



**Türkiye Halk Bankası Anonim Şirketi
And Its Subsidiaries**

Condensed Consolidated Interim Financial Statements
For the Six-Month Period Ended
30 June 2010
With Independent Auditors' Report on Review of
Interim Financial Information Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

13 August 2010

This report contains the "Independent Auditors' Report on Review of Interim Financial Information" comprising 1 page and; the "Condensed consolidated interim financial statements and their explanatory notes" comprising 16 pages.

Türkiye Halk Bankası Anonim Şirketi

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**Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.**
Yapı Kredi Plaza C Blok Kat 17
Büyükdere Caddesi
Levent 34330 İstanbul

Telephone +90 (212) 317 74 00
Fax +90 (212) 317 73 00
Internet www.kpmg.com

Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information

To the Board of Directors of
Türkiye Halk Bankası Anonim Şirketi:

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Türkiye Halk Bankası Anonim Şirketi ("the Bank") and its subsidiaries ("the Group") as at 30 June 2010, the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended ("the condensed consolidated interim financial information"). Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review. The consolidated financial statements of the Bank and its subsidiaries for the year ended 31 December 2009 were audited and the condensed consolidated interim financial statements as of and for the six-month period ended 30 June 2009 have been reviewed by another auditor whose report, dated 10 March 2010 and 27 August 2009, expressed an unqualified opinion and conclusion, respectively.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information of the Bank and its subsidiaries as at 30 June 2010 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

13 August 2010
İstanbul, Turkey

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

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ
Condensed Consolidated Statement of Financial Position
As of 30 June 2010

(Currency - In thousands of Turkish Lira)

	<i>Notes</i>	30 June 2010	31 December 2009
Assets			
Cash on hand		261.143	256.746
Due from banks		2.136.571	1.172.112
Balances with Central Bank		2.173.857	2.322.912
Reserve deposits at Central Bank		977.314	836.066
Financial assets at fair value through profit or loss		82.853	55.962
- <i>Trading securities</i>		42.037	35.434
- <i>Derivative financial instruments</i>	15	40.816	20.528
Loans and advances to customers	9	38.279.349	32.542.863
Insurance premium receivables		40.400	41.611
Investment securities	10	21.824.258	21.472.955
- <i>Available-for-sale investment securities</i>		5.892.875	4.899.407
- <i>Held to maturity investment securities</i>		15.931.383	16.573.548
Investment in equity-accounted investees		175.153	183.124
Property and equipment	11	1.183.464	1.156.972
Intangible assets		14.138	12.089
Non-current assets held for sale		95.248	84.091
Deferred tax assets		153.720	183.106
Other assets		800.750	525.950
Total assets		68.198.218	60.846.559
Liabilities			
Deposits from banks		3.098.794	1.923.124
Deposits from customers		48.037.437	41.956.122
Obligations under repurchase agreements		4.410.605	5.757.667
Loans and advances from banks		3.682.276	3.347.319
Interbank money market borrowings		18.308	19.422
Derivative financial instruments	15	50.421	88.956
Insurance contract liabilities		12.047	10.680
Provisions		380.023	356.198
Income tax payables		92.156	133.859
Insurance technical reserves		167.187	134.682
Other liabilities		1.366.748	900.885
Total liabilities		61.316.002	54.628.914
Equity			
Share capital	13	2.578.184	2.578.184
Unrealized gains on available-for-sale investments, net of tax		19.087	40.135
Currency translation reserve		(14.337)	(13.734)
Hedging reserve, net of tax		(5.202)	(10.087)
Retained earnings		4.297.743	3.616.344
Total equity attributable to equity holders of the Bank		6.875.475	6.210.842
Non-controlling interests		6.741	6.803
Total liabilities and equity		68.198.218	60.846.559
Commitments and contingencies	15		

The notes on pages 6 to 16 are an integral part of these condensed consolidated interim financial statements.

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

Condensed Consolidated Interim Statement of Comprehensive Income For the Six-Month Period Ended 30 June 2010

(Currency - In thousands of Turkish Lira)

<i>Notes</i>	For the six-month period ended 30 June 2010	For the six-month period ended 30 June 2009
Interest income:		
- Interest income on loans	2.037.952	2.137.478
- Interest income on securities	1.077.490	1.305.216
- Interest income on deposits at banks	43.358	73.930
- Interest income on other money market placements	13	1.013
- Other interest income	8.292	14.740
	3.167.105	3.532.377
Interest expense:		
- Interest expense on deposits	(1.282.424)	(1.860.772)
- Interest expense on other money market placements	(162.508)	(139.392)
- Interest expense on borrowings	(28.212)	(42.114)
- Other interest expense	(21.422)	(32.250)
	(1.494.566)	(2.074.528)
Net interest income	1.672.539	1.457.849
Fee and commission income	312.439	246.602
Fee and commission expense	(47.235)	(39.440)
Net fee and commission income	265.204	207.162
Net trading income from securities	122.719	30.928
Net trading loss from derivative transactions	(247.784)	(2.469)
Foreign exchange gain / (losses), net	200.482	(25.224)
Net impairment losses on loans and advances	9 (95.196)	(141.513)
Income from insurance operations	39.775	69.721
Cost of insurance operations	(26.181)	(26.963)
Dividend income	6.328	6.909
Other operating income	103.954	70.304
Other operating expenses	(752.060)	(655.890)
Operating profit	1.289.780	983.905
Share of profit of equity-accounted investees	6.515	1.539
Profit before income tax	1.296.295	992.353
Income tax expense	12 (255.026)	(200.657)
Profit for the period	1.041.269	791.696
Other comprehensive income, net of income tax:		
Fair value reserve (available-for-sale financial assets):		
Net change in fair value	13.084	128.860
Net amount transferred to profit or loss	(34.130)	(25.447)
Foreign currency translation differences	(603)	737
Net gain / (loss) on hedge of net investment in foreign operation, net of tax	2.772	(12.182)
Other comprehensive income / (expenses) for the period, net of tax	(18.877)	91.968
Total comprehensive income for the period	1.022.392	883.664

The notes on pages 6 to 16 are an integral part of these condensed consolidated interim financial statements.

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ**Condensed Consolidated Interim Statement of Comprehensive Income (continued)
For the Six-Month Period Ended 30 June 2010***(Currency - In thousands of Turkish Lira)*

	<i>Notes</i>	For the six-month period ended 30 June 2010	For the six-month period ended 30 June 2009
Profit attributable to:			
Owners of the Bank		1.040.900	791.557
Non-controlling interests		369	139
Profit for the period		1.041.269	791.696
Total comprehensive income attributable to:			
Owners of the Bank		1.022.021	883.408
Non-controlling interests		371	256
Total comprehensive income for the period		1.022.392	883.664
Basic earnings per share		0,00073	0,00055

The notes on pages 6 to 16 are an integral part of these condensed consolidated interim financial statements.

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

Condensed Consolidated Interim Statement of Changes in Equity For the Six-Month Period Ended 30 June 2010

(Currency - In thousands of Turkish Lira)

	Notes	Share capital	Fair value reserve	Hedging reserve	Translation reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balances at 1 January 2009		2.578.184	(111.812)	(18.533)	(14.443)	1.101.811	1.049.051	4.584.258	6.944	4.591.202
Total comprehensive income for the period										
Net profit of the period		-	-	-	-	-	791.557	791.557	139	791.696
Other comprehensive income, net of tax										
Fair value reserve (available-for-sale financial assets):										
Net change in fair value		-	128.743	-	-	-	-	128.743	117	128.860
Net amount transferred to profit or loss		-	(25.447)	-	-	-	-	(25.447)	-	(25.447)
Foreign currency translation differences		-	-	-	737	-	-	737	-	737
Net gain / (loss) on hedge of net investment in foreign operations		-	-	16.823	-	-	(29.005)	(12.182)	-	(12.182)
Total other comprehensive income		-	103.296	16.823	737	-	(29.005)	91.851	117	91.968
Total comprehensive income for the period		-	103.296	16.823	737	-	762.552	883.408	256	883.664
Transactions with the owners, recorded directly in equity										
Transfers to other reserves	13	-	-	-	-	73.097	(73.097)	-	-	-
Dividends to equity holders		-	-	-	-	-	(281.579)	(281.579)	(55)	(281.634)
Capital increase		-	-	-	-	-	-	-	230	230
Changes in non-controlling interests		-	-	-	-	-	1.265	1.265	(1.265)	-
Balances at 30 June 2009		2.578.184	(8.516)	(1.710)	(13.706)	1.174.908	1.458.192	5.187.352	6.110	5.193.462
Balances at 1 January 2010		2.578.184	40.135	(10.087)	(13.734)	1.270.688	2.345.656	6.210.842	6.803	6.217.645
Total comprehensive income for the period										
Net profit of the period		-	-	-	-	-	1.040.900	1.040.900	369	1.041.269
Other comprehensive income, net of tax										
Fair value reserve (available-for-sale financial assets):										
Net change in fair value		-	13.082	-	-	-	-	13.082	2	13.084
Net amount transferred to profit or loss		-	(34.130)	-	-	-	-	(34.130)	-	(34.130)
Foreign currency translation differences		-	-	-	(603)	-	-	(603)	-	(603)
Net gain / (loss) on hedge of net investment in foreign operations		-	-	4.885	-	-	(2.113)	2.772	-	2.772
Total other comprehensive income		-	(21.048)	4.885	(603)	-	(2.113)	(18.879)	2	(18.877)
Total comprehensive income for the period		-	(21.048)	4.885	(603)	-	1.038.787	1.022.021	371	1.022.392
Transactions with the owners, recorded directly in equity										
Transfers to other reserves	13	-	-	-	-	105.002	(105.002)	-	-	-
Dividends to equity holders	13	-	-	-	-	-	(357.821)	(357.821)	-	(357.821)
Transactions with the owners, recorded directly in equity		-	-	-	-	-	-	-	-	-
Changes in non-controlling interests		-	-	-	-	-	433	433	(433)	-
Balances at 30 June 2010		2.578.184	19.087	(5.202)	(14.337)	1.375.690	2.922.053	6.875.475	6.741	6.882.216

The notes on pages 6 to 16 are an integral part of these condensed consolidated interim financial statements.

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ
Condensed Consolidated Interim Statement of Cash Flows
For the Six-Month Period Ended 30 June 2010

(Currency - In thousands of Turkish Lira)

<i>Notes</i>	For the six-month period ended 30 June 2010	For the six-month period ended 30 June 2009
Cash flows from operating activities:		
	1.041.269	791.696
Profit for the period		
Adjustments for:		
Depreciation and amortisation	37.682	31.390
Net impairment loss on loans and advances	9 95.196	141.513
Net interest income	(1.672.539)	(1.457.849)
Provision for employee benefits	9.294	17.428
Impairment of property and equipment	(1.133)	(389)
Impairment of held to maturity investments	-	(9.175)
Other provision expenses	4.602	273
Gain on sale of property and equipment	11 (25.024)	(11.695)
Share of profit of equity-accounted investees	(6.515)	(1.539)
Dividends on equity shares	(6.328)	(6.909)
Income tax expense	255.026	200.657
	(268.470)	(304.599)
Change in financial assets at fair value through profit or loss	(29.569)	23.585
Change in loans and advances to customers	(6.739.305)	(2.916.278)
Change in other assets	514.500	278.688
Change in deposits from banks	1.175.667	917.196
Change in deposits from customers	4.657.519	758.692
Change in other liabilities	56.449	(906.606)
	(633.209)	(2.149.322)
Interest received	3.187.689	3.495.978
Dividends received	1.011	6.909
Interest paid	(1.329.683)	(1.981.807)
Income tax paid	(295.260)	(126.739)
Retirement benefits paid	(6.408)	(9.498)
Net cash provided from / (used in) operating activities	924.140	(764.479)
Cash flows from investing activities:		
Acquisition of available-for-sale investment securities	(3.773.363)	(772.864)
Proceeds from sale of available-for-sale investment securities	4.156.450	1.854.761
Acquisition of held to maturity investment securities	(2.395.941)	(2.085.681)
Proceeds from the sale of held to maturity investment securities	1.883.206	1.102.063
Acquisition of investments in equity participations	(944)	-
Acquisition of property and equipment	11 (56.305)	(111.937)
Proceeds from the sale of property and equipment	11 95.739	33.133
Acquisition of intangible assets	(2.988)	(263)
Net cash (used in) / provided from investing activities	(94.146)	19.212
Cash flows from financing activities:		
Proceeds from funds borrowed	340.735	513.711
Dividends paid	(357.821)	(281.579)
Net cash (used in) / provided from financing activities	(17.086)	232.132
Net increase / (decrease) in cash and cash equivalents	812.908	(513.135)
Cash and cash equivalents at 1 January	1.428.782	2.309.963
Effect of exchange rate fluctuations on cash held	154.213	40.973
Cash and cash equivalents at 30 June	2.395.903	1.837.801

The notes on pages 6 to 16 are an integral part of these condensed consolidated interim financial statements.

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

Notes to the Condensed Consolidated Interim Financial Statements As of and For the Six-Month Period Ended 30 June 2010

(Currency - In thousands of Turkish Lira)

1. Activities of the Bank and the Group

Türkiye Halk Bankası AŞ (“the Bank”) was incorporated in Turkey in 1933 as a state economic enterprise established under law no. 2284. As of 30 June 2010, the Bank operates 692 branches, including 688 domestic branches, 3 branches in Cyprus and 1 in Bahrain. In addition, it has 3 financial service branches in Germany and 1 representative branch in Iran. The operations of Türkiye Halk Bankası AŞ and subsidiaries (“the Group”) consist of banking, securities brokerage and insurance services provided primarily to local customers. The consolidated financial statements of the Group include the accounts of the Bank, Birlik Sigorta AŞ, Birlik Hayat Sigorta AŞ and Halk Yatırım Menkul Değerler AŞ.

In 2000, the Turkish Parliament passed Statute 4603, pursuant to which state-owned banks were required to restructure its operations and prepare themselves to eventual privatization. According to the Decree number 2006/69, dated as 11 August 2006 issued by Privatization High Council, all outstanding shares of the Bank are transferred to the Privatization Administration and 99.9% of the Bank shares should be sold to general public.

The first phase of the privatization process of the Bank corresponding to 24.98% of the shares was completed in the first week of May 2007 and the Bank’s shares have been traded on Istanbul Stock Exchange (ISE) as of May 10, 2007.

In November 2004, the Bank merged with Pamukbank Türk Anonim Şirketi (“Pamukbank”), another state owned bank and integrated its operations and IT systems. In 2006, the Bank acquired a controlling share ownership in three companies - Birlik Sigorta AŞ, a property, health and casualty insurance company, Birlik Hayat Sigorta AŞ, a life insurance company, and Halk Yatırım Menkul Değerler AŞ, an equity brokerage services company, from Halkbank Foundation.

The consolidated financial statements of the Group as at and for the year ended 31 December 2009 are available upon request from the Bank’s registered office or at www.halkbank.com.tr.

2. Statement of compliance

The Bank located in Turkey maintains their books of account and prepare their statutory financial statements in Turkish Lira (“TL”) in accordance with the accounting practices as promulgated by the Banking Regulation and Supervision Agency (“BRSA”).

These condensed consolidated interim financial statements as of 30 June 2010 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Group as at and for the year ended 31 December 2009. The accompanying condensed consolidated interim financial statements are authorized for issue by the directors on 13 August 2010.

3. Basis of preparation

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

The condensed consolidated interim financial statements are prepared on the historical cost basis as adjusted for the effects of inflation that lasted until 31 December 2005, except for the items presented on a fair value basis that are financial assets at fair value through profit or loss, derivative financial assets and liabilities held for trading purpose and available-for-sale investment securities whose fair value can reliably be measured.

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

Notes to the Condensed Consolidated Interim Financial Statements As of and for the period ended 30 June 2010

(Currency - In thousands of Turkish Lira)

4. Basis of consolidation

The consolidated financial statements include the accounts of the Bank and the majority-owned subsidiaries.

Majority-owned subsidiaries where the Bank has operating and financial control are consolidated. Subsidiaries are all entities over which the Group has power to govern the financial and operating policies so as to benefit from its activities. Subsidiaries in which the Group owns directly or indirectly more than 50% of the voting rights, or has power to govern the financial and operating policies under a statute or agreement are consolidated. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Companies where the Bank exercises significant influence, but do not have operating and financial control are accounted for using the equity method.

The financial statements of the subsidiaries are prepared for the same reporting period as the Bank, using consistent accounting policies.

All intra-group balances, transactions, and unrealized gains on intra-group transactions are eliminated; unrealized losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

5. Significant accounting policies

The condensed consolidated interim financial statements have been prepared on a basis consistent with the accounting policies set out in the financial statements of the Group for as at 31 December 2009.

6. Estimates

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at 31 December 2009.

7. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at 31 December 2009.

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

Notes to the Condensed Consolidated Interim Financial Statements As of and For the Six-Month Period Ended 30 June 2010

(Currency - In thousands of Turkish Lira)

8. Operating segments

The Group has six reportable segments, Corporate, Commercial, Entrepreneur, Treasury / Investment, Insurance and Securities Brokerage, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately based on the Group's management and internal reporting structure. For each of the strategic business units, the Board of Directors reviews internal management reports on at least a quarterly basis.

Current period	Corporate	Commercial	Entrepreneur	Treasury /Investment	Insurance	Securities Brokerage	Undistributed	Eliminations	Group
Interest income	333.503	218.138	2.944.211	2.555.114	6.204	3.539	-	(2.893.604)	3.167.105
Interest expense	(260.461)	(146.190)	(2.093.629)	(1.887.401)	-	(489)	-	2.893.604	(1.494.566)
Net interest income	73.042	71.948	850.582	667.713	6.204	3.050	-	-	1.672.539
Net fee and commission income	19.397	17.087	215.915	10.971	10.693	9.417	-	(18.276)	265.204
Net trading income from securities	-	-	-	122.543	-	176	-	-	122.719
Net trading loss from derivative transactions	-	-	-	(247.781)	-	(3)	-	-	(247.784)
Foreign exchange gain/(losses), net	-	-	-	200.831	(349)	-	-	-	200.482
Dividend income	-	-	-	5.535	793	-	-	-	6.328
Other income	1.625	12.191	28.919	21.506	54.671	39.775	-	(8.443)	150.244
Net impairment losses on loans and advances	(2.767)	(10.412)	(31.742)	(50.275)	-	-	-	-	(95.196)
Other expenses	(5.590)	(21.368)	(332.823)	(338.184)	(66.812)	(6.254)	-	(7.210)	(778.241)
Profit from before income tax	85.707	69.446	730.851	392.859	5.200	46.161	-	(33.929)	1.296.295
Income tax expense	-	-	-	-	(3.454)	(1.532)	(250.040)	-	(255.026)
Profit for the period	85.707	69.446	730.851	392.859	1.746	44.629	(250.040)	(33.929)	1.041.269

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

**Notes to the Condensed Consolidated Interim Financial Statements
As of and for the period ended 30 June 2010**

(Currency - In thousands of Turkish Lira)

8. Operating segments (continued)

The segment results as at 30 June 2009 are as follows:

Prior period	Corporate	Commercial	Entrepreneur	Treasury /Investment	Insurance	Securities Brokerage	Undistributed	Eliminations	Group
Interest income	195.311	157.237	1.738.124	1.435.749	8.507	2.074	-	(4.625)	3.532.377
Interest expense	(125.430)	(91.386)	(1.644.590)	(217.592)	-	(155)	-	4.625	(2.074.528)
Net interest income	69.881	65.851	93.534	1.218.157	8.507	1.919	-	-	1.457.849
Net fee and commission income	14.422	18.501	155.350	13.085	497	5.307	-	-	207.162
Net trading income from securities	-	-	-	29.374	-	1.554	-	-	30.928
Net trading loss from derivative transactions	-	-	-	(2.469)	-	-	-	-	(2.469)
Foreign exchange gain/(losses), net	-	-	-	(25.281)	57	-	-	-	(25.224)
Dividend income	-	-	-	6.907	-	2	-	-	6.909
Other income	1.549	7.232	26.978	36.437	69.721	263	-	(616)	141.564
Net impairment losses on loans and advances	(25)	(42.652)	(88.800)	(10.036)	-	-	-	-	(141.513)
Other expenses	(5.392)	(18.808)	(243.356)	(351.940)	(53.151)	(4.837)	-	(5.369)	(682.853)
Profit from before income tax	80.435	30.124	(56.294)	914.234	25.631	4.208	-	(5.985)	992.353
Income tax expense	-	-	-	-	(4.282)	(953)	(195.422)	-	(200.657)
Profit for the period	80.435	30.124	(56.294)	914.234	21.349	3.255	(195.422)	(5.985)	791.696

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

**Notes to the Condensed Consolidated Interim Financial Statements
As of and For the Six-Month Period Ended 30 June 2010**

(Currency - In thousands of Turkish Lira)

8. Operating segments (continued)

The segment assets and liabilities as at 30 June 2010 are as follows:

Assets and liabilities	Corporate	Commercial	Entrepreneur	Treasury /Investment	Insurance	Securities Brokerage	Undistributed⁽¹⁾	Eliminations	Group
Segment assets	5.846.944	4.370.041	24.476.905	31.617.180	310.315	69.667	1.446.570	(114.557)	68.023.065
Investment in equity- accounted investees	-	-	-	-	-	-	266.556	(91.403)	175.153
Total assets	5.846.944	4.370.041	24.476.905	31.617.180	310.315	69.667	1.713.126	(205.960)	68.198.218
Segment liabilities	5.797.449	2.299.711	35.563.152	17.554.751	191.440	23.501	-	(114.002)	61.316.002
Total liabilities	5.797.449	2.299.711	35.563.152	17.554.751	191.440	23.501	-	(114.002)	61.316.002

(1) Property and equipment, intangible assets, non-current assets held for sale and deferred tax assets of the Group are presented under “Undistributed” column.

The segment assets and liabilities as at 31 December 2009 are as follows:

Assets and liabilities	Corporate	Commercial	Entrepreneur	Treasury /Investment	Insurance	Securities Brokerage	Undistributed⁽¹⁾	Eliminations	Group
Segment assets	4.263.028	3.184.256	21.393.121	30.114.190	280.581	71.633	1.431.697	(75.071)	60.663.435
Investment in equity- accounted investees	-	-	-	-	-	-	264.872	(81.748)	183.124
Total Assets	4.263.028	3.184.256	21.393.121	30.114.190	280.581	71.633	1.696.569	(156.819)	60.846.559
Segment liabilities	3.930.034	2.183.180	33.601.002	14.800.595	157.084	31.537	-	(74.518)	54.628.914
Total liabilities	3.930.034	2.183.180	33.601.002	14.800.595	157.084	31.537	-	(74.518)	54.628.914

(1) Property and equipment, intangible assets, non-current assets held for sale and deferred tax assets of the Group are presented under “Undistributed” column.

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ**Notes to the Condensed Consolidated Interim Financial Statements
As of and For the Six-Month Period Ended 30 June 2010***(Currency - In thousands of Turkish Lira)***9. Loans and advances to customers**

As at 30 June 2010 and 31 December 2009, all the loans and advances to customers are at amortized cost.

	30 June 2010	31 December 2009
Performing loans	37.968.102	32.172.429
Non-performing loans	1.703.921	1.667.912
Gross amount	39.672.023	33.840.341
Allowance for collectively impaired loans	(359.429)	(320.446)
Allowance for individually impaired loans	(1.033.245)	(977.032)
Carrying amount	38.279.349	32.542.863

Allowance for impairment including the portfolio basis allowances

	30 June 2010	31 December 2009
Balance on 1 January	(1.297.478)	(961.471)
Net impairment loss for the period/year:	(95.196)	(336.007)
- Charge for the period/year	(233.441)	(499.398)
- Recoveries and reversals	138.245	163.391
Balance at end of the period/year	(1.392.674)	(1.297.478)

10. Investment securities**Available-for-sale investment securities**

	30 June 2010	31 December 2009
Debt securities	5.876.430	4.880.282
Quoted on a stock exchange	5.876.430	4.880.282
Share certificates	18.869	20.393
Not quoted	18.869	20.393
Decrease in value (-)	2.424	1.268
Total	5.892.875	4.899.407

Available-for-sale investment securities include securities pledged under repurchase agreements amounting to TL 167.887 (31 December 2009: TL 104.285).

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

Notes to the Condensed Consolidated Interim Financial Statements As of and For the Six-Month Period Ended 30 June 2010

(Currency - In thousands of Turkish Lira)

10. Investment securities (continued)

Held to maturity investment securities

	30 June 2010	31 December 2009
Debt securities	15.931.383	16.573.548
Quoted on a stock exchange	10.867.483	11.505.711
Not quoted	5.063.900	5.067.837
Total	15.931.383	16.573.548

Held to maturity investment securities include securities pledged under repurchase agreements and given as collateral amounting to TL 4.299.848 and TL 2.450.316 (31 December 2009: TL 6.020.987 and TL 2.418.417), respectively.

The movements of held to maturity investment securities in the six-month period ended 30 June 2010 and the year ended 31 December 2009 are as follows:

	30 June 2010	31 December 2009
Beginning balance	16.573.548	15.858.882
Foreign currency differences	(37.864)	(17.115)
Purchases during the year ⁽¹⁾	2.409.640	3.760.124
Disposals through sales and redemptions (-) ⁽²⁾	(3.013.941)	(3.028.343)
Balance at the of the period / year	15.931.383	16.573.548

(1) Interest income accrual amounting to TL 526.434 has been included in purchases row (31 December 2009: TL 544.652).

(2) In accordance with the tainting rules defined in paragraph 9 of International Accounting Standards 39-Financial Instruments: Recognition and Measurement, as of 30 June 2010, the Bank reclassified TL 1.243.274 of financial assets from held to maturity investments portfolio to available for sale portfolio. Related amount was presented in "Disposals through sales and redemptions" row.

11. Property and equipment

During the six-month period ended 30 June 2010, the Group acquired property and equipment with a cost of TL 56.305 (30 June 2009: TL 111.937).

Property and equipment with a carrying amount of TL 70.715 were disposed of during six-month period ended 30 June 2010 (six-month period ended 30 June 2009: TL 21.438), resulting in a gain on disposal of TL 25.024 (six-month period ended 30 June 2009: gain of TL 11.695), which is included in other income.

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

Notes to the Condensed Consolidated Interim Financial Statements As of and for the period ended 30 June 2010

(Currency - In thousands of Turkish Lira)

12. Income taxes

The Group's effective tax rate in respect of continuing operations as at and for the six-month period ended 30 June 2010 is 19,7% (30 June 2009: 20,2%).

13. Share capital

	30 June 2010	31 December 2009
TRY 0.0001 (in full TRY), par value	242,085	242,085
TRY 0.0005 (in full TRY), par value	6,085	6,085
TRY 0.001 (in full TRY), par value	972,749	972,749
TRY 0.01 (in full TRY), par value	49,900,000	49,900,000
TRY 0.1 (in full TRY), par value	145,000,000	145,000,000
TRY 1 (in full TRY), par value	1,235,000,000	1,235,000,000
Total number of shares	1,431,120,919	1,431,120,919
Paid-in capital	1.250.000	1.250.000
Inflation restatement effect	1.328.184	1.328.184
Shared capital issued	2.578.184	2.578.184

Other reserves

Other reserves consist of legal reserves kept within the Group. The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5%, until the total reserve reaches 20% of the Group's paid-in share capital. The second legal reserve is appropriated at the rate of 10% of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Dividends paid and proposed

In the General Assembly meeting of the Bank dated 24 April 2010, decision was taken for profit distribution amounting to TL 357.821 out of year 2009 profit. As of the reporting date, dividend payment has been completed.

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ**Notes to the Condensed Consolidated Interim Financial Statements
As of and For the Six-Month Period Ended 30 June 2010***(Currency - In thousands of Turkish Lira)***14. Related party transactions**

The related party balances and transactions as at and for the six-month period ended 30 June 2010 are as follows:

Current period	Loans	Non-cash loans	Deposits	Interest and fee and commission income	Interest expense
Halk Finansal Kiralama AŞ	52.059	4.990	4.704	905	37
Demir Halkbank NV	-	78	-	-	-
Kredi Garanti Fonu İşletme ve Araştırma AŞ	-	820	26.742	11	643
Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ	-	2.251	28.394	5	916
Bileşim Alternatif Dağ. Kan. AŞ	-	-	-	-	21
MESBAŞ	-	-	1.173	-	19
Kredi Kayıt Bürosu AŞ	-	-	1.232	-	92
Fintek Finansal Teknoloji Hizmetleri AŞ	-	-	1	-	-

The related party balances as at 31 December 2009 and related party transactions for the six-month period ended 30 June 2009 are as follows:

Prior period	Loans	Non-cash loans	Deposits	Interest and fee and commission income	Interest expense
Halk Finansal Kiralama AŞ	58.611	11.953	5.248	1.921	-
Demir Halkbank NV	-	74	-	2.159	-
Kredi Garanti Fonu İşletme ve Araştırma AŞ	-	874	17.208	4	646
Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ	-	1.820	20.402	-	1.586
Kredi Kayıt Bürosu AŞ	-	-	2.270	-	-
Bileşim Alternatif Dağ. Kan. AŞ	-	-	-	-	113
MESBAŞ	-	-	-	-	328

In addition to the transactions and balances explained in the note above, the total remuneration of directors and other key members of key management during the period are as follows:

	30 June 2010	30 June 2009
Short-term compensation of key management personnel	3.131	1.264
Total	3.131	1.264

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

Notes to the Condensed Consolidated Interim Financial Statements As of and for the period ended 30 June 2010

(Currency - In thousands of Turkish Lira)

15. Commitments and contingencies

	30 June 2010	31 December 2009
Letters of guarantee	7.721.666	6.775.313
Derivatives	8.807.327	7.678.017
Commitments	11.341.816	5.817.586
Letters of credit	3.021.198	2.243.228
Acceptances	95.603	138.242
Other guarantees	180.208	157.929
Other suretyships	230	230
Total	31.168.048	22.810.545

Derivative financial instruments

A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instruments, reference rates or indices. Derivative financial instruments include forwards, currency swaps and options. The table below shows the fair values of derivative financial instruments. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at period-end and are neither indicative of the market risk nor credit risk.

	30 June 2010			31 December 2009		
	Fair value assets	Fair value liabilities	Notional amount	Fair value assets	Fair value liabilities	Notional amount
Currency swap contracts	20.329	25.605	6.941.662	2.962	43.826	5.788.976
Cross currency swap contracts	14.526	21.453	432.070	13.833	42.052	1.045.360
Other	5.961	3.363	1.433.595	3.733	3.078	843.681
Total	40.816	50.421	8.807.327	20.528	88.956	7.678.017

Litigations

TL 22.519 of provision for ongoing suits for which cash outflow is probable and measurable reliably is set by the Group in the financial statements (31 December 2009: TL 21.518).

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

Notes to the Condensed Consolidated Interim Financial Statements As of and For the Six-Month Period Ended 30 June 2010

(Currency - In thousands of Turkish Lira)

16. Earnings per share

Basic earnings per share (EPS) are calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	Number of shares issued attributable to				Total	Closing
	Opening	Cash	Transfers from retained earnings	Reinvestment of dividend payment		
2003 and before	1,331,120,919	-	-	-	-	1,331,120,919
2004	1,331,120,919	-	-	-	-	1,331,120,919
2005	1,331,120,919	-	-	-	-	1,331,120,919
2006	1,331,120,919	100,000,000	-	-	100,000,000	1,431,120,919
2007	1,431,120,919	-	-	-	-	1,431,120,919
2008	1,431,120,919	-	-	-	-	1,431,120,919
2009	1,431,120,919	-	-	-	-	1,431,120,919
30 June 2010	1,431,120,919	-	-	-	-	1,431,120,919

There is no dilution of shares as of 30 June 2010 and 31 December 2009.

The following reflects income share data used in the basic earnings per share computations:

	30 June 2010	30 June 2009
Net profit for the period attributable to equity holders of the Bank	1.040.900	791.557
Weighted average number of ordinary shares for basic earnings per share	1,431,120,919	1,431,120,919
Basic earnings per share	0,00073	0,00055

There have been no other transactions involving ordinary shares as of the date of this report.

17. Subsequent events

As at 26 July 2010, with the changing about comminué of Reserve Deposits (Article: 2010/7), the rate for reserve deposits of foreign currency liabilities increased from 9,5% to 10%.

The Bank provided 2 different pieces of "Syndication Loan" with one year maturity amounting USD 130.000.000 and EUR 349.000.000 from international markets and signed the agreement deal on 15 July 2010. In addition, the Bank authorized 11 other banks as equal regulators in order to acquire other syndication loan with the same terms.

The Bank provided a new source from international markets amounting EUR 75.000.000 with 5 year maturity.

With the decision of Board of Directors for founding, "Halk Gayrimenkul Yatırım Ortaklığı Anonim Şirketi" pre-permission applications have been done to "Banking Regulation and Supervision Agency" and "Capital Markets Board of Turkey".