



(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish)

## **Tekstil Bankası Anonim Şirketi**

Consolidated Interim Financial Statements  
As at and for the Interim Period Ended  
30 September 2012  
With Independent Auditors' Review Report Thereon

Akis Bağımsız Denetim ve Serbest  
Muhasebeci Mali Müşavirlik  
Anonim Şirketi  
27 November 2012

*This report contains 1 page of  
independent auditors' review report  
and 61 pages of consolidated  
financial statements together with  
their explanatory notes.*



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

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

**INDEPENDENT AUDITORS' REVIEW REPORT**

**To the Board of Directors of Tekstil Bankası Anonim Şirketi:**

We have reviewed the consolidated financial statements of Tekstil Bankası Anonim Şirketi ("the Bank") and its subsidiary, which comprise the consolidated balance sheet as at 30 September 2012, and the consolidated statements of income, changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors, is to issue a report on these consolidated financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly the financial position of Tekstil Bankası Anonim Şirketi and its subsidiary as at 30 September 2012, and of the results of its operations and its cash flows for the nine-month period then ended in accordance with the accounting principles and standards that are based on the current regulations described in Article 37 and Article 38 of the (Turkish) Banking Law No 5411; and other communiqués, disclosures and directives announced by the Banking Regulation and Supervision Agency.

İstanbul,  
27 November 2012

Akis Bağımsız Denetim ve Serbest  
Muhasebeci Mali Müşavirlik Anonim Şirketi

Murat Alsan  
Partner

**Additional paragraph for convenience translation to English:**

As explained in Note 3.I, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

**TEKSTİL BANKASI A. Ş.**  
**CONSOLIDATED INTERIM FINANCIAL REPORT AS OF 30 SEPTEMBER 2012**

Address of the Bank's

Headquarters : Maslak Mah. Büyükdere Caddesi No: 247 34398 Şişli - İstanbul  
Telephone Number : (0212) 335 53 35  
Fax Number : (0212) 328 13 28  
Website of the Bank : www.tekstilbank.com.tr

The interim consolidated financial report prepared in accordance with the statement "Financial Statements and Related Disclosures and Footnotes to be Announced to Public" as required by the Banking Regulation and Supervision Agency (BRSA), is comprised of the following sections.

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS
- DISCLOSURES ON APPLIED ACCOUNTING POLICIES IN RELATED PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION OF THE CONSOLIDATED GROUP
- DISCLOSURES AND FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS
- INDEPENDENT AUDITOR'S REVIEW REPORT

The financial statements of the subsidiary “**Tekstil Yatırım Menkul Değerler A.Ş.**” is consolidated in this interim consolidated financial report.

The interim consolidated financial statements and related disclosures and footnotes that were subject to independent review, are prepared in accordance with the "Regulation on Accounting Principles and Documentations", Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements, and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying consolidated financial statements are presented in thousands of Turkish Lira.

Akgün TÜRER	İ.Sencan DEREBEYOĞLU	H.Çim GÜZELAYDINLI	Gülden AKDEMİR	M.Sercan ÇOBAN
Chairman of Board of Directors and Audit Committee	Member of Board of Directors and Audit Committee	Chief Executive Officer and Member of Board of Directors	Executive Vice President	Unit Manager

Contact information for questions on this financial report:

Name-Surname : M. Sercan Çoban  
Tel No : 0212 335 54 94  
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## SECTION ONE

### GENERAL INFORMATION

#### I. Parent Bank's date of establishment, beginning statute, its history including changes on its statute

Tekstil Bankası A.Ş. ("the Parent Bank") was established on 29 April 1986, to carry out all types of banking activities according to the Banking Law and later changes in the laws and regulations, with the permission of the Council of Ministers in accordance with the resolution numbered 85/9890 and dated 24 June 1985 and started its operations on 13 October 1986. "Articles of Association" of the Bank was published in the Official Gazette dated 31 January 1986. The statute of the Parent Bank was not changed since its establishment.

#### II. Capital structure, shareholders controlling the management and supervision of the Bank directly or indirectly, and if exists, changes on these issues and the Group that the Bank belongs to and information about the persons and institutions that have qualified shares in the Parent Bank

The capital of the Parent Bank is TL 420,000 as at 30 September 2012 and is fully paid. GSD Holding Anonim Şirketi ("GSD Holding") owns 75.50%, GSD Dış Ticaret Anonim Şirketi owns 1% and GSD Denizcilik Gayrimenkul İnşaat San. ve Tic. Anonim Şirketi owns 0.04% of the outstanding shares of the Bank. The Bank is a subsidiary of GSD Holding. Remaining shares have been listed on Istanbul Stock Exchange since 23 May 1990.

The ultimate business of GSD Holding, which was initially established as a foreign trade company in 1986 and became a holding company to build a more efficient corporate structure for GSD Group Companies in 1996, is management of assets. GSD Holding also aims to manage the growth of the Group, finance and invest in profitable businesses. GSD Holding's shares have been listed on Istanbul Stock Exchange since 11 November 1999. The nominal value of its shares is TL 250,000 as at 30 September 2012. A major portion of its shares are held by public.

Main operations of GSD Group Companies are;

<b>Banking:</b>	Tekstil Bankası A.Ş., GSD Yatırım Bankası A.Ş.
<b>Financial Services:</b>	Tekstil Factoring Hizmetleri A.Ş., Tekstil Yatırım Menkul Değerler A.Ş. ("Tekstil Yatırım")
<b>Other:</b>	GSD Denizcilik Gayrimenkul İnşaat San. ve Tic. A.Ş., GSD Reklam ve Halkla İlişkiler Hizmetleri A.Ş., GSD Dış Ticaret A.Ş., GSD Plan Proje Etüd A.Ş., GSD Gayrimenkul Yatırım ve Geliştirme A.Ş.

**III. President and members of the Board of Directors, audit committee members, general manager and executive vice presidents, and if exists, changes in these positions and Bank's shares they hold**

Title	Name	Job Description	Education
Chairman of the Board of Directors and Audit Committee:	Akgün TÜNER	Chairman of the Board of Directors and Audit Committee	Graduate
Member of Audit Committee:	İ.Sencan DEREBEYOĞLU	Member of Board of Directors and Audit Committee	Graduate
Member of Board of Directors:	İ. Sühan ÖZKAN	Vice Chairman of Board of Directors	Under-Graduate
	Anna GÖZÜBÜYÜKOĞLU(*)	Independent Member of B.O.D.	Under-Graduate
	Mehmet Sedat ÖZKANLI(*)	Independent Member of B.O.D.	Under-Graduate
General Manager:	H. Çim GÜZELAYDINLI	Chief Executive Officer and Member of Board of Directors	Graduate
Head of Board of Inspectors:	Senan DAĞAL(**)	President of Inspectors' Group	Under-Graduate
Executive Vice Presidents:	Ayperi G. URAS (***)	Information Technologies and Operations Group	Graduate
	Gülden AKDEMİR	Financial Control Group	Under-Graduate
	D.Halit DÖVER	International Relations Group	Graduate
	Bozok EVRENOSOĞLU	Loans Group	Under-Graduate
	Hüseyin H. İMECE	Treasury and Investors Relations Group	Under-Graduate
	Başbuğ Y. SAMANCIOĞLU	Corporate and Commercial Banking Group	Under-Graduate
Statutory Auditors:	Cezmi ÖZTÜRK (****)	Statutory Auditor	Under-Graduate
	Murat ATIM (****)	Statutory Auditor	Under-Graduate

(\*) Anna Gözübüyüköğlü and Mehmet Sedat Özkanlı were appointed as the Independent Members of Board of Directors in the Ordinary General Meeting held on 26 March 2012, replacing Cezmi Öztürk and Murat Atım.

(\*\*) Senan Dağal President of Inspectors' Group, has resigned in 19 November 2012, Selçuk İçten was appointed as President of Inspectors' Group.

(\*\*\*) Ümit Altınay, Executive Vice President of the Information Technologies and Operations Group, has resigned in January 2012. Ayperi G. Uras was appointed as the Executive Vice President of the Information Technologies and Operations Group in February 2012.

(\*\*\*\*) Cezmi Öztürk and Murat Atım were appointed as the Statutory Auditors in the Ordinary General Meeting held on 26 March 2012, replacing M. Sedat Özkanlı and Sedat Temeltaş.

These people mentioned above do not own any share of the Bank.

**IV. Type of services provided and the areas of operations of the Bank**

The operations of the Parent Bank consist of corporate and commercial banking services, fund management transactions (foreign currency, money market and securities trading), international banking services, retail banking services and credit card business. The Bank also operates, through its branches, as insurance agent of Sompo Japan Sigorta A.Ş., Aviva Sigorta A.Ş., Vakıf Emeklilik A.Ş. and Ergo Emeklilik ve Hayat A.Ş.

As at 30 September 2012, the Bank has 44 branches close to industrial zones of Turkey and a representative office in Berlin, Germany. The Bank has 870 employees as at 30 September 2012 (As at 31 December 2011 number of branches was 44, number of employees was 880).

The Parent Bank and its subsidiary, Tekstil Yatırım Menkul Değerler A.Ş. have been consolidated. The Parent Bank and its subsidiary are named as "the Group" as a whole.

**V. Other information**

Bank's Official Title	: Tekstil Bankası Anonim Şirketi
Reporting Period	: 1 January – 30 September 2012
Address of Bank's Headquarters	: Maslak Mah.Büyükdere Cad. No:247 34398 Şişli - İstanbul
Telephone number	: (0212) 335 53 35
Fax number	: (0212) 328 13 28
Bank's Internet Address	: <a href="http://www.tekstilbank.com.tr">www.tekstilbank.com.tr</a>
Reporting currency	: Thousands of Turkish Lira

**TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS (STATEMENTS OF FINANCIAL POSITION)**  
**AS AT 30 SEPTEMBER 2012 AND 31 DECEMBER 2011**  
(Currency: Thousands of TL - Turkish Lira)

Convenience Translation of  
Consolidated Financial Report  
Originally Issued in Turkish, See Note 3.1

ASSETS	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
		CURRENT PERIOD			PRIOR PERIOD		
		30/09/2012			31/12/2011		
		TL	FC	Total	TL	FC	Total
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK</b>	(5.1.1)	62,576	241,956	304,532	96,961	206,780	303,741
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>	(5.1.2)	3,104	2,033	5,137	22,820	3,005	25,825
2.1 Trading Securities		3,104	2,033	5,137	22,820	3,005	25,825
2.1.1 Public Sector Debt Securities		-	357	357	-	404	404
2.1.2 Share Certificates		390	-	390	375	-	375
2.1.3 Positive Value of Trading Derivatives		2,486	1,676	4,162	21,811	2,601	24,412
2.1.4 Other Securities		228	-	228	634	-	634
2.2 Financial Assets Designated at Fair Value		-	-	-	-	-	-
2.2.1 Public Sector Debt Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Securities		-	-	-	-	-	-
<b>III. BANKS</b>	(5.1.3)	5,113	78,429	83,542	10,162	97,380	107,542
<b>IV. INTERBANK MONEY MARKET</b>		8,600	-	8,600	-	-	-
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange Money Market Placements		8,600	-	8,600	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
<b>V. INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)</b>	(5.1.4)	302,579	7,310	309,889	327,145	23,073	350,218
5.1 Share Certificates		-	-	-	-	660	660
5.2 Public Sector Debt Securities		302,579	46	302,625	319,924	12,708	332,632
5.3 Other Securities		-	7,264	7,264	7,221	9,705	16,926
<b>VI. LOANS</b>	(5.1.5)	2,088,532	500,896	2,589,428	1,994,016	516,459	2,510,475
6.1 Loans		2,044,834	500,896	2,545,730	1,951,683	516,459	2,468,142
6.1.1 Loans Utilized to the Bank's Risk Group		2,021	81	2,102	45,858	75	45,933
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Others		2,042,813	500,815	2,543,628	1,905,825	516,384	2,422,209
6.2 Loans under Follow-Up		130,898	-	130,898	107,171	-	107,171
6.3 Specific Provisions (-)		87,200	-	87,200	64,838	-	64,838
<b>VII. FACTORING RECEIVABLES</b>		-	-	-	-	-	-
<b>VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net)</b>	(5.1.6)	-	-	-	-	-	-
8.1 Public Sector Debt Securities		-	-	-	-	-	-
8.2 Other Securities		-	-	-	-	-	-
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	(5.1.7)	1	-	1	1	-	1
9.1 Equity Method Associates		-	-	-	-	-	-
9.2 Unconsolidated Associates		1	-	1	1	-	1
9.2.1 Financial Associates		1	-	1	1	-	1
9.2.2 Non-Financial Associates		-	-	-	-	-	-
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	(5.1.8)	-	-	-	41	-	41
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	41	-	41
<b>XI. JOINT VENTURES (Net)</b>	(5.1.9)	-	-	-	-	-	-
11.1 Equity Method Joint Ventures		-	-	-	-	-	-
11.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
11.2.1 Financial Joint Ventures		-	-	-	-	-	-
11.2.2 Non-Financial Joint Ventures		-	-	-	-	-	-
<b>XII. LEASE RECEIVABLES (Net)</b>	(5.1.10)	-	-	-	-	-	-
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operational Lease Receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
<b>XIII. HEDGING DERIVATIVES</b>	(5.1.11)	-	-	-	-	-	-
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>		79,499	-	79,499	80,013	-	80,013
<b>XV. INTANGIBLE ASSETS (Net)</b>		1,693	-	1,693	1,532	-	1,532
15.1 Goodwill		-	-	-	-	-	-
15.2 Others		1,693	-	1,693	1,532	-	1,532
<b>XVI. INVESTMENT PROPERTY (Net)</b>	(5.1.12)	-	-	-	-	-	-
<b>XVII. TAX ASSETS</b>	(5.1.13)	3,849	-	3,849	4,718	-	4,718
17.1 Current Tax Assets		-	-	-	-	-	-
17.2 Deferred Tax Assets		3,849	-	3,849	4,718	-	4,718
<b>XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(5.1.14)	-	-	-	-	-	-
18.1 Held For Sale		-	-	-	-	-	-
18.2 Discontinued Operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	(5.1.15)	104,124	19,491	123,615	77,636	41,369	119,005
<b>TOTAL ASSETS</b>		2,659,670	850,115	3,509,785	2,615,045	888,066	3,503,111

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

**TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS (STATEMENTS OF FINANCIAL POSITION)**  
**AS AT 30 SEPTEMBER 2012 AND 31 DECEMBER 2011**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Consolidated Financial Report  
Originally Issued in Turkish, See Note 3.1*

LIABILITIES AND EQUITY	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
		CURRENT PERIOD			PRIOR PERIOD		
		30/09/2012			31/12/2011		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(5.II.1)	<b>1,508,644</b>	<b>937,666</b>	<b>2,446,310</b>	<b>1,354,673</b>	<b>1,101,882</b>	<b>2,456,555</b>
1.1 Deposits of the Bank's Risk Group		35,634	27,201	62,835	21,534	37,907	59,441
1.2 Others		1,473,010	910,465	2,383,475	1,333,139	1,063,975	2,397,114
<b>II. NEGATIVE VALUE OF TRADING DERIVATIVES</b>	(5.II.2)	<b>5,182</b>	<b>1,146</b>	<b>6,328</b>	<b>22,480</b>	<b>4,293</b>	<b>26,773</b>
<b>III. FUNDS BORROWED</b>	(5.II.3)	<b>40,338</b>	<b>206,214</b>	<b>246,552</b>	<b>36,812</b>	<b>204,927</b>	<b>241,739</b>
<b>IV. DUE TO MONEY MARKETS</b>		<b>61,011</b>	-	<b>61,011</b>	<b>126,255</b>	-	<b>126,255</b>
4.1 Interbank Money Market		-	-	-	-	-	-
4.2 Istanbul Stock Exchange		-	-	-	-	-	-
4.3 Obligations under Repurchase Agreements		61,011	-	61,011	126,255	-	126,255
<b>V. SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
<b>VI. FUNDS</b>		-	-	-	-	-	-
6.1 Bank Borrowers' Funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>		<b>11,363</b>	<b>76,094</b>	<b>87,457</b>	<b>5,874</b>	<b>2,752</b>	<b>8,626</b>
<b>VIII. OTHER EXTERNAL RESOURCES</b>	(5.II.4)	<b>63,423</b>	<b>8,110</b>	<b>71,533</b>	<b>72,785</b>	<b>9,101</b>	<b>81,886</b>
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X. LEASE PAYABLES (Net)</b>	(5.II.5)	-	-	-	-	-	-
10.1 Financial Lease Payables		-	-	-	-	-	-
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred Financial Leasing Expenses ( - )		-	-	-	-	-	-
<b>XI. HEDGING PURPOSE DERIVATIVES</b>	(5.II.6)	-	-	-	-	-	-
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(5.II.7)	<b>36,855</b>	-	<b>36,855</b>	<b>32,047</b>	-	<b>32,047</b>
12.1 General Provisions		22,591	-	22,591	20,191	-	20,191
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Benefits		7,847	-	7,847	6,172	-	6,172
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		6,417	-	6,417	5,684	-	5,684
<b>XIII. TAX LIABILITIES</b>	(5.II.8)	<b>9,980</b>	-	<b>9,980</b>	<b>11,440</b>	-	<b>11,440</b>
13.1 Current Tax Liability		9,980	-	9,980	11,440	-	11,440
13.2 Deferred Tax Liability		-	-	-	-	-	-
<b>XIV. PAYABLES RELATED TO HELD FOR SALE AND DISCONTINUED OPERATIONS</b>		-	-	-	-	-	-
14.1 Held For Sale		-	-	-	-	-	-
14.2 Discontinued Operations		-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>		-	-	-	-	-	-
<b>XVI. SHAREHOLDERS' EQUITY</b>	(5.II.9)	<b>543,756</b>	<b>3</b>	<b>543,759</b>	<b>516,920</b>	<b>870</b>	<b>517,790</b>
16.1 Paid-In Capital		420,000	-	420,000	420,000	-	420,000
16.2 Supplementary Capital		29,209	3	29,212	17,736	870	18,606
16.2.1 Share Premium		(814)	-	(814)	(814)	-	(814)
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Valuation Differences of Securities		11,184	3	11,187	(289)	870	581
16.2.4 Revaluation Fund on Tangible Assets		18,839	-	18,839	18,839	-	18,839
16.2.5 Revaluation Fund on Intangible Assets		-	-	-	-	-	-
16.2.6 Revaluation Fund on Investment Property		-	-	-	-	-	-
16.2.7 Capital Bonus of Associates, Subsidiaries and Joint Ventures		-	-	-	-	-	-
16.2.8 Hedging Funds (Effective Portion)		-	-	-	-	-	-
16.2.9 Revaluation Fund on Assets Held for Sale and Discontinued Operations		-	-	-	-	-	-
16.2.10 Other Supplementary Capital		-	-	-	-	-	-
16.3 Profit Reserves		79,184	-	79,184	54,558	-	54,558
16.3.1 Legal Reserves		7,110	-	7,110	5,830	-	5,830
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		72,074	-	72,074	48,728	-	48,728
16.3.4 Other Profit Reserves		-	-	-	-	-	-
16.4 Profit or Loss		15,363	-	15,363	24,626	-	24,626
16.4.1 Prior Periods' Profit or Loss		-	-	-	-	-	-
16.4.2 Current Period Profit or Loss		15,363	-	15,363	24,626	-	24,626
16.5 Minority Shares		-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>2,280,552</b>	<b>1,229,233</b>	<b>3,509,785</b>	<b>2,179,286</b>	<b>1,323,825</b>	<b>3,503,111</b>

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



**TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY**  
**CONSOLIDATED OFF BALANCE SHEET ITEMS STATEMENTS**  
**AS AT 30 SEPTEMBER 2012 AND 31 DECEMBER 2011**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Consolidated Financial Report  
Originally Issued in Turkish, See Note 3.1*

	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
		CURRENT PERIOD			PRIOR PERIOD		
		30/09/2012			31/12/2011		
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>1,240,494</b>	<b>1,497,090</b>	<b>2,737,584</b>	<b>1,779,779</b>	<b>2,329,008</b>	<b>4,108,787</b>
<b>I. GUARANTEES</b>	(5.IV.1)	<b>563,928</b>	<b>585,340</b>	<b>1,149,268</b>	<b>541,548</b>	<b>683,600</b>	<b>1,225,148</b>
1.1. Letters of Guarantee		562,990	302,298	865,288	540,963	346,745	887,708
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3. Other Letters of Guarantee		562,990	302,298	865,288	540,963	346,745	887,708
1.2. Bank Acceptances		-	1,414	1,414	-	7,041	7,041
1.2.1. Import Letter of Acceptance		-	1,414	1,414	-	7,041	7,041
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	220,310	220,310	-	303,685	303,685
1.3.1. Documentary Letters of Credit		-	155,241	155,241	-	189,100	189,100
1.3.2. Other Letters of Credit		-	65,069	65,069	-	114,585	114,585
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. Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7. Factoring Related Guarantees		-	-	-	-	-	-
1.8. Other Collaterals		938	61,318	62,256	585	26,129	26,714
1.9. Other Sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(5.IV.1)	<b>329,312</b>	<b>62,009</b>	<b>391,321</b>	<b>353,284</b>	<b>29,050</b>	<b>382,334</b>
2.1. Irrevocable Commitments		329,312	62,009	391,321	353,284	29,050	382,334
2.1.1. Asset Purchase and Sale Commitments		4,426	62,009	66,435	23,541	29,050	52,591
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		38,091	-	38,091	50,752	-	50,752
2.1.5. Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheque Payments		86,726	-	86,726	79,430	-	79,430
2.1.8. Tax and Fund Obligations from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		199,552	-	199,552	198,968	-	198,968
2.1.10. Commitments for Promotional Operations Re-Credit Cards and Banking Services		517	-	517	593	-	593
2.1.11. Receivables from "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.12. Payables for "Short" Sale Commitments On Securities		-	-	-	-	-	-
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>		<b>347,254</b>	<b>849,741</b>	<b>1,196,995</b>	<b>884,947</b>	<b>1,616,358</b>	<b>2,501,305</b>
3.1. Hedging Purpose Derivatives		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
3.2. Trading Purpose Derivatives		347,254	849,741	1,196,995	884,947	1,616,358	2,501,305
3.2.1. Forward Foreign Currency Purchases/Sales		19,895	100,770	120,665	176,316	229,793	406,109
3.2.1.1. Forward Foreign Currency Purchases		9,618	50,773	60,391	78,264	122,892	201,156
3.2.1.2. Forward Foreign Currency Sales		10,277	49,997	60,274	98,052	106,901	204,953
3.2.2. Currency and Interest Rate Swaps		178,474	500,646	679,120	267,529	667,652	935,181
3.2.2.1. Currency Swaps-Purchases		4,611	350,666	355,277	67,225	401,512	468,737
3.2.2.2. Currency Swaps-Sales		173,863	149,980	323,843	200,304	266,140	466,444
3.2.2.3. Interest Rate Swaps-Purchases		-	-	-	-	-	-
3.2.2.4. Interest Rate Swaps-Sales		-	-	-	-	-	-
3.2.3. Currency, Interest Rate and Security Options		148,885	214,465	363,350	441,102	718,913	1,160,015
3.2.3.1. Currency Options-Purchases		79,561	103,166	182,727	227,704	351,961	579,665
3.2.3.2. Currency Options-Sales		69,324	111,299	180,623	213,398	366,952	580,350
3.2.3.3. Interest Rate Options-Purchases		-	-	-	-	-	-
3.2.3.4. Interest Rate Options-Sales		-	-	-	-	-	-
3.2.3.5. Securities Options-Purchases		-	-	-	-	-	-
3.2.3.6. Securities Options-Sales		-	-	-	-	-	-
3.2.4. Currency Futures		-	-	-	-	-	-
3.2.4.1. Currency Futures-Purchases		-	-	-	-	-	-
3.2.4.2. Currency Futures-Sales		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Purchases		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sales		-	-	-	-	-	-
3.2.6. Others		-	33,860	33,860	-	-	-
<b>B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)</b>		<b>2,744,956</b>	<b>792,253</b>	<b>3,537,209</b>	<b>2,436,696</b>	<b>856,732</b>	<b>3,293,428</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>224,137</b>	<b>51,477</b>	<b>275,614</b>	<b>244,423</b>	<b>28,896</b>	<b>273,319</b>
4.1. Customers' Securities and Portfolios Held		-	-	-	-	-	-
4.2. Securities Held in Custody		138,565	8,161	146,726	149,571	9,485	159,056
4.3. Checks Received for Collection		57,687	2,183	59,870	65,180	11,518	76,698
4.4. Commercial Notes Received for Collection		16,209	20,823	37,032	18,038	3,945	21,983
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items under Custody		443	37	480	401	-	401
4.8. Custodians		11,233	20,273	31,506	11,233	3,948	15,181
<b>V. PLEDGED ITEMS</b>		<b>2,486,442</b>	<b>740,776</b>	<b>3,227,218</b>	<b>2,158,527</b>	<b>827,455</b>	<b>2,985,982</b>
5.1. Securities		11,048	-	11,048	8,915	-	8,915
5.2. Guarantee Notes		2,452	24,922	27,374	3,753	14,873	18,626
5.3. Commodities		86,315	53,581	139,896	65,882	42,428	108,310
5.4. Warrants		882	-	882	1,055	-	1,055
5.5. Immovables		1,703,770	574,244	2,278,014	1,469,709	675,997	2,145,706
5.6. Other Pledged Items		681,975	88,029	770,004	609,213	94,157	703,370
5.7. Pledged Items-Depository		-	-	-	-	-	-
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		<b>34,377</b>	<b>-</b>	<b>34,377</b>	<b>33,746</b>	<b>381</b>	<b>34,127</b>
<b>TOTAL OFF BALANCE SHEET ITEMS (A+B)</b>		<b>3,985,450</b>	<b>2,289,343</b>	<b>6,274,793</b>	<b>4,216,475</b>	<b>3,185,740</b>	<b>7,402,215</b>

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

**TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY**  
**CONSOLIDATED INCOME STATEMENTS**  
**FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2012 AND 2011**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Consolidated Financial Report  
Originally Issued in Turkish, See Note 3.1*

INCOME AND EXPENSE ITEMS	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA			
		CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
		(01/01/2012 - 30/09/2012)	(01/01/2011 - 30/09/2011)	(01/07/2012 - 30/09/2012)	(01/07/2011 - 30/09/2011)
<b>I. INTEREST INCOME</b>	(5.III.1)	<b>254,966</b>	<b>177,469</b>	<b>80,741</b>	<b>67,661</b>
1.1 Interest from Loans		226,279	158,647	77,016	61,426
1.2 Interest from Reserve Deposits		-	-	-	-
1.3 Interest from Banks		1,037	1,050	346	450
1.4 Interest from Money Market Transactions		152	-	75	-
1.5 Interest from Securities Portfolio		27,063	17,522	3,164	5,698
1.5.1 Trading Securities		15	18	5	7
1.5.2 Financial Assets at Fair Value Through Profit or Loss		-	-	-	-
1.5.3 Available for Sale Securities		27,048	17,504	3,159	5,691
1.5.4 Held to Maturity Securities		-	-	-	-
1.6 Interest from Financial Leases		-	-	-	-
1.7 Other Interest Income		435	250	140	87
<b>II. INTEREST EXPENSE</b>	(5.III.2)	<b>145,732</b>	<b>104,887</b>	<b>47,886</b>	<b>43,465</b>
2.1 Interest on Deposits		129,370	93,817	43,445	39,144
2.2 Interest on Funds Borrowed		7,196	4,354	2,610	2,264
2.3 Interest on Money Market Transactions		9,114	6,618	1,825	2,055
2.4 Interest on Securities Issued		-	-	-	-
2.5 Other Interest Expense		52	98	6	2
<b>III. NET INTEREST INCOME (I - II)</b>		<b>109,234</b>	<b>72,582</b>	<b>32,855</b>	<b>24,196</b>
<b>IV. NET FEE AND COMMISSION INCOME</b>		<b>13,151</b>	<b>14,377</b>	<b>4,240</b>	<b>4,462</b>
4.1 Fees and Commissions Received		16,258	17,358	5,202	5,409
4.1.1 Non-Cash Loans		8,085	8,011	2,515	2,875
4.1.2 Other		8,173	9,347	2,687	2,534
4.2 Fees and Commissions Paid		3,107	2,981	962	947
4.2.1 Non-Cash Loans		218	245	64	106
4.2.2 Other		2,889	2,736	898	841
<b>V. DIVIDEND INCOME</b>		<b>2</b>	<b>5</b>	<b>-</b>	<b>-</b>
<b>VI. TRADING INCOME/LOSS (Net)</b>	(5.III.3)	<b>128</b>	<b>12,167</b>	<b>1,677</b>	<b>3,141</b>
6.1 Profit / Loss on Trading Account Securities		9,044	8,228	4,054	1,927
6.2 Derivative Instruments Gain / Loss		(80,573)	9,928	(21,424)	(288)
6.3 Foreign Exchange Gain / Loss		71,657	(5,989)	19,047	1,502
<b>VII. OTHER OPERATING INCOME</b>	(5.III.4)	<b>13,204</b>	<b>14,866</b>	<b>3,204</b>	<b>4,083</b>
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>135,719</b>	<b>113,997</b>	<b>41,976</b>	<b>35,882</b>
<b>IX. IMPAIRMENT ON LOANS AND OTHER RECEIVABLES (-)</b>	(5.III.5)	<b>32,001</b>	<b>16,169</b>	<b>14,079</b>	<b>5,099</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	(5.III.6)	<b>84,056</b>	<b>76,483</b>	<b>27,615</b>	<b>25,423</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>19,662</b>	<b>21,345</b>	<b>282</b>	<b>5,360</b>
<b>XII. NEGATIVE GOODWILL</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XIII. PROFIT / LOSS FROM EQUITY METHOD INVESTMENTS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XV. P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>		<b>19,662</b>	<b>21,345</b>	<b>282</b>	<b>5,360</b>
<b>XVI. TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	(5.III.7)	<b>(4,299)</b>	<b>(3,805)</b>	<b>(309)</b>	<b>31</b>
16.1 Current Tax Provision		(3,174)	(4,197)	465	(757)
16.2 Deferred Tax Provision		(1,125)	392	(774)	788
<b>XVII. NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)</b>		<b>15,363</b>	<b>17,540</b>	<b>(27)</b>	<b>5,391</b>
<b>XVIII. PROFIT FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
18.1 Assets Held for Sale		-	-	-	-
18.2 Profit on Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
18.3 Others		-	-	-	-
<b>XIX. LOSS FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19.1 Assets Held for Sale		-	-	-	-
19.2 Loss on Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
19.3 Others		-	-	-	-
<b>XX. P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXI. TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)</b>	(5.III.7)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
21.1 Current Tax Provision		-	-	-	-
21.2 Deferred Tax Provision		-	-	-	-
<b>XXII. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>	(5.III.8)	<b>15,363</b>	<b>17,540</b>	<b>(27)</b>	<b>5,391</b>
23.1 Group's Profit / Loss		15,363	17,540	(27)	5,391
23.2 Minority Shares		-	-	-	-
Earnings / Losses per Share (Full TL)		0.0037	0.0042	(0.0000)	0.0013

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

PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY	THOUSANDS OF TURKISH LIRA			
	CURRENT PERIOD (01/01/2012 - 30/09/2012)	PRIOR PERIOD (01/01/2011 - 30/09/2011)	CURRENT PERIOD (01/07/2012 - 30/09/2012)	PRIOR PERIOD (01/07/2011 - 30/09/2011)
I. ADDITIONS TO VALUATION DIFF. ON SECURITIES FROM AVAILABLE FOR SALE INVESTMENTS	13,252	(5,126)	9,845	(461)
II. REVALUATION ON TANGIBLE ASSETS	-	-	-	-
III. REVALUATION ON INTANGIBLE ASSETS	-	-	-	-
IV. FOREIGN EXCHANGE DIFFERENCES	-	-	-	-
V. PROFIT/LOSS RELATED TO DERIVATIVES USED IN CASH FLOW HEDGES (Effective portion)	-	-	-	-
VI. PROFIT/LOSS RELATED TO DERIVATIVES USED IN HEDGE OF A NET INVESTMENT IN FOREIGN SUBSIDIARIES (Effective portion)	-	-	-	-
VII. EFFECT OF CHANGES IN ACCOUNTING POLICIES OR CORRECTION OF ERRORS	-	-	-	-
VIII. OTHER PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY PER TURKISH ACCOUNTING STANDARDS	-	-	-	-
IX. DEFERRED AND CURRENT TAXES ON VALUATION DIFFERENCES	(2,646)	1,015	(1,969)	93
X. NET PROFIT/LOSS RECOGNIZED IN EQUITY (I+II+...+IX)	10,606	(4,111)	7,876	(368)
XI. CURRENT PERIOD PROFIT/LOSS	15,363	17,540	(27)	5,391
11.1 Net Change in Fair Value of Securities (Transfer to Profit & Loss)	293	808	(751)	759
11.2 Ineffective Portion of Profit/Loss Related to Derivatives Used in Cash Flow Hedges	-	-	-	-
11.3 Ineffective Portion of Profit/Loss Related to Derivatives Used in Hedge of a Net Investment in Foreign Subsidiaries	-	-	-	-
11.4 Others	15,070	16,732	724	4,632
XII. TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD (X+XI)	25,969	13,429	7,849	5,023

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

**TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2012 AND 2011**  
(Currency: Thousands of TL - Turkish Lira)

Convenience Translation of  
Consolidated Financial Report  
Originally Issued in Turkish, See Note 21

CHANGES IN SHAREHOLDERS' EQUITY	Paid-In Capital	Capital Reserves from Inflation Adjustments to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit / (Loss)	Prior Period Net Profit / (Loss)	Valuation Difference of Securities	Revaluation Fund on Tangible Assets	Securities Value Increase Fund	Hedge Funds	Rev. Fund on Assets Held for Sale and Discontinued Operations	Total Equity Attributable to Equity Holders of the Parent	Minority Interest	Total Shareholders' Equity
<b>PRIOR PERIOD</b>																		
<b>30/09/2011</b>																		
<b>I. Balances at the Beginning of Period - 01/01/2011</b>	420,000	-	(814)	-	4,929	-	29,587	-	20,042	-	8,220	14,580	-	-	-	496,544	-	496,544
<b>II. Corrections According to Turkish Accounting Standard No.8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Adjusted Beginning Balance (I + II)</b>	420,000	-	(814)	-	4,929	-	29,587	-	20,042	-	8,220	14,580	-	-	-	496,544	-	496,544
Changes in the Period																		
<b>IV. Increase / Decrease Related to Mergers</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V. Valuation Difference of Available-for-Sale Securities</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Hedging Transactions (Effective Portion)</b>	-	-	-	-	-	-	-	-	-	-	(4,111)	-	-	-	-	(4,111)	-	(4,111)
6.1 Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Hedging of a Net Investment in Foreign Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Revaluation fund on tangible assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Revaluation fund on intangible assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Capital Bonus of Associates, Subsidiaries and Joint Ventures</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Foreign Exchange Differences</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Changes Related to Sale of Assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII. Changes Related to Reclassification of Assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII. Effect of Changes in Equities of Associates</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV. Capital Increase</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Domestic sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV. Issuances of Share Certificates</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI. Abolition profit of Share Certificates</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVII. Capital Reserves from Inflation Adjustments to Paid-In Capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVIII. Others</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIX. Current Period Net Profit / Loss</b>	-	-	-	-	-	-	-	-	17,540	-	-	-	-	-	-	17,540	-	17,540
<b>XX. Profit Distribution</b>	-	-	-	-	901	-	19,141	-	(20,042)	-	-	-	-	-	-	-	-	-
20.1 Dividends	-	-	-	-	901	-	19,141	-	(20,042)	-	-	-	-	-	-	-	-	-
20.2 Transferred to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at the End of Period (III+IV+V+.....+XVIII+XIX+XX) - 30/09/2011</b>	420,000	-	(814)	-	5,830	-	48,728	-	17,540	-	4,109	14,580	-	-	-	509,973	-	509,973
<b>CURRENT PERIOD</b>																		
<b>30/09/2012</b>																		
<b>I. Balances at the Beginning of Period - 01/01/2012</b>	420,000	-	(814)	-	5,830	-	48,728	-	24,626	-	581	18,839	-	-	-	517,790	-	517,790
Changes in the Period																		
<b>II. Increase / Decrease Related to Mergers</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Valuation Difference of Available-for-Sale Securities</b>	-	-	-	-	-	-	-	-	-	-	10,606	-	-	-	-	10,606	-	10,606
<b>IV. Hedging Transactions (Effective Portion)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedging of a Net Investment in Foreign Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V. Revaluation fund on tangible assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Revaluation fund on intangible assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Capital Bonus of Associates, Subsidiaries and Joint Ventures</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Foreign Exchange Differences</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Changes Related to Sale of Assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Changes Related to Reclassification of Assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Effect of Changes in Equities of Associates</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII. Capital Increase</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Domestic sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII. Issuances of Share Certificates</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV. Abolition profit of Share Certificates</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV. Capital Reserves from Inflation Adjustments to Paid-In Capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI. Others</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVII. Current Period Net Profit / Loss</b>	-	-	-	-	-	-	-	-	15,363	-	-	-	-	-	-	15,363	-	15,363
<b>XVIII. Profit Distribution</b>	-	-	-	-	1,280	-	23,346	-	(24,626)	-	-	-	-	-	-	-	-	-
18.1 Dividends	-	-	-	-	1,280	-	23,346	-	(24,626)	-	-	-	-	-	-	-	-	-
18.2 Transferred to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at the End of Period (I+II+III+....+XVI+XVII+XVIII) - 30/09/2012</b>	420,000	-	(814)	-	7,110	-	72,074	-	15,363	-	11,187	18,839	-	-	-	543,759	-	543,759

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

**TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2012 AND 2011**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Consolidated Financial Report  
Originally Issued in Turkish, See Note 3.I*

	THOUSANDS OF TURKISH LIRA	
	CURRENT PERIOD (01/01/2012 - 30/09/2012)	PRIOR PERIOD (01/01/2011 - 30/09/2011)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1 Operating Profit before Changes in Operating Assets and Liabilities</b>	<b>72,836</b>	<b>34,084</b>
1.1.1 Interest Received	253,394	167,194
1.1.2 Interest Paid	(150,050)	(95,415)
1.1.3 Dividend Received	2	5
1.1.4 Fees And Commissions Received	14,957	14,592
1.1.5 Other Income	5,507	12,206
1.1.6 Collections from Non-performing Loans	36,080	12,453
1.1.7 Payments to Personnel and Service Suppliers	(51,942)	(47,221)
1.1.8 Taxes Paid	(12,571)	(9,564)
1.1.9 Other	(22,541)	(20,166)
<b>1.2 Changes in Operating Assets and Liabilities</b>	<b>(127,000)</b>	<b>75,160</b>
1.2.1 Net (Increase) Decrease in Trading Securities	689	(1,504)
1.2.2 Net (Increase) Decrease in Financial Assets Designated at FV	-	-
1.2.3 Net (Increase) Decrease in Banks	11,953	(32,177)
1.2.4 Net (Increase) Decrease in Loans	(140,318)	(399,984)
1.2.5 Net (Increase) Decrease in Other Assets	(81)	(75,357)
1.2.6 Net Increase (Decrease) in Bank Deposits	80,075	(7,811)
1.2.7 Net Increase (Decrease) in Other Deposits	(86,398)	470,538
1.2.8 Net Increase (Decrease) in Funds Borrowed	(60,035)	70,376
1.2.9 Net Increase (Decrease) in Due Payables	-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	67,115	51,079
<b>I. Net Cash Provided by Banking Operations</b>	<b>(54,164)</b>	<b>109,244</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net Cash (Used in) / Provided by Investing Activities</b>	<b>52,575</b>	<b>47,760</b>
2.1 Cash Paid for Purchase of Investments, Associates and Subsidiaries	-	-
2.2 Cash Obtained From Sale of Investments, Associates And Subsidiaries	37	-
2.3 Fixed Assets Purchases	(2,811)	(770)
2.4 Fixed Assets Sales	1,145	125
2.5 Cash Paid for Purchase of Investments Available for Sale	(197,053)	(122,796)
2.6 Cash Obtained From Sale of Investments Available for Sale	251,257	171,201
2.7 Cash Paid for Purchase of Investment Securities	-	-
2.8 Cash Obtained from Sale of Investment Securities	-	-
2.9 Other	-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net Cash (Used in) Financing Activities</b>	<b>-</b>	<b>(2)</b>
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	-	(2)
3.6 Other	-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>(1,058)</b>	<b>6,982</b>
<b>V. Net (Decrease) / Increase in Cash and Cash Equivalents (I+II+III+IV)</b>	<b>(2,647)</b>	<b>163,984</b>
<b>VI. Cash and Cash Equivalents at the Beginning of Period</b>	<b>312,803</b>	<b>194,817</b>
<b>VII. Cash and Cash Equivalents at the End of Period (V+VI)</b>	<b>310,156</b>	<b>358,801</b>

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

## SECTION THREE

### ACCOUNTING POLICIES

#### I. Basis of presentation

##### **Preparation of the financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on Principles Related to Banks' Accounting Applications and Preserving the Documents:**

The accompanying consolidated financial statements and the related disclosures and footnotes are prepared in accordance within the framework of standards as described in the Regulation on Procedures and Principles for Accounting Practices and Retention of Documents by Banks ("Regulation"), dated 1 November 2006 which is published in the Official Gazette No.26333, in accordance with the Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and interpretations of these standards (totally "Turkish Accounting Standards" or "TAS") promulgated by the Turkish Accounting Standards Board ("TASB") and in accordance with all other regulations, explanations and circulars related to the accounting and reporting promulgated by the Banking Regulation and Supervision Agency ("BRSA").

Unless stated otherwise, the consolidated financial statements and balances in related information and disclosures are presented in thousands of Turkish Lira.

Preparation of financial statements according to TAS requires the Parent Bank management to make assumptions and forecasts about assets and liabilities in the balance sheet. These assumptions and forecasts are regularly revised, adjusted and the effects of these adjustments is reflected to income statement.

Per decree No 660 published in the Official Gazette dated 2 November 2011 and became effective, additional article 1 of the Law numbered 2499 on establishment of TASB has been abrogated and establishment of Public Oversight, Accounting and Auditing Standards Authority ("the Association") has been decided by the Council of Ministers. In accordance with the first temporary article of the decree, currently effective standards and regulations will prevail until related standards and regulations which will be issued by the Association become effective.

##### **Additional paragraph for convenience translation to English**

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

##### **Accounting policies and valuation principles used in the preparation of the consolidated financial statements:**

Accounting policies and valuation principles used in the preparation of the consolidated financial statements are explained in footnotes II through XXVII in the following pages.

## **II. Strategy for the use of financial instruments and the foreign currency operations**

### **Strategy for the use of financial instruments:**

The Parent Bank's main area of activities consist corporate, commercial and retail banking, fund management transactions and international banking services. The Parent Bank gives loans mainly to domestic customers by external sources of funds comprised mainly of domestic deposits and foreign borrowings and invests in marketable securities and banks placements to maintain liquidity.

The liability side of the balance sheet is intensively composed of short-term deposits and medium/long term borrowings in line with the general trend in the banking sector. Foreign currency borrowings are predominately floating rate and thus, the Parent Bank aims to minimize the effects of fluctuations in currency and interest rates in the market. Deposits collected are fixed rate and balanced with fixed rate loans and other investments. The fundamental strategy to manage the liquidity risk is to expand the deposit base through customer-oriented banking philosophy, and to increase customer transactions and retention rates. The Parent Bank invests some of its resources to domestic government bonds and short-term placements to reduce liquidity risk.

In order to avoid currency risk, the Parent Bank aims to balance foreign currency assets and liabilities through currency swaps. Currency risk, interest rate risk and liquidity risk are monitored and measured instantly by various risk management systems, and the balance sheet is managed under the limits set by these systems and the limits legally required. Asset-liability management and value at risk models, stress tests and scenario analysis are used for this purpose.

The Parent Bank designates its loan strategy considering international and national economic data and expectations, market conditions, interest, liquidity, currency, credit and other risks. Loan portfolio of the Bank is not concentrated on a specific segment and concentration risk is taken in consideration as much as possible.

### **Transactions denominated in foreign currencies:**

Monetary assets and liabilities denominated in foreign currencies are translated by using currency exchange rates on the balance sheet date. The resulting exchange differences are recorded in the income statement as "Foreign Exchange Gain/Loss".

As at 30 September 2012, rates used for converting foreign exchange transactions to Turkish Lira and presenting them in financial statements as followed; USD: TL 1.782, Euro: TL 2.2929, JPY: TL 0.0229.

There is no goodwill related to the Parent Bank's foreign operations.

## **III. Presentation of information regarding the Bank and consolidated subsidiaries and associates**

The Parent Bank has no consolidating associate.

Tekstil Yatırım which is financial subsidiary of the Bank is consolidated to accompanying financial statements by using "Full Consolidation" method as of 30 September 2012 and 31 December 2011.

The Parent Bank and its consolidated subsidiary are named as "the Group".

The carrying amount of the Parent Bank's investment in each subsidiary and the Bank's portion of equity of each subsidiary are eliminated. All intercompany transactions and intercompany balances between the consolidated subsidiary and the Parent Bank are eliminated. The financial statements which have been used in the consolidation are prepared as at 30 September 2012 and appropriate adjustments are made to financial statements to use uniform accounting policies for similar transactions and events in same circumstances. There are no obstacles on the transfer of shareholder's equity between the Parent Bank and its Subsidiary or the reimbursement of liabilities.

#### IV. Forward transactions, options and derivative instruments

The derivative transactions of the Group mainly consist of foreign currency swaps, foreign currency options and forward contracts. Spot currency buying-selling transactions and currency swaps with two days value date of the Group are classified under assets purchase and sale commitments.

Derivatives are classified as held for trading in accordance with TAS 39 "Financial Instruments: Recognition and Measurement". The Parent Bank does not have any embedded derivatives.

The liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contract values.

The derivative transactions are initially recognized at fair value and measured at fair value subsequent to initial recognition and are presented in the "Positive Value of Trading Derivatives" under the "Financial Assets at Fair Value Through Profit or Loss" or "Negative Value of Trading Derivatives" items of the balance sheet depending on the resulting positive or negative amounts of the fair value. Gains and losses arising from a change in the fair value of trading purpose derivatives are recognized in the consolidated income statement. Fair values of derivatives are determined using quoted market prices in active markets or using discounted cash flow techniques within current market interest rates.

Fair values of option agreements are calculated using option pricing models and unrealized profit and loss amounts are presented in income statement for the current period.

#### V. Interest income and expense

Interest is recognized using the effective interest method (the effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability) defined in TAS 39. Interest income and expense computed by using internal rate of return are recognized on an accrual basis. In accordance with the related legislation, the Parent Bank ceases to accrue interest income on loans that become non-performing. Interest accrual does not start until such loans become performing and are classified as performing loans or until collection.

#### VI. Fees and commissions

Fee and commission income and expenses are accounted on accrual or cash basis relatively, depending on the nature of the transaction. Upfront commissions from non-cash loans are allocated to related periods. Upfront commissions from personal loans are discounted with effective interest rate method and allocated to related period's income statement.



## VII. Financial assets

### 1. Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss consist of “trading securities” and “financial assets designated at fair value”. The Group does not have any financial assets classified as “financial assets designated at fair value”.

Trading securities are financial assets acquired for generating a profit from short term fluctuations in price or dealer’s margin. Trading securities are recognized and derecognized on settlement date basis when purchased and disposed of. Trading securities are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, trading securities are measured at fair value and gains and losses arising from a change in the fair value are recognized in the income statement. Interest earned whilst holding trading securities is reported as interest income. Any profit or loss resulting from the disposal of those assets before their maturity date is recognized within the “Profit / Loss on Trading Account Securities” account in the income statements.

### 2. Investment securities available-for-sale:

Available-for-sale assets are financial assets other than financial assets at fair value through profit or loss, loans and advances to banks and customers, or financial assets held to maturity.

Purchase and sale transactions of available-for-sale securities are recorded on settlement date. Such financial assets are measured at their fair values subsequently following the initial recognition. However, assets for which fair values could not be determined reliably are valued using discounting method with internal rate of return for the ones with a fixed maturity; and using valuation models or discounted cash flow techniques for the ones which do not have a fixed maturity. Unrecognized gain/losses derived from the difference between their fair value and the discounted values are recorded in “valuation differences of securities” under the shareholders’ equity. In case of sales, the realized gain/losses are recognized directly in the income statement.

The real coupon rates for government bonds indexed to consumer price index are fixed throughout maturities. As per the statements made by the Turkish Treasury on the dates of issuance, such securities are valued taking into account the difference between the reference index at the issue date and the reference index at the balance sheet date to reflect the effects of inflation.

### 3. Loans and receivables:

Loans and receivables arise when the Bank provides money, goods or services directly to a debtor. Such assets are initially recognized at cost and are carried at amortized cost using the effective interest method. Duties paid, transaction expenditures and other similar expenses on assets received against such risks are not considered as a part of transaction cost and are recorded as expense.

Based on the regular reviews of the loan portfolio by the Bank management, loans that are identified as being impaired are transferred to “loans under follow-up” accounts. Thereby, specific allowances are made against the carrying amount of these loans in accordance with the “Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside” published on the Official Gazette no.26333 dated 1 November 2006. Provisions are deducted from the income of the current year. When collections are made on loans that have been provided for, they are credited to the income statement accounts “Provision for Loan Losses or Other Receivables” if the provision was made in the current year, otherwise such collections are credited to “Other Operating Income” account with respect to allowances made in the prior years. Loans and receivables which are not possible to be collected are written off after legal procedures are completed.

#### 4. Investment securities held-to-maturity:

Held-to-maturity securities are financial assets with fixed maturities and pre-determined payment schedules that the Bank has the intent and ability to hold until maturity, excluding loans and receivables. Investment securities held-to-maturity are initially recognized at cost. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method. Interest earned on held-to-maturity securities are recognized as interest income in the consolidated income statement.

#### VIII. Impairment of financial assets

Financial asset or group of financial assets is reviewed at each balance sheet date to determine whether there is an objective indicator of impairment. If any such indicator exists, the Group estimates the amount of impairment.

Impairment loss incurs if, and only if, there is an objective evidence that the expected future cash flows of financial asset or group of financial assets are adversely affected by an event(s) ("loss event(s)") incurred subsequent to recognition. The losses expected to incur due to future events are not recognized even if the probability of loss is high.

If there is an objective evidence that certain loans will not be collected, for such loans; the Bank provides specific and general allowances for loan and other receivables classified in accordance with the "Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside" published on the Official Gazette no.26333 dated 1 November 2006. The allowances are recorded in the income statement of the related period.

Subsequent to the change in the regulation on "Change in the Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published in the Official Gazette No. 27947 dated 28 May 2011; in case of changing the conditions of the payment plan of the loans which are followed under loans and receivables, the general loan loss provision ratio for standard (first group) loans and receivables should not be less than 5 times and for closely monitored (second group) loans and receivables should not be less than 2,5 times of the current effective rates.

As a consequence of the regulation published in Official Gazette No. 27968 dated 18 June 2011 amending the "Change in the Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves", for the banks, of which the consumer loans exceed 20% of total loans, and of which the non-performing consumer loans (excluding housing and car loans) exceed 8% of performing consumer loans (excluding housing and car loans), general loan loss provision ratio is 4% for consumer loans which are followed under standard loans and receivables except car and housing loans; and is 8% for the loans under close monitoring except car and housing loans.

Since the consumer loans of the Parent Bank do not exceed the ratios mentioned above as of 30 September 2012, additional general loan loss provision has not been calculated.

The Parent Bank has calculated general allowances using the rates stated at the first paragraph of Article 7 of the regulation "Change in the Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published on the Official Gazette No.28418 dated 21 September 2012. The related portions of the differences between the calculated general allowances and current allowances will be represented in the Parent Bank's financial statements on related dates in compliance with the Regulation.

#### **IX. Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

In cases where the fair values of securities quoted at the stock exchanges classified under trading and available-for-sale portfolios, associates and subsidiaries are less than their carrying values, a provision for impairment is allocated, and the net value is shown on the balance sheet.

The Group provides specific allowances for loans and other receivables in accordance with the "Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside". The allowances are recorded under "loans" as negative balances on the asset side.

Otherwise, the financial assets and liabilities are netted off only when there is a legal right to do so.

#### **X. Sale and repurchase agreements and transactions related to the lending of securities**

Securities sold under repurchase agreements ("repo") are classified as "trading", "available for sale" or "held to maturity" based on the Banks management's intention and measured with the same valuation principles of the portfolio above. Funds received through repurchase agreements are classified separately under liability accounts and the related interest expenses are accounted on an accrual basis based on the difference between selling and repurchase prices using effective interest rate method.

Securities purchased under resale agreements are classified under "Receivables from Reverse Repurchase Agreements". An income accrual using the effective interest rate method is accounted for the positive difference between the purchase and resale prices earned during the period. The Parent Bank does not have any securities related to the lending.

#### **XI. Assets held for sale and assets related to discontinued operations and payables related to such assets**

Assets held for sale consist of assets that have high sales probability, have been planned to be sold, and an active program has been started to complete the plan and determine the buyers. Asset should be marketed the price compatible with fair value. Furthermore, the sales, starting from the day of classifications as held for sale, should be expected to be completed at within a year and the necessary activities should demonstrate that the possibility of having significant change in the plan or the cancellation of the plan is low.

The Group does not have any assets held for sale.

The Group does not have any discontinued operations.

#### **XII. Goodwill and other intangible assets**

There is no goodwill in the accompanying consolidated financial statements as at 30 September 2012 and 31 December 2011.

Intangible assets are initially recognized at their cost that includes expenditures that are directly attributable to the acquisition of the asset. Intangibles are reflected in the consolidated balance sheet at cost less amortization and any accumulated impairment losses.

Intangible assets have been restated for the effects of inflation, until 31 December 2004. The new additions to intangible assets after 31 December 2004 are recorded with their historic costs excluding any currency exchange differences and financing expenses capitalized.

Intangible assets are amortized on amortization rates between 6.66% and 33.33%.

Intangible assets are amortized on a straight-line basis based on their estimated useful lives. Useful life of an asset is estimated by assessment of the expected life span of the asset and technical and technological wear outs of the asset. The amortization rates used approximate the useful lives of the assets.

### XIII. Tangible assets

Tangible assets are initially recognized at their cost that includes expenditures that are directly attributable to the acquisition of the asset. Tangible assets (except buildings as stated below) are reflected in the consolidated financial statements at cost less accumulated depreciation and any accumulated impairment.

Tangible assets that are acquired before 31 December 2004 have been restated for the effects of inflation, until 31 December 2004. The new additions to tangible assets after 31 December 2004 are shown with their historic costs excluding any currency exchange differences and financing expenses capitalized.

Tangible assets are depreciated on a straight-line basis based on the in estimated useful lives. The estimated useful lives are as follows:

Buildings	50 years
Furniture and fixtures	3 – 50 years
Leasehold improvements	3 – 5 years

Leasehold improvements for buildings acquired through operating lease prior to 31 December 2009 are depreciated over their useful lives. Leasehold improvements acquired after this date are depreciated over lease period up to five years based on "Communiqué to Change Unified Accounting System and Explanatory Notes" dated 11 December 2009 and BRSA article numbered B.02.1.BDK.0.06.00.00/2/13/1-a/524 dated 10 January 2011.

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year end.

In cases where the expected future benefits of the assets are less than their book values, the book values of such assets are reduced to their net realizable values and impairment losses are recorded as expense.

Gains and losses on disposal of an item of assets are determined by deducting the carrying amount of the asset from the proceeds from disposal.

The regular maintenance and repair expenditures are accounted as expense. The investment expenditures, made to increase the future benefits of the asset by improving the capacity of the asset, are added to the cost of the asset. Investment expenditures comprised of the costs which increase the useful life of the asset, improve the capacity of the asset, increase the quality or decrease the cost of production.

The Parent Bank applies revaluation model for the buildings as permitted by TAS 16 "Property, Plant and Equipment". For this purpose, fair values of the buildings are determined by a third party appraiser, which is commissioned by BRSA and Capital Markets Board. The fair value surplus is recognized in "Revaluation Fund on Tangible Assets" within the equity items. As at 30 September 2012, revaluation surplus on tangible assets amounts to TL 19,831 (31 December 2011: TL 19,831). Additionally as at 31 December 2011, impairment on tangible assets amounts to TL 699 TL.

#### **XIV. Leasing activities**

Assets acquired by financial leasing are recorded by considering the lower of the fair value of the leased asset and the present value of leasing payments. Tangible assets acquired by way of financial leasing are recognized in tangible assets and depreciated in line with tangible assets group they relate to. In cases where leased assets are impaired or the expected future benefits of the assets are less than their book values, the book values of such leased assets are reduced to their net realizable values. The obligations under financial leases arising from the lease contracts are presented under “Financial Lease Payables” account in the balance sheet. Interest expense and currency exchange rate differences related to leasing activities are recognized in the income statement. The Group does not enter into financial lease transactions by acting as the “lessor”.

In operating leases, the rent payments are charged to the income statement on an accrual basis.

#### **XV. Provisions and contingencies**

Provisions, other than specific and general provisions for loans and other receivables, and contingent liabilities are provided for in accordance with TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

Provisions are accounted for immediately when obligations arise as a result of past events and a reliable estimate of the obligation is made by the Parent Bank management. Whenever the amount of such obligations cannot be measured, they are regarded as “Contingent”. If the possibility of an outflow of resources embodying economic benefits becomes probable and the amount of the obligation can be measured with sufficient reliability, a provision is recognized. If the amount of the obligation cannot be measured with sufficient reliability or the possibility of an outflow of resources embodying economic benefits is remote, such liabilities are disclosed in the notes to the consolidated financial statements.

#### **XVI. Contingent assets**

The contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group. If an inflow of economic benefits has become probable, then the contingent asset is disclosed in the notes to the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements of the period in which the change occurs.

#### **XVII. Obligations concerning employee rights**

Obligations concerning employee severance indemnities and vacation pay are accounted in accordance with the Turkish Accounting Standard 19 (“TAS 19”) “Employee Benefits”.

In accordance with existing legislation in Turkey, the Group have to make certain lump-sum payments to employees who has completed one year of service with the bank and whose employment is terminated due to retirement or reasons other than resignation or misconduct. Provision for employee severance benefits has been accounted for using discounting total provision and reflected to the consolidated financial statements.

## XVIII. Taxation

### a. Current taxes:

In Turkey, the corporate tax rate is 20%. This rate is applied to accounting income modified for certain exemptions (like dividend income) and deductions (like investment incentives), and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no dividend distribution planned, no further tax charges are made.

Dividends paid to the resident institutions and the institutions working through local offices or representatives in Turkey are not subject to withholding tax. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

In accordance with the tax legislation, corporate taxes are paid in advance based on the tax base calculated on the quarterly earnings of the companies at the rate of 20%. These payments can be deducted from the annual corporate tax calculated for the whole year earnings. Such taxes paid in advance are deducted from the final corporate tax liability.

In accordance with the Turkish tax legislation, the tax losses can be carried forward to offset against future taxable income for up to 5 years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns with their tax offices by the end of 25th of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

### b. Deferred taxes:

In accordance with TAS 12 "Income Taxes", the Group accounts for deferred taxes based on the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are based on tax rates that have been enacted at the balance sheet date.

If transactions and other occurrences are accounted at profit or loss; tax effects which are related to these transactions and other occurrences are also accounted at profit or loss. If transactions and other occurrences are directly accounted at equity balances; tax effects which are related to these transactions and other occurrences are also accounted at equity accounts. Tax provision of items that are directly related to equity is offsetted with related equity accounts.

Deferred tax liabilities are recognized for all deductible temporary differences, however deferred tax assets are accounted with considering that it is probable that taxable profit will be available and such deductible temporary differences can be utilized.

Deferred tax assets and liabilities of the Parent Bank have been offset in the Parent Bank's financial statements. Net deferred tax assets or liabilities of the subsidiaries in the Group which are calculated individually have not been offset.

The Group has calculated deferred tax based on the principles above and reflected to the consolidated financial statements.

**c. Transfer pricing:**

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of “disguised profit distribution via transfer pricing”. The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

Corporate tax-payers required in “section 7.1 annual documentation” part of related communiqué, have to fill the “form relating to transfer pricing, controlled foreign companies and thin capitalization” as associated with purchasing and selling goods or services with related parties in an accounting period and send it to the tax office submitted as an appendix to the corporate tax return. The Parent Bank fills the related form and submits to tax office in the required time.

**XIX. Additional explanations on borrowings**

Financial liabilities held for trading and negative value of derivative instruments are carried at fair value and all other financial liabilities are carried at amortized cost using effective interest rate method.

**XX. Issued stock**

There is no issued share in the current period.

**XXI. Acceptances**

Acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts, if any.

**XXII. Government grants**

As at 30 September 2012 and 31 December 2011, the Group does not have any government grants.

**XXIII. Reserves and profit distribution**

Retained earnings at statutory books are allowed for distribution except for the following clause on legal reserves.

The legal reserves consist of first and second reserves, in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profit at the rate of 5% until the total reserve reaches a maximum of 20% of the Company’s paid-in capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company’s share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital.

#### **XXIV. Related parties**

For the purpose of the consolidated financial statements, shareholders, top management and members of board of directors, related companies managed by their own and families, associates and jointly controlled entities are accepted as related party in accordance with TAS 24 "Related Party Disclosures".

#### **XXV. Cash and cash equivalents**

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash and balances with central banks, deposits with banks and other financial institutions and other money market placements with an original maturity of three months or less. The reserve requirements blocked at the Central Bank of Turkey are not recognized as "cash equivalent assets" in the statements of cash flow.

#### **XXVI. Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Segment reporting is presented in Section Four, Footnote VI.

#### **XXVII. Reclassifications**

There has been no reclassification in the consolidated income statement and consolidated statement of cash flows for the interim period ended 30 September 2011 in order to achieve convenience of presentation of financial statements as at 30 September 2012.



## SECTION FOUR

### CONSOLIDATED FINANCIAL POSITION

#### I. Consolidated capital adequacy ratio

As at 30 September 2012, the Group's consolidated capital adequacy ratio is 15.86%.

Capital adequacy ratio is calculated within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" and "Regulation on Credit Risk Mitigation Techniques" published in the Official Gazette numbered 28337 dated 28 June 2012 and the "Regulation on Equities of Banks" published in the Official Gazette numbered 26333 dated 1 November 2006.

In the calculation of consolidated capital adequacy standard ratio, the accounts and transactions are evaluated by taking into account the relevant legislation. Accounts and transactions are classified in two separate portfolio as "trading accounts" and "banking accounts" and are used in the calculation of market and credit risks. Trading accounts and items deducted from the capital are not considered in the calculation of credit risks. In the calculation of risk weighted assets, amortized and impaired assets are accounted by net amounts after deducting the related amortization and provision amounts.

In the calculation of the amount subject to credit risk, the Parent Bank assesses its loans and receivables by taking the risk classes, rating notes and risk mitigation into consideration. "Simple financial collateral method" is used for banking accounts while "comprehensive financial collateral method" is used for trading accounts for taking risk mitigation elements under consideration.

Counterparty Credit Risk is calculated for derivative transactions, repo transactions, security-stock lending transactions, overdraft security transactions and long term trade transactions.

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2012 (continued)**  
**(Currency: Thousands of TL - Turkish Lira)**

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**Information related to the consolidated and unconsolidated capital adequacy ratio:**

	Risk Weights													
	Bank-Only							Consolidated						
	0%	20%	50%	75%	100%	150%	200%	0%	20%	50%	75%	100%	150%	200%
<b>Value at Credit Risk</b>	-	21,289	264,759	418,688	2,201,784	56,699	176,810	-	23,009	264,899	423,532	2,191,989	56,699	176,810
<b>Risk Classifications</b>														
Contingent and Non-Contingent Claims on Sovereigns and Central Bank	581,825	-	-	-	46	-	-	583,846	-	-	-	46	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	-	-	-	-	2,233	-	-	-	-	-	-	2,233	-	-
Contingent and Non-Contingent Claims on Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	181	67,143	42,542	-	93,849	-	-	181	75,743	42,823	-	93,849	-	-
Contingent and Non-Contingent Claims on Corporate Receivables	30,673	32,115	-	-	1,701,375	-	-	30,673	32,115	-	-	1,700,990	-	-
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	4,457	1,843	-	558,250	-	-	-	4,457	1,843	-	564,709	-	-	-
Contingent and Non-Contingent Claims Secured by Residential Property	1,317	4,745	485,896	-	146,381	-	-	1,317	4,745	485,896	-	146,381	-	-
Non-performing Receivables	-	-	1,079	-	42,191	416	-	-	-	1,079	-	42,191	416	-
Higher-Risk Categories Defined by Agency	3,150	601	-	-	-	37,383	88,405	3,150	601	-	-	-	37,383	88,405
Mortgage Collateralized Marketable Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitization Exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-Term Claims on Banks and Intermediary Institutions and Corporate Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Claims	23,568	-	-	-	215,709	-	-	23,568	-	-	-	206,299	-	-

**Summary information related to consolidated and unconsolidated capital adequacy ratios:**

	<b>Unconsolidated</b>	<b>Consolidated</b>
	<b>Current Period</b>	<b>Current Period</b>
Capital Requirement for Credit Risk ( Amount subject to Credit Risk*0,08) (CRCR)	251,202	250,955
Capital Requirement for Market Risk (CRMR)	2,714	2,843
Capital Requirement for Operational Risk (CROR)	21,093	22,419
Shareholders' Equity	545,568	547,517
Shareholders' Equity/((CRCR+CRMR+CROR) *12,5)*100	15.87	15.86

According to provisional act 1 of "Communiqué on Financial Statements and the Accompanying Explanations and Footnotes to be Announced to the Public", information related to the prior periods are not presented for one year period beginning from 1 July 2012, the effective date of the communiqué.

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>CORE CAPITAL</b>		
Paid-In Capital	420,000	420,000
Nominal Capital	420,000	420,000
Capital Commitments (-)	-	-
Capital Reserves Arising From Inflation Adjustments to Paid-in Capital	-	-
Share Premium	(814)	(814)
Share Cancellation Profits	-	-
Reserves	79,184	54,558
Inflation Adjustment on Reserves	-	-
Profit	15,363	24,626
Current Period Profit	15,363	24,626
Prior Years' Profit	-	-
Provision for Possible Losses up to 25% of the Core Capital	-	-
Gain on Sale of Associates, Subsidiaries and Real Estates	-	-
Primary Subordinated Loans	-	-
Minority Shares	-	-
Losses Excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods' Loss	-	-
Leasehold Improvements (-)	594	573
Intangible Assets (-)	1,693	1,532
Deferred Tax Asset excess of 10% of the Core Capital (-)	-	-
Excess Amount of Article 56/3 of the Law (-)	-	-
Consolidation Goodwill (Net) (-)	-	-
<b>Total Core Capital</b>	<b>511,446</b>	<b>496,265</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Loan Loss Provision	22,591	20,191
45% of Revaluation Fund of Movables	-	-

45% of Revaluation Fund of Real Estate	8,478	8,478
Bonus Shares Obtained from Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-
Amount of Primary Subordinated Loans Not Accounted in the Calculation of the Core Capital	-	-
Secondary Subordinated Loans	-	-
45% of Revaluation Surplus of Marketable Securities and Investment Securities (100% if deficit)	5,034	261
Indexation Differences for Capital Reserves, Profit Reserves and Retained Earnings (Except Indexation Differences for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-	-
Minority Shares	-	-
<b>Total Supplementary Capital</b>	<b>36,103</b>	<b>28,930</b>
<b>CAPITAL</b>	<b>547,549</b>	<b>525,195</b>
<b>DEDUCTIONS FROM THE CAPITAL</b>	<b>32</b>	<b>1,882</b>
Investments in Unconsolidated Banks and Financial Institutions	-	-
Secondary Subordinated Loans Granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and Placements in Securities of These Entities That Possess the Nature of Their Primary or Secondary Subordinated Debt	-	-
Investments in Banks and Financial Institutions, to which Equity Method has been applied but whose Assets and Liabilities are Unconsolidated	-	-
Loan Granted in Violation of the Articles 50 and 51 of the Law	-	-
The Net Book Value of Properties Exceeding Fifty Percent of Equity and Net Book Value of Properties and Commodity Acquired in Exchange of Loans and Receivables and should be disposed of according to the Article 57 of the Banking Law which have not been Disposed since 5 Years After Foreclosure	-	1,882
Securitization Positions Deducted – preferably – from Equity	-	-
Others	32	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>547,517</b>	<b>523,313</b>

## II. Consolidated market risk

Consolidated market risk is the potential risk of loss arising from changes in interest rates, foreign currency exchange rates and equity prices regarding the assets and liabilities of the Parent Bank's on-off balance sheet.

Standard method defined in the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Official Gazette no. 28337 dated 28 June 2012 is used in calculating the market risk. The criteria for the standard method have been set by the BRSA via section 2 of "Calculation of Market Risk". market risk is reported to BRSA on a monthly basis.

Market risk is calculated by employing the Standard Method and internal risk measurement models and expressed as value at risk (VaR). VaR represents the potential losses from adverse changes in market factors for a specified time period and confidence level.

The internal models used by the Parent Bank are Parametric Method, Historical Simulation and Monte Carlo Simulation. In calculating VaR, a one-tailed 99% confidence level is used regarding one-day holding period. In scope of internal management of market risk and determination of limits are based on historic VAR results, the other two calculation methods are used for comparison and monitoring. Back tests are performed to test the reliability of the VAR model. In order VAR calculations to reflect market fluctuations, stress tests and scenario analyzes are also applied.

In addition to RMD limits, in order to limit market risk, limits approved by the Board of Directors for the trading portfolio are present.

**Consolidated market risk:**

	<b>Amount</b>
(I) Capital Requirement to be Employed for General Market Risk - Standard Method	100
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	95
Capital Requirement for Specific Risk Relating to Securitization Positions – Standard Method	-
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	425
(IV) Capital Requirement to be Employed for Commodity Risk - Standard Method	-
(V) Capital Requirement to be Employed for Settlement Risk - Standard Method	-
(VI) Capital Requirement to be Employed for Market Risk Resulting From Options – Standard Method	2,114
(VII) Capital Requirement for Counterparty Credit Risk - Standard Method	109
(VIII) Capital Requirement to be Employed for Market Risk in Banks Using Risk Measurement Model	-
(IX) Total Capital Requirement to be Employed for Market Risk (I+II+III+IV+V+VI+VII)	2,843
<b>(X) Value at Market Risk (12.5 x VIII) or (12.5 x IX)</b>	<b>35,538</b>

(\*) Value at Risk does not represent all of TL 35,538 but 8% of which is TL 2,843 as the market risk. This amount, TL 2,843, is also the minimum capital obligation to eliminate the market risk.

**III. Consolidated foreign currency exchange rate risk**

Foreign currency risk indicates the possibilities of the potential losses that banks are subject to due to adverse movements between currencies. The Parent Bank monitors foreign currency exchange rate risk in currency/TL and parity basis and uses different risk methods and tools for each. The Parent Bank hedges parity risks through spot/arbitrage and future transactions.

The Parent Bank's foreign currency exchange rate risk is measured by Standard Method and Value at Risk Method.

The Group considers all foreign currency assets and liabilities and currency forward transactions in measuring capital obligation against currency risk. Net short and long positions of TL equivalents of all types of currencies are calculated. Position with the higher absolute value, which is the basis for the capital obligation, is used measuring the capital obligation for currency risk.

The Parent Bank's Board of Directors, determines the Parent Bank's limits, within regulatory limitations, related to short/long positions at any period. The Treasury Department of the Parent Bank is responsible from the management of price and liquidity risks on Turkish Lira or foreign currency in the domestic and international markets. Risk Management Department, exercise continuous control on risks in the money markets and transactions creating these risks and reports to the Assets-Liability Committee of the Bank weekly.

The Parent Bank's spot foreign exchange bid rates as of the balance sheet date and for each of the five days prior to that date (TL full):

	21/09/12	24/09/12	25/09/12	26/09/12	27/09/12	28/09/12
<b>USD</b>	1.7928	1.7866	1.7915	1.7859	1.7852	1.7820
<b>GBP</b>	2.9011	2.9043	2.9035	2.8991	2.8864	2.8851
<b>EURO</b>	2.3229	2.3213	2.3145	2.3074	2.2964	2.2929
<b>JPY</b>	0.0229	0.0228	0.0229	0.0229	0.0229	0.0229

The basic arithmetical average of the Bank's foreign exchange bid rate for the last thirty days from 30 September 2012 (TL full):

	Monthly Average FC Exchange Bid Rates
USD	1.7966
GBP	2.8865
EURO	2.3029
JPY	0.0229

**Information on consolidated exchange rate risk:**

Current Period	EURO	USD	OTHER FC	TOTAL
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey (*)	5,708	201,209	35,039	241,956
Banks	57,741	18,271	2,417	78,429
Financial Assets at Fair Value Through Profit or Loss (**)	50	307	-	357
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	25	7,285	-	7,310
Loans (***)	181,186	507,135	30,706	719,027
Investments in Subsidiaries and Associates	-	-	-	-
Investment Securities Held-to-Maturity	-	-	-	-
Hedging Purpose Financial Derivatives	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (**)	7,813	11,623	25	19,461
<b>Total Assets</b>	<b>252,523</b>	<b>745,830</b>	<b>68,187</b>	<b>1,066,540</b>
<b>Liabilities</b>				
Bank Deposits	-	80,305	-	80,305
Foreign Currency Deposits	243,267	606,943	7,151	857,361
Interbank Money Markets	-	-	-	-
Funds Borrowed from Other Financial Institutions	90,348	115,576	290	206,214
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	3,233	72,861	-	76,094
Hedging Purpose Financial Derivatives	-	-	-	-
Other Liabilities (**)	5,190	2,844	49	8,083
<b>Total Liabilities (****)</b>	<b>342,038</b>	<b>878,529</b>	<b>7,490</b>	<b>1,228,057</b>
<b>Net On Balance Sheet Position</b>	<b>(89,515)</b>	<b>(132,699)</b>	<b>60,697</b>	<b>(161,517)</b>
<b>Net Off Balance Sheet Position</b>	<b>65,956</b>	<b>135,716</b>	<b>(45,710)</b>	<b>155,962</b>
Financial Derivatives (Assets) (*****)	138,651	345,973	49,232	533,856
Financial Derivatives (Liabilities) (*****)	72,695	210,257	94,942	377,894
<b>Non-cash Loans (*****)</b>	<b>129,607</b>	<b>450,895</b>	<b>4,838</b>	<b>585,340</b>
<b>Prior Period</b>				
<b>Total Assets (**) (***)</b>	<b>240,815</b>	<b>911,406</b>	<b>39,531</b>	<b>1,191,752</b>
<b>Total Liabilities (**) (****)</b>	<b>407,642</b>	<b>903,460</b>	<b>7,559</b>	<b>1,318,661</b>
<b>Net On Balance Sheet Position</b>	<b>(166,827)</b>	<b>7,946</b>	<b>31,972</b>	<b>(126,909)</b>
<b>Net Off Balance Sheet Position</b>	<b>166,144</b>	<b>(12,883)</b>	<b>(31,179)</b>	<b>122,082</b>
Financial Derivatives (Assets) (*****)	263,947	505,004	114,794	883,745
Financial Derivatives (Liabilities) (*****)	97,803	517,887	145,973	761,663
<b>Non-cash Loans (*****)</b>	<b>164,825</b>	<b>517,780</b>	<b>995</b>	<b>683,600</b>

(\*) As at 30 September 2012, precious metal amounting to TL 33,862 standing in Central Bank of Turkey accounts is consolidated in Other FC column (31 December 2011: None).

- (\*\*) As at 30 September 2012, accrual differences of derivative transactions presented in “Financial Assets At Fair Value Through Profit Or Loss” and “Negative Value Of Trading Derivatives” amounting to TL 1,676 and TL 1,146, respectively, (31 December 2011: TL 2,601 and TL 4,293) and accrual differences of value dated transactions presented under assets in "Other Assets" and under liabilities in "Other Liabilities" amounting to TL 30 and TL 27, respectively, are not included in the table (31 December 2011: TL 9 and TL 1).
- (\*\*\*) As at 30 September 2012, “Loans” balance includes, in addition to the balance sheet amount, foreign currency indexed loans and their accruals amounting to TL 218,131 (31 December 2011: TL 306,296).
- (\*\*\*\*) As at 30 September 2012, “Valuation differences of securities” in equity amounting to TL 3 (31 December 2011: TL 870) are not included.
- (\*\*\*\*\*) Has no effect on net off balance sheet position.
- (\*\*\*\*\*) As at 30 September 2012, FX buying and FX selling transactions with a maturity amounting to TL 29,251 and TL 32,758, respectively, under ‘Asset Purchase and Sale Commitments’ of off-balance sheet items are included (31 December 2011: TL 7,380 and TL 21,670). As at 30 September 2012, precious metal swap transaction amounting to 33,860 TL standing in off balance sheet items "Derivative Instruments" section under "Other" is consolidated in Other FC column (31 December 2011: None).

The table below demonstrates prospective increase and decrease in equities and profit/loss as at 30 September 2012 and 31 December 2011 (excluding tax effect) on condition that 10 percent revaluation/devaluation of the foreign currencies below against TL. This analysis has been prepared under the circumstances of assumption of other variables, especially interest rates, to be constant.

	30 September 2012				31 December 2011			
	Income Statement		Equity (*)		Income Statement		Equity (*)	
Change in foreign currency rate	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
USD	301	(301)	302	(302)	(581)	581	(494)	494
EURO	(2,356)	2,356	(2,356)	2,356	(68)	68	(68)	68
Other FC	1,499	(1,499)	1,499	(1,499)	79	(79)	79	(79)
<b>Total, net</b>	<b>(556)</b>	<b>556</b>	<b>(555)</b>	<b>555</b>	<b>(570)</b>	<b>570</b>	<b>(483)</b>	<b>483</b>

\* Equity effect includes income statement effect in the table.

#### **IV. Consolidated interest rate risk**

Consolidated interest rate risk is the probability of loss due to changes in interest rates depending on the Group’s position regarding the interest bearing financial instruments.

Interest rate risk arises as a result of timing differences on the re-pricing of assets and liabilities, changes in correlation of interest rates between different financial instruments and, unexpected changes in the shape and slope of yield curves. Exposure to interest rate movements arises when there is a mismatch between rate sensitive assets and liabilities.

Interest rate risk is a key component of the Parent Bank’s market risk and asset and liability management.

As part of asset and liability management, duration and sensitivity analysis are used to measure the effects of changes in yield curves on the balance sheet. The Parent Bank management daily monitors interest rate movements in the market and revises the Parent Bank’s interest rates.

**Interest sensitivity of assets, liabilities and off-balance sheet items (based on reprising dates)**

	Up to 1 Month	1 – 3 Months	3 –12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
<b>Current Period</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	304,532	304,532
Banks	73,440	-	-	-	-	10,102	83,542
Financial Assets at Fair Value Through Profit or Loss	3,374	292	496	170	187	618	5,137
Interbank Money Market Placements	8,600	-	-	-	-	-	8,600
Investment Securities Av.-for-Sale	89,100	20,376	179,047	21,344	22	-	309,889
Loans	1,331,953	149,149	405,627	576,123	82,878	43,698	2,589,428
Investment Securities Held-to-Mat.	-	-	-	-	-	-	-
Other Assets	77	-	-	-	-	208,580	208,657
<b>Total Assets</b>	<b>1,506,544</b>	<b>169,817</b>	<b>585,170</b>	<b>597,637</b>	<b>83,087</b>	<b>567,530</b>	<b>3,509,785</b>
<b>Liabilities</b>							
Bank Deposits	80,263	-	-	-	-	57	80,320
Other Deposits	1,814,902	406,500	24,433	120	-	120,035	2,365,990
Interbank Money Market Borrowings	61,011	-	-	-	-	-	61,011
Miscellaneous Payables	-	-	-	-	-	87,457	87,457
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin.Inst.	45,051	64,455	134,631	2,415	-	-	246,552
Other Liabilities	7,609	276	490	-	-	660,080	668,455
<b>Total Liabilities</b>	<b>2,008,836</b>	<b>471,231</b>	<b>159,554</b>	<b>2,535</b>	<b>-</b>	<b>867,629</b>	<b>3,509,785</b>
Balance Sheet Long Position	-	-	425,616	595,102	83,087	-	1,103,805
Balance Sheet Short Position	(502,292)	(301,414)	-	-	-	(300,099)	(1,103,805)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Interest Sensitivity Gap</b>	<b>(502,292)</b>	<b>(301,414)</b>	<b>425,616</b>	<b>595,102</b>	<b>83,087</b>	<b>(300,099)</b>	<b>-</b>

(\*) Tangible and intangible assets amounting to TL 81,192, associates amounting to TL 1, assets to be disposed of amounting to TL 12,274, tax assets amounting to TL 3,849 and other assets amounting to TL 111,264 are presented within other assets as non-interest bearing; provisions amounting to TL 36,855, tax liability amounting to TL 9,980, other liabilities amounting to TL 69,486 and equity amounting to TL 543,759 are presented within other liabilities as non-interest bearing.

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

	EURO %	USD %	JPY %	TL %
<b>Current Period (*)</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey.	-	-	-	-
Banks	0.60	1.15	-	10.24
Financial Assets at Fair Value Through Profit or Loss	2.67	3.31	-	-
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	4.76	6.33	-	5.50
Loans	6.91	7.59	8.51	14.45
Investment Securities Held-to-Maturity	-	-	-	-
<b>Liabilities</b>				
Bank Deposits	-	2.22	-	-
Other Deposits	3.88	3.81	-	10.01
Interbank Money Market Borrowings	-	-	-	5.97
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	3.74	3.13	-	8.24

(\*) Stated at compound interest rates.



**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE INTERIM PERIOD ENDED 30 SEPTEMBER 2012 (continued)**  
**(Currency: Thousands of TL - Turkish Lira)**

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**Originally Issued in Turkish**  
 See Note 3.1

	Up to 1 Month	1 – 3 Months	3 –12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
<b>Prior Period</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	303,741	303,741
Banks	100,340	2,193	-	-	-	5,009	107,542
Financial Assets at Fair Value Through Profit or Loss	10,315	3,391	10,756	179	175	1,009	25,825
Interbank Money Market Placements	-	-	-	-	-	-	-
Investment Securities Av.-for-Sale	28,554	148,274	87,288	72,760	12,682	660	350,218
Loans	1,192,003	243,608	447,843	503,959	80,729	42,333	2,510,475
Investment Securities Held-to-Mat.	-	-	-	-	-	-	-
Other Assets	173	-	-	-	-	205,137	205,310
<b>Total Assets</b>	<b>1,331,385</b>	<b>397,466</b>	<b>545,887</b>	<b>576,898</b>	<b>93,586</b>	<b>557,889</b>	<b>3,503,111</b>
<b>Liabilities</b>							
Bank Deposits	-	-	-	-	-	172	172
Other Deposits	1,510,983	698,632	91,898	2	-	154,868	2,456,383
Interbank Money Market Borrowings	126,255	-	-	-	-	-	126,255
Miscellaneous Payables	-	-	-	-	-	8,626	8,626
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin.Inst.	38,427	83,019	113,278	7,015	-	-	241,739
Other Liabilities	12,814	3,855	11,495	-	-	641,772	669,936
<b>Total Liabilities</b>	<b>1,688,479</b>	<b>785,506</b>	<b>216,671</b>	<b>7,017</b>	<b>-</b>	<b>805,438</b>	<b>3,503,111</b>
Balance Sheet Long Position	-	-	329,216	569,881	93,586	-	992,683
Balance Sheet Short Position	(357,094)	(388,040)	-	-	-	(247,549)	(992,683)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Interest Sensitivity Gap</b>	<b>(357,094)</b>	<b>(388,040)</b>	<b>329,216</b>	<b>569,881</b>	<b>93,586</b>	<b>(247,549)</b>	<b>-</b>

(\*) Tangible and intangible assets amounting to TL 81,545, associates and subsidiaries amounting to TL 42, assets to be disposed of amounting to TL 13,811, tax assets amounting to TL 4,718 and other assets amounting to TL 105,021 are presented within other assets as non-interest bearing; provisions amounting to TL 32,047, tax liabilities amounting to TL 11,440, other liabilities amounting to TL 80,495 and equity amounting to TL 517,790 are presented within other liabilities as non-interest bearing.

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

	EURO %	USD %	JPY %	TL %
<b>Prior Period (*)</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey.	-	-	-	-
Banks	1.00	0.67	-	13.59
Financial Assets at Fair Value Through Profit or Loss	4.95	5.44	-	-
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	4.62	5.48	-	10.87
Loans	7.06	7.05	8.60	15.47
Investment Securities Held-to-Maturity	-	-	-	-
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Other Deposits	5.04	5.18	0.90	11.78
Interbank Money Market Borrowings	-	-	-	7.94
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	4.49	2.83	-	7.48

(\*) Stated at compound interest rates.

**The interest rate risk of the banking book items:**

The interest rate risk of the banking book items is prepared via the cash flow of interest sensitive balance sheet and off-balance sheet positions for bank accounts, over the maturity for fixed interest rate instruments and over the re-pricing period for variable interest rate instruments.

Present values of the net positions obtained over related cash flows are calculated by yield curves formed by using market interest rates. The proportion of the differences arising from implementation of positive and negative standard shocks to equity is followed.

For products with non-specified maturities, maturity is determined based on interest rate setting frequency and customer behaviors. These results are supported by periodical sensitivity and scenario analysis against prospective fluctuations in the market.

The interest rate risk of the banking book items is measured legally in accordance with the "Regulation on Measurement and Assessment of Standard Shock Method on the Interest Rate Risk Arising from Banking Accounts", published in the Official Gazette numbered 28034 and dated 23 August 2011, and this legal limit is monitored and reported monthly, based on this measurement.

The interest rate risks of financial instruments on trading portfolio are considered within the scope of the market risk.

In accordance with the communiqué on "Standard Shock Measurement and Evaluation Method of the Interest Rate Risk in Banking Accounts", economic valuation differences arising from fluctuations on interest rates, in different currencies are presented in the table below (excluding tax effect) as of 30 September 2012.

Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
TL	500	(52,068)	%(9.5)
	(400)	47,839	%8.8
EURO	200	(369)	%(0.1)
	(200)	21	%0.0
USD	200	(6,026)	%(1.1)
	(200)	674	%0.1
<b>Total (of negative shocks)</b>		<b>48,534</b>	<b>%8.9</b>
<b>Total (of positive shocks)</b>		<b>(58,463)</b>	<b>%(10.7)</b>

**Position risk of equity securities in banking book:**

None.

**V. Consolidated liquidity risk**

Liquidity risk occurs when there is an insufficient amount of cash or cash inflows to fulfill the cash outflows in full and on time, resulting from the unstable cash inflows.

Liquidity risk may occur when there is an inadequate market penetration and the open positions cannot be closed on a timely basis with an appropriate price and sufficient amount due to barriers and break-ups at the markets.

The Parent Bank monitors the liquidity position on a daily basis. Cash flow projections are examined and accordingly appropriate amounts of positions are determined in the weekly Asset-Liability Committee meetings. Alternative strategies are evaluated in case of a liquidity shortage. The available free lines in the ISE Settlement and Custody Bank's Stock Exchange Money Market, Interbank and secondary market are monitored instantly. Regarding maturity mismatch risk in the balance sheet, the maximum limits have been set by the Board of Directors.

Major part of the liquidity has been maintained by the deposits in the Parent Bank. Additionally, the volume of deposits, as resourced by corporate segment activities, has retained a stable path during the period. The parent Bank executes the strategy of increasing long-term loans from international markets rather than loans from domestic secondary market.

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

<b>Current Period</b>	Demand	Up to 1 month	1-3 months	3-12 Months	1-5 Years	5 years and Over	Undist. (*)	Total
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey.	304,532	-	-	-	-	-	-	304,532
Banks	10,102	73,440	-	-	-	-	-	83,542
Financial Assets at Fair Value Through Profit or Loss	618	3,374	292	496	170	187	-	5,137
Interbank Money Market Placements	-	8,600	-	-	-	-	-	8,600
Investment Securities Available-for-Sale	-	-	643	16,629	209,493	83,124	-	309,889
Loans	-	517,693	373,427	936,633	612,613	105,364	43,698	2,589,428
Investment Securities Held-to-Maturity	-	-	-	-	-	-	-	-
Other Assets	-	104,075	200	6,396	-	3,849	94,137	208,657
<b>Total Assets</b>	<b>315,252</b>	<b>707,182</b>	<b>374,562</b>	<b>960,154</b>	<b>822,276</b>	<b>192,524</b>	<b>137,835</b>	<b>3,509,785</b>
<b>Liabilities</b>								
Bank Deposits	57	80,263	-	-	-	-	-	80,320
Other Deposits	120,035	1,814,899	406,498	24,392	166	-	-	2,365,990
Funds Borrowed from Other Financial Institutions	-	44,997	64,455	134,685	2,415	-	-	246,552
Interbank Money Markets	-	61,011	-	-	-	-	-	61,011
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	83,369	4,088	-	-	-	-	-	87,457
Other Liabilities	64,523	13,494	4,071	5,753	-	-	580,614	668,455
<b>Total Liabilities</b>	<b>267,984</b>	<b>2,018,752</b>	<b>475,024</b>	<b>164,830</b>	<b>2,581</b>	<b>-</b>	<b>580,614</b>	<b>3,509,785</b>
<b>Net Liquidity Gap</b>	<b>47,268</b>	<b>(1,311,570)</b>	<b>(100,462)</b>	<b>795,324</b>	<b>819,695</b>	<b>192,524</b>	<b>(442,779)</b>	<b>-</b>
<b>Prior Period</b>								
<b>Total Assets</b>	<b>310,419</b>	<b>702,144</b>	<b>452,551</b>	<b>956,018</b>	<b>769,731</b>	<b>174,048</b>	<b>138,200</b>	<b>3,503,111</b>
<b>Total Liabilities</b>	<b>226,559</b>	<b>1,694,961</b>	<b>790,861</b>	<b>230,037</b>	<b>10,856</b>	<b>-</b>	<b>549,837</b>	<b>3,503,111</b>
<b>Net Liquidity Gap</b>	<b>83,860</b>	<b>(992,817)</b>	<b>(338,310)</b>	<b>725,981</b>	<b>758,875</b>	<b>174,048</b>	<b>(411,637)</b>	<b>-</b>

(\*) Assets on the balance sheet which are not convertible into cash in short period; tangible and intangible assets amounting to TL 81,192, associates amounting to TL 1, stationary supplies amounting to TL 670, assets to be disposed of amounting to TL 12,274, loans in follow-up amounting to TL 43,698 and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 36,855 and equity amounting to TL 543,759 are included here.

As per the BRSA Communiqué dated 1 November 2006 and became effective starting from 1 January 2007, 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 Parent Bank's liquidity ratios for the first nine months of 2012 are as follows:

Liquidity Ratios	First Maturity Bracket		Second Maturity Bracket	
	FC Liquidity Adequacy Ratio	Total Liquidity Adequacy Ratio	FC Liquidity Adequacy Ratio	Total Liquidity Adequacy Ratio
30 September 2012	161.3	236.9	124.6	127.1
Average (%)	235.8	237.2	113.0	123.3
Max. (%)	337.3	353.1	154.3	144.2
Min. (%)	140.4	187.3	87.7	111.9

The undiscounted cash outflows of the residual contractual maturities of the Group's financial liabilities are shown below.

	Book Value	Gross Nominal Outflow	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and more
<b>30 September 2012</b>								
Bank Deposits	80,320	80,409	57	80,352	-	-	-	-
Deposits from Customers	2,365,990	2,375,362	120,035	1,820,608	409,449	25,089	181	-
Due to Money Markets	61,011	61,011	-	61,011	-	-	-	-
Funds Borrowed	246,552	250,565	-	45,024	64,753	138,206	2,582	-
<b>Total</b>	<b>2,753,873</b>	<b>2,767,347</b>	<b>120,092</b>	<b>2,006,995</b>	<b>474,202</b>	<b>163,295</b>	<b>2,763</b>	<b>-</b>
<b>31 December 2011</b>								
Bank Deposits	172	172	172	-	-	-	-	-
Deposits from Customers	2,456,383	2,472,580	154,868	1,516,663	706,174	94,815	60	-
Due to Money Markets	126,255	126,255	-	126,255	-	-	-	-
Funds Borrowed	241,739	245,519	-	34,590	83,583	115,989	11,357	-
<b>Total</b>	<b>2,824,549</b>	<b>2,844,526</b>	<b>155,040</b>	<b>1,677,508</b>	<b>789,757</b>	<b>210,804</b>	<b>11,417</b>	<b>-</b>

Presentation of residual maturities of the notional amounts of derivative financial assets and liabilities is as follows.

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and more	Total
<b>Currency Derivative Instruments (I)</b>	<b>983,159</b>	<b>143,183</b>	<b>36,793</b>	-	-	<b>1,163,135</b>
Forward Foreign Currency Purchases	47,554	12,640	197	-	-	60,391
Forward Foreign Currency Sales	47,455	12,617	202	-	-	60,274
Currency Swaps-Purchases	355,277	-	-	-	-	355,277
Currency Swaps-Sales	323,843	-	-	-	-	323,843
Currency Futures-Purchases	-	-	-	-	-	-
Currency Futures-Sales	-	-	-	-	-	-
Currency Options-Purchases	104,595	59,935	18,197	-	-	182,727
Currency Options-Sales	104,435	57,991	18,197	-	-	180,623
<b>Interest Rate Derivative Instruments (II)</b>	-	-	-	-	-	-
Forward Purchases/Sales	-	-	-	-	-	-
Interest Rate Swaps-Purchases/Sales	-	-	-	-	-	-
Interest Rate Options-Purchases/Sales	-	-	-	-	-	-
Interest Rate Futures-Purchases/Sales	-	-	-	-	-	-
<b>Others (III)</b>	<b>33,860</b>	-	-	-	-	<b>33,860</b>
<b>Total (I+II+III)</b>	<b>1,017,019</b>	<b>143,183</b>	<b>36,793</b>	-	-	<b>1,196,995</b>

As at 30 September 2012, spot foreign currency purchase and sale transactions with value date amounting to TL 33,229 and TL 33,206, respectively, are presented under "Asset Purchase and Sale Commitments" of off-balance sheet items (31 December 2011: TL 26,130 and TL 26,461).

**Securitisation positions:**

None.

**Credit risk mitigation techniques:**

The Parent Bank applies simple financial collateral method for credit risk mitigation in accordance with 33<sup>rd</sup> article of "Regulation on Credit Risk Mitigation Techniques". Cash or other debt securities with high credit quality are used on credit risk mitigation. Financial collateral are valued according to market value and evaluated in the scope of credit assignment and monitoring policy of the Parent Bank. Net-off is not available.

**Collaterals According to Risk Classifications:**

<b>Risk Classifications</b>	<b>Amount (**)</b>	<b>Financial Collaterals</b>	<b>Other/ Physical Collaterals</b>	<b>Guaranties and Credit Derivatives</b>
Contingent and Non-Contingent Claims on Sovereigns and Central Bank	583,572	-	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	1	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	3,190	-	-	-
Contingent and Non-Contingent Claims on Multilateral Development Banks	-	-	-	-
Contingent and Non-Contingent Claims on International Organizations	-	-	-	-
Contingent and Non-Contingent Claims on Banks and Capital Market Intermediary	253,864	183	-	-
Contingent and Non-Contingent Claims on Corporate Receivables	2,260,473	71,198	-	27
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	813,933	16,806	-	652
Contingent and Non-Contingent Claims Secured by Residential Property	656,699	7,996	-	-
Non-performing Receivables	43,698	12	-	-
Higher-Risk Categories Defined by Agency	131,321	5,533	-	-
Mortgage Collateralized Marketable Securities	-	-	-	-
Securitization Exposures	-	-	-	-
Short-Term Claims on Banks and Intermediary Institutions and Corporate Receivables	-	-	-	-
Undertakings for Collective Investments in Transferable Securities	-	-	-	-
Other Claims	230,520	-	-	-
<b>Contingent and Non-Contingent Claims on Sovereigns and Central Bank</b>	<b>4,977,271</b>	<b>101,728</b>	<b>-</b>	<b>679</b>

(\*) As per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" the mortgages considered for determination of the risk classes are not accounted as collateral.

(\*\*) Represents credit risk amounts before credit risk mitigation and off-balance sheet items' transitions.

**Risk management target and policies :**

Risk Management contains all processes, of identifying, measuring, monitoring, limit determination, identifying the areas of risk concentration and reporting the risks the Parent Bank is or will be exposed due to its facilities.

Risk Management organization, constituted to systematically manage the risks the Parent Bank is or will be exposed to, consists of the Independent Audit Committee connected directly to the Board of Directors, Risk Management Department fulfilling the responsibilities to Board of Directors via this committee and certain individual risk management committees including senior management or relevant processes.

Risk Management Department consists of market risk unit and credit and operational risk unit. Risk management committees are market risk committee, credit risk committee, operational risk committee and business continuity committee.

Necessary manners are identified to update, adjust for changing circumstances, implement and manage the policies determined to identify and manage the risks the Parent Bank exposed to. These risks are measured and managed with accepted international procedures and procedures complied with international and local regulations, policies and procedures of the Parent Bank.

The Parent Bank data and market data are monitored regularly in order to manage the risk. To restrain the risks, certain in-bank limits are determined beside legal limits. Probable economic changes and risks confronted under tough conditions are taken into consideration.

Reporting units that are responsible for all risks, the frequency and the address of reporting is determined separately in policy documents including each risk management process. Additionally, Risk Management Department regularly reports the risk analysis of Parent Bank, periodical progress and limit usage of risks and state of chanciness to Asset-Liability Committee and Audit Committee.

## **VI. Consolidated Segment Reporting**

The Group is active in three areas, namely, retail banking, corporate banking and investment banking including treasury transactions.

Corporate banking offers TL and foreign currency loans, corporate deposit operations, cash management, foreign currency purchases and sales, non-cash transactions (letters of credit, letters of guarantee, prefinancing, bills of exchange) and custody services.

Treasury department is consisted of marketing, foreign currency-TL and securities units and markets, both in the name of the Bank and its customers, bonds, foreign exchange transactions and hedging purpose derivative products including swaps and options. Tekstil Yatırım gives agency services in capital markets products and provides investment fund and portfolio management services.

Servicing the middle-upper segment of retail customers who require sophisticated banking and investment services falls within the scope of retail banking. Credit card services are also within the activities of retail banking.

**Information related to the Segments of the Group:**

Segment reporting is prepared according to the 28th article of the BRSA's "Communiqué on Financial Statements and the Accompanying Explanations and Footnotes to be Announced to the Public", which is published in the Official Gazette No. 26333 dated 1 November 2006.

<b>Current Period</b>	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Treasury, Investment Banking and Others</b>	<b>Total Operations</b>
<b>Operating Income</b>	<b>18,299</b>	<b>71,699</b>	<b>45,721</b>	<b>135,719</b>
Operating profit of segment	906	92	18,664	19,662
Costs not distributed	-	-	-	-
Operating profit	-	-	-	-
Income from subsidiaries	-	-	-	-
Profit before tax	906	92	18,664	19,662
Tax provision (-)	-	-	4,299	4,299
Profit after tax	906	92	14,365	15,363
Minority shares	-	-	-	-
<b>Net Profit</b>	<b>906</b>	<b>92</b>	<b>14,365</b>	<b>15,363</b>
Segment assets (*)	397,826	2,200,676	911,282	3,509,784
Investments in subsidiaries	-	-	1	1
<b>Total Assets</b>	<b>397,826</b>	<b>2,200,676</b>	<b>911,283</b>	<b>3,509,785</b>
Segment liabilities (*)	1,455,694	1,104,093	406,239	2,966,026
Equity	-	-	543,759	543,759
<b>Total Liabilities</b>	<b>1,455,694</b>	<b>1,104,093</b>	<b>949,998</b>	<b>3,509,785</b>
<b>Other Segment Items</b>	<b>136</b>	<b>476</b>	<b>6,100</b>	<b>6,712</b>
Capital expenditure	-	-	2,811	2,811
Depreciation and amortization	136	476	2,306	2,918
Impairment losses (**)	-	-	983	983
Other non-cash income-expenses	-	-	-	-
Restructuring costs	-	-	-	-

(\*) Assets in others column contain tangible assets, intangible assets, assets to be disposed of, deferred tax assets and other assets not distributed. Liabilities in others column contain general provisions, reserve for employee benefits, current tax liabilities and other liabilities not distributed.

(\*\*) Includes loss in value of marketable securities, fixed assets, assets to be disposed of and associates.

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in current period as; 63% for corporate banking, 11% for retail banking, 26% for investment banking and other segments. Gross income (operational income) of the Group is distributed between corporate banking, retail banking and investment banking and other segments as 53%, 13%, 34%, respectively.

SECTION FIVE

DISCLOSURES AND FOOTNOTES ON CONSOLIDATED  
 FINANCIAL STATEMENTS

I. Information and disclosures related to assets

1. Information related to cash and balances with the Central Bank of Turkey:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	11,598	11,969	14,590	13,768
Central Bank of Turkey (*)	50,978	229,987	82,371	193,012
Others	-	-	-	-
<b>Total</b>	<b>62,576</b>	<b>241,956</b>	<b>96,961</b>	<b>206,780</b>

b) Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits (*)	50,978	143,483	82,371	94,555
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	86,504	-	98,457
<b>Total</b>	<b>50,978</b>	<b>229,987</b>	<b>82,371</b>	<b>193,012</b>

(\*) As at 30 September 2012, the Parent Bank keeps precious metal amounting to TL 33,862 as reserve deposit at Central Bank of Turkey(31 December 2011: None).

c) Explanation related to reserve deposits:

The banks operating in Turkey keep reserve deposits at Central Bank of Turkey with specific rates for Turkish currency and foreign currency liabilities in TL and USD and EUR, respectively.

In accordance with Communiqué No. 2011/13 “Amendment on the Reserve Requirements Scale” published in the Official Gazette No. 28098 dated 28 October 2011, new ratios for Turkish Lira liabilities required reserve ratios have been set based on the maturity structure of deposits and are stated below:

TL Liabilities	Reserve Deposit Rates (%)
Demand deposits, notice deposits, private current accounts	11
Deposits/participation accounts up to 1 month maturity	11
Deposits/participation accounts up to 3 months maturity	11
Deposits/participation accounts up to 6 months maturity	8
Deposits/participation accounts up to 1 year maturity	6
Deposits/participation accounts with 1 year and longer maturity and cumulative deposits/participation accounts	5
Special funds	Ratios corresponding to maturities
TL other liabilities accounts up to 1 year maturity (including 1 year)	11
TL other liabilities accounts up to 3 years maturity (including 3 years)	8
TL other liabilities longer than 3 years maturity	5



In accordance with Communiqué No. 2011/11 “Amendment on the Reserve Requirements Scale” published in the Official Gazette No. 28076 dated 6 October 2011, new ratios for foreign currency liabilities required reserve ratios have been set based on maturity structure of deposits and are stated below:

<b>Foreign Currency Liabilities</b>	<b>Required Reserve Ratio (%)</b>
FC demand deposits, notice deposits, foreign currency private current accounts	11
FC Deposits/participation accounts up to 1 month maturity	11
FC Deposits/participation accounts up to 3 month maturity	11
FC Deposits/participation accounts up to 6 month maturity	11
FC Deposits/participation accounts up to 1 year maturity	11
FC deposits/participation accounts with 1 year and longer maturity and cumulative deposits/participation accounts	9
Special funds	Ratios corresponding to maturities
Other foreign currency accounts up to 1 year maturity	11
Other foreign currency accounts up to 3 years maturity (including 3 years)	9
Other foreign currency accounts longer than 3 years maturity	6

As at 30 September 2012 and 31 December 2011 reserve deposits are interest-free.

## 2. Financial assets at fair value through profit or loss:

- a) Financial assets at fair value through profit or loss given as collateral/blocked and subject to repurchase agreements:

As at 30 September 2012 and 31 December 2011, the financial assets at fair value through profit or loss are all unrestricted.

- b) Positive value of trading derivatives:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forwards	84	391	756	102
Swaps	5	1,148	2,760	22
Futures	-	-	-	-
Options	2,397	137	18,295	2,477
Other	-	-	-	-
<b>Total</b>	<b>2,486</b>	<b>1,676</b>	<b>21,811</b>	<b>2,601</b>

## 3. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	5,113	68,336	10,162	92,376
Foreign	-	10,093	-	5,004
Foreign branches	-	-	-	-
<b>Total</b>	<b>5,113</b>	<b>78,429</b>	<b>10,162</b>	<b>97,380</b>

**4. Information on investment securities available-for-sale (net):**

a) Investment securities available-for-sale given as collateral or blocked:

	Current Period		Prior Period	
	TL	FC	TL	FC
Given as collateral or blocked	10,404	-	26,358	12,662
Subject to repurchase agreements	62,440	-	129,268	-
<b>Total</b>	<b>72,844</b>	<b>-</b>	<b>155,626</b>	<b>12,662</b>

As at 30 September 2012, investment securities available-for-sale other than those given as collateral or subject to repurchase agreements amount to TL 237,045 (31 December 2011 – TL 181,930).

b) Available-for-sale securities:

	Current Period	Prior Period
Debt instruments	311,117	351,315
Listed	303,853	334,389
Unlisted	7,264	16,926
Equity instruments	-	660
Listed	-	660
Unlisted	-	-
Impairment provision	(1,228)	(1,757)
<b>Total</b>	<b>309,889</b>	<b>350,218</b>

**5. Information related to loans:**

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Individual shareholders	-	-	-	-
Indirect loans granted to shareholders	2,102	706	45,933	4,536
Loans granted to employees	1,760	-	1,268	-
<b>Total</b>	<b>3,862</b>	<b>706</b>	<b>47,201</b>	<b>4,536</b>

- b) Information about loans classified in groups I and II and other receivables and loans that have been restructured or rescheduled:

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables	Conditions of Contracts Amended		Loans and Other Receivables	Conditions of Contracts Amended	
		Amendments related to the extension of the payment plan	Other		Amendments related to the extension of the payment plan	Other
Non-specialized loans	2,460,464	915	-	61,516	76	54
Enterprise loans	-	-	-	-	-	-
Export loans	189,918	-	-	26,210	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	80,061	-	-	-	-	-
Consumer loans	311,404	915	-	15,771	76	-
Credit cards	30,850	-	-	1,689	-	-
Other	1,848,231	-	-	17,846	-	54
Specialized loans	22,639	-	-	66	-	-
Other receivables	-	-	-	-	-	-
<b>Total</b>	<b>2,483,103</b>	<b>915</b>	<b>-</b>	<b>61,582</b>	<b>76</b>	<b>54</b>

Information about changes in the conditions of the payment plans and period of payments of standard and closely monitored loans and receivables, which are demanded to be explained in accordance with the regulation "Change in the Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published in the Official Gazette No. 27947 dated 28 May 2011, is stated below:

Number of Amendments Related to the Extension of the Payment Plan	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Extended by 1 or 2 Times	915	76
Extended by 3,4 or 5 Times	-	-
Extended by More than 5 Times	-	-

  

The Time Extended via the Amendment on Payment Plan	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
Up to 6 Months	5	-
6 Months - 12 Months	501	-
1-2 Years	300	-
2-5 Years	109	76
5 Years and Over	-	-

c) Information on consumer loans, credit cards, loans given to employees and employee credit cards:

	Short Term	Medium or Long Term	Total
<b>Consumer Loans – TL</b>	<b>12,338</b>	<b>291,644</b>	<b>303,982</b>
Real Estate Loans	1,557	144,977	146,534
Automotive Loans	176	5,099	5,275
Consumer Loans	10,443	140,770	151,213
Other	162	798	960
<b>Consumer Loans-Indexed to FC</b>	<b>120</b>	<b>9,289</b>	<b>9,409</b>
Real Estate Loans	120	9,183	9,303
Automotive Loans	-	-	-
Consumer Loans	-	106	106
Other	-	-	-
<b>Consumer Loans – FC</b>	<b>-</b>	<b>11,137</b>	<b>11,137</b>
Real Estate Loans	-	11,137	11,137
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Credit Cards – TL</b>	<b>28,378</b>	<b>101</b>	<b>28,479</b>
Installment	8,606	101	8,707
Non Installment	19,772	-	19,772
<b>Credit Cards – FC</b>	<b>321</b>	<b>-</b>	<b>321</b>
Installment	-	-	-
Non Installment	321	-	321
<b>Loans Given to Employees – TL</b>	<b>171</b>	<b>575</b>	<b>746</b>
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	171	575	746
Other	-	-	-
<b>Loans Given to Employees – Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Loans Given to Employees – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Employee Credit Cards – TL</b>	<b>906</b>	<b>-</b>	<b>906</b>
Installment	372	-	372
Non Installment	534	-	534
<b>Employee Credit Cards – FC</b>	<b>108</b>	<b>-</b>	<b>108</b>
Installment	-	-	-
Non Installment	108	-	108
<b>Overdraft Account – TL (Individual)</b>	<b>2,892</b>	<b>-</b>	<b>2,892</b>
<b>Overdraft Account – FC (Individual)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>45,234</b>	<b>312,746</b>	<b>357,980</b>

d) Information on installment corporate loans and corporate credit cards:

	Short Term	Medium or Long Term	Total
<b>Installment Corporate Loans – TL</b>	<b>36,139</b>	<b>143,828</b>	<b>179,967</b>
Business Residential Loans	-	4,765	4,765
Automotive Loans	520	10,742	11,262
Consumer Loans	3,885	9,373	13,258
Other	31,734	118,948	150,682
<b>Installment Corporate Loans – Indexed to FC</b>	<b>789</b>	<b>63,647</b>	<b>64,436</b>
Business Residential Loans	-	48	48
Automotive Loans	-	10,008	10,008
Consumer Loans	92	2,050	2,142
Other	697	51,541	52,238
<b>Installment Corporate Loans – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards – TL</b>	<b>2,610</b>	<b>4</b>	<b>2,614</b>
Installment	455	4	459
Non Installment	2,155	-	2,155
<b>Corporate Credit Cards – FC</b>	<b>111</b>	<b>-</b>	<b>111</b>
Installment	-	-	-
Non Installment	111	-	111
<b>Overdraft Account – TL (Commercial)</b>	<b>6,588</b>	<b>-</b>	<b>6,588</b>
<b>Overdraft Account – FC (Commercial)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>46,237</b>	<b>207,479</b>	<b>253,716</b>

e) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	2,545,730	2,468,142
Foreign loans	-	-
<b>Total</b>	<b>2,545,730</b>	<b>2,468,142</b>

f) Loans granted to subsidiaries and associates: None.

g) Specific provisions for loans:

	Current Period	Prior Period
Specific Provisions		
Loans and Receivables with Limited Collectibility	3,625	3,662
Loans and Receivables with Doubtful Collectibility	16,340	7,796
Uncollectible Loans and Receivables	67,235	53,380
<b>Total</b>	<b>87,200</b>	<b>64,838</b>

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

h.1) Information on loans under follow-up, loans and other receivables those are restructured/rescheduled: None.

h.2) Information on total non-performing loans:

	Group III Loans and receivables with limited collectibility	Group IV Loans and receivables with doubtful collectibility	Group V Uncollectible loans and receivables
<b>Balances at Beginning of Period</b>	22,404	10,224	74,543
Additions (+)	44,427	6,073	12,178
Transfers from Other Categories of Non- Performing Loans (+)	-	39,515	25,357
Transfers to Other Categories of Non-Performing Loans (-)	39,515	25,357	-
Collections (-)	14,502	6,480	17,939
Write-offs (-)	-	30	-
Corporate and Commercial Loans	-	10	-
Retail Loans	-	6	-
Credit Cards	-	14	-
Other	-	-	-
<b>Balances at End of the Period</b>	12,814	23,945	94,139
Specific Provisions (-)	3,625	16,340	67,235
<b>Net Balance on Balance Sheet</b>	<b>9,189</b>	<b>7,605</b>	<b>26,904</b>

h.3) Information on non-performing loans in foreign currencies: None.

h.4) Information on non-performing loans according to beneficiary group:

	Group III	Group IV	Group V
	Loans and receivables with limited collectibility	Loans and receivables with doubtful collectibility	Uncollectible loans and receivables
<b>Current Period (Net)</b>	<b>9,189</b>	<b>7,605</b>	<b>26,904</b>
Loans Allowed to Real Persons and Corporate Bodies (Gross)	12,814	23,945	94,139
Specific provision (-)	3,625	16,340	67,235
Loans Allowed to Real Persons and Corporate Bodies (Net)	9,189	7,605	26,904
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>18,742</b>	<b>2,428</b>	<b>21,163</b>
Loans Allowed to Real Persons and Corporate Bodies (Gross)	22,404	10,224	74,543
Specific provision (-)	3,662	7,796	53,380
Loans Allowed to Real Persons and Corporate Bodies (Net)	18,742	2,428	21,163
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-

**6. Information on investment securities held-to-maturity (Net):**

a) Information on securities subject to repurchase agreement and given as collateral or blocked:

As at 30 September 2012 and 31 December 2011, there are no financial assets held-to-maturity.

b) Information on accounts in which government securities held-to-maturity are reflected:

As at 30 September 2012 and 31 December 2011, there are no financial assets held-to-maturity.

c) Information on investment securities held-to-maturity:

As at 30 September 2012 and 31 December 2011, there are no financial assets held-to-maturity.

d) Information on the movement of investment securities held-to-maturity during the period:

As at 30 September 2012 and 31 December 2011, there are no financial assets held-to-maturity.

**7. Investments in associates (Net):**

Tekstil Yatırım Menkul Değerler A.Ş., the subsidiary of the Parent Bank, participated in 1% of the share capital of formerly “Gelişen İşletmeler Piyasaları A.Ş.” later named as “Gelişen Bilgi Teknolojileri A.Ş.”. Liquidation decision of the associate has been taken in its General Assembly in 2012 and subsequent to the liquidation process, on 13 November 2012, equity and dividends have been returned to its shareholders.

**8. Investments in subsidiaries (Net):**

As at 30 September 2012 The parent Bank has subsidiary as Tekstil Yatırım ve Menkul Değerler A.Ş. The Parent Bank does not have any capital needs due to its subsidiary which is included in the calculation of its consolidated capital adequacy standard ratio.

Information related to subsidiaries:

a) Information on subsidiaries not consolidated:

Activities of the non-consolidated subsidiary of the Parent bank established in Turkey, "Tasfiye Halinde Tekstil Bilişim Hizmetleri A.Ş.", have been ended officially on 25 May 2012.

b) Information on subsidiaries not consolidated according to information above: None.

c) Movement of subsidiaries not consolidated:

	Current Period	Prior Period
Balance at the Beginning of the Period	41	47
Movements during the Period	(41)	(6)
Purchases	-	-
Bonus shares received	-	-
Dividends from Current Year Profit	-	-
Sales (*)	(41)	-
Revaluation Increase	-	-
Impairment Provision	-	(6)
<b>Balance at the End of the Period</b>	<b>-</b>	<b>41</b>
Capital Commitments	-	-
Share Percentage at the end of Period (%)	-	-

(\*) Activities of the non-consolidated subsidiary of the Parent bank established in Turkey, "Tasfiye Halinde Tekstil Bilişim Hizmetleri A.Ş.", have been ended officially on 25 May 2012. The subsidiary's balance sheet value is shown in sales row.

d) Sectoral distribution of subsidiaries not consolidated: None.



e) Information on consolidated subsidiaries:

Description	Address (City/Country)	Bank's share percentage- If different from voting percentage	Banks Risk Group Share Percentage (%)
Tekstil Yatırım Menkul Değerler A.Ş. (Tekstil Yatırım)	Istanbul/Turkey	99.92	100.00

f) Information on consolidated subsidiaries according to information above:

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Trading Income	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
27,708	17,653	161	2,104	4,446	1,499	3,261	-

g) Movement of consolidated subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	13,086	13,329
Movements during the Period	2,607	(243)
Purchases	-	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales	-	(262)
Revaluation Increase	-	-
Impairment Provision (*)	2,607	-
Revaluation Increase/(Decrease) due Effect of F/X Difference	-	19
<b>Balance at the End of the Period</b>	<b>15,693</b>	<b>13,086</b>
Capital Commitments	-	-
Share Percentage at the end of Period (%)	-	-

(\*) Provision for impairment amounting to TL 2,607 recognized in the prior periods for the subsidiary of the Parent Bank, "Tekstil Yatırım", has been reversed after evaluating the improved operation results of the subsidiary in the current period.

h) Sectoral distribution of consolidated subsidiaries:

	Current Period	Prior Period
Subsidiaries		
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	15,693	13,086
Other Non Financial Subsidiaries	-	-
<b>Total</b>	<b>15,693</b>	<b>13,086</b>

i) Listed subsidiaries: None.

j) Subsidiaries disposed during the current period:

Activities of the non-consolidated subsidiary of the Parent bank established in Turkey, "Tasfiye Halinde Tekstil Bilişim Hizmetleri A.Ş.", have been ended officially on 25 May 2012.

k) Subsidiaries purchased in the current period: None.

**9. Information on joint ventures:**

None.

**10. Information on financial lease receivables (net):**

None.

**11. Information on hedging purpose derivatives:**

None.

**12. Information on investment properties:**

None.

**13. Information on deferred tax assets:**

- a) Amount of deferred tax asset recognized in the balance sheet in respect of each type of deductible temporary differences, unused tax credits:

The Group has net deferred tax asset amounting TL 3,849 (31 December 2011: TL 4,718) which was calculated on deductible temporary differences except general provisions at 30 September 2012.

Deferred tax effects of items charged or credited to equity are also charged or credited directly to equity.

- b) Amount and expiry date of deductible temporary differences, unused tax losses, unused tax credits for which no deferred tax asset is recognized in the balance sheet: None.

**14. Information on assets held for sale and assets related to discontinued operations:**

The Parent Bank has no assets held for sale and assets related to discontinued operations as at 30 September 2012 and 31 December 2011.

**15. Information on other assets:**

The Group has property and real estate acquired against non performing loans and recorded under assets to be disposed of account and presented under other assets amounting TL 12,274 at 30 September 2012 (31 December 2011: TL 13,811).

Other assets, other than assets to be disposed of, amounting to TL 111,341 (31 December 2011: TL 105,194), do not exceed 10% of total assets.

## II. Information and disclosures related to liabilities

### 1. Information on deposits:

#### a) Information on maturity profile of deposits:

The Parent Bank does not have any deposits callable in 7 days.

##### a.1) Current Period:

	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	9,183	18,224	893,514	12,584	2,974	642	38	937,159
Foreign Currency Deposits	53,066	22,776	716,532	24,674	35,853	4,451	9	857,361
Residents in Turkey	45,866	18,073	668,969	14,563	28,263	1,602	9	777,345
Residents Abroad	7,200	4,703	47,563	10,111	7,590	2,849	-	80,016
Public Sector Deposits	5,138	-	-	-	-	-	-	5,138
Commercial Deposits	51,366	36,050	446,973	4,132	881	10,021	-	549,423
Other Ins. Deposits	1,282	278	15,317	14	18	-	-	16,909
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	57	80,263	-	-	-	-	-	80,320
Central Bank	-	-	-	-	-	-	-	-
Domestic Banks	57	80,263	-	-	-	-	-	80,320
Foreign Banks	-	-	-	-	-	-	-	-
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>120,092</b>	<b>157,591</b>	<b>2,072,336</b>	<b>41,404</b>	<b>39,726</b>	<b>15,114</b>	<b>47</b>	<b>2,446,310</b>

##### a.2) Prior Period:

	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	17,138	33,198	696,259	87,792	5,347	3,190	39	842,963
Foreign Currency Deposits	57,968	53,366	764,063	94,762	86,488	45,083	8	1,101,738
Residents in Turkey	48,223	52,744	741,184	74,117	77,702	42,009	8	1,035,987
Residents Abroad	9,745	622	22,879	20,645	8,786	3,074	-	65,751
Public Sector Deposits	3,720	-	-	-	-	-	-	3,720
Commercial Deposits	74,697	46,132	292,726	2,055	27,901	34,329	-	477,840
Other Ins. Deposits	1,345	520	24,909	3,293	55	-	-	30,122
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	172	-	-	-	-	-	-	172
Central Bank	-	-	-	-	-	-	-	-
Domestic Banks	49	-	-	-	-	-	-	49
Foreign Banks	123	-	-	-	-	-	-	123
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>155,040</b>	<b>133,216</b>	<b>1,777,957</b>	<b>187,902</b>	<b>119,791</b>	<b>82,602</b>	<b>47</b>	<b>2,456,555</b>

b. Information on Deposit Insurance:

b.1) Information on savings deposits insured by Saving Deposit Insurance Fund and the total amount of the deposits exceeding the insurance coverage limit:

Saving Deposits	Covered by	Covered by	Exceeding the	Exceeding the
	Deposit Insurance Fund	Deposit Insurance Fund	Deposit Insurance Limit	Deposit Insurance Limit
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	305,217	292,406	622,596	541,627
Foreign Currency Savings Deposits	87,183	92,375	398,078	491,449
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
<b>Total</b>	<b>392,400</b>	<b>384,781</b>	<b>1,020,674</b>	<b>1,033,076</b>

b.2) Savings deposits in Turkey that are not covered under insurance in another country since the Headquarter of the Group is not located abroad: None.

b.3) Savings deposits not covered by deposit insurance: TL 35,630 (31 December 2011: TL 36,665).

Saving deposits that are not covered under deposit insurance fund:

	Current Period	Prior Period
Deposits and Other Accounts at Foreign Branches	-	-
Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children under Their Wardship	22,333	22,470
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEOs with Their Parents, Spouse and Children under Their Wardship	13,297	14,195
Deposits and Other Accounts linked to Crimes Mentioned in 282 <sup>nd</sup> Article of 5237 Numbered Turkish Crime Legislation dated on 26/09/2004	-	-
Deposits belong to Off-shore Banks which are established to be engaged in offshore banking in Turkey.	-	-

**2. Information on derivative financial liabilities held for trading:**

Negative difference on derivatives held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forwards	143	183	2,740	1,182
Swaps	2,614	828	694	634
Futures	-	-	-	-
Options	2,425	135	19,046	2,477
Other	-	-	-	-
<b>Total</b>	<b>5,182</b>	<b>1,146</b>	<b>22,480</b>	<b>4,293</b>

**3. Information on funds borrowed:**

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	40,338	55,034	36,812	55,263
Foreign Banks, Institutions and Funds	-	151,180	-	149,664
<b>Total</b>	<b>40,338</b>	<b>206,214</b>	<b>36,812</b>	<b>204,927</b>

b) Contractual maturities of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	34,266	198,703	29,214	137,019
Medium and Long-Term	6,072	7,511	7,598	67,908
<b>Total</b>	<b>40,338</b>	<b>206,214</b>	<b>36,812</b>	<b>204,927</b>

**4. Information on other external resources:**

Other external resources are amounting to TL 71,533 (31 December 2011: TL 81,886) and do not exceed 10% of total liabilities excluding the off-balance sheet items.

**5. Obligations under financial leases:**

Lease rent payments are determined according to related asset's cost, market interest rates and lease term. The Group does not have obligations regarding financial lease agreements.

As at 30 September 2012 and 31 December 2011, the Group does not have financial lease liabilities.

As at 30 September 2012 and 31 December 2011, the Group does not have any obligations from operational agreements.

**6. Information on liabilities arising from hedging purpose derivatives:**

None.

7. Information on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General Provisions		
Provision for Group I Loans and Receivables	19,650	17,716
<i>Additional Provision for Loans and Receivables with Extended Maturities</i>	66	92
Provision for Group II Loans and Receivables	1,217	790
<i>Additional Provision for Loans and Receivables with Extended Maturities</i>	4	-
Provision for Non-cash Loans	1,669	1,592
Other	55	93
<b>Total</b>	<b>22,591</b>	<b>20,191</b>

b) Information on reserve for employee rights:

In accordance with existing legislation in Turkey, the Bank and its subsidiary in Turkey have to make certain lump-sum payments to employees who has completed one year of service with the Bank and whose employment is terminated due to retirement (retirement age for women and men are 58 and 60, respectively) or reasons other than resignation or misconduct. Provision for employee severance benefits has been accounted for using discounting total provision and reflected to the consolidated financial statements.

Such payments are calculated on the basis of 30 days' pay, as at 30 September 2012, at ceiling amount of TL-full 3,034 (31 December 2011: TL-full 2,732), per year of employment at the rate of pay applicable at the date of retirement of termination. The liability is not funded, since there is no funding requirement.

The Bank reserved for employee severance indemnities in the accompanying financial statements using actuarial method in accordance with the Turkish Accounting Standard 19 (TAS 19) "Employee Benefits". The major actuarial assumptions used in the calculation of the total liability are as follows.

	Current Period	Prior Period
Discount Ratio (%)	8.70	8.76
Expected Salary/ETI Liability Ceiling Increase Rate (%)	5.60	5.60

The basic assumption, which is to be paid severance pay for each year of service, or an estimated salary increase cap will increase in the rate of inflation each year. The discount rate is shows the expected real rate after adjusting for the effects of inflation.

Movement of ETI liability is below:

	Current Period	Prior Period
Balance at Prior Period End	3,283	2,678
Current year provisions/ (reversal of provision)	2,417	1,596
Paid in current year	(1,050)	(991)
<b>Balance at Current Period End</b>	<b>4,650</b>	<b>3,283</b>

The Group also has vacation pay liability amounting TL 3,197 (31 December 2011: TL 2,889) as at 30 September 2012.

c) Provision for foreign exchange differences on foreign currency indexed loans:

As at 30 September 2012, provision for foreign exchange differences on foreign currency indexed loans amounting TL 3,351 (31 December 2011: TL 248) are netted with loans on the asset side.

d) Information on other provisions:

d.1) Information on provision for possible risks: None.

d.2) Information on provision for promotions related with banking services:

As at 30 September 2012, the Parent Bank has provision for credit card service promotions amounting TL 180 (31 December 2011: TL 193).

d.3) Information on other provisions:

As at 30 September 2012, there is provision for lawsuits filed against the Parent Bank amounting TL 2,390 (31 December 2011: TL 1,927).

As at 30 September 2012, the Parent Bank has provision amounting to TL 3,847 (31 December 2011: TL 3,564) for non-cash loans and irrevocable commitments that are not indemnified and not converted into cash.

**8. Taxation:**

a) Current tax liability: As at 30 September 2012, corporate taxes payable of the Group after deductions of prepaid taxes is TL 1,777 (31 December 2011: TL 4,326).

b) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	1,777	4,326
Taxation on securities	2,112	2,409
Capital gains tax on property	121	147
Banking Insurance Transaction Tax (BITT)	2,492	2,250
Taxes on foreign exchange transactions	-	-
Value added tax payable	38	46
Other	1,219	1,251
<b>Total</b>	<b>7,759</b>	<b>10,429</b>

c) Information on premiums payable:

	Current Period	Prior Period
Social security premiums- employee share	969	440
Social security premiums- employer share	1,045	470
Bank pension fund premium- employee share	-	-
Bank pension fund premium- employer share	-	-
Pension fund membership fees and provisions- employee share	-	-
Pension fund membership fees and provisions- employer share	-	-
Unemployment insurance- employee share	68	35
Unemployment insurance- employer share	137	58
Other	2	8
<b>Total</b>	<b>2,221</b>	<b>1,011</b>

d) Information on deferred tax liabilities:

Deferred tax assets and liabilities of each consolidated entity calculated individually are netted at each individual financial statement. Net deferred tax assets and liabilities of consolidated entities are not netted off with each other during consolidation process.

**9. Information on shareholders' equity:**

a) Paid in capital:

	Current Period	Prior Period
Common Stock	420,000	420,000
Preferred Stock	-	-

The paid-in share capital of the Parent Bank is represented by 4,200 million registered shares of one 0.1 Turkish Liras each.

- b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so the amount of registered share capital: Not applicable at the Parent Bank.
- c) Information on share capital increases and their sources; other information on any increase in capital shares during the current period: None.
- d) Information on share capital increases from revaluation funds: None.
- e) Capital commitments for current financial year and following period: None.
- f) Prior period indicators of the Bank's income, profitability and liquidity; and possible effects of the predictions on equity, considering the ambiguity of the indicators: None.
- g) Information on the privileges given to stocks representing the capital: The 70% of share capital of the Parent Bank consist of Type A shares and the remaining consist of Type B shares. Three out of five members of the Board of Directors are appointed by Type A shareholders and the remaining two are appointed by Type B shareholders. There is no other privilege appointed.
- h) Information on marketable securities valuation reserve:

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	-	-	-	-
Financial assets available-for-sale	11,184	3	(289)	870
Translation gain/loss	-	-	-	-
<b>Total</b>	<b>11,184</b>	<b>3</b>	<b>(289)</b>	<b>870</b>

Information on portion of marketable securities valuation reserve related to foreign currency securities:

Portion of marketable securities valuation reserve related to foreign currency securities is presented as difference between fair values and amortized costs of the government bonds classified as investment securities available-for-sale.



**III. Information and disclosures related to consolidated income statement**

**1. Interest income:**

a) Information on interest income received from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest income received from loans (*)				
Short Term Loans	151,726	11,355	98,051	10,214
Medium and Long Term Loans	47,786	12,418	36,790	8,986
Loans Under Follow-Up	2,994	-	4,606	-
Source Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>202,506</b>	<b>23,773</b>	<b>139,447</b>	<b>19,200</b>

(\*) Includes fees and commissions from cash loans.

b) Information on interest income received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	78	-
Domestic Banks	561	365	313	396
Foreign Banks	33	78	-	263
Foreign Branches	-	-	-	-
<b>Total</b>	<b>594</b>	<b>443</b>	<b>391</b>	<b>659</b>

c) Information on interest income from securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Income on Financial Assets Held for Trading	-	15	-	18
Interest Income on Financial Assets at Fair Value through Profit and Loss	-	-	-	-
Interest Income on Financial Assets Available for Sale	26,457	591	16,630	874
Interest Income on Held to Maturity Investments	-	-	-	-
<b>Total</b>	<b>26,457</b>	<b>606</b>	<b>16,630</b>	<b>892</b>

d) Information on interest income received from associates and subsidiaries: None.

2. Interest expense:

a) Information on interest expense related to funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks (*)</b>	2,259	4,937	1,666	2,688
Central Bank of Turkey	-	-	-	-
Domestic Banks	2,249	1,290	1,666	1,136
Foreign Banks	10	3,647	-	1,552
Foreign Branches	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>2,259</b>	<b>4,937</b>	<b>1,666</b>	<b>2,688</b>

(\*) Includes fees and commission expenses related with funds borrowed.

b) Information on interest expense paid to associates and subsidiaries:

	Current Period	Prior Period
Interest paid to associates and subsidiaries	1	3

c) Information on interest paid on marketable securities issued: None.

d) Information on interest expense on deposits according to maturity structure:

The Parent Bank does not have interest expense on 7 days notice deposit.

Account Name	Demand Deposits	Time Deposits					Accumulated Deposits	Total
		Up to One Month	Up to Three Months	Up to Six Months	Up to One Year	Over One Year		
Turkish Lira								
Bank Deposits	-	59	-	-	-	-	-	59
Savings Deposits	-	1,442	62,749	2,642	302	111	3	67,249
Public Sector Deposits	-	41	-	-	-	-	-	41
Commercial Deposits	-	2,898	23,282	135	313	1,788	-	28,416
Other Institutions Deposits	-	69	1,786	5	3	-	-	1,863
<b>Total</b>	-	<b>4,509</b>	<b>87,817</b>	<b>2,782</b>	<b>618</b>	<b>1,899</b>	<b>3</b>	<b>97,628</b>
Foreign Currency								
Foreign Currency Deposits	-	1,085	26,912	1,325	1,208	441	-	30,971
Bank Deposits	-	771	-	-	-	-	-	771
Precious Metals Deposits	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>1,856</b>	<b>26,912</b>	<b>1,325</b>	<b>1,208</b>	<b>441</b>	-	<b>31,742</b>
<b>Grand Total</b>	-	<b>6,365</b>	<b>114,729</b>	<b>4,107</b>	<b>1,826</b>	<b>2,340</b>	<b>3</b>	<b>129,370</b>

**3. Trading income / loss (net):**

	Current Period	Prior Period
<b>Profit</b>	<b>280,647</b>	<b>263,554</b>
Capital Market Gains	9,055	8,248
Derivative Gains	87,432	168,685
Foreign Exchange Gains	184,160	86,621
<b>Loss (-)</b>	<b>(280,519)</b>	<b>(251,387)</b>
Capital Market Losses	(11)	(20)
Derivative Losses	(168,005)	(158,757)
Foreign Exchange Losses	(112,503)	(92,610)

Net loss from foreign currency exchange rate changes of derivatives is amounted to TL 68,211 (2011: TL 12,093 net profit).

**4. Other operating income:**

“Other operating income” in the income statement is mainly comprised of collections from the receivables for which the Bank had provided allowance in the previous periods.

**5. Impairment on loans and other receivables:**

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables:	28,155	7,531
Loans and Receivables in Group III	3,624	484
Loans and Receivables in Group IV	10,949	4,019
Loans and Receivables in Group V	13,582	3,028
General Provision Expenses	2,400	5,898
Provision for Possible Losses	-	-
Impairment Losses on Securities:	983	1,496
Trading securities	-	322
Investment Securities Available-for-Sale	983	1,174
Other Impairment Losses:	-	5
Associates	-	-
Subsidiaries	-	5
Joint Ventures	-	-
Investment Securities Held-to-Maturity	-	-
Other (*)	463	1,239
<b>Total</b>	<b>32,001</b>	<b>16,169</b>

(\*) Consists of provision for lawsuits filed against the Parent Bank.

**6. Information related to other operating expenses:**

	Current Period	Prior Period
Personnel Expenses	51,942	47,221
Reserve for Employee Termination Indemnities and Vacation Pay	1,675	660
Reserve for Bank's Social Aid Fund Deficit	-	-
Impairment of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	2,509	2,778
Impairment of Intangible Assets	-	-
Impairment of Goodwill	-	-
Amortization Expenses of Intangible Assets	196	247
Impairment of Investments in Associates	-	-
Impairment of Assets to be Disposed of	-	-
Depreciation of Assets to be Disposed of	213	214
Impairment of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	20,243	17,372
Operational Leases	8,415	7,120
Repair and Maintenance	1,018	921
Advertising	171	369
Other Expenses	10,639	8,962
Loss on Sale of Assets	19	153
Other (*)	7,259	7,838
<b>Total</b>	<b>84,056</b>	<b>76,483</b>

(\*) Other items mainly consist of taxes, duties and charges payables other than corporate tax and SDIF premiums.

**7. Taxes on income from continued and discontinued operations:**

a) Information on current tax income or expense and deferred tax income or expense:

For the interim period ended 30 September 2012, current tax expense is TL 3,174 (2011: TL 4,197).

For the interim period ended 30 September 2012 deferred tax expense is TL 1,125 (2011: TL 392 deferred tax income).

b) Deferred tax charge arising from origination or reversal of temporary differences:

For the interim period ended 30 September 2012, deferred tax expense arising from temporary differences amounting TL 1,125 (2011: TL 392 deferred tax income).

Additionally, for the interim period ended 30 September 2012, the effect in the current and deferred tax amounting to TL (2,646) (2011: TL 1,015) which are related to the equity differences under comprehensive income transactions, is accounted under equity accounts.

c) Information on deferred tax income or expense reflected to income table resulting from temporary differences, statutory losses and tax deductions and exceptions:

For the interim period ended 30 September 2012, deferred tax expense arising from temporary differences is TL 1,125 (2011: TL 392 deferred tax income).

For the interim periods ended 30 September 2012 and 2011, there are no deferred tax income resulted from tax losses.

**8. Information on net profit and loss:**

- a) Any further explanation on operating results needed for better understanding of the Parent Bank's performance: None.
- b) Any changes in estimations that might have a material effect on current and subsequent period results: None.

**9. Information related to the components of other items in the income statement exceeding 10% of the group total, or 20% of the sub-accounts belonging to this group:**

In the consolidated income statement; the "Other" captions presented under "Fees and Commissions Received" and "Fees and Commissions Paid" accounts, which are included in "Net Fee and Commission Income", consist of mainly income received and expenses paid to customers and third parties regarding banking activities.

**IV. Information and disclosures related to consolidated off-balance sheet items**

**1. Disclosures related to other contingent liabilities:**

a) Type and amount of irrevocable commitments:

As at 30 September 2012, asset purchase and sale commitments amount to TL 66,435 (31 December 2011: TL 52,591), loan granting commitments amount to TL 38,091 (31 December 2011: TL 50,752), commitments for credit card limits amount to TL 199,552 (31 December 2011: TL 198,968), commitments for cheque payments amount to TL 86,726 (31 December 2011: TL 79,430), commitments for promotional operations re-credit cards amount to TL 517 (31 December 2011: TL 593).

b) Type and amount of possible losses and commitments from off-balance sheet items:

There is no possible loss arising from off-balance sheet items. Guarantees from off-balance sheet commitments are shown in off-balance sheet items statements.

As at 30 September 2012, the Group has letters of guarantee amounting to TL 865,288 (31 December 2011: TL 887,708), bills of exchange and acceptances amounting to TL 1,414 (31 December 2011: TL 7,041), letters of credit amounting to TL 220,310 (31 December 2011: TL 303,685) and other guarantees amounting to TL 62,256 (31 December 2011: TL 26,714).

c) Non-cash loans:

	Current Period	Prior Period
Non-Cash Loans Given for Cash Loan Risks	39,201	43,242
With Original Maturity of 1 Year or Less	6,920	3,492
With Original Maturity of More Than 1 Year	32,281	39,750
Other Non-Cash Loans	1,110,067	1,181,906
<b>Total</b>	<b>1,149,268</b>	<b>1,225,148</b>

d) Information on fiduciary services rendered on behalf of third parties:

The Group acts as an investment agent for banking transactions on behalf of its customers and provides custody, management and consultancy services.

**V. Information and disclosures related to the Parent Bank's risk group**

**1. Information on the volume of transactions with the Parent Bank's risk group, lending and deposits outstanding at period end and income and expenses in the current period:**

a) Current Period:

Parent Bank's Risk Group (*)	Associates and subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	-	-	45,905	4,460	28	76
Balance at the End of the Period	-	-	1,958	694	144	12
Interest and Commission Income Received	-	-	3,768	44	-	-

(\*) As described in the Article 49 of Banking Law no.5411.

The Parent Bank has TL 18,795 placements in its risk group banks as at 30 September 2012 (31 December 2011: TL 16,607). Additionally, the Parent Bank has irrevocable commitments with its risk group amounting to TL 1,124 as at 30 September 2012 (31 December 2011 – TL 797).

b) Prior Period:

Parent Bank's Risk Group (*)	Associates and subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	-	-	17,687	7,225	46	107
Balance at the End of the Period	-	-	45,905	4,460	28	76
Interest and Commission Income Received	-	-	4,213	104	-	1

(\*) As described in the Article 49 of Banking Law no.5411.

c) Information on deposits held by the Parent Bank's risk group:

Parent Bank's Risk Group (*)	Associates and subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Deposit</b>						
Balance at the beginning of the Period	39	45	57,718	72,514	1,684	1,855
Balance at the End of the Period	-	39	61,573	57,718	1,262	1,684
Interest Expense on Deposits	1	3	3,682	4,657	25	68

(\*) As described in the Article 49 of Banking Law no.5411.

d) Information on forward transactions and option agreements and similar other agreements related with the Parent Bank's risk group:

As at 30 September 2012, the Parent Bank has forward purchase and sale transactions and options amounting to TL 3,564 and TL 3,640 (31 December 2011: TL 3,813 and TL 3,650) respectively, with the Parent Bank's risk group.

**2. The Parent Bank's transactions with the risk group:**

a) Relations of The Parent Bank with its related or unrelated subsidiaries:

In relations with related parties, regular banking and client relationships and market conditions are taken into consideration within the limitations of the Banking Law. Policies are applied to limit risk group's controlling power on the assets and liabilities of the Group and to limit risk group's weight in the balance sheet.

b) Besides nature of the relationship, transaction type, amount and its proportion in total transaction amount, amounts of primary transactions and their proportions in total amount, pricing policy and other matters:

In the Group's transactions with its risk group, pricing policy and other matters are determined and applied at market conditions. As at 30 September 2012, proportion of cash loans to risk group in total loans is 0.1% (31 December 2011: 1.8%), proportion of deposits from its risk group in total deposits is 2.6% (31 December 2011: 2.4%) and proportion of derivative transactions with its risk group in total derivative transactions is 0.6% (31 December 2011: 0.3%).

As at 30 September 2012, other commission income to risk group is amounted to TL 42 (2011: TL 30), other operating income to risk group is amounted to TL 35 (2011: 17), other commission expense to risk group is amounted to TL 64 (2011: TL 75) and other operating expense to risk group is amounted to TL 1,085 (2011: TL 1,010).

In the consolidated basis, key management cost for the current period is amounted to TL 3,591 (2011: TL 3,684).

**VI. Information and disclosures related to subsequent events**

Transactions that have not been finalized and their effect on the consolidated financial statements and disclosures in accordance with "Events after the reporting period" standard:

Gelişen Bilgi Teknolojileri A.Ş., an associate of Tekstil Yatırım, the Parent Bank's subsidiary, has taken liquidation decision in its General Assembly in 2012. Subsequent to the liquidation process, on 13 November 2012, equity and dividends have been returned to its shareholders.



## SECTION SIX

### INDEPENDENT AUDITORS' REVIEW REPORT

#### I. Information on the independent auditors' review report

The consolidated financial statements as at and for the interim period ended 30 September 2012 have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş (the Turkish member firm of KPMG International Cooperative, a Swiss entity) and the review report dated 27 November 2012 is presented in the introduction of this report.

#### II. Information and disclosures prepared by the independent auditors

None.