

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

**Türkiye İş Bankası Anonim Şirketi**

**Unconsolidated Financial Statements**

**As of and For the Year Ended 31 December 2011**

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

**With Independent Auditors' Report Thereon**

Akis Bağımsız Denetim ve Serbest  
Muhasebeci Mali Müşavirlik AŞ

14 February 2012

*This report contains "Independent Auditors' Report"  
comprising 1 page and; "Unconsolidated Financial  
Statements and Related Disclosures and Footnotes"  
comprising 85 pages.*



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

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**Convenience Translation of the Independent Auditors' Report  
Originally Prepared and Issued in Turkish (See Note 1 in Part Three)**

**To the Board of Directors of Türkiye İş Bankası AŞ;**

We have audited the unconsolidated balance sheet of Türkiye İş Bankası AŞ ("the Bank") as of 31 December 2011 and the related unconsolidated income statement, statement of cash flows, statement of changes in shareholders' equity for the year then ended and a summary of significant accounting policies and notes to the financial statements.

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

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

Accompanying financial statements include a general reserve amounting to TL 950,000 thousands provided by the Bank management in line with conservatism principle considering the circumstances which may arise from any changes in economy or market conditions, and full amount of such provision had been recognized as expense in the prior periods.

In our opinion, except for the effect on the unconsolidated financial statements of the matter described in the fourth paragraph above, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of Türkiye İş Bankası AŞ as of 31 December 2011 and the result of its operations and cash flows for the year then ended in accordance with the accounting principles and standards as per the existing regulations described in Article 37 of (Turkish) Banking Law No 5411 and the statements, communiqués and guidances published by the BRSA on accounting and financial reporting principles.

İstanbul  
14 February 2012

Akis Bağımsız Denetim ve Serbest  
Muhasebeci Mali Müşavirlik  
Anonim Şirketi

Murat ALSAN

Partner, Certified Public Accountant

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

As explained in Note 1 in Part Three, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with the accounting principles and practices generally accepted in countries and jurisdictions other than Turkey.

**THE UNCONSOLIDATED FINANCIAL REPORT AS OF AND FOR THE YEAR ENDED  
31 DECEMBER 2011**

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The Unconsolidated Year End Financial Report prepared in accordance with the communiqué of “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks” as regulated by 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 FOOTNOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITORS’ REPORT

The unconsolidated financial statements and related disclosures and footnotes in this report are prepared, unless otherwise indicated, in thousands of the Turkish Lira (TL), in accordance with the Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related appendices and interpretations and the Bank’s financial records, and they have been subject to independent audit and presented as the attached.

<b>Aziz Ferit Eraslan</b> Head of Financial Management Division	<b>Mahmut Magemizoğlu</b> Deputy Chief Executive In Charge of Financial Reporting	<b>Adnan Bali</b> Chief Executive Officer	<b>Prof. Dr. Savaş Taşkent</b> Member of the Board and the Audit Committee	<b>Füsün Tümsavaş</b> Deputy Chairman of the Board of Directors and Chairman of the Audit Committee	<b>H. Ersin Özince</b> Chairman of the Board of Directors
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Information on the authorized personnel to whom questions related to this financial report may be directed.

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**TÜRKİYE İŞ BANKASI A.Ş.**

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

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**PART ONE: GENERAL INFORMATION ABOUT THE BANK****I. Explanations on the Establishment Date and Initial Status of the Bank, and History Including the Changes in the Former Status**

TÜRKİYE İŞ BANKASI A.Ş. (“the Bank”) was established on 26 August 1924 to operate in all kinds of banking activities and to initiate and/or participate in all kinds of financial and industrial sector undertakings when necessary. There is no change in the Bank’s status since its establishment.

**II. Explanations on the Capital Structure, Shareholders who Directly or Indirectly, Solely or Jointly Undertake the Management and Control of the Bank, any Changes in the Period, and Information on the Bank’s Risk Group**

According to the Central Registry Agency data as of 31 December 2011, 40.43% of the Bank’s shares are owned by T. İş Bankası A.Ş. Pension Fund, 28.09% are owned by the Republican People’s Party (Atatürk’s shares) and 31.48% are on free float.

**III. Explanations on the Chairman’s, Directors’, Auditors’, Chief Executive Officer’s and Deputy Chief Executives’ Shares, if any, and the Areas of their Responsibility at the Bank****Board of Directors and Auditors:**

<u>Name and Surname</u>	<u>Areas of Responsibility</u>
H. Ersin Özince	Chairman of the Board and the Remuneration Committee
Fusun Tümsavaş	Deputy Chairman, Chairman of the Audit Committee, TRNC Internal Systems Committee and the Risk Committee, Member of the Credit Committee
Adnan Bali	Chief Executive Officer and Director, Chairman of the Credit Committee, Member of the Risk Committee, Chairman of the Executive Committee
Prof. Dr. Savaş Taşkent	Director, Member of the Audit Committee, TRNC Internal Systems Committee and the Remuneration Committee
Hasan Koçhan	Director, Member of the Credit Committee
Aynur Dülger Ataklı	Director, Member of the Social Responsibility Committee
M. Mete Başol	Director, Alternate Member of the Credit Committee
Mustafa Kıcalıoğlu	Director
Aysel Tacer	Director, Member of the Social Responsibility Committee, Alternate Member of the Credit Committee
Hüseyin Yalçın	Director
Murat Vulkan	Director
A. Taciser Bayer	Auditor
Kemal Ağanoğlu	Auditor

**Chief Executive Officer and Deputy Chief Executives:**

<u>Name and Surname</u>	<u>Administrative Position</u>
Adnan Bali	Chief Executive Officer and Director, Chairman of the Credit Committee, Member of the Risk Committee, Chairman of Executive Committee
Özcan Türkakın	Equity Participations, Corporate Communications Management, Member of the Social Responsibility Committee and the Risk Committee*
Mahmut Magemizoğlu	Financial Management, Investor Relations, Managerial Reporting and Internal Accounting
Suat İnce	Corporate and Commercial Banking Marketing, Sales and Product Management, Free Zone Branches
Serdar Gençer	Banking Operations and Payment Operations, Retail Loan and Card Operations, Foreign Trade and Commercial Loan Operations, Internal Operations Management
Hakan Aran	Alternative Distribution Channels Operations, Alternative Distribution Channels Strategy, IT Architecture & Security, IT System and Service Delivery Management
Aydın Süha Önder	Legal Counsellorship, Credit Information and Financial Analysis, Commercial and Corporate Loans and Retail Loans Monitoring and Recovery Management
Levent Korba	Support Services and Purchasing, Construction and Real Estate Management, Branch Network Development
Ertuğrul Bozgedik	Corporate Loans, SME Loans, Commercial Loans and Consumer Loans Underwriting, Credit Risk Management and Portfolio Monitoring, Member of the Risk Committee
Yalçın Sezen	Consumer Loans, Card Payment Systems, Retail Banking Marketing, Sales and Product Management, Private Banking Marketing and Sale Management, Member of the Social Responsibility Committee
Rıza İhsan Kutlusoy	Human Resources, Enterprise Architecture, Strategy and Corporate Performance Management and Talent Management
A. Erdal Aral	International Banking, Branches Abroad and Foreign Representative Offices, Capital Markets Management
Senar Akkuş	Economic Research, Treasury Management, Member of the Risk Committee

\* Mr. Özcan Türkakın attends the meetings of the Risk Committee that are held on a consolidated basis.

The Bank’s shares attributable to the Directors and members of the Audit Committee, to the CEO and the Deputy Chief Executives are of minor importance.

**IV. Information on the Bank’s Qualified Shareholders**

<b>Name Surname/Company</b>	<b>Shares</b>	<b>Ownership</b>	<b>Paid-in Capital</b>	<b>Unpaid Capital</b>
T. İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı (İşbank Members’ Supplementary Pension Fund)	1,819,149	40.43%	1,819,149	
Cumhuriyet Halk Partisi – Republican People’s Party - (Atatürk’s Shares)	1,264,142	28.09%	1,264,142	

*Source: Central Registry Agency*

**V. Summary Information on the Bank’s Functions and Business Lines**

In line with the relevant legislation and principles stated in the Articles of Incorporation of the Bank, the Bank’s activities include operating in retail, commercial, corporate and private banking, foreign currency and money market operations, marketable securities operations, international banking services and other banking operations, as well as initiating or participating in all kinds of financial and industrial sector corporations as may be required.

**PART TWO: UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. BALANCE SHEET - ASSETS**

TÜRKİYE İŞ BANKASI A.Ş. UNCONSOLIDATED BALANCE SHEET (Statement of Financial Position)		Footnotes	THOUSAND TL					
			CURRENT PERIOD (31/12/2011)			PRIOR PERIOD (31/12/2010)		
			TL	FC	Total	TL	FC	Total
<b>I.</b>	<b>CASH AND BALANCES WITH THE CENTRAL BANK</b>	<b>V-I-1</b>	<b>5,064,102</b>	<b>8,672,803</b>	<b>13,736,905</b>	<b>3,990,261</b>	<b>4,532,364</b>	<b>8,522,625</b>
<b>II.</b>	<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)</b>	<b>V-I-2</b>	<b>678,902</b>	<b>897,109</b>	<b>1,576,011</b>	<b>476,313</b>	<b>256,553</b>	<b>732,866</b>
2.1	Financial Assets Held for Trading		678,902	897,109	1,576,011	476,313	256,553	732,866
2.1.1	Government Debt Securities		649,674	8,809	658,483	456,365	15,718	472,083
2.1.2	Equity Securities		54	0	54	54	0	54
2.1.3	Derivative Financial Assets Held for Trading		28,234	888,300	916,534	19,873	240,835	260,708
2.1.4	Other Marketable Securities		940	0	940	21	0	21
2.2	Financial Assets at Fair Value Through Profit and Loss		0	0	0	0	0	0
2.2.1	Government Debt Securities		0	0	0	0	0	0
2.2.2	Equity Securities		0	0	0	0	0	0
2.2.3	Loans		0	0	0	0	0	0
2.2.4	Other Marketable Securities		0	0	0	0	0	0
<b>III.</b>	<b>BANKS</b>	<b>V-I-3</b>	<b>240,095</b>	<b>2,014,241</b>	<b>2,254,336</b>	<b>184,289</b>	<b>3,000,829</b>	<b>3,185,118</b>
<b>IV.</b>	<b>MONEY MARKET PLACEMENTS</b>		<b>0</b>	<b>43,141</b>	<b>43,141</b>	<b>0</b>	<b>0</b>	<b>0</b>
4.1	Interbank Money Market Placements		0	43,141	43,141	0	0	0
4.2	Istanbul Stock Exchange Money Market Placements		0	0	0	0	0	0
4.3	Receivables from Reverse Repurchase Agreements		0	0	0	0	0	0
<b>V.</b>	<b>FINANCIAL ASSETS AVAILABLE FOR SALE (Net)</b>	<b>V-I-4</b>	<b>18,349,691</b>	<b>10,303,157</b>	<b>28,652,848</b>	<b>21,529,264</b>	<b>9,831,150</b>	<b>31,360,414</b>
5.1	Equity Securities		13,622	0	13,622	12,622	0	12,622
5.2	Government Debt Securities		18,336,069	7,705,475	26,041,544	21,516,642	6,300,788	27,817,430
5.3	Other Marketable Securities		0	2,597,682	2,597,682	0	3,530,362	3,530,362
<b>VI.</b>	<b>LOANS AND RECEIVABLES</b>	<b>V-I-5</b>	<b>58,803,727</b>	<b>32,816,911</b>	<b>91,620,638</b>	<b>43,826,943</b>	<b>20,404,735</b>	<b>64,231,678</b>
6.1	Loans and Receivables		58,803,727	32,816,911	91,620,638	43,826,943	20,404,735	64,231,678
6.1.1	Loans to the Bank's Risk Group		413,754	1,017,738	1,431,492	259,390	594,102	853,492
6.1.2	Government Debt Securities		0	0	0	0	0	0
6.1.3	Other		58,389,973	31,799,173	90,189,146	43,567,553	19,810,633	63,378,186
6.2	Non-Performing Loans		1,932,549	51,371	1,983,920	2,355,999	51,489	2,407,488
6.3	Specific Provisions (-)		1,932,549	51,371	1,983,920	2,355,999	51,489	2,407,488
<b>VII.</b>	<b>FACTORING RECEIVABLES</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>VIII.</b>	<b>INVESTMENTS HELD TO MATURITY (Net)</b>	<b>V-I-6</b>	<b>13,451,894</b>	<b>13,808</b>	<b>13,465,702</b>	<b>13,591,956</b>	<b>12,029</b>	<b>13,603,985</b>
8.1	Government Debt Securities		13,444,975	0	13,444,975	13,586,189	0	13,586,189
8.2	Other Marketable Securities		6,919	13,808	20,727	5,767	12,029	17,796
<b>IX.</b>	<b>INVESTMENTS IN ASSOCIATES (Net)</b>	<b>V-I-7</b>	<b>743,915</b>	<b>0</b>	<b>743,915</b>	<b>743,262</b>	<b>0</b>	<b>743,262</b>
9.1	Associates Accounted for Using the Equity Method		0	0	0	0	0	0
9.2	Unconsolidated Associates		743,915	0	743,915	743,262	0	743,262
9.2.1	Financial Investments		85,295	0	85,295	88,314	0	88,314
9.2.2	Non-Financial Investments		658,620	0	658,620	654,948	0	654,948
<b>X.</b>	<b>INVESTMENTS IN SUBSIDIARIES (Net)</b>	<b>V-I-8</b>	<b>5,327,210</b>	<b>203,892</b>	<b>5,531,102</b>	<b>5,479,297</b>	<b>41,480</b>	<b>5,520,777</b>
10.1	Unconsolidated Financial Subsidiaries		2,165,571	203,892	2,369,463	2,750,867	41,480	2,792,347
10.2	Unconsolidated Non-Financial Subsidiaries		3,161,639	0	3,161,639	2,728,430	0	2,728,430
<b>XI.</b>	<b>JOINTLY CONTROLLED ENTITIES (JOINT VENTURES) (Net)</b>	<b>V-I-9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
11.1	Jointly Controlled Entities Accounted for Using the Equity Method		0	0	0	0	0	0
11.2	Unconsolidated Jointly Controlled Entities		0	0	0	0	0	0
11.2.1	Jointly Controlled Financial Entities		0	0	0	0	0	0
11.2.2	Jointly Controlled Non-Financial Entities		0	0	0	0	0	0
<b>XII.</b>	<b>LEASE RECEIVABLES</b>	<b>V-I-10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
12.1	Finance Lease Receivables		0	0	0	0	0	0
12.2	Operating Lease Receivables		0	0	0	0	0	0
12.3	Other		0	0	0	0	0	0
12.4	Unearned Income (-)		0	0	0	0	0	0
<b>XIII.</b>	<b>DERIVATIVE FINANCIAL ASSETS HELD FOR RISK MANAGEMENT</b>	<b>V-I-11</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
13.1	Fair Value Hedges		0	0	0	0	0	0
13.2	Cash Flow Hedges		0	0	0	0	0	0
13.3	Net Foreign Investment Hedges		0	0	0	0	0	0
<b>XIV.</b>	<b>TANGIBLE ASSETS (Net)</b>	<b>V-I-12</b>	<b>1,856,865</b>	<b>2,969</b>	<b>1,859,834</b>	<b>1,829,496</b>	<b>2,389</b>	<b>1,831,885</b>
<b>XV.</b>	<b>INTANGIBLE ASSETS (Net)</b>	<b>V-I-13</b>	<b>63,677</b>	<b>0</b>	<b>63,677</b>	<b>32,619</b>	<b>0</b>	<b>32,619</b>
15.1	Goodwill		0	0	0	0	0	0
15.2	Other		63,677	0	63,677	32,619	0	32,619
<b>XVI.</b>	<b>INVESTMENT PROPERTY (Net)</b>	<b>V-I-14</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>XVII.</b>	<b>TAX ASSETS</b>	<b>V-I-15</b>	<b>488,613</b>	<b>0</b>	<b>488,613</b>	<b>715,338</b>	<b>0</b>	<b>715,338</b>
17.1	Current Tax Asset		0	0	0	0	0	0
17.2	Deferred Tax Asset		488,613	0	488,613	715,338	0	715,338
<b>XVIII.</b>	<b>ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	<b>V-I-16</b>	<b>59,803</b>	<b>0</b>	<b>59,803</b>	<b>53,955</b>	<b>0</b>	<b>53,955</b>
18.1	Held for Sale		59,803	0	59,803	53,955	0	53,955
18.2	Discontinued Operations		0	0	0	0	0	0
<b>XIX.</b>	<b>OTHER ASSETS</b>	<b>V-I-17</b>	<b>878,741</b>	<b>693,238</b>	<b>1,571,979</b>	<b>729,472</b>	<b>532,500</b>	<b>1,261,972</b>
	<b>TOTAL ASSETS</b>		<b>106,007,23</b>	<b>55,661,269</b>	<b>161,668,504</b>	<b>93,182,465</b>	<b>38,614,029</b>	<b>131,796,494</b>



**II. BALANCE SHEET – LIABILITIES AND SHAREHOLDERS' EQUITY**

TÜRKİYE İŞ BANKASI A.Ş. UNCONSOLIDATED BALANCE SHEET (Statement of Financial Position)		Footnotes	THOUSAND TL						
			CURRENT PERIOD (31/12/2011)			PRIOR PERIOD (31/12/2010)			
			TL	FC	Total	TL	FC	Total	
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>									
<b>I.</b>	<b>DEPOSITS</b>	V-II-1	<b>60,332,494</b>	<b>37,980,640</b>	<b>98,313,134</b>	<b>59,590,859</b>	<b>28,669,298</b>	<b>88,260,157</b>	
1.1	Deposits from the Bank's Risk Group		1,683,222	2,022,460	3,705,682	2,095,189	1,335,103	3,430,292	
1.2	Other		58,649,272	35,958,180	94,607,452	57,495,670	27,334,195	84,829,865	
<b>II.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING</b>	V-II-2	<b>457,587</b>	<b>400,295</b>	<b>857,882</b>	<b>393,432</b>	<b>323,844</b>	<b>717,276</b>	
<b>III.</b>	<b>FUNDS BORROWED</b>	V-II-3	<b>210,689</b>	<b>10,937,519</b>	<b>11,148,208</b>	<b>111,052</b>	<b>7,931,390</b>	<b>8,042,442</b>	
<b>IV.</b>	<b>MONEY MARKET FUNDS</b>		<b>13,591,180</b>	<b>5,869,890</b>	<b>19,461,070</b>	<b>6,409,126</b>	<b>3,749,764</b>	<b>10,158,890</b>	
4.1	Interbank Money Market Funds		0	0	0	0	0	0	
4.2	Istanbul Stock Exchange Money Market Funds		0	0	0	0	0	0	
4.3	Funds Provided Under Repurchase Agreements		13,591,180	5,869,890	19,461,070	6,409,126	3,749,764	10,158,890	
<b>V.</b>	<b>MARKETABLE SECURITIES ISSUED (Net)</b>	V-II-4	<b>2,828,447</b>	<b>952,974</b>	<b>3,781,421</b>	<b>0</b>	<b>0</b>	<b>0</b>	
5.1	Bills		1,809,005	0	1,809,005	0	0	0	
5.2	Asset-backed Securities		0	0	0	0	0	0	
5.3	Bonds		1,019,442	952,974	1,972,416	0	0	0	
<b>VI.</b>	<b>FUNDS</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
6.1	Funds Borrowed		0	0	0	0	0	0	
6.2	Other		0	0	0	0	0	0	
<b>VII.</b>	<b>MISCELLANEOUS PAYABLES</b>		<b>2,897,232</b>	<b>443,718</b>	<b>3,340,950</b>	<b>2,273,170</b>	<b>276,822</b>	<b>2,549,992</b>	
<b>VIII.</b>	<b>OTHER LIABILITIES</b>	V-II-6	<b>810,269</b>	<b>1,452,412</b>	<b>2,262,681</b>	<b>460,443</b>	<b>606,436</b>	<b>1,066,879</b>	
<b>IX.</b>	<b>FACTORING PAYABLES</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>X.</b>	<b>LEASE PAYABLES (Net)</b>	V-II-7	<b>0</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>3,168</b>	<b>3,168</b>	
10.1	Finance Lease Payables		0	12	12	2	3,412	3,414	
10.2	Operating Lease Payables		0	0	0	0	0	0	
10.3	Other		0	0	0	0	0	0	
10.4	Deferred Finance Lease Expenses (-)		0	7	7	2	244	246	
<b>XI.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES HELD FOR RISK MANAGEMENT</b>	V-II-8	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
11.1	Fair Value Hedges		0	0	0	0	0	0	
11.2	Cash Flow Hedges		0	0	0	0	0	0	
11.3	Net Foreign Investment Hedges		0	0	0	0	0	0	
<b>XII.</b>	<b>PROVISIONS</b>	V-II-9	<b>4,179,358</b>	<b>25,568</b>	<b>4,204,926</b>	<b>3,615,780</b>	<b>15,809</b>	<b>3,631,589</b>	
12.1	General Loan Loss Provision		1,245,245	0	1,245,245	699,489	0	699,489	
12.2	Provision for Restructuring		0	0	0	0	0	0	
12.3	Reserves for Employee Benefits		256,463	0	256,463	220,107	0	220,107	
12.4	Insurance Technical Reserves (Net)		0	0	0	0	0	0	
12.5	Other Provisions		2,677,650	25,568	2,703,218	2,696,184	15,809	2,711,993	
<b>XIII.</b>	<b>TAX LIABILITY</b>	V-II-10	<b>376,663</b>	<b>200</b>	<b>376,863</b>	<b>352,141</b>	<b>156</b>	<b>352,297</b>	
13.1	Current Tax Liability		376,663	200	376,863	352,141	156	352,297	
13.2	Deferred Tax Liability		0	0	0	0	0	0	
<b>XIV.</b>	<b>LIABILITIES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS</b>	V-II-11	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
14.1	Held for Sale		0	0	0	0	0	0	
14.2	Discontinued Operations		0	0	0	0	0	0	
<b>XV.</b>	<b>SUBORDINATED LOANS</b>	V-II-12	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	V-II-13	<b>17,783,863</b>	<b>137,501</b>	<b>17,921,364</b>	<b>16,958,369</b>	<b>55,435</b>	<b>17,013,804</b>	
16.1	Paid-in Capital		4,500,000	0	4,500,000	4,500,000	0	4,500,000	
16.2	Capital Reserves		2,989,279	137,501	3,126,780	4,106,103	55,435	4,161,538	
16.2.1	Share premium		3,694	0	3,694	3,694	0	3,694	
16.2.2	Share Cancellation Profits		0	0	0	0	0	0	
16.2.3	Marketable Securities Value Increase Fund		1,342,955	137,501	1,480,456	2,459,779	55,435	2,515,214	
16.2.4	Tangible Assets Revaluation Reserve		0	0	0	0	0	0	
16.2.5	Intangible Assets Revaluation Reserve		0	0	0	0	0	0	
16.2.6	Investment Property Revaluation Reserve		0	0	0	0	0	0	
16.2.7	Bonus Shares Obtained from Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		26,692	0	26,692	26,692	0	26,692	
16.2.8	Hedging Reserves (Effective Portion)		0	0	0	0	0	0	
16.2.9	Accumulated Revaluation Reserves on Assets Held for Sale and Discontinued Operations		0	0	0	0	0	0	
16.2.10	Other Capital Reserves		1,615,938	0	1,615,938	1,615,938	0	1,615,938	
16.3	Profit Reserves		7,627,097	0	7,627,097	5,370,056	0	5,370,056	
16.3.1	Legal Reserves		1,646,564	0	1,646,564	1,444,476	0	1,444,476	
16.3.2	Statutory Reserves		0	0	0	0	0	0	
16.3.3	Extraordinary Reserves		5,890,766	0	5,890,766	3,941,296	0	3,941,296	
16.3.4	Other Profit Reserves		89,767	0	89,767	-15,716	0	-15,716	
16.4	Profit or Loss		2,667,487	0	2,667,487	2,982,210	0	2,982,210	
16.4.1	Prior Years' Profit/Loss		0	0	0	0	0	0	
16.4.2	Current Year Profit/Loss		2,667,487	0	2,667,487	2,982,210	0	2,982,210	
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			<b>103,467,782</b>	<b>58,200,722</b>	<b>161,668,504</b>	<b>90,164,372</b>	<b>41,632,122</b>	<b>131,796,494</b>	

**III. OFF-BALANCE SHEET ITEMS**

TÜRKİYE İŞ BANKASI A.Ş. UNCONSOLIDATED OFF-BALANCE SHEET ITEMS  (FOOTNOTE: V-III)	Thousand TL					
	CURRENT PERIOD			PRIOR PERIOD		
	(31/12/2011)			(31/12/2010)		
	TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)</b>	<b>142,469,635</b>	<b>72,186,093</b>	<b>214,655,728</b>	<b>41,195,439</b>	<b>43,360,670</b>	<b>84,556,109</b>
<b>I. GUARANTEES AND SURETYSHIPS</b>	<b>9,940,271</b>	<b>15,909,734</b>	<b>25,850,005</b>	<b>6,541,670</b>	<b>8,740,933</b>	<b>15,282,603</b>
1.1.Letters of Guarantee	9,916,048	9,265,286	19,181,334	6,535,952	5,089,383	11,625,335
1.1.1.Guarantees Subject to State Tender Law	559,333	2,315,888	2,875,221	379,412	1,277,896	1,657,308
1.1.2.Guarantees Given for Foreign Trade Operations	935,015	1,817,872	2,752,887	609,497	602,145	1,211,642
1.1.3.Other Letters of Guarantee	8,421,700	5,131,526	13,553,226	5,547,043	3,209,342	8,756,385
1.2.Bank Acceptances	3,628	493,494	497,122	3,922	207,616	211,538
1.2.1.Import Letters of Acceptance	0	120,310	120,310	0	97,562	97,562
1.2.2.Other Bank Acceptances	3,628	373,184	376,812	3,922	110,054	113,976
1.3.Letters of Credit	0	5,170,468	5,170,468	0	3,105,943	3,105,943
1.3.1.Documentary Letters of Credit	0	3,723,602	3,723,602	0	2,229,048	2,229,048
1.3.2.Other Letters of Credit	0	1,446,866	1,446,866	0	876,895	876,895
1.4.Prefinancing Given as Guarantee	0	0	0	0	0	0
1.5.Endorsements	0	375,869	375,869	0	30,582	30,582
1.5.1.Endorsements to the Central Bank of Turkey	0	375,869	375,869	0	30,582	30,582
1.5.2.Other Endorsements	0	0	0	0	0	0
1.6.Purchase Guarantees for Securities Issued	0	0	0	0	0	0
1.7.Factoring Guarantees	0	0	0	0	0	0
1.8.Other Guarantees	20,595	604,617	625,212	1,796	307,409	309,205
1.9.Other Suretyships	0	0	0	0	0	0
<b>II. COMMITMENTS</b>	<b>115,399,439</b>	<b>8,951,920</b>	<b>124,351,359</b>	<b>22,803,118</b>	<b>5,263,789</b>	<b>28,066,907</b>
2.1.Irrevocable Commitments	24,623,465	8,742,236	33,365,701	22,803,118	5,234,610	28,037,728
2.1.1.Forward Asset Purchase Commitments	225,532	927,438	1,152,970	687,008	1,567,825	2,254,833
2.1.2.Forward Deposit Purchase and Sale Commitments	0	0	0	0	0	0
2.1.3.Capital Commitment for Associates and Subsidiaries	22,560	0	22,560	2,000	0	2,000
2.1.4.Loan Granting Commitments	5,075,187	4,392,620	9,467,807	4,086,957	998,996	5,085,953
2.1.5.Securities Underwriting Commitments	0	0	0	0	0	0
2.1.6.Commitments for Reserve Deposit Requirements	0	0	0	0	0	0
2.1.7.Commitments for Cheque Payments	4,914,758	0	4,914,758	4,323,938	0	4,323,938
2.1.8.Tax and Fund Liabilities from Export Commitments	10,283	0	10,283	7,297	0	7,297
2.1.9.Commitments for Credit Card Expenditure Limits	13,172,835	0	13,172,835	12,877,554	551,392	13,428,946
2.1.10. Commitments for Credit Cards and Banking Services Promotions	60,325	0	60,325	45,971	0	45,971
2.1.11. Receivables from Short Sale Commitments	0	0	0	0	0	0
2.1.12. Payables for Short Sale Commitments	0	0	0	0	0	0
2.1.13.Other Irrevocable Commitments	1,141,985	3,422,178	4,564,163	772,393	2,116,397	2,888,790
2.2.Revocable Commitments	90,775,974	209,684	90,985,658	0	29,179	29,179
2.2.1.Revocable Loan Granting Commitments	90,775,974	209,684	90,985,658	0	29,179	29,179
2.2.2.Other Revocable Commitments	0	0	0	0	0	0
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>17,129,925</b>	<b>47,324,439</b>	<b>64,454,364</b>	<b>11,850,651</b>	<b>29,355,948</b>	<b>41,206,599</b>
3.1. Derivative Financial Instruments held for risk management	0	0	0	0	0	0
3.1.1. Fair Value Hedges	0	0	0	0	0	0
3.1.2. Cash Flow Hedges	0	0	0	0	0	0
3.1.3 Net Foreign Investment Hedges	0	0	0	0	0	0
3.2. Derivative Financial Instruments Held for Trading	17,129,925	47,324,439	64,454,364	11,850,651	29,355,948	41,206,599
3.2.1.Forward Foreign Currency Buy/Sell Transactions	5,151,775	10,943,954	16,095,729	1,323,775	4,610,800	5,934,575
3.2.1.1. Forward Foreign Currency Buy Transactions	4,245,128	3,804,573	8,049,701	1,021,411	1,949,633	2,971,044
3.2.1.2. Forward Foreign Currency Sell Transactions	906,647	7,139,381	8,046,028	302,364	2,661,167	2,963,531
3.2.2. Currency and Interest Rate Swaps	10,810,872	29,472,744	40,283,616	8,450,412	21,497,348	29,947,760
3.2.2.1. Currency Swap Buy Transactions	756,791	7,465,220	8,222,011	336,480	7,368,992	7,705,472
3.2.2.2. Currency Swap Sell Transactions	3,734,081	4,596,002	8,330,083	4,493,932	3,142,558	7,636,490
3.2.2.3. Interest Rate Swap Buy Transactions	3,160,000	8,705,761	11,865,761	1,810,000	5,492,899	7,302,899
3.2.2.4. Interest Rate Swap Sell Transactions	3,160,000	8,705,761	11,865,761	1,810,000	5,492,899	7,302,899
3.2.3. Currency, Interest Rate and Security Options	1,167,278	6,140,040	7,307,318	2,076,464	3,247,800	5,324,264
3.2.3.1. Currency Call Options	583,639	793,540	1,377,179	1,593,482	663,410	2,256,892
3.2.3.2. Currency Put Options	583,639	793,540	1,377,179	482,982	1,764,510	2,247,492
3.2.3.3. Interest Rate Call Options	0	2,276,480	2,276,480	0	409,940	409,940
3.2.3.4. Interest Rate Put Options	0	2,276,480	2,276,480	0	409,940	409,940
3.2.3.5.Securities Call Options	0	0	0	0	0	0
3.2.3.6. Securities Put Options	0	0	0	0	0	0
3.2.4. Currency Futures	0	0	0	0	0	0
3.2.4.1.Currency Buy Futures	0	0	0	0	0	0
3.2.4.2. Currency Sell Futures	0	0	0	0	0	0
3.2.5. Interest Rate Futures	0	0	0	0	0	0
3.2.5.1.Interest Rate Buy Futures	0	0	0	0	0	0
3.2.5.2.Interest Rate Sell Futures	0	0	0	0	0	0
3.2.6.Other	0	767,701	767,701	0	0	0

**III. OFF-BALANCE SHEET ITEMS (continued)**

TÜRKİYE İŞ BANKASI A.Ş. UNCONSOLIDATED OFF-BALANCE SHEET ITEMS  (FOOTNOTE: V-III)	Thousand TL					
	CURRENT PERIOD (31/12/2011)			PRIOR PERIOD (31/12/2010)		
	TL	FC	Total	TL	FC	Total
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>	<b>136,572,691</b>	<b>38,312,322</b>	<b>174,885,013</b>	<b>102,765,981</b>	<b>21,661,516</b>	<b>124,427,497</b>
<b>IV. ITEMS HELD IN CUSTODY</b>	<b>43,979,161</b>	<b>7,494,506</b>	<b>51,473,667</b>	<b>32,031,771</b>	<b>5,238,125</b>	<b>37,269,896</b>
4.1. Customers' securities held	0	0	0	0	0	0
4.2. Investment securities held in custody	30,375,664	40,325	30,415,989	23,057,101	19,823	23,076,924
4.3. Checks received for collection	10,744,157	2,038,360	12,782,517	5,122,675	1,039,433	6,162,108
4.4. Commercial notes received for collection	1,667,021	2,889,767	4,556,788	2,581,619	2,437,765	5,019,384
4.5. Other assets received for collection	3,481	35,624	39,105	4,924	14,353	19,277
4.6. Assets received for public offering	2,541	0	2,541	68,166	0	68,166
4.7. Other items under custody	1,185,673	2,490,430	3,676,103	1,192,497	1,726,751	2,919,248
4.8. Custodians	624	0	624	4,789	0	4,789
<b>V. PLEDGED ITEMS</b>	<b>92,593,530</b>	<b>30,817,816</b>	<b>123,411,346</b>	<b>70,734,210</b>	<b>16,423,391</b>	<b>87,157,601</b>
5.1. Marketable securities	1,898,746	0	1,898,746	1,107,485	0	1,107,485
5.2. Guarantee notes	3,631,238	5,374,958	9,006,196	2,914,619	4,100,231	7,014,850
5.3. Commodity	23,095,518	1,271,742	24,367,260	15,091,219	32,799	15,124,018
5.4. Warranty	0	0	0	0	0	0
5.5. Real Estates	62,456,531	23,976,196	86,432,727	50,859,457	12,161,336	63,020,793
5.6. Other pledged items	1,511,497	137,099	1,648,596	761,430	73,387	834,817
5.7. Pledged items-depository	0	57,821	57,821	0	55,638	55,638
<b>VI. ACCEPTED BILL GUARANTEES AND SURETIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL OFF-BALANCE SHEET ITEMS (A+B)</b>	<b>279,042,326</b>	<b>110,498,415</b>	<b>389,540,741</b>	<b>143,961,420</b>	<b>65,022,186</b>	<b>208,983,606</b>

**IV. INCOME STATEMENT**

TÜRKİYE İŞ BANKASI A.Ş. INCOME STATEMENT		Footnotes	THOUSAND TL	
			CURRENT PERIOD (01/01-31/12/2011)	PRIOR PERIOD (01/01-31/12/2010)
<b>I.</b>	<b>INTEREST INCOME</b>	<b>V-IV-1</b>	<b>10,898,384</b>	<b>9,797,839</b>
1.1	Interest Income on Loans		7,133,625	5,947,788
1.2	Interest Income on Reserve Deposits		0	0
1.3	Interest Income on Banks		17,570	148,431
1.4	Interest Income on Money Market Placements		68	5,752
1.5	Interest Income on Marketable Securities Portfolio		3,721,515	3,667,042
1.5.1	Financial Assets Held for Trading		35,669	40,698
1.5.2	Financial Assets at Fair Value Through Profit and Loss		0	0
1.5.3	Financial Assets Available for Sale		1,973,494	1,994,148
1.5.4	Investments Held to Maturity		1,712,352	1,632,196
1.6	Finance Lease Income		0	0
1.7	Other Interest Income		25,606	28,826
<b>II.</b>	<b>INTEREST EXPENSE</b>	<b>V-IV-2</b>	<b>6,336,584</b>	<b>5,215,964</b>
2.1	Interest on Deposits		4,977,232	4,258,690
2.2	Interest on Funds Borrowed		229,383	511,177
2.3	Interest on Money Market Funds		883,289	434,702
2.4	Interest on Securities Issued		208,048	0
2.5	Other Interest Expense		38,632	11,395
<b>III.</b>	<b>NET INTEREST INCOME / EXPENSE (I - II)</b>		<b>4,561,800</b>	<b>4,581,875</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME / EXPENSE</b>		<b>1,428,583</b>	<b>1,236,425</b>
4.1	Fees and Commissions Received		1,594,367	1,351,579
4.1.1	Non-cash Loans		134,307	117,919
4.1.2	Other		1,460,060	1,233,660
4.2	Fees and Commissions Paid		165,784	115,154
4.2.1	Non-cash Loans		917	1,137
4.2.2	Other		164,867	114,017
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>V-IV-3</b>	<b>555,702</b>	<b>369,210</b>
<b>VI.</b>	<b>TRADING INCOME / LOSS (NET)</b>	<b>V-IV-4</b>	<b>306,073</b>	<b>134,630</b>
6.1	Gains/Losses on Securities Trading		115,987	514,410
6.2	Derivative Financial Transactions Gains/Losses		331,763	-71,046
6.3	Foreign Exchange Gains/Losses		-141,677	-308,734
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>V-IV-5</b>	<b>1,311,114</b>	<b>1,569,284</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME / EXPENSE (III+IV+V+VI+VII)</b>		<b>8,163,272</b>	<b>7,891,424</b>
<b>IX.</b>	<b>PROVISION FOR LOSSES ON LOANS AND OTHER RECEIVABLES (-)</b>	<b>V-IV-6</b>	<b>1,383,793</b>	<b>1,135,449</b>
<b>X.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>V-IV-7</b>	<b>3,481,199</b>	<b>3,203,123</b>
<b>XI.</b>	<b>NET OPERATING INCOME (VIII-IX-X)</b>		<b>3,298,280</b>	<b>3,552,852</b>
<b>XII.</b>	<b>AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER</b>		<b>0</b>	<b>0</b>
<b>XIII.</b>	<b>PROFIT/LOSS FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD</b>		<b>0</b>	<b>0</b>
<b>XIV.</b>	<b>NET MONETARY POSITION GAIN/LOSS</b>		<b>0</b>	<b>0</b>
<b>XV.</b>	<b>PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX (XI+...+XIV)</b>	<b>V-IV-8</b>	<b>3,298,280</b>	<b>3,552,852</b>
<b>XVI.</b>	<b>TAX PROVISION FOR CONTINUING OPERATIONS (±)</b>	<b>V-IV-9</b>	<b>630,793</b>	<b>570,642</b>
16.1	Current Tax Provision		296,063	782,865
16.2	Deferred Tax Provision		334,730	-212,223
<b>XVII.</b>	<b>NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS (XV±XVI)</b>	<b>V-IV-10</b>	<b>2,667,487</b>	<b>2,982,210</b>
<b>XVIII.</b>	<b>INCOME ON DISCONTINUED OPERATIONS</b>		<b>0</b>	<b>0</b>
18.1	Income on Assets Held for Sale		0	0
18.2	Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		0	0
18.3	Other Income on Discontinued Operations		0	0
<b>XIX.</b>	<b>EXPENSE ON DISCONTINUED OPERATIONS (-)</b>		<b>0</b>	<b>0</b>
19.1	Expense on Assets Held for Sale		0	0
19.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		0	0
19.3	Other Expense on Discontinued Operations		0	0
<b>XX.</b>	<b>PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX (XVIII-XIX)</b>		<b>0</b>	<b>0</b>
<b>XXI.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>0</b>	<b>0</b>
21.1	Current Tax Provision		0	0
21.2	Deferred Tax Provision		0	0
<b>XXII.</b>	<b>NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>		<b>0</b>	<b>0</b>
<b>XXIII.</b>	<b>NET PERIOD PROFIT/LOSS (XVII+XXII)</b>	<b>V-IV-11</b>	<b>2,667,487</b>	<b>2,982,210</b>
	Earnings Per Share (in full TL)		0.023710521	0.026508003

**V. STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY**

STATEMENT OF INCOME AND EXPENSE ITEMS ACCOUNTED UNDER SHAREHOLDERS' EQUITY	THOUSAND TL	
	CURRENT PERIOD (31/12/2011)	PRIOR PERIOD (31/12/2010)
<b>I. ADDITIONS TO MARKETABLE SECURITIES VALUE INCREASE FUND FROM FINANCIAL ASSETS AVAILABLE FOR SALE</b>	-585,510	64,235
<b>II. REVALUATION SURPLUS ON TANGIBLE ASSETS</b>	0	0
<b>III. REVALUATION SURPLUS ON INTANGIBLE ASSETS</b>	0	0
<b>IV. TRANSLATION ADJUSTMENT FOR FOREIGN CURRENCY TRANSACTIONS</b>	105,483	-6,511
<b>V. PROFIT/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR CASH FLOW HEDGES (Effective Portion of the Changes in Fair Value)</b>	0	0
<b>VI. PROFIT/LOSS ON DERIVATIVE FINANCIAL ASSETS HELD FOR NET FOREIGN INVESTMENT HEDGES (Effective Portion of the Changes in Fair Value)</b>	0	0
<b>VII. THE EFFECT OF CORRECTIONS OF THE ERRORS AND CHANGES IN THE ACCOUNTING POLICIES</b>	0	0
<b>VIII. OTHER INCOME AND EXPENSES RECOGNISED UNDER SHAREHOLDERS' EQUITY ACCORDANCE WITH TAS</b>	-557,253	1,133,427
<b>IX. DEFERRED TAX EFFECT OF REVALUATION AND VALUE INCREASES</b>	108,005	-7,404
<b>X. NET INCOME/EXPENSE DIRECTLY RECOGNISED UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)</b>	-929,275	1,183,747
<b>XI. PROFIT/LOSS FOR THE PERIOD</b>	<b>2,667,487</b>	<b>2,982,210</b>
1.1 Net Changes in the Fair Values of Marketable Securities (Transfer to Profit/Loss)	69,050	29,139
1.2 The Portion of Derivative Financial Assets Held for Cash Flow Hedges Reclassified in and Transferred to Income Statement	0	0
1.3 The Portion of Derivative Financial Assets Held for Net Foreign Investment Hedges Reclassified in and Transferred to Income Statement	0	0
1.4 Other	2,598,437	2,953,071
<b>XII. TOTAL PROFIT/LOSS RECOGNISED FOR THE PERIOD (X±XI)</b>	<b>1,738,212</b>	<b>4,165,957</b>

**VI. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

**TÜRKİYE İŞ BANKASI A.Ş. UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY																	
PRIOR PERIOD (31/12/2010)	Footnotes	Paid-in Capital	Paid-in Capital Inflation Adjustment	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Profit Reserves	Net Current Period Profit / (Loss)	Prior Period Profit / (Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares from Equity Participations	Hedge Reserves	Accumulated Rev. Reserve on Assets Held for Sale and Discontinued Oper.	Total Shareholders' Equity
<b>I. Beginning Balance</b>	V-V	3,079,639	1,977,491	3,694		1,274,405		3,468,758	-9,205		2,372,407	1,324,956		1,383			13,493,528
<b>II. Corrections Made According to TAS 8</b>																	
2.1.The Effect of Corrections of Errors																	
2.2.The Effect of Changes in Accounting Policies																	
<b>III. Adjusted Beginning Balance (I+II)</b>		3,079,639	1,977,491	3,694		1,274,405		3,468,758	-9,205		2,372,407	1,324,956		1,383			13,493,528
<b>Changes During the Period</b>																	
<b>IV. Increase/Decrease Due to Mergers</b>																	
<b>V. Marketable Securities Value Increase Fund</b>												1,190,258					1,190,258
<b>VI. Hedge Reserves (Effective Portion)</b>																	
6.1. Cash Flow Hedges																	
6.2. Net Foreign Investment Hedges																	
<b>VII. Revaluation Surplus on Tangible Assets</b>																	
<b>VIII. Revaluation Surplus on Intangible Assets</b>																	
<b>IX. Bonus Shares from Associates, Subsidiaries and Jointly Controlled Entities(Joint Ventures)</b>														26,692			26,692
<b>X. Translation Differences</b>									-6,511								-6,511
<b>XI. The Effect of Disposal of Assets</b>																	
<b>XII. The Effect of Reclassification of Assets</b>																	
<b>XIII. The Effect of Changes in the Equity of Subsidiaries on the Equity of the Bank</b>																	
<b>XIV. Capital Increase</b>		1,420,361	-361,553					-1,057,425						-1,383			
14.1.Cash																	
14.2.Internal Sources		1,420,361	-361,553					-1,057,425						-1,383			
<b>XV. Share Issue</b>																	
<b>XVI. Share Cancellation Profits</b>																	
<b>XVII. Paid-in-Capital Inflation Adjustment</b>																	
<b>XVIII. Other</b>																	
<b>XIX. Net Profit / Loss for the Period</b>										2,982,210							2,982,210
<b>XX. Profit Distribution</b>						170,071		1,529,963			-2,372,407						-672,373
20.1. Dividend Paid											-672,373						-672,373
20.2. Transfer to Reserves						170,071		1,529,963			-1,700,034						
20.3. Other																	
<b>Ending Balance (III+IV+V...+XVIII+XIX+XX)</b>		4,500,000	1,615,938	3,694		1,444,476		3,941,296	-15,716	2,982,210		2,515,214		26,692			17,013,804

**TÜRKİYE İŞ BANKASI A.Ş. UNCONSOLIDATED - STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continued)**

	STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes	Paid-in Capital	Paid-in Capital Inflation Adjustment	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Profit Reserves	Net Current Period Profit / (Loss)	Prior Period Profit / (Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Reserve	Bonus Shares from Equity Participations	Hedge Reserves	Accumulated Rev. Reserve on Assets Held for Sale and Discontinued Oper.	Total Shareholders' Equity
	CURRENT PERIOD (31/12/2011)																	
I.	<b>Beginning Balance</b>	V-V	4,500,000	1,615,938	3,694		1,444,476		3,941,296	-15,716		2,982,210	2,515,214		26,692			17,013,804
	Changes During the Period																	
II.	<b>Increases / Decreases Due to Mergers</b>																	
III.	<b>Marketable Securities Value Increase Fund</b>												-1,034,758					-1,034,758
IV.	<b>Hedge Reserves (Effective Portion)</b>																	
4.1	Cash-flow Hedge																	
4.2	Net Foreign Investment Hedges																	
V.	<b>Revaluation Surplus on Tangible Assets</b>																	
VI.	<b>Revaluation Surplus on Intangible Assets</b>																	
VII.	<b>Bonus Shares from Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)</b>																	
VIII.	<b>Translation Differences</b>									105,483								105,483
IX.	<b>The Effect of Disposal of Assets</b>																	
X.	<b>The Effect of Reclassification of Assets</b>																	
XI.	<b>The Effect of Changes in the Equity of Subsidiaries on the Equity of the Bank</b>																	
XII.	<b>Capital Increase</b>																	
12.1	Cash																	
12.2	Internal Sources																	
XIII.	<b>Share Premium</b>																	
XIV.	<b>Share Cancellation Profits</b>																	
XV.	<b>Paid-in-Capital Inflation Adjustment</b>																	
XVI.	<b>Other</b>																	
XVII.	<b>Net Profit / Loss for the Period</b>										2,667,487							2,667,487
XVIII.	<b>Profit Distribution</b>						202,088		1,949,470			-2,982,210						-830,652
18.1	Dividend Paid											-830,652						-830,652
18.2	Transfer to Reserves						202,088		1,949,470			-2,151,558						
18.3	Other																	
	<b>Ending Balance (I+II+III+...+XVI+XVII+XVIII)</b>		4,500,000	1,615,938	3,694		1,646,564		5,890,766	89,767	2,667,487		1,480,456		26,692			17,921,364

**VII. STATEMENT OF CASH FLOWS**

UNCONSOLIDATED STATEMENT OF CASH FLOWS	THOUSAND TL		
	Footnotes	CURRENT PERIOD (01/01 - 31/12/2011)	PRIOR PERIOD (01/01 - 31/12/2010)
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>	<b>V – VI</b>		
<b>1.1. Operating Profit Before Changes in Operating Assets and Liabilities</b>		<b>3,227,392</b>	<b>3,568,851</b>
1.1.1. Interest Received		10,738,853	9,786,662
1.1.2. Interest Paid		-6,056,019	-5,340,153
1.1.3. Dividend Received		134,255	127,402
1.1.4. Fees and Commissions Received		1,594,367	1,351,579
1.1.5. Other Income		60,479	703,929
1.1.6. Collections from Previously Written Off Loans and Other Receivables		1,007,257	947,193
1.1.7. Cash Payments to Personnel and Service Suppliers		-2,912,187	-2,530,845
1.1.8. Taxes Paid		-403,585	-817,217
1.1.9. Other		-936,028	-659,699
<b>1.2. Changes in Operating Assets and Liabilities</b>		<b>-10,458,390</b>	<b>-1,763,828</b>
1.2.1. Net (Increase) Decrease in Financial Assets Held for Trading		-200,053	-93,482
1.2.2. Net(Increase) Decrease in Financial Assets at Fair Value through Profit or Loss		0	0
1.2.3. Net (Increase) Decrease in Due From Banks		-4,001,252	958,406
1.2.4. Net (Increase) Decrease in Loans		-22,753,100	-17,517,994
1.2.5. Net (Increase) Decrease in Other Assets		-349,649	-415,833
1.2.6. Net Increase (Decrease) in Bank Deposits		-434,653	626,691
1.2.7. Net Increase (Decrease) in Other Deposits		5,534,009	15,620,597
1.2.8. Net Increase (Decrease) in Funds Borrowed		1,426,692	-1,264,410
1.2.9. Net Increase (Decrease) in Matured Payables		0	0
1.2.10. Net Increase (Decrease) in Other Liabilities		10,319,616	322,197
<b>I. Net Cash Provided From Banking Operations</b>		<b>-7,230,998</b>	<b>1,805,023</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Provided from / Used in Investing Activities</b>		<b>4,067,468</b>	<b>-5,368,382</b>
2.1. Cash Paid for Purchase of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-164,670	-111,947
2.2. Cash Obtained from Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		0	415,448
2.3. Tangible Asset Purchases		-250,144	-223,958
2.4. Tangible Asset Sales		223,536	280,975
2.5. Cash Paid for Purchase of Financial Assets Available for Sale		-15,446,766	-31,957,248
2.6. Cash Obtained from Sales of Financial Assets Available for Sale		19,226,639	26,685,943
2.7. Cash Paid for Purchase of Investment Securities Held to Maturity		-14,227	-2,640,303
2.8. Cash Obtained from Sales of Investment Securities Held to Maturity		493,100	2,182,708
2.9. Other		0	0
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided from / Used in Financing Activities</b>		<b>2,832,004</b>	<b>-688,439</b>
3.1. Cash Obtained from Funds Borrowed and Securities Issued		5,566,073	0
3.2. Cash Used for Repayment of Funds Borrowed and Securities Issued		-1,900,000	0
3.3. Equity Instruments		0	0
3.4. Dividends Paid		-830,652	-672,373
3.5. Payments for Finance Leases		-3,417	-16,066
3.6. Other		0	0
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>652,811</b>	<b>-70,624</b>
<b>V. Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III+IV)</b>		<b>321,285</b>	<b>-4,322,422</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>		<b>8,778,038</b>	<b>13,100,460</b>
<b>VII. Cash and Cash Equivalents at End of the Period (V+VI)</b>		<b>9,099,323</b>	<b>8,778,038</b>



**VIII. STATEMENT OF PROFIT DISTRIBUTION TABLE**

TÜRKİYE İŞ BANKASI A.Ş. STATEMENT OF PROFIT DISTRIBUTION TABLE	THOUSAND TL	
	CURRENT PERIOD (31/12/2011)	PRIOR PERIOD (31/12/2010)
<b>I.DISTRIBUTION OF CURRENT YEAR PROFIT <sup>(1)</sup></b>		
1.1. CURRENT PERIOD PROFIT	3,298,280	3,552,852
1.2.TAXES AND DUES PAYABLE (-)	630,793	570,642
1.2.1.Corporate Tax (Income Tax)	291,692	779,915
1.2.2.Income Tax Withholding	4,371	2,950
1.2.3.Other Taxes and Dues Payable <sup>(2)</sup>	334,730	-212,223
<b>A. NET PROFIT FOR THE PERIOD (1.1-1.2)</b>	<b>2,667,487</b>	<b>2,982,210</b>
1.3.PRIOR YEARS' LOSSES (-)	0	0
1.4.FIRST LEGAL RESERVES (-)	0	141,523
1.5. OTHER STATUTORY RESERVES (-)	0	1,880,445
<b>B. NET PROFIT ATTRIBUTABLE TO [(A-(1.3+1.4+1.5)]</b>	<b>2,667,487</b>	<b>960,242</b>
1.6.FIRST DIVIDEND TO SHAREHOLDERS (-)	0	270,000
1.6.1.To Owners of Ordinary Shares	0	269,998
1.6.2.To Owners of Preferred Shares	0	2
1.6.3.To Preferred Shares (Preemptive Rights)	0	0
1.6.4.To Profit Sharing Bonds	0	0
1.6.5.To Holders of Profit / Loss Share Certificates	0	0
1.7.DIVIDENDS TO PERSONNEL (-)	0	138,049
1.8.DIVIDENDS TO THE BOARD OF DIRECTORS (-)	0	1,726
1.9.SECOND DIVIDEND TO SHAREHOLDERS (-)	0	420,878
1.9.1.To Owners of Ordinary Shares	0	420,871
1.9.2. To Owners of Preferred Shares	0	3
1.9.3 To Preferred Shares (Preemptive Rights)	0	4
1.9.4.To Profit Sharing Bonds	0	0
1.9.5.To Holders of Profit / Loss Share Certificates	0	0
1.10.SECOND LEGAL RESERVES (-)	0	60,565
1.11.STATUTORY RESERVES (-)	0	0
1.12.EXTRAORDINARY RESERVES	0	69,024
1.13.OTHER RESERVES	0	0
1.14.SPECIAL FUNDS	0	0
<b>II. DISTRIBUTION FROM RESERVES</b>		
2.1.DISTRIBUTED RESERVES	0	0
2.2.SECOND LEGAL RESERVES (-)	0	0
2.3.DIVIDENDS TO SHAREHOLDERS (-)	0	0
2.3.1.To Owners of Ordinary Shares	0	0
2.3.2 To Owners of Preferred Shares	0	0
2.3.3. To Preferred Shares (Preemptive Rights)	0	0
2.3.4.To Profit Sharing Bonds	0	0
2.3.5.To Holders of Profit / Loss Share Certificates	0	0
2.4.DIVIDENDS TO PERSONNEL (-)	0	0
2.5.DIVIDENDS TO THE BOARD OF DIRECTORS (-)	0	0
<b>III. EARNINGS PER SHARE</b>		
3.1. TO OWNERS OF ORDINARY SHARES <sup>(3)</sup>	0.0237	0.0265
3.2. TO OWNERS OF ORDINARY SHARES (%)	59	66
3.3. TO OWNERS OF PREFERRED SHARES <sup>(3)</sup>	0	0
3.4. TO OWNERS OF PREFERRED SHARES (%)	0	0
<b>IV. DIVIDEND PER SHARE</b>		
4.1. TO OWNERS OF ORDINARY SHARES <sup>(3)</sup>	0	0.0061
4.2. TO OWNERS OF ORDINARY SHARES (%)	0	15
4.3. TO OWNERS OF PREFERRED SHARES <sup>(3)</sup>	0	0.0018
4.4. TO OWNERS OF PREFERRED SHARES (%)	0	18

(1) The decision for dividend payment is made at the Annual General Meeting. Annual General Meeting has not been held as of the reporting date.

(2) The amount included in Other Taxes and Dues Payable refers to Deferred Tax Income, which will not be included within the profit distribution.

(3) Expressed in full TL

**PART THREE: EXPLANATIONS ON ACCOUNTING POLICIES****I. Explanations on the Basis of Presentation****1. Basis of Presentation**

The unconsolidated financial statements and related disclosures and notes in this report are prepared in accordance with the Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards (“TFRS”), the Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks, and the other regulations, communiqués, disclosures and circulars related to the accounting and financial reporting principles published by the Banking Regulatory and Supervisory Agency (“BRSA”).

Accounting policies and measurement principles used in the preparation of the financial statements are presented in detail below:

**2. Additional paragraph for convenience translation to English**

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

**II. Explanations on the Usage Strategy of Financial Instruments and on Foreign Currency Transactions****1. The Bank’s Strategy for the Use of Financial Instruments**

The Bank’s main activities comprise private, retail, commercial and corporate banking, money market and securities market operations, as well as activities related to international banking services.

In conformity with the general liability structure of the banking system, the Bank’s liabilities are mainly composed of short-term deposits and other medium and long-term liabilities. The liquidity risk that may arise from this liability structure can be easily controlled through deposit continuity, as well as widespread network of the correspondent banks, market maker status (The Bank is one of the market maker banks) and by the use of liquidity facilities of the Central Bank of Turkey (“CBT”). As a result, the liquidity of the Bank and the banking system can be easily monitored. On the other hand, foreign currency liquidity requirements are met by the money market operations and currency swaps.

Most of the funds collected bear fixed-interest, and by monitoring the sectoral developments and the yields of alternative investment instruments, fixed and floating rate placements are made. High yielding Eurobonds and government debt securities portfolios are of sufficient quality and quantity to reduce the risk which may arise from the fluctuations in the interest rates.

Safety principle has always been the top priority in placements and the placements are focused on high yielding and low risk assets by considering their maturity structure. Accordingly, a pricing policy aiming at high return is implemented in the long-term placements and attention is paid to the maximum use of non-interest income generation opportunities. The Bank determines its lending strategy by taking into consideration the international and national economic data and expectations, market conditions, current and potential credit customers’ expectations and tendencies, and risks such as; interest rate, liquidity, currency and credit risks. Furthermore, in conformity with this strategy, the Bank acts within the legal limits in terms of asset-liability management.

Main growth targets for different asset classes are set by the long-term plans shaped along with budgeting; and the Bank takes the required positions against the short-term currency, interest rates and price fluctuations in accordance with these plans and the course of the market conditions.

Foreign currency, interest rate and price fluctuations in the markets are monitored instantaneously. While taking positions, in addition to the legal limits, the Bank’s own transaction and control limits are also effectively monitored in order to avoid limit overrides.

The Bank’s asset-liability management is executed by the Asset-Liability Management Committee, within the risk limits determined by the Board of Directors, in order to keep the liquidity risk, interest rate risk, currency risk and credit risk within certain limits depending on the equity adequacy and to maximize profitability.

**2. Explanations on Foreign Currency Transactions**

Foreign currency monetary assets and liabilities on the balance sheet are converted to Turkish Lira by using the prevailing exchange rates at the balance sheet date. Non-monetary foreign currency items measured at fair value are converted by the rates at the date of the fair value assessments. Exchange rate differences arising from the conversion of monetary items and the collections and payments in foreign currency are recognized in the income statement.

In accordance with “TAS 21-Effects of Changes In Foreign Exchange Rates”, net investments in non-domestic companies are considered as non-monetary items, measured on the basis of historical cost and converted to Turkish Currency at the currency rates at the transaction date, and also in accordance with “TAS 29-Financial Reporting In Hyperinflationary Economics”, the inflation adjusted value is calculated by using the inflation indices prevailing between the date of transaction and final date that the inflation adjustment is applied, 31 December 2004, and it is accounted by allocating provision amounts for any permanent impairment losses.

The financial statements of the Bank’s foreign branches are prepared in currencies (functional currency) prevailing in the economic environment that they operate in and expressed in TL, which is the functional currency of the Bank and the presentation currency of the financial statements. For the conversion of the assets and liabilities of the foreign branches to TL, end of period foreign currency closing rates are used, and for the conversion of income and expenses foreign currency rates on the transaction date are taken into account. The exchange rate differences arising from the conversion are recorded in the “Other Profit Reserves” account under the shareholders’ equity.

**III. Explanations on Investments in Associates and Subsidiaries**

Investments in associates and subsidiaries are recorded within the scope of “TAS 39-Financial Instruments: Recognition and Measurement”. Investments in subsidiaries, whose shares are traded in an active market (stock market), are shown in the financial statements with their fair values by taking into account their prices recorded in the related market (stock market). Investments in subsidiaries and associates, whose shares are not traded in an active market (stock market) are followed at their cost of acquisition and these assets are shown in the financial statements with their cost values after the deduction of, if any, impairment losses.

**IV. Explanations on Forward and Option Contracts and Derivatives Instruments**

The Bank’s derivative transactions predominantly consist of currency and interest rate swaps, forward foreign currency trading as well as currency and interest rate options. The Bank has no derivative products that are separated from the host contract.

Derivative transactions are carried at their fair values at the contract dates and the receivables and payables arising from these transactions are followed under off-balance sheet accounts. Derivative transactions are measured at their fair values in the reporting periods following their recording and the valuation differences are shown under the accounts, “Derivative Financial Assets Held for Trading” and “Derivative Financial Liabilities Held for Trading”, depending on the difference being positive or negative. Even though some derivative transactions economically provide risk hedging, since not all the necessary conditions are met for them to be defined as items suitable for financial risk hedging accounting, they are recognized as “held for trading purposes” within the scope of “TAS 39-Financial Instruments: Recognition And Measurement”. The valuation differences arising from the valuation of derivative transactions are associated with the income statement.

On the other hand, on the off-balance sheet table, the options that generate assets for the Bank are presented under “call options” line and the ones that generate liabilities are presented under “put options” line.

**V. Explanations on Interest Income and Expenses**

Interest income and expenses are recorded on accrual basis by using the effective interest method (the ratio which equalizes the future cash flows of a financial asset or liability to net present book value) within the framework of “TAS 39-Financial Instruments: Recognition And Measurement”.

As per the relevant legislation, accrued interests and other interest receivables on loans and other receivables that are classified as non-performing are cancelled and the relevant figures are recorded as interest income only when collected.

**VI. Explanations on Fee and Commission Income and Expenses**

Fee and commission income and expenses are recorded either on accrual basis or by using the effective interest rate method. Income gained in return for services rendered contractually or due to operations like sale or purchase of assets on behalf of a third party real person or corporate body are recorded in the income accounts in the period when they are collected.

**VII. Explanations on Financial Assets**

Financial assets comprise cash, contractual rights to obtain cash or another financial asset from or to exchange financial instruments with the counterparty, or the capital instrument transactions of the counterparty. According to the Bank management's purpose of holding, the financial assets are classified into four groups as "Financial Assets at Fair Value through Profit And Loss", "Financial Assets Available for Sale", "Investments Held to Maturity" and "Loans and Receivables".

**1. Cash and Banks**

Cash consists of cash in vault, foreign currency cash, money in transit, cheques purchased and precious metals. Foreign currency cash and banks are shown in the balance sheet by their amounts converted to TL at the foreign exchange rate on the balance sheet date. The carrying values of both the cash and banks are their estimated fair values.

**2. Marketable Securities****a. Financial Assets at Fair Value through Profit And Loss****a.1. Financial Assets Held for Trading**

Financial assets held for trading are those acquired for the purpose of generating profit from short term market fluctuations in prices or similar elements, or securities which are part of a portfolio set up to realize short term profit regardless of the purpose of acquisition.

Financial assets held for trading are recognized at their fair values in the balance sheet and thereafter carried at fair values. In cases where values that form the basis for the fair value do not exist in active market conditions, it is accepted that the fair value is not reliably determined and "amortized cost", calculated by the internal rate of return method, is taken into account as the fair value.

Any gains or losses resulting from such valuation are recorded in the profit and loss accounts. As per the explanations of the Uniform Code of Accounts (UCA), any positive difference between the historical cost and amortized cost of financial assets are booked under the "Interest Income" account, and in case the fair value of the asset is over the amortized cost, the positive difference is booked under the "Gains on Securities Trading" account. If the fair value is under the amortized cost, the negative difference is booked under the "Losses on Securities Trading" account. Any profit or loss resulting from the disposal of those assets before their maturity date is recognized within the framework of the same principles.

**a.2. Financial Assets at Fair Value through Profit and Loss**

Financial assets classified at fair value through profit and loss are financial assets which have not been acquired for trading purposes, but designated as at fair value through profit and loss on initial recognition. The recognition of such assets at fair value is accounted similar with the financial assets held for trading.

**b. Explanations on Financial Assets Available for Sale and Investments Held to Maturity****b.1. Explanations on Financial Assets Available for Sale**

Financial assets available for sale are non-derivative financial assets other than loans and receivables originated by the Bank, other than investments held to maturity and other than those classified at fair value through profit/loss. Initial recognition and the subsequent valuation of financial assets available for sale, including their transaction costs, is made on a fair value basis and the difference between the cost and the "amortized cost" calculated using the "Internal Rate of Return Method" is reflected to the profit/loss statement. In conditions where values that form the basis of fair value do not exist under active market conditions, it is deemed that the fair value is not reliably determined and the amortized cost calculated using the "Internal Rate of Return Method" is taken into account as the fair value. Unrealized profit and loss resulting from the changes in fair values of the financial assets available for sale, are not reflected to the income statement until the corresponding value of the financial asset is collected, the asset is sold, disposed of or impaired, rather they are recognized in the "Marketable Securities Valuation Differences" account under the shareholders' equity. In the event of collection of the value of the relevant asset or its disposal, the fair value differences accumulated in the shareholders' equity, resulting from market valuation are reflected to the income statement.

**b.2. Explanations on Investments Held to Maturity**

Investments held to maturity are non-derivative financial assets, other than loans and receivables originated by the Bank, and other than those which are classified at fair value through profit and loss at initial recognition and other than those which are defined as available for sale. These financial assets are held with the intention of being retained until the maturity date, and for which the required conditions, including the capability of being funded, are secured for holding until maturity, and they have a fixed maturity date or a maturity date that can be deemed fixed due to its determinable payments. Investments held to maturity, that are initially recorded at their fair values including the cost of transaction, are carried at amortized cost, calculated using the internal rate of return method, less any impairment losses. Interest income generated from investments held to maturity is accounted as "Interest Income" on the income statement.

There are no financial assets that have been previously classified as held to maturity investments but cannot be classified as held to maturity for two consecutive years due to "tainting" rules.

**3. Loans and Receivables**

Loans and receivables are financial assets, which are generated by providing funds, goods or services to the debtor, with fixed or determinable repayment schedules and which are not traded in an active market.

The initial recognitions of loans and receivables are made at the cost of acquisition and subsequent measurements are made at amortized cost, which is calculated using the internal rate of return method.

Retail and corporate loans that are followed under cash loans are accounted at original maturities, based on their contents, under the accounts defined by the Uniform Code of Accounts (UCA) and the Explanatory Manual.

Foreign currency indexed loans are converted to Turkish Lira at the rates prevailing at the opening date; they are followed under the Turkish Currency (TL) accounts, and amount of increases or decreases in the principal amount of the loans, depending on the exchange rate of the following periods being higher or lower than the ones on the lending date, are recognized in the profit/loss accounts. Repayment amounts are calculated at the exchange rate on the repayment date and the foreign exchange differences are reflected in the "Foreign Exchange Gains/Losses" account.

**VIII. Explanations on Impairment of Financial Assets**

At each balance sheet date, the Bank evaluates the carrying amount of its financial assets or a group of its financial assets to determine whether there is an objective indication if those assets have suffered an impairment loss. Where there is impairment, the Bank measures the related impairment amount.

A financial asset or a financial asset group incurs impairment loss only if there is an objective indicator related to the occurrence of one or more than one event (loss/damage event) subsequent to initial recognition of that financial asset; and such loss event (or events) causes an impairment loss as a result of the effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. Irrespective of the probability, no estimated loss that might arise from future events is recognized in the financial statements.

If there is an impairment loss in investments held to maturity, the amount of loss is measured as the difference between the book value and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate, and the book value of the asset shall be reduced by recognizing such loss. In the following periods, if the amount of impairment loss decreases, the previously recognized amount shall be reversed.

In case an available-for-sale financial asset, which is accounted at fair value and whose value increases and decreases are recognized directly in equity, is impaired, accumulated profit or loss that had been recognized directly in equity shall be removed from equity and recognized in period net profit or loss. If, in a subsequent period, the fair value of the related financial asset increases, the impairment loss is cancelled.

Loans are classified and followed in line with the provisions of the "Regulation on Identification of Loans and Other Receivables and Provisioning Against Them", published on the Official Gazette nr.26333 dated 1 November 2006. Specific provision is allocated for the total amount of loans and other receivables, which is deemed non-performing, without being restricted by the minimum legal requirements stated in the related regulation, and such specific provisions are recognized in the income statement. The provisions, which are released within the same year, are credited to the "Provision Expenses" account and the released parts of the provisions from the previous years are transferred to and recognized in the "Other Operating Income" account.

Apart from specific provisions, the Bank also allocates general loan loss provision against loans and other receivables, in line with the requirements set out in the regulation mentioned above.

**IX. Explanations on Offsetting Financial Instruments**

Financial assets and liabilities are offset when the Bank has a legally enforceable right to offset, and when the Bank has an intention of collecting or paying the net amount of related assets and liabilities or when the Bank has the right to offset the assets and liabilities simultaneously.

**X. 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 Provided Under Repurchase Agreements” account in liabilities, and interest expense accruals are calculated using the 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. Interest income accruals are calculated according to the internal rate of return method on the difference between the purchase and resale prices corresponding to the period designated by a reverse repo agreement.

**XI. Explanations on Non-current Assets Held for Sale and Discontinued Operations and Related Liabilities**

Assets held for sale are measured at the lower of the carrying value of assets and fair value less any cost incurred for disposal. Assets held for sale are not amortized and presented in the financial statements separately. An asset shall be classified as 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. Highly saleable condition requires a plan by the management regarding the sale of the asset to be disposed of (or else the group of assets), together with an active program for the determination of buyers as well as for the completion of the plan. Also the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. Various events and conditions may extend the completion period of the disposal more than a year. If such delay arises from any events and conditions beyond the control of the entity and if there is sufficient evidence that the entity has an ongoing disposal plan for these assets, such assets (or else group of assets) are continued to be classified as assets held for sale (or else group of assets).

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

**XII. Explanations on Goodwill and Other Intangible Assets**

As at the balance sheet date, The Bank does not have any goodwill in its accompanying unconsolidated financial statements.

The Bank’s intangible assets are composed of software programs. The purchased items are presented with their acquisition costs less the accumulated amortization and impairment provisions. In case there is an indication of impairment, the recoverable amount of the related intangible asset is estimated within the framework of “TAS 36– Impairment of Assets” and impairment provision is set aside in case the recoverable amount is below its acquisition cost.

The related assets are amortized by the straight-line method in 1-3 years. The amortization method and period are periodically reviewed at the end of each year.

**XIII. Explanations on Tangible Assets**

Tangible assets purchased before 1 January 2005, are presented in the financial statements at their inflation adjusted acquisition costs as of 31 December 2004, and the items purchased in the subsequent periods are presented at acquisition costs less accumulated amortization and impairment provisions. In case there is an indication of impairment, the recoverable amount of the related intangible asset is estimated within the framework of “TAS 36 – Impairment of Assets” and impairment provision is set aside in case the recoverable amount is below its acquisition cost.

Assets under construction for leasing or for administrative purposes or for other objectives, which are not presently determined, are amortized when they are ready for use.

The acquisition costs of tangible assets other than the land and construction in progress are amortized by the straight-line method, according to their estimated useful lives. The estimated useful life, residual amount and the method of amortization are reviewed every year for the possible effects of the changes that occur in the estimates and if there is any change in the estimates, they are recognized prospectively.

Assets acquired through finance lease are amortized at the estimated useful life or the leasing period, whichever is shorter.

Costs of operational lease development are amortized at equal amounts considering the period of benefit. Yet, in any case, the period of benefit cannot exceed the period of lease. In case the period of lease is indefinite or longer than 5 years, the amortization period is considered to be 5 years.

The difference between the sales proceeds arising from the disposal of tangible assets or the inactivation of a tangible asset and the book value of the tangible assets are recognized in the income statement.

Regular maintenance and repair costs incurred for tangible assets are recorded as expense.

There are no restrictions such as pledges, mortgages on tangible assets.

The depreciation rates used in amortization of tangible assets and their estimated useful lives are as follows:

	<b>Estimated Economic Life (Year)</b>	<b>Depreciation Rate</b>
Buildings	4-50	2-25%
Safe Boxes	2-50	2-50%
Other Movables	2-25	4-50%
Leased Assets	4-5	20-25%

#### **XIV. Explanations on Leasing Transactions**

Assets acquired through finance lease are capitalized by the lower of the fair values or the discounted values of the leasing payments and the total amount of leasing payments are recorded as liabilities while the interest amounts are recorded as deferred interest expense. Finance lease payments are separated as financial expense and principal amount payment, which provides a decrease in finance lease liability, thus helps a fixed rate interest on the remaining principal amount of the debt to be calculated. Within the context of the Bank's general borrowing policy, financial expenses are recognized in the income statement. Leased assets are recorded under "Tangible Assets" account and they are amortized by straight-line method.

The Bank conducts no leasing operations as a "Lessor".

Transactions related to operating lease are accounted as per the provisions of the relevant agreement and on accrual basis.

#### **XV. Explanations on Provisions and Contingent Liabilities**

Provision is set aside in the financial statements in case that a liability resulting from past events exists, that an outflow funds, which have economic use is probable in order to fulfill the liability and that the amount of the related liability can be estimated reliably.

The provision amount is calculated by estimating in the most reliable way the expense to be made as at the balance sheet date to fulfill the liability by considering the risks and uncertainties related to the liability.

In case the provision is measured by using the estimated cash flows required to fulfill the existing liability, the book value of the related liability is equal to the present value of the related cash flows.

In case there is no probability of resource outflow in order to fulfill the liability and that the amount of liability cannot be measured in a sufficiently reliable way, the liability is considered as "Contingent Liability" and information is provided thereon in the footnotes.

#### **XVI. Explanations on Contingent Assets**

Contingent assets consist of unplanned or other unexpected events that usually cause a probable entry of economic uses in the Bank. Since showing the contingent assets in the financial statements may result in the accounting of an income, which will never be generated, the related assets are not included in the financial statements, but on the other hand, if the entry of the economic uses of these assets in the Bank is probable, an explanation is made thereon in the footnotes of the financial statements. Nevertheless, the developments related to the contingent assets are constantly evaluated and in case the entry of the economic use in the Bank is almost certain, the related asset and the respective income are shown in the financial statements of the period in which the change occurred.

**XVII. Explanations on Liabilities Regarding Employee Benefits****1. Severance Indemnities and Short-Term Employee Benefits**

According to the related regulation and the collective bargaining agreements, the Bank is obliged to pay termination benefits for employees who retire, die, quit for their military service obligations, who have been dismissed as defined in the related regulation or (for the female employees) who have voluntarily quit within one year after the date of their marriage. Within the scope of “TAS 19-Employee Benefits”, the Bank allocates seniority pay provisions for employee benefits by estimating the present value of the probable future liabilities. The Bank also allocates provision for the unused paid vacation.

**2. Retirement Benefit Obligations**

Türkiye İş Bankası A.Ş. Emekli Sandığı Vakfı (“İşbank Pension Fund”), of which each Bank employee is a member, has been established according to the provisional Article 20 of the Social Security Act No. 506. As per provisional article nr.23 of the Banking Law Nr.5411, it is ruled that Bank pension funds, which were established within the framework of Social Security Act, will be transferred to the Social Security Institution, within 3 years after the publication of such law. Methods and principles related to transfer have been determined as per the Cabinet decision dated 30 November 2006 nr. 2006/11345. However, the related article of the act has been cancelled upon the President’s application dated 2 November 2005, by the Supreme Court’s decision dated 22 March 2007, nr. E.2005/39, K.2007/33, which was published on the Official Gazette dated 31 March 2007 and nr. 26479 and the execution decision was ceased as of the issuance date of the related decision.

After the justified decree related to cancelling the provisional article 23 of the Banking Law was announced by the Constitutional Court on the Official Gazette dated 15 December 2007 and nr.26731, Turkish Grand National Assembly started to work on establishing new legal regulations, and after it was approved at the General Assembly of the TGNA, the Law nr. 5754 “Emendating Social Security and General Health Insurance Act and Certain Laws and Decree Laws”, which was published on the Official Gazette dated 8 May 2008 and nr. 26870, came into effect. The new law decrees that the contributors of the bank pension funds, the ones who receive salaries or income from these funds and their rightful beneficiaries will be transferred to the Social Security Institution and will be subject to this Law within 3 years after the release date of the related article, without any need for further operation, and that the three-year transfer period can be prolonged for maximum 2 years by the Cabinet decision. The related three-year transfer period has been prolonged for 2 years by the Cabinet decision dated 14 March 2011, which was published on the Official Gazette dated 9 April 2011 and nr. 27900.

On the other hand, the application made on 19 June 2008 by the Republican People’s Party to the Constitutional Court for the annulment and motion for stay of some articles, including the first paragraph of the provisional article 20 of the Law, which covers provisions on transfers, was rejected in accordance with the decision taken at the meeting of the afore-mentioned court on 30 March 2011.

The above mentioned Law also states that;

- Through a commission constituted by the attendance of one representative separately from the Social Security Institution, Ministry of Finance, Turkish Treasury, State Planning Organization, Banking Regulation and Supervision Agency, Savings Deposit Insurance Fund, one from each pension fund, and one representative from the organization employing pension fund contributors, related to the transferred persons, the cash value of the liabilities of the pension fund as of the transfer date will be calculated by considering their income and expenses in terms of the lines of insurance within the context of the related Law, and technical interest rate of 9.8% will be used in the actuarial calculation of the value in cash,
- And that after the transfer of the pension fund contributors, the ones who receive salaries or income from these funds and their rightful beneficiaries to the Social Security Institution, these persons’ uncovered social rights and payments, despite being included in the trust indenture that they are subject to, will be continued to be covered by the pension funds and the employers of pension fund contributors.

In line with the new law, the Bank had an actuarial valuation made for the aforementioned pension fund as of 31 December 2011 and set aside additional provision for the difference between the amount of the actuarial and technical deficit in the actuarial report dated 16 January 2012 and the amount of provision set aside in the financial statements until the current period. The actuarial assumptions used in the related actuarial report are given in Part Five Note II-9.

Up to now, there has not been any deficit in Türkiye İş Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Sandığı Vakfı (İşbank Members’ Supplementary Pension Fund), which has been founded by the Bank employees in accordance with the rules of the Civil Code and which provides subsequent retirement benefits; and the Bank has made no payment for this purpose. It is believed that the assets of this institution are capable of covering its total obligations, and that it shall not constitute an additional liability for the Bank.



**XVIII. Explanations on Taxation****1. Corporate Tax:**

In accordance with Article nr. 32 of the Corporate Tax Law nr. 5520, 20% rate is used in the calculation of the corporate tax. As per the related law, temporary tax is calculated and paid quarterly in line with the principles of the Income Tax Law and at the corporate tax rate. The temporary tax payments are deducted from the current period's corporate tax. The temporary provisional tax for the end of the year 2011 will be paid in February 2012 and will be offset with the current period's corporate tax.

Tax expense is the total amount of current tax and deferred tax. Tax liability for the current period is calculated over the taxable part of the period profit. Taxable profit differs from the profit reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current taxes are shown in the financial tables by offsetting with prepaid taxes.

Within the framework of the Corporate Tax Law nr. 5520, 75% of the gains on the sale of the participation shares, which were held in the assets for a minimum of 2 whole years and 75% of the gains on the sale of immovables are exempt from tax provided that they are added to the capital as set forth by the Law or that they are kept in a special fund under liabilities for a period of 5 years.

**2. Deferred Tax:**

Deferred tax asset or liability is recognized by calculating the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit and this calculation is made by using the balance sheet liability method based on enacted tax rates. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The general provisions that are allocated for possible future risks are included in the tax base and they are not subject to deferred tax calculation. No tax assets or liabilities are recognized for the temporary timing difference that affects neither the taxable profit nor the accounting profit and that arises from the initial recognition in the balance sheet, of assets and liabilities, other than the goodwill and mergers.

The carrying values of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at enacted tax rates prevailing in the period when the assets are realized or liabilities are settled, and the tax is recorded as income or expense in the income statement. Nonetheless, if the deferred tax is related to assets directly associated with the equity in the same or different period, it is directly recognized in the equity accounts.

Deferred tax assets and liabilities are shown in financial tables by way of offsetting.

**3. Tax Practices in the Countries that Foreign Branches Operate:****Turkish Republic of Northern Cyprus (TRNC)**

According to the tax regulations in the Turkish Republic of Northern Cyprus, corporate gains are separately subject to 10% corporate tax and 15% income tax. The tax bases for companies are determined by adding the expenses that cannot be deducted according to TRNC regulations, to commercial gains and by subtracting exemptions and deductions from commercial gains. Income tax is paid in June, and corporate tax payment is made in two installments, in May and in October. On the other hand, withholding tax is paid in TRNC over interest income and similar gains of the companies. The relevant withholding tax payments are deducted from the corporate tax-payable. In the case the amount of the withholding tax collections is higher than the corporate tax payable, the difference is deducted from income tax payable.

**England**

Corporate gains are subject to 26% corporate tax in England. The relevant rate is applied to the tax base that is determined by adding the expenses that cannot be deducted due to the regulations, to commercial gains and by subtracting exemptions and deductions from commercial gains. On the other hand, if the tax base of the relevant year, is higher than the amount found by dividing 1,500,000 GBP (exact value), as specified in regulations, by the number of participations, in which the Bank has 75% or more share, plus one, the corporate tax payments are made as temporary tax payments in four installments in July and October of the relevant year and in January and April of the following year. Relevant temporary tax payments are deducted from the corporate tax that is finalized until the end of January of the second year following the relevant year. On the other hand, if the tax base is under the afore-mentioned threshold, corporate tax is paid by the end of January of the second year following the year that the profit is made.

**Bahrain**

Banks in Bahrain are not subject to tax according to the regulations of the country.

**The Republic of Iraq (Iraq)**

Corporate gains are subject to 15% income tax in Iraq. Income tax is accrued at the end of the year and paid in the following year to the related tax administration by the end of June, at the latest.

**4. Transfer Pricing:**

Transfer pricing is regulated through article 13 of Corporate Tax Law titled “Transfer Pricing through camouflage of earnings”. Detailed information for the practice regarding the subject is found in the “General Communiqué Regarding Camouflage of Earnings Through Transfer Pricing”.

According to the aforementioned regulations, in the case of making purchase or sales of goods or services with relevant persons/corporations at a price that is determined against “arm’s length principle”, the gain is considered to be distributed implicitly through transfer pricing and such distribution of gains is not subject to deductions in means of corporate tax.

**XIX. Additional Explanations on Borrowings**

The Bank resorts to obtaining funds from individuals and institutions residing domestically and abroad, as may be required, by way of resorting to borrowing instruments such as syndication, securitization, collateralized borrowing and issue of bonds/bills. Such transactions are at first carried at acquisition cost, and in the following periods they are valued at amortized cost measured by using the internal rate of return method.

**XX. Explanations on Share Certificates and Issues**

Costs incurred during the issue of shares are accounted as expenses.

Dividend payments are determined by the resolution of the General Assembly of Shareholders.

Weighted average number of shares outstanding is taken into account in the calculation of earnings per share. In case the number of shares increases by way of bonus issues as a result of the capital increases made by using the internal sources, the calculation of earnings per share is made by adjusting the weighted average number of shares, which were previously calculated as at the comparable periods. The adjustment means that the number of shares used in calculation is taken into consideration as if the bonus issue occurred at the beginning of the comparable period. In case such changes in the number of shares occur after the balance sheet date, but before the ratification of the financial statements to be published, the calculation of earnings per share are based on the number of new shares. The Bank’s earnings per share calculations taking place in the income statement are as follows.

	Current Period	Prior Period
Profit attributable to shareholders	2,667,487	2,982,210
Weighted average number of share certificates (‘000)	112,502,250	112,502,250
Earnings per share – in exact TL	0.023710521	0.026508003

**XXI. Explanations on Bank Acceptances and Bills of Guarantee**

The Bank’s acceptances and bills of guarantee are accounted concurrently with the payments by customers, and are shown as potential liabilities and commitments under off-balance sheet items.

**XXII. Explanations on Government Incentives**

The Bank has received no government incentives during the current or prior accounting periods.

**XXIII. Explanations on Segment Reporting**

Business segment is the part of an enterprise,

- which conducts business operations where it can gain revenues and make expenditures (including the revenues and expenses related to the transactions made with the other parts of the enterprise),
- whose operating results are regularly monitored by the authorities with the power to make decisions related to the operations of the enterprise in order to make decisions related to the funds to be allocated to the segment and to evaluate the performance of the segment, and
- which has its separate financial information.

Information on the Bank’s activity segmentation is given in Part Four Note XI.

**XXIV. Explanations on Other Issues**

None.

**PART FOUR: INFORMATION ON THE FINANCIAL STRUCTURE**

**I. Explanations on Capital Adequacy Standard Ratio**

The Bank’s capital adequacy standard ratio is 14.07%.

The capital adequacy standard ratio is calculated by risk weighting of risk-weighted assets and non-cash loans in accordance with the ratios in the relevant legislation, and by adding the Value at Market Risk which is determined by the Standard Method, and the Value at Operational Risk which is determined by the Basic Indicator Approach, to the risk-weighted assets.

**Information related to capital adequacy ratio:**

	Risk Weights						
	Bank Only						
	0%	10%	20%	50%	100%	150%	200%
<b>Value at Credit Risk</b>							
<b>Balance Sheet Items (Net)</b>	<b>31,139,072</b>		<b>2,874,638</b>	<b>17,454,001</b>	<b>75,411,974</b>	<b>1,340,825</b>	<b>2,905,123</b>
Cash	1,231,348		116				
Securities in Redemption							
Balances with the Central Bank of Turkey	5,689,128						
Balances with Domestic and Foreign Banks, Foreign Head Offices and Branches			2,010,947		242,952		
Interbank Money Market Placements	43,127						
Receivables from Reverse Repo Transactions							
Reserve Deposits	6,816,313						
Loans	3,270,203		442,100	17,081,852	65,183,980	1,340,825	2,905,123
Non-performing Loans (Net)							
Lease Receivables							
Financial Assets Available for Sale							
Investments Held to Maturity	11,752,085				20,322		
Receivables From Installment Sale of Assets					55		
Miscellaneous Receivables					1,119,947		
Interest and Income Accruals	1,735,986		23,012	372,149	799,774		
Investments in Associates, Subsidiaries and Jointly-Controlled Entities (Net)					6,275,017		
Tangible Assets					1,735,806		
Other Assets	600,882		398,463		34,121		
<b>Off Balance Sheet Items</b>	<b>128,098</b>		<b>2,447,221</b>	<b>781,943</b>	<b>22,011,235</b>		
Non-cash Loans and Commitments	128,098		1,388,564	781,943	21,684,253		
Derivative Financial Instruments			1,058,657		326,982		
<b>Non- Risk Weighted Accounts</b>							
<b>Total Risk Weighted Assets</b>	<b>31,267,170</b>		<b>5,321,859</b>	<b>18,235,944</b>	<b>97,423,209</b>	<b>1,340,825</b>	<b>2,905,123</b>

**Summary information about the bank only standard capital adequacy ratio:**

	Current Period	Prior Period
Value at Credit Risk (VaCR)	115,427,036	80,616,131
Value at Market Risk (VaMR)	5,773,788	5,525,375
Value at Operational Risk (VaOR)	11,275,425	10,715,692
Shareholders’ Equity	18,643,083	16,995,505
Shareholders’ Equity/ (VaCR+VaMR+VaOR)*100	14.07	17.55

## Information about the shareholders' equity items:

	Current Period	Prior Period
<b>CORE CAPITAL (TIER I)</b>		
<b>Paid-In Capital</b>	<b>4,500,000</b>	<b>4,500,000</b>
Nominal Capital	4,500,000	4,500,000
Capital Commitments (-)		
Paid-in Capital Inflation Adjustments	1,615,938	1,615,938
Share Premium	3,694	3,694
Share Cancellation Profits		
Legal Reserves	1,646,564	1,444,476
I. Legal Reserve (Turkish Commercial Code 466/1)	1,351,124	1,209,601
II. Legal Reserve (Turkish Commercial Code 466/2)	295,440	234,875
Other Legal Reserve Per Special Legislation		
Statutory Reserves		
Other Profit Reserves	89,767	-15,716
Extraordinary Reserves	5,731,242	3,941,296
Reserves Allocated by the General Assembly	5,298,144	3,290,176
Retained Earnings	433,098	651,120
Accumulated Loss		
Exchange Rate Difference on Foreign Currency Share Capital		
Legal, Statutory and Extraordinary Reserves Inflation Adjustments		
Profit	2,667,487	2,982,210
Net Current Period Profit	2,667,487	2,982,210
Prior Periods' Profit		
Provision for Possible Losses up to 25% of the Core Capital	950,000	950,000
Gain on Sale of Associates, Subsidiaries and Real Estates	159,524	
Primary Subordinated Loans up to 15% of the Core Capital		
Losses Excess of Reserves (-)		
Current Period Loss		
Prior Periods' Loss		
Leasehold Improvements (-)	117,892	113,754
Prepaid Expenses (-) (*)		97,176
Intangible Assets (-)	63,677	32,619
Deferred Tax Asset excess of 10% of the Core Capital (-)		
Limit Excesses as per Paragraph 3 of Article 56 of the Banking Law (-)		
<b>Total Core Capital</b>	<b>17,182,647</b>	<b>15,178,349</b>
<b>SUPPLEMENTARY CAPITAL (TIER II)</b>		
General Loan Loss Provision	1,245,245	699,489
45% of Movables' Revaluation Reserve		
45% of Immovables' Revaluation Reserve		
Bonus Shares of Associates, Subsidiaries and Jointly-Controlled Entities (Joint Ventures)	26,692	26,692
Primary Subordinated Loans Excluding the Portion included in the Core Capital		
Secondary Subordinated Loan		
45% of Marketable Securities Value Increase Fund (**)	453,973	1,131,846
Associates and Subsidiaries	777,974	1,028,738
Financial Assets Available for Sale	-324,001	103,108
Capital Reserves, Profit Reserves and Prior Periods' Profit/Loss Inflation Adjustments (excluding the inflation adjustments to legal reserves, status reserves and extraordinary reserves)		
<b>Total Supplementary Capital</b>	<b>1,725,910</b>	<b>1,858,027</b>

<b>TIER III CAPITAL</b>		
<b>CAPITAL</b>	<b>18,908,557</b>	<b>17,036,376</b>
<b>DEDUCTIONS FROM THE CAPITAL</b>	<b>265,474</b>	<b>40,871</b>
Investments in unconsolidated entities (domestic/foreign) of which the Bank Keeps 10% or More of the Shares and Operating in Banking and Financial Sectors		
Investments in entities (domestic/foreign) operating in Banking and Financial Sectors of which the Bank keeps the shares less than 10%, but exceeding 10% or more of the total core and supplementary capitals		
Loans to banks, financial institutions (domestic/foreign), holders of qualified shares in the form of secondary subordinated loan and debt instruments purchased from those parties qualified as primary or secondary subordinated loan		
Loans granted non-compliant with the articles 50 and 51 of the Banking Law	326	
Net book values of real estates exceeding 50% of the capital and of assets acquired against overdue receivables and held for sale as per article 57 of the Banking Law but retained more than five years	65,939	40,871
Others (***)	199,209	
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>18,643,083</b>	<b>16,995,505</b>

(\*) As per the "Regulation Amending the Regulation on Equities of Banks", published on the Official Gazette dated 10 March 2011 and nr. 27870, "Prepaid Expenses" have been removed from the items deducted from the core capital.

(\*\*) According to the related regulation, when calculating the supplementary capital, total balance amount is taken into consideration if the items subject to the Marketable Securities Value Increase Fund have a negative balance, and 45% of the balance amount is taken into consideration if their balance is positive.

(\*\*\*) It includes the deductions from the capital in accordance with the decision of the Banking Regulation and Supervision Agency dated 16 December 2010 and nr. 3980, published on the Official Gazette dated 18 December 2010 and no. 27789.

## II. Explanations on Credit Risk

1. Credit risk is defined as the possibility of incurring loss where the counterparty in a transaction, partially or completely fails to meet its contractual obligations in due time in an agreement with the Bank.

The Bank's position against the credit risk limits defined by the current legislation is monitored by the Board. Within this framework, loans extended to Risk Groups and the Bank's Risk Group, including the Bank; loans in high amounts and limitations regarding the shares in participations are monitored according to the limits determined in connection with the size of the shareholders' equity.

Credit risk limits of customers are determined depending on the financial situation and loan requirements of the borrowers, in strict compliance with the relevant banking legislation, within the framework of loan authorization limits of Branches, Regional Offices, Loan Divisions, the Deputy Chief Executives responsible for loans, the CEO, the Credit Committee and the Board of Directors. These limits may be changed as may be deemed necessary by the Bank. Moreover, all commercial credit limits are revised periodically, provided that each period does not exceed a year. Furthermore, the borrowers and borrower groups forming a large proportion of the overall placement are subject to risk limits in order to provide further minimization of potential risk.

The geographical distribution of borrowers is consistent with the concentration of industrial and commercial activities in Turkey.

The distribution of borrowers by sector is monitored closely for each period and sectoral risk limits have been determined to prevent concentration of risk in sectoral sense.

The credit-worthiness of customers is monitored on a consistent basis by using company rating and scoring models specially developed for this purpose, and the audit of statements of account received is assured to have been made in accordance with the provisions as stipulated by the relevant legislation.

Utmost importance is given to ensure that loans are furnished with collaterals. Most of the loans extended are collateralized by taking real estate, movable or commercial enterprise under pledge, promissory notes and other liquid assets as collateral, or by acceptance of bank letters of guarantee and individual or corporate guarantees.

2. There are certain control limits on forward transactions in terms of counter parties, and the risks taken for derivative instruments are evaluated along with other potential risks resulting from the market fluctuations.

3. As a result of the current level of customers' needs and the progress in the domestic market in this particular area, the Bank uses derivative transactions either for hedging or for commercial purposes.

Derivative instruments, which consist a remarkable volume, are monitored with consideration that they can always be liquidated in case of need.

4. Indemnified non-cash loans are considered as having the same risk weights as unpaid cash loans.

The rating and scoring systems applied by the Bank, includes detailed company analysis and enables rating of all companies and loans without any restrictions regarding credibility. Loans and companies, which have been renewed, restructured or rescheduled, are rated within the scope of this system. Specialized loans are evaluated by a special rating system, which is based on the credibility of the counterparty as well as the feasibility and risk analysis of the cash flows created mainly by the projects undertaken or the asset financed.

5. Lending transactions abroad are conducted by determining the country risks of related countries within the context of the current rating system and by taking the market conditions, country risks, and the relevant legal limitations into account. Furthermore, the credibility of banks and other financial institutions established abroad is examined within the framework of the rating system that has been developed and credit limits are assigned accordingly.

6. (i) The share of the Bank's receivables from the top 100 cash loan customers in the overall cash loan portfolio stands at 25% (31.12.2010: 26%).

(ii) The share of the Bank's receivables from the top 100 non-cash loan customers in the overall non-cash portfolio stands at 48% (31.12.2010: 43%).

(iii) The share of the Bank's cash and non-cash receivables from the top 100 loan customers in the overall cash and non-cash loans stands at 16% (31.12.2010: 14%).

Companies that are among the top 100 loan customers ranked according to cash, non-cash and total risks are leaders in their own sectors, the loans advanced to them are in line with their volume of industrial and commercial activity. A significant part of such loans is extended on a project basis, with their repayment sources being analyzed in accordance with the banking principles to be considered as satisfactory and associated risks are determined and duly covered by obtaining appropriate guarantees when deemed necessary.

7. The total value of the general provisions allocated for credit risk stands at TL 1,245,245.

8. The Bank measures the quality of its loan portfolio by applying different rating/scoring models on cash commercial/corporate loans, retail loans and credit cards. The breakdown of the rating/scoring results, which are classified as "Strong", "Standard" and "Below Standard" by considering their default features, is shown below.

The loans whose borrowers' capacity to fulfill their obligations is very good, are defined as "Strong", whose borrowers' capacity to fulfill its obligations in due time is reasonable, are defined as "Standard" and whose borrowers' capacity to fulfill their obligations is poor, are defined as "Below Standard".

	Current Period	Prior Period
Strong	34.26%	29.13%
Standard	55.06%	55.96%
Below Standard	8.74%	10.29%
Not Rated/Scored	1.94%	4.62%

*The table data comprises application rating/scoring results and in case the behavior rating/scoring results are taken into account, for the current period, strong becomes 40.39%, standard 49.68%, below standard 4.82% and not rated/scored becomes 5.11%.*

9. The net values of the collaterals of the closely monitored loans are given below in terms of collateral types and risk matches.

Type of Collateral	Current Period		Prior Period	
	Net Value of the Collateral	Loan Balance	Net Value of the Collateral	Loan Balance
Real Estate Mortgage (*)	542,046	542,046	641,534	641,534
Vehicle Pledge	80,534	80,534	103,281	103,281
Cash Collateral (Cash, securities pledge, etc.)	11,099	11,099	6,234	6,234
Pledge on Wages	72,823	72,823	46,991	46,991
Cheques & Notes	18,299	18,299	17,486	17,486
Other (Suretyship, commercial enterprise under pledge, commercial papers, etc.)	81,503	81,503	80,303	80,303
Non-collateralized		626,462		548,602
<b>Total</b>	<b>806,304</b>	<b>1,432,766</b>	<b>895,829</b>	<b>1,444,431</b>

(\*) The mortgage and/or pledge amounts on which third parties have priorities are deducted from the fair values of collaterals in expertise reports; and after comparing the results to the mortgage/pledge amounts and loan balances, the smallest figures are considered to be the net value of collaterals.

10. The net values of the collaterals of non-performing loans are given below in terms of collateral types and risk matches.

Type of Collateral	Current Period		Prior Period	
	Net Value of the Collateral	Loan Balance	Net Value of the Collateral	Loan Balance
Real Estate Mortgage (*)	426,461	426,461	493,930	493,930
Cash Collateral	26	26	54	54
Vehicle Pledge	89,065	89,065	137,220	137,220
Other (suretyship, commercial enterprise under pledge, commercial papers, etc.)	46,618	46,618	62,355	62,355

(\*)The mortgage and/or pledge amounts on which third parties have priorities are deducted from the fair values of collaterals in expertise reports, and after comparing the results to the mortgage/pledge amounts and loan balances the smallest figures are considered to be the net value of collaterals.

11. The aging analysis of the loans past due but not impaired is as follows:

Current Period	31-60 Days	61-90 Days	Total
Loans			
Corporate / Commercial Loans (*)	18,636	14,790	33,426
Consumer Loans (*)	22,181	10,340	32,521
Credit Cards	121,911	85,568	207,479
<b>Total (**)</b>	<b>162,728</b>	<b>110,698</b>	<b>273,426</b>

(\*)Related figures show only overdue amounts of installment based commercial loans and installment based consumer loans; the principal amounts of the loans which are not due as of the balance sheet date are equal to TL 183,818 and TL 187,103 respectively.

(\*\*)The balance of the loans that are classified as closely monitored although they are not past due or past due for less than 31 days is TL 788,419.

Prior Period	31-60 Days	61-90 Days	Total
Loans			
Corporate / Commercial Loans (*)	37,682	31,142	68,824
Consumer Loans (*)	26,038	13,633	39,671
Credit Cards	58,869	43,269	102,138
<b>Total (**)</b>	<b>122,589</b>	<b>88,044</b>	<b>210,633</b>

(\*)Related figures show only overdue amounts of installment based commercial loans and installment based consumer loans; the principal amounts which are not due as of the balance sheet date are equal to TL 274,745 and TL 185,211 respectively.

(\*\*)The balance of the loans that are classified as closely monitored although they are not past due or past due for less than 31 days is TL 773,842.

**12. Credit risk by types of borrowers and geographical concentration:**

	Loans to Individuals and Entities		Loans to Banks and Other Financial Institutions		Securities (*)		Other Loans (**)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Borrowers' Concentration</b>								
Private Sector	61,337,732	40,182,109	2,239,902	1,893,269	77,934	76,540	43,686,156	25,511,283
Public Sector	2,051,873	1,551,512			40,145,002	42,912,526	228,817	140,384
Banks			534,560	920,285	2,541,415	2,434,815	31,972,503	24,311,597
Retail Customers	25,456,571	19,684,503					15,928,048	15,760,930
Share Certificates					13,676	12,676	6,275,017	6,264,039
<b>Geographical Concentration</b>								
Domestic	87,596,202	60,711,111	2,635,509	2,438,798	40,367,902	42,102,858	66,666,019	47,905,991
European Union (EU)	452,000	104,470	54,734	341,708	2,356,312	3,286,363	28,812,455	22,317,143
OECD Countries (***)				232			1,468,981	926,270
Off-Shore Banking Regions		42,540		27	37,702	30,877		
USA, Canada	11,721	157					440,554	126,372
Other Countries	786,253	559,846	84,219	32,789	16,111	16,459	702,532	712,457
<b>Total</b>	<b>88,846,176</b>	<b>61,418,124</b>	<b>2,774,462</b>	<b>2,813,554</b>	<b>42,778,027</b>	<b>45,436,557</b>	<b>98,090,541</b>	<b>71,988,233</b>

(\*) Includes financial assets at fair value through profit or loss, financial assets available for sale and investments held to maturity.

(\*\*) Includes banks, money market operations, non-cash loans, commitments qua loans, investments in associates and subsidiaries, and derivative instruments.

(\*\*\*) OECD countries other than EU countries, USA and Canada.



**13. Information on geographical concentration:**

	<b>Assets (*)</b>	<b>Liabilities(**)</b>	<b>Non-Cash Loans</b>	<b>Fixed Capital Investments</b>	<b>Net Profit</b>
<b>Current Period</b>					
Domestic	149,258,525	119,010,982	24,343,834	13,622	2,487,117
European Union Countries	4,246,816	19,494,625	1,020,724	146,436 (***)	7,114
OECD Countries (****)	462,915	505,571	94,414		
Off-Shore Banking Regions	37,702				149,272
USA, Canada	206,513	2,334,732	26,766		
Other Countries	1,167,394	2,401,230	364,267	57,456(***)	23,984
Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)				6,071,125	
Unallocated Assets/Liabilities					
<b>Total</b>	<b>155,379,865</b>	<b>143,747,140</b>	<b>25,850,005</b>	<b>6,288,639</b>	<b>2,667,487</b>
<b>Prior Period</b>					
Domestic	118,375,643	96,914,164	14,054,964	12,622	3,143,875
European Union Countries	5,544,172	15,067,422	669,436	41,480(***)	2,409
OECD Countries (****)	564,186	314,788	87,719		
Off-Shore Banking Regions	73,444				-197,152
USA, Canada	79,453	514,537	31,868		
Other Countries	882,935	1,971,779	438,616		33,078
Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)				6,222,559	
Unallocated Assets/Liabilities					
<b>Total</b>	<b>125,519,833</b>	<b>114,782,690</b>	<b>15,282,603</b>	<b>6,276,661</b>	<b>2,982,210</b>

(\*)The sum of assets and fixed capital investments reflect the total assets in the balance sheet.

(\*\*)Among liabilities, the shareholders' equity items are not taken into consideration.

(\*\*\*)The balances indicate our subsidiaries located abroad.

(\*\*\*\*)OECD countries other than EU countries, the USA, and Canada.

**14. Sector concentration of cash loans:**

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	867,613	1.48	28,234	0.09	639,112	1.46	32,251	0.16
Farming and Raising Livestock	712,722	1.21	21,498	0.07	522,682	1.19	14,718	0.07
Forestry	111,275	0.19	354	0.00	84,497	0.20	9,568	0.05
Fishing	43,616	0.08	6,382	0.02	31,933	0.07	7,965	0.04
Industry	9,507,823	16.17	14,297,117	43.57	6,981,466	15.93	9,226,407	45.22
Mining	273,509	0.47	397,878	1.21	204,573	0.47	188,598	0.92
Production	8,943,489	15.21	9,892,573	30.15	6,576,167	15.00	6,897,790	33.81
Electricity, gas, and water	290,825	0.49	4,006,666	12.21	200,726	0.46	2,140,019	10.49
Construction	2,964,597	5.04	1,832,538	5.58	2,033,097	4.64	1,057,520	5.18
Services	19,955,204	33.93	14,328,878	43.66	14,421,067	32.90	8,424,549	41.28
Wholesale and Retail Trade	10,615,725	18.05	3,043,743	9.27	7,465,370	17.03	1,988,050	9.74
Hotel, Food and Beverage Services	637,079	1.08	1,300,610	3.96	498,065	1.14	385,246	1.89
Transportation and Telecommunication	3,699,621	6.29	4,085,921	12.45	2,443,012	5.57	2,467,932	12.09
Financial Institutions	2,119,505	3.61	2,095,594	6.39	1,602,515	3.66	2,080,299	10.20
Real Estate and Renting Services	1,324,603	2.25	2,549,693	7.77	1,193,284	2.72	1,025,843	5.03
Self-Employment Services	869,487	1.48	941,866	2.87	676,841	1.55	181,548	0.89
Education Services	219,396	0.37	212,615	0.65	176,230	0.40	202,930	0.99
Health and Social Services	469,788	0.80	98,836	0.30	365,750	0.83	92,701	0.45
Other	25,508,490	43.38	2,330,144	7.10	19,752,201	45.07	1,664,008	8.16
<b>Total</b>	<b>58,803,727</b>	<b>100.00</b>	<b>32,816,911</b>	<b>100.00</b>	<b>43,826,943</b>	<b>100.00</b>	<b>20,404,735</b>	<b>100.00</b>

**III. Explanations on Market Risk:**

The market risk carried by the Bank is measured by two separate methods known respectively as the Standard Method and the Value at Risk Model in accordance with the local regulations adopted from internationally accepted practices. In this context, interest rate risk emerges as the most important component of the market risk.

The market risk measurements are carried out by applying the Standard Method at the end of each month and the results are included in the statutory reports as well as being reported to the Bank's top management.

The Value at Risk Model (VAR) is another alternative for the Standard Method used for measuring and monitoring market risk. This model is used to measure the market risk on a daily basis in terms of interest rate risk, exchange rate risk and equity share risk and is a part of the Bank's daily internal reporting. Further retrospective testing (back-testing) is carried out on a daily basis to determine the reliability of the daily risk calculation by the VAR model, which is used to estimate the maximum possible loss for the following day.

Scenario analyses which support the VAR model used to measure the losses that may occur in the ordinary market conditions are conducted, and the possible impacts of scenarios that are developed based on the future predictions and the past crises, on the value of the Bank's portfolio are determined and the results are reported to the Top Executive Management.

The limits set for the market risk management within the framework of the Bank's asset liability management risk policy, are monitored by the Risk Committee and reviewed in accordance with the market conditions.

The following table shows details of the market risk calculations carried out with the "Standard Method for Market Risk Measurement" and within the context of "Regulation for Evaluating and Measuring the Capital Adequacy of Banks" as of 31 December 2011.

**1. Information on the market risk:**

	<b>Amount</b>
(I) Capital Obligation against General Market Risk – Standard Method	216,566
(II) Capital Obligation against Specific Risk – Standard Method	45,607
(III) Capital Obligation against Currency Risk – Standard Method	196,774
(IV) Capital Obligation against Stocks Risk – Standard Method	2,870
(V) Capital Obligation against Exchange Risk – Standard Method	
(VI) Capital Obligation against Market Risk of Options – Standard Method	86
(VII) Capital Obligation against Market Risks of Banks Applying Risk Measurement Models	
(VIII) Total Obligation against Market Risk (I+II+III+IV+V+VI)	461,903
(IX) Value at Market Risk (12,5 x VIII) or (12,5 x VII)	5,773,788

**2. Table of the average market risk related to the market risk calculated at the ends of months during the period:**

	Current Period			Prior Period		
	Average	Highest	Lowest	Average	Highest	Lowest
Interest Rate Risk	249,529	280,708	229,357	297,872	339,889	255,098
Share Certificate Risk	9,592	9,694	9,779	9,316	9,247	9,327
Currency Risk	214,982	202,190	213,693	155,844	163,068	159,286
Commodity Risk	2,628	107	583			
Settlement Risk						
Options Risk	526	860	80	626	792	382
Total Value at Risk	5,965,713	6,169,488	5,668,650	5,795,725	6,412,450	5,301,163

**IV. Explanations on Operational Risk**

Operational risk is defined in general as “the risk of loss that may be arising from inadequate or ineffective internal processes, people, systems or other external factors”.

The classification of operational risks that might be encountered during the activities is followed by preparing the “Risk Catalog of the Bank”. This Risk Catalogue is the basis to be used in the definition and classification of all risks that may be exposed to and is updated parallel to the changing conditions.

The principles on specifying, defining, evaluating, measuring, monitoring, controlling and reporting the operational risk and the responsibilities regarding operational risk management are stated in the “Operational Risk Policy”.

In the assessment of operational risk, “Self-Assessment Methodology” is applied. This method requires identifying the risks through the participation of the personnel who is responsible for undertaking the operation. Both qualitative and quantitative methods are used in the measurement and evaluation of operational risk. Information derived from the “Impact-Likelihood Analysis” and “Lost Case Data Analysis” is used in the measurements.

All the operational risks that are carried during the operations, the risk levels of the operations and/or new products/services, together with the losses of the Bank arising from operational risks are regularly monitored by the Risk Management Department, and if deemed necessary, the risk levels are updated and periodically reported to the Risk Committee and the Board of Directors.

The operational risk, to which the Bank is exposed, is measured using the Basic Indicator Approach in which the average of 15% of the year-end gross income of the last three years is multiplied by 12.5, in line with the domestic regulations. The operational risk amount used for the current period is TL 11,275,425 (31.12.2010: TL 10,715,692).

**V. Explanations on Currency Risk**

The currency risk for the Bank is a result of the difference between the Bank's assets denominated in foreign currencies and indexed to foreign currencies and liabilities denominated in foreign currencies. On the other hand, parity fluctuations of different foreign currencies are also another element of the currency risk.

The currency risk is managed by the internal currency risk limits which are established as a part of the Bank's risk policies. The Assets and Liabilities Committee and the Assets and Liabilities Management Unit meet regularly to take the necessary decisions for hedging exchange rate and parity risks, within the framework of the limits drawn by the "Net FC Overall Position/Shareholders' Equity" ratio, which is a part of the legal requirement, and the internal currency risk limits specifies by the Board of Directors and the decisions made on such compliance are strictly applied.

In measuring exchange rate risk, both the Standard Method and the Value at Risk Model (VAR) are used as applied in the statutory reporting.

Measurements made within the scope of the Standard Method are carried out on a monthly basis and form the basis of determining the capital requirement for hedging exchange rate risk.

Risk measurements made within the context of the Value at Risk Model (VAR) are made on a daily basis using the historical and Monte Carlo simulation methods. Furthermore, scenario analyses are conducted to support the calculations made within the VAR context.

The results of the measurements made on exchange rate risk are reported to the Top Management and the risks are closely monitored by taking into account the market and the economic conditions.

**Foreign exchange buying rates of the Bank at the date of the balance sheet and for the 5 working days prior to the related date:**

<b>Date</b>	<b>USD</b>	<b>EUR</b>	<b>JPY</b>
31.12.2011	1.8800	2.4327	0.0244
30.12.2011	1.8800	2.4327	0.0244
29.12.2011	1.9100	2.4670	0.0246
28.12.2011	1.9000	2.4618	0.0244
27.12.2011	1.8930	2.4740	0.0243
26.12.2011	1.8850	2.4629	0.0242

**The Bank's average FC buying rate over a period of thirty days preceding the date of the financial statement:**

**USD:** TL 1.8414

**EURO:** TL 2.4226

**JPY:** TL 0.0237

**Sensitivity to currency risk:**

The Bank's sensitivity to any potential change in foreign currency rates has been analyzed. In the analysis presented below 10% change, which is also the amount used for the internal reporting purposes, is anticipated in USD, EUR and GBP.

	% Change in Foreign Currency	Effects on Profit/Loss (*)	
		Current Period	Prior Period
USD	10% increase	145,566	215,053
	10% decrease	-145,566	-215,053
EUR	10% increase	-94,839	-24,750
	10% decrease	94,839	24,750
GBP	10% increase	98,199	-2,224
	10% decrease	-98,199	2,224

*(\*) Indicates the values before tax.*

**Information on currency risk:**

	EURO	USD	JPY	Other FC	Total
<b>Current Period</b>					
<b>Assets</b>					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	7,027,475	168,514	1,393	1,475,421	8,672,803
Banks	419,260	865,426	7,373	722,182	2,014,241
Financial Assets at Fair Value through Profit/Loss (1)	94,503	550,331			644,834
Money Market Placements	24,333	18,808			43,141
Financial Assets Available for Sale	585,627	9,717,530			10,303,157
Loans (2)	10,779,789	24,638,017	78,741	468,171	35,964,718
Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	203,892				203,892
Investments Held to Maturity	2,000	6,220		5,588	13,808
Derivative Financial Assets Held for Risk Management					
Tangible Assets (1)		262		164	426
Intangible Assets					
Other Assets (1)	219,108	460,706	2,685	2,721	685,220
<b>Total Assets</b>	<b>19,355,987</b>	<b>36,425,814</b>	<b>90,192</b>	<b>2,674,247</b>	<b>58,546,240</b>
<b>Liabilities</b>					
Banks Deposits	467,164	586,731	35	340,735	1,394,665
Foreign Currency Deposits (3)	14,136,415	18,667,785	21,696	3,760,079	36,585,975
Money Market Funds	210,702	5,659,188			5,869,890
Funds Provided from Other Financial Institutions	4,148,904	6,787,439		1,176	10,937,519
Marketable Securities Issued		952,974			952,974
Miscellaneous Payables	277,975	156,925	900	7,918	443,718
Derivative Financial Liabilities Held for Risk Management					
Other Liabilities (1)	470,222	1,182,380	485	9,121	1,662,208
<b>Total Liabilities</b>	<b>19,711,382</b>	<b>33,993,422</b>	<b>23,116</b>	<b>4,119,029</b>	<b>57,846,949</b>
<b>Net On Balance Sheet Position</b>	<b>-355,395</b>	<b>2,432,392</b>	<b>67,076</b>	<b>-1,444,782</b>	<b>699,291</b>
<b>Net Off Balance Sheet Position</b>	<b>-590,273</b>	<b>-898,497</b>	<b>-61,841</b>	<b>1,959,164</b>	<b>408,553</b>
Derivative Financial Assets (4)	3,303,355	7,216,039	11,099	2,764,381	13,294,874
Derivative Financial Liabilities (4)	3,893,628	8,114,536	72,940	805,217	12,886,321
Non-Cash Loans	4,475,820	10,726,324	536,469	171,121	15,909,734
<b>Prior Period</b>					
Total Assets	13,378,099	26,242,773	92,386	892,046	40,605,304
Total Liabilities	15,394,048	24,448,433	19,308	1,616,536	41,478,325
<b>Net Balance Sheet Position</b>	<b>-2,015,949</b>	<b>1,794,340</b>	<b>73,078</b>	<b>-724,490</b>	<b>-873,021</b>
<b>Net Off Balance Sheet Position</b>	<b>1,709,328</b>	<b>-257,970</b>	<b>-430,828</b>	<b>726,090</b>	<b>1,746,620</b>
Derivative Financial Assets	3,204,497	6,209,285	150,683	867,892	10,432,357
Derivative Financial Liabilities	1,495,169	6,467,255	581,511	141,802	8,685,737
Non-Cash Loans	2,695,335	5,742,111	226,254	77,233	8,740,933

(1) In accordance with the principles of the "Regulation on Measurement and Practices of Banks' Net Overall FC Position / Shareholders' Equity Ratio on a Consolidated and Unconsolidated Basis", Derivative Financial Instruments Foreign Currency Income Accruals (TL 252,275), Operating Lease Development Costs (TL 2,543), Prepaid Expenses (TL 8,018) in assets and Derivative Financial Instruments Foreign Currency Expense Accruals (TL 216,272) and Shareholders' Equity (TL 137,501) in liabilities are not taken into consideration in the currency risk measurement.

(2) Also includes foreign currency indexed loans, which are followed under TL accounts. Of the total amount of TL 3,147,807 of the aforementioned loans; TL 1,702,544 is USD indexed, TL 1,351,135 is EUR indexed, TL 19,006 is CHF indexed, TL 1,783 is GBP indexed, TL 73,329 is JPY indexed and TL 10 is CAD indexed.

(3) The item includes TL 2,479,052 precious metals deposit accounts.

(4) The derivative transactions are taken into consideration within the context of the forward foreign currency trading definitions in the above mentioned Regulation.

**VI. Explanations on Interest Rate Risk**

“Interest Rate Risk” is defined as the decrease that can arise in the value of the Bank’s interest sensitive assets, liabilities and off-balance sheet operations a result of interest rate fluctuations. The method of average maturity gap according to the repricing periods is used for measuring the interest rate risk arising from the banking accounts, whereas the interest rate risk related to interest sensitive financial instruments followed under trading accounts is assessed within the scope of market risk.

Potential effects of interest rate risk on the Bank’s assets and liabilities, market developments, the general economic environment and expectations are regularly covered in meetings of the Asset-Liability Committee, where further measures to reduce risk are taken when necessary.

The Bank’s on and off-balance sheet interest sensitive accounts other than the assets and liabilities exposed to market risk are monitored and controlled by the limits above the average maturity gaps according to the repricing periods determined by the Board within the scope of asset-liability management risk policy. Moreover, scenario analyses formed in line with the historical data and expectations are also used in the management of the related risk.

**Interest rate sensitivity:**

In this part, the sensitivity of the Bank’s assets and liabilities to the interest rates has been analyzed assuming that the year end balance figures were the same throughout the year.

During the measurement of the Bank’s interest rate sensitivity, the profit/loss on the asset and liability items that are evaluated with market value are determined by adding to/deducting from the difference between the expectancy value of the portfolio after one year in case there is no change in interest rates and the value of the portfolio one year later, which is measured after the interest shock, the interest income to be additionally earned/to be deprived of during the one year period due to the renewal or repricing of the related portfolio at the interest rates formed after the interest shock.

On the other hand, in the profit/loss calculation of assets and liabilities that are not evaluated by the current market prices, it is assumed that assets and liabilities with fixed interest rates will be renewed at maturity date and the assets and liabilities having variable interest rates will be renewed at the end of repricing period with the market interest rates generated after the interest shock.

Within this context, ceteris paribus, the possible changes that may occur in the Bank’s profit and shareholders’ equity in case of 1 point increase/decrease in TL and FC interest rates on the reporting day are given below.

% Change in the Interest Rate (*)		Effect On Profit/Loss (**)		Effect on Equity (***)	
TL	FC (****)	Current Period	Prior Period	Current Period	Prior Period
1 point increase	1 point increase	-10,936	-373,135	-381,497	-74,147
1 point decrease	1 point decrease	57,567	273,686	410,069	75,800

(\*) The effects on the profit/loss and shareholders’ equity are stated with their before tax values.

(\*\*) The effect on the profit/loss is mainly arising from the fact that the average maturity of the Bank’s fixed rate liabilities is shorter than the average maturity of its fixed rate assets.

(\*\*\*) The effect on the shareholders’ equity is arising from the change of the fair value of securities followed under Financial Assets Available for Sale.

(\*\*\*\*) Due to the reason that the LIBOR rates were at low levels in both of the periods, the negative shock imposed on FC interest rates in some maturity brackets remained below the aforementioned rates.

**Interest rate sensitivity of assets, liabilities and off balance sheet items (Based on repricing periods)**

	Up to 1 Month	1-3 Months	3-12 Months	1-5Years	5 Years and Over	Non-interest Bearing	Total
<b>Current Period</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey						13,736,905	13,736,905
Banks	1,677,911	1,142	55,100	499		519,684	2,254,336
Financial Assets at Fair Value through Profit/Loss	334,538	575,480	334,552	325,416	5,971	54	1,576,011
Money Market Placements	43,141						43,141
Financial Assets Available for Sale	6,979,307	3,614,543	6,673,539	7,253,244	4,060,712	71,503	28,652,848
Loans	27,145,215	10,368,336	20,149,080	27,748,602	6,201,887	7,518	91,620,638
Investments Held to Maturity	150,540	5,044,532	5,612,337	2,658,293			13,465,702
Other Assets	246,485	54	302			10,072,082	10,318,923
<b>Total Assets</b>	<b>36,577,137</b>	<b>19,604,087</b>	<b>32,824,910</b>	<b>37,986,054</b>	<b>10,268,570</b>	<b>24,407,746</b>	<b>161,668,504</b>
<b>Liabilities</b>							
Banks Deposits	1,235,737	565,552	168,195	28,222		250,431	2,248,137
Other Deposits	57,150,129	15,231,481	5,164,561	161,281		18,357,545	96,064,997
Money Market Funds	16,540,123	511,762	2,233,920	175,265			19,461,070
Miscellaneous Payables	301,819					3,039,131	3,340,950
Marketable Securities Issued	596,484	762,904	1,489,469	932,564			3,781,421
Funds Provided from Other Financial Institutions	6,033,374	3,083,354	1,937,638	81,321	12,521		11,148,208
Other Liabilities*	184,725	723,683	1,104,280	78,481	3,106	23,529,446	25,623,721
<b>Total Liabilities</b>	<b>82,042,391</b>	<b>20,878,736</b>	<b>12,098,063</b>	<b>1,457,134</b>	<b>15,627</b>	<b>45,176,553</b>	<b>161,668,504</b>
Balance Sheet Long Position			20,726,847	36,528,920	10,252,943		67,508,710
Balance Sheet Short Position	-45,465,254	-1,274,649				-20,768,807	-67,508,710
Off Balance Sheet Long Position	2,822,000	5,895,000					8,717,000
Off Balance Sheet Short Position			-818,655	-7,162,295	-188,000		-8,168,950
<b>Total Position</b>	<b>-42,643,254</b>	<b>4,620,351</b>	<b>19,908,192</b>	<b>29,366,625</b>	<b>10,064,943</b>	<b>-20,768,807</b>	<b>548,050</b>

(\*) Shareholders' equity is shown in "non-interest bearing" column.



**Interest rate sensitivity of assets, liabilities and off balance sheet items (Based on repricing periods)**

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest Bearing	Total
<b>Prior Period</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	5,307					8,517,318	8,522,625
Banks	3,104,352					80,766	3,185,118
Financial Assets at Fair Value through Profit/Loss	108,672	226,490	330,901	60,926	5,823	54	732,866
Money Market Placements							
Financial Assets Available for Sale	5,687,294	3,763,526	8,836,915	10,509,791	2,484,611	78,277	31,360,414
Loans	20,841,623	6,741,754	12,077,240	20,305,910	4,247,163	17,988	64,231,678
Investment Held to Maturity	150,583	4,767,576	4,435,523	4,250,303			13,603,985
Other Assets	281,200	44	160			9,878,404	10,159,808
<b>Total Assets</b>	<b>30,179,031</b>	<b>15,499,390</b>	<b>25,680,739</b>	<b>35,126,930</b>	<b>6,737,597</b>	<b>18,572,807</b>	<b>131,796,494</b>
<b>Liabilities</b>							
Banks Deposits	1,712,723	385,350	101,842			269,469	2,469,384
Other Deposits	58,126,406	14,508,229	3,653,260	108,873		9,394,005	85,790,773
Money Market Funds	6,554,165	1,351,580	2,114,499	138,646			10,158,890
Miscellaneous Payables	6,518					2,543,474	2,549,992
Marketable Securities Issued							
Funds Provided from Other Financial Institutions	1,788,615	3,219,176	3,023,271	11,380			8,042,442
Other Liabilities*	73,006	417,210	731,106	14,425		21,549,266	22,785,013
<b>Total Liabilities</b>	<b>68,261,433</b>	<b>19,881,545</b>	<b>9,623,978</b>	<b>273,324</b>		<b>33,756,214</b>	<b>131,796,494</b>
Balance Sheet Long Position			16,056,761	34,853,606	6,737,597		57,647,964
Balance Sheet Short Position	-38,082,402	-4,382,155				-15,183,407	-57,647,964
Off Balance Sheet Long Position	2,177,000	4,214,500	628,000				7,019,500
Off Balance Sheet Short Position				-6,795,950	-154,000		-6,949,950
<b>Total Position</b>	<b>-35,905,402</b>	<b>-167,655</b>	<b>16,684,761</b>	<b>28,057,656</b>	<b>6,583,597</b>	<b>-15,183,407</b>	<b>69,550</b>

(\* Shareholders' equity is shown in "non-interest bearing" column.

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

	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
<b>Current Period</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey				
Banks	0.92	0.23		9.02
Financial Assets at Fair Value through Profit/Loss	4.10	2.93		11.43
Money Market Placements	4.38	3.88		
Financial Assets Available for Sale	4.19	4.12		8.54
Loans	5.18	4.57	2.78	13.97
Investments Held to Maturity	0.75	7.42		12.98
<b>Liabilities</b>				
Banks Deposits	1.58	3.28		7.91
Other Deposits	2.80	3.41	0.04	8.45
Money Market Funds	3.10	2.24		10.48
Miscellaneous Payables				
Marketable Securities Issued		5.30		9.27
Funds Provided from Other Financial Institutions	2.15	1.89		7.51

	<b>EUR</b>	<b>USD</b>	<b>JPY</b>	<b>TL</b>
<b>Prior Period</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey				
Banks	0.42	0.25	0.02	5.00
Financial Assets at Fair Value through Profit/Loss	2.52	3.33		10.00
Money Market Placements				
Financial Assets Available for Sale	2.00	4.25		8.23
Loans	4.19	3.73	3.87	12.95
Investments Held to Maturity	1.00	7.53		12.74
<b>Liabilities</b>				
Banks Deposits	1.16	2.24		6.96
Other Deposits	2.06	2.26	0.01	7.13
Money Market Funds	2.81	1.62		6.74
Miscellaneous Payables				
Marketable Securities Issued				
Funds Provided from Other Financial Institutions	1.77	1.50		7.61

**VII. Explanations on Liquidity Risk**

Liquidity risk can arise as a result of funding long-term assets with short-term resources. Utmost care is taken to maintain the consistency between the maturities of assets and liabilities; strategies are used to acquire funds over longer terms.

The Bank's principal source of funding is deposits. While the average maturity of deposits is shorter than the average maturity of assets as a result of the market conditions, the Bank's wide network of branches and steady core deposit base are its most important safeguards of the supply of funds. On the other hand, medium and long-term funds are acquired from institutions abroad.

In order to meet the liquidity requirements that may emerge from market fluctuations, considerable attention is paid to preserve liquid assets; efforts in this framework are supported by TL and FC cash flows projections. The term structure of TL and FC deposits, their costs and movements in the total amounts are monitored on a daily basis, also accounting for developments in former periods and expectations for the future. Based on cash flow projections, prices are differentiated for different maturities and thereby measures are taken to meet liquidity requirements; moreover liquidity that may be required for extraordinary circumstances is estimated and alternative liquidity sources are determined for possible utilization.

Furthermore, foreign currency and total liquidity adequacy ratios, which are subject to weekly legal reporting and calculated separately for 7 and 31 days following the reporting date, and the liquidity adequacy ratios that are calculated based on the stress scenarios built internally by the Bank, are used effectively to manage the liquidity risk.

Evaluated within the framework of the Bank's asset-liability management risk policy, the limits determined related to the liquidity risk management are monitored by the Risk Committee and in case of extraordinary situations where a quick action should be taken due to the unfavorable market conditions, emergency measures and funding plans related to liquidity risk are put into effect.

As per the Communiqué on "Measurement and Assessment of the Adequacy of Banks' Liquidity", the liquidity ratios that are measured for terms of 7 and 31 days should not be less than 80% and 100%, respectively. Foreign currency liquidity adequacy ratio means the ratio of foreign currency assets to foreign currency liabilities and the total liquidity adequacy ratio means the ratio of total assets to total liabilities. The highest, lowest and average liquidity adequacy ratios in the year 2011 with their prior year comparatives are given below.

<b>Current Period</b>	<b>First Maturity Bracket (Weekly)</b>		<b>Second Maturity Bracket (Monthly)</b>	
	<b>FC</b>	<b>FC + TL</b>	<b>FC</b>	<b>FC + TL</b>
Average (%)	153.51	179.24	97.51	130.64
Highest (%)	213.52	271.05	116.48	170.87
Lowest (%)	115.11	122.44	82.60	107.70

<b>Prior Period</b>	<b>First Maturity Bracket (Weekly)</b>		<b>Second Maturity Bracket (Monthly)</b>	
	<b>FC</b>	<b>FC + TL</b>	<b>FC</b>	<b>FC + TL</b>
Average (%)	207.03	272.95	121.08	165.93
Highest (%)	325.24	394.48	145.69	219.33
Lowest (%)	157.78	209.63	100.40	142.41

**Presentation of assets and liabilities according to their remaining maturities:**

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated (*)	Total
<b>Current Period</b>								
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	6,920,592	6,816,313						13,736,905
Banks	649,508	1,548,087	1,142	55,100	499			2,254,336
Financial Assets at Fair Value through Profit/Loss	54	300,219	351,777	202,034	613,764	108,163		1,576,011
Money Market Placements		43,141						43,141
Financial Assets Available for Sale	71,503	1,999,046	650,391	3,658,666	10,454,941	11,818,301		28,652,848
Loans	9,488,164	11,814,508	6,865,730	21,845,288	33,060,730	8,546,218		91,620,638
Investments Held to Maturity			1,932,600	981,113	10,551,989			13,465,702
Other Assets		864,277	26,288	4,132	106,778		9,317,448	10,318,923
<b>Total Assets</b>	<b>17,129,821</b>	<b>23,385,591</b>	<b>9,827,928</b>	<b>26,746,333</b>	<b>54,788,701</b>	<b>20,472,682</b>	<b>9,317,448</b>	<b>161,668,504</b>
<b>Liabilities</b>								
Bank Deposits	261,709	1,224,459	565,552	168,195	28,222			2,248,137
Other Deposits	18,365,072	57,137,222	15,229,617	5,170,904	162,182			96,064,997
Funds Provided from Other Financial Institutions		223,526	914,506	6,542,503	2,919,574	548,099		11,148,208
Money Market Funds		15,550,371	203,378	2,625,176	338,419	743,726		19,461,070
Marketable Securities Issued		596,484	612,904	1,489,469	1,082,564			3,781,421
Miscellaneous Payables		3,216,708	36,676	42,476	45,090			3,340,950
Other Liabilities		1,162,316	867,571	1,105,387	78,481	3,106	22,406,860	25,623,721
<b>Total Liabilities</b>	<b>18,626,781</b>	<b>79,111,086</b>	<b>18,430,204</b>	<b>17,144,110</b>	<b>4,654,532</b>	<b>1,294,931</b>	<b>22,406,860</b>	<b>161,668,504</b>
<b>Liquidity Gap</b>	<b>-1,496,960</b>	<b>-55,725,495</b>	<b>-8,602,276</b>	<b>9,602,223</b>	<b>50,134,169</b>	<b>19,177,751</b>	<b>-13,089,412</b>	
<b>Prior Period</b>								
Total Assets	12,667,663	18,888,556	6,204,243	22,093,611	51,248,972	11,693,348	9,000,101	131,796,494
Total Liabilities	15,691,861	62,977,035	17,203,540	10,917,789	2,878,857	1,006,866	21,120,546	131,796,494
<b>Liquidity Gap</b>	<b>-3,024,198</b>	<b>-44,088,479</b>	<b>-10,999,297</b>	<b>11,175,822</b>	<b>48,370,115</b>	<b>10,686,482</b>	<b>-12,120,445</b>	

(\*) Asset items, such as Tangible Assets, Subsidiaries and Associates, Office Supply Inventory, Prepaid Expenses and Non-Performing Loans, which are required for banking operations and which can not be converted to cash in short-term, other liabilities such as Provisions which are not considered as payables and Shareholders' Equity, are shown in 'Unallocated' column.

In compliance with the Turkish Financial Reporting Standard no.7, the following table indicates the maturities of the Bank's major financial assets and liabilities which are not qualified as derivatives. The following tables have been prepared by referencing the earliest dates of collections and payments without discounting the assets and liabilities. The interest to be collected from and paid to the related assets and liabilities is included in the following table. Adjustments column shows the items that may cause possible cash flows in the following periods. The values of the related assets and liabilities registered in balance sheet do not include these amounts.

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total	Adjustments	Balance Sheet Value
<b>Assets</b>									
Financial Assets Held for Trading	54	4,065	15,387	67,631	651,327	111,114	849,578	190,101	659,477
Banks	649,508	1,548,169	1,146	55,751	510		2,255,084	748	2,254,336
Money Market Receivables		43,162					43,162	21	43,141
Financial Assets Available for Sale	71,503	2,268,357	847,919	4,763,741	13,892,619	15,636,690	37,480,829	8,827,981	28,652,848
Loans	9,488,164	12,108,431	7,525,840	25,096,584	39,576,961	9,720,272	103,516,252	11,895,614	91,620,638
Investments Held to Maturity		15,505	2,325,783	1,624,774	12,455,421		16,421,483	2,955,781	13,465,702
<b>Liabilities</b>									
Deposits	18,626,781	58,564,562	16,024,732	5,483,567	202,910		98,902,552	589,418	98,313,134
Funds Provided from Other Financial Institutions		230,442	935,549	6,646,705	3,205,843	617,016	11,635,555	487,347	11,148,208
Money Market Funds		15,563,407	207,513	2,695,244	427,397	779,808	19,673,369	212,299	19,461,070
Marketable Securities Issued		600,000	628,132	1,573,970	1,257,790		4,059,892	278,471	3,781,421

Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total	Adjustments	Balance Sheet Value
<b>Assets</b>									
Financial Assets Held for Trading	54	3,006	26,279	96,734	328,376	132,907	587,356	115,198	472,158
Banks	305,689	2,879,505					3,185,194	76	3,185,118
Financial Assets Available for Sale	78,277	3,407,695	1,258,498	7,399,934	17,570,061	6,178,144	35,892,609	4,532,195	31,360,414
Loans	6,616,302	9,542,637	4,998,724	17,705,381	26,496,676	6,461,566	71,821,286	7,589,608	64,231,678
Investments Held to Maturity		15,344	1,024,557	832,878	16,330,588	155,110	18,358,477	4,754,492	13,603,985
<b>Liabilities</b>									
Deposits	14,468,760	55,180,838	15,064,698	3,841,102	115,713		88,671,111	410,954	88,260,157
Funds Provided from Other Financial Institutions		127,763	535,562	4,668,762	2,541,098	403,871	8,277,056	234,614	8,042,442
Money Market Funds		6,366,462	1,102,259	1,864,902	300,997	698,021	10,332,641	173,751	10,158,890

The following table shows the remaining maturities of non-cash loans.

<b>Current Period</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Total</b>
Letters of Credit	2,894,169	261,317	468,377	44,326	1,502,279		5,170,468
Endorsements		38,320	118,474		219,075		375,869
Letters of Guarantee	11,109,755	235,171	1,380,447	2,381,053	3,785,303	289,605	19,181,334
Acceptances	15,700	53,538	50,000	36,982	340,902		497,122
Other	21,016	3,678	1,690	81,141	50,861	466,826	625,212
<b>Total</b>	<b>14,040,640</b>	<b>592,024</b>	<b>2,018,988</b>	<b>2,543,502</b>	<b>5,898,420</b>	<b>756,431</b>	<b>25,850,005</b>

<b>Prior Period</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Total</b>
Letters of Credit	1,207,868	160,538	457,023	293,999	986,515		3,105,943
Endorsements			24,433		6,149		30,582
Letters of Guarantee	7,121,205	239,135	771,152	1,007,482	2,327,656	158,705	11,625,335
Acceptances	10,698	17,141	64,861	8,752	110,086		211,538
Other	4,042	4,148	8,985	93,930	37,500	160,600	309,205
<b>Total</b>	<b>8,343,813</b>	<b>420,962</b>	<b>1,326,454</b>	<b>1,404,163</b>	<b>3,467,906</b>	<b>319,305</b>	<b>15,282,603</b>

The following table shows the remaining maturities of derivative financial assets and liabilities.

<b>Current Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Total</b>
Forwards Contracts-Buy	1,594,874	1,912,865	4,209,468	332,494		8,049,701
Forwards Contracts-Sell	1,629,158	1,904,442	4,180,110	332,318		8,046,028
Swaps Contracts-Buy	4,005,766	530,145	1,842,066	11,477,057	2,232,738	20,087,772
Swaps Contracts-Sell	4,255,959	740,154	1,896,200	11,070,793	2,232,738	20,195,844
Futures Transactions-Buy						
Futures Transactions-Sell						
Options-Call	696,314	107,522	1,478,198	845,843	525,782	3,653,659
Options-Put	696,314	107,522	1,478,198	845,843	525,782	3,653,659
Other	285,736	194,101	287,864			767,701
<b>Total</b>	<b>13,164,121</b>	<b>5,496,751</b>	<b>15,372,104</b>	<b>24,904,348</b>	<b>5,517,040</b>	<b>64,454,364</b>

<b>Prior Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Total</b>
Forwards Contracts- Buy	740,865	441,666	1,626,565	161,948		2,971,044
Forwards Contracts- Sell	737,277	438,362	1,626,009	161,883		2,963,531
Swaps Contracts-Buy	3,461,815		1,216,367	8,647,373	1,682,816	15,008,371
Swaps Contracts-Sell	3,432,539		1,234,211	8,589,823	1,682,816	14,939,389
Futures Transactions-Buy						
Futures Transactions-Sell						
Options-Call	738,368	866,302	607,527	454,635		2,666,832
Options-Put	745,468	856,302	601,027	454,635		2,657,432
Other						
<b>Total</b>	<b>9,856,332</b>	<b>2,602,632</b>	<b>6,911,706</b>	<b>18,470,297</b>	<b>3,365,632</b>	<b>41,206,599</b>

**VIII. Explanations on Other Price Risks**

The Bank is exposed to the equity share risk arising from its investments in companies which are traded on the ISE. Equity shares are generally obtained for investment purposes.

As of the reporting date, an analysis was made on the assessment of the Bank's sensitivity to equity shares price risk. In the analysis, it is assumed that all the other variables are constant and the data used in the valuation method (share prices) are 10% more /less. According to this assumption TL 425,018 (31.12.2010: TL 451,463) increase/decrease is expected in the Marketable Securities Revaluation Reserve account under the Shareholders' Equity. This, in fact, is arising from the increase/decrease in the fair values of the publicly-traded subsidiaries and associates.

**IX. Explanations on Presentation of Assets and Liabilities at Fair Value****1. Information on fair values of financial assets and liabilities**

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>				
Money Market Placements	43,141		43,141	
Banks	2,254,336	3,185,118	2,255,204	3,185,207
Financial Assets Available for Sale	28,652,848	31,360,414	28,652,848	31,360,414
Investments Held to Maturity	13,465,702	13,603,985	14,145,880	15,258,935
Loans	91,620,638	64,231,678	91,315,884	64,498,611
<b>Financial Liabilities</b>				
Banks Deposits	2,248,137	2,469,384	2,245,736	2,471,769
Other Deposits	96,064,997	85,790,773	96,050,566	85,816,360
Funds Provided from Other Financial Institutions	11,148,208	8,042,442	11,132,274	8,039,143
Marketable Securities Issued	3,781,421		3,746,361	
Miscellaneous Payables	3,340,934	2,549,992	3,340,934	2,549,992

Fair values of investments held to maturity and the marketable securities issued are determined by using the market prices; in cases where market prices cannot be measured, quoted market prices of other securities that are subject to amortization having similar interest, maturity and other conditions are taken as the basis for the fair value determination.

Market prices are taken into account in determining the fair values of the securities available for sale. When the prices cannot be measured in an active market, fair values are not deemed to be reliably determined and amortized cost, calculated by the internal rate of return method, are taken into account as the fair values.

Fair values of banks, loans granted, deposits and funds borrowed from other financial institutions are calculated by discounting the amounts in each maturity bracket formed according to repricing periods, using the rate corresponding to relevant maturity bracket in the discount curves based on current market conditions.

**2. Information on fair value measurements recognized in the financial statements**

"IFRS 7 - Financial Instruments: Disclosures" standard requires the items, which are recognized in the balance sheet at their fair values to be shown in the notes by being classified within a range. According to this, the related financial instruments are classified into three levels in such a way that they will express the significance of the data used in fair value measurements. At the first level, there are financial instruments, whose fair values are determined according to quoted prices in active markets for identical assets or liabilities, at the second level, there are financial instruments, whose fair values are determined by directly or indirectly observable market data, and at the third level, there are financial instruments, whose fair values are determined by the data, which are not based on observable market data. The financial assets, which are recognized in the balance sheet at their fair values, are shown below as classified according to the aforementioned principles of ranking.

Current Period	Level 1	Level 2 (*)	Level 3
<b>Financial Assets at Fair Value Through Profit and Loss</b>			
Debt Securities	654,700	4,241	482
Equity Securities	54		
Derivative Financial Assets Held for Trading		916,534	
Other			
<b>Financial Assets Available-for-Sale (**)</b>			
Debt Securities	16,323,600	5,905,679	6,352,066
Other		57,881	
<b>Investments in Subsidiaries and Associates (***)</b>	4,250,180		
<b>Derivative Financial Liabilities</b>		857,882	

(\*) Debt securities shown under level 2 include Eurobond securities, whose fair values are determined by taking into consideration the direct or indirect market data.

(\*\*) Since they are not traded in an active market, the equity securities (TL 13,622) under the financial assets available-for-sale are shown in the financial statements at acquisition cost and the related securities are not shown in this table.

(\*\*\*) Since the unlisted investments in associates and subsidiaries are recognized at acquisition cost within the framework of "TAS 39", these companies are not included in the table.

Prior Period	Level 1	Level 2	Level 3
<b>Financial Assets at Fair Value Through Profit and Loss</b>			
Debt Securities	472,083		
Equity Securities	54		
Derivative Financial Assets Held for Trading		260,708	
Other		21	
<b>Financial Assets Available-for-Sale (*)</b>			
Debt Securities	23,000,414		8,281,723
Other		65,655	
<b>Investments in Subsidiaries and Associates (**)</b>	4,514,626		
<b>Derivative Financial Liabilities</b>		717,276	

(\*) Since they are not traded in an active market, the equity securities (TL 12,622) under the financial assets available-for-sale are shown in the financial statements at acquisition cost and the related securities are not shown in this table.

(\*\*) Since the unlisted investments in associates and subsidiaries are recognized at acquisition cost within the framework of TAS 39, these companies are not included in the table.

The movement table of financial assets at level 3 is given below.

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	8,281,723	10,508,267
Purchases	1,921,320	9,611,772
Redemption or Sales	-3,265,512	-10,506,305
Valuation Difference	1,338,235	137,214
Transfers	-1,923,218	-1,469,225
<b>Balance at the end of the Period</b>	<b>6,352,548</b>	<b>8,281,723</b>

#### X. Explanations on Transactions Carried Out on Behalf of Third Parties and Fiduciary Transactions

The Bank gives trading, custody, fund management services in the name and on the account of its customers. The Bank has no fiduciary transactions.



**XI. Explanations on Business Segmentation**

The Bank's operations are classified as corporate, commercial, retail and private banking, as well as treasury/investment banking.

The Bank provides services to the large corporations, SMEs and other trading companies through various financial media within the course of its corporate and commercial operations. Services such as project financing, operating and investment loans, deposit and cash management, credit cards, cheques and bills, foreign trade transactions and financing, letter of guarantee, letter of credit, forfeiting, foreign currency trading, bill collections, payrolls, investment accounts, tax collections and other banking services are provided for the aforementioned customer segments.

By retail banking, the needs of individuals are met by performing banking services such as deposits, consumer loans, overdraft accounts, credit cards, bill collections, remittances, foreign currency trading, safe-deposit boxes, insurance, tax collections, investment accounts and by other banking services. For the private banking category, any kind of financial and cash management related services are provided for individuals within the high-income segment.

Within the context of treasury transactions, medium and long term funding is being fulfilled by tools such as securities trading, money market transactions, spot and forward TL and foreign currency trading, and derivative transactions such as forwards, swaps, futures and options, as well as syndications and securitizations.

The Bank's investments in associates and subsidiaries operating in the financial and non-financial sector are evaluated within the context of investment banking. The details about the aforementioned investments are stated in note I.7 and I.8 section of Part Five.

Statement of information related to business segmentation is given below.

Current Period	Corporate	Commercial	Retail	Private	Treasury/ Investment	Unallocated	Total
<b>OPERATING INCOME/EXPENSE</b>							
<b>Interest Income</b>							<b>10,898,384</b>
Interest Income from Loans	1,649,852	3,111,744	2,140,921	59,886		171,222	7,133,625
Interest Income from Banks					17,570		17,570
Interest Income from Securities					3,721,515		3,721,515
Other Interest Income					68	25,606	25,674
<b>Interest Expense</b>							<b>6,336,584</b>
Interest Expense on Deposits	1,119,596	660,457	1,264,055	1,838,853		94,271	4,977,232
Interest Expense on Funds Borrowed					229,383		229,383
Interest Expense on Money Market Transactions					883,289		883,289
Interest Expense on Securities Issued					208,048		208,048
Other Interest Expense						38,632	38,632
<b>Net Interest Income</b>							<b>4,561,800</b>
<b>Net Fees and Commissions Income</b>							<b>1,428,583</b>
Fees and Commissions Received	138,514	372,673	507,099	42,407		533,674	1,594,367
Fees and Commissions Paid						165,784	165,784
<b>Dividend Income</b>					555,702		<b>555,702</b>
<b>Trading Income/Loss (Net)</b>					306,073		<b>306,073</b>
<b>Other Income</b>	23,339	404,328	424,917	212	62,484	395,834	<b>1,311,114</b>
<b>Prov. For Loans and Other</b>	52,172	455,254	201,205	122	21,730	653,310	<b>1,383,793</b>
<b>Other Operating Expense</b>	209,172	828,061	1,494,299	138,511		811,156	<b>3,481,199</b>
<b>Income Before Tax</b>							<b>3,298,280</b>
<b>Tax Provision</b>							<b>630,793</b>
<b>Net Period Profit</b>							<b>2,667,487</b>
<b>SEGMENT ASSETS</b>							
Fin. Assets At Fair Value Through P/L					1,576,011		1,576,011
Banks and Other Financial Institutions					2,297,477		2,297,477
Financial Assets Available for Sale					28,652,848		28,652,848
Loans	34,371,428	33,365,590	20,797,619	646,719		2,439,282	91,620,638
Investments Held to Maturity					13,465,702		13,465,702
Associates and Subsidiaries					6,275,017		6,275,017
Other						17,780,811	17,780,811
							<b>161,668,504</b>
<b>SEGMENT LIABILITIES</b>							
Deposits	22,190,859	15,866,143	31,782,919	26,724,791		1,748,422	98,313,134
Derivative Financial Liabilities Held for Trading					857,882		857,882
Funds Borrowed					11,148,208		11,148,208
Money Market Funds					19,461,070		19,461,070
Securities Issued					3,781,421		3,781,421
Other Liabilities						5,980,499	5,980,499
Provisions						4,204,926	4,204,926
Shareholders' Equity						17,921,364	17,921,364
							<b>161,668,504</b>

Real person merchants and the institutions and enterprises without corporate and commercial qualities, which were classified under the retail segment in prior periods, have started to be followed under the commercial segment, beginning from the current period.

Prior Period	Corporate	Commercial	Retail	Private	Treasury/ Investment	Unallocated	Total
<b>OPERATING INCOME/EXPENSE</b>							
<b>Interest Income</b>							<b>9,797,839</b>
Interest Income from Loans	1,168,875	2,056,063	2,263,164	49,947		409,739	5,947,788
Interest Income from Banks					148,431		148,431
Interest Income from Securities					3,667,042		3,667,042
Other Interest Income					5,752	28,826	34,578
<b>Interest Expense</b>							<b>5,215,964</b>
Interest Expense on Deposits	1,004,658	243,692	1,431,447	1,578,893			4,258,690
Interest Expense on Funds Borrowed					511,177		511,177
Interest Expense on Money Market Transactions					434,702		434,702
Other Interest Expense						11,395	11,395
<b>Net Interest Income</b>							<b>4,581,875</b>
<b>Net Fees and Commissions Income</b>							<b>1,236,425</b>
Fees and Commissions Received	113,661	354,439	521,566	52,791		309,122	1,351,579
Fees and Commissions Paid						115,154	115,154
<b>Dividend Income</b>					369,210		<b>369,210</b>
<b>Trading Income/Loss (Net)</b>					134,630		<b>134,630</b>
<b>Other Income</b>	11,826	423,502	462,105	1,405	134,574	535,872	<b>1,569,284</b>
<b>Prov. For Loans and Other Receivables</b>	12,604	351,953	465,050	564	100	305,178	<b>1,135,449</b>
<b>Other Operating Expense</b>	171,709	556,555	1,489,546	62,416		922,897	<b>3,203,123</b>
<b>Income Before Tax</b>							<b>3,552,852</b>
<b>Tax Provision</b>							<b>570,642</b>
<b>Net Period Profit</b>							<b>2,982,210</b>
<b>SEGMENT ASSETS</b>							
Fin. Assets At Fair Value Through P/L					732,866		732,866
Banks and Other Financial Institutions					3,185,118		3,185,118
Financial Assets Available for Sale					31,360,414		31,360,414
Loans	23,563,865	19,575,315	18,615,880	610,448		1,866,170	64,231,678
Investments Held to Maturity					13,603,985		13,603,985
Associates and Subsidiaries					6,264,039		6,264,039
Other						12,418,394	12,418,394
							<b>131,796,494</b>
<b>SEGMENT LIABILITIES</b>							
Deposits	20,512,762	9,519,267	31,589,933	25,718,143		920,052	88,260,157
Derivative Financial Liabilities Held for Trading					717,276		717,276
Funds Borrowed					8,042,442		8,042,442
Money Market Funds					10,158,890		10,158,890
Other Liabilities						3,972,336	3,972,336
Provisions						3,631,589	3,631,589
Shareholders' Equity						17,013,804	17,013,804
							<b>131,796,494</b>

**PART FIVE: EXPLANATIONS AND FOOTNOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS****I. EXPLANATIONS AND FOOTNOTES ON ASSETS****1. Cash and Central Bank of Turkey:****a. Information on Cash and Balances with the Central Bank of Turkey:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL / Foreign Currency	796,329	324,116	670,166	253,543
Central Bank of Turkey	4,267,773	8,237,668	3,320,095	3,948,880
Other		111,019		329,941
<b>Total</b>	<b>5,064,102</b>	<b>8,672,803</b>	<b>3,990,261</b>	<b>4,532,364</b>

**b. Information on Balances with the Central Bank of Turkey:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	4,267,773	1,421,355	3,320,095	1,079,091
Unrestricted Time Deposit				
Restricted Time Deposit				
Other (*)		6,816,313		2,869,789
<b>Total</b>	<b>4,267,773</b>	<b>8,237,668</b>	<b>3,320,095</b>	<b>3,948,880</b>

*(\*)The amount of reserve deposits held at the Central Bank of Turkey regarding the foreign currency liabilities*

**c. Information on reserve requirements:**

As per the Communiqué no. 2005/1 “Reserve Deposits” of the Central Bank of Turkey (CBT), banks keep reserve deposits at the CBT for their TL and FC liabilities mentioned in the communiqué. The reserve deposit rates vary according to their maturity compositions; the reserve deposit rates are realized between 5%-11% for TL deposits, between 5%-11% for other TL liabilities, between 9%-11% for FC deposits and between 6%-11% for other FC liabilities. Reserves are calculated and set aside every two weeks on Fridays for 14-day periods. In accordance with the related communiqué, no interest is paid for reserve requirements.

**2. Information on Financial Assets at Fair Value through Profit and Loss:****a. Financial assets at fair value through profit and loss, which are given as collateral or blocked:**

Financial assets at fair value through profit and loss, which are given as collateral or blocked as of 31 December 2011 are amounting to TL 68 (31 December 2010: TL 64).

**b. Financial assets at fair value through profit and loss, which are subject to repurchase agreements:**

Financial assets at fair value through profit and loss, which are subject to repurchase agreements as of 31 December 2011 are amounting to TL 468,125 (31 December 2010: TL 423,401 ).

c. Positive differences on derivative financial assets held for trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	22,758	123,792	7,385	59,960
Swap Transactions	5,214	735,118	11,866	169,889
Futures				
Options	262	26,534	622	10,986
Other		2,856		
<b>Total</b>	<b>28,234</b>	<b>888,300</b>	<b>19,873</b>	<b>240,835</b>

3. Banks:

a. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	147,221	403,078	12	596,283
Foreign Banks	92,874	1,611,163	184,277	2,404,546
Foreign Head Office and Branches				
<b>Total</b>	<b>240,095</b>	<b>2,014,241</b>	<b>184,289</b>	<b>3,000,829</b>

b. Information on foreign banks:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	781,594	1,678,618		
USA, Canada	194,698	79,219	94	77
OECD Countries (*)	446,841	557,068		
Off-shore Banking Regions				
Other	219,099	219,385	61,711	54,456
<b>Total</b>	<b>1,642,232</b>	<b>2,534,290</b>	<b>61,805</b>	<b>54,533</b>

(\*) OECD countries other than the EU countries, USA and Canada

4. Information on Financial Assets Available for Sale:

a. Information on financial assets available for sale, which are given as collateral or blocked:

Financial assets available for sale, which are given as collateral or blocked, amount to TL 999,533 as of 31 December 2011. (31 December 2010: TL 769,385).

b. Information on financial assets available for sale, which are subject to repurchase agreements:

Financial assets available for sale, which are subject to repurchase agreements amount to TL 16,798,951 as of 31 December 2011. (31 December 2010: TL 8,439,302).

c. Information on financial assets available for sale:

	Current Period	Prior Period
Debt Securities	28,791,593	31,282,151
Traded on the Stock Exchange	16,511,612	23,000,428
Not Traded on the Stock Exchange (*)	12,279,981	8,281,723
Equity Securities	13,622	12,622
Traded on the Stock Exchange		
Not Traded on the Stock Exchange	13,622	12,622
Value Increase / Impairment Losses (-)	210,248	14
Other	57,881	65,655
<b>Total</b>	<b>28,652,848</b>	<b>31,360,414</b>

(\*)It refers to the debt securities, which are not quoted on the Stock Exchange or which are not traded, although quoted, on the Stock Exchange at the end of the related period.

5. Information related to loans:

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Lending to Shareholders				
Corporate Shareholders				
Individual Shareholders				
Indirect Lending to Shareholders				
Loans to Employees	455,535		397,449	
<b>Total</b>	<b>455,535</b>		<b>397,449</b>	

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

Cash Loans	Standard Loans and Other Receivables		Closely Monitored Loans and Other Receivables	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
<b>Non-Specialized Loans</b>	<b>89,381,673</b>	<b>806,199</b>	<b>966,259</b>	<b>466,507</b>
Discount Notes	13,764			
Export Loans	5,891,472	16,118	105,370	9,854
Import Loans	630			
Loans Extended to Financial Sector	2,635,509			
Foreign Loans	1,377,719	8,356	2,777	75
Consumer Loans	17,723,787	685,241	363,707	59,866
Credit Cards	6,831,597		137,429	104,976
Precious Metal Loans	29,860	564		
Other	54,877,335	95,920	356,976	291,736
<b>Specialized Loans</b>				
<b>Other Receivables</b>				
<b>Total</b>	<b>89,381,673</b>	<b>806,199</b>	<b>966,259</b>	<b>466,507</b>

**c.** Cash loans according to their maturity structures:

	Standard Loans and Other Receivables		Closely Monitored Loans and Other Receivables	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term Loans and Other Receivables	30,876,446	46,804	358,469	33,573
Non-Specialized Loans	30,876,446	46,804	358,469	33,573
Specialized Loans				
Other Receivables				
Medium and long-term Loans and Other Receivables	58,505,227	759,395	607,790	432,934
Non-Specialization Loans	58,505,227	759,395	607,790	432,934
Specialized Loans				
Other Receivables				

**d.** Information on consumer loans, retail credit cards, personnel loans and personnel credit cards:

	Short-Term	Medium and Long-Term	Interest and Income Accruals	Total
Consumer Loans-TL	486,755	17,427,998	151,958	18,066,711
Real Estate Loans	15,375	7,612,135	85,015	7,712,525
Vehicle Loans	39,816	1,091,209	6,262	1,137,287
General Purpose Consumer Loans	279,728	6,387,821	44,740	6,712,289
Other Consumer Loans	151,836	2,336,833	15,941	2,504,610
Consumer Loans – FC Indexed		82,158	60,165	142,323
Real Estate Loans		81,296	59,942	141,238
Vehicle Loans		862	223	1,085
General Purpose Consumer Loans				
Other Consumer Loans				
Consumer Loans – FC				
Real Estate Loans				
Vehicle Loans				
General Purpose Consumer Loans				
Other Consumer Loans				
Retail Credit Cards-TL	6,157,570	321,667	43,183	6,522,420
With Installments	2,476,072	321,667		2,797,739
Without Installments	3,681,498		43,183	3,724,681
Retail Credit Cards-FC				
With Installments				
Without Installments				
Personnel Loans-TL	16,150	322,550	3,739	342,439
Real Estate Loans	200	85,944	1,462	87,606
Vehicle Loans	266	10,030	73	10,369
General Purpose Consumer Loans	11,344	175,128	1,694	188,166
Other Consumer Loans	4,340	51,448	510	56,298
Personnel Loans- FC Indexed		914	587	1,501
Real Estate Loans		914	587	1,501
Vehicle Loans				
General Purpose Consumer Loans				
Other Consumer Loans				
Personnel Loans-FC				
Real Estate Loans				
Vehicle Loans				
General Purpose Consumer Loans				
Other Consumer Loans				
Personnel Credit Cards-TL	100,489		1,061	101,550
With Installments	39,250			39,250
Without Installments	61,239		1,061	62,300
Personnel Credit Cards-FC				
With Installments				
Without Installments				
Overdraft Accounts – TL (real persons)	271,088		8,539	279,627
Overdraft Accounts – FC (real persons)				
<b>Total</b>	<b>7,032,052</b>	<b>18,155,287</b>	<b>269,232</b>	<b>25,456,571</b>



e. Installment based commercial loans and corporate credit cards:

	Short-Term	Medium and Long Term	Interest and Income Accruals	Total
Commercial Loans With Installments-TL	890,275	11,376,306	101,162	12,367,743
Real Estate Loans	6,102	482,276	3,285	491,663
Vehicle Loans	96,867	2,795,548	15,982	2,908,397
General Purpose Commercial Loans	779,584	7,839,748	77,173	8,696,505
Other Commercial Loans	7,722	258,734	4,722	271,178
Commercial Loans With Installments-FC Indexed	37,796	1,259,712	193,163	1,490,671
Real Estate Loans		73,122	16,956	90,078
Vehicle Loans	4,147	586,346	74,543	665,036
General Purpose Commercial Loans	33,649	583,627	97,799	715,075
Other Commercial Loans		16,617	3,865	20,482
Commercial Loans With Installments-FC		221,018	539	221,557
Real Estate Loans				
Vehicle Loans				
General Purpose Commercial Loans				
Other Commercial Loans		221,018	539	221,557
Corporate Credit Cards-TL	448,415	1,428	189	450,032
With Installments	63,262	1,428		64,690
Without Installments	385,153		189	385,342
Corporate Credit Cards-FC				
With Installments				
Without Installments				
Overdraft Accounts – TL (corporate)	576,769		18,079	594,848
Overdraft Accounts – FC (corporate)				
<b>Total</b>	<b>1,953,255</b>	<b>12,858,464</b>	<b>313,132</b>	<b>15,124,851</b>

f. Allocation of loans by borrowers:

	Current Period	Prior Period
Public Sector	2,165,724	1,866,916
Private Sector	89,454,914	62,364,762
<b>Total</b>	<b>91,620,638</b>	<b>64,231,678</b>

g. International and domestic loans:

	Current Period	Prior Period
Domestic Loans	90,231,711	63,149,909
International Loans	1,388,927	1,081,769
<b>Total</b>	<b>91,620,638</b>	<b>64,231,678</b>

**h.** Loans to subsidiaries and associates:

	<b>Current Period</b>	<b>Prior Period</b>
Direct Lending to Subsidiaries and Associates	538,653	300,597
Indirect Lending to Subsidiaries and Associates		
<b>Total</b>	<b>538,653</b>	<b>300,597</b>

**i.** Specific provisions provided against loans:

	<b>Current Period</b>	<b>Prior Period</b>
Specific Provisions		
Loans and Receivables with Limited Collectibility	172,457	121,909
Loans and Receivables with Doubtful Collectibility	198,775	303,735
Uncollectible Loans and Receivables	1,612,688	1,981,844
<b>Total</b>	<b>1,983,920</b>	<b>2,407,488</b>

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

**j.1.** Information on loans and other receivables included in non-performing loans, which are restructured or rescheduled:

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans and Receivables with Limited Collectibility</b>	<b>Loans and Receivables with Doubtful Collectibility</b>	<b>Uncollectible Loans and Other Receivables</b>
<b>Current Period</b>			
(Gross amounts before the specific provisions)	<b>3,747</b>	<b>4,521</b>	<b>17,602</b>
Restructured Loans and Other Receivables			
Rescheduled Loans and Other Receivables	3,747	4,521	17,602
<b>Prior Period</b>			
(Gross amounts before the specific provisions)	<b>534</b>	<b>9,259</b>	<b>62,154</b>
Restructured Loans and Other Receivables			
Rescheduled Loans and Other Receivables	534	9,259	62,154

## j.2. Movement of total non-performing loans:

	Group III	Group IV	Group V
	Loans and Receivables with Limited Collectibility	Loans and Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
<b>Prior Period Ending Balance</b>	<b>121,909</b>	<b>303,735</b>	<b>1,981,844</b>
Corporate and Commercial Loans	62,387	128,216	1,201,473
Retail Loans	24,989	56,301	345,624
Credit Cards	34,533	75,589	434,747
Other		43,629	
<b>Additions (+)</b>	<b>827,717</b>	<b>33,093</b>	<b>86,797</b>
Corporate and Commercial Loans	585,003	15,682	63,933
Retail Loans	97,552	7,746	14,510
Credit Cards	145,162	6,499	8,354
Other		3,166	
<b>Transfers from Other NPL categories (+)</b>		<b>413,610</b>	<b>416,750</b>
Corporate and Commercial Loans		227,642	229,742
Retail Loans		75,846	76,993
Credit Cards		110,122	110,015
Other			
<b>Transfers to Other NPL categories (-)</b>	<b>413,610</b>	<b>416,750</b>	
Corporate and Commercial Loans	227,642	229,742	
Retail Loans	75,846	76,993	
Credit Cards	110,122	110,015	
Other			
<b>Collections (-) (*)</b>	<b>363,174</b>	<b>133,547</b>	<b>621,335</b>
Corporate and Commercial Loans	300,416	62,564	343,493
Retail Loans	25,359	31,348	156,358
Credit Cards	37,399	38,139	121,484
Other		1,496	
<b>Write-Offs (-) (*)</b>	<b>385</b>	<b>1,366</b>	<b>251,368</b>
Corporate and Commercial Loans	54	293	68,311
Retail Loans	287	264	49,904
Credit Cards	44	538	133,153
Other		271	
<b>Current Period Ending Balance</b>	<b>172,457</b>	<b>198,775</b>	<b>1,612,688</b>
Corporate and Commercial Loans	119,278	78,941	1,083,344
Retail Loans	21,049	31,288	230,865
Credit Cards	32,130	43,518	298,479
Other		45,028	
<b>Specific Provisions (-)</b>	<b>172,457</b>	<b>198,775</b>	<b>1,612,688</b>
Corporate and Commercial Loans	119,278	78,941	1,083,344
Retail Loans	21,049	31,288	230,865
Credit Cards	32,130	43,518	298,479
Other		45,028	
<b>Net Balance on Balance Sheet</b>			

(\*) During the current period, TL 88,464 of the NPL portfolio, TL 569 of which has formerly been written-off, were transferred to Standard Varlık Yönetimi A.Ş. in exchange for TL 13,905 in cash and TL 220,573 of the NPL portfolio, TL 1,128 of which has formerly been written-off, were transferred to Efes Varlık Yönetim A.Ş. in exchange for TL 42,055 in cash.

**j.3.** Information on non-performing foreign currency loans and other receivables:

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans and Receivables with Limited Collectibility</b>	<b>Loans and Receivables with Doubtful Collectibility</b>	<b>Uncollectible Loans and Other Receivables</b>
<b>Current Period:</b>			
Period Ending Balance			51,371
Specific Provisions (-)			51,371
Net Balance on Balance Sheet			
<b>Prior Period:</b>			
Period Ending Balance	2,042		49,447
Specific Provisions (-)	2,042		49,447
Net Balance on Balance Sheet			

**j.4.** Information on gross and net non-performing loans and receivables as per customer categories:

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans and Receivables with Limited Collectibility</b>	<b>Loans and Receivables with Doubtful Collectibility</b>	<b>Uncollectible Loans and Other Receivables</b>
<b>Current Period (Net)</b>			
Loans to Individuals and Corporates (Gross)	172,457	153,747	1,612,688
Specific Provisions (-)	172,457	153,747	1,612,688
Loans to Individuals and Corporates (Net)			
Banks (Gross)			
Specific Provisions (-)			
Banks (Net)			
Other Loans and Receivables (Gross)		45,028	
Specific Provisions (-)		45,028	
Other Loans and Receivables (Net)			
<b>Prior Period (Net)</b>			
Loans to Individuals and Corporates (Gross)	121,909	260,106	1,981,844
Specific Provisions (-)	121,909	260,106	1,981,844
Loans to Individuals and Corporates (Net)			
Banks (Gross)			
Specific Provisions (-)			
Banks (Net)			
Other Loans and Receivables (Gross)		43,629	
Specific Provisions (-)		43,629	
Other Loans and Receivables (Net)			

**k.** Main guidelines used in the liquidation policy on uncollectible loans and other receivables:

In order to ensure liquidation of non-performing loans, all possible alternatives within the existing legislation are evaluated in a way that repayments are maximized. First, administrative initiatives are taken to reach an agreement with the borrower; in case the negotiations for collection, liquidation or restructuring of receivables fail, legal action is taken for collection.

**I. Information on “Write-off” policies:**

In case there is still a residual receivable despite all the borrowers’ assets are liquidated in terms of legal follow-up, or a legal follow-up fails due to the fact that the borrowers do not have any assets to be liquidated, the Bank’s receivables are reduced to one if an evidence of borrowers’ insolvency is obtained; when no such evidence is available, totally uncollectible receivables are written-off.

**6. Investments Held to Maturity:**

**a. Information on investments held to maturity, which are given as collateral or blocked:**

Investments held to maturity, which are given as collateral or blocked amount to TL 1,963,141 as of 31 December 2011. (31 December 2010: TL 2,010,165).

**b. Information on investments held to maturity, which are subject to repurchase agreements:**

Investments held to maturity, which are subject to repurchase agreements amount to TL 4,479,021 as of 31 December 2011. (31 December 2010: TL 2,415,107).

**c. Information on government securities held to maturity:**

	<b>Current Period</b>	<b>Prior Period</b>
Government Bonds	13,444,975	13,586,189
Treasury Bills		
Other Public Debt Securities		
<b>Total</b>	<b>13,444,975</b>	<b>13,586,189</b>

**d. Information on investments held-to-maturity:**

	<b>Current Period</b>	<b>Prior Period</b>
Debt Securities	13,465,702	13,603,985
Traded on a Stock Exchange	13,444,975	13,586,189
Not Traded	20,727	17,796
Impairment Losses (-)		
<b>Total</b>	<b>13,465,702</b>	<b>13,603,985</b>

**e. Movement of the investments held to maturity during the year:**

	<b>Current Period</b>	<b>Prior Period</b>
Beginning Balance	13,603,985	12,929,454
Foreign Exchange Differences Arising on Monetary Assets	2,415	-129,234
Purchases During the Year	14,227	2,640,303
Transfers		
Disposals through Sales and Redemption	-493,100	-2,182,708
Impairment Losses (-)		
Changes in Amortized Cost of the Investments	338,175	346,170
<b>Balance at the end of the Year</b>	<b>13,465,702</b>	<b>13,603,985</b>

**7. Information on associates (Net):**

**a. General information on associates:**

Seq. No.	Title	Address (City/ Country)	Bank's Share Percentage-If Different, Voting Percentage (%)	Bank's Risk Group Share Percentage (%)
1-	Arap Türk Bankası A.Ş.	İstanbul/TURKEY	20.58	20.58
2-	Avea İletişim Hizmetleri A.Ş.	İstanbul/TURKEY	13.86	18.63
3-	Bankalararası Kart Merkezi A.Ş.	İstanbul/TURKEY	9.98	9.98
4-	Kredi Kayıt Bürosu A.Ş.	İstanbul/TURKEY	9.09	9.09

**b. Information on financial statements of associates in the above order (\*):**

Seq. No.	Total Assets	Shareholders' Equity	Total Tangible Assets	Interest Income (**)	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1-	3,090,556	361,615	29,733	92,432	75	47,834	23,358	-
2-	10,701,426	5,616,756	9,524,353	32,037		-963,655	-1,242,167	-
3-	22,629	19,044	6,401	686		3,179	2,525	-
4-	33,294	28,668	3,163	1,904		12,969	9,899	-

(\* Indicates the value of Arap Türk Bankası A.Ş. as of 31 December 2011, the values of Bankalararası Kart Merkezi A.Ş., Kredi Kayıt Bürosu A.Ş. as of 30 September 2011, the value of Avea İletişim Hizmetleri A.Ş. as of 31 December 2010.

(\*\*) Includes interest income on securities.

**c. Movement of investments in associates:**

	Current Period	Prior Period
Beginning balance	743,262	743,262
Movements during the period		
Purchases (*)	653	
Bonus shares acquired		
Dividends received from the current year profit		
Sales		
Revaluation Increase		
Impairment		
Balance at the end of the period	743,915	743,262
Capital commitments		
Contribution in equity at the end of the period (%)		

(\*) Corresponds to the acquisitions related to capital increases through retained earnings.

**d.** Sectoral information on financial associates and the related carrying amounts:

<b>Associates</b>	<b>Current Period</b>	<b>Prior Period</b>
Banks	85,295	85,295
Insurance Companies		
Factoring Companies		
Leasing Companies		
Finance Companies		
Other Financial Participations (*)		3,019

*(\*)Bankalararası Kart Merkezi A.Ş. and Kredi Kayıt Bürosu A.Ş. are classified under non-financial associates in the current period.*

- e.** Associates traded on a stock exchange: None.
- f.** Associates disposed of in the current period: None.
- g.** Associates acquired in the current period: None.
- h.** Other:

In order to carry out domestically the decisions made by the United Nations Security Council (UNSC) due to the incidents in Libya, for imposing various sanctions to the real persons and corporate bodies that are connected to the Libyan government, the BRSA decided that as per the Cabinet Decision dated 21 June 2011 and no. 2011/2001, the shareholder rights of Libyan Foreign Bank's (LFB), the majority shareholder residing in Libya, 62.37% share in Arap Türk Bankası A.Ş., except for the dividend rights, shall be used by the Savings Deposit Insurances Fund (SDIF) until the implementation of the related decisions are ended for LFB. Accordingly, all the directors representing Libyan Foreign Bank on the Board of Arap Türk Bankası A.Ş. were discharged and replaced by persons determined by the SDIF.

The abovementioned UNSC decisions on imposing various sanctions to the real persons and corporate bodies that are connected to the Libyan government have been cancelled by the UNSC decision dated 27 October 2011 and no. 2016. Within the framework of this development, the Cabinet Decisions dated 21 June 2011 and no. 2011/2001 on imposing sanctions to LFB, the majority shareholder of Arap Türk Bankası, have been abolished.

**8. Information on subsidiaries (Net):****a. General information on subsidiaries:**

Seq. No	Title	Address (City/ Country)	Bank's Share Percentage-If Different, Voting Percentage (%)	Bank's Risk Group Share Percentage (%)
1-	Anadolu Hayat Emeklilik A.Ş.	İstanbul/TURKEY	62.00	83.00
2-	Antgıda Gıda Tarım Turizm Enerji ve Demir Çelik Sanayi Ticaret A.Ş.	İzmir/TURKEY	99.89	99.99
3-	Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	Ankara/TURKEY	86.24	97.63
4-	Camiş Yatırım Holding A.Ş.	İstanbul/TURKEY	99.97	100.00
5-	Closed Joint stock Company İşbank	Moscow/RUSSIA	100.00	100.00
6-	İş Finansal Kiralama A.Ş.	İstanbul/TURKEY	27.79	57.39
7-	İş Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/TURKEY	42.23	58.04
8-	İş Merkezleri Yönetim ve İşletim A.Ş.	İstanbul/TURKEY	86.33	100.00
9-	İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.	İstanbul/TURKEY	94.65	100.00
10-	İş Yatırım Menkul Değerler A.Ş.	İstanbul/TURKEY	65.65	70.69
11-	İşbank GmbH	Frankfurt-Main/GERMANY	100.00	100.00
12-	Kültür Yayınları İş-Türk Limited Şirketi	İstanbul/TURKEY	99.17	100.00
13-	Milli Reasürans T.A.Ş.	İstanbul/TURKEY	76.64	77.06
14-	Mipaş Mümessilik İthalat İhracat ve Pazarlama A.Ş.	İstanbul/TURKEY	99.98	100.00
15-	Nemtaş Nemrut Liman İşletmeleri A.Ş.	İzmir/TURKEY	99.81	100.00
16-	Trakya Yatırım Holding A.Ş.	İstanbul/TURKEY	65.34	100.00
17-	Türkiye Sınai Kalkınma Bankası A.Ş.	İstanbul/TURKEY	40.52	50.00
18-	Türkiye Şişe ve Cam Fabrikaları A.Ş.	İstanbul/TURKEY	68.15	72.31



**b.** Financial statement information related to subsidiaries in the above order:

Seq. No	Total Assets	Shareholders' Equity	Total Tangible Assets	Interest Income (1)	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1-	5,651,031(2)	435,720(2)	23,023(2)	198,130(2)	20,178(2)	49,205(2)	58,617(3)	825,000
2-	49,415(4)	32,574(4)	7,161(4)	8(4)		-2,798(4)	480(5)	
3-	136,774(4)	2,572(4)	97,490(4)	6(4)	3(4)	-30,346(4)	-17,764(5)	
4-	121,208(6)	121,195(6)		380(6)	19,416(6)	18,995(6)	8,159(4)	
5-	311,944(6)	44,993(6)	41,611(6)	18,133(6)	3(6)	321(6)	79(4)	
6-	2,242,053(6)	520,018(6)	2,515(6)	155,531(6)	3,980(6)	54,266(6)	64,869(4)	389,850
7-	1,161,022(6)	1,034,472(6)	1,025,715(6)	5,199(6)	669(6)	66,954(6)	60,918(4)	600,000
8-	32,327(4)	13,179(4)	1,675(4)	1,131(4)	246(4)	4,510(4)	8,402(5)	
9-	35,339(4)	22,649(4)	15,681(4)	266(4)	926(4)	3,571(4)	1,496(5)	
10-	3,647,176(2)	678,366(2)	9,391(2)	98,207(2)	45,817(2)	70,889(2)	73,822(3)	361,400
11-	2,259,173(6)	259,744(6)	42,390(6)	92,178(6)	351(6)	13,969(6)	10,086(4)	
12-	9,927(4)	3,547(4)	358(4)		17(4)	761(4)	376(5)	
13-	1,594,892(6)	447,270(6)	46,842(6)	42,789(6)	44,166(6)	-144,737(6)	64,091(4)	
14-	22,739(4)	22,738(4)	1,147(4)	220(4)	86(4)	-2,177(4)	174(5)	
15-	371,713(4)	247,042(4)	220,675(4)	61(4)	433(4)	1,240(4)	13,496(5)	
16-	436,621(6)	436,621(6)			86(6)	57(6)	71(4)	
17-	9,821,491(2)	1,486,861(2)	235,859(2)	394,011(2)	11,772(2)	170,649(2)	182,805(3)	1,464,000
18-	8,137,041 (2)	4,989,333 (2)	3,825,634 (2)	47,214 (2)	64(2)	582,899 (2)	309,213 (3)	3,705,000

(1) Includes Interest Income on Securities. (2) Indicates value as of 30 September 2011. (3) Indicates values as of 30 September 2010. (4) Indicates values as of 31 December 2010. (5) Indicates value as of 31 December 2009. (6) Indicates value as of 31 December 2011.

**c.** Movement of investments in subsidiaries:

	Current Period	Prior Period
Balance at the Beginning of the Period	5,520,777	4,287,817
Movements in the Period		
Purchases (*)	585,464	353,756
Bonus Shares Acquired		26,692
Dividends Received from the Current Year Profit		
Sales		-280,915
Revaluation Surplus (**)	-557,253	1,133,427
Impairment	-17,886	
Balance at the End of the Period	5,531,102	5,520,777
Capital Commitments		
Contribution in equity at the end of the period (%)		

(\*) As of reporting date; TL 585,464 recognized in current period, are comprised of TL 57,456 from the purchase of Closed Joint Stock Company İşbank; TL 44,304 and TL 62,910 are from the participation in the cash capital increases of Bayek Ted. Sağ. Hizm. ve İşl. A.Ş. and İşbank GmbH, respectively, and the remaining part resulted from the acquisitions related to the capital increases of subsidiaries through retained earnings.

(\*\*) The relevant amounts represent the increases and decreases in the market value of participations traded on the stock exchange.

**d.** Sectoral information on financial subsidiaries and the related carrying amounts:

<b>Subsidiaries</b>	<b>Current Period</b>	<b>Prior Period</b>
Banks	793,824	790,240
Insurance Companies	968,185	1,209,520
Factoring Companies		
Leasing Companies	107,413	114,790
Finance Companies		
Other Financial Subsidiaries	500,041	677,797
<b>Total</b>	<b>2,369,463</b>	<b>2,792,347</b>

**e.** Subsidiaries traded on stock exchange:

	<b>Current Period</b>	<b>Prior Period</b>
Traded on domestic stock exchanges	4,250,180	4,514,626
Traded on international stock exchanges		
<b>Total</b>	<b>4,250,180</b>	<b>4,514,626</b>

**f.** Subsidiaries disposed of in the current period: None.

**g.** Subsidiaries acquired in the current period:

Within the framework of the Share Purchase Agreement signed for the acquisition of 100% shares of Closed Joint Stock Company İşbank, operating in Russia, as per the resolution of the Bank's Board dated 25 October 2010, USD 36 million of the share value, which is USD 40 million in total, has been paid and the share transfer has been finalized as of 27 April 2011. Remaining amount of USD 4 million will be paid after one year within the framework of the Share Purchase Agreement.

**9. Information on jointly controlled entities:**

There are no jointly controlled entities of the Bank.

**10. Information regarding finance lease receivables of the Bank (Net):**

The Bank has no finance lease receivables.

**11. Explanations on derivative financial assets held for risk management:**

The Bank has no derivative financial assets held for risk management.

## 12. Information on Tangible Assets (\*) (Net):

Current Period	Real Estates	Construction in Progress	Vehicles	Other Tangible Assets	Total
<b>Acquisition Cost</b>					
Balance at the Beginning of the Period	3,538,392	11,566	15,305	1,142,648	4,707,911
Movements in the Period					
- Additions	39,296	6,848	297	248,514	294,955
- Disposals	-68,608	-86	-613	-53,134	-122,441
- Transfers	3,374	-9,561	472	-472	-6,187
- Impairment Release (-) (**)	53				53
Balance at End of Current Period	3,512,507	8,767	15,461	1,337,556	4,874,291
<b>Accumulated Depreciation</b>					
Balance at the Beginning of the Period	-2,148,556		-11,238	-716,232	-2,876,026
Movements in the Period					
- Depreciation Charge	-48,682		-2,046	-119,042	-169,770
- Disposals	14,246		549	16,544	31,339
- Transfers			76	-76	
- Impairment Release (-)					
Balance at the End of Current Period	-2,182,992		-12,659	-818,806	-3,014,457
Net Book Value at the End of Prior Period	1,389,836	11,566	4,067	426,416	1,831,885
<b>Net Book Value at the End of Current Period</b>	<b>1,329,515</b>	<b>8,767</b>	<b>2,802</b>	<b>518,750</b>	<b>1,859,834</b>

\* As of the balance sheet date the book value of tangible assets purchased through finance lease amounts to TL 5,544 (2010: TL 21,634) and there are no additions during the period. The book value of tangible assets acquired during the period due to receivables is TL 44,811 (2010: TL 89,935).

\*\* They are the impairment releases related to the real estates whose fair values have increased due to their renewed appraisals.

<b>Prior Period</b>	<b>Real Estates</b>	<b>Construction in Progress</b>	<b>Vehicles</b>	<b>Other Tangible Assets</b>	<b>Total</b>
<b>Acquisition Cost</b>					
Balance at the Beginning of the Period	3,561,040	61,540	15,531	1,075,893	4,714,004
Movements in the Period					
- Additions	103,507	21,528	8	188,850	313,893
- Disposals	-208,972	-25,370	-234	-122,095	-356,671
- Transfers	37,893	-46,132			-8,239
- Impairment Release (-) (**)	44,924				44,924
Balance at End of Current Period	3,538,392	11,566	15,305	1,142,648	4,707,911
<b>Accumulated Depreciation</b>					
Balance at the Beginning of the Period	-2,161,855		-8,641	-681,516	-2,852,012
Movements in the Period					
- Depreciation Charge	-48,246		-2,724	-99,738	-150,708
- Disposals	61,075		127	65,022	126,224
- Transfers	470				470
- Impairment Release (-)					
Balance at the End of Current Period	-2,148,556		-11,238	-716,232	-2,876,026
Net Book Value at the End of Prior Period	1,399,185	61,540	6,890	394,377	1,861,992
<b>Net Book Value at the End of Current Period</b>	<b>1,389,836</b>	<b>11,566</b>	<b>4,067</b>	<b>426,416</b>	<b>1,831,885</b>

\* The book value of tangible assets purchased through finance lease amounts to TL 21,634 (2009: TL 52,045). There are no additions in the current period (2009: TL 88). The book value of tangible assets acquired during the period due to receivables is TL 89,935 (2009: TL 62,956).

\*\* They are the impairment releases related to the real estates whose fair values have increased due to their renewed appraisals.

**13. Information on Intangible Assets:**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Acquisition Cost</b>		
Balance at the Beginning of the Period	179,560	133,618
Movements in the Period		
- Acquired	79,755	45,942
- Disposed (-)	-2,430	
- Impairment		
Balance at the End of the Period	256,885	179,560
<b>Accumulated Amortization</b>		
Balance at the Beginning of the Period	146,941	100,864
Movements in the Period		
- Amortization Charge (-)	46,358	46,077
- Disposed	-91	
- Impairment		
Balance at the End of the Current Period	193,208	146,941
Net Book Value at the End of the Prior Period	32,619	32,754
<b>Net Book Value at the End of the Period</b>	<b>63,677</b>	<b>32,619</b>

**14. Information on investment property:**

As of 31 December 2011, the Bank has not any investment properties.

**15. Information on deferred tax asset:**

The Bank has TL 488,613 deferred tax asset as of 31 December 2011. Such deferred tax asset is calculated based on the temporary differences between the book value of the Bank's assets and liabilities and their tax basis measured as per the prevailing tax regulation. When the items comprising the temporary differences are followed under equity, the related tax asset/liability is directly recognized under equity items. As of 31 December 2011, the Bank has no tax asset measured over the period loss or tax relief.

	Current Period	Prior Period
Deferred Tax (Asset)/Liability:		
Tangible Assets Base Differences	27,755	25,749
Provisions (*)	-417,880	-395,512
Valuation of Financial Assets	-80,559	-358,152
Other	-17,929	12,577
Net Deferred Tax (Asset)/Liability:	-488,613	-715,338

(\*) Comprised of employee termination benefits, actual and technical deficits of the pension fund, the provisions for credit card bonus points, and other provisions.

Movements of deferred tax asset:

	Current Period	Prior Period
Balance at the Beginning of the Period	715,338	510,519
Deferred Tax Benefit / (Charge) (Net)	-334,730	212,223
Deferred Tax Recognized under Equity	108,005	-7,404
Deferred Tax Asset	488,613	715,338

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

	Current Period	Prior Period
Balance at the Beginning of the Period	53,955	27,273
Additions	65,988	54,525
Transfers (Net)	6,187	7,769
Disposals (Net)	-63,576	-35,042
Impairment Losses (-)		
Amortization	-2,751	-570
Balance at the End of the Period	59,803	53,955

The Bank has no discontinued operations. The assets classified as "Assets Held for Sale" consist of real estates. Those real estates subject to sale are announced on the Bank's web site. Announcements about the real estates subject to sale are also made by means of newspaper advertisements and similar media.

**17. Information on Other Assets:**

The "other assets" item of the balance sheet does not exceed 10% of total assets.

**II. EXPLANATIONS AND FOOTNOTES ON LIABILITIES**

**1. Information on Deposits:**

**a.1. The maturity structure of deposits (Current period):**

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months to 1 Year	1 Year and Over	Accumulated Deposits	Total
Savings Deposits	5,005,140		4,200,439	28,040,187	2,412,466	503,674	501,736		40,663,642
Foreign Currency Deposits	5,865,791		5,793,103	16,819,195	1,886,363	477,746	3,264,725		34,106,923
Residents in Turkey	5,517,429		5,415,771	16,155,581	1,768,775	394,110	1,664,104		30,915,770
Residents Abroad	348,362		377,332	663,614	117,588	83,636	1,600,621		3,191,153
Deposits of Public Institutions	208,535		419,186	398,015	5,457	168	678		1,032,039
Commercial Deposits	4,533,435		1,447,573	5,358,055	183,916	22,173	132,616		11,677,768
Other Institutions Deposits	273,119		607,730	2,949,255	664,662	1,609,254	1,553		6,105,573
Precious Metals Deposits	2,479,052								2,479,052
Interbank Deposits	261,709		488,743	836,900	166,647	148,420	345,718		2,248,137
The Central Bank of Turkey	83,478								83,478
Domestic Banks	2,075		48,085	291,269	97,408		2,067		440,904
Foreign Banks	172,787		440,658	545,631	69,239	148,420	343,651		1,720,386
Participations Banks	3,369								3,369
Other									
<b>Total</b>	<b>18,626,781</b>		<b>12,956,774</b>	<b>54,401,607</b>	<b>5,319,511</b>	<b>2,761,435</b>	<b>4,247,026</b>		<b>98,313,134</b>

**a.2. The maturity structure of deposits (Prior period):**

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months to 1 Year	1 Year and Over	Accumulated Deposits	Total
Savings Deposits	4,518,478		20,032,697	11,969,945	1,101,909	274,201	376,989		38,274,219
Foreign Currency Deposits	4,761,221		10,269,550	8,121,109	1,456,785	583,089	2,206,021		27,397,775
Residents in Turkey	4,498,713		9,599,862	7,896,837	1,327,397	475,167	1,389,626		25,187,602
Residents Abroad	262,508		669,688	224,272	129,388	107,922	816,395		2,210,173
Deposits of Public Institutions	336,578		145,950	66,418	3,184		6,887		559,017
Commercial Deposits	4,021,557		2,924,851	4,877,052	217,428	23,840	2,863		12,067,591
Other Institutions Deposits	222,342		1,358,093	4,359,227	1,214,386	1,092	782		7,155,922
Precious Metals Deposits	336,249								336,249
Interbank Deposits	272,335		677,218	1,198,992	86,719	55,247	178,873		2,469,384
The Central Bank of Turkey	74,276								74,276
Domestic Banks	10,351		276,579	641,487			3,155		931,572
Foreign Banks	186,137		400,639	557,505	86,719	55,247	175,718		1,461,965
Participations Banks	1,571								1,571
Other									
<b>Total</b>	<b>14,468,760</b>		<b>35,408,359</b>	<b>30,592,743</b>	<b>4,080,411</b>	<b>937,469</b>	<b>2,772,415</b>		<b>88,260,157</b>

- b.1.** Savings deposits which are under the guarantee of Savings Deposits Insurance Fund and which exceed the limit of deposit insurance:

Savings Deposits	Under the Guarantee of Savings Deposits Insurance Fund		Exceeding the Limit of Deposit Insurance Fund	
	Current Period	Prior Period	Current Period	Prior Period
Savings Deposits	16,344,278	16,526,269	24,004,306	21,470,358
Foreign Currency Savings Deposits	7,242,877	5,936,695	15,250,682	11,306,743
Other Deposits in the Form of Savings Deposits				
Foreign Branches' Deposits Under Foreign Authorities' Insurance	694,449	604,575	49,636	65,303
Off-shore Banking Regions' Deposits Under Foreign Authorities Insurance			17,827	67,171

- b.2.** Savings deposits which are not under the guarantee of deposit insurance fund:

	Current Period	Prior Period
Foreign Branches' Deposits Under Foreign Authorities Insurance	67,463	132,474
Deposits and Other Accounts held by Main Shareholders and their Relatives		
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	8,957	8,689
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004		
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey		

**2. Information on Derivative Financial Liabilities Held for Trading:**

Negative differences on derivative financial liabilities held for trading:

Derivative Financial Liabilities Held for Trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	96,264	116,755	7,868	57,125
Swap Transactions	361,060	214,164	385,134	228,312
Futures				
Options	263	26,614	430	38,407
Other		42,762		
<b>Total</b>	<b>457,587</b>	<b>400,295</b>	<b>393,432</b>	<b>323,844</b>

**3. Banks and Other Financial Institutions:**

**a.** Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Funds borrowed from the Central Bank of Turkey				
Funds borrowed from Domestic Banks and Institutions	210,689	236,181	111,052	127,813
Funds borrowed from Foreign banks, institutions and funds		10,701,338		7,803,577
<b>Total</b>	<b>210,689</b>	<b>10,937,519</b>	<b>111,052</b>	<b>7,931,390</b>

**b.** Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	186,621	5,599,202	108,183	4,036,524
Medium and Long-term	24,068	5,338,317	2,869	3,894,866
<b>Total</b>	<b>210,689</b>	<b>10,937,519</b>	<b>111,052</b>	<b>7,931,390</b>

**c.** Information on funds borrowed:

Information on funds received through syndicated loans and securitization deals, which take a significant place among funds borrowed, are given below.

Syndicated loans:

Date of Use	Funds Borrowed	Maturity
September 2010	USD 45,000,000 + EUR 115,000,000	2 years
May 2011	USD 290,000,000 + EUR 626,000,000	1 year (with 1 year extension option)
September 2011	USD 359,000,000 + EUR 603,000,000	1 year (with 1 year extension option)

Securitization deals:

The Bank obtained funds by way of putting on securitization deals all its claims and receivables based on diversified payment rights in USD, EUR and GBP through TIB Diversified Payment Rights Finance Company, and all its claims and receivables based on FC debit and credit card receivables through TIB Card Receivables Funding Company Limited, both of which are special purpose vehicles established abroad.



Information on funds received through securitization are given below.

<b>Date</b>	<b>Special Purpose Vehicle (SPV)</b>	<b>Amount</b>	<b>Final Maturity</b>	<b>Remaining Debt Amount as of 31.12.2011</b>
November 2004	TIB Diversified Payment Rights Finance Company	USD 600,000,000	7-10 years	USD 89,600,000
May 2005	TIB Diversified Payment Rights Finance Company	USD 700,000,000	5-8 years	USD 118,750,000
December 2005	TIB Card Receivables Funding Company Limited	USD 350,000,000	8 years	USD 127,561,065
June 2006	TIB Diversified Payment Rights Finance Company	USD 800,000,000	5-8 years	USD 344,000,000
March 2007	TIB Diversified Payment Rights Finance Company	USD 550,000,000	7-8 years	USD 430,000,000
October 2011	TIB Diversified Payment Rights Finance Company	USD 75,000,000	5 years	USD 75,000,000
October 2011	TIB Diversified Payment Rights Finance Company	EUR 160,000,000	5-7 years	EUR 160,000,000

**4. Other Securities Issued (Net):**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Bills	1,809,005			
Bonds	1,019,442	952,974		
<b>Total</b>	<b>2,828,447</b>	<b>952,974</b>		

**5. Concentration of the liabilities of the Bank:**

61% of the Bank's liabilities are comprised of deposits, 12% are comprised of funds obtained through repurchase transactions and 7% are comprised of borrowings. Deposits are distributed among a large variety of customers with different characteristics. The borrowings, on the other hand, are comprised of various funds obtained from financial institutions through syndication, securitization, post-financing and money market operations. No risk concentration exists related to the Bank's liabilities.

**6. Other Liabilities:**

Other liabilities do not exceed 10% of the balance sheet total.

**7. Information on lease payables (net):**

Liabilities resulting from finance lease transactions:

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less than 1 Year	12	5	3,405	3,164
1-5 Years			9	4
More Than 5 Years				
<b>Total</b>	<b>12</b>	<b>5</b>	<b>3,414</b>	<b>3,168</b>

**8. Information on derivative financial liabilities held for risk management:**

The Bank does not have any derivative financial liabilities held for risk management purposes.

**9. Information on provisions:****a. Information on general loan loss provisions:**

	Current Period	Prior Period
General Loan Loss Provisions	1,245,245	699,489
Provision for Group I Loans and Receivables	1,039,640	533,110
Provision for Group II Loans and Receivables(*)	38,077	29,786
Provision for Non-cash Loans	117,154	76,626
Other	50,374	59,967

(\*)Also includes general provision for Group II Non-cash Loans.

Within the framework of the “Regulation Regarding the Amendment of the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside”, which was published in the Official Gazette dated 28 May 2011, no. 27947, TL 61,729 additional provision was set aside for 32,658 loans (7,914 group I loans / 24,744 group II loans), whose maturities have been extended for up to one year and for 49,226 loans (37,144 group I loans / 12,082 group II loans), whose maturities have been extended for more than a year.

**b. Reserves for employee benefits:**

According to the related regulation and the collective bargaining agreements, the Bank is obliged to pay employee termination benefits to employees who retire, die, quit for their military service obligations, who have been dismissed as defined in the related regulation or to the female employees who have voluntarily quit within one year after the date of their marriage. In accordance with the related regulations, the amount of employee termination benefits is TL 2,731.85 (full TL amount as of 31 December 2011), which is one month salary for each service year and cannot exceed the base salary ceiling for employee termination benefits. The provision amount resulting from liabilities for employee termination benefits has been determined in line with the actuarial report prepared by an independent valuation firm and within this context, as of 31 December 2011 TL 235,821 provision was set aside and reflected to the financial statements (31 December 2010: TL 202,048).

The main actuarial assumptions used in the calculation of the employee termination benefits are as follows:

- discount and inflation rates, which vary by years, were used for the calculation and the real rate of increase in salaries was taken as 2%.
- TL 2,731.85 (full TL amount) salary ceiling, which was effective as at 31 December 2011 was taken into account for the calculations.
- the age of retirement is considered as the earliest age possible that an individual can retire.
- CSO 1980 table is used for the mortality rate for female and male employees

The movements related to provision for employee termination benefits are given below.

	Current Period	Prior Period
Present value of defined benefit obligation at the beginning of the period	202,048	150,371
Service Cost	16,988	11,395
Interest Cost	18,007	14,135
Benefits paid	-18,262	-11,348
Loss/(Gain) due to Settlements / Reductions / Terminations	729	343
Actuarial loss/(gain)	16,311	37,152
Defined benefit obligation at the end of the period	235,821	202,048

In addition to the employee termination benefits, the Bank also allocates provision for the unused vacation pay. Provision for unused vacation pay for the year 2011 stands at TL 20,642 (31 December 2010: TL 18,059).

**c.** Provisions for exchange losses in the principal amount of foreign currency indexed loans: Since foreign currency indexed loans are followed based on the rates on the lending date, the Bank incurs a loss if the exchange rates decrease and makes profit if the exchange rate increases. As of 31 December 2011, provision amount for the currency evaluation losses in the principal amount of foreign currency indexed loans is TL 2,989 and this amount is offset against foreign currency indexed loan balance in the financial statements.

**d.** Specific provisions for non-cash loans, which are not indemnified and not converted into cash: TL 85,388 provision (31 December 2010: TL 151,902) is allocated for the non-cash loans of companies whose loans are followed under “Non-performing Loans” accounts.

e. Information on other provisions:

e.1. Provisions for potential risks: Taking the potential risks in the economy and in the markets into account, provision amounting to TL 950,000 was all provided in accordance with the precautionary principle.

e.2. Liabilities arising from retirement benefits:

- Liabilities of pension funds founded as per the Social Security Act:

Within the scope of the explanations given in Part Three Note XVII, in the actuarial report which was prepared as of 31 December 2011 for Türkiye İş Bankası A.Ş. Emekli Sandığı Vakfı (İşbank Pension Fund), of which each Bank employee is a member, and which has been established according to the provisional Article 20 of the Social Security Act No. 506, the amount of actuarial and technical deficit stands at TL 1,338,159. Additional TL 19,914 provision was set aside for the difference between and the newly determined deficit amount and the TL 1,318,245 provision amount set aside by the Bank for the related pension fund until the current period.

The above mentioned actuarial audit, which was made in accordance with the principles of the related law, measures the cash value of the liability as of 31 December 2011, in other words; it measures the amount to be paid to the Social Security Institution by the Bank. CSO 1980 mortality table, 9.8% technical deficit interest rate and 33.5% premium rate were taken into account in calculations. Below table shows the cash values of premium and salary payments as of 31 December 2011, taking the health expenses within the Social Security Institution limits into account.

	<b>Current Period</b>	<b>Prior Period</b>
Net Present Value of Total Liabilities Other Than Health	-3,666,014	-3,401,547
Net Present Value of Long Term Insurance Line Premiums	1,562,338	1,437,212
<b>Net Present Value of Total Liabilities Other Than Health</b>	<b>-2,103,676</b>	<b>-1,964,335</b>
Net Present Value of Health Liabilities	-482,099	-438,786
Net Present Value of Health Premiums	929,964	855,484
<b>Net Present Value of Health Liabilities</b>	<b>447,865</b>	<b>416,698</b>
<b>Pension Fund Assets</b>	<b>317,652</b>	<b>229,392</b>
<b>Amount of Actuarial and Technical Deficit</b>	<b>-1,338,159</b>	<b>-1,318,245</b>

The assets of the pension fund are as follows.

	<b>Current Period</b>	<b>Prior Period</b>
Cash	196,541	164,851
Securities Portfolio	94,007	52,569
Other	27,104	11,972
<b>Total</b>	<b>317,652</b>	<b>229,392</b>

On the other hand, after the transfer, the currently paid health benefits will be revised within the framework of the Social Security Institution legislation and related regulations.

#### **10. Information on Tax Liability:**

a. Explanations related to current tax liability:

a.1. Information on tax provision:

Explanations in relation to taxation and tax calculations were stated in Note XVIII of Part 3. The remaining corporate tax liability after the deduction of the temporary tax amount stands at TL 186,206 as of 31 December 2011.

**a.2. Information on taxes payable:**

	<b>Current Period</b>	<b>Prior Period</b>
Corporate Tax Payable	186,206	221,008
Tax on Securities Income	110,023	73,024
Tax on Real Estate Income	1,717	1,516
Banking Insurance Transaction Tax	52,361	36,466
Foreign Exchange Transaction Tax	28	22
Value Added Tax Payable	529	553
Other	21,045	17,830
<b>Total</b>	<b>371,909</b>	<b>350,419</b>

**a.3. Information on premiums:**

	<b>Current Period</b>	<b>Prior Period</b>
Social Security Premiums - Employees	46	35
Social Security Premiums - Employer	53	41
Bank Pension Fund Premiums - Employees		
Bank Pension Fund Premiums - Employer		
Pension Fund Membership Fees and Provisions-Employees		
Pension Fund Membership Fees and Provisions-Employer		
Unemployment Insurance - Employees	1,618	600
Unemployment Insurance – Employer	3,237	1,202
Others		
<b>Total</b>	<b>4,954</b>	<b>1,878</b>

**b.** Information on deferred tax liabilities: None.

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

The Bank has no payables for assets held for sale and discontinued operations.

**12. Subordinated loans used by the Bank:**

There are no subordinated loans used by the Bank.

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

**a.** Presentation of paid-in capital:

	<b>Current Period</b>	<b>Prior Period</b>
Common shares	4,499,970	4,499,970
Preferred shares	30	30
<b>Total</b>	<b>4,500,000</b>	<b>4,500,000</b>

**b.** Explanation as to whether the registered share capital system ceiling is applicable at the Bank, if so, the amount of registered share capital:

<b>Capital System</b>	<b>Paid-in Capital</b>	<b>Ceiling</b>
Registered Capital System	4,500,000	7,000,000

**c.** The capital increase made in current period: None.

**d.** Information on capital increase through transfer from capital reserves during the current period: None.

**e.** Significant commitments of the Bank related to capital expenditures within the last year and the following quarter, the general purpose thereof, and the estimation of funds required for them: There are no capital commitments.

f. Previous periods' indicators related to income, profitability and liquidity, and the estimated effects of forecasts, which are to be made by taking into consideration the uncertainties of these indicators, on the Bank's equity: The Bank's balance sheet is managed in a prudent way to ensure that the effect of risks arising from interest rates, exchange rates and loans is at the lowest level. This contributes to the development of the Bank's income within a regularly increasing trend.

g. Privileges Granted to Shares:

Group (A) shares each with a nominal value of 1 Kurus have the privileges of;

- receiving 20 times the number of shares in the distribution of bonus shares issued from conversion of extraordinary and revaluation reserves generated in accordance with the relevant laws (Article 18 of the Articles of Incorporation)
- exercising the preference rights as 20 times (Article 19 of the Articles of Incorporation), and
- 20 voting rights (Article 49 of the Articles of Incorporation)

Despite having a lower nominal value, Group (B) shares, each with a nominal value of 1 Kurus, have the same rights with the Group (C) shares having a nominal value of 4 Kurus each. Furthermore, Group (A) and (B) shares, each with a nominal value of 1 Kurus, are granted privileges in distribution of profits pursuant to Article 58 of the Articles of Incorporation.

h. Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Associates, Subsidiaries and Jointly Controlled Entities</b>	<b>1,728,832</b>		<b>2,286,085</b>	
Valuation Difference	1,728,832		2,286,085	
Foreign Exchange Differences				
<b>Financial Assets Available for Sale</b>	<b>-385,877</b>	<b>137,501</b>	<b>173,694</b>	<b>55,435</b>
Valuation Difference	-452,438	137,501	215,138	55,435
Deferred Tax Effect on Valuation	66,561		-41,444	
Foreign Exchange Differences				
<b>Total</b>	<b>1,342,955</b>	<b>137,501</b>	<b>2,459,779</b>	<b>55,435</b>

**III. EXPLANATIONS AND FOOTNOTES ON OFF BALANCE SHEET ITEMS****1. Explanations to liabilities related to off-balance items:****a.** Types and amounts of irrevocable loan commitments:

Commitment for customer credit card limits amounts to TL 13,172,835 and commitment to pay for check leaves amounts to TL 4,914,758. The amount of commitment for the forward purchase of assets is TL 575,182 and for the forward sale of assets is TL 577,788.

**b.** The structure and amount of probable losses and commitments resulting from off-balance sheet items, including those below:

There are no probable losses related to off-balance sheet items, Commitments are shown in the table of “Off-Balance Sheet Items”.

**b.1.** Guarantees, bank acceptances, collaterals that qualify as financial guarantees, and non-cash loans including other letters of credit:

	<b>Current Period</b>	<b>Prior Period</b>
Bank Acceptances	497,122	211,538
Letters of Credit	5,170,468	3,105,943
Other Guarantees	1,001,081	339,787
<b>Total</b>	<b>6,668,671</b>	<b>3,657,268</b>

**b.2.** Definite guarantees, provisional guarantees, suretyships and similar transactions:

	<b>Current Period</b>	<b>Prior Period</b>
Tentative Letters of Guarantee	1,201,212	531,378
Certain Letters of Guarantee	13,702,059	8,746,294
Advance Letters of Guarantee	3,005,909	1,629,506
Letters of Guarantee Addressed to Customs	905,572	523,800
Other Letters of Guarantee	366,582	194,357
<b>Total</b>	<b>19,181,334</b>	<b>11,625,335</b>

**c. 1.** Total Non-cash Loans:

	<b>Current Period</b>	<b>Prior Period</b>
Non-cash Loans against Cash Risks	347,699	178,890
With Original Maturity of 1 Year or Less	37,121	65,655
With Original Maturity More Than 1 Year	310,578	113,235
Other Non-cash Loans	25,502,306	15,103,713
<b>Total</b>	<b>25,850,005</b>	<b>15,282,603</b>

**c. 2. Sectoral Risk Concentration of Non-cash Loans:**

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	114,202	1.15	40,730	0.26	85,956	1.32	21,708	0.25
Farming and Raising Livestock	56,855	0.57	34,295	0.22	41,670	0.64	21,708	0.25
Forestry	56,233	0.57	6,088	0.04	42,884	0.66		
Fishery	1,114	0.01	347	0.00	1,402	0.02		
Industry	3,093,213	31.12	9,217,883	57.93	2,029,583	31.03	4,216,454	48.24
Mining and Quarrying	100,355	1.01	120,057	0.75	68,219	1.04	72,721	0.83
Manufacturing	2,381,402	23.96	7,468,821	46.94	1,613,587	24.67	3,244,855	37.12
Electricity, Gas, Water	611,456	6.15	1,629,005	10.24	347,777	5.32	898,878	10.29
Construction	1,959,406	19.71	1,990,183	12.50	764,308	11.68	1,022,071	11.69
Services	4,663,229	46.91	3,028,888	19.05	3,597,477	54.99	2,206,153	25.24
Wholesale and Retail Trade	2,971,252	29.89	1,596,846	10.04	2,410,990	36.86	1,345,446	15.39
Hotel and Restaurant Services	100,326	1.01	17,434	0.11	85,046	1.30	12,157	0.14
Transportation and Communication	261,017	2.63	844,742	5.31	231,230	3.53	359,364	4.11
Financial Institutions	809,012	8.14	262,107	1.65	518,305	7.92	251,770	2.88
Real Estate and Rental Services	247,980	2.49	187,276	1.18	163,514	2.50	174,031	1.99
Self-Employed Services	205,340	2.07	104,368	0.66	135,109	2.07	43,521	0.50
Educational Services	16,043	0.16	6,926	0.04	12,706	0.19	10,116	0.12
Health and Social Services	52,259	0.52	9,189	0.06	40,577	0.62	9,748	0.11
Others	110,221	1.11	1,632,050	10.26	64,346	0.98	1,274,547	14.58
<b>Total</b>	<b>9,940,271</b>	<b>100.00</b>	<b>15,909,734</b>	<b>100.00</b>	<b>6,541,670</b>	<b>100.00</b>	<b>8,740,933</b>	<b>100.00</b>

**c. 3. Non-cash Loans classified under Group I and Group II:**

	Group I		Group II	
	TL	FC	TL	FC
<b>Non-cash Loans</b>	<b>9,880,158</b>	<b>15,735,113</b>	<b>60,113</b>	<b>174,621</b>
Letters of Guarantee	9,855,935	9,114,160	60,113	151,126
Bank Acceptances	3,628	491,219		2,275
Letters of Credit		5,154,448		16,020
Endorsements		375,869		
Underwriting Commitments of the Securities Issued				
Factoring Related Guarantees				
Other Guaranties and Warranties	20,595	599,417		5,200

**2. Information on Derivative Financial Instruments:**

Majority of the Bank's derivative transactions comprise currency and interest rate swaps, forward foreign exchange trading as well as currency and interest rate options. Even though some derivative transactions economically provide risk hedging, since all necessary conditions to be defined as items suitable for financial risk hedging accounting are not met, they are recognized as "held for trading purposes" within the framework of "TAS 39 - Financial Instruments: Recognition And Measurement".

**3. Explanations Related to Contingencies and Commitments:**

The balance of the “Other Irrevocable Commitments” account, under which the amount of letters of guarantees, guarantees and commitments submitted by the Bank pursuant to its own internal affairs, and guarantees given to third parties by other institutions in favor of the Bank and the commitments due to housing loans extended within the scope of unfinished house projects are followed, stands at TL 4,564,163. TL 4,914,758 liability of the Bank regarding the checks given to customers is presented under off balance sheet commitments, as per the related regulations. In case the cheques presented for payment to beneficiaries are not covered, the Bank will be obliged to pay the uncovered amount up to TL 600 (exact amount) for the cheques that are subject to the Law no. 3167 on “the Regulation of Payments by Cheque and Protection of Cheque Holders”, within the framework of the Law no. 6273 on “Amendments in the Cheque Law”, which came into effect after being published in the Official Gazette dated 3 February 2012, and up to TL 1,000 (exact amount) for the cheques that are subject to the “Cheque Law” no. 5941. The Bank will try to collect the amount paid from the customer and the uncollected amount will be followed under “Indemnified Non-Cash Loans”.

**4. Explanations related to transactions made on behalf of or on the account of others:**

It is explained in Note X under Part Four.



## IV. EXPLANATIONS AND FOOTNOTES ON THE INCOME STATEMENT

## 1.a. Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Income on Loans*				
Short-term Loans	2,385,234	222,351	2,116,537	135,680
Medium and Long-term Loans	3,282,183	983,467	2,909,977	545,832
Interest on Non-performing Loans	260,389	1	239,703	59
Premiums Received from State Resource Utilization Support Fund				
<b>Total</b>	<b>5,927,806</b>	<b>1,205,819</b>	<b>5,266,217</b>	<b>681,571</b>

\* Includes fee and commission income on cash loans.

## 1.b. Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey			104,265	
Domestic Banks	373	832	342	466
Foreign Banks	5,722	10,643	9,936	33,422
Foreign Head Offices and Branches				
<b>Total</b>	<b>6,095</b>	<b>11,475</b>	<b>114,543</b>	<b>33,888</b>

## 1.c. Information on interest income from securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Income on Financial Assets Held for Trading	35,548	121	40,601	97
Interest Income on Financial Assets at Fair Value through Profit and Loss				
Interest Income on Financial Assets Available for Sale	1,575,705	397,789	1,549,519	444,629
Investments Held to Maturity	1,711,870	482	1,629,316	2,880
<b>Total</b>	<b>3,323,123</b>	<b>398,392</b>	<b>3,219,436</b>	<b>447,606</b>

## 1.d. Information on interest income received from associates and subsidiaries:

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	19,658	7,154

**2.a.** Information on interest expense from funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	10,891	175,407	356,510	115,475
Central Bank of Turkey				
Domestic Banks	10,891	4,106	10,494	4,382
Foreign Banks		171,301	346,016	111,093
Foreign Head Offices and Branches				
Other Institutions		43,085		39,192
<b>Total (*)</b>	<b>10,891</b>	<b>218,492</b>	<b>356,510</b>	<b>154,667</b>

(\*) Includes fee and commission expenses regarding to cash loans.

**2.b.** Information on interest paid to associates and subsidiaries:

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	75,494	95,190

**2.c.** Information on interest paid to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Paid to Securities Issued	166,065	41,983		

**2.d.** Information on Interest Expense on Deposits According to Maturity Structure:

	Demand Deposits	Time Deposits					Accumulated Deposits	Total
		Up to One Month	Up to Three Months	Up to Six Months	Up to One Year	Over One Year		
<b>TL</b>								
Bank Deposits	3	8,589	32,879	6,043	2,244	3,060		52,818
Savings Deposits	8	724,326	1,917,244	166,770	34,497	34,021		2,876,866
Public Sector Deposits	18	7,495	13,466	825	2	483		22,289
Commercial Deposits	119	146,430	400,254	76,510	7,719	3,992		635,024
Other Institutions Deposits		72,943	206,982	183,437	104,802	58		568,222
Deposits with 7 Days Notice								
<b>Total</b>	<b>148</b>	<b>959,783</b>	<b>2,570,825</b>	<b>433,585</b>	<b>149,264</b>	<b>41,614</b>		<b>4,155,219</b>
<b>FC</b>								
Foreign Currency Deposits	62	184,227	424,342	84,772	11,320	93,440		798,163
Bank Deposits	36	3,006	9,806	5,723	1,686	3,593		23,850
Deposits with 7 Days Notice								
Precious Metals Deposits								
<b>Total</b>	<b>98</b>	<b>187,233</b>	<b>434,148</b>	<b>90,495</b>	<b>13,006</b>	<b>97,033</b>		<b>822,013</b>
<b>Grand Total</b>	<b>246</b>	<b>1,147,016</b>	<b>3,004,973</b>	<b>524,080</b>	<b>162,270</b>	<b>138,647</b>		<b>4,977,232</b>

**3. Information on dividend income:**

	Current Period	Prior Period
Financial Assets Held for Trading		
Financial Assets at Fair Value Through Profit and Loss		
Financial Assets Available for Sale	1,191	543
Other	554,511	368,667
<b>Total</b>	<b>555,702</b>	<b>369,210</b>

**4. Information on trading income/losses (Net):**

	Current Period	Prior Period
<b>Profit</b>		
Securities Trading Gains	126,758	515,302
Gains on Derivative Financial Instruments	3,875,154	2,753,087
Foreign Exchange Gains	78,524,978	51,117,861
<b>Losses (-)</b>		
Securities Trading Losses	10,771	892
Losses on Derivative Financial Instruments	3,543,391	2,824,133
Foreign Exchange Losses	78,666,655	51,426,595
<b>Trading Income /Losses (Net)</b>	<b>306,073</b>	<b>134,630</b>

The profit amount arising from foreign currency changes related to derivative transactions stands at TL 3,047,210, the loss amount stands at TL 2,614,733 and the amount of net profit is TL 432,477 (31 December 2010 profit: TL 2,362,784, loss: TL 1,801,277).

**5. Information on other operating income:**

81% of the other operating income arises from the collections or reversals of the provisions set aside in prior years for various reasons mainly for non-performing loans. The share of income from fixed assets sale in other operating income is 12%. The fixed asset sale includes TL 62,478 sales profit from the sale of the shares of Visa and Mastercard, which are qualified as available-for-sale securities. The remaining part of the other operating income is composed of the fee income received from customers on various banking services.

**6. Information on provision for loans and other receivables:**

	Current Period	Prior Period
Specific Provisions for Loans and Other Receivables	597,457	769,520
Group III Loans and Receivables	438,637	568,535
Group IV Loans and Receivables	15,376	33,590
Group V Loans and Receivables	143,444	167,395
General Loan Provision Expenses	545,756	234,456
Provision Expenses for Potential Risks		
Marketable Securities Impairment Losses	3,844	100
Financial Assets at Fair Value through Profit and Loss	3,844	100
Financial Assets Available for Sale		
Impairment Losses on Investments in Associates, Subsidiaries, Jointly Controlled Entities and Investments Held to Maturity	17,886	
Investment in Associates		
Subsidiaries	17,886	
Jointly Controlled Entities		
Investments Held to Maturity		
Others	218,850	131,373
<b>Total</b>	<b>1,383,793</b>	<b>1,135,449</b>

**7. Other operating expenses:**

	<b>Current Period</b>	<b>Prior Period</b>
Personnel Expenses	1,819,222	1,625,420
Reserve for Employee Termination Benefits	33,773	51,677
Bank Pension Fund Deficit Provisions	19,914	22,260
Impairment Losses on Tangible Assets		36,433
Depreciation Expenses of Tangible Assets	165,487	145,245
Impairment Losses on Intangible Assets		
Impairment Losses on Goodwill		
Amortization Expenses of Intangible Assets	46,358	46,077
Impairment Losses on Share of Participations Accounted for Using the Equity Method		
Impairment Losses on Assets to be Disposed	1,147	1,039
Depreciation Expenses of Assets to be Disposed	7,034	6,033
Impairment Losses on Assets Held for Sale and Subject to Discontinued Operations		
Other Operating Expenses	1,092,965	905,425
Operating Lease Expenses	156,120	128,237
Repair and Maintenance Expenses	19,758	16,852
Advertisement Expenses	144,643	133,191
Other Expenses	772,444	627,145
Loss on Sale of Assets	1,904	30,650
Other	293,395	332,864
<b>Total</b>	<b>3,481,199</b>	<b>3,203,123</b>

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

The Bank's profit before tax is generated from its continuing operations. The profit before tax consists of net interest income of TL 4,561,800, net fee and commission income of TL 1,428,583 and the other operation expenses amount to TL 3,481,199.

**9. Information on provision for taxes including taxes from continuing and discontinued operations**

As of 31 December 2011 the Bank's total tax provision of TL 630,793 consists of current tax expense of TL 296,063 and deferred tax expense of TL 334,730.

**10. Information on net operating profit/loss after taxes including net profit/loss from continuing and discontinued operations:**

The Bank's net profit generated from its continuing operations amounts to TL 2,667,487.

**11 . Explanation on Net Period Profit / Loss:**

**a.** Income and expense resulting from regular banking activities: No further explanation on operating results is needed for better understanding of the Bank's performance in the period 1 January 2011 - 31 December 2011.

**b.** Any changes in estimations that might have a material effect on current and subsequent period results: No disclosure is required.

**c.** "Other" item under "Fees and Commissions Received" in the Income Statement is composed of fees and commissions received from various banking operations, mainly from credit card operations and capital market operations.

**d.** Other items do not exceed 10% of the total amount of the income statement.

**V. EXPLANATIONS AND NOTES ON THE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

The paid-in capital is TL 4,500,000 in legal records. As of balance sheet date, the balance of legal reserves is TL 1,646,564 and the balance of extraordinary reserves is TL 5,890,766.

In the current period, the change in other reserves item is a result of the conversion profit of foreign branches.

The details of revaluation surplus of securities are shared in the Note no. V-II-13-h. TL 66,561 of this amount is the deferred tax effect on available for sale securities (31 December 2010: TL -41,444).

**VI. EXPLANATIONS AND NOTES ON THE STATEMENT OF CASH FLOWS**

The operating profit of TL 3,227,392 before the changes in operating assets and liabilities consists of TL 10,738,853 of interest received predominantly from loans and securities, and TL 6,056,019 of interest predominantly paid on mainly deposits, money market operations and funds borrowed by the Bank.

The effect of changes in foreign exchange rates on cash and cash equivalents is approximately TL 652,811 as of 31 December 2011 (31 December 2010: TL -70,624).

Cash, cash in foreign currency, unrestricted deposits in Central Bank of Turkey, money in transit, cheques purchased, precious metals, money market operations as well as demand deposits and time deposits up to 3 months are defined as cash and cash equivalents.

**Cash and cash equivalents at beginning of the period:**

	<b>Current Period 31.12.2010</b>	<b>Prior Period 31.12.2009</b>
<b>Cash</b>	<b>5,647,529</b>	<b>6,967,878</b>
Cash in TL and Foreign Currency	923,709	777,586
Central Bank of Turkey and Other	4,723,820	6,190,292
<b>Cash Equivalents</b>	<b>3,130,509</b>	<b>6,132,582</b>
Banks' Demand Deposits and Time Deposits Up to 3 Months	3,130,509	6,132,582
Money Market Receivables		
<b>Total Cash and Cash Equivalents</b>	<b>8,778,038</b>	<b>13,100,460</b>

The total amount resulting from the transactions made in the previous period, shows the total cash and cash equivalents as of the beginning of the current period.

**Cash and cash equivalents at end of the period:**

	<b>Current Period 31.12.2011</b>	<b>Prior Period 31.12.2010</b>
<b>Cash</b>	<b>6,920,592</b>	<b>5,647,529</b>
Cash in TL and Foreign Currency	1,120,445	923,709
Central Bank of Turkey and Other	5,800,147	4,723,820
<b>Cash Equivalents</b>	<b>2,178,731</b>	<b>3,130,509</b>
Banks' Demand Deposits and Time Deposits Up to 3 Months	2,135,604	3,130,509
Money Market Receivables	43,127	
<b>Total Cash and Cash Equivalents</b>	<b>9,099,323</b>	<b>8,778,038</b>

**VII. EXPLANATIONS AND FOOTNOTES ON THE BANK’S RISK GROUP**

**1. Information on the volume of transactions relating to the Bank’s risk group, incomplete loan and deposit transactions and period’s profit and loss:**

**a. Current Period:**

Bank’s Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Real Persons and Corporate Bodies that have been Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	300,597	1,506,659		19	552,895	107,985
Balance at the end of the period	538,591	2,188,952	2	19	892,899	148,663
Interest and commission income received	19,658	175			41,745	1,042

**b. Prior Period:**

Bank’s Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Real Persons and Corporate Bodies that have been Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	162,500	1,381,322		10	444,192	102,324
Balance at the end of the period	300,597	1,506,659		19	552,895	107,985
Interest and commission income received	7,154	286			25,523	1,107

**c.1. Information on deposits held by the Bank’s risk group:**

Bank’s Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Real Persons and Corporate Bodies that have been Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the period	1,218,847	1,514,269	840,520	237,295	1,370,925	882,232
Balance at the end of the period	1,430,686	1,218,847	549,679	840,520	1,725,317	1,370,925
Interest expense on deposits	67,370	91,290	63,241	37,588	79,389	59,023

**c.2.** Information on forward and option agreements and other similar agreements made with the Bank’s risk group:

Bank’s Risk Group	Investments in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		Direct and Indirect Shareholders of the Bank		Other Real Persons and Corporate Bodies that have been Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at Fair Value Through Profit and Loss						
Beginning of the period		3,581			10,200	
End of the period	557,190				188,145	10,200
Total Profit/ Loss	13,438	95			2,609	539
Transactions for hedging purposes						
Beginning of the period						
End of the period						
Total Profit/ Loss						

**2. In connection with the Bank’s risk group:**

**a.** The relationship of the Bank with corporations in its risk group and under its control regardless of any transactions between the parties:

All types of corporate and retail banking services are provided to these corporations in line with the articles of Banking Law.

**b.** The type and amount of transaction carried out, and its ratio to the overall transaction volume, values of principal items and their ratios to overall items, pricing policy and other items in addition to the structure of the relationship:

The transactions carried out are mainly loan and deposit transactions. The ratio of loans extended to the risk group to the overall loans is 1.56%, while the ratio to the overall assets is 0.89%; the ratio of deposits of the risk group corporations to the overall deposits is 3.77%, while the ratio to overall liabilities is 2.29%. Comparable price method is used in pricing the transactions.

**c.** Purchase and sale of real estates, other assets and services, agency agreements, finance lease contracts, transfer of information obtained through research and development, license agreements, funding (including loans and provision of support as cash capital or capital-in-kind), guarantees and collaterals, and management agreements:

The Bank acquires its properties through its associate, İş Finansal Kiralama A.Ş., when required. The Bank’s branches act as agents for Anadolu Anonim Türk Sigorta Şirketi and Anadolu Hayat Emeklilik A.Ş. Furthermore, through its branches the Bank also acts as agent for İş Yatırım Menkul Değerler A.Ş. Of the 38 mutual funds, which were founded by the Bank, 26 of them are managed by İş Portföy Yönetimi A.Ş. and 12 of them are managed by İş Yatırım Menkul Değerler A.Ş.

If requested, cash and non-cash loan requirements of corporations within the risk group are met in accordance with the limits imposed by the Banking Law and the prevailing market conditions.

**3. Total salaries and similar benefits paid to the key management personnel**

Benefits paid to key management personnel in the year 2011 amount to TL 14,692 (31 December 2010: TL 13,740).

**VIII. EXPLANATIONS ON THE BANK’S DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND REPRESENTATIVE OFFICES**

	Number	Employees			
Domestic Branches (*)	1,184	24,667			
			<b>Country of Incorporation</b>		
Foreign Representative Offices	1	1	People’s Republic of China		
	1	1	Egypt		
				<b>Total Assets</b>	<b>Legal Capital</b>
Foreign Branches	1	24	England	6,016,844	291
	14	176	TRNC	893,104	80,000
	1	10	Iraq	29,345	13,327
Off-Shore Branches	1	8	Bahrain	18,735,932	

(\*)The Branches located in Free Trade Zones in Turkey are included among domestic branches.

**IX. ISSUES WHICH OCCURED AFTER DATE OF THE BALANCE SHEET DATE**

1. Within the framework of the resolution made by İşbank Board of Directors on 30 November 2010 and 23 December 2011 regarding the issuance of borrowing instrument, the Bank has issued bank bills with a nominal value of TL 1,000,000 and a maturity of 175 days; in January 2012. The interest rate for the related bills with the redemption date 18 July 2012 was at 11.14% (annual simple interest).
2. On 1 February 2012, the Bank’s Board of Directors made a resolution to raise the registered capital ceiling of İşbank to TL 10,000,000 from TL 7,000,000 and to amend the articles 5, 18, 19, 49, 58, 62 and provisional article 17 of İşbank’s Articles of Incorporation and on the same date it was publicly disclosed.
3. On 13 February 2012, the Bank’s Board of Directors decided to increase the paid-in capital of Closed Joint Stock Company İşbank, a subsidiary of İşbank, from 523 million Rubles to 1,723 million Rubles by 1,200 million Rubles (approximately USD 40.2 million) in cash and to exercise İşbank’s preferential rights amounting to 1,200 million Rubles due to the related capital increase and on the same date it was publicly disclosed.



**PART SIX: OTHER EXPLANATIONS**

**I. The Bank’s Credit Ratings and Related Explanations:**

	<b>Rating</b>	<b>Outlook (*)</b>	<b>Explanation</b>
<b>MOODY’S</b>			
Bank Financial Strength	C-	Stable	Indicates that the Bank’s stand-alone financial strength is adequate.
Long-term Foreign Currency Deposit	Ba3	Positive	Same as the rating for Turkey.
Long-term Local Currency Deposit	Baa2	Stable	Indicates that the Bank’s credibility is adequate.
Short-term Foreign Currency Deposit	NP	-	Same as the rating for Turkey.
Short-term Local Currency Deposit	P-2	-	Indicates that the Bank’s credibility is high.
<b>FITCH RATINGS</b>			
Long-term Foreign Currency Issuer Default Rating	BBB-	Stable	At investment level. Shows that the Bank’s credibility is “good”. It is one notch above the country rating.
Long-term Local Currency Issuer Default Rating	BBB-	Stable	At investment level. Shows that the Bank’s credibility is “good”. It is one notch above the country rating.
Short-term Foreign Currency Issuer Default Rating	F3	-	At investment level. Shows that the capacity for timely payment of financial commitments is adequate.
Short-term Local Currency Issuer Default Rating	F3	-	At investment level. Shows that the capacity for timely payment of financial commitments is adequate.
National Long-term Rating	AAA (tur)	Stable	Shows highest credit quality (national).
Viability Rating	bbb-	-	Shows that the Bank’s credibility is “good”. Basic financial indicators are adequate.
Support Rating	3	-	There is a moderate probability of support.
<b>STANDARD &amp; POOR'S</b>			
Long-term Counterparty Credit Rating	BB	Positive	Same as the FC country rating given for Turkey.
Long-term Certificate of Deposit	BB	-	Same as the FC country rating given for Turkey.
Short-term Counterparty Credit Rating	B	-	Indicates that it has the capacity to meet its financial commitment on the obligation.
Short-term Certificate of Deposit	B	-	Indicates that it has the capacity to meet its financial commitment on its obligations.
Long-term National Scale Rating	trAA	-	Indicates that its capacity to meet its financial commitments on the obligation is strong.
Short-term National Scale Rating	trA-1	-	It is the highest rating in this category and indicates that the Bank’s capacity to pay its short-term debt is higher than the other institutions in the country.

**The dates below given are on which the Bank’s credit ratings/outlook was last updated:**

Moody's: 7 October 2010, Fitch Ratings: 28 November 2011, Standard & Poor's: 22 February 2010

**(\*) Outlook:**

“Stable” indicates that the current rating will not be changed in the short term, “positive” indicates that the current rating is very likely to be upgraded and “negative” indicates that the current rating is very likely to be downgraded.

**PART SEVEN: EXPLANATIONS ON THE INDEPENDENT AUDITORS' REPORT****I. EXPLANATIONS ON THE INDEPENDENT AUDITORS' REPORT:**

The Bank's unconsolidated financial statements and footnotes to be disclosed to public as of 31 December 2011 are audited by Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (the Turkish member firm of KPMG International Cooperative, a Swiss entity) and except for the effect of the matter on the financial statements described in the fourth paragraph of the report dated 14 February 2012, it is stated that the accompanying unconsolidated financial statements give a true and fair view of the Bank's financial position and results of its operations as of 31 December 2011.

**II. EXPLANATIONS AND FOOTNOTES OF THE INDEPENDENT AUDITORS**

There are no significant issues or necessary disclosures or notes in relation to the Bank's operations other than those mentioned above.