

*(Convenience Translation of Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish, See Section 3.I)*

Türkiye Halk Bankası Anonim Şirketi

Unconsolidated Financial Statements
As of and For the Three-month Period Ended 31 March 2011
*(Convenience Translation of Unconsolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)*
With Independent Auditors' Review Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

3 May 2011

*This report contains "Independent Auditors'
Review Report" comprising 1 page and;
"Unconsolidated Financial Statements and
Related Disclosures and Footnotes" comprising
82 pages.*

*Convenience Translation of the Independent Auditors' Report
Originally Prepared and Issued in Turkish (See Section 3.I)*

**INDEPENDENT AUDITORS' REVIEW REPORT
AS OF AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2011**

To the Board of Directors of
Türkiye Halk Bankası AŞ;

We have reviewed the unconsolidated balance sheet of Türkiye Halk Bankası AŞ ("the Bank") as of 31 March 2011 and the related unconsolidated income statement, statement of cash flows and statement of changes in shareholders' equity for three-month period. These financial statements are the responsibility of the Bank's management. Our responsibility as independent auditors is to issue a review report on these financial statements based on our review.

We conducted our review in accordance with the regulations related with the "Accounting and Recording Rules" and "Independent Auditing Standards" of the (Turkish) Banking Law No 5411. These regulations require that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the personnel of the Bank and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of Türkiye Halk Bankası AŞ as of 31 March 2011, and of the results of its operations and its cash flows for the three-month period then ended in accordance with the accounting principles and standards that are based on the current regulations described in Article 37 of the (Turkish) Banking Law No 5411; and other communiqués, disclosures and directives announced by the Banking Regulation and Supervision Agency.

Istanbul
3 May 2011

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

Erdal Tıkmak
Partner

Additional paragraph for convenience translation to English:

As explained in Note 1 in Third Section, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

TÜRKİYE HALK BANKASI AŞ
THE UNCONSOLIDATED FINANCIAL REPORT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2011

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

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

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

Unless otherwise indicated, these three-month unconsolidated financial statements and explanatory footnotes and disclosures as of 31 March 2011 are prepared in thousand Turkish Lira and they have been independently audited and presented below in accordance with the Communiqué on "Banks' Accounting Practice and Maintaining Documents", Banking Regulation and Supervision Agency regulations, Turkish Accounting Standards, Turkish Financial Reporting Standards and related communiqués and interpretations including the Banks' records.

Ankara, 3 May 2011

Hasan Cebeci	Hüseyin Aydın	Emin Süha Çayköylü	Salim Alkan	Osman Arslan	Yusuf Duran Ocak
Chairman of the Board of Directors	Member of the Board of Directors, Chief Executive Officer	Member of the Board of Directors, Member of the Audit Committee	Member of the Board of Directors, Member of the Audit Committee	Financial Management and Planning Vice Chief Executive Officer	Financial Accounting and Reporting Department Head

For any questions regarding this financial report, contact details of the personnel in charge is given below:

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

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION ONE

General Information about the Bank

	Page No
I. Establishment Date of the Bank, Initial Articles of Association, History of the Bank Including The Changes of These Articles	3
II. Capital Structure of the Bank, Shareholders That Retain Direct or Indirect Control and Management of the Bank, Solely or Together, Changes About These Issues During the Year and Disclosures About The Group	3
III. Explanations Regarding the Bank's Chairman and Members of Board of Directors, Audit Committee Members, Chief Executive Officer and Executive Vice Presidents and Their Shares Attributable to the Bank, if any	4
IV. Information about the persons and institutions that have qualified shares attributable to the Bank	6
V. Summary on the Bank's Functions and Lines of Activity	6

SECTION TWO

Unconsolidated Financial Statements

I. Balance Sheet (Statement of Financial Position)	9
II. Statement of Off-Balance Sheet Items	11
III. Statement of Income	12
IV. Statement of Income and Expense Items Accounted under Shareholders' Equity	13
V. Statement of Changes in Shareholders' Equity	14
VI. Statement of Cash Flows	15

SECTION THREE

Explanations on Accounting Policies

I. Basis of Presentation	16
II. Explanations on the Strategy of Use of Financial Instruments and Foreign Currency Transactions	16
III. Explanations on Forward and Option Contracts and Derivative Instruments	17
IV. Interest Income and Expenses	17
V. Fees and Commission Income and Expenses	17
VI. Explanations and Disclosures on Financial Assets	17
VII. Explanations on Impairment of Financial Assets	20
VIII. Offsetting Financial Assets and Liabilities	22
IX. Explanations on Sales and Repurchase Agreements (Repos) and Transactions on Securities Loaned	22
X. Explanations on Assets Held For Sale and Discontinued Operations	22
XI. Explanations on Goodwill and Other Intangible Assets	23
XII. Explanations on Property, Plant and Equipment	23
XIII. Explanations on Leasing Transactions	24
XIV. Explanations on Provisions and Contingent Liabilities	24
XV. Explanations on Employee Benefit Liabilities	24
XVI. Explanations on Taxation	25
XVII. Additional Explanations on Borrowings	26
XVIII. Explanations on Shares and Share Issue	27
XIX. Explanations on Bill Guarantees and Acceptances	27
XX. Explanations on Government Incentives	27
XXI. Explanations on Segment Reporting	27
XXII. Explanations on Other Matters	27

SECTION FOUR

Information on Financial Structure

I. Explanations Related to the Capital Adequacy Ratio	28
II. Explanations Related to the Credit Risk	31
III. Explanations Related to the Market Risk	33
IV. Explanations Related to the Operational Risk	34
V. Explanations Related to the Currency Risk	34
VI. Explanations Related to the Interest Rate Risk	36
VII. Explanations Related to the Liquidity Risk	39
VIII. Explanations Related to Business Segmentation	41
IX. Explanations Related to Transactions Made on Behalf of Others and Transactions Based on Trust	43

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION FIVE

Explanations and Notes to the Unconsolidated Financial Statements

I.	Explanations and Notes Related to the Assets	44
II.	Explanations and Notes Related to the Liabilities	58
III.	Explanations and Notes Related to the Off-Balance Sheet Items	66
IV.	Explanations and Notes Related to the Income Statement	69
V.	Explanations and Notes Related to the Statement of Changes in Shareholders' Equity	75
VI.	Explanations and Notes Related to the Cash Flow Statement	76
VII.	Explanation Related to the Risk Group of the Bank	77
VIII.	Explanations Related to the Subsequent Events	79

SECTION SIX

Other Explanations and Notes

I.	Other Explanations on the Bank's operations	81
----	---	----

SECTION SEVEN

Independent Auditors' Review Report

I.	Explanations on the Independent Auditors' Review Report	82
II.	Explanations and Notes Prepared by the Independent Auditors	82

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION I: GENERAL INFORMATION ABOUT THE BANK

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

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

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

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

As of 31 March 2011 the shareholders’ structure and their respective ownerships are summarized as follows:

Shareholders	31.03.2011	%	31.12.2010	%
Prime Ministry Privatization Administration ⁽¹⁾	937.276	74,98	937.276	74,98
Public shares	312.261	24,98	312.261	24,98
Other shareholders	463	0,04	463	0,04
Total	1.250.000	100,00	1.250.000	100,00

(1) As per the decree of the Higher Council of Privatization numbered 2007/8 and dated 5 February 2007; 25% of the public shares that were previously held by the Privatization Administration were privatized by a public offering and the Bank’s shares were registered to Capital Market Board records by decision number 16/471 dated 26 April 2007. The shares were traded on the İstanbul Stock Exchange as of 10 May 2007.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION I: GENERAL INFORMATION ABOUT THE BANK (continued)

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

Name	Title	Assignment date	Educational background	Experience in banking and business administration
Hasan CEBECİ	Chairman of the Board of Directors	13.04.2005	Ankara Eco. and Com. Science (ECS) Academy- Economy&Finance	31
Mehmet Emin ÖZCAN	Vice Chairman of the Board of Directors	24.05.2010	Ankara University - Faculty of Political Science-Economy&Finance	27
Hüseyin AYDIN	Member of the Board of Directors, Chief Executive Officer	01.06.2005	Ankara Eco. and Com. Science (ECS) Academy- Economy&Finance.	27
Emin Süha ÇAYKÖYLÜ	Member of the Board of Directors	28.03.2003	Doctor's Degree: Washington International University- Doctor of Philosophy in Business Administration. Master's Degree: Syracuse University Business School (MBA). Master's Degree: Manchester Uni. U.K. Technology (M.Sc). Bachelor Degree: METU – Faculty of Engineering - Mechanical Engineering.	27
Dr. Nurzahit KESKİN	Member of the Board of Directors	13.04.2005	Doctor's Degree: Sakarya Uni. Social Science Ins. Management and Organization. Master's Degree: Marmara Uni. Banking and Insurance Ins. – International Banking. Bachelor Degree: Anadolu Uni. Afyon; Faculty of Economic and Administrative Sciences-Finance.	20
İbrahim Hakki TUNCAY	Member of the Board of Directors	09.04.2008	METU Business Administration.	30
Ahmet YARIZ	Member of the Board of Directors	09.04.2008	Doctor's Degree: Marmara University, Banking and Insurance Ins.- Banking Department, 2005-At The Stage of Thesis. Master's Degree: Marmara University, Banking and Insurance Ins. - Banking Department. Bachelor Degree: Istanbul Uni. - Business Administration.	19
Salim ALKAN	Member of the Board of Directors	24.05.2010	Ankara Uni. Faculty of Political Science-Business Administration.	38
Sabahattin BİRDAL	Member of the Board of Directors	27.10.2010	Istanbul Uni. Faculty of Economics Business Administration-Finance	25
Faruk ÖZÇELİK	Member of the Audit Committee	24.05.2010	Master's Degree: Selcuk University Social Sciences Ins. - International Relations. Bachelor Degree: Ankara Uni. Faculty of Political Science-Business Administration.	-
Yusuf DAĞCAN	Member of the Audit Committee	28.03.2003	Eskişehir Economics and Trade Academy- Economy&Finance.	31
Yakup DEMİRCİ	Executive Vice President	11.06.2008	Ankara Uni. Faculty of Political Science-Labor Economics and Industry Relations Department.	22
Mustafa SAVAŞ	Executive Vice President	12.08.2002	Ankara Uni. Faculty of Political Science-Labor Economics and Industry Relations Department.	20
Erol GÖNCÜ	Executive Vice President	09.03.2005 - 13.06.2005 By proxy 14.06.2005 Principal	METU Faculty of Arts and Sciences-Mathematics Department.	22
Yunus ESMER	Executive Vice President	17.06.2005	Ankara Eco. and Com. Science (ECS) Academy- Business Administration-Accounting Department.	31
Dr. Şahap KAVCIOĞLU	Executive Vice President	17.06.2005	Doctor's Degree: Marmara University, Banking and Insurance Ins.- Banking Department. Master's Degree: Marmara University, Banking and Insurance Ins.- Banking Department. Bachelor Degree: Dokuz Eylül Uni. Faculty of Economic and Administrative Sciences-Business Administration.	19
Süleyman ASLAN	Executive Vice President	17.06.2005	METU Faculty of Economic and Administrative Sciences-International Relations Department.	18
Selahattin SÜLEYMANOĞLU	Executive Vice President	01.07.2007	Master Degree: Selcuk University Social Sciences Ins.- International Relations. Bachelor's Degree: Gazi University, Faculty of Economic and Administrative Sciences-Business Administration.	20
Osman ARSLAN	Executive Vice President	01.07.2007	Master's Degree: METU Business Administration for Executives. Bachelor's Degree: METU Faculty of Arts and Sciences- Department of Statistics.	15
Bilgehan KURU	Executive Vice President	01.07.2007	Master's Degree: METU Faculty of Arts and Sciences(Finance) Bachelor's Degree: METU Faculty of Engineering-Mining Engineering.	24
Mehmet Akif AYDEMİR	Executive Vice President	04.03.2010	Ankara University, Faculty of Political Sciences –Economics.	24
Taner AKSEL	Executive Vice President	26.03.2010	Anadolu University, Faculty of Economic and Administrative Sciences -Economics.	25
Ufuk Hacer DENİZCİ YÜCE	Executive Vice President	12.10.2010	Istanbul Technical University Business Administration Faculty- Business Engineering.	21
Mürsel ERTAŞ	Executive Vice President	12.10.2010	Gazi University, Faculty of Economic and Administrative Sciences- Foreign Trade & Exchange.	24
İsmail Hakki İMAMOĞLU(*)	Executive Vice President	28.03.2011	Ankara Eco. Com. Science (ECS) Academy – Faculty of Management Sciences – Department of Social Politics	26

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

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION I: GENERAL INFORMATION ABOUT THE BANK (continued)

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

(* a) The professionals to the Bank's top management who have assigned to their position in 2011 are listed with titles and dates of assignment.

Name	Title	Assignment Date
İsmail Hakkı İMAMOĞLU	Executive Vice President	28 March 2011

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION I: GENERAL INFORMATION ABOUT THE BANK (continued)

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

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

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

a) General information about the Bank:

Türkiye Halk Bankası Anonim Şirketi was established in Turkey in accordance with the Law No: 2284 in 1933 and began its operations in 1938 and still continues its activities as a public commercial bank.

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

c) According to Article 2.2 of Law No: 4603, subsequent to the completion of the restructuring procedures, the procedures involved in sale of the shares of the Bank were to be concluded under the provisions of Law No: 4046 based on the "Regulation of Privatization Applications and Amendment of Some Laws and Decrees with the Force of Law". The procedures relating to restructuring and sale of the shares were to be completed within three years (until 25 November 2003) as of the effective date of the related law. However, by Law No: 5230 dated 31 July 2004, the term "3 years" in Article 2.2 of Law numbered 4603 was amended to "5 years" and subsequently by Law No: 5572 dated 10 January 2007 the related term was amended to "10 years". As a result of this amendment, the privatization period of the Bank was extended. The Council of Ministers has the authority to extend this period by the half of that period for one time only. The Council of Ministers extended by the half of that "10 years" period by the Decree numbered 2010/964 and dated 6 November 2010.

c.1 With the Privatization High Council's Decree numbered 2006/69 and dated 11 August 2006, the public shares of the Bank were transferred to the Privatization Administration and 99.9% of the Bank shares were decided to be sold until 25 May 2008 using the block sale method. 13th Department of Council of State decided by the Decree numbered 2006/4258 and dated 29 November 2006, to cease the execution of the the Privatization High Council's Decree numbered 2006/69 and dated 11 August 2006. As per the Decree numbered 2007/8 and dated 5 February 2007 of the Privatization High Council, up to 25% of the public shares that were previously transferred to the Privatization Administration on 11 August 2006, were decided to be privatized by a public offering and it was decided to be concluded by the end of 2007. The first phase of the privatization process of the Bank corresponding to 24.98% was completed in the first week of May 2007 and Halkbank shares were traded on İstanbul Stock Exchange ("ISE") as of 10 May 2007 with the base price of TRY full 8,00.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION I: GENERAL INFORMATION ABOUT THE BANK (continued)

V. SUMMARY ON THE BANK’S FUNCTIONS AND LINES OF ACTIVITY (continued)

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

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

As of 31 March 2011, the Bank operates with a total of 734 branches consisting of 730 domestic and 4 foreign branches that are 3 in Cyprus and 1 in Bahrain. Domestic Branches include 18 satellite branches, 7 private processing center. The Bank has also 3 financial service branches in Germany and 1 representative office in Iran.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION II: UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheet (Statement of Financial Position)
- II. Statement of Off-Balance Sheet Items
- III. Statement of Income
- IV. Statement of Income and Expense Items Accounted under Shareholders' Equity
- V. Statement of Changes in Shareholders' Equity
- VI. Statement of Cash Flows

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

The unconsolidated financial statements, related notes and explanations in this report are prepared in accordance with the Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards (“TFRS”), Communiqué on “Banks’ Accounting Practice and Maintaining Documents” and other communiqués and interpretations of Banking Regulation and Supervision Agency (“BRSA”) on accounting and financial reporting.

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

Additional paragraph for convenience translation to English

The differences between accounting principles, as described in the preceding paragraphs, and the accounting principles generally accepted in countries, in which the accompanying financial statements are to be distributed, and International Financial Reporting Standards (“IFRS”), may have significant influence on the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

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

1. The Bank’s strategy on financial instruments:

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

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

2. The Bank’s explanations on foreign currency transactions:

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

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

Assets and liabilities of the foreign branches of the Bank are converted into TRY by using the prevailing exchange rates at the balance sheet date. Income and expenses are converted by at exchange rates at the dates of the transactions.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

III. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

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

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

IV. INTEREST INCOME AND EXPENSES

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

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

V. FEES AND COMMISSION INCOME AND EXPENSES

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

VI. EXPLANATIONS AND DISCLOSURES ON FINANCIAL ASSETS

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

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

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

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

VI. EXPLANATIONS AND DISCLOSURES ON FINANCIAL ASSETS (continued)

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

The financial instruments and their valuations methods based on their classification on the financial statements are set out below.

1. Cash and banks

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

2. Financial assets at fair value through profit and loss

2.1. Financial assets held for trading

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

Financial Assets Held For Trading are presented in the balance sheet with their fair values and are subject to valuation at fair values after the initial recognition. Valuation gains or losses are recognized in the profit/loss accounts. Interests gained from the retention of held for trading financial assets are recognized under the interest income and dividends gained is recognized under the dividend income in the income statement. If these assets are disposed of prior to their maturity periods, loss or gain from the disposal is recognized in the income statement by using interest income/expense accounts under profit/loss from the capital market operations.

2.2. Financial assets at fair value through profit and loss

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

The Bank has not any financial assets at fair value through profit and loss as of 31 March 2011 and 31 December 2010.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

VI. EXPLANATIONS AND DISCLOSURES ON FINANCIAL ASSETS (continued)

3. Investments held to maturity

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

4. Financial assets available for sale

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

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

VI. EXPLANATIONS AND DISCLOSURES ON FINANCIAL ASSETS (continued)

5. Loans and receivables

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

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

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

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

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

6. Associates and subsidiaries:

Turkish Lira denominated associates and subsidiaries have been valued based on deducted additions of funds such as revaluation funds, permitted additions to capital under statutory purposes, from the cost of the indexed remaining balances of associate and subsidiary based on the capital increase payment dates until 31 December 2004.

Foreign currency denominated associates and subsidiaries are translated into Turkish Lira from the historical exchange rates at transaction dates and recorded over their restated values by the occurred indexes at transaction dates until 31 December 2004.

VII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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

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

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

VII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (continued)

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

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

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

Other than specific allowances, the Bank provides “general allowances” for loan and other receivables classified in accordance with the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables. The Bank was providing 0.5% general allowance for cash loans and other receivables; 0.1% general allowances for non-cash loans until 1 November 2006. With the changes in the regulation on “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published in the Official Gazette No: 26333 dated 1 November 2006, the Bank started to provide general allowance as follows: after 31 October 2006, if standard cash loans and other receivables increased; for the increased part, the provision is 1%; 2% of close monitoring loans, for the account of 31 October 2006 it is 0.5%; after 31 October 2006, if there is an increase in non-cash loans, for the increased part it is 0.2%; 0.4% of close monitoring loans, and for the account of 31 October 2006 it is 0.1%.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

VIII. OFFSETTING FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

Reverse repo transactions are recognized under the “Receivables from Reverse Repo Transactions” account. For the difference between the purchase and resale prices determined by the reverse repo agreements for the period; income accrual is calculated using the internal rate of return method.

X. EXPLANATIONS ON ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

XI. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

XII. EXPLANATIONS ON PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment that are purchased prior to 1 January 2005 are carried at their 31 December 2004 dated restated costs and property, plant and equipment that are purchased in the subsequent periods are carried at cost, less any accumulated depreciation and any impairment losses. Property, plant and equipment are amortized by using the straight line method during their useful lives. Gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of that asset and is recognized in profit or loss. Leasehold improvements are depreciated over the lease period by straight line method.

Ordinary maintenance and repair expenses of property, plant and equipment items are recognized as expenses.

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

	Estimated useful lives (Year)	Depreciation rate
Buildings	50	2%
Safe-deposit boxes	50	2%
Other movable properties	2-5	4-20%
Assets held under financial leases	4-5	20-25%

Leasehold improvements are depreciated over the lower of the periods of the respective leases and useful lives, on a straight-line basis. In any case useful life can not exceed the lease period. If the duration of lease agreement is not determined or longer than five years, amortization duration is considered as five years.

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

There are no mortgages, pledges or similar incumbrances designated for the property, plant and equipment.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

XIII. EXPLANATIONS ON LEASING TRANSACTIONS

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

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

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

XIV. EXPLANATIONS ON PROVISIONS AND CONTINGENT LIABILITIES

Provision and contingent liabilities are accounted in conformity with TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled and a reliable estimate can be made of the amount of the obligation. Provisions are calculated based on the best estimates of management on the expenses to incur as of the balance sheet date and, if material, such expenses are discounted for their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Bank to settle the liability, the related liability is considered as “contingent” and disclosed in the notes to the financial statements.

XV. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES

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

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

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

XV. EXPLANATIONS ON EMPLOYEE BENEFIT LIABILITIES (continued)

In accordance with the principles set out by the Council of Ministers' decision, numbered 2006/11345 published in the Official Gazette numbered 26377 and dated 15 December 2006 regarding the determination of procedures and principles for the application of transfer requirements and based on the technical balance sheet report prepared using a 10,24% of technical interest rate, for Türkiye Halk Bankası AŞ Employee Pension Fund TRY 9.251 of technical provision has been allocated as of 31 December 2006 and kept in financial statements as of 31 December 2007. As of 31 March 2008, part of the related technical provision was set as provision for possible risks and the remaining amount was cancelled. Based on the results of the actuarial report prepared as of 31 December 2010, no technical deficit has been reported. Besides, no technical deficit for T.C. Ziraat Bankası and T. Halk Bankası Employee Pension Fund has been reported as of 31 December 2010.

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

XVI. EXPLANATIONS ON TAXATION

In accordance with the Article 32 of the Corporate Tax Law No: 5520, the corporate tax rate is calculated at the rate of 20%. The tax legislation requires advance tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset against the corporate tax liability for the year. Accrued advance tax as of 31 December 2010 has been paid in February 2011, accrued advance tax as of 31 March 2011 will be paid in May 2011.

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

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

XVI. EXPLANATIONS ON TAXATION (continued)

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

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

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

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

Tax practices in the countries that foreign branches operate:

Turkish Republic of Northern Cyprus (TRNC)

According to the tax regulations in the Turkish Republic of Northern Cyprus, corporate gains are separately subject to 10% of corporate tax and 15% of income tax. The tax bases for corporates are determined by adding the expenses that cannot be deducted according to TRNC regulations, to commercial gains and by subtracting exemptions and deductions from commercial gains. Income tax is paid in June, and corporate tax payment is made in two installments, in May and in October. On the other hand, withholding tax is paid in TRNC over interest income and similar gains of corporates. The relevant withholding tax payments are deducted from the corporate tax-payable. In the case the amount of the withholding tax collections is are higher than the corporate tax payable, the difference is deducted from income tax payable.

Bahrain

Banks in Bahrain are not subject to tax according to the regulations of the country.

XVII. ADDITIONAL EXPLANATIONS ON BORROWINGS

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

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

Also, asset composition is designed in accordance with the fixed/variable cost nature of borrowing instruments.

There are no convertible bonds or debt instruments issued.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION III: EXPLANATIONS ON ACCOUNTING POLICIES (continued)

XVIII. EXPLANATIONS ON SHARES AND SHARE ISSUE

Share issuance related to costs are recognized as expenses. Dividend income related with the equity shares are determined by the General Assembly of the Bank.

The Bank has not issued any shares in the current and prior period. In accordance with the decree of the Privatization High Council dated 5 February 2007 and numbered 2007/8, the process of public offering for the 25% of shares pertaining to the Privatization Administration was completed and the Bank shares were registered to the Board with the decree of the Capital Markets Board dated 26 April 2007 and numbered 16/471, and the shares were traded on the Istanbul Stock Exchange as of 10 May 2007.

XIX. EXPLANATIONS ON BILL GUARANTEES AND ACCEPTANCES

Bill guarantees and acceptances are realized simultaneously with the customer payments and they are presented as possible liabilities and commitments in the off-balance sheet accounts.

XX. EXPLANATIONS ON GOVERNMENT INCENTIVES

There are no government incentives utilized by the Bank.

XXI. EXPLANATIONS ON SEGMENT REPORTING

Segment reporting focuses on business segment considering the main source and nature of the risks and returns of the Bank. The Bank operates mainly in corporate, commercial, entrepreneur banking and investment banking.

The report concerning parts of Bank's business segmentation and related information is explained in section four, disclosure numbered VIII.

XXII. EXPLANATION ON OTHER MATTERS

None.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION IV: INFORMATION ON FINANCIAL STRUCTURE

I. EXPLANATIONS RELATED TO THE CAPITAL ADEQUACY RATIO

Risk measurement methods used in the determination of unconsolidated capital adequacy standard ratio; Capital Adequacy Standard Ratio calculation is performed in accordance with the Communiqué on “Measurement and Assessment of the Capital Adequacy of Banks”, which was published in the Official Gazette numbered 26333 on 1 November 2006. As of 31 March 2011, the Bank’s unconsolidated capital adequacy ratio calculated based on the essentials of the related communiqué is 16,02% (31 December 2010: 15,94%).

In calculating the amounts subject to credit risk, the Bank generally evaluates its loans according to their collateral classes based on the relevant risk weights. However, risk rate for fund loans for which the Bank recognises 0% and credit cards and cooperative loans 100% due to having “suretyship” collateral type.

In the calculation of capital adequacy standard ratio, information prepared in accordance with the legislation on recording and accounting system is used. Additionally, market risk amount is calculated in accordance with the communiqué on the “Internal Control and Risk Management Systems of the Banks” and is taken into consideration in the capital adequacy standard ratio calculation.

Amounts deducted from the capital in the calculation of shareholders’ equity are not considered in the calculation of risk-weighted assets, non-cash loans and contingent liabilities. In the calculation of risk weighted assets, assets subject to depreciation and impairment are carried at their carrying values less accumulated depreciation and impairment losses.

Beginning from 31 December 2004, for the calculation of the amount subject to credit risk regarding the transactions on the non-cash loans, the receivable amount from counter parties is calculated by using the conversion rates presented in Clause 1 in Article 5 of the Communiqué on “Measurement and Assessment of Banks’ Capital Adequacy Ratios”, less the specific provision amount set in accordance with the Communiqué on “Determining the Nature of Loans and Receivables and Principles and Procedures on the Allocation of Loan and Receivable Provisions”, if any.

In calculation of the amount subject to credit risks, derivative financial instruments are recognized using the conversion rates presented in the related communiqué Clause 2 in Article 5.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (continued)

I. EXPLANATIONS RELATED TO THE CAPITAL ADEQUACY RATIO (continued)

1. Information on the unconsolidated capital adequacy ratio:

	Risk weights						
	0%	10%	20%	50%	100%	150%	200%
Credit risk base amount							
Balance sheet items (Net)	25.688.242	-	1.612.658	16.036.805	26.379.556	24.020	1.046
Cash	313.505	-	1	-	-	-	-
Matured marketable securities	-	-	-	-	-	-	-
Balances at the Central Bank of Turkey	4.245.999	-	-	-	-	-	-
Domestic, foreign banks, head office and overseas branches balances	-	-	885.596	-	1.942	-	-
Money market placements	-	-	-	-	-	-	-
Receivables from reverse repos transactions	-	-	-	-	-	-	-
Reserve deposits	1.392.962	-	-	-	-	-	-
Loans	6.707.572	-	510.903	15.891.010	23.692.279	24.020	1.046
Non-performing loans (Net)	-	-	-	-	267.824	-	-
Finance lease receivables	-	-	-	-	-	-	-
Financial assets available-for-sale	-	-	-	-	-	-	-
Investments held to maturity	12.318.081	-	-	-	-	-	-
Receivables from the asset sale on credit terms	-	-	-	-	39.332	-	-
Miscellaneous receivables	36.981	-	28.860	-	90.833	-	-
Interest and Income accruals	477.670	-	4.958	145.795	271.195	-	-
Subsidiaries, associates and jointly controlled entities (joint ventures) (Net)	-	-	-	-	733.027	-	-
Property and equipment	-	-	-	-	953.223	-	-
Other assets	195.472	-	182.340	-	329.901	-	-
Off-balance sheet items	112.529	-	280.536	705.589	7.820.330	-	-
Non-cash loans and commitments	112.529	-	193.910	705.589	7.818.252	-	-
Derivative instruments	-	-	86.626	-	2.078	-	-
Non-risk weighted accounts	-	-	-	-	-	-	-
Total risk-weighted assets	25.800.771	-	1.893.194	16.742.394	34.199.886	24.020	1.046

2. Capital adequacy ratio summary:

	Current period	Prior period
Credit risk base amount (CRBA)	42.987.844	39.764.632
Market risk base amount (MRBA)	1.613.463	1.550.350
Operational risk base amount (ORBA)	6.119.332	5.120.983
Shareholders' Equity	8.123.352	7.399.784
Shareholders' Equity / (CRBA+MRBA+ORBA)*100	16,02	15,94

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (continued)

I. EXPLANATIONS RELATED TO THE CAPITAL ADEQUACY RATIO (continued)

3. Information on equity items:

	Current period	Prior period
CORE CAPITAL		
Paid-in capital	1.250.000	1.250.000
Nominal capital	1.250.000	1.250.000
Capital commitments (-)	-	-
Adjustment to paid-in capital	1.220.451	1.220.451
Share premium	-	-
Share repeal	-	-
Legal reserves	610.282	610.282
First legal reserve (Turkish Commercial Code 466/1)	297.127	297.127
Second legal reserve (Turkish Commercial Code 466/2)	312.163	312.163
Other legal reserve per special legislation	992	992
Status reserves	-	-
Extraordinary reserves	2.233.578	2.233.578
Reserves allocated by the General Assembly	2.186.397	2.186.397
Retained earnings ⁽¹⁾	47.181	47.181
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Adjustment to legal, status and extraordinary reserves	-	-
Profit	2.535.107	1.970.569
Net current period profit	524.714	1.970.569
Prior period profit	2.010.393	-
Provisions for possible losses up to 25% of core capital	7.600	7.600
Profit on sale of associates, subsidiaries and buildings	-	-
Primary subordinated loans up to 15% of core capital	-	-
Loss that is not covered with reserves (-)	-	-
Net current period loss	-	-
Prior period loss	-	-
Operational leasing development costs (-)	65.836	66.169
Prepaid expenses (-)	-	262.019
Intangible assets (-)	18.044	17.665
Deferred-assets for tax which exceeds 10% of core capital (-)	-	-
Excess amount expressed in the Law (Article 56, 3rd paragraph) (-)	-	-
Total Core Capital	7.773.138	6.946.627
SUPPLEMENTARY CAPITAL		
General reserves	418.607	390.121
45% of increase in revaluation fund of movables	-	-
45% of increase in revaluation fund of fixed assets	-	-
Bonus shares from investment and associates, subsidiaries and joint ventures (business partners) ⁽²⁾	4.252	44.076
Primary subordinated loans which are ignored in the calculation of core capital	-	-
Secondary subordinated loans	-	-
45% of marketable securities and investment securities value increase fund	(48.788)	52.076
Associates and subsidiaries	-	-
Financial assets available for sale	(48.788)	52.076
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal, status and extraordinary reserves)	-	-
Total Supplementary Capital	374.071	486.273
TIER III CAPITAL		
CAPITAL	8.147.209	7.432.900
DEDUCTIONS FROM THE CAPITAL	23.857	33.116
Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	6.581	6.581
The sum of partnership share on banks and financial institutions (domestic and abroad), with shareholding of less than 10%, but exceeding 10% and more of the sum of core and supplementary capital of the bank	-	-
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan	-	-
Loans extended being noncompliant with articles 50 and 51 of the Law	-	-
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed	17.276	26.535
Other	-	-
TOTAL SHAREHOLDERS' EQUITY	8.123.352	7.399.784

(1) TRY 47.181 is the monetary gain/loss from restatement of the 2003 profit until April 2004 (dividend distribution date).

(2) Includes bonus shares of subsidiaries and associates TRY 39.824 accounted under profit and loss and TRY 4.252 accounted under the shareholders' equity in the prior period.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (continued)

II. EXPLANATIONS RELATED TO THE CREDIT RISK

The Bank, in the credit allocation process, restricts its risk exposure by working with highly credible banks and entities considering the credit ratings for the purpose of managing its risks. Under the scope of credit risk management, the Bank grades all of its credits that are granted to real persons or entities and requires additional collaterals from its customers having high credit risks. The Bank has the policy of not granting loans/credits and/or limiting the amount of such loans/credits. The Bank's risk concentration in Turkey is high, since it operates mainly in Turkey. In loan procedure, limits are determined based on the type of loans and customers and risk and limit information is controlled periodically. For geographical regions and sectors, limit determination process is carried by the related loan departments.

Loans granted to other banks and risk limits set for the correspondent bank transactions are controlled on a daily basis. Risk concentrations are monitored systematically with the Treasury department, concerning the off-balance sheet operations based on the customers and banks.

Except for the restructured loan follow-up system determined in the related communiqué, such loans are incorporated into the new rating groups or risk weightings under the risk management systems of the banks, and new precautionary measures are taken for these processes. Since long-term commitments are more risky than the short-term commitments, risks are assorted in accordance with the Bank's risk management system.

As prescribed in the Communiqué on "Determining the Nature of Loan and Other Receivable Provisions Allocated By the Banks and Procedures and Principles of Allocating Provisions", the credit worthiness of the debtors of the loans and other receivables is monitored regularly. Credit limits are determined according to the audited statement of accounts. Guarantee factors are developed in accordance with the decision of the credit committee and updated according to the top management's initiatives and changes in the economic conditions. The Bank receives sufficient collaterals in consideration of the loans and other receivables granted. Guarantees are suretyships, immovable mortgages, cash blockages and customer or real person cheques.

When the Bank is exposed to significant credit risks, it has the tendency to cease its forward or similar type of transactions by using rights, fulfilling the requirements of the acquisitions or disposing of the acquisitions to mitigate the risk total.

The Bank is not an active participant of the international banking sector.

As of 31 March 2011, the receivables of the Group from its top 100 cash loan customers is 21,53% of its total cash loans.

As of 31 March 2011, receivables of the Bank from its top 100 non-cash loan is 57,77% of its total non-cash loans.

As of 31 March 2011, share of cash and non-cash receivables of the Bank from its top 100 customers is 16,58% of its total balance sheet and off-balance sheet assets.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (continued)

II. EXPLANATIONS RELATED TO THE CREDIT RISK (continued)

As of 31 March 2011, general loan loss provision related to the credit risk incurred by the Bank in accordance with the legislation on “Determining the Nature of Loans and Receivables and Principles and Procedures on the Allocation of Loan and Receivable Provisions” is TRY 418.607 (31 December 2010: TRY 390.121).

Sector concentrations for cash loans:

	Current period				Prior period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	676.684	2,05	44.812	0,32	698.812	2,19	38.141	0,31
Farming and raising livestock	666.514	2,02	39.820	0,28	686.288	2,15	30.651	0,25
Forestry	2.166	0,01	-	0,00	2.807	0,01	-	0,00
Fishing	8.004	0,02	4.992	0,04	9.717	0,03	7.490	0,06
Manufacturing	6.356.427	19,23	7.661.234	53,78	6.001.460	18,79	5.942.927	49,23
Mining	96.268	0,29	88.725	0,62	92.322	0,29	86.915	0,72
Production	6.201.435	18,76	6.873.988	48,26	5.848.346	18,31	5.175.926	42,88
Electric, gas and water	58.724	0,18	698.521	4,90	60.792	0,19	680.086	5,63
Construction	1.270.168	3,84	191.340	1,34	1.274.501	3,99	158.718	1,32
Services	11.181.034	33,83	5.171.377	36,30	12.112.598	37,93	4.763.990	39,48
Wholesale and retail trade	6.294.505	19,05	1.087.499	7,63	6.288.656	19,69	929.340	7,70
Hotel, food and beverage services	395.223	1,20	1.028.786	7,22	348.260	1,09	920.453	7,63
Transportation and telecommunication	1.476.851	4,47	639.672	4,49	1.334.864	4,18	737.703	6,11
Financial institutions	545.135	1,65	711.330	4,99	1.776.151	5,56	698.219	5,79
Real estate and renting services	1.953.841	5,91	1.408.387	9,89	1.859.528	5,82	1.230.487	10,20
Self-employment services	222.219	0,67	-	0,00	200.614	0,63	-	0,00
Education services	93.506	0,28	34.166	0,24	95.348	0,30	34.260	0,28
Health and social services	199.754	0,60	261.537	1,84	209.177	0,66	213.528	1,77
Other ⁽¹⁾	13.569.787	41,05	1.175.856	8,26	11.846.421	37,10	1.165.696	9,66
Total	33.054.100	100,00	14.244.619	100,00	31.933.792	100,00	12.069.472	100,00

(1) Accruals are included in other line.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (continued)

III. EXPLANATIONS RELATED TO THE MARKET RISK

The Bank has established market risk management operations and taken the necessary precautions in order to hedge market risk within its financial risk management purposes, in accordance with the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” issued on Official Gazette dated 1 November 2006 numbered 26333.

The Board of Directors determines the limits for the basic risk that the Bank is exposed to. Those limits are revised periodically in line with the market forces and strategies of the Bank. Additionally, the Board of Directors has ensured that the risk management division and senior management has taken necessary precautions to describe, evaluate, control and manage risks faced by the Bank.

Interest rate and exchange rate risks, arising from the volatility in the financial markets, of the financial positions taken by the Bank related to balance sheet and off-balance sheet accounts are measured, and in the computation of capital adequacy, the amount subject to Value At Risk (VAR) calculated by using the standard method (summarised below) is considered. Beside the standard method, VAR is calculated by using internal model as supported by scenario analysis and stress tests. VAR is calculated daily by three different methods which are historic simulation, Monte Carlo simulation and parametric method, and these results are also reported daily to the management.

In addition to the standard method, market risk is also calculated by internal model method (Value At Risk), and the results are supported by scenario analysis and stress tests.

a) Information related to market risk:

	Amount
(I) Capital requirement to be employed for general market risk - Standard method	117.878
(II) Capital requirement to be employed for specific risk - Standard method	1.774
(III) Capital requirement to be employed for currency risk - Standard method	9.342
(IV) Capital requirement to be employed for commodity risk - standard method	-
(V) Capital requirement to be employed for settlement risk - Standard method	-
(VI) Total capital requirement to be employed for market risk resulting from options–Standard method	83
(VII) Total capital requirement to be employed for market risk in banks using risk measurement model	-
(VIII) Total capital requirement to be employed for market risk (I+II+III+IV+V+VI)	129.077
(IX) Amount subject to market risk (12,5 x VIII) or (12,5 x VII)	1.613.463

Other price risks:

The Bank does not have in equity investments reflected with their fair values; hence it is not subject to share price risk.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (continued)

IV. EXPLANATIONS RELATED TO THE OPERATIONAL RISK

In the calculation of the Bank's operational risk, "Basic Indicator Method" is used. The amount subject to operational risk is calculated in accordance with Section 4 of the Communiqué on "Measurement and Assessment of the Capital Adequacy of Banks" published in the Official Gazette numbered 26333 on 1 November 2006 and this section is named as "Calculation of Operational Risk Base Amount" which came into effect as of 1 June 2007. The calculation is performed parallel to the practice within the country, by multiplying 15% of the Bank's last three years' average gross revenue with 12,5. Amount subject to operational risk is TRY 6.119.332 for the current period.

V. EXPLANATIONS RELATED TO THE CURRENCY RISK

Foreign currency risk indicates the probability of loss that banks are subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Bank are taken into consideration. Net short term and long term positions of each currency are calculated in terms of the Turkish Lira.

The Bank is not exposed to significant currency risk. However, potential currency risks are figured at weekly and monthly periods through the standard method. Thereby, currency risk can be closely followed. The Bank rarely enters into swap contracts against the currency risk, in case of need.

Announced current foreign exchange buying rates of the Bank as at 31 March 2011 and the previous five working days in full TRY are as follows:

	24.03.2011	25.03.2011	28.03.2011	29.03.2011	30.03.2011	31.03.2011
USD	1,5300000	1,5300000	1,5350000	1,5400000	1,5350000	1,5250000
CHF	1,6896000	1,6714000	1,6725000	1,6710000	1,6552000	1,6655000
GBP	2,4734000	2,4563000	2,4546000	2,4585000	2,4572000	2,4443000
JPY	0,0188944	0,0188199	0,0187658	0,0186794	0,0184496	0,0183814
EURO	2,1719000	2,1635000	2,1639000	2,1690000	2,1588000	2,1659000

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before 31 March 2011 are as follows:

	Monthly average
USD	1,5582609
CHF	1,6935130
GBP	2,5141609
JPY	0,0190482
EURO	2,1838174

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (continued)

V. EXPLANATIONS RELATED TO THE CURRENCY RISK (continued)

Information related to currency risk:

Current period	EURO	USD	JPY	OTHER	TOTAL
Assets					
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the Central Bank of Turkey	1.933.593	30.231	36	4.723	1.968.583
Banks and financial institutions	634.745	197.722	1.331	35.620	869.418
Financial assets at fair value through profit and loss ⁽³⁾	1.399	34.365	-	425	36.189
Money market placements	-	-	-	-	-
Financial assets available-for-sale	675.209	540.732	-	-	1.215.941
Loans ⁽²⁾	6.148.706	8.106.879	-	43.730	14.299.315
Subsidiaries, associates and entities under common control	-	-	-	-	-
Held-to-maturity investments	843.701	927.461	-	-	1.771.162
Derivative financial assets held for risk management	-	-	-	-	-
Tangible assets	43	-	-	7	50
Intangible assets	-	-	-	-	-
Other assets ⁽³⁾	14.801	31.737	-	8	46.546
Total assets	10.252.197	9.869.127	1.367	84.513	20.207.204
Liabilities					
Bank deposits	1.518.053	412.949	1.094	7.918	1.940.014
Foreign currency deposits	6.729.681	7.307.537	618	767.467	14.805.303
Money market balances	330.076	793.662	-	-	1.123.738
Funds provided from other financial institutions	2.697.851	1.205.035	-	1.235	3.904.121
Marketable securities issued	-	-	-	-	-
Sundry creditors	2.299	8.176	5	20	10.500
Derivative financial liabilities held for risk management	-	-	-	-	-
Other liabilities ⁽³⁾	51.144	134.846	1.024	4.407	191.421
Total liabilities	11.329.104	9.862.205	2.741	781.047	21.975.097
Net balance sheet position	(1.076.907)	6.922	(1.374)	(696.534)	(1.767.893)
Net off-balance sheet position	940.793	(147.654)	294	700.900	1.494.333
Financial derivative assets ⁽⁴⁾	1.074.391	663.792	13.620	819.630	2.571.433
Financial derivative liabilities ⁽⁴⁾	133.598	811.446	13.326	118.730	1.077.100
Non-cash loans ⁽¹⁾	2.146.598	3.766.724	28.687	73.254	6.015.263
Prior period					
Total assets	8.417.582	9.904.367	3.914	111.829	18.437.692
Total liabilities	9.571.129	9.370.932	2.588	588.135	19.532.784
Net balance sheet position	(1.153.547)	533.435	1.326	(476.306)	(1.095.092)
Net off-balance sheet position	924.144	(623.219)	-	485.200	786.125
Financial derivative assets	987.958	702.391	-	561.481	2.251.830
Financial derivative liabilities	63.814	1.325.610	-	76.281	1.465.705
Non-cash loans ⁽¹⁾	1.973.961	3.899.018	29.407	76.153	5.978.539

(1) Non-cash loans are not included in the off-balance sheet position items.

(2) Includes TRY 54.696 of foreign currency indexed loans and their accruals.

(3) In accordance with the principles of the "Regulation on Measurement and Practices of Banks' Net Overall FC Position / Shareholders' Equity Ratio on a Consolidated and Unconsolidated Basis", derivative financial instruments foreign currency income accruals (TRY 5.423), prepaid expenses (TRY 60) in assets; and derivative financial instruments foreign currency expense accruals (TRY 34.368) and shareholders' equity negative (TRY 131.873) in liabilities are not taken into consideration in the currency risk measurement.

(4) Financial derivative assets include credit default swaps amounting TRY 228.750, forward precious metal purchase transactions amounted to TRY 671.095 and futures precious metal purchase transactions amounted to TRY 12.489. Financial derivative liabilities include forward precious metal sale transactions amounted to TRY 659.944 and futures precious metal sale transactions amounted to TRY 12.522.

(5) Demirhalkbank NV (TRY 74.716), an associate operates in foreign currency, Macar Halkbank (TRY 8.636) and International Garagum Bank (TRY 225), followed as available for sale items in foreign currency, are presented in financials with their historical costs since they are non-monetary financial items.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (continued)

VI. EXPLANATIONS RELATED TO THE INTEREST RATE RISK

Interest rate sensitivity of assets, liabilities and off-balance sheet items are measured by the Bank. The Bank's interest rate risk is calculated using the general and specific interest rate risk tables in the standard method including the assets and liabilities and is considered as a part of the general market risk in the calculation of the capital adequacy standard ratio.

The priority of the Bank's risk management department is to avoid the effects of the interest rate volatility. Sensitivity analysis performed within this context is calculated by the risk management department and reported to the Asset-Liability Committee.

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budgeting process of the Bank. The effects of the fluctuations in the market interest rates on the financial position and on the cash flows are minimized by revising budget targets. The Bank's funding costs of TRY and foreign exchange deposits, repurchase agreements are determined by the Treasury Vice Presidency.

Since the Bank does not permit maturity mismatches or imposes limits on the mismatch, significant interest rate risk exposures are not expected.

1. Information related to the interest rate sensitivity of assets, liabilities and off-balancesheet items based on repricing dates:

Current period	Up to 1 month	1-3 months	3-12 Months	1-5 years	5 years and over	Non-interest bearing	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the Central Bank of Turkey	-	-	-	-	-	5.952.517	5.952.517
Banks and financial institutions	820.301	-	-	-	-	67.507	887.808
Financial assets at fair value through profit and loss	33.425	3.999	33.141	54.877	12.977	-	138.419
Money market placements	-	-	-	-	-	-	-
Financial assets available-for-sale	686.633	841.589	1.554.002	3.821.645	1.072.848	12.760	7.989.477
Loans	18.348.194	6.429.881	10.055.501	9.869.931	1.844.249	750.963	47.298.719
Held-to-maturity investments	4.348.020	953.849	3.495.926	2.906.976	1.040.719	-	12.745.490
Other assets	35.559	1.459	5.915	19.210	10.618	2.893.299	2.966.060
Total assets	24.272.132	8.230.777	15.144.485	16.672.639	3.981.411	9.677.046	77.978.490
Liabilities							
Bank deposits	3.074.605	326.684	-	-	-	1.389.398	4.790.687
Other deposits	31.807.691	9.382.428	2.560.158	3.751	1	7.815.043	51.569.072
Money market balances	4.480.162	615.444	895.610	-	-	-	5.991.216
Sundry creditors	17.437	-	-	-	-	756.305	773.742
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions ⁽⁴⁾	462.809	394.430	3.080.135	99.842	119.901	926	4.158.043
Other liabilities	1.196.370	81.384	5.611	-	-	9.412.365	10.695.730
Total liabilities	41.039.074	10.800.370	6.541.514	103.593	119.902	19.374.037	77.978.490
Balance sheet long position	-	-	8.602.971	16.569.046	3.861.509	-	29.033.526
Balance sheet short position	(16.766.942)	(2.569.593)	-	-	-	(9.696.991)	(29.033.526)
Off-balance sheet long position	6.277	231.781	-	-	-	-	238.058
Off-balance sheet short position	(6.277)	(3.031)	(138.970)	(59.100)	-	-	(207.378)
Total position	(16.766.942)	(2.340.843)	8.464.001	16.509.946	3.861.509	(9.696.991)	30.680

- (1) TRY 169.109 of deferred tax assets is disclosed under the non-interest bearing column in other assets.
- (2) TRY 267.824 of non-performing loans with no specific provision are disclosed under the non-interest bearing column in other assets.
- (3) Shareholders' equity balance is disclosed under the non-interest bearing column in other liabilities line.
- (4) Funds provided from other financial institutions include borrowings.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (continued)

VI. EXPLANATIONS RELATED TO THE INTEREST RATE RISK (continued)

1. Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates (continued):

Prior period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-interest bearing	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the Central Bank of Turkey	-	-	-	-	-	4.649.560	4.649.560
Banks and financial institutions	913.003	-	-	-	-	76.391	989.394
Financial assets at fair value through profit and loss	817	28.064	26.970	25.484	8.024	-	89.359
Money market placements	120.025	-	-	-	-	-	120.025
Financial assets available-for-sale	1.287.224	972.680	788.634	3.252.003	1.084.752	12.760	7.398.053
Loans	14.931.731	6.601.889	9.898.339	10.147.610	1.664.774	758.921	44.003.264
Held-to-maturity investments	3.262.196	3.824.793	1.568.526	2.883.288	1.180.376	-	12.719.179
Other assets	36.352	-	-	-	-	2.937.199	2.973.551
Total assets	20.551.348	11.427.426	12.282.469	16.308.385	3.937.926	8.434.831	72.942.385
Liabilities							
Bank deposits	1.974.261	52.911	21.077	-	-	1.175.579	3.223.828
Other deposits	31.152.080	10.526.245	2.373.468	2.469	-	7.503.924	51.558.186
Money market balances	2.430.599	337.188	387.268	-	-	-	3.155.055
Sundry creditors	14.779	-	-	-	-	727.656	742.435
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	1.072.743	1.830.161	711.700	93.338	115.650	795	3.824.387
Other liabilities	1.162.042	76.225	85.326	-	-	9.114.901	10.438.494
Total liabilities	37.806.504	12.822.730	3.578.839	95.807	115.650	18.522.855	72.942.385
Balance sheet long position	-	-	8.703.630	16.212.578	3.822.276	-	28.738.484
Balance sheet short position	(17.255.156)	(1.395.304)	-	-	-	(10.088.024)	(28.738.484)
Off-balance sheet long position	70.776	230.923	-	-	-	-	301.699
Off-balance sheet short position	(35.363)	(37.586)	-	(198.070)	-	-	(271.019)
Total position	(17.219.743)	(1.201.967)	8.703.630	16.014.508	3.822.276	(10.088.024)	30.680

(1) TRY 221.471 of deferred tax assets is disclosed under the non-interest bearing column in other assets.

(2) TRY 293.223 of non-performing loans with no specific provision are disclosed under the non-interest bearing column in other assets.

(3) Shareholders' equity balance is disclosed under the non-interest bearing column.

(4) Funds provided from other financial institutions include borrowings.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (continued)

VI. EXPLANATIONS RELATED TO THE INTEREST RATE RISK (continued)

2. Average interest rates applied to financial instruments:

Current period	EURO	USD	JPY	TRY
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-	-
Due from other banks and financial institutions ⁽¹⁾	0,69	0,37	-	-
Financial assets at fair value through profit and loss	-	4,22	-	8,58
Money market placements	-	-	-	-
Available-for-sale financial assets	4,90	4,37	-	8,39
Loans ⁽²⁾	3,81	3,04	-	11,71
Held-to-maturity investments	6,38	6,99	-	10,21
Liabilities				
Bank deposits	0,67	0,72	-	6,66
Other deposits ⁽⁴⁾	2,67	2,85	-	7,49
Money market borrowings	2,03	1,62	-	6,27
Sundry creditors ⁽³⁾	-	-	-	4,50
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	2,11	1,49	-	6,77
Prior Period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-	-
Due from other banks and financial institutions ⁽¹⁾	0,52	1,18	-	7,19
Financial assets at fair value through profit and loss	-	3,93	-	11,30
Money market placements	-	-	-	-
Available-for-sale financial assets	5,00	4,64	-	10,03
Loans ⁽²⁾	3,61	3,03	3,50	11,69
Held-to-maturity investments	6,33	6,85	-	13,62
Liabilities				
Bank deposits	0,28	0,85	-	7,02
Other deposits ⁽⁴⁾	2,07	2,52	-	8,29
Money market borrowings	-	1,73	-	6,76
Sundry creditors ⁽³⁾	-	-	-	4,50
Marketable securities issued	-	-	-	-
Funds provided from other financial institutions	1,68	1,18	-	6,77

(1) Interest rates are calculated using weighted average method for money placement amounts as of balance sheet date.

(2) Interest rates are calculated using weighted average method for loans given as of balance sheet date. Calculated rates may vary from Bank's announced interest rates.

(3) 75% of the declared maximum deposit interest rate with a maturity of six months as of 31 March 2011.

(4) Customer based calculated stock interest rates are applied to TRY and FC deposits as of 31 March 2011.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (continued)

VII. EXPLANATIONS RELATED TO THE LIQUIDITY RISK

Liquidity risk occurs when there is insufficient cash or cash inflows to meet the cash outflows fully and timely. Liquidity risk may also occur when the market penetration is not adequate, when the open positions cannot be closed immediately at the suitable prices in sufficient amounts due to barriers and break-ups in the markets.

Domestic and foreign markets are used to meet liquidity needs. Low levels of liquidity needs provides an easy access for borrowing from the Turkish Republic Central Bank, Istanbul Stock Exchange, Interbank Money Market, Clearing Bank and other markets. The Bank's low ratios of bank deposits and foreign currency deposits compared to other commercial banks, with the similar balance sheet total, is an indication of having a larger share from the market when needed. Available money market debts from the foreign market, Eurobonds held in portfolio are important potential resources of the Bank.

When funding and liquidity sources are considered, the Bank covers majority of its liquidity need through deposits. In addition, securities portfolio is mainly composed of available for sale financial assets and held to maturity investments.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (continued)

VII. EXPLANATIONS RELATED TO THE LIQUIDITY RISK (continued)

Presentation of assets and liabilities according to their remaining maturities:

The Bank follows up and measures the consistency of payments comparing its assets and liabilities with the interest rates on a daily and transactional basis.

Current period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undistributed	Total
Assets								
Cash (cash in TRY, foreign currency cash, money in transit, cheques purchased, precious metals) and balances with the Central Bank of Turkey	832.548	2.158.789	2.479.603	465.535	15.125	351	566	5.952.517
Banks and financial institutions	67.507	820.301	-	-	-	-	-	887.808
Financial assets at fair value through profit and loss	-	14.118	4.466	29.283	77.575	12.977	-	138.419
Money market placements	-	-	-	-	-	-	-	-
Financial assets available-for-sale	-	78.840	140.478	542.937	4.771.489	2.442.973	12.760	7.989.477
Loans	255.074	5.189.711	3.973.839	13.801.986	20.638.831	3.439.278	-	47.298.719
Held-to-maturity investments	-	156.683	101.147	1.165.467	9.824.989	1.497.204	-	12.745.490
Other assets ⁽²⁾	362.327	2.671	1.459	5.915	19.210	10.618	2.563.860	2.966.060
Total assets	1.517.456	8.421.113	6.700.992	16.011.123	35.347.219	7.403.401	2.577.186	77.978.490
Liabilities								
Bank deposits	1.389.398	3.074.605	326.684	-	-	-	-	4.790.687
Other deposits	7.815.043	31.805.214	9.363.827	2.498.385	84.974	1.629	-	51.569.072
Funds provided from other financial institutions ⁽⁴⁾	2.292	66.820	120.095	1.586.365	886.629	1.495.842	-	4.158.043
Money market balances	-	4.480.162	543.350	967.704	-	-	-	5.991.216
Marketable securities issued	-	-	-	-	-	-	-	-
Sundry creditors	756.305	17.437	-	-	-	-	-	773.742
Other liabilities ⁽¹⁾	1.538.759	134.981	69.228	781.100	200.940	165.840	7.804.882	10.695.730
Total liabilities	11.501.797	39.579.219	10.423.184	5.833.554	1.172.543	1.663.311	7.804.882	77.978.490
Liquidity gap	(9.984.341)	(31.158.106)	(3.722.192)	10.177.569	34.174.676	5.740.090	(5.227.696)	-
Previous period								
Total assets	2.021.819	9.844.178	5.843.923	13.698.679	32.213.636	6.681.766	2.638.384	72.942.385
Total liabilities	11.505.063	35.796.954	11.250.507	4.342.346	1.064.092	1.538.743	7.444.680	72.942.385
Liquidity gap	(9.483.244)	(25.952.776)	(5.406.584)	9.356.333	31.149.544	5.143.023	(4.806.296)	-

(1) Shareholders' equity is disclosed in other liabilities line under the undistributed column.

(2) TRY 267.824 of non-performing loans with no specific provision, is disclosed in other assets line under the undistributed column.

(3) Other asset items which are not expected to be converted into cash in short term but required for continuity of banking operations like tangible and intangible assets, office supply inventory, associates and subsidiaries, prepaid expenses, deferred tax assets and receivables from NPL are disclosed in other assets under the undistributed column.

(4) Funds provided from other financial institutions include borrowings.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (continued)

VIII. EXPLANATIONS RELATED TO BUSINESS SEGMENTATION

The Bank's operations are grouped under the corporate, commercial, entrepreneur and treasury/investment banking categories. Branches are grouped considering the information above and are scaled according to the classification shown in the table below, with the classification reflected to the head office and branches.

The Bank is rendering services to a wide range of companies in all sectors, especially to Small and Medium Size Enterprises (SME) as well as individuals having consumer status. In this context, the Bank has no restrictions on the area in which it operates.

The Bank categorizes its real and legal entities that it renders services into three groups as; firms, individual customers and other customers.

Firms are composed of traders and small-scale retailers having real and legal entity status. Within the Bank's application, firms are segmented as corporate firms, commercial firms, enterprising business firms, small size enterprises and small-scale retailers.

Individual customers are real entities without having any commercial or professional purposes other than their individual demands in the Bank's application.

Other customers are referred to as associations, organizations, trade unions, foundations, societies, building managements, parent-teacher associations and similar institutions that are not included in the afore-mentioned classification.

The following are the services provided by the Bank to all of its customers:

- Accepting deposits,
- Issuance of cash, noncash loans,
- All kinds of reimbursements and cash receipt operations, including cash and deposit reimbursements, fund transfers, correspondent banking transactions and use of checking accounts,
- Purchasing cheques and bank bills,
- Performing custody services,
- Issuing payment instruments such as; credit cards, cash cards and travel cheques, and performing related transactions,
- Including spot transactions, foreign exchange transactions, trading of money market securities, bullion trading and/or performing the related custody services,
- Trading of forward transaction agreements, option agreements and financial instruments with more than one derivative instrument and performing the related intermediary services based on the economic and financial indicators, capital markets instruments, commodities, precious metals and exchange rates,
- Assuming guarantee transactions such as; warranties and other liabilities in favor of others,
- Having intermediary transactions on Interbank money transfer, insurance agency services,
- Rendering insurance agency transactions,
- Acting as a market maker in trade operations in accordance with liabilities assumed within the context of the agreement composed by the Turkish Treasury and/or Central Bank and associations,
- Trading capital market instruments and performing repurchase and reverse repo transactions,
- Acting as an intermediary in the sale process of capital market instruments by means of issuing instruments or through a public offering,
- Trading the capital market instruments issued for the purpose of performing intermediary services.

Under the Treasury transactions, medium and long-term fund provision is performed through securities exchange, money market operations, spot and time TRY and foreign exchange transactions, derivative instruments (such as; forwards, swaps, futures and options), syndication and securitization, etc.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (continued)

VIII. EXPLANATIONS RELATED TO BUSINESS SEGMENTATION (continued)

Details of the segment information prepared in accordance with the Act on “Disclosure of Financial Statements of Banks and The Related Presentations and Notes” as of 31 March 2011 are presented in the table below.

Current Period	Corporate	Commercial	SME/ Intagrated	Treasury / Investment⁽¹⁾	Elimination⁽²⁾	Total
OPERATING INCOME / EXPENSES						
Interest income	215.656	153.359	1.624.401	1.264.390	(1.708.128)	1.549.678
Interest on loans	117.798	114.011	831.931	63.478	-	1.127.218
Interest income on marketable securities	-	-	-	421.066	-	421.066
Interest received from banks	-	-	-	987	-	987
Other interest income ⁽²⁾	97.858	39.348	792.470	778.859	(1.708.128)	407
Interest expense	169.078	104.820	1.172.614	1.077.225	(1.708.128)	815.609
Interest on deposits	73.688	27.072	554.459	52.768	-	707.987
Interest on borrowings	324	2.219	1.086	19.852	-	23.481
Interest on money market borrowings	-	-	-	74.801	-	74.801
Other interest expense ⁽²⁾	95.066	75.529	617.069	929.804	(1.708.128)	9.340
Net interest income	46.578	48.539	451.787	187.165	-	734.069
Net fees and commissions income	14.516	14.129	110.520	18.776	-	157.941
Net trading profit / (loss)	-	-	-	98.412	-	98.412
Dividend income	-	-	-	43.003	-	43.003
Other income	357	8.802	82.060	28.284	-	119.503
Loans and other receivables' impairment loss	32	3.173	48.925	34.076	-	86.206
Other expenses	3.602	13.020	208.627	188.272	-	413.521
Income before taxes	57.817	55.277	386.815	153.292	-	653.201
Income tax provision	-	-	-	(128.487)	-	(128.487)
Net profit for the period	57.817	55.277	386.815	24.805	-	524.714
SEGMENT ASSETS						
Marketable securities	-	-	-	20.840.499	-	20.840.499
Derivative financial assets held for trading	-	-	-	32.887	-	32.887
Banks and money market receivables	-	-	-	887.808	-	887.808
Associates and subsidiaries (net)	-	-	-	739.608	-	739.608
Loans	6.573.471	6.794.955	29.629.294	4.568.823	-	47.566.543
Other assets	17.420	76.410	883.508	6.933.807	-	7.911.145
TOTAL ASSETS	6.590.891	6.871.365	30.512.802	34.003.432	-	77.978.490
SEGMENT LIABILITIES						
Deposits	7.557.583	2.465.075	40.081.141	6.255.960	-	56.359.759
Derivative financial liabilities held for trading	-	-	-	39.160	-	39.160
Money market balances	-	-	-	5.991.216	-	5.991.216
Borrowing funding loans	44.875	197.415	99.620	3.816.133	-	4.158.043
Other liabilities	38.581	36.371	1.865.644	672.855	-	2.613.451
Provisions and tax payable	5.966	9.241	68.134	928.638	-	1.011.979
Shareholders' equity	-	-	-	7.804.882	-	7.804.882
TOTAL LIABILITIES	7.647.005	2.708.102	42.114.539	25.508.844	-	77.978.490
OFF BALANCE SHEET ITEMS						
Guarantees and suretyships	7.089.856	2.607.183	3.571.290	1.234	-	13.269.563
Commitments	45.963	121.100	5.131.052	5.198.501	-	10.496.616
Derivative financial instruments	-	-	-	5.278.527	-	5.278.527

(1) Amounts arising from transactions of general directorate are presented under the treasury / investment column. In this context net of property, plant and equipment amounting TRY 923.945 (net) and deferred tax assets amounting TRY 169.109 in other assets are presented under the Treasury / Investment column.

(2) Net fund transfer pricing amounts are distributed in other interest income and other interest expense sections.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION IV: INFORMATION ON FINANCIAL STRUCTURE (continued)

VIII. EXPLANATIONS RELATED TO BUSINESS SEGMENTATION (continued)

Prior Period	Corporate	Commercial	SME/ Intagrated	Treasury / Investment ⁽¹⁾	Elimination ⁽²⁾	Total
OPERATING INCOME / EXPENSES						
Interest income	154.143	103.996	1.454.836	1.264.581	(1.412.560)	1.564.996
Interest on loans	86.199	71.975	771.310	72.418	-	1.001.902
Interest income on marketable securities	-	-	-	539.998	-	539.998
Interest received from banks	-	-	-	19.932	-	19.932
Other interest income ⁽²⁾	67.944	32.021	683.526	632.233	(1.412.560)	3.164
Interest expense	118.727	68.806	1.027.219	923.255	(1.412.560)	725.447
Interest on deposits	50.682	21.960	494.856	48.769	-	616.267
Interest on borrowings	297	1.710	1.859	10.256	-	14.122
Interest on money market borrowings	-	-	-	83.152	-	83.152
Other interest expense ⁽²⁾	67.748	45.136	530.504	781.078	(1.412.560)	11.906
Net interest income	35.416	35.190	427.617	341.326	-	839.549
Net fees and commissions income	8.956	7.913	106.719	10.642	-	134.230
Net trading profit / (loss)	-	-	-	60.611	-	60.611
Dividend income	-	-	-	4.739	-	4.739
Other income	1.001	7.926	70.155	14.095	-	93.177
Loans and other receivables' impairment loss	276	9.017	81.614	57.828	-	148.735
Other expenses	2.717	10.245	156.608	164.819	-	334.389
Income before taxes	42.380	31.767	366.269	208.766	-	649.182
Income tax provision	-	-	-	(133.718)	-	(133.718)
Net profit for the period	42.380	31.767	366.269	75.048	-	515.464
SEGMENT ASSETS						
Marketable securities	-	-	-	20.172.284	-	20.172.284
Derivative financial assets held for trading	-	-	-	34.307	-	34.307
Banks and money market receivables	-	-	-	1.109.419	-	1.109.419
Associates and subsidiaries (net)	-	-	-	739.608	-	739.608
Loans	7.002.121	5.781.770	27.248.538	4.264.058	-	44.296.487
Other assets	13.120	76.641	965.886	5.534.633	-	6.590.280
TOTAL ASSETS	7.015.241	5.858.411	28.214.424	31.854.309	-	72.942.385
SEGMENT LIABILITIES						
Deposits	7.210.628	2.602.577	38.941.181	6.027.628	-	54.782.014
Derivative financial liabilities held for trading	-	-	-	39.151	-	39.151
Money market balances	-	-	-	3.155.055	-	3.155.055
Borrowing funding loans	7.441	95.736	132.071	3.589.139	-	3.824.387
Other liabilities	32.227	60.387	1.797.216	682.046	-	2.571.876
Provisions and tax payable	6.101	9.367	72.105	1.037.649	-	1.125.222
Shareholders' equity	-	-	-	7.444.680	-	7.444.680
TOTAL LIABILITIES	7.256.397	2.768.067	40.942.573	21.975.348	-	72.942.385
OFF BALANCE SHEET ITEMS						
Guarantees and suretyships	6.987.939	2.407.489	3.329.660	1.264	-	12.726.352
Commitments	48.183	105.255	4.670.000	5.064.440	-	9.887.878
Derivative financial instruments	-	32.354	30.180	4.798.508	-	4.861.042

(1) Amounts arising from transactions of general directorate are presented under the treasury / investment column. In this context net of property, plant and equipment amounting TRY 945.368 (net) and deferred tax assets amounting TRY 221.471 in other assets are presented under the Treasury / Investment column.

(2) Net fund transfer pricing amounts are distributed in other interest income and other interest expense sections.

IX. EXPLANATIONS RELATED TO TRANSACTIONS MADE ON BEHALF OF OTHERS AND TRANSACTIONS BASED ON TRUST

The Bank performs buying transactions on behalf of customers, and gives custody, administration and consultancy services.

The Bank does not engage in transaction based on trust.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS

(1) a) Cash and balances with the Central Bank of Turkey:

	Current period		Prior period	
	TRY	FC	TRY	FC
Cash and foreign currency	253.514	59.991	316.631	62.649
Central Bank of Turkey	3.730.420	1.908.591	2.466.013	1.804.255
Other	-	1	-	12
Total	3.983.934	1.968.583	2.782.644	1.866.916

b) Information on the account of Central Bank of Turkey:

	Current period		Prior period	
	TRY	FC	TRY	FC
Demand unrestricted amount	3.726.569	519.430	2.458.657	491.046
Time unrestricted amount	-	-	-	-
Time restricted amount	-	-	-	-
Reserve deposits	3.851	1.389.161	7.356	1.313.209
Total	3.730.420	1.908.591	2.466.013	1.804.255

The banks operating in Turkey keep reserve deposits for Turkish currency liabilities in TRY specified rates between 5% and 12% according to their maturities (31 December 2010: 6%), foreign currency liabilities in USD or EUR at the rates of 11% (31 December 2010: 11%), respectively as per the Communique no.2005/1 "Reserve Deposits" of the Central Bank of Turkey.

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

(2) Financial assets at fair value through profit and loss:

a) Financial assets at fair value through profit and loss blocked/given as collateral:

None.

b) Financial assets at fair value through profit and loss subject to repurchase agreements:

None.

c) Positive differences related to the derivative financial assets held-for-trading:

	Current period		Prior period	
	TRY	FC	TRY	FC
Forward transactions	-	12.141	-	10.049
Swap transactions	-	20.713	-	23.537
Futures transactions	-	-	-	-
Options	33	-	3	718
Other	-	-	-	-
Total	33	32.854	3	34.304

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)

(3) Information on banks and other financial institutions:

a) Information on banks:

	Current period		Prior period	
	TRY	FC	TRY	FC
Banks				
Domestic banks	23	232.268	59.030	722.132
Foreign banks	18.367	637.150	21.028	187.204
Branches and offices abroad	-	-	-	-
Total	18.390	869.418	80.058	909.336

(1) OECD countries except EU countries, US, and Canada.

(4) Information on financial assets available-for-sale:

a) Financial assets available-for-sale blocked/given as collateral or subject to repurchase agreements:

a.1. Information on financial assets available-for-sale blocked/given as collateral:

None.

a.2. Information on financial assets available-for-sale subject to repurchase agreements:

None.

b) Information on financial assets available for sale portfolio:

	Current period	Prior period
Debt securities	8.002.009	7.388.061
Quoted on a stock exchange	8.002.009	7.388.061
Not quoted	-	-
Share certificates	25.095	25.095
Quoted on a stock exchange	-	-
Not quoted	25.095	25.095
Impairment provision(-)	37.627	15.103
Total	7.989.477	7.398.053

(5) Information on loans:

a) Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current period		Prior period	
	Cash loans	Non-cash loans	Cash loans	Non-cash loans
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	108.283	-	97.620	-
Total	108.283	-	97.620	-

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)

(5) Information on loans: (continued)

b) Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled:

	Standard loans and other receivables		Loans and other receivables under close monitoring	
	Loans and other receivables	Restructured or rescheduled ⁽³⁾	Loans and other receivables	Restructured or rescheduled ⁽³⁾
Cash loans				
Non-specialized loans	36.702.496	87.073	545.421	24.861
Discount notes	12.327	-	27	-
Export loans	3.020.392	-	5.976	-
Import loans	-	-	-	-
Loans given to financial sector	939.548	-	-	-
Overseas loans	199.921	-	77	20
Consumer loans ⁽¹⁾	11.592.782	78	122.032	21.130
Credit cards ⁽²⁾	774.424	36	19.214	3.417
Precious metals loans	-	-	-	-
Other	20.163.102	86.959	398.095	294
Specialized lending	9.305.628	42.825	118.526	-
Other receivables	-	-	-	-
Accruals	463.639	1.309	6.691	250
Total	46.471.763	131.207	670.638	25.111

(1) Includes TRY 79.997 of personnel loans.

(2) Includes TRY 28.286 of personnel credit cards.

(3) Presents loans accounted under in restructured and rescheduled loan accounts.

c) Loans according to their maturity structure:

	Standard loans and other receivables		Loans and other receivables under close monitoring	
	Loans and other receivables	Restructured or rescheduled ⁽¹⁾	Loans and other receivables	Restructured or rescheduled ⁽¹⁾
Cash loans				
Short-term loans and other receivables	16.531.954	1.694	192.875	1.415
Non-specialized loans	15.241.000	1.050	182.092	1.401
Specialized loans	1.126.018	627	8.859	-
Other receivables	-	-	-	-
Accruals	164.936	17	1.924	14
Medium and long-term loans and other receivables	29.939.809	129.513	477.763	23.696
Non-specialized loans	21.461.496	86.023	363.329	23.460
Specialized loans	8.179.610	42.198	109.667	-
Other receivables	-	-	-	-
Accruals	298.703	1.292	4.767	236
Total	46.471.763	131.207	670.638	25.111

(1) Presents loans accounted under restructured and rescheduled loan accounts.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)

(5) Information on loans: (continued)

d) Information on consumer loans, individual credit cards, personnel loans and credit cards:

	Short-term	Medium and long-term	Total
Consumer loans-TRY	191.404	11.239.036	11.430.440
Real estate loans	1.171	4.402.859	4.404.030
Automobile loans	851	36.364	37.215
Consumer loans	189.382	6.799.813	6.989.195
Other	-	-	-
Consumer loans- Indexed to FC	-	374	374
Real estate loans	-	374	374
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans- FC	-	-	-
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual credit cards-TRY	719.603	2.716	722.319
Installment	172.290	-	172.290
Non-installment	547.313	2.716	550.029
Individual credit cards-FC	-	-	-
Installment	-	-	-
Non-installment	-	-	-
Personnel loans-TRY	5.069	74.928	79.997
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	5.069	74.928	79.997
Other	-	-	-
Personnel loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Real estate loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TRY	28.262	24	28.286
Installment	7.921	-	7.921
Non-installment	20.341	24	20.365
Personnel credit cards-FC	-	-	-
Installment	-	-	-
Non-installment	-	-	-
Overdraft accounts-TRY (Retail customer)	225.211	-	225.211
Overdraft accounts-FC (Retail customer)	-	-	-
Total	1.169.549	11.317.078	12.486.627

(1) Interest income accruals are not included in the table above.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)

(5) Information on loans: (continued)

e) Information on commercial installments loans and corporate credit cards:

	Short-term	Medium and long-term	Total
Commercial installment loans-TRY	71.977	509.290	581.267
Business residential loans	31.847	282.281	314.128
Automobile loans	40.130	227.009	267.139
Consumer loans	-	-	-
Other	-	-	-
Commercial installment loans- Indexed to FC	-	-	-
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Commercial installment loans - FC	-	-	-
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-TRY	46.486	-	46.486
Installment	8.294	-	8.294
Non-installment	38.192	-	38.192
Corporate credit cards-FC	-	-	-
Installment	-	-	-
Non-installment	-	-	-
Overdraft accounts-TRY (Commercial customer)	187.694	-	187.694
Overdraft accounts-FC (Commercial customer)	-	-	-
Total	306.157	509.290	815.447

(1) Interest and income accruals are not included in table above.

f) Loan according to type of borrowers:

	Current period	Prior period
Public	1.656.672	1.647.341
Private	45.642.047	42.355.923
Total	47.298.719	44.003.264

g) Domestic and foreign loans:

	Current period	Prior period
Domestic loans	47.096.706	43.746.012
Foreign loans	202.013	257.252
Total	47.298.719	44.003.264

h) Loans granted to subsidiaries and associates:

	Current period	Prior period
Direct loans granted to subsidiaries and associates	102.324	75.704
Indirect loans granted to subsidiaries and associates	-	-
Total	102.324	75.704

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)

(5) Information on loans: (continued)

i) Specific provisions provided against loans:

	Current period	Prior period
Specific provisions		
Loans and receivables with limited collectibility	126.941	127.289
Loans and receivables with doubtful collectibility	72.312	75.681
Uncollectible loans and receivables	1.246.313	1.261.560
Total	1.445.566	1.464.530

j) Information on non-performing loans (Net):

j.1. Information on loans and other receivables included in non-performing loans which are restructured or rescheduled:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Current period	32.116	13.681	272.177
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	32.116	13.681	272.177
Prior period	44.297	20.564	286.518
(Gross amounts before the specific provisions)			
Loans and other receivables which are restructured	-	-	-
Rescheduled loans and other receivables	44.297	20.564	286.518

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)

(5) Information on loans: (continued)

j.2. Information on the movement of non-performing loans:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
Prior period end balance	195.025	106.512	1.456.216
Additions (+)	46.348	9.525	18.148
Transfers from other categories of loans under follow-up (+)	-	11.372	30.294
Transfers to other categories of loans under follow-up (-)	23.162	18.504	-
Collections (-)	29.959	11.177	77.248
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current period end balance	188.252	97.728	1.427.410
Specific provision (-)	126.941	72.312	1.246.313
Net balance on balance sheet	61.311	25.416	181.097

j.3. Information on foreign currency non-performing loans and other receivables:

None.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)

(5) Information on loans: (continued)

j.4. Gross and net amounts of non-performing loans according to user groups:

	III. Group	IV. Group	V. Group
	Loans and	Loans and	Uncollectible
	receivables	receivables	loans and
	with limited	with doubtful	receivables
	collectibility	collectibility	
Current period (Net)	61.311	25.416	181.097
Loans to granted real persons and legal entities (Gross)	187.344	97.726	1.391.249
Specific provisions (-)	126.033	72.310	1.210.152
Loans to granted real persons and legal entities (Net)	61.311	25.416	181.097
Banks (Gross)	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	908	2	36.161
Specific provisions (-)	908	2	36.161
Other loans and receivables (Net)	-	-	-
Prior period (Net)	67.736	30.831	194.656
Loans to granted real persons and legal entities (Gross)	194.110	106.510	1.419.636
Specific provisions (-)	126.374	75.679	1.224.980
Loans to granted real persons and legal entities (Net)	67.736	30.831	194.656
Banks (Gross)	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	915	2	36.580
Specific provisions (-)	915	2	36.580
Other loans and receivables (Net)	-	-	-

k) Main guidelines of the liquidation policy of the Bank about the uncollectible loans and receivables:

The Bank liquidates its uncollectible receivables through three methods. These are by signing financial restructuring contract under the Law No: 4743, by making payment protocols and by presenting adequate repayment schedules for the lower amount of receivables. Within the context of this collection policy, non-performing loans are collected in considerable amounts. Collections are firstly offset against lawsuits and expenses, interest and capital receivables from loans.

The Bank recently collects some of its receivables by acquiring debtor properties in consideration of collaterals given to loans granted.

l) Explanations on write-off policy:

In compliance with the “Procedure for Write Off and Procedures for Overdue Receivables for Legal Follow-Up” of the Bank and Turkish Tax Procedural Code, non performing loans which become unrecoverable as a result of legal follow up can be written off to prevent additional legal expenses.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)

(6) Information on held-to-maturity investments:

a) Information on held-to-maturity investments blocked/given as collateral or subject to repurchase agreement transactions are explained comparatively with net value:

a.1. Held-to-maturity investments blocked/given as collateral:

	Current period		Prior period	
	TRY	FC	TRY	FC
Treasury bills	-	-	-	-
Government bonds and similar securities	1.913.561	206.913	2.272.031	86.107
Other	-	-	-	-
Total	1.913.561	206.913	2.272.031	86.107

a.2. Held-to-maturity investments subject to repurchase agreements:

	Current period		Prior period	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Treasury bills, government bonds and similar securities	4.768.328	1.287.992	2.537.984	722.386
Other	-	-	-	-
Total	4.768.328	1.287.992	2.537.984	722.386

b) Information on public sector debt investments held-to-maturity:

	Current period	Prior period
Government bonds	12.745.490	12.719.179
Treasury bills	-	-
Other public sector debt securities	-	-
Total	12.745.490	12.719.179

c) Information on held-to-maturity investments:

	Current period	Prior period
Debt securities	12.745.490	12.719.179
Quoted on a stock exchange	10.353.387	10.330.213
Not quoted	2.392.103	2.388.966
Impairment provision (-)	-	-
Total	12.745.490	12.719.179

d) Movement of held-to-maturity investments within the year:

	Current period	Prior period
Beginning balance	12.719.179	16.556.802
Foreign currency differences on monetary assets	46.930	(14.112)
Purchases during the year ⁽¹⁾	199.357	3.112.796
Disposals through sales and redemptions ⁽²⁾	(219.976)	(6.936.307)
Impairment provision (-) / provision reversal (+)	-	-
Balance at the of the period	12.745.490	12.719.179

(1) The difference between interest income accruals amounting to TRY 427.409 and TRY 500.718 as of 31 March 2011 and 31 December 2010, respectively has been included in the purchases row.

(2) In accordance with the tainting rules defined in paragraph 9 of Turkish Accounting Standards 39-Financial Instruments: Recognition and Measurement as published by Turkish Accounting Standards Board ("TASB"), as of 31 March 2011, the Bank reclassified TRY 140.547 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.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)

(6) Information on held-to-maturity investments: (continued)

d.1. Information on held-to-maturity investments accounts:

The breakdown of the held to maturity securities of the Bank is as follows:

	Current period				Prior period			
	Historical cost		Amortized cost		Historical cost		Amortized cost	
	TRY	FC	TRY	FC	TRY	FC	TRY	FC
Obtained from Under secretariat of Treasury of Republic of Turkey ⁽²⁾	5.273.125	-	5.514.742	-	5.641.848	-	5.920.059	-
Obtained with the transfer	2.340.938	-	2.392.104	-	2.340.938	-	2.388.965	-
Reclassified from other securities portfolios ⁽¹⁾	2.983.508	1.133.761	3.067.482	1.146.958	2.396.216	1.203.581	2.498.683	1.254.814
Other	-	586.749	-	624.204	-	635.878	-	656.658
Total	10.597.571	1.720.510	10.974.328	1.771.162	10.379.002	1.839.459	10.807.707	1.911.472

(1) While paragraph 54 of Turkish Accounting Standards 39-Financial Instruments: Recognition and Measurement as published by Turkish Accounting Standards Board (“TASB”) permit reclassification of financial assets from Available for Sale Financial Assets to Held to Maturity Portfolio, with the Communiqué 105, dated 31 October 2008 and published in the Official Gazette 27040, TASB, made an amendment related to Article 50 of Turkish Accounting Standards 39-Financial Instruments: Recognition and Measurement and also permitted the reclassification of financial assets recognized as Financial Assets at Fair Value Through Profit and Loss Portfolio to Held to Maturity Financial Assets Portfolio within a certain period identified in the amendments. In order to avoid the effect of market fluctuations on financial assets portfolio, on 3 October 2008 and 8 October 2008, the Bank reclassified from Financial Assets at Fair Value Through Profit and Loss from Available for Sale Financial Assets to Held to Maturity Investments.

(2) The Bank has not reclassified any financial assets from other portfolios to held to maturity investment portfolio during the current period. Also the additions for the period are shown under “Obtained from Under Secretariat of Treasury of Republic of Turkey” row.

(7) Information on associates (Net):

a) Information on associates:

Description	Address (City/ Country)	Bank’s share percentage, if different-voting percentage (%)	Bank’s risk group share percentage (%)
1. Demirhalkbank NV	Netherlands	30,00	30,00
2. Halk Finansal Kiralama AŞ	Istanbul	47,75	47,75
3. Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ	Ankara	31,47	32,26
4. Fintek AŞ	Ankara	24,00	29,76
5. Bileşim Alternatif Dağ. Kan. AŞ	Istanbul	24,00	24,00
6. Kredi Kayıt Bürosu AŞ	Istanbul	18,18	18,18
7. Bankalararası Kart Merkezi AŞ	Istanbul	18,95	18,95
8. Kredi Garanti Fonu AŞ	Ankara	1,67	1,67

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)

(7) Information on associates (Net): (continued)

b) Information related to the associates as sorted in (a):

Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/loss	Prior period profit/loss	Fair value ⁽³⁾
3.908.275	392.859	29.167	63.105	1.758	8.348	12.515	-
473.512	107.835	3.976	36.858	-	17.115	15.896	104.000
42.258	42.046	214	2.338	-	936	1.622	-
8.427	4.226	98	229	51	345	311	-
19.348	10.185	2.302	216	2	4.571	2.902	-
44.767	36.805	1.998	2.555	-	14.132	9.103	-
21.011	15.865	6.736	912	-	1.465	1.067	-
128.275	113.763	3.374	5.774	-	(1.608)	2.016	-

(1) No investment is listed on the stock exchange.

(2) The associates that are presented in (b), the financial data of Demir Halkbank NV, Bankalararası Kart Merkezi AŞ, Kobi Girişim Sermayesi Yatırım Ortaklığı AŞ, Fintek AŞ, Kredi Garanti Fonu AŞ and Halk Finansal Kiralama AŞ is obtained from 31 December 2010 audited financial statements, and the financial data of remaining associates are obtained from 31 December 2010 unaudited financial statements.

(3) Fair values of the associates are taken from the valuation reports of related associations.

c) Movement of associates:

	Current period	Prior period
Balance at the beginning of the period	143.527	239.795
Movements during the period	-	(96.268)
Purchases	-	944
Bonus shares obtained profit from current year's share	-	5.317
Dividends from current year income	-	-
Sales	-	-
Revaluation decrease (-) / increase	-	(116.336)
Provision for impairment (-) / reversals (+)	-	13.807
Balance at the end of the period	143.527	143.527
Capital commitments ⁽¹⁾	2.000	2.000
Share percentage at the end of the period (%)	0,00	0,00

(1) TRY 2.000 is the capital commitment to Kredi Garanti Fonu AŞ.

d) Sectoral information and related carrying amounts of associates:

	Current period	Prior period
Banks	74.716	74.716
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	49.660	49.660
Financing companies	-	-
Other financial investments	18.099	18.099

e) Associates quoted to a stock exchange:

None.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)

(8) Information on subsidiaries (Net):

a) Information on subsidiaries:

Description	Address (City/ Country)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
Halk Yatırım Menkul Değerler AŞ	Istanbul	99,94	99,96
Halk Sigorta AŞ	Istanbul	89,18	89,18
Halk Hayat ve Emeklilik AŞ	Istanbul	94,40	99,46
Halk Gayrimenkul Yatırım Ortaklığı AŞ	Istanbul	99,84	99,99

b) Information related to the subsidiaries as sorted in (a)^{(1) (2)}:

Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Fair value
188.727	51.130	2.265	7.643	11	11.124	8.882	-
181.889	57.426	2.860	6.992	2.769	4.002	4.446	-
203.415	77.608	1.618	7.678	2.633	29.372	19.225	-
479.286	478.829	466.241	160	-	1.829	-	-

(1) None of the subsidiaries are listed on the stock exchange.

(2) The information is presented from financial statements as of 31 December 2010 prepared for consolidation purposes.

c) Movement of the subsidiaries:

	Current period	Prior period
Balance at the beginning of the period	596.081	81.133
Movements during the period	-	514.948
Purchases	-	476.250
Bonus shares obtained profit from current year's share	-	38.698
Dividends from current year income	-	-
Sales	-	-
Revaluation increase	-	-
Provision for impairment (-)	-	-
Balance at the end of the period	596.081	596.081
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

d) Sectoral information on subsidiaries and the related carrying amounts:

	Current period	Prior period
Banks	-	-
Insurance companies	77.460	77.460
Factoring companies	-	-
Leasing companies	-	-
Financing companies	42.371	42.371
Other financial subsidiaries	476.250	476.250

e) Subsidiaries quoted in the stock exchange:

None.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (continued)**

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)

(9) Information on jointly controlled entities (joint ventures):

None.

(10) Information on finance lease receivables (Net):

None.

(11) Information on derivative financial assets for hedging purposes:

None.

(12) Information on tangible assets:

Not prepared in compliance with the article 25 of the communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

(13) Information on intangible assets:

Not prepared in compliance with the article 25 of the communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

(14) Information on investment property:

None.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. EXPLANATIONS AND NOTES RELATED TO THE ASSETS (continued)

(15) Information on deferred tax assets:

	Current period	Prior period
Retirement pay provision and unused vacation provision	57.963	55.008
Valuation difference on marketable securities	78.234	131.652
Precautionary provision for loans under close monitoring	16.091	19.291
Provision for lawsuits against the Bank	4.287	4.499
Net accrual expense for derivative instruments	1.255	969
Others	12.966	11.776
Total deferred tax assets	170.796	223.195
Valuation difference on metallic currency	(1.687)	(78)
Amortisation difference on tangible and intangible assets	-	(1.646)
Deferred tax liabilities	(1.687)	(1.724)
Deferred tax assets, net	169.109	221.471

Deferred tax accounted in shareholders' equity	9.724	42.961
Available for sale financial assets IRR-fair value difference	9.724	42.961

(16) Information on non-current assets held for sale:

Not prepared in compliance with the article 25 of the communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

(17) Information on other assets:

	Current period	Prior period
Prepaid promotion expenses	237.986	247.098
Clearing House account	182.340	174.190
Receivables from credit card payments	78.807	71.971
Other prepaid expenses	61.396	14.921
Receivables from asset sale on credit terms	39.332	40.467
Receivables from SDIF	32.876	32.585
Receivables from derivative financial instruments	28.860	15.875
Receivables pending and incurred payment for board of discipline decision	6.267	4.487
Receivables from banking services	3.104	2.872
Receivables from lawsuits	2.068	2.154
Cash guarantees given	2.220	2.148
Advances given	1.298	556
Other	58.586	48.761
Total	735.140	658.085

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES

(1) Information on maturity structure of deposits:

a) For deposit banks:

a.1. Current period:

	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months- months	6 months- 1 year	1 year and over	Cumulative deposits	Total
Saving deposits	1.936.921	-	1.591.812	18.509.000	502.554	228.483	72.053	75.296	22.916.119
Foreign currency deposits	1.894.625	-	2.568.846	6.673.004	1.069.460	1.582.851	348.903	11.198	14.148.887
Residents in Turkey	1.848.118	-	2.476.661	6.421.632	668.878	1.140.651	250.510	11.184	12.817.634
Residents abroad	46.507	-	92.185	251.372	400.582	442.200	98.393	14	1.331.253
Public sector deposits	1.277.906	-	397.477	2.501.390	78.415	26.154	423	-	4.281.765
Commercial inst. deposits	1.766.442	-	2.015.254	3.196.694	217.886	69.971	4.626	-	7.270.873
Other inst. deposits	282.735	-	733.496	1.003.619	150.976	123.918	270	-	2.295.014
Precious metals	656.414	-	-	-	-	-	-	-	656.414
Interbank deposits	1.389.398	-	2.933.813	446.476	20.000	1.000	-	-	4.790.687
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	10.573	-	2.773.493	45.036	20.000	1.000	-	-	2.850.102
Foreign banks	1.375.965	-	160.320	401.440	-	-	-	-	1.937.725
Participation banks	2.860	-	-	-	-	-	-	-	2.860
Total	9.204.441	-	10.240.698	32.330.183	2.039.291	2.032.377	426.275	86.494	56.359.759

a.2. Prior period:

	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months- months	6 months- 1 year	1 year and over	Cumulative deposits	Total
Saving deposits	1.789.824	-	4.355.760	15.294.271	413.109	172.023	59.068	67.782	22.151.837
Foreign currency deposits	1.733.958	-	3.135.223	5.113.978	985.228	1.447.214	368.150	10.284	12.794.035
Residents in Turkey	1.690.803	-	3.029.742	4.876.940	923.253	1.081.347	232.511	10.271	11.844.867
Residents abroad	43.155	-	105.481	237.038	61.975	365.867	135.639	13	949.168
Public sector deposits	1.405.663	-	461.599	1.393.275	21.398	24.280	417	-	3.306.632
Commercial inst. deposits	1.841.704	-	2.698.832	4.991.388	98.347	66.463	1.865	-	9.698.599
Other inst. deposits	259.659	-	195.128	1.745.687	913.667	19.542	283	-	3.133.966
Precious metals	473.117	-	-	-	-	-	-	-	473.117
Interbank deposits	1.175.580	-	1.879.882	146.366	21.000	1.000	-	-	3.223.828
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	12.870	-	1.747.843	53.014	20.000	1.000	-	-	1.834.727
Foreign banks	1.161.415	-	132.039	93.352	1.000	-	-	-	1.387.806
Participation banks	1.295	-	-	-	-	-	-	-	1.295
Total	8.679.505	-	12.726.424	28.684.965	2.452.749	1.730.522	429.783	78.066	54.782.014

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES (continued)

(1) Information on maturity structure of deposits: (continued)

b) Information on saving deposits in the scope of Saving Deposits Insurance Fund:

b.1. Amounts exceeding insurance limit:

b.1.1. Saving deposits under the guarantee of deposit insurance and exceeding the insurance limit:

Saving deposits	Under the guarantee insurance		Exceeding the insurance limit	
	Current period	Prior period	Current period	Prior period
Saving deposits	11.967.414	11.452.490	10.899.765	10.655.063
Foreign currency saving deposits	2.505.785	2.419.516	4.075.662	4.002.148
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	54.415	53.080	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

b.1.2. Saving deposits at foreign branches are excluded from the scope of Saving Deposits Insurance Fund according to the related legislation, and are subject to insurance of foreign authorities in compliance with the foreign legislations.

c) Saving deposits which are not under the guarantee of deposit insurance fund:

	Current period	Prior period
Foreign branches' saving deposits and other accounts	171.452	152.388
Deposits and other accounts belonging to dominant partners as well as their fathers, mothers, spouses and children under their custody	-	-
Deposits and other accounts belonging to the chairman and members of the board of directors, general managers and deputy general managers as well as their fathers, mothers, spouses and children under their custody	2.385	2.141
Deposits and other accounts covered by assets generated through the offenses mentioned in Article 282 of the Turkish Penal Code No.5237 and dated 26.9.2004	-	-
Deposits in the banks to be engaged exclusively in offshore banking in Turkey	-	-

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES (continued)

(2) Information on derivative financial liabilities held for trading:

Negative differences table related to the derivative financial liabilities held-for-trading:

	Current period		Prior period	
	TRY	FC	TRY	FC
Forward transactions	-	4.626	-	601
Swap transactions	-	34.368	-	37.673
Future transactions	-	-	-	-
Options	71	95	7	870
Other	-	-	-	-
Total	71	39.089	7	39.144

(3) a) Information on funds borrowed:

	Current period		Prior period	
	TRY	FC	TRY	FC
Funds borrowed from Central Bank of Turkey	-	-	-	-
Domestic banks and institutions	177.382	184.517	126.442	128.796
Foreign banks, institutions and funds	76.540	3.719.604	75.287	3.493.862
Total	253.922	3.904.121	201.729	3.622.658

b) Maturity structure of funds borrowed:

	Current period		Prior period	
	TRY	FC	TRY	FC
Short-term	157.494	1.894.720	126.442	1.833.822
Medium and long-term	96.428	2.009.401	75.287	1.788.836
Total	253.922	3.904.121	201.729	3.622.658

c) Additional disclosures related to the concentrations of the Bank's major liabilities:

Concentrations, fund providing customers, sector groups and other criteria where risk concentration is observed:

Main liability of the Bank is deposit, which is composed of 41% of saving deposits and 25% of foreign currency deposits. In order to fulfill the short term liquidity requirements, the Bank borrows loans from interbank money markets. The Bank can borrow loans from overseas institutions especially to be used in the financing of consumer loans. There are funds obtained from the Ministry of Industry and Trade especially for constructing small industrial estates and organized industrial estates.

The Bank's 40% of banks deposits and 29% of other deposits consist of foreign currency deposits.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES (continued)

(3) c) Additional disclosures related to the concentrations of the Bank's major liabilities: (continued)

Information on funds provided from repurchase agreement transactions:

	Current period		Prior period	
	TRY	FC	TRY	FC
From domestic transactions	4.860.335	-	2.527.844	-
Financial institutions and organizations	4.788.668	-	2.423.650	-
Other institutions and organizations	38.389	-	70.940	-
Real persons	33.278	-	33.254	-
From overseas transactions	67	1.119.498	69	611.411
Financial institutions and organizations	-	-	-	611.411
Other institutions and organizations	-	1.119.498	-	-
Real persons	67	-	69	-
Accruals	7.076	4.240	12.986	2.745
Total	4.867.478	1.123.738	2.540.899	614.156

(4) Explanations to the funds:

Funds are granted as loans in conformity with the protocols between the Bank and fund owner ministry or institutions. These funds include funds from the Ministry of Industry and Trade, Treasury Natural Disasters Credit Fund, Under secretariat of Treasury and Foreign Trade Funds, Turkish Treasury Incentive Certificated SMEs Credit Fund, Housing Development Administration Fund and other funds.

a) Maturity structure of funds:

	Current period		Prior Period	
	Short-term	Long-term	Short-term	Long-term
	33.576	1.229.743	75.832	1.219.400

(5) Information on other liabilities:

Other liabilities balance in the balance sheet amounts to TRY 575.467 and does not exceed 10% of the balance sheet total (31 December 2010: TRY 533.643).

(6) Information on finance lease payables (Net):

a) The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the Bank:

In the financial lease agreements, installments are based on useful life, usage periods and provisions of the Tax Procedural Code.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES (continued)

(6) Information on finance lease payables (Net): (continued)

b) Explanation on finance lease payables:

	Current period		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	1.342	923	831	566
Between 1-4 years	-	-	-	-
More than 4 years	-	-	-	-
Total	1.342	923	831	566

c) Explanations regarding operational leases:

The operational leasing agreements are signed for some branches. The agreements are prepared annually and annual rents are paid in advance and recorded as prepaid expense in "other assets". The Bank does not have any commitments arising on the existing operational lease agreements.

(7) Information on derivative financial liabilities for hedging purposes:

None.

(8) Explanations on provisions:

a) Information on general provisions:

	Current period	Prior Period
General provisions	418.607	390.121
Provisions for first group loans and receivables	370.510	339.845
Provisions for second group loans and receivables	5.191	9.553
Provisions for non cash loans	42.906	40.723

b) Foreign exchange loss provisions on the foreign currency indexed loans and finance lease receivables:

None.

c) Specific provisions provided for unindemnified non-cash loans:

As of 31 March 2011, the Bank's specific provisions for unindemnified non-cash loans balance is TRY 47.285 (31 December 2010: TRY 46.665). The Bank provides 50% of provision for these non cash loans. TRY 2.537 (31 December 2010: TRY 2.538) of the related provision has been allocated for non-cash loans of companies of which cash loans are transferred to the Saving Deposits Insurance Fund in accordance with and the protocol designed based on the Act No: 5230 and the related provision is managed by the SDIF.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (continued)**

II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES (continued)

(8) Explanations on provisions: (continued)

d) Information on other provisions:

Total other provision balance amounting to TRY 181.086 (31 December 2010: TRY 191.522) consists of TRY 47.285 (31 December 2010: TRY 46.665) for specific provisions for unindemnified non cash loans, TRY 21.439 (31 December 2010: TRY 22.493) for legal cases filed against the Bank, TRY 27.064 of provision for close monitoring loans (31 December 2010: TRY 27.064), TRY 53.390 of provision for restructured from Group I loans (31 December 2010: TRY 69.390) and TRY 31.908 of other provisions (31 December 2010: TRY 25.910).

Provision balance for possible risks:

As of 31 March 2011, provision amounting TRY 7.600 has been set for prudence in consideration for any changes that may arise in the economy and the market (31 December 2010: TRY 7.600).

e) Liabilities on pension rights

e.1. Liabilities for pension funds established in accordance with "Social Security Institution":

None.

e.2. Liabilities resulting from all kinds of pension funds, foundations etc. which provide post retirement benefits for the employees:

Based on the results of the actuarial report prepared as of 31 December 2010 and 31 December 2009, no technical deficit has been reported. Besides, no technical deficit for T.C. Ziraat Bankası and T. Halk Bankası Employee Pension Fund has been reported as of 31 December 2010 and 31 December 2009.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES (continued)

(9) Explanations related to tax liabilities:

a) Information on current tax liability:

a.1. Information on tax provision:

As of 31 March 2011, the Bank's corporate tax payable is amounting to TRY 43.172 after setting off TRY 531.571 of prepaid taxes from TRY 574.743 of corporate tax liabilities.

a.2. Information on taxes payable:

	Current period	Prior period
Corporate tax payable	43.172	186.374
Income on securities tax	39.018	41.674
Property income tax	19.620	18.405
Banking and insurance transactions tax (BITT)	581	520
Foreign exchange transactions tax	83	111
Value added tax payable	7	8
Other	10.399	12.991
Total	112.880	260.083

a.3. Information on premiums:

	Current period	Prior period
Social insurance premiums-employee	7	6
Social insurance premiums-employer	9	9
Bank social aid pension fund premium-employee	3.679	3.235
Bank social aid pension fund premium-employer	5.111	4.507
Pension fund membership fees-employee and provisions-employee	-	-
Pension fund membership fees-employer and provisions-employer	-	-
Unemployment insurance-employee	-	-
Unemployment insurance-employer	-	-
Other	785	700
Total	9.591	8.457

b) Explanations regarding deferred tax liability:

Please refer to Section 5, explanations related to the assets footnote 15.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

II. EXPLANATIONS AND NOTES RELATED TO THE LIABILITIES (continued)

(10) Information on liabilities regarding assets held for sale and discontinued operations:

None.

(11) Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institutions that the loan was borrowed from, and conversion option, if any:

None.

(12) Information on shareholders' equity:

a) Presentation of paid-in capital:

	Current period	Prior period
Common stock	1.250.000	1.250.000
Preferred stock	-	-

b) Application of registered capital system and registered capital ceiling amount:

None.

c) Information on share capital increases and their sources; other information on increased capital shares in the current period:

None.

d) Information on additions from capital reserves to capital in the current period:

None.

e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments:

None.

f) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

The Bank has sustainable profitability structure and equity structure. There are no uncertainties that would impact the current position.

g) Information on preferred shares:

None.

h) Information on marketable securities revaluation fund:

	Current period		Prior period	
	TRY	FC	TRY	FC
From subsidiaries, associates and jointly controlled entities (joint ventures)	-	-	-	-
Revaluation difference	83.085	(131.873)	175.514	(59.790)
Exchange rate difference	-	-	-	-
Total	83.085	(131.873)	175.514	(59.790)

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET ITEMS

(1) Information on off-balance sheet liabilities:

a) Amount and nature of irrevocable loan commitments:

Types of irrevocable commitments	Current period	Prior period
Commitments for credit card expenditure limits	4.135.138	4.089.791
Commitments for credit cards and banking services promotions	25.532	26.217
Two days forward foreign exchange buy/sell transactions	704.622	631.201
Other irrevocable commitments	1.031.969	892.979
Share capital commitments to associates and subsidiaries ⁽¹⁾	2.000	2.000
Loan granting commitments	629.295	602.623
Tax and fund liabilities from export commitments	31.063	34.849
Payment commitments for cheques	3.936.997	3.604.999
Total	10.496.616	9.884.659

(1) In the current period, the Bank has TRY 2.000 of capital commitment for its associate Kredi Garanti Fonu AŞ.

b) Amount and nature of probable losses and commitments from the off-balance sheet items including the below mentioned:

b.1. Non-cash loans including bank bill guarantees and acceptances, guarantees substituting financial guarantees and other letters of credit:

	Current period	Prior period
Bank acceptance loans	274.613	149.594
Letters of credit	3.361.737	3.377.338
Other guarantees	295.250	256.403
Total	3.931.600	3.783.335

b.2. Certain guarantees, tentative guarantees, suretyships and similar transactions:

	Current period	Prior period
Letters of tentative guarantees	606.750	490.139
Letters of certain guarantees	4.293.978	4.074.588
Letters of advance guarantees	1.185.838	1.217.092
Letters of guarantee given to customs offices	253.718	270.177
Other letters of guarantee	2.997.679	2.891.021
Total	9.337.963	8.943.017

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET ITEMS (continued)

(1) Information on off-balance sheet liabilities: (continued)

b.3. Total non-cash loans:

	Current period	Prior period
Non-cash loans for providing cash loans	97.469	145.357
Within one year or less original maturity	1.718	110
Within more than one year maturity	95.751	145.247
Other non-cash loans	13.172.094	12.580.995
Total	13.269.563	12.726.352

b.4. Non-cash loans sectoral risk concentrations:

	Current period				Prior period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	10.045	0,14	4.505	0,08	11.756	0,17	479	0,01
Farming and raising livestock	7.898	0,11	4.483	0,08	9.579	0,14	458	0,01
Forestry	159	0,00	22	0,00	169	0,00	21	0,00
Fishing	1.988	0,03	-	0,00	2.008	0,03	-	0,00
Manufacturing	2.986.525	41,17	3.186.353	52,97	3.053.776	45,26	3.365.506	56,29
Mining	25.875	0,36	123.390	2,05	17.643	0,26	123.131	2,06
Production	2.660.782	36,68	2.521.005	41,91	2.730.719	40,47	2.661.617	44,52
Electric, gas and water	299.868	4,13	541.958	9,01	305.414	4,53	580.758	9,71
Construction	1.789.198	24,66	1.564.623	26,01	1.463.898	21,69	1.466.694	24,53
Services	2.444.579	33,70	1.051.028	17,47	2.193.689	32,51	916.912	15,34
Wholesale and retail trade	1.126.096	15,53	663.720	11,03	1.072.765	15,90	563.397	9,43
Hotel, food and beverage services	43.542	0,60	5.317	0,09	42.413	0,63	11.427	0,19
Transportation and telecommunication	84.875	1,17	52.787	0,88	90.501	1,34	40.486	0,68
Financial Institutions	1.008.611	13,90	204.386	3,40	825.382	12,23	193.768	3,24
Real estate and renting services	160.998	2,22	124.354	2,07	143.696	2,13	107.399	1,80
Self-employment services	4.321	0,06	282	0,00	4.308	0,06	282	0,00
Education services	3.486	0,05	75	0,00	3.300	0,05	138	0,00
Health and social services	12.650	0,17	107	0,00	11.324	0,17	15	0,00
Other	23.953	0,33	208.754	3,47	24.694	0,37	228.948	3,83
Total	7.254.300	100,00	6.015.263	100,00	6.747.813	100,00	5.978.539	100,00

b.5. Non-cash loans classified in Group I and II:

	Group I		Group II	
	TRY	FC	TRY	FC
Non-cash loans	7.228.559	5.993.023	25.741	22.240
Letters of guarantee	5.695.346	3.596.136	25.741	20.740
Bank acceptances	-	274.613	-	-
Letters of credit	1.430.240	1.929.997	-	1.500
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	102.973	192.277	-	-

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET ITEMS (continued)

(1) Information on off-balance sheet liabilities: (continued)

c) Information on derivative financial instruments:

	Derivative transactions according to purposes			
	Trading		Risk Management	
	Current period	Prior period	Current period	Prior period
Types of trading transactions				
Foreign currency related derivative transactions (I)	3.495.657	3.476.585	-	-
Forward foreign currency buy/sell transactions	702.182	104.596	-	-
Currency buy/sell swap	2.689.376	3.179.800	-	-
Currency futures	-	-	-	-
Currency put/call options	104.099	192.189	-	-
Interest related derivative transactions (II)	-	-	-	-
Interest rate contracts	-	-	-	-
Interest rate buy/sell swap	-	-	-	-
Interest rate put/call options	-	-	-	-
Interest rate buy/sell futures	-	-	-	-
Other trading derivative transactions (III) ⁽¹⁾	1.782.870	1.384.457	-	-
A. Total trading derivative transactions (I+II+III)	5.278.527	4.861.042	-	-
Types of derivative transactions for risk management				
Fair value fluctuations hedge	-	-	-	-
Cash flow risk hedge	-	-	-	-
FC investment in associates risk hedge	-	-	-	-
B.Total derivative transactions for hedging	-	-	-	-
Total derivative transactions (A+B)	5.278.527	4.861.042	-	-

(1) Other trading derivatives include credit default swap purchases and sale transactions amounting TRY 228.750 and TRY 198.070 respectively and forward precious metal purchase and sale transactions and futures precious metal purchase - sale transactions TRY 671.095, TRY 659.944 and TRY 25.011 respectively.

d) Information on contingent liabilities and assets:

The Bank has provided TRY 21.439 (31 December 2010: TRY 22.493) of provision for the disputed legal cases filed by various persons and institutions.

e) Services supplied on behalf of others:

None.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

IV. EXPLANATIONS AND NOTES RELATED TO THE INCOME STATEMENT

(1) Information on interest income:

a) Information on interest income on loans:

	Current period		Prior period	
	TRY	FC	TRY	FC
Interest on loans⁽¹⁾				
Short term loans	372.521	40.826	362.483	39.354
Medium and long term loans	565.942	119.096	482.430	87.930
Interest on non-performing loans	28.832	1	29.705	-
Premiums from resource utilization support fund	-	-	-	-
Total	967.295	159.923	874.618	127.284

(1) Includes fees and commissions obtained from cash loans.

b) Interest received from banks:

	Current period		Prior period	
	TRY	FC	TRY	FC
Central Bank of Turkey	-	-	18.849	-
Domestic banks	26	177	74	23
Overseas banks	250	534	205	781
Head office and branches	-	-	-	-
Total	276	711	19.128	804

c) Interest income from subsidiaries and associates:

	Current period	Prior period
Interest income from subsidiaries and associates	1.317	897

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

IV. EXPLANATIONS AND NOTES RELATED TO THE INCOME STATEMENT (continued)

(2) Information on interest expenses:

a) Information on interest expense on borrowings:

	Current period		Prior period	
	TRY	FC	TRY	FC
Banks	2.996	19.232	5.114	9.000
Central Bank of Turkey	-	-	-	-
Domestic banks	2.996	1.042	2.991	874
Overseas banks	-	18.190	2.123	8.126
Overseas head office and branches	-	-	-	-
Other institutions	1.253	-	6	2
Total	4.249	19.232	5.120	9.002

b) Interest expenses to subsidiaries and associates:

	Current period	Prior period
Interest expenses to subsidiaries and associates	5.376	1.830

c) Information on interest expenses to marketable securities issued:

None.

d) Maturity structure of interest expenses on deposits:

Account name	Time deposits						Cumulative deposit	Total
	Demand deposits	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 Year	More than 1 year		
TRY								
Bank deposits	44	31.056	1.995	434	23	-	-	33.552
Saving deposits	2	42.658	340.511	7.690	3.984	1.274	1.286	397.405
Public deposits	6	5.277	34.524	1.070	555	8	-	41.440
Commercial deposits	176	35.937	81.492	3.616	1.565	80	-	122.866
Other deposits	-	2.500	23.795	1.719	2.385	4	-	30.403
7 days call accounts	-	-	-	-	-	-	-	-
Total	228	117.428	482.317	14.529	8.512	1.366	1.286	625.666
Foreign currency								
Deposits	93	19.264	44.721	6.544	8.542	2.254	-	81.418
Bank deposits	44	859	-	-	-	-	-	903
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal	-	-	-	-	-	-	-	-
Total	137	20.123	44.721	6.544	8.542	2.254	-	82.321
Grand total	365	137.551	527.038	21.073	17.054	3.620	1.286	707.987

(3) Information on dividend income:

	Current period	Prior period
Financial assets held for trading	-	-
Financial assets at fair value through profit and loss	-	-
Financial assets available-for-sale	7	18
Other	42.996	4.721
Total	43.003	4.739

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

IV. EXPLANATIONS AND NOTES RELATED TO THE INCOME STATEMENT (continued)

(4) a) Information on trading profit/loss (Net):

	Current period	Prior period
Profit	1.151.137	1.007.155
Profit from the capital market operations	40.878	89.461
Profit on derivative financial instruments	263.069	153.767
Foreign exchange gains	847.190	763.927
Loss (-)	1.052.725	946.544
Loss from the capital market operations	1.970	1.394
Loss on derivative financial instruments	242.703	262.818
Foreign exchange losses	808.052	682.332

b) Information on derivative financial instruments:

	Current period	Prior period
Profit on derivative financial instruments	263.069	153.767
Effect of the change in foreign exchange on profit	257.157	157.812
Effect of the change in interest rate on profit	5.912	(4.045)
Loss on derivative financial instruments (-)	242.703	262.818
Effect of the change in foreign exchange on loss	221.205	251.436
Effect of the change in interest rate on loss	21.498	11.382
Profit/loss on derivative financial instruments	20.366	(109.051)

(5) Information on other operating income:

	Current period	Prior period
Adjustments for Prior Period Expenses	93.876	65.858
-Specific provision reversals for Loans under follow up	71.605	64.217
-Other prior period expense reversals income	22.271	1.641
Receivable from the asset sale on credit terms	14.951	16.162
Rent income	1.574	1.551
Cheques	1.237	1.225
Provision for communication expenses	1.601	1.038
Provision for stamp tax	1	16
Other income	6.263	7.327
Total	119.503	93.177

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (continued)**

IV. EXPLANATIONS AND NOTES RELATED TO THE INCOME STATEMENT (continued)

(6) Impairment losses on loans and other receivables:

	Current period	Prior period
Specific provisions on loans and receivables	51.221	111.360
Group - III loans and receivables	26.785	46.737
Group - IV loans and receivables	2.980	6.278
Group - V loans and receivables	21.456	58.345
General loan provision expenses	28.486	30.640
Provision expenses for possible losses	-	600
Marketable securities impairment losses	-	1
Financial assets at fair value through profit and loss	-	1
Financial assets available for sale	-	-
Impairment losses from associates, subsidiaries, jointly controlled entities (joint ventures) and investments held-to-maturity	-	-
Associates	-	-
Subsidiaries	-	-
Jointly controlled entities (joint ventures)	-	-
Investments held-to-maturity	-	-
Other	6.499	6.134
Total	86.206	148.735

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

IV. EXPLANATIONS AND NOTES RELATED TO THE INCOME STATEMENT (continued)

(7) Information on other operating expenses:

	Current period	Prior period
Personnel expenses	185.303	157.604
Reserve for employee termination benefits	14.760	10.776
Bank social aid provision fund deficit provision	-	-
Fixed assets impairment expense	-	-
Depreciation expenses of fixed assets	18.582	16.294
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	400	313
Impairment expense for equity shares subject to the equity method accounting	-	-
Impairment expense of assets that will be disposed of	130	17
Amortization expenses of assets that will be disposed of	1.084	1.369
Impairment expense for property and equipment held for sale	-	-
Other operating expenses	127.330	95.448
Operational leasing expenses	19.264	11.007
Maintenance expenses	4.227	8.090
Advertisement expenses	7.471	5.420
Other expenses ⁽¹⁾	96.368	70.931
Loss on sales of assets	797	329
Other ⁽²⁾	65.135	52.239
Total	413.521	334.389

(1) For the three-month period ended 31 March 2011, this account consists of promotion expenses related to banking activities about cash management expenses amounting TRY 45.259 (31 March 2010: TRY 26.384), insurance expenses amounting TRY 3.766 (31 March 2010: TRY 3.524), communication expenses amounting TRY 8.598 (31 March 2010: TRY 7.856) and other expenses amounting TRY 38.745 (31 March 2010: TRY 33.167).

(2) For the three-month period ended 31 March 2011, this account consists of taxes, duties and charges amounting TRY 16.752 (31 March 2010: TRY 16.321), Saving Deposit Insurance Fund premium expenses amounting TRY 18.616 (31 March 2010: TRY 15.547), Banking Regulation and Supervision Agency establishment share amounting TRY 5.396 (31 March 2010: TRY 4.486) auditing and advisory expenses amounting TRY 738 (31 March 2010: TRY 2.143) and other expenses amounting TRY 23.633 (31 March 2010: TRY 13.742).

(8) Information on profit/loss from continuing and discontinued operations before taxes:

The Bank's income before tax is due from continuing activities. TRY 734.069 of the income before tax consists of net interest income, TRY 157.941 of the income before tax consists of net fees and commissions. The net operating profit before tax of the Bank is TRY 653.201.

(9) Information on tax provisions for continuing and discontinued operations:

For the three-month period ended 31 March 2011, the Bank's tax provision amounting to TRY 128.487 consists of TRY 42.888 of current tax charge and TRY 85.599 of deferred tax charge.

(10) Information on net operating income/expense from continuing and discontinued operations after tax:

For the three-month period ended 31 March 2011, the Bank's net operating income after tax is TRY 524.714.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

IV. EXPLANATIONS AND NOTES RELATED TO THE INCOME STATEMENT (continued)

(11) Information on net profit/loss from continuing and discontinued operations:

a. Income and expenses from ordinary banking operations: There is no specific issue required to be disclosed for the Bank's performance for the period between 1 January 2011 and 31 March 2011.

b. Effects of changes in accounting estimates on the current and future periods' profit/loss: There is no issue to be disclosed.

(12) Other items do not exceed 10% of the income statement. In case of other items exceed the 10% of the income statement, the sub accounts that form minimum 20% of the items are;

Other fees and commissions:

	Current Period	Prior Period
Received intelligence fees	33.604	37.460
Credit card fees and commissions	28.222	21.656
Received fees and commissions – corporate	15.720	10.958
Received fees and commissions – consumer	15.674	6.066
Insurance commissions	13.730	10.017
Appraisal fees	8.665	9.354
Collection of loans and payments commissions	5.003	10.616
Other	31.679	28.569
Total	152.297	134.696

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (continued)**

**V. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF CHANGES IN
SHAREHOLDERS' EQUITY**

(1) Explanations on inflation adjustments for equity items:

As per the BRSA circular announced on 28 April 2005, inflation accounting applied in the banking system has been ceased as of 1 January 2005 in accordance with the BRSA decree numbered 1623 and dated 21 April 2005.

According to this circular, TRY 1.220.451 of inflation adjustment related to paid in capital was transferred to the "Other Capital Reserves" account, which was recognized in "Paid-in Capital Inflation Adjustment" account before 31 December 2005. However, inflation adjustments related to other equity items are presented under the related equity item.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

VI. EXPLANATIONS AND NOTES RELATED TO THE CASH FLOW STATEMENT

- (1) Disclosures for the “other” and “the effect of foreign exchange differences on cash and cash equivalents” items of cash flow statement:

For the year ended 31 March 2011, the effect of change in foreign exchange rate on cash and cash equivalents is TRY 57.476 increase (31 March 2010: TRY 34.845 decrease).

- (2) Items of cash and cash equivalents, accounting policies used in the determination of those items: Cash in TRY and cash in foreign currency, Central Bank and bank deposits having maturity less than three months are defined as cash and cash equivalents.

- (3) The effect of any change in accounting policies:

None.

- (4) Period beginning cash and cash equivalents balance:

	Current period	Prior period
Cash	4.649.560	3.415.715
Cash in TRY and foreign currency	379.280	256.710
Central Bank and others ⁽¹⁾	4.270.280	3.159.005
Cash equivalents	1.109.419	1.136.030
Banks - maturity less than 3 months	989.394	1.136.030
Money market placements	120.025	-
Total cash and cash equivalents	5.758.979	4.551.745
Reserve deposits	(1.317.067)	(836.066)
Accrual on reserve deposits	(3.498)	(19.351)
Accrual on money market placements	(25)	-
Accrual on banks	(53)	(75)
Cash and Cash Equivalents	4.438.336	3.696.253

(1) Others items include cheques received.

- (5) Period ending cash and cash equivalents balance:

	Current period	Prior period
Cash	5.952.517	3.048.691
Cash in TRY and foreign currency	313.505	210.701
Central Bank and others ⁽¹⁾	5.639.012	2.837.990
Cash equivalents	887.808	1.586.430
Banks - maturity less than 3 months	887.808	1.586.430
Total cash and cash equivalents	6.840.325	4.635.121
Reserve deposits	(1.392.962)	(868.192)
Accrual on reserve deposits	(50)	(18.886)
Accrual on banks	(270)	(246)
Cash and Cash Equivalents	5.447.043	3.747.797

(1) Other items include cheques received.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

VII. EXPLANATION RELATED TO THE RISK GROUP OF THE BANK

(1) Volume of the Bank's transactions with its risk group and outstanding loan and deposit balances as of the period-end, period income and expenses from the risk group:

a) Current period:

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
	Loans and other receivables					
Beginning balance	75.704	36.366	-	-	-	-
Closing balance	102.324	33.399	-	-	-	-
Interest and commissions income	1.274	43	-	-	-	-

b) Prior period:

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
	Loans and other receivables					
Beginning balance	58.611	22.311	-	-	-	-
Closing balance	75.704	36.366	-	-	-	-
Interest and commissions income	873	24	-	-	-	-

c.1. Deposits held by the Bank's risk group:

Risk group	Subsidiaries, associates and jointly controlled entities (joint ventures)		Direct or indirect shareholders of the Bank		Other real and legal persons in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
	Deposits					
Beginning balance	284.026	115.585	-	-	-	-
Closing Balance	279.841	284.026	-	-	-	-
Interest expense on deposits	5.376	1.830	-	-	-	-

c.2. Forward and option contracts and similar transactions with the Bank's risk group:

None.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

VII. EXPLANATION RELATED TO THE RISK GROUP OF THE BANK (continued)

(2) Disclosures for risk group:

a) The relations of the Bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not:

In the normal course of its banking activities, the Bank conducted various business transactions with related parties at commercial terms and at rates which approximate market rates.

b) Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:

	Amount	% compared to the amounts in the financial statements
Cash loans	102.324	0,22
Non-cash loans	33.399	0,25
Deposits	279.841	0,50
Forward and option contracts	-	-
Banks and financial institutions	-	-

Pricing of these transactions are in accordance with the general pricing policies of the Bank and are in line with market rates.

c) In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements:

Explained in b).

d) Transactions accounted under the equity method:

None.

(3) Benefits given to the key management personnel:

Benefits given to the key management personnel are TRY 1.262 as of 31 March 2011 (31 March 2010: TRY 948).

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

VIII. SUBSEQUENT EVENTS

Changes in required reserves ratio

Published in the Official Gazette No. 27884 dated 24 March 2011 and No. 2011/5 on the Amendment of the Communiqué on the Required Provisions Scale obligation dated 01 April 2011, to be effective with the Turkish lira liabilities required reserve ratio for deposits / participation were differentiated according to the maturity structure of funds.

a) Turkish lira required reserve ratio

TRY	Required Reserve Ratio (%)
Demand deposits, notice deposits, private current accounts	15
Deposits/participation accounts up to 1-month maturity	15
Deposits/participation accounts up to 3 month maturity	13
Deposits/participation accounts up to 6 month maturity	9
Deposits/participation accounts up to 1-year maturity	6
Deposits/participation accounts with 1-year and longer maturity and cumulative deposits/participation accounts	5
Special funds	Ratios correspond to maturities
Other than deposits/participation accounts	13

b) FX required reserve ratio is 11%

Published in the Official Gazette No. 27913 dated 22 April 2011 and 2011/6 Required Provisions of the Amendment to the Communiqué on the Scale to be valid obligation dated 29 April 2011, the Turkish lira demand required reserve ratios, and special notice deposits current accounts, term deposits up to 1 month / sharing accounts, time deposits up to 3 months / participate in special fund accounts and deposit pools / other liabilities to non-participation fund was set.

The ratios are below:

TRY	Required Reserve Ratio (%)
Demand deposits, notice deposits, private current accounts	16
Deposits/participation accounts up to 1-month maturity	16
Deposits/participation accounts up to 3 month maturity	13
Deposits/participation accounts up to 6 month maturity	9
Deposits/participation accounts up to 1-year maturity	6
Deposits/participation accounts with 1-year and longer maturity and cumulative deposits/participation accounts	5
Special funds	Ratios correspond to maturities
Other than deposits/participation accounts	13

FC	Required Reserve Ratio (%)
FX demand deposit, Notice deposit, FX private current accounts, Deposits/ participation accounts up to 1 - month, 3-month, 6-month, 1-year maturities	12
FX deposits / FX participation. accounts with 1-year or longer maturity, Cumulative fx deposits/FX participation. accounts	11
Special fund pools	Ratios correspond to maturities
Other liabilities up to 1 - year maturity (included 1 year)	12
Other liabilities up to 3 - year maturity (included 3 year)	11,5
Other liabilities longer than 1 - year maturity	11

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

**SECTION V: EXPLANATIONS AND NOTES RELATED TO THE UNCONSOLIDATED
FINANCIAL STATEMENTS (continued)**

VIII. SUBSEQUENT EVENTS (continued)

Explanations regarding the acquisition of a bank in Macedonia:

Acquisition of the shares of Macedonia Izvozna I Kreditna Bank AD Skopje which operates in Macedonia and belongs to Demir-Halk Bank (Nederland) N.V. (“DHB”), approval of share transfers on Macedonian Stock Exchange (“MSE”) and registration by Central Securities Depository AD Skopje (“CSD”) completed as of 8 April 2011.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION VI: OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS ON THE BANK'S OPERATIONS

None.

TÜRKİYE HALK BANKASI AŞ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-
MONTH PERIOD ENDED 31 MARCH 2011

(Amounts expressed in thousand Turkish Lira (TRY) unless otherwise stated.)

SECTION VII: INDEPENDENT AUDITORS' REPORT

I. EXPLANATIONS ON THE INDEPENDENT AUDITORS' REVIEW REPORT

The unconsolidated financial statements as of and for the three-month period ended 31 March 2011 were reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (the Turkish member firm of KPMG International Cooperative, a Swiss entity) and Independent Auditors' Review Report dated 3 May 2011 is presented in the introduction of this report.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.