

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

**FİBABANKA A.Ş. (FORMERLY NAMED
AS MILLENNIUM BANK A.Ş.)**

**INDEPENDENT AUDITOR'S REPORT,
UNCONSOLIDATED FINANCIAL
STATEMENTS AND NOTES
FOR THE YEAR ENDED
31 DECEMBER 2011**

FİBABANKA A.Ş.
(FORMERLY NAMED AS MILLENNIUM BANK A.Ş.)

INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD ENDED 1 JANUARY 2011 – 31 DECEMBER 2011

To the Board of Directors of
Fibabanka A.Ş.
Istanbul

We have audited the accompanying balance sheet of Fibabanka A.Ş. (formerly named as Millennium Bank A.Ş.) ("the Bank") as at 31 December 2011 and the related statements of income, changes in shareholders' equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Board of Director's Responsibility for the Financial Statements

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the financial statements in accordance with the regulation on "Procedures And Principles Regarding Banks' Accounting Practices And Maintaining Documents" published in the Official Gazette dated 1 November 2006 and numbered 26333 and Turkish Accounting Standards, Turkish Financial Reporting Standards and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by Banking Regulation and Supervision Agency. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on "Licensing and Operations of Audit Firms in Banking" published in the Official Gazette No: 26333 on 1 November 2006 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.


Independent Auditor's Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fibabanka A.Ş. as at 31 December 2011 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by BRSA.

Additional paragraph for English translation:

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Hasan Kılıç
Partner

Istanbul, 6 February 2012

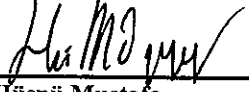
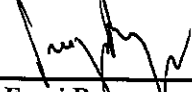


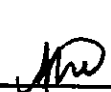

**FİBANKA A.Ş. UNCONSOLIDATED FINANCIAL REPORT AS OF
AND FOR THE YEAR ENDED DECEMBER 31, 2011**

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Telephone : (212) 381 82 00
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The unconsolidated year-end financial report prepared in accordance with the Communiqué on “Financial Statements and the Accompanying Explanations and Footnotes to be Announced to the Public by Banks” of Banking Regulation and Supervision Agency (BRSA), comprises the following sections:

- General Information about the Bank
- Unconsolidated Financial Statements
- Explanations on the Accounting Policies Applied in the Current Period
- Information on the Bank’s Financial Structure
- Disclosures and Notes to the Unconsolidated Financial Statements
- Other Disclosures and Notes
- Independent Auditor’s Report

The unconsolidated financial statements, related disclosures and notes in this report are prepared, unless otherwise indicated, in **thousands of Turkish Lira (TL)**, in accordance with the Communiqué on “Principles and Procedures on the Accounting Practice and Documentation of Banks”, Banking Regulation and Supervision Agency (BRSA) regulations, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related appendices and interpretations and the Bank’s financial records, and they have been independently audited and presented as the attached.

					
Hüsnü Mustafa Özyeğin	Fevzi Boker	Enik Onur Umut	Bekir Dildar	Elif Alsev Utku	Ayşe Akdaş
Chairman of Board of Directors	Member of the Audit Committee	Member of the Audit Committee	General Manager	Assistant General Manager	Finance Department Head

Information on the authorized personnel to whom questions related to this financial report may be directed.

Name-Surname/Title : Ayşe Akdaş / Finance Department Head
Telephone : (212) 381 84 88
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FİBABANKA A.Ş.

Notes to the Financial Statements for the year ended 31 December 2011

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

I. History of the Bank Including Its Incorporation Date, Initial Status and Amendments to the Initial Status

On 21 December 2001, Share Transfer Agreement was signed with Novabank S.A. for the sale of all shares of Sitebank A.Ş. under the control of SDIF and the sale transaction was approved by the decision of BRSA No: 596 on 16 January 2002.

In the General Assembly held on 4 March 2003, the name of Sitebank A.Ş. was amended as BankEuropa Bankası A.Ş..

In the extraordinary General Assembly held on 28 November 2006, the name of BankEuropa Bankası A.Ş. was amended as Millennium Bank A.Ş..

On 10 February 2010, Banco Comercial Portugues S.A. and Credit Europe Bank N.V., which is an affiliate of Fiba Group, signed a share purchase agreement to transfer 95% of the Bank's shares to Credit Europe Bank N.V. and the legal approval process has been completed as of 27 December 2010. Credit Europe Bank N.V. is 100% owned by Credit Europe Group N.V. which is a banking group incorporated in Netherlands and an affiliate of Fiba Holding A.Ş..

In the extraordinary General Assembly held on 25 April 2011 the name of Millennium Bank A.Ş. has been amended as Fibabanka A.Ş. ("Bank").

II. Shareholder Structure, Shareholders Having Direct or Indirect, Joint or Individual Control Over the Management and Internal Audit of the Bank, Changes in Shareholder Structure During the Current Period, if any and Information on the Bank's Risk Group

The Bank increased its capital by 122,465 TL as of 15 March 2011, which was 202,535 TL on 31 December 2010.

After the capital increase, the share of Credit Europe Bank N.V. which was %95 as of 31 December 2010, has increased to 97% and the share of Banco Comercial Portugues S.A has decreased from 5% to 3%.

As of 31 December 2011, the Bank's paid in capital is 325,000 TL. As of 31 December 2011, the number of issued shares of the Bank is 32,500,000,000 with a 0.01 TL (full TL) nominal value per share.

As of 20 September 2011, the Bank decided to increase its paid in capital by 41,000,000 Euro in terms of TL equivalent. The first tranche of the related increase, was transferred to the Bank on 10 October 2011 as 52,250 TL; the second tranche was transferred on 1 December 2011 as 49,400 TL. As of 31 December 2011, such capital payments are accounted under the "Sundry Creditors". Following the approval of BRSA, the extraordinary General Assembly was held on 26 January 2012 and the increase in paid in capital was registered. Accordingly, the Bank's capital has increased to 426,650 TL.

III. Explanations Regarding the Shares of the Bank Owned by and Areas of Responsibility of the Chairman and the Members of Board of Directors, Audit Committee Members, Chief Executive Officer, Executive Vice Presidents

<u>Name Surname</u>	<u>Title</u>	<u>Shares Owned</u>	<u>Assigned to work On</u>
<i>Board of Directors</i>			
Hüsnü Mustafa Özyeğin	Chairman	--	27 December 2010
Fevzi Bozer	Deputy Chairman	--	27 December 2010
M.Erhan Polat	Member	--	27 December 2010
Mehmet Güleşci	Member	--	27 December 2010
Faik Onur Umut	Member	--	27 December 2010
Enver Murat Başbay	Member	--	27 December 2010
Bekir Dildar	Member-General Manager*	--	27 December 2010
<i>Auditing Committee</i>			
Fevzi Bozer	Member	--	27 December 2010
Faik Onur Umut	Member	--	27 December 2010
<i>Executive Vice Presidents</i>			
Ahmet İlerigelen	Executive Vice President	--	7 January 2011
Ali Murat Dinç	Executive Vice President	--	7 January 2011
Elif Alsev Utku Özbey	Executive Vice President	--	7 January 2011
Adem Aykın	Executive Vice President	--	1 July 2011

(*) Bekir Dildar has been appointed as General Manager on 7 January 2011.

IV. Individuals and Institutions That Have Qualified Shares in the Bank

Credit Europe Bank N.V owns 97% of 32,500,000,000 shares of the Bank, which is owned by a banking group, Credit Europe Group N.V. 100%, incorporated in Netherlands and an affiliate of Fiba Holding A.Ş..

Name/Commercial Title	Share Amount (Nominal)	Share Percentage	Paid Shares (Nominal)	Unpaid Shares
Credit Europe Bank N.V.	314,873	96.9%	314,873	--
Credit Europe Group N.V	314,873	96.9%	314,873	--
Fiba Holding	299,130	92.0%	299,130	--
Hüsnü Mustafa Özyeğin	293,127	90.2%	293,127	--

FİBABANKA A.Ş.

Notes to the Financial Statements for the year ended 31 December 2011

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

V. Summary Information on the Bank's Services and Activity Areas

The Bank was incorporated as a foreign bank authorized for customer deposit acceptance and the Head Office of the Bank is located in İstanbul, Turkey. As of 31 December 2011, the Bank serves with 21 domestic branches and 438 employees.

VI. Other Information

The Bank's Commercial Title:	Fibabanka Anonim Şirketi
The Bank's General Directorate Address:	Emirhan Cad. Barbaros Plaza İş Merkezi No:113 Dikilitaş/Beşiktaş İstanbul
The Bank's Phone and Fax Numbers:	Telephone: (0212) 381 82 00 Fax : (0212) 258 37 78
The Bank's Web Site Address:	www.fibabanka.com.tr
The Bank's E-Mail Address:	malikontrol@fibabanka.com.tr
Reporting Period:	1 January 2011 – 31 December 2011
The financial statements, related disclosures and notes in this report are prepared, unless otherwise indicated, in thousands of Turkish Lira (TL).	

SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS

FİBABANK A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 31 DECEMBER 2011 AND 2010
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

ASSETS	Note	CURRENT PERIOD (31.12.2011)			PRIOR PERIOD (31.12.2010)		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(5.1.1)	77,703	165,682	243,385	6,755	48,506	55,261
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(5.1.2)	41,931	12,201	54,132	92,226	4,643	96,869
2.1 Financial Assets Held for Trading		41,931	12,201	54,132	92,226	4,643	96,869
2.1.1 Government Debt Securities		25,189	2,693	27,882	90,797	3,759	94,556
2.1.2 Share Certificates		-	-	-	-	-	-
2.1.3 Derivative Financial Assets Held for Trading		16,742	1,071	17,813	1,429	884	2,313
2.1.4 Other Marketable Securities		-	8,437	8,437	-	-	-
2.2 Financial Assets Classified at Fair Value Through Profit and Loss		-	-	-	-	-	-
2.2.1 Government Debt Securities		-	-	-	-	-	-
2.2.2 Share Certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other Marketable Securities		-	-	-	-	-	-
III. BANKS	(5.1.3)	122	18,781	18,903	20,012	53,334	73,346
IV. MONEY MARKET PLACEMENTS		-	-	-	-	-	-
4.1 Interbank Money Market Placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange Money Market Placements		-	-	-	-	-	-
4.3 Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(5.1.4)	-	15,844	15,844	-	14	14
5.1 Share Certificates		-	14	14	-	14	14
5.2 Government Debt Securities		-	-	-	-	-	-
5.3 Other Marketable Securities		-	15,830	15,830	-	-	-
VI. LOANS	(5.1.5)	1,434,374	672,303	2,106,677	620,772	19,228	640,000
6.1 Loans		1,422,733	672,303	2,095,036	606,906	19,228	626,134
6.1.1 Loans to the Bank's Risk Group		-	-	-	-	-	-
6.1.2 Government Debt Securities		-	-	-	-	-	-
6.1.3 Other Marketable Securities		1,422,733	672,303	2,095,036	606,906	19,228	626,134
6.2 Non-Performing Loans		16,368	-	16,368	21,220	-	21,220
6.3 Specific Provisions (-)		4,727	-	4,727	7,354	-	7,354
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. INVESTMENTS HELD TO MATURITY (Net)	(5.1.6)	-	-	-	-	-	-
8.1 Government Debt Securities		-	-	-	-	-	-
8.2 Other Marketable Securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(5.1.7)	-	-	-	-	-	-
9.1 Associates Accounted for Using the Equity Method		-	-	-	-	-	-
9.2 Unconsolidated Associates		-	-	-	-	-	-
9.2.1 Financial Associates		-	-	-	-	-	-
9.2.2 Non-Financial Associates		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	(5.1.8)	-	-	-	-	-	-
10.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
XI. JOINTLY CONTROLLED ENTITIES (JOINT VENTURES) (Net)	(5.1.9)	-	-	-	-	-	-
11.1 Jointly Controlled Entities Accounted for Using the Equity Method		-	-	-	-	-	-
11.2 Unconsolidated Jointly Controlled Entities		-	-	-	-	-	-
11.2.1 Jointly Controlled Financial Entities		-	-	-	-	-	-
11.2.2 Jointly Controlled Non-Financial Entities		-	-	-	-	-	-
XII. LEASE RECEIVABLES	(5.1.10)	-	-	-	-	-	-
12.1 Finance Lease Receivables		-	-	-	-	-	-
12.2 Operating Lease Receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned Income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(5.1.11)	-	-	-	-	-	-
13.1 Fair Value Hedge		-	-	-	-	-	-
13.2 Cash Flow Hedge		-	-	-	-	-	-
13.3 Net Foreign Investment Hedge		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(5.1.12)	11,663	-	11,663	6,743	-	6,743
XV. INTANGIBLE ASSETS (Net)	(5.1.13)	6,074	-	6,074	2,044	-	2,044
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		6,074	-	6,074	2,044	-	2,044
XVI. INVESTMENT PROPERTY (Net)	(5.1.14)	-	-	-	-	-	-
XVII. TAX ASSETS	(5.1.15)	20,472	-	20,472	22,798	-	22,798
17.1 Current Tax Asset		-	-	-	3	-	3
17.2 Deferred Tax Asset		20,472	-	20,472	22,795	-	22,795
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(5.1.16)	6,270	-	6,270	1,883	-	1,883
18.1 Held for Sale		6,270	-	6,270	1,883	-	1,883
18.2 Discontinued Operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(5.1.17)	3,141	188	3,329	3,117	164	3,281
TOTAL ASSETS		1,601,750	884,999	2,486,749	776,350	125,889	902,239

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

FİBABANKA A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

AS OF 31 DECEMBER 2011 AND 2010

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

LIABILITIES		Note	CURRENT PERIOD (31.12.2011)			PRIOR PERIOD (31.12.2010)		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(5.II.1)	1,518,503	532,002	2,050,505	267,639	482,629	750,268
1.1	Deposits from the Bank's Risk Group		88,806	6,397	95,203	-	113,864	113,864
1.2	Other		1,429,697	525,605	1,955,302	267,639	368,765	636,404
II.	DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(5.II.2)	15,371	944	16,315	18,990	4,553	23,543
III.	FUNDS BORROWED	(5.II.3)	1,115	28,641	29,756	436	2,138	2,574
IV.	MONEY MARKET FUNDS		6,831	-	6,831	-	-	-
4.1	Interbank Money Market Funds		-	-	-	-	-	-
4.2	Istanbul Stock Exchange Money Market Funds		-	-	-	-	-	-
4.3	Funds Provided Under Repurchase Agreements		6,831	-	6,831	-	-	-
V.	MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset-backed Securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	FUNDS		-	-	-	-	-	-
6.1	Borrower Funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	SUNDRY CREDITORS		104,028	1,768	105,796	593	342	935
VIII.	OTHER LIABILITIES	(5.II.4)	9,317	3,026	12,343	5,403	143	5,546
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	LEASE PAYABLES (Net)	(5.II.5)	-	-	-	-	-	-
10.1	Finance Lease Payables		-	-	-	-	-	-
10.2	Operating Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Finance Lease Expenses (-)		-	-	-	-	-	-
XI.	DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(5.II.6)	-	-	-	-	-	-
11.1	Fair Value Hedge		-	-	-	-	-	-
11.2	Cash Flow Hedge		-	-	-	-	-	-
11.3	Net Foreign Investment Hedge		-	-	-	-	-	-
XII.	PROVISIONS	(5.II.7)	25,938	-	25,938	10,021	-	10,021
12.1	General Loan Loss Provision		22,753	-	22,753	7,185	-	7,185
12.2	Provision for Restructuring		-	-	-	-	-	-
12.3	Reserves for Employee Benefits		2,010	-	2,010	1,882	-	1,882
12.4	Insurance Technical Reserves (Net)		-	-	-	-	-	-
12.5	Other Provisions		1,175	-	1,175	954	-	954
XIII.	TAX LIABILITY	(5.II.8)	6,012	-	6,012	2,024	-	2,024
13.1	Current Tax Liability		6,012	-	6,012	2,024	-	2,024
13.2	Deferred Tax Liability		-	-	-	-	-	-
XIV.	PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	(5.II.9)	-	-	-	-	-	-
14.1	Held for Sale		-	-	-	-	-	-
14.2	Discontinued Operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	(5.II.10)	-	-	-	-	-	-
XVI.	SHAREHOLDERS' EQUITY	(5.II.11)	234,980	(1,727)	233,253	107,328	-	107,328
16.1	Paid-in Capital		325,000	-	325,000	202,535	-	202,535
16.2	Capital Reserves		26,918	(1,727)	25,191	26,918	-	26,918
16.2.1	Share premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Revaluation Reserve		-	(1,727)	(1,727)	-	-	-
16.2.4	Tangible Assets Revaluation Reserve		9,502	-	9,502	9,502	-	9,502
16.2.5	Intangible Assets Revaluation Reserve		-	-	-	-	-	-
16.2.6	Investment Property Revaluation Reserve		-	-	-	-	-	-
16.2.7	Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-	-	-	-	-
16.2.8	Hedge Funds (Effective Portion)		-	-	-	-	-	-
16.2.9	Accumulated Revaluation Reserves on Assets Held for Sale and Discontinued Operations		-	-	-	-	-	-
16.2.10	Other Capital Reserves		17,416	-	17,416	17,416	-	17,416
16.3	Profit Reserves		-	-	-	-	-	-
16.3.1	Legal Reserves		-	-	-	-	-	-
16.3.2	Statutory Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		-	-	-	-	-	-
16.3.4	Other Profit Reserves		-	-	-	-	-	-
16.4	Profit or Loss		(116,938)	-	(116,938)	(122,125)	-	(122,125)
16.4.1	Prior Years' Profit/Loss		(122,125)	-	(122,125)	(107,483)	-	(107,483)
16.4.2	Current Year Profit/Loss		5,187	-	5,187	(14,642)	-	(14,642)
16.5	Minority Interest	(5.II.12)	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY			1,922,095	564,654	2,486,749	412,434	489,805	902,239

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

FIBABANKA A.Ş.

UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS

AS OF 31 DECEMBER 2011 AND 2010

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Note	CURRENT PERIOD (31.12.2011)			PRIOR PERIOD (31.12.2010)		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		6,471,987	3,432,746	9,904,733	1,320,258	1,407,388	2,727,646
I. GUARANTEES AND SURETYSHIPS		83,638	144,738	228,376	65,111	11,970	77,081
1.1. Letters of Guarantee	(5.III.2)	83,638	97,565	181,203	65,111	10,987	76,098
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3. Other Letters of Guarantee		83,638	97,565	181,203	65,111	10,987	76,098
1.2. Bank Loans		-	-	-	-	496	496
1.2.1. Import Letters of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	496	496
1.3. Letters of Credit		-	47,173	47,173	-	487	487
1.3.1. Documentary Letters of Credit		-	-	-	-	-	-
1.3.2. Other Letters of Credit		-	47,173	47,173	-	487	487
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	-	-	-	-	-
1.9. Other Suretyships		-	-	-	-	-	-
II. COMMITMENTS		5,256,801	472,433	5,729,234	1,052,690	8,550	1,061,240
2.1. Irrevocable Commitments	(5.III.1)	82,947	472,433	555,380	99,400	8,550	107,950
2.1.1. Forward asset purchase commitments		20,929	472,433	493,362	85,500	8,550	94,050
2.1.2. Forward 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 Underwriting Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Payment Commitment for Checks		19,425	-	19,425	6,083	-	6,083
2.1.8. Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Expenditure Limits		4,861	-	4,861	5,384	-	5,384
2.1.10. Commitments for Promotions Related with Credit Cards and Banking Activities		80	-	80	120	-	120
2.1.11. Receivables from Short Sale Commitments		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		37,652	-	37,652	2,313	-	2,313
2.2. Revocable Commitments		5,173,854	-	5,173,854	953,290	-	953,290
2.2.1. Revocable Loan Granting Commitments		5,173,854	-	5,173,854	953,290	-	953,290
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5.III.5)	1,131,548	2,815,575	3,947,123	202,457	1,386,868	1,589,325
3.1. Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2. Held for Trading Transactions		1,131,548	2,815,575	3,947,123	202,457	1,386,868	1,589,325
3.2.1. Forward Foreign Currency Buy/Sell Transactions		96,677	335,032	431,709	10,048	12,337	22,385
3.2.1.1. Forward Foreign Currency Transactions-Buy		49,144	161,582	210,726	-	11,205	11,206
3.2.1.2. Forward Foreign Currency Transactions-Sell		47,533	173,450	220,983	10,048	1,131	11,179
3.2.2. Swap Transactions Related to F.C. and Interest Rates		818,001	2,226,766	3,044,767	159,614	1,327,952	1,487,566
3.2.2.1. Foreign Currency Swap-Buy		810,625	716,771	1,527,396	107,353	356,828	464,181
3.2.2.2. Foreign Currency Swap-Sell		7,376	1,509,995	1,517,371	22,261	448,162	470,423
3.2.2.3. Interest Rate Swaps-Buy		-	-	-	15,000	261,481	276,481
3.2.2.4. Interest Rate Swaps-Sell		-	-	-	15,000	261,481	276,481
3.2.3. Foreign Currency, Interest Rate and Securities Options		216,870	253,777	470,647	32,795	46,579	79,374
3.2.3.1. Foreign Currency Options-Buy		159,529	67,658	227,187	10,967	28,200	39,167
3.2.3.2. Foreign Currency Options-Sell		57,341	186,119	243,460	21,828	18,379	40,207
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. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		8,889,400	6,974,428	15,863,828	2,118,887	2,991,429	5,110,316
IV. ITEMS HELD IN CUSTODY		146,402	38,032	184,434	94,162	31,646	125,808
4.1. Assets under Management		41,389	-	41,389	66,670	-	66,670
4.2. Investment Securities Held in Custody		18,094	29,480	47,574	24,974	31,556	56,530
4.3. Checks Received for Collection		86,779	8,458	95,237	2,518	90	2,608
4.4. Commercial Notes Received for Collection		140	94	234	-	-	-
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items under Custody		-	-	-	-	-	-
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		8,742,998	6,936,396	15,679,394	2,024,725	2,959,783	4,984,508
5.1. Marketable Securities		75,753	3,894	79,647	11,675	3,122	14,797
5.2. Guarantee Notes		9,313	4,012	13,325	488,905	475,263	964,168
5.3. Commodity		64,245	41,048	105,293	28,256	94,419	122,675
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		858,182	1,446,093	2,304,275	640,755	1,299,985	1,940,740
5.6. Other Pledged Items		7,735,505	5,441,349	13,176,854	855,134	1,086,994	1,942,128
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)		15,361,387	10,407,174	25,768,561	3,439,145	4,398,817	7,837,962

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

FİBABANKA A.Ş.
UNCONSOLIDATED INCOME STATEMENT
AS OF 31 DECEMBER 2011 AND 2010
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

INCOME STATEMENT		Note	CURRENT PERIOD (01.01.2011- 31.12.2011)	PRIOR PERIOD (01.01.2010- 31.12.2010)
I.	INTEREST INCOME	(5.IV.1)	168,442	71,577
1.1	Interest Income on Loans		161,681	64,040
1.2	Interest Received from Statutory Reserves		-	637
1.3	Interest Received from Banks		3,246	3,455
1.4	Interest Received from Money Market Placements		310	1,591
1.5	Interest Received from Marketable Securities Portfolio		3,202	1,826
1.5.1	Financial Assets Held for Trading		2,087	1,826
1.5.2	Financial Assets at Fair Value Through Profit and Loss		-	-
1.5.3	Financial Assets Available for Sale		1,115	-
1.5.4	Investments Held to Maturity		-	-
1.6	Finance Lease Income		-	-
1.7	Other Interest Income		3	28
II.	INTEREST EXPENSE	(5.IV.2)	98,002	38,494
2.1	Interest on Deposits		84,072	38,400
2.2	Interest on Funds Borrowed		13,523	65
2.3	Interest on Money Market Funds		-	-
2.4	Interest on Securities Issued		-	-
2.5	Other Interest Expense		407	29
III.	NET INTEREST INCOME/EXPENSE (I - II)		70,440	33,083
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		12,029	4,548
4.1	Fees and Commissions Received		13,072	5,284
4.1.1	Non-cash Loans		2,168	638
4.1.2	Other	(5.IV.12)	10,904	4,646
4.2	Fees and Commissions Paid		1,043	736
4.2.1	Non-cash Loans		-	-
4.2.2	Other		1,043	736
V.	DIVIDEND INCOME	(5.IV.3)	-	-
VI.	TRADING INCOME (Net)	(5.IV.4)	5,160	(9,045)
6.1	Gains/Losses on Securities Trading		788	3,055
6.2	Derivative Financial Transactions Gains/Losses		6,108	(9,225)
6.3	Foreign Exchange Gains/Losses		(1,736)	(2,875)
VII.	OTHER OPERATING INCOME	(5.IV.5)	3,368	4,256
VIII.	TOTAL OPERATING INCOME/EXPENSE (III+IV+V+VI+VII)		90,997	32,842
IX.	PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)	(5.IV.6)	18,248	2,631
X.	OTHER OPERATING EXPENSES (-)	(5.IV.7)	64,808	45,723
XI.	NET OPERATING INCOME (VIII-IX-X)		7,941	(15,512)
XII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XIII.	PROFIT/LOSS FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD		-	-
XIV.	NET MONETARY POSITION GAIN/LOSS		-	-
XV.	PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX (XI+...+XIV)	(5.IV.8)	7,941	(15,512)
XVI.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	(5.IV.9)	(2,754)	870
16.1	Current Tax Charge		-	-
16.2	Deferred Tax Charge /(Benefit)		(2,754)	870
XVII.	NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS (XV±XVI)	(5.IV.10)	5,187	(14,642)
XVIII.	INCOME ON DISCONTINUED OPERATIONS		-	-
18.1	Income on Assets Held for Sale		-	-
18.2	Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
18.3	Other Income on Discontinued Operations		-	-
XIX.	EXPENSE ON DISCONTINUED OPERATIONS (-)		-	-
19.1	Expense on Assets Held for Sale		-	-
19.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
19.3	Other Expense on Discontinued Operations		-	-
XX.	PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX (XVIII-XIX)		-	-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
21.1	Current Tax Charge		-	-
21.2	Deferred Tax Charge /(Benefit)		-	-
XXII.	NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII.	NET PERIOD PROFIT/LOSS (XVII+XXII)	(5.IV.11)	5,187	(14,642)
23.1	Group's Profit/Loss		5,187	(14,642)
23.2	Minority Interest		-	-
	Earnings per Share		0.02	(0.07)

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

FIBABANKA A.Ş.

UNCONSOLIDATED STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED FOR UNDER SHAREHOLDERS' EQUITY
AS OF 31 DECEMBER 2011 AND 2010

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED FOR UNDER EQUITY		CURRENT PERIOD (01.01.2011- 31.12.2011)	PRIOR PERIOD (01.01.2010- 31.12.2010)
I.	ADDITIONS TO MARKETABLE SECURITIES REVALUATION RESERVES FROM FINANCIAL ASSETS AVAILABLE FOR SALE	(2,158)	-
II.	TANGIBLE ASSETS REVALUATION RESERVES	-	-
III.	INTANGIBLE ASSETS REVALUATION RESERVES	-	-
IV.	TRANSLATION ADJUSTMENT FOR FOREIGN CURRENCY TRANSACTIONS	-	-
V.	PROFIT/LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion of the Changes in Fair Value)	-	-
VI.	PROFIT/LOSS ON NET FOREIGN INVESTMENT HEDGE DERIVATIVE FINANCIAL ASSETS (Effective Portion of the Changes in Fair Value)	-	-
VII.	THE EFFECT OF CORRECTIONS OF THE ERRORS AND CHANGES IN THE ACCOUNTING POLICY	-	-
VIII.	OTHER INCOME AND EXPENSES RECOGNISED IN EQUITY IN ACCORDANCE WITH TAS	-	-
IX.	DEFERRED TAX EFFECT OF REVALUATION	431	-
X.	NET INCOME/EXPENSE DIRECTLY RECOGNISED IN EQUITY (I+II+...+IX)	(1,727)	-
XI.	PROFIT/LOSS FOR THE PERIOD	(1,727)	-
11.1	Net Changes in the Fair Values of Marketable Securities (Transfer to Profit/Loss)	-	-
11.2	The Portion of Cash-flow Hedge Derivative Financial Assets Reclassified in and Transferred to Income Statement	-	-
11.3	The Portion of Net Foreign Investment Hedge Derivative Financial Assets Reclassified in and Transferred to Income Statement	-	-
11.4	Other	-	-
XII.	TOTAL PROFIT/LOSS RECOGNISED FOR THE PERIOD (X+XI)	(1,727)	-

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

FIBABANKA A.Ş.
UNCONSOLIDATED CASH FLOW STATEMENT
AS OF 31 DECEMBER 2011 AND 2010

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Note	CURRENT PERIOD (01.01.2011- 31.12.2011)	PRIOR PERIOD (01.01.2010- 31.12.2010)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit/Loss before Changes in Operating Assets and Liabilities		1,390	(6,353)
1.1.1 Interest Received (+)		150,138	74,040
1.1.2 Interest Paid (-)		81,666	38,637
1.1.3 Dividend Received (+)		-	-
1.1.4 Fees and Commissions Received (+)		13,108	5,330
1.1.5 Other Income (+)		8,299	13,897
1.1.6 Collections from Previously Written Off Loans (+)		765	771
1.1.7 Cash Payments to Personnel and Service Suppliers (-)		56,422	41,167
1.1.8 Taxes Paid (-)		2,278	1,741
1.1.9 Other (+/-)	(5.VI.3)	(30,554)	(18,846)
1.2 Changes in Banking Operations Assets and Liabilities		(160,759)	(147,357)
1.2.1 Net (Increase) Decrease in Financial Assets Held for Trading (+/-)		57,791	(58,529)
1.2.2 Net(Increase) Decrease in Financial Assets at Fair Value through Profit or Loss (+/-)		-	-
1.2.3 Net (Increase) Decrease in Due From Banks (+/-)		(80,049)	(9,663)
1.2.4 Net (Increase) Decrease in Loans (+/-)		(1,459,772)	77,549
1.2.5 Net (Increase) Decrease in Other Assets (+/-)	(5.VI.3)	(141)	(765)
1.2.6 Net Increase (Decrease) in Bank Deposits (+/-)		(76,130)	(98,061)
1.2.7 Net Increase (Decrease) in Other Deposits (+/-)		1,360,150	(57,510)
1.2.8 Net Increase (Decrease) in Borrower Funds (+/-)		27,063	2,251
1.2.9 Net Increase (Decrease) in Matured Payables (+/-)		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities (+/-)	(5.VI.3)	10,329	(2,629)
I. Net Cash Flow Provided from Banking Operations (+/-)		(159,369)	(153,710)
B. CASH FLOW FROM INVESTING ACTIVITIES			
II. Net Cash Flow Provided from Investment Activities (+/-)		(29,132)	950
2.1 Cash Paid for Purchase of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures) (-)		-	-
2.2 Cash Obtained from Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures) (+)		-	-
2.3 Tangible Asset Purchases (-)		-	-
2.4 Tangible Asset Sales (+)		8,615	478
2.5 Cash Paid for Purchase of Financial Assets Available for Sale (-)		2,930	2,488
2.6 Cash Obtained from Sales of Financial Assets Available for Sale (+)		52,181	-
2.7 Cash Paid for Purchase of Investment Securities (-)		34,451	-
2.8 Cash Obtained from Sales of Investment Securities (+)		-	-
2.9 Other (+/-)	(5.VI.3)	(5,717)	(1,060)
C. CASH FLOWS FROM FINANCIAL ACTIVITIES			
III. Net Cash Provided from Financing Activities (+/-)		224,115	-
3.1 Cash Obtained from Funds Borrowed and Securities Issued (+)		-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued (-)		-	-
3.3 Share Certificates Issued (+)		122,465	-
3.4 Dividends Paid (-)		-	-
3.5 Payments for Finance Leases (-)		-	-
3.6 Other (+/-)	(5.VI.3)	101,650	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents (+/-)	(5.VI.3)	11,220	1,177
V. Net Increase in Cash and Cash Equivalents (I+II+III+IV)		46,834	(151,583)
VI. Cash and Cash Equivalents at the Beginning of the Period (+)	(5.VI.1)	78,193	229,776
VII. Cash and Cash Equivalents at the End of the Period (V+VI)	(5.VI.1)	125,027	78,193

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

FİBABANKA A.Ş.
UNCONSOLIDATED PROFIT DISTRIBUTION TABLE
AS OF 31 DECEMBER 2011 AND 2010
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	CURRENT PERIOD (01.01.2011- 31.12.2011)	PRIOR PERIOD (01.01.2010- 31.12.2010)
1.DISTRIBUTION OF CURRENT YEAR PROFIT		
1.1. CURRENT PERIOD PROFIT		
1.2.TAXES AND DUES PAYABLE (-)	7,941	(15,512)
1.2.1.Corporate Tax (Income Tax)	(2,754)	870
1.2.2.Income Tax Withholding	-	-
1.2.3.Other Taxes and Dues Payable	-	-
A. NET PROFIT FOR THE PERIOD (1.1-1.2)	(2,754)	870
1.3.PRIOR YEARS' LOSSES (-)	5,187	(14,642)
1.4.FIRST LEGAL RESERVES (-)	(122,125)	(107,483)
1.5. OTHER STATUTORY RESERVES (-)	-	-
B. NET PROFIT ATTRIBUTABLE TO [(A)-(1.3+1.4+1.5)]	-	-
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 Preferred Shares (Preemptive Rights)	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders of Profit / Loss Share Certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO THE 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 Preferred Shares (Preemptive Rights)	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders of Profit / Loss Share Certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	-
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION FROM RESERVES	-	-
2.1 DISTRIBUTED 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 Preferred Shares (Preemptive Rights)	-	-
2.3.4 To Profit Sharing Bonds	-	-
2.3.5 To Holders of Profit / Loss Share Certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO THE BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE	-	-
3.1 TO OWNERS OF ORDINARY SHARES	-	-
3.2 TO OWNERS OF ORDINARY SHARES (%)	0.02	(0.07)
3.3 TO OWNERS OF PREFERRED SHARES	-	-
3.4 TO OWNERS OF PREFERRED SHARES (%)	-	-
IV. DIVIDEND PER SHARE	-	-
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PREFERRED SHARES	-	-
4.4 TO OWNERS OF PREFERRED SHARES (%)	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

SECTION THREE

ACCOUNTING POLICIES

I. Explanations on the basis of presentation

1. Preparation of the financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and the Communiqué "Principles and Procedures on the Accounting Procedures and Retention of Banking Documentation"

The accompanying unconsolidated financial statements are prepared in accordance with Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and related appendices and interpretations (together "Turkish Accounting Standards" or "TAS") and other regulations, communiqués and circulars issued in respect of accounting and financial reporting and pronouncements made by the Banking Regulation and Supervision Agency ("BRSA"), under the requirements of the Communiqué "Principles and Procedures on the Accounting Procedures and Retention of Banking Documentation" published in the Official Gazette numbered 26333 on 1 November 2006. The format and content of the unconsolidated financial statements and its accompanying footnotes are prepared in accordance with the Communiqué "Publicly Disclosed Financial Statements and the Accompanying Footnotes of Banks" and the appendices and amendments to the Communiqué published in the Official Gazette numbered 26430 on 10 February 2007. The Bank's accounting records are prepared in TL amounts in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

The financial statements are prepared in TL based on the historical cost convention, except for the financial assets and liabilities carried at fair value.

2. Accounting policies and valuation principles applied in preparation of financial statements

The accounting policies and valuation principles used in the preparation of the financial statements are selected and applied in accordance with the requirements set out in Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS"), the Communiqué "Principles and Procedures on the Accounting Procedures and Retention of Banking Documentation" published in the Official Gazette numbered 26333 on 1 November 2006, the Communiqué "Publicly Disclosed Financial Statements and the Accompanying Explanations and Footnotes by Banks" published in the Official Gazette numbered 26430 on 10 February 2007. The accounting policies and valuation principles applied in the preparation of the accompanying financial statements are explained in Notes II and XXIII below.

II. Explanations on the usage strategy of financial instruments and on foreign currency transactions

1. Usage strategy of the financial instruments

The major factor in managing interest rate and liquidity risk at the balance sheet is parallel movement of asset and liability side.

Exchange rate risk, interest rate risk and liquidity risk are controlled and measured by various risk management systems, and the balance sheet is managed under the limits set by these systems and the limits legally required. Value at risk models are used for this purpose.

Purchase-sale transactions of short and long-term financial instruments are realized within predetermined risk limits that is allowed for the purpose of increasing risk-free return on capital.

The foreign currency position is controlled by the equilibrium of a currency basket to eliminate the foreign exchange risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

2. Foreign currency transactions**2.1 Foreign currency exchange rates used in converting transactions denominated in foreign currencies and their presentation in the financial**

The Bank recognizes the foreign currency transactions in accordance with TAS 21 "The Effects of Changes in Foreign Exchange Rates". Foreign exchange gains and losses arising from the foreign currency transactions as of 31 December 2011 are converted into Turkish Lira by using the exchange rates at the date of the transaction and recognized in accounting records. At the end of the periods, foreign currency assets and liabilities are converted into Turkish Lira by using the spot foreign currency exchange rates of the Bank at the end of the period and the related currency translation differences are recognized as foreign exchange gains and losses.

Foreign currency indexed loans are converted into Turkish Lira using the buying exchange rates as of the balance sheet date and the related currency translation differences are recognized as foreign exchange gains and losses.

Negative foreign currency translation differences on foreign currency indexed loans due to declines in foreign exchange rates are recognized in "foreign currency indexed loans foreign currency translation allowance account at the liability side. This allowance account is offset with the foreign currency indexed loans in the accompanying financial statements.

As at the end of the related periods, the Bank's foreign currency exchange rates are as follows:

	31 December 2011	31 December 2010
US Dollar	1.8889	1.5487
Euro	2.4438	2.0694

2.2 Foreign exchange gains and losses included in the income statement

As of 31 December 2011, net foreign exchange loss included in the income statement is 1,736 TL (31 December 2010: 2,875 TL loss).

III. Explanations on forward transactions, options and derivative instruments

The Bank's derivative transactions mainly consist of foreign currency swaps, foreign currency options and forward foreign currency purchase/sale contracts. The Bank does not have any embedded derivatives separated from the host contract.

In accordance with TAS 39 "Financial Instruments: Recognition and Measurement", forward foreign currency purchase/sale contracts, swaps and options are classified as "hedging purpose" and "trading purpose" transactions. Derivatives are initially recognized at cost including the transaction costs. Also, the assets and liabilities arising from the derivative transactions are recorded as off-balance sheet items at their contractual notional amounts. The derivative transactions held for trading are valued at fair-value using market prices or pricing models subsequent to initial recognition and are presented in "derivative financial assets held for trading" or "derivative financial liabilities held for trading" items of the balance sheet depending on the difference's being positive or negative. The derivative transactions held for hedging are valued at fair value using market prices or pricing models subsequent to initial recognition and are presented in "derivative financial assets held for hedging purpose" or "derivative financial liabilities held for hedging" items of the balance sheet depending on the difference's being positive or negative. Gains and losses arising from a change in the fair value are recognized in the income statement.

Until 30 November 2010, the Bank valued its long term fixed rate loan portfolio and corresponding swaps at fair value for fair value hedge purpose and accounted the gain and losses in the account of "gain/losses from derivative transactions". As at 30 November 2010, the Bank has ceased the fair value hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

IV. Explanations on interest income and expenses

Interest income and expenses calculated using internal rate of return are recognized on accrual basis. In accordance with Banking Act No: 5411 Articles 53 and 93, based on the prevailing communiqué, interest accruals on loans became non-performing are reversed and it is also ceased accrual calculation on such loans until these loans are classified as performing or collected.

V. Explanations on fee and commission income and expenses

Fee and commission income / expenses are recognized based on cash or accrual basis depending on the nature of the transaction.

VI. Explanations on financial assets

Financial assets include cash on hand, contractual rights to receive cash or another financial asset from the counterparty or the right to exchange of financial instruments or equity instrument transactions of the counterparty. Financial assets are classified into four groups as financial assets at fair value through profit or loss, held to maturity investments, loans and receivables and available-for-sale financial assets.

1. Financial assets at fair value through profit or loss

1.1 *Financial assets held for trading*

Financial assets held for trading are recognized at their fair values and any gain or losses resulting from such valuation are recorded in the profit and loss accounts. Interests received during the holding period of such financial assets and the difference between the amortized cost (calculated using internal rate of return) and the acquisition cost are recognized as interest income in the income statement. Gain and losses on sale of held for trading financial assets before their maturity and the difference between market value and amortized cost (calculated using internal rate of return) of such financial assets are recognized in gains and losses on securities trading under income statement.

1.2 *Financial assets at fair value through profit or loss*

None.

2. Available for sale financial assets

Financial assets available-for-sale, are financial assets other than assets held for trading purposes, investments held-to-maturity and originated loans and receivables.

Financial assets available-for-sale are measured at their fair values subsequently.

Premiums and discounts on investments securities available-for-sale are taken into account in computing the internal rate of return and are included in interest income in the income statement. Unrecognised gain/losses derived from the difference between their fair value and the discounted values are recorded in "Marketable Securities Revaluation Reserve" under the shareholders' equity. In case of sales, the realized gain/losses are recognized directly in the income statement.

Purchase and sale transactions of securities are accounted at delivery dates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

3. Held to maturity investments

None.

4. Loans and receivables

Loans and receivables are financial assets, which are generated by providing funds, goods or services to the debtor.

Loans and receivables are financial assets with fixed or determinable repayment schedules and they are not traded in an active market.

Loans except impaired ones mentioned below are initially measured at their acquisition cost and subsequently measured at amortized cost calculated using effective interest rate method in accordance with TAS 39 "Financial Instruments: Recognition and Measurement". Duty charges, transaction fees and other expenses paid for the collaterals of the loans are considered as part of the transaction costs and charged to the customers.

VII. Explanations on impairment of financial assets

Financial asset or groups of financial assets are reviewed by the Bank at each balance sheet date to determine whether there is objective evidence of impairment. If any such indicator exists, the Bank determines the amount of impairment.

Impairment loss incurs if, and only if, there is objective evidence that the reliably estimated 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 Bank provides specific and general allowances for loan and other receivables classified in accordance with the Communiqué published on the Official Gazette No.2633 dated November 1, 2006. The allowances are recorded in the income statement of the related period.

VIII. Explanations on offsetting financial instruments

If the fair values of equity shares held for trading and quoted at the stock exchanges are lower than their carrying values, allowance for impairment is recognized and the recognized impairment is offset with the related assets on the face of the balance sheet.

Specific allowances for non-performing loan and other receivables are provided in accordance with "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves". Such allowances are offset with loans under follow-up on the asset side.

Other financial assets and liabilities are offset when the Bank has a legally enforceable right to offset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

IX. Explanations on sale and repurchase agreements and securities lending transactions

Securities subject to repo (repurchase agreements) are classified as "Financial assets at fair value through profit and loss", "Financial assets available for sale" or "Investments held to maturity" according to their purposes to be held in the Bank's portfolio and evaluated within the principles of the relevant portfolio. Funds obtained from repurchase agreements are followed under the "Funds from repo transactions" account in liabilities, and interest expense accruals are calculated using the effective interest (internal rate of return) method on the difference between the sales and repurchase prices corresponding to the period designated by a repurchase agreement.

Reverse repo transactions are recorded under the "Receivables from reverse repurchase agreements" account.

X. Explanations on noncurrent assets held for sale and discontinued operations and the related liabilities

Assets classified as "asset held for sale" are measured at the lower of the carrying value or fair value less costs to sell. Assets held for sale are not depreciated and presented in the financial statements separately. An asset (or a disposal group) is regarded as "asset held for sale" only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively marketed at a price consistent with its fair value. Events or circumstances may extend the tender process is the completion time of a surplus of more than a year. Such events or circumstances beyond the control of business because of the delay occurred and about the business of the asset (or disposal group) that there is enough evidence to continue to plan for selling the assets, are classified as assets held-for-sale is continued.

A discontinued operation is a part of the Bank's business classified as disposed or held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement.

XI. Explanations on goodwill and other intangible assets

As at the balance sheet date there is no goodwill in the accompanying financial statements. The intangible assets of the Bank consist of software, intangible rights and other intangible assets.

The costs of the intangible assets purchased before 1 January 2005 are recognized at their inflation adjusted costs as of 31 December 2004 and intangible assets purchased after 1 January 2005 are recognized at their acquisition cost less accumulated amortization and impairment, if any.

Estimated useful lives of the intangible assets are 3 to 10 years, and amortization rates are 10% to 33.3%.

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets" and if the recoverable amount is less than the carrying value of the related asset, an allowance for impairment is recognized.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

XII. Explanations on tangible assets

Tangible assets are measured at cost in accordance with the Turkish Accounting Standard 16 "Tangible Assets".

The costs of the tangible assets purchased before 1 January 2005 are recognized at their inflation adjusted costs as of 31 December 2004 and tangible assets purchased after 1 January 2005 are recognized at their acquisition cost less accumulated depreciation and impairment, if any.

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the Turkish Accounting Standard 36 (TAS 36) "Impairment of Assets" and if the recoverable amount is less than the carrying value of the related asset, an allowance for impairment is recognized.

Gains/losses from the sale of the tangible assets are calculated as the difference between the net book value and the net sales price.

Maintenance and repair costs incurred for tangible assets, are recorded as expense.

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets.

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

Depreciation rates and estimated useful lives are:

Tangible Assets	Estimated useful lives (years)	Depreciation Rate (%)
Safe boxes	2-50	2-50
Vehicles	5	20
Other Tangible Assets	4-50	2-25

XIII. Explanations on leasing transactions

The Bank does not have any finance lease contract as a "lessor" or "lessee".

If the operating lease contracts are terminated earlier than their maturity dates, the penalty charges to be paid to the lesser are recorded as expense at the end of the leasing period based on the cash payment. There is no operating lease contract terminated earlier than the maturity date.

XIV. Explanations on provisions and contingent liabilities

Provisions and contingent liabilities other than specific and generic provisions for loan and other receivable losses are accounted in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets". When there is a present obligation that arises from past events, provision is recognized by the estimated amount of the obligation. If the amount of the obligation can not be estimated reliably, it has been considered as "contingent liability". If the probability of the occurrence of one or more uncertain future events confirming the existence of the obligation is higher than its non occurrence and the amount of the obligation can be measured with sufficient reliability, provision is recognized. If not, the obligation is disclosed as contingent liability.

Provisions recognized during the period are recognized within "other operating expenses"; reversals of provisions recognized in the prior periods are recognized within "other operating income".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

XV. Explanations on contingent assets

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

XVI. Explanations on liabilities for employee benefits

As per the existing labour law in Turkey, the entities are required to pay 30 days' salary for each working year to the employees retired or fired except for resignations or misbehaviours specified in the Turkish Labour Law. The Bank recognizes its obligations relating to the rights of by using actuarial method and discounts with the average rate of return on government bonds valid as at the balance sheet date in accordance with TAS 19 "Employee Benefits".

The major actuarial assumptions used in the calculation of the total liability are as follows:

	31 December 2011	31 December 2010
	%	%
Discount Rate	10.0	10.0
Inflation Rate	5.1	5.1

Total liabilities are calculated by applying the ceiling of severance pay. As of 31 December 2011, the current severance pay ceiling is 2,731.85 full TL. (31December, 2010: 2,517.01 full TL).

The Bank provided for undiscounted short-term employee benefits earned during the financial periods as per services rendered in compliance with TAS 19.

The Bank does not have any employee working for a limited term contract whose contract term expires longer than 12 months.

There has not been any employee foundation, fund or similar institutions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

XVII. Explanations on taxation

1. Current tax

Statutory income is subject to corporate tax at 20% effective from January 1, 2006 according to Corporate Tax Law No: 5520 published in Official Gazette No: 26205 dated 21 June 2006.

Corporate tax return is declared between the 1st and 25th day of the fourth month following the first day of the fiscal year end and paid until the end of the fourth month as a single installment.

In accordance with the Corporate Tax Law, the tax losses can be carried forward to offset against future taxable income for up to five years. Declarations and related accounting records can be inspected within 5 years by tax authorities and the tax calculations can be controlled.

Since 24 April 2003, including the year 2002 and earlier periods, the period income is not subject to withholding tax if it is not distributed, is transferred to share capital or is distributed to resident companies while the profit distribution to the resident natural persons, to the ones exempt from corporate and income taxes, to the foreign based tax payers (except the ones generating dividend income through their operations or permanent representative offices in Turkey) is subject to withholding tax at 10% of the profit distribution. As per decision of the Council of Ministers No. 2006/10731, dated 22 July 2006 the profit distribution to the resident natural persons, to the ones exempt from corporate and income taxes, to the foreign based tax payers (except the ones generating dividend income through their operations or permanent representative offices in Turkey) is subject to withholding tax at 15% of the profit distribution as of 23 July 2006.

The corporate tax base of 8,694 TL for the year ended 31 December 2011 is eliminated from the last period of financial loss.

There is no corporate tax liability of the Bank as of 31 December 2011.

2. Deferred tax

The Bank calculates and recognizes tax for taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base according to the Turkish Accounting Standard 12 (TAS 12) "Income Taxes".

As of 31 December 2011, the deferred tax asset is 20,472 TL and arises mostly from carry forward tax losses (31 December 2010: 22,795 TL). The deferred tax asset is calculated as the net of carry forward tax losses, taxable and deductible temporary differences.

Deferred tax benefit/(charge) is recognized within "Deferred tax benefit/(charge)" in the income statement. As of 31 December 2011, deferred tax charge is 2,754 TL(31 December 2010: 870 TL deferred tax benefit). Deferred tax effects of the transactions and events recognized directly in the shareholders' equity are also recognized directly in the shareholders' equity which is 431 TL as of 31 December 2011 (31 December 2010: None).

**NOTES TO THE FINANCIAL STATEMENTS
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(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

3. Transfer Pricing

The Article No.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of "disguised profit distribution" by way of transfer pricing. "The General Communiqué on Disguised Profit Distribution by Way of Transfer Pricing" published at 18 November 2007, explains the application related issues on this topic.

According to this Communiqué, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm's length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes.

As stated in the "7.1 Annual Documentation" section of this communiqué, the taxpayers are required to fill out the "Transfer Pricing, Controlled Foreign Entities and Thin Capitalization" form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

XVIII. Additional explanations on borrowings

Borrowing funds are initially measured at acquisition cost and subsequently measured at amortized cost. In the accompanying financial statements, foreign currency denominated borrowing funds are converted to Turkish Lira with the Bank's spot foreign exchange buying rates and interest expenses incurred during the period relating to the borrowing funds are recognized in income statement.

The Bank applies general hedging techniques for mitigating the liquidity risk, interest rate risk and currency risk of the borrowing funds. Those techniques do not meet the definition of hedge accounting according to TAS 39.

There are no convertible bonds or any other bonds issued by the Bank as at the balance sheet date.

On 2 December 2011, the Bank has been given permission by the BRSA for the purpose of issuing bond with a maturity up to 360-days and 150,000 TL limit. The offering circular has been approved by the Capital Market Board on 10 January 2012 and it has been registered to the Istanbul Trade Register Office on 19 January 2012.

XIX. Explanations on share certificates issued

Transactions related with the issuance of share certificates are explained in Note 5.II.11.

Dividend on share certificates has not been declared after the balance sheet date.

XX. Explanations on bank acceptances and bills of guarantee

Bank acceptances and bills of guarantee are presented within off-balance sheet liabilities as being possible liabilities and commitments. Cash transactions relating to bank acceptances and bills of guarantee are realized concurrently with the customer payments.

As of the balance sheet date, there are any bank acceptances and bills of guarantee recognized as liability against an asset.

XXI. Explanation on government incentives

As of the balance sheet date, the Bank does not have any government incentives.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

XXII. Explanations on segment reporting

The Bank operates in customer banking services, individual customer current accounts, deposit accounts, long term investment products, clearing and custody services, credit and atm services, customer credits, long term real estate loans, and all the other kinds of customer banking services and commercial services.

Current Period– 31 December 2011	Treasury	Other	Total Operations of the Bank
Operating Income	3,394	87,603	90,997
Operating Profit/(Loss)	2,673	5,268	7,941
Tax Expense			(2,754)
Net Profit for the Year			5,187
Segment Assets	105,542	2,333,585	2,439,127
Undivided Assets			47,622
Total Assets			2,486,749
Segment Liabilities	62,050	2,064,109	2,126,159
Undivided Liabilities			127,337
Owners' Equity			233,253
Total Liabilities			2,486,749

Prior Period – 31 December 2010	Treasury	Other	Total Operations of the Bank
Operating Income	3,896	28,946	32,842
Operating Profit/(Loss)	2,181	(17,693)	(15,512)
Tax Benefit			870
Net Loss for the Year			(14,642)
Segment Assets	183,985	681,491	865,476
Undivided Assets			36,763
Total Assets			902,239
Segment Liabilities	138,990	644,580	783,570
Undivided Liabilities			11,341
Owners' Equity			107,328
Total Liabilities			902,239

XXIII. Explanations on other matters

None.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations on capital adequacy ratio

As of 31 December 2011, the unconsolidated capital adequacy ratio is 17.22% (31 December 2010: 15.02%).

1. Risk measurement method for determining capital adequacy ratio

Capital adequacy ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette No: 26333 dated 1 November 2006. In the calculation of capital adequacy ratio, the accounting records prepared in compliance with the current legislation are used.

According to the legislation mentioned above, the value at operational risk is also taken into consideration in the calculation of capital adequacy ratio since 30 September 2007.

Additionally, the value at market risk is calculated in accordance with the Communiqué on the "Measurement and Assessment of Capital Adequacy of Banks" and taken into consideration in the calculation of capital adequacy ratio.

Deductions from capital are not included in the calculation of risk-weighted assets, non-cash loans and contingent liabilities. Assets subject to depreciation/amortization and impairment are considered with their net values (gross amounts less accumulated depreciation/amortization and impairment) in the calculation of risk-weighted assets.

In the calculation of the value at credit risk, non-cash loans are accounted at their net amounts, which is gross amounts less specific provisions that are classified under liabilities and calculated based on the "Regulation on Identification of Non-Performing Loans and Other Receivables and Provision against them", multiplied by the loan conversion rates stated in the Article 12, subsection 3 of the "Regulation on Loan Transactions of the Banks" and the converted non cash loan amounts are weighted by the weight of the risk group determined based on the counterparty and the type of the collateral.

In the calculation of the value at credit risk, derivative financial instruments are converted to their loan equivalents by the loan conversion rates stated in the Article 5 of the Communiqué on the "Measurement and Assessment of Capital Adequacy of Banks" and the converted amounts are weighted with the weights of the relevant risk group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

2. Information on the unconsolidated capital adequacy ratio

	0%	10%	20%	50%	100%	150%	200%
Risk Weighted Assets and Non-Cash Loans							
Balance Sheet Items (Net)	314,981	--	14,348	705,692	1,356,924	8,546	4,612
Cash and Cash equivalents	16,104	--	--	--	--	--	--
Matured Marketable Securities	--	--	--	--	--	--	--
Due From Central Bank of Turkey	101,402	--	--	--	--	--	--
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	--	--	14,348	--	4,555	--	--
Interbank Money Market Placements	--	--	--	--	--	--	--
Receivables from Reverse Repurchase Transactions	--	--	--	--	--	--	--
Reserve Deposits	125,879	--	--	--	--	--	--
Loans	48,963	--	--	568,777	1,301,529	8,546	4,612
Non-performing loans (Net)	--	--	--	--	11,641	--	--
Financial Lease Receivables	--	--	--	--	--	--	--
Available-For-Sale Financial Assets	--	--	--	--	--	--	--
Held to Maturity Investments	--	--	--	--	--	--	--
Receivables From Installment Sales of Assets	--	--	--	--	--	--	--
Sundry Debtors	--	--	--	--	961	--	--
Interest and Income Accruals	2,035	--	--	136,915	23,659	--	--
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.) (Net)	--	--	--	--	--	--	--
Tangible Assets	--	--	--	--	12,337	--	--
Other Assets	20,598	--	--	--	2,242	--	--
Off-Balance Sheet Items	919	--	24,717	10,579	128,360	--	--
Non-Cash Loans and Commitments	919	--	4,851	10,579	119,235	--	--
Derivative Financial Instruments	--	--	19,866	--	9,125	--	--
Non Risk Weighted Accounts	--	--	--	--	--	--	--
Total Risk Weighted Assets	315,900	--	39,065	716,271	1,485,284	8,546	4,612

3. Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Total Risk Weighted Assets (VACR)	1,873,276	443,778
Amount Subject to Market Risk (VAMR)	72,513	107,463
Amount Subject to Operational Risk (VAOR)	62,486	73,827
Shareholders' Equity	345,914	93,902
Shareholders' Equity / (VACR + VAMR + VAOR) *100	17.22%	15.02%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

4. Information related to the components of shareholders' equity:

	Current Period	Prior Period
CORE CAPITAL	325,000	202,535
Paid-in capital	325,000	202,535
Nominal capital	--	--
Capital commitments (-)	17,416	17,416
Inflation adjustment to share capital	--	--
Share premium	--	--
Share cancellation profits	--	--
Legal reserves	--	--
First legal reserve (Turkish Commercial Code 466/1)	--	--
Second legal reserve (Turkish Commercial Code 466/2)	--	--
Other legal reserve per special legislation	--	--
Statutory reserves	--	--
Extraordinary reserves	--	--
Reserves allocated by the General Assembly	--	--
Retained earnings	--	--
Accumulated losses	--	--
Foreign currency share capital exchange difference	--	--
Inflation adjustment to legal reserves, status reserves and extraordinary reserves	--	--
Profit	5,187	--
Net income for the period	5,187	--
Prior years' income	--	--
Provision for possible risks up to 25% of the Core Capital	--	--
Profit on disposal of associates, subsidiaries and immovables to be transferred to share capital	9,502	9,502
Primary subordinated loans up to 15% of the Core Capital	--	--
Uncovered portion of loss with reserves (-)	122,125	122,125
Net current period loss	--	14,642
Prior years' loss	122,125	107,483
Leasehold improvements (-)	5,596	4,705
Prepaid expenses (-)	--	1,023
Intangible assets (-)	6,074	2,044
Deferred tax asset amount exceeding 10% of the Core Capital (-)	--	12,839
Limit Exceeding Amount Regarding the Third Clause of the Article 56 of the Law (-)	--	--
Total Core Capital	223,310	86,717
SUPPLEMENTARY CAPITAL		
General loan loss provisions	22,753	7,185
45% of the revaluation reserve for movable fixed assets	--	--
45% of the of revaluation reserve for properties	--	--
Bonus shares obtained from associates, subsidiaries and entities under common control	--	--
Primary subordinated loans that are not considered in the calculation of Core Capital	--	--
Secondary subordinated loans	101,650	--
45% of marketable securities valuation fund	(1,727)	--
From investments in associates and subsidiaries	--	--
From available-for-sale financial assets	(1,727)	--
Inflation adjustment to capital reserve, profit reserve and prior years' income or loss (Except inflation adjustment to legal reserves, status reserves and extraordinary reserves)	--	--
Total Supplementary Capital	122,676	7,185
TIER III CAPITAL		
CAPITAL	345,986	93,902
DEDUCTIONS FROM THE CAPITAL	72	--
Shareholdings of banks and financial institutions (Domestic, Foreign) from which the Bank keeps ten percent or more of capitals	--	--
Shareholdings of unconsolidated banks and financial institutions (Domestic, Foreign) from which the Bank keeps less than ten percent of capitals which exceed the ten percent of Bank's Core and Supplementary Capital	--	--
The secondary subordinated loans extended to banks, financial Institutions (domestic or foreign) or significant shareholders of the Bank and the debt instruments that have primary or secondary subordinated loan nature purchased from them	--	--
Loans extended as contradictory to the articles 50 And 51 of the law	--	--
Excess of 50% of the Bank's immovables' total net book value and net book value of immovables obtained against Bank's receivables that must be disposed according to article 57 of the Banking Act which could not be disposed although five years have passed since the acquisition date	--	--
Other	72	--
Total Shareholders' Equity	345,914	93,902

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(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

4. Information related to the components of shareholders' equity (continued)

(*) According to Official Gazette No: 27870 Communiqué concerning "the Changes of Regulations Related with Shareholders Equity", prepaid expenditures are not deducted from paid capital as of 10 March 2011.

(**) As of 20 September 2011, the Bank decided to increase its paid in capital by 41,000,000 Euro in terms of TL equivalent. The first tranche of the related increase, was transferred to the Bank on 10 October 2011 as 52,250 TL; the second tranche was transferred on 1 December 2011 as 49,400 TL. As of 31 December 2011, such capital payments are accounted under the "Sundry Creditors". Following the approval of BRSA, the extraordinary General Assembly was held on 26 January 2012 and the increase in paid in capital was registered. Accordingly, the Bank's capital has increased to 426,650 TL.

II. Explanations on credit risk

Credit risk is defined as risks and losses that may occur if the counterparty fails to comply with the agreement's requirements and cannot perform its obligations partially or completely on the terms set.

In terms of credit risk, a debtor or a group of debtors is subject to risk limits. The risk limits of the debtors or group of debtors and sectoral risk limits are monitored weekly, while sectors are monitored via monthly reports.

Risk limits and concentration of daily transactions are monitored daily. Risk concentration of off balance sheet risks is monitored via on the job and remote audit facilities.

Commercial loans' and other receivables' credit worthiness is monitored regularly in accordance with relative legislation. By using relevant risk rating models, in case of increasing risk level of debtor, new credit limits are determined and additional collateral is obtained. For new credits, documents of account status are provided in accordance with relevant legislation.

In accordance with the lending policies, the debtor's creditworthiness is analysed and the adequate collateral is obtained based on the financial position of the company and the type of loan; like cash collateral, bank guarantees, mortgages, pledges, bills and personal or corporate guarantees.

There are credit limits on the basis of VaR on the positions of Bank's future and option transaction contract and other contracts and credit risk arising from those transactions is managed together with market risk.

The liquidated non-cash loans are subject to the same risk weighting with the overdue loans.

For foreign trade financing and interbank loan transactions, Bank uses a correspondent network. In this context, Bank establishes a limit through monitoring the credit worthiness of foreign banks and other financial entities, and such entities are periodically evaluated.

The Bank does not have a material credit risk concentration as an active participant in the international banking market when the financial operations of the other financial institutions are concerned.

The cash loans and receivables of the Bank from its top 100 cash loan customers compose 63% of all cash loans portfolio (2010: 44%).

The non-cash loans of the Bank from its top 100 non-cash loan customers compose 95% of all non-cash loans portfolio (2010: 99%).

The cash and non-cash loans and receivables of the Bank from its top 100 loan customer compose 51% of balance sheet and off-balance sheet assets (2010: 46%).

As of 31 December 2011 the general loan loss provision amount recognized for the credit risk of the Bank is 22,753TL (2010: 7,185 TL).

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II. Explanations on credit risk (continued)

1. Customer and geographical concentration of credit risk:

	Loans to Real Persons and Legal Entities		Loans to Banks and Other Financial Institutions		Marketable Securities*		Other Loans**	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Loans according to borrowers								
Private Sector	1,644,428	323,762	191,815	--	24,267	--	247,030	76,268
Public Sector	--	--	227,281	41,523	27,882	94,556	--	--
Banks	--	--	18,903	73,346	--	--	10,847	2,042
Retail (Individual Customers)	270,434	316,238	--	--	--	--	8,151	1,084
Share Certificates	--	--	--	--	14	14	--	--
Total	1,914,862	640,000	437,999	114,869	52,163	94,570	266,028	79,394
Information according to geographical concentration								
Domestic	1,914,862	640,000	419,104	41,530	52,149	94,556	254,962	77,348
European Union Countries	--	--	10,695	67,710	14	14	9,781	2,046
OECD Countries***	--	--	3,980	131	--	--	818	--
Off-shore Banking Regions	--	--	--	--	--	--	--	--
USA, Canada	--	--	4,220	5,498	--	--	--	--
Other Countries	--	--	--	--	--	--	467	--
Total	1,914,862	640,000	437,999	114,869	52,163	94,570	266,028	79,394

* Marketable securities consist at fair value through profit or loss, available-for-sale and held-to-maturity.

** Including non-cash loans and irrevocable commitments.

*** OECD countries other than European Union countries, USA and Canada.

2. Information according to geographical concentration

Current Period	Assets	Liabilities	Non-Cash Loans	Capital Expenditures	Net Income
Domestic	2,467,840	2,404,160	217,310	14,332	5,187
European Union Countries	10,709	65,118	9,781	--	--
OECD Countries	3,980	2,814	818	--	--
Off-shore Banking Regions	--	9,623	--	--	--
USA, Canada	4,220	1,972	--	--	--
Other Countries	--	3,062	467	--	--
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	--	--	--	--	--
Unallocated Assets/Liabilities	--	--	--	--	--
Total	2,486,749	2,486,749	228,376	14,332	5,187
Prior Period	Assets	Liabilities	Non-Cash Loans	Capital Expenditures	Net Loss
Domestic	826,840	756,989	77,081	1,537	(14,642)
European Union Countries	69,770	141,323	--	--	--
OECD Countries	131	818	--	--	--
Off-shore Banking Regions	--	--	--	--	--
USA, Canada	5,498	1,101	--	--	--
Other Countries	--	2,008	--	--	--
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	--	--	--	--	--
Unallocated Assets/Liabilities	--	--	--	--	--
Total	902,239	902,239	77,081	1,537	(14,642)

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FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

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II. Explanations on credit risk (continued)

3. Sector concentrations for cash loans:

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
Agricultural	32,880	2.31	2,259	0.34	1,106	0.18	--	--
Farming and Raising Livestock	9,510	0.67	2,259	0.34	956	0.16	--	--
Forestry	23,370	1.64	--	--	150	0.02	--	--
Fishing	--	--	--	--	--	--	--	--
Manufacturing	368,166	25.87	311,381	46.31	134,567	22.17	17,107	88.97
Mining and Quarry	65,081	4.57	48,034	7.14	9,345	1.54	--	--
Production	257,862	18.12	234,179	34.83	124,682	20.54	17,107	88.97
Electricity, Gas and Water	45,223	3.18	29,168	4.34	540	0.09	--	--
Construction	211,607	14.88	78,679	11.70	65,349	10.77	--	--
Services	523,207	36.78	240,581	35.79	92,492	15.24	2,121	11.03
Wholesale and Retail Trade	63,587	4.47	6,331	0.94	10,061	1.66	1,974	10.27
Hotel, Food and Beverage	43,532	3.06	187,708	27.92	28,832	4.75	--	--
Transportation and telecommunication	81,540	5.73	29,283	4.36	23,318	3.84	--	--
Financial Institutions	268,944	18.90	--	--	3,209	0.53	--	--
Real Estate and Renting Services	6,380	0.45	--	--	1,745	0.29	--	--
Self-Employment Services	3,825	0.27	--	--	13,861	2.28	147	0.76
Education Services	2,550	0.18	--	--	2,637	0.43	--	--
Health and Social Services	52,849	3.72	17,259	2.57	8,829	1.46	--	--
Other	286,873	20.16	39,403	5.86	313,392	51.64	--	--
Total	1,422,733	100.00	672,303	100.00	606,906	100.00	19,228	100.00

4. Information on collaterals, impairment, rating and maturity related to loans granted to real persons and corporate entities

Detail of collaterals of standard and close monitoring loans granted to real persons and corporate entities is as follows:

Cash loans granted to real persons and corporate entities	Standard Loans		Loans and Other Receivables Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
Secured Loans:	2,030,512	583,355	36,720	24,777
Secured by cash collateral	50,858	20,946	116	253
Secured by mortgages	672,214	480,510	33,598	23,299
Secured by treasury guarantees or securities issued by public sector	24	283	--	--
Guarantees issued by financial institutions	--	--	--	--
Other collaterals (being on the pledges, corporate and personal guarantees, promissory notes)	1,307,416	81,616	3,006	1,225
Non-secured Loans	27,503	17,527	301	475
Total performing loans	2,058,015	600,882	37,021	25,252

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II. Explanations on credit risk (continued)

4. Information on collaterals, impairment, rating and maturity related to loans granted to real persons and corporate entities (continued)

Detail of collaterals of non-cash loans granted to real persons and corporate entities is as follows:

Non-cash loans granted to real persons and corporate entities	Standard Loans		Loans and Other Receivables Under Close Monitoring	
	Current Period	Prior Period	Current Period	Prior Period
Secured Loans:	214,816	76,564	1,420	517
Cash secured loans	1,838	856	--	58
Secured loans with real estate mortgage	21,158	2,947	--	--
Secure loans with treasury guarantees or public marketable securities	--	--	--	--
Guarantees issued by financial institutions	--	--	--	--
Other collaterals (being on the pledges, corporate and personal guarantees, promissory notes)	191,820	72,761	1,420	459
Non-secured Loans	11,839	--	301	--
Total performing loans	226,655	76,564	1,721	517

The fair value of collaterals relating to loans that are past due and impaired:

	Current Period		Prior Period	
	Non-Performing	Collateral	Non-Performing	Collateral
Mortgage	11,851	21,837	15,980	21,642
Vehicle	483	310	606	568
Other Collaterals (being on the pledges, corporate and personal guarantees, promissory notes)	3,529	6,027	598	1,099
Non-secured	505	--	4,036	--
Total	16,368	28,174	21,220	23,309

The Bank has developed an internal risk rating model for loans used by corporate, commercial and medium-sized companies. Concentration table of cash and non cash loan according to the risk rating system developed by the Bank for commercial customers is shown below:

	Current Period (%)	Prior Period (%)
Above Average	9.16	0.02
Average	84.49	95.28
Below Average	6.35	4.70
Total	100.00	100.00

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II. Explanations on credit risk (continued)**4. Information on collaterals, impairment, rating and maturity related to loans granted to real persons and corporate entities (continued)**

Information on overdue/not past due loans and receivables from real persons and corporate entities:

Current Period	Neither past due nor impaired	Past due but not impaired	Impaired (Gross)	Total
Loans and advances to customers				
Commercial loans	1,818,207	6,393	13,944	1,838,544
Consumer loans	230,291	39,656	2,393	272,340
Credit Cards	482	7	31	520
Total	2,048,980	46,056	16,368	2,111,404

Prior Period	Neither past due nor impaired	Past due but not impaired	Impaired (Gross)	Total
Loans and advances to customers				
Commercial loans	310,417	2,323	17,215	329,955
Consumer loans	301,590	11,245	3,956	316,791
Credit Cards	548	11	49	608
Total	612,555	13,579	21,220	647,354

There is no past due and/or individually impaired amount in banks, securities and other loans.

III. Explanations on market risk

Whether the bank within the financial risk management objectives hedges itself against market risk, the precautions taken by the Board of Directors for market risk, the methods used for measuring market risk and time intervals for measurement of market risk

The Bank has established market risk management operations and taken the necessary precautions in order to hedge market risk within its financial risk management purposes, in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks" issued on Official Gazette dated November 1, 2006 numbered 26333.

Being exposed to market risk, Bank's Board of Directors have defined risk management strategies and policies about risk managements in line with application and recommendation of Group Risk Commission and Group Risk Office and have led to follow-up strategies periodically. The limits of risks are identified and these limits are revised periodically. Board of Directors ensure that risk management group and executive managers should identify, measure, control and manage the Bank's risk.

Market risk arising from trading transactions is measured by using developed internal model with value at risk (VaR) methodology. The Bank measures the market risk with variance-covariance model, parametrically. Measurements can be done with online connection with treasury front office in real time. Market risk occurred between mismatches of asset-liability maturity is also monitored through GAP report.

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III. Explanations on market risk (continued)

Stress tests and scenario analysis are also applied in order to reflect the effects of prospective severe market fluctuations in the VaR calculations. Risk measurement methods such as cash flow projection, duration, GAP analyze are also applied.

Capital should be kept for general market risk and specific risk are calculated by using a standard method in accordance with "Measurement and Assessment of Bank Capital Adequacy Regulation" and reported monthly.

1. Information related to market risk

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	3,924
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	850
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	1,027
(IV) Capital Requirement to be Employed For Commodity Risk – Standard Method	--
(V) Capital Requirement to be Employed For Settlement Risk - Standard Method	--
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method	--
(VII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	--
(VIII) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)	5,801
(IX) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x VII)	72,513

2. Average market risk table calculated at month end during the period:

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	2,199	4,774	810	1,504	8,217	668
Common Stock Risk	--	--	--	--	--	--
Currency Risk	896	974	442	783	337	606
Commodity Risk	6	--	--	--	--	--
Settlement Risk	--	--	--	--	--	--
Option Risk	77	53	42	25	43	5
Total Value Subject to Risk	39,725	72,513	16,175	28,900	107,463	15,988

IV. Explanations on operational risk

The Bank used the "Basic Indicators Approach" in computation of its operational risk. In accordance with the 4th section (Computation of the Operational Risk) which is valid after 1 June 2007, of the "Regulation on Measurement and Evaluation of the Capital Adequacy of the Banks", published in the Official Gazette dated 1 November 2006 and numbered 26333, operational risk is computed using the gross income of the Bank for three years (2010, 2009 and 2008). As explained in detail in footnote I of this section, the amount 62,486 TL which is 8% of 4,999 TL, is presenting the operational risk liability. 4,999 TL is also the minimum capital amount kept to cover the risk.

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V. Explanations on currency risk

The Bank does not take foreign exchange risk; transactions are instantly hedged in accordance with the currency basket of the Central Bank of Turkey. Measurable and manageable risks are taken within legal limits.

Position limit on currency risk is determined in line with net general position standard ratio on foreign currency. As of 31 December 2011, the Bank's net short position is 8,363 TL (31 December 2010: 1,836 TL net short position) resulting from long position on the balance sheet amounting to 801,641 TL (31 December 2010: 79,320 TL long position) and short position on the off-balance amounting to 810,004 TL (31 December 2010: 81,156 short position) .

The Bank uses "Standard Method" used in legal reporting to measure the foreign exchange risk.

The announced current foreign exchange buying rates of the Bank at the balance sheet date and the previous five working days in full TL are as follows:

US Dollar purchase rate as at the balance sheet date	1.8889 TL
Euro purchase rate as at the balance sheet date	2.4438 TL

Date	USD	EUR
26 December 2011	1.8833	2.4613
27 December 2011	1.8847	2.4633
28 December 2011	1.8897	2.4702
29 December 2011	1.9065	2.4592
30 December 2011	1.8889	2.4438

The simple arithmetic average US Dollar and Euro purchase rates for December 2011 are 1.8610 TL and 2.4518 TL, respectively. (TL full amount)

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V. Explanations on currency risk (continued)

Current Period	Euro	USD	JPY	Other	Total
Assets					
Cash and Balances with the Central Bank of Turkey	5,527	158,994	6	1,155	165,682
Banks	6,847	4,979	22	6,933	18,781
Financial Assets at Fair Value through Profit/Loss	598	10,532	--	--	11,130
Money Market Placements	--	--	--	--	--
Financial Assets Available for Sale	14	15,830	--	--	15,844
Loans (*)	309,042	654,045	--	192,366	1,155,453
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	--	--	--	--	--
Investments Held to Maturity	--	--	--	--	--
Derivative Financial Assets Held for Hedging Purposes	--	--	--	--	--
Tangible Assets	--	--	--	--	--
Intangible Assets	--	--	--	--	--
Other Assets	90	98	--	--	188
Total Assets	322,118	844,478	28	200,454	1,367,078
Liabilities					
Banks Deposits	12,579	19,881	--	121	32,581
Foreign Currency Deposits	131,930	351,724	--	15,767	499,421
Money Market Funds	--	--	--	--	--
Funds Provided from Other Financial Institutions	27,003	1,638	--	--	28,641
Marketable Securities Issued	92	1,669	--	7	1,768
Sundry Creditors	--	--	--	--	--
Derivative Financial Liabilities Held for Hedging Purposes	--	--	--	--	--
Other Liabilities	1,799	1,134	--	93	3,026
Total Liabilities	173,403	376,046	--	15,988	565,437
Net Balance Sheet Position	148,715	468,432	28	184,466	801,641
Net Off-Balance Sheet Position	(149,154)	(472,866)	--	(187,984)	(810,004)
Financial Derivative Assets (**)	140,050	862,279	1,959	234,714	1,239,002
Financial Derivative Liabilities (**)	289,204	1,335,145	1,959	422,698	2,049,006
Non-Cash Loans (***)	59,121	85,617	--	--	144,738
Prior Period					
Total Assets	139,366	192,218	46	237,495	569,125
Total Liabilities	238,704	243,913	--	7,188	489,805
Net Balance Sheet Position	(99,338)	(51,695)	46	230,307	79,320
Net Off-Balance Sheet Position	99,754	49,484	--	(230,394)	(81,156)
Financial Derivative Assets (**)	101,232	285,754	--	8,664	395,650
Financial Derivative Liabilities (**)	1,478	236,270	--	239,058	476,806
Non-Cash Loans (***)	8,292	3,678	--	--	11,970

(*) Foreign currency indexed loans and accruals amounting to 483,150 TL are included.

(**) Derivative financial assets include foreign exchange purchase commitments amounting to 231,544 TL (31 December 2010: 3,104 TL) while derivative financial liabilities include foreign exchange sale commitments and marketable securities sale commitments amounting to 240,889 TL (31 December 2010: 3,101 TL foreign exchange sale commitments and 2,345 TL marketable securities sale commitments).

(***) There is no effect on the net off-balance sheet position.

NOTES TO THE FINANCIAL STATEMENTS

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*(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)***V. Explanations on currency risk (continued)**

The following table demonstrates prospective increase and decrease in equities and profit/loss as of 31 December 2011 and 2010 (excluding tax effect) on condition that 10 % decrease of TL against the currencies below. This analysis has been prepared under the assumption that all other variables, especially interest rates, are constant.

	Current Period		Prior Period	
	Profit/Loss	Equity	Profit/Loss	Equity
USD	(227)	(216)	(221)	--
EURO	(44)	--	42	--
Other FC	(349)	--	(4)	--
Total (Net)	(620)	(216)	(183)	--

VI. Explanations on interest rate risk

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Bank's position, and it is managed by the Asset-Liability Committee.

Standard method and asset-liability risk measurement methods are used to measure the bank's interest rate risk.

Measurements in the context of standard method are carried out monthly by using maturity ladder. The Bank applies interest rate shock analysis to its interest sensitive assets and liabilities taking into considerations prior economic crises and the change in the net present value of the Bank after applying the shock analysis is monitored within the limits approved by the board of directors.

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VI. Explanations on interest rate risk (continued)

Interest rate sensitivity of assets, liabilities and off-balance sheet items (Based on repricing dates):

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non- interest Bearing	Total
Assets							
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	--	--	--	--	--	243,385	243,385
Banks	--	--	--	--	--	18,903	18,903
Financial Assets at Fair Value Through Profit or Loss	19,041	2,168	6,999	24,739	1,185	--	54,132
Interbank Money Market Placements	--	--	--	--	--	--	--
Financial Assets Available-for-Sale	--	--	--	15,830	--	14	15,844
Loans	388,058	650,948	461,807	328,069	266,154	11,641	2,106,677
Investment Securities Held-to-Maturity	--	--	--	--	--	--	--
Other Assets (*)	--	--	--	--	--	47,808	47,808
Total Assets	407,099	653,116	468,806	368,638	267,339	321,751	2,486,749
Liabilities							
Bank Deposits	34,181	3,784	--	--	--	751	38,716
Other Deposits	902,415	724,854	277,566	--	--	106,954	2,011,789
Interbank money market funds	6,831	--	--	--	--	--	6,831
Sundry Creditors	--	--	--	--	--	105,796	105,796
Marketable Securities Issued	--	--	--	--	--	--	--
Funds Borrowed from Other Financial Institutions	7,453	20,027	2,276	--	--	--	29,756
Other Liabilities (**)	1,414	4,664	7,000	3,237	--	277,546	293,861
Total Liabilities	952,294	753,329	286,842	3,237	--	491,047	2,486,749
Balance Sheet Long Position	--	--	181,964	365,401	267,339	--	814,704
Balance Sheet Short Position	(545,195)	(100,213)	--	--	--	(169,296)	(814,704)
Off-Balance Sheet Long Position	--	373,413	190,983	--	--	1,647,482	2,211,878
Off-Balance Sheet Short Position	--	(377,781)	(192,479)	--	--	(1,658,347)	(2,228,607)
Total Position	(545,195)	(104,581)	180,468	365,401	267,339	(180,161)	(16,729)

(*) Other assets/non-interest bearings column includes 11,663 TL tangible assets, 6,074 TL intangible assets, 20,472 TL tax assets, 6,270 TL non-current assets held for sale and 3,329 TL other assets.

(**) Other liabilities/non-interest bearings column includes 233,253 TL shareholders' equity, 12,343 TL other liabilities, 25,938 TL provisions and 6,012 TL tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

VI. Explanations on interest rate risk (continued)

Interest rate sensitivity of assets, liabilities and off-balance sheet items (Based on repricing dates):

Prior Period End	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non- interest Bearing	Total
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	--	--	--	--	--	55,261	55,261
Banks	58,276	--	--	--	--	15,070	73,346
Financial Assets at Fair Value Through Profit or Loss	6,483	8,272	9,175	72,207	732	--	96,869
Interbank Money Market Placements	--	--	--	--	--	--	--
Financial Assets Available -for- Sale	--	--	--	--	--	14	14
Loans	18,690	102,964	65,598	157,639	281,238	13,871	640,000
Investment Securities Held-to- Maturity	--	--	--	--	--	--	--
Other Assets (*)	--	--	--	--	--	36,749	36,749
Total Assets	83,449	111,236	74,773	229,846	281,970	120,965	902,239
Liabilities							
Bank Deposits	--	113,864	--	--	--	844	114,708
Other Deposits	474,093	109,553	1,323	--	--	50,591	635,560
Interbank Money Market Funds	--	--	--	--	--	--	--
Sundry Creditors	--	--	--	--	--	935	935
Marketable Securities Issued	--	--	--	--	--	--	--
Funds Borrowed from Other Financial Institutions	--	2,016	558	--	--	--	2,574
Other Liabilities (**)	10,664	2,807	10,072	--	--	124,919	148,462
Total Liabilities	484,757	228,240	11,953	--	--	177,289	902,239
Balance Sheet Long Position	--	--	62,820	229,846	281,970	--	574,636
Balance Sheet Short Position	(401,308)	(117,004)	--	--	--	(56,324)	(574,636)
Off-Balance Sheet Long Position	136,921	67,890	97,920	--	--	492,734	795,465
Off-Balance Sheet Short Position	--	--	(32,295)	(130,031)	(136,416)	(505,976)	(804,718)
Total Position	(264,387)	(49,114)	128,445	99,815	145,554	(69,566)	(9,253)

(*) Other assets/non-interest bearings column includes 6,743 TL tangible assets, 2,044 TL intangible assets, 22,798 TL tax assets, 1,883 TL non-current assets held for sale and 3,281 TL other assets.

(**) Other liabilities/non-interest bearings column includes 107,328 TL shareholders' equity, 5,546 TL other liabilities, 10,021 TL provisions and 2,024 TL tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

VI. Explanations on interest rate risk (continued)

Average interest rates applied to monetary financial instruments

Current Period End	EURO %	USD %	JPY %	TL %
Assets				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	--	--	--	--
Banks	--	--	--	--
Financial Assets at Fair Value Through Profit/ Loss	4.95	6.19	--	10.74
Interbank Money Market Placements	--	--	--	--
Financial Assets Available-for-Sale	--	9.58	--	--
Loans	7.67	7.20	--	15.96
Investment Securities Held-to-Maturity	--	--	--	--
Liabilities				
Bank Deposits	0.74	3.93	--	10.50
Other Deposits	4.17	4.23	--	11.53
Interbank Money Market Funds	--	--	--	5.75
Sundry Creditors	--	--	--	--
Marketable Securities Issued	--	--	--	--
Funds Borrowed from Other Financial Institutions	3.69	3.22	--	7.55
Prior Period End	EURO %	USD %	JPY %	TL %
Assets				
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	--	--	--	--
Banks	0.21	0.10	--	4.50
Financial Assets at Fair Value Through Profit/Loss	5.64	7.32	--	8.40
Interbank Money Market Placements	--	--	--	--
Financial Assets Available-for-Sale	--	--	--	--
Loans	6.99	7.29	--	13.68
Investment Securities Held-to-Maturity	--	--	--	--
Liabilities				
Bank Deposits	3.81	--	--	--
Other Deposits	2.60	2.81	--	8.56
Interbank Money Market Funds	--	--	--	--
Sundry Creditors	--	--	--	--
Marketable Securities Issued	--	--	--	--
Funds Borrowed from Other Financial Institutions	3.25	2.24	--	7.57

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

VI. Explanations on interest rate risk (continued)**Possible effects of the sensitivity to interest rates of the Bank's financial assets and liabilities on net income and equity in the future**

The interest rate sensitivity of the income statement indicates the impact of probable changes in the interest rates of net interest income arising from financial assets (not subject to trading) and liabilities with floating interest rates as of 31 December 2011.

The net interest income of the Bank decreases 4,045 TL when the interest rate increases 1% holding other variables constant and increases 3,774 TL when the interest rate decreases 1% holding other variables constant (31 December 2010: 3,307 TL and (1,736) TL respectively) . Negative interest rates resulted from 1% decrease in the interest rate are considered as 0%.

VII. Explanations on liquidity risk

The Bank diversifies its funding resources with deposits and bank borrowings to avoid the liquidity risk. Maturity match between assets and liabilities are monitored and liquid assets are kept to meet probable liquidity needs that might result from market fluctuations.

According to BRSA's Official Gazette numbered 26333, dated on November 1, 2006, "Legislation on Measurement and Assessment of Liquidity Adequacy of the Banks", liquidity ratio is required to be 80 % for foreign currency assets/liabilities and 100 % for total assets/liabilities in the calculation of the bank's weekly and monthly reporting effective from 1 June 2007. Liquidity ratios for the year 2011 are shown below:

	First Maturity Slice (Weekly)		Second Maturity Slice (Monthly)	
	FC	FC + TL	FC	FC+TL
Average (%)	99.67	141.21	89.87	115.47
Max. (%)	121.83	177.68	100.20	133.35
Min. (%)	80.74	113.54	82.10	100.09

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

VII. Explanation related to the liquidity risk (continued)

Assets and liabilities according to the maturity:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Years and Over	Unallocated	Total
Assets								
Cash (Cash in TL, Cash in Foreign Currency, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	117,507	125,878	--	--	--	--	--	243,385
Due from Banks and Other Financial Institutions	18,903	--	--	--	--	--	--	18,903
Financial Assets at Fair Value Through Profit or Loss	--	7,173	1,970	6,873	24,938	13,178	--	54,132
Interbank Money Market Placements	--	--	--	--	--	--	--	--
Financial Assets Available-for-Sale	--	--	--	--	15,830	--	14	15,844
Loans	--	637,496	320,635	527,225	355,910	253,770	11,641	2,106,677
Investment Securities Held-to-Maturity	--	--	--	--	--	--	--	--
Other Assets (*)	--	--	--	--	--	--	47,808	47,808
Total Assets	136,410	770,547	322,605	534,098	396,678	266,948	59,463	2,486,749
Liabilities								
Bank Deposits	751	34,181	3,784	--	--	--	--	38,716
Other Deposits	106,954	902,415	724,854	277,566	--	--	--	2,011,789
Funds Borrowed from Other Financial Institutions	--	7,453	20,027	2,276	--	--	--	29,756
Interbank Money Market Funds	--	6,831	--	--	--	--	--	6,831
Marketable Securities Issued	--	--	--	--	--	--	--	--
Sundry Creditors	--	105,796	--	--	--	--	--	105,796
Other Liabilities (**)	--	13,682	5,354	8,518	6,104	921	259,282	293,861
Total Liabilities	107,705	1,070,358	754,019	288,360	6,104	921	259,282	2,486,749
Net Liquidity Gap	28,705	(299,811)	(431,414)	245,738	390,574	266,027	(199,819)	--
Prior Period								
Total Assets	28,808	184,395	56,322	143,244	329,902	108,934	50,634	902,239
Total Liabilities	51,435	492,910	228,240	11,952	--	--	117,702	902,239
Net Liquidity Gap	(22,627)	(308,515)	(171,918)	131,292	329,902	108,934	(67,068)	--

(*) Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash in the short run such as tangible assets, investments in associates, joint ventures and subsidiaries, stationary supplies and prepaid expenses are included in this column.

(**) Shareholders' equity and provisions are classified in other liabilities in unallocated column.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

VII. Explanations on liquidity risk (continued)

Analysis of financial liabilities by remaining contractual maturities:

31 December 2011	Book Value	Undiscounted Outflow	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Years and Over
Bank Deposits	38,716	38,780	751	34,227	3,802	--	--	--
Money Market Funds	6,831	6,835	--	6,835	--	--	--	--
Other Deposits	2,011,789	2,046,157	106,954	906,601	736,407	296,195	--	--
Borrowings	29,756	30,179	--	7,459	20,401	2,319	--	--
Total	2,087,092	2,121,951	107,705	955,122	760,610	298,514	--	--

31 December 2010	Book Value	Undiscounted Outflow	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Years and Over
Bank Deposits	114,708	115,634	844	--	114,790	--	--	--
Money Market Funds	--	--	--	--	--	--	--	--
Other Deposits	635,560	637,745	50,591	475,398	110,394	1,362	--	--
Borrowings	2,574	2,592	--	--	2,029	563	--	--
Total	752,842	755,971	51,435	475,398	227,213	1,925	--	--

The Bank's derivative assets and liabilities are shown below according to the maturity distribution:

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Years and Over	Total
A. Derivatives Held For Trading:						
Foreign Currency Related						
Derivative Transactions (I)	2,089,850	1,007,740	686,083	163,450	--	3,947,123
Forward Foreign Exchange Purchase	50,956	51,715	68,383	39,672	--	210,726
Forward Foreign Exchange Sale	51,121	52,824	73,863	43,175	--	220,983
Currency Swap Purchase	812,226	407,606	265,483	42,081	--	1,527,396
Currency Swap Sale	806,985	411,075	260,789	38,522	--	1,517,371
Foreign Currency Options – Buy	177,272	41,511	8,404	--	--	227,187
Foreign Currency Options – Sell	191,290	43,009	9,161	--	--	243,460
Interest Rate Related Derivative Transactions (II)	--	--	--	--	--	--
Interest Rate Swap Purchase	--	--	--	--	--	--
Interest Rate Swap Sell	--	--	--	--	--	--
Other (III)	--	--	--	--	--	--
Total Held for Trading Transactions (I+II+III)	2,089,850	1,007,740	686,083	163,450	--	3,947,123

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FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

VII. Explanations on liquidity risk (continued)

The Bank's derivative assets and liabilities are shown below according to the maturity distribution:

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Years and Over	Total
A. Derivatives Held For Trading:						
Foreign Currency Related						
Derivative Transactions (I)	875,260	112,593	19,117	29,393	--	1,036,363
Forward Foreign Exchange Purchase	11,206	--	--	--	--	11,206
Forward Foreign Exchange Sale	11,179	--	--	--	--	11,179
Currency Swap Purchase	385,361	52,571	10,287	15,962	--	464,181
Currency Swap Sale	393,958	54,204	8,830	13,431	--	470,423
Foreign Currency Options – Buy	36,295	2,872	--	--	--	39,167
Foreign Currency Options - Sell	37,261	2,946	--	--	--	40,207
Interest Rate Related Derivative						
Transactions (II)	--	--	46,932	233,198	272,832	552,962
Interest Rate Swap Purchase	--	--	23,466	116,599	136,416	276,481
Interest Rate Swap Sell	--	--	23,466	116,599	136,416	276,481
Other (III)	--	--	--	--	--	--
A. Total Held for Trading						
Transactions (I+II+III)	875,260	112,593	66,049	262,591	272,832	1,589,325

VIII. Explanations on presentation of financial assets and liabilities at their fair value

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	2,368,705	754,883	2,362,577	751,862
Central Bank of the Republic of Turkey	227,281	41,523	227,281	41,523
Banks	18,903	73,346	18,903	73,346
Financial Assets Available-for-Sale (*)	15,844	14	15,844	14
Investment Securities Held-to-Maturity	--	--	--	--
Loans	2,106,677	640,000	2,100,549	636,979
Financial Liabilities	2,192,888	753,777	2,192,888	753,777
Bank Deposits	38,716	114,708	38,716	114,708
Other Deposits	2,011,789	635,560	2,011,789	635,560
Borrowings	29,756	2,574	29,756	2,574
Interbank Money Market Funds	6,831	--	6,831	--
Funds Borrowed From Other Financial Institutions	--	--	--	--
Marketable Securities Issued	--	--	--	--
Sundry Creditors	105,796	935	105,796	935

(*) 14 TL marketable securities representing capital share in available for sale financial assets are not in an active market, therefore they are presented with their cost value in financial statements (31 December 2010: 14 TL).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

VIII. Explanations on presentation of financial assets and liabilities at their fair value (continued)

Valuation methods of the financial instruments valued with their fair value are shown below.

	Level 1		Level 2		Level 3	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets						
Financial Assets at Fair Value Through Profit and Loss	36,319	94,556	17,813	1,239	--	--
Financial Assets Available-for-Sale	15,830	--	--	--	--	--
Hedging Purpose Derivative Financial Assets	52,149	94,556	17,813	1,239	--	--
Total						
Financial Liabilities						
Financial Assets at Fair Value Through Profit and Loss	--	--	16,315	22,469	--	--
Hedging Purpose Derivative Financial Liabilities						
Total	--	--	16,315	22,469	--	--

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 (as prices) or indirectly (derived from prices);

Level 3: Unobservable inputs.

The maximum credit risk sensitivity of financial statement items are shown on the table below:

	Current Period	Prior Period
Central Bank of Turkey	227,281	41,523
Banks	18,903	73,346
Financial Assets at Fair Value Through Profit and Loss	54,132	95,795
Financial Assets Available-for-Sale	15,844	14
Loans	2,106,677	640,000
Hedging Purpose Derivative Financial Assets	2,422,837	850,678
Total		
Contingent liabilities	228,376	77,081
Commitments	555,380	107,950
Total	783,756	185,031
Total Credit Risk Sensitivity	3,206,593	1,035,709

IX. Explanations on transactions carried out on behalf of other parties and fiduciary assets

The Bank performs trading transactions on behalf of customers, and gives custody, administration and consultancy services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

SECTION FIVE

DISCLOSURES AND FOOTNOTES ON FINANCIAL STATEMENTS

I. Explanations and disclosures related to the assets

1. Information on Cash and Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL /Foreign Currency	3,245	12,859	1,344	12,394
Balances with the Central Bank of Turkey	74,458	152,823	5,411	36,112
Other	--	--	--	--
Total	77,703	165,682	6,755	48,506

1.1 Information related to the account of the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits	74,458	26,944	5,411	--
Unrestricted Time Deposits	--	--	--	--
Restricted Time Deposits	--	125,879	--	36,112
Total	74,458	152,823	5,411	36,112

According to the communiqué No: 2005/1 on "Reserve Deposits", the banks operating in Turkey are required to keep reserve deposit at the rates varying from 5% - 11% and denominated in TL for TL liabilities depending on maturities of liabilities and at the rate 6% - 11% and denominated mainly in EUR and USD for FC liabilities. Reserve deposits do not earn interest.

2. Information on financial assets at fair value through profit or loss:

2.1 Information on financial assets at fair value through profit and loss given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	5,967	756	3,011	622
Other	--	--	--	--
Total	5,967	756	3,011	622

Trading securities given as collateral represent those collaterals given to the Central Bank of Turkey, and ISE Clearing and Custody Bank (Takasbank) for liquidity, interbank money market, foreign exchange market and other transactions, as of balance sheets dates.

2.2 Financial assets at fair value through profit and loss subject to repurchase agreements

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	--	--	--	--
Bonds, Treasury Bills and Similar Marketable Securities	6,930	--	--	--
Total	6,930	--	--	--

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

2.3 *Positive differences relating to derivative financial assets held-for-trading*

<i>Derivative financial assets held-for-trading</i>	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	1,691	--	--	--
Swap Transactions	15,038	--	1,426	685
Futures Transactions	--	--	--	--
Options	13	1,071	3	199
Other	--	--	--	--
Total	16,742	1,071	1,429	884

3. **Information on Banks**3.1 *Information on banks*

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	122	18,781	20,012	53,334
Domestic	8	--	7	--
Foreign	114	18,781	20,005	53,334
Foreign head-offices and branches	--	--	--	--
Total	122	18,781	20,012	53,334

3.2 *Information on foreign banks*

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	6,920	58,749	3,781	8,961
USA, Canada	3,445	186	774	5,312
OECD Countries*	3,975	131	--	--
Off-shore banking regions	--	--	--	--
Other	--	--	--	--
Total	14,340	59,066	4,555	14,273

* OECD countries other than European Union countries, USA and Canada

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

	Current Period	Prior Period
Debt instruments	15,830	--
Quoted on Stock Exchange	15,830	--
Unquoted on Stock Exchange	--	--
Share certificates	14	14
Quoted on Stock Exchange	--	--
Unquoted on Stock Exchange	14	14
Impairment provision (-)	--	--
Total	15,844	14

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

5. Information on loans

5.1 Information on all types of loans and advances given to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	--	--	--	--
Corporate Shareholders	--	--	--	--
Individual Shareholders	--	--	--	--
Indirect Loans Granted to Shareholders	--	--	--	--
Loans Granted to Employees	366	--	216	--
Total	366	--	216	--

5.2 Information on the first and second group loans and other receivables including restructured or rescheduled loans:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and other Receivables	Restructured or Rescheduled	Loans and other Receivables	Restructured or Rescheduled
Non-specialized Loans	2,057,446	569	19,642	17,379
Discount Notes	42,869	--	--	--
Export Loans	169,919	--	1,925	--
Import Loans	--	--	--	--
Loans given to Financial Sector	191,815	--	--	--
Foreign Loans	--	--	--	--
Consumer Loans	250,576	569	13,809	4,993
Credit Card	489	--	--	--
Precious Metal Loans	--	--	--	--
Other	1,401,778	--	3,908	12,386
Specialized Loans	--	--	--	--
Other Receivables	--	--	--	--
Total	2,057,446	569	19,642	17,379

Until 30 November 2010, the Bank has adopted fair value hedge accounting in order to avoid the effects of fair value changes of a certain of long term loans in the market by matching a portion of its swap portfolio with its loan portfolio and profit and loss from these transactions have been accounted for in the income statement in accordance with the Uniform Chart of Accounts by the Bank. As of 30 November 2010, the Bank has ceased the fair value hedge accounting and started to amortize the fair value difference of the loans over their remaining lives.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

5.2 *Information on the first and second group loans and other receivables including restructured or rescheduled loans (continued)*

The overdue analysis of close monitoring loans;

Current Period	Commercial Loans	Consumer Loans	Total
31-60 days	936	8,566	9,502
61-90 days	364	3,181	3,545
Other	16,919	7,055	23,974
Total	18,219	18,802	37,021

Prior Period	Commercial Loans	Consumer Loans	Total
31-60 days	1,929	6,765	8,694
61-90 days	95	2,472	2,567
Other	8,188	5,803	13,991
Total	10,212	15,040	25,252

5.3 *Loans according to their maturity structure*

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	<i>Loans and other Receivables</i>	<i>Restructured or Rescheduled</i>	<i>Loans and other Receivables</i>	<i>Restructured or Rescheduled</i>
Short-term loans and other receivables	1,083,340	--	5,818	371
Non-specialized Loans	1,083,340	--	5,818	371
Specialized Loans	--	--	--	--
Other Receivables	--	--	--	--
Medium and long-term loans and other receivables	974,106	569	13,824	17,008
Non-specialized Loans	974,106	569	13,824	17,008
Specialized Loans	--	--	--	--
Other Receivables	--	--	--	--
Total	2,057,446	569	19,642	17,379

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(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

5.4 *Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel*

	Short-Term	Medium and Long Term	Total
Consumer Loans-TL	4,591	38,983	43,574
Real estate Loans	--	21,798	21,798
Vehicle Loans	12	980	992
General Purpose Loans	4,579	16,205	20,784
Other	--	--	--
Consumer Loans-Indexed to FC	--	225,746	225,746
Real estate Loans	--	217,313	217,313
Vehicle Loans	--	9	9
General Purpose Loans	--	8,424	8,424
Other	--	--	--
Consumer Loans-FC	--	--	--
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Individual Credit Cards-TL	413	--	413
Installment	--	--	--
Non installment	413	--	413
Individual Credit Cards-FC	26	--	26
Installment	--	--	--
Non installment	26	--	26
Loans Given to Employees-TL	71	247	318
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	71	247	318
Other	--	--	--
Loans Given to Employees - Indexed to FC	--	--	--
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Loans Given to Employees - FC	--	--	--
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Personnel Credit Cards - TL	48	--	48
Installment	--	--	--
Non installment	48	--	48
Personnel Credit Cards - FC	--	--	--
Installment	--	--	--
Non installment	--	--	--
Overdraft Loans-TL (Real Persons)	309	--	309
Overdraft Loans-FC (Real Persons)	--	--	--
Total	5,458	264,976	270,434

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

5.5 *Information on commercial loans with installments and corporate credit cards*

	Short Term	Medium or Long Term	Total
Installment Commercial Loans - TL	38,940	73,331	112,271
Real estate Loans	--	66	66
Vehicle Loans	161	3,089	3,250
General Purpose Loans	38,779	70,176	108,955
Other	--	--	--
Installment Commercial Loans – Indexed to FC	3,991	160,428	164,419
Real estate Loans	--	10,677	10,677
Vehicle Loans	40	1,338	1,378
General Purpose Loans	3,951	148,413	152,364
Other	--	--	--
Installment Commercial Loans - FC	--	--	--
Real estate Loans	--	--	--
Vehicle Loans	--	--	--
General Purpose Loans	--	--	--
Other	--	--	--
Corporate Credit Cards - TL	2	--	2
Installment	--	--	--
Non installment	2	--	2
Corporate Credit Cards - FC	--	--	--
Installment	--	--	--
Non installment	--	--	--
Overdraft Loans-TL (Legal Entities)	4,106	--	4,106
Overdraft Loans-FC (Legal Entities)	--	--	--
Total	47,039	233,759	280,798

5.6 *Loans according to borrowers*

	Current Period	Prior Period
Public	--	--
Private	2,095,036	626,134
Total	2,095,036	626,134

5.7 *Domestic and Foreign Loans*

	Current Period	Prior Period
Domestic Loans	2,095,036	626,134
Foreign Loans	--	--
Total	2,095,036	626,134

5.8 *Loans granted to subsidiaries and associates*

None.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

5.9 Specific provisions provided against loans

Specific Provisions (*)	Current Period	Prior Period
Loans and receivables with limited collectibility	261	299
Loans and receivables with doubtful collectibility	842	246
Uncollectible loans and receivables	3,624	6,809
Total	4,727	7,354

(*)3,100 TL of the Bank's fully-provision allocated non-performing loans were sold for 150 TL and after the completion of the procedures on 27 June 2011, the sale amount has been collected and those loans have been derecognized from non-performing loan account. Moreover, the loans having the net book value of 355 TL, the gross value of 474 TL have been sold for 369 TL and the difference between the sale amount and net book value of the loans has been recognized as revenue.

5.10 Information on non-performing loans

5.10.1 Information on loans and other receivables included in non-performing loans which are restructured or rescheduled

	Group III Loans and receivables with limited collectibility	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Current Period	166	--	98
(Gross Amounts before Specific Provisions)			
Restructured Loans and Other Receivables	166	--	98
Rescheduled Loans and Other Receivables	--	--	--
Prior Period	29	--	2,160
(Gross Amounts before Specific Provisions)			
Restructured Loans and Other Receivables	29	--	2,160
Rescheduled Loans and Other Receivables	--	--	--

5.10.2 Movement on non-performing loans

	Group III Loans and receivables with limited collectability	Group IV Loans and receivables with doubtful collectability	Group V Uncollectible loans and receivables
Balances at Beginning of Period	3,282	670	17,268
Additions (+)	10,249	78	341
Transfers from Other Categories of Non-Performing Loans (+)	--	7,278	2,874
Transfers to Other Categories of Non-Performing Loans (-)	7,278	2,874	--
Collections (-) (*)	1,535	2,948	7,359
Write-offs (-) (**)	--	1	3,677
Corporate and Commercial Loans	--	1	2,522
Retail Loans	--	--	1,154
Credit Cards	--	--	1
Other	--	--	--
Balances at End of the Period	4,718	2,203	9,447
Specific Provisions (-)	261	842	3,624
Net Balance on Balance Sheet	4,457	1,361	5,823

(*) Collections during the period include transfers from non-performing loans to close monitoring loans.

(**) 3,100 TL of the Bank's fully-provision allocated non-performing loans were sold for 150 TL and after the completion of the procedures on 27 June 2011, the sale amount has been collected and those loans have been derecognized from non-performing loan account. Moreover, the loans having the net book value of 355 TL, the gross value of 474 TL have been sold for 369 TL and the difference between the sale amount and net book value of the loans has been recognized as revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

5.10.3 Information on non-performing loans and other receivables in foreign currencies (*)

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period			
Balance as of the Period End	1,066	485	6,884
Specific Provisions (-)	53	80	2,539
Net Balance on Balance Sheet	1,013	405	4,345
Prior Period			
Balance as of the Period End	2,434	280	13,087
Specific Provisions (-)	146	35	4,724
Net Balance on Balance Sheet	2,288	245	8,363

(*) Information refers to non-performing foreign currency indexed loans.

5.10.4 Information regarding gross and net amounts of non-performing loans with respect to user groups

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period (Net)	4,457	1,361	5,823
Loans to Real Persons and Legal Entities (Gross)	4,718	2,203	9,447
Specific provisions (-)	261	842	3,624
Loans Granted to Real Persons and Legal Entities (Net)	4,457	1,361	5,823
Banks (Gross)	--	--	--
Specific provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Specific provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--
Prior Period (Net)	2,983	424	10,459
Loans to Real Persons and Legal Entities (Gross)	3,282	670	17,268
Specific provisions (-)	299	246	6,809
Loans to Real Persons and Legal Entities (Net)	2,983	424	10,459
Banks (Gross)	--	--	--
Specific provisions (-)	--	--	--
Banks (Net)	--	--	--
Other Loan and Receivables (Gross)	--	--	--
Specific provisions (-)	--	--	--
Other Loan and Receivables (Net)	--	--	--

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

5.11 Other explanations and disclosures

The explanation of the extension of payment schedules of credits and other receivables

- (i) Credits with one time change in payment schedule

	Loans with Extended Maturities					Total
	Until one month	1 - 3 Months	3-12 months	1- 5 years	More Than 5 Years	
Credits						
Amount	4,063	15,299	3,154	9,050	--	31,566
Quantity	2	1	3	10	--	16

There are not any loans for which the payment schedules are revised for more than once.

5.12 Liquidation policy for uncollectible loans and receivables

The Bank allocates 100% provision for uncollectible loans. If the Bank has collateral, non-performing loans and other receivables are collected through liquidation of these collaterals. In the absence of collateral, the Bank performs periodical market intelligence and tries to determine the assets acquired subsequently by the debtor and applies to the legal follow-up process.

5.13 Explanations related to write-off policy

In case of all necessary conditions based on the relevant regulation occur, all impaired loans are written-off by means of the Board of Directors' decision.

6. Information on held-to-maturity investments

None.

7. Information on associates

None.

8. Information on subsidiaries

None.

9. Information on entities under common control (Joint Ventures)

None.

10. Information on finance lease receivables

None.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

11. Information on derivative financial assets held for hedging purposes

11.1 Positive differences table of derivative financial assets held for hedging purposes

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	--	--	--	--
Cash Flow Hedge	--	--	--	--
Hedging of a Net Investment in Foreign Subsidiaries	--	--	--	--
Total	--	--	--	--

12. Information on tangible assets

Current Period	Vehicles	Other tangible assets (*)	Total
Cost			
Beginning Balance, 1 January 2011	339	21,606	21,945
Additions	31	8,584	8,615
Disposals	(253)	(2,207)	(2,460)
Ending Balance, 31 December 2011	117	27,983	28,100
Accumulated Depreciation			
Beginning Balance, 1 January 2011	(288)	(14,914)	(15,202)
Depreciation	(37)	(3,401)	(3,438)
Disposals	241	1,962	2,203
Ending Balance, 31 December 2011	(84)	(16,353)	(16,437)
Net Book Value, 31 December 2010	51	6,692	6,743
Net Book Value, 31 December 2011	33	11,630	11,663

(*) Other tangible fixed assets consist of leasehold improvements, office machinery, furniture and other movables.

Prior Period	Vehicles	Other tangible assets (*)	Total
Cost			
Beginning Balance, 1 January 2010	538	21,235	21,773
Additions	--	478	478
Disposals	(199)	(107)	(306)
Ending Balance, 31 December 2010	339	21,606	21,945
Accumulated Depreciation			
Beginning Balance, 1 January 2010	(440)	(12,916)	(13,356)
Depreciation	(47)	(2,061)	(2,108)
Disposals	199	63	262
Ending Balance, 31 December 2010	(288)	(14,914)	(15,202)
Net Book Value, 31 December 2009	98	8,319	8,417
Net Book Value, 31 December 2010	51	6,692	6,743

(*) Other tangible fixed assets consist of leasehold improvements, office machinery, furniture and other movables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

12.1 *If the amount of an allowance for the decrease in the value of a specific asset or the reversal from an allowance for the decrease in the value of a specific asset is significant in the financial statements*

12.1.1 *Events and conditions that resulted in an allowance or the reversal of an allowance for the decrease in the value of the asset*

None.

12.1.2 *Amount recorded or reversed in the financial statements*

None.

12.2 *Current year charge recorded in the financial statements as an allowance for the decrease in the value of a group of assets or income from the reversal of an allowance for the decrease in the value of a group of assets and events and conditions that caused them*

None.

13. Information on intangible assets

13.1 *Useful lives and amortization rates*

The useful life of an asset is determined by taking the asset's expected economic life, technical, technological or other kinds of obsolescence, and maintenance costs into account. The amortization rates used are in accordance with the useful lives of the underlying assets. The useful lives are determined as defined by TAS 38 "Intangible Assets".

The Bank's intangible assets, software programs, establishment and restructuring expenses, intangible rights, and their useful life is considered from 3 to 10 years.

13.2 *Amortization method used*

The depreciation charge for items remaining in the property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item remains in property and equipment account.

13.3 *Gross book value at period beginning and ending date and accumulated amortization*

	Current Period		Prior Period	
	Gross Book Value	Accumulated Amortization	Gross Book Value	Accumulated Amortization
Intangible Assets	33,478	27,404	27,761	25,717

(*) Includes the software and other intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

13.4 Movement table consisting of information between period beginning and period end

	Current Period	Prior Period
Cost		
Opening Balance , 1 January	27,761	26,701
Purchases	5,717	1,060
Closing Balance, 31 December	33,478	27,761
Accumulated Depreciation		
Beginning Balance, 1 January	(25,717)	(24,633)
Amortization Cost	(1,687)	(1,084)
Disposals	(27,404)	(25,717)
Closing Balance, 31 December		
Net Book Value, 31 December	6,074	2,044

13.5 *The carrying value, description and remaining useful life of significant intangible assets, if any,*
None.

13.6 *Information on intangible assets that have been purchased by government grants and originally have been accounted for by using the fair value principle*
None.

13.7 *Subsequent periods' valuation methodology for intangible assets that have been purchased by government grants in the past and originally have been accounted for by using the fair value principle*
None.

13.8 *Carrying value of intangible assets that are pledged or restricted in usage*
None.

13.9 *Amount of any commitments granted for the purchase of intangible assets*
None.

13.10 *In case of a revaluation, information on an asset by asset basis for intangible assets*
None.

13.11 *Total amount charged to income statement as research and development expense, if any,*
None.

13.12 *Information on goodwill*
None.

14. **Information on investment properties**
None.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

15. Information on deferred tax asset

15.1 Amount of deferred tax asset recognized in the balance sheet in respect of deductible temporary differences, unused tax losses and unused tax credits

As of 31 December 2011, the Bank has calculated the deferred tax asset as 20,472 TL by means of netting of carryforward tax losses, deductible temporary differences and taxable temporary differences (31 December 2010: 22,795 TL).

As of 31 December 2011, 21,078 TL (31 December 2010: 22,717 TL) of deferred tax asset consist of deferred tax asset from carry forward tax losses, and remaining tax bases are the differences between book value of asset and liabilities on the balance sheet as of 31 December 2011 and taxable value of them in accordance with tax legislation which will be considered in the calculation of the subsequent periods profit and losses. The deferred tax asset and liability are presented as net in the accompanying financial statements.

Current Period		
	Deferred Tax Base	Deferred Tax Asset/ Liability
Carry Forward Tax Losses	105,389	21,078
Financial Assets Valuation	(10,540)	(2,108)
Commission Income Collected as Cash	6,457	1,291
Benefit Severance and Unused Vacation Provision	2,010	402
Tangible Assets Base Differences	(1,841)	(368)
Prepaid Option Premium	883	177
Other Provisions	--	--
Deferred Tax Assets	102,358	20,472

Prior Period		
	Deferred Tax Base	Deferred Tax Asset/ Liability
Carry Forward Tax Losses	113,787	22,757
Financial Assets Valuation	3,947	789
Commission Income Collected as Cash	4,848	970
Benefit Severance and Unused Vacation Provision	1,882	376
Tangible Assets Base Differences	(1,847)	(369)
Prepaid Option Premium	--	--
Other Provisions	567	113
Deferred Tax Assets	123,184	24,636
Allowance for Deferred Tax		(1,841)
Deferred Tax Asset (net)		22,795

The movement of the current year and prior year deferred tax assets is shown below:

	Current Period	Prior Period
Deferred Tax Asset, 1 January	22,795	21,925
Deferred Tax Income / (Expense)	(2,754)	2,711
Deferred Tax Recognized Directly Under Equity	431	--
Allowance for Deferred Tax	--	(1,841)
Deferred Tax Asset	20,472	22,795

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

15.1 Amount of deferred tax asset recognized in the balance sheet in respect of deductible temporary differences, unused tax losses and unused tax credits (continued)

Expiration date of carry forward tax losses are shown below:

	Current Period	Prior Period
To be expired in 2011	--	6,898
To be expired in 2013	62,944	64,444
To be expired in 2014	19,837	19,837
To be expired in 2015	22,608	22,608
Total	105,389	113,787

The Bank utilized the carry forward tax losses of 8,694 TL for the temporary corporate tax calculations in the current year.

15.2 Amount and expiry date of deductible temporary differences, unused tax losses, unused tax credits for which no deferred tax asset is recognized in prior periods in the balance sheet

None.

15.3 Deferred tax asset resulting from the cancellation of the provision for impairment losses related to the deferred taxes

None.

16. Information on assets held for sale and non-current assets related to discontinued operations

As of 31 December 2011, the Bank has 6,270 TL assets held for sale (31 December 2010: 1,883 TL).

	Current Period
Opening Balance	1,883
Additions	6,508
Disposals	(1,520)
Transfers	(601)
Closing, Net Book Value	6,270

17. Information on other assets

Other assets do not exceed 10% of total assets excluding the off-balance sheet items.

17.1 Information on prepaid expenses, tax and similar items

As of 31 December 2011, total prepaid expenses are 1,301 TL (31 December 2010: 1,023 TL).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

II. Explanations and disclosures related to liabilities

1. Information on maturity structure of deposits

Current Period

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months -1 Year	1 Year and Over	Total
Saving Deposits	5,202	--	4,911	633,741	299,567	30,310	2,186	975,917
Foreign Currency								
Deposits	66,053	--	38,303	319,628	37,587	2,230	35,620	499,421
Residents in Turkey	59,155	--	37,551	314,517	36,495	1,876	751	450,345
Residents Abroad	6,898	--	752	5,111	1,092	354	34,869	49,076
Public Sector Deposits	--	--	--	--	--	--	--	--
Commercial Deposits	35,461	--	9,439	172,455	204,914	113,944	--	536,213
Other Ins. Deposits	238	--	--	--	--	--	--	238
Precious Metal Deposits	--	--	--	--	--	--	--	--
Interbank Deposits	751	--	16,753	21,212	--	--	--	38,716
Central Bank of Turkey	--	--	--	--	--	--	--	--
Domestic Banks	--	--	16,753	5,690	--	--	--	22,443
Foreign Banks	751	--	--	15,522	--	--	--	16,273
Special Finan.Inst.	--	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--	--
Total	107,705	--	69,406	1,147,036	542,068	146,484	37,806	2,050,505

Prior Period

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months -1 Year	1 Year and Over	Total
Saving Deposits	4,811	--	73,216	140,901	5,073	45	89	224,135
Foreign Currency								
Deposits	37,358	--	83,035	244,487	2,979	488	418	368,765
Residents in Turkey	36,270	--	80,033	241,358	2,979	488	418	361,546
Residents Abroad	1,088	--	3,002	3,129	--	--	--	7,219
Public Sector Deposits	--	--	--	--	--	--	--	--
Commercial Deposits	8,389	--	11,867	19,992	5	2,309	--	42,562
Other Ins. Deposits	33	--	65	--	--	--	--	98
Precious Metal Deposits	--	--	--	--	--	--	--	--
Interbank Deposits	844	--	--	113,864	--	--	--	114,708
Central Bank of Turkey	--	--	--	--	--	--	--	--
Domestic Banks	--	--	--	--	--	--	--	--
Foreign Banks	844	--	--	113,864	--	--	--	114,708
Special Finan.Inst.	--	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--	--
Total	51,435	--	168,183	519,244	8,057	2,842	507	750,268

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

1.1 Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance:

	Under the Guarantee of Deposit Insurance		Exceeding the limit of Deposit Insurance	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	166,620	89,304	805,016	134,831
Foreign Currency Saving Deposits	51,406	62,579	288,005	217,497
Other Deposits in the Form of Saving Deposits	--	--	--	--
Foreign Branches' Deposits Under Insurance of Foreign Authorities	--	--	--	--
Off-shore Banking Regions' Deposits Under Foreign Authorities' Insurance	--	--	--	--
Total	218,026	151,883	1,093,021	352,328

1.2 Saving deposits in Turkey are not covered by any insurance in any other countries since the Bank's headquarter is not located abroad.**1.3 Saving deposits that are not under the guarantee of deposit insurance fund**

	Current Period	Prior Period
Deposits and accounts in branches abroad	--	--
Deposits of ultimate shareholders and their close families	1,751	--
Deposits of chairman and members of the Board of Directors and their close families	3,223	--
Deposits obtained through illegal acts defined in the 282nd Article of the 5237 numbered Turkish Criminal Code dated 26 September 2004.	--	--
Saving deposits in banks established in Turkey exclusively for off shore banking activities	--	--

2. Information on derivative financial liabilities held for trading**2.1 Information on negative differences relating to derivative financial liabilities held for trading**

Trading Purpose Derivative Financial Liabilities	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	10,676	--	--	--
Swap Transactions	4,695	--	18,990	4,553
Futures Transactions	--	--	--	--
Options	--	944	--	--
Other	--	--	--	--
Total	15,371	944	18,990	4,553

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

3. Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Central Bank of Turkey	--	--	--	--
From Domestic Banks and Institutions	1,115	1,638	436	2,138
From Foreign Banks, Institutions and Funds	--	27,003	--	--
Total	1,115	28,641	436	2,138

3.1 Maturity analysis of borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	1,115	28,641	436	2,138
Medium and Long Term	--	--	--	--
Total	1,115	28,641	436	2,138

3.2 Additional explanation related to the concentrations of the Bank's major liabilities:

In the scope of normal banking operations, the Bank funds itself through funds provided deposits and bank debts.

4. Other liabilities which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total:

Other liabilities do not exceed 10% of the balance sheet total excluding the off-balance sheet items.

5. Criteria used in the determination of lease installments in the finance lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts

As of 31 December 2011, the Bank has no finance leasing agreements.

5.1 Changes in agreements and further commitments arising

None.

5.2 Obligations under financial lease

None.

5.3 Information on operational leases

The Bank has operational lease agreements for some of its branches. If the rental payments is made in advance, the paid amount is accounted under prepaid expenses in "Other Assets", in the following months, the rental expenses belonging to those months are recorded in profit/loss accounts.

The Bank does not incur any liability as a result of any changes in operational lease agreements. The Bank does not have any obligation from operational lease agreements.

5.4 Information on "Sale-and-lease back" agreements

In the current period, there is no sale and lease back agreements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

6. Information on derivative financial liabilities for hedging purposes

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge	--	--	--	--
Cash Flow Hedge	--	--	--	--
Hedging of a Net Investment in Foreign Subsidiaries	--	--	--	--
Total	--	--	--	--

7. Information on provisions**7.1 Information on general provisions**

	Current Period	Prior Period
Provisions for First Group Loans and Receivables	21,013	6,199
Provisions for Second Group Loans and Receivables	869	407
Provisions for Non-Cash Loans	871	579
Other	--	--
Total	22,753	7,185

7.2 Foreign exchange losses on the foreign currency indexed loans and finance lease receivables

As of 31 December 2011, the foreign exchange losses on the foreign currency indexed loans amounting to 305 TL (31 December 2010: 1,048 TL) is net off from loans on the balance sheet.

7.3 The specific provisions provided for unindemnified non cash loans

As of 31 December 2011, the specific provisions provided for unindemnified non cash loans amount to 63 TL (31 December 2010: 13 TL).

7.4 Explanation on other provisions**7.4.1 Provisions for possible losses**

None.

7.4.2 The breakdown of the subsidiary accounts if other provisions exceed 10% of the grand total provisions

None.

7.4.3 Movement of employee termination benefits

	Current Period	Prior Period
Opening Balance	326	256
Current Service Cost	407	73
Interest Cost	19	15
Benefits paid	(429)	(18)
Closing Balance	323	326

As of 31 December 2011, the Bank has accounted a provision for unused vacation pay amounting to 2,010 thousand TL (31 December 2010: 1,882 thousand TL).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

8. Explanations on tax liabilities**8.1 Explanations on current tax liability****8.1.1 Explanations on tax provision**

As of 31 December 2011 and 2010, the Bank has no corporate tax liabilities.

8.1.2 Information on taxes payable

	Current Period	Prior Period
Corporate Tax Payable	--	--
Security Income Tax	1,856	693
Property Tax	93	67
BITT (Banking and Insurance Transactions Tax)	1,700	303
Foreign Exchange Transaction Tax	--	--
Value Added Tax Payable	65	66
Withholding Tax	920	477
Other	46	45
Total	4,680	1,651

8.1.3 Information on premiums

	Current Period	Prior Period
Social security premiums- employee	506	142
Social security premiums- employer	720	201
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	35	10
Unemployment insurance- employer	71	20
Other	--	--
Total	1,332	373

8.2 Explanations on deferred tax liabilities

None.

9. Information on liabilities regarding assets held for sale and discontinued operations

None.

10. Explanations on subordinated loans

None.

11. Information on shareholders' equity**11.1 Paid-in capital**

	Current Period	Prior Period
Common Stock	325,000	202,535
Preferred Stock	--	--

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

11.2 Paid-in capital amount, explanation as to whether the registered share capital system is applied at the bank; if so the amount of registered share capital ceiling:

Registered share capital system is not applied.

11.3 Information on share capital increases and their sources; other information on increased capital shares in current period

With the decision of Board of Directors dated on 14 January 2011, the capital has been increased by 122,465 TL to 325,000 TL.

Therefore, the main shareholder Credit Europe Bank N.V. has transferred 40,000 TL on 20 January 2011 and 82,465 TL on 23 February 2011 in total 122,465 TL for the capital increase. As of 15 March 2011 the increase was registered by the completion of the required legal approvals.

Capital Increase Date	Total Capital Increase Amount	Increase in Cash	Transfer from Profit Reserves	Transfer from Capital Reserves
15 Mart 2011	122,465 TL	122,465 TL	--	--

As of 20 September 2011, the Bank decided to increase its paid in capital by 41,000,000 Euro in terms of TL equivalent. The first tranche of the related increase, was transferred to the Bank on 10 October 2011 as 52,250 TL; the second tranche was transferred on 1 December 2011 as 49,400 TL. As of 31 December 2011, such capital payments are accounted under the "Sundry Creditors". Following the approval of BRSA, the extraordinary General Assembly was held on 26 January 2012 and the increase in paid in capital was registered. Accordingly, the Bank's capital has increased to 426,650 TL.

11.4 Information on share capital increases from revaluation funds

None.

11.5 Information on capital commitments the purpose and the sources until the end of the fiscal year and the subsequent interim period:

The capital is totally paid in and there are no capital commitments.

11.6 Indicators of the Bank's income, profitability and liquidity for the prior periods and possible effects of these future assumptions due to the uncertainty of these indicators on the Bank's equity:

None.

11.7 Information on privileges given to stocks representing the capital

None.

11.8 Common stock issue premiums, shares and equity instruments

None.

11.9 Information on marketable securities value increase fund

Information on marketable securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Investments in Associates, Subsidiaries and Joint Ventures	--	--	--	--
Valuation Difference on Financial Assets Available-for-Sale	--	(1,727)	--	--
Exchange Rate Difference	--	--	--	--
Total	--	(1,727)	--	--

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

11.10 Information on revaluation reserve

12,669 TL gain on sale of head office building at year 2008 had been recognized as income in accordance with Turkish Accounting Standards. With decision of the General Assembly dated 16 March 2009, 75% of the gain, which corresponds to 9,502 TL were decided to be transferred to a special funds account at the stage of distribution of profit for the year 2008 and it will not be transferred to any other account except for share capital for a 5-year period in order to benefit from the tax exemptions stated in Corporate Tax Law No: 5520, article 5/e. The Bank has transferred the amount to "Fixed Assets Revaluation Reserve" account.

11.11 Bonus shares of Subsidiaries, Associates and Joint Ventures

None.

11.12 Information on legal reserves

None.

11.13 Information on extraordinary reserves

None.

12. Information on minority shares

None.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

III. Explanations and disclosures related to off-balance sheet contingencies and commitments**1. Information on off-balance sheet commitments****1.1 Nature and amount of irrevocable loan commitments:**

	Current Period	Prior Period
Forward asset sale and purchase commitments	493,362	94,050
Credit card limit commitments	4,861	5,384
Commitments for promotion on credit cards and banking services	80	120
Commitment for cheques	19,425	6,083
Other irrevocable commitments	37,652	2,313
Total	555,380	107,950

1.2 Possible losses and commitments related to off-balance sheet items, including the ones listed below**1.2.1 Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits**

As of 31 December 2011, the Bank has letters of guarantee amounting to 181,203 TL and guarantees and sureties on letters of credit amounting to 47,173 TL.

As of 31 December 2010, the Bank has letters of guarantee amounting to 76,098 TL, guarantees and sureties on letters of credit amounting to 487 TL and bills of exchange and acceptances amounting to 496 TL.

	Current Period	Prior Period
Guarantee Letters FC	97,565	10,987
Guarantee Letters TL	83,638	65,111
Letters of Credit	47,173	487
Bills of Exchange and Acceptance	--	496
Total	228,376	77,081

1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies

	Current Period	Prior Period
Revocable Letters of Guarantee	30,496	17,712
Irrevocable Letters of Guarantee	114,469	52,435
Letters of Guarantee Given in Advance	15,590	196
Guarantees Given to Customs	976	3,590
Other Letters of Guarantee	19,672	2,165
Total	181,203	76,098

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans Given against Cash Loans	--	--
With Original Maturity of 1 Year or Less Than 1 Year	--	--
With Original Maturity of More Than 1 Year	--	--
Other Non-Cash Loans	228,376	77,081
Total	228,376	77,081

3. Information on sectoral risk concentrations of non-cash loans:

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
Agricultural	7,822	9.35	23,059	15.93	300	0.46	387	3.23
Farming and Raising Livestock	7,822	9.35	22,788	15.74	300	0.46	387	3.23
Forestry	--	--	271	0.19	--	--	--	--
Fishing	--	--	--	--	--	--	--	--
Manufacturing	10,013	11.97	35,148	24.28	9,770	15.00	3,298	27.56
Mining	2,700	3.23	8,207	5.67	313	0.48	20	0.17
Production	6,044	7.23	24,595	16.99	9,457	14.52	3,278	27.39
Electric, gas and water	1,269	1.51	2,346	1.62	--	--	--	--
Construction	46,246	55.29	61,936	42.79	29,128	44.74	6,385	53.34
Services	18,829	22.52	24,538	16.96	25,601	39.32	1,900	15.87
Wholesale and retail trade	--	--	1,091	0.75	3,004	4.61	587	4.90
Hotel, food and beverage Services	843	1.01	296	0.20	45	0.07	--	--
Transportation and telecommunication	1,606	1.92	12,762	8.82	1,276	1.96	--	--
Financial institutions	9,649	11.54	7,062	4.88	19,095	29.33	--	--
Real estate and renting services	24	0.03	--	--	24	0.04	--	--
Self-employment services	1,495	1.79	189	0.13	1,496	2.30	1,313	10.97
Education services	900	1.08	--	--	450	0.69	--	--
Health and social services	4,312	5.15	3,138	2.18	211	0.32	--	--
Other	728	0.87	57	0.04	312	0.48	--	--
Total	83,638	100.00	144,738	100.00	65,111	100.00	11,970	100.00

4. Information on the I and II group of non-cash loans

	I. Group		II. Group	
	TL	FC	TL	FC
Letters of guarantee	82,191	97,291	1,447	274
Bank acceptances	--	--	--	--
Letters of credit	--	47,173	--	--
Endorsements	--	--	--	--
Underwriting commitments	--	--	--	--
Factoring commitments	--	--	--	--
Other commitments and contingencies	--	--	--	--
Total	82,191	144,464	1,447	274

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

5. Information related to derivative financial instruments

	Current Period	Prior Period
Types of trading transactions		
Foreign Currency Related Derivative Transactions (I)	3,947,123	1,036,363
<i>Forward transactions</i>	431,709	22,385
<i>Swap transactions</i>	3,044,767	934,604
<i>Futures transactions</i>	--	--
<i>Option transactions</i>	470,647	79,374
Interest Related Derivative Transactions (II)	--	552,962
<i>Forward rate transactions</i>	--	--
<i>Interest rate swap transactions</i>	--	552,962
<i>Interest option transactions</i>	--	--
<i>Futures interest transactions</i>	--	--
Other Trading Derivative Transactions (III)	--	--
A. Total Derivative Transactions Held for Trading (I+II+III)	3,947,123	1,589,325
Types of hedging transactions		
Fair value hedges	--	--
Cash flow hedges	--	--
Net investment hedges	--	--
B. Total Derivative Transactions Held for Hedging Purposes	--	--
Total Derivative Transactions (A+B)	3,947,123	1,589,325

6. Explanations on contingent liabilities and assets

None.

7. Custodian and intermediary services

The Bank provides trading and safe keeping services in the name and account of third parties, which are presented in the statement of contingencies and commitments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

IV. Explanations and disclosures related to the income statement

1. Interest Income

1.1 Information on interest on loans (*)

	Current Period		Prior Period	
	TP	FC	TP	YP
Interest on loans				
Short Term Loans	89,949	10,219	16,920	898
Medium and Long Term Loans	44,333	16,415	45,236	215
Interest on Non-Performing Loans	765	--	771	--
Premiums received from Resource Utilization Support Fund	--	--	--	--
Total	135,047	26,634	62,927	1,113

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

1.2 Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	--	--	2,356	--
Domestic Banks	3,205	15	1,009	65
Foreign Banks	17	9	24	1
Branches and head office abroad	--	--	--	--
Total	3,222	24	3,389	66

1.3 Interest received from marketable securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading Securities	1,416	671	1,620	206
Financial Assets at Fair Value Through Profit or Loss	--	--	--	--
Financial Assets Available-for-sale	--	1,115	--	--
Investment Securities Held-to-maturity	--	--	--	--
Total	1,416	1,786	1,620	206

1.4 Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	--	--

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

2. Interest Expense

2.1 Information on interest on funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	1,343	12,180	24	41
The Central Bank of Turkey	--	--	--	--
Domestic Banks	22	26	24	41
Foreign Banks	1,321	12,154	--	--
Branches and Head Office Abroad	--	--	--	--
Other Financial Institutions	--	--	--	--
Total	1,343	12,180	24	41

2.2 Information on interest expenses to associates and subsidiaries

None.

2.3 Information on interest expenses to securities issued

None.

2.4 Distribution of interest expense on deposits based on maturity of deposits:

Account Name	Demand Deposits	Time Deposits					Accumulating Deposits	Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	1 year and over		
TL								
Bank Deposits	--	1,542	--	--	--	--	--	1,542
Saving Deposits	--	3,928	32,029	10,728	596	76	--	47,357
Public Sector Deposits	--	--	--	--	--	--	--	--
Commercial Deposits	--	1,348	10,642	4,813	1,807	180	--	18,790
Other Deposits	--	28	--	--	--	--	--	28
7 Days Call Accounts	--	--	--	--	--	--	--	--
Total	--	6,846	42,671	15,541	2,403	256	--	67,717
FC								
Foreign Currency Deposits	3	1,280	10,592	943	128	1,184	--	14,130
Bank Deposits	--	2,225	--	--	--	--	--	2,225
"7 Days Call" Accounts	--	--	--	--	--	--	--	--
Precious Metal Deposits	--	--	--	--	--	--	--	--
Total	3	3,505	10,592	943	128	1,184	--	16,355
Grand Total	3	10,351	53,263	16,484	2,531	1,440	--	84,072

3. Information on Dividend Income

None.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

4. Information on net trading income

	Current Period	Prior Period
Income	83,993	97,269
Gains on capital market operations	2,496	4,675
Gains on derivative financial instruments	64,871	81,806
Foreign exchange gains	16,626	10,788
Loss (-)	78,833	106,314
Losses on capital market operations	1,708	1,620
Losses on derivative financial instruments	58,763	91,031
Foreign exchange losses	18,362	13,663
Net Trading Income / Loss	5,160	(9,045)

5. Information on other operating income

In the current period, majority of the other operating income consists of 492 TL profit on sale of real estate, 101 TL gain on sale of movable fixed assets, 519 TL gain on sale of non-performing loans, 1,640 TL reversal of specific loan loss and other provision and 616 TL other income. For the period ended 31 December 2010 majority of the other operating income consists of 1,440 TL bonus premium reversal, 20 TL reversal of general loan loss provision, 1,134 TL gain on sale of real estate, 82 TL gain on sale of movable assets 1,207 TL reversal of specific provision and 373 TL of other income.

6. Impairment on loans and other receivables

	Current Period	Prior Period
Specific Provisions on Loans and Other Receivables:	2,680	2,631
III. Group Loans and Receivables	261	30
IV. Group Loans and Receivables	842	238
V. Group Loans and Receivables	1,577	2,363
Non-performing Commissions and Other Receivables	--	--
General Loan Loss Provisions	15,568	--
Free Provision for Probable Risks	--	--
Impairment Losses on Securities:	--	--
<i>Financial Assets at Fair Value Through Profit or Loss</i>	--	--
<i>Financial Assets Available-for-Sale</i>	--	--
Impairment Losses on Associates, Subsidiaries, Joint Ventures and Investment Securities Held to Maturity:	--	--
<i>Associates</i>	--	--
<i>Subsidiaries</i>	--	--
<i>Joint Ventures</i>	--	--
<i>Investments held to maturity</i>	--	--
Other	--	--
Total	18,248	2,631

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FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

7. Information related to other operational expenses

	Current Period	Prior Period
Personnel Expenses	34,696	24,495
Reserve for Employee Termination Benefits	--	70
Reserve for Bank's Social Aid Fund Deficit	--	--
Impairment Losses on Tangible Assets	--	--
Depreciation Charges of Tangible Assets	3,414	2,087
Impairment Losses on Intangible Assets	--	--
Amortization Charges of Intangible Assets	1,687	1,084
Impairment Losses on Investment Accounted for under Equity Method	--	--
Impairment of Assets to be Disposed	--	--
Depreciation of Assets to be Disposed	24	21
Impairment of Assets Held for Sale	--	--
Other Operating Expenses	18,815	13,414
Operational Leases Expenses	7,838	5,832
Repair and Maintenance Expenses	351	228
Advertisement Expenses	1,288	38
Other Expenses	9,338	7,316
Losses on Sale of Assets	195	--
Other	5,977	4,552
Total	64,808	45,723

8. Information on profit/loss before tax from continued and discontinued operations

All profit/loss before tax of the Bank is from ongoing operations. The Bank has no discontinued operations.

	Current Period	Prior Period
Interest Income	168,442	71,577
Interest Expense (-)	98,002	38,494
Net Fee and Commission Income	12,029	4,548
Trading Profit/Loss (Net)	5,160	(9,045)
Other Operational Income	3,368	4,256
Impairment Provision for Loans and Other Receivables (-)	18,248	2,631
Other Operational Expense (-)	64,808	45,723
Before Tax Profit/Loss	7,941	(15,512)

9. Information on tax provision for continued and discontinued operations**9.1 Current period taxation benefit or charge and deferred tax benefit or charge**

As of 31 December 2011, the Bank has recorded deferred tax loss amounting to 2,754 TL (31 December 2010: 870 TL tax benefit).

	Current Period	Prior Period
Deferred Tax Income/ (Expense)	(2,754)	2,711
Allowance for Deferred Tax	--	(1,841)
Net Deferred Tax Income	(2,754)	870

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

9.2 *Deferred tax benefit / (charge) arising from origination or reversal of temporary differences*

<i>Deferred tax benefit / (charge) arising from origination or reversal of temporary differences</i>	Current Period	Prior Period
Arising from Origination of Deductable Temporary Differences (+)	398	186
Arising from Reversal of Deductable Temporary Differences (-)	(6,953)	(3,295)
Arising from Origination of Taxable Temporary Differences (-)	(52)	--
Arising from Reversal of Taxable Temporary Differences (+)	2,459	1,280
Arising from Origination of Financial Losses (+)	3,133	4,540
Arising from Reversal of Financial Losses (-)	(1,739)	--
Arising from Origination of Tax Deductions and Exemptions (+)	--	--
Arising from Reversal of Tax Deductions and Exemptions (-)	--	--
Total	(2,754)	2,711
Allowance for deferred tax	--	(1,841)
Net deferred tax income	(2,754)	870

9.3 *Deferred tax benefit / (charge) arising from temporary differences, tax losses or unused tax credits*

Sources of deferred tax benefit/charge	Current Period	Prior Period
Arising from Origination (+)/ Reversal (-) of Deductable Temporary Differences	(6,555)	(3,109)
Arising from Origination (-)/ Reversal (+) of Taxable Temporary Differences	2,407	1,280
Arising from Origination (+)/ Reversal (-) of Tax Losses	1,394	4,540
Arising from Origination (+)/ Reversal (-) of Unused Tax Credits	--	--
Total	(2,754)	2,711
Allowance for deferred tax	--	(1,841)
Net deferred tax income	(2,754)	870

10. **Information on continuing and discontinued operations net profit/loss**

	Current Period	Prior Period
Continuing and discontinued operations profit before tax	7,941	(15,512)
Tax provisions for continuing and discontinued operations	(2,754)	870
Continuing and discontinued operations profit/loss	5,187	(14,642)

11. **Information on net profit and loss**11.1 *The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period*

In the current and prior periods, the Bank's income from ordinary banking transactions is interest income from loans and marketable securities and other banking service income. Core expense resources are interest expense of deposits and similar debt items which are funding resources of loans and marketable securities. The size and frequency of none of those items are important to make additional explanations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

11.2 *Changes in estimations made by the Bank with respect to the financial statement items do not have a material effect on profit/loss.*

11.3 *Because there is no minority share in shareholders' equity, there is no profit or loss from minority shares.*

12. **If "other" lines of the income statement exceeds 10% of the period profit/loss, information on components making up at least 20% of "other" items**

The balance of the "Other Fees and Commissions Received" in the Bank's current year income statement is 10,904 TL (31 December 2010: 4,646 TL), 6,994 TL of this balance is composed of the intermediary commission income.

V. Explanations and disclosures related to statements of changes in shareholders' equity

1. Information on inflation adjustment difference of shareholders' equity

Per the circular issued by the BRSA on 28 April 2005 and the decision of BRSA No: 1623 on 21 April 2005, the inflation accounting applied in banking system has been decided to be ceased as at 1 January 2005.

In accordance with the circular, 17,416 TL inflation adjustments to paid-in-capital until 31 December 2005 have been transferred to "Other Capital Reserves" account which was formerly recognized in "Inflation Adjustment to Paid-in-Capital" account.

2. Information on profit distribution:

None.

3. Information on foreign exchange difference:

None.

4. Information on available for sale financial assets

The arise of changes in the available sale of financial assets of profits/loss relating with the collection of money, the sale of asset and sacrificed situations does not in the income statement; it is recognised as Marketable Securities Revaluation Reserve under the shareholder's equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

VI. Explanations and disclosures related to the statement of cash flow**1. Information on cash and cash equivalents**

Cash and cash equivalents components and accounting policies defining these components:

Cash, foreign currency storage, money on road, purchased bank cheques and deposits in all banks including the Central Bank of Turkey are defined as "Cash", interbank money market placements with original maturity less than 3 months and investments on smarketable securities are defined as " Cash equivalents".

In the current period, 4,555 TL restricted demand account held in banks abroad due to derivative transactions and statutory reserves in the Central Bank of Turkey are not included as cash equivalent assets (31 December 2010: 14,273 TL).

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

	31 December 2010	31 December 2009
Cash	13,738	9,297
Banks and other financial institutions	64,455	220,479
Total cash and cash equivalents assets	78,193	229,776

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

	31 December 2011	31 December 2010
Cash	16,104	13,738
Banks and other financial institutions	115,750	64,455
Borrowings from Money Markets	(6,827)	--
Total cash and cash equivalents assets	125,027	78,193

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

None.

3. Information on other item in cash flow statement and the effect of the exchange rate change on cash and cash equivalents

"Other items" amounting to (30,554) TL in Operating profit before changes in operating assets and liabilities" consists of other operating expenses and realized derivative losses (31 December 2010: (18,846) TL).

"Net increase/decrease in other assets" amounting to (141) TL in "Changes in operating assets and liabilities" consists of changes in sundry debtors, other receivables (31 December 2010: (765) TL).

"Net increase/decrease in other liabilities" amounting to 10,329 TL in "Changes in operating assets and liabilities" consists of changes in sundry creditors, taxes and dues payable, other liabilities (31 December 2010: (2,629) TL).

Investment activities arised from net cash flow including "Other" account of (5,717) consists of intangible assets (31 December 2010: (1,060) TL).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

3. Information on other item in cash flow statement and the effect of the exchange rate change on cash and cash equivalents (continued)

The "Other" account amounting 101,650 TL under "Financing activities arised from cash flow" consists of the capital advance transferred to the Bank per decision of the board of directors as of 20 September 2011 for the increase of 41,000,000 Euro capital payments which has not been registered as at the balance sheet date (31 December 2010: None).

The change effect of exchange rate on cash and cash equivalents are shown in foreign exchange transactions profit/loss account. That gain/loss is shown in cash flow statement as "the effect of exchange rate changes on cash and cash equivalents".

VII. Explanations and disclosures on the risk group of the Bank**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****1.1 Current Period**

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	--	--	--	--	--	450
Balance at the End of the Period	--	--	9,857	10,847	--	999
Interest and Commission Income Received						
	--	--	10	3	--	--

(*) Described in 49. Article of the Banking Act: No: 5411

(**) Described in 48. Article of the Banking Act: No: 5411, including the credit of all transactions.

(***). Including the Bank's Risk Group and the balances of banks.

Prior Period

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Balance at the Beginning of the Period						
Balance at the End of the Period	--	--	207	792	1,002	811
Interest and Commission Income Received						
	--	--	--	--	--	450
Balance at the Beginning of the Period	--	--	18	--	--	--
Before Credit Europe N.V. , Risk group of BCP:						
Commission and Interest Income Received:	--	--	--	--	117	18

* Described in 49. Article of the Banking Act: No: 5411.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

1.2 Information on deposits to the Bank's risk group

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Deposits						
Balance at the Beginning of the Period	--	--	113,864	213,554	--	--
Balance at the End of the Period	--	--	379	113,864	94,824	--
Deposit Interest Expense	--	--	1,235	51	1,975	--
Before Credit Europe N.V. , Risk group of BCP:						
Deposit Interest Expense	--	--	--	1,166	--	--

(*) Described in 49. Article of the Banking Act No: 5411.

1.3 Information on forward and option agreements and similar agreements made with DFS Group's risk group

Bank's Risk Group (*)	Associates, Subsidiaries and Joint-Ventures		Bank's Direct and Indirect Shareholder		Other Real Persons and Legal Entities in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period(**)	Current Period	Prior Period
Transactions for Trading Purposes:						
Balance at the Beginning of the Period	--	--	757,317	857,632	--	--
Balance at the End of the Period	--	--	3,401,356	757,317	--	--
Total Income/Loss	--	--	1,147	149	--	--
Transactions for Hedging Purposes:						
Balance at the Beginning of the Period	--	--	--	940,641	--	--
Balance at the End of the Period	--	--	--	--	--	--
Total Income/Loss	--	--	--	--	--	--

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

(**) Profit/loss of financial derivative transactions to BCP Risk Group, previous main shareholder, is (7,131 TL).

2. Information on transactions with the Bank's risk group**2.1 Relations with entities in the risk group of / or controlled by the Bank regardless of the nature of relationship among the parties**

The terms of related party transactions are equivalent to those that prevail in arms length transactions only if such terms can be substantiated regarding the limits exposed by the Banking Act. Adopted Bank policy is that assets and liabilities will not be dominated by the risk group and the balances with the risk group will have a reasonable share in the total balance sheet.

2.2 In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other

As of 31 December 2011, the loans and other receivables used by the entities of risk group represent 0.4% of assets and the deposits of entities of risk group represent 3.8% of assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2011

(Amounts expressed in thousand Turkish Lira ("TL") unless otherwise stated.)

- 2.3 *Total of similar type of transactions together, unless a separate disclosure is required to present the effect of the transactions on financial statements*

None.

- 2.4 *Transactions accounted for under equity method*

None.

- 2.5 *Explanations on purchase and sale of real estate and other assets, sales and purchases of services, agency contracts, finance lease agreements, transfer of data obtained from research and development, licensing agreements, financing (including loans and cash and in-kind capital support), guarantees and promissory notes, and management contracts*

None.

VIII. Explanations on the Bank's domestic, foreign, off-shore branches or investments in associates and foreign representative offices

1. Information related to the Bank's domestic and foreign branch and representatives

	Number	Number of Employees			
Domestic Branch	21	438			
			Country of Incorporations		
Foreign Representative Offices			1-		
			2-		
			3-		
				Total Assets	Statutory Share Capital
Foreign Branch			1-		
			2-		
			3-		
Off-shore Banking Region Branches			1-		
			2-		
			3-		

IX. Events after the Reporting Period

As of 20 September 2011, the Bank decided to increase its paid in capital by 41,000,000 Euro in terms of TL equivalent. The first tranche of the related increase, was transferred to the Bank on 10 October 2011 as 52,250 TL; the second tranche was transferred on 1 December 2011 as 49,400 TL. As of 31 December 2011, such capital payments are accounted under the "Sundry Creditors". Following the approval of BRSA, the extraordinary General Assembly was held on 26 January 2012 and the increase in paid in capital was registered. Accordingly, the Bank's capital has increased to 426,650 TL.

On 2 December 2011, the Bank has been given permission by the BRSA for the purpose of issuing bond with a maturity up to 360-days and 150,000 TL limit. The offering circular has been approved by the Capital Markets Board on 10 January 2012 and it has been registered with the Istanbul Trade Register Office on 19 January 2012.

SECTION SIX

OTHER EXPLANATIONS RELATED TO THE BANK'S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON THE INDEPENDENT AUDITORS' REPORT

I. Explanations on the independent auditors' report

The financial statements and disclosures of the Bank were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (member of Deloitte Touche Tohmatsu Limited) and the audit report dated 6 February 2012 indicated that the accompanying financial statements present fairly, in all material respects, the financial position of Fibabanka A.Ş. as at 31 December 2011 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by BRSA..

II. Other footnotes and explanations prepared by the independent auditors

None.