



*(Convenience Translation of Financial Statements and Related Disclosures and Footnotes  
Originally Issued in Turkish, See Section 3 Note I)*

**ARAP TRK BANKASI ANONİM ŐİRKETİ**

Unconsolidated Financial Statements

As of and for the Year Ended

31 December 2012

*(Convenience Translation of Financial Statements and Related  
Disclosures and Footnotes Originally Issued in Turkish)*

With Independent Auditors' Report Thereon

Akis Bađımsız Denetim ve Serbest  
Muhasebeci Mali MŐavirlik Anonim Őirketi  
7 February 2013

*This report contains 2 pages of independent auditors'  
report and 84 pages of financial statements including  
footnotes.*

- I. Independent Auditor's Report
- II. Publicly Announced Unconsolidated Financial Report



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

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

To the Board of Directors of Arap Türk Bankası Anonim Şirketi:

We have audited the unconsolidated balance sheet of Arap Türk Bankası Anonim Şirketi ("the Bank") as at 31 December 2012 and the related unconsolidated statement of income, statement of cash flows, statement of changes in shareholders' equity for the year then ended and a summary of significant accounting policies and notes to the financial statements.

*Disclosure for the responsibility of the Bank's Board of Directors:*

The Bank's Board of Directors is responsible for establishing and maintaining an effective internal control system over financial reporting to prevent the misstatements caused by error or fraud, that are material to the financial statements; and for adopting sound accounting policies in compliance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published on the Official Gazette no. 26333 dated 1 November 2006, Turkish Accounting Standards, Turkish Financial Reporting Standards and the statements and guidance published by the Banking Regulation and Supervision Agency ("BRSA") on accounting and financial reporting principles.

*Disclosure for the Responsibility of the Authorized Audit Firm:*

Our responsibility, as independent auditors, is to express an opinion on these financial statements based on our audit. Our audit is performed in accordance with the "Regulation on the Assignment and Activities of the Banks' Independent Audit Firms" published on the Official Gazette no. 26333 dated 1 November 2006 and International Standards on Auditing. We planned and conducted our audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. Our audit includes using the audit techniques for the purpose of obtaining evidence supporting the amounts and disclosures in the financial statements. The selection of the audit techniques is made in accordance with our professional judgment by taking the effectiveness of the controls over financial reporting into consideration and assessing the appropriateness of the applied accounting policies. We believe that our audit provides a reasonable basis for our opinion.

As of the balance sheet date, the accompanying financial statements include a general free reserve amounting to TL 5.000 thousands provided by the Bank management considering the adverse circumstances which may arise from any changes in economy or market conditions, and full amount of such provision had been recognised as expense in the previous period.



*Independent Auditors' Opinion:*

In our opinion, except the effect of the matter that aforementioned on the 4<sup>th</sup> paragraph above, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Arap Türk Bankası Anonim Şirketi as of 31 December 2012 and the result of its operations and cash flows for the year then ended in accordance with the accounting principles and standards as per the existing regulations described in Article 37 of Banking Law No 5411 and the statements and guidance published by the BRSA on accounting and financial reporting principles.

Istanbul, 7 February 2013

Akis Bağımsız Denetim ve Serbest  
Muhasebeci Mali Müşavirlik

Anonim Şirketi

Murat Alsan

*Engagement Partner*

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

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



**GENEL MÜDÜRLÜK / HEAD OFFICE**

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**ARAP TÜRK BANKASI A.Ş. UNCONSOLIDATED FINANCIAL REPORT  
AS OF 31 DECEMBER 2012**


**Address of the Bank's Headquarters :** Valikonağı Caddesi No:10, 34367 – ŞİŞLİ/İSTANBUL  
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The unconsolidated financial report as of and for year ended 31 December 2012 prepared in accordance with the communiqué of “Financial Statements and Related Disclosures and Notes to be Announced to Public by Banks” as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:


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


The accompanying unconsolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents”, Turkish Accounting Standards, Turkish Financial Reporting Standards related appendices and interpretations on these. Unless stated otherwise, the accompanying unconsolidated financial statements are presented in thousands of Turkish Lira (TL) as of 31 December 2012 and independently audited and enclosed.


  
Osman Arslan  
Chairman of the Board  
of Directors


  
Hasan Kimya Bolat  
Member of The Board  
of Directors and Head  
of The Audit Committee

  
Ömer Muzaffer Baktır  
Member of The Board  
of Directors and The  
Audit Committee

  
Abdurauf Ibrahim Shneba  
Member of The Board  
of Directors and The  
Audit Committee

  
Sadek K.S. Abuhallala  
General Manager

  
Salih Hatipoğlu  
Assistant General  
Manager Responsible For  
Financial Reporting

  
Feyzullah Küpeli  
Manager

Contact information of the personnel for addressing questions regarding this financial report:

Name / Title: Feyzullah Küpeli / Manager  
Phone No : 0 212 225 05 00  
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- I. Independent Auditor's Report
- II. Publicly Announced Unconsolidated Financial Report

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**SECTION ONE  
GENERAL INFORMATION****I. Bank’s date of establishment, beginning statute, its history including changes on its statute**

Arap Türk Bankası Anonim Şirketi (“the Bank”) has been established on 18 July 1976 as a joint stock entity in accordance with an agreement signed between the Republic of Turkey and the Libyan Arab Republic. The Bank is managed in conformity with the Articles of Association published in Official Gazette on 18 July 1976 and also as per the “Agreement for the Establishment of a Joint Bank between the Libyan Arab Republic and the Republic of Turkey” dated August 11, 1975. The duration of the Bank is 50 years from the commencement of the Agreement. This period shall be renewable automatically unless agreed otherwise by an Extraordinary General Meeting held at least one year prior to expiration.

In accordance with the Articles of Association, the Board of Directors shall elect a Chairman among its Turkish members and a Deputy Chairman among its Arab members. The General Manager shall always be nominated by the Arab Shareholders assigned by the Board.

**II. Bank’s share capital structure, shareholders directly or indirectly, alone or together holding the management and control of the bank, related changes within the year and information about bank’s group**

The Bank is a foreign bank status incorporated in Turkey. The main shareholder Libyan Foreign Bank is %100 owned by Central Bank of Libya. The main shareholder Libyan Foreign Bank has financial investments in various countries.

The other shareholders are Türkiye İş Bankası A.Ş., and T.C. Ziraat Bankası A.Ş.

The Bank’s share capital at the balance sheet date as follows:

<b>Shareholders</b>	<b>Share amounts</b>	<b>Share percentages</b>
Libyan Foreign Bank	149,687	%62.37
T. İş Bankası A.Ş.	49,382	%20.58
T.C. Ziraat Bankası A.Ş.	37,036	%15.43
Kuwait Investment Co.	3,895	%1.62
<b>Total</b>	<b>240,000</b>	<b>%100</b>

<sup>(\*)</sup> Emek İnşaat ve İşletme A.Ş. has %0,0000014 share in the paid capital by 3,38 TL.

As a result of the developments in Libya in 2011, the fulfillment of the requirements of United Nations Security Council (“UNSC”) decisions no. 1970 and 1973, previously taken within the framework of the Council of Ministers no. 2011/2001 dated 21 June 2011, as sanctioning the Bank’s controlling shareholder Libyan Foreign Bank, has been ceased to be effective, with the decision of Council of Ministers, no. 2012/2727 dated 1 February 2012.

In parallel with these developments, as per the decision of the Saving Deposit Insurance Funds (“SDIF”) dated 1 March 2012 and numbered 77, usage of the shareholder rights of Libyan Foreign Bank, the majority shareholder residing in Libya, having 62.37% share in Arap Türk Bank A.Ş., by the SDIF has ceased as at 15 March 2012 following to the General Assembly Meeting of Arap Türk Bank A.Ş. about the 2011 operating period.



**III. Information about the Bank’s chairman and members of board of directors, members of audit committee, general manager and assistant general managers and their qualifications, related changes within the year and their shares at the Bank****Board Members and Auditors**

<b>Name</b>	<b>Job Title - Description</b>
Osman Arslan	Chairman of the Board of the Directors
Ben Issa A. Hudanah	Deputy Chairman of the Board of the Directors
Sadek K.S. Abuhallala	Member of the Board of Directors and General Manager
Hasan Kimya Bolat	Member of the Board of Directors and Chairman of Audit Committee
Ömer Muzaffer Baktr	Member of the Board of Directors and Audit Committee
Abdurauf İbrahim Shneba	Member of the Board of Directors and Audit Committee
Muzaffer Armağan Saraçoğlu	Member of the Board of Directors
Abdulfatah A. Enaami	Member of the Board of Directors
Esam Mustafa I. Elrayas	Member of the Board of Directors
Volkan Kublay	Auditor
Dr.Ertan Altıkulaç	Auditor

**General Manager and Deputies**

<b>Name</b>	<b>Job Title - Description</b>
Sadek K.S. Abuhallala	Member of the Board of Directors and General Manager
Salih Hatipoğlu	Assistant General Manager – Financial Management and Strategic Planning Division
Özgür Erker	Assistant General Manager – Treasury and Financial Institutions Division
Abdulmonam Geat Ali Tbiga	Assistant General Manager – Credits Division
Abdussalam Elfituri B. Abushagur	Assistant General Manager – Information Technologies and Operations Division

Members of the board, auditors and top level managers do not have any share in the Bank.

**IV. Information on people and entities who have qualified share in the Bank:**

<b>Name Surname/Entity Title</b>	<b>Share Amount</b>	<b>Share Percentage</b>	<b>Paid-in Capital</b>	<b>Unpaid Capital</b>
Libyan Foreign Bank	149,687	62.37%	149,687	-
T. İş Bankası A.Ş.	49,382	20.58%	49,382	-
T.C. Ziraat Bankası A.Ş.	37,036	15.43%	37,036	-

**V. Information about the services and nature of activities of the Bank**

The Bank was established to incorporate commercial activities among Turkey, Middle East and North African countries. The Bank is authorized to collect deposits and operates in corporate banking areas.

The Bank has seven branches; three in Istanbul, one in Ankara, one in Kayseri, one in Konya and one in Gaziantep and has share participations in a subsidiary operating in financial leasing business.

**VI. Differences between the communiqué on preparation of consolidated financial statements of banks and Turkish Accounting Standards and short explanation about the institutions subject to full or proportional consolidation and institutions which are deducted from equity or not included in these three methods**

The Bank's subsidiary Arap Türk Finansal Kiralama Anonim Şirketi is included in the scope of full consolidation method.

Due to differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Account Standards, there is no available subsidiary or associate different consolidation method applied.

There are not any investment amount on banks and financial institutions, with shareholding of more than 10% and deducted from capital.

**VII. The existing or potential, actual or legal obstacles on the transfer of shareholder's equity between the Bank and its subsidiaries or the reimbursement of liabilities**

Immediately transfer of the shareholder's equity between the Bank and its subsidiary is not available. Dividend distribution from shareholders equity is done according to related regulations.

There are no existing or potential, actual or legal obstacle to the reimbursement of liabilities between the Bank and its subsidiary. The Bank charge or pay cost of the services according to the service agreements done between the Bank and its subsidiary.

**SECTION TWO**  
**FINANCIAL STATEMENTS**

- I. Unconsolidated Balance Sheet (Statement of Financial Position)
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**Arap Türk Bankası Anonim Şirketi**  
**Unconsolidated Balance Sheet (Statement of Financial Position)**  
**As of 31 December 2012**

(Thousands of Turkish Lira)

ASSETS	Footnotes (5-1)	Audited			Audited		
		CURRENT PERIOD (31/12/2012)			PRIOR PERIOD (31/12/2011)		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>I. CASH AND BALANCES WITH THE CENTRAL BANK OF TURKEY</b>	(1)	<b>36,300</b>	171,175	207,475	<b>24,021</b>	215,746	239,767
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	(2)	<b>120,943</b>	71,577	192,520	<b>129,906</b>	27,714	157,620
2.1 Financial assets held for trading		120,943	71,577	192,520	129,906	27,714	157,620
2.1.1 Public sector debt securities		120,926	-	120,926	113,541	-	113,541
2.1.2 Securities representing a share in capital		-	-	-	-	-	-
2.1.3 Derivatives held for trading		17	-	17	-	-	-
2.1.4 Other marketable securities		-	71,577	71,577	16,365	27,714	44,079
2.2 Financial assets designated at fair value through profit or loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Equity securities		-	-	-	-	-	-
2.2.3 Loans granted		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
<b>III. BANKS</b>	(3)	<b>60,116</b>	736,002	796,118	<b>45,092</b>	1,222,865	1,267,957
<b>IV. MONEY MARKET PLACEMENTS</b>		<b>596,126</b>	-	596,126	<b>192,299</b>	-	192,299
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		596,126	-	596,126	192,299	-	192,299
<b>V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	(4)	<b>175</b>	722	897	<b>168</b>	1,072	1,240
5.1 Securities representing a share in capital		175	722	897	168	1,072	1,240
5.2 Public sector debt securities		-	-	-	-	-	-
5.3 Other marketable securities		-	-	-	-	-	-
<b>VI. LOANS AND RECEIVABLES</b>	(5)	<b>297,135</b>	439,174	736,309	<b>386,518</b>	491,928	878,446
6.1 Loans and Receivables		296,840	439,174	736,014	386,518	491,928	878,446
6.1.1 Loans granted to the Bank's risk group		-	36,092	36,092	-	208,789	208,789
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		296,840	403,082	699,922	386,518	283,139	669,657
6.2 Loans under follow-up		8,523	-	8,523	5,952	-	5,952
6.3 Specific provisions (-)		8,228	-	8,228	5,952	-	5,952
<b>VII. FACTORING RECEIVABLES</b>		-	-	-	-	-	-
<b>VIII. INVESTMENTS HELD TO MATURITY (Net)</b>	(6)	<b>25,974</b>	109,175	135,149	<b>62,662</b>	137,208	199,870
8.1 Public sector debt securities		19,918	82,882	102,800	40,200	88,181	128,381
8.2 Other marketable securities		6,056	26,293	32,349	22,462	49,027	71,489
<b>IX. INVESTMENTS IN ASSOCIATES (Net)</b>	(7)	-	-	-	-	-	-
9.1 Consolidated by equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		-	-	-	-	-	-
9.2.1 Financial investments in associates		-	-	-	-	-	-
9.2.2 Non-financial investments in associates		-	-	-	-	-	-
<b>X. INVESTMENTS IN SUBSIDIARIES (Net)</b>	(8)	<b>40,452</b>	-	40,452	<b>38,452</b>	-	38,452
10.1 Financial subsidiaries		40,452	-	40,452	38,452	-	38,452
10.2 Non-financial subsidiaries		-	-	-	-	-	-
<b>XI. INVESTMENTS IN JOINT- VENTURES (Net)</b>	(9)	-	-	-	-	-	-
11.1 Consolidated by equity method		-	-	-	-	-	-
11.2 Unconsolidated joint ventures		-	-	-	-	-	-
11.2.1 Financial investments in joint ventures		-	-	-	-	-	-
11.2.2 Non-financial investments in joint ventures		-	-	-	-	-	-
<b>XII. LEASE RECEIVABLES (Net)</b>	(10)	-	-	-	-	-	-
12.1 Finance lease receivables		-	-	-	-	-	-
12.2 Operational leasing receivables		-	-	-	-	-	-
12.3 Others		-	-	-	-	-	-
12.4 Unearned Revenue (-)		-	-	-	-	-	-
<b>XIII. DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGING</b>	(11)	-	-	-	-	-	-
13.1 Fair value hedges		-	-	-	-	-	-
13.2 Cash flow hedges		-	-	-	-	-	-
13.3 Hedges for investments made in foreign countries		-	-	-	-	-	-
<b>XIV. TANGIBLE ASSETS (Net)</b>	(12)	<b>23,002</b>	-	23,002	<b>22,925</b>	-	22,925
<b>XV. INTANGIBLE ASSETS (Net)</b>	(13)	<b>2,034</b>	-	2,034	<b>2,162</b>	-	2,162
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		2,034	-	2,034	2,162	-	2,162
<b>XVI. INVESTMENT PROPERTY (Net)</b>	(14)	-	-	-	-	-	-
<b>XVII. TAX ASSET</b>	(15)	<b>2,488</b>	-	2,488	<b>2,116</b>	-	2,116
17.1 Current tax asset		-	-	-	-	-	-
17.2 Deferred tax asset		2,488	-	2,488	2,116	-	2,116
<b>XVIII. ASSET HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(16)	<b>288</b>	-	288	<b>308</b>	-	308
18.1 Held for sale purpose		288	-	288	308	-	308
18.2 Held from discontinued operations		-	-	-	-	-	-
<b>XIX. OTHER ASSETS</b>	(17)	<b>11,120</b>	4,309	15,429	<b>7,801</b>	1,623	9,424
<b>TOTAL ASSETS</b>		<b>1,216,153</b>	1,532,134	2,748,287	<b>914,430</b>	2,098,156	3,012,586

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

**Arap Türk Bankası Anonim Şirketi**  
**Unconsolidated Balance Sheet (Statement of Financial Position)**  
**As of 31 December 2012**

(Thousands of Turkish Lira)

LIABILITIES AND SHAREHOLDERS' EQUITY	Footnotes (5-II)	Audited			Audited		
		CURRENT PERIOD (31/12/2012)			PRIOR PERIOD (31/12/2011)		
		TL	FC	Total	TL	FC	Total
<b>I. DEPOSITS</b>	(1)	<b>562,249</b>	<b>467,489</b>	<b>1,029,738</b>	<b>244,116</b>	<b>1,702,107</b>	<b>1,946,223</b>
1.1 Deposits held by the Bank's risk group		536,401	127,455	663,856	163,849	1,195,394	1,359,243
1.2 Other		25,848	340,034	365,882	80,267	506,713	586,980
<b>II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	(2)	<b>3,554</b>	-	<b>3,554</b>	-	-	-
<b>III. FUNDS BORROWED</b>	(3)	<b>2,815</b>	<b>1,254,046</b>	<b>1,256,861</b>	<b>1,919</b>	<b>462,968</b>	<b>464,887</b>
<b>IV. INTERBANK MONEY MARKET</b>		-	-	-	<b>204,436</b>	-	<b>204,436</b>
4.1 Interbank money market payables		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market payables		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		-	-	-	204,436	-	204,436
<b>V. MARKETABLE SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
<b>VI. FUNDS</b>		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
<b>VII. MISCELLANEOUS PAYABLES</b>		<b>421</b>	<b>1,152</b>	<b>1,573</b>	<b>361</b>	<b>2,070</b>	<b>2,431</b>
<b>VIII. OTHER EXTERNAL RESOURCES</b>	(4)	<b>12,949</b>	<b>3,047</b>	<b>15,996</b>	<b>8,518</b>	<b>4,046</b>	<b>12,564</b>
<b>IX. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>X. LEASING TRANSACTIONS PAYABLES</b>	(5)	-	-	-	-	-	-
10.1 Finance leasing payables		-	-	-	-	-	-
10.2 Operational leasing payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance leasing expenses ( - )		-	-	-	-	-	-
<b>XI. DERIVATIVE FINANCIAL LIABILITIES HELD FOR HEDGING</b>	(6)	-	-	-	-	-	-
11.1 Fair value hedges		-	-	-	-	-	-
11.2 Cash flow hedges		-	-	-	-	-	-
11.3 Hedges for investments made in foreign countries		-	-	-	-	-	-
<b>XII. PROVISIONS</b>	(7)	<b>24,543</b>	<b>271</b>	<b>24,814</b>	<b>22,541</b>	<b>235</b>	<b>22,776</b>
12.1 General provisions		11,811	-	11,811	9,985	-	9,985
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserves for employee benefit		7,232	-	7,232	6,828	-	6,828
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		5,500	271	5,771	5,728	235	5,963
<b>XIII. TAX LIABILITY</b>	(8)	<b>3,074</b>	-	<b>3,074</b>	<b>5,292</b>	-	<b>5,292</b>
13.1 Current tax liability		3,074	-	3,074	5,292	-	5,292
13.2 Deferred tax liability		-	-	-	-	-	-
<b>LIABILITIES FOR ASSETS HELD FOR RESALE AND ASSETS OF DISCONTINUED OPERATIONS</b>		-	-	-	-	-	-
<b>XIV. DISCONTINUED OPERATIONS</b>		-	-	-	-	-	-
14.1 Held for sale purpose	(9)	-	-	-	-	-	-
14.2 Held from discontinued operations		-	-	-	-	-	-
<b>XV. SUBORDINATED LOANS</b>		-	-	-	-	-	-
<b>XVI. SHAREHOLDERS' EQUITY</b>		<b>412,677</b>	-	<b>412,677</b>	<b>353,977</b>	-	<b>353,977</b>
16.1 Paid-in capital	(10)	240,000	-	240,000	240,000	-	240,000
16.2 Supplementary capital		9,096	-	9,096	9,096	-	9,096
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Securities Value Increase Fund		-	-	-	-	-	-
16.2.4 Revaluation surplus on tangible assets		-	-	-	-	-	-
16.2.5 Revaluation surplus on intangible assets		-	-	-	-	-	-
16.2.6 Revaluation surplus on investment property		-	-	-	-	-	-
16.2.7 Bonus shares of associates, subsidiaries and joint-ventures		-	-	-	-	-	-
16.2.8 Hedging reserves (effective portion)		-	-	-	-	-	-
16.2.9 Revaluation surplus on assets held for sale and assets of discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		9,096	-	9,096	9,096	-	9,096
16.3 Profit reserves		6,214	-	6,214	3,841	-	3,841
16.3.1 Legal reserves		6,214	-	6,214	3,841	-	3,841
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		-	-	-	-	-	-
16.3.4 Other profit reserves		-	-	-	-	-	-
16.4 Profit or loss		157,367	-	157,367	101,040	-	101,040
16.4.1 Prior years income/loss		98,667	-	98,667	52,945	-	52,945
16.4.2 Current year income/loss		58,700	-	58,700	48,095	-	48,095
<b>TOTAL LIABILITIES</b>		<b>1,022,282</b>	<b>1,726,005</b>	<b>2,748,287</b>	<b>841,160</b>	<b>2,171,426</b>	<b>3,012,586</b>

**Arap Türk Bankası Anonim Şirketi**  
**Unconsolidated Off Balance Sheet Commitments**  
**As of 31 December 2012**

(Thousands of Turkish Lira)

	Footnotes (5-III)	Audited CURRENT PERIOD (31/12/2012)			Audited PRIOR PERIOD (31/12/2011)		
		TL	FC	TOTAL	TL	FC	TOTAL
		<b>A. OFF BALANCE SHEET COMMITMENTS</b>		272,167	1,580,009	1,852,176	75,558
<b>I. GUARANTEES AND WARRANTIES</b>	(1), (2)	126,744	1,445,787	1,572,531	70,335	1,469,091	1,539,426
1.1. Letters of guarantee		121,194	1,126,146	1,247,340	70,335	1,243,537	1,313,872
1.1.1. Guarantees subject to State Tender Law		18,569	101	18,670	21,395	109	21,504
1.1.2. Guarantees given for foreign trade operations		7,815	1,100,960	1,108,775	365	1,225,516	1,225,881
1.1.3. Other letters of guarantee		94,810	25,085	119,895	48,575	17,912	66,487
1.2. Bank acceptances		5,550	63,485	69,035	-	13,346	13,346
1.2.1. Import letter of acceptance		-	-	-	-	-	-
1.2.2. Other bank acceptances		5,550	63,485	69,035	-	13,346	13,346
1.3. Letters of credit		-	256,156	256,156	-	212,208	212,208
1.3.1. Documentary letters of credit		-	-	-	-	-	-
1.3.2. Other letters of credit		-	256,156	256,156	-	212,208	212,208
1.4. Prefinancing given as guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Securities issue purchase guarantees		-	-	-	-	-	-
1.7. Factoring guarantees		-	-	-	-	-	-
1.8. Other guarantees		-	-	-	-	-	-
1.9. Other warranties		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(1)	5,779	-	5,779	5,223	-	5,223
2.1. Irrevocable commitments		5,779	-	5,779	5,223	-	5,223
2.1.1. Asset purchase and sales commitments		-	-	-	-	-	-
2.1.2. Deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		-	-	-	-	-	-
2.1.5. Securities issue brokerage commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Payment commitments for checks		5,779	-	5,779	5,223	-	5,223
2.1.8. Tax and fund liabilities from export commitments		-	-	-	-	-	-
2.1.9. Commitments for credit card expenditure limits		-	-	-	-	-	-
2.1.10. Commitments for credit cards and banking services promotions		-	-	-	-	-	-
2.1.11. Receivables from short sale commitments		-	-	-	-	-	-
2.1.12. Payables for short sale commitments		-	-	-	-	-	-
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>		139,644	134,222	273,866	-	-	-
3.1. Derivative financial instruments held for hedging		-	-	-	-	-	-
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	-	-	-	-	-
3.1.3. Hedges for investments made in foreign countries		-	-	-	-	-	-
3.2. Trading transactions		139,644	134,222	273,866	-	-	-
3.2.1. Forward foreign currency buy/sell transactions		-	-	-	-	-	-
3.2.1.1. Forward foreign currency transactions-buy		-	-	-	-	-	-
3.2.1.2. Forward foreign currency transactions-sell		-	-	-	-	-	-
3.2.2. Swap transactions related to foreign currency and interest rates		139,644	134,222	273,866	-	-	-
3.2.2.1. Foreign currency swap-buy		-	134,222	134,222	-	-	-
3.2.2.2. Foreign currency swap-sell		139,644	-	139,644	-	-	-
3.2.2.3. Interest rate swaps-buy		-	-	-	-	-	-
3.2.2.4. Interest rate swaps-sell		-	-	-	-	-	-
3.2.3. Foreign currency, interest rate and security options		-	-	-	-	-	-
3.2.3.1. Foreign currency options-buy		-	-	-	-	-	-
3.2.3.2. Foreign currency options-sell		-	-	-	-	-	-
3.2.3.3. Interest rate options-buy		-	-	-	-	-	-
3.2.3.4. Interest rate options-sell		-	-	-	-	-	-
3.2.3.5. Securities options-buy		-	-	-	-	-	-
3.2.3.6. Securities options-sell		-	-	-	-	-	-
3.2.4. Foreign currency futures		-	-	-	-	-	-
3.2.4.1. Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2. Foreign currency futures-sell		-	-	-	-	-	-
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sell		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGED SECURITIES (IV+V+VI)</b>		243,213	215,532	458,745	274,829	360,355	635,184
<b>IV. ITEMS HELD IN CUSTODY</b>		212,138	116,908	329,046	253,394	83,290	336,684
4.1. Assets under management		-	-	-	-	-	-
4.2. Investment securities held in custody		-	-	-	-	-	-
4.3. Checks received for collection		159,012	10,908	169,920	228,906	6,308	235,214
4.4. Commercial notes received for collection		53,126	106,000	159,126	24,488	76,982	101,470
4.5. Other assets received for collection		-	-	-	-	-	-
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		-	-	-	-	-	-
4.8. Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		31,075	98,624	129,699	21,435	277,065	298,500
5.1. Marketable securities		-	-	-	-	142,988	142,988
5.2. Guarantee notes		250	196	446	250	210	460
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Immovables		30,797	96,456	127,253	21,157	103,161	124,318
5.6. Other pledged items		28	1,972	2,000	28	30,706	30,734
5.7. Pledged items-depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		-	-	-	-	-	-
<b>TOTAL OFF BALANCE SHEET COMMITMENTS</b>		<b>515,380</b>	<b>1,795,541</b>	<b>2,310,921</b>	<b>350,387</b>	<b>1,829,446</b>	<b>2,179,833</b>

**Arap Türk Bankası Anonim Şirketi**  
**Unconsolidated Income Statement**  
**For The Period Ended 31 December 2012**

(Thousands of Turkish Lira)

INCOME AND EXPENSES		Footnotes (5-IV)	Audited	Audited
			CURRENT PERIOD (01/01/2012-31/12/2012)	PRIOR PERIOD (01/01/2011-31/12/2011)
<b>I.</b>	<b>INTEREST INCOME</b>	(1)	118,925	84,087
1.1	Interest on loans		51,478	37,660
1.2	Interest received from reserve deposits		-	-
1.3	Interest received from banks		19,676	15,610
1.4	Interest received from money market transactions		21,350	3,002
1.5	Interest received from marketable securities portfolio		26,417	27,770
1.5.1	Financial assets held for trading		12,598	13,216
1.5.2	Financial assets where value change is reflected to income statement		-	-
1.5.3	Financial assets available for sale		-	-
1.5.4	Investments held to maturity		13,819	14,554
1.6	Finance lease income		-	-
1.7	Other interest income		4	45
<b>II.</b>	<b>INTEREST EXPENSE</b>	(2)	29,407	21,410
2.1	Interest on deposits		20,003	16,358
2.2	Interest on funds borrowed		5,766	2,625
2.3	Interest on money market transactions		3,637	2,360
2.4	Interest on securities issued		-	-
2.5	Other interest expense		1	67
<b>III.</b>	<b>NET INTEREST INCOME/EXPENSE (I - II)</b>		89,518	62,677
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		38,612	44,711
4.1	Fees and commissions received		39,780	45,410
4.1.1	Non-cash loans		13,544	13,828
4.1.2	Other		26,236	31,582
4.2	Fees and commissions paid		1,168	699
4.2.1	Non-cash loans		3	3
4.2.2	Other		1,165	696
<b>V.</b>	<b>DIVIDEND INCOME</b>	(3)	2,061	2,565
<b>VI.</b>	<b>NET TRADING INCOME/EXPENSE</b>	(4)	(2,716)	2,029
6.1.	Capital markets transactions		9	10
6.2.	Profit/losses on trading account securities		(5,550)	(530)
6.3.	Foreign exchange profit/losses		2,825	2,549
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	(5)	3,319	1,481
<b>VIII.</b>	<b>TOTAL OPERATING INCOME/EXPENSE (III+IV+V+VI+VII)</b>		130,794	113,463
<b>IX.</b>	<b>PROVISION FOR LOAN LOSSES and OTHER RECEIVABLES (-)</b>	(6)	4,926	8,751
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	(7)	52,660	43,407
<b>XI.</b>	<b>NET OPERATING INCOME/LOSS (VIII-IX-X)</b>		73,208	61,305
<b>XII.</b>	<b>INCOME RESULTED FROM MERGERS</b>		-	-
<b>XIII.</b>	<b>INCOME/LOSS FROM CONTINUING OPERATIONS</b>		-	-
<b>XIV.</b>	<b>NET MONETARY POSITION GAIN/LOSS</b>		-	-
<b>XV.</b>	<b>INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XI+...+XIV)</b>		73,208	61,305
<b>XVI.</b>	<b>PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>		(14,508)	(13,210)
16.1.	Current tax provision	(8)	(14,879)	(13,848)
16.2.	Deferred tax provision	(9)	371	638
<b>XVII.</b>	<b>NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)</b>		58,700	48,095
<b>XVIII.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
18.1.	Income from asset held for sale	(10)	-	-
18.2.	Income from sale of associates, subsidiaries and joint-ventures		-	-
18.3.	Other income from discontinued operations		-	-
<b>XIX.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-
19.1.	Expenses on asset held for sale		-	-
19.2.	Expenses on sale of associates, subsidiaries and joint ventures		-	-
19.3.	Other expense from discontinued operations		-	-
<b>XX.</b>	<b>INCOME/EXPENSE BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>		-	-
<b>XXI.</b>	<b>PROVISION FOR TAXES ON INCOME FROM DISCONTINUED OPERATIONS (±)</b>		-	-
21.1.	Current tax provision		-	-
21.2.	Deferred tax provision		-	-
<b>XXII.</b>	<b>NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		-	-
<b>XXIII.</b>	<b>NET PROFIT/LOSSES (XVII+XXII)</b>		58,700	48,095
	Earning/Loss Per Share		0.0024	0.0020

**Arap Türk Bankası Anonim Şirketi**  
**Statement of Recognized Income and Expense In Unconsolidated Shareholders' Equity**  
**For The Period Ended 31 December 2012**

(Thousands of Turkish Lira)

INCOME AND EXPENSE ITEMS ACCOUNTED IN SHAREHOLDERS' EQUITY		Audited	
		CURRENT PERIOD (01/01/2012-31/12/2012)	PRIOR PERIOD (01/01/2011-31/12/2011)
I.	I. MARKET VALUE GAINS ON AVAILABLE FOR SALE ASSETS ACCOUNTED UNDER "SECURITIES VALUE INCREASE FUND"	-	-
II.	REVALUATION SURPLUS ON TANGIBLE ASSETS	-	-
III.	REVALUATION SURPLUS ON INTANGIBLE ASSETS	-	-
IV.	TRANSLATION DIFFERENCES FOR TRANSACTIONS IN FOREIGN CURRENCIES	-	-
V.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (effective portion)	-	-
VI.	GAIN/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR HEDGES OF NET INVESTMENT (effective portion)	-	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS	-	-
VIII.	OTHER INCOME/EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY AS PER TAS	-	-
IX.	DEFERRED TAXES ON VALUE INCREASES/DECREASES	-	-
X.	NET INCOME/EXPENSE ITEMS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	-	-
XI.	CURRENT PROFIT/LOSSES	58,700	48,095
11.1	Net changes in fair value of securities (transferred to income statement)	-	-
11.2	Gains/losses on hedges of cash flow hedges, reclassified and recorded in income statement	-	-
11.3	Gains/losses on hedges of net investment in foreign operations, reclassified and recorded in income statement	-	-
11.4	Other	58,700	48,095
XII.	TOTAL PROFIT/(LOSS) ACCOUNTED FOR THE CURRENT PERIOD (X+XI)	58,700	48,095





# Arap Türk Bankası Anonim Şirketi

## Unconsolidated Statement of Cash Flow

### For The Period Ended 31 December 2012

(Thousands of Turkish Lira)

	Footnotes (5-VI)	Audited	
		CURRENT PERIOD (31/12/2012)	PRIOR PERIOD (31/12/2011)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
1.1		<b>169,086</b>	<b>(227,711)</b>
1.1.1		129,240	68,403
1.1.2		(31,605)	(18,474)
1.1.3		54	56
1.1.4		39,780	45,410
1.1.5		1,315	2,876
1.1.6		177	-
1.1.7		(43,976)	(34,871)
1.1.8		(17,098)	(10,076)
1.1.9	(3)	91,199	(281,035)
1.2		<b>(299,030)</b>	<b>1,337,155</b>
1.2.1		(32,611)	9,447
1.2.2		-	-
1.2.3		(65,352)	(206,144)
1.2.4		129,671	(362,443)
1.2.5	(3)	(5,685)	(101,857)
1.2.6		<b>(925,480)</b>	1,565,676
1.2.7		11,354	58,776
1.2.8		791,813	29,946
1.2.9		-	-
1.2.10	(3)	(202,740)	343,754
I.		<b>(129,944)</b>	<b>1,109,444</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
II.		<b>58,439</b>	<b>40,884</b>
2.1		-	-
2.2		-	-
2.3		(2,511)	(2,813)
2.4		18	329
2.5		(54)	(210)
2.6		334	-
2.7		<b>(83,489)</b>	(118,485)
2.8		144,735	162,985
2.9		(594)	(922)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
III.		-	<b>(243)</b>
3.1		-	-
3.2		-	-
3.3		-	-
3.4		-	-
3.5		-	(243)
3.6		-	-
IV.	(3)	<b>(94,078)</b>	<b>262,066</b>
V.		<b>(165,583)</b>	<b>1,412,151</b>
VI.	(1)	1,544,099	131,948
VII.	(1)	<b>1,378,516</b>	<b>1,544,099</b>

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

**Arap Türk Bankası Anonim Şirketi**  
**Statement of Profit Distribution**  
**For The Year Ended 31 December 2012**  
**(Thousands of Turkish Lira)**

		Audited	
		CURRENT PERIOD (31/12/2012)	PRIOR PERIOD (31/12/2011)
<b>I.</b>	<b>DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1	CURRENT YEAR INCOME	73,208	61,305
1.2	TAXES AND DUTIES PAYABLE	(14,508)	(13,210)
1.2.1	Corporate Tax (Income tax)	(14,879)	(13,848)
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	371	638
<b>A.</b>	<b>NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>58,700</b>	<b>48,095</b>
1.3	PRIOR YEARS LOSSES (-)(*)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	2,373
1.5	OTHER STATUTORY RESERVES (-)	-	-
<b>B.</b>	<b>NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]</b>	<b>58,700</b>	<b>45,722</b>
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To owners of ordinary shares	-	-
1.6.2	To owners of preferred shares	-	-
1.6.3	To owners of preferred shares (preemptive rights)	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To owners of ordinary shares	-	-
1.9.2	To owners of preferred shares	-	-
1.9.3	To owners of preferred shares (preemptive rights)	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUTORY RESERVES (-)	-	-
1.12	GENERAL RESERVES	-	-
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
<b>II.</b>	<b>DISTRIBUTION OF RESERVES</b>		
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of preferred shares	-	-
2.3.3	To owners of preferred shares (preemptive rights)	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and loss sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III.</b>	<b>EARNINGS PER SHARE</b>		
3.1	TO OWNERS OF ORDINARY SHARES	0.0024	0.0020
3.2	TO OWNERS OF ORDINARY SHARES (%)	0.24	0.20
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
<b>IV.</b>	<b>DIVIDEND PER SHARE</b>		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES ( % )	-	-

(\*)Since the General Assembly has not been made as of the announcement of the financial statement, the distribution of profit has not been decided yet.

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

## **SECTION THREE ACCOUNTING POLICIES**

### **I. Explanations for basis of presentation**

As per the Article 37 of “Accounting and Recording Rules” of the Turkish Banking Law no. 5411 published on the Official Gazette no. 25983 dated 1 November 2005 and became effective, the Bank keeps its accounting records and prepares its unconsolidated financial statements and the related footnotes in accordance with accounting and valuation standards described in “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published by the Banking Regulation and Supervision Agency (“BRSA”) and effective since 1 November 2006, Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards (“TFRS”) and the related statements and guidance (collectively “Reporting Standards”) published by Turkish Accounting Standards Board (“TASB”). The Bank maintains its books of account in Turkish Lira (TL).

As of 2 November 2011 as published in the Official Gazette, the addition of Article 1 of Law No. 2499 which is the establishment article of TASB has been revoked by Decree Law No. 660 and the establishment of the Public Oversight Accounting and Auditing Standards Board ("the Authority") has been decided by the Council of Ministers. According to the provisory Article 1 of Decree Law, until the standards and regulations released by the Authority come into force, current existing regulations will be applied regarding these issues. As of reporting period end, this situation does not cause any change in ‘Primary Basis of Presentation’.

The accompanying financial statements are prepared in Thousand Turkish Lira in accordance with the cost basis except for the financial assets at fair value through profit or loss, derivative financial assets and liabilities held for trading purpose and assets available for sale, which are presented on a fair value basis.

For a correct perception of the financial statements, the accounting policies and valuation principles are explained between in Notes No. II and XXIII.

#### **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 financial statements are to be distributed, and International Financial Reporting Standards (“IFRS”), may have significant influence on the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles generally accepted in such countries and IFRS.

### **II. Information on strategy for the use of financial instruments and foreign currency transactions**

The Bank’s core business operation is banking activities including corporate banking, commercial banking, retail banking and security transactions (treasury transactions) together with international banking services. The Bank uses financial instruments intensively because of the nature of the Bank. The main funding resources are deposits, borrowing and equity and these resources are invested in qualified financial assets. The Bank follows the utilization of resources and the risk and return for the investments in various financial assets through an effective asset and liability management strategy.

The transactions in foreign currency are recorded in accordance with TAS 21 – *Effects of Exchange Rate Changes*. Related gain and loss occurred due to the changes in exchange rates resulted by the foreign currency transactions are translated into TL over the effective exchange rate prevailing at the date of the transaction and is recorded accordingly. At the end of the related periods, foreign currency assets and liability balances outstanding are translated into Turkish Lira over the Bank’s exchange rates prevailing at the balance sheet date and the resulting exchange rate differences are accounted as foreign exchange gains and losses.

### **III. Information on forward transactions, options and derivative instruments**

The Bank’s financial derivatives are classified as “Held for Trading” in accordance with TAS – 39 *Financial Instruments: Recognition and Measurement*.

Derivatives are initially recorded at their purchase costs including the transaction costs. The notional amounts of derivative transactions are recorded in off-balance sheet accounts based on their contractual amounts.

The derivative transactions are measured at fair value subsequent to initial recognition and if the fair value of a derivative financial instrument is positive, it is disclosed under the main account fair values of financial assets through profit or loss” in trading derivative financial instruments and if the fair value difference is negative, it is disclosed under trading derivative financial liabilities. Gains and losses arising from a change in fair value of trading derivatives after the re measurement are accounted in the income statement. The fair value of the derivative financial instruments is calculated using quoted market prices by using discounted cash flows model.

### **IV. Information on interest income and expense**

Interest income and expense are recognized according to the effective interest method based on accrual basis. Effective interest rate is the rate that discounts the expected cash flows of financial assets or liabilities during their lifetimes to their carrying values. Effective interest rate is calculated when a financial asset or a liability is initially recorded and is not modified thereafter.

The computation of effective interest rate comprises discounts and premiums, fees and commissions paid or received and transaction costs. Transaction costs are additional costs that are directly related to the acquisition, issuance or disposal of financial assets or liabilities.

In accordance with the related regulation, the accrued interest income on non-performing loans are reversed and subsequently recognized as interest income only when collected.

### **V. Information on fees and commission**

Fees and commission received and paid are recognized according to either accrual basis of accounting or effective interest method depending on nature of fees and commission; incomes derived from agreements and asset purchases for third parties are recognized as income when realized.

### **VI. Information on financial assets**

The Bank categorizes and records its financial assets as financial assets at fair value through profit or loss, financial assets available-for-sale, loans and receivables or financial assets held to maturity.

Financial assets except for measured at fair value through profit or loss are recognized initially with their transaction costs that are directly attributable to the acquisition or issue of the financial asset. Purchase and sale transactions of securities are accounted at settlement dates.

#### **Financial Assets at Fair Value through Profit or Loss**

This category has two sub categories: financial assets for trading purposes and those recorded as financial assets designated at fair value through profit or loss at their initial recognition.

Financial assets held for trading are part of a portfolio aiming to generate a profit from short term fluctuations in prices or dealer’s margin or in which a pattern of short term profit making exists.

Financial derivative instruments are classified as financial assets held for trading unless they are stated as for hedging purposes. Accounting of derivative financial assets is explained in III of Section Three.

The financial assets held for trading are initially recognized at cost which includes transaction costs. Subsequent to the initial recognition financial assets held for trading are re-measured at their fair value. The gains and losses arising from the change in fair value are recognized in the income statement. The interest income earned from financial assets held for trading is recorded in the interest income and share profit is recorded in the dividends account.

**Financial Assets Available-for-Sale**

Financial assets available for sale are financial assets other than those classified as loans and receivables, financial assets held to maturity and financial assets at fair value through profit or loss.

Debt securities classified as financial assets available-for-sale are subsequently re-measured at their fair values. Unrealized gains and losses arising from changes in the fair value of securities classified as financial assets available for sale is reflected in the equity marketable securities value increase fund. When these financial assets available for sale are disposed of or collected the fair value differences accumulated under equity are transferred to the income statement.

Financial assets available for sale that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Financial assets available for sale that do not have a quoted market price and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

**Loans and Receivables**

Loans and receivables are the financial assets raised by the Bank providing money, commodity and services to debtors. Loans are financial assets with fixed or determinable payments and not quoted in an active market.

Loans and receivables are recorded at cost and measured at amortized cost by using effective interest method. The duties paid, transaction expenditures and other similar expenses on assets received against such risks are considered as a part of transaction cost and charged to customers.

**Financial Assets Held to Maturity**

Held-to-maturity securities are financial assets that are not classified as loans and receivables with fixed maturities and pre-determinable payments that the Bank has the intent and ability to hold until maturity. The financial assets held to maturity are initially recognized at cost and subsequently carried at amortized cost using effective interest method with internal rate of return after deducting impairments, if any. Interest earned on financial assets held-to-maturity is recognized as interest income in the statement of income.

There are no financial assets that were previously classified as held to maturity but cannot be subject to this classification for two years due to the violation of the tainting rule.

**Associates and Subsidiaries**

Subsidiaries are the entities that the Bank has the power to govern the financial and operating policies of those so as to obtain benefits from its activities. Subsidiaries are accounted in accordance with TAS 39 – *Financial Instruments: Recognition and Measurement* in the unconsolidated financial statements. Subsidiaries are recorded at fair value. Subsidiaries which are not traded in an active market and whose fair value cannot be reliably set are reflected in financial statements with their costs after deducting impairment losses, if any.

**VII. Information on impairment of Financial Assets**

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

Impairment loss incurs if, and only if, there is 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 Identification of and Provision against Non-Performing Loans and Other Receivables published on the Official Gazette no. 26333 dated 1 November 2006 and the amendments to this regulation. The allowances are recorded in the statement of income of the related period.

Provision in prior periods has been collected which is provisioned accounts are recorded under other operating income is deducted. Is collected which is provisioned in the same year, the impairment loss is deducted from loans and other receivables.

**VIII. Information on offsetting financial instruments**

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

**IX. Information on sale and repurchase agreements and lending of financial assets**

Repurchase (“repo”) and resale (“reverse repo”) agreements of financial assets are followed at the balance sheet accounts. Financial assets which are sold to customers under repurchase agreements are categorized according to initial classification and are measured in accordance with the accounting policy of the related portfolio.

Funds obtained under repurchase agreements are accounted under funds provided under repurchase agreements in liability accounts. The interest expense accruals are calculated by means of internal rate of return method over the difference resulting from repurchase and sale prices for the relevant period.

Securities subject to repurchase (“reverse repo”) agreements are reflected under receivables from reverse repurchase agreements. The difference between the purchase and resell price which is related with the period is computed with the effective interest rate method for accrued interest income.

**X. Information on assets held for sale and discontinued operations**

An asset that is classified as held for sale (or to be discarded fixed assets) is measured with its book value or cost deducted fair value, depending on the lower one. An asset to be classified asset held for sale, particular asset (or to be discarded fixed assets) should be similar to these types of assets and should be able to be sold immediately with commonly accepted terms and conditions. Asset should be marketed in line with its fair value. For selling probability to be high, relevant management level should plan the sale and should finalize the plan by determining the buyers.

Assets held for sale are comprised of tangible assets acquired due to non performing receivables, and are accounted in the financial statements in accordance with the “Regulation On The Disposals of The Commodities and Properties Acquired Due to Receivables and The Purchase and Sale of Precious Metals by Banks” dated 1 November 2006 and published on the Official Gazette No.26333.

A discontinued operation is classified as the Bank’s assets discarded or assets held for sales. Information on discontinued operations is presented separately in consolidated income statement. As at reporting date, the Bank does not have any discontinued operations.

**XI. Information on goodwill and other intangible assets**

There is no goodwill in the accompanying financial statements related to the acquisition of a subsidiary.

The Bank’s intangible assets consist of software.

Intangible assets are initially recorded at their costs in compliance with the TAS 38 – *Intangible Assets*.

The costs of the intangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. The intangible assets purchased after this date are recorded at their historical costs. The intangible assets are amortized based on straight line amortization. The useful life of software is determined as 5 years.

If there is objective evidence of impairment, the asset’s recoverable amount is estimated in accordance with the TAS 36 – *Impairment of Assets* and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

**XII. Information on tangible assets**

The costs of the tangible assets purchased before 31 December 2004 are restated from the purchasing dates to 31 December 2004, the date the hyperinflationary period is considered to be ended. In subsequent periods no inflation adjustment is made for tangible assets, and costs which are restated as of 31 December 2004 are considered as their historical costs. Tangible assets purchased after 1 January 2005 are recorded at their historical costs after foreign exchange differences and financial expenses are deducted if any.

Gains and losses arising from the disposal of the tangible assets are calculated as the difference between the net book value and the net sales price and recognized in the income statement of the period.

Maintenance and repair costs incurred for tangible assets are recorded as expense. Expenditures incurred that extend the useful life and service capacity of the assets are capitalized.

The depreciation rates used approximate the rates of the useful life of the tangible assets are as follows:

<b>Tangible assets</b>	<b>Estimated useful life (Years)</b>	<b>Depreciation Rate (%)</b>
Buildings	50	2
Motor vehicles	5	20
Office equipment, furniture and fixture	5-50	2-20

There are no changes in the accounting estimates that are expected to have an impact in the current or subsequent periods.

At each reporting date, the Bank evaluates whether there is objective evidence of impairment on its assets. If there is an objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the TAS 36 – *Impairment of Assets* and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

**XIII. Information on leasing activities***Finance leasing activities as the lessor*

Tangible assets acquired by way of finance leasing are recognized in tangible assets and the obligations under finance leases arising from the lease contracts are presented under "Finance Lease Payables" account in the financial statements. In the determination of the related assets and liabilities, the lower of the fair value of the leased asset and the present value of leasing payments is considered. Financial costs of leasing agreements are expanded in lease periods at a fixed interest rate.

If there is impairment in the value of the assets obtained through financial lease and in the expected future benefits, the leased assets are valued with net realizable value. Depreciation for assets obtained through financial lease is calculated in the same manner as tangible assets.

Interest and exchange rate expenses related to financial leasing are recognized in the income statement. The Bank does not provide financial leasing services as a lessor.

Transactions regarding operational leases are accounted on an accrual basis in accordance with the term of the related contracts.

*Operational leases*

Transactions regarding operational lease agreements are accounted on an accrual basis in accordance with the terms of the related contracts.

**XIV. Information on provisions and contingent liabilities and contingent assets**

Provisions and contingent liabilities are provided for in accordance with the TAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*, except for the general and specific provisions set aside for the loans and other receivables.

Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.



A provision for contingent liabilities arising from past events should be recognized in the same period of occurrence if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate the amount of the obligation can be made.

**XV. Information on liabilities regarding employee benefits***Reserve for employee termination benefits*

In accordance with existing Turkish Labour Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of the liability is based upon the retirement pay ceiling announced by the Government. The applicable ceiling amount as at 31 December 2012 is TL 3,034 (full TL) (31 December 2011: TL 2,732 (full TL)).

The Bank reserved for employee severance indemnities in the accompanying unconsolidated financial statements using actuarial method in compliance with the TAS 19 – *Employee Benefits*.

As at 31 December 2012 and 2011, the major actuarial assumptions used in the calculation of the total liability are as follows:

	<b>Current Period</b>	<b>Prior Period</b>
Discount Rate	2.86%	5.38%
Expected Rate of Salary/Limit Increase	5.00%	5.10%
Estimated Employee Turnover Rate	5.42%	4.40%

*Other benefits to employees*

The Bank has provided provision for undiscounted short-term employee benefits earned during the financial period as per services rendered in compliance with the TAS 19– *Employee Benefits* in the accompanying unconsolidated financial statements.

**XVI. Information on tax applications****Corporate tax**

The corporate tax rate is 20%. Corporate tax rate is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. The withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%.

In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The payments can be deducted from the annual corporate tax calculated for the whole year earnings.

Tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. Tax losses cannot be carried back.

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 declarations and related accounting entries can be investigated by tax authorities 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.

**Deferred taxes**

The Bank calculates and accounts deferred tax assets and liabilities in accordance with the TAS 12 – *Income Taxes*; deferred tax assets and liabilities are recognized on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances used for taxation purposes except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

If transactions and events are recorded in the statement of income, then the related tax effects are also recognized in the statement of income. However, if transactions and events are recorded directly in the shareholders' equity, the related tax effects are also recognized directly in the shareholders' equity.

The net amount of deferred tax receivables and deferred tax payables is shown on the financial tables.

**Transfer Pricing**

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

If the companies enter into transactions concerning to the sale or the purchase of the goods or services with the related parties by setting the prices or amounts which are not in line with the arm's length principle, related profits will be treated as having been wholly or partially distributed in a disguised way via transfer pricing. This kind of disguised profit distribution via transfer pricing cannot be deducted from tax base in accordance with corporate tax.

**XVII. Additional information on borrowings**

Except for financial liabilities that are classified as held for trading derivatives which carried at fair values, all other financial liabilities are initially recognized at cost including transaction costs and re-measured at amortized cost using the effective interest rate method.

The Bank did not issue any stocks convertible into bonds.

The Bank does not have borrowing instruments issued by itself.

**XVIII. Information on share issuances**

The Bank has not issued any share in the year.

**XIX. Information on bills of exchanges and acceptances**

Acceptances are realized simultaneously with the payment dates of the clients and they are presented as commitments in off-balance sheet accounts.

There are no acceptances presented as liabilities against any assets.

**XX. Information on government incentives**

There are no government incentives utilized by the Bank as of 31 December 2012 and 2011.

**XXI. Information on segment reporting**

Operating segment is the unit that operates in only one product or service of the Bank or the group of products or services which are related each other and differs from other units from the point of risk and profit. Operating segments are presented XIV footnote of Fourth Section.

**XXII. Other disclosures****Profit reserves and profit distribution**

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to legal reserve requirement referred to below.

The legal reserves are comprised of first and second reserves, in accordance with the Turkish Commercial Code (“TCC”). The first legal reserve is appropriated out of the profits at the rate of 5% until the total reserve reaches a maximum of 20% of the Bank’s paid in capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of the 5% of the Company’s share capital; however holding companies are not subject to this application. First and second legal reserves can only be used to compensate accumulated losses and cannot be used for profit distribution unless they exceed 50% of paid-in capital.

**Related parties**

In accompanying financial statements, shareholders, key management personnel and board members together with their families and companies controlled by or affiliated by them associated and jointly controlled entities are considered as Related Parties in compliance with TAS 24 - *Related Party Disclosures Standard*.

**Cash and cash equivalents**

In the cash flows statements “Cash” refers to cash in vault, cash in transit, bank cheques purchased and demand deposits in banks including Central Bank of Turkey; “Cash equivalent” refers to money market placements and time deposits at banks which has original maturity less than three months.

## **SECTION FOUR INFORMATION ON THE FINANCIAL POSITION OF THE BANK**

### **I. Information on capital adequacy ratio**

The Bank’s capital adequacy ratio is 22.77%.

#### **Risk measurement methods in calculation of capital adequacy ratio**

Capital adequacy ratio is calculated within the scope of the “Regulation on the Measurement and Assessment of Capital Adequacy Ratios of Banks (Regulation)”, “Regulation on Credit Risk Mitigation Techniques” and “Communiqué on Risk Weighted Amounts for Securitization Exposures” published in Official Gazette no. 28337 dated 28 June 2012 and “Regulation on the Equity of Banks” published in Official Gazette no. 26333 dated 1 November 2006.

The Bank did not recalculate the capital adequacy ratio related to prior periods, according to “Publicly Announced Communiqué on Financial Statements and Related Disclosures and Footnotes” which is published in Official Gazette dated 28 June 2012 and numbered 28337.

In the calculation process of capital adequacy ratio, the data which are compatible with current regulations are used. In this case, the market and credit risk are also taken into account as “Trading Accounts” and “Banking Accounts”.

In the calculation of risk-based amounts, the Bank classifies its receivables into risk groups described in 6<sup>th</sup> article of the Regulation and considers the ratings and risk mitigating elements. The amounts are evaluated in the related risk weight group, accordingly. The Bank applies “comprehensive financial guarantee method” in the consideration of risk mitigating elements for banking book accounts.

Trading book accounts and the items deducted from the capital base are not included in the calculation of credit risk. In calculation of risk weighted assets, impairments, depreciation and amortization, and provisions are considered as deduction items.

In the calculation of their risk-based values, non-cash loans are weighted after netting with specific provisions that are classified under liabilities and calculated based on the “Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables”. The net amounts are multiplied by the rates stated in the Article 5 of “Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks”, subjected to risk mitigation in accordance with the “Communiqué on Credit Risk Mitigation Techniques”, classified into related risk-weighted group in accordance with Article 6 of the Regulation, then multiplied with the risk weight of the group in accordance with the Appendix 1 of the Regulation.

In the calculation of their risk-based values, Derivative Financial Instruments and Credit Derivative Contracts which are accounted in banking book, the receivable amounts due to counter parties are multiplied by the rates stated in the Appendix 2 of the Regulation, subjected to risk mitigation in accordance with the “Communiqué on Credit Risk Mitigation Techniques”, classified into related risk-weighted group in accordance with Article 6 of the Regulation, then multiplied with the risk weight of the group in accordance with the Appendix 1 of the same Regulation. In compliance with Article 5 of the Regulation, repo transactions, investment securities and commodity lending transactions are accounted for “Counterparty Credit Risk”. The Bank applies “Fair Value Measurement” in the calculation of “Counterparty Credit Risk”.

Value at operational risk (VOR) is calculated in accordance with the “Basic Indicator Approach” and is included in the capital adequacy ratio calculation.

**ARAP TÜRK BANKASI ANONİM ŞİRKETİ**

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*Convenience Translation of Unconsolidated Financial  
Report Originally Issued in Turkish  
See Note on I. in Section Three*

**Information on unconsolidated capital adequacy standard ratio**

	Risk Weight							
	0%	10%	20%	50%	75%	100%	150%	200%
<b>The amount subject to credit risk</b>	<b>832,953</b>	--	<b>194,988</b>	<b>1,420,824</b>		<b>810,983</b>	<b>258,940</b>	--
<i>Risk Types</i>								
Contingent and Non-Contingent Receivables from Sovereign Governments and Central Banks	240,982	--	--	82,882	--	--	--	--
Contingent and Non-Contingent Receivables from Regional Governments and Local Authorities	--	--	--	--	--	--	--	--
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	--	--	--	--	--	--	--	--
Contingent and Non-Contingent Receivables from Multilateral Development Banks	--	--	--	--	--	--	--	--
Contingent and Non-Contingent Receivables from International Organizations	--	--	--	--	--	--	--	--
Contingent and Non-Contingent Receivables from Banks and Financial Intermediaries	586,125	--	194,988	1,312,732	--	25,516	--	--
Contingent and Non-Contingent Corporate Receivables	--	--	--	--	--	700,103	--	--
Contingent and Non-Contingent Retail Receivables	--	--	--	--	--	--	--	--
Contingent and Non-Contingent Receivables Secured by Property	--	--	--	25,210	--	9,525	--	--
Past Due Loans	--	--	--	--	--	295	--	--
Higher-Risk Receivables Defined by BRSA	--	--	--	--	--	278	258,940	--
Marketable Securities Collateralized Mortgages	--	--	--	--	--	--	--	--
Securitization Exposures	--	--	--	--	--	--	--	--
Short-Term Receivables from Banks and Corporate	--	--	--	--	--	--	--	--
Undertakings for Collective Investments in Mutual Funds	--	--	--	--	--	--	--	--
Other Receivables	5,846	--	--	--	--	75,266	--	--

**Information on unconsolidated capital adequacy ratio**

	Current Period
<b>A</b> Required Capital for Credit Risk (Amount Based to Credit Risk*0.08) (RCFCR)	130,223
<b>B</b> Required Capital for Market Risk (RCFMR)	7,016
<b>C</b> Required Capital for Operational Risk (RCFOR) (*)	12,119
Shareholders' Equity	425,105
<b>Shareholders' Equity/((RCFCR+RCFMR+RCFOR) *12.5*100)</b>	<b>22.77</b>

(\*)In accordance with the BDDK.BYD.126.01 numbered and 7 February 2008 dated BRSA circular, capital adequacy ratio as at 2012, value at operational risk is being calculated based on gross incomes for the years ended 2011, 2010 and 2009.

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*Convenience Translation of Unconsolidated Financial  
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See Note on I. in Section Three*

**Information on Shareholder's Equity**

	Current Period	Previous Period
<b>CORE CAPITAL</b>		
Paid-in Capital	240,000	240,000
Nominal capital	240,000	240,000
Capital Commitments (-)	--	--
Inflation adjustment to paid-in capital	9,096	9,096
Share Premium	--	--
Share Cancellation profit	--	--
Legal reserves	6,214	3,841
Inflation adjustment to legal reserves	--	--
Profit	157,367	101,040
Net income for the period	58,700	48,095
Prior period profit	98,667	52,945
Provisions for possible risks up to 25% of Core Capital	5,000	5,000
Income on Sale of Equity Shares and Real Estates to be used up for Capital Increase	--	--
Primary Subordinated Debt (up to 15% of Core Capital)	--	--
Loss excess of Reserves (-)	--	--
Current Period Loss	--	--
Prior Periods Loss	--	--
Leasehold Improvements (-)	2,061	2,847
Intangible Assets (-)	2,034	2,162
Deferred Tax	--	--
Limit excesses as per the 3rd Paragraph of the Article 56 of the Banking Law (-)	--	--
<b>Total Core Capital</b>	<b>413,582</b>	<b>353,968</b>
<b>SUPPLEMENTARY CAPITAL</b>		
General Provisions	11,811	9,985
45% of Revaluation Surplus on Movable's	--	--
45% of Revaluation Surplus on Immovable's	--	--
Bonus shares of Associates, Subsidiaries and Joint-Ventures	--	--
Primary Subordinated Debt excluding the Portion included in Core Capital	--	--
Secondary Subordinated Debt	--	--
Marketable Securities and Investment Securities Value Increase Fund	--	--
Adjustment to paid-in capital, profit reserves and previous years losses(except adjustment to legal, status and extraordinary reserves)	--	--
<b>Total Supplementary Capital</b>	<b>11,811</b>	<b>9,985</b>
<b>CAPITAL</b>	<b>425,393</b>	<b>363,953</b>
<b>DEDUCTIONS FROM CAPITAL</b>	<b>288</b>	<b>308</b>
Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	--	--
The sum of partnership share on banks and financial institutions (domestic and abroad), with shareholding of less than 10%, but exceeding 10% and more of the sum of core and supplementary capital of the bank	--	--
Loans extended to banks, financial institutions (domestic and abroad) and qualified shareholders, like secondary subordinated loan and debt instruments purchased from these institutions issued, like primary and secondary subordinated loan	--	--
Loans extended being noncompliant with articles 50 and 51 of the Law	--	--
Net book values of properties owned, exceeding 50% of banks' equity and properties, and trade goods overtaken in exchange for loans and receivables that should be disposed within five years in accordance with article 57 of the Law, but not yet disposed	288	308
Securitization positions preferred to deduct from equity	--	--
Other	--	--
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>425,105</b>	<b>363,645</b>

***The Bank's internal capital requirements within the scope of the internal capital adequacy assessment process in order to evaluate the adequacy of the approach in terms of current and future activities***

The Bank has procedures and reports under the name of internal capital assessment process. In order to assess the capital adequacy of the 2012, the Bank analyse the legal ratios and budget expectations to qualitate them for the effect on the legal capital adequacy and economic capital of the Bank. With these procedures and reports the Bank covers all risk in capital adequacy requirements.

## **II. Information on Credit Risk**

### **1. For Credit Risk Analysis;**

#### ***Information on risk concentrations by debtors or group of debtors or geographical regions and sectors, basis for risk limits and the frequency of risk appraisals***

For credit risk analysis, cash and non-cash loans granted to a debtor or debtors’ group is subject to a risk classification in proportion to the Bank’s shareholders’ equity. In addition the geographical regions and sectoral distribution is investigated periodically and distributions are revised according to the market conditions. The general and other periodical limits of a firm are renewed every year and the extending of loans throughout the day is made with the mentioned limits.

#### ***Information on determination and distribution of risk limits for daily transactions, monitoring of risk concentrations related to off-balance sheet items per customer and dealer basis***

Limit assignments, controls over loan granting process, marketing strategies, matters related to the daily operations and pay-back process are determined in the Bank’s credit procedures. Issues related to the daily based transactions (especially extending of cash loans) are managed in coordination with Credits Division, Risk Management Department, Treasury, Financial Institutions Division and Central Operations Departments

#### ***Information on periodical analysis of creditworthiness of loans and other receivables per legislation, inspection of account vouchers taken against new loans, if not inspected, the reasons for it, credit limit renewals, collaterals against loans and other receivables***

Loans and other receivables are being followed periodically as per the “Regulation on the Principals 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”.

Financial statements of the debtors are examined as per the regulation, loan limits are being updated in parallel to the economic conditions under the authorization of the Credit Evaluation Committee and the Top Management. The Bank obtains sufficient guarantees for the loans and the other receivables. Firms that the Bank works with credit is composed of the top level firms of Turkey, therefore most of the collaterals taken are “firm signature or guarantee”. Beside from this third party guarantees, furthermore mortgage, other bank guarantees, cash blockage, customer or personal checks are also obtained. The guarantees obtained are in parallel with the market conditions and other banks collateral conditions.

The Bank Management has generated an internal rating system for the determination of firms' ratings and credit assessments. "Credit Rating" process is the analysis of client creditworthiness in accordance with the predetermined various "qualitative" (such as the position of the firm in its sector, the firms competitiveness, customer and supplier portfolio, the certificates and documents issued by the independent institutions, organizational structure, relationship with the other financial institutions) and "quantitative" (such as current ratio, liquidity ratio, profitability and indebtedness) factors. Upon the conclusion of credit evaluation process the firms and loans are categorized as "Very good firm" (risk rating between 100% - 85%), "Good firm" (risk rating between 84.99% - 70%), "Satisfactory firm" (risk rating between 69.99% - 60%), "Average firm" (risk rating between 59.99% - 50%), "Weak firm" (risk rating between 49.99% - 40%) "Very weak firm" (risk rating between 39.99% - 0%).

The distribution of the cash and non cash loans according to credit ratings is as follows

	<b>31 December 2012</b>	<b>31 December 2011</b>
Very good firm	50.82%	52.90%
Good firm	27.01%	27.38%
Satisfactory firm	11.73%	12.09%
Average firm	9.03%	5.48%
Weak firm	--	0.87%
Very weak firm	--	--
Liquidation	0.94%	1.02%
Follow up	0.03%	--
Not rated	0.44%	0.26%
<b>Total loans</b>	<b>100%</b>	<b>100%</b>

*(\*)The rating distribution above does not include retail loans and loans granted to banks.*

#### ***Accounting applications, the definition of non-performing and impaired elements***

Determining the Nature of Loans and Other Receivables and Allocation Regulation on Procedures and Principles Regarding Provisions under Article 4, Third, Fourth and Fifth classified in groups of all receivables, accrued interest and similar charges interest on the principal amount owed whether or not additional or refinance, regardless of whether or not the non-performing loans are considered impaired.

Although there are probable repayment, interest due to various reasons justify the collection of principal or interest payments, more than thirty days from the maturity date or dates to be paid late, but without the condition of the third group delay time required for classification as non-performing receivables are defined.

#### ***Value adjustments and provisions methods and approaches***

Classification of the elements described above, and taking into account the Bank's loans and other receivables, from the date of the third group of at least twenty percent (20%), from the date of the fourth group of at least fifty percent (50%), from the date of the fifth Group One hundred percent (% 100) by a special provision.

In addition to the specific provisions of qualified cash loans of the Bank's standard one percent of the total (1%), and letters of credit, guarantees and sureties and other non-cash loans the two thousandth of the total (0.2%) percent and two percent of the total cash loans under close monitoring (2%), and letters of credit, guarantees and sureties and other four thousandths of the total non-cash loans (0.4%) rate the overall provision.



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As at 31 December 2012 the rating distribution of financial instruments is as follows

<b>Financial asset at fair value through profit or loss</b>	<b>Rating Agency</b>	<b>Government Bonds</b>	<b>Private Sector Bonds</b>	<b>Private Bank Bonds</b>	<b>Derivatives</b>	<b>Total</b>
Aaa	Moody's	--	--	--	--	--
Between Aa3 Aa1	Moody's	--	--	--	--	--
Between A3 A1	Moody's	--	--	--	--	--
Between Baa3 Baa1	Moody's	--	--	15,470	--	15,470
Between BBB-BBB +	Fitch	120,926	--	19,233	--	140,159
Between Ba3 Ba1	Moody's	--	2,682	30,168	--	32,850
Between BB – BB +	Fitch	--	--	--	--	--
Between B3 B1	Moody's	--	--	4,024	--	4,024
Between Caa1 and less	Moody's	--	--	--	--	--
Not rated	--	--	--	--	17	17
<b>Total</b>		<b>120,926</b>	<b>2,682</b>	<b>68,895</b>	<b>17</b>	<b>192,520</b>

<b>Investments held to maturity</b>	<b>Rating Agency</b>	<b>Government Bonds</b>	<b>Private Sector Bonds</b>	<b>Private Bank Bonds</b>	<b>Derivatives</b>	<b>Total</b>
Aaa	Moody's	--	--	--	--	--
Between Aa3 Aa1	Moody's	--	--	--	--	--
Between A3 A1	Moody's	--	--	--	--	--
Between Baa3 Baa1	Moody's	--	--	264	--	264
Between BBB-BBB +	Fitch	19,918	--	--	--	19,918
Between Ba3 Ba1	Moody's	82,882	--	--	--	82,882
Between BB – BB +	Fitch	--	--	--	--	--
Between B3 B1	Moody's	--	--	--	--	--
Between Caa1 and less	Moody's	--	--	--	--	--
Not rated	--	--	6,056	26,029	--	32,085
<b>Total</b>		<b>102,800</b>	<b>6,056</b>	<b>26,293</b>	<b>--</b>	<b>135,149</b>

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<b>Financial asset at fair value through profit or loss</b>	<b>Rating Agency</b>	<b>Government Bonds</b>	<b>Private Sector Bonds</b>	<b>Private Bank Bonds</b>	<b>Derivatives</b>	<b>Total</b>
Aaa	Moody's	--	--	--	--	--
Between Aa3 Aa1	Moody's	--	--	--	--	--
Between A3 A1	Moody's	--	--	--	--	--
Between Baa3 Baa1	Moody's	--	--	--	--	--
Between BBB-BBB +	Fitch	--	--	27,714	--	27,714
Between Ba3 Ba1	Moody's	--	--	--	--	--
Between BB – BB +	Fitch	98,872	--	--	--	98,872
Between B3 B1 arası	Moody's	--	--	--	--	--
Between Caa1 and less	Moody's	--	--	--	--	--
Not rated	--	14,669	1,284	15,081	17	31,034
<b>Total</b>		<b>113,541</b>	<b>1,284</b>	<b>42,795</b>	<b>17</b>	<b>157,620</b>

<b>Investments held to maturity</b>	<b>Rating Agency</b>	<b>Government Bonds</b>	<b>Private Sector Bonds</b>	<b>Private Bank Bonds</b>	<b>Derivatives</b>	<b>Total</b>
Aaa	Moody's	--	--	--	--	--
Between Aa3 Aa1	Moody's	--	--	--	--	--
Between A3 A1	Moody's	--	--	9,602	--	9,602
Between Baa3 Baa1	Moody's	--	1,120	1,180	--	2,300
Between Ba3 Ba1	Moody's	--	--	--	--	--
Between BB – BB+	Fitch	118,859	--	--	--	118,859
Between B3 B1	Moody's	--	--	--	--	--
Between Caa1 and less	Moody's	--	--	--	--	--
Not rated	--	9,522	--	59,587	--	69,109
<b>Total</b>		<b>128,381</b>	<b>1,120</b>	<b>70,369</b>	<b>--</b>	<b>199,870</b>

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***Credit risk is the risk reduction effects without taking into consideration the total amount of exposures after offsetting transactions with the related risks are differentiated according to the different risk classes and the types of the average amount for the period***

Risk Classifications	2012						
	July	August	September	October	November	December	Average
Contingent and Non-Contingent Receivables from Sovereign Governments and Central Banks	428,378	392,503	363,875	325,948	325,624	323,864	364,532
Contingent and Non-Contingent Receivables from Regional Governments and Local Authorities	--	--	--	--	--	--	--
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	--	--	--	--	--	--	--
Contingent and Non-Contingent Receivables from Multilateral Development Banks	--	--	--	--	--	--	--
Contingent and Non-Contingent Receivables from International Organizations	--	--	--	--	--	--	--
Contingent and Non-Contingent Receivables from Banks and Financial Intermediaries	1,947,585	2,008,629	1,931,947	1,661,030	1,760,143	2,119,361	1,904,782
Contingent and Non-Contingent Corporate Receivables	641,728	633,306	611,774	702,172	735,616	700,103	670,783
Contingent and Non-Contingent Retail Receivables	649	712	798	--	--	--	360
Contingent and Non-Contingent Receivables Secured by Property	31,464	34,228	32,475	34,615	21,039	34,734	31,426
Past Due Loans	1,861	1,862	--	--	295	295	719
Higher-Risk Receivables Defined by BRSA	--	--	--	162,764	206,352	259,219	104,722
Marketable Securities Collateralized Mortgages	--	--	--	--	--	--	--
Securitization Exposures	--	--	--	--	--	--	--
Short-Term Receivables from Banks and Corporate Undertakings for Collective Investments in Mutual Funds	--	--	--	--	--	--	--
Other Receivables	104,367	76,825	76,941	78,240	76,448	81,112	82,322
<b>Total exposure to risks</b>	<b>3,156,032</b>	<b>3,148,065</b>	<b>3,017,810</b>	<b>2,991,769</b>	<b>3,125,517</b>	<b>3,518,688</b>	<b>3,159,646</b>

**2. Information on the control limits of the Bank for forward transactions, options and similar contracts, management of credit risk for these instruments together with the potential risks arising from market conditions**

The Bank evaluates and manages credit risks that are generated from forward transactions and similar contracts together with potential risks in the market.

**3. Information on whether the Bank decreases the risk by liquidating its forward transactions, options and similar contracts in case of facing a significant credit risk or not**

The Bank tries to mitigate the total risk if it's exposed to huge amount of risk over the forward transactions .

**4. For Credit Risk Analysis;**

***Information on whether the indemnified non-cash loans are evaluated as having the same risk weight with non-performing loans or not***

Indemnified non-cash loans are evaluated as having the same risk weight with cash loans which are collected upon maturity. These loans are classified according to their commitments and are recorded under the follow-up accounts.

***Information on whether the loans that are structured and rescheduled are included in a new rating group as determined by the Bank's risk management system, other than the follow-up plan defined in the banking regulations or not; whether new precautions are taken for these methods or not; whether the Bank's risk management accepts long term commitments as having more risk than short term commitments which results in a diversification of risk or not***

The Bank acts in frame of the related regulations for the loans that are structured and rescheduled. On the other hand, while doing risk evaluation of the loans and commitments, maturity issue is also taken into consideration.

**5. For Credit Risk Analysis;**

*Evaluation of the significance of country specific risk if the banks have foreign operations and credit transactions in a few countries or these operations are coordinated with a few financial entities*

The Bank has no banking activities abroad on the branch level. However in the loan lending processes to the foreign based firms, the economic conditions of the country and the financial structure of the company in question is taken into consideration.

**Evaluation of the Bank's competitive credit risk being an active participant of the international banking transactions market**

The Bank has significant relationship with the North Africa and Middle East Region within the international trade transactions. However in the volume of the banking transactions the Bank defines its credit risk concentration as limited from these regions.

**6. For Credit Risk Analysis;**

*The share of the top 100 and 200 cash loan customers in total loan cash loans portfolio*

The share of the top 100 and 200 cash loan customers comprises 98.85% and 99.99% of the total cash loans portfolio of the Bank respectively.

*The share of the top 100 and 200 non-cash loan customers in total loan non-cash loans portfolio*

The share of the top 100 and 200 non-cash loan customers comprises 99.81% and 100% of the total non-cash loans portfolio of the Bank respectively.

*The share of the total cash and non-cash loan balance of the top 100 and 200 loan customers in total assets and off-balance sheet items*

The Bank's total cash and non-cash loans from its top 100 and 200 loan customers comprise 81% and 84.60% of the total assets and off-balance sheet items.

**7. The general provision amount provided by the Bank for credit risk**

The general provision amount provided by Bank for the credit risk is TL 11,811 (31 December 2011: TL 9,985).

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## 8. Geographical distribution of risk amounts decomposed as part of significant risk groups.

	Central Governments and Central Banks	Banks and Financial Intermediaries	Corporate Receivables	Receivables Secured by Residential Property	Past due loans <sup>(****)</sup>	Higher-Risk Receivables Defined by BRSA	Other receivables	Total
Domestic	323,864	1,984,603	700,103	34,734	295	278	40,660	3,084,537
European Union Countries	--	37,587	--	--	--	--	--	37,587
OECD Countries <sup>(**)</sup>	--	1,172	--	--	--	--	--	1,172
Off-Shore Banking Regions	--	--	--	--	--	--	--	--
USA, Canada	--	1,213	--	--	--	--	--	1,213
Other Countries	--	69,352	--	--	--	258,941	--	328,293
Associates, subsidiaries and jointly controlled partnership	--	25,434	--	--	--	--	40,452	65,886
Unallocated Assets/Liabilities <sup>(***)</sup>	--	--	--	--	--	--	--	--
<b>Total</b>	<b>323,864</b>	<b>2,119,361</b>	<b>700,103</b>	<b>34,734</b>	<b>295</b>	<b>259,219</b>	<b>81,112</b>	<b>3,518,688</b>

<sup>(\*)</sup>Regulation on Measurement and Assessment of Capital Adequacy of Banks in the risk classes are taken into consideration.

<sup>(\*\*)</sup>OECD Countries excluding European countries, USA and Canada

<sup>(\*\*\*)</sup>Assets and liabilities that cannot be allocated on a consistent basis

<sup>(\*\*\*\*)</sup>Net value of non performing loans

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## 9. Sectoral distribution of risks according to risk classifications <sup>(\*)</sup>

Sector	Central Governments and Central Banks	Banks and Financial Intermediaries	Corporate Receivables	Receivables Secured by Residential Property	Past due loans	Higher-Risk Receivables Defined by BRSA	Other Receivables	TL	FC	Total
<b>Agricultural</b>	--	--	<b>44,966</b>	--	--	--	--	<b>32,271</b>	<b>12,695</b>	<b>44,966</b>
Farming and Stockbreeding	--	--	44,260	--	--	--	--	32,251	12,009	44,260
Forestry	--	--	706	--	--	--	--	20	686	706
Fishing	--	--	--	--	--	--	--	--	--	--
<b>Manufacturing</b>	--	--	<b>351,772</b>	<b>4,561</b>	--	--	<b>1,011</b>	<b>75,910</b>	<b>281,434</b>	<b>357,344</b>
Mining	--	--	14,092	--	--	--	1,011	3,273	11,830	15,103
Production	--	--	337,680	4,561	--	--	--	72,637	269,604	342,241
Electric, gas and water	--	--	--	--	--	--	--	--	--	--
<b>Construction</b>	--	--	<b>274,327</b>	<b>30,173</b>	<b>295</b>	<b>90</b>	<b>168</b>	<b>110,848</b>	<b>194,205</b>	<b>305,053</b>
<b>Services</b>	--	<b>2,119,361</b>	<b>27,140</b>	--	--	<b>258,883</b>	<b>3,731</b>	<b>872,401</b>	<b>1,536,714</b>	<b>2,409,115</b>
Wholesale and retail trade	--	--	21,774	--	--	116	--	10,749	11,141	21,890
Hotel, food and beverage services	--	--	--	--	--	--	--	--	--	--
Transportation and telecommunication	--	--	134	--	--	21	--	21	134	155
Financial institutions	--	2,119,361	4,000	--	--	258,746	3,731	860,399	1,525,439	2,385,838
Real estate and Leasing services	--	--	--	--	--	--	--	--	--	--
"Self-employment" type Services	--	--	--	--	--	--	--	--	--	--
Education services	--	--	43	--	--	--	--	43	--	43
Health and social services	--	--	1,189	--	--	--	--	1,189	--	1,189
<b>Other</b>	<b>323,864</b>	--	<b>1,898</b>	--	--	<b>246</b>	<b>76,202</b>	<b>73,239</b>	<b>328,971</b>	<b>402,210</b>
<b>Total</b>	<b>323,864</b>	<b>2,119,361</b>	<b>700,103</b>	<b>34,734</b>	<b>295</b>	<b>259,219</b>	<b>81,112</b>	<b>1,164,669</b>	<b>2,354,019</b>	<b>3,518,688</b>

<sup>(\*)</sup>Regulation on Measurement and Assessment of Capital Adequacy of Banks in the risk classes are taken into consideration.

**10. Presentation of maturity risk bearing based on their outstanding maturities**

Risk Classifications	Days to maturity				
	1 Month	1-3 Month	3-6 Month	6-12 Month	Over 1 year
Contingent and Non-Contingent Receivables from Central Governments and Central Banks	10,002	--	5,726	485	96,589
Contingent and Non-Contingent Receivables from Regional Governments and Local Authorities	--	--	--	--	--
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	--	--	--	--	--
Contingent and Non-Contingent Receivables from Multilateral Development Banks	--	--	--	--	--
Contingent and Non-Contingent Receivables from International Organizations	--	--	--	--	--
Contingent and Non-Contingent Receivables from Banks and Financial Intermediaries	1,035,658	498,726	95,623	406,172	77,891
Contingent and Non-Contingent Corporate Receivables	143,018	112,044	78,643	155,560	123,803
Contingent and Non-Contingent Retail Receivables	--	--	--	--	--
Contingent and Non-Contingent Receivables Secured by Residential Property Past Due Loans	5,753	1,855	--	10,404	16,723
Higher-Risk Receivables Defined by BRSA	65,485	112,329	64,777	14,736	521
Marketable Securities Collateralized Mortgages	--	--	--	--	--
Securitization Exposures	--	--	--	--	--
Short-Term Receivables from Banks and Corporate	--	--	--	--	--
Undertakings for Collective Investments in Mutual Funds	--	--	--	--	--
Other Receivables	--	--	--	--	--
<b>Total</b>	<b>1,259,916</b>	<b>724,954</b>	<b>244,769</b>	<b>587,357</b>	<b>315,527</b>

**11. Information on risk classes**

***Assigned credit rating agencies and export credit agencies changed the names and the reasons for these organizations***

The Bank uses the announced ratings of international credit rating agency Fitch Ratings and OECD for receivables from central governments and central banks. The Bank does not use credit rating for the domestic domicile counterparties.

***With the export credit agency of a credit rating agency assigned to each risk classes are used***

The Bank uses Fitch Ratings for receivables from central governments, central banks and foreign domicile receivables. The Bank does not use credit rating for the domestic resident customers. The Bank uses the country risk classification of OEFD, if these counterparties do not rated by Fitch Ratings.

***The absence of the credit rating of trading for items that are not included in the calculation, instead of the credit rating of the issuer, or if there is for export of these items that are available for information on the process of using credit ratings***

The uses the credit rating of the issuer, for the short term receivables that has been issued by banks and financial intermediaries that has not any short term rating.

***Assigned to each grade credit rating agencies and export credit agency ratings of the Regulation on Measurement and Assessment of Capital Adequacy of Banks to which of the credit quality of the stages***

Credit Quality Level	Fitch Ratings							
1	Between AAA and AA-							
2	Between A+ and A-							
3	Between BBB+ and BBB-							
4	Between BB+ and BB-							
5	Between B+ and B-							
6	Between CCC+ and below							

OECD Country Risk Classification	0	1	2	3	4	5	6	7
Credit Quality Levels								
Risk weight (%)	0	0	20	50	100	100	100	150

**Risk weight of the total amount of risk before and after credit risk mitigation and equity deducted amounts**

**Risk amount based on weight of risks**

Risk weights	Before credit risk mitigation	After credit risk mitigation
0%	832,953	832,953
10%	--	--
20%	194,988	194,988
50%	1,420,824	1,420,668
75%	--	--
100%	810,982	809,006
150%	258,941	46,299
200%	--	--
1250%	--	--
Equity Deductions	--	--

**12. Sector or counterparty type, individually impaired loans and non-performing loan amounts, value adjustments and provisions during the period information on value adjustments and provisions**

**Miscellaneous information based on important sectors**

Sectors	Loans			
	Impaired Loans	Past Due But Not Impaired	Value Adjustment <sup>(*)</sup>	Provisions
<b>Agricultural</b>	<b>529</b>	<b>--</b>	<b>499</b>	<b>529</b>
Farming and Stockbreeding	529	--	491	529
Forestry	--	--	8	--
Fishing	--	--	--	--
<b>Manufacturing</b>	<b>2,198</b>	<b>113</b>	<b>2,970</b>	<b>2,198</b>
Mining	--	--	129	--
Production	2,198	113	2,841	2,198
Electric, gas and water	--	--	--	--
<b>Construction</b>	<b>1,367</b>	<b>--</b>	<b>1,811</b>	<b>1,072</b>
<b>Services</b>	<b>4,429</b>	<b>--</b>	<b>2,858</b>	<b>4,429</b>
Wholesale and retail trade	2,297	--	248	2,297
Hotel, food and beverage services	2,032	--	--	2,032
Transportation and telecommunication	--	--	--	--
Financial institutions	100	--	2,592	100
Real estate and Leasing services	--	--	--	--
“Self-employment” type Services	--	--	--	--
Education services	--	--	--	--
Health and social services	--	--	18	--
<b>Other</b>	<b>--</b>	<b>--</b>	<b>642</b>	<b>--</b>
<b>Total</b>	<b>8,523</b>	<b>113</b>	<b>8,780</b>	<b>8,228</b>

<sup>(\*)</sup>General Loan Loss provision for cash loans were distributed in value adjustments section.

**13. Value adjustments and provisions for impaired loans memorandum of understanding between the changes in (if possible on the basis of geographic regions)**

**Value adjustments and provisions on the exchange of credit information**

	Specific Provision	General Provision
Opening Balance	5,952	9,985
The amount of provision during the period	2,276	2,502
Reversal of provision	--	(676)
Other adjustments	--	--
<b>Closing Balance</b>	<b>8,228</b>	<b>11,811</b>

<sup>(\*)</sup> According to set exchange rate differences, business combinations, acquisitions transactions and disposals of subsidiaries



**Value adjustments and provisions type**

Value of the Bank's specific and general provision for loans losses suffered. Except that this provision does not apply to any adjustment of a value.

**Value adjustments and recoveries recorded directly to the income statement**

General loan loss provision amounting to TL 11,811 is accounted as at 31 December 2012.

**Set aside for estimated probable losses on loans in the current period or the release of the amounts and exchange rate differences, business combinations, acquisitions transactions and disposal of subsidiaries and other adjustments including those determined by the transfers between provisions**

There is no change.

**14. Other information on Credit risk**

**Sectoral concentrations for cash loans**

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
<b>Agricultural</b>	<b>32,251</b>	<b>10.86</b>	<b>9,604</b>	<b>2.19</b>	<b>16,556</b>	<b>4.28</b>	<b>304</b>	<b>0.06</b>
Farming and Stockbreeding	32,251	10.86	8,918	2.03	16,556	4.28	--	--
Forestry	--	--	686	0.16	--	--	304	0.06
Fishing	--	--	--	--	--	--	--	--
<b>Manufacturing</b>	<b>64,236</b>	<b>21.64</b>	<b>184,762</b>	<b>42.07</b>	<b>78,400</b>	<b>20.28</b>	<b>129,133</b>	<b>26.25</b>
Mining	--	--	10,855	2.47	--	--	11,526	2.34
Production	64,236	21.64	173,907	39.60	78,400	20.28	117,607	23.91
Electric, gas and water	--	--	--	--	--	--	--	--
<b>Construction</b>	<b>56,821</b>	<b>19.14</b>	<b>95,009</b>	<b>21.63</b>	<b>48,007</b>	<b>12.42</b>	<b>44,343</b>	<b>9.01</b>
<b>Services</b>	<b>143,006</b>	<b>48.18</b>	<b>96,505</b>	<b>21.97</b>	<b>243,357</b>	<b>62.96</b>	<b>318,148</b>	<b>64.67</b>
Wholesale and retail trade	10,632	3.58	10,090	2.30	5,216	1.35	21,548	4.38
Hotel, food and beverage	--	--	--	--	--	--	--	--
Transportation and	--	--	--	--	--	--	18,341	3.73
Financial institutions	131,180	44.19	86,119	19.61	237,148	61.35	278,259	56.57
Real estate and Leasing	--	--	--	--	--	--	--	--
"Self-employment" type	--	--	--	--	--	--	--	--
Education services	--	--	--	--	--	--	--	--
Health and social services	1,194	0.40	296	0.07	993	0.26	--	--
<b>Other</b>	<b>526</b>	<b>0.18</b>	<b>53,294</b>	<b>12.14</b>	<b>198</b>	<b>0.06</b>	--	--
<b>Total</b>	<b>296,840</b>	<b>100.00</b>	<b>439,174</b>	<b>100.00</b>	<b>386,518</b>	<b>100.00</b>	<b>491,928</b>	<b>100.00</b>

**The Parent Bank's distribution of Standard Cash Loans and Non-cash Loans according to their collateral structure**

	31 December 2012	31 December 2011
<b>Cash Loans</b>		
Personal guarantees	294,145	459,850
Secured by Customer Cheques & Notes	131,770	183,990
Secured by cash collateral	--	--
Secured by mortgages	32,909	18,279
Secured by export LC	58,114	17,825
<b>Secured loans</b>	<b>516,938</b>	<b>679,944</b>
<b>FX differences on the principals of FX indexed loans</b>	<b>(509)</b>	<b>(69)</b>
<b>Accrued interest</b>	<b>4,983</b>	<b>15,173</b>
<b>Non secured cash loans</b>	<b>214,602</b>	<b>183,398</b>
<b>Total Cash Loans</b>	<b>736,014</b>	<b>878,446</b>

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<b>Non-Cash Loans</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
Guarantees issued by financial institutions	882,595	1,027,192
Personal guarantees	308,699	256,055
Secured by mortgages	32,928	30,743
Secured by cash collateral	4,216	2,125
Secured by Customer Cheques & Notes	5,576	727
<b>Secured loans</b>	<b>1,234,014</b>	<b>1,316,842</b>
<b>Non-secured Non-cash Loans</b>	<b>338,517</b>	<b>222,584</b>
<b>Total Non-cash Loans</b>	<b>1,572,531</b>	<b>1,539,426</b>

**Sectoral and regional concentration of impaired loans and receivables**

<b>Sectoral</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
Farming and Stockbreeding	529	529
Manufacturing	2,198	2,198
Construction	1,367	998
Financial institutions	100	100
Hotel and Restaurant Services	2,032	2,031
Wholesale and retail trade	2,297	96
<b>Total impaired loans and receivables</b>	<b>8,523</b>	<b>5,952</b>

<b>Regional</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
Algeria	100	100
Turkey	8,423	5,852
<b>Total impaired loans and receivables</b>	<b>8,523</b>	<b>5,952</b>

**Past due but not impaired loans and receivables**

	<b>31 December 2012</b>	<b>31 December 2011</b>
Degree 1: Low risk loans and receivables	113	-
Degree 2: close monitoring loans and receivables	-	-
<b>Total</b>	<b>113</b>	<b>-</b>

**Past due but not impaired loans and receivables aging**

	<b>31 December 2012</b>	<b>31 December 2011</b>
0-30 days	113	-
30-60 days	-	-
60-90 days	-	-
90 days or more	-	-
<b>Total</b>	<b>113</b>	<b>-</b>

**Neither past due nor impaired loans and past due loans**

	<b>31 December 2012</b>	<b>31 December 2011</b>
Grade 1: Low risk loans and receivables	735,362	878,446
Grade 2: Close monitoring loans and receivables	539	-
<b>Total</b>	<b>735,901</b>	<b>878,446</b>
Restructured or rescheduled loans	-	-
<b>Total</b>	<b>735,901</b>	<b>878,446</b>

### **III. Information on Market Risk**

Bank's operations about risk management are carried out complying with "Regulation on Bank's regulation about internal systems" and "Regulation on Measurement and Evaluation of Capital Adequacy of Banks".

To be in compliance with governances, Bank has regulated its operations about market risk management within the scope of "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" published in Official Journal No 28337 of 28 June 2012 from 1 July 2012.

To implement methods of risk managements' policy, strategy, implementations that approved by board of directors; to report bank's potential important risks to board of directors on time and accurately, internal control about units, to evaluate risk and internal auditing reports and to correct risks, faults, inadequacies occurred in those units or to take necessary measures and to be incorporate into process of determining risk limits are in charge of senior management.

Board of directors is reviewing efficiency of risk management systems through the agency of auditing committee, other relevant committees, senior management and also in consideration of various risk reports and evaluations made by auditing committee.

Risk policies and methods of implementations which are determined for market risk that bank is exposed to, is approved by board of directors and being reviewed regularly. Market risk is managed by the way of measuring, limiting risks in compliance with international standards and putting capital aside according to those results.

Risk Management Department is analyzing and calculating bank interest rate in consideration of various dimensions within the scope of market risk management operations.

Interest rate and currency risk is being measured within the scope of market risk that calculated according to standard method and included to calculation of capital requirement standard ratio.

Besides of standard method, value at risk method (VRM) is used for calculating changes in risk factors and its' effects on bank portfolio. Subjected method is tested by retrospective test method.

Stress tests are made to analyze the possible effects of Interest and rate fluctuations on bank on a monthly basis.

Moreover, scenario analyses are made to classify expectations of possible changes at risk factors based on various interest rate and exchange rate level expectations.

Board of directors determined limits to evaluate the results of standard methods and daily value at risk method results. Also limits are determined for credit risk and capital requirements ratio by board of directors.

The Bank's market risk is calculated on a monthly basis using the "Standard Method". Interest rate risks and exchange rate risks, factors of the market risks, are periodically analyzed using different methods (ratio analysis, duration, gap, sensitivity, etc.).

With stress testing methods, the effect of extraordinary fluctuations of risk factors on the Bank is measured on a monthly basis and in case the necessity arises. Different scenarios based on changes in risk factors are measured with scenario analysis. All the analysis mentioned above are tested in a retrospective manner to ensure the reliability of the tests.

The Board of Directors has determined limits at the level of risk factors in order to restrain the market risk. The ratio of the Market Risk / Equity rate can be maximum 55% and for limiting daily VAR results, the amount under daily risk / equity rate can be maximum 2%.

**1. Information related to consolidated market risk**

	<b>Amount</b>
(I) Capital requirement to be employed for general market risk - Standard method	2,210
(II) Capital requirement to be employed for specific risk - Standard method	1,403
(III) Standard method for specific risk of necessary capital requirement on securitization positions	--
(IV) Capital requirement to be employed for currency risk - Standard method	3,368
(V) Capital requirement to be employed for commodity risk - Standard method	--
(VI) Capital requirement to be employed for settlement risk - Standard method	--
(VII) Total capital requirement to be employed for market risk resulting from options - Standard method	--
(VIII) Counterparty credit risk capital requirement - Standard method	35
<b>(IX) Total capital requirement to be employed for market risk in banks using risk measurement model</b>	<b>--</b>
<b>(X) Total capital requirement to be employed for market risk (I+II+III+IV+V+VI+VII+VIII)</b>	<b>7,016</b>
<b>(XI) Market Value at Risk (12.5 x IX) or (12.5 x X)</b>	<b>87,700</b>

**2. Information related to market risk calculated by the month ends of the current period**

	<b>Current Period</b>		
	<b>Average</b>	<b>Highest</b>	<b>Lowest</b>
Interest Rate Risk	34,167	45,163	22,213
Share Certificates Risk	--	--	--
Currency Risk	39,604	42,100	36,350
Commodity Risk	--	--	--
Exchange Risk	--	--	--
Option Risk	--	--	--
Counterparty Risk	4,408	14,200	363
<b>Total Value at Risk</b>	<b>78,179</b>	<b>101,463</b>	<b>58,926</b>

**3. Information on counterparty credit risk**

**Credit limits for counterparty credit risks and internal capital allocation and distribution method**

Risk Assessment process, Customer Credit Packs all the potential risk factors associated with taking into account the analysis, evaluation and assessment, which will further Credit Evaluation Committee (CEC) to present. "Limit Allocation" process as a result of the evaluation of loan packages give customers credit limits. General limits and sub-limits are negotiated and determined by the CEC submitted to the Senior Management. The main task of Credit Evaluation Committee is evaluation of the Credit Package according to customer's basic capabilities and financial strength by measuring the adequacy.

**Provisions for guarantees and credit policies**

The credit worthiness of the debtors of loans and other receivables monitored in accordance "Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves Regulation on the Procedures and Principles".

The necessary documentation for the loans, as provided for in the legislation are audited and credit limits at the discretion of the Bank's Credit Evaluation Committee and Executive Management and updated in line with economic conditions. The Bank has sufficient collateral for the loans and other receivables. Credit studied the vast majority of companies guarantees the majority of the leading companies in Turkey due to the "firm's signature and / or the surety" is. In addition, real estate mortgages, bank counter-guarantee, cash blockage, financial securities and real customer checks / securities as collateral taken. Guarantees received, market conditions and other conditions of guarantee are in parallel banks.

Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves in accordance with Article 4 of the Regulation on the Procedures and Principles, Third, Fourth and Fifth classified in groups of all receivables, accrued interest and similar charges interest on the principal amount owed, or whether or not additional regardless of whether or not to refinance the non-performing loans are considered impaired.

Although a high probability of repayment for various reasons, the collection of principal or interest payments, more than thirty days from the maturity date or dates to be paid late, but without the condition of the delay time required for classification of the third group is defined as non-performing receivables.

Classifications described above, and taking into account the elements of the Bank's loans and other receivables from the date of the third group of at least twenty percent (20%), from the date of the fourth group of at least fifty percent (50%) percent of the face from the date of the fifth group (100%), by special provision.

The Bank, in addition to specific provisions, standard qualities one percent of the total cash loans (1%) and letters of credit, guarantees and sureties two thousand and other non-cash loans (0.2%) percent, two per cent of the total cash loans under close monitoring (2%) and letters of credit, guarantees and sureties and other four thousandths of the total non-cash loans (0.4%) rate the overall provision.

**Regulation on Measurement and Assessment of Capital Adequacy of Banks reverse the trend described in Annex-2 amounts of risk policies related to risk.**

The Bank do not use an internal model and calculate the probability of default. In this context, risk is not calculated in the opposite tendency.

**Assessing the amount of collateral required to provide to the credit rating of the bank in the event of decrease.**

The Bank's management, corporate credit risk ratings and credit worthiness of all the companies customer rating system established with the purpose of detection and identification. "Customer Rating" process, a variety of pre-set customer credit worthiness "qualitative" (the company's market position, competitiveness, customer and supplier portfolio, certificates and documents issued by independent organizations, organizational structure, such as relations with other financial institutions) and "financial" (current ratio, liquidity ratio, profitability and debt), the factors to be analyzed according to the process. Obtained as a result of qualitative and financial factor scores obtained by weighting the overall rating score, loans are given to companies: "Very Good Company (rating score: 100% - 85%), Good Company (rating score: 84.99% - 70%) , Satisfactory Company (rating score: 69.99% - 60%), Medium Company (rating score: 59.99% - 50%), Weak Company (rating score: 49.99% - 40%) and Very Low Company (rating score is: 39.99% - 0%) are classified as .

Decline in the credit rating of the bank's assessment of the amount of collateral required to provide in the event of: Loan package in the context of collateral examining the "CEC" the status of the firm in question must take account of other bank guarantee. "Requested Loan Limits" should try to ensure that the customer's recommended maximum guarantees.

**Gross positive fair value of contracts, netting benefits, net of current risk amount, the amount of the net position held for guarantees and derivatives**

In this context the Bank has swap contracts and their fair value is TL 1,360 gross value.

**Credit Regulation on Measurement and Assessment of Capital Adequacy of Banks in Annex 2 of the 3 to 5 risk amount obtained by the method specified in Sections**

Measurement and Assessment of Capital Adequacy of Banks within the scope of Annex-2-in "by the fair value Valuation Method" is used, the amount obtained by this method is TL 433,000.

**The amount of the credit derivative and the current credit risk, risk classes, with the distribution of the guards.**

The Bank do not use protection with credit derivative.

**Protection purchased and sold within each product group based on the distribution of the credit derivatives products, including the bank's loan portfolio, credit derivative transactions or the amount used in intermediary activities**

There are credit protection purchased in the Bank's loan portfolio. The amount of these protections in the form of credit linked bonds is TL 26,029.

**Measurement and Assessment of Capital Adequacy of Banks within the scope of Annex-2 "a" if the estimated value to obtain permission from the Authority, "a" value estimation**

Measurement and Assessment of Capital Adequacy of Banks within the scope of Annex-2, the Internal Model Method is not used.

**Quantitative information on counterparty credit risk**

	<b>Amount</b>
Interest rate-based contract	--
Exchange rate-based contract	--
Commodity Based Contract	--
Interest Rate-Based Contract	--
Shares Based Contract	--
Other	596,126
Gross Positive Fair Value	--
Benefits to clarify	--
Net Current Risk Amount	--
Securities Held	--
Derivatives on the Net Positions	134,222

**IV. Information related to value at operational risk**

"Basic Indicator Method" is used to calculate Bank's value at operational risk. Value at operational risk is calculated in accordance with the "Regulation Regarding Measurement and Assessment of Capital Adequacy Ratio of Banks" that published at 28 June 2012 official gazette numbered 28337 and according to the 3rd section "Computation of the Value at Operational Risk" which became valid at 1 June 2007 using the Bank's the last three years; 2011, 2010 and 2009 year end gross revenues.

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>Gross Income</b>	<b>Ratio (%)</b>	<b>Total</b>
Gross Income	63,792	68,519	110,068	80,793	15	12,119
Operational Risk (Total*12,5)						151,487

**V. Information on Foreign Currency Exchange Rate Risk**

**Whether the Bank is exposed to foreign exchange risk, whether the effects of this situation are estimated, and whether the board of directors of the Bank sets limits for positions that are monitored daily**

The Bank complies with net general position-shareholder's equity limits. The Bank has the possibility to borrow a significant amount of foreign currency.

Within the context of the market risk management work of the Risk Management Department, the Bank's Exchange rate risk is calculated and analyzed taking different dimensions of the issue in consideration. The Exchange rate risk is measured according to market risk calculated using the Standard Method and is included in the capital adequacy ratio. For testing effects of the unexpected exchange rate fluctuations on the Bank monthly basis stress test analysis are done. In addition, by classifying the changes in risk factors different scenario analysis are done based on different exchange rate expectations. The sensitivity of assets, liabilities and off-balance sheets against exchange rate are measured by an analysis on a monthly basis.

**The magnitude of hedging foreign currency debt instruments and net foreign currency investments by using hedging derivatives**

The Bank does not have any financial derivatives used for hedging.

**Foreign exchange risk management policy**

Transactions are being hedged according to the Central Bank of Turkey's basket of currencies instantly. Managable and measurable risks are taken in the scope of the regulatory limits.

**Foreign exchange buying rates of the last five business days before the balance sheet date as publicly announced by the Bank are as follows**

USD Foreign Exchange Buying Rate as of balance sheet date	TL 1.7826
EUR Foreign Exchange Buying Rate as of balance sheet date	TL 2.3517

Date	US Dollars	EUR
25 December 2012	TL 1.7893	TL 2.3651
26 December 2012	TL 1.7877	TL 2.3586
27 December 2012	TL 1.7848	TL 2.3566
28 December 2012	TL 1.7829	TL 2.3657
31 December 2012	TL 1.7826	TL 2.3517

**The basic arithmetical average of the bank's foreign exchange bid rate for the last thirty days:**

The basic arithmetical average of the Bank's foreign exchange bid rate for December 2012 is TL 1.7877 for USD and TL 2.3461 for EUR.

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**Information on Currency Risk**

<b>Current Period</b>	<b>Euro</b>	<b>US Dollars</b>	<b>Other</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	55,696	115,414	65	171,175
Due from Banks and Other Financial Institutions	261,659	473,925	418	736,002
Financial Assets through Profit or Loss	--	71,577	--	71,577
Interbank Money Market Placements	--	--	--	--
Investment Securities Available-for-Sale	--	722	--	722
Loans <sup>1</sup>	83,040	416,058	--	499,098
Investments in Subsidiaries and Associates	--	--	--	--
Investment Securities Held-to-Maturity	21,769	87,406	--	109,175
Financial Derivative held for Hedging (Assets)	--	--	--	--
Tangible Assets	--	--	--	--
Intangible Assets	--	--	--	--
Other Assets	1,005	3,304	--	4,309
<b>Total Assets</b>	<b>423,169</b>	<b>1,168,406</b>	<b>483</b>	<b>1,592,058</b>
<b>Liabilities</b>				
Bank Deposits	171,544	136,736	5	308,285
Foreign Currency Deposits	69,922	89,022	260	159,204
Money Market Borrowings	--	--	--	--
Funds Borrowed from Other Financial Institutions	180,172	1,073,874	--	1,254,046
Marketable Securities Issued	--	--	--	--
Miscellaneous Payables	76	1,073	3	1,152
Financial Derivatives held for Hedging (Liabilities)	--	--	--	--
Other Liabilities	1,312	1,807	199	3,318
<b>Total Liabilities</b>	<b>423,026</b>	<b>1,302,512</b>	<b>467</b>	<b>1,726,005</b>
<b>Net Balance Sheet Position</b>	<b>143</b>	<b>(134,106)</b>	<b>16</b>	<b>(133,947)</b>
<b>Net Off Balance Sheet Position</b>	<b>--</b>	<b>134,222</b>	<b>--</b>	<b>134,222</b>
Financial Derivatives (Assets)	--	134,222	--	134,222
Financial Derivatives (Liabilities)	--	--	--	--
Non-Cash Loans	598,245	612,562	234,980	1,445,787
<b>Prior Period</b>				
Total Assets	665,922	1,505,314	769	2,172,005
Total Liabilities	665,583	1,505,197	646	2,171,426
Balance Sheet Position, net	339	117	123	579
Off Balance Sheet Position, net	--	--	--	--
Financial Derivatives (Assets)	--	--	--	--
Financial Derivatives (Liabilities)	--	--	--	--
Non-cash Loans	705,266	487,767	276,058	1,469,091

<sup>1</sup> Loan balance includes foreign currency indexed loans amounting to TL 59,924 (31 December 2011: TL 74,095) as of 31 December 2012.

<sup>2</sup> There is no prepaid expenses as of 31 December 2012 (31 December 2011: TL 246)



**Exposed currency risk**

The possible increases or decreases in the shareholders’ equity and the profit/loss as per an assumption of devaluation/appreciation by 10% of TL against currencies mentioned below as of 31 December 2012 and 2011 are presented in the below table. The other variables, especially the interest rates, are assumed to be fixed in this analysis.

Assuming 10% devaluation of TL;

	31 December 2012		31 December 2011	
	Income Statement	Shareholders’ Equity <sup>(*)</sup>	Income Statement	Shareholders’ Equity <sup>(*)</sup>
US Dollar	12	12	12	12
Euro	14	14	34	34
Other Currencies	2	2	12	12
<b>Total</b>	<b>28</b>	<b>28</b>	<b>58</b>	<b>58</b>

<sup>(\*)</sup> The effect on shareholders’ equity also includes the effect on the profit/loss.

Assuming 10% appreciation of TL;

	31 December 2012		31 December 2011	
	Income Statement	Shareholders’ Equity <sup>(*)</sup>	Income Statement	Shareholders’ Equity <sup>(*)</sup>
US Dollar	(12)	(12)	(12)	(12)
Euro	(14)	(14)	(34)	(34)
Other Currencies	(2)	(2)	(12)	(12)
<b>Total</b>	<b>(28)</b>	<b>(28)</b>	<b>(58)</b>	<b>(58)</b>

<sup>(\*)</sup> The effect on shareholders’ equity also includes the effect on the profit/loss.

**VI. Information on interest rate risk**

**Interest rate sensitivity of the assets, liabilities and off-balance sheet items**

Within the context of the market risk management of the Risk Management Department, the Bank’s interest rate risk is calculated and analyzed taking different dimensions of the issue in consideration. The interest rate risk is measured according to market risk calculated using the standard method and is included in the capital adequacy ratio. To test the effect of the interest rate fluctuations on the Bank monthly based stress test analysis are done.

In addition, by classifying the changes in risk factors different scenario analysis are done based on different interest rate expectations. The sensitivity of assets, liabilities and off-balance sheets against interest rate are measured by an analysis on a monthly basis.

The table below shows the effects of changes in interest rates on the financial statements of the Bank. The sensitivity of the income statement is the effect of possible changes in the interest rates on the net interest income of floating rate financial assets and liabilities and the financial assets at fair value through profit or loss. The other variables, especially exchanges rates, are assumed to be fixed in this analysis.

31 December 2012	Profit / Loss		Shareholders’ Equity <sup>(*)</sup>	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Financial assets at fair value through profit loss	(2,496)	2,600	(2,496)
Financial assets with floating interest rates	529	(530)	529	(530)
<b>Total, net</b>	<b>(1,967)</b>	<b>2,070</b>	<b>(1,967)</b>	<b>2,070</b>

31 December 2011	Profit / Loss		Shareholders’ Equity <sup>(*)</sup>	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Financial assets at fair value through profit loss	(1,383)	1,430	(1,383)
Financial assets with floating interest rates	1,118	(1,125)	1,118	(1,125)
<b>Total, net</b>	<b>(265)</b>	<b>305</b>	<b>(265)</b>	<b>305</b>

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**Information related to interest rate sensitivity of assets, liabilities and off-balance sheet items (based on re-pricing dates)**

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
<b>Assets</b>							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	166,448	--	--	--	--	41,027	207,475
Banks	267,998	437,860	90,260	--	--	--	796,118
Financial assets at fair value through Profit or Loss	512	59,319	63,943	66,119	2,627	--	192,520
Interbank Money Market Placements	596,126	--	--	--	--	--	596,126
Financial assets available-for-sale	--	--	--	--	--	897	897
Loans	232,708	192,433	221,321	89,552	--	295	736,309
Investment securities held-to-maturity	2,001	36,489	15,101	28,641	52,917	--	135,149
Other assets <sup>1</sup>	867	--	--	--	--	82,826	83,693
<b>Total assets</b>	<b>1,266,660</b>	<b>726,101</b>	<b>390,625</b>	<b>184,312</b>	<b>55,544</b>	<b>125,045</b>	<b>2,748,287</b>
<b>Liabilities</b>							
Bank deposits	821,852	11,757	11,762	--	--	--	845,371
Other deposits	18,968	3,724	1,811	--	--	159,864	184,367
Money market borrowings	--	--	--	--	--	--	--
Miscellaneous payables	--	--	--	--	--	1,573	1,573
Marketable securities issued	--	--	--	--	--	--	--
Funds Borrowed From Other Fin. Ins.	262,161	614,884	379,615	201	--	--	1,256,861
Other liabilities <sup>2</sup>	248	5,394	1,255	--	--	453,218	460,115
<b>Total liabilities</b>	<b>1,103,229</b>	<b>635,759</b>	<b>394,443</b>	<b>201</b>	<b>--</b>	<b>614,655</b>	<b>2,748,287</b>
Long Position in the Balance Sheet	163,432	90,342	--	184,111	55,544	--	493,429
Short Position in the Balance Sheet	--	--	(3,818)	--	--	(489,611)	(493,429)
Long Position in the Off-balance Sheet	5,527	56,991	71,704	--	--	--	134,222
Short Position in the Off-balance Sheet	(5,793)	(59,484)	(74,367)	--	--	--	(139,644)
<b>Total Position</b>	<b>163,166</b>	<b>(87,849)</b>	<b>(6,481)</b>	<b>184,111</b>	<b>55,544</b>	<b>(489,611)</b>	<b>(5,422)</b>

<sup>1</sup> Other Assets: The amount of TL 82,826 in the Non-Interest Bearing column is composed of Subsidiaries amounting to TL 40,452 Tangible Assets amounting to TL 23,002, Intangible Assets amounting to TL 2,034 Deferred Tax Assets amounting to TL 2,488, Assets Held for Sale amounting to TL 288, Miscellaneous Receivables amounting to TL 3,436, and Other Assets amounting to TL 11,126.

<sup>2</sup> Other Liabilities: The amount of TL 453,218 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL 412,677, Provisions amounting to TL 24,814, Tax, Duty and Premium Payable amounting to TL 3,074 and Other Foreign Resources amounting to TL 12,653.

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<b>Prior 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 Year and Over</b>	<b>Non- Interest Bearing</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	230,074	--	--	--	--	9,693	239,767
Banks	979,823	288,134	--	--	--	--	1,267,957
Financial assets at fair value through profit or loss	43,984	10,383	74,670	28,583	--	--	157,620
Interbank money market placements	192,299	--	--	--	--	--	192,299
Investment securities available-for-sale	--	--	--	--	--	1,240	1,240
Loans	456,605	190,270	199,265	32,306	--	--	878,446
Investment securities held-to-maturity	14,411	35,495	62,993	25,819	61,152	--	199,870
Other assets <sup>1</sup>	640	--	--	--	--	74,747	75,387
<b>Total assets</b>	<b>1,917,836</b>	<b>524,282</b>	<b>336,928</b>	<b>86,708</b>	<b>61,152</b>	<b>85,680</b>	<b>3,012,586</b>
<b>Liabilities</b>							
Bank deposits	1,487,653	286,167	--	--	--	--	1,773,820
Other deposits	5,698	10,838	1,331	--	--	154,536	172,403
Money market borrowings	204,436	--	--	--	--	--	204,436
Miscellaneous payables	--	--	--	--	--	2,431	2,431
Marketable securities issued	--	--	--	--	--	--	--
Funds Borrowed From Other Fin. Ins.	239,933	220,694	2,361	1,899	--	--	464,887
Other liabilities <sup>2</sup>	--	--	--	--	--	394,609	394,609
<b>Total Liabilities</b>	<b>1,937,720</b>	<b>517,699</b>	<b>3,692</b>	<b>1,899</b>	<b>--</b>	<b>551,576</b>	<b>3,012,586</b>
Balance Sheet Long Position	--	6,583	333,236	84,809	61,152	--	485,780
Balance Sheet Short Position	(19,884)	--	--	--	--	(465,896)	(485,780)
Off Balance Sheet Long Position	--	--	--	--	--	--	--
Off Balance Sheet Short Position	--	--	--	--	--	--	--
<b>Total Position</b>	<b>(19,884)</b>	<b>6,583</b>	<b>333,236</b>	<b>84,809</b>	<b>61,152</b>	<b>(465,896)</b>	<b>--</b>

<sup>1</sup> Other Assets: The amount of TL 74,747 in the Non-Interest Bearing column is composed of Subsidiaries amounting to TL 38,452, Tangible Assets amounting to TL 22,925, Intangible Assets amounting to TL 2,162, Deferred Tax Assets amounting to TL 2,116, Assets Held for Sale amounting to TL 308, Miscellaneous Receivables amounting to TL 760, and Other Assets amounting to TL 8,024.

<sup>2</sup> Other Liabilities: The amount of TL 394,609 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL 353,977, Provisions amounting to TL 22,776, Tax, Duty and Premium Payable amounting to TL 5,292 and Other Foreign Resources amounting to TL 12,564.

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

	EUR	USD	JPY	TL
<b>Current Period</b>				
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey.	--	--	--	--
Banks	2.04	3.14	--	5.55
Financial assets at fair value through profit or loss	--	5.37	--	7.27
Money market placement	--	--	--	6.23
Financial assets available-for-sale	--	--	--	--
Loans	5.02	4.91	--	8.54
Investment securities held-to-maturity	5.21	7.25	--	5.51
Liabilities				
Interbank deposits	0.75	--	--	4.88
Other deposits	0.52	1.13	--	6.28
Money market borrowings	--	--	--	--
Miscellaneous payables	--	--	--	--
Marketable securities issued	--	--	--	--
Funds borrowed from other financial institutions	0.59	1.07	--	8.26
<b>Prior Period</b>				
Assets				
Cash (cash in vault, , effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey,	--	--	--	--
Banks	1.03	2.70	--	12.47
Financial Assets at Fair Value Through Profit or Loss	--	5.11	--	8.56
Money market placements	--	--	--	8.77
Financial assets available-for-sale	--	--	--	--
Loans	5.69	4.99	--	13.88
Investment securities held-to-maturity	5.36	7.13	--	9.09
Liabilities				
Interbank deposits	--	0.89	--	6.94
Other deposits	1.00	1.04	--	7.52
Money market borrowings	--	--	--	5.75
Miscellaneous payables	--	--	--	--
Marketable securities issued	--	--	--	--
Funds borrowed from other financial institutions	0.90	0.58	--	7.49

**The interest rate risk of the banking book items****The nature of interest rate risk which banking books and early repayment of loans and measurement frequency of interest rate risk with significant assumptions including related to the movement deposits except time deposit**

The interest rate sensitivity of assets, liabilities and off-balance sheet items are considered taking into account the developments in the market by Asset-Liability Committee

The interest rate risk of the banking book items measurement is included The Bank’s interest rate positions which is defined as banking accounts created and performed relevant re-pricing and maturity data take into account.

The interest rate sensitivity of assets and liabilities cash flows calculated present values using yield curves which generated using market interest rates.

The interest rate risk of the banking book items is measured legally in accordance with the “Regulation on Measurement and Assessment of Standard Shock Method on the interest rate risk arising from banking accounts”, published in the Official Gazette numbered 28034 and dated 23 August 2011, and this legal limit is monitored and reported monthly, based on this measurement. The Bank maintains its capital proportionally with the interest rate risk arising from banking accounts.

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

**The economic value differences that will be occurred due to fluctuations on interest rates with the Regulation on Standard Shock Method on the interest rate risk arising from banking accounts**

Currency	Applied Shock (+/- x basis point)	Revenue/ Loss	Revenue/Shareholders ‘Equity Loss/ Shareholders’ Equity
1 TRY	500	(12,926)	%(3.0407)
	(400)	27,261	%6.4128
2 EURO	200	(6,979)	%(1.6416)
	(200)	59,037	%13.8875
3 USD	200	18,858	%4.4361
	(200)	(136,609)	%(32.1354)
<b>Total (For negative shocks)</b>		<b>(50,311)</b>	<b>%(11.84)</b>
<b>Total (For positive shocks)</b>		<b>(1,047)</b>	<b>%(0.25)</b>

**VII. Information on stock position risk****Equity investment risk due from banking book**

The Bank does not have equity investment risk due to subsidiary and securities issued capital which classified banking accounts are not traded on the stock exchange.

**Information on booking value, fair value and market value of equity investments**

None.

**Information on equity investments realized gains or losses, revaluation increases and unrealized gains or losses and these amounts including capital contribution.**

None.

**VIII. Information on Liquidity Risk****Source of Bank’s current liquidity risk and whether the related precautions are taken to eliminate the risk. Restrictions on fund sources established by the board of directors for the purpose of meeting urgent liquidity demand and making payments for matured debts**

The Bank’s liquidity risk has been analyzed within the context of risk management operations. Within this context Bank’s liquidity risk has been analyzed by common ratio analysis and liquidity position analysis based on payment terms. The periodic reporting requirement to BRSA is being performed in accordance with the regulation regarding liquidity adequacy measurement.

**Whether the payments, assets and liabilities match with the interest rates, and whether the effect of mismatch on profitability is measured**

The main reason of liquidity risk is the existence of long term assets versus short term funds borrowed from abroad. On the other hand, these short term funds have the capability of being renewed. Bank has strong fund sources besides there is no restriction on fund sources for the purpose of meeting urgent liquidity demand and making payments for matured debts. As a result of this, the Bank has not been encountered with liquidity problems and there is no expectation of possible liquidity risk for the future for the Bank.

**Internal and external sources to meet the short and long-term liquidity needs, significant sources of liquidity that are not utilized**

Shareholder’s Equity has an important portion in the funding resources. The Bank is also capable of funding itself through domestic money markets and funding resources provided by its main shareholder.

As per the BRSA Communiqué published on the Official Gazette dated 1 November 2006 and became effective starting from 1 September 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 liquidity ratios as of 31 December 2012 are as follows:

<i>Current Period</i>	<b>Primary Maturity Split (Weekly)</b>		<b>Secondary Maturity Split (Monthly)</b>	
	<b>FC</b>	<b>FC+TL</b>	<b>FC</b>	<b>FC+TL</b>
<b>Average</b>	157	235	112	148
<b>Highest (%)</b>	275	402	187	265
<b>Lowest (%)</b>	89	107	81	105

**Presentation of assets and liabilities based on their outstanding maturities**

<b>Current Period</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 Year and Over</b>	<b>Unallocated</b>	<b>Total</b>
<b>Assets</b>								
Cash (cash in vault, effectives, money in transit, cheques purchased) and Central Bank balances	41,027	166,448	--	--	--	--	--	207,475
Due from banks and other financial institutions	5,950	262,048	437,860	90,260	--	--	--	796,118
Financial Assets at Fair Value through Profit or Loss	--	512	59,319	63,943	66,119	2,627	--	192,520
Money Market Placements	--	596,126	--	--	--	--	--	596,126
Financial assets available-for-sale	--	--	--	--	--	--	897	897
Loans	--	260,948	119,524	253,472	102,365	--	--	736,309
Investment securities held-to-maturity	--	--	15,514	15,341	51,377	52,917	--	135,149
Other assets <sup>1</sup>	--	867	--	--	--	--	82,826	83,693
<b>Total Assets</b>	<b>46,977</b>	<b>1,286,949</b>	<b>632,217</b>	<b>423,016</b>	<b>219,861</b>	<b>55,544</b>	<b>83,723</b>	<b>2,748,287</b>
<b>Liabilities</b>								
Interbank Deposits	285,753	536,095	11,761	11,762	--	--	--	845,371
Other Deposits	159,864	18,968	3,724	1,811	--	--	--	184,367
Funds provided from other financial institutions	--	262,161	614,884	379,615	201	--	--	1,256,861
Money market borrowings	--	--	--	--	--	--	--	--
Marketable securities issued	--	--	--	--	--	--	--	--
Miscellaneous payables	--	--	--	--	--	--	1,573	1,573
Other liabilities <sup>2</sup>	--	3,833	6,305	1,255	--	--	448,722	460,115
<b>Total Liabilities</b>	<b>445,617</b>	<b>821,057</b>	<b>636,674</b>	<b>394,443</b>	<b>201</b>	<b>--</b>	<b>450,295</b>	<b>2,748,287</b>
<b>Liquidity Gap</b>	<b>(398,640)</b>	<b>465,892</b>	<b>(4,457)</b>	<b>28,573</b>	<b>219,660</b>	<b>55,544</b>	<b>(366,572)</b>	<b>--</b>
<b>Prior Period</b>								
Total Assets	41,052	1,886,477	437,774	395,360	96,884	79,052	75,987	3,012,586
Total Liabilities	902,400	1,195,872	521,049	3,693	1,899	--	387,673	3,012,586
<b>Net Liquidity Gap</b>	<b>(861,348)</b>	<b>690,605</b>	<b>(83,275)</b>	<b>391,667</b>	<b>94,985</b>	<b>79,052</b>	<b>(311,686)</b>	<b>--</b>

<sup>1</sup> Other assets amounting TL 82,826 at the unallocated part consists of Subsidiaries amounting TL 40,452, Tangible Assets amounting TL 23,002, Intangible Assets amounting TL 2,034, Deferred Tax Asset amounting TL 2,488, Asset Held For Sale amounting TL 288, Miscellaneous Receivables amounting to TL 3,436 and Other Assets amounting to TL 11,126.

<sup>2</sup> Other liabilities amounting TL 448,722 at the unallocated part consists of Shareholders Equity amounting TL 412,677, Provisions amounting TL 24,814 and TL 11,231 Other Liabilities.

**IX. Information on securitization positions**

None.

**X. Information on Credit risk mitigation techniques**

Bank applies the Regulation on Credit risk mitigation techniques’ 34th article that the standard volatility adjustments are taken into account regarding to portfolios in which comprehensive approach is used.

Cash collateral is used for credit risk mitigation. Volatility adjustments on receivables, guarantees and collateral currency mismatches applied with the standard volatility adjustment approach with the Article 37 of the regulation.

In the case of the maturity mismatch that occurred because of the maturity of the collateral is less than the remaining maturity of the receivable, the collateral value considered as adjusted volatility.

Collaterals which are grouped according to asset types

<b>Risk Types</b>	<b>Amount<sup>(*)</sup></b>	<b>Financial Collaterals</b>	<b>Other/Physical Collaterals</b>	<b>Guarantees and credit derivatives</b>
Contingent and Non-Contingent Receivables from Sovereign Governments and Central Banks	323,864	--	--	--
Contingent and Non-Contingent Receivables from Regional Governments and Local Authorities	--	--	--	--
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	--	--	--	--
Contingent and Non-Contingent Receivables from Multilateral Development Banks	--	--	--	--
Contingent and Non-Contingent Receivables from International Organizations	--	--	--	--
Contingent and Non-Contingent Receivables from Banks and Financial Intermediaries	2,119,361	312	--	--
Contingent and Non-Contingent Corporate Receivables	700,103	3,930	--	--
Contingent and Non-Contingent Retail Receivables	--	--	--	--
Contingent and Non-Contingent Receivables Secured by Property	34,734	12	--	--
Past Due Loans	295	--	--	--
Higher-Risk Receivables Defined by BRSA	259,219	230,495	--	--
Marketable Securities Collateralized Mortgages	--	--	--	--
Securitization Exposures	--	--	--	--
Short-Term Receivables from Banks and Corporate	--	--	--	--
Undertakings for Collective Investments in Mutual Funds	--	--	--	--
Other Receivables	81,112	--	--	--
<b>Total</b>	<b>3,518,688</b>	<b>234,749</b>	--	--

<sup>(\*)</sup> Includes the total amount before taking into account the effects of credit risk mitigation.

<sup>(\*\*)</sup> The real estate mortgages that used to determine the risk classes are not taken into consideration regarding the “Regulation on Measurement and Assessment of Capital Adequacy of Banks”, Article 6.



**XI. Risk management target and policies**

The Bank’s risk strategy, policy, and procedures are approved by board of directors in order to make policies that are determined, to be approved, to evaluate and manage the risk that bank is exposed to, and to make it in compliance with changing circumstances, necessary conditions are determined.

The Bank's risk management principles are summarized below:

Being selective about taken risks,

Identifying risks effectively, measuring, analyzing and managing,

Ensuring the risk-return balance,

Taking robust guarantees level to meet the existing and potential risks and monitoring closely the adequacy of collateral,

Having enough capital structure to provide present and future potential risks,

Ensuring risks that are kept within defined limits,

Controlling all activities compliance with approved policies and procedures,

Provide activities in accordance with laws and regulations,

Establish corporate risk culture within the Bank,

Providing effective reporting channels which will help to inform management level to prevent delay about every type of inconsistencies,

In order to follow and to manage risks, Bank and market data reviewed regularly. Within the scope of classifying risks besides of legal limits also bank internal limits are provided.

**XII. Information on Fair Values of Financial Assets and Liabilities**

The fair value of the held to maturity financial assets; in case of situations where market price or fair value cannot be determined; is calculated over the quoted market prices of other investment securities that are of the same interest, maturity and similar in other clauses.

The estimated fair value of the demand deposit represents the amount to be paid at the moment of demand. Placements of changing rates and the fair value of the overnight deposit equal to their book values. The fair value of the fixed yield deposit is calculated over the cash flows discounted using the market interest rates implicated on similar borrowing and other payables.

The estimated fair value of the loans is calculated over the cash flows discounted using the market interest rates implicated on the constant interest loans. The carrying values of floating-rate loans are deemed a reasonable proxy for their fair values.

In the table below; fair values and book values of some of the financial assets and liabilities are presented. The book value of the assets and liabilities is the total of the cost and accumulated interest accruals.

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>	<b>2,264,599</b>	<b>2,539,812</b>	<b>2,269,843</b>	<b>2,543,765</b>
Banks	796,118	1,267,957	796,118	1,267,957
Money market receivables	596,126	192,299	596,126	192,299
Financial assets available-for-sale	897	1,240	897	1,240
Investment securities held-to-maturity	135,149	199,870	140,393	203,823
Loans	736,309	878,446	736,309	878,446
<b>Financial Liabilities</b>	<b>2,288,172</b>	<b>2,617,977</b>	<b>2,288,172</b>	<b>2,617,977</b>
Interbank deposits	845,371	1,773,820	845,371	1,773,820
Other Deposits	184,367	172,403	184,367	172,403
Funds provided from other financial institutions	1,256,861	464,887	1,256,861	464,887
Money market borrowings	--	204,436	--	204,436
Marketable securities issued	--	--	--	--
Miscellaneous Payables	1,573	2,431	1,573	2,431

**Fair value hierarchy**

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or,

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

<b>31 December 2012</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets held for trading	192,520	--	--	192,520
	<b>192,520</b>	<b>--</b>	<b>--</b>	<b>192,520</b>
<b>31 December 2011</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets held for trading	157,620	--	--	157,620
	<b>157,620</b>	<b>--</b>	<b>--</b>	<b>157,620</b>

**XIII. Activities carried out on behalf of and account of third parties, activities based on assurance**

**Information on whether Bank carries out trading, custody, consulting, management services for third parties:**

The Bank carries out trading of government bonds and treasury bills and repurchase agreements on others’ behalf and account. Apart from such services; the Bank does not carry out any other trading, custody, management and consulting services on behalf and account of others.

**Information on trust transactions with other financial institutions or direct financial services given within the context of trust transactions to other financial institutions and possible affects of such transactions on Bank’s financial situation:**

The Bank does not have transactions based on trust.

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**XIV. Information on Business Segments**

Information on operational segments on 31 December 2012 and 2011 are presented in the table below:

<b>Current Period</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Other</b>	<b>Total Operations</b>
Interest Income	42	51,267	67,616	--	118,925
Unallocated Income/Expenses (Net)	--	--	--	(47,717)	(47,717)
Operating Income	42	51,267	67,616	(47,717)	71,208
Income from Subsidiaries	--	--	--	2,000	2,000
Income before tax	--	--	--	--	73,208
Tax Provision	--	--	--	--	(14,508)
<b>Net Profit for the year</b>					<b>58,700</b>

<b>Current Period</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Other</b>	<b>Total Operations</b>
Segment Assets	526	735,783	1,768,531	--	2,504,840
Associates and Subsidiaries	--	--	--	40,452	40,452
Unallocated assets	--	--	--	202,995	202,995
<b>Total Assets</b>	<b>526</b>	<b>735,783</b>	<b>1,768,531</b>	<b>243,447</b>	<b>2,748,287</b>
Segment Liabilities	34,483	148,606	2,103,510	--	2,286,599
Unallocated Liabilities	--	--	--	49,011	49,011
Equity	--	--	--	412,677	412,677
<b>Total Liabilities</b>	<b>34,483</b>	<b>148,606</b>	<b>2,103,510</b>	<b>461,688</b>	<b>2,748,287</b>

<b>Prior Period</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Other</b>	<b>Total Operations</b>
Interest Income	30	38,177	43,380	--	81,587
Unallocated Income/Expenses (Net)	--	--	--	(22,782)	(22,782)
Operating Income	30	38,177	43,380	(22,782)	58,805
Income from Subsidiaries	--	--	--	--	2,500
Income before tax	--	--	--	--	61,305
Tax Provision	--	--	--	--	(13,210)
<b>Net Profit for the year</b>	<b>30</b>	<b>38,177</b>	<b>43,380</b>	<b>(22,782)</b>	<b>48,095</b>

<b>Prior Period</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Other</b>	<b>Total Operations</b>
Segment Assets	198	878,248	2,047,820	--	2,926,266
Associates and Subsidiaries	--	--	--	38,452	38,452
Unallocated assets	--	--	--	47,868	47,868
<b>Total Assets</b>	<b>198</b>	<b>878,248</b>	<b>2,047,820</b>	<b>86,320</b>	<b>3,012,586</b>
Segment Liabilities	22,589	154,564	2,438,393	--	2,615,546
Unallocated Liabilities	--	--	--	43,063	43,063
Equity	--	--	--	353,977	353,977
<b>Total Liabilities</b>	<b>22,589</b>	<b>154,564</b>	<b>2,438,393</b>	<b>397,040</b>	<b>3,012,586</b>

**SECTION FIVE  
 INFORMATION ON DISCLOSURES AND FOOTNOTES OF  
 UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS**

**1. Information on cash equivalents and Central Bank of Turkey:**

**Information on cash equivalents:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/Effective	1,117	4,729	1,167	8,526
Central Bank of Turkey	35,183	166,446	22,854	207,220
Other	--	--	--	--
<b>Total</b>	<b>36,300</b>	<b>171,175</b>	<b>24,021</b>	<b>215,746</b>

**Information related to the account of Central Bank of Turkey:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	35,183	--	22,854	--
Unrestricted Time Deposits	--	36,142	--	57,140
Restricted Time Deposits	--	--	--	--
Reserve Deposits	--	130,304	--	150,080
<b>Total</b>	<b>35,183</b>	<b>166,446</b>	<b>22,854</b>	<b>207,220</b>

**Information on Reserve Deposits:**

The banks operating in Turkey keep reserve deposits for Turkish currency and foreign currency at the rates of between 5% and 11% (31 December 2011: between 5% and 11%) and for USD or EUR at the rates of 6% and 11% respectively according to their maturities as per the Communiqué no.2005/1 "Reserve Deposits" of the Central Bank of Turkey. (31 December 2011: 6% and 11% respectively). As of 31 December 2012, interest rates are not applied for reserve requirements by the Central Bank of Turkey.

**2. Information on financial assets at fair value through profit/loss**

There are no financial assets at fair value through profit or loss as repo transaction as of 31 December 2012. (31 December 2011: TL 48,987), and there are TL 24,205 financial assets at fair value through profit or loss provided as collateral /blocked. (31 December 2011: none)

Positive differences on derivative financial assets held for trading:

Derivative Financial Assets Held for Trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	--	--	--	--
Swap Transactions	17	--	--	--
Futures	--	--	--	--
Options	--	--	--	--
Other	--	--	--	--
<b>Total</b>	<b>17</b>	<b>--</b>	<b>--</b>	<b>--</b>

**3. Information on banks and other financial institutions**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic banks	60,116	730,942	45,092	1,214,460
Foreign banks	--	5,060	--	8,405
Foreign head offices and branches	--	--	--	--
<b>Total</b>	<b>60,116</b>	<b>736,002</b>	<b>45,092</b>	<b>1,222,865</b>

**Information on foreign bank accounts**

	Free Amount		Restricted Amount	
	Current period	Prior period	Current period	Prior period
European Union Countries	1,454	751	--	--
USA, Canada	1,213	614	--	334
OECD Countries (*)	154	250	--	--
Off-Shore Banking Regions	--	--	--	--
Other	2,239	6,456	--	--
<b>Total</b>	<b>5,060</b>	<b>8,071</b>	<b>--</b>	<b>334</b>

(\*) OECD countries except EU Countries, Canada and USA

**4. Information on available for sale financial assets**

**Information on transaction of repo and collateral/blocked financial assets (Net)**

As of 31 December 2012, the Bank does not have marketable securities subjected to repurchase transactions on financial assets available-for-sale (31 December 2011: None). As of 31 December 2012, there is no security is held on collateral/blocked for guarantee from assets available-for-sale (31 December 2011: None).

**Information on available for sale financial assets**

	Current period	Prior period
<b>Debt Securities</b>	--	--
Quoted in stock exchange	--	--
Not quoted in stock exchange	--	--
<b>Share Certificates</b>	<b>897</b>	<b>1,240</b>
Quoted in stock Exchange	--	--
Not quoted in stock Exchange	897	1,240
<b>Impairment provision (-)</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>897</b>	<b>1,240</b>

**5. Information on Loans**

**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
<b>Direct Loans Granted to Shareholders</b>	--	<b>14,852</b>	<b>180,004</b>	<b>18,396</b>
Corporate Shareholders	--	14,852	180,004	18,396
Individual Shareholders	--	--	--	--
<b>Indirect Loans Granted to Shareholders</b>	--	--	--	--
<b>Loans Granted to the Bank's personnel</b>	<b>524</b>	<b>3</b>	<b>198</b>	<b>11</b>
<b>Total</b>	<b>524</b>	<b>14,855</b>	<b>180,202</b>	<b>18,407</b>

***Information about the first and second group loans and other receivables including loans that have been restructured or rescheduled***

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring		
	<i>Total Loans and Other Receivables</i>	<i>Restructured or Rescheduled</i>	<i>Total Loans and Other Receivables</i>	<i>Restructured or Rescheduled</i>	
<b>Cash Loans</b>		<i>Extended compensation plans</i>	<i>Other</i>	<i>Extended compensation plans</i>	<i>Other</i>
<b>Non-specialized loans</b>	<b>735,475</b>	--	--	<b>539</b>	--
Corporate loans	--	--	--	--	--
Export loans	142,270	--	--	--	--
Import loans	--	--	--	--	--
Loans given to financial sector	169,011	--	--	--	--
Consumer loans	526	--	--	--	--
Credit cards	--	--	--	--	--
Other	423,668	--	--	539	--
<b>Specialized loans</b>	--	--	--	--	--
<b>Other receivables</b>	--	--	--	--	--
<b>Total</b>	<b>735,475</b>	--	--	<b>539</b>	--

**Information about the maturity structure of loans**

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	<i>Total Loans and Other Receivables</i>	<i>Restructured or Rescheduled</i>	<i>Total Loans and Other Receivables</i>	<i>Restructured or Rescheduled</i>
<b>Short Term loans and other receivables</b>	<b>408,956</b>	--	<b>539</b>	--
Non-specialized loans	408,956	--	539	--
Specialized loans	--	--	--	--
Other receivables	--	--	--	--
<b>Long Term loans and other receivables</b>	<b>326,519</b>	--	--	--
Non-specialized loans	326,519	--	--	--
Specialized loans	--	--	--	--
Other receivables	--	--	--	--
<b>Total</b>	<b>735,475</b>	--	<b>539</b>	--

**The number of changes made to extend payment plan**

None

**Extend payment plan with the change of time**

None

**Information on Consumer Loans, Credit Cards and Loans given to employees**

	Short Term	Medium and Long Term	Total
<b>Consumer Loans-TL</b>	--	2	2
Real estate loans	--	--	--
Automotive loans	--	--	--
Consumer loans	--	--	--
Other	--	2	2
<b>Consumer Loans-Indexed to FC</b>	--	--	--
Real estate loans	--	--	--
Automotive loans	--	--	--
Consumer loans	--	--	--
Other	--	--	--
<b>Consumer Loans-Indexed to FC</b>	--	--	--
Real estate loans	--	--	--
Automotive loans	--	--	--
Consumer loans	--	--	--
Other	--	--	--
<b>Individual Credit Cards-TL</b>	--	--	--
Installment	--	--	--
Non-Installment	--	--	--
<b>Individual Credit Cards-FC</b>	--	--	--
Installment	--	--	--
Non-Installment	--	--	--
<b>Personnel Loans- TL</b>	15	509	524
Real estate loans	--	--	--
Automotive loans	--	--	--
Consumer loans	--	--	--
Other	15	509	524
<b>Personnel Loans- Indexed to FC</b>	--	--	--
Real estate loans	--	--	--
Automotive loans	--	--	--
Consumer loans	--	--	--
Other	--	--	--
<b>Personnel Loans-FC</b>	--	--	--
Real estate loans	--	--	--
Automotive loans	--	--	--
Consumer loans	--	--	--
Other	--	--	--
<b>Personnel Credit Cards-TL</b>	--	--	--
Installment	--	--	--
Non-Installment	--	--	--
<b>Personnel Credit Cards-FC</b>	--	--	--
Installment	--	--	--
Non-Installment	--	--	--
<b>Deposits with Credit Limit-TL (Individual)</b>	--	--	--
<b>Deposits with Credit Limit-FC (Individual)</b>	--	--	--
<b>Total</b>	<b>15</b>	<b>511</b>	<b>526</b>



**Information on instalment commercial loans and commercial credit cards**

None

**Allocation of loans by customers**

	Current Period	Prior Period
Public	--	--
Private	736,014	878,446
<b>Total</b>	<b>736,014</b>	<b>878,446</b>

**Allocation of domestic and foreign loans**

	Current Period	Prior Period
Domestic loans	680,921	679,339
Foreign loans	55,093	199,107
<b>Total</b>	<b>736,014</b>	<b>878,446</b>

**Loans granted to subsidiaries and associates**

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	25,570	9,683
Indirect loans granted to subsidiaries and associates	--	--
<b>Total</b>	<b>25,570</b>	<b>9,683</b>

**Specific provisions for loans**

Specific provisions	Current Period	Prior Period
Loans and receivables with limited collectibles	74	--
Loans and receivables with doubtful collectibles	--	15
Uncollectible loans and receivables	8,154	5,937
<b>Total</b>	<b>8,228</b>	<b>5,952</b>

**Information related to non-performing loans**

**Information on restructured loans of non-performing loans**

None

**Information on movement of total non-performing loans**

	III. Group	IV. Group	V. Group
	<i>Loans and receivables with limited collectibles</i>	<i>Loans and receivables with doubtful collectibles</i>	<i>Uncollectible loans and receivables</i>
<b>Balances at Beginning of Period</b>	--	15	5,937
Additions (+)	2,748	--	--
Transfers from other categories of nonperforming loans (+)	--	--	2,274
Transfers to other categories of nonperforming loans (-)	2,259	15	--
Collections (-)	120	--	57
Write-offs (-)	--	--	--
Institutional and commercial credits	--	--	--
Individual credits	--	--	--
Credit cards	--	--	--
Others	--	--	--
<b>Balances at End of the Period</b>	<b>369</b>	--	<b>8,154</b>
Specific provisions (-)	74	--	8,154
<b>Net Balance on Balance Sheet</b>	<b>295</b>	--	--

**Information on foreign currency non-performing loans**

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Non-performing loans and receivables
<b>Current Period</b>			
Balance at end of period	--	--	2,031
Specific provision (-)	--	--	2,031
<b>Net Balance</b>	--	--	--
<b>Prior Period</b>			
Balance at end of period	--	--	2,031
Specific Provision (-)	--	--	2,031
<b>Net Balance</b>	--	--	--

There are non-performing loan receivables in foreign currency amounting TL 2,031 which is followed in TL accounts.

**Information on gross and net loans under follow-up according to the borrowers**

	III. Group: Loans and receivables with limited collectability	IV. Group: Loans and receivables with doubtful collectability	V. Group Non-performing loans and receivables
<b>Current Period (Net)</b>	<b>295</b>		
Loans granted to real persons and legal entities (Gross)	369	--	8,054
Specific provisions (-)	74	--	8,054
Loans granted to real persons and legal entities (Net)	295	--	--
Banks (Gross) (*)	--	--	100
Specific provisions (-)	--	--	100
Banks (Net)	--	--	--
Other Loans and receivables (Gross)	--	--	--
Specific provisions (-)	--	--	--
Other Loans and receivables (Net)	--	--	--
<b>Prior Period (Net)</b>			
Loans granted to real persons and legal entities (Gross)	--	15	5,837
Specific provisions (-)	--	15	5,837
Loans granted to real persons and legal entities (Net)	--	--	--
Banks (Gross) (*)	--	--	100
Specific provisions (-)	--	--	100
Banks (Net)	--	--	--
Other Loans and receivables (Gross)	--	--	--
Specific provisions (-)	--	--	--
Other Loans and receivables (Net)	--	--	--

(\*) Foreign bank

**Collection policy on loans determined as loss and other receivables**

Loans determined as loans and other receivables are collected via legal follow-up and conversion of guarantees to cash.

**Information on write-off policy**

Loans under legal follow-up are classified and are made provision according to “Regulation on Procedures and Principles Concerning Loans and Other Receivable’s Nature Definition and Provisions”. These loans are collected in collaboration with Department of Loan Trace and Follow, Department of Law Services and Consultancy and other related departments. However if mentioned loans could not be collected in any way, write-off procedure is implemented. This procedure is implemented by getting the opinion of Department of Law Services and Consultancy and by obtaining approvals from Loan Trace and Follow Department and the Board of Directors.

**6. Information on held to maturity financial assets**

**Information on subjected to repurchase transactions and provided as collateral/blocked (Net)**

As of 31 December 2012, the Bank does not have any marketable securities subjected to repurchase transactions (At 31 December 2011: none). As of 31 December 2012, the Bank does not have any amounted security is held on collateral/blocked for guarantee. (At 31 December 2011: TL 40.200)

**Information on government held to maturity financial assets**

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	19,918	--	40,200	--
Treasury Bonds	--	--	--	--
Other Public Bonds	--	82,882	--	88,181
<b>Total</b>	<b>19,918</b>	<b>82,882</b>	<b>40,200</b>	<b>88,181</b>

**Information of investments held to maturity**

	Current Period	Prior Period
<b>Debt Instruments</b>	135,611	200,194
Quoted at stock exchange	103,262	128,627
Not-quoted at stock exchange	32,349	71,567
Impairment loss provision (-)	(462)	(324)
<b>Total</b>	<b>135,149</b>	<b>199,870</b>

**Movement of investments held-to-maturity**

	Current Period	Prior Period
Balances at the Beginning of the Period	199,870	224,678
Foreign Currency Gains / Losses on Monetary assets	(7,622)	17,149
Purchases during the Period	83,489	118,485
Disposals through sales and redemptions <sup>1</sup>	(144,735)	(168,944)
Changes on amortized costs	4,285	8,502
Impairment loss provision <sup>2</sup>	(138)	--
<b>Period end balance</b>	<b>135,149</b>	<b>199,870</b>

<sup>1</sup> In the current period amounting to TL 144,735 redemption has been realized. In the prior period redemption amounting to (31 December 2011: TL 168,944) has been realized from the portfolio.

<sup>2</sup> Represents provisions allocated for impairment in the current year.

**7. Information on Associates**

As at 31 December 2012 and 2011 the Bank does not have an associate.

**8. Information on subsidiaries (Net)**

**Information on unconsolidated subsidiaries**

The Bank does not have an unconsolidated subsidiary.

**Information on subsidiaries**

**Information on shareholder’s equity for A&T Finansal Kiralama A.Ş.**

	<b>31 December 2012</b>
<b>CORE CAPITAL</b>	
Paid in Capital	34,500
Effect of Inflation Adjustment on Paid in Capital	5,961
Legal Reserves – First Legal Reserve Turkish Commercial Code 519/1	1,727
Extraordinary Reserves – Legal Reserve per General Legislation	147
Profit / Loss	6,924
<i>Net Profit</i>	3,160
<i>Prior Period Profit/Loss</i>	3,764
Intangible Assets (-)	21
<b>Total Core Capital</b>	<b>49,238</b>
<b>SUPPLEMENTARY CAPITAL</b>	None
<b>CAPITAL</b>	<b>49,238</b>
<b>DEDUCTION FROM CAPITAL</b>	None
<b>NET AVAILABLE CAPITAL<sup>(*)</sup></b>	<b>49,238</b>

(\*) There is no restriction on shareholders' equity of subsidiary. After deduction from the capital, the total net available equity is TL 49,238.

There is no internal capital adequacy assessment approach for the subsidiary and the subsidiary do not tied to a capital adequacy requirement.

**Summary information on basic features of equity items**

Paid in capital has been indicated as Turkish Lira in articles of incorporation and registered in trade registry.

Effect of inflation adjustments on paid in capital is the difference caused by the inflation adjustment on shareholders' equity items.

Extraordinary reserves are the status reserves which have been transferred with the General Assembly decision after distributable profit have been transferred to legal reserves.

Legal reserves are the status reserves which have been transferred from distributable profit in accordance with the third clause of first and second paragraph of 519 and 521 articles of Turkish Commercial Code no. 6102.

Description	Address (City/Country)	Bank’s share percentage-If different voting percentage (%)	Bank’s risk group share percentage (%)
1 A&T Finansal Kiralama A.Ş.	Istanbul	99.98	99.98

**Information on financial statements of the subsidiaries**

Total Assets	Shareholders’ Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair value (*)
127,078	49,259	4,286	10,010	--	3,160	2,239	--

(\*) The related subsidiary has no fair value as of 31 December 2012.

(\*\*) Shareholders’ equity of the relevant subsidiary is not needed as of 31 December 2012.

**ARAP TÜRK BANKASI ANONİM ŞİRKETİ**

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*Convenience Translation of Unconsolidated Financial  
Report Originally Issued in Turkish  
See Note on I. in Section Three*

***Movement related to subsidiaries***

	<b>Current Period</b>	<b>Prior Period</b>
<b>Balance at the Beginning of the Period</b>	<b>38,452</b>	<b>35,952</b>
<b>Movements during the Period</b>	<b>2,000</b>	<b>2,500</b>
Purchases	--	--
Bonus Shares Received	2,000	2,500
Dividends from Current Year Profit	--	--
Sales	--	--
Revaluation Increase	--	--
Impairment Provision (+)	--	--
<b>Balance at the End of the Period</b>	<b>40,452</b>	<b>38,452</b>
<b>Capital Commitments</b>	<b>--</b>	<b>--</b>
<b>Share Percentage at the end of Period (%)</b>	<b>99,98</b>	<b>99,98</b>

***Sectoral Information on the subsidiaries and amounts related to these***

<b>Subsidiaries</b>	<b>Current Period</b>	<b>Prior Period</b>
Banks	--	--
Insurance Companies	--	--
Factoring Companies	--	--
Leasing Companies	40,452	38,452
Finance Companies	--	--
Other Financial Affiliates	--	--

***Quoted Subsidiaries***

The Bank does not have a subsidiary that is quoted.

**9. Information on jointly ventures**

The Bank does not have joint ventures.

**10. Information on Financial Lease Receivables (Net)**

The Bank does not have any financial lease receivables.

**11. Information on financial derivatives for hedging**

The Bank does not have any financial derivatives for hedging.

**ARAP TÜRK BANKASI ANONİM ŞİRKETİ**

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**12. Information on tangible assets**

<b>Current Period</b>	<b>Real Estates</b>	<b>Leased Tangible Assets</b>	<b>Vehicles</b>	<b>Other Tangible Assets</b>	<b>Total</b>
<b>Balance at the End of the Prior Period- 31 December 2011</b>					
<i>Cost</i>	28,307	4,688	523	8,992	42,510
<i>Accumulated Depreciation (-)</i>	(11,046)	(4,414)	(173)	(3,952)	(19,585)
<b>Net Book Value</b>	<b>17,261</b>	<b>274</b>	<b>350</b>	<b>5,040</b>	<b>22,925</b>
<b>Balance at the End of the Current Period - 31 December 2012</b>					
<i>Net Book Value at the Beginning of the Current Period</i>	28,307	4,688	523	8,992	42,510
<i>Additions</i>	868	--	569	1,074	2,511
<i>Disposals (-)</i>	--	(29)	--	(215)	(244)
<i>Impairment(-)</i>	--	--	--	--	--
<b>Cost at the End of the Current Period</b>	<b>29,175</b>	<b>4,659</b>	<b>1,092</b>	<b>9,852</b>	<b>44,777</b>
<i>Accumulated Depreciation (-)</i>	(11,046)	(4,414)	(173)	(3,952)	(19,585)
<i>Depreciation Expense (-)</i>	(688)	(152)	(114)	(1,480)	(2,434)
<i>Depreciation of Disposals</i>	--	29	--	215	244
<b>Accumulated Depreciation at the End of the Current Period (-)</b>	<b>(11,734)</b>	<b>(4,537)</b>	<b>(287)</b>	<b>(5,217)</b>	<b>(21,775)</b>
<b>Net Book Value at the End of the Current Period</b>	<b>17,441</b>	<b>122</b>	<b>805</b>	<b>4,634</b>	<b>23,002</b>
<b>Prior Period</b>					
<b>Prior Period</b>	<b>Real Estates</b>	<b>Leased Tangible Assets</b>	<b>Vehicles</b>	<b>Other Tangible Assets</b>	<b>Total</b>
<b>Balance at the End of the Prior Period- 31 December 2010</b>					
<i>Cost</i>	28,307	4,688	757	6,495	40,247
<i>Accumulated Depreciation (-)</i>	(10,361)	(4,248)	(462)	(3,048)	(18,119)
<b>Net Book Value</b>	<b>17,946</b>	<b>440</b>	<b>295</b>	<b>3,447</b>	<b>22,128</b>
<b>Balance at the End of the Current Period - 31 December 2011</b>					
<i>Net Book Value at the Beginning of the Current Period</i>	28,307	4,688	757	6,403	40,155
<i>Additions</i>	--	--	186	2,627	2,813
<i>Disposals (-)</i>	--	--	(420)	(38)	(458)
<i>Impairment(-)</i>	--	--	--	--	--
<b>Cost at the End of the Current Period</b>	<b>28,307</b>	<b>4,688</b>	<b>523</b>	<b>8,992</b>	<b>42,510</b>
<i>Accumulated Depreciation (-)</i>	(10,361)	(4,248)	(462)	(2,956)	(18,027)
<i>Depreciation expense(-)</i>	(685)	(166)	(95)	(1,034)	(1,980)
<i>Depreciation Of Disposals</i>	--	--	384	38	422
<b>Accumulated Depreciation at the End of the Current Period (-)</b>	<b>(11,046)</b>	<b>(4,414)</b>	<b>(173)</b>	<b>(3,952)</b>	<b>(19,585)</b>
<b>Net Book Value at the End of the Current Period</b>	<b>17,261</b>	<b>274</b>	<b>350</b>	<b>5,040</b>	<b>22,925</b>

**13. Information on Intangible assets**

	<b>31 December 2012</b>	<b>31 December 2011</b>
<b>Balance at the End of the Prior Period</b>		
<i>Cost</i>	5,902	4,980
<i>Accumulated Depreciation (-)</i>	(3,740)	(3,157)
<b>Net Book Value</b>	<b>2,162</b>	<b>1,823</b>
<b>Balance at the End of the Current Period</b>		
<b><i>Net Book Value at the Beginning of the Current Period</i></b>	<b>5,902</b>	<b>4,980</b>
<i>Additions</i>	601	922
<i>Disposals (-)</i>	--	--
<i>Impairment(-)</i>	--	--
<b><i>Cost at the Beginning of the current period</i></b>	<b>6,503</b>	<b>5,902</b>
<i>Accumulated Depreciation (-)</i>	(3,740)	(3,157)
<i>Amortization and amortization expense of disposals(-)</i>	(729)	(583)
<i>Impairment Depreciation(-)</i>	--	--
<b><i>Accumulated Amortization at end of the current period</i></b>	<b>(4,469)</b>	<b>(3,740)</b>
<b>Net Book Value at end of the current period</b>	<b>2,034</b>	<b>2,162</b>

**14. Information on investment property**

The bank does not have any investment property.

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**15. Information on tax assets**

As of 31 December 2012, there is no tax receivable under current tax asset after the deduction of tax liability. (31 December 2011: None.)

The Bank has calculated TL 2,825 deferred tax asset and TL 337 deferred tax liability over taxable temporary differences as of 31 December 2012 and recorded the net amount of asset and liability to the financial statement (31 December 2011: TL 2,305 deferred tax asset and TL 189 deferred tax liability).

The detail of deferred tax asset and liability is as follows

	31 December 2012		31 December 2011	
	Accumulated temporary differences	Deferred tax asset/ (liability)	Accumulated temporary differences	Deferred tax asset/ (liability)
Provisions for employee rights	7,232	1,446	6,828	1,366
Unearned Income	2,397	479	1,883	377
Interest accruals	--	--	2,093	418
Depreciation difference for tangible and intangible assets	357	71	--	--
Derivative Financial Instruments	3,537	707	--	--
Other	601	122	721	144
<b>Deferred tax asset</b>	<b>14,124</b>	<b>2,825</b>	<b>11,525</b>	<b>2,305</b>
Interest accruals	1,520	304	--	--
Depreciation difference for tangible and intangible assets	--	--	626	126
Other	166	33	317	63
<b>Deferred tax liability</b>	<b>1,686</b>	<b>337</b>	<b>943</b>	<b>189</b>
<b>Deferred tax asset / (liability), net</b>		<b>2,488</b>		<b>2,116</b>

**16. Information about fixed assets held for sale**

	Current Period	Prior Period
	31 December 2012	31 December 2011
Cost	416	581
Provision Amount (-)	(4)	(45)
Accumulated Depreciation	(104)	(109)
<b>Net Book Value</b>	<b>308</b>	<b>427</b>
Opening Balance	416	427
Additions	--	--
Disposals (-)	(4)	(129)
Provision Expenses (-)	(1)	26
Depreciation Expenses (-)	(15)	(16)
<b>Closing Net Book Value</b>	<b>288</b>	<b>308</b>

**17. Information on other assets**

As of 31 December 2012 other assets is amounting to TL 15,429 (31 December 2011: 9,424 TL) and does not exceed 10% of total assets of balance sheet except off balance sheet commitments.



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**II. INFORMATION AND DISCLOSURES RELATED TO LIABILITIES****1. Information on maturity profile of deposits**

<b>Current Period</b>	<b>Demand</b>	<b>7 Days Notice</b>	<b>Up to 1 Months</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6Months- 1 Year</b>	<b>Year and over</b>	<b>Accumulating Deposit Accounts</b>	<b>Total</b>
<b>Saving Deposits</b>	<b>926</b>	--	<b>217</b>	<b>859</b>	<b>1,534</b>	<b>41</b>	<b>27</b>	--	<b>3,604</b>
<b>Foreign Currency Deposits</b>	<b>145,376</b>	--	<b>94</b>	<b>9,167</b>	<b>1,972</b>	<b>1,203</b>	<b>1,392</b>	--	<b>159,204</b>
Residents in Turkey	103,947	--	--	1,012	676	113	89	--	105,837
Residents Abroad	41,429	--	94	8,155	1,296	1,090	1,303	--	53,367
<b>Public Sector Deposits</b>	--	--	--	--	--	--	--	--	--
<b>Commercial Deposits</b>	<b>6,409</b>	--	<b>7,671</b>	<b>119</b>	<b>90</b>	<b>107</b>	--	--	<b>14,396</b>
<b>Other Ins. Deposits</b>	<b>7,153</b>	--	--	<b>10</b>	--	--	--	--	<b>7,163</b>
<b>Precious Metal Deposits</b>	--	--	--	--	--	--	--	--	--
<b>Bank Deposits</b>	<b>285,753</b>	--	<b>536,095</b>	<b>11,761</b>	--	<b>11,762</b>	--	--	<b>845,371</b>
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	--	--	--	--	--	--	--	--	--
Foreign Banks	285,753	--	536,095	11,761	--	11,762	--	--	845,371
Special Financial Inst.	--	--	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>445,617</b>	--	<b>544,077</b>	<b>21,916</b>	<b>3,596</b>	<b>13,113</b>	<b>1,419</b>	--	<b>1,029,738</b>

<b>Prior Period</b>	<b>Demand</b>	<b>7 Days Notice</b>	<b>Up to 1 month</b>	<b>1-3 Months</b>	<b>3-6 Months</b>	<b>6 Months 1 Year</b>	<b>Year and Over</b>	<b>Accumulating Deposit Accounts</b>	<b>Total</b>
<b>Saving Deposits</b>	<b>1,316</b>	--	<b>289</b>	<b>1,515</b>	<b>480</b>	<b>24</b>	<b>135</b>	--	<b>3,759</b>
<b>Foreign Currency Deposits</b>	<b>140,361</b>	--	<b>669</b>	<b>8,545</b>	<b>3,060</b>	<b>715</b>	<b>1,446</b>	--	<b>154,796</b>
Residents in Turkey	38,623	--	669	819	813	160	104	--	41,188
Residents Abroad	101,738	--	--	7,726	2,247	555	1,342	--	113,608
<b>Public Sector Deposits</b>	--	--	--	--	--	--	--	--	--
<b>Commercial Deposits</b>	<b>7,498</b>	--	<b>865</b>	<b>39</b>	<b>85</b>	--	--	--	<b>8,487</b>
<b>Other Ins. Deposits</b>	<b>5,361</b>	--	--	--	--	--	--	--	<b>5,361</b>
<b>Precious Metal Deposits</b>	--	--	--	--	--	--	--	--	--
<b>Bank Deposits</b>	<b>747,864</b>	--	<b>260,749</b>	<b>286,168</b>	<b>450,294</b>	<b>28,745</b>	--	--	<b>1,773,820</b>
Central Bank	--	--	--	--	--	--	--	--	--
Domestic Banks	--	--	--	--	--	--	--	--	--
Foreign Banks	747,864	--	260,749	286,168	450,294	28,745	--	--	1,773,820
Special Financial Institutions	--	--	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>902,400</b>	--	<b>262,572</b>	<b>296,267</b>	<b>453,919</b>	<b>29,484</b>	<b>1,581</b>	--	<b>1,946,223</b>

***Information on savings deposits insured by Saving Deposit Insurance Fund and the total amount of the deposits exceeding the insurance coverage limit***

	Covered by Deposit Insurance Fund		Not covered by Deposit Insurance Fund	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	1,981	2,236	1,623	1,523
Foreign Currency Saving Deposits	9,721	7,614	21,205	11,058
Other Saving Deposits	--	--	--	--
Foreign Branches' Deposits Under Foreign Insurance Coverage	--	--	--	--
Off-Shore Deposits Under Foreign Insurance Coverage	--	--	--	--
<b>Total</b>	<b>11,702</b>	<b>9,850</b>	<b>22,828</b>	<b>12,581</b>

**Saving deposits not covered by deposit insurance**

**Individual deposits not covered by deposit insurance**

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	--	--
Deposits and Other Accounts held by Shareholders and their Relatives	--	--
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	486	42
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	--	--
Deposits at Depositary Banks established for Off-Shore Banking Activities in Turkey	--	--
<b>Total</b>	<b>486</b>	<b>42</b>

**2. Information on financial derivatives through profit or loss**

Financial Derivatives through profit or loss	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	--	--	--	--
Swap transactions	3,554	--	--	--
Futures transactions	--	--	--	--
Options	--	--	--	--
Other	--	--	--	--
<b>Total</b>	<b>3,554</b>	<b>--</b>	<b>--</b>	<b>--</b>

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**3. Information on Funds Borrowed***Information on banks and other financial institutions*

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowing from Central Bank	--	--	--	--
From Domestic Banks and Institutions	2,815	1,277	1,919	2,850
From Foreign Banks, Institutions and Funds	--	1,252,769	--	460,118
<b>Total</b>	<b>2,815</b>	<b>1,254,046</b>	<b>1,919</b>	<b>462,968</b>

*Presentation of funds borrowed based on maturity profile*

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	2,546	896,846	1,719	461,071
Long-Term	269	357,200	200	1,897
<b>Total</b>	<b>2,815</b>	<b>1,254,046</b>	<b>1,919</b>	<b>462,968</b>

**Additional explanation related to the concentrations of the Bank's major liabilities on the basis of concentrations, fund providing customers, sector groups and other criteria where risk concentration is observed**

Domestic borrowings consist of Eximbank loans. Borrowings from abroad consist of foreign banks.

**4. Information on other foreign resources**

The other external resources is amounting to TL 15,996 (31 December 2011: TL 12,564); and this amount does not exceed 10% of the total balance sheet.

**5. Information on financial lease obligations**

In the financial lease contracts the instalments are determined by considering the market interest rates, cost of the leasing asset and maturity of the financing. There are no significant obligations imposed on the Bank as a result of the lease agreements.

**6. Information on liabilities arising from financial derivative transactions for hedging purposes**

The Bank does not have financial derivative instruments for hedging purposes.

**7. Information on provisions***Information on general provisions*

	Current Period	Prior Period
Provisions for Loans and Receivables in Group I	8,741	7,110
Provisions for Loans and Receivables in Group II	12	--
Provisions for Non-Cash Loans	3,058	2,875
Other	--	--
<b>Total</b>	<b>11,811</b>	<b>9,985</b>

**Subject to the Provision for General Loan Assets, The Amounts of Provisions by risk grading**

<b>31 December 2012</b>		
	<b>Balance Sheet items</b>	<b>Off Balance Sheet items</b>
Grade 1: Low risk loans and receivables	7,063	3,005
Grade 2 : Loans under Follow	11	26
Restructured loans	--	--
Other unrated Assets	1,706	
<b>Total</b>	<b>8,780</b>	<b>3,031</b>

<b>31 December 2011</b>		
	<b>Balance Sheet items</b>	<b>Off Balance Sheet items</b>
Grade 1: Low risk loans and receivables	6,379	2,842
Grade 2 : Loans under Follow up	--	32
Restructured loans	--	--
Other unrated Assets	732	
<b>Total</b>	<b>7,111</b>	<b>2,874</b>

**Provisions for currency exchange gain/loss on foreign currency indexed loans**

	<b>Current Period</b>	<b>Prior Period</b>
Foreign Exchange Provisions for Foreign Currency Indexed Loans (*)	509	69

(\*) Foreign exchange differences of foreign currency indexed loans are netted off with loans.

**Special provisions set aside for non-funded and non-cash loans**

As of 31 December 2012, special provisions set aside for non-funded and non-cash loans are TL 569 (31 December 2011: TL 574)

**Information on other provisions**

*The provisions for probable risks are below*

	<b>Current Period</b>	<b>Prior Period</b>
The provisions for probable risks	5,000	5,000

*In the case of the other provisions, exceeds the 10% of the total provisions, those accounts and balances*

None.

**8. Information on tax payables**

*Information on corporate tax liability*

As of 31 December 2012, corporate tax payable after deducting the prepaid tax is TL 911 (31 December 2011: TL 3,352).

*Information on tax payables*

	<b>Current Period</b>	<b>Prior Period</b>
Corporate Tax	911	3,352
Banking Insurance Transaction Tax (BITT)	344	485
Taxation of Securities	663	439
Value added taxes payable	43	41
Corporate tax payable-limited	1	2
Foreign Exchange Legislation Tax	--	--
Property tax	14	13
Other	651	582
<b>Total</b>	<b>2,627</b>	<b>4,914</b>

*Information on premiums*

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums - Employee	169	143
Social Security Premiums - Employer	242	205
Bank Social Aid Pension Fund Premium - Employee	--	--
Bank Social Aid Pension Fund Premium - Employer	--	--
Pension Fund Membership Fees and Provisions- Employee	--	--
Pension Fund Membership Fees and Provisions- Employer	--	--
Unemployment Insurance - Employee share	12	10
Unemployment Insurance - Employer share	24	20
Other	--	--
<b>Total</b>	<b>447</b>	<b>378</b>

*Information on deferred tax liability*

The net amount of assets and liabilities that is calculated over the temporary differences between the applied accounting policies and tax regulation is recorded as net deferred tax asset with an amount of TL 2,488. Detailed information on net deferred tax is presented in footnote I-13 in Section Five.

**9. Information on liabilities of fixed asset held for sale and discontinued operations**

The Bank has no liability related to assets held for sale and discontinued operations.

**Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institution that loan was borrowed from, and conversation option, if any**

The Banks has no subordinated loans.

**10. Information on Shareholder’s Equity**

*Presentation of Paid-in Capital*

	<b>Current Period</b>	<b>Prior Period</b>
Common Stock	240,000	240,000
Preferred Stock	--	--

***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***

Registered share capital system is not implemented in the Bank.

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

No capital increase has been made during the current period.

***Information on share capital increases from capital reserves***

No transfer from capital reserves has been made to share capital in the current period.

***Capital commitments for current financial year and following period, general purpose of these commitments and estimated resources necessary for these commitments***

No capital commitments have been made to current financial year and following period.

***The impacts of the foresights, which are prophesied according to Bank’s prior periods income, profitability, and liquidity indicators and uncertainty, to shareholders’ equity***

None.

***Information on the privileges given to stocks representing the capital***

The registered capital can be increased or decreased once or several times. Such an increase may be accomplished through the transfer from reserves into the capital account and the issuance of “bonus” shares in consequence thereof.

Each shareholder shall have the right to subscribe for a proportion of new shares corresponding to the number of shares held and such right may be exercised within a period of 30 days from the date of receipt by each shareholder of an invitation to the shareholders.

These preferential rights may only be assigned by approval of the Board of Directors upon the favourable vote of 4/5 of the members present or represented.

New shares may not be issued at a price less than the nominal value of the original shares issued.

Fractional shares will be allocated by the Board of Directors.

The Bank may not, directly or indirectly, finance the acquisition of its own shares.

Arabian shareholders are treated under the same legislation with Turkish citizens. This includes the transfer of distributed other revenues, guarantees, shares, dividends. And in a similar manner Arabian shareholders are benefited and protected by law No.6224, Foreign Capital Incentive Law.

***Information on marketable securities value increase fund***

The Bank does not have marketable securities value increase fund.

***Information on legal reserves***

As decided in the 34<sup>th</sup> annual general meeting which is held on 15 March 2012, in the current period, amount of TL 2,373 have been transferred to legal reserves from profits of previous years according to 466<sup>th</sup> amendment of Turkish Commercial Code. (31 December 2011: TL 1,183)

***Information on minority shares***

None.

### III. INFORMATION AND DISCLOSURES RELATED TO OFF-BALANCE SHEETS

#### 1. Information on contingent liabilities in the off-balance sheets

##### *Type and amount of irrevocable commitments*

The Bank has TL 5,779 (31 December 2011: TL 5,223) as irrevocable commitments.

##### *Type and amount of possible losses from off-balance sheet items*

As of 31 December 2012, the Bank has allocated the provision amounting TL 569 over total non-cash loans (31 December 2011: TL 574).

*Guarantees, bills of exchange and acceptances and other letters of credit which can be counted as financial collateral*

The total amount of non-cash loans including guarantees, bills of exchange and acceptances and sureties on letters of credits and other guarantees is TL 325,191 (31 December 2011: TL 225,554).

*Final guarantees, temporary guarantees, commitments and similar transactions*

The total amount of the Bank's guarantee letters is TL 1,247,340 (31 December 2011: TL 1,313,872).

#### 2. Total amount of Non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Cash Loan Assurance	26,341	1,049
Less Than or Equal to One Year with Original Maturity	315	--
More Than One Year with Original Maturity	26,026	1,049
Other Non-Cash Loans	1,546,190	1,538,377
<b>Total</b>	<b>1,572,531</b>	<b>1,539,426</b>

#### 3. Information on Sectoral risk concentrations of non-cash loans

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
<b>Agricultural</b>	<b>39</b>	<b>0.03</b>	<b>3,091</b>	<b>0.21</b>	--	--	--	--
Farming and Raising livestock	--	--	3,091	0.21	--	--	--	--
Forestry	39	0.03	--	--	--	--	--	--
Fishing	--	--	--	--	--	--	--	--
<b>Manufacturing</b>	<b>17,360</b>	<b>13.70</b>	<b>105,546</b>	<b>7.30</b>	<b>10,222</b>	<b>14.53</b>	<b>34,401</b>	<b>2.34</b>
Mining	6,435	5.08	--	--	--	--	--	--
Production	10,925	8.62	105,546	7.30	10,222	14.53	34,401	2.34
Electric, gas and water	--	--	--	--	--	--	--	--
<b>Construction</b>	<b>103,305</b>	<b>81.51</b>	<b>198,583</b>	<b>13.76</b>	<b>57,743</b>	<b>82.10</b>	<b>196,713</b>	<b>13.39</b>
<b>Services</b>	<b>5,993</b>	<b>4.73</b>	<b>1,138,567</b>	<b>78.75</b>	<b>2,286</b>	<b>3.25</b>	<b>1,237,963</b>	<b>84.27</b>
Wholesale and Retail Trade	461	0.36	2,103	0.15	431	0.61	1,475	0.10
Hotel, Food and Beverage	--	--	--	--	--	--	--	--
Services	--	--	--	--	--	--	--	--
Transportation and	--	--	369	0.03	--	--	391	0.03
Telecommunication	--	--	--	--	--	--	--	--
Financial Institutions	5,058	3.99	1,136,095	78.58	1,322	1.88	1,236,097	84.14
Real Estate and Renting	--	--	--	--	--	--	--	--
Services	--	--	--	--	--	--	--	--
Self-Employment Services	--	--	--	--	--	--	--	--
Education Services	85	0.07	--	--	38	0.05	--	--
Health and Social Services	389	0.31	--	--	495	0.70	--	--
<b>Other</b>	<b>47</b>	<b>0.03</b>	<b>--</b>	<b>--</b>	<b>84</b>	<b>0.12</b>	<b>14</b>	<b>0.00</b>
<b>Total</b>	<b>126,744</b>	<b>100.00</b>	<b>1,445,787</b>	<b>100.00</b>	<b>70,335</b>	<b>100.00</b>	<b>1,469,091</b>	<b>100.00</b>

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**4. Information on non-cash loans classified as I and II group loans**

	Group I		Group II	
	TL	FC	TL	FC
Letters of guarantee	121,194	1,126,146	--	--
Bank acceptances	5,550	63,485	--	--
Letters of credit	--	256,156	--	--
Endorsements	--	--	--	--
Underwriting commitments	--	--	--	--
Factoring commitments	--	--	--	--
Other commitments and contingencies	--	--	--	--
<b>Non-Cash Loans</b>	<b>126,744</b>	<b>1,445,787</b>	--	--

**5. Information on derivative transactions**

	Current Period	Prior Period
<b>Trading Derivatives</b>		
Foreign Currency Related Derivative Transactions (I)	273,866	--
Currency Forward	--	--
Currency Swaps	273,866	--
Currency Futures	--	--
Currency Option	--	--
Interest Rate Related Derivative Transactions (II)	--	--
Interest Rate Forwards	--	--
Interest Rate Swaps	--	--
Interest Rate Options	--	--
Interest Rate Futures	--	--
Other Trading Derivatives (III)	--	--
A. Total Trading Derivatives (I+II+III)	273,866	--
<b>Hedging Derivatives</b>		
Fair Value Hedges	--	--
Cash Flow Hedges	--	--
Hedges for Foreign Currency Investments	--	--
B. Total Hedging Derivatives	--	--
<b>Total Derivative Transactions (A+B)</b>	<b>273,866</b>	<b>--</b>

	31 December 2012					Total
	Up to 1 Month	1 to 3 Month	3 to 12 Month	1 to 5 Years	5 to over Years	
<b>Currency Swap Transactions</b>						
Buy	5,527	56,991	71,704	--	--	134,222
Sell	5,793	59,484	74,367	--	--	139,644
<b>FX Forward Transactions</b>						
Buy	--	--	--	--	--	--
Sell	--	--	--	--	--	--
<b>Total Buy</b>	<b>5,527</b>	<b>56,991</b>	<b>71,704</b>	<b>--</b>	<b>--</b>	<b>134,222</b>
<b>Total Sell</b>	<b>5,793</b>	<b>59,484</b>	<b>74,367</b>	<b>--</b>	<b>--</b>	<b>139,644</b>
<b>Total</b>	<b>11,320</b>	<b>116,475</b>	<b>146,071</b>	<b>--</b>	<b>--</b>	<b>273,866</b>



**6. Information on credit derivatives and related imposed risks**

The Bank does not have any credit derivate contract

**7. Information on contingent liabilities and assets**

The Bank has provided TL 202 (31 December 2011: TL 389) of provision for the disputed legal cases filed by various persons and institutions, high probability of occurrence and requiring cash outflow. The amount is shown under the Other Provisions Note II -7. Although there are other ongoing lawsuits that against the Bank, do not expect high possibility of against result and cash outflows related to these cases.

**8. Services supplied on behalf of others**

None.

**IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF INCOME**

**1. Information on interest income:**

*Information on interest income received from loans*

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Received from Loans <sup>(*)</sup>				
Short- Term Loans	32,076	6,343	23,857	4,938
Medium and Long- Term Loans	1,216	11,843	1,535	7,330
Interest Received From Non Performing Loans	--	--	--	--
Premiums Received From Resource Utilization Support Fund	--	--	--	--
<b>Total</b>	<b>33,292</b>	<b>18,186</b>	<b>25,392</b>	<b>12,268</b>

<sup>(\*)</sup> It contains fee and commission income related to cash loans.

*Information on interest income received from banks*

	Current Period		Prior Period	
	TL	FC	TL	FC
From Central Bank	--	--	--	--
From Domestic Banks	6,833	12,767	1,466	14,061
From Foreign Banks	1	75	1	82
From Foreign Headquarter and Branches	--	--	--	--
<b>Total</b>	<b>6,834</b>	<b>12,842</b>	<b>1,467</b>	<b>14,143</b>

*Information on interest income from securities*

	Current Period		Prior Period	
	TL	FC	TL	FC
From Trading Financial Assets	8,358	4,240	12,529	687
From Financial Assets at Fair Value Through Profit or Loss	--	--	--	--
From Investments Available for Sale	--	--	--	--
From Investments Held to Maturity	6,496	7,323	6,798	7,756
<b>Total</b>	<b>14,854</b>	<b>11,563</b>	<b>19,327</b>	<b>8,443</b>

*Information on interest income received from associates and subsidiaries*

	Current Period	Prior Period
Interest income received from associates and subsidiaries	716	150

**2. Interest Expense:**

*Information on interest paid for funds borrowed*

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>310</b>	<b>5,456</b>	<b>657</b>	<b>1,968</b>
Central Bank	--	--	--	--
Domestic Banks	160	101	66	6
Foreign Banks	150	5,355	591	1,962
<b>Other Institutions</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total</b>	<b>310</b>	<b>5,456</b>	<b>657</b>	<b>1,968</b>

**Information on interest expense paid to subsidiaries and associates**

	Current Period	Prior Period
Interest Paid to subsidiaries and associates	1	67

**Information on interest expenses paid to issued securities**

None.

**Maturity structure of the interest expense on deposits**

Account Name	Time Deposits						Cumulative Deposits	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	1 year and over		
<b>TL</b>								
Bank Deposits	2	15,666	--	--	--	--	--	15,668
Saving Deposits	--	27	400	152	3	9	--	591
Public Sector Deposits	--	--	--	--	--	--	--	--
Commercial Deposits	--	128	177	1,762	7	--	--	2,074
Other Deposits “7 Days Notice Deposits”	--	--	--	--	--	--	--	--
<b>Total TL</b>	<b>2</b>	<b>15,821</b>	<b>577</b>	<b>1,914</b>	<b>10</b>	<b>9</b>	--	<b>18,333</b>
<b>FC</b>								
Foreign Currency Deposits	--	78	67	26	18	16	--	205
Bank Deposits “7 Days Notice Deposits”	--	1,403	31	--	31	--	--	1,465
Precious Metal Deposits	--	--	--	--	--	--	--	--
<b>Total FC</b>	--	<b>1,481</b>	<b>98</b>	<b>26</b>	<b>49</b>	<b>16</b>	--	<b>1,670</b>
<b>Total</b>	<b>2</b>	<b>17,302</b>	<b>675</b>	<b>1,940</b>	<b>59</b>	<b>25</b>	--	<b>20,003</b>

**3. Information on dividend income**

	Current Period	Prior Period
Trading Financial Assets	--	--
Financial Assets through profit or loss	--	--
Financial Assets available for sale	61	65
Other	2,000	2,500
<b>Total</b>	<b>2,061</b>	<b>2,565</b>

**4. Information on trading gain/loss**

	Current Period	Prior Period
<b>Gain</b>	<b>1,661,240</b>	<b>2,108,226</b>
Gain from money market transactions	9	38
Gain from financial derivative transactions	31,471	7,487
Gain from exchange transactions	1,629,760	2,100,701
<b>Loss (-)</b>	<b>(1,663,956)</b>	<b>(2,106,197)</b>
Loss from money market transactions	--	(28)
Loss from financial derivative transactions	(37,021)	(8,017)
Loss from exchange transactions	(1,626,935)	(2,098,152)
<b>Net Trading Gain/Loss</b>	<b>(2,716)</b>	<b>2,029</b>

**5. Information on income from other operations**

	Current Period	Prior Period
From Reversal of Provisions of Prior Year	2,147	311
From Communication Income	933	549
Gain on sales of assets	24	492
Other	215	129
<b>Total</b>	<b>3,319</b>	<b>1,481</b>

**6. Information on impairment in loans and other receivables**

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables	2,285	161
<i>Loans and Receivables in Group III</i>	74	15
<i>Loans and Receivables in Group IV</i>	--	--
<i>Loans and Receivables in Group V</i>	2,211	146
<i>Doubtful Receivables</i>	--	--
General Provision Expenses	2,502	1,959
Provision for Possible Losses	--	5,000
Foreign Exchange Losses on Foreign Currency Indexed Loans	--	--
Impairment Losses on Securities	--	1,490
<i>Financial Assets through Profit or Loss</i>	--	1,490
<i>Investment Securities Available-for-Sale</i>	--	--
Other Impairment Losses	138	--
<i>Associates</i>	--	--
<i>Subsidiaries</i>	--	--
<i>Joint Ventures</i>	--	--
<i>Investment Securities Held-to-Maturity</i>	138	--
Other	1	141
<b>Total</b>	<b>4,926</b>	<b>8,751</b>

**7. Information on other operating expense**

	<b>Current Period</b>	<b>Prior Period</b>
Personnel Expenses	35,243	29,178
Employee Termination Benefits Expense	1,799	2,179
Tangible Fixed Asset Impairment Expense	--	--
Amortization Expenses of Tangible Assets	2,434	1,980
Intangible Fixed Asset Impairment Expense	--	--
Goodwill Impairment Expense	--	--
Amortization Expenses of Intangible Assets	729	583
Shareholders Equity Procedure Applied Equity Interest Impairment	--	--
Disposable Fixed Asset Impairment Expense	--	--
Amortization Expense of Assets Held for Resale	16	16
Impairment Expense related to Fixed Assets held for sale and	--	--
Other Operating Expenses	8,473	6,692
<i>Operating Lease Expenses</i>	1,135	1,044
<i>Maintenance Expenses</i>	308	224
<i>Advertisement Expenses</i>	639	505
<i>Other Expenses</i>	6,391	4,919
Losses from sales of Assets	--	1
Other	3,966	2,778
<b>Total</b>	<b>52,660</b>	<b>43,407</b>

**8. Information on profit/loss before taxes including profit/loss from discontinued operations**

The pre-tax income amount from continued operations is TL 73,208 (31 December 2011: TL 61,305).

**9. Information on tax provision related to continued operations and discontinued operations**

*Current period taxation benefit or charge and deferred tax benefit or charge*

For the year ended 31 December 2012, taxation charge is TL 14,879 (31 December 2011: TL 13,848) and deferred tax income is TL 371 (31 December 2011: TL 638 as deferred tax income).

*Deferred tax charge arising from origination or reversal of temporary differences*

The Bank has TL 371 as deferred tax income arising from origination of temporary differences (31 December 2011: TL 638 deferred tax income).

*Deferred tax charge/income represented in the income statement within the context of temporary difference, financial loss and tax reduction*

The Bank has TL 371 as deferred tax income reflected in the income statement computed over temporary difference and tax deductions and exemptions (31 December 2011: TL 638 deferred tax income).

**10. Information on net profit or loss of the period including profit/loss from continued and discontinued operations**

Net income from continuing operations is TL 58,700 (31 December 2011: 48,095 TL).

**11. Information on 20% of other accounts in income statement, if other accounts exceed 10% of total income statement**

There are no other accounts which exceed the 10% of the income statement other than other operating income and other operating loss that are explained above.

**12. Information on net profit or loss of the period**

*Information on nature, dimension and frequency rate of income and expense accounts resulting from ordinary banking transactions if they are necessary for explaining the Bank's current period performance*

None.

*Information on the profit or loss affect of a change in an estimation related to financial statements and future period affect of the change in this estimation*

There is no change in accounting estimation related to consolidated financial statements.

**13. Information on 20% of other accounts in income statement, if other accounts exceed 10% of total income statement**

There are no other accounts which exceed the 10% of the consolidated income statement other than other operating income and other operating loss that are explained above.

**V. INFORMATION AND DISCLOSURES RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY**

**1. Changes due to revaluation of financial assets available-for-sale**

None.

**2. Increases due to cash flow hedges**

None.

**3. Confirmation on exchange rate differences between beginning and ending**

None.

**4. Information on issuance of common stock**

*Rights, priorities and restrictions for all classes of capital shares, including dividend distribution and recall of capital*

None.

**5. Information on dividend**

*Dividend amounts declared subsequent to the balance sheet date but before the issuance of the financial statement*

None.

*Net profit per share proposed to be distributed after the balance sheet date*

None.

**6. Amounts transferred to reserves**

	<b>Current Period</b>	<b>Prior Period</b>
Amounts transferred to legal reserves	2,373	1,183
Amounts transferred to extraordinary reserves	--	--
Amounts transferred to retained earnings	45,722	22,486
<b>Total</b>	<b>48,095</b>	<b>23,669</b>

**7. Information on other capital increment accounts at the equity movement table**

**Information on inflation restatement differences of shareholders equity accounts**

In BRSA’s Circular on 28 April 2005 and in accordance with the decision dated 21 April 2005 and numbered 1623. Due to the fact that the majority of the criteria’s confirming the existence of a hyperinflationary economy are not valid anymore. The inflation accounting had been ceased beginning from 1 January 2005.

Inflation restatement of paid in capital amounting 9,096 TL (31 December 2011: TL 9,096) which was recorded in the account of “Paid in capital Inflation Restatement” transferred to “Other Capital Reserves” account.

**VI. INFORMATION AND FOOTNOTES RELATED TO CASH FLOWS STATEMENT****1. Information on cash and cash equivalent assets*****Balances that form the cash and cash equivalent assets, and the accounting policy used in the formation of these balances***

Subject to the preparation of cash flows statements "Cash" refers to cash in vault, cash in transit, bank cheques purchased and demand deposits in banks including Central Bank of Turkey; "Cash equivalents" refers to money market placements of original maturity less than three months and time deposits at banks, and investments in financial securities.

***Information on cash and cash equivalents at the beginning of the period***

	<b>31 December 2011</b>	<b>31 December 2010</b>
Cash	9,693	2,427
Cash and cash equivalents	1,534,406	129,521
<b>Total</b>	<b>1,544,099</b>	<b>131,948</b>

***Information on cash and cash equivalents at the end of the period***

	<b>31 December 2012</b>	<b>31 December 2011</b>
Cash	5,846	9,693
Cash and cash equivalents	1,372,670	1,534,406
<b>Total</b>	<b>1,378,516</b>	<b>1,544,099</b>

**2. Information on unrestricted cash and cash equivalents that is in the possession of the Group however not in the restricted usage due to legal limitations and other reasons**

The Group does not have restricted cash and cash equivalents that is in the possession of the Group due to legal limitations and other reasons. (31 December 2011: TL 334)

**3. Information on the effect on cash and cash equivalent assets due to changes in other accounts in the cash flows statement and exchange rates**

The TL 91,199 (31 December 2011: (-) TL 281,035) in the "Other" account that is under the "Operational Profit Before Operations of Banking on Assets and Liabilities" account is comprised of other operating income excluding collections from non performing loans, other operating expense excluding personnel expenses and exchange gain/loss.

The "Net increase/decrease in other assets" account under the "Changes in assets and liabilities subject to banking activities" amounting to (-) TL 5,685 (31 December 2011: (-)TL 101,857 is composed of changes in fixed assets, associates, tax assets and other assets.

The "Net increase/decrease in other debts" account under the "Changes in assets and liabilities subject to banking activities" amounting to (-) TL 202,740 (31 December 2011: TL 343,754) is composed of changes in miscellaneous debts, other foreign resources and tax, duty, fees and premiums payable.

"Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents" is computed by (-) TL 94,078 (31 December 2011: TL 262,066).



## VII. INFORMATION ON THE BANK'S RISK GROUP

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

#### *Information on the loans of the Bank's risk group*

Current Period	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-Cash	Cash	Non-cash
Loans and Other Receivables <sup>(*)</sup>						
Balance at the beginning of the period	9,683	833	180,004	18,396	19,102	149,230
Balance at the end of the period	25,570	329	--	14,852	10,522	116,416
Interest and Commission Income received	716	2	--	--	--	--

<sup>(\*)</sup>Stated at the 2nd clause of the 49 nth article of the Law No. 5411 of Bank's Act.

Loans given to the Bank's direct and indirect shareholders are composed of forfeiting and letter of credit transactions which the interest and commission income are obtained not from the risk group but from the exporting firms

Prior Period	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables <sup>(*)</sup>						
Balance at the beginning of the period	--	505	--	49,222	2,615	102,601
Balance at the end of the period	9,683	833	180,004	18,396	19,102	149,230
Interest and Commission Income received	150	5	--	--	3	--

<sup>(\*)</sup>Stated at the 2nd clause of the 49th article of the Law No. 5411 of Bank's Act.

#### *Information on deposits of the Bank's risk group*

Bank's Risk Group <sup>(*)</sup>	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the period	157	157	78	78	26,951	26,951
Balance at the end of the period	98	116	637,403	1,274,920	26,355	84,207
Interest expense on deposits	--	--	16,120	7,378	--	137

<sup>(\*)</sup> Stated at the 2nd clause of the 49th article of the Law No. 5411 of Bank's Act.

#### *The Bank's risk group, including forward and option contracts and information about other similar agreements*

None.

#### *Information on benefits provided for top level management*

For the period then ended 31 December 2012, TL 2,661 (December 2011: TL 1,971) has been paid to the top level management of the Bank as salaries and fringe benefit.

**VIII. DOMESTIC, FOREIGN AND OFF SHORE BRANCHES or INVESTMENTS AND FOREIGN REPRESENTATIVE OFFICES**

## 1. Information on Bank's domestic branches, foreign branches and representatives

	<b>Number of branches</b>	<b>Number of employees</b>			
Domestic Branch	7	272			
			<b>Country</b>		
Foreign representative office	--	--	--		
Foreign branch	--	--	--	<b>Total assets</b>	<b>Legal capital</b>
Off shore branches	--	--	--	--	--

2. *Bank open or close branches or representative offices in the country and abroad, information on significant changes in the organization*

Only one Branch was opened in the year 2012 in Turkey (2011: None). There are no Branches closed over the same period (2011: None).

**SECTION SIX**

**OTHER DISCLOSURES AND FOOTNOTES**

**I. OTHER INFORMATION ON BANK’S OPERATIONS**

None.

**II. INFORMATION ON EVENTS AFTER THE BALANCE SHEET DATE**

None.

## **SECTION SEVEN**

### **INDEPENDENT AUDITOR’S REPORT**

#### **I. INFORMATION ON INDEPENDENT AUDITOR’S REPORT**

The unconsolidated financial statements as of and for the year ended 31 December 2012 has been audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş (the Turkish member firm of KPMG International Cooperative, a Swiss entity) and the independent auditor’s report dated on 7 February 2013 is presented in the introduction of this report.

#### **II. INFORMATION AND FOOTNOTES PREPARED BY INDEPENDENT AUDITOR**

None.