

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

Tekstil Bankası Anonim Şirketi

Consolidated Financial Statements

As of and for the Year Ended

31 December 2010

With Independent Auditors' Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi
18 February 2011

*This report contains 2 pages of
independent auditors' report and 77
pages of consolidated financial
statements together with their
explanatory notes.*



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

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Tekstil Bankası Anonim Şirketi:

We have audited the consolidated balance sheet of Tekstil Bankası Anonim Şirketi ("the Bank") and its subsidiaries as of 31 December 2010 and the related consolidated statements of income, cash flows, changes in shareholders' equity, and a summary of the significant accounting policies and other disclosures for the period then ended.

The Board of Directors' Responsibility for the Financial Statements

The Board of Directors of the Bank is responsible for the establishment of an internal control system, selection and application of appropriate accounting policies for the preparation and presentation of the reported consolidated financial statements in accordance with the Regulation on Principles Related to Banks' Accounting Applications and Preserving the Documents, dated 1 November 2006 which is published in the Official Gazette No.26333, Turkish Accounting Standards, Turkish Financial Reporting Standards, and other regulations, explanations and circulars on accounting and financial reporting principles announced by Banking Regulation and Supervision Agency (BRSA), free of material errors and misuse that could lead to false information within.

Auditors' Responsibility

Our responsibility, as independent auditors, is to issue a report on the consolidated financial statements based on our audit. We conducted our audit in accordance with the Regulation on Authorization of Entities that Conduct Independent Audit in the Banks and Their Operations, dated 1 November 2006 which is published in the Official Gazette No.26333, and international auditing standards. Our independent audit was planned and conducted to provide reasonable assurance that the consolidated financial statements are free of material misstatement. Our independent audit involved the necessary techniques to collect audit evidence related to the figures included in the consolidated financial statements and accompanying footnotes; which have been determined based on our professional conviction. Those techniques have been selected by considering the effectiveness of the internal controls used in preparation and presentation of the consolidated financial statements and the appropriateness of the accounting policies applied. We believe that our audit provides a reasonable basis for our opinion expressed below.



Opinion:

In our opinion, based on our audit, the accompanying consolidated financial statements present fairly the financial position of Tekstil Bankası Anonim Şirketi and its subsidiaries as of 31 December 2010, and of the results of its operations and its cash flows for the year then ended, in all material respects, in accordance with regulations described in Articles 37 and 38 of the (Turkish) Banking Law No 5411; and other regulations, explanations and circulars on accounting and financial reporting principles announced by BRSA.

Istanbul,
18 February 2011

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi

Orhan Akova
Partner

Additional paragraph for convenience translation to English:

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

TEKSTİL BANKASI A. Ş.
CONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2010

Address of the Bank's

Headquarters: : Büyükdere Caddesi No: 63 34398 Maslak - 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
- OTHER EXPLANATIONS AND FOOTNOTES
- INDEPENDENT AUDITOR'S REPORT

The subsidiaries, associates and jointly controlled companies included in the consolidated financial report are as follows:

1. **Tekstil Yatırım Menkul Değerler A.Ş.**
2. **The Euro Textile International Banking Unit Ltd.**

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	Nuriye PLOTKIN	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
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SECTION ONE GENERAL INFORMATION

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

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

II. Capital structure, shareholders controlling the management and supervision of the Bank directly or indirectly, and if exists, changes on these issues and the Group that the Bank belongs to

The capital of the Parent Bank is TL 420,000 as at 31 December 2010 and is fully paid. GSD Holding Anonim Şirketi ("GSD Holding") owns 75.50% of the outstanding shares of the Bank. The Bank is a subsidiary of GSD Holding. Remaining shares have been listed on Istanbul Stock Exchange since 23 May 1990.

The ultimate business of GSD Holding, which was initially established as a foreign trade company in 1986 and became a holding company to build a more efficient corporate structure for GSD Group Companies in 1996, is management of assets. GSD Holding also aims to manage the growth of the Group, finance and invest in profitable businesses. GSD Holding's shares have been listed on Istanbul Stock Exchange since November 1999. Almost all of its shares, which has nominal value of TL 250,000 as at 31 December 2010, are held by public.

Main operations of GSD Group Companies are;

Foreign Trade:	GSD Dış Ticaret A.Ş.
Banking :	Tekstil Bankası A.Ş., GSD Yatırım Bankası A.Ş., The Euro Textile International Banking Unit Ltd ("ETB")
Financial Services:	Tekstil Finansal Kiralama A.Ş., Tekstil Faktoring Hizmetleri A.Ş., Tekstil Yatırım Menkul Değerler A.Ş. ("Tekstil Yatırım")
Other:	Tekstil Bilişim Hizmetleri ve Ticaret A.Ş., GSD International Ltd., GSD Reklam ve Halkla İlişkiler Hizmetleri A.Ş., GSD Plan Proje Etüd A.Ş., GSD Gayrimenkul Yatırım ve Geliştirme A.Ş.

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

Title	Name	Job Description	Education
Chairman of the Board of Directors ve Audit Committee	Akgün TÜRER	Chairman of the Board of Directors and Audit Committee	Graduate
Member of Audit Committee:	I.Sencan DEREBEYOĞLU	Member of Audit Committee	Graduate
Member of Board of Directors:	I.Sühan ÖZKAN	Vice Chairman of Board of Directors	Under-Graduate
	Cezmi ÖZTÜRK	Member	Under-Graduate
	Murat ATIM	Member	Under-Graduate
General Manager:	H. Çim GÜZELAYDINLI	Chief Executive Officer and Member of Board of Directors	Graduate
Head of Board of Inspectors:	Senan DAĞAL	President of Inspectors' Group	Under-Graduate
Executive Vice Presidents:	Ümit ALTINAY(*)	Information Technologies and Operations Group (*)	Graduate
	Nuriye PLOTKIN	Financial Control Group	Under-Graduate
	D.Halit DÖVER	International Relations Group	Graduate
	Bozok EVRENOSOĞLU (**)	Loans Group	Under-Graduate
	Hüseyin H. İMECE	Treasury and Investors Relations Group	Under-Graduate
	Başbuğ Y. SAMANCIOĞLU	Corporate and Commercial Banking Group	Under-Graduate
Statutory Auditors:	M.Sedat ÖZKANLI	Statutory Auditor	Under-Graduate
	Sedat TEMELTAŞ	Statutory Auditor	Under-Graduate

(*) Yasef Coyaş; Executive Vice President of "Operations and Support Group" has resigned in April 2010. "Operations and Support Group" and "Information Technologies and Organization Group" were gathered under the responsibility of Ümit Altınay and reorganized as "Information Technologies and Operations Group".

(**) Bozok Evrenosoğlu was appointed as the Executive Vice President of Loans Group in May 2010.

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 Bank

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

As at 31 December 2010, the Bank has 44 branches close to industrial zones of Turkey and a representative office in Berlin, Germany. The Bank has 903 employees as at 31 December 2010 (As at 31 December 2009 number of branches was 45, number of employees was 940).

The Parent Bank and its subsidiaries Tekstil Yatırım Menkul Değerler A.Ş. and The Euro Textile International Banking Unit Ltd. have been consolidated. The Parent Bank and its subsidiaries are named as "the Group" as a whole.

As at 31 December 2010, the Group has 964 employees (31 December 2009: 984).

V. Other information

Bank's Official Title	: Tekstil Bankası Anonim Şirketi
Reporting Period	: 1 January – 31 December 2010
Address of Bank's Headquarters	: Büyükdere Caddesi No: 63 34398 Maslak - İstanbul
Telephone number	: (0212) 335 53 35
Fax number	: (0212) 328 13 28
Bank's Internet Address	: www.tekstilbank.com.tr
Reporting currency	: Thousands of TL – Turkish Lira

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARIES					Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1			
CONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)								
AS AT 31 DECEMBER 2010 AND 2009								
(Currency: Thousands of TL - Turkish Lira)								
ASSETS		Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
			CURRENT PERIOD			PRIOR PERIOD		
			31/12/2010			31/12/2009		
			TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(5.1.1)	87,146	87,779	174,925	58,837	82,359	141,196
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	4,182	574	4,756	918	2,883	3,801
2.1	Trading Securities		4,182	574	4,756	918	2,883	3,801
2.1.1	Public Sector Debt Securities		13	347	360	296	410	706
2.1.2	Share Certificates		-	-	-	-	-	-
2.1.3	Positive Value of Trading Derivatives		4,169	227	4,396	622	2,473	3,095
2.1.4	Other Securities		-	-	-	-	-	-
2.2	Financial Assets Designated at Fair Value		-	-	-	-	-	-
2.2.1	Public Sector Debt Securities		-	-	-	-	-	-
2.2.2	Share Certificates		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other Securities		-	-	-	-	-	-
III.	BANKS	(5.1.3)	105	76,039	76,144	12	59,443	59,455
IV.	INTERBANK MONEY MARKET		-	-	-	-	-	-
4.1	Interbank Money Market Placements		-	-	-	-	-	-
4.2	Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3	Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V.	INVESTMENT SECURITIES AVAILABLE FOR SALE (Net)	(5.1.4)	302,960	20,403	323,363	209,864	20,578	230,442
5.1	Share Certificates		-	371	371	-	278	278
5.2	Public Sector Debt Securities		296,828	10,746	307,574	209,864	9,936	219,800
5.3	Other Securities		6,132	9,286	15,418	-	10,364	10,364
VI.	LOANS	(5.1.5)	1,490,447	382,582	1,873,029	1,363,686	223,877	1,587,563
6.1	Loans		1,455,228	382,582	1,837,810	1,321,808	223,877	1,545,685
6.1.1	Loans Utilized to the Bank's Risk Group		17,714	19	17,733	71,035	7,662	78,697
6.1.2	Public Sector Debt Securities		-	-	-	-	-	-
6.1.3	Others		1,437,514	382,563	1,820,077	1,250,773	216,215	1,466,988
6.2	Loans under Follow-Up		93,965	-	93,965	98,390	-	98,390
6.3	Specific Provisions (-)		58,746	-	58,746	56,512	-	56,512
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	INVESTMENT SECURITIES HELD TO MATURITY (Net)	(5.1.6)	-	-	-	-	-	-
8.1	Public Sector Debt Securities		-	-	-	-	-	-
8.2	Other Securities		-	-	-	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	1	-	1	50	-	50
9.1	Equity Method Associates		-	-	-	-	-	-
9.2	Unconsolidated Associates		1	-	1	50	-	50
9.2.1	Financial Associates		1	-	1	50	-	50
9.2.2	Non-Financial Associates		-	-	-	-	-	-
X.	INVESTMENTS IN SUBSIDIARIES (Net)	(5.1.8)	47	-	47	54	-	54
10.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated Non-Financial Subsidiaries		47	-	47	54	-	54
XI.	JOINT VENTURES (Net)	(5.1.9)	-	-	-	-	-	-
11.1	Equity Method Joint Ventures		-	-	-	-	-	-
11.2	Unconsolidated Joint Ventures		-	-	-	-	-	-
11.2.1	Financial Joint Ventures		-	-	-	-	-	-
11.2.2	Non-Financial Joint Ventures		-	-	-	-	-	-
XII.	LEASE RECEIVABLES (Net)	(5.1.10)	-	-	-	-	-	-
12.1	Financial Lease Receivables		-	-	-	-	-	-
12.2	Operational Lease Receivables		-	-	-	-	-	-
12.3	Others		-	-	-	-	-	-
12.4	Unearned Income (-)		-	-	-	-	-	-
XIII.	HEDGING DERIVATIVES	(5.1.11)	-	-	-	-	-	-
13.1	Fair Value Hedge		-	-	-	-	-	-
13.2	Cash Flow Hedge		-	-	-	-	-	-
13.3	Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	(5.1.12)	77,146	-	77,146	71,212	2	71,214
XV.	INTANGIBLE ASSETS (Net)	(5.1.13)	1,667	-	1,667	2,048	-	2,048
15.1	Goodwill		-	-	-	-	-	-
15.2	Others		1,667	-	1,667	2,048	-	2,048
XVI.	INVESTMENT PROPERTY (Net)	(5.1.14)	-	-	-	-	-	-
XVII.	TAX ASSETS	(5.1.15)	1,617	-	1,617	2,022	-	2,022
17.1	Current Tax Assets		-	-	-	-	-	-
17.2	Deferred Tax Assets		1,617	-	1,617	2,022	-	2,022
XVIII.	ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)	(5.1.16)	-	-	-	-	-	-
18.1	Held For Sale		-	-	-	-	-	-
18.2	Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	(5.1.17)	34,139	4,546	38,685	39,315	2,847	42,162
TOTAL ASSETS			1,999,457	571,923	2,571,380	1,748,018	391,989	2,140,007

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

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)
AS AT 31 DECEMBER 2010 AND 2009
(Currency: Thousands of TL - Turkish Lira)

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

LIABILITIES AND EQUITY	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
		CURRENT PERIOD			PRIOR PERIOD		
		31/12/2010			31/12/2009		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(5.II.1)	1,063,713	719,034	1,782,747	724,391	735,912	1,460,303
1.1 Deposits of the Bank's Risk Group		38,181	36,233	74,414	23,245	20,608	43,853
1.2 Others		1,025,532	682,801	1,708,333	701,146	715,304	1,416,450
II. NEGATIVE VALUE OF TRADING DERIVATIVES	(5.II.2)	5,101	1,805	6,906	1,137	2,507	3,644
III. FUNDS BORROWED	(5.II.3)	16,947	50,379	67,326	7,588	138,778	146,366
IV. DUE TO MONEY MARKETS		143,166	-	143,166	5,653	-	5,653
4.1 Interbank Money Market		-	-	-	-	-	-
4.2 Istanbul Stock Exchange		-	-	-	-	-	-
4.3 Obligations under Repurchase Agreements		143,166	-	143,166	5,653	-	5,653
V. SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset Backed Securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Bank Borrowers' Funds		-	-	-	-	-	-
6.2 Others		-	-	-	-	-	-
VII. MISCELLANEOUS PAYABLES		10,781	899	11,680	9,157	512	9,669
VIII. OTHER EXTERNAL RESOURCES	(5.II.4)	25,930	7,316	33,246	22,932	5,653	28,585
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(5.II.5)	-	2	2	-	137	137
10.1 Financial Lease Payables		-	2	2	-	141	141
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred Financial Leasing Expenses (-)		-	-	-	-	4	4
XI. HEDGING PURPOSE DERIVATIVES	(5.II.6)	-	-	-	-	-	-
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
XII. PROVISIONS	(5.II.7)	22,376	-	22,376	17,483	-	17,483
12.1 General Provisions		12,378	-	12,378	9,777	-	9,777
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Benefits		5,401	-	5,401	4,665	-	4,665
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		4,597	-	4,597	3,041	-	3,041
XIII. TAX LIABILITIES	(5.II.8)	7,387	-	7,387	5,355	1	5,356
13.1 Current Tax Liability		7,387	-	7,387	5,355	1	5,356
13.2 Deferred Tax Liability		-	-	-	-	-	-
XIV. PAYABLES RELATED TO HELD FOR SALE AND DISCONTINUED OPERATIONS	(5.II.9)	-	-	-	-	-	-
14.1 Held For Sale		-	-	-	-	-	-
14.2 Discontinued Operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(5.II.10)	-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY	(5.II.11)	495,609	935	496,544	462,311	500	462,811
16.1 Paid-In Capital		420,000	-	420,000	420,000	-	420,000
16.2 Supplementary Capital		21,051	935	21,986	7,795	500	8,295
16.2.1 Share Premium		(814)	-	(814)	(814)	-	(814)
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Valuation Differences of Securities		7,285	935	8,220	3,582	500	4,082
16.2.4 Revaluation Fund on Tangible Assets		14,580	-	14,580	5,027	-	5,027
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		34,516	-	34,516	18,357	-	18,357
16.3.1 Legal Reserves		4,929	-	4,929	4,252	-	4,252
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		29,587	-	29,587	14,105	-	14,105
16.3.4 Other Profit Reserves		-	-	-	-	-	-
16.4 Profit or Loss		20,042	-	20,042	16,159	-	16,159
16.4.1 Prior Periods' Profit or Loss		-	-	-	-	-	-
16.4.2 Current Period Profit or Loss		20,042	-	20,042	16,159	-	16,159
16.5 Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		1,791,010	780,370	2,571,380	1,256,007	884,000	2,140,007

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

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARIES					Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1			
CONSOLIDATED OFF BALANCE SHEET ITEMS STATEMENTS								
AS AT 31 DECEMBER 2010 AND 2009								
(Currency: Thousands of TL - Turkish Lira)								
	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA						
		CURRENT PERIOD			PRIOR PERIOD			
		31/12/2010			31/12/2009			
		TL	FC	Total	TL	FC	Total	
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-III)			6,862,866	1,399,418	8,262,284	1,172,498	1,685,834	2,858,332
I. GUARANTEES	(5.IV.1)	406,901	481,320	888,221	375,483	380,083	755,566	
1.1. Letters of Guarantee		406,901	311,345	718,246	375,472	283,023	658,495	
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		406,901	311,345	718,246	375,472	283,023	658,495	
1.2. Bank Acceptances		-	3,169	3,169	-	305	305	
1.2.1. Import Letter of Acceptance		-	3,169	3,169	-	305	305	
1.2.2. Other Bank Acceptances		-	-	-	-	-	-	
1.3. Letters of Credit		-	147,933	147,933	11	70,629	70,640	
1.3.1. Documentary Letters of Credit		-	89,627	89,627	-	46,361	46,361	
1.3.2. Other Letters of Credit		-	58,306	58,306	11	24,268	24,279	
1.4. Prefinancing Given As Guarantee		-	1,440	1,440	-	1,402	1,402	
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		-	17,433	17,433	-	24,724	24,724	
1.9. Other Sureties		-	-	-	-	-	-	
II. COMMITMENTS	(5.IV.1)	5,951,482	55,105	6,006,587	308,311	-	308,311	
2.1. Irrevocable Commitments		331,815	55,105	386,920	308,311	-	308,311	
2.1.1. Asset Purchase and Sale Commitments		17,533	55,105	72,638	-	-	-	
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-	
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-	
2.1.4. Loan Granting Commitments		43,871	-	43,871	38,723	-	38,723	
2.1.5. Securities Issuance Brokerage Commitments		-	-	-	-	-	-	
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-	
2.1.7. Commitments for Cheque Payments		75,425	-	75,425	68,107	-	68,107	
2.1.8. Tax and Fund Obligations from Export Commitments		-	-	-	63	-	63	
2.1.9. Commitments for Credit Card Limits		194,383	-	194,383	200,692	-	200,692	
2.1.10. Commitments for Promotional Operations Re-Credit Cards and Banking Services		603	-	603	726	-	726	
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		5,619,667	-	5,619,667	-	-	-	
2.2.1. Revocable Loan Granting Commitments		5,619,667	-	5,619,667	-	-	-	
2.2.2. Other Revocable Commitments		-	-	-	-	-	-	
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.IV.3)	504,483	862,993	1,367,476	488,704	1,305,751	1,794,455	
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		504,483	862,993	1,367,476	488,704	1,305,751	1,794,455	
3.2.1. Forward Foreign Currency Purchases/Sales		76,573	218,101	294,674	77,752	462,172	539,924	
3.2.1.1. Forward Foreign Currency Purchases		31,515	115,504	147,019	27,273	242,269	269,542	
3.2.1.2. Forward Foreign Currency Sales		45,058	102,597	147,655	50,479	219,903	270,382	
3.2.2. Currency and Interest Rate Swaps		82,496	250,190	332,686	210,231	623,017	833,248	
3.2.2.1. Currency Swaps-Purchases		80,248	85,188	165,436	-	416,796	416,796	
3.2.2.2. Currency Swaps-Sales		2,248	165,002	167,250	210,231	206,221	416,452	
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		345,414	394,702	740,116	200,721	220,562	421,283	
3.2.3.1. Currency Options-Purchases		175,717	194,299	370,016	100,633	110,017	210,650	
3.2.3.2. Currency Options-Sales		169,697	200,403	370,100	100,088	110,545	210,633	
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		-	-	-	-	-	-	
B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)		1,692,066	784,935	2,477,001	1,487,634	724,723	2,212,357	
IV. ITEMS HELD IN CUSTODY		150,864	19,196	170,060	136,545	24,722	161,267	
4.1. Customers' Securities and Portfolios Held		-	-	-	-	-	-	
4.2. Securities Held in Custody		90,314	7,764	98,078	81,524	7,726	89,250	
4.3. Checks Received for Collection		42,731	2,592	45,323	38,190	3,174	41,364	
4.4. Commercial Notes Received for Collection		11,716	4,454	16,170	11,843	7,231	19,074	
4.5. Other Assets Received for Collection		-	-	-	-	-	-	
4.6. Assets Received for Public Offering		-	-	-	-	-	-	
4.7. Other Items under Custody		359	-	359	82	-	82	
4.8. Custodians		5,744	4,386	10,130	4,906	6,591	11,497	
V. PLEDGED ITEMS		1,541,202	765,430	2,306,632	1,351,089	700,001	2,051,090	
5.1. Securities		3,481	-	3,481	5,447	-	5,447	
5.2. Guarantee Notes		4,242	11,300	15,542	3,178	10,971	14,149	
5.3. Commodities		54,924	21,314	76,238	54,894	37,164	92,058	
5.4. Warrants		102	-	102	-	-	-	
5.5. Immovables		1,117,398	621,867	1,739,265	1,033,440	578,569	1,612,009	
5.6. Other Pledged Items		361,055	110,949	472,004	254,130	73,297	327,427	
5.7. Pledged Items-Depository		-	-	-	-	-	-	
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	309	309	-	-	-	
TOTAL OFF BALANCE SHEET ITEMS (A+B)		8,554,932	2,184,353	10,739,285	2,660,132	2,410,557	5,070,688	

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

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009
(Currency: Thousands of TL - Turkish Lira)

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

INCOME AND EXPENSE ITEMS	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA	
		CURRENT PERIOD (01/01/2010 - 31/12/2010)	PRIOR PERIOD (01/01/2009 - 31/12/2009)
I. INTEREST INCOME	(5.III.1)	187,407	252,043
1.1 Interest from Loans		156,850	206,863
1.2 Interest from Reserve Deposits		-	74
1.3 Interest from Banks		2,305	6,620
1.4 Interest from Money Market Transactions		38	4,888
1.5 Interest from Securities Portfolio		26,561	33,031
1.5.1 Trading Securities		18	102
1.5.2 Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.3 Available for Sale Securities		26,543	30,599
1.5.4 Held to Maturity Securities		-	2,330
1.6 Interest from Financial Leases		-	-
1.7 Other Interest Income		1,653	567
II. INTEREST EXPENSE	(5.III.2)	89,436	123,575
2.1 Interest on Deposits		79,482	107,464
2.2 Interest on Funds Borrowed		3,585	14,950
2.3 Interest on Money Market Transactions		6,256	990
2.4 Interest on Securities Issued		-	-
2.5 Other Interest Expense		113	171
III. NET INTEREST INCOME (I - II)		97,971	128,468
IV. NET FEE AND COMMISSION INCOME		20,932	22,602
4.1 Fees and Commissions Received		24,887	26,919
4.1.1 Non-Cash Loans		7,964	10,779
4.1.2 Other		16,923	16,140
4.2 Fees and Commissions Paid		3,955	4,317
4.2.2 Non-Cash Loans		152	302
4.2.3 Other		3,803	4,015
V. DIVIDEND INCOME	(5.III.3)	30	-
VI. TRADING INCOME/LOSS (Net)	(5.III.4)	10,809	17,330
6.1 Profit / Loss on Trading Account Securities		7,943	12,583
6.2 Derivative Instruments Gain / Loss		(10,972)	(5,450)
6.3 Foreign Exchange Gain / Loss		13,838	10,197
VII. OTHER OPERATING INCOME	(5.III.5)	14,986	8,771
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		144,728	177,171
IX. IMPAIRMENT ON LOANS AND OTHER RECEIVABLES (-)	(5.III.6)	18,689	52,117
X. OTHER OPERATING EXPENSES (-)	(5.III.7)	100,092	105,490
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		25,947	19,564
XII. NEGATIVE GOODWILL		-	-
XIII. PROFIT / LOSS FROM EQUITY METHOD INVESTMENTS		-	-
XIV. GAIN/LOSS ON NET MONETARY POSITION		-	-
XV. P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)	(5.III.8)	25,947	19,564
XVI. TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(5.III.9)	(5,905)	(3,405)
16.1 Current Tax Provision		(6,211)	(2,425)
16.2 Deferred Tax Provision		306	(980)
XVII. NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)	(5.III.10)	20,042	16,159
XVIII. PROFIT FROM DISCONTINUED OPERATIONS		-	-
18.1 Assets Held for Sale		-	-
18.2 Profit on Sale of Associates, Subsidiaries and Joint Ventures		-	-
18.3 Others		-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Assets Held for Sale		-	-
19.2 Loss on Sale of Associates, Subsidiaries and Joint Ventures		-	-
19.3 Others		-	-
XX. P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)	(5.III.8)	-	-
XXI. TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)	(5.III.9)	-	-
21.1 Current Tax Provision		-	-
21.2 Deferred Tax Provision		-	-
XXII. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)	(5.III.10)	-	-
XVIII. NET PROFIT/LOSS (XVII+XXII)	(5.III.11)	20,042	16,159
23.1 Group's Profit / Loss		20,042	16,159
23.2 Minority Shares		-	-
Earnings / Losses per Share (Full TL)		0.0048	0.0038

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

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARIES CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSE UNDER EQUITY FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009 (Currency: Thousands of TL - Turkish Lira)			<i>Convenience Translation of</i> <i>Consolidated Financial Report</i> <i>Originally Issued in Turkish, See Note 3.1</i>	
			THOUSANDS OF TURKISH LIRA	
PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY			CURRENT PERIOD (01/01/2010 - 31/12/2010)	PRIOR PERIOD (01/01/2009 - 31/12/2009)
I.	ADDITIONS TO VALUATION DIFF. ON SECURITIES FROM AVAILABLE FOR SALE INVESTMENTS		6,181	5,045
II.	REVALUATION ON TANGIBLE ASSETS		10,055	138
III.	REVALUATION ON INTANGIBLE ASSETS		-	-
IV.	FOREIGN EXCHANGE DIFFERENCES		-	-
V.	PROFIT/LOSS RELATED TO DERIVATIVES USED IN CASH FLOW HEDGES (Effective portion)		-	-
VI.	PROFIT/LOSS RELATED TO DERIVATIVES USED IN HEDGE OF A NET INVESTMENT IN FOREIGN SUBSIDIARIES (Effective portion)		-	-
VII.	EFFECT OF CHANGES IN ACCOUNTING POLICIES OR CORRECTION OF ERRORS		-	-
VIII.	OTHER PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY PER TURKISH ACCOUNTING STANDARDS		-	-
IX.	DEFERRED TAXES ON VALUATION DIFFERENCES		(2,545)	(7)
X.	NET PROFIT/LOSS RECOGNIZED IN EQUITY (I+II+...+IX)		13,691	5,176
XI.	CURRENT PERIOD PROFIT/LOSS		20,042	16,159
11.1	Net Change in Fair Value of Securities (Transfer to Profit & Loss)		339	(917)
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		19,703	17,076
XII.	TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD (X+XI)		33,733	21,335

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

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARIES																		Convenience Translation of		
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY																		Consolidated Financial Report		
FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009																		Originally Issued in Turkish, See Note 3.1		
(Currency: Thousands of TL - Turkish Lira)																				
		Footnotes (Section 5)	Paid-In Capital	Capital Reserves from Inflation Adjustments to Paid-In Capital	Share Premium	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Profit / (Loss)	Prior Period Net Profit / (Loss)	Valuation Difference of Securities	Revaluation Fund on Tangible & Intangible Assets	Securities Value Increase Fund	Hedge Funds	Rev. Fund on Assets Held for Sale and Discontinued Operations	Total Equity Attributable to Equity Holders of the Parent	Minority Interest	Total Shareholders' Equity
CHANGES IN SHAREHOLDERS' EQUITY																				
PRIOR PERIOD 31/12/2009																				
I.	Balances at the Beginning of Period-01/01/2009		420,000	-	(814)	-	3,623	-	9,468	-	5,266	-	(963)	4,896	-	-	-	441,476	-	441,476
II.	Corrections According to Turkish Accounting Standard No.8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Corrections of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I + II)		420,000	-	(814)	-	3,623	-	9,468	-	5,266	-	(963)	4,896	-	-	-	441,476	-	441,476
Changes in the Period																				
IV.	Increase / Decrease Related to Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Valuation Difference of Available-for-Sale Securities	(5.V.1)	-	-	-	-	-	-	-	-	-	-	5,045	-	-	-	-	5,045	-	5,045
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		-	-	-	-	-	-	-	-	-	-	-	131	-	-	-	131	-	131
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.	Issuances 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		-	-	-	-	-	-	-	-	16,159	-	-	-	-	-	-	16,159	-	16,159
XX.	Profit Distribution		-	-	-	-	629	-	4,637	-	(5,266)	-	-	-	-	-	-	-	-	-
20.1	Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transferred to Reserves	(5.V.3)	-	-	-	-	629	-	4,637	-	(5,266)	-	-	-	-	-	-	-	-	-
20.3	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the End of Period (III+IV+V,...+XVIII+XIX+XX) - 31/12/2009			420,000	-	(814)	-	4,252	-	14,105	-	16,159	-	4,082	5,027	-	-	-	462,811	-	462,811
CURRENT PERIOD 31/12/2010																				
I.	Balances at the Beginning of Period-01/01/2010		420,000	-	(814)	-	4,252	-	14,105	-	16,159	-	4,082	5,027	-	-	-	462,811	-	462,811
Changes in the Period																				
II.	Increase / Decrease Related to Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Valuation Difference of Available-for-Sale Securities	(5.V.1)	-	-	-	-	-	-	-	-	-	-	4,138	-	-	-	-	4,138	-	4,138
IV.	Hedging Transactions (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Revaluation fund on tangible assets		-	-	-	-	-	-	-	-	-	-	-	-	9,553	-	-	9,553	-	9,553
VI.	Revaluation fund on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Capital Bonus of Associates,Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Changes Related to Sale of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Changes Related to Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of Changes in Equities of Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Domestic sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Issuances of Share Certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Abolition profit of Share Certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Capital Reserves from Inflation Adjustments to Paid-In Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current Period Net Profit / Loss		-	-	-	-	-	-	-	-	20,042	-	-	-	-	-	-	20,042	-	20,042
XVIII.	Profit Distribution		-	-	-	-	677	-	15,482	-	(16,159)	-	-	-	-	-	-	-	-	-
18.1	Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transferred to Reserves	(5.V.3)	-	-	-	-	677	-	15,482	-	(16,159)	-	-	-	-	-	-	-	-	-
18.3	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the End of Period (I+II+III+...+XVI+XVII+XVIII) - 31/12/2010			420,000	-	(814)	-	4,929	-	29,587	-	20,042	-	8,220	14,580	-	-	-	496,544	-	496,544

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

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009
(Currency: Thousands of TL - Turkish Lira)

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

	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA	
		CURRENT PERIOD (01/01/2010 - 31/12/2010)	PRIOR PERIOD (01/01/2009 - 31/12/2009)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit before Changes in Operating Assets and Liabilities		56,848	113,038
1.1.1 Interest Received		183,671	292,713
1.1.2 Interest Paid		(87,520)	(136,355)
1.1.3 Dividend Received		30	-
1.1.4 Fees And Commissions Received		22,290	22,602
1.1.5 Other Income		14,756	17,749
1.1.6 Collections from Non-performing Loans		20,986	16,318
1.1.7 Payments to Personnel and Service Suppliers		(59,444)	(64,943)
1.1.8 Taxes Paid		(10,294)	(1,920)
1.1.9 Other	(5.VI.3)	(27,627)	(33,126)
1.2 Changes in Operating Assets and Liabilities		72,586	(789,664)
1.2.1 Net (Increase) Decrease in Trading Securities		351	247
1.2.2 Net (Increase) Decrease in Financial Assets Designated at FV		-	-
1.2.3 Net (Increase) Decrease in Banks		(8,268)	20,573
1.2.4 Net (Increase) Decrease in Loans		(312,893)	(43,710)
1.2.5 Net (Increase) Decrease in Other Assets	(5.VI.3)	9,229	58,457
1.2.6 Net Increase (Decrease) in Bank Deposits		4,932	(13,571)
1.2.7 Net Increase (Decrease) in Other Deposits		315,531	(53,562)
1.2.8 Net Increase (Decrease) in Funds Borrowed		58,538	(750,171)
1.2.9 Net Increase (Decrease) in Due Payables		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	(5.VI.3)	5,166	(7,927)
I. Net Cash (Used in)/Provided by Banking Operations		129,434	(676,626)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided by / (Used in) Investing Activities		(87,822)	137,541
2.1 Cash Paid for Purchase of Investments, Associates and Subsidiaries		-	-
2.2 Cash Obtained From Sale of Investments, Associates And Subsidiaries		49	-
2.3 Fixed Assets Purchases		(475)	(665)
2.4 Fixed Assets Sales		33	102
2.5 Cash Paid for Purchase of Investments Available for Sale		(170,816)	(16,603)
2.6 Cash Obtained From Sale of Investments Available for Sale		83,387	154,707
2.7 Cash Paid for Purchase of Investment Securities		-	-
2.8 Cash Obtained from Sale of Investment Securities		-	-
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash from Financing Activities		(135)	(1,229)
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		(135)	(1,229)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		1,158	(1,171)
V. Net Increase (Decrease) in Cash and Cash Equivalents (I+II+III+IV)		42,635	(541,485)
VI. Cash and Cash Equivalents at the Beginning of Period	(5.VI.1.2)	152,182	693,667
VII. Cash and Cash Equivalents at the End of Period (V+VI)	(5.VI.1.2)	194,817	152,182

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

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT DISTRIBUTION
FOR THE YEARS ENDED 31 DECEMBER 2010 AND 2009
(Currency: Thousands of TL - Turkish Lira)

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

	THOUSANDS OF TURKISH LIRA	
	CURRENT PERIOD 01/01/2010 - 31/12/2010	PRIOR PERIOD 01/01/2009 - 31/12/2009
I. DISTRIBUTION OF CURRENT YEAR INCOME (**)		
1.1 CURRENT YEAR INCOME	19,335	16,174
1.2 TAXES AND DUTIES PAYABLE (-)	5,103	3,110
1.2.1 Corporate Tax (Income Tax)	5,409	2,130
1.2.2 Income Withholding Tax	-	-
1.2.3 Other Taxes and Duties	(306)	980
A. NET INCOME FOR THE YEAR (1.1-1.2)	14,232 (*)	13,064
1.3 PRIOR YEARS LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	653
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	-	12,411
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To Owners of Ordinary Shares	-	-
1.6.2 To Owners of Preferred Shares	-	-
1.6.3 To Owners of Preferred Shares (Preemptive Rights)	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Preferred Shares	-	-
1.9.3 To Owners of Preferred Shares (Preemptive Rights)	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders of Profit and Loss Sharing Certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	12,411
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To Owners of Ordinary Shares	-	-
2.3.2 To Owners of Preferred Shares	-	-
2.3.3 To Owners of Preferred Shares (Preemptive Rights)	-	-
2.3.4 To Profit Sharing Bonds	-	-
2.3.5 To Holders of Profit and Loss Sharing Certificates	-	-
2.4 DIVIDENDS TO PERSONEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1 TO OWNERS OF ORDINARY SHARES	0.0034 (*)	0.0031
3.2 TO OWNERS OF ORDINARY SHARES (%)	3.4 (*)	3.1
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV. DIVIDENDS PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) General Assembly is component body for the current year profit distribution. Annual Ordinary General Assembly meeting was not held as of the issue date of this report.

(**) Profit distribution tables above belongs to the Parent Bank.

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

SECTION THREE

ACCOUNTING POLICIES

I. Basis of presentation

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

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

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

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

Additional paragraph for convenience translation to English

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

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

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

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

Strategy for the use of financial instruments

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

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

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

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

Transactions denominated in foreign currencies

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

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

No foreign operation has been disposed of during the period.

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

The Bank has no consolidating associate.

Tekstil Yatırım and ETB, which are financial subsidiaries of the Bank, are consolidated to accompanying financial statements by using "Full Consolidation" method as of 31 December 2010 and 2009.

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

The carrying amount of the Parent Bank's investment in each subsidiary and the Bank's portion of equity of each subsidiary are eliminated. All intercompany transactions and intercompany balances between the consolidated subsidiaries and the Parent Bank are eliminated. The financial statements which have been used in the consolidation are prepared as at 31 December 2010 and appropriate adjustments are made to financial statements to use uniform accounting policies for similar transactions and events in same circumstances.

Tekstil Bilişim, subsidiary of the Parent Bank, is not consolidated in consideration of not being a financial subsidiary as per the BRSA Communiqué “Regulation on Preparation of Banks’ Consolidated Financial Statements” article 5, division 1 published on the Official Gazette no.26340 dated 6 November 2006.

Stated in article 5, division 8 of this communiqué, all the banks have to prepare semi-annual and annual consolidated financial statements by also including non financial subsidiaries according to TAS within a content determined by the BRSA . Banks have to publish these consolidated financial statements on their website. The Parent Bank publishes consolidated financial statements, in which Tekstil Bilişim is included in consolidation, within the required periods on its web site.

IV. Forward transactions, options and derivative instruments

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

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

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

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

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

V. Interest income and expense

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

VI. Fees and commissions

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

VII. Financial assets

1. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss consist of “trading securities” and “financial assets designated at fair value”. 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.

2. Investment securities available-for-sale

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

Financial assets available-for-sale 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.

3. Loans and receivables

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

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

4. Investment securities held-to-maturity

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

In the first quarter of 2009, the Parent Bank has sold a significant portion of its securities classified in held to maturity portfolio before the maturity dates of such securities. The Parent Bank can not classify financial assets under held to maturity portfolio in 2010 and 2011.

VIII. Impairment of financial assets

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

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

If there is an objective evidence that certain loans will not be collected, for such loans; the Bank provides specific and general allowances for loan and other receivables classified in accordance with the "Regulation on the Principles and Procedures Related to the Determination of the Loans and Other Receivables for which Provisions Shall be Set Aside by Banks and to the Provisions to be Set Aside" published on the Official Gazette no.2633 dated 1 November 2006. The allowances are recorded in the income statement of the related period.

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.

X. Sale And Repurchase Agreements And Transactions Related To The Lending Of Securities

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

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

XI. Assets held for sale and discontinued operations

Assets held for sale consists of assets that have high sales probability, have been planned to sell, and started an active programme to complete the plan and determine the buyers. Asset should be marketed the price compatible with fair value. Furthermore, starting from the day of sale, the sales should be hold for a year before to be accounted as a sale and also for the completion of the plan, the necessary activities show that the possibility of having significant change in the plan or the cancelation of the plan is low.

The Parent bank does not have any assets held for sale.

The Parent Bank does not have any discontinued operations.

XII. Goodwill and other intangible assets

There is no goodwill in the accompanying consolidated financial statements as at 31 December 2010 and 2009.

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

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

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

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

XIII. Tangible assets:

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

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

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

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

Leasehold improvements for buildings acquired through finance lease prior to 31 December 2009 are depreciated over their useful lives. Leasehold improvements acquired after this date are depreciated over lease period up to five years for those with defined lease terms and over five years for those with undifined lease terms, on a straight-line basis. based on "Communique to Change Unified Accounting System and Explanatory Notes" dated 10 January 2011.

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

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

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

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

The Parent Bank implements revaluation model for the buildings as permitted by TAS 16 "Property, Plant and Equipment". For this purpose, fair value of the buildings are determined by a third party independent appraiser that is commissioned by BRSA and Capital Markets Board. The fair value difference is recognized in "Revaluation Fund on Tangible Assets" within the equity items. As at 31 December 2010, revaluation difference on tangible assets amounts to TL 15,347 (31 December 2009: TL 5,292).

XIV. Leasing activities:

Leased assets are recognized by recording an asset and a liability at the same amount. In the determination of the related asset and liability amounts, the lower of the fair value of the leased asset and the present value of leasing payments is considered. 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. Group does not enter into financial lease transactions by acting as the "lessor".

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

XV. Provisions and contingencies:

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

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

XVI. Contingent assets:

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

XVII. Obligations concerning employee rights:

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

In accordance with existing legislation in Turkey, the Group have to make certain lump-sum payments to employees who have completed one year of service with the Group 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.

Corporate tax rate for Parent Bank's subsidiary ETB which is located in Turkish Republic of Northern Cyprus is 2%.

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

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

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

b. Deferred taxes:

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

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

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

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

The Parent Bank 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 November 18, 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” (“the Form”) as associated with purchasing and selling goods or services with related parties in an accounting period and send it to the tax office submitted as an appendix to the corporate tax return. The Parent Bank fills the related form and submits to tax office in the required time.

XIX. Additional explanations on borrowings:

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

XX. Issued stock:

There is no issued share in the current period.

XXI. Acceptances:

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

XXII. Government grants:

As at 31 December 2010 and 2009, the Group does not have any government grants.

XXIII. Reserves and profit distribution:

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

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

XXIV. Related parties:

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

XXV. Cash and cash equivalents

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

XXVI. Segment reporting:

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

XXVII. Reclassifications:

In order to achieve convenience of presentation of financial statements as of 31 December 2010; some reclassifications have been made in the consolidated income statement and consolidated statement of cash flows for the year ended 31 December 2009.

SECTION FOUR

CONSOLIDATED FINANCIAL POSITION

I. Consolidated capital adequacy ratio

As at 31 December 2010, the Group's consolidated capital adequacy ratio is 19.50% (31 December 2009: 20.54%). The ratio is considerably higher than the minimum required ratio defined by legislation.

Risk measurement methods used in the calculation of consolidated capital adequacy ratio is the sum of risk weighted assets and non-cash loans weighted based on the regulation; and market risk on marketable securities, specific risk and foreign currency exchange risk also based on the regulation, which are aggregately defined as Value at Risk calculated by standardized method. The following tables present details of "risk weighted assets" and determination of "capital" which are basis for the calculation of capital adequacy ratio.

Consolidated Capital Adequacy Ratio:

	Risk Weights						Risk Weights					
	Unconsolidated						Consolidated					
	0%	20%	50%	100%	150%	200%	0%	20%	50%	100%	150%	200%
Credit Risk Based												
Balance Sheet Items (Net)	552,854	83,769	464,196	1,461,068	929	2	559,758	85,161	464,196	1,450,951	929	2
Cash in Vault	21,057	-	-	-	-	-	21,057	-	-	-	-	-
Due Dated Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	97,618	-	-	-	-	-	97,618	-	-	-	-	-
Domestic and Foreign Banks, Foreign Branches	-	75,765	-	-	-	-	-	76,143	-	-	-	-
Interbank Money Market	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Reverse Repos	-	-	-	-	-	-	-	-	-	-	-	-
Reserve Deposits	56,250	-	-	-	-	-	56,250	-	-	-	-	-
Loans	75,127	-	464,196	1,266,668	929	2	75,127	-	464,196	1,268,682	929	2
Non-performing Loans (Net)	-	-	-	35,219	-	-	-	-	-	35,219	-	-
Receivables from Leasing Operations	-	-	-	-	-	-	-	-	-	-	-	-
Investments Available-for-Sale	287,160	5,000	-	9,291	-	-	293,983	6,006	-	9,291	-	-
Investments Held-to-Maturity	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Receivables	-	2,719	-	3,946	-	-	-	2,719	-	4,801	-	-
Accrued Interest and Other Income	13,558	285	-	29,240	-	-	13,606	293	-	29,436	-	-
Investments in Associates, Subsidiaries and Joint Ventures (Net)	-	-	-	13,376	-	-	-	-	-	48	-	-
Tangible Assets	-	-	-	86,650	-	-	-	-	-	86,790	-	-
Other Assets	2,084	-	-	16,678	-	-	2,117	-	-	16,684	-	-
Off-Balance Sheet Items	10,484	32,942	17,170	446,412	-	-	10,484	32,942	17,170	446,411	-	-
Non-Cash Loans and Commitments	10,484	29,799	17,170	440,865	-	-	10,484	29,799	17,170	440,864	-	-
Derivatives	-	3,143	-	5,547	-	-	-	3,143	-	5,547	-	-
Accounts Not Risk Weighted	-	-	-	-	-	-	-	-	-	-	-	-
Total Risk Weighted Assets	563,338	116,711	481,366	1,907,480	929	2	570,242	118,103	481,366	1,897,362	929	2

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Summary information related to consolidated and unconsolidated capital adequacy ratios:

	Unconsolidated		Consolidated	
	Current Period	Prior Period	Current Period	Prior Period
Risk Weighted Assets (RWA)	2,172,903	1,917,204	2,163,063	1,914,342
Market Risk (MR)	26,200	13,813	26,463	13,363
Operational Risk (OR)	323,371	301,371	327,543	304,612
Shareholders' Equity	490,345	463,786	490,810	458,448
Shareholders' Equity /(RWA+MR+OR) *100	19.44	20.78	19.50	20.54

Components of shareholders' equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in Capital	420,000	420,000
Nominal Capital	420,000	420,000
Capital Commitments (-)	-	-
Capital Reserves Arising From Inflation Adjustments to Paid-in Capital	-	-
Share Premium	(814)	(814)
Share Cancellation Profit	-	-
Legal Reserves	4,929	4,252
I. Legal Reserve (Turkish Commercial Code 466/1)	4,929	4,252
II. Legal Reserve (Turkish Commercial Code 466/2)	-	-
Other Legal Reserve per Special Legislation	-	-
Status Reserves	-	-
Extraordinary Reserves	29,587	14,105
Reserve Allocated at the General Assembly	-	-
Retained Earnings	29,587	14,105
Accumulated Losses	-	-
Foreign Currency Translation Differences	-	-
Inflation Component of Legal Reserves, Status Reserves and Extraordinary Reserves	-	-
Profit	20,042	16,159
Current Period Profit	20,042	16,159
Prior Periods' Profit	-	-
Free Provisions Booked for Possible Losses (Up to 25% of the Core Capital)	-	-
Gain on Sale of Real Estate and Investments in Associates and Subsidiaries to be Added to the Share Capital	-	-
Primary Subordinated Loans (Up to 15% of the Core Capital)	-	-
Accumulated Losses (-)	-	-
Current Period Loss	-	-
Prior Periods' Loss	-	-
Leasehold Improvements (-)	857	1,319
Prepaid Expenses (-)	1,082	1,898
Intangible Assets (-)	1,667	2,048
Deferred Tax Assets (Amount Exceeding 10% of the Core Capital) (-)	-	-
Amount Excess of Article 56/3 of the Law (-)	-	-
Total Core Capital	470,138	448,437
SUPPLEMENTARY CAPITAL		

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General Loan Loss Reserves	12,378	9,777
45% of Revaluation Fund of Securities	-	-
45% of Revaluation Fund of Real Estate	6,561	2,262
Bonus Shares from Subsidiaries and Joint Ventures	-	-
Amount not Included in Core Capital for Primary Subordinated Loans	-	-
Secondary Subordinated Loans	-	-
45% of Securities Value Increase Fund (100% in case of a deficit)	3,699	1,837
Associates and Subsidiaries	-	-
Investments Available-for-Sale	3,699	1,837
Inflation Component of Capital Reserves, Profit Reserves and Prior Period Profits		
Total Supplementary Capital	22,638	13,876
TIER III CAPITAL	-	-
CAPITAL	492,776	462,313
DEDUCTIONS FROM CAPITAL	1,966	3,865
Shares in Unconsolidated Banks and Financial Institutions	-	-
Secondary Subordinated Loans Granted to Banks, Financial Institutions (Foreign and Domestic), or Preferred Shareholders, and Primary/Secondary Subordinated Loans Obtained from Them	-	-
Shares in Banks and Financial Institutions Accounted under the Equity Method	-	-
Loans Granted in Violation of the Articles 50 and 51 of the Law	-	-
Amount in Excess of 50% of the Equities of the Net Book Value of the Real Estate of the Banks, and Net Book Value of the Assets Held for Sale that Should Be Disposed of According to the Article 57 of the Law which is not Disposed of in Five Years	1,966	3,865
Others	-	-
TOTAL SHAREHOLDERS' EQUITY	490,810	458,448

II. Consolidated credit risk

1. Credit risk represents the risk generating from the counter party's not fulfilling its responsibilities stated in the agreement either partially or totally.

In the Parent Bank, Credit Allocation Department and Credit Follow-up and Control Department is responsible for the managing credit risk. The Group determines credit limits to counter parties and does not allocate loans more than these limits so as to subject credit risk to risk limitation. Credit limits are determined individually for each customer, company, company groups and risk groups. The Group assesses several criteria such as financial power of customers, business capacity, sector, geographical segment and equity structure when determining credit limits. The review of financial position of the customers are based on financial statements obtained in accordance with relevant legislation and other information. The limits and loan allocations are monitored periodically by Internal Control and Risk Management Departments.

The geographical distribution of credit customers is appropriate to branch network, country industry, trade and service activities allocation. The sectoral distribution of credit customers is followed up periodically and credit allocation process is orientated to prevent risk concentration.

The credibility of the debtors are assessed periodically with taking notice of the financial statements of the debtors obtained thoroughly to be audited in accordance with the relevant legislation.

The Group attaches importance to credit guarantee policy. Guarantees are generally in form of real estate and movable mortgage, commercial enterprise pledge, secured investment securities, letter of guarantees of other banks and bill guarantees.

2. The Parent Bank has control limits over the positions of forward transactions, options and other similar agreements. The credit risk arising from these instruments are managed together with the potential risks resulting from market fluctuations.
3. Forward transactions can be realized at maturity. However, if it is required, reverse positions of the current positions are purchased to decrease the risk.
4. Indemnified non-cash loans are treated as non-performing loans in accordance with “Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside” published at Official Gazette no.26333 dated 1 November 2006.

Standard loans, restructured and rescheduled loans are followed-up in accordance with the monitoring methods defined by banking regulations.

5. There is no significant international credit risk concentration since the Group’s credit portfolio does not include significant foreign operations and credit transactions. As at 31 December 2010, the ratio of loans under follow-up to total loans is 4.9% (31 December 2009: 6.0%)
- 6.a) As at 31 December 2010, the share of the top 100 cash loan customers constitute 50% of the total cash loans portfolio (31 December 2009: 55%).
- b) As at 31 December 2010, the share of the top 100 non-cash loan customers constitute 70% of the total non-cash loans portfolio (31 December 2009: 69%).
- c) As at 31 December 2010, the Bank’s total cash and non-cash loans from its top 100 loan customers comprise 10% of the aggregate of total assets and off-balance sheet items (31 December 2009: 17%).
7. As at 31 December 2010, the Group’s general loan provision amounts to TL 12,378 (31 December 2009: TL 9,777).

Information regarding balances that are exposed to credit risk:

	Current Period	Prior Period
Balances with Central Bank	153,868	123,695
Trading Securities	360	706
Trading Derivatives	4,396	3,095
Banks	76,144	59,455
Investment Securities Available for Sale	323,363	230,442
Loans and Other Receivables	1,873,029	1,587,563
Other Assets	24,668	21,468
Total	2,455,828	2,026,424
Guarantees	888,221	755,566
Commitments	386,920	308,311
Total	1,275,141	1,063,877
Total Credit Risk Sensitivity	3,730,969	3,090,301

Information on concentration of credit risk according to beneficiaries and geographical regions:

	Loans granted to real persons and institutions (loans)		Loans granted to banks and other financial institutions		Securities*		Other loans**	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Loan concentration according to customers								
Private Sector	1,419,161	1,105,656	152,059	235,862	14,405	10,364	6,724,403	896,983
Public Sector	-	-	-	-	308,947	220,506	-	-
Banks	-	-	-	-	-	-	692,494	974,279
Retail	266,590	204,167	-	-	-	-	390,394	272,753
Share Certificates	-	-	-	-	371	278	48	104
Loan concentration according to geographical regions								
Domestic	1,685,751	1,309,823	152,059	235,862	314,066	220,506	7,340,299	1,386,857
European Union Countries	-	-	-	-	9,286	10,364	380,664	488,313
OECD Countries***	-	-	-	-	-	-	4,803	7,148
Off Shore Regions	-	-	-	-	-	-	7,199	131,731
USA, Canada	-	-	-	-	371	278	28,239	118,489
Other Countries	-	-	-	-	-	-	46,135	11,581
Total	1,685,751	1,309,823	152,059	235,862	323,723	231,148	7,807,339	2,144,119

* Consist of Securities at Fair Value through Profit/Loss, Available For Sale and Held to Maturity. Fair value of derivative transactions amounting to TL 4,396 (31 December 2009: TL 3,095) are not included.

** Consist of items classified other than first three columns in Uniform Chart of Accounting and defined as loans in article 48 of Law no 5411, such as balances due from banks, interbank receivables, non-cash loans, commitments, equity participations and derivative transactions. The amounts are presented with their carrying values on and off balance sheets or notional amounts.

*** Consist of OECD countries other than the EU Countries, the USA and Canada

Information on geographical concentration:

	Assets	Liabilities	Non-Cash Loans	Capital Investments	Net Profit
Current Period					
Domestic	2,551,817	2,485,224	862,943	475	20,042
European Union Countries	13,672	48,423	441	-	-
OECD Countries *	1,656	10	883	-	-
Off-Shore Banking Regions	-	-	5,300	-	-
USA, Canada	3,308	10,628	17,968	-	-
Other Countries	927	7,053	686	-	-
Subsidiaries, associates and jointly controlled companies	-	-	-	-	-
Unallocated Assets/Liabilities **	-	-	-	-	-
Total	2,571,380	2,551,338	888,221	475	20,042
Prior Period					
Domestic	2,106,244	1,967,374	745,897	665	16,159
European Union Countries	19,689	112,889	396	-	-
OECD Countries *	1,259	1,683	-	-	-
Off-Shore Banking Regions	11,387	10,384	5,300	-	-
USA, Canada	1,420	26,621	3,648	-	-
Other Countries	8	4,897	325	-	-
Subsidiaries, associates and jointly controlled companies	-	-	-	-	-
Unallocated Assets/Liabilities **	-	-	-	-	-
Total	2,140,007	2,123,848	755,566	665	16,159

* Consist of OECD countries other than the EU Countries, the USA and Canada

** Unallocated assets and liabilities

Information on cash loans concentration according to business sectors:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	23,395	1.61	9,758	2.55	17,712	1.34	14,103	6.30
Farming and raising livestock	19,500	1.34	9,758	2.55	16,492	1.25	13,967	6.24
Forestry	3,895	0.27	-	-	1,220	0.09	136	0.06
Fishing	-	-	-	-	-	-	-	-
Manufacturing	262,699	18.05	127,958	33.45	365,580	27.66	91,458	40.85
Mining	8,498	0.58	389	0.10	4,700	0.36	1,164	0.52
Production	221,792	15.24	99,543	26.02	284,171	21.50	89,530	39.99
Electric, gas and water	32,409	2.23	28,026	7.33	76,709	5.80	764	0.34
Construction	123,063	8.46	122,644	32.06	149,557	11.31	49,317	22.03
Services	603,910	41.50	117,361	30.68	524,015	39.64	57,973	25.89
Wholesale and retail trade	292,618	20.11	43,826	11.46	204,326	15.46	33,224	14.84
Hotel, food and beverage Services	14,637	1.01	60,803	15.89	8,030	0.61	21,115	9.43
Transportation and telecommunication	110,160	7.57	12,732	3.33	50,247	3.80	3,634	1.62
Financial institutions	152,059	10.45	-	-	235,862	17.84	-	-
Real estate and renting Services	-	-	-	-	-	-	-	-
Self-employment services	18,928	1.30	-	-	13,760	1.04	-	-
Education services	3,523	0.24	-	-	1,305	0.10	-	-
Health and social services	11,985	0.82	-	-	10,485	0.79	-	-
Other	442,161	30.38	4,861	1.26	264,944	20.05	11,026	4.93
Total	1,455,228	100.00	382,582	100.00	1,321,808	100.00	223,877	100.00

Exposure to credit risk:

	Loans and advances to customers		Other assets	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Individually impaired	93,965	98,390	-	-
Allowance for impairment	58,746	56,512	-	-
Carrying amount	35,219	41,878	-	-
Collectively impaired	-	-	-	-
Allowance for impairment	-	-	-	-
Carrying amount	-	-	-	-
Past due but not impaired				
0-30 day	8,729	20,854	-	-
30-60 day	9,284	17,670	-	-
60-90 day	5,344	4,030	-	-
90-180 day	-	-	-	-
Over 180 day	-	-	-	-
Carrying amount	23,357	42,554	-	-
Neither past due nor impaired	1,805,964	1,489,200	-	-
Restructured loans	8,489	13,931	-	-
Carrying amount	1,814,453	1,503,131	-	-
Total carrying amount	1,873,029	1,587,563	-	-

The breakdown of cash and non-cash loans and advances to customers by type of collateral is as follows:

	31 December 2010	31 December 2009
Cash loans		
Secured loans:	1,637,423	1,201,969
Secured by cash collateral	75,127	63,799
Secured by mortgages	464,196	333,829
Secured by government institutions or government securities	-	-
Secured by share certificates	2,015	350
Other collaterals (pledge on assets, corporate and personal guarantees, promissory notes)	1,096,085	803,991
Unsecured loans	200,387	343,716
Total	1,837,810	1,545,685

	31 December 2010	31 December 2009
Non-cash loans (*)		
Secured loans:	664,442	607,908
Secured by cash collateral	16,870	14,017
Secured by mortgages	28,738	49,794
Secured by government institutions or government securities	-	-
Guarantees issued by financial institutions	-	-
Other collaterals (pledge on assets, corporate and personal guarantees, promissory notes)	618,834	544,097
Unsecured loans	223,779	147,658
Total	888,221	755,566

(*) Includes non-cash loans amounting TL 3,649 (31 December 2010- TL 2,625) which are not converted into cash but provided specific provision for, as disclosed in chapter 5, article IV, subclose 1 e).

An estimate of the fair value of collaterals held against non-performing loans and receivables is as follows:

	31 December 2010	31 December 2009
Secured by mortgages	40,590	46,487
Pledge on vehicles and other collateral	4,230	5,162
Total	44,820	51,649

III. 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, arising from changes in interest rates, foreign currency exchange rates and equity prices.

Standard method defined in the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Official Gazette no. 26333 dated 1 November 2006 is used in calculating the market risk. The criteria for the standard method have been set by the BRSA and are reported on a 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 methods used by the Parent Bank are Parametric Method, Historical Simulation and Monte Carlo Simulation. In calculating VaR, one-tailed 99% confidence level is used regarding one-day holding period. The results are regularly reported to the Senior Level Risk Committee and Asset-Liability Committee.

a) Consolidated market risk:

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	1,319
(II) Capital Obligation against Specific Risk - Standard Method	50
(III) Capital Obligation against Currency Risk - Standard Method	536
(IV) Capital Obligation against Commodity Risk - Standard Method	-
(V) Capital Obligation against Clearing Risk - Standard Method	-
(VI) Capital Obligation against Options Subject to Market Risk – Standard Method	212
(VII) Capital Obligation against Market Risk at the Banks calculating Risk Measuring Models	-
(VIII) Total Capital Obligation against Market Risk (I+II+III+IV+V+VI)	2,117
(IX) Value-At-Risk Amount (12.5 x VIII) or (12.5 x VII)	26,463

(*) Value at Risk does not represent all of TL 26,463 but 8% of which is TL 2,117 as the market risk. This amount, TL 2,117, is also the minimum capital obligation to eliminate the market risk.

b) Average market risk presentation among monthly calculated market risks:

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	1,509	1,755	1,205	1,722	3,149	911
Equity Risk	36	105	-	-	-	-
Currency Risk	456	925	201	2,655	5,230	25
Commodity Risk	-	-	-	-	-	-
Clearing Risk	-	-	-	-	-	-
Option Risk	459	1,168	34	126	513	5
Total Value-At-Risk (*)	30,750	47,150	24,350	56,288	103,063	13,363

(*) The minimum and maximum values of Total VaR represents the minimum and maximum values of 12 month calculated VaRs, and are not related to the aggregate of the components of them stated in the table.

IV. Consolidated operational risk

The Group used the “Basic Indicators Approach” in computation of its operational risk. In accordance with the 4th section (Computation of the Operational Risk) which is valid after 1 June 2007, of the “Regulation on Measurement and Evaluation of the Capital Adequacy of the Banks”, published in the Official Gazette dated 1 November 2006 and numbered 26333, operational risk is computed using the gross income of Group for the years ended 2009, 2008 and 2007. Operational risk does not represent all of TL 327,543, used in computation of capital adequacy ratio at article I of this section, but 8%, of which is TL 26,203, as the operational risk. This amount, TL 26,203, is also the minimum capital obligation to eliminate the operational risk.

V. 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/term arbitrage and future transactions.

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

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

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

	24/12/2010	27/12/2010	28/12/2010	29/12/2010	30/12/2010	31/12/2010
USD	1.5446	1.5392	1.5403	1.5416	1.5567	1.5460
GBP	2.3772	2.3769	2.3769	2.3814	2.3940	2.3886
EURO	2.0225	2.0204	2.0260	2.0406	2.0437	2.0491
JPY	0.0186	0.0185	0.0186	0.0187	0.0189	0.0189

The basic arithmetical average of the Bank's foreign exchange bid rate for the last thirty days from 31 December 2010 (TL full):

	Monthly Average FC Exchange Bid Rates
USD	1.5118
GBP	2.3572
EURO	1.9964
JPY	0.0181

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Information on consolidated foreign exchange rate risk:

Current Period	EURO	USD	JPY	OTHER FC	TOTAL
Assets					
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey.	4,656	82,683	22	418	87,779
Due from Banks	47,296	25,602	884	2,257	76,039
Financial Assets at Fair Value Through Profit or Loss (*)	45	302	-	-	347
Interbank Money Market Placements	-	-	-	-	-
Investment Securities Available-for-Sale	-	20,403	-	-	20,403
Loans (**)	145,729	462,392	35,589	2,781	646,491
Investments in Subsidiaries and Associates	-	-	-	-	-
Investment Securities Held-to-Maturity	-	-	-	-	-
Hedging Purpose Financial Derivatives	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	1,737	2,809	-	-	4,546
Total Assets(**)	199,463	594,191	36,495	5,456	835,605
Liabilities					
Bank Deposits	8	8,009	-	-	8,017
Foreign Currency Deposits	167,644	529,024	122	14,227	711,017
Interbank Money Market Borrowings	-	-	-	-	-
Funds Borrowed from Other Financial Institutions	10,145	40,234	-	-	50,379
Securities Issued	-	-	-	-	-
Miscellaneous Payables	566	333	-	-	899
Hedging Purpose Financial Derivatives	-	-	-	-	-
Other Liabilities	4,762	2,440	-	116	7,318
Total Liabilities (*) (***)	183,125	580,040	122	14,343	777,630
Net On Balance Sheet Position	16,338	14,151	36,373	(8,887)	57,975
Net Off Balance Sheet Position	(17,179)	(20,432)	(35,878)	9,019	(64,470)
Financial Derivatives (Assets) (****)	110,193	296,686	473	19,446	426,798
Financial Derivatives (Liabilities) (*****)	127,372	317,118	36,351	10,427	491,268
Non-cash Loans (****)	151,539	328,994	688	99	481,320
Prior Period					
Total Assets (*) (**)	155,904	443,364	37,267	8,482	645,017
Total Liabilities (*) (***)	259,903	614,897	14	6,179	880,993
Net On Balance Sheet Position	(103,999)	(171,533)	37,253	2,303	(235,976)
Net Off Balance Sheet Position	103,443	167,862	(36,676)	(2,216)	232,413
Financial Derivatives (Assets)	279,256	352,181	115,019	22,626	769,082
Financial Derivatives (Liabilities)	175,813	184,319	151,695	24,842	536,669
Non-cash Loans (****)	92,321	286,571	598	593	380,083

- (*) As at 31 December 2010 positive value and negative value of trading derivatives are not included in "Financial Assets At Fair Value Through Profit or Loss" and "Total Liabilities" amounting to TL 227 and TL 1,805, respectively (31 December 2009: TL 2,473 and TL 2,507).
- (**) As at 31 December 2010 "Loans" balance includes, in addition to the balance sheet amount, foreign currency indexed loans amounting to TL 263,909 (31 December 2009: TL 255,511).
- (***) As at 31 December 2010 "Security valuation differences" in equity amounting to TL 935 (31 December 2009: TL 500) not included.
- (****) Has no effect on net off-balance sheet position.
- (*****) As at 31 December 2010, FX buying and FX selling transactions with a value date of 2 days amounting to TL 31,807 and TL 23,266, respectively, under 'Asset Purchase and Sale Commitments' of off-balance sheet items are included.

The table below demonstrates prospective increase and decrease in equities and profit/loss as at 31 December 2010 and 31 December 2009 (excluding tax effect) on condition that 10 percent revaluation/devaluation of the foreign currencies below against TL. This analysis has been prepared under the circumstances of assumption of other variables, especially interest rates, to be constant.

Change in foreign currency rate	31 December 2010				31 December 2009			
	Income Statement		Equity (*)		Income Statement		Equity (*)	
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
USD	(722)	722	(628)	628	(417)	417	(367)	367
EURO	(84)	84	(84)	84	(56)	56	(56)	56
Other FC	63	(63)	63	(63)	66	(66)	66	(66)
Total, net	(743)	743	(649)	649	(407)	407	(357)	357

* Equity effect includes income statement effect in the table.

VI. Consolidated interest rate risk

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

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

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

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

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

	Up to 1 Month	1 – 3 Months	3 –12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Current Period							
Assets							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	174,925	174,925
Due from Banks	67,250	-	-	-	-	8,894	76,144
Financial Assets at Fair Value Through Profit or Loss	737	837	2,835	160	187	-	4,756
Interbank Money Market Placements	-	-	-	-	-	-	-
Investment Securities Av.-for-Sale	95,158	163,937	30,024	23,125	10,748	371	323,363
Loans	911,078	171,580	245,220	419,810	90,122	35,219	1,873,029
Investment Securities Held-to-Mat.	-	-	-	-	-	-	-
Other Assets	432	-	-	-	-	118,731	119,163
Total Assets	1,074,655	336,354	278,079	443,095	101,057	338,140	2,571,380
Liabilities							
Bank Deposits	-	-	-	-	-	8,054	8,054
Other Deposits	1,207,882	395,975	19,471	77	-	151,288	1,774,693
Interbank Money Market Borrowings	143,166	-	-	-	-	-	143,166
Miscellaneous Payables	-	-	-	-	-	11,680	11,680
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin.Inst.	9,571	8,881	42,157	6,717	-	-	67,326
Other Liabilities	3,920	1,260	2,778	-	-	558,503	566,461
Total Liabilities	1,364,539	406,116	64,406	6,794	-	729,525	2,571,380
Balance Sheet Long Position	-	-	213,673	436,301	101,057	-	751,031
Balance Sheet Short Position	(289,884)	(69,762)	-	-	-	(391,385)	(751,031)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Interest Sensitivity Gap	(289,884)	(69,762)	213,673	436,301	101,057	(391,385)	-

(*) Tangible and intangible assets amounting to TL 78,813, subsidiaries amounting to TL 48, assets held for sale amounting to TL 12,467, tax assets amounting to TL 1,617 and other assets amounting to TL 25,786 are presented within other assets as non-interest bearing; provisions amounting to TL 22,376, tax liability amounting to TL 7,387, other liabilities amounting to TL 32,196 and equity amounting to TL 496,544 are presented within other liabilities as non-interest bearing.

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	JPY %	TL %
Current Period (*)				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Due from Banks	0.35	0.34	-	7.79
Financial Assets at Fair Value Through Profit or Loss	3.83	4.02	-	6.53
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	-	5.35	-	5.45
Loans	5.98	5.52	7.93	11.78
Investment Securities Held-to-Maturity	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	2.81	3.02	-	9.19
Interbank Money Market Borrowings	-	-	-	6.63
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	3.53	1.94	-	7.73

(*) Stated at compound interest rates.

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	Up to 1 Month	1 – 3 Months	3 –12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
Prior Period							
Assets							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	51,694	-	-	-	-	89,502	141,196
Due from Banks	49,564	3,449	1,280	-	-	5,162	59,455
Financial Assets at Fair Value Through Profit or Loss	2,754	394	214	160	279	-	3,801
Interbank Money Market Placements	-	-	-	-	-	-	-
Investment Securities Av.-for-Sale	83,882	119,303	2,723	14,320	9,936	278	230,442
Loans	890,486	164,841	220,713	214,044	55,601	41,878	1,587,563
Investment Securities Held-to-Mat.	-	-	-	-	-	-	-
Other Assets	311	-	-	-	-	117,239	117,550
Total Assets	1,078,691	287,987	224,930	228,524	65,816	254,059	2,140,007
Liabilities							
Bank Deposits	3,011	-	-	-	-	110	3,121
Other Deposits	930,307	399,982	26,248	44	-	100,601	1,457,182
Interbank Money Market Borrowings	5,653	-	-	-	-	-	5,653
Miscellaneous Payables	-	-	-	-	-	9,669	9,669
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin.Inst.	18,123	91,867	36,376	-	-	-	146,366
Other Liabilities	3,016	1,554	91	2	-	513,353	518,016
Total Liabilities	960,110	493,403	62,715	46	-	623,733	2,140,007
Balance Sheet Long Position	118,581	-	162,215	228,478	65,816	-	575,090
Balance Sheet Short Position	-	(205,416)	-	-	-	(369,674)	(575,090)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
Total Interest Sensitivity Gap	118,581	(205,416)	162,215	228,478	65,816	(369,674)	-

(*) Tangible and intangible assets amounting to TL 73,262, subsidiaries amounting to TL 104, assets held for sale amounting to TL 18,287, tax assets amounting to TL 2,022 and other assets amounting to TL 23,564 are presented within other assets as non-interest bearing; provisions amounting to TL 17,483, tax liability amounting to TL 5,356, other liabilities amounting to TL 27,703 and equity amounting to TL 462,811 are presented within other liability as non-interest bearing.

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	JPY %	TL %
Prior Period (*)				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	5.30
Due from Banks	0.46	0.56	-	-
Financial Assets at Fair Value Through Profit or Loss	4.21	4.14	-	7.95
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	-	6.13	-	8.87
Loans	7.38	6.49	8.04	13.70
Investment Securities Held-to-Maturity	-	-	-	-
Liabilities				
Bank Deposits	-	2.85	-	-
Other Deposits	2.72	2.80	-	9.75
Interbank Money Market Borrowings	-	-	-	6.88
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	4.22	2.50	-	9.41

(*) Stated at compound interest rates.

Effects of changes in interest rates on net income and shareholder' equity:

The table below represents the effects of changes in interest rates on marketable securities and financial liabilities with floating rates. The sensitivity of the equity is calculated by the revaluation of the available for sale securities portfolio based on possible interest rate changes. Tax effects are ignored during calculations. Other variables, especially foreign exchange rates are held constant in the analysis.

	Income Statement		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2010				
Financial assets at fair value through profit or loss	(17)	17	(17)	17
Financial assets available for sale	-	-	(1,828)	1,853
Floating rate financial liabilities	(26)	24	(26)	24
Total, net	(43)	41	(1,871)	1,894
	Income Statement		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2009				
Financial assets at fair value through profit or loss	(20)	20	(20)	20
Financial assets available for sale	-	-	(1,632)	1,641
Floating rate financial liabilities	(474)	432	(474)	432
Total, net	(494)	452	(2,126)	2,093

(*) Equity effect includes the sensitivity of income statement when interest rate increases or decreases 100 bp.

VII. 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 unstability in cash flows.

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. Quarterly 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 current limits and available free lines in the ISE, Settlement and Custody Bank's Stock Exchange Money Market, Interbank and secondary market are monitored continuously. The maximum limits regarding maturity mismatch risk are set by the Board of Directors.

Major part of the liquidity has been maintained by the deposits in the Parent Bank. The volume of such deposits has retained a considerably stable path during the course of time. The parent Bank executes the strategy of increasing long-term borrowings from international markets rather than short-term borrowings from domestic secondary market.

Presentation of assets and liabilities according to their residual maturities:

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Undist. (*)	Total
Assets								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	174,925	-	-	-	-	-	-	174,925
Due from Banks	8,894	67,250	-	-	-	-	-	76,144
Financial Assets at Fair Value Through PL	-	737	837	2,835	160	187	-	4,756
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Investment Securities Available-for-Sale	371	67,112	329	74,647	145,890	35,014	-	323,363
Loans	-	488,930	323,792	504,485	430,482	90,121	35,219	1,873,029
Investment Securities Held-to-Maturity	-	-	-	-	-	-	-	-
Other Assets	-	24,840	-	910	-	1,617	91,796	119,163
Total Assets	184,190	648,869	324,958	582,877	576,532	126,939	127,015	2,571,380
Liabilities								
Bank Deposits	8,054	-	-	-	-	-	-	8,054
Other Deposits	151,288	1,207,882	395,975	19,471	77	-	-	1,774,693
Funds Borrowed from Other Financial Institutions	-	1,478	8,261	50,870	6,717	-	-	67,326
Interbank Money Market Borrowings	-	143,166	-	-	-	-	-	143,166
Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	7,049	4,631	-	-	-	-	-	11,680
Other Liabilities	32,190	7,937	4,636	2,778	-	-	518,920	566,461
Total Liabilities	198,581	1,365,094	408,872	73,119	6,794	-	518,920	2,571,380
Net Liquidity Gap	(14,391)	(716,225)	(83,914)	509,758	569,738	126,939	(391,905)	-
Prior Period								
Total Assets	94,942	797,006	297,837	341,051	396,931	78,200	134,040	2,140,007
Total Liabilities	136,651	949,729	407,482	132,606	33,245	-	480,294	2,140,007
Net Liquidity Gap	(41,709)	(152,723)	(109,645)	208,445	363,686	78,200	(346,254)	-

(*) Assets on the balance sheet which are not convertible into cash in short period; tangible and intangible assets amounting TL to 78,813, subsidiaries amounting to TL 48, stationary supplies amounting to TL 468, assets held for sale amounting to TL 12,467, loans in follow-up amounting to TL 35,219 and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 22,376 and equity amounting to TL 496,544 are included here.

As per the BRSA Communiqué “Measurement and Assessment of the Adequacy of Banks’ Liquidity” published on the Official Gazette no.26333 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 2010 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
31 December 2010	180.4	200.9	95.0	121.3
Average (%)	196.4	200.9	113.1	132.5
Max. (%)	267.2	249.1	139.9	150.7
Min. (%)	139.4	165.7	87.3	121.1

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

31 December 2010	Carrying Value	Gross Nominal Disposal	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and more
Bank Deposits	8,054	8,054	8,054	-	-	-	-	-
Deposits from Customers	1,774,693	1,781,827	151,288	1,211,252	399,333	19,854	100	-
Due to Money Markets	143,166	143,166	-	143,166	-	-	-	-
Funds Borrowed	67,326	69,403	-	1,497	8,401	52,553	6,952	-
Total	1,993,239	2,002,450	159,342	1,355,915	407,734	72,407	7,052	-

31 December 2009	Carrying Value	Gross Nominal Disposal	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and more
Bank Deposits	3,121	3,121	110	3,011	-	-	-	-
Deposits from Customers	1,457,182	1,462,507	100,601	932,300	402,791	26,750	65	-
Due to Money Markets	5,653	5,653	-	5,653	-	-	-	-
Funds Borrowed	146,366	148,992	-	2,287	4,648	107,468	34,589	-
Total	1,612,322	1,620,273	100,711	943,251	407,439	134,218	34,654	-

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

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and more	Total
Currency Derivative Instruments (I)	763,417	241,268	362,791	-	-	1,367,476
Forward Foreign Currency Purchases	129,365	9,506	8,148	-	-	147,019
Forward Foreign Currency Sales	129,769	9,739	8,147	-	-	147,655
Currency Swaps-Purchases	164,313	1,123	-	-	-	165,436
Currency Swaps-Sales	166,137	1,113	-	-	-	167,250
Currency Futures-Purchases	-	-	-	-	-	-
Currency Futures-Sales	-	-	-	-	-	-
Currency Options-Purchases	86,887	109,540	173,589	-	-	370,016
Currency Options-Sales	86,946	110,247	172,907	-	-	370,100
Interest Rate Derivative Instruments (II)	-	-	-	-	-	-
Forward Purchases/Sales	-	-	-	-	-	-
Interest Rate Swaps-Purchases/Sales	-	-	-	-	-	-
Interest Rate Options-Purchases/Sales	-	-	-	-	-	-
Interest Rate Futures-Purchases/Sales	-	-	-	-	-	-
Others (III)	-	-	-	-	-	-
Total (I+II+III)	763,417	241,268	362,791	-	-	1,367,476

As at 31 December 2010, spot foreign currency purchase and sale transactions with value date amounting to TL 36,317 and TL 36,291, respectively, are presented under "Asset Purchase and Sale Commitments".

VIII. Presentation of financial assets and liabilities at their fair value

In the current period, the investment securities include only the available for sale securities. Estimated fair value of investment securities available for sale are determined by their listed market prices or prices of instruments with similar interest rates, maturities and other variables, in case an active market is not available.

The estimated fair value of the demand deposits is the amount payable on demand. The fair values of the floating rate placements and overnight deposits are considered to approximate the carrying values due to short maturities. The estimated fair value of the deposits with fixed rates is determined by calculating discounted cash flows by using the market interest rates used for other liabilities with similar quality and maturities. The estimated fair values of loans are calculated by using discounted cash flows with current market rates. The fair value of miscellaneous payables represents its book value because of short term maturity.

In the table below; fair values and carrying values of some of the financial assets and liabilities are presented.

	Carrying value		Fair value	
	Current period	Prior period	Current period	Prior period
Financial Assets	2,237,317	1,835,582	2,246,915	1,838,844
Interbank money market placements	-	-	-	-
Due from banks	76,144	59,455	76,144	59,455
Investment securities available-for-sale	323,363	230,442	323,363	230,442
Investment securities held-to-maturity	-	-	-	-
Loans (*)	1,837,810	1,545,685	1,847,408	1,548,947
Financial Liabilities	1,861,753	1,616,338	1,864,331	1,617,955
Bank deposits	8,054	3,121	8,054	3,121
Other deposits	1,774,693	1,457,182	1,776,499	1,458,156
Funds borrowed from other financial institutions	67,326	146,366	68,098	147,009
Securities issued	-	-	-	-
Miscellaneous payables	11,680	9,669	11,680	9,669

(*) Loans under follow up and specific provisions are not included.

“TFRS 7: Financial Instruments-Disclosures” describes classifications of valuation techniques based on observability of data used in valuation techniques which are basis for fair value measurements. Classification of fair values is defined as follows:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);
- Level 3: Fair value measurements using inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The table below presents the classification of fair value of financial instruments carried at fair value:

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets	308,305	4,396	15,418	328,119
Financial Assets. At Fair Value Through Profit or Loss	360	4,396	-	4,756
Public Sector Debt Securities	360	-	-	360
Trading Derivatives	-	4,396	-	4,396
Investment Securities Available for Sale	307,945	-	15,418	323,363
Share Certificates	371	-	-	371
Public Sector Debt Securities	307,574	-	-	307,574
Other Securities	-	-	15,418	15,418
Financial Liabilities	-	6,906	-	6,906
Trading Derivatives	-	6,906	-	6,906
Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets	220,784	3,095	10,364	234,243
Financial Assets. At Fair Value Through Profit or Loss	706	3,095	-	3,801
Public Sector Debt Securities	706	-	-	706
Trading Derivatives	-	3,095	-	3,095
Investment Securities Available for Sale	220,078	-	10,364	230,442
Share Certificates	278	-	-	278
Public Sector Debt Securities	219,800	-	-	219,800
Other Securities	-	-	10,364	10,364
Financial Liabilities	-	3,644	-	3,644
Trading Derivatives	-	3,644	-	3,644

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

Group performs sales, purchase, management, consultancy and custody services on behalf and account of others.

The Group is not involved in fiduciary activities.

X. Consolidated segment reporting

The Group performs activities in areas of retail banking, corporate banking and investment banking and including treasury transactions.

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

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

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

Information related to the segments of the Group:

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

Current Period	Retail Banking	Corporate Banking	Investment Banking and Others	Total Operations
Operating Income	17,592	68,291	58,845	144,728
Operating profit of segment	3,136	34,997	(12,186)	25,947
Costs not distributed	-	-	-	-
Operating profit	-	-	-	-
Income from subsidiaries	-	-	-	-
Profit before tax	3,136	34,997	(12,186)	25,947
Tax provision	-	-	5,905	5,905
Profit after tax	3,136	34,997	(18,091)	20,042
Minority rights	-	-	-	-
Net Profit	3,136	34,997	(18,091)	20,042
Segment assets (*)	267,257	1,605,772	698,303	2,571,332
Investments in subsidiaries	-	-	48	48
Total Assets	267,257	1,605,772	698,351	2,571,380
Segment liabilities (*)	1,059,762	722,985	292,089	2,074,836
Equity	-	-	496,544	496,544
Total Liabilities	1,059,762	722,985	788,633	2,571,380
Other Segment Items	289	902	5,873	7,064
Capital expenditure	-	-	475	475
Depreciation and amortization	289	902	3,995	5,186
Impairment losses (**)	-	-	1,403	1,403
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 other segments. Gross income (operational income) of the Group is distributed between corporate banking, retail banking and investment banking and other segments as 47%, 12%, 41%, respectively.

TEKSTİL BANKASI ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010
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Segments of the Group for the previous period:

Previous Period	Retail Banking	Corporate Banking	Investment Banking and Others	Total Operations
Operating Income	21,095	101,090	54,986	177,171
Operating profit of segment	3,139	25,945	(9,520)	19,564
Costs not distributed	-	-	-	-
Operating profit	-	-	-	-
Income from subsidiaries	-	-	-	-
Profit before tax	3,139	25,945	(9,520)	19,564
Tax provision	-	-	3,405	3,405
Profit after tax	3,139	25,945	(12,925)	16,159
Minority rights	-	-	-	-
Net Profit	3,139	25,945	(12,925)	16,159
Segment assets	204,328	1,383,235	552,340	2,139,903
Investments in subsidiaries	-	-	104	104
Total Assets	204,328	1,383,235	552,444	2,140,007
Segment liabilities	943,631	516,672	216,893	1,677,196
Equity	-	-	462,811	462,811
Total Liabilities	943,631	516,672	679,704	2,140,007
Other Segment Items	500	1,211	9,701	11,412
Capital expenditure	-	-	665	665
Depreciation and amortization	500	1,211	3,732	5,443
Impairment losses	-	-	5,304	5,304
Other non-cash income-expenses	-	-	-	-
Restructuring costs	-	-	-	-

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in previous period as; 65% for corporate banking, 10% for retail banking, 25% for investment banking and other segments. Gross income (operational income) of the Group is distributed between gross income of corporate banking, retail banking and investment banking and other segments as 57%, 12%, 31%, respectively.

SECTION FIVE

DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Information and disclosures related to assets

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	10,618	10,439	7,116	10,385
Central Bank of Turkey	76,528	77,340	51,721	71,974
Others	-	-	-	-
Total	87,146	87,779	58,837	82,359

b) Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	76,528	21,090	51,721	23,992
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	56,250	-	47,982
Total	76,528	77,340	51,721	71,974

c) Explanation related to reserve deposits:

According to the circular no. 2005/1 of the Central Bank of Turkey, "Circular on Reserve Deposits", all banks operating in Turkey should provide a reserve amounting to 6% (31 December 2009: 5%) of the liabilities in Turkish Lira and 11% (31 December 2009: 9%) of the liabilities in foreign currencies.

As of 31 December 2010 reserve deposits are interest-free. (31 December 2009: TL 5.20%, FC: None).

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

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

As at 31 December 2010 and 31 December 2009, the financial assets at fair value through profit or loss is kept under unrestricted account.

b) Positive value of trading derivatives:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	415	175	356	754
Swap transactions	130	33	165	1,680
Futures	-	-	-	-
Options	3,624	19	101	39
Other	-	-	-	-
Total	4,169	227	622	2,473

3. Information on banks:

a) Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	105	76,039	12	59,443
Domestic	105	67,150	12	50,163
Foreign	-	8,889	-	9,280
Foreign branches	-	-	-	-
Total	105	76,039	12	59,443

b) Foreign banks:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	4,297	7,149	-	-
USA, Canada	2,937	872	-	-
OECD Countries*	1,655	1,259	-	-
Off shore zones	-	-	-	-
Other	-	-	-	-
Total	8,889	9,280	-	-

(*) OECD countries except for the EU countries, the USA and Canada

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Given as collateral or blocked	54,273	10,746	31,133	9,936
Subject to repurchase agreements	149,887	-	5,696	-
Total	204,160	10,746	36,829	9,936

Investment securities available-for-sale other those given as collateral or subject to repurchase agreements amount to TL 108,457 (31 December 2009 – TL 183,677).

b) Available-for-sale securities:

	Current Period	Prior Period
Debt instruments	328,027	233,494
Listed	313,622	223,130
Unlisted	14,405	10,364
Equity instruments	371	278
Listed	371	278
Unlisted	-	-
Impairment provision (-)	(5,035)	(3,330)
Total	323,363	230,442

5. Information related to loans:

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	-	-	7,607	-
Corporate shareholders	-	-	7,607	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	17,733	7,332	71,090	3,874
Loans granted to employees	1,248	-	1,456	-
Total	18,981	7,332	80,153	3,874

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

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
Cash Loans	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled(*)
Non-specialized Loans	1,799,551	-	29,770	8,489
Discount Notes	42,224	-	55	-
Export Loans	218,225	-	2,729	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	138,268	-	-	-
International Loans	-	-	-	-
Consumer Loans	227,731	-	11,240	-
Credit Cards	27,246	-	2,164	-
Precious Metal Loans	-	-	-	-
Other	1,145,857	-	13,582	8,489
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	1,799,551	-	29,770	8,489

(*) Loans which are classified in group II have been restructured or rescheduled in accordance with the “Regulation on the Procedures and Principles for Determination of Qualification of Loans and Other Receivables by Banks and Provisions to be Set Aside”.

c) Information on cash loans according to maturity structure concentration:

	Standard Loans and Other Receivables		Loans and Receivables Under Close Monitoring	
	Loans and other receivables	Restructured or Rescheduled	Loans and other receivables	Restructured or Rescheduled
Cash Loans				
Short term Loans and Other				
Receivables	1,223,359	-	13,927	1,958
Non specialized Loans	1,223,359	-	13,927	1,958
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Middle and Long term Loans and				
Other Receivables	576,192	-	15,843	6,531
Non specialized Loans	576,192	-	15,843	6,531
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	1,799,551	-	29,770	8,489

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

	Short Term	Medium or Long Term	Total
Consumer Loans-TL	9,982	207,357	217,339
Real estate Loans	2,471	113,987	116,458
Automotive Loans	162	6,833	6,995
Consumer Loans	7,283	86,105	93,388
Other	66	432	498
Consumer Loans-Indexed to FC	223	18,669	18,892
Real estate Loans	223	17,659	17,882
Automotive Loans	-	237	237
Consumer Loans	-	773	773
Other	-	-	-
Consumer Loans-FC	-	-	-
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Credit Cards-TL	26,437	-	26,437
Installment	5,370	-	5,370
Non installment	21,067	-	21,067
Credit Cards-FC	411	-	411
Installment	-	-	-
Non Installment	411	-	411
Loans Given to Employees-TL	130	347	477
Real estate Loans	-	5	5
Automotive Loans	-	-	-
Consumer Loans	130	342	472
Other	-	-	-
Loans Given to Employees – Indexed to FC	-	-	-
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Loans Given to Employees – FC	-	-	-
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Employee Credit Cards-TL	728	-	728
Installment	307	-	307
Non Installment	421	-	421
Employee Credit Cards-FC	43	-	43
Installment	-	-	-
Non Installment	43	-	43
Overdraft Account-TL (Individual)	2,263	-	2,263
Overdraft Account-FC (Individual)	-	-	-
Total	40,217	226,373	266,590

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

	Short Term	Medium or Long Term	Total
Installment Corporate Loans – TL	21,573	115,773	137,346
Business Residential Loans	-	7,446	7,446
Automotive Loans	1,547	16,311	17,858
Consumer Loans	6,065	-	6,065
Other	13,961	92,016	105,977
Installment Corporate Loans – Indexed to FC	3,969	57,743	61,712
Business Residential Loans	-	232	232
Automotive Loans	-	4,021	4,021
Consumer Loans	3,448	3,875	7,323
Other	521	49,615	50,136
Installment Corporate Loans – FC	-	-	-
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards – TL	1,750	-	1,750
Installment	204	-	204
Non Installment	1,546	-	1,546
Corporate Credit Cards – FC	41	-	41
Installment	-	-	-
Non Installment	41	-	41
Overdraft Account-TL (Commercial)	4,151	-	4,151
Overdraft Account-FC (Commercial)	-	-	-
Total	31,484	173,516	205,000

f) Loan concentration based on counterparties:

	Current Period	Prior Period
Public sector	-	-
Private sector	1,837,810	1,545,685
Total	1,837,810	1,545,685

g) Domestic and international loans:

	Current Period	Prior Period
Domestic loans	1,837,810	1,545,685
Foreign loans	-	-
Total	1,837,810	1,545,685

h) Loans granted to subsidiaries and associates: None.

i) Specific provisions for loans:

	Current Period	Prior Period
Specific Provisions		
Loans and Receivables with Limited Collectibility	922	3,375
Loans and Receivables with Doubtful Collectibility	8,247	20,886
Uncollectible Loans and Receivables	49,577	32,251
Total	58,746	56,512

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

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

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

	Group III Loans and receivables with limited collectibility	Group IV Loans and receivables with doubtful collectibility	Group V Uncollectible loans and receivables
Balances at Beginning of Period	8,106	39,848	50,436
Additions (+)	18,670	5,457	158
Transfers from Other Categories of Non- Performing Loans (+)	-	20,792	45,209
Transfers to Other Categories of Non-Performing Loans (-)	20,792	45,209	-
Collections (-)	2,889	8,711	16,979
Write-offs (-)	-	-	131
Corporate and Commercial Loans	-	-	131
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balances at End of the Period	3,095	12,177	78,693
Specific Provisions (-)	922	8,247	49,577
Net Balance on Balance Sheet	2,173	3,930	29,116

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

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

	Group III Loans and receivables with limited collectibility	Group IV Loans and receivables with doubtful collectibility	Group V Uncollectible loans and receivables
Current Period (Net)	2,173	3,930	29,116
Loans Allowed to Real Persons and Corporate Bodies (Gross)	3,095	12,177	78,693
Specific provision (-)	922	8,247	49,577
Loans Allowed to Real Persons and Corporate Bodies (Net)	2,173	3,930	29,116
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
Prior Period (Net)	4,731	18,962	18,185
Loans Allowed to Real Persons and Corporate Bodies (Gross)	8,106	39,848	50,436
Specific provision (-)	3,375	20,886	32,251
Loans Allowed to Real Persons and Corporate Bodies (Net)	4,731	18,962	18,185
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-

k) Liquidation policy for uncollectible loans and other receivables:

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

l) 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 certificate of insolvency or notice in lieu of distringas, 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 31 December 2010 and 31 December 2009, there are no held-to-maturity financial assets.

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

As at 31 December 2010 and 31 December 2009, there are no held-to-maturity financial assets.

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

As at 31 December 2010 and 31 December 2009, there are no held-to-maturity financial assets.

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

	Current Period	Prior Period
Balance at the beginning of the period	-	364,068
Foreign exchange differences	-	-
Purchases	-	-
Sales and redemptions	-	(174,536)
Transfers to available for sale portfolio	-	(189,532)
Impairment (-)	-	-
Balance at the end of the period	-	-

In year 2009, the Parent Bank has sold a significant portion of its securities amounting to TL 364,068 as at 31 December 2008, classified in held to maturity portfolio before the maturity dates of such securities. For this reason, the Parent Bank can not classify its financial assets as held to maturity securities in 2010 and 2011.

7. Investments in associates (Net):

Tekstil Yatırım Menkul Değerler A.Ş., the subsidiary of the Parent Bank, participated in 1% of the shares of “Gelişen İşletmeler Piyasaları A.Ş.”.

8. Investments in subsidiaries (Net):

Information related to subsidiaries:

a) Information on subsidiaries not consolidated:

Description	Address (City/Country)	Bank's share percentage- If different from voting percentage (%)	Bank's Risk Group Share Percentage (%)
Tekstil Bilişim Hizmetleri ve Ticaret A.Ş. (*) (Bilişim)	Istanbul/Turkey	99.97	100.00

(*) As explained in third section note III Bilişim is not consolidated.

b) Information on subsidiaries according to listing above:

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Trading Income	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
47	47	1	4	-	(7)	(1)	-

c) Movement of subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	54	55
Movements during the Period	(7)	(1)
Purchases	-	-
Bonus shares received	-	-
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision (+)	(7)	(1)
Balance at the End of the Period	47	54
Capital Commitments	-	-
Share Percentage at the end of Period (%)	-	-

d) Sectoral distribution of subsidiaries:

	Current Period	Prior Period
Subsidiaries		
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	-	-
Other Non Financial Subsidiaries	47	54
Total	47	54

e) Information on consolidated subsidiaries:

Description	Address (City/Country)	Bank's share percentage- If different from voting percentage %	Banks Risk Group Share Percentage (%)
Tekstil Yatırım Menkul Değerler A.Ş.(*) (Tekstil Yatırım)	Istanbul/Turkey	99.92	100.00
The Euro Textile International Banking Unit Ltd. (ETB) (**)	Lefkoşa/Cyprus	99.99	100.00

(*) Related subsidiary is renamed as "Tekstil Yatırım Menkul Değerler A.Ş." at 21 July 2010.

(**) In accordance with Extraordinary General Meeting resolution of the Parent Bank's subsidiary "The Euro Textile International Banking Unit Ltd." dated 4 November 2010, it has been decided to officially end the activities of the company due to the decreasing trend of the operations in the course of time. Liquidation procedures continue as of the balance sheet date.

f) Information on subsidiaries according to listing above:

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Trading Income	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
19,169	13,609	151	1,153	5,616	2,780	3,019	-
243	243	-	249	-	(375)	(429)	-

g) Movement of consolidated subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	10,293	10,794
Movements during the Period	3,036	(501)
Purchases (*)	6,676	-
Bonus Shares Received (*)	204	-
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision (+)	(3,779)	(501)
Revaluation Increase/(Decrease), Effect of Inflation and F/X Difference	(65)	-
Balance at the End of the Period	13,329	10,293
Capital Commitments	-	-
Share Percentage at the end of Period (%)	-	-

(*) Share capital of Tekstil Yatırım has been increased to TL 10,000 by TL 5,000 of which TL 4,796 in cash and the remaining amount by transferring from reserves. The cash increase of TL 4,792 is presented under Purchases and the remaining is presented under Bonus Shares Received lines in the table above. The Parent Bank has also participated in the share capital increase of ETB by USD 1,250 (TL 1,884) thousands from USD 4,000 thousands to USD 5,250 thousands.

h) Sectoral distribution of consolidated subsidiaries:

	Current Period	Prior Period
Subsidiaries		
Banks	243	2,203
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	13,086	8,090
Other Non Financial Subsidiaries	-	-
Total	13,329	10,293

i) Listed subsidiaries: None.

j) Subsidiaries disposed during the current period: None.

k) Subsidiaries purchased in the current period: None.

9. Information on Joint Ventures:

None.

10. Information on Financial Lease Receivables (net):

None.

11. Information on hedging purpose derivatives:

None.

12. Information on tangible assets (Net) :

	Properties (*)	Tangible assets under finance lease	Vehicles	Other tangible assets	Total
Prior Period End: 31/12/2009					
Cost	78,614	8,225	811	37,162	124,812
Accumulated Depreciation (-)	14,750	6,918	664	31,266	53,598
Net Book Value	63,864	1,307	147	5,896	71,214
Current Period End: 31/12/2010					
Net Book Value at the Beginning of the Period	63,864	1,307	147	5,896	71,214
Additions	17	-	-	333	350
Disposals, net (-) (**)	-	16	-	91	107
Revaluation/ (Impairment)	10,055	-	-	-	10,055
Depreciation (-)	1,530	792	86	1,958	4,366
Cost at year end	88,686	7,765	786	32,407	129,644
Accumulated Depreciation at year end (-)	16,280	7,266	725	28,227	52,498
Closing Net Book Value	72,406	499	61	4,180	77,146

	Properties (*)	Tangible assets under finance lease	Vehicles	Other tangible assets	Total
Prior Period End: 31/12/2008					
Cost	79,175	8,231	851	40,112	128,369
Accumulated Depreciation (-)	13,255	5,978	557	31,877	51,667
Net Book Value	65,920	2,253	294	8,235	76,702
Current Period End: 31/12/2009					
Net Book Value at the Beginning of the Period	65,920	2,253	294	8,235	76,702
Additions	-	-	-	543	543
Disposals, net (-)	-	2	35	886	923
Revaluation/ (Impairment)	(561)	-	-	-	(561)
Depreciation (-)	1,495	944	112	1,996	4,547
Cost at year end	78,614	8,225	811	37,162	124,812
Accumulated Depreciation at year end (-)	14,750	6,918	664	31,266	53,598
Closing Net Book Value	63,864	1,307	147	5,896	71,214

(*) There are TL 15,347 revaluation surplus and TL 699 impairment on properties on the based on valuations carried out by licensed independent appraisers (31 December 2009: TL 5,292 increase, TL 699 decrease). There is no addition or reversal of impairment in the current period.

(**) The cost and accumulated depreciation of assets disposed is as follows:

Current Period	Properties	Tan. assets under finance lease	Vehicles	Other tangible assets	Total
Cost	-	460	25	5,088	5,573
Accumulated Depreciation (-)	-	444	25	4,997	5,466
Net disposal amount	-	16	-	91	107

13. Intangible assets:

- a) The gross book value and accumulated amortization amounts at the beginning and at the end of the period:

	Current Period	Prior Period
Gross Book Value	17,362	17,244
Accumulated Amortization (-)	15,695	15,196
Total	1,667	2,048

- b) Movement of intangible assets:

	Current Period	Prior Period
Beginning of the period	2,048	2,672
Additions Resulting from Merger and Acquisitions	125	122
Disposals (-)	-	-
Accumulated Amortization (-)	506	746
Period End	1,667	2,048

14. Information on investment properties:

None.

15. 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 Parent Bank has net deferred tax asset amounting TL 1,617 (31 December 2009: TL 2,022) which was calculated on deductible temporary differences except general provisions at 31 December 2010.

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

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

16. Information on assets held for sale and discontinued operations:

The Parent Bank has no asset held for sale and discontinued operation as of 31 December 2010 and 2009.

17. Information on other assets:

The Group has property and real estate acquired against non performing loans and recorded under assets to be disposed of account and presented under other assets amounting TL 12,467 (31 December 2009: TL 18,287).

Other assets, other than assets to be disposed of, amounting to TL 26,218 (31 December 2009: TL 23,875), do not exceed 10% of total assets.

II. Information and disclosures related to liabilities

1. Information on deposits:

a) Information on maturity profile of deposits:

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) Current Period:

	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	9,724	205,004	410,430	14,772	2,728	-	73	642,731
Foreign Currency Deposits	72,778	205,447	375,307	43,071	13,538	872	4	711,017
Residents in Turkey	70,665	194,958	365,828	38,960	5,637	444	4	676,496
Residents Abroad	2,113	10,489	9,479	4,111	7,901	428	-	34,521
Public Sector Deposits	5,468	-	-	-	-	-	-	5,468
Commercial Deposits	62,437	189,677	136,426	20,049	7	-	-	408,596
Other Ins. Deposits	881	843	5,114	8	35	-	-	6,881
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	8,054	-	-	-	-	-	-	8,054
Central Bank	-	-	-	-	-	-	-	-
Domestic Banks	7,773	-	-	-	-	-	-	7,773
Foreign Banks	281	-	-	-	-	-	-	281
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	159,342	600,971	927,277	77,900	16,308	872	77	1,782,747

a.2) Prior Period:

	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	7,157	154,348	363,522	16,607	1,450	1	40	543,125
Foreign Currency Deposits	54,773	256,563	389,160	16,749	14,571	993	4	732,813
Residents in Turkey	52,842	251,598	372,571	10,957	5,311	621	4	693,904
Residents Abroad	1,931	4,965	16,589	5,792	9,260	372	-	38,909
Public Sector Deposits	4,733	7	-	-	-	-	-	4,740
Commercial Deposits	33,124	100,589	29,286	11,488	6	-	-	174,493
Other Ins. Deposits	814	531	654	8	4	-	-	2,011
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	110	3,011	-	-	-	-	-	3,121
Central Bank	-	-	-	-	-	-	-	-
Domestic Banks	21	3,011	-	-	-	-	-	3,032
Foreign Banks	89	-	-	-	-	-	-	89
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	100,711	515,049	782,622	44,852	16,031	994	44	1,460,303

b) Information on Deposit Insurance:

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

Saving Deposits	Covered by Deposit Insurance Fund	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit	Exceeding the Deposit Insurance Limit
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	270,603	253,926	364,307	280,218
Foreign Currency Savings Deposits	98,144	108,780	287,881	278,997
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	368,747	362,706	652,188	559,215

b.2) Savings deposits in Turkey are not covered under insurance in another country since the headquarter of the Group is not located abroad

b.3) Saving deposits not covered by deposit insurance: TL 43,506 (31 December 2009: TL 25,617)

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

	Current Period	Prior Period
Deposits and Other Accounts at Foreign Branches	-	-
Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children under Their Wardship	31,637	10,297
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEOs with Their Parents, Spouse and Children under Their Wardship	11,869	10,444
Deposits and Other Accounts linked to Crimes Mentioned in 282 nd Article of 5237 Numbered Turkish Crime Legislation dated on 26/09/2004	-	-
Deposits belong to Off-shore Banks which are established to be engaged in offshore banking in Turkey.	-	4,876

2. Information on derivative financial liabilities held for trading:

Negative difference on derivatives held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forwards	600	595	241	1,727
Swaps	878	1,197	613	721
Futures	-	-	-	-
Options	3,623	13	283	59
Other	-	-	-	-
Total	5,101	1,805	1,137	2,507

3. Information on funds borrowed:

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	16,947	35,781	7,588	31,989
Foreign Banks, Institutions and Funds	-	14,598	-	106,789
Total	16,947	50,379	7,588	138,778

b) Contractual maturities of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	16,947	31,717	7,588	61,792
Medium and Long-Term	-	18,662	-	76,986
Total	16,947	50,379	7,588	138,778

c) Additional information on concentrations of the Bank's liabilities:

The Parent Bank diversifies its funding resources with customer deposits and funds borrowed from foreign banks. The Parent Bank makes concentration analysis for the customers providing funds in branch basis and takes long and short term actions to generalize the customers in these branches. Funds borrowed consist of funds with different characteristics and maturity-interest structures like syndication, money market, post-finance funding and are provided from different institutions. There is no risk of concentration in the Parent Bank's funding sources.

4. Information on other liabilities:

Other liabilities are amounting to TL 33,246 (31 December 2009: TL 28,585) and do not exceed 10% of total liabilities excluding the off-balance sheet items.

5. Obligations under financial leases:

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

Obligations under financial leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	2	2	139	135
Between 1-4 years	-	-	2	2
More than 4 years	-	-	-	-
Total	2	2	141	137

6. Information on liabilities arising from hedging purpose derivatives:

None.

7. Information on provisions:

a) Information on general provisions:

	Current Period	Prior Period
General Provisions		
Provisions for Loans and Receivables in Group I	10,307	7,689
Provisions for Loans and Receivables in Group II	745	913
Provisions for Non Cash Loans	1,219	1,072
Other	107	103
Total	12,378	9,777

b) Information on reserve for employee rights:

In accordance with existing legislation in Turkey, the Bank and its subsidiary in Turkey have to make certain lump-sum payments to employees who has completed one year of service with the Bank and whose employment is terminated due to retirement 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 31 December 2010, at ceiling amount of full TL 2,517 (31 December 2009: full TL 2,365), per year of employment at the rate of pay applicable at the date of retirement or termination. The liability is not funded, since there is no funding requirement.

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

	Current Period	Prior Period
Discount Ratio (%)	4.66	5.92
Expected Salary/ETI Liability Ceiling Increase Rate (%)	5.10	4.80

It is assumed that the ceiling amount would increase by the rate of inflation.

Movement of ETI liability is below:

	Current Period	Prior Period
Prior Period End Amount	2,144	1,456
Current year provisions/ (reversal of provision)	1,733	2,626
Paid in current year	(1,199)	(1,938)
Period end amount	2,678	2,144

The Group also has vacation pay liability amounting TL 2,723 (31 December 2009: TL 2,521) as at 31 December 2010.

c) Provision for foreign exchange loss on foreign currency indexed loans

Foreign exchange differences on foreign currency indexed loans amounting TL 1,399 (31 December 2009: TL 753) are netted with loans on the asset side.

d) Specific provisions for non cash loans that are not indemnified and not converted into cash :

As at 31 December 2010, the Group has provision amounting to TL 2,901 (31 December 2009: TL 2,684) for non-cash loans and irrevocable commitments that are not indemnified and not converted into cash amounting to TL 5,748 (31 December 2009: 4,429).

e) Information on other provisions:

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

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

As at 31 December 2010, the Parent Bank has provision for credit card service promotions amounting TL 260 (31 December 2009: TL 357).

e.3) Information on other provisions

As at 31 December 2010, there is provision for lawsuits filed against the Parent Bank amounting TL 1,436 (31 December 2009: None).

8. Taxation:

a) Current tax liability: As at 31 December 2010, corporate taxes payable of the Group after deductions of prepaid taxes is TL 2,647 (31 December 2009: TL 634).

b) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	2,647	634
Taxation on securities	1,210	1,255
Capital gains tax on property	128	118
Banking Insurance Transaction Tax (BITT)	1,258	1,282
Taxes on foreign exchange transactions	-	-
Value added tax payable	44	54
Other	1,159	1,134
Total	6,446	4,477

c) Information on premiums payable:

	Current Period	Prior Period
Social security premiums- employee share	410	383
Social security premiums- employer share	442	413
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	33	29
Unemployment insurance- employer share	53	52
Other	3	2
Total	941	879

d) Information on deferred tax liabilities

Deferred tax liability is netted off with deferred tax assets.

9. Information on payables related to assets held for sale and discontinued operations:

None.

10. Information on subordinated loans:

None.

11. Information on shareholders' equity:

a) Paid in capital:

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

The paid-in share capital of the 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 Bank.

c) Information on share capital increases and their sources; other information on any increase in capital shares during the current period: None.

d) Information on share capital increases from revaluation funds: None.

e) Capital commitments for current financial year and following period: None.

f) Prior period indicators of the Bank's income, profitability and liquidity; and possible effects of the predictions on equity, considering the ambiguity of the indicators: None.

g) Information on the privileges given to stocks representing the capital:

The 70% of share capital of the Parent Bank consist of Type A shares and the remaining consist of Type B shares. Three out of five members of the Board of Directors are appointed by Type A shareholders and the remaining two are appointed by Type B shareholders. There is no other privilege appointed.

h) Information on marketable securities valuation reserve:

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	-	-	-	-
Financial assets available-for-sale	7,285	935	3,582	500
Translation gain/loss	-	-	-	-
Total	7,285	935	3,582	500

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

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

III. Information on disclosures related to consolidated income statement

1. Interest income:

a) Information on interest income received from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest income received from loans (*)				
Short Term Loans	94,758	11,301	142,533	16,077
Medium and Long Term Loans	39,877	5,417	42,013	3,051
Loans Under Follow-Up	5,497	-	3,189	-
Source Utilization Support Fund	-	-	-	-
Total	140,132	16,718	187,735	19,128

(*) Includes fees and commissions from cash loans.

b) Information on interest income received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	1,435	-	3,299	-
Domestic Banks	517	165	1,675	101
Foreign Banks	16	172	380	1,165
Foreign Branches	-	-	-	-
Total	1,968	337	5,354	1,266

c) Information on interest income received from securities portfolio:

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading Securities	16	2	57	45
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Investment Securities Available-for-Sale	25,377	1,166	29,223	1,376
Investment Securities Held-to-Maturity	-	-	2,330	-
Total	25,393	1,168	31,610	1,421

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

2. Interest expense:

a) Information on interest expense related to funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks (*)	1,063	2,522	1,515	13,435
Central Bank of Turkey	-	-	-	-
Domestic Banks	1,008	922	1,515	1,354
Foreign Banks	55	1,600	-	12,081
Foreign Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	1,063	2,522	1,515	13,435

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

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

	Current Period	Prior Period
Interest paid to associates and subsidiaries	5	9

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.

		Time Deposits						
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over	Cumulative Deposits	Total
TL								
Bank Deposits	-	84	-	-	-	-	-	84
Saving Deposits	-	15,168	32,876	1,111	123	1	4	49,283
Public Sector Deposits	-	29	-	-	-	-	-	29
Commercial Deposits	-	7,394	5,440	179	1	-	-	13,014
Other Deposits	-	59	159	1	2	-	-	221
Total Turkish Lira	-	22,734	38,475	1,291	126	1	4	62,631
FC								
Foreign Currency Deposits	-	5,669	10,130	628	336	26	-	16,789
Bank Deposits	-	62	-	-	-	-	-	62
Precious Metal Deposits	-	-	-	-	-	-	-	-
Total Foreign Currency	-	5,731	10,130	628	336	26	-	16,851
Total	-	28,465	48,605	1,919	462	27	4	79,482

e) Information on interest expense paid to money market transactions:

	Current Period	Prior Period
Istanbul Stock Exchange Custody Bank	235	90
Repurchase Agreements	6,021	900
Total	6,256	990

3. Information on dividend income:

The Group earned dividend income from its associate “Gelişen İşletmeler Piyasaları A.Ş.” amounting TL 30 (2009: None).

4. Trading income / loss (net):

	Current Period	Prior Period
Profit	269,404	366,327
Capital Market Gains	8,258	12,722
Derivative Gains	169,842	244,448
Foreign Exchange Gains	91,304	109,157
Loss (-)	(258,595)	(348,997)
Capital Market Losses	(315)	(139)
Derivative Losses	(180,814)	(249,898)
Foreign Exchange Losses	(77,466)	(98,960)

Net loss related to derivatives transactions resulting from foreign currency rate changes is amounted to TL 6,853 (2009: 5,106 TL net loss).

5. Other operating income:

There is not any extraordinary event that would effect the Parent Bank’s other operating income.

6. Impairment on loans and other receivables:

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables:	13,249	48,944
Loans and Receivables in Group III	921	4,512
Loans and Receivables in Group IV	5,159	23,813
Loans and Receivables in Group V	7,169	20,619
General Provision Expenses	2,601	-
Provision for Possible Losses	-	-
Impairment Losses on Securities:	1,396	3,172
Trading securities	3	-
Investment Securities Available-for-Sale	1,393	3,172
Other Impairment Losses:	7	1
Associates	-	-
Subsidiaries	7	1
Joint Ventures	-	-
Investment Securities Held-to-Maturity	-	-
Other (*)	1,436	-
Total	18,689	52,117

(*) Consists of provision for lawsuits filed against the Parent Bank (31 December 2009: None)

7. Information related to other operational expenses:

	Current Period	Prior Period
Personnel Expenses	59,444	63,321
Reserve for Employee Termination Indemnity Benefits	736	619
Reserve for Bank's Social Aid Fund Deficit	-	-
Impairment of Tangible Assets	-	699
Depreciation Expenses of Tangible Assets	4,366	4,547
Impairment of Intangible Assets	-	-
Depreciation Expenses of Intangible Assets	506	746
Impairment of Investments in Associates	-	-
Impairment of Assets to be disposed of	-	1,432
Depreciation of Assets to be disposed of	314	150
Impairment of Assets Held for Sale and Assets related to discontinued operations	-	-
Other Operating Expenses	23,373	24,973
Operational Leases	8,829	9,446
Repair and Maintenance	1,410	1,243
Advertising	454	636
Other Expenses	12,680	13,648
Loss on Sales of Assets	2,748	2,462
Other	8,605	6,541
Total	100,092	105,490

8. Profit / loss before taxes for continued and discontinued operations:

Profit before taxes for continued operations is TL 25,947 (31 December 2009: TL 19,564).
Profit before taxes consists of net interest income amounting to TL 97,971 (2009: TL 128,468), net fees and commission income amounting to TL 20,932 (2009: TL 22,602) and other operational expenses amounting to TL 100,092 (2009: TL 105,490).

9. Profit / loss taxes for continued and discontinued operations:

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

For the period ended 31 December 2010, tax expense is TL 6,211 (31 December 2009- 2,425 TL).

For the period ended 31 December 2010 deferred tax expense is TL 306 (31 December 2009- TL 980 expense).

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

For the period ended 31 December 2010, deferred tax expense arising from temporary differences amount to TL 306 (31 December 2009- TL 980, expense).

For the period ended 31 December 2010, the change in the deferred tax liabilities and current tax payable amounting to TL 2,545 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 31 December 2010 deferred tax expense arising from temporary differences is TL 306 (31December 2009: TL 980 expense).

For the period ended 31 December 2010, there is no deferred tax income resulted from financial loss (31 December 2009: None).

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

Net profit from continued operations is TL 20,042 (2009: TL 16,159)

11. Information on net profit and loss:

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

12. 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:

None.

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

1. Disclosures related to other contingent liabilities:

- a) Type and amount of irrevocable commitments: As at 31 December 2010, asset purchase and sale commitments amount to TL 72,638 (31 December 2009: None), loan granting commitments amount to TL 43,871 (31 December 2009: TL 38,723), commitments for credit card limits amount to TL 194,383 (31 December 2009: TL 200,692) commitments for cheque payments amount to TL 75,425 (31 December 2009: TL 68,107), commitments for promotional operations re-credit cards amount to TL 603 (31 December 2009: TL 726). Besides there is tax and fund obligations from export commitments as of 31 December 2009 amounting TL 63. In addition, as of 31 December 2010, loan limit allocations amounting to TL 5,619,667, which cannot be readily used by customers, have been started to be followed up under irrevocable commitments in accordance with the amendments applied at the current period to the Uniform Chart of Account.

- b) Type and amount of possible losses and commitments from off-balance sheet items: None.

Guarantees from off-balance sheet commitments are shown in "Off-balance Sheet Commitments and Contingencies" table.

As at 31 December 2010, the Group has letters of guarantees amounting to TL 718,246 (31 December 2009- TL 658,495), bills of exchange and acceptances amounting to TL 3,169 (31 December 2009- TL 305), letters of credit amounting to TL 147,933 (31 December 2009- TL 70,640), prefinancing given as guarantee amounting to TL 1,440 (31 December 2009- TL 1,402) and other guarantees amounting to TL 17,433 (31 December 2009- TL 24,724).

- c) Non-cash loans:

	Current Period	Prior Period
Non-Cash Loans Given Against Cash Loan Risks	45,018	59,228
With Original Maturity of 1 Year or Less	4,710	124
With Original Maturity of More Than 1 Year	40,308	59,104
Other Non-Cash Loans	843,203	696,338
Total	888,221	755,566

d) Sectoral risk concentration of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	2,785	0.68	52,149	10.83	4,427	1.18	16,553	4.36
Farming and raising livestock	2,305	0.56	52,149	10.83	4,410	1.17	16,553	4.36
Forestry	480	0.12	-	-	17	0.01	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	96,577	23.74	108,166	22.47	105,236	28.02	103,888	27.33
Mining	3,063	0.75	518	0.11	5,234	1.39	591	0.16
Production	80,833	19.87	101,823	21.15	73,607	19.60	90,244	23.74
Electric, gas and water	12,681	3.12	5,825	1.21	26,395	7.03	13,053	3.43
Construction	128,832	31.66	159,858	33.21	124,746	33.22	138,652	36.48
Services	167,049	41.06	156,429	32.50	121,393	32.33	116,869	30.74
Wholesale and retail trade	102,109	25.09	74,735	15.53	69,874	18.61	49,123	12.92
Hotel, food and beverage services	8,456	2.08	513	0.11	8,281	2.21	613	0.16
Transportation and telecommunication	21,531	5.29	2,166	0.45	12,930	3.44	4,404	1.16
Financial institutions	25,743	6.33	76,400	15.87	22,434	5.97	61,580	16.20
Real estate and renting services	117	0.03	-	-	117	0.03	-	-
Self-employment services	6,702	1.65	2,615	0.54	6,867	1.83	1,149	0.30
Education services	92	0.02	-	-	28	0.01	-	-
Health and social services	2,299	0.57	-	-	862	0.23	-	-
Other	11,658	2.86	4,718	0.99	19,681	5.25	4,121	1.09
Total	406,901	100.00	481,320	100.00	375,483	100.00	380,083	100.00

e) Information on the first and second group non-cash loans :

	I. Group		II. Group	
	TL	FC	TL	FC
Letters of guarantee	402,354	308,018	1,414	2,811
Bank acceptances	-	3,169	-	-
Letters of credit	-	147,933	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	-	18,873	-	-
Total	402,354	477,993	1,414	2,811

The Parent Bank has provided provisions amounting to TL 1,221 after considering the guarantees for the non-cash loans classified under Group 5 loans amounting to TL 3,649. The Parent Bank also provided provisions amounting to TL 1,680 from the cheque commitments based on off-balance sheet transactions.

2. Mutual Funds :

The Parent Bank is the founder of B Type Liquid Fund, B Type Flexible Fund and A Type Share Fund. Tekstil Yatırım Menkul Değerler A.Ş. is the founder of A Type Flexible Fund. As of 31 December 2010, total value of funds that the Group has founded is TL 66,131 (31 December 2009 : 73,826 TL). These funds are registered in Merkezi Kayıt Kuruluşu A.Ş.

3. Information related to derivative financial instruments:

	Current Year	Prior Year
Types of trading transactions		
Foreign currency related derivative transactions (I)	1,367,476	1,794,455
Forward FC Purchase and Sale Transactions	294,674	539,924
Currency Swap Purchase and Sale Transactions	332,686	833,248
Futures Transactions	-	-
Currency Options Purchase and Sale Transactions	740,116	421,283
Interest rate related derivative transactions (II)	-	-
Forward Purchase and Sale Transactions	-	-
Interest Rate Swap Purchase and Sale Transactions	-	-
Interest Rate Futures Transactions	-	-
Interest Rate Options Purchase and Sale Transactions	-	-
Other types of trading transactions (III)	-	-
A. Total trading transactions (I+II+III)	1,367,476	1,794,455
Hedging purpose derivative transactions	-	-
Fair Value Hedge Transactions	-	-
Cash Flow Hedge Transactions	-	-
Net Foreign Investment Hedge Transactions	-	-
B. Total Hedging Purpose Derivative Transactions	-	-
Total Derivative Transactions (A+B)	1,367,476	1,794,455

4. Contingent assets and liabilities:

A customer has sued the Parent Bank in 2001 with the claim that his deposit money has been with drawn from his account with forged documents. The amount is 1,299,213 Australian Dollars (equivalent to TL 2,038). The trial is still in progress and no provision has been provided as professional legal advice indicates that it is unlikely that any loss will arise.

5. Information on fiduciary services rendered on behalf of third parties:

None.

V. Information and disclosures related to consolidated statement of changes in shareholders' equity:

1. Information on differences in revaluation of financial assets available for sale:

As of 31 December 2010 valuation difference of TL 4,147 net off tax, related to available for sale marketable securities (2009: TL 5,073) is accounted under "Valuation Difference of Securities" account under equity.

In 2010, TL 284 gain was transferred to the income statement from Valuation Difference of Securities, while in prior period TL 952 loss was transferred to income statement.

Information on cash flow hedge: None

2. Information on the foreign exchange differences: None.

3. Information on profit shares noticed after balance sheet date but previous to announcement of financial statements:

The Parent Bank does not have any noticed profit shares before announcement of financial statements. In Ordinary General Assembly meeting dated 15 March 2010, it has been decided to distribute the Parent Bank's 2009 profit as follows:

Profit distribution table for the year 2009

The Parent Bank's profit for the period	13,064
A-First Legal Reserves (TCL 466/1)	653
B-Extraordinary Reserves	12,411

Net profit per share for the period that has been suggested to be distributed to shareholders after balance sheet date:

As of report date, there is no decision for the profit distribution of current year profit of the Parent Bank (2009 profit distribution is given above).

Amounts that has been transferred to contingency reserves:

	Current Period	Prior Period
Undistributed Profits to Reserves	15,482	4,637

4. Information on issue of shares: None.

5. Information on other share capital increase accounts in statements of changes in equity : None.

VI. Information and disclosures related to consolidated cash flow statement

1. Information on cash and cash equivalents:

The components of cash and cash equivalents and the accounting policies used in the determination of these components:

Cash in vault, foreign currencies, cash in transit, cheques purchased, demand deposits in banks included demand deposit balances with the Central Bank of Turkey are described as “Cash”; interbank money market placements which have original maturities lower than three months, time deposits in banks and investment securities are described as “Cash Equivalents”. The reserve requirement amounts within the Central Bank is not considered as “cash equivalent assets” in the statements of cash flow.

a) Cash and cash equivalents at the beginning of the period:

	Current Period	Prior Period
Cash	46,682	89,969
Cash in Vault, Foreign Currencies and Other	17,501	20,988
Demand Deposits at Banks	29,181	68,981
Cash Equivalents	105,500	603,698
Interbank Money Market Placements	-	-
Time Deposits at Banks	105,500	603,698
Investment Securities	-	-
Total Cash and Cash Equivalents	152,182	693,667

b) Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
Cash	127,569	46,682
Cash in Vault, Foreign Currencies and Other	21,057	17,501
Demand Deposits at Banks	106,512	29,181
Cash Equivalents	67,248	105,500
Interbank Money Market Placements	-	-
Time Deposits at Banks	67,248	105,500
Investment Securities	-	-
Total Cash and Cash Equivalents	194,817	152,182

2. Information on cash and cash equivalent assets of the Group that are not available for free use due to legal restrictions or other reasons:

As mentioned in the first item above, the reserve requirement amounts held under blockage within the Central Bank is not considered as “cash equivalent assets” in the statements of cash flow.

3. Disclosures for “other” items in the statement of cash flows and effect of changes in foreign currency exchange rates on cash and cash equivalents:

“Other” item amounting to TL 27,627 (31 December 2009: TL 33,126) presented under “operating profit before changes in operating assets and liabilities” comprise personnel expenses and other operating expenses except taxes paid.

As at 31 December 2010 “Net increase/decrease in Other Liabilities” amounting to TL 5,166 (31 December 2009: TL (7,927)) presented under “Changes in Operating Assets and Liabilities” is comprised of changes in miscellaneous payables, other external resources and tax liabilities. The change in “Net increase/decrease in other assets” amounting to TL 9,229 (31 December 2009: TL 58,457) is comprised of miscellaneous receivables and other assets.

The effect of the change of foreign exchange rates on the cash and cash equivalents is TL 1,158 for the year 2010 (2009- TL (1,171)).

4. Additional Information:

- a) Restrictions on unused borrowing limits that could be used in banking operations and capital commitments and their usages: None.
- b) Total cash flows that indicates capacity increases in banking operations other than cash flows that are needed to sustain current banking operations capacity: None.

VII. 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
<u>Loans and Other Receivables</u>						
Balance at the Beginning of the Period	-	-	78,697	3,874	-	-
Balance at the End of the Period	-	-	17,687	7,225	46	107
Interest and Commission Income Received	-	-	3,886	87	-	2

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

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
<u>Loans and Other Receivables</u>						
Balance at the Beginning of the Period	-	-	40,932	5,722	-	-
Balance at the End of the Period	-	-	78,697	3,874	-	-
Interest and Commission Income Received	-	-	4,520	93	-	-

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

The Parent Bank has also TL 2,936 placements in risk group banks as of 31 December 2010 (31 December 2009: TL 6,991).

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
<u>Deposit</u>						
Balance at the beginning of the Period	53	52	43,800	77,169	-	-
Balance at the End of the Period	45	53	72,514	43,800	1,855	-
Interest on Deposits	4	5	3,960	5,009	88	-

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

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

As at 31 December 2010, the Parent Bank has foreign currency forward, swap and option transactions amounting to TL 10,247 and TL 10,282 (31 December 2009: TL 14,064 and TL 14,263, respectively) with the Parent Bank's risk group.

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

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

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

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

In the Group's transactions with its risk group, pricing policy and other matters are determined and applied at market conditions. As at 31 December 2010, proportion of cash loans to risk group in total loans is 0.9% (31 December 2009: 5.0%) , proportion of deposits from risk group in total deposits is 4.2% (31 December 2009:3.0%) and proportion of derivative transactions with risk group in total derivative transactions is 1.5% (31 December 2009: 1.6%).

VIII. Domestic, foreign and off-shore banking branches and foreign representatives

	Number	Number of Employees			
Domestic branches	44	903			
			Country of Incorporation		
Foreign representation	1	1	Berlin, Germany	Total Assets	Statutory Share Capital
Foreign branch	-	-	-	-	-
Off-shore branches	-	-	-	-	-

IX. Information and disclosure related to subsequent events

- a) Subsequent events and transactions that have not been finalized and their effect on the consolidated financial statements:

Changes in reserve deposit rates:

1. In accordance with Communiqué No. 2010/13 “Amendment on the Reserve Requirements Scale” published in the Official Gazette No. 27788 dated 17.12.2010 and to be effective after 07/01/2011, for the Turkish Lira liabilities required reserve ratio for deposits / participation were differentiated according to the maturity structure of deposits/ funds. These ratios are below:

- i) Turkish Lira required reserve ratio:

TL Liabilities	Required Reserve Ratio (%)
Demand deposits, notice deposits, private current accounts	8
Deposits/participation accounts up to 1-month maturity	8
Deposits/participation accounts up to 3 months maturity	7
Deposits/participation accounts up to 6 months maturity	7
Deposits/participation accounts up to 1-year maturity	6
Deposits/participation accounts with 1-year and longer maturity and cumulative deposits/participation accounts	5
Special funds	Ratios corresponding to maturities
Other than deposits/participation accounts	8

- ii) Foreign currency required reserve ratio of 11% has not been changed.

2. In accordance with Communiqué No. 2011/2 “Amendment on the Reserve Requirements Scale” published in the Official Gazette No. 27825 dated 24.01.2011 , to be effective after 04/02/2011, the Turkish Lira demand required reserve ratios, and special notice deposits current accounts, term deposits up to 1 month / sharing accounts, time deposits up to 3 months / participate in special fund accounts and deposit pools / other liabilities to non-participation fund was set. These ratios are below:

- i) Turkish Lira required reserve ratio:

TL Liabilities	Reserve Deposit Rates (%)
Demand deposits, notice deposits, private current accounts	12
Deposits/participation accounts up to 1-month maturity	10
Deposits/participation accounts up to 3 months maturity	9
Deposits/participation accounts up to 6 months maturity	7
Deposits/participation accounts up to 1-year maturity	6
Deposits/participation accounts with 1-year and longer maturity and cumulative deposits/participation accounts	5
Special funds	Ratios corresponding to maturities
Other than deposits/participation accounts	9

- ii) Foreign currency required reserve ratio of 11% has not been changed.
- b) Information about effects on foreign currency transactions and financial statements of significant changes in foreign exchange rates after balance sheet date and foreign operations of the Parent Bank: None.

SECTION SIX

OTHER EXPLANATIONS AND FOOTNOTES

I. Other explanations related to the Group's operations:

None.

SECTION SEVEN

INDEPENDENT AUDITORS' REPORT

I. Information on the independent auditors' report

The consolidated financial statements as of and for the year ended 31 December 2010 have been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş (the Turkish member firm of KPMG International Cooperative, a Swiss entity) and the independent auditors' report dated on 18 February 2011 is presented in the introduction of this report.

II. Information and disclosures prepared by the independent auditors

None.