



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

Tekstil Bankası Anonim Şirketi

Consolidated Financial Statements

As at and for the Year Ended

31 December 2011

With Independent Auditors' Report Thereon

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik
Anonim Şirketi
22 February 2012

*This report contains 1 page of
independent auditors' report and 76
pages of consolidated financial
statements together with their
explanatory notes.*



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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 subsidiary as at 31 December 2011 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 subsidiary as at 31 December 2011, 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,
22 February 2012

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 2011

Address of the Bank's

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

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

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

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

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

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

Contact information for questions on this financial report:

Name-Surname : M. Sercan Çoban
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SECTION ONE

GENERAL INFORMATION

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

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

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

The capital of the Parent Bank is TL 420,000 as at 31 December 2011 and is fully paid. GSD Holding Anonim Şirketi ("GSD Holding") owns 75.50%, GSD Dış Ticaret Anonim Şirketi owns 1% and GSD Denizcilik Gayrimenkul İnşaat San. ve Tic. Anonim Şirketi owns 0.04% of the outstanding shares of the Bank. The Bank is a subsidiary of GSD Holding. Remaining shares have been listed on Istanbul Stock Exchange since 23 May 1990.

The ultimate business of GSD Holding, which was initially established as a foreign trade company in 1986 and became a holding company to build a more efficient corporate structure for GSD Group Companies in 1996, is management of assets. GSD Holding also aims to manage the growth of the Group, finance and invest in profitable businesses. GSD Holding's shares have been listed on Istanbul Stock Exchange since 11 November 1999. The nominal value of its shares is TL 250,000 as at 31 December 2011. A major portion of its shares 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.
Financial Services:	Tekstil Factoring Hizmetleri A.Ş., Tekstil Yatırım Menkul Değerler A.Ş. ("Tekstil Yatırım")
Other:	Tasfiye Halinde Tekstil Bilişim Hizmetleri ve Ticaret A.Ş., GSD Denizcilik Gayrimenkul İnşaat San. ve Tic. A.Ş., 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 and Audit Committee:	Akgün TÜRER	Chairman of the Board of Directors and Audit Committee	Graduate
Member of Audit Committee:	İ.Sencan DEREBEYOĞLU	Member of Board of Directors and Audit Committee	Graduate
Member of Board of Directors:	İ. Sühan ÖZKAN	Vice Chairman of Board of Directors	Under-Graduate
	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:	Ayperi G. URAS (**)	Information Technologies and Operations Group	Graduate
	Gülden AKDEMİR (*)	Financial Control Group	Under-Graduate
	D.Halit DÖVER	International Relations Group	Graduate
	Bozok EVRENOSOĞLU	Loans Group	Under-Graduate
	Hüseyin H. İMECE	Treasury and Investors Relations Group	Under-Graduate
	Başbuğ Y. SAMANCIOĞLU	Corporate and Commercial Banking Group	Under-Graduate
Statutory Auditors:	M.Sedat ÖZKANLI	Statutory Auditor	Under-Graduate
	Sedat TEMELTAŞ	Statutory Auditor	Under-Graduate

(*) Nuriye Plotkin, Executive Vice President of the Financial Control Group, has resigned in May 2011. Gülden Akdemir was appointed as the Executive Vice President of the Financial Control Group in May 2011.

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

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

As at 31 December 2011, the Bank has 44 branches close to industrial zones of Turkey and a representative office in Berlin, Germany. The Bank has 880 employees as at 31 December 2011 (As at 31 December 2010 number of branches was 44, number of employees was 903).

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

V. Other information

Bank's Official Title	: Tekstil Bankası Anonim Şirketi
Reporting Period	: 1 January – 31 December 2011
Address of Bank's Headquarters	: Maslak Mah. Büyükdere Cad. No: 247 34398 Şişli - İstanbul
Telephone number	: (0212) 335 53 35
Fax number	: (0212) 328 13 28
Bank's Internet Address	: www.tekstilbank.com.tr
Reporting currency	: Thousands of Turkish Lira

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)
AS AT 31 DECEMBER 2011 AND 2010
(Currency: Thousands of TL - Turkish Lira)

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

ASSETS	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
		CURRENT PERIOD			PRIOR PERIOD		
		31/12/2011			31/12/2010		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(5.1.1)	96,961	206,780	303,741	87,146	87,779	174,925
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	22,820	3,005	25,825	4,182	574	4,756
2.1 Trading Securities		22,820	3,005	25,825	4,182	574	4,756
2.1.1 Public Sector Debt Securities		-	404	404	13	347	360
2.1.2 Share Certificates		375	-	375	-	-	-
2.1.3 Positive Value of Trading Derivatives		21,811	2,601	24,412	4,169	227	4,396
2.1.4 Other Securities		634	-	634	-	-	-
2.2 Financial Assets Designated at Fair Value		-	-	-	-	-	-
2.2.1 Public Sector Debt Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Securities		-	-	-	-	-	-
III. BANKS	(5.1.3)	10,162	97,380	107,542	105	76,039	76,144
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)	327,145	23,073	350,218	302,960	20,403	323,363
5.1 Share Certificates		-	660	660	-	371	371
5.2 Public Sector Debt Securities		319,924	12,708	332,632	296,828	10,746	307,574
5.3 Other Securities		7,221	9,705	16,926	6,132	9,286	15,418
VI. LOANS	(5.1.5)	1,994,016	516,459	2,510,475	1,490,447	382,582	1,873,029
6.1 Loans		1,951,683	516,459	2,468,142	1,455,228	382,582	1,837,810
6.1.1 Loans Utilized to the Bank's Risk Group		45,858	75	45,933	17,714	19	17,733
6.1.2 Public Sector Debt Securities		-	-	-	-	-	-
6.1.3 Others		1,905,825	516,384	2,422,209	1,437,514	382,563	1,820,077
6.2 Loans under Follow-Up		107,171	-	107,171	93,965	-	93,965
6.3 Specific Provisions (-)		64,838	-	64,838	58,746	-	58,746
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	1	-	1
9.1 Equity Method Associates		-	-	-	-	-	-
9.2 Unconsolidated Associates		1	-	1	1	-	1
9.2.1 Financial Associates		1	-	1	1	-	1
9.2.2 Non-Financial Associates		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	(5.1.8)	41	-	41	47	-	47
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		41	-	41	47	-	47
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)	80,013	-	80,013	77,146	-	77,146
XV. INTANGIBLE ASSETS (Net)	(5.1.13)	1,532	-	1,532	1,667	-	1,667
15.1 Goodwill		-	-	-	-	-	-
15.2 Others		1,532	-	1,532	1,667	-	1,667
XVI. INVESTMENT PROPERTY (Net)	(5.1.14)	-	-	-	-	-	-
XVII. TAX ASSETS	(5.1.15)	4,718	-	4,718	1,617	-	1,617
17.1 Current Tax Assets		-	-	-	-	-	-
17.2 Deferred Tax Assets		4,718	-	4,718	1,617	-	1,617
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)	77,636	41,369	119,005	34,139	4,546	38,685
TOTAL ASSETS		2,615,045	888,066	3,503,111	1,999,457	571,923	2,571,380

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 2011 AND 2010
(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		
		31/12/2011			31/12/2010		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(5.II.1)	1,354,673	1,101,882	2,456,555	1,063,713	719,034	1,782,747
1.1 Deposits of the Bank's Risk Group		21,534	37,907	59,441	38,181	36,233	74,414
1.2 Others		1,333,139	1,063,975	2,397,114	1,025,532	682,801	1,708,333
II. NEGATIVE VALUE OF TRADING DERIVATIVES	(5.II.2)	22,480	4,293	26,773	5,101	1,805	6,906
III. FUNDS BORROWED	(5.II.3)	36,812	204,927	241,739	16,947	50,379	67,326
IV. DUE TO MONEY MARKETS		126,255	-	126,255	143,166	-	143,166
4.1 Interbank Money Market		-	-	-	-	-	-
4.2 Istanbul Stock Exchange		-	-	-	-	-	-
4.3 Obligations under Repurchase Agreements		126,255	-	126,255	143,166	-	143,166
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		5,874	2,752	8,626	10,781	899	11,680
VIII. OTHER EXTERNAL RESOURCES	(5.II.4)	72,785	9,101	81,886	25,930	7,316	33,246
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	(5.II.5)	-	-	-	-	2	2
10.1 Financial Lease Payables		-	-	-	-	2	2
10.2 Operational Lease Payables		-	-	-	-	-	-
10.3 Others		-	-	-	-	-	-
10.4 Deferred Financial Leasing Expenses (-)		-	-	-	-	-	-
XI. HEDGING PURPOSE DERIVATIVES	(5.II.6)	-	-	-	-	-	-
11.1 Fair Value Hedge		-	-	-	-	-	-
11.2 Cash Flow Hedge		-	-	-	-	-	-
11.3 Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
XII. PROVISIONS	(5.II.7)	32,047	-	32,047	22,376	-	22,376
12.1 General Provisions		20,191	-	20,191	12,378	-	12,378
12.2 Restructuring Provisions		-	-	-	-	-	-
12.3 Reserve for Employee Benefits		6,172	-	6,172	5,401	-	5,401
12.4 Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5 Other Provisions		5,684	-	5,684	4,597	-	4,597
XIII. TAX LIABILITIES	(5.II.8)	11,440	-	11,440	7,387	-	7,387
13.1 Current Tax Liability		11,440	-	11,440	7,387	-	7,387
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)	516,920	870	517,790	495,609	935	496,544
16.1 Paid-In Capital		420,000	-	420,000	420,000	-	420,000
16.2 Supplementary Capital		17,736	870	18,606	21,051	935	21,986
16.2.1 Share Premium		(814)	-	(814)	(814)	-	(814)
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Valuation Differences of Securities		(289)	870	581	7,285	935	8,220
16.2.4 Revaluation Fund on Tangible Assets		18,839	-	18,839	14,580	-	14,580
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		54,558	-	54,558	34,516	-	34,516
16.3.1 Legal Reserves		5,830	-	5,830	4,929	-	4,929
16.3.2 Status Reserves		-	-	-	-	-	-
16.3.3 Extraordinary Reserves		48,728	-	48,728	29,587	-	29,587
16.3.4 Other Profit Reserves		-	-	-	-	-	-
16.4 Profit or Loss		24,626	-	24,626	20,042	-	20,042
16.4.1 Prior Periods' Profit or Loss		-	-	-	-	-	-
16.4.2 Current Period Profit or Loss		24,626	-	24,626	20,042	-	20,042
16.5 Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		2,179,286	1,323,825	3,503,111	1,791,010	780,370	2,571,380

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

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED OFF BALANCE SHEET ITEMS STATEMENTS
AS AT 31 DECEMBER 2011 AND 2010
(Currency: Thousands of TL - Turkish Lira)

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

	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
		CURRENT PERIOD			PRIOR PERIOD		
		31/12/2011			31/12/2010		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-III)		1,779,779	2,329,008	4,108,787	1,243,199	1,399,418	2,642,617
I. GUARANTEES	(5.IV.1)	541,548	683,600	1,225,148	406,901	481,320	888,221
1.1. Letters of Guarantee		540,963	346,745	887,708	406,901	311,345	718,246
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		540,963	346,745	887,708	406,901	311,345	718,246
1.2. Bank Acceptances		-	7,041	7,041	-	3,169	3,169
1.2.1. Import Letter of Acceptance		-	7,041	7,041	-	3,169	3,169
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	303,685	303,685	-	147,933	147,933
1.3.1. Documentary Letters of Credit		-	189,100	189,100	-	89,627	89,627
1.3.2. Other Letters of Credit		-	114,585	114,585	-	58,306	58,306
1.4. Prefinancing Given As Guarantee		-	-	-	-	1,440	1,440
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		585	26,129	26,714	-	17,433	17,433
1.9. Other Sureties		-	-	-	-	-	-
II. COMMITMENTS	(5.IV.1)	353,284	29,050	382,334	331,815	55,105	386,920
2.1. Irrevocable Commitments		353,284	29,050	382,334	331,815	55,105	386,920
2.1.1. Asset Purchase and Sale Commitments		23,541	29,050	52,591	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		50,752	-	50,752	43,871	-	43,871
2.1.5. Securities Issuance Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheque Payments		79,430	-	79,430	75,425	-	75,425
2.1.8. Tax and Fund Obligations from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		198,968	-	198,968	194,383	-	194,383
2.1.10. Commitments for Promotional Operations Re-Credit Cards and Banking Services		593	-	593	603	-	603
2.1.11. Receivables from "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.12. Payables for "Short" Sale Commitments On Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		-	-	-	-	-	-
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.IV.3)	884,947	1,616,358	2,501,305	504,483	862,993	1,367,476
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		884,947	1,616,358	2,501,305	504,483	862,993	1,367,476
3.2.1. Forward Foreign Currency Purchases/Sales		176,316	229,793	406,109	76,573	218,101	294,674
3.2.1.1. Forward Foreign Currency Purchases		78,264	122,892	201,156	31,515	115,504	147,019
3.2.1.2. Forward Foreign Currency Sales		98,052	106,901	204,953	45,058	102,597	147,655
3.2.2. Currency and Interest Rate Swaps		267,529	667,652	935,181	82,496	250,190	332,686
3.2.2.1. Currency Swaps-Purchases		67,225	401,512	468,737	80,248	85,188	165,436
3.2.2.2. Currency Swaps-Sales		200,304	266,140	466,444	2,248	165,002	167,250
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		441,102	718,913	1,160,015	345,414	394,702	740,116
3.2.3.1. Currency Options-Purchases		227,704	351,961	579,665	175,717	194,299	370,016
3.2.3.2. Currency Options-Sales		213,398	366,952	580,350	169,697	200,403	370,100
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)		2,436,696	856,732	3,293,428	1,692,066	784,935	2,477,001
IV. ITEMS HELD IN CUSTODY		244,423	28,896	273,319	150,864	19,196	170,060
4.1. Customers' Securities and Portfolios Held		-	-	-	-	-	-
4.2. Securities Held in Custody		149,571	9,485	159,056	90,314	7,764	98,078
4.3. Checks Received for Collection		65,180	11,518	76,698	42,731	2,592	45,323
4.4. Commercial Notes Received for Collection		18,038	3,945	21,983	11,716	4,454	16,170
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items under Custody		401	-	401	359	-	359
4.8. Custodians		11,233	3,948	15,181	5,744	4,386	10,130
V. PLEDGED ITEMS		2,158,527	827,485	2,985,982	1,541,202	765,430	2,306,632
5.1. Securities		8,915	-	8,915	3,481	-	3,481
5.2. Guarantee Notes		3,753	14,873	18,626	4,242	11,300	15,542
5.3. Commodities		65,882	42,428	108,310	54,924	21,314	76,238
5.4. Warrants		1,055	-	1,055	102	-	102
5.5. Immovables		1,469,709	675,997	2,145,706	1,117,398	621,867	1,739,265
5.6. Other Pledged Items		609,213	94,157	703,370	361,055	110,949	472,004
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		33,746	381	34,127	-	309	309
TOTAL OFF BALANCE SHEET ITEMS (A+B)		4,216,475	3,185,740	7,402,215	2,935,265	2,184,353	5,119,618

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 2011 AND 2010
(Currency: Thousands of TL - Turkish Lira)

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

INCOME AND EXPENSE ITEMS	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA	
		CURRENT PERIOD	PRIOR PERIOD
		(01/01/2011 - 31/12/2011)	(01/01/2010 - 31/12/2010)
I. INTEREST INCOME	(5.III.1)	257,970	187,407
1.1 Interest from Loans		228,237	156,850
1.2 Interest from Reserve Deposits		-	-
1.3 Interest from Banks		1,485	2,305
1.4 Interest from Money Market Transactions		8	38
1.5 Interest from Securities Portfolio		27,929	26,561
1.5.1 Trading Securities		23	18
1.5.2 Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.3 Available for Sale Securities		27,906	26,543
1.5.4 Held to Maturity Securities		-	-
1.6 Interest from Financial Leases		-	-
1.7 Other Interest Income		311	1,653
II. INTEREST EXPENSE	(5.III.2)	150,777	89,436
2.1 Interest on Deposits		134,442	79,482
2.2 Interest on Funds Borrowed		6,787	3,585
2.3 Interest on Money Market Transactions		9,439	6,256
2.4 Interest on Securities Issued		-	-
2.5 Other Interest Expense		109	113
III. NET INTEREST INCOME (I - II)		107,193	97,971
IV. NET FEE AND COMMISSION INCOME		18,828	17,869
4.1 Fees and Commissions Received		23,201	21,824
4.1.1 Non-Cash Loans		10,852	7,964
4.1.2 Other		12,349	13,860
4.2 Fees and Commissions Paid		4,373	3,955
4.2.1 Non-Cash Loans		337	152
4.2.2 Other		4,036	3,803
V. DIVIDEND INCOME	(5.III.3)	5	30
VI. TRADING INCOME/LOSS (Net)	(5.III.4)	14,451	11,041
6.1 Profit / Loss on Trading Account Securities		9,839	8,175
6.2 Derivative Instruments Gain / Loss		(8,051)	(10,972)
6.3 Foreign Exchange Gain / Loss		12,663	13,838
VII. OTHER OPERATING INCOME	(5.III.5)	18,014	18,049
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		158,491	144,960
IX. IMPAIRMENT ON LOANS AND OTHER RECEIVABLES (-)	(5.III.6)	23,437	18,689
X. OTHER OPERATING EXPENSES (-)	(5.III.7)	104,361	100,324
XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)		30,693	25,947
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)	30,693	25,947
XVI. TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(5.III.9)	(6,067)	(5,905)
16.1 Current Tax Provision		(9,366)	(6,211)
16.2 Deferred Tax Provision		3,299	306
XVII. NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)	(5.III.10)	24,626	20,042
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)	-	-
XXIII. NET PROFIT/LOSS (XVII+XXII)	(5.III.11)	24,626	20,042
23.1 Group's Profit / Loss		24,626	20,042
23.2 Minority Shares		-	-
Earnings / Losses per Share (Full TL)		0.0059	0.0048

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

TEKSTIL BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSE UNDER EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010
(Currency: Thousands of TL - Turkish Lira)

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

PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY	THOUSANDS OF TURKISH LIRA	
	CURRENT PERIOD (01/01/2011 - 31/12/2011)	PRIOR PERIOD (01/01/2010 - 31/12/2010)
I. ADDITIONS TO VALUATION DIFF. ON SECURITIES FROM AVAILABLE FOR SALE INVESTMENTS	(9,530)	6,181
II. REVALUATION ON TANGIBLE ASSETS	4,484	10,055
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 ERROR!	-	-
VIII. OTHER PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY PER TURKISH ACCOUNTING STANDARD!	-	-
IX. DEFERRED AND CURRENT TAXES ON VALUATION DIFFERENCES	1,666	(2,545)
X. NET PROFIT/LOSS RECOGNIZED IN EQUITY (I+II+...+IX)	(3,380)	13,691
XI. CURRENT PERIOD PROFIT/LOSS	24,626	20,042
11.1 Net Change in Fair Value of Securities (Transfer to Profit & Loss)	808	339
11.2 Ineffective Portion of Profit/Loss Related to Derivatives Used in Cash Flow Hedge:	-	-
11.3 Ineffective Portion of Profit/Loss Related to Derivatives Used in Hedge of a Net Investment in Foreign Subsidiaries	-	-
11.4 Others	23,818	19,703
XII. TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD (X±XI)	21,246	33,733

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

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010
(Currency: Thousands of TL - Turkish Lira)

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

CHANGES IN SHAREHOLDERS' EQUITY	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 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
PRIOR 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
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)	-	4,252	-	14,105	-	16,159	-	4,082	5,027	-	-	-	462,811	-	462,811
Changes in the Period																			
IV. Increase / Decrease Related to Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V. Valuation Difference of Available-for-Sale Securities	(5.V.1)	-	-	-	-	-	-	-	-	-	-	4,138	-	-	-	-	4,138	-	4,138
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		-	-	-	-	-	-	-	-	-	-	-	9,553	-	-	-	9,553	-	9,553
VIII. Revaluation fund on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Capital Bonus of Associates,Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Changes Related to Sale of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Changes Related to Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Effect of Changes in Equities of Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Domestic sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Issuences of Share Certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Abolition profit of Share Certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Capital Reserves from Inflation Adjustments to Paid-In Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX. Current Period Net Profit / Loss		-	-	-	-	-	-	-	-	20,042	-	-	-	-	-	-	20,042	-	20,042
XX. Profit Distribution		-	-	-	-	677	-	15,482	-	(16,159)	-	-	-	-	-	-	-	-	-
20.1 Dividends		-	-	-	-	677	-	15,482	-	(16,159)	-	-	-	-	-	-	-	-	-
20.2 Transferred to Reserves	(5.V.3)	-	-	-	-	677	-	15,482	-	(16,159)	-	-	-	-	-	-	-	-	-
20.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the End of Period (III+IV+V+.....+XVIII+XIX+XX) - 31/12/2010		420,000	-	(814)	-	4,929	-	29,587	-	20,042	-	8,220	14,580	-	-	-	496,544	-	496,544
CURRENT PERIOD																			
31/12/2011																			
I. Balances at the Beginning of Period - 01/01/2011		420,000	-	(814)	-	4,929	-	29,587	-	20,042	-	8,220	14,580	-	-	-	496,544	-	496,544
Changes in the Period																			
II. Increase / Decrease Related to Mergers		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Valuation Difference of Available-for-Sale Securities	(5.V.1)	-	-	-	-	-	-	-	-	-	-	(7,639)	-	-	-	-	(7,639)	-	(7,639)
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		-	-	-	-	-	-	-	-	-	-	-	4,259	-	-	-	4,259	-	4,259
VI. Revaluation fund on intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Bonus of Associates,Subsidiaries and Joint Ventures		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Changes Related to Sale of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Changes Related to Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Effect of Changes in Equities of Associates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII. Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Domestic sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII. Issuences of Share Certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV. Abolition profit of Share Certificates		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV. Capital Reserves from Inflation Adjustments to Paid-In Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII. Current Period Net Profit / Loss		-	-	-	-	-	-	-	-	24,626	-	-	-	-	-	-	24,626	-	24,626
XVIII. Profit Distribution		-	-	-	-	901	-	19,141	-	(20,042)	-	-	-	-	-	-	-	-	-
18.1 Dividends		-	-	-	-	901	-	19,141	-	(20,042)	-	-	-	-	-	-	-	-	-
18.2 Transferred to Reserves	(5.V.3)	-	-	-	-	901	-	19,141	-	(20,042)	-	-	-	-	-	-	-	-	-
18.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the End of Period (I+II+III+.....+XVI+XVII+XVIII) - 31/12/2011		420,000	-	(814)	-	5,830	-	48,728	-	24,626	-	581	18,839	-	-	-	517,790	-	517,790

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 2011 AND 2010
(Currency: Thousands of TL - Turkish Lira)

	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA	
		CURRENT PERIOD (01/01/2011 - 31/12/2011)	PRIOR PERIOD (01/01/2010 - 31/12/2010)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit before Changes in Operating Assets and Liabilities		41,942	56,848
1.1.1 Interest Received		234,817	183,671
1.1.2 Interest Paid		(137,761)	(87,520)
1.1.3 Dividend Received		5	30
1.1.4 Fees And Commissions Received		19,867	19,227
1.1.5 Other Income		14,377	17,819
1.1.6 Collections from Non-performing Loans		15,105	20,986
1.1.7 Payments to Personnel and Service Suppliers		(63,653)	(59,444)
1.1.8 Taxes Paid		(11,636)	(10,294)
1.1.9 Other	(5.VI.3)	(29,179)	(27,627)
1.2 Changes in Operating Assets and Liabilities		92,757	72,586
1.2.1 Net (Increase) Decrease in Trading Securities		(1,461)	351
1.2.2 Net (Increase) Decrease in Financial Assets Designated at FV		-	-
1.2.3 Net (Increase) Decrease in Banks		(42,207)	(8,268)
1.2.4 Net (Increase) Decrease in Loans		(656,870)	(312,893)
1.2.5 Net (Increase) Decrease in Other Assets	(5.VI.3)	(70,767)	9,229
1.2.6 Net Increase (Decrease) in Bank Deposits		(7,882)	4,932
1.2.7 Net Increase (Decrease) in Other Deposits		671,840	315,531
1.2.8 Net Increase (Decrease) in Funds Borrowed		154,338	58,538
1.2.9 Net Increase (Decrease) in Due Payables		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	(5.VI.3)	45,766	5,166
I. Net Cash Provided by Banking Operations		134,699	129,434
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Used in Investing Activities		(25,189)	(87,822)
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		(2,241)	(475)
2.4 Fixed Assets Sales		128	33
2.5 Cash Paid for Purchase of Investments Available for Sale		(215,260)	(170,816)
2.6 Cash Obtained From Sale of Investments Available for Sale		192,184	83,387
2.7 Cash Paid for Purchase of Investment Securities		-	-
2.8 Cash Obtained from Sale of Investment Securities		-	-
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Used in Financing Activities		(2)	(135)
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Capital Increase		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(2)	(135)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(5.VI.3)	8,478	1,158
V. Net Increase in Cash and Cash Equivalents (I+II+III+IV)		117,986	42,635
VI. Cash and Cash Equivalents at the Beginning of Period	(5.VI.1,2)	194,817	152,182
VII. Cash and Cash Equivalents at the End of Period (V+VI)	(5.VI.1,2)	312,803	194,817

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

TEKSTİL BANKASI A.Ş.
STATEMENTS OF PROFIT DISTRIBUTION
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010
(Currency: Thousands of TL - Turkish Lira)

	THOUSANDS OF TURKISH LIRA	
	CURRENT PERIOD (01/01/2011 - 31/12/2011)	PRIOR PERIOD (01/01/2010 - 31/12/2010)
I. DISTRIBUTION OF CURRENT YEAR INCOME (**)		
1.1 CURRENT YEAR INCOME	27,377	19,335
1.2 TAXES AND DUTIES PAYABLE (-)	5,359	5,103
1.2.1 Corporate Tax (Income Tax)	8,469	5,409
1.2.2 Income Withholding Tax	-	-
1.2.3 Other Taxes and Duties	(3,110)	(306)
A. NET INCOME FOR THE YEAR (1.1-1.2)	22,018 (*)	14,232
1.3 PRIOR YEARS LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	712
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NETINCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	-	13,520
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 PERSONEL (-)	-	-
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	-	13,520
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	0.0052 (*)	0.0034
3.2 TO OWNERS OF ORDINARY SHARES (%)	5.2 (*)	3.4
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 belong 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 is reflected to income statement.

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

Additional paragraph for convenience translation to English

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

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

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

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

Strategy for the use of financial instruments:

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

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

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

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

Transactions denominated in foreign currencies:

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

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

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

The Parent Bank has no consolidating associate.

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

Tekstil Yatırım and "The Euro Textile International Banking Unit Ltd." (ETB) which are financial subsidiaries of the Bank are consolidated to accompanying financial statements as of 31 December 2010. ETB, subsidiary of Parent Bank established in abroad, has been liquidated as at 18 July 2011.

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

The carrying amount of the Parent Bank's investment in each subsidiary and the Bank's portion of equity of each subsidiary are eliminated. All intercompany transactions and intercompany balances between the consolidated subsidiaries and the Parent Bank are eliminated. The financial statements which have been used in the consolidation are prepared as at 31 December 2011 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 communique, 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 contracts. Spot currency buying-selling transactions and currency swaps with two days value date of the Group are classified under assets purchase and sale commitments.

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

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

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

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

V. Interest income and expense

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

VI. Fees and commissions

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

VII. Financial assets

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

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

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

2. Investment securities available-for-sale:

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

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

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

3. Loans and receivables:

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

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

4. Investment securities held-to-maturity:

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

In the first quarter of 2009, the Parent Bank has sold a certain portion of its securities classified in held to maturity portfolio before the maturity dates of such securities. The Parent Bank could 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 is reviewed at each balance sheet date to determine whether there is an objective indicator of impairment. If any such indicator exists, the Group estimates the amount of impairment.

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

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

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

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

Since the consumer loans of the Parent Bank do not exceed the ratios mentioned above as at 31 December 2011, additional general loan loss provision has not been calculated.

IX. Offsetting financial instruments

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

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

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

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

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

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

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

XI. Assets held for sale and discontinued operations

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

The Group does not have any assets held for sale.

The Group does not have any discontinued operations.

XII. Goodwill and other intangible assets

There is no goodwill in the accompanying consolidated financial statements as at 31 December 2011 and 2010.

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

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

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

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

XIII. Tangible assets

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

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

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

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

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

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

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

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

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

The Parent Bank applies revaluation model for the buildings as permitted by TAS 16 "Property, Plant and Equipment". For this purpose, fair values of the buildings are determined by a third party appraiser, which is commissioned by BRSA and Capital Markets Board. The fair value surplus is recognized in "Revaluation Fund on Tangible Assets" within the equity items. As at 31 December 2011, revaluation surplus on tangible assets amounts to TL 19,831 (31 December 2010: TL 15,347) and impairment on tangible assets amounts to TL 699 TL (31 December 2010: TL 699).

XIV. Leasing activities

The Group recognize an amount for the tangible assets acquired through the financial lease as 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

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

XVIII. Taxation

a. Current taxes:

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

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

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

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

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

b. Deferred taxes:

In accordance with TAS 12 "Income Taxes", the 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 Group has calculated deferred tax based on the principles above and reflected to the consolidated financial statements.

c. Transfer pricing:

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

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

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

XIX. Additional explanations on borrowings

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

XX. Issued stock

There is no issued stock in the current period.

XXI. Acceptances

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

XXII. Government grants

As at 31 December 2011 and 2010, 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 at 31 December 2011; some reclassifications have been made in the consolidated income statement and consolidated statement of cash flows for the period ended 31 December 2010.

SECTION FOUR

CONSOLIDATED FINANCIAL POSITION

I. Consolidated capital adequacy ratio

As at 31 December 2011, the Group's consolidated capital adequacy ratio is 15.93% (31 December 2010: 19.50%). 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)	724,011	153,053	616,764	1,915,695	11,668	38,594	728,529	167,425	616,764	1,910,310	11,668	38,594
Cash in Vault	28,358	-	-	-	-	-	28,358	-	-	-	-	-
Due Dated Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	176,926	-	-	-	-	-	176,926	-	-	-	-	-
Domestic and Foreign Banks, Foreign Branches	-	107,257	-	-	-	-	-	107,520	-	-	-	-
Interbank Money Market	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Reverse Repos	-	-	-	-	-	-	-	-	-	-	-	-
Reserve Deposits	98,457	-	-	-	-	-	98,457	-	-	-	-	-
Loans	86,954	-	616,764	1,646,820	11,668	38,594	86,954	-	616,764	1,653,907	11,668	38,594
Non-performing Loans (Net)	-	-	-	42,333	-	-	-	-	-	42,333	-	-
Receivables from Leasing Operations	-	-	-	-	-	-	-	-	-	-	-	-
Investments Available-for-Sale	314,637	5,911	-	9,780	-	-	318,951	6,903	-	9,780	-	-
Investments Held-to-Maturity	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Receivables	-	39,521	-	5,628	-	-	-	52,566	-	5,901	-	-
Accrued Interest and Other Income	13,681	364	-	60,840	-	-	13,681	436	-	60,933	-	-
Investments in Associates, Subsidiaries and Joint Ventures (Net)	-	-	-	13,127	-	-	-	-	-	42	-	-
Tangible Assets	-	-	-	91,157	-	-	-	-	-	91,369	-	-
Other Assets	4,998	-	-	46,010	-	-	5,202	-	-	46,045	-	-
Off-Balance Sheet Items	14,151	27,462	20,948	582,393	-	-	14,151	27,462	20,948	582,392	-	-
Non-Cash Loans and Commitments	14,151	23,917	20,948	574,647	-	-	14,151	23,917	20,948	574,646	-	-
Derivatives	-	3,545	-	7,746	-	-	-	3,545	-	7,746	-	-
Accounts Not Risk Weighted	-	-	-	-	-	-	-	-	-	-	-	-
Total Risk Weighted Assets	738,162	180,515	637,712	2,498,088	11,668	38,594	742,680	194,887	637,712	2,492,702	11,668	38,594

Summary information related to consolidated and unconsolidated capital adequacy ratios:

	Unconsolidated		Consolidated	
	Current Period	Prior Period	Current Period	Prior Period
Risk Weighted Assets (RWA)	2,947,737	2,172,903	2,945,225	2,163,063
Market Risk (MR)	39,263	26,200	39,988	26,463
Operational Risk (OR)	293,344	323,371	299,319	327,543
Shareholders' Equity	520,259	490,345	523,313	490,810
Shareholders' Equity /(RWA+MR+OR) *100	15.86	19.44	15.93	19.50

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	5,830	4,929
I. Legal Reserve (Turkish Commercial Code 466/1)	5,830	4,929
II. Legal Reserve (Turkish Commercial Code 466/2)	-	-
Other Legal Reserve per Special Legislation	-	-
Status Reserves	-	-
Extraordinary Reserves	48,728	29,587
Reserve Allocated at the General Assembly	-	-
Retained Earnings	48,728	29,587
Accumulated Losses	-	-
Foreign Currency Translation Differences	-	-
Inflation Component of Legal Reserves, Status Reserves and Extraordinary Reserves	-	-
Profit	24,626	20,042
Current Period Profit	24,626	20,042
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 (-)	573	857
Prepaid Expenses (-) (*)	-	1,082
Intangible Assets (-)	1,532	1,667
Deferred Tax Assets (Amount Exceeding 10% of the Core Capital) (-)	-	-

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Amount Excess of Article 56/3 of the Law (-)	-	-
Total Core Capital	496,265	470,138
SUPPLEMENTARY CAPITAL		
General Loan Loss Reserves	20,191	12,378
45% of Revaluation Fund of Securities	-	-
45% of Revaluation Fund of Real Estate	8,478	6,561
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)	261	3,699
Associates and Subsidiaries	-	-
Investments Available-for-Sale	261	3,699
Inflation Component of Capital Reserves, Profit Reserves and Prior Period Profits	-	-
Total Supplementary Capital	28,930	22,638
TIER III CAPITAL	-	-
CAPITAL	525,195	492,776
DEDUCTIONS FROM CAPITAL	1,882	1,966
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	1,882	1,966
Others	-	-
TOTAL SHAREHOLDERS' EQUITY	523,313	490,810

(*) In accordance with the change in communiqué regarding “Measurement and Assessment of Capital Adequacy Ratios of Banks” published on the Official Gazette no.27870 dated 10 March 2011, prepaid expenses are deducted from measurement of shareholders’ equity and included in the measurement of credit risk.

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 is 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 is 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 attach importance to credit guarantees. Guarantees is 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 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 a risk evaluation structure within the Parent Bank where the countries and their market risks are analyzed in a foreign funding transaction although the Group's credit portfolio does not include significant foreign operations and credit transactions yet. As the international interbank credit transactions of the Group are assessed, there is no significant international credit risk concentration. As at 31 December 2011, the ratio of loans under follow-up to total loans is 4.2% (31 December 2010: 4.9%).
- 6.a) As at 31 December 2011, the share of the top 100 cash loan customers constitutes 43% of the total cash loans portfolio (31 December 2010: 50%).
 - b) As at 31 December 2011, the share of the top 100 non-cash loan customers constitute 73% of the total non-cash loans portfolio (31 December 2010: 70%).
 - c) As at 31 December 2011, the Group's total cash and non-cash loans from its top 100 loan customers comprise 15% of the aggregate of total assets and off-balance sheet items (31 December 2010: 17%).
7. As at 31 December 2011, the Group's general loan provision amounts to TL 20,191 (31 December 2010: TL 12,378).

Information regarding balances that are exposed to credit risk:

	Current Period	Prior Period
Balances with Central Bank	275,383	153,868
Trading Securities	404	360
Banks	107,542	76,144
Investment Securities Available for Sale	349,558	322,992
Loans and Other Receivables	2,510,475	1,873,029
Associates and Subsidiaries	42	48
Other Assets	103,420	24,668
Total	3,346,824	2,451,109
Guarantees	1,225,148	888,221
Commitments	1,316,754	839,401
Total	2,541,902	1,727,622
Total Credit Risk Sensitivity	5,888,726	4,178,731

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	1,922,645	1,419,161	210,118	152,059	9,705	9,286	1,674,020	1,090,077
Public Sector	-	-	-	-	333,036	307,934	-	-
Banks	-	-	-	-	7,221	6,132	1,010,613	504,871
Retail	335,379	266,590	-	-	-	-	343,614	387,354
Share Certificates	-	-	-	-	-	-	42	48
Loan concentration according to geographical regions								
Domestic	2,258,024	1,685,751	210,118	152,059	340,257	314,066	2,429,467	1,702,933
European Union Countries	-	-	-	-	9,705	9,286	563,088	206,906
OECD Countries****	-	-	-	-	-	-	10,695	2,539
Off Shore Regions	-	-	-	-	-	-	1,545	5,543
USA, Canada	-	-	-	-	-	-	19,363	31,176
Other Countries	-	-	-	-	-	-	4,131	33,253
Total	2,258,024	1,685,751	210,118	152,059	349,962	323,352	3,028,289	1,982,350

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

** Consist of Financial Assets at Fair Value Through Profit or Loss, Investment Securities Available For Sale and Investment Securities Held to Maturity. Share certificates, presented under "Financial Assets at Fair Value through Profit or Loss" and "Investment Securities Available for Sale" amounting to TL 375 and TL 660 (31 December 2010: None and TL 371) and other securities presented under "Financial Assets At Fair Value Through Profit Or Loss" amounting to TL 634 are not included. Additionally, accrual differences of derivative transactions presented in Positive Value of Trading Derivatives amounting to TL 24,412 (31 December 2010: TL 4,396) 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	3,482,077	3,227,984	1,201,447	2,241	24,626
European Union Countries	17,931	198,762	501	-	-
OECD Countries *	604	2,742	-	-	-
Off-Shore Banking Regions	-	46	1,545	-	-
USA, Canada	2,499	35,460	17,524	-	-
Other Countries	-	13,491	4,131	-	-
Subsidiaries, associates and jointly controlled companies	-	-	-	-	-
Unallocated Assets/Liabilities **	-	-	-	-	-
Total	3,503,111	3,478,485	1,225,148	2,241	24,626
Prior 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

* 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	52,864	2.71	14,639	2.83	23,395	1.61	9,758	2.55
Farming and raising livestock	47,782	2.45	14,639	2.83	19,500	1.34	9,758	2.55
Forestry	5,082	0.26	-	-	3,895	0.27	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	363,573	18.63	193,045	37.37	262,699	18.05	127,958	33.45
Mining	3,850	0.20	2,499	0.48	8,498	0.58	389	0.10
Production	343,073	17.58	137,908	26.70	221,792	15.24	99,543	26.02
Electric, gas and water	16,650	0.85	52,638	10.19	32,409	2.23	28,026	7.33
Construction	207,618	10.64	98,389	19.05	123,063	8.46	122,644	32.06
Services	937,610	48.05	189,273	36.65	603,910	41.50	117,361	30.68
Wholesale and retail trade	523,419	26.82	96,939	18.77	292,618	20.11	43,826	11.46
Hotel, food and beverage Services	34,058	1.75	74,360	14.40	14,637	1.01	60,803	15.89
Transportation and telecommunication	118,852	6.09	14,550	2.82	110,160	7.57	12,732	3.33
Financial institutions	210,125	10.77	-	-	152,059	10.45	-	-
Real estate and renting Services	1,213	0.06	-	-	-	-	-	-
Self-employment services	25,741	1.32	3,424	0.66	18,928	1.30	-	-
Education services	3,759	0.19	-	-	3,523	0.24	-	-
Health and social services	20,443	1.05	-	-	11,985	0.82	-	-
Other	390,018	19.97	21,113	4.10	442,161	30.38	4,861	1.26
Total	1,951,683	100.00	516,459	100.00	1,455,228	100.00	382,582	100.00

Information on impaired and closely monitored loans:

	Loans and advances to customers		Other assets	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Individually impaired	107,171	93,965	-	-
Allowance for impairment	64,838	58,746	-	-
Carrying amount	42,333	35,219	-	-
Collectively impaired	-	-	-	-
Allowance for impairment	-	-	-	-
Carrying amount	-	-	-	-
Past due but not impaired				
0-30 days	20,594	8,729	-	-
30-60 days	8,021	9,284	-	-
60-90 days	6,148	5,344	-	-
90-180 days	-	-	-	-
Over 180 days	-	-	-	-
Carrying amount	34,763	23,357	-	-
Neither past due nor impaired	2,426,438	1,805,964	-	-
Restructured loans	6,941	8,489	-	-
Carrying amount	2,433,379	1,814,453	-	-
Total carrying amount	2,510,475	1,873,029	-	-

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

	31 December 2011	31 December 2010
Cash loans		
Secured loans:	2,214,765	1,637,423
Secured by cash collateral	86,954	75,127
Secured by mortgages	616,764	464,196
Secured by government institutions or government securities	-	-
Secured by share certificates	21,363	121,661
Other collaterals (pledge on assets, corporate and personal guarantees, promissory notes)	1,489,684	976,439
Unsecured loans	253,377	200,387
Total	2,468,142	1,837,810
Non-cash loans (*)		
Secured loans:	985,468	664,442
Secured by cash collateral	37,346	16,870
Secured by mortgages	37,707	28,738
Secured by government institutions or government securities	-	-
Guarantees issued by financial institutions	-	-
Other collaterals (pledge on assets, corporate and personal guarantees, promissory notes)	910,415	618,834
Unsecured loans	239,680	223,779
Total	1,225,148	888,221

(*) Includes non-cash loans amounting TL 7,128 (31 December 2010: TL 3,649) which are not converted into cash but provided specific provision for, as disclosed in section 5, footnote IV, subclose 1 e).

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

	31 December 2011	31 December 2010
Secured by mortgages	29,651	40,590
Pledge on vehicles and other collateral	3,436	4,230
Total	33,087	44,820

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	2,387
(II) Capital Obligation against Specific Risk - Standard Method	83
(III) Capital Obligation against Currency Risk - Standard Method	726
(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	3
(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)	3,199
(IX) Value-At-Risk Amount (12.5 x VIII) or (12.5 x VII)	39,988

(*) Value at Risk does not represent all of TL 39,988 but 8% of which is TL 3,199 as the market risk. This amount, TL 3,199, 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	1,954	2,365	1,268	1,509	1,755	1,205
Equity Risk	95	202	45	36	105	-
Currency Risk	417	836	154	456	925	201
Commodity Risk	-	-	-	-	-	-
Clearing Risk	-	-	-	-	-	-
Option Risk	199	442	3	459	1,168	34
Total Value-At-Risk (*)	33,312	43,300	26,675	30,750	47,150	24,350

(*) The minimum and maximum values of Total VaR represent the minimum and maximum values of 12 month-end calculated total 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 2010, 2009 and 2008. Operational risk does not represent all of TL 299,319, used in computation of capital adequacy ratio at article I of this section, but 8%, of which is TL 23,946, as the operational risk. This amount, TL 23,946, 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 Group considers all foreign currency assets and liabilities and currency forward transactions in measuring capital obligation against currency risk. Net short and long positions of TL equivalents of all types of currencies are calculated. Position with the higher absolute value, which is the basis for the capital obligation, is used measuring the capital obligation for currency risk.

The 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):

	23/12/2011	26/12/2011	27/12/2011	28/12/2011	29/12/2011	30/12/2011
USD	1.8779	1.8809	1.8833	1.8847	1.8897	1.9065
GBP	2.9470	2.9493	2.9419	2.9497	2.9597	2.9366
EURO	2.4555	2.4583	2.4613	2.4633	2.4702	2.4592
JPY	0.0240	0.0241	0.0241	0.0242	0.0243	0.0245

The basic arithmetical average of the Bank's foreign exchange bid rate for the last thirty one days from 31 December 2011 (TL full):

	Monthly Average FC Exchange Bid Rates
USD	1.8577
GBP	2.9004
EURO	2.4511
JPY	0.0238

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	6,593	199,203	57	927	206,780
Banks	3,180	92,818	329	1,053	97,380
Financial Assets at Fair Value Through Profit or Loss (*)	52	352	-	-	404
Interbank Money Market Placements	-	-	-	-	-
Investment Securities Available-for-Sale	27	23,046	-	-	23,073
Loans (**)	214,345	571,272	35,048	2,090	822,755
Investments in Subsidiaries and Associates	-	-	-	-	-
Investment Securities Held-to-Maturity	-	-	-	-	-
Hedging Purpose Financial Derivatives	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets (*)	16,618	24,715	27	-	41,360
Total Assets (**)	240,815	911,406	35,461	4,070	1,191,752
Liabilities					
Bank Deposits	15	129	-	-	144
Foreign Currency Deposits	339,973	755,969	140	5,656	1,101,738
Interbank Money Markets	-	-	-	-	-
Funds Borrowed from Other Financial Institutions	62,663	140,930	-	1,334	204,927
Marketable Securities Issued	-	-	-	-	-
Miscellaneous Payables	1,098	1,595	-	59	2,752
Hedging Purpose Financial Derivatives	-	-	-	-	-
Other Liabilities (*)	3,893	4,837	-	370	9,100
Total Liabilities (*) (***)	407,642	903,460	140	7,419	1,318,661
Net On Balance Sheet Position	(166,827)	7,946	35,321	(3,349)	(126,909)
Net Off Balance Sheet Position	166,144	(12,883)	(34,606)	3,427	122,082
Financial Derivatives (Assets) (****)	263,947	505,004	32,771	82,023	883,745
Financial Derivatives (Liabilities) (****)	97,803	517,887	67,377	78,596	761,663
Non-cash Loans (****)	164,825	517,780	485	510	683,600
Prior Period					
Total Assets (*) (**)	199,463	594,191	36,495	5,456	835,605
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

(*) As at 31 December 2011, accrual differences of derivative transactions presented in "Financial Assets At Fair Value Through Profit Or Loss" and "Negative Value Of Trading Derivatives" amounting to TL 2,601 and TL 4,293, respectively, (31 December 2010: TL 227 and TL 1,805) and accrual differences of value dated transactions presented under assets in "Other Assets" and under liabilities in "Other Liabilities" amounting to TL 9 and TL 1, respectively, are not included in the table.

(**) As at 31 December 2011, "Loans" balance includes, in addition to the balance sheet amount, foreign currency indexed loans and their accruals amounting to TL 306,296 (31 December 2010: TL 263,909).

(***) As at 31 December 2011, "Valuation differences of securities" in equity amounting to TL 870 (31 December 2010: TL 935) are not included.

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

(*****) As at 31 December 2011, value dated FX buying and FX selling transactions amounting to TL 7,380 and TL 21,670, respectively, presented under "Asset Purchase and Sale Commitments" of off-balance sheet items are included (31 December 2010: TL 31,807 and TL 23,266).

The table below demonstrates prospective increase and decrease in equities and profit/loss as at 31 December 2011 and 2010 (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 2011				31 December 2010			
	Income Statement		Equity (*)		Income Statement		Equity (*)	
	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
USD	(581)	581	(494)	494	(722)	722	(628)	628
EURO	(68)	68	(68)	68	(84)	84	(84)	84
Other FC	79	(79)	79	(79)	63	(63)	63	(63)
Total, net	(570)	570	(483)	483	(743)	743	(649)	649

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

(*) Tangible and intangible assets amounting to TL 81,545, subsidiaries amounting to TL 42, assets to be disposed of amounting to TL 13,811, tax assets amounting to TL 4,178 and other assets amounting to TL 105,021 are presented within other assets as non-interest bearing; provisions amounting to TL 32,047, tax liability amounting to TL 11,440, other liabilities amounting to TL 80,495 and equity amounting to TL 517,790 are presented within other liabilities as non-interest bearing.

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	JPY %	TL %
Current Period (*)				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	1.00	0.67	-	13.59
Financial Assets at Fair Value Through Profit or Loss	4.95	5.44	-	-
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	4.62	5.48	-	6.59
Loans	7.06	7.05	8.60	15.47
Investment Securities Held-to-Maturity	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	5.04	5.18	0.90	11.78
Interbank Money Market Borrowings	-	-	-	7.94
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	4.49	2.83	-	7.48

(*) Stated at compound interest rates.

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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	-	-	-	-	-	174,925	174,925
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 to be disposed of 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 liabilities 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 %
Prior Period (*)				
Assets				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
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	0.50	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.

Possible effects of financial assets and debts' sensitivity to interest on net income and equities in the future:

The interest rate sensitivity of the income statement as at 31 December 2011 and 2010 is calculated by the effect of possible changes in interest rates on the floating rate, non-trading financial assets and liabilities. 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 2011				
Financial assets at fair value through profit or loss	(18)	18	(18)	18
Financial assets available for sale	-	-	(2,622)	2,656
Floating rate financial liabilities	(5)	4	(5)	4
Total, net	(23)	22	(2,645)	2,678
	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

(*) 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 unstable cash inflows.

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

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

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

Presentation of assets and liabilities according to their residual maturities:

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.	303,741	-	-	-	-	-	-	303,741
Banks	5,009	100,340	2,193	-	-	-	-	107,542
Financial Assets at Fair Value Through Profit or Loss	1,009	10,315	3,391	10,756	179	175	-	25,825
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Investment Securities Available-for-Sale	660	694	35,386	28,735	236,227	48,516	-	350,218
Loans	-	499,464	411,581	903,133	533,325	120,639	42,333	2,510,475
Investment Securities Held-to-Maturity	-	-	-	-	-	-	-	-
Other Assets	-	91,331	-	13,394	-	4,718	95,867	205,310
Total Assets	310,419	702,144	452,551	956,018	769,731	174,048	138,200	3,503,111
Liabilities								
Bank Deposits	172	-	-	-	-	-	-	172
Other Deposits	154,868	1,510,981	698,610	91,877	47	-	-	2,456,383
Funds Borrowed from Other Financial Institutions	-	34,578	83,020	113,332	10,809	-	-	241,739
Interbank Money Markets	-	126,255	-	-	-	-	-	126,255
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	4,078	4,548	-	-	-	-	-	8,626
Other Liabilities	67,441	18,599	9,231	24,828	-	-	549,837	669,936
Total Liabilities	226,559	1,694,961	790,861	230,037	10,856	-	549,837	3,503,111
Net Liquidity Gap	83,860	(992,817)	(338,310)	725,981	758,875	174,048	(411,637)	-
Prior Period								
Total Assets	184,190	648,869	324,958	582,877	576,532	126,939	127,015	2,571,380
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)	-

(*) Assets on the balance sheet which are not convertible into cash in short period; tangible and intangible assets amounting to TL 81,545, subsidiaries amounting to TL 42, stationary supplies amounting to TL 469, assets to be disposed of amounting to TL 13,811, loans in follow-up amounting to TL 42,333 and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 32,047 and equity amounting to TL 517,790 are included here.

As per the BRSA Communiqué dated 1 November 2006 and became effective starting from 1 January 2007, the weekly and monthly liquidity ratios on a bank-only basis for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively. The Parent Bank's liquidity ratios for 2011 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 2011	198.0	183.5	127.2	130.9
Average (%)	232.5	215.9	129.0	135.2
Max. (%)	338.6	295.1	146.9	156.4
Min. (%)	127.0	166.8	90.3	122.6

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

31 December 2011	Book Value	Gross			Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and more
		Nominal Outflow	Demand						
Bank Deposits	172	172	172	-	-	-	-	-	
Deposits from Customers	2,456,383	2,472,580	154,868	1,516,663	706,174	94,815	60	-	
Due to Money Markets	126,255	126,255	-	126,255	-	-	-	-	
Funds Borrowed	241,739	245,519	-	34,590	83,583	115,989	11,357	-	
Total	2,824,549	2,844,526	155,040	1,677,508	789,757	210,804	11,417	-	

31 December 2010	Book Value	Gross			Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and more
		Nominal Outflow	Demand						
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	-	

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
Current Period						
Currency Derivative Instruments (I)	1,485,653	428,505	587,147	-	-	2,501,305
Forward Foreign Currency Purchases	127,790	38,094	35,272	-	-	201,156
Forward Foreign Currency Sales	129,378	38,917	36,658	-	-	204,953
Currency Swaps-Purchases	412,597	31,076	25,064	-	-	468,737
Currency Swaps-Sales	411,567	30,690	24,187	-	-	466,444
Currency Futures-Purchases	-	-	-	-	-	-
Currency Futures-Sales	-	-	-	-	-	-
Currency Options-Purchases	201,848	144,864	232,953	-	-	579,665
Currency Options-Sales	202,473	144,864	233,013	-	-	580,350
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)	1,485,653	428,505	587,147	-	-	2,501,305

As at 31 December 2011, spot foreign currency purchase and sale transactions with value date amounting to TL 26,130 and TL 26,461, respectively, are presented under "Asset Purchase and Sale Commitments" of off-balance sheet items (31 December 2010: TL 36,317 and TL 36,291).

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	2,925,902	2,237,317	2,896,712	2,246,915
Interbank money market placements	-	-	-	-
Banks	107,542	76,144	107,542	76,144
Investment securities available-for-sale	350,218	323,363	350,218	323,363
Investment securities held-to-maturity	-	-	-	-
Loans (*)	2,468,142	1,837,810	2,438,952	1,847,408
Financial Liabilities	2,706,920	1,861,753	2,706,301	1,864,331
Bank deposits	172	8,054	172	8,054
Other deposits	2,456,383	1,774,693	2,455,992	1,776,499
Funds borrowed from other financial institutions	241,739	67,326	241,511	68,098
Securities issued	-	-	-	-
Miscellaneous payables	8,626	11,680	8,626	11,680

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

“IFRS 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 values of financial instruments carried at fair value:

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets	334,071	25,046	16,926	376,043
Financial Assets. At Fair Value Through Profit or Loss	779	25,046	-	25,825
Share Certificates	375	-	-	375
Public Sector Debt Securities	404	-	-	404
Trading Derivatives	-	24,412	-	24,412
Other Securities	-	634	-	634
Investment Securities Available for Sale	333,292	-	16,926	350,218
Share Certificates	660	-	-	660
Public Sector Debt Securities	332,632	-	-	332,632
Other Securities	-	-	16,926	16,926
Financial Liabilities	-	26,773	-	26,773
Trading Derivatives	-	26,773	-	26,773
Prior 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

IX. Activities carried out on behalf and account of other persons:

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

The Group is not involved in fiduciary activities.

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	23,464	104,147	30,880	158,491
Operating profit of segment	4,864	23,674	2,155	30,693
Costs not distributed	-	-	-	-
Operating profit	-	-	-	-
Income from subsidiaries	-	-	-	-
Profit before tax	4,864	23,674	2,155	30,693
Tax provision	-	-	6,067	6,067
Profit after tax	4,864	23,674	(3,912)	24,626
Non-controlling rights	-	-	-	-
Net Profit	4,864	23,674	(3,912)	24,626
Segment assets (*)	359,385	2,163,874	979,810	3,503,069
Investments in subsidiaries	-	-	42	42
Total Assets	359,385	2,163,874	979,852	3,503,111
Segment liabilities (*)	1,460,952	1,153,812	370,557	2,985,321
Equity	-	-	517,790	517,790
Total Liabilities	1,460,952	1,153,812	888,347	3,503,111
Other Segment Items	190	840	6,539	7,569
Capital expenditure	-	-	2,241	2,241
Depreciation and amortization	190	840	3,483	4,513
Impairment losses (**)	-	-	815	815
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 66%, 15%, and 19%, respectively.

SECTION FIVE

DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Information and disclosures related to consolidated assets

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	14,590	13,768	10,618	10,439
Central Bank of Turkey	82,371	193,012	76,528	77,340
Others	-	-	-	-
Total	96,961	206,780	87,146	87,779

b) Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	82,371	94,555	76,528	21,090
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	98,457	-	56,250
Total	82,371	193,012	76,528	77,340

c) Explanation related to reserve deposits:

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

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

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

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

Foreign Currency Liabilities	Reserve Deposit Rates (%)
FC demand deposits, notice deposits, foreign currency private current accounts	11
FC Deposits/participation accounts up to 1 month maturity	11
FC Deposits/participation accounts up to 3 month maturity	11
FC Deposits/participation accounts up to 6 month maturity	11
FC Deposits/participation accounts up to 1 year maturity	11
FC deposits/participation accounts with 1 year and longer maturity and cumulative deposits/participation accounts	9
Special funds	Ratios corresponding to maturities
TL other liabilities accounts up to 1 year maturity (including 1 year)	11
TL other liabilities accounts up to 3 years maturity (including 3 years)	9
TL other liabilities longer than 3 years maturity	6

As at 31 December 2011 and 2010 reserve deposits are interest-free.

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

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

As at 31 December 2011 and 2010, the financial assets at fair value through profit or loss are kept under unrestricted account.

- b) Positive value of trading derivatives:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	756	102	415	175
Swap transactions	2,760	22	130	33
Futures	-	-	-	-
Options	18,295	2,477	3,624	19
Other	-	-	-	-
Total	21,811	2,601	4,169	227

3. Information on banks:

- a) Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	10,162	92,376	105	67,150
Foreign	-	5,004	-	8,889
Foreign branches	-	-	-	-
Total	10,162	97,380	105	76,039

b) Foreign banks:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	2,590	4,297	-	-
USA, Canada	1,839	2,937	-	-
OECD Countries*	575	1,655	-	-
Off shore zones	-	-	-	-
Other	-	-	-	-
Total	5,004	8,889	-	-

(*) 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	
	TP	YP	TP	YP
Given as collateral or blocked	26,358	12,662	54,273	10,746
Subject to repurchase agreements	129,268	-	149,887	-
Total	155,626	12,662	204,160	10,746

As at 31 December 2011, investment securities available-for-sale other than those given as collateral or subject to repurchase agreements amount to TL 181,930 (31 December 2010: TL 108,457).

b) Available-for-sale securities:

	Current Period	Prior Period
Debt instruments	351,315	328,027
Listed	334,389	312,609
Unlisted	16,926	15,418
Equity instruments	660	371
Listed	660	371
Unlisted	-	-
Impairment provision (-)	(1,757)	(5,035)
Total	350,218	323,363

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	-	-	-	-
Corporate shareholders	-	-	-	-
Individual shareholders	-	-	-	-
Indirect loans granted to shareholders	45,933	4,536	17,733	7,332
Loans granted to employees	1,268	-	1,248	-
Total	47,201	4,536	18,981	7,332

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized Loans	2,423,801	-	33,506	6,941
Discount Notes	51,606	-	80	215
Export Loans	278,318	-	4,251	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	206,034	-	2	-
International Loans	-	-	-	-
Consumer Loans	296,359	-	13,280	-
Credit Cards	25,700	-	2,040	-
Precious Metal Loans	-	-	-	-
Other	1,565,784	-	13,853	6,726
Specialized Loans	3,894	-	-	-
Other Receivables	-	-	-	-
Total	2,427,695	-	33,506	6,941

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

Maturity of extension	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Up to 1 year	1 year and more	Up to 1 year	1 year and more
Number of changes made to the initial payment maturity	9	4	-	-

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

Cash Loans	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
Short term Loans and Other				
Receivables	1,631,534	-	16,485	1,134
Non specialized Loans	1,631,454	-	16,485	1,134
Specialized Loans	80	-	-	-
Other Receivables	-	-	-	-
Middle and Long term Loans and				
Other Receivables	796,161	-	17,021	5,807
Non specialized Loans	792,347	-	17,021	5,807
Specialized Loans	3,814	-	-	-
Other Receivables	-	-	-	-
Total	2,427,695	-	33,506	6,941

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	14,068	277,944	292,012
Real estate Loans	2,459	149,466	151,925
Automotive Loans	312	7,198	7,510
Consumer Loans	11,262	120,867	132,129
Other	35	413	448
Consumer Loans – Indexed to FC	165	13,983	14,148
Real estate Loans	165	13,598	13,763
Automotive Loans	-	41	41
Consumer Loans	-	344	344
Other	-	-	-
Consumer Loans – FC	-	-	-
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Credit Cards – TL	24,598	-	24,598
Installment	4,458	-	4,458
Non installment	20,140	-	20,140
Credit Cards – FC	409	-	409
Installment	-	-	-
Non Installment	409	-	409
Loans Given to Employees – TL	141	394	535
Real estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	141	394	535
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	686	-	686
Installment	172	-	172
Non Installment	514	-	514
Employee Credit Cards – FC	47	-	47
Installment	-	-	-
Non Installment	47	-	47
Overdraft Account – TL (Individual)	2,944	-	2,944
Overdraft Account – FC (Individual)	-	-	-
Total	43,058	292,321	335,379

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

	Short Term	Medium or Long Term	Total
Installment Corporate Loans – TL	42,933	151,415	194,348
Business Residential Loans	-	5,846	5,846
Automotive Loans	206	17,322	17,528
Consumer Loans	7,847	8,988	16,835
Other	34,880	119,259	154,139
Installment Corporate Loans – Indexed to FC	4,461	81,820	86,281
Business Residential Loans	-	147	147
Automotive Loans	149	4,651	4,800
Consumer Loans	2,518	4,436	6,954
Other	1,794	72,586	74,380
Installment Corporate Loans – FC	-	-	-
Business Residential Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards – TL	1,951	-	1,951
Installment	181	-	181
Non Installment	1,770	-	1,770
Corporate Credit Cards – FC	49	-	49
Installment	-	-	-
Non Installment	49	-	49
Overdraft Account – TL (Commercial)	6,005	-	6,005
Overdraft Account – FC (Commercial)	-	-	-
Total	55,399	233,235	288,634

f) Loan concentration based on counterparties:

	Current Period	Prior Period
Public sector	-	-
Private sector	2,468,142	1,837,810
Total	2,468,142	1,837,810

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	2,468,142	1,837,810
Foreign loans	-	-
Total	2,468,142	1,837,810

h) Loans granted to subsidiaries and associates: None.

i) Specific provisions for loans:

	Current Period	Prior Period
Specific Provisions		
Loans and Receivables with Limited Collectability	3,662	922
Loans and Receivables with Doubtful Collectability	7,796	8,247
Uncollectible Loans and Receivables	53,380	49,577
Total	64,838	58,746

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

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

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

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Balances at Beginning of Period	3,095	12,177	78,693
Additions (+)	33,443	2,616	199
Transfers from Other Categories of Non- Performing Loans (+)	-	11,789	13,408
Transfers to Other Categories of Non-Performing Loans (-)	11,789	13,408	-
Collections (-)	2,345	2,875	17,757
Write-offs (-)	-	75	-
Corporate and Commercial Loans	-	75	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balances at End of the Period	22,404	10,224	74,543
Specific Provisions (-)	3,662	7,796	53,380
Net Balance on Balance Sheet	18,742	2,428	21,163

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period (Net)	18,742	2,428	21,163
Loans Allowed to Real Persons and Corporate Bodies (Gross)	22,404	10,224	74,543
Specific provision (-)	3,662	7,796	53,380
Loans Allowed to Real Persons and Corporate Bodies (Net)	18,742	2,428	21,163
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
Prior 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)	-	-	-

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 required documentation, also considering tax procedural law's verdicts.

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

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

As at 31 December 2011 and 2010, there are no financial assets held-to-maturity.

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

As at 31 December 2011 and 2010, there are no financial assets held-to-maturity.

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

As at 31 December 2011 and 2010, there are no financial assets held-to-maturity.

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

As at 31 December 2011 and 2010, there are no financial assets held-to-maturity.

In year 2009, the Parent Bank has sold a significant portion of its securities classified in held to maturity portfolio as at 31 December 2008 before the maturity dates of such securities. For this reason, the Group could 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 share capital 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 (%)
Tasfiye Halinde Tekstil Bilişim Hizmetleri ve Ticaret A.Ş. (*) (**) (Bilişim)	İstanbul/Turkey	99.97	100.00

(*) As explained in Section 3, Note III, Bilişim is not consolidated.

(**) In accordance with General Meeting resolution of the subsidiary dated 21 March 2011, it has been decided to officially end the activities of the company due to the decreasing trend of the operations.

b) Information on subsidiaries not consolidated according to information above:

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Trading Income	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
41	41	-	3	-	(6)	(7)	-

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c) Movement of subsidiaries not consolidated:

	Current Period	Prior Period
Balance at the Beginning of the Period	47	54
Movements during the Period	(6)	(7)
Purchases	-	-
Bonus shares received	-	-
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision	(6)	(7)
Balance at the End of the Period	41	47
Capital Commitments	-	-
Share Percentage at the end of Period (%)	-	-

d) Sectoral distribution of subsidiaries not consolidated:

	Current Period	Prior Period
Subsidiaries		
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	-	-
Other Non Financial Subsidiaries	41	47
Total	41	47

e) Information on consolidated subsidiaries:

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

f) Information on consolidated subsidiaries according to information above:

Total Assets	Shareholders ' Equity	Total Fixed Assets	Interest Income	Trading Income	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value
34,580	16,151	228	2,264	7,924	3,308	2,780	-

g) Movement of consolidated subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	13,329	10,293
Movements during the Period	(243)	3,036
Purchases	-	6,676
Bonus Shares Received	-	204
Dividends from Current Year Profit	-	-
Sales (*)	(262)	-
Revaluation Increase	-	-
Impairment Provision	-	(3,779)
Revaluation Increase/(Decrease) due Effect of F/X Difference	19	(65)
Balance at the End of the Period	13,086	13,329
Capital Commitments	-	-
Share Percentage at the end of Period (%)	-	-

(*) Activities of the subsidiary of the Parent bank established abroad, "The Euro Textile International Banking Unit Ltd.", have been ended officially on 18 July 2011 and cash flow from this transaction is shown in the "Sales" row of the above table.

h) Sectoral distribution of consolidated subsidiaries:

	Current Period	Prior Period
Subsidiaries		
Banks	-	243
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	13,086	13,086
Other Non Financial Subsidiaries	-	-
Total	13,086	13,329

i) Listed subsidiaries: None.

j) Subsidiaries disposed during the current period:

Activities of the subsidiary of the Parent bank established abroad, "The Euro Textile International Banking Unit Ltd.", have been ended officially on 18 July 2011.

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: 31/12/2010					
Cost	88,686	7,766	786	32,407	129,645
Accumulated Depreciation (-)	16,280	7,267	725	28,227	52,499
Net Book Value	72,406	499	61	4,180	77,146
Current Period End: 31/12/2011					
Net Book Value at the Beginning of the Period	72,406	499	61	4,180	77,146
Additions	-	-	37	2,024	2,061
Disposals, net (-) (**)	-	1	-	28	29
Revaluation/ (Impairment) (*)	4,484	-	-	-	4,484
Depreciation (-)	1,460	379	62	1,748	3,649
Cost at year end	93,170	6,694	684	27,390	127,938
Accumulated Depreciation at year end (-)	17,740	6,575	648	22,962	47,925
Closing Net Book Value	75,430	119	36	4,428	80,013

	Properties (*)	Tangible assets under finance lease	Vehicles	Other tangible assets	Total
Prior Period End: 31/12/2009					
Cost	78,614	8,226	811	37,162	124,813
Accumulated Depreciation (-)	14,750	6,919	664	31,266	53,599
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	7,766	786	32,407	129,645
Accumulated Depreciation at year end (-)	16,280	7,267	725	28,227	52,499
Closing Net Book Value	72,406	499	61	4,180	77,146

(*) There are TL 19,831 revaluation surplus and TL 699 impairment on properties on the based on valuations carried out by licensed independent appraisers (31 December 2010: TL 15,347 surplus, TL 699 impairment). 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	Tangible assets under finance lease	Vehicles	Other tangible assets	Total
Cost	-	1,072	139	7,041	8,252
Accumulated Depreciation (-)	-	1,071	139	7,013	8,223
Net disposal amount	-	1	-	28	29

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	17,542	17,362
Accumulated Amortization (-)	16,010	15,695
Total	1,532	1,667

- b) Movement of intangible assets:

	Current Period	Prior Period
Beginning of the period	1,667	2,048
Additions Resulting from Merger and Acquisitions	180	125
Disposals (-)	-	-
Accumulated Amortization (-)	315	506
Period End	1,532	1,667

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 Group has net deferred tax asset amounting TL 4,718 (31 December 2010: TL 1,617) which was calculated on deductible temporary differences except general provisions at 31 December 2011.

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 2011 and 2010.

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 13,811 (31 December 2010: TL 12,467).

Other assets, other than assets to be disposed of, amounting to TL 105,194 (31 December 2010: TL 26,218), do not exceed 10% of total assets.

II. Information and disclosures related to consolidated liabilities

1. Information on deposits:

a) Information on maturity profile of deposits:

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

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

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

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	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

b) Information on Deposit Insurance:

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

Saving Deposits	Covered by	Covered by	Exceeding the	Exceeding the
	Deposit Insurance Fund	Deposit Insurance Fund	Deposit Insurance Limit	Deposit Insurance Limit
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	292,406	270,603	541,627	364,307
Foreign Currency Savings Deposits	92,375	98,144	491,449	287,881
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	384,781	368,747	1,033,076	652,188

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

b.3) Saving deposits not covered by deposit insurance: TL 36,665 (31 December 2010: TL 43,506).

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	22,470	31,637
Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEOs with Their Parents, Spouse and Children under Their Wardship	14,195	11,869
Deposits and Other Accounts linked to Crimes Mentioned in 282 nd Article of 5237 Numbered Turkish Crime Legislation dated on 26/09/2004	-	-
Deposits belong to Off-shore Banks which are established to be engaged in offshore banking in Turkey.	-	-

2. Information on derivative financial liabilities held for trading:

Negative difference on derivatives held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forwards	2,740	1,182	600	595
Swaps	694	634	878	1,197
Futures	-	-	-	-
Options	19,046	2,477	3,623	13
Other	-	-	-	-
Total	22,480	4,293	5,101	1,805

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	36,812	55,263	16,947	35,781
Foreign Banks, Institutions and Funds	-	149,664	-	14,598
Total	36,812	204,927	16,947	50,379

b) Contractual maturities of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	29,214	137,019	16,947	31,717
Medium and Long-Term	7,598	67,908	-	18,662
Total	36,812	204,927	16,947	50,379

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 external resources:

Other external resources are amounting to TL 81,886 (31 December 2010: TL 33,246) and do not exceed 10% of total liabilities excluding the off-balance sheet items.

5. Obligations under financial leases:

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

Obligations under financial leases:

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

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	17,716	10,307
Provisions for Loans and Receivables in Group II	790	745
Provisions for Non Cash Loans	1,592	1,219
Other	93	107
Total	20,191	12,378

b) Information on reserve for employee rights:

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

Such payments are calculated on the basis of 30 days' pay, as at 31 December 2011, at ceiling amount of TL-full 2,732 (31 December 2010: TL-full 2,517), per year of employment at the rate of pay applicable at the date of retirement of termination. The liability is not funded, since there is no funding requirement.

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

	Current Period	Prior Period
Discount Ratio (%)	8.76	10.00
Expected Salary/ETI Liability Ceiling Increase Rate (%)	5.60	5.10

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

Movement of ETI liability is below:

	Current Period	Prior Period
Balance at Prior Period End	2,678	2,144
Current year provisions/ (reversal of provision)	1,596	1,733
Paid in current year	(991)	(1,199)
Balance at Current Period End	3,283	2,678

The Group also has vacation pay liability amounting TL 2,889 (31 December 2010: TL 2,723) as at 31 December 2011.

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

As at 31 December 2011, foreign exchange differences on foreign currency indexed loans amounting TL 248 (31 December 2010: TL 1,399) 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 2011, the Group has provision amounting to TL 3,564 (31 December 2010: TL 2,901) for non-cash loans and irrevocable commitments that are not indemnified and not converted into cash amounting to TL 9,436 (31 December 2010: 5,748).

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 2011, the Parent Bank has provision for credit card service promotions amounting TL 193 (31 December 2010: TL 260).

e.3) Information on other provisions:

As at 31 December 2011, there is provision for lawsuits filed against the Parent Bank amounting TL 1,927 (31 December 2010: TL 1,436).

8. Taxation:

a) Current tax liability: As at 31 December 2011, corporate taxes payable of the Group after deductions of prepaid taxes is TL 4,326 (31 December 2010: TL 2,647).

b) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	4,326	2,647
Taxation on securities	2,409	1,210
Capital gains tax on property	147	128
Banking Insurance Transaction Tax (BITT)	2,250	1,258
Taxes on foreign exchange transactions	-	-
Value added tax payable	46	44
Other	1,251	1,159
Total	10,429	6,446

c) Information on premiums payable:

	Current Period	Prior Period
Social security premiums- employee share	440	410
Social security premiums- employer share	470	442
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	35	33
Unemployment insurance- employer share	58	53
Other	8	3
Total	1,011	941

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 Parent Bank is represented by 4,200 million registered shares of one 0.1 Turkish Liras each.

b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so the amount of registered share capital: Not applicable at the Parent Bank.

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

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

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

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

g) Information on the privileges given to stocks representing the capital: The 70% of share capital of the Parent Bank consist of Type A shares and the remaining consist of Type B shares. Three out of five members of the Board of Directors are appointed by Type A shareholders and the remaining two are appointed by Type B shareholders. There is no other privilege appointed.

h) Information on marketable securities valuation reserve:

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	-	-	-	-
Financial assets available-for-sale	(289)	870	7,285	935
Translation gain/loss	-	-	-	-
Total	(289)	870	7,285	935

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

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

III. Information and disclosures related to consolidated income statement

1. Interest income:

a) Information on interest income received from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest income received from loans (*)				
Short Term Loans	142,985	14,470	94,758	11,301
Medium and Long Term Loans	51,568	13,269	39,877	5,417
Loans Under Follow-Up	5,945	-	5,497	-
Source Utilization Support Fund	-	-	-	-
Total	200,498	27,739	140,132	16,718

(*) Includes fees and commissions from cash loans.

b) Information on interest income received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	78	-	1,435	-
Domestic Banks	481	553	517	165
Foreign Banks	6	367	16	172
Foreign Branches	-	-	-	-
Total	565	920	1,968	337

c) Information on interest income received from securities portfolio:

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading Securities	-	23	16	2
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Investment Securities Available-for-Sale	26,711	1,195	25,377	1,166
Investment Securities Held-to-Maturity	-	-	-	-
Total	26,711	1,218	25,393	1,168

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 (*)	2,400	4,387	1,063	2,522
Central Bank of Turkey	-	-	-	-
Domestic Banks	2,400	1,547	1,008	922
Foreign Banks	-	2,840	55	1,600
Foreign Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	2,400	4,387	1,063	2,522

(*) 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	3	4

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

d) Maturity structure of the interest expense on deposits:

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

Account Name	Demand Deposits	Time Deposits					1 year and over	Cumulative Deposits	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year				
TL									
Bank Deposits	-	192	-	-	-	-	-	-	192
Saving Deposits	-	4,223	55,572	7,740	763	211	3	-	68,512
Public Sector Deposits	-	57	-	-	959	-	-	-	1,016
Commercial Deposits	-	4,560	19,570	1,319	1,338	1,738	-	-	28,525
Other Deposits	-	33	1,741	401	17	-	-	-	2,192
Total Turkish Lira	-	9,065	76,883	9,460	3,077	1,949	3	-	100,437
Foreign Currency									
Foreign Currency Deposits	-	1,807	23,223	3,278	4,270	1,426	-	-	34,004
Bank Deposits	-	1	-	-	-	-	-	-	1
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Total Foreign Currency	-	1,808	23,223	3,278	4,270	1,426	-	-	34,005
Total	-	10,873	100,106	12,738	7,347	3,375	3	-	134,442

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

	Current Period	Prior Period
Istanbul Stock Exchange Custody Bank	809	235
Repurchase Agreements	8,630	6,021
Total	9,439	6,256

3. Information on dividend income:

The Group earned dividend income from share certificates held by its subsidiary “Tekstil Yatırım” amounting TL 5 (2010: dividend income from its associate “Gelişen İşletmeler Piyasaları A.Ş.” amounting TL 30).

4. Trading income / loss (net):

	Current Period	Prior Period
Profit	352,621	269,404
Capital Market Gains	9,856	8,258
Derivative Gains	178,183	169,842
Foreign Exchange Gains	164,582	91,304
Loss (-)	(338,170)	(258,363)
Capital Market Losses	(17)	(83)
Derivative Losses	(186,234)	(180,814)
Foreign Exchange Losses	(151,919)	(77,466)

Net loss related to derivatives transactions resulting from foreign currency rate changes is amounted to TL 4,565 (2010: TL 6,853 net loss).

5. Other operating income:

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

6. Impairment on loans and other receivables:

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables:	13,797	13,249
Loans and Receivables in Group III	3,662	921
Loans and Receivables in Group IV	3,580	5,159
Loans and Receivables in Group V	6,555	7,169
General Provision Expenses	7,813	2,601
Provision for Possible Losses	-	-
Impairment Losses on Securities:	519	1,396
Trading securities	406	3
Investment Securities Available-for-Sale	113	1,393
Other Impairment Losses:	6	7
Associates	-	-
Subsidiaries	6	7
Joint Ventures	-	-
Investment Securities Held-to-Maturity	-	-
Other (*)	1,302	1,436
Total	23,437	18,689

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

7. Information related to other operational expenses:

	Current Period	Prior Period
Personnel Expenses	63,653	59,444
Reserve for Employee Termination Indemnities and Vacation Pay	771	736
Reserve for Bank's Social Aid Fund Deficit	-	-
Impairment of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	3,649	4,366
Impairment of Intangible Assets	-	-
Impairment of Goodwill	-	-
Amortization Expenses of Intangible Assets	315	506
Impairment of Investments in Associates	-	-
Impairment of Assets to be Disposed of	290	-
Depreciation of Assets to be Disposed of	549	314
Impairment of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	24,216	23,373
Operational Leases	9,666	8,829
Repair and Maintenance	1,531	1,410
Advertising	613	454
Other Expenses	12,406	12,680
Loss on Sale of Assets	189	2,748
Other	10,729	8,837
Total	104,361	100,324

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

Profit before taxes for continued operations is TL 30,693 (31 December 2010: TL 25,947). Profit before taxes consists of net interest income amounting to TL 107,193 (2010: TL 97,971), net fees and commission income amounting to TL 18,828 (2010: TL 17,869) and other operational expenses amounting to TL 104,361 (2010: TL 100,324).

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 2011, current tax expense is TL 9,366 (2010: TL 6,211).

For the period ended 31 December 2011, deferred tax income is TL 3,299 (2010: TL 306).

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

For the period ended 31 December 2011, deferred tax income arising from temporary differences amount to TL 3,299 (2010: TL 306).

For the period ended 31 December 2011, the change in the deferred tax liabilities and current tax payable amounting to TL 1,666 (2010: 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 2011 deferred tax income arising from temporary differences is TL 3,299 (2010: TL 306).

For the period ended 31 December 2011 and 2010, there is no deferred tax income resulted from financial loss.

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

Net profit from continued operations is TL 24,626 (2010: TL 20,042).

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:

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

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

1. Disclosures related to other contingent liabilities:

a) As at 31 December 2011, asset purchase and sale commitments amount to TL 52,591 (31 December 2010: TL 72,638), loan granting commitments amount to TL 50,752 (31 December 2010: TL 43,871), commitments for credit card limits amount to TL 198,968 (31 December 2010: TL 194,383) commitments for cheque payments amount to TL 79,430 (31 December 2010: TL 75,425), commitments for promotional operations re-credit cards amount to TL 593 (31 December 2010: TL 603).

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

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

As at 31 December 2011, the Group has letters of guarantee amounting to TL 887,708 (31 December 2010: TL 718,246), bills of exchange and acceptances amounting to TL 7,041 (31 December 2010: TL 3,169), letters of credit amounting to TL 303,685 (31 December 2010: TL 147,933) and other guarantees amounting to TL 26,714 (31 December 2010: TL 17,433). Additionally, as at 31 December 2010, the Group has prefinancing given as guarantee amounting to TL 1,440.

c) Non-cash loans:

	Current Period	Prior Period
Non-Cash Loans Given for Cash Loan Risks	43,242	45,018
With Original Maturity of 1 Year or Less	3,492	4,710
With Original Maturity of More Than 1 Year	39,750	40,308
Other Non-Cash Loans	1,181,906	843,203
Total	1,225,148	888,221

d) Sectoral risk concentration of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	3,139	0.58	57,657	8.43	2,785	0.68	52,149	10.83
Farming and raising livestock	2,309	0.43	57,657	8.43	2,305	0.56	52,149	10.83
Forestry	830	0.15	-	-	480	0.12	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	94,436	17.43	290,568	42.51	96,577	23.74	108,166	22.47
Mining	9,384	1.73	14,792	2.16	3,063	0.75	518	0.11
Production	80,230	14.81	270,794	39.62	80,833	19.87	101,823	21.15
Electric, gas and water	4,822	0.89	4,982	0.73	12,681	3.12	5,825	1.21
Construction	242,027	44.69	170,856	24.99	128,832	31.66	159,858	33.21
Services	191,922	35.45	160,005	23.40	167,049	41.06	156,429	32.50
Wholesale and retail trade	122,537	22.63	74,463	10.89	102,109	25.09	74,735	15.53
Hotel, food and beverage services	4,446	0.82	2,397	0.35	8,456	2.08	513	0.11
Transportation and telecommunication	32,038	5.92	2,601	0.38	21,531	5.29	2,166	0.45
Financial institutions	16,953	3.13	77,867	11.39	25,743	6.33	76,400	15.87
Real estate and renting services	28	0.01	-	-	117	0.03	-	-
Self-employment services	10,452	1.93	1,771	0.26	6,702	1.65	2,615	0.54
Education services	136	0.03	10	-	92	0.02	-	-
Health and social services	5,332	0.98	896	0.13	2,299	0.57	-	-
Other	10,024	1.85	4,514	0.67	11,658	2.86	4,718	0.99
Total	541,548	100.00	683,600	100.00	406,901	100.00	481,320	100.00

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

	I. Group		II. Group	
	TL	FC	TL	FC
Letters of guarantee	531,247	344,627	2,990	1,716
Bank acceptances	-	7,041	-	-
Letters of credit	-	303,685	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	585	26,129	-	-
Total	531,832	681,482	2,990	1,716

The Group has provided provisions amounting to TL 1,663 (31 December 2010: TL 1,221) after considering the guarantees for the non-cash loans classified under group 3-4-5 loans amounting to TL 7,128 (31 December 2010: TL 3,649). The Group also provided provisions amounting to TL 1,901 (31 December 2010: 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 at 31 December 2011, total value of funds that the Group has founded is TL 51,084 (31 December 2010: TL 66,131). These funds are registered in Merkezi Kayıt Kuruluşu A.Ş.

3. Information related to derivative financial instruments:

	Current Period	Prior Period
Types of trading transactions		
Foreign currency related derivative transactions (I)	2,501,305	1,367,476
Forward FC Purchase and Sale Transactions	406,109	294,674
Currency Swap Purchase and Sale Transactions	935,181	332,686
Futures Transactions	-	-
Currency Options Purchase and Sale Transactions	1,160,015	740,116
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)	2,501,305	1,367,476
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)	2,501,305	1,367,476

4. Contingent assets and liabilities:

A customer has sued the Parent Bank in 2001 with the claim that his deposit money has been withdrawn from his account with forged documents. The amount is 1,299,213 Australian Dollars (equivalent to TL 2,491 as at 31 December 2011). 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 at 31 December 2011, negative valuation difference of TL 7,639 net off tax, related to available for sale marketable securities (2010: TL 4,138, positive) is accounted under "Valuation Difference of Securities" account under equity.

In the current period, TL 808 gain was transferred to the income statement from Valuation Difference of Securities (2010: 339 TL).

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 21 March 2011, it has been decided to distribute the Parent Bank's 2010 profit as follows.

Profit distribution table for the year 2010

The Parent Bank's profit for the period	14,232
A-First Legal Reserves (TCL 466/1)	712
B-Extraordinary Reserves	13,520

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

As at the report date, there is no decision for the profit distribution of current year profit of the Parent Bank (2010 profit distribution is given above).

Amounts that has been transferred to contingency reserves by the Group:

	Current Period	Prior Period
Undistributed Profits to Legal Reserves	901	677
Undistributed Profits to Extraordinary Reserves	19,141	15,482

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	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

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

	Current Period	Prior Period
Cash	210,292	127,569
Cash in Vault, Foreign Currencies and Other	28,358	21,057
Demand Deposits at Banks	181,934	106,512
Cash Equivalents	102,511	67,248
Interbank Money Market Placements	-	-
Time Deposits at Banks	102,511	67,248
Investment Securities	-	-
Total Cash and Cash Equivalents	312,803	194,817

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:

As at 31 December 2011, “Other” item amounting to TL 29,179 (2010: TL 27,627) presented under “Operating Profit Before Changes in Operating Assets and Liabilities” comprise other operating expenses except personnel expenses and other taxes paid.

As at 31 December 2011 “Net Increase in Other Liabilities” amounting to TL 45,766 (2010: TL 5,166) 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 in Other Assets” amounting to TL 70,767 (2010: TL 9,229 net decrease) 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 8,478 for the year 2011 (2010: TL 1,158).

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 indicate 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
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	17,687	7,225	46	107
Balance at the End of the Period	-	-	45,905	4,460	28	76
Interest and Commission Income Received	-	-	5,222	153	-	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
Loans and Other Receivables						
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.

The Parent Bank has TL 16,607 placements in its risk group banks as at 31 December 2011 (31 December 2010: TL 2,936).

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

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Balance at the beginning of the Period	45	53	72,514	43,800	1,855	-
Balance at the End of the Period	39	45	57,718	72,514	1,684	1,855
Interest on Deposits	3	4	6,395	3,960	43	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 2011, the Parent Bank has foreign currency forward purchase transactions and foreign currency forward sale transactions amounting to TL 3,813 and TL 3,650 (31 December 2010: TL 10,247 and TL 10,282) 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 2011, proportion of cash loans to risk group in total loans is 1.8% (31 December 2010: 0.9%), proportion of deposits from its risk group in total deposits is 2.4% (31 December 2010: 4.2%) and proportion of derivative transactions with its risk group in total derivative transactions is 0.3% (31 December 2010: 1.5%).

The Parent Bank has financial lease payables in the balance sheet is amounting to TL 2 due to the risk group in the previous period. Expenses related to such leasing activities amounting to TL 4 are recognized in the previous period's profit or loss.

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

	Number	Number of Employees				
Domestic branches	44	880				
				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

- Subsequent events and transactions that have not been finalized and their effect on the consolidated financial statements. None.
- 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 at and for the year ended 31 December 2011 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 22 February 2012 is presented in the introduction of this report.

II. Information and disclosures prepared by the independent auditors

None.