks with local laws, and to develop new retail and commercial banking products capable of meeting local needs.

Bahrain Branch

Halkbank's Bahrain branch opened in 1994. It is located in Manama, the most important financial center in the Gulf region.

Through its Bahrain Branch Halkbank seeks to:

- Involve itself in strategic collaborations with major banks in the Gulf region in order to give its customers in Turkey better access to the region's rich sources of funding
- Finance both foreign trade with the region and projects being planned there as a result of the steadily expanding volume of business between Turkey and Gulf countries.

Halkbank makes operating, investment, and syndicated credit facilities available to its customers through its Bahrain branch.

Iran Representative Office

Opened in 1984, Halkbank's office in Iran is one of two Turkish bank representative presences in that country.

The Iran Office is responsible for promoting Halkbank among Iranian banks and conducting relations with them. Halkbank's goal is to play an active role in trade between Iran and Turkey. In line with this, the Bank mediates foreign trade transactions with corporate and commercial customers in its portfolio with concerns in Iran.

Long-term funding resources

Through agreements that it has entered into with international financial institutions, Halkbank procures long-term funding resources for use in meeting the investment and working capital needs of SMEs.

Halkbank is focused on developing such added-value services capable of being delivered via its information systems as were made possible by advances in technology.

The average term on the credit facilities secured in this way is 17 years, a situation that contributes significantly to the lengthy term structure of the liability side of the Bank's balance sheet. At the same time, extending loans to firms on terms of up to seven years with two-year grace periods also makes an extremely important contribution to the term structures of customers' own balance sheets.

In addition to the ability to extend external-sourced funding as revolving credit (subject to the terms on which it is made available to the Bank), a number of lending flexibilities and suitable pricing that are provided for by law are two other considerations that make these loans advantageous.

Another valuable feature of such long-term liabilities insofar as the Bank is concerned is that it creates and supports cross-sale opportunities with customers.

In 2009, Halkbank signed three new financing agreements:

- USD 15 million facility with ECO Trade & Development Bank (Ecobank) on 11 February
- EUR 150 million initial drawdown of a EUR 300 million Small Businesses Global Credit facility provided by European Investment Bank (EIB) on 8 June
- USD 250 million line of credit with the World Bank on 17 December.

The total value of long-term funding secured from abroad by Halkbank last year (including the three mentioned above) reached USD 1,4 billion. In parallel with this growth, the number of SMEs taking advantage of such funding provided by the Bank went from 700 in 2008 to 1.133 in 2009.

Information Systems and Technical Services

In parallel with its strategic goals, Halkbank continued to strengthen its technological infrastructure even as it made new products and services available for its customers to use.

As in previous years, during 2009 Halkbank improved all aspects of its technological infrastructure ranging from user systems to data warehousing in line with requirements and productivity targets and it also developed such added-value services capable of being delivered via its information systems as were made possible by advances in technology.

Halkbank's investments in information technologies are shaped by:

- The dictates of competition
- Security concerns
- Customers' expectations
- The requirements of laws and regulations.

Great progress was made last year towards completion of the Halkbank IT Service Management Project that was launched in 2008. This project has already significantly improved the Bank's information technology service quality while also making important gains in terms of compliance with Control Objectives for Information and related Technology (COBIT) best practices in IT auditing methodology.

Through its IT Risk Management Project, Halkbank seeks not only to further develop its existing risk management methodology but also to ensure that it is in full compliance with the requirements of law on such issues.

Halkbank is currently engaged in activities related to classifying all data contained within its information systems, determining data ownership, formulating and managing data management policies and procedures, and achieving COBIT compliance.

R&D bulletins are published to keep all Halkbank IT personnel up to date on new technologies. The results of all of the Bank's R&D activities are also announced on its R&D website.

Basic banking application development platform renovation

Work on renovating the basic banking application development platform at Halkbank has begun with the conversion of all applications currently operating on the Bank's host systems. The overall objective of this project is to give Halkbank operating platforms that are compatible with new technologies while also being more easily supportable and manageable.

Decision support system improvements and additions

Work continued in 2009 on improving and making additions to the Bank's decision support systems in order to increase their performance. One important outcome of these activities is the formulation of structures for use in internal and external reporting.

Structures were created that make it possible to keep track of defined-portfolio customer product ownership, dimensions, profitability, loyalty, and demographic information on a monthly basis and also to check sales activities through online queries.

The projects that have been carried out have further increased the strength of Halkbank's technological infrastructure while also expanding the product and service ranges of its systems and its delivery channels.

Halkbank will continue to invest in technology in line with its goal transforming the means afforded by advanced technology into high-quality, modern banking products and services that it can deliver to its customers.

Changes in Halkbank's Organizational Structure

In 2009, Halkbank continued to develop its organizational structure consisting of headquarters units and an extensive domestic and international branch network in line with its approach to high-quality service.

An extensive branch network

Halkbank's extensive branch network consists of 668 branches (593 standard, 6 corporate, 30 commercial, 3 free zone, 20 satellite, 14 special transaction center, and 2 change office), 20 regional coordinator's offices in Turkey and of 3 branches, 3 financial services centers, and 1 representative office located outside the country.

Responding as it does to the needs of different customer groups, Halkbank continued its efforts to renovate its branches in 2009 in order to provide better service. Modification and decoration work was completed at 221 service units in line with the Bank's new branch concept compliance project.

Highlights from organizational structure activities...

Operational Transformation Project (OMEGA)

Work continues on the OMEGA Operational Transformation Project, whose aims are to improve operational processes and to increase productivity at all Halkbank branches by centralizing them.

Personnel Records Management Project (ZODYAK)

The ZODYAK Personnel Records Management Project's aims are to manage all processes related to any changes taking place in employees' personnel records from the moment they are hired to the moment they leave the Bank, to improve the Bank's internal and external auditing capabilities, and to achieve full compliance with the requirements of law on such matters. The process of transitioning to this new system has been completed.

Halkbank gives importance to its employees' satisfaction and it provides them with ongoing training and dynamic career opportunities and with modern working conditions.

Corporate Content Management System Project (TEMA)

The aims of the TEMA Corporate Content Management System Project are to incorporate all of Halkbank's internal and external printed and electronic document traffic, faxes, and important e-mails into a centralized corporate content management system in which they will be archived and made available to users according to predefined authorization levels. Another goal of TEMA is to create in effect a "single office environment" that encompasses the entire bank.

The TEMA project is being conducted in tandem with a Process Management System project whose aim is to create a product and service map which defines and associates all existing processes, products, and services at Halkbank as well as the units that are responsible for them.

IBAN system changeover

During 2009 Halkbank made all preparations required for the changeover to the International Bank Account Number (IBAN) system in Turkey and was in full compliance when the new system went into operation on 1 January 2010.

Human Resources at Halkbank

The qualities that all Halkbank employees have in common are dedication, tolerance, respectfulness, trustworthiness, and a sense of communion.

Halkbank gives importance to its employees' satisfaction and it provides them with ongoing training and dynamic career opportunities and with modern working conditions.

During 2009, 1.115 people joined the Halkbank family bringing the total number to 12.505 as of year-end.

Written exams were held in November 2009, on the basis of whose results the Bank plans to hire 1.250 new people.

Halkbank regularly takes part in the career development and recruitment events that are held on university campuses. During 2009 the Bank took part in career and personal development days at:

- Balıkesir University
- Gaziantep University
- Uludağ University
- Middle East Technical University
- Bilkent University

Training at Halkbank

Halkbank's training mission is to provide systematic and regular training whose aims are to:

- Give employees the qualifications they need to perform their jobs as bankers in a professional manner
- Support employee career progression
- Produce bankers who identify with the Bank's corporate culture.

Training activities conducted during 2009 focused particularly on making bank employees competent, proficient, and satisfied in their jobs.

A total of 1.971 training programs were carried out under 435 different seminar headings at the Bank in 2009. 43% of such training was provided by the Bank's own personnel with the remaining 57% being provided by outside training firms and specialists. E-learning activities also continued at Halk Academy, which provides ongoing training opportunities independent of time and place.

Training activities are defined in the Bank's in-house Training Catalogue and are conducted under the following headings:

- Career training
- E-learning
- Optional courses
- Conferences and seminars
- Statutorily obligatory training.

The "Manager Candidate Certification Program" that was introduced in 2008 to support the Bank's manager pool and keep it current continued in 2009 as well.

Internship opportunities for students from Kazakhstan and Kyrgyzstan

Halkbank's policy of granting internships to students who have completed two or four years of higher education in Turkey has been extended to encompass foreign national students from Kazakhstan and Kyrgyzstan as well. In line with arrangements that have been made, internships programs were conducted for students from Kyrgyzstan International Atatürk Alatau University, Almaty Süleyman Demirel University (Kazakhstan), and Kyrgyz-Turkish University Manas University.

Halk Academy project and portal

Halkbank's Halk Academy project was launched in 2009 with the aim of providing a new, comprehensive structure for employees embracing specialized studies, creative training solutions, ongoing projects, and general training activities. The academy's web portal, located at www.halkakademi.com.tr, is slated to go into service in 2010.

E-examinations module

Launched in the last quarter of 2009, Halkbank's e-examination module is designed to provide a standardized method for measuring bank employees' knowledge and experience while they are on the job. The module can also be used as an interactive tool for providing information and reminders about new bank products and services and also about policies and practices.

In 2009, Halk Academy released its first publication in the form of workbooks to prepare personnel for the Bank's career progression exams. In 2010 the academy will continue to support bank personnel by completing its Basic Banking series.

Halkbank also takes part in **corporate social responsibility projects** and it contributes towards cultural, economic, and social activities throughout the country.



While improving both its profitability and its lending performance through the successful implementation of strategies that it developed to deal with the effects of the global financial crisis experienced in 2009, Halkbank also endeavored to combat the “economic crisis psychology” that seemed to preoccupy everyone’s minds by taking part in social responsibility projects and by contributing towards cultural, economic, and social activities throughout the country.

Advertising and Public Relations

Halkbank’s 71st year

In conjunction with the 71st anniversary of its founding, Halkbank conducted a general image campaign around the slogan “SMEs know who their bank is”. The campaign focused on Halkbank as a financial institution whose vision is that of being strong in retail services and the region’s leading SME bank while also fulfilling all of the requirements of universal banking.

The theme of the Bank’s “All you need do is ask” campaign, which it conducted in a variety of media during 2009, was that people could make their dreams come true with Halkbank’s help.

Ankara Film Festival

As in previous years, Halkbank continued to support cultural and social activities in 2009 as well.

Halkbank was a prime sponsor of the 20th Ankara Film Festival in 2009, an annual event that attracts tremendous interest among cinema enthusiasts.



Under a social responsibility project, a total of 40.000 saplings will have been planted in time for spring 2010.

Halkbank's "Productive Turkey Meetings" focus on the tourism industry

Conceived of as a way for the Bank and SMEs to get together and talk, Halkbank's "Productive Turkey Meetings" have been continuing without interruption since 2006.

The eleventh in the series took place on 27 October 2009. Dubbed "Productive Turkey Meeting: Tourism", the meeting took place in Antalya and was attended by representatives and managers of tourism industry enterprises.

During the meeting, detailed presentations were made about the types of financial support that Halkbank makes available to the tourism industry while industry representatives discussed their sector's current situation and future prospects with the Bank.

SME Transformation Project

Under Halkbank's SME Transformation Project, which it launched in 2008, the Bank has been holding training conferences for SMEs that focus on issues related to corporate social responsibility, environment, and occupational health and safety and also on matters pertaining to legal frameworks at the national and international levels.

During 2009, the project gave particular attention to improving the efficiency of SMEs' business processes and to supporting their vision development efforts.

A booklet designed for SMEs and dealing with subject of "corporate social responsibility and best practices" was published in Turkish and English.

IIF Meeting held in İstanbul

The annual members' meeting of the Institute of International Finance (IIF) was held in İstanbul on 2-4 October 2009 and was attended by representatives of 1.200 financial institutions.

SMEs in a Globalizing World: Conference on Prospects and Opportunities for Growth

Serving as a platform on which to exchange information on a wide range of critical issues which globalization poses for SMEs in today, "SMEs in a Globalizing World: Conference on Prospects and Opportunities for Growth" took place in İstanbul on 9-10 April 2009. The conference was hosted jointly by the business newspaper Dünya and by the French Development Agency (AFD) and Halkbank.

Halkbank Memorial Forest

Last year Halkbank took the first steps in its "Halkbank Memorial Forest" project, which is being carried out jointly with the Ministry of Environment and Forestry and with the Ministry of Agricultural and Village Affairs.

Under this social responsibility project, a total of 40.000 saplings will have been planted in time for spring 2010.

Assistance and donations during the year

In 2009, Halkbank paid out a total of TRY 952.746 as assistance and donations. The Bank's charitable grants last year fell into two main categories: aid given to the "In the Name of Humanity Gaza" campaign on the one hand and donations given to a number of public agencies and organizations to help defray their equipment costs.

Halkbank's Subsidiaries

In addition to advanced banking products and services, Halkbank also meets the needs of its customers in the areas of investment, leasing, and insurance through its financial services subsidiaries. Halkbank has a portfolio of 25 firms that are active in international banking (3), insurance (2), finance (15), and trade and services (5).

Halkbank's subsidiary policy is rooted in the idea of controlling a portfolio of firms that will:

- Contribute towards the Bank's product diversity and marketing process consolidation by creating added value
- Lower the Bank's service production costs by increasing operational efficiencies
- Enable the Bank to supply its customers with the high-quality services that they need.

Thanks to the synergetic collaborations that the Bank has created by adhering to this policy, Halkbank provides its customers with the services that they need in the fastest and most effective way possible.

In 2009, Halkbank began working on a project to set up a real estate investment trust with the aims of making its fixed assets more liquid and of having its tangible fixed assets managed professionally.

Furthermore, Halkbank also applied to the Privatization Administration to dispose of a number of minority stakes in its subsidiaries portfolio in which its shareholding interests are deemed to be too small to give the Bank an effective voice in management. A resolution (2009/73 dated 31 December 2009) by the Privatization High Council Halkbank to sell off these assets while also stipulating that the sales must be completed on or before 17 November 2010 at the latest.

Halkbank subsidiary Birlik Hayat Sigorta A.Ş., a life insurance company, decided to join Turkey's private pension system in 2009. Preliminary studies related to this project have been completed and the company has submitted its application to the Treasury for a license to operate as a private pension service provider.

Information about Halkbank's subsidiaries is summarized briefly below.

Domestic Subsidiaries and Affiliates

Halk Yatırım Menkul Değerler A.Ş.

Capital: TRY 28 million

Halkbank's share: 99,94%

Halk Yatırım Menkul Değerler A.Ş. (Halk Investment Securities Inc) was set up in 1997 to engage in capital market activities, to buy and sell capital market instruments, and to conduct stock exchange transactions.

The company's total assets increased 97,9% to TRY 73,4 million in the year to end-2009 while its shareholders' equity amounted to TRY 40 million (up 28,2%) and its current net profit to TRY 8,8 million as of the same date. The aggregate value of the mutual funds under the company's management increased 31,1% in 2009 to TRY 594 million. Halk Yatırım Menkul Değerler A.Ş.'s results are subject to full consolidation with those of the Bank.

Birlik Hayat Sigorta A.Ş.

Capital: TRY 7 million

Halkbank's share: 94,40%

Birlik Hayat Sigorta A.Ş. (Birlik Life Insurance Inc) was set up in 1998 to engage in life insurance and reinsurance activities related to private individuals both in Turkey and abroad.

The company's total assets increased 38% to TRY 140,4 million in the year to end-2009 while its shareholders' equity amounted to TRY 67,1 million (up 47,8%) and its current net profit to TRY 18,2 million as of the same date. Birlik Hayat Sigorta A.Ş.'s results are subject to full consolidation with those of the Bank.

Birlik Sigorta A.Ş.**Capital:** TRY 40 million**Halkbank's share:** 89,18%

Originally founded in 1958 as a Halkbank initiative, Birlik Sigorta A.Ş. (Birlik Insurance Inc) was the first cooperative company in Turkey specifically set up with the involvement of tradesmen and artisans and their Union of Tradesmen and Artisans Credit and Surety Cooperatives. From the outset, the company's mission was to engage in all forms of insurance-related activities.

The company's total assets increased 20% to TRY 141,9 million in the year to end-2009 while its shareholders' equity amounted to TRY 54,4 million (up 36,5%) and its current net profit to TRY 4,4 million as of the same date. Birlik Sigorta A.Ş.'s results are subject to full consolidation with those of the Bank.

Halk Finansal Kiralama A.Ş.**Capital:** TRY 69,5 million**Halkbank's share:** 47,75%

Halk Finansal Kiralama A.Ş. (Halk Leasing Inc) was set up in 1991 to engage in leasing activities in Turkey and abroad.

At the beginning of 2008, the VAT advantages that the sector hitherto had offered investors were done away with. This action, combined with the economic downturn that began around the middle of the same year resulted in a substantial contraction in the leasing industry's business volumes in 2009. At end-2009 Halk Leasing had total assets worth TRY 410,3 million, shareholders' equity amounting to TRY 90,2 million, and a net profit of TRY 28,5 million.

KOBİ Girişim Sermayesi Yatırım Ortaklığı A.Ş.**Capital:** TRY 20 million**Halkbank's share:** 31,47%

KOBİ Girişim Sermayesi Yatırım Ortaklığı A.Ş. (SME Venture Capital Investment Trust Inc) was set up in 1999 to aid SMEs in their development and economic activities and to provide project development and training services. The company's practice is to take partnership stakes in order to provide essential financial support so that entrepreneurs and firms which satisfy the company's own investment-worthiness criteria may undertake projects that they have. At end-2009 SME Venture Capital had total assets worth TRY 38,3 million, shareholders' equity amounting to TRY 38,1 million, and a net profit of TRY 1,6 million.

KGF Kredi Garanti Fonu İşletme ve Araştırma A.Ş.**Paid-in capital:** TRY 119,1 million**Halkbank's share:** 1,67%

KGF Kredi Garanti Fonu İşletme ve Araştırma A.Ş. (KGF Credit Guarantee Fund Management & Research Inc) was set up in 1991 to support small to medium-sized enterprises by providing them with guarantees so that they might borrow the funds which they need to finance their investments and operations from banks.

In 2009, work was begun to make the credit guarantee system operate more effectively so that businesses (especially SMEs) could gain access to financial resources. In line with this, the Treasury transferred TRY 1 billion to KGF's account in order to expand the company's total credit guarantee volume and put it in a more effective position to provide real sector firms with the credit guarantees that they need. During the year the company underwent a share capital increase in which 19 banks (other than Halkbank and its existing shareholders) acquired shareholding interests of their own.

Fintek-Finansal Teknoloji Hizmetleri A.Ş.**Capital:** TRY 2,5 million**Halkbank's share:** 24%

Fintek-Finansal Teknoloji Hizmetleri A.Ş. (Fintek Inc) is a financial technology services company that was set up in 2001 to write and develop any and all manner of data processing software programs and products and to acquire and lease the licensing rights thereto.

Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş.**Capital:** TRY 1 million**Halkbank's share:** 24%

Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş. (Bileşim Alternative Delivery Channel and Payment Systems Inc) was set up in 1998 to print and distribute POS, ATM, and credit cards and to fulfill their operational requirements.

Bankalararası Kart Merkezi A.Ş.**Capital:** TRY 6 million**Halkbank's share:** 18,95%

Bankalararası Kart Merkezi A.Ş. (Interbank Card Center Inc) was set up in 1990 with the aims of dealing with problems that card payment system service providers face in common and to develop rules and standards applicable to bank and credit cards in Turkey in general.

KKB Kredi Kayıt Bürosu A.Ş.**Capital:** TRY 7,4 million**Halkbank's share:** 18,18%

KKB Kredi Kayıt Bürosu A.Ş. (Credit Bureau of Turkey Inc) was set up in 1995 to provide financial institutions whose principal business activities are concerned with money and capital markets and with insurance with the information sharing abilities that they need to better monitor and control retail lending.

International subsidiaries and affiliates**Demir-Halkbank (Nederland) NV****Capital:** EUR 113,4 million**Halkbank's share:** 30%

Demir-Halkbank NV was established in the city of Rotterdam in Holland in 1992. At end-2009 the Bank had three branches in Holland, one branch in Germany, and three branches and three lending offices in Belgium as well as a representative office in İstanbul. Demir-Halkbank NV's results are subject to consolidation on a shareholders' equity basis.

Magyarorszagi Volksbank RT**Capital:** HUF 15.066 million**Halkbank's share:** 2,65%

Magyarorszagi Volksbank (Volksbank Hungary Ltd) was founded in 1993.

International Joint Stock Bank (Garagum)**Capital:** TMM 13,4 million**Halkbank's share:** 2,55%

International Joint Stock Bank was founded in Turkmenistan in 1993.

Other Participations

- Gelişen İşletmeler Piyasaları A.Ş.
- Asbaş Antalya Serbest Bölge İşleticisi A.Ş.
- IMKB Takas ve Saklama Bankası A.Ş.
- Mesbaş Mersin Serbest Bölge İşleticisi A.Ş.
- TCMB
- Alidaş Alanya Liman İşletmeleri Denizcilik Turz. ve Tic. San. A.Ş.
- Ziraat Portföy Yönetimi A.Ş.
- Türkiye Vakıflar Bankası T.A.O.
- Türkiye Kalkınma Bankası A.Ş.
- Tasfiye Halinde Türk Ticaret Bankası A.Ş.
- Mastercard Worldwide
- Visa Inc.



DRT Bağımsız Denetim
ve Serbest Muhasebeci
Mali Müşavirlik A.Ş.
Sun Plaza Bilim Sok. No:5
Maslak Şişli 34398
İstanbul, Türkiye

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Annual Report Compliance Opinion

To the General Assembly of Türkiye Halk Bankası A.Ş.:

We have audited the accuracy and compliance of the financial information in the accompanying annual report of Türkiye Halk Bankası A.Ş. (the Bank) with the audit report issued as of December 31, 2009. The Board of Directors of the Bank is responsible for preparation and fair presentation of the annual report. As independent auditors, our responsibility is to express an opinion on the compliance of financial information in the annual report with the audited financial statements and explanatory notes.

We conducted our audit in accordance with the accounting standards and principles and procedures of preparing and issuing annual reports as set out by the Banking Act No: 5411. Those standards require that we plan and perform our audit to obtain reasonable assurance whether the annual report is free from material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial information provided in the accompanying annual report presents fairly, in all material respects, information regarding the financial position of Türkiye Halk Bankası A.Ş. as of December 31, 2009 in accordance with the prevailing accounting principles and standards set out as per the Article 40 of the Banking Act No: 5411. The financial information provided in the annual report is in compliance with the audited financial statements and explanatory notes, and also includes the summary management report and our audit opinion on these financial statements.

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

Sibel Türker
Partner

İstanbul, February 22, 2010

Management and Corporate Governance

Board of Directors and Statutory Auditors



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1- Hasan Cebeci Chairman

1949, Çankırı. Hasan Cebeci is a graduate of Ankara Academy of Economic and Commercial Sciences (Department of Economics) He began his career in 1975 as an Assistant Inspector at Vakıflar Bank, where he subsequently worked as an Inspector, Branch Manager, Unit Manager, Regional Manager, and Deputy General Manager. In 2003 he was appointed as an Executive Board Member of Halkbank responsible for loans. He served as the Bank's General Manager and Chairman of its Executive Board. Mr. Cebeci has been serving as the Chairman of the Board since 2005.

2- Hasan Sezer Vice Chairman

1958, Ankara. Hasan Sezer is a graduate of Ankara Academy of Economic and Commercial Sciences (Department of Foreign Trade and Foreign Exchange). He began his career with a privately owned firm in 1982. He joined Ziraat Bank in 1983 as an Assistant Inspector, subsequently rising to the positions of Inspector, Assistant Manager and Department Head. He served as the General Manager of Ziraat ve Halk Yatırım Menkul Değerler. In 2003 he was appointed as an Executive Board Member of Halkbank responsible for risk management and financial control. Mr. Sezer has been serving as the Vice Chairman since 2005.

3- Hüseyin Aydın General Manager and Board Member

Hüseyin Aydın began his career as an Assistant Inspector at Ziraat Bank, where he served in various positions up to Vice Chairman. Having served as an Executive Board Member of Halkbank and as a Board Member of Pamukbank, he has become the General Manager and Board Member of Halkbank on 31 May 2005, two positions he currently holds. He also serves as the Chairman of the Boards of Directors of Birlik Sigorta and Birlik Hayat Sigorta.

4- Emin Süha Çayköylü Board Member

1948, İstanbul. Emin Süha Çayköylü is a graduate of Middle East Technical University (Department of Mechanical Engineering) in 1970 and also holds an M.B.A. from Syracuse University Business School, an M.Sc. from the University of Manchester UMIST, and a Ph.D. from Washington International University. He began his career in 1972 in a privately-owned company. He worked as a Project Manager and as Executive Manager at the Development Bank of Turkey and Islamic Development Bank. He served as a general manager and coordinator in various privately-owned companies. Mr. Çayköylü has been a Board Member of Halkbank since 2003.

5- Mustafa Çelik Board Member

1961, Afşin/Kahramanmaraş. Mustafa Çelik is a graduate of Ankara University (Faculty of Law). He began his career in 1986 as a legal practitioner affiliated to the Ankara Bar Association. He worked as a Legal Consultant, Senior Legal Consultant, Member of R&D and Board Member at Vakıflar Bank and held seats as a Vice Chairman or Member on the Boards of various privately-owned companies. Mr. Çelik still works as a legal practitioner under the İstanbul Bar Association and he has been serving as a Board Member of Halkbank since April 2008.



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6- Dr. Nurzahit Keskin Board Member

He was born in İstanbul in 1962. Nurzahit Keskin is a graduate of the Afyon Faculty of Economic and Administrative Sciences of Anadolu University and received a master's degree in international banking from the Institute of Banking and Insurance of Marmara University. Having completed his doctorate studies at Sakarya University, he started his career as an Instructor at Marmara University. He later entered the private sector, and worked as an Independent Auditor and Management Consultant for an international company. He also worked as a senior-level human resources manager in various national and multinational firms, and as a Member of the Executive Committee and Executive Board Member responsible for human resources, operations, and support services in Ziraat Bank. He additionally held seats as a Member on the Boards of Directors of Ziraat Bank International AG, Germany; Turkish - Ziraat Bank Bosnia dd, Bosnia &-Herzegovina; Ziraat Banka AD, Macedonia; Türkmen Türk Ticaret Bankası, Turkmenistan ve Türk Bank ASC, Azerbaijan. Mr. Keskin has been a Member of the Halkbank Board of Directors since 2005. He also serves as a Board Member of Demir-Halk Bank (Nederland) N.V. besides his current position at Halkbank and speaks English and German.

7- Burhaneddin Tanyeri Board Member

1953, Aşkale/Erzurum. Burhaneddin Tanyeri is a graduate of Atatürk University (Department of Business Administration). He worked at the Agricultural Equipment Agency from 1976 through 1982. Subsequently he served Ziraat Bank as an Assistant Inspector, Inspector, Chief Inspector, Branch Manager, and Regional Manager. He held memberships on the Boards of Directors of Ziraat Finansal Kiralama and Halk Finansal Kiralama. Mr. Tanyeri has been serving as a Board Member of Halkbank since 2005.

8- İbrahim Hakkı Tuncay Board Member

1949, Malatya. İbrahim Hakkı Tuncay is a graduate of the Middle East Technical University (Department of Business Administration). While he worked as an assistant in Chair of Economics in Balıkesir İTYO, he pursued his doctorate studies at Uludağ University. He worked as a Manager, Trainer, Senior Executive and Management Consultant in various privately-owned companies after 1976. He worked at Ziraat Bank and Halkbank as a Member of the Joint Board of Directors for Public Banks in 2004 and 2005. He also held memberships on the Boards of Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri, and Fintek Teknoloji Hizmetleri. Mr. Tuncay has been serving as a Board Member of Halkbank, Birlik Hayat Sigorta and Birlik Sigorta since April 2008.

9- Ahmet Yariz Board Member

1966, Elazığ. Ahmet Yariz is a graduate of İstanbul University (Faculty of Business Management). He received his master's degree in banking from Marmara University Institute of Banking and Insurance, where he currently pursues his doctorate studies. He began working in the banking sector at Sınai Yatırım ve Kredi Bank in 1989, and also worked for industrial enterprises and financial institutions. He worked as a Board Member responsible for risk management and internal audit at Vakıflar Bank and as a Board Member in The Savings Deposit Insurance Fund. Mr. Yariz has been serving as a Board Member of Halkbank since April 2008.

10- Yusuf Dağcan Statutory Auditor

1951, Mucur/Kırşehir. Yusuf Dağcan is a graduate of Eskişehir Academy of Economic and Commercial Sciences. He began his career in 1977 as an Assistant Inspector at Vakıflar Bank, where he subsequently worked as an Inspector from 1982, and as the Branch Manager of Kırşehir, Kayseri, Konya, Meşrutiyet/Ankara and Başkent/Ankara Branches from 1984 through 2001. Elected as a Statutory Auditor of Halkbank on 27 March 2003, Mr. Dağcan concurrently serves as the Chairman of the Board of Halk Finansal Kiralama, and Board Member of Birlik Hayat Sigorta. He also served as a Board Member and Statutory Auditor at TAİB Yatırım Bank from 05 September 2007 until 30 June 2008.

11- Şeref Efe Statutory Auditor

1968, Espiye/Giresun. Şeref Efe is a graduate of Ankara University (Faculty of Political Sciences, Department of Public Administration) and holds a master's degree from Harvard University, JFK School of Government. He began his career in 1992 as an Assistant Auditor at the Turkish Court of Accounts, where he subsequently rose to the positions of Auditor and Chief Auditor. Mr. Efe has been a Statutory Auditor of Halkbank since March 2003. In addition to this position, he also served as an Undersecretary at the Turkish Treasury from 2004 through 2007. He has also been serving as the Head of Strategy Development at the Ministry of Energy and Natural Resources since April 2007.

Senior Management



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1- Hüseyin AYDIN General Manager

The CV of Hüseyin Aydın is presented on page 54.

2- Osman Arslan Deputy General Manager Financial Management and Planning

1971, Ankara. Osman Arslan is a graduate of the Middle East Technical University (Faculty of Arts and Science, Department of Statistics) and got his executive MBA degree at the same university. He started his career in 1995 in the Banking School at Ziraat Bank, where he later worked as a specialist. He served as an Inspector and Manager at various banks from 1998 to 2004. Starting from 2004 he worked as Division Manager and Department Head at Halkbank. After serving as the Bank's Deputy General Manager for Corporate Communication and Structuring from 27 June 2007 until 28 May 2008, Mr. Arslan has been appointed as the Deputy General Manager for Financial Management and Planning effective on 29 May 2008, a position he still holds.

3- Süleyman Aslan Deputy General Manager Treasury Management and International Banking

1970, Osmancık/Çorum. Süleyman Aslan is a graduate of the Middle East Technical University (Faculty of Economic and Administrative Sciences, Department of International Relations). He began his career in 1992 in the Banking School at Ziraat Bank where he served as a Specialist in the Capital Markets Department, as an Assistant Manager in ISE Branch and as a Division Manager in the Bonds and Securities Department. He served as the General Manager and Board Member of Ziraat Asset Management. He later served as the Head of the Foreign Currency and Money Markets Division at Ziraat Bank. Having worked as Halkbank's Deputy General Manager responsible for Treasury Management from 15 June 2005 until 28 May 2008, Mr. Aslan became a Deputy General Manager responsible for Treasury Management and International Banking, a position he currently holds. He also holds a seat on the Board of Halk Yatırım Menkul Değerler, a subsidiary of the Bank.

4- Ömer Muzaffer Bakır Deputy General Manager Corporate and Commercial Loans

1961, İstanbul. Ömer Bakır is a graduate of İstanbul Technical University (Faculty of Mining Engineering). He began his career in 1990 as an Assistant Inspector at Pamukbank and subsequently served as an Inspector, Service Manager, and Department Manager at the same bank. Having joined Halkbank in December 2004, Mr. Bakır has been appointed as the Deputy General Manager responsible for Corporate Commercial Marketing on 09 June 2005, the Deputy General Manager responsible for Corporate and Commercial Marketing on 06 June 2007, and then the Deputy General Manager responsible for Corporate and Commercial Loans on 16 November 2009. Mr. Bakır quitted his position at Halkbank on 01 March 2010.

5- Halil Çelik Deputy General Manager Risk Management and Internal Control

1956, Akçaabat/Trabzon. Halil Çelik is a graduate of Anadolu University (Faculty of Economics). From 1982, he held various positions at Ziraat Bank as an Assistant Inspector, Inspector, Chief Inspector, and Regional Manager, and also served as an Inspector at İller Bankası (Bank of Provinces). At Halkbank he served as the Deputy General Manager responsible for Banking Operations (28 July 2003 - 05 June 2007), for Operations and Support Services (06 June 2007 - 20 November 2008), and Banking Operations (21 November 2008- 12 January 2009). Mr. Çelik has been serving as the Bank's Deputy General Manager responsible for Risk Management and Internal Control since 13 January 2009.

6- Yakup Demirci Deputy General Manager Human Resources-Organization and Administrative Services

1966, Karabük. Yakup Demirci is a graduate of Ankara University (Faculty of Political Sciences). From 1989, he worked at Halkbank as an Assistant Inspector, Inspector, Assistant Unit Manager, Division Manager, and Department Head. Mr. Demirci has been appointed as the Bank's Deputy General Manager responsible for Human Resources and Organization in June 2008. He has been serving as Deputy General Manager responsible for Human Resources -Organization and Support Services since 21 November 2008.

7- Yunus Esmer Deputy General Manager Artisans and SME Banking-1

1956, Vakfıkebir/Trabzon. Yunus Esmer is a graduate of Ankara Academy of Economic and Commercial Sciences (Department of Business Administration & Accounting). He functioned in various positions at Halkbank since 1979 including Assistant Specialist, Specialist, Chief Specialist; Assistant Manager; Division Manager and Department Head. Mr. Esmer was appointed as the Bank's Deputy General Manager responsible for Corporate and Commercial Loans in June 2005. He has been serving as Deputy General Manager responsible for Artisans and SME Banking-1 since 16 November 2009. He speaks English.



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8- Mehmet Cengiz Gögebakan Deputy General Manager

Loan Policies

1965, Antalya. M. Cengiz Gögebakan is a graduate of Ankara University (Faculty of Political Sciences, Department of Economics). Upon his graduation, he began his career in 1987 as an Assistant Inspector at Pamukbank, where from 1994 onwards he served as a Division Manager at Company Assessment, Credit Monitoring, Lending, Administrative Follow-Up and Lending Policies. He joined Halkbank on 17 November 2004 in charge of Retail Loans, where he rose to Deputy General Manager responsible for Risk Liquidation after 09 June 2005. Mr. Gögebakan has been serving as the Bank's Deputy General Manager responsible for Lending Policies since 06 June 2007.

9- Erol Göncü Deputy General Manager

Information Systems and Technical Services

1964, Siirt. Erol Göncü is a graduate of the Middle East Technical University (Faculty of Arts and Sciences, Department of Mathematics). He worked as an IT Manager at various banks and privately-owned companies since 1988. Having joined Halkbank as a Department Head in 2004, Mr. Göncü has been serving as the Bank's Deputy General Manager since 09 June 2005.

10- Dr. Şahap Kavcıoğlu Deputy General Manager

Artisans and SME Banking-2

1967, Bayburt. Dr. Şahap Kavcıoğlu is a graduate of Dokuz Eylül University (Faculty of Economics and Administrative Sciences, Department of Business Administration). He then graduated from İstanbul University's Institute of Accounting and studied business administration at Hastings College in the U.K. He received his master's and doctorate degrees in banking from the Marmara University Institute of Banking and Insurance. He worked as a Manager at various privately-owned banks since 1991. He joined Halkbank in 2003 as the Bank's Regional Coordinator for İstanbul. Appointed as the Bank's Deputy General Manager responsible for Retail Loans in 2005, Dr. Kavcıoğlu served as the Deputy General Manager responsible for Tradesmen and SME Banking since 06 June 2007. He has been serving as Deputy General Manager responsible for Artisans and SME Banking-2 since 16 November 2009.

11- Bilgehan Kuru Deputy General Manager

Retail Banking

1961, Çine/Aydın. Bilgehan Kuru is a graduate of the Middle East Technical University (Faculty of Engineering, Department of Mining Engineering) and received his master's degree from the Graduate School of Natural and Applied Sciences at the same university. He worked at Halkbank from 1986 to 1988. From 1988, he served as an Assistant Specialist, Division and Department Manager at Pamukbank. He rejoined Halkbank in 2004 as a Department Head. Mr. Kuru has been appointed as Deputy General Manager on 27 June 2007, in which post he still serves. He speaks English.

12- Mustafa Savaş Deputy General Manager

Risk Collection and Liquidation

1965, Çine/Aydın. Mustafa Savaş is a graduate of Ankara University (Faculty of Political Sciences). He began his career on 01 March 1991 at Halkbank as an Assistant Inspector, where he later worked as an Inspector, Branch Manager of Lefkoşa/TRNC and Yukarı Ayrancı/Ankara Branches, and Head of the Internal Control Department. Having served as the Bank's Deputy General Manager responsible for Risk Management and Internal Control from 18 July 2002 to 12 January 2009, Mr. Savaş currently functions as the Deputy General Manager responsible for Risk Collection and Liquidation since 13 January 2009.

13- Selahattin Süleymanoğlu Deputy General Manager

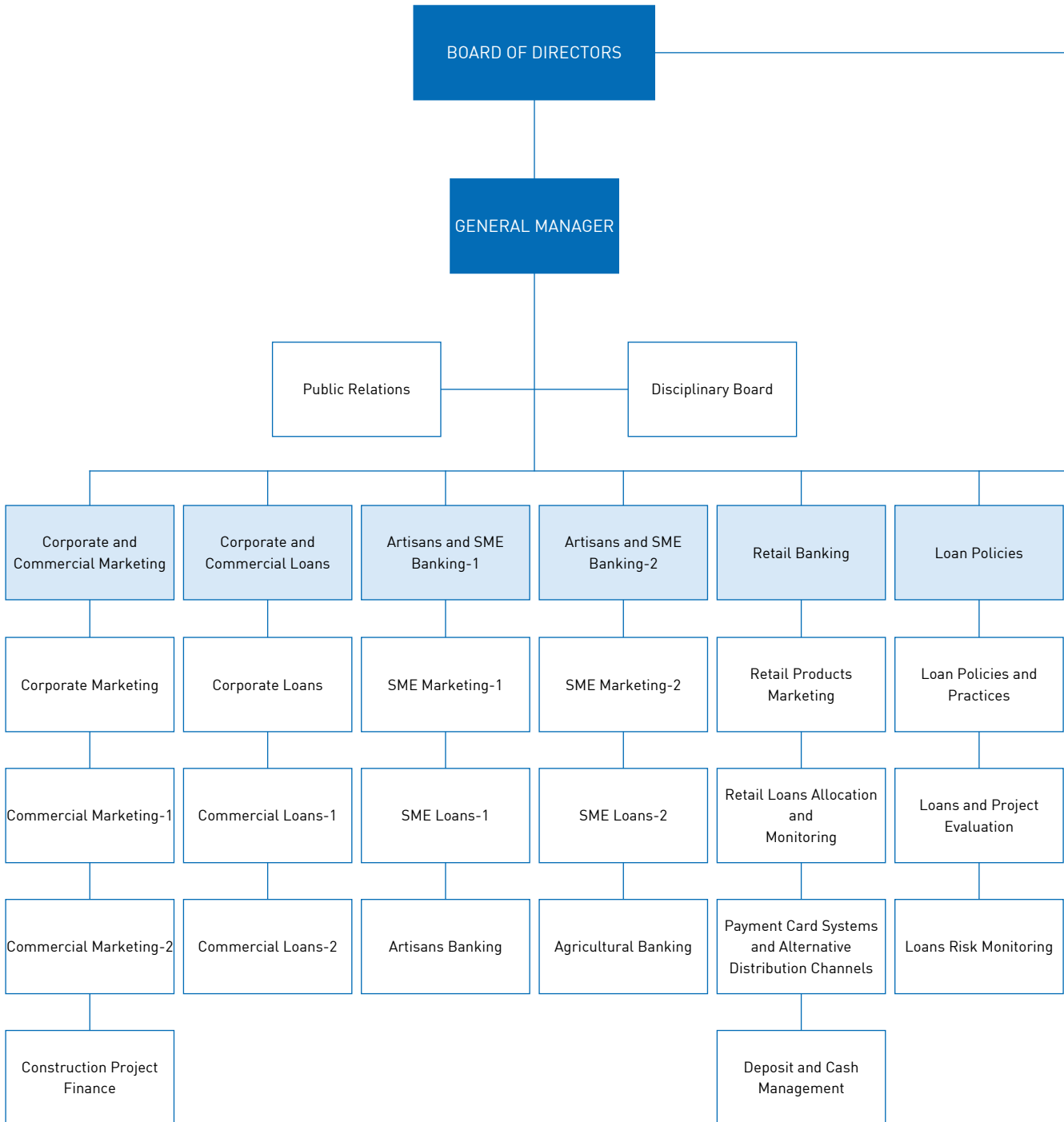
Banking Operations

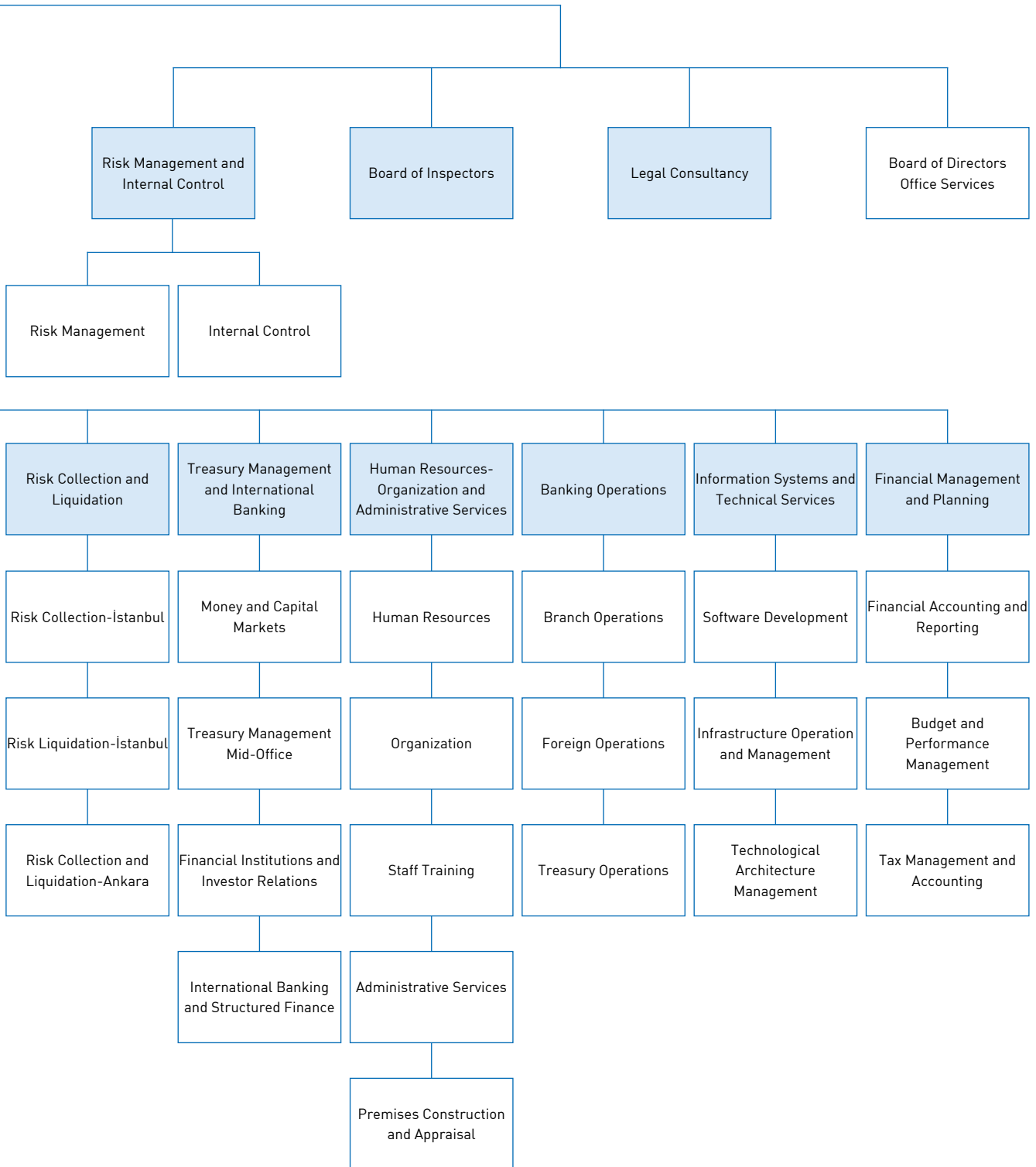
1962, Alucra/Giresun. Selahattin Süleymanoğlu is a graduate of Gazi University (Faculty of Economics and Administrative Sciences, Department of Business Administration). He joined Adabank as an Assistant Inspector in 1990. He worked as an Inspector, Branch Manager and Karadeniz Region Manager at Emlak Bank from 1991 to 2001. He joined Halkbank in 2001 as a Branch Manager, where he functioned as the Branch Manager of various branches and Ankara Corporate Branch. Having served as the Deputy General Manager responsible for Risk Collection and Liquidation from 11 June 2007 to 12 January 2009, Mr. Süleymanoğlu currently serves as the Bank's Deputy General Manager responsible for Banking Operations since 13 January 2009. He speaks English.

14- Ali İpek Head of the Board of Inspectors

1966, Gerede/Bolu. Ali İpek is a graduate of Gazi University (Faculty of Economics and Administrative Sciences, Department of Public Administration). He joined Halkbank in 1989 where he initially served in a branch, and subsequently held the positions of Assistant Inspector, Inspector, Manager of Siteler Branch in Ankara, [acting] Manager of Merkez Branch in Ankara, Commercial and SME Marketing Division Manager, and Head of Commercial Marketing Department. He served as the Department Head at the Banking Regulation and Supervision Agency in early 2004. He has been appointed as the Head of Halkbank's Board of Inspectors on 06 April 2005, a position he still holds.

Organization Structure





Türkiye Halk Bankası A.Ş. Committees

AUDIT COMMITTEE

The Audit Committee was set up on 31 October 2006 pursuant to Board of Directors resolution 34-01. The Members of the Audit Committee are responsible for the effective conduct of functions related to the Bank's internal audit, risk management, and internal control activities.

Duties of the Audit Committee are as follows:

- assessing the effectiveness of the internal control system through internal control and internal audit units; overseeing whether or not Bank's internal policies, practices, and procedures approved by the Board of Directors are being complied with and making recommendations to the Board of Directors on measures that need to be taken;
- monitoring and assessing the Bank's internal audit system; overseeing whether or not the internal audit unit is fulfilling the obligations specified in regulations and internal policies; examining internal regulations concerning designated strategies, policies, and programs related to internal audit and concerning the structure of the internal audit unit and submitting those that it deems suitable to the Board of Directors for its approval;
- assessing whether or not there exist essential methods, practices, and procedures to identify, monitor and control the risks to which the Bank is expose;
- reviewing independent auditors' assessments concerning the compliance of the Bank's accounting practices with laws, regulations, and administrative provisions;
- reviewing the results of independent audits together with senior management and independent auditors and resolving any issues concerning which doubts may be expressed by independent auditors or in their reports;
- assessing the adequacy and reliability of independent auditors, rating agencies, assessor companies, and support service providers which the Bank may sign contracts with and submitting a report of their findings to the Board of Directors; repeating these tasks regularly at maximum intervals of three months during the term of the agreement in the event service is obtained there from;
- overseeing whether or not the information contained in the Bank's financial reports is true and complete, and reporting any findings to relevant authorities;
- discussing with the independent auditors whether or not financial reports accurately reflect the Bank's financial standing, the results of transactions that have been performed, and the Bank's cash flows, whether or not they are drawn up in compliance with the procedures and principles set out in laws, regulations and other applicable legislation;
- reporting their activities conducted during the reporting period, the results thereof, and the opinions of the Committee to the Board of Directors at maximum intervals of six months.

During 2009, the Audit Committee met 31 times and discussed the Bank's potential risks, stress tests and scenario analyses, as well as risk management policies and implementation principles thereof. The Committee Members regularly participated in the meetings.

Audit Committee Members	Position	Primary Position
Hasan SEZER	Chairman	Vice Chairman of the Board of Directors
Emin Süha ÇAYKÖYLÜ	Member	Member of the Board of Directors

OPERATIONAL RISKS WORKING COMMITTEE

The Operational Risks Working Committee is responsible for identifying transactions that give rise to operational losses and heading off such losses. The committee meets regularly and at least once a month.

Duties of the Operational Risk Working Committee are:

- identifying procedures so that the formulation of a data base needed for the quantification of the Bank's operational risks is carried out in coordination with the units involved;
- coordinating units' activities so that the errors and irregularities identified by the Board of Inspectors and other control units are recorded using a standardized coding system;
- conducting technical and administrative activities for the formulation of a data base concerning operational losses sustained in the past;
- assessing operational risks related to functional activities in the risk assessment matrix and formulating views as to their relative weightings;

Türkiye Halk Bankası A.Ş. Committees

- fulfilling duties in relation with monitoring, controlling and preventing all operational risks at the Bank
- fulfilling other duties incumbent upon it as a result of changes in banking legislation.

During 2009, the Operational Risks Working Committee met twelve times, during which, decisions were made to identify transactions that give rise to operational losses and to prevent operational losses. Members of the Committee regularly participated in the meetings.

Operational Risks Working

Committee Members	Position	Primary Position
Ali Ulvi SARGON	Chairman	Head of Risk Management Department
Alaaddin SARITAÇ	Member	Head of Disciplinary Board
Mehmet TÜFEKÇİ	Member	Head of Internal Control Department
Ergin KAYA	Member	Head of Branch Operations Department
Levent BALKAN	Member	Head of Foreign Operations Department
Olcay DOĞAN	Member	Head of Budget and Performance Management Department
Ali ALEV	Member	Head of Treasury Operations Department
Kadir YAYLAK	Member	Head of Tax Management and Accounting Department
Ayşegül ASLAN	Member	Head of Technological Architecture Management
Hasan ÜNAL	Member	Payment Card Systems and Alternative Distribution Channels Department
Mustafa Çağrı ÜNAL	Member	Assistant Head of the Board of Inspectors

CREDIT COMMITTEE

The Credit Committee performs credit-related duties with which it is charged by the Board of Directors. This committee consists of the General Manager and of at least two board members who satisfy all the qualifications required of a General Manager save for term of office. When a Credit Committee member is unable to attend a meeting, he or she will be replaced by two alternate members who will be selected from amongst the board members who satisfy all the qualifications required of a General Manager save for term of office. The General Manager is the Head of the Credit Committee; in the General Manager's absence, one of the other associate committee members serves as the chairman. The Chairman of the Credit Committee is responsible for the effective and sound coordination of the committee's activities. The Credit Committee convenes at least once a week in a meeting attended by all of its members.

Duties of the Credit Committee are as follows:

- implementing the policies approved by the Board of Directors concerning the dimensions of the Bank's lending policy, total placements portfolio and its distribution by sectors, geographical regions, and credit types;
- making recommendations to the Board of Directors for the determination of principles and procedures relevant to the Bank's credit policies and to its lending on a portfolio and private individual/corporate entity basis;
- ensuring that the credit portfolio is managed within the framework of generally accepted risk management principles.

The Committee may delegate some of its duties and authorities, provided that the scope and limits of these powers are explicitly defined; but it may not delegate any authorities concerning any type of unsecured credit other than retail loans and it monitors and checks the activities of the body to which it has delegated such authorities.

The Credit Committee met 49 times during 2009 and made 1.767 decisions. The Members of the Committee regularly participated in the meetings.

Credit Committee

Members	Position	Primary Position
Hüseyin AYDIN	Chairman	Board Member and General Manager
Burhaneddin TANYERİ	Member	Board Member
Dr. Nurzahit KESKİN	Member	Board Member
Ahmet YARIZ	Member	Board Member

Türkiye Halk Bankası A.Ş. Committees

ASSETS AND LIABILITIES COMMITTEE

The Assets and Liabilities Committee is responsible for determining the policies related to the management of the Bank's assets and liabilities and to the deployment of resources for that purpose and for making and implementing decisions that will be carried out by the units that are involved in the management of the Bank's balance sheet.

Duties of the Assets and Liabilities Committee are as follows:

- discussing and assessing developments in the Bank's financial structure, portfolio, budget, loan and deposit interest rates; developments in money and capital markets; and developments in the Bank itself as well as in other banks.

ALCO regularly meets once a week but it must meet at least once a month on the date and at the place to be set by the Chairman. At ALCO meetings, the Committee works in line with the agenda drawn up by the Chairman. Other assistant general managers and bank officers may be invited by the Committee to take part in its meetings to obtain information from them or to assert their views. At the meetings, decisions made in previous meetings and action steps are reviewed and then decisions that need to be taken and necessary actions are determined. Decisions made and necessary actions identified are submitted to the approval of the General Manager and referral to either the relevant Assistant General Manager's office, or the Board of Directors, depending on authority.

The Assets and Liabilities Committee met 48 times during 2009. Members of the Committee regularly participated in the meetings.

Assets and Liabilities Committee

Members	Position	Primary Position
Hüseyin AYDIN	Chairman	Board Member and General Manager
Osman ARSLAN	Member	Deputy General Manager for Financial Management and Planning
Ömer M. BAKTIR	Member	Deputy General Manager for Corporate and Commercial Loans
Yunus ESMER	Member	Deputy General Manager for Artisans and SME Banking-1
Dr. Şahap KAVCIOĞU	Member	Deputy General Manager for Artisans and SME Banking-2
Süleyman AŞLAN	Member	Deputy General Manager for Treasury Management and International Banking
M. Cengiz GÖĞEBAKAN	Member	Deputy General Manager for Loan Policies
Bilgehan KURU	Member	Deputy General Manager for Retail Banking

CORPORATE GOVERNANCE COMMITTEE

The committee is responsible for monitoring compliance with the Bank's corporate governance principles. The Chairman of the Committee is a non-executive board member to be designated by the Board of Directors. In the absence of the Chairman, one of the other Board members serves as the Chairman of the Corporate Governance Committee. The Corporate Governance Committee convenes on dates, at times and places determined by the Committee's Chairman. Other Bank officers may be invited by the Committee Chairman to take part in meetings to obtain information and/or to assert their views.

Duties of the Corporate Governance Committee are as follows:

- monitoring the Bank's compliance with corporate governance principles in accord with the provisions of the "Regulation on the Bank's Corporate Governance Principles" published by the Banking Regulation and Supervision Agency, and the "Corporate Governance Principles" published by the Capital Markets Board of Turkey; undertaking improvement efforts and making recommendations to the Board of Directors in this matter.

Türkiye Halk Bankası A.Ş. Committees

The Corporate Governance Committee met four times during 2009. Members of the Committee regularly participated in the meetings.

Corporate Governance Committee

Members	Position	Primary Position
Hasan CEBECİ	Chairman	Chairman of the Board of Directors
Emin Süha ÇAYKÖYLÜ	Member	Board Member
İbrahim Hakkı TUNCAY	Member	Board Member
Osman ARSLAN	Member	Deputy General Manager for Financial Management and Planning
Süleyman ASLAN	Member	Deputy General Manager for Treasury Management and International Banking
Yakup DEMİRCİ	Member	Deputy General Manager for Human Resources – Organization and Administrative Services
Erdal ÇELİK	Member	Head of Human Resources Department

THE BOARD OF DIRECTORS

Halkbank Board of Directors consists of at least seven and at most nine members who possess the qualifications required of them by the Banking Law. Members of the board are chosen by the shareholders at the General Assembly. Board members elect from among themselves a chairman, a deputy chairman, a general manager, and at least two members who do not have executive duties, to make up the Audit Committee. The fundamental duty of the board is to administer and represent the Bank. The board is presided by the chairman of the board of directors, and in his or her absence, by the deputy chairman.

The Board of Directors may be convened at the request of the chairman, the deputy chairman, or any of its members. The board must convene at least once a month. Unless it is decided to do otherwise, the board regularly convenes on the third Wednesday of the month.

As a rule, board meetings are held in the city where the Bank's headquarters are located; however with the consent of a simple majority of the board's membership, meeting may be held somewhere else. In keeping with the principle of transparency in auditing functions, the members of the Audit Board may also attend board meetings. The board may also require Assistant General Managers and/or other members of the Bank's management to be present at its meetings.

The agenda of board meeting is prepared by the Chairman or the Deputy Chairman convening the meeting. Agendas are determined and sent out to the members along with its attachments at least 3 days before a meeting is scheduled to take place. In cases compelling urgent convention of the Board of Directors, the agenda is determined and sent out to the members at least 24 hours before the meeting. The chairman may have additional items placed on the agenda if warranted by emergency circumstances. Any board member may propose that an item be placed on the agenda for the board to vote on.

Meeting and decision quorums on the basis of the total number of the Board members in order for the board to convene, discuss the agenda and make decisions are stated below.

Total Number of the Board Members	Meeting Quorum	Decision Quorum
7	5	5
8	5	5
9	6	6

So long as no member wishes to debate an issue, board decisions may also be passed with the written approval of a written proposal that is made by one board member on a particular issue and is circulated among the others. In such cases however, the unanimous consent of the entire board's membership is required.

The Board of Directors met 46 times during 2009 and made 928 decisions.

Türkiye Halk Bankası A.Ş.

Heads of the Units under Internal Control Systems

Deputy General Manager for Risk Management and Internal Control*: Halil ÇELİK

Years in Current Position	Professional Experience	Academic Background
1 year and 1 month	26 years – Halkbank Deputy General Manager, İller Bankası Head of Board of Inspectors - Inspector Ziraat Bank Branch Manager Head of Board of Inspectors – Inspector	Undergraduate degree from a local university

* Mustafa Savaş was the Deputy General Manager for Risk Management and Internal Control until 13 January 2009. Effective from the said date, he has been appointed as the Deputy General Manager for Risk Collection and Liquidation.

Head of the Board of Inspectors: Ali İPEK

Years in Current Position	Professional Experience	Academic Background
4 years and 8 months	19 years – Banking Regulation and Supervision Agency – Head of the Human Resources and Training Department, Halkbank - Head of Corporate Commercial Loans Department, Commercial Marketing Division Manager, Branch Manager, Board of Inspectors - Inspector	Undergraduate degree from a local university

Head of Internal Control Department: Mehmet TÜFEKÇİ

Years in Current Position	Professional Experience	Academic Background
1 year 10 months	25 years – Ziraat Bank – Department Head, Branch Manager, Board of Inspectors - Inspector	Graduate degree from a local university

Head of Risk Management Department: Ali Ulvi SARGON

Years in Current Position	Professional Experience	Academic Background
5 years	19 years – Savings Deposit Fund –Asset Man. Dept., VP, Garanti Bank - Branch Manager, İşbank Board of Inspectors - Inspector	Undergraduate degree from a local university

Türkiye Halk Bankası A.Ş. Board of Directors Report

The effects of the global economic and financial system crisis that began in the US subprime mortgage market in 2008 continued to be felt in 2009 as national economies in general around the world experienced contractions of one degree to another. Nevertheless international measures taken to speed up recovery during the earlier parts of the year began to take hold and produce positive results in the last quarter of 2009.

Thanks to a banking sector that had achieved a healthy structure as a result of effective supervision and particularly of economic measures and restructurings that were undertaken after the 2001 economic crisis, the Turkish economy minimized the effects of the crisis without suffering permanent harm.

By adhering to proactive strategies backed by its own strong capital and financial structure, Halkbank has been registering growth in lending numbers consistently above sectoral averages in recent years and it continued to do so in 2009 as well. The credit rating agency Fitch raised Halkbank's rating in December. In addition to being the leader of SME banking in Turkey, Halkbank has also successfully involved itself in retail banking too. By creating significant funding resources that it can use to meet financial needs through creative solutions and innovative products and services, Halkbank simultaneously supports both real sector entrepreneurs and household budgets.

Halkbank obtains resources under its international agreements with the European Investment Bank, the Council of Europe Development Bank, ECO Trade & Development Bank (Ecobank), the World Bank, and the French Development Agency which it then lends directly to SMEs. The Bank also lends to businesses under protocol agreements that it has entered into with chambers of commerce and industry located all over Turkey.

Combining its 71 years of experience with an effective pricing policy informed by the principles of profitability and productivity and with other banking instruments, Halkbank continues to meet the financial needs of customers in all business sectors while also contributing towards social development through its cultural and social projects.

Last year Halkbank once again adhered to a strategy of enhancing the quality of its assets. In line with this strategy, the Bank increased its assets 18,7% year-on, raising them from TRY 51,1 billion in 2008 to TRY 60,7 billion in 2009.

In the twelve months to end-2009, the share of the Bank's lending among balance sheet assets increased from 50,6% to 53,5%. During the same period, Halkbank's total cash and non-cash credit placements rose 28,2% from TRY 32,6 billion to TRY 41,8 billion as it continued to supply the Turkish real sector with funding.

In 2009, investment securities accounted for a 35,2% share of the Bank's total assets. The Bank's total deposits last year increased 9,1% from TRY 40.271 million to TRY 43.950 million. Particular attention was given to broadening the Bank's deposit base as much as possible while seeking to increase the overall volume.

Attention was also given to handling salary payments for the Bank's corporate customers. Thanks to these and to similar efforts, the Bank's average demand deposits on hand amounted to TRY 5,8 billion in 2009. This represents a highly significant (57,5%) rate of growth over the previous year's TRY 3,7 billion figure.

Despite the adverse effects that the global economic crisis had on its sector overall, Halkbank itself increased its profits 60,2% year-on in 2009, successfully maintaining its sustainable profitability by posting a profit amounting to TRY 1.631 million.

Combining its 71 years of experience with correct strategies, Halkbank had another profitable and productive year and it continued to grow strongly in 2009. We thank all of the Bank's employees for the dedicated efforts that made these successful results possible. We now present Halkbank's 2009 Board of Directors and Statutory Auditors reports and financial statements for the consideration of our esteemed shareholders and their representatives.

Hüseyin AYDIN
Board Member and General Manager

Hasan CEBECİ
Chairman

Türkiye Halk Bankası A.Ş. Human Resources Practices

Recruitment and Hiring

The Organization Department determines staffing norms, subject to the approval of the Board of Directors, and informs the Human Resources Department thereof. The Human Resources Department, taking sectoral developments, innovations affecting personnel employment, qualitative changes in human resources, and budget constraints along with the staffing norms of which it has been informed, draws up a plan concerning from what internal and external sources and in what ways the Bank's manpower requirements for the coming year are to be satisfied. The general qualifications shown below are required of all candidates; however other specific qualifications may be required of candidates depending on the nature of the job position being recruited for.

- Be a citizen of the Republic of Turkey or possess a work permit obtained from Turkish authorities and allowing him to work in Turkey pursuant to Statute 4817.
- Not have been deprived of his civil rights.
- Have no compulsory service obligations towards any agency or organization,
- Be at least nineteen years of age at the time he sits for the entrance examination.
- Never have been convicted of any of the offenses specified in the Bank's Human Resources Regulations.
- Not to be prohibited from working in a bank under the Banking Law.
- Have no compulsory military service obligations or else be entitled to a deferment of them at the time he sits for the entrance examination.
- With the exception of those who are hired to bring the Bank into compliance with the provisions of the Labor Law concerning the employment of handicapped persons, be healthy enough to perform the job and be able to prove by means of an official health agency report that he suffers from no physical or mental illness and from no physical impairment that would prevent him from being able to work on a continued basis anywhere in the country.

Job Applications

Position vacancies at the Bank are announced in newspapers and magazines and via internet human resources websites and the Halkbank website. These announcements contain specific information about the examinations that will be held for the positions. Those who pass such examinations may also be interviewed when necessary to determine whether or not they possess the knowledge and experience required by the job position.

Promotion

The position titles based on levels of authority in descending order at Halkbank are: Managing Director, Director, Manager, Authorized Person, Assistant and Support. Each title in principle is subordinate to a single authorization group and it is a basic requirement that a person be employed in the authorization group of the title he holds. In order for an employee to be promoted from his current position to another in a higher authorization group or to a higher position in his current authorization group:

- There must be a vacancy to be filled in normal staffing.
- He must satisfy at least the minimum length of service requirement for the job/position he currently holds.
- He must have received at least a "good" performance evaluation during the minimum length of service requirement for the job/position he currently holds.
- He must have successfully passed the progression examination.
- He must possess the competencies for the job to which he is to be assigned.
- He must have successfully completed the training (courses and/or seminars) that he takes part in for the job to which he is to be assigned

Transactions the Bank Enters into with Members of Its Own Risk Group

Details of the amounts and reasons for the transactions that the Bank engaged in with members of its own risk group in 2009 are presented in footnote VII of section five of the year's non-consolidated independent auditors' report.

Türkiye Halk Bankası A.Ş.

Companies from Which Support Services are Procured

Information about activities for which support services are outsourced in accordance with the "Regulation concerning the Outsourcing of Support Services by Banks and the Authorization of Organizations Providing Such Services" and the persons and organizations from which they are obtained are indicated below:

- Maintenance services for Side SafeWatch and Paygate software products procured from Eastern Networks Çözümleri Ticaret A.Ş.
- Smart-Ha software maintenance services procured from Eastern Networks Çözümleri Ticaret A.Ş.
- Infrastructure installation and support services that grant emergency connection rights to the Swiftnet IP based messaging network procured from Eastern Networks Çözümleri Ticaret A.Ş.
- Swift Alliance support services procured from Eastern Networks Çözümleri Ticaret A.Ş.
- ODM and mirroring support services procured from IBM Türk Ltd.
- EGL migration and version management services agreed to under the Bank's application development renewal project and procured from IBM Türk Ltd.
- Software development services needed for the Bank's internet and telephone banking project procured from V.R.P. Veri Raporlama Programlama Bilişim Yazılım ve Danışmanlık Hizmetleri Ticaret A.Ş.
- Eastman Software House's "Global 360-40 and 10 simultaneous user system", an outsourced software product which is used in the task flow and archiving system procured from Aksis Bilgisayar Hizmetleri ve Danışmanlık A.Ş.
- Halkbank Identification Management Project software purchase and maintenance services procured from Koç Sistem A.Ş.

Türkiye Halk Bankası A.Ş. Statutory Auditors' Report

Statutory Auditors' report concerning the activities and accounts of Türkiye Halk Bankası A.Ş. ("the Bank") in 2009

We, the Statutory Auditors, took part in Board of Directors meetings between the dates of 1 January 2009 and 31 December 2009 and, having examined the Bank's activities as well as Board of Directors decisions and the documents on which those decisions are based within the framework of laws and regulations, have ascertained the matters discussed below.

OVERVIEW

The Turkish banking industry in 2009 appears to have suffered relatively less from the global downturn that became particularly evident in October 2008 and indeed to have had quite a profitable year. Although financial services (especially banking) numbered among the sectors that were the most seriously impacted by the global crisis in many of the world's countries, the Turkish banking sector manifested a rather different appearance and this is due to the significant effect of its commitment to the implementation of structural safeguards since 2002 and to measures which both the Central Bank of the Republic of Turkey (CBRT) and the Banking Regulation and Supervision Agency (BRSA) took in 2009.

By the end of 2009, CBRT had reduced its interest rate on overnight borrowing to 6,50%, down 1.025 basis points from its 16,75% level in October 2008. Meanwhile the Bank kept the sector supplied with liquidity by means of its open market transactions, by reducing the reserve requirement rates by two points on foreign currency accounts and by one point on Turkish lira accounts, and by allowing up to a 10% plus or minus margin on the 14-day reserve requirement. In such ways CBRT sought to reduce banks' interest costs by heading off volatilities in market interest rates while also boosting their opportunities to lend to real sector borrowers by increasing liquidity. In all these respects, CBRT's efforts appear to have met with significant success.

BRSA for its part made changes in the regulation on provisions on 23 January 2009 that appear to have brought about significant improvements in the processes of restructuring and rescheduling of loans both under close monitoring and NPL category. Taking advantage of these opportunities, banks for their own part restructured such lendings of theirs as might be at risk of becoming non-performing and in that way facilitated their customers' loan repayments.

We have ascertained that the Bank continued to grow by opening new branches in 2009, that it increased the number of branches from 622 in 2008 to 668 by opening 46 new ones, that it hired 1.115 new personnel both to replace those who left on retirement and to meet the manpower requirements of newly-opened branches, and that it plans to hire 1.250 new personnel as a result of written examinations conducted in November 2009.

FINANCIAL STANDING

An examination of the Bank's financial statements as of end-2008 and end-2009 shows:

a) The Bank had total assets amounting to TRY 51.096 million as of end-2008 and it increased these 18,7% to TRY 60.650 million by end-2009. The Bank's 6,98% market share as of end-2008 reached the 7,27% level as of end-2009.

b) The Bank had total lendings (excluding interest accruals) amounting to TRY 25.046 million as of end-2008 and it increased its loan portfolio 26,4% to TRY 31.666 million by end-2009. During the same period, banking sector's total lending was up 6,9% while the Bank's market share in lending rose from 6,8% to 8,1%.

The ratio of total loans to total assets, which is indicative of asset quality, stood at 52,2% as of end-2009. The Bank continued to have a strong appetite for lending in 2009. While the sector's leading financial institutions adhered to a growth strategy that put emphasis on investment securities in 2009, The Bank adopted a lending-based growth strategy with the aim of supporting the real sector in the midst of a business downturn. One outcome of this is that the ratio of the Bank's total lending to total deposits increased 950 basis points in 2009 to 72,3% (excluding interest accruals and net NPLs). In as much as the sector's overall ratio declined 450 basis points to 76,3% during the same interval, this means that the disparity between the Bank and the sector on this front has continued to narrow.

c) NPLs, which amounted to TRY 1.251 million at end-2008, increased 33,3% to TRY 1.668 million by end-2009 while specific provisions for these loans rose 30,9% from TRY 1.038 million to TRY 1.358 million during the same period. As of end-2009, net amount of the Bank's non-performing loans was TRY 309 million.

Türkiye Halk Bankası A.Ş. Statutory Auditors' Report

The overall rise in the sector's NPLs was 55,5%, 2.220 basis points above the Bank's own increase. Similarly the Bank's NPL ratio increased 20 basis points from 4,8% in 2008 to 5,0% in 2009 while the overall rise in the sector was 160 basis points going from 3,7% to 5,3%, above the increase registered by the Bank.

The Bank takes a prudent approach in setting aside provisions for its NPLs as indeed does the sector as a whole. The Bank's NPL coverage ratio was 81,4% in 2009, slightly below the sectoral average of 83,5%.

In 2009, the Bank recovered a total of TRY 507 million of which TRY 127 million was interest and TRY 380 million was principal. Taking advantage of changes made in regulations on provisions, the Bank adhered to a policy of liquidating its NPLs and restructured NPL receivables amounting to TRY 509 million in 2009.

d) Total investment securities (excluding interest accruals) amounted to TRY 17.464 million in value in 2008 and increased 17,4% to TRY 20.500 million by the end of 2009. During the same period the overall rise in the investment securities held by the sector was on the order of 35,50%. The Bank's share of the sector's aggregate investment securities portfolio slipped 120 basis points to 7,80% in 2009.

While the Bank did not adhere to a strategy favoring growth in investment securities as other banks in the sector did last year neither did it make significant changes in the share of securities among its total assets. Thus the ratio of the Bank's investment securities to total assets was 33,8%. In 2009, slightly below its 2008 level of 34,2%.

In 2008 the Bank held TRY 5.623 million worth of "special-issue government bonds" which were given against "duty losses". In the year-end 2009 this total declined 11,2% to TRY 4.996 million while at the same time the Treasury continued with regular debt service (principal and interest)

Contrary to what it did in 2008, last year the Bank sought to realize greater gains on its investment securities with the result that it booked a total of TRY 135 million as profit from the sale of such securities in 2009.

e) In 2008 the Bank handled USD 2.734 million worth of export-related transactions. In 2009 this figure was down 12,87% and amounted to USD 2.382 million. During the same period, the value of Bank-handled imports rose 12,81% from USD 7.465 million to USD 8.422 million.

The Bank continues to make significant progress in the foreign trade finance business line. This is shown by the growth in non-cash loans associated with letter of credit and acceptance credit transactions, which were up 28,1% year-on-year from TRY 1.858 million in 2008 to TRY 2.381 million in 2009.

f) At end-2008 the Bank held a total of TRY 39.904 million in deposits (excluding interest accruals). This figure increased 9,7% and reached TRY 43.791 million by the end of 2009. The overall sector growth of 13,2% was above the Bank's deposit growth and the market share of the Bank in sector's aggregate deposits slipped only 30 basis points from 8,8% to 8,5%.

Beginning in the latter part of 2008 and throughout 2009, the Bank gave greater attention to efforts to increase its demand deposits by handling salary and pension payments for several institutions and organizations. At end of 2009, the Bank was handling the salary payments totaling about TRY 850 million for 596.000 people on behalf of 11.028 institutions excluding the payments to the members of the Social Security Institution

At end of 2009, the average value of demand deposits available to the Bank increased 57,5% to TRY 5.821 million compared with the year-end 2008 figure of TRY 3.696 million. During the same period, the share of the Bank's demand deposits in total deposits rose 340 basis points from 10,0% in 2008 to 13,4% in 2009.

g) The Bank signed a USD 15 million financing agreement with ECO Trade & Development Bank (Ecobank) on 11 February 2009, a financing agreement worth EUR 150 million with European Investment Bank on 8 June 2009, and agreements worth a total of USD 250 million (USD 100 million plus EUR 101,1 million) with the World Bank on 17 December 2009. Under these agreements, resources totaling TRY 684 million were added to the Bank's liabilities during 2009 and these funds were especially used to finance SME-related projects.

Türkiye Halk Bankası A.Ş. Statutory Auditors' Report

In addition to procuring funds from banks outside the country, the Bank also gave attention to securing resources through İstanbul Stock Exchange (ISE) and CBRT open market transactions. In 2008 the Bank owed a total of TRY 2.371 million to money markets. In 2009 this figure rose 142,4% to TRY 5.746 million. The funding secured in this way was used principally to meet the spot loan needs of the Bank's customers in the corporate and commercial segment.

h) Pursuant to the provisions of the "Regulation on the measurement and assessment of the liquidity adequacy of banks" that BRSA put into effect on 1 November 2006, the Bank's total liquidity adequacy ratio, which is supposed to be at least 100% was 122,03% as of 31 December 2009 while its FC liquidity adequacy ratio, which is similarly supposed to be at least 80%, was realized as 118,70%. The stock value liquidity ratio, which is supposed to be at least 7%, was 7,14%. These numbers indicate that the Bank faces no problems with respect to liquidity and legally mandated liquidity ratios.

i) In the year-end 2008 the Bank booked a total of TRY 370 million as net fee and commission income. In 2009 this figure increased 24,4% and reached TRY 461 million. During the same interval the ratio of non-interest income to non-interest expenses rose from 87% to 90,9%, the ratio of net fee and commission income to non-interest expenses increased from 36,9% to 38,6%, and the Bank's cost/income ratio declined from 37,6% to 31,0%. The favorable developments in these ratios last year were significantly influenced by cost controls and by rises in the Bank's collections of its non-interest income items.

j) At end-2008 the outstanding balance of the Bank's credit card risk exposure was TRY 400 million. During the ensuing twelve months it rose 24,75% to TRY 499 million. In 2008 the Bank controlled a 1,22% share of the Turkish credit card market. In 2009 this was slightly up to 1,39%.

During 2009 the number of the Bank's merchant partners increased 14.775 to 42.747 with the number of POS units rising 13.865 to 44.571. Although the Bank has been making progress in both credit card and merchant partner numbers, it still controls less than its fair share of sectoral totals. By being active in Advantage card program and its marketing, increase in the market share in credit card segment is expected.

k) At end-2008 the Bank showed a net current profit in the amount of TRY 1.018 million. In the year-end 2009 it increased its net profit 60,2% to TRY 1.631 million. The most important reasons for the rise in net profit were significantly less interest paid out as a result of lower interest rates being charged on the Bank's deposits and non-deposit liabilities and a larger volume of lending by the Bank that compensated the decrease in interest rates on loans.

This situation had an impact on the Bank's net interest margin as well, which went from 5,1% in 2008 to 6,0% in 2009. Parallel to these developments, the Bank's return on equity (ROE) rose 900 basis points in 2009 to 32,5%. Considering that the sectoral ROE average was around 20,4%, this performance means that the Bank is one of the industry's leaders in terms of ROE.

l) While the Bank's capital adequacy ratio was 14,49% at end-2008, the ratio stood at 16,03% at end-2009. The rise in CAR performance took place despite the amount exposed to credit risk increased significantly. It was driven as much by increased profitability as by an equity structure reinforced by the Bank's decision to forego its erstwhile policy of paying out high dividends.

In conclusion, within the framework of this statutory auditors' report, which we have prepared pursuant to article 354 of the Turkish Commercial Code, we recommend that the Bank's balance sheet, profit/loss statement, and the other financial statements associated therewith for 2009 be approved and that the Board of Directors be acquitted of its fiduciary responsibilities with respect to the Bank's activities in 2009.

Ankara,

Yours sincerely,

Şeref EFE
Statutory Auditor

Yusuf DAĞCAN
Statutory Auditor

Türkiye Halk Bankası A.Ş. Corporate Governance Principles Compliance Report

1. Statement of compliance with corporate governance principles

Our Bank has been abiding by the principles set forth in the "Corporate Governance Principles" published by the Capital Markets Board (CMB) since the Bank's public offering that was undertaken in May 2007.

After that public offering, the Bank's "Corporate Governance Principles Committee Regulations" that had previously been prepared pursuant to the "Regulations concerning Banks' Corporate Governance Principles" published by the Banking Regulation and Supervision Agency were brought into compliance with CMB provisions and they went into effect after having been approved by the Bank's Board of Directors (resolution 49-07 dated 12 December 2007). In keeping with this, revisions were made to the rules governing the Members of the Corporate Governance Committee and their duties. Article 3 of the Regulation concerning the "Formation of the Corporate Governance Committee" has been revised by the Board of Directors decision dated 12 August 2008 and numbered 33-09.

During the reporting period a set of "Türkiye Halk Bankası A.Ş. Social Responsibility and Public Relations Policies" and a "Türkiye Halk Bankası A.Ş. Policy on Stakeholders" were formulated and the policies that were approved by a Board of Directors resolution were publicly announced on the Bank's website.

Halkbank complied with and implemented the corporate governance principles parallel to the explanations provided hereinbelow in the reporting period ended on 31 December 2009.

PART I: SHAREHOLDERS

2. Shareholder Relations Unit

As of 10 May 2007, 24,98% of our Bank's shares began trading on the İstanbul Stock Exchange (ISE). Since that date, our Bank has been conducting its activities in compliance with the principles set forth in the "Corporate Governance Principles" published by the CMB. Under this heading, our Bank's Shareholder Relations Unit is under the direction of the Office of Financial Institutions and Investor Relations and the Office of Financial Accounting and Reporting that report to the General Manager. Establishing corporate-based long-term relationships with domestic and international investors who invest in the Bank's shares is under the responsibility of the Office of Financial Institutions and Investor Relations. The other unit that conducts relations with shareholders is the "Shares and Shareholders Unit", which is responsible to the Financial Accounting and Reporting Office. Both of these offices are represented at the Corporate Governance Committee and keep the Committee fully informed about all their activities. Shareholder relations at our Bank are managed within the framework of an extremely effective structure.

Financial Accounting and Reporting Office:

Name	Position	E-mail address	Telephone
Yusuf Duran OCAK	Head of Department	YusufDuran.OCAK@halkbank.com.tr	(90 312) 289 30 01
Şebnem ÜLGİN	Division Manager	Sebnem.ULGIN@halkbank.com.tr	(90 312) 289 30 04
Züleyha YURTTAŞ	Assistant Supervisor	Zuleyha.YURTTAS@halkbank.com.tr	(90 312) 289 30 33
Zafer ERDEM	Assistant Specialist	Zafer.ERDEM@halkbank.com.tr	(90 312) 289 30 21

The principal duties of the Department are as follows:

- Engage in activities to enable shareholders to exercise their rights and conduct relations between the Board of Directors and shareholders.
- Maintain records concerning shareholders and keep them up to date.
- Respond to written requests received from shareholders.
- Carry out the Bank's share capital increase procedures.
- Fulfill the requirements of laws and regulations pertaining to Bank General Meetings.

Türkiye Halk Bankası A.Ş.

Corporate Governance Principles Compliance Report

Office of Financial Institutions and Investor Relations

Name	Position	E-mail address	Telephone
Mehmet Hakan ATILLA	Head of Department	Hakan.ATILLA@halkbank.com.tr	(212) 370 82 51
Lena ÇİTELİ	Division Manager	Lena.CITELI@halkbank.com.tr	(212) 370 82 61
Ayşegül KOCAMAN	Assistant Specialist	Aysegul.KOCAMAN@halkbank.com.tr	(212) 370 82 66

This office's principal duties are the following:

- Organize meetings with local and international investors and analysts so as to contribute to positive assessments about the Bank,
- Keep the information in the Turkish and English sections of the Investor Relations section of the Bank's website up to date as required in consultation with the units concerned; publish announcements concerning bank-related developments.
- Provide investors and analysts with information about the Bank's financial structure on a quarterly basis; prepare presentations and documentation about the Bank's financial structure and have it published on the Bank's website.
- Monitor and inform senior management about developments in the banking sector and about competitor banks' performance.
- Maintain a close watch on and keep senior management informed about the performance of the Bank's shares.
- Keep abreast of news about the banking sector, global markets, economic developments, competitor banks, and our own bank that appears in the media on a day-to-day basis.
- Respond to questions received from investors and analysts and maintain files of all correspondence with them.
- Organize teleconferences and one-on-one meetings with investors and analysts.
- Take part in domestic and international roadshows concerning the Bank.

3. Shareholders' exercise of their right to obtain information

To ensure that shareholders are able to effectively exercise their right to be kept informed, any changes that might have an impact on the Bank's financial and administrative structures are publicly announced on the Bank's and the ISE- Public Disclosure Platform websites. In addition, requests for information that our units receive via telephone, in writing, or by e-mail are responded to as quickly as possible.

During 2009, the Shares and Shareholders Unit responded to approximately 200 requests for information which were received in writing, the Bank's "Halkdialog" service or by e-mail. In average, 8 to 10 shareholders are provided with information on the phone every day.

During 2009, the Investor Relations Unit carried out nine international roadshows, 5 domestic and international one-on-one meetings in which there was international participation, 4 wide-area teleconferences, and 127 one-on-one meetings. Contacts were made with a total of 908 investors and analysts, 218 of them during international roadshows, 80 during one-on-one meetings, 280 at the Bank's headquarters, and 168 by means of teleconferences and 162 by email and telephone, during all of which 8.136 questions were responded to. The questions that were asked were concerned mainly with the Bank's financial structure, its profitability/productivity standing, its position in the sector, secondary public offering or block sales, growth strategies, administrative structure, expectations concerning the future, and the country's economic and political structure.

A request to have a special auditor appointed is not an individual right provided for under the Bank's articles of incorporation. No request for the appointment of a special auditor has ever been received.

4. Information about General Meetings

The Ordinary General Meeting was convened on 14 April 2009 during the reporting period with a meeting quorum of 76,92%. Announcements concerning the meeting were published in Turkish Trade Registry Gazette, in two national newspapers, and on the websites of the ISE-Public Disclosure Platform, the Central Registry Agency (CRA), and the Bank. Meeting-related announcements were made in accordance with provisions stipulated by law and in the Bank's articles of incorporation.

The Bank's annual report is made available for the information and perusal of the Bank shareholders prior to general meetings. At General meetings, shareholders exercised their right to ask questions and these questions were answered by bank officers. The Bank's articles of incorporation contain no provisions requiring that decisions concerning such matters as acquiring, selling, or leasing assets be taken at a general meeting. Under article 5/2 of the articles of incorporation, this authority is vested in the Board of Directors.

Türkiye Halk Bankası A.Ş. Corporate Governance Principles Compliance Report

Article 15/2 of the articles of incorporation allows votes at General Meetings to be cast through a proxy. Capital Markets Board regulations concerning this matter are complied with.

The minutes of General Meetings are published on the Bank's website and are also made available for the information of shareholders by the Shares and Shareholders Unit. The minutes of the Ordinary General Meeting that was held on 14 April 2009 of the Bank, which has become a publicly traded company, were published on the ISE-Public Disclosure Platform's website as well as on the Bank's own.

5. Voting rights and minority rights

None of Halkbank's shares incorporate special voting rights. There are no companies in which there are reciprocal shareholding interests that have the right to cast votes at general meetings. Minority shareholding interests are not represented in the Bank's management. The company's articles of incorporation contain no provisions governing the cumulative voting method.

6. Dividend payment policy and timing

The principles and procedures concerning the payment of dividends are specified in article 27 of the articles of incorporation. In the previous years, the Bank paid out the amount that remained after setting aside legal reserves out of the distributable profit to the shareholders as dividends. Bank dividend payment policies are determined by the Board of Directors after which they are submitted to the General Meeting for its approval. Dividends are paid within the legally prescribed periods of time. Dividend payments were made to the Bank's shareholders in line with the decision adopted at the Ordinary General Meeting convened on 14 April 2009. Dividend payment policies in the future will be determined in view of the shareholders' structure and the changes in the conjuncture.

7. Transferring shares

The company's articles of incorporation contain no provisions restricting the transfer of shareholding interests.

PART II: PUBLIC DISCLOSURE AND TRANSPARENCY

8. Company disclosure policy:

The Bank Information Policy prepared concerning public disclosure within the framework of corporate governance principles has been updated as per "Communiqué on Principles Governing Public Disclosure of Material Circumstances" (Series: VIII, No:54) published by the Capital Markets Board on the basis of the provisions of article 23 of that communiqué and of article 8 of the Guide appended to the communiqué.

The disclosure policy in which is identified and explained the 4 main methods whereby investors may obtain sufficient information about the Bank was publicly announced and disclosed on the Bank's website.

Public disclosures made by the Bank are of the utmost importance insofar as they may affect investors' decision making processes and for that reason it is an essential Halkbank rule that all information that is conveyed must be current, transparent, impartial, and correct. In keeping with this policy, quarterly financial statements that have been checked by independent auditors are publicly announced at press conferences and are published in the "Investor Relations/Financial Information" section of the Bank's website.

9. Disclosure of Material Events

The Bank's shares began trading on ISE as of 10 May 2007. Since that date, the Bank has notified ISE -Public Disclosure Platform immediately of any and all developments that might affect investors' decisions by means of material events disclosures. During 2009, the Bank made 65 material event disclosures in total and provided additional explanations for two of them.

10. The internet site and its content

The Bank's internet address is www.halkbank.com.tr. Contained on this website is all of the information stipulated in article 1.11.5 of section II of CMB's Corporate Governance Principles such as commercial registration information, articles of incorporation, material event disclosures, annual reports and interim reports, periodic financial statements and reports, general meeting agendas, general meeting attendance rosters, general meeting minutes, and proxy voter forms.

Türkiye Halk Bankası A.Ş.

Corporate Governance Principles Compliance Report

11. Disclosure of ultimate non-corporate controlling shareholders

There are no ultimate non-corporate shareholders in our Bank. Our Bank's shareholder structure is published in the annual report issued at the end of each business year and it also appears on the corporate website.

12. Public disclosure of those who may have access to insider information

Halkbank's activities are conducted within the framework of a comprehensive organizational structure. In the fulfillment of their duties and responsibilities, the Bank's employees comply with the provisions of articles 73 and 159 of the Banking Law no. 5411 concerning confidential customer information and trade secrets.

PART III: STAKEHOLDERS

13. Keeping stakeholders informed

All information that might have any impact on the Bank's financial and administrative structures is published at the ISE-Public Disclosure Platform and on the Bank's corporate website. Individual requests for information about the Bank are also responded to by means of one-on-one discussions, roadshows, teleconferences, and e-mail. All stakeholders have access to such information from the relevant sections of the ISE-Public Disclosure Platform and Halkbank websites and by other communication means.

14. Stakeholder participation in management

Conducting all of its activities in order to continuously create added value for its customers, its shareholders, and its employees by effectively and efficiently fulfilling all banking services, Halkbank has developed a Quality Recommendation System in order to improve its business processes and to provide better services more efficiently. Employees' participation in management is also encouraged under this system as well. Employees submit their suggestions through this system and those suggestions that are deemed to be worthy of merit are put into effect. During 2009, 2.102 suggestions were received via the Quality Recommendation System and 64 of them were implemented.

15. Human resources policy

The identification and implementation of Halkbank Human Resources Policy are based on the fundamental principles set forth below.

- Carry out activities to achieve the Bank's objectives with an optimum number of employees,
- Select and assign personnel whose competencies are appropriate to the nature of the task,
- Give importance to and respect employees' individuality and be mindful of safeguarding their material and moral rights,
- Provide a working environment that is safe and appropriate to the nature of the work being done,
- Provide a working environment and opportunities to establish social relationships that will increase employees' eagerness and ability to work,
- Provide personnel with fair and equal opportunities to work, progress, and develop in line with their individual abilities,
- Establish and maintain a salary and compensation system which makes it possible to employ a workforce whose qualifications and numbers satisfy the demand of service and which will encourage personnel to work without any impairment in their interest or productivity,
- Provide opportunities for employees to increase their knowledge and experience and reward successful employees to the degree that means allow,
- Keep employees informed about matters of concern to them in a timely manner. Maintain open channels of communication so as to make it easy for employees to express their views and opinions to management,
- Ensure that employees perform their jobs with awareness of costs and in keeping with the principles of productivity and profitability,
- Encourage employees to think creatively and to come up with new ideas to improve the work they do,
- For the purpose of preserving the Bank's corporate culture and identity, adhere to the principle of making appointments from within the Bank insofar as is possible, giving priority to filling vacancies from among existing personnel, and promoting employees on the basis of their skills, success, educational background, and length of service,
- Evaluate employees on the basis of criteria that are objective and equitable.

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Corporate Governance Principles Compliance Report

16. Relations with customers and suppliers

Our basic strategy is to deliver customer-focused, high-quality service. Our goal is to ensure customer satisfaction by achieving the sector's highest level of service quality and speed in all business processes. In the new performance process that has been created at our Bank, all existing customers' requests are responded on location. Within the framework of this approach, customers' needs are identified, different products are developed for different sectors, and customers' credit requests are addressed systematically. Bank personnel are being given marketing, sales, and technical training in order to increase the quality of our customer service.

Halkbank customers can obtain information about all banking products and services and perform their banking transactions 24 hours a day/seven days a week and also forward any views and complaints via the Bank's customer hotline as well as by means of all other channels.

Customers may forward views and complaints to a customer representative via our 444 0 400 Dialog line, or in writing to our internet website at www.halkbank.com.tr or Customer Care Center (dialog@halkbank.com.tr, by fax on 0212 340 0999, or by post at PK 37 34388 Mecidiyeköy, ISTANBUL). All online notifications are responded to within 24 hours.

17. Social responsibility

In addition to having contributed towards the national economy since the day it was founded as a requirement of its mission, Halkbank also supports cultural, economic, and social activities through its corporate social responsibility projects as well.

The Bank's "Productive Turkey Meetings" organized to get together with SMEs have been continuing regularly since 2006. In addition to these, in 2008 we also launched two different social responsibility projects for SMEs. In collaboration with Anadolu University, Halkbank has made it possible for 1.000 SMEs to take part in 18 different free-of-charge e-certification programs conducted by that university. Under the SME Transformation Project, the Bank conducts conferences for SMEs at which training is provided on national and international regulations pertaining to issues involving social responsibility, environment, and occupational health and safety while continuing to support SMEs' business process productivity and visional attitudes. Within the framework of SME Transformation Project, the book called "Corporate Social Responsibility at SMEs - Best Practices" was published in Turkish and English with the aim of reaching a broader audience.

As in the past, Halkbank continues to support culture and art projects. Last year the Bank was a prime sponsor of the International 20th Ankara Film Festival.

For the sake of a livable world and a sustainable way of life and in order to leave a healthier physical and social environment for future generations, Halkbank took the first steps in its "Halkbank Memorial Forest" project, which is being carried out jointly with the Ministry of Environment and Forestry and with the Ministry of Agricultural and Village Affairs and under which a total of 40.000 saplings will have been planted in time for spring 2010.

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Corporate Governance Principles Compliance Report

PART IV: THE BOARD OF DIRECTORS

18. Structure and formation of the Board of Directors; non-executive directors

Name	Position	Began	Ended	Committee assignment
Hasan CEBECİ	Chairman	28 March 2003*	Present	Corporate Governance Committee
Hasan SEZER	Vice Chairman	28 March 2003*	Present	Audit Committee
Hüseyin AYDIN	Board Member and General Manager	28 March 2003*	Present	Credit Committee, Assets and Liabilities Committee
Emin Süha ÇAYKÖYLÜ	Board Member	28 March 2003*	Present	Audit Committee, Corporate Governance Committee
Dr. Nurzahit KESKİN	Board Member	13 Apr 2005*	Present	Credit Committee
Burhaneddin TANYERİ	Board Member	15 Sep 2005*	Present	Credit Committee
İbrahim Hakkı TUNCAY	Board Member	09 Apr 2008	Present	Corporate Governance Committee, Credit Committee (alternate member)
Ahmet YARIZ	Board Member (independent)	09 Apr 2008	Present	Credit Committee
Mustafa ÇELİK	Board Member	09 Apr 2008	Present	Credit Committee (alternate member)
Yusuf DAĞCAN	Statutory Auditor	28 March 2003*	Present	
Şeref EFE	Statutory Auditor	28 March 2003*	Present	

* The dates on which the respective members were first elected were cited as the beginning dates; these individuals were reelected at the General Meeting convened on 08 April 2008.

All of the members of the Bank's Board of Directors were elected to their seats at general meetings. There is no Executive Board at the Bank, nor are there any Managing Directors.

Board Member Mr. Ahmet YARIZ is an independent member. The Bank made a transition to the independent member practice within the frame of the CMB's Corporate Governance Principles. The number of the independent members elected does not conform to the minimum number set out in the CMB Corporate Governance Principles. However, the Bank progressively takes necessary action over time to achieve compliance with the CMB's Corporate Governance Principles, including those relating to independent members.

The members of the Board were elected to three-year terms of office that are still continuing. Members of the Board have all the authorities invested in them by the provisions of the relevant articles of the Turkish Commercial Code.

19. Qualifications of Board of Directors

All of the members of the Bank's Board of Directors satisfy at least the minimum qualifications required for election to a seat on the board as specified in the CMB's Corporate Governance Principles.

20. Mission, vision, and strategic goals of the company

Our Bank's Mission and Vision as well as its Primary Goals and Primary Strategies were adopted by the Board of Directors in resolution 41-04 dated 27 December 2006 and have been publicly disclosed with their publication on the Bank's corporate website.

21. Risk management and internal control mechanisms

Under articles 29, 30, 31, and 32 of the Banking Law (Statute 5411), banks are required to set up and operate an adequate and effective internal control, risk management, and internal audit system which will ensure that all the risks to which they are exposed are monitored and controlled, which is compatible with the scope and structure of their activities and is adaptable to changing conditions, and which encompasses all of their branches and their consolidated subsidiaries.

The Risk Management and Internal Control, and Internal Audit units conduct their activities at the Bank in accordance with the provisions of the Law mentioned above and the Regulation on Banks' Internal Systems published in issue 26333 of the Official Gazette dated 01 November 2006 by the Banking Regulation and Supervision Agency.

Türkiye Halk Bankası A.Ş. Corporate Governance Principles Compliance Report

Internal Systems units carry out their activities subject to the Audit Committee, which consists of non-executive directors. These units engage in activities to quantify potential risks and take measures against them.

Internal Control and Risk Management departments that are included under Internal Systems report to the Audit Committee via the Deputy General Manager for Internal Control and Risk Management, whereas the Board of Inspectors reports to the Audit Committee, which does not have any executive units that reports directly to it and which is set up to assist it in the performance of audit and supervision activities on behalf of the Board of Directors.

The Board of Inspectors examines and oversees the conduct of the Bank's activities in accordance with the Law and other applicable legislation, as well as the Bank's internal strategies, policies, principles and targets, and the operation, adequacy, and effectiveness of the Bank's internal control and risk management systems and it reports its findings to senior management through the Audit Committee.

22. Authorities and responsibilities of Board of Directors and executives

The duties and responsibilities of the members of the Bank's Board of Directors as a board are spelled out first of all in the Bank's articles of incorporation and secondarily in the "Management Organs Regulations" adopted by the Board of Directors under resolution 17-32 dated 9 June 2005. These regulations govern in detail the duties and authorities of the Bank's Board of Directors, Credit Committee, and general manager as well as their working principles. Although these regulations also contain provisions concerning the Audit Committee, that committee's activities are spelled out in detail in the "Regulations concerning the Working Principals and Procedures and the Duties and Authorities of the Audit Committee" adopted by the Board of Directors under resolution 34-01 dated 31 October 2006.

The duties and responsibilities of bank managers are spelled out in specific regulations as are, particularly in the case of money-related issues, any authorities that may be delegated by the Board of Directors to the General Manager and such of those authorities that the general manager may in turn delegate to lower echelons.

23. Operating principles of the Board of Directors

The Board of Directors convenes upon a summons by the chairman, deputy chairman, or any member but it must meet at least once a month. The meeting agenda is prepared by the person summoning the meeting and it is sent out to the other members through the Board's Office Services together with the meeting notification.

Quorums for meeting and decision-making required for the board to convene, discuss the agenda and make a decision are presented below with respect to total number of board members.

Total Number of the Board Members	Meeting Quorum	Decision Quorum
7	5	5
8	5	5
9	6	6

Board decisions are officially recorded by the Board's Office Services. All discussions, deliberations, presentations, etc taking place at board meetings are recorded and retained by the Board's Office Services.

Neither the Bank's articles of incorporation nor the Management Organs Regulations grant any member of the Board of Directors special voting rights or any form of veto.

24. Prohibition on doing business or competing with the company

The Bank's articles of incorporation contain no provisions concerning this matter.

25. Rules of ethics

The Bank's rules of ethics govern the principles and procedures with which all Halkbank employees must abide in the conduct of their work and the fulfillment of their duties. The purpose of these rules is to prevent any and all disputes and conflicts of interest that may arise between and among employees, customers, and the Bank. Attitudes and actions in violation of these rules are dealt with in light of the Bank's discipline regulations. Employees are expected to act in accordance with the rules of common sense and good intentions when dealing with any situation or circumstance not covered by the Bank's rules of ethics.

Türkiye Halk Bankası A.Ş. Corporate Governance Principles Compliance Report

In keeping with the principles of business ethics, bank employees should:

- Act respectably, honorably, and honestly in all their business relations;
- In the fulfillment of their responsibilities, avoid any and all attitudes and actions that might impair the reputation of Halkbank;
- Have detailed knowledge about the requirements of laws, by-laws, regulations, and administrative provisions applicable to their duties and be bound by them;
- Refrain from divulging any information that is not publicly disclosed to anyone other than those who are supposed to have knowledge of it;
- On a day-to-day basis, keep abreast of and examine orders, regulations, procedures, and instructions pertaining to the governance of working conditions and the maintenance of discipline and act in accordance with the same;
- Before taking any individual action concerning a known or suspected violation of any rule, notify their immediate superior or the Human Resources Department about the matter;
- Never express any political, social, or religious views in the workplace;
- Be unaffected and appropriate in their personal appearance as befits a business environment and absolutely refrain from wearing any garments which are so informal or modish as to be incompatible with the Bank's institutional gravity or which impart any religious meaning or social view;
- While at the Bank, refrain from any behavior that is contrary to the equality of the sexes, is disrespectful, or violates general morals and elsewhere refrain from any behavior that is not in keeping with generally accepted morals.

A set of "Ethical Principles" has been appended to the Bank's Human Resources Regulation. These principles are the fundamental guides dealing with conflicts of interest, the rules governing the flow of information, relations with customers, and human resources issues. Detailed explanations concerning these matters are provided under each of these main headings.

Ethical Principles have been posted and publicly disclosed on the Bank's website.

26. Number, structure, and independence of committees established by the Board of Directors

A Credit Committee, Audit Committee, and Corporate Governance Committee consisting of members of the Board of Directors have been set up at the Bank. In addition to these committees, there are also a number of boards, committees, and commissions whose members are not directors and which generally have executive and/or guidance functions.

As required by the Banking Regulation and Supervision Agency's "Regulation on Loan Transactions of Banks", our Bank's Credit Committee consists of three Board Members and the General Manager. The General Manager is named as the Chairman of the Credit Committee in view of the provision of the Regulation which stipulates "The committee's agenda shall be determined by the General Manager or, in his absence, by his deputy, and announced to the other members."

The Bank's Audit Committee consists of two Members of the Board of Directors. Neither of these Members has executive duties.

The Bank's Corporate Governance Committee consists of three Members of the Board of Directors, the Deputy General Manager for Human Resources – Organization and Support Services, Deputy General Manager for Financial Management and Planning, the Deputy General Manager for Treasury Management and International Banking, and the head of the Human Resources Department. The Chairman of the Board of Directors is the Head of the Corporate Governance Committee. None of the three Board Members serving on the Committee has executive duties.

Although none of the three Board Members serving on the Committee has executive duties, they serve in several committees.

27. Financial benefits provided to the Board of Directors

A monthly salary is paid to members of the Board of Directors pursuant to article 21 of the Bank's Articles of incorporation. The monthly salary is determined by the General Assembly of Shareholders.

Financial Information and Assessment on Risk Management

Türkiye Halk Bankası A.Ş.

The Audit Committee's Assessment of the Functioning of the Internal Control, Internal Audit and Risk Management Systems, and the Committee's Activities in 2009

BOARD OF INSPECTORS

The Board of Inspectors engages in activities whose aims are to be a contributing party towards preventing the commission of acts that might be detrimental to the interests of account-holders, of the Bank's shareholders, or of the financial system; to make recommendations as to what should be done in the event of such acts and to report transactions that may subject those involved to administrative, fiscal, or criminal penalties; to quantify the adequacy and effectiveness of the Bank's control mechanisms and risk management system; and to assess risks systematically.

In line with the BRSA Regulation on Bank's Internal Systems, the Board of Inspectors at Halkbank reports directly to the Board of Directors. Consisting of a total of 170 inspectors and assistant inspectors, the Board of Inspectors fulfills its auditing functions via the Audit Committee examining and inspecting all the activities of the Bank and its participations under consolidation.

In inspection activities, three complementary paths are pursued within the frame of risk-focused approach to audit: onsite inspection, centralized inspection and information technology (IT) inspection.

75% of the Board's inspectors engage in onsite inspections while 15% of them perform centralized inspections, 5% IT inspections, and the remaining 5% other duties.

Pursuant to Article 27 of the BRSA's Regulation on Banks' Internal Systems, Internal Audit Plans are produced in 6-month periods and on an annual basis consisting of Summer and Winter Inspection programs, and are approved and enforced by the Board of Directors. All of the Bank's units are inspected each year in line with the risk-focused approach to inspection as defined in Article 26 of the said Regulation.

On-site inspection activities are carried out in line with inspection instructions which are prepared within the framework of a risk-focused auditing approach and on the basis of a risk matrix. On-site inspection resources are prioritized and distributed on a branch basis according to risk by subjecting branches and units to a risk evaluation system that has been formulated according to objective criteria.

Under the heading of centralized inspection, activities are carried out in order to ensure audit trail continuity in the Bank's records and to take such measures as are necessary to head off risk before it materializes by taking advantage of computer-supported auditing techniques.

Under the heading of information technology inspection, the confidentiality, validity, completeness, and accessibility of information produced within information systems as well as the existence and effectiveness of process-internal controls are all audited.

INTERNAL CONTROL

The Internal Control Unit at Halkbank is responsible for overseeing the protection of the Bank's assets, on the effective and productive conduct of its business, and on the compliance of all bank activities with the requirements of the Law, other applicable legislation, the Bank's internal policies and rules, as well as with customary banking practices; and for undertaking concurrent, impartial and objective reporting to the monitoring, assessment and management levels via financial, operational and other control functions to achieve reliability, integrity and timely availability of data in the accounting and financial reporting system within the frame of professional standards and work ethic rules and based on a proactive and preventive approach and through financial, operational and other control points. This unit reports to the Audit Committee and its activities are governed by the Banking Law and the "Regulation concerning Banks' Internal Systems" published by the Banking Regulation and Supervision Agency (BRSA).

Within the framework of risk-focused approach to auditing, durations and nature of work differ in branches that present rapid increases in their lending, deposits and NPL, and in branches whose businesses are more heavily constituted by loans, deposits and NPL, as well as also in those with high risk scores due to a high concentration of operational errors as established by the controls carried out from the headquarters and statistical analyses.

Türkiye Halk Bankası A.Ş.

The Audit Committee's Assessment of the Functioning of the Internal Control, Internal Audit and Risk Management Systems, and the Committee's Activities in 2009

An effective internal audit infrastructure was created by backing the risk-focused controls performed on headquarters units, branches and bank subsidiaries with reports produced by the central system's data base and cross-checks.

Operational risks identified during such controls and the results of their risk measurement are quantified to determine the risk levels of individual branches. In addition, business processes are analyzed and opinions and suggestions to increase operational productivity and effectiveness are communicated to the units concerned. Internal control activities are carried out at the Bank's headquarters units, branches, and subsidiaries within the framework of control programs. The results of internal control activities are examined and branch and subject-based risk measurements and assessments are carried out periodically.

Pursuant to the provisions contained in the "Regulation on Banks' Internal Systems", "Compliance Checks" are performed to control the compliance of all the activities that are carried out or are planned to be carried out by the Bank, as well as of its new transactions and products, with the Law and other applicable legislation, the Bank's internal policies and rules and customary banking practices.

Under this heading, legislation is being reviewed from the related sources; related laws, decrees, regulations, communiqués and other arrangements are followed up; business processes are reviewed and it is controlled whether the Bank's practices are in compliance with the said.

Related units are informed on the modifications or revisions that occur in legislation and practices, and warned about irregularities identified.

For quantification of operational risks, Risk Warning reports are transferred to the data base by using a numeric code depending on the type of error or irregularity. Also a risk rating is assigned depending on the severity of error. These quantitative data are evaluated periodically and branch and subject-based risk measurements and assessments are performed.

Centralized auditing is ongoing directed towards reducing the duration of onsite audits and increasing the effectiveness of controls carried out during this process, as well as towards the controlling of operational risks centrally. Data obtained from the centralized data base system is analyzed and transactions that might engender risks according to specified criteria are reported. The results of these reports are analyzed centrally or on location as need be.

Preliminary examinations are carried out in response to requests made by the Bank's senior management, members of the Board of Directors, the Board of Inspectors, headquarters units, and regional coordinators on various matters as well as on issues identified as needing special attention by Internal Control personnel in the course of their activities and the findings are reported. Information and documents pertaining to the issues being examined are evaluated in detail and matters requiring a formal inspection are referred to the Board of Inspectors while those that can be resolved by means of administrative action are referred to the appropriate headquarters unit.

In addition, transactions identified by Internal Control personnel during their centralized or onsite controls as being so flawed as to give rise to culpability are referred to the Board of Inspectors for determination of necessary administrative, financial, and/or punitive action. The Board of Inspectors also audits the effectiveness of Internal Control activities.

Effective control and monitoring are taken on in relation to the risks identified in control and audit reports and the outcomes thereof, and the results are assessed with a view to eliminate the hitches in lending practices and business processes and to mitigate operational risks.

Türkiye Halk Bankası A.Ş.

The Audit Committee's Assessment of the Functioning of the Internal Control, Internal Audit and Risk Management Systems, and the Committee's Activities in 2009

RISK MANAGEMENT

The Risk Management Department reports to the Audit Committee in the conduct of its activities, in accordance with the provisions of the Regulation on Banks' Internal Systems published by the Banking Regulation and Supervision Agency in the Official Gazette issue 26333 dated 01 November 2006.

Reports concerning credit, market, and operational risk elements and the results of scenario analyses and stress tests were examined by the Audit Committee.

Under this heading, it was determined, as a result of these stress tests and scenario analyses, that the Bank's shareholders' equity were at a level sufficient for the Bank to continue its activities with a sense of confidence; that loan-related default rates remained at reasonable levels; that, having examined the loan portfolio broken down by rating groups and in light of established guarantees, the Bank was unlikely to encounter any problems that may adversely affect its activities; that, on the basis of vintage analyses, the rates at which loans are deemed to be non-performing remained at reasonable levels on a reporting period-basis; that, as a result of structural interest rate risk analyses performed to quantify interest rate risk in banking accounts, the impact created by changes in interest rates on the Bank's economic value remained below the limit that is set forth in Risk management policies and practices.

It has been ascertained that liquidity adequacy ratios as calculated on the basis of "Regulation on the measurement and assessment of banks' liquidity adequacy", concerned with the ability of banks' having and maintaining a level of liquidity sufficient for their assets to meet their obligations and which went into effect with their publication in the 1 November 2006 issue of the official gazette, remained above the thresholds stipulated by BRSA; that, in light of information contained in the operational risk data base, the operational losses that occurred in the January 2009 to December 2009 period remained within the tolerance limits set out in "Operational risk management policies and Implementation Principles" with respect to losses that may be sustained by the Bank in the face of operational risks materializing within the space of one year.

Emin Süha ÇAYKÖYLÜ
Audit Committee Member

Hasan SEZER
Audit Committee Chairman

Türkiye Halk Bankası A.Ş.

Financial Standing, Profitability, and Solvency

Assets structure

As a result of its activities in 2009, the Bank's total assets increased 18,7% and reached TRY 60.650 million.

The Bank's principal placements consisted of its loans amounting TRY 32.458 million with 53,5% share, investment securities amounting TRY 21.373 million with 35,2% share, liquid assets amounting TRY 4.552 million with 7,5% share, and other placements with 3,8% share.

The most important year-to-year net increases as of end of 2009 took place in loans (up TRY 6.622 million) followed by available for sale financial assets (up TRY 2.400 million). The most important decline among asset items was in the banks (down TRY 983 million).

In 2009 year-end, Halkbank increased its loans 25,6% while the increase in the sector was 6,9%. During the same period, the bank's market share in loans rose from 6,8% to 8,1%, while the loan to deposits ratio was up 970 basis points to 73,9% indicating that the disparity between the Bank and the sector on that front has continued to narrow.

Although NPLs, which totaled TRY 1.251 million at end of 2008, increased 33,3% and reached TRY 1.668 million in 2009, the growth was substantially less than the 55,5% rise registered by the sector as a whole last year. Similarly the Bank's NPLs ratio increased 20 basis points from 4,7% in 2008 to 4,9% in 2009 while the overall rise in the sector was 160 basis points going from 3,7% to 5,3%, considerably more than the increase registered by the Bank.

Liabilities structure

A substantial 72,5% of the Bank's resources in the amount of TRY 43.950 million consist of deposit accounts, which is followed in turn by non-deposit resources amounting TRY 9.109 million with 15% share, shareholders' equity amounting TRY 5.760 million with 9,5% share, and miscellaneous items with 3% share.

The most important year-to-year net increases as of end of 2009 took place in deposits (up TRY 3.679 million) money market loans (up TRY 3.371 million), and shareholders' equity (up TRY 1.471 million).

The breakdown of total deposits, the most important resource of the Bank, shows that savings deposits up TRY 1.714 million, took 41,9% share, which is followed in turn by governmental institutions' deposits up TRY 488 million with a share of 4,4%, commercial institutions' deposits up TRY 202 million with a share of 12,6% and by other organizations' deposits down TRY 148 million with a share of 5,1%.

The great majority (67%) of the Bank's deposits consists of Turkish lira accounts and only 33% consist of foreign currency accounts. As of end of 2009, demand deposits made up 13,4% of the total with an increase of 340 basis points compared to the 2008 year-end.

Profitability structure

The Bank booked a net profit of TRY 1.631 million in 2009. The most important items contributing to the Bank's profits last year are discussed briefly below:

The most important source of the Bank's income was the interest it received on its asset placements. Interest income in 2009 amounted to TRY 6.817 million, TRY 23,8 million more than in 2008, which corresponds to a year-on-year rise of 0,3%.

The biggest (62%) share of the Bank's interest income was earned on loans and amounted to TRY 4.226 million. This was followed in turn by interest received on investment securities (TRY 2.442 million, 35,8%), and the interest received from other banks (TRY 126 million, 1,9%).

Türkiye Halk Bankası A.Ş.

Financial Standing, Profitability, and Solvency

The interest earned on the Bank's investment security portfolio declined TRY 334 million in 2009 while the increase in interest income on loans amounted to TRY 453 million.

An examination of the Bank's interest expense shows that the biggest (86,6%) share, amounting to TRY 3.212 million, consisted of interest paid on deposits. The interest paid on the deposits that contribute 72,5% of the Bank's resources was also the Bank's biggest expenditure item in 2009. Other interest expenses in aggregate amounted to TRY 496 million, bringing the total to TRY 3.708 million.

The Bank's net interest income in 2009 amounted to TRY 3.109 million at year-end.

Net commission income increased 24,4% in the year-end 2009 and reached TRY 461 million.

The Bank set aside provisions totaling TRY 646 million against its loans and other receivables related to its activities in 2009.

Operating expenses amounted to TRY 1.194 million, the biggest share of which consisted of personnel expenses amounting to TRY 595 million, up 17,4% year-on-year.

As a result of all its activities in 2009, the Bank booked a pretax profit of TRY 2.017 million and a net profit of TRY 1.631 million after setting aside a tax provision in the amount of TRY 386 million. Despite the global economic crisis, shrinking interest margins, and increasingly more competitive market conditions, the Bank nevertheless maintained its profitability in 2009.

Solvency

Deposits, the Bank's most important resource, are also an effective instrument with which the Bank can service its short-term debt due to the breadth of the depositor base and to its robust structure. The element in which the Bank has the greatest confidence is its customer base. The Bank's core deposits make up some 70% of the total, which contributes tremendously to the Bank's overall liquidity.

The Bank's 16,03% capital adequacy ratio is above the minimum required by law. The Bank's equity structure has grown even stronger thanks to steadily increasing profitability and to a policy of planned dividend payments, both of which are sufficient to compensate for the Bank's heightened exposure to credit risk.

A designated market maker in Turkish government debt instruments, Halkbank's robust capitalization and financial structure give it a unique position in the sector in terms of its ability to tap credit markets and obtain funding.

In the course of more than seven decades, Halkbank has gained a respected position not just in Turkey but in international markets as well. More than a thousand correspondent banks, international representatives, and a branch network with a truly national reach provide the Bank with the organizational strength that it needs to secure the resources that it requires.

In addition to the diversity of its existing and alternative sources of funding, Halkbank continued its efforts to increase the quality of its assets in 2009.

The Bank had no need of short-term borrowing during 2009 except repo transactions made in line with its customers' requirements and other dealings that generated advantageous interest spreads.

Türkiye Halk Bankası A.Ş.

Risk Management Policies Being Implemented According to Risk Types

The Bank's risk policies and the principles pertaining to their implementation have been formulated in accordance with the provisions of article 36 of "Regulation concerning banks' internal systems" published in issue 26333 dated 1 November 2006 of the official gazette.

The objective of risk policies is to enable Halkbank to conduct its activities in line with its mission statement and with the principles of profitability and productivity within the framework of the principles and procedures set forth in the Banks Act and to protect the interests of depositors and the Bank's shareholders to the maximum degree possible.

The following matters have all been specified within the framework of "Risk Management Policies and Implementation Procedures", which have been published by a Board of Directors resolution:

- Limits in relation to lending and concentration for loans to be extended under the authority of headquarters, regional offices, and branch levels;
- The principles according to which the risks of new products and services are to be analyzed;
- Principles pertaining to the validation of the rating systems employed by the Bank when making lending decisions;
- Principles pertaining to the calculation of expected and unexpected credit risk-related losses;
- Reports that must be generated with respect to the Basel II / Capital Requirements Directive process;
- Limits applicable to transactions that may be carried out in capital markets, foreign currency and money markets, including the stop-loss limits for capital market losses and for FX position losses in treasury transactions;
- Limits applicable to the risks involved in the foreign currency positions the Bank may carry and to the counterparty risks in transactions with correspondent banks;
- Limits applicable to the Bank's liquidity and structural interest rate risks;
- Limits applicable to mitigating the impact that interest rate shocks may have on the Bank's economic value;
- Limits applicable to the liquidity ratios that are to be followed in compliance with the Liquidity Emergency Action Plan;
- The Bank's risk tolerance zone as it applies to the losses that may result from operational risks;

Limits are checked periodically to determine whether or not they are being complied with.

Türkiye Halk Bankası A.Ş.

Credit Ratings and Notes

Fitch Ratings

Foreign Currency Long Term	BB+
Foreign Currency Short Term	B
Outlook	Stable
Local Currency Long Term	BB+
Local Currency Short Term	B
Outlook	Stable
National Long Term	AA+ (tur)
Outlook	Stable
Individual	C/D
Support	3
Support Rating Floor	BB+

Moody's

Financial Strength (BFSR)	D+
Outlook	Stable
Local Currency Deposit	Baa3/Prime-3
Outlook	Stable
Foreign Currency Deposit	Ba3/Not Prime
Outlook	Stable
Baseline Credit Assessment (BCA)	Baa3
Outlook	Stable
Probability of Systemic Support	Very high

Türkiye Halk Bankası A.Ş.

5-Year Summarized Financial Highlights

ASSETS (TRY Million)	2005	2006	2007	2008	2009
Liquid Assets	2.038	3.630	4.683	5.129	4.552
Securities Portfolio	17.573	18.139	15.945	18.334	21.373
Loans	6.330	11.646	18.121	25.836	32.458
Subsidiaries and Affiliates	87	135	347	325	321
Fixed Assets	713	729	749	1.061	1.234
Others	112	146	390	411	712
TOTAL ASSETS	26.854	34.425	40.234	51.096	60.650
LIABILITIES (TRY Million)					
Deposits	21.113	27.188	30.841	40.271	43.950
Money Markets	40	672	1.703	2.390	5.762
Borrowings	468	873	937	1.522	2.032
Funds	1.024	1.003	1.042	1.216	1.316
Others	909	910	1.328	1.408	1.830
Shareholders' Equity	3.299	3.780	4.383	4.289	5.760
Net Period Profit/Loss	554	863	1.131	1.018	1.631
TOTAL LIABILITIES	26.854	34.425	40.234	51.096	60.650

Türkiye Halk Bankası A.Ş. Independent Auditors' Report for the Period January 1 – December 31, 2009

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

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

Management's Responsibility for the Financial Statements:

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

Auditor's Responsibility:

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

Independent Auditors' Opinion:

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

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

İstanbul, February 22, 2010

Sibel Türker
Partner

Additional paragraph for the English translation:

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

Türkiye Halk Bankası A.Ş.**The Unconsolidated Financial Report for the Year Ended December 31, 2009**

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

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

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

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

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

Ankara, February 22, 2010

Hasan Cebeci Chairman of the Board of Directors	Hasan Sezer Vice Chairman, Member of the Board of Directors, Member of the Audit Committee	Hüseyin Aydın Member of the Board of Directors, Chief Executive Officer	Emin Süha Çayköylü Member of the Board of Directors, Member of the Audit Committee	Osman Arslan Financial Management and Planning Vice Chief Executive Officer	Yusuf Duran Ocak Financial Accounting and Reporting Department Head
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For any questions regarding this financial report, contact details of the personnel in charge is given below:

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

Türkiye Halk Bankası A.Ş.

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Türkiye Halk Bankası A.Ş.

Explanations and Notes to Financial Statements for the Period January 1-December 31, 2009

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

SECTION I: GENERAL INFORMATION ABOUT THE BANK

I. ESTABLISHMENT DATE OF THE BANK, INITIAL ARTICLES OF ASSOCIATION, HISTORY OF THE BANK INCLUDING THE CHANGES OF THESE ARTICLES

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

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

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

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

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

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

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

Türkiye Halk Bankası A.Ş.**Explanations and Notes to Financial Statements
for the Period January 1-December 31, 2009**

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

III. EXPLANATIONS REGARDING THE BANK'S CHAIRMAN AND MEMBERS OF BOARD OF DIRECTORS, AUDIT COMMITTEE MEMBERS, CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE PRESIDENTS AND THEIR SHARES ATTRIBUTABLE TO THE BANK, IF ANY

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

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

Türkiye Halk Bankası A.Ş.

Explanations and Notes to Financial Statements for the Period January 1-December 31, 2009

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

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

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

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

a) General Information about the Bank:

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

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

c) According to Article 2.2 of Law No: 4603, subsequent to the completion of the restructuring procedures, the procedures involved in sale of the shares of the Bank were to be concluded under the provisions of Law No:4046 based on the "Regulation of Privatization Applications and Amendment of Some Laws and Decrees with the Force of Law". The procedures relating to restructuring and sale of the shares were to be completed within three years (until November 25, 2003) as of the effective date of the related law. However, by Law No: 5230 dated 31 July 2004, the term "3 years" in Article 2.2. of Law numbered 4603 was previously amended to "5 years" and by Law No: 5572 dated January 10, 2007 the related term was extended to "10 years". As a result of this amendment, the privatization period of the Bank was prolonged. The Council of Ministers has the authority to extend this period by the half of that period for one time only. The Council of Ministers extended this five year period by the half of that period with the Decree numbered 2005/9841 and dated 27 December 2005. When the related Decree numbered 2006/69 and dated 11 August 2006 was in force, the Privatization High Council public shares were transferred to the Privatization Administration and 99.9% of the Bank shares were decided to be sold before May 25, 2008 using the block sale method. By the Privatization High Council's decree numbered 2006/4258 and dated August 11, 2006, 13th Department of Council of State decided to cease the execution of the Decree numbered 2006/69 dated 11 August 2006. Thereupon, legal regulation numbered 5572 was executed and as per the decree of the Higher Council of Privatization numbered 2007/8 and dated February 5, 2007, up to 25% of the public shares that were previously transferred to the Privatization Administration on August 11, 2006, were decided to be privatized by a public offering and it was decided to be concluded by the end of 2007. The first phase of the privatization process of the Bank corresponding to 24.98% was completed in the first week of May 2007 and Halkbank shares were traded on İstanbul Stock Exchange (ISE) as of May 10, 2007 with the base price of TRY 8,00.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to Financial Statements for the Period January 1-December 31, 2009

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

d) Under No: 25539 Law regarding the "Act No: 5230 with regards to the transfer of Pamukbank Türk Anonim Şirketi to Türkiye Halk Bankası A.Ş. and amendments to other acts" which came into force as of July 31, 2004 with the publication of the Official Gazette, Pamukbank (whose shares, management, and control were previously inherited to the Saving Deposit Insurance Fund (SDIF)) was transferred to the Bank. Insolvent Pamukbank T.A.Ş. was a private sector deposit bank established by Çukurova İthalat ve İhracat T.A.O., Karamehmetler Scrip Company and more than 500 shareholders. The Bank started its private banking operations as an incorporated company in accordance with the decision of the Council of Ministers numbered 4/4573 and dated 5 March 1955. According to the decision of the Banking Regulation and Supervision Agency (BRSA) numbered 742 published in the Official Gazette numbered 24790 and dated 19 June 2002 including 3rd and 4th Sub-articles in Article 14 of the Banking Law No: 4389, the shareholders rights excluding dividends, management and supervision of the Bank were transferred to the Saving Deposit Insurance Fund as of 18 June 2002.

e) The Bank's service activities and operating areas: The Bank's operating areas include, commercial financing and corporate banking, fund management operations, retail banking and credit card operations.

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

SECTION II: UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheet
- II. Off-Balance Sheet Commitments
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- IV. Profit and Loss Account for Under Equity
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Türkiye Halk Bankası A.Ş.

Unconsolidated Balance Sheet (Statement of Financial Position)

THOUSANDS OF TRY

ASSETS	Disc.	THOUSANDS OF TRY					
		Audited CURRENT PERIOD (31/12/2009)			Audited PRIOR PERIOD (31/12/2008)		
		TRY	FC	Total	TRY	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	2.116.670	1.299.045	3.415.715	1.694.368	1.314.931	3.009.299
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	26.900	28.959	55.859	25.627	89.138	114.765
2.1.Trading Financial Assets		26.900	28.959	55.859	25.627	89.138	114.765
2.1.1.Public Sector Debt Securities		25.216	8.337	33.553	24.855	9.866	34.721
2.1.2.Share Certificates		-	-	-	-	-	-
2.1.3.Financial Assets Held for Trading		-	20.528	20.528	-	79.182	79.182
2.1.4.Other Marketable Securities		1.684	94	1.778	772	90	862
2.2.Financial Assets at Fair Value Through Profit and Loss		-	-	-	-	-	-
2.2.1.Public Sector Debt Securities		-	-	-	-	-	-
2.2.2.Share Certificates		-	-	-	-	-	-
2.2.3.Loans		-	-	-	-	-	-
2.2.4.Other Marketable Securities		-	-	-	-	-	-
III. BANKS	(3)	84.984	1.051.046	1.136.030	51.361	2.067.973	2.119.334
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
4.1.Interbank Money Market Placements		-	-	-	-	-	-
4.2.Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3.Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V.FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	3.431.583	1.328.473	4.760.056	1.581.436	778.466	2.359.902
5.1.Share Certificates		4.272	7.214	11.486	4.203	7.125	11.328
5.2.Public Sector Debt Securities		3.427.311	1.321.259	4.748.570	1.577.233	771.341	2.348.574
5.3.Other Marketable Securities		-	-	-	-	-	-
VI. LOANS	(5)	23.576.324	8.881.747	32.458.071	19.296.864	6.539.434	25.836.298
6.1.Loans		23.266.840	8.881.747	32.148.587	19.083.351	6.539.434	25.622.785
6.1.1.Loans Extended to Risk Group of the Bank		921	57.690	58.611	1.695	78.451	80.146
6.1.2.Public Sector Debt Securities		-	-	-	-	-	-
6.1.3.Other		23.265.919	8.824.057	32.089.976	19.081.656	6.460.983	25.542.639
6.2.Loans Under Follow-Up		1.667.912	-	1.667.912	1.251.362	-	1.251.362
6.3.Specific Provisions [-]		1.358.428	-	1.358.428	1.037.849	-	1.037.849
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	(6)	13.921.344	2.635.458	16.556.802	13.679.970	2.178.912	15.858.882
8.1.Public Sector Debt Securities		13.921.344	2.635.458	16.556.802	13.679.970	2.178.912	15.858.882
8.2.Other Marketable Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	48.743	191.052	239.795	42.031	220.593	262.624
9.1.Accounted with Equity Method		-	191.052	191.052	-	220.593	220.593
9.2.Unconsolidated Associates		48.743	-	48.743	42.031	-	42.031
9.2.1.Financial Investments		47.691	-	47.691	40.965	-	40.965
9.2.2.Non-financial Investments		1.052	-	1.052	1.066	-	1.066
X.INVESTMENTS IN SUBSIDIARIES (Net)	(8)	81.133	-	81.133	62.048	-	62.048
10.1.Unconsolidated Financial Subsidiaries		81.133	-	81.133	62.048	-	62.048
10.2.Unconsolidated Non-financial Subsidiaries		-	-	-	-	-	-
XI. JOINT VENTURES (Net)	(9)	-	-	-	-	-	-
11.1.Accounted with Equity Method		-	-	-	-	-	-
11.2.Unconsolidated Joint Ventures		-	-	-	-	-	-
11.2.1.Financial Joint Ventures		-	-	-	-	-	-
11.2.2.Non-financial Joint Ventures		-	-	-	-	-	-
XII. FINANCE LEASE RECEIVABLES (Net)	(10)	-	-	-	-	-	-
12.1.Finance Lease Receivables		-	-	-	-	-	-
12.2.Operating Lease Receivables		-	-	-	-	-	-
12.3.Other		-	-	-	-	-	-
12.4.Unearned Income [-]		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
13.1.Fair Value Risk Hedging		-	-	-	-	-	-
13.2.Cash Flow Risk Hedging		-	-	-	-	-	-
13.3.Net Abroad Investment Risk Hedging		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(12)	1.138.918	44	1.138.962	891.591	53	891.644
XV. INTANGIBLE ASSETS (Net)	(13)	10.959	-	10.959	38.588	-	38.588
15.1.Goodwill		-	-	-	-	-	-
15.2.Other		10.959	-	10.959	38.588	-	38.588
XVI. INVESTMENT PROPERTIES (Net)	(14)	-	-	-	-	-	-
XVII. TAX ASSET	(15)	207.189	-	207.189	74.091	-	74.091
17.1.Current Assets for Tax		-	-	-	-	-	-
17.2.Deferred Assets for Tax		207.189	-	207.189	74.091	-	74.091
XVIII. ASSETS HELD FOR SALE AND HELD FROM DISCONTINUED OPERATIONS (Net)	(16)	84.091	-	84.091	130.416	-	130.416
18.1.Held for Sale Purpose		84.091	-	84.091	130.416	-	130.416
18.2.Held from Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(17)	440.507	64.917	505.424	233.402	104.602	338.004
TOTAL ASSETS		45.169.345	15.480.741	60.650.086	37.801.793	13.294.102	51.095.895

Türkiye Halk Bankası A.Ş.

Unconsolidated Balance Sheet (Statement of Financial Position)

LIABILITIES AND EQUITY	Disc.	THOUSANDS OF TRY					
		Audited CURRENT PERIOD (31/12/2009)			Audited PRIOR PERIOD (31/12/2008)		
		TRY	FC	Total	TRY	FC	Total
I. DEPOSITS	(1)	29.429.137	14.520.566	43.949.703	27.033.766	13.237.348	40.271.114
1.1. Deposits Held by the Risk Group of the Bank		100.532	15.053	115.585	104.334	4.294	108.628
1.2. Other		29.328.605	14.505.513	43.834.118	26.929.432	13.233.054	40.162.486
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	-	88.956	88.956	-	22.246	22.246
III. BORROWING FUNDING LOANS	(3)	201.722	1.829.795	2.031.517	202.295	1.319.504	1.521.799
IV. MONEY MARKET BALANCES		5.213.752	547.976	5.761.728	1.697.826	692.618	2.390.444
4.1. Interbank Money Market Takings		-	-	-	-	-	-
4.2. Istanbul Stock Exchange Takasbank Takings		-	-	-	-	-	-
4.3. Funds From Repurchase Agreements		5.213.752	547.976	5.761.728	1.697.826	692.618	2.390.444
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1. Bills		-	-	-	-	-	-
5.2. Asset-backed Securities		-	-	-	-	-	-
5.3. Bonds		-	-	-	-	-	-
VI. FUNDS	(4)	1.315.802	-	1.315.802	1.215.554	-	1.215.554
6.1. Borrower Funds		204.776	-	204.776	188.007	-	188.007
6.2. Other		1.111.026	-	1.111.026	1.027.547	-	1.027.547
VII. SUNDRY CREDITORS		518.912	16.363	535.275	425.720	16.332	442.052
VIII. OTHER LIABILITIES	(5)	163.850	95.988	259.838	142.946	56.140	199.086
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCE LEASE PAYABLES (Net)	(6)	137	2	139	-	284	284
10.1. Finance Lease Payables		194	2	196	-	284	284
10.2. Operating Lease Payables		-	-	-	-	-	-
10.3. Other		-	-	-	-	-	-
10.4. Deferred Finance Lease Expenses (-)		57	-	57	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING	(7)	-	-	-	-	-	-
11.1. Fair Value Risk Hedging		-	-	-	-	-	-
11.2. Cash Flow Risk Hedging		-	-	-	-	-	-
11.3. Net Abroad Investment Risk Hedging		-	-	-	-	-	-
XII. PROVISIONS	(8)	715.450	15.499	730.949	595.771	12.472	608.243
12.1. General Loan Provisions		275.695	-	275.695	225.806	-	225.806
12.2. Restructuring Provisions		-	-	-	-	-	-
12.3. Employee Benefits Provisions		242.845	-	242.845	234.893	-	234.893
12.4. Insurance Technical Reserves (Net)		-	-	-	-	-	-
12.5. Other Provisions		196.910	15.499	212.409	135.072	12.472	147.544
XIII. TAX LIABILITY	(9)	216.631	1	216.632	136.244	2	136.246
13.1. Current Tax Liability		216.631	1	216.632	136.244	2	136.246
13.2. Deferred Tax Liability		-	-	-	-	-	-
XIV. LIABILITIES FOR ASSET HELD FOR SALE AND HELD FROM DISCONTINUED OPERATIONS	(10)	-	-	-	-	-	-
14.1. Held for Sale Purpose		-	-	-	-	-	-
14.2. Held from Discontinued Operations		-	-	-	-	-	-
XV. TIER -II CAPITAL	(11)	-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY	(12)	5.713.842	45.705	5.759.547	4.266.397	22.430	4.288.827
16.1. Paid-in Capital		1.250.000	-	1.250.000	1.250.000	-	1.250.000
16.2. Capital Reserves		1.264.161	45.705	1.309.866	1.180.072	22.430	1.202.502
16.2.1. Share Premium		-	-	-	-	-	-
16.2.2. Share Cancellation Profits		-	-	-	-	-	-
16.2.3. Marketable Securities Revaluation Fund		74.177	45.705	119.882	(7.011)	22.430	15.419
16.2.4. Tangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.5. Intangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.6. Revaluation Reserves of Real Estates for Investment Purpose		-	-	-	-	-	-
16.2.7. Non-paid-up Shares of Subsidiaries, Associates and Joint Ventures		61	-	61	-	-	-
16.2.8. Hedging Funds (Effective Portion)		(30.528)	-	(30.528)	(33.368)	-	(33.368)
16.2.9. Value Increase on Assets Held for Sale		-	-	-	-	-	-
16.2.10. Other Capital Reserves		1.220.451	-	1.220.451	1.220.451	-	1.220.451
16.3. Profit Reserves		1.568.590	-	1.568.590	801.188	-	801.188
16.3.1. Legal Reserves		507.495	-	507.495	434.671	-	434.671
16.3.2. Statutory Reserves		-	-	-	-	-	-
16.3.3. Extraordinary Reserves		1.013.914	-	1.013.914	333.180	-	333.180
16.3.4. Other Profit Reserves		47.181	-	47.181	33.337	-	33.337
16.4. Profit/Loss		1.631.091	-	1.631.091	1.035.137	-	1.035.137
16.4.1. Prior Years Income/Loss		-	-	-	16.822	-	16.822
16.4.2. Period Profit/Loss		1.631.091	-	1.631.091	1.018.315	-	1.018.315
TOTAL LIABILITIES AND EQUITY		43.489.235	17.160.851	60.650.086	35.716.519	15.379.376	51.095.895

Türkiye Halk Bankası A.Ş.

Unconsolidated Off Balance Sheet Accounts

THOUSANDS OF TRY

Disc.	Audited					
	CURRENT PERIOD			PRIOR PERIOD		
	TRY	FC	Total	TRY	FC	Total
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)	10.028.306	12.782.239	22.810.545	6.995.773	6.049.121	13.044.894
I. GUARANTEES AND SURETYSHIPS	(1). (3)	3.722.965	5.591.977	9.314.942	2.544.668	4.194.184
1.1.Letters of Guarantee	3.680.889	3.094.424	6.775.313	2.523.556	2.329.643	4.853.199
1.1.1.Guarantees Subject to Public Procurement Law	353.921	2.375.248	2.729.169	269.849	1.719.931	1.989.780
1.1.2.Guarantees Given for Foreign Trade Operations	-	-	-	-	-	-
1.1.3.Other Letters of Guarantee	3.326.968	719.176	4.046.144	2.253.707	609.712	2.863.419
1.2.Bank Loans	-	138.242	138.242	-	78.257	78.257
1.2.1.Import Acceptances	-	74.508	74.508	-	75.751	75.751
1.2.2.Other Bank Acceptances	-	63.734	63.734	-	2.506	2.506
1.3.Letters of Credit	-	2.243.228	2.243.228	-	1.780.112	1.780.112
1.3.1.Documentary Letters of Credit	-	2.243.228	2.243.228	-	1.780.112	1.780.112
1.3.2.Other Letters of Credit	-	-	-	-	-	-
1.4.Guaranteed Prefinancings	-	-	-	-	-	-
1.5.Endorsements	-	-	-	-	-	-
1.5.1.Endorsements to Central Bank of Turkish Republic	-	-	-	-	-	-
1.5.2.Other Endorsements	-	-	-	-	-	-
1.6.Purchase Guarantees on Marketable Security Issuance	-	-	-	-	-	-
1.7.Factoring Guarantees	-	-	-	-	-	-
1.8.Other Guarantees	41.846	116.083	157.929	20.882	6.172	27.054
1.9.Other Suretyships	230	-	230	230	-	230
II. COMMITMENTS	(1). (3)	4.988.824	828.762	5.817.586	596.319	4.042.885
2.1.Irrevocable Commitments	4.985.605	828.762	5.814.367	3.443.347	596.319	4.039.666
2.1.1.Forward Asset Purchase Commitments	169.106	510.342	679.448	30.629	596.319	626.948
2.1.2.Forward Deposit Purchase and Sale Commitments	-	-	-	-	-	-
2.1.3.Capital Commitments to Subsidiaries and Associates	2.250	-	2.250	15.741	-	15.741
2.1.4.Loan Granting Commitments	722.229	318.420	1.040.649	258.131	-	258.131
2.1.5.Securities Underwriting Commitments	-	-	-	-	-	-
2.1.6. Payment Commitments for Reserve Deposits	-	-	-	-	-	-
2.1.7.Payment Commitments for Cheques	1.255.978	-	1.255.978	1.260.306	-	1.260.306
2.1.8.Tax and Fund Liabilities from Export Commitments	11.284	-	11.284	6.739	-	6.739
2.1.9.Commitments for Credit Card Expenditure Limits	2.793.507	-	2.793.507	1.827.156	-	1.827.156
2.1.10.Commitments for Credit Cards and Banking Services Promotions	27.446	-	27.446	27.403	-	27.403
2.1.11.Receivables from Short Sale Commitments	-	-	-	-	-	-
2.1.12.Payables for Short Sale Commitments	-	-	-	-	-	-
2.1.13.Other Irrevocable Commitments	3.805	-	3.805	17.242	-	17.242
2.2.Revocable Commitments	3.219	-	3.219	3.219	-	3.219
2.2.1.Revocable Loan Granting Commitments	-	-	-	-	-	-
2.2.2.Other Revocable Commitments	3.219	-	3.219	3.219	-	3.219
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	1.316.517	6.361.500	7.678.017	1.004.539	1.258.618
3.1.Derivative Financial Instruments for Hedging	-	-	-	-	-	-
3.1.1.Fair Value Risk Hedging Transactions	-	-	-	-	-	-
3.1.2.Cash flow Risk Hedging Transactions	-	-	-	-	-	-
3.1.3.Net Abroad Investment Risk Hedging Transactions	-	-	-	-	-	-
3.2.Transactions for Trading	1.316.517	6.361.500	7.678.017	1.004.539	1.258.618	2.263.157
3.2.1.Forward Foreign Currency Buy/Sell Transactions	22.859	523.002	545.861	6.443	117.763	124.206
3.2.1.1.Forward Foreign Currency Transactions-Buy	6.012	266.585	272.597	2.320	59.976	62.296
3.2.1.2.Forward Foreign Currency Transactions-Sell	16.847	256.417	273.264	4.123	57.787	61.910
3.2.2.Currency and Interest Rate Swaps	1.095.588	5.318.678	6.414.266	800.026	915.855	1.715.881
3.2.2.1.Currency Swap-Buy	-	2.871.470	2.871.470	-	677.997	677.997
3.2.2.2.Currency Swap-Sell	788.498	2.129.008	2.917.506	605.886	27.858	633.744
3.2.2.3.Interest Rate Swap-Buy	-	318.200	318.200	-	210.000	210.000
3.2.2.4.Interest Rate Swap-Sell	307.090	-	307.090	194.140	-	194.140
3.2.3.Currency, Interest Rate and Marketable Securities Options	-	-	-	-	-	-
3.2.3.1.Currency Call Options	-	-	-	-	-	-
3.2.3.2.Currency Put Options	-	-	-	-	-	-
3.2.3.3.Interest Rate Call Options	-	-	-	-	-	-
3.2.3.4.Interest Rate Put Options	-	-	-	-	-	-
3.2.3.5.Marketable Securities Call Options	-	-	-	-	-	-
3.2.3.6.Marketable Securities Put Options	-	-	-	-	-	-
3.2.4.Currency Futures	-	-	-	-	-	-
3.2.4.1.Currency Futures-Buy	-	-	-	-	-	-
3.2.4.2.Currency Futures-Sell	-	-	-	-	-	-
3.2.5.Interest Rate Buy/Sell Futures	-	-	-	-	-	-
3.2.5.1.Interest Rate Futures-Buy	-	-	-	-	-	-
3.2.5.2.Interest Rate Futures-Sell	-	-	-	-	-	-
3.2.6.Other	198.070	519.820	717.890	198.070	225.000	423.070

Türkiye Halk Bankası A.Ş.

Unconsolidated Off Balance Sheet Accounts

Disc.	THOUSANDS OF TRY					
	Audited CURRENT PERIOD (31/12/2009)			Audited PRIOR PERIOD (31/12/2008)		
	TRY	FC	Total	TRY	FC	Total
B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)	266.713.440	107.979.743	374.693.183	146.979.141	60.125.803	207.104.944
IV. CUSTODIES	56.546.821	5.412.880	61.959.701	39.457.259	3.379.653	42.836.912
4.1.Assets Under Management	-	-	-	-	-	-
4.2.Custody Marketable Securities	27.988.177	271.653	28.259.830	23.151.155	231.338	23.382.493
4.3.Cheques in Collection Process	2.859.578	1.845.612	4.705.190	2.603.753	134.633	2.738.386
4.4.Commercial Notes in Collection Process	9.685.107	178.807	9.863.914	343.990	145.031	489.021
4.5.Other Assets in Collection Process	679	-	679	511	-	511
4.6.Underwritten Securities	321	6.956	7.277	250	-	250
4.7.Other Custodies	2.424	8.072	10.496	6.305	8.260	14.565
4.8.Custodians	16.010.535	3.101.780	19.112.315	13.351.295	2.860.391	16.211.686
V. PLEDGED ASSETS	210.166.619	102.566.863	312.733.482	107.521.882	56.746.150	164.268.032
5.1.Marketable Securities	802.955	209.987	1.012.942	113.220	192.812	306.032
5.2.Collateral Notes	2.726.527	170.390	2.896.917	3.238.269	340.310	3.578.579
5.3.Commodity	25.830	-	25.830	53.947	-	53.947
5.4.Warranty	-	-	-	-	-	-
5.5.Land and Buildings	40.468.190	11.866.210	52.334.400	28.979.863	7.365.531	36.345.394
5.6.Other Pledged Assets	164.097.281	89.571.870	253.669.151	73.643.031	47.941.989	121.585.020
5.7.Pledges	2.045.836	748.406	2.794.242	1.493.552	905.508	2.399.060
VI. ACCEPTED BILL GUARANTEES AND SURETIES	-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)	276.741.746	120.761.982	397.503.728	153.974.914	66.174.924	220.149.838

Türkiye Halk Bankası A.Ş.

Unconsolidated Statement of Income

THOUSANDS OF TRY			
INCOME AND EXPENSES	Disc.	Audited CURRENT PERIOD (01/01/2009-31/12/2009)	Audited PRIOR PERIOD (01/01/2008-31/12/2008)
I. INTEREST INCOME	(1)	6.816.704	6.792.931
1.1. Interest on loans	(1a)	4.226.042	3.773.463
1.2. Interest received from reserve deposits		304	12.333
1.3. Interest received from banks	(1b)	126.342	211.638
1.4. Interest received from money market placements		4.489	9.643
1.5. Interest income on marketable securities	(1c)	2.442.237	2.775.831
1.5.1. Financial assets held for trading		4.135	50.970
1.5.2. Financial assets at fair value through profit and loss		-	-
1.5.3. Financial assets available-for-sale		538.116	1.201.128
1.5.4. Investments held-to-maturity		1.899.986	1.523.733
1.6. Finance lease income		-	-
1.7. Other interest income		17.290	10.023
II. INTEREST EXPENSE	(2)	3.707.996	4.666.693
2.1. Interest on deposits	(2ç)	3.212.254	4.333.826
2.2. Interest on borrowings	(2a)	74.367	73.248
2.3. Interest on money market borrowings		331.373	224.232
2.4. Interest on marketable securities issued		-	-
2.5. Other interest expense		90.002	35.387
III. NET INTEREST INCOME (I - II)		3.108.708	2.126.238
IV. NET FEES AND COMMISSIONS INCOME		460.590	370.268
4.1. Fees and commissions income		543.394	442.466
4.1.1. Non-cash loans		63.379	41.373
4.1.2. Other		480.015	401.093
4.2. Fees and commissions expenses		82.804	72.198
4.2.1. Non-cash loans		3	1
4.2.2. Other		82.801	72.197
V. DIVIDEND INCOME	(3)	10.774	38.785
VI. NET TRADING PROFIT	(4)	15.854	(193.569)
6.1. Profit/Loss from capital market operations		135.063	22.276
6.2. Profit/Loss from financial derivative transactions		(75.805)	334.665
6.3. Foreign exchange gains/losses		(43.404)	(550.510)
VII. OTHER OPERATING INCOME	(5)	261.065	363.189
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		3.856.991	2.704.911
IX. LOANS AND OTHER RECEIVABLES IMPAIRMENT LOSS PROVISIONS (-)	(6)	646.132	436.291
X. OTHER OPERATING EXPENSES(-)	(7)	1.193.659	1.002.236
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		2.017.200	1.266.384
XII. AMOUNT RECORDED IN EXCESS AS GAIN AFTER MERGER		-	-
XIII. PROFIT/LOSSES FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-
XIV. GAIN/(LOSS) ON NET MONETARY POSITION		-	-
XV. INCOME/(LOSS) BEFORE TAXES (XI+XII+XIII+XIV)	(8)	2.017.200	1.266.384
XVI. TAX INCOME PROVISION (±)	(9)	(386.109)	(248.069)
16.1. Current tax provision		(548.097)	(243.239)
16.2. Deferred tax provision		161.988	(4.830)
XVII. NET OPERATING INCOME AFTER TAX (XV±XVI)	(10)	1.631.091	1.018.315
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1. Property and equipment income held for sale		-	-
18.2. Sale profits from associates, subsidiaries and joint ventures (business partners)		-	-
18.3. Other income from terminated operations		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1. Property and equipment expense held for sale		-	-
19.2. Sale losses from associates, subsidiaries and joint ventures (business partners)		-	-
19.3. Other expenses from discontinued operations		-	-
XX. INCOME/EXPENSE BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXI. PROVISION FOR TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)		-	-
21.1. Current tax provision		-	-
21.2. Deferred tax provision		-	-
XXII. NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII. NET PROFIT/(LOSS) (XVII+XXII)	(11)	1.631.091	1.018.315
Earnings/Losses per share		1,30487	0,81465

Türkiye Halk Bankası A.Ş.

Statement of Unconsolidated Profit and Loss Accounted for Under Equity

	THOUSANDS OF TRY	
	CURRENT PERIOD	PRIOR PERIOD
	Audited (01/01/2009-31/12/2009)	Audited (01/01/2008-31/12/2008)
STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY		
I. Additions to marketable securities revaluation differences for available for sale financial assets	235.527	(143.808)
II. Tangible assets revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Foreign exchange differences for foreign currency transactions	-	-
V. Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)	-	-
VI. Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)	3.550	(41.709)
VII. The effect of corrections of errors and changes in accounting policies	-	-
VIII. Other profit loss items accounted under equity due to TAS	(30.768)	(46.552)
IX. Deferred tax of valuation differences	(28.890)	14.347
X. Total Net Profit/Loss accounted under equity (I+II+...+IX)	179.419	(217.722)
XI. Profit/Loss	(58.272)	(19.060)
11.1. Change in fair value of marketable securities (Transfer to Profit/Loss)	(22.089)	(25.403)
11.2. Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
11.3. Transfer of hedge of net investments in foreign operations to Income Statement	-	-
11.4. Other	(36.183)	6.343
XII. Total Profit/Loss accounted for the period (X±XI)	121.147	(236.782)

Türkiye Halk Bankası A.Ş.

Unconsolidated Statement of Changes in Shareholders' Equity

	Disc.	Effect of Inflation Adjustments on Paid in Capital	Share Premium	Share Certificate Cancellation Profit	Legal Reserves	Statutory Reserves
CHANGES IN SHARE HOLDERS' EQUITY						
PRIOR PERIOD						
(01/01/2008 - 31/12/2008)						
I. Balance at end of prior period	1.250.000	1.220.451	-	-	297.633	-
II. Corrections according to TAS 8	-	-	-	-	-	-
2.1.The effect of corrections of errors	-	-	-	-	-	-
2.2.The effects of changes in accounting policy	-	-	-	-	-	-
III. New Balance (I + II)	1.250.000	1.220.451	-	-	297.633	-
Changes within the period	-	-	-	-	-	-
IV. Increase/Decrease generated by merger	-	-	-	-	-	-
V. Valuation changes in marketable securities	-	-	-	-	-	-
VI. Hedging Funds (Effective Portion)	-	-	-	-	-	-
6.1.Cash-flow hedge	-	-	-	-	-	-
6.2.Hedges for investment made in foreign countries	-	-	-	-	-	-
VII. Revaluation changes of property and equipment	-	-	-	-	-	-
VIII. Revaluation changes of intangible assets	-	-	-	-	-	-
IX. Free shares from investment and associates, subsidiaries and joint ventures (business partners)	-	-	-	-	-	-
X. Foreign exchange differences	-	-	-	-	-	-
XI. Changes after disposal of securities	-	-	-	-	-	-
XII. Changes after reclassification of securities	-	-	-	-	-	-
XIII. Effect of changes in shareholders equity of investments and associates to bank's shareholders equity	-	-	-	-	-	-
XIV. Increase in capital	-	-	-	-	-	-
14.1. Cash	-	-	-	-	-	-
14.2. From internal resources	-	-	-	-	-	-
XV. Issuance of share certificates at end of period	-	-	-	-	-	-
XVI. Share cancellation profits	-	-	-	-	-	-
XVII. Adjustment to paid-in capital	-	-	-	-	-	-
XVIII. Other	-	-	-	-	-	-
XIX. Net profit or losses	-	-	-	-	-	-
XX. Profit distribution	-	-	-	-	137.038	-
20.1. Dividends distributed	-	-	-	-	-	-
20.2. Transfers to legal reserves	-	-	-	-	137.038	-
20.3. Other	-	-	-	-	-	-
Closing Balance (III+IV+V +...+XVIII+XIX+XX)	1.250.000	1.220.451	-	-	434.671	-
CURRENT PERIOD						
(01/01/2009 - 31/12/2009)						
I. Balance at end of prior period	1.250.000	1.220.451	-	-	434.671	-
Changes within the period	-	-	-	-	-	-
II. Increase or decrease generated by merger	-	-	-	-	-	-
III. Valuation changes in marketable securities	-	-	-	-	-	-
IV. Hedging Funds (Effective Portion)	-	-	-	-	-	-
4.1.Cash flow hedge	-	-	-	-	-	-
4.2.Hedges for investments made in foreign countries	-	-	-	-	-	-
V. Revaluation changes of property and equipment	-	-	-	-	-	-
VI. Revaluation changes of intangible assets	-	-	-	-	-	-
VII. Free shares from investment and associates, subsidiaries and joint ventures (business partners)	-	-	-	-	-	-
VIII. Foreign exchange differences	-	-	-	-	-	-
IX. Changes after disposal of securities	-	-	-	-	-	-
X. Changes after reclassification of securities	-	-	-	-	-	-
XI. Effect of changes in shareholders equity of investments and associates to bank's shareholders equity	-	-	-	-	-	-
XII. Increase in capital	-	-	-	-	-	-
12.1. Cash	-	-	-	-	-	-
12.2. From internal resources	-	-	-	-	-	-
XIII. Issuance of share certificates at end of period	-	-	-	-	-	-
XIV. Share cancellation profits	-	-	-	-	-	-
XV. Adjustment to paid-in capital	-	-	-	-	-	-
XVI. Other	-	-	-	-	-	-
XVII. Net profit or losses	-	-	-	-	-	-
XVIII. Profit distribution	-	-	-	-	72.824	-
18.1.Dividends distributed	-	-	-	-	-	-
18.2.Transfers to legal reserves	-	-	-	-	72.824	-
18.3.Other	-	-	-	-	-	-
Closing balances (I+II+III+...+XVI+XVII+XVIII)	1.250.000	1.220.451	-	-	507.495	-

Türkiye Halk Bankası A.Ş.

Unconsolidated Statement of Changes in Shareholders' Equity

THOUSANDS OF TRY									
Audited									
Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Valuation changes in marketable sec.	Revaluation changes in prop. and equip. and int. assets	Free shares from shareholders	Hedging funds	Valu. chan. in pro. and equip. held for sale purp./term. op.	Total Equity
159.859	31.928	1.131.039	71.922	220.242	-	-	-	-	4.383.074
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
159.859	31.928	1.131.039	71.922	220.242	-	-	-	-	4.383.074
-	-	-	-	-	-	-	-	-	-
-	-	-	-	(204.823)	-	-	-	-	(204.823)
-	-	-	-	-	-	-	(33.368)	-	(33.368)
-	-	-	-	-	-	-	(33.368)	-	(33.368)
-	-	-	-	-	-	-	-	-	-
-	1.409	-	-	-	-	-	-	-	1.409
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	1.018.315	-	-	-	-	-	-	1.018.315
173.321	-	(1.131.039)	(55.100)	-	-	-	-	-	(875.780)
-	-	-	(875.780)	-	-	-	-	-	(875.780)
173.321	-	-	(310.359)	-	-	-	-	-	-
-	-	(1.131.039)	1.131.039	-	-	-	-	-	-
333.180	33.337	1.018.315	16.822	15.419	-	-	(33.368)	-	4.288.827
333.180	33.337	1.018.315	16.822	15.419	-	-	(33.368)	-	4.288.827
-	-	-	-	-	-	-	-	-	-
-	-	-	-	118.222	-	-	-	-	118.222
-	-	-	-	-	-	-	2.840	-	2.840
-	-	-	-	-	-	-	2.840	-	2.840
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	61	-	-	61
-	-	-	-	85	-	-	-	-	85
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	13.844	-	-	(13.844)	-	-	-	-	-
-	-	1.631.091	-	-	-	-	-	-	1.631.091
680.734	-	(1.018.315)	(16.822)	-	-	-	-	-	(281.579)
-	-	-	(281.579)	-	-	-	-	-	(281.579)
680.734	-	-	(753.558)	-	-	-	-	-	-
-	-	(1.018.315)	1.018.315	-	-	-	-	-	-
1.013.914	47.181	1.631.091	-	119.882	-	61	(30.528)	-	5.759.547

Türkiye Halk Bankası A.Ş.

Unconsolidated Statement of Cash Flows

	THOUSANDS OF TRY		
	Disc.	Audited CURRENT PERIOD 31/12/2009	Audited PRIOR PERIOD 31/12/2008
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1. Operating profit before changes in operating assets and liabilities (+)		2.039.189	480.202
1.1.1. Interest received (+)		7.381.236	6.292.578
1.1.2. Interest paid (-)		(3.926.662)	(4.564.060)
1.1.3. Dividend received(+)		3.260	31.682
1.1.4. Fees and commissions received (+)		543.394	442.466
1.1.5. Other income (+)		99.410	14.393
1.1.6. Collections from previously written off loans (+)		380.472	273.388
1.1.7. Cash payments to personnel and service suppliers (-)		(634.933)	(553.380)
1.1.8. Taxes paid (-)		(501.107)	(306.510)
1.1.9. Other (+/-)		(1.305.881)	(1.150.355)
1.2. Assets and Liabilities Subject to Banking Operations		736.163	3.448.766
1.2.1. Net (increase) decrease in financial assets held for sale (+/-)		(682)	413.677
1.2.2. Net (increase) decrease in financial assets at fair value through profit or loss (+/-)		-	-
1.2.3. Net (increase) decrease in due from banks and other financial institutions (+/-)		-	50.000
1.2.4. Net (increase) decrease in loans (+/-)		(7.215.071)	(7.740.897)
1.2.5. Net (increase) decrease in other assets (+/-)		(167.420)	(11.595)
1.2.6. Net increase (decrease) in bank deposits (+/-)		659.195	811.888
1.2.7. Net increase (decrease) in other deposits (+/-)		3.356.111	9.120.151
1.2.8. Net increase (decrease) in loans borrowed (+/-)		520.733	582.571
1.2.9. Net increase (decrease) in matured payables (+/-)		-	-
1.2.10. Net increase (decrease) in other liabilities (+/-)		3.583.297	222.971
I. Net cash provided from banking operations (+/-)		2.775.352	3.928.968
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net cash provided from investing activities (+/-)		(3.000.396)	(3.240.557)
2.1. Cash paid for purchase of joint ventures, associates and subsidiaries (-)		(17.476)	-
2.2. Cash obtained from sale of entities joint ventures, associates and subsidiaries (+)		-	-
2.3. Fixed assets purchases (-)		(189.460)	(367.394)
2.4. Fixed assets sales(+)		133.060	131.098
2.5. Cash paid for purchase of financial assets available for sale (-)		(7.150.973)	-
2.6. Cash obtained from sale of financial assets available for sale (+)		5.974.917	-
2.7. Cash paid for purchase of investment securities (-)		(3.707.229)	(4.242.809)
2.8. Cash obtained from sale of investment securities (+)		1.966.809	1.266.427
2.9. Other (+/-)		(10.044)	(27.879)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities (+/-)		(281.724)	(881.053)
3.1. Cash obtained from loans borrowed and securities issued (+)		-	-
3.2. Cash used for repayment of loans borrowed and securities issued (-)		-	-
3.3. Marketable securities issued (+)		-	-
3.4. Dividends paid (-)		(281.579)	(875.780)
3.5. Payments for finance leases (-)		(145)	(5.273)
3.6. Other (+/-)		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents(+/-)		(38.410)	683.555
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)		(545.178)	490.913
VI. Cash and cash equivalents at beginning of the period (+)	(2)	5.077.497	4.586.584
VII. Cash and cash equivalents at end of the period (V+VI)	(2)	4.532.319	5.077.497

Türkiye Halk Bankası A.Ş. Profit Distribution Table

	THOUSANDS OF TRY	
	Audited CURRENT PERIOD (31/12/2009)	Audited PRIOR PERIOD (31/12/2008)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1.CURRENT YEAR INCOME	2.017.200	1.266.384
1.2.TAXES AND DUTIES PAYABLE	386.109	248.069
1.2.1.Corporate tax (Income tax)	548.097	243.239
1.2.2.Income withholding tax	-	-
1.2.3.Other taxes and duties (*)	(161.988)	4.830
A. NET INCOME FOR THE YEAR (1.1-1.2)	1.631.091	1.018.315
1.3.PRIOR YEARS LOSSES (-)	-	-
1.4.FIRST LEGAL RESERVES (-)	-	50.916
1.5.OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	1.631.091	967.399
1.6.FIRST DIVIDEND TO SHAREHOLDERS (-)	-	62.500
1.6.1.To owners of ordinary shares	-	62.500
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 PERSONNEL (-)	-	27.000
1.8.DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9.SECOND DIVIDEND TO SHAREHOLDERS (-)	-	192.079
1.9.1.To owners of ordinary shares	-	192.079
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 (-)	-	21.908
1.11.STATUTORY RESERVES (-)	-	-
1.12.GENERAL RESERVES	-	663.912
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 PERSONNEL (-)	-	-
2.5.DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1.TO OWNERS OF ORDINARY SHARES	-	0,81
3.2.TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3.TO OWNERS OF PRIVILEGED SHARES	-	-
3.4.TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1.TO OWNERS OF ORDINARY SHARES	-	0,20
4.2.TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3.TO OWNERS OF PRIVILEGED SHARES	-	-
4.4.TO OWNERS OF PRIVILEGED SHARES (%)	-	-

[*] Includes deferred tax income/expense.

[**] Profit Distribution decision is made by the General Assembly of the Bank. As of report date, the General Assembly meeting has not been held yet.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to Financial Statements for the Period January 1-December 31, 2009

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

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

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

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

1. The Bank's Strategy On Financial Instruments:

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

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

2. The Bank's Explanations on Foreign Currency Transactions:

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

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

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

III. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

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

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

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IV. INTEREST INCOME AND EXPENSES

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

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

V. FEES AND COMMISSION INCOME AND EXPENSES

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

VI. EXPLANATIONS AND DISCLOSURES ON FINANCIAL ASSETS

Financial instruments comprise financial assets, financial liabilities and derivative instruments. The financial assets are included in the balance sheet of the Bank, if the Bank is a legal party of these financial assets.

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

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

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

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

1. Cash and Bank:

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

2. Marketable Securities:

a. Financial Assets at Fair Value through Profit and Loss

a.1. Financial Assets Held For Trading:

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

Financial Assets Held For Trading are presented in the balance sheet with their fair values and are subject to valuation at fair values after the initial recognition. If a price does not occur in an active market, fair value cannot be reliably determined and "amortized value" is determined as the fair value using the internal rate of return. Valuation gains or losses are recognized in the profit/loss accounts. Interests gained from the retention of Held For Trading Financial Assets are recognized under the interest income and dividends gained are recognized under the dividend income in the income statement. If these assets

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are disposed of prior to their maturity periods, loss or gain from the disposal is recognized in the income statement by using Interest Income/Expense accounts and Profit/Loss from the Capital Market Operations under the scope of Uniform Chart of Accounts.

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

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

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

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

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

3. Loans and Receivables:

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

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

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

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

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

VII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

For loans and receivables; the Bank's management performs consistent loan portfolio reviews and if any doubts on the collectibility of the loans arise, the related loans are classified in accordance with legislation on "Determining the Nature of Loans and Receivables and Principles and Procedures on the Allocation of Loan and Receivable Provisions" published in the Official Gazette numbered 26333 and dated November 1, 2006. The Bank does not limit the provision amount for the non-performing loans recognized before January 1, 2008 with the minimum rates defined in the related regulation and allocates specific provision for such loan amounts in full and they are recognized in the statement of income. Bank sets specific provision for non-performing loans recognized after January 1, 2008 through deducting the collateral amount, calculated in accordance with the related coefficient rates defined in the Article 10 of the related legislation, from the follow-up amount and setting 100% provision for the outstanding follow-up risk amount excluding the suretyship type of collaterals defined in the Article 9 of the related legislation. Specific provision rate for the standing non-cash loans extended to follow-up entities in order to cash ensuring is 100%, specific provision rate for other non-cash loans is 50%. Collections made related to those loans are offset against the capital and interest collections are recognized under the "Interest Received from Non-performing Loans" item of the income statement.

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

VIII. OFFSETTING THE FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

Reverse repo transactions are recognized under the "Receivables from Reverse Repo Transactions" account. For the difference between the purchase and resale prices determined by the reverse repo agreements for the period; income accrual is calculated using the internal rate of return method. As of December 31, 2009 bank has no reverse repo transactions (December 31, 2008: None).

X. EXPLANATIONS ON ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

XI. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

XII. EXPLANATIONS ON PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

XIII. EXPLANATIONS ON LEASING TRANSACTIONS

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

The Bank does not participate in the financial leasing transactions as a "lessor".

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

XIV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

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

XV. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES

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

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

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

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

XVI. EXPLANATIONS ON TAXATION

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

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

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

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

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

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

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XVII. ADDITIONAL EXPLANATIONS ON BORROWINGS

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

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

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

There are no convertible bonds or debt instruments issued.

XVIII. EXPLANATIONS ON SHARES AND SHARE ISSUE

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

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

XIX. EXPLANATIONS ON BILL GUARANTEES AND ACCEPTANCES

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

XX. EXPLANATIONS ON GOVERNMENT INCENTIVES

There are no government incentives utilized by the Bank.

XXI. EXPLANATIONS ON SEGMENT REPORTING

Segment reporting focuses on business segment considering the main source and nature of the risks and returns of the Bank. The Bank operates mainly in corporate, commercial, entrepreneur banking and investment banking. The report concerning parts of Bank's business segmentation and related information is explained in section four, disclosure numbered VIII.

XXII. EXPLANATION ON OTHER MATTERS

Associates and Subsidiaries:

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

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

SECTION IV: INFORMATION ON FINANCIAL STRUCTURE

I. EXPLANATIONS RELATED TO THE UNCONSOLIDATED CAPITAL ADEQUACY RATIO

Risk measurement methods used in the determination of unconsolidated capital adequacy standard ratio; Capital Adequacy Standard Ratio calculation is performed in accordance with the Communiqué on "Measurement and Assessment of the Capital Adequacy of Banks", which was published in the Official Gazette numbered 26333 on November 1, 2006. As of December 31, 2009, the Bank's unconsolidated capital adequacy ratio calculated based on the essentials of the related communiqué is 16,03%. (December 31, 2008: 14,49%)

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

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

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

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

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

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1. Information on the unconsolidated capital adequacy ratio:

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

2. Capital Adequacy Ratio Summary:

	Current Period	Prior Period
Credit Risk Base Amount (CRBA)	30.393.342	25.693.179
Market Risk Base Amount (MRBA)	836.688	462.213
Operational Risk Base Amount (ORBA)	4.369.727	3.689.089
Equity	5.705.659	4.324.370
Equity / (CRBA+MRBA+ORBA)*100	16,03	14,49

Türkiye Halk Bankası A.Ş.
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3. Information on equity items:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	1.250.000	1.250.000
Nominal capital	1.250.000	1.250.000
Capital commitments (-)	-	-
Inflation Adjustment for Paid-in Capital	1.220.451	1.220.451
Share Premium	-	-
Share Cancellation Profits	-	-
Legal Reserves	507.495	434.671
I. Degree Legal Reserve (Turkish Commercial Code 466/1)	223.672	172.756
II. Degree Legal Reserve (Turkish Commercial Code 466/2)	283.120	261.212
Reserves per Specific Acts	703	703
Statutory Reserves	-	-
Extraordinary Reserves	1.047.336	366.517
Reserves allocated per General Assembly Minute	1.013.914	333.180
Retained Earnings (*)	47.181	47.181
Accumulated Loss	-	-
Foreign Currency Share Capital Exchange Difference	(13.759)	(13.844)
Inflation Adjustment for the Legal, Statutory and Extraordinary Reserves	-	-
Profit	1.631.091	1.035.137
Net period profit	1.631.091	1.018.315
Retained Earnings	-	16.822
Portion of Provisions Allocated for Potential Risk up to 25% of Core Capital Amount	7.000	22.571
Subsidiary and Associate Shares and Gains on Sale of Properties To Be Added To Capital	-	-
Portion of Primary Tier-II Capital up to 15% of Core Capital	-	-
Losses that cannot be covered by reserves (-)	-	-
Net period loss	-	-
Accumulated Loss	-	-
Leasehold Improvements (-)	51.945	-
Prepaid Expenses (-)	156.378	4.225
Intangible Assets (-)	10.959	38.588
Deferred Tax Asset in excess of 10% of the Core Capital (-)	-	-
Excess Amount defined in,3rd Clause, 56th Article of the Banking Act (-)	-	-
Total Core Capital	5.444.091	4.286.534

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	Current Period	Prior Period
SUPPLEMENTARY CAPITAL		
General Loan Provisions	275.695	225.806
45% of Movable Assets Revaluation Fund	-	-
45% of Tangible Assets Revaluation Fund	-	-
Non-cash Shares of Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)	61	-
Proportion of Primary Tier -II Capital excluded from the Core Capital Calculation	-	-
Secondary Tier -II Capital	-	-
45% of Marketable Securities Revaluation Fund	46.401	(70.247)
From Subsidiaries and Associates	30.222	42.790
From Financial Assets Available For Sale	16.179	(113.037)
Inflation adjustments for capital reserves, profit reserves and retained earnings/accumulated losses (Except inflation adjustments for legal reserves, statutory reserves and extraordinary reserves)	-	-
Total Supplementary Capital	322.157	155.559
TIER-III CAPITAL	-	-
CAPITAL	5.766.248	4.442.093
DEDUCTIONS FROM CAPITAL	60.589	117.723
Equity shares in banks and financial institutions (domestic, foreign), 10% or more of whose capital is owned by the Bank and which are excluded from the consolidation	47.690	103.013
Equity shares in banks and financial institutions (domestic, foreign), less than 10% of whose capital is owned by the Bank and which exceed the 10% of Bank's Core and Supplementary Capital	-	-
Secondary subordinated loans granted to banks and financial institutions (Domestic, Foreign) or Qualified Shareholders and placements that possess the nature of their Primary or Secondary Subordinated Debt	-	-
Loans granted being non-compliant with the Articles 50 and 51 of the Banking Law	-	-
The net book value of properties exceeding 50% of equity and properties held for sale and properties and commodity to be disposed, acquired in exchange of loans and receivables according to the Article 57 of the Banking Law and have not been disposed yet after 5 years after foreclosure	12.899	14.710
Other	-	-
TOTAL EQUITY	5.705.659	4.324.370

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

II. EXPLANATIONS RELATED TO CREDIT RISK

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

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

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

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

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

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

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

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

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

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

Türkiye Halk Bankası A.Ş.Explanations and Notes to Financial Statements
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Credit risk by types of borrowers and geographical concentration:

	Loans to Real Person and Legal Entities		Loans to Banks and Other Financial Institutions		Marketable Securities*		Other Loans**	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Loans according to borrowers:								
Private Sector	22.402.819	18.230.041	1.058.788	381.182	11.486	11.328	286.198	317.872
Public Sector	867.815	808.493	-	-	21.361.231	18.322.221	185.128	201.435
Banks	-	-	29.600	30.000	-	-	1.135.955	2.119.023
Retail	7.306.663	5.595.897	-	-	-	-	-	-
Share Certificates	-	-	-	-	-	-	-	-
Total	30.577.297	24.634.431	1.088.388	411.182	21.372.717	18.333.549	1.607.281	2.638.330
Information according to geographical concentration:								
Domestic	30.368.164	24.533.147	1.058.788	381.182	21.363.726	18.325.563	369.289	334.192
EU Countries	132.477	42.964	-	30.000	6.990	6.898	1.162.648	2.039.501
OECD Countries ***	6.061	-	-	-	-	-	6.691	30.935
Offshore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	172	-	-	-	-	-	47.448	197.385
Other Countries	70.423	58.320	29.600	-	2.001	1.088	21.205	36.317
Total	30.577.297	24.634.431	1.088.388	411.182	21.372.717	18.333.549	1.607.281	2.638.330

(*) Includes marketable securities designated at fair value through profit or loss, available-for-sale and held-to-maturity.

(**) Includes the on balance sheet transactions classified in the Uniform Chart of Accounts except the ones in the first three categories and the transactions defined as loan in the Article 48 of the Banking Act No: 5411.

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

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

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Information according to geographical concentration:

	Assets (**)	Liabilities (***)	Non-Cash Loans	Equity Investments (**)	Net Profit/Loss
Current Period					
Domestic	59.030.758	50.225.620	9.193.437	134.149	1.631.091
EU Countries	766.522	2.868.130	101.501	198.042	-
OECD Countries (*)	11.711	38.732	4.634	-	-
Offshore Banking Regions	-	-	-	-	-
USA, Canada	651	21.671	12.523	-	-
Other Countries	508.030	1.736.386	2.847	223	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-	-
Unallocated Assets/Liabilities (****)	-	-	-	-	-
Total	60.317.672	54.890.539	9.314.942	332.414	1.631.091
Prior Period					
Domestic	48.546.194	45.276.804	6.574.454	108.283	1.018.315
EU Countries	1.891.872	608.092	130.576	227.491	-
OECD Countries (*)	28.943	-	2.380	-	-
Offshore Banking Regions	-	-	-	-	-
USA, Canada	197.385	427.130	2.114	-	-
Other Countries	95.501	495.042	29.328	226	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-	-
Unallocated Assets/Liabilities (****)	-	-	-	-	-
Total	50.759.895	46.807.068	6.738.852	336.000	1.018.315

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

(**) Total of assets and equity investments represent the total assets in the balance sheet.

(***) Shareholders' equity components are not included in liabilities.

(****) Assets and liabilities that cannot be allocated on a coherent basis.

Türkiye Halk Bankası A.Ş.Explanations and Notes to Financial Statements
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Sector concentrations for cash loans:

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

[*] Accruals are included in other line.

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

Gross Maximum Exposure	December 31, 2009	December 31, 2008
Due from Banks	1.136.030	2.119.334
Money Market Receivables	-	-
Financial Assets at Fair Value Through Profit and Loss	55.859	114.765
Financial Assets Available-for-Sale	4.760.056	2.359.902
Held-to-Maturity Investments	16.556.802	15.858.882
Loans	32.458.071	25.836.298
Total	54.966.818	46.289.181
Contingent liabilities	9.314.942	6.738.852
Commitments	5.817.586	4.042.885
Total	15.132.528	10.781.737
Total credit risk exposure	70.099.346	57.070.918

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

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

	Neither past due nor impaired	Past due and individually not impaired (***)	Past due and individually impaired	Total
Receivables from Banks	1.136.030	-	-	1.136.030
Financial Assets at Fair Value Through Profit and Loss	55.859	-	-	55.859
Loans	30.294.038	272.838	309.484	30.876.360
Corporate lending	7.714.841	9.062	42.761	7.766.664
SME lending	14.199.491	214.786	180.981	14.595.258
Consumer lending	6.833.769	48.990	85.742	6.968.501
Other	1.545.937	-	-	1.545.937
Financial Assets Available for Sale	4.760.056	-	-	4.760.056
Investments held to maturity	16.556.802	-	-	16.556.802

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) Only graded firms are included.

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

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

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

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

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

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

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

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

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

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

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

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

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III. EXPLANATIONS RELATED TO MARKET RISK

The Bank has established market risk management operations and taken the necessary precautions in order to hedge market risk within its financial risk management purposes, in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" issued on Official Gazette dated November 1, 2006 numbered 26333.

The Board of Directors determines the limits for the basic risk that the Bank is exposed to. Those limits are revised periodically in line with the market forces and strategies of the Bank. Additionally, the Board of Directors has ensured that the risk management division and senior management has taken necessary precautions to describe, evaluate, control and manage risks faced by the Bank.

Interest rate and exchange rate risks, arising from the volatility in the financial markets, of the financial positions taken by the Bank related to balance sheet and off-balance sheet accounts are measured, and in the computation of capital adequacy, the amount subject to Value At Risk (VAR) calculated by using the standard method (summarized below) is considered. Beside the standard method, VAR is calculated by using internal model as supported by scenario analysis and stress tests. VAR is calculated daily by three different methods which are historic simulation, Monte Carlo simulation and parametric method, and these results are also reported daily to the management.

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

a) Information Related to Market Risk:

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	57.513
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	919
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	8.503
(IV) Capital Requirement to be Employed For Commodity Risk - Standard Method	-
(V) Capital Requirement to be Employed For Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options-Standard Method	-
(VII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	-
(VIII) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)	66.935
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	836.688

b) Average market risk table calculated at the end of the months during the period:

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	41.206	59.794	23.913	82.258	119.721	20.407
Common Stock Risk	1.847	1.896	1.810	-	-	-
Currency Risk	5.902	12.018	930	8.443	16.570	1.295
Commodity Risk	-	-	-	-	-	-
Clearance Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Total Value Subject to Risk	48.955	73.708	26.653	90.701	136.291	21.702

Other Price Risks

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

Türkiye Halk Bankası A.Ş.

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

IV. EXPLANATIONS RELATED TO OPERATIONAL RISK

In the calculation of the Bank's operational risk, "Basic Indicator Method" is used. The amount subject to operational risk is calculated in accordance with Section 4 of the Communiqué on "Measurement and Assessment of the Capital Adequacy of Banks" published in the Official Gazette numbered 26333 on November 1, 2006 and this section is named as "Calculation of Operational Risk Base Amount" which came into effect as of June 1, 2007. The calculation is performed parallel to the practice within the country, by multiplying 15% of the Bank's last three years' average gross revenue with 12,5. Amount subject to operational risk is TRY 4.369.727 Thousand for the current period.

V. EXPLANATIONS RELATED TO CURRENCY RISK

Foreign currency risk indicates the probability of loss that banks are subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Bank are taken into consideration. Net short term and long term positions of each currency are calculated in terms of the Turkish Lira.

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

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

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

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

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

Türkiye Halk Bankası A.Ş.**Explanations and Notes to Financial Statements
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Information related to currency risk:

Current Period	EURO	USD	YEN	OTHER	TOTAL
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	1.269.266	26.029	20	3.730	1.299.045
Banks and Financial Institutions	893.290	62.491	1.731	93.534	1.051.046
Financial Assets at Fair Value Through Profit and Loss (***)	2.123	23.827	-	47	25.997
Money Market Placements	-	-	-	-	-
Financial Assets Available-For-Sale	461.478	866.995	-	-	1.328.473
Loans (**)	3.487.882	5.452.802	-	4.610	8.945.294
Subsidiaries, Associates and Entities Under Common Control	191.052	-	-	-	191.052
Held-To-Maturity Investments (***)	876.976	1.758.482	-	-	2.635.458
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	41	-	-	3	44
Intangible Assets	-	-	-	-	-
Other Assets (***)	9.560	55.236	-	44	64.840
Total Assets (****)	7.191.668	8.245.862	1.751	101.968	15.541.249
Liabilities					
Bank Deposits	380.593	169.119	14	86.869	636.595
Foreign Currency Deposits	7.677.765	5.917.947	819	287.440	13.883.971
Money Market Balances	-	547.976	-	-	547.976
Funds Provided From Other Financial Institutions	1.485.000	343.905	-	890	1.829.795
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	2.486	13.855	5	17	16.363
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (***)	34.570	118.518	551	2.981	156.620
Total Liabilities (****)	9.580.414	7.111.320	1.389	378.197	17.071.320
Net Balance Sheet Position	(2.388.746)	1.134.542	362	(276.229)	(1.530.071)
Net Off-Balance Sheet Position	2.314.355	(1.287.660)	(1.625)	267.538	1.292.608
Financial Derivative Assets (****)	2.565.883	734.540	216.775	309.856	3.827.054
Financial Derivative Liabilities (****)	251.528	2.022.200	218.400	42.318	2.534.446
Non-Cash Loans (*)	1.803.456	3.730.247	26.089	32.185	5.591.977
Prior Period					
Total Assets	7.695.716	6.286.929	1.796	111.830	14.096.271
Total Liabilities	8.318.780	6.922.653	2.035	109.538	15.353.006
Net Balance Sheet Position	(623.064)	(635.724)	(239)	2.292	(1.256.735)
Net Off-Balance Sheet Position	480.235	596.127	-	10.966	1.087.328
Financial Derivative Assets	481.701	644.562	-	46.710	1.172.973
Financial Derivative Liabilities	1.466	48.435	-	35.744	85.645
Non-Cash Loans (*)	1.279.756	2.855.520	9.616	49.292	4.194.184

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

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

(***) In accordance with the principles of the "Regulation on Measurement and Practices of Banks' Net Overall FC Position / Shareholders' Equity Ratio on a Consolidated and Unconsolidated Basis", Derivative Financial Instruments Foreign Currency Income Accruals (TRY 2.962 Thousand), Prepaid Expenses (TRY 77 Thousand) in assets; and Derivative Financial Instruments Foreign Currency Expense Accruals (TRY 43.826 Thousand) and Shareholders' Equity (TRY 45.705 Thousand) in liabilities are not taken into consideration in the currency risk measurement.

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

Türkiye Halk Bankası A.Ş.

Explanations and Notes to Financial Statements for the Period January 1-December 31, 2009

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Foreign currency sensitivity:

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

The following table sets the Bank's sensitivity to a 10% increase and decrease in the TRY against USD and EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management and represents management's assessment of the possible change in foreign exchange rates. Positive amounts represent value increase in profit and loss or shareholders' equity due to 10% decrease in value of TRY against EURO or USD.

Change in currency rate in %		Effect on profit/loss before taxation		Effect on shareholders equity before taxation	
		Current Period	Prior Period	Current Period	Prior Period
USD	10% increase	(3.633)	(12.733)	(45)	(45)
EURO	10% increase	(3.630)	(8.685)	(18.406)	(22.749)
Other	10% increase	2.702	1.433	-	-

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

VI. EXPLANATIONS RELATED TO INTEREST RATE RISK

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

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

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

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

Türkiye Halk Bankası A.Ş.**Explanations and Notes to Financial Statements
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1. Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates:

Current Period	Up to 1				5 Years and Over	Non-interest bearing	Total
	Month	1-3 Months	3-12 Months	1-5 Years			
Assets							
Cash [Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals] and Balances with the Central Bank of Turkey	2.744.429	-	-	-	-	671.286	3.415.715
Banks and Financial Institutions	1.085.140	-	-	-	-	50.890	1.136.030
Financial Assets at Fair Value							
Through Profit and Loss	35	5.438	5.907	29.937	7.842	6.700	55.859
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-For-Sale	489.682	884.783	442.203	2.427.715	504.187	11.486	4.760.056
Loans	11.259.035	5.282.456	7.180.659	6.484.221	946.682	995.534	32.148.587
Held-To-Maturity Investments	5.255.585	6.029.805	1.606.675	1.966.409	1.698.328	-	16.556.802
Other Assets	-	-	-	-	-	2.577.037	2.577.037
Total Assets	20.833.906	12.202.482	9.235.444	10.908.282	3.157.039	4.312.933	60.650.086
Liabilities							
Bank Deposits	1.660.704	47.079	-	-	-	215.341	1.923.124
Other Deposits	24.045.614	10.795.181	1.548.256	1.014	-	5.636.514	42.026.579
Money Market Balances	4.912.826	588.018	260.884	-	-	-	5.761.728
Sundry Creditors	9.919	-	-	-	-	525.356	535.275
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other							
Financial Institutions	39.283	1.091.357	831.924	20.318	2.419	46.216	2.031.517
Other Liabilities	1.026.645	63.127	95.090	42.052	123.125	7.021.824	8.371.863
Total Liabilities	31.694.991	12.584.762	2.736.154	63.384	125.544	13.445.251	60.650.086
Balance Sheet Long Position	-	-	6.499.290	10.844.898	3.031.495	-	20.375.683
Balance Sheet Short Position	(10.861.085)	(382.280)	-	-	-	(9.132.318)	(20.375.683)
Off-Balance Sheet Long Position	59.200	481.000	-	-	-	-	540.200
Off-Balance Sheet Short Position	-	-	-	(505.160)	-	-	(505.160)
Total Position	(10.801.885)	98.720	6.499.290	10.339.738	3.031.495	(9.132.318)	35.040

(1) TRY 207.189 Thousand of deferred tax asset is disclosed under the non-interest bearing column in other assets.

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

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

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

Türkiye Halk Bankası A.Ş.

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	2.374.363	-	-	-	-	634.936	3.009.299
Banks and Financial Institutions	2.046.822	-	-	-	-	72.512	2.119.334
Financial Assets at Fair Value							
Through Profit and Loss	680	3.423	18.399	83.277	8.124	862	114.765
Money Market Placements	-	-	-	-	-	-	-
Financial Assets Available-For-Sale	29.404	667.400	957.940	480.584	213.246	11.328	2.359.902
Loans	10.429.042	4.038.495	5.102.043	3.650.827	1.625.607	776.771	25.622.785
Held-To-Maturity Investments	4.278.718	5.879.244	2.217.074	2.022.431	1.461.415	-	15.858.882
Other Assets	423.781	98	3	-	-	1.587.046	2.010.928
Total Assets	19.582.810	10.588.660	8.295.459	6.237.119	3.308.392	3.083.455	51.095.895
Liabilities							
Bank Deposits	1.122.304	-	-	-	-	142.378	1.264.682
Other Deposits	22.659.027	10.331.299	2.163.959	466	-	3.851.681	39.006.432
Money Market Balances	1.756.673	472.346	161.425	-	-	-	2.390.444
Sundry Creditors	12.446	-	-	-	-	429.606	442.052
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other							
Financial Institutions	984.665	869.439	459.123	103.160	128.781	192.185	2.737.353
Other Liabilities	9.732	71	8	-	-	5.245.121	5.254.932
Total Liabilities	26.544.847	11.673.155	2.784.515	103.626	128.781	9.860.971	51.095.895
Balance Sheet Long Position	-	-	5.510.944	6.133.493	3.179.611	-	14.824.048
Balance Sheet Short Position	(6.962.037)	(1.084.495)	-	-	-	(6.777.516)	(14.824.048)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	(6.962.037)	(1.084.495)	5.510.944	6.133.493	3.179.611	(6.777.516)	-

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

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

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

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

Türkiye Halk Bankası A.Ş.**Explanations and Notes to Financial Statements
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(Amounts expressed in Thousand of the Turkish Lira (TRY) unless otherwise stated.)

2. Average interest rates applied to financial instruments:

Current Period	EURO	USD	YEN	TRY
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money In Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey (***)	-	-	-	5,20
Due From Other Banks And Financial Institutions (*)	0,20	0,27	-	7,50
Financial Assets At Fair Value Through Profit And Loss	4,73	5,11	-	9,68
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	5,33	5,46	-	11,72
Loans (**)	5,17	5,18	-	14,98
Held-To-Maturity Investments	6,33	6,69	-	11,18
Liabilities				
Bank Deposits	0,42	0,26	-	7,20
Other Deposits	1,95	2,38	-	8,86
Money Market Borrowings	-	1,87	-	7,14
Sundry Creditors (****)	-	-	-	5,06
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions (*****)	1,81	1,48	-	11,55
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money In Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey (***)	-	-	-	12,25
Due From Other Banks And Financial Institutions (*)	1,90	2,81	-	12,12
Financial Assets At Fair Value Through Profit And Loss	7,43	7,05	-	16,87
Money Market Placements	-	-	-	15,14
Available-For-Sale Financial Assets	5,28	5,85	-	19,45
Loans (**)	8,01	6,87	-	21,31
Held-To-Maturity Investments	5,93	6,54	-	20,11
Liabilities				
Bank Deposits	3,08	-	-	16,35
Other Deposits	3,77	4,34	-	17,17
Money Market Borrowings	-	-	-	16,93
Sundry Creditors	-	-	-	11,89
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	-	-	-	-

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

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

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

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

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

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Interest rate sensitivity:

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

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

VII. EXPLANATIONS RELATED TO LIQUIDITY RISK

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

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

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

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Presentation of assets and liabilities according to their remaining maturities:

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

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed (*)	Total
Assets								
Cash (Cash in TRY, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	670.840	1.027.609	1.492.927	216.065	7.649	207	418	3.415.715
Banks and Financial Institutions	50.890	1.085.140	-	-	-	-	-	1.136.030
Financial Assets at Fair Value Through Profit and Loss	-	4.911	4.560	5.944	32.602	7.842	-	55.859
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-For-Sale	-	143.542	239.188	295.411	3.501.490	568.939	11.486	4.760.056
Loans	989.003	4.136.022	3.462.628	10.168.425	11.463.721	1.928.788	-	32.148.587
Held-To-Maturity Investments	-	509.201	860.470	3.940.266	8.843.538	2.403.327	-	16.556.802
Other Assets	265.399	-	-	-	-	-	2.311.638	2.577.037
Total Assets	1.976.132	6.906.425	6.059.773	14.626.111	23.849.000	4.909.103	2.323.542	60.650.086
Liabilities								
Bank Deposits	215.341	1.660.704	47.079	-	-	-	-	1.923.124
Other Deposits	5.636.514	24.045.612	10.795.181	1.496.523	51.320	1.429	-	42.026.579
Funds Provided From Other Financial Institutions	1.757	36.405	119.528	393.416	446.374	1.034.037	-	2.031.517
Money Market Balances	-	4.912.826	588.018	260.884	-	-	-	5.761.728
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	525.356	9.919	-	-	-	-	-	535.275
Other Liabilities	1.497.281	162.749	157.466	264.262	364.549	166.009	5.759.547	8.371.863
Total Liabilities	7.876.249	30.828.215	11.707.272	2.415.085	862.243	1.201.475	5.759.547	60.650.086
Liquidity Gap	(5.900.117)	(23.921.790)	(5.647.499)	12.211.026	22.986.757	3.707.628	(3.436.005)	-
Previous Period								
Total Assets	1.808.555	6.832.594	4.712.252	11.652.355	18.415.251	5.918.504	1.756.384	51.095.895
Total Liabilities	5.765.289	25.730.462	10.996.762	2.879.238	743.546	691.771	4.288.827	51.095.895
Liquidity Gap	(3.956.734)	(18.897.868)	(6.284.510)	8.773.117	17.671.705	5.226.733	(2.532.443)	-

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

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

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

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

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Analysis of financial liabilities by remaining contractual maturities:

As of December 31, 2009	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Liabilities							
Deposits	31.621.865	10.940.053	1.549.657	51.513	1.429	(214.814)	43.949.703
Funds Provided From Other							
Financial Institutions	38.181	131.935	442.958	622.688	1.212.870	(417.115)	2.031.517
Money Market Borrowings	4.918.910	593.359	263.888	-	-	(14.429)	5.761.728
Securities Issued	-	-	-	-	-	-	-
Sundry creditors	563.307	95.831	266.867	249.137	174.520	(33.860)	1.315.802
Total	535.275	-	-	-	-	-	535.275
Liabilities	37.677.538	11.761.178	2.523.370	923.338	1.388.819	(680.218)	53.594.025

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

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

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

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

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

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

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

VIII. EXPLANATIONS RELATED TO BUSINESS SEGMENTATION

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

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

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

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

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

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

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

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

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

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

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	Corporate	Commercial	Entrepreneur	Treasury / Investment (*)	Elimination (**)	Total
OPERATING INCOME / EXPENSES						
Interest Income	679.248	501.979	6.675.653	6.089.215	(7.129.391)	6.816.704
Interest on loans	373.903	308.957	3.240.958	302.224	-	4.226.042
Interest income on marketable securities	-	-	-	2.442.237	-	2.442.237
Interest received from banks	-	-	-	126.342	-	126.342
Other interest income (**)	305.345	193.022	3.434.695	3.218.412	(7.129.391)	22.083
Interest Expense	519.919	347.237	5.151.785	4.818.446	(7.129.391)	3.707.996
Interest on deposits	213.416	125.504	2.712.007	161.327	-	3.212.254
Interest on borrowings	1.951	10.256	6.149	56.011	-	74.367
Interest on money market borrowings	-	-	-	331.373	-	331.373
Other interest expense (**)	304.552	211.477	2.433.629	4.269.735	(7.129.391)	90.002
Net Interest Income	159.329	154.742	1.523.868	1.270.769	-	3.108.708
Fees and Commissions Income	30.276	27.196	369.288	33.830	-	460.590
Net Trading Profit / (Loss)	-	-	-	15.854	-	15.854
Dividend Income	-	-	-	10.774	-	10.774
Other Income	3.838	16.368	163.095	77.764	-	261.065
Loans and Other Receivables'						
Impairment Loss	2.629	54.388	328.356	260.759	-	646.132
Other Expenses	11.798	37.968	528.568	615.325	-	1.193.659
Income Before Taxes	179.016	105.950	1.199.327	532.907	-	2.017.200
Income Tax Provision	-	-	-	(386.109)	-	(386.109)
Net Profit for the Period	179.016	105.950	1.199.327	146.798	-	1.631.091
SEGMENT ASSETS						
Marketable Securities	-	-	-	21.372.717	-	21.372.717
Banks and Other Financial Institutions	-	-	-	1.136.030	-	1.136.030
Associates and Subsidiaries (Net)	-	-	-	320.928	-	320.928
Loans	4.262.748	3.179.019	20.904.779	4.111.525	-	32.458.071
Other Assets	280	5.237	427.392	4.929.431	-	5.362.340
TOTAL ASSETS	4.263.028	3.184.256	21.332.171	31.870.631	-	60.650.086
SEGMENT LIABILITIES						
Deposits	3.886.374	1.993.233	32.174.263	5.895.833	-	43.949.703
Derivative Financial Liabilities						
Held for Trading	-	-	-	88.956	-	88.956
Money Market Balances	-	-	-	5.761.728	-	5.761.728
Borrowing Funding Loans	19.780	101.008	102.957	1.807.772	-	2.031.517
Other Liabilities	19.395	80.787	1.627.937	382.935	-	2.111.054
Provisions	4.485	8.152	71.573	863.371	-	947.581
Shareholders' Equity	-	-	-	5.759.547	-	5.759.547
TOTAL LIABILITIES	3.930.034	2.183.180	33.976.730	20.560.142	-	60.650.086
OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS						
Guaranties and Suretyships	5.412.387	1.475.628	2.424.866	2.061	-	9.314.942
Commitments	15.335	50.528	1.924.573	3.827.150	-	5.817.586
Derivative Financial Instruments	-	25.228	16.846	7.635.943	-	7.678.017

(*) Amounts arising from transactions of general directorate are presented under the treasury / investment column. In this context Net of Property, Plant and Equipment amounting TRY 1.138.962 Thousand and Deferred Tax Asset amounting TRY 207.189 Thousand in Other Assets are presented under the treasury / investment column.

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

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

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	54.657.334	46.289.181	55.128.468	46.164.323
Money Market Placements	-	-	-	-
Banks	1.136.030	2.119.334	1.136.004	2.119.162
Financial Assets Held for Trading	55.859	114.765	55.859	114.765
Available for Sale Financial Assets	4.760.056	2.359.902	4.760.056	2.359.902
Held-to Maturity Investments	16.556.802	15.858.882	16.931.982	15.880.539
Loans	32.148.587	25.836.298	32.244.567	25.689.955
Financial Liabilities	46.516.495	43.450.519	46.577.090	43.466.103
Deposits	43.949.703	40.271.114	43.996.412	40.253.192
Funds Provided From Other Financial Institutions	2.031.517	2.737.353	2.045.430	2.770.898
Securities Issued	-	-	-	-
Sundry Creditors	535.275	442.052	535.248	442.013

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

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

i-The fair value of the held to maturity assets is determined by market prices, when the market prices are not available, quoted market prices of other marketable securities which are subject to redemption with same terms of interest, maturity and other similar conditions have been used.

ii-While calculating the fair value of the available for sale assets, the market prices are considered. In case of the price is not determined in active market conditions, the value calculated through IRR methodology is used as fair value.

iii-The applicable interest rates as of balance sheet date are used in the calculation of fair value of money market placements, banks, loans, deposits, funds provided from other financial institutions and sundry creditors.

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

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

The Bank does not engage in fiduciary transaction.

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SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS****(1)a) Cash and balances with the Central Bank of Turkey**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	205.185	51.525	152.014	59.922
Balances with the Central Bank of Turkey	1.911.485	1.247.493	1.542.354	1.254.978
Other	-	27	-	31
Total	2.116.670	1.299.045	1.694.368	1.314.931

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

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

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

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

None.

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

None.

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

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

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(3) Information on banks and other financial institutions:**a) Information on banks:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	75.042	14.037	25.022	10.673
Foreign	9.942	1.037.009	26.339	2.057.300
Branches and Head Office Abroad	-	-	-	-
Total	84.984	1.051.046	51.361	2.067.973

b) Information on foreign bank accounts:

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

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

(4) Information on financial assets available-for-sale:**a) Financial assets available-for-sale blocked/given as collateral or subject to repurchase agreements:****a.1. Information on financial assets available-for-sale blocked/given as collateral:**

None.

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

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

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b) Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	4.749.597	2.352.972
Quoted on a stock exchange	4.749.597	2.352.972
Not quoted	-	-
Share certificates	11.727	11.572
Quoted on a stock exchange	-	-
Not quoted	11.727	11.572
Impairment provision (-)	1.268	4.642
Total	4.760.056	2.359.902

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

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

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

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

(*) Includes TRY 62.444 Thousand of personnel loans.

(**) Includes TRY 21.421 Thousand of personnel credit cards.

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

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c) Loans according to the maturity structure:

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

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

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

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

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

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

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

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

f) Loan distribution according to borrowers:

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

g) Domestic and overseas loans:

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

h) Loans granted to subsidiaries and associates:

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

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i) Specific provisions provided against loans:

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

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

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

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

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

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

None.

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

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

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

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

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

Türkiye Halk Bankası A.Ş.**Explanations and Notes to Financial Statements
for the Period January 1-December 31, 2009**

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

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

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

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

[*] Loans for which risk does not belong to the Bank are not included.

[**] The classification of loans is based on Basel II criteria.

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

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

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

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

[*] Loans for which risk does not belong to the Bank are not included.

[**] The classification of loans is based on Basel II criteria.

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

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

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

ı) Explanations on write-off policy:

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

Türkiye Halk Bankası A.Ş.**Explanations and Notes to Financial Statements
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(6) Information on held-to-maturity investments:

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Treasury Bills	-	-	-	-
Government Bonds and Similar Securities	1.700.157	706.769	1.938.752	103.445
Other	-	-	-	-
Total	1.700.157	706.769	1.938.752	103.445

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

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

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

	Current Period	Prior Period
Government Bonds	16.556.802	15.858.882
Treasury Bills	-	-
Other public sector debt securities	-	-
Total	16.556.802	15.858.882

c) Information on held-to-maturity investments:

	Current Period	Prior Period
Debt securities	16.556.802	15.874.937
Quoted on a stock exchange	11.493.920	9.982.371
Not quoted on a stock exchange	5.062.882	5.892.566
Provision for impairment (-)	-	(16.055)
Total	16.556.802	15.858.882

Türkiye Halk Bankası A.Ş.**Explanations and Notes to Financial Statements
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(Amounts expressed in Thousand of the Turkish Lira (TRY) unless otherwise stated.)

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

	Current Period	Prior Period
Beginning balance	15.858.882	7.037.420
Foreign currency differences on monetary assets	(17.115)	298.211
Purchases during the year	3.727.323	9.953.372
Disposals through sales and redemptions (-) (*)	(3.028.343)	(1.523.857)
Impairment provision (-) / provision reversal (+)	16.055	93.736
Closing Balance	16.556.802	15.858.882

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

(**) Accruals amounting TRY 528.001 Thousand have been included in purchases row (December 31, 2008: TRY 507.907 Thousand).

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

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

	Current Period				Prior Period			
	Historical Cost		Amortized Cost		Historical Cost		Amortized Cost	
	TRY	FC	TRY	FC	TRY	FC	TRY	FC
Obtained from Undersecretariat of Treasury of Republic of Turkey	5.597.148	883.342	5.732.145	904.383	2.860.914	-	2.896.221	-
Obtained from Chairmanship of Privatization Administration	-	-	-	-	-	-	-	-
Obtained with the transfer	2.340.938	-	2.392.831	-	2.968.719	-	3.190.433	-
Reclassified from other security portfolios (*)	5.535.196	1.672.176	5.796.368	1.731.075	7.264.687	2.138.231	7.593.316	2.178.912
Other	-	-	-	-	-	-	-	-
Total	13.473.282	2.555.518	13.921.344	2.635.458	13.094.320	2.138.231	13.679.970	2.178.912

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

Türkiye Halk Bankası A.Ş.

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

(7) Information on associates (Net):

a) Information on associates:

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

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

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income From Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
4.502.010	446.526	63.485	146.139	4.252	9.455	16.787	636.840
377.171	72.128	2.297	26.223	-	10.507	6.995	73.836
38.077	37.911	556	2.150	-	1.423	3.994	33.292
9.469	3.844	133	267	70	275	359	-
13.990	6.113	2.829	311	20	2.571	4.329	-
23.128	20.739	2.267	1.723	-	6.802	6.693	-
15.423	12.797	5.737	725	-	(536)	1.533	-
92.025	91.657	472	5.404	-	7.394	9.317	-

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

(**) From the associates that are presented in (b), the financial data of Bankalararası Kart Merkezi A.Ş is obtained September 30, 2009 reviewed financial statements and the financial data of remaining associates are obtained from September 30, 2009 unaudited financial statements.

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

c) Movement of associates:

	Current Period	Prior Period
Balance at the beginning of the period	262.624	289.046
Movements during the period	(22.829)	(26.422)
Additions (*)	1.989	39
Free shares obtained profit from current year's share	3.919	2.841
Share in current year income	-	-
Disposals	-	-
Revaluation decrease (-) / increase	-	(29.131)
Provision for impairment (-) / reversals (+)	(28.737)	(171)
Balance at the end of the period	239.795	262.624
Capital commitments (**)	2.000	-
Share percentage at the end of the period (%)	0,00	0,00

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

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

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

d) Sectoral information and related carrying amounts of associates:

	Current Period	Prior Period
Banks	191.052	220.593
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	35.257	30.536
Financing Companies	-	-
Other Financial Investments	12.434	10.429

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

None.

(8) Information on subsidiaries (Net):**a) Information on subsidiaries:**

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

Türkiye Halk Bankası A.Ş.**Explanations and Notes to Financial Statements
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b) Information related to the subsidiaries as sorted in (a) (*)():**

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income From Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
47.416	37.923	560	3.153	233	6.600	4.123	34.416
133.941	53.944	2.351	4.776	1.529	3.586	1.727	70.760
129.256	65.288	152	1.130	5.335	17.144	20.482	87.464

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

(**) The information is presented by referring to the audited financial statements as of September 30, 2009 for consolidation purposes.

c) Movement of the subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	62.048	57.801
Movements during the period	19.085	4.247
Additions (*)	15.487	-
Bonus shares obtained (**)	3.598	4.247
Share in current year income	-	-
Disposals	-	-
Revaluation increase	-	-
Provision for impairment (-)	-	-
Balance at the end of the period	81.133	62.048
Capital commitments	-	15.491
Share percentage at the end of the period (%)	-	-

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

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

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

	Current Period	Prior Period
Banks	-	-
Insurance Companies	46.757	31.270
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	34.376	30.778
Other Financial Subsidiaries	-	-
Total	81.133	62.048

e) Subsidiaries quoted in the stock exchange:

None.

(9) Information on jointly controlled entities (joint ventures):

None.

Türkiye Halk Bankası A.Ş.Explanations and Notes to Financial Statements
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(10) Information on finance lease receivables (Net):

None.

(11) Information on derivative financial assets for hedging purposes:

None.

(12) Information on tangible assets:

Current Period	Balance at the end of the prior period	Current Year Additions	Current Year Disposals	Transfers	Balance at the end of the period
Cost:					
Immovables	899.519	54.511	-	(5.231)	948.799
Tangible Assets purchased through Financial Lease	109.386	374	(1.660)	-	108.100
Office Machines	138.982	29.862	(20.970)	-	147.874
Fixed Assets Obtained due to Non-Performing Loans	105.610	152.176	(9.850)	11.153	259.089
Other	220.313	104.713	(76.076)	56.304	305.254
Total Cost	1.473.810	341.636	(108.556)	62.226	1.769.116
Accumulated Depreciation:					
Immovables	192.046	13.860	-	(5.401)	200.505
Tangible Assets purchased through Financial Lease	93.970	7.252	(1.416)	-	99.806
Office Machines	105.736	13.592	(17.889)	-	101.439
Fixed Assets Obtained due to Non-Performing Loans	3.697	4.750	(1.027)	1.825	9.245
Other	179.447	22.164	(18.033)	19.379	202.957
Total Accumulated Depreciation	574.896	61.618	(38.365)	15.803	613.952
Provision for Impairment (-)					
Immovables	6.234	2.388	-	34	8.656
Tangible Assets purchased through Financial Lease	-	-	-	-	-
Office Machines	-	-	-	-	-
Fixed Assets Obtained due to Non-Performing Loans	1.036	5.935	-	575	7.546
Other	-	-	-	-	-
Total Provision for Impairment (-)	7.270	8.323	-	609	16.202
Net Book Value	891.644	271.695	(70.191)	45.814	1.138.962

Türkiye Halk Bankası A.Ş.

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

(13) Information on intangible assets:

Current Period	Balance at the end of the prior period	Current Year Additions	Current Year Disposals	Transfers	Balance at the end of the period
Cost:					
Leasehold Improvements	-	-	-	-	-
Other Intangible Assets	61.612	10.855	(1.317)	(57.808)	13.342
Total Cost	61.612	10.855	(1.317)	(57.808)	13.342
Accumulated Depreciation:					
Leasehold Improvements	-	-	-	-	-
Other Intangible Assets	23.024	961	(506)	(21.096)	2.383
Total Accumulated Depreciation	23.024	961	(506)	(21.096)	2.383
Provision for Impairment (-)					
Leasehold Improvements	-	-	-	-	-
Other Intangible Assets	-	-	-	-	-
Total Provision for Impairment (-)	-	-	-	-	-
Net Book Value	38.588	9.894	(811)	(36.712)	10.959

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

(14) Information on investment property:

None.

(15) Information on deferred tax assets:

	Current Period Deferred Tax	Prior Period Deferred Tax
Retirement Pay Provision and Unused Vacation Provision	48.569	46.979
Precautionary Provision for Loans Under Close Monitoring	23.932	9.500
Net Accrual Expense for Derivative Instruments	13.146	-
Valuation Difference for Marketable Securities	112.903	23.272
Provision for Lawsuits against the Bank	4.518	2.694
Other	6.019	3.858
Total Deferred Tax Assets	209.087	86.303
Amortization Difference Between the Tax Procedure Law and Communiqué on Accounting Policies	(1.898)	(825)
Net Accrual Income for Derivative Instruments	-	(11.387)
Deferred Tax Liabilities	(1.898)	(12.212)
Deferred Tax Assets, Net	207.189	74.091
Deferred Tax Accounted for in Shareholders' Equity	24.073	(4.817)
Available for Sale Financial Assets IRR-FV Difference	31.705	3.525
FC Subsidiaries Hedge Fund Valuation Difference	(7.632)	(8.342)

Türkiye Halk Bankası A.Ş.
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(16) Information on non-current assets held for sale:

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

(17) Information on other assets:**a) Information on other assets:**

	Current Period	Prior Period
Prepaid Promotion Expenses	150.371	-
Clearing Account	135.916	98.707
Receivables From Asset Sale On Credit Terms	59.141	59.166
Receivables From Credit Card Payments	55.812	34.839
Receivables From Derivative Instruments	51.756	91.020
Prepaid Expenses	6.007	4.227
Receivables From Banking Services	4.210	3.751
Receivables From Lawsuits	3.490	1.136
Receivables From SDIF	1.857	3.986
Cash Guarantees Given	803	553
Receivables Pending For Board Of Discipline Decision	686	443
Advances Given	215	5.548
Other	35.160	34.628
Total	505.424	338.004

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II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES**(1) Information on maturity structure of deposits/funds collected:****a) For deposit banks:****a.1. Current Period:**

	Demand	7 day call accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and over	Accumulated Deposits	Total
Saving deposits	1.180.145	-	3.975.059	12.663.864	293.895	137.856	41.876	43.528	18.336.223
Foreign currency deposits	1.694.033	-	2.894.452	7.162.518	722.972	786.124	400.989	8.624	13.669.712
Residents in Turkey	1.628.603	-	2.803.326	5.208.785	496.421	550.051	353.826	8.613	11.049.625
Residents abroad	65.430	-	91.126	1.953.733	226.551	236.073	47.163	11	2.620.087
Public Sector Deposits	846.764	-	267.943	739.761	70.985	194	150	-	1.925.797
Commercial Inst. Deposits	1.430.088	-	1.655.116	2.337.955	40.071	45.322	1.444	-	5.509.996
Other Inst. Deposits	299.857	-	136.220	1.570.269	232.496	2.956	655	-	2.242.453
Precious Metals	185.269	-	-	-	-	-	-	-	185.269
Interbank Deposits	215.341	-	1.599.467	106.926	-	-	-	-	1.921.734
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	25.714	-	1.383.208	80.066	-	-	-	-	1.488.988
Foreign Banks	99.216	-	216.259	26.860	-	-	-	-	342.335
Participation Banks	90.411	-	-	-	-	-	-	-	90.411
Other	-	-	-	-	-	-	-	-	-
Accruals	358	-	43.890	102.473	5.671	4.054	1.856	217	158.519
Total	5.851.855	-	10.572.147	24.683.766	1.366.090	976.506	446.970	52.369	43.949.703

a.2. Prior Period:

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

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b) Information on Saving Deposits/Special Current and Participation Accounts in the scope of Saving Deposits Insurance Fund**b.1. Amounts exceeding insurance limit:****b.1.1. Saving deposits under the guarantee of deposit insurance and exceeding the insurance limit:**

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

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

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

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

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

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

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

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(3)a) Information on Borrowings:

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

b) Maturity analysis of borrowings:

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

c) Additional disclosures related to the concentrations of the Bank's major liabilities:**Concentrations, fund providing customers, sector groups and other criteria where risk concentration is observed:**

Main liability of the Bank is deposit, which is composed of 41,87% of saving deposits and 31,22% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Bank borrows loans from interbank money markets. The Bank can borrow loans from overseas institutions especially to be used in the financing of personal loans. There are funds obtained from the Ministry of Industry and Trade especially for constructing small industrial estates and organized industrial estates. The Bank's 33,13% of banks deposits and 33,09% of other deposits consist of foreign currency deposits.

Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From domestic transactions	5.201.549	-	1.686.174	-
Financial institutions and organizations	5.127.868	-	1.498.458	-
Other institutions and organizations	36.631	-	148.234	-
Real persons	37.050	-	39.482	-
From overseas transactions	281	544.540	576	683.795
Financial institutions and organizations	-	544.540	-	683.795
Other institutions and organizations	-	-	-	-
Real persons	281	-	576	-
Accruals	11.922	3.436	11.076	8.823
Total	5.213.752	547.976	1.697.826	692.618

(4) Explanations to the funds:

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

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a) Maturity Structure of Funds:

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

(5) Information on Other Liabilities:

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

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

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

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

b) Explanation on finance lease payables:

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

c) Explanations regarding operational leases:

None.

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

None.

(8) Explanations on Provisions:

a) Information on General Provisions:

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

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

None.

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

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

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d) Information on other provisions:

Total other provision balance amounting to TRY 212.409 Thousand (31 December 2008: TRY 147.544 Thousand) consists of TRY 43.618 Thousand (31 December 2008: TRY 48.027 Thousand) specific provisions for unindemnified non cash loans, TRY 21.518 Thousand (31 December 2008: TRY 17.606 Thousand) for legal cases filed against the Bank, TRY 50.269 Thousand of precautionary provision for close monitoring loans (31 December 2008: TRY 47.500 Thousand), TRY 69.390 Thousand of precautionary provision for restructured from Group I loans (31 December 2008: None). The remaining TRY 27.614 Thousand of provision is other provisions (31 December 2008: TRY 34.411 Thousand).

Provision balance for possible risks:

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

d.1. Movement of employee termination benefits:

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

	Current Period	Prior Period
As of January 1	178.324	159.314
Charge for the year	10.916	10.379
Interest cost	20.843	16.940
Actuarial gain (loss)	2.875	18.869
Benefits paid	(33.171)	(27.178)
Total	179.787	178.324

(* As of 31.12.2009, unused vacation provision is TRY 63.058 Thousand. This related provision is followed under employee benefits provision under liabilities. (2008: TRY 56.569 Thousand)

e) Liabilities on pension rights:

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

None.

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

None.

(9) Explanations related to tax liabilities:

a) Information on current tax liability:

a.1. Information on tax provision:

As of December 31, 2009, the Bank's corporate tax provision is TRY 548.097 Thousand. For the fourth temporary taxation period of the year 2009, corporate tax payable is TRY 132.900 Thousand.

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a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	132.900	17.337
Income on Securities Tax	45.892	85.602
Property Income Tax	393	246
Banking and Insurance Transactions Tax (BITT)	17.208	16.160
Foreign Exchange Transactions Tax	1	-
Value Added Tax Payable	184	81
Other	13.148	11.339
Total	209.726	130.765

a.3. Information on premiums:

	Current Period	Prior Period
Social Insurance Premiums-Employee	6	5
Social Insurance Premiums-Employer	8	7
Bank Social Aid Pension Fund Premium-Employee	2.643	2.112
Bank Social Aid Pension Fund Premium-Employer	3.678	2.912
Pension Fund Membership Fees-Employee and Provisions-Employee	-	-
Pension Fund Membership Fees-Employer and Provisions-Employer	-	-
Unemployment insurance-Employee	-	-
Unemployment insurance-Employer	-	-
Other	571	445
Total	6.906	5.481

b) Explanations regarding deferred tax liability:

None.

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

None.

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

None.

(12) Information on Shareholders' Equity:**a) Presentation of paid-in capital:**

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

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

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

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

None.

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

None.

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

None.

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

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

g) Information on preferred shares:

None.

h) Information on Marketable Securities Revaluation Fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)	-	97.688	-	128.456
Revaluation difference	87.936	(51.983)	(7.011)	(106.026)
Exchange rate difference	(13.759)	-	-	-
Total	74.177	45.705	(7.011)	22.430

i) Information on legal reserves:

	Current Period	Prior Period
First legal reserves	223.672	172.756
Second legal reserves	283.120	261.212
Other legal reserves appropriated in accordance with special legislation	703	703
Total	507.495	434.671

j) Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	1.013.914	333.180
Retained earnings	47.181	47.181
Accumulated losses	-	-
Foreign currency translation	-	(13.844)
Total	1.061.095	366.517

(13) Information on minority shares:

None.

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III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES**(1) Information on Off-Balance Sheet Liabilities:****a) Amount and nature of irrevocable loan commitments:**

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

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

b) Amount and nature of probable losses and commitments from the off-balance sheet items including the below mentioned:**b.1. Non-cash loans including bank bill guarantees and acceptances, guarantees substituting financial guarantees and other letters of credit:**

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

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

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

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b.3. Total Non-cash loans:

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

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

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

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

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

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c) Information on derivative financial instruments:

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

d) Information on contingent liabilities and assets:

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

e) Services supplied on behalf of others:

None.

IV. EXPLANATIONS AND NOTES RELATED TO THE INCOME STATEMENT**(1) Information on interest income:****a) Information on interest income on loans:**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on Loans (*)				
Short Term Loans	1.816.911	197.693	1.834.183	117.814
Medium and Long Term Loans	1.812.043	271.938	1.535.843	198.067
Interest on Non-Performing Loans	127.456	1	87.556	-
Premiums from Resource Utilization Support Fund	-	-	-	-
Total	3.756.410	469.632	3.457.582	315.881

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

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b) Interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Central Bank of Turkey	115.994	80	175.569	3.753
Domestic Banks	201	147	3.770	2.213
Overseas Banks	2.186	7.734	6.696	19.637
Head Office and Branches	-	-	-	-
Total	118.381	7.961	186.035	25.603

c) Interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial assets held for trading	3.491	644	45.783	5.187
Financial assets at fair value through profit and loss	-	-	-	-
Financial assets available-for-sale	471.063	67.053	1.087.872	113.256
Investments held-to-maturity	1.748.590	151.396	1.484.253	39.480
Total	2.223.144	219.093	2.617.908	157.923

d) Interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	3.085	1.868

(2) Information on interest expenses:**a) Information on interest expense on borrowings:**

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

b) Interest expenses to subsidiaries and associates:

	Current Period	Prior Period
Interest Expenses to Subsidiaries and Associates	12.964	4.068

c) Information on interest expenses to marketable securities issued:

None.

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d) Maturity structure of interest expenses on deposits:

Account Name	Demand Deposits	Up to 1 Month	Up to 3 months	Time Deposit			Cumulative Deposit	Total
				Up to 6 Months	Up to 1 Year	More than 1 Year		
TRY								
Bank Deposits	41	54.800	3.036	397	2.492	-	-	60.766
Saving Deposits	6.874	464.125	1.399.518	42.804	20.585	7.663	-	1.941.569
Public Deposits	1.787	31.628	94.427	4.327	1.018	19	-	133.206
Commercial Deposits	4.699	145.737	284.293	13.351	8.886	212	-	457.178
Other Deposits	666	25.932	214.632	16.186	8.674	84	-	266.174
7 days Call Accounts	-	-	-	-	-	-	-	-
Total	14.067	722.222	1.995.906	77.065	41.655	7.978	-	2.858.893
Foreign Currency								
Deposits	741	92.046	159.384	42.238	37.850	14.773	-	347.032
Bank Deposits	365	5.854	-	-	-	-	-	6.219
7 days Call Accounts	110	-	-	-	-	-	-	110
Precious Metal	-	-	-	-	-	-	-	-
Total	1.216	97.900	159.384	42.238	37.850	14.773	-	353.361
Grand Total	15.283	820.122	2.155.290	119.303	79.505	22.751	-	3.212.254

(3) Information on dividend income:

	Current Period	Prior Period
Financial assets held for trading	-	-
Financial assets at fair value through profit and loss	-	-
Financial assets available-for-sale	663	11.291
Other	10.111	27.494
Total	10.774	38.785

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

	Current Period	Prior Period
Profit	9.246.292	4.494.170
Profit from the Capital Market Operations	136.297	31.557
Profit on Derivative Financial Instruments	695.988	600.123
Foreign Exchange Gains	8.414.007	3.862.490
Loss (-)	(9.230.438)	(4.687.739)
Loss from the Capital Market Operations	(1.234)	(9.281)
Loss on Derivative Financial Instruments	(771.793)	(265.458)
Foreign Exchange Losses	(8.457.411)	(4.413.000)

Türkiye Halk Bankası A.Ş.**Explanations and Notes to Financial Statements
for the Period January 1-December 31, 2009**

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

b) Information on derivative financial instruments:

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

(5) Information on other operating income:

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

(6) Impairment losses on loans and other receivables:

	Current Period	Prior Period
Specific Provisions on Loans and Receivables	434.354	243.122
Group- III Loans and Receivables	169.502	95.992
Group- IV Loans and Receivables	35.051	28.338
Group-V Loans and Receivables	229.801	118.792
General Loan Provision Expenses	60.999	87.300
Provision Expenses for Possible Losses	7.000	22.571
Marketable Securities Impairment Losses	-	2
Financial assets at fair value through profit and loss	-	-
Financial assets available for sale	-	2
Impairment Losses from Associates, Subsidiaries, Jointly Controlled		
Entities (Joint Ventures) and Investments Held-to-Maturity	-	146
Associates	-	146
Subsidiaries	-	-
Jointly Controlled Entities (Joint Ventures)	-	-
Investments Held-to-Maturity	-	-
Other	143.779	83.150
Total	646.132	436.291

Türkiye Halk Bankası A.Ş.

Explanations and Notes to Financial Statements for the Period January 1-December 31, 2009

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

(7) Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	595.055	507.192
Reserve for employee termination benefits	34.634	46.188
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	2.388	3.576
Depreciation expenses of fixed assets	56.868	43.092
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	961	6.907
Impairment expense for equity shares subject to the equity method accounting	-	-
Impairment expense of assets that will be disposed of	5.935	953
Amortization expenses of assets that will be disposed of	4.750	2.113
Impairment expense for property and equipment held for sale	200	664
Other operating expenses	329.028	238.492
Operational leasing expenses	41.860	4.244
Maintenance expenses	17.930	10.874
Advertisement expenses	32.875	33.249
Other expenses	236.363	190.125
Loss on sales of assets	4.425	8.669
Other	159.415	144.390
Total	1.193.659	1.002.236

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

Bank's income before tax is due from the continuing activities. TRY 3.108.708 Thousand of the income before tax consists of net interest income, TRY 460.590 Thousand of the income before tax consists of net fees and commissions. The net operating profit of the Bank is TRY 2.017.200 Thousand.

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

As of December 31, 2009, the Bank's income tax provision amounting to TRY 386.109 Thousand consists of TRY 548.097 Thousand of current tax charge and TRY 161.988 Thousand of deferred tax benefit.

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

As of December 31, 2009, net operating income after tax amounts to TRY 1.631.091 Thousand.

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

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

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

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

Türkiye Halk Bankası A.Ş.**Explanations and Notes to Financial Statements
for the Period January 1-December 31, 2009**

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

V. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**(1) Explanations on inflation adjustments for equity items:**

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

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

(2) Explanations on exchange rate differences:

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

VI. EXPLANATIONS AND NOTES RELATED TO THE CASH FLOW STATEMENT**Disclosures for the "other" and "the effect of foreign exchange differences on cash and cash equivalents" items of cash flow statement:**

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

(2) The effect of any change in accounting policies:

Period beginning cash and cash equivalents balance:

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

(*) Others item is composed of cheques purchased.

Period ending cash and cash equivalents balance:

	Current Period	Prior Period
Cash	3.396.364	2.958.475
Cash in TRY and Foreign Currency	256.710	211.936
Central Bank and Others (*)	3.139.654	2.746.539
Cash Equivalents	1.135.955	2.119.022
Banks- maturity less than 3 months	1.135.955	2.119.022
Total Cash and Cash Equivalents	4.532.319	5.077.497

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

Türkiye Halk Bankası A.Ş.

Explanations and Notes to Financial Statements for the Period January 1-December 31, 2009

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

VII. EXPLANATION RELATED TO THE RISK GROUP OF THE BANK

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

a) Current Period:

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

b) Prior Period:

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

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

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

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

None.

Türkiye Halk Bankası A.Ş.

Explanations and Notes to Financial Statements for the Period January 1-December 31, 2009

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

(2) Disclosures for risk group:

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

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

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

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

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

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

Explained in b).

d) Transactions accounted under the equity method:

None.

(3) Benefits given to the key management personnel:

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

Türkiye Halk Bankası A.Ş.

Explanations and Notes to Financial Statements for the Period January 1-December 31, 2009

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

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

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

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

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

The Bank has opened 46 branches during the year 2009.

IX. SUBSEQUENT EVENTS

None.

SECTION VI: OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS ON THE BANK'S OPERATIONS

None.

SECTION VII: INDEPENDENT AUDITORS' REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

The unconsolidated financial statements as of December 31, 2009 and for the period then ended were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu) and Independent Auditor's Report dated February 22, 2010 is presented before the unconsolidated financial statements.

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

None.

The Consolidated Independent Auditors' Report

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

Independent Auditors' Report

for the Period January 1 – December 31, 2009

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

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

Management's Responsibility for the Financial Statements:

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

Auditor's Responsibility:

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

Independent Auditors' Opinion:

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

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

İstanbul, March 3, 2010

Sibel Türker
Partner

Additional paragraph for the English translation:

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

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

The Consolidated Financial Report for the Year Ended December 31, 2009

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

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

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

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

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

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

Ankara, March 3, 2010

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

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

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

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Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

Explanations and Notes to Consolidated Financial Statements for the Period January 1 – December 31, 2009

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

SECTION I: GENERAL INFORMATION ABOUT THE PARENT BANK

I. ESTABLISHMENT DATE OF THE PARENT BANK, INITIAL ARTICLES OF ASSOCIATION, HISTORY OF THE PARENT BANK INCLUDING THE CHANGES OF THESE ARTICLES:

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

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

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

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

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

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

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

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

Explanations and Notes to Consolidated Financial Statements for the Period January 1 – December 31, 2009

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

III. EXPLANATIONS REGARDING THE PARENT BANK'S CHAIRMAN AND MEMBERS OF BOARD OF DIRECTORS, AUDIT COMMITTEE MEMBERS, CHIEF EXECUTIVE OFFICER AND EXECUTIVE VICE PRESIDENTS AND THEIR SHARES ATTRIBUTABLE TO THE PARENT BANK, IF ANY

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

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

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

Explanations and Notes to Consolidated Financial Statements for the Period January 1 – December 31, 2009

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

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

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

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

a) General Information about the Parent Bank:

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

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

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

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

Explanations and Notes to Consolidated Financial Statements for the Period January 1 – December 31, 2009

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

d) Under No: 25539 Law regarding the "Act No: 5230 with regards to the transfer of Pamukbank Türk Anonim Şirketi to Türkiye Halk Bankası A.Ş. and amendments to other acts" which came into force as of July 31, 2004 with the publication of the Official Gazette, Pamukbank (whose shares, management, and control were previously inherited to the Saving Deposit Insurance Fund (SDIF)) was transferred to the Parent Bank. Insolvent Pamukbank T.A.Ş. was a private sector deposit bank established by Çukurova İthalat ve İhracat T.A.O., Karamehmetler Scrip Company and more than 500 shareholders. The Parent Bank started its private banking operations as an incorporated company in accordance with the decision of the Council of Ministers numbered 4/4573 and dated 5 March 1955. According to the decision of the Banking Regulation and Supervision Agency (BRSA) numbered 742 published in the Official Gazette numbered 24790 and dated 19 June 2002 including 3rd and 4th Sub-articles in Article 14 of the Banking Law No: 4389, the shareholders rights excluding dividends, management and supervision of the Bank have were transferred to the Saving Deposit Insurance Fund as of 18 June 2002.

e) The Parent Bank's service activities and operating areas: The Parent Bank's operating areas include, commercial financing and corporate banking, fund management operations, retail banking and credit card operations.

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

VI. EXPLANATION ABOUT COMPANIES WITHIN THE SCOPE OF CONSOLIDATION

The Parent Bank and its subsidiaries;

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

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

The parent Bank and its associate;

- Demir-Halkbank N.V.

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

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

SECTION II: CONSOLIDATED FINANCIAL STATEMENTS

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

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

Consolidated Balance Sheet (Statement of Financial Position)

THOUSANDS OF TRY

ASSETS	Disc.	Audited					
		CURRENT PERIOD			PRIOR PERIOD		
		TRY	FC	Total	TRY	FC	Total
		(31/12/2009)	(31/12/2009)	(31/12/2009)	(31/12/2008)	(31/12/2008)	(31/12/2008)
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	2.116.679	1.299.045	3.415.724	1.694.368	1.314.931	3.009.299
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	27.003	28.959	55.962	25.627	89.138	114.765
2.1.Trading Financial Assets		27.003	28.959	55.962	25.627	89.138	114.765
2.1.1.Public Sector Debt Securities		25.227	8.337	33.564	24.855	9.866	34.721
2.1.2.Share Certificates		92	-	92	-	-	-
2.1.3.Financial Assets Held for Trading		-	20.528	20.528	-	79.182	79.182
2.1.4.Other Marketable Securities		1.684	94	1.778	772	90	862
2.2.Financial Assets at Fair Value Through Profit and Loss		-	-	-	-	-	-
2.2.1.Public Sector Debt Securities		-	-	-	-	-	-
2.2.2.Share Certificates		-	-	-	-	-	-
2.2.3.Loans		-	-	-	-	-	-
2.2.4.Other Marketable Securities		-	-	-	-	-	-
III. BANKS	(3)	120.758	1.051.151	1.171.909	51.361	2.067.973	2.119.334
IV. MONEY MARKET PLACEMENTS		203	-	203	-	-	-
4.1.Interbank Money Market Placements		-	-	-	-	-	-
4.2.Istanbul Stock Exchange Money Market Placements		199	-	199	-	-	-
4.3.Receivables from Reverse Repurchase Agreements		4	-	4	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	3.562.401	1.328.473	4.890.874	1.581.436	778.466	2.359.902
5.1.Share Certificates		4.405	7.214	11.619	4.203	7.125	11.328
5.2.Public Sector Debt Securities		3.557.996	1.321.259	4.879.255	1.577.233	771.341	2.348.574
5.3.Other Marketable Securities		-	-	-	-	-	-
VI. LOANS	(5)	23.576.324	8.881.747	32.458.071	19.296.864	6.539.434	25.836.298
6.1.Loans		23.266.840	8.881.747	32.148.587	19.083.351	6.539.434	25.622.785
6.1.1.Loans Extended to Risk Group of the Bank		921	57.690	58.611	1.695	78.451	80.146
6.1.2.Public Sector Debt Securities		-	-	-	-	-	-
6.1.3.Other		23.265.919	8.824.057	32.089.976	19.081.656	6.460.983	25.542.639
6.2.Loans under follow-up		1.667.912	-	1.667.912	1.251.362	-	1.251.362
6.3.Specific provisions [-]		1.358.428	-	1.358.428	1.037.849	-	1.037.849
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	(6)	13.938.090	2.635.458	16.573.548	13.679.970	2.178.912	15.858.882
8.1.Public Sector Debt Securities		13.938.090	2.635.458	16.573.548	13.679.970	2.178.912	15.858.882
8.2.Other Marketable Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	48.743	127.922	176.665	42.031	122.576	164.607
9.1.Accounted with Equity Method		-	127.922	127.922	-	122.576	122.576
9.2.Unconsolidated Associates		48.743	-	48.743	42.031	-	42.031
9.2.1.Financial Investments		47.691	-	47.691	40.965	-	40.965
9.2.2.Non-financial Investments		1.052	-	1.052	1.066	-	1.066
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	-	-	-	62.048	-	62.048
10.1.Unconsolidated Financial Subsidiaries		-	-	-	62.048	-	62.048
10.2.Unconsolidated Non-financial Subsidiaries		-	-	-	-	-	-
XI. JOINT VENTURES (Net)	(9)	-	-	-	-	-	-
11.1.Accounted with Equity Method		-	-	-	-	-	-
11.2.Unconsolidated Joint Ventures		-	-	-	-	-	-
11.2.1.Financial Joint Ventures		-	-	-	-	-	-
11.2.2.Non-financial Joint Ventures		-	-	-	-	-	-
XII. FINANCE LEASE RECEIVABLES (Net)	(10)	-	-	-	-	-	-
12.1.Finance Lease Receivables		-	-	-	-	-	-
12.2.Operating Lease Receivables		-	-	-	-	-	-
12.3.Other		-	-	-	-	-	-
12.4.Unearned Income [-]		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
13.1.Fair Value Risk Hedging		-	-	-	-	-	-
13.2.Cash Flow Risk Hedging		-	-	-	-	-	-
13.3.Net Abroad Investment Risk Hedging		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(12)	1.141.486	44	1.141.530	891.591	53	891.644
XV. INTANGIBLE ASSETS (Net)	(13)	12.090	-	12.090	38.588	-	38.588
15.1.Goodwill		-	-	-	-	-	-
15.2.Other		12.090	-	12.090	38.588	-	38.588
XVI. INVESTMENT PROPERTIES (Net)	(14)	489	-	489	-	-	-
XVII. TAX ASSET	(15)	207.562	-	207.562	74.091	-	74.091
17.1.Current Assets for Tax		-	-	-	-	-	-
17.2.Deferred Assets for Tax		207.562	-	207.562	74.091	-	74.091
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(16)	84.091	-	84.091	130.416	-	130.416
18.1.Held for Sale Purpose		84.091	-	84.091	130.416	-	130.416
18.2.Held from Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(17)	529.156	64.917	594.073	233.402	104.602	338.004
TOTAL ASSETS		45.365.075	15.417.716	60.782.791	37.801.793	13.196.085	50.997.878

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

Consolidated Balance Sheet (Statement of Financial Position)

LIABILITIES AND EQUITY	Disc.	THOUSANDS OF TRY					
		Audited CURRENT PERIOD (31/12/2009)			Audited PRIOR PERIOD (31/12/2008)		
		TRY	FC	Total	TRY	FC	Total
I. DEPOSITS	(1)	29.364.171	14.515.075	43.879.246	27.033.766	13.237.348	40.271.114
1.1. Deposits Held by the Risk Group of the Bank		35.566	9.562	45.128	104.334	4.294	108.628
1.2. Other		29.328.605	14.505.513	43.834.118	26.929.432	13.233.054	40.162.486
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	-	88.956	88.956	-	22.246	22.246
III. BORROWING FUNDING LOANS	(3)	201.722	1.829.795	2.031.517	202.295	1.319.504	1.521.799
IV. MONEY MARKET BALANCES		5.229.113	547.976	5.777.089	1.697.826	692.618	2.390.444
4.1. Interbank Money Market Takings		-	-	-	-	-	-
4.2. Istanbul Stock Exchange Takasbank Takings		19.422	-	19.422	-	-	-
4.3. Funds From Repurchase Agreements		5.209.691	547.976	5.757.667	1.697.826	692.618	2.390.444
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1. Bills		-	-	-	-	-	-
5.2. Asset-backed Securities		-	-	-	-	-	-
5.3. Bonds		-	-	-	-	-	-
VI. FUNDS	(4)	1.315.802	-	1.315.802	1.215.554	-	1.215.554
6.1. Borrower Funds		204.776	-	204.776	188.007	-	188.007
6.2. Other		1.111.026	-	1.111.026	1.027.547	-	1.027.547
VII. SUNDRY CREDITORS		549.528	16.363	565.891	425.720	16.332	442.052
VIII. OTHER LIABILITIES	(5)	163.850	95.988	259.838	142.946	56.140	199.086
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCE LEASE PAYABLES (Net)	(6)	137	2	139	-	284	284
10.1. Finance Lease Payables		194	2	196	-	284	284
10.2. Operating Lease Payables		-	-	-	-	-	-
10.3. Other		-	-	-	-	-	-
10.4. Deferred Finance Lease Expenses (-)		57	-	57	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING	(7)	-	-	-	-	-	-
11.1. Fair Value Risk Hedging		-	-	-	-	-	-
11.2. Cash Flow Risk Hedging		-	-	-	-	-	-
11.3. Net Abroad Investment Risk Hedging		-	-	-	-	-	-
XII. PROVISIONS	(8)	853.744	15.499	869.243	595.771	12.472	608.243
12.1. General Loan Provisions		275.695	-	275.695	225.806	-	225.806
12.2. Restructuring Provisions		-	-	-	-	-	-
12.3. Employee Benefits Provisions		243.822	-	243.822	234.893	-	234.893
12.4. Insurance Technical Reserves (Net)		136.567	-	136.567	-	-	-
12.5. Other Provisions		197.660	15.499	213.159	135.072	12.472	147.544
XIII. TAX LIABILITY	(9)	218.919	1	218.920	136.244	2	136.246
13.1. Current Tax Liability		218.919	1	218.920	136.244	2	136.246
13.2. Deferred Tax Liability		-	-	-	-	-	-
XIV. LIABILITIES FOR ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	(10)	-	-	-	-	-	-
14.1. Held for Sale Purpose		-	-	-	-	-	-
14.2. Held from Discontinued Operations		-	-	-	-	-	-
XV. TIER -II CAPITAL	(11)	-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY	(12)	5.828.133	(51.983)	5.776.150	4.296.836	(106.026)	4.190.810
16.1. Paid-in Capital		1.250.000	-	1.250.000	1.250.000	-	1.250.000
16.2. Capital Reserves		1.288.854	(51.983)	1.236.871	1.194.907	(106.026)	1.088.881
16.2.1. Share Premium		-	-	-	-	-	-
16.2.2. Share Cancellation Profits		-	-	-	-	-	-
16.2.3. Marketable Securities Revaluation Fund		78.429	(51.983)	26.446	(7.011)	(106.026)	(113.037)
16.2.4. Tangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.5. Intangible Assets Revaluation Reserves		-	-	-	-	-	-
16.2.6. Revaluation Reserves of Real Estates for Investment Purpose		-	-	-	-	-	-
16.2.7. Non-paid-up Shares of Subsidiaries, Associates and Joint Ventures		61	-	61	-	-	-
16.2.8. Hedging Funds (Effective portion)		(10.087)	-	(10.087)	(18.533)	-	(18.533)
16.2.9. Value Increase on Assets Held for Sale		-	-	-	-	-	-
16.2.10. Other Capital Reserves		1.220.451	-	1.220.451	1.220.451	-	1.220.451
16.3. Profit Reserves		1.610.916	-	1.610.916	800.590	-	800.590
16.3.1. Legal Reserves		515.312	-	515.312	434.671	-	434.671
16.3.2. Statutory Reserves		-	-	-	-	-	-
16.3.3. Extraordinary Reserves		1.048.423	-	1.048.423	333.180	-	333.180
16.3.4. Other Profit Reserves		47.181	-	47.181	32.739	-	32.739
16.4. Profit/Loss		1.671.769	-	1.671.769	1.051.339	-	1.051.339
16.4.1. Prior Years Income/Loss		7.104	-	7.104	35.042	-	35.042
16.4.2. Period Profit/Loss		1.664.665	-	1.664.665	1.016.297	-	1.016.297
16.5. Minority Shares		6.594	-	6.594	-	-	-
TOTAL LIABILITIES AND EQUITY		43.725.119	17.057.672	60.782.791	35.746.958	15.250.920	50.997.878

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

Consolidated Off Balance Sheet Accounts

	Disc.	THOUSANDS OF TRY					
		Audited CURRENT PERIOD (31/12/2009)			Audited PRIOR PERIOD (31/12/2008)		
		TRY	FC	Total	TRY	FC	Total
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		10.028.306	12.782.239	22.810.545	6.995.773	6.049.121	13.044.894
I. GUARANTEES AND SURETYSHIPS	(1). (3)	3.722.965	5.591.977	9.314.942	2.544.668	4.194.184	6.738.852
1.1.Letters of Guarantee		3.680.889	3.094.424	6.775.313	2.523.556	2.329.643	4.853.199
1.1.1.Guarantees Subject to Public Procurement Law		353.921	2.375.248	2.729.169	269.849	1.719.931	1.989.780
1.1.2.Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3.Other Letters of Guarantee		3.326.968	719.176	4.046.144	2.253.707	609.712	2.863.419
1.2.Bank Loans		-	138.242	138.242	-	78.257	78.257
1.2.1.Import Acceptances		-	74.508	74.508	-	75.751	75.751
1.2.2.Other Bank Acceptances		-	63.734	63.734	-	2.506	2.506
1.3.Letters of Credit		-	2.243.228	2.243.228	-	1.780.112	1.780.112
1.3.1.Documentary Letters of Credit		-	2.243.228	2.243.228	-	1.780.112	1.780.112
1.3.2.Other Letters of Credit		-	-	-	-	-	-
1.4.Guaranteed Prefinancings		-	-	-	-	-	-
1.5.Endorsements		-	-	-	-	-	-
1.5.1.Endorsements to Central Bank of Turkish Republic		-	-	-	-	-	-
1.5.2.Other Endorsements		-	-	-	-	-	-
1.6.Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7.Factoring Guarantees		-	-	-	-	-	-
1.8.Other Guarantees		41.846	116.083	157.929	20.882	6.172	27.054
1.9.Other Suretyships		230	-	230	230	-	230
II. COMMITMENTS	(1). (3)	4.988.824	828.762	5.817.586	3.446.566	596.319	4.042.885
2.1.Irrevocable commitments		4.985.605	828.762	5.814.367	3.443.347	596.319	4.039.666
2.1.1.Forward Asset Purchase Commitments		169.106	510.342	679.448	30.629	596.319	626.948
2.1.2.Forward Deposit Purchase and Sale Commitments		-	-	-	-	-	-
2.1.3.Capital Commitments to Subsidiaries and Associates		2.250	-	2.250	15.741	-	15.741
2.1.4.Loan Granting Commitments		722.229	318.420	1.040.649	258.131	-	258.131
2.1.5.Securities Underwriting Commitments		-	-	-	-	-	-
2.1.6. Payment Commitments for Reserve Deposits		-	-	-	-	-	-
2.1.7.Payment Commitments for Cheques		1.255.978	-	1.255.978	1.260.306	-	1.260.306
2.1.8.Tax and Fund Liabilities from Export Commitments		11.284	-	11.284	6.739	-	6.739
2.1.9.Commitments for Credit Card Expenditure Limits		2.793.507	-	2.793.507	1.827.156	-	1.827.156
2.1.10.Commitments for Credit Cards and Banking Services Promotions		27.446	-	27.446	27.403	-	27.403
2.1.11.Receivables from Short Sale Commitments		-	-	-	-	-	-
2.1.12.Payables for Short Sale Commitments		-	-	-	-	-	-
2.1.13.Other Irrevocable Commitments		3.805	-	3.805	17.242	-	17.242
2.2.Revocable Commitments		3.219	-	3.219	3.219	-	3.219
2.2.1.Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2.Other Revocable Commitments		3.219	-	3.219	3.219	-	3.219
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	1.316.517	6.361.500	7.678.017	1.004.539	1.258.618	2.263.157
3.1.Derivative Financial Instruments for Hedging		-	-	-	-	-	-
3.1.1.Fair Value Risk Hedging Transactions		-	-	-	-	-	-
3.1.2.Cash flow Risk Hedging Transactions		-	-	-	-	-	-
3.1.3.Net Abroad Investment Risk Hedging Transactions		-	-	-	-	-	-
3.2.Transactions for Trading		1.316.517	6.361.500	7.678.017	1.004.539	1.258.618	2.263.157
3.2.1.Forward Foreign Currency Buy/Sell Transactions		22.859	523.002	545.861	6.443	117.763	124.206
3.2.1.1.Forward Foreign Currency Transactions-Buy		6.012	266.585	272.597	2.320	59.976	62.296
3.2.1.2.Forward Foreign Currency Transactions-Sell		16.847	256.417	273.264	4.123	57.787	61.910
3.2.2.Currency and Interest Rate Swaps		1.095.588	5.318.678	6.414.266	800.026	915.855	1.715.881
3.2.2.1.Currency Swap-Buy		-	2.871.470	2.871.470	-	677.997	677.997
3.2.2.2.Currency Swap-Sell		788.498	2.129.008	2.917.506	605.886	27.858	633.744
3.2.2.3.Interest Rate Swap-Buy		-	318.200	318.200	-	210.000	210.000
3.2.2.4.Interest Rate Swap-Sell		307.090	-	307.090	194.140	-	194.140
3.2.3.Currency, Interest Rate and Marketable Securities Options		-	-	-	-	-	-
3.2.3.1.Currency Call Options		-	-	-	-	-	-
3.2.3.2.Currency Put Options		-	-	-	-	-	-
3.2.3.3.Interest Rate Call Options		-	-	-	-	-	-
3.2.3.4.Interest Rate Put Options		-	-	-	-	-	-
3.2.3.5.Marketable Securities Call Options		-	-	-	-	-	-
3.2.3.6.Marketable Securities Put Options		-	-	-	-	-	-
3.2.4.Currency Futures		-	-	-	-	-	-
3.2.4.1.Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2.Currency Futures-Sell		-	-	-	-	-	-
3.2.5.Interest Rate Buy/Sell Futures		-	-	-	-	-	-
3.2.5.1.Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2.Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6.Other		198.070	519.820	717.890	198.070	225.000	423.070

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

Consolidated Off Balance Sheet Accounts

Disc.	THOUSANDS OF TRY					
	Audited CURRENT PERIOD (31/12/2009)			Audited PRIOR PERIOD (31/12/2008)		
	TRY	FC	Total	TRY	FC	Total
B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)	266.734.789	107.979.743	374.714.532	146.979.141	60.125.803	207.104.944
IV. CUSTODIES	56.546.837	5.412.880	61.959.717	39.457.259	3.379.653	42.836.912
4.1.Assets Under Management	-	-	-	-	-	-
4.2.Custody Marketable Securities	27.988.177	271.653	28.259.830	23.151.155	231.338	23.382.493
4.3.Cheques in Collection Process	2.859.578	1.845.612	4.705.190	2.603.753	134.633	2.738.386
4.4.Commercial Notes in Collection Process	9.685.107	178.807	9.863.914	343.990	145.031	489.021
4.5.Other Assets in Collection Process	679	-	679	511	-	511
4.6.Underwritten Securities	321	6.956	7.277	250	-	250
4.7.Other Custodies	2.440	8.072	10.512	6.305	8.260	14.565
4.8.Custodians	16.010.535	3.101.780	19.112.315	13.351.295	2.860.391	16.211.686
V. PLEDGED ASSETS	210.187.952	102.566.863	312.754.815	107.521.882	56.746.150	164.268.032
5.1.Marketable Securities	802.955	209.987	1.012.942	113.220	192.812	306.032
5.2.Collateral Notes	2.729.862	170.390	2.900.252	3.238.269	340.310	3.578.579
5.3.Commodity	25.830	-	25.830	53.947	-	53.947
5.4.Warranty	-	-	-	-	-	-
5.5.Land and Buildings	40.485.819	11.866.210	52.352.029	28.979.863	7.365.531	36.345.394
5.6.Other Pledged Assets	164.097.650	89.571.870	253.669.520	73.643.031	47.941.989	121.585.020
5.7.Pledges	2.045.836	748.406	2.794.242	1.493.552	905.508	2.399.060
VI. ACCEPTED BILL GUARANTEES AND SURETIES	-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)	276.763.095	120.761.982	397.525.077	153.974.914	66.174.924	220.149.838

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

Consolidated Statement of Income

THOUSANDS OF TRY

INCOME AND EXPENSES	Disc.	Audited	Audited
		CURRENT PERIOD (01/01/2009-31/12/2009)	PRIOR PERIOD (01/01/2008-31/12/2008)
I. INTEREST INCOME	(1)	6.829.199	6.792.931
1.1. Interest on loans	(1a)	4.225.937	3.773.463
1.2. Interest received from reserve deposits		304	12.333
1.3. Interest received from banks	(1b)	126.483	211.638
1.4. Interest received from money market placements		4.498	9.643
1.5. Interest income on marketable securities	(1c)	2.451.134	2.775.831
1.5.1. Financial assets held for trading		4.135	50.970
1.5.2. Financial assets at fair value through profit and loss		-	-
1.5.3. Financial assets available-for-sale		546.417	1.201.128
1.5.4. Investments held-to-maturity		1.900.582	1.523.733
1.6. Finance lease income		-	-
1.7. Other interest income		20.843	10.023
II. INTEREST EXPENSE	(2)	3.700.152	4.666.693
2.1. Interest on deposits	(2d)	3.204.498	4.333.826
2.2. Interest on borrowings	(2a)	74.367	73.248
2.3. Interest on money market borrowings		331.285	224.232
2.4. Interest on marketable securities issued		-	-
2.5. Other interest expense		90.002	35.387
III. NET INTEREST INCOME (I - II)		3.129.047	2.126.238
IV. NET FEES AND COMMISSIONS INCOME		453.796	370.268
4.1. Fees and commissions income		535.854	442.466
4.1.1. Non-Cash Loans		63.333	41.373
4.1.2. Other		472.521	401.093
4.2. Fees and commissions expenses		82.058	72.198
4.2.1. Non-Cash Loans		3	1
4.2.2. Other		82.055	72.197
V. DIVIDEND INCOME	(3)	6.595	32.399
VI. NET TRADING PROFIT	(4)	18.151	[193.569]
6.1. Profit/Loss from capital market operations		137.156	22.276
6.2. Profit/Loss from financial derivative Transactions		(75.805)	334.665
6.3. Foreign exchange gains/losses		(43.200)	(550.510)
VII. OTHER OPERATING INCOME	(5)	395.105	363.189
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		4.002.694	2.698.525
IX. LOANS AND OTHER RECEIVABLES IMPAIRMENT LOSS PROVISIONS (-)	(6)	646.144	436.291
X. OTHER OPERATING EXPENSES(-)	(7)	1.301.569	1.002.236
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		2.054.981	1.259.998
XII. AMOUNT RECORDED IN EXCESS AS GAIN AFTER MERGER		-	-
XIII. PROFIT/LOSSES FROM EQUITY METHOD APPLIED SUBSIDIARIES		3.792	4.368
XIV. GAIN/(LOSS) ON NET MONETARY POSITION		-	-
XV. INCOME/(LOSS) BEFORE TAXES (XI+XII+XIII+XIV)	(8)	2.058.773	1.264.366
XVI. TAX INCOME PROVISION (±)	(9)	(393.404)	(248.069)
16.1. Current tax provision		(557.911)	(243.239)
16.2. Deferred tax provision		164.507	(4.830)
XVII. NET OPERATING INCOME AFTER TAX (XV±XVI)	(10)	1.665.369	1.016.297
XVIII. INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1. Property and equipment income held for sale		-	-
18.2. Sale profits from sale of associates, subsidiaries and joint ventures (business partners)		-	-
18.3. Other income from terminated operations		-	-
XIX. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
19.1. Property and equipment expense held for sale		-	-
19.2. Sale losses from sale of associates, subsidiaries and joint ventures (business partners)		-	-
19.3. Other expenses from terminated operations		-	-
XX. INCOME/EXPENSE BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXI. PROVISION FOR TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)		-	-
21.1. Current tax provision		-	-
21.2. Deferred tax provision		-	-
XXII. NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII. NET PROFIT/(LOSS) (XVII+XXII)	(11)	1.665.369	1.016.297
23.1. Group's profit/loss		1.664.665	1.016.297
23.2. Minority shares profit/loss		704	-
Earnings/Losses per share		1,33	0,81

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

Consolidated Profit and Loss Accounted for Under Equity

	THOUSANDS OF TRY	
	CURRENT PERIOD Audited (01/01/2009-31/12/2009)	PRIOR PERIOD Audited (01/01/2008-31/12/2008)
STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY		
I. Additions to marketable securities revaluation differences for available for sale financial assets	239.187	(145.215)
II. Tangible assets revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Foreign exchange differences for foreign currency transactions	708	22.732
V. Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)	-	-
VI. Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)	10.557	(18.533)
VII. The effect of corrections of errors and changes in accounting policies	-	-
VIII. Other profit loss items accounted under equity due to TAS	-	-
IX. Deferred tax of valuation differences	(31.444)	6.005
X. Total Net Profit/Loss accounted under equity (I+II+...+IX)	219.008	(135.011)
XI. Profit/Loss	(58.272)	(19.060)
11.1. Change in fair value of marketable securities (Transfer to Profit/Loss)	(22.089)	(25.403)
11.2. Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
11.3. Transfer of hedge of net investments in foreign operations to Income Statement	-	-
11.4. Other	(36.183)	6.343
XII. Total Profit/Loss accounted for the period (X±XI)	160.736	(154.071)

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

Consolidated Statement of Changes in Shareholders' Equity

CHANGES IN SHAREHOLDERS' EQUITY	Disc.	Paid-in Capital	Effect of Inflation Adjustments on Paid in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves
PRIOR PERIOD								
(01/01/2008 - 31/12/2008)								
I. Balance at end of prior period		1.250.000	1.220.451	-	-	297.633	-	159.859
II. Corrections according to TAS 8		-	-	-	-	-	-	-
2.1. The effect of corrections of errors		-	-	-	-	-	-	-
2.2. The effects of changes in accounting policy.		-	-	-	-	-	-	-
III. New Balance (I + II)		1.250.000	1.220.451	-	-	297.633	-	159.859
Changes within the period								
IV. Increase/Decrease generated by merger		-	-	-	-	-	-	-
V. Valuation changes in marketable securities		-	-	-	-	-	-	-
VI. Hedging Funds (Effective Portion)		-	-	-	-	-	-	-
6.1. Cash-flow hedge		-	-	-	-	-	-	-
6.2. Hedges from investment made in foreign countries		-	-	-	-	-	-	-
VII. Revaluation changes of property and equipment		-	-	-	-	-	-	-
VIII. Revaluation changes of intangible assets		-	-	-	-	-	-	-
IX. Free shares from investment and associates, subsidiaries and joint ventures		-	-	-	-	-	-	-
X. Foreign exchange differences		-	-	-	-	-	-	-
XI. Changes after disposal of securities		-	-	-	-	-	-	-
XII. Changes after reclassification of securities		-	-	-	-	-	-	-
XIII. Effect of changes in shareholders equity of investments and associates to bank's shareholders equity		-	-	-	-	-	-	-
XIV. Increase in capital		-	-	-	-	-	-	-
14.1. Cash		-	-	-	-	-	-	-
14.2. From internal resources		-	-	-	-	-	-	-
XV. Issuance of share certificates at end of period		-	-	-	-	-	-	-
XVI. Share cancellation profits		-	-	-	-	-	-	-
XVII. Adjustment to paid-in capital		-	-	-	-	-	-	-
XVIII. Other		-	-	-	-	-	-	-
XIX. Net profit or losses		-	-	-	-	-	-	-
XX. Profit distribution		-	-	-	-	137.038	-	173.321
20.1. Dividends distributed		-	-	-	-	-	-	-
20.2. Transfers to legal reserves		-	-	-	-	137.038	-	173.321
20.3. Other		-	-	-	-	-	-	-
Closing Balances (III+IV+V+...+XVIII+XIX+XX)		1.250.000	1.220.451	-	-	434.671	-	333.180
CURRENT PERIOD								
(01/01/2009 - 31/12/2009)								
I. Balance at end of prior period		1.250.000	1.220.451	-	-	434.671	-	333.180
Changes within the period								
II. Increase or decrease generated by merger		-	-	-	-	7.544	-	13.573
III. Valuation changes in marketable securities		-	-	-	-	-	-	-
IV. Hedging Funds (Effective Portion)		-	-	-	-	-	-	-
4.1. Cash flow hedge		-	-	-	-	-	-	-
4.2. Hedges for investments made in foreign countries		-	-	-	-	-	-	-
V. Revaluation changes of property and equipment		-	-	-	-	-	-	-
VI. Revaluation changes of intangible assets		-	-	-	-	-	-	-
VII. Free shares from investment and associates, subsidiaries and joint ventures		-	-	-	-	-	-	-
VIII. Foreign exchange differences		-	-	-	-	-	-	-
IX. Changes after disposal of securities		-	-	-	-	-	-	-
X. Changes after reclassification of securities		-	-	-	-	-	-	-
XI. Effect of changes in shareholders equity of investments and associates to bank's shareholders equity		-	-	-	-	-	-	-
XII. Increase in capital		-	-	-	-	-	-	-
12.1. Cash		-	-	-	-	-	-	-
12.2. From internal resources		-	-	-	-	-	-	-
XIII. Issuance of share certificates at the end of the period		-	-	-	-	-	-	-
XIV. Share cancellation profits		-	-	-	-	-	-	-
XV. Adjustment to paid-in capital		-	-	-	-	-	-	-
XVI. Other		-	-	-	-	-	-	-
XVII. Net profit or losses		-	-	-	-	-	-	-
XVIII. Profit distribution		-	-	-	-	73.097	-	701.670
18.1. Dividends distributed		-	-	-	-	-	-	-
18.2. Transfers to legal reserves		-	-	-	-	73.097	-	701.670
18.3. Other		-	-	-	-	-	-	-
Closing balances (I+II+III+...+XVI+XVII+XVIII)		1.250.000	1.220.451	-	-	515.312	-	1.048.423

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

Consolidated Statement of Changes in Shareholders' Equity

THOUSANDS OF TRY

Audited											
Other Profit Reserves	Period Profit/Loss	Prior Years Income/Loss	Marketable Securities Revaluation Fund	Revaluation Reserves of Real Estates for Investment Purpose	Non-paid-up Shares of Subsidiaries, Associates and Joint Ventures	Hedging Funds (Effective Portion)	Value increase in assets held for sale purposes. /discontinued operations	Total equity excluding minority shares	Minority Shares	Total Equity	
10.007	1.132.620	123.715	45.233	-	-	-	-	4.239.518	-	4.239.518	
-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	
10.007	1.132.620	123.715	45.233	-	-	-	-	4.239.518	-	4.239.518	
-	-	-	-	-	-	-	-	-	-	-	
-	-	-	(158.270)	-	-	-	-	(158.270)	-	(158.270)	
-	-	(35.154)	-	-	-	(18.533)	-	(53.687)	-	(53.687)	
-	-	-	-	-	-	-	-	-	-	-	
-	-	(35.154)	-	-	-	(18.533)	-	(53.687)	-	(53.687)	
-	-	-	-	-	-	-	-	-	-	-	
22.732	-	-	-	-	-	-	-	22.732	-	22.732	
-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	
-	1.016.297	-	-	-	-	-	-	1.016.297	-	1.016.297	
-	(1.132.620)	(53.519)	-	-	-	-	-	(875.780)	-	(875.780)	
-	-	(875.780)	-	-	-	-	-	(875.780)	-	(875.780)	
-	-	(310.359)	-	-	-	-	-	-	-	-	
-	(1.132.620)	1.132.620	-	-	-	-	-	-	-	-	
32.739	1.016.297	35.042	(113.037)	-	-	(18.533)	-	4.190.810	-	4.190.810	
32.739	1.016.297	35.042	(113.037)	-	-	(18.533)	-	4.190.810	-	4.190.810	
-	29.409	(9.875)	1.635	-	-	-	-	42.286	6.610	48.896	
-	-	-	151.582	-	-	-	-	151.582	-	151.582	
-	-	(7.423)	623	-	-	8.446	-	1.646	-	1.646	
-	-	-	-	-	-	-	-	-	-	-	
-	-	(7.423)	623	-	-	8.446	-	1.646	-	1.646	
-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	61	-	-	61	-	61	
-	-	-	85	-	-	-	-	85	-	85	
-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	(720)	(720)	
-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	
14.442	-	-	(14.442)	-	-	-	-	-	-	-	
-	1.664.665	-	-	-	-	-	-	1.664.665	704	1.665.369	
-	(1.045.706)	(10.640)	-	-	-	-	-	(281.579)	-	(281.579)	
-	-	(281.579)	-	-	-	-	-	(281.579)	-	(281.579)	
-	-	(774.767)	-	-	-	-	-	-	-	-	
-	(1.045.706)	1.045.706	-	-	-	-	-	-	-	-	
47.181	1.664.665	7.104	26.446	-	61	(10.087)	-	5.769.556	6.594	5.776.150	

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

Consolidated Statement of Cash Flows

	THOUSANDS OF TRY		
	Disc.	Audited CURRENT PERIOD (31/12/2009)	Audited PRIOR PERIOD (31/12/2008)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1. Operating profit before changes in operating assets and liabilities (+)		2.174.874	480.202
1.1.1. Interest received (+)		7.364.446	6.292.578
1.1.2. Interest paid (-)		(3.918.818)	(4.564.060)
1.1.3. Dividend received (+)		2.679	31.682
1.1.4. Fees and commissions received (+)		540.826	442.466
1.1.5. Other income (+)		233.450	14.393
1.1.6. Collections from previously written off loans (+)		380.472	273.388
1.1.7. Cash payments to personnel and service suppliers (-)		(648.096)	(553.380)
1.1.8. Taxes paid (-)		(526.468)	(306.510)
1.1.9. Other (+/-)		(1.253.617)	(1.150.355)
1.2. Assets and Liabilities Subject to Banking Operations		648.380	3.448.766
1.2.1. Net (Increase) decrease in financial assets held for sale (+/-)		11.534	413.677
1.2.2. Net (Increase) decrease in financial assets at fair value through profit or loss (+/-)		-	-
1.2.3. Net (Increase) decrease in due from banks and other financial institutions (+/-)		-	50.000
1.2.4. Net (increase) decrease in loans (+/-)		(7.215.071)	(7.740.897)
1.2.5. Net (increase) decrease in other assets (+/-)		(175.859)	(11.595)
1.2.6. Net increase (decrease) in bank deposits (+/-)		659.195	811.888
1.2.7. Net increase (decrease) in other deposits (+/-)		3.329.212	9.120.151
1.2.8. Net increase (decrease) in loans borrowed (+/-)		520.733	582.571
1.2.9. Net increase (decrease) in matured payables (+/-)		-	-
1.2.10. Net increase (decrease) in other liabilities (+/-)		3.518.636	222.971
I. Net cash provided from banking operations (+/-)		2.823.254	3.928.968
B. CASH FLOWS FROM INVESTMENT ACTIVITIES			
II. Net cash provided from investing activities (+/-)		(3.011.833)	(3.240.557)
2.1. Cash paid for purchase of joint ventures, associates and subsidiaries (-)		(1.989)	-
2.2. Cash obtained from sale of entities joint ventures, associates and subsidiaries (+)		-	-
2.3. Fixed assets purchases (-)		(190.809)	(367.394)
2.4. Fixed assets sales (+)		133.266	131.098
2.5. Cash paid for purchase of financial assets available for sale (-)		(7.177.505)	-
2.6. Cash obtained from sale of financial assets available for sale (+)		5.974.917	-
2.7. Cash paid for purchase of investment securities (-)		(3.721.412)	(4.242.809)
2.8. Cash obtained from sale of investment securities (+)		1.982.864	1.266.427
2.9. Other (+/-)		(11.165)	(27.879)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities (+/-)		(282.098)	(881.053)
3.1. Cash obtained from loans borrowed and securities issued (+)		-	-
3.2. Cash used for repayment of loans borrowed and securities issued (-)		-	-
3.3. Marketable securities issued (+)		-	-
3.4. Dividends paid (-)		(281.579)	(875.780)
3.5. Payments for finance leases (-)		(519)	(5.273)
3.6. Other (+/-)		-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents (+/-)		(38.410)	683.555
V. Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)		(509.087)	490.913
VI. Cash and cash equivalents at beginning of the period (+)	(2)	5.077.497	4.586.584
VII. Cash and cash equivalents at end of the period (V+VI)	(2)	4.568.410	5.077.497

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

Profit Distribution Table

	THOUSANDS OF TRY	
	Audited CURRENT PERIOD (31/12/2009)	Audited PRIOR PERIOD (31/12/2008)
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1.CURRENT YEAR INCOME	2.017.200	1.266.384
1.2.TAXES AND DUTIES PAYABLE	386.109	248.069
1.2.1.Corporate tax (Income tax)	548.097	243.239
1.2.2.Income withholding tax	-	-
1.2.3.Other taxes and duties (*)	(161.988)	4.830
A. NET INCOME FOR THE YEAR (1.1-1.2)	1.631.091	1.018.315
1.3.PRIOR YEARS LOSSES (-)	-	-
1.4.FIRST LEGAL RESERVES (-)	-	50.916
1.5.OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	1.631.091	967.399
1.6.FIRST DIVIDEND TO SHAREHOLDERS (-)	-	62.500
1.6.1.To owners of ordinary shares	-	62.500
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 PERSONNEL (-)	-	27.000
1.8.DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9.SECOND DIVIDEND TO SHAREHOLDERS (-)	-	192.079
1.9.1.To owners of ordinary shares	-	192.079
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 (-)	-	21.908
1.11.STATUTORY RESERVES (-)	-	-
1.12.GENERAL RESERVES	-	663.912
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 PERSONNEL (-)	-	-
2.5.DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1.TO OWNERS OF ORDINARY SHARES	-	0,81
3.2.TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3.TO OWNERS OF PRIVILEGED SHARES	-	-
3.4.TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1.TO OWNERS OF ORDINARY SHARES	-	0,20
4.2.TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3.TO OWNERS OF PRIVILEGED SHARES	-	-
4.4.TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Includes deferred tax expense.

(**) According to the regulations in Turkey, companies cannot distribute profit over consolidated financial statements. Therefore profit distribution of Parent Bank is presented above.

Profit Distribution is decided by the General Assembly of the Bank. As of the financial statements has been prepared. The General Assembly meeting has not been held yet.

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SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

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

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

1. The Group's Strategy on Financial Instruments:

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

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

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

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

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

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

III. INFORMATION ABOUT THE ASSOCIATES AND SUBSIDIARIES SUBJECT TO CONSOLIDATION

1. Basis of consolidation:

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

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a. Basis of consolidation of subsidiaries:

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

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

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

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

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

b. Basis of consolidation of associates:

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

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

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

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

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

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

c. Basis of consolidation of joint ventures:

The Parent Bank does not have any joint ventures.

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

None.

IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

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

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

V. INTEREST INCOME AND EXPENSES

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

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

VI. FEES AND COMMISSION INCOME AND EXPENSES

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

VII. EXPLANATIONS AND DISCLOSURES ON FINANCIAL ASSETS

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

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

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

The estimated fair values of financial assets have been determined by the Group using the available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to develop the estimated fair value. Hence, estimations presented in this report may not be same with the prices in the current market

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conditions in the case of asset disposals. Book values of some financial assets (which equals to their costs) are assumed to approximate to their fair values due to their short term nature.

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

1. Cash and Bank:

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

2. Marketable Securities:

a. Financial Assets at Fair Value through Profit and Loss

a.1. Financial Assets Held For Trading:

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

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

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

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

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

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

b.2. Financial assets available for sale represent non-derivative financial assets except for the Parent Bank loans and receivables, investments held to maturity and financial assets at fair value through profit and loss. Initial recognition and subsequent valuation of financial assets available for sale are performed based on the fair value including transaction costs. The amount arising from the difference between cost and amortized value is recognized through profit and loss by using the internal rate of return. If a price does not occur in an active market, fair value cannot be reliably determined and "Amortized

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Value” is determined as the fair value using the internal rate of return. Unrealized gains and losses arising from changes in fair value of the financial assets available for sale are not recognized in the income statement, they are recognized in the “Marketable Securities Revaluation Fund” until the disposal, sale, redemption or incurring loss of those assets. Fair value differences accounted under equity arising from the application of fair value are reflected to the income statement when these assets are sold or when the valuation difference is collected.

3. Loans and Receivables:

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

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

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

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

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

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

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

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

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

IX. OFFSETTING THE FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

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

XI. EXPLANATIONS ON ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

XIII. EXPLANATIONS ON PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

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

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

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

XV. EXPLANATIONS ON INSURANCE TECHNICAL INCOME AND EXPENSE

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

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

XVI. EXPLANATIONS ON INSURANCE TECHNICAL PROVISIONS

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

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

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

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

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

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

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

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

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

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

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

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

XVII. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

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

XVIII. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES

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

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

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

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

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XIX. EXPLANATIONS ON TAXATION

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

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

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

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

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

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

XX. ADDITIONAL EXPLANATIONS ON BORROWINGS

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

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

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

There are no convertible bonds or debt instruments issued.

XXI. EXPLANATIONS ON SHARES AND SHARE ISSUE

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

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

XXII. EXPLANATIONS ON BILL GUARANTEES AND ACCEPTANCES

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

XXIII. EXPLANATIONS ON GOVERNMENT INCENTIVES

There are no government incentives utilized by the Group.

XXIV. EXPLANATIONS ON SEGMENT REPORTING

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

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

XXV. EXPLANATION ON OTHER MATTERS

Associates and Subsidiaries:

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

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

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SECTION IV: INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE

I. EXPLANATIONS RELATED TO THE CONSOLIDATED CAPITAL ADEQUACY RATIO

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

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

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

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

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

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

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1. Information on the consolidated capital adequacy ratio:

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

2. Capital Adequacy Ratio Summary:

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

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3. Information on equity items:

	Bank Only		Consolidated	
	Current Period	Prior Period	Current Period	Prior Period
CORE CAPITAL				
Paid-in Capital	1.250.000	1.250.000	1.250.000	1.250.000
Nominal capital	1.250.000	1.250.000	1.250.000	1.250.000
Capital commitments (-)	-	-	-	-
Inflation Adjustment for Paid-in Capital	1.220.451	1.220.451	1.220.451	1.220.451
Share Premium	-	-	-	-
Share Cancellation Profits	-	-	-	-
Legal Reserves	507.495	434.671	515.312	434.671
I. Degree Legal Reserve (Turkish Commercial Code 466/1)	223.672	172.756	227.784	172.756
II. Degree Legal Reserve (Turkish Commercial Code 466/2)	283.120	261.212	286.825	261.212
Reserves per Specific Acts	703	703	703	703
Statutory Reserves	-	-	-	-
Extraordinary Reserves	1.047.336	366.517	1.081.870	365.919
Reserves allocated per General Assembly Minute	1.013.914	333.180	1.048.423	333.180
Retained Earnings (*)	47.181	47.181	47.181	47.181
Accumulated Loss	-	-	-	-
Foreign Currency Share Capital Exchange Difference	(13.759)	(13.844)	(13.734)	(14.442)
Inflation Adjustment for the Legal, Statutory and Extraordinary Reserves	-	-	-	-
Profit	1.631.091	1.035.137	1.671.769	1.051.339
Net period profit	1.631.091	1.018.315	1.664.665	1.016.297
Retained Earnings	-	16.822	7.104	35.042
Portion of Provisions Allocated for Potential Risk up to 25% of Core Capital Amount	7.000	22.571	7.000	22.571
Subsidiary and Associate Shares and Gains on Sale of Properties to Be Added to Capital	-	-	-	-
Portion of Primary Tier-II Capital up to 15% of Core Capital	-	-	-	-
Minority Interest	-	-	6.594	-
Losses that cannot be covered by reserves (-)	-	-	-	-
Net period loss	-	-	-	-
Accumulated Loss	-	-	-	-
Leasehold Improvements (-)	51.945	-	52.543	-
Prepaid Expenses (-)	156.378	4.225	167.630	4.225
Intangible Assets(-)	10.959	38.588	12.090	38.588
Deferred Tax Asset in excess of 10% of the Core Capital (-)	-	-	-	-
Excess Amount defined in 3rd Clause, 56th Article of the Banking Act (-)	-	-	-	-
Total Core Capital	5.444.091	4.286.534	5.520.733	4.302.138

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	Bank Only		Consolidated	
	Current Period	Prior Period	Current Period	Prior Period
SUPPLEMENTARY CAPITAL				
General Loan Provisions	275.695	225.806	275.695	225.806
45% of Movable Assets Revaluation Fund	-	-	-	-
45% of Tangible Assets Revaluation Fund	-	-	-	-
Non-cash Shares of Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)	61	-	61	-
Proportion of Primary Tier -II Capital excluded from the Core Capital Calculation	-	-	-	-
Secondary Tier -II Capital	-	-	-	-
45% of Marketable Securities Revaluation Fund	46.401	(70.247)	7.994	(131.570)
From Subsidiaries and Associates	30.222	42.790	(10.087)	(18.533)
From Financial Assets Available for Sale	16.179	(113.037)	18.081	(113.037)
Inflation adjustments for capital reserves, profit reserves and retained earnings/accumulated losses (Except inflation adjustments for legal reserves, statutory reserves and extraordinary reserves)	-	-	-	-
Minority Interest	-	-	-	-
Total Supplementary Capital	322.157	155.559	283.750	94.236
TIER-III CAPITAL	-	-	-	-
CAPITAL	5.766.248	4.442.093	5.804.483	4.396.374
DEDUCTIONS FROM CAPITAL	60.589	117.723	188.511	240.299
Equity Shares in Banks and Financial Institutions Which Are Excluded from the Consolidation	47.690	103.013	47.690	103.013
Loans to banks, financial institutions (domestic/foreign) or qualified shareholders in the form of secondary subordinated debt and debt instruments purchased from such parties qualified as primary or secondary subordinated debt	-	-	-	-
Shareholdings in the banks and financial institutions which are accounted for under the equity pick up method but the assets and liabilities are not consolidated	-	-	127.922	122.576
Loans granted being non-compliant with the Articles 50 and 51 of the Banking Law	-	-	-	-
The net book value of properties exceeding 50% of equity and properties held for sale and properties and commodity to be disposed, acquired in exchange of loans and receivables according to the Article 57 of the Banking Law and have not been disposed yet after 5 years after foreclosure	12.899	14.710	12.899	14.710
Other	-	-	-	-
TOTAL EQUITY	5.705.659	4.324.370	5.615.972	4.156.075

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

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II. EXPLANATIONS RELATED TO CONSOLIDATED CREDIT RISK

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

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

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

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

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

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

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

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

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

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

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

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

Credit risk by types of borrowers and geographical concentration:

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

(*) Includes marketable securities designated at fair value through profit or loss, available-for-sale and held-to-maturity.

(**) Includes the on balance sheet transactions classified in the Uniform Chart of Accounts except the ones in the first three categories and the transactions defined as loan in the Article 48 of the Banking Act No: 5411.

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

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

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

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Information according to geographical concentration:

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

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

(**) Total of assets and equity investments represent the total assets in the balance sheet.

(***) Shareholders' equity components are not included in liabilities.

(****) Assets and liabilities that cannot be allocated on a coherent basis.

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

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Sector concentrations for cash loans:

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

(*) Accruals are included in other line.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) Only graded firms are included.

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

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

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

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

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

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

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

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

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

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

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

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

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III. EXPLANATIONS RELATED TO CONSOLIDATED MARKET RISK

The Group has established market risk management operations and taken the necessary precautions in order to hedge market risk within its financial risk management purposes, in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" issued on Official Gazette dated November 1, 2006 numbered 26333.

The Board of Directors determines the limits for the basic risk that the Parent Bank is exposed to. Those limits are revised periodically in line with the market forces and strategies of the Parent Bank. Additionally, the Board of Directors has ensured that the risk management division and senior management has taken necessary precautions to describe, evaluate, control and manage risks faced by the Parent Bank.

Interest rate and exchange rate risks, arising from the volatility in the financial markets, of the financial positions taken by the Parent Bank related to balance sheet and off-balance sheet accounts are measured, and in the computation of capital adequacy, the amount subject to Value At Risk (VAR) calculated by using the standard method (summarized below) is considered. Beside the standard method, VAR is calculated by using internal model as supported by scenario analysis and stress tests. VAR is calculated daily by three different methods which are historic simulation, Monte Carlo simulation and parametric method, and these results are also reported daily to the management.

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

a) Information Related to Market Risk:

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

b) Average market risk table calculated at the end of the months during the period:

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

Other Price Risks

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

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IV. EXPLANATIONS RELATED TO CONSOLIDATED OPERATIONAL RISK

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

V. EXPLANATIONS RELATED TO CONSOLIDATED CURRENCY RISK

Foreign currency risk indicates the probability of loss that banks are subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Group are taken into consideration. Net short term and long term positions of each currency are calculated in terms of the Turkish Lira.

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

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

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

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

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

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Information related to currency risk:

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

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

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

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

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

Consolidated foreign currency sensitivity:

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

The following table sets the Group's sensitivity to a 10% increase and decrease in the TRY against USD and EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. Positive amounts represent value increase in profit and loss or shareholders' equity due to 10% depreciation of TRY against EURO or USD.

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

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

VI. EXPLANATIONS RELATED TO CONSOLIDATED INTEREST RATE RISK

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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2. Average interest rates applied to financial instruments:

Current Period	EURO	USD	YEN	TRY
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money In Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey (***)	-	-	-	5,20
Due From Other Banks And Financial Institutions (*)	0,20	0,27	-	7,50
Financial Assets At Fair Value Through Profit And Loss	4,73	5,11	-	9,68
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	5,33	5,46	-	11,72
Loans (**)	5,17	5,18	-	14,98
Held-To-Maturity Investments	6,33	6,69	-	11,18
Liabilities				
Bank Deposits	0,42	0,26	-	7,20
Other Deposits	1,95	2,38	-	8,86
Money Market Borrowings	-	1,87	-	7,14
Sundry Creditors (****)	-	-	-	5,06
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions (*****)	1,81	1,48	-	11,55
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money In Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey (***)	-	-	-	12,25
Due From Other Banks And Financial Institutions (*)	1,90	2,81	-	12,12
Financial Assets At Fair Value Through Profit And Loss	7,43	7,05	-	16,87
Money Market Placements	-	-	-	15,14
Available-For-Sale Financial Assets	5,28	5,85	-	19,45
Loans (**)	8,01	6,87	-	21,31
Held-To-Maturity Investments	5,93	6,54	-	20,11
Liabilities				
Bank Deposits	3,08	-	-	16,35
Other Deposits	3,77	4,34	-	17,17
Money Market Borrowings	-	-	-	16,93
Sundry Creditors	-	-	-	11,89
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	-	-	-	-

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

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

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

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

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

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Interest rate sensitivity:

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

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

VII. EXPLANATIONS RELATED TO CONSOLIDATED LIQUIDITY RISK

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

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

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

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Presentation of assets and liabilities according to their remaining maturities:

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

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

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

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

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

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

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Analysis of financial liabilities by remaining contractual maturities:

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

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

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

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

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

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

Current Period:

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

Previous Period:

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

VIII. EXPLANATIONS RELATED TO CONSOLIDATED BUSINESS SEGMENTATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

i-The fair value of the held to maturity assets is determined by market prices, when the market prices are not available, quoted market prices of other marketable securities which are subject to redemption with same terms of interest, maturity and other similar conditions have been used.

ii-While calculating the fair value of the available for sale assets, the market prices are considered. In case of the price is not determined in active market conditions, the value calculated through IRR methodology is used as fair value.

iii-The applicable interest rates as of balance sheet date are used in the calculation of fair value of money market placements, banks, loans, deposits, funds provided from other financial institutions and sundry creditors.

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

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

The Parent Bank does not engage in fiduciary transaction.

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

I. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED ASSETS

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

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

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

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

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

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

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

None.

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

None.

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

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

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(3) Information on banks and other financial institutions:

a) Information on banks:

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

b) Information on foreign bank accounts:

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

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

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

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

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

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

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

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

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b) Information on financial assets available for sale portfolio:

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

(5) Information on loans:

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

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

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

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

(*) Includes TRY 62.444 Thousand of personnel loans.

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

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

c) Loans according to the maturity structure:

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

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

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

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

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

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

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

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

f) Loan distribution according to borrowers:

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

g) Domestic and overseas loans:

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

h) Loans granted to subsidiaries and associates:

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

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i) Specific provisions provided against loans:

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

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

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

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

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

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

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

None.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

i) Explanations on write-off policy:

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

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

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

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

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

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

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

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

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

c) Information on held-to-maturity investments:

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

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

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

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

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

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

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

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

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

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

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(7) Information on associates (Net):

a) Information on associates:

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

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

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

[*] No investment is listed on the stock exchange.

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

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c) Movement of associates:

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

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

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

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

d) Sectoral information and related carrying amounts of associates:

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

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

None.

(8) Information on subsidiaries (Net):

a) Information on subsidiaries:

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

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

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

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

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

c) Movement of the subsidiaries:

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

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

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

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

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

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

e) Subsidiaries quoted in the stock exchange:

None.

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(9) Information on jointly controlled entities (joint ventures):

None.

(10) Information on finance lease receivables (Net):

None.

(11) Information on derivative financial assets for hedging purposes:

None.

(12) Information on tangible assets:

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

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

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

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

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(13) Information on intangible assets:

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

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

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

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(14) Information on investment property:

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

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

(15) Information on deferred tax assets:

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

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

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

(17) Information on other assets:

a) Distribution of other assets:

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

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II. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED LIABILITIES

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

a) For deposit banks:

a.1. Current Period:

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

a.2. Prior Period:

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

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b) Information on Saving Deposits/Special Current and Participation Accounts in the scope of Saving Deposits Insurance Fund:

b.1. Amounts exceeding insurance limit:

b.1.1. Saving deposits under the guarantee of deposit insurance and exceeding the insurance limit:

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

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

b.1.2. Saving deposits at foreign branches are excluded from the scope of Saving Deposits Insurance Fund according to the related legislation, and are subject to insurance of foreign authorities in compliance with the foreign legislations.

c) Saving deposits which are not under the guarantee of deposit insurance fund:

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

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

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

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

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(3)a) Information on Borrowings:

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

b) Maturity analysis of borrowings:

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

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

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

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

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

Information on funds provided from repurchase agreement transactions:

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

(4) Explanations to the funds:

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

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a) Maturity Structure of Funds:

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

(5) Information on Other Liabilities:

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

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

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

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

b) Explanation on finance lease payables:

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

c) Explanations regarding operational leases:

None.

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

None.

(8) Explanations on Provisions:

a) Information on General Provisions:

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

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

None.

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

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

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d) Information on other provisions:

Total other provision balance amounting to TRY 213.159 Thousand (31 December 2008: TRY 147.544 Thousand) consists of TRY 43.618 Thousand (31 December 2008: TRY 48.027 Thousand) specific provisions for unindemnified non cash loans, TRY 21.518 Thousand (31 December 2008: TRY 17.606 Thousand) for legal cases filed against the Parent Bank, TRY 50.269 Thousand of precautionary provision for close monitoring loans (31 December 2008: TRY 47.500 Thousand), TRY 69.390 Thousand of precautionary provision for restructured from Group I loans (31 December 2008: None). The remaining TRY 28.364 Thousand of provision is other provisions (31 December 2008: TRY 34.411 Thousand).

Provision balance for possible risks:

As of December 31, 2009, provision of TRY 7.000 Thousand has been set for prudence in consideration for any changes that may arise in the economy and the market (December 31, 2008: TRY 22.571 Thousand).

d.1. Movement of employee termination benefits:

The discount rate, wage growth and inflation rates used in the actuarial valuation made for the Parent Bank as of December 31, 2009 are respectively 11%, 6,8% and 4,8%. (31 December 2008: 12%, 7,4%, 5,4%). The amount calculated as a result of the actuarial valuation is as follows:

	Current Period	Prior Period
As of January 1	178.324	159.314
The effect of the inclusion of subsidiaries in the scope of consolidation (**)	1.454	-
Charge for the year	10.399	10.379
Interest cost	20.934	16.940
Actuarial gain (loss)	2.875	18.869
Benefits paid	(33.555)	(27.178)
Total	180.431	178.324

(*) As of 31.12.2009, unused vacation provision is TRY 63.391 Thousand. This related provision is followed under employee benefits provision under liabilities. (2008: TRY 56.569 Thousand)

(**) The subsidiaries of the Parent Bank are included to the scope of consolidation for the first time in the financial statements for the period January 1 – March 31, 2009.

e) Liabilities on pension rights:

e.1. Liabilities for pension funds established in accordance with "Social Security Institution":

None.

e.2. Liabilities resulting from all kinds of pension funds, foundations etc. which provide post retirement benefits for the employees:

None.

(9) Explanations related to tax liabilities:

a) Information on current tax liability:

a.1. Information on tax provision:

As of December 31, 2009, the Group's corporate tax provision is TRY 557.911 Thousand. For the fourth temporary taxation period of the year 2009, corporate tax payable is TRY 133.859 Thousand.

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a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	133.859	17.337
Income on Securities Tax	46.121	85.602
Property Income Tax	393	246
Banking and Insurance Transactions Tax (BITT)	17.927	16.160
Foreign Exchange Transactions Tax	1	-
Value Added Tax Payable	243	81
Other	13.244	11.339
Total	211.788	130.765

a.3. Information on premiums:

	Current Period	Prior Period
Social Insurance Premiums-Employee	80	5
Social Insurance Premiums-Employer	137	7
Bank Social Aid Pension Fund Premium-Employee	2.643	2.112
Bank Social Aid Pension Fund Premium-Employer	3.678	2.912
Pension Fund Membership Fees-Employee and Provisions-Employee	-	-
Pension Fund Membership Fees-Employer and Provisions-Employer	-	-
Unemployment insurance-Employee	11	-
Unemployment insurance-Employer	8	-
Other	575	445
Total	7.132	5.481

b) Explanations regarding deferred tax liability:

None.

(10) Information on liabilities regarding assets held for sale and discontinued operations:

None.

(11) Explanations on the number of subordinated loans the Parent Bank used, maturity, interest rate, institutions that the loan was borrowed from, and conversion option, if any:

None.

(12) Information on Shareholders' Equity:

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	1.250.000	1.250.000
Preferred stock	-	-

b) Application of registered capital system and registered capital ceiling amount:

Capital System	Paid-in capital	Ceiling
Registered Capital System	-	-

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c) Information on share capital increases and their sources; other information on increased capital shares in the current period:

None.

d) Information on additions from capital reserves to capital in the current period:

None.

e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments:

None.

f) Indicators of the Group's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Parent Bank's equity due to the uncertainty of these indicators:

The Parent Bank has sustainable profitability structure, equity structure related to the profitability is improving and there are no uncertainties that would impact the current state.

g) Information on preferred shares:

None.

h) Information on Marketable Securities Revaluation Fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)	-	-	-	-
Revaluation difference	92.163	(51.983)	(7.011)	(106.026)
Exchange rate difference	(13.734)	-	-	-
Total	78.429	(51.983)	(7.011)	(106.026)

i) Information on legal reserves:

	Current Period	Prior Period
First legal reserves	227.784	172.756
Second legal reserves	286.825	261.212
Other legal reserves appropriated in accordance with special legislation	703	703
Total	515.312	434.671

j) Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	1.048.423	333.180
Retained earnings	47.181	47.181
Accumulated losses	-	-
Foreign currency translation	-	(14.442)
Total	1.095.604	365.919

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(13) Information on minority shares:

	Current Period	Prior Period
Paid-in capital	4.409	-
Marketable Securities Revaluation Fund	56	-
Legal Reserves	146	-
Extraordinary Reserves	1.279	-
Retained Earnings	-	-
Net Period Income/Loss	704	-
Total	6.594	-

(14) Movement of Minority Interest:

	Current Period
Beginning Balance	-
The effect of the inclusion of subsidiaries in the scope of consolidation (*)	6.610
Change in Minority Interest	(720)
Net Period Income/Loss	704
Closing Balance	6.594

(*) The subsidiaries of the Parent Bank are included to the scope of consolidation for the first time in the financial statements for the period January 1 – March 31, 2009.

III. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES

(1) Information on Off-Balance Sheet Liabilities:

a) Amount and nature of irrevocable loan commitments:

Types of Irrevocable Commitments	Current Period	Prior Period
Commitments for credit card expenditure limits	2.793.507	1.827.156
Commitments for credit cards and banking services promotions	27.446	27.403
Two days forward foreign exchange buy/sell transactions	679.448	626.948
Other irrevocable commitments	3.805	17.242
Share capital commitments to associates and subsidiaries (*)	2.250	15.741
Loan granting commitments	1.040.649	258.131
Tax and fund liabilities from export commitments	11.284	6.739
Payment commitments for cheques	1.255.978	1.260.306
Total	5.814.367	4.039.666

(*) In the current period, the Parent Bank has TRY 250 Thousand of share capital commitment for Gelişen İşletmeleri Piyasaları A.Ş. which is a financial asset available for sale, and TRY 2.000 Thousand of capital commitment for Kredi Garanti Fonu A.Ş. which is an associate of the bank.

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b) Amount and nature of probable losses and commitments from the off-balance sheet items including the below mentioned:

b.1. Non-cash loans including bank bill guarantees and acceptances, guarantees substituting financial guarantees and other letters of credit:

	Current Period	Prior Period
Bank acceptance loans	138.242	78.257
Letters of credit	2.243.228	1.780.112
Other guarantees	158.159	27.284
Total	2.539.629	1.885.653

b.2. Certain guarantees, tentative guarantees, suretyships and similar transactions:

	Current Period	Prior Period
Letters of tentative guarantees	273.246	258.856
Letters of certain guarantees	2.810.912	1.986.780
Letters of advance guarantees	1.276.929	938.164
Letters of guarantee given to customs offices	197.297	142.023
Other letters of guarantee	2.216.929	1.527.376
Total	6.775.313	4.853.199

b.3. Total Non-cash loans:

	Current Period	Prior Period
Non-cash loans for providing cash loans	184.145	141.348
Within one year or less original maturity	-	-
Within more than one year maturity	184.145	141.348
Other non-cash loans	9.130.797	6.597.504
Total	9.314.942	6.738.852

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b.4. Non-cash loans sectoral risk concentrations:

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agriculture	9.698	0,26	3.386	0,06	8.872	0,35	58.916	1,40
Farming and Raising Livestock	7.628	0,20	3.346	0,06	7.452	0,29	58.819	1,40
Forestry	594	0,02	40	0,00	565	0,02	22	0,00
Fishery	1.476	0,04	-	0,00	855	0,03	75	0,00
Industry	1.111.669	29,86	3.161.538	56,54	820.255	32,23	2.286.996	54,53
Mining and Quarry	12.374	0,33	18.795	0,34	19.690	0,77	28.123	0,67
Manufacturing	898.871	24,15	2.947.858	52,71	688.731	27,07	2.109.083	50,29
Electricity, Gas and Water	200.424	5,38	194.885	3,49	111.834	4,39	149.790	3,57
Construction	938.941	25,22	1.230.161	22,00	756.062	29,71	968.046	23,08
Service	1.647.064	44,24	1.181.523	21,13	921.018	36,19	870.348	20,75
Wholesale and Retail Trade	830.517	22,31	484.851	8,67	515.076	20,24	239.157	5,70
Hotel and Food Services	35.642	0,96	5.947	0,11	12.863	0,51	4.039	0,10
Transportation and Communication	42.084	1,13	31.009	0,55	30.052	1,18	30.900	0,74
Financial Institutions	622.641	16,72	361.845	6,47	298.377	11,73	432.048	10,30
Real Estate and Leasing Services	102.730	2,76	60.728	1,09	54.374	2,14	43.039	1,03
Self-employment	2.778	0,07	274	0,00	3.650	0,14	280	0,01
Educational Services	2.431	0,07	2.817	0,05	2.221	0,09	1.031	0,02
Health and Social Services	8.241	0,22	234.052	4,19	4.405	0,17	119.854	2,86
Other	15.593	0,42	15.369	0,27	38.461	1,51	9.878	0,24
Total	3.722.965	100,00	5.591.977	100,00	2.544.668	100,00	4.194.184	100,00

b.5. Non-cash loans classified in Group I and II:

	Group I		Group II	
	TRY	FC	TRY	FC
Non-cash loans	3.667.752	5.568.803	55.213	23.174
Letters of Guarantee	3.625.694	3.072.403	55.195	22.021
Bill Guarantees and Acceptances	-	138.242	-	-
Letters of Credit	-	2.242.075	-	1.153
Endorsements	-	-	-	-
Purchase Guarantees on Marketable Security Underwritings	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Guarantees and Suretyships	42.058	116.083	18	-

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c) Information on derivative financial instruments:

	Trading		Hedging	
	Current Period	Prior Period	Current Period	Prior Period
Types of trading transactions				
Foreign currency related derivative transactions (I)	6.334.837	1.435.947	-	-
Forward Foreign Currency Buy/Sell Transactions	545.861	124.206	-	-
Currency Buy/Sell Swap	5.788.976	1.311.741	-	-
Currency Futures	-	-	-	-
Currency Put/Call Options	-	-	-	-
Interest related derivative transactions (II)	625.290	404.140	-	-
Interest Rate Contracts	-	-	-	-
Interest Rate Buy/Sell Swap	625.290	404.140	-	-
Interest Rate Put/Call Options	-	-	-	-
Interest Rate Buy/Sell Futures	-	-	-	-
Other trading derivative transactions (III)	717.890	423.070	-	-
A. Total trading derivative transactions (I+II+III)	7.678.017	2.263.157	-	-
Types of derivative transactions for hedging				
Fair Value Fluctuations Hedge	-	-	-	-
Cash flow Risk Hedge	-	-	-	-
FC Investment in Associates Risk Hedge	-	-	-	-
B. Total Derivative Transactions for Hedging	-	-	-	-
Total Derivative Transactions (A+B)	7.678.017	2.263.157	-	-

d) Information on contingent liabilities and assets:

The Group has provided reserve for the disputed legal cases filed by various persons and institutions.

e) Services supplied on behalf of others:

None.

IV. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED INCOME STATEMENT

(1) Information on interest income:

a) Information on interest income on loans:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on Loans (*)				
Short Term Loans	1.816.806	197.693	1.834.183	117.814
Medium and Long Term Loans	1.812.043	271.938	1.535.843	198.067
Interest on Non-Performing Loans	127.456	1	87.556	-
Premiums from Resource Utilization Support Fund	-	-	-	-
Total	3.756.305	469.632	3.457.582	315.881

(*) Includes fees and commissions obtained from cash loans.

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b) Interest received from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Central Bank of Turkey	115.994	80	175.569	3.753
Domestic Banks	448	41	3.770	2.213
Overseas Banks	2.186	7.734	6.696	19.637
Head Office and Branches	-	-	-	-
Total	118.628	7.855	186.035	25.603

c) Interest income on marketable securities:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Financial assets held for trading	3.491	644	45.783	5.187
Financial assets at fair value through profit and loss	-	-	-	-
Financial assets available-for-sale	479.364	67.053	1.087.872	113.256
Investments held-to-maturity	1.749.186	151.396	1.484.253	39.480
Total	2.232.041	219.093	2.617.908	157.923

d) Interest income from subsidiaries and associates:

	Current Period	Prior Period
Interest Income from Subsidiaries and Associates	2.980	1.868

(2) Information on interest expenses:

a) Information on interest expense on borrowings:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	23.975	50.360	28.474	44.733
Central Bank of Turkey	-	-	-	-
Domestic Banks	15.192	3.633	17.355	4.220
Overseas Banks	8.783	46.727	11.119	40.513
Overseas Head Office and Branches	-	-	-	-
Other Institutions	32	-	41	-
Total	24.007	50.360	28.515	44.733

b) Interest expenses to subsidiaries and associates:

	Current Period	Prior Period
Interest Expenses to Subsidiaries and Associates	5.208	4.068

c) Information on interest expenses to marketable securities issued:

None.

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

Explanations and Notes to Consolidated Financial Statements for the Period January 1 – December 31, 2009

(Amounts expressed in Thousand of the Turkish Lira (TRY) unless otherwise stated.)

d) Maturity structure of interest expenses on deposits:

Account Name	Demand Deposits	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TRY								
Bank Deposits	41	54.800	3.036	397	2.492	-	-	60.766
Saving Deposits	6.874	464.125	1.399.518	42.804	20.585	7.663	-	1.941.569
Public Deposits	1.787	31.628	94.427	4.327	1.018	19	-	133.206
Commercial Deposits	4.699	143.447	279.535	12.749	8.886	212	-	449.528
Other Deposits	666	25.932	214.632	16.186	8.674	84	-	266.174
7 days Call Accounts	-	-	-	-	-	-	-	-
Total	14.067	719.932	1.991.148	76.463	41.655	7.978	-	2.851.243
Foreign Currency								
Deposits	741	91.957	159.367	42.238	37.850	14.773	-	346.926
Bank Deposits	365	5.854	-	-	-	-	-	6.219
7 days Call Accounts	110	-	-	-	-	-	-	110
Precious Metal	-	-	-	-	-	-	-	-
Total	1.216	97.811	159.367	42.238	37.850	14.773	-	353.255
Grand Total	15.283	817.743	2.150.515	118.701	79.505	22.751	-	3.204.498

(3) Information on dividend income:

	Current Period	Prior Period
Financial assets held for trading	-	-
Financial assets at fair value through profit and loss	-	-
Financial assets available-for-sale	665	11.291
Other	5.930	21.108
Total	6.595	32.399

(4)a) Information on trading profit/loss (Net):

	Current Period	Prior Period
Profit	9.248.689	4.494.170
Profit from the Capital Market Operations	138.490	31.557
Profit on Derivative Financial Instruments	695.988	600.123
Foreign Exchange Gains	8.414.211	3.862.490
Loss (-)	(9.230.538)	(4.687.739)
Loss from the Capital Market Operations	(1.334)	(9.281)
Loss on Derivative Financial Instruments	(771.793)	(265.458)
Foreign Exchange Losses	(8.457.411)	(4.413.000)

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

Explanations and Notes to Consolidated Financial Statements for the Period January 1 – December 31, 2009

(Amounts expressed in Thousand of the Turkish Lira (TRY) unless otherwise stated.)

b) Information on derivative financial instruments:

	Current Period	Prior Period
Profit on derivative financial instruments	695.988	600.123
Effect of the change in foreign exchange on profit	695.268	557.161
Effect of the change in interest rate on profit	720	42.962
Loss on derivative financial instruments (-)	(771.793)	(265.458)
Effect of the change in foreign exchange on loss	(686.040)	(252.290)
Effect of the change in interest rate on loss	(85.753)	(13.168)
Profit/Loss on derivative financial instruments	(75.805)	334.665

(5) Information on other operating income:

The Group's other operating income mainly consist of gains from sale of property and income on cancellation of specific provisions due to the principal collection of non-performing loans.

(6) Impairment losses on loans and other receivables:

	Current Period	Prior Period
Specific Provisions on Loans and Receivables	434.354	243.122
Group- III Loans and Receivables	169.502	95.992
Group- IV Loans and Receivables	35.051	28.338
Group-V Loans and Receivables	229.801	118.792
General Loan Provision Expenses	60.999	87.300
Provision Expenses for Possible Losses	7.000	22.571
Marketable Securities Impairment Losses	-	2
Financial assets at fair value through profit and loss	-	-
Financial assets available for sale	-	2
Impairment Losses from Associates, Subsidiaries, Jointly Controlled Entities (Joint Ventures) and Investments Held-to-Maturity	-	146
Associates	-	146
Subsidiaries	-	-
Jointly Controlled Entities (Joint Ventures)	-	-
Investments Held-to-Maturity	-	-
Other	143.791	83.150
Total	646.144	436.291

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

Explanations and Notes to Consolidated Financial Statements for the Period January 1 – December 31, 2009

(Amounts expressed in Thousand of the Turkish Lira (TRY) unless otherwise stated.)

(7) Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	608.470	507.192
Reserve for employee termination benefits	34.208	46.188
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	2.388	3.576
Depreciation expenses of fixed assets	57.530	43.092
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	1.265	6.907
Impairment expense for equity shares subject to the equity method accounting	-	-
Impairment expense of assets that will be disposed of	5.935	953
Amortization expenses of assets that will be disposed of	4.750	2.113
Impairment expense for property and equipment held for sale	200	664
Other operating expenses	346.224	238.492
Operational leasing expenses	41.860	4.244
Maintenance expenses	18.142	10.874
Advertisement expenses	33.431	33.249
Other expenses	252.791	190.125
Loss on sales of assets	4.425	8.669
Other	236.174	144.390
Total	1.301.569	1.002.236

(8) Information on profit/loss from continuing and discontinued operations before taxes:

Group's income before tax is due from the continuing activities. TRY 3.129.047 Thousand of the income before tax consists of net interest income, TRY 453.796 Thousand of the income before tax consists of net fees and commissions. The net operating profit of the Bank is TRY 2.054.981 Thousand.

(9) Information on tax provisions for continuing and discontinued operations:

As of December 31, 2009, the Group's income tax provision amounting to TRY 393.404 Thousand consists of TRY 557.911 Thousand of current tax charge and TRY 164.507 Thousand of deferred tax benefit.

(10) Information on net operating income/expense from continuing and discontinued operations after tax:

As of December 31, 2009, net operating income after tax amounts to TRY 1.665.369 Thousand.

(11) Information on net profit/loss from continuing and discontinued operations:

a. Income and expenses from ordinary banking operations: There is no specific issue required to be disclosed for the Group's performance for January 1, 2009 - December 31, 2009 period.

b. Effects of changes in accounting estimates on the current and future periods' profit/loss: There is no issue to be disclosed.

(12) Other items do not exceed 10% of the income statement.

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

Explanations and Notes to Consolidated Financial Statements for the Period January 1 – December 31, 2009

(Amounts expressed in Thousand of the Turkish Lira (TRY) unless otherwise stated.)

V. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(1) Explanations on inflation adjustments for equity items:

As per the BRSA circular announced on April 28, 2005, inflation accounting applied in the banking system has been ceased as of January 1, 2005 in accordance with the BRSA decree numbered 1623 and dated April 21, 2005.

According to this circular, TRY 1.220.451 Thousand of inflation adjustment related to paid in capital was transferred to the "Other Capital Reserves" account, which was recognized in "Paid-in Capital Inflation Adjustment" account before December 31, 2005. However, inflation adjustments related to other equity items are presented under the related equity item.

(2) Explanations on exchange rate differences:

Foreign currency associates recognized in accordance with the acquisition cost basis are presented in the balance sheet with their foreign currency acquisition cost translated with the exchange rates as of the balance sheet date. Exchange differences related to these foreign currency associates are recognized in the "Capital reserves" account under equity.

VI. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED CASH FLOW STATEMENT

Disclosures for the "other" and "the effect of foreign exchange differences on cash and cash equivalents" items of cash flow statement:

(1) **Items of cash and cash equivalents, accounting policies used in the determination of those items:** Cash in TRY and cash in foreign currency, CB and bank deposits having maturity less than three months are defined as cash and cash equivalents.

(2) The effect of any change in accounting policies:

Period beginning cash and cash equivalents balance:

	Current Period	Prior Period
Cash	2.958.475	3.425.513
Cash in TRY and Foreign Currency	211.936	229.485
Central Bank and Others (*)	2.746.539	3.196.028
Cash Equivalents	2.119.022	1.161.071
Banks- maturity less than 3 months	2.119.022	1.161.071
Total Cash and Cash Equivalents	5.077.497	4.586.584

(*) Others item is composed of cheques purchased.

Period ending cash and cash equivalents balance:

	Current Period	Prior Period
Cash	3.396.373	2.958.475
Cash in TRY and Foreign Currency	256.719	211.936
Central Bank and Others (*)	3.139.654	2.746.539
Cash Equivalents	1.172.037	2.119.022
Banks- maturity less than 3 months	1.171.834	2.119.022
Money Market Placements- maturity less than 3 months	203	-
Total Cash and Cash Equivalents	4.568.410	5.077.497

(*) Other items include cheques purchased and precious metals.

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

Explanations and Notes to Consolidated Financial Statements for the Period January 1 – December 31, 2009

(Amounts expressed in Thousand of the Turkish Lira (TRY) unless otherwise stated.)

VII. EXPLANATION RELATED TO THE RISK GROUP OF THE PARENT BANK

(1) Volume of the Parent Bank's transactions with its risk group and outstanding loan and deposit balances as of the period-end, period income and expenses from the risk group:

a) Current Period:

Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
	Loans and Other Receivables					
Beginning Balance	80.146	6.861	-	-	-	-
Closing Balance	58.611	22.311	-	-	-	-
Interest and Commissions Income	3.085	1.269	-	-	-	-

b) Prior Period:

Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
	Loans and Other Receivables					
Beginning Balance	43.902	6.746	-	-	-	-
Closing Balance	80.146	6.861	-	-	-	-
Interest and Commissions Income	1.868	235	-	-	-	-

c.1. Deposits held by the Parent Bank's risk group:

Risk Group	Subsidiaries, Associates and Jointly Controlled Entities (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
	Deposits					
Beginning Balance	108.628	83.368	-	-	-	-
Closing Balance	115.585	108.628	-	-	-	-
Interest expense on deposits	12.964	4.068	-	-	-	-

c.2. Forward and Option Contracts and similar transactions with the Parent Bank's risk group:

None.

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

Explanations and Notes to Consolidated Financial Statements for the Period January 1 – December 31, 2009

(Amounts expressed in Thousand of the Turkish Lira (TRY) unless otherwise stated.)

(2) Disclosures for risk group of the Parent Bank:

a) The relations of the Parent Bank with the entities controlled by the Parent Bank and its related parties, regardless of whether there are any transactions or not:

In the normal course of its banking activities, the Parent Bank conducted various business transactions with related parties at commercial terms and at rates which approximate market rates.

b) Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:

	Amount	% Compared to the Amounts in the Financial Statements
Cash loans	58.611	% 0,18
Non-cash loans	22.311	% 0,24
Deposits	115.585	% 0,26
Forward and Option Contracts	-	-
Banks and Financial Institutions	-	-

Pricing of these transactions are in accordance with the general pricing policies of the Parent Bank and are in line with market rates.

c) In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements:

Explained in b).

d) Transactions accounted under the equity method:

Demir-Halkbank, operating in Netherlands and qualified as investments in associates of the Parent Bank, is accounted for in the accompanying consolidated financial statements by the equity method of accounting.

(3) Benefits given to the key management personnel:

Benefits given to the key management personnel are TRY 3.824 Thousand as of December 31, 2009 (December 31, 2008: TRY 3.196 Thousand).

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

Explanations and Notes to Consolidated Financial Statements for the Period January 1 – December 31, 2009

(Amounts expressed in Thousand of the Turkish Lira (TRY) unless otherwise stated.)

VIII. EXPLANATIONS ON THE PARENT BANK'S DOMESTIC BRANCHES, AGENCIES/BRANCHES ABROAD AND OFF-SHORE BRANCHES

(1) Explanations on the Parent Bank's domestic branches, agencies/branches abroad and off-shore branches:

	Quantity	Number of Employees	Country		
Domestic Branches	652	12.461			
Agencies Abroad	4	8	Köln/GERMANY		
		6	Mannheim/GERMANY		
		4	Dortmund/GERMANY		
		2	Tehran/IRAN		
				Total Assets	Legal Capital
Overseas Branches	2	15	Lefkoşa/TRNC	141.505	50.000
		6	Gazimagosa/TRNC	13.146	-
Off-Shore Branches	1	3	Manama/BAHRAIN	4.327.361	-

(2) Explanations on Branch and Agency Openings or Closings of the Parent Bank:

The Parent Bank has opened 46 branches during the year 2009.

IX. SUBSEQUENT EVENTS

None.

SECTION VI: OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS ON THE PARENT BANK'S OPERATIONS

None.

SECTION VII: INDEPENDENT AUDITORS' REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

The consolidated financial statements as of December 31, 2009 and for the period then ended were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu) and Independent Auditor's Report dated March 3, 2010 is presented before the consolidated financial statements.

II. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS PREPARED BY INDEPENDENT AUDITORS

None.

Türkiye Halk Bankası A.Ş. and Its Financial Subsidiaries

Information for Shareholders

Investor Relations

Halkbank's financial statements, independent auditors reports, annual reports, news and press releases may either be obtained from the Investor Relations page of company's corporate website at www.halkbank.com.tr or from the Bank's Investor Relations Department, whose contact details are given below.

Halkbank Investor Relations

Büyükdere Caddesi No:82
Kat:5 34387 Gayrettepe
İSTANBUL

Phone : (90 212) 370 82 50-51
E-mail : halkbank.IR@halkbank.com.tr

Independent Auditor

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Armada İş Merkezi
A Blok Kat:7 06510 Söğütözü
ANKARA

Halkbank Share Performance 2009

As of 10 May 2007, 24,98% of the shares of Halkbank have been sold through Initial Public Offering (IPO) and the shares have been listed in Istanbul Stock Exchange (ISE) with the trading symbol "HALKB". The offered price was TRY 8,00. Since IPO, the stock has reached its all time high level as of 31 December 2009, closing the year with TRY 11,90. The stock has recorded 167,4% growth since 31 December 2008. Halkbank's market cap reached TRY 14,9 billion at 2009 year end from TRY 5,6 billion value of 2008 year end.

Halkbank Share Price (TRY)



Regarding the dividend payments, retroactive adjustment has been applied on the share price.

Halkbank Share Performance in Comparison with ISE-100 National Market and the Banking Industry indices

	31.12.2008	31.12.2009	Change (%)
ISE 100	26.864	52.825	96,6
Banking Sector	55.990	119.537	113,5
HALKB	4,45	11,90	167,4

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- Budget and Performance Management Department
- Administrative Services Department
- Foreign Operations Department
- Disciplinary Board
- Staff Training Department
- Artisan Banking Department
- Financial Accounting and Reporting Department
- Legal Consultancy
- Internal Control Department
- Human Resources Department
- Premises Construction and Appraisal
- SME Marketing-1 Department
- SME Marketing-2 Department
- Loan and Project Evaluation Department
- Loan Risk Monitoring Department
- Corporate Loans Department
- Deposits and Cash Management Department
- Organization Department
- Risk Collection and Liquidation-Ankara Department
- Risk Management Department
- Branch Operations Department
- Public Relations Department
- Board of Inspectors
- Commercial Marketing-1 Department
- Commercial Loans-1 Department
- Tax Management and Accounting Department
- Board of Directors Office Services

Head Office (Support Unit)

Büyükdere Cad. No:82
Gayrettepe 34387 İstanbul Turkey
Phone: (90 212) 370 7070

- Infrastructure Operation and Management Department
- Retail Loans Allocation-Monitoring Department
- Retail Products Marketing Department
- Financial Institutions and Investor Relations Department
- Construction Project Finance Department
- SME Marketing-2 Department
- SME Loans-2 Department
- Loan Policies and Practices Department
- Corporate Marketing Department
- Risk Collection-İstanbul Department
- Risk Liquidation-İstanbul Department
- Agricultural Banking Department
- Technological Architecture Management Department
- Commercial Marketing-2 Department
- Commercial Loans-2 Department
- International Banking and Structured Finance Department
- Software Development Department

Head Office (Support Unit)

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Phone: (90 212) 393 0500

- Treasury Operations Department
- Treasury Management Mid-Office Department
- Money and Capital Markets Department

Head Office (Support Unit)

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- Payment Card Systems and Alternative Distribution Channels Department

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