



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

## **Tekstil Bankası Anonim Şirketi**

Consolidated Interim Financial Statements

As at and for the Interim Period Ended

30 June 2011

With Independent Auditors' Review Report Thereon

Akis Bağımsız Denetim ve Serbest  
Muhasebeci Mali Müşavirlik  
Anonim Şirketi  
10 August 2011

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



**Akis Bağımsız Denetim ve Serbest  
Muhasebeci Mali Müşavirlik A.Ş.**  
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**Convenience Translation of the Independent Auditors' Review Report  
Originally Prepared and Issued in Turkish (See Note 3.I)**

**INDEPENDENT AUDITORS' REVIEW REPORT**

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

We have reviewed the consolidated financial statements of Tekstil Bankası Anonim Şirketi ("the Bank") and its subsidiaries, which comprise the consolidated balance sheet as at 30 June 2011, and the consolidated statements of income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility, as independent auditors, is to issue a report on these consolidated financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly the financial position of Tekstil Bankası Anonim Şirketi and its subsidiaries as at 30 June 2011, and of the results of its operations and its cash flows for the six-month period then ended in accordance with the accounting principles and standards that are based on the current regulations described in Article 37 and Article 38 of the (Turkish) Banking Law No 5411; and other communiqués, disclosures and directives announced by the Banking Regulation and Supervision Agency.

İstanbul,  
10 August 2011

Akis Bağımsız Denetim ve Serbest  
Muhasebeci Mali Müşavirlik  
Anonim Şirketi

Orhan Akova  
Partner

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

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

**TEKSTİL BANKASI A. Ş.**  
**CONSOLIDATED INTERIM FINANCIAL REPORT AS OF 30 JUNE 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 interim consolidated financial report prepared in accordance with the statement "Financial Statements and Related Disclosures and Footnotes to be Announced to Public" as required by the Banking Regulation and Supervision Agency (BRSA), is comprised of the following sections.

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

The subsidiaries included in the interim consolidated financial report are as follows:

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

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

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

Contact information for questions on this financial report:

Name-Surname : M. Sercan Çoban  
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## SECTION ONE

### GENERAL INFORMATION

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

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

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

The capital of the Parent Bank is TL 420,000 as at 30 June 2011 and is fully paid. GSD Holding Anonim Şirketi ("GSD Holding") owns 75.50% of the outstanding shares of the Bank. The Bank is a subsidiary of GSD Holding. Remaining shares have been listed on Istanbul Stock Exchange since 23 May 1990.

The ultimate business of GSD Holding, which was initially established as a foreign trade company in 1986 and became a holding company to build a more efficient corporate structure for GSD Group Companies in 1996, is management of assets. GSD Holding also aims to manage the growth of the Group, finance and invest in profitable businesses. GSD Holding's shares have been listed on Istanbul Stock Exchange since 11 November 1999. Almost all of its shares, which have nominal value of TL 250,000 as at 30 June 2011, are held by public.

Main operations of GSD Group Companies are;

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

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

Title	Name	Job Description	Education
Chairman of the Board of Directors 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:	Ümit ALTINAY	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.

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

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

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

As at 30 June 2011, the Bank has 44 branches close to industrial zones of Turkey and a representative office in Berlin, Germany. The Bank has 886 employees as at 30 June 2011 (As at 31 December 2010 number of branches was 44, number of employees was 903).

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

As at 30 June 2011, the Group has 937 employees (31 December 2010: 964).

**V. Other information**

Bank's Official Title	: Tekstil Bankası Anonim Şirketi
Reporting Period	: 1 January – 30 June 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	: <a href="http://www.tekstilbank.com.tr">www.tekstilbank.com.tr</a>
Reporting currency	: Thousands of Turkish Lira

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARIES					Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1			
CONSOLIDATED BALANCE SHEETS (STATEMENT OF FINANCIAL POSITION)								
AS AT 30 JUNE 2011 AND 31 DECEMBER 2010								
(Currency: Thousands of TL - Turkish Lira)								
ASSETS		Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
			CURRENT PERIOD			PRIOR PERIOD		
			30/06/2011			31/12/2010		
			TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH THE CENTRAL BANK	(5.1.1)	138,090	124,492	262,582	87,146	87,779	174,925
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(5.1.2)	12,963	3,961	16,924	4,182	574	4,756
2.1	Trading Securities		12,963	3,961	16,924	4,182	574	4,756
2.1.1	Public Sector Debt Securities		4	364	368	13	347	360
2.1.2	Share Certificates		539	-	539	-	-	-
2.1.3	Positive Value of Trading Derivatives		11,758	3,597	15,355	4,169	227	4,396
2.1.4	Other Securities		662	-	662	-	-	-
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)	5,007	77,667	82,674	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)	264,671	21,530	286,201	302,960	20,403	323,363
5.1	Share Certificates		-	469	469	-	371	371
5.2	Public Sector Debt Securities		262,814	11,288	274,102	296,828	10,746	307,574
5.3	Other Securities		1,857	9,773	11,630	6,132	9,286	15,418
VI.	LOANS	(5.1.5)	1,749,285	433,490	2,182,775	1,490,447	382,582	1,873,029
6.1	Loans		1,719,377	433,490	2,152,867	1,455,228	382,582	1,837,810
6.1.1	Loans Utilized to the Bank's Risk Group		82,890	40	82,930	17,714	19	17,733
6.1.2	Public Sector Debt Securities		-	-	-	-	-	-
6.1.3	Others		1,636,487	433,450	2,069,937	1,437,514	382,563	1,820,077
6.2	Loans under Follow-Up		89,434	-	89,434	93,965	-	93,965
6.3	Specific Provisions (-)		59,526	-	59,526	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)	43	-	43	47	-	47
10.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated Non-Financial Subsidiaries		43	-	43	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)		75,754	-	75,754	77,146	-	77,146
XV.	INTANGIBLE ASSETS (Net)		1,596	-	1,596	1,667	-	1,667
15.1	Goodwill		-	-	-	-	-	-
15.2	Others		1,596	-	1,596	1,667	-	1,667
XVI.	INVESTMENT PROPERTY (Net)	(5.1.12)	-	-	-	-	-	-
XVII.	TAX ASSETS	(5.1.13)	1,205	-	1,205	1,617	-	1,617
17.1	Current Tax Assets		-	-	-	-	-	-
17.2	Deferred Tax Assets		1,205	-	1,205	1,617	-	1,617
XVIII.	ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS (Net)	(5.1.14)	-	-	-	-	-	-
18.1	Held For Sale		-	-	-	-	-	-
18.2	Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	(5.1.15)	67,914	12,959	80,873	34,139	4,546	38,685
TOTAL ASSETS			2,316,529	674,099	2,990,628	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 30 JUNE 2011 AND 31 DECEMBER 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		
			30/06/2011			31/12/2010		
			TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>		(5.II.1)	<b>1,218,136</b>	<b>877,325</b>	<b>2,095,461</b>	<b>1,063,713</b>	<b>719,034</b>	<b>1,782,747</b>
1.1 Deposits of the Bank's Risk Group			73,991	33,877	107,868	38,181	36,233	74,414
1.2 Others			1,144,145	843,448	1,987,593	1,025,532	682,801	1,708,333
<b>II. NEGATIVE VALUE OF TRADING DERIVATIVES</b>		(5.II.2)	<b>11,149</b>	<b>3,531</b>	<b>14,680</b>	<b>5,101</b>	<b>1,805</b>	<b>6,906</b>
<b>III. FUNDS BORROWED</b>		(5.II.3)	<b>37,983</b>	<b>122,026</b>	<b>160,009</b>	<b>16,947</b>	<b>50,379</b>	<b>67,326</b>
<b>IV. DUE TO MONEY MARKETS</b>			<b>99,714</b>	-	<b>99,714</b>	<b>143,166</b>	-	<b>143,166</b>
4.1 Interbank Money Market			-	-	-	-	-	-
4.2 Istanbul Stock Exchange			-	-	-	-	-	-
4.3 Obligations under Repurchase Agreements			99,714	-	99,714	143,166	-	143,166
<b>V. SECURITIES ISSUED (Net)</b>			-	-	-	-	-	-
5.1 Bills			-	-	-	-	-	-
5.2 Asset Backed Securities			-	-	-	-	-	-
5.3 Bonds			-	-	-	-	-	-
<b>VI. FUNDS</b>			-	-	-	-	-	-
6.1 Bank Borrowers' Funds			-	-	-	-	-	-
6.2 Others			-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>			<b>12,764</b>	<b>947</b>	<b>13,711</b>	<b>10,781</b>	<b>899</b>	<b>11,680</b>
<b>VIII. OTHER EXTERNAL RESOURCES</b>		(5.II.4)	<b>60,753</b>	<b>7,140</b>	<b>67,893</b>	<b>25,930</b>	<b>7,316</b>	<b>33,246</b>
<b>IX. FACTORING PAYABLES</b>			-	-	-	-	-	-
<b>X. LEASE PAYABLES (Net)</b>		(5.II.5)	-	-	-	-	<b>2</b>	<b>2</b>
10.1 Financial Lease Payables			-	-	-	-	2	2
10.2 Operational Lease Payables			-	-	-	-	-	-
10.3 Others			-	-	-	-	-	-
10.4 Deferred Financial Leasing Expenses ( - )			-	-	-	-	-	-
<b>XI. HEDGING PURPOSE DERIVATIVES</b>		(5.II.6)	-	-	-	-	-	-
11.1 Fair Value Hedge			-	-	-	-	-	-
11.2 Cash Flow Hedge			-	-	-	-	-	-
11.3 Hedging of a Net Investment in Foreign Subsidiaries			-	-	-	-	-	-
<b>XII. PROVISIONS</b>		(5.II.7)	<b>27,210</b>	-	<b>27,210</b>	<b>22,376</b>	-	<b>22,376</b>
12.1 General Provisions			16,267	-	16,267	12,378	-	12,378
12.2 Restructuring Provisions			-	-	-	-	-	-
12.3 Reserve for Employee Benefits			6,305	-	6,305	5,401	-	5,401
12.4 Insurance Technical Provisions (Net)			-	-	-	-	-	-
12.5 Other Provisions			4,638	-	4,638	4,597	-	4,597
<b>XIII. TAX LIABILITIES</b>		(5.II.8)	<b>7,000</b>	-	<b>7,000</b>	<b>7,387</b>	-	<b>7,387</b>
13.1 Current Tax Liability			7,000	-	7,000	7,387	-	7,387
13.2 Deferred Tax Liability			-	-	-	-	-	-
<b>XIV. PAYABLES RELATED TO HELD FOR SALE AND DISCONTINUED OPERATIONS</b>			-	-	-	-	-	-
14.1 Held For Sale			-	-	-	-	-	-
14.2 Discontinued Operations			-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>			-	-	-	-	-	-
<b>XVI. SHAREHOLDERS' EQUITY</b>		(5.II.9)	<b>503,937</b>	<b>1,013</b>	<b>504,950</b>	<b>495,609</b>	<b>935</b>	<b>496,544</b>
16.1 Paid-In Capital			420,000	-	420,000	420,000	-	420,000
16.2 Supplementary Capital			17,230	1,013	18,243	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			3,464	1,013	4,477	7,285	935	8,220
16.2.4 Revaluation Fund on Tangible Assets			14,580	-	14,580	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			12,149	-	12,149	20,042	-	20,042
16.4.1 Prior Periods' Profit or Loss			-	-	-	-	-	-
16.4.2 Current Period Profit or Loss			12,149	-	12,149	20,042	-	20,042
16.5 Minority Shares			-	-	-	-	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>			<b>1,978,646</b>	<b>1,011,982</b>	<b>2,990,628</b>	<b>1,791,010</b>	<b>780,370</b>	<b>2,571,380</b>

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

TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARIES				Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1			
CONSOLIDATED OFF BALANCE SHEET ITEMS STATEMENTS AS AT 30 JUNE 2011 AND 31 DECEMBER 2010 (Currency: Thousands of TL - Turkish Lira)							
	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA					
		CURRENT PERIOD 30/06/2011			PRIOR PERIOD 31/12/2010		
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>		<b>1,722,096</b>	<b>2,063,573</b>	<b>3,785,669</b>	<b>1,243,199</b>	<b>1,399,418</b>	<b>2,642,617</b>
<b>I. GUARANTEES</b>	(5.IV.1)	<b>482,555</b>	<b>578,095</b>	<b>1,060,650</b>	<b>406,901</b>	<b>481,320</b>	<b>888,221</b>
1.1. Letters of Guarantee		482,555	297,569	780,124	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		482,555	297,569	780,124	406,901	311,345	718,246
1.2. Bank Acceptances		-	5,113	5,113	-	3,169	3,169
1.2.1. Import Letter of Acceptance		-	5,113	5,113	-	3,169	3,169
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	244,067	244,067	-	147,933	147,933
1.3.1. Documentary Letters of Credit		-	160,441	160,441	-	89,627	89,627
1.3.2. Other Letters of Credit		-	83,626	83,626	-	58,306	58,306
1.4. Prefinancing Given As Guarantee		-	1,518	1,518	-	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		-	29,828	29,828	-	17,433	17,433
1.9. Other Sureties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(5.IV.1)	<b>365,204</b>	<b>53,232</b>	<b>418,436</b>	<b>331,815</b>	<b>55,105</b>	<b>386,920</b>
2.1. Irrevocable Commitments		365,204	53,232	418,436	331,815	55,105	386,920
2.1.1. Asset Purchase and Sale Commitments		29,962	53,232	83,194	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		50,357	-	50,357	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		81,897	-	81,897	75,425	-	75,425
2.1.8. Tax and Fund Obligations from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		202,381	-	202,381	194,383	-	194,383
2.1.10. Commitments for Promotional Operations Re-Credit Cards and Banking Services		607	-	607	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		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>874,337</b>	<b>1,432,246</b>	<b>2,306,583</b>	<b>504,483</b>	<b>862,993</b>	<b>1,367,476</b>
3.1. Hedging Purpose Derivatives		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedging of a Net Investment in Foreign Subsidiaries		-	-	-	-	-	-
3.2. Trading Purpose Derivatives		874,337	1,432,246	2,306,583	504,483	862,993	1,367,476
3.2.1. Forward Foreign Currency Purchases/Sales		102,940	230,415	333,355	76,573	218,101	294,674
3.2.1.1. Forward Foreign Currency Purchases		28,184	138,653	166,837	31,515	115,504	147,019
3.2.1.2. Forward Foreign Currency Sales		74,756	91,762	166,518	45,058	102,597	147,655
3.2.2. Currency and Interest Rate Swaps		59,728	274,082	333,810	82,496	250,190	332,686
3.2.2.1. Currency Swaps-Purchases		12,145	154,950	167,095	80,248	85,188	165,436
3.2.2.2. Currency Swaps-Sales		47,583	119,132	166,715	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		711,669	927,749	1,639,418	345,414	394,702	740,116
3.2.3.1. Currency Options-Purchases		360,188	459,691	819,879	175,717	194,299	370,016
3.2.3.2. Currency Options-Sales		351,481	468,058	819,539	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>B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)</b>		<b>2,087,140</b>	<b>791,115</b>	<b>2,878,255</b>	<b>1,692,066</b>	<b>784,935</b>	<b>2,477,001</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>191,369</b>	<b>16,173</b>	<b>207,542</b>	<b>150,864</b>	<b>19,196</b>	<b>170,060</b>
4.1. Customers' Securities and Portfolios Held		-	-	-	-	-	-
4.2. Securities Held in Custody		106,594	8,491	115,085	90,314	7,764	98,078
4.3. Checks Received for Collection		61,684	4,526	66,210	42,731	2,592	45,323
4.4. Commercial Notes Received for Collection		14,370	1,840	16,210	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		524	-	524	359	-	359
4.8. Custodians		8,197	1,316	9,513	5,744	4,386	10,130
<b>V. PLEDGED ITEMS</b>		<b>1,894,986</b>	<b>774,616</b>	<b>2,669,602</b>	<b>1,541,202</b>	<b>765,430</b>	<b>2,306,632</b>
5.1. Securities		7,040	-	7,040	3,481	-	3,481
5.2. Guarantee Notes		3,613	12,332	15,945	4,242	11,300	15,542
5.3. Commodities		57,062	25,791	82,853	54,924	21,314	76,238
5.4. Warrants		741	-	741	102	-	102
5.5. Immovables		1,326,259	587,141	1,913,400	1,117,398	621,867	1,739,265
5.6. Other Pledged Items		500,271	149,352	649,623	361,055	110,949	472,004
5.7. Pledged Items-Depository		-	-	-	-	-	-
<b>VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES</b>		<b>785</b>	<b>326</b>	<b>1,111</b>	<b>-</b>	<b>309</b>	<b>309</b>
<b>TOTAL OFF BALANCE SHEET ITEMS (A+B)</b>		<b>3,809,236</b>	<b>2,854,688</b>	<b>6,663,924</b>	<b>2,935,265</b>	<b>2,184,353</b>	<b>5,119,618</b>

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

**TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARIES**  
**CONSOLIDATED INCOME STATEMENTS**  
**FOR THE INTERIM PERIODS ENDED 30 JUNE 2011 AND 2010**  
(Currency: Thousands of TL - Turkish Lira)

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

INCOME AND EXPENSE ITEMS	Footnotes (Section 5)	THOUSANDS OF TURKISH LIRA			
		CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
		(01/01/2011 - 30/06/2011)	(01/01/2010 - 30/06/2010)	(01/04/2011 - 30/06/2011)	(01/04/2010 - 30/06/2010)
<b>I. INTEREST INCOME</b>	(5.III.1)	<b>109,808</b>	<b>94,220</b>	<b>57,017</b>	<b>43,427</b>
1.1 Interest from Loans		97,221	78,160	52,043	37,997
1.2 Interest from Reserve Deposits		-	-	-	-
1.3 Interest from Banks		600	1,436	293	806
1.4 Interest from Money Market Transactions		-	32	-	1
1.5 Interest from Securities Portfolio		11,824	13,864	4,591	4,218
1.5.1 Trading Securities		11	26	4	7
1.5.2 Financial Assets at Fair Value Through Profit or Loss		-	-	-	-
1.5.3 Available for Sale Securities		11,813	13,838	4,587	4,211
1.5.4 Held to Maturity Securities		-	-	-	-
1.6 Interest from Financial Leases		-	-	-	-
1.7 Other Interest Income		163	728	90	405
<b>II. INTEREST EXPENSE</b>	(5.III.2)	<b>61,422</b>	<b>42,040</b>	<b>33,205</b>	<b>21,363</b>
2.1 Interest on Deposits		54,673	37,165	29,136	18,283
2.2 Interest on Funds Borrowed		2,090	2,219	1,377	1,163
2.3 Interest on Money Market Transactions		4,563	2,550	2,682	1,913
2.4 Interest on Securities Issued		-	-	-	-
2.5 Other Interest Expense		96	106	10	4
<b>III. NET INTEREST INCOME (I - II)</b>		<b>48,386</b>	<b>52,180</b>	<b>23,812</b>	<b>22,064</b>
<b>IV. NET FEE AND COMMISSION INCOME</b>		<b>9,915</b>	<b>8,341</b>	<b>5,017</b>	<b>4,610</b>
4.1 Fees and Commissions Received		11,949	10,298	6,038	5,656
4.1.1 Non-Cash Loans		5,136	3,320	2,768	2,155
4.1.2 Other		6,813	6,978	3,270	3,501
4.2 Fees and Commissions Paid		2,034	1,957	1,021	1,046
4.2.1 Non-Cash Loans		139	67	67	37
4.2.2 Other		1,895	1,890	954	1,009
<b>V. DIVIDEND INCOME</b>		<b>5</b>	<b>-</b>	<b>5</b>	<b>-</b>
<b>VI. TRADING INCOME/LOSS (Net)</b>	(5.III.3)	<b>8,910</b>	<b>4,674</b>	<b>2,736</b>	<b>2,773</b>
6.1 Profit / Loss on Trading Account Securities		6,185	4,345	2,636	1,913
6.2 Derivative Instruments Gain / Loss		10,216	(16,341)	6,849	(8,922)
6.3 Foreign Exchange Gain / Loss		(7,491)	16,670	(6,749)	9,782
<b>VII. OTHER OPERATING INCOME</b>	(5.III.4)	<b>10,783</b>	<b>10,284</b>	<b>5,149</b>	<b>4,763</b>
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>77,999</b>	<b>75,479</b>	<b>36,719</b>	<b>34,210</b>
<b>IX. IMPAIRMENT ON LOANS AND OTHER RECEIVABLES (-)</b>	(5.III.5)	<b>11,070</b>	<b>8,791</b>	<b>1,961</b>	<b>149</b>
<b>X. OTHER OPERATING EXPENSES (-)</b>	(5.III.6)	<b>50,944</b>	<b>49,488</b>	<b>26,285</b>	<b>25,750</b>
<b>XI. NET OPERATING PROFIT/LOSS (VIII-IX-X)</b>		<b>15,985</b>	<b>17,200</b>	<b>8,473</b>	<b>8,311</b>
<b>XII. NEGATIVE GOODWILL</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XIII. PROFIT / LOSS FROM EQUITY METHOD INVESTMENTS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XIV. GAIN/LOSS ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XV. P/L BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>		<b>15,985</b>	<b>17,200</b>	<b>8,473</b>	<b>8,311</b>
<b>XVI. TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	(5.III.7)	<b>(3,836)</b>	<b>(3,554)</b>	<b>(1,889)</b>	<b>(1,768)</b>
16.1 Current Tax Provision		(3,440)	(3,410)	(2,021)	(1,812)
16.2 Deferred Tax Provision		(396)	(144)	132	44
<b>XVII. NET PROFIT / LOSS FROM CONTINUING OPERATIONS (XV±XVI)</b>		<b>12,149</b>	<b>13,646</b>	<b>6,584</b>	<b>6,543</b>
<b>XVIII. PROFIT FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
18.1 Assets Held for Sale		-	-	-	-
18.2 Profit on Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
18.3 Others		-	-	-	-
<b>XIX. LOSS FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
19.1 Assets Held for Sale		-	-	-	-
19.2 Loss on Sale of Associates, Subsidiaries and Joint Ventures		-	-	-	-
19.3 Others		-	-	-	-
<b>XX. P/L BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXI. TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)</b>	(5.III.7)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
21.1 Current Tax Provision		-	-	-	-
21.2 Deferred Tax Provision		-	-	-	-
<b>XXII. NET PROFIT / LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVIII. NET PROFIT/LOSS (XVII+XXII)</b>	(5.III.8)	<b>12,149</b>	<b>13,646</b>	<b>6,584</b>	<b>6,543</b>
23.1 Group's Profit / Loss		12,149	13,646	6,584	6,543
23.2 Minority Shares		-	-	-	-
Earnings / Losses per Share (Full TL)		0.0029	0.0032	0.0016	0.0016

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

**TEKSTİL BANKASI A.Ş. AND ITS SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME AND EXPENSES RECOGNIZED UNDER EQUITY  
FOR THE INTERIM PERIODS ENDED 30 JUNE 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 - 30/06/2011)	PRIOR PERIOD (01/01/2010 - 30/06/2010)
I. ADDITIONS TO VALUATION DIFF. ON SECURITIES FROM AVAILABLE FOR SALE INVESTMENTS	(4,665)	(2,144)
II. REVALUATION ON TANGIBLE ASSETS	-	-
III. REVALUATION ON INTANGIBLE ASSETS	-	-
IV. FOREIGN EXCHANGE DIFFERENCES	-	-
V. PROFIT/LOSS RELATED TO DERIVATIVES USED IN CASH FLOW HEDGES (Effective portion)	-	-
VI. PROFIT/LOSS RELATED TO DERIVATIVES USED IN HEDGE OF A NET INVESTMENT IN FOREIGN SUBSIDIARIES (Effective portion)	-	-
VII. EFFECT OF CHANGES IN ACCOUNTING POLICIES OR CORRECTION OF ERRORS	-	-
VIII. OTHER PROFIT/LOSS ITEMS RECOGNIZED IN EQUITY PER TURKISH ACCOUNTING STANDARDS	-	-
IX. DEFERRED TAXES ON VALUATION DIFFERENCES	922	(394)
X. NET PROFIT/LOSS RECOGNIZED IN EQUITY (I+II+...+IX)	(3,743)	(2,538)
XI. CURRENT PERIOD PROFIT/LOSS	12,149	13,646
11.1 Net Change in Fair Value of Securities (Transfer to Profit & Loss)	49	160
11.2 Ineffective Portion of Profit/Loss Related to Derivatives Used in Cash Flow Hedges	-	-
11.3 Ineffective Portion of Profit/Loss Related to Derivatives Used in Hedge of a Net Investment in Foreign Subsidiaries	-	-
11.4 Others	12,100	13,486
XII. TOTAL RECOGNIZED INCOME AND EXPENSE FOR THE PERIOD (X±XI)	8,406	11,108

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 INTERIM PERIODS ENDED 30 JUNE 2011 AND 2010**  
(Currency: Thousands of TL - Turkish Lira)

*Convenience Translation of  
Consolidated Financial Report  
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	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 Shares	Total Shareholders' Equity
<b>CHANGES IN SHAREHOLDERS' EQUITY</b>																		
<b>PRIOR PERIOD 30/06/2010</b>																		
<b>I. Balances at the Beginning of Period-01/01/2010</b>	<b>420,000</b>	-	<b>(814)</b>	-	<b>4,252</b>	-	<b>14,105</b>	-	<b>16,159</b>	-	<b>4,082</b>	<b>5,027</b>	-	-	-	<b>462,811</b>	-	<b>462,811</b>
<b>II. Corrections According to Turkish Accounting Standard No.8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Adjusted Beginning Balance (I + II)</b>	<b>420,000</b>	-	<b>(814)</b>	-	<b>4,252</b>	-	<b>14,105</b>	-	<b>16,159</b>	-	<b>4,082</b>	<b>5,027</b>	-	-	-	<b>462,811</b>	-	<b>462,811</b>
<b>Changes in the Period</b>																		
<b>IV. Increase / Decrease Related to Mergers</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V. Valuation Difference of Available-for-Sale Securities</b>	-	-	-	-	-	-	-	-	-	-	(2,538)	-	-	-	-	(2,538)	-	(2,538)
<b>VI. Hedging Transactions (Effective Portion)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1 Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2 Hedging of a Net Investment in Foreign Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Revaluation fund on tangible assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Revaluation fund on intangible assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Capital Bonus of Associates,Subsidiaries and Joint Ventures</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Foreign Exchange Differences</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Changes Related to Sale of Assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII. Changes Related to Reclassification of Assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII. Effect of Changes in Equities of Associates</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV. Capital Increase</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2 Domestic sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV. Issuances of Share Certificates</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI. Abolition profit of Share Certificates</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVII. Capital Reserves from Inflation Adjustments to Paid-In Capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVIII. Others</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIX. Current Period Net Profit / Loss</b>	-	-	-	-	-	-	-	-	13,646	-	-	-	-	-	-	13,646	-	13,646
<b>XX. Profit Distribution</b>	-	-	-	-	677	-	15,482	-	(16,159)	-	-	-	-	-	-	-	-	-
20.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2 Transferred to Reserves	-	-	-	-	677	-	15,482	-	(16,159)	-	-	-	-	-	-	-	-	-
20.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at the End of Period (III+IV+V...+XVIII+XIX+XX) - 30/06/2010</b>	<b>420,000</b>	-	<b>(814)</b>	-	<b>4,929</b>	-	<b>29,587</b>	-	<b>13,646</b>	-	<b>1,544</b>	<b>5,027</b>	-	-	-	<b>473,919</b>	-	<b>473,919</b>
<b>CURRENT PERIOD 30/06/2011</b>																		
<b>I. Balances at the Beginning of Period-01/01/2011</b>	<b>420,000</b>	-	<b>(814)</b>	-	<b>4,929</b>	-	<b>29,587</b>	-	<b>20,042</b>	-	<b>8,220</b>	<b>14,580</b>	-	-	-	<b>496,544</b>	-	<b>496,544</b>
<b>Changes in the Period</b>																		
<b>II. Increase / Decrease Related to Mergers</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Valuation Difference of Available-for-Sale Securities</b>	-	-	-	-	-	-	-	-	-	-	(3,743)	-	-	-	-	(3,743)	-	(3,743)
<b>IV. Hedging Transactions (Effective Portion)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1 Cash Flow Hedge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Hedging of a Net Investment in Foreign Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>V. Revaluation fund on tangible assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Revaluation fund on intangible assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Capital Bonus of Associates,Subsidiaries and Joint Ventures</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Foreign Exchange Differences</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Changes Related to Sale of Assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Changes Related to Reclassification of Assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Effect of Changes in Equities of Associates</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XII. Capital Increase</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1 Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2 Domestic sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIII. Issuances of Share Certificates</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XIV. Abolition profit of Share Certificates</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XV. Capital Reserves from Inflation Adjustments to Paid-In Capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVI. Others</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XVII. Current Period Net Profit / Loss</b>	-	-	-	-	-	-	-	-	12,149	-	-	-	-	-	-	12,149	-	12,149
<b>XVIII. Profit Distribution</b>	-	-	-	-	901	-	19,141	-	(20,042)	-	-	-	-	-	-	-	-	-
18.1 Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2 Transferred to Reserves	-	-	-	-	901	-	19,141	-	(20,042)	-	-	-	-	-	-	-	-	-
18.3 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at the End of Period (I+II+III+...+XVI+XVII+XVIII) - 30/06/2011</b>	<b>420,000</b>	-	<b>(814)</b>	-	<b>5,830</b>	-	<b>48,728</b>	-	<b>12,149</b>	-	<b>4,477</b>	<b>14,580</b>	-	-	-	<b>504,950</b>	-	<b>504,950</b>

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 INTERIM PERIODS ENDED 30 JUNE 2011 AND 2010**  
(Currency: Thousands of TL - Turkish Lira)

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

		THOUSANDS OF TURKISH LIRA	
		CURRENT PERIOD (01/01/2011 - 30/06/2011)	PRIOR PERIOD (01/01/2010 - 30/06/2010)
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1</b>	<b>Operating Profit before Changes in Operating Assets and Liabilities</b>	<b>23,330</b>	<b>33,782</b>
1.1.1	Interest Received	103,382	92,229
1.1.2	Interest Paid	(57,123)	(41,542)
1.1.3	Dividend Received	5	-
1.1.4	Fees And Commissions Received	10,118	9,376
1.1.5	Other Income	8,642	6,870
1.1.6	Collections from Non-performing Loans	9,166	13,877
1.1.7	Payments to Personnel and Service Suppliers	(31,422)	(29,299)
1.1.8	Taxes Paid	(6,114)	(4,433)
1.1.9	Other	(13,324)	(13,296)
<b>1.2</b>	<b>Changes in Operating Assets and Liabilities</b>	<b>5,166</b>	<b>85,341</b>
1.2.1	Net (Increase) Decrease in Trading Securities	(1,424)	(235)
1.2.2	Net (Increase) Decrease in Financial Assets Designated at FV	-	-
1.2.3	Net (Increase) Decrease in Banks	(28,585)	5,589
1.2.4	Net (Increase) Decrease in Loans	(320,863)	151,268
1.2.5	Net (Increase) Decrease in Other Assets	(25,171)	1,042
1.2.6	Net Increase (Decrease) in Bank Deposits	31,250	463
1.2.7	Net Increase (Decrease) in Other Deposits	278,005	(124,659)
1.2.8	Net Increase (Decrease) in Funds Borrowed	48,391	46,246
1.2.9	Net Increase (Decrease) in Due Payables	-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	23,563	5,627
<b>I.</b>	<b>Net Cash Provided by Banking Operations</b>	<b>28,496</b>	<b>119,123</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II.</b>	<b>Net Cash Provided by / (Used in) Investing Activities</b>	<b>35,053</b>	<b>(90,001)</b>
2.1	Cash Paid for Purchase of Investments, Associates and Subsidiaries	-	-
2.2	Cash Obtained From Sale of Investments, Associates And Subsidiaries	-	-
2.3	Fixed Asset Purchases	(632)	(235)
2.4	Fixed Asset Sales	125	11
2.5	Cash Paid for Purchase of Investments Available for Sale	(48,029)	(157,127)
2.6	Cash Obtained From Sale of Investments Available for Sale	83,589	67,350
2.7	Cash Paid for Purchase of Investment Securities	-	-
2.8	Cash Obtained from Sale of Investment Securities	-	-
2.9	Other	-	-
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III.</b>	<b>Net Cash from Financing Activities</b>	<b>(2)</b>	<b>(103)</b>
3.1	Cash Obtained from Funds Borrowed and Securities Issued	-	-
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	-	-
3.3	Capital Increase	-	-
3.4	Dividends Paid	-	-
3.5	Payments for Finance Leases	(2)	(103)
3.6	Other	-	-
<b>IV.</b>	<b>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>2,043</b>	<b>1,693</b>
<b>V.</b>	<b>Net Increase in Cash and Cash Equivalents (I+II+III+IV)</b>	<b>65,590</b>	<b>30,712</b>
<b>VI.</b>	<b>Cash and Cash Equivalents at the Beginning of Period</b>	<b>194,817</b>	<b>152,182</b>
<b>VII.</b>	<b>Cash and Cash Equivalents at the End of Period (V+VI)</b>	<b>260,407</b>	<b>182,894</b>

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

## SECTION THREE

### ACCOUNTING POLICIES

#### I. Basis of presentation

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

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

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

Preparation of financial statements according to TAS requires the 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

No foreign operation has been disposed of during the period.

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

The Parent Bank has no consolidating associate.

Tekstil Yatırım and ETB which are financial subsidiaries of the Bank are consolidated to accompanying financial statements by using "Full Consolidation" method as of 30 June 2011 and 31 December 2010.

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

The carrying amount of the Parent Bank's investment in each subsidiary and the Bank's portion of equity of each subsidiary are eliminated. All intercompany transactions and intercompany balances between the consolidated subsidiaries and the Parent Bank are eliminated. The financial statements which have been used in the consolidation are prepared as at 30 June 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 the same Communiqué article 5, division 8, all the banks have to prepare consolidated financial statements including all subsidiaries according to TAS within a content determined by the BRSA and publish these financial statements on their web sites. 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.

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

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

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

### **3. Loans and receivables:**

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

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

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

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

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

#### VIII. Impairment of financial assets

Financial asset or group of financial assets 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 and for the first group loans and receivables should not be less than 5 %.

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

Since the consumer loans of the Parent Bank do not exceed the ratios mentioned above as of 30 June 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.

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

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

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

**XI. Assets held for sale and discontinued operations**

Assets held for sale 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 classification as held for sale, should be expected to be completed at within a year and the necessary activities should demonstrate that the possibility of having significant change in the plan or the cancellation of the plan is low.

The Group does not have any assets held for sale.

The Group does not have any discontinued operations.

**XII. Goodwill and other intangible assets**

There is no goodwill in the accompanying consolidated financial statements as at 30 June 2011 and 31 December 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	5 years

Leasehold improvements for buildings acquired through finance lease prior to 31 December 2009 are depreciated over their useful lives. Leasehold improvements acquired after this date are depreciated over lease period up to five years 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 difference is recognized in "Revaluation Fund on Tangible Assets" within the equity items. As at 30 June 2011, revaluation difference on tangible assets amounts to TL 15,347 (31 December 2010: TL 15,347).

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

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

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

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

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

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

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

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

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

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

In accordance with existing legislation in Turkey, 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.

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

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

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

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

### **b. Deferred taxes:**

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

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

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

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

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

**c. Transfer pricing:**

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

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

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

**XIX. Additional explanations on borrowings**

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

**XX. Issued stock**

There is no issued share in the current period.

**XXI. Acceptances**

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

**XXII. Government grants**

As at 30 June 2011 and 31 December 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 VI.

#### **XXVII. Reclassifications**

In order to achieve convenience of presentation of financial statements as at 30 June 2011; some reclassifications have been made in the consolidated income statement and consolidated statement of cash flows for the interim period ended 30 June 2010.

## SECTION FOUR

### CONSOLIDATED FINANCIAL POSITION

#### I. Consolidated capital adequacy ratio

As at 30 June 2011, the Group's consolidated capital adequacy ratio is 17.60% (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%
<b>Credit Risk Based</b>												
<b>Balance Sheet Items (Net)</b>	<b>590,576</b>	<b>94,091</b>	<b>526,781</b>	<b>1,740,886</b>	<b>1,288</b>	<b>3,365</b>	<b>595,087</b>	<b>107,428</b>	<b>526,781</b>	<b>1,736,911</b>	<b>1,288</b>	<b>3,365</b>
Cash in Vault	23,515	-	-	-	-	-	23,515	-	-	-	-	-
Due Dated Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-
Central Bank of Turkey	154,232	-	-	-	-	-	154,232	-	-	-	-	-
Domestic and Foreign Banks, Foreign Branches	-	82,376	-	-	-	-	-	82,660	-	-	-	-
Interbank Money Market	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Reverse Repos	-	-	-	-	-	-	-	-	-	-	-	-
Reserve Deposits	84,835	-	-	-	-	-	84,835	-	-	-	-	-
Loans	56,706	-	526,781	1,516,507	1,288	3,365	56,706	-	526,781	1,524,921	1,288	3,365
Non-performing Loans (Net)	-	-	-	29,908	-	-	-	-	-	29,908	-	-
Receivables from Leasing Operations	-	-	-	-	-	-	-	-	-	-	-	-
Investments Available-for-Sale	258,512	911	-	9,797	-	-	262,839	1,820	-	9,797	-	-
Investments Held-to-Maturity	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Sale of Assets	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Receivables	-	10,682	-	4,545	-	-	-	22,811	-	5,032	-	-
Accrued Interest and Other Income	11,251	122	-	40,251	-	-	11,263	137	-	40,396	-	-
Investments in Associates, Subsidiaries and Joint Ventures (Net)	-	-	-	13,385	-	-	-	-	-	44	-	-
Tangible Assets	-	-	-	87,381	-	-	-	-	-	87,549	-	-
Other Assets	1,525	-	-	39,112	-	-	1,697	-	-	39,264	-	-
<b>Off-Balance Sheet Items</b>	<b>31,377</b>	<b>29,893</b>	<b>24,352</b>	<b>507,577</b>	<b>-</b>	<b>-</b>	<b>31,377</b>	<b>29,893</b>	<b>24,352</b>	<b>507,576</b>	<b>-</b>	<b>-</b>
Non-Cash Loans and Commitments	31,377	27,731	24,352	497,009	-	-	31,377	27,731	24,352	497,008	-	-
Derivatives	-	2,162	-	10,568	-	-	-	2,162	-	10,568	-	-
Accounts Not Risk Weighted	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Risk Weighted Assets</b>	<b>621,953</b>	<b>123,984</b>	<b>551,133</b>	<b>2,248,463</b>	<b>1,288</b>	<b>3,365</b>	<b>626,464</b>	<b>137,321</b>	<b>551,133</b>	<b>2,244,487</b>	<b>1,288</b>	<b>3,365</b>

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

	Unconsolidated		Consolidated	
	Current Period	Prior Period	Current Period	Prior Period
Risk Weighted Assets (RWA)	2,557,488	2,172,903	2,556,180	2,163,063
Market Risk (MR)	28,800	26,200	31,588	26,463
Operational Risk (OR)	293,344	323,371	299,319	327,543
Shareholders' Equity	505,684	490,345	508,169	490,810
Shareholders' Equity /(RWA+MR+OR) *100	17.56	19.44	17.60	19.50

**Components of shareholders' equity:**

	Current Period	Prior Period
<b>CORE CAPITAL</b>		
Paid-in Capital	420,000	420,000
Nominal Capital	420,000	420,000
Capital Commitments (-)	-	-
Capital Reserves Arising From Inflation Adjustments to Paid-in Capital	-	-
Share Premium	(814)	(814)
Share Cancellation 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	12,149	20,042
Current Period Profit	12,149	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 (-)	735	857
Prepaid Expenses (-) (*)	-	1,082
Intangible Assets (-)	1,596	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 (-)	-	-
<b>Total Core Capital</b>	<b>483,562</b>	<b>470,138</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Loan Loss Reserves	16,267	12,378
45% of Revaluation Fund of Securities	-	-
45% of Revaluation Fund of Real Estate	6,561	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)	2,015	3,699
Associates and Subsidiaries	-	-
Investments Available-for-Sale	2,015	3,699
Inflation Component of Capital Reserves, Profit Reserves and Prior Period Profits	-	-
<b>Total Supplementary Capital</b>	<b>24,843</b>	<b>22,638</b>
<b>TIER III CAPITAL</b>	-	-
<b>CAPITAL</b>	<b>508,405</b>	<b>492,776</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>236</b>	<b>1,966</b>
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	236	1,966
Others	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>508,169</b>	<b>490,810</b>

(\*) 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 market risk

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

Standard method defined in the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in Official Gazette no. 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 models used by the Parent Bank are Parametric Method, Historical Simulation and Monte Carlo Simulation. In calculating VaR, a one-tailed 99% confidence level is used regarding one-day holding period. The results are regularly reported to the Senior Level Risk Committee and Asset-Liability Committee.

### Consolidated market risk:

	Amount
(I) Capital Obligation against General Market Risk - Standard Method	1,845
(II) Capital Obligation against Specific Risk - Standard Method	100
(III) Capital Obligation against Currency Risk - Standard Method	308
(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	274
(VII) Capital Obligation against Market Risk at the Banks calculating Risk Measuring Models	-
(VIII) Total Capital Obligation against Market Risk (I+II+III+IV+V+VI) (*)	2,527
<b>(IX) Value-At-Risk Amount (12.5 x VIII) or (12.5 x VII)</b>	<b>31,588</b>

(\*) Value at Risk does not represent all of TL 31,588 but 8% of which is TL 2,527 as the market risk. This amount, TL 2,527, is also the minimum capital obligation to eliminate the market risk.

### III. Consolidated foreign currency exchange rate risk

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

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

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

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

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

	23/06/11	24/06/11	27/06/11	28/06/11	29/06/11	30/06/11
USD	1.6068	1.6183	1.6233	1.6354	1.6324	1.6302
GBP	2.5953	2.5874	2.5966	2.6103	2.6046	2.6111
EURO	2.3121	2.3040	2.3109	2.3211	2.3303	2.3492
JPY	0.0200	0.0200	0.0202	0.0202	0.0202	0.0201

The basic arithmetical average of the Bank's foreign exchange bid rate for the last thirty days from 30 June 2011 (TL full):

	Monthly Average FC Exchange Bid Rates
USD	1.5945
GBP	2.5874
EURO	2.2924
JPY	0.0198

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**Information on consolidated exchange rate risk :**

<b>Current Period</b>	<b>EURO</b>	<b>USD</b>	<b>JPY</b>	<b>OTHER FC</b>	<b>TOTAL</b>
<b>Assets</b>					
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	5,095	118,749	23	625	124,492
Banks	15,882	60,794	284	707	77,667
Financial Assets at Fair Value Through Profit or Loss (*)	49	315	-	-	364
Interbank Money Market Placements	-	-	-	-	-
Investment Securities Available-for-Sale	-	21,530	-	-	21,530
Loans (**)	177,116	465,592	31,561	2,122	676,391
Investments in Subsidiaries and Associates	-	-	-	-	-
Investment Securities Held-to-Maturity	-	-	-	-	-
Hedging Purpose Financial Derivatives	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	7,512	5,447	-	-	12,959
<b>Total Assets (**)</b>	<b>205,654</b>	<b>672,427</b>	<b>31,868</b>	<b>3,454</b>	<b>913,403</b>
<b>Liabilities</b>					
Bank Deposits	7	29,387	-	-	29,394
Foreign Currency Deposits	222,836	620,276	235	4,584	847,931
Interbank Money Markets	-	-	-	-	-
Funds Borrowed from Other Financial Institutions	63,613	57,227	-	1,186	122,026
Marketable Securities Issued	-	-	-	-	-
Miscellaneous Payables	224	655	-	68	947
Hedging Purpose Financial Derivatives	-	-	-	-	-
Other Liabilities	3,478	3,326	50	286	7,140
<b>Total Liabilities (*) (***)</b>	<b>290,158</b>	<b>710,871</b>	<b>285</b>	<b>6,124</b>	<b>1,007,438</b>
<b>Net On Balance Sheet Position</b>	<b>(84,504)</b>	<b>(38,444)</b>	<b>31,583</b>	<b>(2,670)</b>	<b>(94,035)</b>
<b>Net Off Balance Sheet Position</b>	<b>83,968</b>	<b>26,157</b>	<b>(31,211)</b>	<b>6,554</b>	<b>85,468</b>
Financial Derivatives (Assets) (****)	249,883	389,926	26,975	118,689	785,473
Financial Derivatives (Liabilities) (****)	165,915	363,769	58,186	112,135	700,005
<b>Non-cash Loans (****)</b>	<b>176,118</b>	<b>401,250</b>	<b>488</b>	<b>239</b>	<b>578,095</b>
<b>Prior Period</b>					
<b>Total Assets (*) (**)</b>	<b>199,463</b>	<b>594,191</b>	<b>36,495</b>	<b>5,456</b>	<b>835,605</b>
<b>Total Liabilities (*) (***)</b>	<b>183,125</b>	<b>580,040</b>	<b>122</b>	<b>14,343</b>	<b>777,630</b>
<b>Net On Balance Sheet Position</b>	<b>16,338</b>	<b>14,151</b>	<b>36,373</b>	<b>(8,887)</b>	<b>57,975</b>
<b>Net Off Balance Sheet Position</b>	<b>(17,179)</b>	<b>(20,432)</b>	<b>(35,878)</b>	<b>9,019</b>	<b>(64,470)</b>
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
<b>Non-cash Loans (****)</b>	<b>151,539</b>	<b>328,994</b>	<b>688</b>	<b>99</b>	<b>481,320</b>

(\*) As at 30 June 2011, accrual differences in “Financial Assets At Fair Value Through Profit Or Loss” and “Negative Value Of Trading Derivatives” amounting to TL 3,597 and TL 3,531, respectively, (31 December 2010: TL 227 and TL 1,805) are not included.

(\*\*) As at 30 June 2011, “Loans” balance includes, in addition to the balance sheet amount, foreign currency indexed loans and their accruals amounting to TL 242,901 (31 December 2010: TL 263,909).

(\*\*\*) As at 30 June 2011, “Valuation differences of securities” in equity amounting to TL 1,013 (31 December 2010: TL 935) are not included.

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

(\*\*\*\*\*) As at 30 June 2011, FX buying and FX selling transactions with a maturity amounting to TL 32,179 and TL 21,053, respectively, 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 30 June 2011 and 31 December 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.

	30 June 2011				31 December 2010			
	Income Statement		Equity (*)		Income Statement		Equity (*)	
Change in foreign currency rate	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease	10% increase	10% decrease
USD	(1,330)	1,330	(1,229)	1,229	(722)	722	(628)	628
EURO	(54)	54	(54)	54	(84)	84	(84)	84
Other FC	426	(426)	426	(426)	63	(63)	63	(63)
<b>Total, net</b>	<b>(958)</b>	<b>958</b>	<b>(857)</b>	<b>857</b>	<b>(743)</b>	<b>743</b>	<b>(649)</b>	<b>649</b>

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

#### IV. Consolidated interest rate risk

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

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

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

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

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

	Up to 1 Month	1 – 3 Months	3 –12 Months	1 – 5 Years	5 Years and Over	Non-Interest Bearing (*)	Total
<b>Current Period</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	262,582	262,582
Banks	77,201	409	-	-	-	5,064	82,674
Financial Assets at Fair Value Through Profit or Loss	3,861	3,777	7,766	163	156	1,201	16,924
Interbank Money Market Placements	-	-	-	-	-	-	-
Investment Securities Av.-for-Sale	28,495	164,879	28,459	52,610	11,289	469	286,201
Loans	1,072,363	179,186	359,379	435,881	106,058	29,908	2,182,775
Investment Securities Held-to-Mat.	-	-	-	-	-	-	-
Other Assets	508	-	-	-	-	158,964	159,472
<b>Total Assets</b>	<b>1,182,428</b>	<b>348,251</b>	<b>395,604</b>	<b>488,654</b>	<b>117,503</b>	<b>458,188</b>	<b>2,990,628</b>
<b>Liabilities</b>							
Bank Deposits	9,902	-	-	-	-	29,404	39,306
Other Deposits	1,231,672	454,646	241,335	93	-	128,409	2,056,155
Interbank Money Market Borrowings	99,714	-	-	-	-	-	99,714
Miscellaneous Payables	-	-	-	-	-	13,711	13,711
Securities Issued	-	-	-	-	-	-	-
Funds Borrowed from Other Fin.Inst.	9,833	12,993	129,066	8,117	-	-	160,009
Other Liabilities	4,967	3,580	7,715	-	-	605,471	621,733
<b>Total Liabilities</b>	<b>1,356,088</b>	<b>471,219</b>	<b>378,116</b>	<b>8,210</b>	<b>-</b>	<b>776,995</b>	<b>2,990,628</b>
Balance Sheet Long Position	-	-	17,488	480,444	117,503	-	615,435
Balance Sheet Short Position	(173,660)	(122,968)	-	-	-	(318,807)	(615,435)
Off Balance Sheet Long Position	-	-	-	-	-	-	-
Off Balance Sheet Short Position	-	-	-	-	-	-	-
<b>Total Interest Sensitivity Gap</b>	<b>(173,660)</b>	<b>(122,968)</b>	<b>17,488</b>	<b>480,444</b>	<b>117,503</b>	<b>(318,807)</b>	<b>-</b>

(\*) Tangible and intangible assets amounting to TL 77,350, subsidiaries amounting to TL 44, assets held for sale amounting to TL 12,766, tax assets amounting to TL 1,205 and other assets amounting to TL 67,599 are presented within other assets as non-interest bearing; provisions amounting to TL 27,210, tax liability amounting to TL 7,000, other liabilities amounting to TL 66,311 and equity amounting to TL 504,950 are presented within other liabilities as non-interest bearing.

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

	EURO %	USD %	JPY %	TL %
<b>Current Period (*)</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey.	-	-	-	-
Banks	3.44	0.76	-	8.87
Financial Assets at Fair Value Through Profit or Loss	4.41	3.95	-	7.82
Interbank Money Market Placements	-	-	-	-
Investment Securities Available-for-Sale	-	5.19	-	6.24
Loans	6.36	6.37	8.19	13.15
Investment Securities Held-to-Maturity	-	-	-	-
<b>Liabilities</b>				
Bank Deposits	-	-	-	7.87
Other Deposits	3.66	4.16	-	9.56
Interbank Money Market Borrowings	-	-	-	7.70
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	4.39	2.15	-	7.40

(\*) 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
<b>Prior Period</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	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
<b>Total Assets</b>	<b>1,074,655</b>	<b>336,354</b>	<b>278,079</b>	<b>443,095</b>	<b>101,057</b>	<b>338,140</b>	<b>2,571,380</b>
<b>Liabilities</b>							
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
<b>Total Liabilities</b>	<b>1,364,539</b>	<b>406,116</b>	<b>64,406</b>	<b>6,794</b>	<b>-</b>	<b>729,525</b>	<b>2,571,380</b>
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	-	-	-	-	-	-	-
<b>Total Interest Sensitivity Gap</b>	<b>(289,884)</b>	<b>(69,762)</b>	<b>213,673</b>	<b>436,301</b>	<b>101,057</b>	<b>(391,385)</b>	<b>-</b>

(\*) Tangible and intangible assets amounting to TL 78,813, subsidiaries amounting to TL 48, assets held for sale amounting to TL 12,467, tax assets amounting to TL 1,617 and other assets amounting to TL 25,786 are presented within other assets as non-interest bearing; provisions amounting to TL 22,376, tax 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 %
<b>Prior Period (*)</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey.	-	-	-	-
Banks	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	-	-	-	-
<b>Liabilities</b>				
Bank Deposits	-	-	-	-
Other Deposits	2.81	3.02	-	9.19
Interbank Money Market Borrowings	-	-	-	6.63
Miscellaneous Payables	-	-	-	-
Securities Issued	-	-	-	-
Funds Borrowed from Other Financial Institutions	3.53	1.94	-	7.73

(\*) Stated at compound interest rates.

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

The interest rate sensitivity of the income statement as at 30 June 2011 and 31 December 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
<b>30 June 2011</b>				
Financial assets at fair value through profit or loss	(17)	17	(17)	17
Financial assets available for sale	-	-	(1,989)	2,012
Floating rate financial liabilities	(11)	8	(11)	8
<b>Toplam, net</b>	<b>(28)</b>	<b>25</b>	<b>(2,017)</b>	<b>2,037</b>
	Income Statement		Equity (*)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>31 December 2010</b>				
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
<b>Toplam, net</b>	<b>(43)</b>	<b>41</b>	<b>(1,871)</b>	<b>1,894</b>

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

**V. Consolidated liquidity risk**

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

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

The Parent Bank monitors the liquidity position on a daily basis. Cash flow pojections 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.

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**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
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey.	262,582	-	-	-	-	-	-	262,582
Banks	5,064	77,201	409	-	-	-	-	82,674
Financial Assets at Fair Value Through Profit or Loss	539	4,523	3,777	7,766	163	156	-	16,924
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Investment Securities Available-for-Sale	469	39	68,794	32,406	158,472	26,021	-	286,201
Loans	-	582,078	294,570	724,063	446,098	106,058	29,908	2,182,775
Investment Securities Held-to-Maturity	-	-	-	-	-	-	-	-
Other Assets	-	66,818	-	811	-	1,205	90,638	159,472
<b>Total Assets</b>	<b>268,654</b>	<b>730,659</b>	<b>367,550</b>	<b>765,046</b>	<b>604,733</b>	<b>133,440</b>	<b>120,546</b>	<b>2,990,628</b>
<b>Liabilities</b>								
Bank Deposits	29,404	9,902	-	-	-	-	-	39,306
Other Deposits	128,409	1,231,672	454,646	241,335	93	-	-	2,056,155
Funds Borrowed from Other Financial Institutions	-	6,537	12,176	129,937	11,359	-	-	160,009
Interbank Money Markets	-	99,714	-	-	-	-	-	99,714
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	8,200	5,511	-	-	-	-	-	13,711
Other Liabilities	54,181	21,326	6,351	7,715	-	-	532,160	621,733
<b>Total Liabilities</b>	<b>220,194</b>	<b>1,374,662</b>	<b>473,173</b>	<b>378,987</b>	<b>11,452</b>	<b>-</b>	<b>532,160</b>	<b>2,990,628</b>
<b>Net Liquidity Gap</b>	<b>48,460</b>	<b>(644,003)</b>	<b>(105,623)</b>	<b>386,059</b>	<b>593,281</b>	<b>133,440</b>	<b>(411,614)</b>	<b>-</b>
<b>Prior Period</b>								
<b>Total Assets</b>	<b>184,190</b>	<b>648,869</b>	<b>324,958</b>	<b>582,877</b>	<b>576,532</b>	<b>126,939</b>	<b>127,015</b>	<b>2,571,380</b>
<b>Total Liabilities</b>	<b>198,581</b>	<b>1,365,094</b>	<b>408,872</b>	<b>73,119</b>	<b>6,794</b>	<b>-</b>	<b>518,920</b>	<b>2,571,380</b>
<b>Net Liquidity Gap</b>	<b>(14,391)</b>	<b>(716,225)</b>	<b>(83,914)</b>	<b>509,758</b>	<b>569,738</b>	<b>126,939</b>	<b>(391,905)</b>	<b>-</b>

(\*) Assets on the balance sheet which are not convertible into cash in short period; tangible and intangible assets amounting to TL 77,350, subsidiaries amounting to TL 44, stationary supplies amounting to TL 478, assets held for sale amounting to TL 12,766, loans in follow-up amounting to TL 29,908 and liabilities on the balance sheet which are necessary for the banking operations; provisions amounting to TL 27,210 and equity amounting to TL 504,950 are included here.

As per the BRSA Communiqué published on the Official Gazette no.26333 dated 1 November 2006 and became effective starting from 1 January 2007, "Measurement and Assessment of the Adequacy of Banks' Liquidity", the weekly and monthly liquidity ratios on a bank-only basis for foreign currency assets/liabilities and total assets/liabilities should be minimum 80% and 100%, respectively. The Parent Bank's liquidity ratios for the first six months of 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
30 June 2011	216.2	216.7	134.0	146.7
Average (%)	208.7	193.4	128.1	130.0
Max. (%)	267.2	237.0	145.5	146.7
Min. (%)	127.0	166.8	90.3	122.6

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

<b>30 June 2011</b>	<b>Book Value</b>	<b>Gross Nominal Outflow</b>	<b>Demand</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>5 years and more</b>
Bank Deposits	39,306	39,306	29,404	9,902	-	-	-	-
Deposits from Customers	2,056,155	2,073,086	128,409	1,235,813	465,170	243,575	119	-
Due to Money Markets	99,714	99,714	-	99,714	-	-	-	-
Funds Borrowed	160,009	165,318	-	6,813	13,503	133,080	11,922	-
<b>Total</b>	<b>2,355,184</b>	<b>2,377,424</b>	<b>157,813</b>	<b>1,352,242</b>	<b>478,673</b>	<b>376,655</b>	<b>12,041</b>	<b>-</b>

  

<b>31 December 2010</b>	<b>Book Value</b>	<b>Gross Nominal Outflow</b>	<b>Demand</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>5 years and more</b>
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	-
<b>Total</b>	<b>1,993,239</b>	<b>2,002,450</b>	<b>159,342</b>	<b>1,355,915</b>	<b>407,734</b>	<b>72,407</b>	<b>7,052</b>	<b>-</b>

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

<b>Current Period</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>5 years and more</b>	<b>Total</b>
<b>Currency Derivative Instruments (I)</b>	<b>820,960</b>	<b>759,604</b>	<b>726,019</b>	<b>-</b>	<b>-</b>	<b>2,306,583</b>
Forward Foreign Currency Purchases	125,550	35,751	5,536	-	-	166,837
Forward Foreign Currency Sales	125,300	35,714	5,504	-	-	166,518
Currency Swaps-Purchases	135,973	31,122	-	-	-	167,095
Currency Swaps-Sales	135,873	30,842	-	-	-	166,715
Currency Futures-Purchases	-	-	-	-	-	-
Currency Futures-Sales	-	-	-	-	-	-
Currency Options-Purchases	149,017	313,148	357,714	-	-	819,879
Currency Options-Sales	149,247	313,027	357,265	-	-	819,539
<b>Interest Rate Derivative Instruments (II)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Forward Purchases/Sales	-	-	-	-	-	-
Interest Rate Swaps-Purchases/Sales	-	-	-	-	-	-
Interest Rate Options-Purchases/Sales	-	-	-	-	-	-
Interest Rate Futures-Purchases/Sales	-	-	-	-	-	-
<b>Others (III)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (I+II+III)</b>	<b>820,960</b>	<b>759,604</b>	<b>726,019</b>	<b>-</b>	<b>-</b>	<b>2,306,583</b>

As at 30 June 2011, spot foreign currency purchase and sale transactions with value date amounting to TL 41,628 and TL 41,566, respectively, are presented under "Asset Purchase and Sale Commitments" (31 December 2010: TL 36,317 and TL 36,291).

## VI. Consolidated Segment Reporting

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

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 is also within the activities of retail banking.

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

Segment reporting is prepared according to the 28th article of the BRSA's "Communiqué on Financial Statements and the Accompanying Explanations and Footnotes to be Announced to the Public", 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
<b>Operating Income</b>	<b>9,905</b>	<b>44,026</b>	<b>24,068</b>	<b>77,999</b>
Operating profit of segment	2,904	20,651	(7,570)	15,985
Costs not distributed	-	-	-	-
Operating profit	-	-	-	-
Income from subsidiaries	-	-	-	-
Profit before tax	2,904	20,651	(7,570)	15,985
Tax provision	-	-	3,836	3,836
Profit after tax	2,904	20,651	(11,406)	12,149
Non-controlling interests	-	-	-	-
<b>Net Profit</b>	<b>2,904</b>	<b>20,651</b>	<b>(11,406)</b>	<b>12,149</b>
Segment assets (*)	303,692	1,879,083	807,809	2,990,584
Investments in subsidiaries	-	-	44	44
<b>Total Assets</b>	<b>303,692</b>	<b>1,879,083</b>	<b>807,853</b>	<b>2,990,628</b>
Segment liabilities (*)	1,301,898	793,563	390,217	2,485,678
Equity	-	-	504,950	504,950
<b>Total Liabilities</b>	<b>1,301,898</b>	<b>793,563</b>	<b>895,167</b>	<b>2,990,628</b>
<b>Other Segment Items</b>	<b>87</b>	<b>384</b>	<b>3,348</b>	<b>3,819</b>
Capital expenditure	-	-	632	632
Depreciation and amortization	87	384	1,721	2,192
Impairment losses (**)	-	-	995	995
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, assets held for sale and associates.

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Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in current period as; 63% for corporate banking, 10% for retail banking, 27% for investment banking and other segments. Gross income (operational income) of the Group is distributed between corporate banking, retail banking and investment banking and other segments as 56%, 13%, 31 %, respectively.

Segments of the Group for the prior period:

	<b>Retail Banking</b>	<b>Corporate Banking</b>	<b>Investment Banking and Others</b>	<b>Total Operations</b>
<b>For the period ending 30 June 2010:</b>				
<b>Operating Income</b>	<b>9,166</b>	<b>37,287</b>	<b>29,026</b>	<b>75,479</b>
Operating profit of segment	1,363	21,215	(5,378)	17,200
Costs not distributed	-	-	-	-
Operating profit	-	-	-	-
Income from subsidiaries	-	-	-	-
Profit before tax	1,363	21,215	(5,378)	17,200
Tax provision	-	-	3,554	3,554
Profit after tax	1,363	21,215	(8,932)	13,646
Non-controlling interests	-	-	-	-
<b>Net Profit</b>	<b>1,363</b>	<b>21,215</b>	<b>(8,932)</b>	<b>13,646</b>
<b>As at 31 December 2010:</b>				
Segment assets	267,257	1,605,772	698,303	2,571,332
Investments in subsidiaries	-	-	48	48
<b>Total Assets</b>	<b>267,257</b>	<b>1,605,772</b>	<b>698,351</b>	<b>2,571,380</b>
Segment liabilities	1,059,762	722,985	292,089	2,074,836
Equity	-	-	496,544	496,544
<b>Total Liabilities</b>	<b>1,059,762</b>	<b>722,985</b>	<b>788,633</b>	<b>2,571,380</b>
<b>For the period ending 30 June 2010:</b>				
<b>Other Segment Items</b>	<b>179</b>	<b>497</b>	<b>4,649</b>	<b>5,325</b>
Capital expenditure	-	-	235	235
Depreciation and amortization	179	497	3,158	3,834
Impairment losses	-	-	1,256	1,256
Other non-cash income-expenses	-	-	-	-
Restructuring costs	-	-	-	-

Based on information that is presented in the table above, segments of the Group are distributed based on their asset sizes as percentages in previous period as; 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 gross income of corporate banking, retail banking and investment banking and other segments as 49%, 12%, 38%, respectively.

## SECTION FIVE

### DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS

#### I. Information and disclosures related to assets

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	12,665	10,850	10,618	10,439
Central Bank of Turkey	125,425	113,642	76,528	77,340
Others	-	-	-	-
<b>Total</b>	<b>138,090</b>	<b>124,492</b>	<b>87,146</b>	<b>87,779</b>

###### b) Balances with the Central Bank of Turkey :

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	125,425	28,807	76,528	21,090
Unrestricted Time Deposits	-	-	-	-
Restricted Time Deposits	-	84,835	-	56,250
<b>Total</b>	<b>125,425</b>	<b>113,642</b>	<b>76,528</b>	<b>77,340</b>

###### 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. 2011/6 “Amendment on the Reserve Requirements Scale” published in the Official Gazette No. 27913 dated 22 April 2011, to be effective after 29 April 2011, the Turkish Lira and Foreign Currency required reserve ratios, have been set based on the maturity structure of deposits. These ratios are as follows:

TL Liabilities	Reserve Deposit Rates (%)
Demand deposits, notice deposits, private current accounts	16
Deposits/participation accounts up to 1-month maturity	16
Deposits/participation accounts up to 3 months maturity	13
Deposits/participation accounts up to 6 months maturity	9
Deposits/participation accounts up to 1-year maturity	6
Deposits/participation accounts with 1-year and longer maturity and cumulative deposits/participation accounts	5
Special funds	Ratios corresponding to maturities
Other than deposits/participation accounts	13

FX Liabilities	Reserve Deposit Rates (%)
FX demand deposit, Notice deposit, FX private current accounts	12
Deposits/ participation accounts up to 1 – month maturity (included 1 month)	12
Deposits/ participation accounts up to 3 – months maturity (included 3 months)	12
Deposits/ participation accounts up to 6 – months maturity (included 6 months)	12
Deposits/ participation accounts up to 1 year	12
FX deposits / FX participation. accounts with 1-year or longer maturity, Cumulative fx deposits/FX participation. accounts	11
Special fund pools	Ratios corresponding to maturities
Other liabilities up to 1 - year maturity (included 1 year)	12
Other liabilities up to 3 - year maturity (included 3 years)	11.5
Other liabilities longer than 1 - year maturity	11

As at 30 June 2011 and 31 December 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 30 June 2011 and 31 December 2010, the financial assets at fair value through profit or loss are all unrestricted.

- b) Positive value of trading derivatives:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	922	776	415	175
Swap transactions	436	1,134	130	33
Futures	-	-	-	-
Options	10,400	1,687	3,624	19
Other	-	-	-	-
<b>Total</b>	<b>11,758</b>	<b>3,597</b>	<b>4,169</b>	<b>227</b>

## 3. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	5,007	72,609	105	67,150
Foreign	-	5,058	-	8,889
Foreign branches	-	-	-	-
<b>Total</b>	<b>5,007</b>	<b>77,667</b>	<b>105</b>	<b>76,039</b>

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Given as collateral or blocked	54,171	11,272	54,273	10,746
Subject to repurchase agreements	103,505	-	149,887	-
<b>Total</b>	<b>157,676</b>	<b>11,272</b>	<b>204,160</b>	<b>10,746</b>

As at 30 June 2011, investment securities available-for-sale other than those given as collateral or subject to repurchase agreements amount to TL 117,253 (31 December 2010 – TL 108,457).

b) Available-for-sale securities :

	Current Period	Prior Period
Debt instruments	290,031	328,027
Listed	278,401	312,609
Unlisted	11,630	15,418
Equity instruments	469	371
Listed	469	371
Unlisted	-	-
Impairment provision (-)	(4,299)	(5,035)
<b>Total</b>	<b>286,201</b>	<b>323,363</b>

**5. Information related to loans :**

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	-	-	-	-
Corporate shareholders	-	-	-	-
Individual shareholders	-	-	-	-
Indirect loans granted to shareholders	82,930	24,066	17,733	7,332
Loans granted to employees	1,229	-	1,248	-
<b>Total</b>	<b>84,159</b>	<b>24,066</b>	<b>18,981</b>	<b>7,332</b>

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- 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	2,119,279	-	26,273	7,029
Discount Notes	59,388	-	200	-
Export Loans	206,169	-	4,717	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	260,709	-	7	-
Foreign Loans	-	-	-	-
Consumer Loans	253,762	-	10,508	-
Credit Cards	26,802	-	2,082	-
Precious Metal Loans	-	-	-	-
Other	1,312,449	-	8,759	7,029
Specialization Loans	286	-	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>2,119,565</b>	<b>-</b>	<b>26,273</b>	<b>7,029</b>

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

	Short Term	Medium or Long Term	Total
<b>Consumer Loans-TL</b>	<b>9,346</b>	<b>236,208</b>	<b>245,554</b>
Real Estate Loans	2,084	125,235	127,319
Automotive Loans	254	7,497	7,751
Consumer Loans	6,961	103,147	110,108
Other	47	329	376
<b>Consumer Loans-Indexed to FC</b>	<b>192</b>	<b>15,293</b>	<b>15,485</b>
Real Estate Loans	192	14,556	14,748
Automotive Loans	-	124	124
Consumer Loans	-	613	613
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Credit Cards-TL</b>	<b>25,822</b>	<b>-</b>	<b>25,822</b>
Installment	5,547	-	5,547
Non installment	20,275	-	20,275
<b>Credit Cards-FC</b>	<b>299</b>	<b>-</b>	<b>299</b>
With Installment	-	-	-
Without Installment	299	-	299
<b>Loans Given to Employees-TL</b>	<b>101</b>	<b>362</b>	<b>463</b>
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	101	362	463
Other	-	-	-
<b>Loans Given to Employees – Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Loans Given to Employees – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Employee Credit Cards-TL</b>	<b>729</b>	<b>-</b>	<b>729</b>
With Installment	330	-	330
Without Installment	399	-	399
<b>Employee Credit Cards-FC</b>	<b>37</b>	<b>-</b>	<b>37</b>
Without Installment	-	-	-
Without Installment	37	-	37
<b>Overdraft Account-TL (Individual)</b>	<b>2,768</b>	<b>-</b>	<b>2,768</b>
<b>Overdraft Account-FC (Individual)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>39,294</b>	<b>251,863</b>	<b>291,157</b>

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

	Short Term	Medium or Long Term	Total
<b>Installment Corporate Loans – TL</b>	<b>34,243</b>	<b>137,701</b>	<b>171,944</b>
Real Estate Loans	-	6,642	6,642
Automotive Loans	191	15,852	16,043
Consumer Loans	6,896	-	6,896
Other	27,156	115,207	142,363
<b>Installment Corporate Loans – Indexed to FC</b>	<b>5,066</b>	<b>62,351</b>	<b>67,417</b>
Real Estate Loans	-	204	204
Automotive Loans	-	4,412	4,412
Consumer Loans	3,929	4,168	8,097
Other	1,137	53,567	54,704
<b>Installment Corporate Loans – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real Estate Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards – TL</b>	<b>1,928</b>	<b>-</b>	<b>1,928</b>
With Installment	234	-	234
Without Installment	1,694	-	1,694
<b>Corporate Credit Cards – FC</b>	<b>69</b>	<b>-</b>	<b>69</b>
With Installment	-	-	-
Without Installment	69	-	69
<b>Overdraft Account-TL (Commercial)</b>	<b>5,818</b>	<b>-</b>	<b>5,818</b>
<b>Overdraft Account-FC (Commercial)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>47,124</b>	<b>200,052</b>	<b>247,176</b>

e) Loan concentration according to counterparty:

	Current Period	Prior Period
Domestic loans	2,152,867	1,837,810
Foreign loans	-	-
<b>Total</b>	<b>2,152,867</b>	<b>1,837,810</b>

f) Loans granted to subsidiaries and associates: None.

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g) Specific provisions for loans:

	Current Period	Prior Period
Specific Provisions		
Loans and Receivables with Limited Collectibility	323	922
Loans and Receivables with Doubtful Collectibility	8,296	8,247
Uncollectible Loans and Receivables	50,907	49,577
<b>Total</b>	<b>59,526</b>	<b>58,746</b>

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

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

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

	Group III Loans and receivables with limited collectibility	Group IV Loans and receivables with doubtful collectibility	Group V Uncollectible loans and receivables
<b>Balances at Beginning of Period</b>	3,095	12,177	78,693
Additions (+)	6,932	1,434	14
Transfers from Other Categories of Non- Performing Loans (+)	-	7,077	6,788
Transfers to Other Categories of Non-Performing Loans (-)	7,077	6,788	-
Collections (-)	781	1,862	10,268
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
<b>Balances at End of the Period</b>	2,169	12,038	75,227
Specific Provisions (-)	323	8,296	50,907
<b>Net Balance on Balance Sheet</b>	<b>1,846</b>	<b>3,742</b>	<b>24,320</b>

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

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

	Group III Loans and receivables with limited collectibility	Group IV Loans and receivables with doubtful collectibility	Group V Uncollectible loans and receivables
<b>Current Period (Net)</b>	<b>1,846</b>	<b>3,742</b>	<b>24,320</b>
Loans Allowed to Real Persons and Corporate Bodies (Gross)	2,169	12,038	75,227
Specific provision (-)	323	8,296	50,907
Loans Allowed to Real Persons and Corporate Bodies (Net)	1,846	3,742	24,320
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loan and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loan and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>2,173</b>	<b>3,930</b>	<b>29,116</b>
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)	-	-	-

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

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

As at 30 June 2011 and 31 December 2010, there are no financial assets held-to-maturity.

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

As at 30 June 2011 and 31 December 2010, there are no financial assets held-to-maturity.

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

As at 30 June 2011 and 31 December 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 30 June 2011 and 31 December 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 Parent Bank can not classify its financial assets as held to maturity securities in 2010 and 2011.

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

Tekstil Yatırım Menkul Değerler A.Ş., the subsidiary of the Parent Bank, participated in 1% of the share capital of "Gelişen İşletmeler Piyasaları A.Ş."

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**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/Türkiye	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 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
43	43	-	2	-	(4)	(6)	-

c) Movement of subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	47	54
Movements during the Period	(4)	(7)
Purchases	-	-
Bonus shares received	-	-
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision (+)	(4)	(7)
<b>Balance at the End of the Period</b>	<b>43</b>	<b>47</b>
Capital Commitments	-	-
Share Percentage at the end of Period (%)	-	-

d) Sectoral distribution of subsidiaries:

	Current Period	Prior Period
Subsidiaries		
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	-	-
Other Non Financial Subsidiaries	43	47
<b>Total</b>	<b>43</b>	<b>47</b>

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e) Information on consolidated subsidiaries:

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

f) Information on 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
34,344	15,592	185	1,056	5,053	2,732	1,720	-
256	256	-	-	-	-	(256)	-

g) Movement of consolidated subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	13,329	10,293
Movements during the Period	13	3,036
Purchases	-	6,676
Bonus Shares Received	-	204
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase	-	-
Impairment Provision (+)	-	(3,779)
Revaluation Increase/(Decrease), Effect of Inflation and F/X Difference	13	(65)
<b>Balance at the End of the Period</b>	<b>13,342</b>	<b>13,329</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the end of Period (%)</b>	-	-

h) Sectoral distribution of consolidated subsidiaries:

	Current Period	Prior Period
Subsidiaries		
Banks	256	243
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	13,086	13,086
Other Non Financial Subsidiaries	-	-
<b>Total</b>	<b>13,342</b>	<b>13,329</b>

i) Listed subsidiaries: None.

j) Subsidiaries disposed during the current period: None.

k) Subsidiaries purchased in the current period: None.

**9. Information on joint ventures:**

None.

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

None.

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

None.

**12. Information on investment properties:**

None.

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

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

The Parent Bank has net deferred tax asset amounting TL 1,205 (31 December 2010: TL 1,617) which was calculated on deductible temporary differences except general provisions at 30 June 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.

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

The Parent Bank has no asset held for sale and discontinued operation as at 30 June 2011 and 31 December 2010.

**15. Information on other assets:**

The Group has property and real estate acquired against non performing loans and recorded under assets to be disposed of account and presented under other assets amounting TL 12,766 (31 December 2010: TL 12,467).

Other assets, other than assets to be disposed of, amounting to TL 68,107 (31 December 2010: TL 26,218), do not exceed 10% of total assets.

## II. Information and disclosures related to liabilities

### 1. Information on deposits:

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

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

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

	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	10,873	41,239	612,195	130,922	10,242	2,777	87	808,335
Foreign Currency Deposits	44,679	45,887	494,401	104,625	123,098	35,235	6	847,931
Residents in Turkey	35,353	40,241	470,491	99,536	114,731	33,750	6	794,108
Residents Abroad	9,326	5,646	23,910	5,089	8,367	1,485	-	53,823
Public Sector Deposits	18,884	-	-	-	-	-	-	18,884
Commercial Deposits	52,793	29,138	198,465	24,353	20,961	23,763	-	349,473
Other Ins. Deposits	1,180	292	29,699	67	293	1	-	31,532
Precious Metal Deposits	-	-	-	-	-	-	-	-
Bank Deposits	29,404	9,902	-	-	-	-	-	39,306
Central Bank	-	-	-	-	-	-	-	-
Domestic Banks	29,388	9,902	-	-	-	-	-	39,290
Foreign Banks	16	-	-	-	-	-	-	16
Participation Banks	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>157,813</b>	<b>126,458</b>	<b>1,334,760</b>	<b>259,967</b>	<b>154,594</b>	<b>61,776</b>	<b>93</b>	<b>2,095,461</b>

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

	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	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	-	-	-	-	-	-	-	-
<b>Total</b>	<b>159,342</b>	<b>600,971</b>	<b>927,277</b>	<b>77,900</b>	<b>16,308</b>	<b>872</b>	<b>77</b>	<b>1,782,747</b>

b. Information on Deposit Insurance:

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

Saving Deposits	Covered by Deposit Insurance Fund	Covered by Deposit Insurance Fund	Exceeding the Deposit Insurance Limit	Exceeding the Deposit Insurance Limit
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	290,447	270,603	509,333	364,307
Foreign Currency Savings Deposits	90,996	98,144	376,749	287,881
Other Saving Deposits	-	-	-	-
Foreign branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
<b>Total</b>	<b>381,443</b>	<b>368,747</b>	<b>886,082</b>	<b>652,188</b>

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

b.3) Saving deposits not covered by deposit insurance: TL 40,880 (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	28,038	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	12,842	11,869
Deposits and Other Accounts linked to Crimes Mentioned in 282 <sup>nd</sup> Article of 5237 Numbered Turkish Crime Legislation dated on 26/09/2004	-	-
Deposits belong to Off-shore Banks which are established to be engaged in offshore banking in Turkey.	-	-

2. Information on derivative financial liabilities held for trading:

Negative difference on derivatives held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forwards	516	747	600	595
Swaps	159	1,098	878	1,197
Futures	-	-	-	-
Options	10,474	1,686	3,623	13
Other	-	-	-	-
<b>Total</b>	<b>11,149</b>	<b>3,531</b>	<b>5,101</b>	<b>1,805</b>

**3. Information on funds borrowed:**

a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
Domestic Banks and Institutions	37,983	64,675	16,947	35,781
Foreign Banks, Institutions and Funds	-	57,351	-	14,598
<b>Total</b>	<b>37,983</b>	<b>122,026</b>	<b>16,947</b>	<b>50,379</b>

b) Contractual maturities of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	37,983	60,400	16,947	31,717
Medium and Long-Term	-	61,626	-	18,662
<b>Total</b>	<b>37,983</b>	<b>122,026</b>	<b>16,947</b>	<b>50,379</b>

**4. Information on other liabilities:**

Other liabilities are amounting to TL 67,893 (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 Group does not have significant obligations regarding financial lease agreements.

Obligations under financial leases:

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

**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	14,106	10,307
Provisions for Loans and Receivables in Group II	647	745
Provisions for Non Cash Loans	1,406	1,219
Other	108	107
<b>Total</b>	<b>16,267</b>	<b>12,378</b>

b) Information on reserve for employee rights:

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

Such payments are calculated on the basis of 30 days' pay, as at 30 June 2011, at ceiling amount of TL-full 2,623 (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 (%)	4.66	4.66
Expected Salary/ETI Liability Ceiling Increase Rate (%)	5.10	5.10

It is assumed that the ceiling amount would increase by the rate 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)	994	1,733
Paid in current year	(546)	(1,199)
<b>Balance at Current Period End</b>	<b>3,126</b>	<b>2,678</b>

The Group also has vacation pay liability amounting TL 3,179 (31 December 2010: TL 2,723) as at 30 June 2011.

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

As at 30 June 2011, foreign exchange differences on foreign currency indexed loans amounting TL 21 (31 December 2010: TL 1,399) are netted with loans on the asset side.

d) Information on other provisions:

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

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

As at 30 June 2011, the Parent Bank has provision for credit card service promotions amounting TL 219 (31 December 2010: TL 260).

d.3) Information on other provisions:

As at 30 June 2011, there is provision for lawsuits filed against the Parent Bank amounting TL 1,250 (31 December 2010: TL 1,436).

**8. Taxation:**

a) Current tax liability: As at 30 June 2011, corporate taxes payable of the Group after deductions of prepaid taxes is TL 1,677 (31 December 2010: TL 2,647).

b) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	1,677	2,647
Taxation on securities	1,467	1,210
Capital gains tax on property	139	128
Banking Insurance Transaction Tax (BITT)	1,665	1,258
Taxes on foreign exchange transactions	-	-
Value added tax payable	35	44
Other	1,021	1,159
<b>Total</b>	<b>6,004</b>	<b>6,446</b>

c) Information on premiums payable:

	Current Period	Prior Period
Social security premiums- employee share	440	410
Social security premiums- employer share	464	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	32	33
Unemployment insurance- employer share	58	53
Other	2	3
<b>Total</b>	<b>996</b>	<b>941</b>

d) Information on deferred tax liabilities:

Deferred tax liability is netted off with deferred tax assets.

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

a) Paid in capital:

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

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

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

c) Information on share capital increases and their sources; other information on any increase in capital shares during the current period:

None.

d) Information on share capital increases from revaluation funds:

None.

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

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

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

h) Information on marketable securities valuation reserve:

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, subsidiaries and joint ventures	-	-	-	-
Financial assets available-for-sale	3,464	1,013	7,285	935
Translation gain/loss	-	-	-	-
<b>Total</b>	<b>3,464</b>	<b>1,013</b>	<b>7,285</b>	<b>935</b>

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

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

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

**1. Interest income:**

a) Information on interest income received from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest income received from loans (*)				
Short Term Loans	57,967	6,417	49,301	5,465
Medium and Long Term Loans	23,695	5,499	18,749	2,058
Loans Under Follow-Up	3,643	-	2,587	-
Source Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>85,305</b>	<b>11,916</b>	<b>70,637</b>	<b>7,523</b>

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

b) Information on interest income received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	78	-	941	-
Domestic Banks	196	201	304	101
Foreign Banks	-	125	16	74
Foreign Branches	-	-	-	-
<b>Total</b>	<b>274</b>	<b>326</b>	<b>1,261</b>	<b>175</b>

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

## 2. Interest expense:

a) Information on interest expense related to funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks (*)</b>	962	1,128	485	1,734
Central Bank of Turkey	-	-	-	-
Domestic Banks	962	652	430	408
Foreign Banks	-	476	55	1,326
Foreign Branches	-	-	-	-
Other Institutions	-	-	-	-
<b>Total</b>	<b>962</b>	<b>1,128</b>	<b>485</b>	<b>1,734</b>

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

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

	Current Period	Prior Period
Interest paid to associates and subsidiaries	3	2

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

	Current Period	Prior Period
<b>Profit</b>	<b>145,076</b>	<b>155,858</b>
Capital Market Gains	6,308	4,514
Derivative Gains	95,007	99,372
Foreign Exchange Gains	43,761	51,972
<b>Loss (-)</b>	<b>(136,166)</b>	<b>(151,184)</b>
Capital Market Losses	(123)	(169)
Derivative Losses	(84,791)	(115,713)
Foreign Exchange Losses	(51,252)	(35,302)

Net gain from foreign currency exchange rate changes of derivatives is amounted to TL 11,454 (30 June 2010: TL 14,657 net loss).

## 4. Other operating income:

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

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

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables:	5,561	7,535
Loans and Receivables in Group III	323	781
Loans and Receivables in Group IV	3,060	3,717
Loans and Receivables in Group V	2,178	3,037
General Provision Expenses	3,889	-
Provision for Possible Losses	-	-
Impairment Losses on Securities:	991	1,250
Trading securities	213	2
Investment Securities Available-for-Sale	778	1,248
Other Impairment Losses:	4	6
Associates	-	-
Subsidiaries	4	6
Joint Ventures	-	-
Investment Securities Held-to-Maturity	-	-
Other (*)	625	-
<b>Total</b>	<b>11,070</b>	<b>8,791</b>

(\*) Consists of provision for lawsuits filed against the Parent Bank (2010: None)

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

	Current Period	Prior Period
Personnel Expenses	31,422	29,299
Reserve for Employee Termination Indemnities and Vacation Pay	904	349
Reserve for Bank's Social Aid Fund Deficit	-	-
Impairment of Tangible Assets	-	-
Depreciation Expenses of Tangible Assets	1,924	2,184
Impairment of Intangible Assets	-	-
Impairment of Goodwill	-	-
Amortization Expenses of Intangible Assets	169	288
Impairment of Investments in Associates	-	-
Impairment of Assets Held for Sale	-	-
Depreciation of Assets Held for Sale	99	1,362
Impairment of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	11,503	11,186
Operational Leases	4,650	4,271
Repair and Maintenance	615	644
Advertising	341	169
Other Expenses	5,897	6,102
Loss on Sale of Assets	133	284
Other	4,790	4,536
<b>Total</b>	<b>50,944</b>	<b>49,488</b>

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

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

For the interim period ended 30 June 2011, current tax expense is TL 3,440 (2010: TL 3,410).

For the interim period ended 30 June 2011 deferred tax expense is TL 396 (2010: TL 144).

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

For the interim period ended 30 June 2011, deferred tax expense arising from temporary differences amounting TL 396 (2010: TL 144).

Besides, for the interim period ended 30 June 2011, the change in the deferred tax liabilities and current tax payable amounting to TL 922 which are related to the equity differences under comprehensive income transactions, is accounted under equity accounts.

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

For the interim period ended 30 June 2011, deferred tax expense arising from temporary differences is TL 396 (2010: TL 144).

For the interim period ended 30 June 2011, there is no deferred tax income resulted from statutory loss (2010: None).

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

a) Any further explanation on operating results needed for better understanding of the Parent Bank's performance: None.

b) Any changes in estimations that might have a material effect on current and subsequent period results: None.

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

None.

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

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

###### a) Type and amount of irrevocable commitments:

As at 30 June 2011, asset purchase and sale commitments amount to TL 83,194 (31 December 2010: TL 72,638), loan granting commitments amount to TL 50,357 (31 December 2010: TL 43,871), commitments for credit card limits amount to TL 202,381 (31 December 2010: TL 194,383) commitments for cheque payments amount to TL 81,897 (31 December 2010: TL 75,425), commitments for promotional operations re-credit cards amount to TL 607 (31 December 2010: TL 603).

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

Guarantees from off-balance sheet commitments are shown in Off-balance Sheet Items Statements.

As at 30 June 2011, the Group has letters of guarantee amounting to TL 780,124 (31 December 2010: TL 718,246), bills of exchange and acceptances amounting to TL 5,113 (31 December 2010: TL 3,169), letters of credit amounting to TL 244,067 (31 December 2010: TL 147,933), prefinancing given as guarantee amounting to TL 1,518 (31 December 2010: TL 1,440) and other guarantees amounting to TL 29,828 (31 December 2010: TL 17,433).

###### c) Non-cash loans:

	Current Period	Prior Period
Non-Cash Loans Given for Cash Loan Risks	65,253	45,018
With Original Maturity of 1 Year or Less	23,028	4,710
With Original Maturity of More Than 1 Year	42,225	40,308
Other Non-Cash Loans	995,397	843,203
<b>Total</b>	<b>1,060,650</b>	<b>888,221</b>

###### d) Information on fiduciary services rendered on behalf of third parties.

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

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

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

**a) Current Period:**

Parent Bank's Risk Group (*)	Associates and subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	17,687	7,225	46	107
Balance at the End of the Period	-	-	82,892	23,982	38	84
Interest and Commission Income Received	-	-	2,230	77	-	1

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

The Parent Bank has TL 16,870 placements in its risk group banks as at 30 June 2011 (31 December 2010: TL 2,936). Additionally, the Parent Bank has irrevocable commitments with its risk group amounting to TL 1,011 as at 30 June 2011 (31 December 2010 – TL 778).

**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	-	-	2,796	259	-	-

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

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

Parent Bank's Risk Group (*)	Associates and subsidiaries		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Balance at the beginning of the Period	45	53	72,514	43,800	1,855	-
Balance at the End of the Period	41	45	106,472	72,514	1,355	1,855
Interest on Deposits	3	2	2,567	1,939	45	-

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

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

As at 31 December 2010, the Parent Bank has foreign currency forward, swap purchase transactions and foreign currency forward, swap sale transactions amounting to 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 30 June 2011, proportion of cash loans to risk group in total loans is 3.8% (31 December 2010: 0.9%) and proportion of deposits from its risk group in total deposits is 5.1% (31 December 2010: 4.2%). Additionally, as at 31 December 2010 the proportion of derivative transactions with its risk group in total derivative transactions is 1.5%

## VI. Domestic, foreign and off-shore banking branches and foreign representatives

	Number	Number of Employees			
Domestic branches	44	886			
			Country of Incorporation		
Foreign representation office	1	1	Berlin, Germany		
				Total Assets	Statutory Share Capital
Foreign branch	-	-	-	-	-
Off-shore branches	-	-	-	-	-

## VII. Information and disclosure related to subsequent events

Transactions that have not been finalized and their effect on the consolidated financial statements and disclosures in accordance with TAS 10 "Events after the balance sheet date":

- a) In accordance with Communiqué No. 2011/7 "Amendment on the Reserve Requirements Scale" published in the Official Gazette No. 28006 dated 26 July 2011, to be effective after 22 July 2011, the Foreign Exchange required reserve ratios, have been reduced for long term liabilities and there has been no changes for short term liabilities. Changes in foreign exchange required reserve ratios are as follows:

FX Liabilities	Reserve Deposit Rates (%)
FX deposits / FX participation. accounts with 1-year or longer maturity, Cumulative fx deposits/FX participation. accounts	10
Other liabilities up to 3 - year maturity (included 3 year)	10
Other liabilities longer than 3 - year maturity	9

- b) In accordance with Published in the Official Gazette No. 28016 dated 5 August 2011 and No. 2005/1 on the Amendment of the Communiqué on the Required Provisions Scale obligation, "The funding from the repo transactions will be included in the liabilities subject to required reserves by taking the average of daily balances between two calculation periods" has been added to the end of the 1st paragraph of Article 6.

c) In accordance with Published in the Official Gazette No. 28017 dated 6 August 2011 and No. 2011/9 on the Amendment of the Communiqué on the Required Provisions Scale obligation, to be effective after 5 August 2011 new ratios for foreign currency liabilities required reserve ratios have been changed and stated below:

Foreign Currency Liabilities	Required Reserve Ratio (%)
Foreign currency demand deposits, notice deposits, foreign currency private current accounts	11.5
Deposits/participation accounts up to 1 month maturity	11.5
Deposits/participation accounts up to 3 month maturity	11.5
Deposits/participation accounts up to 6 month maturity	11.5
Deposits/participation accounts up to 1 year maturity	11.5
Foreign currency deposits/participation accounts with 1 year and longer maturity and cumulative deposits/participation accounts	9.5
Other foreign currency accounts up to 1 year maturity	11.5
Other foreign currency accounts up to 3 years maturity (including 3 years)	9.5
Other foreign currency accounts longer than 3 years maturity	8.5

2. Subsidiary of Parent Bank established in North Cyprus Turkish Republic; “The Euro Textile International Banking Unit Ltd”, whose activities are decided to be ended officially in 2010 due to the decreasing trend of operations in the course of time, was removed from the register by the notice published in the North Cyprus Turkish Republic Official Gazette No. 121 dated 18 July 2011.

## SECTION SIX

### INDEPENDENT AUDITORS' REVIEW REPORT

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

The consolidated financial statements as at and for the interim period ended 30 June 2011 have been reviewed by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş (the Turkish member firm of KPMG International Cooperative, a Swiss entity) and the review report dated 10 August 2011 is presented in the introduction of this report.

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

None.