

(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 June 2013  
with independent auditors' review report thereon**

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

## INDEPENDENT AUDITORS' 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 June 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 June 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 three months period ended 30 June 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 August 9, 2012 stated that nothing has come to their attention that causes them to believe that the consolidated financial statements of the Bank as of and for the three months ended 30 June 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.I)**

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

As explained in detail in Note I 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  
2 August 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 JUNE 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 statement "Financial Statements and Related Disclosures and Footnotes to be Announced to Public" as required by the Banking Regulation and Supervision Agency (BRSA), is comprised of the following sections.

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

The financial statements of the subsidiary "Tekstil Yatırım Menkul Değerler A.Ş." is consolidated in this consolidated financial report.

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

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

Contact information for questions on this financial report:

Name-Surname : M. Sercan Çoban  
Tel No : 0212 335 54 94  
Fax No : 0212 328 13 23

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

**SECTION ONE**

**GENERAL INFORMATION**

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

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

**II. Capital structure, shareholders controlling the management and supervision of the 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 June 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 June 2013. A major portion of its shares are held by public.

Main operations of GSD Group Companies are;

<b>Banking:</b>	Tekstil Bankası A.Ş., GSD Yatırım Bankası A.Ş.
<b>Financial Services:</b>	Tekstil Faktoring A.Ş., Tekstil Yatırım Menkul Değerler A.Ş. (“Tekstil Yatırım”)
<b>Other:</b>	GSD Denizcilik Gayrimenkul İnşaat San. ve Tic. A.Ş., GSD Reklam ve Halkla İlişkiler Hizmetleri A.Ş., GSD Dış Ticaret A.Ş., GSD Plan Proje Etüd A.Ş., GSD Gayrimenkul Yatırım ve Geliştirme A.Ş., Cano Maritime Limited, Dodo Maritime Limited, Hako Maritime Limited, Zeyno Maritime Limited.

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

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 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**

<b>Title</b>	<b>Name</b>	<b>Job Description</b>	<b>Education</b>
<b>Chairman of the Board of Directors and Audit Committee:</b>	Akgün TÜRER	Chairman of the Board of Directors and Audit Committee	Graduate
<b>Member of Audit Committee:</b>	İ.Sencan DEREBEYOĞLU	Member of Board of Directors and Audit Committee	Graduate
<b>Member of Board of Directors:</b>	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
<b>General Manager:</b>	H. Çim GÜZELAYDINLI	Chief Executive Officer and Member of Board of Directors	Graduate
<b>Head of Board of Inspectors:</b>	Selçuk İÇTEN	President of Inspectors’ Group	Under-Graduate
<b>Executive Vice Presidents:</b>	Ayperi G. URAS	Information Technologies and Operations Group	Graduate
	Gülden AKDEMİR	Financial Control Group	Under-Graduate
	D.Halit DÖVER	International Relations Group	Graduate
	Bozok EVRENOSOĞLU	Loans Group	Under-Graduate
	Hüseyin H. İMECE	Treasury and Investors Relations Group	Under-Graduate
	Başbuğ Y. SAMANCIOĞLU	Corporate and Commercial Banking Group	Under-Graduate

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 Sompo Japan Sigorta A.Ş., Aviva Sigorta A.Ş., Vakıf Emeklilik A.Ş. and Ergo Emeklilik ve Hayat A.Ş.

As at 30 June 2013, the Parent Bank has 44 branches close to industrial zones of Turkey and a representative office in Berlin, Germany. The Parent Bank has 836 employees as at 30 June 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.

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

**TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 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 June 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	: <a href="http://www.tekstilbank.com.tr">www.tekstilbank.com.tr</a>
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
- III. Consolidated income statements
- IV. Consolidated statements of income and expenses recognized under equity
- V. Consolidated statements of changes in shareholders' equity
- VI. Consolidated statements of cash flows

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 JUNE 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 30/06/2013			PRIOR PERIOD 31/12/2012		
			TL	FC	TOTAL	TL	FC	TOTAL
<b>I.</b>	<b>CASH AND BALANCES WITH THE CENTRAL BANK</b>	(5.1.1)	<b>50,249</b>	<b>340,297</b>	<b>390,546</b>	<b>96,972</b>	<b>265,862</b>	<b>362,834</b>
<b>II.</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)</b>	(5.1.2)	<b>18,819</b>	<b>8,530</b>	<b>27,349</b>	<b>2,340</b>	<b>3,375</b>	<b>5,715</b>
2.1	Trading Securities		18,819	8,530	27,349	2,340	3,375	5,715
2.1.1	Public Sector Debt Securities		-	364	364	-	367	367
2.1.2	Share Certificates		30	-	30	428	-	428
2.1.3	Positive Value of Trading Derivatives		17,665	8,166	25,831	662	3,008	3,670
2.1.4	Other Securities		1,124	-	1,124	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		-	-	-	-	-	-
<b>III.</b>	<b>BANKS</b>	(5.1.3)	<b>14,520</b>	<b>37,304</b>	<b>51,824</b>	<b>7,507</b>	<b>110,029</b>	<b>117,536</b>
<b>IV.</b>	<b>INTERBANK MONEY MARKET</b>		-	-	-	<b>3,000</b>	-	<b>3,000</b>
4.1	Interbank Money Market Placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3	Receivables from Reverse Repurchase Agreements		-	-	-	<b>3,000</b>	-	<b>3,000</b>
<b>V.</b>	<b>INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)</b>	(5.1.4)	<b>322,455</b>	<b>8,017</b>	<b>330,472</b>	<b>321,968</b>	<b>7,434</b>	<b>329,402</b>
5.1	Share Certificates		-	-	-	-	-	-
5.2	Public Sector Debt Securities		321,526	51	321,577	321,000	54	321,054
5.3	Other Securities		929	7,966	8,895	968	7,380	8,348
<b>VI.</b>	<b>LOANS</b>	(5.1.5)	<b>2,088,423</b>	<b>548,915</b>	<b>2,637,338</b>	<b>2,077,026</b>	<b>592,092</b>	<b>2,669,118</b>
6.1	Loans		2,020,336	548,915	2,569,251	2,034,822	592,092	2,626,914
6.1.1	Loans Utilized to the Bank's Risk Group		9,155	10	9,165	547	35	582
6.1.2	Public Sector Debt Securities		-	-	-	-	-	-
6.1.3	Others		2,011,181	548,905	2,560,086	2,034,275	592,057	2,626,332
6.2	Loans under Follow-Up		183,256	-	183,256	135,173	-	135,173
6.3	Specific Provisions (-)		115,169	-	115,169	92,969	-	92,969
<b>VII.</b>	<b>FACTORING RECEIVABLES</b>		-	-	-	-	-	-
<b>VIII.</b>	<b>INVESTMENT SECURITIES HELD TO MATURITY (Net)</b>	(5.1.6)	-	-	-	-	-	-
8.1	Public Sector Debt Securities		-	-	-	-	-	-
8.2	Other Securities		-	-	-	-	-	-
<b>IX.</b>	<b>INVESTMENTS IN ASSOCIATES (Net)</b>	(5.1.7)	-	-	-	-	-	-
9.1	Equity Method Associates		-	-	-	-	-	-
9.2	Unconsolidated Associates		-	-	-	-	-	-
9.2.1	Financial Associates		-	-	-	-	-	-
9.2.2	Non-Financial Associates		-	-	-	-	-	-
<b>X.</b>	<b>INVESTMENTS IN SUBSIDIARIES (Net)</b>	(5.1.8)	-	-	-	-	-	-
10.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>XI.</b>	<b>JOINT VENTURES (Net)</b>	(5.1.9)	-	-	-	-	-	-
11.1	Equity Method Joint Ventures		-	-	-	-	-	-
11.2	Unconsolidated Joint Ventures		-	-	-	-	-	-
11.2.1	Financial Joint Ventures		-	-	-	-	-	-
11.2.2	Non-Financial Joint Ventures		-	-	-	-	-	-
<b>XII.</b>	<b>LEASE RECEIVABLES (Net)</b>	(5.1.10)	-	-	-	-	-	-
12.1	Financial Lease Receivables		-	-	-	-	-	-
12.2	Operational Lease Receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned Income (-)		-	-	-	-	-	-
<b>XIII.</b>	<b>HEDGING DERIVATIVES</b>	(5.1.11)	-	-	-	-	-	-
13.1	Fair Value Hedge		-	-	-	-	-	-
13.2	Cash Flow Hedge		-	-	-	-	-	-
13.3	Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
<b>XIV.</b>	<b>TANGIBLE ASSETS (Net)</b>		<b>93,376</b>	-	<b>93,376</b>	<b>94,216</b>	-	<b>94,216</b>
<b>XV.</b>	<b>INTANGIBLE ASSETS (Net)</b>		<b>2,117</b>	-	<b>2,117</b>	<b>1,625</b>	-	<b>1,625</b>
15.1	Goodwill		-	-	-	-	-	-
15.2	Others		2,117	-	2,117	1,625	-	1,625
<b>XVI.</b>	<b>INVESTMENT PROPERTY (Net)</b>	(5.1.12)	-	-	-	-	-	-
<b>XVII.</b>	<b>TAX ASSETS</b>	(5.1.13)	<b>6,458</b>	-	<b>6,458</b>	<b>1,869</b>	-	<b>1,869</b>
17.1	Current Tax Assets		3,134	-	3,134	-	-	-
17.2	Deferred Tax Assets		3,324	-	3,324	1,869	-	1,869
<b>XVIII.</b>	<b>ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(5.1.14)	-	-	-	-	-	-
18.1	Held For Sale		-	-	-	-	-	-
18.2	Discontinued Operations		-	-	-	-	-	-
<b>XIX.</b>	<b>OTHER ASSETS</b>	(5.1.15)	<b>107,273</b>	<b>7,050</b>	<b>114,323</b>	<b>93,091</b>	<b>6,043</b>	<b>99,134</b>
	<b>TOTAL ASSETS</b>		<b>2,703,690</b>	<b>950,113</b>	<b>3,653,803</b>	<b>2,699,614</b>	<b>984,835</b>	<b>3,684,449</b>

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 JUNE 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 30/06/2013			PRIOR PERIOD 31/12/2012		
			TL	FC	TOTAL	TL	FC	TOTAL
<b>I.</b>	<b>DEPOSITS</b>	(5.II.1)	<b>1,240,369</b>	<b>1,233,924</b>	<b>2,474,293</b>	<b>1,504,322</b>	<b>1,205,756</b>	<b>2,710,078</b>
1.1	Deposits of the Bank's Risk Group		16,259	39,199	55,458	24,561	31,328	55,889
1.2	Others		1,224,110	1,194,725	2,418,835	1,479,761	1,174,428	2,654,189
<b>II.</b>	<b>NEGATIVE VALUE OF TRADING DERIVATIVES</b>	(5.II.2)	<b>5,421</b>	<b>4,330</b>	<b>9,751</b>	<b>1,686</b>	<b>802</b>	<b>2,488</b>
<b>III.</b>	<b>FUNDS BORROWED</b>	(5.II.3)	<b>39,288</b>	<b>345,442</b>	<b>384,730</b>	<b>33,943</b>	<b>215,158</b>	<b>249,101</b>
<b>IV.</b>	<b>DUE TO MONEY MARKETS</b>		<b>69,799</b>	-	<b>69,799</b>	<b>11,156</b>	-	<b>11,156</b>
4.1	Interbank Money Market		-	-	-	-	-	-
4.2	Istanbul Stock Exchange		-	-	-	-	-	-
4.3	Obligations under Repurchase Agreements		69,799	-	69,799	11,156	-	11,156
<b>V.</b>	<b>SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset Backed Securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
<b>VI.</b>	<b>FUNDS</b>		-	-	-	-	-	-
6.1	Bank Borrowers' Funds		-	-	-	-	-	-
6.2	Others		-	-	-	-	-	-
<b>VII.</b>	<b>MISCELLANEOUS PAYABLES</b>		<b>16,186</b>	<b>1,249</b>	<b>17,435</b>	<b>12,427</b>	<b>1,698</b>	<b>14,125</b>
<b>VIII.</b>	<b>OTHER EXTERNAL RESOURCES</b>	(5.II.4)	<b>70,352</b>	<b>6,204</b>	<b>76,556</b>	<b>64,101</b>	<b>7,947</b>	<b>72,048</b>
<b>IX.</b>	<b>FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X.</b>	<b>LEASE PAYABLES (Net)</b>	(5.II.5)	-	-	-	-	-	-
10.1	Financial Lease Payables		-	-	-	-	-	-
10.2	Operational Lease Payables		-	-	-	-	-	-
10.3	Others		-	-	-	-	-	-
10.4	Deferred Financial Leasing Expenses (-)		-	-	-	-	-	-
<b>XI.</b>	<b>HEDGING PURPOSE DERIVATIVES</b>	(5.II.6)	-	-	-	-	-	-
11.1	Fair Value Hedge		-	-	-	-	-	-
11.2	Cash Flow Hedge		-	-	-	-	-	-
11.3	Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
<b>XII.</b>	<b>PROVISIONS</b>	(5.II.7)	<b>42,761</b>	-	<b>42,761</b>	<b>40,227</b>	-	<b>40,227</b>
12.1	General Provisions		24,936	-	24,936	24,590	-	24,590
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Reserve for Employee Benefits		9,346	-	9,346	8,618	-	8,618
12.4	Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5	Other Provisions		8,479	-	8,479	7,019	-	7,019
<b>XIII.</b>	<b>TAX LIABILITIES</b>	(5.II.8)	<b>7,780</b>	-	<b>7,780</b>	<b>10,325</b>	-	<b>10,325</b>
13.1	Current Tax Liability		7,780	-	7,780	10,325	-	10,325
13.2	Deferred Tax Liability		-	-	-	-	-	-
<b>XIV.</b>	<b>PAYABLES RELATED TO HELD FOR SALE AND DISCONTINUED OPERATIONS</b>		-	-	-	-	-	-
14.1	Held For Sale		-	-	-	-	-	-
14.2	Discontinued Operations		-	-	-	-	-	-
<b>XV.</b>	<b>SUBORDINATED LOANS</b>		-	-	-	-	-	-
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	(5.II.9)	<b>570,698</b>	-	<b>570,698</b>	<b>574,896</b>	<b>5</b>	<b>574,901</b>
16.1	Paid-In Capital		420,000	-	420,000	420,000	-	420,000
16.2	Supplementary Capital		36,839	-	36,839	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		4,237	-	4,237	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		8,617	-	8,617	26,058	-	26,058
16.4.1	Prior Periods' Profit or Loss		-	-	-	-	-	-
16.4.2	Current Period Profit or Loss		8,617	-	8,617	26,058	-	26,058
16.5	Minority Shares		-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>2,062,654</b>	<b>1,591,149</b>	<b>3,653,803</b>	<b>2,253,083</b>	<b>1,431,366</b>	<b>3,684,449</b>

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 JUNE 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 30/06/2013			PRIOR PERIOD 31/12/2012		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II+III)</b>		<b>1,561,821</b>	<b>2,674,718</b>	<b>4,236,539</b>	<b>1,360,737</b>	<b>1,709,057</b>	<b>3,069,794</b>
<b>I. GUARANTEES</b>	(5 IV.1)	<b>621,895</b>	<b>594,515</b>	<b>1,216,410</b>	<b>698,438</b>	<b>549,673</b>	<b>1,248,111</b>
1.1. Letters of Guarantee		621,895	327,013	948,908	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		621,895	327,013	948,908	698,438	303,313	1,001,751
1.2. Bank Acceptances		-	1,320	1,320	-	1,359	1,359
1.2.1. Import Letter of Acceptance		-	1,320	1,320	-	1,359	1,359
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	231,824	231,824	-	202,019	202,019
1.3.1. Documentary Letters of Credit		-	113,904	113,904	-	131,783	131,783
1.3.2. Other Letters of Credit		-	117,920	117,920	-	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 Collaterals		-	34,358	34,358	-	42,982	42,982
1.9. Other Sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(5 IV.1)	<b>277,127</b>	<b>101,582</b>	<b>378,709</b>	<b>330,647</b>	<b>37,055</b>	<b>367,702</b>
2.1. Irrevocable Commitments		277,127	101,582	378,709	330,647	37,055	367,702
2.1.1. Asset Purchase and Sale Commitments		2,123	101,582	103,705	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		47,203	-	47,203	42,711	-	42,711
2.1.5. Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	44,706	-
2.1.7. Commitments for Cheque Payments		86,474	-	86,474	85,217	-	85,217
2.1.8. Tax and Fund Obligations from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		140,920	-	140,920	200,544	-	200,544
2.1.10. Commitments for Promotional Operations Re-Credit Cards and Banking Services		407	-	407	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		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>662,799</b>	<b>1,978,621</b>	<b>2,641,420</b>	<b>331,652</b>	<b>1,122,329</b>	<b>1,453,981</b>
3.1. Hedging Purpose Derivatives		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
3.2. Trading Purpose Derivatives		662,799	1,978,621	2,641,420	331,652	1,122,329	1,453,981
3.2.1. Forward Foreign Currency Purchases/Sales		120,342	311,380	431,722	22,699	100,588	123,287
3.2.1.1. Forward Foreign Currency Purchases		55,766	159,832	215,598	5,763	55,882	61,645
3.2.1.2. Forward Foreign Currency Sales		64,576	151,548	216,124	16,936	44,706	61,642
3.2.2. Currency and Interest Rate Swaps		470,421	1,500,667	1,971,088	240,795	917,657	1,158,452
3.2.2.1. Currency Swaps-Purchases		9,954	1,002,615	1,012,569	9,747	586,060	595,807
3.2.2.2. Currency Swaps-Sales		460,467	498,052	958,519	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		72,036	128,789	200,825	67,800	72,037	139,837
3.2.3.1. Currency Options-Purchases		39,429	60,940	100,369	33,605	36,317	69,922
3.2.3.2. Currency Options-Sales		32,607	67,849	100,456	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		-	37,785	37,785	358	32,047	32,405
<b>B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)</b>		<b>3,152,687</b>	<b>1,076,680</b>	<b>4,229,367</b>	<b>3,090,469</b>	<b>1,030,884</b>	<b>4,121,353</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>279,106</b>	<b>43,266</b>	<b>322,372</b>	<b>269,471</b>	<b>57,901</b>	<b>327,372</b>
4.1. Customers' Securities and Portfolios Held		-	-	-	-	-	-
4.2. Securities Held in Custody		143,266	9,161	152,427	139,629	9,382	149,011
4.3. Checks Received for Collection		78,553	4,922	83,475	83,670	3,586	87,256
4.4. Commercial Notes Received for Collection		30,899	14,366	45,265	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		589	19	608	475	41	516
4.8. Custodians		25,799	14,798	40,597	21,223	22,172	43,395
<b>V. PLEDGED ITEMS</b>		<b>2,849,270</b>	<b>1,033,414</b>	<b>3,882,684</b>	<b>2,790,441</b>	<b>972,983</b>	<b>3,763,424</b>
5.1. Securities		15,803	-	15,803	13,908	-	13,908
5.2. Guarantee Notes		6,097	23,541	29,638	3,155	23,393	26,548
5.3. Commodities		94,857	53,157	148,014	81,548	50,628	132,176
5.4. Warrants		113	-	113	947	-	947
5.5. Immovables		1,948,791	861,373	2,810,164	2,021,193	804,590	2,825,783
5.6. Other Pledged Items		783,609	95,343	878,952	669,690	94,372	764,062
5.7. Pledged Items-Depository		-	-	-	-	-	-
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		<b>24,311</b>	<b>-</b>	<b>24,311</b>	<b>30,557</b>	<b>-</b>	<b>30,557</b>
<b>TOTAL OFF BALANCE SHEET ITEMS (A+B)</b>		<b>4,714,508</b>	<b>3,751,398</b>	<b>8,465,906</b>	<b>4,451,206</b>	<b>2,739,941</b>	<b>7,191,147</b>

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 JUNE 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 - 30/06/2013)	PRIOR PERIOD (01/01/2012 - 30/06/2012)	CURRENT PERIOD (01/04/2013 - 30/06/2013)	PRIOR PERIOD (01/04/2012 - 30/06/2012)
<b>I. INTEREST INCOME</b>	(5.III.1)	<b>147,917</b>	<b>174,225</b>	<b>72,500</b>	<b>87,874</b>
1.1 Interest from Loans		132,234	149,263	65,844	75,142
1.2 Interest from Reserve Deposits		-	-	-	-
1.3 Interest from Banks		611	691	317	403
1.4 Interest from Money Market Transactions		23	77	9	77
1.5 Interest from Securities Portfolio		14,654	23,899	6,115	12,082
1.5.1 Trading Securities		10	10	5	4
1.5.2 Financial Assets at Fair Value Through Profit or Loss		-	-	-	-
1.5.3 Available for Sale Securities		14,644	23,889	6,110	12,078
1.5.4 Held to Maturity Securities		-	-	-	-
1.6 Interest from Financial Leases		-	-	-	-
1.7 Other Interest Income		395	295	215	170
<b>II. INTEREST EXPENSE</b>	(5.III.2)	<b>73,269</b>	<b>97,846</b>	<b>33,701</b>	<b>47,483</b>
2.1 Interest on Deposits		63,794	85,925	29,458	41,327
2.2 Interest on Funds Borrowed		4,931	4,586	2,642	2,503
2.3 Interest on Money Market Transactions		2,893	7,289	1,597	3,649
2.4 Interest on Securities Issued		-	-	-	-
2.5 Other Interest Expense		1,651	46	4	4
<b>III. NET INTEREST INCOME (I - II)</b>		<b>74,648</b>	<b>76,379</b>	<b>38,799</b>	<b>40,391</b>
<b>IV. NET FEE AND COMMISSION INCOME</b>		<b>8,638</b>	<b>8,911</b>	<b>4,180</b>	<b>4,551</b>
4.1 Fees and Commissions Received		10,622	11,056	5,270	5,689
4.1.1 Non-Cash Loans		5,478	5,570	2,691	2,882
4.1.2 Other		5,144	5,486	2,579	2,807
4.2 Fees and Commissions Paid		1,984	2,145	1,090	1,138
4.2.1 Non-Cash Loans		135	154	72	59
4.2.2 Other		1,849	1,991	1,018	1,079
<b>V. DIVIDEND INCOME</b>		-	2	-	2
<b>VI. TRADING INCOME/LOSS (Net)</b>	(5.III.3)	<b>891</b>	<b>(1,549)</b>	<b>(1,200)</b>	<b>(3,893)</b>
6.1 Profit / Loss on Trading Account Securities		4,329	4,990	1,573	1,766
6.2 Derivative Instruments Gain / Loss		27,259	(59,149)	37,178	(36,049)
6.3 Foreign Exchange Gain / Loss		(30,697)	52,610	(39,951)	30,390
<b>VII. OTHER OPERATING INCOME</b>	(5.III.4)	<b>12,514</b>	<b>10,000</b>	<b>6,929</b>	<b>2,604</b>
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>96,691</b>	<b>93,743</b>	<b>48,708</b>	<b>43,655</b>
<b>IX. IMPAIRMENT ON LOANS AND OTHER RECEIVABLES (-)</b>	(5.III.5)	<b>28,326</b>	<b>17,922</b>	<b>16,973</b>	<b>9,999</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	(5.III.6)	<b>57,718</b>	<b>56,441</b>	<b>30,222</b>	<b>28,964</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>10,647</b>	<b>19,380</b>	<b>1,513</b>	<b>4,692</b>
<b>XII. NEGATIVE GOODWILL</b>		-	-	-	-
<b>XIII. PROFIT / LOSS FROM EQUITY METHOD INVESTMENTS</b>		-	-	-	-
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>		-	-	-	-
<b>XV. P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>		<b>10,647</b>	<b>19,380</b>	<b>1,513</b>	<b>4,692</b>
<b>XVI. TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	(5.III.7)	<b>(2,030)</b>	<b>(3,990)</b>	<b>1</b>	<b>(1,504)</b>
16.1 Current Tax Provision		(3,567)	(3,639)	284	(1,766)
16.2 Deferred Tax Provision		1,537	(351)	(283)	262
<b>XVII. NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)</b>		<b>8,617</b>	<b>15,390</b>	<b>1,514</b>	<b>3,188</b>
<b>XVIII. PROFIT FROM DISCONTINUED OPERATIONS</b>		-	-	-	-
18.1 Assets Held for Sale		-	-	-	-
18.2 Profit on Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
18.3 Others		-	-	-	-
<b>XIX. LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-	-	-
19.1 Assets Held for Sale		-	-	-	-
19.2 Loss on Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
19.3 Others		-	-	-	-
<b>XX. P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>		-	-	-	-
<b>XXI. TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)</b>	(5.III.7)	-	-	-	-
21.1 Current Tax Provision		-	-	-	-
21.2 Deferred Tax Provision		-	-	-	-
<b>XXII. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		-	-	-	-
<b>XXIII. NET PROFIT/LOSS (XVII+XXII)</b>	(5.III.8)	<b>8,617</b>	<b>15,390</b>	<b>1,514</b>	<b>3,188</b>
23.1 Group's Profit / Loss		8,617	15,390	1,514	3,188
23.2 Minority Shares		-	-	-	-
Earnings / Losses per Share (Full TL)		0.0021	0.0037	0.0004	0.0008

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 RECOGNIZED INCOME AND EXPENSE UNDER EQUITY**  
**FOR THE PERIODS ENDED 30 JUNE 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 - 30/06/2013)	PRIOR PERIOD (01/01/2012 - 30/06/2012)	CURRENT PERIOD (01/04/2013 - 30/06/2013)	PRIOR PERIOD (01/04/2012 - 30/06/2012)
<b>I. ADDITIONS TO VALUATION DIFF. ON SECURITIES FROM AVAILABLE FOR SALE INVESTMENTS</b>	<b>(16,025)</b>	<b>3,407</b>	<b>(13,508)</b>	<b>1,251</b>
<b>II. REVALUATION ON TANGIBLE ASSETS</b>	-	-	-	-
<b>III. REVALUATION ON INTANGIBLE ASSETS</b>	-	-	-	-
<b>IV. FOREIGN EXCHANGE DIFFERENCES</b>	-	-	-	-
<b>V. PROFIT/LOSS RELATED TO DERIVATIVES USED IN CASH FLOW HEDGES (Effective portion)</b>	-	-	-	-
<b>VI. PROFIT/LOSS RELATED TO DERIVATIVES USED IN HEDGE OF A NET INVESTMENT IN FOREIGN SUBSIDIARIES (Effective portion)</b>	-	-	-	-
<b>VII. EFFECT OF CHANGES IN ACCOUNTING POLICIES OR CORRECTION OF ERRORS</b>	-	-	-	-
<b>VIII. OTHER PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY PER TURKISH ACCOUNTING STANDARDS</b>	-	-	-	-
<b>IX. DEFERRED AND CURRENT TAXES ON VALUATION DIFFERENCES</b>	<b>3,205</b>	<b>(677)</b>	<b>2,702</b>	<b>(255)</b>
<b>X. NET PROFIT/LOSS RECOGNIZED IN EQUITY (I+II+...+IX)</b>	<b>(12,820)</b>	<b>2,730</b>	<b>(10,806)</b>	<b>996</b>
<b>XI. CURRENT PERIOD PROFIT/LOSS</b>	<b>8,617</b>	<b>15,390</b>	<b>1,514</b>	<b>3,222</b>
11.1 Net Change in Fair Value of Securities (Transfer to Profit & Loss)	847	1,044	46	(4)
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	7,770	14,346	1,468	3,226
<b>XII. TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD (X±XI)</b>	<b>(4,203)</b>	<b>18,120</b>	<b>(9,292)</b>	<b>4,218</b>

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 JUNE 2013 AND 2012**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

CHANGES IN SHAREHOLDERS' EQUITY	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	
<b>PRIOR PERIOD</b> 30/06/2012																			
<b>I. Balances at the Beginning of Period - 01/01/2012</b>	420,000	-	(814)	-	5,830	-	48,728	-	24,626	-	581	18,839	-	-	-	517,790	-	517,790	
<b>II. Corrections According to Turkish Accounting Standard No.8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1 Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>III. Adjusted Beginning Balance (I + II)</b>	420,000	-	(814)	-	5,830	-	48,728	-	24,626	-	581	18,839	-	-	-	517,790	-	517,790	
<b>IV. Changes in the Period</b>																			
IV. Increase / Decrease Related to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V. Valuation Difference of Available-for-Sale Securities	-	-	-	-	-	-	-	-	-	-	2,730	-	-	-	-	2,730	-	2,730	
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	-	-	-	-	-	-	-	-	15,390	-	-	-	-	-	-	15,390	-	15,390	
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Balances at the End of Period (III+IV+V+.....+XVIII+XIX+XX) - 30/06/2012</b>	420,000	-	(814)	-	7,110	-	72,074	-	15,390	-	3,311	18,839	-	-	-	535,910	-	535,910	

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 JUNE 2013 AND 2012**  
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

		THOUSANDS OF TURKISH LIRA																	
CHANGES IN SHAREHOLDERS' EQUITY		Paid-in Capital	Capital Reserves from Inflation Adjustments to Paid-in Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit / (Loss)	Prior Period Net Profit / (Loss)	Valuation 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
<b>CURRENT PERIOD</b>																			
<b>30/06/2013</b>																			
<b>I.</b>	<b>Balances at the Beginning of Period - 01/01/2013</b>	<b>420,000</b>	-	(814)	-	<b>7,110</b>	-	<b>72,074</b>	-	<b>26,058</b>	-	<b>17,057</b>	<b>33,416</b>	-	-	-	<b>574,901</b>	-	<b>574,901</b>
	Changes in the Period																		
<b>II.</b>	Increase / Decrease Related to Mergers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III.</b>	Valuation Difference of Available-for-Sale Securities	-	-	-	-	-	-	-	-	-	-	(12,820)	-	-	-	-	(12,820)	-	(12,820)
<b>IV.</b>	Hedging Transactions (Effective Portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedging of a Net Investment in Foreign Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V.</b>	Revaluation fund on tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI.</b>	Revaluation fund on intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII.</b>	Capital Bonus of Associates, Subsidiaries and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII.</b>	Foreign Exchange Differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX.</b>	Changes Related to Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X.</b>	Changes Related to Reclassification of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI.</b>	Effect of Changes in Equities of Associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII.</b>	Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Domestic sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII.</b>	Issuences of Share Certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV.</b>	Abolition profit of Share Certificates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV.</b>	Capital Reserves from Inflation Adjustments to Paid-In Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI.</b>	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVII.</b>	Current Period Net Profit / Loss	-	-	-	-	-	-	-	-	8,617	-	-	-	-	-	-	8,617	-	8,617
<b>XVIII.</b>	Profit Distribution	-	-	-	-	1,421	-	24,637	-	(26,058)	-	-	-	-	-	-	-	-	-
18.1	Dividends	-	-	-	-	1,421	-	24,637	-	(26,058)	-	-	-	-	-	-	-	-	-
18.2	Transferred to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3	Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Balances at the End of Period (I+II+III+...+XVI+XVII+XVIII)</b>	<b>420,000</b>	-	(814)	-	<b>8,531</b>	-	<b>96,711</b>	-	<b>8,617</b>	-	<b>4,237</b>	<b>33,416</b>	-	-	-	<b>570,698</b>	-	<b>570,698</b>
	<b>- 30/06/2013</b>	<b>420,000</b>	-	(814)	-	<b>8,531</b>	-	<b>96,711</b>	-	<b>8,617</b>	-	<b>4,237</b>	<b>33,416</b>	-	-	-	<b>570,698</b>	-	<b>570,698</b>

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 CASH FLOWS**  
**FOR THE PERIODS ENDED 30 JUNE 2013 AND 2012**  
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

	THOUSANDS OF TURKISH LIRA	
	CURRENT PERIOD (01/01/2013 - 30/06/2013)	PRIOR PERIOD (01/01/2012 - 30/06/2012)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1 Operating Profit before Changes in Operating Assets and Liabilities</b>	<b>20,462</b>	<b>26,940</b>
1.1.1 Interest Received	150,029	159,331
1.1.2 Interest Paid	(73,771)	(103,586)
1.1.3 Dividend Received	-	2
1.1.4 Fees And Commissions Received	7,738	9,883
1.1.5 Other Income	(10,213)	1,205
1.1.6 Collections from Non-performing Loans	8,131	20,634
1.1.7 Payments to Personnel and Service Suppliers	(35,713)	(34,427)
1.1.8 Taxes Paid	(9,621)	(9,407)
1.1.9 Other	(16,118)	(16,695)
<b>1.2 Changes in Operating Assets and Liabilities</b>	<b>(111,654)</b>	<b>30,934</b>
1.2.1 Net (Increase) Decrease in Trading Securities	458	164
1.2.2 Net (Increase) Decrease in Financial Assets Designated at FV	-	-
1.2.3 Net (Increase) Decrease in Banks	(58,203)	3,527
1.2.4 Net (Increase) Decrease in Loans	(9,065)	(44,838)
1.2.5 Net (Increase) Decrease in Other Assets	(14,185)	15,750
1.2.6 Net Increase (Decrease) in Bank Deposits	49,151	73,047
1.2.7 Net Increase (Decrease) in Other Deposits	(284,335)	(146,810)
1.2.8 Net Increase (Decrease) in Funds Borrowed	194,174	143,172
1.2.9 Net Increase (Decrease) in Due Payables	-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	10,351	(13,078)
<b>I. Net Cash Provided by Banking Operations</b>	<b>(91,192)</b>	<b>57,874</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net Cash Provided by / (Used in) Investing Activities</b>	<b>(12,507)</b>	<b>(79,960)</b>
2.1 Cash Paid for Purchase of Investments, Associates and Subsidiaries	-	-
2.2 Cash Obtained From Sale of Investments, Associates And Subsidiaries	-	37
2.3 Fixed Assets Purchases	(1,280)	(2,380)
2.4 Fixed Assets Sales	76	1,145
2.5 Cash Paid for Purchase of Investments Available for Sale	(70,034)	(194,750)
2.6 Cash Obtained From Sale of Investments Available for Sale	58,731	115,988
2.7 Cash Paid for Purchase of Investment Securities	-	-
2.8 Cash Obtained from Sale of Investment Securities	-	-
2.9 Other	-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net Cash (Used in) Financing Activities</b>	<b>-</b>	<b>-</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued	-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued	-	-
3.3 Capital Increase	-	-
3.4 Dividends Paid	-	-
3.5 Payments for Finance Leases	-	-
3.6 Other	-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>4,499</b>	<b>1,102</b>
<b>V. Net Increase in Cash and Cash Equivalents (I+II+III+IV)</b>	<b>(99,200)</b>	<b>(20,984)</b>
<b>VI. Cash and Cash Equivalents at the Beginning of Period</b>	<b>393,703</b>	<b>312,803</b>
<b>VII. Cash and Cash Equivalents at the End of Period (V+VI)</b>	<b>294,503</b>	<b>291,819</b>

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

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 JUNE 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 Principles Related to Banks’ Accounting Applications and Preserving the Documents:**

The consolidated financial statements have been prepared in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006, which refers to “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 Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements”, 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 JUNE 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 June 2013, rates used for converting foreign exchange transactions to Turkish Lira and presenting them in financial statements are as follows; USD: TL 1.9272 , Euro: TL 2.5109, JPY: TL 0.0196.

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 Bank is consolidated to accompanying consolidated financial statements by using “Full Consolidation” method as at 30 June 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 June 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 JUNE 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 personal loans are discounted with effective interest rate method and allocated to related period’s income statement.

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**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 the Principles and Procedures 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.

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**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 June 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 numbered 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.

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**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 the Principles and Procedures Related to the 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 June 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.

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**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 in estimated useful lives. The estimated useful lives are as follows:

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

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 June 2013, revaluation surplus on tangible assets amounts to TL 35,175 (31 December 2012: TL 35,175).

**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.



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**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.

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

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**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 June 2013, no reclassifications have been made in the consolidated financial statements for the prior year / period.

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**SECTION FOUR**

**CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT**

**I. Consolidated capital adequacy ratio**

As at 30 June 2013, the Group’s consolidated capital adequacy ratio is 16.73%.

Capital adequacy ratio is calculated within the scope of the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”, “Regulation on Credit Risk Mitigation Techniques” and “Regulation on Capital Requirement Calculation for Market Risk of Options” published in the Official Gazette numbered 28337 dated 28 June 2012 and the “Regulation on Equities of Banks” published in the Official Gazette numbered 26333 dated 1 November 2006. In accordance with the “Communiqué on Financial Statements and Related Disclosures and Footnotes to be Announced to Public”, which was published on 28 June 2012 in the Official Gazette numbered 28337 the Group have not recomputed the capital adequacy standard ratio of prior period.

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.

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**I. Consolidated capital adequacy ratio (continued)**

**Consolidated Capital Adequacy Ratio:**

30 June 2013		Risk Weights					
		Parent Bank					
Value at Credit Risk	%0	%20	%50	%75	%100	%150	%200
	-	38,478	313,429	333,455	2,115,757	58,215	205,104
<b>Risk Classifications</b>							
Contingent and Non-Contingent Claims on Sovereigns and Central Bank	687,263	-	-	-	51	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	-	-	-	-	1,228	-	-
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	201	175,187	46,521	-	55,912	-	-
Contingent and Non-Contingent Claims on Corporate Receivables	47,964	13,129	-	-	1,639,316	-	-
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	4,094	2,470	-	444,606	-	-	-
Contingent and Non-Contingent Claims Secured by Residential Property	7,955	173	579,705	-	132,578	-	-
Non-performing Receivables	-	-	632	-	65,326	2,118	-
Higher-Risk Categories Defined by Agency	4,558	1,431	-	-	-	36,692	102,552
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	23,706	-	-	-	221,346	-	-

30 June 2013		Risk Weights					
		Consolidated					
Value at Credit Risk	%0	%20	%50	%75	%100	%150	%200
	-	38,513	313,979	342,708	2,108,328	58,215	205,104
<b>Risk Classifications</b>							
Contingent and Non-Contingent Claims on Sovereigns and Central Bank	688,888	-	-	-	51	-	-
Contingent and Non-Contingent Claims on Regional Governments and Local Authorities	-	-	-	-	-	-	-
Contingent and Non-Contingent Claims on Administrative Units and Non-commercial Enterprises	-	-	-	-	1,228	-	-
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	201	175,363	47,621	-	55,912	-	-
Contingent and Non-Contingent Claims on Corporate Receivables	47,964	13,129	-	-	1,642,500	-	-
Contingent and Non-Contingent Claims Included in the Regulatory Retail Portfolios	4,094	2,470	-	456,944	-	-	-
Contingent and Non-Contingent Claims Secured by Residential Property	7,955	173	579,705	-	132,578	-	-
Non-performing Receivables	-	-	632	-	65,326	2,118	-
Higher-Risk Categories Defined by Agency	4,558	1,431	-	-	-	36,692	102,552
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	23,706	-	-	-	210,733	-	-

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**I. Consolidated capital adequacy ratio (continued)**

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

	<b>Parent Bank</b>	<b>Consolidated</b>
	<b>30 June 2013</b>	<b>30 June 2013</b>
Capital Requirement for Credit Risk (VaCR*0.08) (CRCR)	245,155	245,348
Capital Requirement for Market Risk (CRMR)	4,289	4,621
Capital Requirement for Operational Risk (CROR)	20,916	22,363
Shareholders’ Equity	565,833	569,347
Shareholders’ Equity/((CRCR+CRMR+CROR) *12.5)*100	16.74	16.73

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

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**I. Consolidated capital adequacy ratio (continued)**

**Components of shareholders’ equity:**

	30 June 2013	31 December 2012
<b>CORE CAPITAL</b>		
Paid-In Capital	420,000	420,000
Nominal Capital	420,000	420,000
Capital Commitments (-)	-	-
Capital Reserves Arising From Inflation Adjustments to Paid-in Capital	-	-
Share Premium	(814)	(814)
Share Cancellation Profits	-	-
Reserves	105,242	79,184
Inflation Adjustment on Reserves	-	-
Profit	8,617	26,058
Current Period Profit	8,617	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	-	-
Primary Subordinated Loans	-	-
Minority Shares	-	-
Losses Excess of Reserves (-)	-	-
Current Period Loss	-	-
Prior Periods’ Loss	-	-
Leasehold Improvements (-)	460	529
Intangible Assets (-)	2,117	1,625
Deferred Tax Asset excess of 10% of the Core Capital (-)	-	-
Excess Amount of Article 56/3 of the Law (-)	-	-
Consolidation Goodwill (Net) (-)	-	-
<b>Total Core Capital</b>	<b>530,468</b>	<b>522,274</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Loan Loss Provision	24,936	24,590
45% of Revaluation Fund of Movables	-	-
45% of Revaluation Fund of Real Estate	15,037	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)	1,907	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	-	-
<b>Total Supplementary Capital</b>	<b>41,880</b>	<b>47,303</b>
<b>CAPITAL</b>	<b>572,348</b>	<b>569,577</b>
<b>DEDUCTIONS FROM THE CAPITAL</b>	<b>3,001</b>	<b>3,083</b>
Investments in Unconsolidated Banks and Financial Institutions	-	-
Secondary Subordinated Loans Granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and Placements in Securities of These Entities That Possess the Nature of Their Primary or Secondary Subordinated Debt	-	-
Investments in Banks and Financial Institutions, to which Equity Method has been applied but whose Assets and Liabilities are Unconsolidated	-	-
Loan Granted in Violation of the Articles 50 and 51 of the Law	-	-
The Net Book Value of Properties Exceeding Fifty Percent of Equity and Net Book Value of Properties and Commodity Acquired in Exchange of Loans and Receivables and should be disposed of according to the Article 57 of the Banking Law which have not been Disposed since 5 Years After Foreclosure	3,001	3,083
Securitization Positions Deducted – preferably – from Equity	-	-
Others	-	-
<b>TOTAL SHAREHOLDERS’ EQUITY</b>	<b>569,347</b>	<b>566,494</b>

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**II. Consolidated market risk**

Consolidated market risk is the potential risk of loss on the assets and liabilities of the Parent Bank’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 2<sup>nd</sup> Section of “Calculation of Market Risk” of the Communiqué on “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” published in Official Gazette no. 28337 dated 28 June 2012 and “Regulation 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.

**a) Consolidated market risk**

	<b>Amount</b>
(I) Capital Requirement to be Employed for General Market Risk - Standard Method	1,602
(II) Capital Requirement to be Employed for Specific Risk - Standard Method	211
Capital Requirement for Specific Risk Relating to Securitization Positions – Standard Method	-
(III) Capital Requirement to be Employed for Currency Risk - Standard Method	1,161
(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	541
(VII) Capital Requirement for Counterparty Credit Risk - Standard Method	1,106
(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) (*)	4,621
<b>(X) Value at Market Risk (12.5 x VIII) or (12.5 x IX)</b>	<b>57,763</b>

(\*) For the purpose of the capital adequacy ratio calculation, 8% of total amount of TL 57,763, which is TL 4,621 was used for the market risk. TL 4,621 also represents the minimum capital amount to eliminate the related market risk.



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**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).

	<b>21/06/13</b>	<b>24/06/13</b>	<b>25/06/13</b>	<b>26/06/13</b>	<b>27/06/13</b>	<b>28/06/13</b>
<b>USD</b>	1.9166	1.9312	1.9407	1.9339	1.9320	1.9272
<b>GBP</b>	2.9571	2.9825	2.9767	2.9826	2.9652	2.9415
<b>EURO</b>	2.5327	2.5508	2.5426	2.5380	2.5192	2.5109
<b>JPY</b>	0.0195	0.0197	0.0197	0.0198	0.0197	0.0196

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

	<b>Monthly Average FC Exchange Bid Rates</b>
<b>USD</b>	1.8939
<b>GBP</b>	2.9217
<b>EURO</b>	2.4944
<b>JPY</b>	0.0193

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III. Consolidated foreign currency exchange rate risk (continued)

Information on consolidated foreign currency exchange rate risk:

30 June 2013	EURO	USD	OTHER FC	TOTAL
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey (*)	5,068	296,125	39,104	340,297
Banks	3,759	31,154	2,391	37,304
Financial Assets at Fair Value Through Profit or Loss (**)	54	310	-	364
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	26	7,991	-	8,017
Loans (***)	183,847	513,179	23,961	720,987
Investments in Subsidiaries and Associates	-	-	-	-
Investment Securities Held-to-Maturity	-	-	-	-
Hedging Purpose Financial Derivatives	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (**)	2,730	4,196	22	6,948
<b>Total Assets</b>	<b>195,484</b>	<b>852,955</b>	<b>65,478</b>	<b>1,113,917</b>
<b>Liabilities</b>				
Bank Deposits	-	96,653	-	96,653
Foreign Currency Deposits	444,340	685,797	7,134	1,137,271
Interbank Money Markets	-	-	-	-
Funds Borrowed from Other Financial Institutions	177,399	168,043	-	345,442
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	812	437	-	1,249
Hedging Purpose Financial Derivatives	-	-	-	-
Other Liabilities (**)	1,809	3,981	290	6,080
<b>Total Liabilities (**)</b>	<b>624,360</b>	<b>954,911</b>	<b>7,424</b>	<b>1,586,695</b>
<b>Net On Balance Sheet Position</b>	<b>(428,876)</b>	<b>(101,956)</b>	<b>58,054</b>	<b>(472,778)</b>
<b>Net Off Balance Sheet Position</b>	<b>420,662</b>	<b>96,244</b>	<b>(50,893)</b>	<b>466,013</b>
Financial Derivatives (Assets) (****)	478,511	717,251	77,346	1,273,108
Financial Derivatives (Liabilities) (****)	57,849	621,007	128,239	807,095
<b>Non-cash Loans (****)</b>	<b>126,839</b>	<b>462,781</b>	<b>4,895</b>	<b>594,515</b>
<b>31, December 2012</b>				
<b>Total Assets (**) (***)</b>	<b>250,752</b>	<b>883,506</b>	<b>63,253</b>	<b>1,197,511</b>
<b>Total Liabilities (**)</b>	<b>513,648</b>	<b>908,143</b>	<b>8,768</b>	<b>1,430,559</b>
<b>Net On Balance Sheet Position</b>	<b>(262,896)</b>	<b>(24,637)</b>	<b>54,485</b>	<b>(233,048)</b>
<b>Net Off Balance Sheet Position</b>	<b>262,688</b>	<b>24,967</b>	<b>(54,165)</b>	<b>233,490</b>
Financial Derivatives (Assets) (****)	285,620	376,130	34,687	696,437
Financial Derivatives (Liabilities) (****)	22,932	351,163	88,852	462,947
<b>Non-cash Loans (****)</b>	<b>142,132</b>	<b>403,004</b>	<b>4,537</b>	<b>549,673</b>

(\*) As at 30 June 2013 precious metals balance in the Central Bank accounts amounting to TL 37,785 is included in other FC (31 December 2012 – TL 32,048).

(\*\*) As at 30 June 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 8,166 and TL 4,330, 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 102 and TL 124 (31 December 2012: TL 103 in Other Assets) are not included in the table, respectively.

(\*\*\*) As at 30 June 2013, "Loans" balance includes, in addition to the balance sheet amount, foreign currency indexed loans and their accruals amounting to TL 172,072 (31 December 2012: TL 215,787).

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

(\*\*\*\*\*) As at 30 June 2013, value dated FX buying and FX selling transactions amounting to TL 49,721 and TL 51,861, 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 June 2013 precious metal swap sales amounting to TL 37,785 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).

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**III. Consolidated foreign currency exchange rate risk (continued)**

The table below demonstrates prospective increase and decrease in equity and profit/loss as at 30 June 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.

	30 June 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
Change in foreign currency rate								
USD	(571)	571	(571)	571	33	(33)	33	(33)
EURO	(821)	821	(821)	821	(21)	21	(21)	21
Other FC	716	(716)	716	(716)	32	(32)	32	(32)
<b>Total, net</b>	<b>(676)</b>	<b>676</b>	<b>(676)</b>	<b>676</b>	<b>44</b>	<b>(44)</b>	<b>44</b>	<b>(44)</b>

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

**IV. Consolidated interest rate risk**

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

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

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

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

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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
<b>30 June 2013</b>							
Assets							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	390,546	390,546
Banks	42,898	-	-	-	-	8,926	51,824
Financial Assets at Fair Value Through Profit or Loss	16,593	8,887	359	172	184	1,154	27,349
Interbank Money Market Placements	-	-	-	-	-	-	-
Investment Securities Av.-for-Sale	87,882	105,080	125,286	12,152	72	-	330,472
Loans	1,222,489	184,181	476,620	539,429	146,532	68,087	2,637,338
Investment Securities Held-to-Mat.	-	-	-	-	-	-	-
Other Assets	160	-	-	-	-	216,114	216,274
<b>Total Assets</b>	<b>1,370,022</b>	<b>298,148</b>	<b>602,265</b>	<b>551,753</b>	<b>146,788</b>	<b>684,827</b>	<b>3,653,803</b>
Liabilities							
Bank Deposits	54,652	48,304	-	-	-	8	102,964
Other Deposits	1,723,875	412,435	94,287	24	-	140,708	2,371,329
Interbank Money Market Borrowings	69,799	-	-	-	-	-	69,799
Miscellaneous Payables	-	-	-	-	-	17,435	17,435
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin.Inst.	42,539	59,756	265,375	17,060	-	-	384,730
Other Liabilities	5,901	3,573	2,097	-	-	695,975	707,546
<b>Total Liabilities</b>	<b>1,896,766</b>	<b>524,068</b>	<b>361,759</b>	<b>17,084</b>	<b>-</b>	<b>854,126</b>	<b>3,653,803</b>
Balance Sheet Long Position	-	-	240,506	534,669	146,788	-	921,963
Balance Sheet Short Position	(526,744)	(225,920)	-	-	-	(169,299)	(921,963)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Interest Sensitivity Gap</b>	<b>(526,744)</b>	<b>(225,920)</b>	<b>240,506</b>	<b>534,669</b>	<b>146,788</b>	<b>(169,299)</b>	<b>-</b>

(\*) Tangible and intangible assets amounting to TL 95,493 tax assets amounting to TL 6,458 and other assets amounting to TL 114,163 are presented within other assets as non-interest bearing; provisions amounting to TL 42,761, tax liability amounting to TL 7,780 other liabilities amounting to TL 74,736 and equity amounting to TL 570,698 are presented within other liabilities as non-interest bearing.

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	JPY %	TL %
<b>30 June 2013 (*)</b>				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	-	0.77	-	7.19
Financial Assets at Fair Value Through Profit or Loss	2.82	4.15	-	-
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	4.77	6.11	-	4.53
Loans	5.93	6.99	8.65	10.46
Investment Securities Held-to-Maturity	-	-	-	-
Liabilities				
Bank Deposits	-	1.86	-	6.18
Other Deposits	3.10	2.75	-	6.84
Interbank Money Market Borrowings	-	-	-	5.11
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	2.43	2.26	-	6.64

(\*) Stated at compound interest rates.

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**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
<b>31 December 2012</b>							
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
<b>Total Assets</b>	<b>1,527,174</b>	<b>282,874</b>	<b>539,349</b>	<b>568,084</b>	<b>148,973</b>	<b>617,995</b>	<b>3,684,449</b>
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
<b>Total Liabilities</b>	<b>1,839,856</b>	<b>575,181</b>	<b>304,096</b>	<b>2,891</b>	<b>-</b>	<b>962,425</b>	<b>3,684,449</b>
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	-	-	-	-	-	-	-
<b>Total Interest Sensitivity Gap</b>	<b>(312,682)</b>	<b>(292,307)</b>	<b>235,253</b>	<b>565,193</b>	<b>148,973</b>	<b>(344,430)</b>	<b>-</b>

(\*) 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 %
<b>31 December 2012 (*)</b>				
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.

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**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 numbered 28034 and dated 23 August 2011, and this legal limit is monitored and reported monthly, based on this measurement.

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

In accordance with the communiqué on “Standard Shock Measurement and Evaluation Method of the Interest Rate Risk in Banking Accounts”, economic valuation differences of Parent Bank arising from fluctuations on interest rates, in different currencies, are presented in the table below (excluding tax effect) as at 30 June 2013.

<b>Type of Currency</b>	<b>Shocks Applied (+/- basis points)</b>	<b>Gains/Losses</b>	<b>Gains/Equity- Losses/Equity</b>
TL	500	(48,079)	(%8.5)
	(400)	44,101	%7.8
EURO	200	977	%0.2
	(200)	40	%0.0
USD	200	(11,168)	(%2.0)
	(200)	10,010	%1.8
<b>Total (of negative shocks)</b>		<b>54,151</b>	<b>%9.6</b>
<b>Total (of positive shocks)</b>		<b>(58,270)</b>	<b>(%10.3)</b>

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**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 ISE 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
<b>30 June 2013</b>								
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	390,546	-	-	-	-	-	-	390,546
Banks	8,926	42,898	-	-	-	-	-	51,824
Financial Assets at Fair Value Through Profit or Loss	1,154	16,593	8,887	359	172	184	-	27,349
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Investment Securities Available-for-Sale	-	195	1,677	52,985	204,158	71,457	-	330,472
Loans	-	495,669	381,967	950,814	579,590	161,211	68,087	2,637,338
Investment Securities Held-to-Maturity	-	-	-	-	-	-	-	-
Other Assets	-	67,079	3,134	35,644	-	3,324	107,093	216,274
<b>Total Assets</b>	<b>400,626</b>	<b>622,434</b>	<b>395,665</b>	<b>1,039,802</b>	<b>783,920</b>	<b>236,176</b>	<b>175,180</b>	<b>3,653,803</b>
<b>Liabilities</b>								
Bank Deposits	8	54,652	48,304	-	-	-	-	102,964
Other Deposits	140,708	1,723,870	412,435	94,274	42	-	-	2,371,329
Funds Borrowed from Other Financial Institutions	-	42,484	59,756	265,430	17,060	-	-	384,730
Interbank Money Markets	-	69,799	-	-	-	-	-	69,799
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	10,855	6,580	-	-	-	-	-	17,435
Other Liabilities	71,275	11,651	5,549	5,612	-	-	613,459	707,546
<b>Total Liabilities</b>	<b>222,846</b>	<b>1,909,036</b>	<b>526,044</b>	<b>365,316</b>	<b>17,102</b>	<b>-</b>	<b>613,459</b>	<b>3,653,803</b>
<b>Net Liquidity Gap</b>	<b>177,780</b>	<b>(1,286,602)</b>	<b>(130,379)</b>	<b>674,486</b>	<b>766,818</b>	<b>236,176</b>	<b>(438,279)</b>	<b>-</b>
<b>31 December 2012</b>								
<b>Total Assets</b>	<b>379,135</b>	<b>798,414</b>	<b>326,246</b>	<b>974,889</b>	<b>781,698</b>	<b>273,539</b>	<b>150,528</b>	<b>3,684,449</b>
<b>Total Liabilities</b>	<b>327,388</b>	<b>1,850,135</b>	<b>579,863</b>	<b>309,005</b>	<b>2,930</b>	<b>-</b>	<b>615,128</b>	<b>3,684,449</b>
<b>Net Liquidity Gap</b>	<b>51,747</b>	<b>(1,051,721)</b>	<b>(253,617)</b>	<b>665,884</b>	<b>778,768</b>	<b>273,539</b>	<b>(464,600)</b>	<b>-</b>

(\*) Assets on the balance sheet which are not convertible into cash in short period; tangible and intangible assets amounting to TL 95,493, stationary supplies amounting to TL 325, assets to be disposed of amounting to TL 11,275, loans in follow-up amounting to TL 68,087 and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 42,761 and equity amounting to TL 570,698 are included here.

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

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**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 June 2013	309.0	230.9	155.1	124.5
Average (%)	239.9	228.0	136.2	130.9
Max. (%)	441.7	275.1	155.2	141.7
Min. (%)	179.3	193.4	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 “Regulation 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 Collaterals	Other/ Physical Collaterals	Guaranties and Credit Derivatives
Claims on sovereigns and Central Banks	688,660	-	-	-
Claims on regional governments or local authorities	-	-	-	-
Claims on administrative bodies and other non-commercial enterprises	1,228	-	-	-
Claims on multilateral development banks	-	-	-	-
Claims on international organizations	-	-	-	-
Claims on banks and capital market intermediary	278,888	203	-	-
Claims on corporate receivables	1,697,501	86,728	-	359
Claims included in the regulatory retail portfolios	467,145	13,004	-	279
Claims secured by residential property (*)	721,358	9,227	-	-
Non-performing receivables	68,087	11	-	-
Higher risk categories decided by Agency	147,218	7,974	-	-
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	234,439	-	-	-
<b>Total</b>	<b>4,304,524</b>	<b>117,147</b>	<b>-</b>	<b>638</b>

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

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



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**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 or 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.

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**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 Financial Statements and Related Disclosures and Footnotes to be Announced to Public”, which is published in the Official Gazette No. 26333 dated 1 November 2006.

<b>30 June 2013</b>	Retail Banking	Corporate Banking	Investment Banking and Others	Total Operations
<b>Operating Income</b>	12,254	45,496	38,941	96,691
Operating profit of segment	(891)	(12,035)	23,573	10,647
Costs not distributed	-	-	-	-
Operating profit	-	-	-	-
Income from subsidiaries	-	-	-	-
Profit before tax	(891)	(12,035)	23,573	10,647
Tax provision	-	-	2,030	2,030
Profit after tax	(891)	(12,035)	21,543	8,617
Non-controlling rights	-	-	-	-
<b>Net Profit</b>	<b>(891)</b>	<b>(12,035)</b>	<b>21,543</b>	<b>8,617</b>
Segment assets (*)	374,927	2,264,332	1,014,544	3,653,803
Investments in subsidiaries	-	-	-	-
<b>Total Assets</b>	<b>374,927</b>	<b>2,264,332</b>	<b>1,014,544</b>	<b>3,653,803</b>
Segment liabilities (*)	1,460,847	1,006,203	616,055	3,083,105
Equity	-	-	570,698	570,698
<b>Total Liabilities</b>	<b>1,460,847</b>	<b>1,006,203</b>	<b>1,186,753</b>	<b>3,653,803</b>
<b>Other Segment Items</b>	<b>115</b>	<b>262</b>	<b>2,955</b>	<b>3,332</b>
Capital expenditure	-	-	1,280	1,280
Depreciation and amortization	115	262	1,441	1,818
Impairment losses (**)	-	-	234	234
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; 62% for corporate banking, 10% for retail banking, 28% 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 47%, 13%, and 40%, respectively.

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

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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 June 2013		31 December 2012	
	TL	FC	TL	FC
Cash	10,918	12,788	17,356	13,112
Central Bank of Turkey (*)	39,331	327,509	79,616	252,750
Others	-	-	-	-
<b>Total</b>	<b>50,249</b>	<b>340,297</b>	<b>96,972</b>	<b>265,862</b>

b) Balances with the Central Bank of Turkey:

	30 June 2013		31 December 2012	
	TL	FC	TL	FC
Unrestricted Demand Deposits (*)	39,331	179,653	79,616	163,097
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	147,856	-	89,653
<b>Total</b>	<b>39,331</b>	<b>327,509</b>	<b>79,616</b>	<b>252,750</b>

(\*) As at 30 June 2013, the Parent Bank keeps precious metals amounting to TL 37,785 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 June 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% for all foreign currency liabilities).

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**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 June 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 June 2013		31 December 2012	
	TL	FC	TL	FC
Forward transactions	3,079	532	53	347
Swap transactions	12,597	7,531	69	2,660
Futures	-	-	-	-
Options	1,989	103	540	1
Other	-	-	-	-
<b>Total</b>	<b>17,665</b>	<b>8,166</b>	<b>662</b>	<b>3,008</b>

**3. Information on banks:**

	30 June 2013		31 December 2012	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	14,520	28,390	7,507	95,411
Foreign	-	8,914	-	14,618
Foreign branches	-	-	-	-
<b>Total</b>	<b>14,520</b>	<b>37,304</b>	<b>7,507</b>	<b>110,029</b>

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**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 June 2013		31 December 2012	
	TL	FC	TL	FC
Given as collateral or blocked	16,872	-	9,256	-
Subject to repurchase agreements	71,587	-	11,462	-
<b>Total</b>	<b>88,459</b>	<b>-</b>	<b>20,718</b>	<b>-</b>

As at 30 June 2013, investment securities available-for-sale other than those given as collateral or subject to repurchase agreements amounting to TL 242,013 are unrestricted (31 December 2012: TL 308,684).

b) Available-for-sale securities:

	30 June 2013	31 December 2012
Debt instruments	331,844	330,477
Listed	323,878	323,097
Unlisted	7,966	7,380
Equity instruments	-	-
Listed	-	-
Unlisted	-	-
Impairment provision (-)	(1,372)	(1,075)
<b>Total</b>	<b>330,472</b>	<b>329,402</b>

**5. Information related to loans:**

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

	30 June 2013		31 December 2012	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	-	-	31	-
Corporate shareholders	-	-	31	-
Individual shareholders	-	-	-	-
Indirect loans granted to shareholders	9,110	340	448	688
Loans granted to employees	1,494	-	1,613	-
<b>Total</b>	<b>10,604</b>	<b>340</b>	<b>2,092</b>	<b>688</b>

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

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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	Other	Loans and Other Receivables	Conditions of Contracts Amended	Other
		Amendments related to the extension of the payment plan			Amendments related to the extension of the payment plan	
Non-specialized loans	2,465,712	759	-	77,262	85	-
Enterprise loans	-	-	-	-	-	-
Export loans	185,162	-	-	22,121	-	-
Import loans	-	-	-	-	-	-
Loans given to financial sector	184,570	-	-	-	-	-
Consumer loans	291,001	759	-	17,762	85	-
Credit cards	33,934	-	-	1,574	-	-
Other	1,771,045	-	-	35,805	-	-
Specialized loans	24,118	45	-	1,270	-	-
Other receivables	-	-	-	-	-	-
<b>Total</b>	<b>2,489,830</b>	<b>804</b>	<b>-</b>	<b>78,532</b>	<b>85</b>	<b>-</b>

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	804	85
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	3	25
6 Months - 12 Months	440	-
1-2 Years	361	-
2-5 Years	-	60
5 Years and Over	-	-

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**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
<b>Consumer Loans – TL</b>	14,936	275,974	290,910
Real estate Loans	872	115,880	116,752
Automotive Loans	25	4,476	4,501
Consumer Loans	13,949	154,642	168,591
Other	90	976	1,066
<b>Consumer Loans – Indexed to FC</b>	92	5,562	5,654
Real estate Loans	92	5,531	5,623
Automotive Loans	-	-	-
Consumer Loans	-	31	31
Other	-	-	-
<b>Consumer Loans – FC</b>	-	9,712	9,712
Real estate Loans	-	9,712	9,712
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Credit Cards – TL</b>	30,730	102	30,832
Installment	11,675	102	11,777
Non installment	19,055	-	19,055
<b>Credit Cards – FC</b>	294	-	294
Installment	-	-	-
Non Installment	294	-	294
<b>Loans Given to Employees – TL</b>	154	493	647
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	154	493	647
Other	-	-	-
<b>Loans Given to Employees – Indexed to FC</b>	-	-	-
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Loans Given to Employees – FC</b>	-	-	-
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Employee Credit Cards – TL</b>	916	1	917
Installment	427	1	428
Non Installment	489	-	489
<b>Employee Credit Cards – FC</b>	5	-	5
Installment	-	-	-
Non Installment	5	-	5
<b>Overdraft Account – TL (Individual)</b>	2,684	-	2,684
<b>Overdraft Account – FC (Individual)</b>	-	-	-
<b>Total</b>	<b>49,811</b>	<b>291,844</b>	<b>341,655</b>

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

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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
<b>Installment Corporate Loans – TL</b>	40,073	171,751	211,824
Business Residential Loans	-	1,750	1,750
Automotive Loans	356	12,025	12,381
Consumer Loans	3,973	-	3,973
Other	35,744	157,976	193,720
<b>Installment Corporate Loans – Indexed to FC</b>	2,351	56,517	58,868
Business Residential Loans	-	-	-
Automotive Loans	-	7,774	7,774
Consumer Loans	-	321	321
Other	2,351	48,422	50,773
<b>Installment Corporate Loans – FC</b>	-	-	-
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards – TL</b>	3,412	6	3,418
Installment	1,041	6	1,047
Non Installment	2,371	-	2,371
<b>Corporate Credit Cards – FC</b>	42	-	42
Installment	-	-	-
Non Installment	42	-	42
<b>Overdraft Account – TL (Commercial)</b>	5,015	-	5,015
<b>Overdraft Account – FC (Commercial)</b>	-	-	-
<b>Total</b>	<b>50,893</b>	<b>228,274</b>	<b>279,167</b>

e) Domestic and foreign loans:

	30 June 2013	31 December 2012
Domestic loans	2,569,251	2,626,914
Foreign loans	-	-
<b>Total</b>	<b>2,569,251</b>	<b>2,626,914</b>

f) Loans granted to subsidiaries and associates: None.



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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(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 June 2013	31 December 2012
Specific Provisions		
Loans and Receivables with Limited Collectability	5,110	2,075
Loans and Receivables with Doubtful Collectability	19,127	20,789
Uncollectible Loans and Receivables	90,932	70,105
<b>Total</b>	<b>115,169</b>	<b>92,969</b>

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 (+)	47,847	2,091	8,794
Transfers from Other Categories of Non- Performing Loans (+)	-	37,113	22,621
Transfers to Other Categories of Non-Performing Loans (-)	37,113	22,621	-
Collections (-)	4,269	2,674	3,671
Write-offs (-)	1	20	14
Corporate and Commercial Loans	-	-	-
Retail Loans	-	17	-
Credit Cards	1	3	14
Other	-	-	-
Balances at End of the Period	16,238	44,127	122,891
Specific Provisions (-)	5,110	19,127	90,932
<b>Net Balance on Balance Sheet</b>	<b>11,128</b>	<b>25,000</b>	<b>31,959</b>

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

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**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
<b>Current Period (Net)</b>	<b>11,128</b>	<b>25,000</b>	<b>31,959</b>
Loans Allowed to Real Persons and Corporate Bodies (Gross)	16,238	44,127	122,891
Specific provision (-)	5,110	19,127	90,932
Loans Allowed to Real Persons and Corporate Bodies (Net)	11,128	25,000	31,959
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>7,699</b>	<b>9,449</b>	<b>25,056</b>
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 June 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 June 2013 and 31 December 2012, there are no financial assets held-to-maturity.

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

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

**TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY  
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**I. Information and disclosures related to consolidated assets (continued)**

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

None.

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

As at 30 June 2013, the Parent Bank has subsidiary as Tekstil Yatırım ve Menkul Değerler A.Ş. The Parent Bank does not have any capital needs due to its subsidiary which is included in the calculation of its consolidated capital adequacy standard ratio. 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 June 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	-	-
<b>Balance at the End of the Period</b>	<b>-</b>	<b>-</b>
Capital Commitments	-	-
Share Percentage at the end of Period (%)	-	-

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

- d) Industrial distribution of subsidiaries not consolidated:

As at 30 June 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
30,278	19,225	121	1,633	2,868	1,214	1,217	-

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

g) Movement of consolidated subsidiaries:

	30 June 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	-	-
<b>Balance at the End of the Period</b>	<b>15,693</b>	<b>15,693</b>
Capital Commitments	-	-
Share Percentage at the end of Period (%)	-	-

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

h) Sectoral distribution of consolidated subsidiaries:

	30 June 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	-	-
<b>Total</b>	<b>15,693</b>	<b>15,693</b>

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  
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(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 3,324 (31 December 2012: TL 1,869) which was calculated on deductible temporary differences except general provisions at 30 June 2013 and current period tax loss.

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 Parent Bank has no asset held for sale and discontinued operation as at 30 June 2013 and 31 December 2012.

**15. Information on other assets:**

As at 30 June 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 11,275 (31 December 2012: TL 12,156).

As at 30 June 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 103,048 (31 December 2012: TL 86,978), do not exceed 10% of total assets.

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

**TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY**  
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**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 June 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	12,699	42,003	803,265	4,967	2,159	1,818	32	866,943
Foreign Currency Deposits	65,209	26,216	793,561	95,718	151,825	4,730	12	1,137,271
Residents in Turkey	40,842	25,933	747,960	72,013	143,974	1,786	12	1,032,520
Residents Abroad	24,367	283	45,601	23,705	7,851	2,944	-	104,751
Public Sector Deposits	3,004	-	1	-	-	-	-	3,005
Commercial Deposits	58,321	71,546	225,489	32	-	2,913	-	358,301
Other Ins. Deposits	1,475	149	4,154	15	16	-	-	5,809
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	8	6,303	96,653	-	-	-	-	102,964
Central Bank	-	-	-	-	-	-	-	-
Domestic Banks	8	6,303	96,653	-	-	-	-	102,964
Foreign Banks	-	-	-	-	-	-	-	-
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>140,716</b>	<b>146,217</b>	<b>1,923,123</b>	<b>100,732</b>	<b>154,000</b>	<b>9,461</b>	<b>44</b>	<b>2,474,293</b>

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	-	-	-	-	-	-	-	-
<b>Total</b>	<b>252,186</b>	<b>166,134</b>	<b>2,124,477</b>	<b>38,745</b>	<b>123,478</b>	<b>5,017</b>	<b>41</b>	<b>2,710,078</b>

**TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY  
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**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	Covered by	Exceeding the	Exceeding the
	Deposit Insurance Fund	Deposit Insurance Fund	Deposit Insurance Limit	Deposit Insurance Limit
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Saving Deposits	398,861	295,480	458,219	667,048
Foreign Currency Savings Deposits	133,240	87,694	435,483	460,660
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
<b>Total</b>	<b>532,101</b>	<b>383,174</b>	<b>893,702</b>	<b>1,127,708</b>

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 28,836 (31 December 2012: TL 25,875).

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

	30 June 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	15,025	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	13,811	12,916
Deposits and Other Accounts linked to Crimes Mentioned in 282 <sup>nd</sup> Article of 5237 Numbered Turkish Crime Legislation dated on 26/09/2004	-	-
Deposits belong to Off-shore Banks which are established to be engaged in offshore banking in Turkey.	-	-

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

Negative difference on derivatives held for trading:

	30 June 2013		31 December 2012	
	TL	FC	TL	FC
Forwards	2,779	1,377	125	190
Swaps	393	2,780	1,015	611
Futures	-	-	-	-
Options	2,249	173	546	1
Other	-	-	-	-
<b>Total</b>	<b>5,421</b>	<b>4,330</b>	<b>1,686</b>	<b>802</b>

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

**3. Information on funds borrowed:**

a) Information on banks and other financial institutions:

	30 June 2013		31 December 2012	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	39,288	44,370	33,943	46,696
Foreign Banks, Institutions and Funds	-	301,072	-	168,462
<b>Total</b>	<b>39,288</b>	<b>345,442</b>	<b>33,943</b>	<b>215,158</b>

b) Contractual maturities of funds borrowed:

	30 June 2013		31 December 2012	
	TL	FC	TL	FC
Short-Term	22,612	341,179	28,642	207,261
Medium and Long-Term	16,676	4,263	5,301	7,897
<b>Total</b>	<b>39,288</b>	<b>345,442</b>	<b>33,943</b>	<b>215,158</b>

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

Other external resources are amounting to TL 76,556 (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 June 2013 and 31 December 2012, the Group does not have financial lease liabilities.

As at 30 June 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.



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

**7. Information on provisions:**

a) Information on general provisions:

	30 June 2013	31 December 2012
General Provisions		
Provision for Group I Loans and Receivables	20,941	20,507
<i>Additional Provision for Loans and Receivables with Extended Maturities</i>	64	77
Provision for Group II Loans and Receivables	1,567	1,765
<i>Additional Provision for Loans and Receivables with Extended Maturities</i>	4	3
Provision for Non-cash Loans	2,236	2,241
Other	192	77
<b>Total</b>	<b>24,936</b>	<b>24,590</b>

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 Parent Bank, who has complete 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 June 2013, at ceiling amount of TL-full 3,129 (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 June 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 is shows the expected real rate after adjusting for the effects of inflation.

Movement of ETI liability is below:

	30 June 2013	31 December 2012
Balance at Prior Period End	5,260	3,283
Current year provisions/ (reversal of provision)	541	3,377
Paid in current year	(445)	(1,400)
<b>Balance at Current Period End</b>	<b>5,356</b>	<b>5,260</b>

The Group also has vacation pay liability amounting TL 3,990 (31 December 2012: TL 3,358) as at 30 June 2013.

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

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

As at 30 June 2013, foreign exchange differences on foreign currency indexed loans amounting TL 38 (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 June 2013, the Parent Bank has provision for credit card service promotions amounting TL 192 (31 December 2012: TL 196).

d.3) Information on other provisions:

As at 30 June 2013, there is provision for lawsuits filed against the Parent Bank amounting TL 1,873 (31 December 2012: TL 2,404) and other provision amounting to TL 687 regarding to a loan receivable.

As at 30 June 2013, the Group has provision amounting to TL 5,727 (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 June 2013, corporate taxes payable of the Group after deductions of prepaid taxes is TL 111(31 December 2012: TL 3,319).

b) Information on taxes payable:

	<b>30 June 2013</b>	<b>31 December 2012</b>
Corporate taxes payable	111	3,319
Taxation on securities	1,575	2,036
Capital gains tax on property	147	122
Banking Insurance Transaction Tax (BITT)	2,403	2,406
Taxes on foreign exchange transactions	-	-
Value added tax payable	35	39
Other	1,302	1,314
<b>Total</b>	<b>5,573</b>	<b>9,236</b>

c) Information on premiums payable:

	<b>30 June 2013</b>	<b>31 December 2012</b>
Social security premiums- employee share	962	475
Social security premiums- employer share	1,037	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	67	33
Unemployment insurance- employer share	137	67
Other	4	1
<b>Total</b>	<b>2,207</b>	<b>1,089</b>

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**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:

	<b>30 June 2013</b>	<b>31 December 2012</b>
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:

	<b>30 June 2013</b>		<b>31 December 2012</b>	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	-	-	-	-
Valuation gain/loss of available for sale securities	4,237	-	17,052	5
Translation gain/loss	-	-	-	-
<b>Total</b>	<b>4,237</b>	<b>-</b>	<b>17,052</b>	<b>5</b>

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

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

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

**1. Interest income:**

a) Information on interest income received from loans:

	30 June 2013		30 June 2012	
	TL	FC	TL	FC
Interest income received from loans (*)				
Short Term Loans	72,415	5,781	99,519	7,782
Medium and Long Term Loans	33,191	15,987	31,472	8,235
Loans Under Follow-Up	4,860	-	2,255	-
Source Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>110,466</b>	<b>21,768</b>	<b>133,246</b>	<b>16,017</b>

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

b) Information on interest income received from banks:

	30 June 2013		30 June 2012	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks	293	213	364	242
Foreign Banks	95	10	20	65
Foreign Branches	-	-	-	-
<b>Total</b>	<b>388</b>	<b>223</b>	<b>384</b>	<b>307</b>

c) Information on interest income received from securities portfolio:

	30 June 2013		30 June 2012	
	TL	FC	TL	FC
Trading Securities	-	10	-	10
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Investment Securities Available-for-Sale	14,409	235	23,427	462
Investment Securities Held-to-Maturity	-	-	-	-
<b>Total</b>	<b>14,409</b>	<b>245</b>	<b>23,427</b>	<b>472</b>

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

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

**2. Interest expense:**

a) Information on interest expense related to funds borrowed:

	30 June 2013		30 June 2012	
	TL	FC	TL	FC
<b>Banks (*)</b>	1,354	3,577	1,428	3,158
Central Bank of Turkey	-	-	-	-
Domestic Banks	1,339	801	1,419	825
Foreign Banks	15	2,776	9	2,333
Foreign Branches	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>1,354</b>	<b>3,577</b>	<b>1,428</b>	<b>3,158</b>

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

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

	30 June 2013	30 June 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		
<b>TL</b>								
Bank Deposits	-	16	-	-	-	-	-	16
Saving Deposits	-	615	32,809	265	218	44	1	33,952
Public Sector Deposits	-	-	-	-	-	-	-	-
Commercial Deposits	-	1,524	10,992	82	14	40	-	12,652
Other Deposits	-	45	341	-	-	1	-	387
<b>Total Turkish Lira</b>	-	<b>2,200</b>	<b>44,142</b>	<b>347</b>	<b>232</b>	<b>85</b>	<b>1</b>	<b>47,007</b>
<b>Foreign Currency</b>								
Foreign Currency Deposits	-	135	13,100	486	2,639	79	-	16,439
Bank Deposits	-	348	-	-	-	-	-	348
Precious Metal Deposits	-	-	-	-	-	-	-	-
<b>Total Foreign Currency</b>	-	<b>483</b>	<b>13,100</b>	<b>486</b>	<b>2,639</b>	<b>79</b>	-	<b>16,787</b>
<b>Total</b>	-	<b>2,683</b>	<b>57,242</b>	<b>833</b>	<b>2,871</b>	<b>164</b>	<b>1</b>	<b>63,794</b>

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

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

	30 June 2013	30 June 2012
<b>Profit</b>	<b>172,335</b>	<b>213,358</b>
Capital Market Gains	4,359	5,001
Derivative Gains	97,008	68,791
Foreign Exchange Gains	70,968	139,566
<b>Loss (-)</b>	<b>(171,444)</b>	<b>(214,907)</b>
Capital Market Losses	(30)	(11)
Derivative Losses	(69,749)	(127,940)
Foreign Exchange Losses	(101,665)	(86,956)

Net gain related to derivative transactions resulting from foreign currency rate changes is amounted to TL 32,962 (30 June 2012: TL 50,784 net loss).

**4. Other operating income:**

“Other operating income” in the income statement mainly consists of collections from the receivables for which the Parent Bank had provided allowance in the prior periods.

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

	30 June 2013	30 June 2012
Specific Provisions on Loans and Other Receivables:	25,861	16,432
Loans and Receivables in Group III	5,110	3,447
Loans and Receivables in Group IV	10,725	9,863
Loans and Receivables in Group V	10,026	3,122
General Provision Expenses	346	824
Provision for Possible Losses	-	-
Impairment Losses on Securities:	234	666
Trading securities	107	1
Investment Securities Available-for-Sale	127	665
Other Impairment Losses:	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Investment Securities Held-to-Maturity	-	-
Other (*)	1,885	-
<b>Total</b>	<b>28,326</b>	<b>17,922</b>

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

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

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

	30 June 2013	30 June 2012
Personnel Expenses	35,713	34,427
Reserve for Employee Termination Indemnities and Vacation Pay	728	1,460
Reserve for Bank’s Social Aid Fund Deficit	-	-
Impairment of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	1,402	1,728
Impairment of Intangible Assets	-	-
Impairment of Goodwill	-	-
Amortization Expenses of Intangible Assets	224	123
Impairment of Investments in Associates	-	-
Impairment of Assets to be Disposed of	-	-
Depreciation of Assets to be Disposed of	192	172
Impairment of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	13,945	13,606
Operational Leases	6,186	5,667
Repair and Maintenance	738	659
Advertising	197	81
Other Expenses	6,824	7,199
Loss on Sale of Assets	38	15
Other (*)	5,476	4,910
<b>Total</b>	<b>57,718</b>	<b>56,441</b>

(\*) 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 June 2013, current tax expense is TL 3,567 (30 June 2012: TL 3,639).

For the period ended 30 June 2013, deferred tax income is TL 1,537 (30 June 2012: TL 351 deferred tax expense).

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

For the period ended 30 June 2013, deferred tax expense arising from temporary differences amounting TL 2,491 (30 June 2012: TL 351 deferred tax expense).

Additionally, for the period ended 30 June 2013, the effect in the current and deferred tax amounting to TL 3,205 (30 June 2012: TL (677)) 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 June 2013, deferred tax income arising from financial loss is TL 4,028 (30 June 2012: None) and deferred tax expense arising from temporary differences is TL 2,491 (30 June 2012 : TL 351 deferred tax expense).

**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.

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**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 June 2013, asset purchase and sale commitments amount to TL 103,705 (31 December 2012: TL 38,752), loan granting commitments amount to TL 47,203 (31 December 2012: TL 42,711), commitments for credit card limits amount to TL 140,920 (31 December 2012: TL 200,544) commitments for cheque payments amount to TL 86,474 (31 December 2012: TL 85,217) and commitments for promotional operations re-credit cards amount to TL 407 (31 December 2012: TL 478).

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 June 2013, the Group has letters of guarantee amounting to TL 948,908 (31 December 2012: TL 1,001,751), bills of exchange and acceptances amounting to TL 1,320 (31 December 2012: TL 1,359), letters of credit amounting to TL 231,824 (31 December 2012: TL 202,019) and other guarantees amounting to TL 34,358 (31 December 2012: TL 42,982).

c) Non-cash loans:

	<b>30 June 2013</b>	<b>31 December 2012</b>
Non-Cash Loans Given for Cash Loan Risks	37,536	34,305
With Original Maturity of 1 Year or Less	748	1,696
With Original Maturity of More Than 1 Year	36,788	32,609
Other Non-Cash Loans	1,178,874	1,213,806
<b>Total</b>	<b>1,216,410</b>	<b>1,248,111</b>

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

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



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

**TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARY  
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**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	-	-	9,110	339	55	1
Interest and Commission Income Received	-	-	308	4	-	-

(\*) As described in the 2<sup>nd</sup> Subclause on Article 49 of Banking Law no.5411.

The Parent Bank has TL 12,915 placements in its risk group banks as at 30 June 2013 (31 December 2012: TL 15,139). Also the Parent Bank has TL 1,417 irrevocable commitment in its risk group as at 30 June 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	-	-	3,359	41	-	1

(\*) As described in the 2<sup>nd</sup> 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	-	-	54,052	54,479	1,406	1,410
Interest on Deposits	-	1	829	2,502	28	52

(\*) As described in the 2<sup>nd</sup> 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 June 2013, the Parent Bank has swap and option purchase and sale transactions amounting to TL 4,758 and TL 4,565, 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  
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**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 subsidiaries:

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

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

In the Group’s transactions with its risk group, pricing policy and other matters are determined and applied at market conditions. As at 30 June 2013, proportion of cash loans to risk group in total 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 June 2013, other commission income from risk group is amounted to TL 24 (30 June 2012: TL 28), other operating income from risk group is amounted to TL 16 (30 June 2012: TL 18), other commission expense to risk group is amounted to TL 58 (30 June 2012: TL 32) and other operating expense to risk group is amounted to TL 591 (30 June 2012: TL 710)

In the consolidated basis, key management cost for the current period is amounted to TL 2,618 (30 June 2012: TL 2,506).

**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”:

The Parents Bank’s major shareholder GSD Holding A.Ş. made the declaration below to Public Disclosure Platform at 4 July 2013:

“The process performed by our financial advisor BNP Paribas London, authorized for the sales of whole or a certain portion of shares of Tekstil Bankası A.Ş. held by GSD A.Ş. to prospective buyers, is still proceeding. Currently, providing information regarding potential buyers is not possible.”

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See Note 3.I**

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## **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 year ended 30 June 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 2 August 2013 is presented in the introduction of this report.

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

None.