

TURKLAND BANK ANONİM ŐİRKETİ

**INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT,
UNCONSOLIDATED FINANCIAL STATEMENTS AND NOTES
FOR THE PERIOD ENDED MARCH 31, 2012**

*Translated into English from the original Turkish report and
financial statements*

Translated into English from the original Turkish report and financial statements

Turkland Bank Anonim Şirketi

**Independent auditor's limited review report
for the period ended March 31, 2012**

To the Board of Directors of
Turkland Bank Anonim Şirketi

We have reviewed the accompanying balance sheet of Turkland Bank Anonim Şirketi ("The Bank") as at March 31, 2012 and the related statements of income, changes in shareholders' equity and cash flows for the period then ended. These financial statements are the responsibility of the Bank's management. As independent auditors our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the accounting rules and policies, and the accounting and auditing standards, set out as per the Banking Act No: 5411. Those standards require that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view of the financial position of the Bank as of March 31, 2012, and of the results of its operations and its cash flows, for the period then ended in accordance with the prevailing accounting principles and standards set out as per the Article No: 37 of the Banking Act No: 5411, and other regulations, communiqués, circulars and pronouncements made by the Banking Regulation and Supervision Agency in respect of accounting and financial reporting.

Additional paragraph for English translation:

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

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst&Young Global Limited



Selim Elhadef, Partner

İstanbul, Turkey
April 30, 2012

**THE UNCONSOLIDATED FINANCIAL REPORT OF TURKLANDBANK A.Ş.
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2012**

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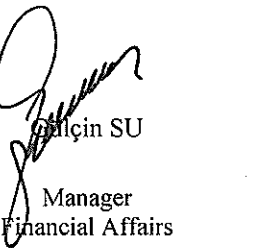

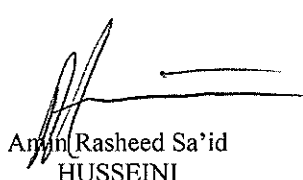
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The unconsolidated financial report for three months designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections listed below:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE RELEVANT PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- LIMITED REVIEW REPORT

The unconsolidated interim financial statements and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in thousands of Turkish Lira, in accordance with the Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Bank's records, have been independently reviewed and presented as attached.

April 30, 2012

 Nehme SABBAGH Chairman of the Board of Directors	 A. Dincer ALPMAN General Manager	 Mehmet ÖZGÜNER Executive Vice President	 Gülçin SU Manager Financial Affairs
 Mehmet Behçet PERİM Member of Audit Committee	 Mohamed Ali BEYHUM Member of Audit Committee	 Amin Rasheed Sa'id HUSSEINI Member of Audit Committee	

Information related to responsible personnel for the questions can be raised about financial statements:

Name-Surname / Title : Sevgi Üstün / Assistant Manager
Telephone Number : (0212) 368 37 24
Fax Number : (0212) 368 35 35

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TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2012

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

SECTION ONE

GENERAL INFORMATION

I. Bank's Incorporation Date, Beginning Statue, Changes in the Existing Statue

Turkland Bank Anonim Şirketi ("the Bank"), was established in 1991 in İstanbul under the name of "Bahreyn ve Kuveyt Bankası Anonim Şirketi" (BB&K). Its name was changed as "Tasarruf ve Kredi Bankası Anonim Şirketi" with its acquisition by Doğu Group in 1992. After the change in the name of the bank as "Garanti Yatırım ve Ticaret Bankası Anonim Şirketi" in 1994, Mehmet Nazif Günel (the main shareholder of MNG Group Companies) has acquired the Bank in 1997 and the name of the Bank has been changed as "MNG Bank Anonim Şirketi".

An agreement has been made with Arab Bank and BankMed for the sale of 91% of MNG Bank's shares in mid of 2006 and this agreement was approved by Banking Regulation and Supervision Agency (BRSA) on December 29, 2006. In this regard, while Arab Bank and BankMed purchasing 50% and 41% of MNG bank shares respectively, Mehmet Nazif Günel retained 9% of the shares. Transfer of the Bank was made on January 29, 2007. The title of the Bank was changed as "Turkland Bank Anonim Şirketi" with the amendment to the Articles of Association by the decision of the Extraordinary General Assembly at the meeting on March 22, 2007.

On April 3, 2007, "MNG BANK Anonim Şirketi" title of the bank was registered as "TURKLAND BANK Anonim Şirketi".

According to the Share Sale and Purchase Agreement and Board of Directors' Decision dated February 26, 2010 and July 15, 2010 respectively, Mehmet Nazif Günel's 153 million shares with TRY 15,300 thousand nominal value were purchased by BankMed SAL. As of July 22, 2010 the share transfer was realized.

According to the Extraordinary General Assembly decision dated May 30, 2011, it was decided to increase the Bank's capital from TRY 170,000 Thousand to TRY 300,000 Thousand, and it was registered in the Turkish Trade Registry Gazette dated June 20, 2011 numbered 7840. According to the BRSA Approval dated September 15, 2011 numbered 4381 the unused preemptive right of Arab Bank Plc amounting to TRY 65,000 Thousand have been used by Arab Bank (Switzerland) Ltd (ABS). Capital commitments which are amounting to TRY 130,000 Thousand have been paid by shareholders and according to the BRSA decision dated October 20, 2011 numbered 22244 it has been transferred to the capital accounts.

II. Explanations Regarding Bank's Shareholding Structure, Shareholders Holding Directly or Indirectly, Collectively or Individually, the Managing and Controlling Power and Changes in Current Year, if any and Explanations on the Controlling Group of the Bank

As of March 31, 2012, the shareholders' structure and their ownerships are summarized as follows:

Name of shareholders	Share Amount	Share Ratios %	Paid up Shares	Unpaid Shares
ARAB BANK PLC	84,999.99	%28,3	84,999.99	-
ARAB BANK (Switzerland)	65,000.00	%21,7	65,000.00	-
BANKMED, SAL	149,999.99	%50	149,999.99	-
Other	<1	%0	<1	-
Total	300,000.00	%100	300,000.00	-

As of March 31, 2012 the the nominal value of the Bank's paid-in-capital amounting to TRY 300,000 Thousand consists of 3,000 million shares.

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TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2012

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

III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Their Shares and Areas of Responsibility in the Bank

<u>Title:</u>	<u>Name and Surname:</u>	<u>Responsibility</u>	<u>Education:</u>
Chairman of the Board of Directors	NEHME SABBAGH	Chairman	Master Degree
Members of the Board of Directors	AMIN RASHEED SAID HUSSEINI	Vice Chairman and Member of Audit Committee	Master Degree
	MEHMET BEHÇET PERİM	Member of Audit Committee	Master Degree
	MOHAMED ALI BEYHUM	Member of Audit Committee	Master Degree
	HENRI MARIE RENE JACQUAND	Member	Master Degree
	MUSTAFA SELÇUK TAMER	Member	Bachelor's Degree
	RIAD BURHAN TAHER KAMAL	Member	Master Degree
	NADYA NABIL TAWFIK TALHOUNI	Member	Bachelor's Degree
	FATEN MATAR	Member	Master Degree
General Manager and Member of the Board of Directors	A.DİNÇER ALPMAN	Chief Executive Officer	Bachelor's Degree
Assistant General Managers	MEHMET ÖZGÜNER	Finance	Bachelor's Degree
	MÜNEVVER ERÖZ	Treasury and Financial Institutions	Master Degree
	DORUK PARMAN	Marketing Sales	PHD Degree
	İLHAN ZEKİ KÖROĞLU	Operation and Information Technologies	Bachelor's Degree
	YURDAKUL ÖZDOĞAN	Credit & Follow up	Bachelor's Degree
	HAKKI YILDIRMAZ	Human Resources	PHD Degree
Statutory Auditors	ÖZGÜR ÇELİK	Auditor	Bachelor's Degree
	OSMAN BAYDOĞAN	Auditor	Bachelor's Degree

(*) The above stated persons do not have Bank shares.

IV. Information About The Persons and Institutions That Have Qualified Shares:

Information about the persons and institutions that have qualified shares as of March 31, 2012:

Name of shareholders	Share Amount	Share Ratios %	Paid up Shares	Unpaid Shares
ARAB BANK PLC	84,999.99	%28,3	84,999.99	-
ARAB BANK (Switzerland)	65,000.00	%21,7	65,000.00	-
BANKMED, SAL	149,999.99	%50	149,999.99	-
Other	<1	%0	<1	-
Total	300,000.00	%100	300,000.00	-

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TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2012

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

V. Summary on the Bank's Functions and Areas of Activity

The Bank has 27 branches and 494 personnel. The Bank has no subsidiaries in the financial sector. (December 31, 2011: 27 branches, 496 personnel)

The Bank was established with private capital, has the authority to accept deposits and its operations are mostly based on retail and corporate banking transactions. As it is indicated in Articles of Association, the Bank is mainly dealing in the transactions below:

- a. Acceptance of Deposit
- b. Corporate and Retail Banking
- c. Foreign Trade
- d. Capital Market Transactions
- e. Bank Assurance

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SECTION TWO

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TURKLAND BANK ANONİM ŞİRKETİ
BALANCE SHEETS AS OF MARCH 31, 2012 AND DECEMBER 31, 2011
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

I. BALANCE SHEET – ASSETS (STATEMENT OF FINANCIAL POSITION)

	Note Ref (Section Five)	Reviewed Current Period 31.03.2012			Audited Prior Period 31.12.2011		
		TRY	FC	Total	TRY	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	I-1	59,850	149,008	208,858	69,498	131,417	200,915
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	I-2	177	2	179	186	57	243
2.1 Financial assets held for trading		177	2	179	186	57	243
2.1.1 Public sector debt securities		176	-	176	177	-	177
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		1	2	3	9	57	66
2.1.4 Other marketable securities		-	-	-	-	-	-
2.2 Financial assets at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. BANKS	I-3	45	99,334	99,379	17	80,353	80,370
IV. MONEY MARKET PLACEMENTS		-	-	-	80,043	-	80,043
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		-	-	-	80,043	-	80,043
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	I-4	246,692	43,119	289,811	238,886	44,451	283,337
5.1 Share certificates		75	-	75	75	-	75
5.2 Public sector debt securities		246,617	43,119	289,736	238,811	44,451	283,262
5.3 Other marketable securities		-	-	-	-	-	-
VI. LOANS AND RECEIVABLES	I-5	1,442,972	237,925	1,680,897	1,239,341	229,377	1,468,718
6.1 Loans and receivables		1,420,043	237,925	1,657,968	1,215,999	229,377	1,445,376
6.1.1 Loans to risk group of the Bank		800	-	800	-	69	69
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		1,419,243	237,925	1,657,168	1,215,999	229,308	1,445,307
6.2 Non-performing loans		38,955	-	38,955	39,333	-	39,333
6.3 Specific provisions (-)		(16,026)	-	(16,026)	(15,991)	-	(15,991)
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	I-6	54,803	-	54,803	53,738	-	53,738
8.1 Public sector debt securities		54,803	-	54,803	53,738	-	53,738
8.2 Other marketable securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	I-7	-	-	-	-	-	-
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		-	-	-	-	-	-
9.2.1 Financial investments		-	-	-	-	-	-
9.2.2 Non-financial investments		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	I-8	-	-	-	-	-	-
10.1 Unconsolidated financial subsidiaries		-	-	-	-	-	-
10.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
XI. JOINTLY CONTROLLED ENTITIES (JOINT VENTURES) (Net)	I-9	-	-	-	-	-	-
11.1 Accounted for under equity method		-	-	-	-	-	-
11.2 Unconsolidated		-	-	-	-	-	-
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		-	-	-	-	-	-
XII. LEASE RECEIVABLES (Net)	I-10	-	-	-	-	-	-
12.1 Finance lease receivables		-	-	-	-	-	-
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	I-11	-	-	-	-	-	-
13.1 Fair value hedge		-	-	-	-	-	-
13.2 Cash flow hedge		-	-	-	-	-	-
13.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)		10,745	-	10,745	11,720	-	11,720
XV. INTANGIBLE ASSETS (Net)		1,301	-	1,301	1,244	-	1,244
15.1 Goodwill		-	-	-	-	-	-
15.2 Other		1,301	-	1,301	1,244	-	1,244
XVI. INVESTMENT PROPERTY (Net)	I-12	-	-	-	-	-	-
XVII. TAX ASSET		1,613	-	1,613	2,579	-	2,579
17.1 Current tax asset		-	-	-	172	-	172
17.2 Deferred tax asset		1,613	-	1,613	2,407	-	2,407
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	I-13	-	-	-	-	-	-
18.1 Held for sale		-	-	-	-	-	-
18.2 Discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS		22,989	243	23,232	20,178	248	20,426
TOTAL ASSETS		1,841,187	529,631	2,370,818	1,717,430	485,903	2,203,333

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

TURKLAND BANK ANONİM ŞİRKETİ

BALANCE SHEETS AS OF MARCH 31, 2012 AND DECEMBER 31, 2011

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

I. BALANCE SHEET – LIABILITIES AND EQUITY (STATEMENT OF FINANCIAL POSITION)

	Note Ref. (Section Five)	Reviewed Current Period 31.03.2012			Audited Prior Period 31.12.2011		
		TRY	FC	Total	TRY	FC	Total
I. DEPOSITS	II-1	1,014,987	735,483	1,750,470	920,201	675,379	1,595,580
1.1 Deposits from risk group of the Bank		8,942	8,716	17,658	16,748	592	17,340
1.2 Other		1,006,045	726,767	1,732,812	903,453	674,787	1,578,240
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	II-2	-	3	3	-	39	39
III. FUNDS BORROWED	II-3	28,543	116,460	145,003	15,926	88,805	104,731
IV. MONEY MARKET BALANCES		57,699	-	57,699	97,725	-	97,725
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		57,699	-	57,699	97,725	-	97,725
V. MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1 Bills		-	-	-	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. SUNDRY CREDITORS		11,588	883	12,471	11,989	582	12,571
VIII. OTHER LIABILITIES	II-4	17,986	290	18,276	22,098	328	22,426
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. LEASE PAYABLES (Net)	II-5	-	-	-	-	-	-
10.1 Finance lease payables		-	-	-	-	-	-
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	-	-	-	-	-
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	II-6	-	-	-	-	-	-
11.1 Fair value hedge		-	-	-	-	-	-
11.2 Cash flow hedge		-	-	-	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	II-7	27,106	683	27,789	25,901	721	26,622
12.1 General loan loss provisions		17,281	-	17,281	14,388	-	14,388
12.2 Restructuring reserves		-	-	-	-	-	-
12.3 Reserve for employee benefits		5,390	-	5,390	4,901	-	4,901
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		4,435	683	5,118	6,612	721	7,333
XIII. TAX LIABILITY	II-8	9,759	-	9,759	5,557	-	5,557
13.1 Current tax liability		9,759	-	9,759	5,557	-	5,557
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS		-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS		-	-	-	-	-	-
XVI. SHAREHOLDERS' EQUITY	II-9	350,087	(739)	349,348	340,144	(2,062)	338,082
16.1 Paid-in capital		300,000	-	300,000	300,000	-	300,000
16.2 Supplementary capital		21,918	(739)	21,179	20,505	(2,062)	18,443
16.2.1 Share premium		-	-	-	-	-	-
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities value increase fund		(3,514)	(739)	(4,253)	(4,927)	(2,062)	(6,989)
16.2.4 Tangible assets revaluation differences		-	-	-	-	-	-
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Investment property revaluation differences		-	-	-	-	-	-
16.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (joint vent.)		-	-	-	-	-	-
16.2.8 Hedging funds (Effective portion)		-	-	-	-	-	-
16.2.9 Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		25,432	-	25,432	25,432	-	25,432
16.3 Profit reserves		16,078	-	16,078	16,078	-	16,078
16.3.1 Legal reserves		789	-	789	789	-	789
16.3.2 Statutory reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		12,543	-	12,543	12,543	-	12,543
16.3.4 Other profit reserves		2,746	-	2,746	2,746	-	2,746
16.4 Profit or loss		12,091	-	12,091	3,561	-	3,561
16.4.1 Prior years' income/ (losses)		3,561	-	3,561	-	-	-
16.4.2 Current year income/ (loss)		8,530	-	8,530	3,561	-	3,561
16.5 Minority shares		-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		1,517,755	853,063	2,370,818	1,439,541	763,792	2,203,333

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS
AS OF MARCH 31, 2012 AND DECEMBER 31, 2011
 (Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

II. STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

		Reviewed Current Period 31.03.2012			Audited Prior Period 31.12.2011		
	Note Ref. (Section Five)	TRY	FC	Total	TRY	FC	Total
A.	OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)	5,953,067	376,837	6,329,904	6,054,489	409,896	6,464,385
I.	GUARANTEES	754,514	328,160	1,082,674	675,751	354,877	1,030,628
1.1.	Letters of guarantee	754,402	155,186	909,588	675,751	165,353	841,104
1.1.1.	Guarantees subject to State Tender Law	28,567	5,371	33,938	29,571	5,549	35,120
1.1.2.	Guarantees given for foreign trade operations	-	35,319	35,319	-	33,768	33,768
1.1.3.	Other letters of guarantee	725,835	114,496	840,331	646,180	126,036	772,216
1.2.	Bank loans	-	12,163	12,163	-	11,597	11,597
1.2.1.	Import letter of acceptance	-	12,163	12,163	-	11,597	11,597
1.2.2.	Other bank acceptances	-	-	-	-	-	-
1.3.	Letters of credit	-	97,203	97,203	-	92,948	92,948
1.3.1.	Documentary letters of credit	-	97,203	97,203	-	92,948	92,948
1.3.2.	Other letters of credit	-	-	-	-	-	-
1.4.	Pre-financing given as guarantee	-	-	-	-	-	-
1.5.	Endorsements	-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Turkey	-	-	-	-	-	-
1.5.2.	Other endorsements	-	-	-	-	-	-
1.6.	Securities issue purchase guarantees	-	-	-	-	-	-
1.7.	Factoring guarantees	-	-	-	-	-	-
1.8.	Other guarantees	112	63,608	63,720	-	84,979	84,979
1.9.	Other collaterals	-	-	-	-	-	-
II.	COMMITMENTS	5,193,136	31,074	5,224,210	5,374,917	48,723	5,423,640
2.1.	Irrevocable commitments	117,643	31,074	148,717	121,606	48,723	170,329
2.1.1.	Forward asset purchase and sales commitments	3,833	26,780	30,613	12,442	28,873	41,315
2.1.2.	Forward deposit purchase and sales commitments	-	-	-	-	-	-
2.1.3.	Share capital commitment to associates and subsidiaries	-	-	-	-	-	-
2.1.4.	Loan granting commitments	25,086	-	25,086	38,849	-	38,849
2.1.5.	Securities underwriting commitments	-	-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements	-	-	-	-	-	-
2.1.7.	Payment commitment for checks	86,309	-	86,309	67,900	-	67,900
2.1.8.	Tax and fund liabilities from export commitments	-	-	-	-	-	-
2.1.9.	Commitments for credit card expenditure limits	-	-	-	-	-	-
2.1.10.	Commitments for promotions related with credit cards and banking activities	-	-	-	-	-	-
2.1.11.	Receivables from short sale commitments	-	-	-	-	-	-
2.1.12.	Payables for short sale commitments	-	-	-	-	-	-
2.1.13.	Other irrevocable commitments	2,415	4,294	6,709	2,415	19,850	22,265
2.2.	Revocable commitments	5,075,493	-	5,075,493	5,253,311	-	5,253,311
2.2.1.	Revocable loan granting commitments	5,075,493	-	5,075,493	5,253,311	-	5,253,311
2.2.2.	Other revocable commitments	-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	5,417	17,603	23,020	3,821	6,296	10,117
3.1.	Derivative financial instruments for hedging purposes	-	-	-	-	-	-
3.1.1.	Fair value hedge	-	-	-	-	-	-
3.1.2.	Cash flow hedge	-	-	-	-	-	-
3.1.3.	Hedge of net investment in foreign operations	-	-	-	-	-	-
3.2.	Held for trading transactions	5,417	17,603	23,020	3,821	6,296	10,117
3.2.1.	Forward foreign currency buy/sell transactions	1,817	1,778	3,595	3,821	6,296	10,117
3.2.1.1.	Forward foreign currency transactions-buy	910	889	1,799	1,921	3,151	5,072
3.2.1.2.	Forward foreign currency transactions-sell	907	889	1,796	1,900	3,145	5,045
3.2.2.	Swap transactions related to foreign currency, and interest rates	-	12,103	12,103	-	-	-
3.2.2.1.	Foreign currency swaps-buy	-	6,050	6,050	-	-	-
3.2.2.2.	Foreign currency swaps-sell	-	6,053	6,053	-	-	-
3.2.2.3.	Interest rate swaps-buy	-	-	-	-	-	-
3.2.2.4.	Interest rate swaps-sell	-	-	-	-	-	-
3.2.3.	Foreign currency, interest rate and securities options	3,600	3,722	7,322	-	-	-
3.2.3.1.	Foreign currency options-buy	1,800	1,861	3,661	-	-	-
3.2.3.2.	Foreign currency options-sell	1,800	1,861	3,661	-	-	-
3.2.3.3.	Interest rate options-buy	-	-	-	-	-	-
3.2.3.4.	Interest rate options-sell	-	-	-	-	-	-
3.2.3.5.	Securities options-buy	-	-	-	-	-	-
3.2.3.6.	Securities options-sell	-	-	-	-	-	-
3.2.4.	Foreign currency futures	-	-	-	-	-	-
3.2.4.1.	Foreign currency futures-buy	-	-	-	-	-	-
3.2.4.2.	Foreign currency futures-sell	-	-	-	-	-	-
3.2.5.	Interest rate futures	-	-	-	-	-	-
3.2.5.1.	Interest rate futures-buy	-	-	-	-	-	-
3.2.5.2.	Interest rate futures-sell	-	-	-	-	-	-
3.2.6.	Other	-	-	-	-	-	-
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)	6,301,769	1,248,683	7,550,452	5,975,782	1,275,127	7,250,909
IV.	ITEMS HELD IN CUSTODY	466,106	61,710	527,816	422,581	53,906	476,487
4.1.	Assets under management	-	-	-	-	-	-
4.2.	Investment securities held in custody	28,649	1,149	29,798	28,973	1,216	30,189
4.3.	Checks received for collection	426,296	53,946	480,242	386,521	47,115	433,636
4.4.	Commercial notes received for collection	11,161	6,014	17,175	7,087	3,935	11,022
4.5.	Other assets received for collection	-	601	601	-	411	411
4.6.	Assets received for public offering	-	-	-	-	-	-
4.7.	Other items under custody	-	-	-	-	1,229	1,229
4.8.	Custodians	-	-	-	-	-	-
V.	PLEDGED ITEMS	5,835,663	1,186,973	7,022,636	5,553,201	1,221,221	6,774,422
5.1.	Marketable securities	-	-	-	-	-	-
5.2.	Guarantee notes	17,050	22,085	39,135	22,138	19,949	42,087
5.3.	Commodities	-	-	-	-	-	-
5.4.	Warrants	-	-	-	-	-	-
5.5.	Properties	1,512,448	173,917	1,686,365	1,435,502	213,204	1,648,706
5.6.	Other pledged items	4,306,165	990,971	5,297,136	4,095,561	988,068	5,083,629
5.7.	Pledged items-depository	-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		12,254,836	1,625,520	13,880,356	12,030,271	1,685,023	13,715,294

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF INCOME FOR THE PERIODS
ENDED MARCH 31, 2012 AND 2011

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

III. STATEMENT OF INCOME

		Reviewed Current Period 01.01-31.03.2012	Reviewed Prior Period 01.01-31.03.2011
		Note Ref	
I.	INTEREST INCOME	65,343	31,579
1.1	Interest on loans	53,992	27,171
1.2	Interest received from reserve deposits	-	-
1.3	Interest received from banks	188	95
1.4	Interest received from money market placements	2,418	13
1.5	Interest received from marketable securities portfolio	8,650	4,218
1.5.1	Held-for-trading financial assets	7	5
1.5.2	Financial assets at fair value through profit and loss	-	-
1.5.3	Available-for-sale financial assets	7,578	3,259
1.5.4	Investments held-to-maturity	1,065	954
1.6	Finance lease income	-	-
1.7	Other interest income	95	82
II.	INTEREST EXPENSE	(37,819)	(18,527)
2.1	Interest on deposits	(34,283)	(16,674)
2.2	Interest on funds borrowed	(1,720)	(1,112)
2.3	Interest on money market borrowings	(1,808)	(634)
2.4	Interest on securities issued	-	-
2.5	Other interest expense	(8)	(107)
III.	NET INTEREST INCOME (I - II)	27,524	13,052
IV.	NET FEES AND COMMISSIONS INCOME	6,126	5,470
4.1	Fees and commissions received	6,326	5,658
4.1.1	Non-cash loans	2,954	2,803
4.1.2	Other	3,372	2,855
4.2	Fees and commissions paid	(200)	(188)
4.2.1	Non-cash loans	(12)	(11)
4.2.2	Other	(188)	(177)
V.	DIVIDEND INCOME	-	-
VI.	NET TRADING INCOME	115	4,845
6.1	Securities trading gains/ (losses)	170	4,795
6.2	Gain/(losses) from derivative financial instruments	(41)	(1,556)
6.3	Foreign exchange gains/ (losses)	(14)	1,606
VII.	OTHER OPERATING INCOME	3,368	1,376
VIII.	NET OPERATING INCOME (III+IV+V+VI+VII)	37,133	24,743
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(3,361)	(1,922)
X.	OTHER OPERATING EXPENSES (-)	(22,374)	(18,590)
XI.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)	11,398	4,231
XII.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER	-	-
XIII.	PROFIT / (LOSS) ON INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD	-	-
XIV.	GAIN / (LOSS) ON NET MONETARY POSITION	-	-
XV.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	11,398	4,231
XVI.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(2,868)	(1,043)
16.1	Provision for current income taxes	(2,758)	-
16.2	Provision for deferred taxes	(110)	(1,043)
XVII.	NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	8,530	3,188
XVIII.	INCOME ON DISCONTINUED OPERATIONS	-	-
18.1	Income on assets held for sale	-	-
18.2	Income on sale of associates, subsidiaries and jointly controlled entities (Joint ventures)	-	-
18.3	Income on other discontinued operations	-	-
XIX.	LOSS FROM DISCONTINUED OPERATIONS (-)	-	-
19.1	Loss from assets held for sale	-	-
19.2	Loss on sale of associates, subsidiaries and jointly controlled entities (Joint ventures)	-	-
19.3	Loss from other discontinued operations	-	-
XX.	PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)	-	-
XXI.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	-	-
21.1	Provision for current income taxes	-	-
21.2	Provision for deferred taxes	-	-
XXII.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)	-	-
XXIII.	NET PROFIT/LOSS (XVII+XXII)	8,530	3,188
23.1	Group's profit/loss	-	-
23.2	Minority shares	-	-
	Earnings per share	-	-

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY
FOR THE PERIODS ENDED MARCH 31, 2012 AND 2011
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY

	Reviewed Current Period 01.01-31.03.2012	Reviewed Prior Period 01.01-31.03.2011
I. Additions to marketable securities revaluation differences for available for sale financial assets	3,510	(6,626)
II. Tangible assets revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Foreign currency translation differences for foreign currency transactions	-	-
V. Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)	-	-
VI. Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)	-	-
VII. The effect of corrections of errors and changes in accounting policies	-	-
VIII. Other profit loss items accounted for under equity due to TAS	-	-
IX. Deferred tax of valuation differences	(684)	2,078
X. Total Net Profit/Loss accounted under equity (I+II+...+IX)	2,826	(4,548)
XI. Profit/Loss	8,440	(578)
1.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	(90)	(3,766)
1.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
1.3 Transfer of hedge of net investments in foreign operations to Income Statement	-	-
1.4 Other	8,530	3,188
XII. Total Profit/Loss accounted for in the period (X±XI)	11,266	(5,126)

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED MARCH 31, 2012 AND 2011
 (Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Reviewed	Paid-in Capital	Effect Of Inflation Accounting On Capital and Other Capital Reserves	Share Premium	Share Cancellation	Share Certificate Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/ (Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Value Increase	Tangible And Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Valuation Diff. from Assets Held for Sale and Assets from Disc. Op.	Total Equity Before Minority Shares	Total Equity
I.	170,000	25,432	-	-	-	666	-	10,203	2,746	2,463	-	7,746	-	-	-	-	219,256	219,256
2.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	170,000	25,432	-	-	-	666	-	10,203	2,746	2,463	-	7,746	-	-	-	-	219,256	219,256
IV.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XX.	-	-	-	-	-	-	-	-	-	3,188	2,463	-	-	-	-	-	3,188	3,188
20.1	-	-	-	-	-	-	-	-	-	(2,463)	-	-	-	-	-	-	-	-
20.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3	-	-	-	-	-	-	-	-	-	(2,463)	2,463	-	-	-	-	-	-	-
Closing Balance	170,000	25,432	-	-	-	666	-	10,203	2,746	3,188	2,463	(568)	-	-	-	-	214,130	214,130

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIODS ENDED MARCH 31, 2012 AND 2011

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Reviewed		Paid-in Capital	Effect Of Inflation Accounting On Capital and Other Capital Reserves	Share Premium	Share Cancellation	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Value Increase	Marketable Securities Fund	Tangible And Intangible Assets Revaluation Differences	Bonus Shares Obtained from Associates	Hedging Funds	Acc. Valuation Diff. from Assets Held for Sale and From Disc. Op.	Total Equity Before Minority Shares	Minority Shares	Total Equity
	Current Period - 01.01-31.03.2012	300,000	25,432	-	-	789	-	12,543	2,746	3,561	-	(6,989)	-	-	-	-	-	338,092	-	338,092
I.	Prior period balance - 31.12.2011	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Changes in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Increase/Decrease related to merger	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	Marketable securities valuation differences	-	-	-	-	-	-	-	-	-	-	2,736	-	-	-	-	-	-	-	2,736
V.	Hedging Funds (Effective Portion)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash-flow hedges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Hedges of net investment in foreign operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Tangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Intangible assets revaluation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint ventures)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	The disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	The reclassification of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	The effect of change in associate's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Financial sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Valuation adjustment to paid-in capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Profit and loss	-	-	-	-	-	-	-	-	8,530	-	-	-	-	-	-	-	-	-	8,530
XVIII.	Profit distribution	-	-	-	-	-	-	-	-	(3,561)	3,561	-	-	-	-	-	-	-	-	-
XVIII.	Profit distribution	-	-	-	-	-	-	-	-	(3,561)	3,561	-	-	-	-	-	-	-	-	-
18.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Closing Balance (I+II+III+...+XVI+XVII+XVIII)	300,000	25,432	-	-	789	-	12,543	2,746	8,530	3,561	(4,253)	-	-	-	-	-	349,348	-	349,348

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

Translated into English from the original Turkish report and financial statements

TURKLAND BANK ANONİM ŞİRKETİ
STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2012 AND 2011
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

VI. STATEMENT OF CASH FLOWS

	Reviewed Current Period 01.01-31.03.2012	Reviewed Prior Period 01.01-31.03.2011
A. CASH FLOWS FROM BANKING OPERATIONS		
1.1 Operating profit before changes in operating assets and liabilities	32,729	3,462
1.1.1 Interest received	72,657	42,757
1.1.2 Interest paid	(35,877)	(17,575)
1.1.3 Dividend received	-	-
1.1.4 Fees and commissions received	6,575	5,715
1.1.5 Other income	866	7,314
1.1.6 Collections from previously written off loans	848	1,115
1.1.7 Payments to personnel and service suppliers	(14,249)	(10,857)
1.1.8 Taxes paid	(541)	(973)
1.1.9 Others	2,450	(24,034)
1.2 Changes in operating assets and liabilities	(86,428)	(6,404)
1.2.1 Net (increase) decrease in financial assets held for trading	(1)	52
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss	-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions	(9,456)	(15,571)
1.2.4 Net (increase) decrease in loans	(225,247)	(77,180)
1.2.5 Net (increase) decrease in other assets	(2,618)	(10,705)
1.2.6 Net increase (decrease) in bank deposits	(36,519)	1,885
1.2.7 Net increase (decrease) in other deposits	149,608	33,045
1.2.8 Net increase (decrease) in funds borrowed	40,105	11,922
1.2.9 Net increase (decrease) in matured payables	-	-
1.2.10 Net increase (decrease) in other liabilities	(2,300)	50,148
I. Net cash provided from banking operations	(53,699)	(2,942)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net cash provided from investing activities	(2,686)	(11,614)
2.1 Cash paid for purchase of jointly controlled entities, associates and subsidiaries	-	-
2.2 Cash obtained from sale of jointly controlled entities, associates and subsidiaries	-	-
2.3 Fixed assets purchases	(421)	(755)
2.4 Fixed assets sales	328	-
2.5 Cash paid for purchase of financial assets available for sale	(35,300)	(140,890)
2.6 Cash obtained from sale of financial assets available for sale	32,936	130,002
2.7 Cash paid for purchase of investment securities	-	(3,578)
2.8 Cash obtained from sale of investment securities	-	3,682
2.9 Others	(229)	(75)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net cash provided from financing activities	-	(4)
3.1 Cash obtained from funds borrowed and securities issued	-	-
3.2 Cash used for repayment of funds borrowed and securities issued	-	-
3.3 Capital increase	-	-
3.4 Dividends paid	-	-
3.5 Payments for finance leases	-	(4)
3.6 Other	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(6,119)	(102)
V. Net increase / (decrease) in cash and cash equivalents	(62,504)	(14,662)
VI. Cash and cash equivalents at beginning of the period	241,771	153,981
VII. Cash and cash equivalents at end of the period	179,267	139,319

(Translated into English from the Original Turkish Report and Financial Statements)

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS
AS OF MARCH 31, 2012

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

SECTION THREE
ACCOUNTING PRINCIPLES

I. Basis of Presentation

The Bank prepares financial statements and notes according to Communique on Banks' Accounting Practice and Maintaining Documents (published in the Official Gazette numbered 26333 dated November 1, 2006), Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures (published in the Official Gazette numbered 26430 dated February 10, 2007), Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS), other regulations, communiques, circulars and pronouncements made by Banking Regulation and Supervision Agency (BRSA) in respect of accounting and financial reporting.

The accounting policies adopted in the preparation of the Bank's financial statements are consistent with the accounting policies adopted for financial statements dated December 31, 2011 and changes of TAS/TFRS that have come into effect as from January 1, 2012 (TAS 12 Income Taxes: Recovery of Underlying Assets (Amendment), TFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements (Amended)) do not have any effect on the accounting policies, financial position and performance of the Bank. These accounting policies and valuation principles are explained in Notes II to XXII.

Except for trading and available for sale assets and derivatives that are shown at fair values and derivatives, financial statements are prepared based on historical cost.

II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions

The Bank focuses its activities in corporate banking. The primary objective of the Bank is to sustain liquidity while fulfilling customer needs. Thus, the Bank places approximately 17.44% of its resources in liquid assets, while the Bank also aims for the highest yield possible with effective maturity management.

Besides its principle activity, the main financial instruments of the Bank are money market placements, treasury bills and government bonds.

Marketable securities comprising 14.54% of total assets are assets with low risk and high yield. Placements in banks and money market are 4.19% of the total assets and these assets provide liquidity with low risk and yield.

The Bank aims at creating an optimum maturity risk and working with a positive margin between cost of resource and product yield in the process of asset and liability management.

As a component of the risk management strategy of the Bank, the management of risk bearing short positions of currency, interest or price movements is performed only by the Treasury and using the limits defined by the Board of Directors.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED MARCH 31, 2012
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

III. Explanations on Forward and Option Contracts and Derivative Instruments

The Bank's derivative instruments consist of options, foreign currency swaps and forward foreign currency buy/sell transactions. Derivative instruments are accounted as of the contract date and subsequently valued at fair value. Certain derivative instruments, although economical hedges, are accounted as trading transactions since they are not qualified to be a hedging instrument as per "Financial Instruments: Recognition and Measurement" ("TAS 39"). Realized gains or losses on these instruments are reflected in the statement of income. Unrealized gains or losses arising from the change in the fair value are recorded in disallowable expenses or income according to the current tax legislation.

Contract amounts of derivatives are recorded in off the balance sheet contingencies and commitments.

There are no embedded derivatives separated from the host contract or that are designated as hedging instruments as of the balance sheet date.

IV. Explanations on Interest Income and Expenses

Interest income and expenses are recognized in the income statement on an accrual basis using the effective interest method. In accordance with the regulation on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves published in the Official Gazette numbered 26333 dated November 1, 2006, interest accruals of the non-performing loans are reversed and interest income related to these loans is recorded as interest income only when collected.

V. Explanations on Fees and Commission Income and Expenses

Fees for various banking services are recorded as income when collected.

VI. Explanations on Financial Assets

Financial instruments comprise financial assets, financial liabilities and derivative instruments. Financial instruments affect liquidity, market, and credit risks on the Bank's balance sheet in all respects. Bank trades these instruments on behalf of its customers and on its own behalf.

Basically, financial assets create the majority of the commercial activities and operations of the Bank. These instruments expose, affect and diminish the liquidity, credit and interest risks in the financial statements.

All regular way purchases and sales of financial assets are recognized on the settlement date. The settlement date is the date that the asset is delivered to or by the Bank. Settlement date accounting requires (a) accounting of the asset when acquired by the institution and (b) disposing of the asset out of the balance sheet on the date settled by the institution; and accounting of gain or loss on disposal. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

The methods and assumptions used in the recognition and measurement of financial instruments are mentioned below.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED MARCH 31, 2012
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

VI. Explanations on Financial Assets (continued)

Cash, Banks, and Other Financial Institutions

Cash and cash equivalents comprise cash on hand, demand deposits, and highly liquid short-term investments with maturity of 3 months or less following the purchase date, not bearing risk of significant value change, and that are readily convertible to a known amount of cash and are carried at amortized cost. The book values of these assets approximate their fair values.

Financial Assets at Fair Value Through Profit and Loss

Trading securities are securities which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio with a pattern of short-term profit taking.

Trading securities are initially recognized at cost (which represents the fair value at the time). The positive difference between the cost and fair value of such securities in the accounts is accounted for as interest and income accrual, and the negative difference is accounted for as "Impairment Provision on Marketable Securities".

Held to Maturity Investments

Investments held to maturity include securities with fixed or determinable payments and fixed maturity where there is an intention of holding till maturity and the relevant conditions for fulfillment of such intention, including the funding ability and excluding loans and receivables.

Held to maturity investments are initially recorded at cost including transactions costs. After initial recognition held to maturity investments are measured at amortized cost by using effective interest rate less impairment losses, if any.

The interests received from held to maturity investments are recorded as interest income.

Financial Assets Available for Sale

Available for sale financial assets include all securities other than loans and receivables, securities held to maturity and securities held for trading.

The marketable securities are initially recognized at cost including the transaction costs (which represents the fair value at the time).

After the initial recognition, available for sale securities are measured at fair value and the unrealized gains/losses originating from the difference between the amortized cost and the fair value is recorded in "Marketable Securities Value Increase Fund" under the equity. Fair values of debt securities that are traded in an active market are determined based on quoted prices or current market prices. In the absence of prices formed in an active market, fair values of these securities are determined by using other valuation methods stated in TAS.

The Bank has an equity investment with participation rate of 0.0025% in the available for sale financial assets portfolio. Since this equity investment does not have fair value, it is carried at cost.

The Bank classifies its securities as referred to above at the acquisition date of related assets.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED MARCH 31, 2012
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

VI. Explanations on Financial Assets (continued)

Loans

Loans are non-derivative financial assets which have fixed or determinable payments and are not traded.

The Bank initially records loans and receivables at fair value. In subsequent periods, in accordance with TAS, loans are measured at amortized cost using effective interest rate method.

Foreign currency indexed loans are converted into TRY from the foreign currency rate as of the opening date and followed in TRY accounts. Repayments are measured with the foreign currency rate at the payment date, the foreign currency gains and losses are reflected to the statement of income.

Foreign exchange gains and losses on the foreign currency indexed loans are presented under foreign exchange gains and losses.

VII. Explanations on Impairment of Financial Assets

At each balance sheet date, the Bank evaluates the carrying amounts of its financial asset or a group of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss. If any such indication exists, the Bank determines the related impairment.

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 event") after the first journalization of that asset; and such loss event (or events) causes, an impairment 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 high probability the expected losses for future events are not journalized.

Specific reserves are provided for non performing loans in accordance with the regulation on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published in the Official Gazette No. 26333 dated November 1, 2006 which was amended with communiqué published in the Official Gazette No. 27119 dated January 23, 2009. In this context, the management estimates are determined, on the basis of the Bank credit risk policies, considering the general structure of the loan portfolio, the financial conditions of the customers, non-financial information and the economic conjuncture. These provisions are reflected in the income statement under "Provision and Impairment Expenses - Special Provision Expense".

The collections made related to loans for which provision is made in the current period are reversed from the "Provision for Loans and Other Receivables" account in the income statement. The collections made related to loans written off or provisioned in prior years are recorded to "Collections Related to the Prior Period Expenses" under "Other Operating Income" account and related interest income is credited to the "Interest Received from Non-performing Loans" account.

In addition to specific loan loss provisions, within the framework of the regulation and principles referred to above; Bank records general loan loss provisions for loans and other receivables. Bank calculated the general loan provision as 0.5% for cash loans and other receivables, and 0.1% for non-cash loans until November 1, 2006. Subsequent to the change in the regulation on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published in the Official Gazette No. 26333 dated November 1, 2006; Bank started to book general loan loss provision of 1% for cash loans and other receivables; and 0.2% for non-cash loans on the increase in the cash and non-cash loan portfolio as compared to their October 31, 2006 balances whereas allocating 0.5% general loan loss provision for cash loans and other receivables, and 0.1% for non-cash loans for the balances as of October 31, 2006. Together with the change in the same regulation made on February 6, 2008, the Bank started to book general loan loss provision of 2% for cash loans under watch-list and 0.4% for non-cash loans under watch-list. On January 23, 2009 the Article 7 of the regulation has been amended such that the specified rates are applied at one fourth for payment commitments for checks related to checkbooks extended five years ago or earlier.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED MARCH 31, 2012

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

In accordance with the change in the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside (published in the Official Gazette numbered 27947 dated May 28, 2011); general provision for loans which are classified in the first group has to be set at least 5 folds of the general provision rate due to the change in the payment plans of those first group loans. General Provision for loans that are classified in the second group has to be set at least 2.5 folds of the general provision rate due to the change in the payment plans of those second group loans. Information related to standard and close monitoring loans which their payment plans have changed is disclosed under the note b under the "Explanations and Disclosures Related to the Assets" section.

In accordance with the changes in the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside (published in the Official Gazette numbered 27947 dated May 28, 2011 and Official Gazette numbered 27968 dated June 18, 2011); banks whose total letters of guarantees, bank acceptances, letters of credit commitments, endorsements, purchasing guarantee on security issuance, factoring guarantees, other guarantees and sureties, and unsecured pre-financing loans exceeds 10 folds of equities calculated within the scope of principles and procedures stated in the Regulation on Equities of Banks implement general provision ratio as 3/1000 for all standard non-cash loans.

As of March 31, 2012 the provision rates determined for the non-cash loans are not exceeded and standard rates which are determined in the regulation have been used for the non-cash loans.

In accordance with the change in the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside (published in the Official Gazette numbered 27968 dated June 18, 2011); Banks whose consumer loans are more than 20 percent of their total loans and whose non-performing consumer loans except vehicle and mortgage loans are 8 percent of total consumer loans except vehicle and mortgage loans, apply 4 percent (4%) of general provision rate for first group consumer loans except vehicle and mortgage loans, 8 percent (8%) for second group consumer loans except vehicle and mortgage loans up to their maturity.

As of March 31, 2012 the rates determined for the consumer loans are not exceeded and standard rates which are determined in the regulation have been used for consumer loans.

In accordance with the change in the "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside" (published in the Official Gazette numbered 28158 dated December 30, 2011); Banks are not required to set specific provision for the amount that has to be paid for each cheque leaf of the chequebooks of the loan customers of whose related loans and other receivables are classified under third, fourth or fifth group with 100% specific provision if the Banks informs the chequebooks owners to return the chequebooks back to the Bank within 15 days through registered and reply-paid letter. This is valid for the chequebooks owners whose loans and other receivables are derecognized by the Banks.

VIII. Explanations on Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset when the Bank has a legally enforceable right to set off, and the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities simultaneously. Otherwise, there is not any offsetting transaction about financial assets and liabilities.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

IX. Explanations on Sales and Repurchase Agreements and Lending of Securities

The sales and purchase of government securities under repurchase agreements made with the customers are being recorded in balance sheet accounts in accordance with the Uniform Chart of Accounts. Accordingly in the financial statements, the government bonds and treasury bills sold to customers under repurchase agreements are classified under securities held for trading, available for sale and held to maturity depending on the portfolio they are originally included in and are valued according to the valuation principles of the related portfolios. Funds obtained from repurchase agreements are classified as a separate sub-account under money markets borrowings account in the liabilities. These transactions are short-term and consist of domestic public sector debt securities.

The income and expenses from these transactions are reflected to the "Interest Income on Marketable Securities" and "Interest Expense on Money Market Borrowings" accounts in the income statement.

As of March 31, 2012, the Bank does not have any reverse repo transactions. (December 31, 2011: TRY 80,043 Thousand).

As of March 31, 2012, the Bank does not have any marketable securities lending transaction. (December 31, 2011: None).

X. Explanations on Assets Held for Sale and Discontinued Operations

Assets held for sale with high probability of sale, are those under a plan prepared by the management regarding the sale of the asset to be disposed (or else the group of assets), together with an active program for 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. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or canceling the plan is low.

The Bank does not have any assets held for sale as of March 31, 2012 (December 31, 2011: None).

A discontinued operation is a division of a bank that is either disposed or held for sale. Results of discontinued operations are included in the income statement separately. The Bank does not have any discontinued operations.

XI. Explanations on Goodwill and Other Intangible Assets

There is no goodwill regarding the investments in associates and subsidiaries.

Other intangible assets are accounted for at cost less accumulated amortization. Other intangible assets are amortized with straight-line method based on their economic lives. There is no change in the amortization method in the current period .

The intangible assets comprising purchased softwares are in the other intangible fixed assets. As of the balance sheet date, all softwares are purchased and there are no completed or continuing software development projects by the Bank.

XII. Explanations on Tangible Fixed Assets

Tangible fixed assets are accounted for at acquisition cost less accumulated depreciation. Tangible fixed assets are depreciated with straight-line method. While those acquired before January 1, 2004 are depreciated with the rates valid in prior periods, the fixed assets acquired after January 1, 2004 are depreciated with the rates determined by the Ministry of Finance based on useful economic lives.

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TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

Depreciation of assets held less than one year as of the balance sheet date is accounted for proportionately. Depreciation method is not changed in the current period. The annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

	%
Motor vehicles	20
Furniture, fixtures and office equipment and others	3 – 50

Gain or loss resulting from disposals of the tangible fixed assets is reflected to the income statement as the difference between the net proceeds and net book value.

Normal maintenance and repair cost of the properties are expensed.

There is no pledge, mortgage, or any other lien on tangible fixed assets.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

XIII. Explanations on Leasing Transactions

Tangible fixed assets acquired by financial leases are accounted for in accordance with TAS No:17. In accordance with this standard, the leasing transactions, which consist only foreign currency liabilities, are translated to Turkish Lira with the exchange rates prevailing at the transaction dates and they are recorded as an asset or a liability. The foreign currency liabilities are translated to Turkish Lira with the Bank's period end exchange rates. The increases/decreases resulting from the differences in the foreign exchange rates are recorded as expense/income in the relevant period. The financing cost resulting from leasing is distributed through the lease period to form a fixed interest rate.

In addition to the interest expense, the Bank records depreciation expense for the depreciable leased assets in each period.

Operating lease payments are recognized as expense in the income statement on a straight line basis over the lease term.

As of the balance sheet date, the Bank does not have authorization for any financial leasing transactions as lessor.

XIV. Explanations on Provisions and Contingent Liabilities

Provisions are recognized when there is a present obligation due to a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by using the Bank's best expectation of expenses in fulfilling the obligation, and discounted to present value if material.

According to the legal department of the Bank; the total number of ongoing cases against the Bank is 81. The total amount of those cases consists of TRY 378 Thousand, USD 1,604 Thousand and EURO 299 Thousand. There is a provision of TRY 1,006 Thousand in the accompanying financial statements for these cases (December 31, 2011: TRY 933 Thousand).

XV. Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans

In accordance with existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities over a 30 day salary to each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The Bank is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct. Total benefit is calculated in accordance with TAS No:19 "Turkish Accounting Standard on Employee Benefits".

Such benefit plans are unfunded since there is no funding requirement in Turkey. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method. All actuarial gains and losses are recognized in the income statement.

The Bank has no retirement fund or foundation that the employees are the member of.

Defined Contribution Plans

The Bank pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

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TURKLAND BANK ANONİM ŞİRKETİ
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(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

XV. Explanations on Liabilities Regarding Employee Benefits (continued)

Short-term Employee Benefits

In accordance with TAS No:19 “Turkish Accounting Standard on Employee Benefits”; defined liabilities that arise from unused leave payments are accrued in the related period and are not discounted.

XVI. Explanations on Taxation

Corporate tax

According to the Article 32 of the Corporate Tax Law No 5520, accepted in the meeting of Grand National Assembly of Turkey (TBMM) on June 13, 2006 and announced in the Official Gazette dated June 21, 2006, the corporate tax rate has been decreased from 30% to 20%, effective from January 1, 2006 as per the Article 37 of the Corporate Tax Law.

The tax legislation, requires advance tax of 20% to be calculated and paid based on earnings generated for each quarter. Such advance taxes calculated and paid are offset against the final tax liability for the year.

Tax returns are required to be filed between the first and twenty-fifth day of the fourth month following the balance sheet date and paid in one installment until the end of the related month.

According to the Corporate Tax Law, tax losses can be carried forward for a maximum period of five years following the year in which the losses are incurred. Tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

The Bank makes necessary provisions over results of current period operations related with Income Tax and Corporate Tax liabilities. The Bank has made corporate tax provision amounted to TRY 2,758 Thousand in current period (December 31, 2011: None).

Deferred Tax Liability / Asset

The Bank calculates and reflects deferred tax asset or liability on timing differences which will result in taxable or deductible amounts in determining taxable profit of future periods.

In accordance with TAS No: 12 “Turkish Accounting Standard on Income Taxes” and the circular of BRSA numbered BDDK.DZM.2/13/1-a-3 dated December 8, 2004, the Bank calculates deferred tax asset on carryforward tax losses and all deductible temporary differences except for general loan reserves, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax assets and liabilities are reflected in the accompanying financial statements on a net basis.

The deferred tax resulting from differences related to items that are debited or credited directly to equity is netted with these accounts.

Furthermore, as per the above circular of BRSA, deferred tax benefit balance resulting from netting of deferred tax assets and liabilities should not be used in dividend distribution and capital increase.

The net deferred tax asset is included in deferred tax asset and the net deferred tax liability is reflected under deferred tax liability on the balance sheet. The deferred tax charge stated under the tax provision amounted to TRY 110 Thousand in the income statement (December 31, 2011: TRY 2,057 Thousand deferred tax charge).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

XVII. Additional Explanations on Borrowings

The borrowing costs related to purchase, production, or construction of qualifying assets that require significant time to be prepared for use and sale are included in the cost of assets until the relevant assets become ready to be used or to be sold. Financial investment income obtained by temporary placement of undisbursed investment loan in financial investments is offset against borrowing costs qualified for capitalization.

All other borrowing costs are recorded to the income statement in the period they are incurred.

The Bank has not issued convertible bonds.

XVIII. Explanations on Issued Share Certificates

The Bank does not have any issued debt securities. As of the date of approval of these financial statements, there is no subsequent dividend announcement of the Bank.

XIX. Explanations on Acceptances

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

XX. Explanations on Government Incentives

There are no government incentives utilized by the Bank.

XXI. Explanations on Segment Reporting

Since the Bank is not listed, disclosure requirements of IFRS 8 are not applicable for the Bank.

XXII. Explanations on Other Matters

None, other than above explanations.

Explanation for convenience translation to English

The accounting principles used in the preparation of the accompanying financial statements differ from International Financial Reporting Standards (IFRS). The effects of the differences between these accounting principles and the accounting principles generally accepted in the countries in which the accompanying financial statements are to be used and IFRS have not been quantified in the accompanying financial statements.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations Related to the Capital Adequacy Standard Ratio

The method used for risk measurement in determining capital adequacy standard ratio; Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", which was published on November 1, 2006 in the Official Gazette numbered 26333 and the Communiqué on "The Amendment in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks" which was published on October 10, 2007 in the Official Gazette numbered 26669. The Bank's unconsolidated capital adequacy ratio in accordance with the related communiqué is 16.59%. (December 31, 2011: 17.55%)

In the computation of capital adequacy standard ratio, information prepared in accordance with statutory accounting requirements is used. Additionally, the market risk amount is calculated in accordance with the communiqué on the "Measurement and Assessment of Capital Adequacy of Banks" and is taken into consideration in the capital adequacy standard ratio calculation.

The values deducted from the capital base in the shareholders' equity computation are excluded while calculating risk-weighted assets, non-cash loans and contingent liabilities. Assets subject to depreciation and impairment among risk-weighted assets are included in the calculations over their net book values after deducting the relative depreciations and provisions.

While calculating the basis of non-cash loans subject to credit risk, the net receivable amount from the counter parties net of provision amount set in accordance with the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" is multiplied by the loan conversion rates presented in the Article 5, the Clause 1 of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", and calculated by applying the risk weights presented in the Capital Adequacy Analysis Form.

Receivables from counter parties from derivative foreign currency and interest rate transactions are multiplied by the loan conversion rates presented in the Article 5, the Clause 2 of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", and calculated by applying the risk weights presented in the Capital Adequacy Analysis Form.

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I. Explanations Related to the Capital Adequacy Standard Ratio (continued)

Information related to the capital adequacy ratio:

	Risk Weight						
	0%	10%	20%	50%	100%	150%	200%
Risk Weighted Assets, Liabilities and Non-Cash Loans							
Balance Sheet items (Net)							
Cash	23,265	-	-	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Due From Central Bank of Turkey	56,625	-	-	-	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	-	-	99,306	-	71	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables From Reverse Repo Transactions	-	-	-	-	-	-	-
Reserve Deposits	128,968	-	-	-	-	-	-
Loans	94,670	-	-	416,995	1,108,011	6,762	6,851
Non-performing Loans (Net)	-	-	-	-	22,929	-	-
Financial Lease Receivables	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	-	-	-	-	75	-	-
Held to Maturity Investments	50,452	-	-	-	-	-	-
Receivables From Installment Sales of Assets	-	-	-	-	-	-	-
Sundry Debtors	-	-	-	-	1,625	-	-
Interest and Income Accruals	7,628	-	2	9,790	11,612	-	-
Subsidiaries, Associates and Jointly Controlled Entities (Net)	-	-	-	-	-	-	-
Tangible Assets	-	-	-	-	7,109	-	-
Other Assets	10,136	-	-	-	13,626	-	-
Off-Balance Sheet Items							
Guarantees and Commitments	15,932	-	18,941	18,777	546,683	-	-
Derivative Financial Instruments	73	-	-	-	36	-	-
Non Risk Weighted Accounts	-	-	-	-	-	-	-
Total Value at Risk	387,749	-	118,249	445,562	1,711,777	6,762	6,851
Total Risk Weighted Assets	-	-	23,650	222,781	1,711,777	10,143	13,702

Summary information related to the capital adequacy ratio:

	March 31, 2012	December 31, 2012
Total Risk Weighted Assets (TRWA)	1,982,053	1,793,077
Amount Subject to Market Risk (ASMR)	38,350	41,163
Amount Subject to Operational Risk (ASOR) (*)	159,857	143,562
Shareholders' Equity	361,692	347,022
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	%16,59	%17,55

(*) Operational risk is calculated using the Basic Indicator Approach.

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I. Explanations Related to the Capital Adequacy Standard Ratio (continued)

Information related to the components of shareholders' equity:

	March 31, 2012	December 31, 2011
CORE CAPITAL		
Paid up capital which is subordinated to all other receivable claims in the case of liquidation of the Bank	300,000	300,000
Nominal capital	300,000	300,000
Capital commitments (-)	-	-
Inflation based correction difference on paid up capital which is subordinated to all other receivable claims in the case of liquidation of the Bank	25,432	25,432
Share premium	-	-
Cancellation profits	-	-
Legal reserves	789	789
First legal reserve (Turkish Commercial Code 466/1)	789	789
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Statutory reserves	-	-
Extraordinary reserves	15,289	15,289
Reserves allocated by the General Assembly	12,543	12,543
Retained earnings	2,746	2,746
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Legal reserves inflation correction difference	-	-
Profit	12,091	3,561
Current period net profit	8,530	3,561
Prior years' profits	3,561	-
Provision for possible losses up to 25% of the Core Capital	-	-
Gains on sale of associates and subsidiaries and properties to be added to capital	-	-
Primary subordinated debts on condition not to extend the limits stated in regulation	-	-
Losses that cannot be covered by reserves (-)	-	-
Net current period loss	-	-
Prior years' losses	-	-
Developments costs for operating leasing (-)	(3,636)	(4,204)
Intangible assets (-)	(1,301)	(1,244)
Deferred tax asset exceeding 10% of the Core Capital (-)	-	-
Excess amount in the Article 56, Clause 3 of the Banking Law (-)	-	-
Total Core Capital	348,664	339,623
SUPPLEMENTARY CAPITAL	13,028	7,399
General loan loss reserves	17,281	14,388
45% of the revaluation reserve for movable fixed assets	-	-
45% of the of revaluation reserve for properties	-	-
Bonus shares obtained from associates, subsidiaries and jointly controlled entities (joint ventures)	-	-
Primary subordinated loans excluded in the calculation of the Core Capital	-	-
Secondary subordinated loans	-	-
Marketable securities value increase fund	(4,253)	(6,989)
Associates and subsidiaries	-	-
Available for sale securities	(4,253)	(6,989)
Indexation differences for capital reserves, profit reserves and retained earnings (Except indexation differences for legal reserves, statutory reserves and extraordinary reserves)	-	-
Total Supplementary Capital	13,028	7,399
TIER III CAPITAL	-	-
CAPITAL	361,692	347,022
DEDUCTIONS FROM THE CAPITAL	-	-
Shareholdings of banks and financial institutions (Domestic, Foreign) from which the Bank keeps ten percent or more of capitals	-	-
Shareholdings of unconsolidated banks and financial institutions (Domestic, Foreign) from which the Bank keeps less than ten percent of capitals which exceed the ten Percent of Bank's Core and Supplementary Capital	-	-
Secondary subordinated loans granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and placements that possess the nature of their Primary or Secondary Subordinated Debt	-	-
Loans granted being non-compliant with the Articles 50 and 51 of the Banking Law	-	-
The net book value of properties exceeding fifty percent of equity and properties held for sale and properties and commodity to be disposed, acquired in exchange of loans and receivables according to the Article 57 of the Banking Law and have not been disposed yet after 5 years after foreclosure	-	-
Securitization positions preferred to be decreased from equity instead of putting into a thousand two hundred and fifty per cent of risk weight according to the procedures and principles for calculating the capital adequacy ratio determined pursuant to the Article 45 of the Law	-	-
Other	-	-
Total Shareholders' Equity	361,692	347,022

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II. Explanations Related to Market Risk

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

The Board of Directors determines the limits for the basic risk that the Bank is exposed to. Those limits are revised periodically in line with the market forces and strategies of the Bank. Additionally, the Board of Directors has ensured that the risk management division and senior management has taken necessary precautions to describe, evaluate, control and manage risks faced by the Bank.

Interest rate and exchange rate risks, arising from the volatility in the financial markets are measured, and in the computation of capital adequacy, the amount subject to VAR calculated by using the standard method (summarized below) is taken into consideration. Beside the standard method, market risk (VAR) is calculated by using internal model as supported by scenario analysis and stress tests. VAR is calculated daily by two different methods which are historic simulation and parametric method, and these results are also reported weekly to the management.

a) Information Related to Market Risk

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	2,974
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	-
(III) Capital Requirement to be Employed For Currency Risk – Standard Method	94
(IV) Capital Requirement to be Employed For Commodity Risk – Standard Method	-
(V) Capital Requirement to be Employed For Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method	-
(VII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	-
(VIII) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)	3,068
(IX) Amount Subject to Market Risk (12.5 x VIII) or (12.5 x VII)	38,350

Other price risks:

The Bank does not invest in share certificates quoted on a stock exchange hence it is not subject to share price risk.

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III. Explanations Related to Currency Risk

Foreign currency risk indicates the probability of loss that banks are subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Bank are taken into consideration and value at risk is calculated by using the standard method.

The Board of Directors sets limits for the positions and stop losses which are followed up daily. Any possible changes in the foreign currency transactions in the Bank's positions are also monitored.

The announced current foreign exchange buying rates of the Bank at March 31, 2012 and the previous five working days in full TRY are as follows (Bank's FC evaluation rates):

	March 23, 2012	March 26, 2012	March 27, 2012	March 28, 2012	March 29, 2012	March 30, 2012
USD	1,7976	1,7854	1,7839	1,7789	1,7823	1,7782
CHF	1,9796	1,9725	1,9738	1,9639	1,9642	1,9705
GBP	2,8553	2,8457	2,8510	2,8261	2,8322	2,8430
100 JPY	2,1875	2,1569	2,1403	2,1434	2,1713	2,1605
EURO	2,3861	2,3771	2,3796	2,3686	2,3668	2,3727

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before March 31, 2012 are as follows:

	Monthly Average Foreign Exchange Rate
USD	1,7868
CHF	1,9565
GBP	2,8278
100 JPY	2,1676
EURO	2,3593

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III. Explanations Related to Currency Risk (continued)

Information on the foreign currency risk of the Bank:

March 31, 2012	EUR	USD	YEN	OTHER	TOTAL
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	39,989	108,711	-	308	149,008
Banks	27,618	68,840	136	2,740	99,334
Financial Assets at Fair Value Through Profit and Loss (****)	-	-	-	-	-
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	-	43,119	-	-	43,119
Loans (*)	228,364	330,879	-	-	559,243
Subsidiaries, Associates and Jointly Controlled Entities	-	-	-	-	-
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	-	243	-	-	243
Total Assets	295,971	551,792	136	3,048	850,947
Liabilities					
Bank Deposits	240	3,686	-	36	3,962
Foreign Currency Deposits	213,537	515,268	-	2,715	731,520
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	87,513	28,948	-	-	116,461
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	425	458	-	-	883
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (****)	153	81	-	-	234
Total Liabilities	301,868	548,441	-	2,751	853,060
Net Balance Sheet Position	(5,897)	3,351	136	297	(2,113)
Net Off-Balance Sheet Position	6,624	(3,602)	-	(99)	2,923
Financial Derivative Assets (***)	12,081	11,572	-	-	23,653
Financial Derivative Liabilities (***)	(5,457)	(15,174)	-	(99)	(20,730)
Non-Cash Loans (**)	82,304	245,658	-	198	328,160
December 31, 2011					
Total Assets(*) (****)	275,965	484,785	113	1,099	761,962
Total Liabilities	277,489	485,725	1	538	763,753
Net Balance Sheet Position	(1,524)	(940)	112	561	(1,791)
Net Off-Balance Sheet Position	413	2,143	-	(293)	2,263
Financial Derivative Assets (***)	4,935	13,781	-	-	18,716
Financial Derivative Liabilities (***)	(4,522)	(11,638)	-	(293)	(16,453)
Non-Cash Loans (**)	82,553	270,847	-	1,477	354,877

(*) Foreign currency indexed loans amounting to TRY 321,318 Thousand (December 31, 2011: TRY 276,116 Thousand) are included in the loan portfolio.

(**) There are no effects on the net off-balance sheet position.

(***) It includes also TRY 14,853 Thousand and TRY 11,927 Thousand forward asset purchase & sale commitments (December 31, 2011: TRY 15,565 Thousand and TRY 13,308 Thousand, respectively).

(****) TRY 2 Thousand asset from derivative financial instruments and TRY 3 Thousand liability from derivative financial instruments are not included (December 31, 2011: TRY 57 Thousand assets from derivative financial instruments and TRY 39 Thousand liability from derivative financial instruments).

Foreign currency sensitivity:

The Bank holds EUR and USD currencies positions mainly.

The following table details the Bank's sensitivity to a 10% increase or decrease in the TRY against USD and EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. Positive/(Negative) number indicates a change in profit or loss and other equity where USD and EUR increase 10% against TRY.

	Change in currency rate in %	Effect on profit or loss		Effect on equity	
		31 March 2012	31 December 2011	31 March 2012	31 December 2011
USD	%10 increase	(25)	120	(74)	(206)
USD	%10 decrease	25	(120)	74	206
EURO	%10 increase	73	(111)	-	-
EURO	%10 decrease	(73)	111	-	-

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IV. Explanations Related to Interest Rate Risk

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Bank's position, and it is managed by the Asset-Liability Committee. The interest rate sensitivity of assets, liabilities and off-balance sheet items related to this risk are measured by using the standard method and included in the market risk for capital adequacy.

Risk Department performs duration, maturity and sensitivity analysis to protect the effect of interest rate volatility and reported to the Asset-Liability Committee.

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budget of the Bank. The negative effects of the fluctuations in the market interest rates on the financial position and the cash flows are minimized by revising budgeted targets.

The Bank management follows the market interest rates daily and revises the interest rates of the Bank whenever necessary.

Since the Bank does not permit maturity mismatches or imposes limits on mismatch, a significant interest rate risk exposure is not expected.

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates):

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
March 31, 2012							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	-	-	-	-	208,858	208,858
Banks	92,784	-	-	-	-	6,595	99,379
Financial Assets at Fair Value Through Profit and Loss	-	3	91	59	26	-	179
Money Market Placements	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	60,754	41,475	124,249	12,554	50,704	75	289,811
Loans (*)	1,270,316	76,541	163,715	145,096	2,279	21	1,657,968
Held-To-Maturity Investments	20,204	-	34,599	-	-	-	54,803
Other Assets (**)	-	-	-	-	-	59,820	59,820
Total Assets	1,444,058	118,019	322,654	157,709	53,009	275,369	2,370,818
Liabilities							
Bank Deposits	3,564	-	-	-	-	562	4,126
Other Deposits	1,216,261	331,434	85,201	-	-	113,448	1,746,344
Money Market Borrowings	57,699	-	-	-	-	-	57,699
Sundry Creditors	-	-	-	-	-	12,471	12,471
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	26,762	36,412	81,766	-	-	63	145,003
Other Liabilities (***)	252	217	-	-	-	404,706	405,175
Total Liabilities	1,304,538	368,063	166,967	-	-	531,250	2,370,818
Balance Sheet Long Position	139,520	-	155,687	157,709	53,009	-	505,925
Balance Sheet Short Position	-	(250,044)	-	-	-	(255,881)	(505,925)
Off-Balance Sheet Long Position	-	-	-	-	-	26,809	26,809
Off-Balance Sheet Short Position	-	-	-	-	-	(26,824)	(26,824)
Total Position	139,520	(250,044)	155,687	157,709	53,009	(255,896)	(15)

(*) Up to 1 month column consist of revolving loans and corporate FC indexed loans.

(**) The other assets line in the non-interest bearing column consist of tangible assets amounting to TRY 10,745 Thousand, intangible assets amounting to TRY 1,301 Thousand, tax asset amounting to TRY 1,613 Thousand, net non performing loans amounting to TRY 22,929 Thousand, clearing account amounting to TRY 7,722 Thousand, prepaid expenses amounting to TRY 3,578 Thousand, system improvement investments amounting to TRY 9,631 Thousand and other assets amounting to TRY 2,301 Thousand.

(***) The other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TRY 349,348 Thousand, TRY 9,759 Thousand tax liabilities, TRY 27,789 Thousand provisions, and TRY 17,810 Thousand other liabilities.

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IV. Explanations Related to Interest Rate Risk (continued)

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	TRY %
March 31, 2012				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Reserve Deposits) And Balances With The Central Bank Of Turkey	-	-	-	-
Banks	0,16	0,26	-	9,24
Financial Assets At Fair Value Through Profit And Loss	-	-	-	9,61
Money Market Placements	-	-	-	10,37
Available-For-Sale Financial Assets	-	5,04	-	5,56
Loans	7,70	7,41	-	16,98
Held-To-Maturity Investments	-	-	-	7,90
Liabilities				
Bank Deposits	-	3,00	-	-
Other Deposits	5,24	5,08	-	11,65
Money Market Borrowings	-	-	-	5,75
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	4,58	3,61	-	8,62

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates):

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
December 31, 2011							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey.	-	-	-	-	-	200,915	200,915
Banks	77,193	-	-	-	-	3,177	80,370
Financial Assets at Fair Value Through Profit and Loss	45	114	-	58	26	-	243
Money Market Placements	80,043	-	-	-	-	-	80,043
Available-For-Sale Financial Assets	33,432	55,572	129,907	12,280	52,071	75	283,337
Loans (*)	1,058,515	80,611	156,624	147,600	1,940	86	1,445,376
Held-To-Maturity Investments	-	-	53,738	-	-	-	53,738
Other Assets (**)	-	-	-	-	-	59,311	59,311
Total Assets	1,249,228	136,297	340,269	159,938	54,037	263,564	2,203,333
Liabilities							
Bank Deposits	-	-	-	-	-	668	668
Other Deposits	919,894	523,487	48,850	-	-	102,681	1,594,912
Money Market Borrowings	97,725	-	-	-	-	-	97,725
Sundry Creditors	-	-	-	-	-	12,571	12,571
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	10,010	30,551	64,116	-	-	54	104,731
Other Liabilities (***)	340	246	-	-	-	392,140	392,726
Total Liabilities	1,027,969	554,284	112,966	-	-	508,114	2,203,333
Balance Sheet Long Position	221,259	-	227,303	159,938	54,037	-	662,537
Balance Sheet Short Position	-	(417,987)	-	-	-	(244,550)	(662,537)
Off-Balance Sheet Long Position	-	-	-	-	-	25,748	25,748
Off-Balance Sheet Short Position	-	-	-	-	-	(25,684)	(25,684)
Total Position	221,259	(417,987)	227,303	159,938	54,037	(244,486)	64

(*) Up to 1 month column consist of revolving loans and corporate FC indexed loans.

(**) The other assets line in the non-interest bearing column consist of tangible assets amounting to TRY 11,720 Thousand, intangible assets amounting to TRY 1,244 Thousand, tax asset amounting to TRY 2,579 Thousand, net non performing loans amounting to TRY 23,342 Thousand, clearing account amounting to TRY 10,777 Thousand, prepaid expenses amounting to TRY 1,777 Thousand, system improvement investments amounting to 6,486 and other assets amounting to TRY 1,386 Thousand.

(***) The other liabilities line in the non-interest bearing column consists of shareholders' equity amounting to TRY 338,082 Thousand, tax liability amounting to TRY 5,557 Thousand, provisions amounting to TRY 26,622 Thousand and other liabilities amounting to 21,879 Thousand.

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IV. Explanations Related to Interest Rate Risk (continued)

Average interest rates applied to monetary financial instruments

	EURO %	USD %	YEN %	TRY %
December 31, 2011				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) And Balances With The Central Bank Of Turkey	-	-	-	-
Banks	0,52	0,25	-	7,39
Financial Assets At Fair Value Through Profit And Loss	-	-	-	8,02
Money Market Placements	-	-	-	11,87
Available-For-Sale Financial Assets	-	5,04	-	5,73
Loans	7,09	6,31	-	14,49
Held-To-Maturity Investments	-	-	-	8,02
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	4,41	4,36	-	9,53
Money Market Borrowings	-	-	-	6,32
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	3,74	2,21	-	8,42

Interest rate sensitivity:

If interest rates had been increased by 0.5% in TRY and by 0.5% in FC and all other variables were held constant, the Bank's:

Net profit would change by TRY 530 Thousand. The change in profit mainly related to loans and deposits (December 31, 2011 : TRY 448 Thousand).

Possible changes in the interest rates effects the equity as a result of the revaluation of the available-for-sale assets. The change in interest rates effects the equity by TRY 369 Thousand.

V. Explanations Related to Liquidity Risk

Liquidity risk occurs when there is insufficient cash or cash inflows to meet the cash outflows completely and timely.

Liquidity risk may also occur when the market penetration is not adequate, when the open positions cannot be closed quickly at suitable prices and sufficient amounts due to barriers and break-ups at the markets.

The Bank's policy is to establish an asset structure that can meet all kinds of liabilities by liquid sources at all times. In this context, liquidity problem has not been faced in any period. In order to maintain this, the Board of Directors of the Bank continuously determines standards for the liquidity ratios, and monitors them.

According to the general policies of the Bank, the matching of the maturity and interest rate structure of assets, and liabilities is always established within the asset liability management strategies. A positive difference is tried to be established between the yields of TRY and foreign currency assets and liabilities on the balance sheet and their costs. In this sense, various crisis scenarios which are prepared by risk management group are presented to management and audit committee.

When the funding and liquidity sources are considered, the Bank covers majority of its liquidity need by deposits, and in addition to this source, it makes use of pre-financing and syndication products to generate additional sources.

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V. Explanations Related to Liquidity Risk (continued)

Presentation of assets and liabilities according to their remaining maturities:

March 31, 2012	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Undistributed (*)	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey (****)	79,890	87,001	28,048	13,919	-	-	-	208,858
Banks	6,595	92,784	-	-	-	-	-	99,379
Financial Assets at Fair Value Through Profit and Loss	-	-	3	-	150	26	-	179
Money Market Placements	-	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	-	26,981	-	52,232	122,908	87,615	75	289,811
Loans (***)	-	1,270,337	76,541	163,715	145,096	2,279	-	1,657,968
Held-To-Maturity Investments	-	18,897	-	34,599	-	1,307	-	54,803
Other Assets	-	7,722	-	-	-	-	52,098	59,820
Total Assets	86,485	1,503,722	104,592	264,465	268,154	91,227	52,173	2,370,818
Liabilities								
Bank Deposits	562	3,564	-	-	-	-	-	4,126
Other Deposits	113,448	1,216,261	331,434	85,201	-	-	-	1,746,344
Funds Provided From Other Financial Institutions	-	26,825	36,412	81,766	-	-	-	145,003
Money Market Borrowings	-	57,699	-	-	-	-	-	57,699
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	-	12,471	-	-	-	-	-	12,471
Other Liabilities (**)	-	24,248	217	-	-	-	380,710	405,175
Total Liabilities	114,010	1,341,068	368,063	166,967	-	-	380,710	2,370,818
Liquidity Gap	(27,525)	162,654	(263,471)	97,498	268,154	91,227	(328,537)	-
December 31, 2011								
Total Assets	84,580	1,300,257	120,468	290,492	267,314	91,625	48,597	2,203,333
Total Liabilities	103,349	1,064,904	554,284	112,966	-	-	367,830	2,203,333
Liquidity Gap	(18,769)	235,353	(433,816)	177,526	267,314	91,625	(319,233)	-

(*) The assets which are necessary to provide banking services and can not be liquidated in the short term, such as tangible assets, investments in subsidiaries and associates and non-performing loans are classified under undistributed.

(**) Shareholders' equity is shown under other liabilities in undistributed column.

(***) Rotative loans are classified in up to 1 month column.

(****) Reserve requirement distribution is based on maturity distribution of liabilities on which the reserve is calculated.

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to the Assets

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

	March 31, 2012		December 31, 2011	
	TRY	FC	TRY	FC
Cash in Vault/Foreign Currency	4,197	19,068	5,561	10,812
Balances with the Central Bank of Turkey	55,653	129,940	63,937	120,605
Other	-	-	-	-
Total	59,850	149,008	69,498	131,417

b) Information related to the account of the Central Bank of Turkey:

	March 31, 2012		December 31, 2011	
	TRY	FC	TRY	FC
Unrestricted demand deposits	55,653	973	63,937	1,093
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
FC Reserve deposits	-	128,967	-	119,512
Total	55,653	129,940	63,937	120,605

c) Explanations related to reserve deposits:

According to the "Communiqué on Amendments to be made on Communiqué on Required Reserves" of Central Bank of the Republic of Turkey numbered 2011/11 and 2011/13 reserve deposit rates applied to TRY and FC liabilities has changed. The current required reserve rates as of the date of approval of the financial statements are as follows:

FC reserve deposits rates:

FX demand deposits, notice deposits and FX private current accounts, FX deposits/FX participation accounts up to 1-month, up to 3-month, up to 6-month and up to 1-year maturities	FX deposits/FX participation accounts with 1-year and longer maturity and cumulative FX deposits/ FX participation accounts	FX Special fund pools	FX liabilities up to 1-year maturity (including 1-year)	FX liabilities up to 3-year maturity (including 3-year)	FX liabilities longer than 3-year maturity
11%	9%	Ratios for corresponding maturities	11%	9%	6%

TRY reserve deposits rates:

Demand deposits, notice deposits and private current accounts	Deposits/participation accounts up to 1-month maturity (including 1-month)	Deposits/participation accounts up to 3-month maturity (including 3-month)	Deposits/participation accounts up to 6-month maturity (including 6-month)	Deposits/participation accounts up to 1-year maturity	Deposits/participation accounts with 1-year and longer maturity and cumulative deposits/participation accounts	Other liabilities up to 1-year maturity (including 1-year)	Other liabilities up to 3-year maturity (including 3-year)	Other liabilities with longer 3-year maturity
%11	%11	%11	%8	%6	%5	%11	%8	%5

Effective from October 1, 2010, interest received from reserve deposits has been abolished.

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I. Explanations and Disclosures Related to the Assets (continued)

2. Information on financial assets at fair value through profit and loss (net):

a.1) Information on financial assets at fair value through profit and loss given as collateral or blocked: None

a.2) Financial assets at fair value through profit and loss subject to repurchase agreements:

	March 31, 2012		December 31, 2011	
	TRY	FC	TRY	FC
Government bonds	-	-	-	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-

Net book value of unrestricted financial assets at fair value through profit and loss is TRY 176 Thousand. (December 31, 2011: TRY 177 Thousand).

a.3) Positive differences related to derivative financial assets held-for-trading:

	March 31, 2012		December 31, 2011	
	TRY	FC	TRY	FC
Forward Transactions	1	2	9	57
Swap Transactions	-	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	1	2	9	57

3. Information on banks:

	March 31, 2012		December 31, 2011	
	TRY	FC	TRY	FC
Banks				
Domestic	45	92,895	17	77,232
Foreign	-	6,439	-	3,121
Branches and head office abroad	-	-	-	-
Total	45	99,334	17	80,353

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

a.1) Information on financial assets available-for-sale given as collateral or blocked:

	March 31, 2012		December 31, 2011	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	26,470	-	37,485	-
Other	-	-	-	-
Total (*)	26,470	-	37,485	-

(*) Available-for-sale securities given as collateral for Stock Exchange, and Open Markets are TRY 18,902 Thousand, and TRY 7,568 Thousand respectively.

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I. Explanations and Disclosures Related to the Assets (continued)

4. Information on financial assets available-for-sale: (continued)

a.2) Information on financial assets available for sale subject to repurchase agreements:

	March 31, 2012		December 31, 2011	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	38,876	-	78,596	-
Other	-	-	-	-
Total	38,876	-	78,596	-

Net book value of unrestricted financial assets available-for-sale is TRY 224,465 Thousand (December 31, 2011: TRY 167,256 Thousand) and included in this amount there are unquoted stocks amounting TRY 75 Thousand (December 31, 2011: TRY 75 Thousand).

b) Information on financial assets available for sale portfolio:

	March 31, 2012	December 31, 2011
Debt securities	289,736	283,262
Quoted on a stock exchange	289,736	283,262
Not quoted	-	-
Share certificates	75	75
Quoted on a stock exchange	-	-
Not quoted	75	75
Impairment provision (-)	-	-
Total	289,811	283,337

In line with the accounting policies of the Bank, all unquoted available for sale equities are recorded at fair value except for the Bank's investment of TRY 75 Thousand which is recorded investment at cost since its fair value cannot be reliably estimated (December 31, 2011: TRY 75 Thousand).

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans:

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

	March 31, 2012		December 31, 2011	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	71	586	73	620
Corporate shareholders	71	586	73	620
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	9,095	118	6,902
Loans granted to employees	826	1,188	878	1,124
Total	897	10,869	1,069	8,646

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

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled (*)	Loans and Other Receivables	Restructured or Rescheduled (*)
Non-specialized loans	1,606,198	-	51,770	-
Discount notes	1,934	-	-	-
Export loans	259,652	-	3,456	-
Import loans	-	-	-	-
Loans given to financial sector	28,480	-	-	-
Foreign loans	22,456	-	-	-
Consumer loans	29,783	-	1,152	-
Credit cards	-	-	-	-
Precious metals loans	-	-	-	-
Other	1,263,893	-	47,162	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	1,606,198	-	51,770	-

(*) Loans booked under Restructured or Rescheduled Loans and determined in the Communiqué "Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside".

Standard and close monitoring loans which their payment plans have changed:

Standard loans

Number of Agreements (*)	Up to 1 month	1-3 Months	3-6 Months	6 – 12 Months	1-5 Years	Total
5	6,806	-	-	-	-	6,806
3	-	1,140	-	-	-	1,140
2	-	-	-	2,207	-	2,207
Total	6,806	1,140	-	2,207	-	10,153

Close monitoring loans

Number of Agreements (*)	Up to 1 month	1-3 Months	3-6 Months	6 – 12 Months	1-5 Years	Total
3	-	3,844	-	-	-	3,844
3	-	-	632	-	-	632
3	-	-	-	1,513	-	1,513
10	-	-	-	-	11,106	11,106
Total	-	3,844	632	1,513	11,106	17,095

(*) Extension period of loan terms has considered.

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans: (continued)

- c) Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel:

	Short Term	Medium and Long Term	Total
Consumer Loans-TRY	3,941	25,473	29,414
Housing Loans	-	8,748	8,748
Car Loans	201	959	1,160
General Purpose Loans	3,400	9,208	12,608
Other	340	6,558	6,898
Consumer Loans –Indexed to FC	-	122	122
Housing Loans	-	75	75
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	47	47
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Individual Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans-TRY	507	126	633
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	506	126	632
Other	1	-	1
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TRY(Real Persons) (*)	766	-	766
Overdraft Accounts-FC(Real Persons)	-	-	-
Total	5,214	25,721	30,935

(*) Overdraft Accounts includes TRY 150 Thousand personnel loans.

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans: (continued)

d) Information on commercial loans with installments and corporate credit cards:

	Short Term	Medium and Long Term	Total
Commercial loans with installment facility-TRY	31,730	94,032	125,762
Business Loans	-	210	210
Car Loans	73	3,896	3,969
General Purpose Loans	-	7,859	7,859
Other	31,657	82,067	113,724
Commercial loans with installment facility - Indexed to FC	9,024	150,820	159,844
Business Loans	-	-	-
Car Loans	3,066	34,933	37,999
General Purpose Loans	965	655	1,620
Other	4,993	115,232	120,225
Commercial loans with installment facility -FC	-	-	-
Business Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TRY	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Corporate Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TRY(Legal Entities)	17,014	-	17,014
Overdraft Accounts-FC(Legal Entities)	-	-	-
Total	57,768	244,852	302,620

e) Domestic and foreign loans:

	March 31, 2012	December 31, 2011
Domestic loans	1,635,224	1,425,003
Foreign loans	22,744	20,373
Total	1,657,968	1,445,376

f) Loans granted to subsidiaries and associates: None.

g) Specific provisions provided against loans:

	March 31, 2012	December 31, 2011
Specific provisions		
Loans and receivables with limited collectability	105	81
Loans and receivables with doubtful collectability	-	-
Uncollectible loans and receivables	15,921	15,910
Total	16,026	15,991

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans: (continued)

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

h.1) Information on loans and other receivables included in non-performing loans which are restructured or rescheduled:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
March 31, 2012			
(Gross amount before specific provision) (*)	-	-	292
Restructured Loans and Other Receivables	-	-	292
Rescheduled Loans and Other Receivables	-	-	-
December 31, 2011			
(Gross amount before specific provision)	-	-	124
Restructured Loans and Other Receivables	-	-	124
Rescheduled Loans and Other Receivables	-	-	-

(*) As of March 31, 2012 total specific provisions set aside for the loans and other receivables that are restructured or tied to redemption plan is TRY 203 Thousand (December 31, 2011: TRY 31 Thousand).

h.2) The movement of non-performing loans:

	III. Group	IV. Group	V. Group
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
December 31, 2011 balance	781	874	37,678
Additions (+)	309	133	28
Transfers from other categories of non-performing loans (+)	-	-	10
Transfers to other categories of non-performing loans (-)	-	(10)	-
Collections (-)	(232)	(32)	(584)
Write-offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Indexation difference (-)	-	-	-
Other	-	-	-
March 31, 2012 balance	858	965	37,132
Specific provision (-)	(105)	-	(15,921)
Net Balances on Balance Sheet	753	965	21,211

h.3) Information on foreign currency non-performing loans and other receivables: None.

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans: (continued)

h.4) Information regarding gross and net amounts of non-performing loans with respect to user groups:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
March 31, 2012 (Net)			
Loans to Real Persons and Legal Entities (Gross)	858	965	37,132
Specific provision (-)	(105)	-	(15,921)
Loans to Real Persons and Legal Entities (Net)	753	965	21,211
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
December 31, 2011 (Net)			
Loans to Real Persons and Legal Entities (Gross)	781	874	37,678
Specific provision (-)	(81)	-	(15,910)
Loans to Real Persons and Legal Entities (Net)	700	874	21,768
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

6. Information on held-to-maturity investments:

a.1) Information on held-to-maturity investments given as collateral or blocked:

	March 31, 2012		December 31, 2011	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	20,583	-	21,473	-
Other	-	-	-	-
Total (*)	20,583	-	21,473	-

(*) Held-to-maturity investments given as collateral for Stock Exchange, Interbank Markets are TRY 2,436 Thousand and TRY 18,147 Thousand respectively.

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I. Explanations and Disclosures Related to the Assets (continued)

6. Information on held-to-maturity investments (continued):

a.2) Held-to-maturity investments subject to repurchase agreements:

	March 31, 2012		December 31, 2011	
	TRY	FC	TRY	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar securities	18,897	-	18,525	-
Other	-	-	-	-
Total	18,897	-	18,525	-

Book value of held to maturity investments classified as unrestricted financial assets is TRY 15,323 Thousand (December 31, 2011: 13,740).

b) Information on public sector debt investments held-to-maturity:

	March 31, 2012	December 31, 2011
Government bonds	54,803	53,738
Treasury bills	-	-
Other public sector debt securities	-	-
Total	54,803	53,738

c) Information on held-to-maturity investments:

	March 31, 2012	December 31, 2011
Debt securities		
Quoted on a stock exchange	54,803	53,738
Not quoted on a stock exchange	-	-
Provision for impairment (-)	-	-
Total	54,803	53,738

d) Movement of held-to-maturity investments:

	March 31, 2012	December 31, 2011
Beginning balance	53,738	47,882
Foreign currency differences on monetary assets(*)	1,065	294
Purchases during year	-	28,554
Disposal through sales and redemptions	-	(22,992)
Impairment provision (-)	-	-
Closing balance	54,803	53,738

(*) Accruals of Held-to maturity investments are reflected in foreign currency differences on monetary assets line.

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I. Explanations and Disclosures Related to the Assets (continued)

7. Information on associates (Net):

The Bank has no associates in the current period

8. Information on subsidiaries (Net):

The Bank has no subsidiaries in the current period.

9. Information on jointly controlled entities:

The Bank has no jointly controlled entities in the current period.

10. Information on lease receivables (Net):

The Bank has no lease receivables in the current period.

11. Information on derivative financial assets for hedging purposes:

The Bank has no financial assets for hedging purposes in the current period.

12. Investment property (Net): None.

13. Information on assets held for sale and discontinued operations: None.

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II. Explanations and Disclosures Related to the Liabilities

1. Information on maturity structure of deposits:

a.1) March 31, 2012:

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Months	3-6 Months	6 Month-1 Year	1 Year And over	Accumulating Deposits	Total
Saving deposits	10.043	-	67.674	546.519	105.190	5.409	827	-	735.662
Foreign currency deposits	64.021	-	98.404	496.154	44.237	28.413	291	-	731.520
Residents in Turkey	59.302	-	87.496	424.957	37.207	19.308	18	-	628.288
Residents abroad	4.719	-	10.908	71.197	7.030	9.105	273	-	103.232
Public sector deposits	3.061	-	0	0	0	0	0	-	3.061
Commercial deposits	36.006	-	44.334	148.703	6.127	26.217	3.104	-	264.491
Other institutions deposits	317	-	99	9.816	1.371	1	6	-	11.610
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	562	-	3.564	0	0	0	0	-	4.126
Central Bank of Turkey	0	-	0	0	0	0	0	-	0
Domestic Banks	8	-	0	0	0	0	0	-	8
Foreign Banks	554	-	3.564	0	0	0	0	-	4.118
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	114,010	-	214,075	1,201,192	156,925	60,040	4,228	-	1,750,470

a.2) December 31, 2011:

	Demand	7 Day Call Accounts	Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year And over	Accumulating Deposits	Total
Saving deposits	8,381	-	20,309	447,335	137,514	1,611	644	-	615,794
Foreign currency deposits	53,305	-	29,208	495,472	85,043	11,604	297	-	674,929
Residents in Turkey	52,032	-	29,181	425,311	65,681	10,684	18	-	582,907
Residents abroad	1,273	-	27	70,161	19,362	920	279	-	92,022
Public sector deposits	1,106	-	-	-	-	-	-	-	1,106
Commercial deposits	39,679	-	57,337	153,196	17,703	24,085	3,016	-	295,016
Other institutions deposits	209	-	41	6,471	1,339	1	6	-	8,067
Precious metals deposits	-	-	-	-	-	-	-	-	-
Interbank deposits	668	-	-	-	-	-	-	-	668
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	10	-	-	-	-	-	-	-	10
Foreign Banks	658	-	-	-	-	-	-	-	658
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	103,348	-	106,895	1,102,474	241,599	37,301	3,963	-	1,595,580

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II. Explanations and Disclosures Related to the Liabilities (continued)

1. Information on maturity structure of deposits: (continued)

b.1) Information on saving deposits under the guarantee of saving deposits insurance:

i. Information on saving deposits:

Saving Deposits (*)	Under the Guarantee of Insurance		Exceeding the Limit of Insurance	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
Saving deposits	121,745	113,927	607,119	497,578
Foreign currency saving deposits	30,727	29,427	351,488	301,642
Other deposits in the form of saving deposits	199	176	5,489	4,287
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	152,671	143,530	964,096	803,507

(*) According to the BRSA's circular no 1584 dated February 23, 2005, accruals are included in the saving deposit amount.

ii. Deposit amounts not under the guarantee of saving deposit:

Deposits of real persons not under the guarantee of saving deposit insurance:

	March 31, 2012	December 31, 2011
Deposits and accounts in branches abroad	-	-
Deposits of ultimate shareholders and their close families	-	-
Deposits of chairman, members of the Board of Directors and assistant general managers and their close families	2,602	1,517
Deposits obtained through illegal acts defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004.	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-

2. Information on derivative financial liabilities:

a) Negative differences table related to derivative financial liabilities held-for-trading:

	March 31, 2012		December 31, 2011	
	TRY	FC	TRY	FC
Forward Transactions	-	-	-	39
Swap Transactions	-	3	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	3	-	39

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II. Explanations and Disclosures Related to the Liabilities (continued)

3. a) Information on banks and other financial institutions:

	March 31, 2012		December 31, 2011	
	TRY	FC	TRY	FC
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	15,205	17,810	14,691	24,496
From Foreign Banks, Institutions and Funds	13,338	98,650	1,235	64,309
Total	28,543	116,460	15,926	88,805

b) Maturity analysis of borrowings:

	March 31, 2012		December 31, 2011	
	TRY	FC	TRY	FC
Short-term	28,543	90,353	15,926	72,532
Medium and long-term	-	26,107	-	16,273
Total	28,543	116,460	15,926	88,805

4. Other liabilities which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total: None.

5. Explanations on lease obligations (Net):

- a) The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the Bank:

In the financial lease agreements, installments are based on useful life, usage periods and provisions of the Tax Procedural Code.

- b) The explanation on modifications in agreements and new obligations resulting from such modifications: None.
- c) Explanation on finance lease payables:

	March 31, 2012		December 31, 2011	
	Gross	Net	Gross	Net
Less than 1 Year	-	-	-	-
Between 1-4 Years	-	-	-	-
More than 4 Years	-	-	-	-
Total	-	-	-	-

- d) Explanations regarding operational leases:

Head-Office and all branch premises of the Bank are leased under operational leases. In the first three months of 2012, operational lease expenses amounting to TRY 2,209 Thousand have been recorded in the profit and loss accounts (December 31,2011: TRY 8,084 Thousand). The lease periods vary between 5 and 10 years.

- e) Explanations on the lessor and lessee in sale and lease back transactions, agreement conditions, and major agreement terms: None.

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II. Explanations and Disclosures Related to the Liabilities (continued)

6. Information on derivative financial liabilities for hedging purposes: None.

7. Information on provisions:

a) Information on general provisions:

	March 31, 2012	December 31, 2011
General Provisions		
Provisions for First Group Loans and Receivables	13,881	11,766
Provisions for Second Group Loans and Receivables	1,499	813
Provisions for Non-cash Loans	1,901	1,809
Other	-	-
Total	17,281	14,388

b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses amounting to TRY 4,291 Thousand (December 31, 2011: TRY 351 Thousand) on the foreign currency indexed loans are netted off from loans on the balance sheet.

c) The specific provisions of TRY 2,554 Thousand (December 31, 2011: TRY 2,578 Thousand) were provided for unindemnified non cash loans.

d) Information on employee termination benefits and unused vacation accrual:

Bank has calculated the reserve for employee termination benefits by using actuarial valuation methods as set out in the TAS No: 19 and reflected this in the financial statements.

	March 31, 2012	December 31, 2011
Employee termination benefit provision	3,085	2,969
Unused vacation provision	2,305	1,932
Total of provision for employee benefits	5,390	4,901

In accordance with TAS No:19 "Turkish Accounting Standard on Employee Benefits"; total benefit is calculated for each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method. All actuarial gains and losses are recognized in the income statement.

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II. Explanations and Disclosures Related to the Liabilities (continued)

7. Information on provisions: (continued)

e) Information on other provisions:

e.1) Provisions for possible losses: None.

e.2) The breakdown of the sub accounts if other provisions exceed 10% of the grand total of provisions:

	March 31, 2012	December 31, 2011
Specific provisions provided for unindemnified non cash loans	2,554	2,578
Other provisions (*)	2,564	4,755
Total	5,118	7,333

(*) Other provisions include TRY 602 Thousand of loan provisions, TRY 1,006 Thousand of legal claim provisions, TRY 886 Thousand unpaid 2011 bonus provision (The Bank has not decided to set bonus provision for the year 2012 as of March 31, 2012) and TRY 70 Thousand of other provision.(December 31, 2011: TRY 3,000 Thousand bonus provision, TRY 751 Thousand of loan related provision, TRY 933 Thousand of legal claim provision and TRY 71 Thousand of other provision).

8. Explanations on taxes payable:

a) Information on current tax liability:

a.1) As of March 31, 2012, remaining tax liability after prepaid taxes are netted off;

	March 31, 2012	December 31, 2011
Current Period Tax Payable	2,758	-
Prepaid Tax	(541)	-
Total	2,217	-

a.2) Information on taxes payable:

	March 31, 2012	December 31, 2011
Corporate Tax Payable	2,217	-
Payroll Tax	1,282	753
Taxation on Securities	2,129	1,535
Property Tax	206	210
Banking and Insurance Transaction Tax (BITT)	2,198	1,923
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	486	266
Stamp Tax	37	20
Other	409	136
Total	8,964	4,843

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a.3) Information on premiums:

	March 31, 2012	December 31, 2011
Social Security Premiums-Employee	297	267
Social Security Premiums-Employer	437	392
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	20	18
Unemployment Insurance-Employer	41	37
Other	-	-
Total	795	714

b) Explanations on deferred tax liabilities, if any: None.

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II. Explanations and Disclosures Related to the Liabilities (continued)

9. Information on Shareholders' Equity:

a) Presentation of Paid-in capital:

According to the Extraordinary General Assembly decision dated May 30, 2011, it was decided to increase the Bank's capital from TRY 170,000 Thousand to TRY 300,000 Thousand, and it was registered in the Turkish Trade Registry Gazette dated June 20, 2011 numbered 7840. According to the BRSA Approval dated September 15, 2011 numbered 4381 the unused preemptive right of Arab Bank Plc amounting to TRY 65,000 Thousand have been used by Arab Bank (Switzerland) Ltd (ABS). Capital commitments which are amounting to TRY 130,000 Thousand have been paid by shareholders and according to the BRSA Decision dated October 20, 2011 numbered 22244 it has been transferred to the capital accounts.

As of March 31, 2012 the nominal value of the Bank's paid-in-capital is amounting to TRY 300,000 and consists of 3,000 million shares.

000 TL	March 31, 2012	December 31, 2011
Common stock(*)	300,000	300,000
Preferred stock	-	-

(*) Nominal Capital

- b) The Bank does not apply registered share capital system.
- c) Information on share capital increases and their sources; other information on increased capital shares in the current period: None
- d) Information on share capital increases from revaluation funds in the current period: None.
- e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments: None.
- f) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

Prior year income, profitability and liquidity of the Bank is closely monitored by the Financial Reporting Department and reported to the Board of Directors, Asset and Liability Committee. Risk Management tries to forecast the effects of interest, currency and maturity fluctuations that change these indicators with static and dynamic scenario analysis. Net asset value, which is defined as the difference of fair values of assets and liabilities, is measured. Expectations are made for Bank's future interest income via simulations of net interest income and scenario analysis.

- g) Information on preferred shares: None.
- h) Information on marketable securities value increase fund:

	March 31, 2012	December 31, 2011
From Associates, Subsidiaries, and Jointly Controlled Entities (Joint Vent.)	-	-
Valuation Difference	(4,253)	(6,989)
Foreign Exchange Difference	-	-
Total	(4,253)	(6,989)

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III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments

a. Information on off-balance sheet liabilities:

1) Nature and amount of irrevocable loan commitments:

	March 31, 2012	December 31, 2011
Credit card expenditure limit commitments	-	-
Loan granting commitments	25,086	38,849
Payment commitments for checks	86,309	67,900
Forward asset purchase and sales commitments	30,613	41,315
Other irrevocable commitments	6,709	22,265
Total	148,717	170,329

2) Possible losses and commitments related to off-balance sheet items including items listed below:

The Bank, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit.

2.i) Non-cash loans including guarantees, acceptances, financial guarantees and other letters of credits:

	March 31, 2012	December 31, 2011
Bank acceptance loans	12,163	11,597
Letters of credit	97,203	92,948
Other guarantees and collaterals	63,720	84,979
Total	173,086	189,524

2.ii) Guarantees, suretyships, and similar transactions:

	March 31, 2012	December 31, 2011
Definite letter of guarantess	622,274	613,527
Temporary letter of guarantees	160,685	110,483
Suretyships and similar transactions	-	-
Other letter of guarantees	126,629	117,094
Total	909,588	841,104

3) 3.i) Total amount of non-cash loans:

	March 31, 2012	December 31, 2011
Non-cash loans given against achieving cash loans	49,508	72,176
With maturity of 1 year or less than 1 year	21,195	14,108
With maturity of more than 1 year	28,313	58,068
Other non-cash loans	1,033,166	958,452
Total	1,082,674	1,030,628

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IV. Explanations and Disclosures Related to the Statement of Income

1. a) Information on interest on loans:

	March 31, 2012		March 31, 2011	
	TRY	FC	TRY	FC
Interest on loans (*)				
Short term loans	41,326	3,843	17,271	2,609
Medium and long term loans	8,394	411	6,239	909
Interest on non-performing loans	18	-	143	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	49,738	4,254	23,653	3,518

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

b) Information on interest received from banks:

	March 31, 2012		March 31, 2011	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	136	52	49	43
Foreign banks	-	-	-	3
Branches and head office abroad	-	-	-	-
Total	136	52	49	46

c) Interest received from marketable securities portfolio:

	March 31, 2012		March 31, 2011	
	TRY	FC	TRY	FC
Trading securities	7	-	5	-
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	6,976	603	2,787	472
Held-to-maturity securities	1,064	-	954	-
Total	8,047	603	3,746	472

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

2. a) Information on interest on funds borrowed:

	March 31, 2012		March 31, 2011	
	TRY	FC	TRY	FC
Interest on funds borrowed (*)				
Banks	567	1,153	348	764
The Central Bank of Turkey	-	-	-	-
Domestic banks	267	140	240	128
Foreign banks	300	1,013	108	636
Branches and head office abroad	-	-	-	-
Other financial institutions	-	-	-	-
Total	567	1,153	348	764

(*) Includes fees and commission expenses for borrowings.

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IV. Explanations and Disclosures Related to the Statement of Income (continued)

- b) Information on interest expense to associates and subsidiaries: None.
- c) Information on interest expense to marketable securities issued: None.
- d) Distribution of interest expense on deposits based on maturity of deposits:

March 31, 2012		Time Deposits						Accumulating Deposits	Total
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year			
TRY									
Bank deposits	-	-	-	-	-	-	-	-	
Saving deposits	-	1,238	13,613	4,377	56	19	-	19,303	
Public sector deposits	-	-	-	-	-	-	-	-	
Commercial deposits	-	1,224	4,476	340	632	88	-	6,760	
Other deposits	-	11	295	39	-	-	-	345	
7 days call accounts	-	-	-	-	-	-	-	-	
Precious metal deposits	-	-	-	-	-	-	-	-	
Total	-	2,473	18,384	4,756	688	107	-	26,408	
Foreign Currency									
Foreign currency deposits	-	638	6,301	758	167	3	-	7,867	
Bank deposits	-	8	-	-	-	-	-	8	
7 days call accounts	-	-	-	-	-	-	-	-	
Precious metal deposits	-	-	-	-	-	-	-	-	
Total	-	646	6,301	758	167	3	-	7,875	
Grand Total	-	3,119	24,685	5,514	855	110	-	34,283	

March 31, 2011		Time Deposits						Accumulating Deposits	Total
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year			
TRY									
Bank deposits	-	27	-	-	-	-	-	27	
Saving deposits	1	638	7,544	115	-	-	-	8,298	
Public sector deposits	-	-	-	-	-	-	-	-	
Commercial deposits	-	1,325	2,129	115	2	-	-	3,571	
Other deposits	-	3	281	-	-	-	-	284	
7 days call accounts	-	-	-	-	-	-	-	-	
Precious metal deposits	-	-	-	-	-	-	-	-	
Total	1	1,993	9,954	230	2	-	-	12,180	
Foreign Currency									
Foreign currency deposits	-	778	3,475	240	1	-	-	4,494	
Bank deposits	-	-	-	-	-	-	-	-	
7 days call accounts	-	-	-	-	-	-	-	-	
Precious metal deposits	-	-	-	-	-	-	-	-	
Total	-	778	3,475	240	1	-	-	4,494	
Grand Total	1	2,771	13,429	470	3	-	-	16,674	

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3. Information on net trading income:

	March 31, 2012	March 31, 2011
Gains	402,802	237,245
Gains on capital market operations	170	4,795
Gains on derivative financial instruments	373	2,764
Foreign exchange gains	402,259	229,686
Losses (-)	(402,687)	(232,400)
Losses on capital market operations	-	-
Losses on derivative financial instruments	(414)	(4,320)
Foreign exchange losses	(402,273)	(228,080)

4. Information on other operating income:

	March 31, 2012	March 31, 2011
Provisions for communication expense collected from customers	20	20
Provisions for expenditure collected from customers	16	10
Reversal of specific provision(*)	361	712
Reversal of general loan loss provision	-	80
Reversal of free provision (**)	2,311	-
Expenses of previous year	65	-
Income from operational leases	-	-
Income from sales of assets written off	168	-
Other	427	554
Total	3,368	1,376

(*) As of March 31, 2012, TRY 152 Thousand of the total amount has arised from reversal of unindemnified non-cash loan provision.

(**) As of March 31, 2012, TRY 2,114 Thousand of the total amount has arised from reversal of the bonus provision.

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IV. Explanations and Disclosures Related to the Statement of Income (continued)

5. Provision for impairment of loans and other receivables:

	March 31, 2012	March 31, 2011
Specific provisions for loans and other receivables	244	715
III. Group Loans and Receivables	36	315
IV. Group Loans and Receivables	-	213
V. Group Loans and Receivables	208	187
General loan loss provision expenses	2,893	1,008
Provision expenses for possible losses	-	4
Marketable securities impairment losses	96	36
Financial assets at fair value through profit and loss	-	-
Investment securities available for sale	96	36
Impairment provision expense on investments	-	-
Associates	-	-
Subsidiaries	-	-
Jointly controlled entities	-	-
Investments held to maturity	-	-
Other	128	159
Total	3,361	1,922

6. Information on other operating expenses:

	March 31, 2012	March 31, 2011
Personnel expenses	13,388	10,084
Reserve for employee termination benefits	116	135
Taxes, duties, charges	576	571
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	1,062	1,084
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	172	241
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	9	8
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	6,006	5,691
Rent expenses	2,209	1,874
Maintenance expenses	274	343
Advertisement expenses	94	110
Other expenses (*)	3,429	3,364
Loss on sales of assets	-	6
Other (**)	1,045	770
Total	22,374	18,590

(*) Included in other operating expenses; vehicle expenses are TRY 860 Thousand, communication expenses are TRY 489 Thousand, cleaning expenses are TRY 406 Thousand, heating- lightening expenses are TRY 283 Thousand, non-deductible expenses TRY 186 Thousand, stationery expenses are TRY 103 Thousand, computer usage expenses are TRY 372 Thousand, insurance expenses are TRY 72 Thousand, other provisions are TRY 158 Thousand and other expenses are TRY 500 Thousand (March 31, 2011: TRY 773 Thousand vehicle ; TRY 442 Thousand communication, TRY 322 Thousand cleaning, TRY 249 Thousand heating- lightening; TRY 35 Thousand non-deductible; TRY 120 Thousand stationery and TRY 1,423 Thousand other expenses).

(**) Included in other; the premiums paid to Saving Deposit Insurance Fund is TRY 217 Thousand, assurance and financial services expenses are TRY 376 Thousand, unused vacation expenses are TRY 373 Thousand and other expenses are TRY 79 Thousand (March 31, 2011: TRY 190 Thousand premiums paid to Saving Deposit Insurance Fund; TRY 350 Thousand assurance and financial consultancy expenses, unused vacation expenses are TRY 176 Thousand and TRY 54 Thousand other expenses).

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IV. Explanations and Disclosures Related to the Statement of Income (continued)

7. Information on tax provision for continued and discontinued operations:

As of March 31, 2012; there is TRY 2,758 Thousand current tax expense and TRY 110 Thousand deferred tax expense. (March 31, 2011; TRY 1,043 Thousand deferred tax expense)

8. The explanations on net income / loss for the period:

- a) The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the understanding of the Bank's performance for the period: None.
 - b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None.
 - c) Profit or loss attributable to minority shares: None.
9. If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items are shown below:

	March 31, 2012	March 31, 2011
<u>Other fees and commissions received</u>		
Expertise fees collected from customers	188	55
Transfer commissions	111	114
Collection note commissions	22	35
Insurance commissions	19	14
Import letters of credit commissions	13	9
Credit cards commissions and fees	- 1	2
Other banking operations income	3,018	2,626
Total	3,372	2,855

	March 31, 2012	March 31, 2011
<u>Other fees and commissions given</u>		
Money transfer commissions	18	36
Credit card commissions	-	-
Settlement custody commission	9	10
Bond exchange transaction fee	33	23
Other commissions paid to banks	68	66
ATM commissions	2	6
EFT commissions	27	20
Other	31	16
Total	188	177

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V. Explanations on the Risk Group of the Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

a) March 31, 2012:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period (*)	-	-	192	7,522	-	2,346
Balance at end of period	-	-	71	9,681	800	2,706
Interest and commission income	-	-	-	3	-	9

(*)Balance at beginning of period belongs to December 31, 2011.

Included in the balances above, balance at the end of period at direct and indirect shareholders cash column contain foreign bank accounts amounting to TRY 71 Thousand.

b) December 31, 2011:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	-	-	10	1,024	42	7,254
Balance at end of period	-	-	192	7,522	-	2,346
Interest and commission income (*)	-	-	-	-	-	12

(*) Prior year profit and loss amounts belongs to March 31, 2011.

Included in the balances above, balance at the end of period at direct and indirect shareholders cash column contains foreign bank accounts amounting to TRY 123 Thousand.

c.1) Information on related party deposits balances:

Risk Group of The Bank	Subsidiaries, associates and jointly controlled entities		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011	March 31, 2012	December 31, 2011
Deposits						
Balance at beginning of period	-	-	488	93	16,852	10,841
Balance at end of period	-	-	331	488	17,327	16,852
Interest on deposits (*)	-	-	-	-	398	182

(*) Prior year profit and loss amounts belongs to March 31, 2011.

In addition, the Bank has "Funds Borrowed" at an amount of TRY 38,890 Thousand used from risk group of the Bank (December 31, 2011: TRY 19,833 Thousand) and TRY 776 Thousand (March 31, 2011: TRY 369 Thousand) interest expense was incurred from funds borrowed in 2012.

c.2) Information on forward and option agreements and other similar agreements made with related parties:
None.

d) As of March 31, 2012, the total amount of remuneration and benefits provided to the senior management of the Bank is TRY 1,844 Thousand (March 31, 2012: TRY 922 Thousand)

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V. Explanations on the Risk Group of the Bank (continued)

2. Disclosures for related parties:

- a) The relations of the Bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not:

In the normal course of its banking activities, the Bank conducted various commercial transactions with related parties.

- b) Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:

	Amount	% Compared to the Amounts in the Financial Statements
Cash loans	800	0,05
Banks and other receivables	71	0,07
Non-cash loans	12,387	1,04
Deposits	17,658	1,01
Other financial institutions	38,890	26,82

These transactions are priced in accordance with the general pricing policies of the Bank.

- c) In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements: Explained in b).
- d) Transactions accounted under the equity method: None.
- e) Disclosures related to purchase and sale of real estate and other assets, services given/received, agency contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (including supports in the form of loans, capital in cash and capital in kind), guarantees, and management contracts:

Within the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these to the Bank's total cash and non-cash loan portfolio is 0.42 %. Details of these loans are explained in 1a above.

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VI. Explanations on the Bank's domestic branches, agencies and branches abroad and off-shore branches

1. Explanations on the Bank's domestic branches, agencies and branches abroad and off-shore branches:

	Number	Employees			
Domestic branches	27	494			
			Country		
Rep-offices abroad	-	-	-		
				Total Assets	Capital
Branches abroad	-	-	-	-	-
Off-shore branches	-	-	-	-	-

2. Explanations on Branch and Agency Openings or Closings of the Bank:

None. (December 31, 2011: None).

VII. Explanations and disclosures related to subsequent events

None.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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SECTION SIX

INDEPENDENT AUDITOR'S REPORT

I. Explanations on the Independent Auditor's Report:

The unconsolidated financial statements of the Bank as of and for the period ended March 31, 2012 were reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst&Young Global Limited).

The independent auditor's limited review report dated April 30, 2012 is presented preceding the financial statements.

II. Other Footnotes and Explanations Prepared by Independent Auditors:

None.