



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

Condensed Consolidated Interim Financial Statements
For the Six-Month Period Ended
30 June 2011
With Independent Auditors' Report on Review of
Interim Financial Information Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

25 August 2011

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 24 pages.

Türkiye Halk Bankası Anonim Şirketi

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**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 2011, 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.

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 Group as at 30 June 2011 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

KPMG Akis Bağımsız Denetim ve SHMM AŞ

25 August 2011
İstanbul, Turkey

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ
Condensed Consolidated Statement of Financial Position
As of 30 June 2011

(Currency - In thousands of Turkish Lira)

	<i>Notes</i>	30 June 2011	31 December 2010
Assets			
Cash on hand		413.088	379.297
Due from banks		1.352.280	1.228.793
Balances with Central Bank	10	8.117.108	4.270.268
Financial assets at fair value through profit or loss		113.454	89.987
- <i>Trading securities</i>		82.336	55.680
- <i>Derivative financial instruments</i>	19	31.118	34.307
Loans and advances	11	51.721.374	44.385.099
Finance lease receivables		658.944	-
Insurance premium receivables		147.863	94.762
Investment securities:	12	21.476.322	20.251.411
- <i>Available-for-sale investment securities</i>		8.880.556	7.501.571
- <i>Held-to-maturity investment securities</i>		12.595.766	12.749.840
Investment in equity-accounted investees		153.338	183.687
Property and equipment	13	1.207.780	1.244.407
Intangible assets		38.931	18.655
Non-current assets held for sale		127.627	98.131
Deferred tax assets		160.992	201.279
Other assets		986.031	704.243
Total assets		86.675.132	73.150.019
Liabilities			
Deposits from banks		4.261.644	3.223.828
Deposits from customers		53.921.814	51.330.587
Obligations under repurchase agreements		10.382.061	3.155.055
Loan and advances from institutions		6.752.614	5.121.319
Interbank money market borrowings		136.520	125.768
Derivative financial instruments	19	38.080	39.151
Insurance contract liabilities		399.450	278.843
Provisions		448.088	405.055
Income tax payables		102.479	188.812
Deferred tax liability		1.949	-
Other liabilities		1.920.956	1.380.090
Total liabilities		78.365.655	65.248.508
EQUITY			
Share capital	15	2.578.184	2.578.184
Reserves		712.385	733.879
Retained earnings		5.010.160	4.582.964
Total equity attributable to equity holders of the Bank		8.300.729	7.895.027
Non-controlling interests		8.748	6.484
Total liabilities and equity		86.675.132	73.150.019

The notes on pages 6 to 24 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 2011

(Currency - In thousands of Turkish Lira)

	<i>Notes</i>	For the six-month period ended 30 June 2011	For the six-month period ended 30 June 2010
Interest income:			
-Interest income on loans		2.337.006	2.037.952
-Interest income on securities		911.232	1.077.490
-Interest income on deposits at banks		3.670	43.358
-Interest income on other money market placements		128	13
-Other interest income		3.853	8.292
		3.255.889	3.167.105
Interest expense:			
-Interest expense on deposits		(1.442.653)	(1.282.424)
-Interest expense on other money market deposits		(201.578)	(162.508)
-Interest expense on borrowings		(52.445)	(28.212)
-Other interest expense		(17.914)	(21.422)
		(1.714.590)	(1.494.566)
Net interest income		1.541.299	1.672.539
Fees and commission income	<i>20</i>	377.562	312.439
Fees and commission expenses	<i>20</i>	(52.708)	(47.235)
Net fee and commission income		324.854	265.204
Income from insurance operations		147.637	39.775
Cost of insurance operations		(108.456)	(26.181)
Net income from insurance operations		39.181	13.594
Net trading income from securities		52.866	122.719
Net trading income/(loss) from derivative financial instruments		186.728	(247.784)
Foreign exchange (losses)/gains, net		(143.225)	200.482
Net impairment losses on financial assets	<i>11</i>	65.422	(95.196)
Dividend income		5.552	6.328
Other operating income	<i>21</i>	75.793	103.954
Other operating expenses	<i>22</i>	(865.549)	(752.060)
Operating profit		1.282.921	1.289.780
Share of profit of equity-accounted investees		93	6.515
Profit before income tax		1.283.014	1.296.295
Income tax expense	<i>14</i>	(244.572)	(255.026)
Profit for the period		1.038.442	1.041.269
Other comprehensive income, net of income tax			
Fair value reserve (available-for-sale financial assets):			
Net change in fair value		(119.833)	13.084
Net amount transferred to profit or loss		(63.304)	(34.130)
Foreign currency translation differences		16.798	(603)
Net gain on hedge of net investment in foreign operation, net of tax		-	2.772
Other comprehensive income for the period, net of tax		(166.339)	(18.877)
Total comprehensive income for the period		872.103	1.022.392

The notes on pages 6 to 24 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 2011

(Currency - In thousands of Turkish Lira)

	For the six-month period ended 30 June 2011	For the six-month period ended 30 June 2010
Profit attributable to:		
Equity holders of the Bank	1.039.533	1.040.900
Non-controlling interests	(1.091)	369
Profit for the period	1.038.442	1.041.269
Total comprehensive income attributable to:		
Equity holders of the Bank	873.188	1.022.021
Non-controlling interests	(1.085)	371
Total comprehensive income for the period	872.103	1.022.392
Basic and diluted earnings per share (full TL per share)	0,8316	0,8327

The notes on pages 6 to 24 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 2011

(Currency - In thousands of Turkish Lira)

	Notes	Share capital	Reserves			Retained earnings	Total	Non-controlling interests	Total equity
			Fair value reserve	Hedging reserve	Other reserves				
Balances at 1 January 2010		2.578.184	26.401	(10.087)	515.312	3.101.032	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	16	-	-	-	105.002	(105.002)	-	-	-
Dividends to equity holders		-	-	-	-	(357.821)	(357.821)	-	(357.821)
Changes in non-controlling interests		-	-	-	-	433	433	(433)	-
Balances at 30 June 2010		2.578.184	5.353	(5.202)	619.711	3.677.429	6.875.475	6.741	6.882.216
Balances at 1 January 2011		2.578.184	113.530	-	620.349	4.582.964	7.895.027	6.484	7.901.511
Total comprehensive income for the period									
Net profit of the period		-	-	-	-	1.039.533	1.039.533	(1.091)	1.038.442
Other comprehensive income, net of tax		-	-	-	-	-	-	-	-
Fair value reserve (available-for-sale financial assets):		-	-	-	-	-	-	-	-
Net change in fair value		-	(119.839)	-	-	-	(119.839)	6	(119.833)
Net amount transferred to profit or loss		-	(63.304)	-	-	-	(63.304)	-	(63.304)
Foreign currency translation differences		-	-	-	16.798	-	16.798	-	16.798
Total other comprehensive income		-	(183.143)	-	16.798	-	(166.345)	6	(166.339)
Total comprehensive income for the period		-	(183.143)	-	16.798	1.039.533	873.188	(1.085)	872.103
Transactions with the owners, recorded directly in equity									
Transfers to other reserves	16	-	-	-	144.851	(144.851)	-	-	-
Dividends to equity holders	16	-	-	-	-	(467.486)	(467.486)	(536)	(468.022)
Changes in ownership interests in subsidiaries									
Acquisition of a subsidiary		-	-	-	-	-	-	3.885	3.885
Balances at 30 June 2011		2.578.184	(69.613)	-	781.998	5.010.160	8.300.729	8.748	8.309.477

The notes on pages 6 to 24 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 2011

(Currency - In thousands of Turkish Lira)

	<i>Notes</i>	For the six-month period ended 30 June 2011	For the six-month period ended 30 June 2010
Cash flows from operating activities			
Profit for the period		1.038.442	1.041.269
Adjustments for:			
Depreciation and amortisation	22	42.848	37.682
(Reversal of) net impairment loss on loans and advances	11	(65.422)	95.196
Net interest income		(1.541.299)	(1.672.539)
Dividend income		(5.552)	(6.328)
Provision for employee termination benefits	22	30.780	9.294
(Reversal of) impairment losses on property and equipment		738	(1.133)
Net gain on sale of property and equipment	13	(37.559)	(25.024)
Share of profit of equity-accounted investees		(93)	(6.515)
Income tax expense		244.572	255.026
		(292.545)	(273.072)
Change in financial assets at fair value through profit or loss		(20.477)	(29.569)
Change in loans and advances		(6.978.483)	(5.774.846)
Change in other assets		(827.502)	(778.170)
Change in deposits from banks		1.043.278	1.175.667
Change in deposits from customers		2.339.601	6.005.695
Change in obligations under repurchase agreements		7.226.196	(1.347.392)
Change in loans and advances from institutions		1.103.084	308.659
Change in other liabilities		407.576	270.398
Interest received		3.153.680	3.187.689
Dividends received		4.483	1.011
Interest paid		(1.662.717)	(1.329.683)
Income tax paid		(255.768)	(295.260)
Employee termination benefits paid		(5.287)	(6.408)
Net cash provided from operating activities		5.235.119	1.114.719
Cash flows from investing activities			
Acquisitions of available-for-sale investment securities		(2.728.513)	(3.773.363)
Proceeds from sale of available-for-sale investment securities		1.857.213	4.156.450
Acquisitions of held to maturity investment securities	12	(477.522)	(2.395.941)
Proceeds from sale of held to maturity investment securities	12	127.810	1.883.206
Acquisitions of investments in equity participations	9	(39.133)	(944)
Acquisitions of property and equipment	13	(154.665)	(56.305)
Proceeds from sale of property and equipment	13	172.283	95.739
Acquisitions of intangible assets		(4.128)	(2.988)
Net cash used in investing activities		(1.246.655)	(94.146)
Cash flows from financing activities			
Dividends paid		(468.022)	(357.821)
Net cash used in financing activities		(468.022)	(357.821)
Net increase in cash and cash equivalents		3.520.442	662.752
Cash and cash equivalents at 1 January		4.557.605	3.732.344
Effect of exchange rate fluctuations on cash held		54.394	154.213
Cash and cash equivalents at 30 June		8.132.441	4.549.309

The notes on pages 6 to 24 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 2011

(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 2011, the Bank operates 756 branches, including 752 domestic branches, 3 branches in Cyprus and 1 in Bahrain. In addition, it has a representative branch in Iran. The operations of Türkiye Halk Bankası AŞ and subsidiaries (collectively the “Group”) consist of banking, securities brokerage, insurance, real estate and leasing services provided primarily to local customers. The consolidated financial statements of the Group include the accounts of the Bank, Halk Yatırım Menkul Değerler AŞ, Halk Sigorta AŞ, Halk Hayat ve Emeklilik AŞ, Halk Gayrimenkul Yatırım Ortaklığı AŞ, Halk Finansal Kiralama AŞ, Halk Portföy Yönetimi AŞ and Halk Banka AD, Skopje.

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 10 May 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 - Halk Sigorta AŞ, a property, health and casualty insurance company, Halk Hayat ve Emeklilik AŞ, a life insurance company, and Halk Yatırım Menkul Değerler AŞ, an equity brokerage services company.

The Bank established Halk Gayrimenkul Yatırım Ortaklığı AŞ in 2010. Halk Gayrimenkul Yatırım Ortaklığı AŞ’s main line of business is to form and improve real estate portfolios and to invest in real estate based capital market instruments based on the Capital Markets Board of Turkey’s (“CMB”) regulation regarding the investment properties.

The Group established Halk Portföy Yönetimi AŞ in 2011. Halk Portföy Yönetimi AŞ’s main line of business is to provide portfolio and fund management services.

On 27 May 2011, the Group obtained the control of Halk Finansal Kiralama AŞ (“Halk Leasing”) by acquiring 52,24% of the shares and voting interests in the company. As a result, the Group’s equity interest in Halk Leasing increased from 47,75% to 99,99%. Halk Leasing was established in September 1991 in Turkey and operates under the provisions of the Turkish financial leasing law number 3226.

On 8 April 2011, the Group obtained the control of Halk Banka AD, Skopje, formerly Export and Credit Bank AD Skopje by acquiring 91,56% of the shares and voting interests in the bank. Halk Banka AD, Skopje is operating in Republic of Macedonia. Its main activities include commercial lending, receiving of deposits, foreign exchange deals, payment operation services in the country and abroad and retail banking services.

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

Notes to the Condensed Consolidated Interim Financial Statements As of and For the Six-Month Period Ended 30 June 2011

(Currency - In thousands of Turkish Lira)

2. Statement of compliance

These condensed consolidated interim financial statements as of 30 June 2011 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 2010. The accompanying condensed consolidated interim financial statements are authorised for issue by the directors on 25 August 2011.

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.

4. Basis of consolidation

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

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 unrealised gains on intra-group transactions are eliminated; unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

Notes to the Condensed Consolidated Interim Financial Statements As of and For the Six-Month Period Ended 30 June 2011

(Currency - In thousands of Turkish Lira)

5. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2010.

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 2010.

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 2010.

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

Notes to the Condensed Consolidated Interim Financial Statements As of and For the Six-Month Period Ended 30 June 2011

(Currency - In thousands of Turkish Lira)

8. Operating segments

The Group has five reportable segments, Corporate, Commercial, Entrepreneur, Treasury / Investment and Insurance, 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	Other	Undistributed	Eliminations	Group
Interest income	425.604	323.660	3.384.693	2.673.606	6.687	2.952	-	(3.561.313)	3.255.889
Interest expense	(328.099)	(224.936)	(2.461.153)	(2.259.570)	-	(2.145)	-	3.561.313	(1.714.590)
Net interest income	97.505	98.724	923.540	414.036	6.687	807	-	-	1.541.299
Net fee and commission income	31.051	30.926	240.506	12.508	-	9.863	-	-	324.854
Income from insurance operations	-	-	-	-	147.637	-	-	-	147.637
Cost of insurance operations	-	-	-	-	(108.456)	-	-	-	(108.456)
Net trading income from securities	-	-	-	52.861	-	5	-	-	52.866
Net trading loss from derivative transactions	-	-	-	186.708	-	20	-	-	186.728
Foreign exchange gain/(losses), net	-	-	-	(143.498)	273	-	-	-	(143.225)
Net impairment losses on loans and advances	(1.007)	(5.068)	(6.046)	77.544	-	(1)	-	-	65.422
Dividend income	-	-	-	48.410	1.279	153	-	(44.290)	5.552
Other income	1.017	7.857	75.810	93	5.761	8.464	-	(23.116)	75.886
Other expenses	(7.295)	(25.526)	(416.921)	(393.505)	(22.728)	(9.871)	-	10.297	(865.549)
Profit from before income tax	121.271	106.913	816.889	255.157	30.453	9.440	-	(57.109)	1.283.014
Income tax expense	-	-	-	-	(4.681)	(1.467)	(238.424)	-	(244.572)
Profit for the period	121.271	106.913	816.889	255.157	25.772	7.973	(238.424)	(57.109)	1.038.442

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ
Notes to the Condensed Consolidated Interim Financial Statements
As of and For the Six-Month Period Ended 30 June 2011

(Currency - In thousands of Turkish Lira)

8. Operating segments (continued)

The segment results as at 30 June 2010 are as follows:

Prior period	Corporate	Commercial	Entrepreneur	Treasury /Investment	Insurance	Securities brokerage	Undist- ributed	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	3.388	-	9.417	-	-	265.204
Income from insurance operations	-	-	-	-	39.775	-	-	-	39.775
Cost of insurance operations	-	-	-	-	(26.181)	-	-	-	(26.181)
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
Net impairment losses on loans and advances	(2.767)	(10.412)	(31.742)	(50.275)	-	-	-	-	(95.196)
Dividend income	-	-	-	5.535	793	-	-	-	6.328
Other income	1.625	12.191	28.919	21.506	54.671	-	-	(8.443)	110.469
Other expenses	(5.590)	(21.368)	(332.823)	(338.184)	(40.631)	(6.254)	-	(7.210)	(752.060)
Profit from before income tax	85.707	69.446	730.851	385.276	34.282	6.386	-	(15.653)	1.296.295
Income tax expense	-	-	-	-	(3.454)	(1.532)	(250.040)	-	(255.026)
Profit for the period	85.707	69.446	730.851	385.276	30.828	4.854	(250.040)	(15.653)	1.041.269

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

Notes to the Condensed Consolidated Interim Financial Statements As of and For the Six-Month Period Ended 30 June 2011

(Currency - In thousands of Turkish Lira)

8. Operating segments (continued)

The segment assets and liabilities as at 30 June 2011 are as follows:

Assets and liabilities	Corporate	Commercial	Entrepreneur	Treasury /Investment	Insurance	Other	Undistributed ⁽¹⁾	Eliminations	Group
Segment assets	6.680.240	7.526.410	33.466.919	36.072.083	434.305	1.245.152	1.713.152	(616.467)	86.521.794
Investment in equity- accounted investees	-	-	-	-	-	-	158.417	(5.079)	153.338
Total assets	6.680.240	7.526.410	33.466.919	36.072.083	434.305	1.245.152	1.871.569	(621.546)	86.675.132
Segment liabilities	6.529.738	2.626.549	44.561.870	23.612.463	365.011	1.105.045	-	(435.021)	78.365.655
Total liabilities	6.529.738	2.626.549	44.561.870	23.612.463	365.011	1.105.045	-	(435.021)	78.365.655

(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 2010 are as follows:

Assets and liabilities	Corporate	Commercial	Entrepreneur	Treasury /Investment	Insurance	Other	Undistributed ⁽¹⁾	Eliminations	Group
Segment assets	7.015.241	5.858.411	28.214.424	30.038.769	431.855	201.693	1.623.075	(417.136)	72.966.332
Investment in equity- accounted investees	-	-	-	-	-	-	187.922	(4.235)	183.687
Total assets	7.015.241	5.858.411	28.214.424	30.038.769	431.855	201.693	1.810.997	(421.371)	73.150.019
Segment liabilities	7.256.397	2.768.067	40.942.573	14.078.527	296.821	137.597	-	(231.474)	65.248.508
Total liabilities	7.256.397	2.768.067	40.942.573	14.078.527	296.821	137.597	-	(231.474)	65.248.508

(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 2011

(Currency - In thousands of Turkish Lira)

9. Acquisition of subsidiaries

Halk Finansal Kiralama AŞ

On 27 May 2011, the Group obtained the control of Halk Leasing by acquiring 52,24% of the shares and voting interests in the company. As a result, the Group's equity interest in Halk Leasing increased from 47,75% to 99,99%.

Taking control of Halk Leasing will enable the Group to penetrate the financial leasing sector with using the Bank's customer portfolio. Therefore, the Group expects to increase its market share in the financial leasing market.

If the acquisition had occurred on 1 January 2011, management estimates that consolidated profit for the period would have been TL 1.050.442. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2011.

The Bank acquired 52,24% of the shares and voting interests of Halk Leasing in cash amounting to TL 62.663.

Identifiable assets acquired and liabilities assumed

	30 June 2011
Finance lease receivables	659.783
Deferred tax assets	20.358
Cash and cash equivalents	4.698
Tangible assets	4.522
Intangible assets	60
Other assets	36.888
Loans and advances from banks	(597.495)
Other liabilities	(20.962)
Total net identifiable assets	107.852

Pre-acquisition carrying amounts of Halk Leasing were determined based on the applicable IFRSs immediately before the acquisition. The values of assets, liabilities and contingent liabilities recognised on acquisition are their estimated fair values and according to their estimated fair values no goodwill has been recognised as a result of Halk Leasing acquisition. In accordance with IFRS 3 "Business Combinations", the measurement period shall not exceed one year from the acquisition date and the provisional amounts recognised in the acquisition date should be corrected.

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

Notes to the Condensed Consolidated Interim Financial Statements As of and For the Six-Month Period Ended 30 June 2011

(Currency - In thousands of Turkish Lira)

9. Acquisition of subsidiaries (continued)

Halk Banka AD, Skopje

On 8 April 2011, the Group obtained the control of Halk Banka AD, Skopje by acquiring 91,56% of the shares and voting interests in the company. Halk Banka AD, Skopje is operating in Republic of Macedonia. Its main activities include commercial lending, receiving of deposits, foreign exchange deals, payment operation services in the country and abroad and retail banking services.

Taking control of Halk Banka AD, Skopje will enable the Group to operate in Republic of Macedonia.

The Bank acquired 91,56% of the shares and voting interests of Halk Banka AD, Skopje in cash amounting to TL 42.145.

Identifiable assets acquired and liabilities assumed

	30 June 2011
Loans and advances	191.400
Cash and cash equivalents	60.977
Investment securities	34.445
Property and equipment	21.731
Intangible assets	17.280
Other assets	22.496
Deposits	(236.092)
Loans and advances from banks	(58.430)
Deferred tax liabilities	(1.949)
Other liabilities	(5.828)
Total net identifiable assets	46.030

The fair value of intangible assets (Halk Banka AD, Skopje's banking license, patent and customer relations) and property and equipment has been determined provisionally pending completion of an independent valuation.

Pre-acquisition carrying amounts of Halk Banka AD, Skopje were determined based on the applicable IFRSs immediately before the acquisition. The values of assets, liabilities and contingent liabilities recognised on acquisition are their estimated fair values and according to their estimated fair values no goodwill has been recognised as a result of Halk Banka AD, Skopje acquisition. In accordance with IFRS 3 "Business Combinations", the measurement period shall not exceed one year from the acquisition date and the provisional amounts recognised in the acquisition date should be corrected.

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

Notes to the Condensed Consolidated Interim Financial Statements As of and For the Six-Month Period Ended 30 June 2011

(Currency - In thousands of Turkish Lira)

9. Acquisition of subsidiaries (continued)

Net cash outflow

Net cash outflow due to acquisition of Halk Banka AD, Skopje and Halk Leasing is as follows:

Consideration paid	104.808
Less: Cash associated with purchased assets	(65.675)
Net cash outflow due to acquisition	39.133

Acquisition related costs

The Group incurred acquisition related costs of EUR 99.500 related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included other operating expenses in the Group's consolidated statement comprehensive income.

10. Balances with Central Bank

As at 30 June 2011 Balances with Central Bank include restricted reserve deposits amounting to TL 1.675.106 (31 December 2010: TL 1.320.565) at the Central Bank of Turkey and unrestricted reserve deposits amounting to TL 6.442.002 (31 December 2010: TL 2.949.703).

The banks operating in Turkey keep reserve deposits for Turkish currency liabilities in TL specified rates between 5% and 16% according to their maturities (31 December 2010: 6%), foreign currency liabilities in USD or EUR at the rates between 11% and 12% according to their maturities (31 December 2010: 11%), respectively as per the Communiqué no. 2011/6 "Reserve Deposits" of the Central Bank of Turkey.

Reserve deposits required by the Central Bank of Turkey are not interest bearing.

11. Loans and advances to customers

As at 30 June 2011 and 31 December 2010, all the loans and advances to customers are at amortised cost.

	30 June 2011	31 December 2010
Performing loans	51.364.020	44.003.264
Non-performing loans	1.667.850	1.757.753
Gross amount	53.031.870	45.761.017
Specific allowance for impairment on loans	(1.051.388)	(1.065.241)
Portfolio allowance for impairment on loans	(259.108)	(310.677)
Carrying amount	51.721.374	44.385.099

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ**Notes to the Condensed Consolidated Interim Financial Statements
As of and For the Six-Month Period Ended 30 June 2011***(Currency - In thousands of Turkish Lira)***11. Loans and advances to customers (continued)****Allowance for impairment including the portfolio basis allowances**

	30 June 2011	30 June 2010
Balance on 1 January	(1.375.918)	(1.297.478)
Net impairment loss/reversals for the period:	65.422	(95.196)
- Charge for the period	(173.453)	(233.441)
- Recoveries and reversals	238.875	138.245
Balance at end of the period	(1.310.496)	(1.392.674)

12. Securities portfolio**Available-for-sale investment securities**

At 30 June 2011 and 31 December 2010, available for sale securities portfolio comprised the following:

	30 June 2011	31 December 2010
Treasury bills and government bonds	8.857.356	7.481.355
Equity shares	36.065	33.081
Allowance for impairment on securities	(12.865)	(12.865)
Total of available for sale securities	8.880.556	7.501.571

Available-for-sale securities include securities given as collateral amounting to TL 55.906 (31 December 2010: TL 38.313) and securities subject to repurchase agreements amounting to TL 1.727.552.

Held to maturity investment securities

	30 June 2011	31 December 2010
Debt securities:		
Quoted on a stock exchange	10.186.021	10.360.874
Not quoted	2.409.745	2.388.966
Total	12.595.766	12.749.840

Held to maturity investments comprised the following items:

	30 June 2011	31 December 2010
Treasury bills and government bonds	12.595.766	12.749.840
Total	12.595.766	12.749.840

Held to maturity investment securities include securities given as collateral amounting to TL 2.842.688 (31 December 2010: TL 2.376.679) securities subject to repurchase agreements amounting to TL 8.721.013 (31 December 2010: TL 3.260.370).

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

Notes to the Condensed Consolidated Interim Financial Statements As of and For the Six-Month Period Ended 30 June 2011

(Currency - In thousands of Turkish Lira)

12. Securities portfolio (continued)

Held to maturity investment securities (continued)

The movements of held to maturity investment securities in the six-month periods ended 30 June 2011 and 30 June 2010 are as follows:

	30 June 2011	30 June 2010
Beginning balance	12.749.840	16.573.548
Foreign currency differences	144.004	(14.112)
Purchases during the period ⁽¹⁾	495.987	3.127.589
Disposals through sales and redemptions ⁽²⁾	(811.524)	(6.937.185)
Securities acquired through business combinations	17.459	-
Balance at the of the period / year	12.595.766	12.749.840

(1) Differences between current period interest income accrual amounting to TL 521.497 and prior year interest accrual amounting to TL 503.032 has been included in purchases row.

(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 2011, the Bank reclassified TL 683.714 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.

13. Property and equipment

During the six-month period ended 30 June 2011, the Group acquired property and equipment with a cost of TL 177.179 (six-month period ended 30 June 2010: TL 56.305), including assets acquired through business combinations of TL 22.514 (six-month period ended 30 June 2010: nil).

Property and equipment with a carrying amount of TL 134.724 were disposed of during six-month period ended 30 June 2011 (six-month period ended 30 June 2010: TL 70.715), resulting in a net gain on disposal of TL 37.559 (six-month period ended 30 June 2010: net gain of TL 25.024), which is included in other income. Assets with a carrying amount of TL 96.674 were transferred to non-current asset held for sale (six-month period ended 30 June 2010: TL 53.316).

14. Income taxes

The Group is subject to taxation in accordance with the tax procedures and the legislation effective in Turkey. Corporate income tax is 20% on the statutory corporate income tax base, which is determined by modifying accounting income for certain exclusions and allowances for tax purposes as at 30 June 2011 (31 December 2010: 20%). Provision is made in the accompanying consolidated financial statements for the estimated charge based on the Group's results for the period.

The Group's consolidated effective tax rate in respect of continuing operations as at and for the six-month period ended 30 June 2011 is 19,1% (30 June 2010: 19,7%).

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

Notes to the Condensed Consolidated Interim Financial Statements As of and For the Six-Month Period Ended 30 June 2011

(Currency - In thousands of Turkish Lira)

14. Income taxes (continued)

Tax applications for foreign branches and foreign operations

The principal tax rates (%) of the tax authorities in each country used to calculate deferred taxes as of 30 June 2011 and 31 December 2010 are as follows:

	30 June 2011	31 December 2010
Northern Cyprus	10%	10%
Bahrain	-	-
Republic of Macedonia	10%	-

15. Share capital

	30 June 2011	31 December 2010
TL 1 (in full TL), par value	1.250.000.000	1.250.000.000
Total number of shares	1.250.000.000	1.250.000.000
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

16. Reserves and dividends paid and proposed

Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments, excluding impairment losses, until the investment is derecognised.

Other reserves

Other reserves consist of legal reserves kept within the Group and translation reserve.

Legal reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the entity's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the entity's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted. The legal reserves as at 30 June 2011 is TL 765.200 (31 December 2010: TL 620.349).

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign operation. The translation reserve as at 30 June 2011 is TL 16.798.

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

Notes to the Condensed Consolidated Interim Financial Statements As of and For the Six-Month Period Ended 30 June 2011

(Currency - In thousands of Turkish Lira)

16. Reserves and dividends paid and proposed (continued)

Dividends paid and proposed

In the General Assembly meeting of the Bank dated 14 February 2011, decision was taken for profit distribution amounting to TL 467.486 out of year 2010 profit. As of the reporting date, dividend payment has been completed.

17. 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.

There is no dilution of shares as of 30 June 2011 and 30 June 2010.

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

	30 June 2011	30 June 2010
Net profit attributable to ordinary shareholders for basic earnings per share	1.039.533	1.040.900
Weighted average number of ordinary shares for basic earnings per share	1,250,000,000	1,250,000,000
Basic earnings per share (full TL per share)	0,8316	0,8327

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

18. Related party transactions

A party is related to an entity if: the party controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries); has an interest in the entity that gives it significant influence over the entity or has joint control over the entity. For the purpose of these consolidated financial statements, unconsolidated subsidiaries, associates, shareholders are referred to as related parties. Related parties also include individuals that are principal owners, management and members of the Group's Board of Directors and their families and also post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

The immediate parent and ultimate controlling party respectively of the Group is Turkish Prime Ministry Privatization Administration (incorporated in Turkey). Transactions between the Bank and its subsidiaries, which are related parties of the Bank, have been eliminated on consolidation and are not disclosed in this note.

Transactions with key management personnel

Key management personnel comprise of the Group's directors and key management executive officers.

As of 30 June 2011 and 30 June 2010 the Group's directors and executive officers have no outstanding personnel loans from the Bank.

In addition to their salaries, the Group also provides non-cash benefits to directors.

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

Notes to the Condensed Consolidated Interim Financial Statements As of and For the Six-Month Period Ended 30 June 2011

(Currency - In thousands of Turkish Lira)

18. Related party transactions (continued)

Transactions with key management personnel (continued)

Total compensation provided to key management personnel is:

	30 June 2011	30 June 2010
Salaries and short-term benefits	4.746	3.131

The Bank has agreements or protocols with several of its shareholders, consolidated subsidiaries and affiliates of the shareholders. The Bank's management believes that all such agreements or protocols are on terms that are at least as advantageous to the Bank as would be available in transactions with third parties and the transactions are consummated at their fair values. None of these balances is secured.

Other related party transactions

Current period	Cash loans and advances	Non-cash loans and advances	Deposits	Interest income	Interest expense	Commission income
Demir-Halk Bank NV	-	80	-	-	-	-
Kredi Garanti Fonu İşletme ve Araştırma AŞ	-	932	25.233	-	496	10
KOBİ Girişim Sermayesi Yatırım Ortaklığı AŞ	-	2.600	27.639	-	1.051	6
Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sis. AŞ	-	-	3.028	-	82	-
Kredi Kayıt Bürosu AŞ	-	-	204	-	20	-
Total	-	3.612	56.104	-	1.649	16

Non-cash loans due from Demir-Halk Bank NV comprise USD 50.000 (31 December 2010: USD 50.000).

Prior period	Cash loans and advances	Non-cash loans and advances	Deposits	Interest income	Interest expense	Commission income
Halk Finansal Kiralama AŞ	75.704	24.220	3.691	898	37	7
Demir-Halk Bank NV	-	76	-	-	-	-
Kredi Garanti Fonu İşletme ve Araştırma AŞ	-	665	25.776	-	643	11
KOBİ Girişim Sermayesi Yatırım Ortaklığı AŞ	-	2.251	26.474	-	916	5
Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sis. AŞ	-	-	329	-	21	-
Mersin Serbest Bölge İşletmesi AŞ	-	-	1.168	-	19	-
Kredi Kayıt Bürosu AŞ	-	-	1.690	-	92	-
Total	75.704	27.212	59.128	898	1.728	23

As of 31 December 2010, cash loans due from Halk Finansal Kiralama AŞ realised in currencies other than functional currency comprise cash loans USD 17.500.000 and EUR 27.000.000 and non cash loans comprise USD 2.220.958, EUR 9.570.000 and CHF 789.275.

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

Notes to the Condensed Consolidated Interim Financial Statements As of and For the Six-Month Period Ended 30 June 2011

(Currency - In thousands of Turkish Lira)

18. Related party transactions (continued)

Agreements with related parties

Halk Sigorta AŞ and Halk Hayat ve Emeklilik AŞ:

Halk Sigorta AŞ and Halk Hayat ve Emeklilik AŞ provide insurance services in terms of individual, groups and individual accident insurance and life insurance. According to agreement between the Bank and the Company, branches are assigned so as to operate as agencies of Halk Sigorta AŞ and Halk Hayat ve Emeklilik AŞ.

Halk Yatırım Menkul Değerler AŞ:

Halk Yatırım Menkul Değerler AŞ performs capital markets operations as public offering intermediaries, repurchase and reverse repurchase agreements, portfolio management and investment consulting. The Company is ranked in the mid-positions between more than 100 companies operating in the sector. According to the agreement between the Bank and the Company, branches are assigned so as to operate as agencies of the Company.

Kredi Garanti Fonu İşletme ve Araştırma AŞ:

Kredi Garanti Fonu İşletme ve Araştırma AŞ is supporting the Small and Medium Size Enterprises (SME's) by providing guarantee for their financing and consequently increasing the credit usage in general. According to agreement with the Bank and the Company, it is decided to establish a responsibility fund which would be the collateral of the guarantee commitments given by the Company for SME's to utilize loans from the Bank.

19. Commitments and contingencies

	30 June 2011	31 December 2010
Letters of guarantee issued	10.506.272	8.943.017
Letters of credit	3.900.111	3.377.338
Acceptance credits	296.356	149.594
Other	332.449	256.403
Total non-cash loans	15.035.188	12.726.352
Other commitments	6.361.277	5.771.870
Insurance commitments	431.641.062	383.645.469
Credit card limit commitments	4.364.877	4.116.008
Total	457.402.404	406.259.699

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

Notes to the Condensed Consolidated Interim Financial Statements As of and For the Six-Month Period Ended 30 June 2011

(Currency - In thousands of Turkish Lira)

19. Commitments and contingencies (continued)

Fiduciary activities

The Group provides custody, investment management and advisory services to third parties. Those assets that are held in a fiduciary capacity are not included in the accompanying financial statements.

The Group also manages six investment funds, which were established under the regulations of the Capital Markets Board of Turkey. In accordance with the funds' charters, the Group purchases and sells marketable securities on behalf of funds, markets their participation certificates and provides other services in return for a management fee and undertakes management responsibility for their operations.

Letters of guarantee given to Istanbul Stock Exchange (ISE) and Istanbul Gold Market (IGM)

As of 30 June 2011, according to the general requirements of the ISE, security guarantee amounting to TL 126.558 (31 December 2010: letter of guarantee amounting to TL 55.162) were provided to ISE for bond and stock market transactions and letter of guarantee amounting to USD 10.000 (31 December 2010: None) was obtained from the local bank and were provided to IGM for market transactions.

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 2011			31 December 2010		
	Fair value assets	Fair value liabilities	Notional amount	Fair value assets	Fair value liabilities	Notional amount
Currency swap contracts	6.059	17.067	3.383.412	13.726	24.161	3.179.800
Other swap contracts	21.136	-	437.320	9.812	13.513	426.820
Other	3.923	21.013	2.623.240	10.769	1.477	1.254.422
Total	31.118	38.080	6.443.972	34.307	39.151	4.861.042

Litigations

TL 22.059 of provision for ongoing suits for which cash outflow is probable and measurable reliably is set by the Group in the condensed consolidated interim financial statements (31 December 2010: TL 22.493).

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ**Notes to the Condensed Consolidated Interim Financial Statements
As of and For the Six-Month Period Ended 30 June 2011***(Currency - In thousands of Turkish Lira)***20. Fees and commission income and expenses**

	30 June 2011	30 June 2010
Fees and commission income		
Banking	367.516	302.860
Brokerage	10.046	9.579
Total	377.562	312.439
Fees and commission expenses		
Banking	(52.525)	(47.106)
Brokerage	(183)	(129)
Total	(52.708)	(47.235)

21. Other operating income

	30 June 2011	30 June 2010
Gain on sale of property and equipment	39.066	26.841
Reversal from prior years' provision	7.545	57.058
Income from other banking services	6.135	4.525
Rent income	3.298	3.055
Other	19.749	12.475
Total	75.793	103.954

22. Other operating expense

	30 June 2011	30 June 2010
Administrative expenses	279.264	208.589
Staff costs:		
Personnel expenses	383.873	333.944
Retirement pay provision	30.780	9.294
Depreciation and amortisation expense	42.848	37.682
Taxes, duties, charges and premium expenses	35.256	33.475
Saving deposit insurance fund expenses	38.091	31.842
Loss on sale of property and equipment	1.507	1.817
Provision expense for lawsuits	-	1.048
Other	53.930	94.369
Total	865.549	752.060

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

Notes to the Condensed Consolidated Interim Financial Statements As of and For the Six-Month Period Ended 30 June 2011

(Currency - In thousands of Turkish Lira)

23. Subsequent events

Related to domestic bank bill or bond issuance:

By the Board of Directors' Minutes numbered 16-07 dated 5 May 2011, Chief Executive Officer of the Bank is authorised for the domestic bank bill or bond issuance up to nominal value TL 3.000.000 and decision was declared by the Board of Directors' Minutes numbered 24-01 dated 19 July 2011. Bond issuance amounting to TL 500.000 is finalized on 1 August 2011 in the prime process with the permission of Capital Markets Board of Turkey ("CMB") and Banking Regulation and Supervision Agency ("BRSA").

Related to Eurobond issuance:

By the decree of Ordinary General Meeting of Shareholders dated 1 March 2011, Board of Directors are authorised for the foreign currency bond, bill and other debt securities issuance amounting to USD 2.000.000.000 and the decision was declared by the Board of Directors' Minutes numbered 24-01 dated 19 July 2011. Eurobond issuance for residents outside of Turkey and legal entity amounting to USD 1.000.000.000 in the prime process is finalized with the appeal to the CMB.

Changes in required reserves ratio:

- 1- Published in the Official Gazette No. 28006 dated 26 July 2011 and No. 2011/7 on the Amendment of the Communiqué on the Required Provisions Scale obligation, required reserve ratio for deposits and other liabilities in foreign currency were differentiated to maturity structures as below:

FC liabilities	Required reserve ratio (%)
FC deposits/participation accounts with 1-year and longer maturity and foreign currency cumulative deposits/participation accounts	10
Other foreign currency liabilities up to 3 years (included 3 year)	10
Other foreign currency liabilities longer than 3 years	9

- 2- Published in the Official Gazette No. 28016 dated 5 August 2011 and No. 2011/8 on the Amendment of the Communiqué on the Required Provisions Scale obligation, funds from repurchase operations, which is subject to required reserve provision, is calculated by taking the average of the balances between two obligation dates.

- 3- Published in the Official Gazette No. 28017 dated 6 August 2011 and No. 2011/9 on the Amendment of the Communiqué on the Required Provisions Scale obligation, required reserve ratio for FC deposits and other liabilities in foreign currency were changed as below:

FC liabilities	Required reserve ratio (%)
FC demand deposit, Notice deposit, FX private current accounts, Deposits/participation accounts up to 1 - month, 3-month, 6-month, 1-year maturities	11,5
FC deposits / FC participation accounts with 1-year or longer maturity, Cumulative FC deposits/FC participation. accounts	9,5
Other liabilities up to 1 - year maturity (included 1 year)	11,5
Other liabilities up to 3 - year maturity (included 3 year)	9,5
Other liabilities longer than 3 - year maturity	8,5

TÜRKİYE HALK BANKASI ANONİM ŞİRKETİ

Notes to the Condensed Consolidated Interim Financial Statements

As of and For the Six-Month Period Ended 30 June 2011

(Currency - In thousands of Turkish Lira)

23. Subsequent events (continued)

Capital increase for Halk Banka AD, Skopje

Halk Banka AD, Skopje increased its paid-in capital at 8 August 2011. Since the other shareholders of Halk Banka AD, Skopje did not exercise their pre-emptive rights, the Bank has raised its share in Halk Banka AD, Skopje from 91,56% to 98,12% with a payment amounting to TL 59.302 for the whole capital increase.