

Q1 2008 Earnings Presentation

BRSA Bank Only



Halkbank in Numbers

70 years

70 years of experience in cooperative and SME loans and a wide customer database are Halkbank's major competitive strengths.

580 branches

Halkbank is one of the four banks that have at least one branch in every province. Together with newly opened 11 branches in the first quarter, total domestic branches reached to 580.

11,607 employees

Halkbank has 11,607 employees with high level of professional knowledge and skills. The Bank continues to hire new staff enabling itself to further improve service quality and efficiency.

6.3 million

Halkbank serves 6.3 million customers over its well-developed IT system. The Bank adopts a customer-focused and high-quality approach in its services.

65%

Halkbank has a strong presence in Anatolia. 65% of total loans are granted to the areas out of the three big cities—Istanbul, Izmir and Ankara.

79%

The Bank's main sources of funds for its lending and investment activities are customer deposits. 79% of total assets are funded by deposits.

Highlights

As a result of its well-defined strategies, Halkbank achieved a noteworthy growth in Q1 2008 that is surpassing sector averages.

TRY 44.5 billion

Total assets increased by 10.6% in Q1 2008 and reached TRY 44.5 bn.

14.1%

With a rise of 14.1% ytd, Halkbank's loan portfolio maintained its growth trend and reached TRY 20.7 bn.

14.5%

Halkbank's total deposits rose by 14.5% ytd and reached TRY 35.3 bn.

TRY 525 million

Net interest income was up by 29.1% yoy and was recorded as TRY 525 mn that yielded in a net interest margin of 5.3%.

TRY 89 million

Net fee and commissions reached TRY 89 mn, up by 37.4% yoy.

TRY 301 million

Net Profit grew by 26.6% yoy and reached TRY 301 mn.

Changing Asset Mix

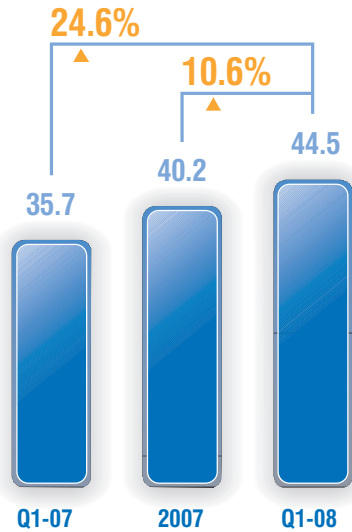
ASSET GROWTH
YTD 10.6% YoY 24.6%

IEA
94.0%

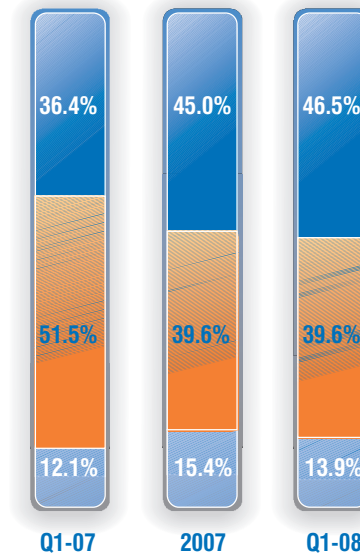
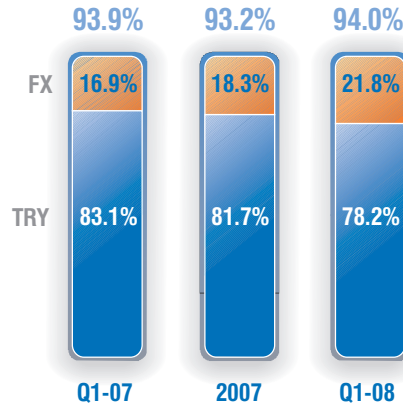
Asset Mix (%)

- Loans
- Securities
- Other Assets

Total Asset Growth (TRY billion)



Composition of IEAs (a)



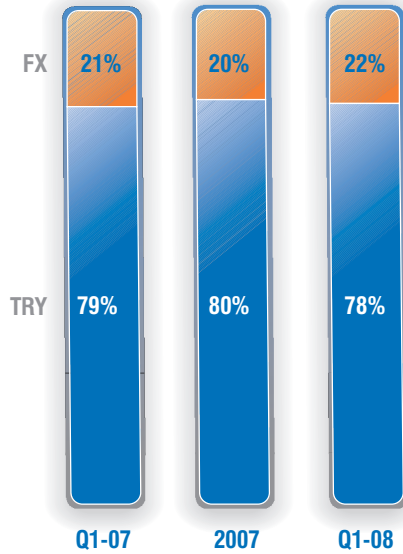
a) Including interest accruals and excluding fund loans

Securities Portfolio

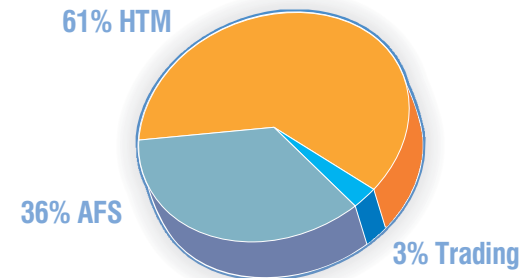
Total Securities Portfolio
(TRY billion)



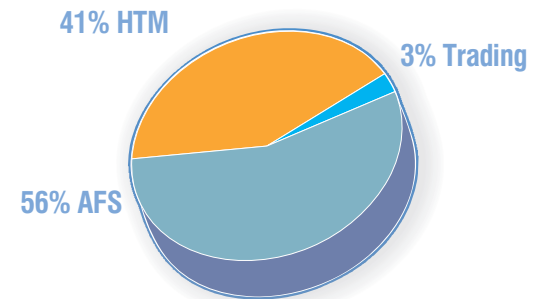
Total Securities by Currency ^(a) ^(b)
(%)



Total Securities Composition
(Q1 07)



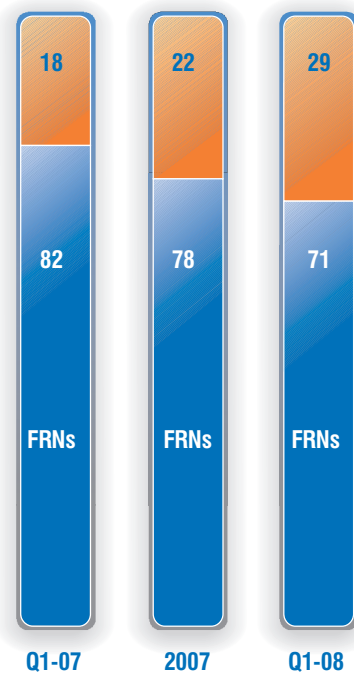
Total Securities Composition
(Q1 08)



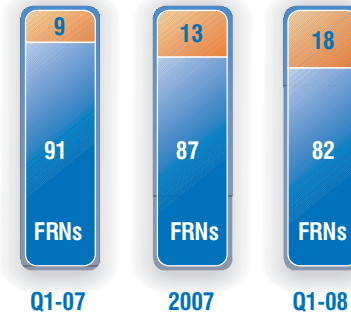
(a) FX indexed securities are booked as foreign currency. (b) Excluding interest accruals.

Securities Portfolio ^(a)-Interest Structure

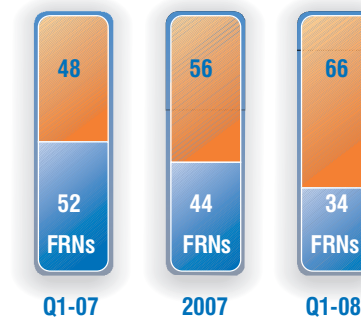
Total Securities Portfolio (%)



TRY Securities Portfolio (%)



FX Securities Portfolio (%)

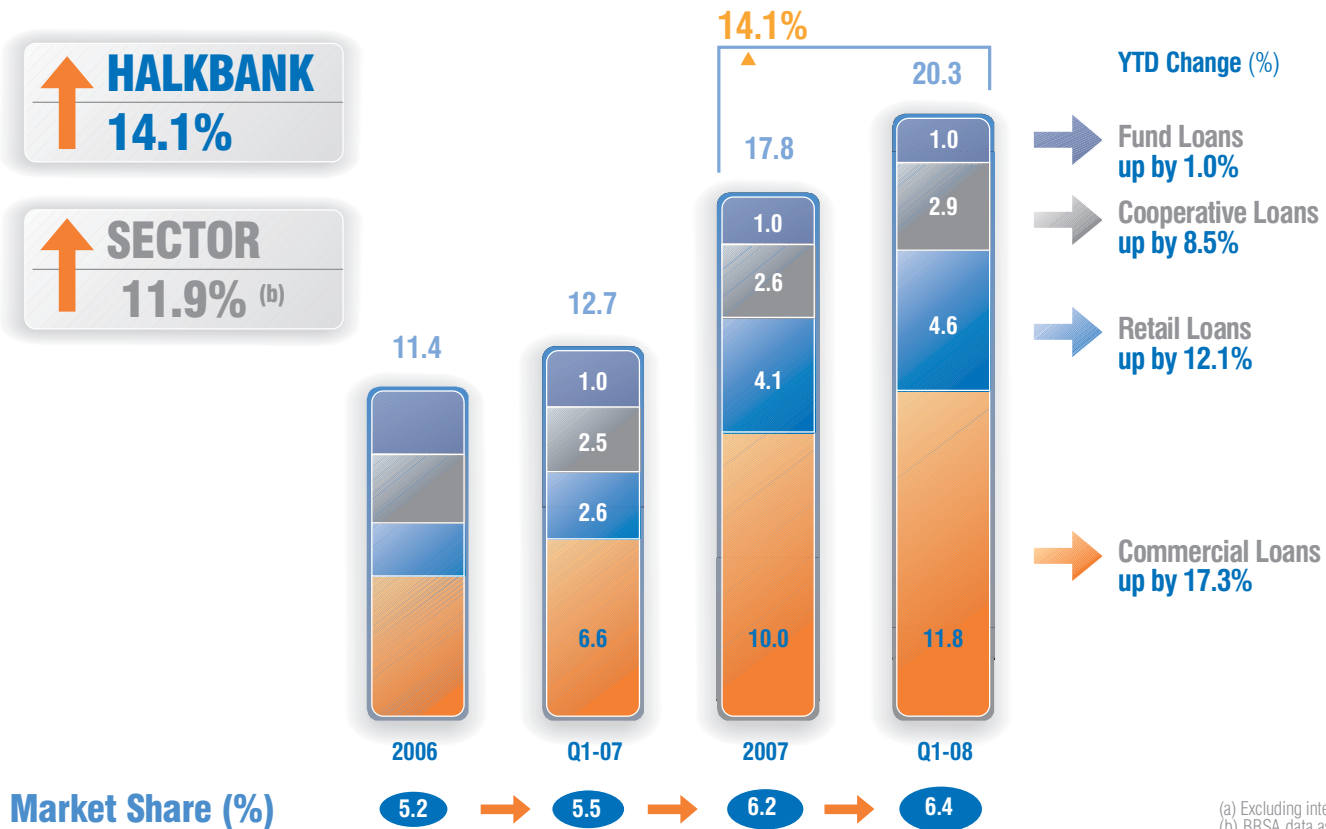


Duration of Securities

| (Year) | TRY | FX | Total |
|------------------------|------------|------------|------------|
| Trading | 1.6 | 5.5 | 2.8 |
| AFS | 2.1 | 4.7 | 2.8 |
| HTM | 2.5 | 0.9 | 2.0 |
| Total Portfolio | 2.3 | 3.3 | 2.5 |

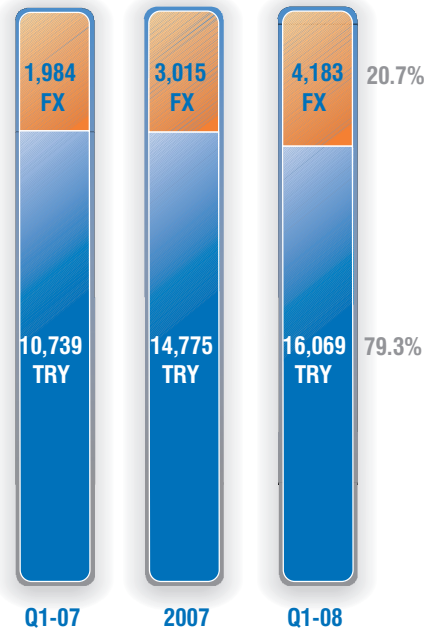
(a) Excluding interest accruals.

Strong Loan Portfolio Growth ^(a) (TRY billion)

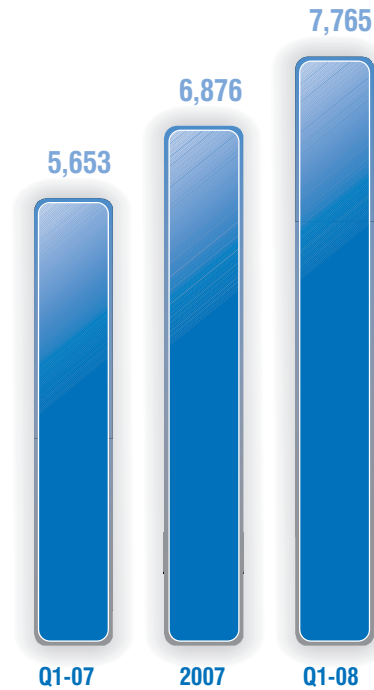


Loans by Currency & Non-cash Loans

Loans by Currency ^(a) (TRY million)



Non-cash Loans ^(b) (TRY million)



TRY LOANS

TRY loans increased by 8.8% and reached TRY 16.1 billion.

FX LOANS

FX loans increased by 38.7% ytd and reached TRY 4.2 billion. FX loans again went up by 21.9% in terms of USD.

NON-CASH LOANS

Non-cash loans increased by 12.9% ytd and reached TRY 7.8 billion.

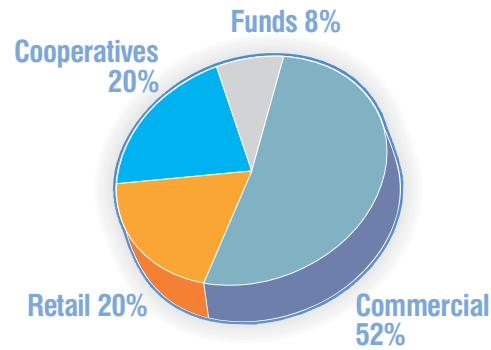
(a) Excluding interest accruals. (b) Guarantees, Warranties and Commitments

Loan Portfolio

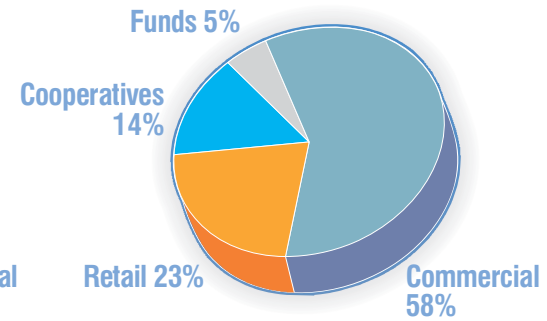
Loan to Deposit (%)



Composition of Loans (%) (Q1 07)



Composition of Loans (%) (Q1 08)



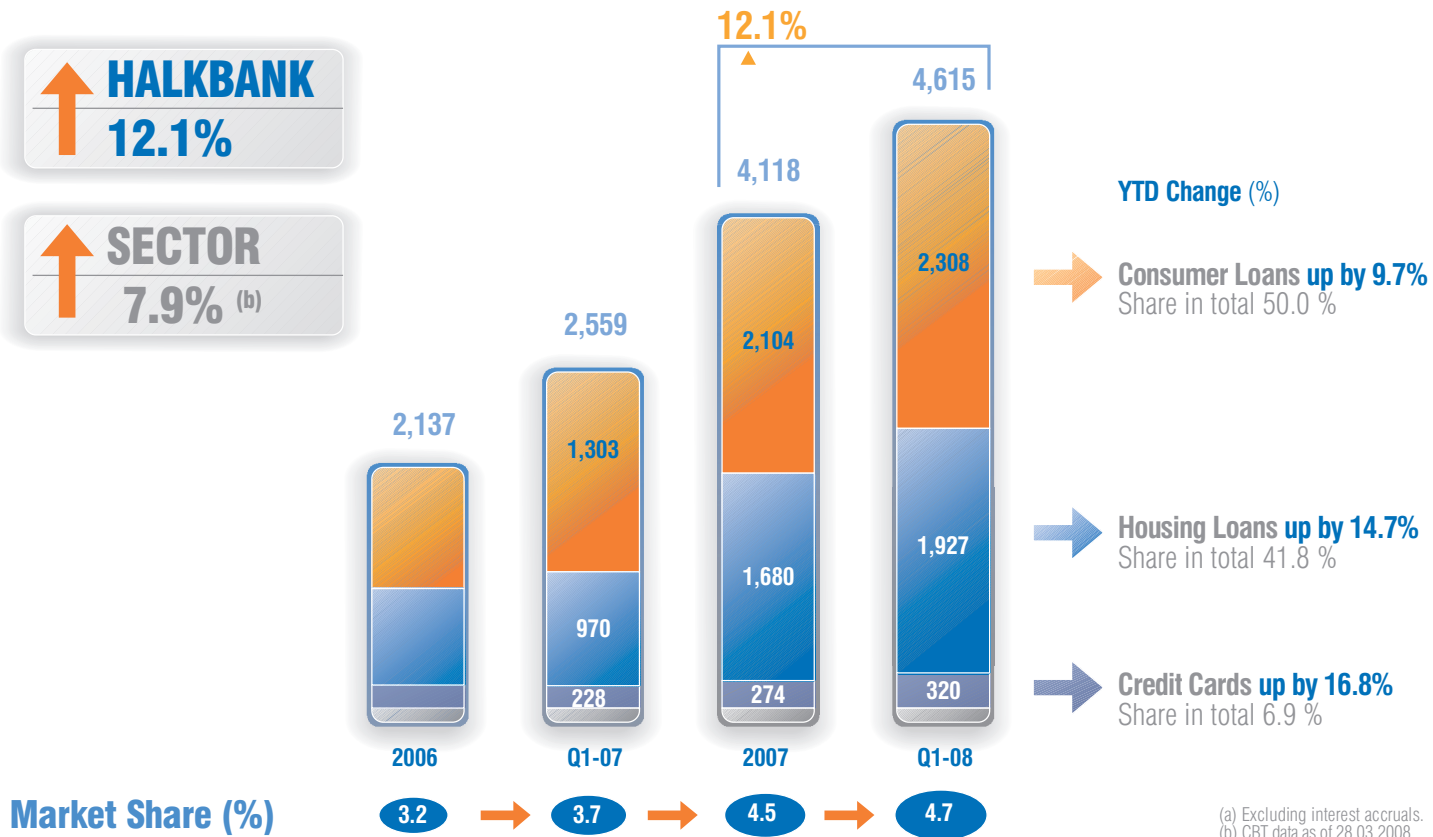
58.6%

Loan to deposit ratio provides huge room for further increase in lending.

22.8%

Share of retail loans increased from 20.1% to 22.8% in Q1 2008.

Strong Retail Loan Growth ^(a) (TRY million)

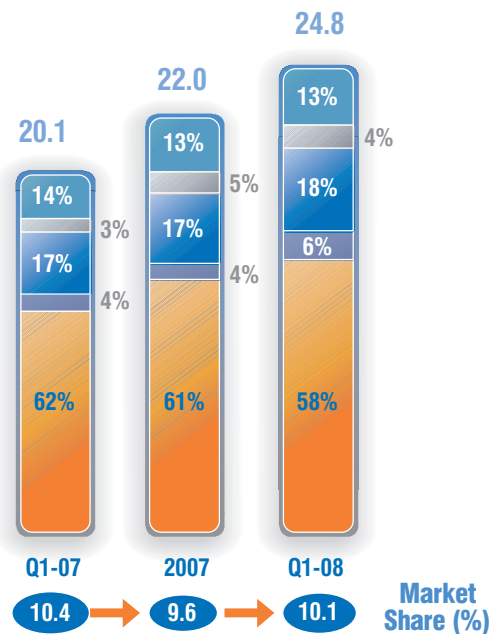


(a) Excluding interest accruals.
(b) CBT data as of 28.03.2008.

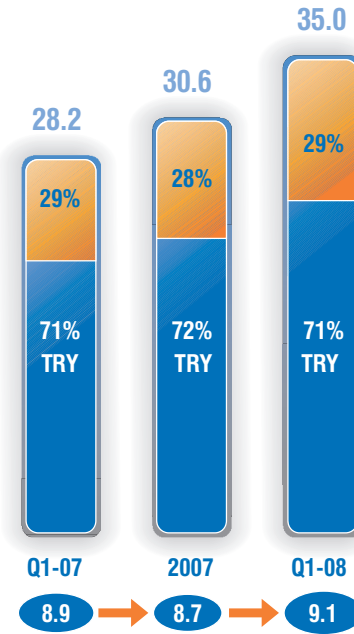
Strong Deposit Base

TRY Deposits by Types ^(a) (TRY billion)

- Other Institutions
- Public Sector
- Interbank
- Savings
- Commercial



Deposits by Currency ^(a) (TRY billion)



TOTAL DEPOSITS

HALKBANK SECTOR ^(b)
 YTD **14.5%** YTD **9.6%**

TRY DEPOSITS

HALKBANK SECTOR ^(b)
 YTD **12.7%** YTD **7.7%**

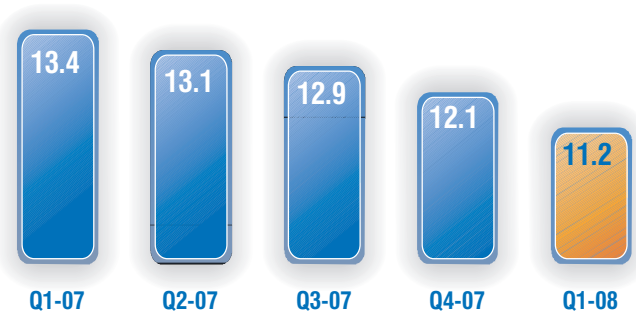
FX DEPOSITS

HALKBANK SECTOR ^(b)
 YTD **19.2%** YTD **13.1%**
in USD terms
 YTD **4.8%** YTD **-0.6%**

(a) Excluding Interest Accruals (b) BRSA data as of 31.03.2008.

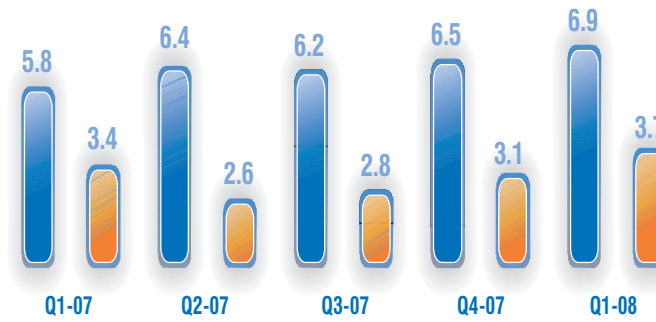
Cost-Yield-Spread (a)

Cost of Deposits (%)

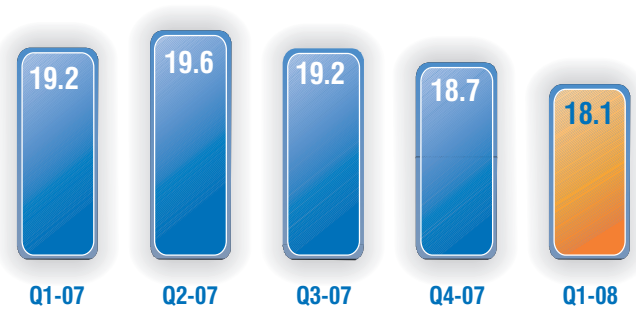


Spreads (%)

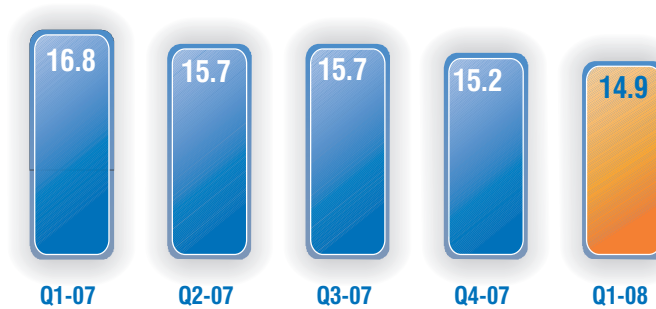
On Loans On Securities



Yield on Loans (b) (%)



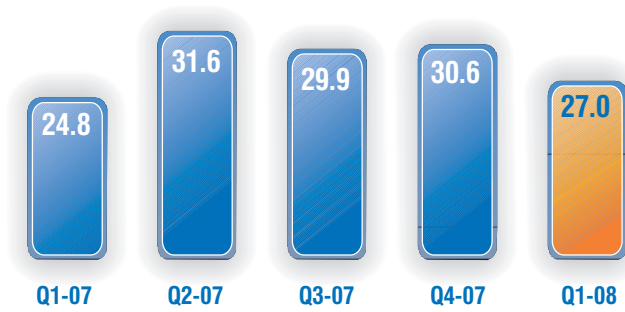
Yield on Securities (%)



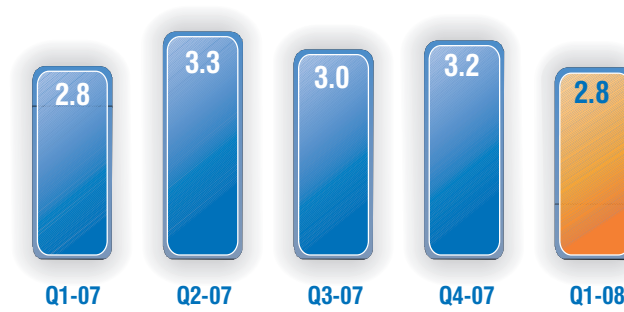
(a) TRY-FX blended (b) Excluding fund loans

Key Ratios

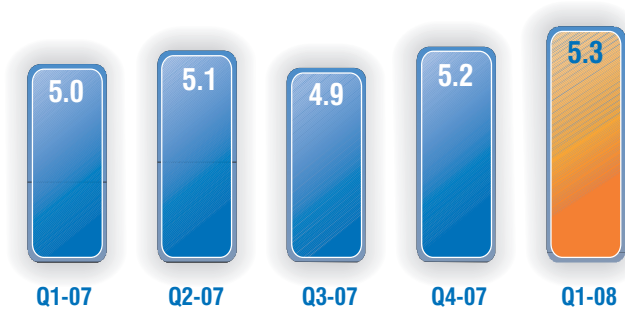
ROE (%)



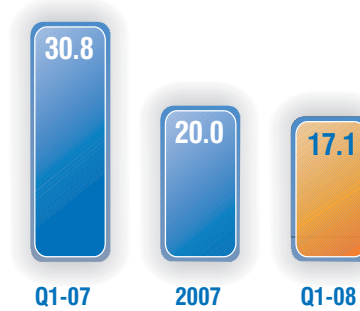
ROA (%)



Net Interest Margin (%)

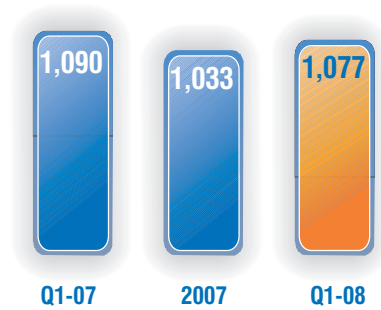


CAR (%)

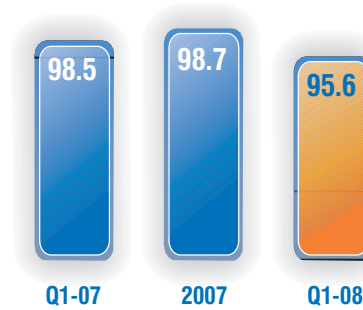


Effective Loan Approval Process

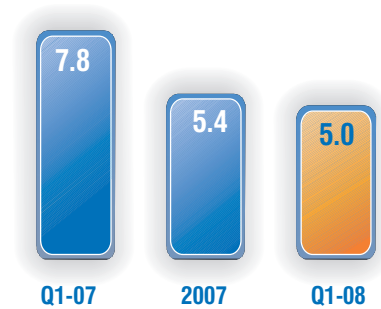
NPL Portfolio (TRY million)



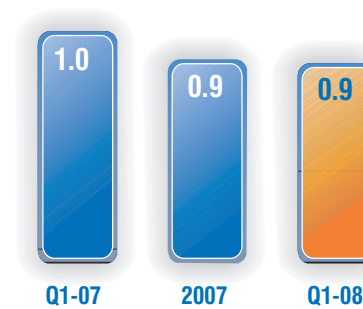
NPL Coverage (%)



NPL/Total Loans (%)

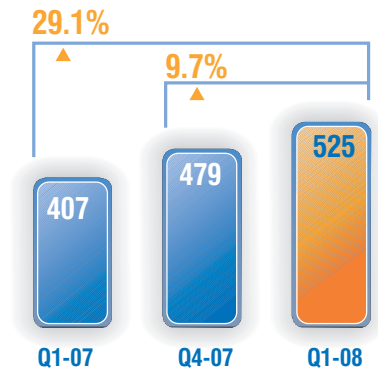


Loan Loss Provisions/Average Net Loans (%)

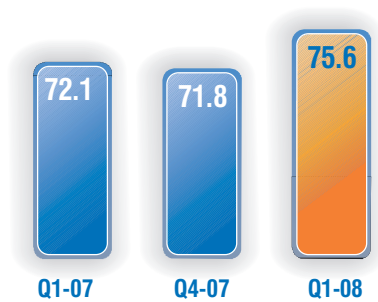


Improvement in Income Structure

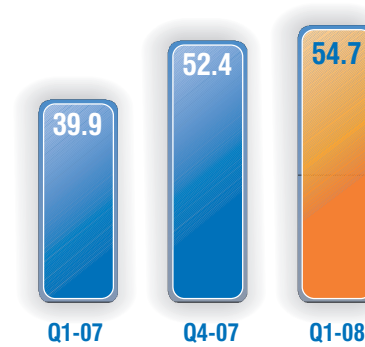
Net Interest Income (TRY million)



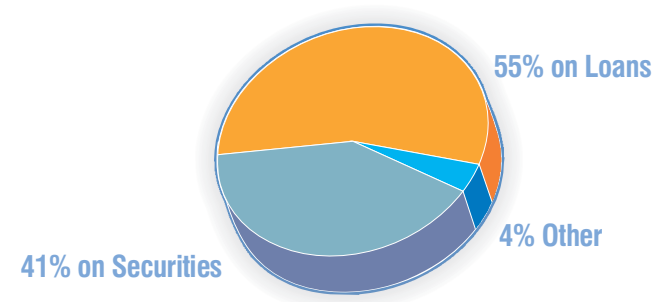
Net Interest Income/Total Operating Revenue (%)



Interest Income on Loans/Total Interest Income (%)

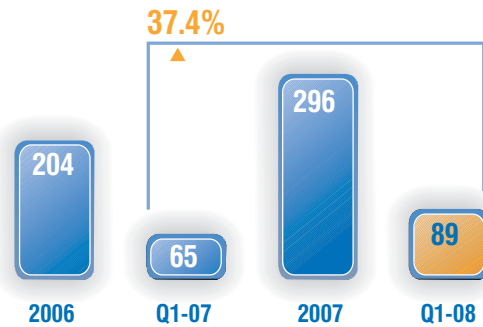


Breakdown of Interest Income (Q1 2008)

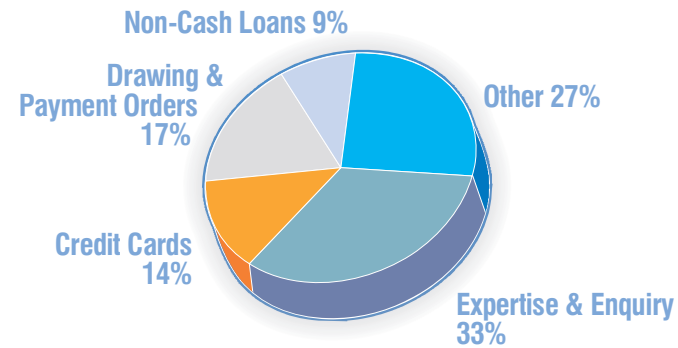


Increasing Fee Income

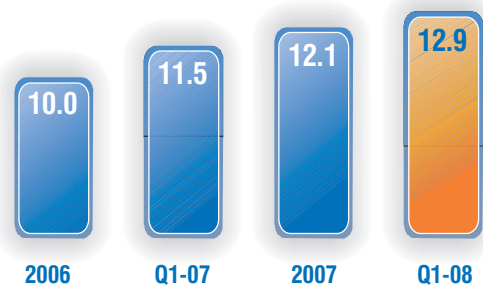
Net Fee & Commission Income (TRY million)



Breakdown of Fee & Commission Income (Q1 2008)



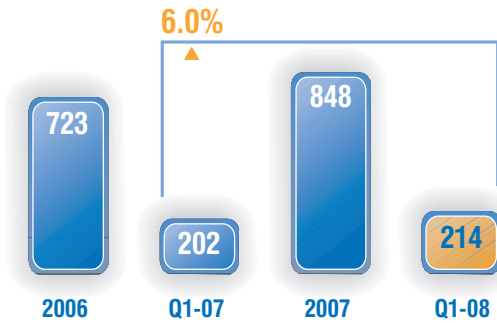
Net Fee & Commission Income/Total Operating Revenues (%)



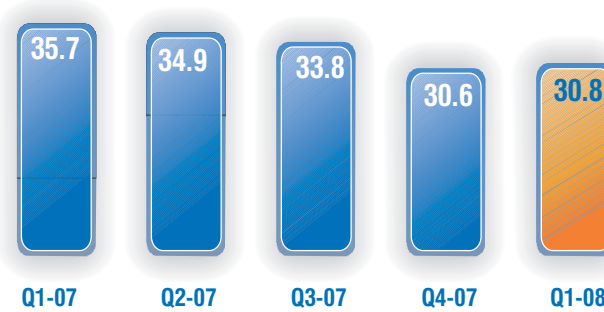
The share of net fee & commission income in total operating revenues increased from 11.5% to 12.9% in Q1 2008.

Operating Expenses

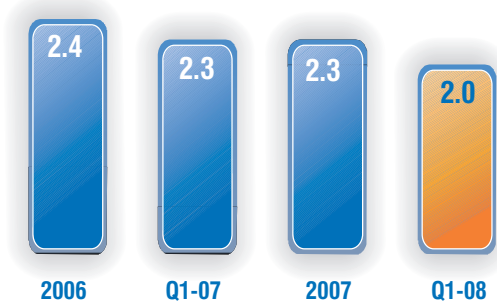
Operating Expenses (TRY million)



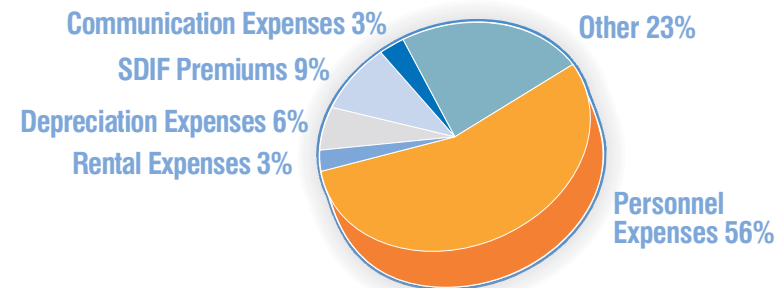
Cost/Income (%)



Operating Expenses/Average Assets (%)



Breakdown of Operating Expenses (Q1 2008)



Strategies for 2008

- > Gaining market share in deposits and loans by achieving growth over the sector average
- > Further strengthening the Bank's efficiency and franchise in SME lending
- > Increasing the share of retail loans in total loans and maintaining market share gains
- > Preserving profitability, asset quality and maintaining efficiency together with high level of return on equity
- > Continuing effective cost management policy
- > Opening new branches in areas in which the Bank sees potential to grow
- > Increasing the volume of non-cash loans
- > Increasing the volume and profitability in credit cards business
- > Expanding product diversification and increasing service quality

Appendix

Balance Sheet

| In TRY million | Q1 2007 | 2007 | Q1 2008 | YTD (%) Change | YoY (%) Change |
|--|---------------|---------------|---------------|-------------------|-------------------|
| Cash and Balances Held with Central Bank (a) | 2,278 | 3,471 | 2,856 | (18) | 25 |
| Banks | 978 | 1,212 | 1,896 | 56 | 94 |
| Securities (b) | 18,393 | 15,945 | 17,612 | 10 | (4) |
| Net Loans (b) | 12,984 | 18,121 | 20,676 | 14 | 59 |
| Gross NPL | 1,090 | 1,033 | 1,077 | 4 | (1) |
| Property and Equipment | 679 | 658 | 640 | (3) | (6) |
| Other Assets | 385 | 827 | 812 | (2) | 112 |
| Total Assets | 35,697 | 40,234 | 44,492 | 11 | 25 |
| Deposits (b) | 28,520 | 30,841 | 35,309 | 14 | 24 |
| Funds Borrowed (b) | 921 | 937 | 1,166 | 24 | 27 |
| Interbank Money Market | 292 | 1,703 | 1,148 | (33) | 293 |
| Funds | 1,001 | 1,042 | 1,035 | (1) | 3 |
| Other Liabilities | 592 | 889 | 838 | (6) | 42 |
| Provisions | 370 | 439 | 458 | 4 | 24 |
| Shareholders' Equity | 4,001 | 4,383 | 4,538 | 4 | 13 |
| Total Liabilities | 35,697 | 40,234 | 44,492 | 11 | 25 |

(a) Reserve deposits monitored in balance with Central Bank.

(b) Interest Accruals added to related accounts.

Income Statement

| In TRY million | Q1 2007 | Q4 2007 | Q1 2008 | YoY (%) Change |
|---|------------|------------|------------|-------------------|
| Interest Income | 1,366 | 1,460 | 1,511 | 11 |
| On Securities | 758 | 640 | 622 | (18) |
| On Loans | 545 | 766 | 827 | 52 |
| Interest Expense | 959 | 982 | 986 | 3 |
| On Deposits | 913 | 906 | 919 | 1 |
| Net Interest Income | 407 | 479 | 525 | 29 |
| Net Fees and Commissions | 65 | 89 | 89 | 37 |
| Net Trading Income | (4) | (4) | (39) | - |
| Other Operating Income | 97 | 103 | 119 | 23 |
| Reversal of Loan Loss Provisions | 37 | 48 | 51 | 37 |
| Total Operating Revenues | 565 | 666 | 694 | 23 |
| Operating Expenses | 202 | 204 | 214 | 6 |
| Net Operating Income | 363 | 462 | 480 | 32 |
| Provision for Loan Losses and Other Receivables | 56 | 69 | 97 | 74 |
| Loan Loss Provisions for Cash Loans | 31 | 32 | 44 | 42 |
| Profit/(Losses) from Associates | 1 | - | - | - |
| Income Before Taxes | 308 | 393 | 383 | 25 |
| Provision for Taxes | 70 | 76 | 83 | 18 |
| Net Income | 238 | 317 | 301 | 27 |

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HALKBANK

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