

**TURKISH BANK A.Ş.**

**INDEPENDENT AUDITOR'S  
LIMITED REVIEW REPORT,  
UNCONSOLIDATED FINANCIAL  
STATEMENTS AND NOTES  
AS OF MARCH 31, 2012**

*Translated into English from the  
Original Turkish Report*

To the Board of Directors of  
Turkish Bank A.Ş.  
İstanbul

## TURKISH BANK A.Ş.

### INDEPENDENT AUDITORS' LIMITED REVIEW REPORT FOR THE INTERIM PERIOD JANUARY 1 – MARCH 31, 2012

We have reviewed the accompanying balance sheet of Turkish Bank A.Ş. (the "Bank") as at March 31, 2012, and the related statements of income, cash flows and changes in equity for the period then ended. These financial statements are the responsibility of the Bank's management. As independent accountants, our responsibility is to issue a report based on the review performed on these financial statements.

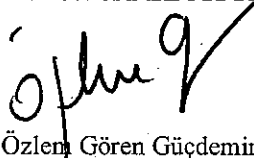
We conducted our review in accordance with the accounting rules and policies, and the accounting and auditing standards, set out as per the Banking Act No: 5411. Those standards require that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. A review is principally limited to reviewing financial statements by applying analytical procedures, inquiring as to the integrity of the financial statements and making inquiries of management to obtain information, it is substantially less in scope than an audit and therefore provides a lesser assurance. 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 give a true and fair view of the financial position, the results of its operations and its cash flows, of the Bank for the period ended March 31, 2012 in accordance with the prevailing accounting principles and standards set out as per the Article No: 37 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by Banking Regulation and Supervision Agency.

Additional paragraph for English translation:

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

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

  
Özlem Gören Güçdemir  
Partner, SMMM

İstanbul, May 15, 2012

# TURKISH BANK

## THE UNCONSOLIDATED FINANCIAL REPORT OF TURKISH BANK A.Ş. FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2012

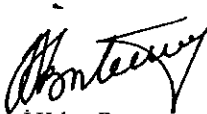
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The unconsolidated financial report for the three months designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections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

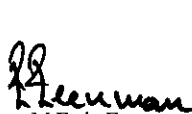
- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- LIMITED REVIEW REPORT

The unconsolidated financial statements and the explanatory footnotes and disclosures for the three months, unless otherwise indicated, are prepared in **thousands of Turkish Lira**, in accordance with the Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Banks' records, have been independently audited and presented as attached.

May 15, 2012



İ.Hakan Börteçene  
Chairman of the  
Board of Directors



M.Ersin Erenman  
Member of the  
Audit Committee



Mehmet Çınar  
Member of the  
Audit Committee



Erhan Özçelik  
Executive Director  
General Manager



B.İlgaz Doğan  
Assistant General  
Manager Responsible  
of Financial Reporting



Mehmet Düzağaç  
Manager  
Responsible of  
General Accounting

Information related to responsible personnel for the questions can be raised about financial statements:

Name-Surname/Title: Mehmet DÜZAĞAÇ / Responsible of General Accounting  
Tel No : (0 212) 373 63 20  
Fax No : (0 212) 230 08 44

### Head Office

Valikonağı Cad. No: 1, 34371 Nişantaşı - İstanbul  
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**TURKISH BANK A.Ş.**  
**NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD BETWEEN JANUARY 1 – MARCH 31, 2012**  
*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)*

**SECTION ONE**

**GENERAL INFORMATION**

**I. History of the Bank, Including its Incorporation Date, Initial Legal Status and Amendments to Legal Status, if any**

Turkish Bank A.Ş. ("The Bank") is a deposit bank incorporated upon the letter of Ministry of State and Vice-Prime Ministry, according to the articles 4 and 8 of Banking Law and within the framework of Council of Ministers' decision no: 91/2256 as of September 14, 1991. Turkish Bank began its' banking transactions and acceptance of deposits by the permission upon the letter of General Directorate of Banking and Foreign Exchange of T.C. Prime Ministry Undersecretariat of Treasury and Foreign Trade's decision no: 56527 as of December 25, 1991.

**II. Explanation on the Bank's Capital Structure, Shareholders of the Bank who are in Charge of the Management and/or Auditing of the Bank Directly or Indirectly, Changes in These Matters (if any), and the Group the Bank Belongs to**

As of March 31, 2012 and December 31, 2011 the shareholders' structure and their respective ownerships are summarized as follows:

Name of shareholder	Current Period		Prior Period	
	Paid in Capital	%	Paid in Capital	%
Özyol Holding A.Ş.	43,018	53.77	43,018	53.77
National Bank of Kuwait	32,000	40.00	32,000	40.00
Mehmet Tanju Özyol	4,135	5.17	4,135	5.17
Other	847	1.06	847	1.06
	<b>80,000</b>	<b>100.00</b>	<b>80,000</b>	<b>100.00</b>

As of March 31, 2012 the Bank's paid-in-capital consists of 8,000,000,000 shares of TL 0.01 (full TL) nominal each.

**TURKISH BANK A.Ş.**  
**NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD BETWEEN JANUARY 1 – MARCH 31, 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**GENERAL INFORMATION (continued)**

**III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Shares of the Bank They Possess**

<u>Name-Surname</u>	<u>Title</u>
<b>Board of Directors;</b>	
İbrahim Hakan Börteçene	Chairman of the Board of Directors
İsam Jassim Alsager	Vice-chairman of the Board of Directors
Erhan Özçelik	Executive Director and General Manager
Abdullah Akbulak	Member of the Board of Directors
Fahrettin Ömer Gökay	Member of the Board of Directors
Mehmet Çınar	Member of the Board of Directors
Mustafa Ersin Erenman	Member of the Board of Directors
Omar Bouhadiba	Member of the Board of Directors
Shaikha Khaled Albahar	Member of the Board of Directors
Salah Al-Fulajj	Member of the Board of Directors
<b>Assistant General Managers;</b>	
Beyhan Kalafat	Assistant General Manager Responsible from Fund Management
B.İlgaz Doğan	Assistant General Manager Responsible from Financial Control
Mustafa Selçuk Canbaz	Assistant General Manager Responsible from Operations and Financial Institutions
Mithat Arıkan	Assistant General Manager Responsible from Loans
İsmet İsmail Şenalp	Assistant General Manager Responsible from Organization and Project Management
Akın Özgen Vezir (*)	Assistant General Manager Responsible from Commercial Banking
<b>Group Heads;</b>	
Mehmet Çınar	Audit Committee
Mustafa Ersin Erenman	Audit Committee
<b>Inspection Committee and Statutory Auditors;</b>	
Yasemin Doğan	Chairman of the Inspection Committee
Suat Ergen	Internal Audit Manager

(\*) Akın Özgen Vezir was appointed as assistant general manager responsible from commercial banking on February 3, 2012 and declared to BRSA as of February 8, 2012 for approval.

The number of shares of the Bank owned by the above stated Chairman and Members of Board of Directors, General Manager and Assistant General Managers are negligible.

**IV. Information About the Persons and Institutions That Have Qualified Shares**

<u>Name / Commercial Name</u>	<u>Share Amount</u>	<u>Share Ratio</u>	<u>Paid up Shares</u>	<u>Unpaid Shares</u>
Özyol Holding	4,301	53.77%	43,018	-

The directly or indirectly authorized company that has the qualified shares in the Bank's capital is Özyol Holding A.Ş. 82% of the shares of Özyol Holding is controlled by Mehmet Tanju Özyol.

**TURKISH BANK A.Ş.**  
**NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD BETWEEN JANUARY 1 – MARCH 31, 2012**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**GENERAL INFORMATION (Cont'd)**

**V. Summary on the Bank's Functions and Areas of Activity**

The Bank's operating areas include, corporate, retail and private banking as well as project finance, fund management and custody operations. Besides the ordinary banking operations, the Bank is handling agency functions through its branches on behalf of Turkish Yatırım Menkul Değerler A.Ş. As of March 31, 2012, Bank has 20 local branches (December 31, 2011: 20 local branches).

**SECTION TWO**  
**Unconsolidated Financial Statements**

- I. Balance Sheet
- II. Statement of Off-Balance Sheet Contingencies and Commitments
- III. Statement of Income
- IV. Statement of Profit and Loss Accounted for under Equity
- V. Statement of Changes in Shareholders' Equity
- VI. Statement of Cash Flows



**TURKISH BANK A.Ş**  
**BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31,2012**

BALANCE SHEET - ASSETS (STATEMENT OF FINANCIAL POSITION)		Note Ref	Thousands of Turkish Lira					
			Reviewed Current Period (31/03/2012)			Audited Prior Period (31/12/2011)		
			TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(1)	35,024	39,007	74,031	26,338	35,876	62,214
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	-	1,079	1,079	-	573	573
2.1	Financial assets held for trading		-	1,079	1,079	-	573	573
2.1.1	Public sector debt securities		-	-	-	-	-	-
2.1.2	Share certificates		-	-	-	-	-	-
2.1.3	Derivative financial assets held for trading		-	-	-	-	-	-
2.1.4	Other marketable securities		-	1,079	1,079	-	573	573
2.2	Financial assets classified at fair value through profit and loss		-	-	-	-	-	-
2.2.1	Public sector debt securities		-	-	-	-	-	-
2.2.2	Share certificates		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other marketable securities		-	-	-	-	-	-
III.	BANKS	(3)	16,027	296,366	312,393	175,161	228,991	404,152
IV.	MONEY MARKET PLACEMENTS		8,005	-	8,005	31,179	-	31,179
4.1	Interbank money market placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market placements		8,005	-	8,005	31,179	-	31,179
4.3	Receivables from reverse repurchase agreements		-	-	-	-	-	-
V.	FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	75,375	3,870	79,245	72,363	7,179	79,542
5.1	Share certificates		-	-	-	-	-	-
5.2	Public sector debt securities		69,644	-	69,644	72,363	1,372	73,735
5.3	Other marketable securities		5,731	3,870	9,601	-	5,807	5,807
VI.	LOANS AND RECEIVABLES	(5)	197,918	108,851	306,769	155,510	107,526	263,036
6.1	Loans and receivables		191,822	108,851	300,673	149,046	107,526	256,572
6.1.1	Loans to Risk Group of the Bank		-	-	-	1,128	-	1,128
6.1.2	Public sector debt securities		-	-	-	-	-	-
6.1.3	Other		191,822	108,851	300,673	147,918	107,526	255,444
6.2	Non-performing loans		10,010	4,063	14,073	10,502	4,063	14,565
6.3	Specific provisions (-)		(3,914)	(4,063)	(7,977)	(4,038)	(4,063)	(8,101)
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	HELD TO MATURITY INVESTMENTS (Net)	(6)	-	-	-	-	-	-
8.1	Public sector debt securities		-	-	-	-	-	-
8.2	Other marketable securities		-	-	-	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	(7)	-	-	-	-	-	-
9.1	Accounted for under equity method		-	-	-	-	-	-
9.2	Unconsolidated associates		-	-	-	-	-	-
9.2.1	Financial investments		-	-	-	-	-	-
9.2.2	Non-financial investments		-	-	-	-	-	-
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(8)	30,768	-	30,768	30,768	-	30,768
10.1	Unconsolidated financial subsidiaries		30,768	-	30,768	30,768	-	30,768
10.2	Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
XI.	ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(9)	-	-	-	-	-	-
11.1	Consolidated under equity method		-	-	-	-	-	-
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial subsidiaries		-	-	-	-	-	-
11.2.2	Non-financial subsidiaries		-	-	-	-	-	-
XII.	FINANCE LEASE RECEIVABLES (Net)	(10)	-	-	-	-	-	-
12.1	Finance lease receivables		-	-	-	-	-	-
12.2	Operating lease receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned income (-)		-	-	-	-	-	-
XIII.	DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	-	-	-	-	-	-
13.1	Fair value hedge		-	-	-	-	-	-
13.2	Cash flow hedge		-	-	-	-	-	-
13.3	Hedge of net investment risks in foreign operations		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	(12)	9,729	-	9,729	9,922	-	9,922
XV.	INTANGIBLE ASSETS (Net)	(13)	880	-	880	983	-	983
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		880	-	880	983	-	983
XVI.	INVESTMENT PROPERTIES (Net)	(14)	-	-	-	-	-	-
XVII.	TAX ASSET	(15)	1,204	316	1,520	1,164	254	1,418
17.1	Current tax asset		502	-	502	502	-	502
17.2	Deferred tax asset		702	316	1,018	662	254	916
XVIII.	ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(16)	-	-	-	-	-	-
18.1	Held for sale		-	-	-	-	-	-
18.2	Discontinued operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	(17)	13,444	437	13,881	11,591	467	12,058
	<b>TOTAL ASSETS</b>		<b>388,374</b>	<b>449,926</b>	<b>838,300</b>	<b>514,899</b>	<b>380,866</b>	<b>895,765</b>

**TURKISH BANK A.Ş**  
**BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF MARCH 31,2012**

BALANCE SHEET - LIABILITIES (STATEMENT OF FINANCIAL POSITION)		Note Ref	Thousands of Turkish Lira					
			Reviewed Current Period (31/03/2012)			Audited Prior Period (31/12/2011)		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(1)	272,310	305,871	578,181	255,131	293,765	548,896
1.1	Deposits from Risk Group of the Bank		14,821	3,394	18,215	17,472	4,449	21,921
1.2	Other		257,489	302,477	559,966	237,659	289,316	526,975
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	-	193	193	-	23	23
III.	FUNDS BORROWED	(3)	11,147	61,025	72,172	5,664	140,152	145,816
IV.	MONEY MARKET BALANCES	(4)	13,413	-	13,413	29,350	-	29,350
4.1	Interbank money market takings		-	-	-	-	-	-
4.2	Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3	Funds provided under repurchase agreements		13,413	-	13,413	29,350	-	29,350
V.	MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset backed securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	FUNDS		-	-	-	-	-	-
6.1	Borrower funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	SUNDRY CREDITORS		1,514	737	2,251	1,529	499	2,028
VIII.	OTHER LIABILITIES	(5)	11,219	691	11,910	10,470	669	11,139
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	FINANCE LEASE PAYABLES	(6)	-	313	313	-	349	349
10.1	Finance lease payables		-	338	338	-	381	381
10.2	Operating lease payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred finance lease expenses (-)		-	(25)	(25)	-	(32)	(32)
XI.	DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(7)	-	-	-	-	-	-
11.1	Fair value hedge		-	-	-	-	-	-
11.2	Cash flow hedge		-	-	-	-	-	-
11.3	Hedge of net investment in foreign operations		-	-	-	-	-	-
XII.	PROVISIONS	(8)	4,418	-	4,418	3,517	-	3,517
12.1	General loan loss provisions		2,576	-	2,576	2,109	-	2,109
12.2	Restructuring provisions		-	-	-	-	-	-
12.3	Reserve for employee benefits		548	-	548	470	-	470
12.4	Insurance technical reserves (Net)		-	-	-	-	-	-
12.5	Other provisions		1,294	-	1,294	938	-	938
XIII.	TAX LIABILITY	(9)	1,370	-	1,370	1,456	-	1,456
13.1	Current tax liability		1,370	-	1,370	1,456	-	1,456
13.2	Deferred tax liability		-	-	-	-	-	-
XIV.	PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS		-	-	-	-	-	-
14.1	Held for sale		-	-	-	-	-	-
14.2	Discontinued operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS		-	-	-	-	-	-
XVI.	SHAREHOLDERS' EQUITY	(12)	155,343	(1,264)	154,079	154,671	(1,480)	153,191
16.1	Paid-in capital		80,000	-	80,000	80,000	-	80,000
16.2	Supplementary capital		55,234	(1,264)	53,970	55,344	(1,480)	53,864
16.2.1	Share premium		37,448	-	37,448	37,448	-	37,448
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Marketable securities value increase fund		(1,246)	(1,264)	(2,510)	(1,136)	(1,480)	(2,616)
16.2.4	Tangible assets revaluation differences		-	-	-	-	-	-
16.2.5	Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6	Investment property revaluation differences		-	-	-	-	-	-
16.2.7	Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-	-	-
16.2.8	Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.9	Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10	Other capital reserves		19,032	-	19,032	19,032	-	19,032
16.3	Profit reserves		19,327	-	19,327	2,979	-	2,979
16.3.1	Legal reserves		2,535	-	2,535	2,500	-	2,500
16.3.2	Status reserves		-	-	-	-	-	-
16.3.3	Extraordinary reserves		16,792	-	16,792	479	-	479
16.3.4	Other profit reserves		-	-	-	-	-	-
16.4	Profit or loss		782	-	782	16,348	-	16,348
16.4.1	Prior years' income / (losses)		-	-	-	15,657	-	15,657
16.4.2	Current year income / (loss)		782	-	782	691	-	691
16.5	Minority shares		-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>470,734</b>	<b>367,566</b>	<b>838,300</b>	<b>461,788</b>	<b>433,977</b>	<b>895,765</b>

TURKISH BANK A.Ş STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES AS OF MARCH 31,2012		Thousands of Turkish Lira						
		Note Ref	Reviewed Current Period (31/03/2012)			Audited Prior Period (31/12/2011)		
			TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)</b>								
I.	<b>GUARANTEES</b>	(1) (3)	143,536	371,251	514,787	109,851	147,991	257,842
1.1.	Letters of guarantee		28,718	81,146	109,864	31,152	82,733	113,885
1.1.1.	Guarantees subject to State Tender Law		28,718	79,354	108,072	31,152	80,636	111,788
1.1.2.	Guarantees given for foreign trade operations		25,687	30,396	56,083	29,372	33,119	62,491
1.1.3.	Other letters of guarantee		685	-	685	613	-	613
1.2.	Bank loans		2,346	48,958	51,304	1,167	47,517	48,684
1.2.1.	Import letter of acceptance		-	-	-	-	-	-
1.2.2.	Other bank acceptances		-	-	-	-	-	-
1.3.	Letters of credit		-	1,792	1,792	-	-	-
1.3.1.	Documentary letters of credit		-	-	-	-	-	-
1.3.2.	Other letters of credit		-	1,792	1,792	-	-	-
1.4.	Prefinancing given as guarantee		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2.	Other endorsements		-	-	-	-	-	-
1.6.	Securities issue purchase guarantees		-	-	-	-	-	-
1.7.	Factoring guarantees		-	-	-	-	-	-
1.8.	Other guarantees		-	-	-	-	2,097	2,097
1.9.	Other collaterals		-	-	-	-	-	-
II.	<b>COMMITMENTS</b>	(1) (2)	26,737	16,462	43,199	57,571	44,019	101,590
2.1.	Irrevocable commitments		26,737	16,462	43,199	57,571	44,019	101,590
2.1.1.	Forward asset purchase commitments		1,258	10,437	11,695	34,293	37,426	71,719
2.1.2.	Forward deposit purchase and sales commitments		93	-	93	48	-	48
2.1.3.	Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4.	Loan granting commitments		6,015	-	6,015	5,522	-	5,522
2.1.5.	Securities underwriting commitments		-	-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7.	Payment commitment for checks		8,961	-	8,961	7,382	-	7,382
2.1.8.	Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9.	Commitments for credit card expenditure limits		10,383	6,025	16,408	10,303	6,593	16,896
2.1.10.	Commitments for promotions related with credit cards and banking activities		27	-	27	23	-	23
2.1.11.	Receivables from short sale commitments		-	-	-	-	-	-
2.1.12.	Payables for short sale commitments		-	-	-	-	-	-
2.1.13.	Other irrevocable commitments		-	-	-	-	-	-
2.2.	Revocable commitments		-	-	-	-	-	-
2.2.1.	Revocable loan granting commitments		-	-	-	-	-	-
2.2.2.	Other revocable commitments		-	-	-	-	-	-
III.	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	(C)	88,081	273,643	361,724	21,128	21,239	42,367
3.1.	Derivative financial instruments for hedging purposes		-	-	-	-	-	-
3.1.1.	Fair value hedge		-	-	-	-	-	-
3.1.2.	Cash flow hedge		-	-	-	-	-	-
3.1.3.	Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2.	Held for trading transactions		88,081	273,643	361,724	21,128	21,239	42,367
3.2.1.	Forward foreign currency buy/sell transactions		-	-	-	-	-	-
3.2.1.1.	Forward foreign currency transactions-buy		-	-	-	-	-	-
3.2.1.2.	Forward foreign currency transactions-sell		-	-	-	-	-	-
3.2.2.	Swap transactions related to f.c. and interest rates		88,081	273,643	361,724	21,128	21,239	42,367
3.2.2.1.	Foreign currency swap-buy		88,081	93,415	181,496	-	21,239	21,239
3.2.2.2.	Foreign currency swap-sell		-	180,228	180,228	21,128	-	21,128
3.2.2.3.	Interest rate swaps-buy		-	-	-	-	-	-
3.2.2.4.	Interest rate swaps-sell		-	-	-	-	-	-
3.2.3.	Foreign currency, interest rate and securities options		-	-	-	-	-	-
3.2.3.1.	Foreign currency options-buy		-	-	-	-	-	-
3.2.3.2.	Foreign currency options-sell		-	-	-	-	-	-
3.2.3.3.	Interest rate options-buy		-	-	-	-	-	-
3.2.3.4.	Interest rate options-sell		-	-	-	-	-	-
3.2.3.5.	Securities options-buy		-	-	-	-	-	-
3.2.3.6.	Securities options-sell		-	-	-	-	-	-
3.2.4.	Foreign currency futures		-	-	-	-	-	-
3.2.4.1.	Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2.	Foreign currency futures-sell		-	-	-	-	-	-
3.2.5.	Interest rate futures		-	-	-	-	-	-
3.2.5.1.	Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2.	Interest rate futures-sell		-	-	-	-	-	-
3.2.6.	Other		-	-	-	-	-	-
B.	<b>CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		507,453	647,753	1,155,206	475,865	753,446	1,229,311
IV.	<b>ITEMS HELD IN CUSTODY</b>		75,583	46,891	122,474	114,149	145,711	259,860
4.1.	Assets under management		-	-	-	-	-	-
4.2.	Investment securities held in custody		12,093	33,338	45,431	74,484	35,669	110,153
4.3.	Checks received for collection		60,043	1,770	61,813	37,367	1,803	39,170
4.4.	Commercial notes received for collection		2,470	11,783	14,253	1,765	108,239	110,004
4.5.	Other assets received for collection		-	-	-	-	-	-
4.6.	Assets received for public offering		-	-	-	-	-	-
4.7.	Other items under custody		977	-	977	533	-	533
4.8.	Custodians		-	-	-	-	-	-
V.	<b>PLEDGED ITEMS</b>		431,870	600,862	1,032,732	361,716	607,735	969,451
5.1.	Marketable securities		-	-	-	-	-	-
5.2.	Guarantee notes		68,620	102,209	170,829	23,954	57,803	81,757
5.3.	Commodity		-	-	-	-	-	-
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		180,128	481,693	661,821	183,043	537,379	720,422
5.6.	Other pledged items		183,122	16,960	200,082	154,719	12,553	167,272
5.7.	Pledged items-depository		-	-	-	-	-	-
VI.	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		-	-	-	-	-	-
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>			<b>650,989</b>	<b>1,019,004</b>	<b>1,669,993</b>	<b>585,716</b>	<b>901,437</b>	<b>1,487,153</b>

**TURKISH BANK A.Ş**  
**INCOME STATEMENT TABLE FOR THE PERIOD ENDED MARCH 31,2012**

STATEMENT OF INCOME		Note Ref	Thousands of Turkish Lira	
			Reviewed	Reviewed
			Current Period (01 01 2012 - 31 03 2012)	Prior Period (01 01 2011 - 31 03 2011)
<b>I.</b>	<b>INTEREST INCOME</b>	(1)	<b>14,420</b>	<b>11,995</b>
1.1	Interest on loans		11,498	6,965
1.2	Interest received from reserve deposits		-	-
1.3	Interest received from banks		1,173	3,510
1.4	Interest received from money market placements		38	-
1.5	Interest received from marketable securities portfolio		1,710	1,519
1.5.1	Held-for-trading financial assets		-	-
1.5.2	Financial assets at fair value through profit and loss		-	-
1.5.3	Available-for-sale financial assets		1,710	1,519
1.5.4	Investments held-to-maturity		-	-
1.6	Finance lease Income		-	-
1.7	Other interest income		1	1
<b>II.</b>	<b>INTEREST EXPENSE</b>	(2)	<b>(8,270)</b>	<b>(5,769)</b>
2.1	Interest on deposits		(7,506)	(4,950)
2.2	Interest on funds borrowed		(192)	(222)
2.3	Interest on money market borrowings		(561)	(596)
2.4	Interest on securities issued		-	-
2.5	Other interest expense		(11)	(1)
<b>III.</b>	<b>NET INTEREST INCOME EXPENSE (I - II)</b>		<b>6,150</b>	<b>6,226</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME EXPENSE</b>		<b>400</b>	<b>428</b>
4.1	Fees and commissions received		689	614
4.1.1	Non-cash loans		373	333
4.1.2	Other		316	281
4.2	Fees and commissions paid		(289)	(186)
4.2.1	Non-cash loans		(8)	(4)
4.2.2	Other		(281)	(182)
<b>V.</b>	<b>DIVIDEND INCOME</b>	(3)	<b>1,809</b>	<b>2,025</b>
<b>VI.</b>	<b>NET TRADING INCOME</b>	(4)	<b>696</b>	<b>(248)</b>
6.1	Securities trading gains/ (losses)		142	479
6.2	Gains/ (losses) from derivative financial instruments		3,441	491
6.3	Foreign exchange gains/ (losses)		(2,887)	(1,218)
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>		<b>1,014</b>	<b>557</b>
<b>VIII.</b>	<b>NET OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>10,069</b>	<b>8,988</b>
<b>IX.</b>	<b>PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)</b>	(6)	<b>(874)</b>	<b>(1,790)</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(7)	<b>(8,534)</b>	<b>(6,831)</b>
<b>XI.</b>	<b>NET OPERATING INCOME (LOSS) (VIII-IX-X)</b>		<b>661</b>	<b>367</b>
<b>XII.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		-	-
<b>XIII.</b>	<b>GAIN (LOSS) ON EQUITY METHOD</b>		-	-
<b>XIV.</b>	<b>GAIN (LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XV.</b>	<b>PROFIT (LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)</b>	(8)	<b>661</b>	<b>367</b>
<b>XVI.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	(9)	<b>121</b>	<b>135</b>
16.1	Current income tax (charge)/benefit		-	(15)
16.2	Deferred tax (charge)/benefit		121	150
<b>XVII.</b>	<b>NET PROFIT (LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>	(10)	<b>782</b>	<b>502</b>
<b>XVIII.</b>	<b>INCOME ON DISCONTINUED OPERATIONS</b>		-	-
18.1	Income on assets held for sale		-	-
18.2	Income on sale of associates, subsidiaries and entities under common control (Joint vent.)		-	-
18.3	Income on other discontinued operations		-	-
<b>XIX.</b>	<b>LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-
19.1	Loss from assets held for sale		-	-
19.2	Loss on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-
19.3	Loss from other discontinued operations		-	-
<b>XX.</b>	<b>PROFIT (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)</b>		-	-
<b>XXI.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
21.1	Current income tax (charge)/benefit		-	-
21.2	Deferred tax (charge)/benefit		-	-
<b>XXII.</b>	<b>NET PROFIT LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>	(10)	-	-
<b>XXIII.</b>	<b>NET PROFIT LOSS (XVII±XXII)</b>	(11)	<b>782</b>	<b>502</b>
23.1	Group's profit/loss		782	502
23.2	Minority shares		-	-
	Earnings per share		<b>0.010</b>	<b>0.006</b>

**TURKISHBANK A.Ş**

**STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY TABLE AS OF MARCH 31,2012**

STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY	Thousands of Turkish Lira	
	Reviewed	Reviewed
	Current Period	Prior Period
	(01/01/2012 - 31/03/2012)	(01/01/2011 - 31/03/2011)
I. Additions to marketable securities revaluation differences for available for sale financial assets	386	140
II. Tangible assets revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Foreign exchange differences for foreign currency transactions	-	-
V. Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)	-	-
VI. Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)	-	-
VII. The effect of correction of errors and changes in accounting policies	-	-
VIII. Other profit loss items accounted for under equity due to TAS	-	-
IX. Deferred tax of valuation differences	27	93
X. Total Net Profit/Loss accounted for under equity (I+II+...+IX)	413	233
XI. Profit/Loss	(307)	(603)
1.1 Change in fair value of marketable securities (Transfer to Profit Loss)	(307)	(603)
1.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
1.3 Transfer of hedge of net investments in foreign operations to Income Statement	-	-
1.4 Other	-	-
XII. Total Profit/Loss accounted for the period (X±XI)	106	(370)

**TURKISH BANK A.S.**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY TABLE FOR THE PERIOD ENDED MARCH 31, 2012**

Thousands of Turkish Liras

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Move Eq/	Pull-in Credit	Effect of Inflation Accounting on	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period (Net Income/(Loss)) (Net Income/(Loss))	Prior Period	Marketable Securities Value Increase/(Decrease) Fair	Transferable Intangible Assets Differences	Know shares changes from Associates	Hedging Fair Value	Net Income/(Loss) and from Date On	Equity Attributable to the Parent	Minority Shares	Total Equity	
<b>STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY</b> <b>Reviewed</b> <b>01/01/2011 - 31/03/2011</b>																				
I. Beginning Balance		80,000	19,052	37,448	-	2,332	-	479	-	3,257	12,468	1,122	-	-	-	-	156,238	-	156,238	
II. Corrections according to TAS 9		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1 The effect of correction of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 The effect of changes in accounting policy		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Changes in period		80,000	19,052	37,448	-	2,332	-	479	-	3,257	12,468	1,122	-	-	-	-	156,238	-	156,238	
IV. Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6.1 Hedging Funds (derivative Portfolio)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6.2 Hedge of net investments in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Tangible assets' revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Intangible assets' revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Bonus shares obtained from associates, subsidiaries not jointly controlled		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. The effect of change in associates' equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII. The effect of change in associates' equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIV. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XV. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVI. Donation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XVII. Profit and Income/(loss)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIX. Profit, distributable		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XX. Dividend distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
20.1 Transfers to reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
20.2 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
20.3		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Closing Balance		80,000	19,052	37,448	-	2,500	-	479	-	502	15,657	752	-	-	-	-	156,370	-	156,370	
(III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII+XIX+XX)																				
<b>STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY</b> <b>Reviewed</b> <b>01/01/2012 - 31/03/2012</b>																				
I. Beginning Balance		80,000	19,052	37,448	-	2,500	-	479	-	691	15,657	(6,610)	-	-	-	-	155,191	-	155,191	
II. Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IV. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5.1 Hedging Funds (derivative Portfolio)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
5.2 Hedge of net investments in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IV. Tangible assets' revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V. Intangible assets' revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI. Bonus shares obtained from associates, subsidiaries and entities under common control		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. The effect of change in associates' equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Capital increase	(6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Share premium	(6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Donation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XII. Profit and Income/(loss)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XIII. Profit, distributable		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18.1 Dividend distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
18.2 Transfers to reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other	(7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Closing Balance		80,000	19,052	37,448	-	2,555	-	16,792	-	782	(15,657)	106	-	-	-	-	154,079	-	154,079	
(III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII+XIX)																				

**TURKISH BANK A.Ş**  
**NON-CONSOLIDATED STATEMENT OF CASH FLOW AS OF MARCH,31,2012**

		Thousands of Turkish Lira	
		Reviewed	Reviewed
		CURRENT PERIOD	PRIOR PERIOD
		(01/01/2012 - 31/03/2012)	(01/01/2011 - 31/03/2011)
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>		
1.1	Operating profit before changes in operating assets and liabilities	13,271	6,878
1.1.1	Interest received	13,911	13,181
1.1.2	Interest paid	(8,935)	(5,659)
1.1.3	Dividend received	1,809	2,025
1.1.4	Fees and commissions received	560	614
1.1.5	Other income	4,209	1,438
1.1.6	Collections from previously written off loans	997	2,053
1.1.7	Payments to personnel and service suppliers	(4,636)	(3,610)
1.1.8	Taxes paid	-	-
1.1.9	Others	5,356	(3,164)
		(1)	
1.2	Changes in operating assets and liabilities	(97,337)	(33,180)
1.2.1	Net (increase) decrease in financial assets held for trading	-	-
1.2.2	Net (increase) decrease in financial assets at fair value through profit or loss	-	-
1.2.3	Net (increase) decrease in due from banks and other financial institutions	-	-
1.2.4	Net (increase) decrease in loans	(44,607)	160,749
1.2.5	Net (increase) decrease in other assets	6,330	(15,611)
1.2.6	Net increase (decrease) in bank deposits	28,122	(18,605)
1.2.7	Net increase (decrease) in other deposits	(14,508)	(119,330)
1.2.8	Net increase (decrease) in funds borrowed	(73,623)	(37,978)
1.2.9	Net increase (decrease) in matured payables	-	-
1.2.10	Net increase (decrease) in other liabilities	949	(2,405)
		(1)	
I.	Net cash provided from / (used in) banking operations	(84,066)	(26,302)
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
II.	Net cash provided from/ (used in) investing activities	499	(13,987)
2.1	Cash paid for purchase of entities under common control, associates and subsidiaries	-	-
2.2	Cash obtained from sale of entities under common control, associates and subsidiaries	1	-
2.3	Fixed asset purchases	(180)	(6)
2.4	Fixed asset sales	62	-
2.5	Cash paid for purchase of financial assets available for sale	(40,332)	(16,676)
2.6	Cash obtained from sale of financial assets available for sale	41,018	2,701
2.7	Cash paid for purchase of investment securities	-	-
2.8	Cash obtained from sale of investment securities	-	-
2.9	Others	(70)	(6)
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
III.	Net cash provided from/ (used in) financing activities	(113)	(6)
3.1	Cash obtained from funds borrowed and securities issued	-	-
3.2	Cash used for repayment of funds borrowed and securities issued	-	-
3.3	Capital increase	-	-
3.4	Dividends paid	-	-
3.5	Payments for finance leases	(105)	(6)
3.6	Other	(8)	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	(11,402)	280
V.	Net increase / (decrease) in cash and cash equivalents	(95,082)	(40,015)
VI.	Cash and cash equivalents at beginning of the period	472,648	437,372
		(2)	
VII.	Cash and cash equivalents at end of the period	377,566	397,357
		(2)	

The accompanying notes are an integral part of these financial statements.

**TURKISH BANK A.Ş.**  
**NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD BETWEEN JANUARY 1 – MARCH 31, 2012**  
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**SECTION THREE**

**ACCOUNTING PRINCIPLES**

**I. Basis of Presentation**

The Bank prepares financial statements and notes according to Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS), other regulations, communiques and circulars in respect of accounting and financial reporting and pronouncements made by Banking Regulation and Supervision Agency (BRSA), Turkish Commercial Code and Tax Legislation.

**II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions**

The Bank aims to develop and promote products for the financial needs of each customer such as SMEs, multinational companies and small individual investors in line with Banking Legislation. The primary objective of the Bank is to increase profitability with optimum liquidity and minimum risk while fulfilling customer needs. Thus, the Bank uses 69% on average of its resources on liquid assets, as well as intending for the highest possible yield with effective maturity management.

The Bank aims at creating an optimum maturity risk and working with a positive margin between cost of resource and product yield in the process of asset and liability management.

As a component of risk management strategy of the Bank, risk bearing short positions of currency, interest or price movements is performed only by the Treasury Asset-Liability Management using the limits defined by the Board of Directors. The Asset-Liability Committee manages the maturity mismatches while deciding the short, medium and long term strategies as well as adopting the principle of positive balance sheet margin as a pricing policy.

The foreign currency gains and losses are recorded in the period the transaction is made. The foreign currency assets and liabilities are translated to Turkish Lira with the Bank's period end exchange rates and the increases/decreases resulting from the differences in the foreign exchange rates are recorded as expense/income in the relevant period. The Bank uses TRCB buying rates as its own exchange rate.

**III. Explanations on Forward and Option Contracts and Derivative Instruments**

Fair values of foreign currency forward and swap transactions are determined by comparing the period end Bank foreign exchange rates with the contractual forward rates discounted to the balance sheet date with the prevailing current market rates. The resulting gain or loss is reflected to the income statement.

There are not any derivatives created by the separation of the main contract or for the hedge purposes.

**IV. Explanations on Interest Income and Expenses**

Interest income and expense are recognized in the income statement for all interest bearing instruments whose cash inflows and outflows are known on an accrual basis using the effective interest method. In accordance with the related regulation, realized and unrealized interest accruals of the non-performing loans are reversed and interest income related to these loans are recorded as interest income only when collected.

**V. Explanations on Fees and Commission Income and Expenses**

Fees and commission income and expenses and the fees and commissions paid to other credit institutions are accounted through the types of fees and commission for on an accrual basis or by using effective interest rate method, income generated through agreements or through the purchases of assets on behalf of third parties or corporate parties is recorded in income when occurred.



**TURKISH BANK A.Ş.**  
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**I. Basis of presentation (continued)**

**VI. Explanations on Financial Assets**

Financial instruments comprise financial assets, financial liabilities and derivative instruments. Risks related to these activities form a significant part among total risks the Bank undertakes. Financial instruments affect liquidity, market, and credit risks on the Bank's balance sheet in all respects. The Bank trades these instruments on behalf of its customers and on its own behalf.

Basically, financial assets create the majority of the commercial activities of the Bank. These instruments expose, affect and diminish the liquidity, credit and interest risks in the financial statements.

All regular way purchases and sales of financial assets are recognized on the settlement date i.e. the date that the asset is delivered to or by the Bank. Settlement date accounting requires (a) accounting of the asset when acquired by the institution and (b) disposing of the asset out of the balance sheet on the date settled by the institution; and accounting of gain or loss on disposal. In case of application of settlement date accounting, the institution accounts for the changes that occur in the fair value of the asset in the period between commercial transaction date and settlement date as in the assets that the institution settles.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets. The changes in the fair values of assets that are presented at their cost or amortized cost are not accounted for. The gain/loss arising from an asset classified as fair value through profit or loss is accounted for under income statement and the gain/ loss arising from an asset classified as available for sale is accounted for under equity.

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

*Cash, Banks, and Other Financial Institutions*

Cash and cash equivalents comprise cash on hand, demand deposits, and highly liquid short-term investments with maturity of 3 months or less following the purchase date, not bearing risk of significant value change, and that are readily convertible to a known amount of cash. The book value of these assets approximates their fair values.

*Financial Assets at Fair Value Through Profit and Loss*

Trading securities are securities which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio with a pattern of short-term profit taking.

Trading securities are initially recognized at cost. Transaction costs of the related securities are included in the initial cost. The positive difference between the cost and fair value of such securities is accounted for as interest and income accrual, and the negative difference is accounted for as "Impairment Provision on Marketable Securities".

*Held to Maturity Investments and Financial Assets Available for Sale*

Investments held to maturity include securities with fixed or determinable payments and fixed maturity where there is an intention of holding till maturity and the relevant conditions for fulfillment of such intention, including the funding ability other than loans and receivables.

Available for sale financial assets include all securities other than loans and receivables, securities held to maturity and securities held for trading.

Marketable securities are initially recognized at cost including the transaction costs.

**TURKISH BANK A.Ş.**  
**NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS**  
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**I. Basis of presentation (continued)**

**VI. Explanations on Financial Assets (continued)**

After the initial recognition, available for sale securities are measured at fair value and the unrealized gain/loss originating from the difference between the amortized cost and the fair value is recorded in “Marketable Securities Valuation Differences” under the equity. Fair values of debt securities that are traded in an active market are determined based on quoted prices or current market prices. In the absence of prices formed in an active market, fair value of these securities is determined using the prices declared in the Official Gazette or other valuation methods stated in TAS.

After initial recognition, held to maturity investments are measured at amortized cost by using effective interest rate less impairment losses, if any.

The interests received from held to maturity investments are recorded as interest income.

There are no financial assets that have been previously classified as held to maturity investments but cannot be currently classified as held to maturity for two years due to “tainting” rule.

The Bank classifies its securities as referred to above at the acquisition date of related assets.

The sale and purchase transactions of the held to maturity investments are recorded on a settlement date basis.

*Loans*

Loans are financial assets generated by lending money, providing goods or services.

Loans are financial assets with fixed or determinable payments that are not traded in an active market.

The Bank initially records loans and receivables at cost. In subsequent periods loans are measured at amortized cost using effective interest rate method. The fees and transaction expenses paid for the assets taken as collateral for the loans are considered as part of the transaction cost and charged to the customers.

**VII. Explanations on Impairment of Financial Assets**

At each balance sheet date, the Bank evaluates the carrying amounts of its financial asset or a group of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss or not. If any such indication exists, the Bank determines the related impairment.

A financial asset or a financial asset group incurs impairment loss only if there is an objective indicator related to the occurrence (or nonoccurrence) of one or more than one event (“loss event”) after the first journalization of that asset; and such loss event (or events) causes, an impairment as a result of the effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. Irrespective of high probability the expected losses caused by the future events are not journalized.

**VIII. Explanations on Offsetting of Financial Assets and Liabilities**

Financial assets and liabilities are offset when the Bank has a legally enforceable right to set off, and the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities simultaneously.

**TURKISH BANK A.Ş.**  
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**I. Basis of presentation (continued)**

**IX. Explanations on Sales and Repurchase Agreements and Lending of Securities**

The sales and repurchase of securities under repurchase agreements (“repo”) are recorded in balance sheet accounts in accordance with the Uniform Chart of Accounts. Accordingly in the financial statements, the government bonds and treasury bills sold to customers under repurchase agreements are classified as “securities under repo” and measured at fair value or amortized cost depending on the purpose of the Bank portfolio. Funds obtained from repurchase agreements are classified as a separate sub-account under liabilities and the interest expense is journalized accordingly.

Purchases of securities under agreements of resale (“reverse repos”) are separately disclosed under assets as “money markets” and interest income on such transactions is accounted for on an accrual basis over the period of transactions.

**X. Explanations on Assets Held for Sale, Discontinued Operations and Liabilities Related to Those Assets**

A tangible asset classified as “asset held for sale” is measured at lower of carrying value or fair value less costs to sell, depreciation calculation is stopped related to this asset and it is presented separately on the face of the balance sheet. An asset (or a disposal group) is regarded as “asset held for sale” only when the sale is highly probable and the asset (disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively marketed at a price consistent with its fair value. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or canceling the plan is low. Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group).

The Bank does not have any assets held for sale.

A discontinued operation is a division of a bank that is either disposed or held for sale. Results of discontinued operations are included in the income statement separately. The Bank does not have any discontinued operation.

**XI. Explanations on Goodwill and Other Intangible Assets**

Intangible assets are accounted for at restated cost until December 31, 2004 in accordance with inflation accounting and are amortized with straight-line method, after December 31, 2004 the acquisition cost and any other cost incurred so as to prepare the intangible asset ready for use less reserve for impairment, if any, and amortized on a straight-line method. The cost of assets subject to amortization is restated after deducting the exchange differences, capitalized financial expenses and revaluation increases, if any, from the cost of the assets.

Estimated economic lives of intangible assets are between 3 years and 15 years, rate of amortization is between 6.67% and 33.33%.

**XII. Explanations on Tangible Fixed Assets**

Properties are accounted for at their restated costs until December 31, 2004; after December 31, 2004 the acquisition cost and any other cost incurred so as to prepare the fixed asset ready for use are reflected, less reserve for impairment, if any. The straight-line method of depreciation is used for buildings and useful life is considered as 50 years.

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**I. Basis of presentation (continued)**

**XII. Explanations on Tangible Fixed Assets (continued)**

Other tangible fixed assets are accounted for at their restated costs until December 31, 2004; afterwards the acquisition cost and any other cost incurred so as to prepare the fixed asset ready for use are reflected less reserve for impairment, if any, and depreciated on a straight-line method. Depreciation of assets held less than one year as of the balance sheet date is accounted for proportionately. No amendment has been made to the depreciation method in the current period. The annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

	%
Buildings	2
Motor Vehicles	20
Furniture, fixtures and office equipment and others	3 – 50

Gain or loss resulting from disposals of the tangible fixed assets is reflected to the income statement as the difference between the net proceeds and net book value.

Maintenance costs of tangible fixed assets are capitalized if they extend the economic useful life of related assets. Other maintenance costs are expensed.

There are no pledges, mortgages or other restrictions on the tangible fixed assets.

There is no purchase commitment related to the tangible fixed assets.

There are no anticipated changes in the accounting estimates, which could have a significant impact in the current and future periods.

**XIII. Explanations on Leasing Transactions**

Tangible fixed assets acquired by financial leases are accounted for in accordance with TAS No:17. In accordance with this standard, the leasing transactions, which consist of only foreign currency liabilities, are translated to Turkish Lira with the exchange rates prevailing at the transaction dates and they are recorded as an asset or a liability. The foreign currency liabilities are translated to Turkish Lira with the Bank's period end exchange rates. The increases/decreases resulting from the differences in the foreign exchange rates are recorded as expense/income in the relevant period. The financing cost resulting from leasing is distributed through the lease period to form a fixed interest rate.

In addition to the interest expense, depreciation expense is recorded for the depreciable leased assets in each period. The depreciation rate is determined in accordance with TAS No:16 "Accounting Standard for Tangible Fixed Assets" by taking the useful lives into account.

Operating lease payments are recognized as expense in the income statement on a straight line basis over the lease term.

The Bank does not have any leasing transactions as "Lessor".

**XIV. Explanations on Provisions and Contingent Liabilities**

Provisions are recognized when there is a present obligation, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by using the Bank's best expectation of expenses in fulfilling the obligation, and discounted to present value if material.

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**I. Basis of presentation (Continue)**

**XV. Explanations on Liabilities Regarding Employee Benefits**

The liabilities regarding employee termination benefits and unused vacation have been accounted for in accordance with TAS No: 19 “Turkish Accounting Standard on Employee Benefits”.

As per the existing labour law in Turkey, the Bank is required to pay certain amounts to the employees retired or fired except for resignations or misbehaviours specified in the Turkish Labour Law. Accordingly, the Bank reserved for employee severance indemnities in the accompanying financial statements over the net present value of possible obligation amount for all its employees who retired according to Turkish Labour Law or whose employment is terminated, called up for military service or died.

**XVI. Explanations on Taxation**

*Corporate tax*

According to the Article 32 of the Corporate Tax Law No. 5520, announced in the Official Gazette dated June 21, 2006, the corporate tax rate is 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 from the final tax liability for the year.

Tax returns are required to be filed between the first and twenty-fifth day of the fourth month following the balance sheet date and paid in one installment until the end of the related month.

*Deferred Tax*

According to the Turkish Accounting Standard 12 (TAS 12) “Income Taxes”; deferred tax assets and liabilities are recognized, using the balance sheet method, on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

If transactions and events are recorded in the income statement, then the related tax effects are also recognized in the income statement. However, if transactions and events are recorded directly in the shareholders’ equity, the related tax effects are also recognized directly in the shareholders’ equity.

The deferred tax assets and liabilities are reported as net in the financial statements.

Furthermore, as per the circular of BRSA, deferred tax benefit balance resulting from netting of deferred tax assets and liabilities should not be used in dividend distribution and capital increase.

**XVII. Additional Explanations on Borrowings**

The borrowing costs related to purchase, production, or construction of qualifying assets that require significant time to be prepared for use and sale are included in the cost of assets until the relevant assets become ready to be used or to be sold. Financial investment income obtained by temporary placement of undisbursed investment loan in financial investments is offset against borrowing costs qualified for capitalization.

All other borrowing costs are recorded to the income statement in the period they are incurred.

There are no debt securities issued by the Bank.

The Bank has not issued convertible bonds.

**TURKISH BANK A.Ş.**  
**NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS**  
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**I. Basis of presentation (continued)**

**XVIII. Explanations on Issued Share Certificates**

The shares issued during the capital increase on 29 January 2008 are premium shares and TL 37,448 is accounted under “shares premium” under equity.

**XIX. Explanations on Acceptances**

Acceptances are presented as probable commitments in off-balance sheet accounts.

**XX. Explanations on Government Incentives**

There are no government incentives utilized by the Bank.

**XXI. Explanations on Reporting According to Segmentation**

The Bank mainly operates in corporate banking and treasury operations. The Bank also operates in retail banking.

The Bank’s distribution of its operations according to the branches’ organizational structure as of March 31, 2012 is presented in the table below.

Current Period (January 1 – March 31, 2012)	Retail	Corporate	Treasury/ Head Office	Total
Net interest income	1,472	2,336	2,342	6,150
Net fees and commissions income and other operating income	1,112	146	156	1,414
Trading profit / loss	-	-	696	696
Dividend income	-	-	1,809	1,809
Provision for loan losses and other receivables (-)	-	-	(874)	(874)
Other operating expenses (-)	(2,845)	(185)	(5,504)	(8,534)
<b>Profit before taxes</b>	<b>(261)</b>	<b>2,297</b>	<b>(1,375)</b>	<b>661</b>
<b>Tax charge</b>	<b>-</b>	<b>-</b>	<b>121</b>	<b>121</b>
<b>Net profit for the period</b>	<b>(261)</b>	<b>2,297</b>	<b>(1,254)</b>	<b>782</b>

Current Period (March 31, 2012)	Retail	Corporate	Treasury/ Head Office	Total
Segment assets	401,134	29,544	376,854	807,532
Investments in associates, subsidiaries and jointly controlled entities	-	-	30,768	30,768
<b>Total Assets</b>	<b>401,134</b>	<b>29,544</b>	<b>407,622</b>	<b>838,300</b>
Segment liabilities	401,955	27,617	254,649	684,221
Shareholders’ equity	-	-	154,079	154,079
<b>Total Liabilities</b>	<b>401,955</b>	<b>27,617</b>	<b>408,728</b>	<b>838,300</b>

**TURKISH BANK A.Ş.**  
**NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS**  
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**I. Basis of presentation (continued)**

**XXI. Explanations on Reporting According to Segmentation (continued)**

Prior Period (January 1 – March 31, 2011)	Retail	Corporate	Treasury/ Head-Office	Total
Net interest income	2,242	632	3,352	6,226
Net fees and commissions income and other operating income	674	135	176	985
Trading profit / loss	-	-	(248)	(248)
Dividend income	-	-	2,025	2,025
Provision for loan losses and other receivables (-)	-	-	(1,790)	(1,790)
Other operating expenses (-)	(2,534)	(96)	(4,201)	(6,831)
<b>Profit before taxes</b>	<b>382</b>	<b>671</b>	<b>(686)</b>	<b>367</b>
<b>Tax charge</b>	<b>-</b>	<b>-</b>	<b>135</b>	<b>135</b>
<b>Net Profit for the period</b>	<b>382</b>	<b>671</b>	<b>(551)</b>	<b>502</b>

Prior Period (December 31, 2011)	Retail	Corporate	Treasury/ Head-Office	Total
<b>Segment assets</b>	<b>422,657</b>	<b>30,073</b>	<b>412,267</b>	<b>864,997</b>
Investments in associates, subsidiaries and jointly controlled entities	-	-	30,768	30,768
<b>Total Assets</b>	<b>422,657</b>	<b>30,073</b>	<b>443,035</b>	<b>895,765</b>
<b>Segment liabilities</b>	<b>421,676</b>	<b>24,258</b>	<b>296,640</b>	<b>742,574</b>
Shareholders' equity	-	-	153,191	153,191
<b>Total Liabilities</b>	<b>421,676</b>	<b>24,258</b>	<b>449,831</b>	<b>895,765</b>

**XXII. Explanations on Other Matters**

There is no other matter in accounting policies to be explained.

**TURKISH BANK A.Ş.**  
**NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD BETWEEN JANUARY 1 – MARCH 31, 2012**  
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**SECTION FOUR**

**INFORMATION ON FINANCIAL STRUCTURE**

**I. Explanations Related to Capital Adequacy Standard Ratio**

The method used for risk measurement in determining capital adequacy standard ratio; Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", which was published on November 1, 2006 in the Official Gazette numbered 26333 and the Communiqué on "The Amendment in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks" which was published on October 10, 2007 in the Official Gazette numbered 26669. The Bank's unconsolidated capital adequacy ratio in accordance with the related Communiqué is 30.78% as at March 31, 2012 (December 31, 2011: 32.09%).

In the computation of capital adequacy standard ratio, information prepared in accordance with statutory accounting requirements is used. Additionally, the market risk amount is calculated in accordance with the Communiqué on the "Measurement and Assessment of Capital Adequacy of Banks" and is taken into consideration in the capital adequacy standard ratio calculation.

The values deducted from the capital base in the shareholders' equity computation are excluded while calculating risk-weighted assets, non-cash loans and contingent liabilities. Assets subject to depreciation and impairment among risk-weighted assets are included in the calculations over their net book values after deducting the relative depreciations and provisions.

While calculating the basis of non-cash loans subject to credit risk, the net receivable amount from the counter parties net of provision amount set in accordance with the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" is multiplied by the loan conversion rates presented in the Article 5, the Clause 1 of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", and calculated by applying the risk weights presented in the Capital Adequacy Analysis Form.

Receivables from counter parties from derivative foreign currency and interest rate transactions are multiplied by the loan conversion rates presented in the Article 5, the Clause 2 of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", and calculated by applying the risk weights presented in the Capital Adequacy Analysis Form.



**TURKISH BANK A.Ş.**  
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**I. Explanations Related to Capital Adequacy Standard Ratio (continued)**

**Information related to the capital adequacy ratio:**

	Risk Weight						
	0%	10%	20%	50%	100%	150%	200%
<b>Credit risk amount</b>							
<b>Balance Sheet Items (Net)</b>							
Cash	7,787	-	-	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Due From Central Bank of Turkey	49,697	-	-	-	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	-	-	312,082	-	-	-	-
Interbank Money Market Placements	8,000	-	-	-	-	-	-
Receivables From Reverse Repo Transactions	-	-	-	-	-	-	-
Reserve Deposits	16,547	-	-	-	-	-	-
Loans	4,565	-	-	71,412	219,790	779	1,199
Non-performing loans (Net)	-	-	-	-	6,096	-	-
Financial Lease Receivables	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	-	-	-	-	-	-	-
Held to Maturity Investments	-	-	-	-	-	-	-
Receivables From Installment Sales of Assets	-	-	-	-	-	-	-
Sundry Debtors	-	-	-	-	1,351	-	-
Interest and Income Accruals	40	-	311	667	1,865	7	11
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.) (Net)	-	-	-	-	30,768	-	-
Tangible Assets	-	-	-	-	9,137	-	-
Other Assets	1,630	-	-	-	12,079	-	-
<b>Off-Balance Sheet Items</b>							
Guarantees and Commitments	1,981	-	9,795	32,709	33,502	-	-
Derivative Financial Instruments	-	-	-	-	3,461	-	-
Non Risk Weighted Accounts	-	-	-	-	-	-	-
<b>Total Value at Risk</b>	<b>90,247</b>	<b>-</b>	<b>322,188</b>	<b>104,788</b>	<b>318,049</b>	<b>786</b>	<b>1,210</b>
<b>Total Risk Weighted Assets</b>	<b>-</b>	<b>-</b>	<b>64,438</b>	<b>52,394</b>	<b>318,049</b>	<b>1,179</b>	<b>2,420</b>

**Summary information related to the capital adequacy ratio:**

	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	438,480	407,205
Amount Subject to Market Risk (ASMR)	5,788	9,338
Amount Subject to Operational Risk (ASOR) (*)	58,778	61,617
Shareholders' Equity	154,843	153,421
Shareholders' Equity / (TRWA+ASMR+ASOR) *100	%30.78	% 32.09

(\*) Operational risk has been calculated by using the Basic Indicator Approach.

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**I. Explanations Related to Capital Adequacy Standard Ratio (continued)**

**Information related to the components of shareholders' equity:**

	Current Period	Prior Period
<b>CORE CAPITAL</b>		
Paid-in-capital	80,000	80,000
Nominal Capital	80,000	80,000
Capital Commitments (-)	-	-
Paid-in-capital indexation difference	19,032	19,032
Share premium	37,448	37,448
Cancellation profits	-	-
Legal reserves	2,535	2,500
First legal reserve (Turkish Commercial Code 466/1)	2,045	2,010
Second legal reserve (Turkish Commercial Code 466/2)	490	490
Other legal reserve per special legislation	-	-
Statutory reserves	-	-
Extraordinary reserves	16,792	479
Reserves allocated by the General Assembly	16,792	479
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Indexation differences of legal, statutory and extraordinary reserves	-	-
Profit	782	16,348
Current period net profit	782	691
Prior years' profits	-	15,657
Provision for possible losses up to 25% of the Core Capital	-	-
Gains on sale of associates and subsidiaries and properties to be added to capital	-	-
Primary subordinated loans up to 15% of the Core Capital	-	-
Losses that cannot be covered by reserves (-)	-	-
Net current period loss	-	-
Prior years' losses	-	-
Leasehold improvements (-)	(932)	(976)
Prepaid expenses (-) (*)	-	-
Intangible assets (-)	(880)	(903)
Deferred tax asset exceeding 10% of the Core Capital (-)	-	-
Excess amount in the Article 56, Clause 3 of the Banking Law (-)	-	-
<b>Total Core Capital</b>	<b>154,777</b>	<b>153,928</b>
<b>SUPPLEMENTARY CAPITAL</b>	<b>66</b>	<b>(507)</b>
General loan loss reserves	2,576	2,109
45% of the revaluation reserve for movable fixed assets	-	-
45% of the of revaluation reserve for properties	-	-
Bonus shares obtained from associates, subsidiaries and entities under common control	-	-
Primary subordinated loans excluded in the calculation of the Core Capital	-	-
Secondary subordinated loans	-	-
45% of Marketable securities valuation differences	(2,510)	(2,616)
Associates and subsidiaries	-	-
Available for sale securities	(2,510)	(2,616)
Indexation differences for capital reserves, profit reserves and retained earnings (Except indexation differences for legal reserves, statutory reserves and extraordinary reserves)	-	-
<b>Total Supplementary Capital</b>	<b>66</b>	<b>(507)</b>
<b>TIER III CAPITAL</b>	<b>-</b>	<b>-</b>
<b>CAPITAL</b>	<b>154,843</b>	<b>153,421</b>
<b>DEDUCTIONS FROM THE CAPITAL</b>	<b>-</b>	<b>-</b>
Shareholdings of banks and financial institutions (Domestic, Foreign) from which the Bank keeps ten percent or more of capitals	-	-
Shareholdings of unconsolidated banks and financial institutions (Domestic, Foreign) from which the Bank keeps less than ten percent of capitals which exceed the ten percent of Bank's Core and Supplementary Capital	-	-
Secondary subordinated loans granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and placements that possess the nature of their Primary or Secondary Subordinated Debt	-	-
Loans granted being non-compliant with the Articles 50 and 51 of the Banking Law	-	-
The net book value of properties exceeding fifty percent of equity and properties held for sale and properties and commodity to be disposed, acquired in exchange of loans and receivables according to the Article 57 of the Banking Law and have not been disposed yet after 5 years after foreclosure	-	-
Other	-	-
<b>Total Shareholders' Equity</b>	<b>154,843</b>	<b>153,421</b>

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**II. Explanations Related to Credit Risk**

Credit risk is defined as risks and losses that may occur if the counterparty fails to comply with the agreement's requirements and cannot perform its obligations partially or completely on the terms set

The credit limit allocation is performed on consumer, company, group and risk group basis per instrument. The financial positions of the customers are analyzed through the financial statements and other documentations in compliance with the legislation. The credit establishment is performed within the limits per instrument and per customer, the risk and limit information is monitored continuously and revised if necessary. Besides, the adequate collateral, in terms of type and amount, is obtained.

Risk limits are determined in connection with daily transactions, and risk concentration is monitored per customer and per treasury department authorized personnel concerning balance sheet and off-balance sheet operations.

As prescribed in the Communiqué on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves", the credit worthiness of the debtors of the loans and other receivables is monitored regularly. Most of the statements of accounts for the loans are derived from audited financial statements. The unaudited documents result from the timing differences between the loan allocation and the audit dates of the financial statements of the companies and subsequently the audited financial statements are obtained from the companies. Credit limits are determined according to the audited statement of accounts, and guarantee factors are developed in accordance with the decision of the credit committee considering the characteristics of the transactions and the financial structures of the companies.

Indemnified non-cash loans are subject to the same risk weight as outstanding loans matured but not yet paid.

The international banking activities of the Bank are exercised with a few country and financial institution and do not have a material credit risk concentration when the financial conditions of the countries are concerned.

The Bank is not the active participant in the international banking market.

The Bank's largest 100 cash loan customers compose 94% of the total cash loan portfolio (31 December 2011: 94%).

The Bank's largest 100 non-cash loan customers compose 99% of the total non-cash loan portfolio (31 December 2011: 99%).

The Bank's largest 100 cash and non-cash loan customers represent 79% of the total "on and off balance sheet" asset (31 December 2011: 91%).

As of March 31, 2012, the general loan loss provision amounting to TL 2,576 (December 31, 2011: TL 2,109 ) is calculated by the Bank in compliance with the "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside"

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**II. Explanations Related to Credit Risk (continued)**

**Credit risk by types of borrowers and geographical concentration:**

	Loans to Real Persons and Legal Entities		Loans to Banks and Other Financial Institutions		Marketable Securities		Other Loans*	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Loans according to borrowers								
Private Sector	153,311	175,740	139,847	74,957	-	-	97,046	92,086
Public Sector	-	-	-	-	69,644	73,735	-	-
Banks	-	-	-	-	9,601	5,807	363,436	456,746
Retail	13,611	12,339	-	-	-	-	16,440	519
Share Certificates	-	-	-	-	-	-	-	-
Information according to geographical concentration								
Domestic	158,988	179,539	139,847	74,957	75,375	73,735	451,030	537,303
European Union Countries	2,559	2,640	-	-	-	-	23,560	10,204
OECD Countries**	-	-	-	-	-	-	65	781
Off-shore Banking Regions	3,602	5,900	-	-	-	-	14	-
USA, Canada	-	-	-	-	-	-	2,237	972
Other Countries	1,773	-	-	-	3,870	5,807	16	91
<b>Total</b>	<b>166,922</b>	<b>188,079</b>	<b>139,847</b>	<b>74,957</b>	<b>79,245</b>	<b>79,542</b>	<b>476,922</b>	<b>549,351</b>

(\*) Includes the banks, non-cash loans, commitments (excluding the commitments given to various incorporations for the Bank's internal business), equity shares and derivative instruments (within the limits of the ratios given in the Regulation on Credit Operations of the Banks).

(\*\*) OECD countries other than European Union countries, USA and Canada.

	Assets	Liabilities	Non-Cash Loans	Equity Investments	Net Income/ Loss (***)
Current Period					
Domestic	789,829	751,127	97,046	30,768	782
European Union Countries	7,053	83,214	-	-	-
OECD Countries (*)	8	2,086	39,577	-	-
Off-shore Banking Regions	3,602	-	16,440	-	-
USA, Canada	1,392	744	-	-	-
Other Countries	5,648	347	-	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
<b>Total</b>	<b>807,532</b>	<b>837,518</b>	<b>153,063</b>	<b>30,768</b>	<b>782</b>
Prior Period					
Domestic	844,734	688,730	92,043	30,768	502
European Union Countries	6,704	203,668	-	-	-
OECD Countries (*)	781	1,593	21,415	-	-
Off-shore Banking Regions	5,907	-	427	-	-
USA, Canada	972	736	-	-	-
Other Countries	5,898	348	-	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
<b>Total</b>	<b>864,996</b>	<b>895,075</b>	<b>113,885</b>	<b>30,768</b>	<b>502</b>

(\*) OECD countries other than EU countries, USA and Canada.

(\*\*) Assets and liabilities that cannot be allocated on a coherent basis.

(\*\*\*) Prior year's net income / loss represents March 31 2011.

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**II. Explanations Related to Credit Risk (continued)**

**Sector concentrations for cash loans:**

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	733	0.38	-	-	755	0.51	-	-
Farming and Raising Livestock	227	0.12	-	-	194	0.13	-	-
Forestry	506	0.26	-	-	561	0.38	-	-
Fishery	-	-	-	-	-	-	-	-
Manufacturing	28,311	14.76	7,045	6.48	25,533	17.13	7,582	7.05
Mining and Quarry	432	0.22	719	0.67	453	0.30	68	0.06
Production	27,879	14.54	2,191	2.01	25,080	16.83	3,065	2.85
Electricity, Gas and Water	-	-	4,135	3.80	-	-	4,449	4.14
Construction	3,077	1.60	6,867	6.31	16,192	10.86	7,242	6.74
Services	142,422	74.25	94,065	86.41	100,802	67.63	91,722	85.30
Wholesale and Retail Trade	6,645	3.46	-	-	4,943	3.32	-	-
Hotel and Food and Beverage Services	10,024	5.23	20,532	18.86	13,226	8.87	12,621	11.74
Transportation and Communication	2,707	1.41	14,065	12.92	5,716	3.84	15,255	14.19
Financial Institutions	121,800	63.50	32,514	29.87	75,532	50.67	34,950	32.50
Real Estate and Renting Services	-	-	-	-	-	-	-	-
Self-Employment Services	671	0.35	26,954	24.76	764	0.51	28,896	26.87
Education Services	155	0.08	-	-	147	0.10	-	-
Health and Social Services	420	0.22	-	-	474	0.32	-	-
Other	17,279	9.01	874	0.80	5,764	3.87	980	0.91
<b>Total</b>	<b>191,822</b>	<b>100.00</b>	<b>108,851</b>	<b>100.00</b>	<b>149,046</b>	<b>100.00</b>	<b>107,526</b>	<b>100.00</b>

The table below shows the maximum exposure to credit risk for the components of the financial statements:

	Current Period	Prior Period
Cash and Balances with Central Bank	74,031	62,214
Banks	312,393	404,152
Financial Assets at Fair Value Through Profit and Loss	1,079	573
Money market placements	8,005	31,179
Loans	306,769	263,036
Investment securities available-for-sale	79,245	79,542
<b>Total</b>	<b>781,522</b>	<b>840,696</b>
Contingent Liabilities	109,864	113,885
Commitments	43,199	101,590
<b>Total</b>	<b>153,063</b>	<b>215,475</b>
<b>Total credit risk exposure</b>	<b>934,585</b>	<b>1,056,171</b>

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**III. Explanations Related to Market Risk**

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

The Board of Directors determines the limits for the basic risk that the Bank is exposed to. Those limits are revised periodically in line with the market forces and strategies of the Bank.

Additionally, the Board of Directors has ensured that the risk management division and senior management has taken necessary precautions to describe, evaluate, control and manage risks faced by the Bank.

Interest rate and exchange rate risks, arising from the volatility in the financial markets, of the financial positions taken by the Bank related to balance sheet and off-balance sheet accounts are measured, and in the computation of capital adequacy, the amount subject to VAR calculated by using the standard method (summarized below) is taken into consideration.

a) Information Related to Market Risk

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	116
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	324
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	23
(IV) Capital Requirement to be Employed For Commodity Risk – Standard Method	-
(V) Capital Requirement to be Employed For Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method	-
(VII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	-
(VIII) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)	463
(IX) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x VII)	5,788

b) Average market risk table calculated at month ends during the period:

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	632	729	531	1,038	1,420	701
Common Stock Risk	-	-	-	-	-	-
Currency Risk	72	165	22	176	407	26
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Total Value Subject to Risk	704	894	553	1,214	1,827	727

Table of market risk is prepared based on the quarterly reported average, highest and lowest amounts subject to the market risk amounts.

**IV. Explanations Related to the Operational Risk**

Operational risk has been calculated using the Basic Indicator Approach. Amount subject to operational risk is calculated over the gross revenue amounts of the Bank for the last 3 years 2011, 2010 and 2009, in accordance with the 4<sup>th</sup> part named “Calculation of the amount subject to operational risk” issued on June 1, 2007, of the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” issued on Official Gazette dated November 1, 2006 numbered 26333.

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**V. Explanations related to Currency Risk**

The Bank keeps its foreign currency net position at a minimum level since the introduction of floating exchange rate system in February 2001 due to increased uncertainties in the direction of net foreign currency position.

The Bank positions itself against foreign currency risk in accordance with the currency basket of T.R.C.B. The foreign currency asset liability management sets prices concerning liquidity and credit risks and the risk-return targets of the Bank, in order to establish sustainable profitability. Measurable and manageable risks are taken considering the ratios to be complied.

As of March 31, 2012, the Bank's balance sheet net short position is TL 88,943 (December 31, 2011: TL 50,768 net short) resulting from long position on the off-balance sheet amounting to TL 87,138 (December 31, 2011: TL 52,039 long) and long position on the net balance sheet amounting to TL 1,805 (December 31, 2011: TL 1,271 long).

The announced foreign exchange buying rates of the Bank at March 31, 2012 and the previous five working days in full TL are as follows:

	26.03.2012	27.03.2012	28.03.2012	29.03.2012	30.03.2012	31.03.2012
<b>USD</b>	1.7918	1.7859	1.7762	1.7738	1.7717	1.7717
<b>JPY</b>	0.0217	0.0215	0.0214	0.0214	0.0215	0.0215
<b>EURO</b>	2.3736	2.3651	2.3715	2.3685	2.3554	2.3554

The simple arithmetic averages of the major foreign exchange buying rates of the Bank for the thirty days before March 31, 2012 are as follows:

	Monthly Average Foreign Exchange Rate
<b>USD</b>	1.7784
<b>JPY</b>	0.0216
<b>EURO</b>	2.3488

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**V. Explanations Related to Currency Risk (continued)**

**Information on the foreign currency risk of the Bank (TL)**

	EUR	USD	YEN	OTHER	TOTAL
<b>Current Period</b>					
<b>Assets</b>					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	22,651	15,606	-	750	39,007
Banks	196,479	97,808	8	2,071	296,366
Financial Assets at Fair Value Through Profit and Loss (*)	-	-	-	-	-
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	-	3,870	-	-	3,870
Loans (**)	20,879	94,640	-	801	116,320
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	125	627	-	1	753
<b>Total Assets</b>	<b>240,134</b>	<b>212,551</b>	<b>8</b>	<b>3,623</b>	<b>456,316</b>
<b>Liabilities</b>					
Bank Deposits	86,686	40,892	4	101	127,683
Foreign Currency Deposits	68,555	98,618	-	11,015	178,188
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	589	60,154	-	282	61,025
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	264	235	-	238	737
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (*)	141	(404)	-	3	(260)
<b>Total Liabilities</b>	<b>156,235</b>	<b>199,495</b>	<b>4</b>	<b>11,639</b>	<b>367,373</b>
Net Balance Sheet Position	83,899	13,056	4	(8,016)	88,943
Net Off-Balance Sheet Position	(83,703)	(11,528)	-	8,093	(87,138)
Financial Derivative Assets (***)	46,566	43,462	-	8,443	98,471
Financial Derivative Liabilities (***)	130,269	54,990	-	350	185,609
Non-Cash Loans (****)	40,852	40,294	-	-	81,146
<b>Prior Period</b>					
Total Assets	155,307	215,372	7	12,500	383,186
Total Liabilities	158,920	261,836	2	13,196	433,954
Net Balance Sheet Position	(3,613)	(46,464)	5	(696)	(50,768)
Net Off-Balance Sheet Position	3,718	47,381	-	940	52,039
Financial Derivative Assets (***)	4,579	49,833	-	940	55,352
Financial Derivative Liabilities (***)	861	2,452	-	-	3,313
Non-Cash Loans (****)	40,306	42,193	-	234	82,733

(\*) The foreign currency amounts excluded in the foreign currency risk table in accordance with the Regulation on the Calculation and Implementation of Foreign Currency General Net Position/Equity Standard Ratio are disclosed below in the order of the financial statements.

- Derivative Financial Assets held for trading: TL 1,079 (December 31, 2011: TL 573 )
- Derivative Financial Liabilities held for trading : TL 193 (December 31, 2011: TL 23 )

(\*\*) Foreign currency indexed loans amounting to TL 7,469 are included in the loan portfolio (December 31, 2011 : TL 2,893).

(\*\*\*) Forward asset and marketable securities purchase-sale commitments of TL 5,056 are added to derivative financial assets and TL 5,381 has been added to derivative financial liabilities.

(\*\*\*\*) There are no effects on the net off-balance sheet position.



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**V. Explanations Related to Currency Risk (continued)**

**Foreign currency sensitivity:**

The Bank is mainly exposed to EUR and USD currency risks.

The following table details the Bank's sensitivity to a 10% increase and decrease in the TL against USD and EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. A positive number indicates an increase in profit or loss and other equity in the case of short position and a decrease in the case of long position where the TL strengthens against USD and EUR.

	Change in exchange rate %	Effect on profit or loss		Effect on equity (*)	
		March 31 2012	March 31 2011	March 31 2012	March 31 2011
USD	10 increase	153	(4)	(126)	(8)
USD	10 decrease	(153)	4	126	8
EURO	10 increase	20	(31)	-	22
EURO	10 decrease	(20)	31	-	(22)

(\*) The effect on equity does not include the effect of changes in foreign exchange rate on the income statement.

The Bank's sensitivity to foreign currency has not changed significantly during the current period. The positions taken in line with market expectations can increase the foreign currency sensitivity from period to period.

**VI. Explanations Related to Interest Rate Risk**

**a. Whether or not the sensitivity of assets, liabilities and memorandum account items to interest is measured**

The Bank analyzes interest rate sensitivity per transaction volume and product variety within the scope of the balance sheet maturity mismatch risk and re-pricing risk resulting from the fluctuation of the net interest margin in time.

**b. Expected impacts of fluctuations in market interest rates on financial positions and cash flows of Bank, expectations for interest income, whether or not executive board of Bank brings limitations to daily interest rates**

The Bank is trying to keep a high liquidity ratio and obtain regular cash flows from the maturity distribution of the placements made through interest rate forecasts. The Board of Directors of the Bank is informed with daily reports about the market interest rates and the transactions performed.

**c. Measures taken due to interest rate risk experienced in the current year by parent bank and expected impacts thereof on net income and equities in the following period**

The Bank avoids decreasing effect of the fluctuations in the interest rates on the net interest revenue by investing in variable rate securities.

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**VI. Explanations Related to Interest Rate Risk (continued)**

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing(*)	Total
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	-	-	-	-	74,031	74,031
Banks	307,139	-	-	-	-	5,254	312,393
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-	-	1,079	1,079
Money Market Placements	8,005	-	-	-	-	-	8,005
Available-For-Sale Financial Assets	54,274	11,680	9,421	3,579	291	-	79,245
Loans(*)	99,569	129,381	50,623	18,493	-	2,607	300,673
Held-To-Maturity Investments	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	62,874	62,874
<b>Total Assets</b>	<b>468,987</b>	<b>141,061</b>	<b>60,044</b>	<b>22,072</b>	<b>291</b>	<b>145,845</b>	<b>838,300</b>
<b>Liabilities</b>							
Bank Deposits	76,875	4,726	-	-	-	85,499	167,100
Other Deposits	304,523	59,300	18,004	-	-	29,254	411,081
Money Market Borrowings	13,413	-	-	-	-	-	13,413
Sundry Creditors	-	-	-	-	-	2,251	2,251
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	72,027	22	123	-	-	-	72,172
Other Liabilities	20	40	182	71	-	171,970	172,283
<b>Total Liabilities</b>	<b>466,858</b>	<b>64,088</b>	<b>18,309</b>	<b>71</b>	<b>-</b>	<b>288,974</b>	<b>838,300</b>
Balance Sheet Long Position	2,129	76,973	41,735	22,001	291	-	143,129
Balance Sheet Short Position	-	-	-	-	-	(143,129)	(143,129)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Position</b>	<b>2,129</b>	<b>76,973</b>	<b>41,735</b>	<b>22,001</b>	<b>291</b>	<b>(143,129)</b>	<b>-</b>

(\*) Other assets and shareholder's equity amounts are presented in non - interest bearing column in order to equal asset and liability totals to the balance sheet.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL 9,729; intangible assets amounting to TL 880, investments in subsidiaries amounting to TL 30,768 and the other liabilities line includes the shareholders' equity of TL 154,079.

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**VI. Explanations Related to Interest Rate Risk (continued)**

**Average interest rates applied to monetary financial instruments %**

	EURO	USD	Yen	TL
Current Period				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) And Balances With the Central Bank Of Turkey	-	-	-	-
Banks	2.90	1.80	-	10.30
Financial Assets At Fair Value Through Profit And Loss	-	-	-	-
Money Market Placements	-	-	-	11.21
Available-For-Sale Financial Assets	-	9.00	-	8.89
Loans	7.95	6.75	-	15.23
Held-To-Maturity Investments	-	-	-	-
<b>Liabilities</b>				
Bank Deposits	1.08	-	-	10.03
Other Deposits	4.09	3.90	-	10.08
Money Market Borrowings	-	-	-	6.01
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	0.20	0.43	-	7.47

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**VI. Explanations Related to Interest Rate Risk (continued)**

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

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing(*)	Total
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	-	-	-	-	62,214	62,214
Banks	398,584	-	-	-	-	5,568	404,152
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-	-	573	573
Money Market Placements	31,179	-	-	-	-	-	31,179
Available-For-Sale Financial Assets	28,271	6,535	37,555	3,761	3,420	-	79,542
Loans(*)	97,529	79,574	57,292	1,881	19,863	433	256,572
Held-To-Maturity Investments	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	61,533	61,533
<b>Total Assets</b>	<b>555,563</b>	<b>86,109</b>	<b>94,847</b>	<b>5,642</b>	<b>23,283</b>	<b>130,321</b>	<b>895,765</b>
<b>Liabilities</b>							
Bank Deposits	95,842	6,995	-	-	-	20,222	123,059
Other Deposits	339,689	56,295	4,795	-	-	25,058	425,837
Money Market Borrowings	29,350	-	-	-	-	-	29,350
Sundry Creditors	-	-	-	-	-	2,028	2,028
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	145,204	297	315	-	-	-	145,816
Other Liabilities	15	39	182	112	-	169,327	169,675
<b>Total Liabilities</b>	<b>610,100</b>	<b>63,626</b>	<b>5,292</b>	<b>112</b>	<b>-</b>	<b>216,635</b>	<b>895,765</b>
Balance Sheet Long Position	-	22,483	89,555	5,530	23,283	-	140,851
Balance Sheet Short Position	(54,537)	-	-	-	-	(86,314)	(140,851)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Position</b>	<b>(54,537)</b>	<b>22,483</b>	<b>89,555</b>	<b>5,530</b>	<b>23,283</b>	<b>(86,314)</b>	<b>-</b>

(\*) Other assets and shareholder's equity amounts are presented in non - interest bearing column in order to equal asset and liability totals to the balance sheet.

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL 9,922; intangible assets amounting to TL 903, investments in subsidiaries amounting to TL 30,768 and the other liabilities line includes the shareholders' equity of TL 153,191.

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**VI. Explanations Related to Interest Rate Risk (continued)**

**Average interest rates applied to monetary financial instruments %**

	EURO	USD	Yen	TL
Prior Period				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) And Balances With the Central Bank Of Turkey	-	-	-	-
Banks	0.80	3.21	-	9.61
Financial Assets At Fair Value Through Profit And Loss	-	-	-	-
Money Market Placements	-	-	-	10.29
Available-For-Sale Financial Assets	-	8.22	-	7.73
Loans	7.48	6.74	-	16.19
Held-To-Maturity Investments	-	-	-	-
<b>Liabilities</b>				
Bank Deposits	0.96	1.36	-	8.91
Other Deposits	2.10	2.59	-	9.56
Money Market Borrowings	-	-	-	6.21
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	0.50	0.69	-	7.42

**Interest Rate Sensitivity**

If interest rates had been increased/decreased by 1% in TL and 0.5% in FC and all other variables were held constant net profit of the Bank for the year would have changed by TL 1,202 (March 31, 2011: TL 1,452).

**VII. Explanations Related to Liquidity Risk**

- a. **The sources of the current liquidity risk of the Bank; whether the necessary precautions have been taken, whether the Board of Directors sets limits on the funds available to meet the urgent liquidity requirements and to be able to pay borrowings when they become due**

The source of the Bank's current liquidity risk is analyzed within the context of future cash flows, borrowing capacity from the market and asset quality.

The Bank pays attention to hold enough cash and cash equivalent on hand in order to pay current and probable liabilities, ability to close open positions and ability to fund the borrowings besides the consistency with the legislation.

The Bank's liquidity position is measured daily and reported weekly. Analysis is made daily and on transaction basis if needed (when there are material fluctuations in the market).

- b. **Whether the payments, assets and liabilities match with the interest rates, and whether the effect of mismatch on profitability is measured, if any**

The Bank's assets and liabilities carry positive interest return.

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**VII. Explanations Related to Liquidity Risk (continued)**

**c. Internal and external sources to meet the short and long-term liquidity needs, significant sources of liquidity that are not utilized**

As a basic principle, the Bank avoids the maturity mismatch between assets and liabilities. Liquid assets are maintained in order to guarantee sufficient liquidity during market fluctuations.

**d. Evaluation of the Bank’s cash flows and their resources**

The Bank has liquid sources (cash assets and cash inflows) that will qualitatively and quantitatively meet probable cash outflows fully and timely.

As per the BRSA Communiqué published on the Official Gazette no.26333 dated 1 November 2006 and became effective starting from 1 June 2007, “Measurement and Assessment of the Adequacy of Banks’ Liquidity”, the weekly and monthly liquidity ratios on a bank-only basis for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively.

The ratios realized during the year 2012 were as follows:

	First maturity bracket (weekly)			
	Current Period		Prior Period	
	FC	FC + TL	FC	FC+ TL
Average during the period	125.99	200.55	143.81	175.79
Highest	151.95	268.90	185.22	203.46
Lowest	96.09	147.81	127.47	145.06

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**VII. Explanations Related to Liquidity Risk (continued)**

**Presentation of assets and liabilities according to their remaining maturities:**

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Undistributed (*)	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	57,484	16,547	-	-	-	-	-	74,031
Banks	5,254	307,139	-	-	-	-	-	312,393
Financial Assets at Fair Value Through Profit and Loss	-	1,079	-	-	-	-	-	1,079
Money Market Placements	-	8,005	-	-	-	-	-	8,005
Available-For-Sale Financial Assets	-	22,849	-	5,731	35,228	15,437	-	79,245
Loans	2,105	70,793	55,973	104,972	47,939	18,375	516	300,673
Held-To-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets	3,278	10,540	293	1,289	-	-	47,474	62,874
<b>Total Assets</b>	<b>68,121</b>	<b>436,952</b>	<b>56,266</b>	<b>111,992</b>	<b>83,167</b>	<b>33,812</b>	<b>47,990</b>	<b>838,300</b>
<b>Liabilities</b>								
Bank Deposits	85,499	76,875	4,726	-	-	-	-	167,100
Other Deposits	29,254	304,523	59,300	18,004	-	-	-	411,081
Funds Provided From Other Financial Institutions	-	72,027	22	123	-	-	-	72,172
Money Market Borrowings	-	13,413	-	-	-	-	-	13,413
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	1,935	312	-	4	-	-	-	2,251
Other Liabilities	4,278	12,811	244	212	111	-	154,627	172,283
<b>Total Liabilities</b>	<b>120,966</b>	<b>479,961</b>	<b>64,292</b>	<b>18,343</b>	<b>111</b>	<b>-</b>	<b>154,627</b>	<b>838,300</b>
<b>Liquidity Gap</b>	<b>(52,845)</b>	<b>(43,009)</b>	<b>(8,026)</b>	<b>93,649</b>	<b>83,056</b>	<b>33,812</b>	<b>(106,637)</b>	<b>-</b>
<b>Prior Period</b>								
Total Assets	45,829	522,865	46,435	112,528	52,977	66,633	48,498	895,765
Total Liabilities	50,533	622,362	63,726	5,328	155	-	153,661	895,765
<b>Liquidity Gap</b>	<b>(4,704)</b>	<b>(99,497)</b>	<b>(17,291)</b>	<b>107,200</b>	<b>52,822</b>	<b>66,633</b>	<b>(105,163)</b>	<b>-</b>

(\*) The assets which are necessary to provide banking services and could not be liquidated in a short term, such as tangible assets, investments in subsidiaries and associates, office supply inventory, prepaid expenses and non-performing loans, are classified as under undistributed.

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**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. Explanations and Disclosures Related to the Assets**

**1. Cash and Balances with the Central Bank of Turkey**

**1.a Information on Cash and Balances with the Central Bank of Turkey:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	2,101	5,686	1,936	4,934
Balances with the Central Bank of Turkey	32,923	33,321	24,402	30,942
Other	-	-	-	-
<b>Total</b>	<b>35,024</b>	<b>39,007</b>	<b>26,338</b>	<b>35,876</b>

**1.b Information related to the account of the Central Bank of Turkey:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	32,923	33,321	24,402	30,942
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	-	-	-
<b>Total</b>	<b>32,923</b>	<b>33,321</b>	<b>24,402</b>	<b>30,942</b>

The reserve deposits kept as per the Communique no. 2005/1 "Reserve Deposits" of the Central Bank of Turkey in Turkish Lira and foreign currencies are included in the table above.

**2. Information on financial assets at fair value through profit and loss (net):**

a.1 Information on financial assets at fair value through profit and loss given as collateral or blocked: None (December 31, 2011: None).

a.2 Financial assets at fair value through profit and loss subject to repurchase agreements: None (December 31, 2011: None).

**a.3 Positive differences related to derivative financial assets held-for-trading:**

Derivative financial assets held-for-trading	Current Period		Prior Period	
	TL	FC	TL	YP
Forward Transactions	-	12	-	367
Swap Transactions	-	1,067	-	206
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	-	<b>1,079</b>	-	<b>573</b>



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**I. Explanations and Disclosures Related to the Assets (continued)**

**3.a Information on banks:**

	Current Period		Prior Period	
	TL	FC	TL	YP
Banks				
Domestic	16,027	291,128	175,160	223,450
Foreign	-	5,238	-	5,541
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>16,027</b>	<b>296,366</b>	<b>175,161</b>	<b>228,991</b>

**3.b Information on foreign bank accounts:**

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	3,766	3,697	-	-
USA and Canada	874	972	-	-
OECD Countries (*)	584	781	-	-
Off-shore banking regions	-	-	-	-
Other	14	92	-	-
<b>Total</b>	<b>5,238</b>	<b>5,542</b>	<b>-</b>	<b>-</b>

(\*) OECD countries other than European Union countries, USA and Canada.

**4. Information on financial assets available-for-sale:**

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

	Current Period		Prior Period	
	FC	TL	FC	TL
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	5,594	-	15,448	-
Other	-	-	-	-
<b>Total</b>	<b>5,594</b>	<b>-</b>	<b>15,448</b>	<b>-</b>

Financial assets available-for-sale given as collateral consist of legal collaterals kept in Turkish Republic Central Bank and İstanbul Stock Exchange.

**a.2 Financial assets available-for-sale subject to repurchase agreements:**

	Current Period		Prior Period	
	FC	TL	FC	TL
Government bonds	13,515	-	29,690	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank Bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>13,515</b>	<b>-</b>	<b>29,690</b>	<b>-</b>

Net book value of unrestricted financial assets available-for-sale is TL 60,136 (December 31, 2011: TL 34,404).

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**I. Explanations and Disclosures Related to the Assets (continued)**

**4. Information on financial assets available-for-sale (continued)**

**4.b Information on financial assets available for sale portfolio:**

	Current Period	Prior Period
Debt securities	81,618	82,387
Quoted at stock exchange	75,887	82,387
Unquoted at stock exchange	5,731	-
Share certificates	-	-
Quoted at stock exchange	-	-
Unquoted at stock exchange	-	-
Impairment provision (-)	(2,373)	(2,845)
<b>Total</b>	<b>79,245</b>	<b>79,542</b>

**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	300	-	298	-
<b>Total</b>	<b>300</b>	<b>-</b>	<b>298</b>	<b>-</b>

**b. Information on the first and second group loans and other receivables including restructured or rescheduled loans:**

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring (*)	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized loans				
Discount notes	17,723	-	-	-
Export loans	797	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	131,268	-	-	-
Foreign loans	7,937	-	-	-
Consumer loans	3,529	-	-	-
Credit cards	1,731	-	-	-
Precious metal loans	-	-	-	-
Other	132,301	51	5,271	65
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>295,286</b>	<b>51</b>	<b>5,271</b>	<b>65</b>

(\*)The total principal amount of the loans under close monitoring in accordance with the requirements of the regulation on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" amended on February 6, 2008.

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**I. Explanations and Disclosures Related to the Assets (continued)**

**5. Information on loans (continued)**

**c. Loans and other receivables according to their maturity structure:**

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term loans and other receivables				
Non-specialized loans	183,204	51	5,271	65
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans and other receivables				
Non-specialized loans	112,082	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>295,286</b>	<b>51</b>	<b>5,271</b>	<b>65</b>

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**I. Explanations and Disclosures Related to the Assets (continued)**

**5. Information on loans (continued)**

d. Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel:

	Short Term	Medium and Long Term	Total
Consumer Loans-TL	112	2,146	2,258
Housing Loans	-	-	-
Vehicle Loans	-	15	15
General Purpose Loans	112	2,131	2,243
Other	-	-	-
Consumer Loans –Indexed to FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	1,477	-	1,477
With Installments	-	-	-
Without Installments	1,477	-	1,477
Individual Credit Cards-FC	156	-	156
With Installments	-	-	-
Without Installments	156	-	156
Personnel Loans-TL	33	232	265
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	17	232	249
Other	16	-	16
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	35	-	35
With Installments	-	-	-
Without Installments	35	-	35
Personnel Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TL(Real Persons)	1,006	-	1,006
Overdraft Accounts-FC(Real Persons)	-	-	-
<b>Total</b>	<b>2,819</b>	<b>2,378</b>	<b>5,197</b>

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**I. Explanations and Disclosures Related to the Assets (continued)**

**5. Information on loans: (continued)**

**e. Information on commercial loans with installments and corporate credit cards**

	Short Term	Medium and Long Term	Total
<b>Commercial loans with installment facility-TL</b>	162	4,781	4,943
Business Loans	-	-	-
Vehicle Loans	-	9	9
General Purpose Loans	160	4,772	4,932
Other	2	-	2
<b>Commercial loans with installment facility - Indexed to FC</b>	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Commercial loans with installment facility-FC</b>	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards-TL</b>	63	-	63
With Installments	-	-	-
Without Installments	63	-	63
<b>Corporate Credit Cards-FC</b>	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
<b>Overdraft Accounts-TL(Legal Entities)</b>	1,981	-	1,981
<b>Overdraft Accounts-FC(Legal Entities)</b>	-	-	-
<b>Total</b>	<b>2,206</b>	<b>4,781</b>	<b>6,987</b>

**f. Loans according to borrowers:**

	Current Period	Prior Period
Public	-	-
Private	300,673	256,572
<b>Total</b>	<b>300,673</b>	<b>256,572</b>

**g. Domestic and foreign loans:**

	Current Period	Prior Period
Domestic loans	292,736	248,032
Foreign loans	7,937	8,540
<b>Total</b>	<b>300,673</b>	<b>256,572</b>

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**I. Explanations and Disclosures Related to the Assets (continued)**

**5. Information on loans: (continued)**

h. Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	-	1,128
Indirect loans granted to subsidiaries and associates	-	-
<b>Total</b>	-	<b>1,128</b>

i. Specific provisions provided against loans:

	Current Period	Prior Period
Specific provisions		
Loans and receivables with limited collectability	81	3
Loans and receivables with doubtful collectability	6	208
Uncollectible loans and receivables	7,890	7,890
<b>Total</b>	<b>7,977</b>	<b>8,101</b>

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: None (The non-performing loans which are restructured or rescheduled by the Bank is amounting to TL 11 as of December 31, 2011).

j.2 The movement of non-performing loans:

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and receivables
Prior period end balance	13	1,664	12,888
Additions (+)	455	2	48
Transfers from other categories of non-performing loans (+)	-	13	1,666
Transfers to other categories of non-performing loans (-)	(13)	(1,666)	-
Collections (-)	(22)	-	(975)
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance	433	13	13,627
Specific provision (-)	(81)	(6)	(7,890)
Net Balances on Balance Sheet	352	7	5,737

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**I. Explanations and Disclosures Related to the Assets (continued)**

**5. Information on loans: (continued)**

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
<b>Current Period:</b>			
Balance of the end of the period	-	-	4,063
Specific Provision (-)	-	-	(4,063)
Net Balance at Balance Sheet	-	-	-
<b>Prior Period</b>			
Balance of the end of the period	-	-	4,063
Specific Provision (-)	-	-	(4,063)
Net Balance at Balance Sheet	-	-	-

j.4 Information regarding gross and net amounts of non-performing loans with respect to user groups

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
<b>Current Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	433	13	13,627
Specific Provision (-)	(81)	(6)	(7,890)
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>352</b>	<b>7</b>	<b>5,737</b>
Banks (Gross)	-	-	-
Specific Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>			
Loans to Real Persons and Legal Entities (Gross)	13	1,664	12,188
Specific Provision (-)	(3)	(208)	(7,890)
<b>Loans to Real Persons and Legal Entities (Net)</b>	<b>10</b>	<b>1,456</b>	<b>4,998</b>
Banks (Gross)	-	-	-
Specific Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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**I. Explanations and Disclosures Related to the Assets (continued)**

**5. Information on loans: (continued)**

**k. Main principles of liquidating non-performing loans and receivables:**

In order to liquidate non-performing loans all alternatives are considered to provide maximum collection. First, the Bank seeks for a deal with the debtors through administrative attempts. If there is no deal for, collection or restructuring then collection is sought through legal follow up.

**l. Explanations on write-off policy**

When the legitimate proceeding is inconclusive, unrecoverable non-performing loans can be written off with the permission of the law department of the Bank.

**m. Other explanations and disclosures**

A reconciliation of the allowance for impairment losses and advances by classes is as follows;

Current Period	Corporate	SME	Consumer	Other	Total
January 1, 2011	5,116	1,964	260	761	8,101
Charge for the period	-	295	49	-	344
Collections	133	328	7	-	468
Amounts written off	-	-	-	-	-
Accrued interest of impaired loans and other receivables	-	-	-	-	-
<b>Balance at March 31, 2012</b>	<b>4,983</b>	<b>1,931</b>	<b>302</b>	<b>761</b>	<b>7,977</b>

Prior Period	Corporate	SME	Consumer	Other	Total
January 1, 2011	4,970	2,160	252	761	8,143
Charge for the period	480	24	22	-	526
Collections	6	137	14	-	157
Amounts written off	-	-	-	-	-
Accrued interest of impaired loans and other receivables	-	-	-	-	-
<b>Balance at March 31, 2011</b>	<b>5,444</b>	<b>2,047</b>	<b>260</b>	<b>761</b>	<b>8,512</b>

Current Period	Fair Value Of Guarantee	Total Credit Balance
Type of guarantee		
Real Estate Mortgage	8,312	8,312
Cash Reserve	-	-
Vehicle Hostage	-	-
Other	-	-
Unsecured loans	-	5,761
Interest and income accruals and discounts	-	-
<b>Total</b>	<b>8,312</b>	<b>14,073</b>



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**I. Explanations and Disclosures Related to the Assets (continued)**

**5. Information on loans: (continued)**

Prior Period		
Type of guarantee	Fair Value Of Guarantee	Total Credit Balance
Real Estate Mortgage	8,898	9,016
Cash Reserve	-	-
Vehicle Hostage	-	-
Other	-	-
Unsecured loans	-	5,667
Interest and income accruals and discounts	-	-
<b>Total</b>	<b>8,898</b>	<b>14,565</b>

**Aging analysis of past due but not impaired loans per classes of financial instruments**

Current Period	Less than 30 days	31-60 days	61-90 days	Total
<b>Loans and receivables</b>				
Commercial lending	-	-	-	-
Consumer lending	157	-	-	157
Credit cards	38	-	-	38
Other	299	-	-	299
<b>Total</b>	<b>494</b>	<b>-</b>	<b>-</b>	<b>494</b>

Prior Period	Less than 30 days	31-60 days	61-90 days	Total
<b>Loans and receivables</b>				
Commercial lending	269	-	-	269
Consumer lending	74	-	-	74
Credit cards	50	-	-	50
Other	11	-	-	11
<b>Total</b>	<b>404</b>	<b>-</b>	<b>-</b>	<b>404</b>

**Information on the renegotiated loans:**

Number of renegotiated contracts	Up to 1 month	1-3 Months	3-6 Months	6 Months - 1 Year	1 - 5 Years	(+) 5 Years	Total
1	-	-	-	32	50	-	82
2	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32</b>	<b>50</b>	<b>-</b>	<b>82</b>

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**I. Explanations and Disclosures Related to the Assets (continued)**

**6. Information on held-to-maturity investments (Net)**

- a. Information on held-to-maturity investments given as collateral or blocked or subject to repurchase agreements: None (December 31, 2011 : None).
- b. Information on held to maturity debt securities: None (December 31,2011 : None).
- c. Information on held to maturity investments : None (December 31,2011 : None).
- d. The movement of held-to-maturity investments in the current year : None (December 31,2011 : None).

**7. Information on associates (Net)**

The Bank has no associate as of the balance sheet date (December 31, 2011: None).

**8. Information on subsidiaries (Net)**

- a. Information on the consolidated subsidiaries

	Description	Address (City/Country)	Bank's share percentage-If different voting percentage(%)	Other shareholders' share percentage (%)
1	Turkish Yatırım A.Ş.	İstanbul / Turkey	99.99	100
2	Turkish Finansal Kiralama A.Ş.	İstanbul / Turkey	99.99	100
3	Turkish Faktoring Hizmetleri A.Ş.	İstanbul / Turkey	99.99	100

	Total Assets	Shareholder s' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair Value
1(*)	38,487	12,315	330	652	-	137	1,086	-
2(*)	10,787	10,322	18	254	-	125	(154)	-
3(*)	40,105	8,041	118	2,138	-	124	-	-

(\*)Represents the amounts in the financial statements as of March 31, 2012.

- b. Information on consolidated subsidiaries

	Current Period	Prior Period
Balance at the beginning of the period	30,768	25,768
Movements during the period	-	-
Purchases(*)	-	5,000
Bonus shares obtained	-	-
Share in current year income	-	-
Sales	-	-
Revaluation increase	-	-
Provision for impairment	-	-
<b>Balance at the end of the period</b>	<b>30,768</b>	<b>30,768</b>
Capital commitments	-	-
Share percentage at the end of the period (%)	99.99	99.99

(\*)The paid in capital of Turkish Yatırım A.Ş has been increased by TL 2,500 in cash upon the decision of the Board of Directors dated October 7, 2011. The payment is made on December 30, 2011. The paid in capital of Turkish Faktoring Hizmetleri A.Ş has been increased by TL 2,500 in cash upon the decision of the Board of Directors dated December 8, 2011. The payment is made on December 30, 2011.

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**I. Explanations and Disclosures Related to the Assets (continued)**

**8. Information on subsidiaries (Net) (continued)**

c. Sectoral information on the consolidated subsidiaries and the related carrying amounts

Consolidated Subsidiaries	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies / Turkish Faktoring Hizmetleri A.Ş.	7,500	7,500
Leasing Companies / Turkish Finansal Kiralama A.Ş.	10,000	10,000
Financing Companies	-	-
Other Consolidated Subsidiaries / Turkish Yatırım A.Ş.	13,268	13,268
<b>Total</b>	<b>30,768</b>	<b>30,768</b>

d. Consolidated subsidiaries quoted on the stock exchange: None (December 31, 2011: None).

**9. Information on entities under common control**

As of the balance sheet date there is no entity under common control (December 31, 2011: None).

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**I. Explanations and Disclosures Related to the Assets (continued)**

10. Information on finance lease receivables (Net): None (December 31, 2011: None)

11. Information on derivative financial assets for hedging purposes: None (December 31, 2011 : None)

12. Information on tangible assets (Net)

Current Period	Land and Buildings	Vehicles	Other Tangible Asset	Leased Tangible Assets	Total
<b>Cost</b>					
Opening balance January 1, 2012	13,257	318	8,728	1,077	23,380
Additions	-	-	135	45	180
Disposals	-	(43)	(19)	-	(62)
Closing Balance March 31, 2012	13,257	275	8,844	1,122	23,498
<b>Accumulated Depreciation</b>					
Opening balance January 1, 2012	5,872	289	6,358	939	13,458
Depreciation charge for the period	67	2	250	54	373
Disposals	-	(43)	(19)	-	(62)
Closing Balance March 31, 2012	5,939	248	6,589	993	13,769
<b>Net Book Value as of March 31, 2012</b>	<b>7,318</b>	<b>27</b>	<b>2,255</b>	<b>129</b>	<b>9,729</b>

a. The impairment provision set or cancelled in the current period according to an asset: None (December 31, 2011: None).

13. Information on intangible assets (Net)

a. The movement between beginning of the period and the end of the period

Current Period	Computer Software	Total
<b>Cost</b>		
January 1, 2012 Beginning	3,013	3,013
Additions	66	66
Disposals	-	-
March 31, 2012 Ending Balance	3,079	3,079
<b>Accumulated Depreciation</b>		
January 1, 2012 Beginning Balance	2,110	2,110
Amortization	89	89
Disposals	-	-
March 31, 2012 Ending Balance	2,199	2,199
<b>March 31, 2012 Net Book Value</b>	<b>880</b>	<b>880</b>

b. Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements: None (December 31, 2011: None).

c. The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition: None (December 31, 2011: None).

d. Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None (December 31, 2011 : None).

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**I. Explanations and Disclosures Related to the Assets (continued)**

**13. Information on intangible assets (Net) (continued)**

- e. The book value of intangible fixed assets that are pledged or restricted for use: None (December 31, 2011: None).
- f. Information on revalued intangible assets according to their types: None (December 31, 2011 : None).
- g. Information on revalued intangible assets according to their types: None (December 31, 2011: None).
- h. Amount of total research and development expenses recorded in income statement within the period if any: None (December 31, 2011 : None).
- i. Positive or negative consolidation goodwill on entity basis: None (December 31, 2011 : None).
- j. Information on goodwill: None (December 31, 2011 : None).
- k. Movements on goodwill in the current period: None (December 31, 2011 : None).
- l. Movements on negative goodwill in the current period : None (December 31, 2011 : None).

**14. Information on investment property: None (December 31, 2011: None).**

**15. Explanations on deferred tax asset**

**a. Deferred Tax Asset Amount As of Deductible Temporary Differences, Financial Loss and Tax Deduction and Exemption**

The Bank has shown its deferred tax assets or liabilities that are caused by the “timing differences” between accounting policies and valuation methods applied to its financial statements and tax legislation on the attached financial statements.

	Current Period		Prior Period	
	Temporary Differences	Deferred Tax Asset/(Liability)	Temporary Differences	Deferred Tax Asset/(Liability)
Temporary differences				
Reserve for Employee Benefits	548	110	470	94
Differences for Economic Life of Tangible Assets	1,084	217	936	187
Expense accruals on derivatives	193	39	23	5
Income accruals on derivatives	(1,079)	(216)	(573)	(115)
Valuation differences of available for sale financial instruments (FC)	1,580	316	1,819	364
Carried forward tax losses	2,762	552	1,905	381
<b>Total deferred tax asset / (Liability)</b>		<b>1,018</b>		<b>916</b>
Valuation differences of available for sale financial instruments (TL)(*)	1,560	312	1,450	290

(\*) TL 312 of deferred tax calculated on the fair value differences related to available for sale assets is netted in “available for sale value increase fund” (31 December 2011: TL 290).

- b. Taxable temporary differences excluded in the deferred tax computation in prior periods and not recorded in the balance sheet, their expiration date, tax losses, tax exemptions and deductions: None (December 31, 2011: None).
- c. Allowance for deferred tax assets and deferred tax assets resulting from the reversal of the allowance: None (December 31, 2011 : None).

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**I. Explanations and Disclosures Related to the Assets (continued)**

16. **Information on assets held for sale and discontinued operations:** None (December 31, 2011: None).

17. **Information on other assets**

a. Breakdown of other assets

	Current Period	Prior Period
Cash Advances Given	442	472
Prepaid Rent Expenses	136	183
Office supply inventory	110	71
Clearance Account	10,094	9,679
Assets for sale	348	74
Other	2,751	1,579
<b>TOTAL</b>	<b>13,881</b>	<b>12,058</b>

b. Other assets which exceed 10% of the balance sheet total (excluding off balance sheet commitments) and breakdown of these which constitute at least 20% of grand total: None (December 31, 2011: None).

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**II. Explanations and Disclosures Related to the Liabilities**

**1. Information on maturity structure of deposits**

a.1 Maturity structure of deposits

Current Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	5,568	-	7,802	151,253	2,201	292	743	-	167,859
Foreign currency deposits	14,334	-	5,409	126,315	14,082	15,623	2,425	-	178,188
Residents in Turkey	11,859	-	5,073	119,543	11,776	12,651	516	-	161,418
Residents abroad	2,475	-	336	6,772	2,306	2,972	1,909	-	16,770
Public sector deposits	997	-	-	-	-	-	-	-	997
Commercial deposits	8,085	-	14,820	28,690	11	-	-	-	51,606
Other institutions deposits	269	-	175	6,560	5,427	-	-	-	12,431
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	85,500	-	63,728	17,872	-	-	-	-	167,100
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	84,975	-	63,728	3,008	-	-	-	-	151,711
Foreign Banks	525	-	-	14,864	-	-	-	-	15,389
Special finance houses	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>114,753</b>	<b>-</b>	<b>91,934</b>	<b>330,690</b>	<b>21,721</b>	<b>15,915</b>	<b>3,168</b>	<b>-</b>	<b>578,181</b>

Prior Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	6,375	-	7,265	162,000	4,839	259	464	-	181,202
Foreign currency deposits	12,753	-	24,566	120,496	12,844	2,890	14,544	-	188,093
Residents in Turkey	11,839	-	24,313	112,766	11,324	1,976	12,568	-	174,786
Residents abroad	914	-	253	7,730	1,520	914	1,976	-	13,307
Public sector deposits	653	-	-	-	-	-	-	-	653
Commercial deposits	4,993	-	7,498	32,497	11	-	-	-	44,999
Other institutions deposits	284	-	260	6,817	3,529	-	-	-	10,890
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	20,222	-	86,136	16,701	-	-	-	-	123,059
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	19,066	-	86,136	16,701	-	-	-	-	121,903
Foreign Banks	1,156	-	-	-	-	-	-	-	1,156
Special finance houses	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>45,280</b>	<b>-</b>	<b>125,725</b>	<b>338,511</b>	<b>21,223</b>	<b>3,149</b>	<b>15,008</b>	<b>-</b>	<b>548,896</b>

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**II. Explanations and Disclosures Related to the Liabilities (continued)**

**1. Information on maturity structure of deposits (continued)**

**b. Information on saving deposits under the guarantee of saving deposit insurance**

**b.1 Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance:**

Saving Deposits	Under the Guarantee of Insurance		Exceeding the limit of Insurance	
	Current Period (*)	Prior Period	Current Period (*)	Prior Period
Saving deposits	52,055	54,205	115,804	126,997
Foreign currency saving deposits	21,141	21,628	114,662	106,150
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
<b>Total</b>	<b>73,196</b>	<b>75,833</b>	<b>230,466</b>	<b>233,147</b>

(\*)According to the BRSA's circular no 1584 dated on February 23, 2005, accruals are included in the saving deposit amounts.

**b.2 Information on the saving deposits of the bank with head office abroad, if the saving deposits in the branches of the bank located in Turkey are under the guarantee of saving deposit insurance in that country abroad: None (December 31, 2011: None).**

**b.3 Saving deposits not guaranteed by insurance**

**b.4 Deposits of real persons not under the guarantee of saving deposit insurance**

	Current Period	Prior Period
Deposits and accounts in branches abroad	-	-
Deposits of ultimate shareholders and their close families	3,113	3,297
Deposits of chairman and members of the Board of Directors and their close families	1,533	1,882
Deposits obtained through illegal acts defined in the 282 <sup>nd</sup> Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004.	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-



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**II. Explanations and Disclosures Related to the Liabilities (continued)**

**2. Information on derivative financial liabilities**

a. Negative differences table related to derivative financial liabilities held-for-trading

Derivative Financial Liabilities	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	-	6	-	23
Swap Transactions	-	187	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	-	<b>193</b>	-	<b>23</b>

**3. Information on received loans**

a. Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	442	-	612	-
From Foreign Banks, Institutions and Funds	10,705	61,025	5,052	140,152
<b>Total</b>	<b>11,147</b>	<b>61,025</b>	<b>5,664</b>	<b>140,152</b>

As of March 31, 2012 the Bank has borrowings from its related parties amounting to TL 71,729 (December 31, 2011: TL 145,204).

b. Maturity analysis of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short Term	11,147	61,025	5,664	140,152
Medium and Long Term	-	-	-	-
<b>Total</b>	<b>11,147</b>	<b>61,025</b>	<b>5,664</b>	<b>140,152</b>

c. Additional explanation related to the concentrations of the Bank's major liabilities

Bank diversifies its funding resources by the customer deposits and by the short term maturity loans.

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**II. Explanations and Disclosures Related to the Liabilities (continued)**

**4. Information on funds provided from repurchase agreement transactions**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>From domestic transactions</b>				
Financial institutions and organizations	13,413	-	29,350	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	-	-
<b>From foreign transactions</b>				
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	-	-
<b>Total</b>	<b>13,413</b>	<b>-</b>	<b>29,350</b>	<b>-</b>

**5. Other liabilities which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total: None (December 31, 2011: None).**

**6. Explanations on financial lease obligations (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, there are not any 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.

b. The explanation on modifications in agreements and new obligations resulting from such modifications: None (December 31, 2011: None).

c. Explanation on finance lease payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	-	-	-	-
Between 1-4 Years	-	-	-	-
More than 4 Years	338	313	381	349
<b>Total</b>	<b>338</b>	<b>313</b>	<b>381</b>	<b>349</b>

d. Explanations regarding operational leases

As of balance sheet date, the Bank has 49 lease agreements with maturities between 2011-2016 and the annual rent amounts of the lease agreements are USD 120, 780 and TL 3,262.

e. Explanations on the lessor and lessee in sale and lease back transactions, agreement conditions, and major agreement terms: None (December 31, 2011: None).

**7. Information on derivative financial liabilities for hedging purposes: None (December 31, 2011: None).**

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**II. Explanations and Disclosures Related to the Liabilities (continued)**

**8. Information on provisions**

a. Information on general provisions

	Current Period	Prior Period
General Provisions		
Provisions for First Group Loans and Receivables	2,277	1,828
Provisions for Second Group Loans and Receivables	112	23
Provisions for Non-Cash Loans	187	258
Other	-	-
<b>Total</b>	<b>2,576</b>	<b>2,109</b>

b Foreign exchange losses on the foreign currency indexed loans and finance lease receivables

The foreign exchange losses on the foreign currency indexed loans is amounting to 344 TL as of the balance sheet date (December 31, 2011: None).

c. The specific provisions provided for unindemnified non cash loans

The specific provisions provided for unindemnified non cash loans amount to TL 837 on the balance sheet. (December 31, 2011: TL 822).

d. Liability for employee termination benefits and unused vacation accrual

Under Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified. Also, employees are required to be paid their retirement pay provisions who retired by gaining right to receive retirement pay provisions according to current 506 numbered Social Insurance Law's 6 March 1981 dated, 2422 numbered, 25 August 1999 dated and 4447 numbered with 60th article that has been changed. Some transition provisions related to the pre-retirement service term was excluded from the law since the related law was changed as of 23 May 2002.

The amount payable consists of one month's salary limited to a maximum of full TL 2,805.04 (2011: full TL 2,731.85) for each period of service at March 31, 2012.

The liability of employee termination benefits is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. TMS 19 (Employee Benefits) requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at March 31, 2012, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 5.10%, discount rate of 9.55% and real discount rate of approximately 4.23% (December 31, 2011: annual inflation rate of 5.10%, discount rate of 10% and real discount rate of approximately 4.66%). Anticipated turnover rate is also included in the calculation.

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**II. Explanations and Disclosures Related to the Liabilities (continued)**

e. Movement of employee termination benefits

	Current Period (1 January – 31 March 2012)	Prior Period (1 January – 31 March 2011)
As of January 1	390	342
Benefits paid	(43)	(21)
Service Cost	83	80
Interest Cost	4	4
<b>Total</b>	<b>434</b>	<b>405</b>

The bank accrues provisions for unused vacations as well as employee severance provisions. As of March 31, 2012, the bank accrued TL 114 for unused vacations (December 31, 2011: TL 80).

f. Information on other provisions

f.1 Provisions for possible losses: None (December 31, 2011: None).

f.2 The breakdown of the subsidiary accounts if other provisions exceed 10% of the grand total of provisions

Other provisions amounting to TL 1,294 (December 31, 2011: TL 938) consist of provisions for the changes in exchange rates of foreign exchange indexed loans and principles of leasing receivables amounting to TL 344 (December 31, 2011:None), provisions for unindemnified non-cash loans amounting to TL 837 (December 31, 2011: TL 822) and other provisions amounting to TL 113 (December 31, 2011: TL 116).

g. Liabilities on pension rights: None (December 31, 2011: None).

g.1 Liabilities for pension funds established in accordance with “Social Security Institution”: None (December 31, 2011: None).

g.2 Liabilities resulting from all kinds of pension funds, foundations etc. which provide post-retirement benefits for the employees: None (December 31, 2011: None).

**9. Explanations on taxes payable**

a.1 Information on current tax liability

	Current Period	Prior Period
Corporate Taxes Payable	-	-
Taxation on Securities	397	348
Property Tax	-	-
Banking Insurance Transaction Tax (BITT)	324	343
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	34	101
Other	338	402
<b>Total</b>	<b>1,093</b>	<b>1,194</b>

a.2 Information on Premiums

	Current Period	Prior Period
Social Security Premiums-Employee	117	110
Social Security Premiums-Employer	138	131
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	8	7
Unemployment Insurance-Employer	14	14
Other	-	-
<b>TOTAL</b>	<b>277</b>	<b>262</b>

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**II. Explanations and Disclosures Related to the Liabilities (continued)**

10. Information on liabilities regarding assets held for sale and discontinued operations: None (December 31, 2011: None).

11. Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any: None (December 31, 2011: None).

**12. Information on Shareholders' Equity:**

a. Presentation of Paid-in Capital

	Current Period	Prior Period
Common Stock	80,000	80,000
Preferred Stock	-	-

b. Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank if so amount of registered share capital ceiling:

The Bank does not apply registered share capital system.

c. Information on share capital increases and their sources; other information on increased capital shares in current period: None (December 31, 2011: None).

d) Information on share capital increases from revaluation funds: None (December 31, 2011: 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 (December 31, 2011: 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:

Prior period's indicators and uncertainty has no negative effect on equity.

g) Information on preferred shares:

There is no privilege on capital shares.

h. Information on marketable securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference	(1,246)	(1,264)	(1,136)	(1,480)
Foreign Exchange Difference	-	-	-	-
<b>TOTAL</b>	<b>(1,246)</b>	<b>(1,264)</b>	<b>(1,136)</b>	<b>(1,480)</b>

**13. Information on legal reserves**

	Current Period	Prior Period
First Legal Reserves	2,045	2,010
Second Legal Reserves	490	490
Other Legal Reserves appropriated in accordance with special legislation	-	-
<b>TOTAL</b>	<b>2,535</b>	<b>2,500</b>

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**II. Explanations and Disclosures Related to the Liabilities (continued)**

**14. Information on extraordinary reserves:**

	Current Period	Prior period
Reserves appropriated by the General Assembly	16,792	479
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
<b>TOTAL</b>	<b>16,792</b>	<b>479</b>

**15. Information on minority shares: None (December 31, 2011 : None).**

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**III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments**

**1. Information on off-balance sheet liabilities:**

a. Nature and amount of irrevocable loan commitments

Credit card expenditure limit commitments are TL 16,408 (December 31, 2011: TL 16,896), payment commitments for checks are TL 8,961 (December 31, 2011: TL 7,382).

b. Possible losses and commitments related to off-balance sheet items:

The Bank undertakes various commitments within the banking activities, which are letters of guarantee, acceptance and other letters of credits.

b.1 Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits:

	Current Period	Prior Period
Letters of Credit	108,072	111,788
Letters of Guarantee	1,792	-
Other Commitments and contingencies	-	2,097
Bank Acceptances	-	-
<b>TOTAL</b>	<b>109,864</b>	<b>113,885</b>

b.2 Guarantees, suretyships, and similar transactions:

As of the date of balance sheet, letters of guarantee balance is TL 108,072 (December 31, 2011: TL 111,788).

	Current Period	Prior Period
Guarantee Letters	62,494	67,354
Temporary Guarantee Letters	97	401
Surety and similar transactions	45,481	44,033
<b>TOTAL</b>	<b>108,072</b>	<b>111,788</b>

c.1 Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	27,708	30,555
With maturity of 1 year or less than 1 year	-	-
With maturity of more than 1 year	27,708	30,555
Other non-cash loans	82,156	83,330
<b>TOTAL</b>	<b>109,864</b>	<b>113,885</b>

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**1. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments (continued)**

c.2 Information on sectoral risk breakdown of non-cash loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
<b>Agricultural</b>	1,499	5.22	-	-	1,499	4.81	-	-
Farming and raising livestock	1,499	5.22	-	-	1,499	4.81	-	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
<b>Manufacturing</b>	3,439	11.98	21,162	26.08	3,030	9.73	21,906	26.48
Mining	-	-	-	-	-	-	-	-
Production	3,439	11.98	21,162	26.08	3,030	9.73	21,906	26.48
Electric, gas and water	-	-	-	-	-	-	-	-
<b>Construction</b>	1,722	6.00	33,648	41.46	2,151	6.90	32,735	39.57
<b>Services</b>	21,748	75.72	26,336	32.46	24,178	77.62	28,092	33.95
Wholesale and retail trade	676	2.35	265	0.33	797	2.56	41	0.05
Hotel, food and beverage services	1,018	3.54	10,298	12.69	816	2.62	11,503	13.90
Transportation and telecommunication	741	2.58	2,245	2.77	1,451	4.66	2,311	2.79
Financial institutions	18,848	65.63	8,019	9.88	20,781	66.71	8,308	10.04
Real estate and renting services	-	-	-	-	-	-	-	-
Self-employment services	465	1.62	407	0.50	333	1.07	438	0.53
Education services	-	-	-	-	-	-	-	-
Health and social services	-	-	5,102	6.29	-	-	5,491	6.64
<b>Other</b>	310	1.08	-	-	294	0.94	-	-
<b>TOTAL</b>	<b>28,718</b>	<b>100.00</b>	<b>81,146</b>	<b>100.00</b>	<b>31,152</b>	<b>100.00</b>	<b>82,733</b>	<b>100.00</b>

c.3 Information on I st and II nd Group non-cash loans

	I st Group		II nd Group	
	TL	FC	TL	FC
<b>Non-cash loans</b>				
Letters of guarantee	28,475	75,116	243	4,238
Bank acceptances	-	-	-	-
Letters of credit	-	1,792	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	-	-	-	-
<b>Total</b>	<b>28,475</b>	<b>76,908</b>	<b>243</b>	<b>4,238</b>

The Bank provided a provision of TL 32 (December 31, 2011: 30) for the cheque commitments of non-performing loan customers and TL 837 (December 31, 2011: TL 822) for unindemnified non-cash loans.



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**2. Information related to derivative financial instruments:**

	Current Period	Prior Period
Foreign currency related derivative transactions (I)	373,419	114,086
Forward transactions	11,695	71,719
Swap transactions	361,724	42,367
Futures transactions	-	-
Option transactions	-	-
Interest related derivative transactions (II)	-	-
Forward rate transactions	-	-
Interest rate swap transactions	-	-
Interest option transactions	-	-
Futures interest transactions	-	-
Other trading derivative transactions (III)	-	-
<b>A.Total trading derivative transactions (I+II+III)</b>	<b>373,419</b>	<b>114,086</b>
<b>Types of hedging transactions</b>		
Fair value hedges	-	-
Cash flow hedges	-	-
Net investment hedges	-	-
<b>B.Total hedging related derivatives</b>	<b>-</b>	<b>-</b>
<b>Total Derivative Transactions (A+B)</b>	<b>373,419</b>	<b>114,086</b>

The breakdown of forward and currency swap transactions on currency basis including TL equivalents is as follows:

	Forward Purchase	Forward Sale	Swap Purchase	Swap Sale
<b>Current Period</b>				
TL	795	463	88,081	-
USD	2,712	2,793	40,749	52,197
EURO	2,344	2,238	44,223	128,031
Other	-	350	8,443	-
<b>Total</b>	<b>5,851</b>	<b>5,844</b>	<b>181,496</b>	<b>180,228</b>

	Forward Purchase	Forward Sale	Swap Purchase	Swap Sale
<b>Prior Period</b>				
TL	1,918	32,375	-	21,128
USD	29,529	2,452	20,304	-
EURO	3,644	861	935	-
Other	940	-	-	-
<b>Total</b>	<b>36,031</b>	<b>35,688</b>	<b>21,239</b>	<b>21,128</b>

Fair value hedge accounting: None (December 31, 2011: None).

Cash flow hedge accounting: None (December 31, 2011: None).

**3. Explanations on contingent liabilities and assets:** None (December 31, 2011: None).

**4. Custodian and intermediary services:**

The Bank provides custody services in the name and account of its customers. TL 45,431 (December 31, 2011: TL 110,153) presented in the Investment securities held in custody line in off- balance sheet statement contains funds and portfolio of the customers.

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**IV. Explanations and Disclosures Related to the Statement of Income**

**1. Information on interest income**

**a. Information on interest on loans:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on loans (*)				
Short term loans	9,330	105	4,527	288
Medium and long term loans	382	1,678	317	1,666
Interest on non-performing loans	3	-	167	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
<b>TOTAL</b>	<b>9,715</b>	<b>1,783</b>	<b>5,011</b>	<b>1,954</b>

(\*) Includes fees and commissions obtained from cash loans amounting to TL 225 (1Jan - March 31, 2011 TL 260).

**b. Information on interest received from banks**

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	230	934	2,609	633
Foreign banks	5	4	253	15
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>235</b>	<b>938</b>	<b>2,862</b>	<b>648</b>

**c. Information on interest received from marketable securities**

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading securities	-	-	-	-
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	1,575	135	1,119	400
Held-to-maturity securities	-	-	-	-
<b>Total</b>	<b>1,575</b>	<b>135</b>	<b>1,119</b>	<b>400</b>

**d. Information on interest income received from associates and subsidiaries**

	Current Period	Prior Period
Interest received from associates and subsidiaries	-	216

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**2. Information on interest Expense**

a. Information on interest on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
The Central Bank of Turkey	-	-	-	-
Domestic banks	9	-	12	-
Foreign banks	166	17	97	113
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
<b>Total</b>	<b>175</b>	<b>17</b>	<b>109</b>	<b>113</b>

b. Information on interest expense to associates and subsidiaries

	Current Period	Prior Period
Interest expenses to associates and subsidiaries	116	104

c. Information on interest expenses to marketable securities issued: None (1 Jan - March 31, 2011: None ).

d. Distribution of interest expenses on deposits based on maturity of deposits

Account Name	Demand Deposits	Time Deposits					Acc. Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TL								
Bank deposits	-	431	-	-	-	-	-	431
Saving deposits	-	183	3,891	65	6	15	-	4,160
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	41	660	-	-	-	-	701
Other deposits	-	29	450	-	-	-	-	479
7 days call accounts	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>684</b>	<b>5,001</b>	<b>65</b>	<b>6</b>	<b>15</b>	-	<b>5,771</b>
FC								
Foreign currency deposits	-	60	1,319	114	177	23	-	1,693
Bank deposits	-	42	-	-	-	-	-	42
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>102</b>	<b>1,319</b>	<b>114</b>	<b>177</b>	<b>23</b>	-	<b>1,735</b>
<b>Grand Total</b>	-	<b>786</b>	<b>6,320</b>	<b>179</b>	<b>183</b>	<b>38</b>	-	<b>7,506</b>

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**3. Information on dividend income**

	Current Period	Prior Period
Trading Securities	-	-
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	-	-
Other (*)	1,809	2,025
<b>TOTAL</b>	<b>1,809</b>	<b>2,025</b>

(\*) The Bank has received dividends from its subsidiaries Turkish Yatırım A.Ş. amounting to TL 1,495 and Turkish Faktoring Hizmetleri A.Ş. amounting to TL 314 in the current period (1 January-31 March 2011: TL 2,025 from Turkish Yatırım A.Ş).

**4. Information on net trading income (Net)**

	Current Period	Prior Period
<b>Income</b>	<b>61,895</b>	<b>23,477</b>
Gains on capital market operations	159	479
Gains on derivative financial instruments(*)	5,945	4,899
Foreign exchange gains	55,791	18,099
<b>Losses (-)</b>	<b>61,199</b>	<b>23,725</b>
Losses on capital market operations	17	-
Losses on derivative financial instruments(*)	2,504	4,408
Foreign exchange losses	58,678	19,317

**5. The information on the factors affecting the Bank's income including new developments, and the explanation on nature and amount of income earned from such items: None.**

**6. Provision expenses of banks for loans and other receivables**

	Current Period	Prior Period
Specific provisions for loans and other receivables	355	523
III. Group Loans and Receivables	80	-
IV. Group Loans and Receivables	21	5
V. Group Loans and Receivables	254	518
General provision expenses	467	1,142
Provision expenses for possible losses	-	-
Marketable securities impairment losses	-	124
Financial assets at fair value through profit and loss	52	-
Investment securities available for sale	-	124
Impairment provision expense	52	-
Associates	-	-
Subsidiaries	-	-
Entities under common control (Joint Vent.)	-	-
Investments held to maturity	-	-
Other	-	1
<b>Total</b>	<b>874</b>	<b>1,790</b>

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**7. Information on other operating expenses**

	Current Period	Prior Period
Personnel expenses	4,627	3,610
Reserve for employee termination benefits	87	153
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	373	407
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	89	45
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and discontinued operations	2,105	1,855
Other operating expenses	896	705
Rent expenses	82	39
Maintenance expenses	10	115
Advertisement expenses	1,117	1,096
Other expenses	-	-
Loss on sales of assets	1,253	761
Other (*)	8,534	6,831

(\*) Other operating expenses contain TL 110 (2011: TL 105) of premiums paid to the Saving Deposit Insurance Fund, TL 51 (1 January-31 March 2011: TL 96) of taxes and duties paid on Banking And Insurance Transactions and TL 382 (1 January-31 March 2011: TL 341) of Financial Operational Fees.

**8. Information on profit/(loss) from continued and discontinued operations before taxes**

Profit before tax of the Bank consists of net interest income and net fees amounting to TL 6,150 (1 January-31 March 2011: TL 6,226), commission income amounting to TL 400 (1 January-31 March 2011: TL 428); while operating expenses are TL 8,534 (1 January-31 March 2011: TL 6,831).

**9. Information on tax provision for continued and discontinued operations**

**a. Information on the current tax charge or benefit and the deferred tax charge or benefit**

As of March 31, 2012, the current tax charge: None (1 January-31 March 2011: TL 15) and deferred tax benefit is TL 121 (1 January-31 March 2011: Deferred tax charge TL 150).

**b. Information on the deferred tax income or expense recorded in the income statement as a result of temporary differences, tax losses and tax exemptions or deductions**

The Bank has deferred tax income amounting to TL 171 (1 January-31 March 2011: TL 6) in its income statement and no tax exemptions or deduction exist (1 January-31 March 2011: None).

**10. Information on net profit/loss from continued and discontinued operations**

The Bank's net profit from continued operations for the year ended March 31, 2012 is TL 782 (1 January-31 March 2011: TL 502).

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**11. The explanations on net income / loss for the period**

- a. The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period: None (1 January-31 March 2011: None).
- b. Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (1 January-31 March 2011: None).
- c. Profit or loss attributable to minority shares: None (1 January - March 31, 2011 : None).
- d. If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items:

	Current Period	Prior Period
<u>Other fees and commissions received</u>		
Money transfer commissions	49	35
Information commissions	21	4
Fees and commissions from correspondents	14	15
Expertise commissions	6	5
Customer referral and fund purchase-sale commissions	79	172
Safe deposit box commissions	23	16
Other	124	34
<b>Total</b>	<b>316</b>	<b>281</b>

	Current Period	Prior Period
<u>Other fees and commissions given</u>		
Commissions and fees paid to correspondent banks	44	33
Settlement commissions	8	17
Credit cards commissions and fees	181	95
Other	48	37
<b>Total</b>	<b>281</b>	<b>182</b>

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**V. Explanations on the Risk Group of the Bank**

**1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:**

**a. Current Period**

Related Parties(*)	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	1,128	3,550	84	-	877	45
Balance at end of period (**)	-	3,315	5	-	957	45
Interest and commission income	-	31	-	-	-	-

(\*) Defined in paragraph number (2) of 20th Article of the Regulation on Establishment and Operations of Banks.

(\*\*) Period end balance includes foreign bank placement amounting to TL 962.

**Prior Period**

Related Parties(*)	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect Shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	15,662	3,555	4	105	771	1,067
Balance at end of period (**)	1,128	3,550	84	-	877	45
Interest and commission income received	-	7	-	-	-	-

(\*) Defined in paragraph number (2) of 20th Article of the Regulation on Establishment and Operations of Banks.

(\*\*) Period end balance includes foreign bank placement amounting to TL 961.

**b. Information on related party deposits balances:**

Related parties (*) (**)	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current period	Prior period	Current period	Prior period
Deposits						
Balance at beginning of period	13,483	11,242	3,073	3,177	5,365	6,005
Balance at end of period	9,886	13,483	3,260	3,073	5,069	5,365
Interest on deposits	116	287	6	312	62	485

(\*) Defined in paragraph number (2) of 20th Article of the Regulation on Establishment and Operations of Banks.

(\*\*) There are borrowings from related parties amounting to TL 71,729 (December 31, 2011: TL 145,204), besides the deposits.

**c. Information on forward and option agreements and other similar agreements made with related parties**

Related Parties(*)	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current period	Prior period	Current period	Prior Period
<b>Transactions for Trading:</b>						
Balance at beginning of period	3,982	-	-	-	-	137,065
Balance at end of period	-	3,982	-	-	-	-
<b>Total Profit/(Loss)</b>	121	141	-	-	-	(568)
<b>Transactions for Hedging</b>						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
<b>Total Profit/(Loss)</b>	-	-	-	-	-	-

(\*) Defined in paragraph number (2) of 20th Article of the Regulation on Establishment and Operations of Banks.

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**VII. Explanations on the Risk Group of the Bank (continued)**

**2. Explanations and Disclosures Related to the Bank's Risk Group**

- a. Relations with companies in risk group of/or controlled by the Bank regardless of nature of current transactions

The bank is having several banking operations with its related parties. These operations are for commercial purpose and performed with market prices.

- b. Beside the nature; the type, amount and ratio of the transactions to the total transaction volume; the pricing policy, amount and the ratio of the main transactions to the total

	Balance	According to sizes on financial statements %
Loans and other receivables	962	0.31
Non-cash loans	3,360	3.11
Deposit	18,215	2.8
Funds Borrowed	71,729	99.39

- c. The aggregated amount of the items with the same nature, except for the situations that require separate disclosure in order to see the effect of the transactions to the financial statements

The effects of transactions on financial statements are explained under Claus 2.b .

- d. Transactions accounted for under equity method

In the current period, the bank has no transactions to be accounted for using the equity method (December 31, 2011: None).

- e. Explanations on Buying and Selling Real Estate and Other Assets, the Service Trade, Agency Agreements, Lease Agreements, the Transfer of Data Obtained from Research and Development, License Agreements, Financing (Loans and Cash or real Capital), with the Management Agreements and Warranties and Guarantees

The bank has financial lease agreements with its related party Turkish Finansal Kiralama A.Ş. and the financial lease liability from these lease agreements amounts to TL 313 as of March 31, 2012 (December 31, 2011: 349).

Within the limits of Banking Law, the Bank provides cash and non-cash loans to and performs derivative transactions with its related parties. Such transactions and the related amounts are explained under Section 5, Article 7, footnote 2.b.



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**SECTION SIX**  
**OTHER EXPLANATIONS**

**I. Other Explanations on the Operations of the Bank**

**1. Significant Events and Matters Arising Subsequent to Balance Sheet Date :**

The coupon payment of Turan Alem Bank bonds for January 2012, which are classified under Available for Sale Assets as of 31 March 2012, having a nominal value of TL 1,606 ( US \$ 906, 715) and a balance sheet amount of TL 291 has not been made and the creditors have been informed that there will be a restructuring plan. The Bank management evaluated the developments under the requirements set out in Communiqué “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” and as of 10 April 2012 Turan Alem Bank bonds are classified under “non-performing loans and other receivables” and 100% specific provision has been provided for amounting to TL 1,662.

Based on the Bank’s Board of Directors’ meeting held on 30 April 2012, it is concluded that:

- Capital increase in relation to the Bank’s paid-in capital will be submitted to the General Assembly’s approval - The Bank’s TL 80,000 of paid-in capital is planned to be increased to TL 175,000 of which TL 70,000 of the related portion will comprise internal resources (including TL 37,448 of share premiums; TL 19,032 of effect of inflation accounting on capital; and TL 13,520 of extraordinary reserves) and the remaining TL 25,000 will be in cash contribution and meeting of Extraordinary General Assembly will be called on 25 May 2012.

TL 25,000 of committed cash injection to capital is planned to be funded in three installments (TL 7,500 in June 2012, TL 7,500 in April 2013 and TL 10,000 in April 2014) with reserving the rights of the General Assembly’s early payment call.

**SECTION SEVEN**  
**INDEPENDENT AUDITORS’ LIMITED REVIEW REPORT**

**I. Disclosure on independent auditors’ limited review report**

The unconsolidated financial statements of the Bank were reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the independent auditor’s limited review report dated March 31, 2012 is presented preceding the financial statements.

**II. Other Footnotes and Explanations Prepared by the Independent Auditors**

None.