

**TURKISH BANK A.Ş.**

**INDEPENDENT AUDITOR'S  
REPORT,  
UNCONSOLIDATED FINANCIAL  
STATEMENTS AND NOTES  
AS OF DECEMBER 31, 2011**

*Translated into English from the  
Original Turkish Report*

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

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## TURKISH BANK A.Ş.

### INDEPENDENT AUDITOR'S REPORT FOR THE YEAR JANUARY 1, 2011– DECEMBER 31, 2011

We have audited the accompanying balance sheet of Turkish Bank A.Ş. (the “Bank”) as at December 31, 2011, and the related statements of income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### Management's Responsibility for the Financial Statements

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the financial statements in accordance with the regulation on “Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents” published in the Official Gazette dated November 1, 2006 and numbered 26333 and Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards (“TFRS”) and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by Banking Regulation and Supervision Agency (“BRSA”). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on “Licensing and Operations of Audit Firms in Banking” published in the Official Gazette no: 26333 on November 1, 2006 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Independent Auditor's Opinion

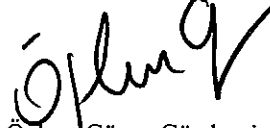
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Turkish Bank A.Ş. as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by BRSA.



**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, March 7, 2012



**THE UNCONSOLIDATED FINANCIAL REPORT OF TURKISH BANK A.Ş.  
FOR THE YEAR ENDED DECEMBER 31, 2011**


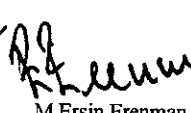




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The year end unconsolidated financial report designed by the Banking Regulation and Supervision Agency in line with Communique of Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections listed below:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED 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
- INDEPENDENT AUDITOR'S REPORT

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

07 March 2012

					
İ. Hakan Börteçene Chairman of the Board of Directors	M. Ersin Erenman Chairman of the Audit Committee	Mehmet Çınar Chairman of the Audit Committee	Erhan Özçelik General Manager	B. İzzaz Doğan Assistant General Manager Responsible of Financial Reporting	Mehmet Düzagaç Manager Responsible of General Accounting

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

Name-Surname/Title : Mehmet DÜZAĞAÇ / Manager Responsible of General Accounting  
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**TURKISH BANK A.Ş.**  
**NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

(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 December 31, 2011 and December 31, 2010 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 Kuwait	32,000	40.00	32,000	40.00
Mehmet Tanju Özyol	4,135	5.17	4,135	5.17
Diğer Hissedarlar Toplamı	847	1.06	847	1.06
	<b>80,000</b>	<b>100.00</b>	<b>80,000</b>	<b>100.00</b>

As of December 31, 2011 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 YEAR ENDED DECEMBER 31, 2011**

(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**

**Name-Surname**

**Title**

**Board of Directors;**

İbrahim Hakan Börteçene	Chairman of the Board of Directors
İsam Jassin 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-Fulaij (*)	Member of the Board of Directors

**Assistant General Managers;**

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

**Group Heads;**

Mehmet Çınar	Audit Committee
Mustafa Ersin Erenman	Audit Committee

**Inspection Committee and Statutory Auditors;**

Yasemin Doğan	Chairman of the Inspection Committee
Suat Ergen	Internal Audit Manager

- (\*) Hamad A A Alsagar and İbrahim S Dabdoub resigned from their position as a member of the Board of Directors as of January 20 2011 and Omar Bouhadiba and Salah Al Fulaij were appointed as the new members of the Board of directors.
- (\*\*) Taner Biçer resigned from his position as an assistant general manager responsible from loans as of July 21 2011 and Mithat Arıkan was appointed.
- (\*\*\*) Mustafa Ersin Erenman and Mehmet Çınar ( members of the Board of Directors ) are also members of the Audit Committee.
- (\*\*\*\*) Aysun Yoltar resigned from her position as an assistant general manager responsible from financial control as of December 2, 2011 and B. İlgaz Dogan was appointed.

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 Ozyol 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 YEAR ENDED DECEMBER 31, 2011**

(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 December 31, 2011, Bank has 20 local branches (December 31, 2010: 21 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
- VII. Profit Distribution Table

**TURKISH BANK A.Ş**  
**BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF DECEMBER 31,2011**

BALANCE SHEET - ASSETS (STATEMENT OF FINANCIAL POSITION)	Note Ref	Thousands of Turkish Lira					
		Audited Current Period (31/12/2011)			Audited Prior Period (31/12/2010)		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	26,338	35,876	62,214	24,905	25,664	50,569
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	-	573	573	-	2,206	2,206
2.1 Financial assets held for trading		-	573	573	-	2,206	2,206
2.1.1 Public sector debt securities		-	-	-	-	-	-
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		-	573	573	-	2,206	2,206
2.1.4 Other marketable securities		-	-	-	-	-	-
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)	175,161	228,991	404,152	343,449	83,638	427,087
IV. MONEY MARKET PLACEMENTS		31,179	-	31,179	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		31,179	-	31,179	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	72,363	7,179	79,542	68,401	16,735	85,136
5.1 Share certificates		-	-	-	-	-	-
5.2 Public sector debt securities		72,363	1,373	73,735	68,401	2,206	70,607
5.3 Other marketable securities		-	5,807	5,807	-	14,529	14,529
VI. LOANS AND RECEIVABLES	(5)	155,510	107,526	263,036	298,646	115,814	414,460
6.1 Loans and receivables		149,046	107,526	256,572	288,722	115,814	404,536
6.1.1 Loans to Risk Group of the Bank		1,128	-	1,128	15,662	4	15,666
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		147,918	107,526	255,444	273,060	115,810	388,870
6.2 Non-performing loans		10,502	4,063	14,565	14,069	3,998	18,067
6.3 Specific provisions (-)		(4,038)	(4,063)	(8,101)	(4,145)	(3,998)	(8,143)
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	25,768	-	25,768
10.1 Unconsolidated financial subsidiaries		30,768	-	30,768	25,768	-	25,768
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)	9,922	-	9,922	10,867	-	10,867
XV. INTANGIBLE ASSETS (Net)	(13)	903	-	903	451	-	451
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		903	-	903	451	-	451
XVI. INVESTMENT PROPERTIES (Net)	(14)	-	-	-	-	-	-
XVII. TAX ASSET	(15)	1,164	254	1,418	484	-	484
17.1 Current tax asset		502	-	502	484	-	484
17.2 Deferred tax asset		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)	11,591	467	12,058	12,175	380	12,555
<b>TOTAL ASSETS</b>		<b>514,899</b>	<b>380,866</b>	<b>895,765</b>	<b>785,146</b>	<b>244,437</b>	<b>1,029,583</b>

**TURKISH BANK A.Ş**  
**BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF DECEMBER 31,2011**

BALANCE SHEET - LIABILITIES (STATEMENT OF FINANCIAL POSITION)		Note Ref	Thousands of Turkish Lira					
			Audited Current Period (31/12/2011)			Audited Prior Period (31/12/2010)		
			TL	FC	Total	TL	FC	Total
I. DEPOSITS	(1)		255,131	293,765	548,896	395,760	247,279	643,039
1.1 Deposits from Risk Group of the Bank			17,472	4,449	21,921	17,800	2,624	20,424
1.2 Other			237,659	289,316	526,975	377,960	244,655	622,615
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)		-	23	23	-	414	414
III. FUNDS BORROWED	(3)		5,664	140,152	145,816	91,418	68,828	160,246
IV. MONEY MARKET BALANCES	(4)		29,350	-	29,350	54,114	-	54,114
4.1 Interbank money market takings			-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings			-	-	-	-	-	-
4.3 Funds provided under repurchase agreements			29,350	-	29,350	54,114	-	54,114
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			1,529	499	2,028	1,022	433	1,455
VIII. OTHER LIABILITIES	(5)		10,470	669	11,139	11,030	42	11,072
IX. FACTORING PAYABLES			-	-	-	-	-	-
X. FINANCE LEASE PAYABLES	(6)		-	349	349	-	-	-
10.1 Finance lease payables			-	381	381	-	-	-
10.2 Operating lease payables			-	-	-	-	-	-
10.3 Other			-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)			-	(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)		3,517	-	3,517	1,957	-	1,957
12.1 General loan loss provisions			2,109	-	2,109	913	-	913
12.2 Restructuring provisions			-	-	-	-	-	-
12.3 Reserve for employee benefits			470	-	470	387	-	387
12.4 Insurance technical reserves (Net)			-	-	-	-	-	-
12.5 Other provisions			938	-	938	657	-	657
XIII. TAX LIABILITY	(9)		1,456	-	1,456	1,048	-	1,048
13.1 Current tax liability			1,456	-	1,456	975	-	975
13.2 Deferred tax liability			-	-	-	73	-	73
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)		154,671	(1,480)	153,191	156,295	(57)	156,238
16.1 Paid-in capital			80,000	-	80,000	80,000	-	80,000
16.2 Supplementary capital			55,344	(1,480)	53,864	57,659	(57)	57,602
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			(1,136)	(1,480)	(2,616)	1,179	(57)	1,122
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			2,979	-	2,979	2,811	-	2,811
16.3.1 Legal reserves			2,500	-	2,500	2,332	-	2,332
16.3.2 Status reserves			-	-	-	-	-	-
16.3.3 Extraordinary reserves			479	-	479	479	-	479
16.3.4 Other profit reserves			-	-	-	-	-	-
16.4 Profit or loss			16,348	-	16,348	15,825	-	15,825
16.4.1 Prior years' income / (losses)			15,657	-	15,657	12,468	-	12,468
16.4.2 Current year income / (loss)			691	-	691	3,357	-	3,357
16.5 Minority shares			-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>461,788</b>	<b>433,977</b>	<b>895,765</b>	<b>712,644</b>	<b>316,939</b>	<b>1,029,583</b>

TURKISH BANK A.Ş STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES AS OF DECEMBER 31,2011	Note Ref	Thousands of Turkish Lira					
		Audited Current Period (31/12/2011)			Audited Prior Period (31/12/2010)		
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)</b>		109,851	147,991	257,842	139,532	463,555	603,087
<b>I. GUARANTEES</b>	(1) (3)	31,152	82,733	113,885	33,452	61,267	94,719
1.1. Letters of guarantee		31,152	80,636	111,788	33,452	31,729	65,181
1.1.1. Guarantees subject to State Tender Law		29,372	33,119	62,491	31,235	10,395	41,630
1.1.2. Guarantees given for foreign trade operations		613	-	613	617	-	617
1.1.3. Other letters of guarantee		1,167	47,517	48,684	1,600	21,334	22,934
1.2. Bank loans		-	-	-	-	-	-
1.2.1. Import letter of acceptance		-	-	-	-	-	-
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		-	-	-	-	2,803	2,803
1.3.1. Documentary letters of credit		-	-	-	-	618	618
1.3.2. Other letters of credit		-	-	-	-	2,184	2,184
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	-	26,735	26,735
1.9. Other collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(1) (3)	57,571	44,019	101,590	28,489	14,298	42,787
2.1. Irrevocable commitments		57,571	44,019	101,590	28,489	14,298	42,787
2.1.1. Forward asset purchase commitments		34,293	37,426	71,719	670	7,641	8,311
2.1.2. Forward deposit purchase and sales commitments		48	-	48	1,864	971	2,835
2.1.3. Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		5,522	-	5,522	9,293	-	9,293
2.1.5. Securities underwriting commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Payment commitment for checks		7,382	-	7,382	6,931	-	6,931
2.1.8. Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card expenditure limits		10,303	6,593	16,896	9,629	5,686	15,315
2.1.10. Commitments for promotions related with credit cards and banking activities		23	-	23	102	-	102
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		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(2)	21,128	21,239	42,367	77,591	387,990	465,581
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		21,128	21,239	42,367	77,591	387,990	465,581
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		21,128	21,239	42,367	77,591	387,990	465,581
3.2.2.1. Foreign currency swap-buy		-	21,239	21,239	1,630	231,962	233,592
3.2.2.2. Foreign currency swap-sell		21,128	-	21,128	75,961	156,028	231,989
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>		475,865	753,446	1,229,311	423,219	589,722	1,012,941
<b>IV. ITEMS HELD IN CUSTODY</b>		114,149	145,711	259,860	85,911	50,243	136,154
4.1. Assets under management		-	-	-	-	-	-
4.2. Investment securities held in custody		74,484	35,669	110,153	75,384	39,129	114,513
4.3. Checks received for collection		37,367	1,803	39,170	8,868	292	9,160
4.4. Commercial notes received for collection		1,765	108,239	110,004	-	10,822	10,822
4.5. Other assets received for collection		-	-	-	-	-	-
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		533	-	533	1,659	-	1,659
4.8. Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		361,716	607,735	969,451	337,308	539,479	876,787
5.1. Marketable securities		-	-	-	-	-	-
5.2. Guarantee notes		23,954	57,803	81,757	91,728	5	91,733
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		183,043	537,379	720,422	241,993	520,724	762,717
5.6. Other pledged items		154,719	12,553	167,272	3,587	18,750	22,337
5.7. Pledged items-depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		-	-	-	-	-	-
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		585,716	901,437	1,487,153	562,751	1,053,277	1,616,028

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

**TURKISH BANK A.Ş**  
**INCOME STATEMENT TABLE FOR THE PERIOD ENDED DECEMBER 31,2011**

		Thousands of Turkish Lira	
		Audited	Audited
		Current Period	Prior Period
STATEMENT OF INCOME		(01 01 2011 - 31 12 2011)	(01 01 2010 - 31 12 2010)
	Note Ref		
I. INTEREST INCOME	(1)	51,285	48,976
1.1 Interest on loans		34,596	24,622
1.2 Interest received from reserve deposits		-	353
1.3 Interest received from banks		10,070	17,390
1.4 Interest received from money market placements		148	39
1.5 Interest received from marketable securities portfolio		6,470	6,672
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		6,470	6,672
1.5.4 Investments held-to-maturity		-	-
1.6 Finance lease Income		-	-
1.7 Other interest income		1	-
II. INTEREST EXPENSE	(2)	(27,701)	(22,790)
2.1 Interest on deposits		(24,791)	(18,718)
2.2 Interest on funds borrowed		(646)	(2,006)
2.3 Interest on money market borrowings		(2,242)	(2,061)
2.4 Interest on securities issued		-	-
2.5 Other interest expense		(22)	(5)
III. NET INTEREST INCOME EXPENSE (I - II)		23,584	26,186
IV. NET FEES AND COMMISSIONS INCOME EXPENSE		1,634	2,214
4.1 Fees and commissions received		2,735	2,993
4.1.1 Non-cash loans		1,561	1,525
4.1.2 Other		1,174	1,468
4.2 Fees and commissions paid		(1,101)	(779)
4.2.1 Non-cash loans		(26)	(20)
4.2.2 Other		(1,075)	(759)
V. DIVIDEND INCOME	(3)	2,025	1,571
VI. NET TRADING INCOME	(4)	3,888	(348)
6.1 Securities trading gains/ (losses)		1,419	2,226
6.2 Gains/ (losses) from derivative financial instruments		(6,789)	1,953
6.3 Foreign exchange gains/ (losses)		9,258	(4,527)
VII. OTHER OPERATING INCOME	(5)	2,259	3,192
VIII. NET OPERATING INCOME (III+IV+V+VI+VII)		33,390	32,815
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	(2,431)	(1,634)
X. OTHER OPERATING EXPENSES (-)	(7)	(30,321)	(27,585)
XI. NET OPERATING INCOME (LOSS) (VIII-IX-X)		638	3,596
XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERCER		-	-
XIII. GAIN (LOSS) ON EQUITY METHOD		-	-
XIV. GAIN (LOSS) ON NET MONETARY POSITION		-	-
XV. PROFIT (LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	(8)	638	3,596
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (=)	(9)	53	(239)
16.1 Current income tax (charge)/benefit		-	-
16.2 Deferred tax (charge)/benefit		53	(239)
XVII. NET PROFIT (LOSS) FROM CONTINUED OPERATIONS (XV+XVI)	(10)	691	3,357
XVIII. INCOME ON DISCONTINUED OPERATIONS		-	-
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		-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
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		-	-
XX. PROFIT (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (=)		-	-
21.1 Current income tax (charge)/benefit		-	-
21.2 Deferred tax (charge)/benefit		-	-
XXII. NET PROFIT LOSS FROM DISCONTINUED OPERATIONS (XX+XXI)	(10)	-	-
XXIII. NET PROFIT LOSS (XVII+XXII)	(11)	691	3,357
23.1 Group's profit/loss		691	3,357
23.2 Minority shares		-	-
Earnings per share		0.008	0.042

**TURKISHBANK A.Ş**

**STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY TABLE AS OF DECEMBER 31,2011**

STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY	Thousands of Turkish Lira	
	Audited	Audited
	Current Period	Prior Period
	(01/01/2011 - 31/12/2011)	(01/01/2010 - 31/12/2010)
I. Additions to marketable securities revaluation differences for available for sale financial assets	(1,489)	1,099
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	(935)	(191)
X. Total Net Profit/Loss accounted for under equity (I+II+...+IX)	(2,424)	908
XI. Profit/Loss	(1,314)	(145)
1.1 Change in fair value of marketable securities (Transfer to Profit Loss)	(1,314)	(145)
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)	(3,738)	763

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY TABLE FOR THE PERIOD ENDED DECEMBER 31,2011

Thousands of Turkish Lira

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																			
FNOK PERIOD (01/01/2010 - 31/12/2010)																			
	More Ref	Paid-in Capital	Effect of Inflation Accounting on	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period (Net Income, Loss)	Prior Period	Marketable Securities Value Increase (Loss)	Tangible and Intangible Asset Revaluation Differences	Reserve Shares Obtained from Associates	Hedging Funds	Acc Val Diff from Assets Held for Sale and from Disc Op	Equity Attributable to the Parent	Minority Shares	Total Equity
I. Beginning Balance		80,000	19,032	37,448	-	2,274	-	479	-	1,170	11,256	359	-	-	-	-	152,118	-	152,118
II. Corrections according to TAFB		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 The effect of correction of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 The effect of changes in accounting policy		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (ft-B)		80,000	19,032	37,448	-	2,274	-	479	-	1,170	11,256	359	-	-	-	-	152,118	-	152,118
IV. Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Increase/Decrease related to merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Hedge of net investments in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Reserves obtained from associates, subsidiaries and jointly controlled		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. The effect of change in associate's equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Share premium adjustment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Addition adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Period net income/(loss)		-	-	-	-	-	-	-	-	3,357	1,112	-	-	-	-	-	3,357	-	3,357
XX. Profit distribution		-	-	-	-	-	-	-	-	(1,170)	-	-	-	-	-	-	-	-	-
XXI. Dividend distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XXII. Dividend distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Other		-	-	-	-	-	-	-	-	-	(58)	-	-	-	-	-	-	-	-
20.3 Other		-	-	-	-	-	-	-	-	(1,170)	1,170	-	-	-	-	-	-	-	-
20.4 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.5 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.6 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.7 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.8 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.9 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.10 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.11 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.12 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.13 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.14 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.15 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.16 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.17 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.18 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.19 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.20 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.21 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.22 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.23 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.24 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.25 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.26 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.27 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.28 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.29 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.30 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.31 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.32 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.33 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.34 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.35 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.36 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.37 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.38 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.39 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.40 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.41 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.42 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.43 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.44 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.45 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.46 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.47 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.48 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.49 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.50 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.51 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.52 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.53 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.54 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.55 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.56 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.57 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.58 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.59 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.60 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.61 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.62 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.63 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.64 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.65 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.66 Other		-	-	-															

**TURKISH BANK A.Ş**  
**NON-CONSOLIDATED STATEMENT OF CASH FLOW AS OF DECEMBER,31,2011**

		Thousands of Turkish Lira	
		Audited	Audited
		CURRENT PERIOD	PRIOR PERIOD
		(01/01/2011 - 31/12/2011)	(01/01/2010 - 31/12/2010)
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>		
1.1	Operating profit before changes in operating assets and liabilities	(23,989)	(4,058)
1.1.1	Interest received	47,748	49,607
1.1.2	Interest paid	(25,352)	(23,321)
1.1.3	Dividend received	2,025	1,571
1.1.4	Fees and commissions received	2,735	2,993
1.1.5	Other income	12,889	1,659
1.1.6	Collections from previously written off loans	142	1,670
1.1.7	Payments to personnel and service suppliers	(16,144)	(14,312)
1.1.8	Taxes paid	(502)	-
1.1.9	Others	(47,530)	(23,925)
	(1)		
1.2	Changes in operating assets and liabilities	33,466	(202,101)
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	150,882	(180,780)
1.2.5	Net (increase) decrease in other assets	14,867	(21,649)
1.2.6	Net increase (decrease) in bank deposits	(187,016)	66,029
1.2.7	Net increase (decrease) in other deposits	67,974	49,883
1.2.8	Net increase (decrease) in funds borrowed	(14,441)	(126,242)
1.2.9	Net increase (decrease) in matured payables	-	-
1.2.10	Net increase (decrease) in other liabilities	1,200	10,658
	(1)		
I.	Net cash provided from / (used in) banking operations	9,477	(206,159)
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
II.	Net cash provided from/ (used in) investing activities	(2,455)	7,263
2.1	Cash paid for purchase of entities under common control, associates and subsidiaries	(5,001)	-
2.2	Cash obtained from sale of entities under common control, associates and subsidiaries	-	-
2.3	Fixed asset purchases	(115)	(284)
2.4	Fixed asset sales	-	54
2.5	Cash paid for purchase of financial assets available for sale	(99,366)	(306,675)
2.6	Cash obtained from sale of financial assets available for sale	102,779	314,335
2.7	Cash paid for purchase of investment securities	-	-
2.8	Cash obtained from sale of investment securities	-	-
2.9	Others	(752)	(167)
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
III.	Net cash provided from/ (used in) financing activities	(151)	(116)
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	(151)	(116)
3.6	Other	-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	28,405	5,876
V.	Net increase / (decrease) in cash and cash equivalents	35,276	(193,136)
VI.	Cash and cash equivalents at beginning of the period	(2)	630,508
VII.	Cash and cash equivalents at end of the period	(2)	437,372

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



**TURKISH BANK A.Ş**  
**PROFIT DISTRIBUTION TABLE FOR THE PERIOD ENDED DECEMBER 31,2011**

	Thousands of Turkish Lira	
	(*)Audited CURRENT PERIOD (01/01/2011 - 31/12/2011)	Audited PRIOR PERIOD (01/01/2010 - 31/12/2010)
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	638	3,596
1.2 TAXES AND DUTIES PAYABLE (-)	53	(239)
1.2.1 Corporate tax (Income tax)	-	-
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties (**)	53	(239)
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>691</b>	<b>3,357</b>
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	168
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>691</b>	<b>3,189</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares <sup>u</sup>	-	-
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (preemptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (preemptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	3,189
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTED RESERVES</b>		
2.1 DISTRIBUTED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares(***)	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (preemptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1 TO OWNERS OF ORDINARY SHARES	-	0.042
3.2 TO OWNERS OF ORDINARY SHARES ( % )	-	4.20
3.3 TO OWNERS OF PREFERRED SHARES	-	-
3.4 TO OWNERS OF PREFERRED SHARES ( % )	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1 TO OWNERS OF ORDINARY SHARES	-	0.042
4.2 TO OWNERS OF ORDINARY SHARES ( % )	-	4.20
4.3 TO OWNERS OF PREFERRED SHARES	-	-
4.4 TO OWNERS OF PREFERRED SHARES ( % )	-	-

(\*) General Assembly has not been held yet as of the issue date of this report.

(\*\*) The amount in other taxes and duties is the deferred tax benefit that is not subject to profit distribution.

**TURKISH BANK A.Ş.**  
**NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**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.**  
**NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**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**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)*

**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.**  
**NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**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.

**TURKISH BANK A.Ş.**  
**NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**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.

**TURKISH BANK A.Ş.**  
**NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**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.

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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 December 31, 2011 is presented in the table below.

Current Period	Retail	Corporate	Treasury/ Head Office	Total
Net interest income	7,687	6,051	9,846	23,584
Net fees and commissions income and other operating income	2,770	654	469	3,893
Trading profit / loss	-	-	3,888	3,888
Dividend income	-	-	2,025	2,025
Provision for loan losses and other receivables (-)	-	-	(2,431)	(2,431)
Other operating expenses (-)	(10,009)	(411)	(19,901)	(30,321)
<b>Profit before taxes</b>	<b>448</b>	<b>6,294</b>	<b>(6,104)</b>	<b>638</b>
<b>Tax charge</b>	<b>-</b>	<b>-</b>	<b>53</b>	<b>53</b>
<b>Net profit for the period</b>	<b>448</b>	<b>6,294</b>	<b>(6,051)</b>	<b>691</b>

Current Period	Retail	Corporate	Treasury/ Head Office	Total
Segment assets	422,657	30,073	412,267	864,997
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>
Segment liabilities	421,676	24,258	296,640	742,574
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>



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

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

Prior Period	Retail	Corporate	Treasury/ Head-Office	Total
Net interest income	11,525	1,503	13,158	26,186
Net fees and commissions income and other operating income	2,486	2,920	-	5,406
Trading profit / loss	-	-	(348)	(348)
Dividend income	-	-	1,571	1,571
Provision for loan losses and other receivables (-)	-	-	(1,634)	(1,634)
Other operating expenses (-)	(10,878)	(385)	(16,322)	(27,585)
<b>Profit before taxes</b>	<b>3,133</b>	<b>4,038</b>	<b>(3,575)</b>	<b>3,596</b>
<b>Tax charge</b>	<b>-</b>	<b>-</b>	<b>(239)</b>	<b>(239)</b>
<b>Net Profit for the period</b>	<b>3,133</b>	<b>4,038</b>	<b>(3,814)</b>	<b>3,357</b>

Prior Period	Retail	Corporate	Treasury/ Head-Office	Total
<b>Segment assets</b>	<b>356,801</b>	<b>20,276</b>	<b>626,738</b>	<b>1,003,815</b>
Investments in associates, subsidiaries and jointly controlled entities	-	-	25,768	25,768
<b>Total Assets</b>	<b>356,801</b>	<b>20,276</b>	<b>652,506</b>	<b>1,029,583</b>
<b>Segment liabilities</b>	<b>352,163</b>	<b>18,567</b>	<b>502,616</b>	<b>873,346</b>
Shareholders' equity	-	-	156,237	156,237
<b>Total Liabilities</b>	<b>352,163</b>	<b>18,567</b>	<b>658,853</b>	<b>1,029,583</b>

**XXII. Explanations on Other Matters**

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

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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 32.09% at December 31, 2011 (December 31, 2010 – 24.74%).

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.

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

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

	Risk Weight						
	The Bank						
	0%	10%	20%	50%	100%	150%	200%
<b>Credit risk amount</b>							
<b>Balance Sheet Items (Net)</b>							
Cash	6,870	-	-	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Due From Central Bank of Turkey	30,652	-	-	-	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	-	-	403,966	-	-	-	-
Interbank Money Market Placements	31,160	-	-	-	-	-	-
Receivables From Reverse Repo Transactions	-	-	-	-	-	-	-
Reserve Deposits	24,692	-	-	-	-	-	-
Loans	4,197	-	-	76,065	172,086	835	1,280
Non-performing loans (Net)	-	-	-	-	6,464	-	-
Financial Lease Receivables	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	-	-	-	-	-	-	-
Held to Maturity Investments	-	-	-	-	-	-	-
Receivables From Installment Sales of Assets	-	-	-	-	-	-	-
Sundry Debtors	-	-	-	-	1,331	-	-
Interest and Income Accruals	52	-	186	348	1,710	7	11
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.) (Net)	-	-	-	-	30,768	-	-
Tangible Assets	-	-	-	-	9,013	-	-
Other Assets	1,489	-	-	-	10,589	-	-
<b>Off-Balance Sheet Items</b>							
Guarantees and Commitments	3,397	-	10,248	34,865	32,840	-	-
Derivative Financial Instruments	-	-	-	-	40	-	-
<b>Non Risk Weighted Accounts</b>							
Total Value at Risk	102,509	-	414,400	111,278	264,841	842	1,291
Total Risk Weighted Assets	-	-	82,880	55,639	264,841	1,263	2,582

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

	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	407,205	550,743
Amount Subject to Market Risk (ASMR)	9,338	15,863
Amount Subject to Operational Risk (ASOR) (*)	61,617	56,894
Shareholders' Equity	153,421	154,274
Shareholders' Equity / (TRWA+ASMR+ASOR) *100	32.09%	24.74%

(\*) 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	2,500	2,332
First legal reserve (Turkish Commercial Code 466/1)	2,010	1,842
Second legal reserve (Turkish Commercial Code 466/2)	490	490
Other legal reserve per special legislation	-	-
Statutory reserves	-	-
Extraordinary reserves	479	479
Reserves allocated by the General Assembly	479	479
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Indexation differences of legal, statutory and extraordinary reserves	-	-
Profit	16,348	15,825
Current period net profit	691	3,357
Prior years' profits	15,657	12,468
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 (-)	(976)	(1,503)
Prepaid expenses (-) (*)	-	(305)
Intangible assets (-)	(903)	(451)
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>153,928</b>	<b>152,857</b>
<b>SUPPLEMENTARY CAPITAL</b>	<b>(507)</b>	<b>1,417</b>
General loan loss reserves	2,109	913
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	(2,616)	504
Associates and subsidiaries	-	-
Available for sale securities	(2,616)	504
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>(507)</b>	<b>1,417</b>
<b>TIER III CAPITAL</b>	<b>-</b>	<b>-</b>
<b>CAPITAL</b>	<b>153,421</b>	<b>154,274</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>153,421</b>	<b>154,274</b>

(\*)Prepaid expenses are not deducted from the core capital according to the Article 1 of the Regulation for amending the Regulation on Equities of Banks" published in the Official Gazette no. 27870 dated 10 March 2011, they are added to 100% risk weight column in other assets.

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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 2010: 97%).

The Bank's largest 100 non-cash loan customers compose 99% of the total non-cash loan portfolio (31 December 2010: 99%).

The Bank's largest 100 cash and non-cash loan customers represent 91% of the total "on and off balance sheet" asset (31 December 2010: 94%).

As of December 31, 2011, the general loan loss provision amounting to TL 2,109 (December 31, 2010 – TL 913 ) 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	175,740	158,578	74,957	241,984	-	-	92,086	103,384
Public Sector	-	-	-	-	73,735	70,607	-	23
Banks	-	-	-	-	5,807	14,529	456,746	467,458
Retail	12,339	13,898	-	-	-	-	519	18,817
Share Certificates	-	-	-	-	-	-	-	-
Information according to geographical concentration								
Domestic	179,539	160,363	74,957	241,984	73,735	70,607	537,303	547,406
European Union Countries	2,640	7,245	-	-	-	1,593	10,204	11,510
OECD Countries**	-	-	-	-	-	-	781	2
Off-shore Banking Regions	5,900	3,930	-	-	-	-	-	26,657
USA, Canada	-	938	-	-	-	-	972	2,147
Other Countries	-	-	-	-	5,807	12,936	91	1,960
<b>Total</b>	<b>188,079</b>	<b>172,476</b>	<b>74,957</b>	<b>241,984</b>	<b>79,542</b>	<b>85,136</b>	<b>549,351</b>	<b>589,682</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	844,734	688,730	92,043	30,768	691
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	325	-	-	-
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>691</b>
Prior Period					
Domestic	945,055	819,444	90,749	25,768	3,357
European Union Countries	11,741	8,680	3,970	-	-
OECD Countries (*)	2	-	-	-	-
Off-shore Banking Regions	29,994	196,952	-	-	-
USA, Canada	2,454	510	-	-	-
Other Countries	14,569	640	-	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
<b>Total</b>	<b>1,003,815</b>	<b>1,026,226</b>	<b>94,719</b>	<b>25,768</b>	<b>3,357</b>

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

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

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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	755	0.51	-	-	599	1.79	-	-
Farming and Raising Livestock	194	0.13	-	-	599	1.79	-	-
Forestry	561	0.38	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Manufacturing	25,533	17.13	7,582	7.05	2,947	8.81	25,913	42.30
Mining and Quarry	453	0.30	68	0.06	-	-	-	-
Production	25,080	16.83	3,065	2.85	2,947	8.81	25,913	42.30
Electricity, Gas and Water	-	-	4,449	4.14	-	-	-	-
Construction	16,192	10.86	7,242	6.74	3,466	10.36	2,568	4.19
Services	100,802	67.63	91,722	85.30	26,027	77.80	30,717	50.14
Wholesale and Retail Trade	4,943	3.32	-	-	1,556	4.65	365	0.60
Hotel and Food and Beverage Services	13,226	8.87	12,621	11.74	698	2.09	12,218	19.94
Transportation and Communication	5,716	3.84	15,255	14.19	1,138	3.40	3,084	5.03
Financial Institutions	75,532	50.68	34,950	32.50	22,138	66.18	9,832	16.05
Real Estate and Renting Services	-	-	-	-	-	-	-	-
Self-Employment Services	764	0.51	28,896	26.87	465	1.39	766	1.25
Education Services	147	0.10	-	-	-	-	-	-
Health and Social Services	474	0.32	-	-	32	0.10	4,452	7.27
Other	5,765	3.87	980	0.91	413	1.23	2,069	3.38
<b>Total</b>	<b>149,046</b>	<b>100.00</b>	<b>107,526</b>	<b>100.00</b>	<b>33,452</b>	<b>100.00</b>	<b>61,267</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	62,214	50,569
Banks	404,152	427,087
Financial Assets at Fair Value Through Profit and Loss	573	2,206
Money market placements	31,179	-
Loans	263,036	414,460
Investment securities available-for-sale	79,542	85,136
<b>Total</b>	<b>840,696</b>	<b>979,458</b>
Contingent Liabilities	113,885	94,719
Commitments	101,590	42,787
<b>Total</b>	<b>215,475</b>	<b>137,506</b>
<b>Total credit risk exposure</b>	<b>1,056,171</b>	<b>1,116,964</b>

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

Category “high” shows that the debtor has a strong financial structure, “standard” shows the debtor’s financial structure is good enough while “sub-standard” category shows that debtor’s financial structure is under risk in the short and medium term.

The table below shows the fair values of the collaterals and other items that increase the credibility and the matching of the collateral type with the related risk. As of December 31, 2011, the fair value of the collaterals obtained for the impaired loans limited to the risk amount of the loans is TL 8,998 (December 31, 2010: TL 12,055).

Credit quality per class of financial assets as of December 31, 2011 is as follows:

Current Period	Neither past due nor impaired	Past due or individually impaired(*)	Total
Loans and Advances to customers			
Corporate Loans	166,828	9,680	176,508
SME Loans	54,713	17,254	71,967
Consumer Loans	4,635	1,861	6,496
Other	7,856	209	8,065
<b>Total</b>	<b>234,032</b>	<b>29,004</b>	<b>263,036</b>

(\*) As of December 31, 2011 past due or individually impaired column includes net amount of the follow up loans amounting to TL 6,464.

Credit quality per class of financial assets as of December 31, 2010 is as follows:

Current Period	Neither past due nor impaired	Past due or individually impaired(*)	Total
Loans and Advances to customers			
Corporate Loans	348,636	-	348,636
SME Loans	44,669	3,275	47,944
Consumer Loans	1,861	-	1,861
Other	9,000	7,019	16,019
<b>Total</b>	<b>404,166</b>	<b>10,294</b>	<b>414,460</b>

(\*) As of December 31, 2011 past due or individually impaired column includes net amount of the follow up loans amounting to TL 9,924.

Carrying amount per class of financial assets whose terms have been renegotiated :

	Current Period	Prior Period
Loans and advances to customers		
Corporate Loans	-	-
SME Loans	131	33
Consumer Loans	63	-
Other	-	1,365
<b>Total</b>	<b>194</b>	<b>1,398</b>

The credit risk is assessed through the internal rating system of the Bank, by classifying loans from highest grade to lowest grade according to the probability of default. The risks that are subject to rating system can be allocated as follows:

Internal Evaluation Grade	Share in Total	
	Current Period (%)	Prior Period (%)
High	8.02	73.25
Standard	89.09	24.26
Sub-standard	0.43	0.09
Impaired	2.46	2.40
<b>Total</b>	<b>100.00</b>	<b>100.00</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	359
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	342
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	46
(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)	747
(IX) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x VII)	9,338

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	1,038	1,420	701	1,042	1,216	872
Common Stock Risk	-	-	-	-	-	-
Currency Risk	176	407	26	178	410	81
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	-	-	-	-	-	-
Total Value Subject to Risk	1,214	1,827	727	1,220	1,626	953

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

**II. 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 2010, 2009 and 2008, 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 December 31, 2011, the Bank's balance sheet net short position is TL 50,768 (December 31, 2010 - TL 72,242 net short) resulting from long position on the off-balance sheet amounting to TL 52,039 (December 31, 2010 - TL 75,269 long) and long position on the net balance sheet amounting to TL 1,271 (December 31, 2010 - TL 1,027 long).

The announced foreign exchange buying rates of the Bank at December 31, 2011 and the previous five working days in full TL are as follows:

	23.12.2011	26.12.2011	27.12.2011	28.12.2011	29.12.2011	30.12.2011
USD	1.8779	1.8809	1.8833	1.8847	1.8897	1.9065
JPY	0.0243	0.0245	0.0243	0.0242	0.0241	0.0240
EURO	2.4555	2.4583	2.4613	2.4633	2.4702	2.4592

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

	Monthly Average Foreign Exchange Rate
USD	1.8578
JPY	0.238
EURO	2.4515

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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.	2,245	32,758	-	873	35,876
Banks	139,893	78,292	7	10,799	228,991
Financial Assets at Fair Value Through Profit and Loss (*)	-	-	-	-	-
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	-	7,179	-	-	7,179
Loans (**)	13,038	96,554	-	827	110,419
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	131	589	-	1	721
<b>Total Assets</b>	<b>155,307</b>	<b>215,372</b>	<b>7</b>	<b>12,500</b>	<b>383,186</b>
<b>Liabilities</b>					
Bank Deposits	86,213	19,193	2	264	105,672
Foreign Currency Deposits	67,412	108,232	-	12,449	188,093
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	5,043	134,817	-	292	140,152
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	167	159	-	173	499
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (*)	85	(565)	-	18	(462)
<b>Total Liabilities</b>	<b>158,920</b>	<b>261,836</b>	<b>2</b>	<b>13,196</b>	<b>433,954</b>
<b>Net Balance Sheet Position</b>	<b>(3,613)</b>	<b>(46,464)</b>	<b>5</b>	<b>(696)</b>	<b>(50,768)</b>
<b>Net Off-Balance Sheet Position</b>	<b>3,718</b>	<b>47,381</b>	<b>-</b>	<b>940</b>	<b>52,039</b>
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
<b>Prior Period</b>					
Total Assets	58,565	179,077	2	4,639	242,283
Total Liabilities	77,488	229,110	1	9,926	316,525
Net Balance Sheet Position	(18,923)	(50,033)	1	(5,287)	(74,242)
Net Off-Balance Sheet Position	19,365	51,366	-	4,538	75,269
Financial Derivative Assets (***)	24,180	139,066	-	72,204	235,450
Financial Derivative Liabilities (***)	4,815	87,700	-	67,666	160,181
Non-Cash Loans (****)	8,956	52,120	-	191	61,267

(\*) 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 573 (December 31, 2010: TL 2,206 )
- Derivative Financial Liabilities held for trading : TL 23 (December 31, 2010: TL 414)

(\*\*) Foreign currency indexed loans amounting to TL 2,893 are included in the loan portfolio (December 31, 2010 : TL 52).

(\*\*\*) Forward asset and marketable securities purchase-sale commitments of TL 34,113 are added to derivative financial assets and TL 3,313 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 (*)	
		December 31 2011	December 31 2010	December 31 2011	December 31 2010
USD	10 increase	92	146	(10)	(13)
USD	10 decrease	(92)	(146)	10	13
EURO	10 increase	10	38	-	6
EURO	10 decrease	(10)	(38)	-	(6)

(\*) 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	-	-	-	-	-	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>
<b>Balance Sheet Long Position</b>	<b>-</b>	<b>22,483</b>	<b>89,555</b>	<b>5,530</b>	<b>23,283</b>	<b>-</b>	<b>140,851</b>
<b>Balance Sheet Short Position</b>	<b>(54,537)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(86,314)</b>	<b>(140,851)</b>
<b>Off-Balance Sheet Long Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-Balance Sheet Short Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<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 30,769 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
Current Period				
Assets				
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	-	-	-	-
Liabilities				
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

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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	-	-	-	-	-	50,569	50,569
Banks	404,536	18,032	-	-	-	4,519	427,087
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-	-	2,206	2,206
Money Market Placements	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	34,891	20,809	26,421	3,015	-	-	85,136
Loans(*)	200,359	174,310	22,619	7,167	-	81	404,536
Held-To-Maturity Investments	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	60,049	60,049
<b>Total Assets</b>	<b>639,786</b>	<b>213,151</b>	<b>49,040</b>	<b>10,182</b>	<b>-</b>	<b>117,424</b>	<b>1,029,583</b>
<b>Liabilities</b>							
Bank Deposits	202,502	2,042	4,612	-	-	76,153	285,309
Other Deposits	263,657	56,023	5,516	-	-	32,534	357,730
Money Market Borrowings	54,114	-	-	-	-	-	54,114
Sundry Creditors	-	-	-	-	-	1,455	1,455
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	159,730	-	516	-	-	-	160,246
Other Liabilities	-	-	-	-	-	170,729	170,729
<b>Total Liabilities</b>	<b>680,003</b>	<b>58,065</b>	<b>10,644</b>	<b>-</b>	<b>-</b>	<b>280,871</b>	<b>1,029,583</b>
<b>Balance Sheet Long Position</b>	<b>-</b>	<b>155,086</b>	<b>38,396</b>	<b>10,182</b>	<b>-</b>	<b>-</b>	<b>203,664</b>
<b>Balance Sheet Short Position</b>	<b>(40,217)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(163,447)</b>	<b>(203,664)</b>
<b>Off-Balance Sheet Long Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-Balance Sheet Short Position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Position</b>	<b>(40,217)</b>	<b>155,086</b>	<b>38,396</b>	<b>10,182</b>	<b>-</b>	<b>(163,447)</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 10,867; intangible assets amounting to TL 451, investments in subsidiaries amounting to TL 25,768 and the other liabilities line includes the shareholders' equity of TL 156,238.

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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				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) And Balances With the Central Bank Of Turkey	-	-	-	-
Banks	0.30	0.75	-	8.03
Financial Assets At Fair Value Through Profit And Loss	-	-	-	-
Money Market Placements	-	-	-	-
Available-For-Sale Financial Assets	7.58	8.48	-	7.05
Loans	5.94	7.40	-	9.39
Held-To-Maturity Investments	-	-	-	-
Liabilities				
Bank Deposits	-	2.12	-	7.31
Other Deposits	2.93	2.58	-	7.44
Money Market Borrowings	-	-	-	5.48
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	0.15	0.13	-	5.52

**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 1,529 (December 31, 2010: TL 1,727).

**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 2011 were as follows:

	First maturity bracket (weekly)			
	Current Period		Prior Period	
	FC	FC + TL	FC	FC+ TL
Average during the period	143.81	175.79	125.21	149.80
Highest	185.22	203.46	173.98	187.79
Lowest	127.47	145.06	107.40	120.45

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

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

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Undistributed (*)	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	37,522	24,692	-	-	-	-	-	62,214
Banks	5,568	398,584	-	-	-	-	-	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	-	-	-	22,247	10,525	46,770	-	79,542
Loans	-	57,619	46,335	89,869	42,452	19,863	434	256,572
Held-To-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets	2,739	10,218	100	412	-	-	48,064	61,533
<b>Total Assets</b>	<b>45,829</b>	<b>522,865</b>	<b>46,435</b>	<b>112,528</b>	<b>52,977</b>	<b>66,633</b>	<b>48,498</b>	<b>895,765</b>
<b>Liabilities</b>								
Bank Deposits	20,222	95,842	6,995	-	-	-	-	123,059
Other Deposits	25,058	339,687	56,297	4,795	-	-	-	425,837
Funds Provided From Other Financial Institutions	-	145,204	297	315	-	-	-	145,816
Money Market Borrowings	-	29,350	-	-	-	-	-	29,350
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	1,714	310	-	4	-	-	-	2,028
Other Liabilities	3,539	11,969	137	214	155	-	153,661	169,675
<b>Total Liabilities</b>	<b>50,533</b>	<b>622,362</b>	<b>63,726</b>	<b>5,328</b>	<b>155</b>	<b>-</b>	<b>153,661</b>	<b>895,765</b>
<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>
<b>Prior Period</b>								
Total Assets	16,959	623,180	110,040	45,611	111,896	62,305	59,592	1,029,583
Total Liabilities	110,269	693,120	58,177	10,678	-	-	157,339	1,029,583
<b>Liquidity Gap</b>	<b>(93,310)</b>	<b>(69,940)</b>	<b>51,863</b>	<b>34,933</b>	<b>111,896</b>	<b>62,305</b>	<b>(97,747)</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.

**Analysis of financial liabilities by remaining contractual maturities:**

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Money market borrowings	29,364	-	-	-	-	-	(14)	29,350
Other deposits	20,228	95,862	7,122	-	-	-	(153)	123,059
Bank deposits	25,058	340,746	56,850	4,889	-	-	(1,706)	425,837
Funds provided from other financial institutions	-	145,206	302	321	-	-	(13)	145,816
<b>Total</b>	<b>74,650</b>	<b>581,814</b>	<b>64,274</b>	<b>5,210</b>	<b>-</b>	<b>-</b>	<b>(1,886)</b>	<b>724,062</b>
<b>Prior Period</b>								
Money market borrowings	-	54,153	-	-	-	-	(39)	54,114
Other deposits	76,153	202,633	2,070	4,844	-	-	(391)	285,309
Bank deposits	32,534	264,271	56,263	5,589	-	-	(927)	357,730
Funds provided from other financial institutions	-	159,758	524	-	-	-	(36)	160,246
<b>Total</b>	<b>108,687</b>	<b>680,815</b>	<b>58,857</b>	<b>10,433</b>	<b>-</b>	<b>-</b>	<b>(1,393)</b>	<b>857,399</b>

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

**Analysis of contractual expiry by maturity of the Bank's derivative financial instruments:**

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Net Paid							
Interest Rate Swap Contracts	-	-	-	-	-	-	-
Currency Swap Contracts	-	-	-	-	-	-	-
Foreign Exchange Forward Contracts	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
Gross Paid							
Interest Rate Swap Contracts	-	-	-	-	-	-	-
Currency Swap Contracts	21,239	-	-	-	-	-	21,239
Foreign Exchange Forward Contracts	34,113	-	-	-	-	-	34,113
Other	-	-	-	-	-	-	-
Total	55,352	-	-	-	-	-	55,352

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
Net Paid							
Interest Rate Swap Contracts	-	-	-	-	-	-	-
Currency Swap Contracts	-	-	-	-	-	-	-
Foreign Exchange Forward Contracts	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
Gross Paid							
Interest Rate Swap Contracts	-	-	-	-	-	-	-
Currency Swap Contracts	200,243	33,349	-	-	-	-	233,592
Foreign Exchange Forward Contracts	4,158	-	-	-	-	-	4,158
Other	-	-	-	-	-	-	-
Total	204,401	33,349	-	-	-	-	237,750

**VIII. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value**

The table below shows the book value and the fair value of the financial assets and liabilities in the financial statements of the Bank.

Current period investment securities are comprised of interest-bearing assets available-for-sale. The fair value of the held to maturity assets is determined by market prices or quoted market prices of other marketable securities which are subject to redemption with same characteristics in terms of interest, maturity and other similar conditions when market prices cannot be determined.

The book value of demand deposits, money market placements with floating interest rate and overnight deposits represents their fair values due to their short-term nature. The estimated fair value of deposits and funds provided from other financial institutions with fixed interest rate is calculated by determining their cash flows discounted by the current interest rates used for other liabilities with similar characteristics and maturity structure. The fair value of loans is calculated by determining the cash flows discounted by the current interest rates used for receivables with similar characteristics and maturity structure. The book value of the banks, deposits with banks, funds provided from other financial institutions and sundry creditors reflect their fair values since they are short-term.

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**VIII. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value (continued)**

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets (*)				
Money Market Placements	31,179	-	31,179	-
Banks	404,152	427,087	404,152	427,087
Available-For-Sale Financial Assets	79,542	85,136	79,542	85,136
Loans	263,036	414,460	262,950	416,108
<b>Total</b>	<b>777,909</b>	<b>926,683</b>	<b>777,823</b>	<b>928,331</b>
Financial Liabilities (*)				
Bank Deposits	123,059	285,309	122,911	285,309
Other Deposits	425,837	357,730	424,144	358,356
Funds Borrowed From Other Financial Institutions	145,816	160,246	145,816	160,246
Marketable Securities Issued	-	-	-	-
Sundry Creditors	2,028	1,455	2,028	1,455
<b>Total</b>	<b>696,740</b>	<b>804,740</b>	<b>694,899</b>	<b>805,366</b>

(\*) Book Values consist of cost and interest accruals as of the period end.

The methods and assumptions used in the calculation of the fair values of financial instruments which are not disclosed at their fair value in the financial statements:

*Market Price*

The following table shows an analysis of financial instruments recorded at fair value, between those whose fair value is recorded on quoted market prices, those involving valuation techniques where all model inputs are observable in the market and, those where the valuation techniques involves the use of non-observable inputs.

Current Period	Quoted prices	Pricing Models – observable market data available	Pricing Models – observable market data not available	No Fair Value
Financial Assets				
Financial assets at fair value through profit and loss	-	573	-	-
Available-for-sale financial assets	79,542	-	-	-
Financial Liabilities				
Derivative financial liabilities held for trading	-	23	-	-

Prior Period	Quoted prices	Pricing Models – observable market data available	Pricing Models – observable market data not available	No Fair Value
Financial Assets				
Financial assets at fair value through profit and loss	-	2,206	-	-
Available-for-sale financial assets	85,136	-	-	-
Financial Liabilities				
Derivative financial liabilities held for trading	-	414	-	-

There is no unrealized gain recorded in income statement resulting from the financial assets disclosed at fair value calculated using the inputs other than quoted prices, due to the changes in the market data used in the calculation.

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**IX. Explanations Related to Transactions Carried out on Behalf of Other Parties and Fiduciary Assets**

The Bank performs buying transactions on behalf of customers, and gives custody, administration and advisory services. The Bank does not deal with fiduciary transactions.

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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	1,936	4,934	1,749	4,012
Balances with the Central Bank of Turkey	24,402	30,942	23,156	21,652
Other	-	-	-	-
<b>Total</b>	<b>26,338</b>	<b>35,876</b>	<b>24,905</b>	<b>25,664</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	24,402	30,942	23,156	21,652
Unrestricted time deposit	-	-	-	-
Restricted time deposit	-	-	-	-
<b>Total</b>	<b>24,402</b>	<b>30,942</b>	<b>23,156</b>	<b>21,652</b>

According to Communiqué about “Required Reserve Ratios” published by CBT Numbered 2005 / 1 the banks operating in Turkey are obliged to reserve deposits denominated in TL for TL liabilities and US Dollar or Euro for foreign currency liabilities. A certain portion of the deposits reserved for the liabilities denominated in TL may be reserved in restricted accounts in US Dollar or Euro. Interest payment is terminated for reserve deposits denominated in TL.

**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, 2010 – None).

a.2 Financial assets at fair value through profit and loss subject to repurchase agreements: None (December 31, 2010 – 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	-	367	-	71
Swap Transactions	-	206	-	2,135
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	-	<b>573</b>	-	<b>2,206</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	175,160	223,450	324,546	72,203
Foreign	1	5,541	18,903	11,435
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>175,161</b>	<b>228,991</b>	<b>343,449</b>	<b>83,638</b>

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

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	3,697	2,734	-	-
USA and Canada	972	1,748	-	-
OECD Countries (*)	781	2	-	-
Off-shore banking regions	-	25,852	-	-
Other	92	2	-	-
<b>Total</b>	<b>5,542</b>	<b>30,338</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	15,448	-	9,349	-
Other	-	-	-	-
<b>Total</b>	<b>15,448</b>	-	<b>9,349</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	29,690	-	58,198	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank Bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>29,690</b>	-	<b>58,198</b>	-

Net book value of unrestricted financial assets available-for-sale is TL 34,404 (December 31, 2010 – TL 17,589).

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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	82,387	85,555
Quoted on a stock exchange	82,387	85,555
Not quoted	-	-
Share certificates	-	-
Quoted on a stock exchange	-	-
Not quoted	-	-
Impairment provision (-)	(2,845)	(419)
<b>Total</b>	<b>79,542</b>	<b>85,136</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	
	Non-Cash Loans	Cash Loans	Non-Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	-	-	4	105
Corporate shareholders	-	-	-	105
Real person shareholders	-	-	4	-
Indirect loans granted to shareholders	-	-	-	1,067
Loans granted to employees	298	-	263	-
<b>Total</b>	<b>298</b>	<b>-</b>	<b>267</b>	<b>1,172</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	9,955	-	-	-
Export loans	1,797	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	92,339	-	-	-
Foreign loans	8,540	-	-	-
Consumer loans(**)	3,661	-	-	-
Credit cards	1,673	-	-	-
Precious metal loans	-	-	-	-
Other	137,367	63	1,018	159
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>255,332</b>	<b>63</b>	<b>1,018</b>	<b>159</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
<b>Short-term loans and other receivables</b>				
Non-specialized loans	144,794	63	1,018	159
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Medium and long-term loans and other receivables</b>				
Non-specialized loans	110,538	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
<b>Total</b>	<b>255,332</b>	<b>63</b>	<b>1,018</b>	<b>159</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	51	2,353	2,404
Housing Loans	-	-	-
Vehicle Loans	-	29	29
General Purpose Loans	51	2,324	2,375
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	1,351	-	1,351
With Installments	-	-	-
Without Installments	1,351	-	1,351
Individual Credit Cards-FC	227	-	227
With Installments	-	-	-
Without Installments	227	-	227
Personnel Loans-TL	51	212	263
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	27	212	239
Other	24	-	24
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)	994	-	994
Overdraft Accounts-FC(Real Persons)	-	-	-
<b>Total</b>	<b>2,709</b>	<b>2,565</b>	<b>5,274</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>	297	5,193	5,490
Business Loans	-	-	-
Vehicle Loans	-	13	13
General Purpose Loans	292	5,180	5,472
Other	5	-	5
<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>	60	-	60
With Installments	-	-	-
Without Installments	60	-	60
<b>Corporate Credit Cards-FC</b>	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
<b>Overdraft Accounts-TL(Legal Entities)</b>	5,307	-	5,307
<b>Overdraft Accounts-FC(Legal Entities)</b>	-	-	-
<b>Total</b>	<b>5,664</b>	<b>5,193</b>	<b>10,857</b>

f. Loans according to borrowers:

	Current Period	Prior Period
Public	-	-
Private	256,572	404,536
<b>Total</b>	<b>256,572</b>	<b>404,536</b>

g. Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	248,032	392,465
Foreign loans	8,540	12,071
<b>Total</b>	<b>256,572</b>	<b>404,536</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	15,662
Indirect loans granted to subsidiaries and associates	-	-
<b>Total</b>	<b>1,128</b>	<b>15,662</b>

**i. Specific provisions provided against loans:**

Specific provisions	Current Period	Prior Period
Loans and receivables with limited collectability	3	96
Loans and receivables with doubtful collectability	208	499
Uncollectible loans and receivables	7,890	7,548
<b>Total</b>	<b>8,101</b>	<b>8,143</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:**

The non-performing loans which are restructured or rescheduled by the Bank is amounting to TL 11 as of the balance sheet date (December 31, 2010 – 1,398).

**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	1,921	3,993	12,153
Additions (+)	1,837	4	439
Transfers from other categories of non-performing loans (+)	-	1,795	3,992
Transfers to other categories of non-performing loans (-)	(1,795)	(3,992)	-
Collections (-)	(1,950)	(136)	(3,696)
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance	13	1,664	12,888
Specific provision (-)	(3)	(208)	(7,890)
Net Balances on Balance Sheet	10	1,456	4,998

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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
Current Period:			
Balance of the end of the period	-	-	4,063
Specific Provision (-)	-	-	(4,063)
Net Balance at Balance Sheet	-	-	-
Prior Period			
Balance of the end of the period	-	-	3,998
Specific Provision (-)	-	-	(3,998)
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
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	13	1,664	12,188
Specific Provision (-)	(3)	(208)	(7,890)
Loans to Real Persons and Legal Entities (Net)	10	1,456	4,998
Banks (Gross)	-	-	-
Specific Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	1,921	3,993	12,153
Specific Provision (-)	(96)	(499)	(7,548)
Loans to Real Persons and Legal Entities (Net)	1,825	3,494	4,605
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.

**1. 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	4,970	2,160	252	761	8,143
Charge for the period	480	508	60	-	1,048
Collections	334	704	52	-	1,090
Amounts written off	-	-	-	-	-
Accrued interest of impaired loans and other receivables	-	-	-	-	-
<b>Balance at December 31, 2011</b>	<b>5,116</b>	<b>1,964</b>	<b>260</b>	<b>761</b>	<b>8,101</b>

Prior Period	Corporate	SME	Consumer	Other	Total
January 1, 2011	4,951	2,347	178	761	8,237
Charge for the period	483	479	103	-	1,065
Collections	464	666	29	-	1,159
Amounts written off	-	-	-	-	-
Accrued interest of impaired loans and other receivables	-	-	-	-	-
<b>Balance at December 31, 2011</b>	<b>4,970</b>	<b>2,160</b>	<b>252</b>	<b>761</b>	<b>8,143</b>

Current 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>

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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	12,055	12,055
Cash Reserve	-	-
Vehicle Hostage	-	-
Other	-	-
Unsecured loans	-	6,012
Interest and income accruals and rediscounts	-	-
<b>Total</b>	<b>12,055</b>	<b>18,067</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
Loans and receivables				
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>

Prior Period	Less than 30 days	31-60 days	61-90 days	Total
Loans and receivables				
Commercial lending	-	-	-	-
Consumer lending	190	2	-	192
Credit cards	-	-	-	-
Other	178	-	-	178
<b>Total</b>	<b>368</b>	<b>2</b>	<b>-</b>	<b>370</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	-	-	-	-	126	57	183
2	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126</b>	<b>57</b>	<b>183</b>

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

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

- Information on held-to-maturity investments given as collateral or blocked or subject to repurchase agreements: None ( December 31, 2010 : None )
- Information on held to maturity debt securities: None (December 31,2010 : None )
- Information on held to maturity investments : None (December 31,2010 : None )
- The movement of held-to-maturity investments in the current year : None (December 31,2010 : None )

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

The Bank has no associate as of the balance sheet date (December 31, 2010: None).

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

- 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	45,132	14,594	298	2,116	169	1,823	2.653	-
2	12,362	10,197	27	1,173	-	471	(648)	-
3	40,631	8,231	120	7,060	-	575	(245)	-

(\*)Represents the amounts in the financial statements as of December 31, 2011.

- Information on consolidated subsidiaries

	Current Period	Prior Period
Balance at the beginning of the period	25,768	25,768
Movements during the period	-	-
Purchases	5,000	-
Bonus shares obtained	-	-
Share in current year income	-	-
Sales	-	-
Revaluation increase	-	-
Provision for impairment	-	-
Balance at the end of the period	30,768	25,768
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 7 October 2011. The payment is made on 30 December 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 8 December 2011. The payment is made on 30 December 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	5,000
Leasing Companies / Turkish Finansal Kiralama A.Ş.	10,000	10,000
Financing Companies	-	-
Other Consolidated Subsidiaries / Turkish Yatırım A.Ş.	13,268	10,768
<b>Total</b>	<b>30,768</b>	<b>25,768</b>

**d. Consolidated subsidiaries quoted on the stock exchange: None (December 31, 2010: None).**

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

As of the balance sheet date there is no entity under common control (December 31, 2010: None ).

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

**10. Information on finance lease receivables (Net):** None (December 31, 2010: None )

**11. Information on derivative financial assets for hedging purposes:** None (December 31, 2010 : None )

**12. Information on tangible assets (Net)**

Current Period	Land and Buildings	Vehicles	Other Tangible Asset	Leased Tangible Assets	Total
<u>Cost</u>					
Opening balance January 1, 2011	13,257	318	8,268	944	22,787
Additions	-	-	460	133	593
Disposals	-	-	-	-	-
Closing Balance December 31, 2011	13,257	318	8,728	1,077	23,380
<u>Accumulated Depreciation</u>					
Opening balance January 1, 2011	5,607	282	5,391	640	11,920
Depreciation charge for the period	265	7	967	299	1,538
Disposals	-	-	-	-	-
Closing Balance December 31, 2011	5,872	289	6,358	939	13,458
<b>Net Book Value as of December 31, 2011</b>	<b>7,385</b>	<b>29</b>	<b>2,370</b>	<b>138</b>	<b>9,922</b>

Prior Period	Land and Buildings	Vehicles	Other Tangible Asset	Leased Tangible Assets	Total
<u>Cost</u>					
Opening balance January 1, 2010	13,257	397	8,329	944	22,927
Additions	-	36	248	-	284
Disposals	-	(115)	(309)	-	(424)
Closing Balance December 31, 2010	13,257	318	8,268	944	22,787
<u>Accumulated Depreciation</u>					
Opening balance January 1, 2010	5,342	389	4,333	435	10,499
Depreciation charge for the period	265	8	1,222	205	1,700
Disposals	-	(115)	(164)	-	(279)
Closing Balance December 31, 2010	5,607	282	5,391	640	11,920
<b>Net Book Value as of December 31, 2010</b>	<b>7,650</b>	<b>36</b>	<b>2,877</b>	<b>304</b>	<b>10,867</b>

- a. The impairment provision set or cancelled in the current period according to an asset: None (December 31, 2010: None).

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

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

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

<b>Current Period</b>	<b>Computer Software</b>	<b>Total</b>
<b>Cost</b>		
January 1, 2011 Beginning	2,261	2,261
Additions	752	752
Disposals	-	-
December 31, 2011 Ending Balance	3,013	3,013
<b>Accumulated Depreciation</b>		
January 1, 2011 Beginning Balance	1,810	1,810
Amortization	300	300
Disposals	-	-
December 31, 2011 Ending Balance	2,110	2,110
<b>December 31, 2011 Net Book Value</b>	<b>903</b>	<b>903</b>

<b>Prior Period</b>	<b>Computer Software</b>	<b>Total</b>
<b>Cost</b>		
January 1, 2010 Beginning	2,095	2,095
Additions	167	167
Disposals	(1)	(1)
December 31, 2010 Ending Balance	2,261	2,261
<b>Accumulated Depreciation</b>		
January 1, 2010 Beginning Balance	1,491	1,491
Amortization	319	319
Disposals	-	-
December 31, 2010 Ending Balance	1,810	1,810
<b>December 31, 2010 Net Book Value</b>	<b>451</b>	<b>451</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, 2010: 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, 2010: None )
- d. Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None ( December 31, 2010 : None )
- e. The book value of intangible fixed assets that are pledged or restricted for use: None (December 31, 2010: None)
- f. Information on revalued intangible assets according to their types: None. (December 31, 2010 : None )

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

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

- g. Information on revalued intangible assets according to their types: None (December 31, 2010: None).
- h. Amount of total research and development expenses recorded in income statement within the period if any: None (December 31, 2010 : None )
- i. Positive or negative consolidation goodwill on entity basis: None (December 31, 2010 : None )
- j. Information on goodwill: None (December 31, 2010 : None )
- k. Movements on goodwill in the current period: None (December 31, 2010 : None )
- l. Movements on negative goodwill in the current period : None (December 31, 2010 : None )

**14. Information on investment property: None (December 31, 2010: None)**

**15. Explanations on deferred tax asset**

**a. Deferred Tax Asset Amount As of Deductable 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	470	94	387	77
Differences for Economic Life of Tangible Assets	936	187	847	169
Expense accruals on derivatives	23	5	414	83
Income accruals on derivatives	(573)	(115)	(2,206)	(441)
Valuation differences of available for sale financial instruments (FC)	1,819	364	165	33
Carried forward tax losses	1,905	381	30	6
Total deferred tax asset / (Liability)	-	916	-	(73)
Valuation differences of available for sale financial instruments (TL)	-	654	-	(310)

(\*) TL 654 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 2010: TL 310).

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

- 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, 2010: None )
- c. Allowance for deferred tax assets and deferred tax assets resulting from the reversal of the allowance: None (December 31, 2010 : None )
- 16. **Information on assets held for sale and discontinued operations:** None (December 31, 2010: None).
- 17. **Information on other assets**
  - a) Breakdown of other assets

	Current Period	Prior Period
Cash Advances Given	472	395
Prepaid Rent Expenses	183	144
Office supply inventory	71	50
Clearance Account	9,679	9,901
Assets for sale	74	484
Other	1,579	1,581
<b>TOTAL</b>	<b>12,058</b>	<b>12,555</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, 2010: 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**

<b>Current Period</b>	<b>Demand</b>	<b>7 Day Call Accounts</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6 Month-1 Year</b>	<b>1 Year and Over</b>	<b>Accumulated Deposits</b>	<b>Total</b>
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>

<b>Prior Period</b>	<b>Demand</b>	<b>7 Day Call Accounts</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6 Month-1 Year</b>	<b>1 Year and Over</b>	<b>Accumulated Deposits</b>	<b>Total</b>
Saving deposits	8,733	-	22,870	114,542	1,693	251	574	-	148,663
Foreign currency deposits	16,168	-	21,731	108,402	8,307	12,320	2,304	-	169,232
Residents in Turkey	15,527	-	21,474	103,962	8,252	12,178	397	-	161,790
Residents abroad	641	-	257	4,440	55	142	1,907	-	7,442
Public sector deposits	1,394	-	-	-	-	-	-	-	1,394
Commercial deposits	5,910	-	13,838	14,404	12	-	-	-	34,164
Other institutions deposits	329	-	158	3,790	-	-	-	-	4,277
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	76,153	-	141,290	63,254	4,612	-	-	-	285,309
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	75,754	-	140,122	58,417	-	-	-	-	274,293
Foreign Banks	399	-	1,168	4,837	4,612	-	-	-	11,016
Special finance houses	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>108,687</b>	<b>-</b>	<b>199,887</b>	<b>304,392</b>	<b>14,624</b>	<b>12,571</b>	<b>2,878</b>	<b>-</b>	<b>643,039</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	54,205	49,586	126,997	99,076
Foreign currency saving deposits	21,628	22,182	106,150	97,686
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>75,833</b>	<b>71,768</b>	<b>233,147</b>	<b>196,762</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, 2010: 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	3,297	4,053
Deposits of chairman and members of the Board of Directors and their close families	1,882	2,781
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

	Current Period		Prior Period	
	TL	FC	TL	FC
Derivative Financial Liabilities				
Forward Transactions	-	23	-	6
Swap Transactions	-	-	-	408
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>23</b>	<b>-</b>	<b>414</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	612	-	517	-
From Foreign Banks, Institutions and Funds	5,052	140,152	90,901	68,828
<b>Total</b>	<b>5,664</b>	<b>140,152</b>	<b>91,418</b>	<b>68,828</b>

As of December 31, 2011 the Bank has borrowings from its related parties amounting to TL 145,204 (December 31, 2010: TL 158,167).

b. Maturity analysis of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short Term	5.664	140.152	91.418	68.828
Medium and Long Term	-	-	-	-
<b>Total</b>	<b>5.664</b>	<b>140.152</b>	<b>91.418</b>	<b>68.828</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	29,350	-	52,090	-
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>29,350</b>	<b>-</b>	<b>52,090</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, 2010 – 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, 2010: 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	381	349	-	-
<b>Total</b>	<b>381</b>	<b>349</b>	<b>-</b>	<b>-</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 2,925.

- e. Explanations on the lessor and lessee in sale and lease back transactions, agreement conditions, and major agreement terms: None (December 31, 2010: None)

**7. Information on derivative financial liabilities for hedging purposes: None (December 31, 2010: 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	1,828	739
Provisions for Second Group Loans and Receivables	23	33
Provisions for Non-Cash Loans	258	141
Other	-	-
<b>Total</b>	<b>2,109</b>	<b>913</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: None (December 31, 2010: TL 2).

**c. The specific provisions provided for unindemnified non cash loans**

The specific provisions provided for unindemnified non cash loans amount to TL 822 on the balance sheet. (December 31, 2010: TL 644).

**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 2,731.85 (2010: full TL 2,517.01) for each period of service at 31 December 2011.

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 December 31, 2011, 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 10% and real discount rate of approximately 4.66% (December 31, 2010: 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)**

d. Movement of employee termination benefits

	Current Period	Prior Period
As of January 1	342	245
Benefits paid	(193)	(290)
Service Cost	225	373
Interest Cost	16	14
<b>Total</b>	<b>390</b>	<b>342</b>

The bank accrues provisions for unused vacations as well as employee severance provisions. As of December 31, 2011, the bank accrued TL 80 for unused vacations (December 31, 2010: TL 45).

e. Information on other provisions

e.1 Provisions for possible losses: None (December 31, 2010: None).

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

Other provisions amounting to TL 938 (December 31, 2010: TL 657) consist of provisions for the changes in exchange rates of foreign exchange indexed loans and principles of leasing receivables amounting to TL 0 (December 31, 2010: TL 2), provisions for unindemnified non-cash loans amounting to TL 822 (December 31, 2010: TL 644) and other provisions amounting to TL 116 (December 31, 2010: TL 11).

f. Liabilities on pension rights: None (December 31, 2010: None).

f.1 Liabilities for pension funds established in accordance with "Social Security Institution": None (December 31, 2010: None).

f.2 Liabilities resulting from all kinds of pension funds, foundations etc. which provide post-retirement benefits for the employees: None (December 31, 2010: None).

**9. Explanations on taxes payable**

a1 Information on current tax liability

	Current Period	Prior Period
Taxation on Securities	348	209
Property Tax	-	-
Banking Insurance Transaction Tax (BITT)	343	226
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	101	11
Other	402	306
<b>Total</b>	<b>1,194</b>	<b>752</b>

a.2 Information on Premiums

	Current Period	Prior Period
Social Security Premiums-Employee	110	92
Social Security Premiums-Employer	131	114
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	7	5
Unemployment Insurance-Employer	14	12
Other	-	-
<b>TOTAL</b>	<b>262</b>	<b>223</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, 2010: 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, 2010: 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, 2010: None).

d) Information on share capital increases from revaluation funds: None. (December 31, 2010: 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, 2010: 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	(1,136)	(1,480)	1,179	(57)
Foreign Exchange Difference	-	-	-	-
<b>TOTAL</b>	<b>(1,136)</b>	<b>(1,480)</b>	<b>1,179</b>	<b>(57)</b>

**13. Information on legal reserves**

	Current Period	Prior Period
First Legal Reserves	2,010	1,842
Second Legal Reserves	490	490
Other Legal Reserves appropriated in accordance with special legislation	-	-
<b>TOTAL</b>	<b>2,500</b>	<b>2,332</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	479	479
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
<b>TOTAL</b>	<b>479</b>	<b>479</b>

**15. Other Information on Shareholders' Equity:**

**The movement of the marketable securities valuation differences is as follows:**

	Current Period	Prior Period
As at January 1	1,122	359
Net unrealized gains on available for sale investments	(1,489)	1,099
Realized gains on available for sale investments recycled to income statement on disposal	(1,314)	(145)
Realized losses on available for sale investments recycled to income statement on disposal and impairment	-	-
Tax effect of net gains on available for sale investments	(935)	(191)
Unrealized gains / (losses) on cash flow hedges	-	-
Gains / (losses) on cash flow hedges recycled to income statement	-	-
Tax effect of gains on cash flow hedges	-	-
<b>As at December 31</b>	<b>(2,616)</b>	<b>1,122</b>

**16. Information on minority shares: None (December 31, 2010 – 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 16,896 (December 31, 2010: TL 15,315), payment commitments for checks are TL 7,382 (December 31, 2010: TL 6,931).

**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	111,788	65,181
Letters of Guarantee	-	2,803
Other Commitments and contingencies	2,097	26,735
Bank Acceptances	-	-
<b>TOTAL</b>	<b>113,885</b>	<b>94,719</b>

**b.2 Guarantees, suretyships, and similar transactions:**

As of the date of balance sheet, letters of guarantee balance is TL 111,788 (December 31, 2010: TL 65,181).

	Current Period	Prior Period
Guarantee Letters	67,354	44,882
Temporary Guarantee Letters	401	874
Surety and similar transactions	44,033	19,425
<b>TOTAL</b>	<b>111,788</b>	<b>65,181</b>

**c.1 Total amount of non-cash loans:**

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	30,555	40,168
With maturity of 1 year or less than 1 year	-	-
With maturity of more than 1 year	30,555	40,168
Other non-cash loans	83,330	54,551
<b>TOTAL</b>	<b>113,885</b>	<b>94,719</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	(%)
Agricultural	1,499	4.81	-	-	599	1.79	-	-
Farming and raising livestock	1,499	4.81	-	-	599	1.79	-	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Manufacturing	3,030	9.73	21,906	26.48	2,947	8.81	25,913	42.30
Mining	-	-	-	-	-	-	-	-
Production	3,030	9.73	21,906	26.48	2,947	8.81	25,913	42.30
Electric, gas and water	-	-	-	-	-	-	-	-
Construction	2,151	6.90	32,735	39.57	3,466	10.36	2,568	4.19
Services	24,178	77.62	28,092	33.95	26,027	77.81	30,717	50.14
Wholesale and retail trade	797	2.56	41	0.05	1,556	4.65	365	0.60
Hotel, food and beverage services	816	2.62	11,503	13.90	698	2.09	12,218	19.94
Transportation and telecommunication	1,451	4.66	2,311	2.79	1,138	3.40	3,084	5.03
Financial institutions	20,781	66.71	8,308	10.04	22,138	66.18	9,832	16.05
Real estate and renting services	-	-	-	-	-	-	-	-
Self-employment services	333	1.07	438	0.53	465	1.39	766	1.25
Education services	-	-	-	-	-	-	-	-
Health and social services	-	-	5,491	6.64	32	0.10	4,452	7.27
Other	294	0.94	-	-	413	1.23	2,069	3.37
<b>TOTAL</b>	<b>31,152</b>	<b>100.00</b>	<b>82,733</b>	<b>100.00</b>	<b>33,452</b>	<b>100.00</b>	<b>61,267</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
Non-cash loans				
Letters of guarantee	30,974	75,729	178	4,907
Bank acceptances	-	-	-	-
Letters of credit	-	-	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	-	2,097	-	-
<b>Total</b>	<b>30,974</b>	<b>77,826</b>	<b>178</b>	<b>4,907</b>

The Bank provided a provision of TL 30 (December 31, 2010: None) for the cheque commitments of non-performing loan customers and TL 822 (December 31, 2010: TL 644) 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)	114,086	473,892
Forward transactions	71,719	8,311
Swap transactions	42,367	465,581
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>114,086</b>	<b>473,892</b>
Types of hedging transactions	-	-
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>114,086</b>	<b>473,892</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
Current Period				
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>

	Forward Purchase	Forward Sale	Swap Purchase	Swap Sale
Prior Period				
TL	670	-	1,630	75,961
USD	2,124	1,832	136,943	85,868
EURO	409	1,127	23,770	3,688
Other	955	1,194	71,249	66,472
<b>Total</b>	<b>4,158</b>	<b>4,153</b>	<b>233,592</b>	<b>231,989</b>

Fair value hedge accounting: None (December 31, 2010: None)

Cash flow hedge accounting: None (December 31, 2010: None)

**3. Explanations on contingent liabilities and assets: None (December 31, 2010: None).**

**4. Custodian and intermediary services:**

The Bank provides custody services in the name and account of its customers. TL 110,153 (December 31, 2010: TL 114,513) 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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**V. 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	25,207	694	14,855	959
Medium and long term loans	2,140	5,693	1,984	6,755
Interest on non-performing loans	862	-	69	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
<b>TOTAL</b>	<b>28,209</b>	<b>6,387</b>	<b>16,908</b>	<b>7,714</b>

(\*) Includes fees and commissions obtained from cash loans amounting to TL 801 (December 31, 2010: TL 556).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	4,694	5,044	15,210	249
Foreign banks	264	68	1,576	255
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>4,958</b>	<b>5,112</b>	<b>16,786</b>	<b>504</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	5,103	1,367	4,867	1,805
Held-to-maturity securities	-	-	-	-
<b>Total</b>	<b>5,103</b>	<b>1,367</b>	<b>4,867</b>	<b>1,805</b>

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	688	400

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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	62	-	1,627	62
Foreign banks	250	334	263	54
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
<b>Total</b>	<b>312</b>	<b>334</b>	<b>1,890</b>	<b>116</b>

**b. Information on interest expense to associates and subsidiaries**

	Current Period	Prior Period
Interest expenses to associates and subsidiaries	287	60

**c. Information on interest expenses to marketable securities issued: None (December 31, 2010: None).**

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

Account Name	Demand Deposits	Time Deposits						Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Acc. Deposits	
TL	-	-	-	-	-	-	-	-
Bank deposits	-	4,262	-	-	-	-	-	4,262
Saving deposits	-	774	11,577	454	13	43	-	12,861
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	116	1,159	109	-	-	-	1,384
Other deposits	-	115	969	48	-	-	-	1,132
7 days call accounts	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>5,267</b>	<b>13,705</b>	<b>611</b>	<b>13</b>	<b>43</b>	-	<b>19,639</b>
FC	-	-	-	-	-	-	-	-
Foreign currency deposits	-	483	3,617	468	104	455	-	5,127
Bank deposits	-	25	-	-	-	-	-	25
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>TOTAL</b>	-	<b>508</b>	<b>3,617</b>	<b>468</b>	<b>104</b>	<b>455</b>	-	<b>5,152</b>
<b>GRAND TOTAL</b>	-	<b>5,775</b>	<b>17,322</b>	<b>1,079</b>	<b>117</b>	<b>498</b>	-	<b>24,791</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 (*)	2,025	1,571
<b>TOTAL</b>	<b>2,025</b>	<b>1,571</b>

(\*) The Bank has received dividends from its subsidiary Turkish Yatırım A.Ş. amounting to TL 2,025 in the current period (2010: TL 1,571 from Turkish Yatırım A.Ş.).

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

	Current Period	Prior Period
<b>Income</b>	<b>221,399</b>	<b>118,176</b>
Gains on capital market operations	1,419	2,496
Gains on derivative financial instruments(*)	25,581	2,641
Foreign exchange gains	194,399	113,039
<b>Losses (-)</b>	<b>217,511</b>	<b>118,524</b>
Losses on capital market operations	-	270
Losses on derivative financial instruments(*)	32,370	688
Foreign exchange losses	185,141	117,566

(\*) Prior period balances contain only the year end accruals and VOB transactions. The derivative transactions realized in the prior year are accounted for in foreign exchange gains and losses.

**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	717	1,489
III. Group Loans and Receivables	89	303
IV. Group Loans and Receivables	135	336
V. Group Loans and Receivables	493	850
General provision expenses	1,196	10
Provision expenses for possible losses	-	-
Marketable securities impairment losses	47	126
Financial assets at fair value through profit and loss	-	-
Investment securities available for sale	47	126
Impairment provision expense	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control (Joint Vent.)	-	-
Investments held to maturity	-	-
Other	471	9
<b>Total</b>	<b>2,431</b>	<b>1,634</b>

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**7. Information on other operating expenses**

	Current Period	Prior Period
Personnel expenses	16,144	14,023
Reserve for employee termination benefits	83	387
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	1,538	1,700
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	300	319
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	7,886	7,521
Other operating expenses	2,882	2,932
Rent expenses	200	160
Maintenance expenses	143	61
Advertisement expenses	4,661	4,368
Other expenses	-	25
Loss on sales of assets	4,370	3,610
Other (*)	30,321	27,585

(\*) Other operating expenses contain TL 457 (2010: TL 427) of premiums paid to the Saving Deposit Insurance Fund, TL 311 (2010: TL 226) of taxes and duties paid on Banking And Insurance Transactions and TL 1,365 (2010: TL 1,363) 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 and commission income amounting to TL 23,584 (December 31, 2010 - TL 26,186) and TL 1,634 (December 31, 2010 - TL 2,214) respectively; while operating expenses are TL 30,321 (December 31, 2010 - TL 27,585).

**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 December 31, 2011, the current tax charge: None (December 31, 2010: None.) and deferred tax benefit is TL 53 (December 31, 2010: Deferred tax charge TL 239).

**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 TL 375 (2010: TL 6) of deferred tax income in its income statement and no tax exemptions or deduction exist (2010: None).

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

The Bank's net profit from continued operations for the year ended December 31, 2011 is TL 691 (December 31, 2010 - TL 3,357).

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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 (December 31, 2010 – None).
- b. Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (December 31, 2010 – None).
- c. Profit or loss attributable to minority shares: None (December 31, 2010 – 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	146	174
Information commissions	36	41
Fees and commissions from correspondents	73	113
Expertise commissions	32	41
Customer referral and fund purchase-sale commissions	460	748
Safe deposit box commissions	78	59
Other	349	292
<b>Total</b>	<b>1,174</b>	<b>1,468</b>

	Current Period	Prior Period
<u>Other fees and commissions given</u>		
Commissions and fees paid to correspondent banks	134	114
Settlement commissions	55	79
Credit cards commissions and fees	726	435
Other	160	131
<b>Total</b>	<b>1,075</b>	<b>759</b>

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**V. Explanations and Disclosures Related to Statement of Shareholders' Equity Movement**

1. Decrease resulting from revaluation of financial assets available for sale is TL 3,738 (December 31, 2010: TL 763 increase)
2. Increase in cash flow risk hedging items: None (December 31, 2010 : None)
3. The reconciliation related with foreign exchange amounts in the beginning and end of the period: None. (December 31, 2010 : None)
4. Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements: None (December 31, 2010: None)
5. Dividends per share proposed subsequent to the balance sheet date : None (December 31, 2010: None)
6. Proposals to General Assembly for the payment dates of dividends and if it will not be appropriated the reasons for this: None (December 31, 2010 : None)
7. Amounts transferred to legal reserves: TL 168 in the year 2011 ( December 31, 2010: TL 58)
8. Information on shares issued:

The shares issued during the capital increase on January 29, 2008 are premium shares. TL 37,448 is accounted under "shares premium" under equity which is the difference between the TL equivalent of the US Dollars 40,000,000, calculated using the TRCB buying rate, paid by National Bank of Kuwait on the same date with the capital increase and TL 10,000.

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**VI. Explanations and Disclosures Related to Statement of Cash Flows**

**1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents:**

“Other” items in “Operating profit before changes in operating assets and liabilities” amounting to (-) TL 47,530 (December 31, 2010 (-) TL 23,925) in “Operating profit before changes in operating assets and liabilities” consists of fees and commissions paid and other expenses except for personnel expenses, leasing expenses, reserve for employee termination benefits, depreciation charges and taxes paid.

“Net increase/decrease in other liabilities” in “Changes in operating assets and liabilities” amounting to TL 1,200 (December 31, 2010 TL 10,658) consists of changes in sundry creditors, other liabilities and interbank money market borrowings.

**2. Cash and cash equivalents at beginning and end of periods**

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the cash flow statement:

Beginning of the period	Current Period	Prior Period
<b>Cash</b>	16,475	19,201
Cash in TL/Foreign Currency	5,761	5,844
Central Bank – Unrestricted amount	6,195	8,505
Demand deposits in Banks	4,519	4,852
<b>Cash equivalents</b>	420,897	611,307
Credits from money market within banks	-	24,300
Fixed term deposit-(less than 3 months)	420,897	587,007
<b>Total cash and cash equivalents</b>	<b>437,372</b>	<b>630,508</b>

End of the Period	Current Period	Prior Period
<b>Cash</b>	43,090	16,475
Cash in TL/Foreign Currency	6,870	5,761
Central Bank – Unrestricted amount	30,652	6,195
Demand deposits in Banks	5,568	4,519
<b>Cash equivalents</b>	429,558	420,897
Credits from money market within banks	31,160	-
Fixed term deposit-(less than 3 months)	398,398	420,897
<b>Total cash and cash equivalents</b>	<b>472,648</b>	<b>437,372</b>

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

**1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit 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	
	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	688	31	-	-	-	-

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

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	12,532	3,031	6	-	1,767	158
Balance at end of period (*)	15,662	3,555	4	105	771	1,067
Interest and commission income received	400	19	-	-	74	55

(\*)Period end balance includes foreign bank placement amounting to TL 771.

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	11,242	3,923	3,177	3,927	6,005	99,175
Balance at end of period	13,483	11,242	3,073	3,177	5,365	6,005
Interest on deposits	287	60	312	165	485	418

(\*\*) There are borrowings from related parties amounting to TL 145,204 (December 31, 2010: TL 158,181), besides the deposits.

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	-	-	-	-	137,065	119,910
Balance at end of period	3,982	-	-	-	-	137,065
<b>Total Profit/(Loss)</b>	141	-	-	-	(568)	-
<b>Transactions for Hedging</b>						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
<b>Total Profit/(Loss)</b>	-	-	-	-	-	-

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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	2,089	0.79
Non-cash loans	5,297	4.74
Deposit	21,921	3.99
Derivative Transactions	3,982	9.40

- 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, 2010: 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 349 as of December 31, 2011.(December 31, 2010: None)

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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**VIII. Explanations on the Bank's Domestic Branches, Agencies and Branches Abroad and Off-shore Branches**

**1. Explanations on the Bank's domestic branches, agencies and branches abroad and off-shore branches:**

	Number	Employees			
Domestic Branches	20	284			
			Country		
Rep-offices abroad	-	-			
				Total Assets	Capital
Branches abroad	-	-	-	-	-
Off- Shore Branches	-	-	-	-	-

**2. Explanations on Branch and Agency Openings or Closings of the Bank**

The Bank closed Mega Center Branch in 2011.

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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 2010, which are classified under Available for Sale Assets as of 31 December 2011, having a nominal value of TL 1,728,652 ( US \$ 906, 715) and a balance sheet amount of TL 146 Thousand has not been made and the creditors have been informed that there will be a restructuring plan for the bank payables due to the financial position by the Bank. The developments will be followed by the Bank management and will be evaluated 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".

**SECTION SEVEN**  
**INDEPENDENT AUDITORS' REPORT**

**I. Disclosure on independent auditors' report**

The unconsolidated financial statements of the Bank were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the independent auditor's report dated December 31, 2011 is presented preceding the financial statements.

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

None.