

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

Tekstil Bankası Anonim Şirketi

**Consolidated financial statements as at and
for the period ended 30 September 2013
with independent auditors' review report thereon**

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 balance sheet of Tekstil Bankası Anonim Şirketi ("the Bank") and its consolidated subsidiary as at 30 September 2013 and the related consolidated income statement, consolidated statement of income and expense items accounted under shareholders' equity, consolidated statement of cash flows, consolidated statement of changes in shareholders' equity for the period then ended. 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 on account and booking system and accounting and independent principles set out as per the Banking Act No.5411. Those principles require that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to applying analytical procedures to financial data and making inquiries of the Bank's management, and thus provides 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 give a true and fair view of the financial position of Tekstil Bankası Anonim Şirketi and its consolidated subsidiary at 30 September 2013 and of the results of its operations and its cash flows for the period then ended in accordance with accounting principles and standards set out by regulations in conformity with Article 37 and 38 of Banking Law No. 5411 and other regulations, communiqués, interpretations and circulars published by the Banking Regulation and Supervision Agency on accounting and financial reporting principles.

The consolidated financial statements of the Bank and its consolidated subsidiary as of and for the nine months period ended 30 September 2012 and as of and for the year ended 31 December 2012 prepared in accordance with the accounting principles and standards set out by regulations in conformity with Article 37 and 38 of the Banking Act No. 5411 were reviewed and audited, respectively, by another audit firm, who in their review report dated November 27, 2012 stated that nothing has come to their attention that causes them to believe that the consolidated financial statements of the Bank and its consolidated subsidiary as of and for the nine months ended 30 September 2012 do not give a true and fair view of the financial position, results of operations and cash flows in accordance with accounting principles and standards set out by regulations in conformity with Articles 37 and 38 of the Banking Act No. 5411 and other regulations, communiqués, interpretations and circulars published by the Banking Regulation and Supervision Agency ("BRSA") on accounting and financial reporting principles, and in their report dated 1 March 2013 expressed an unqualified opinion on the consolidated financial statements as of and for the year ended 31 December 2012.

Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish, (See Note 3.1)

Additional paragraph for convenience translation to English:

As explained in detail in Note 1 of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with articles 37 and 38 of the Banking Act No. 5411, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst&Young Global Limited



Fatma Ebru Yücel,
SMMM, Partner

İstanbul, Turkey
7 November 2013

**Convenience translation of consolidated financial statements and related disclosures originally issued in Turkish,
(See Note 3.I)**

**TEKSTİL BANKASI A. Ş.
CONSOLIDATED FINANCIAL REPORT AS OF 30 SEPTEMBER 2013**

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 consolidated financial report prepared in accordance with the "Communiqué on the Financial Statements to be announced to public by Banks as well as Explanations and Footnotes Thereof" 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 AND RISK MANAGEMENT
- 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 consolidated financial report.

The consolidated financial statements and related disclosures and footnotes that were subject to independent review, are prepared in accordance with the "Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks", 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	Güliden 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
Fax No : 0212 328 13 23

SECTION ONE**General Information**

I.	Parent Bank's date of establishment, beginning statute, its history including changes on its statute	1
II.	Capital structure, shareholders controlling the management and supervision of the Parent Bank directly or indirectly, and, if exists, changes on these issues and the Group that the Parent Bank belongs to and information about the persons and institutions that have qualified shares in the Parent Bank	1
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 Parent Bank's shares they hold	2
IV.	Type of services provided and the areas of operations of the Parent Bank	2
V.	Other information	3
VI.	Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and short explanation about the institutions subject to line-by-line method or proportional consolidation and institutions which are deducted from equity or not included in these three methods	3
VII.	The existing or potential, actual or legal obstacle on the transfer of shareholder's equity between the Parent Bank and its subsidiaries or the reimbursement of liabilities	3

SECTION TWO**Consolidated Financial Statements**

I.	Consolidated balance sheets	4
II.	Consolidated statements of off-balance sheet items	6
III.	Consolidated income statements	7
IV.	Consolidated statements of income and expenses recognized under equity	8
V.	Consolidated statements of changes in shareholders' equity	9
VI.	Consolidated statements of cash flows	11

SECTION THREE**Accounting Policies**

I.	Basis of presentation	12
II.	Strategy for the use of financial instruments and the foreign currency operations	13
III.	Presentation of information regarding consolidated subsidiaries and associates	13
IV.	Forward transactions, options and derivative instruments	14
V.	Interest income and expense	14
VI.	Fees and commissions	14
VII.	Financial assets	15
VIII.	Impairment of financial assets	16
IX.	Offsetting financial instruments	17
X.	Sale and repurchase agreements and transactions related to the lending of securities	17
XI.	Assets held for sale and discontinued operations	17
XII.	Goodwill and other intangible assets	17
XIII.	Tangible assets	18
XIV.	Leasing activities	18
XV.	Provisions and contingencies	18
XVI.	Contingent assets	19
XVII.	Obligations concerning employee rights	19
XVIII.	Taxation	19
XIX.	Additional explanations on borrowings	20
XX.	Issued stock	20
XXI.	Acceptances	20
XXII.	Government grants	20
XXIII.	Reserves and profit distribution	21
XXIV.	Related parties	21
XXV.	Cash and cash equivalents	21
XXVI.	Segment reporting	21
XXVII.	Reclassifications	21

SECTION FOUR**Consolidated Financial Structure and Risk Management**

I.	Consolidated capital adequacy ratio	22
II.	Consolidated market risk	26
III.	Consolidated foreign currency exchange rate risk	27
IV.	Consolidated interest rate risk	29
V.	Consolidated liquidity risk	33
VI.	Consolidated position risk of equity securities	34
VII.	Information related to consolidated securitization positions	34
VIII.	Information related to consolidated credit risk mitigation techniques	34
IX.	Information related to consolidated risk management target and policies	35
X.	Activities carried out on behalf and account of other persons	35
XI.	Consolidated segment reporting	35

SECTION FIVE**Disclosures and Footnotes on Consolidated Financial Statements**

I.	Information and disclosures related to consolidated assets	37
II.	Information and disclosures related to consolidated liabilities	48
III.	Information and disclosures related to consolidated income statement	54
IV.	Information and disclosures related to consolidated off-balance sheet items	58
V.	Information and disclosures related to the Parent Bank's risk group	59
VI.	Information and disclosures related to subsequent events	60

SECTION SIX**Independent Auditors' Review Report**

I.	Information on the independent auditors' review report	61
II.	Information and disclosures prepared by independent auditors	61

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

SECTION ONE

GENERAL INFORMATION

I. Parent Bank’s date of establishment, beginning statue, 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 September 1985 and started its operations on 13 October 1986. “Articles of Association” of the Parent Bank was published in Turkish Trade Registry Gazette no.1511, dated 9 May 1986. The statute of the Parent Bank was not changed since its establishment.

II. Capital structure, shareholders controlling the management and supervision of the Parent Bank directly or indirectly, and if exists, changes on these issues and the Group that the Parent 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 2013 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 Borsa Istanbul 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 Borsa Istanbul since 11 November 1999. The nominal value of its shares is TL 250,000 as at 30 September 2013. A major portion of its shares are held by public.

Main operations of GSD Group Companies are;

Banking:	Tekstil Bankası A.Ş., GSD Yatırım Bankası A.Ş.
Financial Services:	Tekstil Faktoring A.Ş., Tekstil Yatırım Menkul Değerler A.Ş. (“Tekstil Yatırım”)
Other:	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., Cano Maritime Limited, Dodo Maritime Limited, Hako Maritime Limited, Zeyno Maritime Limited.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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 TÜRER	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:	Selçuk İÇTEN	President of Inspectors’ Group	Under-Graduate
Executive Vice Presidents:	Ayperi G. URAS	Information Technologies and Operations Group	Graduate
	Güliden 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

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

IV. Type of services provided and the areas of operations of the Parent 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 Parent Bank also operates, through its branches, as insurance agent of Sampo Japan Sigorta A.Ş., Aviva Sigorta A.Ş., Vakıf Emeklilik A.Ş. and Ergo Emeklilik ve Hayat A.Ş.

As at 30 September 2013, the Parent Bank has 44 branches close to industrial zones of Turkey and a representative office in Berlin, Germany. The Parent Bank has 849 employees as at 30 September 2013 (As at 31 December 2012 number of branches was 44, number of employees was 841).

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.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

V. Other information

Bank’s Official Title	: Tekstil Bankası Anonim Şirketi
Reporting Period	: 1 January – 30 September 2013
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	: www.tekstilbank.com.tr
Reporting currency	: Thousands of Turkish Lira

VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and short explanation about the institutions subject to line-by-line method or proportional consolidation and institutions which are deducted from equity or not included in these three methods

There is no difference for the Bank regarding consolidation methods between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Account Standards (TAS). Information about consolidated subsidiaries and explanation about consolidation methods are indicated on Section Three, Footnote III.

VII. The existing or potential, actual or legal obstacle on the transfer of shareholders’ equity between the Parent Bank and its subsidiaries or the reimbursement of liabilities

None.

SECTION TWO

Consolidated Financial Statements

- I. Consolidated balance sheets
- II. Consolidated statements of off-balance sheet items
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**Convenience translation of consolidated financial statements originally issued in Turkish,
See Note 3.I**

**TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEETS (STATEMENTS OF FINANCIAL POSITION)
AS AT 30 SEPTEMBER 2013 AND 31 DECEMBER 2012
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

ASSETS	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
		CURRENT PERIOD 30/09/2013			PRIOR PERIOD 31/12/2012		
		TL	FC	TOTAL	TL	FC	TOTAL
I. CASH AND BALANCES WITH THE CENTRAL BANK	(5.1.1)	82,994	329,833	412,827	96,972	265,862	362,834
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	8,930	6,758	15,688	2,340	3,375	5,715
2.1 Trading Securities		8,930	6,758	15,688	2,340	3,375	5,715
2.1.1 Public Sector Debt Securities		-	380	380	-	367	367
2.1.2 Share Certificates		27	-	27	428	-	428
2.1.3 Positive Value of Trading Derivatives		7,903	6,378	14,281	662	3,008	3,670
2.1.4 Other Securities		1,000	-	1,000	1,250	-	1,250
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		-	-	-	-	-	-
III. BANKS	(5.1.3)	27,715	37,144	64,859	7,507	110,029	117,536
IV. INTERBANK MONEY MARKET		-	-	-	3,000	-	3,000
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange Money Market Placements		-	-	-	3,000	-	3,000
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V. INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)	(5.1.4)	382,613	6,276	388,889	321,968	7,434	329,402
5.1 Share Certificates		-	-	-	-	-	-
5.2 Public Sector Debt Securities		381,863	54	381,917	321,000	54	321,054
5.3 Other Securities		750	6,222	6,972	968	7,380	8,348
VI. LOANS	(5.1.5)	2,136,518	574,737	2,711,255	2,077,026	592,092	2,669,118
6.1 Loans		2,080,648	574,737	2,655,385	2,034,822	592,092	2,626,914
6.1.1 Loans Utilized to the Bank's Risk Group		7,576	8	7,584	547	35	582
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Others		2,073,072	574,729	2,647,801	2,034,275	592,057	2,626,332
6.2 Loans under Follow-Up		176,327	-	176,327	135,173	-	135,173
6.3 Specific Provisions (-)		120,457	-	120,457	92,969	-	92,969
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENT SECURITIES HELD TO MATURITY (Net)	(5.1.6)	-	-	-	-	-	-
8.1 Public Sector Debt Securities		-	-	-	-	-	-
8.2 Other Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	-	-	-	-	-	-
9.1 Equity Method Associates		-	-	-	-	-	-
9.2 Unconsolidated Associates		-	-	-	-	-	-
9.2.1 Financial Associates		-	-	-	-	-	-
9.2.2 Non-Financial Associates		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	(5.1.8)	-	-	-	-	-	-
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI. JOINT VENTURES (Net)	(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		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	(5.1.10)	-	-	-	-	-	-
12.1 Financial Lease Receivables		-	-	-	-	-	-
12.2 Operational Lease Receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
XIII. HEDGING DERIVATIVES	(5.1.11)	-	-	-	-	-	-
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		15,718	-	15,718	94,216	-	94,216
XV. INTANGIBLE ASSETS (Net)		2,013	-	2,013	1,625	-	1,625
15.1 Goodwill		-	-	-	-	-	-
15.2 Others		2,013	-	2,013	1,625	-	1,625
XVI. INVESTMENT PROPERTY (Net)	(5.1.12)	-	-	-	-	-	-
XVII. TAX ASSETS	(5.1.13)	3,826	-	3,826	1,869	-	1,869
17.1 Current Tax Assets		2,519	-	2,519	-	-	-
17.2 Deferred Tax Assets		1,307	-	1,307	1,869	-	1,869
XVIII. ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)	(5.1.14)	-	-	-	-	-	-
18.1 Held For Sale		-	-	-	-	-	-
18.2 Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(5.1.15)	102,754	19,188	121,942	93,091	6,043	99,134
TOTAL ASSETS		2,763,081	973,936	3,737,017	2,699,614	984,835	3,684,449

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

Convenience translation of consolidated financial statements originally issued in Turkish,
See Note 3.I

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED BALANCE SHEETS (STATEMENTS OF FINANCIAL POSITION)
AS AT 30 SEPTEMBER 2013 AND 31 DECEMBER 2012
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

LIABILITIES AND EQUITY		Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
			CURRENT PERIOD 30/09/2013			PRIOR PERIOD 31/12/2012		
			TL	FC	TOTAL	TL	FC	TOTAL
I. DEPOSITS		(5.II.1)	1,234,712	969,801	2,204,513	1,504,322	1,205,756	2,710,078
1.1 Deposits of the Bank's Risk Group			11,671	37,699	49,370	24,561	31,328	55,889
1.2 Others			1,223,041	932,102	2,155,143	1,479,761	1,174,428	2,654,189
II. NEGATIVE VALUE OF TRADING DERIVATIVES		(5.II.2)	5,278	442	5,720	1,686	802	2,488
III. FUNDS BORROWED		(5.II.3)	42,093	407,076	449,169	33,943	215,158	249,101
IV. DUE TO MONEY MARKETS			315,499	-	315,499	11,156	-	11,156
4.1 Interbank Money Market			-	-	-	-	-	-
4.2 Istanbul Stock Exchange			-	-	-	-	-	-
4.3 Obligations under Repurchase Agreements			315,499	-	315,499	11,156	-	11,156
V. SECURITIES ISSUED (Net)			-	-	-	-	-	-
5.1 Bills			-	-	-	-	-	-
5.2 Asset Backed Securities			-	-	-	-	-	-
5.3 Bonds			-	-	-	-	-	-
VI. FUNDS			-	-	-	-	-	-
6.1 Bank Borrowers' Funds			-	-	-	-	-	-
6.2 Others			-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES			13,863	1,768	15,631	12,427	1,698	14,125
VIII. OTHER EXTERNAL RESOURCES		(5.II.4)	71,483	10,175	81,658	64,101	7,947	72,048
IX. FACTORING PAYABLES			-	-	-	-	-	-
X. LEASE PAYABLES (Net)		(5.II.5)	-	-	-	-	-	-
10.1 Financial Lease Payables			-	-	-	-	-	-
10.2 Operational Lease Payables			-	-	-	-	-	-
10.3 Others			-	-	-	-	-	-
10.4 Deferred Financial Leasing Expenses (-)			-	-	-	-	-	-
XI. HEDGING PURPOSE DERIVATIVES		(5.II.6)	-	-	-	-	-	-
11.1 Fair Value Hedge			-	-	-	-	-	-
11.2 Cash Flow Hedge			-	-	-	-	-	-
11.3 Hedging of a Net Investment in Foreign Subsidiaries			-	-	-	-	-	-
XII. PROVISIONS		(5.II.7)	44,373	-	44,373	40,227	-	40,227
12.1 General Provisions			26,321	-	26,321	24,590	-	24,590
12.2 Restructuring Provisions			-	-	-	-	-	-
12.3 Reserve for Employee Benefits			9,301	-	9,301	8,618	-	8,618
12.4 Insurance Technical Provisions (Net)			-	-	-	-	-	-
12.5 Other Provisions			8,751	-	8,751	7,019	-	7,019
XIII. TAX LIABILITIES		(5.II.8)	7,186	-	7,186	10,325	-	10,325
13.1 Current Tax Liability			7,186	-	7,186	10,325	-	10,325
13.2 Deferred Tax Liability			-	-	-	-	-	-
XIV. PAYABLES RELATED TO HELD FOR SALE AND DISCONTINUED OPERATIONS			-	-	-	-	-	-
14.1 Held For Sale			-	-	-	-	-	-
14.2 Discontinued Operations			-	-	-	-	-	-
XV. SUBORDINATED LOANS			-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY		(5.II.9)	613,269	(1)	613,268	574,896	5	574,901
16.1 Paid-In Capital			420,000	-	420,000	420,000	-	420,000
16.2 Supplementary Capital			36,631	(1)	36,630	49,654	5	49,659
16.2.1 Share Premium			(814)	-	(814)	(814)	-	(814)
16.2.2 Share Cancellation Profits			-	-	-	-	-	-
16.2.3 Valuation Differences of Securities			4,029	(1)	4,028	17,052	5	17,057
16.2.4 Revaluation Fund on Tangible Assets			33,416	-	33,416	33,416	-	33,416
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			105,242	-	105,242	79,184	-	79,184
16.3.1 Legal Reserves			8,531	-	8,531	7,110	-	7,110
16.3.2 Status Reserves			-	-	-	-	-	-
16.3.3 Extraordinary Reserves			96,711	-	96,711	72,074	-	72,074
16.3.4 Other Profit Reserves			-	-	-	-	-	-
16.4 Profit or Loss			51,396	-	51,396	26,058	-	26,058
16.4.1 Prior Periods' Profit or Loss			-	-	-	-	-	-
16.4.2 Current Period Profit or Loss			51,396	-	51,396	26,058	-	26,058
16.5 Minority Shares			-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY			2,347,756	1,389,261	3,737,017	2,253,083	1,431,366	3,684,449

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

**Convenience translation of consolidated financial statements originally issued in Turkish,
See Note 3.I**

**TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED OFF BALANCE SHEET ITEMS STATEMENTS
AS AT 30 SEPTEMBER 2013 AND 31 DECEMBER 2012
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
		CURRENT PERIOD 30/09/2013			PRIOR PERIOD 31/12/2012		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II-III)		1,522,927	2,135,071	3,657,998	1,360,737	1,709,057	3,069,794
I. GUARANTEES	(5.IV.1)	609,639	575,211	1,184,850	698,438	549,673	1,248,111
1.1. Letters of Guarantee		609,264	332,219	941,483	698,438	303,313	1,001,751
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		609,264	332,219	941,483	698,438	303,313	1,001,751
1.2. Bank Acceptances		-	2,432	2,432	-	1,359	1,359
1.2.1. Import Letter of Acceptance		-	2,432	2,432	-	1,359	1,359
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	196,405	196,405	-	202,019	202,019
1.3.1. Documentary Letters of Credit		-	113,239	113,239	-	131,783	131,783
1.3.2. Other Letters of Credit		-	83,166	83,166	-	70,236	70,236
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 Guarantees		375	44,155	44,530	-	42,982	42,982
1.9. Other Sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.IV.1)	356,350	124,101	480,451	330,647	37,055	367,702
2.1. Irrevocable Commitments		356,350	124,101	480,451	330,647	37,055	367,702
2.1.1. Asset Purchase and Sale Commitments		93,143	124,101	217,244	1,697	37,055	38,752
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		43,314	-	43,314	42,711	-	42,711
2.1.5. Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheque Payments		83,828	-	83,828	85,217	-	85,217
2.1.8. Tax and Fund Obligations from Export Commitments		8	-	8	-	-	-
2.1.9. Commitments for Credit Card Limits		135,657	-	135,657	200,544	-	200,544
2.1.10. Commitments for Promotional Operations Re-Credit Cards and Banking Services		400	-	400	478	-	478
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		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		556,938	1,435,759	1,992,697	331,652	1,122,329	1,453,981
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		556,938	1,435,759	1,992,697	331,652	1,122,329	1,453,981
3.2.1. Forward Foreign Currency Purchases/Sales		175,926	264,347	440,273	22,699	100,588	123,287
3.2.1.1. Forward Foreign Currency Purchases		63,127	156,958	220,085	5,763	55,882	61,645
3.2.1.2. Forward Foreign Currency Sales		112,799	107,389	220,188	16,936	44,706	61,642
3.2.2. Currency and Interest Rate Swaps		313,186	980,344	1,293,530	240,795	917,657	1,158,452
3.2.2.1. Currency Swaps-Purchases		51,720	621,049	672,769	9,747	586,060	595,807
3.2.2.2. Currency Swaps-Sales		261,466	359,295	620,761	231,048	331,597	562,645
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		67,826	148,176	216,002	67,800	72,037	139,837
3.2.3.1. Currency Options-Purchases		37,535	70,357	107,892	33,605	36,317	69,922
3.2.3.2. Currency Options-Sales		30,291	77,819	108,110	34,195	35,720	69,915
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		-	42,892	42,892	358	32,047	32,405
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		3,173,199	942,101	4,115,300	3,090,469	1,030,884	4,121,353
IV. ITEMS HELD IN CUSTODY		258,593	33,523	292,116	269,471	57,901	327,372
4.1. Customers' Securities and Portfolios Held		-	-	-	-	-	-
4.2. Securities Held in Custody		150,752	9,749	160,501	139,629	9,382	149,011
4.3. Checks Received for Collection		79,397	3,727	83,124	83,670	3,586	87,256
4.4. Commercial Notes Received for Collection		15,847	10,219	26,066	24,474	22,720	47,194
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items under Custody		441	12	453	475	41	516
4.8. Custodians		12,156	9,816	21,972	21,223	22,172	43,395
V. PLEDGED ITEMS		2,891,153	908,578	3,799,731	2,790,441	972,983	3,763,424
5.1. Securities		14,516	-	14,516	13,908	-	13,908
5.2. Guarantee Notes		5,357	24,974	30,331	3,155	23,393	26,548
5.3. Commodities		94,898	58,964	153,862	81,548	50,628	132,176
5.4. Warrants		125	-	125	947	-	947
5.5. Immovables		1,939,719	737,886	2,677,605	2,021,193	804,590	2,825,783
5.6. Other Pledged Items		836,538	86,754	923,292	669,690	94,372	764,062
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		23,453	-	23,453	30,557	-	30,557
TOTAL OFF BALANCE SHEET ITEMS (A+B)		4,696,126	3,077,172	7,773,298	4,451,206	2,739,941	7,191,147

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

Convenience translation of consolidated financial statements originally issued in Turkish,
See Note 3.I

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED INCOME STATEMENTS
FOR THE PERIODS ENDED 30 SEPTEMBER 2013 AND 2012
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INCOME AND EXPENSE ITEMS	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA			
		CURRENT PERIOD (01/01/2013 - 30/09/2013)	PRIOR PERIOD (01/01/2012 - 30/09/2012)	CURRENT PERIOD (01/07/2013 - 30/09/2013)	PRIOR PERIOD (01/07/2012 - 30/09/2012)
I. INTEREST INCOME	(5.III.1)	219,620	254,966	71,703	80,741
1.1 Interest from Loans		195,452	226,279	63,218	77,016
1.2 Interest from Reserve Deposits		-	-	-	-
1.3 Interest from Banks		1,043	1,037	432	346
1.4 Interest from Money Market Transactions		25	152	2	75
1.5 Interest from Securities Portfolio		22,581	27,063	7,927	3,164
1.5.1 Trading Securities		16	15	6	5
1.5.2 Financial Assets at Fair Value Through Profit or Loss		-	-	-	-
1.5.3 Available for Sale Securities		22,565	27,048	7,921	3,159
1.5.4 Held to Maturity Securities		-	-	-	-
1.6 Interest from Financial Leases		-	-	-	-
1.7 Other Interest Income		519	435	124	140
II. INTEREST EXPENSE	(5.III.2)	111,856	145,732	38,587	47,886
2.1 Interest on Deposits		95,949	129,370	32,155	43,445
2.2 Interest on Funds Borrowed		7,912	7,196	2,981	2,610
2.3 Interest on Money Market Transactions		6,344	9,114	3,451	1,825
2.4 Interest on Securities Issued		-	-	-	-
2.5 Other Interest Expense		1,651	52	-	6
III. NET INTEREST INCOME (I - II)		107,764	109,234	33,116	32,855
IV. NET FEE AND COMMISSION INCOME		12,559	13,151	3,921	4,240
4.1 Fees and Commissions Received		15,627	16,258	5,005	5,202
4.1.1 Non-Cash Loans		8,002	8,085	2,524	2,515
4.1.2 Other		7,625	8,173	2,481	2,687
4.2 Fees and Commissions Paid		3,068	3,107	1,084	962
4.2.1 Non-Cash Loans		212	218	77	64
4.2.2 Other		2,856	2,889	1,007	898
V. DIVIDEND INCOME		-	2	-	-
VI. TRADING INCOME/LOSS (Net)	(5.III.3)	(1,646)	128	(2,537)	1,677
6.1 Profit / Loss on Trading Account Securities		5,679	9,044	1,350	4,054
6.2 Derivative Instruments Gain / Loss		58,272	(80,573)	31,013	(21,424)
6.3 Foreign Exchange Gain / Loss		(65,597)	71,657	(34,900)	19,047
VII. OTHER OPERATING INCOME	(5.III.4)	66,799	13,204	54,285	3,204
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		185,476	135,719	88,785	41,976
IX. IMPAIRMENT ON LOANS AND OTHER RECEIVABLES (-)	(5.III.5)	40,138	32,001	11,812	14,079
X. OTHER OPERATING EXPENSES (-)	(5.III.6)	89,199	84,056	31,481	27,615
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		56,139	19,662	45,492	282
XII. NEGATIVE GOODWILL		-	-	-	-
XIII. PROFIT / LOSS FROM EQUITY METHOD INVESTMENTS		-	-	-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XV. P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)		56,139	19,662	45,492	282
XVI. TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(5.III.7)	(4,743)	(4,299)	(2,713)	(309)
16.1 Current Tax Provision		(4,454)	(3,174)	(887)	465
16.2 Deferred Tax Provision		(289)	(1,125)	(1,826)	(774)
XVII. NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)		51,396	15,363	42,779	(27)
XVIII. PROFIT FROM DISCONTINUED OPERATIONS		-	-	-	-
18.1 Assets Held for Sale		-	-	-	-
18.2 Profit on Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
18.3 Others		-	-	-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
19.1 Assets Held for Sale		-	-	-	-
19.2 Loss on Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
19.3 Others		-	-	-	-
XX. P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-	-	-
XXI. TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)	(5.III.7)	-	-	-	-
21.1 Current Tax Provision		-	-	-	-
21.2 Deferred Tax Provision		-	-	-	-
XXII. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	(5.III.8)	51,396	15,363	42,779	(27)
23.1 Group's Profit / Loss		51,396	15,363	42,779	(27)
23.2 Minority Shares		-	-	-	-
Earnings / Losses per Share (Full TL)		0.0122	0.0037	0.0102	(0.0000)

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

Convenience translation of consolidated financial statements originally issued in Turkish,
See Note 3.I

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME AND EXPENSES RECOGNIZED UNDER EQUITY
FOR THE PERIODS ENDED 30 SEPTEMBER 2013 AND 2012
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY	THOUSANDS OF TURKISH LIRA			
	CURRENT PERIOD (01/01/2013 - 30/09/2013)	PRIOR PERIOD (01/01/2012 - 30/09/2012)	CURRENT PERIOD (01/07/2013 - 30/09/2013)	PRIOR PERIOD (01/07/2012 - 30/09/2012)
I. ADDITIONS TO VALUATION DIFF. ON SECURITIES FROM AVAILABLE FOR SALE INVESTMENTS	(16,285)	13,252	(260)	9,845
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	3,256	(2,646)	51	(1,969)
X. NET PROFIT/LOSS RECOGNIZED IN EQUITY (I+II+...+IX)	(13,029)	10,606	(209)	7,876
XI. CURRENT PERIOD PROFIT/LOSS	51,396	15,363	42,779	(27)
11.1 Net Change in Fair Value of Securities (Transfer to Profit & Loss)	977	293	130	(751)
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	50,419	15,070	42,649	724
XII. TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD (X±XI)	38,367	25,969	42,570	7,849

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

Convenience translation of consolidated financial statements originally issued in Turkish,
See Note 3.I

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED 30 SEPTEMBER 2013 AND 2012
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

CHANGES IN SHAREHOLDERS' EQUITY	THOUSANDS OF TURKISH LIRA														Total Equity Attributable to Equity Holders of the Parent	Non- controlling Interests	Total 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 Differences of Securities	Revaluation Fund on Tangible Assets	Securities Value Increase Fund	Hedge Funds	Revaluation Fund on Assets Held for Sale and Discontinued Operations		
PRIOR PERIOD 30/09/2012																	
I. Balances at the Beginning of Period - 01/01/2012	420,000	-	(814)	-	5,830	-	48,728	-	24,626	-	581	18,839	-	-	-	-	517,790
II. Corrections According to Turkish Accounting Standard No.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I + II)	420,000	-	(814)	-	5,830	-	48,728	-	24,626	-	581	18,839	-	-	-	-	517,790
Changes in the Period																	
IV. Increase / Decrease Related to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Valuation Difference of Available-for-Sale Securities	-	-	-	-	-	-	-	-	-	-	10,606	-	-	-	-	-	10,606
VI. Hedging Transactions (Effective Portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Hedging of a Net Investment in Foreign Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Revaluation fund on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Revaluation fund on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Capital Bonus of Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Changes Related to Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes Related to Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of Changes in Equities of Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Domestic sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Issuences of Share Certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Abolition profit of Share Certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Capital Reserves from Inflation Adjustments to Paid-In Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Current Period Net Profit / Loss	-	-	-	-	-	-	-	-	15,363	-	-	-	-	-	-	-	15,363
XX. Profit Distribution	-	-	-	-	1,280	-	23,346	-	(24,626)	-	-	-	-	-	-	-	-
20.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transferred to Reserves	-	-	-	-	1,280	-	23,346	-	(24,626)	-	-	-	-	-	-	-	-
20.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the End of Period (III+IV+V+.....+XVIII+XIX+XX) - 30/09/2012	420,000	-	(814)	-	7,110	-	72,074	-	15,363	-	11,187	18,839	-	-	-	-	543,759

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

Convenience translation of consolidated financial statements originally issued in Turkish,
See Note 3.I

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED 30 SEPTEMBER 2013 AND 2012
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

		THOUSANDS OF TURKISH LIRA																	
		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 Differences of Securities	Revaluation Fund on Tangible Assets	Securities Value Increase Fund	Hedge Funds	Revaluation Fund on Assets Held for Sale and Discontinued Operations	Total Equity Attributable to Equity Holders of the Parent	Non- controlling Interests	Total Shareholders' Equity
CHANGES IN SHAREHOLDERS' EQUITY																			
CURRENT PERIOD 30/09/2013																			
I.	Balances at the Beginning of Period - 01/01/2013	420,000	-	(814)	-	7,110	-	72,074	-	26,058	-	17,057	33,416	-	-	-	574,901	-	574,901
	Changes in the Period																		
II.	Increase / Decrease Related to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Valuation Difference of Available-for-Sale Securities	-	-	-	-	-	-	-	-	-	-	(13,029)	-	-	-	-	(13,029)	-	(13,029)
IV.	Hedging Transactions (Effective Portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedging of a Net Investment in Foreign Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation fund on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Revaluation fund on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Capital Bonus of Associates,Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes Related to Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes Related to Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of Changes in Equities of Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Domestic sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Issuences of Share Certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Abolition profit of Share Certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital Reserves from Inflation Adjustments to Paid-In Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current Period Net Profit / Loss	-	-	-	-	-	-	-	-	51,396	-	-	-	-	-	-	51,396	-	51,396
XVIII.	Profit Distribution	-	-	-	-	1,421	-	24,637	-	(26,058)	-	-	-	-	-	-	-	-	-
18.1	Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transferred to Reserves	-	-	-	-	1,421	-	24,637	-	(26,058)	-	-	-	-	-	-	-	-	-
18.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the End of Period (I+II+III+...+XVI+XVII+XVIII) - 30/09/2013		420,000	-	(814)	-	8,531	-	96,711	-	51,396	-	4,028	33,416	-	-	-	613,268	-	613,268

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 PERIODS ENDED 30 SEPTEMBER 2013 AND 2012
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

		THOUSANDS OF TURKISH LIRA	
		CURRENT PERIOD (01/01/2013 - 30/09/2013)	PRIOR PERIOD (01/01/2012 - 30/09/2012)
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit before Changes in Operating Assets and Liabilities	38,988	72,836
1.1.1	Interest Received	215,994	253,394
1.1.2	Interest Paid	(112,539)	(150,050)
1.1.3	Dividend Received	-	2
1.1.4	Fees And Commissions Received	11,286	14,957
1.1.5	Other Income	(15,125)	5,507
1.1.6	Collections from Non-performing Loans	32,314	36,080
1.1.7	Payments to Personnel and Service Suppliers	(54,143)	(51,942)
1.1.8	Taxes Paid	(14,026)	(12,571)
1.1.9	Other	(24,773)	(22,541)
1.2	Changes in Operating Assets and Liabilities	(158,846)	(127,000)
1.2.1	Net (Increase) Decrease in Trading Securities	437	689
1.2.2	Net (Increase) Decrease in Financial Assets Designated at FV	-	-
1.2.3	Net (Increase) Decrease in Banks	(44,521)	11,953
1.2.4	Net (Increase) Decrease in Loans	(109,751)	(140,318)
1.2.5	Net (Increase) Decrease in Other Assets	(19,045)	(81)
1.2.6	Net Increase (Decrease) in Bank Deposits	(2,603)	80,075
1.2.7	Net Increase (Decrease) in Other Deposits	(501,443)	(86,398)
1.2.8	Net Increase (Decrease) in Funds Borrowed	503,575	(60,035)
1.2.9	Net Increase (Decrease) in Due Payables	-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	14,505	67,115
I.	Net Cash Provided by Banking Operations	(119,858)	(54,164)
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net Cash Provided by / (Used in) Investing Activities	55,161	52,575
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	(1,439)	(2,811)
2.4	Fixed Assets Sales	125,281	1,145
2.5	Cash Paid for Purchase of Investments Available for Sale	(134,688)	(197,053)
2.6	Cash Obtained From Sale of Investments Available for Sale	66,007	251,257
2.7	Cash Paid for Purchase of Investment Securities	-	-
2.8	Cash Obtained from Sale of Investment Securities	-	-
2.9	Other	-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash (Used in) Financing Activities	-	-
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	-	-
3.6	Other	-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	14,497	(1,058)
V.	Net Increase in Cash and Cash Equivalents (I+II+III+IV)	(50,200)	(2,647)
VI.	Cash and Cash Equivalents at the Beginning of Period	393,703	312,803
VII.	Cash and Cash Equivalents at the End of Period (V+VI)	343,503	310,156

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

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

SECTION THREE
ACCOUNTING POLICIES

I. Basis of presentation

Preparation of the consolidated financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks:

The consolidated financial statements have been prepared in accordance with the “Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks” related with Banking Act no. 5411 published in the Official Gazette no.26333 dated 1 November 2006, and in compliance with “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards” (“TFRS”) issued by the “Public Oversight Accounting and Audit Standards Authority” (“PCAOB”) and additional explanations and notes related to them (all “Turkish Accounting Standards” or “TAS”) and other decrees, notes and explanations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”).

The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on the Financial Statements to be announced to public by Banks as well as Explanations and Footnotes Thereof”, published in Official Gazette no. 28337, dated 28 June 2012, and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

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

The preparation of consolidated financial statements in conformity with TAS requires the use of certain accounting estimates and assumptions by the Parent Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

The amendments of TAS and TFRS, except TFRS 9 Financial Instruments, which have been published as of reporting date but have not been effective, have no impact on the accounting policies, financial condition and performance of the Group. The Group assess the impact of TFRS 9 Financial Instruments standard.

Additional paragraph for convenience translation to English

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which consolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in these consolidated financial statements. Accordingly, these consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position 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.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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 Parent 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 2013, rates used for converting foreign exchange transactions to Turkish Lira and presenting them in financial statements are as follows; USD: TL 2.0342, Euro: TL 2.7484, JPY: TL 0.0206.

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

III. Presentation of information regarding consolidated subsidiaries and associates

The Parent Bank has no consolidating associate.

Tekstil Yatırım which is financial subsidiary of the Parent Bank is consolidated to accompanying consolidated financial statements by using “Full Consolidation” method as at 30 September 2013 and 31 December 2012.

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

Control is defined as the power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Bank’s returns.

The carrying amount of the Parent Bank’s investment in its subsidiary and the Parent Bank’s portion of equity of its 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 2013 and appropriate adjustments are made to financial statements to use uniform accounting policies for similar transactions and events in same circumstances. There is no obstacle on the transfer of shareholders’ equity between the Parent Bank and its subsidiary or on the reimbursement of liabilities.

**TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)**

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.

Embedded derivatives are separated from the host contract and accounted for as a derivative under TAS 39 if, and only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss. When the host contract and embedded derivative are closely related, embedded derivatives are not separated from the host contract and are accounted according to the standard applied to the host contract.

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 cash and non-cash loans are allocated to related periods. Upfront commissions from consumer loans are discounted with effective interest rate method and allocated to related period’s income statement.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

VII. Financial assets

The Group categorizes its financial assets as “Fair value through profit/loss”, “Available for sale”, “Loans and receivables” or “Held to maturity”. Sale and purchase transactions of the financial assets mentioned above are recognized and derecognized at the “Settlement dates”. The appropriate classification of financial assets of the Group is determined at the time of purchase by the Parent Bank’s management, taking into consideration the purpose of the investment.

a. 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.

b. 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.

c. Loans and receivables:

Loans and receivables arise when the Parent 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 Parent Bank management, loans that are identified as being impaired are transferred to “loans under follow-up” accounts. Thereby, specific and general allowances are made against the carrying amount of these loans in accordance with the “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and 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. Uncollectible receivables are written-off after all the legal procedures are finalized. The Bank’s general policy for write-off of loans and receivables under follow-up is to write off such loans and receivables that are proven to be uncollectible by obtaining required documentation, also considering Tax Procedural Law’s verdicts.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

VII. Financial assets (continued)

d. Investment securities held-to-maturity:

Held-to-maturity securities are financial assets with fixed maturities and pre-determined payment schedules that the Parent 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 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 a 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 Parent Bank provides specific and general allowances for loan and other receivables classified in accordance with the “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and 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 “The Amendment to the Communiqué on Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside” 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 the Official Gazette no. 27968 dated 18 June 2011 amending the “The Amendment to the Communiqué on Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside”, 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 for car and housing loans; and is 8% for consumer loans under close monitoring except for car and housing loans.

Since the consumer loans of the Parent Bank do not exceed the ratios mentioned above as at 30 September 2013, additional general loan loss provision has not been calculated.

In accordance with the communiqué “The Amendment to the Communiqué on Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside” published in the Official Gazette no. 28418 dated 21 September 2012, the Parent Bank has calculated general loan loss provisions with the rates stated in the first paragraph of Article 7 of the Communiqué.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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 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 Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and 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 Parent Bank 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 (“reverse repo”) 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 discontinued operations

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 2013 and 31 December 2012.

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 are subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses.

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.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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

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

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 2013, revaluation surplus on tangible assets amounts to TL 4,125 (31 December 2012: TL 35,175). TL 31,050 of the total revaluation surplus is related with the headquarters building sale in 2013.

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.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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. Since recognizing the contingent assets in the financial statements may result in the accounting of an income, which will never be generated, the related assets are not included in the financial statements. If an inflow of economic benefits has become probable, then the contingent asset is disclosed in the notes to the consolidated financial statements. Developments related to the contingent assets are constantly evaluated to be reflected rightly in 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 for 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 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.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

XVIII. Taxation (continued)

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 composed of deductible temporary differences and tax losses are accounted with considering that it is probable that taxable profit will be available and such deductible temporary differences and tax losses 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 entities 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.

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 stock 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 2013 and 31 December 2012, the Group does not have any government grants.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

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, 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 the article 49 of the Banking Law No.5411. Transactions regarding related parties are presented in Note V of Section Five.

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, other money market placements with an original maturity of three months or less and receivables from reverse repo. 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 XI.

XXVII. Reclassifications

In order to achieve convenience of presentation of financial statements as at 30 September 2013, no reclassifications have been made in the consolidated financial statements for the prior year / period.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

SECTION FOUR

CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Consolidated capital adequacy ratio

As at 30 September 2013, the Group’s consolidated capital adequacy ratio is 18.44% (31 December 2012: 16.47%).

Capital adequacy ratio is calculated within the scope of the “Regulation on Measurement and Evaluation of Capital Adequacy of Banks”, “Communiqué on Credit Risk Mitigation Techniques” and “Communiqué on Capital Requirement Calculation for Market Risk of Options” published in the Official Gazette no. 28337 dated 28 June 2012 and the “Regulation on Equities of Banks” published in the Official Gazette no. 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 portfolios 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 A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Consolidated capital adequacy ratio (continued)

Consolidated Capital Adequacy Ratio:

30 September 2013							
			Risk Weights				
			Parent Bank				
	%0	%20	%50	%75	%100	%150	%200
Value at Credit Risk	-	42,577	294,355	362,683	2,120,185	57,261	210,098
Risk Classifications							
Contingent and Non-Contingent Claims on Sovereigns and Central Bank	758,696	-	-	-	54	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	-	-	-	-	1,156	-	-
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	13	43,227	23,095	-	46,060	-	-
Contingent and Non-Contingent Claims on Corporate Receivables	35,453	165,293	23,133	-	1,750,317	-	-
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	5,091	2,075	-	483,577	-	-	-
Contingent and Non-Contingent Claims Secured by Residential Property	4,856	1,793	540,889	-	124,036	-	-
Non-performing Receivables	-	-	1,592	-	52,482	1,790	-
Higher-Risk Categories Defined by Agency	3,191	495	-	-	-	36,384	105,049
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 Receivables	35,813	-	-	-	146,080	-	-

30 September 2013							
			Risk Weights				
			Consolidated				
	%0	%20	%50	%75	%100	%150	%200
Value at Credit Risk	-	42,577	294,908	365,493	2,119,311	57,261	210,098
Risk Classifications							
Contingent and Non-Contingent Claims on Sovereigns and Central Bank	760,407	-	-	-	54	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	-	-	-	-	1,156	-	-
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	7	43,227	24,202	-	46,060	-	-
Contingent and Non-Contingent Claims on Corporate Receivables	35,453	165,293	23,133	-	1,760,711	-	-
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	5,091	2,075	-	487,324	-	-	-
Contingent and Non-Contingent Claims Secured by Residential Property	4,856	1,793	540,889	-	124,036	-	-
Non-performing Receivables	-	-	1,592	-	52,482	1,790	-
Higher-Risk Categories Defined by Agency	3,191	495	-	-	-	36,384	105,049
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 Receivables	35,813	-	-	-	134,812	-	-

Convenience translation of consolidated financial report originally issued in Turkish,
See Note 3.I

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

I. Consolidated capital adequacy ratio (continued)

Summary information related to consolidated and unconsolidated capital adequacy ratios:

		Parent Bank		Consolidated
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
Capital Requirement for Credit Risk (VaCR*0.08) (CRCR)	246,973	252,001	247,172	251,938
Capital Requirement for Market Risk (CRMR)	2,856	507	3,147	889
Capital Requirement for Operational Risk (CROR)	20,916	21,093	22,363	22,419
Shareholders’ Equity	625,061	564,195	628,534	566,494
Shareholders’ Equity/((CRCR+CRMR+CROR) *12.5)*100	18.47	16.50	18.44	16.47

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Consolidated capital adequacy ratio (continued)

Components of shareholders' equity:

	30 September 2013	31 December 2012
CORE CAPITAL		
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	105,242	79,184
Inflation Adjustment on Reserves	-	-
Profit	51,396	26,058
Current Period Profit	51,396	26,058
Prior Years' Profit	-	-
Provision for Possible Losses up to 25% of the Core Capital	-	-
Gain on Sale of Associates, Subsidiaries and Real Estates	29,497	-
Primary Subordinated Loans	-	-
Minority Shares	-	-
Losses Excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods' Loss	-	-
Leasehold Improvements (-)	488	529
Intangible Assets (-)	2,013	1,625
Deferred Tax Asset excess of 10% of the Core Capital (-)	-	-
Excess Amount of Article 56/3 of the Law (-)	-	-
Consolidation Goodwill (Net) (-)	-	-
Total Core Capital	602,820	522,274
SUPPLEMENTARY CAPITAL		
General Loan Loss Provision	26,321	24,590
45% of Revaluation Fund of Movables	-	-
45% of Revaluation Fund of Real Estate	1,764	15,037
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)	1,813	7,676
Indexation Differences for Capital Reserves, Profit Reserves and Retained Earnings (Except Indexation Differences for Legal Reserves, Statutory Reserves and Extraordinary Reserves)	-	-
Minority Shares	-	-
Total Supplementary Capital	29,898	47,303
CAPITAL	632,718	569,577
DEDUCTIONS FROM THE CAPITAL	4,184	3,083
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	4,184	3,083
Securitization Positions Deducted – preferably – from Equity	-	-
Others	-	-
TOTAL SHAREHOLDERS' EQUITY	628,534	566,494

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

II. Consolidated market risk

Consolidated market risk is the potential risk of loss on the assets and liabilities of the Group’s on and off balance sheet items, arising from changes in interest rates, foreign currency exchange rates and equity prices.

The capital requirement for market risk and for specific risks are calculated in accordance with “Method of Market Risk Calculation with Standard Method” in 2nd Section of “Calculation of Market Risk” of the “Regulation on Measurement and Evaluation of Capital Adequacy of Banks” published in Official Gazette no. 28337 dated 28 June 2012 and “Communiqué on Capital Requirement Calculation for Market Risk of Options” and reported by Parent Bank on monthly basis.

Market risk is calculated by employing the Standard Method and internal risk measurement models using value at risk (VaR) methodology. 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 VAR limits, in order to limit market risk, limits approved by the Board of Directors for the trading portfolio are present.

Consolidated market risk

	Amount
(I) Capital Requirement to be Employed for General Market Risk - Standard Method	1,069
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	192
Capital Requirement for Specific Risk Relating to Securitization Positions – Standard Method	-
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	751
(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	325
(VII) Capital Requirement for Counterparty Credit Risk - Standard Method	810
(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) (*)	3,147
(X) Value at Market Risk (12.5 x VIII) or (12.5 x IX)	39,337

(*) For the purpose of the capital adequacy ratio calculation, 8% of total amount of TL 39,337, which is TL 3,147 was used for the market risk. TL 3,147 also represents the minimum capital amount to eliminate the related market risk.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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 exercises continuous control on risks in the money markets and transactions creating these risks and reports to the Asset-Liability Committee of the Parent Bank weekly.

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

	23/09/13	24/09/13	25/09/13	26/09/13	27/09/13	30/09/13
USD	1.9720	1.9856	1.9946	2.0034	2.0123	2.0342
GBP	3.1574	3.1802	3.1850	3.2038	3.2258	3.2665
EURO	2.6689	2.6835	2.6910	2.7049	2.7171	2.7484
JPY	0.0198	0.0200	0.0201	0.0203	0.0203	0.0206

The basic arithmetical average of the Parent Bank's foreign exchange bid rates for the last thirty days ending 30 September 2013 (TL full):

	Monthly Average FC Exchange Bid Rates
USD	2.0179
GBP	3.1890
EURO	2.6937
JPY	0.0203

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

III. Consolidated foreign currency exchange rate risk (continued)

Information on consolidated foreign currency exchange rate risk:

30 September 2013	EURO	USD	OTHER FC	TOTAL
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey (*)	8,761	276,804	44,268	329,833
Banks	10,578	23,726	2,840	37,144
Financial Assets at Fair Value Through Profit or Loss (**)	60	320	-	380
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	29	6,247	-	6,276
Loans (***)	196,005	508,066	24,662	728,733
Investments in Subsidiaries and Associates	-	-	-	-
Investment Securities Held-to-Maturity	-	-	-	-
Hedging Purpose Financial Derivatives	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (**)	3,731	15,423	23	19,177
Total Assets	219,164	830,586	71,793	1,121,543
Liabilities				
Bank Deposits	-	51,101	-	51,101
Foreign Currency Deposits	323,975	587,535	7,190	918,700
Interbank Money Markets	-	-	-	-
Funds Borrowed from Other Financial Institutions	174,849	232,227	-	407,076
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	919	849	-	1,768
Hedging Purpose Financial Derivatives	-	-	-	-
Other Liabilities (**)	2,516	7,597	59	10,172
Total Liabilities (**) (*****)	502,259	879,309	7,249	1,388,817
Net On Balance Sheet Position	(283,095)	(48,723)	64,544	(267,274)
Net Off Balance Sheet Position	273,332	48,495	(63,647)	258,180
Financial Derivatives (Assets) (*****)	368,784	513,291	26,945	909,020
Financial Derivatives (Liabilities) (*****)	95,452	464,796	90,592	650,840
Non-cash Loans (****)	127,742	441,318	6,151	575,211
31 December 2012				
Total Assets (*) (**) (***)	250,752	883,506	63,253	1,197,511
Total Liabilities (**) (*****)	513,648	908,143	8,768	1,430,559
Net On Balance Sheet Position	(262,896)	(24,637)	54,485	(233,048)
Net Off Balance Sheet Position	262,688	24,967	(54,165)	233,490
Financial Derivatives (Assets) (*****)	285,620	376,130	34,687	696,437
Financial Derivatives (Liabilities) (*****)	22,932	351,163	88,852	462,947
Non-cash Loans (****)	142,132	403,004	4,537	549,673

(*) As at 30 September 2013 precious metals balance in the Central Bank accounts amounting to TL 42,892 is included in other FC (31 December 2012 – TL 32,048).

(**) As at 30 September 2013, 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 6,378 and TL 442, respectively, (31 December 2012: TL 3,008 and TL 802) and accrual differences of value dated transactions presented under assets in "Other Assets" and "Other External Resources" amounting to TL 11 and TL 3 (31 December 2012: TL 103 in Other Assets) are not included in the table, respectively.

(***) As at 30 September 2013, "Loans" balance includes, in addition to the balance sheet amount, foreign currency indexed loans and their accruals amounting to TL 153,996 (31 December 2012: TL 215,787).

(****) Has no effect on net off balance sheet position.

(*****) As at 30 September 2013, value dated FX buying and FX selling transactions amounting to TL 60,656 and TL 63,445, respectively, presented under "Asset Purchase and Sale Commitments" of off-balance sheet items are included (31 December 2012: TL 18,178 and TL 18,877). As at 30 September 2013 precious metal swap sales amounting to TL 42,892 in "Other" item of Derivatives Financial Instruments section of off-balance sheet items is included in Other FC column (31 December 2012 – TL 32,047).

(*****) As at 30 September 2013, "Valuation differences of securities" in equity amounting to TL (1) (31 December 2012: TL 5) are not included.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

III. Consolidated foreign currency exchange rate risk (continued)

The table below demonstrates prospective increase and decrease in equity and profit/loss as at 30 September 2013 and 31 December 2012 (excluding tax effect) on condition that 10 percent revaluation/devaluation of the foreign currencies below against TL. This analysis has been prepared assuming that other variables, particularly interest rates, remain constant.

Change in foreign currency rate	30 September 2013				31 December 2012			
	Income Statement		Equity (*)		Income Statement		Equity (*)	
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
USD	(23)	23	(23)	23	33	(33)	33	(33)
EURO	(976)	976	(976)	976	(21)	21	(21)	21
Other FC	90	(90)	90	(90)	32	(32)	32	(32)
Total, net	(909)	909	(909)	909	44	(44)	44	(44)

(*) 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's management daily monitors interest rate movements in the market and revises the Parent Bank's interest rates.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

IV. Consolidated interest rate risk (continued)

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
30 September 2013							
Assets							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	412,827	412,827
Banks	55,460	-	-	-	-	9,399	64,859
Financial Assets at Fair Value Through Profit or Loss	6,844	5,091	2,352	183	191	1,027	15,688
Interbank Money Market Placements	-	-	-	-	-	-	-
Investment Securities Av.-for-Sale	156,784	16,663	200,380	14,941	121	-	388,889
Loans	1,315,492	197,049	473,617	545,578	123,649	55,870	2,711,255
Investment Securities Held-to-Mat.	-	-	-	-	-	-	-
Other Assets	174	-	-	-	-	143,325	143,499
Total Assets	1,534,754	218,803	676,349	560,702	123,961	622,448	3,737,017
Liabilities							
Bank Deposits	51,056	-	-	-	-	57	51,113
Other Deposits	1,537,847	426,250	34,765	-	-	154,538	2,153,400
Interbank Money Market Borrowings	315,499	-	-	-	-	-	315,499
Miscellaneous Payables	-	-	-	-	-	15,631	15,631
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin.Inst.	84,505	179,433	176,992	8,239	-	-	449,169
Other Liabilities	4,188	1,588	1,916	-	-	744,513	752,205
Total Liabilities	1,993,095	607,271	213,673	8,239	-	914,739	3,737,017
Balance Sheet Long Position	-	-	462,676	552,463	123,961	-	1,139,100
Balance Sheet Short Position	(458,341)	(388,468)	-	-	-	(292,291)	(1,139,100)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Interest Sensitivity Gap	(458,341)	(388,468)	462,676	552,463	123,961	(292,291)	-

(*) Tangible and intangible assets amounting to TL 17,731 tax assets amounting to TL 3,826 and other assets amounting to TL 121,768 are presented within other assets as non-interest bearing; provisions amounting to TL 44,373, tax liability amounting to TL 7,186, other liabilities amounting to TL 79,686 and equity amounting to TL 613,268 are presented within other liabilities as non-interest bearing.

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	JPY %	TL %
30 September 2013 (*)				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	0.32	0.49	-	9.37
Financial Assets at Fair Value Through Profit or Loss	2.33	4.12	-	-
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	4.77	6.00	-	4.69
Loans	5.95	6.82	8.80	11.30
Investment Securities Held-to-Maturity	-	-	-	-
Liabilities				
Bank Deposits	-	2.02	-	-
Other Deposits	3.12	3.19	-	9.49
Interbank Money Market Borrowings	-	-	-	6.85
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	2.24	2.13	-	6.12

(*) Stated at compound interest rates.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

IV. Consolidated interest rate risk (continued)

	Up to 1 Month	1 – 3 Months	3 –12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
31 December 2012							
Assets							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	362,834	362,834
Banks	102,913	-	-	-	-	14,623	117,536
Financial Assets at Fair Value Through Profit or Loss	3,250	262	158	174	193	1,678	5,715
Interbank Money Market Placements	3,000	-	-	-	-	-	3,000
Investment Securities Av.-for-Sale	101,900	116,229	88,766	22,478	29	-	329,402
Loans	1,315,923	166,383	450,425	545,432	148,751	42,204	2,669,118
Investment Securities Held-to-Mat.	-	-	-	-	-	-	-
Other Assets	188	-	-	-	-	196,656	196,844
Total Assets	1,527,174	282,874	539,349	568,084	148,973	617,995	3,684,449
Liabilities							
Bank Deposits	53,530	-	-	-	-	39	53,569
Other Deposits	1,728,889	547,524	127,916	33	-	252,147	2,656,509
Interbank Money Market Borrowings	11,156	-	-	-	-	-	11,156
Miscellaneous Payables	-	-	-	-	-	14,125	14,125
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin.Inst.	42,784	27,351	176,108	2,858	-	-	249,101
Other Liabilities	3,497	306	72	-	-	696,114	699,989
Total Liabilities	1,839,856	575,181	304,096	2,891	-	962,425	3,684,449
Balance Sheet Long Position	-	-	235,253	565,193	148,973	-	949,419
Balance Sheet Short Position	(312,682)	(292,307)	-	-	-	(344,430)	(949,419)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Interest Sensitivity Gap	(312,682)	(292,307)	235,253	565,193	148,973	(344,430)	-

(*) Tangible and intangible assets amounting to TL 95,841, tax assets amounting to TL 1,869 and other assets amounting to TL 98,946 are presented within other assets as non-interest bearing; provisions amounting to TL 40,227, tax liability amounting to TL 10,325, other liabilities amounting to TL 70,661 and equity amounting to TL 574,901 are presented within other liabilities as non-interest bearing.

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	JPY %	TL %
31 December 2012 (*)				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	0.78	0.48	-	7.25
Financial Assets at Fair Value Through Profit or Loss	2.12	2.84	-	-
Interbank Money Market Placements	-	-	-	5.87
Investment Securities Available-for-Sale	4.76	6.33	-	5.24
Loans	6.88	7.39	8.35	13.02
Investment Securities Held-to-Maturity	-	-	-	-
Liabilities				
Bank Deposits	-	2.38	-	-
Other Deposits	3.65	3.63	0.25	8.80
Interbank Money Market Borrowings	-	-	-	5.13
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	3.20	3.00	-	8.01

(*) Stated at compound interest rates.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

IV. Consolidated interest rate risk (continued)

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 no. 28034 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 “Regulation on Measurement and Evaluation of Standard Shock Method on the Interest Rate Risk Arising from Banking Accounts”, economic valuation differences of Parent Bank arising from fluctuations on interest rates, in different currencies, are presented in the table below (excluding tax effect) as at 30 September 2013.

Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity
TL	500	(45,425)	(%7.3)
	(400)	41,483	% 6.6
EURO	200	165	%0.0
	(200)	28	%0.0
USD	200	(9,489)	(%1.5)
	(200)	8,209	% 1.3
Total (of negative shocks)		49,720	% 7.9
Total (of positive shocks)		(54,749)	(%8.8)

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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 Commission meetings. Alternative strategies are evaluated in case of a liquidity shortage. The available free lines in the BIST Settlement and Custody Bank's Stock Exchange Money Market, Interbank and secondary market are monitored frequently. 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 has retained a stable path during the period. On the contrary, 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:

	Demand	Up to 1 month	1-3 months	3-12 Months	1-5 Years	5 years and Over	Undist. (*)	Total
30 September 2013								
Assets								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	412,827	-	-	-	-	-	-	412,827
Banks	9,399	55,460	-	-	-	-	-	64,859
Financial Assets at Fair Value Through Profit or Loss	1,027	6,844	5,091	2,352	183	191	-	15,688
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Investment Securities Available-for-Sale	-	-	7,584	64,308	245,807	71,190	-	388,889
Loans	-	577,416	368,895	998,570	586,855	123,649	55,870	2,711,255
Investment Securities Held-to-Maturity	-	-	-	-	-	-	-	-
Other Assets	-	76,279	2,519	35,088	-	1,307	28,306	143,499
Total Assets	423,253	715,999	384,089	1,100,318	832,845	196,337	84,176	3,737,017
Liabilities								
Bank Deposits	57	51,056	-	-	-	-	-	51,113
Other Deposits	154,538	1,537,846	426,249	34,752	15	-	-	2,153,400
Funds Borrowed from Other Financial Institutions	-	84,505	179,433	176,992	8,239	-	-	449,169
Interbank Money Markets	-	315,499	-	-	-	-	-	315,499
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	11,304	4,327	-	-	-	-	-	15,631
Other Liabilities	76,943	9,267	3,461	4,893	-	-	657,641	752,205
Total Liabilities	242,842	2,002,500	609,143	216,637	8,254	-	657,641	3,737,017
Net Liquidity Gap	180,411	(1,286,501)	(225,054)	883,681	824,591	196,337	(573,465)	-
31 December 2012								
Total Assets	379,135	798,414	326,246	974,889	781,698	273,539	150,528	3,684,449
Total Liabilities	327,388	1,850,135	579,863	309,005	2,930	-	615,128	3,684,449
Net Liquidity Gap	51,747	(1,051,721)	(253,617)	665,884	778,768	273,539	(464,600)	-

(*) Assets on the balance sheet which are not convertible into cash in short period; tangible and intangible assets amounting to TL 17,731, stationary supplies amounting to TL 278, assets to be disposed of amounting to TL 10,297, loans in follow-up amounting to TL 55,870 and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 44,373 and equity amounting to TL 613,268 are included here.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

V. Consolidated liquidity risk (continued)

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 2013 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 2013	290.2	171.1	150.2	121.4
Average (%)	260.1	216.1	143.6	128.9
Max. (%)	441.7	275.1	169.2	141.7
Min. (%)	179.3	171.1	115.0	119.4

VI. Consolidated position risk of equity securities of banking accounts

None.

VII. Information related to consolidated securitization positions

None.

VIII. Information related to consolidated credit risk mitigation techniques

The Parent Bank applies simple financial collateral method for credit risk mitigation in accordance with 33rd article of "Communiqué on Credit Risk Mitigation Techniques". Cash or other debt securities with high credit quality are used on credit risk mitigation. Financial collaterals 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:

Risk Classifications	Amount (**)	Financial	Other/	Guaranties
		Collaterals	Physical Collaterals	and Credit Derivatives
Claims on sovereigns and Central Banks	760,277	-	-	-
Claims on regional governments or local authorities	-	-	-	-
Claims on administrative bodies and other non-commercial enterprises	1,156	-	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and capital market intermediary	113,286	3	-	-
Claims on corporate receivables	1,977,466	88,122	-	359
Claims included in the regulatory retail portfolios	498,550	14,140	-	184
Claims secured by residential property (*)	673,026	8,336	-	-
Non-performing receivables	55,870	6	-	-
Higher risk categories decided by Agency	147,119	5,686	-	-
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 receivables	170,625	-	-	-
Total	4,397,375	116,293	-	543

(*) 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 considered as collateral.

(**) Risk figures present amounts before credit risk mitigation, after credit conversion rate process.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

IX. Information related to consolidated 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 to 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 of relevant processes.

Risk Management Department consists of market risk unit and credit and operational risk unit, business continuity is covered under operational risk. 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 is 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 besides the 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 the Parent Bank, periodical progress and limit usage of risks and state of chanciness to Asset-Liability Committee and Audit Committee.

X. Activities carried out on behalf and account of other persons

The Group performs sales, purchase, management, consultancy and custody services on behalf and account of others. The Group is not involved in fiduciary activities.

XI. Consolidated segment reporting

The Group performs activities in areas of 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 Balance Sheet Management and Sales units. The Balance Sheet Management unit follows up the Parent Bank’s cash flows, liquidity management, marketable securities portfolio and transfer pricing activities. Sales unit is responsible for marketing all types of bills and bonds, foreign exchange transactions and derivative products including forwards and options to its customers. 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.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

XI. Consolidated segment reporting (continued)

Information related to the segments of the Group:

Segment reporting is prepared according to the 28th article of the BRSA's "Communiqué on the Financial Statements to be announced to public by Banks as well as Explanations and Footnotes Thereof", which is published in the Official Gazette no. 26333 dated 1 November 2006.

30 September 2013	Retail Banking	Corporate Banking	Investment Banking and Others	Total Operations
Operating Income	17,237	68,032	100,207	185,476
Operating profit of segment	(3,330)	(13,849)	73,318	56,139
Costs not distributed	-	-	-	-
Operating profit	-	-	-	-
Income from subsidiaries	-	-	-	-
Profit before tax	(3,330)	(13,849)	73,318	56,139
Tax provision	-	-	4,743	4,743
Profit after tax	(3,330)	(13,849)	68,575	51,396
Non-controlling rights	-	-	-	-
Net Profit	(3,330)	(13,849)	68,575	51,396
Segment assets (*)	377,695	2,355,774	1,003,548	3,737,017
Investments in subsidiaries	-	-	-	-
Total Assets	377,695	2,355,774	1,003,548	3,737,017
Segment liabilities (*)	1,364,276	881,863	877,610	3,123,749
Equity	-	-	613,268	613,268
Total Liabilities	1,364,276	881,863	1,490,878	3,737,017
Other Segment Items	173	409	3,883	4,465
Capital expenditure	-	-	1,439	1,439
Depreciation and amortization	173	409	1,220	1,802
Impairment losses (**)	-	-	1,224	1,224
Other non-cash income-expenses	-	-	-	-
Restructuring costs	-	-	-	-

(*) Assets in others column contain tangible assets, intangible assets, assets held for sale, deferred tax assets and assets not distributed. Liabilities in others column contain general provisions, reserve for employee benefits, current tax liabilities and liabilities not distributed.

(**) Includes loss in value of marketable securities, fixed assets 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, 10% for retail banking, 27% for investment banking and others segment. Gross income (operational income) of the Group is distributed between corporate banking, retail banking and investment banking and others segment as 37%, 9%, and 54%, respectively.

Explanations on business segments are prepared on the basis of data obtained from Parent Bank Management Reporting System.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

SECTION FIVE

DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Information and disclosures related to consolidated assets

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

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

	30 September 2013		31 December 2012	
	TL	FC	TL	FC
Cash	15,807	20,005	17,356	13,112
Central Bank of Turkey (*)	67,187	309,828	79,616	252,750
Others	-	-	-	-
Total	82,994	329,833	96,972	265,862

b) Balances with the Central Bank of Turkey:

	30 September 2013		31 December 2012	
	TL	FC	TL	FC
Unrestricted Demand Deposits (*)	67,187	175,653	79,616	163,097
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	134,175	-	89,653
Total	67,187	309,828	79,616	252,750

(*) As at 30 September 2013, the Parent Bank keeps precious metals amounting to TL 42,892 as reserve deposits at Central Bank of Turkey (31 December 2012: TL 32,048)

c) Explanation related to reserve deposits:

In accordance with the “Communiqué Regarding the Reserve Requirements no. 2005/1”, the Bank is required to maintain reserves in CBRT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, EUR and standard gold. The reserve rates for TL liabilities vary between 5% and 11.5% due their maturity profile as of 30 September 2013 (31 December 2012: between 5% and 11%); the reserve rates for foreign currency liabilities vary between 6% and 13% (31 December 2012: 6% and 11.5%) due maturity profile.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

I. Information and disclosures related to consolidated assets (continued)

2. Financial assets at fair value through profit or loss (net):

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

As at 30 September 2013 and 31 December 2012, the financial assets at fair value through profit or loss are kept under unrestricted account.

- b) Positive value of trading derivatives:

	30 September 2013		31 December 2012	
	TL	FC	TL	FC
Forward transactions	2,395	146	53	347
Swap transactions	3,341	6,107	69	2,660
Futures	-	-	-	-
Options	2,167	125	540	1
Other	-	-	-	-
Total	7,903	6,378	662	3,008

3. Information on banks:

	30 September 2013		31 December 2012	
	TL	FC	TL	FC
Banks				
Domestic	27,715	27,752	7,507	95,411
Foreign	-	9,392	-	14,618
Foreign branches	-	-	-	-
Total	27,715	37,144	7,507	110,029

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Information and disclosures related to consolidated assets (continued)

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

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

	30 September 2013		31 December 2012	
	TL	FC	TL	FC
Given as collateral or blocked	20,390	-	9,256	-
Subject to repurchase agreements	328,264	-	11,462	-
Total	348,654	-	20,718	-

As at 30 September 2013, investment securities available-for-sale other than those given as collateral or subject to repurchase agreements amounting to TL 40,235 are unrestricted (31 December 2012: TL 308,684).

b) Available-for-sale securities:

	30 September 2013	31 December 2012
Debt instruments	390,801	330,477
Listed	384,579	323,097
Unlisted	6,222	7,380
Equity instruments	-	-
Listed	-	-
Unlisted	-	-
Impairment provision (-)	(1,912)	(1,075)
Total	388,889	329,402

5. Information related to loans:

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

	30 September 2013		31 December 2012	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	34	-	31	-
Corporate shareholders	34	-	31	-
Individual shareholders	-	-	-	-
Indirect loans granted to shareholders	7,484	381	448	688
Loans granted to employees	1,617	-	1,613	-
Total	9,135	381	2,092	688

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Information and disclosures related to consolidated assets (continued)

- 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	2,558,472	744	-	71,084	62	-
Enterprise loans	-	-	-	-	-	-
Export loans	208,380	-	-	23,139	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	159,659	-	-	-	-	-
Consumer loans	288,350	744	-	21,227	62	-
Credit cards	33,172	-	-	2,835	-	-
Other	1,868,911	-	-	23,883	-	-
Specialized loans	23,818	-	-	1,205	-	-
Other receivables	-	-	-	-	-	-
Total	2,582,290	744	-	72,289	62	-

Information about changes in the payment schedule and payment terms of loans classified in groups I and II and other receivables:

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	744	62
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	24	-
6 Months - 12 Months	275	-
1-2 Years	400	-
2-5 Years	45	62
5 Years and Over	-	-

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Information and disclosures related to consolidated assets (continued)

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

	Short Term	Medium or Long Term	Total
Consumer Loans – TL	16,842	274,877	291,719
Real estate Loans	863	114,685	115,548
Automotive Loans	13	3,796	3,809
Consumer Loans	15,941	155,508	171,449
Other	25	888	913
Consumer Loans – Indexed to FC	81	5,250	5,331
Real estate Loans	81	5,223	5,304
Automotive Loans	-	-	-
Consumer Loans	-	27	27
Other	-	-	-
Consumer Loans – FC	-	9,396	9,396
Real estate Loans	-	9,396	9,396
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Credit Cards – TL	30,749	83	30,832
Installment	12,533	83	12,616
Non installment	18,216	-	18,216
Credit Cards – FC	376	-	376
Installment	-	-	-
Non Installment	376	-	376
Loans Given to Employees – TL	135	526	661
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	135	526	661
Other	-	-	-
Loans Given to Employees – Indexed to FC	-	-	-
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Loans Given to Employees – FC	-	-	-
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Employee Credit Cards – TL	988	3	991
Installment	458	3	461
Non Installment	530	-	530
Employee Credit Cards – FC	16	-	16
Installment	-	-	-
Non Installment	16	-	16
Overdraft Account – TL (Individual)	3,276	-	3,276
Overdraft Account – FC (Individual)	-	-	-
Total	52,463	290,135	342,598

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Information and disclosures related to consolidated assets (continued)

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

	Short Term	Medium or Long Term	Total
Installment Corporate Loans – TL	40,329	189,581	229,910
Business Residential Loans	-	1,212	1,212
Automotive Loans	393	18,778	19,171
Consumer Loans	3,567	-	3,567
Other	36,369	169,591	205,960
Installment Corporate Loans – Indexed to FC	1,493	50,826	52,319
Business Residential Loans	-	-	-
Automotive Loans	-	10,541	10,541
Consumer Loans	-	63	63
Other	1,493	40,222	41,715
Installment Corporate Loans – FC	-	-	-
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards – TL	3,756	3	3,759
Installment	1,450	3	1,453
Non Installment	2,306	-	2,306
Corporate Credit Cards – FC	33	-	33
Installment	-	-	-
Non Installment	33	-	33
Overdraft Account – TL (Commercial)	5,720	-	5,720
Overdraft Account – FC (Commercial)	-	-	-
Total	51,331	240,410	291,741

e) Domestic and foreign loans:

	30 September 2013	31 December 2012
Domestic loans	2,655,385	2,626,914
Foreign loans	-	-
Total	2,655,385	2,626,914

f) Loans granted to subsidiaries and associates: None.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Information and disclosures related to consolidated assets (continued)

g) Specific provisions for loans:

	30 September 2013	31 December 2012
Specific Provisions		
Loans and Receivables with Limited Collectability	3,428	2,075
Loans and Receivables with Doubtful Collectability	24,668	20,789
Uncollectible Loans and Receivables	92,361	70,105
Total	120,457	92,969

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

h.1) Information on non-performing loans and other receivables those are restructured or rescheduled:
None.

h.2) Information on movements of non-performing loans:

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Balances at Beginning of Period	9,774	30,238	95,161
Additions (+)	64,680	3,038	9,144
Transfers from Other Categories of Non- Performing Loans (+)	-	55,956	29,807
Transfers to Other Categories of Non-Performing Loans (-)	55,956	29,807	-
Collections (-)	6,276	20,809	8,461
Write-offs (-)	1	29	132
Corporate and Commercial Loans	-	-	-
Retail Loans	-	23	79
Credit Cards	1	6	53
Other	-	-	-
Balances at End of the Period	12,221	38,587	125,519
Specific Provisions (-)	3,428	24,668	92,361
Net Balance on Balance Sheet	8,793	13,919	33,158

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

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Information and disclosures related to consolidated assets (continued)

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period (Net)	8,793	13,919	33,158
Loans Allowed to Real Persons and Corporate Bodies (Gross)	12,221	38,587	125,519
Specific provision (-)	3,428	24,668	92,361
Loans Allowed to Real Persons and Corporate Bodies (Net)	8,793	13,919	33,158
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
Prior Period (Net)	7,699	9,449	25,056
Loans Allowed to Real Persons and Corporate Bodies (Gross)	9,774	30,238	95,161
Specific provision (-)	2,075	20,789	70,105
Loans Allowed to Real Persons and Corporate Bodies (Net)	7,699	9,449	25,056
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-

h.5) Liquidation policy for uncollectible loans and other receivables:

Uncollectible loans and other receivables are collected through legal follow up and liquidation of collaterals.

h.6) Information on write-off from assets policy:

The Group's general policy for write-off of loans and receivables under follow-up is to write off such loans and receivables that are proven to be uncollectible by obtaining required documentation, also considering Tax Procedural Law's verdicts.

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

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

As at 30 September 2013 and 31 December 2012, 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 2013 and 31 December 2012, there are no financial assets held-to-maturity.

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

As at 30 September 2013 and 31 December 2012, 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 2013 and 31 December 2012, there are no financial assets held-to-maturity.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Information and disclosures related to consolidated assets (continued)

7. Investments in associates (Net):

None.

8. Investments in subsidiaries (Net):

As at 30 September 2013, the Parent Bank has subsidiary as Tekstil Yatırım 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. The current equity amount of the subsidiary fulfills the minimum capital requirement entailed in accordance with the Capital Markets Board's regulations.

Information related to subsidiaries:

- a) Information on subsidiaries not consolidated: None.
b) Information on subsidiaries not consolidated according to information above: None.
c) Movement of subsidiaries not consolidated:

	30 September 2013	31 December 2012
Balance at the Beginning of the Period	-	41
Movements during the Period	-	(41)
Purchases	-	-
Bonus shares received	-	-
Dividends from Current Year Profit	-	-
Sales (*)	-	(41)
Revaluation Increase	-	-
Impairment Provision	-	-
Balance at the End of the Period	-	-
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) Industrial distribution of subsidiaries not consolidated:

As at 30 September 2013, the Parent Bank has no non-consolidated subsidiary.

- 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)	İstanbul/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
27,261	19,183	116	2,407	4,101	1,175	1,499	-

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Information and disclosures related to consolidated assets (continued)

g) Movement of consolidated subsidiaries:

	30 September 2013	31 December 2012
Balance at the Beginning of the Period	15,693	13,086
Movements during the Period	-	2,607
Purchases	-	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision (*)	-	2,607
Revaluation Increase/(Decrease) due Effect of F/X Difference	-	-
Balance at the End of the Period	15,693	15,693
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 and the valuation report of an independent valuation company in the prior period.

h) Sectoral distribution of consolidated subsidiaries:

	30 September 2013	31 December 2012
Subsidiaries		
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	15,693	15,693
Other Non Financial Subsidiaries	-	-
Total	15,693	15,693

i) Listed subsidiaries: None.

j) Subsidiaries disposed of during the current period: None.

k) Subsidiaries purchased in the current period: None.

9. Information on joint ventures (net):

None.

10. Information on financial lease receivables (net):

None.

11. Information on hedging purpose derivatives:

None.

12. Information on investment properties (net):

None.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

I. Information and disclosures related to consolidated assets (continued)

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 1,307 (31 December 2012: TL 1,869) which was calculated on deductible temporary differences except general provisions at 30 September 2013.

In case of book value and retable value differences of assets are subject of deferred tax relating to equities accounts, deferred tax asset or liability net off with accounts in this group.

- 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 discontinued operations:

The Group has no asset held for sale and discontinued operation as at 30 September 2013 and 31 December 2012.

15. Information on other assets:

As at 30 September 2013, 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 10,297 (31 December 2012: TL 12,156).

As at 30 September 2013, TL 30,811 (31 December 2012: TL 30,811) receivable paid to court bailiff due a follow-up loan is included in other assets.

Other assets, other than assets to be disposed of, amounting to TL 111,645 (31 December 2012: TL 86,978), do not exceed 10% of total assets.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

II. Information and disclosures related to consolidated liabilities

1. Information on deposits:

a) Information on maturity profile of deposits:

Tables below are prepared according to the original maturity of deposits.

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

a.1) 30 September 2013:

	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	11,456	20,388	766,695	4,247	3,916	1,721	35	808,458
Foreign Currency Deposits	54,131	24,098	718,926	97,473	19,041	5,017	14	918,700
Residents in Turkey	49,737	22,682	663,752	78,058	11,743	1,859	14	827,845
Residents Abroad	4,394	1,416	55,174	19,415	7,298	3,158	-	90,855
Public Sector Deposits	29,053	-	-	-	-	-	-	29,053
Commercial Deposits	58,390	48,612	244,827	3,023	-	2,957	-	357,809
Other Ins. Deposits	1,508	154	37,684	16	16	2	-	39,380
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	57	51,056	-	-	-	-	-	51,113
Central Bank	-	-	-	-	-	-	-	-
Domestic Banks	57	51,056	-	-	-	-	-	51,113
Foreign Banks	-	-	-	-	-	-	-	-
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	154,595	144,308	1,768,132	104,759	22,973	9,697	49	2,204,513

a.2) 31 December 2012:

	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	12,444	16,761	925,202	9,535	7,009	577	31	971,559
Foreign Currency Deposits	155,200	35,032	824,398	17,568	115,548	4,438	10	1,152,194
Residents in Turkey	148,253	29,899	789,383	14,254	107,715	1,576	10	1,091,090
Residents Abroad	6,947	5,133	35,015	3,314	7,833	2,862	-	61,104
Public Sector Deposits	11,416	-	-	-	-	-	-	11,416
Commercial Deposits	71,599	60,591	366,084	11,628	903	-	-	510,805
Other Ins. Deposits	1,488	220	8,793	14	18	2	-	10,535
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	39	53,530	-	-	-	-	-	53,569
Central Bank	-	-	-	-	-	-	-	-
Domestic Banks	39	53,530	-	-	-	-	-	53,569
Foreign Banks	-	-	-	-	-	-	-	-
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	252,186	166,134	2,124,477	38,745	123,478	5,017	41	2,710,078

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

II. Information and disclosures related to consolidated liabilities (continued)

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 Deposit Insurance Fund	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit	Exceeding the Deposit Insurance Limit
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
Saving Deposits	403,399	295,480	397,879	667,048
Foreign Currency Savings Deposits	130,456	87,694	385,928	460,660
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	533,855	383,174	783,807	1,127,708

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

b.3) Saving deposits not covered by deposit insurance: TL 42,634 (31 December 2012: TL 25,875).

Saving deposits that are not covered under the guarantee of deposit insurance fund:

	30 September 2013	31 December 2012
Deposits and Other Accounts at Foreign Branches	-	-
Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children under Their Wardship	29,702	12,959
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEOs with Their Parents, Spouse and Children under Their Wardship	12,932	12,916
Deposits and Other Accounts linked to Crimes Mentioned in 282 nd 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:

	30 September 2013		31 December 2012	
	TL	FC	TL	FC
Forwards	2,024	141	125	190
Swaps	562	156	1,015	611
Futures	-	-	-	-
Options	2,692	145	546	1
Other	-	-	-	-
Total	5,278	442	1,686	802

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

II. Information and disclosures related to consolidated liabilities (continued)

3. Information on funds borrowed:

a) Information on banks and other financial institutions:

	30 September 2013		31 December 2012	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	42,093	38,818	33,943	46,696
Foreign Banks, Institutions and Funds	-	368,258	-	168,462
Total	42,093	407,076	33,943	215,158

b) Contractual maturities of funds borrowed:

	30 September 2013		31 December 2012	
	TL	FC	TL	FC
Short-Term	25,140	401,517	28,642	207,261
Medium and Long-Term	16,953	5,559	5,301	7,897
Total	42,093	407,076	33,943	215,158

4. Information on other external resources:

Other external resources are amounting to TL 81,658 (31 December 2012: TL 72,048) 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 Parent Bank does not have significant obligations regarding financial lease agreements.

As at 30 September 2013 and 31 December 2012, the Group does not have financial lease liabilities.

As at 30 September 2013 and 31 December 2012, the Group does not have any obligations from operational lease agreements.

6. Information on liabilities arising from hedging purpose derivatives:

None.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

II. Information and disclosures related to consolidated liabilities (continued)

7. Information on provisions:

a) Information on general provisions:

	30 September 2013	31 December 2012
General Provisions		
Provision for Group I Loans and Receivables	22,388	20,507
<i>Additional Provision for Loans and Receivables with Extended Maturities</i>	58	77
Provision for Group II Loans and Receivables	1,438	1,765
<i>Additional Provision for Loans and Receivables with Extended Maturities</i>	3	3
Provision for Non-cash Loans	2,364	2,241
Other	131	77
Total	26,321	24,590

b) Information on reserve for employee rights:

In accordance with existing legislation in Turkey, the Parent Bank and its subsidiary in Turkey have to make certain lump-sum payments to employees who has completed one year of service with the entity, who has completed 25 working years (20 years for women) 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 2013, at ceiling amount of TL-full 3,254 (31 December 2012: TL-full 3,034), 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 Parent 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.

	30 September 2013	31 December 2012
Discount Ratio (%)	7.70	7.00
Expected Salary/ETI Liability Ceiling Increase Rate (%)	5.00	5.00

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 shows the expected real rate after adjusting for the effects of inflation.

Movement of ETI liability is below:

	30 September 2013	31 December 2012
Balance at Prior Period End	5,260	3,283
Current year provisions/ (reversal of provision)	1,089	3,377
Paid in current year	(581)	(1,400)
Balance at Current Period End	5,768	5,260

The Group also has vacation pay liability amounting TL 3,533 (31 December 2012: TL 3,358) as at 30 September 2013.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

II. Information and disclosures related to consolidated liabilities (continued)

c) Provision for foreign exchange gain/loss on foreign currency indexed loans:

As at 30 September 2013, foreign exchange differences on foreign currency indexed loans amounting TL 19 (31 December 2012: TL 1,513) 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 2013, the Parent Bank has provision for credit card service promotions amounting TL 187 (31 December 2012: TL 196).

d.3) Information on other provisions:

As at 30 September 2013, there is provision for lawsuits filed against the Parent Bank and its subsidiary amounting TL 2,111 (31 December 2012: TL 2,404).

As at 30 September 2013, the Group has provision amounting to TL 6,453 (31 December 2012: TL 4,419) 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 2013, there is no corporate taxes payable of the Group after deductions of prepaid taxes (31 December 2012: TL 3,319).

b) Information on taxes payable:

	30 September 2013	31 December 2012
Corporate taxes payable	-	3,319
Taxation on securities	2,141	2,036
Capital gains tax on property	173	122
Banking Insurance Transaction Tax (BITT)	1,880	2,406
Taxes on foreign exchange transactions	-	-
Value added tax payable	57	39
Other	1,668	1,314
Total	5,919	9,236

c) Information on premiums payable:

	30 September 2013	31 December 2012
Social security premiums- employee share	537	475
Social security premiums- employer share	614	513
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	38	33
Unemployment insurance- employer share	78	67
Other	-	1
Total	1,267	1,089

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

II. Information and disclosures related to consolidated liabilities (continued)

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:

	30 September 2013	31 December 2012
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 Parent 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:

	30 September 2013		31 December 2012	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	-	-	-	-
Valuation gain/loss of available for sale securities	4,029	(1)	17,052	5
Translation gain/loss	-	-	-	-
Total	4,029	(1)	17,052	5

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.

i) Information on revaluation fund on tangible assets:

Parent Bank sold its headquarters' building in 2013. Revaluation fund related to that building amounting to TL 29,497 as at 31 December 2012 after deducting TL 1,553 tax effect, presented under equity account "Revaluation fund on tangible assets" has been transferred to "Gain on sale of real estates" sub-account subsequent to the sales transaction and is presented under "Revaluation fund on tangible assets" line under equity, since the above mentioned sub-account does not have a separate line under equity accounts.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

III. Information and disclosures related to consolidated income statement

1. Interest income:

a) Information on interest income received from loans:

	30 September 2013		30 September 2012	
	TL	FC	TL	FC
Interest income received from loans (*)				
Short Term Loans	107,731	8,655	151,726	11,355
Medium and Long Term Loans	48,666	23,953	47,786	12,418
Loans Under Follow-Up	6,447	-	2,994	-
Source Utilization Support Fund	-	-	-	-
Total	162,844	32,608	202,506	23,773

(*) Includes fees and commissions from cash loans.

b) Information on interest income received from banks:

	30 September 2013		30 September 2012	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks	620	296	561	365
Foreign Banks	111	16	33	78
Foreign Branches	-	-	-	-
Total	731	312	594	443

c) Information on interest income received from securities portfolio:

	30 September 2013		30 September 2012	
	TL	FC	TL	FC
Trading Securities	-	16	-	15
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Investment Securities Available-for-Sale	22,236	329	26,457	591
Investment Securities Held-to-Maturity	-	-	-	-
Total	22,236	345	26,457	606

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

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

III. Information and disclosures related to consolidated income statement (continued)

2. Interest expense:

a) Information on interest expense related to funds borrowed:

	30 September 2013		30 September 2012	
	TL	FC	TL	FC
Banks (*)	2,028	5,884	2,259	4,937
Central Bank of Turkey	-	-	-	-
Domestic Banks	2,012	1,131	2,249	1,290
Foreign Banks	16	4,753	10	3,647
Foreign Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	2,028	5,884	2,259	4,937

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

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

	30 September 2013	30 September 2012
Interest paid to associates and subsidiaries	-	1

c) Information on interest expense paid to securities issued : None.

d) Maturity structure of the interest expense on deposits:

The Group has no interest expense paid to deposits callable within 7 days.

Account Name	Demand Deposits	Time Deposits					Cumulative Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over		
TL								
Bank Deposits	-	22	-	-	-	-	-	22
Saving Deposits	-	902	49,746	342	307	71	1	51,369
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	2,065	16,298	87	14	88	-	18,552
Other Deposits	-	82	698	1	1	-	-	782
Total Turkish Lira	-	3,071	66,742	430	322	159	1	70,725
Foreign Currency								
Foreign Currency Deposits	-	174	19,225	1,158	3,842	118	-	24,517
Bank Deposits	-	707	-	-	-	-	-	707
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total Foreign Currency	-	881	19,225	1,158	3,842	118	-	25,224
Total	-	3,952	85,967	1,588	4,164	277	1	95,949

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

III. Information and disclosures related to consolidated income statement (continued)

3. Trading income / loss (net):

	30 September 2013	30 September 2012
Profit	310,225	280,647
Capital Market Gains	5,713	9,055
Derivative Gains	181,047	87,432
Foreign Exchange Gains	123,465	184,160
Loss (-)	(311,871)	(280,519)
Capital Market Losses	(34)	(11)
Derivative Losses	(122,775)	(168,005)
Foreign Exchange Losses	(189,062)	(112,503)

Net gain related to derivative transactions resulting from foreign currency rate changes is amounted to TL 68,754 (30 September 2012: TL 68,211 net loss).

4. Other operating income:

Sales revenue amounting to TL 47,168 has been included under "Other operating income" in the income statement as a result of the sale of headquarters' building of the Parent Bank within the current period. The "other operating income" item excluding this sales revenue mainly consists of collections from the receivables for which the Parent Bank had provided allowance in the previous periods.

5. Impairment on loans and other receivables:

	30 September 2013	30 September 2012
Specific Provisions on Loans and Other Receivables:	35,714	28,155
Loans and Receivables in Group III	3,428	3,624
Loans and Receivables in Group IV	17,649	10,949
Loans and Receivables in Group V	14,637	13,582
General Provision Expenses	1,731	2,400
Provision for Possible Losses	-	-
Impairment Losses on Securities:	1,224	983
Trading securities	235	-
Investment Securities Available-for-Sale	989	983
Other Impairment Losses:	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Investment Securities Held-to-Maturity	-	-
Other (*)	1,469	463
Total	40,138	32,001

(*) Consists of provision for lawsuits filed against the Group.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

III. Information and disclosures related to consolidated income statement (continued)

6. Information related to other operational expenses:

	30 September 2013	30 September 2012
Personnel Expenses	54,143	51,942
Reserve for Employee Termination Indemnities and Vacation Pay	683	1,675
Reserve for Bank's Social Aid Fund Deficit	-	-
Impairment of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	1,171	2,509
Impairment of Intangible Assets	-	-
Impairment of Goodwill	-	-
Amortization Expenses of Intangible Assets	348	196
Impairment of Investments in Associates	-	-
Impairment of Assets to be Disposed of	-	-
Depreciation of Assets to be Disposed of	283	213
Impairment of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	20,821	20,243
Operational Leases	9,106	8,415
Repair and Maintenance	1,145	1,018
Advertising	272	171
Other Expenses	10,298	10,639
Loss on Sale of Assets	60	19
Other (*)	11,690	7,259
Total	89,199	84,056

(*) Other line mainly includes taxes paid other than corporate income tax, customs and duties paid and SDIF premium expense.

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 period ended 30 September 2013, current tax expense is TL 4,454 (30 September 2012: TL 3,174).

For the period ended 30 September 2013, deferred tax expense is TL 289 (30 September 2012: TL 1,125 deferred tax expense).

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

For the period ended 30 September 2013, deferred tax expense arising from temporary differences amounting TL 289 (30 September 2012: TL 1,125 deferred tax expense).

Additionally, for the period ended 30 September 2013, the effect in the current and deferred tax amounting to TL 3,256 (30 September 2012: TL (2,646)) 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 period ended 30 September 2013, TL 289 (30 September 2012: 1,125 deferred tax expense) deferred tax expense is arising from temporary differences .

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.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

III. Information and disclosures related to consolidated income statement (continued)

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) As at 30 September 2013, asset purchase and sale commitments amount to TL 217,244 (31 December 2012: TL 38,752), loan granting commitments amount to TL 43,314 (31 December 2012: TL 42,711), commitments for credit card limits amount to TL 135,657 (31 December 2012: TL 200,544) commitments for cheque payments amount to TL 83,828 (31 December 2012: TL 85,217) commitments for promotional operations re-credit cards amount to TL 400 (31 December 2012: TL 478) and tax and fund obligations from export commitments amount to TL 8 (31 December 2012: none).

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 2013, the Group has letters of guarantee amounting to TL 941,483 (31 December 2012: TL 1,001,751), bills of exchange and acceptances amounting to TL 2,432 (31 December 2012: TL 1,359), letters of credit amounting to TL 196,405 (31 December 2012: TL 202,019) and other guarantees amounting to TL 44,530 (31 December 2012: TL 42,982).

c) Non-cash loans:

	30 September 2013	31 December 2012
Non-Cash Loans Given for Cash Loan Risks	29,527	34,305
With Original Maturity of 1 Year or Less	1,643	1,696
With Original Maturity of More Than 1 Year	27,884	32,609
Other Non-Cash Loans	1,155,323	1,213,806
Total	1,184,850	1,248,111

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.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

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
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	479	688	103	10
Balance at the End of the Period	-	-	7,518	381	66	-
Interest and Commission Income Received	-	-	653	6	-	-

(*) As described in the 2nd Subclause on Article 49 of Banking Law no.5411.

The Parent Bank has TL 25,554 placements in its risk group banks as at 30 September 2013 (31 December 2012: TL 15,139). Also the Parent Bank has TL 1,358 irrevocable commitment in its risk group as at 30 September 2013 (31 December 2012: TL 1,287)

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
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	45,905	4,460	28	76
Balance at the End of the Period	-	-	479	688	103	10
Interest and Commission Income Received	-	-	3,768	43	-	1

(*) As described in the 2nd Subclause on 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
Deposit						
Balance at the beginning of the Period	-	39	54,479	57,718	1,410	1,684
Balance at the End of the Period	-	-	48,637	54,479	733	1,410
Interest on Deposits	-	1	1,478	3,682	36	25

(*) As described in the 2nd Subclause on 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 2013, the Parent Bank has option purchase and sale transactions amounting to TL 4,068 and TL 3,780, respectively (31 December 2012: TL 3,565 and TL 3,630), with the Parent Bank's risk group.

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

V. Information and disclosures related to the Parent Bank’s risk group (continued)

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

a) Relations of the Parent Bank with its related or unrelated parties:

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 2013, proportion of cash loans to risk group in total cash loans is 0.3% (31 December 2012: 0.02%), proportion of deposits from its risk group in total deposits is 2.2% (31 December 2012: 2.1%) and proportion of derivative transactions with its risk group in total derivative transactions is 0.4% (31 December 2012: 0.5%).

As at 30 September 2013, other commission income from risk group is amounted to TL 37 (30 September 2012: TL 42), other operating income from risk group is amounted to TL 35 (30 September 2012: TL 35), other commission expense to risk group is amounted to TL 61 (30 September 2012: TL 64) and other operating expense to risk group is amounted to TL 840 (30 September 2012: TL 1,085)

In the consolidated basis, key management cost for the current period is amounted to TL 3,849 (30 September 2012: TL 3,591).

VI. Information and disclosure related to subsequent events

Subsequent events and transactions that have not been finalized and their effect on the consolidated financial statements, and in this content, convenient explanations on events mentioned in Accounting Standard for Subsequent Events”:

None.

Convenience translation of consolidated financial report originally issued in Turkish,
See Note 3.I

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (continued)
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

SECTION SIX

INDEPENDENT AUDITORS’ REVIEW REPORT

I. Information on the independent auditors’ review report

The consolidated financial statements of the Parent Bank and its subsidiary as at and for the period ended 30 September 2013 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst&Young Global Limited) and the independent auditors’ review report dated 7 November 2013 is presented in the introduction of this report.

II. Information and disclosures prepared by the independent auditors

None.